



Interim report January-March 2010

January-March 2010 (first quarter)

Net sales	SEK 184 M (197)
Order intake	SEK 209 M (206)
Operating profit/loss	SEK 0.3 M (-34.0)
Profit/loss before tax	SEK 3.2 M (-37.7)
Profit/loss for the period	SEK 0.4 M (-36.5)
Earnings per share	SEK 0.08 (-6.53)
Cash flow from operating activities	SEK -12.4 M (23.6)

Profit for the period January-March 2009 (the comparison period) includes total items affecting comparability of approximately SEK -35 M.

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The information in this report is subject to the disclosure requirements of ElektronikGruppen under the Act on Stock Exchange and Clearing Operations, the Act on Trading in Financial Instruments and the requirements in the listing agreement with NASDAQ OMX Stockholm. The information was submitted for publication on 27 April 2010, 12.30. p.m. CET.

ElektronikGruppen is one of the Nordic region's leading suppliers of high-tech electronic components, systems and production equipment for the electronics industry. Operations are conducted in three business areas based on specialised knowledge in electronics and electromechanics. The Nordic region is the home market, but ElektronikGruppen is also established in the Baltic countries, Poland, Germany, the UK, China, India and Sri Lanka. The Group recorded net sales of SEK 718 M in 2009. The share is quoted on NASDAQ OMX Nordic in Stockholm.

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 **ELEKTRONIK
GRUPPEN**

Group, January–March 2010 (first quarter)

Consolidated net sales for the reporting period reached SEK 184 M (197), down by 7 per cent from the year-earlier period. Compared to the previous quarter, however, net sales increased by SEK 6 M, or 3 per cent. Order intake was SEK 209 M (206). Compared to the previous quarter, order intake rose by SEK 16 M, or 8 per cent. The order backlog at 31 March 2010 was SEK 122 M (104).

Profit before tax for the quarter was SEK 3.2 M (-37.7). Net financial items for the quarter include total revaluation gains of SEK 3.5 M. Profit for the comparison period includes items affecting comparability of around SEK -35 M that are attributable to costs for group-wide cost-cutting measures, the production realignment programme and a goodwill impairment loss in the Products business area.

Aside from the above-mentioned revaluation gains, foreign exchange effects had no appreciable impact on profit or net sales for the quarter.

Depreciation/amortisation and impairment of tangible and intangible assets totalled SEK 4.7 M (21.6), of which the entire amount comprised planned depreciation/amortisation. The figure for the comparison period includes a goodwill impairment loss of approximately SEK -16 M in the Products business area. First quarter earnings per share were SEK 0.08 (-6.53).

The higher sales and order intake relative to the prior quarter led to an increase in tied up working capital, which is reflected in first quarter cash flow from operating activities of SEK -12.4 M (23.6).

Intra-group sales, including net sales and other internally invoiced costs, amounted to SEK 3.7 M (3.1) and non-allocated joint-group costs totalled SEK -3.7 M (-5.5).

Market development

The generally positive demand trend has continued, although the pace of recovery is slow and the customers' are taking a cautious stance. Many of the Group's customers are directly or indirectly dependent on access to financing, and so far the credit market's actions have had an inhibiting effect. However, a growing sense of optimism is visible in a larger number of newly launched development projects among the customers.

Business area development in summary

Demand in the *Electronics business area* has improved above all in the commercial vehicle segment. At the same time, telecom-related volumes have held steady at good levels. Earlier cost-cutting measures had a tangible effect on earnings for the quarter.

The *Products business area* recorded a positive operating profit for the first time since the second quarter of 2007. This is mainly due to the large-scale production realignment programme that was started in 2009 and is still underway.

In the *Production Technology business area*, demand for new equipment was very low in the majority of geographical markets. Although the business area has also achieved significant cost savings, it has not been possible to fully compensate for the sharp drop in sales.

Acquisitions

No acquisitions were carried out during the quarter.

Business areas, January–March 2010

EG Electronics

The business area sells electronic components and systems that demand in-depth technical and commercial expertise and reliable and efficient logistics. The customer base is wide, with an emphasis on the telecom, commercial vehicle, industrial automation and information systems industries. The main markets are the Nordic region and China.

Net sales for the first quarter amounted to SEK 135 M (137). Order intake rose by 11 per cent to SEK 156 M (140) and operating profit was SEK 4.7 M (5.6).

The gradually rising demand trend in the European operations continued in the majority of customer segments. Telecom-related sales showed stable positive development and substantial volume growth was noted in the commercial vehicle segment, albeit from low levels. The level of activity in the industrial automation and other manufacturing industries has risen, but the sentiment among customers remains cautious.

The previous year's cost-cutting measures had a clearly positive impact on the business area's earnings. The change in earnings compared to the same period of last year is greater than implied by the figures above, since profit for the comparison period included total foreign exchange effects and other operating income of approximately SEK 4 M. In the first quarter, foreign exchange effects were marginal.

EG Products

The business area develops, manufactures and sells inductive components to companies that are globally active in the telecom, power technology and defence industries. Production takes place at the business area's own facilities in Estonia, the UK and Sri Lanka and through contract manufacturers in Asia.

Net sales amounted to SEK 29 M (29) and order intake was SEK 35 M (36). Compared to the previous quarter, order intake rose by SEK 7 M, or 24 per cent. Operating profit was SEK 0.5 M (-31.8). The year-earlier figure includes items affecting comparability of approximately SEK -28 M attributable to costs for the production realignment programme and goodwill impairment.

Demand from telecom customers strengthened during the first quarter at the same time that development in the power technology and defence segments remained weak. This shift in the mix has adversely affected the business area's total margins.

The improvement in earnings excluding items affecting comparability mainly reflects a cost reduction of over SEK 6 M compared to the corresponding period of last year. Efforts to optimise the mix between in-house and external production are continuing alongside productivity optimisation measures in the Group's own units.

EG Production Technology

The business area sells production equipment, consumable materials, service and process training to the electronics industry in the Nordic region, the Baltic countries and Poland.

Net sales declined by 34 per cent to SEK 21 M (32) and order intake fell by 42 per cent to SEK 18 M (31). Operating profit was SEK -1.2 M (-2.3).

Because the business area's equipment sales normally take place in the form of major projects, large variations can arise between quarters. The level of equipment investments during the quarter was very low in most of the business area's markets, while demand for consumables and services was somewhat better. The previously implemented measures have considerably reduced total costs, which has limited the business area's loss during the period.

Cash flow and capital expenditure

Cash flow from operating activities for the first quarter was SEK -12.4 M (23.6). The Group's total cash flow was SEK -12.9 M (1.1). Cash flow was negatively affected by an increase in tied up working capital.

Net expenditure on property, plant and equipment for the first quarter amounted to SEK 0.7 M (-0.4) and depreciation of tangible assets totalled SEK -2.7 M (-2.7).

Financial position

The equity/assets ratio at 31 March 2010 was 35 per cent, compared to 37 per cent at 1 January 2010. Cash and cash equivalents fell during the quarter by SEK 13.6 M to SEK 17.3 M. The net interest-bearing liability increased by SEK 12.8 M to SEK 82.2 M.

Employees

The number of employees in the Group at 31 March was 592 (578). Since 31 March 2009, the number of employees in Europe has fallen by 106 at the same time that the number of employees in Asia has risen by 120.

At the beginning of the year, the Group had 517 employees. The increase during the first quarter has taken place almost exclusively in Sri Lanka in connection with the build-up of capacity at the Group's production unit in the country. In the European operations, the workforce decreased by around ten employees during the quarter.

Parent Company

ElektronikGruppen BK AB, CIN 556072-2547, is the parent company of the Group. The Parent Company's net sales for the first quarter amounted to SEK 2.9 M (2.3). Operating profit was SEK -3.6 M (-6.2) and profit for the period is reported at SEK -0.7 M (-6.5). The Parent Company's cash and cash equivalents at 31 March 2010 totalled SEK 0.0 M (0.0).

Significant risks and uncertainties

In its ongoing operations, ElektronikGruppen is exposed to both business risks and financial risks. Changes in purchase prices, demand, foreign exchange rates and interest levels are risk factors that affect the Group's profit and cash flows. The two single most important customer segments of significance for sales and profit are the telecom and commercial vehicle industries. ElektronikGruppen is also exposed to liquidity, credit and refinancing risks.

For more information, see risk information in ElektronikGruppen's 2009 annual report. Aside from the risks described there, no significant risks have arisen.

Accounting policies and auditor examination

ElektronikGruppen's consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) that are described in the 2009 annual report, with the exception of new and revised standards that have been approved by the EU and are effective as of 1 January 2010, as described below. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. ElektronikGruppen BK AB, which is the parent company of the Group, has prepared its financial statements in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.3 Accounting for Legal Entities.

The report has not been examined by the company's independent auditors.

Changed accounting standards

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements

The application of these accounting standards has led to changes in the consolidated financial statements and in reporting of business combinations. The main changes in IFRS 3 are that acquisition-related costs must be expensed as incurred, that contingent consideration is measured at fair value on the acquisition date but that actual outcomes of contingencies are recognised in profit or loss and do not, as earlier, affect reported goodwill, that non-controlling interests may be measured at fair value according to the full goodwill method, and that consideration that is conditional on continued employment by the acquirer is treated as payroll costs.

Other new and changed IFRSs and IFRIC interpretations

The other new and revised IFRSs and IFRIC interpretations that have gone into effect since 1 January 2010 have not had any material impact on the Group's financial statements.

Annual General Meeting

The AGM of ElektronikGruppen BK AB will be held today, Tuesday, 27 April 2010, 5:00 p.m., at the company's head office at Grimstagatan 160 in Vällingby. A communiqué from the AGM will be published tomorrow, Wednesday, 28 April.

Financial calendar 2010

The interim report for the period January-June 2010 will be published on 16 July.
The interim report for the period January-September 2010 will be published on 28 October.

Vällingby, 27 April 2010

Fredrik Celsing

President and CEO

ElektronikGruppen BK AB (publ)

In the tables below and on the following pages, the totals may differ due to rounding-off effects.

Summary consolidated income statement, SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
Net sales	184.1	197.1	718.4
Other operating income	0.1	4.0	8.6
Cost of goods sold	-127.5	-137.7	-505.4
Other external expenses	-18.5	-26.0	-87.0
Personnel costs	-32.8	-49.7	-157.4
Depreciation/amortisation and impairment	-4.7	-21.6	-41.6
Other operating expenses	-0.4	-0.1	-3.2
Operating profit/loss	0.3	-34.0	-67.6
Net financial items	2.9	-3.7	-2.1
Profit/loss before tax	3.2	-37.7	-69.7
Income tax expense	-2.8	1.2	2.1
Profit/loss for the period	0.4	-36.5	-67.6
<i>Attributable to:</i>			
Owners of the Parent Company	0.5	-36.4	-67.4
Non-controlling interests	-0.1	-0.1	-0.2
Basic earnings per share, SEK	0.08	-6.53	-12.08
Diluted earnings per share, SEK	0.08	-6.53	-12.08

Summary consolidated statement of comprehensive income, SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
Profit/loss for the period	0.4	-36.5	-67.6
Translation gains/losses	-5.3	0.6	-3.2
Other comprehensive income for the period, net after tax	-5.3	0.6	-3.2
Comprehensive income for the period	-4.9	-35.9	-70.8
<i>Attributable to:</i>			
Owners of the Parent Company	-4.8	-35.8	-70.6
Non-controlling interests	-0.1	-0.1	-0.2

Summary consolidated balance sheet, SEK M	31 March 2010	31 March 2009	31 Dec 2009
Assets			
Intangible assets	71.6	87.4	75.1
Tangible assets	35.4	45.9	37.5
Financial assets	0.9	1.1	1.0
Deferred tax assets	16.1	22.1	16.3
Total non-current assets	124.0	156.5	129.9
Inventories	60.7	78.6	55.5
Trade receivables	148.5	148.6	128.1
Other current receivables	19.7	20.4	19.1
Cash and cash equivalents	17.3	20.9	30.9
Total current assets	246.2	268.5	233.6
Total assets	370.2	425.0	363.5
Equity and liabilities			
<i>Equity attributable to:</i>			
Owners of the Parent Company	128.3	168.0	133.1
Non-controlling interests	0.0	0.1	0.1
Total equity	128.3	168.1	133.2
Interest-bearing liabilities	92.3	93.9	93.1
Provisions	1.9	1.9	1.9
Deferred tax liabilities	13.6	19.5	11.9
Total non-current liabilities	107.8	115.3	106.9
Interest-bearing liabilities	7.2	7.4	7.2
Trade payables	69.5	60.4	58.7
Provisions and other current liabilities	57.4	73.8	57.5
Total current liabilities	134.1	141.6	123.4
Total liabilities	241.9	256.9	230.3
Total equity and liabilities	370.2	425.0	363.5

Summary consolidated statement of changes in equity, SEK M	Equity attributable to:		
	Owners of the Parent Company	Non-controlling interests	Total equity
January-March 2010			
Opening balance at 1 January 2010	133.1	0.1	133.2
Comprehensive income for the period	-4.8	-0.1	-4.9
Closing balance at 31 March 2010	128.1	0.0	128.1
January-March 2009			
Opening balance at 1 January 2009	203.8	0.2	204.0
Comprehensive income for the period	-35.9	-0.1	-36.0
Closing balance at 31 March 2009	167.9	0.1	168.0
January-December 2009			
Opening balance at 1 January 2009	203.8	0.2	204.0
Shareholder contributions	-0.1	0.1	-
Comprehensive income for the period	-70.6	-0.2	-70.8
Closing balance at 31 December 2009	133.1	0.1	133.2

Summary consolidated cash flow statement, SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
Cash flow from operating activities before changes in working capital	2.4	-5.7	-28.6
Changes in working capital	-14.8	29.3	63.5
Cash flow from operating activities	-12.4	23.6	34.9
Cash flow from investing activities	-0.7	-2.7	-3.7
Cash flow from financing activities	0.2	-19.8	-20.2
Cash flow for the period	-12.9	1.1	11.0
Cash and cash equivalents at beginning of period	30.9	19.2	19.2
Cash flow for the period	-12.9	1.1	11.0
Exchange difference in cash and cash equivalents	-0.7	0.6	0.7
Cash and cash equivalents at end of period	17.3	20.9	30.9

Net sales by segment (business area), SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
EG Electronics	135	137	507
- of which, external	135	137	506
- of which, internal	0	0	1
EG Products	29	29	103
- of which, external	28	29	102
- of which, internal	1	0	1
EG Production Technology	21	32	110
- of which, external	21	32	110
- of which, internal	0	0	0
Group-wide functions	1	2	8
Eliminations	-2	-3	-10
Total	184	197	718

Operating profit by segment (business area), SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
EG Electronics	4.7	5.6	-2.3
EG Products	0.5	-31.8	-42.5
EG Production Technology	-1.2	-2.3	-7.7
Group-wide functions	-3.7	-5.5	-15.1
Operating profit/loss	0.3	-34.0	-67.6
Net financial items	2.9	-3.7	-2.1
Profit/loss before tax	3.2	-37.7	-69.7

Order intake by segment (business area), SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
EG Electronics	156	140	506
EG Products	35	36	107
EG Production Technology	18	31	109
Total	209	206	722

Related party transactions

ElektronikGruppen has related party transactions with the company's two largest shareholders, both of whom are members of the company's Board of Directors, and with the other Board members in the form of remuneration for Board work. The company also has related party transactions with the members of the Group's management team and with its group companies. Aside from these, no transactions with related parties have taken place during the reporting period.

Quarterly data for the Group, SEK M

	Net sales			Order intake			Profit before tax		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
January-March	184	197	223	209	206	236	3.2	-37.7	-2.7
April-June		186	228		169	231		-8.7	-2.4
July-September		157	220		154	234		-13.0	3.8
October-December		178	263		193	181		-10.3	-12.4
Full year		718	935		722	882		-69.7	-13.7

Key ratios for the Group

	January-March		January-December	
	2010	2009	2009	2008
Gross margin, %	2.7	-6.3	-3.6	2.2
Operating margin, %	0.2	-17.2	-9.4	-0.8
Profit margin, %	1.7	-19.1	-9.7	-1.5
Return on equity, %	0.3	-19.6	-40.1	-6.6
Return on capital employed, %	1.6	-11.9	-23.6	-1.9
Return on total assets, %	1.0	-7.7	-15.3	-1.3
Equity/assets ratio, %	34.7	39.5	36.6	40.7
Debt/equity ratio, times	0.78	0.60	0.75	0.59
Share of risk-weighted capital, %	38.3	44.1	39.9	44.8
Interest coverage ratio, times	6.3	-40.4	-22.5	-1.3
Net expenditure on tangible assets as a % of net sales	0.4	-0.2	0.1	1.0
Number of employees at end of period	592	578	517	501
Number of shares, thousands	5 597	5 597	5 597	5 597
Basic earnings per share, SEK	0.08	-6.53	-12.08	-2.45
Diluted earnings per share, SEK	0.08	-6.53	-12.08	-2.45
Equity per share, SEK	22.93	30.03	23.79	36.45
Share price at end of period, SEK	20.70	14.00	18.10	12.00

Summary Parent Company income statement, SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
Operating income	2.9	2.3	13.2
Operating expenses	-6.5	-8.5	-27.9
Operating profit/loss	-3.6	-6.2	-14.7
Result from financial investments	2.7	-2.6	-2.2
Profit/loss after financial items	-0.9	-8.8	-16.9
Appropriations	-	-	4.3
Profit/loss before tax	-0.9	-8.8	-12.6
Income tax expense	0.2	2.3	14.4
Profit/loss for the period	-0.7	-6.5	1.8

Summary Parent Company statement of comprehensive income, SEK M	Jan-Mar		Jan-Dec
	2010	2009	2009
Profit/loss for the period	-0.7	-6.5	1.8
Other comprehensive income for the period, net after tax	0.0	0.0	0.0
Comprehensive income for the period	-0.7	-6.5	1.8

Summary Parent Company balance sheet, SEK M	31 March		31 Dec
	2010	2009	2009
Assets			
Intangible assets	9.2	12.0	10.0
Tangible assets	12.7	13.4	12.9
<i>Financial assets</i>			
- Shares in group companies	137.7	172.8	137.7
- Receivables from group companies	18.7	35.8	19.0
- Deferred tax assets	11.9	2.3	11.7
- Other non-current receivables	0.1	-	0.1
Total non-current assets	190.3	236.3	191.4
<i>Current receivables</i>			
- Receivables from group companies	35.7	2.4	32.1
- Other receivables	1.8	45.3	3.1
Cash and cash equivalents	0.0	0.0	0.0
Total current assets	37.5	47.7	35.2
Total assets	227.8	284.0	226.6
Equity and liabilities			
Restricted equity	59.8	59.8	59.8
Non-restricted equity	6.4	39.5	7.2
Total equity	66.2	99.3	67.0
Untaxed reserves	0.1	0.7	0.1
Liabilities to credit institutions	79.3	96.6	75.5
Liabilities to group companies	19.1	28.4	21.2
Total non-current liabilities	98.4	125.0	96.7
Liabilities to credit institutions	6.6	6.6	6.6
Liabilities to group companies	51.4	43.2	51.2
Other liabilities	5.1	9.2	5.0
Total current liabilities	63.1	59.0	62.8
Total equity and liabilities	227.8	284.0	226.6