

Interim report, January – March 2010

- Net sales MSEK 567 (608)
- Operating profit MSEK 12.9 (22.8)
- Profit after taxes MSEK 10.3 (17.2)
- Earnings per share SEK 0.82 (1.36)
- Order intake MSEK 606 (641)

Comments from the Group CEO Johan Hjertonsson

- Cost saving measures well underway
- Close down of the factories in Falkenberg and Borås now completed
- Lower level of sales than expected, primarily in the Nordic Region
- Certain degree of improvement within the business area Retail Lighting
- High level of order intake in Australia

THE GROUP

JANUARY - MARCH

The economic situation has continued to be weak at the beginning of the year. Demand stabilised during the end of 2009, which confirms the view that the depressed economic climate has reached its bottom level. The Group's net sales amount to MSEK 567 which is a decrease of 7%. Translated on the basis of unchanged exchange rates, the decrease is 4% which is, primarily, due to the weak economic situation in Finland, Great Britain and Holland. Sales outside Sweden amounted to MSEK 397 (431) which comprises 70 (71) % of the Group's net sales.

The Group's order intake amounted to MSEK 606 (641) which is in excess of net sales by MSEK 39. In Australia orders have been received regarding a number of large retail projects for delivery during the year.

Operating income has decreased by MSEK 10 as a result of lower net sales compared with the first quarter 2009. Planned cost savings are in effect as planned whilst sales volumes are lower than expected, primarily in the Nordic Region. The assessment is that the last half of 2009 and the first half of 2010 is the cyclical weakest period for the group's activities that are late in the cycle. An improvement in earnings as a result of improved volumes combined with lower costs can be expected in the second half of 2010. The Swedish currency's notable weakening during the first quarter 2009 and its recovery during this year has impacted the comparison between years by MSEK 10 as a result of the remeasurement of balance sheet items from the beginning of each respective year. The operating margin has declined and amounts to 2.3 (3.8)%.

The close down of the factories in Borås and Falkenberg were completed at the end of the first quarter. As a result, the Group's costs will now decrease.

BUSINESS AREAS

PROFESSIONAL LIGHTING

This business area comprises the sale of interior lighting systems for public environments such as offices, schools, hospitals, industry, etc.

Net sales amounts to MSEK 456 compared with MSEK 497 in the previous year. Operating income was MSEK 12.4 (27.7) and the operating margin was 2.7 (5.6)%.

Of the Group's business areas, Professional Lighting is latest in the business cycle as sales often refer to major projects which have yet to return to the volume level applying prior to the economic recession. In addition, lighting comes in at a late stage in the construction process.

Norway and Australia show a positive development, whilst Finland, Holland and Great Britain report decreased volumes. Other markets are in line with the previous year.

RETAIL LIGHTING

This business area comprises the sale of lighting systems, light sources and service to retail locations.

Net sales amounted to MSEK 83, compared with MSEK 78 in the previous year. Operating income was MSEK 0.0 (-3.0).

The business area has been hard hit by the downturn in the economy but lies at an earlier stage in the business cycle, and an improvement has also taken place here compared with the previous year. Improvements are most notable in Sweden and Norway, although France has also seen a certain degree of improvement in its business, after a less favourable year in 2009.

The possibilities are deemed to be positive when the economic climate improves, at which time the Nordic market will, not least, be of major interest.

OUTDOOR LIGHTING

This business area comprises the sale of outdoor products for the lighting of buildings, parks, recreational areas, paths, etc.

Net sales amounted to MSEK 28 to be compared with MSEK 33 in the previous year. Operating profit was MSEK 0.5 (-1.8).

Income has improved in spite of a decline in volumes. One of the reasons behind this is the reduction in costs referring to the close down of the factory in Borås. The cold winter has significantly hindered the possibility of assembling outdoor lighting which has had a negative impact on net sales.

The business area is driven by a rapid phase-out of light sources containing quicksilver, the increase in societal demands for energy-efficient lighting systems, and for safety and security. This creates business opportunities for the forthcoming years, primarily in the Nordic market.

NET SALES AND OPERATING PROFIT PER BUSINESS AREA

	Professional Lighting		Retail Lighting		Outdoor Lighting		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
External sales	456.0	497.0	83.3	78.1	27.6	33.2	566.9	608.3
Operating profit/loss	12.4	27.7	0.0	-3.0	0.5	-1.8	12.9	22.9
Operating margin	2.7 %	5.6 %	0.0 %	-	1.8 %	-	2.3%	3.8 %

FINANCIAL POSITION

The Group's equity/assets ratio amounted to 42 (42) %. Cash and bank balances at the end of the period amounted to MSEK 142 (193) and consolidated equity to MSEK 701 (747). Net indebtedness amounted to MSEK 357.

Exposure of the Group's net foreign assets has increased in recent years, to cover sales that include manufactured items. The calculation of net foreign assets at the closing rate of exchange has reduced equity by MSEK 27.

Cash flow from operating activities was MSEK -25 (25). The reason for the negative cash flow has been mainly due to a sharp increase in accounts receivable as well as a large amount of tax during the period.

Pledged assets and contingent liabilities amounted to MSEK 4.7 (5.0) and MSEK 3.1 (5.9), respectively.

INVESTMENTS

The Group's gross investments in fixed assets amounted to 24.0 (25.4), primarily referring to machinery and equipment.

PERSONNEL

The average number of employees during the period was 1,833 (1,877).

PARENT COMPANY

Operations in AB Fagerhult comprise the management of the Group, financing and coordination of marketing, production and business development. The Company has not reported any sales during the period. Income after financial items amounted to MSEK 39.6 (20.7).

During the period, the number of employees was 6 (6).

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

The Parent Company's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Councils' Recommendation, RFR 2.2. The accounting principles applied remain unchanged compared with the previous year.

For further information regarding the applied accounting principles, please refer to AB Fagerhult's website under the heading Financial Information

RISKS AND UNCERTAINTIES

The material risk and factors of uncertainty for the Group primarily consist of business risks and financial risks regarding currencies and interest rates. Due to our international operations, the Fagerhult Group is subject to financial exposure arising from exchange rate fluctuations. The most prominent of these are currency risks associated with export sales and the import of raw materials and components. This exposure is reduced through the hedging of flows of sensitive currencies, on the basis of individual assessment. Currency risks also exist in the translation of foreign assets and profits. Further information on the Company's risks can be found in the Annual Report for 2009. Apart from the risks described in the Company's Annual Report, no further material risks are deemed to have arisen.

PROSPECTS FOR 2010

In recent years, the Group has experienced a strong sales and earnings trend due to good organic growth, but also as the result of a series of business acquisitions. This strategy remains in effect and the Group will stay to the course of continued investments and increased internationalisation.

The instability in the financial markets has had a substantial impact on sales and earnings during 2009. The structural measures undertaken referring to, among other things, the close-down of two factories, implies that we have adapted to the present market situation. Should the business cycle turn up, there are good conditions for improved results.

Habo, 3 February 2010
AB Fagerhult (publ)

Johan Hjertonsson
Chief Executive Officer and Managing Director

The report has not been the subject of individual review by the Company's auditor.

The interim reports will be presented 19 August 2010 and 20 October 2010.

Disclosures can be provided by Johan Hjertonsson, Managing Director or Ulf Karlsson, Group CFO, telephone 036-10 85 00.

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THE GROUP

INCOME STATEMENT	2010 Jan-Mar 3 month	2009 Jan-Mar 3 month	2009/10 Apr-Mar 12 month	2009 Jan-Dec 12 month
Net sales	566.9	608.3	2 394.9	2 436.3
(of which outside Sweden)	(396.5)	(431.1)	(1 700.2)	(1 734.8)
Cost of goods sold	-405.0	-418.7	-1658.5	-1672.2
Gross profit	161.9	189.6	736.4	764.1
Selling expenses	-113.9	-125.9	-485.7	-497.7
Administrative expenses	-38.9	-43.3	-167.6	-172.0
Other operating income	3.8	2.5	11.1	9.8
Operating profit/loss	12.9	22.9	94.2	104.2
Financial items	1.7	1.4	0.8	0.5
Profit after financial items	14.6	24.3	95.0	104.7
Tax	-4.3	-7.1	-27.9	-30.7
Net profit for the period	10.3	17.2	67.1	74.0
Profit attributed to owners of the parent company	10.3	17.2	67.1	74.0
Earnings per share, calculated on profit attributed to owners of the parent company:				
Earnings per share before dilution, SEK	0.82	1.36	5.32	5.87
Earnings per share after dilution, SEK	0.80	1.34	5.22	5.76
Average no. of outstanding shares before dilution	12 612	12 612	12 612	12 612
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 612	12 612	12 612	12 612
Report of the comprehensive income for the period				
Net profit for the period	10.3	17.2	67.1	74.0
Other comprehensive income:				
Exchange differences on translation foreign operations	-27.1	24.0	-44.3	6.8
Other comprehensive income for the period, net of tax	-27.1	24.0	-44.3	6.8
Total comprehensive profit for the period	-16.8	41.2	22.8	80.8
Total comprehensive profit for the period attributed to the owners of the parent company	-16.8	41.2	22.8	80.8

BALANCE SHEET	31 Mar 2010	31 Mar 2009	31 Dec 2009
Intangible fixed assets	459.1	459.9	474.5
Tangible fixed assets	320.7	299.4	319.9
Financial fixed assets	15.9	26.4	18.8
Inventories, etc.	298.2	340.6	301.7
Accounts receivable - trade	382.5	429.0	363.5
Other non interest-bearing current assets	68.2	47.3	40.2
Liquid funds	142.0	192.7	197.4
Total assets	1 686.6	1 795.3	1 716.0
Equity	700.6	747.2	717.4
Long-term interest-bearing liabilities	496.3	463.5	500.8
Long-term non interest-bearing liabilities	62.2	75.0	63.7
Short-term interest-bearing liabilities	3.0	50.0	1.8
Short-term non interest-bearing liabilities	424.0	459.6	432.3
Total equity and liabilities	1 686.6	1 795.3	1 716.0

CASH FLOW STATEMENT	2010 Jan-Mar 3 month	2009 Jan-Mar 3 month	2009/10 Apr-Mar 12 month	2009 Jan-Dec 12 month
Operating profit	12.9	22.9	94.2	104.2
Adjustment for items not included in the cash flow	19.8	19.1	78.8	78.1
Financial items	-1.7	-5.9	-6.1	-10.3
Paid tax	-22.1	-21.9	-73.7	-73.5
Cash flow generated by operations	8.9	14.2	93.2	98.5
Changes in working capital	-33.9	11.0	71.7	116.6
Cash flow from continuing operations	-25.0	25.2	164.9	215.1
Cash flow from investing activities	-19.0	-36.5	-109.8	-127.3
Cash flow from financing activities	-2.8	-1.6	-91.4	-90.2
Cash flow for the period	-46.8	-12.9	-36.3	-2.4
Liquid funds at the beginning of the period	197.4	200.3	192.7	200.3
Translation differences in liquid funds	-8.6	5.3	-14.4	-0.5
Liquid funds at the end of the period	142.0	192.7	142.0	197.4

KEY RATIOS AND DATA PER SHARE	2010 Jan-Mar 3 month	2009 Jan-Mar 3 month	2009/10 Apr-Mar 12 month	2009 Jan-Dec 12 month
Sales growth, %	-6.8	-12.8	-1.7	-12.1
Growth in operating income, %	-43.7	-64.1	-9.6	-61.7
Growth in profit after taxes net financial income, %	-39.9	-60.1	-9.3	-59.7
Operating margin, %	2.3	3.8	3.9	4.3
Profit margin, %	2.6	4.0	4.0	4.3
Liquid ratio, %	33	38	33	45
Debt/equity ratio	0.7	0.7	0.7	0.7
Equity/assets ratio, %	42	42	42	42
Capital employed, MSEK	1 200	1 261	1 200	1 220
Return on capital employed, %	6.2	11.3	8.4	9.8
Return on equity, %	5.8	9.5	9.3	10.4
Net liability, MSEK	358	321	358	305
Gross investments in fixed assets, MSEK	24.0	25.4	-1.4	90.3
Net investments in fixed assets, MSEK	23.4	25.4	-2.0	90.3
Depreciation of fixed assets, MSEK	19.2	17.5	1.7	74.8
Number of employees	1 833	1 877	1 874	1 881
Equity per share, SEK	55.55	59.25	55.55	56.88
No. of outstanding shares, thousands	12 612	12 612	12 612	12 612

CHANGE IN EQUITY

Attributed to the owners of the parent company

	Share capital	Other contributed capital	Difference on translation	Profit carried forward	Total equity
Equity as at 1 January 2009	65.5	159.4	-22.8	503.9	706.0
Change in differences on translation			24.0		24.0
Total transactions reported for equity			24.0		24.0
Net profit for the period				17.2	17.2
Total comprehensive profit for the period			24.0	17.2	41.2
Equity as at 31 March 2009	65.5	159.4	1.2	521.1	747.2
Equity as at 1 January 2010	65.5	159.4	-16.0	508.5	717.4
Change in differences on translation			-27.1		-27.1
Total transactions reported for equity I			-27.1		-27.1
Net profit for the period				10.3	10.3
Total comprehensive profit for the period			-27.1	10.3	-16.8
Equity as at 31 March 2010	65.5	159.4	-43.1	518.8	700.6

PARENT COMPANY

INCOME STATEMENT	2010 Jan-Mar 3 month	2009 Jan-Mar 3 month	2009/10 Apr-Mar 12 month	2009 Jan-Dec 12 month
Net sales	0.1	-	6.0	5.9
Selling expenses	-0.4	-0.3	-1.6	-1.5
Administrative expenses	-4.5	-4.1	-20.5	-20.1
Operating profit	-4.8	-4.4	-16.1	-15.7
Income from shares in subsidiaries	43.3	29.1	100.3	86.1
Financial items	1.1	-4.0	-2.1	-7.2
Profit after financial items	39.6	20.7	82.1	63.2
Changes in tax allocation reserve	-	-	25.1	25.1
Tax	-	-	-9.5	-9.5
Net profit	39.6	20.7	97.7	78.8

BALANCE SHEET	31 Mar 2010	31 Mar 2009	31 Dec 2009
Financial fixed assets	883.9	914.2	877.1
Other non interest-bearing current assets	13.7	3.6	6.2
Cash and bank balances	8.0	7.8	4.7
Total assets	905.6	925.6	888.0
Equity	413.5	385.2	373.9
Untaxed reserves	31.4	56.5	31.4
Long-term interest-bearing liabilities	456.0	422.1	458.7
Short-term interest-bearing liabilities	-	50.0	17.2
Short-term non interest-bearing liabilities	4.7	11.8	6.8
Total equity and liabilities	905.6	925.6	888.0

CHANGE IN EQUITY	Share capital	Statutory reserve	Profit brought forward	Total equity
Equity as at 1 January 2009	65.5	159.4	108.6	333.5
Net profit for the period			78.8	78.8
Dividend paid, SEK 5,50 per share			-69.4	-69.4
Equity as at 31 December 2009	65.5	159.4	149.0	373.9
Net profit for the period			39.6	39.6
Equity as at 31 March 2010	65.5	159.4	188.6	413.5