

INTERIM REPORT JANUARY - SEPTEMBER 2008

- Net sales MSEK 2,162 (1,759)
- Operating income MSEK 235.3 (143.6)
- Income after taxes MSEK 156.2 (105.0)
- Earnings per share SEK 12.40 (8.31)
- Order intake MSEK 2,121 (2,087)

COMMENTS FROM GROUP CEO PER BORGVALL

- For the second quarter in a row: All time high
- Growth during the period was 15%, of which 14% was organic
- Operating income improved by 64 %
- Order intake excluding exchange gains/losses is approximately 4.5 % higher than in 2007

THE GROUP

JANUARY-SEPTEMBER

The Group's positive development continues and both sales and income have increased substantially and are the best ever. The current concerns in the financial markets make it difficult to assess the impact on demand. Future energy-saving measures will continue to receive increased focus due to increasing energy costs and environmental effects.

The Group's net sales amounted to MSEK 2,126 an increase of 14.8%, of which 14% is organic growth. Net sales have been impacted by MSEK 44 in comparison with 2007, which is the result of sold operations. Sales outside Sweden amounted to MSEK 1,465 (1,220), which constitutes 69 (66) % of the Group's net sales. Order intake during the period amounted to MSEK 2,121, which is MSEK 34 higher than in the previous year. Disregarding currency effects, the order intake is approximately 4.5% higher than during 2007.

Operating income has increased by 64% to MSEK 235.3 (143.6). The operating margin has improved and amounts to 11.1 (7.8) %. The higher margin is due to increased volumes in both new and established markets, and is also due to rationalisations carried out in the operation. The closure of one factory during 2007, increased activity in China and investments in automatic assembly are examples of cost-saving measures.

The increasing proportion of sales outside Sweden implies an increase in currency exposure. In translation at the previous year's rates, sales have been negatively impacted by MSEK - 57, and profit

before financial items by MSEK - 9.9 and after financial items by MSEK -8.6. The Group's largest market outside Sweden is the United Kingdom and primarily due to translation of the weaker British pound.

JULY-SEPTEMBER

The third quarter was the Group's best ever. Sales increased by 13.7 % to MSEK 722 (635) and operating income by 53.7 % to MSEK 96.5 (62.8).

Order intake during the period was SEK 671, which is MSEK 59 lower than in the previous year. Disregarding currency effects, the divestment of Belid and larger orders of non-recurring character during 2007, order intake increased by approximately 12%.

As part of Fagerhult's strategy, the subsidiary Belid AB was sold to the Danish company Herstal Holding ApS as per 2 September. Belid operates within Interior Lighting and Home Lighting. The sale was executed, in principle, at book value in Fagerhult and as such, there was no direct impact on income. The business area for Home Lighting has thereby been divested.

During 2007, Eagle Lighting in Australia was acquired. During the quarter an additional purchase price was paid out at the maximum, MAUD 5,5, which was dependent upon the earnings trend in the company.

The Company's CEO, Per Borgvall, has decided to leave his position after more than 4 years with the Company. Fagerhult's Chairman of the Board, Jan Svensson, comments that the growth strategy associated with significant internationalisation will continue under the leadership of the new Group Manager.

BUSINESS AREAS

PROFESSIONAL LIGHTING

This business area comprises the sale of indoor lighting for public environments such as offices, schools, hospitals and industrial structures.

Net sales amounted to MSEK 1,557 compared with MSEK 1,299 in the previous year. Operating income was MSEK 178.9 (112.3) and the operating margin was 11.5 (8.6) %.

Demand continues to be strong in our core markets of the Nordic countries, the UK and the Netherlands. Of the Nordic countries, Denmark and Finland are showing the highest growth rates. The earnings trend has been favourable in the Nordic region. Operations in Australia continue to be favourable with good margins. In the UK, demand has fallen slightly within the hospital area, which has been compensated for by growth within the educational sector. The depreciation of the British pound benefits domestic production.

Fagerhult's increasingly global presence implies increased possibilities for the business area.

RETAIL LIGHTING

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

Net sales amounted to MSEK 347, compared with MSEK 309 in the previous year. Operating income has improved significantly, amounting to MSEK 53.0 (27.4). The operating margin was 15.3 (8.9) %.

The business area continues to develop very positively, with improved margins. The division's largest markets are Sweden, the UK and France. The goal is to enter into additional markets as well as to strengthen established contacts. Within certain retail areas, as some slowdown can be noticed, while others continue to be strong, such as, for example, food store chains.

EXTERIOR 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 123, compared with MSEK 106 in the previous year. Operating income amounted to MSEK –0.5 (0.8).

HOME LIGHTING

This business area comprises lighting for hotels, conference centres, public premises and the home.

Net sales amounted to MSEK 99, compared with MSEK 139 in the previous year. Operating income was MSEK 3.9 (3.1) and the operating margin was 4.0 (2.2) %.

The only company remaining in this business area, Belid AB, was sold on 2 September.

NET SALES AND OPERATING PROFIT PER BUSINESS AREA

	Professional Lighting		Retail Lighting		Exterior Lighting		Home Lighting		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External sales	1 557.5	1 298.7	347.3	308.9	122.8	105.8	98.6	139.4	2 126.2	1 852.8
Operating profit/loss	178.9	112.3	53.0	27.4	– 0.5	0.8	3.9	3.1	235.3	143.6
Operating margin	11.5 %	8.6 %	15.3 %	8.9 %	-	0.8 %	4.0 %	2.2 %	11.1 %	7.8 %

FINANCIAL POSITION

The Group has a strong financial position. The Group's equity/assets ratio amounts to 38 (34) %. Cash and bank balances at the end of the period amounted to MSEK 162 (102) and consolidated equity to MSEK 691

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(573). Net indebtedness amounts to MSEK 376. Net indebtedness in relation to earnings before depreciation and amortisation (EBITDA) for the last twelve months period amounts to 1.1.

In recent years, exposure of the Group's net assets overseas has expanded from primarily affecting sales companies to also affecting manufacturing units. The translation of overseas net assets to the closing rate of exchange has reduced equity by MSEK 10.

Cash flow from operating activities was MSEK 122.7 (62.4).

Pledged assets and contingent liabilities amounted to MSEK 83.6 (85.2) and 9.7 (5.2), respectively.

INVESTMENTS

The Group's gross investments in fixed assets amounted to 86.4 (81.2), primarily referring to machinery and equipment.

PERSONNEL

The average number of employees during the period was 2,006 (1,802).

PARENT COMPANY

Operations in AB Fagerhult comprise the management of the Group, financing and the coordination of marketing, production and business development. The Company reported no sales during the period. Income after financial items amounted to MSEK -21.9 (-15.9).

The number of employees during the period was 6 (8).

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 with the Swedish Financial Accounting Standards Council's recommendation RR32. The accounting principles remain unchanged compared with the previous year.

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

RISKS AND UNCERTAINTIES

The material risk and uncertainty factors 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 in connection with exchange fluctuations. The most prominent of these are currency risks connected with export sales and the import of raw materials and components. This exposure is reduced through the hedging of flows in sensitive currencies on the basis of individual assessment. Currency risks also exist in the translation of foreign net assets and earnings. Further information on the Company's risks can be found in the Annual Report for 2007. Apart from the risks described in the Company's Annual Report, no further material risks are deemed to have arisen.

NOMINATING COMMITTEE

At the Annual General Meeting, Gustaf Douglas (Chairman), Jan Svensson and Björn Karlsson were appointed to the Nominating Committee. This committee has now been expanded to include Göran Espelund and Lannebo Fonder.

PROSPECTS FOR 2008

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 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 makes it difficult to have a clear picture of the state of the market. Annual net sales and income will, however, show a clear improvement compared with the previous year.

Prospects are paraphrased in comparison with the previously submitted interim reports.

Habo, 22 October 2008

AB Fagerhult (publ)

Per Borgvall

Group CEO and Managing Director

The next interim report will be submitted on 5 February 2009.

Disclosures may be submitted by Per Borgvall, Group CEO or Ulf Karlsson, Group CFO, tel 036-10 85 00.

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REVIEW REPORT

We have reviewed this report for the period 1 January 2008 to 30 September 2008 for AB Fagerhult (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Habo, 22 October 2008

Öhrlings PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Martin Odqvist
Authorised Public Accountant

THE GROUP

INCOME STATEMENT, GROUP	2008	2007	2008	2007	2007/08	2007
	July-Sep 3 months	July-Sep 3 months	Jan-Sep 9 months	Jan-Sep 9 months	Oct-Sep 12 months	Jan-Dec 12 months
Net sales	722.4	635.3	2 126.2	1 852.8	2 800.8	2 527.4
(of which outside Sweden)	(529.3)	(440.8)	(1 465.4)	(1 219.5)	(1 897.4)	(1 651.5)
Cost of goods sold	-476.4	-433.5	-1 420.4	-1 264.2	-1 861.2	-1 705.0
Gross profit	246.0	201.8	705.8	588.6	939.6	822.4
Selling expenses	-114.2	-100.0	-362.8	-322.5	-491.5	-451.2
Administrative expenses	-39.2	-43.8	-118.4	-134.3	-171.0	-186.9
Other operating income	3.9	4.8	10.7	11.8	12.2	13.3
Operating profit	96.5	62.8	235.3	143.6	289.3	197.6
Income from shares in subsidiaries	0.8	9.7	0.8	9.7	0.8	9.7
Financial items	-10.3	-3.2	-16.0	-12.7	-20.6	-17.3
Profit after financial items	87.0	69.3	220.1	140.6	269.5	190.0
Tax	-25.3	-14.6	-63.9	-35.6	-83.0	-55.0
Net profit	61.7	54.7	156.2	105.0	186.2	135.0
Earnings per share before dilution, SEK	4.90	4.32	12.40	8.31	14.78	10.69
Earnings per share after dilution, SEK	4.80	4.25	12.16	8.17	14.50	10.51
Average no. of outstanding shares before dilution	12 590	12 648	12 593	12 641	12 605	12 629
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 609	12 580	12 609	12 580	12 609	12 583

BALANCE SHEET, GROUP	30 Sep 2008	30 Sep 2007	31 Dec 2007
Intangible fixed assets	443.9	463.5	459.0
Tangible fixed assets	276.5	272.0	279.1
Financial fixed assets	20.6	18.9	19.7
Inventories, etc.	344.7	369.3	378.9
Accounts receivable - trade	517.0	452.1	409.1
Other non interest-bearing current assets	31.3	26.2	36.4
Cash and bank balances	162.0	101.7	131.9
Total assets	1 796.0	1 703.7	1 714.1
Equity	690.9	572.9	601.5
Long-term interest-bearing liabilities	488.0	524.7	498.9
Long-term non interest-bearing liabilities	60.8	106.0	65.8
Short-term interest-bearing liabilities	50.0	75.4	57.1
Short-term non interest-bearing liabilities	506.3	424.7	490.8
Total equity and liabilities	1 796.0	1 703.7	1 714.1

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CASH FLOW STATEMENT, GROUP	2008 July-Sep 3 months	2007 July-Sep 3 months	2008 Jan-Sep 9 months	2007 Jan-Sep 9 months	2007/08 Oct-Sep 12 months	2007 Jan-Dec 12 months
Operating profit	96.5	62.8	235.3	143.6	289.3	197.6
Adjustment for items not included in the cash flow	12.8	8.9	47.1	47.0	65.0	64.5
Financial items	-9.4	-2.9	-16.6	-12.4	-21.1	-16.9
Paid tax	-22.5	-1.8	-52.4	-20.5	-69.4	-37.5
Cash flow generated by operations	77.4	67.0	213.4	157.7	263.8	207.7
Changes in working capital	-32.2	-22.3	-90.7	-95.3	-42.0	-46.6
Cash flow from continuing operations	45.2	44.7	122.7	62.4	221.8	161.1
Cash flow from investing activities	64.4	-63.0	13.1	-151.6	-12.7	-177.4
Cash flow from financing activities	-77.9	19.8	-105.3	98.8	-148.7	55.3
Cash flow for the period	31.7	1.5	30.5	9.6	60.4	39.1
Cash and bank balances at the beginning of the period	126.8	98.9	131.9	92.3	101.7	92.3
Translation differences in liquid funds	3.5	1.3	-0.4	-0.2	-0.1	0.5
Cash and bank balances at the end of the period	162.0	101.7	162.0	101.7	162.0	131.9

KEY RATIOS AND DATA PER SHARE, GROUP	2008 July-Sep 3 months	2007 July-Sep 3 months	2008 Jan-Sep 9 months	2007 Jan-Sep 9 months	2007/08 Oct-Sep 12 months	2007 Jan-Dec 12 months
Sales growth, %	13.7	21.1	14.8	18.3	10.8	16.9
Growth in operating income, %	53.7	49.2	63.9	81.3	46.4	108.2
Growth in profit after taxes net financial income, %	25.5	84.8	56.5	106.5	41.8	129.7
Operating margin, %	13.4	9.9	11.1	7.8	10.3	7.8
Profit margin, %	12.0	10.9	10.4	7.6	9.6	7.5
Liquid ratio, %			29	20	29	26
Debt/equity ratio			0.8	1.0	0.8	0.9
Equity/assets ratio, %			38	34	38	35
Capital employed, MSEK			1229	1173	1229	1158
Return on capital employed, %			28.4	20.0	26.0	20.5
Return on equity, %			32.2	25.3	29.5	23.8
Net liability, MSEK			376	498	376	424
Gross investments in fixed assets, MSEK	24.4	18.2	86.4	81.2	92.8	87.6
Net investments in fixed assets, MSEK	24.4	23.7	86.4	78.9	92.7	85.2
Depreciation of fixed assets, MSEK	16.5	16.6	49.0	48.1	62.6	61.7
Number of employees			2 006	1 802	1 949	1 897
Equity per share, SEK			54.79	45.54	54.50	47.80
No. of outstanding shares, thousands			12 609	12 580	12 676	12 583

EQUITY, GROUP	30 Sep 2008	30 Sep 2007	31 Dec 2007
Equity at the beginning of the period	601.5	534.6	534.6
Change of translation reserve	-10.2	-8.1	-9.5
Change of contributed capital	-	-11.1	-11.1
Dividend to shareholders	-56.6	-47.5	-47.5
Profit for the period	156.2	105.0	135.0
Equity at the end of the period	690.9	572.9	601.5

PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2008 July-Sep 3 months	2007 July-Sep 3 months	2008 Jan-Sep 9 months	2007 Jan-Sep 9 months	2007/08 Oct-Sep 12 months	2007 Jan-Dec 12 months
Selling expenses	-	4.8	-	14.4	4.8	19.2
Administrative expenses	-	-0.7	-1.1	-2.5	-0.8	-3.3
Other operating income	-6.1	-4.8	-16.1	-14.4	-22.6	-20.9
Operating profit	-6.4	-0.7	-17.2	-2.5	-19.7	-5.0
Income from shares in subsidiaries	-	-	13.2	-	90.2	77.0
Financial items	-9.1	-3.6	-17.9	-13.4	-23	-18.5
Profit after financial items	-15.5	-4.3	-21.9	-15.9	47.5	53.5
Changes in tax allocation reserve	-	-	-	-	17.5	17.5
Tax	-	-	-	-	-20.4	-20.4
Net profit	-15.5	-4.3	-21.9	-15.9	44.6	50.6

BALANCE SHEET, PARENT COMPANY

	30 Sep 2008	30 Sep 2007	31 Dec 2007
Financial fixed assets	912.4	917.9	903.5
Other non interest-bearing current assets	13.7	13.9	0.3
Cash and bank balances	-	-	1.3
Total assets	926.1	931.8	905.1
Equity	254.9	266.7	333.5
Untaxed reserves	36.9	54.4	36.9
Long-term interest-bearing liabilities	497.9	485.4	465.0
Long-term non interest-bearing liabilities	-	0.8	-
Short-term interest-bearing liabilities	128.5	116.0	57.1
Short-term non interest-bearing liabilities	7.9	8.5	12.6
Total equity and liabilities	926.1	931.8	905.1