

# Ballingslöv International AB (publ)

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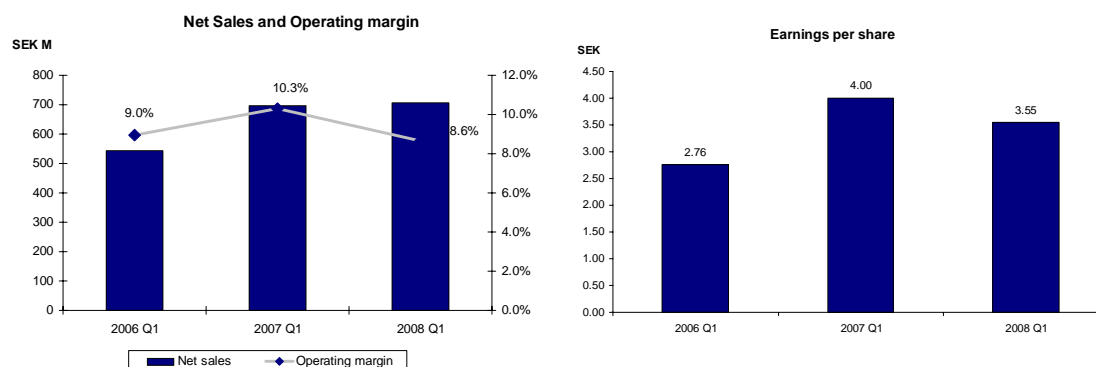
## INTERIM REPORT

### January-March 2008

- Net sales increased by 2 percent to SEK 708.0 M (696.8). Organic growth was 1 percent
- Net income for the period decreased by 11 percent to SEK 38.1 M (42.8)
- Earnings per share decreased by 11 percent and amounted to 3.55 (4.00)
- Operating income decreased by 15 percent to SEK 61.2 M (71.7) corresponding to an operating margin of 8.6 percent (10.3)
- Cash flow from current operations amounted to SEK 28.8 M (3.6)
- The income has been affected by extraordinary expenses related to the merger of the two Danish worktop companies and decreased number of working days during the period compared to the same period previous year

### Ballingslöv Group in summary

	Q 1 2008	Q 1 2007	Full year 2007	April/march 2007/2008
Net sales, SEK M	708.0	696.8	2 892.1	2 903.3
Operating income before depreciation, SEK M (EBITDA)	84.7	92.4	404.6	396.9
EBITDA-margin, %	12.0	13.3	14.0	13.7
Operating income, SEK M (EBIT)	61.2	71.7	315.5	305.0
Operating margin (EBIT-margin), %	8.6	10.3	10.9	10.5
Income before taxes, SEK M	51.1	59.7	273.2	264.6
Net income for the period, SEK M	38.1	42.8	211.3	206.6
Earnings per share, SEK	3.55	4.00	19.71	19.26



## **Market Areas**

### ***Nordic Region***

The market in the Nordic region in summary asses to show a weaker development compared to earlier period. This is in particular in Denmark and especially for the new construction segment and also for the new construction segment in Sweden while the customer segment especially in Sweden and Norway continue to show a positive development. In general the sales development during the period has been negatively affected by decreased number of working days as the Easter was in quarter one.

Growth in the flat-pack segment has continued to be strong.

The expansion of the shop system continues according to plan in all subsidiaries and among others Kvik has open 3 new shops during the period, whereof the first one in France. During the first half of the year Kvik will open 9 new shops and during the second half of the year 12 new shops, in total 21 new shops during 2008 where after Kvik will have 130 shops in 9 different countries. The other companies have opened 8 new shops during the period.

### ***UK***

Our company in UK has continued to develop positively and further strengthened its market position and sales in spite of the new construction of privately built small homes – our primary market segment – has continue to decrease during the period.

### ***Group integration - acquired companies***

#### Worktops

At the year end 2007/2008 the two worktop companies in the Group dfi A/S and Geisler, - Geisler was acquired November 2006-, were merged into one company.

The Merger meant among others that a joint EDP system and joint product range were implemented. Start up problems related to the implementation has caused extraordinary expenses and even some lower income. The majority of the start up problems are now settled but there can be some further effects also during the second quarter.

#### Storage products

3BO A/S was acquired in the beginning of January 2007. 3 BO develops, manufactures and distributes sliding-door wardrobes and shower walls. Sales and distributions take place through kitchen shops and builders merchants primarily in the Scandinavian market.

The integration of 3BO in the Group has followed our plans. Synergies will arise on the income side through distribution of 3BOs products via the Group's existing distribution system in Sweden, Denmark and Norway. Synergies will also be achieved on the cost side through coordination of transports with the Group's transportation system.

## **Financial accounts**

### ***Net sales and income January-March***

Net sales during the period was SEK 708.0 M (696.8) an increase by 2 percent. Organic growth was approximately 1 percent.

Operating income was SEK 61.2 M (71.7) a decrease by 15 percent. Operating margin was 8.6 percent (10.3).

Income before tax for the period was SEK 51.1 M (59.7), a decrease by 14 percent compared to the same period last year. Net income for the period was SEK 38.1 M (42.8), a decrease by 11 percent compared to the same period last year.

Net sales in Nordic region increased to SEK 625.1 M (623.2). Operating income in Nordic region was SEK 57.3 M (69.1), a decrease by 17 percent corresponding to an operating margin of 9.2 percent (11.1). Operating income in the Nordic region has been negatively affected by lower utilization of production capacity and extraordinary expenses in relation to the merger of the two Danish worktop companies in the Group <sup>1)</sup>.

Net sales in UK increased by 13 percent to SEK 82.9 M (73.6). Operating income was SEK 3.9 M (2.6), an increase by 50 percent and corresponding to an operating margin of 4.7 percent (3.5). Improved productivity, consistent and competitive delivery precision and customer service and new won customers have positively affected sales and income.

<sup>1)</sup> Net sales and operating income from other Europe are included in the Nordic region by SEK 28.6 M (16.0) and SEK -0.1 M (-2.2) corresponding to an operating margin of -0.3 percent (-13.8).

### ***Cash flow***

The cash flow from operations during the period was SEK 28.8 M (3.6). Cash flow from the Nordic region inclusive other Europe was SEK 34.9 M (4.5) and in UK SEK -6.1 M (-0.9). In UK the cash flow has been affected by increased working capital related to increased sales.

### ***Net investments and depreciation***

The net investments during the period amounted to SEK 11.8 M. Corresponding period last year 2007 (154.8 whereof acquisition SEK 131.8 M). Depreciation according to plan regarding tangible fixed assets amounted to SEK 17.4 M (15.6). Amortization of intangible assets amounted to SEK 6.1 M (5.1) whereof amortization of intangible assets related to acquisitions amounted to SEK 4.1 M (3.4).

### ***Liquidity and financial position***

At the end of period, the Group's liquid assets amounted to SEK 134.5 M, compared to SEK 158.3 M at the beginning of the year.

During the period has loan been amortized by SEK 5.5 M and a final additional purchase price related to the acquisition of Kvik has been paid out by SEK 31.5 M. Net debt incl. provisions for pensions amounted to SEK 931.5 M, compared to SEK 964.7 M at the beginning of the year. The net debt has during the period decreased by SEK 33.2 M.

The consolidated equity/assets ratio was 35.5 percent at the end of the period, compared to SEK 34.9 percent at the beginning of the year.

Available credit facilities and liquid assets amounted to SEK 506 M at the end of the period.

### ***Employees***

The Group had 1438 employees at the end of the period, a decrease by 25 persons compared to the beginning of the year. Average number of employees during the period was 1 456 (1444).

### ***Parent company***

The parent company conducts no operations of its own and thus reported no net sales during the period.

### ***The Ballingslöv share***

At the end of the period, the number of outstanding shares amounted to 10.725.758. The average number of shares during the period was 10.725.758 (10.525.758). At the end of the period, the company had no holdings of its own shares. At the Annual General Meeting April 16, 2008, it was decided a share split 3:1, whereby the total number of shares in the company will be 32 177 272 shares. The share split is expected to be executed before the end of May 2008.

### ***Accounting principles***

This interim report adheres to IAS 34 Interim Financial Reporting and RR 31 "delårsrapportering för koncerner". Accounting principles and computation are consistent with the annual report. The new and revised IFRS-principles adopted by EU in force from 1 January 2007 have no significant impact on the Group's account.

### ***Risk and related factors***

The Group and the parent company's risks and related factors include risks associated with the business in the form of raw material price risks, product risks, insurance risks and legal risks. In addition there are other financial risks such as financing risks, liquidity risks, interest risks, currency risks, credit and counterparty risks.

A detailed description of the Group's financial risk management is provided in Ballingslöv International's Annual Report for 2007 (pages 52-55 Note 3)

Ballingslöv April 24, 2008

### **Ballingslöv International AB (publ)**

Nils-Erik Danielsson  
President and CEO

This interim report has not been subject to review by the company's auditors.

### **Future reporting dates**

Interim report: January – June 2008

July 17, 2008

Interim report: January – September 2008

October 27, 2008

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**FINANCIAL STATEMENTS**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**

SEK M	Q 1 2008	Q 1 2007	Full year 2007	April/march 2007/2008
Net sales	708.0	696.8	2 892.1	2 903.3
Cost of goods sold	-461.7	-450.0	-1 858.1	-1 869.8
<b>Gross profit</b>	<b>246.3</b>	<b>246.8</b>	<b>1 034.0</b>	<b>1 033.5</b>
Selling expenses	-139.8	-135.0	-549.6	-554.4
Administrative expenses	-43.8	-39.6	-169.0	-173.2
Other operating income and expenses (including R&D expenses)	-1.5	-0.5	0.1	-0.9
<b>Operating income</b>	<b>61.2</b>	<b>71.7</b>	<b>315.5</b>	<b>305.0</b>
Interest income and similar income/loss items	2.9	2.4	14.1	14.6
Interest expense and similar income/loss items	-13.0	-14.4	-56.4	-55.0
<b>Income after financial items</b>	<b>51.1</b>	<b>59.7</b>	<b>273.2</b>	<b>264.6</b>
Taxes	-13.0	-16.9	-61.9	-58.0
<b>Net income for the period</b>	<b>38.1</b>	<b>42.8</b>	<b>211.3</b>	<b>206.6</b>
Earnings per share	3.55	4.00	19.71	19.26
Income was charged with:				
Depreciation of tangible assets amounting to	17.4	15.6	64.8	66.6
Amortization of intangible assets amounting to	6.1	5.1	24.3	25.3
whereof from acquisitions	4.1	3.4	16.4	17.1

**CONDENSED CONSOLIDATED BALANCE SHEETS**

SEK M	31.03.08	31.03.07	31.12.07
<b>ASSETS</b>			
Intangible fixed assets	1034.5	1 050.0	1 053.7
Tangible fixed assets	494.4	502.2	506.0
Financial fixed assets	31.4	36.3	38.3
<b>Total fixed assets</b>	<b>1 560.3</b>	<b>1 588.5</b>	<b>1 598.0</b>
Inventories etc	266.6	249.6	262.7
Current receivables	450.3	424.8	368.6
Cash and bank balances	134.5	163.8	158.3
<b>Total current assets</b>	<b>851.4</b>	<b>838.2</b>	<b>789.6</b>
<b>Total assets</b>	<b>2 411.7</b>	<b>2 426.7</b>	<b>2 387.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	<b>856.4</b>	<b>722.3</b>	<b>833.5</b>
Minority interests	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Provisions	205.6	226.2	216.3
Long-term liabilities	962.6	1 095.2	973.6
Current liabilities	387.0	382.9	364.1
<b>Total liabilities</b>	<b>1 555.2</b>	<b>1 704.3</b>	<b>1 554.0</b>
<b>Total shareholders' equity and liabilities</b>	<b>2 411.7</b>	<b>2 426.7</b>	<b>2 387.6</b>
The above liabilities include:			
Interest-bearing liabilities and provisions	1 066.0	1 208.3	1 123.0
Non interest-bearing liabilities and provisions	489.2	496.0	431.0
Net debt	931.5	1 044.5	964.7

**CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS**

SEK M	Q 1 2008	Q 1 2007	Full year 2007
<i>Current operations</i>			
Income before financial items	61.2	71.7	315.5
Depreciation and other items not affecting liquidity	16.7	19.3	77.3
Net interest income/expenses	-12.7	-7.6	-35.8
Tax paid	-31.3	-15.9	-95.8
<b>Cash flow from current operations before changes in working capital</b>	<b>33.9</b>	<b>67.5</b>	<b>261.2</b>
<b>Changes in working capital</b>	<b>-5.1</b>	<b>-63.9</b>	<b>-76.7</b>
<b>Cash flow from current operations</b>	<b>28.8</b>	<b>3.6</b>	<b>184.5</b>
Cash flow from investment operations	-11.8	-154.8	-223.6
Cash flow from financing operations <sup>1)</sup>	-37.0	40.1	-78.2
<b>Cash flow for the period</b>	<b>-20.0</b>	<b>-111.1</b>	<b>-117.3</b>
Liquid assets at the beginning of the period	158.3	273.6	273.6
Exchange rate difference in liquid assets	-3.8	1.3	2.0
<b>Liquid assets at end of period</b>	<b>134.5</b>	<b>163.8</b>	<b>158.3</b>
1) Cash flow from financing operations			
Dividend, parent company:			-48.3
Additional purchase price, Kvik:	-31.5	-30.0	-27.5
Dividend, acquired company (anticipated in the acquisition):			
Change of loan:	-5.5	70.1	-2.4
	<b>-37.0</b>	<b>40.1</b>	<b>-78.2</b>

**Key Data**

	Q 1 2008	Q 1 2007	Full year 2007
Gross margin including goodwill amortization, %	34.8	35.4	35.8
EBITDA-margin, %	12.0	13.3	14.0
Operating margin (EBIT) %	8.6	10.3	10.9
Income margin % (before tax)	7.2	8.6	9.4
Interest coverage ratio, multiple	4.9	5.2	5.8
Debt/equity ratio, multiple	1.2	1.7	1.3
Net debt, including pension provisions, SEK M	931.5	1 044.5	964.7
Return on capital employed, %			17.3
Return on equity, %			28.3
Equity/assets ratio %	35.5	29.8	34.9
Average number of employees	1 456	1 444	1 467

**Data per share**

	Q 1 2008	Q 1 2007	Full year 2007
Earnings per share, SEK	3.55	4.00	19.71
Shareholders equity per share, SEK			77.69
Dividend per share			6.50
Average number of shares during period, millions	10.73	10.73	10.73
Number of shares at end of period, millions	10.73	10.73	10.73

**CHANGES IN SHAREHOLDERS' EQUITY**

SEK M	31.03.08	31.03.07	31.12.07
Shareholders' equity at beginning of period	833.6	658.1	658.1
Translation differences/currency differences	-15.3	36.9	21.3
Pensions	0.1	0.8	-0.5
Hedging of net investment		-16.2	-8.4
Dividends			-48.3
Minority interests			
Net income for the period	38.1	42.8	211.4
Shareholders' equity at end of period	<b>856.5</b>	<b>722.4</b>	<b>833.6</b>

**SALES, INCOME BY MARKET AREA**

	Nordic			Great Britain			Group		
	Q 1 2008	Q 1 2007	Full year 2007	Q 1 2008	Q 1 2007	Full year 2007	Q 1 2008	Q 1 2007	Full year 2007
Net sales, SEK M	625.1	623.2	2 542.6	82.9	73.6	349.5	708.0	696.8	2 892.1
Sales growth, %	0.3	34.9	28.4	12.6	-10.9	19.0	1.6	27.9	27.2
Operating income before depreciation, SEK M (EBITDA)	78.6	87.3	371.8	6.1	5.1	32.8	84.7	92.4	404.6
EBITDA-margin, %	12.6	14.0	14.6	7.4	6.9	9.4	12.0	13.3	14.0
Operating income, SEK M (EBIT)	57.3	69.1	292.5	3.9	2.6	23.0	61.2	71.7	315.5
Operating margin (EBIT-margin), %	9.2	11.1	11.5	4.7	3.5	6.6	8.6	10.3	10.9

**NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA**

SEK M	Q 1 2008	Q 4 2007	Q 3 2007	Q 2 2007	Q 1 2007
<i>Net sales</i>					
Nordic	625.1	656.1	601.0	662.3	623.2
Great Britain	82.9	92.5	92.6	90.8	73.6
<b>Group</b>	<b>708.0</b>	<b>748.6</b>	<b>693.6</b>	<b>753.1</b>	<b>696.8</b>
<i>Operating income (EBIT)</i>					
Nordic	57.3	74.6	63.3	85.5	69.1
Great Britain	3.9	5.7	7.0	7.7	2.6
<b>Group</b>	<b>61.2</b>	<b>80.3</b>	<b>70.3</b>	<b>93.2</b>	<b>71.7</b>
<i>Operating margin</i>					
Nordic	9.2	11.4	10.5	12.9	11.1
Great Britain	4.7	6.2	7.6	8.5	3.5
<b>Group</b>	<b>8.6</b>	<b>10.7</b>	<b>10.1</b>	<b>12.4</b>	<b>10.3</b>

PARENT COMPANY CONDENSED INCOME STATEMENT

Mkr	Q 1 2008	Q 1 2007	Full year 2007
	0.0	0.0	6.0
Administrative expenses	-2.3	-1.6	-16.6
Operating income	<b>-2.3</b>	<b>-1.6</b>	<b>-10.6</b>
Profit/loss from shares in Group companies	0.0	0.0	451.4
Interest income and similar income/loss items	0.0	0.1	1.6
Interest expense and similar income/loss items	-0.7	-31.3	-39.0
Income after financial items	<b>-3.0</b>	<b>-32.8</b>	<b>403.4</b>
Year-end allocations			
Taxes	1.1	9.2	2.1
Net income for the period	<b>-1.9</b>	<b>-23.6</b>	<b>405.5</b>

PARENT COMPANY CONDENSED BALANCE SHEETS

Mkr	31.03.08	31.03.07	31.12.07
<b>ASSETS</b>			
Tangible fixed assets	0.1	0.0	0.1
Financial fixed assets	709.3	1 231.9	712.2
Total fixed assets	<b>709.4</b>	<b>1 231.9</b>	<b>712.3</b>
Current receivables	34.4	12.1	12.5
Receivables from Group companies	131.3	108.4	151.4
Cash and bank balances	8.8	12.9	10.3
Total current assets	<b>174.5</b>	<b>133.4</b>	<b>174.2</b>
Total assets	<b>883.9</b>	<b>1 365.3</b>	<b>886.5</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	<b>874.6</b>	<b>559.2</b>	<b>877.3</b>
Minority interests	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Untaxed reserves	1.5	0.0	1.2
Long-term liabilities	0.0	788.5	0.0
Current liabilities	7.8	17.6	8.0
Total liabilities	<b>9.3</b>	<b>806.1</b>	<b>9.2</b>
Total shareholders' equity and liabilities	<b>883.9</b>	<b>1 365.3</b>	<b>886.5</b>