

## INTERIM REPORT JANUARY - MARCH 2009

- Net sales MSEK 608 (697)
- Operating profit MSEK 22.8 (63.8)
- Income after taxes MSEK 17.2 (43.3)
- Earnings per share SEK 1.36 (3.44)
- Order intake MSEK 641 (706)

### COMMENTS FROM THE ACTING GROUP CEO ULF KARLSSON

- Weak start at the beginning of the year
- Business area Retail Lighting most severely affected by the decline
- Order intake, adjusted for acquired and sold operations, is on the same level as in the previous year
- Acquisition of co-operation partners in Spain
- Awards Red Dot Design Award reinforces trademarks
- Public offer to acquire the total number of shares in the Norwegian company Luxo ASA.

### THE GROUP

The Group's net sales amounted to MSEK 608 which is a decrease of 13%. Adjusted for acquired and divested operations, the decline is 6%. The business area most severely affected by the decline is retail lighting where sales have decreased by MSEK 42 or 35%. Demand decreased substantially after the Christmas and New Year holidays. The Group's order intake, adjusted for the disposal of Belid in 2008, exceeds net sales by MSEK 33 and is only marginally lower than in 2008. Sales outside Sweden amounted to MSEK 431 (460), which constitutes 71% (66) of the Group's net sales. Finland and the Netherlands are showing good growth, while Sweden and Norway have had a weak start compared to the previous year.

Operating profit decreased by MSEK 41 after a weak start at the beginning of the year. The operating margin deteriorated and amounted to 3.8 % (9.2). The weakened margin is due to reduced volumes and a negative exchange rate movement, particularly as regards production and purchases from China. Compared to the first quarter of 2008, the Chinese RBM has increased by 40% against the Swedish krona.

On 29 March, the Board of Directors determined to make an offer for the Norwegian listed lighting group, Luxo ASA. Luxo operates within three segments; arm based lighting, interior lighting and medical lighting. The company has sales of approximately MNOK 500 and has operations in 10 countries. Sweden, Norway and USA are among these and are also production locations. Fagerhult has offered NOK 8 per share in cash, which is equivalent to approximately MNOK 100. Alternatively, 1 share in Fagerhult is offered for 11 shares in Luxo. This acquisition reinforces the market position in the Nordic countries and makes the product offer wider. The offer is conditional on it being accepted by the part owners,

representing a minimum of 90% of the shares in Luxo. The Norwegian lighting company Glamox ASA informed on 21 April that they have purchased 46,6% of the shares in Luxo at the price of NOK 9 per share

Fagerhult has, once again, been rewarded the Red Dot Design Award for innovative and distinguished design for the light fittings, Avion and Catwalk. This reinforces the trademark Fagerhult on the international arena.

## **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 497, compared with MSEK 414 in the previous year. Operating profit was MSEK 27.7 (39.0) and the operating margin was 5.6 (7.9) %.

Finland, the UK and Ireland are steadily reporting growth, while Sweden and Finland are the markets that are showing the largest declines within this business area. Order intake in Sweden and Norway are, however, greater than net sales. Ireland has received its largest ever order, attributable to lighting for a terminal in Dublin's Airport.

The development on the markets in Central Europe, that are led from Fagerhult's new offices in Vienna, is positive. This investment will burden profits in the coming years, but is important to the Group's development in the long-term.

### **RETAIL LIGHTING**

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

Net sales amounted to MSEK 78, compared with MSEK 121 in the previous year. Operating profit/loss amounted to MSEK -3.0 (18.6).

Retail Lighting is the Business Area that has been most severely affected by the financial turbulence, with a decrease of 35%. A decrease in sales is reported on practically all markets in which the Group has operations, which illustrates the extent of the downturn in the market. The results are also affected negatively by increased costs of acquisitions due to the strong Chinese currency.

### **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 33 compared with MSEK 38 in the previous year. Operating profit/loss amounted to MSEK -1.8(2.0).

This Business Area also shows a decline both in net sales and profits, as a consequence of the weaker demand. An agreement has been established with the Spanish lighting group, Indal Group, which is one of Europe's larger players within Exterior Lighting. This collaboration makes it possible to cover the product areas which are currently missing, i.e. street and path lighting.

**NET SALES AND OPERATING PROFIT PER BUSINESS AREA**

	Professional Lighting		Retail Lighting		Exterior Lighting		Home Lighting *)		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External sales	497.0	491.1	78.1	120.9	33.2	38.4		46.8	608.3	697.2
Operating profit/loss	27.7	39.0	-3.0	18.6	-1.8	2.0		4.2	22.9	63.8
Operating margin	5.6%	7.9%	-	15.4%	-	5.2%		9.0%	3.8 %	9.2 %

\*) the business Area Home Lighting was divested in 2008.

**ACQUISITIONS**

On 1 January 2008, a total of 100% of the shares in the Spanish company, Fagerhult SL, which has worked as an agent for Fagerhult, were acquired, as well as 100% of the shares in Commtech Commissioning Services, which is a service company for the aftermarket within lighting and ventilation. These companies are located outside Laz Rozas, close to Madrid, and sales in the two companies amounted to MSEK 30. The companies have 13 employees. The purchase price amounts to MEUR 1.25, with a maximum additional purchase price of MEUR 0.8.

The market value of the company has been determined at MSEK 3.6, including deferred tax of MSEK 1.1. The remaining amount has been attributed to goodwill with regard to the acquired operation's profitability and to the expected synergy effects. The acquisition calculation is preliminary.

**The purchase price consists of the following components:**

Cash paid	MSEK 14.0
Additional purchase price	MSEK 8.8
Combined purchase price	MSEK 22.8
Fair value of acquired net assets	MSEK 10.3
Goodwill	MSEK 12.8

<b>Assets and liabilities included in the acquisition</b>	<b>Fair value</b>	<b>Book value</b>
Cash and cash equivalents	1.6	1.6
Tangible fixed assets	1.3	1.3
Intangible fixed assets	3.6	0.0
Inventories	0.2	0.2
Receivables	11.4	11.4
Liabilities	-7.0	-7.0
Deferred income tax liabilities	-1.1	0.0
Net assets	10.0	7.5
Acquired net assets	10.0	7.5
Purchase amount settled in cash		22.8
Cash and cash equivalents in acquired subsidiary		-1.6
Change in the Group's cash and cash equivalents in conjunction with the acquisition		21.2

**FINANCIAL POSITION**

The Group's equity/assets ratio amounts to 42% (35). Cash and bank balances at the end of the period amounted to MSEK 193 (122) and equity for the Group to MSEK 747 (613). Net indebtedness amounts to MSEK 321. Net indebtedness in relation to earnings before depreciation and amortisation (EBITDA) for the last twelve month period amounts to 1.1.

In recent years, exposure of the Group's net assets overseas has increased from, primarily, impacting sales companies to also impacting manufacturing units. The translation of net assets outside Sweden to the closing rate of exchange reduced equity by MSEK 24.

Cash flow from operating activities was MSEK 25.2 (21.0).

Pledged assets and contingent liabilities amounted to MSEK 5.0 (83.6) and MSEK 5.9 (9.7), respectively.

**INVESTMENTS**

The Group's gross investments in fixed assets amounted to 25.4 (23.0), primarily referring to machinery and equipment.

**NEW MANAGING DIRECTOR**

As has been communicated earlier, Johan Hjertonsson has been appointed new Managing Director assumes his duties on May 1.

**PERSONNEL**

The average number of employees during the period was 1,877 (1,971).

**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 20.7 (6.6).

The number of employees during the period 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 established in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Councils' Recommendation, RFR 2.2. 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 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 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 2008. Apart from the risks described in the Company's Annual Report, no further material risks are deemed to have arisen.

#### **PROSPECTS FOR 2009**

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

The instability in the financial markets has had a considerable impact on net sales and profit during the first quarter, and is estimated to continue during the remainder of the year. Operations will be continuously adapted to the changes in the market position. No full-year forecast will be provided.

Habo, 22 April 2009

Ulf Karlsson  
acting Group CEO

Interim reports will be presented on 14 August 2009 and 26 October 2009.

Disclosures may be submitted by Ulf Karlsson acting Group CEO and Group CFO, tel 036-10 85 00.

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## THE GROUP

REPORT OF COMPREHENSIVE INCOME FOR THE PERIOD, GROUP	2009 Jan-Mar 3 months	2008 Jan-Mar 3 months	2008/089 Apr-Mar 12 months	2008 Jan-Dec 12 months
Net sales	608.3	697.2	2 681.2	2 770.1
(of which outside Sweden)	(431.1)	(459.7)	(1 890.0)	(1 918.6)
Cost of goods sold	-418.7	-462.8	-1 780.8	-1 834.9
<b>Gross profit</b>	<b>189.6</b>	<b>234.4</b>	<b>900.4</b>	<b>935.2</b>
Selling expenses	-125.9	-124.3	-509.3	-507.7
Administrative expenses	-43.3	-50.4	-173.4	-170.5
Other operating income	2.5	4.1	13.8	15.4
<b>Operating profit/loss</b>	<b>22.9</b>	<b>63.8</b>	<b>231.5</b>	<b>272.4</b>
Income from shares in subsidiaries	-	-	0.8	0.8
Financial items	1.4	-2.9	-9.1	-13.4
<b>Profit after financial items</b>	<b>24.3</b>	<b>60.9</b>	<b>223.2</b>	<b>259.8</b>
Tax	-7.1	-17.6	-65.2	-75.7
<b>Net profit for the period</b>	<b>17.2</b>	<b>43.3</b>	<b>158.0</b>	<b>184.1</b>
<b>Other comprehensive income:</b>				
Exchange differences on translation foreign operations				
<b>Other comprehensive income for the period, net of tax</b>	24.0	-32.0	37.4	-18.6
<b>Total comprehensive profit for the period</b>	<b>24.0</b>	<b>-32.0</b>	<b>37.4</b>	<b>-18.6</b>
	<b>41.2</b>	<b>11.3</b>	<b>195.4</b>	<b>165.5</b>
<b>Profit attributed to owners of the parent company</b>				
	<b>17.2</b>	<b>43.3</b>	<b>158.0</b>	<b>184.1</b>
<b>Total comprehensive profit for the period attributed to the owners of the parent company</b>				
	<b>41.2</b>	<b>11.3</b>	<b>195.4</b>	<b>165.5</b>
<b>Earnings per share, calculated on profit attributed to owners of the parent company:</b>				
Earnings per share before dilution, SEK				
Earnings per share after dilution, SEK	1.36	3.44	12.55	14.62
Average no. of outstanding shares before dilution	1.34	3.37	12.30	14.33
Average no. of outstanding shares after dilution	12 612	12 586	12 594	12 596
No. of outstanding shares, thousands	12 850	12 850	12 850	12 850

<b>BALANCE SHEET, GROUP</b>	<b>31 Mar 2009</b>	<b>31 Mar 2008</b>	<b>31 Dec 2008</b>
Intangible fixed assets	459.9	433.9	430.0
Tangible fixed assets	299.4	282.4	288.9
Financial fixed assets	26.4	19.9	24.7
Inventories, etc.	340.6	387.9	352.6
Accounts receivable - trade	429.0	469.8	390.7
Other non interest-bearing current assets	47.3	47.1	33.1
Liquid funds	192.7	122.4	200.3
<b>Total assets</b>	<b>1 795.3</b>	<b>1 763.4</b>	<b>1 720.3</b>
Equity	747.2	613.3	706.0
Long-term interest-bearing liabilities	463.5	492.6	471.8
Long-term non interest-bearing liabilities	75.0	62.1	57.6
Short-term interest-bearing liabilities	50.0	99.0	50.0
Short-term non interest-bearing liabilities	459.6	496.4	434.9
<b>Total equity and liabilities</b>	<b>1 795.3</b>	<b>1 763.4</b>	<b>1 720.3</b>

<b>CASH FLOW STATEMENT, GROUP</b>	<b>2009 Jan-Mar 3 months</b>	<b>2008 Jan-Mar 3 months</b>	<b>2008/089 Apr-Mar 12 months</b>	<b>2008 Jan-Dec 12 months</b>
<b>Operating profit</b>	<b>22.9</b>	<b>63.8</b>	<b>231.5</b>	<b>272.4</b>
Adjustment for items not included in the cash flow	19.1	23.7	71.1	75.7
Financial items	-5.9	-6.0	-20.5	-20.6
Paid tax	-21.9	-14.2	-78.9	-71.2
<b>Cash flow generated by operations</b>	<b>14.2</b>	<b>67.3</b>	<b>203.2</b>	<b>256.3</b>
Changes in working capital	11.0	-46.3	17.9	-39.4
<b>Cash flow from continuing operations</b>	<b>25.2</b>	<b>21.0</b>	<b>221.1</b>	<b>216.9</b>
Cash flow from investing activities	-36.5	-25.9	-27.5	-16.9
Cash flow from financing activities	-1.6	-0.1	-134.7	-133.2
<b>Cash flow for the period</b>	<b>-12.9</b>	<b>-5.0</b>	<b>58.9</b>	<b>66.8</b>
Liquid funds at the beginning of the period	200.3	131.9	122.4	131.9
Translation differences in liquid funds	5.3	-4.5	11.4	1.6
<b>Liquid funds at the end of the period</b>	<b>192.7</b>	<b>122.4</b>	<b>192.7</b>	<b>200.3</b>

KEY RATIOS AND DATA PER SHARE, GROUP	2009	2008	2008/089	2008
	Jan-Mar 3 months	Jan-Mar 3 months	Apr-Mar 12 months	Jan-Dec 12 months
Sales growth, %	-12.8	14.4	-3.2	9.6
Growth in operating income, %	-64.1	48.7	-15.0	37.9
Growth in profit after taxes net financial income, %	-60.1	59.0	-14.1	36.7
Operating margin, %	3.8	9.2	8.6	9.8
Profit margin, %	4.0	8.7	8.3	9.4
Liquid ratio, %	38	21	38	41
Debt/equity ratio	0.7	1.0	0.7	0.7
Equity/assets ratio, %	42	35	42	41
Capital employed, MSEK	1261	1205	1261	1228
Return on capital employed, %	11.3	24.0	21.9	25.7
Return on equity, %	9.5	28.5	23.2	28.2
Net liability, MSEK	321	469	321	322
Gross investments in fixed assets, MSEK	25.4	23.0	106.4	104.0
Net investments in fixed assets, MSEK	25.4	23.0	106.4	104.0
Depreciation of fixed assets, MSEK	17.5	17.7	62.6	62.8
Number of employees	1 877	1 971	1 981	1 978
Equity per share, SEK	59.25	48.72	59.38	55.98
No. of outstanding shares, thousands	12 612	12 588	12 583	12 612

**CHANGE IN EQUITY, GROUP****Attributed to the owners of the parent company**

	Share capital	Other contributed capital	Reserves	Profit carried forward	Total equity
Equity as at 1 January 2008	65.5	159.4	-4.2	380.8	601.5
Change in differences on translation			-32.0		-18.6
Total transactions reported for equity			-32.0		-32.0
Net profit for the period				43.3	43.3
Total comprehensive profit for the period			-32.0	43.3	11.3
Change in own shareholding				0.5	0.5
<b>Equity as at 31 March 2008</b>	<b>65.5</b>	<b>159.4</b>	<b>-36.2</b>	<b>424.6</b>	<b>613.3</b>
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 I			24.0		
Net profit for the period				17.2	17.2
Total comprehensive profit for the period			24.0	17.2	41.2
<b>Equity as at 31 March 2009</b>	<b>65.5</b>	<b>159.4</b>	<b>1.2</b>	<b>521.1</b>	<b>747.2</b>



## PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2009 Jan-Mar 3 months	2008 Jan-Mar 3 months	2008/089 Apr-Mar 12 months	2008 Jan-Dec 12 months
Net sales	-	-	4.8	4.8
Selling expenses	-0.3	-0.3	-1.5	-1.5
Administrative expenses	-4.1	-5.4	-22.1	-23.4
<b>Operating profit</b>	<b>-4.4</b>	<b>-5.7</b>	<b>-18.8</b>	<b>-20.1</b>
Income from shares in subsidiaries	29.1	13.2	198.0	182.1
Financial items	-4.0	-0.9	-21.5	-18.4
<b>Profit after financial items</b>	<b>20.7</b>	<b>6.6</b>	<b>157.7</b>	<b>143.6</b>
Changes in tax allocation reserve	-	-	-19.6	-19.6
Tax	-	-	-32.0	-32.0
<b>Net profit</b>	<b>20.7</b>	<b>6.6</b>	<b>106.1</b>	<b>92.0</b>

BALANCE SHEET, PARENT COMPANY	31 Mar 2009	31 Mar 2008	31 Dec 2008
Financial fixed assets	914.2	897.5	915.5
Other non interest-bearing current assets	3.6	4.0	0.2
Cash and bank balances	7.8	-	10.6
<b>Total assets</b>	<b>925.6</b>	<b>901.5</b>	<b>926.3</b>
Equity	385.2	340.6	364.5
Untaxed reserves	56.5	36.9	56.5
Long-term interest-bearing liabilities	422.1	460.4	431.0
Short-term interest-bearing liabilities	50.0	57.1	50.0
Short-term non interest-bearing liabilities	11.8	6.5	24.3
<b>Total equity and liabilities</b>	<b>925.6</b>	<b>901.5</b>	<b>926.3</b>

CHANGE IN EQUITY, PARENT COMPANY	Share capital	Statutory reserve	Profit brought forward	Total equity
Equity as at 1 January 2008	65.5	159.4	116.3	341.2
Net profit for the period			92.0	92.0
Change in own shareholding			-4.4	-4.4
Dividend paid, SEK 4,50 per share			-56.6	-56.6
<b>Equity as at 31 December 2008</b>	<b>65.5</b>	<b>159.4</b>	<b>139.6</b>	<b>364.5</b>
Net profit for the period			20.7	20.7
<b>Equity as at 31 March 2009</b>	<b>65.5</b>	<b>159.4</b>	<b>160.3</b>	<b>385.2</b>