

YEAR - END REPORT 2010

- Net Sales MSEK 2,506 (2,436), after adjustments for acquired operations and currency effects, the sales have increased by 3%
- Operating profit MSEK 152.9 (104.2)
- Operating profit, adjusted for non-recurring items, MSEK 159.9 (139.2)
- Profit after tax MSEK 94.5 (74.0)
- Profit per share SEK 7.49 (5.87)
- Orders received MSEK 2,507 (2,520), adjusted for acquired operations and currency effects, the orders received remain unchanged
- The proposed dividend is raised to SEK 3.50 (3.00) per share

Comments by CEO Johan Hjertonsson:

- Acquisition of the German lighting company LTS which both strengthens the segment Retail Lighting and creates a strong platform for continued growth in Germany
- A strong result for the second half of the year which was better than the previous year
- The strengthening of the Swedish krona had a negative impact on MSEK 30, of which MSEK 5 in the fourth quarter
- Non-recurring costs impacted profit before tax at MSEK 20
- Strong cash flow in the fourth quarter

THE GROUP

JANUARY – DECEMBER

The weak demand that characterised most of the geographic markets during the first half of the year has improved somewhat, primarily in the Nordic countries. Lighting is a later stage in the construction process, but increased activity can now be seen.

In October, the German lighting company LTS was acquired, and consolidated in Fagerhult from 1 October 2010. The company's turnover for 2010 amounted to 47 million Euros, with an operating profit of 11 million Euros.

The Group's net sales amounted to MSEK 2,506 (2,436) which is an increase of 2.8%. Adjusted for acquired operations and currency effects, net sales increased by 3%. Sales outside Sweden amounted to MSEK 1,805 (1,735), which represents 72% (71) of the Group's net sales. Retail Lighting was the first segment to suffer from the financial turmoil but is now also increasing at a faster rate than other segments.

The Group's received orders amounted to MSEK 2,507 (2,520). After adjustment for acquired operations and currency effects, orders received remained unchanged.

Operating profit increased by MSEK 49 compared to the previous year. After adjustment for the provision of MSEK 35 in 2009, for restructuring regarding the closure of two factories, and for structural costs during 2010 in connection with the acquisition of LTS, operating profit increased by MSEK 20.

Strengthening of the Swedish krona resulted in a decrease in profits for the ongoing operations of approximately MSEK 20 net. The Swedish currency's sharp decline in value in 2009 and its strengthening which occurred in 2010 also had an impact on the comparison of the operating profit between those years by MSEK 10 due to revaluation of balance sheet items from the beginning of the year. Overall, the strengthening of the Swedish krona had a negative effect of MSEK 30.

Profit before tax was affected by non-recurring costs of approximately MSEK 20, of which MSEK 14 relates to financial costs, and regards mainly the acquisition cost of LTS and structural costs in Germany.

Earnings per share amounted to SEK 7.49. After adjustment of the profit for non-recurring costs after tax, earnings per share amount to SEK 8.85.

Net sales for Indoor Lighting (formerly Professional Lighting) have decreased by MSEK 76, a reduction of 4% which is, however, an improvement compared with the first half of the year, when the reduction was 7%. Retail Lighting continues to improve and turnover in this sector increased by 49%, while Outdoor Lighting, after a weak start to the year, decreased by 3%.

The continuing global shortage of the electronic components for ballasts, which are included in all of the Group's products, has a negative influence on productivity. We believe that the shortage will continue to prevail during most of 2011.

THE FOURTH QUARTER

Net sales for the period amounted to MSEK 708 (595), which is an increase of 19%. After adjustment for acquired operations and currency effects, sales increased by 6%.

Operating profit amounted to MSEK 56.2, compared with MSEK 35.2 for 2009. The profit improvement was primarily due to the acquisition of LTS and improved volumes, but also due to lower fixed costs. We are beginning to see the effects of the implemented cost-cutting measures. The currency effect on operating profit during the period is MSEK -5. During the quarter, the operating margin amounted to 7.9%. Adjusted for non-recurring costs, the margin amounted to 8.9%.

Received orders amounted to MSEK 697 (597). Received orders adjusted for acquired operations and currency effects amounted to MSEK 627, which is an increase of 5%.

BUSINESS AREAS

NET SALES AND OPERATING PROFIT PER BUSINESS AREA												
	Net sales				Operating profit				Operating margin, %			
	Q 4		Q 1-4		Q 4		Q 1-4		Q 4		Q 1-4	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Northern Europe	418.7	397.0	1 586.3	1 590.4	14.7	22.0	57.6	48.1	3.5	5.5	3.6	3.0
UK, Ireland and the Middle East	135.1	153.0	631.2	681.7	8.3	9.1	54.9	61.1	6.1	5.9	8.7	9.0
Other Europe	174.6	77.6	409.3	331.5	25.0	2.4	26.3	0.3	14.3	3.1	6.4	0.1
Asia and the Pacific	62.4	43.5	216.9	144.9	8.7	5.4	28.3	10.1	13.9	12.4	13.0	7.0
Other					-4.6	-6.7	-18.9	-20.7	-	-	-	-
Elimination	-82.5	-76.0	-338.1	-312.2	4.1	3.0	4.7	5.3				
Total	708.3	595.1	2 505.6	2 436.3	56.2	35.2	152.9	104.2	7.9	5.9	6.1	4.3
Financial unallocated items					-19.4	0.5	-18.3	0.5				
Profit before tax					36.8	35.7	134.6	104.7				

Net sales per product area				
	Q 4		Q 1-4	
	2010	2009	2010	2009
Indoor Lighting (Professional Lighting)	466.4	470.0	1 881.8	1 958.4
Retail Lighting	189.3	72.2	456.7	305.7
Outdoor Lighting	52.6	52.9	167.1	172.2
	708.3	595.1	2 505.6	2 436.3

NORTHERN EUROPE

This business area comprises our units and companies in the Nordic countries, the Baltic countries and Russia. The group also includes the factory in China, including manufacturing and purchases. In Sweden, operations are comprised of development, manufacture and sales while operations in other markets, with the exception of China, consist only of marketing.

Net sales in the fourth quarter amounted to MSEK 419 compared with MSEK 397 in the previous year. Operating profit for the same period amounted to MSEK 14.7 (22.0) and the operating margin to 3.5%. Turnover for the period January-December amounted to MSEK 1,586 (1,590). After adjustment for currency effects, the increase is 1.9%.

	Northern Europe			
	Q 4		Q 1-4	
	2010	2009	2010	2009
Net Sales	418.7	397.0	1 586.3	1 590.4
<i>(of which to group companies)</i>	<i>(81.1)</i>	<i>(75.0)</i>	<i>(332.3)</i>	<i>(309.7)</i>
Operating profit	14.7	22.0	57.6	48.1
Operating margin, %	3.5	5.5	3.6	3.0
Sales growth, %	5.5	-9.9	-0.3	-14.5
Sales growth, adjusted for exchange rate differences, %	8.5	-11.0	1.9	-16.8
Growth in Operating profit, %	-33.2	-13.4	19.8	-74.8

UK, IRELAND AND THE MIDDLE EAST

This business area comprises our companies in England and Ireland and operations in the Middle East. The dominant unit is Whitecroft Lighting, which engages in the development, manufacture and sale of lighting systems. Other units are engaged in marketing activities.

Net sales during the fourth quarter amounted to MSEK 135, compared with MSEK 153 in 2009. Operating profit for the same period amounted to MSEK 8.3 (9.1) and the operating margin to 6.1%. Sales for the period January-December amounted to MSEK 631 (682), which, excluding currency effects, are somewhat lower than last year, which can mainly be attributed to the market in Ireland.

	UK, Ireland and the Middle East			
	Q 4		Q 1-4	
	2010	2009	2010	2009
Net Sales	135.1	153.0	631.2	681.7
<i>(of which to group companies)</i>	<i>(1.3)</i>	<i>(0.6)</i>	<i>(5.8)</i>	<i>(1.8)</i>
Operating profit	8.3	9.1	54.9	61.1
Operating margin, %	6.1	5.9	8.7	9.0
Sales growth, %	-11.7	-9.6	-7.4	-8.5
Sales growth, adjusted for exchange rate differences, %	-5.9	-1.4	-0.7	-7.6
Growth in Operating profit, %	-8.8	24.7	-10.1	-26.4

OTHER EUROPE

This business area includes operations in Germany, Holland, France, Spain, Austria and Poland. The dominant operations are the newly acquired company in Germany, LTS Licht & Leuchten GmbH engages in the development, manufacture and sale of lighting systems. The operations of the German subsidiary, Fagerhult GmbH, will be incorporated into LTS during 2011.

Net sales in the fourth quarter amounted to MSEK 175, compared with MSEK 78 in the previous year. Operating profit for the same period amounted to MSEK 25.0 (2.4). Sales for the period January-December amounted to MSEK 409 (332). After adjustment for purchased operations and for exchange rate effects, turnover decreased by 5%.

	Other Europe			
	Q 4		Q 1-4	
	2010	2009	2010	2009
Net Sales	174.6	77.6	409.3	331.5
<i>(of which to group companies)</i>	<i>(0.1)</i>	<i>(0.2)</i>	<i>(0.2)</i>	<i>(0.7)</i>
Operating profit	25.0	2.4	26.3	0.3
Operating margin, %	14.3	3.1	6.4	0.1
Sales growth, %	125.0	-14.6	23.5	-2.4
Sales growth, adjusted for exchange rate differences, %	150.3	-14.9	36.5	-11.0
Growth in Operating profit, %	941.7	100.0	-	-97.9

ASIA AND THE PACIFIC

This business area is mainly comprised of operations in Australia, which also include, in addition to sales, a certain amount of production. Australia has displayed the most positive development of all of the markets in which Fagerhult is active. Operations in China refer to sales on the Chinese market.

Net sales in the fourth quarter amounted to MSEK 62, compared with MSEK 43 in the previous year. Operating profit for the same period amounted to MSEK 8.7 (5.4) and the operating margin 13.9%. Sales for the period January-December amounted to MSEK 217 (145), which, excluding currency effects, is equal to an increase of 36% compared with 2009.

	Asia and the Pacific			
	Q 4		Q 1-4	
	2010	2009	2010	2009
Net Sales	62.4	43.5	216.9	144.9
<i>(of which to group companies)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>
Operating profit	8.7	5.4	28.3	10.1
Operating margin, %	13.9	12.4	13.0	7.0
Sales growth, %	43.4	26.1	49.7	3.7
Sales growth, adjusted for exchange rate differences, %	35.2	4.9	36.0	-4.2
Growth in Operating profit, %	61.1	68.8	180.2	-43.9

OTHER

This business area is mainly comprised of corporate functions and the Parent Company, AB Fagerhult.

FINANCIAL POSITION

The Group's equity/assets ratio was 29.3 (41.8) %. Cash and bank funds at the end of the period amounted to MSEK 207 (197) and the Group's equity totalled MSEK 722 (717). Net liabilities amounted to MSEK 955.

Exposure of the Group's net assets abroad has increased in recent years, from previously referring primarily to sales companies, to now also referring to production units. Translation of net foreign assets at the applicable rate on the balance sheet date has reduced equity by MSEK 51.7.

Cash flow from operating activities was MSEK 108.4 (215.1). Working capital, primarily inventories and accounts receivable, has increased by MSEK 79 since the beginning of the year. Inventories have risen in Australia due to increased sales, as well as in China where production rates have grown substantially.

Pledged assets and contingent liabilities amount to MSEK 4.7 (4.7) and 1.4 (3.1), respectively.

REPURCHASE OF SHARES

At the Annual General Meeting on 27 April 2010, the Board was authorized to decide on the purchase of own shares. No purchases of own shares were made. The number of own shares held amounted to 238,000.

AB Fagerhult's Board has today decided to propose to the Annual General Meeting on 28 April 2011, to authorize the Board to decide on the purchase of own shares until the next year's Annual General Meeting.

INVESTMENTS

The Group's gross investments in fixed assets amounted to MSEK 83 (90) and relate mainly to machinery and equipment.

Additionally, investments in subsidiaries were made amounting to MSEK 672.

ACQUISITION

To strengthen its position within Retail Lighting and to create a platform for growth on the important German market, Fagerhult acquired per 1 October 100% of the shares in LTS Licht & Leuchten, with its registered offices in Tettnang, Germany. The company engages in the manufacture of lighting systems primarily in the Retail segment and has 230 employees. Sales during 2010 were just over 47 million Euros, with an operating profit of approximately 11 million Euros.

The company's brand has been valued at MSEK 51.3, including deferred tax of MSEK 15.4. The remaining amount of the surplus value has been assigned to goodwill regarding the acquired operations' profitability and to the synergy effects which are expected to arise.

The purchase price consists of the following components:

Cash paid	MSEK 672
Fair value of net assets acquired	MSEK 222
Goodwill	MSEK 450

<u>Assets and liabilities included in the acquisition</u>	<u>Fair value</u>
Liquid assets	177.9
Tangible assets	28.9
Intangible assets	52.0
Inventories	38.3
Receivables	139.2
Liabilities	-199.2
Deffered tax liabilities	-15.4
Net assets	221.7
Net assets acquired	221.7

PERSONNEL

The average number of employees during the period was 1,926 (1,881).

PARENT COMPANY

AB Fagerhult's operations consist of corporate management, financing and coordination of marketing, production and business development. The company reported no turnover during the period. Profit after financial items amounted to MSEK 50.3 (63.2).

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

DIVIDEND

The Board will propose to the Annual General Meeting a dividend of SEK 3.50 (3.00) per share.

ACCOUNTING PRINCIPLES

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

The interim report of the Parent Company has been prepared in accordance with the Annual Accounts Act and the recommendations of the Financial Reporting Council FRC 2.2. The principles applied are unchanged compared to previous years.

For further information on the accounting policies applied, see AB Fagerhult's website under Financial Information.

RISKS AND UNCERTAINTIES

The Group's significant risks and factors of uncertainty consist primarily of business risks and financial risks relating to currency and interest rates. Through our international operations, the Fagerhult Group is subject to financial exposure related to currency fluctuations. Most prominent are the currency risks associated with export sales and the import of raw materials and components. This exposure is reduced through the flow of sensitive currencies being hedged after individual assessment. Currency risks also exist when translating net foreign assets and income. Additional information about the company's risks can be found in the annual financial statements for 2009. In addition to the risks described in the Company's annual financial statements, no further significant risks have arisen.

NOMINATION COMMITTEE

At the annual general meeting, Gustaf Douglas (Chairman), Jan Svensson and Björn Karlsson were appointed to the Nomination Committee. The Committee has been expanded to include Göran Espelund, Lannebo Fonder.

PROSPECTS FOR 2011

The Group has, in recent years, had a strong sales and earnings trend through good organic growth, but also through a series of acquisitions. This strategy remains, and the Group will continue with significant efforts in the areas of product development and marketing, as well as increased internationalisation.

The restructuring measures implemented, the acquisition of LTS and the improved economy create good opportunities for an improved profit in 2011.

Habo, 8 February 2011

AB Fagerhult (publ)

Johan Hjertonsson
CEO

Interim reports for 2011 will be presented on 28 April 2011, 23 August 2011 and 27 October 2011. The annual general meeting will be held on 28 April 2011.

Disclosures can be provided by Johan Hjertonsson, CEO or Ulf Karlsson, CFO, telephone + 46 (0) 36-10 85 00.

AB Fagerhult (publ)

Corporate Identity Number 556110-6203

566 80 Habo

Tel +46 (0) 36-10 85 00

headoffice@fagerhult.se

www.fagerhult.se

THE GROUP

INCOME STATEMENT	2010 Oct-Dec 3 months	2009 Oct-Dec 3 months	2010 Jan-Dec 12 months	2009 Jan-Dec 12 months
Net sales	708.3	595.1	2 505.6	2 436.3
(of which outside Sweden)	(540.0)	(425.5)	(1 805.4)	(1 734.8)
Cost of goods sold	-473.0	-379.2	-1736.8	-1672.2
Gross profit	235.3	215.9	768.8	764.1
Selling expenses	-143.2	-135.5	-475.2	-497.7
Administrative expenses	-41.7	-47.9	-155.1	-172.0
Other operating income	5.8	2.7	14.4	9.8
Operating profit/loss	56.2	35.2	152.9	104.2
Financial items	-19.4	0.5	-18.3	0.5
Profit after financial items	36.8	35.7	134.6	104.7
Tax	-11.4	-9.4	-40.1	-30.7
Net profit for the period	25.4	26.3	94.5	74.0
Profit attributed to owners of the parent company	25.4	26.3	94.5	74.0
Earnings per share, calculated on profit attributed to owners of the parent company:				
Earnings per share before dilution, SEK	2.01	2.09	7.49	5.87
Earnings per share after dilution, SEK	1.97	2.05	7.35	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	25.4	26.3	94.5	74.0
Other comprehensive income:				
Exchange differences on translation foreign operations	-2.9	12.2	-51.7	6.8
Other comprehensive income for the period, net of tax	-2.9	12.2	-51.7	6.8
Total comprehensive profit for the period	22.5	38.5	42.8	80.8
Total comprehensive profit for the period attributed to the owners of the parent company	22.5	38.5	42.8	80.8

BALANCE SHEET	31 Dec 2010	31 Dec 2009
Intangible fixed assets	928.1	474.5
Tangible fixed assets	350.2	319.9
Financial fixed assets	20.7	18.8
Inventories, etc.	436.2	301.7
Accounts receivable - trade	448.4	363.5
Other non interest-bearing current assets	78.5	40.2
Liquid funds	207.5	197.4
Total assets	2 469.6	1 716.0
Equity	722.4	717.4
Long-term interest-bearing liabilities	1 048.0	500.8
Long-term non interest-bearing liabilities	63.0	63.7
Short-term interest-bearing liabilities	114.7	1.8
Short-term non interest-bearing liabilities	521.5	432.3
Total equity and liabilities	2 469.6	1 716.0

CASH FLOW STATEMENT	2010 Oct-Dec 3 months	2009 Oct-Dec 3 months	2010 Jan-Dec 12 months	2009 Jan-Dec 12 months
Operating profit	56.2	35.2	152.9	104.2
Adjustment for items not included in the cash flow	31.8	21.9	96.1	78.1
Financial items	-5.4	-0.5	-11.1	-10.3
Paid tax	-15.7	-20.3	-50.3	-73.5
Cash flow generated by operations	66.9	36.3	187.6	98.5
Changes in working capital	61.8	51.4	-79.2	116.6
Cash flow from continuing operations	128.7	87.7	108.4	215.1
Cash flow from investing activities	-538.8	-31.5	-593.4	-127.3
Cash flow from financing activities	461.1	-18.8	512.4	-90.2
Cash flow for the period	51.0	37.4	27.4	-2.4
Liquid funds at the beginning of the period	157.7	156.7	197.4	200.3
Translation differences in liquid funds	-1.2	3.3	-17.3	-0.5
Liquid funds at the end of the period	207.5	197.7	207.5	197.4

KEY RATIOS AND DATA PER SHARE	2010	2009	2010	2009
	Oct-Dec 3 months	Oct-Dec 3 months	Jan-Dec 12 months	Jan-Dec 12 months
Sales growth, %	19.0	-7.6	2.8	-12.1
Growth in operating income, %	59.7	-5.1	46.7	-61.7
Growth in profit after taxes net financial income, %	3.1	-10.1	28.6	-59.7
Operating margin, %	7.9	5.9	6.1	4.3
Profit margin, %	5.2	6.0	5.4	4.3
Liquid ratio, %			33	45
Debt/equity ratio			1.6	0.7
Equity/assets ratio, %			29	42
Capital employed, MSEK			1 885	1 220
Return on capital employed, %			11.0	9.8
Return on equity, %			13.1	10.4
Net liability, MSEK			955	305
Gross investments in fixed assets, MSEK	21.5	18.4	83.6	90.3
Net investments in fixed assets, MSEK	21.5	18.4	83.0	90.3
Depreciation of fixed assets, MSEK	22.6	19.5	83.6	74.8
Number of employees			1 926	1 881
Equity per share, SEK			57.28	56.88
No. of outstanding shares, thousands			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			6.8		6.8
Net profit for the period				74.0	74.0
Total comprehensive profit for the period			6.8	74.1	80.8
Dividend paid, SEK 5.50 per share				-69.4	-69.4
Equity as at 31 December 2009	65.5	159.4	-16.0	508.5	717.4
Equity as at 1 January 2010	65.5	159.4	-16.0	508.5	717.4
Change in differences on translation			-51.7		-51.7
Net profit for the period				94.5	94.5
Total comprehensive profit for the period			-51.7	94.5	42.8
Dividend paid, SEK 3.00 per share				-37.8	-37.8
Equity as at 31 December 2010	65.5	159.4	-67.7	565.2	722.4

PARENT COMPANY

INCOME STATEMENT	2010 Oct-Dec 3 months	2009 Oct-Dec 3 months	2010 Jan-Dec 12 months	2009 Jan-Dec 12 months
Net sales	4.8	5.9	4.9	5.9
Selling expenses	-0.9	-0.4	-1.7	-1.5
Administrative expenses	-3.5	-7.2	-17.1	-20.1
Operating profit	0.4	-1.7	-13.9	-15.7
Income from shares in subsidiaries	12.0	57.0	68.6	86.1
Financial items	-3.0	-2.5	-4.4	-7.2
Profit after financial items	9.4	52.8	50.3	63.2
Changes in tax allocation reserve	10.0	25.1	10.0	25.1
Tax	-0.9	-9.5	-0.9	-9.5
Net profit	18.5	68.4	59.4	78.8

BALANCE SHEET

	31 Dec 2010	31 Dec 2009
Financial fixed assets	1 545.4	877.1
Other non interest-bearing current assets	26.2	6.2
Cash and bank balances	-	4.7
Total assets	1 571.6	888.0
Equity	395.5	373.9
Untaxed reserves	21.4	31.4
Long-term interest-bearing liabilities	1 006.3	458.7
Long-term non interest-bearing liabilities	1.7	-
Short-term interest-bearing liabilities	140.2	17.2
Short-term non interest-bearing liabilities	6.5	6.8
Total equity and liabilities	1 571.6	888.0

CHANGE IN EQUITY

	Share capital	Statutory reserve	Profit brought forward	Total equity
Equity as at 1 January 2009	65.5	159.4	139.6	364.5
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			59.4	59.4
Dividend paid, SEK 3.00 per share			-37.8	-37.8
Equity as at 31 December 2010	65.5	159.4	170.6	395.5