

Interim report, January – June 2011

- Orders received MSEK 1,504 (1,257). Adjusted for acquired operations and currency effects, orders received have increased by 5.1 %
- Net sales MSEK 1,433 (1,166). After adjustments for acquired operations and currency effects, sales have increased by 6.6 %
- Operating profit MSEK 123.4 (40.4). Operating margin 8.6 (3.5) %
- Profit after tax MSEK 74.9 (28.2)
- Earnings per share SEK 5.94 (2.24)

Comments by CEO Johan Hjertonsson:

- A strong increase in profit during the first half-year
- High order intake during the second quarter
- Positive quarter for the acquired company, Designplan Lighting
- Substantial development of the product area Retail Lighting
- Strong cash flow during the second quarter

THE GROUP

JANUARY-JUNE

The Group's net sales amounted to MSEK 1,433, which is an improvement of 23 %. Adjusted for acquired operations and currency effects, net sales have increased by 6.6 %. The product area that increased most strongly was Retail Lighting, which is before other product areas in the economic cycle, but both Indoor Lighting and Outdoor Lighting have increased sales in comparison with 2010. Sales outside Sweden amounted to MSEK 1,070 (822) and constitute an ever increasing proportion of the Group's sales, now amounting to 75 (70) %. The largest markets after Sweden are the UK and Germany.

Operating profit increased by MSEK 83 compared with the previous year, of which MSEK 7 refers to profit from the sale of property in The Netherlands. The German company LTS, acquired during 2010, and the English company Designplan Lighting Ltd (Designplan), acquired during the current year, have made contributions to the improved level of profit, although organic growth and lower costs have also had a positive effect on operating profit. The strong Swedish krona has negatively impacted profits by MSEK 9 compared with 2010.

The Group's orders received amounted to MSEK 1,504 (1,257). After adjustment for acquired operations and currency effects, orders received have increased by 5.1 % after a positive second quarter. Orders received exceed invoicing by MSEK 71.

The English lighting company, Designplan, acquired in March, is consolidated in Fagerhult as of the second quarter.

Earnings per share amounted to SEK 5.94, which was an increase of SEK 3.70.

Turnover for Indoor Lighting has stabilised. Including the acquisition of Designplan, the product area is displaying an increase of 3 %. The substantial improvement to Retail Lighting seen the previous year continues, and turnover has increased by 140 %. LTS is accountable for a large portion of this increase.

Outdoor Lighting has increased and shows a turnover of MSEK 80 (67).

SECOND QUARTER

Net sales for the period amounted to MSEK 740 (599). Adjusted for acquired operations and currency effects, net sales have increased by 5 %. Operating profit increased to MSEK 70.7, of which MSEK 7 refers to profit from the sale of property in The Netherlands, in comparison to MSEK 27.5 during 2010. Discounting the acquired companies, Northern Europe reports the most improved profit.

Orders received amounted to MSEK 824 (647), which exceeded net sales by MSEK 84. Orders received have been positive, primarily, in the Nordic countries and Germany.

BUSINESS AREAS

NET SALES AND OPERATING PROFIT PER BUSINESS AREA												
	Net Sales				Operating profit				Operating margin, %			
	Q 2		Q 1-2		Q 2		Q 1-2		Q 2		Q 1-2	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Northern Europe	391.3	392.1	779.2	771.7	23.4	6.9	40.7	8.3	6.0	1.8	5.2	1.1
UK, Ireland and the Middle East	202.5	167.4	347.2	313.6	21.5	17.6	31.5	26.6	10.6	10.5	9.1	8.5
Other Europe	179.3	81.1	360.4	157.0	26.4	1.8	54.4	2.6	14.7	2.2	15.1	1.7
Asia and the Pacific	48.9	43.2	95.0	81.2	4.5	5.8	8.3	9.2	9.2	13.4	8.7	11.3
Other					-5.1	-5.1	-11.5	-9.9	-	-	-	-
Elimination	-82.4	-84.9	-149.0	-157.7		0.5		3.6				
Total	739.6	598.9	1 432.8	1 165.8	70.7	27.5	123.4	40.4	9.6	4.6	8.6	3.5
Financial unallocated items					-9.6	-2.1	-17.9	-0.4				
Profit before tax					61.1	25.4	105.5	40.0				

Net sales per product area				
	Q 2		Q 1-2	
	2011	2010	2011	2010
Indoor Lighting (Professional Lighting)	513.7	481.7	966.5	937.6
Retail Lighting	175.5	77.7	386.2	161.0
Outdoor Lighting	50.4	39.5	80.1	67.2
	739.6	598.9	1 432.8	1 165.8

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 sales.

Net sales in the second quarter amounted to MSEK 391, compared with MSEK 392 in the previous year. Operating profit for the same period amounted to MSEK 23.4 (6.9) and the operating margin increased to 6.0 (1.8) %. Turnover for the period January-June amounted to MSEK 779 (772). Adjusted for currency effects, the increase is 3.8 %.

Northern Europe	Q 2		Q 1-2	
	2011	2010	2011	2010
Net Sales	391,3	392,1	779,2	771,7
<i>(of which to group companies)</i>	<i>(81,4)</i>	<i>(83,8)</i>	<i>(146,8)</i>	<i>(155,5)</i>
Operating profit	23,4	6,9	40,7	8,3
Operating margin, %	6,0	1,8	5,2	1,1
Sales growth, %	-0,2	-4,1	1,0	-3,5
Sales growth, adjusted for exchange rate differences, %	2,2	-2,1	3,8	-1,8
Growth in Operating profit, %	239,1	-68,8	390,4	-74,4

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. During the second quarter, Designplan has been added to this business area. Other units are engaged in sales activities.

Net sales in the second quarter amounted to MSEK 202, compared with MSEK 167 in the previous year. Operating profit for the same period amounted to MSEK 21.5 (17.6) and the operating margin to 10.6 (10.5) %. Turnover for the period January-June amounted to MSEK 347 (314). Adjusted for acquired operations and currency effects, turnover has increased by 5 %. Operations in the Middle East are developing well.

UK, Ireland and the Middle East	Q 2		Q 1-2	
	2011	2010	2011	2010
Net Sales	202.5	167.4	347.2	313.6
<i>(of which to group companies)</i>	<i>(0.3)</i>	<i>(1.3)</i>	<i>(1.4)</i>	<i>(2.3)</i>
Operating profit	21.5	17.6	31.5	26.6
Operating margin, %	10.6	10.5	9.1	8.5
Sales growth, %	21.0	-4.1	10.7	-9.8
Sales growth, adjusted for exchange rate differences, %	33.9	3.4	21.5	-2.6
Growth in Operating profit, %	22.2	-3.8	18.4	-10.4

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. The company engages in the development, manufacture and sale of lighting systems. The operations of the German subsidiary, Fagerhult GmbH, are now incorporated into LTS. The reception on the German market has been positive and will open opportunities for increased sales off Fagerhult's product range.

Net sales in the second quarter amounted to MSEK 179, compared with MSEK 81 in the previous year. Operating profit for the same period amounted to MSEK 26.4 (1.8) and the operating margin was, mainly due to LTS, increased to 14.7 (2.2) %. Turnover for the period January-June amounted to MSEK 360 (157). Adjusted for acquired operations and currency effects, turnover is at a similar level as 2010.

Other Europe	Q 2		Q 1-2	
	2011	2010	2011	2010
Net Sales	179.3	81.1	360.4	157.0
<i>(of which to group companies)</i>	<i>(0.6)</i>	<i>(0.0)</i>	<i>(0.7)</i>	<i>(0.0)</i>
Operating profit	26.4	1.8	54.4	2.6
Operating margin, %	14.7	2.2	15.1	1.7
Sales growth, %	121.1	-11.1	129.6	-11.5
Sales growth, adjusted for exchange rate differences, %	137.2	-1.2	152.0	-2.8
Growth in Operating profit, %	1 366.7	125.0	1 992.3	-750.0

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 second quarter amounted to MSEK 49, compared with MSEK 43 in the previous year. Operating profit for the same period amounted to MSEK 4.5 (5.8) and the operating margin to 9.2 (13.4) %. The decline in operating margin is explained by investments in e.g. New Zealand. Turnover for the period January-June amounted to MSEK 95 (81). Adjusted for currency effects, turnover has increased by 17 % compared with 2010.

Asia and the Pacific	Q 2		Q 1-2	
	2011	2010	2011	2010
Net Sales	48.9	43.2	95.0	81.2
<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	4.5	5.8	8.3	9.2
Operating margin, %	9.2	13.4	8.7	11.3
Sales growth, %	13.2	54.3	17.0	36.0
Sales growth, adjusted for exchange rate differences, %	13.7	38.6	17.2	18.9
Growth in Operating profit, %	-22.4	-	-9.8	142.1

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 (40) %. Cash and bank funds at the end of the period amounted to MSEK 189 (110) and the Group's equity totalled MSEK 738 (698). Net liabilities amounted to MSEK 1,086.

Cash flow from operating activities improved significantly to MSEK 61.6 (-16.2). Working capital has, since the beginning of the year, increased by MSEK 51, which was primarily attributable to accounts receivable as a result of increased sales.

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

INVESTMENTS

The Group's gross investments in fixed assets amounted to MSEK 38 (49) and related mainly to machinery and equipment.

Additionally, investments in subsidiaries were made amounting to MSEK 121.

PERSONNEL

The average number of employees during the period was 2,186 (1,829).

PARENT COMPANY

AB Fagerhult's operations consist of corporate management, financing and coordination of marketing, production and business development. The company's turnover during the period was MSEK 2.3. Profit after financial items amounted to MSEK 7.0 (42.4).

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 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 2010. In addition to the risks described in the Company's annual financial statements, no further significant risks have arisen.

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 Designplan, and the improved economy create good opportunities for improved profit in 2011.

BOARD'S ASSURANCE

The Board of Directors and CEO hereby confirm that this interim report gives a true and fair view of the Company's and the Group's operations, financial position and results, and that it describes significant risks and factors of uncertainty facing the Group.

Habo, 23 August 2011

AB Fagerhult (publ)

Jan Svensson

Chairman of the Board of Directors

Anna Malm Bernsten

Board Member

Björn Karlsson

Board Member

Eric Douglas

Board Member

Eva Nygren

Board Member

Fredrik Palmstierna

Board Member

Johan Hjertonsson

Group President and CEO

Magnus Nell

Employee Representative

Lars Olsson

Employee Representative

This report has not been subject to review by the Company's auditor.

Interim reports for 2011 will be presented on 27 October 2011 and on 7 February 2012.

Disclosures can be provided by Johan Hjertonsson, CEO or Ulf Karlsson, CFO,

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THE GROUP

INCOME STATEMENT	2011 Apr - Jun 3 months	2010 Apr - Jun 3 months	2011 Jan - Jun 3 months	2010 Jan - Jun 3 months	2010/11 Jul - Jun 12 months	2010 Jan- Dec 12 months
Net sales	739.6	598.9	1 432.8	1 165.8	2 772.6	2 505.6
(of which outside Sweden)	(564.8)	(425.9)	(1 070.3)	(822.4)	(2 053.3)	(1 805.4)
Cost of goods sold	-493.8	-415.5	-971.5	-820.5	-1887.8	-1736.8
Gross profit	245.8	183.4	461.3	345.3	884.8	768.8
Selling expenses	-137.0	-114.8	-267.0	-228.7	-513.5	-475.2
Administrative expenses	-48.7	-43.6	-86.6	-82.5	-159.2	-155.1
Other operating income	10.6	2.5	15.7	6.3	23.8	14.4
Operating profit/loss	70.7	27.5	123.4	40.4	235.9	152.9
Financial items	-9.6	-2.1	-17.9	-0.4	-35.8	-18.3
Profit after financial items	61.1	25.4	105.5	40.0	200.1	134.6
Tax	-17.4	-7.5	-30.6	-11.8	-58.9	-40.1
Net profit for the period	43.7	17.9	74.9	28.2	141.2	94.5
Profit attributed to owners of the parent company	43.7	17.9	74.9	28.2	141.2	94.5
Earnings per share, calculated on profit attributed to owners of the parent company:						
Earnings per share before dilution, SEK	3.46	1.42	5.94	2.24	11.20	7.49
Earnings per share after dilution, SEK	3.46	1.42	5.94	2.24	11.20	7.49
Average no, of outstanding shares before dilution	12 612	12 612	12 612	12 612	12 612	12 612
Average no, of outstanding shares after dilution	12 612	12 612	12 612	12 612	12 612	12 612
No, of outstanding shares, thousands	12 612	12 612	12 612	12 612	12 612	12 612
Report of the comprehensive income for the period						
Net profit for the period	43.7	17.9	74.9	28.2	141.2	94.5
Other comprehensive income:						
Exchange differences on translation foreign operations	6.4	17.6	-15.0	-9.5	-57.2	-51.7
Other comprehensive income for the period, net of tax	6.4	17.6	-15.0	-9.5	-57.2	-51.7
Total comprehensive profit for the period	50.1	35.5	59.9	18.7	84.0	42.8
Total comprehensive profit for the period attributed to the owners of the parent company	50.1	35.5	59.9	18.7	84.0	42.8

BALANCE SHEET	30 Jun 2011	30 Jun 2010	31 Dec 2010
Intangible fixed assets	997.4	468.3	928.1
Tangible fixed assets	347.2	316.5	350.2
Financial fixed assets	21.9	15.0	20.7
Inventories, etc.	457.3	357.9	436.2
Accounts receivable - trade	520.1	435.7	448.4
Other non interest-bearing current assets	55.7	59.3	78.5
Liquid funds	188.8	109.5	207.5
Total assets	2 588.4	1 762.2	2 469.6
Equity	738.2	698.3	722.4
Long-term interest-bearing liabilities	1 223.8	499.1	1 048.0
Long-term non interest-bearing liabilities	60.8	61.9	63.0
Short-term interest-bearing liabilities	50.6	3.0	114.7
Short-term non interest-bearing liabilities	515.0	499.9	521.5
Total equity and liabilities	2 588.4	1 762.2	2 469.6

CASH FLOW STATEMENT	2011 Apr - Jun 3 months	2010 Apr - Jun 3 months	2011 Jan - Jun 3 months	2010 Jan - Jun 3 months	2010/11 Jul - Jun 12 months	2010 Jan- Dec 12 months
Operating profit	70.7	27.5	123.4	40.4	235.9	152.9
Adjustment for items not included in the cash flow	-3.6	16.6	15.5	36.4	75.2	96.1
Financial items	-7.1	-1.8	-7.9	-3.5	-15.5	-11.1
Paid tax	9.8	5.9	-18.4	-16.2	-52.5	-50.3
Cash flow generated by operations	69.8	48.2	112.6	57.1	243.1	187.6
Changes in working capital	1.0	-39.4	-51.0	-73.3	-56.9	-79.2
Cash flow from continuing operations	70.8	8.8	61.6	-16.2	186.2	108.4
Cash flow from investing activities	-18.7	-8.6	-146.3	-27.6	-712.1	-593.4
Cash flow from financing activities	-21.7	-37.8	67.4	-40.6	620.4	512.4
Cash flow for the period	30.4	-37.6	-17.3	-84.4	94.5	27.4
Liquid funds at the beginning of the period	155.2	142.0	207.5	197.4	109.5	197.4
Translation differences in liquid funds	3.2	5.1	-1.4	-3.5	-15.2	-17.3
Liquid funds at the end of the period	188.8	109.5	188.8	109.5	188.8	207.5

KEY RATIOS AND DATA PER SHARE	2011	2010	2011	2010	2010/11	2010
	Apr - Jun 3 months	Apr - Jun 3 months	Jan - Jun 3 months	Jan - Jun 3 months	Jul - Jun 12 months	Jan - Dec 12 months
Sales growth, %	23.5	-4.1	22.9	-5.4	10.7	2.8
Growth in operating profit, %	157.1	-24.2	205.4	-31.8	54.3	46.7
Growth in profit after financial items, %	140.6	-23.3	163.8	-30.3	48.7	28.6
Operating margin, %	9.6	4.6	8.6	3.5	8.5	6.1
Profit margin, %	8.3	4.2	7.4	3.4	7.2	5.4
Liquid ratio, %	33	22	33	22	33	33
Debt/equity ratio	1.7	0.7	1.7	0.7	1.7	1.6
Equity/assets ratio, %	29	40	29	40	29	29
Capital employed, MSEK	2 013	1 200	2 013	1 200	2 013	1 885
Return on capital employed, %	14.5	10.1	13.7	8.1	15.9	11.0
Return on equity, %	23.7	10.3	20.5	8.0	19.7	13.1
Net liability, MSEK	1 086	393	1 086	393	1 086	955
Gross investments in fixed assets, MSEK	22.3	25.2	37.8	49.2	72.2	83.6
Net investments in fixed assets, MSEK	11.7	25.2	27.2	48.6	61.6	83.0
Depreciation of fixed assets, MSEK	22.6	20.5	44.5	39.7	88.4	83.6
Number of employees	2 151	1 831	2 186	1 829	1 975	1 926
Equity per share, SEK	58.53	55.37	58.53	55.37	58.53	57.28
No. of outstanding shares, thousands	12 612	12 612	12 612	12 612	12 612	12 612

CHANGE IN EQUITY

Attributed to the owners of the parent company

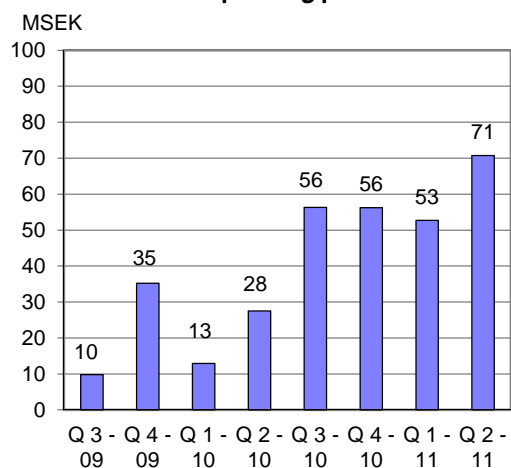
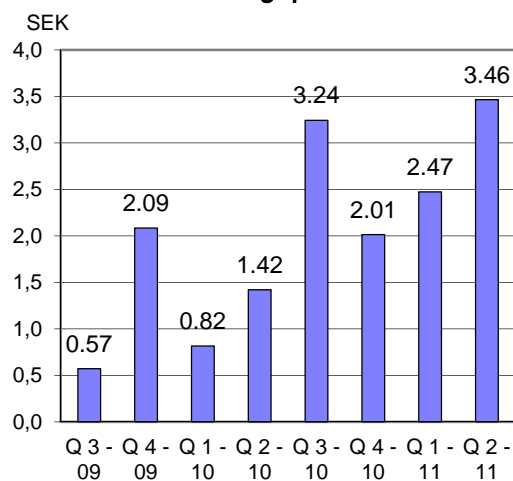
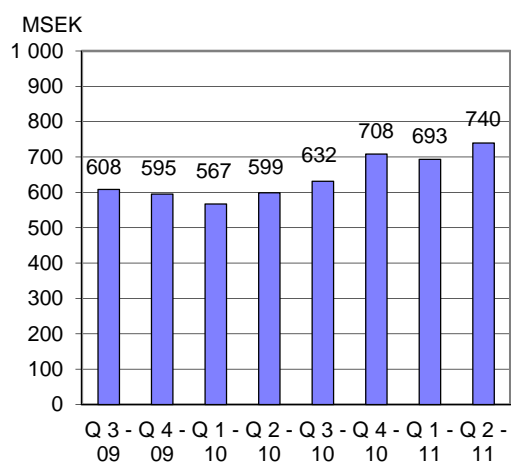
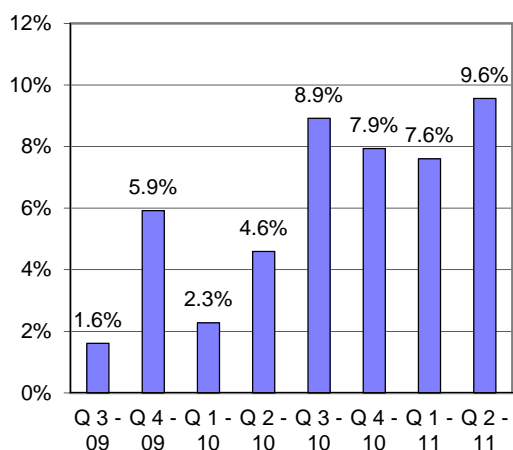
	Share capital	Other contributed capital	Difference on translation	Profit carried forward	Total equity
Equity as at 1 January 2010	65.5	159.4	-16.0	508.5	717.4
Change in differences on translation			-9.5		-9.5
Net profit for the period				28.2	28.2
Total comprehensive profit for the period			-9.5	28.2	18.7
Dividend paid, SEK 3.00 per share				-37.8	-37.8
Equity as at 30 June 2010	65.5	159.4	-25.5	498.9	698.3
Equity as at 1 January 2011	65.5	159.4	-67.7	565.2	722.4
Change in differences on translation			-15.0		-15.0
Net profit for the period				74.9	74.9
Total comprehensive profit for the period			-15.0	74.9	59.9
Dividend paid, SEK 3.50 per share				-44.1	-44.1
Equity as at 30 June 2011	65.5	159.4	-82.7	596.0	738.2

PARENT COMPANY

INCOME STATEMENT	2011 Apr - Jun 3 months	2010 Apr - Jun 3 months	2011 Jan - Jun 3 months	2010 Jan - Jun 3 months	2010/11 Jul - Jun 12 months	2010 Jan - Dec 12 months
Net sales	2.3	-	2.3	0.1	7.1	4.9
Selling expenses	-2.1	-0.1	-4.0	-0.5	-5.2	-1.7
Administrative expenses	-5.3	-4.9	-10.5	-9.4	-18.2	-17.1
Operating profit	-5.1	-5.0	-12.2	-9.8	-16.3	-13.9
Income from shares in subsidiaries	25.4	13.3	25.4	56.6	37.4	68.6
Financial items	-4.1	-5.5	-6.2	-4.4	-6.2	-4.4
Profit after financial items	16.2	2.8	7.0	42.4	14.9	50.3
Changes in tax allocation reserve	-	-	-	-	10.0	10.0
Tax	-	-	-	-	-0.9	-0.9
Net profit	16.2	2.8	7.0	42.4	24.0	59.4

BALANCE SHEET	30 Jun 2011	30 Jun 2010	31 Dec 2010
Financial fixed assets	1 660.8	879.6	1 545.4
Other non interest-bearing current assets	14.9	13.5	26.2
Cash and bank balances	0.9	-	-
Total assets	1 676.6	893.1	1 571.6
Equity	358.4	378.5	395.5
Untaxed reserves	21.4	31.4	21.4
Long-term interest-bearing liabilities	1 179.7	479.4	1 006.3
Long-term non interest-bearing liabilities	-	-	1.7
Short-term interest-bearing liabilities	110.3	-	140.2
Short-term non interest-bearing liabilities	6.8	3.8	6.5
Total equity and liabilities	1 676.6	893.1	1 571.6

CHANGE IN EQUITY	Share capital	Statutory reserve	Profit brought forward	Total equity
Equity as at 1 January 2010	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
Net profit for the period			7.0	7.0
Dividend paid, SEK 3.50 per share			-44.1	-44.1
Equity as at 30 June 2011	65.5	159.4	133.5	358.4

Operating profit**Earnings per share****Net sales****Operating margin****KEY RATIOS AND DATA PER SHARE**

	2007	2008	2009	2010	2010/11 Jul-Jun 12 Months
Net sales	2 527	2 770	2 436	2 506	2 773
Operating profit	197	272	104	153	236
Profit after financial items	190	260	105	135	200
Earnings per share, SEK	10.69	14.62	5.87	7.49	11.20
Sales growth, %	16.9	9.6	-12.1	2.8	10.7
Growth in operating profit, %	108.2	37.9	-61.7	46.7	54.3
Growth in profit after financial items, %	129.7	36.7	-59.7	28.6	48.7
Operating margin, %	7.8	9.8	4.3	6.1	8.5
Debt/equity ratio	0.9	0.7	0.7	1.6	1.7
Equity/assets ratio, %	35	41	42	29	29
Capital employed, MSEK	1 158	1 228	1 220	1 885	2 013
Return on capital employed, %	20.5	25.7	9.8	11.0	15.9
Return on equity, %	23.8	28.2	10.4	13.1	19.7
Net liability, MSEK	424	322	305	955	1 086
Net investments in fixed assets, MSEK	85	104	90	83	62
Depreciation of fixed assets, MSEK	62	63	75	84	88
Number of employees	1 896	1 978	1 881	1 926	1 975