

INTERIM REPORT JANUARY - MARCH 2008

- Net sales MSEK 697 (610)
- Income after financial items MSEK 60.9 (38.3)
- Income after taxes MSEK 43.3 (27.0)
- Earnings per share SEK 3.44 (2.13)
- Order intake MSEK 706 (658)

COMMENTS FROM GROUP CEO PER BORGVALL

- Continued good demand on all markets
- Growth during the first quarter was 14%, of which 12% was organic
- Profit after financial items improved by 59%
- The Retail Lighting business area is continuing to improve
- Operations in Australia are developing well

THE GROUP

The positive trend from 2007 is continuing. Demand continues to be strong in the segments in which Fagerhult is active. Both net sales and profit have improved strongly.

The Group's net sales amounted to MSEK 697, an increase of 23%, of which 12% is organic growth. This organic growth has been greatest in the Nordic countries and the UK. The company acquired in Australia in the previous year has had a very strong first quarter, with net sales of MSEK 35 and a strong margin. Sales outside Sweden amounted to MSEK 460 (379), which constitutes 66% (62) of the Group's net sales. Order intake during the period amounted to MSEK 706, which is MSEK 48 higher than in the previous year.

Profit after financial items has increased by 59% to MSEK 60.9 (38.3). The operating margin has improved and amounts to 9.2 (7.0) %. The higher margin is due to increased volumes and the implementation of rationalisation in the operations. Operations are expanding in China, where the number of employees amounts to 200. The factory in China is now also supplying products to Australia, with a further positive impact on profitability.

The increasing proportion of sales outside Sweden implies an increase in currency risks. In translation at the previous year's rates, sales are impacted by MSEK 9 and profit before financial items by MSEK 2.9, primarily due to translation of the weaker British pound. The Group's largest market outside Sweden is the United Kingdom.

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 491, compared with MSEK 414 in the previous year. Operating income was MSEK 45.0 (32.5) and the operating margin was 9.2 (7.9) %.

No decline in the business cycle has been noticed as demand continues to be strong in our core markets of the Nordic countries, the UK and the Netherlands. Operations in Australia are included in the business area and are contributing positively. In the UK, demand has fallen slightly within the hospital area, which has been compensated for by growth within the educational sector.

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 121, compared with MSEK 104 in the previous year. Operating income amounted to MSEK 18.6 (9.3), double the previous year's figure, while the operating margin was 15.4 (9.0) %.

The business area continues to develop very positively, with improved margins. The division's largest markets are Sweden, the UK and France. Development possibilities are deemed to be favourable in the business area, both in existing and new markets.

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 38, compared with MSEK 31 in the previous year. Operating income amounted to MSEK - 4.0 (-2.0).

For natural reasons, demand for products for outdoor use is weak during the winter season. The efforts initiated in 2007 regarding the development of the business area, primarily in the Nordic countries, have continued, initially entailing increased costs.

HOME LIGHTING

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

Net sales amounted to MSEK 47, compared with MSEK 67 in the previous year. Operating income was MSEK 4.2 (3.1) and the operating margin was 9.0 (5.1) %.

Sales decreased as a result of the disposal of LampGustaf Inredning in 2007. Belid is now the only trademark within the business area.

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	491.1	413.9	120.9	103.6	38.4	31.0	46.8	61.2	697.2	609.7
Operating profit/loss	45.0	32.5	18.6	9.3	-4.0	-2.0	4.2	3.1	63.8	42.9
Operating margin	9.2 %	7.9 %	15.4 %	9.0 %	-	-	9.0 %	5.1 %	9.2 %	7.0 %

FINANCIAL POSITION

The Group has a strong financial position. The Group's equity/assets ratio amounts to 35 (36) %. Cash and bank balances at the end of the period amounted to MSEK 122 (92) and consolidated equity to MSEK 613 (571). Net indebtedness amounts to MSEK 469. Net indebtedness in relation to earnings before depreciation and amortisation (EBITDA) for the last twelve month period amounts to 1.7.

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 32.

Cash flow from operating activities was MSEK 21.0 (5.8).

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 23.0 (49.9), primarily referring to machinery and equipment.

PERSONNEL

The average number of employees during the period was 1,971 (1,705).

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 6.6 (5.6).

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.

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.

Fagerhult's operations are active late in the business cycle and, therefore, the Company's market conditions are expected to remain favourable for the rest of the year. EU requirements for energy efficiency and increasing environmental requirements are creating further possibilities for the industry. Together with the most recent acquisitions, the rationalisation carried out in 2007 will continue to provide positive sales and earnings trends.

Habo, 21 April 2008

Per Borgvall
Group CEO

Interim reports will be presented on 12 August 2008 and 22 October 2008.

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

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INCOME STATEMENT	2008	2007	2007/08	2007
	Jan-Mar 3 months	Jan-Mar 3 months	Apr-Mar 12 months	Jan-Dec 12 months
Net sales	697.2	609.7	2 614.9	2 527.4
(of which outside Sweden)	(459.7)	(379.0)	(1 732.2)	(1 651.5)
Cost of goods sold	-462.8	-418.1	-1 749.7	-1 705.0
Gross profit	234.4	191.6	865.2	822.4
Selling expenses	-124.3	-109.5	-465.0	-451.2
Administrative expenses	-50.4	-41.9	-195.4	-186.9
Other operating income	4.1	2.7	13.7	13.3
Operating profit/loss	63.8	42.9	218.5	197.6
Income from shares in subsidiaries	-	-	9.7	9.7
Financial items	-2.9	-4.6	-15.6	-17.3
Profit after financial items	60.9	38.3	212.6	190.0
Tax	-17.6	-11.3	-61.3	-55.0
Income	43.3	27.0	151.3	135.0
Earnings per share before dilution, SEK	3.44	2.13	11.97	10.69
Earnings per share after dilution, SEK	3.37	2.10	11.77	10.51
Average no. of outstanding shares before dilution	12 586	12 654	12 636	12 629
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 588	12 654	12 588	12 583

BALANCE SHEET	31 Mar 2008	31 Mar 2007	31 Dec 2007
	Intangible fixed assets	433.9	384.3
Tangible fixed assets	282.4	274.3	279.1
Financial fixed assets	19.9	8.1	19.7
Inventories, etc.	387.9	348.4	378.9
Accounts receivable - trade	469.8	399.1	409.1
Other non interest-bearing current assets	47.1	61.2	36.4
Cash and bank balances	122.4	92.0	131.9
Total assets	1 763.4	1 567.4	1 714.1
Equity	613.3	570.9	601.5
Long-term interest-bearing liabilities	492.6	411.0	498.9
Long-term non interest-bearing liabilities	62.1	64.9	65.8
Short-term interest-bearing liabilities	99.0	33.5	57.1
Short-term non interest-bearing liabilities	496.4	487.1	490.8
Total equity and liabilities	1 763.4	1 567.4	1 714.1

CASH FLOW STATEMENT	2008	2007	2007/08	2007
	Jan-Mar 3 months	Jan-Mar 3 months	Apr-Mar 12 months	Jan-Dec 12 months
Operating profit/loss	63.8	42.9	218.5	197.6
Adjustment for items not included in the cash flow	23.7	18.3	69.9	64.5
Financial items	-6.0	-4.7	-18.2	-16.9
Paid tax	-14.2	-14.8	-36.9	-37.5
Cash flow generated by operations	67.3	41.7	233.3	207.7
Changes in working capital	-46.3	-35.9	-57.0	-46.6
Cash flow from continuing operations	21.0	5.8	176.3	161.1
Cash flow from investing activities	-25.9	-7.8	-195.5	-177.4
Cash flow from financing activities	-0.1	0.2	55.1	55.3
Cash flow for the period	-5.0	-1.8	35.9	39.1
Cash and bank balances at the beginning of the period	131.9	92.3	92.0	92.3
Translation differences in liquid funds	-4.5	1.5	-5.5	0.5
Cash and bank balances at the end of the period	122.4	92.0	122.4	131.9

KEY RATIOS AND DATA PER SHARE	2008	2007	2007/08	2007
	Jan-Mar 3 months	Jan-Mar 3 months	Apr-Mar 12 months	Jan-Dec 12 months
Sales growth, %	14.4	12.4	3.5	16.9
Growth in operating income, %	48.7	65.0	10.6	108.2
Growth in profit after taxes net financial income, %	59.0	63.7	11.9	129.7
Operating margin, %	9.2	7.0	8.4	7.8
Profit margin, %	8.7	6.3	8.1	7.5
Liquid ratio, %	21	18		26
Debt/equity ratio	1.0	0.8		0.9
Equity/assets ratio, %	35	36		35
Capital employed, MSEK	1205	1015		1158
Return on capital employed, %	24.0	18.1		20.5
Return on equity, %	28.5	19.5		23.8
Net liability, MSEK	469	353		424
Gross investments in fixed assets, MSEK	23.0	49.9		87.6
Net investments in fixed assets, MSEK	23.0	49.9		85.2
Depreciation of fixed assets, MSEK	17.7	15.1		61.7
Number of employees	1 971	1 705		1 897
Equity per share, SEK	48.72	45.12		47.80
No. of outstanding shares, thousands	12 588	12 654		12 583

EQUITY	31 Mar 2008	31 Mar 2007	31 Dec 2007
Equity at the beginning of the period	601,5	534,6	534,6
Change of translation reserve	-32.0	9.3	-9.5
Change of contributed capital	0.5	-	-11.1
Dividend to shareholders	-	-	-47.5
Profit for the period	43.3	27.0	135.0
Equity at the end of the period	613.3	570.9	601.5

PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2008 Jan-Mar 3 months	2007 Jan-Mar 3 months	2007/08 Apr-Mar 12 months	2007 Jan-Dec 12 months
Net sales	-	4.8	14.4	19.2
Selling expenses	-0.3	-0.9	-2.7	-3.3
Administrative expenses	-5.4	-5.0	-21.3	-20.9
Operating profit	-5.7	-1.1	-9.6	-5.0
Income from shares in subsidiaries	13.2	-	90.2	77.0
Financial items	-0.9	-4.5	-14.9	-18.5
Profit after financial items	6.6	-5.6	65.7	53.5
Changes in tax allocation reserve	-	-	17.5	17.5
Tax	-	-	-20.4	-20.4
Net profit/loss	6.6	-5.6	62.8	50.6

BALANCE SHEET, PARENT COMPANY	31 Mar 2008	31 Mar 2007	31 Dec 2007
Financial fixed assets	897.5	848.6	903.5
Other non interest-bearing current assets	4.0	10.0	0.3
Cash and bank balances	-	-	1.3
Total assets	901.5	858.6	905.1
Equity	340.6	335.6	333.5
Untaxed reserves	36.9	54.4	36.9
Long-term interest-bearing liabilities	460.4	385.8	465.0
Short-term interest-bearing liabilities	57.1	76.0	57.1
Short-term non interest-bearing liabilities	6.5	6.8	12.6
Total equity and liabilities	901.5	858.6	905.1