

## INTERIM REPORT JANUARY – SEPTEMBER 2009

- Net sales MSEK 1,841(2,126)
- Operating profit MSEK 69.0 (235.3)
- Restructuring costs have impacted profits by MSEK 35 (0)
- Income after taxes MSEK 47.7 (156.2)
- Earnings per share SEK 3.78 (12.40)
- Order intake MSEK 1,923 (2,121)

### Comments from the Group CEO Johan Hjertonsson

- Continued weak economic situation during the period
- Order intake, adjusted for comparable operations is 5% lower than in the previous year
- Business area Retail Lighting most severely affected by the decline
- Decision regarding the shut-down of the factories in Borås and Falkenberg

### THE GROUP

#### JANUARY-SEPTEMBER

The economic situation has been weak during the period, and both net sales and profits have decreased. In the largest Business area, Professional Lighting, there are no signs of recovery, while there is some hope of recovery within the Business area Retail Lighting. Sales have decreased on most geographical markets.

The Group's net sales amounted to MSEK 1,841, which is a decrease of 13%. Adjusted for acquired and sold operations, the decline is 10%, of which currency effects have had a positive impact of 4%. Sales outside of Sweden amounted to MSEK 1,309 (1,465), which represents 71 (69)% of the Group's total net sales. The markets which have most successfully coped with the weak economic situation are Finland and The Netherlands while Sweden, Norway and France have experienced the greatest impact.

The Group's order intake for comparable units amounted to MSEK 1,923 (2,015), which exceeds net sales by MSEK 82.

Operating profit has, before shut-down costs for the factories in Borås and Falkenberg, decreased by MSEK 131 to MSEK 104. Restructuring costs regarding the shut-down of the factories in Borås and Falkenberg have, subsequently, negatively impacted profits by MSEK 35, primarily regarding costs for personnel, disposals and moving costs. Production will be moved to the factories in Habo and Åhus as well as to Fagerhult's factory in Suzhou, China. The operating margin has deteriorated and amounts to 5.7 (11.1)% before restructuring costs. The decline in the margin is due to decreased volumes, primarily within the Business area Retail Lighting where the margin is usually good, and is also due to investments in Central Europe.

The costs are adjusted on an ongoing basis in relation to decreased volumes. During the last 12 months, the Group has decreased the number of temporary employees by 102 and has reduced fixed costs, corresponding to approximately MSEK 40 annually, as a means of adapting costs to the current market situation. In addition, the shut-down of the factories in Borås and Falkenberg will lower fixed costs by approximately MSEK 15, and variable costs by approximately MSEK 25, in other words, a further MSEK 40.

#### JULY-SEPTEMBER

Net sales for the period amounted to MSEK 608 which, adjusted for comparable units, is a decrease of 13%. Operating profit before restructuring costs amounted to MSEK 44.8, to be compared with MSEK 96.5 for 2008. Profits were further impacted by restructuring costs totalling MSEK 35.

Order intake amounted to MSEK 567 (671). For comparable units, the decrease is 13%, excluding adjustments for currency effects.

At the beginning of October, the Board of Directors resolved to shut-down the factories in Borås and Falkenberg. As a result, profits will be affected positively starting from the second quarter 2010.

### BUSINESS AREAS

#### PROFESSIONAL LIGHTING

This Business Area comprises sales of indoor lighting for public environments, such as offices, schools, hospitals and industrial structures.

Net sales amounted to MSEK 1,488, to be compared with MSEK 1,557 in the previous year. Operating profit before shut-down costs amounted to MSEK 106.5 (178.9) and the operating margin was 7.2 (11.5)%. The Business Area has, subsequently, been negatively impacted by MSEK 20 regarding shut-down costs which affected the operating margin by 1.4% to 5.8%. The Business Area bears a larger portion of the Group's costs as its share of the Group's total sales is increasing.

Finland, The Netherlands and Ireland have continued to grow, while Sweden and Norway are the markets showing the largest declines within this Business Area. In Norway, the situation has stabilised during the third quarter, with net sales returning to the same level as in the previous year.

#### RETAIL LIGHTING

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

Net sales amounted to MSEK 234, to be compared with MSEK 347 in the previous year. Operating profit was MSEK -4.3 (53.0).

Retail Lighting is the Business Area which has been most affected by the financial turbulence with a decrease in sales of 33%. Decreases in sales have been reported in more or less all of the markets in which the Group has operations, which demonstrates the strength and the scope of the overall downturn in the market. The Business Area's largest markets are Sweden, Great Britain and France. An increase in activity was noted towards the end of the period.

#### OUTDOOR LIGHTING

This Business Area comprises sales of outdoor products for the lighting of buildings, parks, recreational areas, paths, etc.

Net sales amounted to MSEK 119, to be compared to MSEK 123 in the previous year. Operating profit before shut-down costs amounted to MSEK 1.8 (-0.5). The Business Area has, subsequently, been negatively impacted by MSEK 15 in shut-down costs.

Sales have taken place in this Business Area primarily from the Nordic countries. The downturn has been moderate and there are possibilities for increases during forthcoming years.

### NET SALES AND OPERATING PROFIT PER BUSINESS AREA

	Professional Lighting		Retail Lighting		Outdoor Lighting		Home Lighting <sup>2)</sup>		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External sales	1 488.4	1 557.5	233.5	347.3	119.3	122.8	-	98.6	1 841.2	2 126.2
Operating profit/loss <sup>1)</sup>	86.5	178.9	-4.3	53.0	-13.2	-0.5	-	3.9	69.0	235.3
Operating margin	5.8 %	11.5 %	-	15.3 %	-	-	-	4.0 %	3.7 %	11.1 %

1) ) Operating profit for 2009 has been negatively impacted by restructuring costs corresponding to MSEK 35 allocated to Professional Lighting, MSEK 20 and Exterior Lighting, MSEK 15.

2) the business Area Home Lighting was divested in 2008.

### ACQUISITIONS

During 2007, Fagerhult acquired 50% of the shares in the Belgian lighting company, Waco with an option to acquire, during 2009, the remaining shares. This option was utilised at the beginning of July. The company develops and manufactures products for retail locations and other applications with a high degree of design content. Sales have, since 2007, primarily been governed via Fagerhult.

The company's trademark has been valued at MSEK 4.7 and its market presence has been valued at MSEK 3.2, including deferred tax of MSEK 2.4. The remaining amount of the surplus value has been attributed to goodwill referring to the acquired business' profitability and to the synergy effects within, primarily, development, which are expected to take place.

#### The purchase price consists of the following components, MSEK:

Cash paid	23,2
Fair value of acquired net assets	7,5
Goodwill	15,7

Assets and liabilities included in the acquisition, MSEK	Fair value	Book value
Cash and cash equivalents	0,4	0,4
Tangible fixed assets	1,5	1,5
Intangible fixed assets	7,9	0,0
Inventories	6,1	6,1
Receivables	3,5	3,5
Liabilities	-9,5	-9,6
Deferred income tax liabilities	-2,4	0,0
Net assets	7,5	1,9
Acquired net assets	7,5	1,9
Purchase amount settled in cash		23,2
Cash and cash equivalents in acquired subsidiary		-0,4
Change in the Group's cash and cash equivalents in conjunction with the acquisition		22,8

## FINANCIAL POSITION

The Group's equity/assets ratio amounts to 39 (38)%. Cash and bank balances at the end of the period amounted to MSEK 156.7 (162). Net indebtedness amounts to MSEK 363. Net indebtedness in relation to earnings before depreciation and amortisation (EBITDA) for the last twelve month period amounts to 2.1 and, excluding costs of a one-off nature, to 1.7.

The translation of net assets outside Sweden to the closing rate of exchange has reduced equity by MSEK 5.4.

Cash flow from operating activities amounted to MSEK 127.4 (122.7). Cash flow has been affected positively as a result of a decreased level of capital tied up. This decrease was MSEK 65.2.

Pledged collateral and contingent liabilities totalled MSEK 5.0 (83.6) and MSEK 5.9 (9.7), respectively.

## INVESTMENTS

The Group's gross investments in fixed assets amounted to MSEK 71.9 (86.4), and refer primarily to machinery and equipment.

In addition to this, investments in subsidiaries amounted to MSEK 34.8.

## PERSONNEL

The average number of employees during the period was 1,899 (2,006) of which in acquired companies, 21.

## PARENT COMPANY

Operations in AB Fagerhult comprise the management of the Group, financing and coordination of marketing, production and business development. The Company did not report any net sales during the period. Income after financial items amounted to MSEK 10.4 (-21.9). 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 prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Councils' Recommendation, RFR 2.2. The accounting principles applied 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 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 profits. 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.

## ELECTION COMMITTEE

At the Annual General Meeting, Gustaf Douglas (Chairman of the Board), Jan Svensson and Björn Karlsson were elected to the Election Committee. The Election Committee has been supplemented with Göran Espelund, Lannebo Fonder.

## PROSPECTS FOR 2009

During recent years, the Group has experienced strong development in sales and profits due to good organic growth, but also due to a number of business acquisitions. This is a fixed strategy and the Group will continue on this path with further investments and increased internationalisation.

The instability in the financial markets has had a considerable impact on net sales and profits during the period and this situation is estimated to continue during the next quarter as well. Operations will be continuously adapted to the changes in the market position. No full-year forecast will be provided.

Habo, 26 October 2009  
AB Fagerhult (publ)

Johan Hjertonsson  
Chief Executive Officer and Managing Director

Next Interim reports will be presented on 3 February 2010.

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

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## AUDITOR'S REVIEW REPORT

We have conducted a review of the interim financial statements for AB Fagerhult (publ) for the period 1 January to 30 September 2009. The Board of Directors and Managing Director are responsible for the preparation and presentation of this financial interim information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion regarding this financial interim information based upon our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410 "Review of interim financial information conducted by the company's appointed auditor". A review consists of making inquiries, primarily to individuals responsible for financial and accounting matters, as well as performing analytical procedures and undertaking other review measures. A review has a different focus and is significantly less in scope than an audit according to RS Auditing Standards and Sweden and generally accepted auditing practice. The review procedures undertaken in a review do not enable us to obtain a level of assurance where we would be aware of all important circumstances that would have been identified had an audit been conducted. Therefore, a conclusion reported on the basis of a review does not provide the level of assurance of a conclusion reported on the basis of an audit.

Based on our review, no circumstances have come to our attention that would give us reason to believe that the interim financial statements have not been prepared, in all material aspects, in accordance with IAS 34 on behalf of the Group, and in accordance with the Annual Accounts Act on behalf of the Parent Company.

Habo, 26 October 2009

PricewaterhouseCoopers

Bo Karlsson  
Authorised Public Accountant  
Auditor-in-Charge

Martin Odqvist  
Authorised Public Accountant

## THE GROUP

REPORT OF THE COMPREHENSIVE INCOME FOR THE PERIOD	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/09 Oct-Sep 12 months	2008 Jan-Dec 12 months
Net sales	608.4	722.4	1 841.2	2 126.2	2 485.1	2 770.1
(of which outside Sweden)	(436.8)	(529.3)	(1 309.3)	(1 465.4)	(1 762.5)	(1 918.6)
Cost of goods sold	-453.0	-476.4	-1293.0	-1 420.4	-1 707.5	-1 834.9
<b>Gross profit</b>	<b>155.4</b>	<b>246.0</b>	<b>548.2</b>	<b>705.8</b>	<b>777.6</b>	<b>935.2</b>
Selling expenses	-108.2	-114.2	-362.2	-362.8	-507.1	-507.7
Administrative expenses	-40.0	-39.2	-124.1	-118.4	-176.2	-170.5
Other operating income	2.6	3.9	7.1	10.7	11.8	15.4
<b>Operating profit/loss</b>	<b>9.8</b>	<b>96.5</b>	<b>69.0</b>	<b>235.3</b>	<b>106.1</b>	<b>272.4</b>
Income from shares in subsidiaries	-	0.8	-	0.8	-	0.8
Financial items	1.8	-10.3	0.0	-16.0	2.6	-13.4
<b>Profit after financial items</b>	<b>11.6</b>	<b>87.0</b>	<b>69.0</b>	<b>220.1</b>	<b>108.7</b>	<b>259.8</b>
Tax	-4.4	-25.3	-21.3	-63.9	-33.1	-75.7
<b>Net profit for the period</b>	<b>7.2</b>	<b>61.7</b>	<b>47.7</b>	<b>156.2</b>	<b>75.6</b>	<b>184.1</b>
<b>Other comprehensive income:</b>						
Exchange differences on translation foreign operations	-58.0	15.9	-5.4	-10.2	-13.8	-18.6
<b>Other comprehensive income for the period, net of tax</b>	<b>-58.0</b>	<b>15.9</b>	<b>-5.4</b>	<b>-10.2</b>	<b>-13.8</b>	<b>-18.6</b>
<b>Total comprehensive profit for the period</b>	<b>-50.8</b>	<b>77.6</b>	<b>42.3</b>	<b>146.0</b>	<b>61.8</b>	<b>165.5</b>
Profit attributed to owners of the parent company	7.2	61.7	47.7	156.2	75.6	184.1
Total comprehensive profit for the period attributed to the owners of the parent company	-50.8	77.6	42.3	146.0	61.8	165.5
Earnings per share, calculated on profit attributed to owners of the parent company:						
Earnings per share before dilution, SEK	0.57	4.90	3.78	12.40	6.00	14.62
Earnings per share after dilution, SEK	0.56	4.80	3.71	12.16	5.88	14.33
Average no. of outstanding shares before dilution	12 612	12 590	12 612	12 593	12 606	12 596
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 612	12 609	12 612	12 609	12 612	12 612

<b>BALANCE SHEET</b>	<b>30 Sep 2009</b>	<b>30 Sep 2008</b>	<b>31 Dec 2008</b>
Intangible fixed assets	469.0	443.9	430.0
Tangible fixed assets	309.4	276.5	288.9
Financial fixed assets	22.9	20.6	24.7
Inventories, etc.	308.8	344.7	352.6
Accounts receivable - trade	420.0	517.0	390.7
Other non interest-bearing current assets	44.1	31.3	33.1
Liquid funds	156.7	162.0	200.3
<b>Total assets</b>	<b>1 730.9</b>	<b>1 796.0</b>	<b>1 720.3</b>
Equity	678.9	690.9	706.0
Long-term interest-bearing liabilities	449.9	488.0	471.8
Long-term non interest-bearing liabilities	75.7	60.8	57.6
Short-term interest-bearing liabilities	69.4	50.0	50.0
Short-term non interest-bearing liabilities	457.0	506.3	434.9
<b>Total equity and liabilities</b>	<b>1 730.9</b>	<b>1 796.0</b>	<b>1 720.3</b>

<b>CASH FLOW STATEMENT</b>	<b>2009 Jul-Sep 3 months</b>	<b>2008 Jul-Sep 3 months</b>	<b>2009 Jan-Sep 9 months</b>	<b>2008 Jan-Sep 9 months</b>	<b>2008/09 Oct-Sep 12 months</b>	<b>2008 Jan-Dec 12 months</b>
<b>Operating profit</b>	<b>9.8</b>	<b>96.5</b>	<b>69.0</b>	<b>235.3</b>	<b>106.1</b>	<b>272.4</b>
Adjustment for items not included in the cash flow	15.0	12.8	56.2	47.1	84.8	75.7
Financial items	-1.8	-9.4	-9.8	-16.6	-13.8	-20.6
Paid tax	-15.5	-22.5	-53.2	-52.4	-72.0	-71.2
<b>Cash flow generated by operations</b>	<b>7.5</b>	<b>77.4</b>	<b>62.2</b>	<b>213.4</b>	<b>105.1</b>	<b>256.3</b>
Changes in working capital	51.7	-32.2	65.2	-90.7	116.5	-39.4
<b>Cash flow from continuing operations</b>	<b>59.2</b>	<b>45.2</b>	<b>127.4</b>	<b>122.7</b>	<b>221.6</b>	<b>216.9</b>
Cash flow from investing activities	-32.5	64.4	-95.8	13.1	-125.8	-16.9
Cash flow from financing activities	-15.5	-77.9	-71.4	-105.3	-99.3	-133.2
<b>Cash flow for the period</b>	<b>11.2</b>	<b>31.7</b>	<b>-39.8</b>	<b>30.5</b>	<b>-3.5</b>	<b>66.8</b>
Liquid funds at the beginning of the period	157.3	126.8	200.3	131.9	162.0	131.9
Translation differences in liquid funds	-11.8	3.5	-3.8	-0.4	-1.8	1.6
<b>Liquid funds at the end of the period</b>	<b>156.7</b>	<b>162.0</b>	<b>156.7</b>	<b>162.0</b>	<b>156.7</b>	<b>200.3</b>

KEY RATIOS AND DATA PER SHARE	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/09 Oct-Sep 12 months	2008 Jan-Dec 12 months
Sales growth, %	-15.8	13.7	-13.4	14.8	-10.3	9.6
Growth in operating income, %	-89.8	53.7	-70.7	63.9	-61.0	37.9
Growth in profit after taxes net financial income, %	-86.7	25.5	-68.7	56.5	-58.2	36.7
Operating margin, %	1.6	13.4	3.7	11.1	4.3	9.8
Profit margin, %	1.9	12.0	3.7	10.4	4.4	9.4
Liquid ratio, %			30	29	30	41
Debt/equity ratio			0.8	0.8	0.8	0.7
Equity/assets ratio, %			39	38	39	41
Capital employed, MSEK			1 198	1 229	1 198	1228
Return on capital employed, %			9.0	28.4	11.0	25.7
Return on equity, %			9.2	32.2	11.0	28.2
Net liability, MSEK			363	376	363	322
Gross investments in fixed assets, MSEK	21.6	24.4	71.9	86.4	89.5	104.0
Net investments in fixed assets, MSEK	21.6	24.4	71.9	86.4	89.5	104.0
Depreciation of fixed assets, MSEK	19.4	16.5	55.3	49.0	69.1	62.8
Number of employees			1 905	2 006	1 918	1 978
Equity per share, SEK			53.83	54.79	53.83	55.98
No. of outstanding shares, thousands			12 612	12 609	12 612	12 612

## CHANGE IN EQUITY

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			-10.2		-10.2
Total transactions reported for equity			-10.2		-10.2
Net profit for the period				156.2	156.2
Total comprehensive profit for the period			-10.2	156.2	146.0
Dividend				-56.6	-56.6
<b>Equity as at 30 September 2008</b>	<b>65.5</b>	<b>159.4</b>	<b>-14.4</b>	<b>480.4</b>	<b>690.9</b>
Equity as at 1 January 2009	65.5	159.4	-22.8	503.9	706.0
Change in differences on translation			-5.4		-5.4
Total transactions reported for equity I			-5.4		-5.4
Net profit for the period				47.7	47.7
Total comprehensive profit for the period			-5.4	47.7	42.3
Dividend				-69.4	-69.4
<b>Equity as at 30 September 2009</b>	<b>65.5</b>	<b>159.4</b>	<b>-28.2</b>	<b>482.2</b>	<b>678.9</b>

## PARENT COMPANY

INCOME STATEMENT	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/09 Oct-Sep 12 months	2008 Jan-Dec 12 months
Net sales	-	-	-	-	4.8	4.8
Selling expenses	-0.4	-	-1.1	-1.1	-1.5	-1.5
Administrative expenses	-4.5	-6.1	-12.9	-16.1	-20.2	-23.4
<b>Operating profit</b>	<b>-4.9</b>	<b>-6.4</b>	<b>-14.0</b>	<b>-17.2</b>	<b>-16.9</b>	<b>-20.1</b>
Income from shares in subsidiaries	-	-	29.1	13.2	198.0	182.1
Financial items	6.2	-9.1	-4.7	-17.9	-5.2	-18.4
<b>Profit after financial items</b>	<b>1.3</b>	<b>-15.5</b>	<b>10.4</b>	<b>-21.9</b>	<b>175.9</b>	<b>143.6</b>
Changes in tax allocation reserve	-	-	-	-	-19.6	-19.6
Tax	-	-	-	-	-32.0	-32.0
<b>Net profit</b>	<b>1.3</b>	<b>-15.5</b>	<b>10.4</b>	<b>-21.9</b>	<b>124.3</b>	<b>92.0</b>

BALANCE SHEET	30 Sep 2009	30 Sep 2008	31 Dec 2008
Financial fixed assets	906.5	912.4	915.5
Other non interest-bearing current assets	9.2	13.7	0.2
Cash and bank balances	-	-	10.6
<b>Total assets</b>	<b>915.7</b>	<b>926.1</b>	<b>926.3</b>
Equity	305.5	254.9	364.5
Untaxed reserves	56.5	36.9	56.5
Long-term interest-bearing liabilities	407.3	497.9	431.0
Short-term interest-bearing liabilities	141.9	128.5	50.0
Short-term non interest-bearing liabilities	4.5	7.9	24.3
<b>Total equity and liabilities</b>	<b>915.7</b>	<b>926.1</b>	<b>926.3</b>

CHANGE IN EQUITY	Share capital	Statutory reserve	Profit brought forward	Total equity
Equity as at 1 January 2008	65.5	159.4	108.6	333.5
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			10.4	10.4
Dividend paid, SEK 5,50 per share			-69.4	-69.4
<b>Equity as at 30 September 2009</b>	<b>65.5</b>	<b>159.4</b>	<b>80.6</b>	<b>305.5</b>