

INTERIM REPORT, JANUARY - SEPTEMBER 2007

- Net sales MSEK 1,853 (1,566)
- Profit after financial items MSEK 140.6 (68.1)
- Profit after taxes MSEK 105.0 (47.7)
- Earnings per share SEK 8.31 (3.77)
- Order intake MSEK 2,087 (1,595)

COMMENTS FROM GROUP CEO PER BORGVALL:

- Significant improvement in results
- Continued strong growth, 18% of which 13% organic
- The Retail Lighting and Professional Lighting business areas are developing well
- Disposal of LampGustaf Inredning as well as a factory facility in Örnsköldsvik
- Major order in England regarding London & Bart's Hospital

THE GROUP

Fagerhult's positive development continues and both sales and profit are the best ever after three quarters. Demand is strong and the market shows no signs of weakening.

The Group's net sales amounted to MSEK 1,853, an increase of 18%. Organic growth accounts for 13% and is strongest in Sweden, the Netherlands and the United Kingdom. Group sales outside Sweden total MSEK 1,220, accounting for 66% (61) of net sales. The company acquired in France during autumn 2006 and the company acquired in Australia in June 2007 are both performing better than expected. Net sales have been impacted by MSEK 29 compared to 2006 as a result of the disposal of LampGustaf Inredning AB.

The Group's operating profit continues to develop in a positive manner and amounted to MSEK 143.6 (79.2). The improved profit is attributable to increased volumes in both new and previously established markets, as well as in selected segments. In addition, gross margins have improved as a result of increased activities in China, amongst other things.

Profit after financial items has increased by 106% to MSEK 140.6 (68.1). This result was impacted positively by MSEK 9.7 as a result of the disposal of a company with a factory facility in Örnsköldsvik as a sole asset, as well as the disposal of the shares in LampGustaf Inredning AB. In addition, a positive currency effect of MSEK 1.7 attributable to loans in British pounds is included.

Order intake is strong, surpassing that in the previous year by 31%.

The Retail Lighting Business area shows a significant improvement in results and the positive development in the Professional Lighting Business area is also continuing. The Outdoor Lighting Business area has seen a

positive increase in volume although efforts to strengthen this business area entail a certain increase in expenses. For the Home Lighting business area, the sale of LampGustaf Inredning entails a decrease in volumes, although margins and results have improved.

JULY - SEPTEMBER

The positive trend from the first half of the year improved further during the third quarter. Sales increased by MSEK 111 or 21% compared to the previous year. Operating profit improved by MSEK 20.7 (+ 49%).

Whitecroft Lighting Ltd, which conducts a major portion of its operations in the UK, secured the Group's single largest order ever. The company will deliver lighting to London & Bart's Hospital, totalling £4.4 million during the coming years.

During the period, LampGustaf Inredning AB and the factory facility in Örnköldsvik, the last remaining asset after the close-down of the operations, were sold.

BUSINESS AREAS

PROFESSIONAL LIGHTING

This business area includes sales of indoor lighting for public environments, such as offices, schools, hospitals, industrial structures, etc.

Net sales amounted to MSEK 1,299, compared to MSEK 1,101 in the previous year. Operating profit amounted to MSEK 112.3 (79.5) and the operating margin was 8.6% (7.2).

Demand continues to be strong in our primary markets comprising the Nordic countries, UK and Netherlands. Eagle Lighting in Australia was acquired in June and has had a positive effect on the company during the third quarter.

RETAIL LIGHTING

This business area includes sales of lighting systems, lighting sources and services to retailers.

Net sales amounted to MSEK 309, compared to MSEK 222 in the previous year. Operating profit amounted to MSEK 27.4 (-4.3) and the operating margin was 9.0%.

This business area is developing in a very positive manner as a result of measures carried out during 2006. The gross margin has improved significantly as a result of increased production in China. The business area's largest markets are Sweden, the UK and France. In May, 50% of shares in the Belgian company WACO were acquired, which will strengthen the product offering in other markets.

OUTDOOR LIGHTING

This business area includes sales of outdoor products for the lighting of buildings, parks, recreational areas, public footpaths, etc.

Net sales amounted to MSEK 106, compared to MSEK 87 in the previous year. Operating profit amounted to MSEK 0.8 (2.6).

HOME LIGHTING

This business area includes lighting for hotels, conference centres, public premises and home settings.

Net sales amounted to MSEK 139, a decrease of MSEK 16 compared to the previous year, which is attributable to the disposal of LampGustaf Inredning AB. Operating profit amounted to MSEK 3.1 (1.4).

NET SALES AND OPERATING PROFIT PER BUSINESS AREA

	Professional Lighting		Retail Lighting		Exterior Lighting		Home Lighting		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External sales	1 298.7	1 101.3	308.9	221.9	105.8	87.4	139.4	1 55.1	1 852.8	1 565.7
Operating profit/loss	112.3	79.5	27.4	-4.3	0.8	2.6	3.1	1.4	143.6	79.2
Operating margin	8.6 %	7.2 %	9.0 %	-	0.8 %	3.0 %	2.2 %	0.9 %	7.8 %	5.1 %

FINANCIAL POSITION

The Group's equity/assets ratio is 34% (37) and the debt/equity ratio is 1.0 (0.8). Cash and bank balances at the end of the period amounted to MSEK 102 (76) and net liabilities to 498 (356). The Group's equity amounted to MSEK 573 (503).

Cash flow from operating activities amounted to MSEK 62.4 (27.8) during the period. The strong level of growth results in a significant increase in the value of the operating capital, primarily as regards accounts receivable.

Pledged assets and contingent liabilities amount to MSEK 85.2 (85.2) and MSEK 5.2 (19.1) respectively.

BUY-BACK OF SHARES

The Board elected to utilise the repurchase authorisation in AB Fagerhult to secure the company's long-term incentive programme. On 17 September 2007, the company bought back 100,000 shares at a rate of SEK 148 per share, which implies that a total of 0.8% of the share capital has been repurchased. The total number of own shares held by the company now amounts to 270,000 shares.

INVESTMENTS

The Group's gross investments in fixed assets amounted to MSEK 72.5 (58.8), of which reclassifications accounted for MSEK 37.5, which, at year-end, were reported as investments in progress.

PERSONNEL

The average number of employees during the period was 1,802 (1,629).

THE PARENT COMPANY

Operations in AB Fagerhult comprise corporate management, financing and coordination of marketing, production and business development. The Company's other income amounted to MSEK 14.4 (13.3). Profit after financial items amounted to MSEK -15.9 (-14.6).

Cash and bank balances at the end of the period amounted to MSEK -104 (-19). The number of employees during the period was 8 (10).

ELECTION COMMITTEE

At the Annual General Meeting, Gustaf Douglas (Chairman), Anders Frick and Björn Karlsson were elected to the Election Committee. This has now been expanded with Göran Espelund, Lannebo Fonder.

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 applied accounting principles, please refer to AB Fagerhult's website under the heading Financial Information.

RISKS AND UNCERTAINTY FACTORS

The Group's significant risks and uncertainty factors consist primarily of commercial risks and financial risks relating to currencies and interest rates. Due to our international operations, the Fagerhult Group faces financial exposure as a result of currency fluctuations, principally currency risks in conjunction with export sales and the import of raw materials and components. This exposure is reduced by hedging sensitive currencies on the basis of individual assessments. Currency risks also arise when translating foreign net assets and results. Additional information regarding the company's risks is available in the 2006 annual report. Aside from those risks described in the company's annual report, no additional significant risks are deemed to have arisen.

PROSPECTS FOR 2007

The growth in Europe within the building and construction sector continues to be good. The Group's operations take place late in this cycle and the market, therefore, continues to be good even though the general business climate has started to weaken. Significant investments are being made globally in shopping centres, retail premises and the increased promotion of brands, all of which are contributing to a strong market for retail lighting systems. Continued rationalisations are having a positive effect. All in all, this will lead to both net sales and profit continuing to increase, compared with the previous year.

Habo, 23 October 2007

AB Fagerhult (publ)

Per Borgvall
CEO and Managing Director

The interim report has not been subject to a special audit by the Company's auditor.

The year-end report for 2007 will be presented on 8 February 2008.

Information may be obtained from Per Borgvall, CEO, or Ulf Karlsson, CFO, Tel: +46 (0)36 10 85 00.

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THE GROUP

	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/07 Oct-Sep 12 months	2006 Jan-Dec 12 months
INCOME STATEMENT, THE GROUP						
Net sales	635.3	524.7	1 852.8	1 565.7	2 449.2	2 162.1
(of which outside Sweden)	(440.8)	(331.3)	(1 219.5)	(956.5)	(1 574.1)	(1 311.1)
Cost of goods sold	-433.5	-357.0	-1 264.2	-1 093.8	-1 696.0	-1 525.6
Gross profit	201.8	167.7	588.6	471.9	753.2	636.5
Selling expenses	-100.0	-90.2	-322.5	-280.1	-436.9	-394.5
Administrative expenses	-43.8	-37.8	-134.3	-120.2	-173.0	-158.9
Other operating income	4.8	2.4	11.8	7.6	16.0	11.8
Operating profit	62.8	42.1	143.6	79.2	159.3	94.9
Income from shares in subsidiaries	9.7		9.7		9.7	
Financial items	-3.2	-4.6	-12.7	-11.1	-13.8	-12.2
Profit after financial items	69.3	37.5	140.6	68.1	155.2	82.7
Tax	-14.6	-11.2	-35.6	-20.4	-39.7	-24.5
Net profit	54.7	26.3	105.0	47.7	115.5	58.2
Earnings per share before dilution, SEK	4.32	2.08	8.31	3.77	9.13	4.60
Earnings per share after dilution, SEK	4.25	2.05	8.17	3.71	9.00	4.53
Average no. of outstanding shares before dilution	12 648	12 654	12 641	12 652	12 651	12 653
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 580	12 654	12 580	12 654	12 580	12 654

BALANCE SHEET, THE GROUP	30 Sep 2007	30 Sep 2006	31 Dec 2006
Intangible fixed assets	463.5	333.9	380.6
Tangible fixed assets	272.0	269.8	279.6
Financial fixed assets	18.9	6.4	7.5
Inventories, etc.	369.3	349.7	348.9
Accounts receivable - trade	452.1	380.6	356.5
Other non interest-bearing current assets	26.2	49.0	51.6
Cash and bank balances	101.7	76.1	92.3
Total assets	1 703.7	1 465.5	1 517.0
Equity	572.9	536.6	534.6
Long-term interest-bearing liabilities	524.7	380.7	407.3
Long-term non interest-bearing liabilities	106.0	128.3	64.7
Short-term interest-bearing liabilities	75.4	51.1	35.2
Short-term non interest-bearing liabilities	424.7	368.8	475.2
Total equity and liabilities	1 703.7	1 465.5	1 517.0

CASH FLOW STATEMENT, THE GROUP	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/07 Oct-Sep 12 months	2006 Jan-Dec 12 months
Operating profit/loss	62.8	42.1	143.6	79.2	159.3	94.9
Adjustment for items not included in the cash flow	8.9	17.2	47.0	40.8	48.7	42.5
Financial items	-2.9	-4.6	-12.4	-12.1	-11.5	-11.2
Paid tax	-1.8	1.6	-20.5	-35.5	-35.5	-50.5
Cash flow generated by operations	67.0	56.3	157.7	72.4	161.0	75.7
Changes in working capital **)	-22.3	-46.0	-95.3	-44.6	-36.9	13.8
Cash flow from continuing operations	44.7	10.3	62.4	27.8	124.1	89.5
Cash flow from investing activities	-63.0	-20.0	-151.6	-39.1	-209.0	-96.5
Cash flow from financing activities **)	19.8	2.8	98.8	-37.9	109.3	-27.4
Translation differences in liquid funds	1.3	-0.8	-0.2	0.8	1.2	2.2
Cash flow for the period	2.8	-7.7	9.4	-48.4	25.6	-32.2
Cash and bank balances at the beginning of the period	98.9	83.8	92.3	124.5	76.1	124.5
Cash and bank balances at the end of the period	101.7	76.1	101.7	76.1	101.7	92.3

**) A re-classification of current liabilities to financial liabilities has been made for the period January-June 2007 with 56.1.

KEY RATIOS AND DATA PER SHARE, THE GROUP	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/07 Oct-Sep 12 months	2006 Jan-Dec 12 months
Sales growth, %	21.1	30.9	18.3	27.5	13.3	22.9
Growth in operating income, %	49.2	21.0	81.3	0.8	67.9	-11.8
Growth in profit after taxes net financial income, %	84.8	-1.3	106.5	-15.5	87.7	-23.5
Operating margin, %	9.9	8.0	7.8	5.1	6.5	4.4
Profit margin, %	10.9	7.1	7.6	4.3	6.3	3.8
Liquid ratio, %			20	18		18
Debt/equity ratio			1.0	0.8		0.8
Equity/assets ratio, %			34	37		35
Capital employed, MSEK			1173	968		977
Return on capital employed, %			20.0	11.7		10.6
Return on equity, %			25.3	11.8		10.8
Net liability, MSEK			498	356		350
Gross investments in fixed assets, MSEK	18.2	18.3	81.2	58.8		60.1
Net investments in fixed assets, MSEK	23.7	17.8	78.9	41.8		43.0
Depreciation of fixed assets, MSEK	16.6	14.6	48.1	42.6		55.8
Number of employees			1 802	1 629		1 640
Equity per share, SEK			45.54	42.41		42.25
No. of outstanding shares, thousands			12 580	12 654		12 654

EQUITY, THE GROUP	30 Sep 2007	30 Sep 2006	31 Dec 2006
Equity at the beginning of the period	534.6	545.2	545.2
Change of translation reserve	-8.1	-12.4	-24.9
Change of contributed capital	-11.1	0.4	0.4
Dividend to shareholders	-47.5	-44.3	-44.3
Profit for the period	105.0	47.7	58.2
Equity at the end of the period	572.9	536.6	534.6

PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/07 Oct-Sep 12 months	2006 Jan-Dec 12 months
Selling expenses	-0.7	-1.1	-2.5	-3.1	-3.8	-4.4
Administrative expenses	-4.8	-4.8	-14.4	-17.9	-19.4	-22.9
Other operating income	4.8	4.8	14.4	13.3	19.2	18.1
Operating profit	-0.7	-1.1	-2.5	-7.7	-4.0	-9.2
Income from shares in subsidiaries	-	-	-	50.0	50.0	100.0
Financial items	-3.6	-3.4	-13.4	-6.9	-16.3	-9.7
Profit after financial items	-4.3	-4.5	-15.9	35.4	29.7	81.1
Changes in tax allocation reserve	-	-	-	-	12.9	12.9
Tax	-	-	-	-	-12.9	-12.9
Net profit/loss	-4.3	-4.5	-15.9	35.4	29.7	81.1

BALANCE SHEET, PARENT COMPANY	30 Sep 2007	30 Sep 2006	31 Dec 2006
Financial fixed assets	917.9	799.1	846.2
Other non interest-bearing current assets	13.9	14.5	4.8
Total assets	931.8	813.6	851.0
Equity	266.7	295.6	341.2
Untaxed reserves	54.4	67.3	54.4
Long-term interest-bearing liabilities	485.4	340.2	377.2
Long-term non interest-bearing liabilities	0.8	-	-
Short-term interest-bearing liabilities	116.0	49.3	14.3
Short-term non interest-bearing liabilities	8.5	61.2	63.9
Total equity and liabilities	931.8	813.6	851.0