

YEAR-END REPORT 2007

- Net sales MSEK 2,527 (2,162)
- Profit after financial items MSEK 190.0 (82.7)
- Profit after taxes MSEK 135.0 (58.2)
- Earnings per share SEK 10.69 (4.60)
- Order intake MSEK 2,802 (2,221)
- Proposed dividend per share SEK 4.50 (3.75) per share

COMMENTS FROM GROUP CEO PER BORGVALL:

- Record for both the whole 2007 and the fourth quarter
- Continued, consistent implementation of our growth, internationalisation and focus strategy
- Three acquisitions and a disposal were completed during the year; all acquisitions develop well.
- Order intake increased by 26 %
- Sales increased by 17% of which 15% was organic growth

THE GROUP

The past year, 2007 was, so far, the best year ever regarding both turnover and profit. The demand is continuously strong and shows no tendency of slowing down.

The net sales of the Group amounted to MSEK 2,527, which is an increase of 17%. Organic growth accounts for 15% and is strongest in Norway and Great Britain. The Group's sales outside Sweden increased by MSEK 340 to MSEK 1,651, which constitutes 65 (61) % of total Group's sales. An acquisition in Australia was realised during the summer, and it has developed well with good margins. Here the Group has a possibility to grow during forthcoming years.

The companies acquired during the year, Eagle Lighting (Australia), Project Lighting Equipment (Ireland) and Waco (Belgium), as well as the disposal of LampGustaf Inredning (Sweden) have impacted net sales by MSEK 32 and profit before financial items by MSEK 15.

Sales companies have been started in Poland and United Arab Emirates.

Operating profit amounted to MSEK 197.6 (94.9). The improvement in the earnings is due to increased volumes and improved margins as a result of the ongoing rationalisation measures, and increased production in China. The close-down of the plant in Örnsköldsvik has progressed as planned. The effect on operating profit was marginally positive. The Group's operating margin has increased by 3.4 basis points to 7.8%.

Profit after financial items has increased by 130% to MSEK 190. Net financial profit was affected positively by MSEK 9.7, as a result of the sale of LampGustaf Inredning and of manufacturing plant real estate in Örnköldsvik, via the sale of a subsidiary.

The order intake is continuously strong and exceeded the previous year by 26%. In the UK, Whitecroft Lightning has received a number of larger contracts for deliveries to hospitals that are to take place within the next couple of years, but there is also a high level of activity in other markets.

OCTOBER - DECEMBER

Net sales increased by 13% during the period to MSEK 675 (596), of which the main portion relates to organic growth. Operating profit improved by MSEK 38 to MSEK 54.0 (15.7). The order intake amounted to MSEK 715 (626), an increase by 14 %.

A decision has been made to establish a sales company in Austria as a basis for that region, the Czech Republic, Slovakia, Hungary and the Balkans.

BUSINESS AREAS

PROFESSIONAL LIGHTING

The business area is comprised of the sale of indoor lighting for public environments, such as offices, schools, hospitals, industrial structures, etc.

Net sales amounted to MSEK 1,763, to be compared with MSEK 1,489 in the previous year. Operating profit was MSEK 153.1 (105.5) and the operating margin was 8.7 % (7.1).

The demand is continuously strong in our primary markets, which are the Nordic countries, Great Britain and the Netherlands. In Norway we have delivered products for a total of MSEK 30 to a hospital outside Oslo. In June, Eagle Lighting in Australia was acquired, which has contributed positively during the second half of the year.

Developments within the business area are, to a large extent, driven by energy efficiency goals, in which the EU's Energy Directive applies in order to decrease energy consumption.

RETAIL LIGHTING

The business area comprises the sale of lighting systems, light sources and service to retail locations.

Net sales amounted to MSEK 420, to be compared with MSEK 313 in the previous year. Operating profit was MSEK 35.0 (-2.9) and the operating margin, 8.3%.

This business area continues to develop in a very positive manner as a result of the measures undertaken during 2006. The gross margin has improved substantially as an effect of increased production in China. The business area's largest markets are Sweden, Great Britain and France. The business area's focus on energy-effective and environmentally friendly products, combined with good design, is increasing the sales. Fagerhult Retail has developed, during the year, a Green Lighting Concept in order to show the clients how to plan an efficient and environmentally adjusted lighting solution that is environmentally friendly. In May, 50% of the shares in the Belgian company WACO were acquired, which also strengthens the product offering for other business areas.

OUTDOOR LIGHTING

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

Net sales amounted to MSEK 153, to be compared with MSEK 127 in the previous year. Operating profit was MSEK 2.5 (6.6) and the operating margin 1.6 (5.2) %.

During the year, efforts have been made as regards sales management resources and resources for product development. This has resulted in increasing costs, but has also created a strong platform for growth, mainly on the Nordic markets.

HOME LIGHTING

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

Net sales amounted to MSEK 190, which is a decrease by MSEK 233 compared to the previous year, as a result of the disposal of LampGustaf Inredning AB. Operating profit was MSEK 7.0 (8.2) and the operating margin 3.7 (3.5) %.

NET SALES AND OPERATING PROFIT PER BUSINESS AREA

	Professional Lighting		Retail Lighting		Outdoor Lighting		Home Lighting		Non-allocated items		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External sales	1 763.3	1 489.0	420.2	312.6	153.4	127.3	190.5	233.2			2 527.4	2 162.1
Operating profit	153.1	105.5	35.0	-2.9	2.5	6.6	7.0	8.2		-22.5	197.6	94.9
Operating margin	8.7 %	7.1 %	8.3 %	-	1.6 %	5.2 %	3.7 %	3.5 %			7.8 %	4.4 %

FINANCIAL POSITION

The Group's equity ratio amounts to 35 (35) % and the debt/equity ratio to 0.90 (0.8). Cash and bank balances at the end of the period amounted to MSEK 132 (92), and the net liabilities to MSEK 424 (350). The Group's equity amounted to MSEK 601 (535).

During the period, the cash flow from operating activities amounted to MSEK 162 (90). The positive earnings trend has strengthened the cash flow.

Pledged assets and contingent liabilities totalled MSEK 83.6 (85.2) and MSEK 9.7 (5.2), respectively.

REPURCHASE OF SHARES

The Board of Directors chose to utilise the authorisation to repurchase shares in AB Fagerhult to secure the Company's long-term incentive program. On 17 September 2007, the Company repurchased 100,000 shares at a rate of SEK 148, which implies that a total of 0.8 % of the share capital has been repurchased. At the end of the year, the total holding of own shares totalled 267,000 shares.

Today, AB Fagerhult's Board of Directors has resolved to propose that the Annual General Meeting on 21 April 2008 shall authorise the Board of Directors to, up to the next Annual General Meeting, decide on acquisitions of own shares.

INVESTMENTS

The Group's gross investments in fixed assets amounted to MSEK 76.9 (46.4), of which re-classifications accounted for to MSEK 37.5, which at year-end were reported as investments in progress. Gross investments in intangible assets, excluding, acquisitions amounted to MSEK 10.7 (13.7).

Depreciation for the year amounts to MSEK 61.7 (55.8), of which tangible fixed assets amounted to MSEK 48.7 (45.9).

PERSONNEL

During the period, the average number of employees was 1,897 (1,640).

THE PARENT COMPANY

Operations in AB Fagerhult comprise of Group management, financing and co-ordination of marketing, production and business development. The Company's other income amounted to MSEK 19.2 (18.1). profit after financial items amounted to MSEK 53.5 (81.1).

At the end of the period, cash and bank balances amounted to MSEK 1.3 (-7.6). The number of employees during the period was 8 (9).

DIVIDENDS

The Board of Directors will propose that the Annual General Meeting shall resolve on a dividend of SEK 4.50 (3.75) per share.

OPTION PROGRAM

Investment AB Latour has issued, on market conditions, call options to members of Group management, entitling them to acquire, before 2011, shares in AB Fagerhult at a price of SEK 218 per share.

ELECTION COMMITTEE

The Annual General Meeting elected Gustaf Douglas (Chairman), Anders Frick and Björn Karlsson to the Election Committee. The Committee has been enlarged with Göran Espelund, Lannebo Fonder.

ACCOUNTING PRINCIPLES

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

The Parent Company's 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 regarding applied accounting principles, please refer to the financial information found on AB Fagerhult's website under the heading "Financial Information".

RISKS AND UNCERTAINTY FACTORS

The Group's material risk and uncertainty factors consist mainly of business risks and financial risks regarding currencies and interest rates. Via our international operations, the Fagerhult Group is exposed to financial exposure in conjunction with currency fluctuations. The currency risks become most apparent in conjunction

with export sales and the import of raw materials and components. This exposure is reduced by securing flows in sensitive currencies on the basis of individual assessment. Currency risks also arise in conjunction with the recalculation of foreign net assets and results. Further information regarding the Company's risks can be found in the annual report from 2006. No further material risks are assessed to have arisen, in addition to the risks described in the Company's annual report.

PROSPECTS FOR 2008

During previous years, the Group has had a strong turnover and earnings development as a result of organic growth, but also through a number of acquisitions. This strategy remains and the Group will continue with investments and increased internationalisation.

Fagerhult's operations are situated late in the financial cycle and the market conditions are expected to remain good even though the general business cycle is now, weakened. EU's demand on energy efficiency and environmental requirements create opportunities for the business segment. The rationalisations performed during 2007 will, together with the most recent acquisitions, provide a continued good sales and earnings trend.

Habo, 8 February 2008
AB Fagerhult (publ)

Per Borgvall
Chief Executive Officer and Managing Director

The report has not been the subject of individual review of the Company's auditors.

The Annual General Meeting will take place on Monday on 21 April 2008 in Fagerhult, Habo. The annual report will be distributed during week 12. The interim reports will be presented on 21 April 2008, 12 August 2008, and 22 October 2008.

Disclosures can be provided by Per Borgvall, Managing Director, or Ulf Karlsson, Finance Manager, tel +46 (0)36-10 85 00.

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THE GROUP

INCOME STATEMENT, THE GROUP	2007	2006	2007	2006
	Oct-Dec 3 months	Oct-Dec 3 months	Jan-Dec 12 months	Jan-Dec 12 months
Net sales	674.6	596.4	2 527.4	2 162.1
(of which outside Sweden)	(432.0)	(354.6)	(1 651.5)	(1 311.1)
Cost of goods sold	-440.8	-431.8	-1 705.0	-1 525.6
Gross profit	233.8	164.6	822.4	636.5
Selling expenses	-128.7	-114.4	-451.2	-394.5
Administrative expenses	-52.6	-38.7	-186.9	-158.9
Other operating income	1.5	4.2	13.3	11.8
Operating profit	54.0	15.7	197.6	94.9
Income from shares in subsidiaries	-	-	9.7	-
Financial items	-4.6	-1.1	-17.3	-12.2
Profit after financial items	49.4	14.6	190.0	82.7
Tax	-19.4	-4.1	-55.0	-24.5
Net profit	30.0	10.5	135.0	58.2
Earnings per share before dilution, SEK	2.37	0.83	10.69	4.60
Earnings per share after dilution, SEK	2.33	0.82	10.51	4.53
Average no. of outstanding shares before dilution	12 635	12 654	12 629	12 653
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850
No. of outstanding shares, thousands	12 583	12 654	12 583	12 654

BALANCE SHEET, THE GROUP	31 Dec 2007	31 Dec 2006
Intangible fixed assets	459.0	380.6
Tangible fixed assets	279.1	279.6
Financial fixed assets	19.7	7.5
Inventories, etc.	378.9	348.9
Accounts receivable - trade	409.1	356.5
Other non interest-bearing current assets	36.4	51.6
Cash and bank balances	131.9	92.3
Total assets	1 714.1	1 517.0
Equity	601.5	534.6
Long-term interest-bearing liabilities	498.9	407.3
Long-term non interest-bearing liabilities	96.9	64.7
Short-term interest-bearing liabilities	57.1	35.2
Short-term non interest-bearing liabilities	459.7	475.2
Total equity and liabilities	1 714.1	1 517.0

CASH FLOW STATEMENT, THE GROUP	2007	2006	2007	2006
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	3 months	3 months	12 months	12 months
Operating profit/loss	54.0	15.7	197.6	94.9
Adjustment for items not included in the cash flow	18.5	1.7	65.5	42.5
Financial items	-4.5	0.9	-16.9	-11.2
Paid tax	-17.0	-15.0	-37.5	-50.5
Cash flow generated by operations	51.0	3.3	208.7	75.7
Changes in working capital	48.7	58.4	-46.6	13.8
Cash flow from continuing operations	99.7	61.7	162.1	89.5
Cash flow from investing activities	-25.8	-57.4	-177.4	-96.5
Cash flow from financing activities	-43.4	10.5	55.4	-27.4
Translation differences in liquid funds	-0.3	1.4	-0.5	2.2
Cash flow for the period	30.2	16.2	39.6	-32.2
Cash and bank balances at the beginning of the period	101.7	76.1	92.3	124.5
Cash and bank balances at the end of the period	131.9	92.3	131.9	92.3

KEY RATIOS AND DATA PER SHARE, THE GROUP	2007	2006	2007	2006
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	3 months	3 months	12 months	12 months
Sales growth, %	13.1	12.3	16.9	22.9
Growth in operating income, %	243.9	-45.9	108.2	-11.8
Growth in profit after taxes net financial income, %	238.4	-46.9	129.7	-23.5
Operating margin, %	8.0	2.6	7.8	4.4
Profit margin, %	7.3	2.4	7.5	3.8
Liquid ratio, %			26	18
Debt/equity ratio			0.9	0.8
Equity/assets ratio, %			35	35
Capital employed, MSEK			1158	977
Return on capital employed, %			20.5	10.6
Return on equity, %			23.8	10.8
Net liability, MSEK			424	350
Gross investments in fixed assets, MSEK	6.4	1.3	87.6	60.1
Net investments in fixed assets, MSEK	6.3	1.2	85.2	43.0
Depreciation of fixed assets, MSEK	13.6	13.2	61.7	55.8
Number of employees			1 897	1 640
Equity per share, SEK			47.80	42.25
No. of outstanding shares, thousands			12 583	12 654

EQUITY, THE GROUP	31 Dec 2007	31 Dec 2006
Equity at the beginning of the period	534.6	545.2
Change of translation reserve	-9.5	-24.9
Change of contributed capital	-11.1	0.4
Dividend to shareholders	-47.5	-44.3
Profit for the period	135.0	58.2
Equity at the end of the period	601.5	534.6

PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2007 Oct-Dec 3 months	2006 Oct-Dec 3 months	2007 Jan-Dec 12 months	2006 Jan-Dec 12 months
Selling expenses	-0.8	-1.3	-3.3	-4.4
Administrative expenses	-6.5	-5.0	-20.9	-22.9
Other operating income	4.8	4.8	19.2	18.1
Operating profit	-2.5	-1.5	-5.0	-9.2
Income from shares in subsidiaries	77.0	50.0	77.0	100.0
Financial items	-5.1	-2.8	-18.5	-9.7
Profit after financial items	69.4	45.7	53.5	81.1
Changes in tax allocation reserve	17.5	12.9	17.5	12.9
Tax	-20.4	-12.9	-20.4	-12.9
Net profit/loss	66.5	45.7	50.6	81.1

BALANCE SHEET, PARENT COMPANY	31 Dec 2007	31 Dec 2006
Financial fixed assets	903.5	846.2
Other non interest-bearing current assets	0.3	4.8
Cash and bank balances	1.3	-
Total assets	905.1	851.0
Equity	333.5	341.2
Untaxed reserves	36.9	54.4
Long-term interest-bearing liabilities	465.0	377.2
Short-term interest-bearing liabilities	57.1	14.3
Short-term non interest-bearing liabilities	12.6	63.9
Total equity and liabilities	905.1	851.0