

INTERIM REPORT JANUARY - JUNE 2008

- Net sales MSEK 1,404 (1,218)
- Operating profit MSEK 138.8 (80.8)
- Income after taxes MSEK 94.5 (50.3)
- Earnings per share SEK 7.51 (3.98)
- Order intake MSEK 1,450 (1,357)

COMMENTS FROM GROUP CEO PER BORGVALL

- Continued good demand on all markets
- Second quarter is "all time high"
- Growth during the period was 15%, of which 14% was organic
- Operating profit improved by 72%
- The implementation of rationalisation and market investments have given results
- After the reporting period, an agreement regarding the sale of the home lighting company Belid was signed

THE GROUP

JANUARY-JUNE

The business cycle continues to be strong, creating favourable conditions for the Group. Both sales and income have increased strongly, compared with the equivalent period in 2007. The increasing focus on energy saving is contributing to increased demand.

The Group's net sales amounted to MSEK 1,404, an increase of 15%, of which 14% is organic growth. All markets are developing positively. Sales outside Sweden amounted to MSEK 936 (779), which constitutes 67% (64) of the Group's net sales. Order intake during the period amounted to MSEK 1,450, which is MSEK 93 higher than in the previous year.

Operating profit has increased by 72% to MSEK 138.8 (80.8). The operating margin has improved and amounts to 9.9 (6.6) %. The higher margin is due to increased volumes and the implementation of rationalisation in the operations. The closure of one factory during 2007, increased activity in China and investments in automatic assembly are examples of cost-saving measures.

The increasing proportion of sales outside Sweden implies an increase in currency risks. In translation at the previous year's rates, sales have been negatively impacted by MSEK 33, and profit before financial items by MSEK 4.5 and after financial items by MSEK 1, primarily due to translation of the weaker British pound. The Group's largest market outside Sweden is the United Kingdom.

APRIL-JUNE

The second quarter was the Group's best ever. Sales increased by 16% to MSEK 707 (608) and operating profit by 98% to MSEK 75.0 (37.9).

Fagerhult's lighting fixture Open Box has been awarded Sweden's greatest design prize, "Design S"/ Swedish Design Award. This distinction, awarded by Svensk Form, the Swedish Industrial Design Foundation and the Advertising Association of Sweden, focuses on problem-solving with the help of design, this year with the theme of sustainable development.

A new sales company has been established in Austria. The company will also function as an operative base for nearby markets in central Europe. This new company forms part of a drive to become stronger in markets across the whole of Europe.

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 1,014, compared with MSEK 845 in the previous year. Operating profit was MSEK 104.5 (66.8) and the operating margin was 10.3 (7.9) %.

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 231, compared with MSEK 201 in the previous year. Operating profit has improved significantly, amounting to MSEK 32.1 (14.6). The operating margin was 13.9 (7.2) %.

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 79, compared with MSEK 69 in the previous year. Operating profit/loss amounted to MSEK -1.2 (-0.7).

This business area is still under development.

HOME LIGHTING

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

Net sales amounted to MSEK 79, compared with MSEK 102 in the previous year. Operating profit was MSEK 3.4 (0.1) and the operating margin was 4.3 (0.1) %.

Following the end of the period, agreements have been signed regarding the disposal of the remaining company in 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	1 014.4	844.8	231.1	201.4	79.1	69.1	79.2	102.2	1 403.8	1 217.5
Operating profit/loss	104.5	66.8	32.1	14.6	-1.2	-0.7	3.4	0.1	138.8	80.8
Operating margin	10.3 %	7.9 %	13.9 %	7.2 %	-	-	4.3 %	0.1 %	9.9 %	6.6 %

FINANCIAL POSITION

The Group has a strong financial position. The Group's equity/assets ratio amounts to 34 (32) %. Cash and bank balances at the end of the period amounted to MSEK 127 (99) and consolidated equity to MSEK 614 (549). Net indebtedness amounts to MSEK 493. Net indebtedness in relation to earnings before depreciation and amortisation (EBITDA) for the last twelve month period amounts to 1.5.

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 26.

Cash flow from operating activities was MSEK 77.5 (14.7).

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 62.0 (63.0), primarily referring to machinery and equipment

PERSONNEL

The average number of employees during the period was 2,016 (1,723).

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 -6.4 (-11.6).

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.

EVENTS AFTER THE END OF THE PERIOD

Fagerhult has signed an agreement for the sale of all shares in the subsidiary Belid AB to the Danish industrial group Herstal Holding ApS as of 1 September 2008. This disposal will only have a marginal impact on earnings per share in 2008. The business area Home Lighting, which is not a core area of Fagerhult, will subsequently be terminated.

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 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 is expected to continue to provide positive sales and earnings trends.

BOARD ASSURANCE

The Board and the Managing Director hereby certify that the interim report provides a fair view on the business, position and results for the Company and the Group. It also describes significant risks and areas of uncertainty faced by the Group.

Habo, 12 August 2008

Per Borgvall
Chief Executive Officer and Managing Director

Jan Svensson
Chairman of the board

Anna Malm Bernsten
Member of the board

Björn Karlsson
Member of the board

Eric Douglas
Member of the board

Eva Nygren
Member of the board

Fredrik Palmstierna
Member of the board

Annika Fröberg
Deputy employee representative

Magnus Nell
Deputy employee representative

Interim reports will be presented on 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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THE GROUP

INCOME STATEMENT, GROUP	2008	2007	2008	2007	2007/08	2007
	Apr-Jun 3 months	Apr-Jun 3 months	Jan-Jun 6 months	Jan-Jun 6 months	Jul-Jun 12 months	Jan-Dec 12 months
Net sales	706.6	607.8	1 403.8	1 217.5	2 713.7	2 527.4
(of which outside Sweden)	(476.4)	(399.7)	(936.1)	(778.7)	(1 808.9)	(1 651.5)
Cost of goods sold	-471.2	-412.6	-944.0	-830.7	-1 818.3	-1 705.0
Gross profit	235.4	195.2	459.8	386.8	895.4	822.4
Selling expenses	-124.3	-112.0	-248.6	-222.5	-477.3	-451.2
Administrative expenses	-38.8	-48.6	-79.2	-90.5	-175.6	-186.9
Other operating income	2.7	3.3	6.8	7.0	13.1	13.3
Operating profit	75.0	37.9	138.8	80.8	255.6	197.6
Income from shares in subsidiaries	-	-	-	-	9.7	9.7
Financial items	-2.8	-4.9	-5.7	-9.5	-13.5	-17.3
Profit after financial items	72.2	33.0	133.1	71.3	251.8	190.0
Tax	-21.0	-9.7	-38.6	-21.0	-72.6	-55.0
Net profit	51.2	23.3	94.5	50.3	179.2	135.0
Earnings per share before dilution, SEK	4.07	1.84	7.51	3.98	14.20	10.69
Earnings per share after dilution, SEK	3.98	1.81	7.35	3.91	13.95	10.51
Average no. of outstanding shares before dilution	12 586	12 654	12 587	12 654	12 619	12 629
Average no. of outstanding shares after dilution	12 850	12 850	12 850	12 850	18 850	12 850
No. of outstanding shares, thousands	12 590	12 676	12 590	12 676	12 590	12 583

BALANCE SHEET, GROUP	30 Jun 2008	30 Jun 2007	31 Dec 2007
Intangible fixed assets	441.4	475.7	459.0
Tangible fixed assets	264.6	273.1	279.1
Financial fixed assets	19.1	18.8	19.7
Inventories, etc.	363.0	373.3	378.9
Accounts receivable - trade	449.5	415.3	409.1
Other non interest-bearing current assets	37.1	54.8	36.4
Cash and bank balances	126.8	98.9	131.9
Assets for sale	105.1	32.7	-
Total assets	1 806.6	1 742.6	1 714.1
Equity	614.0	549.3	601.5
Long-term interest-bearing liabilities	499.5	489.0	498.9
Long-term non interest-bearing liabilities	61.8	168.4	65.8
Short-term interest-bearing liabilities	120.7	33.5	57.1
Short-term non interest-bearing liabilities	483.9	474.8	490.8
Liabilities direct connected to assets for sale	26.7	27.6	-
Total equity and liabilities	1 806.6	1 742.6	1 714.1

CASH FLOW STATEMENT, GROUP	2008	2007	2008	2007	2007/08	2007
	Apr-Jun 3 months	Apr-Jun 3 months	Jan-Jun 6 months	Jan-Jun 6 months	Jul-Jun 12 months	Jan-Dec 12 months
Operating profit	75.0	37.9	138.8	80.8	255.6	197.6
Adjustment for items not included in the cash flow	10.6	16.8	34.3	35.1	63.7	64.5
Financial items	-1.2	-4.8	-7.2	-9.5	-14.6	-16.9
Paid tax	-15.7	-3.9	-29.9	-18.7	-48.7	-37.5
Cash flow generated by operations	68.7	46.0	136.0	87.7	256.0	207.7
Changes in working capital	-12.2	-37.1	-58.5	-73.0	-32.1	-46.6
Cash flow from continuing operations	56.5	8.9	77.5	14.7	223.9	161.1
Cash flow from investing activities	-25.4	-80.8	-51.3	-88.6	-140.1	-177.4
Cash flow from financing activities	-27.3	78.8	-27.4	79.0	-51.0	55.3
Cash flow for the period	3.8	6.9	-1.2	5.1	32.8	39.1
Cash and bank balances at the beginning of the period	122.4	92.0	131.9	92.3	98.9	92.3
Translation differences in liquid funds	0.6	-	-3.9	1.5	-4.9	0.5
Cash and bank balances at the end of the period	126.8	98.9	126.8	98.9	126.8	131.9

KEY RATIOS AND DATA PER SHARE, GROUP	2008	2007	2008	2007	2007/08	2007
	Apr-Jun 3 months	Apr-Jun 3 months	Jan-Jun 6 months	Jan-Jun 6 months	Jul-Jun 12 months	Jan-Dec 12 months
Sales growth, %	16.3	21.9	15.3	17.0	7.4	16.9
Growth in operating income, %	97.9	241.4	71.8	117.8	29.4	108.2
Growth in profit after taxes net financial income, %	118.8	358.3	86.7	133.0	32.5	129.7
Operating margin, %	10.6	6.2	9.9	6.6	9.4	7.8
Profit margin, %	10.2	5.4	9.5	5.9	9.3	7.5
Liquid ratio, %			20	19	20	26
Debt/equity ratio			1.0	1.0	1.0	0.9
Equity/assets ratio, %			34	32	34	35
Capital employed, MSEK			1234	1110	1234	1158
Return on capital employed, %			25.5	16.2	24.4	20.5
Return on equity, %			31.1	18.6	30.8	23.8
Net liability, MSEK			493	462	493	424
Gross investments in fixed assets, MSEK	39.0	13.1	62.0	63.0	86.6	87.6
Net investments in fixed assets, MSEK	39.0	5.3	62.0	55.2	92.0	85.2
Depreciation of fixed assets, MSEK	14.8	16.4	32.5	31.5	62.7	61.7
Number of employees			2 016	1 723	1 885	1 897
Equity per share, SEK			48.77	43.33	48.77	47.80
No. of outstanding shares, thousands			12 590	12 676	12 590	12 583

EQUITY, GROUP	30 Jun 2008	30 Jun 2007	31 Dec 2007
Equity at the beginning of the period	601.5	534.6	534.6
Change of translation reserve	-26.1	8.6	-9.5
Change of contributed capital	0.7	-	-11.1
Dividend to shareholders	-56.6	-47.5	-47.5
Profit for the period	94.5	50.3	135.0
Equity at the end of the period	614.0	549.3	601.5

PARENT COMPANY

INCOME STATEMENT, PARENT COMPANY	2008 Apr-Jun 3 months	2007 Apr-Jun 3 months	2008 Jan-Jun 6 months	2007 Jan-Jun 6 months	2007/08 Jul-Jun 12 months	2007 Jan-Dec 12 months
Selling expenses	-	4.8	-	9.6	9.6	19.2
Administrative expenses	-0.5	-0.8	-0.8	-1.7	-2.4	-3.3
Other operating income	-4.6	-4.7	-10.0	-9.7	-21.2	-20.9
Operating profit	-5.1	-0.7	-10.8	-1.8	-14.0	-5.0
Income from shares in subsidiaries	-	-	13.2	-	90.2	77.0
Financial items	-7.9	-5.3	-8.8	-9.8	-17.5	-18.5
Profit after financial items	-13.0	-6.0	-6.4	-11.6	58.7	53.5
Changes in tax allocation reserve	-	-	-	-	17.5	17.5
Tax	-	-	-	-	-20.4	-20.4
Net profit	-13.0	-6.0	-6.4	-11.6	55.8	50.6

BALANCE SHEET, PARENT COMPANY

	30 Jun 2008	30 Jun 2007	31 Dec 2007
Financial fixed assets	916.6	913.6	903.5
Other non interest-bearing current assets	9.7	8.9	0.3
Cash and bank balances	-	-	1.3
Total assets	926.3	922.5	905.1
Equity	271.2	285.4	333.5
Untaxed reserves	36.9	54.4	36.9
Long-term interest-bearing liabilities	459.8	443.8	465.0
Short-term interest-bearing liabilities	150.0	76.0	57.1
Short-term non interest-bearing liabilities	8.4	62.9	12.6
Total equity and liabilities	926.3	922.5	905.1