

Press release, October 31, 2008

## Hemtex has 26.2 percent of the Swedish market

Hemtex is the market leader in Sweden for home textiles. Measured over the past 12-month period (October 2007 – September 2008), Hemtex's market share amounted to 26.2 percent, compared with 30.9 percent during the October 2006 – September 2007 period. The closest competitors had 12.3 and 10.8 percent, respectively.

During January – September 2008, the Swedish market for home textiles declined by 3 percent, according to the most recent figures from the market research company, GfK, which show that Hemtex's market share for the period amounted to 26.5 percent, compared with 29.8 percent in the year-earlier period. According to GfK, Hemtex market share amounted to 24.9 percent (28.7) in the most recent quarter, July – September.

“Due to the prevailing market conditions and the changes in market communication, we were not able to fully defend our strong market shares within home textiles in Sweden, although our share of the home-textile market over the most recent 12-month period amounted to 26.2 percent. We anticipate that the company's improved strategies – primarily within communication, pricing and product range – combined with the ongoing cost and efficiency-enhancement program, will be the road to continued success in the long term,” says Gunnel Bergström, SVP Product Range and Market at Hemtex.

With regard to the various product areas within home textiles, Hemtex declined primarily in the bathroom and curtains segments, while bed textiles reported positive performance.

“With an anticipated weak sales performance already included in our planning for the autumn, we have succeeded to date in maintaining the planned inventory levels and have not seen any negative effects in terms of gross profit. We also have high expectations for our investment in e-trade, where the players that currently operate in the market have strengthened their shares, according to GfK,” says Tommy Svensson, Chief Financial Officer at Hemtex.

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***Hemtex is the leading home textile retail chain in the Nordic region with a total of 216 stores in October 2008, of which 145 are in Sweden, 40 in Finland, 12 in Denmark, 13 in Norway, three in Estonia and three in Poland. Of these stores, 189 are owned by the Hemtex Group and 27 by franchisees. Under a common brand, the stores sell home decorating products, with an emphasis on home textiles. Sales within the consumer operations (including franchise stores) amount to SEK 1.65 billion annually, excluding VAT. The Hemtex Group's annual sales during the year ended July 31, 2008 totaled SEK 1.58 billion***