

# Ballingslöv International AB (publ)

ID number 556556-2807

## YEAR-END STATEMENT

### Fourth quarter 2007 (Q 4)

- Net sales increased by 18 percent<sup>\*)</sup> to SEK 748.6 M (632.2). Organic growth was 11 percent based on the Group's current structure
- Net income for the period increased by 21 percent to SEK 52.3 M (43.2)
- Earnings per share increased by 21 percent and amounted to 4.87 (4.03)
- Operating income increased by 16 percent to SEK 80.3 M (69.2) corresponding to an operating margin of 10.7 percent (10.9)
- Cash flow from current operations amounted to SEK 16.8 M (146.0)

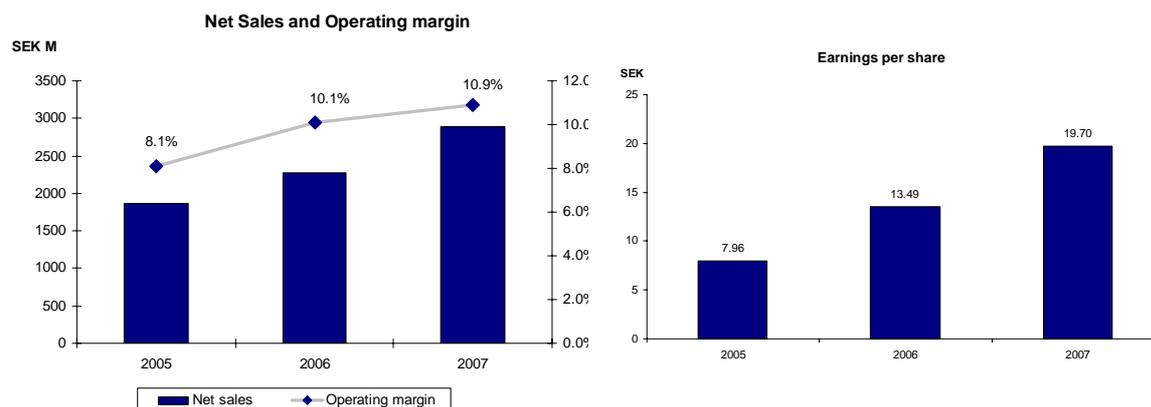
### January-December 2007

- Net sales increased by 27 percent<sup>\*)</sup> to SEK 2 892.1 M (2 274.1). Organic growth was 14 percent based on the Group's current structure
- Net income for the period increased by 46 percent to SEK 211.4 M (144.7)
- Earnings per share increased by 46 percent and amounted to 19.70 (13.49)
- Operating income increased by 37 percent to SEK 315.5 M (229.9) corresponding to an operating margin of 10.9 percent (10.1)
- Cash flow from current operations amounted to SEK 184.5 M (258.7)
- The Board of Directors proposes an increase in dividend to SEK 6.50 (4.50) and intends to propose a 3 to 1 share split to the Annual General Meeting

\*) Geisler A/S was consolidated in the Group as from November 2006.  
3BO A/S was consolidated in the Group as from January 2007

## Ballingslöv Group in summary

	Q 4 2007	Q 4 2006	Full year 2007	Full year 2006
Net sales, SEK M	748.6	632.2	2 892.1	2 274.1
Operating income before depreciation, SEK M (EBITDA)	104.2	86.1	406.1	296.0
EBITDA-margin, %	13.9	13.6	14.0	13.0
Operating income, SEK M (EBIT)	80.3	69.2	315.5	229.9
Operating margin (EBIT-margin), %	10.7	10.9	10.9	10.1
Income before taxes, SEK M	70.9	60.3	273.2	202.2
Net income for the period, SEK M	52.3	43.2	211.4	144.7
Earnings per share, SEK	4.87	4.03	19.70	13.49



## Market Areas

### ***Nordic Region***

The total market 2007 has had a stable growth. The good business cycle with among other things low interest rate and low unemployment combined with the consumers strong interest for designed kitchen-, bathroom- and storage products have been important for the development of the demand.

During the second half of the year the new construction segment (25 percent of the entire market) in Sweden and Denmark has shown weaker development.

Growth in the flat-pack segment has continued to be strong.

The growth of the distribution network continues according to plan in all subsidiaries and among others Kvik has opened 19 new shops during 2007 and renovated 11 shops. In 2008 the plan is to open 21 new shops. At the end of 2008 there will be 130 shops in 9 different countries in the Kvik system. The Swedish company Ballingslöv AB has during 2007 opened eight new concept shops and has now 34 concept shops in Sweden out of total 250 dealers. The direction is to increase to more than 50 well profiled concept shops for kitchen-, bathroom- and storage products.

### ***UK***

Our British company has continued its positive development and strengthened market position and sales in spite of that new construction of privately built small homes - our main market segment – has somewhat decreased during 2007, especially during the latter part of 2007.

## ***Group integration - acquired companies***

### Worktops

The integration between the worktop companies dfi and Geisler, - Geisler was acquired November 2006 -, has been implemented according to plan. Product ranges, marketing and sales promotion material are now common and all planned reallocation of production between the factories is also finalized. Joint organization for sales and administration has, for a while, been in force. A common IT-platform has been implemented from the beginning of 2008.

### Storage products

3BO A/S was acquired in the beginning of January 2007. 3BO develops, manufactures and distributes sliding-door wardrobes and shower walls. Sales and distributions take place through kitchen shops and builders merchants primarily in the Scandinavian market.

The integration of 3BO in the Group has proceeded according to plan and the synergies among others are in place on the income side through distribution of 3BOs products via the Group's existing distribution system in Sweden, Denmark and Norway.

## Financial accounts

### **Net sales and operating income fourth quarter**

Net sales increased during the fourth quarter by 18 percent to SEK 748.6 M (632.2). Organic growth was approximately 11 percent based on the Group's current structure.

Operating income was SEK 80.3 M (69.2) an increase by 16 percent. Operating margin was 10.7 percent (10.9).

Net sales in the Nordic region increased by 16 percent to SEK 656.1 M (567.9). The organic growth was approximately 7 percent.<sup>1)</sup>

Operating income in the Nordic region was SEK 74.6 M (68.2), an increase by 9 percent corresponding to an operating margin of 11.4 percent (12.0). Operating income in the Nordic region has been positively affected by the sales growth, Group integration and rationalization. The income has been negatively affected by higher raw material prices and start-up costs related to new shops.

Net sales in the Nordic region excluding other Europe increased by 14 percent to SEK 628.8 M (553.9). Operating income in the Nordic region excluding other Europe was SEK 79.4 M (67.4), an increase by 18 percent corresponding to an operating margin of 12.6 percent (12.2).

Net sales in UK increased during the fourth quarter by 44 percent to SEK 92.5 M (64.3). Operating income amounted to SEK 5.7 M (1.0) corresponding to an operating margin of 6.2 percent (1.6).

Competitive delivery precision, expanded sales organization, strengthened sales work and more new customers have positively affected sales and income.

<sup>1)</sup> Net sales and operating income from other Europe are included in the Nordic region by SEK 27.3 M (14.0) and SEK -4.8 M (0.8). Other Europe will be reported separately from Q1 2008.

### **Net sales and income January-December**

Net sales during the year was SEK 2 892.1 M (2 274.1) an increase by 27 percent. Organic growth was approximately 14 percent based on the Group's current structure.

Operating income was SEK 315.5 M (229.9) an increase by 37 percent. Operating margin was 10.9 percent (10.1).

Income before tax for the year was SEK 273.2 M (202.2), an increase by 35 percent compared to last year. Net income for the year was SEK 211.4 M (144.7), an increase by 46 percent compared to last year.

The net income after tax has been positively effected by changed corporate income tax in Denmark. The tax rate is changed from 28 percent to 25 percent with effect from 1 January 2007. The effect on the net income after tax as an one off item amounted to SEK 7.7 M, recorded in the second quarter.

Net sales in Nordic region increased by 28 percent to SEK 2 542.6 M (1 980.4). The organic growth was approximately 13 percent.<sup>2)</sup>

Operating income in Nordic region was SEK 292.5 M (216.6), an increase by 35 percent corresponding to an operating margin of 11.5 percent (10.9). Operating income in the Nordic region has been positively affected by the sales growth, Group integration and rationalization. The income has been affected negatively by higher raw material prices, start-up costs related to new shops.

Net sales in Nordic region excluding other Europe increased by 27 percent to SEK 2 462.7 M (1 942.0). Operating income in Nordic region excluding other Europe was SEK 301.3 M (220.2), an increase by 37 percent corresponding to an operating margin of 12.2 percent (11.3).

Net sales in UK increased by 19 percent to SEK 349.5 M (293.7). Operating income was SEK 23.0 M (13.3), an increase by 73 percent and corresponding to an operating margin of 6.6 percent (4.5). Improved productivity, stable and competitive delivery precision, strengthened sales work and sales organization and more new customers have positively affected sales and income.

<sup>2)</sup> Net sales and operating income from other Europe are included in the Nordic region by SEK 79,9 M (38.4) and SEK -8.8 M (-3.6). Operating income has been affected by different start-up costs related to new shops, marketing etc. Other Europe will be reported separately from Q1 2008.

### **Cash flow**

The cash flow from operations during the year was SEK 184.5 M (258.7). Cash flow from the Nordic region was SEK 186.3 M (245.0) and in UK SEK -1.8 M (13.7). In quarter four 2006 the cash flow was positively affected approximately by SEK 60 M. This was cash payment for a claim that the acquired company Geisler A/S had on the seller. In quarter four 2007 the cash flow has negatively been affected partly by lump sum payment of taxes for the fiscal year 2007 in Denmark and partly through increased working capital in the Danish companies. In UK the cash flow has been affected by increased working capital related to higher sales.

### **Net investments and depreciation**

The net investments during the year amounted to SEK 223.6 M (279.5) whereof for the acquisition of 3BO SEK 131.8 M and tangible fixed assets SEK 80.8 M (69.7). Depreciation according to plan regarding tangible fixed assets amounted to SEK 65.9 M (51.0). Amortization of intangible assets amounted to SEK 24.7 M (15.1) whereof amortization of intangible assets related to acquisitions amounted to SEK 17.7 M (8.4).

### **Liquidity and financial position**

At the year end, the Group's liquid assets amounted to SEK 158.3 M, compared to SEK 273.6 M at the beginning of the year. Loan has been amortized by SEK 120 M during the year. Net debt included provisions for pensions amounted to SEK 943.7 M, compared to 847.4 M at the beginning of the year. During the year the net debt has increased by SEK 96.3 M.

The consolidated equity/assets ratio was 35.9 percent at the year end, compared to 30.0 percent at the beginning of the year.

Available credit facilities and liquid assets amounted to SEK 528 M at the year end.

### **Employees**

The Group had 1 463 employees at the year end, an increase by 81 persons compared to the beginning of the year whereof 80 employees from acquired companies. Average number of employees during the year was 1 467 (1 187).

### **Parent company**

The parent company conducts no operations of its own and thus reported no net sales during the period.

With the purpose to better optimize the Groups net financial income/expenses, borrowings and currency exposure the parent company has sold the Danish companies to a new formed company Ballingslöv Denmark A/S. Through the transaction a capital gain is accounted by SEK 279 M.

The parent company reported a profit after tax of SEK 404.7 M (140.0).

***The Ballingslöv share***

At the year end, the number of outstanding shares amounted to 10.725.758. The average number of shares during the period was 10.725.758 (10.525.758). At the end of the period, the company had no holdings of its own shares.

***Dividend proposals and share split***

The Board of Directors proposes that the dividend for the 2007 fiscal year will be set at SEK 6.50 per share, an increase by 44 percent compared to last year. The proposed dividend utilises SEK 69.7 M and constitutes approximately 33 percent of the net income for the year. The Board of Directors intend to propose a 3 to 1 share split to the Annual General Meeting.

***Annual General Meeting***

The Annual General Meeting will take place at 17.00 on Wednesday April 16, 2008 in the company's premises in Ballingslöv. Monday April 21 is the proposed record date for entitlement to receive dividends. It is anticipated that payment will be made via VPC on Thursday April 24. The Annual Report for 2007 will be available in the beginning of April.

***Accounting principles***

This interim report adheres to IAS 34 Interim Financial Reporting and RR 31 "delårsrapportering för koncerner". Accounting principles and computation are consistent with the annual report. The new and revised IFRS-principles adopted by EU in force from 1 January 2007 have no significant impact on the Group's account.

***Risk and related factors***

The Group and the parent company's risks and related factors include risks associated with the business in the form of raw material price risks, product risks, insurance risks and legal risks. In addition there are other financial risks such as financing risks, liquidity risks, interest risks, currency risks, credit and counterparty risks.

A detailed description of the Group's financial risk management is provided in Ballingslöv International's Annual Report for 2006 (pages 48-50, Note 3)

Ballingslöv February 8, 2008

**Ballingslöv International AB (publ)**

The Board of Directors

This Year End Statement has not been subject to review by the company's auditors.

**Future reporting dates**

Annual Report Fiscal Year 2007	Beginning of April, 2008
Annual General Meeting	April 16, 2008
Interim Report, January-March	April 24, 2008
Interim Report, January-June	July 17, 2008

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## Year-End Statement January-December 2007

FINANCIAL STATEMENTS  
CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Q 4 2007	Q 4 2006	Full year 2007	Full year 2006
Net sales	748.6	632.2	2 892.1	2 274.1
Cost of goods sold	-473.0	-404.3	-1 858.1	-1 450.1
<b>Gross profit</b>	<b>275.6</b>	<b>227.9</b>	<b>1 034.0</b>	<b>824.0</b>
Selling expenses	-155.4	-122.8	-549.6	-458.3
Administrative expenses	-43.9	-33.5	-169.4	-131.9
Other operating income and expenses (including R&D expenses)	4.0	-2.4	0.5	-3.9
<b>Operating income</b>	<b>80.3</b>	<b>69.2</b>	<b>315.5</b>	<b>229.9</b>
Interest income and similar income/loss items	4.8	3.0	14.1	11.3
Interest expense and similar income/loss items	-14.2	-11.9	-56.4	-39.0
<b>Income after financial items</b>	<b>70.9</b>	<b>60.3</b>	<b>273.2</b>	<b>202.2</b>
Taxes	-18.6	-17.1	-61.8	-57.5
<b>Net income for the period</b>	<b>52.3</b>	<b>43.2</b>	<b>211.4</b>	<b>144.7</b>
Earnings per share	4.87	4.03	19.70	13.49
Income was charged with:				
Depreciation of tangible assets amounting to	17.1	11.2	65.9	51.0
Amortization of intangible assets amounting to	6.8	5.7	24.7	15.1
whereof from acquisitions	5.7	3.7	17.7	8.4

## CONDENSED CONSOLIDATED BALANCE SHEETS

SEK M	31.12.07	31.12.06
<b>ASSETS</b>		
Intangible fixed assets	1 053.7	890.1
Tangible fixed assets	506.0	476.8
Financial fixed assets	35.4	33.8
<b>Total fixed assets</b>	<b>1 595.1</b>	<b>1 400.7</b>
Inventories etc	262.7	219.4
Current receivables	371.5	297.9
Cash and bank balances	158.3	273.6
<b>Total current assets</b>	<b>792.5</b>	<b>790.9</b>
<b>Total assets</b>	<b>2 387.6</b>	<b>2 191.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	856.1	658.0
Minority interests	0.1	0.1
Provisions	216.3	214.8
Long-term liabilities	996.7	949.9
Current liabilities	318.4	368.8
<b>Total liabilities</b>	<b>1 531.4</b>	<b>1 533.5</b>
<b>Total shareholders' equity and liabilities</b>	<b>2 387.6</b>	<b>2 191.6</b>
The above liabilities include:		
Interest-bearing liabilities and provisions	1 102.0	1 121.0
Non interest-bearing liabilities and provisions	429.4	412.5
Net debt	943.7	847.4

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Q 4 2007	Q 4 2006	Full year 2007	Full year 2006
<i>Current operations</i>				
Income before financial items	80.3	69.2	315.5	229.9
Depreciation and other items not affecting liquidity	-7.5	1.1	56.0	50.1
Net interest income/expenses	-8.4	-8.4	-35.8	-22.8
Tax paid	-61.3	-5.0	-95.8	-58.8
Cash flow from current operations before changes in working capital	<b>3.1</b>	<b>56.9</b>	<b>239.9</b>	<b>198.4</b>
Changes in working capital	<b>13.7</b>	<b>89.1</b>	<b>-55.4</b>	<b>60.3</b>
Cash flow from current operations	<b>16.8</b>	<b>146.0</b>	<b>184.5</b>	<b>258.7</b>
Cash flow from investment operations	<b>-22.6</b>	<b>-230.9</b>	<b>-223.6</b>	<b>-279.5</b>
Cash flow from financing operations <sup>1)</sup>	<b>-35.2</b>	<b>203.7</b>	<b>-78.2</b>	<b>147.9</b>
Cash flow for the period	<b>-41.0</b>	<b>118.8</b>	<b>-117.3</b>	<b>127.1</b>
Liquid assets at the beginning of the period	198.2	152.6	273.6	146.0
Exchange rate difference in liquid assets	1.1	2.2	2.0	0.5
Liquid assets at end of period	<b>158.3</b>	<b>273.6</b>	<b>158.3</b>	<b>273.6</b>
1) Cash flow from financing operations				
Dividend, parent company:			-48.3	-37.5
Additional purchase price, Kvik:			-27.5	-27.2
Dividend, acquired company (anticipated in the acquisition):				
Change of loan:			-2.4	213.9
Increased utilization of bank overdraft facility:				
Decreased utilization of bank overdraft facility:				-1.3
			<b>-78.2</b>	<b>147.9</b>

## Key Data

	Full year 2007	Full year 2006
Gross margin including goodwill amortization, %	35.8	36.2
EBITDA-margin, %	14.0	13.0
Operating margin (EBIT) %	10.9	10.1
Income margin % (before tax)	9.4	8.9
Interest coverage ratio, multiple	5.8	6.2
Debt/equity ratio, multiple	1.3	1.7
Net debt, including pension provisions, SEK M	943.7	847.5
Return on capital employed, %	17.3	15.6
Return on equity, %	28.1	23.7
Equity/assets ratio %	35.9	30.0
Average number of employees	1 467	1 187

## Data per share

	Q 4 2007	Q 4 2006	Full year 2007	Full year 2006
Earnings per share, SEK	4.87	4.03	19.70	13.49
Shareholders equity per share, SEK			79.82	61.33
Dividend per share			6.00	4.50
Average number of shares during period, millions	10.73	10.73	10.73	10.73
Number of shares at end of period, millions	10.73	10.73	10.73	10.73

## CHANGES IN SHAREHOLDERS' EQUITY

SEK M	31.12.07	31.12.06
Shareholders' equity at beginning of period	658.1	566.6
Translation differences/currency differences	41.1	-36.8
Pensions	2.3	9.1
Hedging of net investment	-8.4	12.0
Dividends	-48.3	-37.5
Minority interests		
Net income for the period	211.4	144.7
Shareholders' equity at end of period	856.2	658.1

## SALES, INCOME BY MARKET AREA

	Nordic		Great Britain		Group	
	Full year 2007	Full year 2006	Full year 2007	Full year 2006	Full year 2007	Full year 2006
Net sales, SEK M	2 542.6	1 980.4	349.5	293.7	2 892.1	2 274.1
Sales growth, %	28.4	28.7	19.0	-11.4	27.2	21.6
Operating income before depreciation, SEK M (EBITDA)	373.3	272.6	32.8	23.4	406.1	296.0
EBITDA-margin, %	14.7	13.8	9.4	8.0	14.0	13.0
Operating income, SEK M (EBIT)	292.5	216.6	23.0	13.3	315.5	229.9
Operating margin (EBIT-margin), %	11.5	10.9	6.6	4.5	10.9	10.1

## NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA

SEK M	Q 4 2007	Q 3 2007	Q 2 2007	Q 1 2007	Q 4 2006	Q 3 2006	Q 2 2006	Q 1 2006
<i>Net sales</i>								
Nordic	656.1	601.0	662.3	623.2	567.9	450.2	500.3	462.0
Great Britain	92.5	92.6	90.8	73.6	64.3	70.1	76.7	82.6
Group	748.6	693.6	753.1	696.8	632.2	520.3	577.0	544.6
<i>Operating income (EBIT)</i>								
Nordic	74.6	63.3	85.5	69.1	68.2	40.8	62.4	45.2
Great Britain	5.7	7.0	7.7	2.6	1.0	3.2	5.5	3.6
Group	80.3	70.3	93.2	71.7	69.2	44.0	67.9	48.8
<i>Operating margin</i>								
Nordic	11.4	10.5	12.9	11.1	12.0	9.1	12.5	9.8
Great Britain	6.2	7.6	8.5	3.5	1.6	4.6	7.2	4.4
Group	10.7	10.1	12.4	10.3	10.9	8.5	11.8	9.0

## PARENT COMPANY CONDENSED INCOME STATEMENT

Mkr	Q 4 2007	Q 4 2006	Full year 2007	Full year 2006
Administrative expenses	-4.8	2.2	-11.4	-3.0
Operating income	<b>-4.8</b>	<b>2.2</b>	<b>-11.4</b>	<b>-3.0</b>
Profit/loss from shares in Group companies	347.0	33.9	451.4	101.5
Interest income and similar income/loss items	1.3	11.3	1.6	19.2
Interest expense and similar income/loss items	-2.0	-5.7	-39.0	-18.0
Income after financial items	<b>341.5</b>	<b>41.7</b>	<b>402.6</b>	<b>99.7</b>
Year-end allocations		71.1		71.1
Taxes	-10.0	-33.5	2.1	-30.8
Net income for the period	<b>331.5</b>	<b>79.3</b>	<b>404.7</b>	<b>140.0</b>

## PARENT COMPANY CONDENSED BALANCE SHEETS

Mkr	31.12.07	31.12.06
<b>ASSETS</b>		
Tangible fixed assets	0.1	
Financial fixed assets	709.3	1 041.4
Total fixed assets	<b>709.4</b>	<b>1 041.4</b>
Current receivables	15.4	0.1
Receivables from Group companies	151.4	143.3
Cash and bank balances	10.3	84.5
Total current assets	<b>177.1</b>	<b>227.9</b>
Total assets	<b>886.5</b>	<b>1 269.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity	<b>876.1</b>	<b>522.1</b>
Minority interests	<b>0.0</b>	<b>0.0</b>
Untaxed reserves	1.2	
Long-term liabilities	0.0	670.4
Current liabilities	9.2	76.8
Total liabilities	<b>10.4</b>	<b>747.2</b>
Total shareholders' equity and liabilities	<b>886.5</b>	<b>1 269.3</b>