

Interim Report, January-March 2008

Gunnebo Industrier AB

January-March

- Orders received increased by 4.1% to SEK 549.3 million (527.9)
- Net sales rose by 15.6% to SEK 561.0 million (485.2)
- Operating earnings declined by 1.8% to SEK 42.0 million (42.8) for a 7.5% margin
- The profit after tax decreased by SEK 6.4 million to SEK 18.7 million (25.1)
- Earnings per share decreased by SEK 0.72 to SEK 2.13 (2.85)

Executive summary

- Operating activities at all business areas remained brisk and the demand for Gunnebo Industrier products remained good
- Exchange-rate effects affected operating earnings by SEK -12.1 million and earnings after financial items by SEK -13.9 million compared to last year
- Operating earnings adjusted for exchange-rate effects increased by 26.4% to SEK 54.1 million as opposed to SEK 42.8 million in 2007
- The 2007 acquisitions have affected the 2008 January-March operating earnings with SEK -2.8 million compared to last year
- Increases in the cost of raw materials were largely offset by price hikes
- Following measures adopted in 2007, the Telescopes business unit operated at a profit

Forecast for 2007

A forecast for the full-year 2008 will be published with the interim report for January-June 2008.

Teleconference for press and analysts

Christer Lenner, CEO and Managing Director, will present the report at a teleconference/webcast at 15.00 CET on 8 February. The presentation will be in English. To participate in the teleconference, dial 08 5352 6458 from Sweden and +44 20 7806 1967 from anywhere else. Specify the following code: 4028025. To follow the webcast, go to www.gunneboindustrier.se or www.financialhearings.com

Business

The group

Orders received and net sales

Orders received during the first quarter increased by 4.1% to SEK 549.3 million (527.9). Based on orders received for comparable units, the increase consisted of -4.6% organic growth, 9.7% acquisitions and divestments, and -1.0% exchange-rate effects. Adjusted for less working days compared to the same period last year the organic growth would have been positive.

Net sales rose by 15.6% to SEK 561.0 million (485.2). Based on net sales for comparable units, the increase consisted of 6.3% organic growth, 9.8% acquisitions and divestments, and -0.5% exchange-rate effects.

Earnings

Operating activities at all business areas remained brisk and the demand for Gunnebo Industrier products remained good, but earnings were detrimentally affected by exchange-rate effects and higher interest expenses. The comparison between the first quarters of 2007 and 2008 was affected by the fact that there were fewer working days in 2008.

Gross margin for the period has increased to 31.5% compared to 28.6% last year. The operating profit for January-March decreased by 1.8% to SEK 42.0 million (42.8). The figure included depreciation according to plan of SEK 17.5 million (15.5). The operating margin was 7.5%.

Exchange-rate effects affected operating earnings by SEK -12.1 million. The main impact came from the appreciation of the Swedish krona against the British pound and U.S. dollar.

Christiania Spigerverk in Norway and EmiSafe in the United Arab Emirates, both of which were acquired in 2007, are by tradition weakest during the first few months of the year. Thus, acquisitions and divestments had a SEK -2.8 million impact on operating earnings. But the two acquisitions are expected to boost 2008 earnings.

Operating earnings adjusted for exchange-rate effects increased by 26.4% to SEK 54.1 million as opposed to SEK 42.8 million in 2007

Higher raw material costs, particularly for steel, have largely been offset by price hikes.

Financial expenses were SEK -13.1 million (-4.9) in the first quarter. The increase stemmed primarily from generally higher interest rates and greater interest expenses from 2007 acquisitions.

The profit after financial items amounted to SEK 28.9 million (37.9). Exchange-rate effects affected the figure by SEK -13.9 million.

Investments

Excluding acquisitions, the group's investments in non-current assets totalled SEK 14.7 million (14.8). Corresponding to 84.0% (95.5%) of depreciation, investments were primarily in replacements at the Lifting business area.

Liquidity and financial position

The group's liquid assets amounted to SEK 47.5 million (55.0) as of 31 March, as opposed to SEK 100.0 million at the end of 2007. Unutilized credit facilities were SEK 341.0 million (120.0), as opposed to SEK 276.0 million at the end of 2007.

Net borrowings were SEK 666.9 million (491.8) as of 31 March, as opposed to SEK 614.0 million at the end of 2007. The increase was due primarily to acquisitions in 2007.

The equity/assets ratio was 32.7% (36.0) as of 31 March, as opposed to 32.9% at the end of 2007. The debt/equity ratio was 1.2 (1.0) as of 31 March, as opposed to 1.1 at the end of 2007.

Cash flow

Cash flow from operating activities amounted to SEK -49.9 million (-27.0) in the first quarter. Operating cash flow after deduction for investments but before interest and tax paid was SEK -22.2 million (-25.6).

Employees

Employees of the group numbered 1,530 (1,313) at the end of the quarter, as opposed to 1,505 at the end of 2007.

Business areas

As of 2008, group-wide and other non-allocated items are reported independently of the business areas. The comparative figures for previous quarters have been recalculated.

Fastening

The Fastening business area, which is a foremost manufacturer and innovator of a complete range of high-quality fastening solutions, is a market leader in the Nordic countries, Eastern Europe and Central Europe. Most of the business area's sales are in the spring and summer, when construction activity is briskest.

SEK million	January-March			Full year		
	2008	2007	Change (%)	2007	2006	2005
Net sales	169.0	110.6	52.8	578.9	440.6	411.2
Operating earnings	5.3	3.2	65.6	50.6	33.1	35.0
Operating margin (%)	3.2	2.9		8.7	7.5	8.5

Net sales for the first quarter rose by 52.8% to SEK 169.0 million (110.6). The operating profit increased by 65.6% to SEK 5.3 million (3.2) and the operating margin was 3.2% (2.9).

Christiania Spigerverk, which was acquired in 2007, sells primarily to the Norwegian market and partially to the Swedish market, both of which are weakest during the first few months of the year. Christiania Spigerverk is expected to boost 2008 earnings but had an SEK -1.2 million impact on the quarter's operating earnings.

Higher raw material costs have largely been offset by price hikes.

The Central and Eastern European markets remained strong. A shift was under way in the Nordic market from residential to commercial construction. The slowdown in residential construction was offset by increased market share. The Fastening business area entered into agreements with a couple of large end-users and distributors that made it their integrated supplier of fastening solutions.

Lifting

The Lifting business area is a leader in the product development, manufacture and marketing of complete systems for chain-based lifting components that handle weights of 1-125 tonnes.

SEK million	January-March			Full year		
	2008	2007	Change (%)	2007	2006	2005
Net sales	225.0	218.6	2.9	865.8	764.7	672.2
Operating earnings	22.5	23.1	-2.6	97.7	91.6	66.0
Operating margin (%)	10.0	10.6		11.3	12.0	9.8

Net sales for January-March increased by 2.9% to SEK 225.0 million (218.6). The operating profit decreased by 2.6% to SEK 22.5 million (23.1) and the operating margin was 10.0% (10.6).

Higher raw material costs, particularly for steel prices, have largely been offset by price hikes. Exchange-rate effects had a detrimental impact on earnings because a considerable percentage of the Lifting business area's transactions are in the British pound and U.S. dollar, both of which depreciated against the Swedish krona.

Emisafe in the United Arab Emirates, which was acquired in 2007, had a SEK -1.6 million impact on the quarter's operating earnings. EmiSafe is expected to boost 2008 earnings but traditionally is weakest in the first few months of the year.

The most pronounced slowdown during the quarter was in the North American market, while the slowdown in the British market was offset by greater selling activities.

Technical Products

The Technical Products business area consists of the Blocks, Telescopes and Traction Systems units. The Blocks business unit, most of whose market is in North America, is a world-leading developer, manufacturer and marketer of products for heavy lifting. Telescopes has a leading position in the European market for telescopic ladders and work platforms, which are marketed under the Telesteps brand. Traction Systems is a leader in the development, manufacture and marketing of traction products and systems for contractors' and forest machinery, as well as for agricultural and transport vehicles.

SEK million	January-March			Full year		
	2008	2007	Change (%)	2007	2006	2005
Net sales	167.0	153.4	8.9	620.1	514.5	400.9
Operating earnings	23.3	22.7	2.6	85.8	96.3	58.0
Operating margin (%)	13.9	14.8		13.8	18.7	14.5

Net sales for the first quarter rose by 8.9% to SEK 167.0 million (153.4). The operating profit increased by 2.6% to SEK 23.3 million (22.7) and the operating margin was 13.9% (14.8).

Exchange-rate effects had a detrimental impact on earnings, primarily due to the depreciation of the U.S. dollar against the Swedish krona.

The Blocks business unit continued to experience stable, solid growth during the quarter despite a visible economic slowdown in the United States. Earnings were affected by higher raw material costs, which were largely offset by price hikes. The business unit, which enjoyed high capacity utilisation, was favourably affected during the quarter by the export potential generated by the dollar's depreciation, while currency fluctuations vs. the Swedish krona substantially reduced earnings.

The extensive measures adopted in the second half of 2007 at the **Telescopes** business unit to meet substantially greater competition, price pressure, lower volumes and a growing number of patent

infringements were carried out faster than planned. The business unit operated at a profit for the quarter after showing a loss in 2007.

The first quarter earnings of the **Traction Systems** business unit were reduced by the mild winter and lower sales volumes to U.S. oil sand fields. While the economic slowdown in the United States had a detrimental impact on earnings, the Eastern European and Russian markets expanded.

Risk factors and uncertainties

The group and parent company's most significant risk factors and uncertainties include commercial risks in the form of product, liability, raw material, property and environmental risks. In addition, Gunnebo Industrier is exposed to various types of financial risk such as financing, liquidity, interest-rate, exchange-rate, credit and counterparty risks. More detailed disclosures regarding the group's risk factors and uncertainties appear on page 48, Notes 28-29, of Gunnebo Industrier's annual report for 2007.

Parent company

The parent company reported sales of SEK 250.5 million (224.5) for January-March. The parent company includes all the Swedish businesses, including the development, production, marketing and sales of Fastening and Lifting products, as well as sales of Traction Systems products. In addition, group functions are at the head office in Gunnebo.

The parent company's profit after tax amounted to SEK 45.2 million (50.0). The number of parent company employees at the end of the quarter was 503 (461), as opposed to 493 at the end of 2007.

Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and Swedish Financial Reporting Board Recommendation RFR 2.1, Accounting for Legal Entities. With the exception of segment reporting, the accounting policies are the same as those used in 2007. As of 2008, group-wide and other non-allocated items are reported independently of the business areas. The comparative figures for previous quarters have been recalculated. The new or revised IFRS standards in effect as of 1 January 2008 have not affected the group's reported earnings or financial position. For disclosures about the accounting policies applied, refer to the 2007 annual report.

Financial reporting schedule and contacts

Financial reporting schedule

- The January-June interim report will be released on 14 August 2008
- The January-September interim report will be released on 12 November 2008

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About Gunnebo Industrier

Gunnebo Industrier AB is an international group of industrial companies with operations in 15 countries and worldwide co-operations with around 50 major distributors/agents. The group is engaged in the development, manufacture and marketing of chain and lifting components, fastening systems for the building industry, blocks/systems for heavy lifting, non-skid products and telescopic ladders. The business is conducted through the Fastening, Lifting and Technical Products (which comprises the business units Blocks, Telescopes and Traction Systems) business areas. Gunnebo Industrier markets well-known products in established market segments, and is market leader in each product and/or market area. Annual sales amount to about SEK 2.1 billion and the group has 1,530 employees. For more information, see www.gunneboindustries.com.

Gunnebo, 8 May 2008

Board of Directors

Gunnebo Industrier AB

The company's auditors did not review this report.

Consolidated Income Statement SEK million	January - March 2008	2007	Full year 2007
Net sales	561,0	485,2	2064,8
Costs for goods sold	-384,4	-346,3	-1435,1
Gross profit/loss	176,6	138,9	629,7
Selling and administrative expenses	-130,4	-99,4	-440,6
Other operating income and expenses	-4,2	3,3	20,5
Operating profit/loss	42,0	42,8	209,6
Operating margin	7,5%	8,8%	10,2%
Financial items, net	-13,1	-4,9	-32,2
Profit/loss after financial items	28,9	37,9	177,4
Tax on profit/loss for the year	-10,2	-12,8	-55,0
Profit/loss for the year ¹	18,7	25,1	122,4
¹ Attributable to the parent company shareholders	18,7	25,0	122,4
¹ Attributable to minority shareholding	-	0,1	-
Earnings per share (8 770 909 shares), SEK [*]	2,13	2,85	13,96
[*] Because there are no outstanding equity instruments, there is no dilution.			

Consolidated Balance Sheet SEK million	31 March 2008	31 March 2007	Full year 2007
Intangible fixed assets	252,6	108,9	258,3
Tangible fixed assets	396,0	375,7	400,5
Financial fixed assets	10,1	14,0	11,1
Inventories	559,8	484,9	546,2
Current receivables	435,3	368,3	352,7
Liquid assets	47,5	55,0	100,0
Total assets	1 701,3	1 406,8	1 668,8
Equity	556,7	507,0	548,7
Long-term liabilities	780,0	602,5	776,7
Current liabilities	364,6	297,3	343,4
Total equity and liabilities	1 701,3	1 406,8	1 668,8

Change in Equity SEK million	31 March 2008	31 March 2007	Full year 2007
Equity has been changed during the period:			
At the start of the period	548,7	474,6	474,6
Exchange-rate differences	-10,7	8,8	9,4
Impact of cash flow hedging	-	-1,5	-3,2
Total transactions reported directly in equity	-10,7	7,3	6,2
Profit/Loss for the year	18,7	25,1	122,4
Total reported income and expense for 2007	8,0	32,4	128,6
Acquisition of minority share	-	-	-6,3
Dividend	-	-	-48,2
At the end of the period ¹	556,7	507,0	548,7
¹ At the end of the period the minority interest amounts to	-	6,3	-

Cash Flow Analysis	January - March		Full year
SEK million	2008	2007	2007
Cash flow from operating activities			
before change in working capital	18,1	45,5	183,8
Total change in working capital	-68,0	-72,5	-36,3
Cash flow from operating activities	-49,9	-27,0	147,5
Net investments	-14,5	-12,0	-44,4
Acquisition/Divestment of companies and operations	-1,2	-31,3	-197,2
Cash flow from investing activities	-15,7	-43,3	-241,6
Changes in long-term receivables and liabilities	15,2	53,5	169,2
Dividends to shareholders	-	-	-48,2
Cash flow from financing activities	15,2	53,5	121,0
Cash flow for the period	-50,4	-16,8	26,9
Liquid assets at beginning of the period	100,0	70,9	70,9
Translation differences on liquid assets	-2,1	0,9	2,2
Liquid assets at the end of the period	47,5	55,0	100,0

Operating Cash Flow	January - March		Full year
SEK million	2008	2007	2007
Cash flow from operating activities	-49,9	-27,0	147,5
Reversal of tax paid and net financial items affecting cash flow	42,2	13,4	87,2
Net investments	-14,5	-12,0	-44,4
Operating cash flow	-22,2	-25,6	190,3

Key ratios and other disclosures	31 March	31 March	Full year
	2008	2007	2007
Return on capital employed* (%)	17,8	21,1	18,9
Return on equity* (%)	22,2	27,8	24,2
Gross margin, (%)	31,5	28,6	30,5
Operating margin before depreciation (%)	10,6	12,0	13,4
Operating margin (%)	7,5	8,8	10,2
Profit margin (%)	5,2	7,8	8,6
Capital turnover rate*	1,8	1,8	1,8
Equity/assets ratio (%)	32,7	36,0	32,9
Interest coverage ratio	3,6	7,8	6,5
Debt/equity ratio	1,2	1,0	1,1
Foreign share of net sales (%)	77	78	78
Orders received (SEK millions)	549,3	527,9	2 093,0
Capital employed (SEK millions)	1 275,8	1 060,1	1 267,6
Net borrowings (SEK millions)	666,9	491,8	614,0
Investments (SEK millions)	14,7	14,8	69,5
Depreciation (SEK millions)	17,5	15,5	67,6
Average number of employees	1518	1295	1394

* During the last 12 months

Per-share data	31 March	31 March	Full year
	2008	2007	2007
Earnings per share (SEK)	2,13	2,85	13,96
Equity per share (SEK)	63,50	57,10	62,60
Cash flow per share (SEK)	-5,70	-3,10	16,80
Number of shares *	8 770 909	8 770 909	8 770 909

* Because there are no outstanding equity instruments, there is no dilution.

Net Sales by market	January - March		January - March		Full year	
SEK million	2008		2007		2007	
Sweden	127	23%	108	22%	450	22%
Nordic countries excl. Sweden	124	22%	89	18%	426	21%
Europe excl. Nordic countries	145	26%	124	26%	532	26%
North America	120	21%	119	25%	467	22%
Other markets	45	8%	45	9%	190	9%
Total	561	100%	485	100%	2 065	100%

Quarterly Data	2008	2007	2006						
SEK million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

Consolidated income statement

Net sales	561,0	539,1	525,3	515,2	485,2	437,0	415,3	452,8	421,9
Gross profit/loss	176,6	167,4	159,8	163,6	138,9	139,2	133,9	146,1	123,7
Operating profit/loss	42,0	47,8	61,0	58,0	42,8	49,2	56,0	55,3	32,9
Profit/loss after financial items	28,9	35,5	51,4	52,6	37,9	43,7	50,0	46,9	28,1
Profit/loss for the year	18,7	25,2	35,8	36,3	25,1	34,3	33,5	32,5	17,6

Key ratios, %

Gross margin	31,5	31,1	30,4	31,8	28,6	31,9	32,2	32,3	29,3
Operating margin	7,5	8,9	11,6	11,3	8,8	11,3	13,5	12,2	7,8

Net sales per business area¹

Fastening	169,0	144,5	180,8	143,0	110,6	93,4	124,0	126,3	96,9
Lifting	225,0	226,0	200,3	220,9	218,6	190,6	175,0	201,3	197,8
Technical Products	167,0	168,6	148,9	149,2	153,4	151,4	114,6	123,3	125,2
Other	-	-	-4,7	2,1	2,6	1,6	1,7	1,9	2,0
Total	561,0	539,1	525,3	515,2	485,2	437,0	415,3	452,8	421,9

Operating profit/loss per business area¹

Fastening	5,3	3,8	26,7	17,0	3,2	3,8	14,7	13,5	1,1
Lifting	22,5	25,7	20,5	28,4	23,1	23,0	19,7	27,2	21,7
Technical Products	23,3	19,4	21,4	22,2	22,7	28,5	22,0	23,8	22,0
Other	-9,1	-1,1	-7,6	-9,6	-6,2	-6,1	-0,4	-9,2	-11,9
Total	42,0	47,8	61,0	58,0	42,8	49,2	56,0	55,3	32,9

Operating margin per business area (%)¹

Fastening	3,2	2,7	14,7	11,9	2,9	4,1	11,9	10,7	1,1
Lifting	10,0	11,4	10,2	12,9	10,6	12,0	11,3	13,5	10,9
Technical Products	13,9	11,5	14,4	14,9	14,8	18,8	19,2	19,3	17,6
Total	7,5	8,9	11,6	11,3	8,8	11,3	13,5	12,2	7,8

¹ As of 2008, group-wide and other non-allocated items are reported independently of the business areas. The comparative figures for previous quarters have been recalculated. Rental income, which was previously reported under net sales, is reported as of Q3 2007 under other operating income.

Five-year summary

SEK million	2007	2006	2005	2004	2003
Net sales	2 064,8	1 727,0	1 490,9	1 239,8	1 144,3
Profit/loss for the year	122,4	117,9	85,3	57,1	44,2
Balance sheet total	1 668,8	1 294,7	1 194,3	937,8	897,1
Operating cash flow	190,3	140,6	83,3	104,5	100,8
Return on capital employed (%)	18,9	20,5	17,0	13,9	12,3
Return on equity (%)	24,2	27,5	24,6	17,7	14,3
Equity/assets ratio (%)	32,9	36,7	33,5	31,8	35,7
Debt/equity ratio	1,1	0,9	1,2	1,3	1,1
Earnings per share (SEK)	13,96	13,35	9,62	6,42	5,04
Equity per share (SEK)	62,60	53,40	44,90	33,50	36,10
Dividend per share (SEK)	6,00*	5,50	3,50	-	-

*Proposed by the Board

Parent Company Income Statement	January - March		Full year
SEK million	2008	2007	2007
Net sales	250,5	224,5	905,7
Gross profit/loss	50,5	49,3	185,4
Operating profit/loss	3,4	12,2	39,7
Profit/loss after financial items	43,0	52,5	109,5
Pre-tax profit/loss	43,0	52,5	109,9
Profit/loss for the year	45,2	50,0	105,0

Of the parent company's net sales in 2008, SEK 80.5 million (59.6) was to group companies, while purchases from group companies totalled SEK 29.4 million (17.9).

Parent Company Balance Sheet	31 March	31 March	Full year
SEK million	2008	2007	2007
Fixed assets	761,1	549,8	744,1
Current assets	443,1	406,5	411,6
Total assets	1 204,2	956,3	1 155,7
Equity	286,6	238,2	241,4
Untaxed reserves	87,5	87,9	87,5
Long-term liabilities and provisions	612,8	466,0	642,2
Current liabilities	217,3	164,2	184,6
Total equity and liabilities	1 204,2	956,3	1 155,7

The parent company's total liquid assets, including the unutilised portion of bank overdraft facilities granted, were SEK 191.8 million at the end of the quarter. Investments in January-March were SEK 6.1 million (1.5).