



PRESS RELEASE

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Interim report January – September 2008 HL Display AB (publ)

- Sales during the third quarter of 2008 amounted to MSEK 367 (378), operating profit amounted to MSEK 36 (35) and profit before tax to MSEK 38 (33). Net profit was reported as MSEK 26 (23) and profit per share after dilution was SEK 0.84 (0.73) for the same period.
- Net sales for the period amounted to MSEK 1 154 (1 158). Operating profit was MSEK 110 (112) and profit before tax was MSEK 110 (107). Net profit amounted to MSEK 78 (74).
- EBITA-margin for the third quarter was 10.3% and for the period 9.6%.
- Profit per share after dilution amounted to SEK 2.51 (2.38) for the first nine months of the year.
- For the full year a slight decrease in net sales and EBITA are expected.

Statement by the Managing Director

It seems obvious that the global business climate the next year or years will be tough. The last year's efforts to make the group more cost effective in combination with a healthy financial position make us however believe that HL Display can benefit from the situation on the market from a competitive point of view. The aim is to come out of the recession as an even stronger company with a stronger market position.

In the 6 months report we informed that sales 2008 should be below our target 5-10 percent. More precise we expected the sales to be slightly above 2007. Since then the uncertainties in the market have increased and this has had a negative effect on us. We now expect a slight decrease for the full year 2008. However it should also be noticed that 4th quarter 2007 was very good while the sales the 4th quarter this year is expected to be more in line with the average sale this year.

Several actions taken the last years have given us an improved gross profit. However as we had planned for a sales increase of 5-10 percent our operating expenses was also increased accordingly. As a result the EBITA is rather stable.

G rard Dubuy

Interim report

Net sales and result for the third quarter of 2008

Net sales for the Group amounted to MSEK 367 (378) for the third quarter, a decrease of 3 percent compared to the same

quarter 2007. Operating profit for the same period was MSEK 36 (35) and profit before tax amounted to MSEK 38 (33). The financial net for the third quarter amounted to MSEK 2 (-2) whereof net interest 0 (-2), and exchange rate effects MSEK 2 (0).

Net sales and result for the first nine months of 2008

The Group's net sales amounted to MSEK 1 154 (1 158) for the first nine months, unchanged compared to the same period in 2007. The change in the value of the krona vis-a-vis the export currencies has in total not affected net sales in comparison with last year.

Operating profit for the first nine months was MSEK 110 (112) and profit before tax amounted to MSEK 110 (107). The change in value of the krona compared to last year has had a positive effect amounting to MSEK 3 on operating profit. Financial net for the period amounted to MSEK -1 (-5) whereof interest net MSEK -2 (-6) and exchange rate effects MSEK 1 (1). HL Display's most important export currencies are Euro, British pounds and Russian roubles.

Gross margin has improved, thanks to a favourable product mix and price increases introduced as from the year end. Raw material prices have remained high during the nine month period. However, the efficiency improvements carried out at the factories have well counteracted any negative effects on the result. Operating expenses have increased with MSEK 29 or 8% in comparison with last year. Around MSEK 17 related to newly acquired subsidiaries and the building up of sales companies on growth markets. Around MSEK 4 are costs related to the retailing trade fair EuroShop, which is held every third year.

Sales growth by market

During 2008 the sales on the markets in which HL Display operates has in total been weaker than initially expected.

HL Display is Europe's leading supplier of products and solutions for merchandising and in-store communication. With more than 50 years' experience, the company is experts at displaying products in stores in a way that increases sales and makes the store work more efficient, at the same time as providing end consumers with all the information required to make a purchasing decision.



The exception has been the Nordic countries, which developed better than expected and showed a growth in sales of 12 percent. Sales in Western Europe decreased by 6 percent, mainly explained by disturbances in connection with organizational changes. Sales in Eastern Europe increased by 4 percent. Sales in Asia increased by 21 percent during the first nine months of 2008.

Seasonal effects

HL Display is normally affected negatively by seasonal variations during December and January. The reason is that customers, who consist mainly of retailing companies, do not plan any changes during the Christmas shopping period.

Investments

During the first nine months, net investments in non-current assets amounted to MSEK 27 (61). Net investments for 2007 included the acquisition of Display Team. Depreciation according to plan amounted to MSEK 27 (30).

Cash flow and financial position

As at 30 September 2008, liquidity amounted to MSEK 177 (147), at the start of the year to MSEK 177. Interest-bearing net receivables, which at the beginning of the year amounted to MSEK 49, amounted to MSEK 36 (21) on the balance sheet date. Dividend decided upon amounting to MSEK 43 (27) has been paid.

Cash flow from operating activities fell to MSEK 56 (92), primarily as a result of a negative change in working capital. Cash flow from operating activities for the third quarter amounted to MSEK 16 (16). Operational cash flow amounted to MSEK 65 (95), per share SEK 2.09 (3.07), during the third quarter to SEK 0.59 (0.98) per share.

The equity ratio on the balance sheet date amounted to 54 (51) percent; at the beginning of the year to 53 percent.

Employees

The average number of employees during the period was 987 (964). The number of employees on the balance sheet date was 989 (966) and at the beginning of the year 972. The increase in employees is concentrated to the factory in Suzhou in China.

Information about risks and uncertainty factors

Variations in raw material prices and exchange rate differences constitute uncertainty factors, but not significant risks. For a closer description of the risks and uncertainty factors facing HL Display, please see the risk and sensitivity analysis on page 32 of the annual report for 2007.

Parent company

The parent company's result after financial items for the first nine months of 2008 amounted to MSEK -64 (-44). No significant changes have been noted in the income statement or balance sheet.

Annual general meeting

Annual general meeting 2009 will be held at Factory, Nacka Strand April 2, 2009.

The Nomination Committee consists of the following: Anders Remius, Chairman of HL Display AB, Johan Lannebo, Fund Manager at Lannebo fonder and Hasse Bjurevad, former bank director, Nordea. The Nomination Committee can be contacted on the following address: HL Display AB, Box 1118, 131 26 Nacka Strand, Sweden or via e-mail at: info@hl-display.com.

Prospects for the remainder of 2008

In the previous quarterly report, sales for 2008 were expected to be in line with 2007 or slightly above. The turbulence on the financial markets the last months has started to have some negative impact on sales. We believe that the fourth quarter can be in line with the result of quarter three, but lower than last years fourth quarter, which was extremely strong.

The forecast is now that net sales and EBITA are expected to fall slightly as compared to 2007.

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Summary of consolidated income statement^{1) 4)}

SEK (000s)	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Jan - Dec 2007
Net Sales	366 710	378 351	1 153 679	1 157 809	1 571 181
Cost of goods sold/services sold	-180 079	-202 569	-583 304	-621 699	-833 768
Gross profit/loss	186 631	175 782	570 375	536 110	737 413
Selling expenses	-109 816	-103 519	-345 981	-311 287	-421 685
Administrative expenses	-34 534	-29 235	-93 368	-90 446	-123 533
Research and development expenses	-5 157	-6 908	-19 780	-23 623	-37 545
Other operating income/expenses	-1 619	-907	-893	1 034	5 890
Operating profit/loss	35 505	35 213	110 353	111 788	160 540
Financial income/expenses ³⁾	2 262	-2 091	-712	-5 173	-5 852
Profit/loss before taxes	37 767	33 122	109 641	106 615	154 688
Income tax expense	-11 671	-10 269	-31 796	-33 052	-46 452
Profit/loss for the period	26 095	22 853	77 845	73 563	108 236
Attributable to:					
The parent company's shareholders	26 134	22 714	77 735	73 463	107 864
Minority interest	-39	139	110	100	372
Net profit/loss for the period	26 095	22 853	77 845	73 563	108 236

Data per share^{2) 8)}

	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007	Jan - Dec 2007
No of shares	30 939 088	30 939 088	30 939 088	30 939 088	30 939 088
Weighted-average no. of shares	30 939 088	30 939 088	30 939 088	30 931 180	30 933 176
Weighted-average no. of shares after dilution	30 939 088	30 946 380	30 953 169	30 940 100	30 984 444
Earnings per share ⁵⁾					
before dilution, SEK	0.84	0.73	2.51	2.38	3.49
after dilution, SEK	0.84	0.73	2.51	2.37	3.48
Share price at the end of period, SEK	37.90	49.50	37.90	49.50	48.75
Operational cash flow per share, SEK	0,59	0,98	2,09	3,07	5,29
P/E-ratio, Dec 31	-	-	-	-	13,98

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Summary of consolidated balance sheet

SEK (000s)	Sept 30, 2008	Sept 30, 2007	Dec 31, 2007
Intangible assets ⁷⁾	39 097	34 954	35 350
Property, plant and equipment	134 120	139 566	138 359
Financial assets	23 718	25 763	21 935
Total non-current assets	196 935	200 283	195 644
Inventories	184 193	151 024	153 585
Current receivables	376 926	362 072	365 389
Cash and cash equivalents	176 678	147 036	177 079
Total current assets	737 797	660 132	696 053
Total assets	934 732	860 415	891 697
Equity	511 531	437 705	474 865
Non-current liabilities	120 036	111 789	111 444
Current liabilities	303 165	310 921	305 388
Total equity and liabilities	934 732	860 415	891 697

Summary of consolidated cash flow statement

SEK (000s)	Jul - Sept 2008	Jul - Sept 2007	Jan - Sept 2008	Jan - Sept 2007	Jan - Dec 2007
Operating profit/loss	35 506	35 213	110 354	111 788	160 540
Depreciation	8 777	8 940	27 410	30 344	39 515
Other items not affecting liquidity	-1 540	-2 950	-1 959	-6 768	-7 948
Interest received	165	655	1 331	1 932	4 085
Interest paid	-1 686	-2 114	-4 918	-9 022	-9 072
Income tax paid	-9 718	-9 418	-24 655	-25 511	-38 989
Change in working capital	-15 138	-14 044	-51 205	-10 456	-10 468
Cash flow from operating activities	16 366	16 863	56 358	92 307	137 663
Investing activities	-9 491	-3 538	-20 632	-56 091	-67 575
- whereof acquisition of subsidiary, net	-	-	-652	-21 990	-36 550
- whereof sale of real estate	-	-	3 465	3 200	3 585
Financing activities	8 796	-12 995	-36 299	-51 843	-56 625
Net Cash flow for the year	15 671	1 065	-573	-15 627	13 463
Cash and cash equivalents at beginning of the period	159 089	147 287	177 079	163 244	163 244
Foreign exchange differences	1 918	-1316	172	-581	352
Cash and cash equivalents at end of the period	176 678	147 036	176 678	147 036	177 059



Consolidated changes in equity

SEK (000s)	Sept 30, 2008	Sept 30, 2007	Dec 31, 2007
Opening balance	474 865	387 756	387 756
Dividend	-42 541	-27 072	-27 072
Profit/loss of the period	77 845	73 563	108 236
Cash flow hedge reserve	-4 533	730	580
New share issue through warrants	-	2 384	654
Warrant premiums paid	-	-	1 615
Equity-settled share-based instruments	383	344	460
Translation difference ⁴⁾	5 512	-	2 636
Closing balance	511 531	437 705	474 865

Summary of income statement for parent company^{1) 6)}

SEK (000s)	Jul - Sep 2008	Jul - Sep 2007	Jan - Sep 2008	Jan - Sep 2007	Jan - Dec 2007
Net Sales	8 577	7 400	25 179	20 334	100 505
Cost of services sold	-16 488	-10 605	-19 891	-20 795	-96 528
Gross profit/loss	-7 911	-3 205	5 288	-461	3 977
Selling expenses	-9 181	-5 293	-25 027	-21 071	-5 964
Administrative expenses	-2 339	-15 304	-47 019	-43 465	-13 035
Research and development expenses	-2 568	2 425	-10 750	-4 783	-15 105
Other operating income/expenses	423	505	1 625	4 678	5 874
Operating profit/loss	-21 576	-20 872	-75 883	-65 102	-24 253
Financial income/expenses ³⁾	3 625	9 718	12 185	21 313	121 782
Profit/loss before taxes	-17 951	-11 154	-63 698	-43 789	97 529
Income tax expense	10 329	579	19 979	6 970	-19 142
Profit/loss for the period	-7 622	-10 575	-43 719	-36 819	78 387

Summary of balance sheet parent company

SEK (000s)	Sept 30, 2008	Sept 30, 2007	Dec 31, 2007
Intangible assets	8 274	9 669	10 026
Property, plant and equipment	259	387	321
Financial assets	97 834	93 484	94 319
Total non-current assets	106 367	103 540	104 666
Current receivables	202 422	175 665	340 728
Cash and cash equivalents	3 167	13 051	2 089
Total current assets	205 589	188 716	342 817
Total assets	311 956	292 256	447 483
Equity	240 428	221 783	327 528
Non-current liabilities	50 395	29 904	39 752
Current liabilities	21 133	40 569	80 203
Total equity and liabilities	311 956	292 256	447 483

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Key figures the last five years⁸⁾

SEK (000s)	2008	2007	2006	2005	2004
Profit/loss after taxes, Jan-Sept	77 845	73 563	48 182	22 503	40 407
Earnings per share after taxes SEK, Jan-Sept	2.51	2.38	1.53	0.75	1.33
Return on capital, %, mov. 12 months	18.3	16.8	12.6	9.5	8.8
months	23.7	21.6	17.3	10.0	7.3
Equity/assets ratio %, 30 Sept	54.5	50.9	46.4	42.4	42.0

Key figures the last five quarters⁸⁾

SEK (000s)	Q 3 2008	Q 2 2008	Q 1 2008	Q 4 2007	Q 3 2007
Net sales	366 709	403 647	383 322	413 372	378 351
Operating profit/loss	35 505	43 602	31 246	48 752	35 213
Profit/loss before taxes	37 767	43 604	28 270	48 073	33 122
EBITA-margin %	10.3	10.8	8.2	11.8	9.3
No. of employees, end of period	989	999	974	972	966

Key figures for the Group^{1) 8)}

SEK (000s)	9 months Sep 2008	9 months Sep 2007	9 months sep 2006	12 months Aug 2007 - Sep 2008	12 months Aug 2006 - Sep 2007	12 months Aug 2005 - Sep 2006	Full year 2007
Net sales	1 153 679	1 157 809	1 054 133	1 567 051	1 551 814	1 404 108	1 571 181
Operating profit/loss	110 353	111 788	82 099	159 105	136 416	98 845	160 540
Profit/loss before taxes ³⁾	109 641	106 615	70 888	157 714	127 981	87 792	154 688
Profit/loss after taxes ³⁾	77 845	73 563	48 182	112 518	87 255	60 424	108 236
EBITA, %	9.6	9.7	7.8	10.2	8.8	7.0	10.3
Profit margin, %	9.5	9.2	6.7	10.1	8.2	6.3	9.8
Equity/assets ratio, %	54.5	50.9	46.4	54.5	50.9	46.4	53.3
Net investments, SEK m	26.9	60.6	23.4	36.5	68.8	31.5	70.2
(excl. re-classification leasing contracts)							
Return on total capital, %	-	-	-	18.3	16.8	12.6	18.6
Return on equity after tax, %	-	-	-	23.7	21.6	17.3	25.2
Return on capital employed, %	-	-	-	22.4	24.7	18.5	27.6
Shareholders' equity per share, SEK ²⁾	16.47	14.07	12.00	16.47	14.08	12.00	15.26
Earnings per share after taxes, SEK ^{2) 5)}	2.51	2.38	1.53	3.62	2.81	1.97	3.49
Earnings per share after dilution and taxes, SEK ^{2) 5)}	2.51	2.37	1.52	3.62	2.81	1.96	3.48

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- 1) This interim report for the Group has been drawn up in accordance with IAS 34 Interim reporting and with the Swedish Annual Accounts Act. Unless otherwise is stated, the accounting and valuation principles in the report are the same as in HL Display's annual accounts for 2007, in which principles and definitions are shown. The parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.1 Accounting for legal entities.
- 2) The number of shares and key ratios have been adjusted in accordance with the 4:1 share split, which was carried out on 28 April 2008.
- 3) Of which translation difference on 30 September 2008: MSEK -, 30 September 2007: MSEK 1.5, 31 December 2007: MSEK -. For the parent company tax appropriations is included.
- 4) A new translation method (the Current Method) has been applied since the fourth quarter of 2007. Comparable figure has not been restated.
- 5) Profit per share is calculated as profit after tax relating to the parent company's owners divided by the total weighted number of shares before/after dilution.
- 6) There are transactions with associated companies in the form of consultancy services carried out by XLENT Consulting Group, amounting to MSEK 10.2 (17.3). Please also see HL Display's annual accounts for 2007, note 37.
- 7) Of which goodwill on 30 September 2008: MSEK 27.9, 30 September 2007: MSEK 22.9, 31 December 2007: MSEK 23.4.
- 8) For definitions of key ratios, please refer to HL Display Annual report 2007, page 33.

The Board and the Managing Director confirm that the interim report provides a true overview of the parent company and the Group's operation, position and result and describes significant risks and uncertainty factors facing the parent company and the companies that are part of the Group.

The information was released for publication on 22 October 2008 at 8.40 am.

Stockholm, October 22nd, 2008

Anders Remius
Chairman of the board

Jan-Ove Hallgren
Member of the board

Stig Karlsson
Member of the board

Mats-Olof Ljungkvist
Member of the board

Åke Modig
Member of the board

Anna Ragén
Member of the board

Lars-Åke Rydh
Member of the board

Magnus Jonsson
Member of the board, Employee repr

Kent Mossberg
Member of the board, Employee repr

Gérard Dubuy
Member of the board, Managing Director and CEO

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Auditor's review

Introduction

We have reviewed the interim report of HL Display AB (publ), corporate identity number 556286-9957, as of September 30, 2008 and for the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm October 22, 2008
KPMG AB

Åsa Wirén Linder
Authorized Public Accountant

Financial reporting dates 2008

Year-end report	January 22, 2009
Annual Meeting of Shareholders, Factory, Nacka Strand	April 2, 2009
Quarterly report 3 months	April 20, 2009
Quarterly report 6 months	July 16, 2009
Quarterly report 9 months	October 21, 2009

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