



PRESS RELEASE

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Year-end report 2008 HL Display AB (publ)

- Sales during the fourth quarter of 2008 amounted to MSEK 382 (413), operating profit amounted to MSEK 20 (49) and profit before tax to MSEK 27 (48). Net profit was reported as MSEK 18 (35) and profit per share after dilution was SEK 0.60 (1.11) for the same period.
- Net sales for the year amounted to MSEK 1 536 (1 571). Operating profit was MSEK 130 (161) and profit before tax was MSEK 136 (155). Net profit amounted to MSEK 96 (108).
- EBITA-margin for the fourth quarter was 5.2 (11.8) percent and for the year 8.5 (10.3) percent.
- Profit per share after dilution amounted to SEK 3.11 (3.48) for the year.
- The Board proposed a dividend of SEK 1.38 (1.38) per share.
- For 2009 net sales is expected to be on the same level as 2008.

Statement by the Managing Director

The end of 2008 has been characterized to a great extent by the turbulence in the global financial markets and clear signs of an economic downturn. As far as HL Display is concerned we have earlier had limited impact from swings in the business cycle. During the last two months, however, this has been the case. Yet it is pleasing to note that despite a sales decrease we have been able to retain a good level of profitability. Work in recent years has had a clear emphasis on profitability improvement and we are currently running a far more efficient business than was the case a few years ago. We also have a strong balance sheet with low indebtedness. For this reason HL Display has a competitive advantage relative to our smaller competitors in the current market situation.

During the year there was a positive effect on our profit from an increase in the gross margin and a negative one because operating expenses were too high. The continued improvement in the gross margin is based on a number of factors in combination. In addition to the measures to improve productivity that we are implementing on an ongoing basis, our new logistical structure with regional warehouses has resulted in an increase in the average order size. This in turn creates longer production runs, which is an important precondition for efficient production.

The significant productivity improvements in production mean that we now produce more with fewer machines. As a consequence, we currently face an issue of over-capacity in production, which will be dealt with during 2009.

At the same time we have clearly set our sights on creating growth, and we have a number of development projects under way in the company. We must, however, be humble towards the fact that market climate can deteriorate further and that this could quickly get distinct negative effects on our business. This means that we will be paying very close attention to changes in the market climate in order to be prepared to respond quickly and appropriately if required.

Gérard Dubuy

Interim report

Net sales and result for the fourth quarter of 2008

Net sales for the Group amounted to MSEK 382 (413) for the fourth quarter, a decrease of 8 percent compared to the same quarter 2007. Operating profit for the same period was MSEK 20 (49) and profit before tax amounted to MSEK 27 (48). The financial net for the fourth quarter amounted to MSEK 7 (-1) whereof net interest MSEK 0 (1), and exchange rate effects MSEK 7 (-2). The result of the fourth quarter has been impacted with MSEK 5.1 related to severance pay including social charges.

Net sales and result for the year 2008

The Group's net sales amounted to MSEK 1 536 (1 571) for the year, a decrease with 2 percent compared to 2007. The change in the value of the krona vis-a-vis the export currencies has had a positive impact on net sales with MSEK 18 in comparison with last year.

Operating profit for the year amounted to MSEK 130 (161) and profit before tax was MSEK 136 (155). The change in value of the krona compared to last year had a positive effect of MSEK 6 on operating profit. Financial net for the

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.



year amounted to MSEK 6 (-6) whereof interest net MSEK -1 (-6) and exchange rate effects MSEK 7 (0). HL Display's most important trade currencies besides SEK are Euro, British pounds and Russian roubles.

Gross margin has improved, thanks to a favourable product mix, price increases and efficiency improvements in production. Operating expenses have increased with MSEK 39 or 8 percent in comparison with last year. Around MSEK 22 is 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 development by market

During 2008 the sales on the markets in which HL Display operates has in total been weaker than initially expected. The exception has been the Nordic countries, which developed satisfactory and showed a growth in sales of 3 percent. Sales in Western Europe decreased by 6 percent, mainly explained by disturbances in connection with organizational changes. Sales in Eastern Europe increased by 1 percent. Sales in Asia increased by 29 percent during 2008, in line with expectations.

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

Net investments in non-current assets amounted to MSEK 32 (70) during the year. Net investments for 2007 included the acquisition of Display Team. Depreciation according to plan amounted to MSEK 36 (40).

During the fourth quarter net investments were MSEK 8 (10). Depreciation according to plan during the same period were amounted MSEK 9 (9).

Cash flow and financial position

Cash flow from operating activities fell to MSEK 130 (138). During the fourth quarter cash flow from operating activities amounted to MSEK 74 (46).

Operational cash flow amounted to MSEK 130 (138) for the year were lower profit was compensated by lower investment levels. Operational cash flow per share was SEK 4.32 (4.59).

As at 31 December 2008, liquidity amounted to MSEK 221 (177). Interest-bearing net receivable amounted to MSEK

120 (49) on the balance sheet date. Dividend decided upon MSEK 43 (27) has been paid during the year.

The equity ratio on the balance sheet date amounted to 57 (53) percent.

Employees

The average number of employees during the period was 973 (968). The number of employees on the balance sheet date was 965 (972).

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 116 (98). No significant changes have been noted in the income statement or balance sheet.

Dividends, General meeting, Extra shareholders' meeting and Annual report

The Board's long term aim is to have a dividend share equalizing 30 to 50 percent of earnings per share after tax. The Board proposes a dividend for 2008 of SEK 1.38 (1.38) per share. Annual general meeting 2009 will be held at Factory, Nacka Strand, on April 2, 2009.

Extra shareholders' meeting with purpose to change residence will be held at Ratos, Drottninggatan 2, Stockholm, on February 25, 2009.

The Annual Report for 2008 will be published on the company's website and distributed to all shareholders during week 11.

Related party transactions

Please see note 5 for related party transactions.

Events after the balance sheet date

No significant events after the balance sheet date with effect on the book closing have occurred in the Group or the Parent Company.

Prospects for 2009

For 2009 the net sales is expected on the same level as 2008. The company's long-term growth and profitability goals remain unchanged.



Summary of consolidated income statement ¹⁾

SEK (000s)	Oct - Dec 2008	Oct - Dec 2007	Jan - Dec 2008	Jan - Dec 2007	Jan - Dec 2006
Net Sales	381 960	413 372	1 535 639	1 571 181	1 448 138
Cost of goods sold/services sold	-192 964	-212 069	-776 268	-833 768	-779 736
Gross profit/ loss	188 996	201 303	759 371	737 413	668 402
Selling expenses	-117 233	-110 398	-463 214	-421 685	-386 384
Administrative expenses	-41 087	-33 087	-134 455	-123 533	-135 604
Research and development expenses	-8 220	-13 922	-28 000	-37 545	-39 070
Other operating income/expenses	-2 551	4 856	-3 444	5 890	-617
Operating profit/ loss	19 905	48 752	130 258	160 540	106 727
Financial income/expenses ³⁾	6 611	-679	5 899	-5 852	-14 473
Profit/ loss before taxes	26 516	48 073	136 157	154 688	92 254
Income tax expense	-8 044	-13 400	-39 840	-46 452	-30 380
Profit/ loss for the period	18 472	34 673	96 317	108 236	61 874
Attributable to:					
The parent company's shareholders	18 299	34 401	96 254	107 864	60 524
Minority interest	173	272	63	372	1 350
Net profit/ loss for the period	18 472	34 673	96 317	108 236	61 874

Data per share ^{2) 7)}

	Oct - Dec 2008	Oct - Dec 2007	Jan - Dec 2008	Jan - Dec 2007	Jan - Dec 2006
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	30 933 176	30 774 032
Weighted-average no. of shares after dilution	30 939 088	30 946 380	30 939 088	30 984 444	30 843 836
Earnings per share ⁴⁾					
before dilution, SEK	0.59	1.11	3.11	3.49	1.97
after dilution, SEK	0.59	1.11	3.11	3.48	1.96
Share price at the end of period, SEK	23.00	48.75	23.00	48.75	46.00
Operational cash flow per share, SEK	2.23	1.52	4.32	4.59	3.81
P/E-ratio, Dec 31	-	-	-	14.00	23.39



Summary of consolidated balance sheet

SEK (000s)	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Intangible assets ⁶⁾	42 781	35 350	5 570
Property, plant and equipment	137 922	138 359	208 494
Financial assets	21 529	21 935	19 729
Total non-current assets	202 232	195 644	233 793
Inventories	187 165	153 585	136 403
Current receivables	336 127	365 389	343 121
Cash and cash equivalents	220 773	177 079	163 244
Total current assets	744 065	696 053	642 768
Total assets	946 297	891 697	876 561
Equity	541 853	474 865	387 756
Non-current liabilities	88 781	111 444	122 982
Current liabilities	315 663	305 388	365 823
Total equity and liabilities	946 297	891 697	876 561

Summary of consolidated cash flow statement

SEK (000s)	Oct - Dec 2008	Oct - Dec 2007	Jan - Dec 2008	Jan - Dec 2007	Jan - Dec 2006
Operating profit/loss	19 904	48 752	130 258	160 540	106 727
Depreciation	8 713	9 171	36 123	39 515	44 379
Other items not affecting cash flow	20 362	-1 180	18 403	-7 948	15 072
Interest received	3 995	2 153	5 326	4 085	2 423
Interest paid	-1 721	-50	-6 639	-9 072	-12 002
Income tax paid	-12 500	-13 458	-37 155	-38 969	-19 132
Change in working capital	24 124	-12	-27 081	-10 468	-16 644
Cash flow from operating activities	62 877	45 376	119 235	137 683	120 823
Investing activities	-3 496	-11 484	-24 128	-67 575	-32 584
- whereof aquisition of subsidiary, net	-	-14 560	-652	-36 550	-
- whereof sale of real estate	-	385	3 465	3 585	-4 080
Financing activities	-18 024	-4 782	-54 323	-56 625	-4 080
Net Cash flow for the year	41 357	29 110	40 784	13 483	84 159
Cash and cash equivalents at beginning of the period	176 678	147 036	177 079	163 244	81 131
Foreign exchange difference in cash and bank balances	2 738	933	2 910	352	-2 046
Cash and cash equivalents at end of the period	220 773	177 079	220 773	177 079	163 244



Consolidated changes in equity

SEK (000s)	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Opening balance	474 865	387 756	342 329
Dividend	-42 541	-27 072	-23 066
Profit/loss of the period	96 317	108 236	61 874
Cash flow hedge reserve	-9 467	580	1 487
New share issue through warrants	-	654	4 672
Warrant premiums paid	-	1 615	-
Equity-settled share-based instruments	294	460	460
Translation difference	22 385	2 636	-
Closing balance	541 853	474 865	387 756

Summary of income statement for parent company^{1) 5)}

SEK (000s)	Oct - Dec 2008	Oct - Dec 2007	Jan - Dec 2008	Jan - Dec 2007	Jan - Dec 2006
Net Sales	76 075	80 171	101 254	100 505	84 624
Cost of services sold	-79 952	-75 733	-99 843	-96 528	-82 489
Gross profit/ loss	-3 877	4 438	1 411	3 977	2 135
Selling expenses	22 642	15 107	-2 385	-5 964	-1 226
Administrative expenses	25 245	30 430	-21 774	-13 035	-18 618
Research and development expenses	-5 125	-10 322	-15 875	-15 105	-14 148
Other operating income/expenses	-72	1 196	1 553	5 874	2 631
Operating profit/ loss	38 813	40 849	-37 070	-24 253	-29 226
Financial income/expenses ³⁾	135 424	100 469	147 609	121 782	103 830
Profit/ loss before taxes	174 237	141 318	110 539	97 529	74 604
Income tax expense	-38 396	-26 112	-18 417	-19 142	-13 054
Profit/ loss for the period	135 841	115 206	92 122	78 387	61 550

Summary of balance sheet parent company

SEK (000s)	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Intangible assets	7 562	10 026	4 935
Property, plant and equipment	3 055	321	589
Financial assets	92 591	94 319	70 052
Total non-current assets	103 208	104 666	75 576
Current receivables	379 910	340 728	263 216
Cash and cash equivalents	14 863	2 089	76 609
Total current assets	394 773	342 817	339 825
Total assets	497 981	447 483	415 401
Equity	374 483	327 528	284 675
Non-current liabilities	52 138	39 752	29 904
Current liabilities	71 360	80 203	100 822
Total equity and liabilities	497 981	447 483	415 401

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Key figures the last five years⁷⁾

SEK (000s)	2008	2007	2006	2005	2004
Profit/loss after taxes	96 317	108 236	61 874	34 745	46 621
Earnings per share after taxes, SEK	3.11	3.50	1.98	1.15	1.53
Return on total capital, %	14.8	18.6	13.0	9.5	14.9
Return on shareholders' equity %	19.0	25.2	16.6	10.4	15.0
Equity/assets ratio %, 31 Dec	57.3	53.3	44.2	45.0	42.8

Key figures the last five quarters⁷⁾

SEK (000s)	Q 4 2008	Q 3 2008	Q 2 2008	Q 1 2008	Q 4 2007
Net sales	381 960	366 709	403 647	383 322	413 372
Operating profit/loss	19 905	35 505	43 602	31 246	48 752
Profit/loss before taxes	26 516	37 767	43 604	28 270	48 073
EBITA-margin %	5.2	9.7	10.8	8.2	11.8
No. of employees, end of period	965	989	999	974	972

Key figures for the Group⁷⁾

SEK (000s)	2008	2007	2006
Net sales	1 535 639	1 571 181	1 448 138
Operating profit/loss	130 258	160 540	106 727
Profit/loss before taxes	136 157	154 688	92 254
Profit/loss after taxes	96 317	108 236	61 874
EBITA, %	8.5	10.3	7.4
Profit margin, %	8.9	9.8	6.4
Equity/ assets ratio, %	57.3	53.3	44.2
Net investments, SEK m	31.6	70.2	31.7
(excl. re-classification leasing contracts)			
Return on total capital, %	14.8	18.6	13.0
Return on equity after tax, %	19.0	25.2	16.6
Return on capital employed, %	23.0	27.6	19.0
Shareholders' equity per share, SEK ⁽²⁾	17.51	15.26	12.53
Earnings per share after taxes, SEK ^(2) 4)	3.11	3.49	1.97
Earnings per share after dilution and taxes, SEK ^(2) 4)	3.11	3.48	1.96

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- 1) This interim report for the Group has been prepared 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 prepared 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) Whereof interest net MSEK -1 (-6) and exchange rate effects MSEK 7 (0). In the parent company tax appropriations are included.
- 4) 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.
- 5) There are transactions with associated companies in the form of consultancy services carried out by XLENT Consulting Group, amounting to MSEK 6.9 (23.1). Please also see HL Display's annual accounts for 2007, note 37.
- 6) Thereof goodwill on 31 December 2008: MSEK 33.3, 31 December 2007: MSEK 23.4.
- 7) Definitions of key ratios, refers to HL Display Annual report 2007, page 33.

The information was released for publication on 22 January 2009 at 8.40 am.

Nacka, January 22, 2009
On Behalf of the Board

Gérard Dubuy
Member of the board and MD

Financial reporting dates 2009

Extra shareholders' meeting, Drottninggatan 2, Stockholm	February 25, 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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