Nederman

Interim report January – September 2007

Incoming orders climb 29% in Q3, operating profit up 49%

- **Sales in the third quarter reached SEK 254m (215), an increase of 18%. Sales in the first nine months of the year were SEK 738m (633), an increase of 17%.**
- **Incoming orders in the third quarter amounted to SEK 254m (197), an increase of 29%. Incoming orders in the first nine months of the year were SEK 760m (641), an increase of 19%.**
- **Operating profit in the third quarter amounted to SEK 29m (19), up 49%. Operating profit in the first nine months of the year amounted to SEK 80m (59), up 36% (*before the one-time charge in connection with the IPO process. Including IPO expenses: SEK 74m*).**
- **Profit before taxes in the third quarter was SEK 26m (17). Profit before taxes in the first nine months of the year was SEK 73m (51) (*before the IPO charge. Including IPO charge: SEK 67m).***
- **Net profit in the third quarter was SEK 19m (12). Net profit in the first nine months of the year was SEK 52m (38) (*before the IPO charge, including IPO charge: SEK 46m).***
- **Earnings per share in the third quarter were SEK 1.59 (1.03). Earnings per share in the first nine months of the year were SEK 4.44 (3.30) (*before the IPO charge. including IPO charge: SEK 4.07).***

IPO = Initial Public Offering

Key figures, Group

	1 July - 30 Sept		1 January - 30 Sept		Full year	Oct - Sept
SEK 000	2007	2006	2007	2006	2006	12 months
Net sales	253 627	214 570	738 372	632 891	877 794	983 275
Gross profit	125 659	104 290	368 334	312 430	431 265	487 169
Gross margin, %	49.5	48.6	49.9	49.4	49.1	49.5
EBITDA *)	32 960	26 853	92 303	71 164	104 384	125 523
EBITDA margin, % *)	13.0	12.5	12.5	11.2	11.9	12.8
Operating profit *)	28 851	19 346	80 068	58 724	85 376	106 720
Operating margin	11.4	9.0	10.8	9.3	9.7	10.9
Profit before tax*)	26 096	17 027	73 183	51 369	75 609	97 423
Profit after tax*)	18 601	12 108	52 014	38 109	54 953	68 858
Earnings per share*)**)	1.59	1.03	4.44	3.30	4.73	5.87
Operating cash flow *)			46 791	37 728	70 891	79 954
Return on equity, %			17.3	14.8	15.7	17.4
Return on operating capital, % *)			19.0	14.6	15.9	19.1
Net debt			-164 892	-178 948	-163 893	-164 892
Net debt to equity ratio, %			38.6	48.9	43.5	38.6
Net debt/EBITDA, x *)			1.3	1.9	1.6	1.3
EBITDA/financial net, x *)			13.4	9.7	10.7	14.2
Average no. of employees			546	524	528	533

*) Before IPO charges of 6,043
**) Before dilution

The Market

Most markets continued to experience good growth in the third quarter.

Nederman's focus on new markets resulted in continued good growth during the period. Sales in **Other markets**, i.e. those outside Europe and North America, soared by around 150 per cent compared with the same time last year. Start-ups in Australia and Brazil account for around 50 per cent of this increase.

The establishment of a central warehouse and assembly unit for Nederman products in Shanghai continues according to plan and will be completed by the first quarter of 2008. Demand for the company's products is growing in *China.* Nederman China now has over 20 well-established and trained dealers located close the fast-growing Chinese manufacturing industry. In September Nederman took part for the first time in the major Chinese exhibition for the metalworking industry, Beijing Essen Welding&Cutting Fair in Shanghai.

The market in *India* also continues to develop positively and several important orders have been received for capturing welding fumes at amongst other a new factory for production of bus bodies. Interest in and demand for products that ensure a clean and safe working environment are growing, not just in the welding industry but also in other core segments such as the composite processing industry and car workshops.

The new unit established in *Brazil* at the start of the summer is now fully integrated. Development over the first four months has been positive.

The US has introduced new rules concerning the working environment of the individual worker when welding chrome-alloy steel. Requirements have been tightened up for employers significantly. Nederman has increased its activities in this area. Demand in the important sector of fire stations in the US has fallen as federal subsidies have been re-allocated.

New products

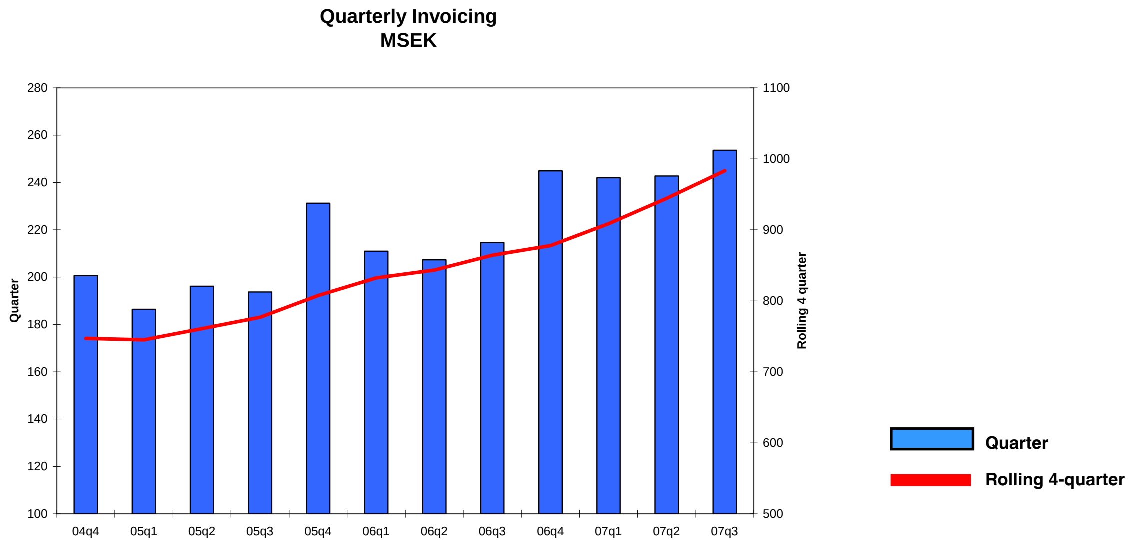
Nederman's new hose and cable reels, launched during the summer, have been very well received in all markets where it has been introduced. Incoming orders for the new reels have been above expectations and capacity has been expanded at the Helsingborg plant to meet demand.

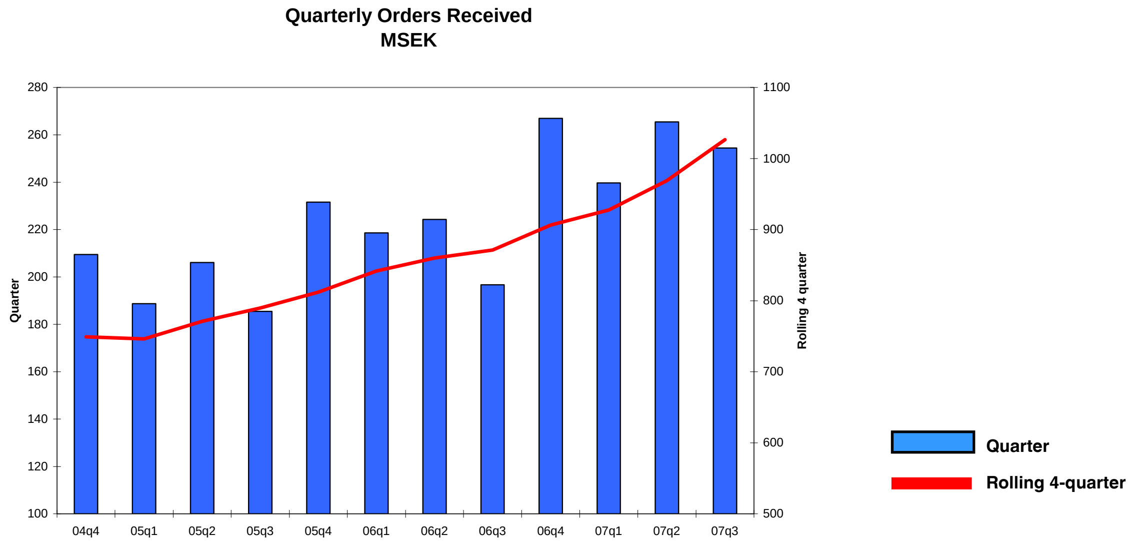
Personnel and organisation

During the summer Nederman introduced a *Code of Conduct* throughout the Group. The code describes the values underpinning our work and the demands placed by the Group on its own activities and those of its partners. The key words are honesty, respect and trust.

Outlook

The company expects demand in 2007 to remain good in Europe and the rest of the world. The North American market is expected to show weaker development.





Sales

Net sales for the third quarter amounted to SEK 254m (215), an increase of 18 per cent compared with same period last year. The increase in local currency was also 18 per cent. Net sales for the first nine months of the year were SEK 738m (633), an increase of 17 per cent compared with the same period in 2006 and 19 per cent in local currency. Around 3 per cent of the increase in the first nine months relates to acquisitions.

Incoming orders in the third quarter were SEK 254m (197), which is an increase of 29 per cent compared with the same period the previous year. The increase in local currency was also 29 per cent. Incoming orders for the first nine months of the year were SEK 760m (641), which is an increase of 19 per cent compared with the previous year. The increase in local currency was 21 per cent.

Profits

The consolidated **operating profit** in the third quarter was SEK 29m (19), which corresponds to an operating margin of 11.4 per cent (9.0). This is an increase of 49 per cent compared with the third quarter of 2006. The gross margin was 49.5 per cent (48.6).

The consolidated operating profit in the first nine months of the year before one-time costs in connection with the IPO process increased to SEK 80m (59), which corresponds to an operating margin of 10.8 per cent (9.3). Expenses connected with the IPO process are calculated at SEK 6m for 2007, which were charged completely to the first quarter. Operating profit after IPO expenses was SEK 74m. Operating profit climbed by 36 per cent in the first nine months of 2007 compared with the first nine months of 2006.

The **gross margin** was stable during the period at 49.9 per cent, compared with 49.4 per cent in the first nine months of 2006 and 49.1 per cent in the full year 2006.

Earnings before tax increased to SEK 73m (51) before one-time expenses and SEK 67m after one-time expenses.

Net profit increased to SEK 52m (38) before IPO expenses and SEK 48m after IPO expenses. Currency changes did not affect results significantly.

Gross investments during the period amounted to SEK 13m (17).

The **liquidity** in the Group during the reporting period fell by SEK 3.3m (–4.1). At the close of the period, the Group had SEK 47m in cash and cash equivalents and SEK 28m in available but unutilised overdraft facilities.

Shareholders' equity in the Group amounts to SEK 427m. Following the 10:1 split decided at the extraordinary general meeting held on 11 April 2007, the **total number of shares** at the close of the period was 11,715,340.

The Group's **equity/assets ratio** was 50.4 per cent as at 30 September 2007 (47.8) and **the net debt/equity ratio**, calculated as the financial net interest-bearing debt divided by shareholders' equity, was 38.6 per cent (48.9).

Employees
The average number of employees during the first nine months of the year was 546 (524). The number of employees at the end of the period was 557 (524).

Business areas

In the business area **Extraction & Filter Systems**, net sales increased to SEK 212m (181) or by 17 per cent compared with the third quarter of 2006. Net sales during the first nine months of the year were SEK 613m (536), which was an increase of 14 per cent compared with the same period in 2006.

Operating profit in the third quarter increased to SEK 27m (22), corresponding to an operating margin of 12.6 per cent (12.1). Operating profit for the first nine months of the year was SEK 80m (65), or an operating margin of 13.1 per cent (12.2).

In the business area **Hose & Cable Reels**, net sales in the third quarter increased to SEK 42m (33) or by 25 per cent compared with the third quarter of 2006. Net sales during the first nine months of the year were SEK 125m (97), an increase of 29 per cent compared with the same period in 2006. The acquisition of the Belgian installation and service company, Leda, was responsible for 10 per cent of this increase. The investment within car repair workshops in certain selected markets has also positively contributed to the increase in sales within the business area.

The business area's operating profit in the third quarter was SEK 7.0m (0.8), which was equivalent to an operating margin of 16.9 per cent (2.3). The operating profit during the first nine months of the year was SEK 15.3m (7.9), equivalent to an operating margin of 12.2 per cent (8.1).

Risks and uncertainties

The Group and the parent company are exposed to a number of risks primarily connected with the buying and selling of products in foreign currency. These risks are described in detail on pages 10 and 11 of the listing prospectus dated 30 April 2007 and in note 26 in the company's annual report for the 2006 financial year. During the reporting period no circumstances have arisen to change the assessment of the identified risks.

Accounting principles
This interim report has been prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the EU Commission for application within the EU. The interim report is also prepared in accordance with IAS 34, Interim Financial Reporting, which is in accordance with the requirements of recommendation RR31, Interim Reports for Groups, of the Swedish Financial Accounting Standards Council. For a description of the Group's accounting principles and definitions, please see the 2006 annual report. The principles applied are unchanged. Annual reports and interim reports published prior to the end of June 2006 were prepared in accordance with the Swedish Annual Accounts Act and the general guidance of the Swedish Accounting Standards Board. In connection with the preparation of the listing prospectus, historical financial information for comparable periods was re-stated in accordance with IFRS.

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Consolidated Profit and Loss Statement

	1 July - 30 Sept		1 Jan - 30 Sept		Full year	Oct - Sept
SEK 000	2007	2006	2007	2006	2006	12 months
Net sales	253 627	214 570	738 372	632 891	877 794	983 275
Cost of goods sold	-127 968	-110 280	-370 038	-320 461	-446 529	-496 106
Gross profit	125 659	104 290	368 334	312 430	431 265	487 169
Selling expenses	-76 386	-66 197	-228 491	-198 386	-275 757	-305 862
Administrative expenses	-17 021	-13 794	-54 059	-44 037	-58 967	-68 989
Research and development expenses	-4 040	-3 374	-10 996	-10 688	-14 356	-14 664
Other operating expenses	596	-1 579	-763	-595	3 191	3 023
Operating profit	28 808	19 346	74 025	58 724	85 376	100 677
Net from financial items	-2 755	-2 319	-6 885	-7 355	-9 767	-9 297
Profit/loss before taxes	26 053	17 027	67 140	51 369	75 609	91 380
Taxes	-7 483	-4 919	-19 477	-13 260	-20 656	-26 873
Net profit/loss	18 570	12 108	47 663	38 109	54 953	64 507
Earnings per share, SEK	1.59	1.03	4.07	3.30	4.73	5.53
Earnings per share after dilution, SEK	1.59	1.03	4.07	3.22	4.66	5.49
Average number of shares	11 715 340	11 715 340	11 715 340	11 563 090	11 613 010	11 664 424
Average number of shares after dilution	11 715 340	11 715 340	11 715 340	11 836 793	11 786 420	11 753 847
Number of shares at end of period	11 715 340	11 715 340	11 715 340	11 715 340	11 715 340	11 715 340

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Consolidated Balance Sheet

SEK 000	As of 30 Sept 2007	2006	31 Dec 2006
Assets			
Goodwill	360 546	346 858	348 010
Other intangible fixed assets	24 136	22 504	22 885
Tangible fixed assets	36 342	38 229	37 451
Long term receivables	1 093	1 884	772
Deferred tax assets	12 747	12 860	12 210
Total fixed assets	434 864	422 335	421 328
Inventories	117 290	89 824	89 776
Accounts receivable	211 289	179 701	187 815
Other short term receivables	37 257	21 602	24 081
Cash and cash equivalents	46 856	50 924	50 235
Total current assets	412 692	342 051	351 907
Total assets	847 556	764 386	773 235
Total equity	427 317	365 686	376 587
Liabilities			
Long term interest bearing liabilities	150 321	169 829	146 264
Other long term liabilities	3 657	1 956	0
Provision for pensions	29 351	28 175	28 389
Deferred tax liabilities	10 775	12 139	13 258
Total long term liabilities	194 104	212 099	187 911
Short term interest bearing liabilities	32 076	31 868	39 475
Accounts payable	84 120	73 969	84 160
Other short term liabilities	109 939	80 764	85 102
Total short term liabilities	226 135	186 601	208 737
Total liabilities	420 239	398 700	396 648
Total equity and liabilities	847 556	764 386	773 235

Summary of changes in the Group’s shareholders’ equity

SEK 000	As of 30 Sept 2007	2006	31 Dec 2006
Equity on January 1	376 587	325 246	325 246
Changes in translation reserve for the period	3 067	2 331	-9 499
Profit/loss for the period	47 663	38 109	54 953
Conversion of loans	0	0	5 887
Equity at end of period	**427 317**	**365 686**	**376 587**

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Consolidated cash flow statement

	1 January - 30 Sept		Full year	Oct - Sept
SEK 000	2007	2006	2006	12 months
Operating profit	74 025	58 724	85 376	100 677
Adjustments for:				
Depreciation of fixed assets	12 235	12 440	19 008	18 803
Other adjustments	3 832	588	-4 550	-1 306
Received and paid interest	-6 757	-8 755	-9 299	-7 301
Paid taxes	-18 765	-14 458	-15 201	-19 508
Cash flow from current operations before				
Changes in working capital	64 570	48 539	75 334	91 365
Cash flow from changes in working capital	-36 559	-16 628	-14 259	-34 190
Cash flow from current operations	28 011	31 911	61 075	57 175
Cash flow from capital expenditure	-12 785	-17 396	-14 684	-10 073
Investments in subsidiaries	-14 645		-4 708	-19 353
Cash flow before financing activities	581	14 515	41 683	27 749
Cash flow from financing activities	-5 436	-17 754	-44 955	-32 637
Cash flow for the period	-4 855	-3 239	-3 272	-4 888
Cash at the beginning of the year	50 235	55 038	55 038	50 924
Exchange rate differences in cash	1 476	-875	-1 531	820
Cash at the end of the period	46 856	50 924	50 235	46 856
Specification of acquisitions				
Purchase price including direct cost	14 645		4 708	19 353
Real value of net assets	2 536		3 324	5 860
Goodwill	12 109		1 384	13 493
Acquired assets and liabilities				
Tangible fixed assets	951		8	959
Deferred tax	4			4
Current assets	4 585		3 316	7 901
Cash	6 741			6 741
Current liabilities	-3 004			-3 004
	9 277		3 324	12 601
Whereof cash in acquired units	-6 741			-6 741
Total	2 536		3 324	5 860
Profit/loss for period for acquired units	2 782			
Profit/loss January-September for acquired units	3 164			

Profit and Loss Statement for the parent company

SEK 000	1 July - 30 Sept 2007	2006	1 January - 30 Sept 2007	2006	Full year 2006	Oct - Sept 12 months
Operating profit/loss	-2 947	-1 734	-15 271	-8 678	-12 235	-18 828
Financial items	2 100	300	-1 283	-67	20 497	19 281
Profit/loss after financial items	-847	-1 434	-16 554	-8 745	8 262	453
Transfers to/from untaxed reserves	0	0			2 181	2 181
Profit/loss before taxes	-847	-1 434	-16 554	-8 745	10 443	2 634
	0	0				0
Tax	929	415	5 299	2 448	4 721	7 572
Net profit/loss	82	-1 019	-11 255	-6 297	15 164	10 206

Balance Sheet for the parent company

SEK 000	As of 30 Sept 2007	2006	31 Dec 2006
Assets			
Total fixed assets	520 142	525 455	525 135
Total current assets	14 706	9 499	22 078
Total assets	534 848	534 954	547 213
Equit			
Total equity	337 369	313 319	348 623
Untaxed reserves	1 016	3 197	1 016
Liabilities			
Total long term liabilities	145 000	165 000	140 000
Total current liabilities	51 463	53 438	57 574
Total liabilities	196 463	218 438	197 574
Total equity and liabilities	534 848	534 954	547 213

This interim report has not been subject to any review by the company’s auditors.

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Dates for the publication of financial information

Release of unaudited annual earnings figures	14 February, 2008
Annual General Meeting	29 April 2008, Helsingborg

Helsingborg, Sweden 26 October 2007

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Facts about Nederman

Nederman is one of the world's leading companies with products and systems for extraction of dust, smoke, automobile exhaust fumes, and with equipment for industrial cleaning. These are based on a vacuum technology, which encompasses the entire range from high vacuum to middle and low vacuum. Nederman also has an extensive programme of self-retractable hose and cable reels for water, air, oil, and other media.

Nederman's systems contribute in several ways to creating clean, efficient and safe workplaces all over the world.

The company's commitments to customers encompass everything from preliminary studies and project planning to installation, operational start-up and service.

The manufacturing is certified according to ISO 9001 and ISO 14000. Units for production and assembly are located in Sweden, Norway and Canada.

Nederman's products and systems are marketed by our own subsidiaries in 24 countries, and by agents and distributors in more than 50 countries.

The Group has approximately 560 employees.