



Significant Increase to Sales and Profits in the Second Quarter, Outlook Upgraded for the Full Year 2010

First Half-year

- Order intake up 21% to 658.1 MSEK (542.2)
- Sales increased by 6% to 595.4 MSEK (562.4)
- Operating profit rose to 54.6 MSEK (26.2)
- Profit after tax was 39.9 MSEK (14.3)
- Earnings per share were 6.13 SEK (2.16)
- Upgraded outlook with significantly higher sales and markedly better profits in the full year 2010

Second Quarter

- Order intake up 26% to 332.8 MSEK (263.9)
- Sales increased by 15% to 309.7 MSEK (270.3)
- Operating profit was 31.1 MSEK (5.1)
- An acquisition in Asia within data communications was conducted after the end of the period

Interim Report, Beijer Electronics AB

Comments from Fredrik Jönsson, CEO

“Beijer Electronics achieved robust growth in the second quarter. Order intake increased by 26%, and this is the best quarter in the company’s history. Sales volumes grew by 15%. Because of volume expansion and restructuring conducted last year, we’re seeing a strong increase in profits. Our operating margin was 10%, which is in line with the group’s profitability goal. Our internal efficiency simultaneously increased as we sharpened our focus on product development. We’re growing fastest in technologies we’ve developed ourselves, which now make up over 70% of total group sales.

As in the first quarter, the HMI Products business area was the highlight, with sharp growth in its order intake, sales and profits. The IDC business area also sustained good growth, and the Automation business area turned around in the second quarter, achieving increases in its order intake and sales, while its profits doubled. Automation’s OEM initiative has continued to pay off, and four new OEM customers were secured in the quarter.

The positive trend has created scope for aggressive initiatives, primarily in HMI Products and IDC. Market initiatives in Asia have accelerated, especially in China and Taiwan, but in South Korea and Singapore too.

In addition, Beijer Electronics completed a strategic acquisition in the form of 37% of Taiwanese technology company Korenix. This acquisition offers enhanced growth potential in industrial data communications through a broader product range and greater geographical presence, primarily through established sales channels, primarily in China and the rest of Asia.

These initiatives will generate better growth and higher profits. For the full year 2010, we are already witnessing clearly higher sales and markedly better profits than in 2009.”

Market and Surrounding World

The industrial automation market continued to strengthen in the second quarter. Simultaneously, Beijer Electronics advanced its positions on the market, and the group is achieving sharp order intake growth. The upturn in demand was broad-based and covered most sectors and markets.

Second Quarter—High Growth Results in Strong Profit Gains

The Beijer Electronics group made very positive progress with healthy growth and a sharp improvement in profits

Business Area Sales and Operating Profit

	Sales Quarter 2		Operating Profit Quarter 2		Sales 6 months		Operating Profit 6 months	
	1006	0906	1006	0906	1006	0906	1006	0906
MSEK								
Beijer Electronics Automation Group	122.9	120.7	8.4	4.2*	239.3	257.7	13.0	10.6*
Beijer Electronics Products Group	131.1	106.7	16.2	6.8*	256.0	215.4	31.9	15.8*
Westermo Teleindustri Group	73.3	62.2	10.0	4.7*	139.8	126.4	15.8	10.3*
Intra-group sales	-17.7	-19.3			-39.8	-37.1		
Group adjustments and depreciation			-3.5	-3.2			-6.1	-2.9
Non-recurring items				-7.5				-7.5
Beijer Electronics Group	309.7	270.3	31.1	5.1	595.4	562.4	54.6	26.2

* Excluding non-recurring items

in the second quarter. Order intake in the period was the group's best yet, with gains of 26% to 332.8 MSEK (263.9). In local currencies, order intake was up 30%. The HMI Products business area saw very strong order growth, with gains of as much as 70%. The Automation business area transformed previous downturns into positive order growth, and order intake for the IDC business area remained at the same high levels as in the first quarter.

Group sales increased by 15% to 309.7 MSEK (270.3), equating to an increase of nearly 19% in local currency. The very high sales gains in Asia continued with a growth rate of nearly 54%. Sales also increased on markets in the US, Sweden and Finland after a weak start to the year. Sales in Germany and Denmark saw positive growth numbers, but remained weak in Norway due to a sluggish marine segment.

Group operating profit rose to 31.1 MSEK (5.1) in the quarter. Net profit for the period in 2009 was charged with non-recurring expenses of 7.5 MSEK, and adjusted for this, profit was 12.6 MSEK. The operating margin was 10.0% (1.9 and adjusted, 4.7%). These sharp improvements are explained by increased sales volumes and firm cost control because fixed expenses were largely unchanged, implying that a significant share of the sales increase caused a direct increase in profits. Total development expenses, which relate to HMI Products and IDC, were 18.9 MSEK (17.7).

Profit before tax was 33.2 MSEK (4.9). This was affected by positive net financial items of 2.1 MSEK (-0.2) due to a capital gain of 2.6 MSEK from the divestment of participations in Autic Systems in Norway. Profit after tax was 23.9 MSEK (1.3), equivalent to earnings per share of 3.62 SEK (0.19).

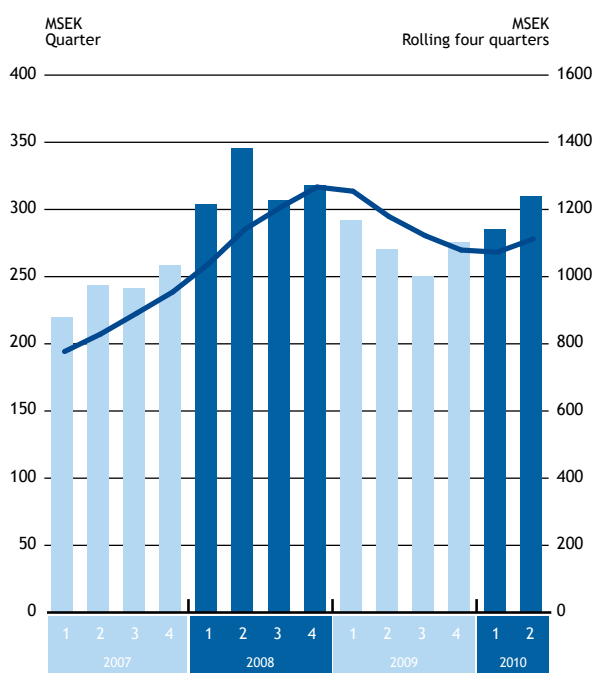
First Half-year—Strong Growth

Order intake increased by 21% to 658.1 MSEK (542.2) in the first six months of the year. In local currency, order intake increased by 27%. Group sales grew by 6% to 595.4 MSEK (562.4). In local currency, sales increased by 11%. Sales in China and Asia performed most strongly, followed by the US. Sales rose somewhat in Sweden, but reduced in the rest of the Nordic region and Germany.

Operating profit increased to 54.6 MSEK (26.2). Net profit in 2009 was charged with non-recurring expenses of 7.5 MSEK. Adjusted for this, profit was 33.7 MSEK. Operating margin expanded to 9.2% (4.7 and adjusted, 6.0%). The profit improvement is explained by lower fixed expenses and higher sales volumes. Total development expenses, which relate to HMI Products and IDC, were 37.4 MSEK (35.5) corresponding to 9.5% of their sales.

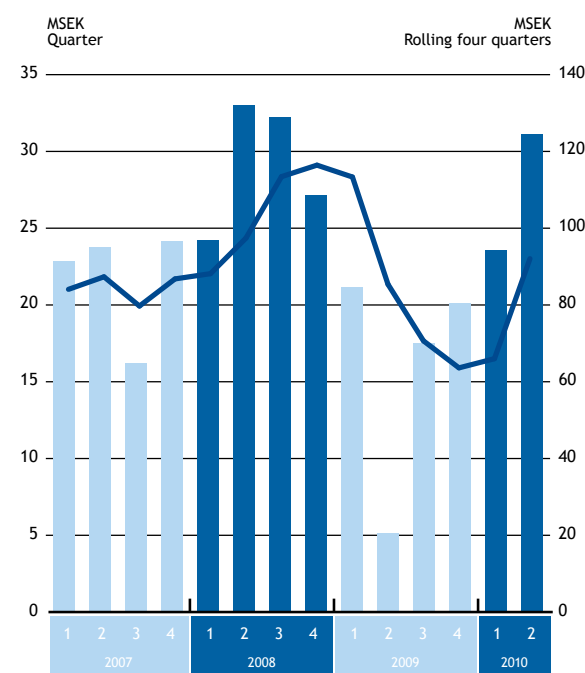
Group profit before tax was 55.4 MSEK (23.3). Profit after tax was 39.9 MSEK (14.3) this equated to earnings per share of 6.13 SEK (2.16).

Group Sales



▲ The bars and left-hand scale show quarterly sales. The blue curve and right-hand scale show rolling four quarter sales.

Group Operating Profit



▲ The bars and left-hand scale show quarterly profit after depreciation. The curve and right-hand scale show rolling four quarter profit after depreciation.

Automation Business Area—Increased Activity on the Market

The Nordic markets recovered in the second quarter, apart from Norway where the marine sector remained weak. Operations in Norway were concentrated through the divestment of Autic Systems AS.

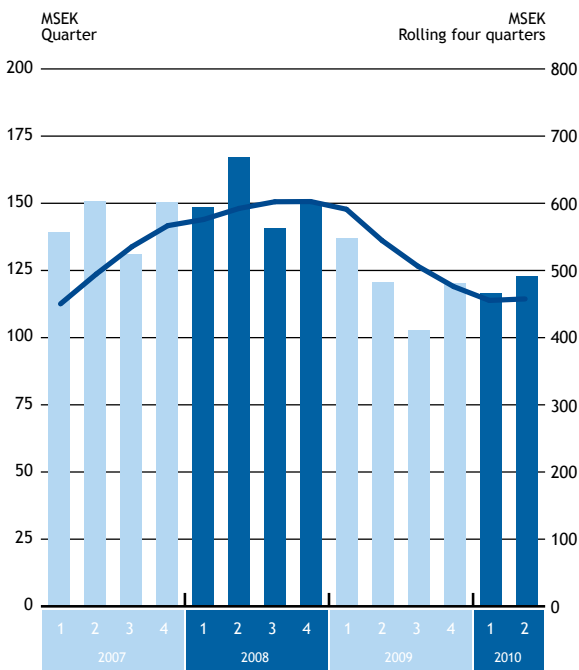
Second Quarter

Order intake rose by 7% to 126.8 MSEK (118.2). Business area sales increased by 2% to 122.9 MSEK (120.7). Operating profit doubled to 8.4 MSEK (4.2) equivalent to an operating margin of 6.8% (3.5). Fixed expenses staying lower and small-scale volume expansion explain the improvements to profits and margins.

First Half-year

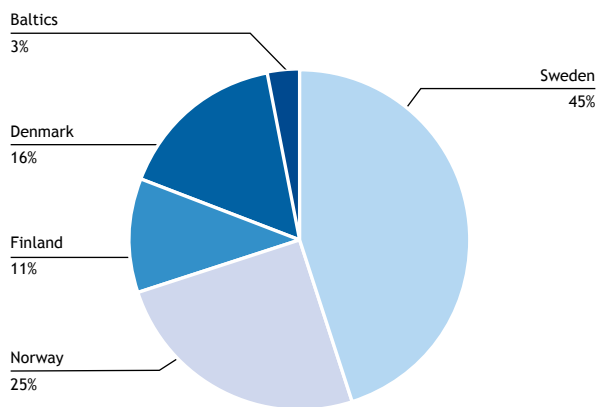
Order intake reduced somewhat in the first half-year to 248.2 MSEK (251.4). Sales reduced by 7% to 239.3 MSEK (257.7). Despite lower sales volumes, operating profit rose by 23% to 13.0 MSEK (10.6), which corresponded to an operating margin of 5.4% (4.1). The improvements depend on sharply reduced fixed expenses, equating to nearly 12% of the cost base.

Sales, Automation



▲ The bars and left-hand scale show quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Sales by Geographical Market, Automation



▲ Sales by geographical market for the first half-year of 2010.

HMI Products Business Area—Strong Growth on a Growing Market

Robust growth in HMI Products and increased market shares are due to effective servicing of the market and improved market conditions. In the second quarter, this business area secured two major OEM customers in Asia.

Second Quarter

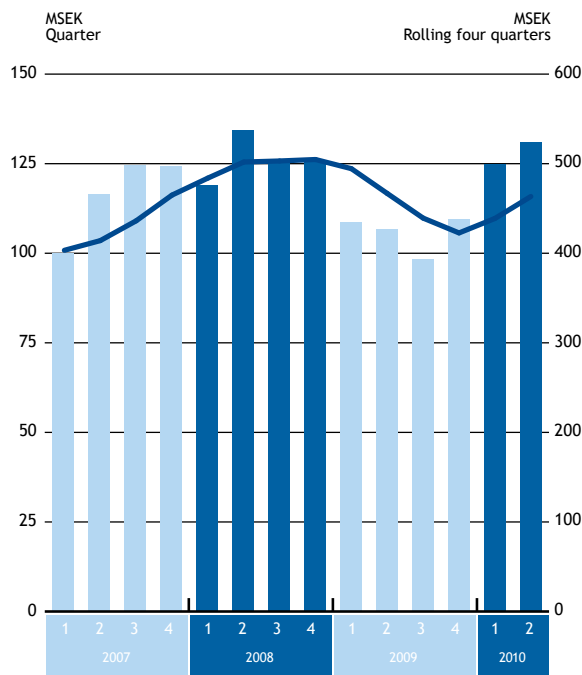
Order intake beat previous records, increasing by 70% to 152.0 MSEK (89.3). Sales rose by 23% to 131.1 MSEK (106.7). Operating profit improved markedly, increasing to 16.2 MSEK (6.8). This equated to an operating margin of 12.4% (6.4). Fixed expenses were largely unchanged.

The sharp profit increase is primarily due to higher sales volumes, and to some extent, a higher gross margin.

First Half-year

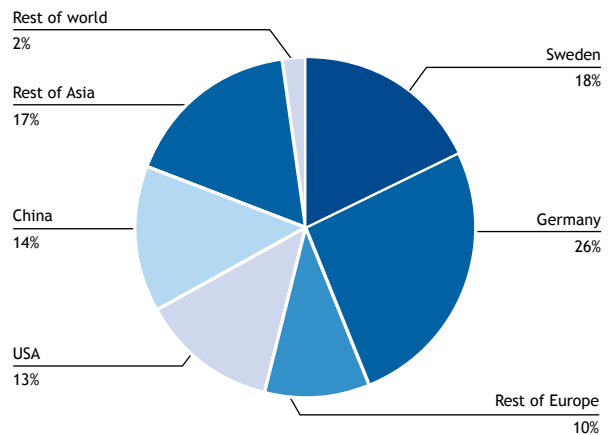
Order intake rose by 52% to 285.1 MSEK (188.0) in the period. Sales increased by 19% to 256.0 MSEK (215.4). Operating profit more than doubled to 31.9 MSEK (15.8). This means an operating margin of 12.5% (7.3). The improvements are due to higher volumes and lower fixed expenses.

Sales, HMI Products



▲ The bars and left-hand scale show quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Sales by Geographical Market, HMI Products



▲ Sales by geographical market for the first half-year of 2010.

Industrial Data Communications—Continued Positive Progress

The market for industrial data communications continued to make positive progress. A significant share of IDC's sales come from infrastructure projects like rail systems and energy distribution, where large-scale investments are being made. In the period, IDC launched a new operating system for network units, WeOS, and four new, robust network products. After the reporting period, 37% of Korenix of Taiwan was acquired. Korenix extends and complements IDC's industrial data communications product range and will be an important factor in its continued expansion. The collaboration with Korenix gives IDC a broader technology and product offering, a partner in product development and an increased geographical presence in Asia through established sales channels in China and the rest of Asia.

Second Quarter

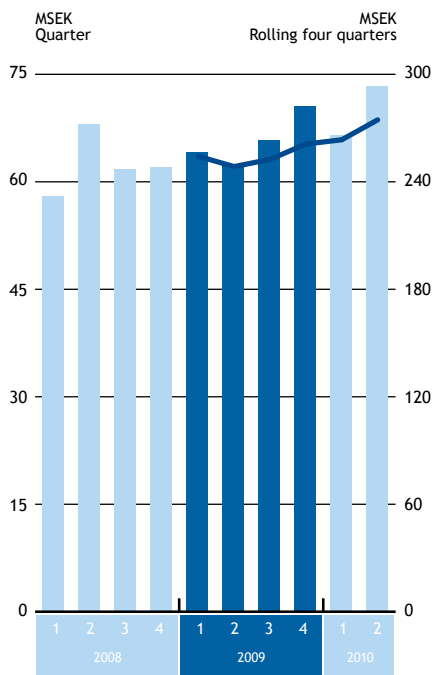
Order intake remained at a high level and increased by 5% to 77.3 MSEK (73.5). The lower rate of increase should be

viewed against the background of a very strong upturn in the corresponding period of 2009. Business area sales grew by 18% to 73.3 MSEK (62.2). Operating profit doubled to 10.0 MSEK (4.7), equivalent to a margin of 13.6% (7.6). This brisk improvement is attributable to increased volumes, while fixed expenses were unchanged.

First Half-year

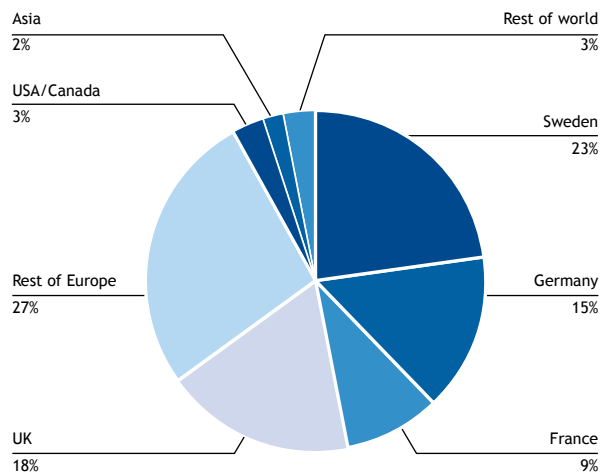
Order intake increased by 18% to 159.4 MSEK (135.4) in the period. Sales rose by 11% to 139.8 MSEK (126.4). Operating profits increased by 54% to 15.8 MSEK (10.3). This meant an operating margin of 11.3% (8.1). The improvement is due to higher sales volumes and lower fixed expenses.

Sales, IDC



▲ The bars and left-hand scale show quarterly sales. The curve and right-hand scale show rolling four quarter sales.

Sales by Geographical Market, IDC



▲ Sales by geographical market for the first half-year of 2010.

Other Financial Information

Group investments including capitalized development expenses and acquisitions were 13.6 MSEK (20.1) in the half-year. Cash flow from operating activities was 56.9 MSEK (27.3). Equity was 304.2 MSEK (285.9) as of June 30, 2010. The equity ratio was 33.3% (31.8). Cash and cash equivalents were 110.7 MSEK (81.9). Interest-bearing liabilities were 352.5 MSEK (393.0). The average number of employees was 519 (593).

Outlook for the Full Year 2010

The positive trend in the second quarter means that Beijer Electronics judges that it will be able to post significantly higher sales and markedly better profits for the full year 2010 than for 2009.

Previous Formulation

The recovery on the market and robust order intake in the first quarter, combined with lower overhead levels, means that Beijer Electronics expects to be able to increase sales and profits for the full year 2010.

Significant Events

In the first quarter, Beijer Electronics received its biggest single order yet for Ethernet switches from Bombardier, worth 1.5 MUSD. This order is for a train project for the Chicago Transit Authority, and involves deliveries for a total of 406 cars. Deliveries will be over the next two years.

In the second quarter, Beijer Electronics signed an agreement with QSI Corporation of the US, for a strategic collaboration on the sale of products and Beijer Electronics' new software platform, iX.

After the end of the reporting period, Beijer Electronics acquired 37% of Taiwanese technology company Korenix. Korenix develops and sells industrial data communications equipment. The company has sales of some 60 MSEK and some 70 employees. This acquisition marks the start of a collaboration between Korenix and IDC, offering these companies access to a broader product range through complementary products, stronger sales channels and a mutual exchange of technology. There is also the possibility of joint component purchasing and more effective product development. The purchase price is estimated at 41.5 MSEK. The three founders of this company will remain as partners and continue to run the company in their present roles.

Risk Management

Beijer Electronics is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2009. No significant risks are judged to have arisen over and above those reviewed in the Annual Report.

Accounting Principles

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The new and amended accounting principle for 2010 and that can be expected to have a material effect on the consolidated financial statements is IFRS 3 Business Combinations (revised). This revised standard includes alterations to how future business combinations will be reported. For example, all transaction expenses relating to business combinations are reported as an expense in the Income Statement. All payments for acquiring an operation are reported at fair value on the acquisition date, while subsequent conditional payments are classified as liabilities, which subsequently, are restated via the Income Statement. The group applies IFRS 3 (revised) for all business combinations from 1 January 2010 onwards. The above revision did not have any material effect on the consolidated financial statements in the first half-year 2010. Otherwise, the same accounting principles and bases for judgment are used as in the Annual Accounts for 2009. This report has not been reviewed by the company's Auditors.

The Board of Directors and CEO hereby offer their assurance that this Interim Report offers a true and fair view of the company's, and where applicable, the group's operations, financial position and results of operations, and states the significant risks and uncertainty factors facing the company and those companies that are part of the group.

Malmö, Sweden, August 17, 2010

The Board

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Chairman of the Board

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Board member

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Board member

Ulrika Hagdahl
Board member

Fredrik Jönsson
Board member
CEO

Interim Report in Summary

Income Statement—Group

MSEK	Quarter 2, 2010	Quarter 2, 2009	6 Mth., 2010	6 Mth., 2009	Full Year, 2009
Net turnover	309,681	270,327	595,399	562,375	1,088,451
Other operating revenue	-721	-638	-4,203	3,676	1,196
Operating expenses*	-277,862	-264,596 ^{a)}	-536,570	-539,815 ^{a)}	-1,025,836 ^{a)}
Operating profit	31,098	5,093	54,626	26,236	63,811
Net financial items	2,091 ^{b)}	-187	757 ^{b)}	-2,964	-2,872
Profit before tax	33,189	4,906	55,383	23,272	60,939
Estimated tax	-9,297	-3,576	-15,507	-8,955	-20,759
Net profit	23,892	1,330	39,876	14,317	40,180
<i>Attributable to equity holders of the parent</i>	<i>22,567</i>	<i>1,160</i>	<i>38,158</i>	<i>13,412</i>	<i>38,718</i>
<i>Attributable to minority interest</i>	<i>1,325</i>	<i>170</i>	<i>1,718</i>	<i>905</i>	<i>1,462</i>
<i>Earnings per share, SEK</i>	<i>3.62</i>	<i>0.19</i>	<i>6.13</i>	<i>2.16</i>	<i>6.22</i>

a) Including non-recurring items amounting to 7.5 MSEK

b) Including capital gain from sale of minority interests amounting to 2.6 MSEK

Statement of Comprehensive Income

MSEK	Quarter 2, 2010	Quarter 2, 2009	6 Mth., 2010	6 Mth., 2009	Full Year, 2009
Net profit	23,892	1,330	39,876	14,317	40,180
Translation differences	1,906	-11,454	-4,511	2,068	-14,674
Comprehensive income	25,798	-10,124	35,365	16,385	25,506
<i>Attributable to equity holders of the parent</i>	<i>24,690</i>	<i>-10,166</i>	<i>34,285</i>	<i>15,299</i>	<i>24,014</i>
<i>Attributable to minority interest</i>	<i>1,108</i>	<i>42</i>	<i>1,080</i>	<i>1,086</i>	<i>1,492</i>

Balance Sheet—Group

MSEK	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
Assets			
Fixed assets	482,881	505,237	489,258
Current assets	368,060	358,823	313,781
Cash and cash equivalents and short-term investments	110,748	81,904	127,439
Total assets	961,689	945,964	930,478
Liabilities and equity			
Equity	304,155	285,923	294,756
Minority share of equity	16,136	14,650	15,056
Long-term liabilities	349,196	402,910	367,290
Current liabilities	292,202	242,481	253,376
Total liabilities and equity	961,689	945,964	930,478
<i>Of which interest-bearing liabilities</i>	<i>352,544</i>	<i>393,044</i>	<i>352,377</i>

Statement of Changes to Equity—Group

MSEK	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
Attributable to equity holders of the parent			
Opening equity, 1 January	294,756	295,510	295,510
Other paid-in capital			118
Dividend	-24,886	-24,886	-24,886
Comprehensive income	34,285	15,299	24,014
Closing equity	304,155	285,923	294,756
Minority share of equity			
Opening equity, 1 January	15,056	15,266	15,266
Acquisitions		-540	-540
Dividend		-1,162	-1,162
Comprehensive income	1,080	1,086	1,492
Closing equity	16,136	14,650	15,056

Key Figures

	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
Operating margin, %	9.2	4.7	5.9
Operating margin excl. non-recurring items	9.2	6.0	6.6
Profit margin, %	6.7	2.5	3.7
Equity ratio, %	33.3	31.8	33.3
Equity per share, SEK	48.89	45.96	47.38
Earnings per share, SEK	6.13	2.16	6.22
Earnings per share, rolling 12 months	10.20	8.62	6.22
Return on equity after tax, %	21.2	20.8	12.9
Return on capital employed, %	14.7	12.6	10.0
Return on net operating assets, %	15.7	14.2	10.8
Average number of employees	519	565	534
<i>Number of shares 6,221,488</i>			

Cash Flow Statement—Group

MSEK	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
Cash flow from operating activities	56,875	27,298	83,659
Change in working capital	-31,275	42,495	89,798
Cash flow from investing activities	-13,629	-20,087	-27,754
Cash flow from financing activities	-2,454	-18,864	-65,722
Dividends paid	-24,886	-24,886	-26,048
Change in cash and cash equivalents	-15,369	5,956	53,933
Cash and cash equivalents and short-term investments, opening balance	127,439	74,076	74,076
Exchange rate change, cash and cash equivalents	-1,322	1,872	-570
Cash and cash equivalents and short-term investments, closing balance	110,748	81,904	127,439

Operating Segments

MSEK	Quarter 2, 2010	Quarter 2, 2009	6 Mth., 2010	6 Mth., 2009	Full Year, 2009
Net turnover					
Automation	122,928	120,741	239,322	257,694	480,797
HMI Products	131,118	106,666	255,998	215,405	423,240
IDC	73,338	62,248	139,848	126,352	262,699
Elimination	-17,703	-19,328	-39,769	-37,076	-78,285
Group	309,681	270,327	595,399	562,375	1,088,451
Operating profit					
Automation	8,416	1,554	12,955	7,903	13,426
HMI Products	16,203	4,220	31,939	13,222	29,930
IDC	9,995	3,125	15,798	8,653	26,987
Other	-1,337	-817	-1,697	-492	3,546
Elimination	-2,179	-2,989	-4,369	-3,050	-10,078
Group	31,098	5,093*	54,626	26,236*	63,811*
<i>* Including non-recurring items amounting to</i>			-7,500	-7,500	-7,500
Net profit					
Automation	8,836	1,380	11,454	6,032	9,749
HMI Products	12,612	793	24,415	7,095	19,059
IDC	7,221	2,073	11,180	5,130	18,008
Other	14,124	45,834	10,900	44,748	48,749
Elimination	-18,901	-48,750	-18,073	-48,688	-55,385
Group	23,892	1,330	39,876	14,317	40,180
<i>Attributable to equity holders of the parent</i>			22,567	1,160	38,158
<i>Attributable to minority interest</i>			1,325	170	1,718
				905	1,462

Income Statement—Parent Company

MSEK	Quarter 2, 2010	Quarter 2, 2009	6 Mth., 2010	6 Mth., 2009	Full Year, 2009
Net turnover	13,039	11,810	26,043	24,012	49,893
Operating expenses	-14,376	-12,627	-27,740	-24,504	-46,347
Operating profit	-1,337	-817	-1,697	-492	3,546
Net financial items	14,078	46,383	10,064	44,585	41,531
Profit before tax	12,741	45,566	8,367	44,093	45,077
Appropriations					4,746
Estimated tax	1,383	268	2,533	655	-1,074
Net profit	14,124	45,834	10,900	44,748	48,749

* of which 18.0 MSEK (46.6) is dividend from subsidiaries

Balance Sheet—Parent Company

MSEK	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
Assets			
Fixed assets	420,376	429,200	424,004
Current assets	29,997	69,082	13,387
Cash equivalents and short-term investments	279	160	35,410
Total assets	450,652	498,442	472,801
Liabilities and equity			
Equity	47,662	57,529	61,648
Untaxed reserves	29,112	33,856	29,112
Long-term liabilities	284,713	335,427	301,682
Current liabilities	89,165	71,630	80,359
Total liabilities and equity	450,652	498,442	472,801
<i>Of which interest-bearing liabilities</i>	319,963	365,105	313,914

Beijer Electronics AB

Beijer Electronics is a fast-growing company with extensive experience of automation, developing and marketing competitive products and solutions with a focus on the user. Since start-up in 1981, Beijer Electronics has evolved into a multinational group present in 16 countries. The company is listed on NasdaqOMX Nordic Small Cap list under the ticker BELE.

More Information

You can subscribe for financial information on Beijer Electronics via e-mail. Subscribe easily at our website, www.beijerelectronics.se. If you have any questions about the Beijer Electronics group, please call +46 (0)40 35 84 96, or send an email: info@beijerelectronics.se.

Forthcoming Financial Information

October 19, 2010.....Nine-month Interim Report
February 10, 2011.....Financial Statement

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