

JANUARY-SEPTEMBER

- Sustained brisk progress for the group.
- Net turnover grew by 21 per cent to SEK 539.5 m (446.9).
- Operating profit up by 37 per cent to SEK 60.0 m (43.8).
- Profit after tax grew to SEK 41.1 m (29.4) with earnings per share of SEK 6.60 (4.73).
- Transactions finalized with Mitsubishi Electric and UTU Powel.

I N T E R I M R E P O R T

2006

Interim Report, Beijer Electronics AB

1 January-30 September 2006

Comments from Göran Sigfridsson, our CEO

“Beijer Electronics posted its strongest quarterly earnings figure yet, despite the third quarter usually being the weakest in seasonal terms – progress in the period exceeded our expectations. These healthy earnings confer us with increased resources to exploit the group’s wealth of opportunities for continued profitable expansion.

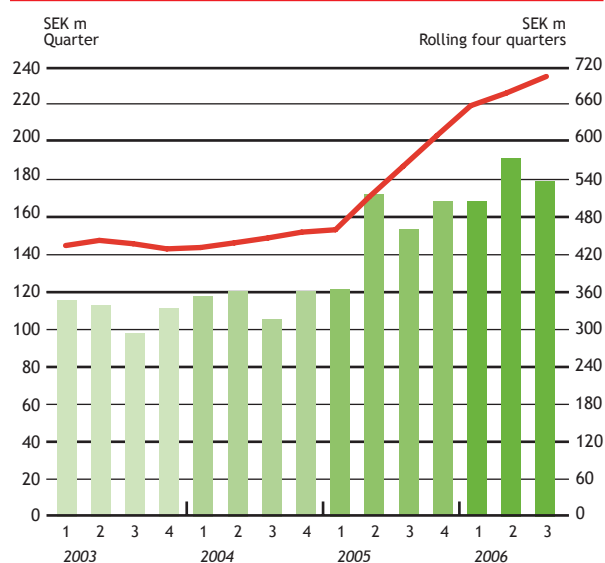
The Automation business area’s healthy sales and earnings growth was pleasing, particularly considering that the market is mature. Our deals with Mitsubishi Electric and UTU Powel that were finalized at the end of the quarter have generated entirely new developmental possibilities for the business area. We are now able to focus fully on Automation’s expansion throughout the Nordic region, and the Baltic states.

The HMI Products business area made excellent progress in the quarter and remains convincing, with solid organic growth and high profitability. We have outgrown the market significantly as a result of the success of our new product range, while sales of the preceding product generation remain stable. Our strong position provides us with increased scope for focusing more sharply on product development and expanding our marketing organization.”

Consolidated Revenues

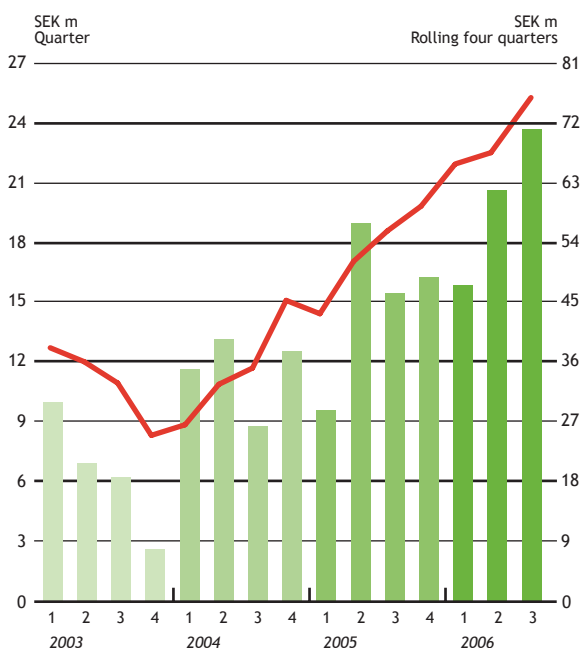
The industrial automation market maintained its positive progress in the third quarter. Thus all the automation geographical markets and sub-segments that Beijer Electronics services, like control systems, operator systems and drive systems, saw positive demand progress in the first nine months of the year.

Group Invoicing



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

Group Operating Profit



▲ The bars and left-hand scale indicate quarterly profit after depreciation. The red curve and right-hand scale show rolling four quarter profit after depreciation. Operating profit, reported from Q1 2004, is accounted according to IFRS.

Beijer Electronics’ consolidated net turnover rose sharply in the third quarter. The increase was 17 per cent, with sales rising to SEK 179.3 m (153.4) for the period, this growth being entirely organic. For the first three quarters, sales grew by 21 per cent to SEK 539.5 m (446.9). The increases are due to the group’s expansion in Asia, with the acquisition of Hitech Electronics in April 2005 and healthy organic growth otherwise for the Automation and HMI Products business areas.

Sales in Sweden, the group’s single biggest market, were somewhat slower than elsewhere, and sales increased by 5 per cent in the first nine months of the year. Sales in Norway and Finland increased by 9-10 per cent. Progress in the US remained robust, with a 56 per cent increase in the reporting period. Sales in Europe outside the Nordic region increased in the third quarter, with 24 per cent gains in the first three quarters. Sales rose by 81 per cent in Asia, mainly due to the acquisition of Hitech.

Sweden represented 36 per cent (41) of consolidated sales in the first nine months. The higher sales share outside Sweden is fully consistent with Beijer Electronics’ strategy and a result of the group’s international expansion. Thus, the group has progressively improved its geographical sales balance between Europe, Asia and the US.

Business Area Turnover and Operating Profit

SEK m	Turnover Quarter 3		Operating Profit Quarter 3		Turnover 9 Months		Operating Profit 9 Months	
	2006	2005	2006	2005	2006	2005	2006	2005
Automation	90.2	81.4	6.7	5.3	289.4	270.7	23.3	21.1
HMI Products	102.5	82.1	17.3	10.6	296.8	213.9	47.2	28.1
Intra-group sales	-13.4	-10.1			-46.7	-37.7		
Un-allocated expenses			-0.2	-0.5			-10.5	-5.4
Group	179.3	153.4	23.8	15.4	539.5	446.9	60.0	43.8

Consolidated Operating Profit

Consolidated operating profit rose sharply, amounting to SEK 23.8 m (15.4) in the third quarter, an increase of 55 per cent. Profit for the first three quarters rose by 37 per cent to SEK 60.0 m (43.8). Consolidated profits were subject to non-recurring expenses of SEK 3.4 m that arose from the deal with Mitsubishi Electric in the second quarter, and consequently for the nine-month period.

Operating margin was 13.3 per cent (10.0) for the third quarter and 11.1 per cent (9.8) for the nine-month period, with the gains mainly due to volume expansion. Both the group's business areas, Automation and HMI Products, posted significantly higher profits.

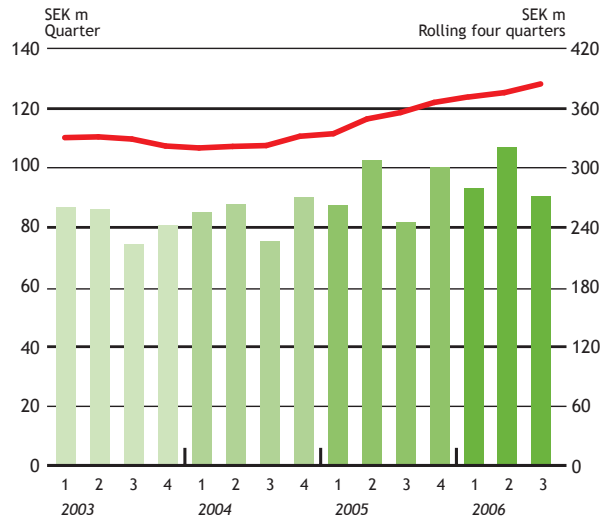
Development expenses, relating exclusively to HMI products, totaled SEK 30.2 m (24.7) in the first three quarters. Capitalized development expenses were SEK 9.4 m (7.5). The change in development expenses including depreciation was charged to earnings.

Consolidated Profit before and after Tax

Consolidated profit before tax rose to SEK 23.0 m (15.0) in the third quarter, and increased to SEK 58.3 m (42.8) in the first nine months of the year. Profit after estimated tax for the corresponding periods was SEK 16.2 m (9.7) and SEK 41.1 m (29.4) respectively. Earnings per share after estimated tax for the nine-month period were SEK 6.60 (4.73).

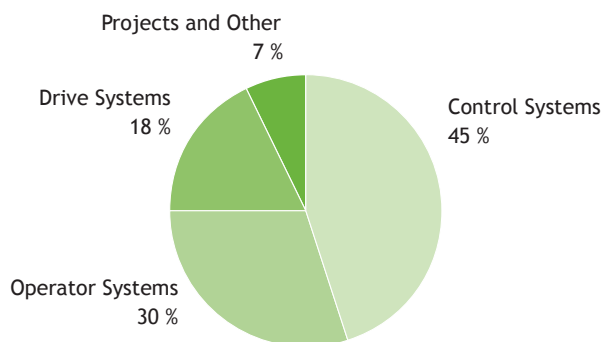


Invoicing, Automation



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

Invoicing by Product Category, Automation



▲ Invoicing by the Automation business area's product categories in the first three quarters of 2006.

The Automation Business Area

The Nordic market has traced stable growth, particularly the Norwegian market. Sales increased across all product categories in the reporting period. Drive Systems and Operator Systems saw growth of 9-10 per cent. Sales of Control Systems increased by 6 per cent. A downturn in the Projects product area slowed the business area's overall growth. Overall, the business area is considered to have won market share.

Business area sales rose by 11 per cent to SEK 90.2 m (81.4) in the third quarter. In the first nine months of the year, sales rose by 7 per cent to SEK 289.4 m (270.7).

Operating profit increased by 28 per cent to SEK 6.7 m (5.3) in the third quarter and by 11 per cent to SEK 23.3 m (21.1) in the first three quarters. Profit in 2006 reduced because of central expenses being posted to business area profits from 1 June 2006 when a new group structure was implemented. Operating margins were 7.5 per cent (6.5) for the third quarter and 8.1 per cent (7.8) for the nine-month period.

The deal with Mitsubishi Electric in June – where the business area secured the distribution rights for Mitsubishi Electric's agencies in Denmark and the Baltic region, and those agencies Automation did not already possess in Finland – will enhance growth potential in the coming years. As part of this deal, as of 1 October 2006, Beijer Electronics acquired UTU Powel's operations in Finland and the Baltic region, with aggregate annualized sales of some SEK 40 m.

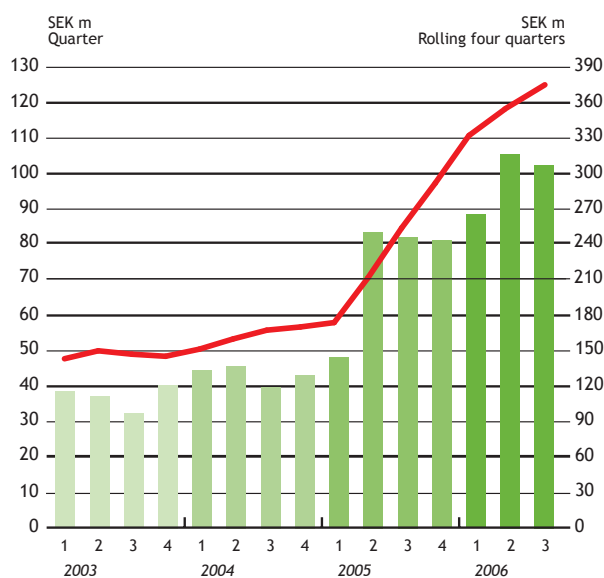
The HMI Products Business Area

Overall, the HMI products market remained healthy in the third quarter. Business area sales rose 25 per cent to SEK 102.5 m (82.1) in the third quarter. Sales across all markets and sales channels posted growth. This brisk sales increase was entirely organic, and is attributable to the new product range launched over the last 18 months, simultaneous with sales of preceding product generations remaining stable.

Sales increased by 39 per cent to SEK 296.8 m (213.9) in the first three quarters. In-house sales maintained very high growth, amounting to SEK 210.3 m (136.6) in the first nine months of the year, which comprised 71 per cent (64) of business area sales. Brand label sales posted progressive growth, and the third-quarter increase was 26 per cent.

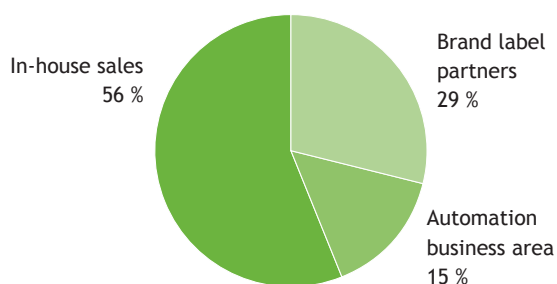
Operating profit rose by 63 per cent to SEK 17.3 m (10.6) in the third quarter, and by 68 per cent to SEK 47.2 m (28.1) for the nine-month period. Profit in 2006 reduced because of central expenses being posted to profits from

Invoicing, HMI Products



▲ The bars and left-hand scale indicate quarterly invoicing. The curve and right-hand scale show rolling four quarter invoicing. Hitech Electronics' invoicing is included from the second quarter 2005.

Invoicing by Sales Channel, HMI Products



▲ Invoicing by the HMI Products business area's sales channels in the first three quarters of 2006.

1 June 2006 when the new group structure was implemented. Operating margin was 16.8 per cent (12.9) for the third quarter and 15.9 per cent (13.1) for the nine-month period.

Other Financial Information

Consolidated investments including capitalized development expenses were SEK 19.4 m (13.3). Cash flow from operating activities was SEK 53.9 m (38.0). Shareholders' equity amount-

Consolidated Statement of Changes to Shareholders' Equity, Nine Months 2006

SEK000	Share Capital	Translation Provision	Accumulated Profit	Total Shareholder's Equity
OB, 1 Jan. 2006	6,222	12,545	131,739	150,506
Dividends			-20,220	-20,220
Translation difference		-6,731		-6,731
Net profit			41,080	41,080
	6,222	5,814	152,599	164,635

ed to SEK 164.6 m (133.2) at the end of the third quarter. The equity ratio was 37.0 per cent (35.5). Liquid assets were SEK 74.0 m (45.6) and interest-bearing liabilities were SEK 83.1 m (90.5). The average number of employees was 308 (293).

Significant Events

In February, Beijer Electronics signed a new, long-term master agreement with Tetra Pak for the supply of new E1000 operator terminals, based on the new platform, BEPP. This master agreement is global, covering deliveries of new operator terminals for the process equipment and machine controls that Tetra Pak produces and sells worldwide. Tetra Pak is one of the world's largest users of automation equipment.

In early April, Beijer Electronics decided to incorporate a subsidiary in Shanghai, China. This accentuates the group's aggressive strategy as a global HMI products player, after its acquisition of Hitech Electronics in Taiwan. Through Hitech, the group already has a local distributor in China. The main task of the Chinese subsidiary will be to support Hitech's sales channel and service the market as part of the launch of Beijer Electronics' new terminal series, EXTER, in China. The Shanghai subsidiary will be staffed with local professionals from China and Taiwan.

In June, Beijer Electronics signed an agreement with Mitsubishi Electric to take over distribution rights for its agencies in Denmark and the Baltic region, and those agencies Automation did not already possess in Finland. These new markets are estimated to generate sales of some SEK 100 m for the Automation business area in 2008. Coincident with the transaction, Mitsubishi Electric acquired 15 per cent of the Automation business area, which simultaneously incorporated an autonomous sub-group. The deal with Mitsubishi Electric was consummated on 1 October 2006. Beijer Electronics Automation AB has a new Board of Directors: Stig-Arne Blom from the parent company Board, Göran Sigfridsson, CEO of Beijer Electronics AB, Lars Ekelund, Manager of the Automation business area and Noriaki Himi of Mitsubishi Electric Europe.



In August, Beijer Electronics signed a letter of intent with UTU Powel Oy to acquire parts of its automation business in Finland and the Baltic region. This letter of intent is part of the deal with Mitsubishi Electric, whereby Beijer Electronics takes over Mitsubishi Electric's agencies in Finland, the Baltic region and Denmark. The transaction was consummated on 1 October 2006, and will be consolidated into Beijer Electronics' accounts from the fourth quarter 2006. The integration of this business into the existing organizational structure has been conducted quickly and efficiently.

The deal with UTU Powel encompasses sales, mainly of frequency inverters from Mitsubishi Electric in Finland, and Mitsubishi Electric's complete product range in the Baltic states, such as control systems, frequency inverters, servo systems and industrial robots. The acquisition implies Beijer Electronics Automation acquiring the affected parts of operations in Finland and Estonia, and subsidiaries in Latvia and Lithuania. These operations have aggregate annualized sales of approximately SEK 40 m, and a total of 20 employees. They are expected to generate a positive profit contribution, but initially, to reduce the Automation business area's operating margins.

Outlook for 2006

The third-quarter exceeded expectations, and the first three quarters progressed very positively. Beijer Electronics anticipates a sustained good market for the remainder of the year. Overall, Beijer Electronics expects to increase sales and profits in 2006 on the previous year.

Göran Sigfridsson
CEO & President
Malmö, Sweden, 25 October 2006

For more information, please contact CEO Göran Sigfridsson on tel: +46 (0)40 35 86 00 or +46 (0)706 35 86 10.

This Report has not been reviewed by Beijer Electronics' auditors.

Interim Report in Summary

Income Statement

SEK 000	Q3, 2006	Q3, 2005	9 MTH, 2006	9 MTH, 2005	12 MTH, 2005
Net turnover	179,344	153,408	539,475	446,943	615,288
Other operating revenue	1,295	3,672	10,128	10,363	15,158
Operating expenses	-151,753	-138,154	-476,051	-403,544	-556,178
Depreciation	-5,092	-3,543	-13,730	-9,922	-14,204
Share of profit in associated companies	18	-	181	-	54
Operating profit	23,812	15,383	60,003	43,840	60,118
Net financial position	-860	-428	-1,733	-1,073	-1,522
Profit before tax	22,952	14,955	58,270	42,767	58,596
Estimated tax	-6,772	-5,300	-17,190	-13,338	-17,422
Net profit	16,180	9,655	41,080	29,429	41,174
<i>Equivalent to earnings per share, SEK</i>	<i>2.60</i>	<i>1.55</i>	<i>6.60</i>	<i>4.73</i>	<i>6.62</i>

SEK 000	Jun 2006	Jun 2005	31 Dec 2005
Balance Sheet			
Assets			
Fixed assets	157,581	141,977	155,324
Current assets	212,822	187,261	171,273
Liquid assets and short-term investments	74,025	45,556	63,743
Total assets	444,428	374,794	390,340
Liabilities and shareholders' equity			
Shareholders' equity	164,635	133,238	150,506
Long-term liabilities	92,964	124,685	94,085
Current liabilities	186,829	116,871	145,749
Total liabilities and shareholders' equity	444,428	374,794	390,340
<i>Of which interest-bearing liabilities</i>	<i>101,841</i>	<i>96,938</i>	<i>82,381</i>
Key Figures			
Operating margin, %	11.1 %	9.8 %	9.8 %
Profit margin, %	7.6 %	6.6 %	6.7 %
Equity ratio, %	37.0 %	35.5 %	38.5 %
Shareholders' equity per share, SEK	26.46	21.42	24.19
Earnings per share, SEK	6.60	4.73	6.62
Rolling 12-month EPS, SEK	8.49	6.10	6.62
Return on equity after tax, %	35.5	31.7	31.0
Return on capital employed, %	32.7	33.2	33.1
Return on net operating assets, %	43.4	45.9	52.3
Average number of employees	308	293	294
<i>Number of shares 6,221,488</i>			
Cash Flow Statement			
Cash flow from operating activities	53,897	38,039	54,517
Change in working capital	-26,311	1,423	23,492
Cash flow from investment activity	-10,840	-123,128	-130,057
Change in financing	16,105	71,945	57,416
Dividends paid	-20,220	-18,665	-18,665
Change in liquid assets	12,631	-30,386	-13,297
Liquid assets and short-term investments, opening balance	63,743	74,646	74,646
Price/exch. rate change, liquid assets	-2,349	1,296	2,394
Liquid assets and short-term investments, closing balance	74,025	45,556	63,743

Beijer Electronics AB

Beijer Electronics is a development and agency corporation active in industrial automation with products and services marketed domestically and globally.

The Beijer Electronics group comprises the parent company Beijer Electronics AB with the subsidiaries Beijer Electronics Automation AB and Beijer Electronics Products AB. The group also has subsidiaries in Estonia, Finland, Latvia, Lithuania, Norway, Taiwan, Germany and the US.

The product range includes programmable control systems, frequency inverters, servo systems, robots, operator systems, I/O systems and vision systems. The offering also includes services such as technical support, plus a comprehensive range of training packages and project management.

More Information

Subscription for financial information such as press releases, financial reports and Website updates is possible through Beijer Electronics' e-mail list. Subscription to the list is straightforward from Beijer Electronics' Website, www.beijergroup.com.

Questions relating to the Beijer Electronics group should be addressed to Management Assistant Annika Johnsson on tel: +46 (0)40 35 86 55, or via e-mail: info@beijergroup.com.

Forthcoming Financial Information

8 February 2007 Financial Statement for 2006
23 April 2007 Three-month Interim Report
23 April 2007 Annual General Meeting (AGM)

Beijer
ELECTRONICS

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