

## JANUARY-MARCH

- The group's positive progress continues.
- Turnover increased by 39 per cent to SEK 168.4 m (121.6).
- Operating profit increased by 66 per cent to SEK 15.8 m (9.5).
- Profit after tax grew to SEK 10.7 m (6.9); earnings per share were SEK 1.73 (1.10).
- Decision to incorporate a subsidiary in Shanghai to advance positioning in China.

I N T E R I M   R E P O R T

# 2006

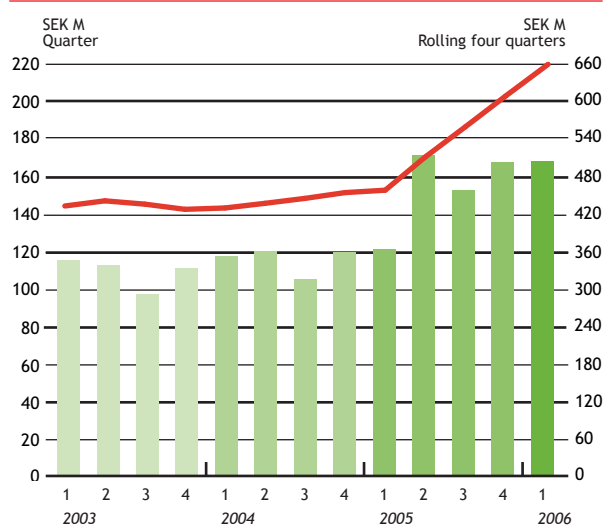
# Interim Report, Beijer Electronics AB

## 1 January - 31 March 2006

### Comments from Göran Sigfridsson, our CEO

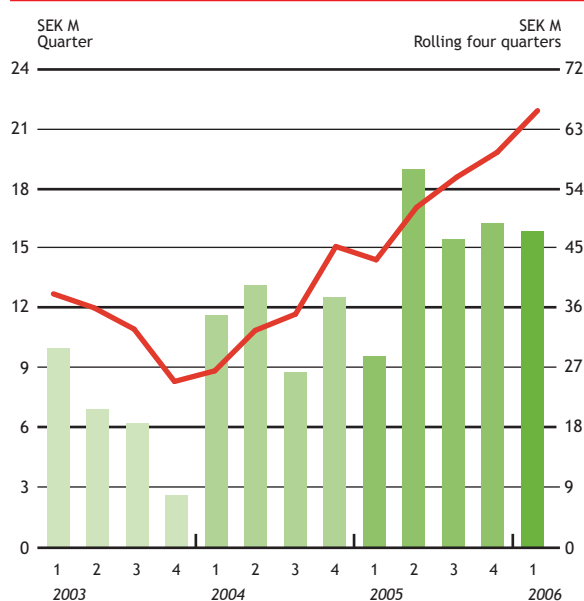
“Beijer Electronics continued its positive trend in the first quarter. The group reported healthy growth with favorable profitability. This progress demonstrates that Beijer Electronics’ overall strategy of acquisitions, more and new markets, new strategic customer agreements and a new and broader product range have provided the group with an excellent platform for continued expansion.”

### 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 curve and right-hand scale show rolling four quarter profit after depreciation. Operating profit, reported from Q1 2004, is accounted according to IFRS.

“The HMI Products business area consolidated its product range further in the quarter, adding mid-range terminals. We also took a decision to incorporate a subsidiary in Shanghai, part of our initiatives on the Asiatic market, where we now enjoy a secure foothold after the acquisition of Hitech Electronics.”

“The Automation business area posted healthy sales gains and was able to expand operating margins. Automation also began a systems solutions initiative for large infrastructure projects like tunnels and railways. A new Water & Waste Water concept is part of this initiative, enabling us to benefit from a growing segment with a major need for modernization. This business area previously supplied major infrastructure projects like the southern Stockholm highway link and the Botnia rail link.”

### Consolidated Revenues

The industrial automation market maintained stable growth of 5 - 10 per cent in the first quarter. All the constituent automation markets Beijer Electronics services, like control systems, operator systems and drive systems, progressed positively. Greater demands for rationalization, particularly within manufacturing, are driving the market.

Beijer Electronics’ consolidated revenues sustained robust growth in the first quarter 2006. Revenues grew by 39 per cent to SEK 168.4 m (121.6), with the increase due to the group’s expansion in Asia, with last year’s acquisition of Hitech Electronics, which contributed SEK 36.4 m to sales, and healthy organic growth otherwise for the Automation and HMI Products business areas.

Sales in Sweden, the group’s single biggest market, grew by 7 per cent to SEK 65 m. Sales in Norway grew as much, while the rally in Finland continued, with gains of 14 per cent. Progress in the US was very robust, with a 175 per cent increase to over SEK 20 m. Sales in Europe expanded 28 per cent to some SEK 26 m. Sales in Asia increased sixfold to nearly SEK 25 m, mainly due to the acquisition of Hitech.

Consolidated sales for the past 12 months, including Hitech for the full period, were SEK 662.8 m.

### Consolidated Operating Profit

The group’s positive profit trend accentuated in the first quarter, with operating profit rising 66 per cent to SEK 15.8 m (9.5), equivalent to an operating margin of 9.4 per cent (7.8). This improvement is due to organic and acquired volume gains. Both the group’s business areas, Automation and HMI Products, posted higher profit in the quarter than in the corresponding period of the previous year.

Development expenses, relating exclusively to HMI products, were SEK 11.0 m (6.1). The increase in absolute terms is partly attributable to Hitech Electronics. Capitalized development expenses were SEK 4.4 m (1.3).

## Business Area Turnover and Operating Profit

SEK M	Turnover Quarter 1		Operating Profit Quarter 1	
	2006	2005	2006	2005
Automation	92.7	87.2	6.8	5.8
HMI Products	88.6	48.3	12.0	5.9
Intra-group sales	-12.9	-13.9		
Central Costs			-3.1	-2.2
<b>Group</b>	<b>168.4</b>	<b>121.6</b>	<b>15.7</b>	<b>9.5</b>

Consolidated operating profit for the past 12 months was SEK 66.3 m, corresponding to an operating margin of 10 per cent.

### Consolidated Profit before and after Tax

Consolidated profit before tax increased to SEK 15.2 m (9.7); profit after estimated tax was SEK 10.7 m (6.9). Earnings per share after estimated tax for the quarter were SEK 1.73 (1.10); in rolling 12-month terms, earnings per share were SEK 7.24.

### The Automation Business Area

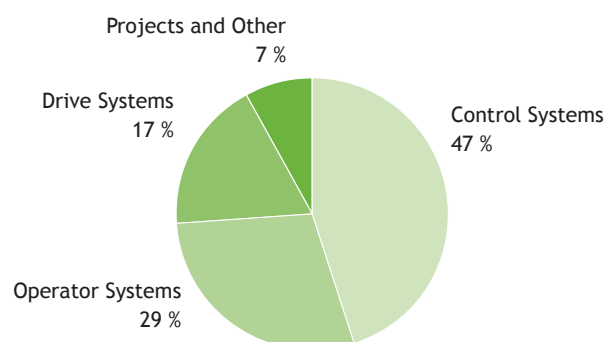
The domestic market of Sweden, Norway and Finland sustained stable growth. The increase was particularly robust late in the reporting period. Sales increased in all markets and product categories. Among customer groups, repeat OEM customers were notable with their high activity and brisk demand.

Automation also began a special systems solutions initiative for major infrastructure projects and OEM customers. A new concept, for Water & Waste Water, a growth market with a substantial need for modernization, is part of this initiative. New horizontal groups, covering marketing, technology, sales resources to develop and market systems solutions, were created in the business area. The aim is to extend this business area's market potential.

Business area sales grew by 6 per cent to SEK 92.7 m (87.2). Operator systems sales grew fastest, up 13 per cent. The business area's biggest product area, Control Systems, saw sales increase by 7 per cent, while the sales gains for Drive Systems were 6 per cent.

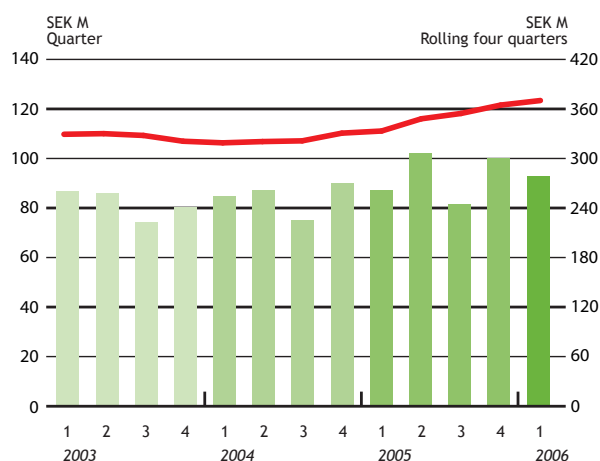
Operating profit grew by 16 per cent to SEK 6.8 m (5.8), or an operating margin of 7.3 per cent (6.7).

### Invoicing by Product Area, Automation



▲ Invoicing by the Automation business area's product areas in the first quarter 2006.

### Invoicing, Automation



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

### The HMI Products Business Area

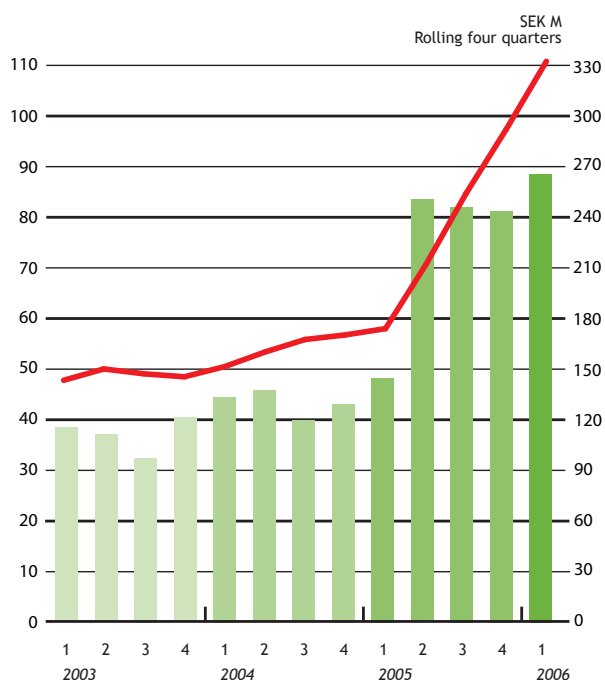
Overall, the HMI products market traced positive growth. Progress on the Asiatic market exceeded estimates, and collaboration with acquired enterprise Hitech continued its very positive progress.

The recently announced incorporation in Shanghai is part of Beijer Electronics' efforts to further advance its positioning on the Chinese market.

Sales of six new mid-range operator terminals, based on the BEPP platform, started in the quarter, with the first deliveries imminent. These new terminals broaden and consolidate the product range.

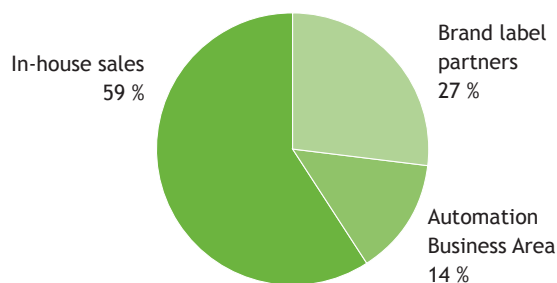
Business area sales grew 84 per cent to SEK 88.6 m (48.2), with Hitech contributing SEK 36.4 m (0). In-house sales expanded robustly to SEK 64.5 m (23.1), comprising 73 per cent (48) of business area sales. Sales through brand label channels were largely unchanged in the quarter, year-on-year.

## Invoicing, HMI Products



The bars and left-hand scale indicate quarterly invoicing. The curve and right-hand scale show rolling four quarter invoicing. The second, third and fourth quarters 2005 include Hitech Electronics.

## Invoicing by Sales Channel, HMI Products



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

Operating profit more than doubled to SEK 12.1 m (5.9). Operating margin was 13.6 per cent (12.3). These gains are explained by robust volume expansion. Development expenses increased to SEK 11.0 m (6.1), equivalent to 12.4 per cent (12.6) of business area sales. The increase in development expenses is partly attributable to Hitech Electronics.

## Other Financial Information

Consolidated investments including capitalized development expenses were SEK 8.9 m (3.9). Cash flow from operating activities was SEK 14.4 m (8.5). Working capital increased due to high invoicing in March. Shareholders' equity was SEK 160.2 m (122.4) as of 31 March 2006. Liquid assets were SEK 57.5 m (79.1), when interest-bearing liabilities were SEK 89.1 m (18.6), with the increase due to the acquisition of Hitech. The average number of employees was 295 (200).

## Consolidated Statement of Changes to Shareholders' Equity, Q1, 2006.

SEK 000	Share Capital	Translation Reserve	Balanced Profit	Total Shareholder's Equity
OB, 1 Jan. 2006	6,222	12,545	131,739	150,506
Translation difference, Q1		-1,043		-1,043
Net profit			10,741	10,741
	<b>6,222</b>	<b>11,502</b>	<b>142,480</b>	<b>160,204</b>

## 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. Beijer Electronics has been collaborating with Tetra Pak since autumn 2003, when deliveries of its previous generation of terminals began.

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.

After the end of the period, 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. The initial staffing of five is basically complete, and operations are expected to begin after summer 2006.

## Outlook for 2006

Early 2006 was positive and Beijer Electronics anticipates a sustained good market in 2006. In 2005, the group enhanced its product range, extended its sales channels and created a more efficient organization. Overall, Beijer Electronics is expected to enjoy good prospects of continuing to increase sales and profits in 2006.

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

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or +46 (0)70 535 86 10.

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

# First Quarter 2006 in Summary

## Income Statement

SEK 000	Q1, 2006	Q1, 2005	12 MTH 2005
Net turnover	168,404	121,553	615,288
Other operating revenue	4,716	1,751	15,158
Operating expenses	-153,468	-111,318	-556,178
Depreciation	-3,940	-2,457	-14,204
Share of profit in associated companies	80	-	54
<b>Operating profit</b>	<b>15,792</b>	<b>9,529</b>	<b>60,118</b>
Net financial position	-557	118	-1,522
<b>Profit before tax</b>	<b>15,235</b>	<b>9,647</b>	<b>58,596</b>
Estimated tax	-4,494	-2,788	-17,422
<b>Net profit</b>	<b>10,741</b>	<b>6,859</b>	<b>41,174</b>
<i>Equiv. to earnings per share, SEK</i>	<i>1.73</i>	<i>1.10</i>	<i>6.62</i>

## Balance Sheet

<b>Assets</b>			
Fixed assets	158,983	48,186	155,324
Current assets	189,958	123,726	171,273
Liquid assets and short-term investments	57,513	79,077	63,743
<b>Total assets</b>	<b>406,454</b>	<b>250,989</b>	<b>390,340</b>
<b>Liabilities and shareholders' equity</b>			
Shareholders' equity	160,204	122,397	150,506
Long-term liabilities	93,905	35,179	94,085
Current liabilities	152,345	93,413	145,749
<b>Total liabilities and shareholders' equity</b>	<b>406,454</b>	<b>250,989</b>	<b>390,340</b>
<i>Of which interest-bearing liabilities</i>	<i>89,142</i>	<i>18,619</i>	<i>82,381</i>

## Key Figures

Operating margin, %	9.4 %	7.8 %	9.8 %
Profit margin, %	9.0 %	7.9 %	9.5 %
Equity ratio, %	39.4 %	48.8 %	38.6 %
Shareholders' equity per share, SEK	25.75	19.67	24.19
Earnings per share, SEK	1.73	1.10	6.62
Rolling 12-month EPS, SEK	7.24	4.99	6.62
Return on equity after tax, %	31.9	27.0	31.0
Return on capital employed, %	34.3	33.5	33.1
Return on net operating assets, %	57.1	79.7	52.3
Average number of employees	295	200	294

*Number of shares 6,221,488*

## Cash Flow Statement

Cash flow from operating activities	14,352	8,509	54,517
Change in working capital	-17,849	-1,858	23,492
Cash flow from investment activity	-4,299	-2,464	-130,057
Revised funding	1,798	-	57,416
Dividends paid	-	-	-18,665
<b>Change in liquid assets</b>	<b>-5,998</b>	<b>4,187</b>	<b>-13,297</b>
Liquid assets and short-term investments, opening balance	63,743	74,646	74,646
Price/exch. rate change, liquid assets	-232	244	2,394
<b>Liquid assets and short-term investments, closing balance</b>	<b>57,513</b>	<b>79,077</b>	<b>63,743</b>

## 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, and subsidiaries in Finland, Germany, Norway, Taiwan 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.beijer.se](http://www.beijer.se).

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: [koncerninfo@beijer.se](mailto:koncerninfo@beijer.se).

## Forthcoming Financial Information

17 August 2006 .....Six-month Interim Report  
25 October 2006.....Nine-month Interim Report  
8 February 2007.....Financial Statement for 2006

