

# Year-end report

## 2006

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Net sales increased by 43 % to SEK 1,817.7 million (1,269.5)

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Profit after tax increased by 55 % to SEK 71.1 million (46.0)

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Earnings per share after estimated full tax amounted to SEK 10.31 (6.87)

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Profit after financial items increased by 46 % to SEK 96.6 million (66.0)

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Structural costs are included in the result

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# Year-end report 2006

# January - December 2006

## Important events during the period

### ACQUISITION OF:

City Group and Radford CGC in the UK, Novena in Lithuania, PremOers in the Netherlands and Pharma Service a.s in Norway

### AGREEMENT WITH:

Ahold, NorgesGruppen, RIMI Baltic, Hästens Sängar, Järnia and Lindex

### TURNOVER AND PROFIT

The Group's net sales increased by 43 per cent to SEK 1,817.7 million (1,269.5 million) and the profit after financial items rose 46 per cent to SEK 96.6 million (66.0 million).

### SHARE DATA AND KEY RATIOS

Profit per share after full tax amounted to SEK 10.31 (6.87) and shareholders' equity per share to SEK 43.18 (29.72). The equity/assets ratio was 23 per cent (26) at the end of the period.

### INVESTMENT

The Group's net investments amounted to SEK 203 million (26), of which SEK 140 million concerned corp. transactions, SEK 27 million property and SEK 36 million machinery and equipment.

### FINANCIAL AND LIQUIDITY

The Group's liquid assets including granted but unutilised credit facilities amounted to SEK 306 million on the closing day.

### FOURTH QUARTER

During the fourth quarter net sales was SEK 631.5 million (371.9 million) and profit after financial items SEK 38.4 million (15.2 million).

### ACTIVITIES

ITAB Shop Concept is a concept and product supplier of shop fittings and equipment for food and non-food business in the Nordic countries, the Baltic Region, the Benelux countries, the United Kingdom and Central Europe. Wood and metal shop fittings, as well as checkouts and entrance systems, are designed and produced at the company's own facilities. ITAB's well-established project management model allows the company to be an all-inclusive contractor when it comes to building new shops or refitting existing ones. Production facilities are located in Sweden, Norway, Denmark, Finland, Lithuania, England, the Netherlands and the Czech Republic. The units in Estonia, Latvia, Russia and the Ukraine have functions involving project management and purchasing. Service, installation, project management and sales are functions assigned to various partners throughout Europe.

ITAB is currently the largest player in the Nordic countries and the Baltic Region, while in the United Kingdom the acquisition of two companies has helped establish the Group as a major player in the shop fittings field. In the Benelux countries and certain parts of

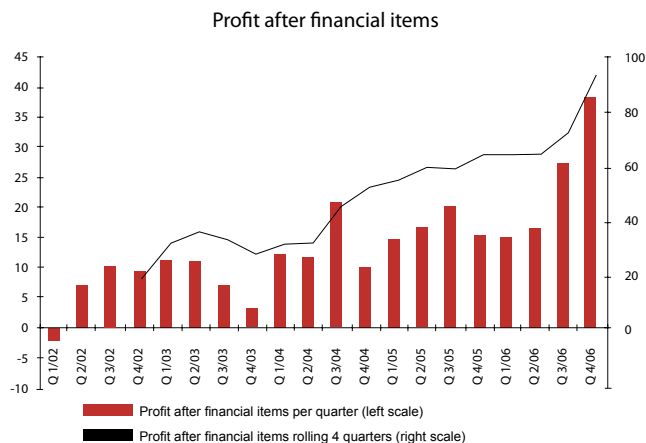
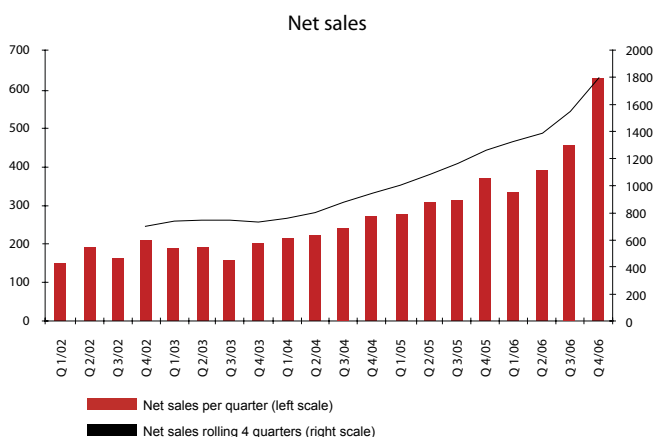
Central Europe, ITAB has assumed a leading market role. In Russia and the Ukraine, evaluations are continuing with the ambition to carefully enter these marketplaces. Activities are founded on long-term business relationships and delivery reliability in combination with efficient production resources.

The Group's net sales increased by 43 per cent during the year to SEK 1,817.7 million (1,269.5). Acquisitions made during the year have contributed to this strong growth and the long-term customer agreements entered into have all developed in a positive manner. Growth is being recorded in Norway, Denmark, Finland, the Baltic Region and the Netherlands. Sweden and the Czech Republic have recorded the same level of sales as in 2005.

In terms of profit, trends during 2006 have been favourable. The profit after financial items was SEK 96.6 million (66.0), an increase of 46 per cent. The improved profit can initially be put down to increased volumes, but the Group has also benefited from the effects of streamlining and cost reductions through increased utilisation of resources at the production facilities and in terms of salaried employees.

During 2006, the purchasing patterns of ITAB's chain customers changed. The first half of the year was quieter than normal in terms of deliveries, while the autumn was rather hectic. In order to cope with the increases in volume during the second half of the year, large volumes of goods for warehousing were produced during the spring. This resulted initially in additional costs associated with external warehousing and logistics. The high level of orders received during the year has led to high capacity utilisation at all of ITAB's production units, but there is also an increased proportion of purchasing from sub-suppliers. This has resulted in greater focus on measures to increase capacity at several of the Group's production units, primarily in the Czech Republic and Lithuania.

The amalgamations and mergers that began in 2005 in the Czech Republic and Sweden have continued to burden the profit throughout 2006. In the Czech Republic, coordination of the various units intensified during 2006 and comprehensive change work has taken place to improve capacity and address issues concerning corporate structure. The businesses themselves are also changing – from being solely production units to becoming concept suppliers involved in extensive market cultivation. Running parallel with this, the first phase of construction of a new factory covering an area of 20,000 m<sup>2</sup> has commenced. ITAB has invested in modern new production technology for the new facility, which will mean additional training for employees, some of whom are new. Although this will initially increase costs, the new facility is an investment for ensuring ITAB's future growth.



## IMPORTANT EVENTS

During the year, ITAB acquired two companies in the United Kingdom. City Group, which is one of the U.K.'s fastest growing companies within shop fittings, project management and service and Radford, which is a leading player in the U.K. of checkouts, entrance and exit systems in shops and public office areas. The common platform that has been created through the acquisition of these two companies makes ITAB a complete supplier and partner for British retail chains requiring shop equipment, fittings, project management and service. The acquisitions are of major strategic importance for ITAB, which is now making its serious foray into the British market. ITAB is the market leader for entrance and exit systems in shops and public office areas and one of the major players within shop fittings. In addition to the expanded market, the acquisitions are also contributing to increased production volumes for ITAB's other companies, mainly in the Czech Republic.

In January 2006, ITAB acquired Novena, Lithuania's leading supplier of shop fittings. Novena's principal area of business are metal and wire products production, but also has some wood products production. The acquisition is an important part in ITAB's growth strategy and will confirm ITAB's position as a market leader in the Baltic Region. Integration work has commenced and the organisation is being strengthened and coordination with ITAB's other Baltic activities is underway. New production equipment was installed during the autumn to increase the efficiency and capacity of the business.

PremOers, which is a well-renowned project management company in the Netherlands, was acquired at the start of the year. PremOers has extensive experience of concept development and project management of complete shop concepts, primarily within the specialised retail trade. PremOers was successfully integrated with ITAB's Dutch company during 2006.

During the year, ITAB acquired PharmaService a.s in Norway. This company is currently the leading supplier of fittings for pharmacies in Norway. The company has solid and extensive experience of concept development and project management within the pharmacy field. This acquisition will help to strengthen and further consolidate ITAB's market position.

During the year, ITAB entered into a number of important customer agreements. Agreements have been signed with Norges-

Gruppen AS, Hästens Sängar AB, Rimi Baltic, the Järnia Group and Lindex. One long-term European partnership agreement has been entered into with Ahold. After the end of the accounting period, a two-year agreement was signed with Tesco Central Europe for delivery of shop fittings to be manufactured at ITAB's production facilities in the Czech Republic. The long-standing partnership with Stadium is being expanded, as during 2006 ITAB and Stadium jointly developed a new shop fitting concept, which is due to be launched in spring 2007.

## FUTURE PROSPECTS

Expectations concerning expansion in Northern and Central Europe are high. ITAB has significantly increased its production capacity and has a well-functioning supplier network in both Europe and Asia. ITAB's knowledge and competence as a complete concept supplier and product supplier are two of the company's foremost strengths. Some slight uneasiness may be discernible due to the risk of increasing costs for raw materials and the difficulties involved in compensating for these. Another potentially troublesome situation is that several of the company's largest customers have orders in the autumn that greatly exceed those of the first half of the year. This trend is clear and is continuing to intensify. It means that the Group's sales are being moved more and more to the autumn and that stock must be built up during the spring in order to prepare for the autumn deliveries.

ITAB has a broad market presence and a strong market position on selected markets. The company has won the trust of many of Europe's largest and most successful retail chains. The aim is, however, to improve even more and become stronger in specific markets.

## ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting principles have been used as in the latest annual report.

## NEXT REPORTING DATE

The interim report for the period encompassing January through March 2007 will be presented on Wednesday, 2 May 2007.

Jönköping, 8 February 2007

Jan-Ola Wiréhn  
Managing Director

## INCOME STATEMENTS

(SEK million)	3 months	3 months	12 months	12 months
	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Net sales	631.5	371.9	1,817.7	1,269.5
Cost of goods sold	-509.6	-307.9	-1,485.4	-1,033.4
<b>Gross profit</b>	<b>121.9</b>	<b>64.0</b>	<b>332.3</b>	<b>236.1</b>
Selling expenses	-55.0	-33.5	-150.2	-113.2
Administrative expenses	-21.3	-12.7	-67.8	-47.8
Other operating income/expenses	-0.7	1.0	1.5	2.8
<b>Operating profit</b>	<b>44.9</b>	<b>18.8</b>	<b>115.8</b>	<b>77.9</b>
Financial items	-6.5	-3.6	-19.2	-11.9
<b>Profit after financial items</b>	<b>38.4</b>	<b>15.2</b>	<b>96.6</b>	<b>66.0</b>
Tax	-9.8	-4.7	-25.5	-20.0
<b>NET PROFIT FOR THE PERIOD</b>	<b>28.6</b>	<b>10.5</b>	<b>71.1</b>	<b>46.0</b>

*Depreciation represents SEK 34 million (28) of the profit for the year.*

*Estimated full tax amounts to 26 per cent (30) for the year.*

## SHARE DATA

	3 months	3 months	12 months	12 months
	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
Average number of shares, thousands	6,996	6,696	6,896	6,696
Average number of shares after dilution, thousands	7,141	6,841	7,041	6,769
Earnings per share, SEK	4.12	1.56	10.31	6.87
Earnings per share after dilution, SEK	4.07	1.56	10.23	6.86
Equity capital per share, SEK	-	-	43.18	29.72
Quotation on closing day, SEK	-	-	195.00	128.50

*Outstanding number of shares amount to 6.696.200. The 30th of June 2005 the Group issued a convertible loan of SEK 18.415 million, 145.000 shares by full conversion, the total amount of shares will then be 7.141.200 .*

## KEY FIGURES

	12 months Jan-Dec 2006	12 months Jan-Dec 2005
Liquidity operating margin, %	6.4	6.1
Profit margin, %	5.3	5.2
Return on equity capital p.a, %	28.9	26.4
Return on capital employed p.a, %	17.1	15.3
Return on total capital p.a, %	11.4	10.6
Interest coverage ratio, multiple	5.4	5.5
Equity, SEK m	302.1	199.0
Equity/asset ratio <sup>1)</sup> , %	23.1	25.9
Proportion on risk-bearing capital <sup>2)</sup> , %	26.0	31.0
Net investment, SEK m	203	26
Average number of employees	1 189	880

1) Excluding financial debt of convertible loan

2) Including financial debt of convertible loan

## BALANCE SHEETS

(SEK million)	2006 31-Dec	2005 31-Dec
<b>ASSETS</b>		
Intangible fixed assets	245.7	76.1
Tangible fixed assets	310.8	250.1
Financial assets	7.2	2.1
<b>TOTAL FIXED ASSETS</b>	<b>563.7</b>	<b>328.3</b>
Stock	291.0	204.0
Current receivables	438.3	228.4
Cash and bank balances	15.8	7.9
<b>TOTAL CURRENT ASSETS</b>	<b>745.1</b>	<b>440.3</b>
<b>TOTAL ASSETS</b>	<b>1,308.8</b>	<b>768.6</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	302.1	199.0
Long-term liabilities	298.8	287.0
Current liabilities	707.9	282.6
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,308.8</b>	<b>768.6</b>

*Interest-bearing liabilities amount to SEK 573 million (355).*



## CHANGE IN EQUITY

(SEK million)	<b>2006</b> 31-Dec	<b>2005</b> 31-Dec
Opening balance	199.0	151.1
Dividend paid	-10.0	-8.4
New share issue	48.6	-
Equity-part of convertible loan	-	1.7
Issue expenses, convertible debenture loan	-	-0.4
Actuarial profits and losses	-	-1.1
Translation differences	-6.6	10.1
Net profit for the period	71.1	46.0
<b>CLOSING BALANCE</b>	<b>302.1</b>	<b>199.0</b>

## CASH-FLOW ANALYSES

(SEK million)	<b>12 months</b> Jan-Dec 2006	<b>12 months</b> Jan-Dec 2005
<b>Operating profit</b>	<b>115.8</b>	<b>77.9</b>
Adjustment for items not affecting liquidity	-5.7	-2.0
Change in working capital	-93.4	-67.9
<i>Cash flow from operating activities</i>	<i>16.7</i>	<i>8.0</i>
Investments	-203.0	-26.1
<i>Cash flow after investments</i>	<i>-186.3</i>	<i>-18.1</i>
Financing	194.2	21.1
<b>Change in liquid assets</b>	<b>7.9</b>	<b>3.0</b>

## QUARTERLY INCOME STATEMENTS

	2006 Oct-Dec	2005 Oct-Dec	2006 Jul-Sep	2005 Jul-Sep	2006 Apr-Jun	2005 Apr-Jun	2006 Jan-Mar	2005 Jan-Mar
(SEK million)								
Net sales	631.5	371.9	457.6	313.0	392.4	307.4	336.2	277.2
Cost of goods sold	-509.6	-307.9	-318.1	-256.0	-318.4	-246.7	-276.3	-222.8
<b>Gross profit</b>	<b>121.9</b>	<b>64.0</b>	<b>76.5</b>	<b>57.0</b>	<b>74.0</b>	<b>60.7</b>	<b>59.9</b>	<b>54.4</b>
Selling expenses	-55.0	-33.5	-29.9	-24.7	-35.8	-27.9	-29.5	-27.1
Administrative expenses	-21.3	-12.7	-15.8	-9.0	-17.6	-14.9	-13.1	-11.2
Other operating income/expenses	-0.7	1.0	1.3	0.4	0.0	0.6	0.9	0.8
<b>Operating profit</b>	<b>44.9</b>	<b>18.8</b>	<b>32.1</b>	<b>23.7</b>	<b>20.6</b>	<b>18.5</b>	<b>18.2</b>	<b>16.9</b>
Financial items	-6.5	-3.6	-4.9	-3.7	-4.3	-2.3	-3.5	-2.3
<b>Profit after financial items</b>	<b>38.4</b>	<b>15.2</b>	<b>27.2</b>	<b>20.0</b>	<b>16.3</b>	<b>16.2</b>	<b>14.7</b>	<b>14.6</b>
Tax	-9.8	-4.7	-7.3	-6.1	-4.4	-4.8	-4.0	-4.4
<b>NET PROFIT FOR THE PERIOD</b>	<b>28.6</b>	<b>10.5</b>	<b>19.9</b>	<b>13.9</b>	<b>11.9</b>	<b>11.4</b>	<b>10.7</b>	<b>10.2</b>

### Proposal for dividend

The Board proposes to the Annual General Meeting a dividend of SEK 2.00 per share for the 2006 financial year. Total dividend amounts to SEK 14.0 million based on the number of shares at the end of the financial year. The Board also proposes a split 2:1.

### Repurchase of own shares

The Board will propose to the Annual General Meeting that it be authorised to make decisions on repurchasing of the company's shares. Such a mandate would allow the board being to make decisions on repurchasing of the company's shares until the next Annual General Meeting. Any purchase could be made at the stock market or through offers to shareholders. It will also be suggested that the Board's mandate include the ability to transfer repurchased shares within the limits permitted by legislation.

### Nomination of members of the board

Shareholders wishing to nominate candidates for the Board ahead of the Annual General Meeting may contact Thord Johansson, Chairman of the Board, +46 (0)36-31 73 00 or Johan Rapp, Board Member: +46 (0)8-679 13 50.

### Annual General Meeting

The Annual General Meeting will be held on Wednesday, 2 May 2007 at 3 p.m. at ITAB's premises at Instrumentvägen 2 in Jönköping. The Annual Report for 2006 will be available at the middle of April at ITAB Shop Concept's head office. The Annual Report will be sent out to shareholders at the same time.

*Jönköping, 8 February*  
*The Board*



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