

Höganäs



2008 1st Quarter



Highlights 2008 Q1

- **Strong start 2008, with 5% volume growth in Q1. Continued very good volume growth in Asia as well as in North and South America.**
- **Gross Profit 8% higher than prior year. Price increases carried out on all markets during the quarter. Unfavourable effect of weaker USD and lower metal stock gains than Q1 2007.**
- **Operating Income 196 MSEK (188), 4% higher than prior year, negatively effected by currency movement driven "Other Income and Expenses".**
- **Income before tax 191 MSEK (172), 11% higher than prior year.**
- **Cash-flow from Operations 197 MSEK (-9). Working Capital reduced as a ratio of Net Sales value.**



Key Numbers 2008 Q1

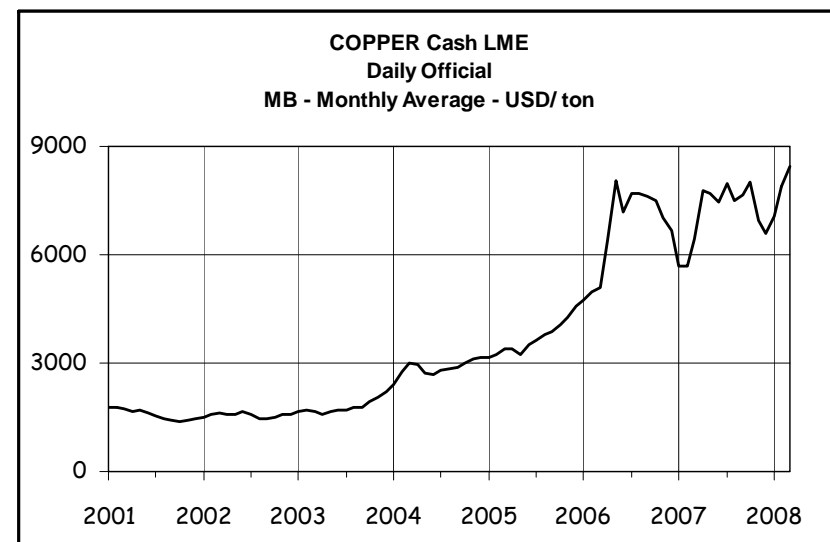
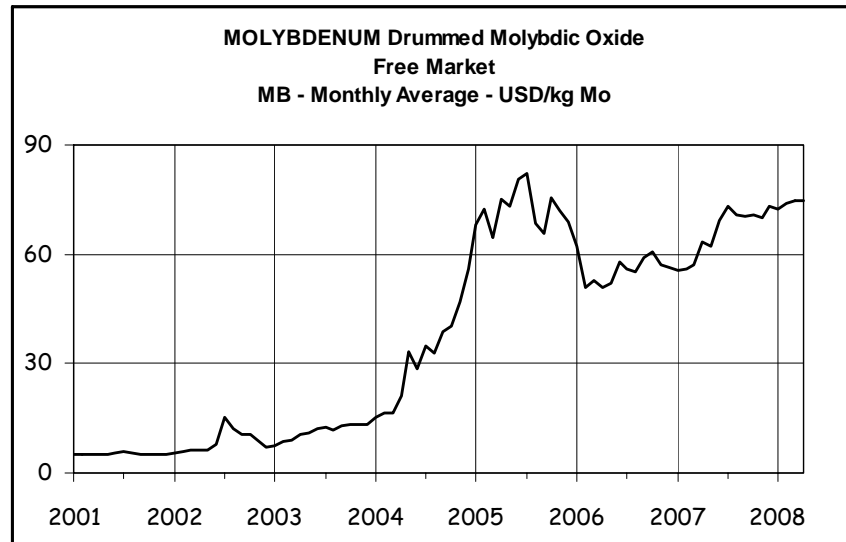
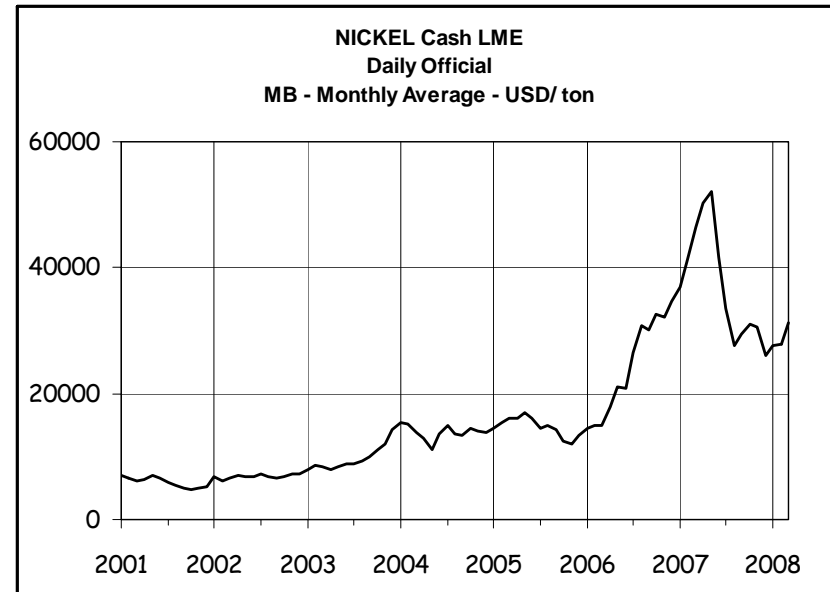
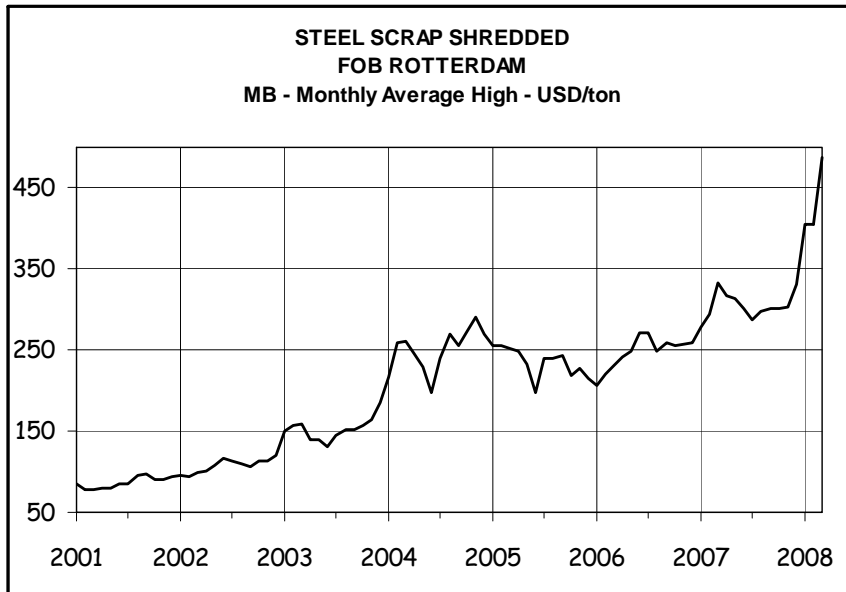
All amounts in MSEK

		Quarter 1	
		2008	2007
Net Sales		1583	1413
<i>vs Prior Year</i>	<i>Total</i>	12%	
	<i>Volume</i>	5%	
	<i>Currency</i>	-3%	
	<i>Price/mix</i>	9%	
Gross Profit		326	301
<i>Gross Profit per ton</i>		2790	2716
Operating Income excluding "Other operating income and expenses"		190	162
<i>Margin % Net Sales</i>		12,0%	11,5%
Other operating income and expenses (as per report)		6	26
<i>of which Currency hedges</i>		13	17
Operating Income		196	188
<i>Margin % Net Sales</i>		12,4%	13,3%
Net Income		144	126
Cash flow from Operations		197	-9





Metal price development





Sales 2008 Q1 by Geographic Area

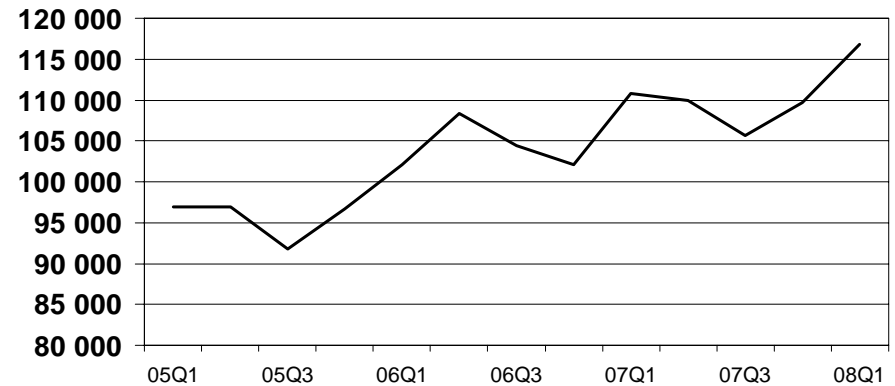
Europe: Net Sales + 7%

- Weaker sales volume development as expected, in line with the market
- Growth in components exports increasingly under pressure due to EUR strength
- Price competition putting pressure on sales volumes

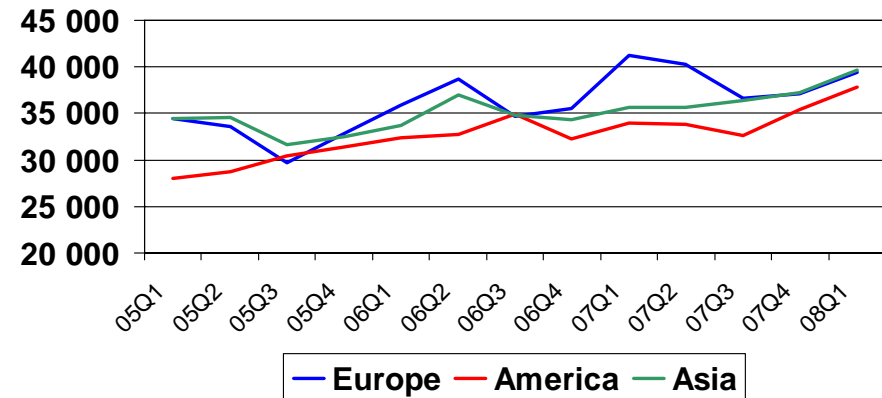
Asia: Net Sales + 18%

- Very strong start in 2008, with Japan growth continuing in Q1
- Sustained volume growth, but price competition increasing
- In Korea PM customers reduced inventory levels, which resulted in lower sales volumes

Höganäs Group, Volumes per Quarter



Höganäs Group, Volumes per Region & Quarter



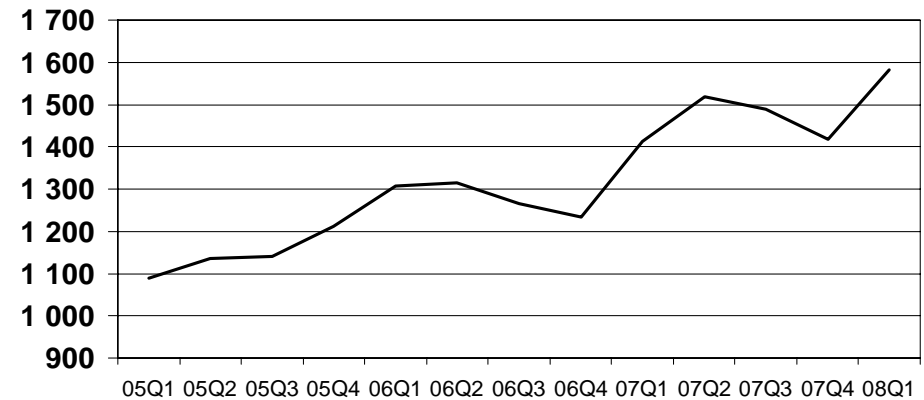


Sales 2008 Q1 by Geographic Area cont.

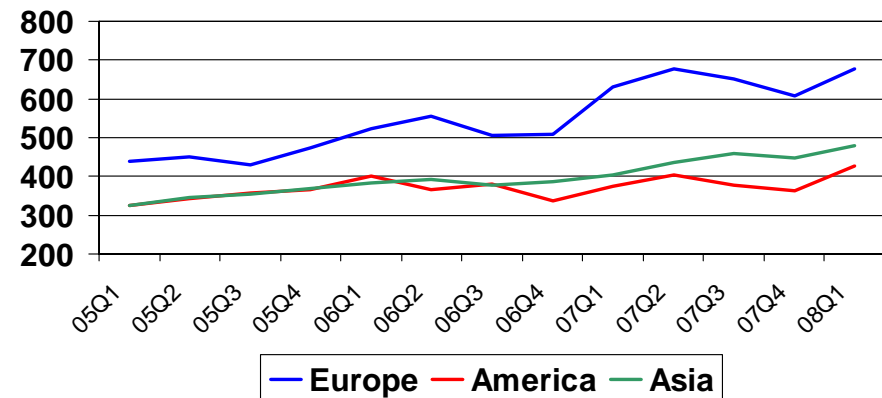
Americas: Net Sales +13%

- Very strong Q1 in North America as well as in South America
- Höganäs development better than the market in NA
- Car industry slowdown in NA and Höganäs increasing prices are putting pressure on the customers of Höganäs. Low value volumes were lost, but new accounts taken as Höganäs actively works the value chain.
- Continued strong development in SA due to car production growth and high industrial activity keeping growth up in Consumables segments.

Höganäs Group Net Sales per Quarter, MSEK



Höganäs Group, Net Sales per Region & Quarter, MSEK





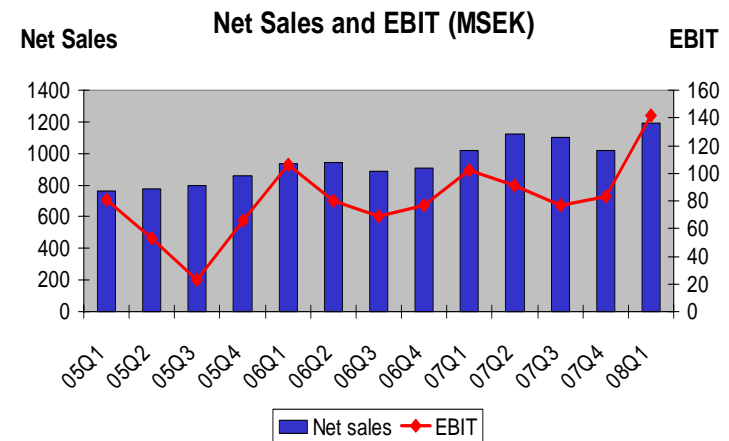
Results 2008 Q1 - Components

- **Net sales 1 190 MSEK** **+17%**

- Volume growth 7%, overall good.
- Asia, India, North and South America double-digit growth.
- Europe flat vs. a very strong 2007 comparator of +14%, and suffering from increasingly stronger EURO.

- **Operating Income 142 MSEK** **+39%**

- Margin 11,9% (10,0%), corresponding to a 3,8 %-point increase vs. Q4 2007.
- Positive impacts from price increases, stronger JPY and high nickel surcharge in Japan.
- Negative impact from weaker USD and from higher scrap and energy costs.
- Significant positive currency revaluation impact in Q1 2007 (and not in 2008) due to stronger EURO.



Components

- ~70% of group sales
 - 75% of this segment is for the automotive industry
- Customers:
 - Suppliers of components to equipment manufacturers.
 - These producers supply components to Automotive, Power Tool, Compressors, Electrical motors and others.

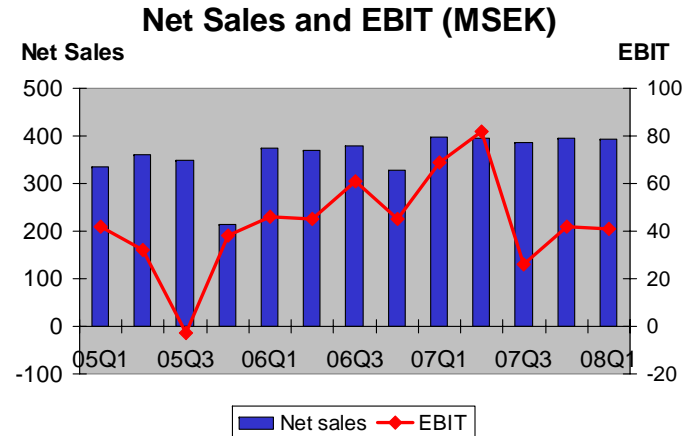




Results 2008 Q1 - Consumables

- **Net Sales 393 MSEK** **-1%**
 - Volume decline, -1%, driven by Europe, due to strong finish in Q4 2007, +17%.
 - Significant scrap sales volumes in Q1 2007 were not repeated in Q1 2008.

- **Operating Income 41 MSEK** **-41%**
 - Margin 10,4% (17,4) due to metal gains lower and significant difference in metal hedge results vs Q1 2007.
 - Positive impact from price increases and stronger JPY.
 - Negative impact from weak USD.



Consumables

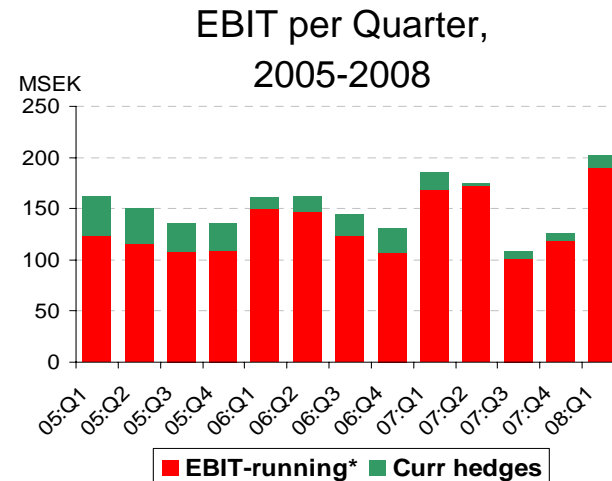
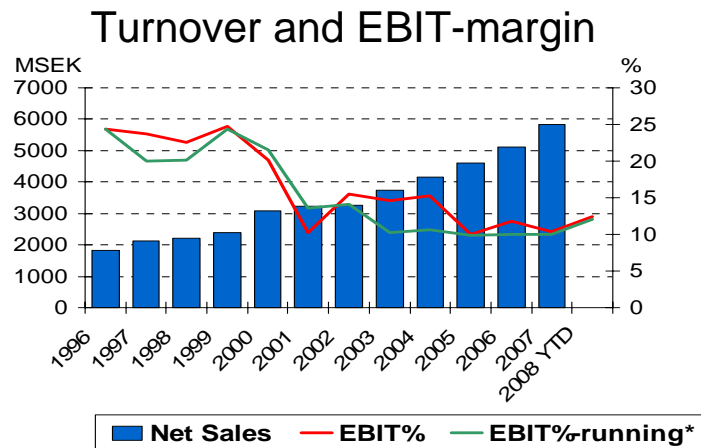
- ~30% of group sales
 - major part of this segment is non-automotive applications
- Customers:
 - Metallurgical and Chemical process industry, producers of Welding, Filter and Friction consumables, users of Fusion, Cutting and Coating technology, food & feed enrichment and others.





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*Ebit running= EBIT excl. other op income and expenses



Outlook 2008

- The combination of financial turbulence that began in summer 2007 and has continued in 2008 render forecasts for the immediate future very uncertain.
- One likely scenario is that weaker market progress in North America will persist. The trend towards smaller and more fuel-efficient cars in North America will continue to restrain the growth of press powder.
- Positive progress of the European and South American powder market will slow somewhat.
- Growth in Asia will continue.
- Metal prices and exchange rates are expected to remain volatile in 2008, which may have a short-term effect on profit performance.



Höganäs

