



ANNUAL REPORT  
2008



## The Group in summary

**In the past few years, the Group has been restructured from a diversified industrial group to a hi-tech group focused on medical technology and precision technology. This was accomplished through the distribution of shares in Forshem Group AB (housebuilding operations) to shareholders in 2006 and the sale of electronics operations in 2007. The overall business direction is to focus operations on market segments in which the Group can develop leading positions. The Group's main focus is on medical technology.**



In order to highlight the Group's new business direction and to create a uniform image of group affiliation, the company's name was changed from AB Westergyllen to Elos AB on 15 May 2008, following the approval of the Annual General Meeting.

> Net sales rose 11 per cent\* to SEK 499 million (433). Order bookings rose 10 per cent\* to SEK 507 million (444).

> Profit after financial items for remaining operations was SEK 37.0 million (37.3).

> Strong improvement in cash flow. Cash flow from operating activities increased to SEK 69.7 million (26.8).

> Continued stable operating profit for Q4 of SEK 14.8 million (15.3).

> The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

\* Adjusted for exchange rate fluctuations during the year.

Key data		2008	2007	2006 <sup>1</sup>	2006 <sup>2</sup>	2005 <sup>2</sup>	2005	2004
Net sales	SEKm	499.4	432.8	400.4	619.2	626.9	1,328.3	1,467.4
Profit/loss after financial items	SEKm	37.0	37.3	20.1	-16.1	4.9	32.2	46.8
Operating margin before depreciation (EBITDA)	%	17.0	18.8	15.2	6.8	8.5	6.6	7.1
Operating margin after depreciation (EBIT)	%	10.1	11.6	7.3	-0.7	1.9	3.1	4.0
Share of risk-bearing capital	%	40.0	37.9		27.3		27.2	27.8
Equity/assets ratio	%	34.9	33.6		24.5		24.3	24.1
Return on capital employed	%	11.6	11.4		-0.6		8.1	13.7
Return on equity	%	15.0	17.3		-7.3		10.7	18.8
Earnings per share after tax, remaining operations, before dilution	SEK	4.62	4.61	3.07	-2.27	0.29		
Earnings per share after tax, remaining operations, after dilution <sup>3</sup>	SEK	4.58						
Earnings per share after tax, total, before dilution	SEK	4.62	4.20	0.62	0.62	3.94	3.94	5.62
Earnings per share after tax, total, after dilution <sup>3</sup>	SEK	4.58						
Equity per share	SEK	32.91	28.82		24.61		37.72	32.65
Dividend (2008 proposal)	SEK	1.50	1.50		0.50		1.25	1.25
Average number of employees		368	358	344	503	457	700	745

<sup>1</sup> Adjusted for the sale of the Electronics business area, which is reported as discontinued operations.

<sup>2</sup> Unchanged from previous year, i.e. including Electronics business area but excluding Building/Interiors business area. Shares in the latter were distributed to shareholders in November 2006.

<sup>3</sup> Convertibles issued on 1 July 2008 have been taken into account.



## Comments by the CEO

**Following the restructuring** of the past few years, the financial year 2008 was the first year under the Group's new structure, as a hi-tech group focused on medical technology and precision technology.

This change in the Group has been very positively received by customers, particularly major customers and especially large global medical technology companies.

The latter see a significant advantage in the breadth of Elos' offer, but also in our size, two production units and a financial strength that allows aggressive initiatives.

Elos' current group structure provides major opportunities for the future. The overall business direction is to focus operations on market segments in which the Group can develop leading positions.

Meanwhile, there are still considerable coordination advantages in the operations, which can now be gradually realized.

**In order to further highlight** the Group's new structure, the parent company's name was changed from AB Westergyllen to Elos AB in May 2008. Previously Elos formed part of the corporate name of three units in the Group.

Today this applies to all our operating units. Another visible change is that the Elos Series B share has been classified in the Health Care sector on NASDAQ OMX Stockholm AB since February 2008.

Overall, market conditions in 2008 were satisfactory for the Group, although the demand situation differed in the various market segments. Towards the end of the year, it was evident that certain segments in the Group would be affected by the global economic slowdown. Together with start-up costs for new products, this led to earnings not performing as favourably as net sales.

I am pleased to report that we achieved a signifi-

cant cash flow, while net sales rose and an extensive investment programme was implemented.

Overall, this led to a substantial strengthening of the Group's financial position, which resulted in risk-bearing capital amounting to 40 per cent at the year-end. Consequently, Elos has a stable financial base providing a good platform for future business opportunities.

**Medical technology** In the orthopaedic segments, Trauma and Spine, a number of new customers began a partnership with Elos Medical, resulting in the start of production of a large number of new products.

One consequence of new products is initial costs, which to some extent had a negative impact on earnings. However, the other side of the coin – the fact that Elos has strengthened its growth base for the future – is much more important.

The market potential in the orthopaedic segment is significant. Annual global growth has well exceeded 10 per cent over the past few years and this growth rate is expected to continue in the coming years.

The demand situation in the dental segment showed a varying picture during the year. Demand gradually declined in the second half of the year, which had a negative impact on Elos Pinol's delivery and earnings performance. In order to offset this trend, measures were taken to adjust costs to more subdued volume growth.

The development of a range of OEM products to complement contract manufacturing continued during the year and there are good conditions for growth in the coming years.

The changes in global economic activity will naturally have an impact on Elos in 2009. Market segments in which the consumer is responsible for part of the cost of the product or treatment will be negatively im-



**“Elos has a stable financial base providing a good platform for future business opportunities.”**

pacted. Meanwhile, the demand for publicly funded products or treatments will probably not be appreciably affected. Overall, this results in opportunities for achieving a stable situation.

Another important change that will be of major significance for our operations is the increased demands on the medical technology industry made by the FDA's and the EU's new regulations. These come into force this year and will benefit companies of Elos' structure, with good quality procedures and the capacity to further develop quality and competence.

**Precision technology** Elos Fixturlaser continued to perform very positively in 2008. The product portfolio was renewed by the launch of Fixturlaser GO, which complements the high-end Fixturlaser XA system, with the result that Fixturlaser now has the market's most modern product range.

The global economic slowdown did not have a major impact on Elos Fixturlaser in 2008, but the demand for laser-based alignment and positioning systems will probably slow down this year. Such a trend does not alter our efforts to continue developing the product range, in order to consolidate our already stable market position.

Elos Precision's performance showed that our expectations of substantial growth in the turbine segment were realized during the year. To date, it may be stated that energy-related market segments were largely unaffected by financial crises and recession, while other industrial segments were negatively impacted. Profitability did not meet the targets for the year, due to reduced demand in industrial segments and the fact that expected productivity improvements could not be sufficiently realized. Following a period of capacity expansion, top priority is currently being given to quality and productivity issues.

**Elos has aggressive goals for the future.** Global economic development in 2008 and early 2009 calls for some caution.

As previously, we will focus on continued customer development and improved customer offers.

The trend in the Medical Technology business area is increasing quality and regulatory requirements, giving Elos good opportunities for participation the sector restructuring that is currently in progress.

It is not easy to assess how 2009 will develop as a whole. At the time of writing, it is particularly evident that all operations have a major focus on cash flow and are awaiting developments in global economic activity.

Finally, I should like to extend my thanks to all employees and stakeholders in the Group. The work jointly carried out over the past year provides a good platform for the future.

Lidköping, March 2009

Göran Brorsson  
President and CEO

## The Elos share

**Stock market trading** Elos' Series B shares have been listed on NASDAQ OMX Stockholm AB Small Cap since 13 June 1989. The high-voting Series A shares are not listed. The share price fluctuated between SEK 25.50 and SEK 63.25 during the year. The closing price at year-end 2008 was SEK 26.70 (60.25). At year-end 2008, Elos' market capitalisation was SEK 161.6 million (364.4). In 2008, 728,127 shares were traded at a value of SEK 35.4 million.

**Dividend policy** Elos' dividend policy stipulates that the dividend is to be based on the Group's earnings performance, while taking into account its future development potential and financial position. The long-term goal is for the dividend to increase at a constant rate and to be equivalent to approximately 30 per cent of the profit after tax.

**Proposed dividend** For the financial year 2008, the Board of Directors has proposed a dividend of SEK 1.50 (1.50) per share, a total of SEK 9.1 million. The Group's equity/assets ratio was 34.9 per cent at the reporting date. Adjusted for the proposed dividend, the equity/assets ratio was 33.8 per cent at the reporting date.

**Incentive programme** The 2008 Annual General Meeting approved the Board's proposal for an incentive programme for employees in the Elos Group. This programme offered employees the opportunity to subscribe for convertibles that can be converted to shares at a price of SEK 75.

**Share capital** At year-end 2008, Elos AB's share capital amounted to SEK 37.8 million. The share capital is divided into Series A and Series B shares. Apart

from Series A shares each carrying one vote and Series B shares one-tenth of a vote, there is no distinction as regards the rights of the different share series in the company.

In accordance with Elos' Articles of Association, holders of Series A shares have the right to request in writing the conversion of Series A shares into Series B shares. In 2008, no Series A shares were converted into Series B shares.

**Shareholders** At year-end 2008, Elos had 1,446 shareholders. Elos' ten largest shareholders held shares equivalent to 55.3 per cent of the capital and 83.0 per cent of the votes. Swedish and international institutions held 12.9 per cent of the capital and 4.9 per cent of the votes at the year-end.

### Type of share 30 December 2008

Type of share	Number of shares	Share in % of votes	Share in % of capital
A	1,099,740	69.0	18.2
B	4,951,260	31.0	81.8
Total	6,051,000	100.0	100.0

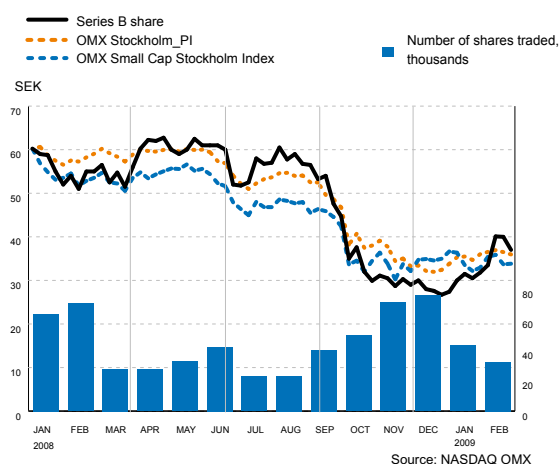
### Shareholder structure 30 December 2008

Number of shares by size	Number of shareholders	Number of shares	Proportion of shares, %
1-500	755	151,542	2.5
501-1,000	273	231,172	3.8
1,001-2,000	187	313,159	5.2
2,001-5,000	107	381,551	6.3
5,001-10,000	56	428,287	7.1
10,001-20,000	25	370,226	6.1
20,001-50,000	24	741,202	12.2
50,001-100,000	7	530,710	8.8
100,001 -	12	2,903,151	48.0
<b>Total</b>	<b>1,446</b>	<b>6,051,000</b>	<b>100.0</b>

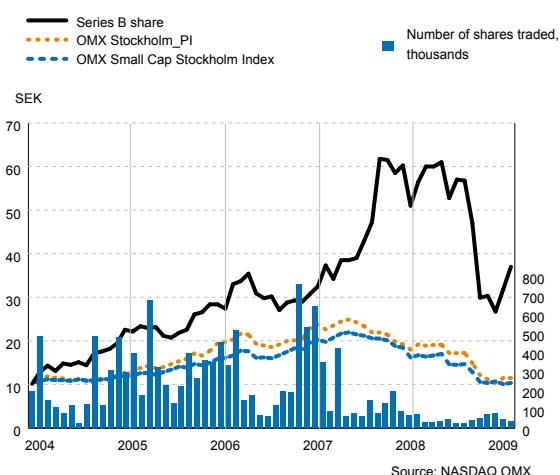
### The largest shareholders

According to VPC on 30 Dec 2008	Series A shares	Series B shares	Total	% of share capital	% of votes
Sture Öster, family and companies	378,826	160,960	539,786	8.9	24.8
Lars Runmarker, family	297,946	201,380	499,326	8.3	20.0
Bo Nilsson, family	260,880	139,680	400,560	6.6	17.2
Elna Molin, family	136,000	169,400	305,400	5.1	9.6
Barbro Nilsson, family	26,088	320,120	346,208	5.7	3.6
Magledal Holding APS	0	365,400	365,400	6.0	2.3
Nordea Småbolagsfond Norden	0	305,769	305,769	5.1	1.9
Unionen	0	219,500	219,500	3.6	1.4
Kerstin Ulfenborg, family	0	217,660	217,660	3.6	1.3
Hefo APS	0	143,950	143,950	2.4	0.9
Göran Brorsson	0	100,000	100,000	1.7	0.6
Lennart Månsson	0	86,000	86,000	1.4	0.5
Other	0	2,521,441	2,521,441	41.6	15.9
<b>Total</b>	<b>1,099,740</b>	<b>4,951,260</b>	<b>6,051,000</b>	<b>100.0</b>	<b>100.0</b>

### Performance and turnover of the Elos share, Jan 2008 – Feb 2009



### Performance and turnover of the Elos share, Jan 2004 – Feb 2009



The Elos share price as from January 2004, as reported in the share chart, has been historically adjusted for both a split implemented in May 2005 and the distribution of the shares in Forshem Group AB in November 2006. The adjustment was made on the basis of the change in the Elos share price that arose at the time of distribution.

Data per share		2008	2007	2006*	2006**	2005***	2004	2003	2002	2001	2000	1999
Profit/loss after tax, remaining operations, before dilution	SEK	4.62	4.61	3.07	-2.27	0.29						
Profit after tax, remaining operations, after dilution	SEK	4.58										
Profit/loss after tax, discontinued operations	SEK		-0.41	-2.45	2.89	3.65						
Profit/loss after tax, total, before dilution	SEK	4.62	4.20	0.62	0.62	3.94	5.62	-1.25	-2.35	-4.95	4.74	-4.55
Profit after tax, total, after dilution	SEK	4.58										
Dividend (2008 proposal)	SEK	1.50	1.50		0.50	1.25	1.25				1.12	1.00
Equity	SEK	32.91	28.82		24.61	37.72	32.65	27.04	28.53	30.90	35.44	31.65
Closing share price	SEK	26.70	60.25		30.80	70.50	56.00	25.25	16.00	30.50	60.25	61.50
Dividend yield	%	5.6	2.5		1.6	1.8	2.2				1.9	1.6
Share price/Equity	%	81.1	209.1		125.2	186.9	171.5	93.4	56.1	98.7	170	194.3
Number of shares at year-end	thousands	6,051	6,051		6,051	6,051	5,530	5,530	5,530	5,530	5,530	5,530

Convertibles issued on 1 July 2008 have been taken into account.

A 2:1 split was implemented in 2005. Data per share for other years has been recalculated for comparability.

\*) Adjusted for sale of Electronics business area, which is reported as discontinued operations.

\*\*) Unchanged from previous year, i.e. including Electronics business area.

\*\*\*) Recalculated share price on 31/12/2005 for remaining operations was SEK 27.55.





## The Elos Group

Elos is an industrial group, which is organized in two business areas – Medical Technology and Precision Technology.

The Group has a significant market position in some areas of these segments.

**Vision** Elos is the preferred partner of innovative and demanding customers, offering integrated solutions to improve the customer's competitiveness.

We provide advanced expertise and an uncompromising focus on quality, creating value for our customers.

**Strategy** The overall strategy is to focus the Group's companies and structure on segments where a significant market position can be achieved. The goal is to create a more concentrated business base in the Group's business areas, prioritizing segments where a critical mass can be achieved.

### Employees by business area

Medical Technology	66 %
Precision Technology	34 %



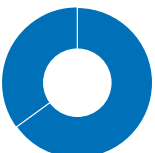
### Employment period in the Group

< 5 years	42 %
6–10 years	23 %
11–15 years	17 %
> 16 years	19 %



### Employees by country

Sweden	65 %
Denmark	35 %



### Age distribution

< 29 years	22 %
30–39 years	27 %
40–49 years	31 %
> 50 years	20 %



### Overall objectives

- > Create market-leading positions in selected segments.
- > Continuously increase the proportion of our own products and services.
- > Achieve stable annual growth in excess of 10 per cent for the Group.
- > Achieve profitability that provides a return on operating capital of more than 15 per cent for the Group and an operating margin in excess of 13 per cent.

### Financial targets

- > The return on equity should exceed the risk-free long-term interest rate by 5 to 10 per cent, depending on the share of risk-bearing capital. The return should exceed 15 per cent in the current situation.
- > The return on operating capital should be at least 15 per cent.
- > The share of risk-bearing capital should be at least 30 per cent.
- > Liquidity, including granted but unutilized bank overdraft facilities, should be between 6 and 12 per cent of the Group's annual turnover.

**The Group's success is dependent on prioritizing skills development and work environment issues in both our daily work and long-term planning.**

**Medical Technology business area** This business area consists of Elos Medical and Elos Pinol, which together are one of Europe's major players in precision engineering production for the medical sector.

Net sales totalled SEK 307 million (270) in 2008 and the average number of employees was 244 (247).

The objective is to continue growing organically and through acquisitions in a market in which growth is 10–20 per cent depending on segment.

**Precision Technology business area** This business area consists of Elos Precision and Elos Fixturlaser. Operations are focused on industrial technology. Elos Precision specializes in the manufacture of intricate parts in difficult materials, while Elos Fixturlaser develops, manufactures and markets laser-based measuring instruments.

Net sales totalled SEK 194 million (167) in 2008 and the business area had 120 (107) full-time equivalent employees.

**Other** As from 4 February 2008, the Elos Series B share has been classified in the Health Care sector on NASDAQ OMX Stockholm AB. The full designation is 35101010 – Health Care Equipment.

Employees in the Elos Group were offered the opportunity to subscribe for convertibles, in accordance with the resolution of the Annual General Meeting on 28 April 2008. A total of 185,600 convertibles with a value of SEK 13,920,000 were subscribed for, with an expiry date of 30 June 2011.

**Parent company** The parent company, with headquarters in Lidköping, deals with group support activities, such as strategic development, financing, financial control and technical support, in addition to central management matters.

**Personnel** Elos has chosen to decentralize active HR management to each company, where matters such as skills development are also dealt with.

**The Group has common values**, which clarify the overall guidelines for its work, both internally and in relation to our customers. These common values have been summarized in three core values:

**Passionate** – We are committed, determined and dedicated. With a positive attitude, we drive our development forwards and find solutions. Cooperation and solidarity are important, resulting in job satisfaction for our customers and ourselves.

**Trustworthy** – At Elos, we are open and honest. We take responsibility for our actions and products and keep our promises. We apply our policies in our daily work and influence our suppliers and partners to work in line with our way of working.

**Result-oriented** – By taking initiative and wanting to win, we achieve the targets that create value for the customer. Our targets should be ambitious and achievable as well as firmly established internally and with our customers. We create the best value for all parties through cooperation and participation.

**Elos' success is dependent** on prioritizing skills development and work environment issues in both our daily work and long-term planning. Job-related skills development is an important part of this work. Planning and decisions on content, methodology and goals are the responsibility of each individual company. Implementation may vary, ranging from one-day courses to longer training programmes. These programmes are generally adapted to the specific requirements of the company concerned and implemented at company level. Training programmes include Clean room technology and Statistical methods.

In 2008, extensive work was implemented to develop optimal working methods for processes.



This work was carried out through broad training initiatives within the scope of, for example, LEAN, SMED and 5S. The aim is to reduce lead times, increase flexibility in the production process and carry out faster deliveries, but also to improve workplace safety.

Job-related training is complemented by customized management training organized at group level: the Elos Business School. This targets employees currently holding management posts or expected to have management roles in the future.

**Elos works actively to live up to** and exceed the expectations of the world around us. Our vision and policies actively support the development of quality and environmental management systems that guide our daily work. With common values for long-term and sustainable development, we inspire the confidence of our customers, employees, suppliers and owners.

**The customers** of the Medical Technology and Precision Technology business areas have one thing in common – high requirements for the security and safety of the products we supply.

In order to achieve zero faults, all the companies in the Group work with the requirements in the various types of standards that guide our working methods.

The regulatory requirements are met through independent quality departments, which are certified to ISO 9001, ISO 14001, ISO 13485 and EEC/MDD 93/42. In the USA, Elos Medical is registered with the FDA (Food and Drug Administration) and complies with US standards such as QSR and GMP. Laws and regulations also guide our quality work, such as SFS 1993:584, which includes the sanctions that may be

applied if statutory requirements are not fulfilled.

Individual customers also have special requirements that are determined by their organizations and the requirements of public authorities in the countries in which they sell their products.

Audits and monitoring are carried out regularly in all companies in the Group. Audits relating to ISO standards are carried out by accredited third parties. Operations are also monitored by our customers, who check compliance with standards and their own requirements.

During 2008, a total of 61 man-days were spent on auditing the Group's operations. The table below shows the breakdown between third-party and customers' audits by business area. In addition, further time was spent by the companies' own staff, who take part in the audits as well as carrying out internal audits for monitoring purposes.

**Number of audit days in 2008 (man-days)**

	Medical Technology	Precision Technology
ISO 14001, 9001, 13485	23	3
Customers and other stakeholders	18	17
Total	41	20

**Environmental work is part of the daily work** in all the companies in the Elos Group. Current policy is to continuously initiate and develop methods and ways of working to reduce resource consumption, prevent pollution and reduce the total environmental impact of both production and products.

All the group companies have a very small environ-

**In order to achieve zero faults, all the companies in the Group work with the requirements in the various types of standards.**

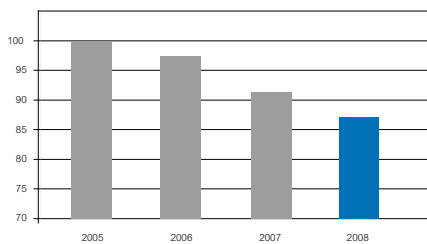


mental impact on their immediate surroundings and very good control of their environment-impacting processes. Elos' ambition is that environmental work should be preventive and strive to constantly improve products, processes and plants to minimize the environmental impact. The companies also have good relationships with their local municipalities and neighbours.

During 2008, work continued on further reducing energy consumption. This included the installation of new frequency controlled compressors at the plants in Timmersdala, Görlöse and Töreboda, which reduced electricity consumption by 2 per cent.

During the period 2005–2008, energy consumption in relation to turnover fell by 13 per cent.

**Energy consumption in relation to turnover**  
**2005 = Index 100**



In Timmersdala, the municipality has installed a district heating plant and Elos Medical will be one of its major customers. District heating replaces the electric heating, which was used in the extension to the production plant built in 2007.

**All the group companies have a very small environmental impact on their immediate surroundings and very good control of their environment-impacting processes.**





## Strategic partner with a global market

### Business area Medical Technology

Income statement SEKm	2008	2007	2006
Net sales	307.1	269.6	251.1
Cost of goods sold	-231.8	-196.6	-189.6
Gross profit	75.3	73.0	61.5
Selling expenses	-9.5	-8.6	-10.1
Administrative expenses	-20.9	-19.6	-20.1
Development costs	-10.3	-7.8	-5.4
Other operating income/expenses	1.8	2.9	0.4
Operating profit	36.4	39.9	26.3
<b>Key data</b>			
Operating margin, %	11.9	14.8	10.5
Gross investments excl. shares, SEKm	31.7	36.5	20.1
Average no. of employees	244	247	232

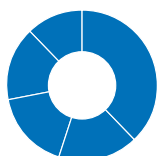
### Net sales

Medical Technology	61 %
Other	39 %



### Market segments

Dental	38 %
Orthopaedics	17 %
Diabetes	17 %
Sound & vibration	16 %
Other	12 %



Elos is one of Europe's leading contract manufacturers of medical technology products and components, such as dental and orthopaedic implants and instruments. Elos Medical in Timmersdala, Sweden and Elos Pinol in Gørlose, Denmark together offer global customers an integrated solution – from development and design to production and sterile packaging of the finished product.

**The medical technology market** has shown strong growth for many years and growth is expected to be satisfactory in the next few years.

In 2007, a new Medical Devices Directive was adopted by the European Parliament and this year the directive is to be transposed into local legislation in all the EU member states.

The new directive will make even higher demands on the competence level of producers than previously, which will in all probability lead to structural change in the sector.

With nearly 50 years' experience of medical technology production, access to modern machinery and a documented capacity for combining competence and quality with volume production, Elos is well prepared for this structural change.

Elos' operations in medical technology are divided into five product segments:

**Dental** The development and manufacture of implants, abutments, instruments and tools for dental surgery. Elos is Europe's largest player in this segment.

**Spine** The development and manufacture of screws and implants for the upper and lower back and scoliosis treatment.

**Trauma** The development and manufacture of implants and plates for fracture surgery and small prostheses for hand surgery.

**Hearing aids** The development and manufacture of implants and components for surgically implanted



**Development services include work on designing and developing various types of products and instruments in close collaboration with customers.**

hearing devices, as well as components for traditional hearing aids.

**Medical devices** The development and manufacture of precision engineering products for diabetes treatment, neurosurgery, heart surgery and cancer care.

**Elos' customer base is characterized** by firms operating globally in segments with historic annual growth rates in excess of 10 per cent. The demands on the products are very high, as are the requirements for continuous development and evaluation.

In order to strengthen competitiveness, Elos has for many years focused on offering a complete service, where Elos acts as an active partner. The term "Complete Performance" is used to describe the total undertaking from development, design and regulatory requirements via prototyping, testing and pre-series to production, clean room handling and logistics.

Development services include work on designing and developing various types of products and instruments in close collaboration with customers. The design process focuses on Design for Manufacturing. This entails a review of the product's structure to identify opportunities for cost savings. This work is carried out alongside prototyping, pre-series and production, shortening lead times and guaranteeing customers cost effectiveness.

The regulatory requirements are met through independent quality departments. The operations are certified to ISO 9001, ISO 14001, ISO 13485 and EEC/MDD 93/42. In the USA, Elos Medical is registered with the FDA (Food and Drug Administration) and complies with US standards such as QSR and GMP.

Work on developing prototypes takes place in our own workshops and testing focuses on meeting the requirements, for example, for CE marking and FDA approvals. The tests are both static and biodynamic and mainly focus on strength.

All pre-series are produced using the machinery intended for serial production. Pre-series make it possible to test the production and the products in a large-scale environment and ensure that the quality

requirements can be fulfilled in serial production.

Elos' machinery is efficient and uses the latest manufacturing technology. The production structure focuses on being able to produce both larger volumes with short lead times and similar products at both manufacturing units.

Performance testing, product assembly, sterile packaging and labelling – all to ISO standards – are carried out in clean rooms. Finally, the logistics offering consists of several different solutions to facilitate and streamline customers' inventories, including a VMI (Vendor Managed Inventory) system comprising inventory management and continuous deliveries as required.

**Continued investments in capacity, quality and competence.** Investments in the Medical Technology business area totalled SEK 30 million (36) during the year and comprised expansion of capacity and rationalization to increase the efficiency of production. As part of the work of developing our competence offer in testing and quality assurance for Elos' customers, a number of investments were implemented during the year. One of these investments related to equipment for biodynamic tests. Work began to develop a testing method to verify heat generation when drilling into bone, since it is important to check temperature changes, which may lead to tissue being damaged.

Skills development in 2008 was chiefly centred on active partnerships with customers, mainly in the form of testing and the further development of existing products. During the year, an Advisory Board was set up comprising eminent orthopaedic surgeons. Our ambition is that the experiences of these specialists should be utilized in future skills and product development.

Work on developing our own products under the Elos brand to complement contract manufacturing continued during the year. Deliveries of the patented torque wrench for the dental segment gradually increased during the year, as well as the development of drill for the dental implant sector. The torque



wrench has only two individual parts and can therefore be sterilized and reused without calibration.

Our own brand products still account for a limited part of operations, but customer requirements and demand have been confirmed, strengthening Elos' continued efforts.

**Market** In recent years, Elos' customers have noted demand growth of 10–20 per cent depending on segment. Demand is mainly determined by three factors:

- > Demographics – due to an ageing global population
- > Skills development – research in orthopaedics and surgery leads to an increasing number of complex operations being performed each year
- > Financial development – the amount allocated to healthcare budgets in social insurance systems and the amount individual consumers are willing to pay for dental interventions in particular.

In general, the customer base can be divided into three groups – large global companies, specialized players that only offer niche products and local and regional companies that focus on a given geographical area.

Whichever group they belong to, the reality regarding the comprehensive regulatory requirements is the same for all our customers. As a partner and supplier, it is important to meet these requirements, which have become increasingly detailed over the past few years. In the USA, the FDA is traditionally very demanding with regard to products from both pharmaceutical companies and medical technology companies.

In Europe, a new Medical Devices Directive (2007/47/EC) was adopted by the European Parliament in 2007 and is set to be implemented in all EU member states in 2009. Among other things, CE marking, contamination and documentation requirements have been tightened.

Elos faces competition from a number of companies, particularly players with a global market. In Europe, competitors include Cendres & Mètaux, Precimed, Maillefer, Ruetschi and Hader (Switzerland) and Protomedical and Gbr Brassler (Germany). In the USA, the main competitors are Symmetry, Orchid and

Veridiam. There is also competition from global medical technology companies with their own production.

**Developments in 2008** Net sales rose 14 per cent to SEK 307 million (270) and operating profit was SEK 36 million (40).

Market shares in the dental segment were maintained, while they increased in the orthopaedics segment, mainly due to a number of new customers in the trauma and spine segments.

The diabetes market continues to grow. Elos' production mainly consists of components for injection systems for diabetics. During the year, considerable work went into improving the design and ensuring the stable quality of these components, which is likely to have a positive impact on volume growth in the coming years.

In Q4, we noted a fall in demand in segments where the consumer is largely responsible for the cost. This was particularly evident in the dental segment and also in the hearing aid market.

**The future** As one of Europe's leading players, Elos is well prepared for the new EU Medical Devices Directive. The investments made in capacity, quality and competence in recent years will further strengthen our competitiveness and create opportunities for new business.

In the global economic slowdown, global customers in particular are also showing an increased interest in partnering major and financially stable suppliers, since delivery reliability is also an important factor when selecting a partner.

Elos' ambition of growth in the medical technology sector remains clear. Elos is already a European leader in the dental segment, a position to be further consolidated. Another objective is growth in the orthopaedics segment, particularly the trauma and spine segments.

Elos' primary objective is organic growth. The investments implemented mean that there is scope for further growth. Growth via acquisitions is an interesting alternative.

There are a number of small, and often highly specialized, companies in Europe that would be a good fit for Elos.



## Elos Precision's streamlining strengthens the customer offer

Elos Precision specializes in the manufacture of precision engineering parts and products in difficult-to-machine materials. Work is mainly carried out in close collaboration with customers, who are mainly in the turbine, offshore, hydraulics, defence and process industries. These customers have very high demands on the precision and quality of the parts and products in common.

### Business area Precision Technology

Income statement SEKm	2008	2007	2006
Net sales	194.2	166.6	151.0
Cost of goods sold	-130.1	-108.4	-105.7
<b>Gross profit</b>	<b>64.1</b>	<b>58.2</b>	<b>45.3</b>
Selling expenses	-17.4	-17.1	-16.2
Administrative expenses	-18.0	-16.7	-15.0
Development costs	-8.6	-9.4	-9.2
Other operating income/expenses	0.9	0.6	3.0
<b>Operating profit</b>	<b>21.0</b>	<b>15.6</b>	<b>7.9</b>
<b>Key data</b>			
Operating margin, %	10.8	9.4	5.2
Gross investments excl. shares, SEKm	10.9	6.5	28.2
Average no. of employees	120	107	108

### Net sales

Precision Technology	39 %
Other	61 %



**Elos Precision's customer offer is to** act as an active manufacturing partner. In addition to competence in machining difficult materials, such as titanium, inconel and stainless acid-resistant materials, Elos Precision takes part in the design process, handles assembly and is responsible for effective logistics solutions.

Operations are carried on in two modern production plants.

The Årjäng plant concentrates on products requiring grinding, milling and electro-erosion, while the Töreboda plant mainly concentrates on the machining of round bars.

Årjäng saw good growth in new customers and increased orders from existing customers. Customers are mainly in the turbine and offshore segments and in general experienced strong demand for their products.

The biggest customer is Siemens in Finspång, which manufactures gas turbines and the favourable market situation has led to increased partnership on products such as turbine blades, vane carriers, compressor guide vanes and heat shields. In order to meet future demand, Elos Precision invested just over SEK 20 million in machinery, the major part of which related to a creep feed grinding machine, which is to be commissioned in early 2009.

The demand for parts and products from customers in the offshore industry was also strong. Customers mainly operate in the prospecting sector and our view is that demand will be satisfactory in the coming years.

Operations in Töreboda were affected by the global economic slowdown. In the second half of 2008, the level of activity of customers in the hydraulics, defence and process industries slowed considerably. In order to counter weaker economic activity, staffing was reduced in late 2008.

During the year, active work began to streamline operations in accordance with the lean manufacturing model, involving a streamlining of the whole produc-



**In addition to competence in machining difficult materials, Elos Precision takes part in the design process, handles assembly and is responsible for effective logistics solutions.**

tion chain. Meanwhile, we are shifting even more than previously towards looking for partnerships concerning parts and products with high quality and precision requirements.

**Developments in 2008** The gradual increase in deliveries to customers in the turbine and offshore segments during the year was a decisive factor in the 30 per cent increase in net sales to SEK 101 million (78). Operating profit was SEK 1.1 million (0.1) and was charged with initial costs for a number of new products and the cost of redundancies at the Töreboda plant.

**Future plans** Elos Precision's specialization and focus will continue in the same direction as previously, resulting in energy segments accounting for a major part of operations in the coming years.

Skills development and an increased service level should consolidate our close partnership with customers, while lean manufacturing and streamlining in all stages should lead to an improvement in efficiency.

#### Sales by segment Elos Precision

Turbine	48 %
Industry	25 %
Offshore	15 %
Hydraulics	7 %
Defence	5 %



## Elos Fixturlaser's complete product palette results in strong competitiveness

Elos Fixturlaser develops, manufactures and markets laser-based measuring and alignment instruments. As one of three global players, the company operates in a highly niche market. Demand is mainly from the process, power, shipbuilding, engineering and wind power industries, where customers have machinery in which the drive equipment must be aligned at regular intervals to maximize efficiency and avoid unplanned stoppages.

**2008 saw the launch of a new** measuring and alignment tool, Fixturlaser GO, which has the basic applications for horizontal and vertical shaft alignment.

Together with the low-cost Fixturlaser Dirigo system and the Fixturlaser XA performance tool, Elos Fixturlaser now has three modern systems that form a

complete product palette ranging from low-end to high-end.

The rapid slowdown in the global economy in the second half of 2008 has affected several branches of industry in which Elos Fixturlaser's customers operate. However, a decline in our customers' deliveries to the end customer does not automatically affect Elos Fixturlaser. Rather, new business opportunities are created, since the demand for easy-to-use measuring and alignment systems increases. As a cost-effective alternative to investments in new machinery, customers are instead choosing to optimize the operation of existing equipment.

Elos Fixturlaser's systems provide improved opportunities for trouble-free operation, while the technology enables reduced manning when carrying out maintenance work. Elos Fixturlaser's three systems



have a simple and easy-to-learn system in common, which is based on a similar procedure using a clear screen. High interactivity has also accelerated the process, shortening the lead times for measuring and alignment.

**Three sales channels** In order to effectively target customers in a global market, Elos Fixturlaser uses three different sales channels. Sales are mainly made via distributors in Europe, North America, South America, Asia and Australia. Here the brand is a significant competitive tool, in which quality and the breadth of the range are the cornerstones.

Another important channel is the OEM market, where Fixturlaser supplies products to companies that choose to sell them under their own brand. Sales are complemented by direct partnership with special customers requiring customized solutions, in order to meet specific requirements optimally.

The competition is very marked, since there are only three major global players: Elos Fixturlaser, Prüftechnik (Germany) and Damalini (Sweden).

**Developments in 2008** The market continued to grow during the year as did Elos Fixturlaser. Net sales totalled SEK 93 million (89), equivalent to a market share of just over 30 per cent. Operating profit rose to SEK 19.9 million (15.5). The increase in profit is mainly due to a more favourable product mix and an increase in volume.

**Future plans** The global recession will have an impact on Elos Fixturlaser's customers for natural reasons. However, investments in efficiency-increasing measures to existing equipment are likely to be prioritized before investments in new equipment, creating demand for Elos Fixturlaser's products. The demand situation for 2009 is difficult to assess.

The strong brand – now comprising three systems – with products adapted to various types of complexity and to customers' individual ability to carry out various types of alignment, provides a strong platform for the future.

The launches of new applications for these systems are also an important component of future demand.

A number of new applications will be launched in 2009.

The rapid expansion of the wind power industry also benefits Elos Fixturlaser, which has several major global manufacturers as customers.

#### Sales by segment Elos Fixturlaser

Distributors in	
North & South America	32 %
Distributors in Europe	31 %
OEM market	17 %
Distributors in Asia	14 %
Rest of the world	4 %
Special customers	2 %



**2008 saw the launch of a new measuring and alignment tool, Fixturlaser GO, which has the basic applications for horizontal and vertical shaft alignment.**



## Consolidated income statement

SEK thousand	2008	2007
Net sales	499,419	432,844
Cost of goods sold	-360,197	-301,713
<b>Gross profit</b>	<b>139,222</b>	131,131
Selling expenses	-26,933	-25,718
Administrative expenses	-45,895	-41,495
Development costs	-18,897	-17,260
Other operating income	3,123	3,589
Other operating expenses	-290	-113
<b>Operating profit</b>	<b>50,330</b>	50,134
<i>Result from financial investments</i>		
Other interest income and similar profit/loss items	1,412	421
Other interest expenses and similar profit/loss items	-14,724	-13,250
<b>Profit after financial items</b>	<b>37,018</b>	37,305
<b>Taxes</b>	<b>-9,084</b>	-9,415
<b>Net profit for the year, remaining operations</b>	<b>27,934</b>	27,890
<b>Net loss for the year, discontinued operations</b>	<b>0</b>	-2,479
<b>Net profit for the year</b>	<b>27,934</b>	25,411
<b>Attributable to:</b>		
Parent company shareholders	27,934	25,421
Minority interest	0	-10
Earnings per share, remaining operations before dilution (SEK)	4.62	4.61
Earnings per share, remaining operations after dilution (SEK)	4.58	-
Earnings per share, total before dilution (SEK)	4.62	4.20
Earnings per share, total after dilution (SEK)	4.58	-

## Consolidated cash flow statement

SEK thousand	2008	2007
<b>Operating activities</b>		
Profit after financial items	37,018	37,305
Adjustment for non-cash items	33,831	34,644
	70,849	71,949
Income tax paid	-814	-1,266
<b>Cash flow from operating activities before working capital changes</b>	70,035	70,683
<b>Cash flow from working capital changes</b>		
Increase in inventories	-12,771	-19,267
Decrease/Increase in operating receivables	10,305	-30,743
Increase in operating liabilities	2,097	6,173
<b>Cash flow from operating activities</b>	69,666	26,846
<b>Investing activities</b>		
Investments in other non-current assets	-18,905	-27,338
Decrease in non-current receivables	-	- 1,600
Sale of other non-current assets	3,059	8,235
<b>Cash flow from investing activities</b>	-15,846	-17,503
<b>Financing activities</b>		
Decrease in interest-bearing liabilities	-24,417	-37,901
Dividend to shareholders	-9,077	-3,026
<b>Cash flow from financing activities</b>	-33,494	-40,927
<b>Cash flow for the year from remaining operations</b>	20,326	-31,584
<b>Cash flow from discontinued operations</b>		
Cash flow from operating activities	-	6,189
Cash flow from investing activities	-	-5,619
Cash flow from financing activities	-	32,389
<b>Cash flow from discontinued operations</b>	0	32,959
<b>Cash flow for the year</b>	20,326	1,375
<b>Cash and cash equivalents at beginning of year</b>	20,803	19,767
<b>Cash and cash equivalents in discontinued operations</b>	-	-328
<b>Exchange rate differences in cash and cash equivalents</b>	85	-11
<b>Cash and cash equivalents at year-end</b>	41,214	20,803



# Consolidated balance sheet

SEK thousand	31 Dec 2008	31 Dec 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Capitalized expenditure for R&D	10,083	10,536
Goodwill	44,392	38,429
Other intangible assets	2,848	722
	<b>57,323</b>	49,687
<i>Property, plant and equipment</i>		
Buildings and land	107,715	84,823
Plant and machinery	128,137	115,761
Equipment, tools, fixtures and fittings	16,090	12,170
Construction in progress	0	15,624
	<b>251,942</b>	228,378
<i>Financial assets</i>		
Other shares and interests	20	20
	<b>20</b>	20
<b>Total non-current assets</b>	<b>309,285</b>	278,085
<b>Current assets</b>		
<i>Inventories etc.</i>		
Raw materials and consumables	39,031	31,106
Products in progress	26,559	29,711
Finished products	62,437	54,439
	<b>128,027</b>	115,256
<i>Current receivables</i>		
Trade receivables	81,519	88,038
Current tax asset	654	2,608
Other receivables	3,517	8,077
Prepaid expenses and accrued income	5,700	4,904
	<b>91,390</b>	103,627
Cash and bank balances	41,214	20,803
<b>Total current assets</b>	<b>260,631</b>	239,686
<b>Asset held for sale</b>	<b>1,500</b>	1,500
<b>TOTAL ASSETS</b>	<b>571,416</b>	519,271

## Consolidated balance sheet

SEK thousand	31 Dec 2008	31 Dec 2007
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Equity attributable to parent company shareholders</b>		
Share capital	37,819	37,819
Other capital contributed	55,526	55,526
Reserves	6,168	224
Profit brought forward incl. net profit for the year	99,635	80,778
<b>Total equity attributable to parent company shareholders</b>	<b>199,148</b>	<b>174,347</b>
Minority interest	0	22
<b>Total equity</b>	<b>199,148</b>	<b>174,369</b>
<b>Non-current liabilities</b>		
Provisions for pensions	14,103	12,770
Deferred tax liability	29,620	22,469
Other non-current provisions	142	309
Non-current interest-bearing liabilities	195,017	184,633
<b>Total non-current liabilities</b>	<b>238,882</b>	<b>220,181</b>
<b>Current liabilities</b>		
Bank overdraft facility	20,408	15,970
Other interest-bearing liabilities	37,458	35,350
Advance payments from customers	46	11
Trade payables	28,550	29,736
Other liabilities	25,191	23,040
Accrued expenses and deferred income	21,733	20,614
<b>Total current liabilities</b>	<b>133,386</b>	<b>124,721</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>571,416</b>	<b>519,271</b>
<b>PLEDGED ASSETS</b>	<b>266,383</b>	<b>360,184</b>
<b>CONTINGENT LIABILITIES</b>	<b>2,319</b>	<b>2,429</b>

# Board of Directors and auditor

## Board of Directors



**Sture Öster**

Lidköping, born 1937, economist. Chairman of the Board. Director since 1981. Chairman of the Board of Forshem Group AB and Diashunt Intressenter AB. Director of Stiftelsen Bräcke Diakoni, Göteborg. Shareholding: 378,826 Series A shares, 160,960 Series B shares incl. family and via companies.



**Agneta Bengtsson Runmarker**

Stockholm, born 1960, Bachelor of Law. Director since 2003. Legal Adviser at the Swedish Data Inspection Board. Director of the Joint Supervisory Body of Europol and chair of its appeals committee. Director of Investment AB Brunnslöykan and Runmarker Fastigheter i Varberg AB. Shareholding: 14,600 Series B shares incl. family.



**Stig-Arne Blom**

Ulricehamn, born 1948, Master of Engineering. Director since 2002. Chairman of the Board of Borås Wäveri AB, Pulsen AB, Liljedalsbolagen AB and Lidhs Förvaltnings AB. Director of Atlet AB, Beijer Electronics AB, Ulricehamns Energi AB, the Board of Handelsbankens Region Väst etc. Shareholding: 200 Series B shares.



**Göran Brorsson**

Lidköping, born 1952, Bachelor of Economics. Director since 2000. President and CEO. Employed since 2000. Chairman of the Board of the Group's subsidiaries. Chairman of the Board of Gents Wear AB and Director of SystemSeparation Sweden Holding AB. Shareholding: 100,000 Series B shares. Convertible debentures equivalent to 15,000 Series B shares.



**Erik Löwenadler**

Göteborg, born 1945, Master of Engineering. Director since 2007. Vice Chairman of the Board of University of Skövde. Shareholding: 4,000 Series B shares.



**Lars Sponberg**

Stockholm, born 1945, Bachelor of Economics, Bachelor of Law. Director since 2003. Industrial adviser at Nordic Capital. Director of Addtech AB, BE Group AB, Intervall AB, Skyways Holding AB etc. Shareholding: 400 Series B shares.

## Deputy Directors



**Bo Nilsson**

Lidköping, born 1938, Master of Engineering. Director since 1982. Deputy Director of Forshem Group AB. Shareholding: 260,880 Series A shares, 139,680 Series B shares incl. family.



**Thomas Öster**

Stockholm, born 1963, Master of Engineering. Director since 2005. Sales and Business Management Director, Ericsson AB Stockholm. Shareholding: 46,100 Series B shares.

## Auditor

**Ernst & Young AB**

## Auditor in charge

**Björn Grundvall**

Göteborg, born 1955. Authorized Public Accountant, Ernst & Young AB, Göteborg. Auditor in the company since 2003.

## Senior management

### Group management



**Göran Brorsson**

Lidköping, born 1952, Bachelor of Economics. President and CEO. Employed since 2000. Chairman of the Board of the Group's subsidiaries. Chairman of the Board of Gents Wear AB and Director of SystemSeparation Sweden Holding AB. Shareholding: 100,000 Series B shares. Convertible debentures equivalent to 15,000 Series B shares.



**Karin Edholm**

Lidköping, born 1972, Bachelor of Economics. Finance Director. Employed since 2002. Shareholding: 400 Series B shares. Convertible debentures equivalent to 15,000 Series B shares.



**Patrick Juslin**

Lidköping, born 1965, Master of Engineering. Technical director. Employed since 2008. Shareholding: Convertible debentures equivalent to 15,000 Series B shares.

### Presidents of subsidiaries



**Kjell-Erik Johansson, Elos Medical AB**

Götene, born 1954, Master of Engineering. Employed since 1999. Shareholding: Convertible debentures equivalent to 8,000 Series B shares.



**Søren Olesen, Elos Pinol A/S**

Gørøse, Denmark, born 1961, economist. Employed since 1984. Shareholding: 365,400 Series B shares via companies. Convertible debentures equivalent to 15,000 Series B shares.



**Christer Alm, Elos Precision AB**

Hjo, born 1953, Master of Engineering. Employed since 2004. Shareholding: 4,000 Series B shares. Convertible debentures equivalent to 6,000 Series B shares.



**Hans Svensson, Elos Fixturlaser AB**

Mölnlycke, born 1960, Master of Engineering. Employed since 1995. Shareholding: 400 Series B shares. Convertible debentures equivalent to 15,000 Series B shares.

## Ten-year summary

Income statements		2008	2007*	2006**	2005***	2005	2004	2003	2002	2001	2000	1999
Net sales	SEKm	499.4	432.8	400.4	626.9	1,328.3	1,467.4	1,230.0	1,251.1	1,388.2	1,850.8	1,067.6
Operating profit/loss	SEKm	50.3	50.1	29.4	11.8	41.4	59.0	9.2	2.3	-11.3	62.1	2.0
Net financial items	SEKm	-13.3	-12.8	-9.3	-7.0	-9.2	-12.2	-14.5	-18.1	-24.2	-21.5	-37.8
Profit/loss after financial items	SEKm	37.0	37.3	20.1	4.9	32.2	46.8	-5.3	-15.8	-35.5	40.6	-35.8
Taxes	SEKm	-9.1	-9.4	-1.5	-3.3	-10.2	-15.8	-1.6	2.8	8.1	-14.4	10.7
Net profit/loss for the year, remaining operations	SEKm	27.9	27.9	18.6	1.6	22.0	31.0	-6.9	-13.0	-27.4	26.2	-25.2
Net profit/loss for the year, discontinued operations	SEKm		-2.5	-14.8	20.4							
Net profit/loss for the year	SEKm	27.9	25.4	3.8	22.0	22.0	31.0	-6.9	-13.0	-27.4	26.2	-25.2
Balance sheets												
Non-current assets	SEKm	309.2	278.1	311.6	382.8	382.8	229.9	241.2	254.7	266.1	273.9	301.1
Receivables and inventories	SEKm	219.5	218.9	275.7	499.9	499.9	443.2	416.1	419.0	456.8	623.9	426.8
Cash and cash equivalents	SEKm	41.2	20.8	19.8	56.1	56.1	63.1	27.7	30.7	8.1	11.0	7.6
Asset held for sale	SEKm	1.5	1.5									
Total assets	SEKm	571.4	519.3	607.1	938.8	938.8	736.2	685.0	704.4	731.0	908.8	735.5
Equity	SEKm	199.1	174.4	148.9	228.2	228.2	181.2	150.2	158.5	171.7	196.8	175.9
Non-current liabilities	SEKm	238.9	220.2	246.8	341.3	341.3	234.7	257.0	294.4	327.3	341.6	270.9
Current liabilities	SEKm	133.4	124.7	211.4	369.3	369.3	320.3	277.8	251.5	232.0	370.4	288.7
Total equity and liabilities	SEKm	571.4	519.3	607.1	938.8	938.8	736.2	685.0	704.4	731.0	908.8	735.5
Cash flow												
Cash flow from operating activities	SEKm	69.7	26.8	43.7	40.9	57.6	119.4	57.9	96.3	52.3	-51.6	57.4
Cash flow after investments	SEKm	53.9	9.3	22.4	-22.5	-12.0	95.9	32.9	57.1	24.1	-40.5	-14.9
Key data												
Operating margin before depreciation (EBITDA)	%	17.0	18.8	15.2	8.5	6.6	7.1	4.9	4.1	2.8	5.9	N/A
Operating margin after depreciation (EBIT)	%	10.1	11.6	7.3	1.9	3.1	4.0	0.7	0.2	-0.8	3.4	0.2
Risk-bearing capital	SEKm	228.8	196.8	165.6	255.1	255.1	204.4	165.9	173.3	189.4	219.4	192.0
Share of risk-bearing capital	%	40.0	37.9	27.3	27.2	27.2	27.8	24.2	24.6	25.9	24.1	26.1
Equity/assets ratio	%	34.9	33.6	24.5	24.3	24.3	24.1	21.9	22.5	23.5	21.6	23.9
Return on capital employed	%	11.6	11.4	-0.6	2.4	8.1	13.7	2.2	1.0	-1.8	12.8	-4.6
Return on equity	%	15.0	17.3	-7.3	0.8	10.7	18.8	-4.5	-7.9	-14.9	13.8	-13.1
Interest coverage ratio	times	3.5	3.8	neg.	1.6	4.3	4.6	0.7	0.2	neg.	2.7	neg.
Net debt	SEKm	225.8	227.9	295.5	336.3	336.3	183.6	263.8	279.0	327.1	338.2	272.3
Debt/equity ratio	times	1.1	1.3	2.0	1.6	1.5	1.0	1.7	1.8	1.9	1.7	1.6
Other												
Gross investments excl. shares	SEKm	44.7	46.3	51.6	43.8	50.0	44.2	35.8	44.9	38.8	69.4	73.3
Average number of employees		368	358	503	457	700	745	693	707	823	990	773

\* Remaining operations.

\*\* Income statement, cash flow, EBITDA and EBIT refer to remaining operations, other figures are unchanged compared with the previous year's reporting.

\*\*\* Including Electronics business area but excluding Building/Interiors business area. Shares in the latter were distributed to shareholders in November 2006.

Other values remain unchanged.





## Definitions of key data

**Risk-bearing capital** The total of equity, minority interests and deferred tax liability.

**Share of risk-bearing capital** Risk-bearing capital as a percentage of total assets.

**Equity/assets ratio** Equity including minority interests as a percentage of total assets.

**Return on capital employed** Profit/loss after net financial items plus financial items as a percentage of average capital employed.

**Capital employed** Total capital as per the balance sheet less non-interest-bearing liabilities and non-interest-bearing provisions.

**Return on equity** Net profit for the year as a percentage of average equity.

**Interest coverage ratio** Operating profit excluding profit participation in associated companies plus financial income, divided by financial expenses.

**Net debt** Interest-bearing liabilities less cash and cash equivalents.

**Debt/equity ratio** Net debt in relation to equity.

# Addresses

## Parent company

### Elos AB

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## Subsidiaries

### Medical Technology

#### Elos Medical AB

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