

The **second quarter** and **half-year** report

Dec 1, 2006 to Feb 28, 2007

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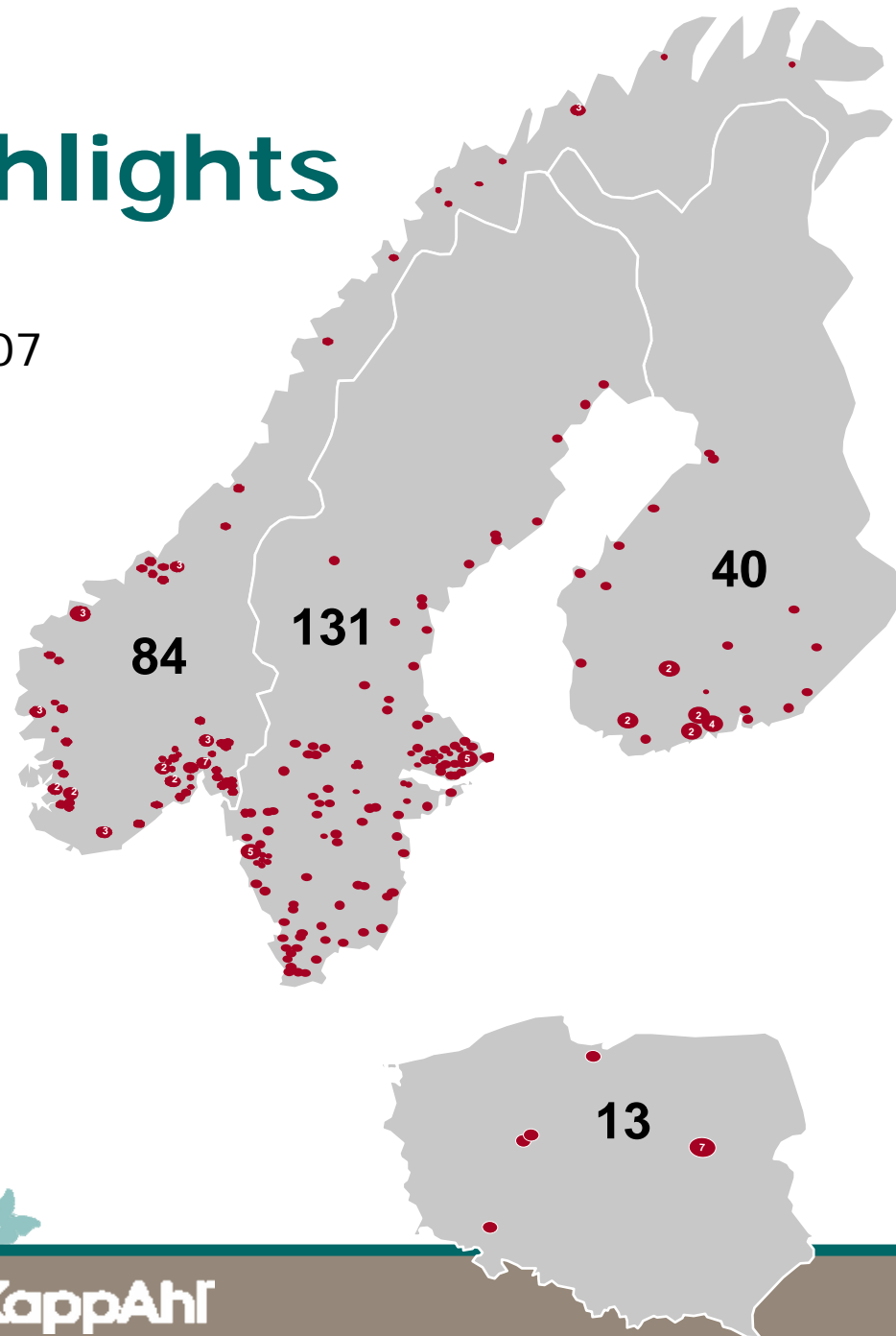
Agenda

- Business highlights
- Results Q2
- Results half-year 2006/2007
- Key conclusions and outlook

Business highlights

268 stores end February 2007

25 new contracts signed



Business highlights

- Large sales training
- “You look great” continues



Business highlights

- KappAhl Design Award given to eco-design
- Soft
- Shoes





Financial highlights Q2

- Net sales MSEK 1,088 (1,026), an increase of 6.0 percent.
- Operating profit MSEK 117 (88), an increase of 33 percent.
- Gross margin 57.7 percent (57.4) and operating margin 10.8 percent (8.6).
- Profit after taxes MSEK 338 (19), equivalent SEK 4.50 (0.25) per share.
- Cash flow from operating activities MSEK 104 (120).

Income statement Q2

MSEK	06/07	05/06
Net sales	1 088	1 026
Cost of goods sold	-460	-437
Gross profit	628	589
Selling expenses	-488	-468
Administrative expenses	-36	-33
Administrative expenses	13	0
Operating profit	117	88
Financial income	10	2
Financial expense	-33	-64
Profit before tax	94	26
Tax expense	244	-7
Net profit	338	19

Sales Q2

	MSEK	%
Net sales Q2 2005/2006	1 026	
Currency effect	-17	-1.7
New net stores	49	+4.8
Like For Like growth	30	+2.9
Net sales Q2 2006/2007	1 088	+6.0

- Like For Like excluding cosmetics was +5.0 percent.

Profitability drivers Q2

	06/07	05/06
Gross margin	57.7	57.4
Selling expenses % of sales	44.9	45.6
Admin expenses % of sales	3.3	3.2
Operating margin	10.8	8.6

- Strong gross margin
- Reduced cost as percentage of sales
- Improved operating margin

Financial highlights half-year



- Net sales MSEK 2,277 (2,178), an increase of 4.5 percent.
- Operating profit MSEK 303 (237), an increase of 28 percent.
- Gross margin 60.1 percent (58.0) and operating margin 13.3 percent (10.9).
- Profit after taxes MSEK 461 (114), equivalent SEK 6.14 (1.52) per share.
- Cash flow from operating activities MSEK 313 (281).

Income statement half-year

MSEK	06/07	05/06
Net sales	2 277	2 178
Cost of goods sold	-909	-914
Gross profit	1 368	1 264
Selling expenses	-1 001	-955
Administrative expenses	-77	-72
Other operative income	13	0
Operating profit	303	237
Financial income	12	3
Financial expense	-49	-83
Profit before tax	266	157
Tax expense	195	-43
Net profit	461	114

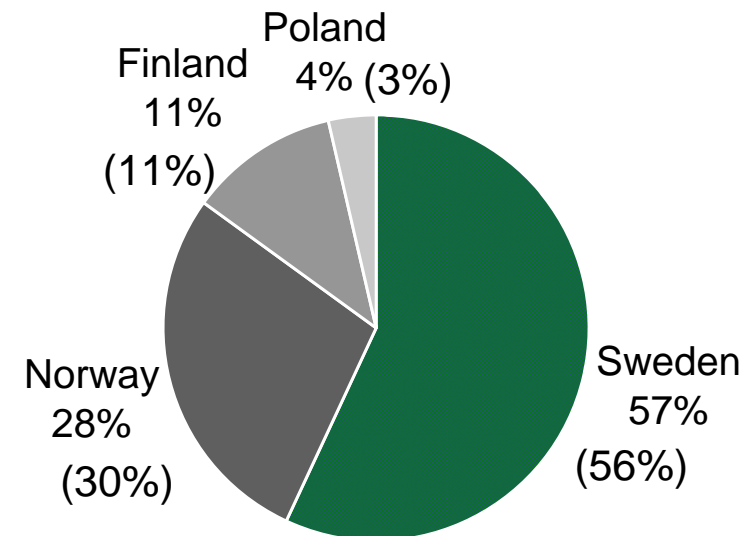
Sales half-year

	MSEK	%
Net sales 6m 2005/2006	2 178	
Currency effect	-53	-2.5
New net stores	99	+4.5
Like For Like growth	53	+2.5
Net sales 6m 2006/2007	2 277	+4.5

- Like For Like excluding cosmetics was +4.5 percent

Sales breakdown half-year

MSEK	06/07	05/06	Growth	
			SEK	Loc.cur.
Sweden	1 297	1 224	6,0%	6,0%
Norway	640	647	-1,1%	5,6%
Finland	255	235	8,5%	11,2%
Poland	85	72	18,1%	20,2%
Total	2 277	2 178	4,5%	



Profitability drivers half-year

	06/07	05/06
Gross margin	60.1	58.0
Selling expenses % of sales	44.0	43.8
Admin expenses % of sales	3.4	3.3
Operating margin	13.3	10.9

- Improved gross margin
- Unchanged cost as percentage of sales
– marketing
+ economies of scale
- Improved operating margin

Acquisition of companies



- Increased profit after tax
- Increased deferred tax
- Increased equity
- Temporary boost of total balance sheet
- Lower paid tax from 2012/2013

Cash flow half-year

MSEK	06/07	05/06
Cash flow from operations before working capital changes	331	206
Changes in working capital	-18	75
Cash flow from operating activities	313	281
Cash flow investing activities	-147	-126
Cash flow after investments	166	155
Change in revolving credit	59	-131
Dividends	-188	0
Cash flow from other financing activities	1 556	-54
Net cash flow for the period	1 593	-30
Cash and bank balances at beginning of period	83	83
Cash and bank balances at end of period	1 676	53

Key conclusions and outlook

- Continued success for our fashion
- Excellent gross margin
- Good cost control
- Emphasis on overall sales

Still going forward

- Continue store expansion program
- Maintain gross margin
- Continue refurbishment of existing stores



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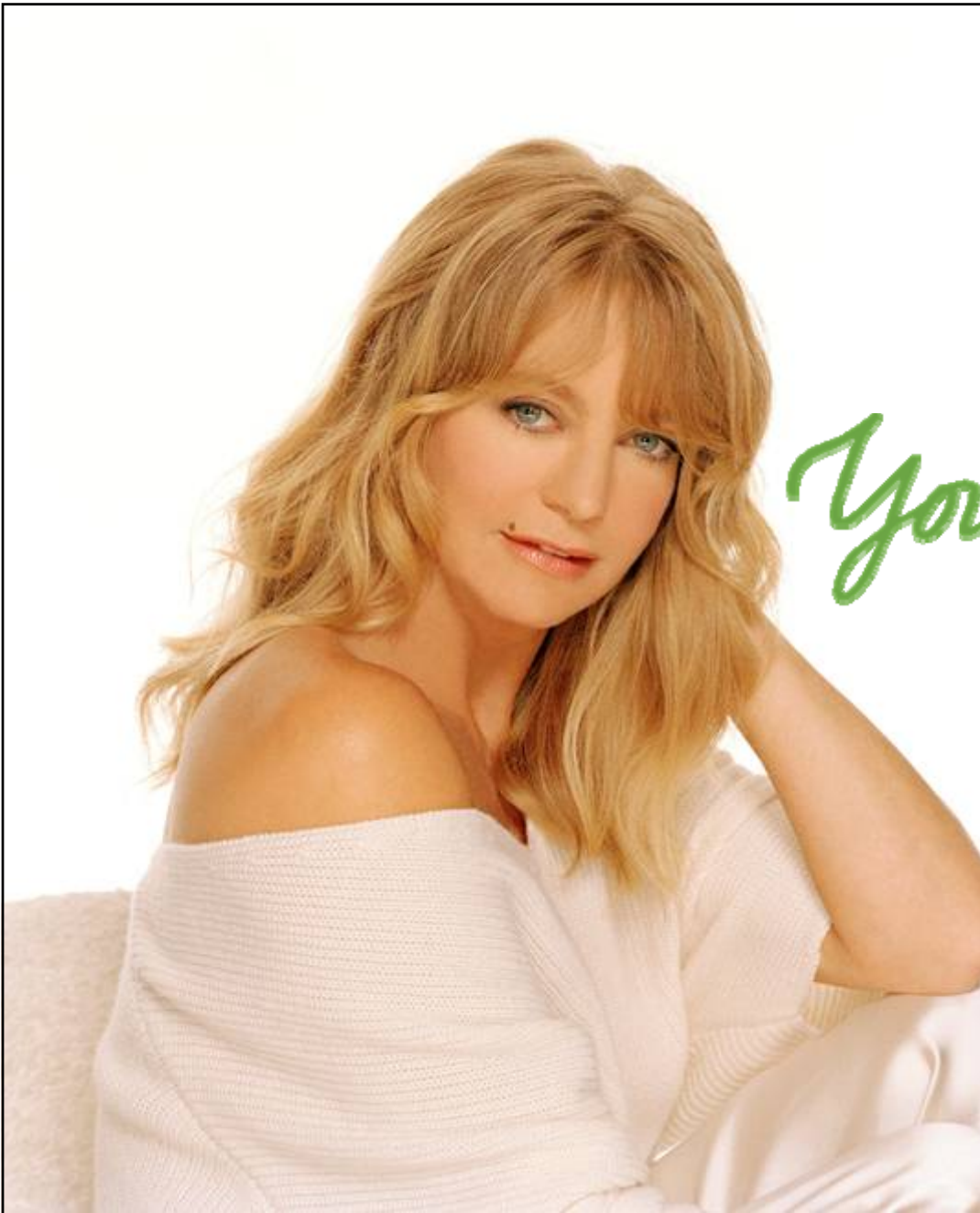
You look great!

We don't believe in selling a lifestyle.
You have one already.

We don't believe in expensive collections
for an exclusive few.

We believe in fashion that suits you.
We don't believe in eternal youth, however
we believe that people mature, grow wiser
and even more beautiful.

Take it as a compliment.



You look great!
/Goldie