

GEVEKO

Q3 2011 Presentation



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Q3 2011 Highlights

Strong Performance in Materials and Nordic Contracting

- Material sales continues to perform strongly despite significant raw material cost increases
- New materials contract with Saferoad, which will increase thermoplastic volumes by c. 25% from 2012 onwards
- Continued stable growth within the Contracting Nordic segment
- Hungary has bottomed out and delivered a strong quarter with healthier margins
- Mid Europe profitability remains unsatisfactory
- Romanian operations continue to suffer from weak public finance situation
- Geveko is implementing a strategic review of its operations and is committed to stemming losses from non-Nordic contracting markets
- Geveko has initiated a new program to structurally reduce its working capital needs



Consolidated Results

Strong Revenue Dynamics Despite More Challenging Environment

Comments

- Revenues amounted to SEK 451.8MM in the third quarter and to SEK 936.6MM in the first nine months
 - Positive change of trend in Q3 on constant currencies
 - 9 month reduction in sales attributed to currency translation effects of SEK 50MM and reduced sales in Romania of SEK 32MM, in addition to cessation of sales to the Ukrainian market representing SEK 31MM
- Slightly weaker margins mainly attributable to:
 - Unfavorable development of raw material prices during 2011
 - Weaker general market and public finance conditions, especially in Central and Eastern Europe

Financial Summary (SEK MM)

Group SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	451.8	471.0	936.6	1,023.5	1,206.9	1,293.8
COGS	(356.3)	(353.3)	(774.0)	(837.2)	(1,017.2)	(1,080.4)
Gross Profit	95.5	117.7	162.6	186.3	189.7	213.4
S,G&A	(40.2)	(53.4)	(119.6)	(134.1)	(166.6)	(181.1)
Income From Associates	(0.5)	(0.3)	(0.5)	(3.5)	(3.6)	(6.6)
EBITDA	54.8	64.0	42.5	48.7	19.5	25.7
Other Income/Costs	(10.6)	(15.6)	(47.9)	(57.5)	(76.8)	(86.4)
Operating Profit/Loss	44.2	48.4	(5.4)	(8.8)	(57.3)	(60.7)
Net Financial Items	(9.1)	(2.5)	(21.1)	(8.2)	(38.1)	(25.2)
Profit/Loss Before Tax	35.1	45.9	(26.5)	(17.0)	(95.4)	(85.9)
Tax	(17.3)	(13.7)	(1.8)	0.8	(13.8)	(15.4)
Net Profit/Loss	17.8	32.2	(28.3)	(16.2)	(109.2)	(101.3)
<i>Minority Interest</i>	<i>0.8</i>	<i>(0.9)</i>	<i>(2.2)</i>	<i>1.1</i>	<i>(2.2)</i>	<i>1.1</i>
<i>Net Profit/Loss ¹</i>	<i>17.0</i>	<i>33.1</i>	<i>(26.1)</i>	<i>(17.3)</i>	<i>(107.0)</i>	<i>(102.4)</i>



1) Attributable to the parent company shareholders.

Strategic Imperatives

Leading European Road Markings Company within Traffic Safety Solutions

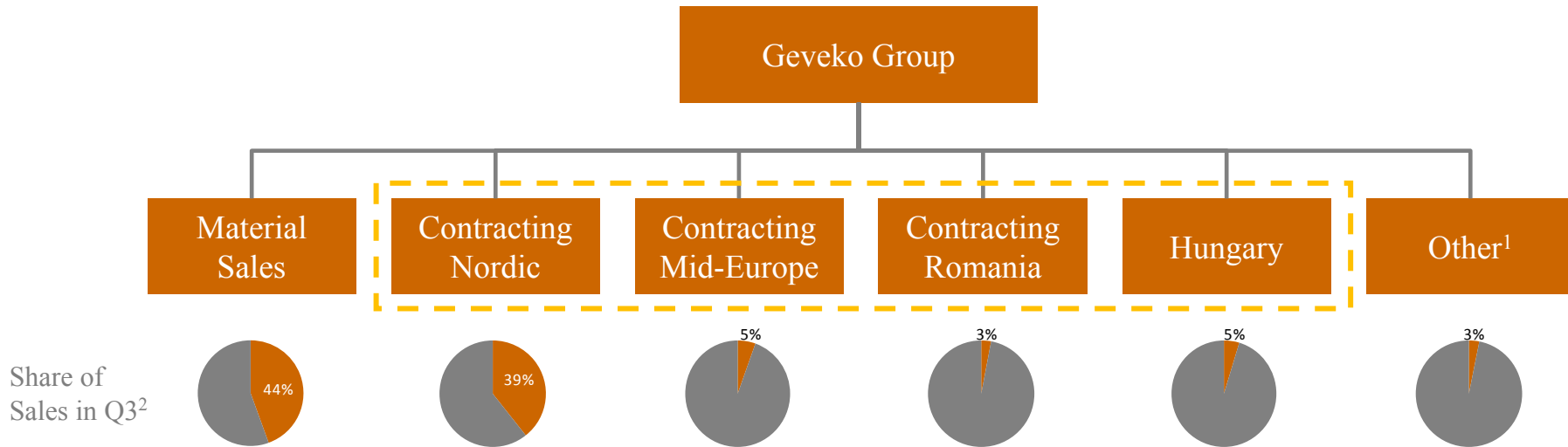
Focus on Profitable Growth Segments

- Implementing strategic review of our overall operations
 - We routinely reassess all of our businesses to ensure they support our long-term objective of becoming the leading European road markings company within traffic safety solutions
 - Our strategic review of the business will allow us to evaluate the highest value-creating strategy for Geveko
 - Focus on business areas that are well positioned for profitable future growth
 - Strengthened product portfolio within intelligent transport solutions
 - Rationalize structurally loss making segments within the current portfolio
- “Shape to win” cost cutting program continues
- Operating capital projects initiated
 - Target capital release MSEK 100
 - Improved inventory and accounts receivable management



New Segment Reporting

Reflecting Operational Units and Enhances Transparency



1) Third party material sales to Ukraine and Russia and non-road marking coatings.
 2) Share of revenue excluding unallocated revenue and before eliminations.

New Segment Reporting

Summary Highlights

Sales	Jul-Sep 2011	Jul-Sep 2010	Δ	Jan-Sep 2011	Jan-Sep 2010	Δ	Oct-Sep LTM	EBITDA	Jul-Sep 2011	Jul-Sep 2010	Δ	Jan-Sep 2011	Jan-Sep 2010	Δ	Oct-Sep LTM	EBIT	Jul-Sep 2011	Jul-Sep 2010	Δ	Jan-Sep 2011	Jan-Sep 2010	Δ	Oct-Sep LTM
Material Sales	275.8	262.1	13.7	630.6	641.3	(10.7)	765.7	Material Sales	22.4	21.1	1.3	52.4	43.6	8.8	48.9	Material Sales	26.9	17.2	9.7	49.2	30.0	19.2	41.5
<i>Contracting</i>								<i>Contracting</i>								<i>Contracting</i>							
Nordic	244.2	229.1	15.1	441.9	430.7	11.2	551.7	Nordic	41.7	40.7	1.0	25.7	25.0	0.7	29.6	Nordic	34.3	35.2	(0.9)	3.9	5.7	(1.8)	0.9
Mid-Europe	33.6	24.5	9.1	73.5	67.3	6.2	117.7	Mid-Europe	(4.7)	1.2	(5.9)	(16.2)	(15.5)	(0.7)	(38.9)	Mid-Europe	(7.1)	1.1	(8.2)	(23.4)	(22.5)	(0.9)	(59.2)
Romania	18.6	43.8	(25.2)	38.0	70.2	(32.2)	66.8	Romania	(2.9)	8.6	(11.5)	(13.9)	(6.6)	(7.3)	(14.0)	Romania	(6.2)	4.5	(10.7)	(23.6)	(19.1)	(4.5)	(26.9)
Hungary	29.0	28.9	0.1	69.0	93.2	(24.2)	104.2	Hungary	2.9	0.7	2.2	(2.8)	2.9	(5.7)	(6.1)	Hungary	2.2	(0.1)	2.3	(4.9)	0.8	(5.7)	(8.8)
Contracting Total	325.4	326.3	(0.9)	622.4	661.4	(39.0)	840.4	Contracting Total	37.0	51.2	(14.2)	(7.2)	5.8	(13.0)	(29.4)	Contracting Total	23.2	40.7	(17.5)	(48.0)	(35.1)	(12.9)	(94.0)
Other	19.5	43.8	(24.3)	61.3	121.8	(60.5)	73.8	Other	(2.6)	4.2	(6.8)	(3.9)	13.4	(17.3)	(7.6)	Other	(3.0)	3.5	(6.5)	(5.2)	11.5	(16.7)	(9.6)
Unallocated and Eliminations	(168.9)	(161.2)	(7.7)	(377.7)	(401.0)	23.3	(473.0)	Unallocated and Eliminations	(2.0)	(12.5)	10.5	1.2	(14.1)	15.3	7.6	Unallocated and Eliminations	(2.9)	(13.0)	10.1	(1.4)	(15.2)	13.8	4.8
Total	451.8	471.0	(19.2)	936.6	1,023.5	(86.9)	1,206.9	Total	54.8	64.0	(9.2)	42.5	48.7	(6.2)	19.5	Total	44.2	48.4	(4.2)	(5.4)	(8.8)	3.4	(57.3)



Material Sales

Stable Growth and Strong Margin Development

Comments

- Strong market position and healthy volume growth in Q3
 - Revenues increased with 5.2% compared to the same period last year
- 9 months YTD sales 1.7% down due to currency translation effects of SEK 35MM and weaker sales in Romania
- New materials contract with Saferoad, which will increase thermoplastic volumes by 25% from 2012 onwards
- Strong operational performance and improved margin dynamics, despite unfavorable raw material prices
 - Focus on premium products
 - key raw materials prices were up 60% compared to 2010
 - 2009 – 2011 raw material costs increased by nearly SEK 100MM
 - During Q3, some key raw materials have markedly reduced in price

Financial Summary (SEK MM)

Material Sales SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	275.8	262.1	630.6	641.3	765.7	776.4
<i>Growth</i>	5.2%		(1.7%)			
EBITDA	22.4	21.1	52.4	43.6	48.9	40.1
<i>EBITDA Margin</i>	8.1%	8.1%	8.3%	6.8%	6.4%	5.2%
EBIT	26.9	17.2	49.2	30.0	41.5	22.3
<i>EBIT Margin</i>	9.8%	6.6%	7.8%	4.7%	5.4%	2.9%



Contracting Nordic

Continued Healthy Volume and Revenue Growth

Comments

- The contracting business in the Nordic region continues to develop with healthy volume growth
 - Revenues increased with 6.6% in Q3, and 2.6% during the first 9 months compared to the same periods last year
- Current margins slightly behind the comparable periods last year, mainly due to:
 - Increased raw material prices
 - Lower than expected volumes in Sweden

Financial Summary (SEK MM)

Contracting Nordic SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	244.2	229.1	441.9	430.7	551.7	540.5
<i>Growth</i>	6.6%		2.6%			
EBITDA	41.7	40.7	25.7	25.0	29.6	28.9
<i>EBITDA Margin</i>	17.1%	17.8%	5.8%	5.8%	5.4%	5.3%
EBIT	34.3	35.2	3.9	5.7	0.9	2.7
<i>EBIT Margin</i>	14.0%	15.4%	0.9%	1.3%	0.2%	0.5%



Contracting Mid-Europe

Polish Operations Has Adversely Affected Results

Comments

- The contracting business in Mid-Europe generated SEK 33.6MM in revenues in Q3
 - Increase in revenues of 37.1% in Q3, and 9.2% during the first 9 months compared to the same periods last year
 - Increase of sales mainly attributable to Poland
 - Significant committed orders required for Euro 2012 Championship, in Poland, deferred to 2012
- Unsatisfactory margins primarily due to:
 - Guarantee work in Poland not previously fully provided for
 - Increased raw material prices across the division
 - Price pressure, particularly in the polish market

Financial Summary (SEK MM)¹

Contracting Mid Europe SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	33.6	24.5	73.5	67.3	117.7	111.5
<i>Growth</i>	37.1%		9.2%			
EBITDA	(4.7)	1.2	(16.2)	(15.5)	(38.9)	(38.2)
<i>EBITDA Margin</i>	(14.0%)	4.9%	(22.0%)	(23.0%)	(33.1%)	(34.3%)
EBIT	(7.1)	1.1	(23.4)	(22.5)	(59.2)	(58.3)
<i>EBIT Margin</i>	(21.1%)	4.5%	(31.8%)	(33.4%)	(50.3%)	(52.3%)



1) Includes UK, Poland and the Czech and Slovak Republics.

Romania

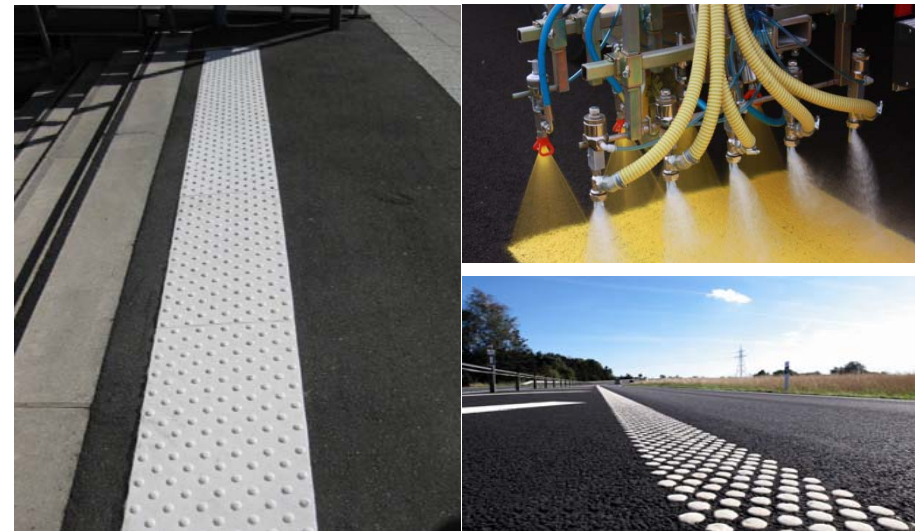
Weak Public Finances Continue to Affect the Romanian Business

Comments

- The macro economic situation and the weak public finances continue to heavily burden our business in Romania
 - Current lack of public funding has forced the CNADNR to postpone several planned projects
 - Geveko has a EUR 12MM order backlog
- Increased material costs weigh heavily on profitability
- In response to the prevailing situation we have and are currently undertaking the following measures:
 - Continued reduction of S,G&A and indirect production costs
 - Established weekly meetings with the CNADNR
 - CEO changed

Financial Summary (SEK MM)

Romania SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	18.6	43.8	38.0	70.2	66.8	99.0
<i>Growth</i>	(57.5%)		(45.9%)			
EBITDA	(2.9)	8.6	(13.9)	(6.6)	(14.0)	(6.7)
<i>EBITDA Margin</i>	(15.6%)	19.6%	(36.6%)	(9.4%)	(21.0%)	(6.8%)
EBIT	(6.2)	4.5	(23.6)	(19.1)	(26.9)	(22.4)
<i>EBIT Margin</i>	(33.3%)	10.3%	(62.1%)	(27.2%)	(40.3%)	(22.6%)



Hungary

Change of Trend in Q3

Comments

- The Hungarian business managed to break the negative trend prevailing in Q1 and Q2 and delivered a slightly positive growth in Q3 compared to the same period last year
- 9 month YTD figures continue to be impacted by the particularly harsh winter earlier this year
- Significantly improved margins due to changed product mix
- The Hungarian market remain one of Geveko's more diverse markets from a product range perspective

Financial Summary (SEK MM)

Hungary SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	29.0	28.9	69.0	93.2	104.2	128.4
<i>Growth</i>	0.3%		(26.0%)			
EBITDA	2.9	0.7	(2.8)	2.9	(6.1)	(0.4)
<i>EBITDA Margin</i>	10.0%	2.4%	(4.1%)	3.1%	(5.9%)	(0.3%)
EBIT	2.2	(0.1)	(4.9)	0.8	(8.8)	(3.1)
<i>EBIT Margin</i>	7.6%	(0.3%)	(7.1%)	0.9%	(8.4%)	(2.4%)



Other

Ukraine Main Driver Behind Reduced Performance

Comments

- Lack of third party material sales to the Ukrainian market key driver behind revenue decline
 - SEK 14MM and SEK 31MM in lower sales for Q3 and 9 months YTD respectively
- Geveko has taken a decision to not supply further materials to the Ukrainian market until outstanding invoices have been paid

Financial Summary (SEK MM)

Other SEK MM	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Oct-Sep LTM	2010 FY
Revenue	19.5	43.8	61.3	121.8	73.8	134.3
<i>Growth</i>	(55.5%)		(49.7%)			
EBITDA	(2.6)	4.2	(3.9)	13.4	(7.6)	9.7
<i>EBITDA Margin</i>	(13.3%)	9.6%	(6.4%)	11.0%	(10.3%)	7.2%
EBIT	(3.0)	3.5	(5.2)	11.5	(9.6)	7.1
<i>EBIT Margin</i>	(15.4%)	8.0%	(8.5%)	9.4%	(13.0%)	5.3%



Current Financing Situation

- Current net interest bearing debt of SEK 415MM
- As of 30 September 2011 Geveko had not satisfied the Net Debt and Equity Ratio requirements that had been agreed with the banks
- Initiated plan for release of capital to meet short term banking commitments, with efforts primarily focused on:
 - Sale of certain assets
 - Decrease working capital



GEVEKO

