

## Year-end report: 2016/17

### 1 April 2016 – 31 March 2017 (12 months)

- Net revenue increased by 1 percent and amounted to MSEK 3,096 (3,057).
- Operating profit (EBITA) increased by 15 percent to MSEK 409 (355), equivalent to an operating margin of 13.2 percent (11.6).
- Cash flow from operating activities amounted to MSEK 375, compared to MSEK 257 for the 2015/16 financial year.
- Profit before financial items increased by 15 percent to MSEK 361 (315), equivalent to an EBIT margin of 11.7 percent (10.3). Profit after financial items increased by 14 percent to MSEK 351 (307).
- Profit after tax amounted to MSEK 274 (241). Earnings per share after dilution increased by 14 percent and amounted to SEK 4.02 (3.54).
- Return on equity was 25 percent (25). The equity ratio at the end of the period was 41 percent compared to 40 percent at the start of the financial year.
- Six acquisitions were completed during the 2016/17 financial year, with combined annual sales of about MSEK 230.
- The Board of Directors proposes an increase in the dividend to SEK 2.00 (1.75) per share.

### 1 January– 31 March 2017 (fourth quarter)

- Net revenue for the fourth quarter increased by 5 percent and amounted to MSEK 833 (790).
- Operating profit (EBITA) increased by 23 percent to MSEK 117 (95), equivalent to an operating margin of 14.0 percent (12.0).
- Cash flow from operating activities amounted to MSEK 93 (64).
- Profit before financial items increased by 24 percent to MSEK 104 (84), equivalent to an EBIT margin of 12.5 percent (10.6).
- Profit after financial items increased by 23 percent to MSEK 100 (81) and profit after taxes amounted to MSEK 80 (66).

## STATEMENT OF THE CHIEF EXECUTIVE

*A STRONG CLOSE TO THE YEAR*

### The past year

After a slightly cautious start to the 2016/17 financial year, the market situation strengthened during the winter and finally we saw a strong close to the year during the fourth quarter. Even though there was negative revenue growth during the first quarters in comparable units, the Group was able to deliver positive organic profit growth. This was mainly due to the phase-out of lower margin volumes and to the fact that the proportion of proprietary products is constantly increasing as a share of Group sales. Proprietary product sales currently represent half of the Group's total revenue.

Continued low interest rates and expansive geopolitical signals are stimulating the economies in which the Group operates, even though many uncertainty factors exist on a global level. The Group's largest markets in Sweden and Denmark generally displayed a positive performance during the year. Even the Norwegian market showed positive signals, however, mainly related to the construction sector, which the Group's companies are focused on. The Finnish market displayed signs of recovery, however, from a low level, and the operations in Germany performed well.

Profit reached MSEK 351, before taxes, which was an all-time high for the seventh consecutive year. The increase in operating profit during the year amounted to 15 percent, equivalent to an operating margin (EBITA) of 13.2 percent, which was also the highest ever. Earnings per share amounted to SEK 4.02 (3.54).

During the past year, we enticed six more companies to become part of our Group. More sellers have gradually come to understand and appreciate our increasingly clear focus on product companies with growth and export ambitions. Of these six acquisitions, two were minor acquisitions, which despite their smaller size are important from a structural perspective. One of them is a British distribution company, which will play a further part in our ambition to establish distribution "hubs" in order to help our proprietary product companies enter new markets. The other one was an additional acquisition for our company, which provides dispenser solutions for the food processing industry. This will strengthen our overall offer in this interesting niche. This type of complementary acquisition is an excellent way of generating growth in existing units.

The stock market took notice of Lagercrantz during the year, leading to new all-time highs in the share price. The market capitalisation as of 31 March 2017 amounted to just under MSEK 6,000.

### Consistent strategy brings success

As I often point out, Lagercrantz Group's successes are due to the strategy that we have been pursuing consistently for the past few years. The organisational model involving decentralisation and management by objectives is well-established. Our subsidiaries work according to clearly defined earnings and working capital targets as part of a business plan, which is adopted annually, involving concrete actions and initiatives. Management by objectives also encourages the identification of new opportunities when the market shows limited growth.

Our acquisition strategy is another important success factor. We are continuing to acquire profitable technology companies with strong market positions in niches. The six acquisitions we completed during the 2016/17 financial year, will add about MSEK 230 to business volume on an annual basis.

During the previous financial year, we decided to exit the software distribution business through the divestment of Betch Data A/S. The divestment was completed in February 2016 and had a negative impact on growth during the year of MSEK 166 compared to the previous year, and it has increased the margins of both the division and the Group.

Ultimately, the focus on increasing value added is an important reason behind the Group's success, which is reflected in the rising gross margin for the Group. With very specialised companies, we want to quickly meet customer demands by developing and adapting products and solutions that create added value.

I want to end the year by expressing my heartfelt thanks to all our dedicated employees for their fantastic efforts during the year and at the same time welcome all of our new employees to our growing team at Lagercrantz.

### Future

Our business concept is strong, and so is our balance sheet, which will enable more acquisitions. Growth in existing units is high on the agenda. Examples of areas, which can promote growth are increased exporting efforts and a greater digital presence, both in our products and in our marketing communication activities. By continuing to boost the proportion of proprietary products through acquisitions of market-leading niche product companies, there is also good potential to continue increasing our growth and profitability. The overall situation gives me a strong belief in the future.

May 2017

Jörgen Wigh

President and CEO

**NET REVENUE AND PROFIT**

**12 months, April 2016 – March 2017**

The business situation in the Group’s main markets was stable during the financial year, even though the Group’s operations in Denmark reported a slight slowdown. The operations in Germany also performed well and the market development in Finland was more positive than before. In the Norwegian market, construction-related activity developed strongly, while the market remained weak overall.

Consolidated net revenue for the financial year amounted to MSEK 3,096 (3,057). The currency effect increased the net revenue by MSEK 20. The comparison between years was impacted positively by MSEK 245 from acquired businesses and negatively by a divested business, which contributed MSEK 166 to net revenue last year. Growth in comparable units, amounted to -2 percent measured in local currency. Generally speaking, the Group’s operations performed in line with the previous year, although some units found it difficult to match the previous year’s strong volumes. Acquired operations performed well and the Group’s focus on profitable, niche-oriented technology companies has proved successful, which was noted, among other ways, in the good performance of the Communications and Niche Products divisions during the year.

Operating profit before amortisation of intangible assets (EBITA) for the financial year increased by 15 percent to MSEK 409 (355), equivalent to an operating margin of 13.2 percent (11.6). The improvement in profit was primarily explained by acquired businesses and a strong performance in a number of units. However, some of the Danish units were unable to match last year’s strong results but margins were generally strengthened by the phase-out of low margin volumes and by the fact that the proportion of proprietary products is constantly increasing as a share of Group sales.

Profit after net financial items increased by 14 percent to MSEK 351 (307). The profit improvement in comparable units amounted to 6 percent, measured in local currency. Total currency effects on profit after net financial items amounted to MSEK 1 (5). This result means that the Group once again, for the 29<sup>th</sup> consecutive quarter, reached a new record profit on a moving 12-month basis. Profit after taxes

for the period increased to MSEK 274 (241). Earnings per share after dilution for the 2016/17 financial year increased by 14 percent and amounted to SEK 4.02, compared to SEK 3.54 for the 2015/16 financial year.

**Fourth quarter, January – March 2017**

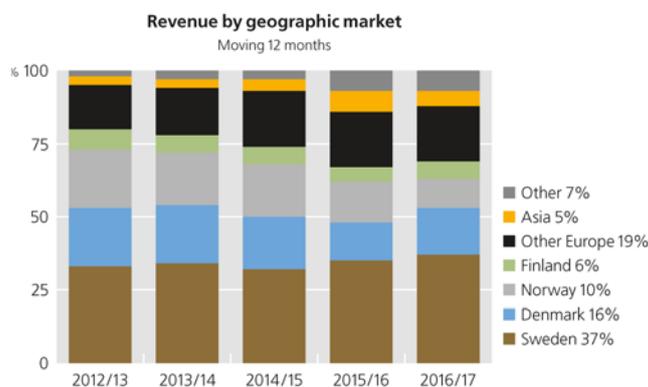
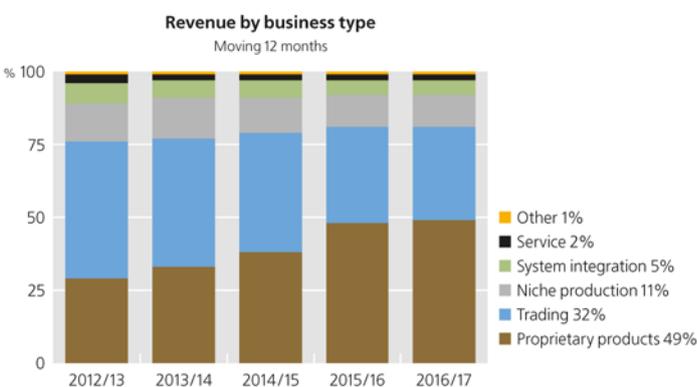
For the fourth quarter of the financial year, net revenue amounted to MSEK 833 (790). Operating profit before amortisation of intangible assets (EBITA) for the fourth quarter of the financial year amounted to MSEK 117 (95), equivalent to an increase of 23 percent and an operating margin of 14.0 percent (12.0). Acquired businesses made a contribution of MSEK 58 (106) to net revenue and divested operations, which contributed MSEK 26 to net revenue last year, had a negative impact on comparisons between years. Growth in comparable units amounted to 0 percent, measured in local currency. The currency effect on net revenue was MSEK 10 (-7). It was primarily the Communications and Niche Products divisions that reported a strong quarter with a number of units that performed better than the previous year. In Finland, a general improvement was noted in the market situation, where the Group’s units performed well. The fact that the quarter also included more working days than the previous one also had a positive impact.

Profit after net financial items for the quarter increased by 23 percent to MSEK 100 (81). The improvement in profit in comparable units amounted to 16 percent, measured in local currency. The total currency effect on profit after net financial items amounted to MSEK 2 (0).

Profit after taxes during the fourth quarter increased by 21 percent to MSEK 80 (66), equivalent to earnings per share after dilution of SEK 1.17 (0.97).

**CASH FLOW AND CAPITAL EXPENDITURES**

Cash flow from operating activities during the financial year amounted to MSEK 375, compared to MSEK 257 for the 2015/16 financial year. Gross investments in non-current assets amounted to MSEK 44 (73) during the financial year. Larger items included new production equipment in the Mechatronics and Niche Products divisions.



## Divisions

|   | Net revenue                    |                                |                                 |                                 | Operating profit               |                                |                                 |                                 |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
|   | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | 12 months<br>Apr-Mar<br>2016/17 | 12 months<br>Apr-Mar<br>2015/16 | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | 12 months<br>Apr-Mar<br>2016/17 | 12 months<br>Apr-Mar<br>2015/16 |
| MSEK                                      |                                |                                |                                 |                                 |                                |                                |                                 |                                 |
| Electronics                               | 223                            | 202                            | 834                             | 838                             | 17                             | 11                             | 66                              | 71                              |
| <i>EBIT margin</i>                        |                                |                                |                                 |                                 | 7.6%                           | 5.6%                           | 7.9%                            | 8.5%                            |
| Mechatronics                              | 259                            | 247                            | 1,003                           | 1,007                           | 38                             | 36                             | 163                             | 150                             |
| <i>EBIT margin</i>                        |                                |                                |                                 |                                 | 14.7%                          | 14.6%                          | 16.3%                           | 14.9%                           |
| Communications                            | 177                            | 175                            | 630                             | 719                             | 24                             | 16                             | 61                              | 47                              |
| <i>EBIT margin</i>                        |                                |                                |                                 |                                 | 13.6%                          | 8.9%                           | 9.7%                            | 6.5%                            |
| Niche Products                            | 174                            | 166                            | 629                             | 493                             | 37                             | 27                             | 104                             | 74                              |
| <i>EBIT margin</i>                        |                                |                                |                                 |                                 | 21.3%                          | 16.1%                          | 16.5%                           | +15.0%                          |
| Parent<br>Company/consolid<br>ation items | -                              | -                              | -                               | -                               | -12                            | -6                             | -33                             | -27                             |
| <b>GROUP TOTAL</b>                        | <b>833</b>                     | <b>790</b>                     | <b>3,096</b>                    | <b>3,057</b>                    | <b>104</b>                     | <b>84</b>                      | <b>361</b>                      | <b>315</b>                      |
| <i>EBIT margin</i>                        |                                |                                |                                 |                                 | 12.5%                          | 10.6%                          | 11.7%                           | 10.3%                           |
| Financial items                           |                                |                                |                                 |                                 | -4                             | -3                             | -10                             | -8                              |
| <b>PROFIT BEFORE<br/>TAXES</b>            |                                |                                |                                 |                                 | <b>100</b>                     | <b>81</b>                      | <b>351</b>                      | <b>307</b>                      |

### NET REVENUE AND PROFIT BY DIVISION, FOURTH QUARTER

#### Electronics

Net revenue for the fourth quarter amounted to MSEK 223 (202). Profit before net financial items for the quarter amounted to MSEK 17 (11), equivalent to an EBIT margin of 7.6 percent (5.6). The business situation in the division was largely unchanged from the previous quarter. The division's companies in lighting control and LED lighting continued to perform well as did the division's German electronics distribution unit. The division's Danish units in electronic distribution reported an improvement compared to the previous quarter and the Danish unit in marine electronics saw an improved market situation towards the end of the quarter.

During the fourth quarter, the acquisition was completed in the division of E-Tech Components Ltd, which is described below under the item Acquisitions.

#### Mechatronics

Net revenue for the fourth quarter amounted to MSEK 259 (247). Profit before net financial items for the quarter amounted to MSEK 38 (36), equivalent to an EBIT margin of 14.7 percent (14.6). The units in electrical connection systems and electrical components continued to perform well, driven by a strong development in the construction sector, among other areas. The division's Danish unit in customised cabling reported slightly weaker order intake, while the corresponding Finnish and Swedish units reported better demand. The

recently acquired Finnish unit in emergency lighting systems, Exilight, has got off to a good start in the Group.

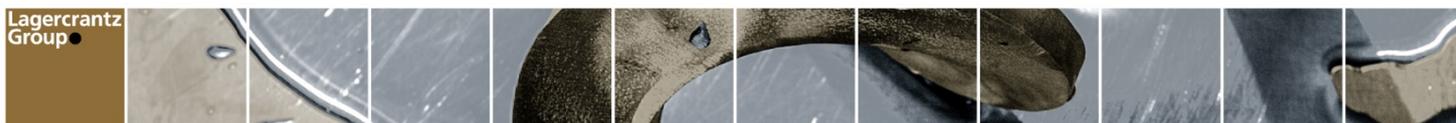
#### Communications

Net revenue for the fourth quarter amounted to MSEK 177 (175). The sale of the Group's software distribution business in February 2016 impacted revenue negatively by about MSEK 26 in the fourth quarter, compared to the year-earlier period. However, there was a positive impact on operating margin, since the software distribution's lower margins were replaced by higher margin product companies.

Profit before net financial items for the quarter amounted to MSEK 24 (16), equivalent to an EBIT margin of 13.6 percent (8.9). The improvement was due to acquisitions and a good performance by several units in control technology/network access, especially in measurement equipment for casting shops and in control equipment for maintenance vehicles. However, some of the digital imaging/technical security units found it difficult to match last year's strong results.

#### Niche Products

Net revenue for the fourth quarter amounted to MSEK 174 (166). Profit before net financial items for the quarter amounted to MSEK 37 (27), equivalent to an EBIT margin of 21.3 percent (16.1). In particular, revenue and earnings were positively impacted by the division's acquisition in the area of office and workplace accessories at the start of the year and by strong sales of dispenser solutions for the food processing



industry. An adjustment attributable to the revaluation of products in progress for the entire fiscal year 2016/17, of approximately +5 MSEK, within the division's Danish unit for customized conveyor belt solutions, affected earnings and margins for the quarter positively.

During the fourth quarter, the acquisition of Apparatenfabriek Bereila B.V was completed in the division, which is described below under the item Acquisitions.

### PROFITABILITY AND FINANCIAL POSITION

The return on equity for the latest 12-month period amounted to 25 percent (25) and the return on capital employed was 20 percent (21). The Group's metric for return on working capital (P/WC) was 58 percent (58).

Consolidated profit before financial items (EBIT) for the financial year increased by 15 percent to MSEK 361 (315), equivalent to an EBIT margin of 11.7 percent (10.3). During the fourth quarter of the financial year, EBIT amounted to MSEK 104 (84), equivalent to an EBIT margin of 12.5 percent (10.6).

The equity ratio was 41 percent compared to 40 percent at the start of the financial year. Equity per share totalled SEK 17.61 at the end of the period, compared to SEK 15.22 at the start of the financial year.

At the end of the period, operational net indebtedness amounted to MSEK 565, excluding pension liability, compared to MSEK 551 at the beginning of the year. The increase was primarily attributable to acquisition of businesses and dividend. The operational net debt/equity ratio, excluding pension provisions, amounted to 0.5 (0.5). The pension liability amounted to MSEK 63 (55) at the end of the financial year and was mainly affected by changes in actuarial assumptions.

### OTHER FINANCIAL INFORMATION

#### Parent Company and other consolidation items

The Parent Company's internal net revenue for the first nine months of the financial year amounted to MSEK 37 (39) and profit after net financial items was MSEK 278 (261). The result includes exchange rate adjustments on intra-Group lending of MSEK 2 (2) and dividends from subsidiaries of MSEK 272 (249).

Net investments in non-current assets amounted to MSEK 0 (0). The Parent Company's equity ratio was 53 percent (50).

#### Employees

At the end of the period, the number of employees in the Group was 1,247, compared to 1,230 at the beginning of the

financial year. During the financial year, 87 employees were added via acquisitions.

#### Share capital

The share capital amounted to MSEK 48.9 at the end of the period. The quota value per share amounted to SEK 0.70. Classes of shares were distributed as follows on 31 March 2017:

| Classes of shares    |                   |
|----------------------|-------------------|
| A shares             | 3,263,802         |
| B shares             | 66,256,125        |
| Repurchased B shares | -1,534,700        |
| <b>Total</b>         | <b>67,985,227</b> |

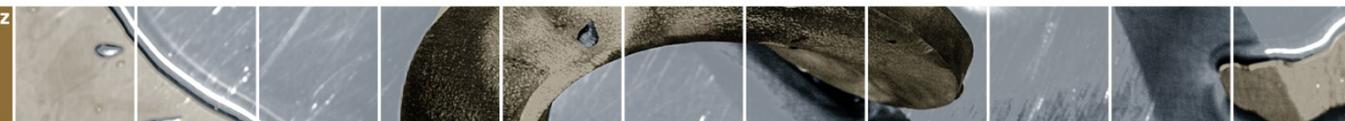
At 31 March 2017, Lagercrantz Group held 1,534,700 own Class B shares, equivalent to 2.2 percent of the total number of shares and 1.6 percent of the votes in the Lagercrantz Group. The average cost of the repurchased shares amounts to SEK 18.92 per share. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes for repurchased shares, in which a total of 1,478,475 options have been acquired by senior executives. This refers to allocations in 2014, 2015 and 2016 of options still outstanding on 31 March 2017. The redemption price for each respective programme is SEK 53.90, SEK 78.80, and SEK 100.10 per share.

In conjunction with redemption of options, a total of 141,200 repurchased own Class B shares were sold during the financial year for a total of MSEK 6. In addition, 587,700 outstanding options were repurchased for a total of MSEK 17.

During the financial year, 584,875 options for B shares with a redemption price of SEK 100.10 were issued in accordance with the resolution of the 2016 AGM. These options were acquired by about 50 managers and senior executives in the Group for a total of MSEK 5.

#### Acquisitions

A total of six acquisitions of businesses were completed during the financial year. During the first quarter, the operations were acquired in Kondator AB and GasiQ AB. Kondator develops and markets accessories for offices and workplaces. Customers mainly consist of office furniture manufacturers, distributors and resellers of office furniture in the ergonomics field. The company generates annual sales of about MSEK 60. Kondator has been part of the Lagercrantz Niche Products division since April 2016. GasiQ AB develops and sells products, which are used in gas welding and soldering for gas companies, wholesalers and distributors.



The business generates annual sales of about MSEK 45 and has been part of the Communications division since July 2016.

During the second quarter, the operations of Skomø A/S were acquired that develops, manufactures and markets graphic custom-designed imaging materials. Customers consist of car dealers, real estate agents and retail businesses. The company generates annual sales of about MDKK 45 and has been part of the Lagercrantz Communications division since September 2016.

During the third quarter, Exilight Oy was acquired that develops, manufactures and markets emergency lighting systems, primarily for the building sector. Customers consist mainly of installation companies and wholesalers. The company generates annual sales of about MEUR 2.7. Exilight has formed part of the Lagercrantz Mechatronics division since December 2016.

During the fourth quarter, the operations in E-Tech Components Ltd and Apparatenfabriek Bereila B.V were acquired. E-Tech is a distributor, which is mainly focused on the British market for cable accessories and products, electrical installation and related areas. The company is currently a distributor for Lagercrantz subsidiary Elpress AB's products in the UK. E-Tech generates annual sales of about MGBP 2. Bereila is a specialised manufacturer of dispensers for liquid foods, e.g. for fast-food restaurants and food manufacturers. Apart from proprietary products, the company also develops customised dispenser solutions. Bereila generates annual sales of about MEUR 1.5.

Estimated consideration for the businesses acquired during the financial year amounted to MSEK 246. This amount

includes estimated contingent consideration of MSEK 51, which represents 64 percent of the maximum outcome. The outcome depends on the profit achieved by the companies, during the next two to three years.

Transaction costs for the six acquisitions carried out during the financial year amounted to about MSEK 2, are included in Administrative expenses in the income statement, to the extent they arose during the period.

As a result of the acquisitions during the financial year, goodwill in the Group increased by MSEK 99 on the balance sheet date and other intangible assets, mostly related to proprietary products and customer relationships, increased by MSEK 94. Other non-current assets increased by MSEK 23. The deferred tax liability related to the acquisitions amounted to MSEK 18.

The effect of the completed acquisitions during the fourth quarter of the financial year, on consolidated revenue during the fourth quarter was MSEK 4 and the effect on profit before taxes was MSEK -1 after acquisition costs.

If the operations acquired during the financial year had been consolidated as of 1 April 2016, the effect on revenue and net profit after taxes would have been MSEK 233 and MSEK 20, respectively, after acquisition costs.

During the financial year, the difference between reserved/paid and remeasured contingent consideration of MSEK -1 was expensed as other operating income. The annual impairment test did not result in any write-downs of goodwill. During the financial year, MSEK 52 (7) was paid in contingent consideration for previous acquisitions.

*The acquisition analysis below is preliminary in terms of allocation of the surplus value for Kondator AB, GasIQ AB, Skomø A/S, Exilight Oy, E-Tech Components Ltd and Apparatenfabriek Bereila B.V.:*

| Acquired net assets at time of acquisition  | Book value in companies | Fair value adjustment | Fair value consolidated |
|---|-------------------------|-----------------------|-------------------------|
| Intangible non-current assts                | 1                       | 93                    | 94                      |
| Other non-current assets                    | 18                      | 5                     | 23                      |
| Inventories and work in progress            | 28                      | 0                     | 28                      |
| Other short-term receivables *)             | 61                      | 0                     | 61                      |
| Interest-bearing liabilities                | -6                      | 0                     | -6                      |
| Other liabilities                           | -35                     | -18                   | -53                     |
| <b>Net of identified assets/liabilities</b> | <b>67</b>               | <b>80</b>             | <b>147</b>              |
| Goodwill                                    | -                       | -                     | 99                      |
| <b>Estimated Purchase price</b>             | <b>-</b>                | <b>-</b>              | <b>246</b>              |

\*) of which, cash and cash equivalents MSEK 28

## ACCOUNTING POLICIES

The Interim Report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting. The Interim Report for the Parent Company has been prepared in

accordance with the Swedish Annual Accounts Act, the Swedish Securities Markets Act and the provisions of RFR 2, Accounting for Legal Entities.

Apart from in the financial statements and accompanying notes, disclosures according to IAS 34.16A are also presented in other parts of the interim report.

In other respects, the same accounting policies have been used as in the 2015/16 Annual Report, including in relation to new IFRS standards and interpretations that only become effective during future periods. Reclassification of current liabilities has been made to non-current liabilities. Comparative figures have been restated and the effect amounted to MSEK 300 for the Group and MSEK 300 for the Parent Company as of 31 March 2016.

## ALTERNATIVE KEY RATIOS

The company presents certain financial metrics in the interim report that are not defined according to IFRS. The company considers that these metrics provide more valuable supplementary information to investors and shareholders as they enable evaluation of trends and the company's performance. Since not all companies calculate financial metrics in the same way, these are not always comparable with metrics used by other companies. These financial metrics should therefore not be regarded as a substitute for metrics defined according to IFRS.

Expanded information has been provided in this report with regard to definitions of certain financial metrics.

## OTHER INFORMATION

### Related-party transactions

Transactions between Lagercrantz and related parties with a significant impact on the company's financial position and

results have not occurred, aside from redemption and repurchase of options as described under Share capital above.

### Risks and uncertainty factors

The most important risk factors for the Group are the state of the economy, structural changes in the market, supplier and customer dependence, the competitive situation and foreign exchange trends. The parent company is impacted by the above-mentioned risks and uncertainty factors through its capacity as owner of subsidiaries. For additional information, please refer to the 2015/16 Annual Report.

### Post-balance sheet events

No significant events for the Company have occurred after the balance sheet date on 31 March 2017.

### Annual General Meeting 2017

The 2017 Annual General Meeting (AGM) will be held on 29 August 2017.

To have a matter addressed at the AGM, the request from the shareholder must be received no later than 10 July 2017.

The Annual Report will be published at the end of June/start of July 2017.

Notice for AGMs shall be published on the company's website not more than six weeks and not less than four weeks before the AGM. All shareholders whose names are recorded in the share register five days before the AGM can participate in person, or by proxy. Notice of participation must be given to the company in accordance with the convening notice.

### Election Committee

An Election Committee has been appointed for the 2017 AGM. Proposals to the Election Committee from shareholders may be sent to: [valberedningen@lagercrantz.com](mailto:valberedningen@lagercrantz.com)

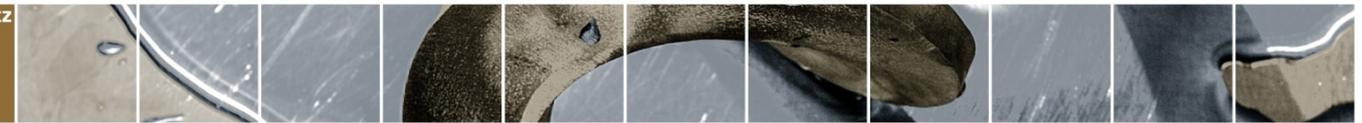
More information is available on [www.lagercrantz.com](http://www.lagercrantz.com)

### Dividend

The Board of Directors of Lagercrantz Group proposes a dividend of SEK 2.00 (1.75) per share. The total dividend corresponds to MSEK 136 (119).

Stockholm, 10 May 2017

Jörgen Wigh  
President and CEO



## REVIEW REPORT

### Introduction

We have reviewed the condensed interim financial information (Interim Report) of Lagercrantz Group AB (publ) as of 31 March 2017 and the 12-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### The focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing

(ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 10 May 2017

KPMG AB

Håkan Olsson Reising

Authorised Public Accountant  
Chief Auditor

Johanna Hagström

Authorised Public  
Accountant

## Segment information by quarter

| Net revenue                        |            | 2016/17    |            |            |            | 2015/16    |            |            |  |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| MSEK                               | Q4         | Q3         | Q2         | Q1         | Q4         | Q3         | Q2         | Q1         |  |
| Electronics                        | 223        | 216        | 193        | 202        | 202        | 213        | 210        | 213        |  |
| Mechatronics                       | 259        | 241        | 223        | 280        | 247        | 225        | 254        | 281        |  |
| Communications                     | 177        | 184        | 135        | 134        | 175        | 216        | 147        | 181        |  |
| Niche Products                     | 174        | 157        | 133        | 165        | 166        | 114        | 100        | 113        |  |
| Parent Company/consolidation items | -          | -          | -          | -          | -          | -          | -          | -          |  |
| <b>GROUP TOTAL</b>                 | <b>833</b> | <b>798</b> | <b>684</b> | <b>781</b> | <b>790</b> | <b>768</b> | <b>711</b> | <b>788</b> |  |

| Profit before net financial items  |            | 2016/17   |           |           |           | 2015/16   |           |           |  |
|------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| MSEK                               | Q4         | Q3        | Q2        | Q1        | Q4        | Q3        | Q2        | Q1        |  |
| Electronics                        | 17         | 20        | 13        | 16        | 11        | 20        | 20        | 20        |  |
| Mechatronics                       | 38         | 37        | 43        | 45        | 36        | 31        | 40        | 43        |  |
| Communications                     | 24         | 19        | 10        | 8         | 16        | 17        | 8         | 6         |  |
| Niche Products                     | 37         | 24        | 21        | 23        | 27        | 15        | 15        | 17        |  |
| Parent Company/consolidation items | -12        | -8        | -5        | -8        | -6        | -4        | -10       | -7        |  |
| <b>GROUP TOTAL</b>                 | <b>104</b> | <b>92</b> | <b>82</b> | <b>84</b> | <b>84</b> | <b>79</b> | <b>73</b> | <b>79</b> |  |

## Consolidated Income Statement – condensed

| MSEK  | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | Financial year<br>2016/17 | Financial year<br>2015/16 |
|---|--------------------------------|--------------------------------|---------------------------|---------------------------|
| Net revenue   | 833                            | 790                            | 3,096                     | 3,057                     |
| Cost of goods sold  | -520                           | -517                           | -1,959                    | -1,993                    |
| <b>GROSS PROFIT</b>   | <b>313</b>                     | <b>273</b>                     | <b>1,137</b>              | <b>1,064</b>              |
| Selling expenses  | -149                           | -140                           | -555                      | -523                      |
| Administrative expenses   | -71                            | -66                            | -237                      | -245                      |
| Other operating income and operating expenses                                   | 11                             | 17                             | 16                        | 19                        |
| <b>PROFIT BEFORE NET FINANCIAL ITEMS *)</b>                                     | <b>104</b>                     | <b>84</b>                      | <b>361</b>                | <b>315</b>                |
| Net financial items   | -4                             | -3                             | -10                       | -8                        |
| <b>PROFIT AFTER FINANCIAL ITEMS</b>   | <b>100</b>                     | <b>81</b>                      | <b>351</b>                | <b>307</b>                |
| Taxes   | -20                            | -15                            | -77                       | -66                       |
| <b>NET PROFIT FOR THE PERIOD</b>  | <b>80</b>                      | <b>66</b>                      | <b>274</b>                | <b>241</b>                |
| *) Of which:  |                                |                                |                           |                           |
| - amortisation of intangible assets that arose in connection with acquisitions: | (-13)                          | (-11)                          | (-48)                     | (-40)                     |
| - depreciation of other non-current assets:                                     | (-11)                          | (-9)                           | (-43)                     | (-37)                     |
| Operating profit (EBITA)  | 117                            | 95                             | 409                       | 355                       |
| Earnings per share, SEK   | 1.18                           | 0.97                           | 4.03                      | 3.55                      |
| Earnings per share after dilution, SEK  | 1.17                           | 0.97                           | 4.02                      | 3.54                      |
| Weighted number of shares after repurchases, ('000)                             | 67,985                         | 67,844                         | 67,941                    | 67,889                    |
| Weighted number of shares after repurchases adjusted after dilution ('000)      | 68,178                         | 68,109                         | 68,097                    | 68,121                    |
| Number of shares after repurchases during the period ('000)                     | 67,985                         | 67,844                         | 67,985                    | 67,844                    |

In view of the redemption price on outstanding call options during the period (SEK 53.90, SEK 78.80 and SEK 100.10) and the average share price (SEK 81.28) during the latest 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.2 percent for the latest 12-month period. For the fourth quarter, there was a dilutive effect of 0.3 percent as the average share price (SEK 84.59) was higher than the average redemption price for outstanding programmes.

## Consolidated Statement of Comprehensive Income and Other Comprehensive Income

| MSEK  | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | Financial<br>year<br>2016/17 | Financial year<br>2015/16 |
|---|--------------------------------|--------------------------------|------------------------------|---------------------------|
| Net profit for the period   | 80                             | 66                             | 274                          | 241                       |
| <b>Other comprehensive income</b>   |                                |                                |                              |                           |
| <u>Items that have been reposted or that may be reposted to net profit for the period</u> |                                |                                |                              |                           |
| Change in translation reserve   | 2                              | 14                             | 20                           | -14                       |
| Translation differences transferred to net profit for the period                          | 0                              | -4                             | 0                            | -4                        |
| <u>Items that cannot be reposted to net profit for the period</u>                         |                                |                                |                              |                           |
| Actuarial effects on pensions   | -6                             | 12                             | -6                           | 12                        |
| Taxes attributable to actuarial effects   | 2                              | -3                             | 2                            | -3                        |
| <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>  | <b>78</b>                      | <b>85</b>                      | <b>290</b>                   | <b>232</b>                |

## Consolidated Statement of Financial Position – condensed

| MSEK  | 31 March 2017 | 31 March<br>2016 |
|---|---------------|------------------|
| <b>ASSETS</b>   |               |                  |
| Goodwill  | 912           | 802              |
| Other intangible non-current assets                         | 567           | 505              |
| Property, plant and equipment                               | 224           | 206              |
| Financial assets  | 10            | 10               |
| Inventories   | 401           | 379              |
| Trade receivables and claims on customers                   | 519           | 473              |
| Other current receivables                                   | 136           | 140              |
| Cash and bank balances                                      | 122           | 67               |
| <b>TOTAL ASSETS</b>   | <b>2,891</b>  | <b>2,582</b>     |
| <b>EQUITY AND LIABILITIES</b>                               |               |                  |
| Equity  | 1,197         | 1,032            |
| Non-current liabilities                                     | 658           | 530              |
| Trade payables and advance payment from customers           | 261           | 247              |
| Other current liabilities                                   | 775           | 773              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>2,891</b>  | <b>2,582</b>     |
| Interest-bearing assets                                     | 122           | 67               |
| Interest-bearing liabilities, excluding pension liabilities | 687           | 618              |

## Consolidated Statement of Changes in Equity

| MSEK   | Financial<br>year<br>2016/17 | Financial<br>year<br>2015/16 |
|--|------------------------------|------------------------------|
| Opening balance  | 1,032                        | 917                          |
| Comprehensive income for the period                              | 290                          | 232                          |
| <b>Transactions with owners</b>                                  |                              |                              |
| Dividend   | -119                         | -102                         |
| Redemption and acquisition of options on repurchased shares, net | -6                           | -5                           |
| Repurchase of own shares   | 0                            | -10                          |
| <b>CLOSING BALANCE</b>   | <b>1,197</b>                 | <b>1,032</b>                 |

## Consolidated Statement of Cash Flows – condensed

| MSEK   | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | Financial<br>year<br>2016/17 | Financial<br>year<br>2015/16 |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------|
| <b>Operating activities</b>  |                                |                                |                              |                              |
| Profit after financial items   | 100                            | 81                             | 351                          | 307                          |
| Adjustments for taxes paid, items not included in cash flow, etc.            | -10                            | -9                             | 18                           | -18                          |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>90</b>                      | <b>72</b>                      | <b>369</b>                   | <b>289</b>                   |
| <b>Cash flow from changes in working capital</b>                             |                                |                                |                              |                              |
| Increase (-)/Decrease (+) in inventories                                     | 18                             | -10                            | 15                           | -32                          |
| Increase (-)/Decrease (+) in operating receivables                           | -23                            | -45                            | 7                            | -23                          |
| Increase (+)/Decrease (-) in operating liabilities                           | 8                              | 47                             | -16                          | 23                           |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                   | <b>93</b>                      | <b>64</b>                      | <b>375</b>                   | <b>257</b>                   |
| <b>Investing activities</b>  |                                |                                |                              |                              |
| Investment in businesses   | -5                             | 29                             | -208                         | -288                         |
| Investments in/disposals of other non-current assets, net                    | -18                            | -18                            | -47                          | -70                          |
| <b>Cash flow from investing activities</b>                                   | <b>-23</b>                     | <b>11</b>                      | <b>-255</b>                  | <b>-358</b>                  |
| <b>Financing activities</b>  |                                |                                |                              |                              |
| Dividends, redemption of options and repurchase of own shares/options        | 0                              | 1                              | -125                         | -117                         |
| Financing activities   | -65                            | -62                            | 60                           | 205                          |
| <b>Cash flow from financing activities</b>                                   | <b>-65</b>                     | <b>-61</b>                     | <b>-65</b>                   | <b>88</b>                    |
| <b>CASH FLOW FOR THE PERIOD</b>  | <b>5</b>                       | <b>14</b>                      | <b>55</b>                    | <b>-13</b>                   |
| Cash and cash equivalents at the beginning of the period                     | 117                            | 53                             | 67                           | 80                           |
| Cash and cash equivalents at the end of the period                           | 122                            | 67                             | 122                          | 67                           |

## Financial instruments

For all of the Group's financial assets, fair value is estimated to equal the carrying amount. Liabilities measured at fair value consist of contingent consideration payments, which are measured using discounted estimated cash flows and are therefore included in level 3 under IFRS 13.

| Carrying amount, MSEK                                | 31 March 2017             | 31 March 2016             |
|--|---------------------------|---------------------------|
| Assets measured at fair value                        | -                         | -                         |
| Assets measured at amortised cost                    | 630                       | 537                       |
| <b>TOTAL ASSETS, FINANCIAL INSTRUMENTS</b>           | <b>630</b>                | <b>537</b>                |
| Liabilities measured at fair value                   | 175                       | 184                       |
| Liabilities measured at amortised cost               | 940                       | 852                       |
| <b>TOTAL LIABILITIES, FINANCIAL INSTRUMENTS</b>      | <b>1,114</b>              | <b>1,036</b>              |
|  | Financial year<br>2016/17 | Financial year<br>2015/16 |
| Change in contingent consideration                   |                           |                           |
| Opening balance                                      | 184                       | 95                        |
| Liabilities settled during the year                  | -64                       | -12                       |
| Remeasurement of liabilities during the year         | 5                         | -6                        |
| Year's liabilities from acquisitions during the year | 51                        | 106                       |
| Exchange rate difference                             | -1                        | 1                         |
| <b>Carrying amount at end of the period</b>          | <b>175</b>                | <b>184</b>                |

## Parent Company Balance Sheet – condensed

| MSEK                                | 31 March 2017 | 31 March 2016 |
|-------------------------------------|---------------|---------------|
| <b>ASSETS</b>                       |               |               |
| Property, plant and equipment       | 1             | 1             |
| Financial assets                    | 1,903         | 1,809         |
| Current receivables                 | 365           | 281           |
| Cash and bank balances              | -             | 0             |
| <b>TOTAL ASSETS</b>                 | <b>2,269</b>  | <b>2,091</b>  |
| <b>EQUITY AND LIABILITIES</b>       |               |               |
| Equity                              | 1,200         | 1,046         |
| Untaxed reserves                    | -             | 4             |
| Non-current liabilities             | 421           | 320           |
| Current liabilities                 | 648           | 721           |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>2,269</b>  | <b>2,091</b>  |

## Parent Company Income Statement – condensed

| MSEK  | 3 months<br>Jan-Mar<br>2016/17 | 3 months<br>Jan-Mar<br>2015/16 | Financial<br>year<br>2016/17 | Financial<br>year<br>2015/16 |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Net revenue                                   | 9                              | 14                             | 37                           | 39                           |
| Administrative expenses                       | -23                            | -14                            | -70                          | -57                          |
| Other operating income and operating expenses | 0                              | 0                              | 0                            | 0                            |
| <b>PROFIT/LOSS BEFORE NET FINANCIAL ITEMS</b> | <b>-14</b>                     | <b>0</b>                       | <b>-33</b>                   | <b>-18</b>                   |
| Financial income                              | 43                             | 35                             | 316                          | 288                          |
| Financial expenses                            | -2                             | -3                             | -9                           | -9                           |
| <b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>      | <b>27</b>                      | <b>32</b>                      | <b>274</b>                   | <b>261</b>                   |
| Change in untaxed reserves                    | 0                              | 0                              | 4                            | 2                            |
| Taxes   | -6                             | -7                             | -2                           | -3                           |
| <b>NET PROFIT FOR THE PERIOD</b>              | <b>21</b>                      | <b>25</b>                      | <b>276</b>                   | <b>260</b>                   |

## Key ratios

In the table below, key ratios are partly presented that are not defined according to IFRS. For definition of these, see below.

|  | Financial year<br>2016/17 | Financial year |         |         |         |
|--|---------------------------|----------------|---------|---------|---------|
|  |                           | 2015/16        | 2014/15 | 2013/14 | 2012/13 |
| Revenue  | 3,096                     | 3,057          | 2,846   | 2,546   | 2,328   |
| Change in revenue, %                           | 1.3                       | 7              | 12      | 9       | 3       |
| Operating profit (EBITA)                       | 409                       | 355            | 295     | 256     | 223     |
| Profit after taxes                             | 274                       | 241            | 203     | 177     | 159     |
| Operating margin (EBITA), %                    | 13.2                      | 11.6           | 10.4    | 10.1    | 9.6     |
| EBIT margin, %                                 | 11.7                      | 10.3           | 9.7     | 9.5     | 9.1     |
| Profit margin, %                               | 11.3                      | 10.0           | 9.3     | 9.0     | 8.6     |
| Equity ratio, %                                | 41                        | 40             | 44      | 43      | 44      |
| Return on working capital (P/WC), %            | 58                        | 58             | 58      | 55      | 52      |
| Return on capital employed, %                  | 20                        | 21             | 22      | 22      | 23      |
| Return on equity, %                            | 25                        | 25             | 24      | 24      | 24      |
| Debt/equity ratio, times                       | 0.6                       | 0.6            | 0.4     | 0.4     | 0.4     |
| Operational net debt/equity ratio, times       | 0.5                       | 0.5            | 0.3     | 0.4     | 0.4     |
| Interest coverage ratio, times                 | 22                        | 20             | 18      | 16      | 13      |
| Operational net debt (+)/receivables (-), MSEK | 565                       | 551            | 302     | 285     | 248     |
| Number of employees at end of period           | 1,247                     | 1,230          | 1,139   | 1,010   | 932     |
| Revenue outside Sweden, MSEK                   | 1,940                     | 1,991          | 1,931   | 1,676   | 1,553   |

## Per-share data

In the table below, key ratios are partly presented that are not defined according to IFRS. For definition of these, see below.

|   | Financial year<br>2016/17 | Financial year |         |         |         |
|---|---------------------------|----------------|---------|---------|---------|
|   |                           | 2015/16        | 2014/15 | 2013/14 | 2012/13 |
| Number of shares at end of period after repurchases ('000)    | 67,985                    | 67,844         | 67,773  | 67,572  | 67,560  |
| Weighted number of shares after repurchases, ('000)           | 67,941                    | 67,889         | 67,719  | 67,632  | 67,278  |
| Weighted number of shares after repurchases & dilution ('000) | 68,097                    | 68,121         | 67,965  | 67,995  | 67,503  |
| EBIT-earnings per share after dilution, SEK                   | 5.30                      | 4.63           | 4.06    | 3.56    | 3.16    |
| Earnings per share, SEK                                       | 4.03                      | 3.55           | 3.00    | 2.62    | 2.36    |
| Earnings per share after dilution, SEK                        | 4.02                      | 3.54           | 2.99    | 2.60    | 2.36    |
| Cash flow from operations per share after dilution, SEK       | 5.51                      | 3.77           | 3.94    | 3.40    | 2.62    |
| Cash flow per share after dilution, SEK                       | 0.81                      | -0.19          | 0.62    | 0.03    | 0.00    |
| Equity per share, SEK   | 17.61                     | 15.22          | 13.53   | 11.90   | 10.33   |
| Latest price paid per share, SEK                              | 87.00                     | 77.50          | 52.67   | 42.33   | 29.42   |

## Definitions

### Return on equity

Net profit after tax as a percentage of average equity (opening plus closing balance for the period, divided by two).

### Return on working capital (P/WC)

Profit before net financial items (EBIT) as a percentage of average working capital, (opening balance plus closing balance for the period, divided by two), where working capital consists of inventories, trade receivables and claims on customers less trade payables and advance payment from customers.

### Return on capital employed

Profit after financial items, plus financial expenses as a percentage of average capital employed (opening balance plus closing balance for the period, divided by two).

### Operating profit (EBITA)

Operating profit before amortisation of intangible non-current assets arising in connection with acquisitions.

### Operating margin

Operating profit (EBITA) as a percentage of net revenue.

### Equity per share

Equity divided by the number of outstanding shares on the balance sheet date.

### Cash flow per share after dilution

Cash flow in relation to the weighted number of shares outstanding after repurchases and dilution.

### Cash flow from operating activities per share

Cash flow from operating activities in relation to the weighted

number of shares outstanding after repurchases and dilution.

### Operational net debt/receivables

Interest-bearing provisions and liabilities, excluding pensions, less cash and cash equivalents and investments in securities.

### Operational net debt/equity ratio

Interest-bearing provisions and liabilities, excluding pensions, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

### Change in revenue

Change in net revenue as a percentage of the preceding year's net revenue.

### Interest coverage ratio

Profit after financial items plus financial expenses divided by financial expenses.

### EBIT margin

Profit before net financial items tax as a percentage of net revenue.

### Debt/equity ratio

Interest-bearing liabilities divided by equity, plus non-controlling interests.

### Equity ratio

Equity, plus non-controlling interests as a percentage of total assets.

### Capital employed

Total assets, less non-interest-bearing provisions and liabilities.

### Profit margin

Profit after financial items, less participations in associated companies as a percentage of net revenue.

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This information is information that Lagercrantz Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 1.00 p.m. CET on 10 May 2017.

### Reporting dates

|                 |  |
|-----------------|--|
| 19 July 2017    | Quarterly Report Q1 for the period 1 April 2017–30 June 2017       |
| 29 August 2017  | Annual General Meeting for the 2016/17 financial year              |
| 25 October 2017 | Quarterly Report Q2 for the period 1 July 2017–30 September 2017   |
| 25 January 2018 | Quarterly Report Q3 for the period 1 October 2017–31 December 2017 |
| 8 May 2018      | Year-end Report for the period 1 April 2017–31 March 2018          |

The Annual Report for the 2016/17 financial year will be published at end of June/start of July 2017 on [www.lagercrantz.com](http://www.lagercrantz.com).

For additional information, please contact  
Jörgen Wigh, President, phone +46 8 700 66 70  
Bengt Lejdström, Chief Financial Officer, phone +46 8 700 66 70

Lagercrantz Group AB (publ)  
Box 3508, 103 69 Stockholm  
Phone +46 8 700 66 70  
Corporate identity number 556282-4556  
[www.lagercrantz.com](http://www.lagercrantz.com)