

Interim Report 2012/13 Q3

1 October – 31 December 2012 (third quarter)

- Third quarter net revenue increased by 3 percent to MSEK 587 (569).
- Operating profit increased by 24 percent to MSEK 52 (42), equivalent to an operating margin of 8.9 percent (7.4). The earnings improvement resulted from acquisitions and improved profitability in division Communications.
- Elkapsling AB was acquired during the quarter, with total revenue of approximately MSEK 85. Four acquisitions were made during the 2012/13 financial year, with aggregate annual revenue of approximately MSEK 255.
- Profit after financial items increased by 26 percent to MSEK 49 (39).
- Cash flow from operating activities increased by 62 percent to MSEK 231 (143) during the most recent twelve-month period, equivalent to SEK 10.30 (6.39) per share.
- Earnings per share after dilution amounted to SEK 6.69 for the most recent twelve-month period (SEK 5.63 for the 2011/12 financial year).
- Profit after taxes, MSEK 44 (28), was affected positively by a one-time effect preliminarily calculated to be MSEK 7 (SEK 0.31 per share) due to a new corporate tax rate in Sweden.
- The return on equity for the most recent twelve-month period amounted to 24 percent, as compared with 22 percent for the 2011/12 financial year. The equity ratio at the end of the period was 41 percent, as compared with 46 percent at the beginning of the financial year.

1 April – 31 December 2012 (nine months)

- Net revenue for the first nine months increased by 3 percent to MSEK 1,709 (1,663).
- Operating profit increased by 17 percent to MSEK 154 (132). The operating margin increased to 9.0 percent (7.9).
- Profit after financial items increased by 19 percent to MSEK 146 (123) and profit after taxes increased to MSEK 115 (91).

NET REVENUE AND PROFIT

Third quarter Oct - Dec

Net revenue during the third quarter of the financial year (1 October-31 December 2012) increased by 3 percent to MSEK 587 (569), which is equivalent to organic growth measured in local currency of -5 percent.

Sales were stable for most units during the quarter, except some units in division Mechatronics and certain units in Finland. Unfavourable calendar effects affected results for the month of December.

Operating profit during the quarter increased by 24 percent to MSEK 52 (42). The operating margin amounted to 8.9 percent (7.4). The earnings improvement is explained by better profitability in certain units in division Communications and by results generated by acquired businesses. Currency effects in operating profit amounted to MSEK 0 (-1) during the third quarter.

Elkapsling AB was acquired during the quarter. For details, refer to Acquisition below.

Third quarter profit after financial items increased by 26 percent to MSEK 49 MSEK (39). Net financial items were affected by foreign exchange effects in the amount of MSEK 0 (0).

Nine months Apr - Dec

For the first nine months of the financial year (1 April-31 December 2012) net revenue amounted to MSEK 1,709 (1 663), equivalent to an increase of 3 percent. Acquired businesses contributed MSEK 125 MSEK to the period's revenue compared to the preceding year, which translates to organic growth of -3 percent for comparable units, measured in local currency.

Operating profit for the first nine months amounted

to MSEK 154 (132), equivalent to an increase of 17 percent and an operating margin of 9.0 percent (7.9). The foreign exchange effect on operating profit amounted to MSEK -1 (-3) during the first nine months.

Profit after financial items for the first nine months increased by 19 percent to MSEK 146 (123). Net financial items was affected by foreign exchange effects in the amount of MSEK 0 (1).

Profit after taxes for the first nine months amounted to MSEK 115 (91). Profit after taxes was positively affected by a one-time effect preliminarily calculated to be MSEK 7 due to recalculation of deferred taxes in accordance with the new corporate tax rate in Sweden, 22.0 percent (26.3) from 1 January 2013. Earnings per share after dilution for the most recent twelve-month period amounted to SEK 6.69, as compared with SEK 5.63 for the 2011/12 financial year.

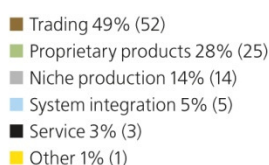
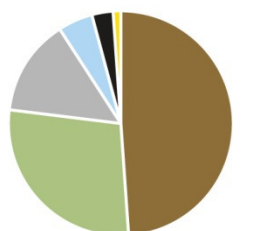
PROFITABILITY AND FINANCIAL POSITION

The return on equity for the most recent twelve-month period was 24 percent (21) and the return on capital employed was 22 (21) percent.

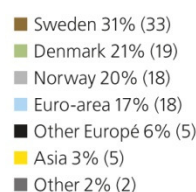
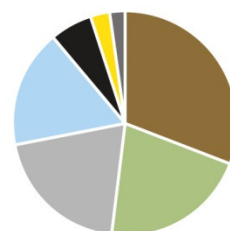
Equity per share amounted to SEK 30.00 at the end of the period, as against SEK 27.90 at the beginning of the financial year and was affected by the result as well as by the dividend paid, the tax effect as above and foreign exchange-related translation differences.

The equity ratio was 41 percent compared to 46 percent at the beginning of the financial year. At the end of the period the financial net liability amounted to MSEK 313, including a pension liability in the amount of MSEK 51, compared to MSEK 185 MSEK, including a pension liability in the amount of MSEK 50, at the beginning of the year. The Group's net debt equity ratio was 0.5 (0.4).

Revenue by business type
Rolling 12 months 2012/13 (2011/12)



Revenue by geographic market
Rolling 12 months 2012/13 (2011/12)



Divisions

	Net revenue					Operating profit				
	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	12 months Jan-Dec 2011/12	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	12 months Jan-Dec 2011/12
MSEK										
Electronics	159	147	457	448	606	13	9	34	29	42
Operating margin						8.2%	6.1%	7.4%	6.5%	6.9%
Mechatronics	169	197	524	571	770	17	22	61	68	97
Operating margin						10.1%	11.2%	11.6%	11.9%	12.6%
Communications	210	188	569	536	739	20	10	47	30	43
Operating margin						9.5%	5.3%	8.3%	5.6%	5.8%
Niche Products	49	37	159	108	150	6	6	27	18	26
Operating margin						12.2%	16.2%	17.0%	16.7%	17.3%
Parent Company/ Consolidation items	-	-	-	-	-	-4	-5	-15	-13	-24
Group total	587	569	1709	1663	2265	52	42	154	132	184
Operating margin						8.9%	7.4%	9.0%	7.9%	8.1%
Financial items						-3	-3	-8	-9	-13
PROFIT BEFORE TAXES						49	39	146	123	171

NET REVENUE AND PROFIT BY DIVISION; THIRD QUARTER

Electronics

Net revenue for the third quarter increased by 8 percent to MSEK 159 (147). An overall somewhat weaker market situation for comparable units was offset by acquired business volume.

Third quarter operating profit amounted to MSEK 13 (9), equivalent to an operating margin of 8.2 percent (6.1). The improved margin results primarily from acquired units and a continued shift towards higher value addition.

Mechatronics

Net revenue for the third quarter amounted to MSEK 169 (197). Some of the division's units noted weaker demand, believed to be a consequence of the current economic situation.

Third quarter operating profit amounted to MSEK 17 (22), equivalent to an operating margin of 10.1 percent (11.2). The lower result was due to the low volume of sales in the area of custom cable harnesses.

The newly acquired Elkapsling AB is part of the division from December 2012.

Communications

Net revenue for the third quarter increased by 12 percent to MSEK 210 (188). Demand was particularly strong in the areas of digital imaging/technical security and software compared to the preceding year.

Third quarter operating profit rose to MSEK 20 (10), equivalent to an operating margin of 9.5 percent (5.3). The improved result is explained primarily by the restructuring measures taken in some units in the product areas of digital imaging/technical security and access.

Niche Products

Third quarter net revenue amounted to MSEK 49 (37). Most of the increase is explained by the acquisition.

Third quarter operating profit amounted to MSEK 6 (6), equivalent to an operating margin of 12.2 percent (16.2). The lower margin was primarily an effect of lower export sales in two units due to the current economic situation.

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities for the most recent twelve-month period increased by 62 percent and amounted to MSEK 231 (143). The corresponding number for the first nine months of the 2012/13 financial year was MSEK 158 (102). Investments in non-current assets amounted to a gross of MSEK 27 (15) during the first nine months.

No shares were repurchased during the period. Previously repurchased shares for MSEK 4 were sold during the third quarter, however, in connection with redemption of options.

During the third quarter MSEK 1 was paid as contingent consideration for previous acquisitions.

OTHER FINANCIAL INFORMATION

Parent Company and consolidation items

The Parent Company's internal net revenue for the first nine months of the financial year amounted to MSEK 22 (21) and the profit after financial items was MSEK 123 (148). This result includes exchange rate adjustments on intra-Group lending in the amount of MSEK -2 MSEK (-1) and dividends from subsidiaries in the amount of MSEK 138 (168). Investments in non-current assets amounted to a net amount of MSEK 0 (0). MSEK 359 (195) of the Parent Company's committed credit facility in the amount of MSEK 500 was utilised at the end of the period. Cash and cash equivalents were held in an amount of MSEK 10 (0). The Parent Company's equity ratio was 53 percent (62).

Employees

At the end of the period, the number of employees in the Group was 951, which can be compared to 780 at the beginning of the financial year. The increase is attributable to acquired businesses (174 new employees).

Share capital

The share capital amounted to MSEK 48.9 at the end of the period. The quotient value per share is SEK 2.11. The distribution on classes of shares is as follows:

Classes of shares

Class A shares	1,093,310
Class B shares	22,079,999
Repurchased B shares	-653,300
Total	22,520,009

As of 31 December 2012, Lagercrantz held 653,300 class B shares in treasury, equivalent to 2.8 percent of the

number of shares outstanding and 2.0 percent of the votes in Lagercrantz. The average acquisition cost of the shares held in treasury amounts to SEK 31.75 per share. Repurchased shares cover, inter alia, the Company's obligations under outstanding option programmes, where 562,500 options have been acquired by members of senior management. This refers to options awarded in 2010, 2011 and 2012 still outstanding. The redemption price under these programmes is SEK 39.60, SEK 57.20 and 70.30 per call option, respectively. The redemption price for the 2010 programme has been adjusted to account for the dividend paid for the year.

During the third quarter 225,000 options with a redemption price of SEK 70.30 were written in accordance with a resolution by the 2012 Annual General Meeting and acquired by members of senior management in the Group.

During the third quarter part so the incentive programme based on options on repurchased class B shares acquired by managers and members of senior management in the Group during 2009 were redeemed. In connection with redemption of options, 102,500 class B shares held in treasury were sold for a total of MSEK 4.

Acquisition

During the third quarter Lagercrantz Group acquired Elkapsling AB, a niched player that develops, manufactures and sells electric enclosures used to protect electrical and telecoms installations where the demands for durability, tightness and other features are great. Customers are found mainly among Swedish installation companies, enclosure manufacturers, electrical equipment wholesalers and OEMs. Elkapsling has total annual sales of approximately MSEK 85 MSEK with good profitability. The company is a part of division Mechatronics from December 2012.

The effect of the acquisitions on consolidated revenue during the financial year is MSEK 77 and the effect on profit before taxes is MSEK 9, after acquisition costs. Had the acquired businesses been consolidated from 1 April 2012, the effect on revenue and profit would have been MSEK 188 and MSEK 20, respectively, after acquisition costs.

The purchase price allocation below for the entities acquired during the year is preliminary with respect to the allocation of surplus values.

Preliminary Purchase Price Allocation

Acquired net assets at time of acquisition *	Book value in companies	Fair value adjustment	Fair value consolidated
Intangible non-current assets	0	51	51
Other non-current assets	28	5	33
Inventories and work in progress	29	-	29
Other short-term receivables	87	-	87
Interest-bearing liabilities	-10	-	-10
Other liabilities	-49	-13	-62
Net of identified assets/liabilities	85	43	128
Goodwill	-	-	163
Estimated purchase price	-	-	291

The estimated purchase money for acquired units amounted to MSEK 291. This amount includes estimated contingent consideration in the amount of MSEK 51 for the companies, which is 79 percent of maximum payout. The payout depends on the results achieved by the companies.

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 and the Swedish Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for legal entities. For the Group and the Parent Company the same accounting policies and calculation methods have been applied as in the most recent Annual Report.

Related party disclosures

Transactions between Lagercrantz Group and closely related parties with an effect on the financial position and profit have not occurred.

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. Financial and political uncertainties are the most apparent uncertainty factors for Lagercrantz Group. The Group has adopted a cautious approach and follows changes in the surrounding world diligently. In other respects, reference is made to the 2011/12 Annual Report. The Parent Company is affected by the above-mentioned risks and uncertainty factors by virtue of its function as owner of its subsidiaries.

Events after the balance sheet date

No events of significance for the Company have occurred after the balance sheet date of 31 December 2012.

Committee for election of directors

The Annual General Meeting held 28 August 2012 commissioned the Chairman of the Board of Directors to contact the major shareholders by vote as of 31 December 2012 to appoint members, who together with the Chairman of the Board of Directors will constitute an election committee. The Election Committee shall consist of five members. In accordance herewith the following persons were appointed to be members of the Election Committee preceding the 2013 Annual General Meeting: Anders Börjesson (Chairman of the Board of Directors), Tom Hedelius, Johan Lannebo (representing Lannebo Fonder), Tomas Ramsälv (representing Odin Fonder) and Gustaf Setterblad (representing Didner & Gerge Fonder). Suggestions by shareholders to the Election Committee should be addressed to the Company for forwarding, or be e-mailed to valberedningen@lagercrantz.com. More information is available at www.lagercrantz.com.

Stockholm, 31 January 2013

Jörgen Wigh
President & Chief Executive Officer

This report has not been subject to review by the Company's auditor.

Segment Information by Quarter

Net revenue		2012/13			2011/12		
MSEK	Q3	Q2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	159	149	149	158	147	152	149
Mechatronics	169	174	181	199	197	192	182
Communications	210	178	181	203	188	169	179
Niche Products	49	55	55	42	37	26	45
Parent Company/Consolidation items				-	-	-	-
GROUP TOTAL	587	556	566	602	569	539	555

Operating profit		2012/13			2011/12		
MSEK	Q3	Q2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	13	10	11	13	9	10	10
Mechatronics	17	24	20	29	22	25	21
Communications	20	15	12	13	10	11	9
Niche Products	6	10	11	8	6	4	8
Parent Company/Consolidation items	-4	-6	-5	-11	-5	-5	-3
GROUP TOTAL	52	53	49	52	42	45	45

Consolidated Income Statement

MSEK	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	Moving 12 months Jan-Dec	Financial year Apr-Mar
Net revenue	587	569	1,709	1,663	2,311	2,265
Cost of goods sold	-404	-403	-1,183	-1,182	-1,610	-1,609
GROSS PROFIT	183	166	526	481	701	656
Selling costs	-88	-85	-248	-237	-334	-323
Administrative expenses	-37	-35	-105	-99	-140	-134
Research and development expenses	-8	-6	-22	-15	-28	-21
Other operating income and operating expenses	2	2	3	2	7	6
OPERATING PROFIT	52	42	154	132	206	184
<i>(of which depreciation)</i>	<i>(-10)</i>	<i>(-9)</i>	<i>(-28)</i>	<i>(-25)</i>	<i>(-38)</i>	<i>(-35)</i>
Net finance items	-3	-3	-8	-9	-12	-13
PROFIT AFTER FINANCE ITEMS	49	39	146	123	194	171
Taxes	-5	-11	-31	-32	-44	-45
NET PROFIT FOR THE PERIOD	44	28	115	91	150	126
Earnings per share, SEK	1.96	1.26	5.14	4.10	6.70	5.66
Earnings per share after dilution, SEK	1.95	1.25	5.12	4.07	6.69	5.63
Average number of shares after repurchases ('000)	22,488	22,261	22,395	22,218	22,375	22,242
Weighted number of shares after repurchases & dilution ('000)	22,556	22,349	22,454	22,367	22,426	22,392
Number of shares after period's repurchases ('000)	22,520	22,417	22,520	22,417	22,520	22,217

In view of the strike price on outstanding call options during the period (SEK 39.60, SEK 57.20, and SEK 70.30) and the average market price of the share during the most recent twelve-month period (SEK 57.80) when the option programmes were outstanding, there was a dilutive effect of 0.2 percent during the most recent 12-month period. For the most recent quarter, there was a dilutive effect of 0.3 percent as the average market price (SEK 61.40) was higher than the strike price for outstanding programmes.

Consolidated Statement of Recognised Income and Expense

MSEK	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	Moving 12 months Jan-Dec	Financial year Apr-Mar
Net profit for the period	44	28	115	91	150	126
Other total profit						
Change in fair value of hedging reserve	0	0	0	0	1	1
Change in translation reserve	7	-9	-8	4	-11	1
RECOGNISED RESULT FOR THE PERIOD	51	19	107	95	140	128

Statement of Consolidated Financial Position in Summary

MSEK	31/12/2012	31/12/2011	31/03/2012
ASSETS			
Goodwill	522	342	361
Other intangible non-current assets	234	185	192
Tangible non-current assets	126	88	87
Financial non-current assets	13	17	10
Inventories	253	228	229
Short-term receivables	407	416	430
Cash and cash equivalents	88	46	37
TOTAL ASSETS	1,643	1,322	1,346
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	676	598	620
Long-term liabilities	139	114	123
Current liabilities	828	610	603
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,643	1,322	1,346
Interest-bearing assets	88	46	37
Interest-bearing liabilities	401	257	222

Consolidated Cash Flow Statement

MSEK	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	Moving 12 months Jan-Dec	Financial year Apr-Mar
Operating activities						
Result after finance items	49	39	146	123	194	171
Adjustment for paid taxes, items not included in cash flow, etc.	-18	6	-23	8	-18	13
Cash flow from operating activities before changes in working capital	31	45	123	131	176	184
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in inventories	2	11	3	-1	6	2
Increase (-)/Decrease (+) in operating receivables	56	13	59	-21	50	-30
Increase (+)/Decrease (-) in operating liabilities	-11	-13	-27	-7	-1	19
Cash flow from operating activities	78	56	158	102	231	175
Investing activities						
Investments in businesses	-74	-26	-197	-26	-219	-48
Investment in/disposals of other non-current assets, net	-9	-7	-27	-15	-32	-20
Cash flow from investing activities	-83	-33	-224	-41	-251	-68
Financing activities						
Dividend, exercise of options & repurchase of own shares	5	8	-51	-42	-62	-53
Financing activities	39	-21	168	-30	124	-74
Cash flow from financing activities	44	-13	117	-72	62	-127
CASH FLOW FOR THE PERIOD	39	10	51	-11	42	-20
Cash and cash equivalents at the beginning of the period	49	35	37	56	46	56
Exchange rate differences in cash and cash equivalents	0	1	0	1	0	1
Cash and cash equivalents at the end of the period	88	46	88	46	88	37

Consolidated Statement of Changes in Equity

MSEK	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	Moving 12 months Jan-Dec	Financial year Apr-Mar
Opening balance	620	545	598	545
Dividend	-62	-50	-62	-50
Exercise of options on repurchased shares	11	8	11	8
Repurchase of own shares	-	-	-11	-11
Recognised result for the period	107	95	140	128
Closing balance	676	598	676	620

Key Financial Indicators

	Moving 12 months Jan–Dec	Financial year			
		2011/12	2010/11	2009/10	2008/09
Revenue	2,311	2,265	2,029	1,720	2,138
Change in revenue, %	4	12	18	–20	–2
Profit after taxes	150	126	102	42	68
Operating margin, %	8.9	8.1	7.2	3.9	4.9
Profit margin, %	8.4	7.5	6.8	3.4	4.4
Equity ratio, %	41	46	42	56	49
Return on capital employed, %	22	22	21	11	17
Return on equity, %	24	22	20	8	14
Debt equity ratio	0.6	0.4	0.5	0.1	0.3
Net debt equity ratio	0.5	0.3	0.4	0.1	0.2
Times interest earned	11	11	12	6	7
Net interest-bearing liabilities (+)/receivables (–), MSEK	313	185	243	38	78
Number of employees at end of period	951	780	731	608	742
Revenue outside Sweden, MSEK	1,588	1,533	1,355	1,155	1,486

Per-share Data

	Moving 12 months Jan–Dec	Financial year			
		2011/12	2010/11	2009/10	2008/09
Number of shares outstanding end of period after repurchases ('000)	22,520	22,217	22,196	21,978	21,978
Weighted number of shares outstanding after repurchases ('000)	22,375	22,242	22,046	21,978	22,287
Weighted number of shares outstanding after repurchases & dilution ('000)	22,426	22,392	22,133	21,978	22,287
Operating profit per share after dilution, SEK	9.19	8.22	6.64	3.05	4.71
Earnings per share, SEK	6.70	5.66	4.63	1.91	3.05
Earnings per share after dilution, SEK	6.69	5.63	4.61	1.91	3.05
Cash flow from operations per share after dilution, SEK	10.30	7.82	5.33	3.96	6.15
Equity per share, SEK	30.00	27.90	24.60	22.50	23.60
Latest market price per share, SEK	70.50	57.25	61.75	31.50	23.50

Definitions will be found in the 2011/12 Annual Report.

Parent Company Income Statement

MSEK	3 months Oct-Dec 2012/13	3 months Oct-Dec 2011/12	9 months Apr-Dec 2012/13	9 months Apr-Dec 2011/12	Moving 12 months Jan-Dec	Financial year Apr-Mar
Net revenue	8	7	22	21	29	28
Administrative expenses	-11	-10	-30	-33	-41	-44
Other operating income and operating expense	0	0	0	0	0	0
OPERATING RESULT	-3	-3	-8	-12	-12	-16
Financial income	3	-1	140	171	185	216
Financial expense	-1	-4	-9	-11	-26	-28
PROFIT AFTER FINANCE ITEMS	-1	-8	123	148	147	172
Change untaxed reserves	0	0	0	0	-1	-1
Taxes	1	2	4	5	-2	-1
NET PROFIT FOR THE PERIOD	0	-6	127	153	144	170
Other in recognised result	-	-	-	-	-	-
RECOGNISED RESULT FOR THE PERIOD	0	-6	127	153	144	170

Parent Company Balance Sheet in Summary

MSEK	31/12/2012	31/12/2011	31/03/2012
ASSETS			
Tangible non-current assets	0	0	0
Financial non-current assets	1,264	940	952
Short-term receivables	32	36	69
Cash and cash equivalents	10	0	0
TOTAL ASSETS	1,306	976	1,021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	687	604	611
Untaxed reserves	3	2	3
Long-term liabilities	22	22	23
Current liabilities	594	348	384
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,306	976	1,021

This information is published in accordance with the Swedish Securities Market Act, the Swedish Act on Trading in Financial Instruments or the rules and regulations of NASDAQ OMX Stockholm. The information was released for publication at 8:00 a.m., 31 January 2013.

Reporting schedule

7 May 2013 Year-end Report for the period 1 April 2012–31 March 2013
 19 July 2013 Quarterly Report Q1 for the period 1 April 2013–30 June 2013
 27 August 2013 Annual General Meeting for the 2012/13 financial year

The Annual Report for the financial year 2012/13 will be published at end of June 2013 on www.lagercrantz.com.

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