





Together, we develop Lagercrantz Group

Lagercrantz Group today has approximately 800 employees. Together, we annually work a total of about 1.4 million hours. That constitutes an enormous force if we make good use of the time!

We work in 25 subsidiaries at some 50 operational locations in 9 countries. We set it up this way because we want to work closely with our customers. At the same time it is important that all employees can feel that they are part of the Lagercrantz community!

This pamphlet was created to explain the Group's visions, goals and strategies. I hope that it will increase the understanding of what we may expect of each other. Your participation and your contribution is a prerequisite for allowing us to develop Lagercrantz Group further.

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Jörgen Wigh

CEO, Lagercrantz Group

Cover illustration:

*The so-called V formation increases
by 71 percent the power for geese that
fly together compared to flying alone.*

*The birds keep together and strive
towards the same goal.*

Idea and vision

A leader in value-creating technology trade with market-leading positions in several expansive niches

... is our vision.



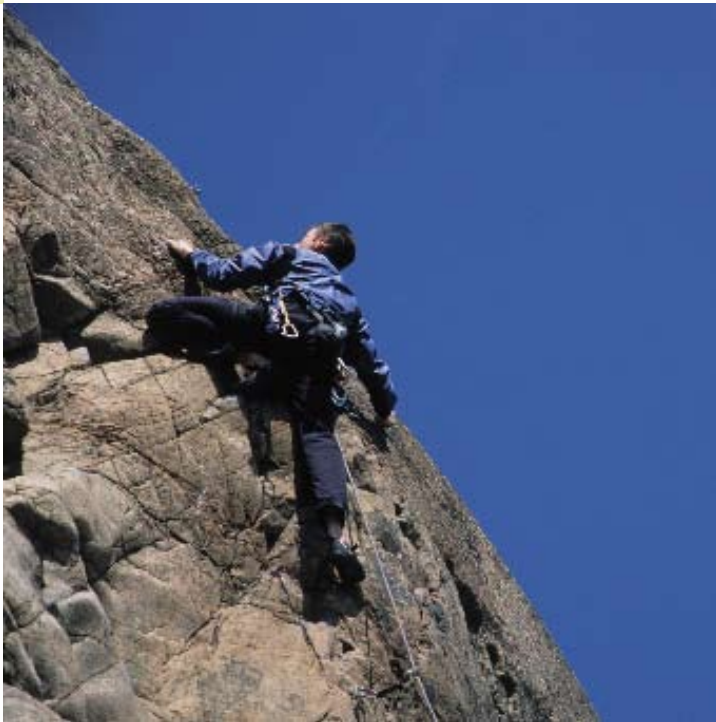
Lagercrantz Group's business concept is to be a value-creating technology trading company. The technology areas we have chosen are electronics, electrics, communication and adjacent areas. We normally offer customised solutions based on world-leading technology and the competence of our associates.

Businessmanship and close co-operation with our customers is central to our Group. We work in strong and independent business units since we believe that business is created locally. With that in mind, you as an associate have great freedom to affect, but also great responsibility to contribute to, your company's development.

Market leadership in niches is also a central concept.

To work in a focused manner in a narrow area means that we can offer our customers cutting-edge competence and tailor-made solutions. In your capacity of associate you are offered many exciting challenges to adapt world-leading, cutting-edge technology to stringent customer demands.

The combination customer, associate and supplier means that we can achieve market leadership, each and every one in their own niche area.



Our goals

*Those who climb must reach their goal.
There is no way of quitting when on the way up.
The notion of “almost getting there” is absurd.*

Lagercrantz Group is a listed company with the overarching goal of providing a return to those who invest in the Company. Putting what is expected of us in a concrete form, we have the following financial goals:

- Earnings growth of at least 15 percent on average per year over an economic cycle
- Profitability, P/WC > 45 percent*

These goals apply at the Group level, but also for each business unit. We regard the goals as being aggressive, but highly realistic.

When we fulfil our goals, we realise our vision. We can assert that we are “a leader in value-creating technology trade” and to get there we probably also have created a number of “market-leading positions in expansive niches.” Goal fulfilment means that those who have invested in Lagercrantz Group will get what they expect. We will double the size of the Group and the profit every five years and we finance the growth with our own earned money. For us as associates this means continued self-determination and independence and we get to do what many of us believe is most satisfying – namely to develop business operations based on technology.

*) P/WC stands for profit, in the sense of operating profit for the year, relative to working capital. Working capital is the capital required to run the business. It consists mainly of the money tied up in inventories and trade receivables, after deduction of what our suppliers have financed (the trade payables). Externally, towards the stock market, this goal corresponds to a return on equity of at least 25 percent.

Common strategies

To pull in the same direction and making everybody use their entire power in the right way, generates enormous force in a tug-of-war.



There are some 25 operating subsidiaries in Lagercrantz Group. Each of them constitutes a profit centre with its own identity and its own goals and strategies.

In addition to the strategies in the subsidiaries, there are six over-arching Group strategies. These can be said to be the common denominator for what we want to achieve in our subsidiaries.

Consistent application of these strategies, in combination with local strategies in each business unit, we believe is the most important reason behind Lagercrantz Group's successes.

The six over-arching Group strategies are:

- **Decentralisation and management by objectives**
- **A strong corporate culture**
- **Businessmanship**
- **Strong positions in niches**
- **Increased value-added**
- **Acquisitions**

DECENTRALISATION AND MANAGEMENT BY OBJECTIVES

In Lagercrantz Group there is a firmly rooted belief in decentralisation. Each subsidiary is its own profit centre where management is expected to take the initiative and act like entrepreneurs with great autonomy, but also with distinct responsibility. Business decisions are made close to customers and suppliers, which gives better results.

In your capacity of associate you have high visibility and great opportunities to influence things since each unit is relatively small.

The profit centres are controlled with the help of goals, which are set annually. The management of each subsidiary develops a business plan that describes the goals and the way to get there.

The role of Group management is to assist the profit centres in their development and to continually develop the Group structure. Management poses requirements and provides support in the goal formulation process, strategies and other important issues. Business development with respect to new and old technology areas and acquisition issues are naturally also on the agenda.

This method of working creates a lot of room for you in your capacity of associate. We often say that the goals are clear, but that the response to the question “how do we get there” leaves a lot of space for creativity. In this way we want to create a driving force, motivation and a sense of responsibility.

A STRONG CORPORATE CULTURE

The corporate culture in Lagercrantz Group constitutes a common language, a bond, for how we want to work and how we look at business. There is great collective experience in the Group about what has proven to be successful in the business we conduct. By sharing this competence, and by involving new associates and newly acquired profit centres in our culture, efficiency and the speed increases, as well as the understanding around what we want to achieve.

The following **Values** constitute the core of our corporate culture:

- **Businessmanship** is all about seeing business opportunities, building relationships, having earnings focus and a winner instinct. In Lagercrantz Group approximately one third of our associates have a direct selling role, but all associates are seen as being members of a sales force.

- **Responsibility and freedom.** With us the individual must be able to realise many ideas in business and commerce, all on the condition that it contributes to earnings. This approach builds the motivation, the sense of responsibility and entrepreneurial spirit, all of which is so crucial to the Group’s development.
- **Simplicity and efficiency** means short decision paths, working with a sharp business focus and simplifying problems to what is significant. We use simple, effective tools for strategic analysis and work with over-arching goals rather than detailed budgets.
- **Willingness to change** on the part of managers and associates is crucial to a trading company’s success. The demand for rapid adaptation is constantly growing and we must always meet and exceed customer expectations.

The businessman always sees opportunities and adapts to the situation with a well-developed feeling for customer needs.



BUSINESSMANSHIP

Many of Lagercrantz Group's businesses are trading companies in the sense that they do not deal with products developed in-house. Instead our work consists of refining our suppliers' products. Our raison d'être lies in the value we add. Basic to this is an entrepreneurial spirit among all associates. This can be described as what we must live up to in order to be our customers' best purchasing organisation and our suppliers' best sales organisation. We are not in the first instance technicians or economists – we are businessmen.

As businessmen we work close to our customers, understand needs and create added value. Together with our technical competence and long-term approach, that helps to build the confidence that becomes a partnership with our customers.

The confidence we inspire give us opportunities of coming in at an early stage in the customers' development process. We give advice and adapt our customers' solutions, we add service, support and other benefits.

By acting in a business-like manner we create growth and profitability for our customers, and for Lagercrantz Group.



Several accurately sharpened arrows, each of which can be aimed at a carefully selected area, together score high points.

STRONG POSITIONS IN NICHEs

Basic to our model is our niche focus. We normally regard a niche as a market worth MSEK 200–1,000 that can consist of a technologically defined area (a technology niche), a well-defined customer segment (a customer niche) and/or a specific geographic area.

By building strong market positions in niches we become a player to count on in a specific market. Leading suppliers are attracted to us because we possess focus and competence and because we work with the most exciting and important customers. From us the customers, on their side, get cutting-edge competence and leading technology

and that is why we so often get the question if we want to be in on an attractive business.

Overall, our experience shows that strong market positions in niches provide good conditions for profitability and growth.

For you in your capacity of associate our niche focus means that we can offer you work with leading technology with some of the market's most demanding customers. If you succeed well, we would very much like to see you assuming responsibility for building new businesses in niches where we can build strong positions.

INCREASED VALUE ADDING

Common for all of Lagercrantz Group's business is a striving towards high value added. What these values consist of varies with different businesses and situations.

Local market and customer knowledge, in-design and technical competence means that we created customised solutions, and by extension contribute to customers' product development.

We also offer combined solutions, with products from several suppliers, and add product support, service, training and after-market services, such as spare parts for instance.

The orientation towards increased value adding has been strengthened in recent years. This is in line with our ambition to work in a niche-focused manner. We see an increased need among our customers to reduce lead times by outsourcing production, or perhaps buying finished or semi-finished products.

The high degree of added value means that we, over time, phase out products with low margins. In general, we seek out areas that are more technically advanced, or where we can profile ourselves with a unique offer.

Value-creation is the motivation our customers have for wanting to work with us and for our possibilities of getting well compensated. That involves new challenges every day.

ACQUISITION OF NEW BUSINESSES

Aside from improving and developing our existing businesses, we want to grow by making acquisitions. This is a natural element of how we will reach our goal of 15 percent earnings growth per year.

Acquisitions are made in the interest of strengthening a market position in one of our existing areas, or as a way of entering new interesting markets or technology areas. Acquisitions are made as a way of increasing value added, with more knowledge sales, proprietary solutions and products.

In acquiring companies we have had the best experience with companies with a well-tested business model, solid earnings capacity and good growth prospects.

For you in your capacity of associate our acquisitions mean that Lagercrantz Group grows, which creates opportunities. The best ideas for acquisition candidates have indeed come from within the organisation. In most cases it has been a matter of co-operation partners or other companies we have encountered in our day-to-day business dealings. If you have ideas, we ask you to bring them to management's attention.



The contract
with you in
your capacity
of associate

*A good idea grows at its best by the force that comes from people with
enthusiasm, high motivation, strong will and genuine happiness.*

WHAT YOU CAN EXPECT...

- **Professional challenges** – opportunity to develop profitable business based on niche technology for some of the market’s most demanding customers.
- **Responsibility and freedom** – opportunity for personal development under freedom and to work independently as you see fit. All as long as we work responsibly and fulfil the set economic requirements under manageable risk.
- **Management by objectives** – to first agree on goals with management and then to have the opportunity to determine “how” you will achieve them.
- **Sparring with colleagues with extensive business experience** – to feel support from and share competence with colleagues with extensive experience and who are as enthusiastic to do good business as you are.
- **A stable environment** – a financially strong corporate group provides stability and a long-term approach where we all have development opportunities – both as individuals and for our corporate group.

WHAT LAGERCRANTZ EXPECTS ...

- **Business orientation** – you like to do business based on technology, and to find the right solution to customers’ needs.
- **Earnings orientation** – you are driven by a desire to have a good deal make both parties happy. To succeed in business and to build successful business engages you.
- **Professional** – you are always representative and a good role model for yourself and for those you represent. You know your customers, your suppliers and your business well.
- **Businessman** – you see business opportunities, you like to solve problems and you have the courage and creativity to find untested solutions on occasion.
- **Drive** – you like to assume responsibility and you work hard to get things done and to achieve set goals.
- **Honest and listening** – you are enterprising and you want a lot, but you know where the limits are for ethics and morality, which makes others want to play on your team.



www.lagercrantz.com