

# LAGERCRANTZ GROUP AB (publ)

## Interim report April 1 – December 31, 2002 (9 months)

- **Net revenues amounted to MSEK 1089 (1560).**
- **Operating income amounted to MSEK 15 (76).**
- **Sustained strong cash flow from current operations during the third quarter, amounting to MSEK 71 for the third quarter (116).**
- **The consolidated equity ratio after repurchases of own shares stands at 57 percent (43).**
- **The area of industrial communication (M2M) is believed to possess great growth potential.**

### NET REVENUES AND INCOME

Net revenues amounted to MSEK 1089 (1560).

Operating income amounted to MSEK 15 (76) with an operating margin of 1.4 percent (4.9). Operating income includes items affecting comparability in an amount of MSEK 2 (6).

Income after net financial items amounted to MSEK 6 (76). The prolonged declining trend in the USD exchange rate detracted from the Group's net of financial items in an amount of MSEK 7.

Income after taxes amounted to MSEK 5 (51), which is equivalent to SEK 0.19 per share (1.83). For the most recent 12-month period the corresponding values are MSEK 8 and 0.30, respectively, as compared with MSEK 54 and 1.96, respectively, for the preceding year.

The market for the Group's business was stable

during the third quarter. No turnaround in the overall market situation was perceived.

Through efforts in the area of industrial communication (M2M) new interesting business opportunities have been created.

## COMPONENTS

Net revenues amounted to MSEK 621 (1008). The comparative figure includes businesses sold in March 2002 with revenues of about MSEK 75. The operating result was MSEK –2 (48).

The agreement for delivery of components for measuring traffic via the German subsidiary Unitronic AG constitutes a breakthrough for the growing area of industrial communication (M2M). Beginning in April 2003, components valued at about MSEK 120 will be delivered.

The area of industrial communication (M2M) is believed to possess great growth potential. This market, which among other things includes GSM technology for a host of existing and new industrial applications, represents a significant path for development for the Lagercrantz Group.

The market situation for dealing in electronic components continues to be weak and the process of adjusting the product line and reducing the proportion of standard components continues.

The trend of ever more complicated electronic components benefits Components. The reason for this is that the requirements for technical expertise on the part of suppliers of electronics increase. Among the strengths of Components is its ability to generate added value to its partners in the form of high technical competence, development and application support.

## PRODUCTION SERVICES

Net revenues amounted to MSEK 136 (152) and operating income was MSEK 4 (6).

The business was stable during the third quarter and the level of operating income is unchanged.

The division has its own manufacturing of cable harness products at plants in Denmark, Finland and Sweden. Volume production is performed via partners in Asia. In addition hereto, 2B Electronics offers complete solutions for electronic applications.

## COMMUNICATION

Net revenues amounted to MSEK 332 (400). Operating income amounted to MSEK 9 (13).

The improvement in earnings achieved in the second quarter was sustained during the third quarter. The consulting business in customer relations management (CRM) and distribution of CAD software recorded the best development during the third quarter.

The greatest uncertainty with respect to the market's development exists in the telecom-oriented communications business. There is an element of dependence here on major projects in the telecom sector. A delay of these projects affects the profitability of the business area.

## DIVISIONS

	Net revenues			Operating income		
	9 months	12 months		9 months	12 months	
	2002/ 2003	2001/ 2002	2001/ 2002	2002/ 2003	2001/ 2002	2001/ 2002
MSEK						
Components	621	1008	1261	-2	48	55
Production Services	136	152	198	4	6	9
Communication	332	400	524	9	13	14
Parent Company/eliminations	0	0	0	2	3	3
Items affecting comparability	0	0	0	2	6	0
<b>GROUP TOTAL</b>	<b>1089</b>	<b>1560</b>	<b>1983</b>	<b>15</b>	<b>76</b>	<b>81</b>

NET REVENUES – quarterly data	2002/2003				2001/2002			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
MSEK								
Components	221	198	202	253	292	316	400	
Production Services	46	44	46	46	44	45	63	
Communication	112	108	112	124	147	127	126	
Parent company/eliminations	0	0	0	0	0	0	0	
<b>GROUP TOTAL</b>	<b>379</b>	<b>350</b>	<b>360</b>	<b>423</b>	<b>483</b>	<b>488</b>	<b>589</b>	

OPERATING INCOME*	2002/2003				2001/2002			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	
MSEK								
Components	0	1	-3	7	8	14	26	
Production Services	2	2	0	3	-1	1	6	
Communication	4	5	0	1	6	6	1	
Parent company/eliminations	1	0	1	0	2	0	1	
<b>GROUP TOTAL</b>	<b>7</b>	<b>8</b>	<b>-2</b>	<b>11</b>	<b>15</b>	<b>21</b>	<b>34</b>	

. \* not including items affecting comparability

CONSOLIDATED STATEMENT OF INCOME	3 months		9 months		12 months ending	
	Sept/ Dec.	Sept/ Dec.	April/ Dec.	April/ Dec.	31-Dec	31-Mar
	2002/ 2003	2001/ 2002	2002/ 2003	2001/ 2002	2002	2002
MSEK						
Net revenues	379	483	1089	1560	1512	1983
Cost of goods sold	-281	-362	-815	-1178	-1126	-1489
GROSS INCOME	98	121	274	382	386	494
Other operating expenses (of which depreciation)	-91 (-4)	-106 (-6)	-261 (-13)	-312 (-17)	-363 (-0)	-413 (-22)
Items affecting comparability	1	0	2	6	-4	0
OPERATING INCOME	8	15	15	76	19	81
Financial income and expense	-3	4	-9	0	-10	-2
INCOME AFTER FINANCIAL ITEMS	5	19	6	76	9	79
Taxes	-3	-8	-1	-25	-1	-25
NET INCOME FOR THE PERIOD	2	11	5	51	8	54
Earnings per share, SEK	0.07	0.40	0.19	1.83	0.30	1.96
Earnings per share not including Items affecting	0.05	0.40	0.13	1.69	0.40	1.96
Weighted number of shares outstanding after	26,709	27,754	26,863	27,827	26,882	27,609
Antal aktier efter periodens återköp ('000)	26,307	26,941	26,307	26,941	26,307	26,941

### CONSOLIDATED BALANCE SHEET

MSEK	12/31/02	12/31/01	3/31/02
ASSETS			
Intangible fixed assets	19	0	0
Tangible fixed assets	106	120	111
Financial assets	27	64	26
Inventories	237	321	243
Short-term receivables	266	392	326
Liquid funds	185	276	172
TOTAL ASSETS	840	1173	878
SAHREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	466	499	484
Minority interest	9	0	0
Provisions	49	92	49
Long-term liabilities	89	228	86
Current liabilities	227	354	259

**CONSOLIDATED STATEMENT OF CASH FLOW**

MSEK	9 months		Full year
	2002/ 2003	2001/ 2002	2001/ 2002
Current operations before changes in working capital	10	63	38
Changes in working capital	61	53	120
cash flow from current operations	71	116	158
Investments in subsidiaries and other business units	-9	0	0
Investments in other fixed assets, net	-10	-10	-12
Cash flow from investment operations	-19	-10	-12
Dividends & repurchase of own shares	-36	-21	-21
Financing operations	-3	-6	-149
Cash flow from financing operations	-39	-27	-170
<b>CASH FLOW FOR THE PERIOD</b>	<b>13</b>	<b>79</b>	<b>-24</b>
Liquid funds at beginning of year	172	196	196
Translation difference in liquid funds	0	1	0
Liquid funds at end of period	185	276	172

**Change in shareholders' equity**

MSEK	Apr.-Dec. 2002
Opening balance	484
Translation difference for the period	13
Dividend & repurchase of own shares	-36
Income for the period	5
Closing balance	466

**KEY FINANCIAL INDICATORS**

SEK	9 months		12 months ending	
	2002/ 2003	2001/ 2002	31-Dec 2002	31-Mar 2002
<b>NUMBER OF SHARES OUTSTANDING IN THOUSANDS</b>				
Average number of shares outstanding	26,863	27,827	26,882	27,609
Number of shares outstanding at end of period	26,307	26,941	26,307	26,941
Number of shares repurchased	1,557	923	1,557	923
Return on capital employed, %			3.9	14.8
Return on capital employed, not including items affecting comparability, %			4.5	14.8
Return on equity, %			1.7	11.6
Return on equity, not including items affecting comparability, %			2.3	11.6

**PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES**

The return on capital employed, not including items affecting comparability, for the most recent 12-month period was 4.5 percent, as compared with 14.8 percent for the preceding financial year. The corresponding figures for return on equity were 2.3 percent and 11.6 percent.

The Group's equity ratio at the end of the period was 57 percent, as compared with 55 percent at the beginning of the financial year. Reporting liquid funds on a net basis would give a corresponding equity ratio of 63 percent at the end of the period and 61 percent at the beginning of the financial year, respectively.

Shareholders' equity per share amounted to SEK

17.70, as compared with SEK 18.00 at the beginning of the financial year.

Capital expenditures in fixed assets amounted to MSEK 9 (14).

### **CORPORATE ACQUISITIONS**

In October, Lagercrantz acquired the electronic components business of the Norwegian company Datamatik AS. This business has been integrated into the ACTE AS subsidiary, which with this acquisition strengthens its position in the Norwegian market.

The acquired components business generates revenues of about MSEK 30.

### **PARENT COMPANY**

The Parent Company's net revenues amounted to MSEK 21 (24) and income after net financial items was MSEK 15 (10). This result includes foreign exchange gains on intra-Group lending of MSEK 9 (9).

Financing in the Parent Company consists on a committed credit facility in the amount of MSEK 20, the same credit as at the beginning of the year. MSEK 76 of this facility was utilized compared to MSEK 68 at the beginning of the year.

Other liquid funds stood at MSEK 6 as compared with 0 at the beginning of the financial year.

### **EMPLOYEES**

The number of employees in the Group at the end of the period was 589, which can be compared to 652 at the beginning of the period.

### **REPURCHASE OF OWN SHARES**

A total of 633 359 own Class B shares were repurchased during the third quarter. These shares have been repurchased at an average price of SEK 18.95.

Lagercrantz thus holds 1 557 059 Class B shares in treasury, which is equivalent to 5.6 percent of the number of shares outstanding and 4.1 percent of the votes in Lagercrantz. A total of 798 000 of the repurchased shares are intended to secure the Company's undertaking pursuant to the personnel option program resolved in December 2001.

*This interim report has been prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. The same accounting principles and methods of calculation have been used in the interim report as were used in the Annual Report for 2001/2002, with the exceptions of the new recommendations for 2002 of the Swedish Financial Accounting Standards Council, which have no effect on the Group's reported result and financial position.*

Stockholm, February 4, 2003

Jan Friis  
President & CEO

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

A financial report for the period April 1, 2002 – March 31, 2003 will be presented May 13, 2003.

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