

Interim report Q3 2011/12

1 April 2011–31 December 2011 (9 months)

8 February 2012

Jörgen Wigh, President and CEO
Bengt Lejdström, CFO

Introduction to Lagercrantz Group

Technology company with leading positions in niches

Lagercrantz Group		
Electronics 7 profit units 6 countries	Mechatronics 10 profit units 5 countries	Communications 10 profit units 3 countries



- Technology trading group in electronics, electrics, communication and adjacent areas with revenue of more than SEK 2 billion.
- Focus on niches with prospect of value-creating and market-leading positions.
- Decentralised operations in three divisions.
- Listed on Nasdaq OMX Stockholm since 2001.

Introduction to Lagercrantz Group

Divisions

Division

Electronics

- Industrial wireless communication
- Embedded electronic systems



Division

Mechatronics

- Electrical connection systems
- Niche steel products
- Customised cable harnesses
- Electro-mechanical systems, materials, passive and connectors



Division

Communications

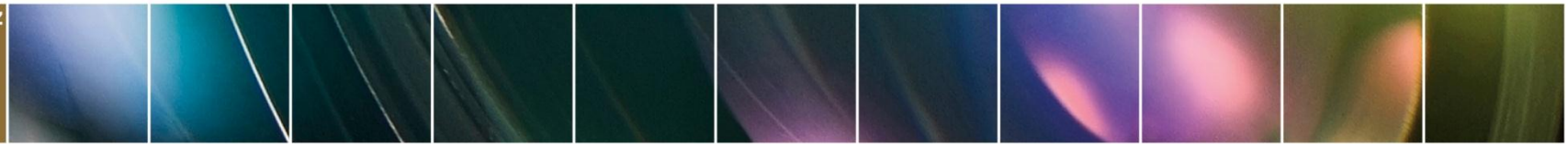
- Video conferencing, CCTV, technical security
- Distribution of software (primarily CAD)
- Access products for telecom and broadband
- IT and data network products





The business situation

- The overall market trend was positive during the nine-month period.
 - Continuously stable for Electronics and mechatronics
 - For Communications a weakening trend was noted for some entities during the third quarter, restructuring measures have been taken in some companies.
- The growth continue but at a lower growth rate during the third quarter
 - Organic growth October – December almost 4 %, compared to 5 % during April – December 2011
 - still strong sales in a number of the companies



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Third quarter 2011/12

October–December 2011

- Net revenue increased by 7% to MSEK 569 (530)
 - Organic growth 4%
- Operating profit increased to MSEK 42 (41)
 - Operating margin reached 7.4% (7.1)
- Earnings per share after dilution stood at SEK 5.36 SEK (moving 12 months), an increase from SEK 4.61 for the financial year 2010/11
- Equity ratio reached 45% (42% at the beginning of the financial year)
- Return on equity 21% (compared to 20% the previous financial year)



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First nine months 2011/12

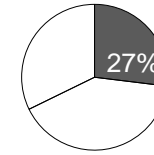
April–December 2011

- Net revenue increased by 13% to MSEK 1,663 (1,478)
 - Organic growth 5%
- Operating profit increased to MSEK 132 (102)
 - Operating margin reached 7.9% (6.9)
- Profit after finance items increased to MSEK 123 (98)
 - Highest profit for the most recent twelve-month period, MSEK 162
- Net profit for the period amounted to MSEK 91 (73)

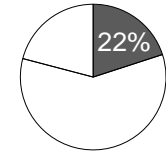
Division

Electronics

Part of 2011/12



Turnover



Operating profit

	3 mon. 2011/ 2012	3 mon. 2010/ 2011	9 mon. 2011/ 2012	9 mon. 2010/ 2011	12 mon. 2010/ 2011
MSEK					
Net sales	147	149	448	420	586
Operating Profit	9	8	29	19	30
Operating Margin	6.1%	5.4%	6.5%	4.5%	5.1%

CAPAX[®]
Advanced Reliability Computing Platforms



Increased bespoke implementation through acquisition of Capax

News:



New segments, e.g. Medical

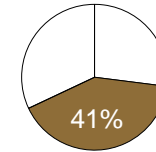


New agencies within electrics and electro mechanics

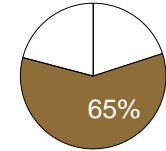
Division

Mechatronics

Part of 2011/12

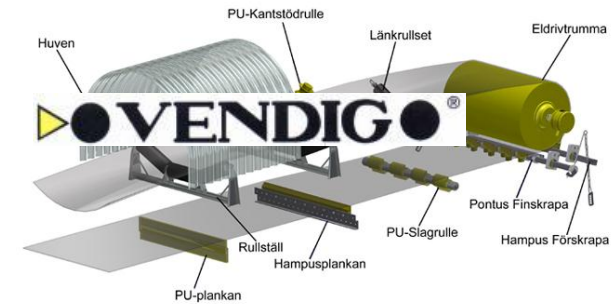


Turnover



Operating profit

	3 mon. 2011/ 2012	3 mon. 2010/ 2011	9 mon. 2011/ 2012	9 mon. 2010/ 2011	12 mon. 2010/ 2011
MSEK					
Net sales	234	188	679	558	740
Operating Profit	28	19	86	57	77
Operating Margin	12.0%	10.1%	12.7%	10.2%	10.4%



Good start for newly acquired Vendig AB

News:



ELFAC



Good growth in Elpress, Elfac and Kpro

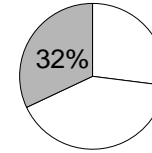


Prestigious new order to Svensk Stålinredning

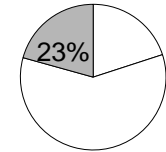
Division

Communications

Part of 2011/12



Turnover



Operating profit

	3 mon. 2011/ 2012	3 mon. 2010/ 2011	9 mon. 2011/ 2012	9 mon. 2010/ 2011	12 mon. 2010/ 2011
MSEK					
Net sales	188	193	536	500	703
Operating Profit	10	16	30	36	53
Operating Margin	5.3%	8.3%	5.6%	7.2%	7.5%

News:



Cobs – great success with new generation of products



Leteng, K&K and Betech – continuous good development



DIREKTRONIK

Restructuring measures taken

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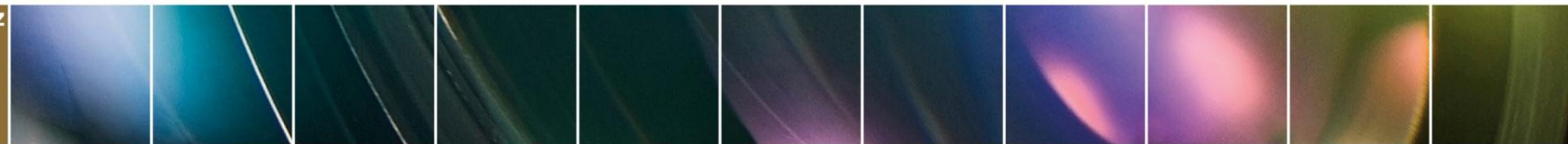
Outcome per division

Segment information per quarter

NET REVENUE	2011/12						2010/11			
	9 mon.	Q3	Q2	Q1	Q4	9 mon.	Q3	Q2	Q1	
MSEK										
Electronics	448	147	152	149	166	420	149	138	133	
Mechatronics	679	234	218	227	182	558	188	199	171	
Communications	536	188	169	179	203	500	193	157	150	
Parent company/Consolidation items	0	-	-	-	-	0	-	-	-	
GROUP TOTAL	1663	569	539	555	551	1478	530	494	454	

OPERATING PROFIT	2011/12						2010/11			
	9 mon.	Q3	Q2	Q1	Q4	9 mon.	Q3	Q2	Q1	
MSEK										
Electronics	29	9	10	10	11	19	8	5	6	
Mechatronics	86	28	29	29	20	57	19	23	15	
Communications	30	10	11	9	17	36	16	11	9	
Parent company/Consolidation items	-13	-5	-5	-3	-3	-10	-2	-4	-4	
GROUP TOTAL	132	42	45	45	45	102	41	35	26	

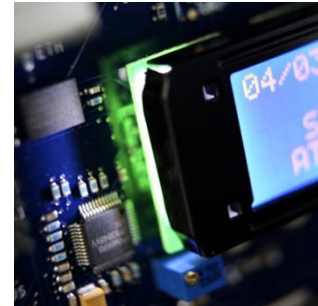
OPERATING MARGIN	2011/12						2010/11			
	9 mon.	Q3	Q2	Q1	Q4	9 mon.	Q3	Q2	Q1	
%										
Electronics	6.5	6.1	6.6	6.7	6.6	4.5	5.4	3.6	4.5	
Mechatronics	12.7	12.0	13.3	12.8	11.0	10.2	10.1	11.6	8.8	
Communications	5.6	5.3	6.5	5.0	8.4	7.2	8.3	7.0	6.0	
Parent company/Consolidation items	-	-	-	-	-	-	-	-	-	
GROUP TOTAL	7.9	7.4	8.3	8.1	8.2	4.5	5.4	7.1	5.7	



Of importance ahead

- Accomplish the strategic focus
 - Broadening of operations.
 - Accomplish decentralisation and management by objectives.
 - Focus on value added.
 - Controlled growth by e.g. acquisitions.

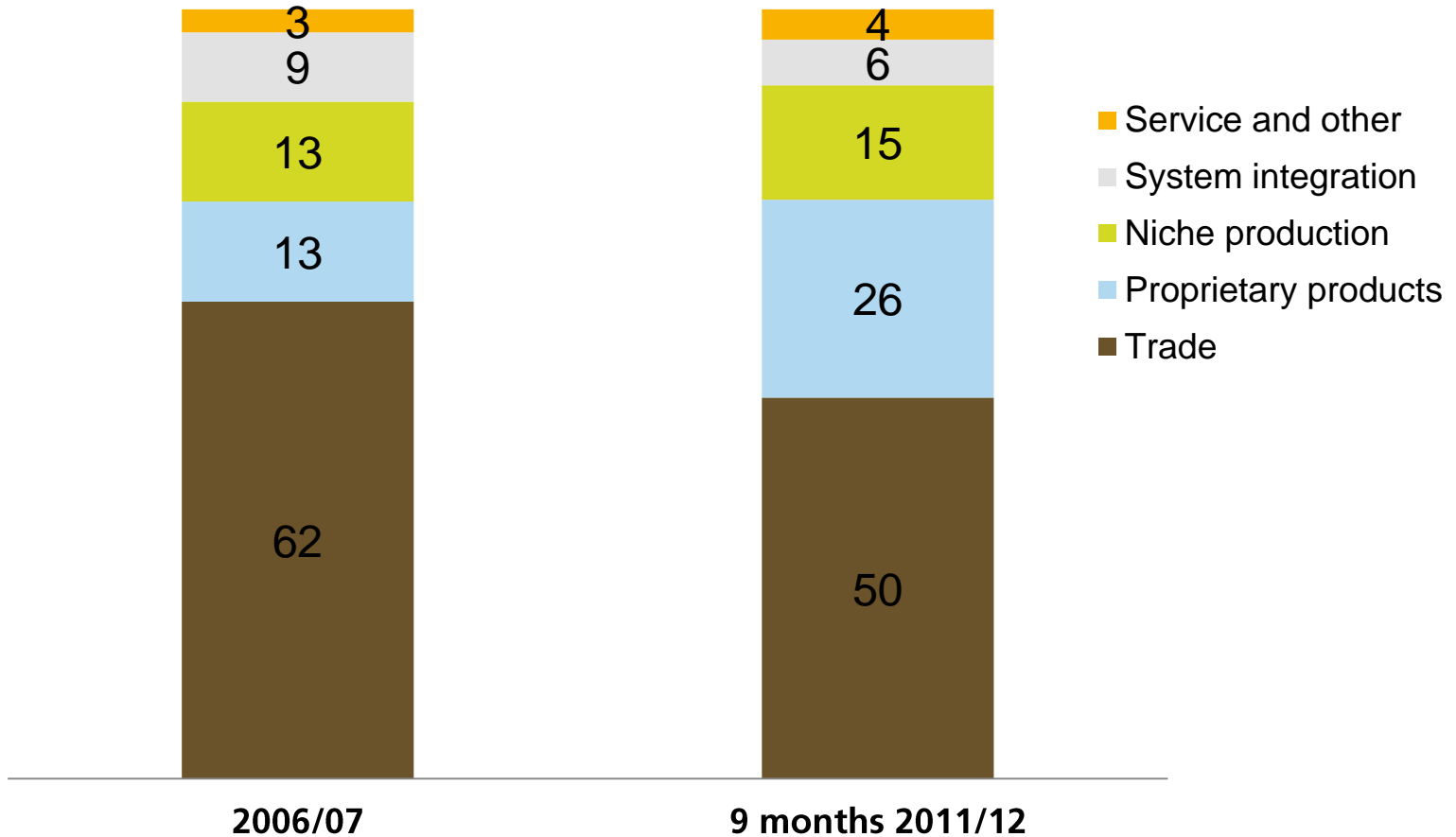
- Preparations for any possible financial effects from the economic and financial crisis
 - Increased vigilance towards changes in orders, input from customers.
 - Caution concerning cost and capital.
 - Preparedness, holistic as well as in the units.

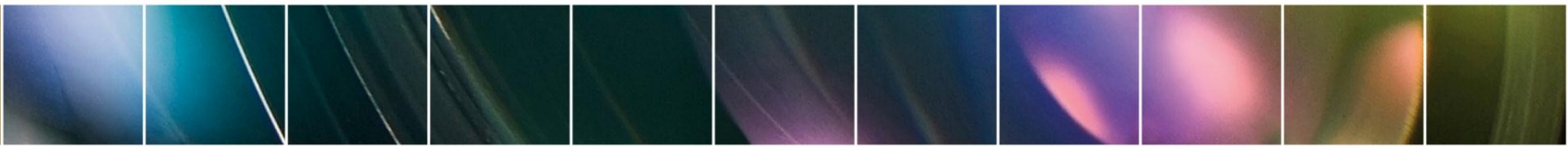




Broadening of operations

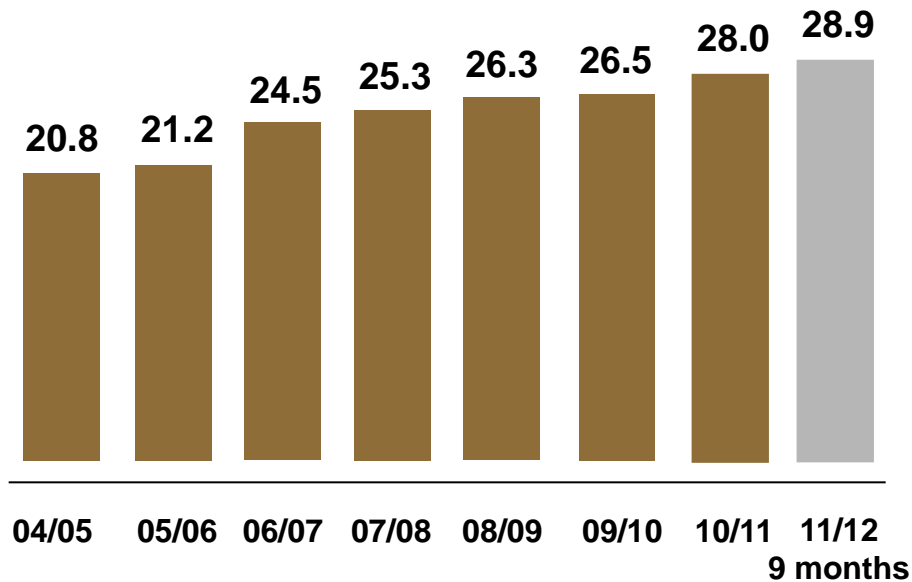
Share of consolidated sales, %





Focus on value added

Gross margin, %



- Focus on value creation and gross margins.
 - Customisation, development and combinations of different products contribute to adding value in the offering.
 - Focus on business man ship training.
- Increase the element of proprietary products and system integration.
- Phase-out of standard components with low margins.
- Acquisition of higher-margin businesses.

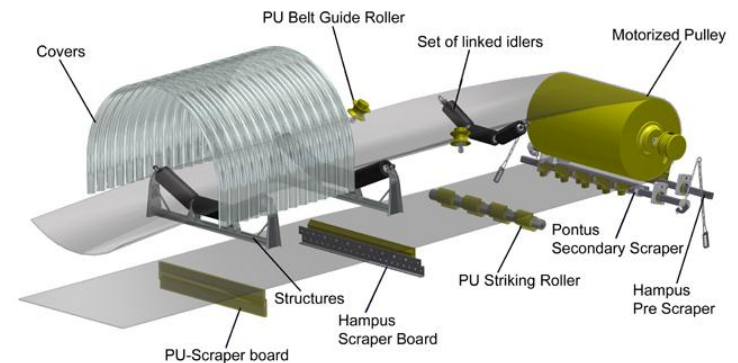
Acquisitions

- An important element of the growth strategy.
- Technology within new as well as established areas is of interest.
- Greater focus on companies with proprietary products and system integration.
- Strong balance sheet and positive acquisition climate continues to provide good opportunities.
- One company acquired during Q3 – Vendig AB

Year	Acquired entity
2006	Nordic Alarm (Communications) Elpress-gruppen (Mechatronics) K&K Oy (Communications)
2007	Direktronik (Communications) System Solution AS (Electronics)
2008	CAD Kompagniet A/S (Communications) Cobs AB (Communications)
2010	Norwesco AB (Mechatronics) SwedWire AB (Mechatronics) Leteng AS (Communications) Vanpée & Westerberg A/S (Electronics)
2011	Capax (net assets Electronics) Svensk Stålinredning AB (Mechatronics) Vendig AB (Mechatronics)

Vendig AB

- Vendig is a niche player.
- Develops, manufactures and sells belt scrapers and other components for conveyors
- The customers are found within the rock-, gravel- and mining industry.
- Vendig recorded sales in 2010/11 of approximately MSEK 30 with good profitability.
- Included from November 2011





Summary

Lagercrantz today

- Well-functioning business concept and strategic focus towards increased value added.
 - Focus, flexibility, close to customer and supplier
 - Small dedicated organisations who lives with their result

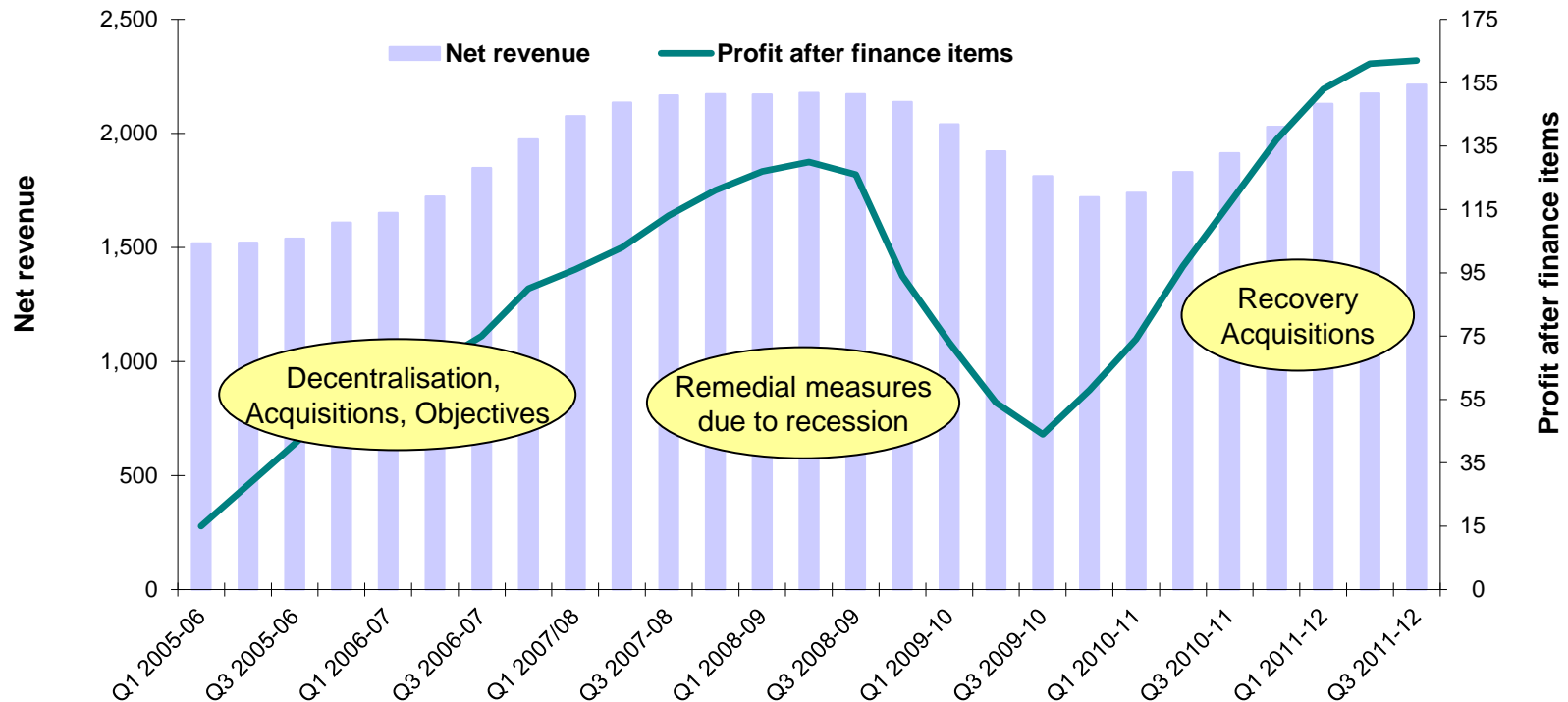
- A number of strong market positions in interesting niches.
 - Different product groups, business models, geography, segments and end customer markets

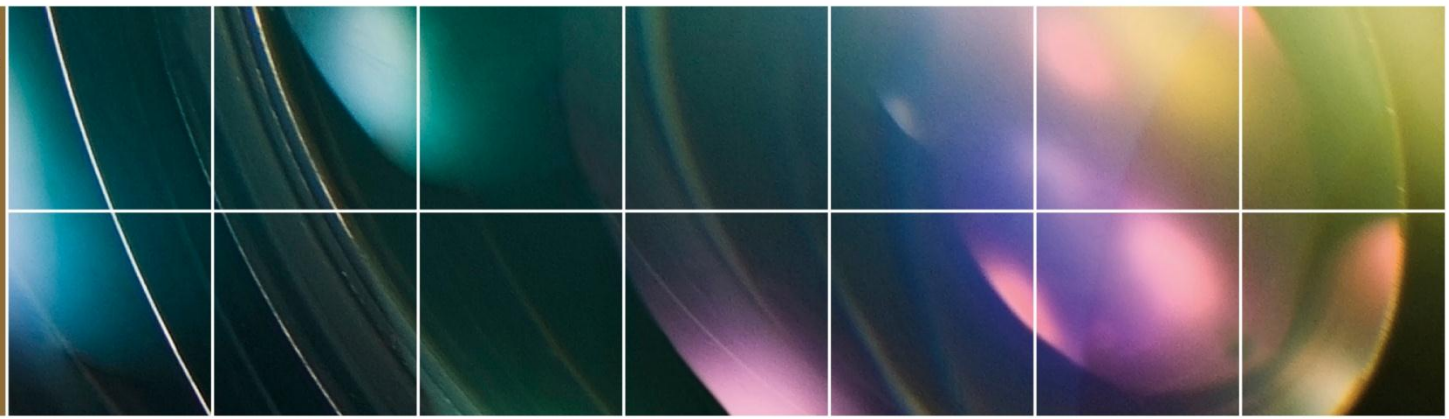
- Continued interesting conditions for acquisitions with a dedicated organisation and strong balance sheet.



Net revenue and profit development

Moving 12 months by quarter





Thank you!