

Year-end report 2017/18

1 April 2017 – 31 March 2018 (12 months)

- Net revenue increased by 10 percent and amounted to MSEK 3,410 (3,096).
- Operating profit (EBITA) increased by 7 percent to MSEK 436 (409), equivalent to an operating margin of 12.8 percent (13.2).
- Profit before financial items increased by 5 percent to MSEK 378 (361), equivalent to an EBIT margin of 11.1 percent (11.7). Profit after financial items was MSEK 358 (351).
- Profit after taxes amounted to MSEK 286 (274). Earnings per share was SEK 4.21 (4.02).
- Cash flow from operating activities amounted to MSEK 282 (375). Return on equity was 23 percent (25). The equity ratio at the end of the period was 36 percent (41 percent).
- Six acquisitions were completed during the 2017/18 financial year, with combined annual sales of about MSEK 435.
- The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share.

1 January– 31 March 2018 (fourth quarter)

- Net revenue for the fourth quarter increased by 15 percent and amounted to MSEK 954 (833).
- Operating profit (EBITA) increased by 9 percent to MSEK 128 (117), equivalent to an operating margin of 13.4 percent (14.0).
- Profit before financial items increased by 8 percent to MSEK 112 (104), equivalent to an EBIT margin of 11.7 percent (12.5).
- Profit after financial items increased by 7 percent to MSEK 107 (100) and profit after taxes increased by 11 percent to MSEK 89 (80).
- During the quarter, Tormek AB and Alf Bjurenwall AB were acquired, with a total annual revenue of about MSEK 120.
- Cash flow from operating activities during the quarter amounted to MSEK 109 (93).



STATEMENT OF THE CHIEF EXECUTIVE

The financial year 2017/18

After seven consecutive years where we reached our financial goal of at least 15 percent profit growth, 2017/18 was an off year with lower profit growth. The profit certainly reached a new annual high of MSEK 358 (351), but it was equivalent to profit growth of barely 2 percent and was therefore a bit of a disappointment. The reason was primarily found in a few larger profit centres, which did not meet last year's excellent results. In particular, this was the case in the telecom-related operations within the Mechatronics division.

Instead, the year delivered a number of other important milestones in the build-up of Lagercrantz. During the year, six successful companies were acquired where entrepreneurs chose to join the Group's portfolio of leading edge product companies. The proportion of proprietary products in the Group's total sales has thus continued to increase steadily. These sales currently represent more than half of the Group's total revenue and our ambition is to further increase this proportion in the future. During the year, companies with proprietary products were acquired, including in areas such as secure storage, sprinkler systems, water regulation and sharpening systems. But the Group also has a number of leading distribution companies that have good profitability. The acquisition of the electrical components distributor NST DK A/S in Denmark is a good example of this.

Apart from the strong acquisition-led growth, organic growth has moved higher up the agenda. All of the Group's 50 companies have a business plan with ambitious goals and we have developed a toolbox internally for growth involving sales training, improvement projects for sales management, initiatives relating to increased exports, digitalisation and value-based pricing as well as an internal "fund" for growth investments outside the ordinary operations. Some of the product companies with export ambitions joined forces during the year and established an office in Chicago and expanded their collaboration in Germany, Poland and the UK. Initially, this means increased costs but we are convinced that it will bear fruit in a couple of years. As part of our growth ambitions, we have also chosen to replace and rejuvenate the management teams in some of our units. All of this is aimed at bringing new energy and mindsets into the companies. We still have more to prove in relation to organic growth but I can assure you that it is high on our agenda in a slightly new way compared to before.

Consistent strategy delivers 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.

Our organisational model involving decentralisation and management by objectives is well-established. Our subsidiaries work according to clearly defined earnings and working capital targets incorporating concrete actions and initiatives. Management by objectives also encourages the identification of new opportunities when the market shows limited growth.

The 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 2017/18 financial year, will add about MSEK 435 to business volume on an annual basis. This also increases the proportion of proprietary products, which generally have higher margins than distribution products.

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 continued efforts to increase exports 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 2018

Jörgen Wigh
President and CEO



NET REVENUE AND PROFIT

12 months, April 2017 – March 2018

Sales in the Group's main markets of Sweden, Denmark and Finland developed well during the financial year. However, some of the Group's units in Sweden and Norway showed a weaker development compared to the previous year. The export markets outside of northern Europe increased their proportion of sales and now represent about one third of total sales.

Consolidated net revenue for the financial year increased by 10 percent to MSEK 3,410 (3,096). The currency effect on net revenue was MSEK 23. Acquired businesses made a contribution of MSEK 351. 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 volumes. This mainly related to a few units in the Mechatronics and Niche Products divisions. Acquired businesses contributed positively to sales, 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 7 percent to MSEK 436 (409), equivalent to an operating margin of 12.8 percent (13.2). Generally speaking, the profit in the Group's units was in line with the previous year, however, it was negatively impacted by the fact that a few units in the Electronics and Mechatronics divisions were unable to match last year's levels. During the financial year, acquired units made a positive contribution to the profit, particularly in the Communications and Niche Products divisions.

Consolidated profit before financial items (EBIT) for the financial year amounted to MSEK 378 (361), equivalent to an EBIT margin of 11.1 percent (11.7). Profit after net financial items amounted to MSEK 358 (351). Total currency effects on profit after net financial items amounted to MSEK 2 (1).

Exchange rate adjustments of financial assets impacted net financial items negatively during the period by about MSEK 6 (+1).

Profit after taxes for the period amounted to MSEK 286 (274). Earnings per share after dilution for the 2017/18 financial year amounted to SEK 4.21, compared to SEK 4.02 for the 2016/17 financial year.

Fourth quarter, January – March 2018

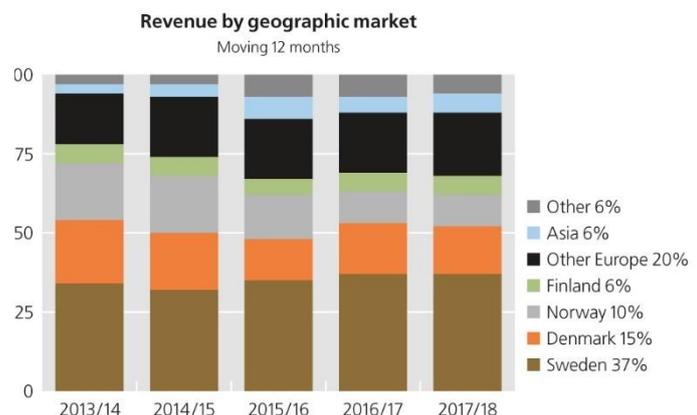
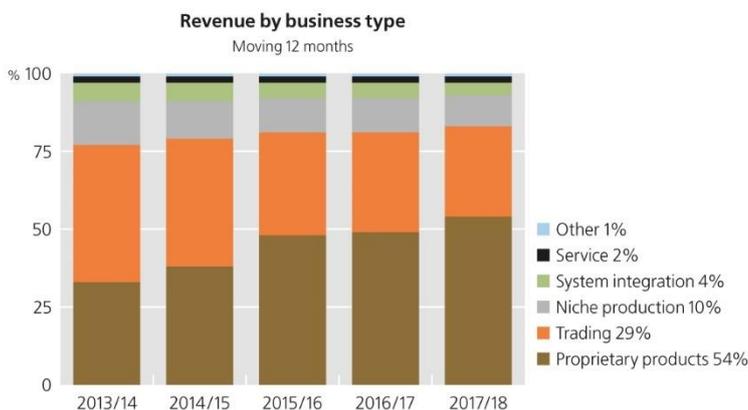
In the fourth quarter of the financial year, net revenue increased by 15 percent to MSEK 954 (833). Operating profit before amortisation of intangible assets (EBITA) increased by 9 percent to MSEK 128 (117), equivalent to an operating margin of 13.4 percent (14.0). Acquired businesses made a contribution of MSEK 107 to net revenue. Growth in comparable units amounted to 0 percent, measured in local currency. The currency effect on net revenue was MSEK 11 (10). The Communications division had a particularly strong quarter due to a few units that performed better than the previous year and acquisitions. In the Niche Products division, sales increased primarily through acquired units. The profit level in certain existing units did not match last year's levels, especially in the Mechatronics division.

Profit after net financial items for the quarter increased by 7 percent to MSEK 107 (100). The total currency effect on profit after net financial items amounted to MSEK 1 (2).

Profit after taxes for the quarter amounted to MSEK 89 (80).

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the financial year amounted to MSEK 282, compared to MSEK 375 for the 2016/17 financial year. The lower cash flow was largely related to the build-up of working capital connected to increased sales volumes. Gross investments in non-current assets amounted to MSEK 60 (62) during the financial year. Larger items included new production equipment in the Mechatronics and Niche Products divisions.



Divisions

	Net revenue				Operating profit			
	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	12 months Apr-Mar 2017/18	12 months Apr-Mar 2016/17	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	12 months Apr-Mar 2017/18	12 months Apr-Mar 2016/17
MSEK								
Electronics	246	223	890	834	19	17	70	66
<i>EBIT margin</i>					7.7%	7.6%	7.9%	7.9%
Mechatronics	258	259	973	1,003	29	38	130	163
<i>EBIT margin</i>					11.2%	14.7%	13.4%	16.3%
Communications	222	177	786	630	31	24	86	61
<i>EBIT margin</i>					14.0%	13.6%	10.9%	9.7%
Niche Products	228	174	761	629	37	37	108	105
<i>EBIT margin</i>					16.2%	21.3%	14.2%	16.7%
Parent Company/consolidation items	-	-	-	-	-4	-12	-16	-33
GROUP TOTAL	954	833	3,410	3,096	112	104	378	361
<i>EBIT margin</i>					11.7%	12.5%	11.1%	11.7%
Financial items					-5	-4	-20	-10
PROFIT BEFORE TAXES					107	100	358	351

NET REVENUE AND PROFIT BY DIVISION FOURTH QUARTER

Electronics

Net revenue for the fourth quarter increased by 10 percent to MSEK 246 (223). Profit before net financial items for the quarter amounted to MSEK 19 (17), equivalent to an EBIT margin of 7.7 percent (7.6). The division's Danish operations in marine electronics and electrical and electronics distribution strengthened their sales and profits, while some of the Norwegian and Swedish units in lighting and lighting control were unable to match last year's profit level. The division's unit in RFID solutions displayed a strong performance, while the German operation reported a weaker profit.

Mechatronics

Net revenue for the fourth quarter amounted to MSEK 258 (259). Profit before net financial items for the quarter amounted to MSEK 29 (38), equivalent to an EBIT margin of 11.2 percent (14.7). The division's largest unit, in electrical connection systems, continued to perform well, as did the units in safety switches and enclosures. The division's Danish unit in customised cabling showed a positive development while the Swedish and Finnish units reported a weaker performance in terms of sales and profits. The unit in aerial brackets and masts for mobile telephony, was unable to reach last year's strong profit level, due to lower project sales in the quarter, among other reasons.

Communications

Net revenue in the fourth quarter of the financial year increased by 25 percent to MSEK 222 (177).

Profit before net financial items for the quarter increased by 29 percent to MSEK 31 (24), equivalent to an EBIT margin of 14.0 percent (13.6). The improvement was partly due to acquisitions, where the division's sprinkler installations unit displayed a strong performance. In addition, some of the units in control technology/network access performed well, especially sales of radon measurement equipment and control systems for forest and processing machinery.

During the quarter, Alf Bjurenwall AB was acquired, which is described below under the item Acquisitions .

Niche Products

Net revenue for the fourth quarter amounted to MSEK 228 (174). Operating profit for the quarter amounted to MSEK 37 (37), equivalent to an EBIT margin of 16.2 percent (21.3). Several of the division's units showed a positive development compared to the previous year. In particular, the units in snow clearance equipment for airports, workplace accessories and special doors reported stronger sales. An adjustment related to remeasurement of products in progress applicable to the full 2016/17 financial year, of about MSEK +6, in the division's Danish unit in customised conveyor belt solutions, impacted the comparison with the previous financial year.

During the quarter, Tormek AB was acquired, which is described below under the item Acquisitions.

PROFITABILITY AND FINANCIAL POSITION

The return on equity for the latest 12-month period amounted to 23 percent (25) and the return on capital employed was 17 percent (20). The Group's metric for return on working capital (P/WC) was 52 percent (58).

The equity ratio was 36 percent (41). Equity per share totalled SEK 19.26 at the end of the period, compared to SEK 17.61 at the beginning of the financial year. Aside from profit, this metric was also affected by dividends paid, currency-related translation effects and redemption of options.

At the end of the period, operational net indebtedness was MSEK 1,035, compared to MSEK 565 at the beginning of the year. The increase was primarily attributable to acquisition of businesses. The operational net debt equity ratio was 0.8 (0.5). The pension liability amounted to MSEK 67 (63) 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 financial year amounted to MSEK 36 (37) and profit after net financial items was MSEK 327 (274). The result includes exchange rate adjustments on intra-Group lending of MSEK 5 (3) and dividends from subsidiaries of MSEK 335 (277).

Net investments in non-current assets amounted to MSEK 0 (0). The Parent Company's equity ratio was 47 percent (53).

Employees

At the end of the period, the number of employees in the Group was 1,387, compared to 1,247 at the beginning of the financial year. During the financial year, 118 employees were added through 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 2018:

Classes of shares	
A shares	3,263,802
B shares	66,256,125
Repurchased B shares	-1,863,500
Total	67,656,427

At 31 March 2018, Lagercrantz Group held 1,863,500 own Class B shares, equivalent to 2.7 percent of the total number of shares and 1.9 percent of the votes in the Lagercrantz Group.

During the financial year, 396,600 own Class B shares were repurchased for a total of MSEK 32. The average cost of the repurchased shares amounted to SEK 31.93 per share. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes for repurchased shares. On 31 March 2018, 1,863,375 options were outstanding and were acquired by senior executives in connection with allocations in 2015, 2016 and 2017. The redemption price for each respective programme is SEK 78.80, SEK 100.10, and SEK 95.30 per share.

In conjunction with redemption of options, a total of 67,800 repurchased own Class B shares were sold during the financial year for a total of MSEK 4. In addition, 240,300 outstanding options were repurchased for a total of MSEK 8.

During the financial year, 675,000 options for B shares with a redemption price of SEK 95.30 were issued in accordance with the resolution of the 2017 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, R-Contracting AB and Profsafe AB were acquired.

R-Contracting AB develops and markets pumping systems for sprinkler installations. The company also has some engagements in infrastructure-related pump or hydropower projects. Most sales take place in Sweden but the company also has some sales in Norway and Denmark. The company generates annual sales of about MSEK 110 and has been part of the Lagercrantz Communications division since June 2017. Profsafe AB develops and markets safes and security products within e.g. fire protection, burglary prevention, cash handling and weapon storage cabinets. Most sales take place in Sweden but the company also has some sales in the other Nordic markets. The company generates annual sales of about MSEK 85 and has been part of the Lagercrantz Niche Products division since June 2017.

During the second quarter Wapro AB was acquired, whose innovative products regulate water flows in order to protect properties and infrastructure from flooding during storms and rising water levels. Wapro generates annual revenue of approximately MSEK 40 and has sales in Europe, North America and Australia. Wapro has been part of the Lagercrantz Niche Products division since July 2017.

During the third quarter, NST DK A/S was acquired. The company is a niche player in the Danish market for electrical

components and electromechanics. NST mainly sells to installation companies, but also to wholesalers and industrial customers. The company generates annual revenue of about MDKK 45 and has been part of the Lagercrantz Electronics division since November 2017.

During the fourth quarter, Tormek AB and Alf Bjurenwall AB were acquired. Tormek is a leader within sharpening systems for edge tools such as knives, chisels as well as tools for woodcarving. The customers are mainly craftsmen and others who work with wood. The company's products are sold in about 40 countries, with the USA, Germany and Sweden as the largest markets. Tormek generates annual revenue of MSEK 90 and has formed part of the Lagercrantz Niche Products division since January 2018.

Bjurenwall is a leader within the construction of cisterns, primarily for storage of water connected to fire sprinkler systems. Bjurenwall is a supplementary acquisition to the previously acquired R-Contracting. Bjurenwall's customers mainly consist of construction companies and companies specialised in fire safety technology in Sweden. Bjurenwall generates annual revenue of about MSEK 25 and has been part of the Lagercrantz Communications division since March 2018.

Estimated consideration for the businesses acquired during the financial year amounted to MSEK 577. This amount includes estimated contingent consideration of MSEK 76, which represents 73 percent of the maximum outcome. The outcome depends on the profit achieved by the companies, during the next two to three years.

The acquisition analysis below is preliminary in terms of allocation of the surplus value for Profsafe AB, R-Contracting AB, Wapro AB, NST DK A/S, Tormek AB and Alf Bjurenwall AB:

	Book value in companies	Fair value adjustment	Fair value consolidated
Acquired net assets at time of acquisition			
Intangible non-current assts	0	188	188
Other non-current assets	17	2	19
Inventories	57	0	57
Other short-term receivables *)	107	0	107
Interest-bearing liabilities	-2	0	-2
Other liabilities	-66	-42	-107
Net of identified assets/liabilities	114	148	262
Goodwill	-	-	316
Estimated Purchase price	-	-	577

*) of which, cash and cash equivalents MSEK 39

ACCOUNTING POLICIES

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

Transaction costs for the six acquisitions carried out during the financial year amounted to about MSEK 2, and 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 period, goodwill in the Group increased by MSEK 316 on the balance sheet date and other intangible non-current assets, mostly related to proprietary products and customer relationships, increased by MSEK 188. Other non-current assets increased by MSEK 19. The deferred tax liability related to the acquisitions amounted to MSEK 42.

The effect of the completed acquisitions during the fourth quarter of the financial year, on consolidated revenue during the fourth quarter was MSEK 25 and the effect on profit before taxes was MSEK 4 after acquisition costs.

If the operations acquired during the financial year had been consolidated as of 1 April 2017, the effect on revenue and net profit after taxes would have been MSEK 435 and MSEK 49, respectively, after acquisition costs.

The difference between reserved, paid and remeasured contingent consideration, was taken up as other operating income of net MSEK 11 (under consolidation items), which has affected earnings positively during the fourth quarter of the financial year. Apart from this, the annual impairment test did not result in any write-downs of goodwill. During the financial year, MSEK 34 (52) was paid in contingent consideration for previous acquisitions.

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.

For the Group and the Parent Company, the same accounting policies have been used as in the 2016/17 Annual Report, including in relation to new IFRS standards and interpretations that only become effective during future periods. From the 2018/19 financial year, the new standard IFRS 15 for revenue recognition will impact the Group. The estimated impact on net profit for the full year is expected to be about MSEK 5-7 in lower profit, compared with using the same revenue recognition approach as for the 2017/18 financial year.

IFRS 9 Financial Instruments became effective on 1 January 2018. During 2017/18, the effects of the introduction of IFRS 9 on the Group were analysed and the assessment is that IFRS 9 will not have any material impact on the consolidated financial statements and financial reporting.

Reclassification of current liabilities was made during the financial year to non-current liabilities. Comparative figures have been restated and the effect amounted to MSEK 400 for the Group and MSEK 400 for the Parent Company as of 31 March 2017.

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. Therefore, these financial metrics should 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 2016/17 Annual Report.

Post-balance sheet events

Thomas Alkbrant has been appointed as the new CFO for the Lagercrantz Group. He has many years' experience of leading financial and accounting functions in acquiring groups with many subsidiaries, including from Däckia and Werksta. Thomas, who holds a Bachelor of Science in Business Administration and Economics from the Stockholm School of Economics in Stockholm, will take up his position at Lagercrantz in July 2018.

Otherwise, no significant events for the company have occurred after the balance sheet date on 31 March 2018.

Annual General Meeting 2018

The 2018 Annual General Meeting (AGM) will be held on 29 August 2018. To have a matter addressed at the AGM, the request from the shareholder must be received no later than 10 July 2018. The Annual Report will be published at the end of June/start of July 2018.

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 2018 AGM. Proposals to the Election Committee from shareholders may be sent to: valberedningen@lagercrantz.com
More information is available on www.lagercrantz.com

Dividend

The Board of Directors of Lagercrantz Group proposes a dividend of SEK 2.00 (2.00) per share. The total dividend corresponds to MSEK 135 (136).

Stockholm, 8 May 2018

Jörgen Wigh
President and CEO

REVIEW REPORT

Introduction

We have reviewed the summary interim financial information (interim report) of Lagercrantz Group AB (publ.) as of 31 March 2018 and the twelve-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion..

Conclusion

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

Stockholm, 8 May 2018

KPMG AB

Håkan Olsson Reising

Authorised Public Accountant
Auditor in charge

Jenny Jansson

Authorised Public
Accountant

Segment information by quarter

Net revenue		2017/18				2016/17			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Electronics	246	215	214	216	223	216	193	202	
Mechatronics	258	247	222	246	259	241	223	280	
Communications	222	218	161	185	177	184	135	134	
Niche Products	228	208	178	147	174	157	133	165	
Parent Company/consolidation items	-	-	-	-	-	-	-	-	
GROUP TOTAL	954	888	775	794	833	798	684	781	

Profit before net financial items		2017/18				2016/17			
MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Electronics	19	17	17	17	17	20	13	16	
Mechatronics	29	31	31	39	38	37	43	45	
Communications	31	26	14	15	24	19	10	7	
Niche Products	37	26	24	21	37	24	21	23	
Parent Company/consolidation items	-4	-4	-3	-5	-12	-8	-5	-8	
GROUP TOTAL	112	96	83	87	104	92	82	83	

Consolidated Income Statement – condensed

MSEK	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	Financial year 2017/18	Financial year 2016/17
Net revenue	954	833	3,410	3,096
Cost of goods sold	-607	-520	-2,171	-1,959
GROSS PROFIT	347	313	1,239	1,137
Selling expenses	-171	-149	-629	-555
Administrative expenses	-80	-71	-274	-237
Other operating income and operating expenses	16	11	42	16
PROFIT BEFORE NET FINANCIAL ITEMS *)	112	104	378	361
Net financial items	-5	-4	-20	-10
PROFIT AFTER FINANCIAL ITEMS	107	100	358	351
Taxes	-18	-20	-72	-77
NET PROFIT FOR THE PERIOD	89	80	286	274
*) Of which:				
- amortisation of intangible assets that arose in connection with acquisitions:	(-16)	(-13)	(-58)	(-48)
- depreciation of other non-current assets:	(-13)	(-11)	(-50)	(-43)
Operating profit (EBITA)	128	117	436	409
Earnings per share, SEK	1.32	1.18	4.21	4.03
Earnings per share after dilution, SEK	1.31	1.17	4.21	4.02
Weighted number of shares after repurchases, ('000)	67,656	67,985	67,868	67,941
Weighted number of shares after repurchases adjusted after dilution ('000)	67,694	68,178	67,924	68,097
Number of shares after repurchases during the period ('000)	67,656	67,985	67,656	67,985

In view of the redemption price on outstanding call options during the period (SEK 78.80, SEK 100.10 and SEK 95.30) and the average share price (SEK 86.89) during the latest 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.1 percent. For the past quarter, there was a dilutive effect of 0.1 percent (average share price SEK 84.06).

Consolidated Statement of Comprehensive Income and Other Comprehensive Income

MSEK	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	Financial year 2017/18	Financial year 2016/17
Net profit for the period	89	80	286	274
Other comprehensive income				
<u>Items that have been reposted or that may be reposted to net profit for the period</u>				
Change in translation reserve	10	2	-9	20
Translation differences transferred to net profit for the period	0	0	0	0
<u>Items that cannot be reposted to net profit for the period</u>				
Actuarial effects on pensions	-5	-6	-5	-6
Taxes attributable to actuarial effects	1	2	1	2
COMPREHENSIVE INCOME FOR THE PERIOD	95	78	273	290

Consolidated Statement of Financial Position – condensed

MSEK	31 Mar 2018	31 Mar 2017
ASSETS		
Goodwill	1,248	912
Other intangible non-current assets	710	567
Property, plant and equipment	251	224
Financial assets	11	10
Inventories	492	401
Trade receivables and claims on customers	647	519
Other current receivables	139	136
Cash and bank balances	134	122
TOTAL ASSETS	3,632	2,891
EQUITY AND LIABILITIES		
Equity	1,303	1,197
Non-current liabilities	591	658
Trade payables and advance payment from customers	308	261
Other current liabilities	1,430	775
TOTAL EQUITY AND LIABILITIES	3,632	2,891
Interest-bearing assets	134	122
Interest-bearing liabilities, excluding pension liabilities	1 169	687

Consolidated Statement of Changes in Equity

MSEK	Financial year 2017/18	Financial year 2016/17
Opening balance	1,197	1,032
Comprehensive income for the period	273	290
Transactions with owners		
Dividend	-136	-119
Subscribed for, exercised and acquired options on repurchased shares, net	1	-6
Repurchase of own shares	-32	0
CLOSING BALANCE	1,303	1,197

Consolidated Statement of Cash Flows – condensed

MSEK	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	Financial year 2017/18	Financial year 2016/17
Operating activities				
Profit after financial items	107	100	358	351
Adjustments for taxes paid, items not included in cash flow, etc.	-5	-10	-35	18
Cash flow from operating activities before changes in working capital	102	90	323	369
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	8	18	-32	15
Increase (-)/Decrease (+) in operating receivables	-70	-23	-57	7
Increase (+)/Decrease (-) in operating liabilities	69	8	48	-16
CASH FLOW FROM OPERATING ACTIVITIES	109	93	282	375
Investing activities				
Investment in businesses	-170	-5	-519	-208
Investments in/disposals of other non-current assets, net	-14	-19	-46	-47
Cash flow from investing activities	-184	-24	-565	-255
Financing activities				
Dividends, redemption of options and repurchase of own shares/options	0	0	-167	-125
Financing activities	90	-64	462	60
Cash flow from financing activities	90	-64	295	-65
CASH FLOW FOR THE PERIOD	15	5	12	55
Cash and cash equivalents at the beginning of the period	119	117	122	67
Cash and cash equivalents at the end of the period	134	122	134	122

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 Mar 2018	31 Mar 2017
Assets measured at fair value	-	-
Assets measured at amortised cost	751	630
TOTAL ASSETS, FINANCIAL INSTRUMENTS	751	630
Liabilities measured at fair value	153	165
Liabilities measured at amortised cost	1,474	939
TOTAL LIABILITIES, FINANCIAL INSTRUMENTS	1,627	1,104
	Financial year 2017/18	Financial year 2016/17
Change in contingent consideration		
Opening balance	165	184
Liabilities settled during the year	-34	-64
Remeasurement of liabilities during the year	-49	-5
Year's liabilities from acquisitions during the year	76	51
Exchange difference	-5	-1
Carrying amount at end of the period	153	165

Parent Company Balance Sheet – condensed

MSEK	31 Mar 2018	31 Mar 2017
ASSETS		
Property, plant and equipment	1	1
Financial assets	2,418	1,903
Current receivables	514	365
Cash and bank balances	-	-
TOTAL ASSETS	2,933	2,269
EQUITY AND LIABILITIES		
Equity	1,366	1,200
Untaxed reserves	-	-
Non-current liabilities	320	821
Current liabilities	1,247	248
TOTAL EQUITY AND LIABILITIES	2,933	2,269

Parent Company Income Statement – condensed

MSEK	3 months Jan-Mar 2017/18	3 months Jan-Mar 2016/17	Financial year 2017/18	Financial year 2016/17
Net revenue	10	9	36	37
Administrative expenses	-19	-23	-64	-70
Other operating income and operating expenses	-1	0	-3	0
PROFIT/LOSS BEFORE NET FINANCIAL ITEMS	-10	-14	-31	-33
Financial income	40	43	374	316
Financial expenses	-5	-2	-16	-9
PROFIT AFTER FINANCIAL ITEMS	25	27	327	274
Change in untaxed reserves	0	0	0	4
Taxes	-3	-6	2	-2
NET PROFIT FOR THE PERIOD	22	21	329	276

Key ratios

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

	2017/18	Financial year			
		2016/17	2015/16	2014/15	2013/14
Revenue	3,410	3,096	3,057	2,846	2,546
Change in revenue, %	10.1	1.3	7	12	9
Operating profit (EBITA)	436	409	355	295	256
Profit after taxes	286	274	241	203	177
Operating margin (EBITA), %	12.8	13.2	11.6	10.4	10.1
EBIT margin, %	11.1	11.7	10.3	9.7	9.5
Profit margin, %	10.5	11.3	10.0	9.3	9.0
Equity ratio, %	36	41	40	44	43
Return on working capital (P/WC), %	52	58	58	58	55
Return on capital employed, %	17	20	21	22	22
Return on equity, %	23	25	25	24	24
Debt/equity ratio, times	0.9	0.6	0.6	0.4	0.4
Operational net debt/equity ratio, times	0.8	0.5	0.5	0.3	0.4
Interest coverage ratio, times	14	22	20	18	16
Operational net debt (+)/receivables (-), MSEK	1,035	565	551	302	285
Number of employees at end of period	1,387	1,247	1,230	1,139	1,010
Revenue outside Sweden, MSEK	2,151	1,940	1,991	1,931	1,676

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.

	2017/18	Financial year			
		2016/17	2015/16	2014/15	2013/14
Number of shares at end of period after repurchases ('000)	67,656	67,985	67,844	67,773	67,572
Weighted number of shares after repurchases, ('000)	67,868	67,941	67,889	67,719	67,632
Weighted number of shares after repurchases & dilution ('000)	67,924	68,097	68,121	67,965	67,995
EBIT- earnings per share after dilution, SEK	5.57	5.30	4.63	4.06	3.56
Earnings per share, SEK	4.21	4.03	3.55	3.00	2.62
Earnings per share after dilution, SEK	4.21	4.02	3.54	2.99	2.60
Cash flow from operations per share after dilution, SEK	4.14	5.51	3.77	3.94	3.40
Cash flow per share after dilution, SEK	0.16	0.81	-0.19	0.62	0.03
Equity per share, SEK	19.26	17.61	15.22	13.53	11.90
Latest price paid per share, SEK	83.50	87.00	77.50	52.67	42.33

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 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.

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 1.45 p.m. CET on 8 May 2018.

Reporting dates

19 July 2018 Quarterly Report Q1 for the period 1 April 2018–30 June 2018
 29 August 2018 Annual General Meeting for the 2017/18 financial year.
 23 October 2018 Quarterly Report Q2 for the period 1 July 2018–30 September 2018
 29 January 2019 Quarterly Report Q3 for the period 1 October 2018–31 December 2018
 9 May 2019 Year-end Report for the period 1 April 2018–31 March 2019

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