



## Interim Report 2019/20 Q3

### Third quarter (1 October – 31 December 2019)

- Net revenue increased by 9 percent to MSEK 1,099 (1,011).
- Operating profit (EBITA) increased by 14 percent to MSEK 156 (137), equivalent to an operating margin of 14.2 percent (13.6).
- Profit after financial items increased by 13 percent to MSEK 129 (114).
- Profit after taxes increased by 19 percent to MSEK 105 (88).
- Earnings per share after dilution for the latest 12-month period amounted to SEK 5.44 (SEK 5.05 for the 2018/19 financial year).
- Return on equity for the latest 12-month period amounted to 25 percent (24). The equity ratio at the end of the period was 38 percent (39).
- During the quarter, just over 70 percent of Frictape, with operations in Finland and Estonia was acquired. Annual revenue amounts to approx. MEUR 7 and the shares were taken into possession on 2 October 2019.

### The first nine months (1 April – 31 December 2019)

- Net revenue for the first nine months of the financial year increased by 7.5 percent to MSEK 3,068 (2,854).
- Operating profit (EBITA) increased by 13 percent to MSEK 413 (366), equivalent to an operating margin of 13.5 percent (12.8).
- Profit after financial items increased by 11 percent to MSEK 334 (301) and profit after taxes increased by 11 percent to MSEK 265 (238).
- Cash flow from operating activities amounted to MSEK 369 (307) for the first nine months of the financial year and to MSEK 524 (430) for the latest 12-month period.

**TRANSITION TO IFRS 16 FROM 1 APRIL 2019.**

As from 1 April 2019, the Group applies IFRS 16 Leases. The transition has been made using the so-called simplified approach method, which means that comparative figures are not recalculated.

## STATEMENT OF THE CHIEF EXECUTIVE

To sum up, after Q3 2019/20, we can confirm new successes for Lagercrantz. Our strategy to acquire and on a long-term basis develop niche technology companies, preferably product companies, is again proving to be successful.

These successes are shown by the fact that we reached a new all-time-high in terms of profit and earnings per share. For the first nine months of the financial year (April-Dec), operating profit (EBITA) increased by 13 percent to MSEK 413, which also meant an increase in operating margin to 13.5 percent (12.8). Return on equity reached the target of 25 percent on a moving 12-month basis and our internal P/WC return metric increased to 56 percent, compared to the target of 45 percent. Cash flow was also strong and from operating activities it increased to MSEK 524 (430) for the latest 12-month period.

Progress was also evident in the Group's long-term business development, where we continued the international expansion in a number of companies while other companies made progress in their product development and/or gained new customers/customer segments in existing markets. The proportion of proprietary products, which we have as an important KPI, increased further and now represents 58 percent of total sales. In the future for Lagercrantz, sustainability issues will become even more important and both environmental issues and public welfare are prioritised in the companies, which will strengthen our long-term growth and profitability. At Group level, we have initiated work on further strengthening the follow up of our sustainability efforts, our communication regarding ESG issues (Environment, Social, Governance) and the connection to the UN's global sustainable development goals.

Successful acquisitions are also continuing to strengthen the Lagercrantz Group. During the quarter, Frictape was acquired which generates annual revenue of approx. MEUR 7 and is highly profitable. Frictape conducts an extremely niche business involving security products for helidecks, primarily offshore, and the operations will provide an important addition to the Mechatronics division. The acquisitions carried out in recent years have contributed to profit growth and many of our existing businesses are delivering record results in the Group. This is whetting our appetite and we are continually looking for more profitable, niche companies with growth potential in various fields of technology and geographies.

With all of this as a basis, I am positive about Lagercrantz's future. The economic outlook in the short- and long-term is certainly difficult to interpret and we note that Germany remains weak. Meanwhile, our main markets in the Nordic countries are stable even though customers' business and investment decisions tend to be postponed to a future date during periods of uncertainty. We are following developments closely and adapting our investments and actions to the prevailing situation in every company. In the longer term, the outlook is extremely positive with an ever stronger portfolio of companies with an effective governance model based on decentralised decision-making and clearly set goals. This means that I am convinced of a positive development going forward.

*Jörgen Wigh*  
*President and CEO*

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## NET REVENUE AND PROFIT

### Quarter 3 (October – December 2019)

The overall market situation continued to be stable in the Group's main markets in Sweden, Denmark, Norway and Finland. However, uncertainty about the economic situation is expected to delay customers' investment and business decisions with lower growth rates as a consequence. The market in Germany continues to be cautious. Other markets in Europe, Asia and the USA

continued to develop positively for the Group's exporting companies.

Consolidated net revenue for the third quarter of the financial year increased by 9 percent to MSEK 1,099 (1,011). Acquired businesses made a contribution of MSEK 69 and the currency effect in net revenue was MSEK 15. Net revenue in comparable units, measured in local currency, was therefore unchanged compared to the year-earlier period.

Operating profit before amortisation of intangible assets (EBITA) increased by 14 percent to MSEK 156 (137) during the quarter. Operating margin (EBITA) amounted to 14.2 percent (13.6).

The Mechatronics and Communications divisions increased their profits. The improvements were due a strong performance in most units and the completed acquisitions also contributed positively.

Niche Products was impacted negatively by project-related transactions and restructuring of the Danish unit in conveyor belt solutions, Nikodan. Steelo in Niche Products is also implementing measures for increased profitability. In Electronics, acquisitions are having a positive impact while profits decreased in some other units, including Germany-based Unitronic, the Swedish unit ACTE Solutions and Norway-based EI-produkter.

Consolidated profit before financial items (EBIT) increased by 13 percent to MSEK 135 (120), equivalent to an EBIT margin of 12.3 percent (11.9).

Profit after net financial items increased by 13 percent to MSEK 129 (114). The currency effect on the profit amounted to MSEK 2 (2) during the quarter.

Profit after taxes for the period increased by 19 percent to MSEK 105 (88). Earnings per share after dilution for the latest 12-month period amounted to SEK 5.44, compared to SEK 5.05 for the 2018/19 financial year.

#### The first nine months, April – December 2019

Net revenue for the first nine months of the financial year increased by 7 percent to MSEK 3,068 (2,854). Organic growth in comparable units amounted to 1 percent, measured in local currency.

Operating profit before amortisation of intangible assets (EBITA) amounted to MSEK 413 (366), equivalent to an increase of 13 percent and an operating margin of 13.5 percent (12.8). Profit before financial items amounted to MSEK 352 (316). Profit after net financial items increased by 11 percent to MSEK 334 (301). The total currency effect on the profit amounted to MSEK 2 (7).

Profit after taxes during the first nine months of the financial year increased by 11 percent and amounted to MSEK 265 (238), equivalent to earnings per share after dilution of SEK 3.91 (3.52).

## Divisions

	Net revenue					Operating profit (EBITA)				
	3 months Oct-Dec 2019/20	3 months Oct-Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	12 months Apr-Mar 2018/19	3 months Oct-Dec 2019/20	3 months Oct-Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	12 months Apr-Mar 2018/19
MSEK										
Electronics	262	245	787	710	998	27	27	86	69	101
<i>EBITA margin</i>						10.3%	11.0%	10.9%	9.7%	10.1%
Mechatronics	323	278	877	834	1,122	52	41	138	129	172
<i>EBITA margin</i>						16.1%	14.7%	15.7%	15.5%	15.3%
Communications	269	247	710	666	918	51	39	108	90	137
<i>EBITA margin</i>						19.0%	15.8%	15.2%	13.5%	14.9%
Niche Products	245	241	694	644	894	34	40	108	105	149
<i>EBITA margin</i>						13.9%	16.6%	15.6%	16.3%	16.7%
Parent Company/consolidation items	-	-	-	-	-	-8	-10	-27	-27	-40
<b>GROUP TOTAL</b>	<b>1,099</b>	<b>1,011</b>	<b>3,068</b>	<b>2,854</b>	<b>3,932</b>	<b>156</b>	<b>137</b>	<b>413</b>	<b>366</b>	<b>519</b>
<i>EBITA margin</i>						14.2%	13.6%	13.4%	12.8%	13.2%
Amortisation intangible assets						-21	-17	-61	-50	-68
Financial items						-6	-6	-18	-15	-20
<b>PROFIT BEFORE TAXES</b>						<b>129</b>	<b>114</b>	<b>334</b>	<b>301</b>	<b>431</b>

## NET REVENUE AND PROFIT BY DIVISION

### THIRD QUARTER

#### Electronics

Net revenue during the quarter increased by 7 percent to MSEK 262 (245). The increase was primarily attributable to acquisitions.

Operating profit (EBITA) for the quarter amounted to MSEK 27 (27), equivalent to an EBITA margin of 10.3 percent (11.0). The acquisitions of both Schnmitztechnik and G9 are making a positive contribution as expected and the units in Denmark showed good profits. A continued weaker performance was noted in the market for Unitronic in Germany and also for the division's Swedish unit ACTE Solutions, and measures have been initiated.

#### Mechatronics

Net revenue for the quarter increased by 16 percent to MSEK 323 (278). Cue Dee with masts and aerial brackets for mobile telephony, which won a major tender during the summer, started to deliver during the quarter and the new acquisition Frictape contributed with strong sales.

EBITA increased by 27 percent to MSEK 52 (41), which meant an EBITA margin of 16.1 percent (14.7). The division's largest unit, Elpress, which offers electrical connection systems, continued to report strong demand and profitable growth. Elfac, which provides specialist cable assembly, Exilight with exit lighting products and Norwesco with safety switches and other electrical components also noted improvements. In previous periods, measures were initiated in some businesses to improve the profitability. These measures started to deliver results during the quarter.

#### Communications

Net revenue for the quarter increased by 9 percent to MSEK 269 (247), where several of the existing operations displayed good revenue growth.

EBITA increased by 31 percent to MSEK 51 (39), equivalent to an EBITA margin of 19.0 percent (15.8). Profit improvements were reported in several businesses where R-con within sprinkler infrastructure, Radonova, which offers radon measurement and ISG-Nordic with camera solutions, performed well. Load Indicator with force measurement also showed good improvements compared to the previous period. Excidor within control equipment for maintenance vehicles and GasiQ in products for gas- and electric welding, did not achieve the previous year's profit.

#### Niche Products

Net revenue during the quarter increased by 2 percent to MSEK 245 (241).

Operating profit EBITA for the same period amounted to MSEK 34 (40), equivalent to an EBITA margin of 13.9 percent (16.6). The division's largest unit Asept, within dispensing of liquid foodstuffs, is continuing to increase its profit. Wapro with check valves and flow regulators for sewerage systems and Vendig with conveyor belt scrapers are also delivering good profits. The unit within sharpening tools, Tormek, has had cost during the quarter for its establishment in the US, but delivers apart from that according to plan. The subsidiaries Steelo and Nikodan still have profitability problems and measures have been taken.

### PROFITABILITY AND FINANCIAL POSITION

Return on equity for the latest 12-month period amounted to 25 percent (24) and the return on capital employed was 17 percent (17). The Group's metric for return on working capital (P/WC) was 56 percent (55).

Equity per share totalled SEK 23.86 at the end of the period, compared to SEK 22.28 at the beginning of the financial year. Aside from profit, this metric was also affected by dividends paid.

The equity ratio was 38 percent compared to 39 percent at the start of the financial year, where the introduction of IFRS 16 from and including the present financial year impacted the equity ratio negatively by 1 percentage point, i.e. if the introduction had not occurred, the equity ratio would have been 39 percent.

At the end of the period, operational net indebtedness amounted to MSEK 1,166 compared to MSEK 928 at the beginning of the year. The change was mainly due to acquisitions, dividends of MSEK 169 and a positive operating cash flow. The operational net debt equity ratio was 0.7 (0.7).

Net indebtedness including pension liability and the IFRS 16 effect amounted to MSEK 1,409. The pension liability amounted to MSEK 75 (67) and the IFRS effect amounted to MSEK 168.

## CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the third quarter amounted to MSEK 178 (180). During the first nine months of the financial year, the equivalent figure was MSEK 369 (307). Gross investments in non-current assets amounted to MSEK 22 (17) during the third quarter, of which the largest items related to production facilities and equipment. The introduction of IFRS 16 means an adjustment, for the quarter, between cash flow from operating activities, which increased by MSEK 21 and cash flow from financing activities, which decreased by MSEK 21.

## OTHER FINANCIAL INFORMATION

### Parent Company and other consolidation items

The Parent Company's internal net revenue for the first nine months of the financial year amounted to MSEK 27 (27) and profit after net financial items was MSEK 344 (303). The result includes exchange rate adjustments on intra-Group lending of MSEK 1 (0) and dividends from subsidiaries of MSEK 373 (337).

Net investments in non-current assets amounted to MSEK 0 (0). The Parent Company's equity ratio was 49 percent (52). During the quarter, the Finnish subsidiaries were transferred within the Group and a merger has been initiated with the aim of creating a legal organisational structure in Finland.

### Employees

At the end of the period, the number of employees in the Group was 1,538, compared to 1,450 at the beginning of the financial year. During the first nine months, 79 employees were added via 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 December 2019:

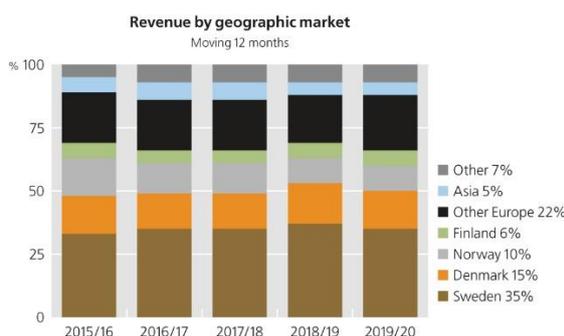
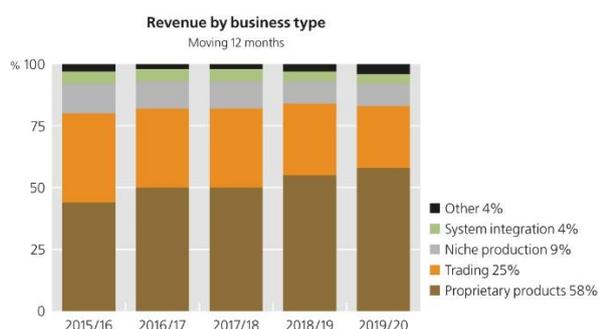
Classes of shares	No. of shares
A shares	3,263,802
B shares	66,256,125
Repurchased B shares	-1,794,137
<b>Total</b>	<b>67,725,790</b>

At 31 December 2019, Lagercrantz Group held 1,794,137 own Class B shares, equivalent to 2.6 percent of the total number of shares and 1.8 percent of the votes in the Lagercrantz Group. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes on repurchased shares. During the third quarter, 417,900 options for B shares with a redemption price of SEK 154.40 were issued in accordance with the resolution of the 2019 AGM. These options were acquired by about 60 managers and senior executives in the Group for a total of MSEK 4.8.

Options from the 2016 programme were repurchased for a total of MSEK 0.7 (25,125 options) and were redeemed for MSEK 0.2 (1,500 options). Options from the 2017 programme were repurchased for a total of MSEK 12.9 (433,458 options) and were redeemed for MSEK 0.7 (7,042 options).

At the end of the period, Lagercrantz had three outstanding call option programmes as follows:

Option programme	Total number of outstanding options	Corresponds to number of shares	Redemption price
2019/22	417,900	417,900	154.40
2018/21	500,000	500,000	104.80
2017/20	234,500	234,500	95.90
<b>Total</b>	<b>1,152,400</b>	<b>1,152,400</b>	



## ACQUISITIONS

During the third quarter of the financial year, Lagercrantz acquired just over 70 percent of Frictape, consisting of the two companies Frictape Net Oy and Frictape Net Oü. Frictape is a leading supplier of security products for helidecks, primarily offshore, all over the world. Frictape generates annual revenue of approx. MEUR 7, with good profitability. The previous owners remain as owners of almost 30 percent of the shares with a call option for Lagercrantz and a put option for the minority shareholders,

which means that Lagercrantz can become the owner of 100 percent in four years at the earliest. Frictape is part of the Mechatronics division since October 2019.

The difference between paid and remeasured contingent consideration of MSEK 3 (4) was taken up as revenue as other operating income during the third quarter.

During the quarter, MSEK 0 (0) was paid in contingent consideration for previous acquisitions.

## Förvärvskalkyler senaste 12 månader jan 2019-dec 2019

Nedanstående förvärvskalkyler är preliminär och omfattar Schmitztechnik GmbH, Dorotea Mekaniska AB, G9 och Fritape Net Group

Förvärvade bolags nettotillgångar vid förvärvstidpunkten	Redovisat värde i bolagen	Verkligt värde justering	Verkligt värde i koncernen
Immateriella anläggningstillgångar	1	184	185
Övriga anläggningstillgångar	5	0	5
Varulager	53	0	53
Övriga omsättningstillgångar *)	56	0	56
Övriga skulder	-68	-45	-113
<b>Netto identifierbara tillgångar/skulder</b>	<b>47</b>	<b>139</b>	<b>186</b>
Koncerngoodwill	-	-	221
<b>Beräknad köpeskilling **</b>	<b>-</b>	<b>-</b>	<b>407</b>

\* varav likvida medel 22 MSEK

\*\* Häre ingår villkorad tilläggsköpeskilling om 20 MSEK, vilket utgör 51% av maximalt utfall.

## ALTERNATIVE PERFORMANCE MEASURES

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. During the previous financial year, the financial metric EBITA began to be applied and therefore the previous period has been adjusted for comparability. Expanded information has been provided in this report with regard to definitions of certain financial metrics, see page 14.

## ACCOUNTING POLICIES

The Interim Report for the Group has been prepared in accordance with IFRS standards with application of IAS 34, *Interim Financial Reporting*, the Swedish Annual Accounts Act and the Swedish Securities Markets Act.

Apart from in the financial statements and accompanying notes, disclosures according to IAS 34.16A are also presented in other parts of the report. The Interim Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Markets Act, which is in accordance with the provisions of RFR 2, *Accounting for Legal Entities*.

The same accounting policies and judgement criteria have been applied as in the Lagercrantz Group's Annual Report 2018/19 with the addition of new IFRS standards and IFRIC interpretations, primarily IFRS 16 (Leases). For the Lagercrantz Group, IFRS 16 is applied for the financial year beginning on 1 April 2019 and means that assets and liabilities attributable to leases are recognised in the balance sheet equivalent to the discounted value of the remaining payments for all leases. In the income statement, interest and depreciation are recognised instead of lease expenses.

In the transition to the new standard, the Group has opted to apply the modified retrospective method, the simplified approach, without the requirement of restating comparative periods. The leases mainly include rental of premises but also vehicles and production equipment. included in the calculation. The incoming lease liability

consists of the remaining leasing fees, discounted by the Group's marginal borrowing rate on 1 April 2019. The right-of-use asset is measured at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees. The effect in connection with the introduction of IFRS 16 on 1 April 2019, means that lease liabilities increased by about MSEK 142, of which MSEK 63 were non-current and MSEK 79 were current. Right-of-use assets increased by about MSEK 142 and are included in the item property, plant and equipment. Equity was not impacted since the increase of right-of-use assets was equivalent to the increase in lease liabilities.

Previously, operating leases were recognised as operating expenses within EBITA but after the introduction of IFRS 16, operating lease costs are recognised as depreciation and financial expenses. There is no effect on total cash flow, but cash flow from operating activities will increase as most of the lease payments are classified as amortisation of lease liabilities, i.e. within financing activities. The lease payments for right-of-use assets have no effect on cash flow from investing activities as they are not classified as investing activities (but as payment of interest and lease liabilities). Apart from the introduction of IFRS 16, there are no other new or amended IFRS standards or interpretations, which have an impact on the financial statements for 2019.

See the company's Annual Report 2018/19 for more information.

## **OTHER INFORMATION**

### **Transactions with related parties**

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 and transfer of the Finnish subsidiaries within the Group as described under the Parent Company above.

Stockholm, 29 January 2020

Jörgen Wigh  
President and CEO

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

### **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, cyber risks (IT attacks) 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 2018/19 Annual Report.

### **Post-balance sheet events**

No significant events for the company have occurred after the balance sheet date on 31 December 2019.

### **Election Committee for appointment of directors**

At the Annual General meeting on 27 August 2019, the Chairman of the Board was entrusted with the task of contacting the largest shareholders in terms of votes as of 31 December 2019, and requesting them to appoint members, in order to form an Election Committee together with the Chairman of the Board. The Election Committee shall be composed of five members.

In accordance with this, the following persons were appointed as members of the Election Committee ahead of the Annual General Meeting 2020. Anders Börjesson, (Chairman of the Board), Daniel Klint (representing SEB Investment Management), Adam Gerge (representing Didner & Gerge Fonder) and Marianne Nilsson (representing Swedbank Robur Fonder). Handelsbanken Fonder also participates in the Election Committee and their representative will be published on the Lagercrantz website as soon as appointed.

Proposals to the Election Committee from shareholders may be sent to the company for forwarding or may be sent by e-mail to [valberedningen@lagercrantz.com](mailto:valberedningen@lagercrantz.com). More information is available on [www.lagercrantz.com](http://www.lagercrantz.com).

## Segment information by quarter

Net revenue		2019/20				2018/19		
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Electronics	262	264	261	288	245	234	231	
Mechatronics	323	266	288	288	278	267	289	
Communications	269	215	226	252	247	196	223	
Niche Products	245	209	240	250	241	198	205	
Parent Company/consolidation items	-	-	-	-	-	-	-	
<b>GROUP TOTAL</b>	<b>1,099</b>	<b>954</b>	<b>1,015</b>	<b>1,078</b>	<b>1,011</b>	<b>895</b>	<b>948</b>	

EBITA		2019/20				2018/19		
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Electronics	27	30	28	32	27	22	20	
Mechatronics	52	42	44	43	41	44	44	
Communications	51	30	27	47	39	25	26	
Niche Products	34	34	40	44	40	34	31	
Parent Company/consolidation items	-8	-10	-9	-13	-10	-8	-8	
<b>GROUP TOTAL</b>	<b>156</b>	<b>126</b>	<b>130</b>	<b>153</b>	<b>137</b>	<b>117</b>	<b>113</b>	

EBITA margin		2019/20				2018/19		
%	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Electronics	10.3	11.4	10.7	11.1	11.0	9.4	8.7	
Mechatronics	16.1	15.8	15.3	14.9	14.7	16.5	15.2	
Communications	19.0	14.0	11.9	18.7	15.8	12.8	11.7	
Niche Products	13.9	16.3	16.7	17.6	16.6	17.2	15.1	
Parent Company/consolidation items	-	-	-	-	-	-	-	
<b>GROUP TOTAL</b>	<b>14.2</b>	<b>13.2</b>	<b>12.8</b>	<b>14.2</b>	<b>13.6</b>	<b>13.1</b>	<b>11.9</b>	

## Consolidated Income Statement – condensed

MSEK	3 months Oct-Dec 2019/20	3 months Oct- Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	Moving 12 months Jan-Dec 2019	Financial year 2018/19
Net revenue	1,099	1,011	3,068	2,854	4,146	3,932
Cost of goods sold	-672	-640	-1,918	-1,812	-2,594	-2,488
<b>GROSS PROFIT</b>	<b>427</b>	<b>371</b>	<b>1,150</b>	<b>1,042</b>	<b>1,552</b>	<b>1,444</b>
Selling expenses	-202	-177	-565	-516	-752	-703
Administrative expenses	-95	-80	-250	-226	-333	-309
Other operating income and operating expenses	5	6	17	16	20	19
<b>PROFIT BEFORE FINANCIAL ITEMS (EBIT) <sup>1)</sup></b>	<b>135</b>	<b>120</b>	<b>352</b>	<b>316</b>	<b>487</b>	<b>451</b>
Net financial items *	-6	-6	-18	-15	-22	-20
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>129</b>	<b>114</b>	<b>334</b>	<b>301</b>	<b>465</b>	<b>431</b>
Taxes	-24	-26	-69	-63	-96	-89
<b>NET PROFIT FOR THE PERIOD</b>	<b>105</b>	<b>88</b>	<b>265</b>	<b>238</b>	<b>369</b>	<b>342</b>
<i><sup>1)</sup> Of which:</i>						
- amortisation of intangible assets arising in connection with acquisitions:	(-21)	(-17)	(-61)	(-50)	(-79)	(-68)
- depreciation of other non-current assets *:	(-38)	(-14)	(-110)	(-42)	(-124)	(-56)
EBITA	156	137	413	366	567	519
Earnings per share, SEK	1.55	1.30	3.91	3.52	5.45	5.05
Earnings per share after dilution, SEK	1.55	1.30	3.91	3.52	5.44	5.05
Weighted number of shares after repurchases, ('000)	67,722	67,687	67,714	67,681	67,707	67,682
Weighted number of shares after repurchases adjusted after dilution ('000) **	67,877	67,687	67,850	67,681	67,809	67,682
Number of shares after repurchases during the period ('000)	67,726	67,687	67,726	67,687	67,726	67,687

\* IFRS 16 Leases affects depreciation (other non-current assets), which increased by MSEK 22 in the quarter and by MSEK 65 in the first nine months of the 2019/20 period. Operating expenses decreased by MSEK 22 in the quarter and by MSEK 66 in the nine month period. Net financial items increased by MSEK 0.8 in the quarter and by MSEK 2.3 in the nine month period.

\*\* In view of the redemption price on outstanding call options during the period (SEK 95.90, SEK 104.80 and SEK 154.40) and the average share price (SEK 118.41) during the latest 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.15 percent for the latest 12-month period. For the latest quarter, there was a dilutive effect of 0.23 percent (average share price SEK 129.17).

## Consolidated Statement of Comprehensive Income and Other Comprehensive Income

MSEK	3 months Oct-Dec 2019/20	3 months Oct-Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	Moving 12 months Jan-Dec 2019	Financial year 2018/19
Net profit for the period	105	88	265	238	369	342
<b>Other comprehensive income</b>						
<u>Items that have been reposted or that may be reposted to net profit for the period</u>						
Change in translation reserve	4	-11	17	-13	37	7
Translation differences transferred to net profit for the period	-	-	-	-	-	-
<u>Items that cannot be reposted to net profit for the period</u>						
Actuarial effects on pensions	-	-	-	-	-10	-10
Taxes attributable to actuarial effects	-	-	-	-	2	2
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>109</b>	<b>77</b>	<b>282</b>	<b>225</b>	<b>398</b>	<b>341</b>

## Consolidated Statement of Financial Position – condensed

MSEK	31 Dec 2019	31 Dec 2018	31 Mar 2019
<b>ASSETS</b>			
Goodwill	1,520	1,244	1,327
Other intangible non-current assets	779	656	721
Property, plant and equipment*	458	253	266
Financial assets	14	10	14
Inventories	582	527	528
Trade receivables and earned but not yet invoiced income	646	646	688
Other current receivables	169	159	171
Cash and bank balances	138	119	139
<b>TOTAL ASSETS</b>	<b>4,306</b>	<b>3,614</b>	<b>3,854</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,616	1,393	1,508
Non-current liabilities *	1,083	1,165	1,190
Trade payables and advance payment from customers	324	306	373
Other current liabilities	1,283	750	783
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,306</b>	<b>3,614</b>	<b>3,854</b>
Interest-bearing assets	138	119	139
Interest-bearing liabilities, excluding pension liabilities *	1,472	1,071	1,066

\* IFRS 16 Leases affects the Group's financial position as follows: right-of-use assets of MSEK 167 million have arisen and are included in property, plant and equipment. Lease liabilities increased by MSEK 86 in the item non-current liabilities and MSEK 82 in current liabilities and equity was affected negatively by MSEK 1. No restatement of previous periods has occurred.

Reclassifications have occurred between non-current and current liabilities as of 31 December 2019, comparable periods have been restated.

## Consolidated Statement of Changes in Equity

MSEK	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	Moving 12 months Jan-Dec 2019	Financial year 2018/19
Opening balance	1,508	1,303	1,393	1,303
Comprehensive income for the period	282	225	398	341
Shareholders' contribution	12	-	12	-
<b>Transactions with owners</b>				
Dividend	-169	-134	-169	-135
Redemption and acquisition of options on repurchased shares, net	-17	-1	-17	-1
Repurchase of own shares	-	-	-	-
<b>CLOSING BALANCE</b>	<b>1,616</b>	<b>1,393</b>	<b>1,616</b>	<b>1,508</b>

## Consolidated Statement of Cash Flows

MSEK	3 months Oct-Dec 2019/20	3 months Oct-Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	Moving 12 months Jan-Dec 2019	Financial year 2018/19
<b>Operating activities</b>						
Profit after financial items	129	114	334	301	464	431
Adjustments for taxes paid, items not included in cash flow, etc.	-8	2	45	19	37	11
<b>Cash flow from operating activities before changes in working capital</b>	<b>121</b>	<b>116</b>	<b>379</b>	<b>320</b>	<b>501</b>	<b>442</b>
<b>Cash flow from changes in working capital</b>						
Increase (-)/Decrease (+) in inventories	3	10	-13	-35	-3	-25
Increase (-)/Decrease (+) in operating receivables	64	9	84	-4	52	-36
Increase (+)/Decrease (-) in operating liabilities	-10	45	-81	26	-26	81
<b>Cash flow from operating activities</b>	<b>178</b>	<b>180</b>	<b>369</b>	<b>307</b>	<b>524</b>	<b>462</b>
<b>Investing activities</b>						
Investment in businesses	-98	-5	-284	-30	-395	-141
Investments in/disposals of other non-current assets, net	-28	-17	-72	-42	-103	-73
<b>Cash flow from investing activities</b>	<b>-126</b>	<b>-22</b>	<b>-356</b>	<b>-72</b>	<b>-498</b>	<b>-214</b>
<b>Financing activities</b>						
Dividends, redemption of options & repurchase of own shares/options	-8	-148	-186	-151	-173	-138
Financing activities	-32	-7	172	-99	166	-105
<b>Cash flow from financing activities</b>	<b>-40</b>	<b>-155</b>	<b>-14</b>	<b>-250</b>	<b>-7</b>	<b>-243</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>12</b>	<b>3</b>	<b>-1</b>	<b>-15</b>	<b>19</b>	<b>5</b>
Cash and cash equivalents at the beginning of the period	126	116	139	134	119	134
Cash and cash equivalents at the end of the period	138	119	138	119	138	139

\* IFRS 16 Leases affects the cash flows from operating activities which increases with MSEK 21 and cashflow from financing activities which decreases with MSEK 21 during the third quarter 2019/20. For the nine-month period the effect on operating activities an increase of MSEK 64 and for financial activities a decrease of MSEK 64.

## 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 Dec 2019	31 Mar 2019
Assets measured at fair value	-	-
Assets measured at amortised cost	745	782
<b>TOTAL ASSETS, FINANCIAL INSTRUMENTS</b>	<b>745</b>	<b>782</b>
Liabilities measured at fair value	98	129
Liabilities measured at amortised cost	1,580	1,399
<b>TOTAL LIABILITIES, FINANCIAL INSTRUMENTS</b>	<b>1,678</b>	<b>1,528</b>
	9 months Apr – Dec 2019/20	Financial year 2018/19
Change in contingent consideration		
Opening balance	129	153
Liabilities settled during the year	-40	-19
Remeasurement of liabilities during the year	-12	-4
Year's liabilities from acquisitions during the year	21	-
Exchange difference	-	-1
<b>Carrying amount at end of the period</b>	<b>98</b>	<b>129</b>

## Parent Company Balance Sheet – condensed

MSEK	31 Dec 2019	31 Dec 2018	31 Mar 2019
<b>ASSETS</b>			
Property, plant and equipment	1	1	1
Financial assets	2,597	2,419	2,573
Current receivables	644	549	553
Cash and bank balances	-	-	-
<b>TOTAL ASSETS</b>	<b>3,242</b>	<b>2,969</b>	<b>3,127</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,592	1,539	1,564
Untaxed reserves	-	-	-
Non-current liabilities	720	920	920
Current liabilities	930	510	643
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,242</b>	<b>2,969</b>	<b>3,127</b>

Reclassifications have occurred between non-current and current liabilities as of 31 December 2019, comparable periods have been restated.

## Parent Company Income Statement – condensed

MSEK	3 months Oct-Dec 2019/20	3 months Oct-Dec 2018/19	9 months Apr-Dec 2019/20	9 months Apr-Dec 2018/19	Moving 12 months Jan-Dec 2019	Financial year 2018/19
Net revenue	9	9	27	27	36	36
Administrative expenses	-20	-20	-52	-56	-68	-72
Other operating income and operating expenses	0	0	0	0	0	-
<b>OPERATING PROFIT/LOSS</b>	<b>-11</b>	<b>-11</b>	<b>-25</b>	<b>-29</b>	<b>-32</b>	<b>-36</b>
Financial income	13	2	381	344	421	384
Financial expenses	-3	-3	-12	-12	-16	-16
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-1</b>	<b>-12</b>	<b>344</b>	<b>303</b>	<b>373</b>	<b>332</b>
Appropriations	0	0	0	0	0	-
Taxes	2	2	6	7	0	1
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>1</b>	<b>-10</b>	<b>350</b>	<b>310</b>	<b>373</b>	<b>333</b>

## Key ratios

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

	Moving 12 months, Jan- Dec 2019	Financial year			
		2018/19	2017/18	2016/17	2015/16
Revenue	4,146	3,932	3,410	3,096	3,057
Change in revenue, %	8.9	15.2	10.1	1.3	7.0
Operating profit (EBITA)	567	519	436	409	355
Operating margin (EBITA), %	13.7	13.2	12.8	13.2	11.6
EBIT	487	451	378	361	315
EBIT margin, %	11.7	11.5	11.1	11.7	10.3
Profit after financial items	465	431	358	351	307
Profit margin, %	11.2	10.7	10.5	11.3	10.0
Profit after taxes	369	342	286	274	241
Equity ratio, %*	38	39	36	41	40
Return on working capital (P/WC), %	56	54	52	58	58
Return on capital employed, %	17	18	17	20	21
Return on equity, %	25	24	23	25	25
Net debt (+) /receivables (-), MSEK **	1,409	1,004	1,102	628	606
Net debt/equity ratio, times	0.9	0.7	0.9	0.6	0.6
Operational net debt (+)/receivables (-), MSEK	1,166	928	1,035	565	551
Operational net debt/equity ratio, times	0.7	0.6	0.8	0.5	0.5
Interest coverage ratio times *	15	16	14	22	20
Number of employees at end of period	1,538	1,450	1,387	1,247	1,230
Revenue outside Sweden, MSEK	2,680	2,491	2,151	1,940	1,991

\* The equity ratio and interest coverage ratio includes the IFRS 16 effect from 1 April 2019 and it impacted the equity ratio negatively by 1 percentage point.

The interest coverage ratio excluding IFRS 16 amounts to 16 times.

\*\* Net debt and net debt/equity ratio includes pensions. The IFRS effect is included from 1 April 2019.

## 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.

	Moving 12 months, Jan- Dec 2019	Financial year			
		2018/19	2017/18	2016/17	2015/16
Number of shares at end of period after repurchases ('000)	67,726	67,687	67,656	67,985	67,844
Weighted number of shares after repurchases, ('000)	67,707	67,682	67,868	67,941	67,889
Weighted number of shares after repurchases & dilution ('000)	67,809	67,682	67,924	68,097	68,121
Earnings per share, SEK	5.45	5.05	4.21	4.03	3.55
Earnings per share after dilution, SEK	5.44	5.05	4.21	4.02	3.54
Cash flow from operations per share after dilution, SEK *	7.73	6.83	4.14	5.51	3.77
Equity per share, SEK	23.86	22.28	19.26	17.61	15.22
Latest price paid per share, SEK	146.40	100.00	83.50	87.00	77.50

\*Includes IFRS 16 from 1 April 2019. The effect of IFRS 16 was positive by SEK 0.97 per share.

## 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 adjusted for dilution.

### Cash flow from operating activities per share

Cash flow from operating activities in relation to the weighted average number of shares outstanding after repurchases and adjusted for dilution.

### Net debt/receivables

Interest-bearing provisions and liabilities including pension liabilities and including IFRS 16, less cash and cash equivalents and investments in securities.

### Net debt/equity ratio

Interest-bearing provisions and liabilities including pension liabilities and including IFRS 16, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

### Operational net debt/receivables

Interest-bearing provisions and liabilities, excluding pensions and excluding IFRS 16, less cash and cash equivalents and investments in securities.

### Operational net debt/equity ratio

Interest-bearing provisions and liabilities excluding pensions and excluding IFRS 16, 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

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### Reporting dates:

13 May 2020 Year-end Report for the period 1 April 2019–31 March 2020  
 17 July 2020 Quarterly Report Q1 for the period 1 April–30 June 2020  
 25 August 2019 Annual General Meeting for the 2020/21 financial year.

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