

Interim Report 2011/12 Q3

1 April–31 December 2011 (9 months)

- Net revenue for the first nine months of the year increased by 13 percent to MSEK 1,663 (1,478).
- Operating profit increased by 29 percent to MSEK 132 (102). The operating margin was 7.9 percent (6.9).
- Profit after finance items increased to MSEK 123 (98). The outcome means the up to now highest profit for the most recent twelve-month period – MSEK 162.
- Profit after taxes increased by 25 percent to MSEK 91 (73), equivalent to earnings per share of SEK 4.10 (3.32). For the most recent twelve-month period, earnings per share after dilution amounted to SEK 5.36.
- Cash flow from operating activities increased to MSEK 102 (77).
- The return on equity was 21 percent (17) for the most recent twelve-month period and the equity ratio stood at 45 percent (44) at the end of the period.
- An election committee has been appointed in accordance with the resolution of the 2011 Annual General Meeting.

1 October–31 December 2011 (third quarter)

- Net revenue for the third quarter increased by 7 percent to MSEK 569 (530).
- Operating profit increased by 2 percent to MSEK 42 (41). The operating margin was 7.4 percent (7.7).
- The company Vendig AB has been acquired and is included beginning with November.

Net revenue and profit

Lagercrantz Group's net revenue for the first nine months of the 2011/12 financial year (1 April–31 December 2011) grew by 13 percent to MSEK 1,663 (1,478). Acquired entities contributed MSEK 104 to the period's revenue compared to the previous year, with organic growth accounting for 5 percent thereof.

The overall market trend was positive during the nine-month period.

Revenue grew during the third quarter (1 October–31 December 2011) by 7 percent, to MSEK 569 (530). Acquired entities contributed MSEK 20 to the period's revenue compared to the previous year, with organic growth accounting for 4 percent thereof.

Operating profit for the first nine months of the year increased to MSEK 132 (102) and the operating margin was 7.9 percent (6.9). Third quarter operating profit amounted to MSEK 42 (41). Foreign exchange effects on operating profit amounted to MSEK –3 (–4) during 9 months and to MSEK –1 (–1) during the third quarter. Profit during the quarter was affected by the lower overall growth of market demand, and by inferior performance this year by some units in division Communications.

Profit after finance items for the first nine months of the year amounted to MSEK 123 (98) and to MSEK 39, (38) during the third quarter. Net financial items were affected by foreign exchange effects in an amount of MSEK 1 (3) during nine months and by MSEK 0 (0) during the third quarter. Profit after finance items on a moving 12-month basis thus amounted to MSEK 162, which is the highest profit up to date.

Profit after taxes for the first nine months of the financial year amounted to MSEK 91 (73), equivalent to earnings per share of SEK 4.10 (3.32). Earnings per share, after dilution, for the most recent 12-month period amounted to SEK 5.36, as against SEK 4.61 for the 2010/11 financial year.

Profitability and financial position

The return on capital employed for the most recent 12-month period was 21 percent, as against 18 percent for the corresponding period one year ago. The corresponding figures for return on equity were 21 and 17 percent, respectively.

Equity per share amounted to SEK 26.70, compared to SEK 24.60 at the beginning of the financial year, and was

affected not only by profit, but also by foreign currency translation effects and dividends paid.

Working capital was affected by the acquisition during the third quarter in an amount of MSEK 4.

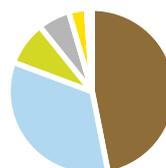
The equity ratio was 45 percent compared to 42 percent at the beginning of the financial year. At the end of the period the net financial liability amounted to MSEK 211, including a pension liability in the amount of MSEK 51, compared to MSEK 243, including a pension liability of MSEK 49 at the beginning of the period. The Group's net debt equity ratio was 0.4.

Cash flow and capital expenditures

Cash flow from operating activities amounted to MSEK 102 (77) during the first nine months of the financial year and to MSEK 56 (91) during the third quarter. Capital expenditures in non-current assets amounted to MSEK 15 gross (13) and acquisitions affected cash flow by MSEK –26 (–222) during the nine-month period. No shares were repurchased during the nine-month period. Instead, shares held in treasury were sold for MSEK 8 during the third quarter in conjunction with redemption of options.

Distribution of revenue

Revenue by country
9 months 2011/12 (2010/11)



- Sweden 47% (47)
- Denmark 34% (33)
- Norway 9% (7)
- Finland 6% (7)
- Germany 3% (5)
- Other 1% (1)

Revenue by business type
9 months 2011/12 (2010/11)



- Trading 50% (51)
- Proprietary products 26% (26)
- Niche production 15% (13)
- System integration 6% (7)
- Service 3% (3)
- Other 1% (0)

Divisions

MSEK	Net revenue					Operating result				
	Q 3 2011/12	Q 3 2010/11	9 months 2011/12	9 months 2010/11	12 months 2010/11	Q 3 2011/12	Q 3 2010/11	9 months 2011/12	9 months 2010/11	12 months 2010/11
Electronics	147	149	448	420	586	9	8	29	19	30
<i>Operating margin</i>	-	-				6.1%	5.4%	6.5%	4.5%	5.1%
Mechatronics	234	188	679	558	740	28	19	86	57	77
<i>Operating margin</i>	-	-				12.0%	10.1%	12.7%	10.2%	10.4%
Communications	188	193	536	500	703	10	16	30	36	53
<i>Operating margin</i>	-	-				5.3%	8.3%	5.6%	7.2%	7.5%
Parent company/Consolidation items	-	-	-	-	-	-5	-2	-13	-10	-13
Group total	569	530	1,663	1,478	2,029	42	41	132	102	147
<i>Operating margin</i>						7.4%	7.7%	7.9%	6.9%	7.2%
Financial items						-3	-3	-9	-4	-10
PROFIT BEFORE TAXES						39	38	123	98	137

Net revenue and profit by division – third quarter

Electronics

Net revenue for the third quarter amounted to MSEK 147 (149). The stable trend of sales continued in the Nordic markets during the third quarter, while the businesses in Germany recorded a downturn compared to the year before.

Operating profit for the third quarter amounted to MSEK 9 (8), equivalent to an operating margin of 6.1 percent (5.4). The businesses in Denmark, Sweden and Norway performed particularly well, in large part a positive response to increased emphasis on adding value.

Mechatronics

Net revenue for the third quarter amounted to MSEK 234 (188). MSEK 20 of the increase in revenue comes from acquisitions, which means that organic growth was just short of 14 percent for comparable units.

Operating profit for the third quarter amounted to MSEK 28 (19), equivalent to an operating margin of 12.0 percent (10.1). Acquired businesses as well as improvements in comparable units are behind the earnings improvement.

Swedish company Vendig AB, a developer and marketer of components for conveyors in the bulk handling industry in Sweden and most of Europe. The company generates revenue of approximately MSEK 30 on an annual basis, with good profitability.

Communications

Net revenue for the third quarter amounted to MSEK 188 MSEK (193). Market demand was stable during the nine-month period, but a weakening trend was noted in some entities during the third quarter.

Operating profit declined to MSEK 10 (16). The drop is attributable to a few specific units that experienced a weaker market than during the preceding year. Restructuring measures have been taken in these companies.

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 21 (19) and profit after net finance items was MSEK 148 (17). This result includes exchange rate adjustments on intra-Group lending in the amount of MSEK -1 (-2). Dividends from subsidiaries amounted to MSEK 168 (32). Investments in non-current assets were made in a net amount of MSEK 0 (0). Of the Parent Company's committed credit facility of MSEK 500, MSEK 195 was utilized, compared to MSEK 175 at the beginning of the financial year. A previous acquisition loan in the amount of MSEK 75 was also repaid in full during the period. The Parent Company held liquid funds in the amount of MSEK 0 compared to MSEK 0 at the beginning of the financial year.

Employees

At the end of the period the number of employees in the Group was 747, which can be compared to 738 at the beginning of the third quarter. The increase is the result acquired businesses.

Share capital

The share capital at the end of the period amounted to MSEK 49. The quotient value per share is SEK 2.11. The distribution on classes of shares is as follows:

Classes of shares

Class A shares	1,094,654
Class B shares	22,078,655
Repurchased B shares	-756,300
Total	22,417,009

At the end of the period Lagercrantz owned 756,300 Class B shares, equivalent to 3.3 percent of the number of shares outstanding and 2.3 percent of the votes in Lagercrantz. The average acquisition cost of the repurchased shares amounts to SEK 25.57 per share. Shares held in treasury cover, inter alia, the Company's obligation under outstanding option programmes, where a total of 644,300 options have been acquired by members of senior management (awards 2009, 2010 and 2011) and which still are outstanding, with a strike price of SEK 29.70, SEK 41.00 and SEK 57.20, respectively. During the period 180,000 options were acquired by members of senior management in the Group, with a strike price of SEK 57.20 per call option.

The entire incentive programme based on options on repurchased Class B shares acquired by members of senior management in the Group during 2008, and parts of the 2009 programme, were redeemed during the third quarter. In connection with the exercise of the options, a total of 220,700 of the repurchased Class B shares were sold for a total of MSEK 8.

Related party disclosures

Transactions between Lagercrantz and related parties that have had a significant impact on the Group's financial position and profit have not occurred.

Acquisition

Swedish company, Vendig AB, was acquired during the third quarter. Vendig develops, manufactures and markets belt scrapers and other components for conveyors. The main customers are industrial companies that handle bulk raw materials and products, and rock and gravel pit operators in

Sweden. Sales are via resellers in Europe. Vendig generates annual revenue of approximately MSEK 30 with good profitability during 2010/11.

Vendig is consolidated from 1 November 2011. The company is included in division Mechatronics.

Accounting policies

The Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for legal entities. For the Group and the Parent Company the same accounting policies and calculation methods have been applied as in the most recent Annual Report.

PRI Pensionsgaranti [a provider of credit insurance and administrative services for occupational pension provisions] has decided to update its life expectancy assumptions, which affects companies with a pension liability in accordance with ITP 2 [a pension agreement for private-sector salaried employees] under own management. Lagercrantz Group's assumptions are based on the Swedish Financial Supervisory Authority's regulations on life expectancy assumptions in the calculation of pension liability according to IAS 19 and are not affected by PRI's decision. The Parent Company, on the other hand, applies the Swedish Pension Obligations Vesting Act when calculating defined benefit pension plans. The Parent Company's pension liability rose by MSEK 1 compared to the year before as a result of amended life expectancy assumptions.

Committee for election of directors

The Annual General Meeting held 30 August 2011 commissioned the Chairman of the Board of Directors to contact the major shareholders by vote as of 31 December 2011 to appoint members, who together with the Chairman of the Board of Directors will constitute an election committee. The Election Committee shall consist of five members. In accordance herewith the following persons were appointed to be members of the Election Committee preceding the 2012 Annual General Meeting: Anders Börjesson (Chairman of the Board of Directors), Tom Hedelius, Erik Sjöström (representing Skandia Liv), Tomas Ramsälv (representing Odin funds) and Bengt Belfrage (representing Nordea funds). Suggestions by shareholders to the Election Committee should be addressed to the Company for forwarding, or be e-mailed to

valberedningen@lagercrantz.com. More information is available at www.lagercrantz.com.

Events after the end of the period

No events of significance for the Company have occurred after the balance sheet date of 31 December 2011.

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. Government debt problems and political uncertainty are the most obvious uncertainty factors for Lagercrantz. The full real economic effects of this uncertainty remain unclear and the Group adopted a cautious stance, vigilantly follows changes in the world around us. In other respects reference is made to the 2010/2011 Annual Report. The Parent Company is affected by the above mentioned risks and uncertainty factors by virtue of its function as owner of its subsidiaries.

Stockholm, 8 February 2012

Jörgen Wigh
President, CEO and Director

This report has not been subject to review by the Company's auditor. This information is published in accordance with the Swedish Securities Market on Trading in Financial Instruments, or the body of regulations at NASDAQ OMX Stockholm. The information was submitted for publication on 8 February 2012 at 12.45 CET.

Segment information per quarter

NET REVENUE	2011/12				2010/11		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
MSEK							
Electronics	147	152	149	166	149	138	133
Mechatronics	234	218	227	182	188	199	171
Communications	188	169	179	203	193	157	150
Parent company/Consolidation items	-	-	-	-	-	-	-
GROUP TOTAL	569	539	555	551	530	494	454
OPERATING PROFIT							
	2011/12				2010/11		
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Electronics	9	10	10	11	8	5	6
Mechatronics	28	29	29	20	19	23	15
Communications	10	11	9	17	16	11	9
Parent company/Consolidation items	-5	-5	-3	-3	-2	-4	-4
GROUP TOTAL	42	45	45	45	41	35	26

Consolidated income statement

MSEK	3 months	3 months	9 months	9 months	Moving 12	Financial
	Oct-Dec	Oct-Dec	Apr-Dec	Apr-Dec	months	year
	2011/12	2010/11	2011/12	2010/11	Jan-Dec	Apr-Mar
	2011/12	2010/11	2011/12	2010/11	2011	2010/11
Net revenue	569	530	1,663	1,478	2,214	2,029
Cost of goods sold	-403	-378	-1,182	-1,061	-1,582	-1,461
GROSS PROFIT	166	152	481	417	632	568
Selling costs	-85	-74	-237	-206	-311	-280
Administrative expenses	-35	-34	-99	-98	-130	-129
Research and development expenses	-6	-4	-15	-12	-20	-17
Other operating income and operating expenses	2	1	2	1	6	5
OPERATING PROFIT	42	41	132	102	177	147
<i>(of which depreciation)</i>	<i>(-9)</i>	<i>(-7)</i>	<i>(-25)</i>	<i>(-21)</i>	<i>(-33)</i>	<i>(-29)</i>
Net finance items	-3	-3	-9	-4	-15	-10
PROFIT AFTER FINANCE ITEMS	39	38	123	98	162	137
Taxes	-11	-10	-32	-25	-42	-35
NET PROFIT FOR THE PERIOD	28	28	91	73	120	102
Earnings per share, SEK	1.26	1.27	4.10	3.32	5.40	4.63
Earnings per share after dilution, SEK	1.25	1.26	4.07	3.31	5.36	4.61
Average number of shares after repurchases ('000)	22,261	22,035	22,218	21,978	22,213	22,046
Weighted number of shares after repurchases & dilution ('000)	22,349	22,156	22,367	22,025	22,369	22,133
Number of shares after period's repurchases ('000)	22,417	22,196	22,417	22,196	22,417	22,196

In view of the strike price on outstanding call options during the period (SEK SEK 29.70, SEK 41.00 and SEK 57.20) and the average market price of the share (SEK 54.30) during the most recent 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.7 percent during the most recent 12-month period. For the nine-month period and the most recent quarter there was a dilutive effect of 0.7 percent and 0.4 percent, respectively, as the average market price (SEK 54.10 and SEK 44.50, respectively) was higher than the strike price for outstanding programmes.

Consolidated statement of recognised income and expense

MSEK	3 months	3 months	9 months	9 months	Moving 12	Financial
	Oct-Dec	Oct-Dec	Apr-Dec	Apr-Dec	months	year
	2011/12	2010/11	2011/12	2010/11	Jan-Dec	Apr-Mar
	2011/12	2010/11	2011/12	2010/11	2011	2010/11
Net profit for the period	28	28	91	73	120	102
Other total profit						
Change in fair value of hedging reserve	0	0	0	0	1	1
Change in translation reserve	-9	-3	4	-23	-2	-29
RECOGNISED RESULT FOR THE PERIOD	19	25	95	50	119	74

Statement of consolidated financial position

MSEK	2011-12-31	2010-12-31	2011-03-31
ASSETS			
Goodwill	342	300	320
Other intangible non-current assets	185	177	185
Tangible non-current assets	88	65	91
Financial non-current assets	17	20	11
Inventories	228	229	223
Short-term receivables	416	348	398
Cash and cash equivalents	46	55	56
TOTAL ASSETS	1,322	1,194	1,284
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	598	521	545
Long-term liabilities	114	179	186
Current liabilities	610	494	553
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,322	1,194	1,284
Interest-bearing assets	46	55	56
Interest-bearing liabilities	257	273	299

Consolidated cash flow statement

MSEK	3 months Oct-Dec 2011/12	3 months Oct-Dec 2010/11	9 months Apr-Dec 2011/12	9 months Apr-Dec 2010/11	Moving 12 months Jan-Dec 2011	Financial year Apr-Mar 2010/11
Operating activities						
Result after finance items	39	38	123	98	162	137
Adjustment for paid taxes, items not included in cash flow, etc.	6	6	8	8	11	11
Cash flow from operating activities before changes in working capital	45	44	131	106	173	148
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in inventories	11	-8	-1	-26	17	-8
Increase (-)/Decrease (+) in operating receivables	13	61	-21	0	-69	-48
Increase (+)/Decrease (-) in operating liabilities	-13	-6	-7	-3	22	26
Cash flow from operating activities	56	91	102	77	143	118
Investing activities						
Investments in businesses	-26	-22	-26	-222	-82	-278
Investment in/disposals of other non-current assets, net	-7	-6	-15	-12	-22	-19
Cash flow from investing activities	-33	-28	-41	-234	-104	-297
Financing activities						
Dividend & repurchase of own shares	8	0	-42	-33	-42	-33
Financing activities	-21	-49	-30	213	-4	239
Cash flow from financing activities	-13	-49	-72	180	-46	206
CASH FLOW FOR THE PERIOD						
	10	14	-11	23	-7	27
Cash and cash equivalents at the beginning of the period	35	41	56	29	55	29
Exchange rate differences in cash and cash equivalents	1	0	1	3	-2	0
Cash and cash equivalents at the end of the period	46	55	46	55	46	56

Consolidated statement of changes in equity

MSEK	9 months Apr-Dec 2011/12	9 months Apr-Dec 2010/11	Financial year Apr-Mar 2010/11
Opening balance	545	494	494
Dividend	-50	-33	-33
Exercise of options on repurchased shares	8	10	10
Recognised result for the period	95	50	74
Closing balance	598	521	545

Key financial indicators

	Moving 12 months			Financial year	
	Jan-Dec 2010/11	2010/11	2009/10	2008/09	2007/08
Revenue	2,214	2,029	1,720	2,138	2,172
Change in revenue, %	16	18	-20	-2	10
Profit after taxes	120	102	42	68	91
Operating margin, %	8.0	7.2	3.9	4.9	6.0
Profit margin, %	7.3	6.8	3.4	4.4	5.6
Equity ratio, %	45	42	56	49	44
Return on capital employed, %	21	21	11	17	21
Return on equity, %	21	20	8	14	21
Debt equity ratio	0.4	0.5	0.1	0.3	0.4
Net debt equity ratio	0.4	0.4	0.1	0.2	0.2
Times interest earned	11	12	6	7	9
Net interest-bearing liabilities (+)/receivables (-), MSEK	211	243	38	78	93
Number of employees at end of period	747	731	608	742	763
Revenue outside Sweden, MSEK	1,481	1,355	1,155	1,486	1,496

Per-share data

	Moving 12 months			Financial year	
	Jan-Dec 2010/11	2010/11	2009/10	2008/09	2007/08
Number of shares outstanding end of period after repurchases ('000)	22,417	22,196	21,978	21,978	22,478
Weighted number of shares outstanding after repurchases ('000)	22,213	22,046	21,978	22,287	23,212
Weighted number of shares outstanding after repurchases & dilution ('000)	22,369	22,133	21,978	22,287	23,212
Operating profit per share after dilution, SEK	7.91	6.64	3.05	4.71	5.64
Earnings per share, SEK	5.40	4.63	1.91	3.05	3.92
Earnings per share after dilution, SEK	5.36	4.61	1.91	3.05	3.92
Cash flow from operations per share after dilution, SEK	6.39	5.33	3.96	6.15	5.17
Cash flow per share after dilution, SEK	-0.31	1.22	-1.37	-0.76	-0.60
Equity per share, SEK	26.70	24.60	22.50	23.60	20.40
Latest market price per share, SEK	42.80	61.75	31.50	23.50	28.80

Definitions will be found in the 2010/11 Annual Report.

Parent company income statement

MSEK	3 months Oct-Dec 2011/12	3 months Oct-Dec 2010/11	9 months Apr-Dec 2011/12	9 months Apr-Dec 2010/11	Moving 12 months Jan-Dec 2011	Financial year Apr-Mar 2010/11
Net revenue	7	7	21	19	27	25
Administrative expenses	-10	-10	-33	-27	-41	-35
Other operating income and operating expense	0	0	0	0	0	0
OPERATING RESULT	-3	-3	-12	-8	-14	-10
Financial income	-1	2	171	34	172	35
Financial expense	-4	-5	-11	-9	-19	-17
PROFIT AFTER FINANCE ITEMS	-8	-6	148	17	139	8
Change untaxed reserves	0	0	0	0	1	1
Taxes	2	2	5	4	5	4
NET PROFIT FOR THE PERIOD	-6	-4	153	21	145	13
Other in recognised result	-	-	-	-	-	-
RECOGNISED RESULT FOR THE PERIOD	-6	-4	153	21	145	13

Parent company balance sheet

MSEK	2011-12-31	2010-12-31	2011-03-31
ASSETS			
Tangible non-current assets	0	0	0
Financial non-current assets	940	839	870
Short-term receivables	36	10	35
Cash and cash equivalents	0	0	0
TOTAL ASSETS	976	849	905
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	604	482	493
Untaxed reserves	2	2	2
Long-term liabilities	22	97	97
Current liabilities	348	268	313
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	976	849	905

Reporting schedule

3 May 2011	Year-end report for the financial year 1 April 2011–31 March 2012
June 2012	2011/12 Annual report
19 July 2012	Quarterly report Q1 for the period 1 April 2012–30 June 2012
28 August 2012	Annual General Meeting for 2011/12 financial year

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