



Interim Report 2015/16 Q1

1 April – 30 June 2015

- Net revenue increased by 16 percent to MSEK 788 (677).
- The sales mix continued to shift towards a larger proportion of proprietary products, which now represent more than 40 percent of consolidated revenue, compared to just over 30 percent in the same period of the previous year.
- Operating profit increased by 23 percent to MSEK 79 (64), equivalent to an operating margin of 10.0 percent (9.5).
- Profit after financial items increased by 25 percent to MSEK 76 (61).
- Profit after taxes increased by 23 percent to MSEK 58 (47).
- Earnings per share after dilution amounted to SEK 2.55 for the quarter (2.07) and to SEK 9.46 for the moving 12-month period, compared to SEK 8.96 for the 2014/15 financial year.
- The return on equity was 23 percent (23). The equity ratio at the end of the period was 41 percent compared to 44 percent at the beginning of the quarter.
- The Annual General Meeting will be held on 25 August 2015 at 4 p.m. at IVA's Conference Centre in Stockholm.
- The Board of Directors intends to propose resolutions in the notice convening the Annual General Meeting, inter alia, on a 3:1 split and an increase in the dividend to SEK 4.50 (4.00) per share.



NET REVENUE AND PROFIT

Quarter 1 (April – June 2015)

Consolidated net revenue for the first quarter of the financial year increased by 16 percent to MSEK 788 (677). Sales continued to show a generally positive development in Sweden and Denmark. However, we continued to note a weak performance in the Norwegian and Finnish markets.

Sales to manufacturing industry developed well, and to the marine sector. Acquired businesses made a contribution of MSEK 98. Organic growth, measured in local currency, was 0 percent. Excluding lower distribution volume of software, organic growth was 6 percent.

Operating profit for the quarter increased by 23 percent to MSEK 79 (64). Operating margin increased to 10.0 percent (9.5). Currency effects on operating profit amounted to MSEK 2 (2) during the quarter. The earnings improvement was primarily explained by acquired units and a good development in the Mechatronics division as well as a strong performance in the marine sector and an increase in value-adding electronics distribution. The sales mix continued to shift towards a larger proportion of proprietary products, where the margins are higher. For the first time, proprietary products accounted for a larger proportion of consolidated sales than value-adding distribution, equivalent to 41 percent of sales.

Profit after net financial items increased by 25 percent to MSEK 76 (61). Net financial items were impacted by currency effects of MSEK 0 (0).

Profit after taxes during the period increased by 23 percent to MSEK 58 (47), equivalent to earnings per share after dilution of SEK 2.55 (2.07). Earnings per share after dilution for the most recent 12-month period amounted to SEK 9.46, compared to SEK 8.96 for the 2014/15 financial year.

PROFITABILITY AND FINANCIAL POSITION

Consolidated operating profit before amortisation of intangible assets (EBITA) during the first quarter of the financial year 2015/16, was MSEK 90 (69), equivalent to an EBITA margin of 11.4 percent (10.2).

The return on equity for the most recent 12-month period amounted to 23 percent (23) and the return on capital employed was 20 percent (23).

The Group's metric for return on working capital (P/ WC) was 55 percent (54).

Equity per share totalled SEK 42.63 at the end of the period, compared to SEK 40.59 at the beginning of the financial year. Aside from profit, this metric was also affected by currency-related translation effects and redemption of options.

The equity ratio was 41 percent compared to 44 percent at the beginning of the financial year.

At the end of the period, the financial net indebtedness amounted to MSEK 445, not including the pension liability, compared to MSEK 302 at the beginning of the year. The increase was primarily attributable to acquisition of businesses. The net debt/equity ratio, excluding provisions for pensions, amounted to 0.5 (0.3). The pension liability amounted to MSEK 67 as of 30 June 2015, compared to MSEK 55 at the end of the year-earlier period.

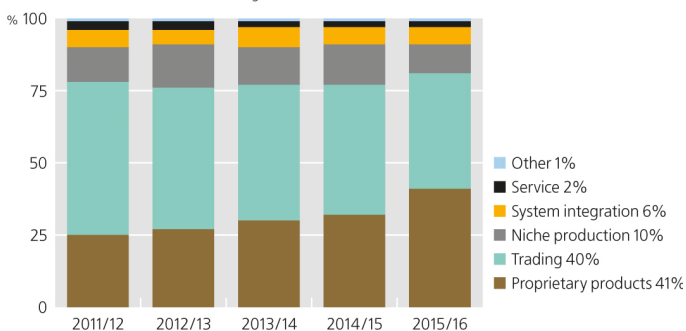
CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the most recent 12-month period amounted to MSEK 243 (241) and MSEK 32 (57) during the first quarter. Gross investments in non-current assets amounted to MSEK 18 (9) during the first quarter.

No shares were repurchased during the first quarter. However, 68,650 repurchased own Class B shares were sold in connection with redemption of options for MSEK 5 (3) in total. In addition, outstanding options were repurchased for a total of MSEK 4 (2). During the quarter, MSEK 7 (10) was paid in contingent consideration for previous acquisitions.

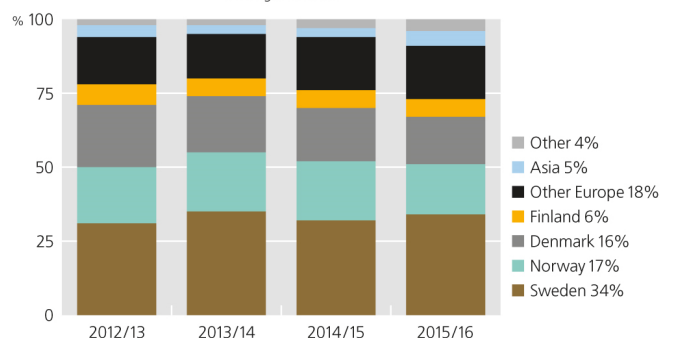
Revenue by business type

Moving 12 months



Revenue by geographic market

Moving 12 months



Divisions

	Net revenue			Operating profit		
	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	12 months Apr-Mar 2014/15	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	12 months Apr-Mar 2014/15
MSEK						
Electronics	213	184	803	20	13	66
<i>Operating margin</i>				9.4%	7.1%	8.2%
Mechatronics	281	216	815	43	35	120
<i>Operating margin</i>				15.3%	16.2%	14.7%
Communications	181	187	839	6	10	53
<i>Operating margin</i>				3.3%	5.3%	6.3%
Niche Products	113	90	389	17	10	61
<i>Operating margin</i>				15.0%	11.1%	15.7%
Parent Company/consolidation items	-	-	-	-7	-4	-24
GROUP TOTAL	788	677	2,846	79	64	276
<i>Operating margin</i>				10.0%	9.5%	9.7%
Financial items				-3	-3	-11
PROFIT BEFORE TAXES				76	61	265

NET REVENUE AND PROFIT BY DIVISION, FIRST QUARTER

Electronics

Net revenue for the first quarter increased by 16 percent to MSEK 213 (184). The operations in Denmark and Finland displayed a strong performance, especially within value-adding electronics distribution, while the development in the Norwegian businesses was weaker.

Operating profit increased by 54 percent to MSEK 20 (13), equivalent to an operating margin of 9.4 percent (7.1). The largest increases were in electronics distribution in Denmark and in the marine sector, where sales of equipment continued to be strong.

Mechatronics

Net revenue for the quarter increased by 30 percent to MSEK 281 (216). The good sales trend was mainly due to acquisitions and a continued strong performance by the electricity-related product companies.

Operating profit for the quarter increased by 23 percent to MSEK 43 (35), equivalent to an operating margin of 15.3 percent (16.2). The during the quarter acquired company Cue Dee AB was the main reason for the improvement in earnings, also see under Acquisitions below. The Group's largest business, Elpress, continued to perform strongly.

The subsidiary K&K Active Oy was moved to the Mechatronics division from the Communications division as

of 1 April 2015, and will be merged with Enkom Oy.

Historical earnings data for the divisions have been adjusted accordingly.

Communications

Net revenue for the first quarter decreased by 3 percent to MSEK 181 (187). Lower distribution volume of software, equivalent to about 20 percent of the division's sales, was largely offset by the business volume acquired in control technology.

Operating profit for the quarter amounted to MSEK 6 (10), equivalent to an operating margin of 3.3 percent (5.3). The decline in profit was explained by a weaker result in parts of the digital imaging/technical security area and from the lower volume in software.

Niche Products

Net revenue for the first quarter increased by 26 percent to MSEK 113 (90). Revenue was positively impacted by acquisitions and by strong sales of packaging and dispensing solutions for the food processing industry and of spiral conveyors.

Operating profit for the quarter increased by 70 percent to MSEK 17 (10), equivalent to an operating margin of 15.0 percent (11.1). The higher profit and stronger margin were primarily due to the increased sales as described above, and to the acquired businesses.



OTHER FINANCIAL INFORMATION

Parent Company and other consolidation items

The Parent Company's net revenue for the quarter amounted to MSEK 8 (8) and profit after net financial items was MSEK 240 (214). The result includes exchange rate adjustments on intra-Group lending of MSEK 1 (2) and dividends from subsidiaries of MSEK 248 (218).

Net investments in non-current assets amounted to MSEK 0 (0).

MSEK 496 (285) of the Parent Company's total credit facility of MSEK 800 (700) was utilised at the end of the period. The Parent Company's equity ratio was 57 percent (66).

Employees

At the end of the period, the number of employees in the Group was 1,194, which can be compared to 1,139 at the beginning of the financial year.

Share capital

The share capital amounted to MSEK 48.9 at the end of the period. The quota value per share is SEK 2.11. Classes of shares are distributed as follows:

Classes of shares	
A shares	1,087,934
B shares	22,085,375
Repurchased B shares	-513,800
Total	22,659,509

At 30 June 2015, Lagercrantz Group held 513,800 own Class B shares, equivalent to 2.2 percent of the total number of shares and 1.6 percent of the votes in the Lagercrantz Group. The average cost of the repurchased shares amounts to SEK 43.17 per share. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes for repurchased shares, where a total of 462,750 options have been acquired by senior executives. This refers to allocations in 2012, 2013 and 2014 of options still outstanding. The redemption price for each respective programme is SEK 69.40, SEK 125.40, and SEK 161.80 per share.

During the first quarter, parts of the incentive programmes based on options on repurchased Class B shares acquired by senior executives in the Group during 2012 were redeemed. In conjunction with redemption of options, a total of 68,650 Class B shares were sold for a total of MSEK 5. In addition,

34,900 outstanding options were repurchased for a total of MSEK 4.

The Board of Directors, in the notice convening the Annual General Meeting 2015, intends to propose a 3:1 split, which means that the number of shares in the company will increase as each share will be split into three (3) shares. The aim is to further boost the liquidity in the company's shares, as a larger number of shares and a lower share price will facilitate trading in Lagercrantz Group's shares.

Acquisitions

During the first quarter, the operations in Cue Dee AB were acquired along with a subsidiary in China. Cue Dee primarily develops and sells brackets that meet strict requirements in terms of endurance and flexibility. The brackets are used for mounting of telecommunications and other equipment in masts, on roofs or in other exposed areas. The company also manufactures specially-adapted masts and related peripheral equipment for various applications such as wind measurement. The customers are global and are mainly found in the telecommunications sector and consist of internet providers, operators and installers. The company, including its subsidiary in China, generates annual sales of approximately MSEK 180 with good profitability. Cue Dee has been part of Lagercrantz's Mechatronics division since April 2015.

Estimated consideration for the acquired operation amounted to MSEK 274. This amount includes contingent consideration of MSEK 75, which represents 100 percent of the maximum outcome. The outcome depends on the profit achieved by the companies.

Transactions costs for the acquisition amounted to about MSEK 1 and are included in Administrative expenses in the income statement, to the extent they were incurred during the period. As a result of the acquisition during the period, goodwill in the Group increased by MSEK 120 on the balance sheet date and other intangible non-current assets, mostly related to proprietary products and customer relationships, increased by MSEK 100. Other non-current assets increased by MSEK 5. The deferred tax liability related to the acquisition amounted to MSEK 22.

The effect of the completed acquisition during the period on consolidated revenue during the first quarter was MSEK 61 and the effect on profit before taxes was MSEK 10 after acquisition costs.

The acquisition analysis below is preliminary in terms of allocation of the surplus value for Cue Dee AB:



	Book value in companies	Fair value adjustment	Fair value consolidated
Acquired net assets at time of acquisition			
Intangible non-current assets	0	100	100
Other non-current assets	3	2	5
Inventories and work in progress	10	0	10
Other short-term receivables *)	103	0	103
Interest-bearing liabilities	0	0	0
Other liabilities	-42	-22	-64
Net of identified assets/liabilities	74	80	154
Goodwill	-	-	120
Estimated Purchase price	-	-	274

*) of which, cash and cash equivalents MSEK 59

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, the Swedish Securities Markets Act and the provisions of RFR 2, Accounting for Legal Entities.

The same accounting policies have been applied as in the Annual Report for 2014/15.

Related-party transactions

Transactions between Lagercrantz and closely related parties with a significant impact on the company's financial position and results have not occurred.

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 Group has adopted a cautious attitude and follows external changes diligently. For additional information, please refer to the 2014/15 Annual Report. The Parent Company is impacted by the above-mentioned risks and uncertainty factors through its capacity as the owner of subsidiaries.

Post-balance sheet events

No significant events for the company have occurred after the balance sheet date on 30 June 2015.

Annual General Meeting 2015

The 2015 Annual General Meeting will be held on 25 August 2015, at 4 p.m. at IVA's Conference Centre, Grev Turegatan 16, in Stockholm. The notice convening the Annual General Meeting will be published on 21 July 2015

The Board of Directors in the convening notice intends to propose a 3:1 split of the company's shares, in accordance with what is otherwise stated in this report, an increase in the dividend to SEK 4.50 (4.00) per share, and an extended incentive programme in the form of call options on repurchased shares to senior executives. The Annual Report was published on 2 July 2015.

All shareholders whose names are recorded in the share register five days before the Annual General Meeting can participate in person, or by proxy. Notice of participation must be given to the company in accordance with the convening notice.

Stockholm, 17 July 2015

Jörgen Wigh
President and CEO

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

Segment information by quarter

The subsidiary K&K Active Oy was moved to the Mechatronics division from the Communications division as of 1 April 2015. Historical earnings data for the divisions have been adjusted accordingly.

Net revenue	2015/16		2014/15		
	Q1	Q4	Q3	Q2	Q1
MSEK					
Electronics	213	226	204	189	184
Mechatronics	281	210	187	202	216
Communications	181	217	253	182	187
Niche Products	113	131	89	79	90
Parent Company/consolidation items	-	-	-	-	-
GROUP TOTAL	788	784	733	652	677

Operating profit	2015/16		2014/15		
	Q1	Q4	Q3	Q2	Q1
MSEK					
Electronics	20	19	19	15	13
Mechatronics	43	30	26	29	35
Communications	6	10	20	13	10
Niche Products	17	28	13	10	10
Parent Company/consolidation items	-7	-9	-7	-4	-4
GROUP TOTAL	79	78	71	63	64

Consolidated Income Statement

MSEK	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	Moving 12 months, Jul-Jun 2014/15	Financial year 2014/15
Net sales	788	677	2,957	2,846
Cost of goods sold	-520	-459	-1,993	-1,932
GROSS PROFIT	268	218	964	914
Selling expenses	-128	-113	-477	-462
Administrative expenses	-64	-43	-209	-188
Other operating income and operating costs	3	2	13	12
OPERATING PROFIT	79	64	291	276
(of which depreciation/amortisation)	(-18)	(-12)	(-57)	(-51)
Net financial items	-3	-3	-11	-11
PROFIT AFTER FINANCIAL ITEMS	76	61	280	265
Taxes	-18	-14	-66	-62
NET PROFIT FOR THE PERIOD	58	47	214	203
Earnings per share, SEK	2.56	2.08	9.47	8.99
Earnings per share after dilution, SEK	2.55	2.07	9.46	8.96
Weighted number of shares after repurchases, ('000)	22,617	22,548	22,590	22,573
Weighted number of shares after repurchases adjusted after dilution ('000)	22,704	22,685	22,633	22,655
Number of shares at end of period after repurchases ('000)	22,660	22,574	22,660	22,591

In view of the redemption price on outstanding call options during the period (SEK 69.40, SEK 125.40 and SEK 161.80) and the average share price (SEK 148.87) during the most recent 12-month period when the option programmes were outstanding, there was a dilutive effect of 0.2 percent for the most recent 12-month period. For the past quarter, there was a dilutive effect of 0.4 percent as the average share price (SEK 174.08) was higher than the average redemption price for outstanding programmes.

Consolidated Statement of Comprehensive Income and Other Comprehensive Income

MSEK	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	Moving 12 months, Jul-Jun 2014/15	Financial year 2014/15
Net profit for the period	58	47	214	203
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	11	-8	13
<u>Items that cannot be reposted to net profit for the period</u>				
Actuarial effects on pensions	0	0	-14	-14
Taxes attributable to actuarial effects	0	0	4	4
COMPREHENSIVE INCOME FOR THE PERIOD	48	58	196	206

Consolidated Statement of Financial Position

MSEK	30 Jun 2015	30 Jun 2014	31 Mar 2015
ASSETS			
Goodwill	745	589	628
Other intangible non-current assets	446	294	355
Property, plant and equipment	178	141	167
Financial assets	12	10	11
Inventories	344	290	313
Current receivables	593	499	552
Cash and bank balances	60	36	80
TOTAL ASSETS	2,378	1,859	2,106
EQUITY AND LIABILITIES			
Equity	966	864	917
Non-current liabilities	220	210	195
Current liabilities	1,192	785	994
TOTAL EQUITY AND LIABILITIES	2,378	1,859	2,106
Interest-bearing assets	60	36	80
Interest-bearing liabilities	505	282	382

Consolidated Statement of Changes in Equity

MSEK	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	Moving 12 months, Jul-Jun 2014/15	Financial year 2014/15
Opening balance	917	805	864	805
Comprehensive income for the period	48	58	196	206
Transactions with owners				
Dividend	-	-	-90	-90
Redemption and acquisition of options on repurchased shares, net	1	1	-4	-4
Repurchase of own shares	0	0	-0	-
CLOSING BALANCE	966	864	966	917

Consolidated Statement of Cash Flows

MSEK	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	Moving 12 months, Jul-Jun 2014/15	Financial year 2014/15
Operating activities				
Profit after financial items	76	61	280	265
Adjustments for paid taxes, items not included in cash flow, etc.	7	3	-2	-6
Cash flow from operating activities before changes in working capital	83	64	278	259
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-21	-8	-12	1
Increase (-)/Decrease (+) in operating receivables	-8	40	-37	11
Increase (+)/Decrease (-) in operating liabilities	-22	-39	14	-3
Cash flow from operating activities	32	57	243	268
Investing activities				
Investment in businesses	-147	-10	-265	-128
Investments in/disposals of other non-current assets, net	-18	-9	-47	-38
Cash flow from investing activities	-165	-19	-312	-166
Financing activities				
Dividends, redemption of options and repurchase of own shares/options	1	1	-94	-94
Financing activities	112	-41	187	34
Cash flow from financing activities	113	-40	93	-60
CASH FLOW FOR THE PERIOD	-20	-2	24	42
Cash and cash equivalents at beginning of period	80	38	36	38
Exchange rate difference in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	60	36	60	80

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 by the discounted expected cash flow and are therefore included in Level 3 under IFRS 13.

Carrying amount, MSEK	30 Jun 2015	31 Mar 2015
Assets measured at fair value	-	-
Assets measured at amortised cost	500	519
TOTAL ASSETS, FINANCIAL INSTRUMENTS	500	519
Liabilities measured at fair value	163	95
Liabilities measured at amortised cost	770	647
TOTAL LIABILITIES, FINANCIAL INSTRUMENTS	933	742

	3 months Apr – Jun 2015/16	Financial year 2014/15
Change in contingent consideration		
Opening balance	95	97
Liabilities settled during the year	-7	-30
Remeasurement of liabilities during the year	0	-24
Year's liabilities from acquisitions during the year	75	51
Exchange rate difference	-	1
Carrying amount at end of the period	163	95

Key ratios

	Moving 12 months, Jul-Jun 2014/15	Financial year			
		2014/15	2013/14	2012/13	2011/12
Revenue	2,957	2,846	2,546	2,328	2,265
Change in revenue, %	4	12	9	3	12
Profit after taxes	214	203	177	159	126
Operating margin, %	9.8	9.7	9.5	9.1	8.1
Profit margin, %	9.5	9.3	9.0	8.6	7.5
Equity ratio, %	41	44	43	44	46
Operating profit/Working capital (P/WC), %	55	58	55	52	48
Return on capital employed, %	20	22	22	23	22
Return on equity, %	23	24	24	24	22
Debt/equity ratio, times	0.5	0.4	0.4	0.4	0.3
Net debt/equity ratio, times	0.5	0.3	0.4	0.4	0.2
Interest coverage ratio, times	19	18	16	13	11
Net interest-bearing liabilities (+)/receivables (-), MSEK	445	302	285	248	135
Number of employees at end of period	1,194	1,139	1,010	932	780
Revenue outside Sweden, MSEK	1,461	1,931	1,676	1,553	1,533

Per-share data

	Moving 12 months, Jul-Jun 2014/15	Financial year			
		2014/15	2013/14	2012/13	2011/12
Number of shares at end of period after repurchases ('000)	22,660	22,591	22,524	22,520	22,217
Weighted number of shares after repurchases, ('000)	22,590	22,573	22,544	22,426	22,242
Weighted number of shares after repurchases & dilution ('000)	22,633	22,655	22,665	22,501	22,392
Operating profit per share after dilution, SEK	12.86	12.18	10.68	9.47	8.22
Earnings per share, SEK	9.47	8.99	7.85	7.09	5.66
Earnings per share after dilution, SEK	9.46	8.96	7.81	7.07	5.63
Cash flow from operations per share after dilution, SEK	10.74	11.83	10.19	7.87	7.82
Cash flow per share after dilution, SEK	1.02	1.85	0.09	0.00	-0.89
Equity per share, SEK	42.63	40.59	35.74	31.00	27.90
Latest price paid per share, SEK	171.00	158.00	127.00	88.25	57.25

Definitions are found in the 2014/15 Annual Report.

Parent Company Balance Sheet

MSEK	30 Jun 2015	30 Jun 2014	31 Mar 2015
ASSETS			
Property, plant and equipment	1	1	1
Financial assets	1,792	1,410	1,499
Current receivables	228	86	109
Cash and bank balances	0	0	0
TOTAL ASSETS	2,021	1,497	1,609
EQUITY AND LIABILITIES			
Equity	1,148	985	905
Untaxed reserves	5	5	5
Non-current liabilities	21	71	21
Current liabilities	847	436	678
TOTAL EQUITY AND LIABILITIES	2,021	1,497	1,609

Parent Company Income Statement

MSEK	3 months Apr-Jun 2015/16	3 months Apr-Jun 2014/15	Moving 12 months, Jul-Jun 2014/15	Financial year 2014/15
Net revenue	8	8	34	34
Administrative expenses	-14	-11	-50	-47
Other operating income and operating costs	0	0	-1	-1
OPERATING PROFIT	-6	-3	-17	-14
Financial income	249	220	287	258
Financial expenses	-3	-3	-10	-10
PROFIT AFTER FINANCIAL ITEMS	240	214	260	234
Change in untaxed reserves	0	0	0	0
Taxes	2	1	-3	-4
NET PROFIT FOR THE PERIOD	242	215	257	230
Other comprehensive income for the period	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	242	215	257	230

This information is disclosed in accordance with the Swedish Securities Markets Act, the Financial Instruments Trading Act and/or the regulations of Nasdaq Stockholm. The information was submitted for publication at 8:00 a.m. on 17 July 2015.

Reporting dates

25 August 2015 Annual General Meeting for the 2014/15 financial year
 22 October 2015 Quarterly Report Q2 for the period 1 July 2015–30 September 2015
 28 January 2016 Quarterly Report Q3 for the period 1 October 2015–31 December 2015
 10 May 2016 Year-end Report for the period 1 April 2015–31 March 2016

The Annual Report for the 2014/15 financial year was published on 2 July 2015 on www.lagercrantz.com.

For additional information, please contact

Jörgen Wigh, President, telephone +46 8 700 66 70
 Bengt Lejdström, Chief Financial Officer, telephone +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