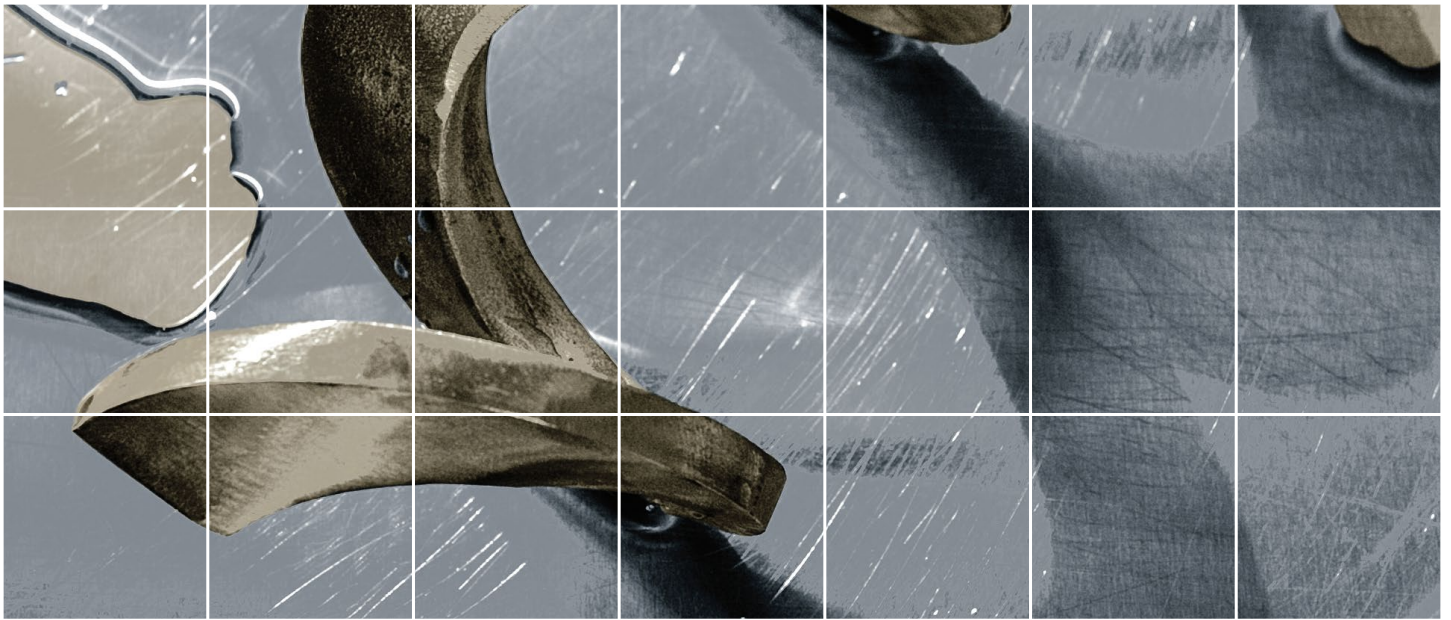


Lagercrantz
Group ●

Technology group
with leading positions in niches





Lagercrantz Group

*A leading supplier of value-creating technology
with market-leading positions in several expansive niches
...is our vision*

Lagercrantz Group AB (publ) is a technology group that offers value-adding technology, either with proprietary products or with products from leading suppliers. The group is comprised of some 40 companies, each company with a focus on a specific sub-market – a niche. All the Group’s subsidiaries are B2B companies – high value-creation is a common feature, including a high degree of customisation, support, service and other services. All Group companies try to create and maintain a leading position in their niche.

The operations are decentralised, and each subsidiary is followed-up based on clear objectives. This decentralisation allows for a high degree of independence, with freedom and accountability for each subsidiary’s management, and business decisions that are made close to customers and the market. The businesses share a highly qualified technical sales process, selling only to other companies

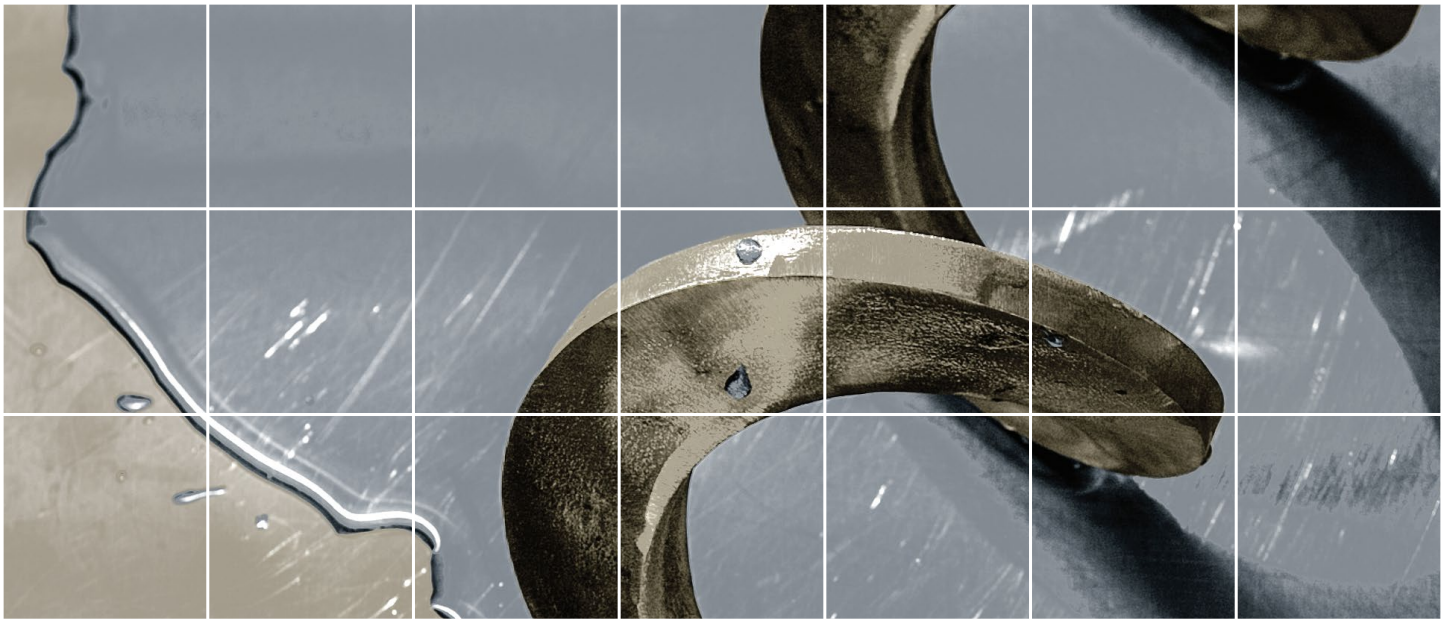
– “business-to-business” (B2B). Each subsidiary strives to develop a leading position in a limited market, product / customer or geographical niche.

VALUE CREATION AS A VISION

Leading means good growth and profitability and creating a positive development that benefits customers and business partners alike.

Value-creation means adding value to the goods and services offered by providing our own unique products and solutions, by customisation and by offering ancillary services such as technical knowledge, service, support and other services.

A market leading position means being number one or two in a defined sub-market – a niche.



GOALS

Lagercrantz Group's financial goals are:

- Earnings growth of 15 percent per year.
- Return on equity of no less than 25 percent.

Earnings growth is measured over a business cycle as profit after net financial items. The return on equity goal is converted internally to a return on working capital of no less than 45 percent per business concept and profit centre. Lagercrantz aims to confirm its position as a profitable and growing company by developing its existing operations and acquiring additional companies with strong market positions in expansive niches.

Lagercrantz works with group-wide strategies and on building a strong corporate culture in order to achieve its goals relating to earnings growth and profitability.

STRATEGIES

Strong market positions in niches

Every Lagercrantz subsidiary strives to achieve a strong market position in its own niche. By focusing on their niche, companies can specialise in a limited market, develop a strong offer and meet competition from other, larger, players that are not as specialised. Companies can also optimise their internal processes and become the fast and flexible first choice in their market. A niche consists of a well-defined technology area, customer segment or geographical area with a total market value that generally amounts to MSEK 200 – 1,000.

High value added

With good market knowledge and specialised technical expertise, Lagercrantz's subsidiaries create added value for customers and suppliers by customising, developing and combining different products in the solutions offered.

The degree of refinement has been continually enhanced by increasing the offer of proprietary products and phasing out standard products with low margins.

Acquisitions

The growth targets are reached through organic growth as well as acquisitions. Acquired companies strengthen our market position in existing areas or pave the way for entry into new areas. We strive to acquire companies with tried-and-tested business models, strong market positions in their niches, good earnings capacity, strong managements, limited risk and good growth potential. We aim to carry out 3 – 5 acquisitions per year.

CORPORATE CULTURE

Shared values

Our shared values are an important part of our corporate culture and consist of accountability and freedom, simplicity and efficiency, together with a willingness to change.

Decentralisation and management by objectives

Each subsidiary manages its business with considerable freedom and has its own responsibility. The most important business decisions are thus taken where knowledge is greatest – close to customers and the market. Each subsidiary prepares an annual business plan with targets for earnings and return on working capital. These plans are followed up on an ongoing basis and action is taken as and when needed. In addition, the companies are systematically compared to each other every quarter, which stimulates improvements.

Businessmanship

Businessmanship means creating added value for our customers by understanding the market and combining customer needs with the right technology. This requires a holistic and business-like perspective as well as an ability to identify opportunities.

Continued success for Lagercrantz

More sellers have gradually come to understand and appreciate our increasingly clear focus on product companies with growth and export ambitions



During the 2015/16 financial year, Lagercrantz continued to perform well. Profit reached MSEK 307, which is a new record level for the sixth consecutive year. The increase in profit for the year amounted to 16 percent. The operating margin of 10.3 percent was also an all-time high and earnings per share amounted to SEK 3.54 (2.99).

The trend in terms of business volume was stable overall during the year despite a turbulent external environment. Low interest rates are stimulating the economies where the Group operates, but economic activity still did not gain momentum due to global and geopolitical uncertainty. The Group's largest markets Sweden and Denmark showed a positive development while the Norwegian market weakened. The Finnish market, which is a smaller one for the Group, still remained at a low level.

During the 2015 calendar year and so far in 2016, we attracted seven more companies to become a part of our Group. It is evident that our concept is attractive for many sellers. Companies can continue to operate independently after they have joined the Group, with their own profile and brand and previous location, which are usually the most important factors explaining why they want to be part of the Lagercrantz Group. We integrate them smoothly and methodically support them with various growth-related questions, etc. More sellers have gradually come to understand and appreciate our increasingly clear focus on product companies with growth and export ambitions.

The stock market took notice of Lagercrantz during the year, leading to new all-time highs in respect of the share price. The market capitalisation as of 31 March 2016 amounted to approx. MSEK 5,300, equivalent to SEK 77.50 per share. The B share is listed on Nasdaq Stockholm's Mid-Cap segment and in October 2015 we also carried out a 3:1 split, which has resulted in increased focus on Lagercrantz from the stock market and investors.

CONSISTENT STRATEGY BEHIND SUCCESSES

Behind Lagercrantz Group's strong performance and ability to grow in a stagnant external environment, lies the strategy that we have been pursuing consistently for the past few years. The organisational model involving decentralisation and management by objectives is well-established. Each subsidiary works according to clearly defined earnings and working capital

targets as part of a business plan, which is adopted annually, including 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 seven acquisitions we completed during 2015 and 2016, will add about MSEK 530 to our business volume on an annual basis. Of the seven acquisitions, Cue Dee and Nikodan were a little larger. They will serve as key building blocks in the development of the Mechatronics and Niche Products divisions.

During the financial year, we also decided to exit the software distribution business through the divestment of Betech Data A/S. The divestment was carried out in February and will reduce the business volume of the Communications division by about DKK 180 on an annual basis but it will raise the margins of the division and the Group.

Ultimately, the focus on increasing added value is an important reason behind the Group's success. With very specialised companies, we want to quickly meet customer demands by developing and adapting products and solutions that create added value. Value added in the Group also increases as the proportion of proprietary products rises. Proprietary products currently represent almost 50 percent of sales and the gross margin has risen consistently since 2004/2005 from 21 percent to about 35 percent of sales.

I want to end the year by expressing my heartfelt thanks to all our dedicated employees for their outstanding work and fantastic efforts during the year.

FUTURE

Our business concept is strong and with a continued positive underlying trend in the market, the opportunities for Lagercrantz are still good. Growth in existing units is high on the agenda and our balance sheet allows for further acquisitions. By continuing to boost the proportion of proprietary products through acquisitions of market-leading niche product companies, there is good potential to continue growing our margins and profitability. The overall situation gives me a strong belief in the future of Lagercrantz.

May 2016

Jörgen Wigh, President and CEO

Niche companies in four divisions

LAGERCRANTZ GROUP			
ELECTRONICS 11 profit centres · 8 countries	MECHATRONICS 8 profit centres · 6 countries	COMMUNICATIONS 12 profit centres · 6 countries	NICHE PRODUCTS 10 profit centres · 4 countries
ACTE A/S (DK, UK and CN) ACTE AS (NO) ACTE Solutions AB (SE) ACTE Sp. z o.o. (PL) Unitronic GmbH (DE) Vanpee A/S (DK) Vanpee AS (NO) Vanpee AB (SE) El-produkter AS (NO) Idesco Oy (FI) ISIC A/S (DK)	Cue Dee AB (SE and CN) Elkapsling AB (SE) Elpress AB (SE, DE, DK and CN) Norwesco AB (SE) EFC Finland Oy (FI and EE) Elfac A/S (DK) Kablageproduktion AB (SE) Enkom Active Oy (FI)	ISG Systems AB (SE) Nordic Alarm AB (SE) STV Video Data AB (SE) COBS AB (SE) CAD Kompagniet A/S (DK) Projectspine A/S (DK) Direktronik AB (SE) Leteng AS (NO) Excidor AB (SE) Landauer Nordic AB (SE and US) Load Indicator AB (SE) Precimeter Control AB (SE, DE and US)	Asept International AB (SE and US) Dooman Teknik AB (SE) Kondator AB (SE) Nikodan Conveyor Systems A/S (DK) Plåt & Spiralteknik AB (SE) Steelo AB (SE) Svenska Industriborstar AB (SE) SwedWire AB (SE) Thermod (SE och PL) Vendig AB (SE)



ELECTRONICS



Electronics	2015/16	2014/15	2013/14
Net revenue, MSEK	838	803	691
Operating profit, MSEK	71	66	56
Operating margin, %	8.5	8.2	8.1

The division consists of 11 profit centres, all niched within electronics, electromechanics, electrical components and lighting control.

The ACTE companies in the Nordic region and Poland and Unitronic in Germany, which account for approximately 50 percent of the business volume, are value-adding distributors. On an agency basis, they sell products from world-leading suppliers in a geographical market. They add value by creating demand, by offering design-in services, and by customising and storing products for suppliers. These companies add further value by providing service, support and other services. In recent years, the range has increasingly moved towards speciality products, modules and customised industrial computers and monitors. The proportion of electromechanics has also increased. The customers are primarily OEM customers within electronics, automation and the healthcare sector.

The Vanpee companies in Sweden, Norway and Denmark and El-produkter which account for about 24 percent of business volume, are value-adding distributors within electricity and lighting components, specialised within lighting control and proprietary lighting products. In line with increasing requirements for energy savings, this is a growth area within Electronics. Vanpee's customers, which are primarily from the construction industry, are offered expertise in the planning of lighting monitoring projects as well as components for lighting and electrical products. Most sales occur through electrical wholesalers and installers.

Aside from this, Electronics has two niche product companies, which develop and sell proprietary products. Together they account for about 26 percent of the division's business volume.

Idesco offers proprietary RFID readers and tags for the access control industry and unique solutions for other applications within the RFID field. Its customers are primarily system integrators for access control systems and alarms. Idesco is a leading player in the Finnish market and has clear export ambitions in several nearby countries.

ISIC offers proprietary industrial computers and monitors for applications in especially demanding environments. Customers impose stringent requirements as they are subject to certification and regulatory supervision. Examples include navigation equipment for ships. ISIC has a strong international position in its niche.

The division's eight profit centres mainly offer electricity-related products and systems. Four of the companies are product companies, and three of the companies manufacture customised cables. The division also has a small value-adding distributor of electricity-related products in the Finnish market.

The product company Elpress is the largest profit centre in the Group, with distributor networks in several markets and subsidiaries in Denmark, Germany and China. A leader in its niche that accounted for about 30 percent of the division's business volume in 2015/16, Elpress offers electrical connectors, including cable terminals and associated equipment that meets most international standards. The Nordic region is the company's largest market, but growth is mainly occurring in the export market to international industrial customers in the wind, transformer and train industries.

Of the two product companies Elkapsling and Norwesco, which combined accounted for about 15 percent of the division's business volume during 2015/16, Elkapsling manufactures electric enclosures of varying sizes, design, protection ratings and equipment. They are characterised by a high degree of customisation, short delivery times and high quality with products that are able to handle a variety of harsh environments. A major part of the sales are currently to the Swedish market, but increasing focus on the rest of the Nordic region is expected to generate future growth.

The product company Norwesco develops, markets and manufactures a wide range of safety-related products within electricity, including safety switches, ground fault circuit breakers and cooker guards. The products are primarily aimed towards the Nordic installation market, and sales are conducted via electrical wholesalers.

The product companies' end customers typically are power grid owners, power, telecoms and data distributors, OEMs and other types of industrial customers. The establishment of new distributors in new markets should lead to an expanding volume in the future.

The three cable companies, Kablageproduktion, Elfac and EFC, which accounted for just over 30 percent of the division's business volume during 2015/16, manufacture customised cables. The products are manufactured in consultation with the customer and are based on the customer's needs, often from the early prototype stage all the way to the ongoing production stage, and in the latter part of the product life cycle for the aftermarket and spare parts market. For many years, the cable companies have successfully found their niches by providing a local, flexible alternative to competitors from low-cost countries.

The latest addition is the product company Cue Dee, which joined the Group in April 2015 and accounted for about 20 percent of the division's business volume during 2015/16. The company primarily manufactures brackets

MECHATRONICS



Mechatronics	2015/16	2014/15	2013/14
Net revenue, MSEK	1,007	815	750
Operating profit, MSEK	150	120	108
Operating margin, %	14.9	14.7	14.4

for various applications in the telecommunications sector. Other products are masts and towers for the telecoms industry but also to some extent for the wind power industry. Cue Dee also has a subsidiary in China. The business is often of an international character and mainly involves countries where mobile network expansion is taking place.

COMMUNICATIONS



Communications	2015/16	2014/15	2013/14
Net revenue, MSEK	719	839	802
Operating profit, MSEK	47	53	51
Operating margin, %	6.5	6.3	6.4

The division consists of two business areas, each with six profit centres, all with advanced positions in their respective niches. Customers are found in several market segments, both within the private and public sectors.

Business area Digital imaging / technical security

The business area accounted for about 60 percent of the division's business volume during 2015/16.

The companies STV, COBS, Nordic Alarm and ISG currently offer system solutions based wholly or in part on proprietary products. These applications are often business-critical and examples include speedy diagnoses within health-care, increased security on streets and squares and security solutions for companies and homes designed for the elderly. The companies also supply solutions for increased traffic safety in road tunnels, high-security facilities and create more efficient communication solutions.

CAD-Kompagniet offers technical consultants and staffing within industry, building design and architecture. The business area also has a development company called Projectspine A/S. Through its software, Projectspine aims to make it possible for architects, engineers, entrepreneurs and developers to use classifications, properties, codes and other building component data uniformly and consistently during a project.

The software business in Betech Data was divested during the fourth quarter 2015/16, which had a negative impact on the division's sales of about MDKK 180 on an annual basis.

Business area Access Control

The business area accounted for about 40 percent of the division's business volume during 2015/16.

The companies Direktronik and Leteng offer IT, telecommunication and audio-visual equipment, both directly to end customers and through resellers. Customers use the products to extend their IT networks and increase their data transfer capacity and presentation equipment in order to improve the efficiency of meetings and internal communication.

Control technology is a new area for the division, with huge potential for development. The companies acquired during 2014/15 Excidor, Load Indicator and Precimeter offer special technical solutions in areas such as control systems for forest and construction machinery, force sensors and torque sensors for measurement applications and for level and flow measurement when working with metal flows. The company Landauer Nordic, which was acquired during 2015/16 develops and markets products and services for radon monitoring. The company has operations in Sweden and in the US.

NICHE PRODUCTS

The Niche Products division currently has ten profit centres. These companies all have a strong position in their market niches and offer a large proportion of proprietary products. Four units are of equal size – Steelo, Asept, SwedWire and Thermod, that combined accounted for about 60 percent of the division's business volume during 2015/16.

Steelo offers storage and product exposure solutions with hardware stores and food retailers as important customers.

The company focuses on hygienic and secure packing and dispensing systems for foodstuffs for large global food product manufacturers and fast-food restaurant chains.

Through SwedWire, the division conducts manufacturing and sales of galvanized steel wire for roads and other infrastructure.

Thermod supplies customised doors in fibreglass-reinforced plastic with strict requirements in relation to heat insulation, hygiene and moisture resistance. These products can be found in Norway and Poland within the convenience goods sector, hospitals, schools and swimming pools.

The subsidiaries Plåt & Spiralteknik and Vendig are active within the transport solutions area, where they sell shaftless spiral conveyors, belt scrapers and other components for conveyor belts. Typical customers can be found within bio-energy, sawmills, waste management, quarries and mining.

During the previous year 2014/15, the product company Dooman was acquired, which sells garage modules for disability vehicles.

During 2014/15, Swedish Industriborstar was also acquired, which is primarily focused on brushes for snow clearance of airport runways. The customers consist of airport operators in Northern Europe and North America.

The company Nikodan, which was acquired during 2015/16 in Denmark, will probably become the largest company in the division in the next few years. The company develops, markets and manufactures customised conveyor belt solutions and pallet handling systems. The company's customers are industrial companies, for example in the food and the pharmaceutical industries. Nikodan generates annual sales of about MDKK 120.

In April 2016, Kondator was acquired and became the division's tenth company. The company develops and markets ergonomic and computer-related accessories, which are mainly used in offices and workplaces. Customers mainly consist of office furniture manufacturers, office furniture resellers and specialised resellers in the ergonomics field.

The companies within the division already have a strong position in their home markets. Investments in increasing export sales are therefore prioritised and expected to contribute to future growth.

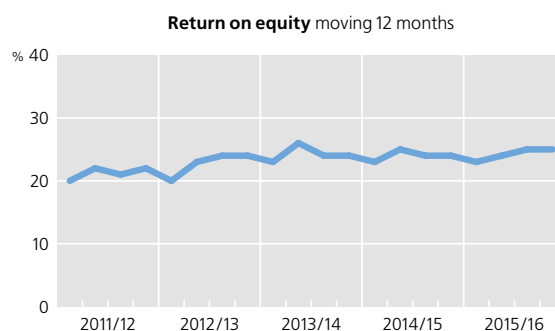
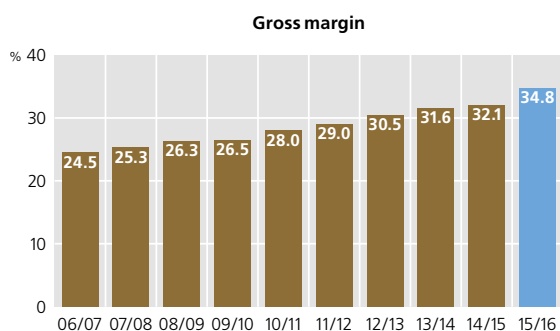
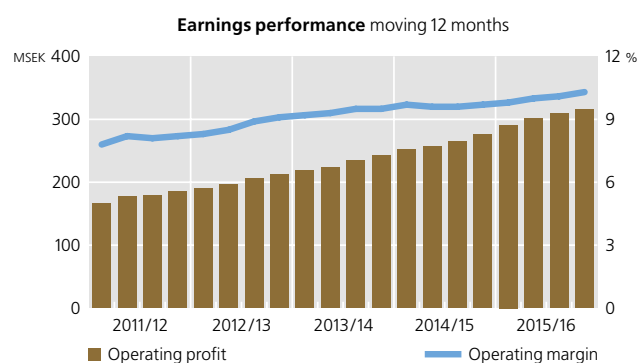
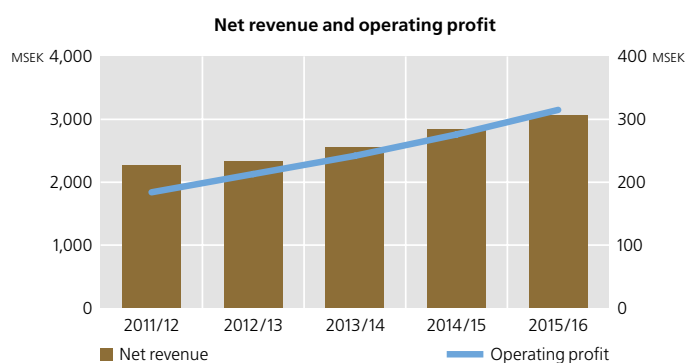


Niche Products	2015/16	2014/15	2013/14
Net revenue, MSEK	493	389	303
Operating profit, MSEK	74	61	45
Operating margin, %	15.0	15.7	14.9

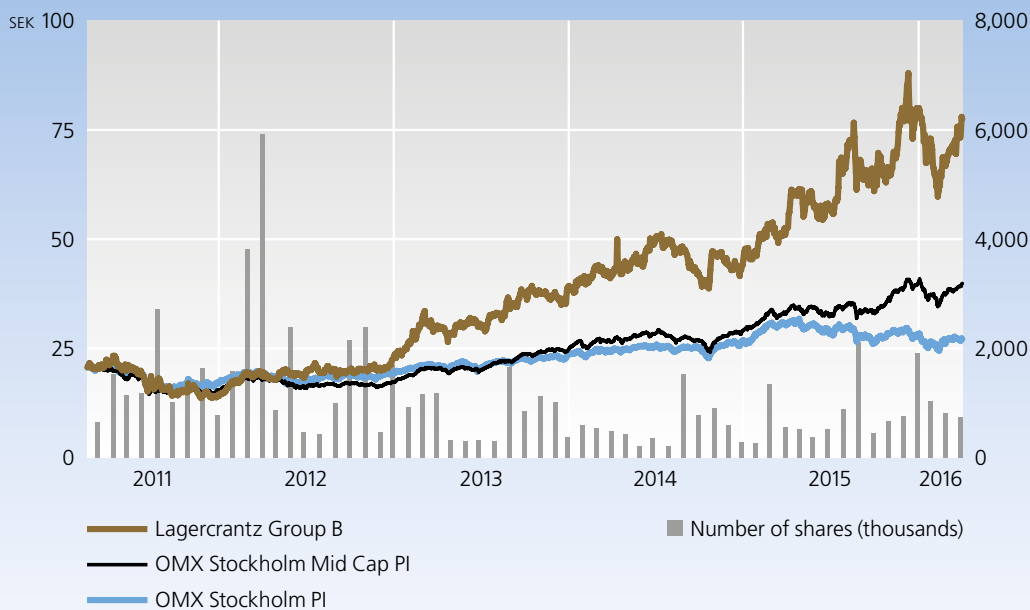
The year in brief

1 APRIL 2015 – 31 MARCH 2016

- Net revenue increased by 7 percent to MSEK 3,057 (2,846).
- Operating profit increased by 14 percent to MSEK 315 (276), equivalent to an operating margin of 10.3 percent (9.7).
- Profit after financial items increased by 16 percent to MSEK 307 (265).
- Profit after tax amounted to MSEK 241 (203). Earnings per share after dilution increased by 18 percent and amounted to SEK 3.54 (2.99).
- Return on equity was 25 percent (24). The equity ratio at the end of the period was 40 percent compared to 44 percent at the start of the financial year.
- Three acquisitions were made during the 2015/16 financial year, with combined annual sales of about MSEK 370. In addition, the company Betech Data A/S was divested, with annual sales of about MDKK 180.
- Kondator was acquired after the end of the period, with annual sales of about MSEK 60.
- A 3:1 share split was carried out during the period.
- The Board of Directors proposes an increase in the dividend to SEK 1.75 (1.50) per share.

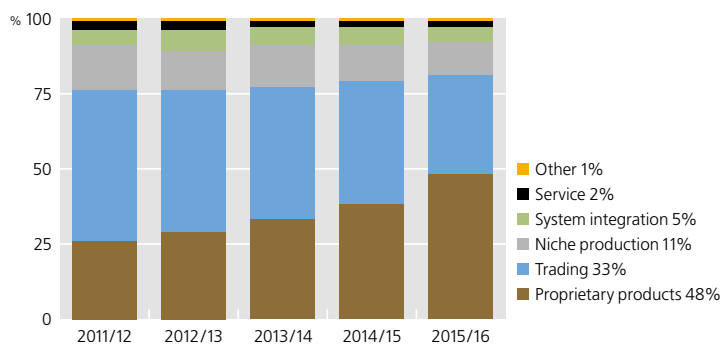


THE LAGERCRANTZ SHARE

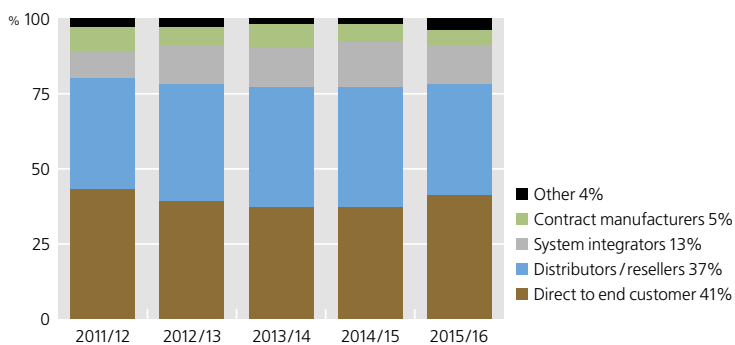


Over a five-year period between 1 April 2011 and 31 March 2016, the market price of the Lagercrantz share has increased by 277 percent. The broad OMX Stockholm Price Index rose 33 percent during the same period, and the benchmark OMX Stockholm Mid Cap PI index, which tracks the overall development of medium-sized companies, rose by 94 percent. The Lagercrantz Group's B share moved on 2 January 2014 from Nasdaq Stockholm's Small Cap list to the exchange's Mid Cap list.

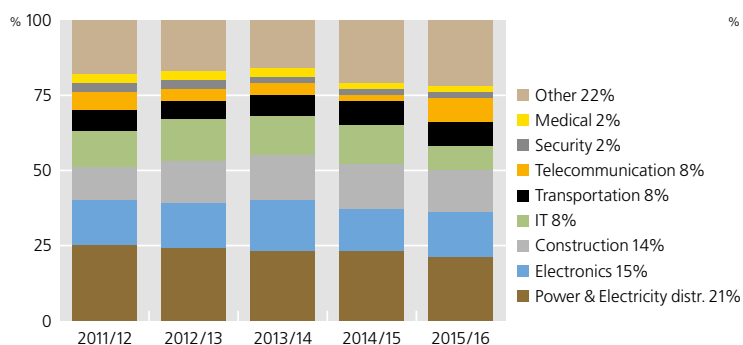
Revenue by business type



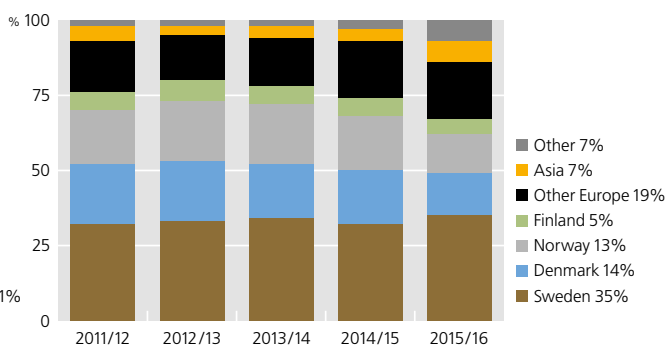
Revenue by market channel



Revenue by market segment



Revenue by geographic market





Lagercrantz Group

is a Group that offers value-adding technology. The Group consists of around 40 companies, each with a focus on a specific sub-market – a niche.

All the Group's subsidiaries are B2B companies – high value-creation is a common feature, including a high degree of customisation, support, service and other services. All Group companies try to create and maintain a leading position in their niche.

Lagercrantz Group is active in seven countries in Europe, and in China and the US. The Group has approximately 1,200 employees and annual revenue of approximately SEK 3 billion.

The company's share is listed on Nasdaq Stockholm since 2001 and the company has approx. 3,500 shareholders.



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