Lagercrantz Group

Q1

Interim Report 2009/10

1 April – 30 June 2009 (3 months)

- Net revenue for the quarter amounted to MSEK 434 (532).
- The Group's businesses continued to adapt operations to the lower demand during the quarter. Actions focused on measures to reduce costs and working capital.
- Operating profit for the first quarter 2009/10 amounted to MSEK 13 (33). The operating margin dropped to 3.0 percent (6.2).
- Profit after financial items amounted to MSEK 10 (31) and profit after taxes to MSEK 7 (22).
- Earnings per share amounted to SEK 0.32 (0.98). For the most recent twelve-month period earnings per share was SEK 2.39.
- Cash flow per share from operating activities amounted to SEK 6.36 for the most recent twelve-month period (SEK 6.15 for the 2008/09 financial year).
- The return on equity was 11 percent for the most recent twelve-month period (20 percent) and the equity ratio stood at 52 percent at the end of the period (49 percent at the beginning of the financial year).
- The Annual General Meeting will be held 31 August 2009. The Board of Directors proposes a dividend of SEK 1.50 (1.50) per share.

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Lagercrantz is a technology trading group in electronics, electrics, communications and adjacent areas. The Group works with value-adding sales in close proximity to its customers and commands market-leading positions in several expansive niches. Operations are organised in three divisions.

NET REVENUE AND PROFIT

Lagercrantz Group's net revenue for the first quarter 2009/10 (1 April – 30 June 2009) amounted to MSEK 434 (532). The decline in revenue during the quarter is explained by weaker demand in most of the Group's operating areas as a consequence of the current recession. Uncertainty surrounding the market's future development continues to be great. There has been a certain stabilisation of demand in some of the Group's businesses, whereas action continues in others to avert the effects of the downturn.

Adaptation of the Group's businesses operations continued during the quarter. Measures taken focus on activities to reduce costs and working capital.

Some fifty additional employees left the Group during the quarter. Staffing has thus been reduced by just over 110 persons since autumn 2008. Other measures include restructuring and integration of certain smaller operations in other units within the Group.

Capital efficiency-promoting action has had the effect of reducing inventories and trade receivables during the quarter.

Operating profit for the first quarter of 2009/10 amounted to MSEK 13 (33). The operating margin declined to 3.0 percent (6.2).

Profit after finance items amounted to MSEK 10 (31).

Exchange rate changes affected the Group's profit before taxes by a total of MSEK –2 (–1) during the quarter, a major portion of which affected operating profit.

The period's profit for the first quarter amounted to MSEK 7 (22), equivalent to earnings per share of SEK 0.32 (0.98). Earnings per share for the most recent twelve-month period amounted to SEK 2.39, as against SEK 3.05 for the 2008/09 financial year.

PROFITABILITY AND FINANCIAL POSITION

The return on capital employed for the most recent twelve-month period was 13 percent, compared to 21 percent for the corresponding year-ago period. The corresponding figure for return on equity was 11 percent and 20 percent, respectively.

Shareholders' equity per share amounted to SEK 23.60, the same level as at the beginning of the financial year. The equity ratio at the end of the period stood at 52 percent, compared to 49 percent at the beginning of the year. The Group showed a financial net liability at the end of the period of MSEK 90, as compared with MSEK 78 at the beginning of the year. The Group's net debt equity is unchanged at 0.2.

CASH FLOW AND CAPITAL EXPENDITURES

The cash flow from operating activities amounted to MSEK–5 (–9) during the first quarter. Efforts to reduce capital tied up in the business lead to a decline in the Group's inventories and trade receivables of MSEK 45 during the first quarter. Capital expenditures in non-current assets amounted to MSEK 6, gross (4). No shares were repurchased during Q1.

SEGMENT AND GROUP RECONCILIATION

	Net revenue			Operating profit		
	Q 1	Q 1	12 months	Q 1	Q 1	12 months
MSEK	2009/10	2008/09	2008/09	2009/10	2008/09	2008/09*
Electronics	149	183	727	3	8	24
Operating margin				*2.0%*	*4,4%*	*3.3%*
Mechatronics	118	166	628	5	15	49
Operating margin				*4.2%*	*9,0%*	*7.8%*
Communications	167	183	783	8	12	52
Operating margin				*4.8%*	*6.6%*	*6.6%*
Parent Company/Consolidation eliminations		–	–	–3	–2	–20
GROUP TOTAL	434	532	2 138	13	33	105
Operating margin				*3.0%*	*6.2%*	*4.9%*
Finance items				–3	–2	–11
PROFIT BEFORE TAXES				10	31	94

* Operating profit and operating margin for 2008/09 are shown including items affecting comparability.

NET REVENUE AND PROFIT BY DIVISION FOR THE FIRST QUARTER

Electronics

Net revenue for the quarter amounted to MSEK 149 (183). Most of the division's companies encountered lower demand due to the current state of the economy.

Adaptation of the businesses to the lower level of demand is ongoing. Among other things, there is a concentration of operations to the larger markets, product line development with focus on gross margins, cost-cutting action and slimming of the organisation.

Operating profit amounted to MSEK 3 (8), which is equivalent to an operating margin of 2.0 percent (4.4).

Mechatronics

Net revenue for the quarter amounted to MSEK 118 (166). Revenue declined across the board for the division's companies due to the economic trend. In some of the businesses certain stabilisation of demand was noted during the quarter.

Efforts to reduce costs and streamlining operations continued during the first quarter. Action included personnel reductions as well as working capital reduction.

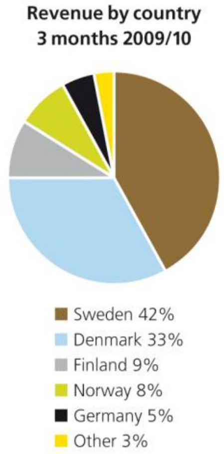
Operating profit declined to MSEK 5 (15), equivalent to a margin of 4.2 percent (9.0).

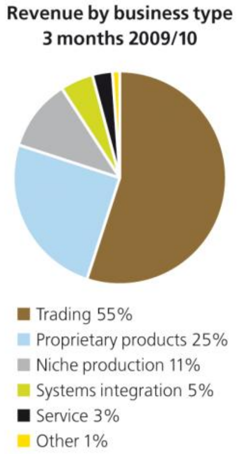
Communications

Net revenue amounted to MSEK 167 (183). Sales increased in the area of digital image/technical security. In the access area demand was stable for certain niched IT and telecom products. Other areas encountered weaker demand.

Action was taken in most of the division's units to adapt operations to the lower level of demand.

Operating profit for the first quarter amounted to MSEK 8 (12), equivalent to a margin of 4.8 percent (6.6).





PARENT COMPANY AND OTHER CONSOLIDATION ITEMS

The Parent Company's internal net revenue for the quarter amounted to MSEK 6 (7) and profit after net finance items was MSEK 55 (65). This result includes exchange rate adjustments on intra-Group lending of MSEK 1 (0). Dividend income from subsidiaries amounted to MSEK 59 (70). Capital expenditures in non-current assets amounted to MSEK 0, net, (0). The Parent Company has a committed credit facility of MSEK 250. The positive balance at the end of the period was MSEK 3; at the beginning of the financial year the positive balance was MSEK 7. The Parent Company has a long-term acquisition credit in the amount of MSEK 69. There were liquid funds in the amount of MSEK 0 at the end of the period as compared with MSEK 0 at the beginning of the financial year. The Parent Company's equity ratio stood at 72 percent at the end of the period as against 65 percent at the beginning of the year.

EMPLOYEES

At the end of the period the number of employees in the Group was 693, which can be compared with 742 at the beginning of the financial year. The decrease is explained by measures taken in the Group.

SHARE DISTRIBUTION AND REPURCHASES

The share capital amounted to MSEK 48.9 at the end of the period. The distribution on classes of shares is as follows:

Classes of shares	
Class A shares	1,094,654
Class B shares	22,078,655
Class B shares held in treasury	–1,195,500
Total	**21,977,809**

Lagercrantz owns 1,195,500 class B shares, which is equivalent to 5.2 percent of the total number of shares outstanding and 3.6 percent of the votes in Lagercrantz. Shares held in treasury cover, inter alia, the Company's obligations under outstanding option programmes, where a total of 695,500 options have been acquired by members of senior management (awards 2006, 2007 and 2008) with a strike price of SEK 36.00, SEK 44.40 and SEK 36.80, respectively, per call option. The average acquisition cost for repurchased shares amounts to SEK 25.57 per share. The quotient value per share is SEK 2.11.

RISKS AND FACTORS OF UNCERTAINTY

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. A broad and general downward economic trend and increased uncertainty has affected demand for most of the Group's companies. The Group is therefore taking a number of steps with respect to costs, working capital and capital expenditures and there is growing vigilance around the future development. Reference is made to the 2008/09 Annual Report for additional detail. The Parent Company is affected by the above mentioned risks and factors of uncertainty by virtue of its function as owner of its subsidiaries.

RELATED PARTY DISCLOSURES

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

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 accordance with the provisions of RFR 2.2 Accounting for legal entities. For the Group and the Parent Company the same accounting principles and calculation methods have been applied as in the most recent Annual Report.

Starting in 2009/10, the Group applies IFRS 8 Operating segments and amendments to IAS 1 Presentation of Financial Statements, IAS 23 Borrowing Costs and IAS 27, which deals with matters such as reporting of dividend income from subsidiaries. None of these have a significant effect on the Group's reports or any effect on profit and financial position.

ANNUAL GENERAL MEETING 2009

The 2009 Annual General Meeting will be held 31 August 2009 at IVA conference centre, Grev Turegatan 16, Stockholm.

All shareholders of record five days before the Meeting may participate personally or via proxy. Notice should be given to the Company in accordance with what is stated in the notice.

EVENTS AFTER THE BALANCE SHEET DATE

No events of significance for the Company have occurred after the balance sheet date 30 June 2009.

Stockholm, 21 July 2009
Jörgen Wigh
President & CEO
This report has not been subject to review by the Company's auditors.

Reporting schedule

31 Aug. 2009	Annual General Meeting for the 2008/09 financial year
11 Nov. 2009	Interim report for the period 1 April – 30 September 2009
9 Feb. 2010	Interim report for the period 1 April –31 December 2009
11 May 2010	Year-end report for the period 1 April 2009 – 31 March 2010

Lagercrantz Group in brief

Lagercrantz Group is a technology trading group in electronics, electrics, communications and adjacent areas. The Group operates in a decentralised mode with value-creating sales in close proximity to its customers and markets and has a leading position in several expansive niches.

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This information is published in accordance with the Swedish Securities Market Act, the Swedish Act on Trading in Financial Instruments and the rules and regulations of NASDAQ OMX Stockholm. The information was released for publication at 12:20 a.m., 21 July 2009.

NET REVENUE

MSEK	2009/10 Q 1	Q 4	Q 3	Q 2	2008/09 Q 1
Electronics	149	187	181	176	183
Mechatronics	118	140	163	159	166
Communications	167	201	213	186	183
Parent Company/Consolidation eliminations	–	–	–	–	–
GROUP TOTAL	**434**	528	557	521	532

OPERATING PROFIT

MSEK	2009/10 Q 1	Q 4	Q 3	Q 2	2008/09 Q 1
Electronics	3	7	3	6	8
Mechatronics	5	4	13	17	15
Communications	8	7	17	16	12
Parent Company/Consolidation eliminations	–3	–8	–3	–7	–2
GROUP TOTAL	**13**	10	30	32	33

CONSOLIDATED INCOME STATEMENT

MSEK	3 months Apr.-June 2009/10	3 months Apr.-June 2008/09	Moving 12 months July–June 2008/09	Financial year Apr.–Mar. 2008/09
Net revenue	434	532	2,040	2,138
Cost of goods sold	–318	–385	–1,509	–1,576
GROSS PROFIT	116	147	531	562
Selling costs	–63	–77	–288	–302
Administrative expenses	–37	–36	–158	–157
Research and development expenses	–3	–2	–11	–10
Other operating income and operating expenses	0	1	11	12
OPERATING PROFIT	13	33	85	105
(of which depreciation)	(–6)	(–6)	(–25)	(–25)
Net finance items	–3	–2	–12	–11
PROFIT AFTER FINANCE ITEMS	10	31	73	94
Taxes	–3	–9	–20	–26
NET PROFIT FOR THE PERIOD	7	22	53	68
Earnings per share, SEK	0.32	0,98	2.,39	3.05
Weighted number of shares outstanding after repurchases ('000)	21,978	22,478	22,163	22,287
Number of shares outstanding after period's repurchases ('000)	21,978	22,478	21,978	21,978

In view of the strike price on outstanding call options during the period (SEK 36.00, SEK 44.40 and SEK 36.80) and the average market price of the share (SEK 24.63) during the most recent twelve-month period when the option programmes were outstanding, there was no dilutive effect during the most recent twelve-month period. Nor was there any dilutive effect during the latest quarter as the average market price (SEK 25.71) was lower than the strike price.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

MSEK	3 months Apr.-June 2009/10	3 months Apr.-June 2008/09	Moving 12 months July–June 2008/09	Financial year Apr.–Mar. 2008/09
Net profit for the period	7	22	53	68
OTHER TOTAL PROFIT				
Change in fair value of hedging reserve	1	2	–4	–3
Change in translation reserve	–7	3	29	39
RECOGNISED PROFIT FOR THE PERIOD	1	27	78	104

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

MSEK	30 June 2009	30 June 2008	31 Mar. 2009
ASSETS			
Goodwill	191	166	192
Other intangible non-current assets	112	100	114
Tangible non-current assets	58	52	56
Financial non-current assets	22	29	23
Inventories	231	257	240
Short-term receivables	323	415	364
Cash and cash equivalents	69	75	60
TOTAL ASSETS	1,006	1,094	1,049
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Equity	519	486	518
Long-term liabilities	156	175	162
Current liabilities	331	433	369
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	1,006	1,094	1,049
Interest-bearing assets	69	75	69
Interest-bearing liabilities	159	210	159

CONSOLIDATED CASH FLOW STATEMENT

	3 months	3 months	Financial year
MSEK	Apr.-June 2009/10	Apr.-June 2008/09	Apr.–Mar. 2008/09
Operating activities			
Profit after finance items	10	31	94
Adjustment for paid taxes, items not included in cash flow, etc.	–10	–7	1
Cash flow from operating activities before changes in working capital	0	24	95
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in inventories	8	–19	17
Increase (–)/Decrease (+) in operating receivables	37	13	95
Increase (+)/Decrease (-) in operating liabilities	–50	–27	–70
Cash flow from operating activities	–5	–9	137
Investing activities			
Investments in businesses	–1	–33	–57
Investment in/disposals of other non-current assets, net	–6	–4	–20
Cash flow from investing activities	–7	–37	–77
Financing activities			
Dividend & repurchase of own shares	–	–	–45
Financing activities	22	42	–32
Cash flow from financing activities	22	42	–77
CASH FLOW FOR THE PERIOD	10	–4	–17
Cash and cash equivalents at the beginning of the period	60	79	79
Exchange rate differences in cash and cash equivalents	–1	0	–2
Cash and cash equivalents at the end of the period	69	75	60

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

MSEK	Apr.-June 2009/10	Apr.-June 2008/09	Apr.–Mar. 2008/09
Opening balance	518	459	459
Dividend	–	–	–34
Repurchase of own shares	–	–	–11
Recognised profit for the period	1	27	104
Closing balance	519	486	518

KEY FINANCIAL INDICATORS

	Moving 12 months	Financial year			
	2009/10	2008/09	2007/08	2006/07	2005/06
Revenue	2,040	2,138	2,172	1,974	1,608
Change in revenue, %	–6.0	–1.6	10.0	22.8	5.9
Profit after taxes	53	68	91	65	39
Operating margin, %	4.2	4.9	6.0	5.0	3.5
Profit margin, %	3.6	4.4	5.6	4.6	3.4
Equity ratio, %	52	49	44	39	52
Return on capital employed, %	13	17	21	18	13
Return on equity, %	11	14	21	16	10
Debt equity ratio	0.3	0.3	0.4	0.6	0.1
Net debt equity ratio	0.2	0.2	0.2	0.4	0.0
Times interest earned	6	7	9	9	14
Net interest-bearing liabilities (+) / receivables (–), MSEK	90	78	93	161	-9
Number of employees at end of period	693	742	763	751	541
Revenue outside Sweden, MSEK	1,401	1,486	1,496	1,352	1,053

Per-share data	Moving 12 months	Financial year			
	2009/10	2008/09	2007/08	2006/07	2005/06
Number of shares outstanding at end of period after repurchases ('000)	21,978	21,978	22,478	23,678	23,678
Weighted number of shares outstanding after repurchases ('000)	22,163	22,287	23,212	23,678	23,923
Operating profit per share, SEK	3.84	4.71	5.64	4.18	2.38
Earnings per share, SEK	2.39	3.05	3.92	2.75	1.63
Cash flow from operations per share, SEK	6.36	6.15	5.17	3.21	3.59
Cash flow per share, SEK	–0.14	–0.76	–0.60	1.69	–1.00
Equity per share, SEK	23.60	23.60	20.40	18.20	16.60
Latest market price per share, SEK	28.00	23.50	28.80	33.50	30.10

Definitions will be found in the 2008/09 Annual Report.

PARENT COMPANY INCOME STATEMENT

MSEK	3 months Apr.-June 2009/10	3 months Apr.-June 2008/09	Moving 12 months July–June 2008/09	Financial year Apr.–Mar. 2008/09
Net revenue	6	7	25	26
Administrative expenses	–8	–9	–31	–32
Other operating income and operating expense	0	0	0	0
OPERATING RESULT	–2	–2	–6	–6
Financial income	59	70	135	146
Financial expense	–2	–3	–62	–63
PROFIT AFTER FINANCE ITEMS	55	65	67	77
Taxes	1	1	3	3
NET PROFIT FOR THE PERIOD	56	66	70	80

PARENT COMPANY BALANCE SHEET

MSEK	30 June 2009	30 June 2008	31 Mar. 2009
ASSETS			
Tangible non-current assets	0	0	0
Financial non-current assets	624	648	611
Short-term receivables	54	41	52
Cash and cash equivalents	-	0	7
TOTAL ASSETS	678	689	670
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity	491	445	435
Long-term liabilities	105	100	123
Current liabilities	82	144	112
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	678	689	670
Pledged assets and contingent liabilities	30	47	50