

LAGERCRANTZ GROUP

Lagercrantz Group offers – within well defined niches and in partnership with customers and producers – products and solutions in the fields of electronics and communications that contribute to customers' competitiveness. Our vision is to be a growth-oriented, profitable and international knowledge-based company in electronics and communications solutions.

LAGERCRANTZ GROUP

Interim report April 1 – September 30, 2001 (6 months)

- Following a decision by Bergman & Beving AB's owners at the regularly scheduled annual general meeting held August 22, 2001, Lagercrantz Group was distributed to the shareholders and was listed September 3, 2001 on the O-list of the Stockholm Stock Exchange.
- Net revenues amounted to MSEK 1077 (1190).
- Income after net financial items amounted to MSEK 51 (72). Items affecting comparability are additional in an amount of MSEK 6 (15).
- Operating area Components suffered under difficult market conditions with low demand.
- Despite the difficult market conditions and lower volume, an operating margin before items affecting comparability of 5.1 percent (6.3) was achieved.
- An action program that reduces the Group's costs by about MSEK 30 on an annual basis was implemented during the second quarter.
- The equity ratio has increased to 43 percent (37).
- The return on equity before items affecting comparability was 19.1 percent (22.9) for the past 12-month period.

All comparative data are pro forma, based on the assumptions set forth in Information to the shareholders of Bergman & Beving AB relating to the distribution of the Lagercrantz Group AB. Comparative data for prior years have been adjusted for the effect of applying recommendation RR9 (Income taxes) of the Swedish Financial Accounting Standards Council.

NET REVENUES AND INCOME

Net revenues amounted to MSEK 1077 (1190). Operating income not including items affecting comparability amounted to MSEK 55 (75) with an operating margin of 5.1 percent (6.3). Income after

net financial items amounted to MSEK 57 (87). This result includes items affecting comparability in an amount of MSEK 6 (15).

Earnings per share not including items affecting

comparability amounted to SEK 1.29 (1.72). For the most recent 12-month period, earnings per share not including items affecting comparability were SEK 3.34, as compared with SEK 3.77 for the preceding financial year.

The market situation for the Group's main business continues to be weak. The flow of new orders has stabilized, however, even if at substantially lower level than for the year before. Any needs for additional cost adjustment are analyzed on an ongoing basis.

The costs for the action program already implemented have been charged to the restructuring reserve set aside in the full-year closing of the books as of March 31, 2001. Restructuring costs in the amount of MSEK 11 were reversed to this reserve during the first six months of the year.

BUSINESS AREA ELECTRONICS

Net revenues declined to MSEK 688 (784). Operating income before items affecting comparability amounted to MSEK 44 (69), which is equivalent to an operating margin of 6.4 percent (8.8).

COMPONENTS

For operating area Components, which accounts for 84 percent of the business area's net revenues, the market situation is difficult. A weak state of the market in the electronics and telecom sectors, combined with increased global uncertainty, has a negative effect on earnings. The flow of new orders fell during the first quarter, but stabilized during the second quarter.

Net revenues declined to MSEK 579 (731) and operating income before items affecting comparability dropped to MSEK 36 (62). The operating margin was 6.2 percent (8.5).

PRODUCTION SERVICES

Net revenues more than doubled to MSEK 109 (53) and operating income before items affecting comparability amounted to MSEK 8 (7). The

increase in volume is explained by acquisitions made during the past operating year. The operating margin was 7.3 percent (13.2).

The operating area has its own manufacturing of customized cable products at plants in Finland, Denmark and Sweden. Via an office in Hong Kong, the operating area also has an established network of plants focusing on volume production.

Against the background of a sharp focus on expansion of the Group's creation of added value, new opportunities in the area of niche production of sub-systems are always under evaluation.

BUSINESS AREA SOLUTIONS

Net revenues amounted to MSEK 389 (406). Operating income before items affecting comparability amounted to MSEK 10 (7).

IT/COMMUNICATION

Net revenues in the operating area increased to MSEK 190 (161) and operating income before items affecting comparability amounted to MSEK 6 (6). The increase in volume is explained by acquisitions made during the past operating year. The operating margin amounted to 3.2 percent (3.5).

The operating area enjoyed a positive development during the second quarter, which is partially explained by structural action taken and cost reductions implemented.

The business in this area is less affected by the current overall economic situation and the flow of new orders is satisfactory.

SYSTEMS

Net revenues declined to MSEK 197 (244) and operating income amounted to MSEK 4 (1).

Weaker demand and ongoing adaptation of product offerings explain the drop in sales.

An improvement in profitability was achieved during the second quarter. A process aimed at adapting the structure as well as the product offerings continues.

BUSINESS AREAS

	Net revenues			Operating income		
	6 months	12 months		6 months	12 months	
MSEK	2001/ 2002	2000/ 2001	2000/ 2001	2001/ 2002	2000/ 2001	2000/ 2001
Electronics	688	784	1694	44	69	137
Solutions	389	406	920	10	7	22
Parent Company/consolidation eliminations	0	0	0	1	-1	4
Items affecting comparability	0	0	0	6	15	-45
GROUP TOTAL	1077	1190	2614	61	90	118

NET REVENUES – quarterly data				2000/2001		
MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	294	394	455	455	414	370
Solutions	194	195	233	281	211	195
Parent Company/consolidation eliminations	0	0	0	0	0	0
GROUP TOTAL	488	589	688	736	625	565

OPERATING INCOME*				2000/2001		
quarterly data	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
MSEK	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Electronics	12	32	31	37	37	32
Solutions	9	1	2	13	7	0
Parent Company/consolidation eliminations	0	1	5	0	-2	1
GROUP TOTAL	21	34	38	50	42	33

* Not including items affecting comparability

	July/ Sept.	July/ Sept.	6 months	6 months	12 months to	
CONSOLIDATED STATEMENT OF INCOME	2001/ 2002	2000/ 2001	2001/ 2002	2000/ 2001	9/30 2001	3/31 2001
MSEK						
Net revenues	488	625	1077	1190	2499	2614
Operating expenses (of which depreciation)	-467 (-5)	-583 (-7)	-1022 (-11)	-1115 (-12)	-2356 (-25)	-2451 (-24)
Items affecting comparability	1	15	6	15	-54	-45
OPERATING INCOME	22	57	61	90	89	118
Financial income and expense	-3	-1	-4	-3	-6	-5
INCOME AFTER FINANCIAL ITEMS	19	56	57	87	83	113
Taxes	-6	-19	-17	-29	-26	-38
NET INCOME FOR THE PERIOD	13	37	40	58	57	75
Earnings per share, SEK	0.47	1.33	1.44	2.08	2.05	2.69
Earnings per share, not including items affecting comparability, SEK	0.43	0.97	1.29	1.72	3.34	3.77

CONSOLIDATED BALANCE SHEET

MSEK	9/30/2001	3/31/2001
ASSETS		
Tangible fixed assets	125	124
Financial assets	70	38
Inventories	383	383
Short-term receivables	450	501
Liquid funds	195	196
TOTAL ASSETS	1223	1242
SHAREHOLDERS EQUITY AND LIABILITIES		
Shareholders' equity	528	458
Interest-bearing liabilities and provisions	264	279
Non-interest-bearing liabilities and provisions	431	505
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1223	1242

CONSOLIDATED STATEMENT OF CASH FLOW

MSEK	6 months 2001/ 2002	Full year 2000/ 2001
Current operations before changes in working capital	53	145
Changes in working capital	-43	58
Cash flow from current operations	10	203
Investments in subsidiaries and other business units	0	-97
Net investments in other fixed assets	-7	-11
CASH FLOW BEFORE FINANCING	3	95
Financing operations	-5	-*
CASH FLOW FOR THE PERIOD	-2	
Liquid funds at beginning of year	196	-*
Translation difference in liquid funds	-1	-*
Liquid funds at end of period	195	196

* The Lagercrantz Group was capitalized March 31, 2001. Some data therefore omitted.

Change in shareholders' equity

MSEK	Apr. – Sep. 2001
Opening balance	400
Effect of changed accounting principle	58
At beginning of period adjusted for new principle	458
Translation difference for the period	30
Net income for the period	40
Closing balance	528

Effect of changed accounting principles – RR 9

MSEK	Pro forma 2000/2001	Adjustments	Adjusted pro forma
Income after financial items	113		113
Taxes	-40	2	-38
Net income for the period	73		75
Fixed assets	127	35	162
Current assets	1080		1080
Total assets	1207		1242
Shareholders' equity	400	58	458
Liabilities and provisions	807	-23	784
Total shareholders' equity, provisions and liabilities	1207		1242

KEY FIGURES

SEK	6 months		12 months to	
	2001/ 2002	2000/ 2001	9/30 2001	3/31 2001
Average number of shares outstanding	27 864 232	27 864 232	27 864 232	27 864 232
Number of shares outstanding at end of period	27 864 232	27 864 232	27 864 232	27 864 232
Return on capital employed, %			13,7	17,9
Return on capital employed, not including items affecting comparability, %			20,8	24,0
Return on equity, %			11,6	16,3
Return on equity, not including items affecting comparability, %			19,1	22,9

All measurements of return computed based on average equity since March 31, 2001

PROFITABILITY, FINANCIAL POSITION AND CAPITAL EXPENDITURES

The return on capital employed before items affecting comparability for the most recent 12-month period was 20.8 percent as compared with 24.0 percent for the preceding financial year. The corresponding figures for return on equity were 19.1 percent and 22.9 percent.

The Group's equity ratio at the end of the period was 43 percent, as compared with 37 percent at the beginning of the financial year. Shareholders' equity per share amounted to SEK 18.95, as compared with SEK 16.44 at the beginning of the financial year.

Cash flow from current operations amounted to MSEK 10 for the period. The Group's financial indebtedness amounted to 69 MSEK, as compared with MSEK 83 at the beginning of the financial year.

Capital expenditures in fixed assets amounted to MSEK 11, as compared with MSEK 39 (of which purchases real estate amounted to MSEK 30) for the corresponding year-ago period.

ITEMS AFFECTING COMPARABILITY

There are items affecting comparability in a net amount of MSEK 6 (15). This year's items refer to reversal of previous provision for bad debts in the amount of MSEK 9 and costs in connection with the market listing of Lagercrantz Group AB in the amount of MSEK 3.

CORPORATE ACQUISITIONS

No corporate acquisitions were made during the period under review.

PARENT COMPANY

The Parent Company's net revenues amounted to MSEK 17 (–) and income after net financial items was MSEK 6 (–).

ACCOUNTING PRINCIPLES

This interim report has been compiled in accordance with recommendation RR20 (Interim report) of the Swedish Financial Accounting Standards Council.

The Swedish Financial Accounting Standards Council's new recommendation RR9 (Income taxes) is being applied to this year's interim reports. Comparative data for prior years have been adjusted accordingly. See above for the effects hereof.

In all other respects the same accounting principles and bases for forming a judgment as presented in Bergman & Beving AB's annual report for 2000/2001 have been applied.

A statement on accounting principles applied is included in the listing prospectus prepared by reason of Lagercrantz Group's listing on the O-list of the Stockholm Stock Exchange.

EMPLOYEES

The number of employees in the Group at the end of the period was 781, which can be compared to 827 at the beginning of the period.

REPURCHASE OF OWN SHARES

The Board of Directors has decided to propose to an extra general meeting of shareholders of Lagercrantz

Group AB to be held December 17, 2001, to give the Board of Directors a mandate to repurchase Company shares up to ten percent of the shares or votes outstanding. The purpose of the repurchase program is to give the Board of Directors freedom of action in its work with the company's capital structure and to secure the Company's obligations in connection with the proposed option program. The proposal includes a mandate for the Board of Directors to use repurchased shares in conjunction with the incentive program. The mandate for the Board Directors is also proposed to include the option of using repurchased shares to pay for corporate acquisitions.

During the fall, Lagercrantz Group AB has entered into a share swap agreement with Svenska Handelsbanken, which has acquired 923 700 shares at an average cost of SEK 22.68 per share. The purpose of the share swap agreement was for it to be used as a hedge for a share-related incentive program for members of senior management. However, partially changed conditions have led to a change in the way the incentive program will be structured. This will also affect the share swap agreement.

FUTURE OUTLOOK

The weak state of the economy leads to lower sales and income compared to the year before. A forceful action program has therefore been implemented to adapt the Group's costs to the lower level of market demand.

Stockholm, November 15, 2001

Jan Friis
President & CEO

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

An interim report for the period April 1, 2001 – December 31, 2001 will be presented February 6, 2002.

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