



## COMMENTS FROM CEO BODIL SONESSON:

### ”Continued solid results”

- › The Group continues to deliver solid results while the lighting industry is experiencing some challenges.
- › The year-to-date overall order intake is ahead of last year by 11.7% and after adjusting for acquisitions and currency effects the organic order intake is ahead of last year by 0.4%. The total order stock is ahead of last year by 18.4%.
- › The year to date overall net sales is ahead of last year by 7.3% and after adjusting for acquisitions and currency effects the organic net sales has declined 3.4%. The operating margin has been improving during the year from 10.9% in Q1 to in 11.7% Q2 to a stronger 13.5% in the current quarter.
- › In most of the Group’s main business areas we see a consistent and good level of activity for enquiries, quotations and order income. In the UK we notice a continued tough market with lower construction activity levels as the uncertainty from Brexit grows due to the approaching March 2019 timeframe.
- › Investments in medium term growth activities continue to make progress and look to deliver positive returns in coming quarters.
- › Q3 operating profit at 195.0 (192.2) MSEK is another record high for the Group and results from overall strong organic margin development and successful integration of new acquisitions.
- › We continue to have reason to be positive about the near term future with a general good activity level, healthy order backlog and some encouraging signs from growth investments. The Group’s decentralised model is a key part of the success.
- › “I look forward to working in the Fagerhult Group and to continue the strong development into the future,” new CEO, Bodil Sonesson.

## Q1-3

ORDER INTAKE, MSEK

# 4,401

Order intake was MSEK 4,400.5 (3,939.3), which is an overall growth of 11.7% adjusted to 0.4% for acquisitions of MSEK 317.3 and currency effects of MSEK 127.1

NET SALES, MSEK

# 4,133

Net sales were MSEK 4,132.9 (3,850.4), which is an overall growth of 7.3% adjusted to -3.4% for acquisitions of MSEK 290.0 and currency effects of MSEK 123.5

OPERATING PROFIT, MSEK

# 500

Operating profit was MSEK 500.2 (505.5) representing a 1.0% decrease with an operating margin of 12.1 (13.1)%

EARNINGS AFTER TAX, MSEK

# 349

Earnings after tax were 348.9 (352.8), a decrease of 1.1%

EARNINGS PER SHARE, SEK

# 3.05

Earnings per share were SEK 3.05 (3.09).

CASH FLOW FROM OPERATING  
ACTIVITIES, MSEK

# 91

Cash flow from operating activities was MSEK 90.7 (405.1)

### ”Improving quarterly operating margins”

# Group

## January–September

For the third quarter of the year the market activity remains mostly positive across the business areas and at a good level.

The Northern, Western & Southern European regions continue to deliver steady order intake levels compared with last year with this being driven in the majority of regions by organic growth and some regions benefiting from currency tailwinds. The UK & Ireland region order income is flat overall and approximately -5% when currency adjusted. The UK market provides an increasing challenge, however, our operating units are all in a strong position, but for the short-term, most likely 3-9 months, we see a tightening of market activity, mainly in privately funded sectors. Despite strong currency headwinds from the weak Turkish Lira (21% year -to-date average), the APAC business area continues to deliver growth. Resulting from strategic acquisitions, the Western and Southern Europe business area has now become the largest region for the Group.

The Group's year-to-date order intake at 4,400.5 (3,939.3) MSEK annualises above 6 BSEK as the steady improvement in performance of the organic businesses (+0,6% in the current quarter) is complemented by the strong delivery of recent acquisitions.

The order intake showed an overall 11.7% increase over the same period of 2017 with a 0.4% increase when adjusted for acquisition and currency effects. The total order backlog position is 260 MSEK higher than a year ago, with a mix of short, and an increasing value of medium term project delivery periods.

The operating profit of 500.2 (505.5) MSEK and the operating margin has improved steadily during the year. Operating profit performance remains strong in continental Europe.

Year to date operating margins for the Group at 12.1 (13.1)% demonstrate a continued good performance in the current climate with improvement in Northern Europe to 13.5% and APAC to 9.1% and a growing return in Western and Southern Europe, 14.3% in the current quarter. We continue to support our investments in growth activities, partly funded by efficiency savings in several regions.

Financial items were -28.7 (-28.8) MSEK with a mixture of higher interest charges and positive currency effects creating a neutral movement.

The tax expense for the period was -122.6 (-123.9) MSEK, which results in a 26% (26%) tax rate.

## The third quarter

For the Group, organic growth remains in focus, investments in growth activities have been implemented and remain supported.

The year to date order income at 4,400 (3,939) MSEK and Q3 order income at 1,441 (1,239) MSEK show approximately 12% and 16% overall growth, and 0.4% and 0,6% organic growth respectively. The Group's scale, adjusting for M&A, is now annualising above 6 BSEK on order income with continued investments in many medium term growth activities targeted at increasing organic growth and market share.

Net sales for the third quarter were 1,440.6 (1,305.7) MSEK, which represents an overall increase of 10.3%, reducing to -3.8% after adjusting for acquisitions of 110.4 MSEK and currency effects of 74.2 MSEK.

The operating profit in the quarter was 195.0 (192.2) MSEK, a 1.5% increase, delivering an operating margin of 13.5 (14.7)%.

The operating cash flow in the quarter was positive at 181.7 (216,6) MSEK and the working capital remains high which is a focus for the fourth quarter.



ANNUALISED ORDER  
INCOME PASSES 6 BSEK

# 6BSEK

“Regional activity  
remains mostly  
positive”

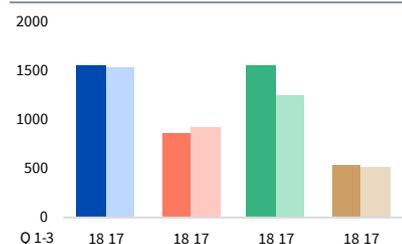
“Positive 182  
MSEK operating  
cash flow”

# Business areas

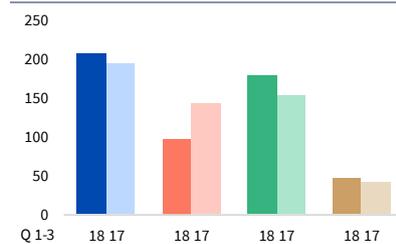
## NET SALES AND OPERATING PROFIT BY BUSINESS AREA, Q3 & Q1-3

	Net sales				Operating profit				Operating margin %			
	Q3		Q1-3		Q3		Q1-3		Q3		Q1-3	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Northern Europe	482.8	477.5	1,542.1	1,518.1	67.0	68.6	207.8	194.8	13.9	14.4	13.5	12.8
UK and Ireland	290.3	298.5	861.8	925.7	36.5	48.7	98.6	143.0	12.6	16.3	11.4	15.4
Western and Southern Europe	595.9	478.5	1,539.4	1,241.1	85.2	65.5	179.9	152.6	14.3	13.7	11.7	12.3
Africa, Asia and the Pacific	181.5	177.9	523.8	506.1	17.8	19.7	47.8	42.4	9.8	11.1	9.1	8.4
Other	-	-	-	-	-11.5	-10.3	-33.9	-27.3	-	-	-	-
Eliminations	-109.9	-126.7	-334.2	-340.6	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,440.6</b>	<b>1,305.7</b>	<b>4,132.9</b>	<b>3,850.4</b>	<b>195.0</b>	<b>192.2</b>	<b>500.2</b>	<b>505.5</b>	<b>13.5</b>	<b>14.7</b>	<b>12.1</b>	<b>13.1</b>
Financial, unallocated items	-	-	-	-	-8.7	-8.1	-28.7	-28.8	-	-	-	-
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186.3</b>	<b>184.1</b>	<b>471.5</b>	<b>476.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

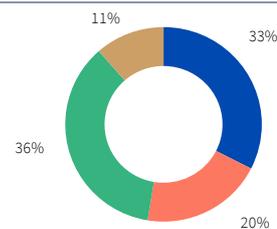
### NET SALES PER BUSINESS AREA, MSEK



### OPERATING PROFIT PER BUSINESS AREA, MSEK



### SALES SHARE PER BUSINESS AREA, %



GEOGRAPHICAL BUSINESS AREAS: ■ Northern Europe ■ UK and Ireland ■ Western and Southern Europe ■ Africa, Asia and the Pacific

## Northern Europe

The business area comprises the Group's operating units and companies in the Nordic and Baltic regions and Russia. The factory in China, which engages in manufacturing and purchasing, is also included.

Development, manufacturing and sales are conducted in Sweden, Finland and China, while operations in other markets engage only in sales. Poland has been included in the business area, with effect from the start of the year with prior year numbers also being adjusted.

Net sales for the year-to-date were 1,542.1 (1,518.1) MSEK showing a growth of 1.6%, and adjusted for currency effects the net sales were flat. Sales increased in Sweden and Finland with ongoing difficult trading conditions in Russia where the operation now carries a lower cost base.

The operating profit for the period was 207.8 (194.8) MSEK, an increase of 6.7% with an operating margin of 13.5 (12.8)%.

Q3  
NET SALES, MSEK

**482.8**

OPERATING PROFIT, MSEK

**67.0**

OPERATING MARGIN, %

**13.9**

<b>Nothern Europe</b>	<b>Q3, 2018</b>	<b>Q3, 2017</b>	<b>Q1-3, 2018</b>	<b>Q1-3, 2017</b>
Net sales	482.8	477.5	1,542.1	1,518.1
<i>(of which, intercompany sales)</i>	<i>(57.1)</i>	<i>(79.6)</i>	<i>(198.4)</i>	<i>(216.4)</i>
Operaing profit	67.0	68.6	207.8	194.8
Operating margin, %	13.9	14.4	13.5	12.8
Sales growth, %	1.1	-1.8	1.6	2.5
Sales growth, adjusted for exchange rate differences, %	-1.5	-1.7	-0.0	1.2
Growth in operating profit, %	-2.3	9.6	6.7	28.3

## UK and Ireland

This business area comprises Group companies in the United Kingdom and Ireland. The most significant unit is Whitecroft Lighting and both Whitecroft and Designplan Lighting engage in the development, manufacture and sale of lighting systems, while the Fagerhult branded businesses in the UK and Ireland engage in sales.

Net sales in the year-to-date were 861.8 (925.7) MSEK and both the second and third quarters performed better than the first, mainly due to very high Q1 2017 comparables. Net sales adjusted for currency effects declined 11.1% in Q3 compared to -18.0% for Q1 and -11.7% for the current year-to-date.

The business area has had a tough first 9 months of 2018, not only with the impact on the construction sector from the growing uncertainties as a result of Brexit, but also with the harsh Q1 weather conditions and the collapse of Carillion, which combined the latter two are reported to have impacted the sector by GBP 1Bn, (Construction Products Association).

The order backlog position in the business area remains at a good level compared to last year.

The operating profit for the year-to-date was 98.6 (143.0) MSEK and the operating margin was 11.4 (15.4)%.

<b>UK and Ireland</b>	<b>Q3, 2018</b>	<b>Q3, 2017</b>	<b>Q1-3, 2018</b>	<b>Q1-3, 2017</b>
Net sales	290.3	298.5	861.8	925.7
<i>(of which, intercompany sales)</i>	<i>(6.0)</i>	<i>(9.4)</i>	<i>(31.8)</i>	<i>(39.6)</i>
Operaing profit	36.5	48.7	98.6	143.0
Operating margin, %	12.6	16.3	11.4	15.4
Sales growth, %	-2.7	-2.6	-6.9	1.1
Sales growth, adjusted for exchange rate differences, %	-11.1	2.3	-11.7	7.4
Growth in operating profit, %	-25.1	-9.5	-31.0	-1.5

## Western and Southern Europe

This business area comprises our operations in Germany, the Netherlands, France, Belgium and Spain. Poland is no longer consolidated in the region. The larger operations; WE-EF, LTS Licht & Leuchten and LED Linear are based in Germany and Veko Lightsystems is based in the Netherlands and all engage in the development, manufacture and sale of lighting systems.

The businesses of LED Linear and WE-EF have operations across the globe but for governance reasons are reported within this business area. The Fagerhult branded business in the Netherlands, France, Spain and Belgium engage in sales.

The results of the Q1 2017 acquired WE-EF group based in Bispingen, Germany have been included in the business area from March 2017 and the results of the 20th April 2018 acquired Veko Lightsystems International B.V. based in Schagen, the Netherlands, are consolidated in the business area from May 2018.

Q3  
NET SALES, MSEK  
**290.3**  
OPERATING PROFIT, MSEK  
**36.5**  
OPERATING MARGIN, %  
**12.6**

Q3  
NET SALES, MSEK  
**595.9**  
OPERATING PROFIT, MSEK  
**85.2**  
OPERATING MARGIN, %  
**14.3**

Net sales for the year-to-date were 1,539.4 (1,241.1) MSEK. This is an overall growth of 24.0%, reducing to 17.5% adjusting for currency effects and -4.3% after adjusting for both currency and acquisition effects.

The operating profit for the year-to-date was 179.9 (152.6) MSEK and the operating margin increases to 14.3 (13.7)% for the current quarter resulting in the three-quarter year level of 11.7 (12.3)%, with further incremental and seasonal growth expected in the future.

Western and Southern Europe	Q3, 2018	Q3, 2017	Q1-3, 2018	Q1-3, 2017
Net sales	595.9	478.5	1,539.4	1,241.1
<i>(of which, intercompany sales)</i>	<i>(23.2)</i>	<i>(13.3)</i>	<i>(52.4)</i>	<i>(31.2)</i>
Operating profit	85.2	65.5	179.9	152.6
Operating margin, %	14.3	13.7	11.7	12.3
Sales growth, %	24.5	57.9	24.0	64.4
Sales growth, adjusted for exchange rate differences, %	15.3	57.3	17.5	60.5
Growth in operating profit, %	30.1	47.9	17.9	67.1

## Africa, Asia and the Pacific

The business area comprises our operations in South Africa, Turkey, the United Arab Emirates, Australia and New Zealand. Development, manufacturing and sale of lighting systems and controls are conducted in South Africa, Australia and Turkey, while the operations in the United Arab Emirates and New Zealand engage in sales.

The OR Technologies Pty Ltd business, based in Melbourne Australia, the new company set up to develop and market the OR technology has been consolidated in this business area from May 2017.

Market activity in Australia and New Zealand remains healthy and we see continued improved results in South Africa, despite a stuttering of the late 2017 post-election ambitions. The Arabian Gulf region has a liquidity challenge which damages further growth ambitions and despite the much publicised Turkish adverse conditions our business located in Ankara continues to deliver steady results.

Net sales for the year-to-date were 523.8 (506.1) MSEK, a growth of 3.5% overall, increasing to 9.8% after adjusting for currency effects. The FX headwind in the year has been 20.3 and 7.8 MSEK on net sales and operating profits respectively.

The operating profit was 47.8 (42.4) MSEK and the operating margin continues to develop steadily to 9.1 (8.4)%.

Africa, Asia and the Pacific	Q3, 2018	Q3, 2017	Q1-3, 2018	Q1-3, 2017
Net sales	181.5	177.9	523.8	506.1
<i>(of which, intercompany sales)</i>	<i>(23.6)</i>	<i>(24.5)</i>	<i>(51.6)</i>	<i>(53.5)</i>
Operating profit	17.8	19.7	47.8	42.4
Operating margin, %	9.8	11.1	9.1	8.4
Sales growth, %	2.0	6.7	3.5	5.5
Sales growth, adjusted for exchange rate differences, %	8.5	13.0	9.8	5.0
Growth in operating profit, %	-9.6	-8.4	12.7	-31.5

## Other

The business area mainly comprises central Group wide functions and the Parent Company, AB Fagerhult.



Q3  
NET SALES, MSEK

181.5

OPERATING PROFIT, MSEK

17.8

OPERATING MARGIN, %

9.8

## Business per product area

A stronger Q3 in Indoor Lighting results in the year-to-date net sales increasing to 11,0% overall. Adjusted for currency and acquisition effects the organic growth is now only -0.8% which compares to -3.0% at the half year. The current quarter delivered a healthy 6.4% organic growth in Indoor Lighting with growth coming from Northern Europe and the UK & Ireland.

In Retail Lighting the overall net sales for the year-to-date has reduced 7.0% and in Outdoor Lighting overall net sales grew 14.0%. Adjusted for currency and acquisition effects we see a reduction of 11.4% in Retail and a growth in Outdoor of 2.6%.

The dominant factor in Retail Lighting in the year-on-year comparison remains the large project in Q1 2017 of 70 MSEK in the UK, as well as a slowdown generally in the sector driven by on-line shopping.

In Outdoor Lighting, we continue to see steady progress overall with of course regional and seasonal variations across the business areas.

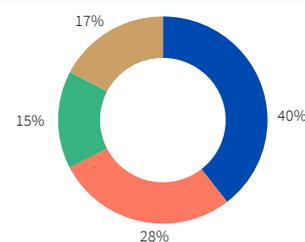
### NET SALES PER PRODUCT AREA

	Q3, 2018			Q3, 2017		
	Indoor	Retail	Outdoor	Indoor	Retail	Outdoor
Northern Europe	299.8	52.7	73.2	254.3	65.7	78.0
UK and Ireland	252.5	17.5	14.3	225.5	45.8	17.8
Western and Southern Europe	172.7	188.1	211.9	67.1	192.7	205.4
Africa, Asia and the Pacific	138.2	7.4	12.3	141.9	3.7	7.8
<b>Total</b>	<b>863.2</b>	<b>265.7</b>	<b>311.7</b>	<b>688.8</b>	<b>307.9</b>	<b>309.0</b>

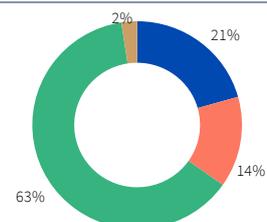
  

	Q1-3, 2018			Q1-3, 2017		
	Indoor	Retail	Outdoor	Indoor	Retail	Outdoor
Northern Europe	955.4	174.6	213.7	898.8	189.1	213.9
UK and Ireland	676.4	120.1	33.5	682.6	168.8	34.7
Western and Southern Europe	369.0	531.7	586.3	193.5	530.8	485.6
Africa, Asia and the Pacific	419.4	20.5	32.3	405.5	21.6	25.5
<b>Total</b>	<b>2,420.2</b>	<b>846.9</b>	<b>865.8</b>	<b>2,180.4</b>	<b>910.3</b>	<b>759.7</b>

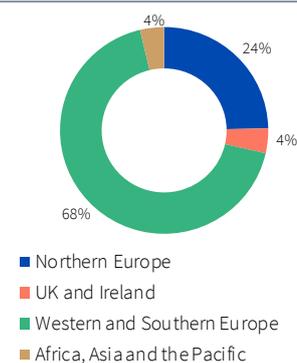
### NET SALES INDOOR, Q1-3 2018



### NET SALES RETAIL, Q1-3 2018



### NET SALES OUTDOOR, Q1-3 2018



## Financial position

The Group's equity/assets ratio at the end of the reporting period was 29.1 (29.9)%. Cash and bank balances at the end of the period were 527 (759) MSEK and consolidated equity was 1,960 (1,769) MSEK.

The cash flow for the year-to-date, which includes the acquisition of Veko 306.7 MSEK and payment of the dividend 229.0 MSEK, resulted in an increase in net debt to 2,366 (1,957) MSEK.

Cash flow from operating activities was 91 (405) MSEK with the 314 MSEK negative movement due mainly to a 292 MSEK increase in working capital, which will partly be liquidated in the final quarter of the year.

Pledged assets and contingent liabilities amounted to SEK 47.2 million (7.3) and SEK 1.5 million (1.5) respectively.

## Investments

The Group's gross investments in non-current assets was 129 (122) MSEK. The figure does not include investments in subsidiaries, which were 307 (792) MSEK.

## Significant post balance sheet events

On 15<sup>th</sup> October 2018, Fagerhult signed a Letter of Intent (LOI) with the shareholders of iGuzzini illuminazione S.p.A (“iGuzzini”) to acquire 100% of the shares of iGuzzini.

Based on this LOI, Fagerhult has exclusivity to conduct a customary due diligence and is targeting signing a Share Purchase Agreement before the end of 2018. The finalising of the transaction will be subject to Fagerhult board approval and any anti-competition approvals that may be required. The transaction will be funded from a combination of debt finance and a new rights issue in Fagerhult shares.

Upon finalising the transaction, the Sellers will receive a significant proportion of the consideration in Fagerhult shares with the aim of becoming shareholders of the combined entity. Adolfo Guzzini (President of iGuzzini) and Andrea Sasso (CEO of iGuzzini), in addition to remaining in their respective roles within iGuzzini, will assume important roles in the top management of Fagerhult.

The addition of iGuzzini will significantly strengthen the Fagerhult Group’s position in the professional lighting market both in terms of the geographic presence and by adding leading complementary product ranges. iGuzzini is a very well-known and respected professional lighting brand with a high brand awareness particularly amongst specifiers. The company designs, manufactures and markets professional lighting solutions for both the indoor and outdoor application areas. Founded in 1959 the company is based in Recanati, Italy. In the financial year ending December 2017, the company had 1,300 employees, and sales of approximately 230 MEUR.

## Acquisition of Veko

On 15<sup>th</sup> March 2018, Fagerhult signed an agreement to acquire 100% of the shares of Veko Lightsystems International B.V., a company based in Schagen, the Netherlands. The acquisition is expected to have a positive effect on the earnings per share during 2018 and forward.

In the year ending December 2017, the company had 130 employees, sales of 37 MEUR and a profitability rate significantly above that of the Fagerhult Group. Fagerhult paid 31.5 MEUR, on a cash and debt free basis, as an initial payment for 100% of the shares of Veko Lightsystems International B.V..

An additional earnout of 9.5 MEUR can be paid each year for 3 years from 2018 to 2020 tied to the company performance. Further, an additional 5.0 MEUR earnout can also be paid based on the cumulative performance from 2018-2020. The transaction is financed with existing cash and new credit facilities.

For more information refer to the press releases on 15<sup>th</sup> March 2018 and 20<sup>th</sup> April 2018 and the Q1 and Q2 interim reports.

The acquisition was completed on the 20<sup>th</sup> April 2018 and Veko has been consolidated in the Western and Southern Europe business area from the 1<sup>st</sup> May 2018.

### THE CONSIDERATION CONSISTS OF THE FOLLOWING COMPONENTS

Cash Paid	327.8
Contingent consideration	347.9
Net assets acquired	277.2
<b>Goodwill</b>	<b>398.5</b>

## Employees

The average number of employees during the period was 3,368 (3,216).



## Parent company

AB Fagerhult's operations comprise Group Management, financing and business development activities. The profit after financial items was 1.8 (115.0) MSEK.

The number of employees during the period was 7 (6).

## Accounting principles

This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting, and the Swedish Annual Accounts Act. The information for the interim period on pages 1-17 is an integral part of this financial report.

The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR.

Applied accounting principles are unchanged in comparison with the previous year, except that AB Fagerhult from the beginning of January 1st, 2018 applies IFRS 15 Revenue From Agreements With Customers and IFRS 9 Financial Instruments. The implementation of these standards has not had any impact on the financial statements, except for additional information regarding revenue per product area presented by business area. For further information on IFRS 15 and IFRS 9 and other accounting policies, please refer to the accounting principles section of Fagerhult's annual report for the financial year 2017.

### IFRS 16 LEASES

The Group is continuing its work on analysing the impact IFRS 16 will have on the Group's financial reports. The Group is preparing a full review of all leases, where the information is gathered and compiled as decision data for calculations and quantifications in conjunction with the conversion to IFRS 16. All Group leases are currently recognized as operational. In conjunction with the transition to IFRS 16, the majority of these contracts will be recognized in the balance sheet as right-of-use assets together with financial liabilities from 2019. The Group has decided it will apply partial retroactive application (which means that comparative figures do not need to be restated).

## Risks and uncertainties

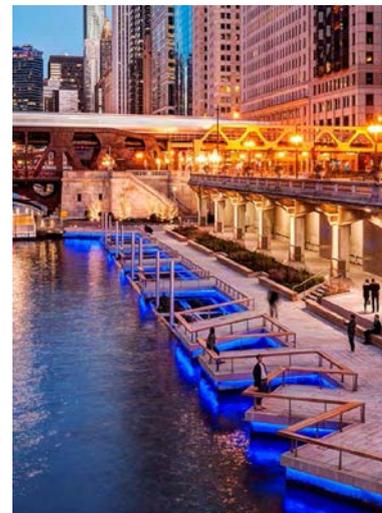
The Group's significant risks and uncertainties consist primarily of business risks, and financial risks associated with currencies and interest rates. Through the company's international operations, the Fagerhult Group is subject to financial exposure arising from currency fluctuations as well as the regionalised uncertainty of political situations.

The most prominent risks, however, are currency risks arising from export sales and imports of raw materials and components. This exposure is reduced by hedging the flow of sensitive currencies, based on individual assessment. Currency risk also arises in the translation of foreign net assets and earnings. For more information about the company's risks, refer to the 2017 Annual Report. In addition to the risks described in the company's Annual Report, no other significant risks are considered to have arisen.

## Nomination committee

AB Fagerhult has a Nomination Committee comprising a representative of each of the four largest shareholders or owner groups in terms of the number of votes, and also the Chairman of the Board, although the Chairman of the Board of Directors shall be co-opted ("adjungerad") without the right to vote.

The Nomination Committee is to be formed after the Chairman of the Board has identified the four largest shareholders in the Company in terms of the number of votes that are to make up the Nomination Committee along with the Chairman. The identity



of these shareholders is to be based on the shareholders' register and list of nominees maintained by Euroclear Sweden AB and refer to those shareholders registered under their own names or as members of an owner group as per 31 August 2018. It shall not be necessary to change the composition of the Nomination Committee if only marginal changes in the ownership of shares occur after this control date. If one of the four largest shareholders waives their right to appoint a representative, this right is then transferred to the next shareholder that has the largest shareholding of the shareholders not identified as one of the four largest shareholders on the same date.

The mandate period of the Nomination Committee is until a new Nomination Committee is appointed.

#### THE LARGEST SHAREHOLDERS AS AT 31TH AUGUSTI 2018

Name	No. of shares	Share capital and voting rights,%
Investment AB Latour	55,861,200	48.3%
SSB CL Omnibus AC (USA)	9,950,863	8.6%
The Svensson, family, foundation and company	7,943,727	6.9%
Lannebo Funds	7,489,285	6.5%
Swedbank funds	5,474,856	4.7%
The Palmstierna family	3,018,600	2.6%
Nordea Funds	2,668,284	2.3%
SEB Funds	1,307,169	1.1%

The Nomination Committee consists of the following individuals together with the names of the shareholders that they represent; Jan Svensson as Chairman of the Board of AB Fagerhult (not entitled to vote), Eric Douglas representing Investment AB Latour, Johan Ståhl representing Lannebo Funds, Evert Carlsson representing Swedbank Robur Small Business Funds and Jan Särilvik representing Nordea Investment Funds.

Questions regarding the nomination committee shall be addressed to the Group's CFO Michael Wood, michael.wood@fagerhult.se

## Outlook for 2018 & 2019

During the last three years, organic and acquisitive growth has led to a strong positive sales and earnings trend for the Group in all business and product areas and during this time most of the Group's main markets have displayed steady growth.

The Group has taken advantage of these positive trends and used the good momentum to continue to invest in its master brand strategy, product design and development of luminaires and lighting controls and exploited the synergies from acquisitions. Expansion of operational capability in machining and electronics has also played a key role.

The Group's medium-to-long term strategy continues to include further acquisitions, both geographically and technology led acquisitions.

The Group has established and remains in a strong position in all of its main markets and product areas and as a result has increased its market share during this period.

The organic growth that we have seen in some of the Group's main markets has been flat in the most recent quarters and so further organic growth will be delivered by increasing market shares driven by the investments in growth activities initiated from mid-2016 and onwards.

Management believes that with the operational footprint of the Group, the strong position in many markets, the level of recent and current growth investments and the differentiated business model the Group is in a good position to execute this focus on increasing market shares throughout the remainder of 2018 and into 2019.



“the Group is in a good position to execute the focus on market share”

Habo, 23<sup>rd</sup> October 2018  
AB Fagerhult (publ)

Bodil Sonesson  
President and CEO

The year-end report will be submitted on 26<sup>th</sup> February 2019.

In 2019, interim reports will be submitted on 23<sup>rd</sup> April, 22<sup>nd</sup> August and 25<sup>th</sup> October.  
The Annual General Meeting will be held on 13<sup>th</sup> May 2019.

Information can be obtained from Bodil Sonesson, CEO, or Michael Wood, CFO,  
tel. +46 (0)36-10 85 00.

**AB Fagerhult (publ)**

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# Report of Review of Interim Financial Information

## **INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of AB Fagerhult as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Jönköping, 23<sup>rd</sup> October 2018

Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant  
Auditor-in-Charge

Martin Odqvist  
Authorized Public Accountant

# Group

## INCOME STATEMENT

	2018 Q3 3 months	2017 Q3 3 months	2018 Q1-3 9 months	2017 Q1-3 9 months	2017/2018 Oct-Sep 12 months	2017 Jan-Dec 12 months
Net sales	1,440.6	1,305.7	4,132.9	3,850.4	5,452.8	5,170.3
Cost of goods sold	-887.2	-789.3	-2,559.4	-2,404.5	-3,400.6	-3,245.7
<b>Gross profit</b>	<b>553.4</b>	<b>516.4</b>	<b>1,573.5</b>	<b>1,445.9</b>	<b>2,052.2</b>	<b>1,924.6</b>
Selling expenses	-247.8	-220.1	-754.9	-682.6	-991.7	-919.4
Administrative expenses	-120.3	-110.5	-344.2	-278.1	-451.0	-384.9
Other operating income	9.7	6.4	25.8	20.3	63.1	57.6
<b>Operating profit</b>	<b>195.0</b>	<b>192.2</b>	<b>500.2</b>	<b>505.5</b>	<b>672.6</b>	<b>677.9</b>
Financial items	-8.7	-8.1	-28.7	-28.8	-25.3	-25.4
<b>Profit after financial items</b>	<b>186.3</b>	<b>184.1</b>	<b>471.5</b>	<b>476.7</b>	<b>647.3</b>	<b>652.5</b>
Tax	-51.3	-47.8	-122.6	-123.9	-156.8	-158.1
<b>Net profit for the period</b>	<b>135.0</b>	<b>136.3</b>	<b>348.9</b>	<b>352.8</b>	<b>490.5</b>	<b>494.4</b>
Net profit for the period attributable to shareholders of the Parent Company	135.0	136.3	348.9	352.8	490.5	494.4
<b>Earnings per share, based on earnings attributable to shareholders of the parent during the year:</b>						
Earnings per share before dilution, SEK	1.18	1.19	3.05	3.09	4.28	4.32
Earnings per share after dilution, SEK	1.18	1.19	3.05	3.09	4.28	4.32
Average number of outstanding shares before dilution	114,500	114,492	114,496	114,274	114,496	114,318
Average number of outstanding shares after dilution	114,500	114,492	114,496	114,274	114,496	114,318
Number of outstanding shares, thousands	114,500	114,492	114,500	114,492	114,500	114,492
<b>Statement of comprehensive income</b>						
<b>Net profit for the period</b>	<b>135.0</b>	<b>136.3</b>	<b>348.9</b>	<b>352.8</b>	<b>490.5</b>	<b>494.4</b>
<b>Other comprehensive income</b>						
<i>Items which may be reversed in the income statement:</i>						
Revaluation of pension plans					-2.2	-2.2
Translation differences	-96.3	-39.3	-53.6	-87.2	-72.1	-105.7
<b>Other comprehensive income for the period, net after tax</b>	<b>-96.3</b>	<b>-39.3</b>	<b>-53.6</b>	<b>-87.2</b>	<b>-74.3</b>	<b>-107.9</b>
<b>Total comprehensive income for the period</b>	<b>38.7</b>	<b>97.0</b>	<b>295.3</b>	<b>265.6</b>	<b>416.2</b>	<b>386.5</b>
Comprehensive income attributable to shareholders of the Parent Company	38.7	97.0	295.3	265.6	416.2	386.5

**BALANCE SHEET**

	30 Sep 2018	30 Sep 2017	31 Dec 2017
Intangible assets	3,297.2	2,620.0	2,709.5
Tangible fixed assets	715.5	646.2	685.6
Financial assets	52.0	45.6	54.1
Inventories, etc.	873.0	748.7	761.5
Accounts receivable - trade	1,112.6	958.0	837.7
Other non-interest-bearing current assets	151.8	132.1	98.6
Cash and cash equivalents	526.6	758.7	949.9
<b>Total assets</b>	<b>6,728.7</b>	<b>5,909.3</b>	<b>6,096.9</b>
Equity	1,960.0	1,769.4	1,890.5
Long-term interest-bearing liabilities	2,888.3	2,714.7	2,774.8
Long-term non-interest-bearing liabilities	846.5	453.2	444.9
Short-term interest-bearing liabilities	4.6	1.3	4.8
Short-term non-interest-bearing liabilities	1,029.3	970.7	981.9
<b>Total equity and liabilities</b>	<b>6,728.7</b>	<b>5,909.3</b>	<b>6,096.9</b>

**CASH FLOW STATEMENT**

	2018 Q3 3 months	2017 Q3 3 months	2018 Q1-3 9 months	2017 Q1-3 9 months	2017/2018 Oct-Sep 12 months	2017 Jan-Dec 12 months
<b>Operating profit</b>	<b>195.0</b>	<b>192.2</b>	<b>500.2</b>	<b>505.5</b>	<b>672.6</b>	<b>677.9</b>
Adjustments for non-cash items	39.1	72.1	59.0	95.0	66.5	102.5
Financial items	-10.2	-10.0	-28.6	-24.8	-41.5	-37.7
Tax paid	-39.3	-33.9	-147.8	-124.3	-171.4	-147.9
<b>Funds contributed from operating activities</b>	<b>184.6</b>	<b>220.4</b>	<b>382.8</b>	<b>451.4</b>	<b>526.2</b>	<b>594.8</b>
Change in working capital	-2.9	-3.8	-292.1	-46.3	-159.5	86.3
<b>Cash flow from operating activities</b>	<b>181.7</b>	<b>216.6</b>	<b>90.7</b>	<b>405.1</b>	<b>366.7</b>	<b>681.1</b>
Cash flow from investing activities	-31.1	-97.3	-407.6	-918.2	-529.3	-1,039.9
Cash flow from financing activities	-238.0	-217.1	-129.9	562.4	-109.3	583.0
<b>Cash flow for the period</b>	<b>-87.4</b>	<b>-97.8</b>	<b>-446.8</b>	<b>49.3</b>	<b>-271.9</b>	<b>224.2</b>
Cash and cash equivalents at beginning of period	636.4	869.4	949.9	731.6	758.7	731.6
Translation differences in cash and cash equivalents	-22.4	-12.9	23.5	-22.2	39.8	-5.9
<b>Cash and cash equivalents at end of period</b>	<b>526.6</b>	<b>758.7</b>	<b>526.6</b>	<b>758.7</b>	<b>526.6</b>	<b>949.9</b>

**KEY RATIOS AND DATA PER SHARE**

	2018 Q3 3 Months	2017 Q3 3 Months	2018 Q1-3 9 months	2017 Q1-3 9 months	2017/2018 Oct-Sep 12 months	2017 Jan-Dec 12 months
Sales growth, %	10.3	14.1	7.3	16.1	8.5	15.1
Growth in operating profit, %	1.5	16.2	-1.0	25.0	7.5	29.3
Growth in profit after financial items, %	1.2	10.8	-1.1	20.3	8.8	26.8
Operating margin, %	13.5	14.7	12.1	13.1	12.3	13.1
Profit margin, %	12.9	14.1	11.4	12.4	11.9	12.6
Cash liquidity, %	50.9	78.1	50.9	78.1	50.9	96.3
Net debt/EBITDA ratio	2.4	2.1	2.8	2.4	2.8	2.2
Equity/assets ratio, %	29.1	29.9	29.1	29.9	29.1	31.0
Capital employed, MSEK	4,852.9	4,485.4	4,852.9	4,485.4	4,852.9	4,670.1
Return on capital employed, %	16.2	17.3	14.2	16.8	14.8	16.8
Return on equity, %	27.6	30.8	24.2	27.7	26.3	28.1
Net debt, MSEK	2,366.3	1,957.3	2,366.3	1,957.3	2,366.3	1,829.7
Gross investment in non-current assets, MSEK	34.0	35.7	128.7	122.4	183.4	177.1
Net investment in non-current assets, MSEK	34.0	35.7	128.7	122.4	183.4	177.1
Depreciation/amortisation of non-current assets, MSEK	47.1	45.4	137.3	118.3	177.2	158.2
Number of employees	3,350	3,182	3,368	3,216	3,304	3,241
Equity per share, SEK	17.12	15.45	17.12	15.45	17.12	16.51
Number of outstanding shares, thousands	114,500	114,492	114,500	114,492	114,500	114,492

For more information about the Key ratios and the definitions applied, please refer to AB Fagerhult's website under "Investor relations / Financial definitions." The website also includes the definition of any Alternative Performance Measures used whereas this report details the financial aspect to these.

**CHANGES IN EQUITY**

	Attributable to shareholders of the Parent Company				
	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
<b>Equity at 1 January 2017</b>	<b>65.5</b>	<b>159.4</b>	<b>-93.0</b>	<b>1,495.2</b>	<b>1,627.1</b>
Net profit for the period				352.8	352.8
Other comprehensive income			-87.2	-	-87.2
Total comprehensive income for the period			-87.2	352.8	265.6
Disposal of own shares		45.6			45.6
Performance share plan				2.5	2.5
Dividend paid, SEK 1.50 per share				-171.4	-171.4
<b>Equity at 30 September 2017</b>	<b>65.5</b>	<b>205.0</b>	<b>-180.2</b>	<b>1,679.1</b>	<b>1,769.4</b>
<b>Equity at 1 January 2018</b>	<b>65.5</b>	<b>205.0</b>	<b>-198.7</b>	<b>1,818.7</b>	<b>1,890.5</b>
Net profit for the period				348.9	348.9
Other comprehensive income			-53.6	-	-53.6
Total comprehensive income for the period			-53.6	348.9	295.3
Performance share plan				3.2	3.2
Dividend paid, SEK 2.00 per share				-229.0	-229.0
<b>Equity at 30 September 2018</b>	<b>65.5</b>	<b>205.0</b>	<b>-252.3</b>	<b>1,941.8</b>	<b>1,960.0</b>

# Parent company

## INCOME STATEMENT

	2018 Q3 3 Months	2017 Q3 3 Months	2018 Q1-3 9 months	2017 Q1-3 9 months	2017/2018 Oct-Sep 12 months	2017 Jan-Dec 12 months
Net sales	3.6	3.6	10.8	10.8	14.2	14.2
Selling expenses	-	-	-	-	-0.4	-0.4
Administrative expenses	-11.1	-9.9	-40.8	-35.2	-52.8	-47.2
<b>Operating profit</b>	<b>-7.5</b>	<b>-6.3</b>	<b>-30.0</b>	<b>-24.4</b>	<b>-39.0</b>	<b>-33.4</b>
Income from shares in subsidiaries	-	-	58.8	143.3	58.8	143.3
Financial items	5.0	-1.1	-27.0	-3.9	-26.5	-3.4
<b>Profit after financial items</b>	<b>-2.5</b>	<b>-7.4</b>	<b>1.8</b>	<b>115.0</b>	<b>-6.7</b>	<b>106.5</b>
Group contributions received	-	-	-	-	237.0	237.0
Tax	-	-	-	-	-42.6	-42.6
<b>Net profit</b>	<b>-2.5</b>	<b>-7.4</b>	<b>1.8</b>	<b>115.0</b>	<b>187.7</b>	<b>300.9</b>

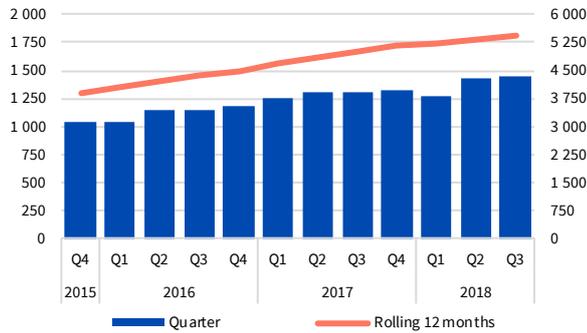
## BALANCE SHEET

	30 Sep 2018	30 Sep 2017	31 Dec 2017
Financial assets	3,551.1	3,129.4	3,455.4
Other receivables	37.0	44.7	44.9
Cash & Bank	142.2	242.6	547.9
<b>Total assets</b>	<b>3,730.3</b>	<b>3,416.7</b>	<b>4,048.2</b>
Equity	475.3	514.3	700.3
Untaxed reserves	8.6	8.6	8.6
Long-term interest bearing liabilities	2,763.2	2,589.3	2,660.2
Long-term non interest bearing liabilities	1.7	1.7	1.7
Short-term interest bearing liabilities	464.3	298.8	636.4
Short-term non interest bearing liabilities	17.2	4.0	41.0
<b>Total Equity and Liabilities</b>	<b>3,730.3</b>	<b>3,416.7</b>	<b>4,048.2</b>

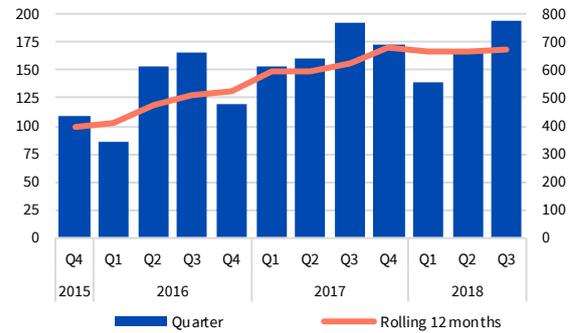
## CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Total equity
<b>Equity at 1 January 2017</b>	<b>65.5</b>	<b>159.4</b>	<b>344.3</b>	<b>569.2</b>
Performance share program			1.6	1.6
Net profit for the period			300.9	300.9
Dividend paid, SEK 1.50 per share			-171.4	-171.4
<b>Equity at 31 December 2017</b>	<b>65.5</b>	<b>159.4</b>	<b>475.4</b>	<b>700.3</b>
Performance share plan			2.2	2.2
Net profit for the period			1.8	1.8
Dividend paid, SEK 2.00 per share			-229.0	-229.0
<b>Equity at 30 September 2018</b>	<b>65.5</b>	<b>159.4</b>	<b>250.4</b>	<b>475.3</b>

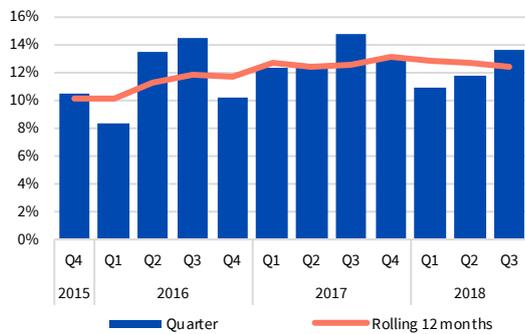
**NET SALES, MSEK**



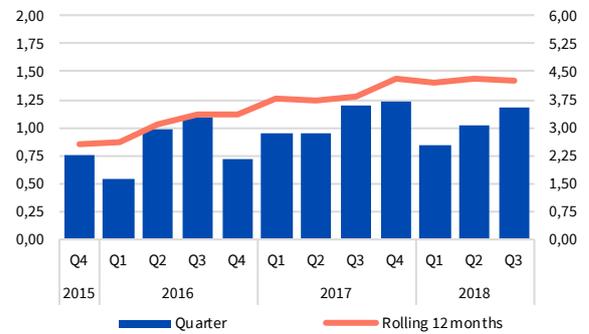
**OPERATING PROFIT, MSEK**



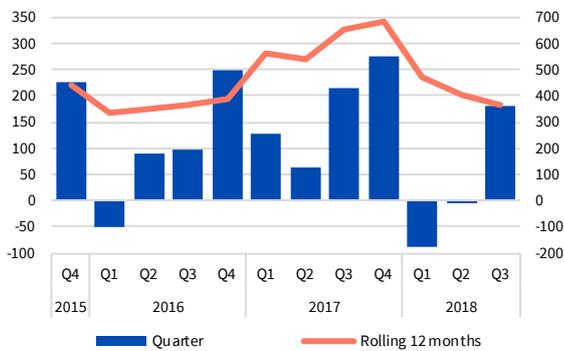
**OPERATING MARGIN, %**



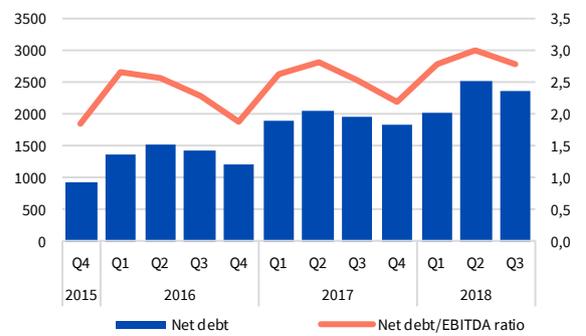
**EARNINGS PER SHARE, SEK**



**OPERATING CASHFLOW**



**NET DEBT AND NET DEBT EBITDA RATIO**



**KEY RATIOS AND DATA PER SHARE**

	2014	2015	2016	2017	2017/2018 Oct-Sep 12 months
Net sales, MSEK	3,735.8	3,909.4	4,490.7	5,170.3	5,452.8
Operating profit, MSEK	378.7	396.0	524.2	677.9	672.6
Profit after financial items, MSEK	348.0	377.2	514.7	652.5	647.3
Earnings per share, SEK	2.30	2.54	3.35	4.32	4.28
Sales growth, %	20.7	4.6	14.9	15.1	8.5
Growth in operating profit, %	36.5	4.6	32.4	29.3	7.5
Growth in profit after financial items, %	40.9	8.4	36.5	26.8	8.8
Operating margin, %	10.1	10.1	11.7	13.1	12.3
Net debt/EBITDA ratio	2.2	1.9	1.9	2.2	2.8
Equity/assets ratio, %	37.6	38.4	33.8	31.0	29.1
Capital employed, MSEK	2,722.6	2,845.7	3,580.7	4,670.1	4,852.9
Return on capital employed, %	15.6	14.4	16.8	16.8	14.8
Return on equity, %	22.1	20.9	24.9	28.1	26.3
Net debt, MSEK	1,040.3	936.7	1,222.0	1,829.7	2,366.3
Net investment in non-current assets, MSEK	110.2	117.9	169.0	177.1	183.4
Depreciation/amortisation of non-current assets, MSEK	95.1	107.3	121.2	158.2	177.2
Number of employees	2,370	2,451	2,787	3,241	3,304

**NET SALES AND OPERATING RESULT, MSEK**

