

# Interim Report Q1 January–March 2020



## The first quarter

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# 2,146

### Order intake, MSEK

Order intake was MSEK 2,146 (1,588), which is an overall growth of 35.1% adjusted to +7.1% for acquisitions of MSEK 418 and currency effects of MSEK 28

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# 1,689

### Net sales, MSEK

Net sales were MSEK 1,689 (1,594), which is an overall growth of 6.0% adjusted to -14.0% for acquisitions of MSEK 289 and currency effects of MSEK 29

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# 11

### Operating profit, MSEK

Operating profit was MSEK 10.7 (158.1) representing a 93.2% decrease with an operating margin of 0.6 (9.9)%

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# -16

### Net profit, MSEK

Earnings after tax were MSEK -16.4 (93.0)

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# -0.1

### Earnings per share, SEK

Earnings per share were SEK -0.10 (0.76)

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# 88

### Operating cash flow, MSEK

Cash flow from operating activities was MSEK 87.9 (82.2)

During the first quarter of 2020 the Fagerhult Group faced several challenges. Many of these challenges were either a one-off event or due to Covid-19.

As a result, the trading performance was poor as each event had a significant negative impact. An encouraging sign is that organic order intake was strongly positive for the first time in over two years.

Overall sales at 1,689 (1,594) MSEK were 6.0% ahead, operating profits reduced significantly from 158.1 MSEK to 10.7 MSEK resulting in an operating margin of 0.6 (9.9)%. Operating cash flow was maintained ahead of last year's level at 87.9 (82.2) MSEK and overall order intake at 2,146 (1,588) MSEK was 35.1% ahead.

Four events affected the results in the first quarter, three of which were reported in the press release on 13 March. There were challenges faced by iGuzzini with the new ERP installation, this affected both net sales and operating profits, the latter by approximately 25 MSEK. This has now been corrected. Second, the Covid-19 cancellation of Light and Building resulting in an immediate one-off cost of 20 MSEK and third it was reported that deliveries were slightly behind the prior year.

The fourth event happened later in March. The impact of Covid-19 resulted in operational closures in two of our larger operations, Whitcroft in the UK and iGuzzini in Italy. Both factories were closed for a period of time and this had an immediate and significant impact on the ability to make deliveries. Last year these two businesses combined delivered 38% of the Group's net sales.

Organic sales in the quarter ended at 1,371 (1,594) MSEK, 14.0% behind 2019.

During 2019 it was reported that the trend compared to 2018 on organic order intake was improving. For the first quarter of 2020 the Group delivered a growth of 7.1% compared to a decline of 13.1% in 2019. The growth was delivered by many of our main markets and is an encouraging sign of the core strength of the Group's brands and regional operational footprint.

Operating cash flow was positive at 87.9 (82.2) MSEK with the 147.4 MSEK reduction on operating profits being offset by an increase of 101.9 MSEK in adjustments for non-cash items and a 49.2 MSEK year-on-year comparison improvement in working capital. Financial items of 27.3 (31.6) MSEK include 7.4 (6.4) MSEK for IFRS16 adjustments and a 4.5 MSEK reduction in currency items.

Under the current circumstances, the board has decided to withdraw the current dividend proposal. The board will decide at a later date, if appropriate, upon a new proposal. Furthermore, the board of directors have postponed the date of the AGM to 23 June. Refer to press releases of 24 March and 17 April.

From January 2020, Fagerhult has implemented a new strategic alignment model and structure for financial segment reporting. For further information regarding the new segments see accounting principles page 10.

## CEO comments

- The first quarter has brought many challenges and we have dealt with the one-off events arising in the first quarter.
- It would be too optimistic to expect that order intake continues to improve under the current Covid-19 conditions, but the Q1 growth is a strong signal of the work done during 2019 and the new strategic alignment model within the Collection, Premium, Professional and Infrastructure business areas, this is pleasing to see. For further information please see [www.fagerhultgroup.com](http://www.fagerhultgroup.com).
- Let me also say that I am extremely impressed and grateful for the reaction, attitude, approach and efforts of everybody in the Fagerhult Group in dealing with Covid-19. It is evidence of a strong and supportive culture.
- As a CEO, I am pleased with the strong balance sheet and good levels of liquidity, we have of course increased our focus on working capital and cash generating activities as we do not know for how long the Covid-19 condition remains.
- Turning to present and the future. We of course continue to follow local authority and national government regulations. However, we see changes here immediately affecting our business performance.
- Our planning now looks to the second half of 2020 and further, where we possibly see a reduction in activity and with a period of time for the recovery to turn positive. We plan to be well prepared for this.
- Finally we remain confident that we will emerge stronger from the current pandemic situation with the objective to serve our customers better and continue to provide great lighting solutions.



**“We remain confident we will emerge stronger and be well prepared.”**

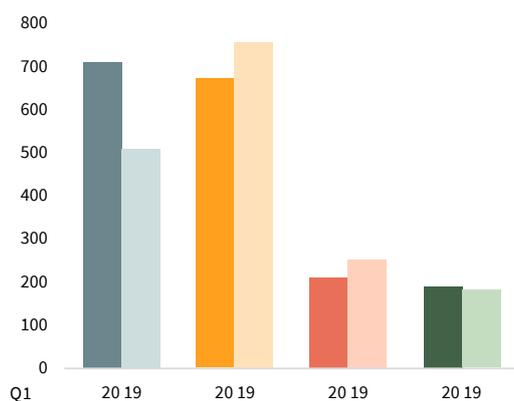
Bodil Sonesson, CEO and President

# Business areas

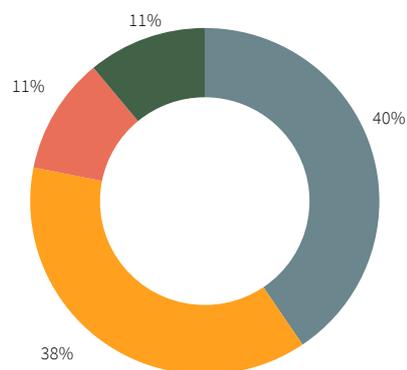
## Net sales and operating profit by business area

	Net sales		Operating profit		Operating margin %	
	Q1		Q1		Q1	
	2020	2019	2020	2019	2020	2019
Collection	707.2	508.6	-36.0	38.8	-	7.6
Premium	669.4	754.9	47.1	85.5	7.0	11.3
Professional	208.2	250.8	-8.3	16.2	-	6.5
Infrastructure	190.0	179.3	25.5	30.3	13.4	16.9
Eliminations	-85.4	-99.3	-	-	-	-
<b>Operating profit by business area</b>	<b>1,689.4</b>	<b>1,594.3</b>	<b>30.7</b>	<b>172.2</b>	<b>1.8</b>	<b>10.8</b>
IFRS 16	-	-	2.4	1.4	-	-
Unallocated cost	-	-	-20.0	-14.1	-	-
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>10.7</b>	<b>158.1</b>	<b>0.6</b>	<b>9.9</b>
Financial items	-	-	-27.3	-31.6	-	-
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-16.6</b>	<b>126.5</b>	<b>-</b>	<b>-</b>

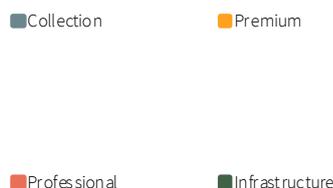
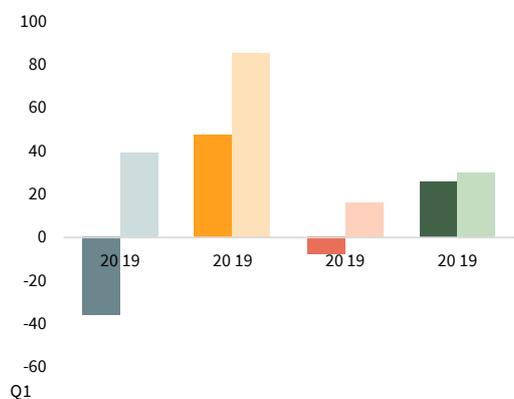
### Net sales per business area, MSEK



### Sales share per business area, %



### Operating profit per business area, MSEK



## Collection

Collection is home to our brands with a global market footprint. All have an international product portfolio and are well-renowned in the lighting designer and architect community globally. They offer a wide product range with a focus on both indoor and outdoor architectural applications.

Brands included are; ateljé Lyktan, iGuzzini, LED Linear and WE-EF with product development and manufacturing facilities in Sweden, Italy, Canada, China, Germany and Thailand. The business area also includes all sales companies for iGuzzini, LED Linear and WE-EF.

Net sales for the quarter were 707.2 (508.6) MSEK, an increase of 39.0%. Adjusting for acquisitions of 289 MSEK, net sales reduced 17.7% to 418.2 MSEK as the impact of the ERP installation in iGuzzini and Covid-19 both had a significant effect on the total revenue.

Operating profits declined to -36.0 MSEK from a profit of 38.8 MSEK in 2019 as the drop-through from reduced net sales as well as the one-off cost of Light and Building and some direct Covid-19 costs were taken in the quarter.

Business area order intake of 920 (463) MSEK shows an organic growth of 5.8% after adjusting for currency and acquisitions of 430 MSEK.

From their global network, the collaboration opportunities for future growth remain very strong across the four businesses and since the launch of the new strategic alignment we already see some early developments.

Collection	Q1, 2020	Q1, 2019
Net sales	707.2	508.6
<i>(of which, intercompany sales)</i>	<i>(22.3)</i>	<i>(21.4)</i>
Operating profit	-36.0	38.8
Operating margin, %	-	7.6
Sales growth, %	39.0	-
Sales growth, adjusted for exchange rate differences, %	35.6	-
Growth in operating profit, %	-192.8	-

# 707.2

Net sales, MSEK

# -36.0

Operating profit, MSEK

-

Operating margin, %

**ateljé Lyktan**

**iGuzzini**

**LED LINEAR**

**we-ef**

## Premium

Premium focuses on the European market and European-based global customers. Our Premium brands work closely with specifiers and partners to deliver premium projects, often with bespoke solutions for the customer. The majority of sales are related to indoor applications, and there is also an outdoor offering for specific markets.

Brands included are; Fagerhult and LTS with product development and manufacturing facilities in Sweden, Germany and China. The business area also includes all Fagerhult sales companies (except New Zealand) and the Organic Response Technologies business in Australia.

Net sales for the quarter were 669.4 (754.9) MSEK, a decrease of -11.3%. Market activity is mixed, net sales have reduced in Sweden, Denmark, Spain and Germany, some being due to a reduced demand, some a strong prior year and some Covid-19 related.

Operating profits declined to 47.1 MSEK from 85.5 MSEK in 2019 with the main causes being reduced level of activity and the one-off cost of Light and Building. Also some direct Covid-19 costs were taken in the quarter.

Business area order intake of 743 (773) MSEK shows an organic growth of -4.8% after adjusting for currencies 8 MSEK.

For the Premium business area there are several significant European growth opportunities in Germany, Italy, France the UK and across several application segments.

Premium	Q1, 2020	Q1, 2019
Net sales	669.4	754.9
<i>(of which, intercompany sales)</i>	<i>(34.6)</i>	<i>(33.9)</i>
Operating profit	47.1	85.5
Operating margin, %	7.0	11.3
Sales growth, %	-11.3	-
Sales growth, adjusted for exchange rate differences, %	-12.2	-
Growth in operating profit, %	-44.9	-

# 669.4

Net sales, MSEK

# 47.1

Operating profit, MSEK

# 7.0

Operating margin, %

## FAGERHULT



## Professional

Professional focuses mainly on indoor applications for local and neighbouring markets. The brands work closely together with local partners on project specifications to deliver full and complete solutions. Local production and product development allows for tailored solutions with bespoke products delivered within short lead times.

Brands included are; Arlight, Eagle Lighting, Lighting Innovations and Whitecroft, with product development and manufacturing facilities in Turkey, Australia, South Africa and the UK. The sales company in New Zealand is consolidated in this business area.

Net sales for the quarter were 208.2 (250.8) MSEK, a decrease of -17.0%. Net sales have reduced in all business except in Turkey. Of the most significant impact is the effect of Covid-19, especially in the UK and South African businesses, where for a period of time there were operational closures. With physical-distancing and working from home measures current capabilities are generally 20-25% down on what can be described as normal.

Operating profits declined to -8.3 MSEK from 16.2 MSEK in 2019. Operational closures have had a significant impact, especially in Whitecroft where we now see a gradual return to higher operating levels. Also some direct Covid-19 costs were taken in the quarter.

More positively, business area order intake of 260 (191) MSEK shows strong growth of 36.4%, reducing by 0.6% to 35.8% after currency effects.

For the Professional business area, the opportunities for collaboration, knowledge sharing as well as jointly funded developments in these very similar businesses are good.

The economical and Covid-19 situation in South Africa remains a significant area of concern.

Professional	Q1, 2020	Q1, 2019
Net sales	208.2	250.8
<i>(of which, intercompany sales)</i>	<i>(24.4)</i>	<i>(19.7)</i>
Operating profit	-8.3	16.2
Operating margin, %	-	6.5
Sales growth, %	-17.0	-
Sales growth, adjusted for exchange rate differences, %	-17.0	-
Growth in operating profit, %	-151.2	-

# 208.2

Net sales, MSEK

# -8.3

Operating profit, MSEK

# -

Operating margin, %

ARLIGHT 

eaglelighting

LIGHTING  
INNOVATIONS

Whitecroft  
lighting 

## Infrastructure

Infrastructure provides lighting solutions for environments with specific requirements for installation, durability and robustness. The companies are world-leading in their areas and highly experienced in finding the best solutions for every project and customer. The majority of their sales are within Europe with some global installations.

Brands included are; Designplan Lighting, i-Valo and Veko, with product development and manufacturing facilities in UK, Finland and the Netherlands.

Net sales for the quarter were 190.0 (179.3) MSEK, an increase of 6.0%, reducing to 3.3% after currency effects. Net sales have been particularly strong in the industrial and warehousing segment. Public sector spending in the UK has reduced as a result of Brexit and this continues to affect the Designplan business.

Operating profits declined to 25.5 MSEK from 30.3 MSEK in 2019 and the operating margin was 13.4 (16.9)%. During the quarter a 6.6 MSEK FX loss was incurred on the second year of a three year earn-out arrangement. Also some direct Covid-19 costs were taken in the quarter.

For the business area, order intake is strong, being 223 (162) MSEK which shows growth of 37.8%, reducing to 34.3% after 6 MSEK of currency effects.

The European market share position of Infrastructure is low and therefore we see a significant growth opportunity for the business area.

Infrastructure	Q1, 2020	Q1, 2019
Net sales	190.0	179.3
<i>(of which, intercompany sales)</i>	<i>(4.1)</i>	<i>(24.2)</i>
Operating profit	25.5	30.3
Operating margin, %	13.4	16.9
Sales growth, %	6.0	-
Sales growth, adjusted for exchange rate differences, %	3.3	-
Growth in operating profit, %	-15.8	-

# 190.0

Net sales, MSEK

# 25.5

Operating profit, MSEK

# 13.4

Operating margin, %

**designplan**  
L I G H T I N G

**i VALO**

**VEKO**  
— LIGHTSYSTEMS

## Financial position

The Group's equity/assets ratio at the end of the reporting period was 42.1 (24.6)%. Cash and bank balances at the end of the period were 1,110 (1,153) MSEK and consolidated equity was 5,681 (3,138) MSEK.

The operating cash flow for the quarter of 87.9 (82.2) MSEK results from improved working capital control (in 2020 an increase of 26.3 compared to an increase of 75.5 in 2019) combined with an increase in adjustments for non-cash items of 101.9 less reduced operating profit of 147.4 MSEK.

The net debt of 4,055 (6,293) MSEK has reduced mainly from the bridge-loan being repaid in the second quarter 2019. In the quarter 105 MSEK of earn-out payments were made for an earlier acquisition.

Included within the net debt is 975 (935) MSEK relating to IFRS16 accounting. At the end of the quarter the Group has 2,160 MSEK of liquidity in the form of undrawn credit facilities and cash balances.

Pledged assets and contingent liabilities amounted to SEK 18.3 million (46.4) and SEK 4.1 million (1.4) respectively.

## Investments

The Group's net investments in non-current assets was 40.6 (64.8) MSEK. The figure does not include investments in subsidiaries, which were 105 (2,672) MSEK.

## Employees

The average number of employees during the period was 4,700 (3,913).

## Impacts of Covid-19

The Fagerhult Group takes the Covid-19 pandemic, its actual and potential impact on employees, operational capability, short term performance and medium term market implications very seriously. Planning and actions have been taking place since the announcement of the outbreak in China.

From the outset of the pandemic, the Group has followed the regulations and decisions made by local authorities and national governments and shall continue to do so. In some countries the Groups businesses have applied for the support packages announced with an objective of reducing the negative impact.

Further measures have also been taken and as a result, all parts of the Group have been involved. Below is a summary of actions taken to counter the effects of the virus;

- People Protection – the Group continues to take appropriate measures for the safety of the employees, customers and suppliers. These include; physical-distancing, working from home, shift working, digital meetings, cleansing of facilities, reducing on-site catering arrangement.
- Crisis Teams - have been established at Group level and across the subsidiary entities. Knowledge sharing, best practice sharing and communications are key elements of the work done in these teams.
- Operation Capability – where practically possible, production and logistics units have moved to a split-shift operation, with physical-distancing time period in-between shifts, there has been increased spacing and distance

between operators and assemblers and operational support services either work from home, or where not possible have also moved to a shift operation.

- Communications – a regular, twice weekly Group wide communication process has been established and the Covid-19 Response Team at Group level meet at least three times weekly.
- Supply Chain – to continue to service our customers, we remain in close dialogue with our suppliers and have invested in additional inventory for added security. This increase is expected to reduce once the situation is clear.
- Financial – potential impacts have been modelled, cost reduction activities have been and continue to take place, new investments have been temporarily suspended and activities focussed on cash generating activities have increased. Liquidity arrangements and potential impacts have been discussed with the Groups lenders, currently we see no requirement for increased liquidity above that which exists.
- The current 264 MSEK proposed dividend has been withdrawn by the board of directors.

The impacts so far and the current/forward situation report can be summarised as follows;

- The factories in Italy (iGuzzini), the UK (Whitecroft), Canada (Sistemalux) and South Africa (Lighting Innovations) have all been through a period of closure, the most significant being an 8 day closure for iGuzzini from late March into early April.
- Most operations function with full capability, but at a reduced capacity, mainly as a result of physical-distancing and home working, we see some supply chain (global or local) interruption in some entities, but this is not significant at this stage.
- The Group's sales networks in Italy, Germany, France, Spain, New Zealand, Russia and Pittsburgh operate from home working as local/national regulations are implemented.
- In some markets we experience high volatility from customers capable or not capable to accept deliveries and this changes frequently.
- The Group has, however, had several project successes. In Veko we have been successful in winning warehousing and distribution business to support the growth in on-line shopping and in Designplan, Whitecroft and Fagerhult, the healthcare lighting expertise is recognised by securing emergency hospital projects.
- Looking forward, the current quarter will be challenging but due to the strong order intake we begin the quarter with increased order backlog positions in many entities. Current levels of order intake are a concern.
- It will be damaging to the Group if we experience further operational closures, but we will continue to follow the regulations.
- Capital expenditure for the full year will be significantly less than planned.
- Cost saving activities have generated 69 MSEK in the first quarter compared to last year. This will continue at least at the same level during the rest of the year.

## Parent company

AB Fagerhult's operations comprise Group Management, financing and business development activities. The profit after financial items was 16.3 (-22.5) MSEK. The number of employees during the period was 7 (7).

## Accounting principles

The 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 1-18 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 those described in Fagerhult's annual report for the financial year 2019 except for the segment reporting. See further details below.

### Segment reporting

As previously communicated in the annual report 2019 and press release of 20 March, effective from January 2020, Fagerhult has implemented a new strategic alignment model and structure for the financial segment reporting.

The segment reporting now follows the new structure of the Fagerhult Group which is based on four Business Areas; Collection, Premium, Professional and Infrastructure.

Each of our 13 brands belongs to one of the Business Areas and the selection has been done based on product applications, geographic footprint and partner focus. This replaces the previous reporting structures based on geographical regions and we no longer report the product areas as a secondary segment.

IFRS 16 has not been applied on the segment reporting. The comparable figures for 2019 have been re-stated and goodwill has been reallocated to the new Business Areas.

## 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 2019 Annual Report and the section on risks on the Group's website. In addition to the risks described in the company's Annual Report and the Covid-19 section of this report, no other significant risks are considered to have arisen.

## Strategy and Outlook for 2020+

Given the current situation, with the high uncertainty and changing volatility we feel it is unreasonable to provide a commentary regarding 'Outlook 2020' other than what has already been mentioned in detail in this report.

Beyond 2020, the Group's overall strategy and focus remains intact, to deliver high-quality professional lighting solutions to our customers within our 10 focus application areas.

To strengthen our approach and further reinforce the Group's position we have during Q1 launched our new structure with 4 business areas. Each of our 13 brands belongs to one of the business areas, see press release 20 March for more information.

The new business area setup will strengthen collaboration and enable us to address many organic growth opportunities in the medium-to-longer term. The future strategy includes further acquisitions, targeted at complementing the business areas. Future M&A could be geographical, technological or ones having an integral fit to an existing business area.

In addition, we continue to make good progress with connected solutions and this remains a key part of the strategy. In the new setup we take a Group-wide approach and coordinate the Group's activities in one central function that includes our lighting controls brand, Organic Response.

Habo, April 24<sup>th</sup> 2020  
AB Fagerhult (publ.) 556110-6203

Bodil Sonesson  
President and CEO

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

In 2020, interim reports will be submitted on, 12<sup>th</sup> August and 23<sup>rd</sup> October.  
The Annual General Meeting has been rescheduled and will now take place at 13:00 on 23<sup>rd</sup> June 2020 in Habo.

For more information contact:

Bodil Sonesson, CEO, +46 722 23 76 02

Michael Wood, CFO, +46 730 87 46 47

# Group

## Income statement

	2020 Q1 3 months	2019 Q1 3 months	2019/2020 Apr-Mar 12 months	2019 Jan-Dec 12 months
Net sales	1,689.4	1,594.3	7,940.0	7,844.9
Cost of goods sold	-1,095.7	-974.9	-4,915.4	-4,794.6
<b>Gross profit</b>	<b>593.7</b>	<b>619.4</b>	<b>3,024.6</b>	<b>3,050.3</b>
Selling expenses	-435.4	-322.3	-1,811.4	-1,698.3
Administrative expenses	-168.5	-158.9	-640.3	-630.7
Other operating income	20.9	19.9	74.5	73.5
Other operating expenses	-	-	-	-
<b>Operating profit</b>	<b>10.7</b>	<b>158.1</b>	<b>647.4</b>	<b>794.8</b>
Financial items	-27.3	-31.6	-94.8	-99.1
<b>Profit before tax</b>	<b>-16.6</b>	<b>126.5</b>	<b>552.6</b>	<b>695.7</b>
Tax	0.2	-33.5	-147.2	-180.9
<b>Net profit for the period</b>	<b>-16.4</b>	<b>93.0</b>	<b>405.4</b>	<b>514.8</b>
Net profit for the period attributable to shareholders of the Parent Company	-16.9	91.8	399.7	508.4
<b>Earnings per share, based on earnings attributable to shareholders of the parent during the year:</b>				
Earnings per share before dilution, SEK	-0.10	0.76	2.38	3.32
Earnings per share after dilution, SEK	-0.10	0.76	2.38	3.32
Average number of outstanding shares before dilution	176,136	120,123	167,746	153,274
Average number of outstanding shares after dilution	176,136	120,123	167,746	153,274
Number of outstanding shares, thousands	176,136	125,745	176,136	176,136
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>Net profit for the period</b>	<b>-16.4</b>	<b>93.0</b>	<b>405.4</b>	<b>514.8</b>
<b>Other comprehensive income</b>				
<i>Items which may not be reversed in the income statement:</i>				
Revaluation of pension plans	-	-	-7.2	-7.2
<i>Items which may be reversed in the income statement:</i>				
Translation differences	194.4	54.1	192.6	52.3
<b>Other comprehensive income for the period, net after tax</b>	<b>194.4</b>	<b>54.1</b>	<b>185.4</b>	<b>45.1</b>
<b>Total comprehensive income for the period</b>	<b>178.0</b>	<b>147.1</b>	<b>590.8</b>	<b>559.9</b>
Comprehensive income attributable to shareholders of the Parent Company	177.5	145.9	585.1	553.5

## Balance sheet

	31 Mar 2020	31 Mar 2019	31 Dec 2019
Intangible assets	6,317.9	5,586.1	6,042.2
Tangible fixed assets	2,908.2	2,732.7	2,807.8
Financial assets	231.6	153.6	204.9
Inventories	1,363.9	1,377.9	1,247.1
Accounts receivable - trade	1,340.7	1,536.4	1,426.8
Other non-interest-bearing current assets	229.3	207.7	229.8
Cash and cash equivalents	1,110.2	1,152.9	1,133.5
<b>Total assets</b>	<b>13,501.8</b>	<b>12,747.3</b>	<b>13,092.1</b>
Equity	5,681.4	3,137.8	5,501.2
Long-term interest-bearing liabilities	4,881.3	4,857.2	4,648.2
Long-term non-interest-bearing liabilities	1,116.7	549.3	1,167.1
Short-term interest-bearing liabilities	283.4	2,588.4	222.1
Short-term non-interest-bearing liabilities	1,539.0	1,614.6	1,553.5
<b>Total equity and liabilities</b>	<b>13,501.8</b>	<b>12,747.3</b>	<b>13,092.1</b>

## Cash flow statement

	2020 Q1 3 months	2019 Q1 3 months	2020 Apr-Mar 12 months	2019 Jan-Dec 12 months
<b>Operating profit</b>	<b>10.7</b>	<b>158.1</b>	<b>647.4</b>	<b>794.8</b>
Adjustments for non-cash items	182.2	80.3	491.1	389.2
Financial items	-27.3	-13.1	-103.8	-89.6
Tax paid	-51.4	-67.6	-227.2	-243.4
<b>Funds contributed from operating activities</b>	<b>114.2</b>	<b>157.7</b>	<b>807.5</b>	<b>851.0</b>
Change in working capital	-26.3	-75.5	206.1	156.9
<b>Cash flow from operating activities</b>	<b>87.9</b>	<b>82.2</b>	<b>1,013.6</b>	<b>1,007.9</b>
Cash flow from investing activities	-148.6	-2,731.0	-322.5	-2,904.9
Cash flow from financing activities	-0.5	2,965.0	-772.0	2,193.5
<b>Cash flow for the period</b>	<b>-61.2</b>	<b>316.2</b>	<b>-80.9</b>	<b>296.5</b>
Cash and cash equivalents at beginning of period	1,133.5	808.4	1,152.9	808.4
Translation differences in cash and cash equivalents	37.9	28.3	38.2	28.6
<b>Cash and cash equivalents at end of period</b>	<b>1,110.2</b>	<b>1,152.9</b>	<b>1,110.2</b>	<b>1,133.5</b>

## Key ratios and data per share

	2020 Q1 3 months	2019 Q1 3 months	2020 Apr-Mar 12 months	2019 Jan-Dec 12 months
Sales growth, %	6.0	25.5	33.6	39.6
Growth in operating profit, %	-93.2	14.1	-10.7	12.6
Growth in profit before tax, %	-113.1	-2.2	-16.8	4.3
Operating margin, %	0.6	9.9	8.2	10.1
Profit margin, %	-1.0	7.9	7.0	8.9
Cash liquidity, %	60.9	27.4	60.9	63.8
Net debt/EBITDA ratio	7.5	6.3	3.5	2.9
Equity/assets ratio, %	42.1	24.6	42.1	42.0
Capital employed, MSEK	10,846	10,583	10,846	10,372
Return on capital employed, %	0.5	8.3	6.4	10.8
Return on equity, %	-1.2	14.1	9.2	13.5
Net debt, MSEK	4,055	6,293	4,055	3,737
Gross investment in non-current assets, MSEK	40.6	64.8	218.5	242.7
Net investment in non-current assets, MSEK	40.6	64.8	218.5	242.7
Depreciation/amortisation/impairment of non-current assets, MSEK	123.7	90.0	512.5	478.8
Number of employees	4,700	3,913	4,492	4,465
Equity per share, SEK	32.26	24.95	32.26	31.23
Number of outstanding shares, thousands	176,136	125,745	176,136	176,136

For more information about the Key ratios and the definitions applied, please refer to AB Fagerhult's website under "Investor/Financial data/Financial glossary." 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					Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Non-controlling interest	
<b>Equity at 1 January 2019</b>	<b>65.5</b>	<b>205.0</b>	<b>-238.2</b>	<b>2,096.9</b>		<b>2,129.2</b>
Net profit for the period				91.8	1.2	93.0
Other comprehensive income			54.1	-		54.1
Total comprehensive income for the period			54.1	91.8	1.2	147.1
Acquired Non-controlling interest					33.5	33.5
Issue in kind (11,244,805 shares)	6.4	820.2				826.6
Performance share plan				1.4		1.4
<b>Equity at 31 March 2019</b>	<b>71.9</b>	<b>1,025.2</b>	<b>-184.1</b>	<b>2,190.1</b>	<b>34.7</b>	<b>3,137.8</b>
<b>Equity at 1 January 2020</b>	<b>100.2</b>	<b>3,194.6</b>	<b>-185.9</b>	<b>2,352.4</b>	<b>39.9</b>	<b>5,501.2</b>
Net profit for the period				-16.9	0.5	-16.4
Other comprehensive income			194.4	-		194.4
Total comprehensive income for the period			194.4	-16.9	0.5	178.0
Performance share plan				2.2		2.2
<b>Equity at 31 March 2020</b>	<b>100.2</b>	<b>3,194.6</b>	<b>8.5</b>	<b>2,337.7</b>	<b>40.4</b>	<b>5,681.4</b>

# Parent company

## Income statement

	2020 Q1 3 Months	2019 Q1 3 Months	2019/2020 Apr-Mar 12 months	2019 Jan-Dec 12 months
Net sales	3.6	3.7	13.7	13.8
Administrative expenses	-19.0	-13.7	-57.3	-52.0
<b>Operating profit</b>	<b>-15.4</b>	<b>-10.0</b>	<b>-43.6</b>	<b>-38.2</b>
Income from shares in subsidiaries	-	-	143.8	143.8
Financial items	31.7	-12.5	82.6	38.4
<b>Profit before appropriations and tax</b>	<b>16.3</b>	<b>-22.5</b>	<b>182.8</b>	<b>144.0</b>
Group contributions received	-	-	268.0	268.0
Tax	-	-	-57.8	-57.8
<b>Net profit</b>	<b>16.3</b>	<b>-22.5</b>	<b>393.0</b>	<b>354.2</b>

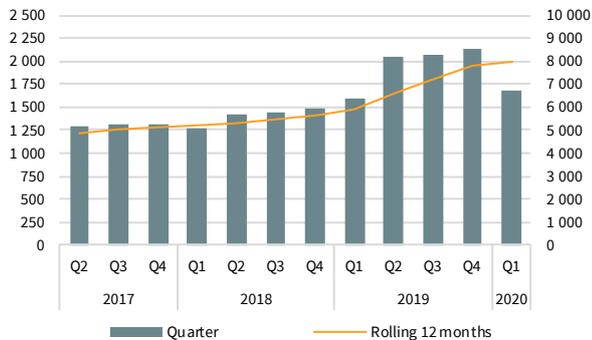
## Balance sheet

	31 Mar 2020	31 Mar 2019	31 Dec 2019
Financial assets	8,093.7	7,542.8	7,889.8
Other receivables	126.6	48.2	196.0
Cash & Bank	342.2	300.2	325.7
<b>Total assets</b>	<b>8,562.5</b>	<b>7,891.2</b>	<b>8,411.5</b>
Equity	3,841.8	1,498.9	3,824.1
Long-term interest bearing liabilities	3,597.5	3,783.1	3,423.9
Long-term non interest bearing liabilities	0.2	1.7	0.2
Short-term interest bearing liabilities	1,092.3	2,587.7	1,114.3
Short-term non interest bearing liabilities	30.7	19.8	49.0
<b>Total Equity and Liabilities</b>	<b>8,562.5</b>	<b>7,891.2</b>	<b>8,411.5</b>

## Changes in equity

	Share capital	Statutory reserve	Retained earnings	Total equity
<b>Equity at 1 January 2019</b>	<b>65.5</b>	<b>159.4</b>	<b>469.1</b>	<b>694.0</b>
Issue in kind (11,244,805 shares)	6.4		820.2	826.6
Rights issue (50,298,038 shares), net amount, after issue cost	28.3		2,169.4	2,197.7
Performance share program			3.1	3.1
Net profit for the period			354.2	354.2
Dividend paid, SEK 2.00 per share			-251.5	-251.5
<b>Equity at 31 December 2019</b>	<b>100.2</b>	<b>159.4</b>	<b>3,564.5</b>	<b>3,824.1</b>
Performance share plan			1.4	1.4
Net profit for the period			16.3	16.3
<b>Equity at 31 March 2020</b>	<b>100.2</b>	<b>159.4</b>	<b>3,582.2</b>	<b>3,841.8</b>

## Net sales, MSEK



## Operating profit, MSEK



## Operating margin, %



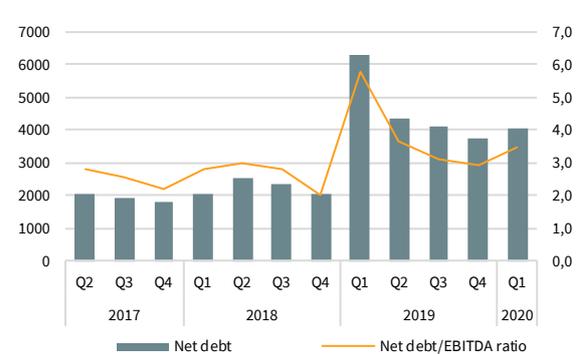
## Earnings per share, SEK



## Operating cashflow



## Net debt and Net debt EBITDA ratio

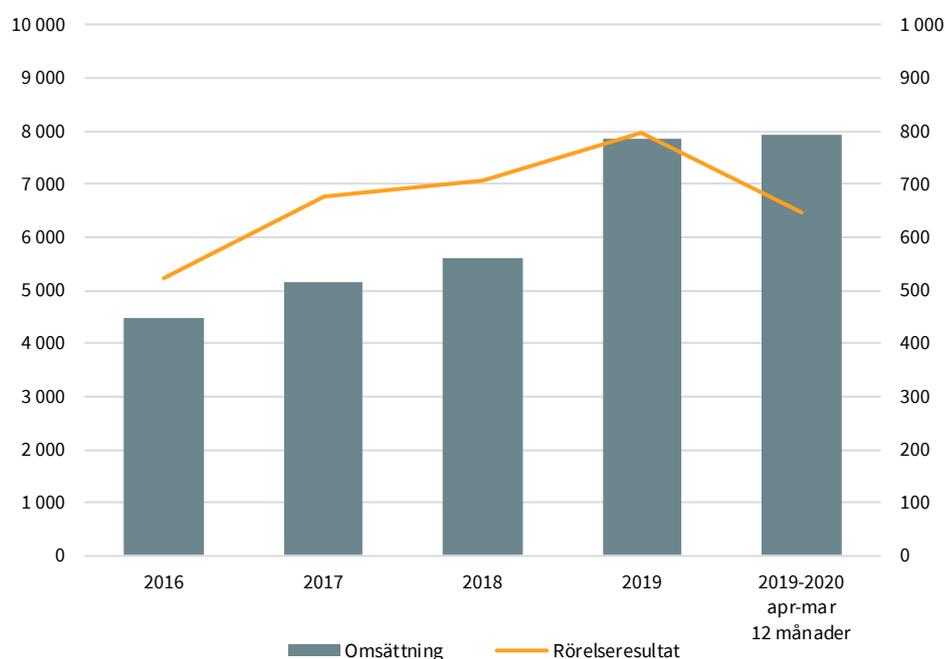


## Key ratios and data per share

	2016	2017	2018	2019	2020
Net sales, MSEK	4,490.7	5,170.3	5,621.0	7,844.9	7,940.0
Operating profit, MSEK *	524.2	677.9	705.8	794.8	647.4
Profit before tax, MSEK *	514.7	652.5	666.7	695.7	552.6
Earnings per share, SEK *	3.35	4.32	4.39	3.32	2.38
Sales growth, % *	14.9	15.1	8.7	39.6	33.6
Growth in operating profit, % *	32.4	29.3	4.1	12.6	-10.7
Growth in profit before tax, % *	36.5	26.8	2.2	4.3	-16.8
Operating margin, % *	11.7	13.1	12.6	10.1	8.2
Net debt/EBITDA ratio *	1.9	2.2	2.0	2.9	3.5
Equity/assets ratio, % *	33.8	31.0	32.2	42.0	42.1
Capital employed, MSEK *	3,581	4,670	5,010	10,372	10,846
Return on capital employed, % *	16.8	16.8	14.8	10.8	6.4
Return on equity, % *	24.9	28.1	25.0	13.5	9.2
Net debt, MSEK *	1,222	1,830	2,073	3,737	4,055
Net investment in non-current assets, MSEK *	169.0	177.1	123.3	242.7	218.5
Depreciation/amortisation/impairment of non-current assets, MSEK *	121.2	158.2	320.3	478.8	512.5
Number of employees	2,787	3,241	3,384	4,465	4,492

\* Impacted by IFRS 16 from 2019-01-01

## Net sales and operating profit, MSEK



## IFRS 16 Leases

This note explains the effects in the Group's financial report when applying IFRS 16 Leases. In the balance sheet and income statement, IFRS 16 leases had the following impact:

### IFRS 16 Balance sheet impact

	31 Mar 2020	31 Mar 2019	31 Dec 2019
Tangible fixed assets	975	948.5	931.2
Financial assets	4.7	1.0	3.7
Other non-interest-bearing current assets	-19.5	-18.3	-18.7
Equity	-15.3	-3.7	-11.8
Long-term interest-bearing liabilities	820.0	773.3	779.7
Short-term interest-bearing liabilities	155.0	161.6	148.3

### IFRS 16 Income statement impact

	2020 Q1 3 Months	2019 Q1 3 Months	2019/2020 Apr-Mar 12 months	2019 Jan-Dec 12 months
Reversal of leasing costs under IAS 17	44.4	35.5	175.6	166.7
Depreciation	-42.0	-33.8	-168.6	-160.4
Operating profit	2.4	1.7	7.0	6.3
Profit before tax	-5.1	-4.7	-16.1	-15.7
Net profit for the period	-3.9	-3.7	-12.0	-11.8