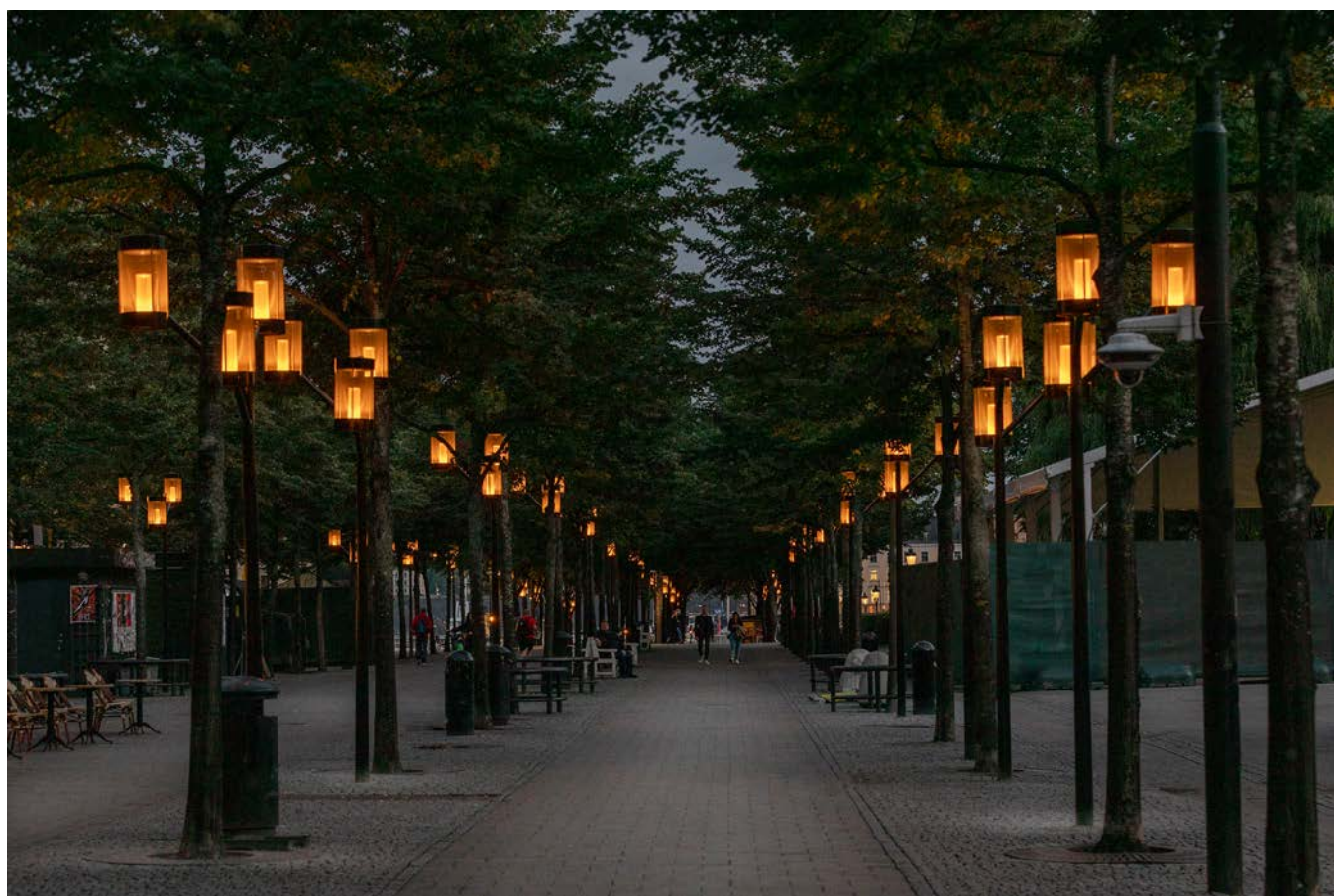


Interim Report Q3 January-September 2020



The third quarter

1,664

Order intake, MSEK

Order intake was MSEK 1,664 (2,038), a decline of -18.4% adjusted to -15.1% for currency effects of MSEK -69

1,700

Net sales, MSEK

Net sales were MSEK 1,700 (2,066), a decline of -17.7% adjusted to -14.7% for currency effects of MSEK -62

144

Adjusted operating profit, MSEK

Adjusted operating profit was MSEK 144.1 (255.1), a decrease of 43.5% with an adjusted operating margin of 8.5 (12.3)%

67

Operating profit, MSEK

Operating profit was MSEK 66.8 (255.1), a decrease of 73.8% with an operating margin of 3.9 (12.3)%

5

Net profit, MSEK

Earnings after tax were MSEK 4.9 (181.1)

0.00

Earnings per share, SEK

Earnings per share were SEK 0.00 (1.02)

389

Operating cash flow, MSEK

Cash flow from operating activities was MSEK 388.8 (400.4)

During the third quarter we continued to experience a lower market activity caused by Covid-19. We continue to handle the situation well and operations remain stable. We are of course concerned by the increasing second wave of Covid-19 and we continue to see some signs of recovery in some markets.

The lower market activity has a negative effect on the Group's trading performance. However, the trend on organic order intake compared to Q2 is positive.

Order intake at 1,664 (2,038) MSEK was -15.1% organically adverse, compared to -24,0% in Q2. Net sales at 1,700 (2,066) MSEK were ahead of expectations.

Following the press release on 7 August the process to exit Lighting Innovations, South Africa, continues. This has negatively impacted the quarterly operating profit with one-off costs and write downs of 77.3 MSEK arising from this process, refer to the table below. The operating profit of 66,8 MSEK is adjusted for these items to determine an adjusted operating profit of 144,1 (255,1) MSEK. There are no adjustments to the prior year number. The business also delivered a trading loss of 5.1 (0.2 profit) MSEK.

The Q2 report stated up to 156 MSEK of one-off costs and write downs arising from this exit and we reconfirm this maximum sum. The process is planned to be finalised in the fourth quarter. Refer to pages 8 and 11 for further details.

The adjusted operating profit of 144.1 (255.1) MSEK delivered an operating margin of 8.5 (12.3)%, there were comparable cost savings of 87.1 MSEK and 31.1 MSEK of government subsidy income in the quarter.

Operating cash flow remains positive at 388.8 (400.4) MSEK in the quarter and financial items were 36.0 (16.8) MSEK including 9.7 (2.6) MSEK for IFRS.

Reconciliation of adjusted operating profit	Q3, 2020	Q1-3, 2020
Operating profit	66.8	231.1
Intangible assets impairment	63.1	63.1
Redundancy and other cost	14.2	14.2
Adjusted operating profit	144.1	308.4

CEO comments

- Together with the local management teams we continue our focus in navigating our way through the Covid-19 challenge.
- Group colleagues have responded well to the challenges of Covid-19 and we are making good progress on the implementation of the strategic alignment process, which means we will emerge stronger from the pandemic.
- From this process we have identified opportunities for collaboration and growth in focussed markets, segments and business areas and have initiated early steps in these strategic developments.
- The third quarter was ahead of expectations for net sales and adjusted operating profit.
- Organic order intake was -15,1% in the quarter compared to -24,0% in Q2.
- Order intake does, however, remain a concern but the quarter on quarter positive trend is encouraging. Continued cost reductions and cash generation activities deliver a solid platform to improve results and reduce net debt in the coming months.
- In the Group we are increasing our focus on sustainability. Our new mission statement clearly shows our ambitions. A leading example is the launch of Whitecroft Vitality, a circularity platform for lighting within the Whitecroft brand where the first accredited cradle to cradle product was recently launched.



“The ongoing strategy work will deliver long term value whilst in the short-term we become stronger.”

Bodil Sonesson, CEO and President

January-September

5,465

Order intake, MSEK

Order intake was MSEK 5,465 (5,827), an overall decline of -6.2% adjusted to -12.4% for acquisitions of MSEK 418 and currency effects of MSEK -59

5,116

Net sales, MSEK

Net sales were MSEK 5,116 (5,716), a decline of -10.5% adjusted to -14.8% for acquisitions of MSEK 289 and currency effects of MSEK -43

308

Adjusted operating profit, MSEK

Adjusted operating profit was MSEK 308.4 (588.0) a 47.6% decrease with an adjusted operating margin of 6.0 (10.3)%

231

Operating profit, MSEK

Operating profit was MSEK 231.1 (588.0) a 60.7% decrease with an operating margin of 4.5 (10.3)%

87

Net profit, MSEK

Earnings after tax were MSEK 87.3 (388.6)

0.46

Earnings per share, SEK

Earnings per share were SEK 0.46 (2.63)

707

Operating cash flow, MSEK

Cash flow from operating activities was MSEK 706.9 (628.6)

During the first half of 2020 the Fagerhult Group faced several challenges and as reported many of these challenges were one-off events which have now been dealt with. During the second half of the year we are dealing with the ongoing Covid-19 condition as well as progressing the exit from South Africa.

Trading performance remains disrupted due to Covid-19. We see a positive trend in the quarter on quarter comparable organic order intake, a sign that the market deteriorates no further. For the remainder of the year we continue the focus at reducing the cost base.

At the same time, we continue the strategic alignment process where we see many opportunities for growth with the new business areas beginning to collaborate and execute on these.

The Group's year to date order intake of 5,465 (5,827) MSEK shows a -6.2% decrease and on a comparable basis a decrease of -12.4% when adjusting for acquisitions (418 MSEK) and currency effects (-59 MSEK).

The Group's year to date net sales of 5,116 (5,716) MSEK show a -10.5% decline, increasing to -14.8% when adjusting for acquisitions (289 MSEK) and currency effects (-43 MSEK). The order backlog position is 1,441 (1,554) MSEK.

The Group's year to date operating profit of 231.1 MSEK is adjusted to 308.4 (588.0) for the 77.3 MSEK one-off costs and write downs in South Africa, refer to the table below. There are no adjustments to the prior year number. The year to date trading losses in Lighting Innovations are -17.2 (-3.6) MSEK. During the second and third quarters comparable cost savings of 173.1 MSEK have been delivered and the gross government subsidy income is 68.7 MSEK.

Operating cash flows improved to 706.9 (628.6) MSEK mainly as a result in a working capital reduction of 219.2 (81.8) MSEK.

Financial items of 88.7 (67.8) MSEK include 23.1 (14.6) MSEK for IFRS16, a 5.7 MSEK decrease in net interest costs and an 18.1 MSEK increase in currency effects.

The tax expense in the period of 55.1 (131.6) MSEK results in a 38.7 (25.3)% tax rate with the write downs in South Africa being disallowable for tax.

Reconciliation of adjusted operating profit	Q3, 2020	Q1-3, 2020
Operating profit	66.8	231.1
Intangible assets impairment	63.1	63.1
Redundancy and other cost	14.2	14.2
Adjusted operating profit	144.1	308.4

Impacts of Covid-19

The Group's Response

The Group continues to address the Covid-19 pandemic in a professional way. This address has resulted in a continuing stable operation. The recent second waves of the pandemic encourages the Group to remain diligent and resilient. The fact that the pandemic continues leads us to consider that the economic impacts will be longer lasting.

- The Group continues to follow the regulations of local authorities and national governments.
- The Group continues to take and reinforce measures for the protection of employees, customers and suppliers.
- The Group has established Crisis Teams at Group level and across subsidiary entities.
- The Group has, where practically possible moved to a split-shift operation and home office set-up.
- The Group has established a regular Group wide communication process.
- The Group remains in close dialogue with its suppliers in order to continue to provide service to customers.
- The Group is in regular and transparent dialogue with its lenders.
- The Group has implemented new or improved processes to focus on short-medium-long term financial planning.
- The Group has expanded the use of digitalisation to engage with employees, customers and suppliers.

Qualitative Impacts

- During the third quarter, all factories have remained open and continue to do so. The regional lockdown approach causes us to be optimistic that this approach will remain.
- All factories continue to function with 100% capability, but due to social distancing measures with reduced capacity.
- The Group has had many of its sales offices closed with the employees working from home, some continue this way.
- In some markets we continue to see project volatility when it comes to deliveries.
- In some regions we see an impact on the level of market activity which affects the continuing level of order intake.
- The continued uncertainty of the pandemic conditions creates a difficult position to forecast future performance.

Quantitative Financial Impacts

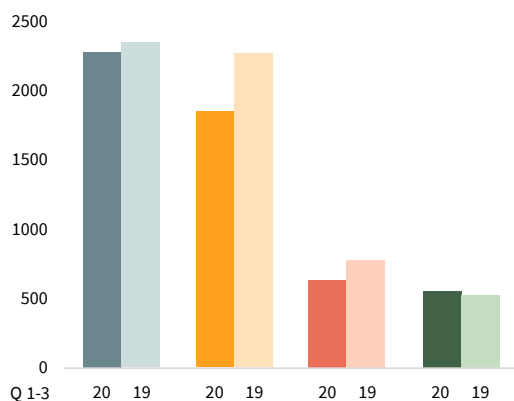
- The decline in market activity results in reduced order intake, with the -24% in Q2 improving to -15% in Q3.
- The Group continues to take actions to reduce its cost base.
- In the third and fourth quarters some entities take actions to reduce numbers employed.
- Strategic cost reviews are also continuing to taking place which will benefit the organisation in 2021 and beyond.
- In Q2 the comparable cost level reduced 86 MSEK and in Q3 this was 87 MSEK.
- It is anticipated that the cost base will reduce further in future quarters as employee numbers contract.
- The stable operation of the Group combined with the reduction in net debt results in an easing of the capital investment suspension. Each project continues to be assessed individually. The accumulated effect is a reduction of 57.4 MSEK in investments in non-current assets compared to 2019.
- For Q3 the income from government subsidies is 31.1 MSEK, for the year to date this is 68.7 MSEK in 30 entities.
- We report an improved cash and liquidity position which positively improves our covenant position.
- The Group increases its cash and undrawn credit facilities from 2,160 MSEK at 31 Mar to 2,557 MSEK at 30 Sep.
- The Group continues to increase its provision for accounts receivable credit losses and claims.
- The original dividend proposal of 1.50 SEK/share was not proposed to the AGM on 23 June.

Business areas

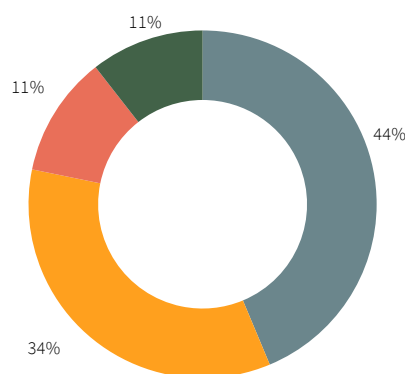
Net sales and operating profit by business area

	Net sales				Operating profit				Operating margin %			
	Q3		Q1-3		Q3		Q1-3		Q3		Q1-3	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Collection	769.1	925.1	2,287.0	2,349.1	52.0	106.7	107.3	205.8	6.8	11.5	4.7	8.8
Premium	571.8	758.6	1,852.9	2,272.4	66.8	107.9	164.4	268.0	11.7	14.2	8.9	11.8
Professional	220.7	287.3	627.7	775.6	10.5	33.6	23.9	72.9	4.8	11.7	3.8	9.4
Infrastructure	199.9	164.6	554.7	526.0	29.3	18.1	74.3	82.4	14.7	11.0	13.4	15.7
Lighting Innovations	7.9	30.5	29.2	79.5	-82.4	0.2	-94.5	-3.6	-	0.7	-	-
Eliminations	-69.1	-100.2	-235.8	-287.0	-	-	-	-	-	-	-	-
Results by business area	1,700.3	2,065.9	5,115.7	5,715.6	76.2	266.5	275.4	625.5	4.5	12.9	5.4	10.9
IFRS 16	-	-	-	-	2.4	1.6	6.9	4.9	-	-	-	-
Unallocated cost	-	-	-	-	-11.8	-13.0	-51.2	-42.4	-	-	-	-
Operating profit	-	-	-	-	66.8	255.1	231.1	588.0	3.9	12.3	4.5	10.3
Financial items	-	-	-	-	-36.0	-16.8	-88.7	-67.8	-	-	-	-
Profit before tax	-	-	-	-	30.8	238.3	142.4	520.2	-	-	-	-

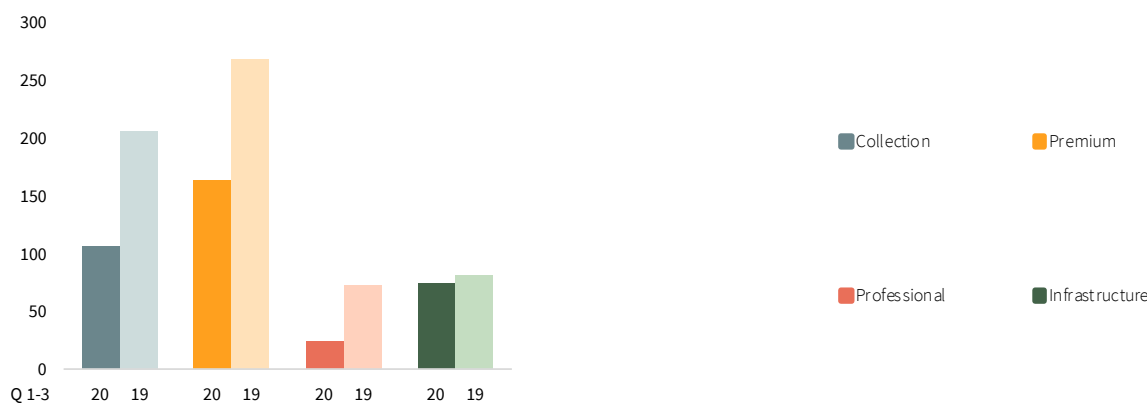
Net sales per business area, MSEK



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.

From their global network, the collaboration opportunities for future growth remain strong across the four businesses and we have chosen to focus on 4 strategic projects where initial steps are now being taken.

The Covid-19 condition continues to have a negative effect on order intake and total revenue. Business area order intake of 2,387 (2,365) MSEK shows an organic decline of -15.9% which compares to -18.3% to the half year. Net sales for the year to date were 2,287.0 (2,349.1) MSEK, a decrease of -2.6%.

Operating profits for the year to date declined 47.9% to 107.3 (205.8) MSEK. This mainly results from the poor first quarter result as well as a challenging comparable third quarter where last year the result was a strong 106.7 MSEK.

During the second half year there continues to be a focus on further cost reductions in all entities as well as a strong cash focus.

iGuzzini has recently supplied the lighting to the prestigious new Genova bridge reconstruction project and atelje Lyktan has made the city of Stockholm more beautiful with decorative outdoor lighting at Kungsträdgården.

Collection	Q3, 2020	Q3, 2019	Q1-3, 2020	Q1-3, 2019
Net sales	769.1	925.1	2,287.0	2,349.1
<i>(of which, intercompany sales)</i>	<i>(20.1)</i>	<i>(28.4)</i>	<i>(64.7)</i>	<i>(75.3)</i>
Operating profit	52.0	106.7	107.3	205.8
Operating margin, %	6.8	11.5	4.7	8.8
Sales growth, %	-16.9	-	-2.6	-
Sales growth, adjusted for exchange rate differences, %	-13.8	-	-2.3	-
Growth in operating profit, %	-51.3	-	-47.9	-

769

Net sales, MSEK

52

Operating profit, MSEK

6.8

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.

For the Premium business area there are several significant European growth opportunities where planning and initial steps are now in process. There is a significant opportunity for the growing demand for connected solutions where we see some significant indoor projects being secured with our wireless lighting controls solution, Organic Response.

Business area order intake for the year to date of 1,830 (2,215) MSEK results in an organic decline of -16.4%. Net sales for the year to date were 1,853 (2,272) MSEK, a decrease of -17.6%.

Operating profits declined to 164.4 MSEK from 268.0 MSEK in 2019 with the main cause being reduced level of activity caused by Covid-19. The headcount redundancy programme in Fagerhult will be completed this month.

In the business area, a collaboration between Fagerhult and LTS has recently secured the 22 MSEK Katara Towers project in Qatar and a cross business area collaboration between Fagerhult and I-Valo has secured the 16 MSEK Mecca project in Saudi Arabia.

572

Net sales, MSEK

67

Operating profit, MSEK

11.7

Operating margin, %

FAGERHULT



Premium	Q3, 2020	Q3, 2019	Q1-3, 2020	Q1-3, 2019
Net sales	571.8	758.6	1,852.9	2,272.4
<i>(of which, intercompany sales)</i>	<i>(26.1)</i>	<i>(37.1)</i>	<i>(96.7)</i>	<i>(108.3)</i>
Operating profit	66.8	107.9	164.4	268.0
Operating margin, %	11.7	14.2	8.9	11.8
Sales growth, %	-24.6	-	-18.5	-
Sales growth, adjusted for exchange rate differences, %	-22.3	-	-17.6	-
Growth in operating profit, %	-38.1	-	-38.7	-

Professional

Refer to the segment reporting note on page 11 for the changes in the Professional Business Area. In summary, Lighting Innovations has been removed from this business area and is separately reported.

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 and Whitecroft, with product development and manufacturing facilities in Turkey, Australia and the UK. The sales company in New Zealand is consolidated in this business area.

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

Net sales for the year to date were 627.7 (775.6) MSEK, a decrease of -16.8%. Net sales have reduced in all businesses as the market activity remains impacted by Covid-19.

The business area order intake of 702 (755) MSEK, shows a -4.5% reduction after adjusting for 19 MSEK of currency headwind.

Operating profits declined to 23.9 (72.9) MSEK in the year to date. In Q3 there was a 13.6 MSEK inventory write down in the UK business which reduced an almost 11% operating margin to the 4.8%.

For the rest of the year there is a clear focus on cost reduction.

Arlight have recently won a 12.5 MSEK project for the Supreme Court in Ankara and Whitecroft a 33.2 MSEK healthcare project known as MMH in Birmingham where we supply both lighting and connectivity solutions.

221

Net sales, MSEK

11

Operating profit, MSEK

4.8

Operating margin, %

ARLIGHT 

eaglelighting



Professional	Q3, 2020	Q3, 2019	Q1-3, 2020	Q1-3, 2019
Net sales	220.7	287.3	627.7	775.6
(of which, intercompany sales)	(13.3)	(250.1)	(55.8)	(62.6)
Operating profit	10.5	33.6	23.9	72.9
Operating margin, %	4.8	11.7	3.8	9.4
Sales growth, %	-23.2	-	-19.1	-
Sales growth, adjusted for exchange rate differences, %	-18.9	-	-16.8	-
Growth in operating profit, %	-68.8	-	-67.2	-

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.

We see a significant growth opportunity for the business area in many European markets, particularly in the Nordics, Germany and the UK.

For the business area, order intake at 546 (491) MSEK continues to be healthy at +10,9% compared to 2019. Net sales for the year to date were 554.7 (526.0) MSEK, an increase of 5.5%.

Net sales continue to be strong in the industrial and warehousing segment serviced by Veko with recent 10 MSEK projects secured in the e-retail segment and in the developing horticulture segment.

The Designplan business continues to be affected by the contraction of public sector spending in the UK and focusses on cost reduction to re-scaling the business for the future. I-Valo supplies the large Mecca project to Fagerhult in the Middle East. In line with the new collaborative strategy I-Valo has also sold the Veko solution in Finland.

Operating profits declined to 74.3 MSEK from 82.4 MSEK in 2019 and the operating margin is healthy at 13.4 (15.7) %.

During the year the business area incurs 8.9 MSEK of currency losses related to the earn-out arrangement from the recent acquisition.

Infrastructure	Q3, 2020	Q3, 2019	Q1-3, 2020	Q1-3, 2019
Net sales	199.9	164.6	554.7	526.0
<i>(of which, intercompany sales)</i>	<i>(9.6)</i>	<i>(9.7)</i>	<i>(18.6)</i>	<i>(40.9)</i>
Operating profit	29.3	18.1	74.3	82.4
Operating margin, %	14.7	11.0	13.4	15.7
Sales growth, %	21.4	-	5.5	-
Sales growth, adjusted for exchange rate differences, %	24.5	-	5.5	-
Growth in operating profit, %	61.9	-	-9.8	-

200

Net sales, MSEK

29

Operating profit, MSEK

14.7

Operating margin, %

designplan
L I G H T I N G

i VALO

VEKO
LIGHTSYSTEMS

Lighting Innovations, South Africa

As press released on 7 August and as part of the on-going strategic review, the Fagerhult Group progresses different exit options for its South African business Lighting Innovations.

The entity has been increasingly loss making in recent years and the South African market continues not to develop as expected. We will either find a buyer or close the business. The Fagerhult Group are in discussions with potential interested parties as an alternative to closure. The redundancy process with employees was completed on 9 October.

In the table on page 5 the business area labelled as 'Lighting Innovations' records a loss for the year to date of 94,5 MSEK. Of this sum, in Q3, 77.3 MSEK of one-off costs and write down of assets were incurred as part of this process. Of the 77.3 MSEK, 63.1 MSEK of intangibles were charged to Other Operating Expenses in the Income Statement and the remaining 14.2 MSEK was charged to the operating result. For the year to date the operating result in the business is a loss of -31.4 MSEK which includes the 14.2 MSEK of one-off costs and write downs of assets. The year to date trading loss is -17.2 MSEK. The Q3 and year to date Group operating profit of 66.8 MSEK and 231.1 MSEK respectively have been adjusted for this 77.3 MSEK to determine a Group adjusted operating profit for Q3 of 144.1 MSEK and for the year to date of 308.4 MSEK.

In the Q2 report we stated a potential one-off write down of the Groups assets of up to 156 MSEK and we reconfirm this maximum sum. The 77.3 MSEK taken in Q3 is part of this 156 MSEK.

We anticipate that the process will be completed during 2020 and a further update will be provided in the Q4 report due for release on 23 February 2021.

Financial position

The Group's equity/assets ratio at the end of the reporting period was 42.5 (40.6)%. Cash and bank balances at the end of the period were 1,491 (1,135) MSEK and consolidated equity was 5,485 (5,523) MSEK.

The 78.3 MSEK improvement in operating cash flow for the year to date from 628.6 MSEK to 706.9 MSEK results mainly from a 219.2 (81.8) MSEK reduction in working capital.

The net debt at the end of the period is 3,320 (4,097) MSEK and the reduction comes from increased operational cash flows. In the first quarter, 105 MSEK of earn-out payments were made for an earlier acquisition. Included within the net debt is 856 (966) MSEK relating to IFRS16 accounting. At the end of the quarter the Group has 2,557 MSEK of liquidity in the form of undrawn credit facilities and cash balances.

Pledged assets and contingent liabilities amounted to SEK 18.3 million (47.2) and SEK 4.1 million (1.5) respectively.

Investments

The Group's net investments in non-current assets was 132 (189) 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 4,493 (5,010).

Parent company

AB Fagerhult's operations comprise Group Management, financing and business development activities. The profit after financial items was 106.3 (49.0) MSEK. The number of employees during the period was 8 (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 1-21 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.

Income from government support as a result of Covid-19 are included in Other operating income in the income statement.

Segment reporting

As press released on 7 August, as part of the on-going strategic review, the Fagerhult Group progresses different exit options for its South African business Lighting Innovations. As a consequence, Fagerhult made changes in the structure of its internal organisation and segment reporting. The reporting entity Lighting Innovations Africa has been separated from the business area Professional and is reported as a separate segment Lighting Innovations.

Lighting Innovations does not meet the quantitative thresholds for reporting separate information according to IFRS 8 Segment reporting. However, Lighting Innovations is considered reportable and separately disclosed as Fagerhult believes that the information is useful and relevant to users.

The segment reporting now follows the new structure of the Fagerhult Group which is based on four the Business Areas; Collection, Premium, Professional and Infrastructure plus Lighting Innovations. IFRS 16 has not been applied in the segment reporting. The figures for 2020 as well as the comparable figures for 2019 have been restated and goodwill has been reallocated to the new segment Lighting Innovations.

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.

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 shareholders registered under their own names or as members of an owner group as per 31 August 2020.

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 31 August 2020

Name	No. of shares	Share capital and voting rights,%
Investment AB Latour	84,228,480	47.5%
Lannebo funds	13,846,541	7.8%
BNP Paribas SEC Services	10,344,793	5.8%
The Svensson, family, foundation and company	9,608,442	5.4%
Fjärde AP-Fonden	8,668,596	4.9%
Nordea funds	7,307,422	4.1%
The Palmstierna family	4,077,601	2.3%
Didner and Gerge Småbolag	3,046,078	1.7%

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), Johan Hjertonsson representing Investment AB Latour, Johan Ståhl representing Lannebo Funds, Jannis Kitsakis representing Fjärde AP-Fonden and Jan Särilvik representing Nordea Funds.

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

Strategy and Outlook for 2020+

Whilst we report a somewhat more stable operational situation, there continues to be uncertainty in the market. The second waves of Covid-19 now appear in many countries and the localised lockdowns may provide difficulties. Consequently, we maintain our view not to provide further forward looking guidance for the balance of 2020 and 2021.

We have commented regarding a lower market activity level. The comparable order intake in Q3 was almost 9% improved over the second quarter although we anticipate that order intake levels will be negatively affected for some time to come. This will provide a challenge in the fourth quarter of 2020 and into 2021. Also, we comment regarding a reduced and further reducing cost base which will continue for the remainder of the year as the businesses re-scale themselves for the lower level of activity and we base our forecasts on a slower recovery.

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 for our 13 brands including ORT. The new business area setup will strengthen collaboration and enable us to address many organic growth opportunities in the medium-to-longer term and bring benefits to our customers.

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. We experience an increased demand for our solutions and beginning of August we opened a new Competence Centre for the Organic Response Technology in Linköping Sweden. This team will complement our team in Melbourne, Australia and increase support to our customers in local markets.

Habo, October 23rd 2020
AB Fagerhult (publ.) 556110-6203

Bodil Sonesson
President and CEO

In 2021, interim reports will be submitted on 23 February, 29 April, 23 August and 29 October.
The Annual General Meeting will be held on 29 April.

For more information contact:

Bodil Sonesson, CEO, +46 722 23 76 02

Michael Wood, CFO, +46 730 87 46 47

Report of Review of Interim Financial Information

AB Fagerhult (publ). Corporate ID no. 556110-6203

Introduction

We have reviewed the condensed interim financial information (interim report) of AB Fagerhult as of 30 September 2020 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, 23rd October 2020

Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Auditor-in-Charge

Martin Odqvist
Authorized Public Accountant

Group

Income statement

	2020 Q3 3 months	2019 Q3 3 months	2020 Q1-3 9 months	2019 Q1-3 9 months	2019/2020 Oct-Sep 12 months	2019 Jan-Dec 12 months
Net sales	1,700.3	2,065.9	5,115.7	5,715.6	7,245.0	7,844.9
Cost of goods sold	-1,090.2	-1,238.0	-3,292.7	-3,498.5	-4,588.8	-4,794.6
Gross profit	610.1	827.9	1,823.0	2,217.1	2,656.2	3,050.3
Selling expenses	-350.7	-426.2	-1,159.9	-1,218.4	-1,639.8	-1,698.3
Administrative expenses	-161.7	-173.3	-473.7	-465.6	-638.8	-630.7
Other operating income	32.2	26.7	104.8	54.9	123.4	73.5
Other operating expenses	-63.1	-	-63.1	-	-63.1	-
Operating profit	66.8	255.1	231.1	588.0	437.9	794.8
Financial items	-36.0	-16.8	-88.7	-67.8	-120.0	-99.1
Profit before tax	30.8	238.3	142.4	520.2	317.9	695.7
Tax	-25.9	-57.2	-55.1	-131.6	-104.4	-180.9
Net profit for the period	4.9	181.1	87.3	388.6	213.5	514.8
Net profit for the period attributable to shareholders of the Parent Company	0.1	179.8	80.8	383.5	205.7	508.4
Net profit for the period attributable to Non-controlling interests	4.8	1.3	6.5	5.1	7.8	6.4
Sum	4.9	181.1	87.3	388.6	213.5	514.8
Earnings per share, based on earnings attributable to shareholders of the parent during the year:						
Earnings per share before dilution, SEK	0.00	1.02	0.46	2.63	1.17	3.32
Earnings per share after dilution, SEK	0.00	1.02	0.46	2.63	1.17	3.32
Average number of outstanding shares before dilution, thousands	176,147	176,136	176,141	145,653	176,140	153,274
Average number of outstanding shares after dilution, thousands	176,147	176,136	176,141	145,653	176,140	153,274
Number of outstanding shares, thousands	176,147	176,136	176,147	176,136	176,147	176,136
STATEMENT OF COMPREHENSIVE INCOME						
Net profit for the period	4.9	181.1	87.3	388.6	213.5	514.8
Other comprehensive income						
<i>Items which may not be reversed in the income statement:</i>						
Revaluation of pension plans	-	-4.2	-	-4.2	-3.0	-7.2
<i>Items which may be reversed in the income statement:</i>						
Translation differences	-9.3	137.6	-99.9	199.2	-246.8	52.3
Other comprehensive income for the period, net after tax	-9.3	133.4	-99.9	195.0	-249.8	45.1
Total comprehensive income for the period	-4.4	314.5	-12.6	583.6	-36.3	559.9
Comprehensive income attributable to shareholders of the Parent Company	-9.2	313.2	-19.1	578.5	-44.1	553.5
Comprehensive income attributable to Non-controlling interests	4.8	1.3	6.5	5.1	7.8	6.4

Balance sheet

	30 Sep 2020	30 Sep 2019	31 Dec 2019
Intangible assets	5,882.0	6,253.0	6,042.2
Tangible fixed assets	2,629.4	2,876.7	2,807.8
Financial assets	223.1	231.0	204.9
Inventories	1,162.8	1,321.3	1,247.1
Accounts receivable - trade	1,336.1	1,583.2	1,426.8
Other non-interest-bearing current assets	192.4	220.4	229.8
Cash and cash equivalents	1,491.3	1,134.8	1,133.5
Total assets	12,917.1	13,620.4	13,092.1
Equity	5,484.6	5,523.1	5,501.2
Long-term interest-bearing liabilities	4,589.7	4,941.4	4,648.2
Long-term non-interest-bearing liabilities	1,063.1	1,227.3	1,167.1
Short-term interest-bearing liabilities	221.5	290.6	222.1
Short-term non-interest-bearing liabilities	1,558.2	1,638.0	1,553.5
Total equity and liabilities	12,917.1	13,620.4	13,092.1

Cash flow statement

	2020 Q3 3 months	2019 Q3 3 months	2020 Q1-3 9 months	2019 Q1-3 9 months	2020 Oct-Sep 12 months	2019 Jan-Dec 12 months
Operating profit	66.8	255.1	231.1	588.0	437.9	794.8
Adjustments for non-cash items	163.5	153.3	391.4	193.6	587.0	389.2
Financial items	-16.3	-19.1	-51.3	-58.1	-82.8	-89.6
Tax paid	-9.4	-38.1	-83.5	-176.7	-150.2	-243.4
Funds contributed from operating activities	204.6	351.2	487.7	546.8	791.9	851.0
Change in working capital	184.2	49.2	219.2	81.8	294.3	156.9
Cash flow from operating activities	388.8	400.4	706.9	628.6	1,086.2	1,007.9
Cash flow from investing activities	-38.7	-49.6	-217.7	-2,858.7	-263.9	-2,904.9
Cash flow from financing activities	-29.2	-225.5	-95.4	2,510.1	-412.0	2,193.5
Cash flow for the period	320.9	125.3	393.8	280.0	410.3	296.5
Cash and cash equivalents at beginning of period	1,176.6	989.1	1,133.5	808.4	1,134.8	808.4
Translation differences in cash and cash equivalents	-6.2	20.4	-36.0	46.4	-53.8	28.6
Cash and cash equivalents at end of period	1,491.3	1,134.8	1,491.3	1,134.8	1,491.3	1,133.5

Key ratios and data per share

	2020 Q3 3 Months	2019 Q3 3 Months	2020 Q1-3 9 months	2019 Q1-3 9 months	2020 Oct-Sep 12 months	2019 Jan-Dec 12 months
Sales growth, %	-17.7	43.4	-10.5	38.3	0.6	39.6
Growth in operating profit, %	-73.8	30.8	-60.7	17.6	-44.8	12.6
Growth in profit before tax, %	-87.1	27.9	-72.6	10.3	-55.6	4.3
Operating margin, %	3.9	12.3	4.5	10.3	6.0	10.1
Profit margin, %	1.8	11.5	2.8	9.1	4.4	8.9
Cash liquidity, %	83.8	58.8	83.8	58.8	83.8	63.8
Net debt/EBITDA ratio	3.2	2.6	3.7	3.3	3.3	2.9
Equity/assets ratio, %	42.5	40.6	42.5	40.6	42.5	42.0
Capital employed, MSEK	10,296	10,755	10,296	10,755	10,296	10,372
Return on capital employed, %	2.6	9.5	3.2	10.1	4.7	10.8
Return on equity, %	0.4	13.1	2.1	13.5	3.9	13.5
Net debt, MSEK	3,320	4,097	3,320	4,097	3,320	3,737
Gross investment in non-current assets, MSEK	50.3	47.1	131.6	189.0	185.3	242.7
Net investment in non-current assets, MSEK	50.3	47.1	131.6	189.0	185.3	242.7
Depreciation/amortisation/impairment of non-current assets, MSEK	191.3	135.2	435.8	348.7	565.9	478.8
Number of employees	4,536	4,401	4,493	4,443	4,559	4,465
Equity per share, SEK	31.14	31.36	31.14	31.36	31.14	31.23
Number of outstanding shares, thousands	176,147	176,136	176,147	176,136	176,147	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

	Share capital	Other contributed capital	Reserves	Retained earnings	Non- controlling interest	Total equity
Equity at 1 January 2019	65.5	205.0	-238.2	2,096.9		2,129.2
Net profit for the period				383.5	5.1	388.6
Other comprehensive income			199.2	-4.2		195.0
Total comprehensive income for the period			199.2	379.3	5.1	583.6
Acquired Non-controlling interest					33.5	33.5
Issue in kind (11,244,805 shares)	6.4	820.1				826.5
Rights issue (50,298,038 shares), net amount, after issue costs	28.3	2,169.4				2,197.7
Performance share plan				4.1		4.1
Dividend paid, SEK 2.00 per share				-251.5		-251.5
Equity at 30 September 2019	100.2	3,194.5	-39.0	2,228.8	38.6	5,523.1
Equity at 1 January 2020	100.2	3,194.6	-185.9	2,352.4	39.9	5,501.2
Net profit for the period				80.8	6.5	87.3
Other comprehensive income			-99.9	-		-99.9
Total comprehensive income for the period			-99.9	80.8	6.5	-12.6
Performance share plan				2.3		2.3
Change in non-controlling interest				1.5	-7.8	-6.3
Equity at 30 September 2020	100.2	3,194.6	-285.8	2,437.0	38.6	5,484.6

Parent company

Income statement

	2020 Q3 3 Months	2019 Q3 3 Months	2020 Q1-3 9 Months	2019 Q1-3 9 Months	2019/2020 Oct-Sep 12 months	2019 Jan-Dec 12 months
Net sales	3.8	3.7	11.4	11.2	14.0	13.8
Administrative expenses	-10.9	-12.6	-49.7	-41.4	-60.3	-52.0
Other operating income	-	0.2	-	0.2	-0.2	-
Operating profit	-7.1	-8.7	-38.3	-30.0	-46.5	-38.2
Income from shares in subsidiaries	10.0	32.7	224.6	81.8	286.6	143.8
Financial items	-97.3	7.9	-79.5	-2.8	-38.3	38.4
Profit before appropriations and tax	-94.4	31.9	106.8	49.0	201.8	144.0
Group contributions received	-	-	-	-	268.0	268.0
Tax	-	-	-	-	-57.8	-57.8
Net profit	-94.4	31.9	106.8	49.0	412.0	354.2

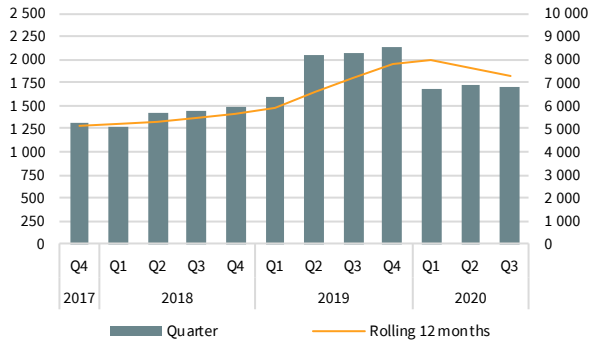
Balance sheet

	30 Sep 2020	30 Sep 2019	31 dec 2019
Financial assets	7 241,5	7 684,5	7 889,8
Other receivables	101,6	109,3	196,0
Cash & Bank	777,5	265,7	325,7
Total assets	8 120,6	8 059,5	8 411,5
Equity	3 933,2	3 518,1	3 824,1
Long-term interest bearing liabilities	3 436,5	4 245,7	3 423,9
Long-term non interest bearing liabilities	0,2	0,2	0,2
Short-term interest bearing liabilities	717,9	269,7	1 114,3
Short-term non interest bearing liabilities	32,8	25,8	49,0
Total Equity and Liabilities	8 120,6	8 059,5	8 411,5

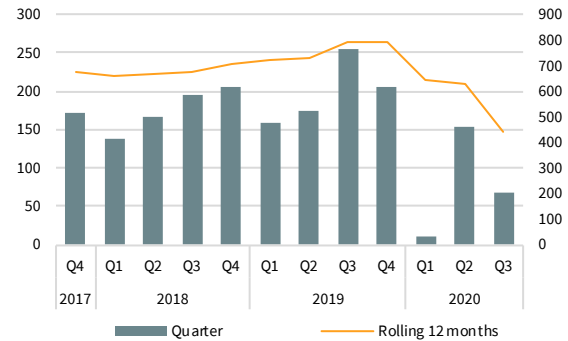
Changes in equity

	Share capital	Statutory reserve	Retained earnings	Total equity
Equity at 1 January 2019	65.5	159.4	469.1	694.0
Issue in kind (11,244,805 shares)	6.4		820.1	826.5
Rights issue (50,298,038 shares), net amount, after issue cost	28.3		2,169.4	2,197.7
Performance share program			2.4	2.4
Net profit for the period			49.0	49.0
Dividend paid, SEK 2.00 per share			-251.5	-251.5
Equity at 30 September 2019	100.2	159.4	3,258.5	3,518.1
Equity at 1 January 2020	100.2	159.4	3,564.5	3,824.1
Performance share plan			2.3	2.3
Net profit for the period			106.8	106.8
Equity at 30 September 2020	100.2	159.4	3,673.6	3,933.2

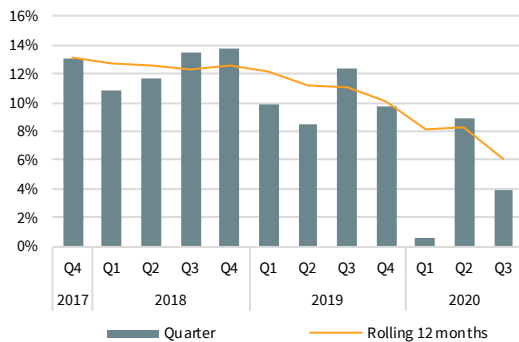
Net sales, MSEK



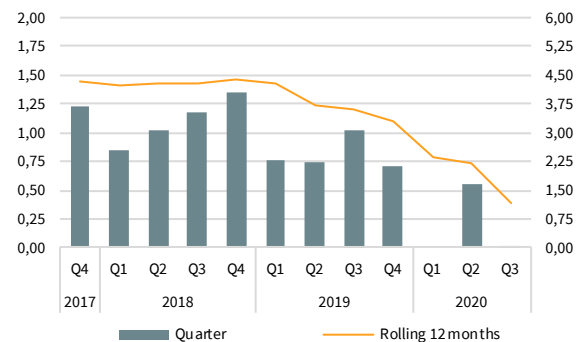
Operating profit, MSEK



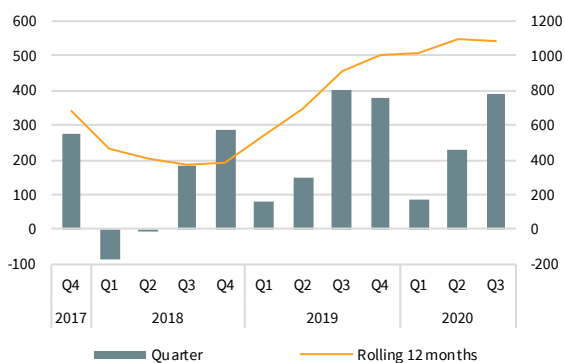
Operating margin, %



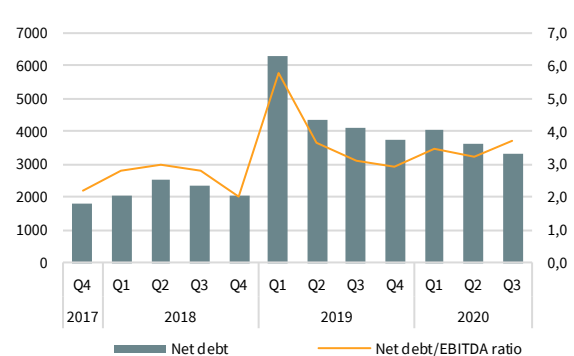
Earnings per share, SEK



Operating cashflow



Net debt and Net debt EBITDA ratio

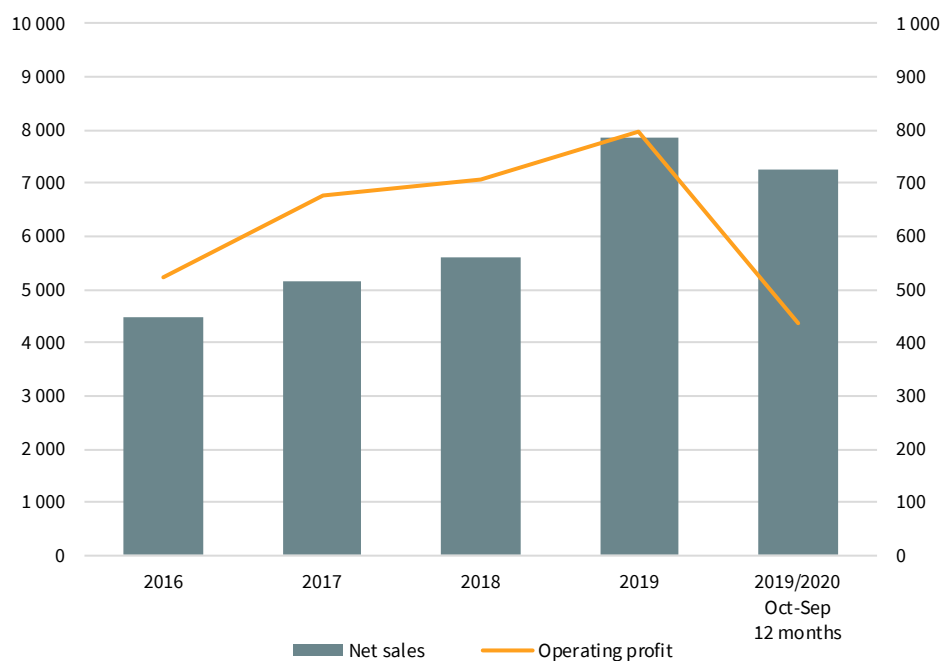


Key ratios and data per share

	2016	2017	2018	2019	2019/2020 Oct-Sep 12 months
Net sales, MSEK	4,490.7	5,170.3	5,621.0	7,844.9	7,245.0
Operating profit, MSEK *	524.2	677.9	705.8	794.8	437.9
Profit before tax, MSEK *	514.7	652.5	666.7	695.7	317.9
Earnings per share, SEK *	3.35	4.32	4.39	3.32	1.17
Sales growth, % *	14.9	15.1	8.7	39.6	0.6
Growth in operating profit, % *	32.4	29.3	4.1	12.6	-44.8
Growth in profit before tax, % *	36.5	26.8	2.2	4.3	-55.6
Operating margin, % *	11.7	13.1	12.6	10.1	6.0
Net debt/EBITDA ratio *	1.9	2.2	2.0	2.9	3.3
Equity/assets ratio, % *	33.8	31.0	32.2	42.0	42.5
Capital employed, MSEK *	3,581	4,670	5,010	10,372	10,296
Return on capital employed, % *	16.8	16.8	14.8	10.8	4.7
Return on equity, % *	24.9	28.1	25.0	13.5	3.9
Net debt, MSEK *	1,222	1,830	2,073	3,737	3,320
Net investment in non-current assets, MSEK *	169.0	177.1	123.3	242.7	185.3
Depreciation/amortisation/impairment of non-current assets, MSEK *	121.2	158.2	320.3	478.8	565.9
Number of employees	2,787	3,241	3,384	4,465	4,559

* 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

	30 Sep 2020	30 Sep 2019	31 Dec 2019
Tangible fixed assets	846.1	975.3	931.2
Financial assets	6.5	2.3	3.7
Other non-interest-bearing current assets	-17.5	-18.9	-18.7
Equity	-21.1	-7.5	-11.8
Long-term interest-bearing liabilities	714.2	805.7	779.7
Short-term interest-bearing liabilities	142.0	160.5	148.3

IFRS 16 Income statement impact

	2020 Q3 3 Months	2019 Q3 3 Months	2020 Q1-3 9 Months	2019 Q1-3 9 Months	2019/2020 Oct-Sep 12 months	2019 Jan-Dec 12 months
Reversal of leasing costs under IAS 17	42.5	44.0	130.0	122.4	174.3	166.7
Depreciation	-40.1	-42.4	-123.1	-117.5	-166.0	-160.4
Operating profit	2.4	1.6	6.9	4.9	8.3	6.3
Profit before tax	-7.3	-1.0	-16.2	-9.7	-22.2	-15.7
Net profit for the period	-5.6	-0.6	-12.4	-7.3	-16.9	-11.8