

ITAB

INTERIM REPORT
JANUARY - SEPTEMBER 2018

Q3

JULI-SEPTEMBER 2018

- ▶ Net sales amounted to SEK 1,475 million (1,668)
- ▶ Operating profit amounted to SEK 64 million (172)
- ▶ Profit after financial items amounted to SEK 46 million (150)
- ▶ Profit after tax amounted to SEK 35 million (111)
- ▶ Earnings per share amounted to SEK 0.32 (1.05)
- ▶ Cash flow from operating activities amounted to SEK 31 million (-89)
- ▶ The company's net debt was SEK 2,308 million (2,207)

JANUARY-SEPTEMBER 2018

- ▶ Net sales amounted to SEK 4,510 million (4,740)
- ▶ Operating profit amounted to SEK 237 million (382)
- ▶ Profit after financial items amounted to SEK 185 million (333)
- ▶ Profit after tax amounted to SEK 136 million (249)
- ▶ Earnings per share amounted to SEK 1.26 (2.34)
- ▶ Cash flow from operating activities amounted to SEK 277 million (10)
- ▶ The company's net debt was SEK 2,308 million (2,207)

IMPORTANT EVENTS JANUARY-SEPTEMBER 2018

- ▶ Streamlining programme extended and restructuring taking place, to managing the change in the retail sector and the effects of reduced sales.
- ▶ Agreement entered with one of Sweden's fastest growing low price chain for delivery of shop concepts.
- ▶ Agreement entered into regarding delivery of digital systems in Spain.
- ▶ During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.



ITAB's Endless Aisle makes it possible to combine shopping in-store and online at the same time. For smaller shops close to the city centre, Endless Aisle makes it possible to offer a larger product range to the consumer.

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CEO ULF ROSTEDT'S COMMENTS

This year has been a major challenge to date. The retail sector is changing and is cautious in several markets. During the third quarter, we have extended our streamlining programme as a result of reduced sales. In the longer term we have a positive view of the change in the sector, however, and we are continuing our investments in product development and our working method in order to strengthen ITAB's position in the shops of the future.



THIRD QUARTER

During the third quarter, sales decreased by 12% compared to the same period last year. Currency-adjusted sales fell by 16%. The market remains cautious and is more volatile than before, and it is difficult to adapt to this in the short term.

Profits have been adversely affected by the sales trend in several markets. This, along with the trend in raw material prices, has had a negative impact on profits. As a result of the sales trend, the streamlining programme that was introduced during the first quarter of the year has been extended.

JANUARY-SEPTEMBER

During the period January-September, sales decreased by 5% compared to the same period last year. Currency-adjusted sales fell by 8%. The first three quarters have been challenging in many ways. The retail sector is changing and several chains have adopted a cautious approach. We have conducted a series of marketing activities during the period in the form of product development and sales initiatives. These have been intended to strengthen ITAB's position in the shops of the future, and have resulted in increased sales costs in the short-term. Within our various customer groups, it is above all the construction and home furnishings sectors that have increased compared to last year. This increase has taken place in the majority of our markets, principally within the low-price segment. Sales have decreased slightly within the food sector, primarily in the UK and Southern Europe. Sales have decreased within fashion, primarily in the UK and NorthEast. Sales within other customer groups have also decreased, principally within electronics and sport.

STREAMLINING PROGRAMME AND INVESTMENTS FOR THE FUTURE

During the first quarter of 2018, ITAB launched a streamlining programme, with one of the goals being reduced costs as a result of the reduced rate of turnover. The start of the third quarter was weaker than anticipated, and as a result the streamlining programme was further extended. The streamlining programme will be implemented gradually from 2018, achieving full effect in 2020, with an estimated saving of approx. SEK 300 million at a cost of approx. SEK 75 million before tax. The programme includes both shutting down and merging operations on several different markets. The programme also includes streamlining measures in our production facilities, in order to achieve increased flexibility and shorter lead times. During the first three quarters of the year, only a small proportion of the savings programme has had any effect.

The programme also includes staff cuts amounting to around 400 people. So far, during the period January-September, around 200 employees have left the business, the majority in Asia. The remaining staff cuts, amounting to around 200 employees, will principally take place in Europe.

At the same time, aggressive initiatives are continuing in relation to new concepts and products for the shops of the future. Over recent years, ITAB has made considerable investments in product development and initiatives aimed at ensuring that the organisation will be well prepared for the developments that are taking place in the retail sector. In future, skills development and changes to the sales organisation will be implemented. This is being done to ensure that ITAB's all-inclusive offer is exposed to both new and existing customers, which is expected to result in increased sales.

All of these measures are intended to counteract a more volatile market in the short term and strengthen ITAB's market position in the long term.

FUTURE PROSPECTS

We are still witnessing a cautious attitude in several markets. The changes in the sector mean that the market is difficult to judge and extremely volatile in the short term. We are following market developments closely and making adjustments in line with our streamlining programme. We are also continuing to carefully monitor the trend in steel prices, exchange rate fluctuations, the general political situation and the general development of the retail sector, which can change our conditions in the market.

Jönköping 26 October 2018

*Ulf Rostedt,
Managing Director & CEO
ITAB Shop Concept AB*

SUMMARY Q3

- ▶ Net sales decreased by 12 % to SEK 1,475 million (1,668)
- ▶ Operating profit decreased by 63% to SEK 64 million (172)
- ▶ Profit after financial items decreased by 69% to SEK 46 million (150)
- ▶ Earnings per share decreased by 70 % to SEK 0.32 (1.05)

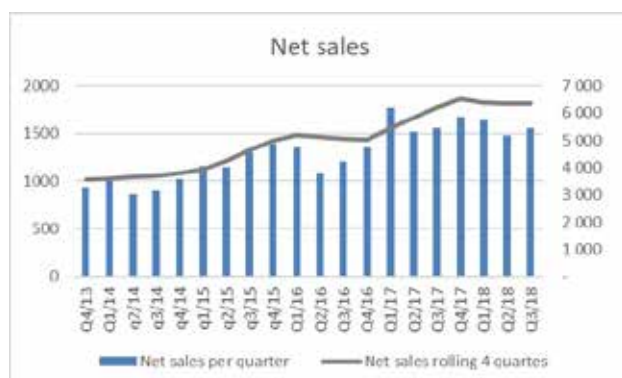
SUMMARY Q1-Q3

- ▶ Net sales decreased by 5% to SEK 4,510 million (4,740)
- ▶ Operating profit decreased by 38% to SEK 237 million¹⁾ (382)
- ▶ Profit after financial items decreased by 44% to SEK 185 million¹⁾ (333)
- ▶ Earnings per share decreased by 46% to SEK 1.26 (2.34)

1) During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.

IMPORTANT EVENTS Q1-Q3

- ▶ During the first quarter, ITAB has entered into an agreement to supply digital systems to Consum in Spain. This agreement will run for two years and cover approximately 500 stores, and has an estimated value of SEK 60 million. This agreement is strategically important for ITAB, as it is the largest installation to date within the digital initiative regarding improved consumer experience. It is also an important step in the initiative relating to the cross-selling of ITAB's product portfolio in Southern Europe. Consum is one of Spain's five largest supermarket chains and has around 700 stores.
- ▶ During the second quarter, ITAB has signed an agreement with DollarStore in Sweden with an estimated value of SEK 100 million per year. ITAB will supply shop fittings, lighting, checkouts and entrance systems. The agreement also includes installation and project management. DollarStore is one of Sweden's fastest growing low price chains with 70 stores in Sweden and is now expanding at a rate of around 30 stores a year. The agreement is in line with the efforts made by ITAB on cross-selling to both new and existing customers.



ITAB GROUP IN FIGURES

	3 MONTHS JUL-SEP 2018	3 MONTHS JUL-SEP 2017	9 MONTHS JAN-SEP 2018	9 MONTHS JAN-SEP 2017	ROLLING 12 MONTHS OCT-SEP 2017/2018	FULL YEAR JAN-DEC 2017
Net sales, SEK m	1,475	1,668	4,510	4,740	6,151	6,381
Operating profit, SEK m*	64	172	237	382	355	500
Operating margin, %	4.4	10.3	5.3	8.1	5.8	7.8
Profit after net financial items, SEK m*	46	150	185	333	284	432
Profit margin, %	3.2	9.0	4.1	7.0	4.6	6.8
Net profit, SEK m	35	111	136	249	216	329
Earnings per share, SEK	0.32	1.05	1.26	2.34	2.03	3.11
Equity per share, SEK	16.19	15.09	16.19	15.09	16.19	16.26
Return on equity, %	8.0	28.8	10.2	21.0	12.5	20.5
Share of risk-bearing capital, %	34.6	33.2	34.6	33.2	34.6	36.1
Cash flow from operating activities, SEK m	31	-89	277	10	457	190
Average number of employees	3,389	3,619	3,422	3,595	3,513	3,599

*) During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 of 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million. During Q4 2017 the Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase price in conjunction with the acquisition of La Fortezza, as well as structural costs.

JULY-SEPTEMBER

Net sales and income

The Group's net sales fell by 12% to SEK 1,475 million (1,668). Currency-adjusted sales fell by 16%. Sales are on a par with last year in Scandinavia, while they have fallen in NorthEast and Central Europe. In the UK and Southern Europe, sales have fallen significantly. In the UK, the poorer sales trend is primarily due to a cautious attitude in association with Brexit. In Southern Europe, the principal reason is that ITAB's unit in France has developed significantly worse than last year. Operating profit fell by 63% to SEK 64 million (172). The sales trend in particular has had a negative impact on profits. The trend within raw materials has had a negative impact on profits. Profit after financial items fell by 69% to SEK 46 million (150).

Financial position

The net debt was SEK 2,308 million (2,207). An additional purchase sum of SEK 140 million has been charged to net debt for the acquisition of La Fortezza. The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 652 million (847) on closing day. The equity/assets ratio was 31 % (29). Cash flow from current operations amounted to SEK 31 million (-89). The improved cash flow is due to reduced tying up of working capital during the period.

Investments

Consolidated net investments amounted to SEK 174 million (115), of which SEK 140 million (46) can be attributed to corporate transactions during the period. For more information about corporate transactions, see Note 1 on page 11.

Employees

The average number of employees at the end of the period was 3,389 (3,619).

Parent Company

The Parent Company ITAB Shop Concept AB's operations consist primarily of Group-wide functions. The Parent Company's net sales amounted to SEK 16 million (17) and profit after financial items to SEK 14 million (4).

JANUARY-SEPTEMBER

Net sales and income

The Group's net sales fell by 5% to SEK 4,510 million (4,740). Currency-adjusted sales fell by 8%. Sales have increased in NorthEast, while Central Europe has developed on a par with last year.

Scandinavia and Southern Europe have not developed as well, while the UK has developed significantly worse.

Operating profit fell by 38% to SEK 237 million (382). The sales trend has had an impact on profits. The market is perceived as being more volatile than previously, it is difficult to adapt the Group in the short term and this is having an adverse effect on profits.

The trend within raw materials has had a negative impact on profits. A series of marketing activities have been conducted during the period in the form of product development and sales initiatives. These have been intended to strengthen ITAB's position in the shops of the future, and have resulted in increased sales costs in the short-term. Operating profit includes the sale of a property and structuring work in Belgium, which have had a positive net impact on profit amounting to SEK 15 million. Final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million. Profit after financial items fell by 44% to SEK 185 million (333).

Financial position

The net debt was SEK 2,308 million (2,207). An additional purchase sum of SEK 140 million has been charged to net debt for the acquisition of La Fortezza. The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 759 million (955) on closing day. The equity/assets ratio was 31 % (29). Cash flow from current operations amounted to SEK 277 million (10). The improved cash flow is due to reduced tying up of working capital during the period.

Investments

Consolidated net investments/divestments amounted to SEK 211 million (220), of which SEK 142 million (100) can be attributed to corporate transactions during the period. For more information about corporate transactions, see Note 1 on page 11. A property in Belgium has been sold during 2018.

Employees

The average number of employees at the end of the period was 3,422 (3,595).

Parent Company

The Parent Company ITAB Shop Concept AB's operations consist primarily of Group-wide functions. The Parent Company's net sales amounted to SEK 48 million (48) and profit after financial items to SEK 250 million (333).

OTHER DISCLOSURES

Seasonal variations

ITAB's operations are affected to a certain extent by seasonal variations. The sales volumes are often lower at the start of the year and then gradually increase during the year. As a result, sales and earnings are generally higher during primarily the third but also the fourth quarter. During the year, sales and profits have deviated from the normal pattern. The quarterly sales and earnings are presented in the diagrams on page 3.

Risks and uncertainties

The Group's significant risks and uncertainties include business risks, financial risks and sustainability risks. The Group's significant financial risks are more fully discussed in Note 4 on page 70 of the 2017 Annual Report.

ITAB's business risks are associated with our own operations, customers and suppliers, as well as other external factors. Some of the most significant business risks are summarised on page 55 and 41 of the 2017 Annual Report and sustainability risks at page 41.

No further significant risks have been identified.

Convertible debenture loan 2014/2018

During the period 1 June to 11 June 2018, it was possible to convert the convertible debenture KV 4B with a nominal value of SEK 30 million to Class B shares at a conversion rate of SEK 49.83. No conversions were conducted and the convertible debenture was repaid at the start of July 2018. As a result of this, no dilution has occurred.

Convertible debenture loan 2016/2020

On 11 May 2016, the Annual General Meeting of ITAB Shop Concept AB decided to approve the Board's proposal to issue a maximum of 1,950,000 convertibles with a maximum total nominal value of SEK 275,000,000 with a term from 1 July 2016 to 30 June 2020. The level of interest in the convertible programme was considerable - approximately 440 employees in 13 countries decided to participate, and the issue was oversubscribed by more than 50 percent. Employees of the ITAB Group have been allocated 1,950,000 convertibles at an issue price of SEK 86, representing a nominal value of SEK 167,700,000. The interest rate is STIBOR 3M plus 2.20 percent and interest is paid annually in arrears. All convertibles can be converted into Class B shares in ITAB in the period from 1 June 2020 to and including 12 June 2020. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 percent, and on the voting rights approximately 0.6 percent, based on the current total number of shares.

Accounting policies

ITAB is applying the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34, Interim Reporting, the Annual Accounts Act as well as the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, and RFR 2, Accounting for Legal Entities.

The new standards IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, are being applied as from 1 January 2018. The Group will not recalculate comparative figures for the 2017 financial year, in accordance with the standards' transitional rules. None of these standards have had any significant impact on the Group's financial performance and position. See information in the 2017 Annual Report and Note 2.

IFRS 16 Leasing will replace IAS 17 as from 1 January 2019. This standard is eliminating the subdivision of leases into either operational or financial leases for the lessee, and is introducing a joint model for the reporting of all leasing. In this model, the lessee will report assets and liabilities for all leases, with the exception of low-value assets and short-term rent. In addition, the depreciation of leased assets will be reported separately from the interest on the debt for leasing in the income statement. At the time of the transition to the standard, the company can select either full retroactivity or a simplified method. ITAB intends to select the simplified method.

IFRS 16 will have a significant impact on the balance sheet total as well as shifting of income from operating profit to net financial items, which in turn will affect a number of key figures. The upcoming year-end report will describe how IFRS

16 Leasing will affect the Group's financial statements.

As regards other accounting principles that are applied, these correspond with the accounting principles that were used in the preparation of the most recent Annual Report.

Estimates and judgements

The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may ultimately differ from those estimates and judgements. The critical judgements and sources of uncertainty in the estimates used in the preparation of this interim report are the same as in the most recent annual report.

Financial assets and liabilities

ITAB has derivative financial instruments measured at fair value. The derivative instruments consist of foreign exchange forward contracts and interest rate swaps used for hedging purposes.

All derivative instruments are categorised as Level 2 and the fair value is measured using discounted future cash flows according to the terms and due dates of the contracts where all variables, such as discount rates and exchange rates, are obtained from market listings for calculations.

Additional considerations are recognised as financial liabilities and are categorised as Level 3. These are based on each contract's parameters which are mainly linked to the anticipated performance of the acquired companies over the next few years. The additional considerations have

been recognised at estimated fair value and are re-measured through the income statement.

Recognised value is considered to constitute a reasonable estimate of the actual value of all financial assets and liabilities. No financial assets or financial liabilities have been transferred between the valuation categories and the same valuation techniques have been used throughout the year. Otherwise refers to the most recent annual report.

Related party transactions

ITAB has not entered into any related party transactions that have significantly affected the company's financial position and results.

Next reporting date

The year-end report for the period January through December 2018 will be presented on the 5 February 2019.

KEY FIGURES

Key figures included in this report derive primarily from the disclosure requirements according to IFRS and the Annual Accounts Act. In addition, reference is made to a number of key ratios that are not defined within the IFRS regulations or directly in the income statement or balance sheet, with the aim of illustrating the company's profit trend, financial position and how the company has invested its capital. These financial measures are not always calculated in the same way by all companies. The primary alternative key figures presented in this report are interest-bearing net debt, share of risk-bearing capital and return on equity, capital employed and total capital.

Key ratios are defined below. Further definitions and reconciliations can be found on page 53 in the annual report 2017.

DEFINITIONS

Share of risk-bearing capital

Equity plus provisions for deferred tax liabilities as well as convertible debenture loans in relation to total capital.

Return on equity

The net profit for the period attributable to the Parent Company's shareholders in relation to average equity attributable to the Parent Company's shareholders.

Return on capital employed

Profit after financial items plus financial expenses in relation to average balance sheet total minus non-interest-bearing liabilities.

Return on total capital

Profit after financial items plus financial expenses in relation to average total capital.

Equity per share

Equity at the end of the period attributable to the Parent Company's shareholders in relation to the number of shares at the end of the period.

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of outstanding shares.

Earnings per share, basic

Net profit for the period attributable to the Parent Company's shareholders in relation to average number of shares.

Earnings per share, diluted

Net profit for the period attributable to the Parent Company's shareholders plus costs attributable to convertible loans in relation to the number of shares, including shares that are added on conversion of outstanding convertibles.

Interest-bearing net debt

Non-current and current interest-bearing liabilities minus interest-bearing assets as well as cash and cash equivalents.

Interest coverage ratio

Income after financial items plus financial expenses in relation to financial expenses.

Operating margin

Operating profit in relation to net sales.

Equity/assets ratio

Equity in relation to total capital.

Total Capital, Balance sheet total

Total Equity and Liabilities.

Profit margin

Profit after financial items in relation to net sales.

Average number of employees

Number of worked hours divided by normal annual working time.

THE GROUP

INCOME STATEMENT - SUMMARY

(SEK million)	3 MONTHS JUL-SEP 2018	3 MONTHS JUL-SEP 2017	9 MONTHS JAN-SEP 2018	9 MONTHS JAN-SEP 2017	ROLLING 12 MONTHS OCT-SEP 2017/2018	FULL YEAR JAN-DEC 2017
Net sales	1,475	1,668	4,510	4,740	6,151	6,381
Cost of goods sold	-1,077	-1,176	-3,237	-3,354	-4,435	-4,552
Gross profit	398	492	1,273	1,386	1,716	1,829
Selling expenses	-265	-256	-843	-781	-1,133	-1,071
Administrating expenses	-75	-67	-228	-227	-306	-305
Other operating income and expenses	6	3	35	4	78	47
Operating profit	64	172	237	382	355	500
Financial income	0	-2	1	1	3	3
Financial expenses	-18	-20	-53	-50	-74	-71
Profit after financial items	46	150	185	333	284	432
Tax expenses	-11	-39	-49	-84	-68	-103
NET PROFIT FOR THE PERIOD	35	111	136	249	216	329
Net profit for the period attributable to:						
Parent Company shareholders	33	109	129	240	208	319
Non-controlling interests	2	2	7	9	8	10
Depreciation/amortisation for the period	35	35	105	103	141	139
Tax expense for the period amounts to	26%	26%	27%	25%	24%	24%
Earnings per share						
basic, SEK	0.32	1.05	1.26	2.34	2.03	3.11
diluted, SEK	0.32	1.06	1.26	2.33	2.02	3.09
Average number of outstanding shares ¹⁾						
basic (thousands)	102,383	102,383	102,383	102,383	102,383	102,383
diluted (thousands)	104,333	104,935	104,333	104,935	104,333	104,935

1) As at 30 June 2018, the Group had two outstanding convertible debenture schemes. In the first scheme, which ran during the period 1 July 2014 to 30 June 2018, conversion to a maximum of 602,004 Class B shares could take place during the period 1-11 June 2018 at a subscription price of SEK 49.83. No conversions were conducted and the convertible debenture was repaid at the beginning of July 2018. In the second scheme, a subscription for convertible shares for employees was carried out during June 2016. The scheme is running during the period 1 July 2016 to 30 June 2020 and conversion to a maximum of 1,950,000 Class B shares can take place during the period 1-12 June 2020 at a subscription price of SEK 86.00. The total number of shares after full dilution will then be 104,333,430.

STATEMENT OF OTHER COMPREHENSIVE INCOME - SUMMARY

(SEK million)	3 MONTHS JUL-SEP 2018	3 MONTHS JUL-SEP 2017	9 MONTHS JAN-SEP 2018	9 MONTHS JAN-SEP 2017	ROLLING 12 MONTHS OCT-SEP 2017/2018	FULL YEAR JAN-DEC 2017
Net profit for the period	35	111	136	249	216	329
Other comprehensive income:						
Items that will not be reclassified to the income statement						
Revaluation of defined-benefit pension commitments	-	-	-	-	-4	-4
Tax on items that will not be reclassified	-	-	-	-	1	1
	-	-	-	-	-3	-3
Items that may be reclassified to the income statement						
Translation differences	-45	-21	30	-29	80	21
Hedging of net investments, net	1	0	5	-4	-1	-10
Cash flow hedges, net	12	-3	17	1	21	5
Tax on items that may be reclassified	-3	1	-5	1	-5	1
	-35	-23	47	-31	95	17
Total other comprehensive income after tax	-35	-23	47	-31	92	14
Comprehensive income for the period	0	88	183	218	308	343
Comprehensive income for the period attributable to:						
Parent Company shareholders	4	89	174	217	293	336
Non-controlling interests	-4	-1	9	1	15	7

STATEMENTS OF FINANCIAL POSITION - SUMMARY

(SEK million)	2018 30-SEP	2017 30-SEP	2017 31-DEC
Assets			
Non-current assets			
Goodwill	1,644	1,543	1,576
Other intangible assets	173	161	176
	1,817	1,704	1,752
Property, plant and equipment	954	891	945
Deferred tax assets	100	100	105
Financial non-current assets	7	5	8
Total non-current assets	2,878	2,700	2,810
Current assets			
Inventories	1,156	1,187	1,174
Current receivables	1,448	1,583	1,388
Cash and cash equivalents	335	310	285
Total current assets	2,939	3,080	2,847
TOTAL ASSETS	5,817	5,780	5,657
Equity and liabilities			
Equity attributable to Parent Company's shareholders	1,657	1,545	1,664
Non-controlling interests	128	113	120
Deferred tax liabilities	64	76	72
Other non-current liabilities	1,844	1,565	1,558
Current liabilities	2,124	2,481	2,243
TOTAL EQUITY AND LIABILITIES	5,817	5,780	5,657
Interest-bearing net debt represents	2,308	2,207	2,130
of which convertible debenture loans make up	161	187	188

STATEMENT OF CHANGES IN EQUITY - SUMMARY

(SEK million)	Share capital	Other contributed capital	Other reserves ^{*)}	Profit brought forward	Attributable to the Parent Company's shareholders	Attributable to non-controlling interests	Total equity
SHAREHOLDERS' EQUITY 1 JAN 2017	43	315	-35	1,189	1,512	122	1,634
Net profit for the period				240	240	9	249
Other comprehensive income			-23		-23	-8	-31
COMPREHENSIVE INCOME JAN-SEP 2017			-23	240	217	1	218
Dividend				-179	-179	-1	-180
Acquisition of non-controlling interests, note 1				-5	-5	-9	-14
SHAREHOLDERS' EQUITY 30 SEP 2017	43	315	-58	1,245	1,545	113	1,658
Net profit for the period				79	79	1	80
Other comprehensive income			43	-3	40	5	45
COMPREHENSIVE INCOME OCT-DEC 2017			43	76	119	6	125
Dividend reclaim						1	1
SHAREHOLDERS' EQUITY 31 DEC 2017	43	315	-15	1,321	1,664	120	1,784
Net profit for the period				129	129	7	136
Other comprehensive income			45		45	2	47
COMPREHENSIVE INCOME JAN-SEP 2018			45	129	174	9	183
Dividend				-179	-179	0	-179
Acquisition of non-controlling interests, note 1				-2	-2	-1	-3
SHAREHOLDERS' EQUITY 30 SEP 2018	43	315	30	1,269	1,657	128	1,785

* Other reserves comprise a translation reserve and a hedging reserve.

STATEMENTS OF CASH FLOWS - SUMMARY

(SEK million)	3 MONTHS JUL-SEP 2018	3 MONTHS JUL-SEP 2017	9 MONTHS JAN-SEP 2018	9 MONTHS JAN-SEP 2017	ROLLING 12 MONTHS OCT-SEP 2017/2018	FULL YEAR JAN-DEC 2017
Operating profit	64	172	237	382	355	500
Interest paid and received, tax paid and adjustments for items not included in the cash flow	13	-13	-60	-98	-119	-157
Cash flow from operating activities before changes in working capital	77	159	177	284	236	343
Change in working capital						
Change in inventories	15	-67	44	-158	77	-125
Change in operating receivables	-118	-280	-34	-329	244	-51
Change in operating liabilities	57	99	90	213	-100	23
Cash flow from operating activities	31	-89	277	10	457	190
Investing activities						
Acquisition of companies and businesses, note 1	-140	-46	-142	-100	-143	-101
Other net investments	-34	-69	-69	-120	-143	-194
Cash flow after investing activities	-143	-204	66	-210	171	-105
Financing activities						
Paid dividend to shareholders	0	0	-179	-179	-179	-179
Paid dividend to non-controlling interests	0	0	0	-1	1	0
Cash flow from other financing activities	150	111	160	329	13	182
Cash flow for the period	7	-93	47	-61	6	-102
Cash and cash equivalents at the start of the period	342	419	285	404	310	404
Translation differences on cash and cash equivalents	-14	-16	3	-33	19	-17
Cash and cash equivalents at the end of the period	335	310	335	310	335	285
Cash flow from operating activities per share	0.31	-0.86	2.71	0.10	4.47	1.86

KEY RATIOS

	3 MONTHS JUL-SEP 2018	3 MONTHS JUL-SEP 2017	9 MONTHS JAN-SEP 2018	9 MONTHS JAN-SEP 2017	ROLLING 12 MONTHS OCT-SEP 2017/2018	FULL YEAR JAN-DEC 2017
Operating margin, %	4.4	10.3	5.3	8.1	5.8	7.8
Profit margin, %	3.2	9.0	4.1	7.0	4.6	6.8
Share price at end of period, SEK	24.40	63.75	24.40	63.75	24.40	51.75
Basic earnings per share, SEK	0.32	1.05	1.26	2.34	2.03	3.11
Diluted earnings per share, SEK	0.32	1.06	1.26	2.33	2.02	3.09
Cash flow from operating activities per share, SEK	0.31	-0.86	2.71	0.10	4.47	1.86
Number of shares at the end of the period	102,383,430	102,383,430	102,383,430	102,383,430	102,383,430	102,383,430
Balance sheet total, SEK m	5,817	5,780	5,817	5,780	5,817	5,657
Interest-bearing net debt, SEK m	2,308	2,207	2,308	2,207	2,308	2,130
Equity attributable to the Parent Company's shareholders, SEK m	1,657	1,545	1,657	1,545	1,657	1,664
Equity per share, SEK	16.19	15.09	16.19	15.09	16.19	16.26
Equity/assets ratio, %	30.7	28.7	30.7	28.7	30.7	31.5
Portion of risk-bearing capital, %	34.6	33.2	34.6	33.2	34.6	36.1
Return on equity, %	8.0	28.8	10.2	21.0	12.5	20.5
Return on capital employed, %	6.0	16.5	7.4	12.8	8.3	12.4
Return on total capital, %	4.5	12.0	5.5	9.2	6.2	9.0
Interest coverage ratio, multiple	3.5	9.5	4.5	8.5	4.9	7.8
Net investments, SEK m	174	115	211	220	286	295
Net investments (excl. business acquisitions), SEK m	34	69	69	120	143	194
Average no. employees	3,389	3,619	3,422	3,595	3,513	3,599

QUARTERLY FINANCIAL STATEMENTS AND KPIS

(SEK million)	2018 JUL-SEP	2017 JUL-SEP	2018 APR-JUN	2017 APR-JUN	2018 JAN-MAR	2017 JAN-MAR	2017 OKT-DEC	2016 OKT-DEC
Net sales	1,475	1,668	1,554	1,552	1,481	1,520	1,641	1,766
Cost of goods sold	-1,077	-1,176	-1,113	-1,110	-1,047	-1,068	-1,198	-1,327
Gross profit	398	492	441	442	434	452	443	439
Selling expenses	-265	-256	-295	-263	-283	-262	-290	-294
Administrating expenses	-75	-67	-79	-83	-74	-77	-78	-89
Other operating income and expenses	6	3	16	3	13	-2	43	-3
Operating profit	64	172	83	99	90	111	118	53
Financial items	-18	-22	-19	-15	-15	-12	-19	5
Profit after financial items	46	150	64	84	75	99	99	58
Tax expenses	-11	-39	-19	-20	-19	-25	-19	-28
NET PROFIT FOR THE PERIOD	35	111	45	64	56	74	80	30
Net profit for the period attributable to:								
Parent Company shareholders	33	109	44	60	52	71	79	21
Non-controlling interests	2	2	1	4	4	3	1	9
Operating margin, %	4.4	10.3	5.3	6.4	6.1	7.3	7.2	3.0
Basic earnings per share, SEK	0.32	1.05	0.43	0.59	0.51	0.70	0.77	0.21
Diluted earnings per share, SEK	0.32	1.06	0.43	0.58	0.51	0.68	0.76	0.20
Return on equity, %	8.0	28.8	10.2	15.9	12.1	18.4	19.7	5.8
Equity per share, SEK	16.19	15.09	16.15	14.22	17.36	15.47	16.26	14.77
Cash flow from operating activities per share, SEK	0.31	-0.86	1.32	1.23	1.08	-0.27	1.76	2.39
Share price at end of period, SEK	24.40	63.75	35.50	75.25	36.90	71.00	51.75	81.25

PARENT COMPANY

INCOME STATEMENT - SUMMARY

(SEK million)	3 MTHS JUL-SEP 2018	3 MTHS JUL-SEP 2017	9 MTHS JAN-SEP 2018	9 MTHS JAN-SEP 2017	FULL YEAR JAN-DEC 2017
Net sales ¹⁾	16	17	48	48	74
Cost of goods sold	-3	-3	-10	-11	-15
Gross profit	13	14	38	37	59
Selling expenses	-6	-7	-21	-24	-31
Administrating expenses	-8	-9	-26	-28	-37
Other operating income and expenses	1	3	0	-3	-7
Operating profit	0	1	-9	-18	-16
Profit from participations in Group companies	3	-4	369	355	346
Financial income and expenses	11	7	-110	-4	-45
Profit after financial items	14	4	250	333	285
Year-end appropriations	-	-	-	-	61
Profit before tax	14	4	250	333	346
Tax expenses for the period	-	-	-	-	-2
NET PROFIT FOR THE PERIOD	14	4	250	333	344
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Net profit for the period	14	4	250	333	344
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	14	4	250	333	344

1) 100% of the parent company's net sales comes from subsidiary.

BALANCE SHEET - SUMMARY

(SEK million)	2018 30-SEP	2017 30-SEP	2017 31-DEC
Non-current assets			
Property, plant and equipment	9	9	9
Financial assets	2,216	2,287	2,228
Deferred tax assets	14	16	14
Total non-current assets	2,239	2,312	2,251
Current assets			
Current receivables	1,212	1,145	1,002
Cash and bank balance	0	0	0
Total current assets	1,212	1,145	1,002
TOTAL ASSETS	3,451	3,457	3,253
Equity			
Restricted equity	50	50	50
Non-restricted equity	958	876	887
TOTAL EQUITY	1,008	926	937
Non-current liabilities	1,658	1,367	1,357
Current liabilities	785	1,164	959
TOTAL EQUITY AND LIABILITIES	3,451	3,457	3,253

Note 1

2018

Acquisition of non-controlling participations, 2018

The MB Shop Design group, which comprised three wholly-owned and one part-owned company (91%), was acquired in May 2016. In April 2018, the remaining 9% of the part-owned company Pulverlacken i Hillerstorp AB was acquired. The purchase sum amounted to SEK 1.5 million, as well as a supplementary purchase sum of a further max. SEK 1.5 million based on the company's performance between 2018-2019. In the event of acquisitions, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for part-owned subsidiaries, at the time of the initial acquisition, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -2 million.

The acquisition has impacted on net investments for 2018 in the cash flow in the amount of SEK 2 million. Net investments for 2018 also include paid additional purchase sum relating to the acquisition of the La Fortezza Group from 2016, amounting to SEK 140 million.

2017

Acquisition of the D. Lindner companies

During July 2017, through subsidiaries, ITAB acquired the companies D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH, which have their registered offices in Menden, Germany. The acquisition also included the assets and liabilities of U. Wallmeier Beleuchtungstechnik and Vockroth u. Wallmeier GbR Elektroinstallation. The deal was conditional on competition approval, which was awarded on 6 July 2017.

The acquired companies jointly comprise one of Germany's leading players as regards sales of lighting systems principally to the non-food sector in the German market. The companies are sales companies with expertise in light planning and design. This acquisition is a stage in the intensification of our marketing activities in the German market, as well as in the strengthening of ITAB's position. The acquisition is expected to generate synergies, and ITAB will be offering customers in Germany a combination of local lighting expertise with global sourcing of lighting products. The acquisition is in line with ITAB's strategy and continuing investment in sales of a total concept for the retail sector.

The companies had a joint turnover of EUR 22 million during 2016 and have 50 employees. The Lindner companies increased the ITAB Group's sales during the second half of 2017 by approximately SEK 80 million and their operating margin is on a par with the rest of ITAB. The purchase price for the shares, assets and liabilities amounted to the equivalent of around EUR 14 million on a debt-free basis, with a possible supplementary purchase price of a maximum of EUR 2 million. Expenses in conjunction with the acquisition are recognised continually as costs. The acquisition is expected to have a positive effect of SEK 0.15 on annual earnings per share, before synergy effects. The various companies within the acquisition are not significant on their own, which is why they are reported jointly. Acquired net assets including financial liabilities, as well as intangible assets at their estimated fair value, amounted to SEK 67 million at the time of acquisition, of which SEK 102 million was goodwill. Goodwill that has arisen in the transaction consists primarily of the value of anticipated synergies and the value of the employees, which are not reported separately. The acquisition was incorporated as of 1 July 2017.

Acquisition of non-controlling participations, 2017

In May 2016, 97.1% of the shares in Pikval Group Oy in Finland and its subsidiaries were acquired. The remaining 2.9% of the Pikval Group was acquired in April 2017. The purchase price was EUR 60 thousand. During 2017, Pikval Group Oy has changed its name to ITAB Finland Holding Oy. In the event of acquisitions, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for part-owned subsidiaries, at the time of the initial acquisition, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -0 million.

Via a subsidiary, the ITAB Group acquired 51% of Reklamepartner Graphics AS in Norway in December 2014. The remaining 49% of Reklamepartner was acquired in January 2017. The purchase price amounted to NOK 11 million, with a supplementary purchase price of a maximum of NOK 2 million based on the company's performance up to the end of 2020. In the event of acquisitions, the entity theory is applied, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -5 million.

All the acquisitions in 2017 have impacted on net investments for the year in the cash flow in the amount of SEK 60 million. Net investments for 2017 also include paid additional cash and cash equivalents from the acquisitions of the La Fortezza Group, the Pikval Group and the MB Shop Design Group from 2016, as well as the JPD companies from 2015, totalling SEK 41 million.

Note 2

Revenue from contracts with customers

The Group has opted to apply IFRS 15, Revenue from Contracts with Customers, as from 1 January 2018, prospective transition. Due to the effects of IFRS 15, the Group's revenue streams have been analysed by company and significant customers on the basis of the standard's five-step model. The Group and the Parent Company have not experienced any material effects from the implementation of IFRS 15. Revenue recognition takes place when the Group satisfies a performance commitment by transferring promised goods and the customer gains control of the asset. This normally takes place on delivery in accordance with applicable delivery terms. In the event of concept sales where a service assignment is included, revenue recognition for the projects takes place over time. The time for revenue recognition, both at a specific point and over time, corresponds with the previous accounting principles.

IFRS 15 stipulates extended disclosure requirements. During 2018, ITAB is continually presenting how the information can be displayed most fairly. Income divided by customer category is presented below. In the year-end report for 2018, the plan is to communicate an additional category.

	9 MTHS JAN-SEP 2018	9 MTHS JAN-SEP 2017
Sales per category		
Grocery	2,098	2,169
Home improvement	803	749
Fashion	750	818
Other customer categories*)	859	1,004
	4,510	4,739

*)Other customer categories consist of for instance consumer electronics, pharmacies, sports, offices, gas stations, café and restaurants.

Note 3

Pledged assets and contingent liabilities

In connection with the integration of the acquired operations from previous years, contingent liabilities have decreased by SEK 147 million and pledged assets in properties have decreased by SEK 27 million. Otherwise, refer to pledged assets and contingent liabilities in the Group's most recent annual accounts, as there have been no other major changes during the year.

ITAB IN BRIEF



ITAB'S BUSINESS CONCEPT

ITAB will offer complete shop concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets.

GEOGRAPHIC PRESENCE

- Market presence
- ITAB Offices/Production
- La Fortezza Offices/Production

ABOUT ITAB

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems. As part of the further development of the shopping experience, a uniform digital solution for the physical shop is developed.

Customers include the major players throughout most of Europe. Business operations are founded on long-term business relationships and delivery reliability in combination with streamlined production resources. ITAB is now a leader in the market for retail checkouts in Europe, as well as being one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB has operations in approx. 30 countries and approx. 20 production facilities in Europe and China. ITAB also has a network of partners across large parts of Europe. Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific

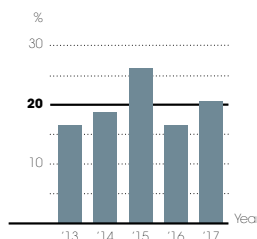


▲ ITAB Shop Concept is a leader in the market for retail checkouts in Europe and is also one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB'S FINANCIAL TARGETS

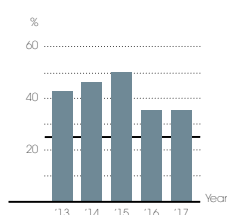
RETURN ON EQUITY

Over an extended period, ITAB will have a minimum 20% return on equity.



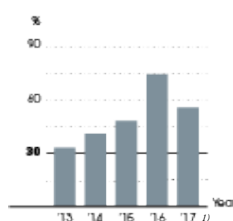
RISK-BEARING CAPITAL

ITAB will have at least 25% risk-bearing capital.



DIVIDENDS

ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.



SHARE INFORMATION

- ▶ LISTING
Nasdaq Stockholm
Mid Cap list
- ▶ TICKER SYMBOL
ITAB B
- ▶ TRADING LOT
1 share
- ▶ SECTOR CLASSIFICATION
Industrial Goods
& Services
- ▶ ISIN CODE
SE0008375117
- ▶ SHARE PRICE ON
THE BALANCE SHEET DATE
SEK 24.40 (63.75)

ITAB'S BUSINESS GOALS

▶ GOALS

ITAB will achieve an annual growth rate of at least 15% over an extended period.

▶ REALISATION

Sales increased by about 18% in 2017. Over the past five years, average growth was about 13% per year.

▶ GOALS

ITAB will maintain and enhance its market-leading position in Europe and develop market share in new markets.

▶ REALISATION

ITAB retained its leading position in Europe during 2017. ITAB is one of the leading players in Europe and now also has local market presence in Southern Europe. As part of its work of following major customers into new markets, ITAB also has operations in the Asia, South America and the USA.

▶ GOALS

ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.

▶ REALISATION

ITAB has been offering shop fitting concepts to retail chains for many years. In recent years, ITAB has extended its offer with both professional lighting systems, self-checkout systems and a digital offer for the physical store. ITAB is now an end-to-end supplier of complete shop concepts.

STRATEGIC DIRECTION

▶ LONG-TERM BUSINESS RELATIONS

ITAB will develop and nurture long-term business relations with chain stores within the food and non-food segments by working closely with its customers and their markets.

▶ COMPETENCE, COMMITMENT AND BUSINESSLIKE APPROACH

The competence, commitment and businesslike attitude that characterise the Group will instil trust and confidence in each and every customer.

▶ END-TO-END SOLUTIONS

ITAB will offer end-to-end solutions with responsibility for the entire process from concept, design, project management and construction to production, logistics and installation.

▶ MARKET EXPERTISE AND INNOVATIVE ABILITIES

ITAB will develop new concepts, products and solutions by utilising its extensive market expertise and innovative abilities while working closely with its customers.

▶ HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES

ITAB will use its highly efficient and flexible production resources, assiduous logistics and selected partners to offer the market competitive terms coupled with precise delivery accuracy and quality.

▶ EXPANSION ON SELECTED MARKETS

ITAB will use its leading position in Northern Europe to cultivate conditions for further growth and expansion on other selected markets.

AN ENTIRELY NEW PRODUCT PORTFOLIO FOR THE SHOP OF THE FUTURE

There has been a great deal of development in the traditional retail sector in recent years – and there is still more to do. Shops in the retail sector are undergoing major changes and are set to become more of an experience and meeting place for the consumer. The digital development in the physical shop is driving forward ITAB's development and sales. ITAB is well ahead in several aspects of digital development, and this is entailing more, larger business opportunities. An important strategy for the digital customer experience in-store was launched last year in conjunction with Euroshop, a large trade fair for the retail sector. The offer is based on an all-inclusive solution that includes systems for personal communication, interaction via mobile and other information and order points in the store for seamless transactions and payment. A future shop experience where many of the solutions have already been developed.



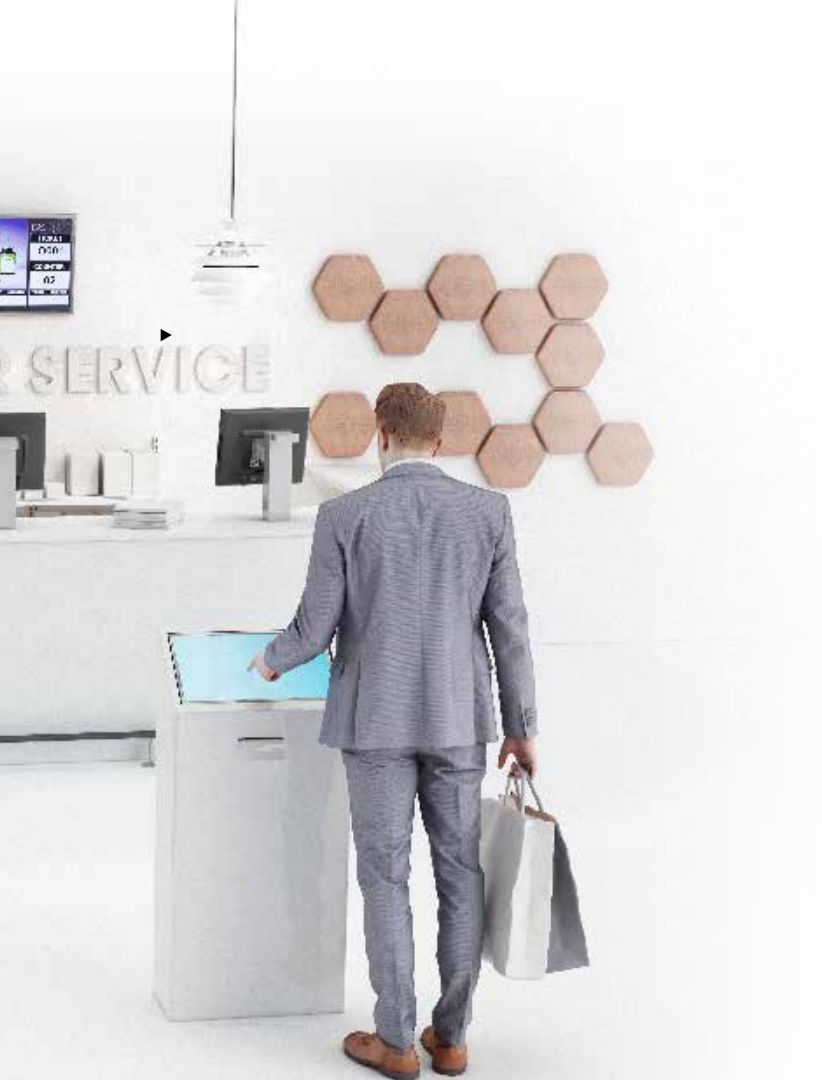
CLICK & COLLECT

Click & Collect is now available at many locations and means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point. The cabinets range from basic variants to advanced versions for high-capacity robot warehouses. ITAB now has a complete offer, which also includes refrigeration and freezing options for the food segment.



PIRI - LIGHT, SOUND AND MEDIA IN ONE AND THE SAME SYSTEM

Lighting is an important aspect of the interior design concept when it comes to increasing sales and creating attractive store environments. The right lighting also means substantial energy savings and lower maintenance costs for retail chains. In the event of refurbishment or new construction, energy efficiency is becoming increasingly important and is a high priority area of investment in many retail chains. ITAB has continued to develop lighting systems and can now offer systems that deliver entirely new control, with lighting, sound and images integrated in a wireless network. This means that the shop can control all functions in one and the same system from one place. Through PIRI, the shop can create various experiences for the consumer in different locations around the shop.



PICK & GO WITH AIRFLOW

ITAB's next concept in the checkout arena is called Pick&Go with AirFLOW. Here, technology from EasyFLOW is being moved out into the shop. The idea behind the system is to make things easier for the consumer, as the product is registered as a purchase immediately when you take it down from the shelf. AirFLOW and AmazonGo share common principles and benefits. The system is currently under development, with a first version of the system being presented at EuroShop in March 2017.

SELF-CHECKOUT FOR FASHION

Retail chains in the non-food segment are looking for solutions to provide a simple and attractive in-store experience. ITAB merged its teams working within fashion design and self-checkout solutions, and they succeeded in developing one of the world's first concepts for self-checkouts within fashion. By creating a secure process, where the customer can personally scan goods and deactivate alarms, this offers the potential for self-checkouts in the shop. The system makes it possible to have more staff in the shop, while the systems can be open at all times in order to optimise the flows and minimise queues.



ENDLESS AISLE

Endless Aisle is targeted mainly at retail chain stores that do not stock the entire range in-store. Using the service, it will be possible to order products that are missing, either to the shop's collection system or directly to the customer's home. The combination of shopping in-store and being able to order online at the same time is becoming increasingly common.

Review report

ITAB Shop Concept AB (publ), corporate identity number 556292-1089

To the Board of Directors of ITAB Shop Concept AB (publ)

Introduction

We have reviewed the condensed interim report for ITAB Shop Concept AB (publ) as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report 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 Financial Statements 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 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 in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Jönköping, October 25, 2018

Ernst & Young AB

Joakim Falck

Authorized Public Accountant

This document is a translation of the report for ITAB Shop Concept AB published in Swedish. In the event of discrepancy between the English text and the Swedish, the Swedish text shall prevail.

This report contains information that ITAB Shop Concept AB (publ) is required to disclose under the Swedish MAR. The information was submitted for publication in Swedish at 8 am on 26 October 2018.

ITAB

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FINANCIAL INFORMATION

Year-end report 2018	5 February 2019
Interim report Jan-Mar 2019	8 May 2019
Annual General Meeting 2019	8 May 2019
Interim report Jan-Jun 2019	10 July 2019
Interim report Jan-Sep 2019	25 October 2019
Year-end report 2019	6 February 2020