



INTERIM REPORT
JANUARY - JUNE 2017



JANUARY – JUNE 2017

- ▶ Income amounted to SEK 3,072 million (2,298)
- ▶ Operating profit amounted to SEK 210 million (171)
- ▶ Profit after financial items amounted to SEK 183 million (160)
- ▶ Profit after tax amounted to SEK 138 million (122)
- ▶ Earnings per share amounted to SEK 1.29 (1.14)
- ▶ Cash flow from operating activities amounted to SEK 99 million (94)
- ▶ The company's net debt was SEK 1,943 million (1,139)

APRIL – JUNE 2017

- ▶ Income amounted to SEK 1,552 million (1,209)
- ▶ Operating profit amounted to SEK 99 million (90)
- ▶ Profit after financial items amounted to SEK 84 million (84)
- ▶ Profit after tax amounted to SEK 64 million (64)
- ▶ Earnings per share amounted to SEK 0.59 (0.59)
- ▶ Cash flow from operating activities amounted to SEK 127 million (76)
- ▶ The company's net debt was SEK 1,943 million (1,139)

IMPORTANT EVENTS AFTER THE PERIOD

- ▶ Acquisition of two lighting companies in Germany



CEO ULF ROSTEDT'S COMMENTS

We are continuing to advance our position from a strategic perspective. Several of our customers are choosing to use a larger proportion of our all-inclusive offer, which is in line with our business concept of offering complete shop concepts. Our offer is competitive and we will continue to develop the concept in order to create more effective and more attractive shop environments for our customers.



Currency-adjusted sales increased by 33% compared to the same period last year. Sales have developed better in the UK and Central Europe, on a par in NorthEast and not as well in Scandinavia. The acquired companies in Southern Europe have not developed as well as expected, although they finished the period slightly better. The integration process is ongoing and will continue in future.

We have strengthened our market position above all in the UK and Central Europe. Several of our existing customers are choosing to utilise a larger proportion of our offer in order to achieve a more effective and more attractive shop environment.

Profit after financial items increased by 14%. The improved profit can mainly be explained by the increase in sales. The trend in steel prices has had a negative impact on profit. The exchange rate impact is marginal compared to the same period last year.

The gross margin has remained stable, which indicates that the long-term work aimed at streamlining all parts of our operation in order to improve our offer has produced results.

During the second quarter of the year, sales have developed better than last year. The unchanged earnings are primarily due to the trend in steel prices as well as costs for increased sales efforts and product development within lighting and digitisation.

MARKETING ACTIVITIES

Following Euroshop, the level of interest has remained strong among both national and international retail chains. During the fair, we were able to present several new and innovative products and solutions for the shops of the future. To an ever greater extent, consumers are using digital tools before, during and after their purchase in the physical shop. Increased digiti-

sation in the physical shop is driving forward our sales and development. We will continue the development of our digital solutions for the shops of the future.

ACQUISITIONS AFTER THE END OF THE PERIOD

We have acquired two German lighting companies, which jointly comprise one of the leading players as regards sales of lighting systems principally to the non-food segment in the German market. The acquisition was conditional on competition approval, which was awarded on 6 July. The companies are sales companies with expertise in light planning and design. The acquisition is a stage in the intensification of our marketing activities and reinforcement of our position. The acquisition is expected to generate synergies, and we 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 continued investment in sales of a total concept for retail trade.

"The acquisition is expected to generate synergies, and we will be offering customers in Germany a combination of local lighting expertise with global sourcing of lighting products."

THE FUTURE

We are expecting good growth in future. As in previous years, volumes are expected to be lower at the start of the year before increasing in the second half of the year. Despite the market development in southern Europe, the integration of the La Fortezza Group is proceeding according to plan. Many discussions about expanded cooperation are being carried out with existing and new customers.

We are carefully monitoring the trend in

steel prices, rapid exchange rate fluctuations and the general political situation, which can change our conditions on the market.

The efficiency measures that were conducted last year, with particular focus on Belgium and Finland, are providing a good position looking to the future. We will continue our long-term work aimed at streamlining all parts of our operation, in order to improve our offer.

ITAB's global presence is becoming even more important, as several of our customers are expanding across large parts of the world. We have commenced the construction of a new production facility in China during the period. The facility is expected to be in operation during the second half of 2018, and we will primarily be supplying our European customers' establishments in Asia.

We will further develop our sustainability work. In recent years, we have developed a sustainability programme that supports both the business process and customer demands. The programme extends across the Group, and the companies will be working locally within each area of focus.

Our all-inclusive offer comprising many innovative solutions, alongside our working model and geographic presence, will lead to better business both for ITAB and our customers.

Jönköping 12 July 2017

Ulf Rostedt,
Managing Director & CEO
ITAB Shop Concept AB

2017 OVERVIEW

SUMMARY Q1-Q2

- ▶ Sales increased by 34 % to SEK 3,072 million (2,298)
- ▶ Operating profit increased by 23 % to SEK 210 million (171)
- ▶ Profit after financial items increased by 14 % to SEK 183 million (160)
- ▶ Earnings per share increased by 13 % to SEK 1.29 (1.14)

SUMMARY Q2

- ▶ Sales increased by 28 % to SEK 1,552 million (1,209)
- ▶ Operating profit increased by 10 % to SEK 99 million (90)
- ▶ Profit after financial items amounted to SEK 84 million (84)
- ▶ Earnings per share amounted to SEK 0.59 (0.59)

IMPORTANT EVENTS AFTER THE PERIOD

- ▶ ITAB has acquired D & L Lichtplanung GmbH and D.Lindner Lichttechnische Grosshandlung GmbH, based in Menden, Germany. The acquisition also include assets in U. Wallmeier Beleuchtungstechnik and Vockroth u. Wallmeier GbR Electrical installation. Completion was subject to customary regulatory approval received 6 July. The two companies had sales of 22 MEUR in 2016 and has 50 employees. The purchase price for the shares and assets is equivalent to approximately 14 MEUR on a cash and debt free basis, with an additional purchase price of a maximum of 2 MEUR. The acquisition is estimated to have a positive effect of 0.15 SEK on ITAB's annual earnings per share, before the effects of synergies.

ITAB GROUP IN FIGURES

	3 MONTHS APR-JUN 2017	3 MONTHS APR-JUN 2016	6 MONTHS JAN-JUN 2017	6 MONTHS JAN-JUN 2016	ROLLING 12 MONTHS JUL-JUN 2016/2017	FULL YEAR JAN-DEC 2016
Net sales, SEK m	1,552	1,209	3,072	2,298	6,191	5,417
Operating profit, SEK m, excluding costs of a non-recurring nature 2016 ^{*)}	99	90	210	171	505	466
Operating margin, %, excluding costs of a non-recurring nature 2016 ^{*)}	6.4	7.4	6.8	7.4	8.2	8.6
Operating profit, SEK m	99	90	210	171	410	371
Operating margin, %	6.4	7.4	6.8	7.4	6.6	6.8
Profit after net financial items, SEK m, excluding costs of a non-recurring nature 2016 ^{*)}	84	84	183	160	479	456
Profit margin, %, excluding costs of a non-recurring nature 2016 ^{*)}	5.4	7.0	6.0	7.0	7.7	8.4
Profit after net financial items, SEK m	84	84	183	160	384	361
Profit margin, %	5.4	7.0	6.0	7.0	6.2	6.7
Net profit, SEK m	64	64	138	122	276	260
Earnings per share, SEK	0.59	0.59	1.29	1.14	2.51	2.36
Equity per share, SEK	14.22	13.22	14.22	13.22	14.22	14.77
Return on equity, %	15.9	16.8	17.4	16.1	17.4	16.5
Portion of risk-bearing capital, %	33.9	41.6	33.9	41.6	33.9	35.7
Cash flow from operating activities, SEK m	127	76	99	94	401	396
Average no. employees	3,601	2,924	3,590	2,874	3,455	3,097

^{*)} During 2016, the Group incurred costs of a non-recurring nature totalling SEK 95 million, of which SEK 6 million was incurred in Q3 and SEK 89 million in Q4, for acquisitions, integration and restructuring work.

JANUARY - JUNE

Net sales and profit

The Group's net sales amounted to SEK 3,072 million (2,298), which is an increase of 34%. Currency-adjusted sales rose by 33%. Sales have developed better than the previous year in the UK and Central Europe, NorthEast has developed on a par while Scandinavia has not developed as well. The acquired companies in Southern Europe have not developed as well as expected. Operating profit rose by 23 % to SEK 210 million (171). Profit after financial items rose by 14 % to SEK 183 million (160). The improved profit can mainly be explained by the sales trend. The exchange rate impact compared to the same period last year has had a marginal effect on profit.

Financial position

The net debt was SEK 1,943 million (1,139). The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 955 million (544) on closing day. The equity/assets ratio was 29 % (39). Cash flow from current operations amounted to SEK 99 million (94).

Investments

The Group's net investments amounted to SEK 105 million (225), of which SEK 54 million (161) are attributable to corporate transactions during the period. For more information on corporate transactions, see Note 1 page 11.

Employees

The average number of employees at the end of the period was 3,590 (2,874).

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 31 million (20) and refers to income from subsidiaries. Profit after financial items amounted to SEK 329 million (290).

APRIL-JUNE

Net sales and income

The Group's net sales amounted to SEK 1,552 million (1,209), which is a increase of 28 %. The Group's operating profit amounted to SEK 99 million (90), a decrease of 10 %.

Investments

The Group's net investments amounted to SEK 62 million (201), of which SEK 36 million (161) are attributable to corporate transactions during the period.

Employees

The average number of employees at the end of the period was 3,601 (2,924).

Parent Company

The Parent Company's net sales amounted to SEK 16 million (10) and profit after financial items to SEK 282 million (161).

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.

The quarterly sales and earnings are presented in the diagrams on page 9.

Risks and uncertainties

The Group's significant risks and uncertainties include business risks and financial risks. The Group's significant financial risks are more fully discussed in Note 4 on page 64 of the 2016 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 50 of the 2016 Annual Report.

No further significant risks have been identified.

Convertible debenture loan 2014/2018

During the period 22 May to 2 June 2014, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total of SEK 30 million. The offer was considerably oversubscribed. The allocation totalled 602,004 convertibles, and during the period 1 June 2018 to 11 June 2018 each convertible can be converted to Class B shares at a conversion rate of SEK 49,83 (the recalculation has taken place as a result of the implemented share split 2:1 and 3:1).

Convertible debenture loan 2016/2020

On 11 May 2016, the Annual General Meeting of ITAB Shop Concept AB ("ITAB") 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. Subscription applications were made in the period from 26 May to and including 8 June 2016. 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 applies the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, additional accounting principles consolidated Group and RFR 2, Accounting for Legal Entities.

The accounting policies that have been applied are consistent with the accounting policies 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 dis-

counted 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 interim report for the period January through September 2017 will be presented on the 1 November 2017.

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

We, the undersigned, declare that the half-yearly report for the period 1 January 2016 - 30 June 2017 provides a fair and true view of the Parent company's and Group's business activities, position and financial results and describes significant risks and uncertainties that the companies within the Group face.

Jönköping 12 July 2017

Fredrik Rapp
Chairman of the Board

Anna Benjamin
Board member

Per Borgklint
Board member

Petter Fägersten
Board member

Sune Lantz
Board member

Anders Moberg
Board member

Lottie Svedenstedt
Board member

Ulf Rostedt
Managing Director & CEO

THE GROUP

INCOME STATEMENT - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2017	3 MONTHS APR-JUN 2016	6 MONTHS JAN-JUN 2017	6 MONTHS JAN-JUN 2016	ROLLING 12 MONTHS JUL-JUN 2016/2017	FULL YEAR JAN-DEC 2016
Net sales	1,552	1,209	3,072	2,298	6,191	5,417
Cost of goods sold	-1,110	-866	-2,178	-1,638	-4,463	-3,923
Gross profit	442	343	894	660	1,728	1,494
Selling expenses	-263	-193	-525	-372	-1,014	-861
Administrating expenses	-83	-56	-160	-111	-304	-255
Other operating income and expenses ¹⁾	3	-4	1	-6	0	-7
Operating profit	99	90	210	171	410	371
Financial income	3	2	3	4	27	28
Financial expenses	-18	-8	-30	-15	-53	-38
Profit after financial items	84	84	183	160	384	361
Tax expenses	-20	-20	-45	-38	-108	-101
NET PROFIT FOR THE PERIOD	64	64	138	122	276	260
Net profit for the period attributable to:						
Parent Company shareholders	60	60	131	116	256	241
Non-controlling interests	4	4	7	6	20	19
Depreciation/amortisation for the period	35	25	68	49	130	111
Tax expense for the period amounts to	24%	24%	25%	24%	28%	28%
Earnings per share						
basic, SEK	0.59	0.59	1.29	1.14	2.51	2.36
diluted, SEK	0.58	0.59	1.27	1.13	2.47	2.33
Average number of outstanding shares ¹⁾						
basic (thousands)	101,885	101,885	102,383	101,814	102,383	102,077
diluted (thousands)	104,935	102,985	104,935	102,985	104,935	104,935

1) The number of shares has after that increased by 664,200 shares to a total of 102,383,430 pieces during June 2016. The change in the number of shares is a result of the completion and registration with the Swedish Companies Registration Office of a conversion of ITAB Shop Concept convertibles 2012/2016. During 2016, the company has repurchased 1,287,018 convertible bonds of KV3B.

The Group has two outstanding convertible debenture schemes. In the first scheme, which runs during the period 1 July 2014 to 30 June 2018, conversion to a maximum of 602,004 Class B shares can take place during the period 1 to 11 June 2018 at a subscription price of SEK 49.83. 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 to 12 June 2020 at a subscription price of SEK 86.00. The total number of shares after full dilution will then be 104,935,434.

STATEMENT OF OTHER COMPREHENSIVE INCOME - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2017	3 MONTHS APR-JUN 2016	6 MONTHS JAN-JUN 2017	3 MONTHS JAN-JUN 2016	ROLLING 12 MONTHS JUL-JUN 2016/2017	FULL YEAR JAN-DEC 2016
Net profit for the period	64	64	138	122	276	260
Other comprehensive income:						
Items that will not be reclassified to the income statement						
Revaluation of defined-benefit pension commitments	-	-	-	-	-3	-3
Tax on items that will not be reclassified	-	-	-	-	1	1
	-	-	-	-	-2	-2
Items that may be reclassified to the income statement						
Translation differences	-12	15	-8	4	3	15
Hedging of net investments, net	-1	-1	-4	2	-5	1
Cash flow hedges, net	-1	-7	4	-15	22	3
Tax on items that may be reclassified	1	2	0	3	-4	-1
	-13	9	-8	-6	16	18
Total other comprehensive income after tax	-13	9	-8	-6	14	16
Comprehensive income for the period	51	73	130	116	290	276
Comprehensive income for the period attributable to:						
Parent Company shareholders	51	65	128	108	275	255
Non-controlling interests	0	8	2	8	15	21

STATEMENTS OF FINANCIAL POSITION - SUMMARY

(SEK million)	2017 30-JUN	2016 30-JUN	2016 31-DEC
Assets			
Non-current assets			
Goodwill	1,449	682	1,436
Other intangible assets	163	130	161
	1,612	812	1,597
Property, plant and equipment	842	656	865
Deferred tax assets	100	50	101
Financial non-current assets	6	2	6
Total non-current assets	2,560	1,520	2,569
Current assets			
Inventories	1,114	987	1,036
Current receivables	1,302	930	1,306
Cash and cash equivalents	419	261	404
Total current assets	2,835	2,178	2,746
TOTAL ASSETS	5,395	3,698	5,315
Equity and liabilities			
Equity attributable to Parent Company's shareholders	1,456	1,354	1,512
Non-controlling interests	114	91	122
Deferred tax liabilities	75	63	77
Other non-current liabilities	1,587	479	1,268
Current liabilities	2,163	1,711	2,336
TOTAL EQUITY AND LIABILITIES	5,395	3,698	5,315
Interest-bearing net debt represents	1,943	1,139	1,722
of which convertible debenture loans make up	187	29	185

The Group's pledged assets and contingent liabilities refer to the most recent annual accounts, as no major changes have occurred during the year.

STATEMENT OF CHANGES IN EQUITY - SUMMARY

(SEK million)	Share capital	Other contrib-uted capital	Other reserves ^{*)}	Profit brought forward	Attributable to the Parent Company's shareholders	Attributable to non-control-ling interests	Total equity
SHAREHOLDERS' EQUITY 1 JAN 2016	42	291	-51	1,181	1,463	83	1,546
Net profit for the period				116	116	6	122
Other comprehensive income			-8		-8	2	-6
COMPREHENSIVE INCOME JAN-JUN 2016			-8	116	108	8	116
Dividend				-170	-170	0	-170
Repurchase of convertible debentures, KV3B				-61	-61	0	-61
Conversion of convertible debenture loan, KV3B	1	13			14	0	14
SHAREHOLDERS' EQUITY 30 JUN 2016	43	304	-59	1,066	1,354	91	1,445
Net profit for the period				125	125	13	138
Other comprehensive income			24	-2	22	0	22
COMPREHENSIVE INCOME JUL-DEC 2016			24	123	147	13	160
Dividend						-5	-5
Acquisition of part-owned companies						23	23
Effect of convertible loan issued, KV5B		11			11		11
SHAREHOLDERS' EQUITY 31 DEC 2016	43	315	-35	1,189	1,512	122	1,634
Net profit for the period				131	131	7	138
Other comprehensive income			-3		-3	-5	-8
COMPREHENSIVE INCOME JAN-JUN 2017			-3	131	128	2	130
Dividend				-179	-179	-1	-180
Acquisition of non-controlling interests				-5	-5	-9	-14
SHAREHOLDERS' EQUITY 31 MAR 2017	43	315	-38	1,136	1,456	114	1,570

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

STATEMENTS OF CASH FLOWS - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2017	3 MONTHS APR-JUN 2016	6 MONTHS JAN-JUN 2017	6 MONTHS JAN-JUN 2016	ROLLING 12 MONTHS JUL-JUN 2016/2017	FULL YEAR JAN-DEC 2016
Operating profit	99	90	210	171	410	371
Interest paid and received, tax paid and adjustments for items not included in the cash flow	-29	-10	-85	-20	-58	7
Cash flow from operating activities before changes in working capital	70	80	125	151	352	378
Change in working capital						
Change in inventories	-15	-18	-91	-67	-20	4
Change in operating receivables	-13	-12	-49	-31	28	46
Change in operating liabilities	85	26	114	41	41	-32
Cash flow from operating activities	127	76	99	94	401	396
Investing activities						
Acquisition of companies and businesses, note 1	-36	-161	-54	-161	-630	-737
Other net investments	-26	-40	-51	-64	-169	-182
Cash flow after investing activities	65	-125	-6	-131	-398	-523
Financing activities						
Paid dividend to shareholders	-179	-170	-179	-170	-179	-170
Paid dividend to non-controlling interests	-1		-1		-6	-5
Repurchase and conversion of convertible debentures KV3B		-87		-87		-87
Convertible debentures KV5B					168	168
Cash flow from other financing activities	183	440	218	389	576	747
Cash flow for the period	68	58	32	1	161	130
Cash and cash equivalents at the start of the period	365	194	404	258	261	258
Translation differences on cash and cash equivalents	-14	9	-17	2	-3	16
Cash and cash equivalents at the end of the period	419	261	419	261	419	404
Cash flow from operating activities per share	1.23	0.74	0.96	0.92	3.92	3.88

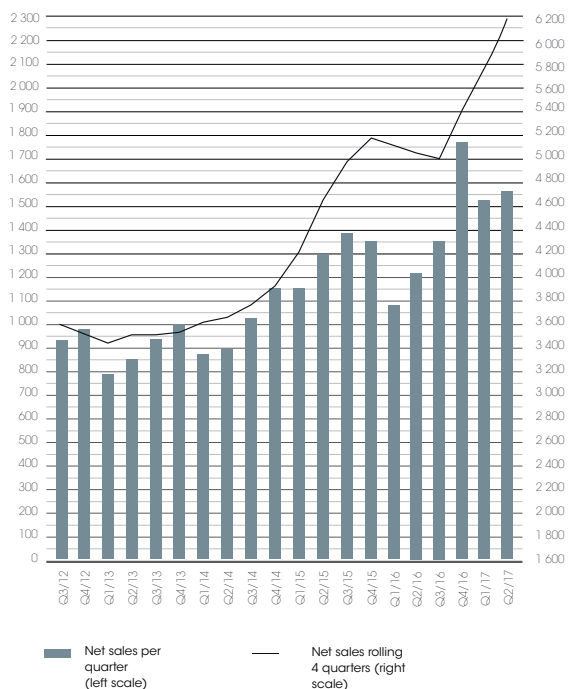
KEY RATIOS

	3 MONTHS APR-JUN 2017	3 MONTHS APR-JUN 2016	6 MONTHS JAN-JUN 2017	6 MONTHS JAN-JUN 2016	ROLLING 12 MONTHS JUL-JUN 2016/2017	FULL YEAR JAN-DEC 2016
Operating margin, % excluding costs of a non-recurring nature.	6.4	7.4	6.8	7.4	8.2	8.6
Operating margin, %	6.4	7.4	6.8	7.4	6.6	6.8
Profit margin, % excluding costs of a non-recurring nature.	5.4	7.0	6.0	7.0	7.7	8.4
Profit margin, %	5.4	7.0	6.0	7.0	6.2	6.7
Share price at end of period, SEK	75.25	69.25	75.25	69.25	75.25	81.25
Basic earnings per share, SEK	0.59	0.59	1.29	1.14	2.51	2.36
Diluted earnings per share, SEK	0.58	0.59	1.27	1.13	2.47	2.33
Cash flow from operating activities per share, SEK	1.23	0.74	0.96	0.92	3.92	3.88
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	5,395	3,698	5,395	3,698	5,395	5,315
Interest-bearing net debt, SEK m	1,943	1,139	1,943	1,139	1,943	1,722
Equity attributable to the Parent Company's shareholders, SEK m	1,456	1,354	1,456	1,354	1,456	1,512
Equity per share, SEK	14.22	13.22	14.22	13.22	14.22	14.77
Equity/assets ratio, %	29.1	39.1	29.1	39.1	29.1	30.7
Portion of risk-bearing capital, %	33.9	41.6	33.9	41.6	33.9	35.7
Return on equity, %	15.9	16.8	17.4	16.1	17.4	16.5
Return on capital employed, %	10.3	13.6	11.0	13.2	8.9	13.6
Return on total capital, %	7.5	10.5	7.9	10.2	9.2	10.2
Interest coverage ratio, multiple	6.3	12.7	7.5	12.6	8.3	10.5
Net investments, SEK m	62	201	105	225	799	919
Net investments (excl. business acquisitions), SEK m	26	40	51	64	169	182
	3,601	2,924	3,590	2,874	3,455	3,097

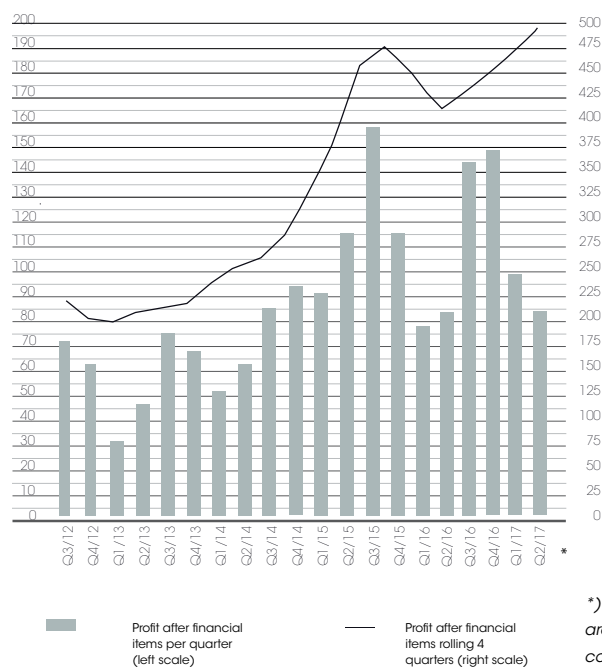
QUARTERLY FINANCIAL STATEMENTS AND KPIS

(SEK million)	2017 APR-JUN	2016 APR-JUN	2017 JAN-MAR	2016 JAN-MAR	2016 OCT-DEC	2015 OCT-DEC	2016 JUL-SEP	2015 JUL-SEP
Net sales	1,552	1,209	1,520	1,089	1,766	1,354	1,353	1,389
Cost of goods sold	-1,110	-866	-1,068	-772	-1,327	-985	-958	-986
Gross profit	442	343	452	317	439	369	395	403
Selling expenses	-263	-193	-262	-179	-294	-195	-195	-184
Administrating expenses	-83	-56	-77	-55	-89	-57	-55	-54
Other operating income and expenses	3	-4	-2	-2	-3	5	2	3
Operating profit	99	90	111	81	53	122	147	168
Financial items	-15	-6	-12	-5	5	-8	-4	-11
Profit after financial items	84	84	99	76	58	114	143	157
Tax expenses	-20	-20	-25	-18	-28	-15	-35	-38
NET PROFIT FOR THE PERIOD	64	64	74	58	30	99	108	119
Net profit for the period attributable to:								
Parent Company shareholders	60	60	71	56	21	95	104	112
Non-controlling interests	4	4	3	2	9	4	4	7
Operating margin, %	6.4	7.4	7.3	7.4	3.0	9.0	10.9	12.1
Basic earnings per share, SEK	0.59	0.59	0.70	0.55	0.21	0.93	1.01	1.10
Diluted earnings per share, SEK	0.58	0.59	0.68	0.54	0.20	0.91	1.00	1.08
Return on equity, %	15.9	16.8	18.4	15.0	5.8	26.6	29.4	33.4
Equity per share, SEK	14.22	13.22	15.47	14.81	14.77	14.38	14.40	13.73
Cash flow from operating activities per share, SEK	1.23	0.74	-0.27	0.18	2.39	2.38	0.57	1.15
Share price at end of period, SEK	75.25	69.25	71.00	85.00	81.25	100.67	79.00	71.00

▼ NET SALES (SEK million)



▼ PROFIT AFTER FINANCIAL ITEMS (SEK million)



*) Q4 2016 and 2016 are shown excluding costs of a non-recurring nature.

PARENT COMPANY

INCOME STATEMENT - SUMMARY

	3 MTHS APR-JUN 2017	3 MTHS APR-JUN 2016	6 MTHS JAN-JUN 2017	6 MTHS JAN-JUN 2016	12 MTHS JAN-DEC 2016
(SEK million)					
Net sales ¹⁾	16	10	31	20	47
Cost of goods sold	-5	-4	-8	-7	-11
Gross profit	11	6	23	13	36
Selling expenses	-10	-7	-17	-14	-24
Administrating expenses	-10	-9	-19	-17	-28
Other operating income and expenses	-2	1	-6	3	-3
Operating profit	-11	-9	-19	-15	-19
Profit from participations in Group companies	305	187	359	316	312
Financial income and expenses	-12	-17	-11	-11	-40
Profit after financial items	282	161	329	290	253
Year-end appropriations	-	-	-	-	62
Profit before tax	282	161	329	290	315
Tax expenses for the period	-	-	-	-	-2
NET PROFIT FOR THE PERIOD	282	161	329	290	313
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Net profit for the period	282	161	329	290	313
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	282	161	329	290	313

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

BALANCE SHEET - SUMMARY

	2017 30-JUN	2016 30-JUN	2016 31-DEC
(SEK million)			
Non-current assets			
Property, plant and equipment	9	7	7
Financial assets	2,276	1,481	2,277
Deferred tax assets	16	17	15
Total non-current assets	2,301	1,505	2,299
Current assets			
Current receivables	935	691	587
Cash and bank balance	0	0	0
Total current assets	935	691	587
TOTAL ASSETS	3,236	2,196	2,886
Equity			
Restricted equity	50	50	50
Non-restricted equity	872	688	722
TOTAL EQUITY	922	738	772
Non-current liabilities	1,396	284	988
Current liabilities	917	1,174	1,126
TOTAL EQUITY AND LIABILITIES	3,235	2,196	2,886

NOTE 1. ACQUISITION

2017

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 13 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 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 -5 million. The acquisition has impacted on net investments for the year in the cash flow in the amount of SEK 12 million. Net investments for 2017 also include additional cash and cash equivalents from the acquisitions of the Pikval Group and MB Shop Design AB from 2016, totalling SEK 6 million.

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.

The acquisitions have impacted on net investments for the year in the cash flow in the amount of SEK 13 million. Net investments for 2017 also include additional cash and cash equivalents from the acquisitions of the La Fortezza Group, the Pikval Group and MB Shop Design AB from 2016, as well as the JPD companies from 2015, totalling SEK 41 million.

2016

La Fortezza Group

In July 2016, an agreement was entered into regarding the acquisition of all the shares in La Fortezza Group. The deal was conditional on competition approval, which was awarded, and the acquisition was incorporated as of 1 October 2016. La Fortezza Group is one of southern Europe's leading players within shop fittings, and has its head office in Bologna, Italy. La Fortezza conducts production and sales, as well as project management for concept shopfitting. The group has its own production facilities in Italy, France, Russia and Argentina. The Group also has operations in Spain, Portugal, Dubai and Malaysia. La Fortezza Group comprises the parent company La Fortezza SpA as well as seven wholly-owned and two part-owned subsidiary companies.

The acquisition is in line with ITAB's strategy of offering an all-inclusive concept to the retail trade. Thanks to the acquisition, ITAB is able to offer customers effective deliveries in Europe by utilising economies of scale in ITAB's and La Fortezza's production and logistics resources. Synergies are anticipated within these areas. By co-ordinating the product range, ITAB and La Fortezza can also offer a broader portfolio to the market.

The purchase price was equivalent to EUR 85 million on a debt-free basis, with a supplementary purchase price of a maximum of EUR 20 million based on the company's performance up to the end of 2017. The acquisition has been financed through newly arranged credit facilities. Final liquidity will be settled during the first half of 2017 and the supplementary purchase price will be settled in 2018.

La Fortezza had a turnover of EUR 138 million in 2015 and has around 600 employees. The Group has a similar level of operating margin to ITAB and it is estimated that the acquisition will have a positive effect of SEK 0.65 on annual earnings per share, before synergy effects. La Fortezza has increased the ITAB Group's sales during the fourth quarter of 2016 by approximately SEK 300 million and profit after financial items by almost SEK 20 million.

Expenses in conjunction with the acquisition have been recognised continually as costs and amount to almost SEK 10 million. Acquired net assets at their estimated fair value at the time of acquisition amounted to SEK 840 million, of which SEK 754 million was goodwill and SEK 31 million was intangible assets. 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.

Other acquisitions in 2016

In April 2016 all the shares in Lichtspiel Lichtprojekte und Design GmbH in Germany were acquired via a subsidiary. Lichtspiel provides sales of lighting systems and lighting plans for the retail sector, primarily in the German market but also in the rest of Central Europe. The company is a sales company with expertise in light planning and design. The acquisition is a stage in the intensification of our marketing activities and reinforces ITAB's position in the German and Central European markets. Through the acquisition, ITAB can offer customers in Germany and Central Europe a combination of local lighting expertise with global sourcing of lighting products. At time of acquisition, Lichtspiel's annual turnover was SEK 36 million and the average number of employees was 15. The purchase price was SEK 22 million cash with a supplementary purchase price of max. SEK 3 million (EUR 0.3 million). Final liquidity was settled during December 2016 and expenses in conjunction with the acquisition have been recognised continually as costs. The acquisition has a marginal positive effect on earnings per share. The acquisition was incorporated as of 1 April 2016. During autumn 2016, the company has merged with ITAB's German operation and synergies have been utilised.

In May 2016, all the shares in MB Shop Design AB in Hillerstorp, Sweden, were acquired. The MB Shop Design group comprises three wholly-owned and one part-owned company (91%). MB Shop Design conducts production in metal and wood, stockholding and sales of concept interiors for the retail sector in the Swedish and Danish markets. Through this acquisition, ITAB is strengthening its expertise and market position within concept sales in the Scandinavian market. The acquisition is in line with the Group's continued focus on sales of all-inclusive concepts to the retail sector. MB Shop Design had a turnover of SEK 140 million in 2015 and has 75 employees. The acquisition is estimated to have a positive annual effect of SEK 0.15 on earnings per share. The purchase price was SEK 106 million, of which 105 was settled during 2016. Final liquidity was settled in January 2017 and expenses in conjunction with the acquisition have been recognised continually as costs. The acquisition was incorporated as of 1 May 2016.

In May 2016, 97.1% of the shares in Pikval Group Oy in Finland, with subsidiaries in Finland, Sweden and Norway, were also acquired. Pikval Group conducts production in metal and wood, stockholding and sales, as well as project management of concept interiors for the retail sector, primarily in the Finnish but also in the Scandinavian market. Through this acquisition, ITAB is strengthening its expertise within concept sales above all in the Finnish market. The acquisition is in line with the Group's continued focus on sales of all-inclusive concepts to the retail sector. Pikval Group had a turnover of SEK 160 million in 2015 and has around 100 employees. The acquisition is estimated to have a positive annual effect of SEK 0.1 on earnings per share. During autumn 2016, the Pikval Group has been integrated with ITAB's existing Finnish company, during which synergy effects have been achieved. Restructuring costs have been incurred continually during 2016. The purchase price was equivalent to SEK 60 million on a debt-free basis. The direct cash flow effect from the acquisition amounted to SEK 27 million during the period. In conjunction with the acquisition, holdings without a controlling influence in the subsidiary company Pikval AB were also acquired. Final liquidity was settled in 2017. Expenses in conjunction with the acquisition are continually recognised as costs. The acquisition was incorporated as of 1 May 2016.

The three acquisitions are not significant on their own, which is why they are reported jointly below. Acquired net assets at their estimated fair value at the time of acquisition amounted to SEK 157 million, of which SEK 59 million was goodwill. Goodwill primarily comprises synergy effects in production, logistics and personnel.

Acquisition 2016	Other		Total
	La Fortezza	acquisitions	
Intangible assets	31	4	35
Property, plant and equipment	137	82	219
Deferred tax assets	53	4	57
Inventory	106	60	166
Accounts receivables	344	72	416
Other current assets	136	7	143
Provisions	-56	-10	-66
Non-current liabilities	-103	-47	-150
Current liabilities	-540	-72	-612
Net identifiable assets and liabilities	108	100	208
Non-controlling interests	-22	-2	-24
Group goodwill	754	59	813
Purchase price incl. estimated conditional purchase price	840	157	997
Non-settled purchase price and estimated supplementary purchase price	-211	-4	-215
Cash and cash equivalents in the acquired companies	-64	0	-64
IMPACT FOR THE YEAR ON THE GROUP'S CASH AND CASH EQUIVALENT	565	153	718

In 2016, statement of cash flows investing activities include additional cash payments from acquisitions in 2015 of 19 MSEK.

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. Customers include the major players throughout most of Europe. As part of the further development of the shopping experience, a uniform digital solution for the physical shop is under development.

ITAB has operations in 28 countries and 21 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 needs and requests.

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.

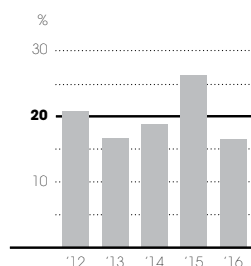


▲ ITAB Shop Concept is a leader in the market for retail checkouts in Europe and is also one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB'S FINANCIAL TARGETS

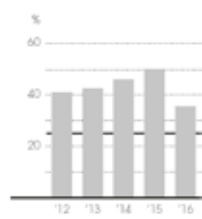
RETURN ON EQUITY

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



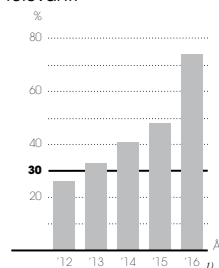
RISK-BEARING CAPITAL

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 75.25 (69.25)

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 4% in 2016. Over the past five years, average growth was about 11% 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 Northern Europe during 2016. Through the acquisition of La Fortezza Group, ITAB is now one of the leading players in Europe and also has a 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 aisles 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 and self-checkout systems, and is constantly developing this offer. 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.

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. The main alternative key ratios presented in this report are interest-bearing net debt, proportion of risk-bearing capital and return on capital employed. Key ratios are defined below and in Note 27 in the 2016 annual report.

DEFINITIONS

Portion 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 average number of 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 with an addition for costs attributable to convertible loans in relation to the number of shares, including shares are added on conversion of outstanding convertible debenture schemes.

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 working hours divided by normal annual working time.

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 12 pm on 12 July 2017.

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FINANCIAL INFORMATION

Interim report Jan-Sep 2017
Year-end report 2017

1 November 2017
6 February 2018