

ITAB

INTERIM REPORT JANUARY - SEPTEMBER 2017

Q3

JULY – SEPTEMBER 2017

- ▶ Income amounted to SEK 1,668 million (1,353)
- ▶ Operating profit amounted to SEK 172 million (147)
- ▶ Profit after financial items amounted to SEK 150 million (143)
- ▶ Profit after tax amounted to SEK 111 million (108)
- ▶ Earnings per share amounted to SEK 1.05 (1.01)
- ▶ Cash flow from operating activities amounted to SEK -89 million (58)
- ▶ The company's net debt was SEK 2,207 million (1,164)

JANUARY – SEPTEMBER 2017

- ▶ Income amounted to SEK 4,740 million (3,651)
- ▶ Operating profit amounted to SEK 382 million (318)
- ▶ Profit after financial items amounted to SEK 333 million (303)
- ▶ Profit after tax amounted to SEK 249 million (230)
- ▶ Earnings per share amounted to SEK 2.34 (2.15)
- ▶ Cash flow from operating activities amounted to SEK 10 million (152)
- ▶ The company's net debt was SEK 2,207 million (1,164)

- ▶ La Fortezza has developed as expected during the quarter and in line with the development of the Group.
- ▶ Strong gross margin is providing long-term conditions for product development and marketing activities.
- ▶ Considerable interest in consumer experience and increased efficiency in stores.
- ▶ Acquisition of two lighting companies in Germany.



For more information:

Ulf Rostedt, CEO +46 70-694 86 82

Other contacts:

Samuel Wingren CFO +46 70-848 43 00

Karin Alvudd, Head of Group Communication +46 70-855 43 92

karin.alvudd@itab.com

During Euroshop in March, ITAB was able to present solutions and products for the shops of the future. The level of interest has remained strong after the fair.

CEO ULF ROSTEDT'S COMMENTS

The retail sector is changing and the shop experience is becoming increasingly important. There is an ever growing demand for attractive, efficient shop solutions. We are continuing to advance our position from a strategic perspective, and in recent years have invested considerable resources in product development and ITAB's position in the shops of the future. 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 efficient and more attractive shop environments for our customers.



THIRD QUARTER

During the third quarter, sales increased by 23% compared to the same period last year. Currency-adjusted sales rose by 22%. Sales have improved in the UK. Sales have been slightly better in Central Europe and NorthEast, while Scandinavia have not developed as well. Sales within the companies acquired in Southern Europe have been in accordance with our expectations during the third quarter, and in line with the rest of the Group.

In the UK, where we consider that the change in the retail sector is at the cutting edge, our sales have developed better than last year. The shop experience is becoming increasingly important, and several of our existing customers are choosing to utilise a larger proportion of our offer in order to achieve a more efficient and more attractive shop environment. In our judgement, we have developed better than the market as a whole. Sales in the UK are increasingly project-based, resulting in shorter lead times. Sales of this type fit in well with our skills and organisational model, with local, flexible units close to the customer.

The Scandinavian market has been rather cautious, which has affected our sales. This also applies to our lighting sales, which have not developed as well due to somewhat cautious demand on certain markets.

JANUARY - SEPTEMBER

During the period, sales increased by 30% compared to last year, while currency-adjusted sales rose by 29%. All the market areas have developed better. Within La Fortezza, sales have been slightly below our expectations as a result of a weak start to the year, although they finished the period in line with the rest of the Group. Lighting sales have not developed as well as last year due to somewhat cautious demand on certain markets.

ACQUISITIONS IN GERMANY

We acquired two German lighting companies at the start of the third quarter, 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 in-

tegration has gone according to plan and work has commenced on offering customers in Germany a combination of local lighting expertise with global sourcing of lighting products. The acquisition is a stage in the intensification of our marketing activities and reinforcement of our position. The acquisition is in line with ITAB's strategy and continued investment in sales of a total concept for the retail sector.

MARKETING ACTIVITIES

Over recent years, considerable resources have been invested in product development and initiatives aimed at ensuring that the organisation will be well prepared for the development that is taking place in the retail sector. Product development of a digital all-inclusive offer for the physical shop has been conducted, for example including checkout arena, piri, endless aisle and click & collect. The shop experience is becoming more interactive, with the focus being placed on the consumer experience. The level of interest in our digital offer is strong among both national and international retail chains. Increased digitisation in the physical shop is driving forward our sales and development. Installations are taking place in combination with the rest of our offer.

THE FUTURE

We are expecting good growth in future. Market development in Southern Europe during the third quarter was in line with our expectations, and the integration of the La Fortezza Group is going according to plan. Many discussions regarding extended collaborations are being conducted with both existing and new customers.

The efficiency measures that were conducted last year, with particular focus on Belgium and Finland, have not yet produced the planned effect. These measures will provide a good position in future, but in our judgement this will take a little longer than anticipated. We will continue our long-term work within the Group aimed at streamlining all parts of the operation, in order to improve our offer.

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.

We will continue the work throughout the entire Group aimed at offering existing customers a larger proportion of our product portfolio. Investments in product development and our position in the shop of the future are continuing, in order to further strengthen our offer to the customer.

Particularly in the UK market, we are seeing that project-based sales are becoming increasingly important and that rapid, flexible delivery methods are required. Our organisation, with local, flexible units close to the customer, is well equipped for sales of this type. We believe that such sales will become increasingly common on more markets. At the same time, several of our customers are expanding across large parts of the world, and our global presence is becoming even more important. 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 be further developing 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 1 November 2017

Ulf Rostedt,
Managing Director & CEO
ITAB Shop Concept AB

2017 OVERVIEW

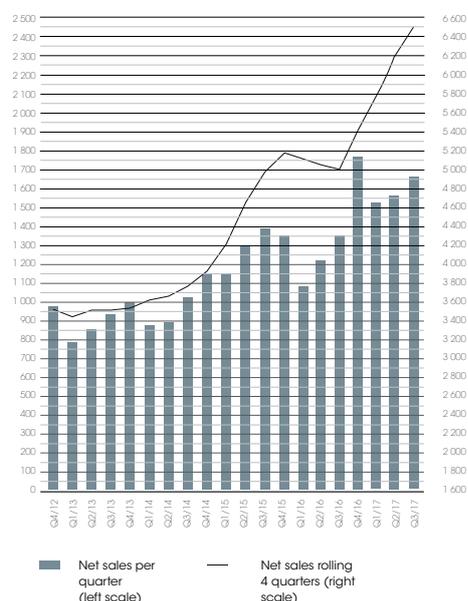
SUMMARY Q3

- ▶ Sales increased by 23 % to SEK 1,668 million (1,353)
- ▶ Operating profit increased by 17 % to SEK 172 million (147)
- ▶ Profit after financial items increased by 5 % to SEK 150 million (143)
- ▶ Earnings per share increased by 4 % to SEK 1.05 (1.01)

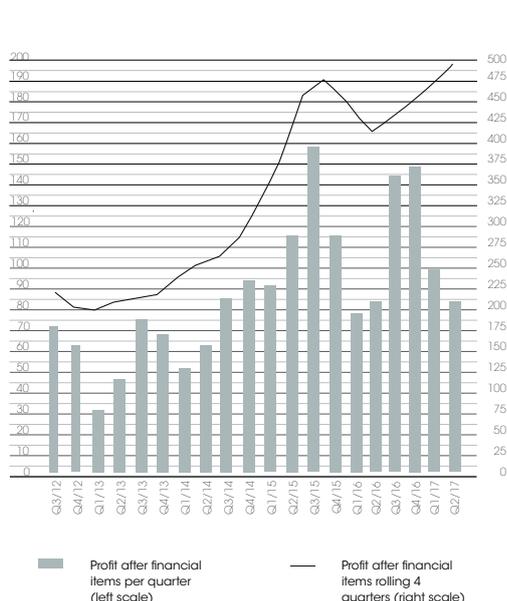
SUMMARY Q1-Q3

- ▶ Sales increased by 30 % to SEK 4,740 million (3,651)
- ▶ Operating profit increased by 20 % to SEK 382 million (318)
- ▶ Profit after financial items increased by 10% to SEK 333 million (303)
- ▶ Earnings per share increased by 9 % to SEK 2.34 (2,15)

▼ NET SALES (SEK million)



▼ PROFIT AFTER FINANCIAL ITEMS (SEK million)*



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

ITAB GROUP IN FIGURES

	3 MONTHS JUL-SEP 2017	3 MONTHS* JUL-SEP 2016	9 MONTHS JAN-SEP 2017	9 MONTHS* JAN-SEP 2016	ROLLING* 12 MONTHS OCT-SEP 2016/2017	FULL YEAR* JAN-DEC 2016
Net sales, SEK m	1,668	1,353	4,740	3,651	6,506	5,417
Operating profit, SEK m, excluding costs of a non-recurring nature 2016 ¹⁾	172	153	382	324	524	466
Operating margin, %, excluding costs of a non-recurring nature 2016 ¹⁾	10.3	11.3	8.1	8.9	8.1	8.6
Operating profit, SEK m	172	147	382	318	435	371
Operating margin, %	10.3	10.9	8.1	8.7	6.7	6.8
Profit after net financial items, SEK m, excluding costs of a non-recurring nature 2016 ¹⁾	150	149	333	309	480	456
Profit margin, %, excluding costs of a non-recurring nature 2016 ¹⁾	9.0	11.0	7.0	8.5	7.4	8.4
Profit after net financial items, SEK m	150	143	333	303	391	361
Profit margin, %	9.0	10.6	7.0	8.3	6.0	6.7
Net profit, SEK m	111	108	249	230	279	260
Earnings per share, SEK	1.05	1.01	2.34	2,15	2.55	2.36
Equity per share, SEK	15.09	14.40	15.09	14,40	15.09	14.77
Return on equity, %	28.8	29.4	21.0	20,2	17.3	16.5
Portion of risk-bearing capital, %	33.2	45.9	33.2	45,9	33.2	35.7
Cash flow from operating activities, SEK m	-89	58	10	152	254	396
Average no. employees	3,619	3,028	3,595	2,938	3,426	3,097

¹⁾ 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.

JULY-SEPTEMBER

Net sales and income

The Group's net sales amounted to SEK 1,668 million (1,353), which is an increase of 23%. Currency-adjusted sales rose by 22%. Sales have improved in the UK. Sales have been slightly better in Central Europe and NorthEast, while Scandinavia have not developed as well. The companies acquired in Southern Europe have developed in accordance with our expectations during the third quarter, and in line with the rest of the Group.

The gross margin has continued to improve, showing that the long-term rationalisation work being implemented in all parts of the operation has produced results.

Operating profit amounted to SEK 172 million (147), a increase of 17%. The improvement in operating profit can principally be explained by the sales trend and the strong gross margin.

Profit after financial items amounted to SEK 150 million (143), a increase of 5%. Profit after financial items is adversely affected by higher interest costs as a result of increased net debt in conjunction with acquisitions, as well as by negative currency effects when translating financial assets and liabilities in foreign currencies.

Investments

The Group's net investments amounted to SEK 115 million (69), of which SEK 46 million (0) are attributable to corporate transactions during the period.

Employees

The average number of employees at the end of the period was 3,619 (3,028).

Parent Company

The Parent Company's net sales amounted to SEK 17 million (12) and profit after financial items to SEK 4 million (24).

JANUARY - SEPTEMBER

Net sales and profit

The Group's net sales amounted to SEK 4,740 million (3,651), which is an increase of 30%. Currency-adjusted sales rose by 29%. Sales have developed better than last year on all markets.

La Fortezza has developed slightly below our expectations as a result of a weak start to the year, although it finished the period in line with the rest of the Group. Lighting sales have not developed as well as last year due to somewhat cautious demand on certain markets.

The gross margin has continued to improve, showing that the long-term rationalisation work being implemented in all parts of the operation has produced results.

Operating profit rose by 20% to SEK 382 million (318). The improvement in operating profit can principally be explained by the sales trend and the strong gross margin.

Profit after financial items rose by 10% to SEK 333 million (303). Profit after financial items is adversely affected by higher interest costs as a result of increased net debt in conjunction with acquisitions, as well as by negative currency effects when translating financial assets and liabilities in foreign currencies.

Financial position

The net debt was SEK 2,207 million (1,164) the increase is due to the acquisitions made. The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 847 million (628) on closing day. The equity/assets ratio was 29 % (40). Cash flow from current operations amounted to SEK 10 million (152). The worsening cash flow is primarily due to increased capital tied up in accounts receivable and inventory.

Investments

The Group's net investments amounted to SEK 220 million (294), of which SEK 100 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 3,595 (2,938).

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 (32) and refers to income from subsidiaries. Profit after financial items amounted to SEK 333 million (314).

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 3.

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 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 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 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 2017 will be presented on the 6 February 2018.

This report has been subject to a general review by the company's auditor.

Review report

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

To the Board of ITAB Shop Concept AB (publ)

Introduction

We have reviewed the condensed interim report for ITAB Shop Concept AB (publ) as at September 30, 2017 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, November 1, 2017
Ernst & Young AB

Stefan Engdahl
Authorized Public Accountant

THE GROUP

INCOME STATEMENT - SUMMARY

(SEK million)	3 MONTHS JUL-SEP 2017	3 MONTHS JUL-SEP 2016	9 MONTHS JAN-SEP 2017	9 MONTHS JAN-SEP 2016	ROLLING 12 MONTHS OCT-SEP 2016/2017	FULL YEAR JAN-DEC 2016
Net sales	1,668	1,353	4,740	3,651	6,506	5,417
Cost of goods sold	-1,176	-958	-3,354	-2,596	-4,681	-3,923
Gross profit	492	395	1,386	1,055	1,825	1,494
Selling expenses	-256	-195	-781	-567	-1,075	-861
Administrating expenses	-67	-55	-227	-166	-316	-255
Other operating income and expenses ¹⁾	3	2	4	-4	1	-7
Operating profit	172	147	382	318	435	371
Financial income	-2	5	1	9	14	28
Financial expenses	-20	-9	-50	-24	-58	-38
Profit after financial items	150	143	333	303	391	361
Tax expenses	-39	-35	-84	-73	-112	-101
NET PROFIT FOR THE PERIOD	111	108	249	230	279	260
Net profit for the period attributable to:						
Parent Company shareholders	109	104	240	220	261	241
Non-controlling interests	2	4	9	10	18	19
Depreciation/amortisation for the period	35	28	103	77	137	111
Tax expense for the period amounts to	26%	24%	25%	24%	29%	28%
Earnings per share						
basic, SEK	1.05	1.01	2.34	2.15	2.55	2.36
diluted, SEK	1.06	1.00	2.33	2.11	2.55	2.33
Average number of outstanding shares ¹⁾						
basic (thousands)	102,383	102,383	102,383	101,985	102,383	102,077
diluted (thousands)	104,935	104,935	104,935	104,935	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 JUL-SEP 2017	3 MONTHS JUL-SEP 2016	9 MONTHS JAN-SEP 2017	9 MONTHS JAN-SEP 2016	ROLLING 12 MONTHS OCT-SEP 2016/2017	FULL YEAR JAN-DEC 2016
Net profit for the period	111	108	249	230	279	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	-21	16	-29	20	-34	15
Hedging of net investments, net	0	-4	-4	-2	-1	1
Cash flow hedges, net	-3	-10	1	-25	29	3
Tax on items that may be reclassified	1	3	1	6	-6	-1
	-23	5	-31	-1	-12	18
Total other comprehensive income after tax	-23	5	-31	-1	-14	16
Comprehensive income for the period	88	113	218	229	265	276
Comprehensive income for the period attributable to:						
Parent Company shareholders	89	109	217	217	255	255
Non-controlling interests	-1	4	1	12	10	21

STATEMENTS OF FINANCIAL POSITION - SUMMARY

(SEK million)	2017 30-JUN	2016 30-JUN	2016 31-DEC
Assets			
Non-current assets			
Goodwill	1,543	689	1,436
Other intangible assets	161	127	161
	1,704	816	1,597
Property, plant and equipment	891	713	865
Deferred tax assets	100	50	101
Financial non-current assets	5	2	6
Total non-current assets	2,700	1,581	2,569
Current assets			
Inventories	1,187	1,016	1,036
Current receivables	1,583	1,076	1,306
Cash and cash equivalents	310	273	404
Total current assets	3,080	2,365	2,746
TOTAL ASSETS	5,780	3,946	5,315
Equity and liabilities			
Equity attributable to Parent Company's shareholders	1,545	1,474	1,512
Non-controlling interests	113	90	122
Deferred tax liabilities	76	64	77
Other non-current liabilities	1,565	454	1,268
Current liabilities	2,481	1,864	2,336
TOTAL EQUITY AND LIABILITIES	5,780	3,946	5,315
Interest-bearing net debt represents	2,207	1,164	1,722
of which convertible debenture loans make up	187	185	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 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 2016	42	291	-51	1,181	1,463	83	1,546
Net profit for the period				220	220	10	230
Other comprehensive income			-3		-3	2	-1
COMPREHENSIVE INCOME JAN-SEP 2016			-3	220	217	12	229
Dividend				-170	-170	-5	-175
Acquisition of part-owned companies							
Effect of convertible loan issued, KV5B		11			11		11
Repurchase of convertible debentures, KV3B				-61	-61		-61
Conversion of convertible debenture loan, KV3B	1	13			14		14
SHAREHOLDERS' EQUITY 30 SEP 2016	43	315	-54	1,170	1,474	90	1,564
Net profit for the period				21	21	9	30
Other comprehensive income			19	-2	17		17
COMPREHENSIVE INCOME OCT-DEC 2016			19	19	38	9	47
Acquisition of part-owned companies						23	23
SHAREHOLDERS' EQUITY 31 DEC 2016	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				-5	-5	-9	-14
SHAREHOLDERS' EQUITY 30 SEP 2017	43	315	-58	1,245	1,545	113	1,658

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

STATEMENTS OF CASH FLOWS - SUMMARY

(SEK million)	3 MONTHS JUL-SEP 2017	3 MONTHS JUL-SEP 2016	9 MONTHS JAN-SEP 2017	9 MONTHS JAN-SEP 2016	ROLLING 12 MONTHS OCT-SEP 2016/2017	FULL YEAR JAN-DEC 2016
Operating profit	172	147	382	318	435	371
Interest paid and received, tax paid and adjustments for items not included in the cash flow	-13	0	-98	-20	-71	7
Cash flow from operating activities before changes in working capital	159	147	284	298	364	378
Change in working capital						
Change in inventories	-67	-20	-158	-87	-67	4
Change in operating receivables	-280	-136	-329	-167	-116	46
Change in operating liabilities	99	67	213	108	73	-32
Cash flow from operating activities	-89	58	10	152	254	396
Investing activities						
Acquisition of companies and businesses, note 1	-46	0	-100	-161	-676	-737
Other net investments	-69	-69	-120	-133	-169	-182
Cash flow after investing activities	-204	-11	-210	-142	-591	-523
Financing activities						
Paid dividend to shareholders	-	-	-179	-170	-179	-170
Paid dividend to non-controlling interests	-	-5	-1	-5	-1	-5
Repurchase and conversion of convertible debentures KV3B	-	-	-	-87	-	-87
Convertible debentures KV5B	-	168	-	168	-	168
Cash flow from other financing activities	111	-145	329	244	832	747
Cash flow for the period	-93	7	-61	8	61	130
Cash and cash equivalents at the start of the period	419	261	404	258	273	258
Translation differences on cash and cash equivalents	-16	5	-33	7	-24	16
Cash and cash equivalents at the end of the period	310	273	310	273	310	404
Cash flow from operating activities per share	-0.86	0.57	0.10	1.49	2.49	3.88

KEY RATIOS

	3 MONTHS JUL-SEP 2017	3 MONTHS JUL-SEP 2016	9 MONTHS JAN-SEP 2017	9 MONTHS JAN-SEP 2016	ROLLING 12 MONTHS OCT-SEP 2016/2017	FULL YEAR JAN-DEC 2016
Operating margin, % excluding costs of a non-recurring nature.	10.3	11.3	8.1	8.9	8.1	8.6
Operating margin, %	10.3	10.9	8.1	8.7	6.7	6.8
Profit margin, % excluding costs of a non-recurring nature.	9.0	11.0	7.0	8.5	7.4	8.4
Profit margin, %	9.0	10.6	7.0	8.3	6.0	6.7
Share price at end of period, SEK	63.75	79.00	63.75	79.00	63.75	81.25
Basic earnings per share, SEK	1.05	1.01	2.34	2.15	2.55	2.36
Diluted earnings per share, SEK	1.06	1.00	2.33	2.11	2.55	2.33
Cash flow from operating activities per share, SEK	-0.86	0.57	0.10	1.49	2.49	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	5,780	3,946	5,780	3,946	5,780	5,315
Interest-bearing net debt, SEK m	2,207	1,164	2,207	1,164	2,207	1,722
Equity attributable to the Parent Company's shareholders, SEK m	1,545	1,474	1,545	1,474	1,545	1,512
Equity per share, SEK	15.09	14.40	15.09	14.40	15.09	14.77
Equity/assets ratio, %	28.7	39.6	28.7	39.6	28.7	30.7
Portion of risk-bearing capital, %	33.2	45.9	33.2	45.9	33.2	35.7
Return on equity, %	28.8	29.4	21.0	20.2	17.3	16.5
Return on capital employed, %	16.5	20.8	12.8	16.0	12.0	13.6
Return on total capital, %	12.0	15.9	9.2	12.2	8.7	10.2
Interest coverage ratio, multiple	9.5	16.2	8.5	14.1	7.7	10.5
Net investments, SEK m	115	69	220	294	845	919
Net investments (excl. business acquisitions), SEK m	69	69	120	133	169	182
	3,619	3,028	3,595	2,938	3,426	3,097

QUARTERLY FINANCIAL STATEMENTS AND KPIS

(SEK million)	2017 JUL-SEP	2016 JUL-SEP	2017 APR-JUN	2016 APR-JUN	2017 JAN-MAR	2016 JAN-MAR	2016 OCT-DEC	2015 OCT-DEC
Net sales	1,668	1,353	1,552	1,209	1,520	1,089	1,766	1,354
Cost of goods sold	-1,176	-958	-1,110	-866	-1,068	-772	-1,327	-985
Gross profit	492	395	442	343	452	317	439	369
Selling expenses	-256	-195	-263	-193	-262	-179	-294	-195
Administrating expenses	-67	-55	-83	-56	-77	-55	-89	-57
Other operating income and expenses	3	2	3	-4	-2	-2	-3	5
Operating profit	172	147	99	90	111	81	53	122
Financial items	-22	-4	-15	-6	-12	-5	5	-8
Profit after financial items	150	143	84	84	99	76	58	114
Tax expenses	-39	-35	-20	-20	-25	-18	-28	-15
NET PROFIT FOR THE PERIOD	111	108	64	64	74	58	30	99
Net profit for the period attributable to:								
Parent Company shareholders	109	104	60	60	71	56	21	95
Non-controlling interests	2	4	4	4	3	2	9	4
Operating margin, %	10.3	10.9	6.4	7.4	7.3	7.4	3.0	9.0
Basic earnings per share, SEK	1.05	1.01	0.59	0.59	0.70	0.55	0.21	0.93
Diluted earnings per share, SEK	1.06	1.00	0.58	0.59	0.68	0.54	0.20	0.91
Return on equity, %	28.8	29.4	15.9	16.8	18.4	15.0	5.8	26.6
Equity per share, SEK	15.09	14.40	14.22	13.22	15.47	14.81	14.77	14.38
Cash flow from operating activities per share, SEK	-0.86	0.57	1.23	0.74	-0.27	0.18	2.39	2.38
Share price at end of period, SEK	63.75	79.00	75.25	69.25	71.00	85.00	81.25	100.67

PARENT COMPANY

INCOME STATEMENT - SUMMARY

(SEK million)	3 MTHS JUL-SEP 2017	3 MTHS JUL-SEP 2016	9 MTHS JAN-SEP 2017	9 MTHS JAN-SEP 2016	12 MTHS JAN-DEC 2016
Net sales ¹⁾	17	12	48	32	47
Cost of goods sold	-3	-2	-11	-9	-11
Gross profit	14	10	37	23	36
Selling expenses	-7	-6	-24	-20	-24
Administrating expenses	-9	-7	-28	-24	-28
Other operating income and expenses	3	0	-3	3	-3
Operating profit	1	-3	-18	-18	-19
Profit from participations in Group companies	-4	39	355	355	312
Financial income and expenses	7	-12	-4	-23	-40
Profit after financial items	4	24	333	314	253
Year-end appropriations	-	-	-	-	62
Profit before tax	4	24	333	314	315
Tax expenses for the period	-	-	-	-	-2
NET PROFIT FOR THE PERIOD	4	24	333	314	313
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Net profit for the period	4	24	333	314	313
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	4	24	333	314	313

BALANCE SHEET - SUMMARY

(SEK million)	2017 30-SEP	2016 30-SEP	2016 31-DEC
Non-current assets			
Property, plant and equipment	9	6	7
Financial assets	2,287	1,480	2,277
Deferred tax assets	16	17	15
Total non-current assets	2,312	1,503	2,299
Current assets			
Current receivables	1,145	625	587
Cash and bank balance	0	0	0
Total current assets	1,145	625	587
TOTAL ASSETS	3,457	2,128	2,886
Equity			
Restricted equity	50	50	50
Non-restricted equity	876	723	722
TOTAL EQUITY	926	773	772
Non-current liabilities	1,367	273	988
Current liabilities	1,164	1,082	1,126
TOTAL EQUITY AND LIABILITIES	3,457	2,128	2,886

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

NOTE 1. ACQUISITION

2017

During July 2017, through subsidiaries, ITAB has acquired the companies D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH which have their registered offices in Menden, Germany. The acquisition also includes 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 segment 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 continued 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 purchase price for the shares, assets and liabilities amounts 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 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 at the time of acquisition, amounted to SEK 66 million, of which SEK 109 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. The acquisition was incorporated as of 1 July 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 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 acquisitions have impacted on net investments for the year in the cash flow in the amount of SEK 59 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.

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.

	La Fortezza	Other acquisitions	Total
Acquisition 2016			
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. 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

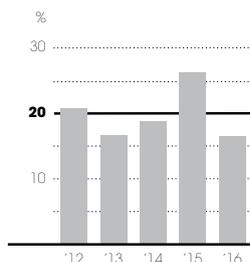


▲ ITAB Shop Concept is a leader in the market for retail checkouts in Europe and is also one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB'S FINANCIAL TARGETS

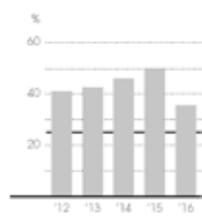
RETURN ON EQUITY

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



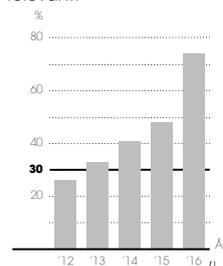
RISK-BEARING CAPITAL

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 63.75 (79.00)

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 1 November 2017.

ITAB

ITAB Shop Concept AB (publ)
Box 9054
SE-550 09 Jönköping
Instrumentvägen 2 (Visiting address)
Corp.reg.no. 556292-1089
Tel. +46 (0)36-31 73 00
ir@itab.com / info@itab.com
www.itab.se www.itab.com

FINANCIAL INFORMATION

Year-end report 2017	6 February 2018
Interim report Jan-Mar 2018	7 May 2018
AGM 2018	7 May 2018
Interim report Jan-Jun 2018	11 July 2018
Interim reportt Jan-Sep 2018	October 2018
Year-end report 2018	February 2019