



# **FIRST QUARTER**

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SEPTEMBER 1, 2016 – NOVEMBER 30, 2016

**“Strong online sales and improved margins”**

**Dustin**

# Interim Report September–November 2016

## First quarter

- Net sales for the quarter increased 7.5 per cent to SEK 2,284 million (2,124).
- Organic growth in fixed exchange rates was 4.4 per cent (2.5).
- The gross margin increased to 14.9 per cent (14.8).
- Adjusted EBITA increased to SEK 116 million (105).
- EBIT totalled SEK 98 million (87).
- Items affecting comparability amounted to a negative SEK 2 million (neg: 2).
- Profit for the quarter amounted to SEK 68 million (77).
- Earnings per share, before and after dilution, including discontinued operations, amounted to SEK 0.89 (1.01).
- Cash flow from operating activities amounted to SEK 305 million (199).
- Net debt in relation to adjusted EBITDA in the past 12-month period was 1.4 (2.1 for the full-year 2015/16).

## Financial key ratios

All amounts in SEK million, unless otherwise indicated	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
Net sales	2,283.6	2,123.6	8,460.9	8,300.8
Organic sales growth (%)	4.4	2.5	4.9	4.4
Gross margin (%)	14.9	14.8	15.0	15.0
Adjusted EBITA	115.8	104.8	400.6	389.6
Adjusted EBITA margin (%)	5.1	4.9	4.7	4.7
EBIT	97.5	86.8	334.2	323.5
Profit for the period	67.8	76.9	215.8	224.9
Earnings per share, including discontinued operations, before and after dilution, (SEK)	0.89	1.01	2.83	2.95
Cash flow from operating activities	304.8	199.0	553.0	447.2
Net debt/adjusted EBITDA (multiple)*	-	-	1.4	2.1
Return on equity (%)	-	-	14.4	15.8

\* The definition of net debt was updated in the second quarter of 2015/16. Acquisition-related contingent liabilities (such as performance-based earn-outs) are now excluded from the calculation. Refer to definitions on page 21.

# Strong online sales and improved margins

**The beginning of the year has been characterized by solid growth and improved margins. Both the gross margin and adjusted EBITA margin were strengthened during the quarter compared with the year-earlier period, mainly driven by a favourable product mix and previously implemented acquisitions, with a higher share of more advanced products and services.**

## Solid sales growth

The Group reported sales growth of 7.5 per cent for the first quarter, equivalent to organic growth of 4.4 per cent. Growth was primarily driven by continued strong online sales to the small and medium-sized enterprises customer group. The quarter was also characterised by a high level of activity in the large companies and public sector customer group, where new sales replaced closing contracts. Sales in the B2B segment rose by 6.7 per cent, while the B2C segment noted strong growth of 18.9 per cent during the quarter.

## Improved margins

The gross margin strengthened slightly during the quarter, to 14.9 per cent, while adjusted EBITA increased by more than 10 per cent to SEK 116 million, equivalent to an adjusted EBITA margin of 5.1 per cent.

The margin increase is primarily due to a favourable product mix from previously implemented acquisitions, with a larger share of more advanced products and services commanding higher margins. During the quarter, a number of larger newly signed contracts that are initially less profitable have replaced completed contracts. Combined with a slight shift in the customer mix, this has had a slightly negative impact on the margin.

## Proprietary branded products

During the quarter, we launched our own branded products in certain categories of basic products, such as cables, USB sticks, LED lighting and mobile phone and tablet accessories. This allows us to offer our customers affordable, high-quality products at the same time as we gain more control over each product's characteristics and see a potential for higher margins in the long term.

We have increased our focus on responsible manufacturing and the launch of our own-branded products has offered us better insight and made it easier to monitor our requirements earlier in the value chain, at manufacturers. We have improved our cooperation with both manufacturers and suppliers in order to support them in the process to comply with our sustainability requirements.

## Acquisition in Norway

During the first quarter, we acquired the Norway-based IKT Gruppen, which is specialised in sales and operations of standardised IT services for small and medium-sized businesses. This acquisition further expands our customer offering and strengthens Dustin's position as a leading IT reseller in the Nordic region.

## IT platform integrated in Finland

In October, Businessforum was integrated in Dustin's Nordic IT platform and in connection with this the Finnish operations now act under the brand name Dustin. Our assessment is that the break-in period of the IT system will be completed during the second quarter. In the long term a common IT platform and brand strengthens our Finnish business and competitiveness, and contribute to increased efficiency for the Group.

## Outlook

Our attractive offer enables us to continue to take market share and grow on our addressable market with good profitability, where our position is favored by overall trends such as increased online commerce, mobility and cloud services.

Overall, we expect slightly higher organic sales growth in the current financial year, compared with the year-earlier period. We continue to endeavour to strengthen our position and increase our margins organically, supported by completed and future acquisitions, and see good potential for additional acquisitions given our strong financial position.

Nacka, January 2017  
Georgi Ganev, CEO

# Financial overview

**Income statement items and cash flows are compared with the year-earlier periods. Balance sheet items pertain to the position at the end of the period and are compared with the corresponding year-earlier date. The quarter pertains to September 2016 – November 2016.**

## First quarter

### Net sales

Net sales for the quarter increased 7.5 per cent to SEK 2,284 million (2,124), primarily due to strong online sales to the small and medium-sized enterprises customer group but also solid sales to the large companies and public sector customer group, mainly in Denmark and Finland. Organic growth in fixed exchange rates was 4.4 per cent (2.5).

### Gross profit

During the quarter, gross profit rose SEK 26 million to SEK 341 million (315), up 8.3 per cent. The gross margin strengthened by 0.1 percentage point to 14.9 per cent (14.8), primarily due to a favourable product mix and previously acquired companies, with a larger share of more advanced products and services commanding higher margins. During the quarter, a number of larger newly signed contracts that are initially less profitable have replaced completed contracts and this together a minor shift in the customer mix had a slightly negative impact on the margin for the quarter.

### Adjusted EBITA

Adjusted EBITA for the quarter increased 10.5 per cent to SEK 116 million (105). The adjusted EBITA margin increased to 5.1 per cent (4.9). Adjusted EBITA excludes items affecting comparability. During the quarter, these amounted to a negative SEK 2 million (neg: 2) and the items are specified in Note 3 Items affecting comparability. For a comparison of adjusted EBITA and EBIT, see Note 2 Segments.

### EBIT

EBIT for continuing operations amounted to SEK 98 million (87). The year-on-year improvement was the result of increased sales and a slightly higher gross margin.

### Financial items

Financial expenses amounted to SEK 11 million (pos: 6), where the comparative period includes positive currency

effects attributable to external financing of SEK 18 million. Adjusted for this, financial expenses amounted to SEK 13 million in the comparative period. Financial income amounted to SEK 0.3 million (0.5). The financial expenses item and other similar income-statement items primarily relate to interest expenses of SEK 9 million (8). Effective from the first quarter of 2016/17, the currency effects mentioned above will be reported in other comprehensive income in conjunction with the application of hedging of net investments in foreign subsidiaries, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

### Tax

During the quarter, the effective tax rate for continuing operations was 22.4 per cent, compared with 18.5 per cent in the year-earlier period. The lower tax rate for the previous year was attributable to increased tax deductions for costs in earlier periods.

### Profit for the quarter

Profit for the quarter, including discontinued operations, totalled SEK 68 million (77). Earnings per share amounted to SEK 0.89 (1.01), before and after dilution. Profit for the quarter in the preceding year was impacted by currency effects attributable to external financing of SEK 18 million and, adjusted for this, earnings per share amounted to SEK 0.82 for the comparative period. Effective from the first quarter of 2016/17, these currency effects will be reported in other comprehensive income through the application of hedging of net investments in foreign subsidiaries.

### Cash flow

Cash flow for the quarter was SEK 280 million (179).

Cash flow from operating activities was SEK 305 million (199), mainly due to a change of SEK 219 million (146) in working capital where the level of current liabilities increased. The increase is a result of higher accounts payable, which was impacted by more favourable terms of payment compared with the year-earlier period. The more favourable terms of payment pertain to an agreement with a supplier and apply until further notice.

Cash flow from investing activities amounted to a negative SEK 24 million (pos: 203), which was attributable to the purchase consideration for the acquisition of Norway-based

IKT Gruppen. Investments in tangible and intangible assets amounted to a negative SEK 5 million (neg: 14), of which negative SEK 4 million (neg: 4) pertained to capitalised expenditure for the IT platform. First-quarter investments relate primarily to work on the continued development of the IT platform and implementation in Finland.

Cash flow from financing activities amounted to a negative SEK 0.2 million (neg: 222) and pertained primarily to the discontinued leasing operations.

### Net working capital

Net working capital amounted to a negative SEK 174 million (pos: 45) at the end of the period. The reduction was mainly attributable to higher accounts payable, which similar to the previous quarters were impacted by more favourable terms of payment. Adjusted for this factor, the net working capital was at the same level as on the corresponding date in the preceding year.

SEK million	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
Inventories	301.8	261.0	229.3
Accounts receivable	1,095.6	938.8	877.7
Tax assets, other current receivables, as well as pre-paid expenses and accrued income	167.5	192.8	148.2
Accounts payable	-1,386.8	-993.5	-912.8
Tax liabilities, other current liabilities and accrued expenses and deferred income	-352.1	-353.7	-310.7
<b>Net working capital</b>	<b>-174.0</b>	<b>45.4</b>	<b>31.6</b>

### Net debt and cash equivalents

Net debt amounted to SEK 576 million (783) at the end of the period. The reduction in net debt compared with the previous year is mainly due to a higher amount of cash and cash equivalents where the increase is largely the result of a lower net working capital. In total, cash and cash equivalents amounted to SEK 522 million (255), up SEK 266 million year-on-year. At the end of the period, there was also an unutilised overdraft facility of SEK 270 million.

Net debt in relation to adjusted EBITDA was 1.4 (2.1 full-year 15/16), measured over the past 12-month period. The lower level was predominantly attributable to a reduction in net debt where cash and cash equivalents increased due to a lower net working capital. Adjusted for the more favourable terms of payment, net debt in relation to adjusted EBITDA is at the same level as for the full-year 2015/16.

SEK million	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
Non-current liabilities	1,094.4	1,038.3	1,066.4
Finance lease liabilities	2.6	-	2.8
Cash and cash equivalents	-521.5	-255.2	-242.9
Receivables for financial leasing (short-term and long-term)	-	-0.2	-
<b>Net debt</b>	<b>575.5</b>	<b>783.0</b>	<b>826.3</b>

### Employees

The average number of full-time employees was 917 during the quarter compared with 936 in the year-earlier period.

### Significant events during the first quarter

#### Acquisition in Norway

During the quarter, Dustin acquired the Norway-based IKT Gruppen, which is specialised in sales and operations of standardised IT services for small and medium-sized businesses. The acquisition is part of Dustin's strategy to broaden its customer offering and strengthen its position in the Nordic IT market.

IKT Gruppen was founded in 2013 and was acquired from the owner constellation comprising most of the company's ten employees. In the 2015 financial year, the company reported sales of about NOK 18 million, and profit for the year was NOK 0.2 million. The estimated final purchase amount is NOK 50 million, comprising an initial purchase amount of NOK 23 million and an earn-out based on future performance. In the preliminary acquisition analysis, the surplus value was allocated to goodwill in its entirety. The expected earn-out was recognised as a liability in the balance sheet as of November 30, 2016. The company was consolidated in the Group from October 2016.

During the quarter, IKT Gruppen contributed SEK 4 million to the Group's income and SEK 0.1 million to the Group's EBIT. The acquisition is expected to have a marginal impact on Dustin's earnings per share during the current financial year. Detailed information has not been submitted in this interim report in accordance with IFRS 3 Business Combinations as Dustin does not consider the acquisition to be material from a financial perspective.

#### Implementation of IT platform in Finland

The integration of the Finnish operation into Dustin's Nordic IT platform was completed during the quarter. The integration is an important step in Dustin's strategy, and as a result the entire Finnish operation is now operating under the Dustin brand. Work aimed at optimising and developing the platform will continue during the coming quarters.

## Events after the balance-sheet date

### 2015/16 Annual General Meeting

Dustin's Annual General Meeting was held in Stockholm on December 13, 2016. The Annual General Meeting voted to support all proposals presented by the Board of Directors and Nomination Committee at the Meeting.

The Annual General Meeting re-elected the Board members Fredrik Cappelen, Gunnel Duveblad, Johan Fant, Tomas Franzén, Mattias Miksche and Maija Strandberg and elected Caroline Berg and Mia Brunell Livfors as new Board members. Former Board member Stefan Linder declined re-election. Fredrik Cappelen was re-elected as Chairman of the Board. The Annual General Meeting resolved to re-elect the registered auditors Ernst & Young AB as the company's auditor for the period until the end of the 2016/17 Annual General Meeting. Jennifer Rock Baley will remain as Auditor in Charge.

The Annual General Meeting approved the Annual Report for 2015/16 and decided on a dividend of SEK 2.40 per share.

### Long-term incentive programme

At the Annual General Meeting on December 13, 2016, the shareholders resolved to adopt a long-term incentive programme (LTI 2017) for the Group's Executive Management team and other key individuals at Dustin, about 25 people in total. The programme includes a total of 1,159,996 warrants and carries the entitlement to subscribe to an equal number of shares at a subscription price of SEK 73.90. According to the programme, notification of subscription can take place between 31 January 2020 until 30 June 2020 and a full exercise would result in a dilution of approximately 1.5 per cent of the total number of shares outstanding and voting rights in the company. The aim of the incentive programme is to increase the ownership for key employees, motivate these to remain at the company and to increase commitment to Dustin's earnings performance.

### Seasonal variations

Dustin is impacted by seasonal variations. Each quarter is comparable between years. Sales volumes are normally higher in November and March, and lower during the summer months when sales and marketing activities are less intense. Similar seasonal variations occur in all geographical markets.

### Parent Company

Dustin Group AB (Corp. Reg. No. 556703-3062), which is domiciled in Nacka, Sweden, only conducts holding operations. Overall external financing is with the Parent Company.

Net sales amounted to SEK 0.1 million (0.1). Loss for the quarter totalled SEK 27 million (profit: 5) and the year-on-year change was largely attributable to a negative net currency position of SEK 26 million (pos: 17), attributable to the external financing, and tax income amounting to SEK 8 million (expense: 2). In addition to transactions with the subsidiary, the Parent Company had no related-party transactions.

### Risks and uncertainties

Dustin has a structured and Group-wide process to identify, classify, manage and monitor a number of strategic, operative and external risks.

- The strategic risks are normally identified in conjunction with risk discussions connected to a strategic initiative. Risks include acquisition and integration projects and the preparation of profitable and attractive customer offerings.
- The operational risks arise in the business and are identified mainly through process reviews. Risks include the ability to attract and retain customers.
- External risks consist of risks that are outside the direct control of the Group. These risks comprise changes in regulations or altered market conditions.

For a detailed description of the risks that are expected to be particularly significant for the future development of the Group, refer to Dustin's Annual Report 2015/16.

### Liabilities and related-party transactions

There were no significant related-party transactions during the current period or comparative period.

### The share

The Parent Company's share has been listed on Nasdaq Stockholm since February 13, 2015, and is included in the Mid Cap index. At November 30, 2016, the price was SEK 60.75 per share, representing a total market capitalisation of SEK 4,628 million.

At the end of the quarter, the company had a total of 6,555 shareholders. The company's three largest shareholders were Axmedia AB (Axel Johnson AB) with 25.00 per cent, Swedbank Robur Fonder with 11.55 per cent and the Fourth Swedish National Pension Fund with 9.89 per cent as of November 30, 2016.

Dustin's shareholder register with the largest shareholders is presented on the company's website.

# Review of business segments

Dustin's operations are divided into two business areas: B2B and B2C. Within B2B, customers are served through both the online platform and relationship selling. Dustin's sales model has been adapted to meet customer needs as efficiently as possible. In addition to B2B, which is Dustin's core segment, there are advantages to also serving private customers, such as a similar product range, limited additional costs and insights into trends and pricing. In the B2C segment, customers are only served through the online platform.

## B2B segment

SEK million	Q1 16/17	Q1 15/16	Change %	Rolling 12 months	Full-year 15/16	Change %
Net sales	2,113.0	1,980.1	6.7	7,836.2	7,703.3	1.7
Segment results	186.5	171.1	9.0	675.8	660.3	2.3
Segment margin (%)	8.8	8.6	n/a	8.6	8.6	n/a

### Net sales

Net sales for the quarter increased 6.7 per cent to SEK 2,113 million (1,980). Organic growth in fixed exchange rates was 3.5 per cent (3.1). Growth was attributable to a continuing strong trend in online sales to the small and medium-sized enterprises customer group and solid sales during the quarter to the large companies and public sector customer group, mainly in Denmark and Finland.

### Segment result

The segment result for the quarter rose SEK 15 million to SEK 187 million (171). The improved figure is in part a result of higher sales and also positive effects from completed acquisitions and the resulting improvements to the product mix. Result improvements were checked slightly by a change in customer mix in the large companies and public sector customer group in Denmark and Finland and the fact that a number of larger newly-signed contracts, which are initially less profitable, have replaced completed contracts during the quarter. The segment margin increased to 8.8 per cent (8.6).

## B2C segment

SEK million	Q1 16/17	Q1 15/16	Change %	Rolling 12 months	Full-year 15/16	Change %
Net sales	170.6	143.4	18.9	624.7	597.5	4.5
Segment results	5.5	4.1	34.6	23.8	22.4	6.4
Segment margin (%)	3.3	2.9	n/a	3.8	3.7	n/a

### Net sales

Net sales for the quarter increased 18.9 per cent to SEK 171 million (143). Organic growth in fixed exchange rates was 17.4 per cent (neg: 4.8). The strong growth is mainly a result of a continued healthy sales trend in Norway, new sales via the online platform in Finland and the positive effects of Black Friday campaigns in Sweden.

### Segment result

In the first quarter, the segment result increased SEK 1 million to SEK 6 million (4), positively impacted by rising sales and an improved gross margin. The segment margin was 3.3 per cent (2.9).

### Central functions

Dustin's central functions hold the key to efficient delivery of the Group's offerings in all markets, the generation of economies of scale and the simplification of the integration of acquired operations.

In the first quarter, costs for the central functions, excluding items affecting comparability and in relation to sales, amounted to 3.3 per cent (3.3). The quarter also includes certain costs for previously completed acquisitions, which were previously classified as local costs in the segment but have now been fully integrated in central operations.

For additional financial data on the segments, refer to Note 2 Segments, and to Segment information by quarter on page 20.

The undersigned certify that this interim report gives a true and fair presentation of the Parent Company's and the Group's operations, financial position and performance and describes the material risks and uncertainties facing the Parent Company and the companies in the Group.

Nacka, January 10, 2017

Georgi Ganev, CEO  
In accordance with authorisation by the Board of Directors

This report has not been reviewed by the company's auditors.



# Consolidated income statement

SEK million	Note	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
<b>Continuing operations:</b>					
Net sales	2	2,283.6	2,123.6	8,460.9	8,300.8
Cost of goods and services sold		-1,942.7	-1,808.8	-7,188.6	-7,054.7
<b>Gross profit</b>		<b>340.9</b>	<b>314.8</b>	<b>1,272.2</b>	<b>1,246.1</b>
Selling and administrative expenses		-240.3	-227.2	-924.6	-911.5
Items affecting comparability	3	-2.4	-1.6	-5.8	-5.0
Other operating income		1.3	1.8	5.1	5.6
Other operating expenses		-1.9	-0.9	-12.6	-11.6
<b>EBIT</b>	2	<b>97.5</b>	<b>86.8</b>	<b>334.2</b>	<b>323.5</b>
Financial income and other similar income-statement items		0.3	0.5	1.2	1.4
Financial expenses and other similar income-statement items		-10.5	5.7	-54.4	-38.2
<b>Profit after financial items</b>		<b>87.3</b>	<b>93.0</b>	<b>281.0</b>	<b>286.8</b>
Tax attributable to continuing operations		-19.5	-17.2	-64.4	-62.1
<b>Profit for the period from continuing operations</b>		<b>67.8</b>	<b>75.8</b>	<b>216.6</b>	<b>224.7</b>
<b>Discontinued operations:</b>					
Profit for the period from discontinued operations	4	0.0	1.1	-0.9	0.2
<b>Profit for the period</b>		<b>67.8</b>	<b>76.9</b>	<b>215.8</b>	<b>224.9</b>
<b>Other comprehensive income</b>					
Translation differences		28.7	-20.0	51.6	2.9
Change in hedging reserves		-21.8	-1.0	-26.3	-5.4
Tax attributable to change in hedging reserves		4.8	0.2	5.8	1.2
<b>Other comprehensive income (all items that will be transferred to the income statement)</b>		<b>11.7</b>	<b>-20.8</b>	<b>31.1</b>	<b>-1.3</b>
<b>Comprehensive income for the period is attributable in its entirety to Parent Company shareholders</b>		<b>79.4</b>	<b>56.2</b>	<b>246.9</b>	<b>223.6</b>
<b>Comprehensive income for the period attributable to Parent Company shareholders arose from:</b>					
Continuing operations		79.4	55.1	247.8	223.4
Discontinued operations		0.0	1.1	-0.9	0.2
<b>Total comprehensive income</b>		<b>79.4</b>	<b>56.2</b>	<b>246.9</b>	<b>223.6</b>
Earnings for continuing operations per share (SEK)		0.89	1.00	2.84	2.95
Earnings for continuing operations per share after dilution (SEK)		0.89	1.00	2.84	2.95
Earnings per share, including discontinued operations (SEK)		0.89	1.01	2.83	2.95
Earnings per share after dilution including discontinued operations (SEK)		0.89	1.01	2.83	2.95

# Condensed consolidated balance sheet

SEK million	Note	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		1,966.2	1,775.4	1,894.7
Other intangible assets attributable to acquisitions		355.9	401.3	364.4
Other intangible assets	5	111.3	100.2	112.2
Tangible assets	5	18.0	19.8	20.3
Deferred tax assets		5.0	15.1	6.5
Receivables pertaining to financial leasing		-	0.2	-
Other non-current assets		2.8	3.9	2.7
<b>Total non-current assets</b>		<b>2,459.2</b>	<b>2,315.7</b>	<b>2,400.8</b>
<b>Current assets</b>				
Inventories		301.8	261.0	229.3
Accounts receivable		1,095.6	938.8	877.7
Tax assets		6.9	22.2	6.2
Other receivables		2.2	40.6	4.0
Prepaid expenses and accrued income		158.4	130.0	138.0
Cash and cash equivalents		521.5	255.2	242.9
<b>Total current assets</b>		<b>2,086.4</b>	<b>1,647.8</b>	<b>1,498.0</b>
<b>TOTAL ASSETS</b>		<b>4,545.6</b>	<b>3,963.5</b>	<b>3,898.9</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity attributable to Parent Company shareholders		1,501.6	1,379.9	1,422.2
<b>Total equity</b>		<b>1,501.6</b>	<b>1,379.9</b>	<b>1,422.2</b>
<b>Non-current liabilities</b>				
Deferred tax and other long-term provisions		121.2	119.8	122.3
Liabilities to credit institutions		1,094.4	1,038.3	1,066.4
Acquisition-related liabilities		48.0	25.9	26.0
<b>Total non-current liabilities</b>		<b>1,263.6</b>	<b>1,184.0</b>	<b>1,214.7</b>
<b>Current liabilities</b>				
Accounts payable		1,386.8	993.5	912.8
Tax liabilities		29.4	6.6	35.9
Derivative instruments	6	4.6	13.6	9.0
Other current liabilities		76.1	126.0	68.3
Acquisition-related liabilities		34.3	38.8	26.6
Accrued expenses and deferred income		249.2	221.1	209.3
<b>Total current liabilities</b>		<b>1,780.4</b>	<b>1,399.6</b>	<b>1,262.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,545.6</b>	<b>3,963.5</b>	<b>3,898.9</b>

# Condensed consolidated statement of changes in equity

SEK million	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
<b>Opening balance, September 1</b>	<b>1 422,2</b>	<b>1 323,7</b>	<b>1 323,7</b>
Profit for the period	67,8	76,9	224,9
<b>Other comprehensive income</b>			
Translation differences	28,7	-20,0	2,9
Change in hedging reserves	-21,8	-1,0	-5,4
Tax attributable to change in hedging reserves	4,8	0,2	1,2
<b>Total other comprehensive income</b>	<b>11,7</b>	<b>-20,8</b>	<b>-1,3</b>
<b>Total comprehensive income</b>	<b>79,4</b>	<b>56,2</b>	<b>223,6</b>
Dividends	-	-	-129,5
Subscription with the support of warrants	-	-	4,3
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-125,2</b>
<b>Closing equity as per the balance-sheet date, attributable to Parent Company shareholders in its entirety</b>	<b>1 501,6</b>	<b>1 379,9</b>	<b>1 422,2</b>

# Consolidated statement of cash flow

SEK million	Note	Q1 16/17	Q1 15/16	Full-year 15/16
<b>Operating activities</b>				
Profit before financial items including operating profit from discontinued operations		97.5	88.5	323.9
Adjustment for non-cash items		19.5	15.7	71.6
Interest received		0.3	0.5	1.4
Interest paid		-8.8	-11.1	-26.2
Income tax paid		-22.4	-40.9	-28.9
<b>Cash flow from operating activities before changes in working capital</b>		<b>86.1</b>	<b>52.7</b>	<b>341.9</b>
Decrease (+)/increase (-) in inventories		-70.2	-19.9	12.1
Decrease (+)/increase (-) in receivables		-217.4	-174.8	-86.4
Decrease (-)/increase (+) in current liabilities		506.3	340.9	179.5
<b>Cash flow from changes in working capital</b>		<b>218.7</b>	<b>146.2</b>	<b>105.2</b>
<b>Cash flow from operating activities</b>		<b>304.8</b>	<b>199.0</b>	<b>447.2</b>
<b>Investing activities</b>				
Acquisition of intangible assets	5	-4.5	-11.8	-32.1
Acquisition of tangible assets	5	-0.1	-1.7	-3.8
Acquisition of operations		-19.8	-23.6	-109.4
Divestment of operations		-	224.8	248.7
Contingent consideration paid		-	-	-38.8
Cash flow from leasing operation, financial services		-	14.9	15.1
<b>Cash flow from investing activities</b>		<b>-24.4</b>	<b>202.7</b>	<b>79.7</b>
<b>Financing activities</b>				
New share issue		-	-	4.3
Repayment of debt		-	-40.9	-54.4
Dividend		-	-	-129.5
Change in financial leasing liability		-0.2	-	-
Cash flow from leasing portfolio, financial services		-	-181.4	-179.7
<b>Cash flow from financing activities</b>		<b>-0.2</b>	<b>-222.3</b>	<b>-359.3</b>
<b>Cash flow for the period</b>		<b>280.2</b>	<b>179.4</b>	<b>167.5</b>
<b>Cash and cash equivalents at beginning of period</b>				
Cash and cash equivalents at beginning of period		242.9	77.8	77.8
Cash flow for the period		280.2	179.4	167.5
Exchange-rate differences in cash and cash equivalents		-1.5	-2.0	-2.5
<b>Cash and cash equivalents at the close of the period</b>		<b>521.5</b>	<b>255.2</b>	<b>242.9</b>

## Parent Company income statement

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
Net sales	0.1	0.1	0.4	0.4
Selling and administrative expenses	-2.3	-1.4	-7.6	-6.7
Other operating expenses	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-2.2</b>	<b>-1.3</b>	<b>-7.2</b>	<b>-6.3</b>
Financial income and other similar income-statement items	10.4	0.0	59.0	48.7
Financial expenses and other similar income-statement items	-42.6	8.2	-91.8	-41.0
<b>Profit/Loss after financial items</b>	<b>-34.5</b>	<b>6.9</b>	<b>-40.0</b>	<b>1.4</b>
Appropriations	-	-	196.5	196.5
Tax	7.7	-1.5	-29.1	-38.3
<b>Profit/Loss for the period</b>	<b>-26.8</b>	<b>5.4</b>	<b>127.4</b>	<b>159.6</b>

## Parent Company statement of comprehensive income

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
Profit/Loss for the period	-26.8	5.4	127.4	159.6
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-26.8</b>	<b>5.4</b>	<b>127.4</b>	<b>159.6</b>

# Parent company balance sheet

SEK million	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in Group companies	1,211.6	1,221.7	1,221.7
<b>Total non-current assets</b>	<b>1,211.6</b>	<b>1,221.7</b>	<b>1,221.7</b>
<b>Current assets</b>			
Receivables from Group companies	489.1	296.9	460.9
Tax assets	0.6	29.9	-
Prepaid expenses and accrued income	7.9	0.7	10.0
Other receivables	0.2	0.2	-
Cash and bank balances	122.0	165.7	147.4
<b>Total current assets</b>	<b>619.9</b>	<b>493.3</b>	<b>618.3</b>
<b>TOTAL ASSETS</b>	<b>1,831.4</b>	<b>1,715.0</b>	<b>1,839.9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	380.9	380.9	380.9
<b>Total restricted equity</b>	<b>380.9</b>	<b>380.9</b>	<b>380.9</b>
<b>Non-restricted equity</b>			
Share premium reserve	388.1	388.1	388.1
Retained earnings	-70.3	-103.7	-229.9
Profit/Loss for the year	-26.8	5.4	159.6
<b>Total non-restricted equity</b>	<b>291.0</b>	<b>289.8</b>	<b>317.9</b>
<b>Total equity</b>	<b>671.9</b>	<b>670.7</b>	<b>698.7</b>
Untaxed reserves	50.6	-	50.6
<b>Non-current liabilities</b>			
Non-current liabilities to credit institutions	1,094.6	1,040.0	1,066.5
<b>Total non-current liabilities</b>	<b>1,094.6</b>	<b>1,040.0</b>	<b>1,066.5</b>
<b>Current liabilities</b>			
Accounts payable	0.5	0.1	0.1
Tax liabilities	12.0	-	22.2
Other current liabilities	0.2	0.1	0.2
Accrued expenses and deferred income	1.7	4.2	1.6
<b>Total current liabilities</b>	<b>14.3</b>	<b>4.3</b>	<b>24.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,831.4</b>	<b>1,715.0</b>	<b>1,839.9</b>

## Note 1 Accounting policies and other information

This report has been prepared in accordance with IFRS, applying IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those presented in the Group's Annual Report for the 2015/16 financial year.

The Parent Company applies the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

This report has been prepared in SEK million, unless otherwise stated. Rounding-off differences may occur in this report.

### Hedge accounting of net investments

As of the first quarter of the 2016/17 financial year, hedge accounting according to IAS 39 Financial Instruments: Recognition and Measurement has applied to net investments in foreign subsidiaries. As a consequence of this, currency translation of external loans in foreign currencies will be recognised in other comprehensive income, in the item Change in hedging reserves, instead of being included in financial items in the income statement. The change is prospective and adjustments will not be made retroactively.

## Note 2 Segments

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
<b>Net sales</b>				
B2B	2,113.0	1,980.1	7,836.2	7,703.3
B2C	170.6	143.4	624.7	597.5
<b>Total</b>	<b>2,283.6</b>	<b>2,123.6</b>	<b>8,460.8</b>	<b>8,300.8</b>
<b>Segment results</b>				
B2B	186.5	171.1	675.8	660.3
B2B, segment margin (%)	8.8	8.6	8.6	8.6
B2C	5.5	4.1	23.8	22.4
B2C, segment margin (%)	3.3	2.9	3.8	3.7
Central functions	-76.2	-70.4	-299.0	-293.1
Costs for central functions, excluding items affecting comparability in relation to net sales (%)	-3.3	-3.3	-3.5	-3.5
<b>Adjusted EBITA</b>	<b>115.8</b>	<b>104.8</b>	<b>400.6</b>	<b>389.6</b>
<b>Reconciliation with profit after financial items</b>				
Items affecting comparability	-2.4	-1.6	-5.8	-5.0
Amortisation and impairment of intangible assets	-15.9	-14.7	-61.8	-60.6
Less: Operating profit attributable to discontinued operations included in segment results for B2B	0.0	-1.7	1.3	-0.4
<b>EBIT, Group</b>	<b>97.5</b>	<b>86.8</b>	<b>334.2</b>	<b>323.5</b>
Financial income and other similar income-statement items	0.3	0.5	1.2	1.4
Financial expenses and other similar income-statement items	-10.5	5.7	-54.4	-38.2
<b>Profit after financial items, Group</b>	<b>87.3</b>	<b>93.0</b>	<b>281.0</b>	<b>286.8</b>

## Note 3 Items affecting comparability

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
Acquisition and divestment-related expenses	-2.4	-1.6	-5.8	-5.0
<b>Total</b>	<b>-2.4</b>	<b>-1.6</b>	<b>-5.8</b>	<b>-5.0</b>

## Note 4 Discontinued operations

During the first quarter of the preceding financial year, the operation previously reported as Financial Services was divested through a business transfer to an external party. This means the business is defined as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. As a result, this part of the operations has been recognised as discontinued operations in the income statement.

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
<b>Financial services</b>				
Interest income	-	5.6	0.2	5.7
Interest expense	0.0	-0.4	0.0	-0.4
<b>Net interest income</b>	<b>0.0</b>	<b>5.2</b>	<b>0.2</b>	<b>5.3</b>
Selling and administrative expenses	-	-4.8	-1.4	-6.3
<b>EBIT, financial services</b>	<b>0.0</b>	<b>0.3</b>	<b>-1.3</b>	<b>-0.9</b>
Capital gains from divestment of operations	-	1.3	0.0	1.3
Tax	-	-0.6	0.4	-0.2
<b>Profit/loss for the period from discontinued operations</b>	<b>0.0</b>	<b>1.1</b>	<b>-0.9</b>	<b>0.2</b>



## Note 5 Investments

SEK million	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
Capitalised expenditure for IT development attributable to integrated IT platform	-4.5	-6.3	-17.2	-19.1
Other investments in tangible and intangible assets	-0.1	-7.2	-9.9	-16.9
<b>Total</b>	<b>-4.6</b>	<b>-13.5</b>	<b>-27.1</b>	<b>-36.0</b>

## Note 6 Financial instruments

Financial instruments measured at fair value consist of derivative instruments and acquisition-related contingent liabilities. As regards other financial items, these essentially match fair value and book value.

### Derivative instruments

Derivative instruments measured at fair value consist of interest-rate derivatives and currency futures. Derivative instruments have been structured as hedges for variable interest on external bank loans. Currency futures pertain to hedging for USD purchases from China. The Group applies hedge accounting for derivatives and currency futures, and the fair value measurement is Level 2, according to the definition in IFRS 13. The valuation level is unchanged compared with August 31, 2016.

At November 30, 2016, the fair value of liabilities for derivative instruments was SEK 5 million (14).

During the previous financial year, some parts of former derivatives were repaid prematurely and replaced with new interest-rate derivatives. This was mainly done to achieve greater maturity spreads. The amount was repaid during the third quarter of 2015/16 and totalled SEK 11 million.

### Acquisition-related liabilities

Acquisition-related liabilities pertain to contingent earn-outs. Measurement is carried out on a continuous basis at fair value and the changes in value are recognised in profit or loss. If a change in value occurs prior to the preparation of the acquisition analysis, measurement is carried out via the balance sheet. The fair value is calculated as defined for level 3 in IFRS 13, meaning according to inputs that are not based on observable market data. The calculation of the contingent earn-out liability is based on the parameters of each acquisition agreement. These parameters are usually linked to the outcome of performance measures taken for up to three years from the date of acquisition. Changes to the balance sheet item are shown in the table below. The increase in the acquisition-related liability amounting to SEK 29 million during the quarter pertains to the acquisition of Norway-based IKT Gruppen.

Change in acquisition-related liabilities	Nov 30, 2016	Nov 30, 2015	Aug 31, 2016
<b>Opening balance</b>	<b>52.6</b>	<b>66.4</b>	<b>66.4</b>
Acquisitions	29.1	-	26.0
Payments attributable to previous acquisitions	-	-	-38.8
Exchange rate difference	0.6	-1.7	-1.0
<b>Closing balance</b>	<b>82.3</b>	<b>64.7</b>	<b>52.6</b>

# Key ratios

Alla siffror i miljoner kronor om inte annat anges	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
<b>FINANCIAL KEY RATIOS</b>				
<b>Income statement</b>				
Organic sales growth (%)	4.4	2.5	4.9	4.4
Gross margin (%)	14.9	14.8	15.0	15.0
Adjusted EBITDA	118.5	107.7	411.0	400.2
Adjusted EBITA	115.8	104.8	400.6	389.6
Adjusted EBITA margin (%)	5.1	4.9	4.7	4.7
Net working capital	-174.0	45.4	-174.0	31.6
<b>Balance sheet</b>				
Capital employed	-36.9	184.3	-36.9	173.3
Net debt*	575.5	783.0	575.5	826.3
Net debt/adjusted EBITDA (multiple)*	-	-	1.4	2.1
Maintenance investments	-0.1	-2.0	-2.8	-4.7
Return on equity (%)	-	-	14.4	15.8
Equity/assets ratio (%)	-	-	33.0	36.5
<b>Cash flow</b>				
Operating cash flow	337.0	251.9	585.8	500.7
<b>Data per share</b>				
Earnings per share, including discontinued operations before dilution (SEK)	0.89	1.01	2.83	2.95
Earnings per share, including discontinued operations after dilution (SEK)	0.89	1.01	2.83	2.95
Equity per share before dilution (SEK)	19.7	18.12	19.71	18.67
Equity per share after dilution (SEK)	19.7	18.12	19.71	18.67
Cash flow from operating activities per share before dilution (SEK)	4.00	2.61	7.26	5.87
Cash flow from operating activities per share after dilution (SEK)	4.00	2.61	7.26	5.87
Average number of shares	76,173,115	76,173,115	76,173,115	76,173,115
Average number of shares after dilution	76,193,089	76,173,115	76,173,115	76,173,115
Number of shares issued at end of period	76,173,115	76,173,115	76,173,115	76,173,115

\* The definition of net debt was updated in the second quarter of 2015/16. Acquisition-related contingent liabilities (such as performance-based earn-outs) are now excluded from the calculation. Refer to Definitions on page 21.

# Alternative performance measures

Dustin applies the alternative performance measures of Return on equity, Gross margin, Adjusted EBITA margin, Adjusted EBITA, Net working capital, Net debt, Operating cash flow, Organic growth, EBIT and Equity/assets ratio. The performance measures that Dustin has chosen to present are relevant in relation to its operations and in relation to the company's financial targets for growth, margins, capital structure and dividend policy. The data presented below is complementary information from which all performance measures can be derived.

All amounts in SEK million, unless otherwise indicated	Q1 16/17	Q1 15/16	Rolling 12 months	Full-year 15/16
<b>FINANCIAL DATA</b>				
<b>EBIT</b>				
EBIT continuing operations	97.5	86.8	334.2	323.5
EBIT discontinued operations	0.0	1.7	-1.3	0.4
<b>EBIT</b>	<b>97.5</b>	<b>88.5</b>	<b>333.0</b>	<b>323.9</b>
<b>Adjusted EBIT</b>				
Items affecting comparability	2.4	1.6	5.8	5.0
Amortisation of intangible assets	15.9	14.7	61.8	60.6
<b>Adjusted EBITA</b>	<b>115.8</b>	<b>104.8</b>	<b>400.6</b>	<b>389.6</b>
Depreciation of tangible assets	2.7	2.8	10.4	10.6
<b>Adjusted EBITDA</b>	<b>118.5</b>	<b>107.7</b>	<b>411.0</b>	<b>400.2</b>
<b>Organic growth</b>				
Sales growth (%)	7.5	2.7	5.9	4.6
Acquired growth (%)	-1.1	-0.9	-1.3	-1.2
Currency effects in sales growth (%)	-2.0	0.7	0.3	1.0
<b>Organic sales growth (%)</b>	<b>4.4</b>	<b>2.5</b>	<b>4.9</b>	<b>4.4</b>
<b>Profit before financial items including EBIT for discontinued operations</b>				
EBIT continuing operations	97.5	86.8	334.2	323.5
EBIT discontinued operations	0.0	1.7	-1.3	0.4
<b>Total</b>	<b>97.5</b>	<b>88.5</b>	<b>333.0</b>	<b>323.9</b>

# Segment information by quarter

All amounts in SEK million, unless otherwise indicated	Q1 16/17	Q4 15/16	Q3 15/16	Q2 15/16	Q1 15/16	Q4 14/15	Q3 14/15	Q2 14/15	Q1 14/15
Net sales	2,283.6	1,951.8	1,988.9	2,236.6	2,123.6	1,758.7	1,918.8	2,188.4	2,067.5
Organic sales growth (%)	4.4	10.2	3.6	2.4	2.5	5.6	-1.1	7.0	12.0
Gross margin (%)	14.9	15.3	15.4	14.7	14.8	14.2	14.2	13.8	14.2
Adjusted EBITA	115.8	80.7	91.4	112.7	104.8	67.3	81.8	107.5	96.9
Adjusted EBITA margin (%)	5.1	4.1	4.6	5.0	4.9	3.8	4.3	4.9	4.7
<b>B2B segment</b>									
Net sales	2,113.0	1,806.2	1,847.6	2,069.4	1,980.1	1,620.5	1,779.4	2,012.4	1,914.6
Segment results	186.5	150.3	155.6	183.2	171.1	117.5	141.6	170.2	159.7
Segment margin (%)	8.8	8.3	8.4	8.9	8.6	7.3	8.0	8.5	8.3
<b>B2C segment</b>									
Net sales	170.6	145.6	141.3	167.2	143.4	138.2	139.4	176.0	153.0
Segment results	5.5	5.6	6.7	6.0	4.1	4.8	6.2	6.5	1.4
Segment margin (%)	3.3	3.8	4.7	3.6	2.9	3.4	4.5	3.7	0.9
<b>Central functions</b>									
Central functions	-76.2	-75.2	-70.9	-76.5	-70.4	-55.0	-66.0	-69.2	-64.2
Percentage of net sales	-3.3	-3.9	-3.6	-3.4	-3.3	-3.1	-3.4	-3.2	-3.1

# Definitions

**Acquired growth:** Net sales for the relevant period attributable to acquired companies in relation to net sales for the comparable period.

**Adjusted EBITA:** EBIT according to the income statement and EBIT for Financial Services, which is recognised under discontinued operations, before items affecting comparability and amortisation and impairment of intangible assets.

**Adjusted EBITDA:** EBIT according to the income statement and EBIT for Financial Services, which is recognised under discontinued operations, before items affecting comparability and amortisation/depreciation and impairment of tangible and intangible assets.

**B2B:** Pertains to all sales to companies and organisations.

**B2C:** Pertains to all sales to consumers.

**Capital employed:** Working capital plus total assets, excluding goodwill and other intangible assets attributable to acquisitions, and interest-bearing receivables pertaining to finance leasing, at the end of the period.

**Cash flow from operating activities:** Cash flow from operating activities, after changes in working capital.

**Cash flow from operating activities per share:** Cash flow from operating activities as a percentage of the average number of shares outstanding.

**Central functions:** Includes all non-allocated central expenses, including amortisation and depreciation, and excluding items affecting comparability.

**Currency effects:** The difference between net sales in SEK for the comparative period and net sales in local currencies for the comparative period converted to SEK using the average exchange rate for the relevant period.

**Dividend yield:** Dividend per share in relation to the share price at year-end.

**EBIT:** Is a measurement of the company's earnings before income tax and financial items.

**Equity/assets ratio:** Equity at the end of the period in relation to total assets at the end of the period.

**Earnings per share:** Net profit/loss in SEK in relation to average number of shares, according to IAS 34.

**Equity per share:** Equity at the end of the period in relation to the number of shares at the end of the period.

**Gross margin:** Gross profit in relation to net sales.

**Items affecting comparability:** Items affecting comparability relate to material income and expense items recognised separately due to the significance of their nature and amounts.

**Maintenance CAPEX:** Investments required to maintain current operations.

**Net debt:** Current and non-current interest-bearing liabilities, excluding acquisition-related liabilities and shareholder loans, less cash and cash equivalents and receivables from finance leasing, at the end of the period.

**Net working capital:** Total current assets less cash and cash equivalents, current financial lease assets and current non-interest-bearing liabilities, at the end of the period.

**Organic growth:** Growth in net sales for the relevant period adjusted for acquired growth and currency effects.

**Operating cash flow:** Adjusted EBITDA less maintenance investments plus cash flow from changes in working capital.

**Return on equity:** Net profit for the year in relation to equity at the end of the period.

**Sales growth:** Net sales for the relevant period in relation to net sales for the comparable period.

**Segment results:** The segment's EBIT excluding amortisation and depreciation and items affecting comparability.

# Financial calendar

## **April 5, 2017**

Interim report for the period December 1, 2016–February 28, 2017, Q2

## **July 5, 2017**

Interim report for the period March 1, 2017–May 31, 2017, Q3

## **October 18, 2017**

Year-end report for Sep 1, 2016–Aug 31, 2017, Q4

This information is information that Dustin Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 08:00 CET on January 11, 2017.

## **Dustin in brief**

Dustin is one of the leading Nordic resellers of IT products with associated services to companies, the public sector and private individuals. With its core business in e-commerce, Dustin functions as a bridge between the manufacturer's wide-ranging offerings and customer requirements, in which Dustin's employees support customers in finding the appropriate solution for them. Dustin is a one-stop-shop that offers some 200,000 products with associated services, features and solutions. Operations are conducted in Sweden, Denmark, Norway and Finland.

Sales during the 2015/16 financial year amounted to SEK 8.3 billion and the average number of employees was 944. About 90 per cent of Dustin's income derives from the B2B market with a focus on small and medium-sized businesses. Dustin Group has been listed on Nasdaq Stockholm since 2015 and has its head office in Nacka, Stockholm.

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