LIFCO

PRESENTATION INTERIM REPORT JAN-JUN 2016

15 JULY 2016

CONTENTS

MANAGEMENT AND CHAIRMAN

Fredrik Karlsson

CEO

Born: 1962

Education

- MSc in Engineering Physics, KTH Royal Institute of Technology
- MSc in Business Administration, Stockholm School of Economics

Experience

- Management Consultant at BCG 1988-1992
- President of Mercatura GmbH 1993-1998
- CEO of Lifco since 1998

Own and related parties' holdings as of 30 June 2016

331,500 Class B shares

Per Waldemarson

President Dental

Born: 1977

Education

- MSc in Business Administration, Stockholm School of Economics

Experience

- Management Consultant at Bain & Co 2002-2006
- MD of Brokk 2006-2009
- President of the Dental business area since 2009

Own and related parties' holdings as of 30 June 2016

102,700 Class B shares

Therése Hoffman

CFO

Born: 1971

Education

- International Marketing, Mälardalens Högskola

Experience

- CFO Nordenta 2007-2011
- CFO of Lifco since 2011

Own and related parties' holdings as of 30 June 2016

300 Class B shares

Carl Bennet

Chairman

Born: 1951

Other assignments

- Chairman and main owner of Getinge and Elanders
- Member of the Board of Holmen and L E Lundbergföretagen

Holdings via companies as of 30 June 2016

6,075,970 Class A shares
39,437,290 Class B shares

ORGANISED IN THREE BUSINESS AREAS

LIFCO

Sales 2016 LTM: 8,455 MSEK
EBITA 2016 LTM: 1,284 MSEK

Dental

nordenta, dab, LIC SCADENTA, InteraDent, HAMMASVÄLINE, M+W Dental wir kümmern uns, EndoMark mer än produkter, MDH AG, DIRECTA directadental.com, ahren, NETdental So einfach ist das, al dente, Dentamed, ALMASOFT, PRODENT INTERNATIONAL, JD JACOBSEN DENTAL AS, Nordenta

Leading distributors of dental products in Nordics and Germany

		% of EBITA[1]
Sales 2016 LTM:	3,445 MSEK	
EBITA 2016 LTM:	620 MSEK	45%

Demolition & Tools

BROKK®, KINSHOFER crane and excavator attachments

Leading producers of demolition robots and attachments for excavators and cranes

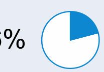
		% of EBITA[1]
Sales 2016 LTM:	1,667 MSEK	
EBITA 2016 LTM:	405 MSEK	29%

Systems Solutions

TEXOR, LEAB group, ELDAN RECYCLING, H-SYSTEM, AriVislanda, Hekotek, HEINOLA, RENHOLMEN, PROLINE

Wide range of leading systems solutions providers

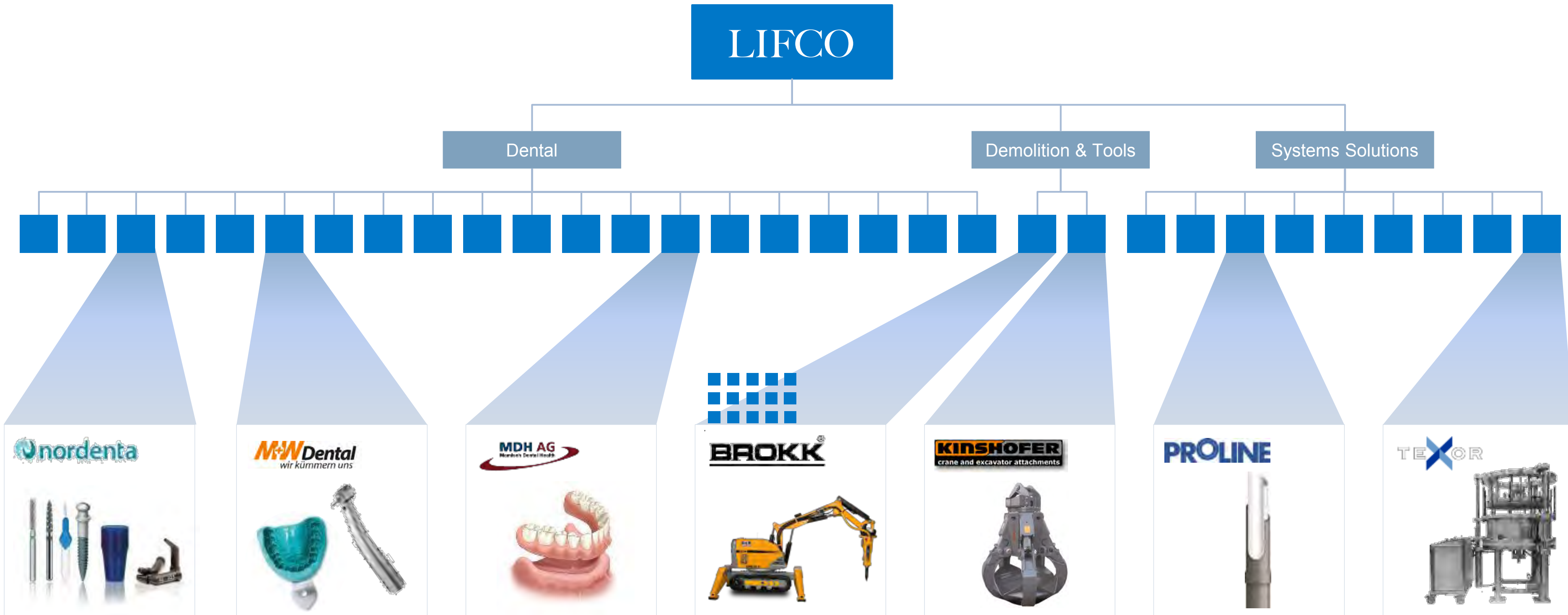
		% of EBITA[1]
Sales 2016 LTM:	3,343 MSEK	
EBITA 2016 LTM:	352 MSEK	26%



LIFCO

1 Excluding HQ costs 2015

LIFCO DEVELOPS LEADING NICHE COMPANIES



3 MANAGEMENT LAYERS

All managers have incentives connected to EBITA and working capital development

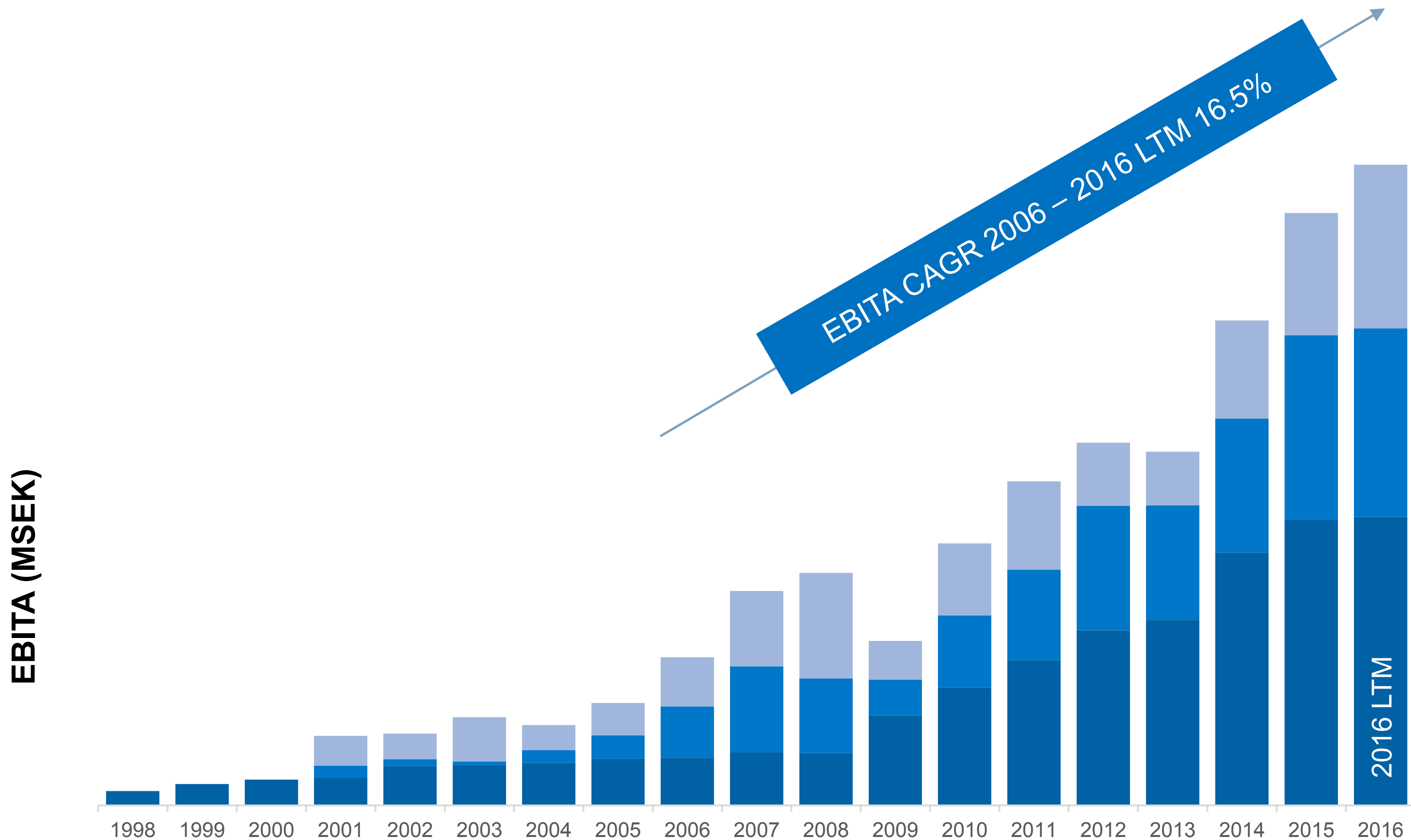
COMPANIES	COUNTRIES	EMPLOYEES[1]
133	28	3,577

1) 2016-06-30

LIFCO'S PHILOSOPHY FOR VALUE CREATION

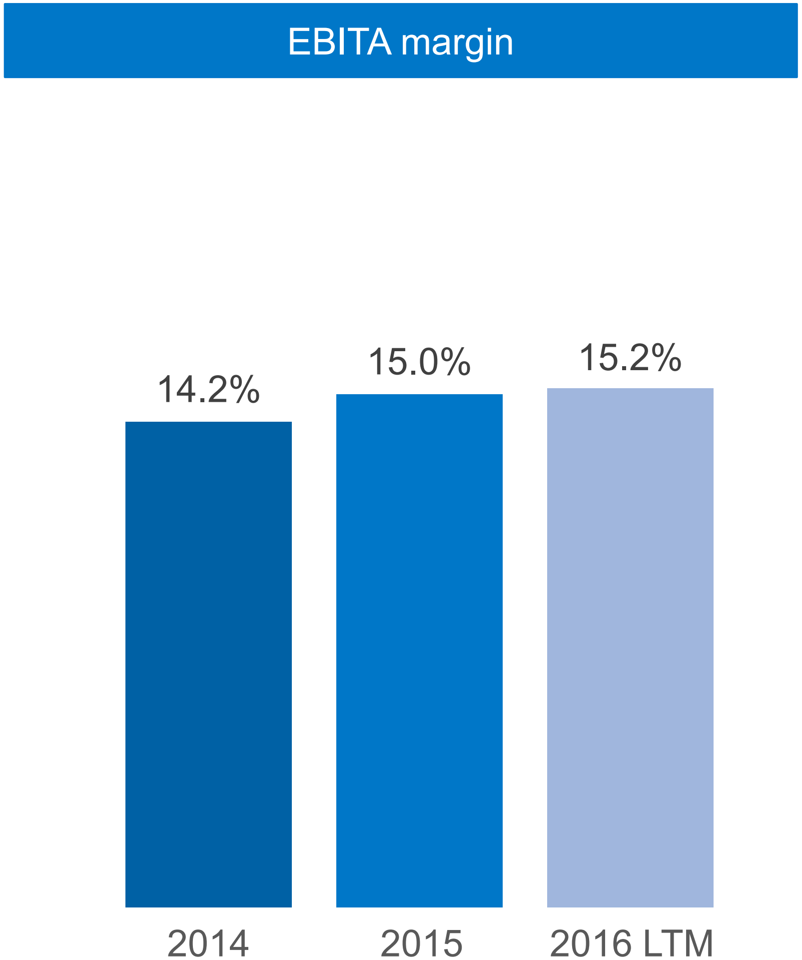
Long-term perspective	• Long-term perspective on corporate development
Focus on profitability	• Good profitability is a prerequisite for sustainable growth
Decentralized organization	• Our subsidiaries have a high degree of independence. That is the foundation for the creation of an entrepreneurial spirit. We never compromise with profitability and compliance with our code of conduct

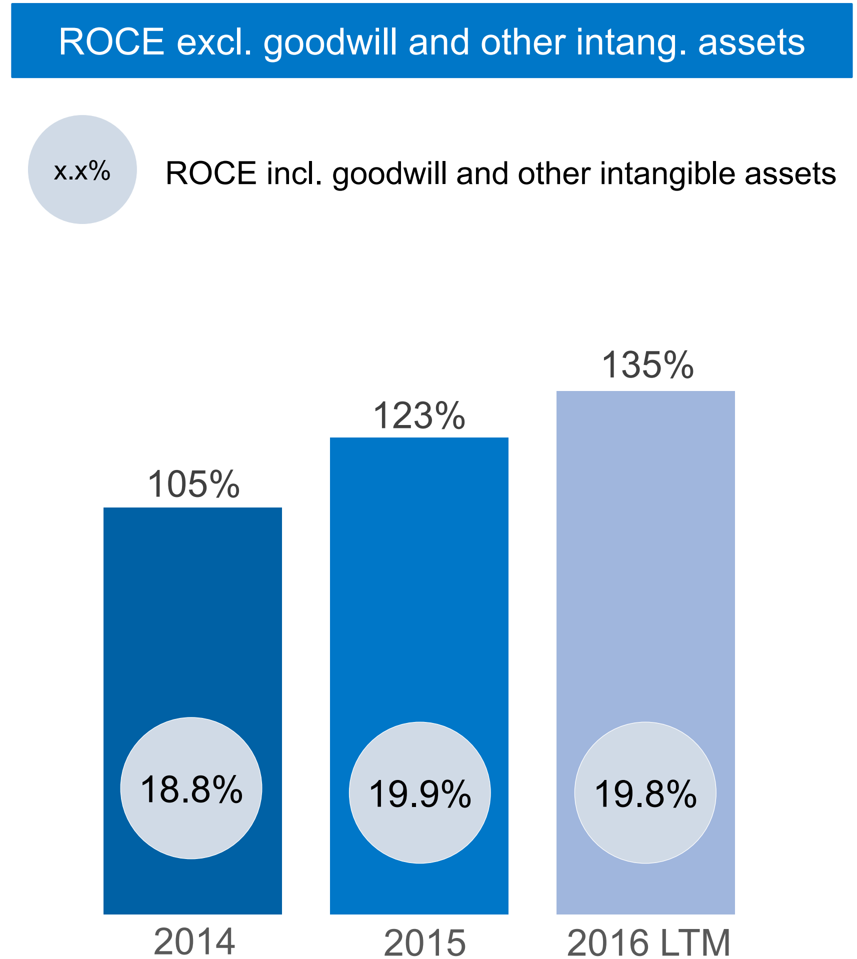
ONE TARGET: TO INCREASE PROFITS EVERY YEAR



Note: IFRS accounting since 2012, prior years Swedish GAAP.

…WHILE MAINTAINING FOCUS ON CAPITAL EMPLOYED





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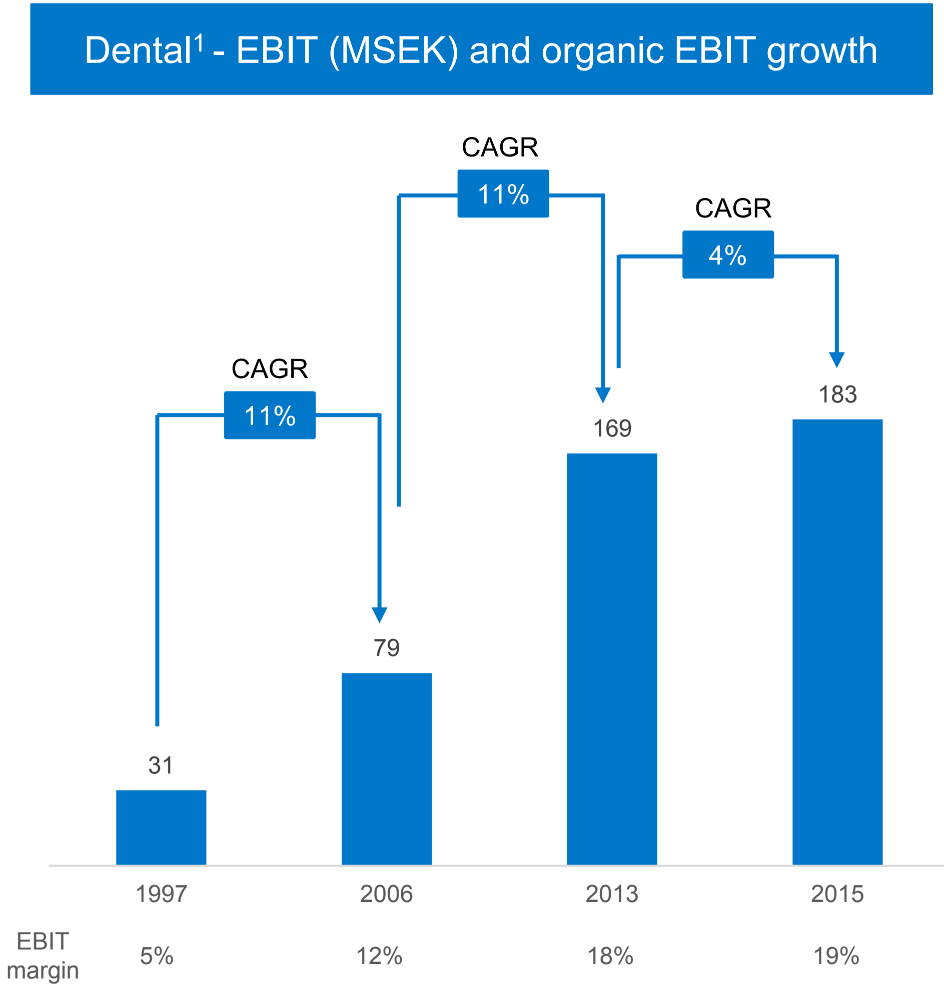
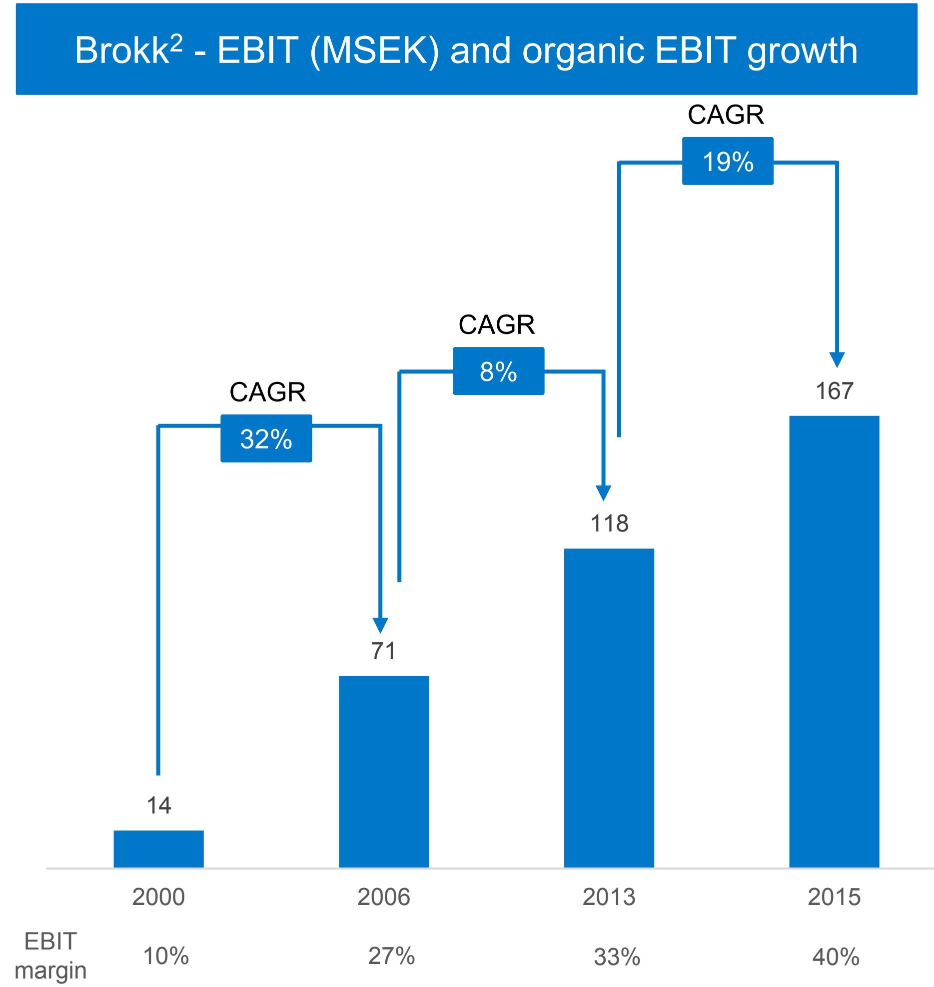
ACTIONS TO CREATE SUSTAINABLE PROFIT GROWTH

Right person in the right position	• Motivated managers who deliver results
Continuous pricing optimization	• Focus on customers with potential for sustainable profit growth
Optimized management structure	• Focus on value adding personnel and minimized bureaucracy
Outsourced non-core functions	• Focus on the value creating parts of the business
Long-term perspective	• Investments in value creating activities to secure long-term profit growth

EXAMPLES OF VALUE CREATION





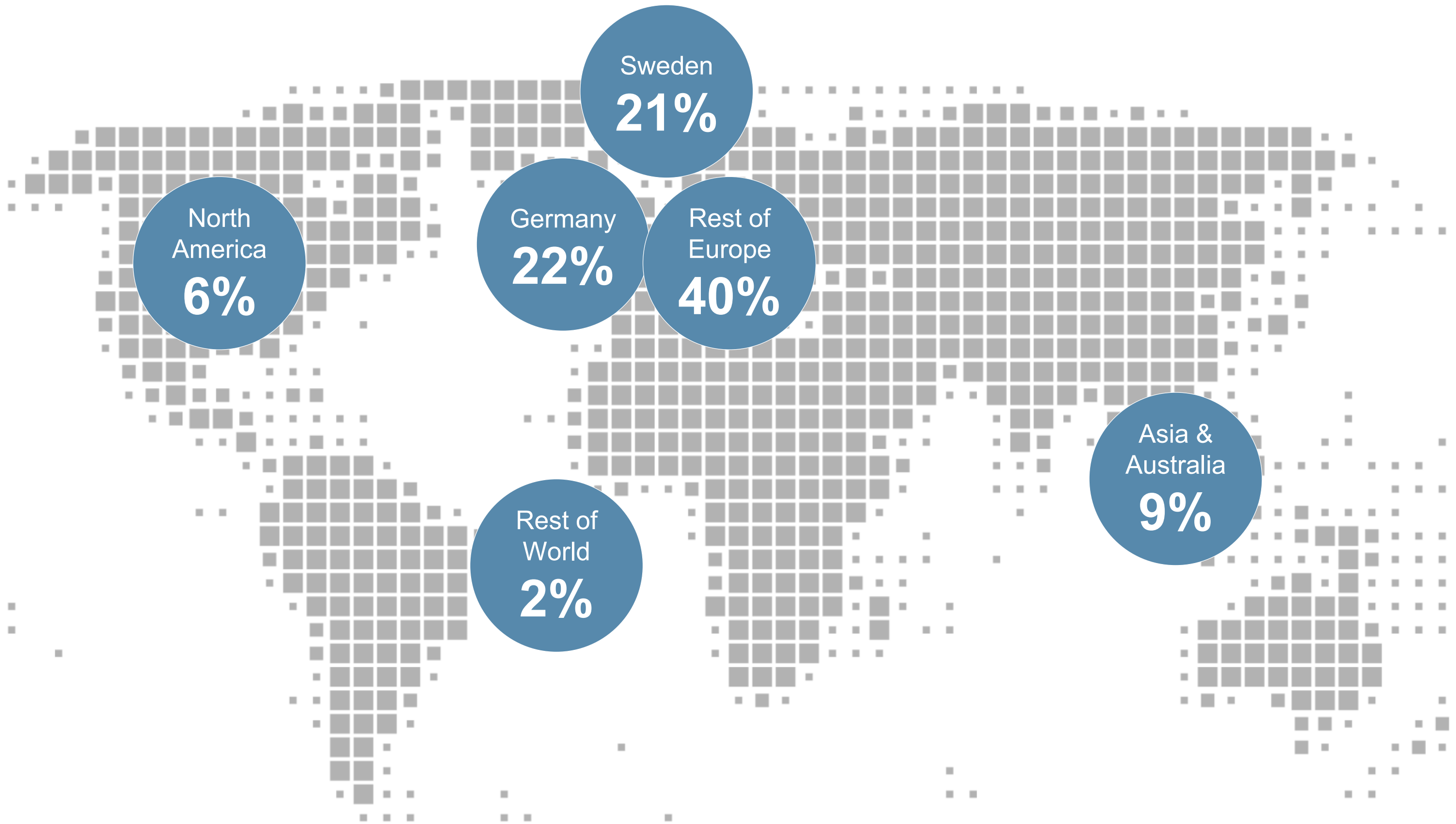
1) Companies included: Nordenta, DAB Dental, Dansk Nordenta, LIC Scadenta and Directa
2) Refers to Brokk AB

GEOGRAPHIC FOOTPRINT

Dental

Demolition & Tools

Systems Solutions



LIFCO

Note: Geographic split per 2015

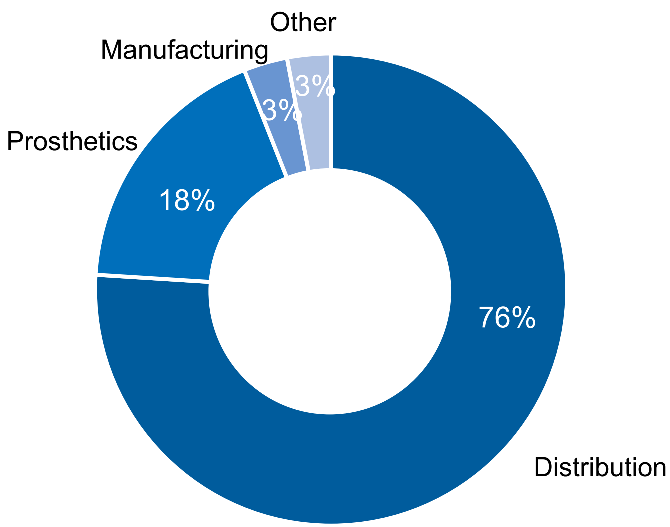
CONTENTS

DENTAL

Sales split by product category 2015

Prosthetics

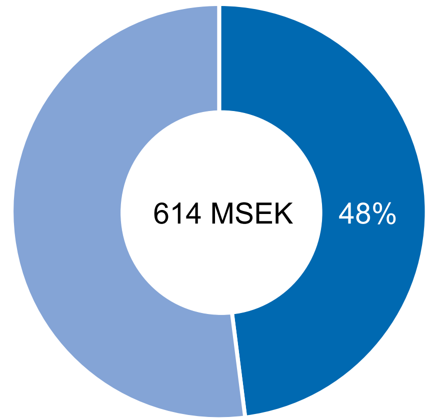
Other



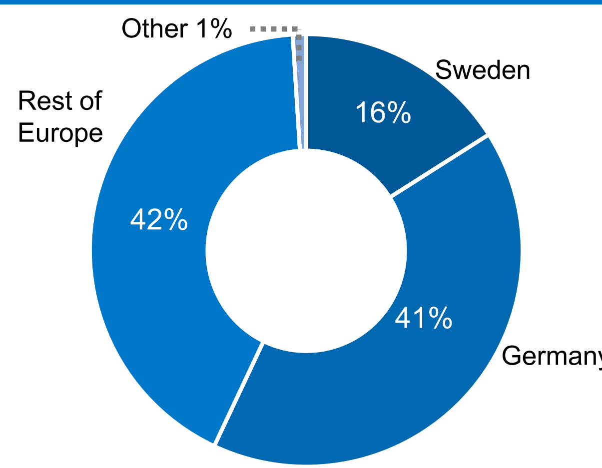
Manufacturing

Distribution

EBITA and % of total EBITA 2015



Sales split by geography 2015



1) Excluding HQ costs

DISTRIBUTOR OF BROAD RANGE OF PRODUCTS

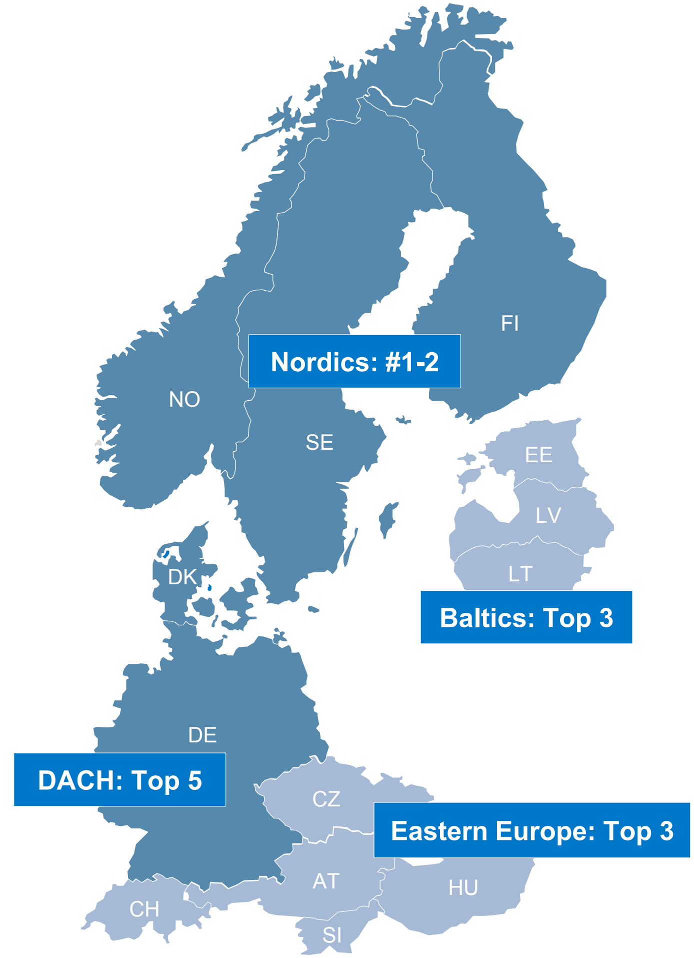
STRONG FOOTHOLD ON KEY MARKETS

Lifco's dental market presence and example of brands used in different markets

	Sweden	Norway	Denmark	Finland	Germany	Rest of Europe
Distribution of consumables	✓	✓	✓	✓	✓	✓
Distribution of equipment	✓	✓	✓	✓		✓
Prosthetics		✓			✓	
Software	✓		✓			
Example of Lifco brands	nordenta, dab, ALMASOFT	LIC SCADENTA, JD	Nordenta, al dente	HAMMASVÄLINE	M+W Dental, MDH AG	M+W Dental, PRODENT, Dentamed

Manufacturing: DIRECTA, topdental, ORSING

Lifco's market positions within dental consumables



Note: Estimated by Lifco

ATTRACTIVE POSITION IN THE VALUE CHAIN

Suppliers

- Fragmented – large number of suppliers used by each dentist
- Sound profitability

500+

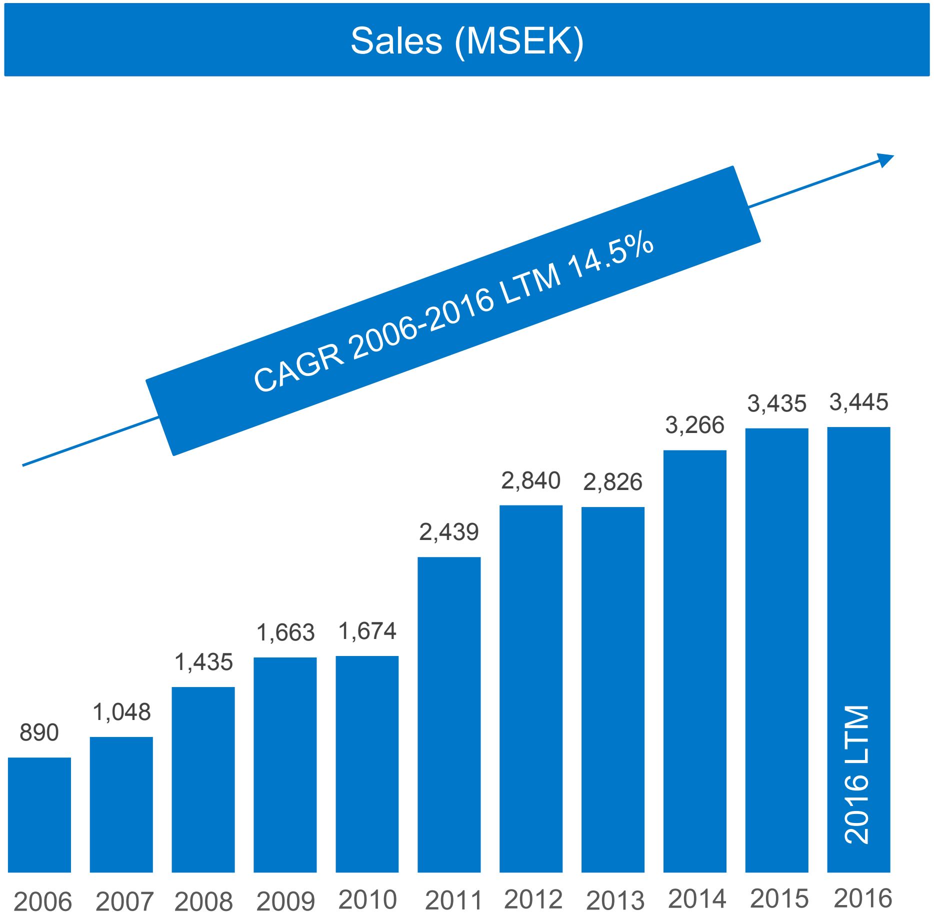
Dentists

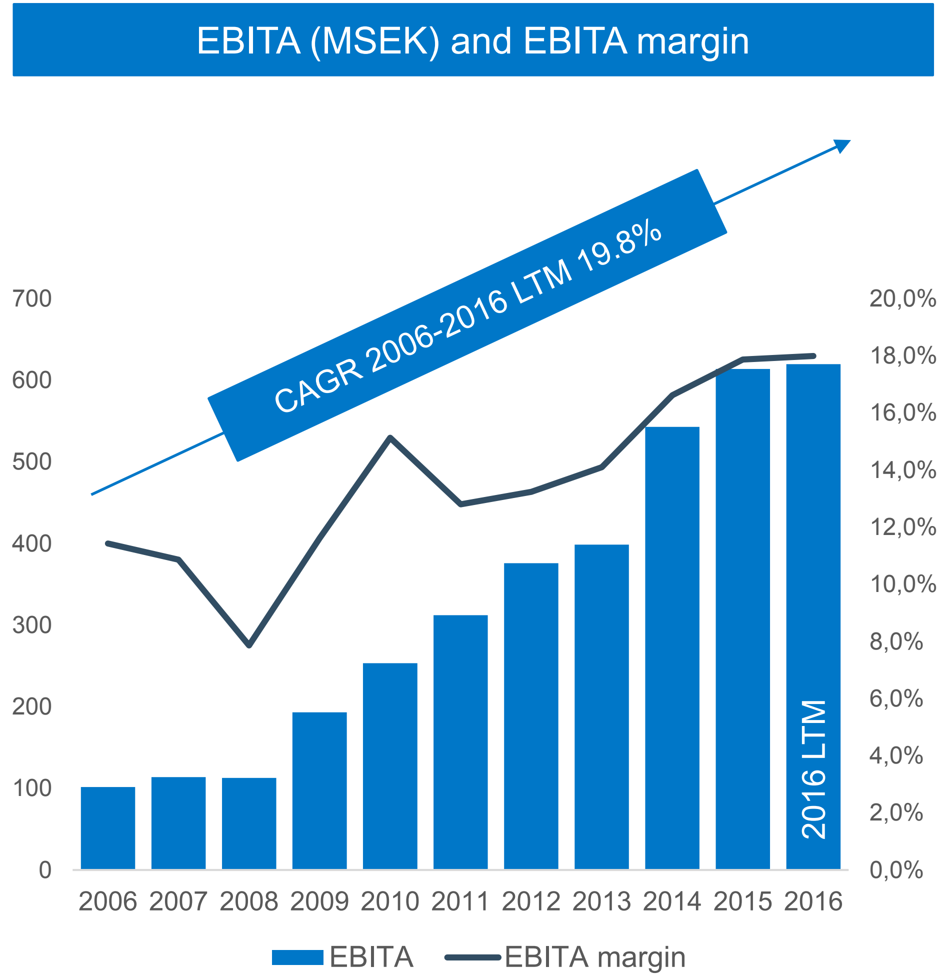
- Stable growth
- Highly fragmented
- Dependent on public financing
- Slow adoption of technical advances
- Sound profitability

40,000+

- Lifco has a strong position in the value chain
  - Sound profitability in all parts of the chain
  - Consumables account for a limited part of the dentists’ cost base
  - Highly fragmented supplier and customer markets

DENTAL FINANCIAL OVERVIEW

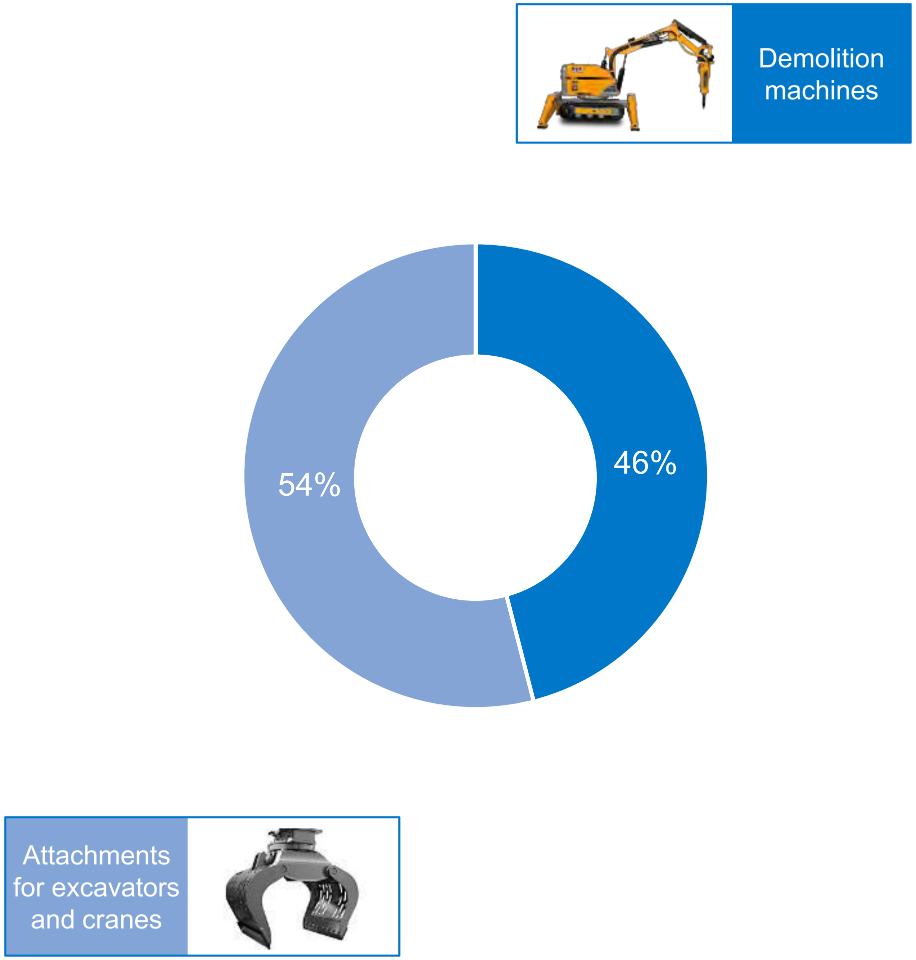




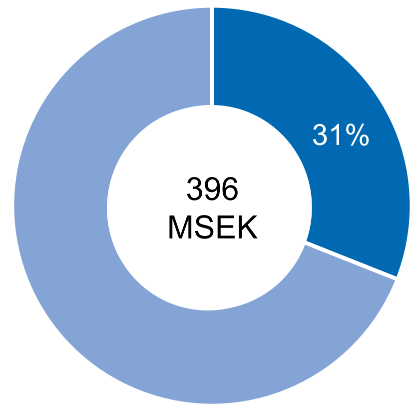
CONTENTS

DEMOLITION & TOOLS

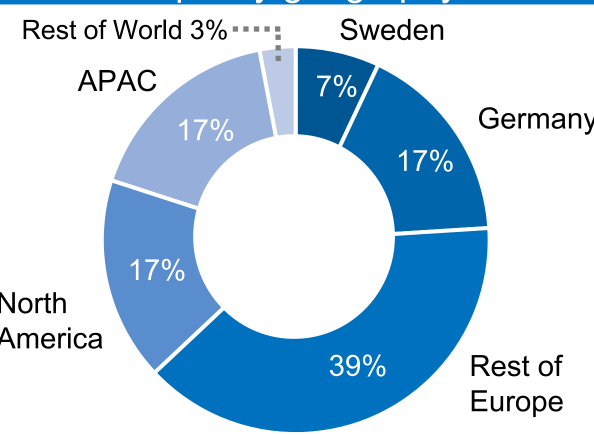
Sales split by business 2015



EBITA and % of total EBITA[1] 2015



Sales split by geography 2015



1) Excluding HQ costs

STRONG POSITION IN GLOBAL NICHE MARKETS

Demolition machines

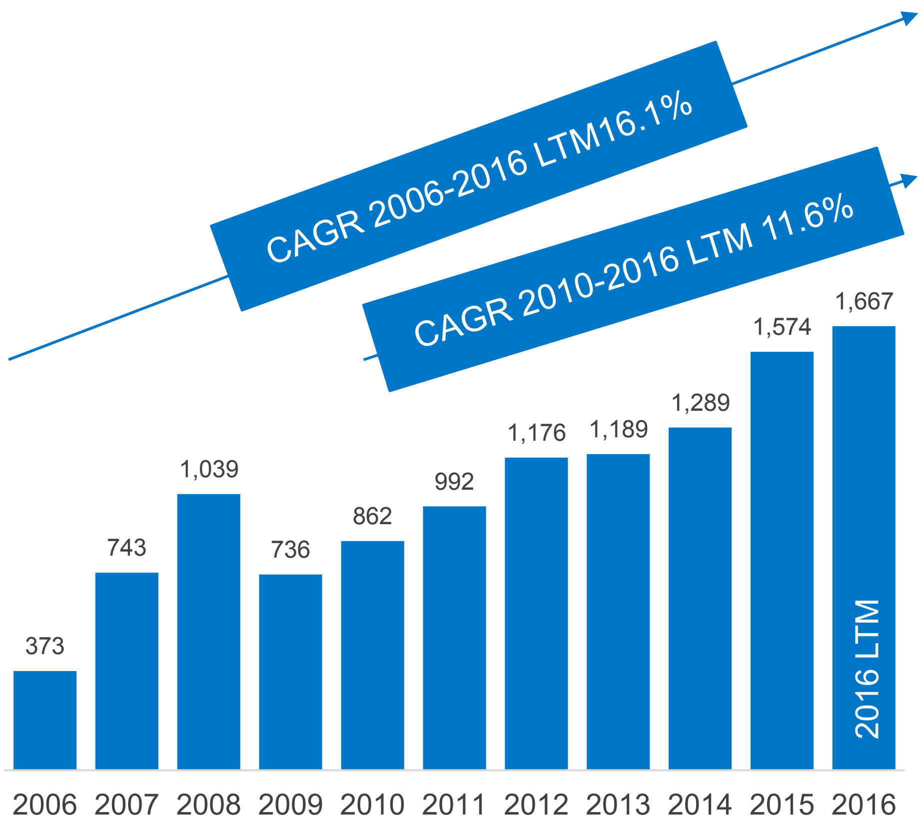
Share of sales	46%
Operations	Development, assembly and marketing of remote controlled demolition robots. Assembly in Sweden
Geographical focus	Global
Customer market	Mainly construction industry (cramped and hazardous renovation) and other application areas e.g. process industry, and decommissioning of nuclear plants
Market position	World-wide market leader

Attachments for excavators and cranes

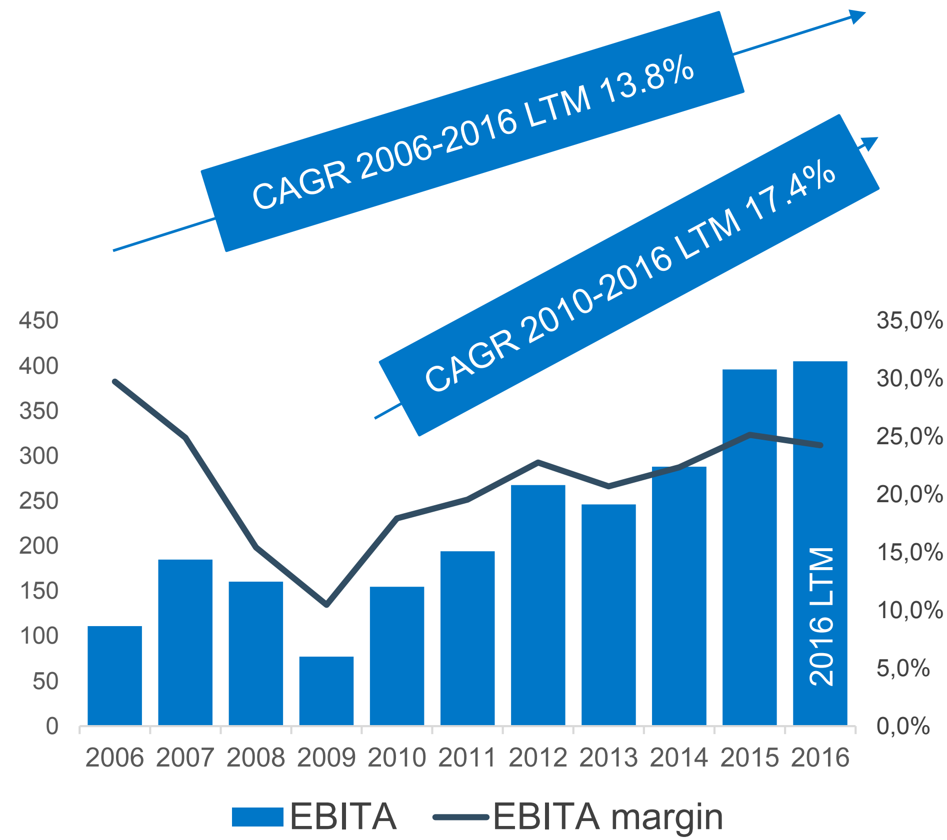
Share of sales	54%
Operations	Development, assembly and marketing of attachment for excavators and cranes. Earth drills
Geographical focus	Global
Customer market	Broad range of industries including construction, demolition, railway and scrap processing
Market position	World-wide market leader in attachments for cranes and one of the market leaders in attachments for excavators

DEMOLITION & TOOLS FINANCIAL OVERVIEW

Sales (MSEK)



EBITA (MSEK) and EBITA margin



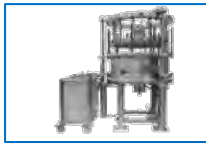
LIFCO

CONTENTS

SYSTEMS SOLUTIONS

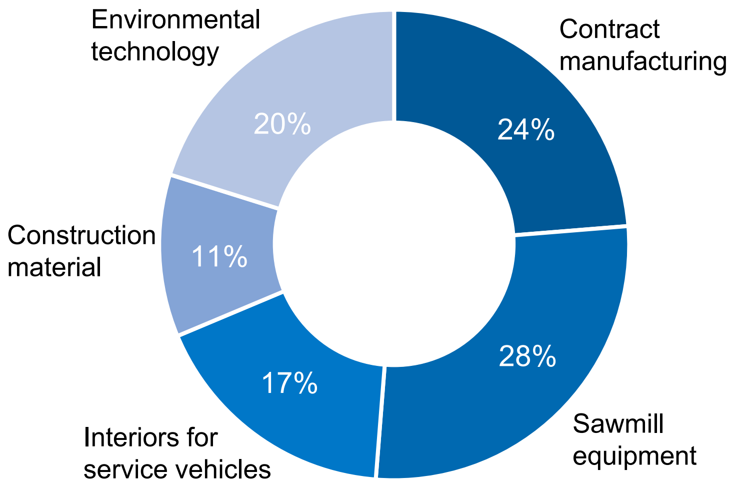
Sales split by product category 2015

Environ-
mental
technology



Contract
manufacturing

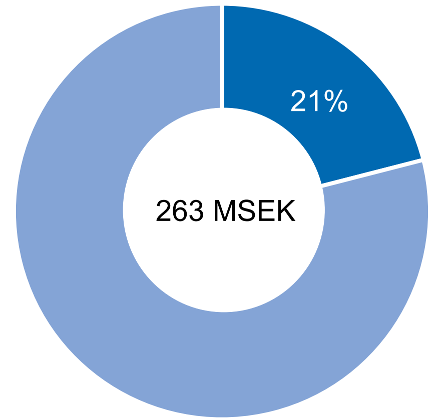
Construc-
tion
material



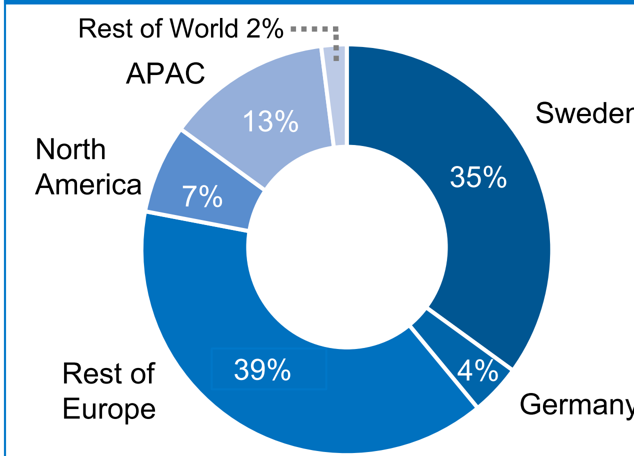
Interiors for
service
vehicles

Sawmill
equipment

EBITA and % of total EBITA 2015



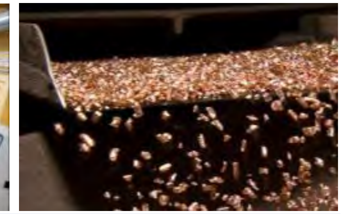
Sales split by geography 2015



1) Excluding HQ costs

LIFCO

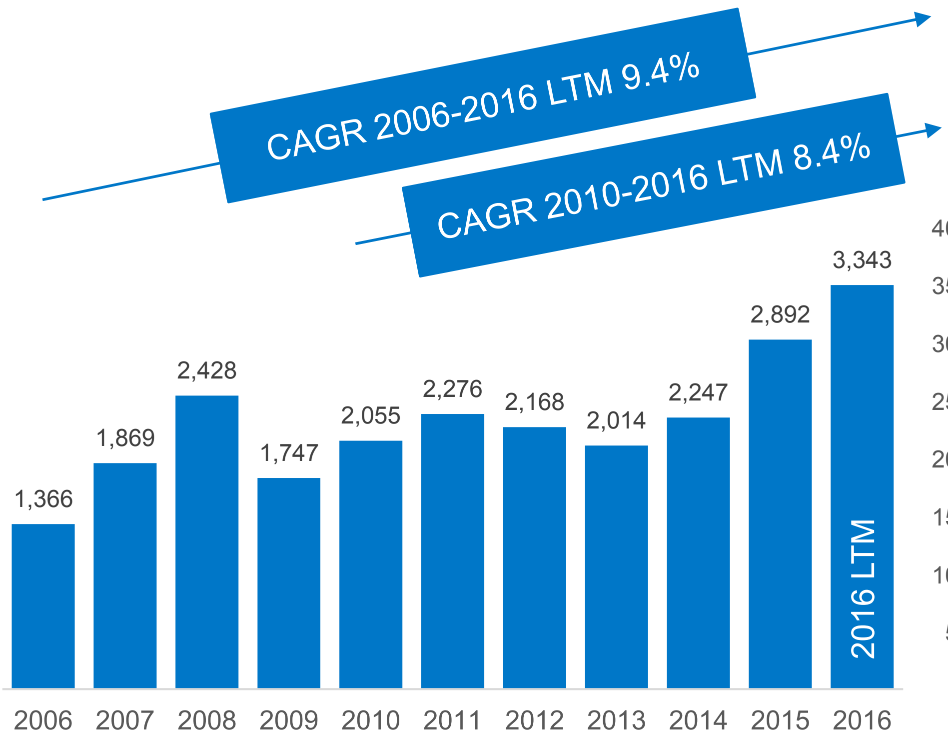
LEADING COMPANIES WITHIN SPECIFIC NICHES

	Contract manufacturing	Construction material	Interiors for vehicles	Sawmill equipment	Environmental technology
					
Share of sales 2015	• 24%	• 11%	• 17%	• 28%	• 20%
Operations	• Contract manufacturing of electrical components and products	• Replacement of runoff water and drainage plumbing; supplier of low voltage electrical supplies	• Interior modules for light trucks	• Equipment for sawmills	• Equipment for recycling plants and cables
Geographic focus	• Nordics	• Europe	• Europe	• Nordics, Baltics and Russia	• Global
Customer markets	• Mainly companies within heavy industry and medical technology	• Private and professional property owners; the professsional power industry	• Mainly energy and construction companies	• Sawmills	• Recycling companies
Market position	• Lifco is one of the leading companies in specific product areas	• Lifco is one of the leading companies in its markets	• Lifco is one of the leading companies in its markets	• Lifco is one of the leading companies in its markets	• Lifco is one of the leading companies in specific product areas i.e. tire and cable recycling

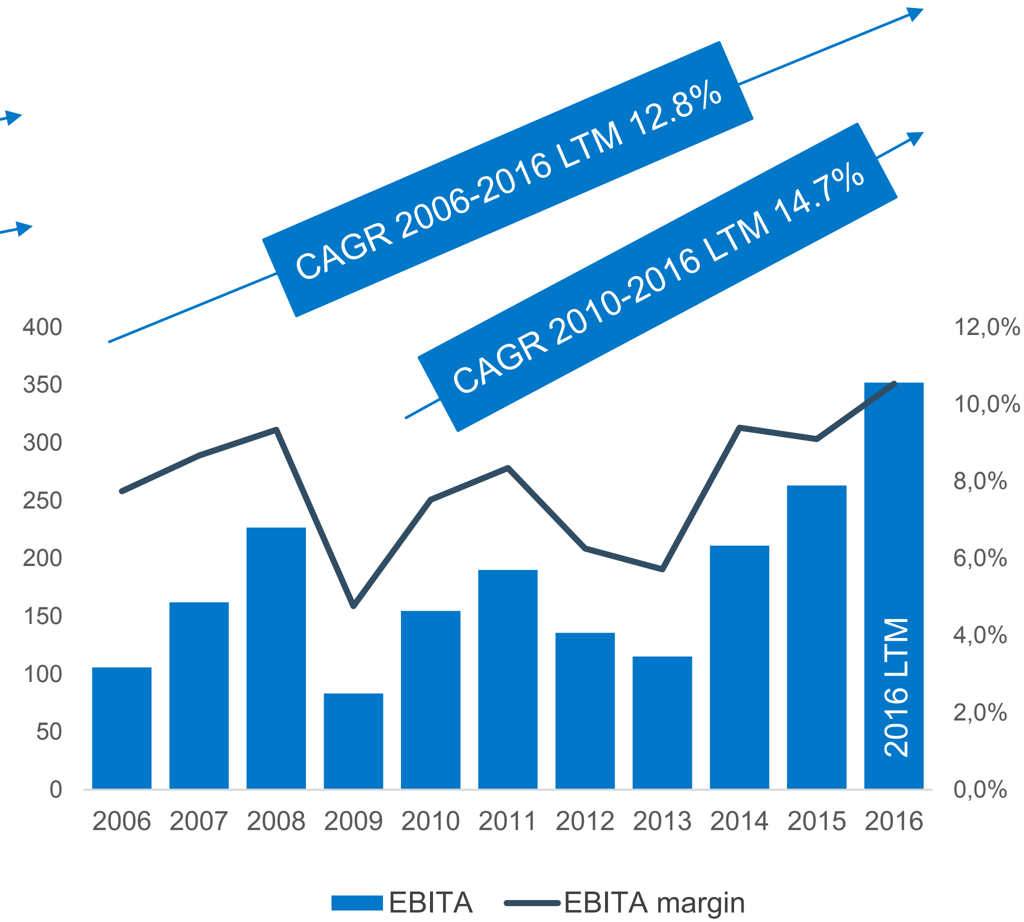
Source: Market position based on Lifco estimates

SYSTEMS SOLUTIONS FINANCIAL OVERVIEW

Sales (MSEK)



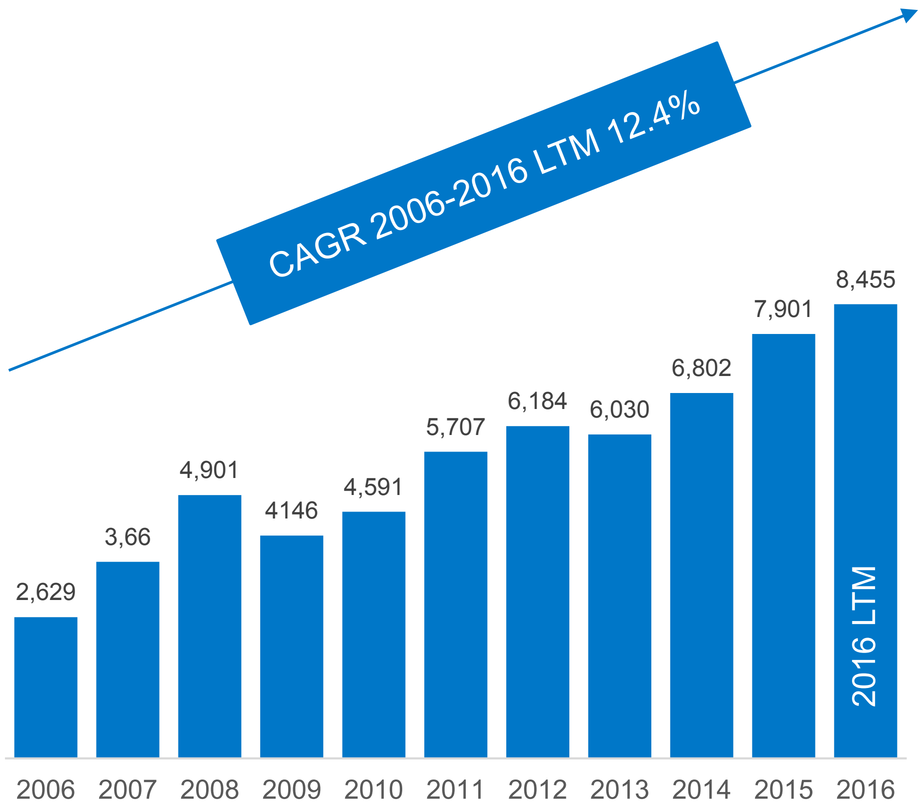
EBITA (MSEK) and EBITA margin



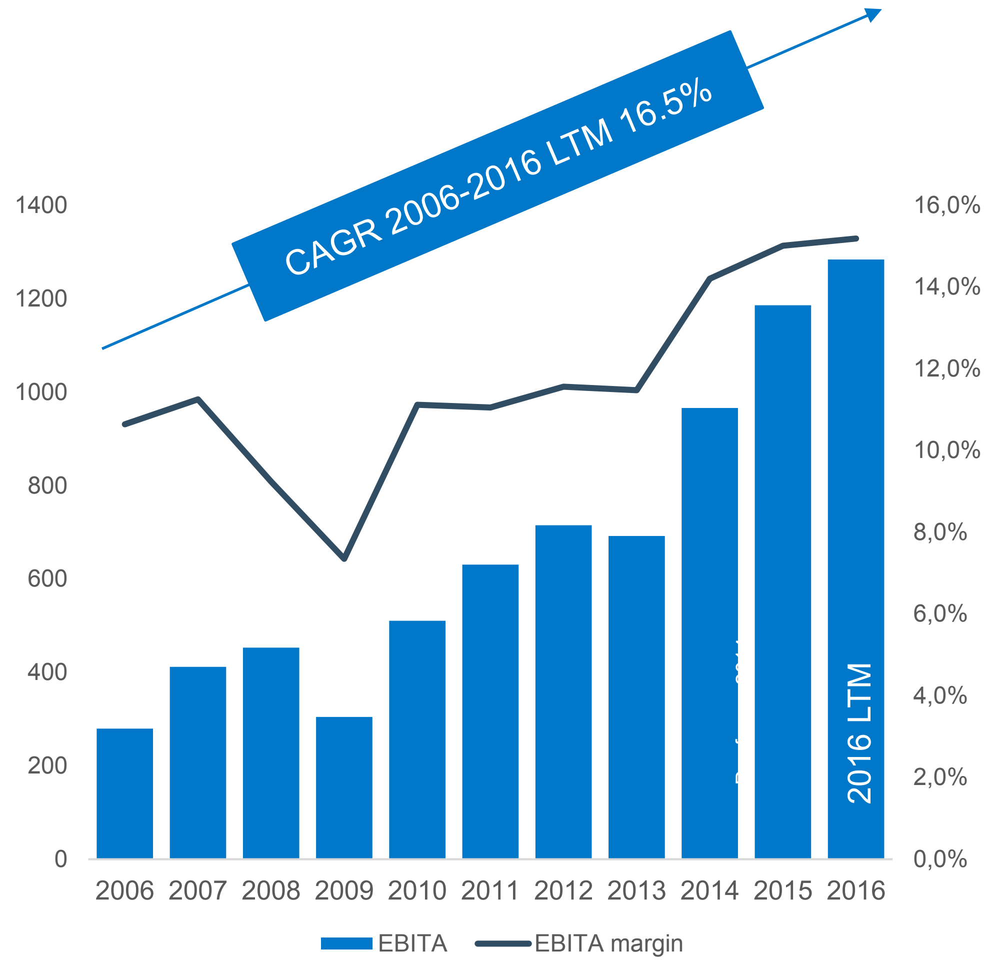
CONTENTS

LIFCO GROUP FINANCIAL OVERVIEW

Sales (MSEK)



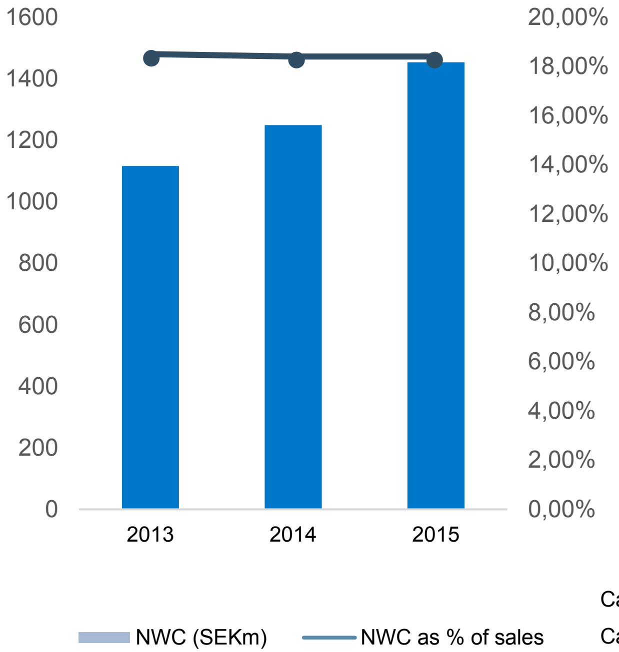
EBITA (MSEK) and EBITA margin



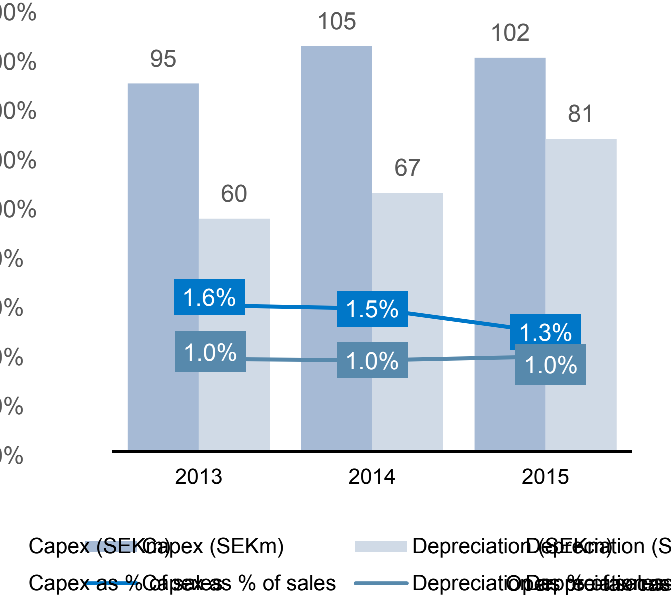
LIFCO

STRONG CASH FLOW GENERATION

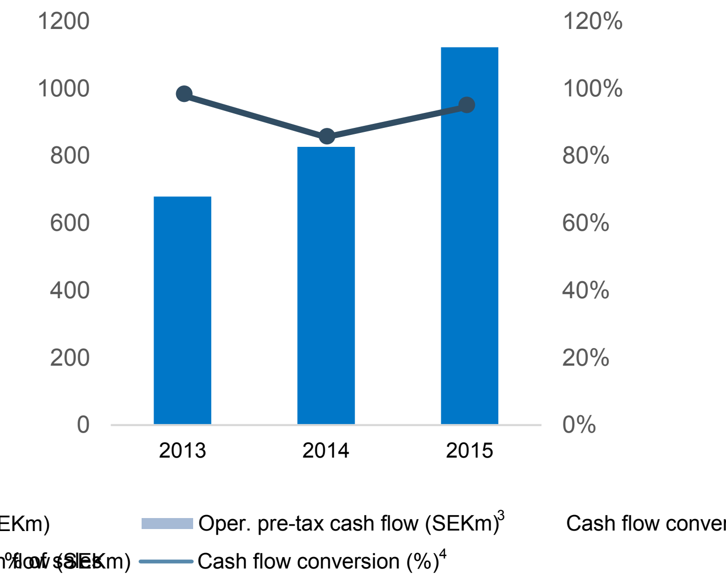
Core net working capital[1]



Capex and depreciation[2]



Operating pre-tax cash flow



1,212

907

- Focus on working capital through mathematical depreciation of inventory and receivables

- Low required maintenance capex within the group
- Due to outsourcing of a large share of basic manufacturing, investments in subsidiaries with own production can be minimised

- High cash conversion as a result of focus on asset light operations combined with tight control of working capital

75 75 65 65 60 60 74 74 50 50

1) Refers to investments in and depreciation of tangible fixed assets
2) Operating pre-tax cash flow defined as EBITDA – change in NWC (according to cash flow statement) – investments in tangible fixed assets
3) Cash flow conversion defined as operating pre-tax cash flow divided by EBITA

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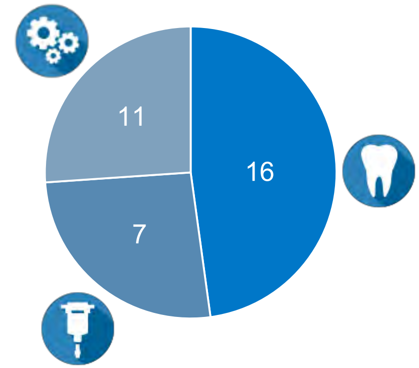
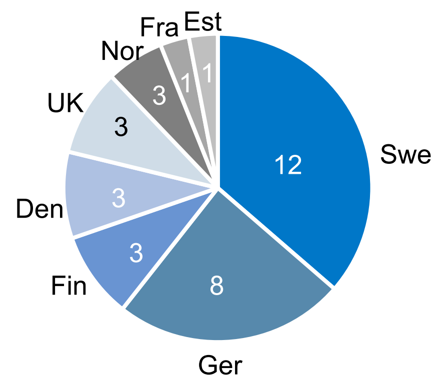
OVERVIEW OF ACQUISITIONS 2006-2014

Year	Company	Description	Type	Country	Sales at acquisition
2006	Darda	Producer of attachments for demolition robots	Demolition & Tools	Germany	MEUR 8
	Dental Prime	Distributor of dental equipment and services	Dental	Finland	MEUR 3
	Elektronikprodukter i Järlåsa	Producer of high quality electronics	Systems Solutions	Sweden	MSEK 30
2007	Hekotek	Producer of sawmill equipment	Systems Solutions	Estonia	MEUR 13
	Kinshofer	Producer of tools for excavators and cranes	Demolition & Tools	Germany	MEUR 66
	Oriola Dental	Distributor of consumables and equipment	Dental	Finland	MEUR 45
	Plass Data Dental	Producer of IT-systems for dental clinics	Dental	Denmark	MDKK 7
	Proline	Relining of plumbing systems	Systems Solutions	Sweden	MSEK 120
	Safe Dental	IT services to dental clinics	Dental	Sweden	MSEK 2
	Zetterströms Rostfria	Producer of quality products in stainless steel	Systems Solutions	Sweden	MSEK 50
2008	Endomark	Distributor of consumables and equipment	Dental	Sweden	MSEK 9
	Tevo	Producer of interiors for vehicles	Systems Solutions	UK	MGBP 8
	XO Care Denmark A/S	Distributor of dental equipment and services	Dental	Denmark	MDKK 77
2009	Aponox	Producer of tools for excavators and cranes	Demolition & Tools	Finland	-
	Ellman Produkter	Distributor of consumables	Dental	Sweden	MSEK 43
	Interdental	Distributor of prosthetics	Dental	Norway	MSEK 10
2010	ATC	Distributor of Brokk machines	Demolition & Tools	France	MEUR 5
2011	EDP	Distributor of consumables and equipment	Dental	Germany	MEUR 119
	NETdental	Distributor of consumables	Dental	Germany	MEUR 20
	RF-System	Producer of tools for excavators and cranes	Demolition & Tools	Sweden	MSEK 80
	Wintech	Producer of high quality electronics	Systems Solutions	Sweden	MSEK 125
2012	Ahlberg Cameras	Producer of camera systems for the nuclear industry	Demolition & Tools	Sweden	MSEK 73
2014	MDH	Producer of dental prosthetics	Dental	Germany	MEUR 44

Segment split - # of acquisitions



Country split - # of acquisitions



- Majority of acquisitions have been add-ons to existing companies – but most continue to be operated autonomously

OVERVIEW OF ACQUISITIONS 2015-

Year	Company	Description	Type	Country	Sales at acquisition
2015	Auger Torque	Producer of earth drills	Demolition & Tools	UK	MGBP 10
	Auto-Maskin	Diesel control units for marine use	Systems Solutions	Norway	MNOK 130
	Endodonti products	Dental products	Dental	Sweden	MSEK 10
	J.H. Orsing	Dental products	Dental	Sweden	MSEK 20
	Preventum Partner	Accounting services & quality systems	Dental	Sweden	MSEK 10
	Rapid Granulator	Manufacturer of granulators	Systems Solutions	Sweden	MSEK 300
	Sanistål interior for vehicles	Producer of interiors for vehicles	Systems Solutions	Denmark	MDKK 25
	Smilodent	Dental products	Dental	Germany	MEUR 4.8
	Top Dental	Manufacturer of disinfectants	Dental	UK	MGBP 3.4
2016	Cenika AS	Electrical equipment for low voltage	Systems Solutions	Norway	MNOK 160
	Dens Esthetix	Prosthetics	Dental	Germany	MEUR 1.4
	Praezimed	Service of dental instruments	Dental	Germany	MEUR 2.5
	Redoma Recycling	Producer of recycling machines for cables	Systems Solutions	Sweden	MSEK 25
	TMC/Nessco	Supplier of marine compressors and spare parts	Systems Solutions	Norway	MNOK 525

FINANCIAL TARGETS

Growth in EBITA	• Organic growth in EBITA in excess of GDP growth in relevant geographies • Acquisitions to add additional growth
EBITA/Capital employed[1]	• More than 50%
Net debt/EBITDA	• Normally in the range 2-3x
Dividend policy as % of net profit	• Distribute 30-50% of net profit

1) Excluding goodwill and other intangible assets

KEY CONSIDERATIONS

- Wide diversification with regards to customers, geography, products and suppliers.
- Strong market positions in the Nordic markets in the Dental segment (top 2-3) and Demolition & Tools segment (global #1)
- Diversification and cash flow focus support low cyclicality, the Dental segment is essentially non-cyclical
- Solid history of generating stable EBITDA margins and underlying, organic earnings growth.
- Strong cash flow and deleveraging capabilities
- Strong, long-term majority owner
- Proven track record of acquisition driven strategy

FINANCIALS FY, Q2 AND JAN-JUN 2016

GROUP	FY 2014	FY 2015	Change	Q2 2016	Q2 2015	Change	Jan-Jun 2016	Jan-Jun 2015	Change
Net sales, MSEK	6,802	7,901	16.2%	2,373	2,122	11.8%	4,424	3,870	14.3%
EBITA, MSEK	966	1,186	22.8%	407	341	19.4%	681	583	16.9%
EBITA margin	14.2%	15.0%	0.8	17.2%	16.1%	1.1	15.4%	15.1%	0.3

DENTAL	FY 2014	FY 2015	Change	Q2 2016	Q2 2015	Change	Jan-Jun 2016	Jan-Jun 2015	Change
Net sales, MSEK	3,266	3,435	5.2%	904	869	4.0%	1,773	1,763	0.5%
EBITA, MSEK	543	614	13.0%	172	153	13.0%	328	322	1.6%
EBITA margin	16.6%	17.9%	1.3	19.1%	17.6%	1.5	18.5%	18.3%	0.2

DEMOLITION & TOOLS	FY 2014	FY 2015	Change	Q2 2016	Q2 2015	Change	Jan-Jun 2016	Jan-Jun 2015	Change
Net sales, MSEK	1,289	1,574	22.1%	469	430	9.0%	853	760	12.3%
EBITA, MSEK	288	396	37.5%	114	117	-2.8%	193	184	5.1%
EBITA margin	22.3%	25.1%	2.8	24.3%	27.3%	-3.0	22.6%	24.2%	-1.6

SYSTEMS SOLUTIONS	FY 2014	FY 2015	Change	Q2 2016	Q2 2015	Change	Jan-Jun 2016	Jan-Jun 2015	Change
Net sales, MSEK	2,247	2,892	28.7%	1,000	823	21.5%	1,798	1,348	33.5%
EBITA, MSEK	211	263	25.0%	145	92	57.4%	208	119	74.9%
EBITA margin	9.4%	9.1%	-0.3	14.5%	11.2%	3.3	11.6%	8.8%	2.8

LIFCO GROUP BALANCE SHEET

Comments

- Interest bearing net debt increased 908 MSEK to 2,858 MSEK due to acquisitions of 1.2 BSEK
- At the end of the quarter, Lifco had significant financial scope for new acquisitions and still keep Net debt/EBITDA below 3x
- ROCE excluding goodwill and other intangible assets 135% (123% Dec 31, 2015) – target >50%
- Net debt/EBITDA 2.1x (target 2-3x)

Balance sheet

	30 Jun 2016	30 Jun 2015	31 Dec 2015
Intangible fixed assets	6,063	4,961	5,010
Tangible fixed assets	454	418	417
Financial assets	96	59	87
Inventory	1,130	999	960
Accounts receivable	1,122	930	863
Other receivables	304	310	257
Cash and cash equivalents	428	537	464
Total assets	**9,597**	**8,214**	**8,058**
Shareholders' equity	4,226	3,576	3,964
Interest-bearing liabilities	3,302	2,956	2,444
Other liabilities and provisions	494	313	371
Accounts payable	550	422	370
Other short-term liabilities	1,025	947	909
Total equity and liabilities	**9,597**	**8,214**	**8,058**
Net debt	2,858	2,389	1,950
Net debt/EBITDA	2.1x	2.0x	1.5x
Capital employed excl. goodwill and other intang. assets	952	932	966
ROCE excl. goodwill and other intangible assets	135%	116%	123%
Capital employed incl. goodwill and other intang. assets	6,479	5,725	5,965
ROCE incl. goodwill and other intangible assets	19.8%	18.9%	19.9%

GROWTH OR PROFIT? PROFIT GROWTH!

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