

LIFCO

PRESENTATION

INTERIM REPORT JANUARY—SEPTEMBER 2017

26 OCTOBER 2017

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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 31 December 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 31 December 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 31 December 2016

300 Class B shares



Ingvar Ljungqvist

Head of Acquisitions

Born: 1960

Education

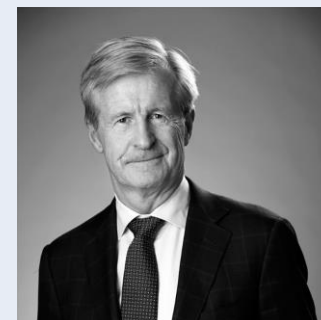
- MSc in Aeronautical Engineering, KTH Royal Institute of Technology

Experience

- Pareto, SEB-Enskilda New York, IBM, Boeing

Own and related parties' holdings as of 31 December 2016

30,300 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 31 December 2016

6,075,970 Class A shares

39,437,290 Class B shares

ORGANISED IN THREE BUSINESS AREAS

LIFCO

Sales 2017 LTM: 9,676 MSEK
EBITA 2017 LTM: 1,602 MSEK

Dental




Demolition & Tools



Systems Solutions



Leading distributors of dental products in Nordics and Germany

		<u>% of EBITA¹</u>	
Sales 2017 LTM:	3,823 MSEK		
EBITA 2017 LTM:	700 MSEK	41%	

Leading producers of demolition robots and attachments for excavators and cranes

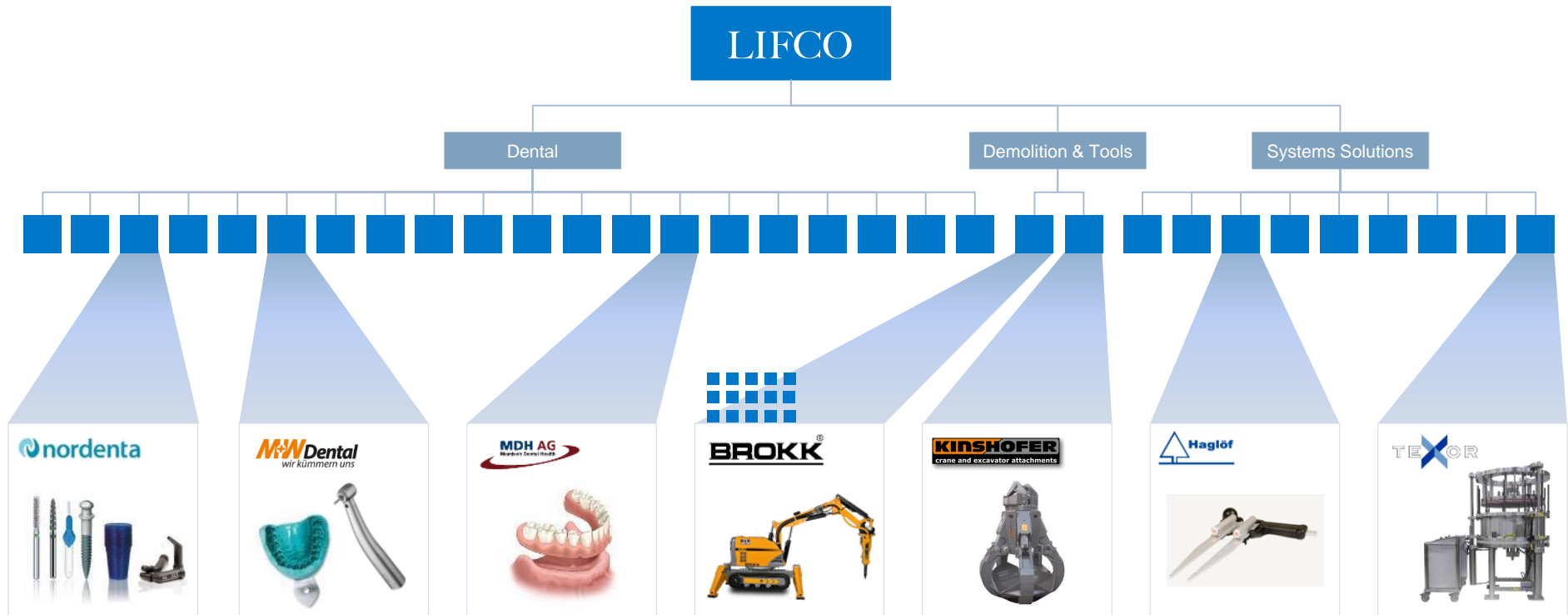
		<u>% of EBITA¹</u>	
Sales 2017 LTM:	2,069 MSEK		
EBITA 2017 LTM:	510 MSEK	30%	

Wide range of leading systems solutions providers

			<u>% of EBITA¹</u>
Sales 2017 LTM:	3,784 MSEK		
EBITA 2017 LTM:	494 MSEK	29%	

¹ Excluding HQ costs .
LTM = Last Twelve Months

LIFCO DEVELOPS LEADING NICHE COMPANIES



3 MANAGEMENT LAYERS

All managers have incentives connected to EBITA and working capital development

COMPANIES

 **132**

COUNTRIES

 **26**

EMPLOYEES¹⁾

 **4,632**

LIFCO'S PHILOSOPHY FOR VALUE CREATION

Long-term perspective

- Long-term perspective on corporate development

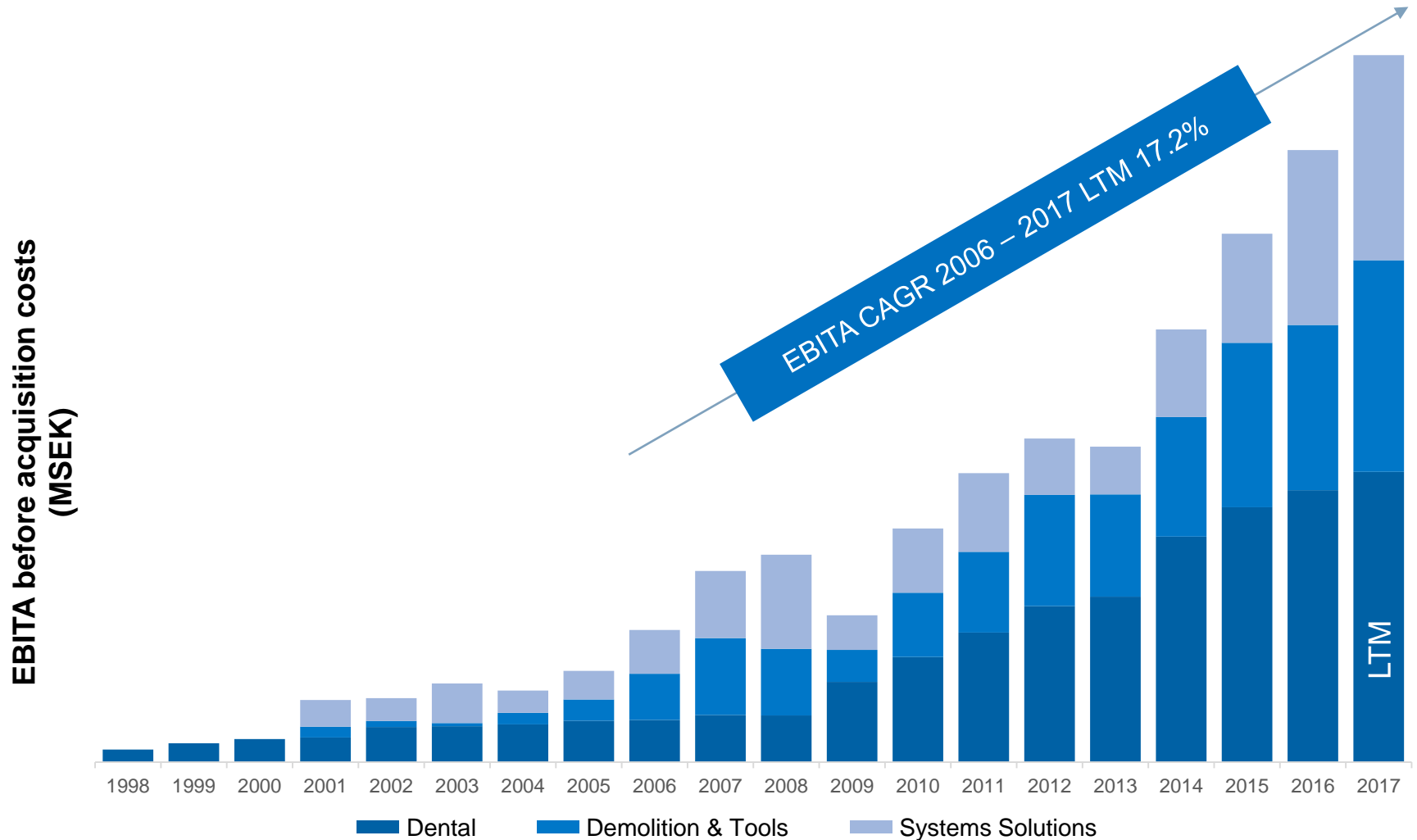
Focus on profitability

- 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

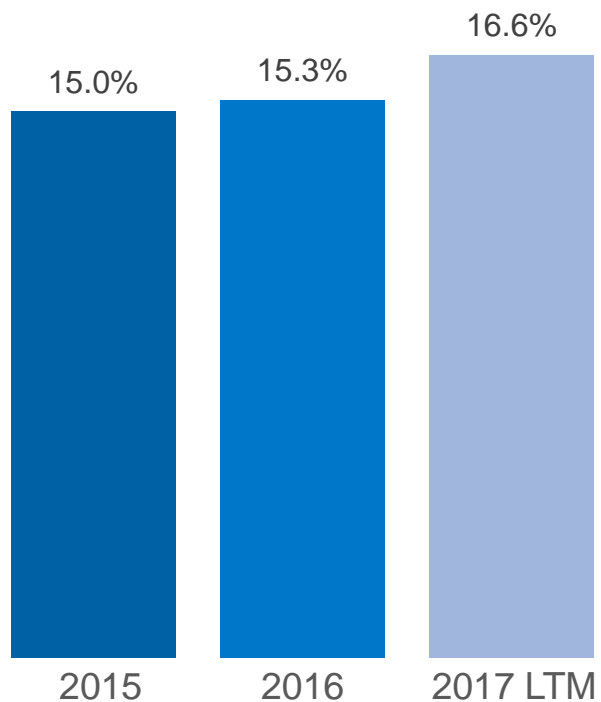
ONE TARGET: TO INCREASE PROFITS EVERY YEAR



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

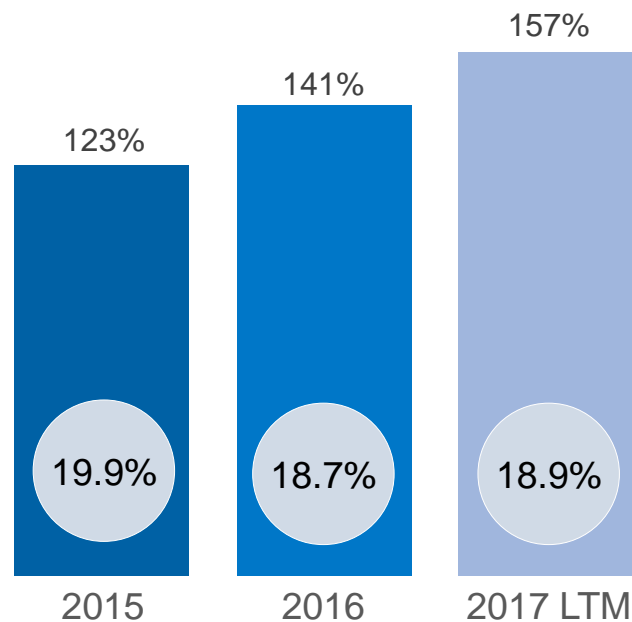
MAINTAINING FOCUS ON CAPITAL EMPLOYED

EBITA margin



ROCE excl. goodwill and other intang. assets

x.x% ROCE incl. goodwill and other intangible assets



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

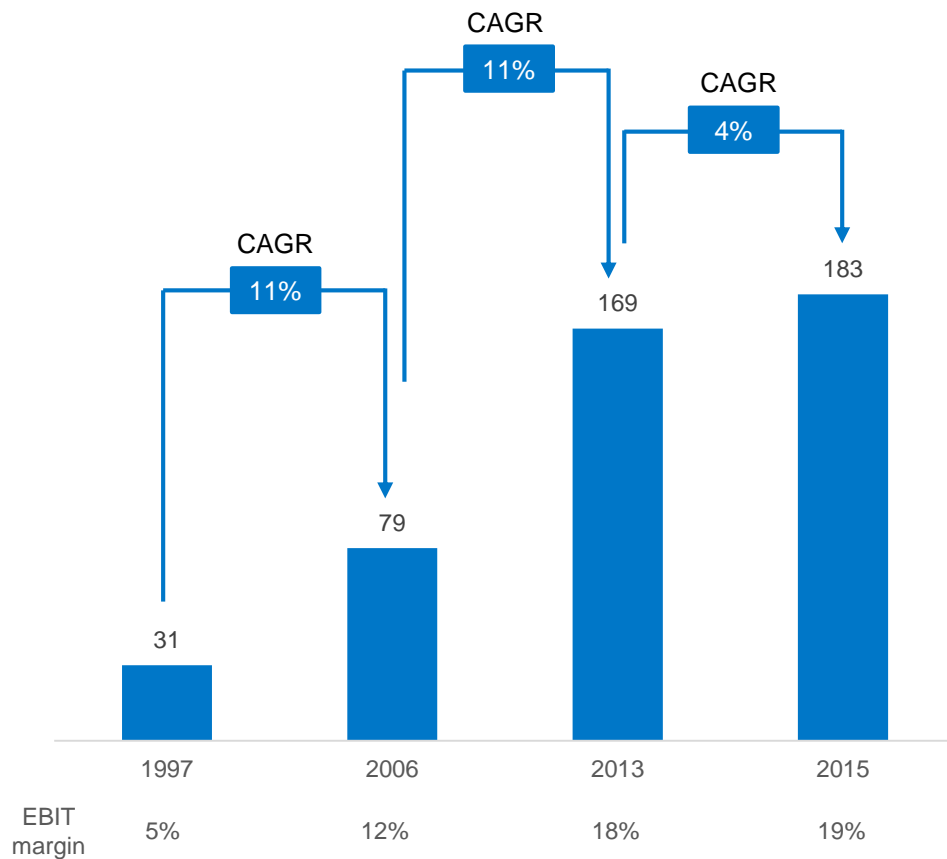
- Focus on the value creating parts of the business

Long-term perspective

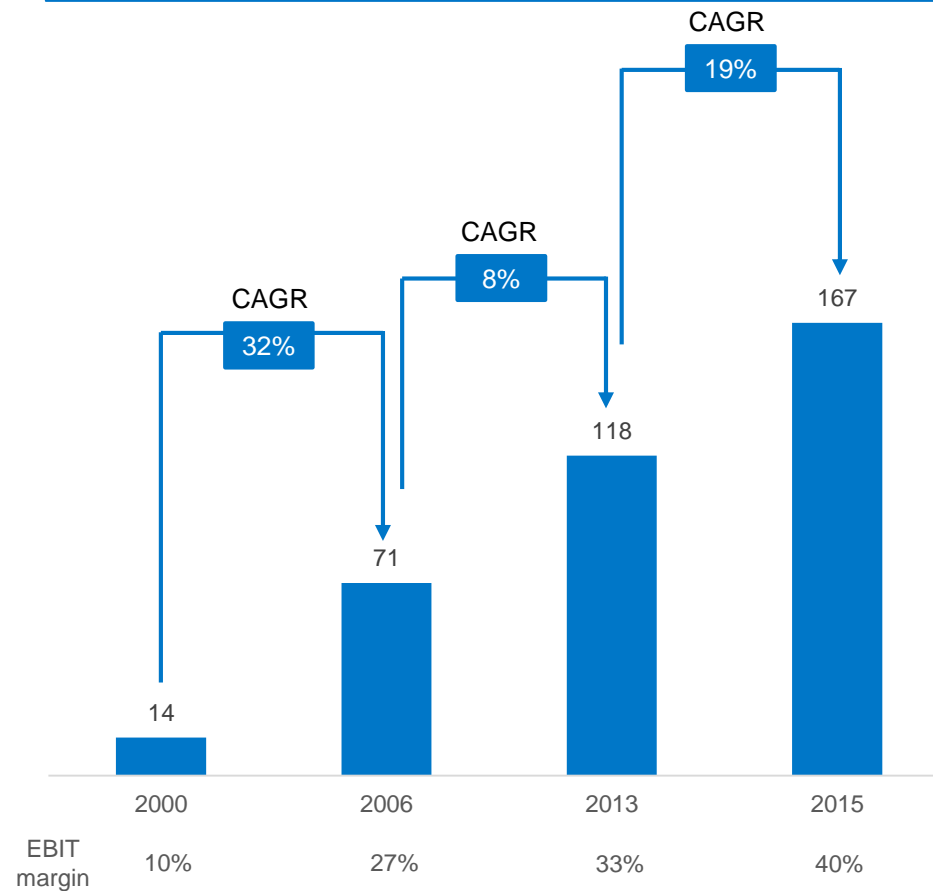
- Investments in value creating activities to secure long-term profit growth

EXAMPLES OF VALUE CREATION

Dental¹ - EBIT (MSEK) and organic EBIT growth



Brokk² - EBIT (MSEK) and organic EBIT growth



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

GEOGRAPHIC FOOTPRINT

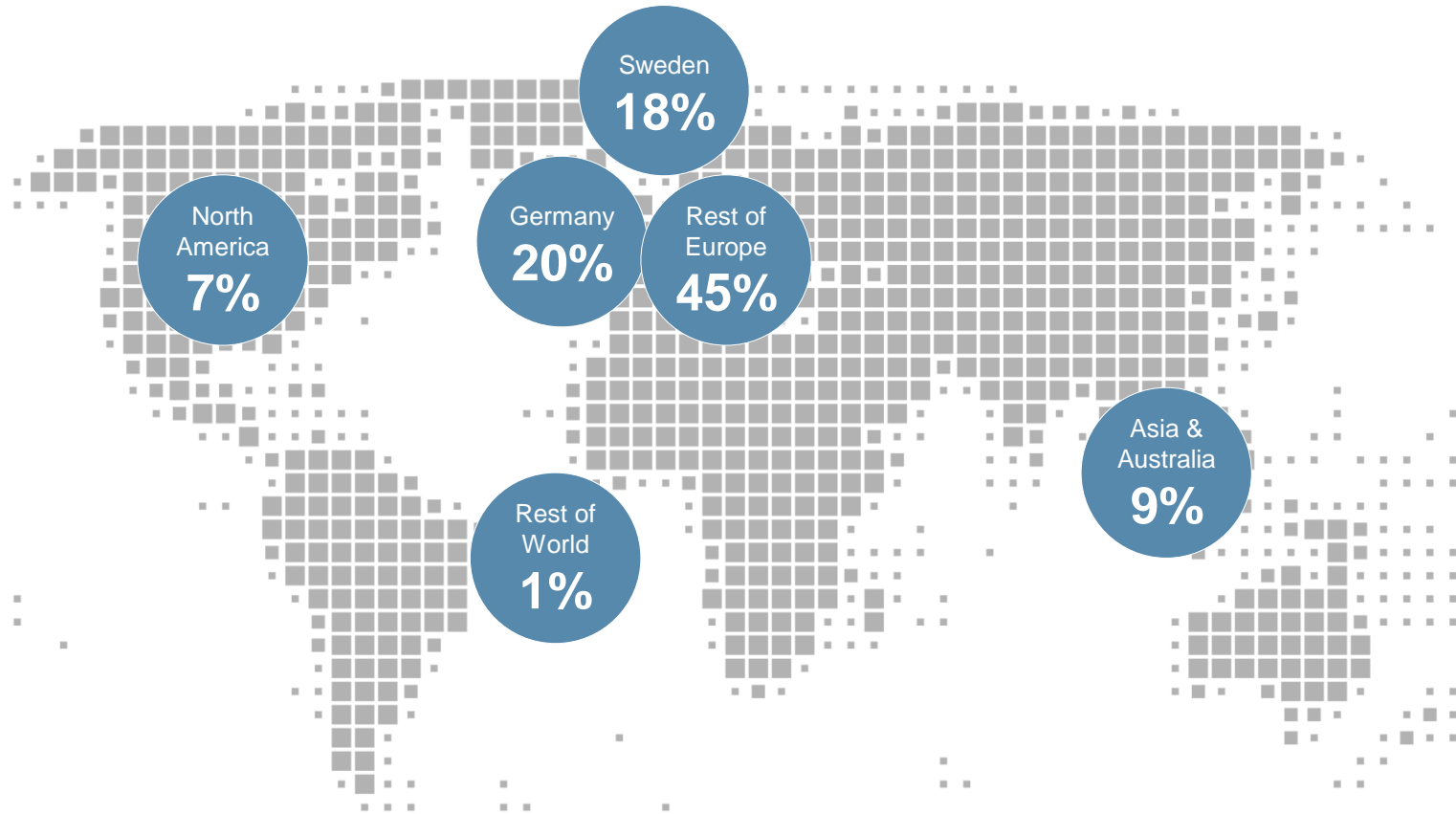
Dental



Demolition & Tools



Systems Solutions

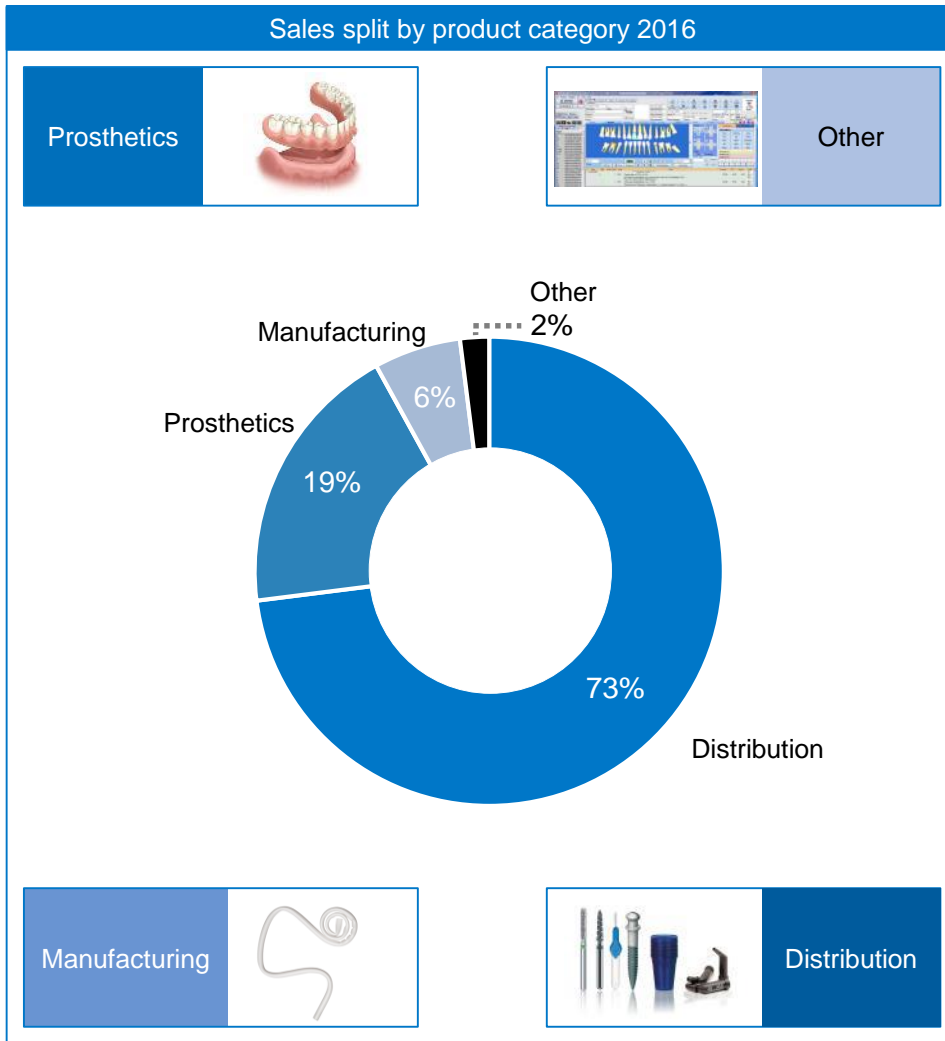


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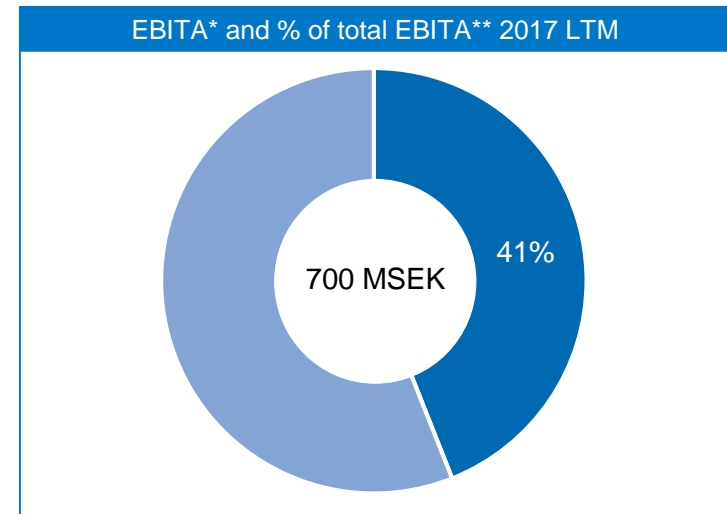
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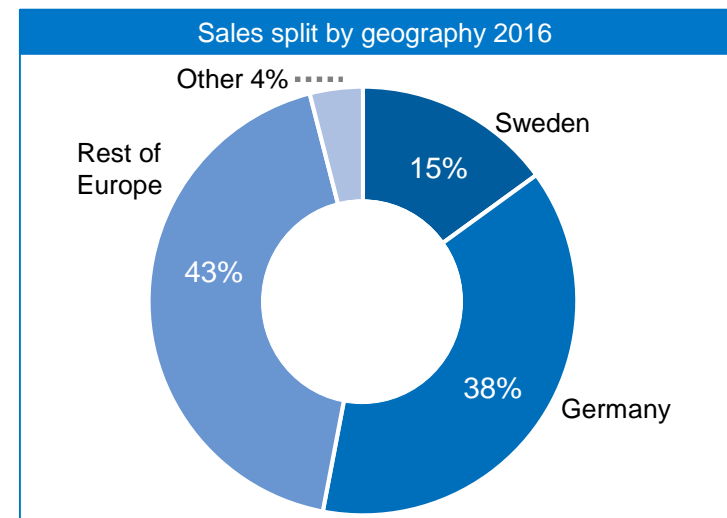
Sales split by product category 2016



EBITA* and % of total EBITA** 2017 LTM



Sales split by geography 2016






















*Before acquisition costs **Excluding HQ costs

STRONG Foothold ON KEY MARKETS



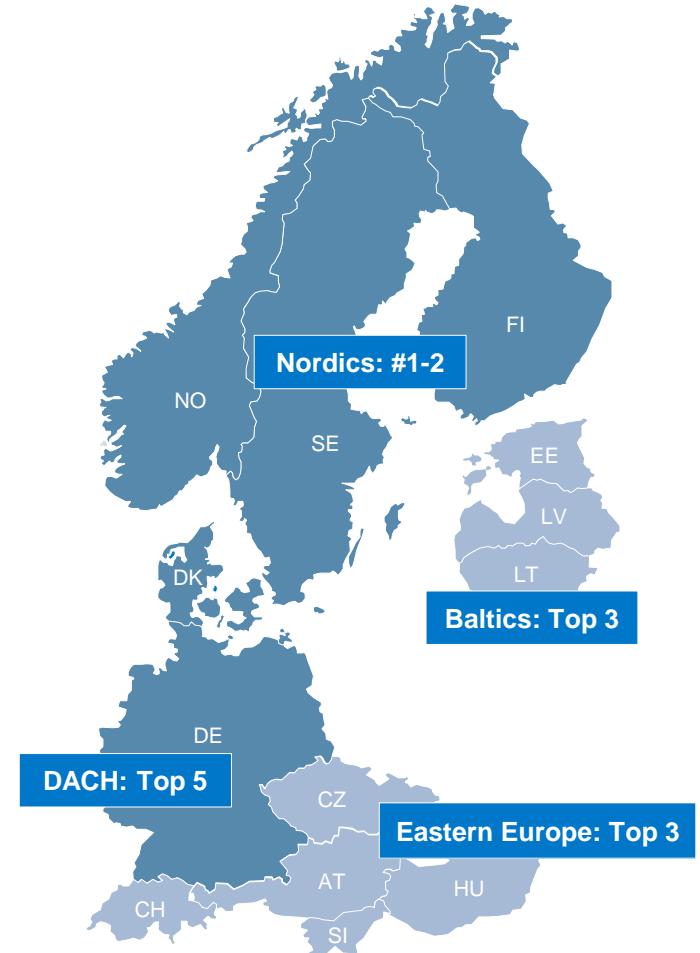
Lifco's dental market presence and example of brands used in different markets

	 Sweden	 Norway	 Denmark	 Finland	 Germany	 Rest of Europe
Distribution of consumables	✓	✓	✓	✓	✓	✓
Distribution of equipment	✓	✓	✓	✓		✓
Prosthetics		✓			✓	
Software	✓		✓			
Example of Lifco brands	  	 	 		 	  

Manufacturing



Lifco's market positions within dental consumables

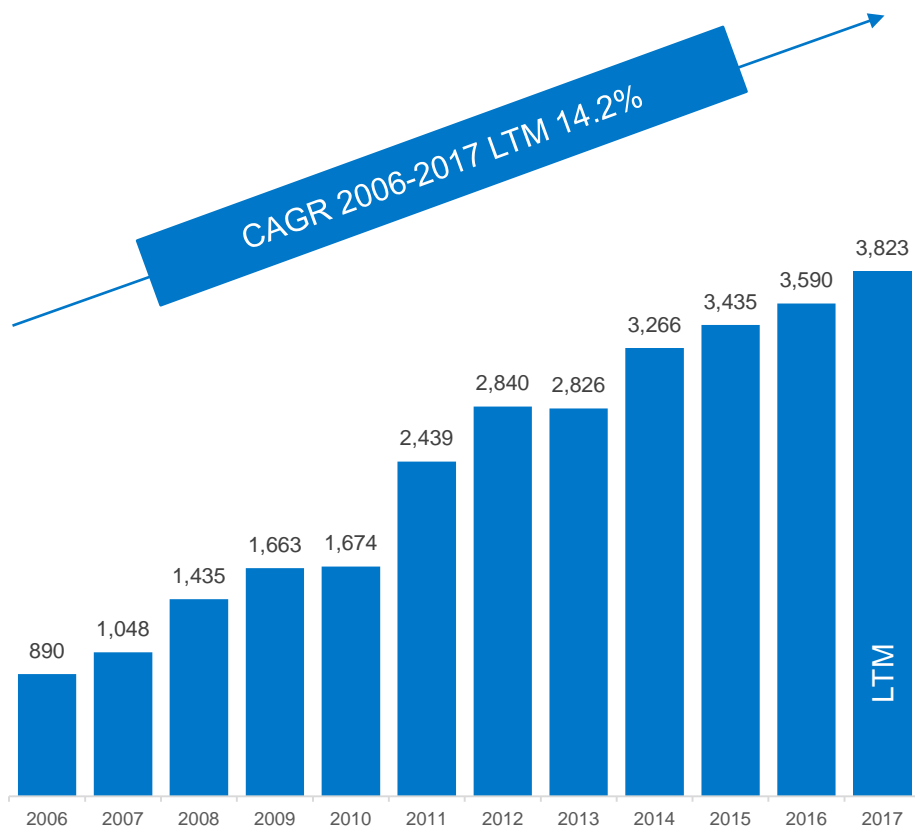


Note: Estimated by Lifco

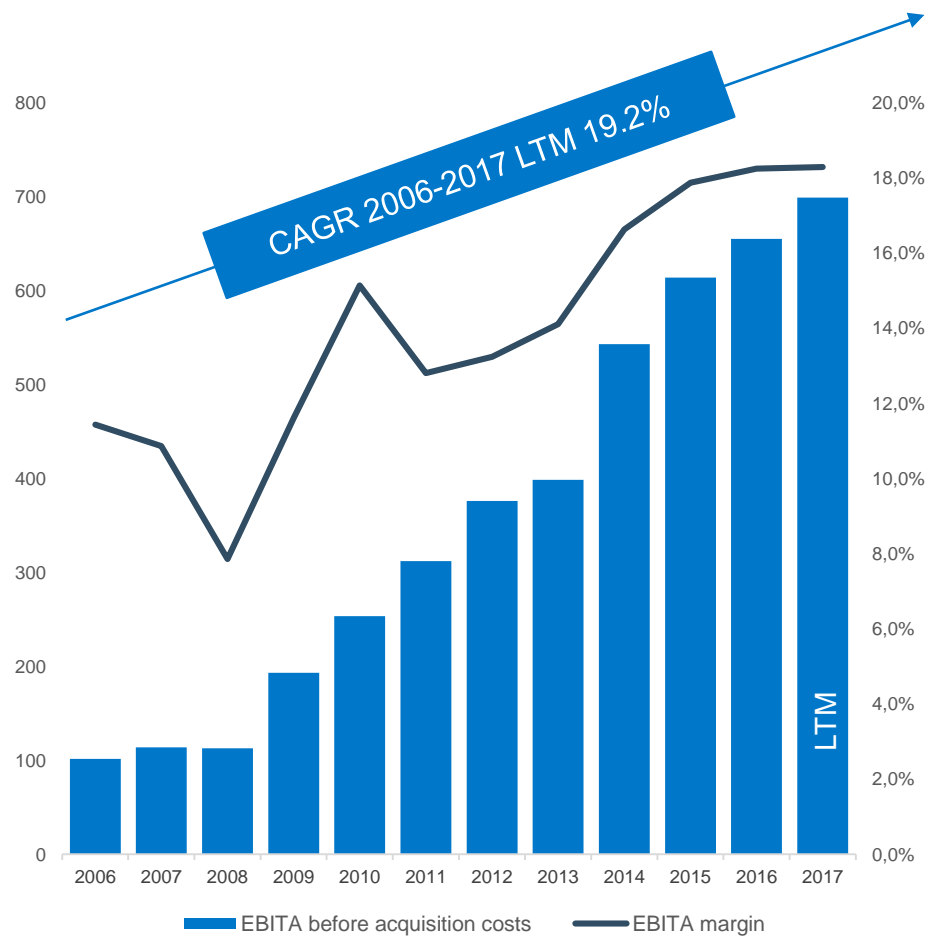
DENTAL FINANCIAL OVERVIEW



Sales (MSEK)



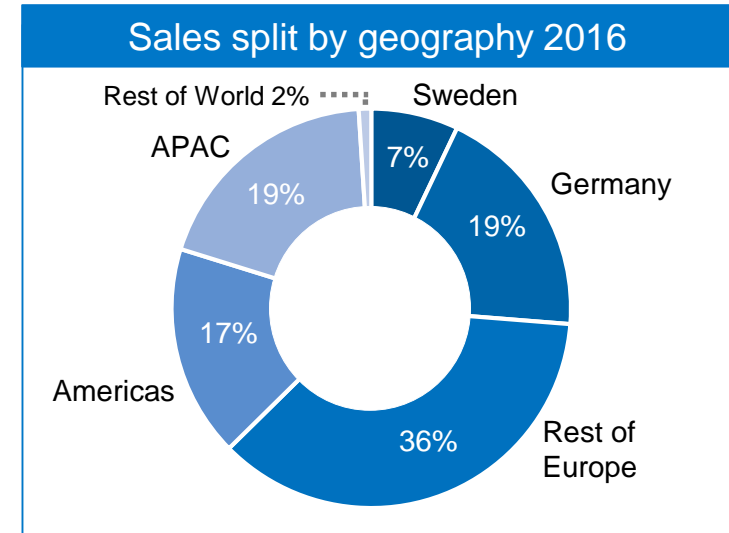
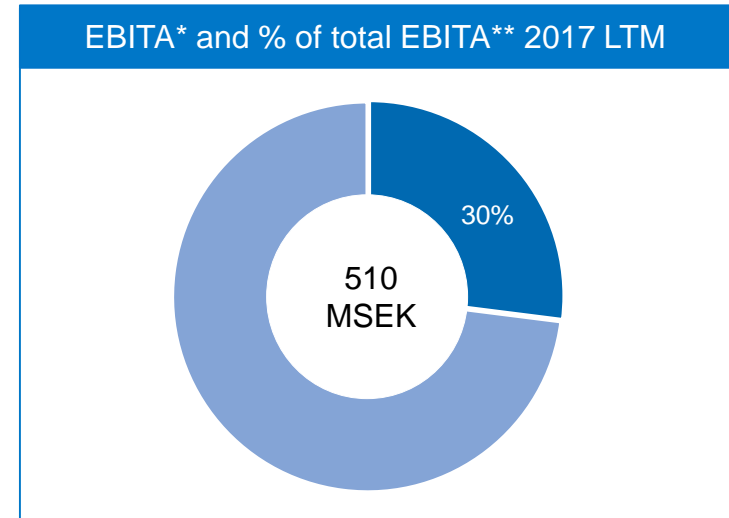
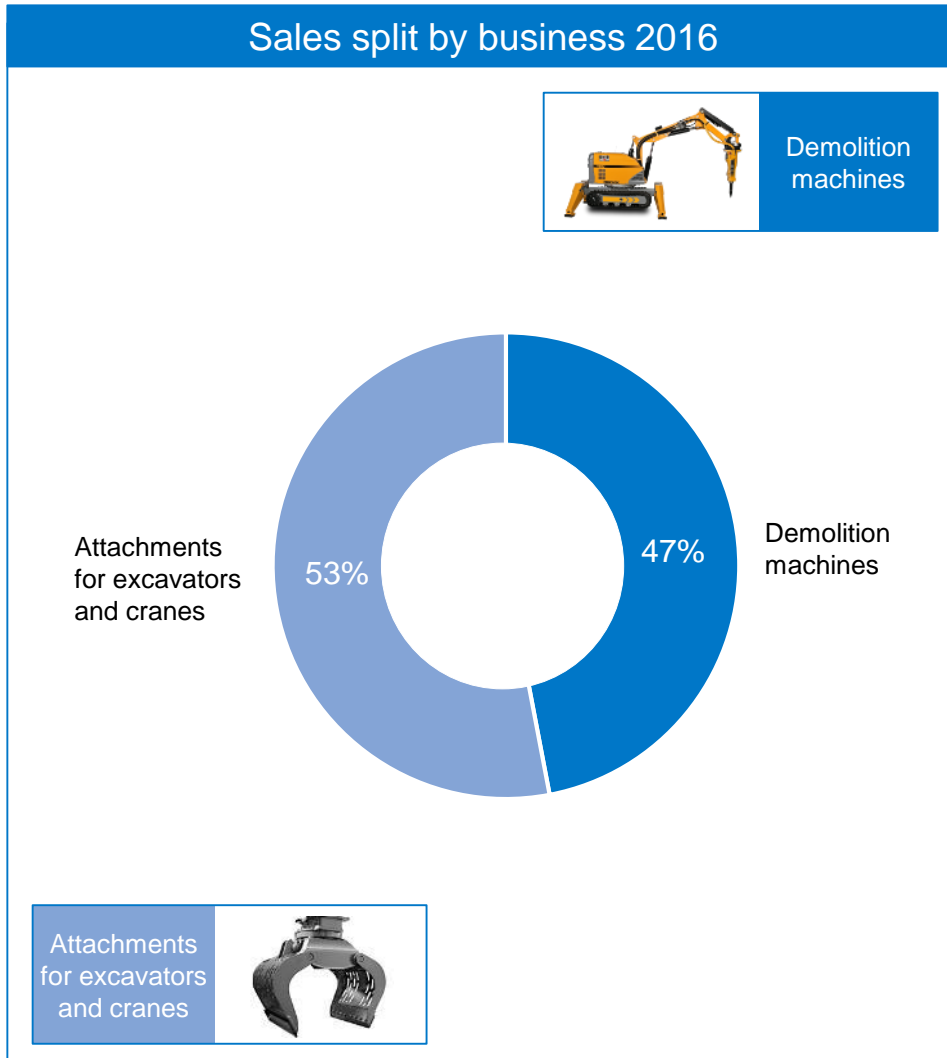
EBITA (MSEK) and EBITA margin



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DEMOLITION & TOOLS

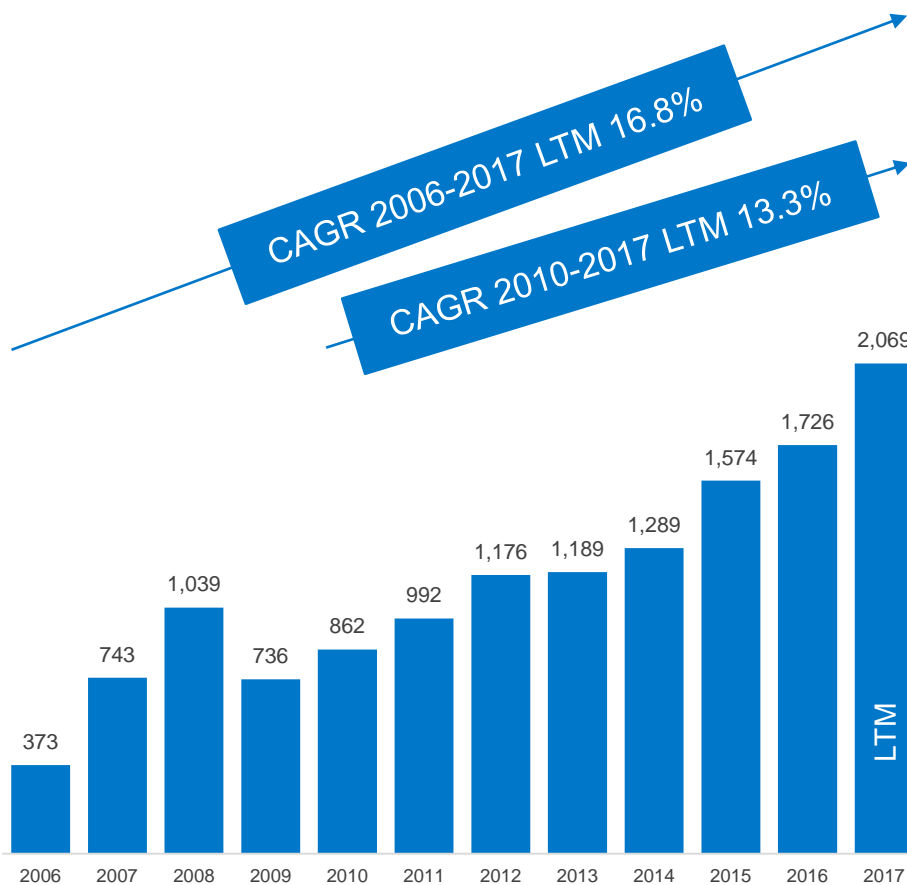


*Before acquisition costs **Excluding HQ costs

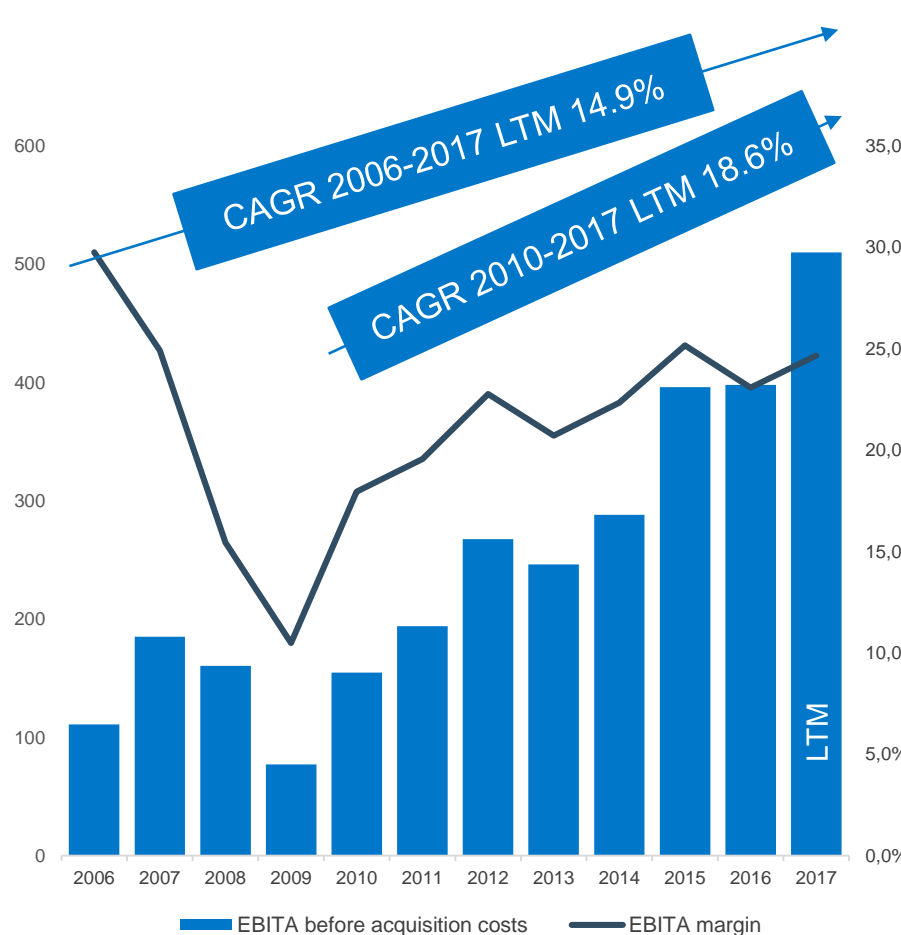
DEMOLITION & TOOLS FINANCIAL OVERVIEW



Sales (MSEK)



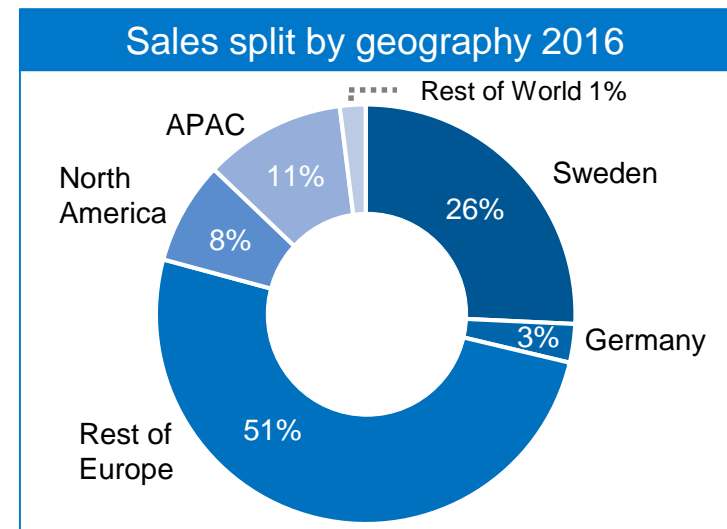
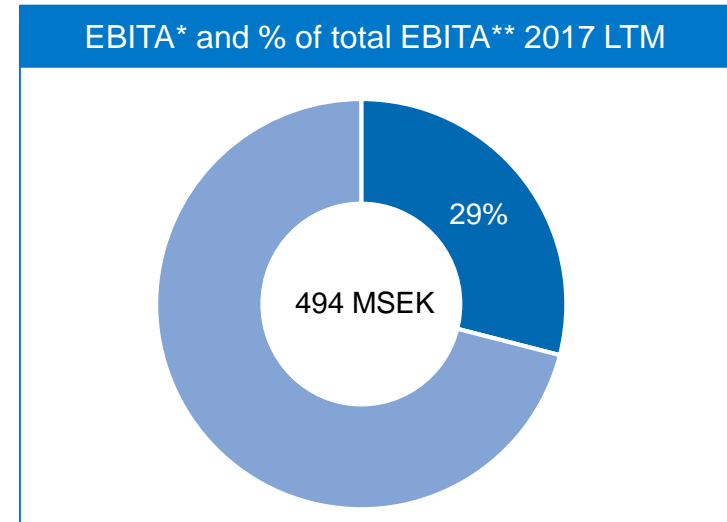
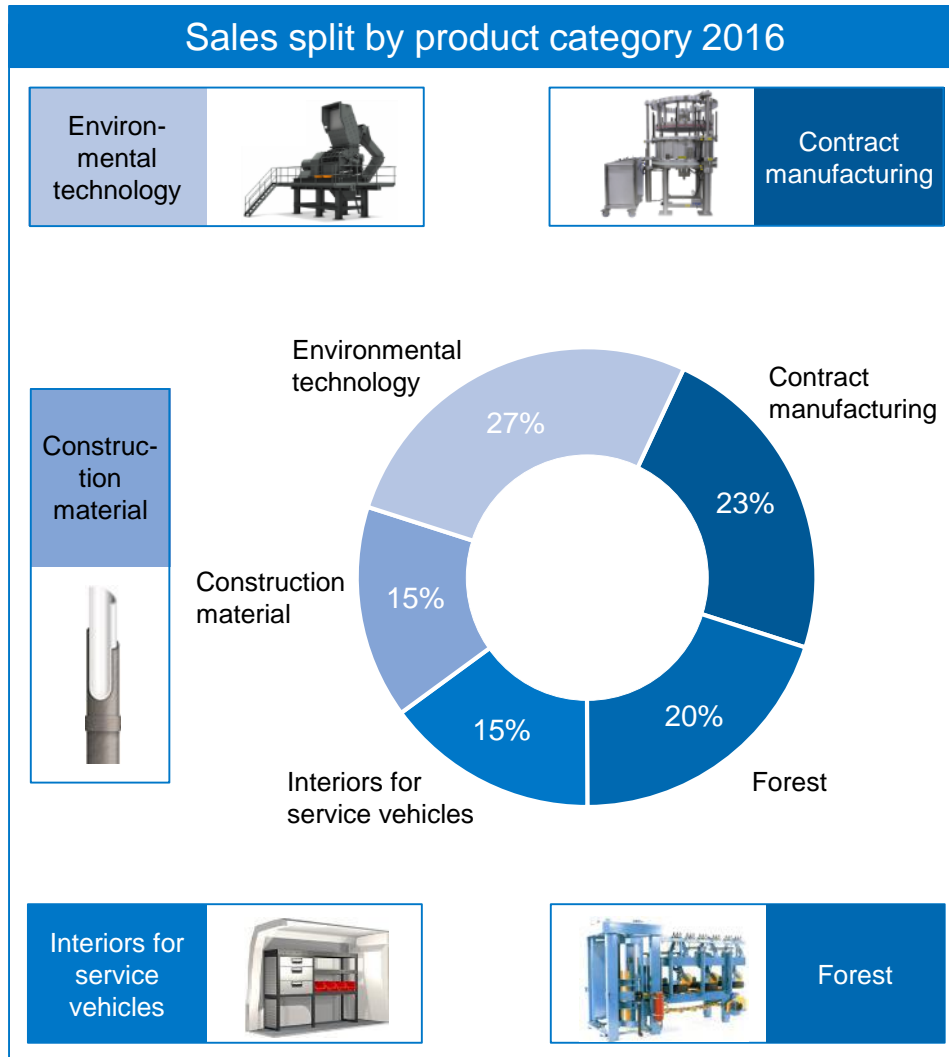
EBITA (MSEK) and EBITA margin



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SYSTEMS SOLUTIONS

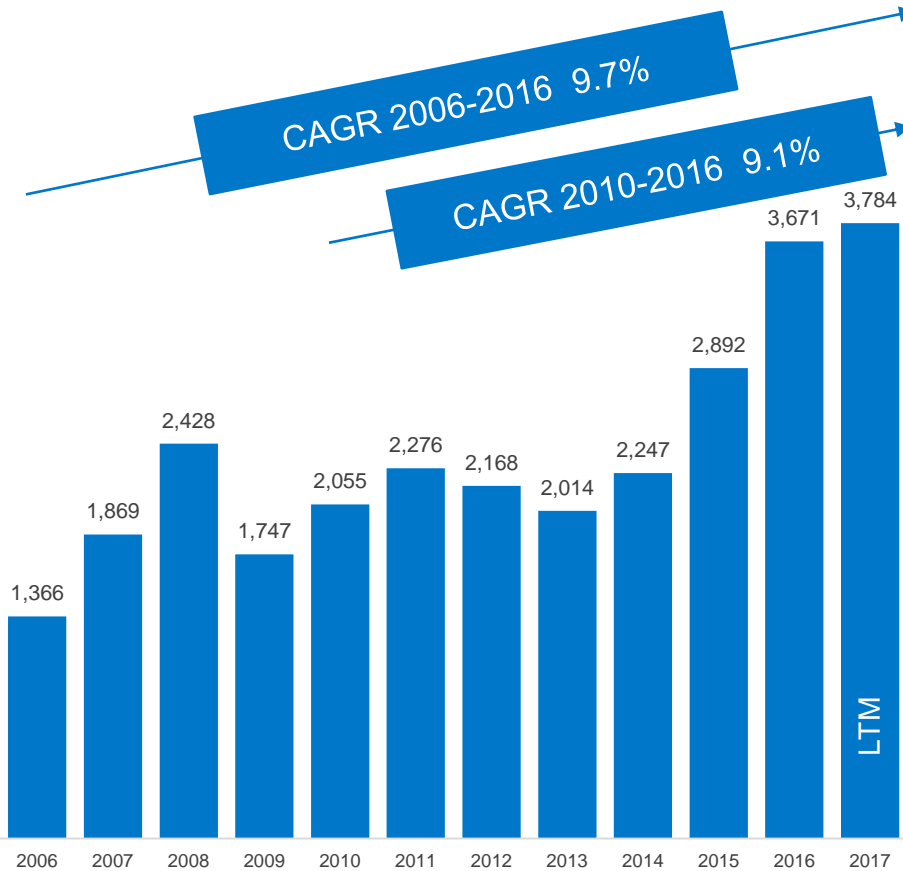


*Before acquisition costs **Excluding HQ costs

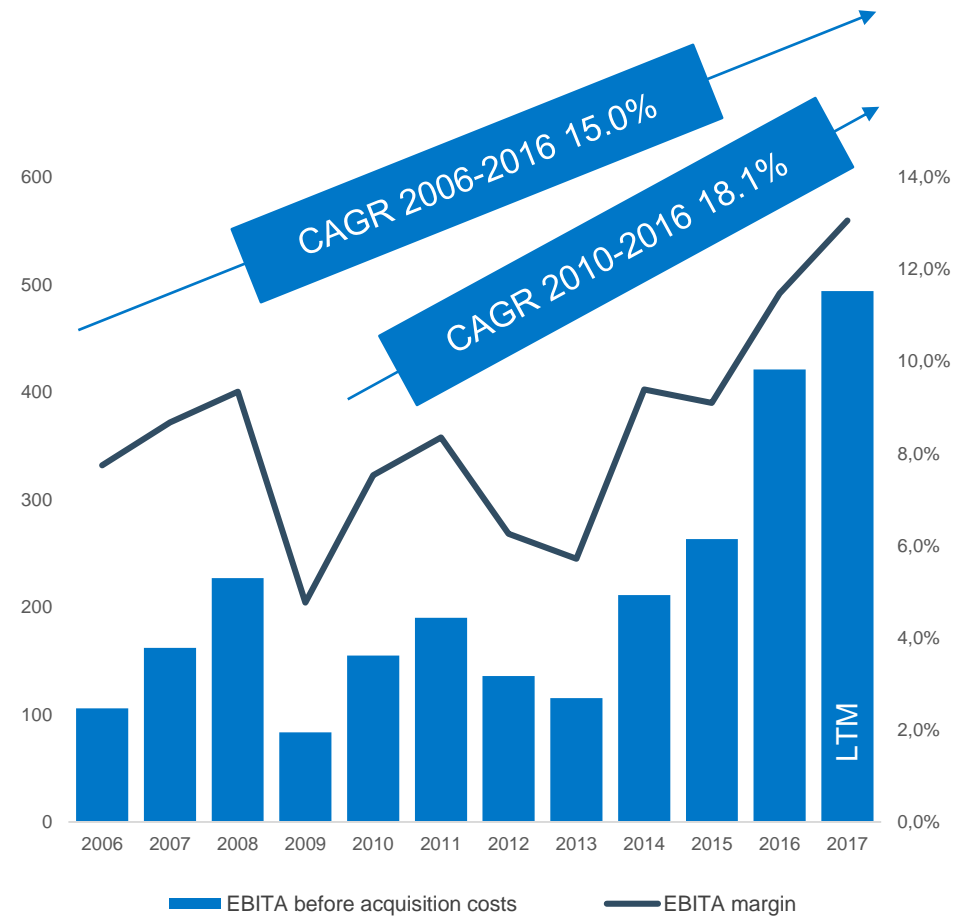
SYSTEMS SOLUTIONS FINANCIAL OVERVIEW



Sales (MSEK)



EBITA (MSEK) and EBITA margin

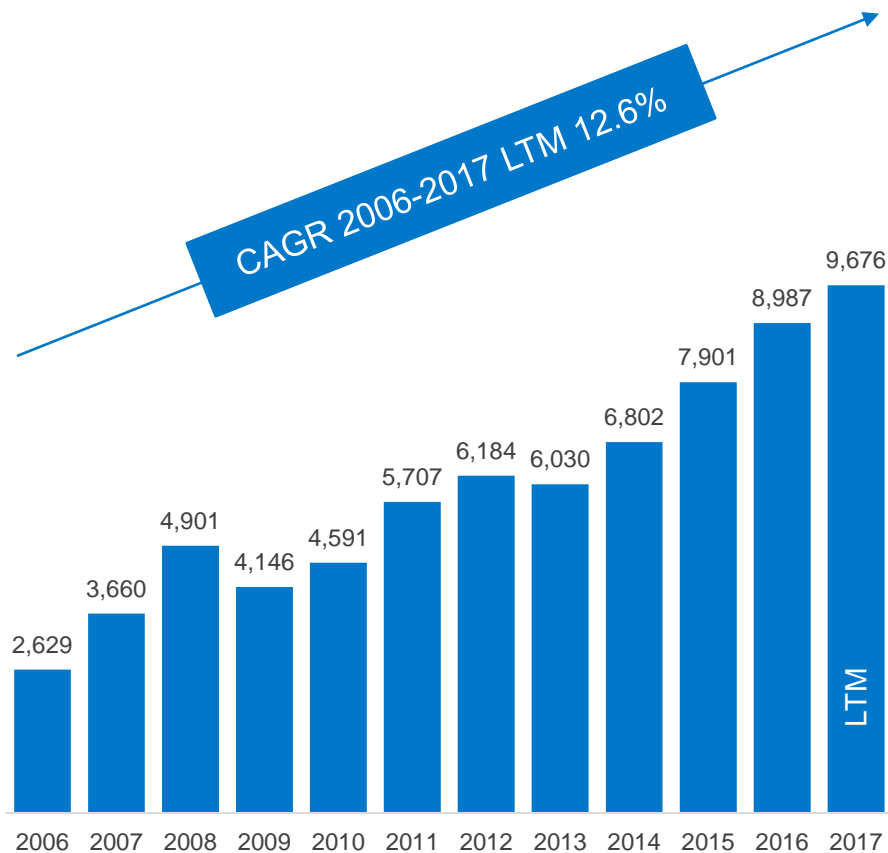


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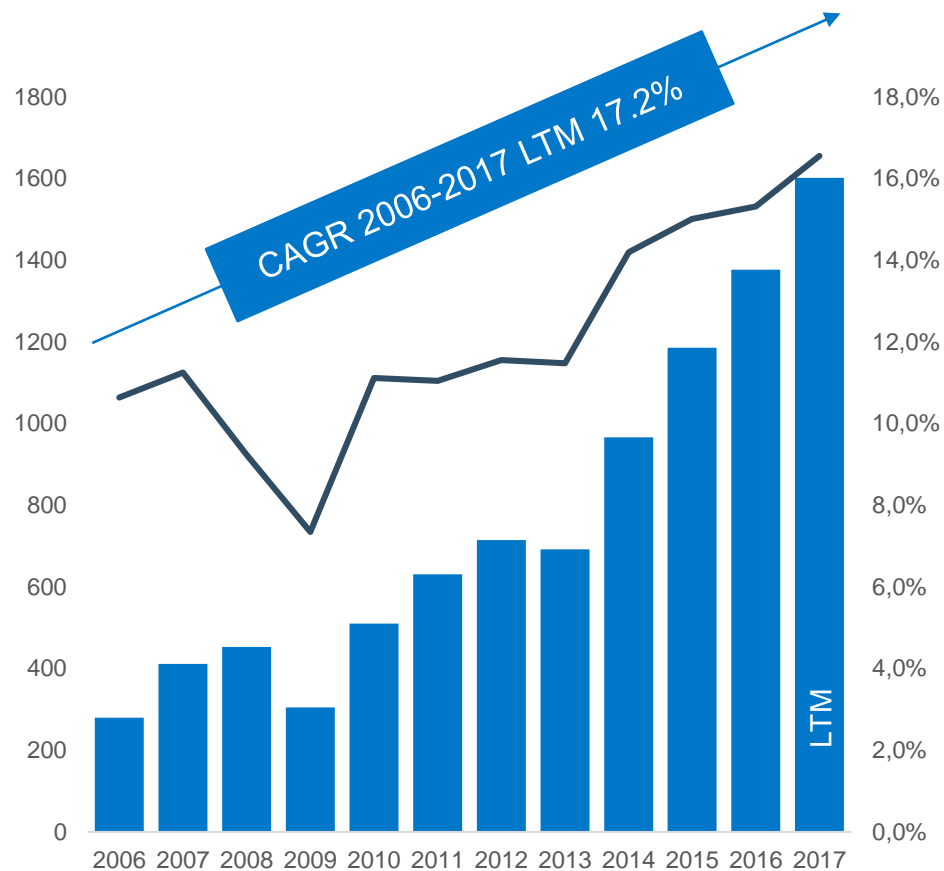
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LIFCO GROUP FINANCIAL OVERVIEW

Sales (MSEK)



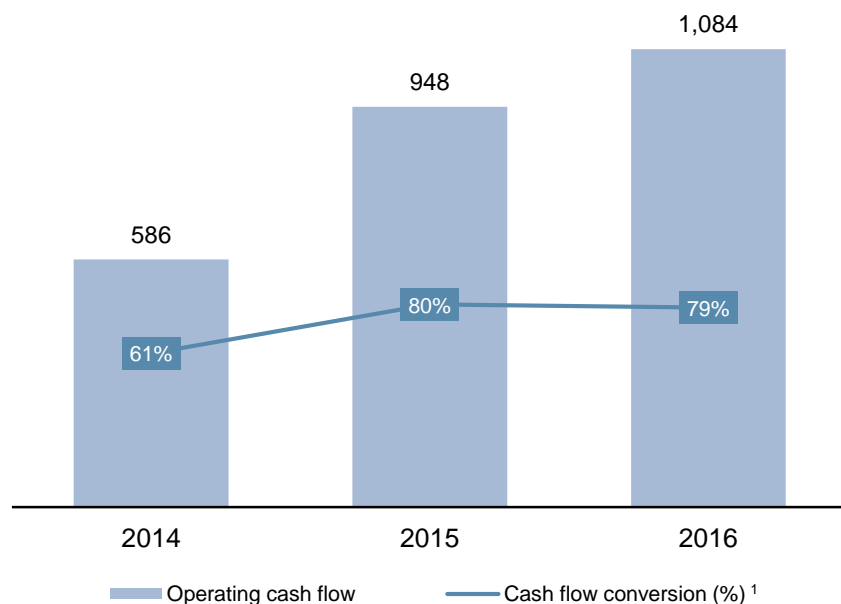
EBITA (MSEK) and EBITA margin



■ EBITA before acquisition costs — EBITA margin

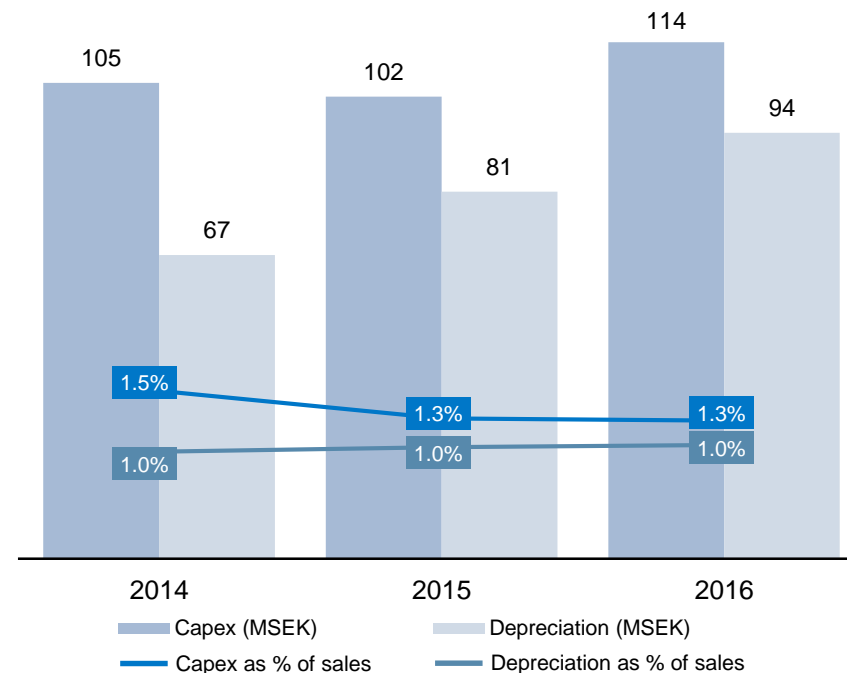
STRONG CASH FLOW GENERATION

Operating cash flow after tax, before investments



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

Capex and depreciation²



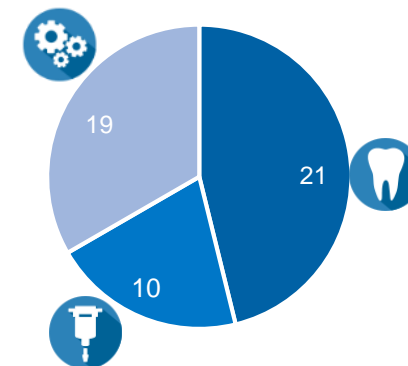
- Low required maintenance capex within the group
- Due to outsourcing of a large share of basic manufacturing, investments in subsidiaries with own production can be minimised

1) Cash flow conversion defined as operating after tax cash flow divided by EBITA
 2) Refers to investments in and depreciation of tangible fixed assets

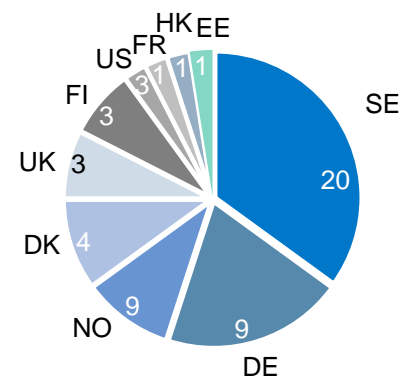
OVERVIEW OF ACQUISITIONS 2006–2012

Year	Company	Description	Type	Country	Sales at acquisition	Total sales MSEK
2006	Darda	Producer of attachments for demolition robots	Demolition & Tools	Germany	MEUR 8	132
	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	1,328
	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	184
	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	-	53
	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	48
2011	EDP	Distributor of consumables and equipment	Dental	Germany	MEUR 119	1,460
	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	73

Segment split - # of acquisitions 2006-2017



Country split - # of acquisitions 2006-2017



OVERVIEW OF ACQUISITIONS 2014–2016

Year	Company	Description	Type	Country	Sales at acquisition	Total sales MSEK
2014	MDH	Producer of dental prosthetics	Dental	Germany	MEUR 44	400
2015	Auger Torque	Producer of earth drills	Demolition & Tools	UK	MGBP 10	485
	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	Aqua Systems	Manufactures hydro-demolition robots	Demolition & Tools	Sweden	MSEK 60	1,210
	Auto-Maskin	Diesel control units for marine use	Systems Solutions	Norway	MNOK 130	
	Cenika AS	Electrical equipment for low voltage	Systems Solutions	Norway	MNOK 160	
	Dens Esthetix	Prosthetics	Dental	Germany	MEUR 1.4	
	Design Dental	Imports and manufactures prosthetics	Dental	Denmark	MDKK 13	
	Endodonti products	Dental products	Dental	Sweden	MSEK 10	
	Nordesign	Supplier of LED-lighting	Systems Solutions	Norway	MNOK 64	
	Parkell	Manufactures and sells dental consumables	Dental	USA	MUSD 29	
	Præzimed	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		

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

OVERVIEW OF ACQUISITIONS 2017

Year	Company	Description	Type	Country	Sales at acquisition	Total sales MSEK
2017	Haglöf Sweden	Professional forest inventory instruments	Systems Solution	Sweden	MSEK 60	~699
	Hultdins	Manufactures tools for forest machines	Demolition & Tools	Sweden	MSEK 152	
	Silvent	Energy optimization and work environment	Systems Solutions	Sweden	MSEK 120	
	Solebee's	Attachments to excavators and skidsteer loaders	Demolition&Tools	USA	MUSD 11	
	Pro Optix	Equipment for the European fiber optic market	Systems Solutions	Sweden	MSEK 62	
	Perfect Ceramic Dental	Dental laboratory	Dental	China	MHKD 118*	
	Hydal	Supplier of aluminium cabinets	Systems Solutions	Norway	MNOK 50	
	Fiberworks	Equipment for the European fiber optic market	Systems Solutions	Norway	MNOK 93	
	Elit	Wholesaler of electric installations and power generation	Systems Solution	Norway	MNOK 38	
	CDL and Hohenstücken**	Dental laboratories	Dental	Germany	MEUR 1.3	

*80% of the total sales are generated by Lifco's dental company MDH in Germany

**Will be consolidated in Q417 and therefore not included in the total sales figure of MSEK 699

FINANCIAL TARGETS

Growth in EBITA

- Organic growth in EBITA in excess of GDP growth in relevant geographies
- Acquisitions to add additional growth

EBITA/Capital employed¹

- 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

THE GROUP'S FINANCIAL PERFORMANCE

MSEK	Q317	Q316	Change	9M17	9M16	Change
Net sales	2,365	2,128	11.1%*	7,241	6,552	10.5%**
EBITA***	404	316	28.0%	1,222	997	22.6%
EBITA margin***	17.1%	14.8%	2.3	16.9%	15.2%	1.7
Profit before tax	332	277	19.9%	1,031	889	16.0%
Net profit for the period	254	208	22.4%	778	667	16.8%
Earnings per share	2.73	2.22	23.0%	8.40	7.18	17.0%
Return on capital employed	18.9%	19.1%	-0.2	18.9%	19.1%	-0.2
Return on capital employed, excl. goodwill	157%	136%	21.0	157%	136%	21.0

* Organic impact of 1.2% in Q317.

** Organic impact of 0.7% in 9M17.

*** Before acquisition costs.

THE BUSINESS AREAS' FINANCIAL PERFORMANCE

DENTAL						
MSEK	Q317	Q316	Change	9M17	9M16	Change
Net sales	848	804	5.5%	2,809	2,576	9.0%
EBITA*	155	144	7.1%	517	472	9.5%
EBITA margin*	18.2%	17.9%	0.3	18.4%	18.3%	0.1

DEMOLITION & TOOLS						
MSEK	Q317	Q316	Change	9M17	9M16	Change
Net sales	569	431	32.2%	1,627	1,284	26.7%
EBITA*	148	104	42.4%	409	297	37.8%
EBITA margin*	26.0%	24.1%	1.9	25.1%	23.1%	2.0

SYSTEMS SOLUTIONS						
MSEK	Q317	Q316	Change	9M17	9M16	Change
Net sales	948	893	6.0%	2,805	2,692	4.2%
EBITA*	123	88	40.9%	369	296	24.7%
EBITA margin*	13.1%	9.8%	3.3	13.2%	11.0%	2.2

* Before acquisition costs.

FINANCIAL PERFORMANCE LAST TWELVE MONTHS

GROUP			
MSEK	2017 LTM	2016	Change
Net sales	9,676	8,987	7.7%**
EBITA*	1,602	1,377	16.4%
EBITA margin*	16.6%	15.3%	1.3
Profit before tax	1,361	1,219	11.7%
Net profit for the period	1,039	927	12.1%
Earnings per share	11.20	9.99	12.1%
Return on capital employed	18.9%	18.7%	0.2
Return on capital employed, excl. goodwill	157%	141%	16.0

DENTAL			
MSEK	2017 LTM	2016	Change
Net sales	3,823	3,590	6.5%
EBITA*	700	655	6.8%
EBITA margin*	18.3%	18.2%	0.1

DEMOLITION & TOOLS			
MSEK	2017 LTM	2016	Change
Net sales	2,069	1,726	19.9%
EBITA*	510	398	28.2%
EBITA margin*	24.6%	23.0%	1.6

SYSTEMS SOLUTIONS			
MSEK	2017 LTM	2016	Change
Net sales	3,784	3,671	3.1%
EBITA*	494	421	17.4%
EBITA margin*	13.1%	11.5%	1.6

* Before acquisition costs.

** Organic growth of +2.5% in 2016.

LIFCO GROUP BALANCE SHEET

Comments

- Interest bearing net debt increased 870 MSEK from year-end to 3,888 MSEK due to acquisitions of 1,221 MSEK
- At the end of the period, Lifco had significant financial scope for new acquisitions and still keep Net debt/EBITDA below 3x
- ROCE excluding goodwill and other intangible assets 157% (146% June 30, 2017) – target >50%
- Net debt/EBITDA 2.3x (target 2-3x)

Balance sheet

	30 Sep 2017	31 Dec 2016	30 Jun 2017
Intangible fixed assets	8,017	6,824	7,656
Tangible fixed assets	530	464	528
Financial assets	113	109	112
Inventory	1,353	1,155	1,291
Accounts receivable	1,276	1,046	1,192
Other receivables	317	236	302
Cash and cash equivalents	237	293	227
Total assets	11,843	10,127	11,308
Shareholders' equity	5,150	4,758	4,923
Interest-bearing liabilities	4,125	3,311	4,056
Other liabilities and provisions	917	597	802
Accounts payable	539	507	540
Other short-term liabilities	1,112	954	987
Total equity and liabilities	11,843	10,127	11,308
Net debt	3,888	3,018	3,829
Net debt/EBITDA	2.3x	2.0x	2.4x
Capital employed excl. goodwill and other intang. assets	1,020	974	1,033
ROCE excl. goodwill and other intangible assets	157%	141%	146%
Capital employed incl. goodwill and other intang. assets	8,460	7,381	8,159
ROCE incl. goodwill and other intangible assets	18.9%	18.7%	18.6%

GROWTH OR PROFIT?

PROFIT GROWTH!

DISCLAIMER

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