

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

Presentation
Year-End Report 2017
15 February 2018

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 20 February 2018

331,500 Class B shares
15,000 Class B shares through Pension Scheme



Per Waldemarson

Deputy CEO

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 20 February 2018

102,700 Class B shares
3,000 Class B shares through Pension Scheme



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 20 February 2018

300 Class B shares



Ingvar Ljungqvist

Head of Acquisitions

Born: 1960

Education

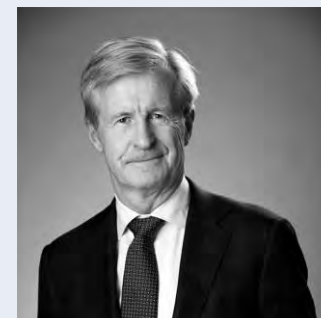
- MSc in Aeronautical Engineering, KTH Royal Institute of Technology

Experience

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

Own and related parties' holdings as of 20 February 2018

35,300 Class B shares



Carl Bennet

Chairman

Born: 1951

Other assignments

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

Holdings via companies as of 20 February 2018

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

LIFCO DEVELOPS LEADING NICHE COMPANIES

LIFCO

Sales 2017: 10,030 MSEK
EBITA 2017: 1,732 MSEK

Dental



Demolition & Tools



Systems Solutions




Leading distributors of dental products in Nordics and Germany

		<u>% of EBITA¹</u>	
Sales 2017:	3,817 MSEK		
EBITA 2017:	701 MSEK	38%	

Leading producers of demolition robots and attachments for excavators and cranes

		<u>% of EBITA¹</u>	
Sales 2017:	2,261 MSEK		
EBITA 2017:	598 MSEK	33%	

Wide range of leading systems solutions providers

		<u>% of EBITA¹</u>	
Sales 2017:	3,952 MSEK		
EBITA 2017:	537 MSEK	29%	

¹ Excluding HQ costs .

A SAFE HAVEN FOR YOUR BUSINESS

Lifco is a long-term owner

- Lifco basically never sells a company

The business stays independent and local

- All decisions taken at local management level
- No forced synergies or integration
- Lifco has never moved a business

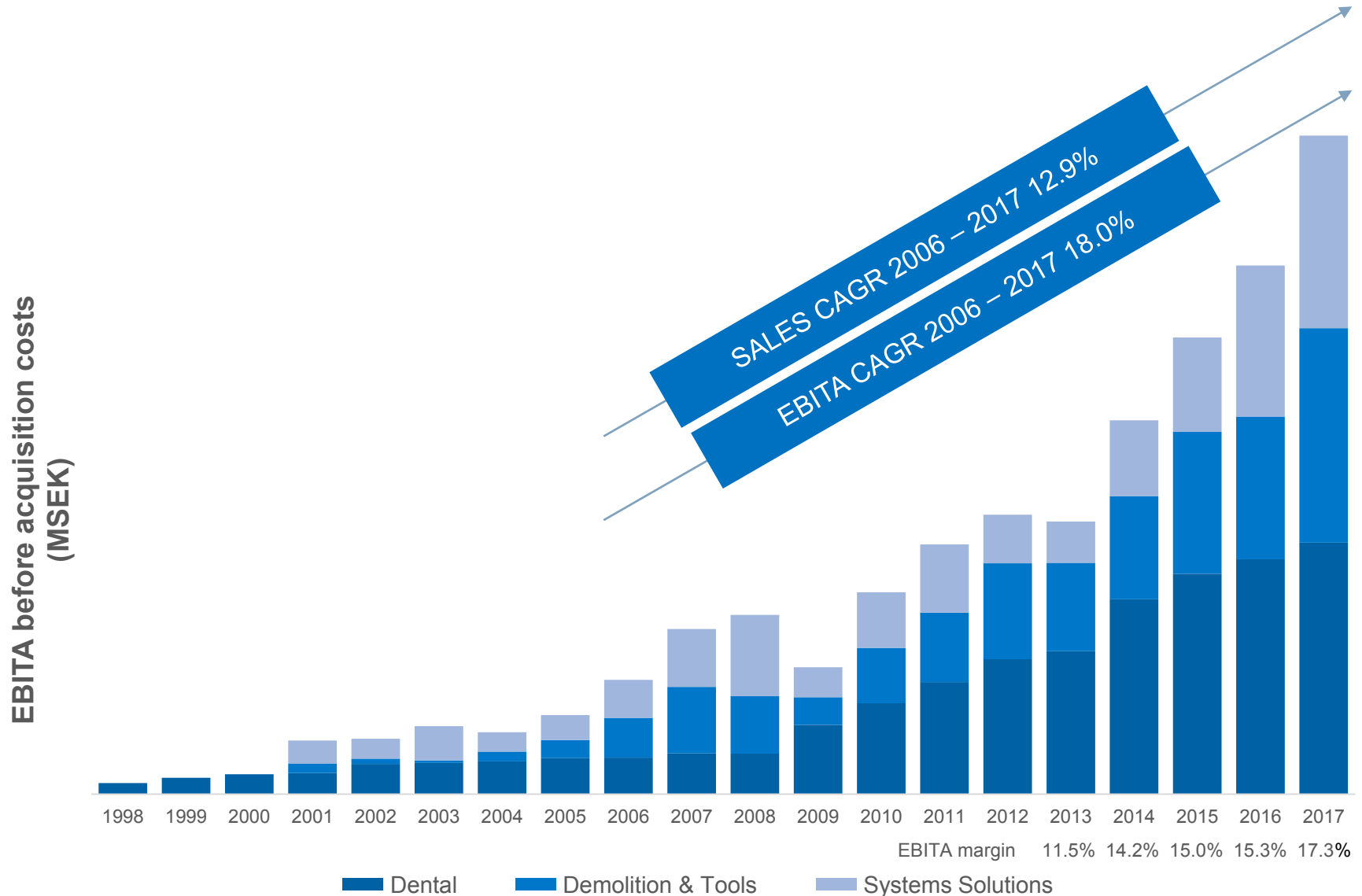
Incremental and continuous development

- No big shake-outs. We look for stable growth of profits

Long-term managers and employees

- Our culture is based on simplicity, common sense and minimized bureaucracy
- Lifco's employees tend to stay on forever

ONE TARGET: TO INCREASE PROFITS EVERY YEAR



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

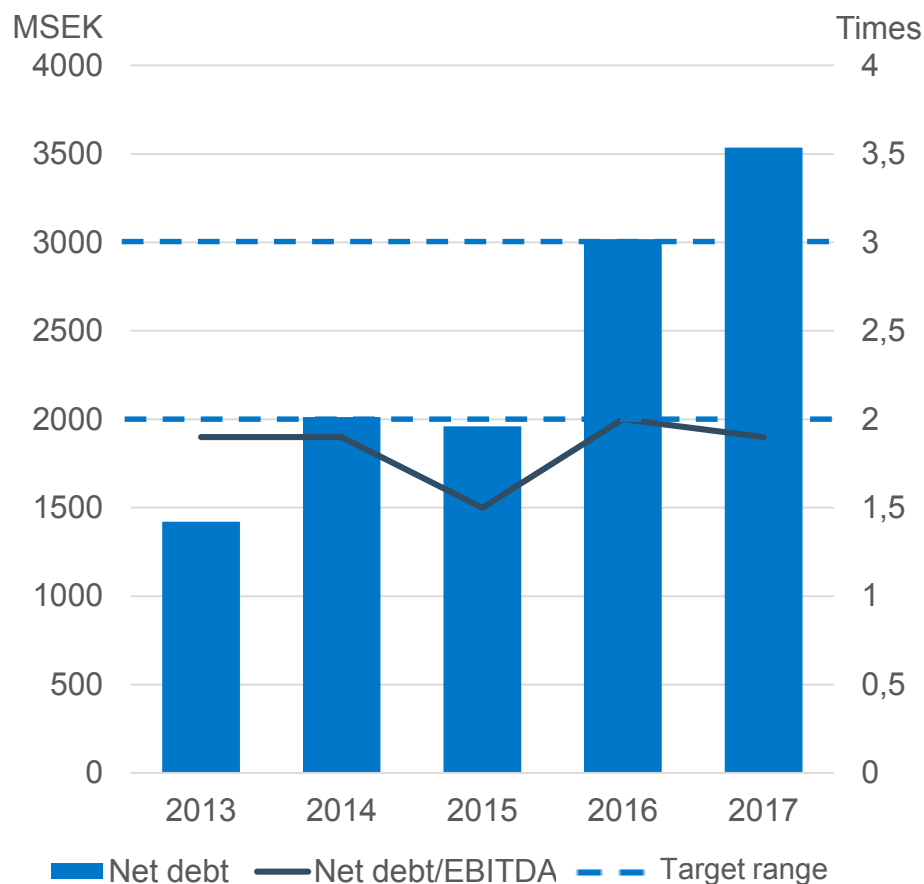
ACQUIRED VS ORGANIC EBITA GROWTH

MSEK	2017	2016	2015
EBITA	1,732	1,377	1,186
EBITA from acquisitions	198	152	118
% growth	14%	13%	12%
Of which from previous year's acquisitions	68	16	27
Of which from current year's acquisitions	130	136	91
Organic EBITA growth	157	39	102
% growth	11%	3%	11%
Acquired annualized EBITA*	223	204	107

* Estimated EBITA if the businesses had been consolidated from 1 January.
 EBITA is defined as operating profit before amortisation and impairment of intangible assets arising from acquisitions.
 Any impact from FX has not been considered.

NET DEBT DEVELOPMENT AND BALANCE SHEET

Net debt development

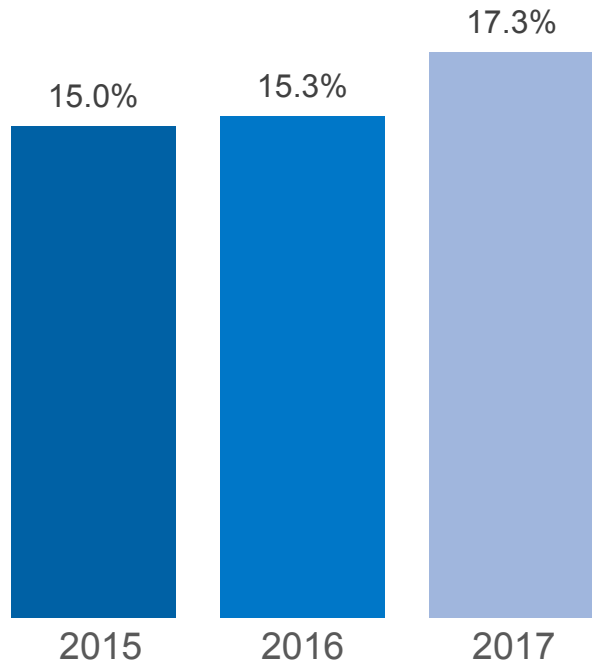


Balance sheet

MSEK	30 Dec 2017	31 Dec 2016	30 Sep 2017
Intangible fixed assets	8,288	6,824	8,017
Tangible fixed assets	550	464	530
Financial assets	130	109	113
Inventory	1,391	1,155	1,353
Accounts receivable	1,274	1,046	1,276
Other receivables	254	236	317
Cash and cash equivalents	305	293	237
Total assets	12,192	10,127	11,843
Shareholders' equity	5,546	4,758	5,150
Interest-bearing liabilities	3,841	3,311	4,125
Other liabilities and provisions	1,025	597	917
Accounts payable	557	507	539
Other short-term liabilities	1,223	954	1,112
Total equity and liabilities	12,192	10,127	11,843
Net debt	3,536	3,018	3,888
Net debt/EBITDA	1.9x	2.0x	2.3x
Capital employed excl. goodwill and other intang. assets	980	974	1,020
ROCE excl. goodwill and other intangible assets	177%	141%	157%
Capital employed incl. goodwill and other intang. assets	8,787	7,381	8,460
ROCE incl. goodwill and other intangible assets	19.7%	18.7%	18.9%

MAINTAINING FOCUS ON CAPITAL EMPLOYED

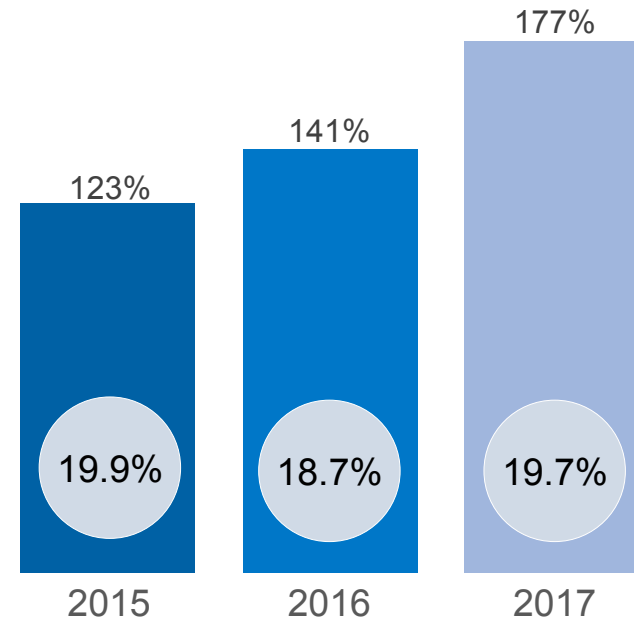
EBITA margin



ROCE excl. goodwill and other intang. assets

x.x%

ROCE incl. goodwill and other intangible assets



STRONG PROFIT ORIENTED CULTURE

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

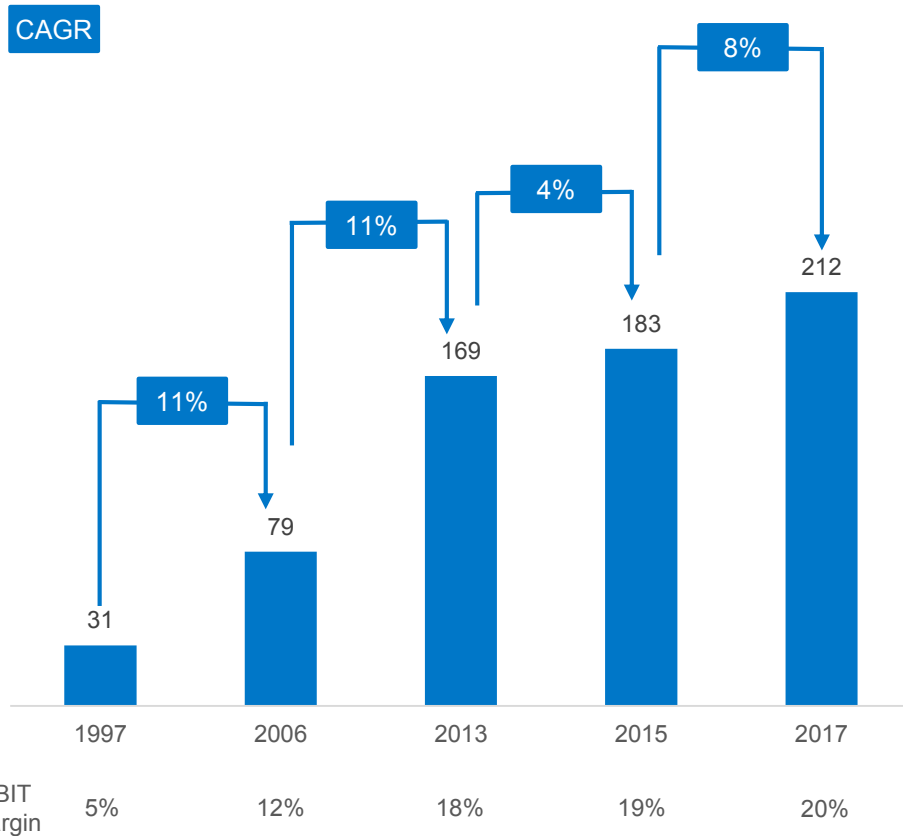
- Focus on the value creating parts of the business

Long-term perspective

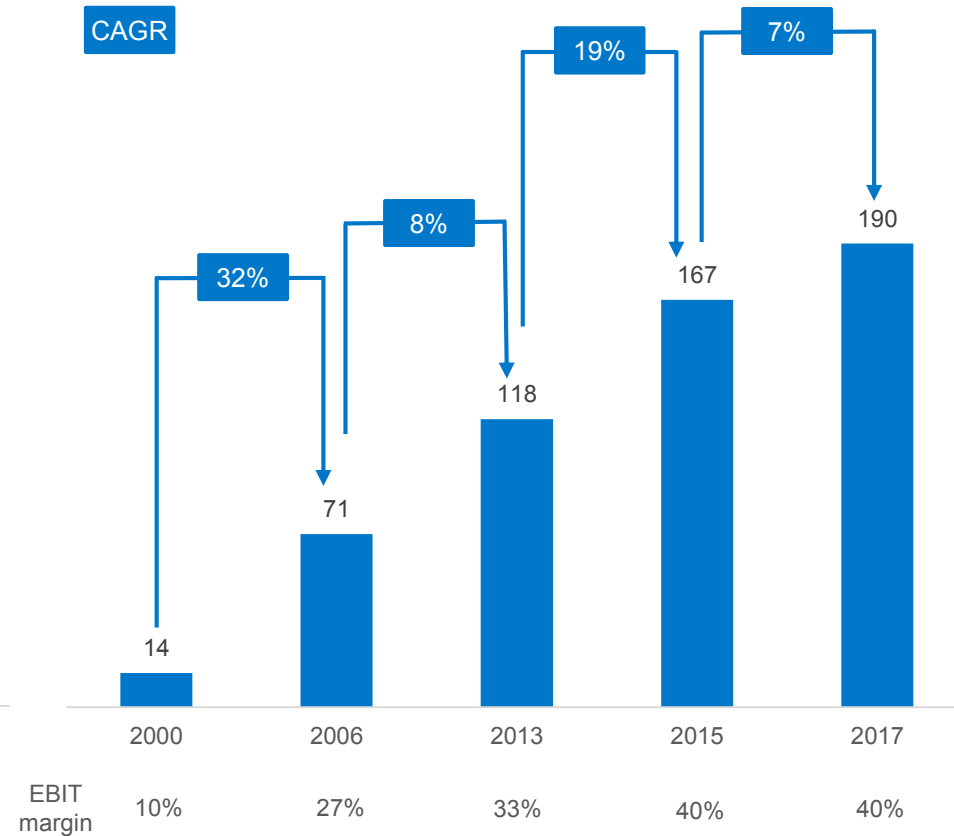
- Investments in value creating activities to secure long-term profit growth

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

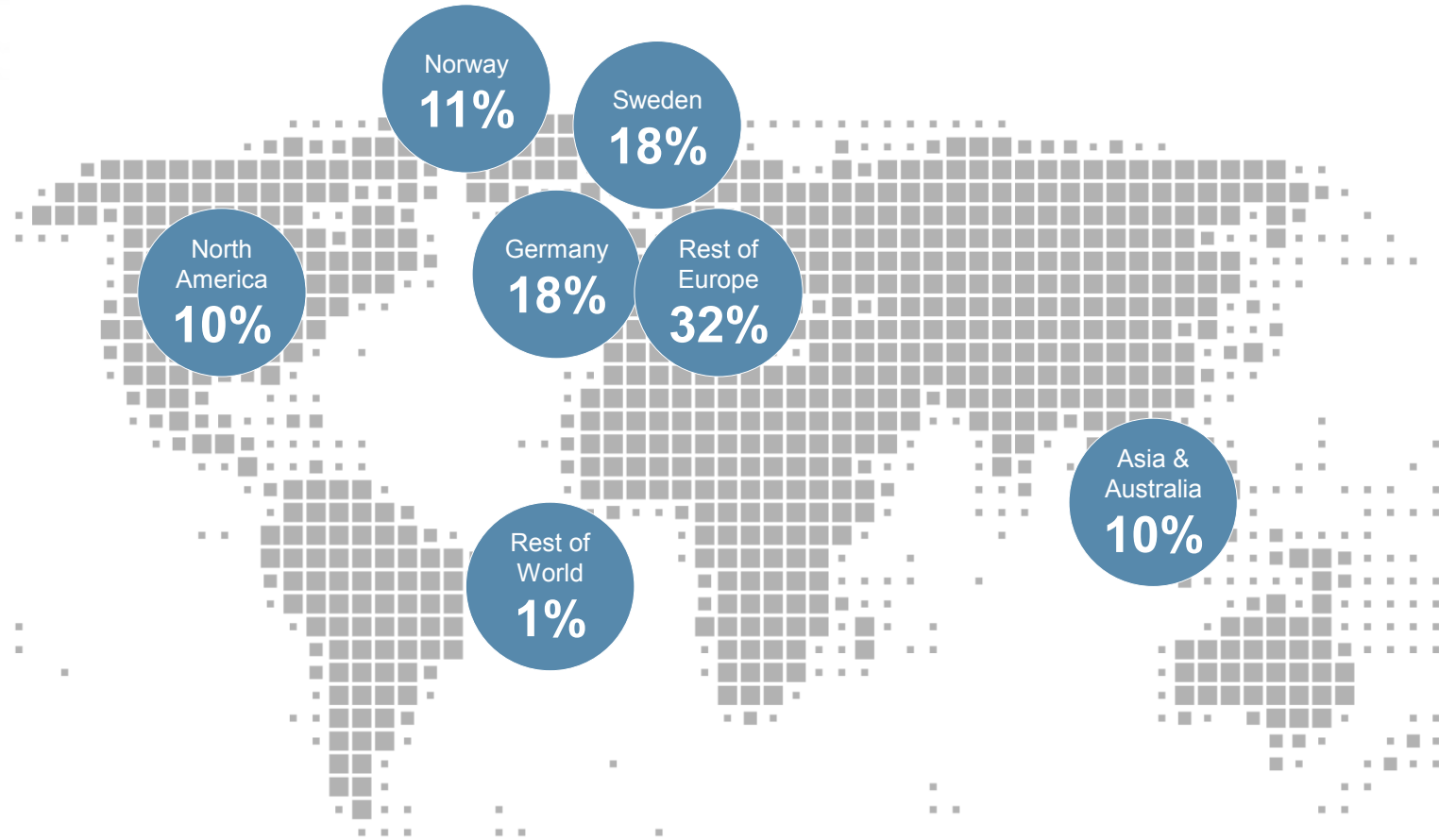
Dental



Demolition & Tools



Systems Solutions

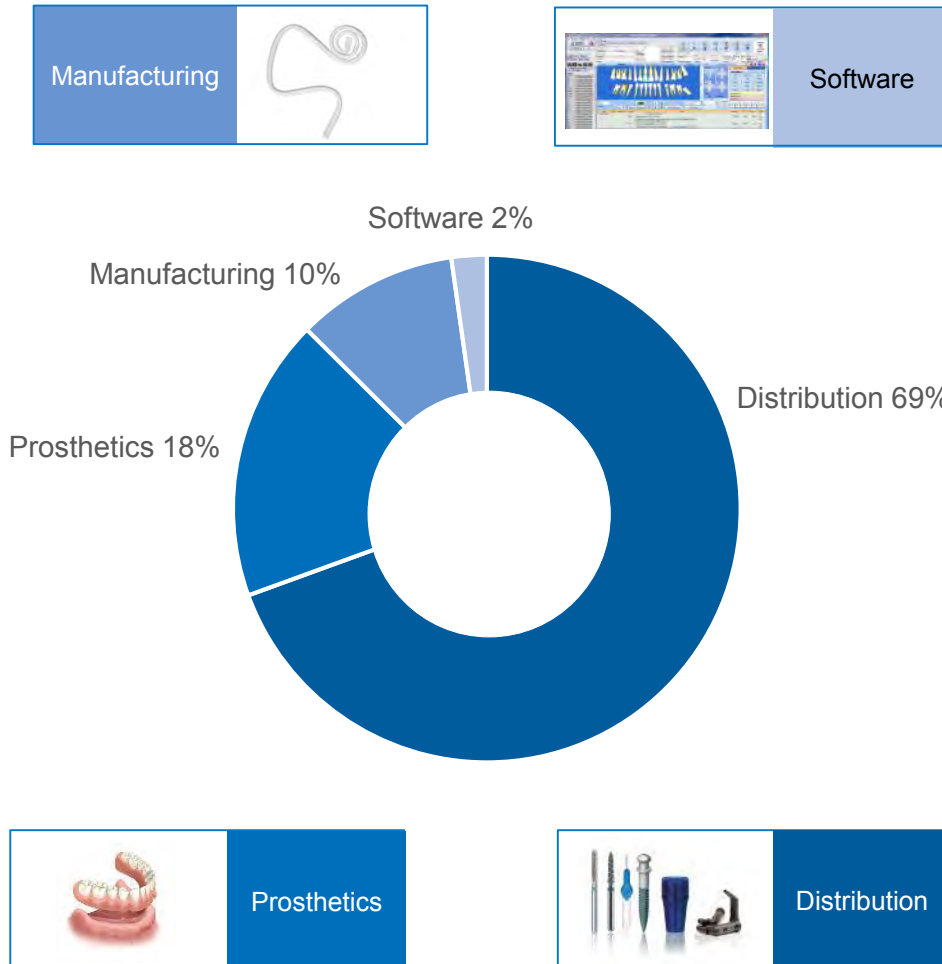


Note: Geographic split financial year 2017

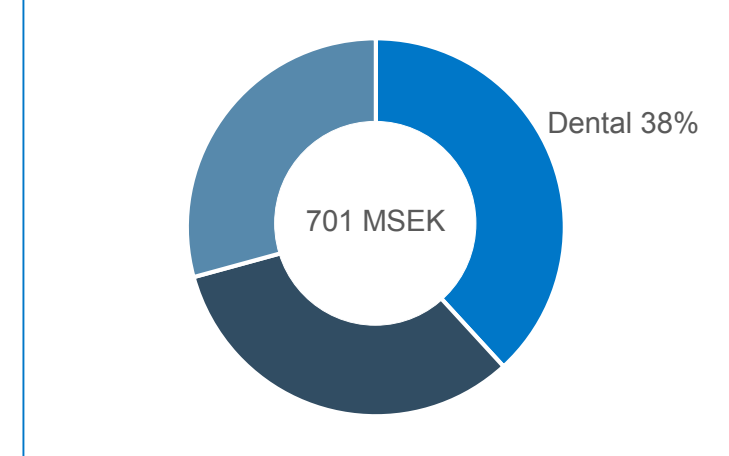
DENTAL



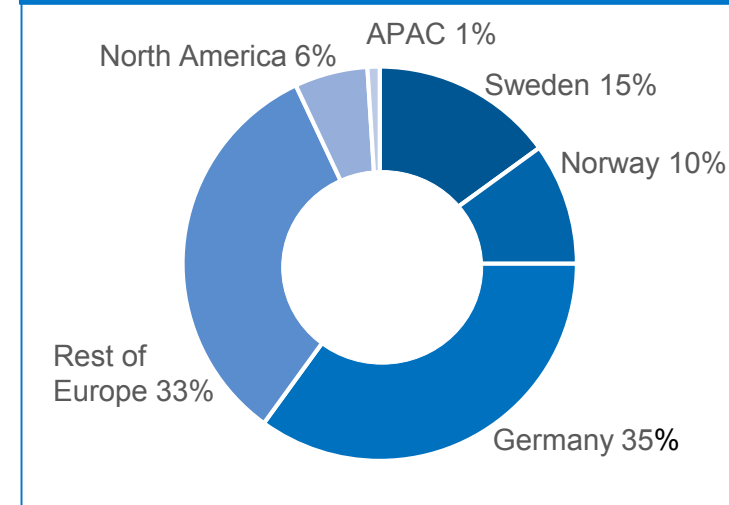
Sales split by product category 2017



EBITA* and % of total EBITA** 2017



Sales split by geography 2017













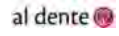








*Before acquisition costs **Excluding HQ costs

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

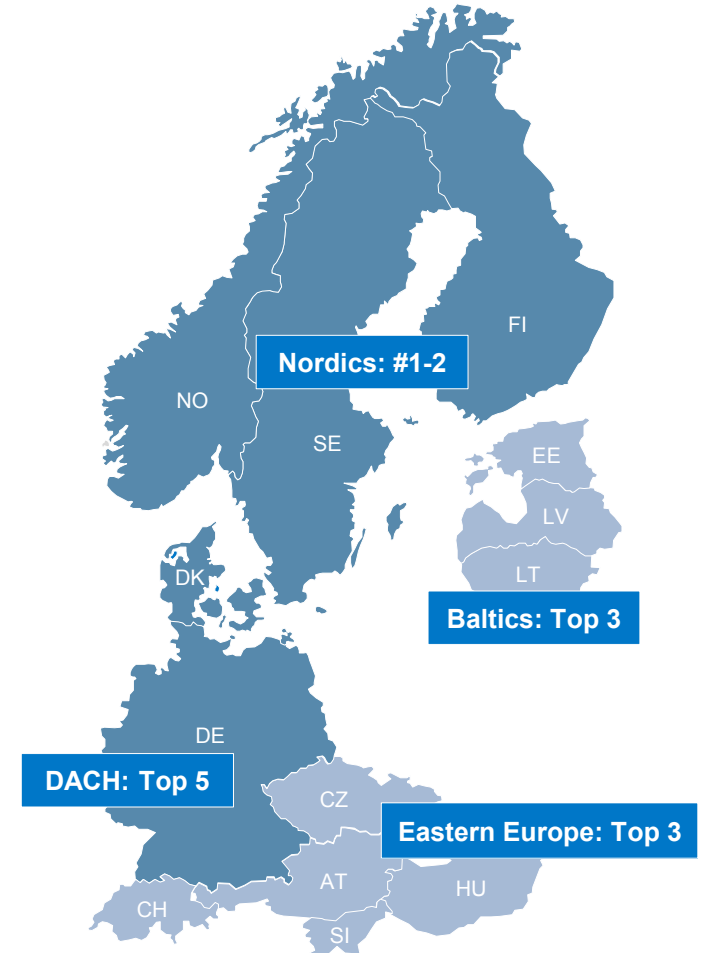
DIRECTA
directadentalgroup.com

topdental
directadentalgroup.com

ORSING
directadentalgroup.com

parkell

Lifco's market positions within dental consumables

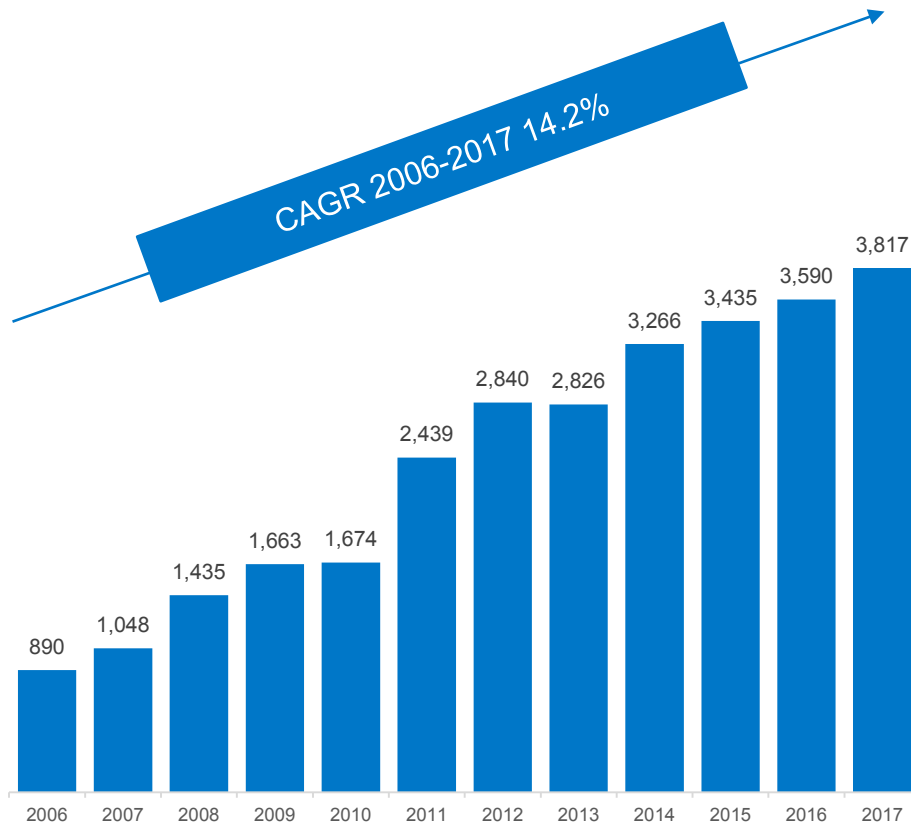


Note: Estimated by Lifco

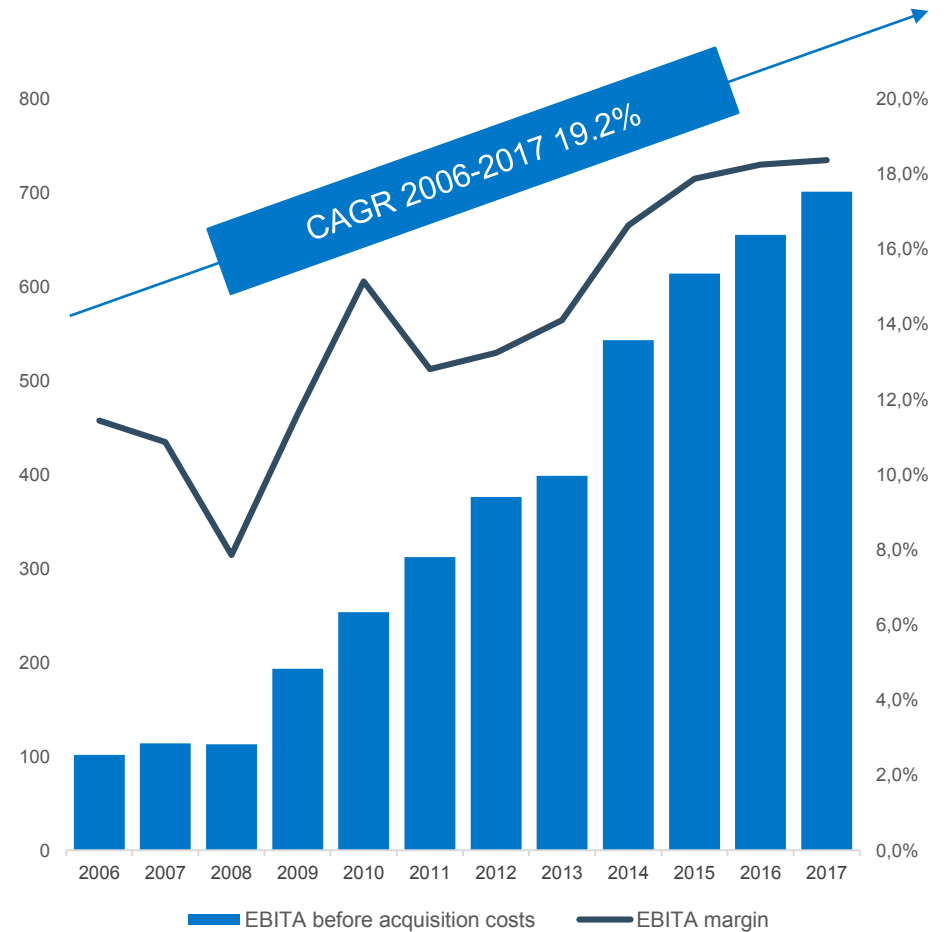
DENTAL FINANCIAL OVERVIEW



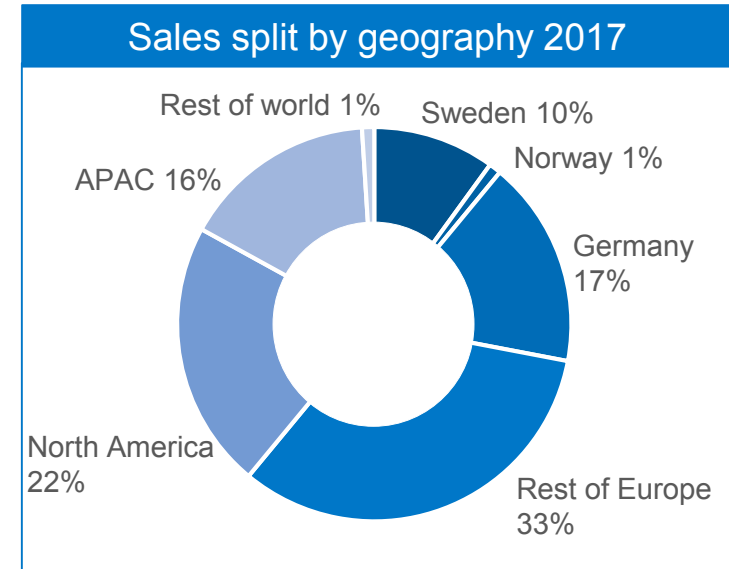
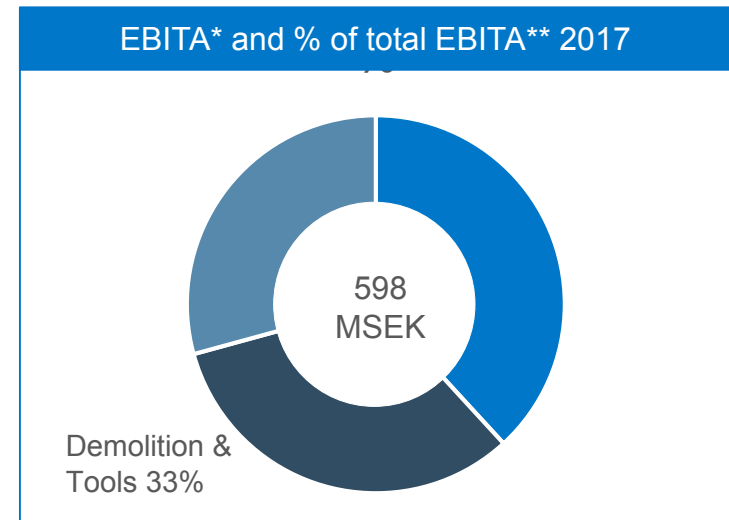
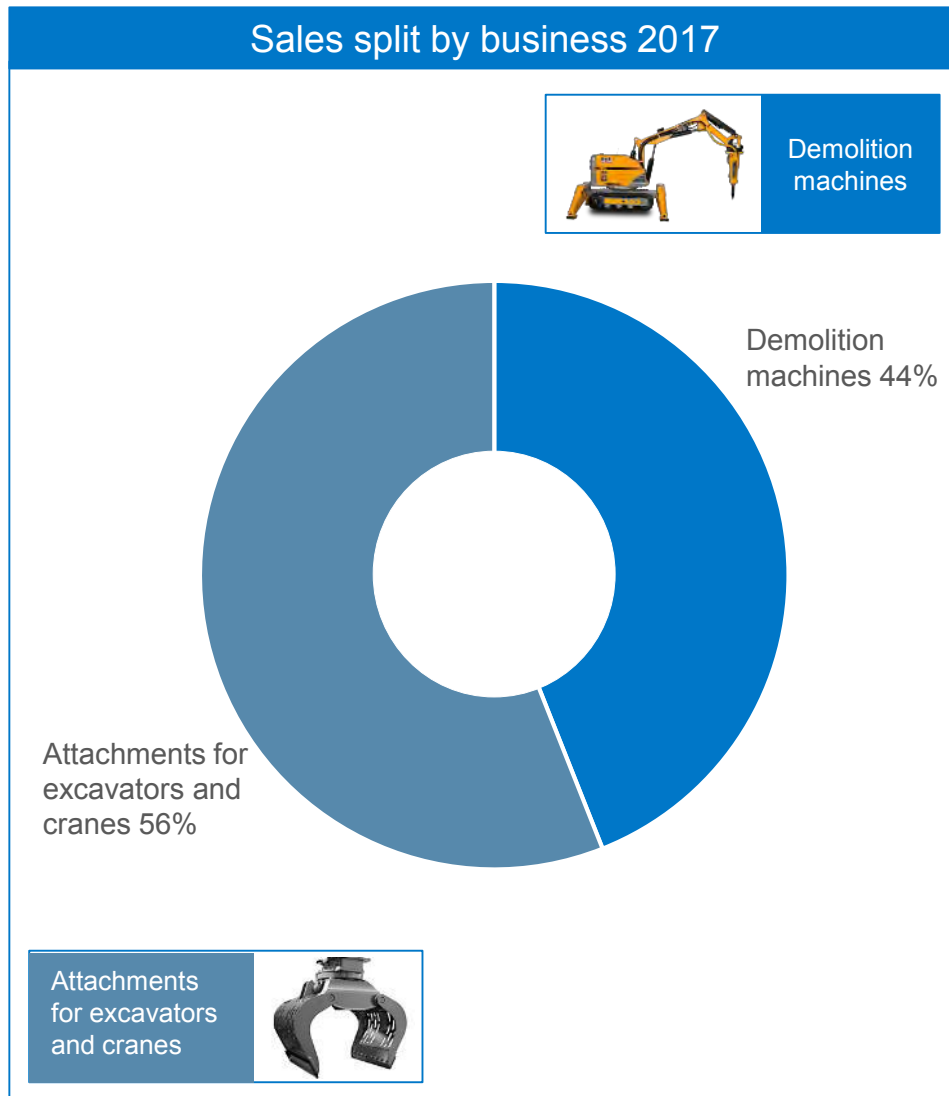
Sales (MSEK)



EBITA (MSEK) and EBITA margin



DEMOLITION & TOOLS

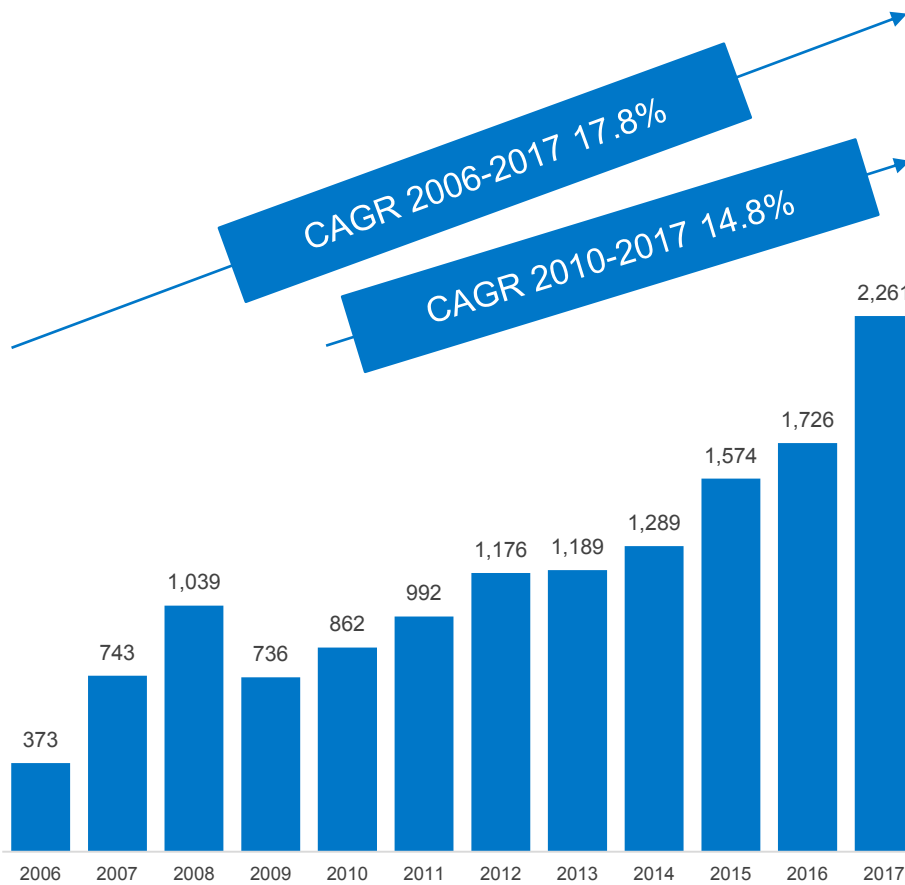


*Before acquisition costs **Excluding HQ costs

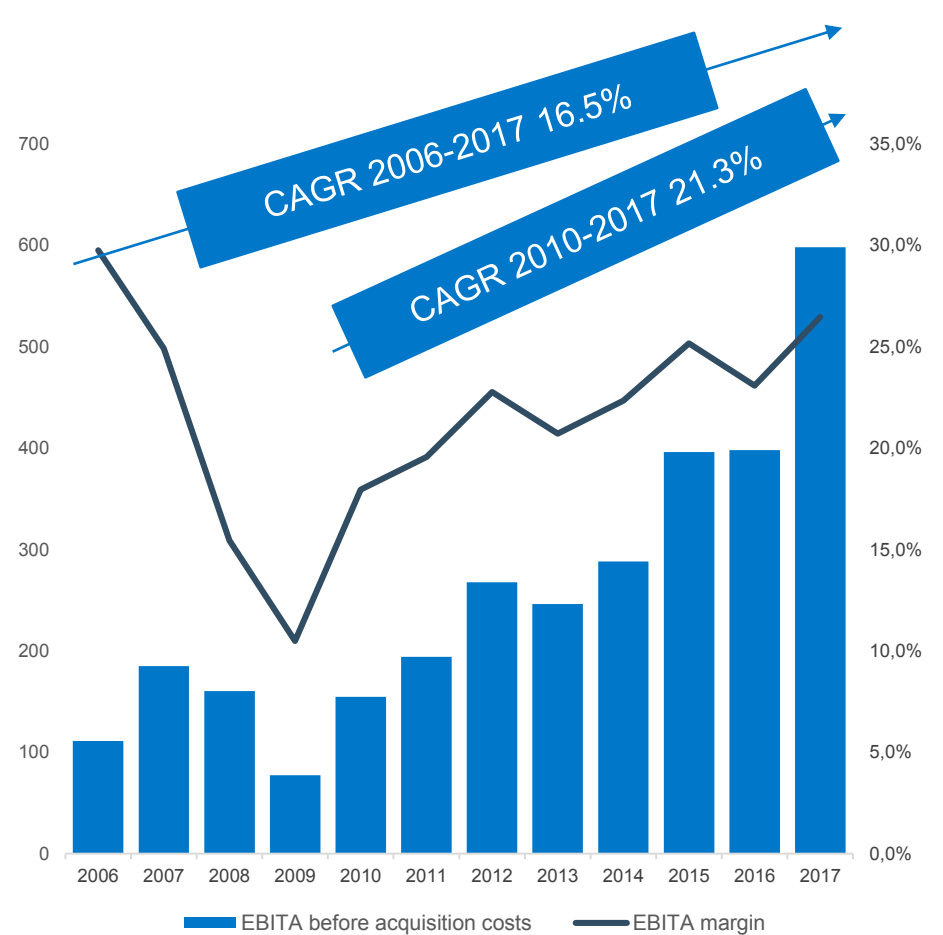
DEMOLITION & TOOLS FINANCIAL OVERVIEW



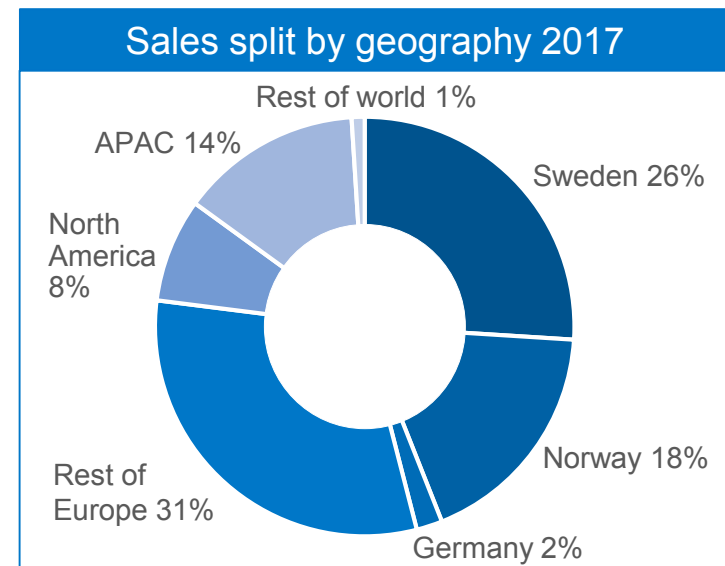
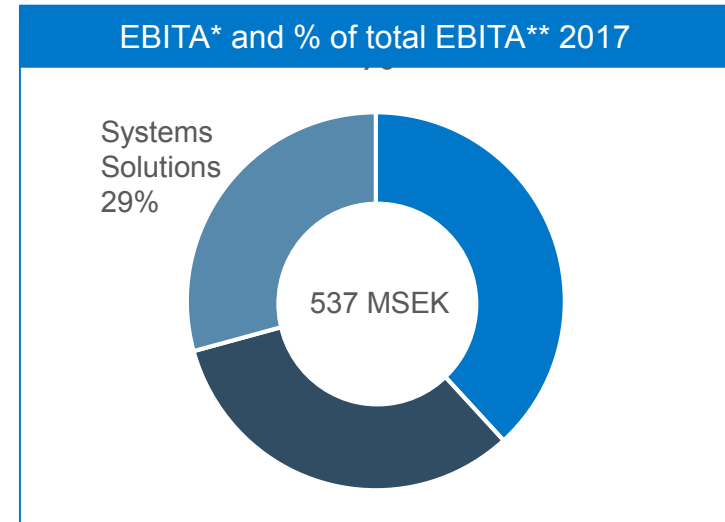
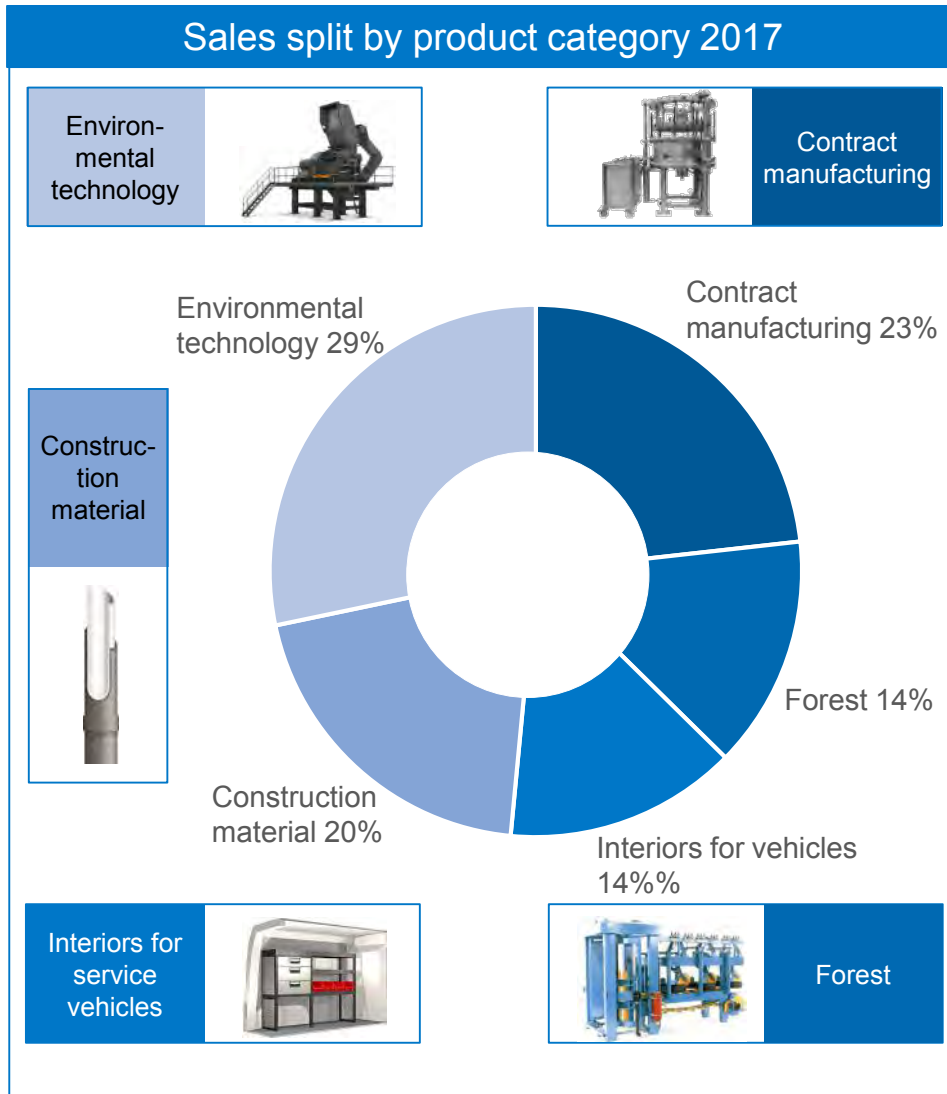
Sales (MSEK)



EBITA (MSEK) and EBITA margin



SYSTEMS SOLUTIONS

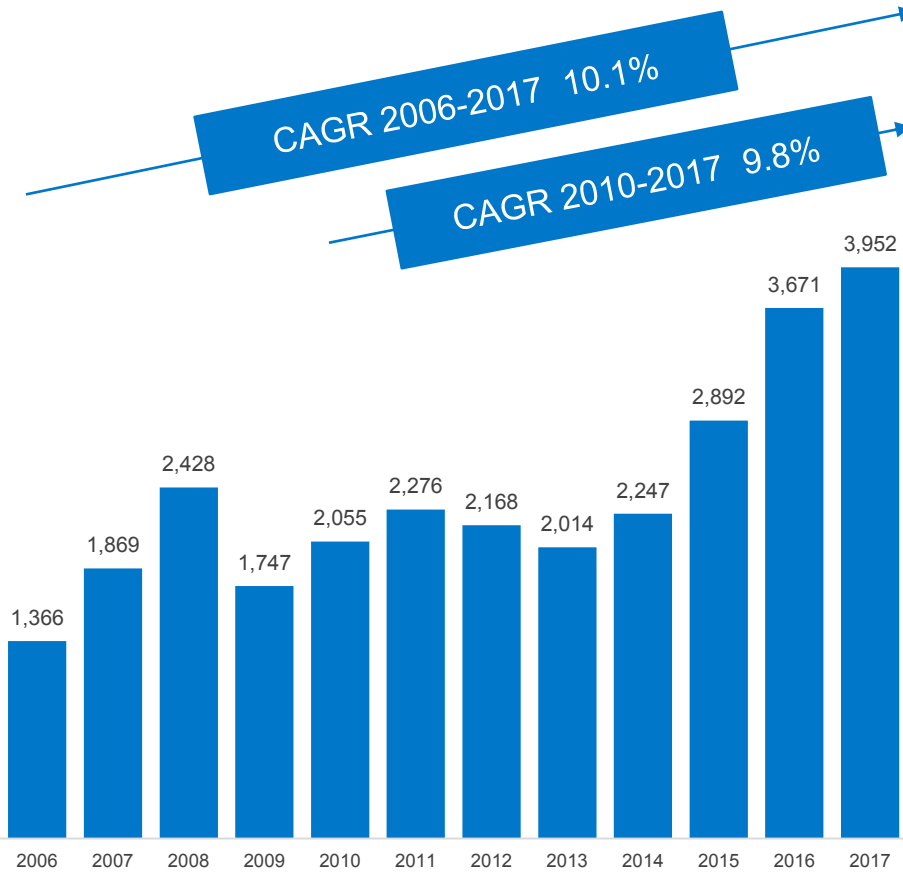


*Before acquisition costs **Excluding HQ costs

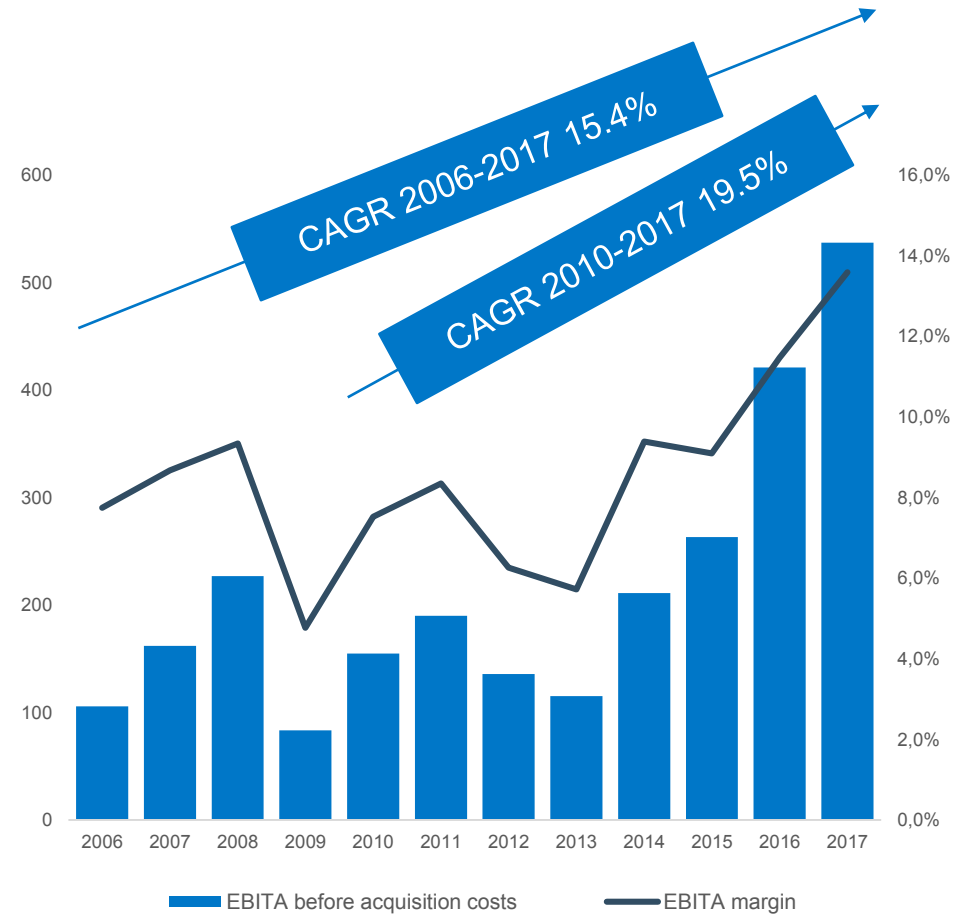
SYSTEMS SOLUTIONS FINANCIAL OVERVIEW



Sales (MSEK)

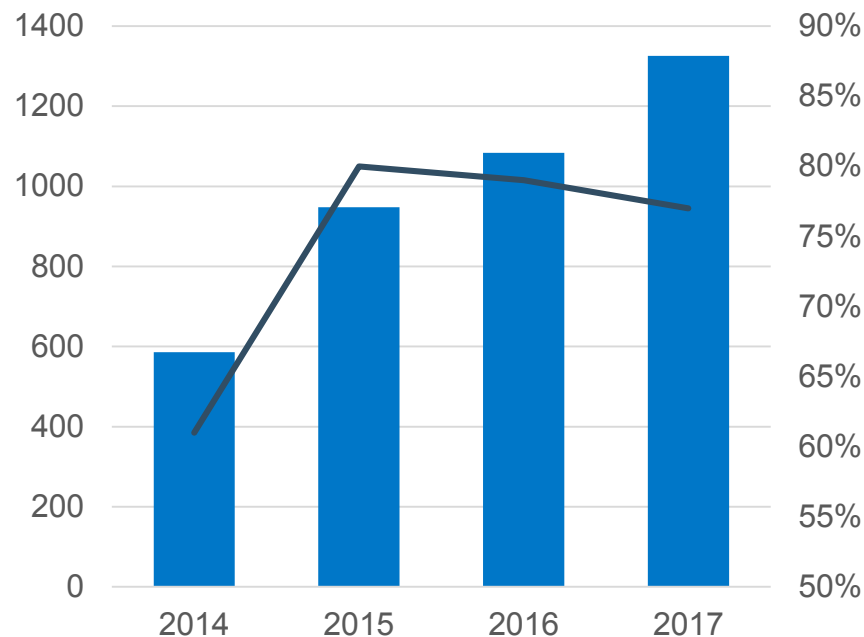


EBITA (MSEK) and EBITA margin



STRONG CASH FLOW GENERATION

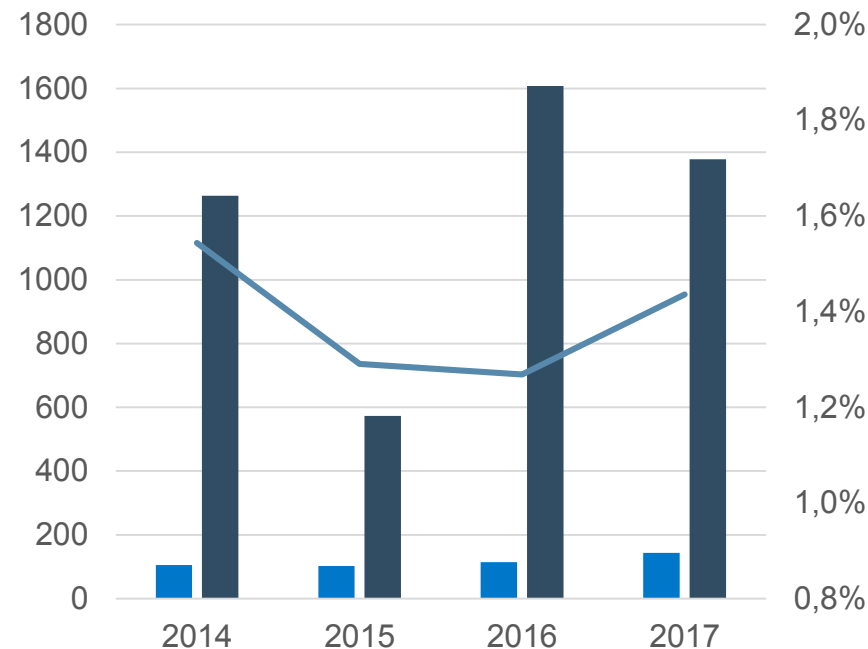
Operating cash flow after tax, before investments



■ Operating cash flow after tax, before investments, MSEK
— Cash flow conversion, %

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

Capex and acquisitions²



■ Capex, MSEK ■ Acquisitions, MSEK — Capex/sales, %

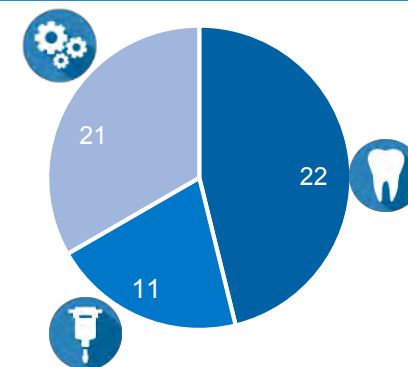
- Low required maintenance capex within the group
- Due to outsourcing of a large share of basic manufacturing, investments in subsidiaries with own production can be minimized

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

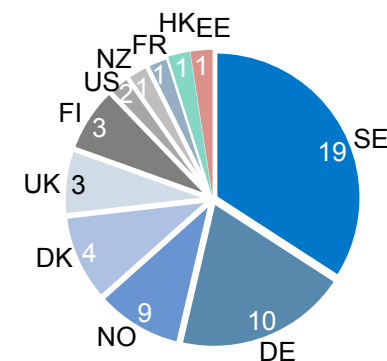
OVERVIEW OF ACQUISITIONS 2006–2012

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	
	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		

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	~1,000
	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	
	Blinken	Construction material	Systems Solutions	Norway	MNOK 124	
	Wachtel	Construction material	Systems Solutions	Germany	MEUR 2	
	Doherty	Excavator products	Demolition & Tools	New Zealand	MNZD 14	
	Computer konkret**	Software for dentists	Dental	Germany	MEUR 3.8	
Dental Direkt and 3D Dental**	Distributor of dental products	Dental	Norway and Denmark	MNOK 95 MDKK 25		

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

**To be consolidated in 2018

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	Q417	Q416	Change	2017	2016	Change
Net sales	2,789	2,435	14.5%*	10,030	8,987	11.6%**
EBITA***	510	380	34.2%	1,732	1,377	25.8%
EBITA margin***	18.3%	15.6%	2.7	17.3%	15.3%	2.0
Profit before tax	442	330	33.9%	1,473	1,219	20.8%
Net profit for the period	329	260	26.5%	1,107	927	19.4%
Earnings per share	3.54	2.80	26.4%	11.94	9.99	19.5%
Return on capital employed	19.7%	18.7%	1.0	19.7%	18.7%	1.0
Return on capital employed, excl. goodwill	177%	141%	36	177%	141%	36

* Organic growth of 5.9% in Q417.

** Organic growth of 2.1% in 2017.

*** Before acquisition costs.

THE BUSINESS AREAS' FINANCIAL PERFORMANCE

DENTAL						
MSEK	Q417	Q416	Change	2017	2016	Change
Net sales	1,008	1,014	-0.6%	3,817	3,590	6.3%
EBITA*	184	183	0.5%	701	655	7.0%
EBITA margin*	18.3%	18.0%	0.3	18.4%	18.2%	0.2

DEMOLITION & TOOLS						
MSEK	Q417	Q416	Change	2017	2016	Change
Net sales	633	441	43.5%	2,261	1,726	31.0%
EBITA*	189	101	87.1%	598	398	50.3%
EBITA margin*	29.9%	22.8%	7.1	26.5%	23.0%	3.5

SYSTEMS SOLUTIONS						
MSEK	Q417	Q416	Change	2017	2016	Change
Net sales	1,148	980	17.1%	3,952	3,671	7.7%
EBITA*	168	125	34.4%	537	421	27.6%
EBITA margin*	14.7%	12.8%	1.9	13.6%	11.5%	2.1

* Before acquisition costs.

HIGHLIGHTS

Strong track record

- 12.9% annual sales growth rate 2006-2017
- 18.0% annual EBITA growth rate 2006-2017

Focus on profitability

- Good profitability is a prerequisite for sustainable growth

Strong market positions

- Strong market positions in the Nordic markets in the Dental segment (top 2-3) and Demolition&Tools segment (global #1)

Balance sheet target

- Net debt/EBITDA in the range of 2-3X

Cash flow

- Diversification and cash flow focus support low cyclical, Dental is essentially non-cyclical
- Strong cash flow and deleveraging capabilities
- Low required maintenance capex with the Group

Ownership

- Carl Bennet largest shareholder (50.1% of capital and 68.9% of votes) and committed long-term owner

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS