

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

Presentation
Year-End Report 2017
15 February 2018

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

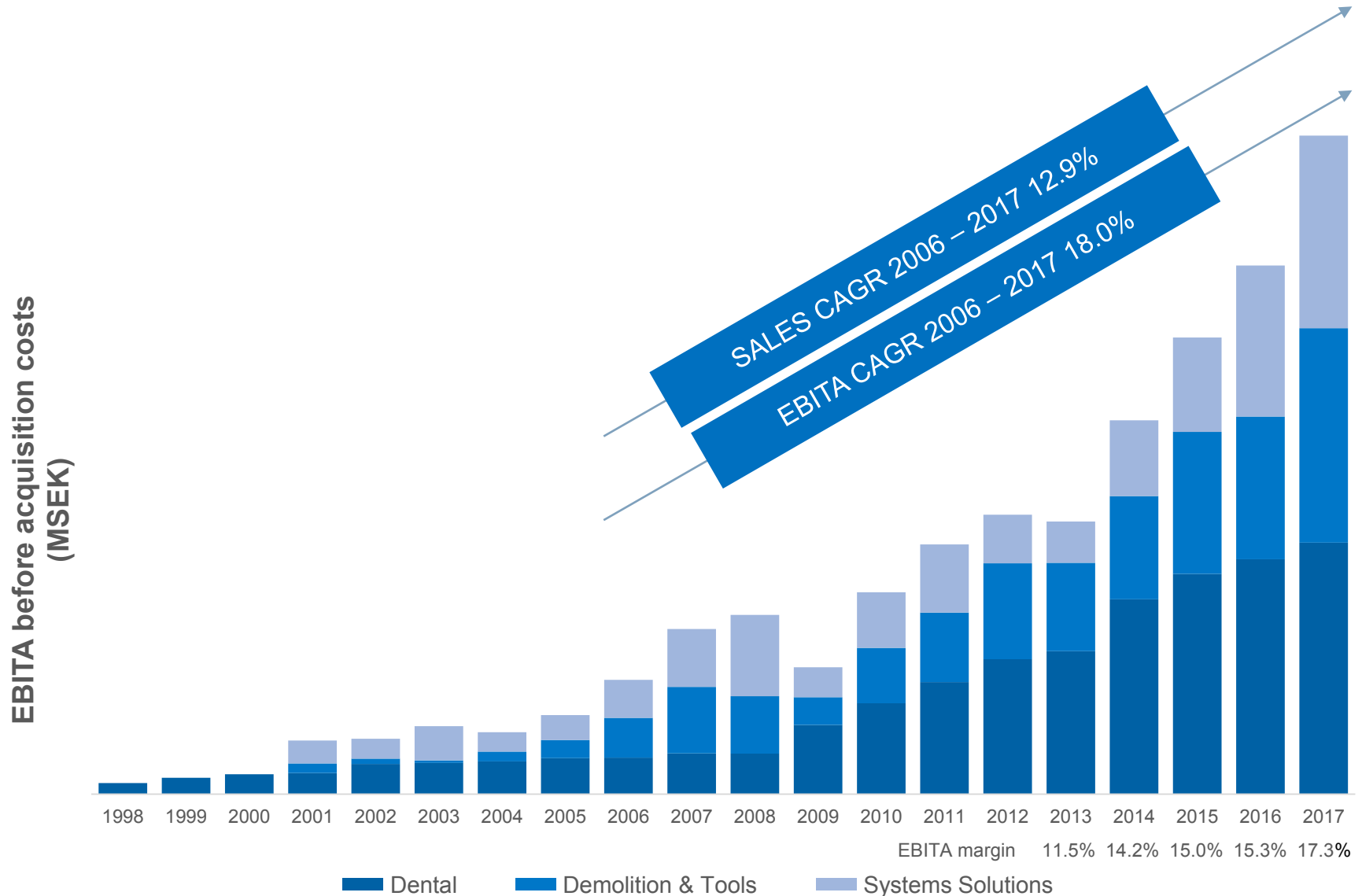
Incremental and continuous development

- 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.

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

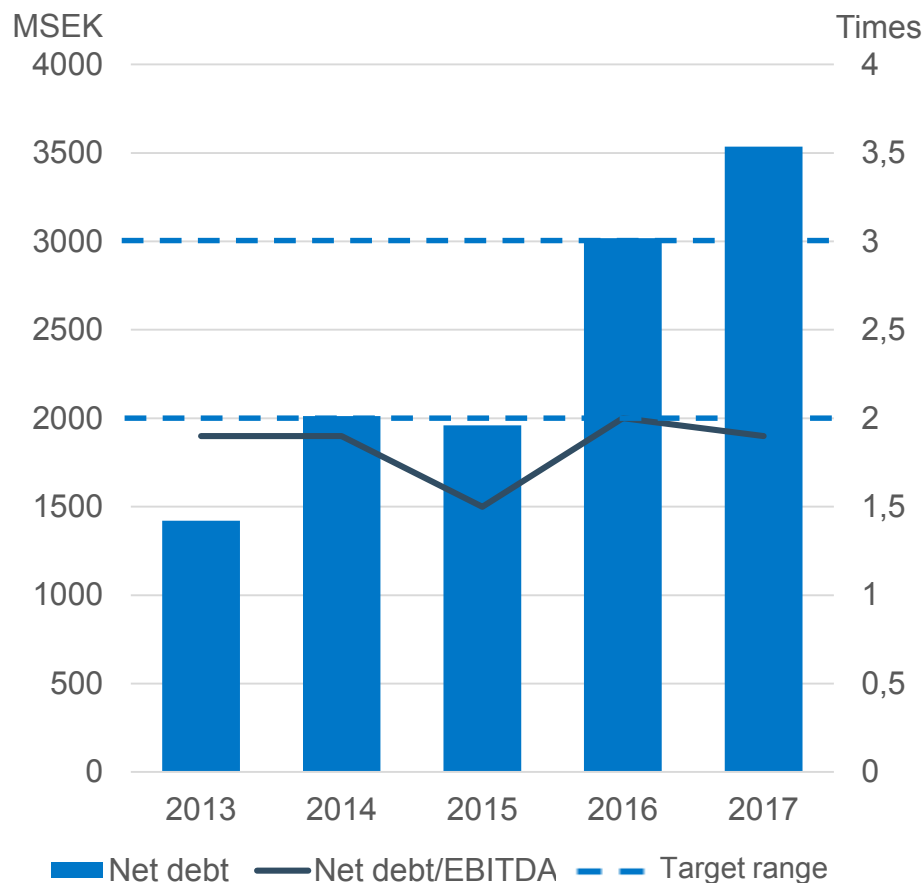
ACQUIRED VS ORGANIC EBITA GROWTH

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%

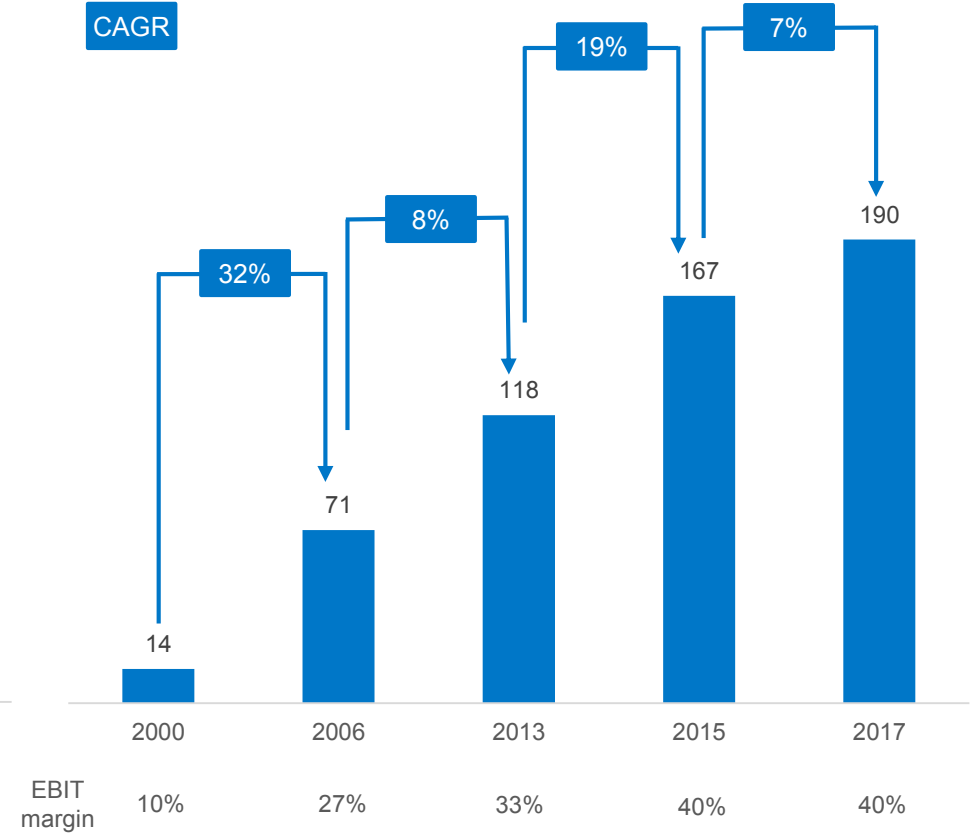
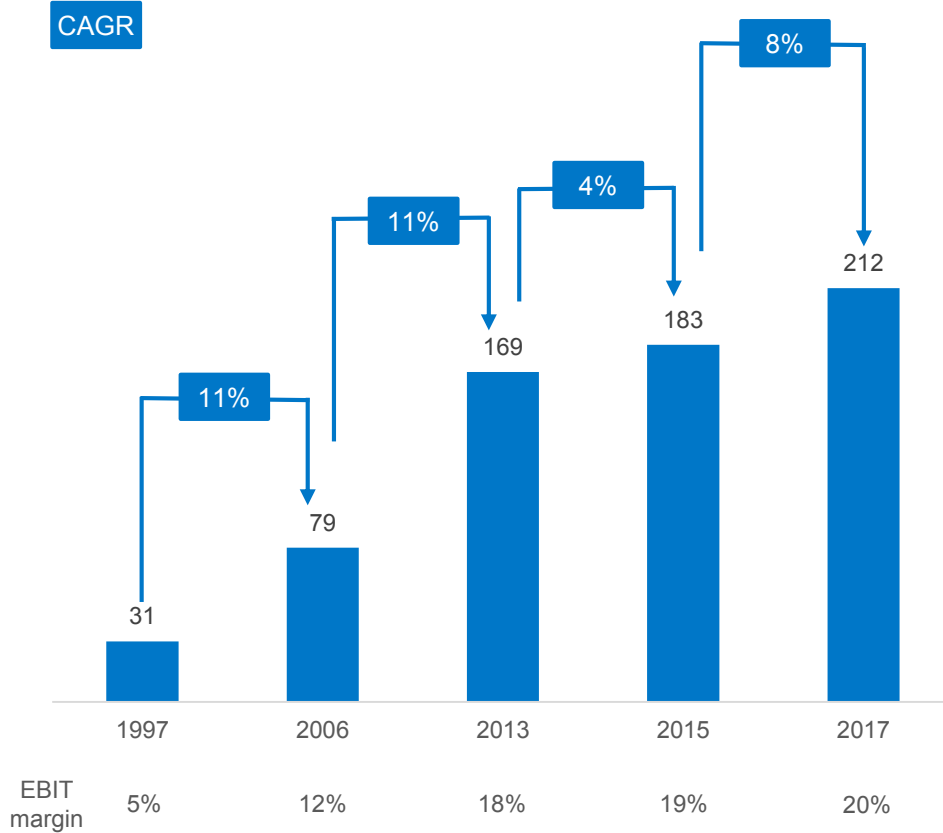
EXAMPLES OF VALUE CREATION

Dental¹ - EBIT (MSEK) and organic EBIT growth

Brokk² - EBIT (MSEK) and organic EBIT growth

CAGR

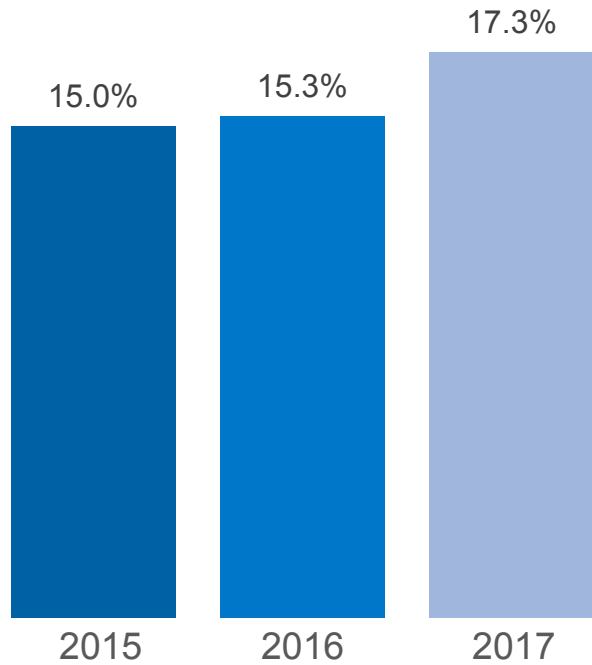
CAGR



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

MAINTAINING FOCUS ON CAPITAL EMPLOYED

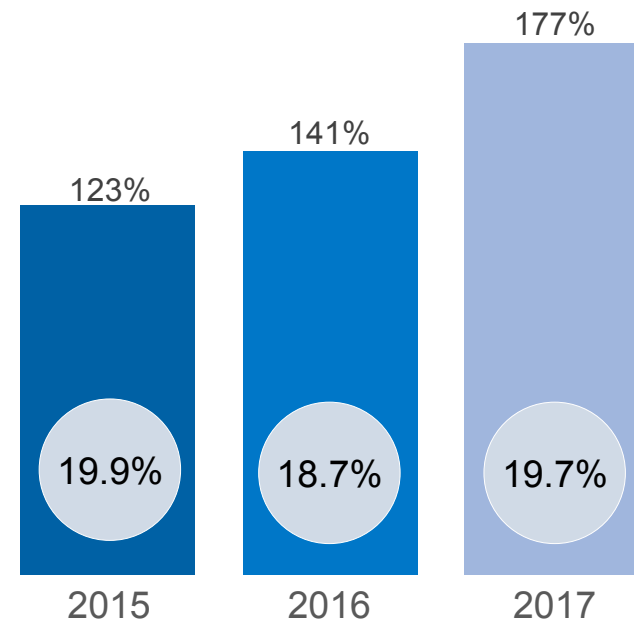
EBITA margin



ROCE excl. goodwill and other intang. assets

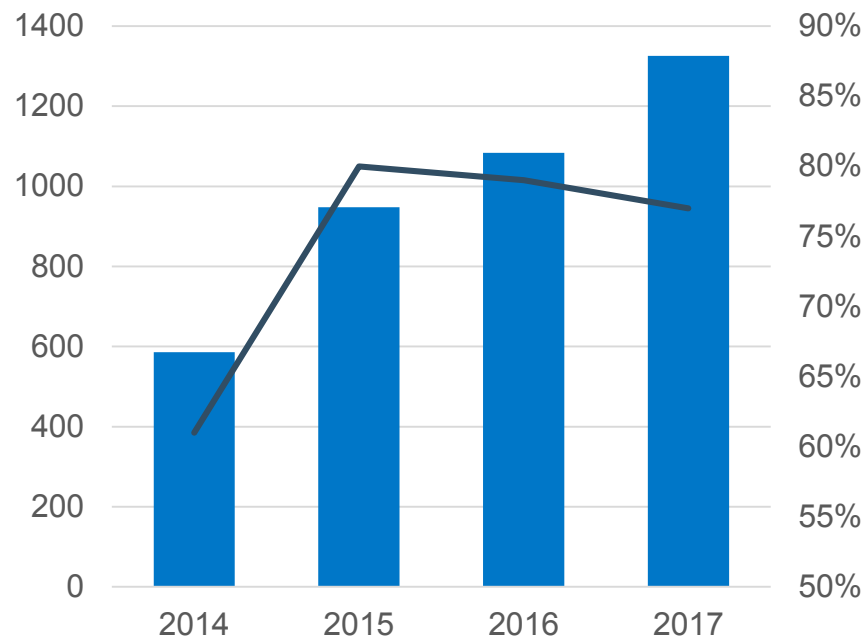
x.x%

ROCE incl. goodwill and other intangible assets



STRONG CASH FLOW GENERATION

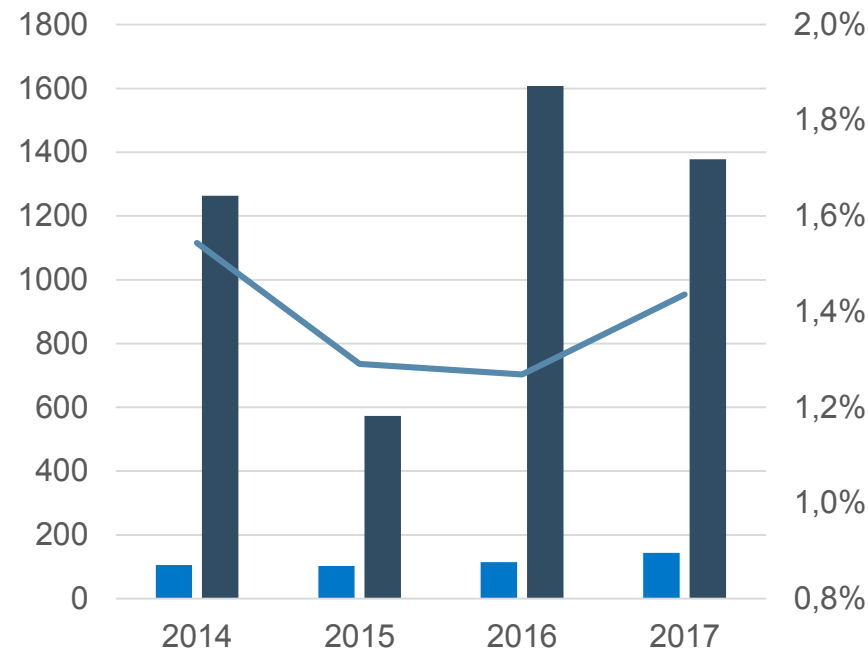
Operating cash flow after tax, before investments



■ 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 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

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.

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