

# LIFCO

**YEAR-END REPORT 2014**

FEBRUARY 20, 2015

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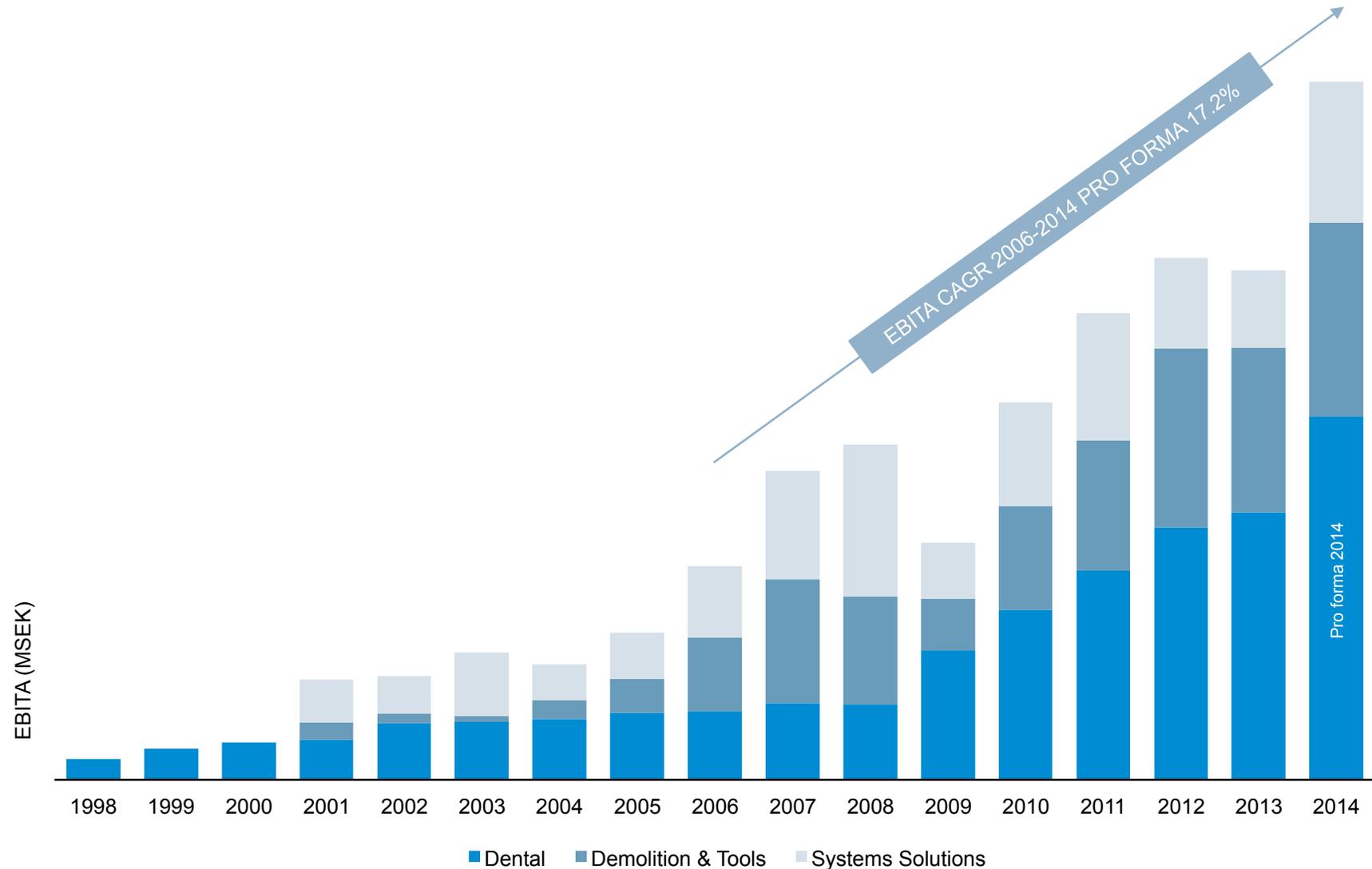
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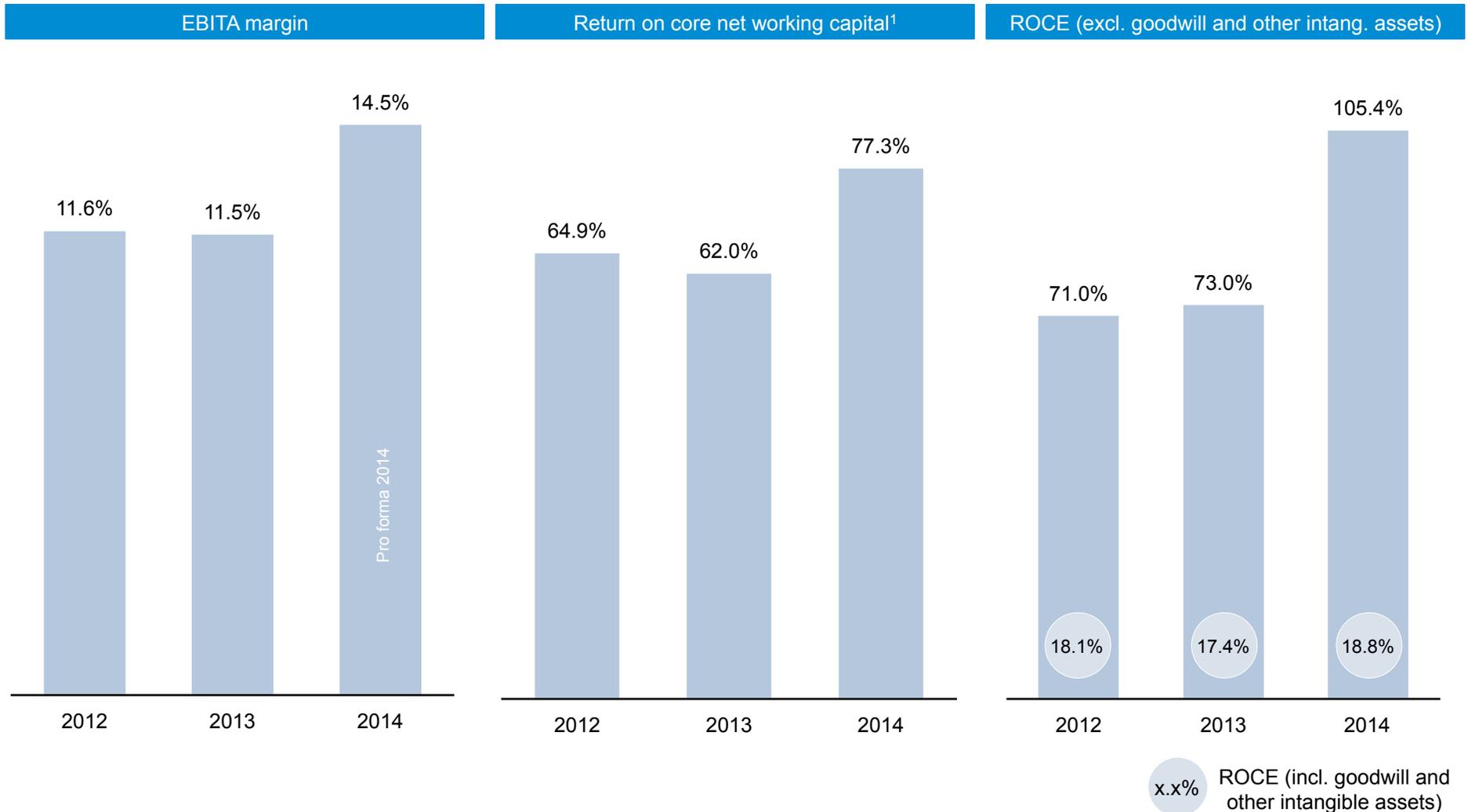
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# ONE TARGET: TO INCREASE PROFITS EVERY YEAR...



Note: IFRS accounting since 2012, prior years Swedish GAAP. Proforma includes acquired MDH full year 2014.

# ...WHILE MAINTAINING FOCUS ON CAPITAL EMPLOYED



1) Return on core net working capital defined as EBITA/core net working capital. Core net working capital defined as the sum of inventory and accounts receivable less accounts payable

# ORGANISED IN THREE BUSINESS AREAS

## LIFCO

Sales pro forma: 6,898 MSEK  
EBITA pro forma: 998 MSEK

### Dental



### Demolition & Tools



### Systems Solutions



Leading distributors of dental products in Nordics and Germany

Sales pro forma: 3,362 MSEK  
EBITA pro forma: 575 MSEK

% of EBITA<sup>1</sup>

53%



Leading producers of demolition robots and attachments for excavators and cranes

Sales: 1,289 MSEK  
EBITA: 288 MSEK

% of EBITA<sup>1</sup>

27%



Wide range of leading systems solutions providers

Sales: 2,247 MSEK  
EBITA: 211 MSEK

% of EBITA<sup>1</sup>

20%



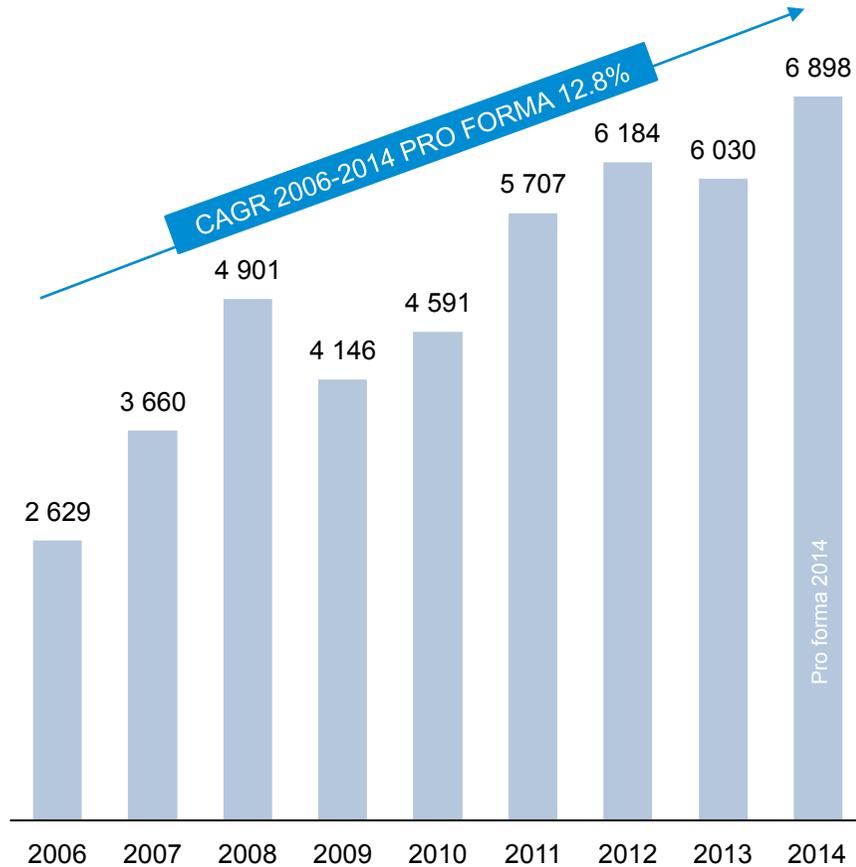
# LIFCO

# FINANCIALS 2014

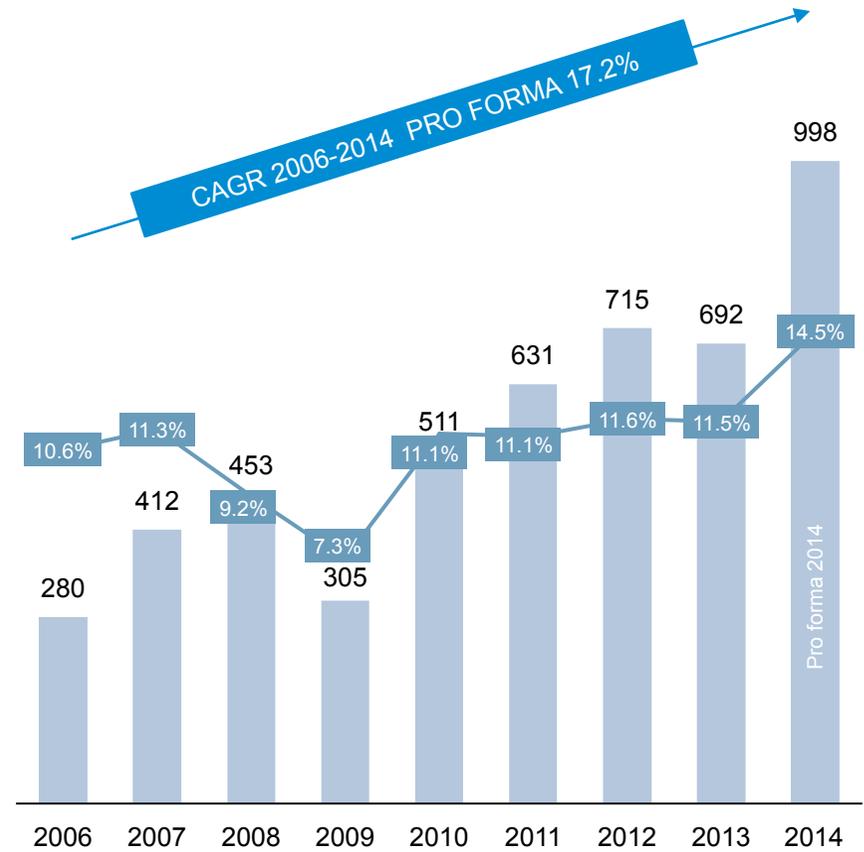
GROUP	FY14	FY13	Change	Q414	Q413	Change
Net sales, MSEK	6,802	6,030	12.8%	1,901	1,678	13.3%
EBITA, MSEK	966	692	39.6%	273	211	29.2%
EBITA margin	14.2%	11.5%	2.7	14.4%	12.6%	1.8
DENTAL	FY14	FY13	Change	Q414	Q413	Change
Net sales, MSEK	3,266	2,826	15.6%	918	765	20.1%
EBITA, MSEK	543	399	36.3%	149	106	41.5%
EBITA margin	16.6%	14.1%	2.5	16.3%	13.8%	2.5
DEMOLITION & TOOLS	FY14	FY13	Change	Q414	Q413	Change
Net sales, MSEK	1,289	1,189	8.4%	354	314	12.9%
EBITA, MSEK	288	246	16.9%	92	68	35.1%
EBITA margin	22.3%	20.7%	1.6	25.9%	21.7%	4.2
SYSTEMS SOLUTIONS	FY14	FY13	Change	Q414	Q413	Change
Net sales, MSEK	2,247	2,014	11.5%	628	600	4.7%
EBITA, MSEK	211	115	82.9%	54	56	- 3.8%
EBITA margin	9.4%	5.7%	3.7	8.5%	9.3%	- 0.8

# LIFCO GROUP FINANCIAL OVERVIEW

Sales (MSEK) development



EBITA (MSEK) and EBITA margin (%) development

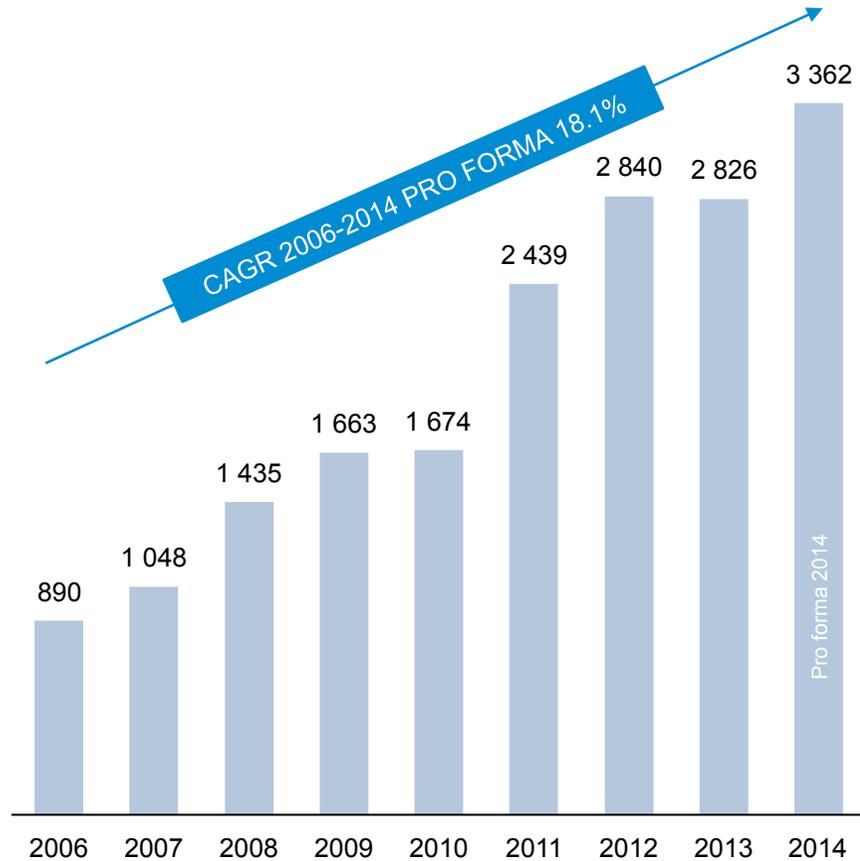


Note: IFRS accounting since 2012, prior years Swedish GAAP

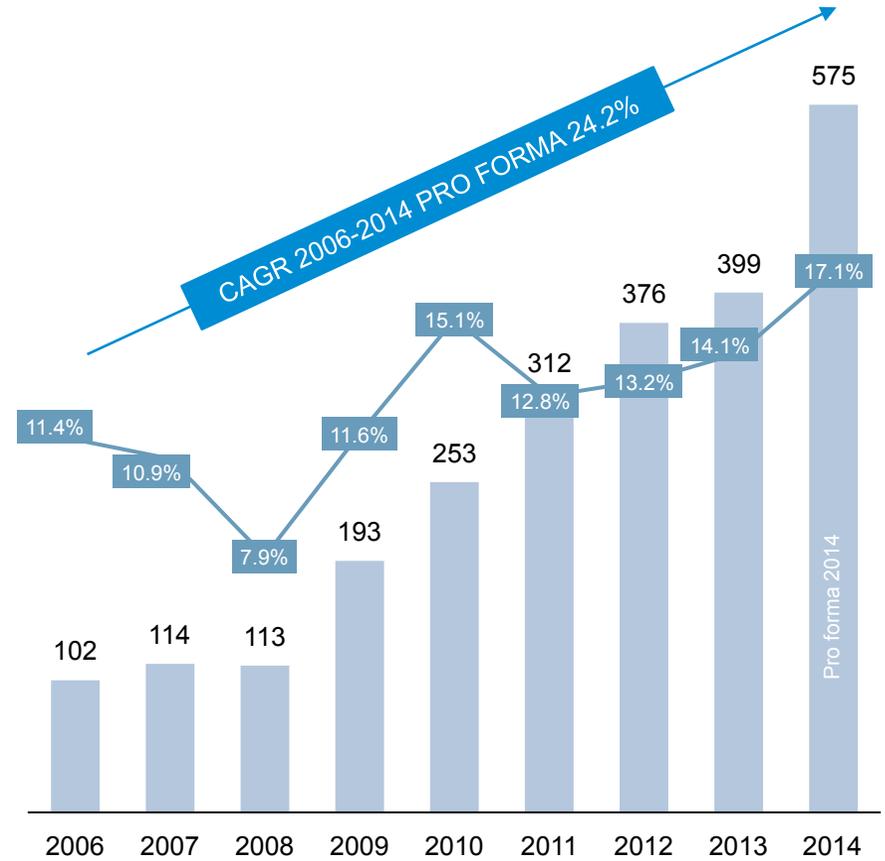
# DENTAL FINANCIAL OVERVIEW



Sales (MSEK) development



EBITA (MSEK) and EBITA margin (%) development

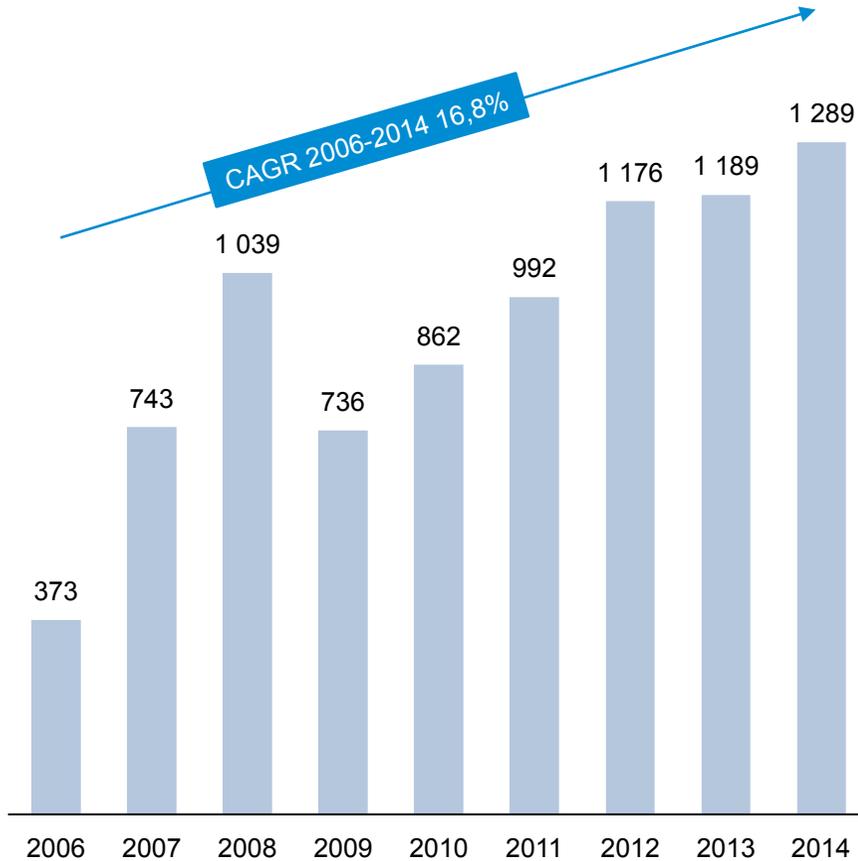


Note: IFRS accounting since 2012, prior years Swedish GAAP

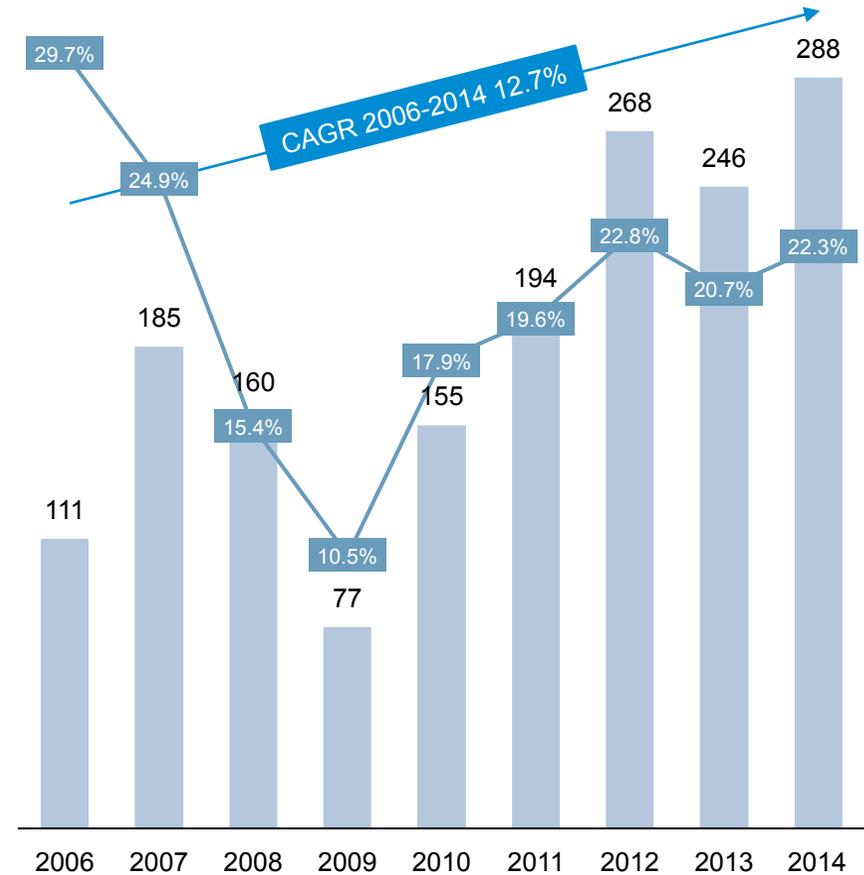
# DEMOLITION & TOOLS FINANCIAL OVERVIEW



Sales (MSEK) development



EBITA (MSEK) and EBITA margin (%) development

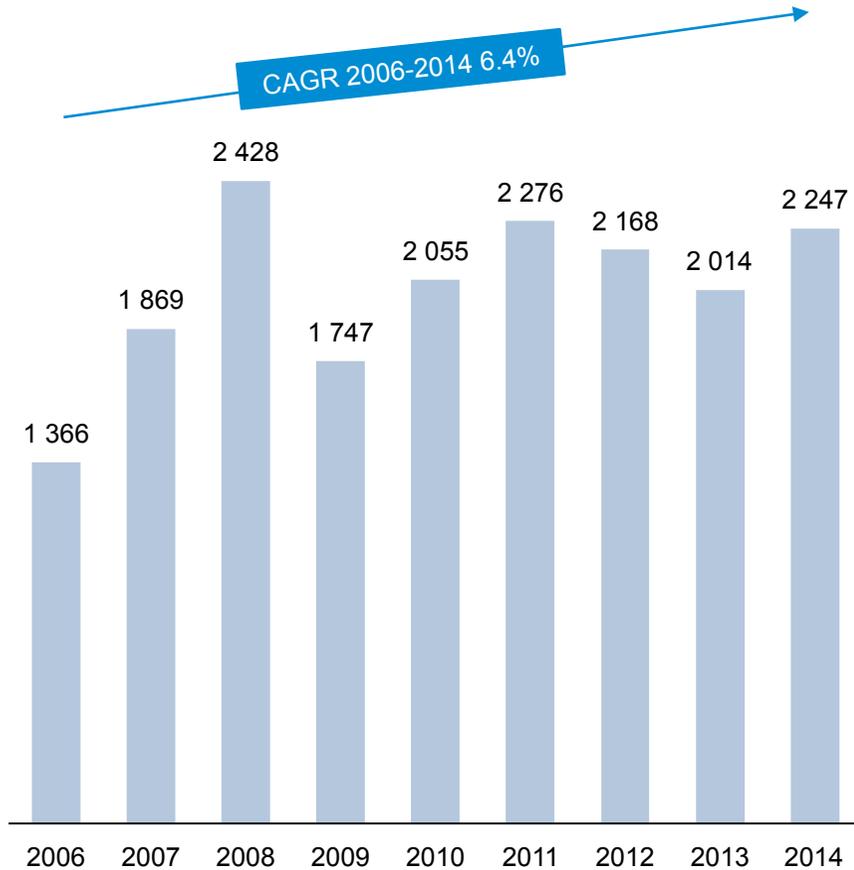


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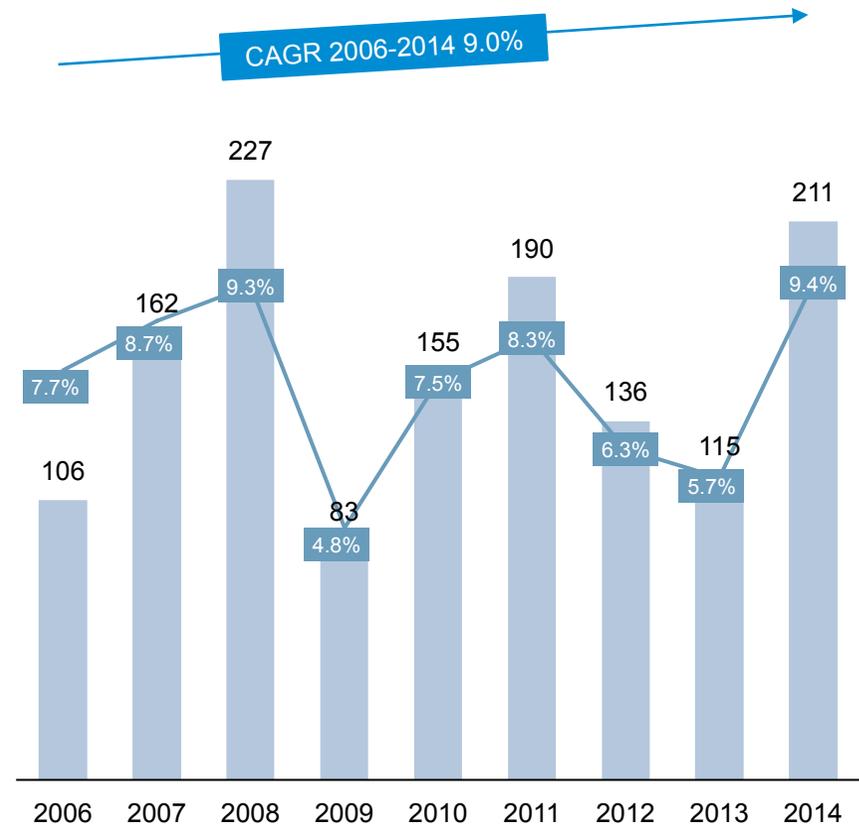
# SYSTEMS SOLUTIONS FINANCIAL OVERVIEW



Sales (MSEK) development

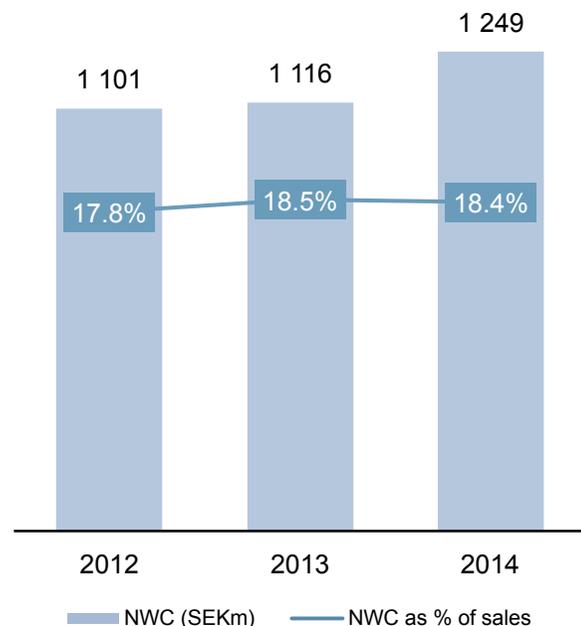


EBITA (MSEK) and EBITA margin (%) development

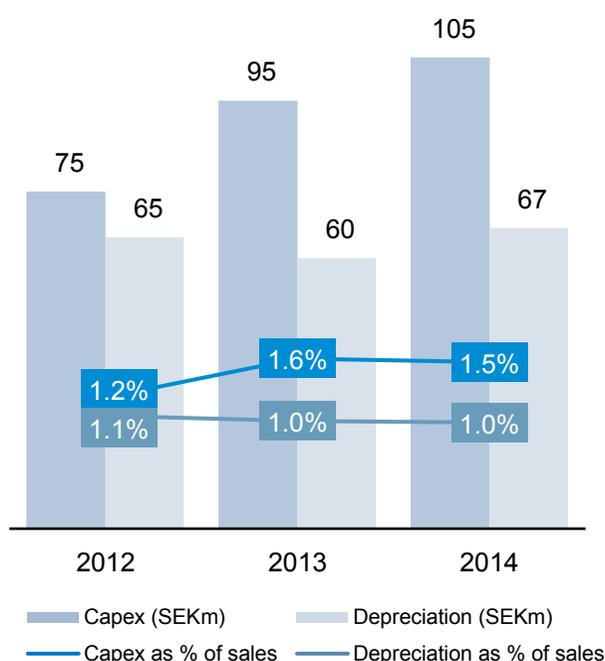


# STRONG CASH FLOW GENERATION

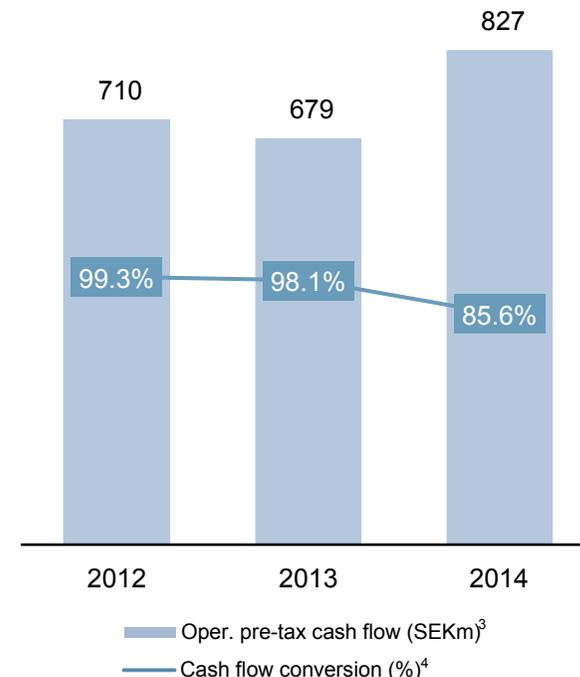
Core net working capital<sup>1</sup>



Capex and depreciation<sup>2</sup>



Operating pre-tax cash flow



- 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

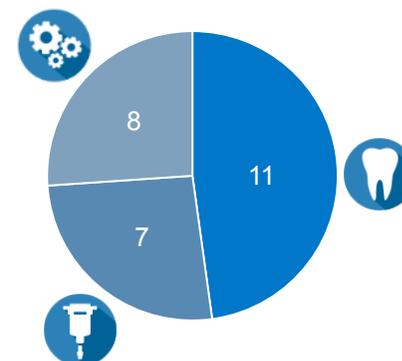
- High cash conversion as a result of focus on asset light operations combined with tight control of working capital

1) Core net working capital defined as the sum of inventory and accounts receivable less accounts payable  
 2) Refers to investments in and depreciation of tangible fixed assets  
 3) Operating pre-tax cash flow defined as EBITDA – change in NWC (according to cash flow statement) – investments in tangible fixed assets  
 4) Cash flow conversion defined as operating pre-tax cash flow divided by EBITA

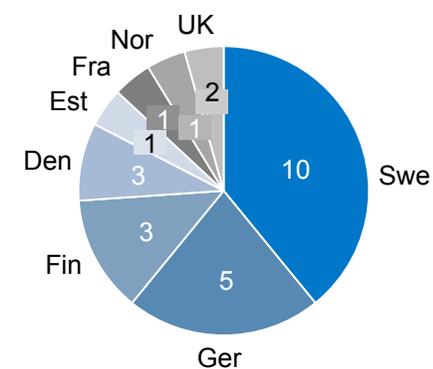
# OVERVIEW OF ACQUISITIONS

Year	Company	Description	Type	Country	Sales at acquisition
2006	Darda	Producer of attachments for demolition robots	Demolition & Tools	Germany	EUR 8m
	Dental Prime	Distributor of dental equipment and services	Dental	Finland	EUR 3m
	Elektronikprodukter i Järlåsa	Producer of high quality electronics	Systems Solutions	Sweden	SEK 30m
2007	Hekotek	Producer of sawmill equipment	Systems Solutions	Estonia	EUR 13m
	Kinshofer	Producer of tools for excavators and cranes	Demolition & Tools	Germany	EUR 66m
	Oriola Dental	Distributor of consumables and equipment	Dental	Finland	EUR 45m
	Plas Data Dental	Producer of IT-systems for dental clinics	Dental	Denmark	DKK 7m
	Proline	Relining of plumbing systems	Systems Solutions	Sweden	SEK 120m
	Safe Dental	IT services to dental clinics	Dental	Sweden	SEK 2m
	Zetterströms Rostfria	Producer of quality products in stainless steel	Systems Solutions	Sweden	SEK 50m
2008	Endomark	Distributor of consumables and equipment	Dental	Sweden	SEK 9m
	Tevo	Producer of interiors for vehicles	Systems Solutions	UK	GBP 8m
	XO Care Denmark A/S	Distributor of dental equipment and services	Dental	Denmark	DKK 77m
2009	Aponox	Producer of tools for excavators and cranes	Demolition & Tools	Finland	-
	Ellman Produkter	Distributor of consumables	Dental	Sweden	SEK 43m
	Interdental	Distributor of prosthetics	Dental	Norway	SEK 10m
2010	ATC	Distributor of Brokk machines	Demolition & Tools	France	EUR 5m
2011	EDP	Distributor of consumables and equipment	Dental	Germany	EUR 119m
	NETdental	Distributor of consumables	Dental	Germany	EUR 20m
	RF-System	Producer of tools for excavators and cranes	Demolition & Tools	Sweden	SEK 80m
	Wintech	Producer of high quality electronics	Systems Solutions	Sweden	SEK 125m
2012	Ahlberg Cameras	Producer of camera systems for the nuclear industry	Demolition & Tools	Sweden	SEK 73m
2014	MDH	Producer of dental prosthetics	Dental	Germany	EUR 44m
2015	Sanistål interior for vehicles	Producer of interiors for vehicles	Systems Solutions	Denmark	DKK 25m
	Auger Torque	Producer of earth drills	Demolition & Tools	UK	GBP 10 m
	Rapid Granulator	Manufacturer of granulators	Systems Solutions	Sweden	MSEK 300

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

# LIFCO GROUP BALANCE SHEET

## Comments

- Equity injection by Carl Bennet AB of MSEK 500 at the end of September 2014
  - Proceeds will be used to repay existing debt
  - To create strong capital structure with room for further acquisition driven growth
- Net debt of MSEK 2,013 at December 31, 2014
  - Corresponding to a net debt/EBITDA ratio of approximately 1.9x

## Balance sheet as at December 2014

MSEK	2012	2013	2014
Intangible fixed assets	3 016	3 047	4 677
Tangible fixed assets	334	342	386
Financial assets	33	46	54
Inventory	753	758	823
Accounts receivable	662	671	770
Other receivable	193	163	188
Cash and cash equivalents	402	442	536
<b>Total assets</b>	<b>5 392</b>	<b>5 468</b>	<b>7 434</b>
Shareholders' equity	2 153	2 382	3 473
Interest-bearing liabilities	2 097	1 939	2 627
Other liabilities and provisions	69	54	284
Accounts payable	314	313	344
Other short-term liabilities	760	779	706
<b>Total equity and liabilities</b>	<b>5 392</b>	<b>5 468</b>	<b>7 434</b>
Net debt	1 618	1 420	2 013
Net debt/EBITDA	2,1x	1,9x	1,9x
Capital employed excl. goodwill and other intang. assets	832	833	887
ROCE excl. goodwill and other intangible assets	71,0%	73,0%	105,4%
Capital employed incl. goodwill and other intang. assets	3 848	3 880	5 564
ROCE incl. goodwill and other intangible assets	18,1%	17,4%	18,8%

# 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<sup>1</sup>

- 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

# MANAGEMENT AND CHAIRMAN



**Fredrik Karlsson**

CEO

**Born:** 1962

**Education**

- MSc in Engineering Physics (KTH Teknisk Fysik)
- MSc in Business Administration (HHS i Stockholm)

**Experience**

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



**Per Waldemarson**

President Dental

**Born:** 1977

**Education**

- MSc in Business Administration (HHS i Stockholm)

**Experience**

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



**Therése Hoffman**

CFO

**Born:** 1971

**Education**

- International Marketing (Mälardalens Högskola)

**Experience**

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



**Carl Bennet**

Chairman

**Born:** 1951

**Other assignments**

- Chairman and main owner of Getinge
- Chairman and main owner of Elanders
- Member of the Board of Holmen
- Member of the Board of LE Lundbergsföretagen

**GROWTH OR PROFIT?**

**PROFIT GROWTH!**

LIFCO