

# LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

Presentation

Interim Report January–September 2020

22 October 2020

# THE GROUP'S FINANCIAL PERFORMANCE

MSEK	Q320	Q319	Change	2020 LTM	2019	Change
Net sales	3,311	3,211	3.1% <sup>1</sup>	13,772	13,845	-0.5% <sup>2</sup>
EBITA <sup>3</sup>	699	596	17.3%	2,571	2,523	1.9%
EBITA margin <sup>3</sup>	21.1%	18.6%	2.5	18.7%	18.2%	0.5
Profit before tax	566	473	19.7%	2,093	1,996	4.9%
Net profit for the period	425	355	19.7%	1,601	1,528	4.8%
Operating cash flow	736	662	11.2%	2,807	1,990	41.0%
Earnings per share	4.61	3.86	19.4%	17.40	16.57	5.0%
Return on capital employed	18.6%	20.9%	-2.3	18.6%	19.5%	-0.9
Return on capital employed, excl. goodwill	125%	122%	3.0	125%	108%	-17.0

<sup>1</sup> Organic growth of -0.4% in Q320.

<sup>2</sup> Organic growth of 4.2% in 2019.

<sup>3</sup> Before acquisition costs and non-recurring items.

# THE BUSINESS AREAS' FINANCIAL PERFORMANCE

DENTAL						
MSEK	Q320	Q319	Change	2020 LTM	2019	Change
Net sales	1,065	1,004	6.1%	4,214	4,393	-4.1%
EBITA*	247	203	21.7%	838	874	-4.1%
EBITA margin*	23.2%	20.2%	3.0	19.9%	19.9%	-

DEMOLITION & TOOLS						
MSEK	Q320	Q319	Change	2020 LTM	2019	Change
Net sales	741	901	-17.8%	3,264	3,610	-9.6%
EBITA*	175	239	-26.8%	710	834	-14.9%
EBITA margin*	23.6%	26.5%	-2.9	21.8%	23.1%	-1.3

SYSTEMS SOLUTIONS						
MSEK	Q320	Q319	Change	2020 LTM	2019	Change
Net sales	1,505	1,306	15.2%	6,294	5,842	7.7%
EBITA*	304	172	76.7%	1,132	909	24.5%
EBITA margin*	20.2%	13.2%	7.0	18.0%	15.6%	2.4

\* Before acquisition costs and non-recurring items.

# COVID-19 PANDEMIC

- Dental was positively impacted by the continued recovery of the European dental markets which are returning to more normal levels.
- Systems Solutions business area has as a whole been relatively unaffected by the pandemic. Some operations have benefited from the effects of the pandemic, while others have been impacted negatively. This has depended on where the companies operate in the value chain and in which segment their customers belong.
- The market remains uncertain in Demolition & Tools and was weaker than the previous year, particularly for more capital-intensive products.
- The EBITA margin\* improvement is due to acquisitions as well as low sales and marketing activities during the quarter since many subsidiaries were unable to conduct normal sales and market activities as a result of the pandemic.

# ACQUIRED VS ORGANIC EBITA GROWTH

MSEK	2019	2018	2017	2016	2015
EBITA	2,523	2,168	1,732	1,377	1,186
EBITA from acquisitions	221	197	198	152	118
% growth	10%	11%	14%	13%	12%
Of which from previous year's acquisitions	43	124	68	16	27
Of which from current year's acquisitions	178	73	130	136	91
Organic EBITA growth	134	239	157	39	102
% growth	6%	14%	11%	3%	11%
Acquired annualized EBITA <sup>1</sup>	287	110	223	204	107
Net debt/EBITDA	1.9	1.6	2.0	2.1	1.6

<sup>1</sup> Estimated EBITA if the businesses had been consolidated from 1 January.

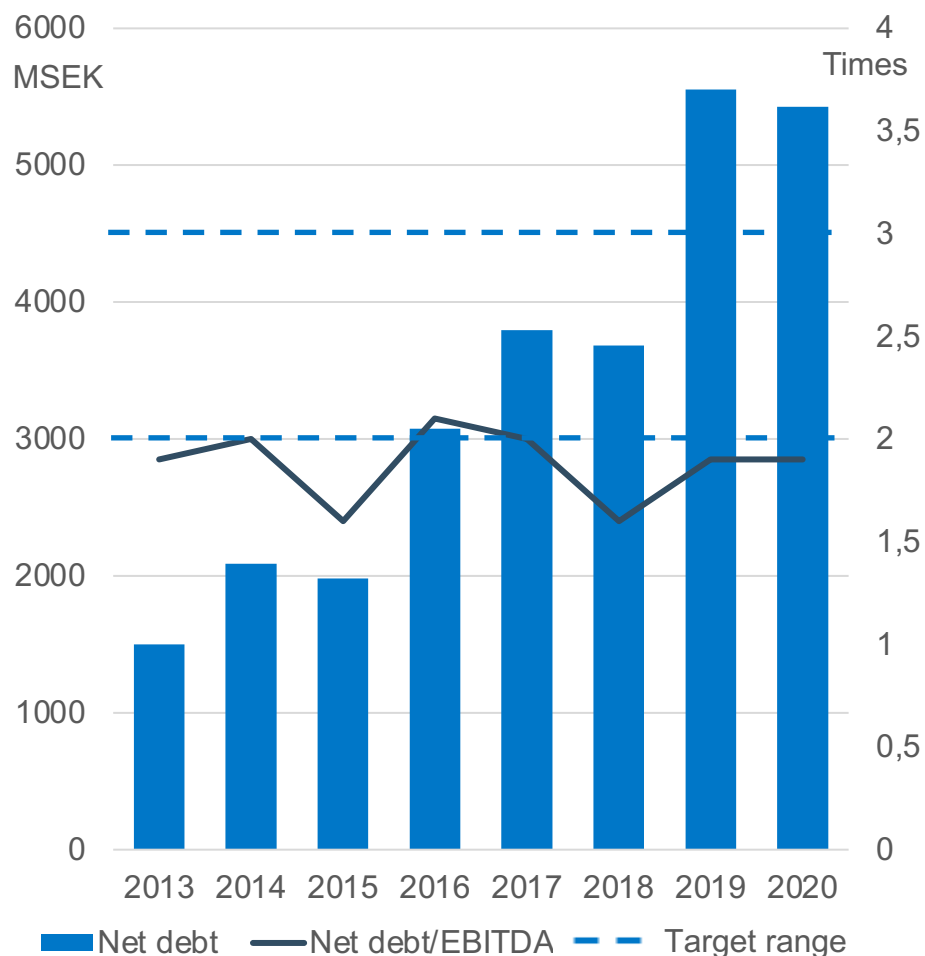
EBITA is defined as operating profit before amortization and impairment of intangible assets arising from acquisitions.

Any impact from FX has not been considered.

In 2019 net debt/EBITDA amounts to 1.8 excluding impact from IFRS 16.

# NET DEBT DEVELOPMENT AND BALANCE SHEET

## Net debt development



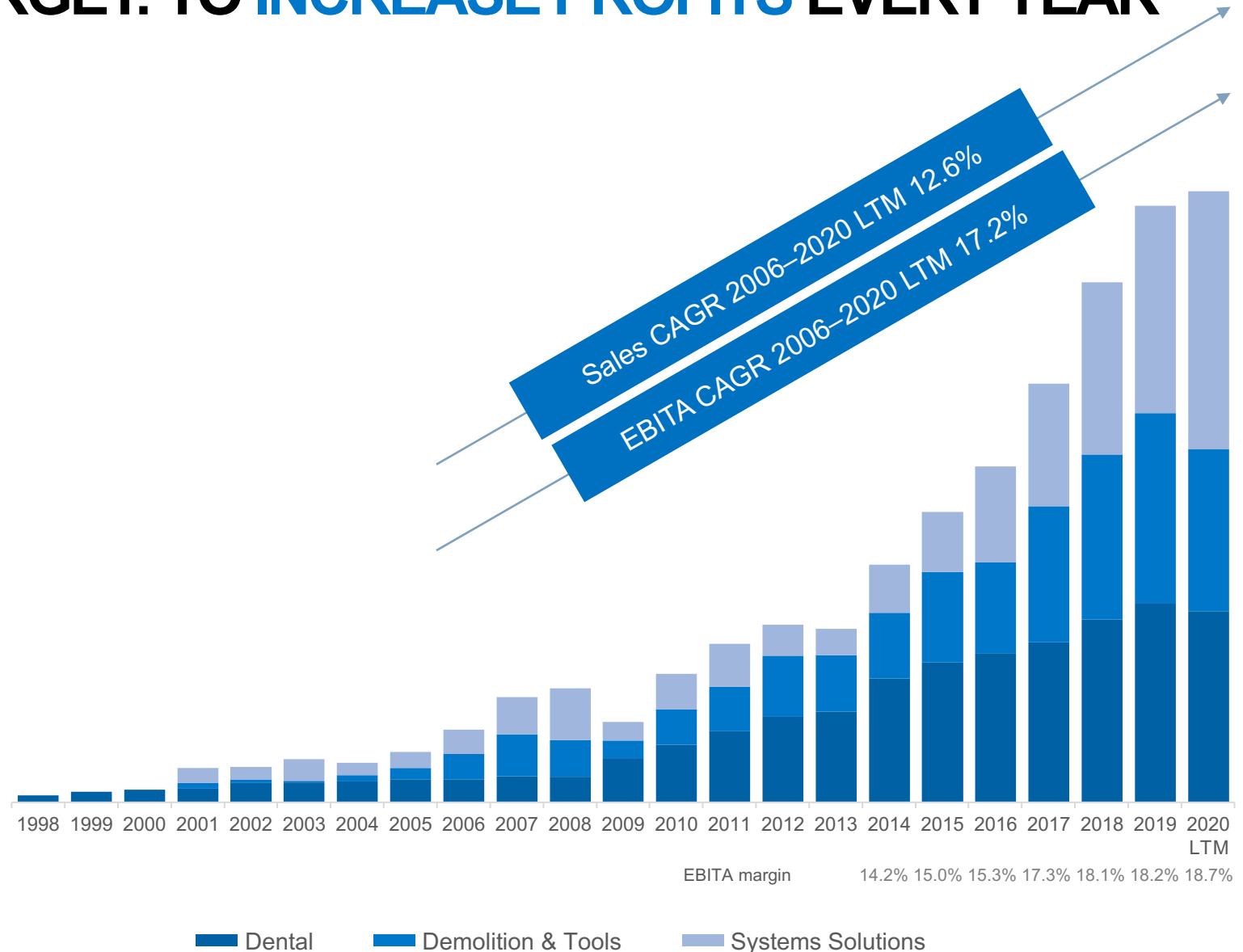
In 2019 net debt/EBITDA amounted to 1.8 excluding impact from IFRS 16.

## Balance sheet

MSEK	30 Sep 2020	30 June 2020	31 Dec 2019
Intangible fixed assets	11,933	11,701	11,209
Tangible fixed assets	1,514	1,491	1,503
Financial assets	183	182	182
Inventory	1,920	2,014	1,997
Accounts receivable	1,733	1,645	1,584
Other receivables	476	477	374
Cash and cash equivalents	865	781	729
<b>Total assets</b>	<b>18,624</b>	<b>18,291</b>	<b>17,578</b>
Shareholders' equity	8,482	8,061	7,972
Interest-bearing liabilities	5,272	5,148	5,365
Other liabilities and provisions	2,185	2,017	1,986
Accounts payable	825	805	680
Other short-term liabilities	1,860	2,260	1,575
<b>Total equity and liabilities</b>	<b>18,624</b>	<b>18,291</b>	<b>17,578</b>
Net debt	5,425	5,275	5,552
Net debt/EBITDA	1.9x	1.9x	1.9x
Capital employed excl. goodwill and other intangible assets	2,057	2,173	2,345
ROCE excl. goodwill and other intangible assets	125%	114%	108%
Capital employed incl. goodwill and other intangible assets	13,831	13,706	12,925
ROCE incl. goodwill and other intangible assets	18.6%	18.0%	19.5%

# ONE TARGET: TO INCREASE PROFITS EVERY YEAR

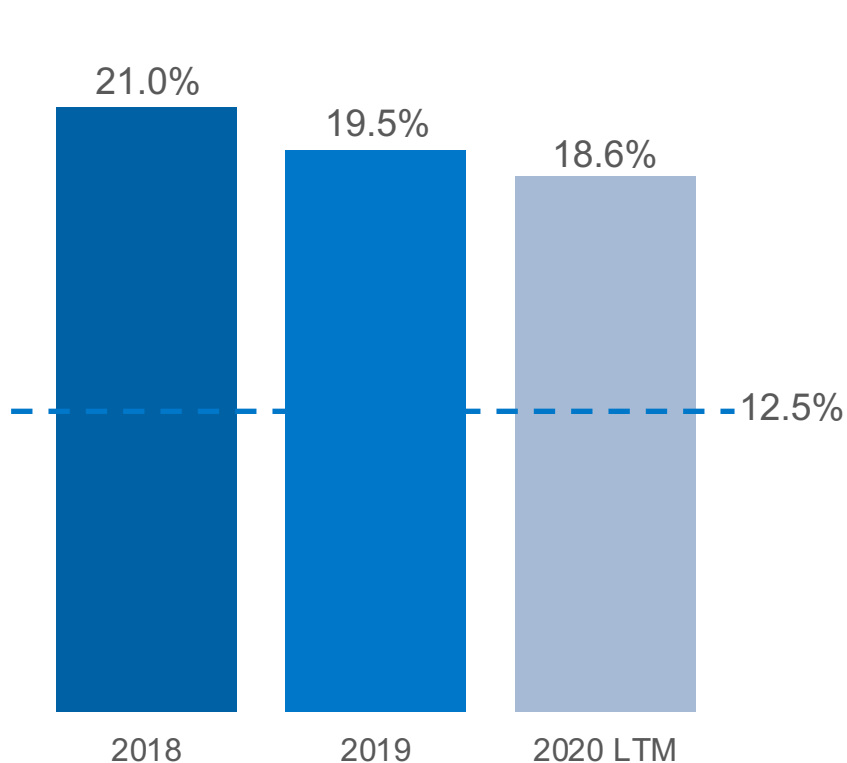
EBITA before acquisition costs and non-recurring items (MSEK)



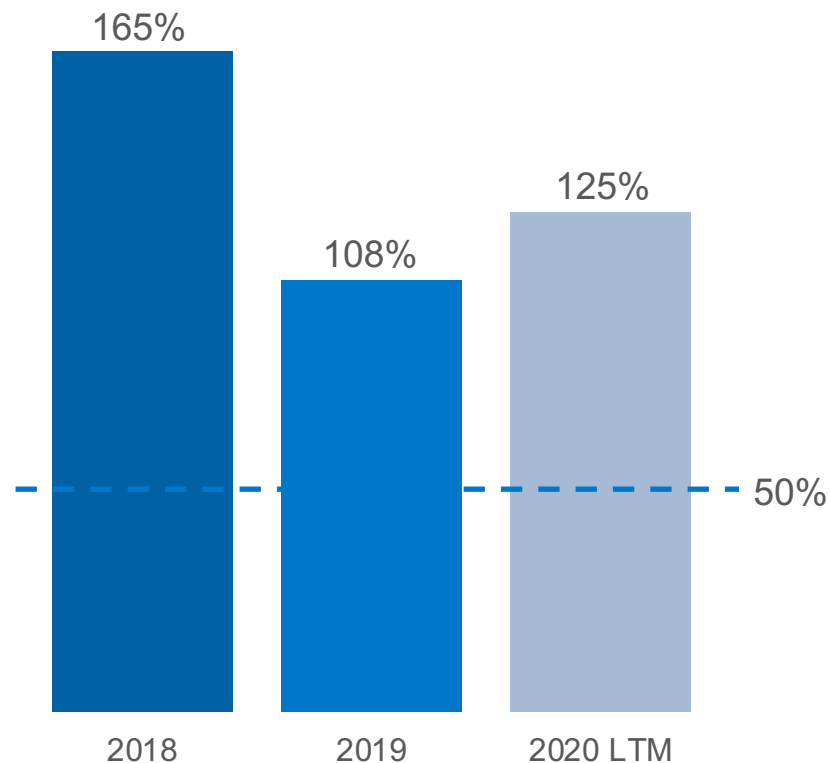
Note: IFRS accounting since 2012, prior years Swedish GAAP.

# CAPITAL EMPLOYED

ROCE including goodwill  
and other intangible assets



ROCE excluding goodwill  
and other intangible assets

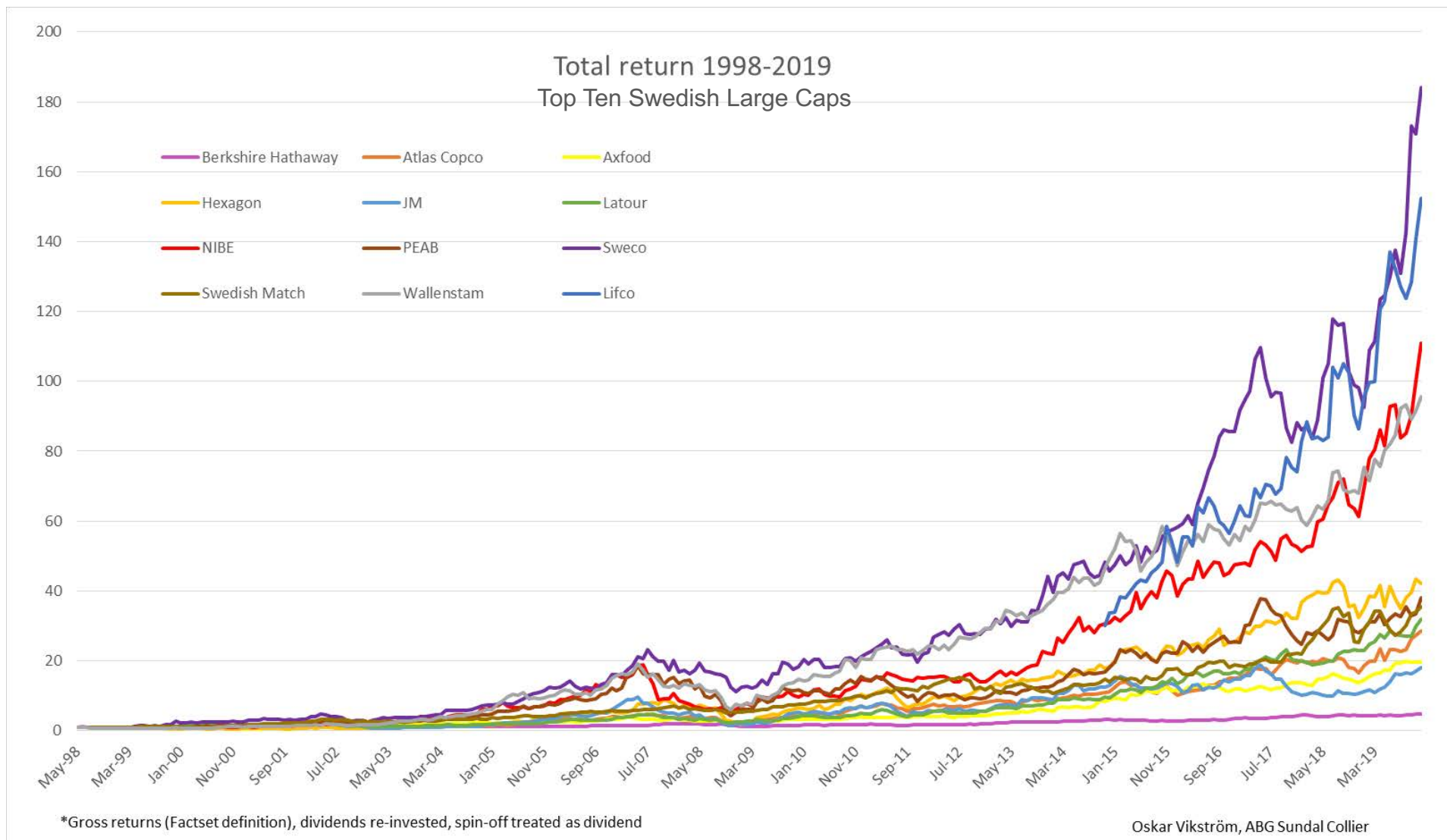


--- Target ranges

ROCE has been negatively impacted by the implementation of IFRS 16 as of 1 January 2019.



# LIFCO 21 YEARS



# MANAGEMENT AND CHAIRMAN



**Per Waldemarson**

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 31 March 2020**

102,700 Class B shares +  
17,000 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 31 March 2020**

300 Class B shares



**Martin Linder**

Head of Business Area  
Systems Solutions

**Born:** 1972

**Education**

- MSc in Material physics and PhD in Solid state electronics, KTH Royal Institute of Technology

**Experience**

- CEO Proline Group 2016–2019
- CEO Leab Group 2008–2016
- Various management positions in Note 2003–2008

**Own and related parties' holdings as of 31 March 2020**

39,600 Class B shares +  
4,150 Class B shares through  
Pension Scheme



**Ingvar Ljungqvist**

Head of Acquisitions

**Born:** 1960

**Education**

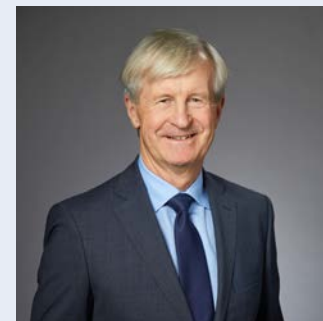
- MSc in Aeronautical Engineering, KTH Royal Institute of Technology

**Experience**

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

**Own and related parties' holdings as of 31 March 2020**

54,300 Class B shares +  
6,000 through Pension  
Scheme



**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 31 March 2020**

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

# LIFCO DEVELOPS LEADING NICHE COMPANIES

## LIFCO

Sales 2020 LTM: 13,772 MSEK  
EBITA 2020 LTM: 2,571 MSEK

### Dental



### Demolition & Tools



### Systems Solutions



Leading distributors of dental products in Nordics and Germany

		<u>% of EBITA<sup>1</sup></u>
Sales 2020 LTM:	4,214 MSEK	
EBITA 2020 LTM:	838 MSEK	31%



Leading producers of demolition robots and attachments for excavators and cranes

		<u>% of EBITA<sup>1</sup></u>
Sales 2020 LTM:	3,264 MSEK	
EBITA 2020 LTM:	710 MSEK	27%



Wide range of leading systems solutions providers

		<u>% of EBITA<sup>1</sup></u>
Sales 2020 LTM:	6,294 MSEK	
EBITA 2020 LTM:	1,132 MSEK	42%

<sup>1</sup> 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

# DECENTRALIZED 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

Cash flow in focus

- Strong cash flow also in growth phases

Long-term perspective

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

# SUSTAINABILITY AN INTEGRATED PART OF OUR BUSINESS STRATEGY

Invest in niche companies with a sustainable business model

UN Global Compact signatory

Code of Conduct

All subsidiaries must apply

All employees must be informed

Sustainability part of our due diligence process

Any deviation to the Code of Conduct is reported to senior management

Whistleblower system implemented

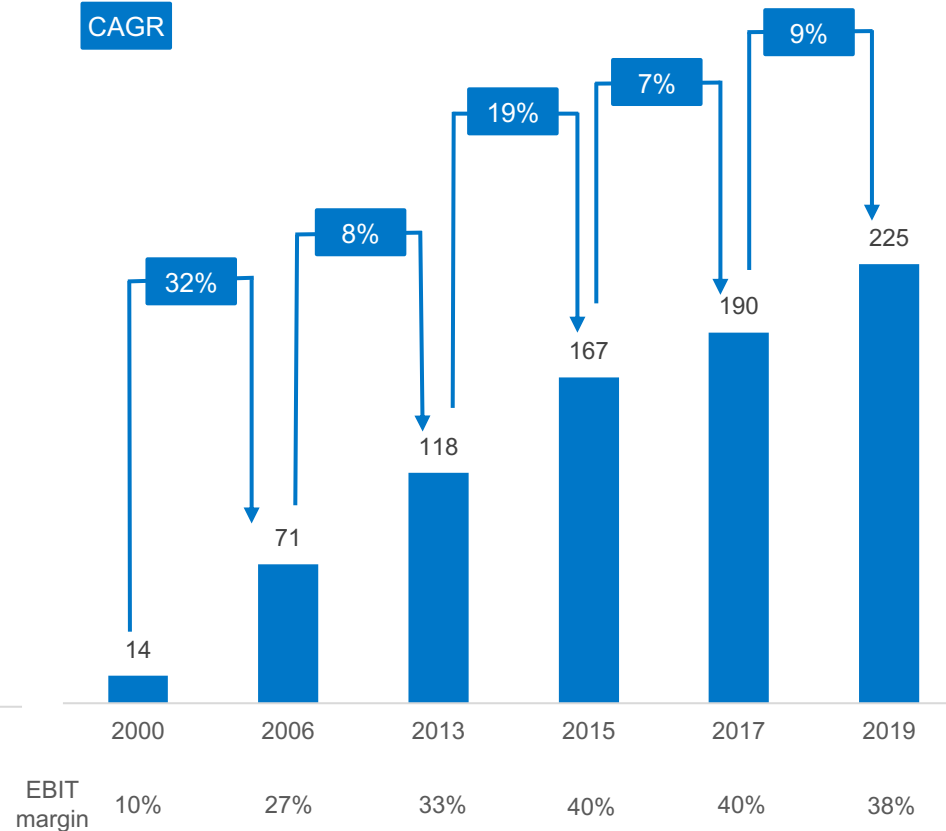
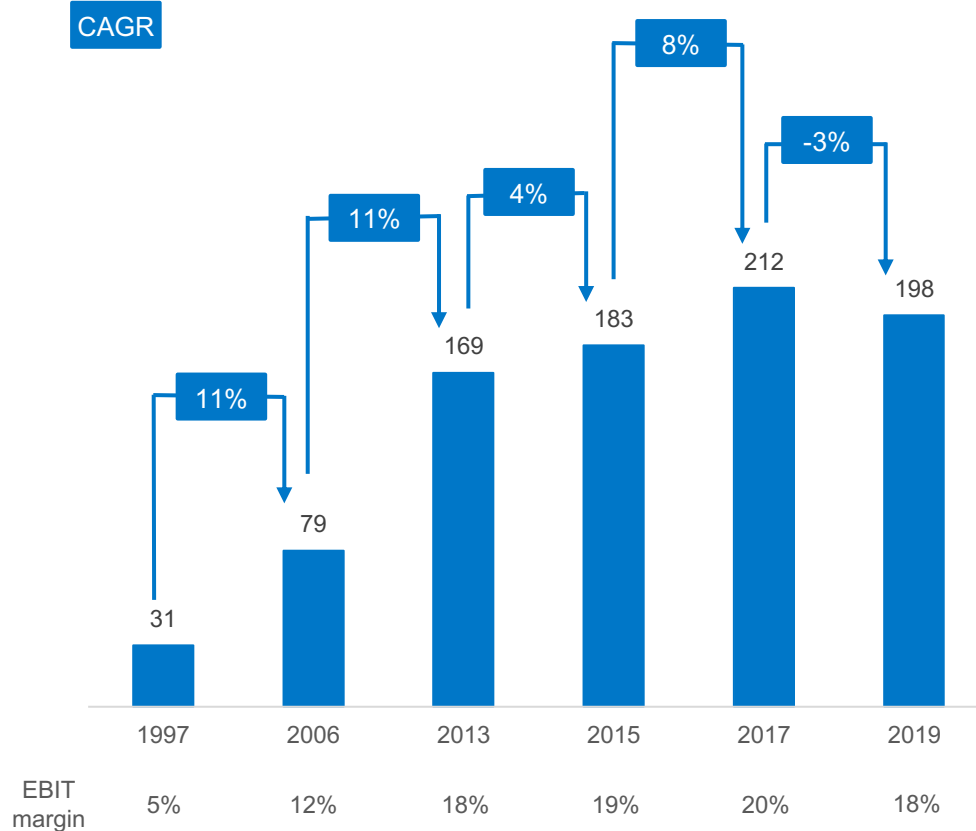
# EXAMPLES OF ORGANIC DEVELOPMENT

Dental<sup>1</sup> – EBIT (MSEK) and organic EBIT growth

Brokk<sup>2</sup> – EBIT (MSEK) and organic EBIT growth

CAGR

CAGR



<sup>1</sup> Companies included: Nordenta, DAB Dental, Dansk Nordenta, LIC Scadenta and Directa.

<sup>2</sup> Refers to Brokk AB.

# GEOGRAPHIC FOOTPRINT

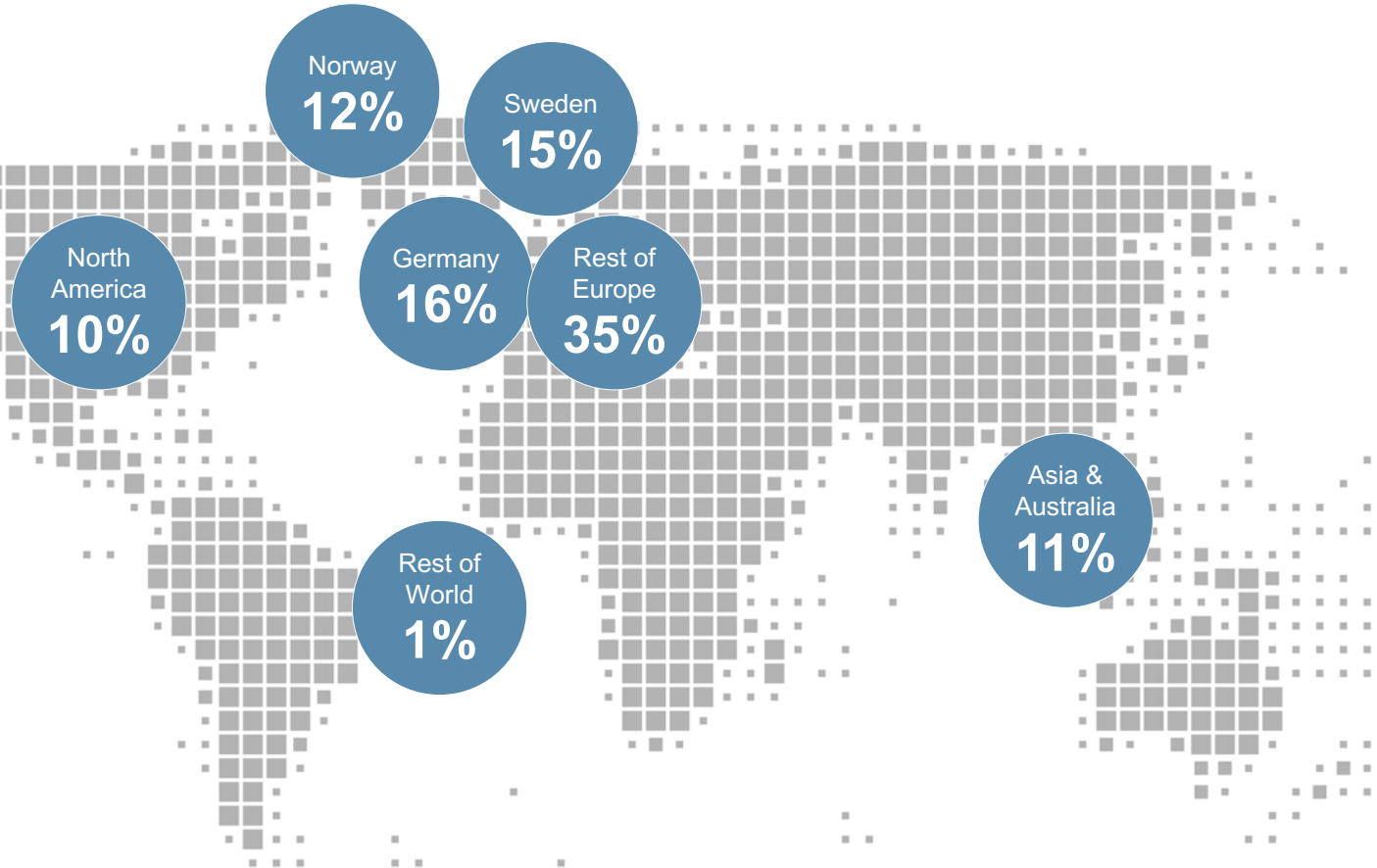
## Dental



## Demolition & Tools

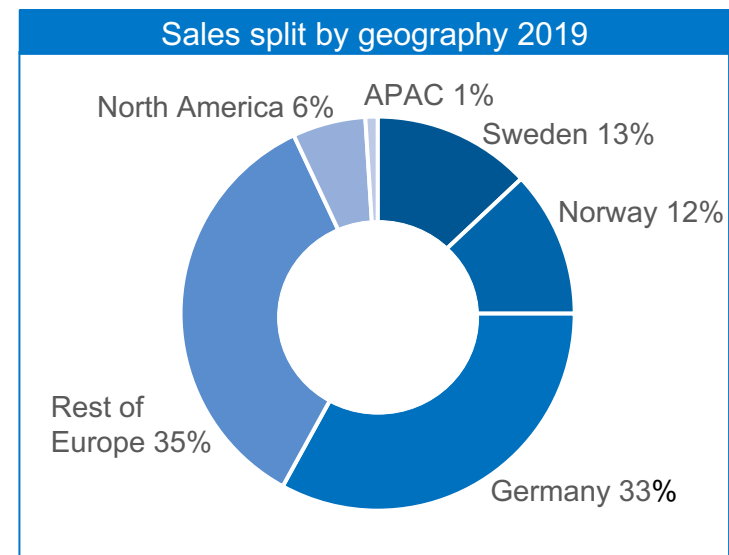
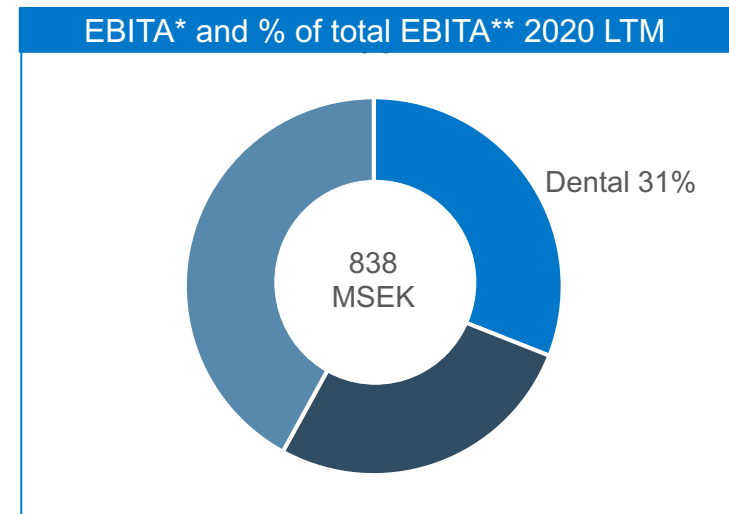
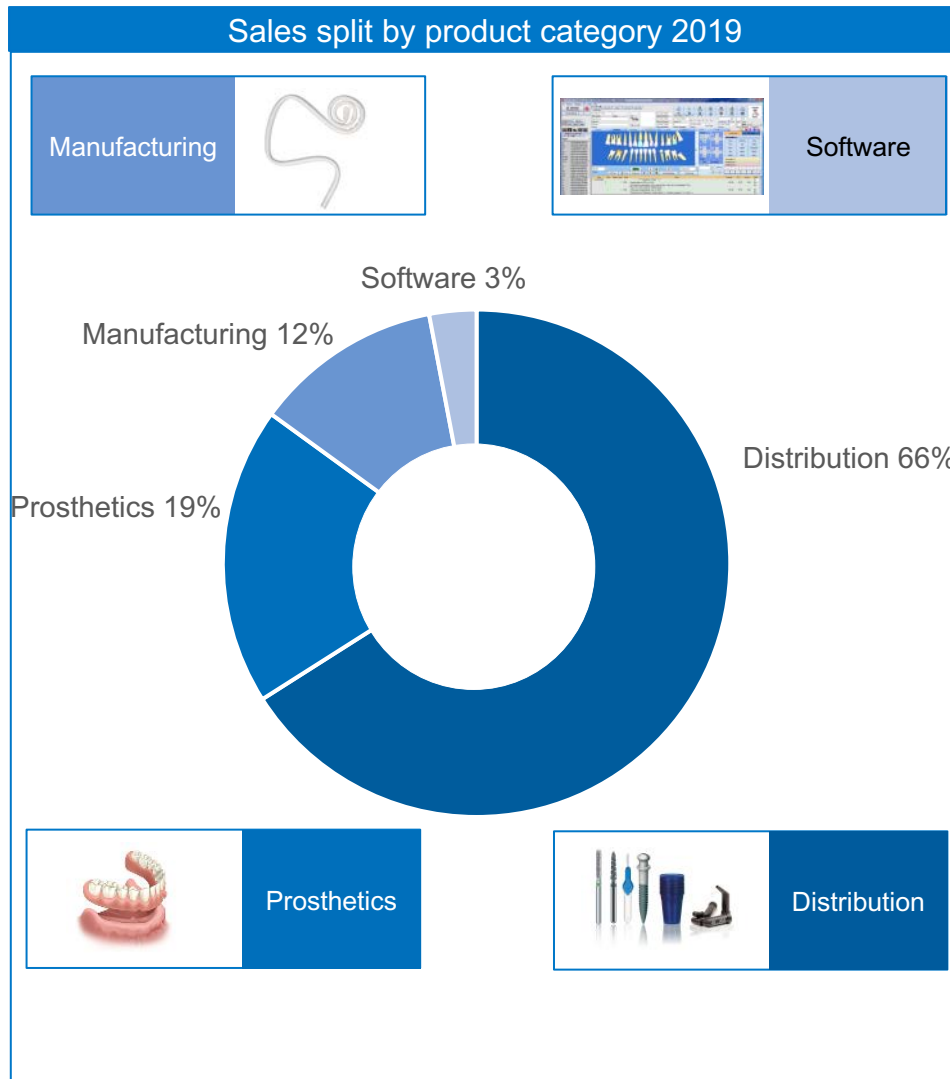


## Systems Solutions



Note: Geographic split financial year 2019.















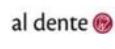









\*Before acquisition costs and non-recurring items. \*\*Excluding HQ costs.

# STRONG Foothold IN KEY MARKETS



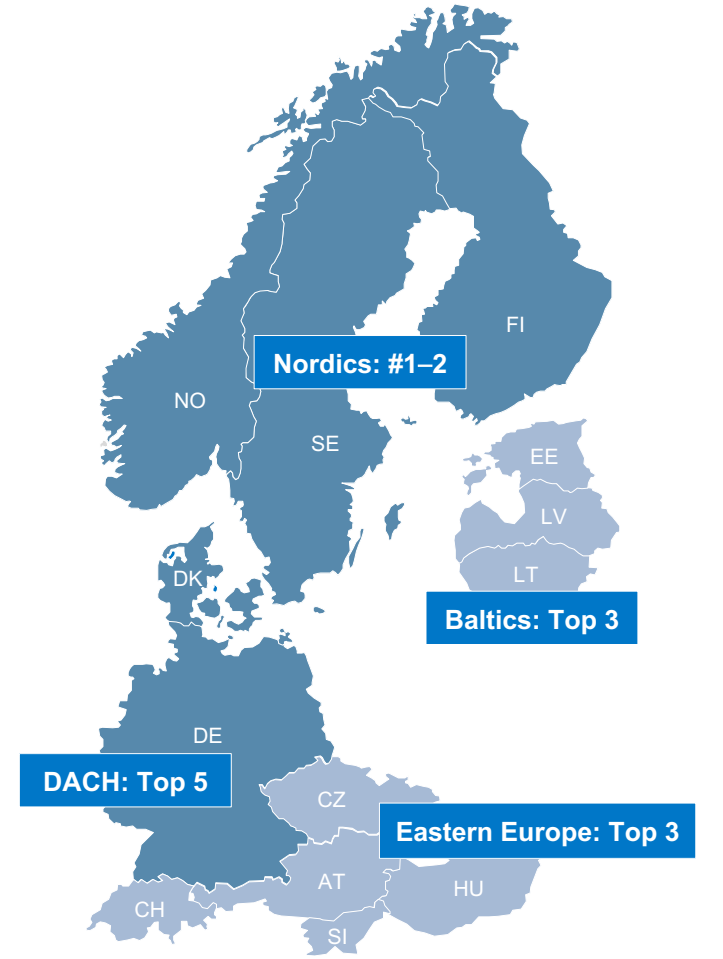
## Lifco's dental market presence and example of brands used in different markets

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

Manufacturing     

Note: Estimated by Lifco.

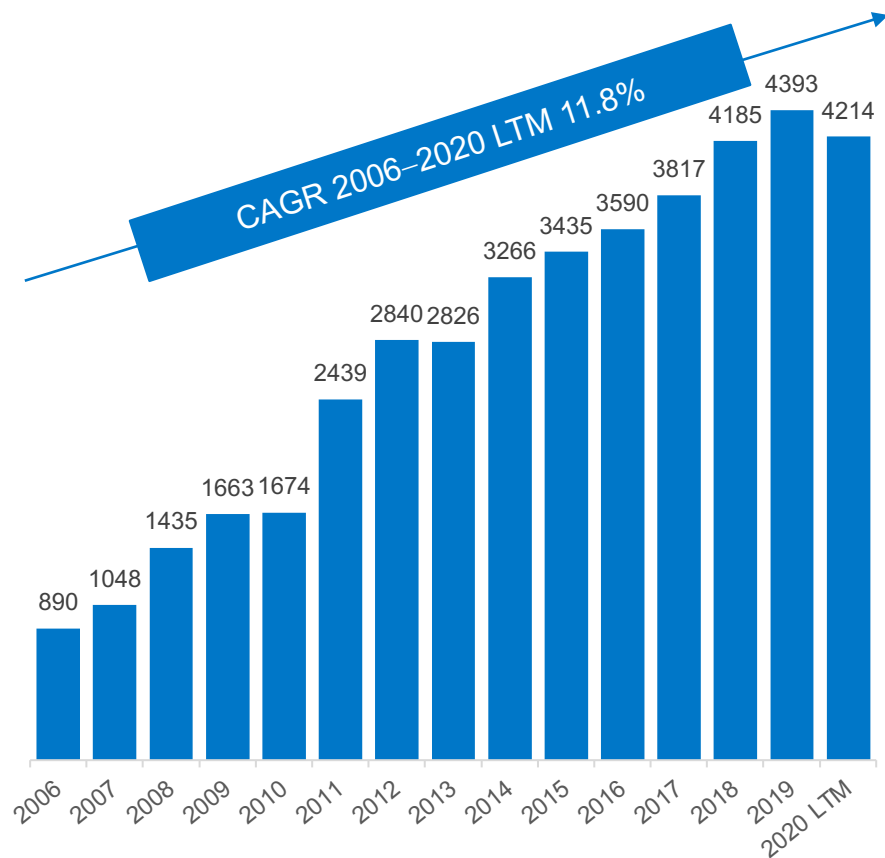
## Lifco's market positions within dental consumables



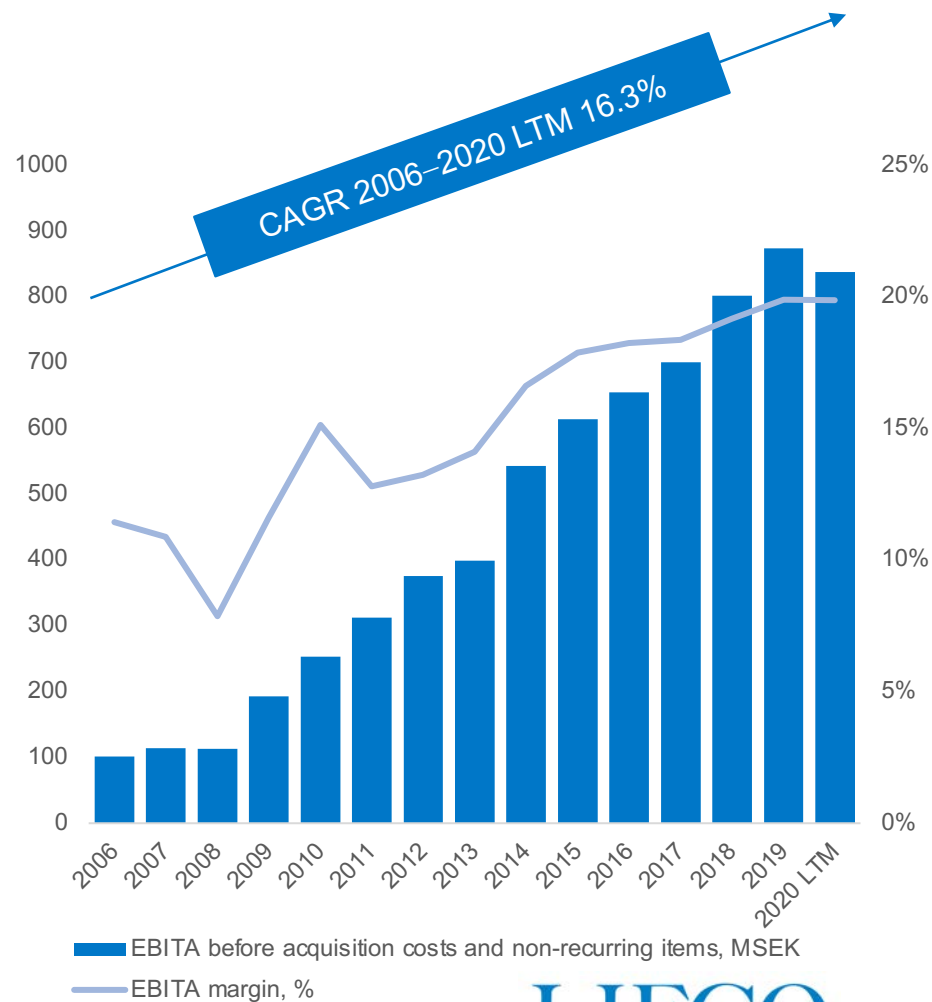
# DENTAL FINANCIAL OVERVIEW



Sales (MSEK)



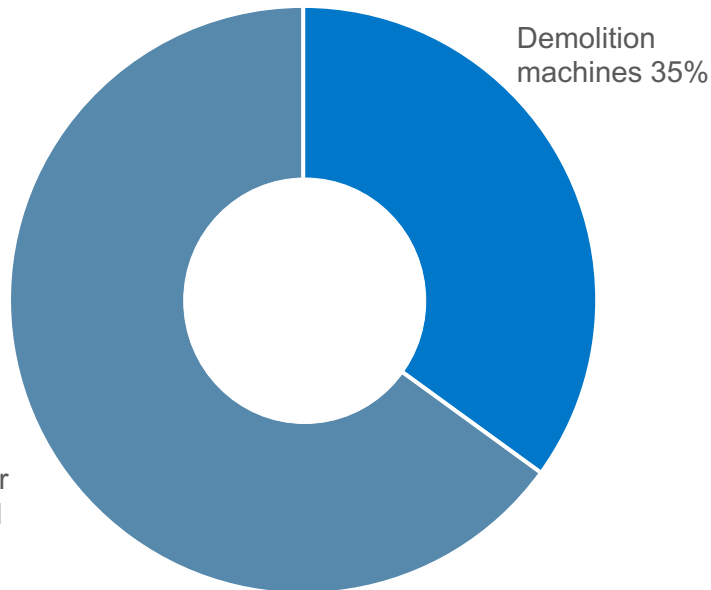
EBITA (MSEK) and EBITA margin



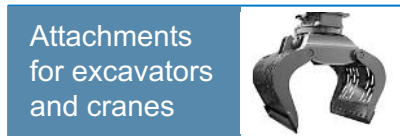
# DEMOLITION & TOOLS



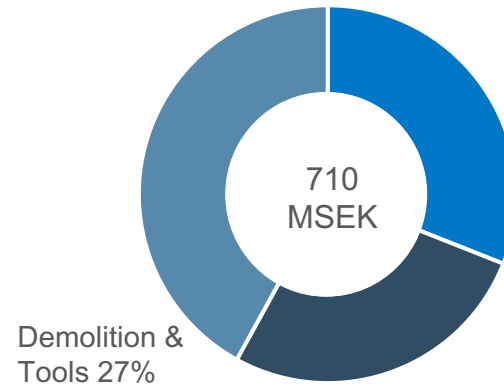
Sales split by business 2019



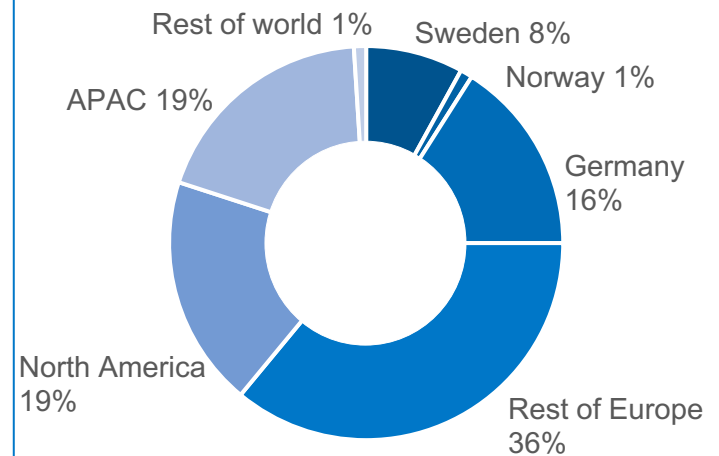
Attachments for excavators and cranes 65%



EBITA\* and % of total EBITA\*\* 2020 LTM



Sales split by geography 2019

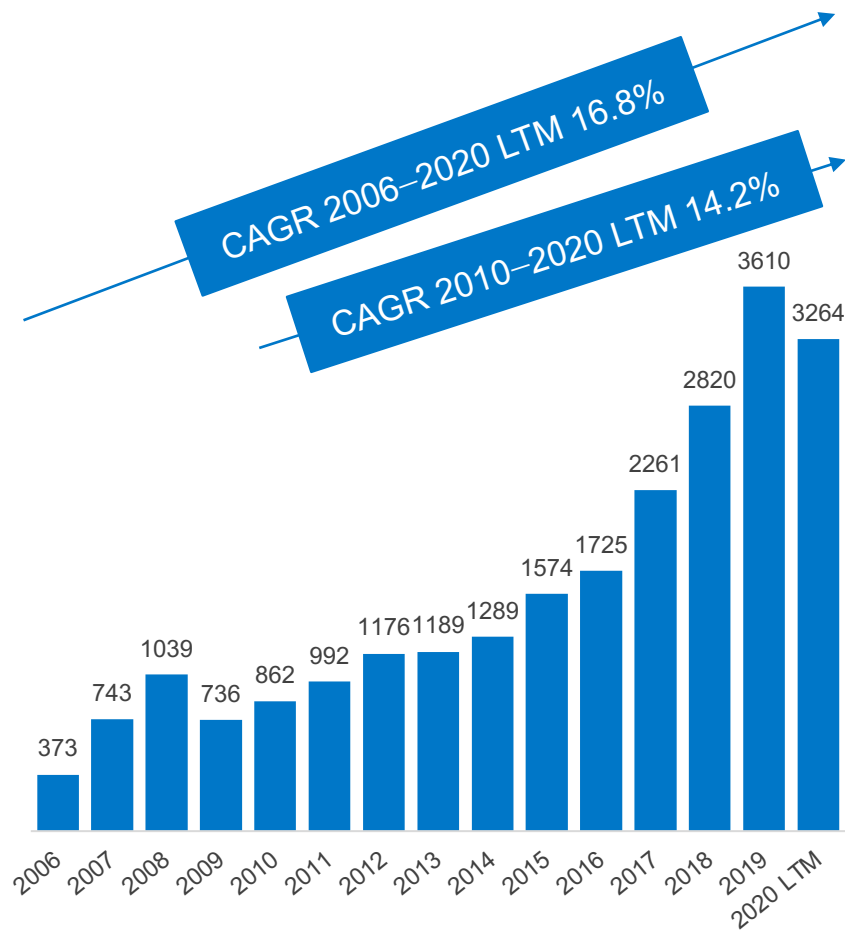


\*Before acquisition costs and non-recurring items. \*\*Excluding HQ costs.

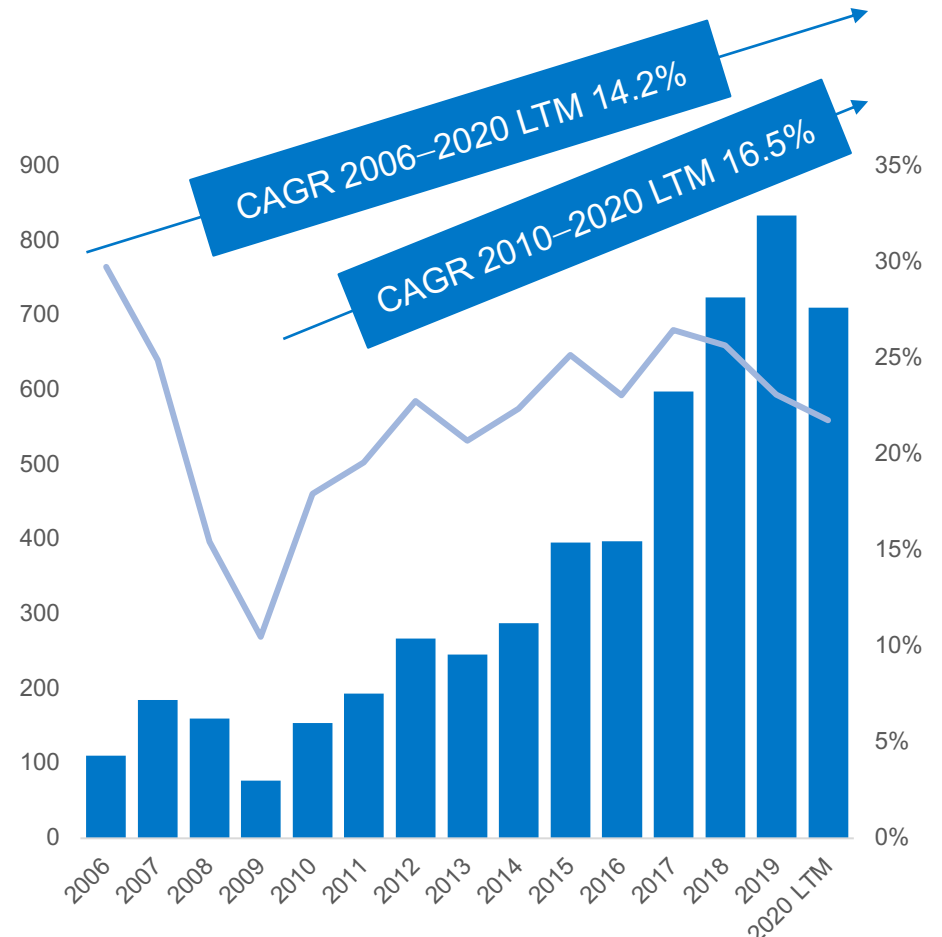
# DEMOLITION & TOOLS FINANCIAL OVERVIEW



Sales (MSEK)



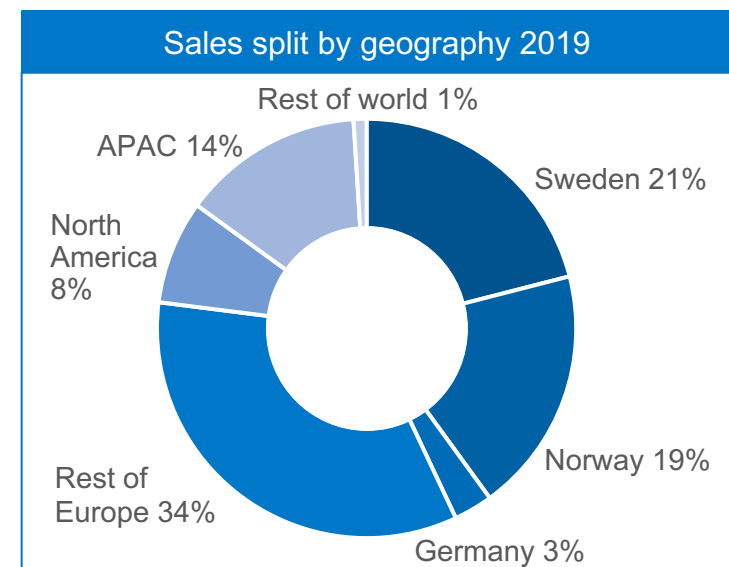
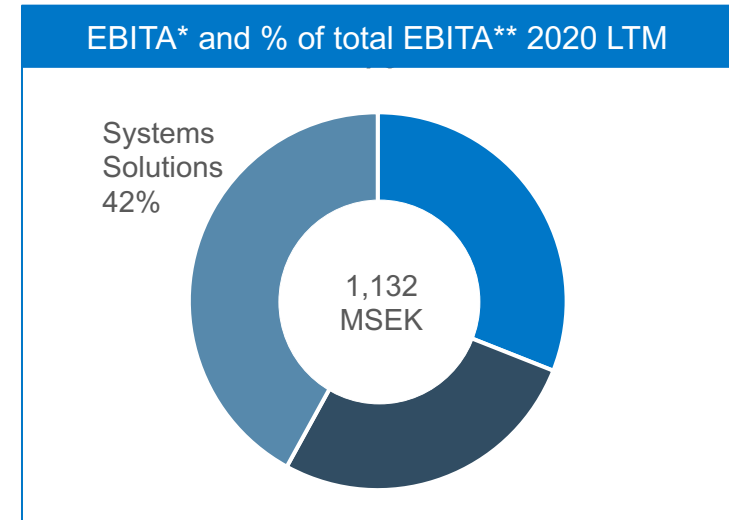
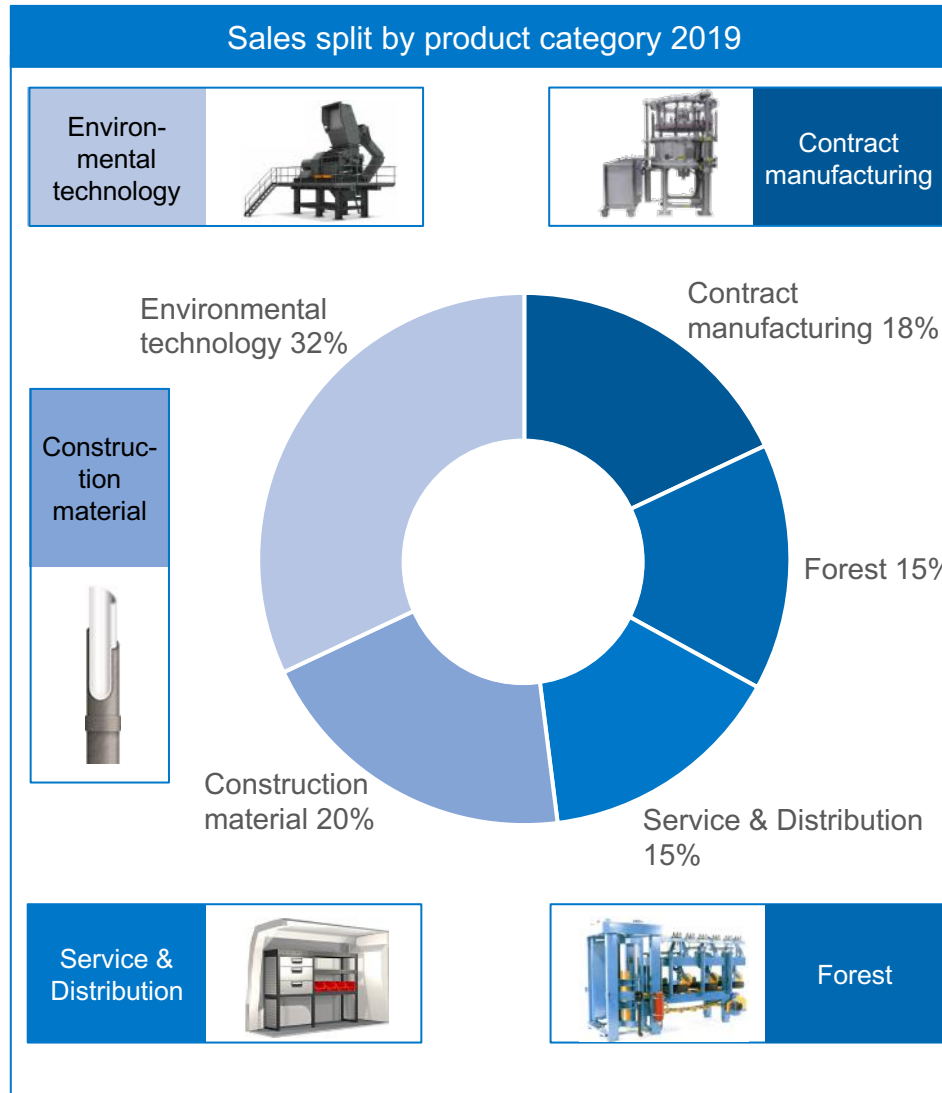
EBITA (MSEK) and EBITA margin



■ EBITA before acquisition costs and non-recurring items, MSEK

— EBITA margin, %

# SYSTEMS SOLUTIONS

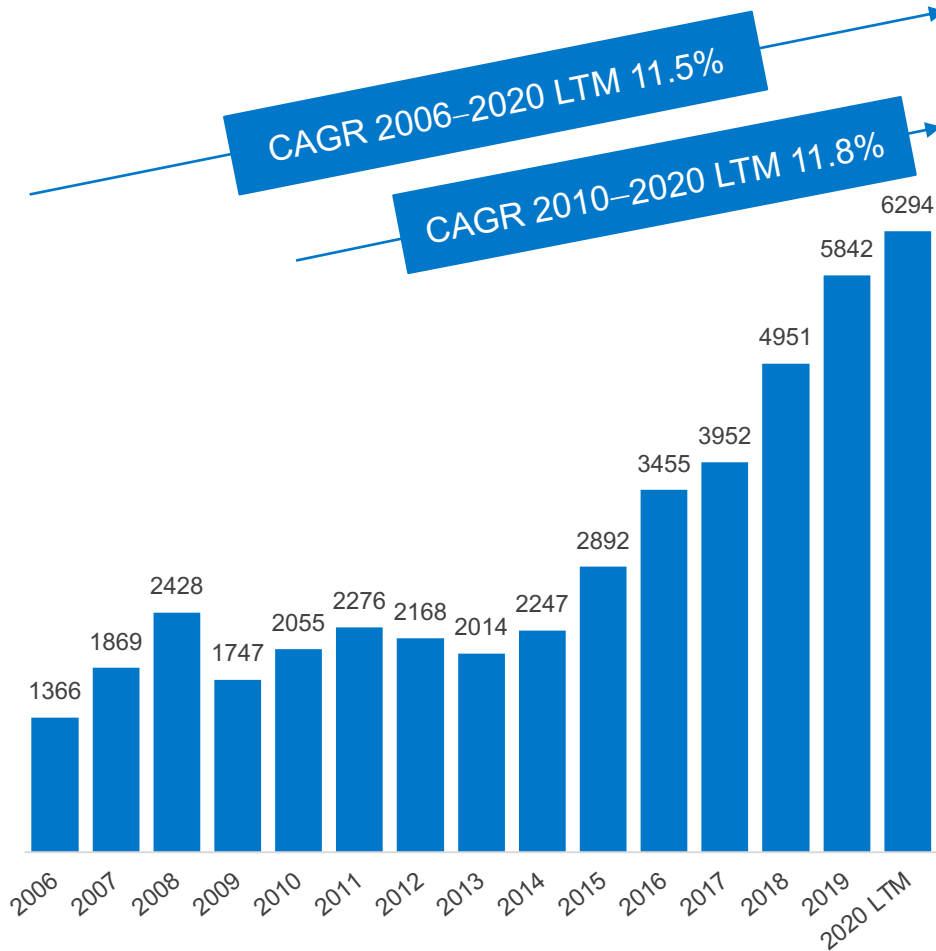


\*Before acquisition costs and non-recurring items. \*\*Excluding HQ costs.

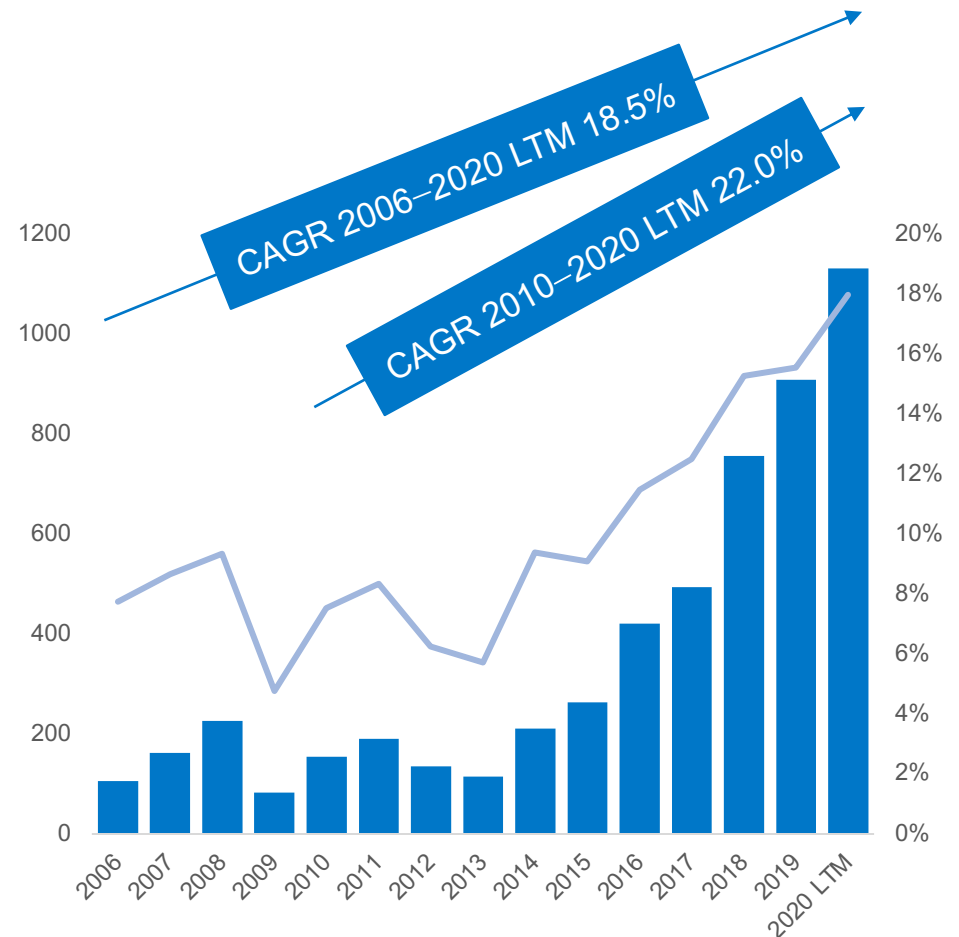
# SYSTEMS SOLUTIONS FINANCIAL OVERVIEW



Sales (MSEK)



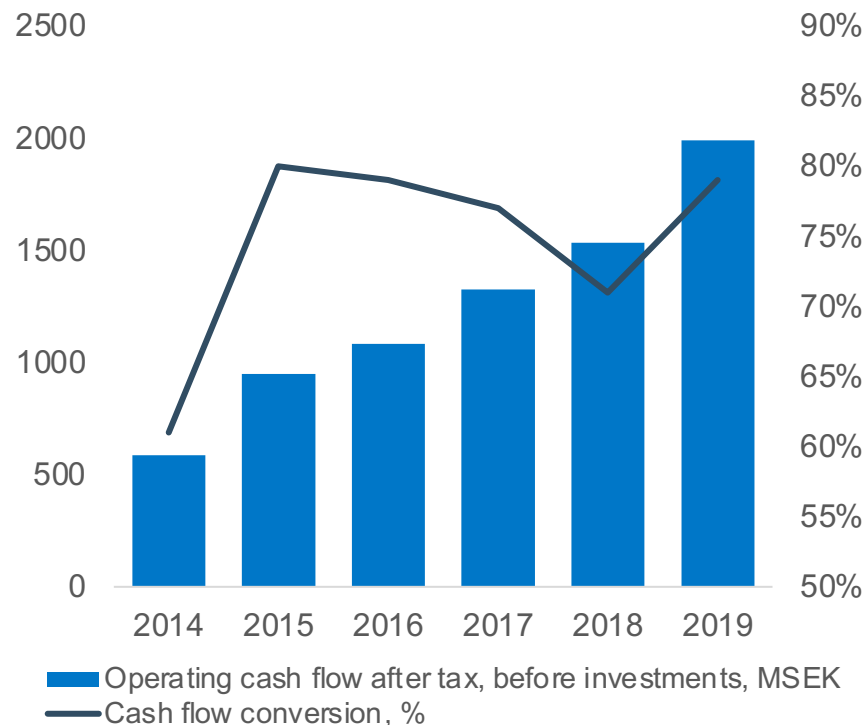
EBITA (MSEK) and EBITA margin



■ EBITA before acquisition costs and non-recurring items, MSEK  
 — EBITA margin, %

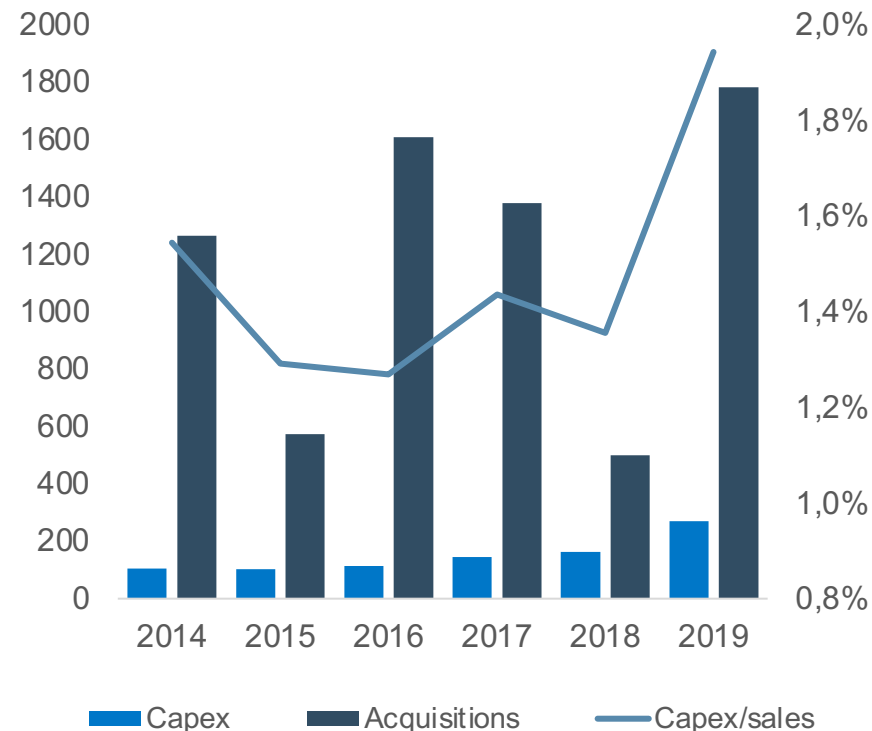
# STRONG CASH FLOW GENERATION

## Operating cash flow after tax, before investments<sup>1</sup>



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

## Capex and acquisitions<sup>2</sup>



- 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.

<sup>1</sup> Cash flow conversion defined as operating after tax cash flow divided by EBITA.

<sup>2</sup> 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

# 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
	Auger Torque	Producer of earth drills	Demolition & Tools	UK	MGBP 10	
2015	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	485
	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	Aquajet Systems	Manufactures hydro-demolition robots	Demolition & Tools	Sweden	MSEK 60	
	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	1,210
	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 <sup>1</sup>	
	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		

<sup>1</sup>80% of the total sales are generated by Lifco's dental company MDH in Germany.

# OVERVIEW OF ACQUISITIONS 2018–2019

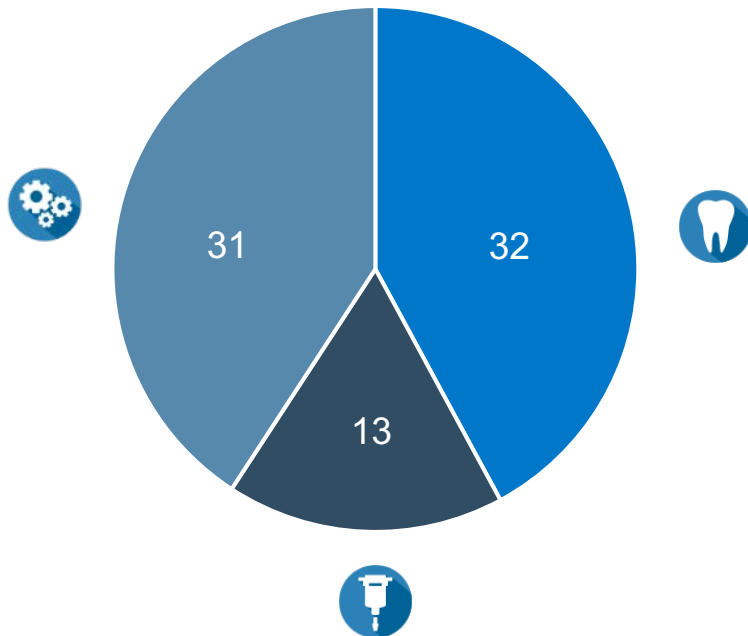
Year	Company	Description	Type	Country	Sales at acquisition	Total sales MSEK
2018	Computer konkret	Software for dentists	Dental	Germany	MEUR 3.8	580
	Spocs	Assembling and testing of electronic products	Systems Solutions	Sweden	MSEK 61	
	Dental Direkt - 3D Dental	Distributor of dental products	Dental	Norway and Denmark	MNOK 95 MDKK 25	
	Assets from Toolpack	Interior for service vehicles	Systems Solutions	Norway	MNOK 40	
	Flörchinger Zahntechnik	Dental laboratory	Dental	Germany	MEUR 1.7	
	Wexman	Professional workwear	Systems Solutions	Sweden	MSEK 46	
	Denterbridge	Dental laboratory	Dental	France	MEUR 9	
	Rhein 83	Dental manufacturer	Dental	Italy	MEUR 8	
ERC Systems	Relining	Systems Solutions	Sweden	MSEK 20		
2019	Indexator Rotator Systems	Rotators for the forest industry	Demolition & Tools	Sweden	MSEK 300	1,277
	Hammer	Hydraulic breakers	Demolition & Tools	Italy	MEUR 20	
	UK POS	Visual display solutions	Systems Solutions	UK	MGBP 12	
	Rustibus Worldwide	Marine equipment	Systems Solutions	Norway	MNOK 56	
	Ergopack	Mobile pallet strapping systems	Systems Solutions	Germany	MEUR 22	
	Brian James Trailers	Car trailers	Systems Solutions	UK	MGBP 26	

# OVERVIEW OF ACQUISITIONS 2020

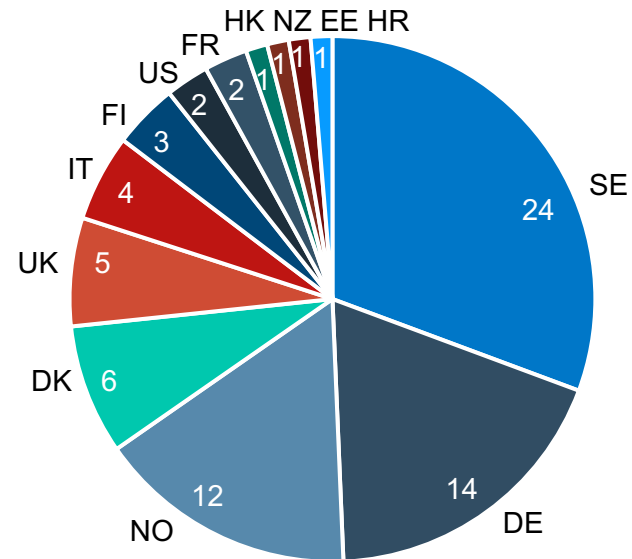
Year	Company	Description	Type	Country	Sales at acquisition	Total sales MSEK
2020	Rönvig Dental Manufacturing	Dental	Dental	Denmark	MDKK 30	
	Workplace Safety	Dental	Dental	Denmark	MDKK 79	
	Dental Grupa	Distributor of dental products	Dental	Croatia	MSEK 94	
	Cramaro Tarpaulin Systems	Tarpaulin systems	Systems Solutions	Italy	MEUR 27	~700
	TrollDental product portfolio	Dental products	Dental	Sweden	MSEK 25	
	Consys	Dental software	Dental	Germany	MEUR 1.9	
	Tastitalia	Manufacturer of tailor-made touch panels, displays and keypads.	Systems Solutions	Italy	MEUR 12.2	

# NUMBER OF ACQUISITIONS 2006–2020

Segment split



Country split



# 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

<sup>1</sup>Excluding goodwill and other intangible assets.

# HIGHLIGHTS

## Strong track record

- 12.6% annual sales growth rate 2006–2020 LTM
- 17.2% annual EBITA growth rate 2006–2020 LTM

## 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 within 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