

20 February 2015

## YEAR-END REPORT 2014

### Reporting period: January - December

- Net sales increased by 12.8% to MSEK 6,802 (6,030), with an organic growth in net sales of 4.4%
- EBITA increased by 39.6% to MSEK 966 (692)
- EBITA pro forma including acquisitions MSEK 998
- EBITA margin increased to 14.2% (11.5%)
- Profit before tax increased by 32.7% to MSEK 763 (575)
- Net profit increased by 47.0% to MSEK 570 (388)
- Earnings per share increased by 48.3% to SEK 6.17 (4.16)
- Dividend per share of SEK 2.60 proposed, totalling MSEK 236.2
- German dental company MDH acquired in March
- Lifco listed on Nasdaq Stockholm on 21 November

### Reporting period: October - December

- Net sales increased by 13.3% to MSEK 1,901 (1,678), with an organic growth in net sales of 3.9%
- EBITA increased by 29.2% to MSEK 273 (211)
- EBITA margin increased to 14.4% (12.6%)
- Profit before tax increased by 18.5% to MSEK 152 (128)

### Summary of financial development

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Net sales	6,802	6,030	12.8%	1,901	1,678	13.3%
EBITA	966	692	39.6%	273	211	29.2%
EBITA margin	14.2%	11.5%	2.7	14.4%	12.6%	1.8
Profit before tax	763	575	32.7%	152	128	18.5%
Net profit	570	388	47.0%	111	106	5.1%
Earnings per share <sup>1</sup>	6.17	4.16	48.3%	1.20	1.12	7.1%
Return on capital employed	18.8	17.4%	1.4	18.8%	17.4%	1.4
Return on capital employed, ex. goodwill	105.4%	73.0%	32.4	105.4%	73.0%	32.4

<sup>1</sup> Referring to shareholders in the Parent Company

## COMMENTS FROM THE CEO

2014 was a year in which we saw both good organic growth and growth through acquisitions. In March, we acquired the German dental company MDH. Had MDH been included from 1 January 2014, sales would have amounted to MSEK 6,898 and EBITA to MSEK 998. At the same time, both business areas Demolition & Tools and Systems Solutions developed favourably. It is particularly pleasing to note that our structural measures undertaken in Systems Solutions during the previous two years have now begun to show results.

MDH has developed according to plan. The company is the leading player in Germany within distribution of dental products to dentists and the largest importer of high quality technical dental work. During the year, sales for business area Dental increased by 15.6% to MSEK 3,266 (2,826) and EBITA increased by 36.3% to MSEK 543 (399).

Business area Demolition & Tools increased sales by 8.4% to MSEK 1,289 (1,189) during 2014, primarily due to stronger sales in the USA. EBITA grew by 16.9% to MSEK 288 (246) during the year. The improvement in profitability is a result of increased volumes and decreased in-house manufacturing.

All divisions within the business area Systems Solutions have shown a strong recovery in profits this year, proving that our measures are creating positive effects. Sales increased by 11.5% to MSEK 2,247 (2,014) and EBITA grew by 82.9% to MSEK 211 (115) during the year.

Lifco was listed on Nasdaq Stockholm on 21 November, and has been classified as a Large Cap company since the turn of the year. The listing was preceded by a public offering whereby Carl Bennet AB sold 49.9 percent of the shares in the Company to Swedish and foreign investors. The offering was oversubscribed more than seven times.

When reporting the 2014 results, we can conclude that Lifco's net sales CAGR was 12.6% 2006-2014 and EBITA CAGR 16.8%. We will continue our strategy of investing in and developing market-leading niche operations with the potential to deliver a sustainable profit growth and positive cash flows.

## LIFCO IN BRIEF

*Lifco acquires and develops market-leading niche operations with the potential to deliver sustainable profit growth and positive cash flows. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. Lifco is managed on the basis of a clear philosophy which implies that the Company works on the basis of a long-term perspective, has focus on profits and has a strongly decentralised organisation. Lifco has approximately 100 companies in 30 countries. The Group had net sales during 2014 of more than SEK 6.8bn, EBITA of MSEK 966 and had an EBITA margin of 14.2%.*

## FINANCIAL PERFORMANCE JANUARY - DECEMBER

Net sales increased 12.8% to MSEK 6,802 (6,030), driven primarily by the acquisition of the dental company MDH and by organic growth in the Demolition & Tools and Systems Solutions business areas. Organic growth was 4.4% and positive exchange rate fluctuations amounted to 3.3%.

EBITA increased by 39.6% to MSEK 966 (692) as a result of an acquisition and improved profitability within both Demolition & Tools and Systems Solutions. The EBITA margin was 14.2% (11.5%). EBITA was positively impacted by 2.6% due to fluctuations in exchange rates during 2014. Of the MSEK 966 in EBITA year 2014, 55% was generated in EUR and DKK. Intangible assets of MSEK 50 were impaired during 2013 within the Interiors for Service Vehicles division which is part of business area Systems Solutions.

Net financial items amounted to MSEK -43 (-52). Net financial items in 2013 was negatively impacted by capital losses of MSEK 5 referring to the sale of Nordautomation OY in June and MSEK 14.6 referring to the sale of Gallac AB in November. Both businesses were a part of the Systems Solutions business area.

Profit before tax increased by 32.7% to MSEK 763 (575). Profits were negatively impacted by MSEK 110 in non-recurring costs for the listing on Nasdaq Stockholm. Net profit increased by 47.0% to MSEK 570 (388).

Average capital employed, excluding goodwill, decreased during the period by MSEK 31 to MSEK 916 (948). EBITA as a percentage of average capital employed excluding goodwill amounted to 105.4% (73.0%).

On September 29, Lifco received a shareholders' contribution of MSEK 500 from Carl Bennet AB, intended to strengthen Lifco's future growth opportunities.

During the year, the Group's interest-bearing net liabilities increased by MSEK 592 to MSEK 2,013 due to an acquisition. The net debt/equity ratio of 0.6 at the end of the year was the same as the ratio at the end of 2013. The Group decreased its interest-bearing current liabilities by MSEK 1,548 to MSEK 276. At the same time, non-current interest-bearing liabilities including pension provisions increased by MSEK 2,236 to MSEK 2,351. At year-end, 87% of the Group's interest-bearing debt was denominated in EUR and is mainly a currency hedge towards net assets in foreign subsidiaries.

Cash flow from operating activities amounted to MSEK 586 (558). The increased cash flow is mainly due to improved operating income. Cash flow from investing activities amounted to MSEK -1,361 (-104), which is primarily related to the acquisition of subsidiary.

## FINANCIAL PERFORMANCE IN THE FOURTH QUARTER

Net sales increased by 13.3% to MSEK 1,901 (1,678), driven primarily by an acquisition and by organic growth in the Demolition & Tools business area. Organic growth was 3.9% and positive exchange rate fluctuations amounted to 3.2%.

EBITA increased by 29.2% to MSEK 273 (211) as a result of improved gross profit and the EBITA margin increased to 14.4% (12.6%). EBITA was impacted positively by 0.5% during the quarter due to exchange rate fluctuations.

Net financial items amounted to MSEK -12 (-24).

Profit before tax increased 18.5% to MSEK 152 (128). Profits have been negatively impacted by non-recurring items of MSEK 96. Intangible assets of MSEK 50 were impaired during the fourth quarter of 2013 within the Interiors for Service Vehicles division which is part of business area Systems Solutions. Net profit increased by 5.1% to MSEK 111 (106).

Cash flow from operating activities amounted to MSEK 116 (246) in the quarter, and was impacted by non-recurring items of MSEK 96. The lower cash flow is due to a reduction in current operating liabilities. Cash flow from investing activities amounted to MSEK -28 (-36). No acquisitions were made during the fourth quarter.

## BUSINESS AREAS FINANCIAL DEVELOPMENT

### Dental

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Net sales	3,266	2,826	15.6%	918	765	20.1%
EBITA	543	399	36.3%	149	106	41.5%
EBITA margin	16.6%	14.1%	2.5	16.3%	13.8%	2.5

The operations within Dental consist of leading suppliers of consumable goods, equipment and technical services to dentists in Europe. Lifco also markets dental technology in the Nordic Region and Germany and develops and sells journal systems in Denmark and Sweden.

Dental's net sales increased by 15.6% to MSEK 3,266 (2,826) during 2014. EBITA rose by 36.3% to MSEK 543 (399) and the EBITA margin increased to 16.6% (14.1%) during the same period. Dental's net sales and profit were positively impacted by the consolidation of MDH from April 1. The company is a leading dental company in Germany and had net sales of approximately MSEK 380 in 2013, had about 150 employees and approximately 5,000 German dentists as clients. The company has reported a stable profitability and with this acquisition Lifco significantly improves its position in Germany. MDH is developing according to plan and the company continues its strategy to achieve organic growth in its home market through increased marketing activities.

Other operations within Dental showed a continued stable sales development in all regions during the year. Profitability has also developed solidly in 2014 thanks to organic growth and positive exchange rate fluctuations. In general, the market for dental care is stable. Profits within single entities in Dental might fluctuate a specific quarter due to major changes in foreign currency exchange rates, seasonality (like impact of the Easter holiday), won or lost procurement process to publicly or privately owned customers as well as fluctuations in deliveries of equipment. In the fourth quarter, no single event had a substantial impact on business area Dental's overall performance.

## Demolition & Tools

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Net sales	1,289	1,189	8.4%	354	314	12.9%
EBITA	288	246	16.9%	92	68	35.1%
EBITA margin	22.3%	20.7%	1.6	25.9%	21.7%	4.2

The operations in Demolition & Tools comprise the development, manufacture and sale of equipment for the construction and demolition industries. Lifco is the world's leading operator within the markets for demolition robots and crane attachments. The excavator attachment division is one of the world's leading suppliers of such products. The business area has two divisions – demolition robots and attachments to cranes and excavators which are of about the same size in sales.

Net sales increased 8.4% during the year to MSEK 1,289 (1,189). Growth during the year was primarily driven by strong developments in the USA. Net sales in the USA have increased, partly due to a generally improved market situation and partly due to increased sales activities which were initiated in 2013 and which are now beginning to show an effect. Certain client segments in Europe and Asia have shown a stronger demand this year while the Russian market has shown a weaker development.

Profitability within the business area continues to exhibit stable development and EBITA increased by 16.9% during the year to MSEK 288 (246). The EBITA margin has improved by 1.6 percentage points during the year to 22.3% (20.7%), thanks to the fact that the supply strategy was changed two years ago and also due to increased volumes. The new supply strategy implies that the share of in-house manufacturing has decreased and today Lifco bears the primary responsibility for assembling the products.

## Systems Solutions

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	2014	2013	2014	2013
Net sales	2,247	2,014	11.5%	628	600	4.7%
EBITA	211	115	82.9%	54	56	-3.8%
EBITA margin	9.4%	5.7%	3.7	8.5%	9.3%	-0.8

Systems Solutions is divided into five divisions and, through these operational units, offers solutions within the following industries: interiors for service vehicles, contract manufacturing, environmental technology, sawmill equipment and relining (renovation of wastewater and drain pipes). The divisions are market leaders in their respective geographic markets.

Systems Solutions increased net sales by 11.5% to MSEK 2,247 (2,014) and EBITA increased by 82.9% to MSEK 211 (115) during 2014. The EBITA margin, thereby, increased to 9.4% (5.7%). All divisions showed an increase in EBITA in 2014.

Interiors for service vehicles has grown both in terms of net sales and profits. This improvement is a result of activities initiated to increase sales activities and improve the product portfolio. Profits have improved but levels are still unsatisfactory, so focus on profitability remains strong.

Contract manufacturing exhibited good development during the year, both in terms of net sales and profits. During the year, structured sales work has resulted in new clients and, at the same time, volumes have increased from existing clients. Clients include, amongst others, world-leading manufacturers of equipment to the pharmaceutical industry and manufacturers of railway equipment, placing high demands on quality in terms of flexibility of delivery and documentation.

Environmental Technology grew profits in 2014 due to well-conducted projects. However, net sales declined slightly.

Sawmill equipment increased profitability, driven by strong development in Russia. Swedish sawmills have strengthened their profitability during the year which has resulted in a number of smaller

orders. The companies within the division have cautiously noted increased levels of tender activities during the year.

Relining established a new organisation in Sweden during 2013, whereby the operation was split up in regions. The aim of the new organisation was to streamline the decision-making process and ensure that management are more involved in daily operations. These measures have resulted in a positive recovery in 2014, both in terms of net sales and profitability.

In June 2013, the Finnish timber handling company Nordautomation OY was sold, resulting in a capital loss of MSEK 5, which negatively impacted net financial items. The company Gallac AB was sold from the contract manufacturing division in November 2013, resulting in a capital loss of MSEK 14.6, which also negatively impacted net financial items. Furthermore, intangible assets of MSEK 50 were impaired during 2013 within the Interiors for Service Vehicles division.

## ACQUISITIONS

No acquisitions have taken place in the fourth quarter. On 27 March 2014, the German company MDH AG was acquired and consolidated from April 1 within the Dental business area.

## OTHER FINANCIAL INFORMATION

### Employees

The average number of employees was 3,013 (2,940) during 2014. At the end of the period, the number of employees was 3,009 (2,865). A total of 150 employees were added through the acquisition of MDH AG.

### Events after closing of the reporting period

On 14 January 2015, Lifco entered into an agreement to acquire Sanistål's Danish auto upholstery operations. With this acquisition, Lifco has become the leading player on the Danish market in interiors for service vehicles. The acquired operations had net sales of approximately MDDK 25 in 2014 and will be consolidated in the Systems Solutions business area. The acquisition will not have any material effect on Lifco's earnings or financial position for the current year.

On 4 February 2015, Lifco entered into an agreement to acquire Auger Torque, a leading global manufacturer of earth drills and other attachments for cranes and excavators. Auger Torque had a turnover in 2014 of about MGBP 10. Auger Torque will be consolidated in Kinshofer which is part of business area Demolition & Tools. The acquisition brings Kinshofer a new product segment and access to an important distribution channel in primarily UK, Australia, the US and China. The acquisition will not have any material effect on Lifco's earnings or financial position for the current year.

On 18 February, Lifco entered into an agreement to acquire Rapid Granulator, a leading global manufacturer of granulators for in-plant recycling of plastic waste. In 2014, Rapid Granulator reported net sales of approximately 300 MSEK. The Group will be consolidated in division Environmental Technology, a part of the business area Systems Solution. The acquisition will not have any significant effect on Lifco's earnings or financial position in current financial year.

## Parent Company

The Parent Company's operating profit amounted to MSEK -117 (-10) for 2014. The decrease is attributable to the costs associated with the listing. Net financial items increased to MSEK 211 (166). Profit after net financial items decreased to MSEK 94 (156) due to the lower operating profit. Net profit for the period was MSEK 201 (163).

The Parent Company's assets amounted as of 31 December to MSEK 5,755, an increase of MSEK 1,584 since the beginning of the year. Equity during the same period increased by MSEK 601 to MSEK 2,155 and current interest-bearing liabilities decreased by MSEK 1,578 to MSEK 232. The Parent Company raised long-term borrowings during the year of MSEK 2,263.

On 30 September, a share split of 1:10 took place. The number of shares after the split amounts to 90,843,260, divided between 6,075,970 Class A shares and 84,767,290 Class B shares. All shares entitle the holder to equal rights to dividends. Class A shares entitle the holder to 10 votes per share and Class B shares entitle the holder to 1 vote per share.

## Proposed dividend

The Board of Directors and CEO propose to the annual general meeting a dividend of SEK 2.60 per share for 2014, amounting to a total of MSEK 236.2. This represents 42% of net profit which is in line with Lifco's dividend policy. The proposed record day is Friday 8 May 2015. Euroclear expects to distribute the dividend to the shareholders on Wednesday 13 May 2015 given the annual general meeting's decision.

## Listing on Nasdaq Stockholm

On 27 October 2014, Carl Bennet AB announced its intention to list Lifco. The listing was preceded by a public offering. The offering covered 49.9% of the shares in Lifco. The offer price was SEK 93 per Class B share. There was great interest in the offering both among the public in Sweden and among institutional investors inside and outside Sweden. The offering was oversubscribed more than sevenfold.

The offering originally comprised 34,602,400 Class B shares, but was expanded to a total of 41,209,100 Class B shares. The over-allotment option was also exercised within five trading days. The total offering therefore comprised a total of 45,330,000 Class B shares at a value of approximately

# LIFCO

SEK 4.2 billion. Lifco's Class B share was listed on Nasdaq Stockholm's main market on 21 November 2014. The share has been a part of Nasdaq Stockholm's Large Cap segment since 1 January 2015. The Company is traded under the short name LIFCO B.

## **Transactions with related parties**

On 29 September, Lifco received a shareholders' contribution of MSEK 500 from Carl Bennet AB.

## **Risks and uncertainties**

The operational risks of the greatest significance to Lifco are the competitive landscape, structural changes in the market and the general economic development. Lifco is also exposed to financial risks such as currency risk, interest rate risk, credit risk and counterparty risk.

The Parent Company is impacted by the above risks and uncertainties through its role as owner of the subsidiaries.

## **Accounting principles**

The Lifco Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting principles applied are consistent with those described in Lifco's annual report for 2013, which is available from [www.lifco.se](http://www.lifco.se). This Interim Report has been prepared according to IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The Parent Company applies the Annual Accounts Act and RFR 2, Accounting for legal entities. The application of RFR 2 implies that the Parent Company, in the interim report for the legal entity, applies all IFRS and statements adopted by the EU to the greatest extent possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation.

From 1 January 2014, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities have been applied. The application of these standards has not resulted in any significant impact on the Group.

The report has not been reviewed by the Company's auditors.

## BOARD OF DIRECTORS AFFIRMATION

The Board of Directors and CEO certify that the Year-End Report provides a true and fair view of the Parent Company's and Group's operations, financial position and results and that it describes the significant risks and uncertainties to which the Parent Company and companies included in the Group are exposed.

Enköping, 20 February 2015

*Carl Bennet*  
Chairman of the Board

*Gabriel Danielsson*  
Board member

*Sigbrit Franke*  
Board member

*Erik Gabrielson*  
Board member

*Fredrik Karlsson*  
President and CEO, Board  
member

*Annika Norlund*  
Board member, Employee  
representative

*Johan Stern*  
Board member

*Caroline Sundewall*  
Board member

*Axel Wachtmeister*  
Board member

*Hans-Eric Wallin*  
Board member, Employee  
representative

## FINANCIAL CALENDAR

The annual report for 2015 will be published on 8 April 2015

The report for the first quarter 2015 will be published on 6 May 2015

The report for the second quarter 2015 will be published on 16 July 2015

The report for the third quarter will be published on 3 November 2015

## ANNUAL GENERAL MEETING

The annual general meeting of shareholders in Lifco AB will take place on 6 May 2015 at 3pm at the World Trade Center, Klarabergsviadukten 70A, Stockholm. Shareholders requesting that a matter be addressed at the meeting on 6 May 2015 can present a proposal to Lifco's Chairman of the Board via e-mail to: [ir@lifco.se](mailto:ir@lifco.se) or via post at Lifco AB, F.A.O: Bolagsstämmeärenden, Verkmästaregatan 1, 745 85 Enköping. In order to be certain that the matter can be included in the notice of the meeting and, thereby, in the agenda, the proposal shall have been received by the Company by no later than 6 March 2015.

## NOMINATION COMMITTEE

The nomination committee consists of Carl Bennet, Carl Bennet AB, Tomas Billing, Nordstjernan, Anna-Karin Celsing, representative for minority shareholders, Per Colleen, Fjärde AP-fonden, Hans Hedström, Carnegie fonder and Adam Nyström, Didner & Gerge fonder. Carl Bennet is chairman of the nomination committee.

## FURTHER INFORMATION

Media and investor relations: Åse Lindskog, [ir@lifco.se](mailto:ir@lifco.se), tel: 0730 24 48 72

## TELECONFERENCE

Media representatives and analysts are welcome to join a teleconference in which CEO Fredrik Karlsson and head of business area Dental Per Waldemarson will present the annual accounts. The presentation is expected to take approximately 20 minutes, after which there will be the opportunity to ask questions.

**Time and date:**

Friday 20 February, 9:00am

**Link:**

[http://cloud.magneetto.com/wonderland/2015\\_0220\\_Lifco/view](http://cloud.magneetto.com/wonderland/2015_0220_Lifco/view)

**Telephone numbers:**

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This information was made public on 20 February at 8:00 am, according to the Securities Market Act, the Financial Instruments Trading Act and/or the regulatory framework of Nasdaq Stockholm.

## CONDENSED CONSOLIDATED INCOME STATEMENT

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Net sales	6,802	6,030	12.8%	1,901	1,678	13.3%
Cost of goods sold	-4,249	-3,908	8.7%	-1,177	-1,070	10.0%
<b>Gross profit</b>	<b>2,553</b>	<b>2,122</b>	<b>20.3%</b>	<b>724</b>	<b>608</b>	<b>18.9%</b>
Distribution expenses	-467	-443	5.5%	-138	-89	54.3%
Administrative expenses	-1,097	-979	12.0%	-305	-340	-10.2%
Development expenses	-55	-53	4.9%	-14	-12	15.1%
Non-recurring items	-110	-	-	-96	-	-
Other income & expenses	-18	-21	-15.7%	-7	-14	-53.8%
<b>Operating profit</b>	<b>806</b>	<b>627</b>	<b>28.7%</b>	<b>164</b>	<b>153</b>	<b>7.6%</b>
Net financial items	-43	-52	-16.2%	-12	-24	-49.7%
<b>Profit before tax</b>	<b>763</b>	<b>575</b>	<b>32.7%</b>	<b>152</b>	<b>128</b>	<b>18.5%</b>
Tax	-193	-187	3.2%	-41	-22	82.3%
<b>Net profit</b>	<b>570</b>	<b>388</b>	<b>47.0%</b>	<b>111</b>	<b>106</b>	<b>5.1%</b>
<b>Profit attributable to:</b>						
Shareholders in the Parent Company	560	378	48.2%	109	102	7.1%
Non-controlling interests	10	10	0%	2	4	-42.8%
Earnings per share for the period before dilution, attributable to shareholders in the Parent Company	6.17	4.16	48.3%	1.20	1.12	7.1%
Earnings per share for the period after dilution, attributable to shareholders in the Parent Company	6.17	4.16	48.3%	1.20	1.12	7.1%
<b>EBITA</b>	<b>966</b>	<b>692</b>	<b>39.6%</b>	<b>273</b>	<b>211</b>	<b>29.2%</b>
Depreciation of tangible assets	67	60	10.3%	17	14	20.4%
Amortisation of intangible assets	46	64	-27.6%	15	55	-73.0%

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Profit after tax	570	388	47.0%	111	106	5.1%
<b>Other comprehensive income</b>						
<i>Items which can later be reclassified in the income statement:</i>						
Translation differences	131	27	378.1%	69	32	112.4%
<b>Total comprehensive income for the period</b>	<b>701</b>	<b>415</b>	<b>68.8%</b>	<b>180</b>	<b>138</b>	<b>30.2%</b>
<i>Comprehensive income attributable to:</i>						
Shareholders in the Parent Company	689	405	70.4%	177	134	32.0%
Non-controlling interests	11	10	7.7%	3	4	-23.3%
	<b>701</b>	<b>415</b>	<b>68.8%</b>	<b>180</b>	<b>138</b>	<b>30.2%</b>

## SEGMENT OVERVIEW

Lifco's operations are monitored and evaluated by the CEO, with resources being allocated on the basis of information from the three operating segments: Dental, Demolition & Tools and Systems Solutions. Only the operating segments Dental and Demolition & Tools surpass the quantitative limits established by the Group and, as such, the operating segment Systems Solutions is actually a grouping of those divisions with similar economic characteristics which do not, individually, meet the quantitative limits for the definition of an operating segment. These divisions are interiors for service vehicles, contract manufacturing, environmental technology, sawmill equipment and relining.

### NET SALES TO EXTERNAL CUSTOMERS

No sales take place between the segments.

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Dental	3,266	2,826	15.6%	918	765	20.1%
Demolition & Tools	1,289	1,189	8.4%	354	314	12.9%
Systems Solutions	2,247	2,014	11.5%	628	600	4.7%
<b>Group</b>	<b>6,802</b>	<b>6,030</b>	<b>12.8%</b>	<b>1,901</b>	<b>1,678</b>	<b>13.3%</b>

### EBITA

The allocation of profit per segment takes place up to and including EBITA. EBITA is reconciled against profit before tax according to the following:

MSEK	12 MONTHS			FOURTH QUARTER		
	2014	2013	change	2014	2013	change
Dental	543	399	36.3%	149	106	41.5%
Demolition & Tools	288	246	16.9%	92	68	35.1%
Systems Solutions	211	115	82.9%	54	56	-3.8%
Common Group functions	-76	-68	11.7%	-22	-18	21.0%
<b>EBITA</b>	<b>966</b>	<b>692</b>	<b>39.6%</b>	<b>273</b>	<b>211</b>	<b>29.2%</b>
Amortisation of intangible fixed assets arising in conjunction with acquisitions	-38	-57	-33.7%	-12	-51	-75.6%
Expenses for restructuring, integration and acquisitions	-122	-8	-	-97	-8	-
Net financial items	-43	-52	-16.7%	-12	-24	-49.7%
<b>Profit before tax</b>	<b>763</b>	<b>575</b>	<b>32.7%</b>	<b>152</b>	<b>128</b>	<b>18.5%</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>		
Intangible fixed assets	4,677	3,047
Tangible fixed assets	386	342
Financial fixed assets	54	46
Inventories	823	758
Accounts receivable - trade	770	671
Current receivables	188	163
Cash and cash equivalents	536	442
<b>TOTAL ASSETS</b>	<b>7,435</b>	<b>5,468</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	3,473	2,382
Non-current interest-bearing liabilities incl. pension provisions	2,351	115
Other non-current liabilities and provisions	284	54
Current interest-bearing liabilities	276	1,824
Accounts payable - trade	344	313
Other current liabilities	707	779
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,435</b>	<b>5,468</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

### Attributable to shareholders in the Parent Company

MSEK	31 Dec 2014	31 Dec 2013
<b>Opening equity</b>	2,366	2,140
Comprehensive income for the period	689	405
Transactions with owners	500	-100
Tax effect of transactions with owners	-	22
Dividend	-100	-100
<b>Closing equity</b>	<b>3,455</b>	<b>2,366</b>
<i>Equity, attributable to:</i>		
Shareholders in the Parent Company	3,455	2,366
Non-controlling interests	18	16
	<b>3,473</b>	<b>2,382</b>

## CONDENSED CASH FLOW STATEMENT FOR THE GROUP

MSEK	12 MONTHS		FOURTH QUARTER	
	2014	2013	2014	2013
<b>Operating activities</b>				
Operating profit	806	627	164	153
Non-cash items	113	124	31	69
Interest and financial items, net	-43	-31	-12	-10
Tax paid	-181	-176	-22	-38
<b>Cash flow before changes in working capital</b>	<b>695</b>	<b>544</b>	<b>161</b>	<b>173</b>
<b>Changes in working capital</b>				
Inventories	-40	-13	4	46
Current receivables	-84	-12	25	-12
Current liabilities	15	39	-74	39
<b>Cash flow from operating activities</b>	<b>586</b>	<b>558</b>	<b>116</b>	<b>246</b>
Business combinations and divestments, net	-1,264	-	-	-
Net investment in fixed assets	-97	-104	-28	-36
<b>Cash flow from investing activities</b>	<b>-1,361</b>	<b>-104</b>	<b>-28</b>	<b>-36</b>
Borrowings/repayments of borrowings, net	535	-210	-555	-94
Shareholders' contribution	500	-	-	-
Dividends paid	-109	-108	0	0
Group contribution paid	-100	-100	-	-
<b>Cash flow from financing activities</b>	<b>826</b>	<b>-417</b>	<b>-556</b>	<b>-94</b>
<b>Cash flow for the period</b>	<b>50</b>	<b>37</b>	<b>-468</b>	<b>116</b>
Cash and cash equivalents at beginning of period	442	402	991	315
Translation differences	44	3	14	10
<b>Cash and cash equivalents at end of period</b>	<b>536</b>	<b>442</b>	<b>536</b>	<b>442</b>

## ACQUISITION DURING 2014

On 27 March 2014, all of the shares in the German dental company, MDH AG, were acquired. The company reported net sales in 2013 of approximately MSEK 380, had 150 employees and approximately 5,000 German dentists as clients. The company was leading in Germany within the distribution of dental products to dentists and was the country's largest importer of high quality dental technology work. With this acquisition, Lifco's Dental business area has strengthened its market position in Germany. Goodwill arising in conjunction with the acquisition refers to the synergy effects expected to be achieved through the combining of the Group's and MDH AG's operations. No portion of this reported goodwill is tax deductible.

The expenses related to the acquisition of MSEK 10 are included in administrative expenses in the consolidated income statement for the second quarter of 2014. The Company has contributed to Lifco's sales and profit since 1 April 2014. Had MDH AG been consolidated from 1 January 2014, the Group's net sales would have been positively impacted in an amount of MSEK 96 and profit before tax in an amount of MSEK 27.

### Acquired net assets

Net assets, MSEK	Book value	Value adjustment	Fair value
Intangible assets	14	621	635
Tangible assets	17	-	17
Accounts receivable and other receivables	47	-	47
Accounts payable and other liabilities	-56	-205	-261
Cash and cash equivalents	97	-	97
<b>Total net assets</b>	<b>119</b>	<b>416</b>	<b>535</b>
Goodwill	-	826	826
<b>Sum total net assets</b>	<b>119</b>	<b>1,242</b>	<b>1,361</b>

### Effect on cash flow, MSEK

Net outflow of cash and cash equivalents due to the acquisition	1,264
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## FINANCIAL INSTRUMENTS

MSEK	REPORTED VALUE		FAIR VALUE	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
<b>Loans and receivables</b>				
Accounts receivable - trade	770	671	770	671
Other non-current financial receivables	2	2	2	2
Cash and cash equivalents	536	442	536	442
<b>Total</b>	<b>1,309</b>	<b>1,115</b>	<b>1,309</b>	<b>1,115</b>
<b>Liabilities at fair value through profit and loss</b>				
Other liabilities	30	30	30	30
<b>Other financial liabilities</b>				
Interest-bearing borrowings	2,510	1,825	2,510	1,825
Accounts payable - trade	344	313	344	313
Other liabilities	48	47	48	47
<b>Total</b>	<b>2,932</b>	<b>2,214</b>	<b>2,932</b>	<b>2,214</b>

Financial instruments valued at fair value are categorised into various levels depending on the manner in which the fair value has been determined. All of the Lifco Group's financial instruments valued at fair value are classified as belonging to the category "Level 3", i.e. non-observable data. The fair value of current borrowings is equal to the reported value, as the discount effect is insignificant. Other liabilities classified as financial instruments consist of additional purchase price and mandatory call/put options held by non-controlling interests. Changes in financial liabilities attributable to mandatory call/put options are reported in equity.

## KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS ENDING	31 Dec 2014	31 Dec 2013
Net sales, MSEK	6,802	6,030
Change in net sales, %	12.8	-2.5
EBITA, MSEK	966	692
EBITA margin, %	14.2	11.5
EBITDA, MSEK	1,041	760
EBITDA margin, %	15.3	12.6
Capital employed incl. goodwill, MSEK	5,137	3,984
Return on capital employed, %	18.8	17.4
Return on capital employed excl. goodwill, %	105.4	73.0
Return on equity, %	19.2	17.0
Interest-bearing net debt, MSEK	2,013	1,420
Net debt/equity ratio	0.6	0.6
Net debt/EBITDA	1.9	1.9
Equity/assets ratio, %	46.7	43.6
Average number of employees	3,013	2,940

## CONDENSED PARENT COMPANY INCOME STATEMENT

MSEK	12 MONTHS		FOURTH QUARTER	
	2014	2013	2014	2013
Administrative expenses	-87	-65	-24	-17
Non-recurring items	-110	-	-96	-
Other operating income	80	54	25	27
<b>Operating profit</b>	<b>-117</b>	<b>-10</b>	<b>-94</b>	<b>10</b>
Net financial items	211	166	-20	51
<b>Profit after financial items</b>	<b>94</b>	<b>156</b>	<b>-115</b>	<b>61</b>
Appropriations	104	12	104	12
Tax	3	-5	1	5
<b>Net profit for the period</b>	<b>201</b>	<b>163</b>	<b>-10</b>	<b>79</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

MSEK	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>		
Tangible fixed assets	0	0
Financial fixed assets	3,456	1,992
Current receivables	1,881	1,881
Cash and cash equivalents	417	297
<b>TOTAL ASSETS</b>	<b>5,755</b>	<b>4,170</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	2,155	1,554
Untaxed reserves	20	20
Non-current interest-bearing liabilities	2,263	-
Current interest-bearing liabilities	232	1,811
Current non-interest-bearing liabilities	1,085	785
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,755</b>	<b>4,170</b>
Pledged assets	-	-
Contingent liabilities	39	30

## DEFINITIONS

<b>Return on equity</b>	Net profit after tax attributable to shareholders in the Parent Company and non-controlling interests as a percentage of average equity
<b>Return on capital employed</b>	EBITA as a percentage of average capital employed
<b>Return on capital employed excl. goodwill</b>	EBITA as a percentage of average capital employed exclusive goodwill
<b>EBIT</b>	Operating profit/Profit before financial items and taxes
<b>EBITA</b>	Operating profit before amortisation of intangible fixed assets arising in conjunction with acquisitions and expenses for restructuring, integration and acquisitions
<b>EBITA margin</b>	EBITA as a percentage of net sales
<b>EBITDA</b>	Operating profit before depreciation/amortisation and expenses for restructuring, integration and acquisitions
<b>EBITDA margin</b>	EBITDA as a percentage of net sales
<b>Net debt/equity ratio</b>	Interest-bearing net debt divided by equity
<b>Earnings per share</b>	Net profit after tax attributable to shareholders in the Parent Company divided by average number of outstanding shares
<b>Interest-bearing net debt</b>	Liabilities to credit institutions including interest-bearing pension provisions less cash and cash equivalents
<b>Equity/assets ratio</b>	Equity as a percentage of total assets (balance sheet total)
<b>Capital employed</b>	Total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities