LIFCO

18 July 2017

INTERIM REPORT JANUARY – JUNE 2017

Reporting period January – June

- Net sales increased by 10.2 per cent to SEK 4,876 (4,424) million. Organically, net sales grew by 0.5 per cent
- EBITA* increased by 20.1 per cent to SEK 818 (681) million
- The EBITA margin* increased to 16.8 (15.4) per cent
- Earnings before tax grew by 14.3 per cent to SEK 699 (612) million
- Net profit for the period grew by 14.3 per cent to SEK 524 (459) million
- Earnings per share increased by 14.3 per cent to SEK 5.67 (4.96)
- Cash flow from operating activities increased by 3.1 per cent to SEK 438 (425) million
- During the period Lifco acquired four businesses with combined annual sales of around SEK 427 million
- After the end of the reporting period the following acquisitions will be consolidated: Perfect Ceramic Dental of China and majority stakes in Hydal and Fiberworks of Norway and Pro Optix of Sweden

Reporting period April – June

- Net sales increased by 3.4 per cent to SEK 2,453 (2,373) million. Organically, net sales decreased by 5.6 per cent
- EBITA* increased by 6.3 per cent to SEK 433 (407) million
- The EBITA margin* increased to 17.6 (17.2) per cent
- The profit before tax was SEK 366 (369) million
- The net profit for the period was SEK 274 (277) million
- Cash flow from operating activities increased by 7.6 per cent to SEK 302 (281) million

Summary of financial performance

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2017	2016	*change*	2017	2016	*change*		*change*	2016
Net sales	4,876	4,424	10.2%	2,453	2,373	3.4%	9,439	5.0%	8,987
EBITA*	818	681	20.1%	433	407	6.3%	1,514	9.9%	1,377
EBITA margin*	16.8%	15.4%	1.4	17.6%	17.2%	0.4	16.0%	0.7	15.3%
Profit before tax	699	612	14.3%	366	369	-0.7%	1,306	7.2%	1,219
Net profit for the period	524	459	14.3%	274	277	-0.7%	992	7.1%	927
Earnings per share	5.67	4.96	14.3%	2.95	2.98	-1.0%	10.69	7.0%	9.99
Return on capital employed	18.6%	19.8%	-1.2	18.6%	19.8%	-1.2	18.6%	-0.1	18.7%
Return on capital employed excl. goodwill	146%	135%	11.0	146%	135%	11.0	146%	5.0	141%

* Before restructuring, integration and acquisition costs.

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COMMENTS FROM THE CEO

Net sales increased by 10.2 per cent in the first half of 2017, to SEK 4,876 (4,424) million, mainly through acquisitions and foreign exchange gains. All three business areas reported robust sales and earnings growth for the six-month period. All divisions in all business areas apart from Forest have had a good first half of the year. The market environment in the three business areas remained generally favourable.

EBITA before restructuring, integration and acquisition costs increased by 20.1 per cent to SEK 818 (681) million in the first half while the EBITA margin expanded by 1.4 percentage points to 16.8 (15.4) per cent. The improvement in profitability is attributable to acquisitions, organic growth and foreign exchange gains. Earnings per share increased by 14.3 per cent in the first half, to SEK 5.67 (4.96).

Cash flow from operating activities increased by 3.1 per cent during the six-month period to SEK 438 (425) million.

In the first half Lifco consolidated four new businesses with total annual sales of around SEK 427 million. At the end of June, we announced the acquisitions of Perfect Ceramic Dental, a Chinese dental laboratory, as well as a majority stake in Pro Optix, a Swedish provider of equipment for the European fibre optic market. After the end of the reporting period we have announced the acquisition of majority stakes in Hydal of Norway, Scandinavia's leading manufacturer of aluminium cabinets, and Fiberworks of Norway, another equipment provider for the European fibre optic market. The eight acquisitions will together have a positive impact on Lifco's results and financial position in the current year.

Even after the acquisitions made in 2017 we still have significant financial scope for further acquisitions, as net debt is 2.4 times EBITDA before restructuring, integration and acquisition costs, well below our target of a net debt of less than three times EBITDA.

Fredrik Karlsson
CEO

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GROUP PERFORMANCE IN JANUARY – JUNE

Net sales increased by 10.2 per cent to SEK 4,876 (4,424) million, driven by acquisitions, foreign exchange gains and organic growth. Acquisitions contributed 7.3 per cent, foreign exchange gains 2.4 per cent and organic growth 0.5 per cent to the increase in net sales. During the six-month period four new businesses were consolidated: Haglöf Sweden, Hultdins, Solesbee's and Silvent.

EBITA* increased by 20.1 per cent to SEK 818 (681) million and the EBITA margin* expanded by 1.4 percentage points to 16.8 (15.4) per cent. EBITA* improved on the back of organic growth, acquisitions and changes in exchange rates. Exchange rate changes had a positive impact on EBITA* of 2.4 percentage points. In the first six months 33 per cent of EBITA* was generated in EUR, 31 per cent in SEK, 14 per cent in NOK, 7 per cent in DKK, 7 per cent in USD, 3 per cent in GBP and 5 per cent in other currencies.

Net financial items were SEK -21 (-17) million.

Earnings before tax increased by 14.3 per cent to SEK 699 (612) million. Net profit grew by 14.3 per cent to SEK 524 (459) million.

Average capital employed excluding goodwill increased by SEK 59 million over the six-month period, to SEK 1,033 million at 30 June 2017, compared with SEK 974 million at 31 December 2016. EBITA* relative to average capital employed excluding goodwill increased by 5 percentage points in the first half of 2017 to 146 per cent. At 30 June 2016 EBITA* relative to average capital employed excluding goodwill was 135 per cent. The improvement was due chiefly to stronger earnings and good control of capital employed.

The Group's net interest-bearing debt increased by SEK 811 million from 31 December 2016 to SEK 3,829 million at 30 June 2017. Dividend payments during the six-month period totalled SEK 335 (280) million. The net debt/equity ratio at 30 June 2017 was 0.8 (0.7) and net debt to EBITDA* was 2.4 (2.1) times. At the end of the period 32 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased by 3.1 per cent to SEK 438 (425) million in the first six months. Cash flow from investing activities was SEK -943 (-1,006) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

The Group's performance in the second quarter was slightly weaker following a strong first quarter. Net sales increased by 3.4 per cent to SEK 2,453 (2,373) million, driven by acquisitions and foreign exchange gains. Acquisitions added 6.1 per cent while foreign exchange gains had a positive impact of 2.8 per cent. Organic growth was -5.6 per cent due to a smaller number of working days in the quarter compared with the same period in 2016 as well as a continued weak performance in the Forest division.

EBITA* increased by 6.3 per cent to SEK 433 (407) million and the EBITA margin* improved by 0.4 percentage points to 17.6 (17.2) per cent. Acquisitions and changes in exchange rates had a positive impact on EBITA*, with exchange rate changes adding 2.7 percentage points. In the second quarter 35 per cent of EBITA* was generated in EUR, 29 per cent in SEK, 13 per cent in NOK, 10 per cent in USD, 4 per cent in DKK, 3 per cent in GBP and 6 per cent in other currencies.

Net financial items were SEK -12 (-9) million.

Earnings before tax decreased by 0.7 per cent to SEK 366 (369) million. Net profit for the period declined by 0.7 per cent to SEK 274 (277) million.

Average capital employed excluding goodwill increased by SEK 16 million to SEK 1,033 million at 30 June 2017, up from SEK 1,017 million on 31 March 2017. EBITA relative to average capital employed excluding goodwill was largely flat compared with 31 March 2017, at 146 per cent.

The Group's net interest-bearing debt increased by SEK 400 million to SEK 3,829 million over the three-month period. Dividend payments during the period totalled SEK 330 (277) million. The net debt/equity ratio increased from 0.7 at 31 March 2017 to 0.8.

Cash flow from operating activities improved by 7.6 per cent to SEK 302 (281) million over the three-month period. Cash flow from investing activities was SEK -381 (-35) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2017	2016	*change*	2017	2016	*change*		*change*	2016
Net sales	1,961	1,773	10.6%	961	904	6.3%	3,779	5.2%	3,590
EBITA*	362	328	10.5%	177	172	2.9%	689	5.3%	655
EBITA margin*	18.5%	18.5%	0.0	18.5%	19.1%	-0.6	18.2%	0.0	18.2%

The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe and the business area also operates in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark and Sweden. The business area also includes a number of manufacturers which produce disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world.

Dental's net sales grew by 10.6 per cent to SEK 1,961 (1,773) million in the first half of 2017. EBITA* improved by 10.5 per cent to SEK 362 (328) million during the period and the EBITA margin* was 18.5 (18.5) per cent.

The dental market remains generally stable. The results of individual companies in Lifco's dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects such as Easter, gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment. In the first quarter, the late Easter in 2017 had a positive impact on net sales and earnings. In the second quarter, the late Easter in 2017 had a correspondingly negative impact on organic growth in Dental.

In late June Lifco announced that it had acquired the Chinese dental company Perfect Ceramic Dental (PCD). PCD is a dental laboratory for which Lifco's German dental company MDH accounts for around 80 per cent of net sales. It is expected that PCD will be consolidated in the latter part of the third quarter.

Demolition & Tools

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2017	2016	*change*	2017	2016	*change*		*change*	2016
Net sales	1,058	853	24.0%	579	469	23.5%	1,930	11.9%	1,726
EBITA*	261	193	35.3%	150	114	31.4%	466	17.1%	398
EBITA margin*	24.7%	22.6%	2.1	25.9%	24.3%	1.6	24.1%	1.1	23.0%

Demolition & Tools develops, manufactures and sells equipment for the construction and demolition industries. The Group is the world's leading supplier of demolition robots and crane attachments. The Group is also one of the leading global suppliers of excavator attachments. The operations are divided into two divisions, Demolition Robots and Crane & Excavator Attachments, which are roughly equal in terms of sales. As of March 2017, the business area includes Sweden-based Hultdins, a leading manufacturer of tools and attachments for forestry and construction machinery. As of May 2017, Demolition & Tools also includes US-based Solesbee's, a leading provider of attachments for excavators and wheel loaders in the North American market.

In the first six months net sales increased by 24.0 per cent to SEK 1,058 (853) million. The market situation was generally good. Among the larger markets, the US, Australia, UK and Germany saw the fastest growth.

EBITA* increased by 35.3 per cent over the six-month period to SEK 261 (193) million and the EBITA margin* expanded by 2.1 percentage points to 24.7 (22.6) per cent.

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Systems Solutions

SEK million	SIX MONTHS 2017	2016	change	SECOND QUARTER 2017	2016	change	Rolling 12 months	change	FULL YEAR 2016
Net sales	1,857	1,798	3.3%	913	1,000	-8.7%	3,730	1.6%	3,671
EBITA*	246	208	17.9%	130	145	-10.7%	459	8.9%	421
EBITA margin*	13.2%	11.6%	1.6	14.1%	14.5%	-0.4	12.3%	0.8	11.5%

Through its operating units, Systems Solutions operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Construction Materials, Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Forest.

Net sales in Systems Solutions increased by 3.3 per cent to SEK 1,857 (1,798) million in the first half of 2017. All divisions except Interiors for Service Vehicles and Forest increased their sales in the first six months of the year.

EBITA* increased by 17.9 per cent to SEK 246 (208) million in the first half. The Construction Materials and Environmental Technology divisions improved their earnings in the first six months of the year. The EBITA margin* expanded by 1.6 percentage points to 13.2 (11.6) per cent.

Construction Materials reported good sales and earnings growth for the six-month period thanks to robust organic growth and improved profitability in all areas of operation. In late June Lifco announced that it had acquired Sweden-based Pro Optix, which provides fibre optic transceivers and cables, wavelength multiplexers, test and measurement instruments, and communication equipment for the European fibre optic market. Pro Optix will be consolidated from July 2017.

Net sales in the Interiors for Service Vehicles division were unchanged for the six-month period while profitability declined slightly due to a weaker UK market and increased product development costs.

Contract Manufacturing improved its sales amid slightly lower profitability in the first six months of the year. The market situation remained stable. The division’s customers include world-leading manufacturers of equipment for the pharmaceutical industry as well as manufacturers of railway equipment, which have high quality requirements for delivery flexibility as well as documentation.

Environmental Technology performed well over the six-month period as sales and profitability both improved. As of June, the division includes Sweden-based Silvent, which specialises in energy optimisation and occupational health and safety, and has unique expertise in the area of compressed air dynamics.

In Forest, sales and earnings fell over the six-month period, despite the consolidation from February 2017 of Haglöf Sweden, a world-leading supplier of instruments for professional forestry surveyors, which added to both sales and earnings. The decline in the division is due to continued problems in certain projects.

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ACQUISITIONS

In the first six months of 2017 Lifco made the following acquisitions:

Consolidated from month	Acquisition	Business area	Net sales	Employees
February	Haglöf Sweden	Systems Solutions	SEK 60m	43
March	Hultdin System	Demolition & Tools	SEK 152m	66
May	Solesbee's	Demolition & Tools	USD 11m	35
June	Silvent	Systems Solutions	SEK 120m	70

Further information on acquisitions is provided on page 14 of the interim report. The figures for net sales and number of employees refer to the estimated annual net sales and the number of employees at the acquisition date.

Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees in the six-month period was 3,732 (3,569) and the number of employees at the end of the period was 3,851 (3,577). Acquisitions added 214 employees.

Events after the end of the reporting period

In late June Lifco announced that it had acquired Sweden-based Pro Optix (majority stake) and Perfect Ceramic Dental (PCD) of China. Pro Optix was consolidated from July 2017 and it is expected that PCD will be consolidated in latter part of the third quarter.

After the end of the reporting period Lifco has announced the acquisition of majority stakes in Hydal and Fiberworks of Norway, which will be consolidated in the third quarter.

Related party transactions

No significant transactions with related parties took place during the period.

Annual General Meeting 2017

The Annual General Meeting 2017 was held on 4 May in Stockholm. The following principal resolutions were adopted at the AGM: • The Board of Directors and auditor were re-elected. • Anna Hallberg was elected as a new Director. • Resolutions were adopted on Directors' and auditors' fees, the payment of a dividend for 2016 and remuneration of senior executives.

Risks and uncertainties

The risk factors which have the biggest impact for Lifco are the competitive situation, structural changes in the market and general level of economic activity. Lifco is also exposed to financial risks, including currency risks, interest rate risks, credit and counterparty risks.

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

For further information on Lifco's risks and risk management, see the annual report for 2016.

Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting principles have been applied in accordance with those which are presented in the annual report for 2016 and should be read in conjunction with these.

The Group is currently evaluating the effects of those new accounting standards which become effective on 1 January 2018 (IFRS 9 and IFRS 15). Senior management's current assessment is that the standards will not result in any significant differences for the Group.

This report has not been examined by the Company's auditors.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this six-month report gives a true and fair view of the Parent Company's and Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, 18 July 2017

Carl Bennet Chairman of the Board	*Gabriel Danielsson* Director	*Ulrika Dellby* Director
Erik Gabrielson Director	*Ulf Grunander* Director	*Anna Hallberg* Director
Annika Espander Jansson Director	*Fredrik Karlsson* President and CEO, Director	*Annika Norlund* Director, employee representative
Johan Stern Vice Chairman	*Axel Wachtmeister* Director	*Hans-Eric Wallin* Director, employee representative

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FINANCIAL CALENDAR

The report for the third quarter will be published on 26 October
The year-end report for 2017 will be published on 15 February 2018

FURTHER INFORMATION

Media and investor relations: Åse Lindskog, ir@lifco.se, telephone +46 (0)730 24 48 72

TELECONFERENCE

Media and analysts are welcome to call in to a teleconference, where CEO Fredrik Karlsson, CFO Therése Hoffman and Head of Business Area Dental Per Waldemarson will present the interim report. The presentation is expected to take around 20 minutes, after which participants will be invited to ask questions.

Time: Tuesday 18 July, 9 a.m.

Link to the presentation:

https://tv.streamfabriken.com/lifco-q2-2017

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LIFCO IN BRIEF

Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. At year-end, the Lifco Group consisted of 132 companies in 26 countries. In 2016 Lifco reported EBITA of SEK 1,377 million on net sales of SEK 9.0 billion. The EBITA margin was 15.3 per cent. Read more at www.lifco.se

This information constitutes information that Lifco AB is required to publish under the EU's Market Abuse Regulation and the Swedish Securities Markets Act.
The information was submitted for publication through the aforementioned contact person on 18 July 2017, at 8:00 a.m.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	change	SECOND QUARTER 2017	SECOND QUARTER 2016	change	FULL YEAR 2016
Net sales	4,876	4,424	10.2%	2,453	2,373	3.4%	8,987
Cost of goods sold	-2,847	-2,674	6.5%	-1,429	-1,412	1.2%	-5,405
Gross profit	**2,029**	**1,750**	**15.9%**	**1,024**	**961**	**6.5%**	**3,582**
Selling expenses	-515	-395	30.5%	-257	-212	21.3%	-831
Administrative expenses	-733	-684	7.0%	-359	-343	4.5%	-1,412
Development costs	-50	-45	11.9%	-26	-23	11.3%	-88
Other income and expenses	-11	3	-443%	-4	-5	-10.0%	1
Operating profit	**720**	**629**	**14.5%**	**378**	**378**	**0.0%**	**1,252**
Net financial items	-21	-17	21.2%	-12	-9	27.9%	-33
Profit before tax	**699**	**612**	**14.3%**	**366**	**369**	**-0.7%**	**1,219**
Tax	-175	-153	14.3%	-92	-92	-0.7%	-292
Net profit for the period	**524**	**459**	**14.3%**	**274**	**277**	**-0.7%**	**927**
Profit attributable to:							
Parent Company shareholders	515	451	14.3%	267	271	-1.0%	908
Non-controlling interests	9	8	14.2%	7	6	12.5%	19
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	5.67	4.96	14.3%	2.95	2.98	-1.0%	9.99
EBITA*	818	681	20.1%	433	407	6.3%	1,377
Depreciation of tangible assets	53	44	20.0%	27	23	22.2%	94
Amortisation of intangible assets	5	5	-	3	2	16.5%	10
Amortisation of intangible assets arising from acquisitions	88	52	68.9%	47	29	61.7%	121

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	change	SECOND QUARTER 2017	SECOND QUARTER 2016	change	FULL YEAR 2016
Net profit for the period	524	459	14.3%	274	277	-0.7%	927
Other comprehensive income							
Items which can later be reclassified to profit or loss: Hedge of net investment	51	16	225%	41	-2		-23
Translation differences	-64	63	-202%	-41	49	-185%	159
Tax related to other comprehensive income	-11	-4	168%	-9	0		4
Total comprehensive income for the period	**500**	**534**	**-6.3%**	**265**	**324**	**-120%**	**1,067**
Comprehensive income attributable to:							
Parent Company shareholders	492	525	-6.3%	259	317	-18.2%	1,046
Non-controlling interests	8	9	-10.5%	6	7	-11.4%	21
	500	**534**	**-6.3%**	**265**	**324**	**-18.0%**	**1,067**

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SEGMENT OVERVIEW

Lifco's operations are monitored and evaluated by the CEO and resources are allocated based on information from the three operating segments: Dental, Demolition & Tools and Systems Solutions. The defined quantitative limits have been exceeded only by Dental and Demolition & Tools. One further operating segment, Systems Solutions, is presented. This operating segment consists of a merger of those divisions which have similar economic characteristics and which do not individually meet the defined quantitative limits. These divisions are Construction Materials, Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2016	*change*	2016	2016	*change*		*change*	2016
Dental	1,961	1,773	10.6%	961	904	6.3%	3,779	5.2%	3,590
Demolition & Tools	1,058	853	24.0%	579	469	23.5%	1,930	11.9%	1,726
Systems Solutions	1,857	1,798	3.3%	913	1,000	-8.7%	3,730	1.6%	3,671
Group	**4,876**	**4,424**	**10.2%**	**2,453**	**2,373**	**3.4%**	**9,439**	**5.0%**	**8,987**

EBITA

A breakdown of results by segment is made up to and including EBITA. EBITA is reconciled to profit before tax in accordance with the following table:

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2017	2016	*change*	2017	2016	*change*		*change*	2016
Dental	362	328	10.5%	177	172	2.9%	689	5.3%	655
Demolition & Tools	261	193	35.3%	150	114	31.4%	466	17.1%	398
Systems Solutions	246	208	17.9%	130	145	- 10.7%	459	8.9%	421
Central Group functions	-51	-48	6.1%	-24	-24	-%	-100	3.0%	-97
EBITA before restructuring, integration and acquisition costs	**818**	**681**	**20.1%**	**433**	**407**	**6.3%**	**1,514**	**9.9%**	**1,377**
Restructuring, integration and acquisition costs	-10	0		-8	0		-14	293%	-4
EBITA	**808**	**681**	**18.6%**	**425**	**407**	**4.3%**	**1,500**	**9.2%**	**1,373**
Amortisation of intangible assets arising from acquisitions	-88	-52	68.9%	-47	-29	61.7%	-157	29.4%	-121
Net financial items	-21	-17	21.2%	-12	-9	27.9%	-37	11.2%	-33
Profit before tax	**699**	**612**	**14.3%**	**366**	**369**	**-0.7%**	**1,306**	**7.2%**	**1,219**

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CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Intangible assets	7,656	6,063	6,824
Tangible fixed assets	528	454	464
Financial assets	112	96	109
Inventories	1,291	1,130	1,155
Accounts receivable - trade	1,192	1,122	1,046
Current receivables	302	304	236
Cash and cash equivalents	227	428	293
TOTAL ASSETS	**11,308**	**9,597**	**10,127**
EQUITY AND LIABILITIES			
Equity	4,923	4,226	4,758
Non-current interest-bearing liabilities incl. pension provisions	37	1,105	1,120
Other non-current liabilities and provisions	802	494	597
Current interest-bearing liabilities	4,019	2,197	2,191
Accounts payable - trade	540	550	507
Other current liabilities	987	1,025	954
TOTAL EQUITY AND LIABILITIES	**11,308**	**9,597**	**10,127**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Opening equity	4,712	3,939	3,939
Comprehensive income for the period	492	525	1,046
Dividend	-318	-273	-273
Closing equity	**4,886**	**4,191**	**4,712**
Equity attributable to:			
Parent Company shareholders	4,886	4,191	4,712
Non-controlling interests	37	35	46
	4,923	**4,226**	**4,758**

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	SECOND QUARTER 2017	SECOND QUARTER 2016	FULL YEAR 2016
Operating activities					
Operating profit	720	629	378	378	1,252
Non-cash items	146	88	77	54	211
Interest and financial items, net	-21	-17	-12	-9	-33
Tax paid	-216	-165	-106	-77	-295
Cash flow before changes in working capital	629	535	337	346	1,135
Changes in working capital					
Inventories	-85	-61	-62	1	-57
Current receivables	-106	-105	82	-124	11
Current liabilities	0	56	-55	58	-5
Cash flow from operating activities	**438**	**425**	**302**	**281**	**1,084**
Business acquisitions and sales, net	-858	-948	-343	-	-1,608
Net investment in tangible fixed assets	-80	-56	-35	-34	-104
Net investment in intangible assets	-5	-2	-3	-1	-9
Cash flow from investing activities	**-943**	**-1,006**	**-381**	**-35**	**-1,721**
Borrowings/repayment of borrowings, net	799	818	405	21	710
Dividends paid	-335	-280	-330	-277	-285
Cash flow from financing activities	**464**	**538**	**75**	**-256**	**425**
Cash flow for the period	**-41**	**-43**	**-4**	**-10**	**-212**
Cash and cash equivalents at beginning of period	293	464	255	438	464
Translation differences	-25	7	-24	0	41
Cash and cash equivalents at end of period	**227**	**428**	**227**	**428**	**293**

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ACQUISITIONS IN 2017

During the six-month period four new businesses were consolidated. The acquisitions refer to all shares of Haglöf Sweden and Hultdin System as well as majority shareholdings in Silvent and Solesbee's.

The purchase price allocation includes the above four acquisitions. Purchase price allocations are preliminary until one year after the acquisition date.

Expenses related to the four acquisitions in a total amount of SEK 10 million are included in administrative expenses in the consolidated income statement for the first half of 2017. If the businesses had been consolidated from 1 January 2017 consolidated net sales would have increased by around SEK 123 million. The four acquisitions would have had a positive impact on earnings if the companies had been consolidated from 1 January 2017.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	3	559	562
Tangible assets	38	-	38
Inventories, trade and other receivables	153	-13	140
Trade and other payables	-81	-106	-187
Cash and cash equivalents	100	-	100
Net assets	**213**	**440**	**653**
Goodwill	-	407	407
Total net assets	**213**	**847**	**1,060**

Effect on cash flow, SEK million	
Consideration	1,060
Consideration not paid	*-108*
Cash and cash equivalents in acquired companies	-100
Consideration paid relating to acquisitions from previous years	6
Total cash flow effect	**858**

FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Loans and receivables				
Accounts receivable - trade	1,192	1,122	1,192	1,122
Other non-current financial receivables	4	3	4	3
Cash and cash equivalents	227	428	227	428
Total	**1,423**	**1,553**	**1,423**	**1,553**
Liabilities at fair value through profit or loss				
Other liabilities	158	16	158	16
Other financial liabilities				
Interest-bearing borrowings	4,021	3,246	4,021	3,246
Accounts payable - trade	540	550	540	550
Total	**4,719**	**3,812**	**4,719**	**3,812**

Financial instruments at fair value are classified into different levels depending on how fair value is determined. All financial instruments at fair value in the Lifco Group have been classified as level 3, i.e. non-observable inputs. The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant. Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2017 30 JUNE	2016 31 DEC	2016 30 JUNE
Net sales, SEK million	9,439	8,987	8,455
Change in net sales, %	5.0	13.7	7.0
EBITA*, SEK million	1,514	1,377	1,284
EBITA margin*, %	16.0	15.3	15.2
EBITDA*, SEK million	1,627	1,481	1,381
EBITDA margin, %	17.2	16.5	16.3
Capital employed, SEK million	8,159	7,381	6,479
Capital employed excl. goodwill and other intangible assets, SEK million	1,033	974	952
Return on capital employed, %	18.6	18.7	19.8
Return on capital employed excl. goodwill, %	146	141	135
Return on equity, %	20.7	21.0	21.9
Net interest-bearing debt, SEK million	3,829	3,018	2,858
Net debt/equity ratio	0.8	0.6	0.7
Net debt/EBITDA*	2.4	2.0	2.1
Equity/assets ratio, %	43.5	47.0	44.0
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	3,732	3,524	3,569

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CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	SECOND QUARTER 2017	SECOND QUARTER 2016	FULL YEAR 2016
Administrative expenses	-64	-55	-30	-28	-113
Other operating income*	-	40	-	40	90
Operating profit/loss	**-64**	**-15**	**-30**	**12**	**-23**
Net financial items	398	394	69	382	544
Profit after financial items	**334**	**379**	**39**	**394**	**521**
Appropriations	-	-	-	-	-10
Tax	-2	10	-3	5	9
Net profit for the period	**332**	**389**	**36**	**399**	**520**

* Preliminary invoicing of Group-wide services.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Jun 2017	30 Jun 2016
ASSETS		
Tangible fixed assets	0	0
Financial assets	4,097	1,985
Current receivables	3,697	4,467
Cash and cash equivalents	40	254
TOTAL ASSETS	**7,834**	**6,706**
EQUITY AND LIABILITIES		
Equity	2,447	2,302
Untaxed reserves	41	32
Non-current interest-bearing liabilities	-	1,063
Current interest-bearing liabilities	4,010	2,171
Current non-interest-bearing liabilities	1,336	1,138
TOTAL EQUITY AND LIABILITIES	**7,834**	**6,706**
Pledged assets	-	-
Contingent liabilities	21	101

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OBJECTIVE AND DEFINITIONS

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before restructuring, integration and acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before restructuring, integration and acquisition costs divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets attributable to acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in fixed assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net interest-bearing debt divided by equity.
Earnings per share	Profit after tax attributable to Parent Company shareholders divided by average number of outstanding shares.
Net interest-bearing debt	Lifco uses the alternative KPI net interest-bearing debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bond loans and interest-bearing pension

provisions less estimated contingent consideration for acquisitions, and cash and cash equivalents.

Equity/assets ratio	Equity divided by total assets (balance sheet total).
Capital employed	Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities, calculated as the average of the last four quarters.
Capital employed excluding goodwill and other intangible assets	Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities, goodwill and other intangible assets, calculated as the average of the last four quarters.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

The interim report presents alternative key performance indicators for assessing the Group's performance. The primary alternative KPIs presented in this interim report are EBITA, EBITDA, net debt and capital employed. Definitions of the alternative KPIs are presented on pages 17–18.

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	FULL YEAR 2016
Operating profit	720	629	1,252
Amortisation of intangible assets arising from acquisitions	88	52	121
EBITA	**808**	**681**	**1,373**
Restructuring, integration and acquisition costs	10	0	4
EBITA* before restructuring, integration and acquisition costs	**818**	**681**	**1,377**

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2017	SIX MONTHS 2016	FULL YEAR 2016
Operating profit	720	629	1,252
Depreciation of tangible assets	53	44	94
Amortisation of intangible assets	5	5	10
Amortisation of intangible assets arising from acquisitions	88	52	121
EBITDA	**866**	**730**	**1,477**
Restructuring, integration and acquisition costs	10	0	4
EBITDA* before restructuring, integration and acquisition costs	**876**	**730**	**1,481**

Net interest-bearing debt compared with financial statements in accordance with IFRS

SEK million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Non-current interest-bearing liabilities including pension provisions	37	1,105	1,120
Current interest-bearing liabilities	4,019	2,197	2,191
Calculated contingent consideration for acquisitions	-	-16	-
Cash and cash equivalents	-227	-428	-293
Net interest-bearing debt	**3,829**	**2,858**	**3,018**

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Capital employed and capital employed excluding goodwill and other intangible assets compared with financial statements in accordance with IFRS

SEK million	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Total assets	**11,308**	**10,872**	**10,127**	**10,392**
Cash and cash equivalents	-227	-255	-293	-410
Interest-bearing pension provisions	-35	-34	-37	-33
Non-interest-bearing liabilities	-2,329	-2,200	-2,057	-2,154
Capital employed	**8,717**	**8,383**	**7,740**	**7,795**
Goodwill and other intangible assets	-7,656	-7,265	-6,824	-6,756
Capital employed excluding goodwill and other intangible assets	**1,061**	**1,118**	**916**	**1,039**

Capital employed and capital employed excluding goodwill and other intangible assets calculated as the average of the last four quarters compared with financial statements in accordance with IFRS

SEK million	Average	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Capital employed	**8,159**	8,717	8,383	7,740	7,795
Capital employed excluding goodwill and other intangible assets	**1,033**	1,061	1,118	916	1,039
EBITA*	**Total** **1,514**	433	385	380	316
Return on capital employed	**18.6%**				
Return on capital employed excl. goodwill and other intangible assets	**146%**				