LIFCO
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17 July 2018

INTERIM REPORT JANUARY – JUNE 2018

Reporting period January – June

- Net sales increased by 17.2 per cent to SEK 5,715 (4,876) million. Organically, net sales grew by 4.5 per cent
- EBITA* increased by 19.6 per cent to SEK 978 (818) million
- The EBITA margin* increased to 17.1 (16.8) per cent
- Earnings before tax grew by 17.9 per cent to SEK 824 (699) million
- Net profit for the period grew by 22.1 per cent to SEK 640 (524) million
- Earnings per share increased by 22.4 per cent to SEK 6.94 (5.67)
- Cash flow from operating activities increased to SEK 483 (438) million
- During the period, Lifco acquired six businesses with total annual sales of around SEK 340 million
- After the end of the reporting period, the following acquisitions will be consolidated: the French dental company Denterbridge and a majority stake in the Italian dental company Rhein 83

Reporting period April – June

- Net sales increased by 24.0 per cent to SEK 3,041 (2,453) million. Organically, net sales grew by 9.6 per cent
- EBITA* increased by 29.3 per cent to SEK 560 (433) million
- The EBITA margin* increased to 18.4 (17.6) per cent
- Earnings before tax grew by 30.6 per cent to SEK 478 (366) million
- Net profit for the period grew by 39.1 per cent to SEK 381 (274) million
- Cash flow from operating activities increased to SEK 452 (302) million

Summary of financial performance

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*	2018	2017	*change*		*change*	2017
Net sales	5,715	4,876	17.2%	3,041	2,453	24.0%	10,869	8.4%	10,030
EBITA*	978	818	19.6%	560	433	29.3%	1,892	9.2%	1,732
EBITA margin*	17.1%	16.8%	0.3	18.4%	17.6%	0.8	17.4%	0.1	17.3%
Profit before tax	824	699	17.9%	478	366	30.6%	1,599	8.5%	1,473
Net profit for the period	640	524	22.1%	381	274	39.1%	1,224	10.6%	1,107
Earnings per share	6.94	5.67	22.4%	4.12	2.95	39.7%	13.21	10.6%	11.94
Return on capital employed**	19.5%	18.4%	1.1	19.5%	18.4%	1.1	19.5%	0.2	19.7%
Return on capital employed excl. goodwill**	153%	137%	16.0	153%	137%	16.0	153%	3.0	177%

* Before acquisition costs.
** New definition, see page 20.

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COMMENTS FROM THE CEO

Net sales increased by 17.2 per cent to SEK 5,715 (4,876) million in the first half of the year, driven by acquisitions, foreign exchange gains and organic growth. All three business areas reported robust sales and earnings growth for the six-month period. All divisions in all business areas had a good first half of the year, reporting increased sales and earnings. The market environment in the three business areas remained generally favourable.

EBITA before acquisition costs increased by 19.6 per cent over the six-month period to SEK 978 (818) million and the EBITA margin expanded by 0.3 percentage points to 17.1 (16.8) per cent. The improvement in profitability is attributable to acquisitions, foreign exchange gains and organic growth. Earnings per share increased by 22.4 per cent in the first half, to SEK 6.94 (5.67).

Cash flow from operating activities increased by 10.3 per cent during the six-month period to SEK 483 (438) million. We are still experiencing certain delivery problems, which has resulted in high inventories. The high trade receivables are offset by large customer advances and higher accounts payable.

In the first half of the year, Lifco consolidated six new businesses with combined annual sales of around SEK 340 million. At the end of June, we announced the acquisitions of the French dental company Denterbridge and a majority stake in the Italian dental company Rhein 83. Taken together, the eight acquisitions will have a positive impact on Lifco's results and financial position in the current year.

Since the scope of liabilities related to acquisitions, call/put options and additional considerations for acquisitions, has increased in recent years, we have decided to add these to the net debt. We have also changed the definition of capital employed. You find the new definitions on page 20. Even after these changes and the acquisitions made in 2018, Lifco has ample financial scope for further acquisitions, as net debt stands at 2.1 times EBITDA before acquisition costs, still well below our target of a net debt of up to three times EBITDA.

Fredrik Karlsson
CEO

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GROUP PERFORMANCE IN JANUARY – JUNE

Net sales increased by 17.2 per cent to SEK 5,715 (4,876) million, driven by acquisitions, foreign exchange gains and organic growth. Acquisitions contributed 10.1 per cent, foreign exchange gains 2.6 per cent and organic growth 4.5 per cent to the increase in net sales. In the first half of the year, Flörchinger Zahntechnik, Spocs, Toolpack's Norwegian service vehicle interior business and Lifco's majority stakes in Computer konkret, Dental Direct and Wexman were consolidated.

EBITA* increased by 19.6 per cent to SEK 978 (818) million and the EBITA margin* expanded by 0.3 percentage points to 17.1 (16.8) per cent. EBITA* improved on the back of acquisitions, foreign exchange gains and organic growth. Foreign exchange gains accounted for 2.6 percentage points of the increase in EBITA*. In the first six months, 36 per cent of EBITA* was generated in EUR, 28 per cent in SEK, 15 per cent in NOK, 6 per cent in USD, 5 per cent in DKK, 3 per cent in GBP and 7 per cent in other currencies.

Net financial items were SEK -23 (-21) million.

The profit before tax increased by 17.9 per cent to SEK 824 (699) million and the net profit for the period increased by 22.1 per cent to SEK 640 (524) million.

Average capital employed excluding goodwill increased by SEK 85 million over the six-month period, to SEK 1,240 million at 30 June 2018, compared with SEK 1,155 million at 31 December 2017. EBITA* in relation to average capital employed excluding goodwill increased by 3 percentage points in the first half of the year to 153 per cent. At 30 June 2017, EBITA* in relation to average capital employed excluding goodwill was 137 per cent. The improvement was due chiefly to higher earnings.

The Group's net debt[1] increased by SEK 462 million from 31 December 2017 to SEK 4,256 million at 30 June 2018. In the first quarter, Lifco issued SEK 1,750 million in two series of unsecured bonds with maturities of two years. The proceeds of the bond issues were used to refinance existing bank loans and bonds. At the end of the period, liabilities related to call/put options and additional considerations for acquisitions totalled SEK 396 (158) million.

The net debt to equity ratio at 30 June 2018 was 0.7 (0.8) and net debt to EBITDA* was 2.1 (2.5) times. At the end of the period, 24 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased to SEK 483 (438) million in the first half, mainly due to higher earnings. Cash flow from investing activities was SEK -292 (-943) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

The Group performed strongly in the second quarter after a weak first three months. Net sales increased by 24.0 per cent to SEK 3,041 (2,453) million, driven by acquisitions, foreign exchange gains

[1] New definition, see page 20.

and organic growth. Acquisitions contributed 10.5 per cent, foreign exchange gains 3.9 per cent and organic growth 9.6 per cent to the increase in net sales.

EBITA* increased by 29.3 per cent to SEK 560 (433) million and the EBITA margin* improved by 0.8 percentage points to 18.4 (17.6) per cent. EBITA* improved on the back of acquisitions, foreign exchange gains and organic growth. Foreign exchange gains accounted for 3.7 percentage points of the increase in EBITA*. In the second quarter, 35 per cent of EBITA* was generated in EUR, 29 per cent in SEK, 16 per cent in NOK, 6 per cent in USD, 4 per cent in DKK, 3 per cent in GBP and 7 per cent in other currencies.

Net financial items were SEK -10 (-12) million.

Earnings before tax increased by 30.6 per cent to SEK 478 (366) million. Net profit grew by 39.1 per cent to SEK 381 (274) million. After corporation tax rates were cut in Norway, the UK and Sweden, deferred tax liabilities were restated during the period, which had a positive one-off effect of SEK 22 million.

Average capital employed excluding goodwill increased by SEK 41 million to SEK 1,240 million at 30 June 2018, compared with SEK 1,199 million at 31 March 2018. EBITA in relation to average capital employed excluding goodwill increased from 147 per cent at 31 March 2018 to 153 per cent at 30 June 2018.

The Group's net debt increased by SEK 279 million to SEK 4,256 million over the three-month period. Dividend payments during the period totalled SEK 374 (330) million. At 0.7, the net debt/equity ratio was unchanged compared with 31 March 2018.

Cash flow from operating activities increased by 49.7 per cent to SEK 452 (302) million in the second quarter, mainly due to higher earnings. Cash flow from investing activities was SEK -185 (-381) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*	2018	2017	*change*		*change*	2017
Net sales	2,066	1,961	5.4%	1,056	961	9.9%	3,922	2.8%	3,817
EBITA*	391	362	8.0%	200	177	13.0%	730	4.1%	701
EBITA margin*	18.9%	18.5%	0.4	18.9%	18.5%	0.4	18.6%	0.2	18.4%

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 has operations 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 5.4 per cent to SEK 2,066 (1,961) million in the first half of the year. EBITA* increased by 8.0 per cent to SEK 391 (362) million during the period and the EBITA margin* expanded by 0.4 percentage points to 18.9 (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 of 2018, the early Easter had a slight negative impact on net sales and earnings in Dental. In the second quarter, the early Easter had a correspondingly positive impact on organic growth.

Lifco's majority stake in Computer konkret, a German software provider to dentists and orthodontists, was consolidated as of January 2018. The company generated net sales of around SEK 36 million in 2017 and has about 50 employees. Lifco's majority stake in Dental Direct of Norway and its Danish subsidiary 3D Dental, which have around 20 employees and generated combined net sales of around SEK 135 million in 2017, were consolidated with effect from April 2018. Flörchinger Zahntechnik of Germany, which has around 25 employees and generated net sales of about EUR 1.7 million in 2017, was consolidated with effect from May 2018. In late June 2018, Lifco announced that it had acquired Denterbridge of France as well as a majority stake in Rhein 83 of Italy. The two companies generated net sales of EUR 9 million and EUR 8 million, respectively, in 2017 and each have about 20 employees. The businesses will be consolidated as of July 2018.

Demolition & Tools

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*	2018	2017	*change*		*change*	2017
Net sales	1,308	1,058	23.6%	711	579	22.8%	2,511	11.1%	2,261
EBITA*	305	261	16.9%	188	150	25.3%	642	7.4%	598
EBITA margin*	23.3%	24.7%	-1.4	26.4%	25.9%	0.5	25.6%	-0.9	26.5%

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 of roughly equal size in terms of sales.

In the first six months, net sales increased by 23.6 per cent to SEK 1,308 (1,058) million. The market situation was generally good. Among the larger markets, France and Germany saw the fastest growth. EBITA* increased by 16.9 per cent over the period to SEK 305 (261) million and the EBITA margin* was 23.3 (24.7) per cent. Profitability improved considerably in the second quarter following a weak first three months.

Systems Solutions

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*	2018	2017	*change*		*change*	2017
Net sales	2,341	1,857	26.1%	1,274	913	39.5%	4,436	12.2%	3,952
EBITA*	339	246	37.8%	201	130	54.6%	630	17.3%	537
EBITA margin*	14.5%	13.2%	1.3	15.8%	14.1%	1.7	14.2%	0.6	13.6%

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 26.1 per cent to SEK 2,341 (1,857) million in the first half of the year on the back of a good performance across all divisions.

EBITA* increased by 37.8 per cent to SEK 339 (246) million in the first six months. All divisions improved their earnings during the period. The EBITA margin* expanded by 1.3 percentage points to 14.5 (13.2) per cent.

Construction Materials reported good sales and earnings growth in the first half, mainly as a result of acquisitions.

Interiors for Service Vehicles saw strong sales growth in the first six months with increased profitability. Toolpack's Norwegian service vehicle interiors business, which has around 15 employees and generated net sales of approximately NOK 40 million in 2017, was consolidated as of May 2018.

Contract Manufacturing saw strong sales growth in the first six months with increased profitability. Spocs, a Swedish provider of final assembly and testing services for electronic products, was consolidated as of March 2018. The company had net sales of around SEK 61 million in 2017 and has 23 employees.

Environmental Technology reported good sales and earnings growth in the first half, primarily as a result of acquisitions.

Forest reported good sales and earnings growth for the six-month period. The projects which created problems in Forest in 2017 have been concluded. This, coupled with strong demand, led to a strong performance during the period. Lifco's majority stake in Wexman of Sweden, which makes

professional workwear, was consolidated as of June 2018. The company generated net sales of around SEK 46 million in 2017 and has twelve employees.

ACQUISITIONS

In the first six months of 2018, Lifco made the following acquisitions:

Consolidated from month	Acquisition	Business area	Net sales	Employees
January	Computer konkret	Dental	EUR 3.8m	50
March	Spocs	Systems Solutions	SEK 61m	23
April	Dental Direct	Dental	NOK 95m DKK 25m	20
May	Toolpack's Norwegian service vehicle interiors business	Systems Solutions	NOK 40m	15
May	Flörchinger Zahntechnik	Dental	EUR 1.7m	25
June	Wexman	Systems Solutions	SEK 46m	12

Further information on acquisitions is provided on page 16. The figures for net sales and number of employees refer to 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 4,790 (3,732) and the number of employees at the end of the period was 4,812 (3,851). Acquisitions added 145 employees.

Events after the end of the reporting period

At the end of June, Lifco announced that it had acquired the French dental company Denterbridge and a majority stake in the Italian dental products manufacturer Rhein 83. Denterbridge and Rhein 83 will be consolidated as of July 2018.

Related party transactions

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

Annual General Meeting 2018

The Annual General Meeting 2018 was held on 24 April in Stockholm. The following principal resolutions were adopted at the AGM: • The Board of Directors and auditor were re-elected.
• Resolutions were adopted on Directors' and auditors' fees, the payment of a dividend for 2017 and guidelines on 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 in its capacity as owner of the subsidiary companies. For further information on Lifco's risks and risk management, see the annual report for 2017.

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 2017 and should be read in conjunction with these.

The Group has evaluated the effects of implementing IFRS 9 Financial Instruments, which became effective on 1 January 2018 and has established that the impact is marginal. No adjustments have therefore been made to the opening balances for 2018. IFRS 15 Revenue from Contracts with Customers became effective on 1 January 2018, and the effects of the standard in Lifco's subsidiaries have been assessed in a project that was initiated in 2016. No material differences compared with the previous standards have been identified, and no adjustments have therefore been made to the opening balances for 2018. IFRS 15 is being applied from 1 January 2018 and the disclosures in the interim report have been adapted in accordance with this new standard. The Group is currently evaluating the effects of introducing the IFRS 16 Leases standard, which will become effective on 1 January 2019. The Group does not currently intend to apply the standard prior to the effective date.

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

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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, 17 July 2018

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	*Anders Lorentzson* Director, employee representative
Johan Stern Vice Chairman	*Axel Wachtmeister* Director	*Peter Wiberg* Director, employee representative

FINANCIAL CALENDAR

The report for the third quarter will be published on 25 October
The year-end report for 2018 will be published on 6 February 2019

FURTHER INFORMATION

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TELECONFERENCE

Media and analysts are welcome to call in to a teleconference, where CEO Fredrik Karlsson, CFO Therése Hoffman and Deputy CEO Per Waldemarson will present the interim report. After the presentation, there will be an opportunity to ask questions.

Time: Wednesday 18 July, 5 p.m. CET.

Link to the presentation:
https://tv.streamfabriken.com/lifco-q2-2018

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LIFCO IN BRIEF

Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At year-end, the Lifco Group consisted of 138 operating companies in 29 countries. In 2017, Lifco reported EBITA of SEK 1,732 million on net sales of SEK 10.0 billion. The EBITA margin was 17.3 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 17 July 2018, at 8:00 p.m. CET.

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CONDENSED CONSOLIDATED INCOME STATEMENT

	SIX MONTHS			SECOND QUARTER			FULL YEAR
SEK million	2018	2017	change	2018	2017	change	2017
Net sales	5,715	4,876	17.2%	3,041	2,453	24.0%	10,030
Cost of goods sold	-3,287	-2,847	15.5%	-1,737	-1,429	21.6%	-5,766
Gross profit	**2,428**	**2,029**	**19.7%**	**1,304**	**1,024**	**27.3%**	**4,264**
Selling expenses	-638	-515	23.9%	-328	-257	27.6%	-1,095
Administrative expenses	-848	-733	15.7%	-439	-359	22.3%	-1,525
Development costs	-77	-50	54.0%	-40	-26	53.8%	-105
Other income and expenses	-18	-11	63.6%	-9	-4	125%	-20
Operating profit	**847**	**720**	**17.6%**	**488**	**378**	**29.1%**	**1,519**
Net financial items	-23	-21	9.5%	-10	-12	-16.7%	-46
Profit before tax	**824**	**699**	**17.9%**	**478**	**366**	**30.6%**	**1,473**
Tax	-184	-175	5.1%	-97	-92	5.4%	-366
Net profit for the period	**640**	**524**	**22.1%**	**381**	**274**	**39.1%**	**1,107**
Profit attributable to:							
Parent company shareholders	630	515	22.3%	374	267	40.1%	1,084
Non-controlling interests	10	9	11.1%	7	7	-	23
Earnings per share before and after dilution for the period, attributable to Parent company shareholders	6.94	5.67	22.4%	4.12	2.95	39.7%	11.94
EBITA*	978	818	19.6%	560	433	29.3%	1,732
Depreciation of tangible assets	60	53	13.2%	30	27	11.1%	112
Amortisation of intangible assets	6	5	20.0%	3	3	-	11
Amortisation of intangible assets arising from acquisitions	119	88	35.2%	62	47	31.9%	196

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS			SECOND QUARTER			FULL YEAR
SEK million	2018	2017	change	2018	2017	change	2017
Net profit for the period	640	524	22.1%	381	274	39.1%	1,107
Other comprehensive income							
Items which can later be reclassified to profit or loss:							
Hedge of net investment	-	51	-	-20	41	-149%	99
Translation differences	307	-64	-580%	110	-41	-368%	-59
Tax related to other comprehensive income	-	-11	-	4	-9	-144%	-22
Total comprehensive income for the period	**947**	**500**	**89.4%**	**475**	**265**	**79.2%**	**1,125**
Comprehensive income attributable to:							
Parent company shareholders	934	492	89.8%	467	259	80.3%	1,102
Non-controlling interests	13	8	62.5%	8	6	33.3%	23
	947	**500**	**89.4%**	**475**	**265**	**79.2%**	**1,125**

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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	2018	2017	*change*	2018	2017	*change*		*change*	2017
Dental	2,066	1,961	5.4%	1,056	961	9.9%	3,922	2.8%	3,817
Demolition & Tools	1,308	1,058	23.6%	711	579	22.8%	2,511	11.1%	2,261
Systems Solutions	2,341	1,857	26.1%	1,274	913	39.5%	4,436	12.2%	3,952
Group	**5,715**	**4,876**	**17.2%**	**3,041**	**2,453**	**24.0%**	**10,869**	**8.4%**	**10,030**

Net sales by type of income:

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*	2018	2017	*change*		*change*	2017
Dental products	2,066	1,961	5.4%	1,056	961	9.9%	3,922	2.8%	3,817
Machinery and Tools	1,308	1,058	23.6%	711	579	22.8%	2,511	11.1%	2,261
Construction Materials	534	342	56.1%	290	171	69.6%	996	23.9%	804
Interiors for Service Vehicles	294	274	7.3%	158	133	18.8%	573	3.6%	553
Contract Manufacturing	489	451	8.4%	281	211	33.2%	939	4.2%	901
Environmental Technology	667	531	25.6%	352	244	44.3%	1,260	12.1%	1,124
Forest	357	259	37.8%	193	154	25.3%	668	17.2%	570
Group	**5,715**	**4,876**	**17.2%**	**3,041**	**2,453**	**24.0%**	**10,869**	**8.4%**	**10,030**

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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	2018	2017	*change*	2018	2017	*change*		*change*	2017
Dental	391	362	8.0%	200	177	13.0%	730	4.1%	701
Demolition & Tools	305	261	16.9%	188	150	25.3%	642	7.4%	598
Systems Solutions	339	246	37.8%	201	130	54.6%	630	17.3%	537
Central Group functions	-57	-51	11.8%	-29	-24	20.8%	-110	5.8%	-104
EBITA before acquisition costs	**978**	**818**	**19.6%**	**560**	**433**	**29.3%**	**1,892**	**9.2%**	**1,732**
Acquisition costs*	-12	-10	20.0%	-10	-8	25.0%	-19	11.8%	-17
EBITA	**966**	**808**	**19.6%**	**550**	**425**	**29.4%**	**1,873**	**9.2%**	**1,715**
Amortisation of intangible assets arising on acquisition	-119	-88	35.2%	-62	-47	31.9%	-227	15.8%	-196
Net financial items	-23	-21	9.5%	-10	-12	-16.7%	-48	4.3%	-46
Profit before tax	**824**	**699**	**17.9%**	**478**	**366**	**30.6%**	**1,598**	**8.5%**	**1,473**

* Of which, change in put/call options and additional considerations for the current year, SEK -5 (-) million.

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CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS			
Intangible assets	8,946	7,656	8,288
Tangible fixed assets	596	528	550
Financial assets	166	112	130
Inventories	1,710	1,291	1,391
Accounts receivable - trade	1,553	1,192	1,274
Current receivables	295	302	254
Cash and cash equivalents	301	227	305
TOTAL ASSETS	**13,567**	**11,308**	**12,192**
EQUITY AND LIABILITIES			
Equity	6,112	4,923	5,546
Non-current interest-bearing liabilities incl. pension provisions	2,873	37	1,033
Other non-current liabilities and provisions	1,192	802	1,025
Current interest-bearing liabilities	1,288	4,019	2,808
Accounts payable - trade	670	540	557
Other current liabilities	1,432	987	1,223
TOTAL EQUITY AND LIABILITIES	**13,567**	**11,308**	**12,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to parent company shareholders

SEK million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Opening equity	5,496	4,712	4,712
Comprehensive income for the period	934	492	1,102
Dividend	-363	-318	-318
Closing equity	**6,067**	**4,886**	**5,496**
Equity attributable to:			
Parent company shareholders	6,067	4,886	5,496
Non-controlling interests	45	37	50
	6,112	**4,923**	**5,546**

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS 2018	SIX MONTHS 2017	SECOND QUARTER 2018	SECOND QUARTER 2017	FULL YEAR 2017
Operating activities					
Operating profit	847	720	488	378	1,519
Non-cash items	190	146	100	77	318
Interest and financial items, net	-23	-21	-10	-12	-46
Tax paid	-254	-216	-103	-106	-368
Cash flow before changes in working capital	760	629	475	337	1,423
Changes in working capital					
Inventories	-275	-85	-120	-62	-124
Current receivables	-238	-106	-40	82	-85
Current liabilities	236	0	137	-55	112
Cash flow from operating activities	**483**	**438**	**452**	**302**	**1,326**
Business acquisitions and sales, net	-215	-858	-149	-343	-1,378
Net investment in tangible fixed assets	-74	-80	-35	-35	-137
Net investment in intangible assets	-3	-5	-1	-3	-9
Cash flow from investing activities	**-292**	**-943**	**-185**	**-381**	**-1,524**
Borrowings/repayment of borrowings, net	137	799	136	405	557
Dividends paid	-381	-335	-374	-330	-337
Cash flow from financing activities	**-244**	**464**	**-238**	**75**	**220**
Cash flow for the period	**-53**	**-41**	**29**	**-4**	**22**
Cash and cash equivalents at beginning of period	305	293	250	255	293
Translation differences	49	-25	22	-24	-10
Cash and cash equivalents at end of period	**301**	**227**	**301**	**227**	**305**

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ACQUISITIONS IN 2018

During the six-month period, six new businesses were consolidated. The acquisitions comprised all shares of Spocs as well as majority stakes in Computer konkret, Dental Direct and Wexman. In an asset deal, Lifco also acquired the assets of Toolpack's Norwegian service vehicle interiors business and Flörchinger Zahntechnik.

The purchase price allocation includes all acquisitions that were made in the first six months of the year. Purchase price allocations are preliminary until one year after the acquisition date.

Acquisition-related expenses of SEK 7 million are included in administrative expenses in the consolidated income statement for the first half of 2018. If the businesses had been consolidated from 1 January 2018, consolidated net sales would have increased by around SEK 115 million. The acquisitions would have had a positive impact on earnings if the companies had been consolidated from 1 January 2018.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	4	163	167
Tangible assets	13	1	14
Inventories, trade and other receivables	90	-2	88
Trade and other payables	-77	-38	-115
Cash and cash equivalents	72	-	72
Net assets	**102**	**124**	**226**
Goodwill	-	138	138
Total net assets	**102**	**262**	**364**

Effect on cash flow, SEK million	
Consideration	364
Consideration not paid	*-77*
Cash and cash equivalents in acquired companies	-72
Total cash flow effect	**215**

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FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	**30 Jun 2018**	**30 Jun 2017**	**30 Jun 2018**	**30 Jun 2017**
Loans and receivables				
Accounts receivable - trade	1,553	1,192	1,553	1,192
Other non-current financial receivables	6	4	6	4
Cash and cash equivalents	301	227	301	227
Total	**1,860**	**1,423**	**1,860**	**1,423**
Liabilities at fair value through profit or loss				
Other liabilities	396	158	396	158
Other financial liabilities				
Interest-bearing borrowings	4,125	4,021	4,125	4,021
Accounts payable - trade	670	540	670	540
Total	**5,191**	**4,719**	**5,191**	**4,719**

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 and additional considerations related to non-controlling interests.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2018 30 JUNE	2017 31 DEC	2017 30 JUNE
Net sales, SEK million	10,869	10,030	9,439
Change in net sales, %	8.4	11.6	5.0
EBITA*, SEK million	1,892	1,732	1,514
EBITA margin*, %	17.4	17.3	16.0
EBITDA*, SEK million	2,022	1,855	1,627
EBITDA margin, %	18.6	18.5	17.2
Capital employed, SEK million	9,705	8,962	8,227
Capital employed excl. goodwill and other intangible assets, SEK million	1,240	1,155	1,102
Return on capital employed, %	19.5	19.3	18.4
Return on capital employed excl. goodwill, %	153	150	137
Return on equity, %	21.4	21.5	20.7
Net interest-bearing debt, SEK million	4,256	3,794	3,987
Net debt/equity ratio	0.7	0.7	0.8
Net debt/EBITDA*	2.1	2.0	2.5
Equity/assets ratio, %	45.0	45.5	43.5
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	4,790	4,107	3,732

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CONDENSED PARENT COMPANY INCOME STATEMENT

	SIX MONTHS		SECOND QUARTER		FULL YEAR
SEK million	**2018**	**2017**	**2018**	**2017**	**2017**
Administrative expenses	-68	-64	-35	-30	-128
Other operating income*	-	-	-	-	89
Operating profit	**-68**	**-64**	**-35**	**-30**	**-39**
Net financial items**	31	398	-13	69	683
Profit after financial items	**-37**	**334**	**-48**	**39**	**644**
Appropriations	-	-	-	-	-41
Tax	14	-2	8	-3	-10
Net profit for the period	**-23**	**332**	**-40**	**36**	**593**

* Invoicing of Group-wide services.
** Net financial items include SEK 39 (321) million in dividends received during the six-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	**30 Jun 2018**	**30 Jun 2017**
ASSETS		
Tangible fixed assets	0	0
Financial assets	4,297	4,097
Current receivables	3,803	3,697
Cash and cash equivalents	15	40
TOTAL ASSETS	**8,115**	**7,834**
EQUITY AND LIABILITIES		
Equity	2,323	2,447
Untaxed reserves	70	41
Non-current interest-bearing liabilities	2,837	-
Current interest-bearing liabilities	1,275	4,010
Current non-interest-bearing liabilities	1,610	1,336
TOTAL EQUITY AND LIABILITIES	**8,115**	**7,834**
Pledged assets	-	-
Contingent liabilities	82	21

DEFINITIONS AND OBJECTIVE

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBIT before acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before 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 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 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 debt*

Lifco uses the alternative KPI net 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, liabilities related to call/put options and additional considerations for acquisitions as well as interest-bearing pension provisions less 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 except liabilities related to call/put options and additional considerations for acquisitions, 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 except liabilities related to call/put options and additional considerations for acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

*New definition as of 2018-06-30.

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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 19–20.

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2018	SIX MONTHS 2017	FULL YEAR 2017
Operating profit	847	720	1,519
Amortisation of intangible assets arising from acquisitions	119	88	196
EBITA	**966**	**808**	**1,715**
Acquisition costs	12	10	17
EBITA before acquisition costs	**978**	**818**	**1,732**

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2018	SIX MONTHS 2017	FULL YEAR 2017
Operating profit	847	720	1,519
Depreciation of tangible assets	60	53	112
Amortisation of intangible assets	6	5	11
Amortisation of intangible assets arising from acquisitions	119	88	196
EBITDA	**1,032**	**866**	**1,838**
Acquisition costs	12	10	17
EBITDA before acquisition costs	**1,044**	**876**	**1,855**

Net debt compared with financial statements in accordance with IFRS*

SEK million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Non-current interest-bearing liabilities including pension provisions	2,873	37	1,033
Current interest-bearing liabilities	1,288	4,019	2,808
Call/put options and additional considerations for acquisitions	396	158	258
Cash and cash equivalents	-301	-227	-305
Net debt	**4,256**	**3,987**	**3,794**

*KPIs have been recalculated as of 2018-06-30 according to the new definition on page 20 of net debt. Also, KPIs for comparing periods have been recalculated according to the new definition.

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

SEK million	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017
Total assets	**13,567**	**12,909**	**12,192**	**11,843**
Cash and cash equivalents	-301	-250	-305	-237
Interest-bearing pension provisions	-36	-33	-36	-36
Non-interest-bearing liabilities	-2,899	-2,671	-2,547	-2,342
Capital employed	**10,331**	**9,955**	**9,304**	**9,228**
Goodwill and other intangible assets	-8,946	-8,606	-8,288	-8,017
Capital employed excluding goodwill and other intangible assets	**1,385**	**1,349**	**1,016**	**1,211**

*KPIs have been recalculated as of 2018-06-30 according to the new definitions of capital employed and capital employed excluding goodwill and other intangible assets on page 20. Also, KPIs for comparing periods have been recalculated according to the new definition.

*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 2018	Q1 2018	Q4 2017	Q3 2017
Capital employed	**9,705**	10,331	9,955	9,304	9,228
Capital employed excluding goodwill and other intangible assets	**1,240**	1,385	1,349	1,016	1,211
	Total				
EBITA before acquisition costs	**1,892**	560	418	510	404
Return on capital employed	**19.5%**				
Return on capital employed excluding goodwill and other intangible assets	**153%**				

*KPIs have been recalculated as of 2018-06-30 according to the new definitions of capital employed and capital employed excluding goodwill and other intangible assets on page 20. Also, KPIs for comparing periods have been recalculated according to the new definition.