LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

6 February 2019

YEAR-END REPORT 2018

Reporting period January – December

- Net sales increased by 19.2 per cent to SEK 11,956 (10,030) million. Organically, net sales grew by 6.4 per cent
- EBITA* increased by 25.2 per cent to SEK 2,168 (1,732) million
- The EBITA margin* increased to 18.1 (17.3) per cent
- Earnings before tax grew by 26.1 per cent to SEK 1,858 (1,473) million
- Net profit for the period grew by 28.3 per cent to SEK 1,420 (1,107) million
- Earnings per share increased by 28.1% till SEK 15.29 (11.94)
- Cash flow from operating activities increased by 15.6 per cent to SEK 1,533 (1,326) million
- During the year, Lifco acquired nine businesses with total annual sales of around SEK 580 million
- Dividend per share is proposed with SEK 4.60 (4.00) SEK per share, corresponding to SEK 418 (363) million

Reporting period October – December

- Net sales increased by 23.8 per cent to SEK 3,454 (2,789) million. Organically, net sales grew by 9.9 per cent
- EBITA* increased by 31.4 per cent to SEK 670 (510) million
- The EBITA margin* increased to 19.4 (18.3) per cent
- Earnings before tax grew by 35.3 per cent to SEK 598 (442) million
- Net profit for the period grew by 37.7 per cent to SEK 453 (329) million
- Cash flow from operating activities decreased by 4.6 per cent to SEK 562 (589) million

Summary of financial performance

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	*change*	2018	2017	*change*
Net sales	11,956	10,030	19.2%	3,454	2,789	23.8%
EBITA*	2,168	1,732	25.2%	670	510	31.4%
EBITA margin*	18.1%	17.3%	0.8	19.4%	18.3%	1.1
Profit before tax	1,858	1,473	26.1%	598	442	35.3%
Net profit for the period	1,420	1,107	28.3%	453	329	37.7%
Earnings per share	15.29	11.94	28.1%	4.87	3.54	37.6%
Return on capital employed	21.0%	19.3%	1.7	21.0%	19.3%	1.7
Return on capital employed excl. goodwill	165%	150%	15	165%	150%	15

* Before acquisition costs.

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

COMMENTS FROM THE CEO

In 2018, net sales increased by 19.2 per cent to SEK 11,956 (10,030) million, driven by acquisitions, organic growth and foreign exchange gains. All three business areas reported robust sales and earnings growth and all divisions had a solid development during the year. The market environment in the three business areas remained generally favourable during the year.

EBITA before acquisition costs increased by 25.2 per cent during the year to SEK 2,168 (1,732) million and the EBITA margin expanded by 0.8 percentage points to 18.1 (17.3) per cent. The improvement in profitability was mainly due to acquisitions and organic growth. Earnings per share increased by 28.1 per cent to SEK 15.29 (11.94).

Cash flow from operating activities for the year increased by 15.6 per cent to SEK 1,533 (1,326) million. During the year, we experienced delivery problems in many businesses, which led to increased inventories. This was, on the other hand, compensated to a certain degree by an increased level of advance payments from customers within the divisions Forest and Environmental Technology.

In 2018, Lifco consolidated nine new businesses with combined annual sales of around SEK 580 million. The acquisitions have had a positive impact on Lifco's results and financial position during the year. After the end of the year, we acquired the Swedish company Indexator Rotator Systems, a world-leading manufacturer of rotators, and the Italian company Hammer, a provider of hydraulic hammers and other demolition tools for excavators. Both businesses will be consolidated in the Demolition & Tools business area.

Even after the acquisitions made in 2018, Lifco has ample financial scope for further acquisitions, as net debt stands at 1.6 times EBITDA before acquisition costs, still well below our target of a net debt of up to three times EBITDA.

Fredrik Karlsson
CEO

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

GROUP PERFORMANCE IN JANUARY – DECEMBER

Net sales increased by 19.2 per cent to SEK 11,956 (10,030) million, driven by acquisitions, organic growth and foreign exchange gains. Acquisitions contributed 8.6 per cent and organic growth 6.4 per cent while changes in exchange rates had a positive impact of 4.2 per cent. During the year, Computer konkret, Dental Direct, Denterbridge, ERC Systems, Flörchinger Zahntechnik, Rhein83, Spocs, Toolpack's Norwegian service vehicle interior business and Wexman were consolidated.

EBITA* increased by 25.2 per cent to SEK 2,168 (1,732) million and the EBITA margin* expanded by 0.8 percentage points to 18.1 (17.3) per cent. EBITA* improved on the back of acquisitions, organic growth and foreign exchange gains. Foreign exchange gains accounted for 3.9% of the increase in EBITA*. During the year 37 (33) per cent of EBITA* was generated in EUR, 28 (31) per cent in SEK and 15 (14) per cent in NOK, 6 (8) per cent in USD, 6 (5) per cent in DKK, 2 (3) per cent in GBP and 6 (6) per cent in other currencies.

Net financial items were SEK -44 (-46) million.

The profit before tax increased by 26.1 per cent to SEK 1,858 (1,473) million and the net profit for the year increased by 28.3 per cent to SEK 1,420 (1,107) million. After corporation tax rates were cut in Norway, the UK and Sweden, deferred tax liabilities were restated during the year, which had a positive one-off effect of SEK 23 million.

Average capital employed excluding goodwill increased by SEK 157 million over the year, to SEK 1,312 million at 31 December 2018, compared with SEK 1,155 million at 31 December 2017. EBITA* relative to average capital employed excluding goodwill increased by 15 percentage points during the year, to 165 per cent. At 31 December 2017, EBITA* in relation to average capital employed excluding goodwill was 150 per cent. The improvement was due chiefly to higher earnings.

The Group's net debt decreased by SEK 109 million from 31 December 2017 to SEK 3,685 million at 31 December 2018. In the first quarter of 2018, 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 year-end, liabilities related to call/put options and additional considerations for acquisitions totalled SEK 515 (258) million.

The net debt to equity ratio at 31 December 2018 was 0.5 (0.7) and net debt to EBITDA* was 1.6 (2.0) times. At year-end, 29 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased with 15.6 per cent to SEK 1,533 (1,326) million during the year, mainly as a result of stronger earnings. Cash flow from investing activities was SEK -669 (-1,524) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE FOURTH QUARTER

Net sales for the three-month period increased by 23.8 per cent to SEK 3,454 (2,789) million, driven by organic growth, acquisitions and foreign exchange gains. Organic growth was 9.9 per cent, acquisitions contributed 6.5 per cent while changes in exchange rates had a positive impact of 7.4 per cent.

EBITA* increased by 31.4 per cent to SEK 670 (510) million and the EBITA margin* improved by 1.1 percentage points to 19.4 (18.3) per cent. EBITA* improved on the back of organic growth, acquisitions and foreign exchange gains. Foreign exchange gains accounted for 5.9% of the increase in EBITA*. In the fourth quarter, 38 (33) per cent of EBITA* was generated in EUR, 29 (33) per cent in SEK and 15 (15) per cent in NOK, 7 (3) per cent in DKK, 5 (9) per cent in USD, 2 (2) per cent in GBP and 4 (5) per cent in other currencies.

Net financial items were SEK -11 (-14) million.

Earnings before tax grew by 35.3 per cent to SEK 598 (442) million Net profit for the period grew by 37.7 per cent to SEK 453 (329) million.

Average capital employed excluding goodwill increased by SEK 61 million, to SEK 1,312 million at 31 December 2018, compared with SEK 1,251 million at 30 September 2018. EBITA in relation to average capital employed excluding goodwill increased from 161 per cent at 30 September 2018 to 165 per cent at 31 December 2018.

The Group's net debt decreased by SEK 556 million to SEK 3,685 million over the three-month period. Net debt/equity decreased to 0.5 as per 31 December 2018, compared to 0.7 at 30 September 2018.

Cash flow from operating activities decreased by 4.6 per cent to SEK 562 (589) million in the fourth quarter, mainly as a result of still high levels of inventories in combination with high sales in December. Cash flow from investing activities was SEK -89 (-191) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	change	2018	2017	change
Net sales	4,185	3,817	9.6%	1,144	1,008	13.5%
EBITA*	802	701	14.4%	219	184	19.0%
EBITA margin*	19.2%	18.4%	0.8	19.1%	18.3%	0.8

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, Sweden and Germany. The business area also includes a number of manufacturers which produce fitting products for dentures, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world. In the last few years, Dental has, through acquisitions and organic growth, increased the performance within manufacturing, dental technology and software faster than within distribution, resulting in a positive impact of the margin development within the business area.

Net sales in Dental increased by 9.6 per cent to SEK 4,185 (3,817) during the year. EBITA* increased by 14.4 per cent to SEK 802 (701) million during the period and the EBITA margin* expanded by 0.8 percentage points to 19.2 (18.4) 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 fourth quarter, there were no individual events having a substantial impact on the earnings of the Dental group as a whole.

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 EUR 3.8 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 as of April 2018. Flörchinger Zahntechnik of Germany, which has around 25 employees and generated net sales of EUR 1.7 million in 2017, was consolidated as of May 2018. The acquisitions of Denterbridge of France and a majority stake in Rhein 83 of Italy were consolidated from July 2018. The two companies generated net sales of EUR 9 million and EUR 8 million, respectively, in 2017 and have about 20 employees each.

Demolition & Tools

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	change	2018	2017	change
Net sales	2,820	2,261	24.7%	788	633	24.5%
EBITA*	724	598	21.1%	228	189	20.6%
EBITA margin*	25.7%	26.5%	-0.8	28.9%	29.9%	-1.0

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 business area's EBITA margin might fluctuate between quarters due to single, major special orders.

Net sales increased by 24.7 per cent during the year, to SEK 2,820 (2,261) million. The market situation was generally good. Among the larger markets, France and Germany saw the fastest growth. EBITA* increased by 21.1 per cent during the year to SEK 724 (598) million and the EBITA margin* was 25.7 (26.5) per cent.

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

Systems Solutions

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	*change*	2018	2017	*change*
Net sales	4,951	3,952	25.3%	1,522	1,148	32.6%
EBITA*	756	537	40.8%	256	168	52.4%
EBITA margin*	15.3%	13.6%	1.7	16.8%	14.7%	2.1

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 25.3 per cent to SEK 4,951 (3,952) million during the year on the back of a good performance across all divisions.

EBITA* increased by 40.8 per cent during 2018, to SEK 756 (537) million. All divisions improved their earnings during the period, except for Contract Manufacturing, where the performance was on par with 2017. The EBITA margin* expanded by 1.7 percentage points to 15.3 (13.6) per cent.

Construction Materials reported good sales and earnings growth during 2018 as a result of acquisitions and organic growth. ERC Systems of Sweden was consolidated in the Proline Group from October 2018. The company had net sales of around SEK 20 million in 2017 and has eleven employees.

Interiors for Service Vehicles saw good sales growth during the year with increased profitability. Toolpack's Norwegian service vehicle interiors business, which has around 15 employees and generated net sales of about NOK 40 million in 2017, was consolidated with effect from May 2018.

Contract Manufacturing saw good sales growth during 2018, with an unchanged performance compared to 2017. Spocs, a Swedish provider of final assembly and testing services for electronic products, was consolidated from March 2018. The company had net sales of around SEK 61 million in 2017 and has 23 employees.

Environmental Technology saw a steady increase in sales and improved its profitability during the year.

Forest reported good sales and earnings growth in 2018. The projects which created problems in Forest in 2017 have been concluded. This, coupled with strong demand, led to a good performance during the year. Lifco's majority stake in Wexman of Sweden, which makes professional workwear, was consolidated with effect from June 2018. The company generated net sales of around SEK 46 million in 2017 and has twelve employees.

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

ACQUISITIONS

During 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
July	Denterbridge	Dental	EUR 9m	20
July	Rhein 83	Dental	EUR 8m	25
October	ERC Systems	Systems Solutions	SEK 20m	11

Further information on the 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 had a positive impact on Lifco's results and financial position in 2018.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees during the year was 4,860 (4,107) and the number of employees at year-end of the period was 4,926 (4,758). Acquisitions added 201 employees.

Events after the end of the reporting period

On 3 January 2019, the acquisition of the Swedish company Indexator Rotator Systems was announced. The Company is a producer and manufacturer of rotators, mainly for the forest industry. Indexator Rotator Systems generated sales of approximately SEK 300 million in 2018, and will be consolidated as of January 2019 in the Demolition & Tools business area.

On 23 January, the acquisition of the Italian company Hammer was announced, a provider of hydraulic hammers and other demolition tools for excavators. Hammer generated approximately EUR 20 million in 2018 and will be consolidated as of February 2019 in the Demolition & Tools business area.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 4.60 per share for 2018, representing a total distribution of SEK 418 million. This is equal to 30.1 per cent of the net profit for the year attributable to shareholders of Lifco AB, which is consistent with Lifco's dividend policy. The proposed record date is 30 April. Euroclear Sweden expects to be able to send the dividend to the shareholders on 6 May, subject to the resolution of the Annual General Meeting.

Related party transactions

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

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 applies IFRS 16 from 1 January 2019, and the implementation of the standard will imply that nearly all leases will be recognised in the balance sheet of the lessee, as there is no longer any distinction made between operational and financial leases. According to the new standard, a tangible asset (the right to use a leased asset) and a financial liability (non-current and current) regarding the obligation to pay leasing fees will be reported in the balance sheet. In the consolidated income statement, depreciation and interest costs are recognised instead of costs of operational leases, which have been recognised in their entirety within operating income. IFRS 16 will impact the cash flow insofar that leasing payments impact the cash flow from operating activities (e.g. interest and leases for which the underlying asset is of a lower value and short-term leases) and cash flow from financing activities (repayment of the leasing debt).

The Group will apply the simplified transition method, which implies that rights of use are valued at an amount corresponding to the leasing debt of 1 January 2019 (adjusted for prepaid and accrued leasing fees). The transition to IFRS 16 will, therefore, not have an impact of equity for the Group. As the simplified transition method will be used, comparative amounts for 2018 will not be adjusted.

The Group has chosen to apply the exception and not recognise short-term leases and leases for which the underlying asset is of a lower value as a portion of the right of use of the asset and the leasing debt in the balance sheet. Payments attributable to these leases will instead be recognised at cost at a straight-line basis over the lease term. Remaining leases consist, in all significant aspects, of premises, such as offices, warehouses and factories. For these leasing obligations, the Group expects to recognise rights of use amounting to approximately SEK 400 million and a leasing debt of approximately SEK 400 million as per 1 January 2019.

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 year-end 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, 6 February 2019

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 annual report for 2018 will be published in week 13
The report for the first quarter will be published on 26 April
The report for the second quarter will be published on 18 July
The report for the third quarter will be published on 23 October

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

ANNUAL GENERAL MEETING 2019

The Annual General Meeting of Lifco AB will be held on Friday 26 April 2019, at 2 p.m. CET, at Bonnierhuset, Torsgatan 21, Stockholm. Shareholders wishing to raise an issue for discussion at the AGM may do so by submitting their proposal to the Chairman of Lifco by e-mail: ir@lifco.se or by post to: Lifco AB, Attn: Bolagsstämmoärenden, Verkmästaregatan 1, SE-745 85 Enköping, Sweden. To ensure their inclusion in the notice and thus on the agenda for the AGM, proposals must be received by the Company no later than 8 March 2019.

THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2019 the Nomination Committee consists of Carl Bennet, Carl Bennet AB, Per Colleen, the Fourth Swedish National Pension Fund (AP4), Hans Hedström, Carnegie Fonder, Marianne Nilsson, Swedbank Robur Fonder and Adam Nyström, Didner & Gerge Fonder. Carl Bennet is chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee for the 2019 AGM may do so by sending an e-mail to ir@lifco.se or writing to: Lifco, Attn: Valberedningen, Verkmästaregatan 1, SE-745 85 Enköping, Sweden.

FURTHER INFORMATION

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

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 6 February, 3 p.m. CET

Link to the presentation: https://tv.streamfabriken.com/lifco-q4-2018

Telephone numbers:
Sweden +46 8 505 583 50
UK +44 3333 009 266
US +1 646 722 4957

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 146 operating companies in 29 countries. In 2018, Lifco reported EBITA of SEK 2,168 million on net sales of SEK 12.0 billion. The EBITA margin was 18.1 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. The information was submitted for publication through the aforementioned contact person on 6 February 2019, at 11:30 a.m. CET.

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

CONDENSED CONSOLIDATED INCOME STATEMENT

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2018**	**2017**	***change***	**2018**	**2017**	***change***
Net sales	11,956	10,030	19.2%	3,454	2,789	23.8%
Cost of goods sold	-6,838	-5,766	18.6%	-1,970	-1,551	27.0%
Gross profit	**5,118**	**4,264**	**20.0%**	**1,484**	**1,238**	**19.9%**
Selling expenses	-1,315	-1,095	20.1%	-362	-325	11.4%
Administrative expenses	-1,735	-1,525	13.8%	-486	-432	12.5%
Development costs	-144	-105	37.1%	-29	-31	-6.5%
Other income and expenses	-22	-20	10.0%	2	6	-66.7%
Operating profit	**1,902**	**1,519**	**25.2%**	**609**	**456**	**33.6%**
Net financial items	-44	-46	-4.3%	-11	-14	-21.4%
Profit before tax	**1,858**	**1,473**	**26.1%**	**598**	**442**	**35.3%**
Tax	-438	-366	19.7%	-145	-113	28.3%
Net profit for the period	**1,420**	**1,107**	**28.3%**	**453**	**329**	**37.7%**
Profit attributable to:						
Parent company shareholders	1,389	1,084	28.1%	442	321	37.7%
Non-controlling interests	31	23	34.8%	11	8	37.5%
Earnings per share before and after dilution for the period, attributable to Parent company shareholders	15.29	11.94	28.1%	4.87	3.54	37.6%
EBITA*	2,168	1,732	25.2%	670	510	31.4%
Depreciation of tangible assets	127	112	13.4%	34	29	17.2%
Amortisation of intangible assets	12	11	9.1%	3	4	-25%
Amortisation of intangible assets arising from acquisitions	253	196	29.1%	67	56	19.6%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2018**	**2017**	***change***	**2018**	**2017**	***change***
Net profit for the period	1,420	1,107	28.3%	453	329	37.7%
Other comprehensive income						
Items which can later be reclassified to profit or loss:						
Hedge of net investment	13	99	-86.9%	18	49	-63.3%
Translation differences	155	-59	-363%	-87	31	-381%
Tax related to other comprehensive income	-3	-22	-86.4%	-4	-11	-63.6%
Total comprehensive income for the period	**1,585**	**1,125**	**40.9%**	**380**	**398**	**-4.5%**
Comprehensive income attributable to:						
Parent company shareholders	1,552	1,102	40.8%	370	389	-4.9%
Non-controlling interests	33	23	43.5%	10	9	11.1%
	1,585	**1,125**	**40.9%**	**380**	**398**	**-4.5%**

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

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.

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	*change*	2018	2017	*change*
Dental	4,185	3,817	9.6%	1,144	1,008	13.5%
Demolition & Tools	2,820	2,261	24.7%	788	633	24.5%
Systems Solutions	4,951	3,952	25.3%	1,522	1,148	32.6%
Group	**11,956**	**10,030**	**19.2%**	**3,454**	**2,789**	**23.8%**

Net sales by type of income:

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	*change*	2018	2017	*change*
Dental products	4,185	3,817	9.6%	1,144	1,008	13.5%
Machinery and Tools	2,820	2,261	24.7%	788	633	24.5%
Construction Materials	1,102	804	37.1%	312	269	16.0%
Interiors for Service	660	553	19.3%	211	154	37.0%
Contract Manufacturing	951	901	5.5%	266	245	8.6%
Environmental	1,463	1,124	30.2%	465	327	42.2%
Forest	775	570	36.0%	268	153	75.2%
Group	**11,956**	**10,030**	**19.2%**	**3,454**	**2,789**	**23.8%**

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

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:

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2018	2017	*change*	2018	2017	*change*
Dental	802	701	14.4%	219	184	19.0%
Demolition & Tools	724	598	21.1%	228	189	20.6%
Systems Solutions	756	537	40.8%	256	168	52.4%
Central Group functions	-114	-104	9.6%	-33	-31	6.5%
EBITA before acquisition costs	**2,168**	**1,732**	**25.2%**	**670**	**510**	**31.4%**
Acquisition costs*	-13	-17	-23.5%	6	2	200%
EBITA	**2,155**	**1,715**	**25.7%**	**676**	**512**	**32.0%**
Amortisation of intangible assets arising on acquisition	-253	-196	29.1%	-67	-56	19.6%
Net financial items	-44	-46	-4.3%	-11	-14	-21.4%
Profit before tax	**1,858**	**1,473**	**26.1%**	**598**	**442**	**35.3%**

*Of which, change in put/call options and additional considerations for the current year, SEK 1 (1) million.

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2018	31 Dec 2017
ASSETS		
Intangible assets	9,133	8,288
Tangible fixed assets	611	550
Financial assets	153	130
Inventories	1,710	1,391
Accounts receivable - trade	1,550	1,274
Current receivables	261	254
Cash and cash equivalents	405	305
TOTAL ASSETS	**13,823**	**12,192**
EQUITY AND LIABILITIES		
Equity	6,748	5,546
Non-current interest-bearing liabilities incl. pension provisions	1,813	1,033
Other non-current liabilities and provisions	1,307	1,025
Current interest-bearing liabilities	1,762	2,808
Accounts payable - trade	632	557
Other current liabilities	1,561	1,223
TOTAL EQUITY AND LIABILITIES	**13,823**	**12,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to parent company shareholders

SEK million	31 Dec 2018	31 Dec 2017
Opening equity	5,496	4,712
Comprehensive income for the period	1,552	1,102
Dividend	-363	-318
Closing equity	**6,685**	**5,496**
Equity attributable to:		
Parent company shareholders	6,685	5,496
Non-controlling interests	63	50
	6,748	**5,546**

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	TWELVE MONTHS 2018	TWELVE MONTHS 2017	FOURTH QUARTER 2018	FOURTH QUARTER 2017
Operating activities				
Operating profit	1,902	1,519	609	456
Non-cash items	391	318	97	83
Interest and financial items, net	-44	-46	-11	-14
Tax paid	-472	-368	-110	-71
Cash flow before changes in working capital	1,777	1,423	585	454
Changes in working capital				
Inventories	-260	-124	50	-5
Current receivables	-214	-85	-15	47
Current liabilities	230	112	-58	93
Cash flow from operating activities	**1,533**	**1,326**	**562**	**589**
Business acquisitions and sales, net	-500	-1,378	-28	-157
Net investment in tangible fixed assets	-150	-137	-47	-32
Net investment in intangible assets	-19	-9	-14	-2
Cash flow from investing activities	**-669**	**-1,524**	**-89**	**-191**
Borrowings/repayment of borrowings, net	-416	557	-438	-350
Dividends paid	-383	-337	-2	-1
Cash flow from financing activities	**-799**	**220**	**-440**	**-351**
Cash flow for the period	**65**	**22**	**33**	**47**
Cash and cash equivalents at beginning of period	305	293	374	237
Translation differences	35	-10	-2	21
Cash and cash equivalents at end of period	**405**	**305**	**405**	**305**

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

ACQUISITIONS IN 2018

Nine new businesses were consolidated during the year. The acquisitions comprised all shares of Denterbridge, ERC Systems and Spocs as well as majority stakes in Computer konkret, Dental Direct, Rhein 83 and Wexman. Through asset deals, Lifco has also acquired the assets of Toolpack's Norwegian service vehicle interiors business and of Flörchinger Zahntechnik.

The purchase price allocation includes all acquisitions made during 2018. Purchase price allocations are preliminary until one year after the acquisition date.

Acquisition-related expenses of SEK 14 million are included in administrative expenses in the consolidated income statement for 2018. The acquired businesses have, since their dates of consolidation, contributed SEK 371 million to the consolidated group sales, and SEK 73 million to EBITA. If the businesses had been consolidated from 1 January 2018, consolidated net sales would have increased further by SEK 213 million and EBITA by SEK 37 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	9	426	435
Tangible assets	21	1	22
Inventories, trade and other receivables	149	-1	148
Trade and other payables	-152	-111	-263
Cash and cash equivalents	144	-	144
Net assets	**171**	**315**	**486**
Goodwill	-	353	353
Total net assets	**171**	**668**	**839**

Effect on cash flow, SEK million	
Consideration	839
Consideration not paid	*-205*
Cash and cash equivalents in acquired companies	-144
Consideration paid attributable to acquisitions in previous years	10
Total cash flow effect	**500**

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

FINANCIAL INSTRUMENTS

SEK million	CARRYING AMOUNT 31 Dec 2018	CARRYING AMOUNT 31 Dec 2017	FAIR VALUE 31 Dec 2018	FAIR VALUE 31 Dec 2017
Loans and receivables				
Accounts receivable - trade	1,550	1,274	1,550	1,274
Other non-current financial receivables	17	5	17	5
Cash and cash equivalents	405	305	405	305
Total	**1,972**	**1,584**	**1,972**	**1,584**
Liabilities at fair value through profit or loss				
Other liabilities	515	258	515	258
Other financial liabilities				
Interest-bearing borrowings	3,538	3,805	3,538	3,805
Accounts payable - trade	632	557	632	557
Total	**4,685**	**4,620**	**4,685**	**4,620**

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 and additional considerations.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2018 31 DEC	2017 31 DEC
Net sales, SEK million	11,956	10,030
Change in net sales, %	19.2	11.6
EBITA*, SEK million	2,168	1,732
EBITA margin*, %	18.1	17.3
EBITDA*, SEK million	2,307	1,855
EBITDA margin*, %	19.3	18.5
Capital employed, SEK million	10,314	8,962
Capital employed excl. goodwill and other intangible assets, SEK million	1,312	1,155
Return on capital employed, %	21.0	19.3
Return on capital employed excl. goodwill, %	165	150
Return on equity, %	22.5	21.5
Net debt, SEK million	3,685	3,794
Net debt/equity ratio	0.5	0.7
Net debt/EBITDA*	1.6	2.0
Interest-bearing net debt, SEK million	3,170	3,536
Interest-bearing net debt/EBITDA*	1.4	1.9
Net debt/equity ratio, %	48.8	45.5
Number of shares, thousand	90,843	90,843
Average number of employees	4,860	4,107

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

CONDENSED PARENT COMPANY INCOME STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	**2018**	**2017**	**2018**	**2017**
Administrative expenses	-136	-128	-37	-37
Other operating income*	48	89	48	89
Operating profit	**-88**	**-39**	**11**	**52**
Net financial items**	602	683	325	48
Profit after financial items	**514**	**644**	**336**	**100**
Appropriations	56	-41	56	-41
Tax	-5	-10	-22	-11
Net profit for the period	**565**	**593**	**370**	**48**

* Invoicing of Group-wide services.

** Net financial items include SEK 560 (558) million in dividends received during the nine-month period

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	**31 Dec 2018**	**31 Dec 2017**
ASSETS		
Tangible fixed assets	0	0
Financial assets	3,927	4,212
Current receivables	4,523	4,054
Cash and cash equivalents	143	86
TOTAL ASSETS	**8,593**	**8,352**
EQUITY AND LIABILITIES		
Equity	2,911	2,709
Untaxed reserves	69	70
Provisions	-	2
Non-current interest-bearing liabilities	1,765	995
Current interest-bearing liabilities	1,755	2,789
Current non-interest-bearing liabilities	2,093	1,787
TOTAL EQUITY AND LIABILITIES	**8,593**	**8,352**
Pledged assets	-	-
Contingent liabilities	98	77

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

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 debt divided by equity.
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 key performance indicator as follows: current and non-current liabilities to credit institutions, bonds, liabilities related to put/call options and additional considerations relating to acquisitions as well as interest-bearing pension provisions less cash and cash equivalents.

Earnings per share	Profit after tax attributable to Parent company shareholders, divided by the average number of shares outstanding.
Interest-bearing net debt**	Lifco uses the alternative KPI interest-bearing 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 key performance indicator as follows: current and non-current liabilities to credit institutions, bonds 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 with the exception of liabilities related to put/call options and additional considerations relating to 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 with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

*New definition as of 30 June 2018.
** Added definition as of 31 December 2018.

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

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	FULL YEAR 2018	FULL YEAR 2017
Operating profit	1,902	1,519
Amortisation of intangible assets arising from acquisitions	253	196
EBITA	**2,155**	**1,715**
Acquisition costs	13	17
EBITA before acquisition costs	**2,168**	**1,732**

EBITDA compared with financial statements in accordance with IFRS

SEK million	FULL YEAR 2018	FULL YEAR 2017
Operating profit	1,902	1,519
Depreciation of tangible assets	127	112
Amortisation of intangible assets	12	11
Amortisation of intangible assets arising from acquisitions	253	196
EBITDA	**2,294**	**1,838**
Acquisition costs	13	17
EBITDA before acquisition costs	**2,307**	**1,855**

Net debt compared with financial statements in accordance with IFRS*

SEK million	2018-12-31	2017-12-31
Non-current interest-bearing liabilities including pension provisions	1,813	1,033
Current interest-bearing liabilities	1,762	2,808
Cash and cash equivalents	-405	-305
Interest-bearing net debt	**3,170**	**3,536**
Put/call options, additional considerations	515	258
Net debt	**3,685**	**3,794**

* Key performance indicators have been restated as at 30 June 2018 in accordance with the new definition of net debt on page 19. The comparative periods have also been restated in accordance with the new definition.

LIFCO
A SAFE HAVEN FOR YOUR BUSINESS

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

SEK million	31 Dec 2018	30 Sep 2018	2018-06-30	2018-03-31
Total assets	**13,823**	**14,109**	**13,567**	**12,909**
Cash and cash equivalents	-405	-374	-301	-250
Interest-bearing pension provisions	-37	-37	-36	-33
Non-interest-bearing liabilities	-2,985	-3,125	-2,899	-2,671
Capital employed	**10,396**	**10,573**	**10,331**	**9,955**
Goodwill and other intangible assets	-9,133	-9,322	-8,946	-8,606
Capital employed excluding goodwill and other intangible assets	**1,263**	**1,251**	**1,385**	**1,349**

* Key performance indicators have been restated as at 30 June 2018 in accordance with new definitions of capital employed as well as capital employed excluding goodwill and other intangible assets on page 20. The comparative periods have also been restated in accordance with the new definitions.

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	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Capital employed	**10,314**	10,396	10,573	10,331	9,955
Capital employed excluding goodwill and other intangible assets	**1,312**	1,263	1,251	1,385	1,349
EBITA before acquisition costs	**Total** **2,168**	670	520	560	418
Return on capital employed	**21.0%**				
Return on capital employed excluding goodwill and other intangible assets	**165%**				

* Key performance indicators have been restated as at 30 June 2018 in accordance with new definitions of capital employed as well as capital employed excluding goodwill and other intangible assets on page 20. The comparative periods have also been restated in accordance with the new definitions.