

INTERIM REPORT JANUARY – JUNE 2019

Reporting period January – June

- Net sales increased by 20.6 per cent to SEK 6,893 (5,715) million. Organically, net sales grew by 7.8 per cent
- EBITA* increased by 30.5 per cent to SEK 1,276 (978) million
- The EBITA margin* expanded by 1.4 percentage points to 18.5 (17.1) per cent.
- Earnings before tax grew by 18.3 per cent to SEK 975 (824) million
- Net profit for the period grew by 14.2 per cent to SEK 731 (640) million
- Earnings per share increased by 13.8 per cent to SEK 7.90 (6.94)
- Cash flow from operating activities increased by 6.8 per cent to SEK 516 (483) million
- Three businesses were acquired during the period with total annual sales of about SEK 650 million

Reporting period April – June

- Net sales increased by 16.3 per cent to SEK 3,536 (3,041) million. Organically, net sales grew by 4.1 per cent
- EBITA* increased by 23.0 per cent to SEK 689 (560) million
- The EBITA margin* rose by 1.1 percentage points to 19.5 (18.4) per cent
- Earnings before tax grew by 13.6 per cent to SEK 543 (478) million
- Net profit for the period grew by 6.3 per cent to SEK 405 (381) million
- Cash flow from operating activities declined to SEK 375 (452) million

Summary of financial performance

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months change	FULL YEAR 2018
	2019	2018	change	2019	2018	change		
Net sales	6,893	5,715	20.6%	3,536	3,041	16.3%	13,134	9.9%
EBITA*	1,276	978	30.5%	689	560	23.0%	2,466	13.7%
EBITA margin*	18.5%	17.1%	1.4	19.5%	18.4%	1.1	18.8%	0.7
Profit before tax	975	824	18.3%	543	478	13.6%	2,009	8.1%
Net profit for the period	731	640	14.2%	405	381	6.3%	1,511	6.4%
Earnings per share	7.90	6.94	13.8%	4.39	4.12	6.6%	16.25	6.3%
Return on capital employed	21.5%	19.5%	2.0	21.5%	19.5%	2.0	21.5%	0.5
Return on capital employed excl. goodwill	136%	153%	-17.0	136%	153%	-17.0	136%	-29.0
								165%

* Before acquisition costs and non-recurring items.

COMMENTS FROM THE CEO

Lifco's overall target is to increase earnings every year through both organic growth and acquisitions. Net sales for the first half of the year increased by 20.6 per cent to SEK 6,893 (5,715) million, driven by acquisitions, organic growth and foreign exchange gains. The generally favourable economy was a strong contributing factor to organic growth.

EBITA* increased by 30.5 per cent to SEK 1,276 (978) million during the first half of the year and the EBITA margin* improved by 1.4 percentage points to 18.5 (17.1) per cent. The improvement in profitability was mainly due to organic growth and acquisitions. Earnings per share increased by 13.8% till SEK 7.90 (6.94) during the first six months of the year.

All three business areas reported robust sales and earnings growth for the first half of the year and performance was stable in all divisions for the first half of the year. The market generally remained positive for the three business areas.

Cash flow increased by 6.8 per cent to SEK 516 (483) million. Although cash flow improved compared with the first half of 2018, we can note that the generally favourable market situation resulted in higher accounts receivable and inventory build-up in many of our businesses. Cash flow was also negatively impacted by lower advance payments from customers in the first six months of the year which is mainly due to fewer new projects within division Forest.

During the first half of the year, Lifco strengthened Demolition & Tools with the addition of two new businesses. The companies consolidated were Swedish company Indexator Rotator Systems, a world-leading manufacturer of rotators, and the majority of Italian company Hammer, a provider of hydraulic hammers and other demolition tools for excavators. We also consolidated the majority of UK company UK POS, a leading supplier of exhibition and visual display solutions. UK POS was consolidated in the Systems Solutions business area, Service and Distribution division (previously Interiors for Service Vehicles). The acquisitions jointly had a positive impact on Lifco's results and financial position during the first half of the year. After the end of the period, we acquired the majority of Norwegian company Rustibus Worldwide and German company Ergopack. Rustibus Worldwide is a leading supplier of surface preparation tools and safety equipment for the marine industry and Ergopack is the leading manufacturer of ergonomic and mobile pallet strapping systems.

Lifco has a solid financial position and interest-bearing net debt amounted to 1.6 times EBITDA*, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA*. This means that Lifco has significant financial scope to make additional acquisitions, while we retain focus on increasing earnings in our existing operations.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – JUNE

Sales increased by 20.6 per cent to SEK 6,893 (5,715) million, driven by acquisitions, organic growth, and foreign exchange gains. Acquisitions contributed 8.5 per cent, organic growth accounted for 7.8 per cent, while changes in exchange rates had a positive impact of 4.3 per cent. Swedish company Indexator Rotator Systems and the majorities of Italian company Hammer and UK company UK POS were consolidated during the first half of the year.

EBITA* increased by 30.5 per cent to SEK 1,276 (978) million and the EBITA margin* improved by 1.4 percentage points to 18.5 (17.1) per cent. EBITA* improved on the back of organic growth, acquisitions and foreign exchange gains. Foreign exchange gains accounted for 4.5% of the increase in EBITA*. During the first half of the year, 35 (36) per cent of EBITA* was generated in EUR, 27 (28) per cent in SEK and 16 (15) per cent in NOK, 8 (5) per cent in DKK, 6 (6) per cent in USD, 3 (3) per cent in GBP and 5 (7) per cent in other currencies.

Net financial items were SEK -32 (-23) million.

Profit before tax grew by 18.3 per cent to SEK 975 (824) million and net profit for the period increased by 14.2 per cent to SEK 731 (640) million. Non-recurring items amounted to SEK 56 (0) million for the first half of the year, pertaining to costs in connection with management changes.

Average capital employed excluding goodwill increased by SEK 495 million during the first half of the year, to SEK 1,807 million at 30 June 2019, compared with SEK 1,312 million at 31 December 2018. EBITA* relative to average capital employed excluding goodwill was at 165 per cent at year-end and declined to 136 per cent during the first six months of the year. The return on capital employed was also negatively impacted by lower advance payments from customers in the first six months of the year compared with the same period in 2018. The implementation of IFRS 16 from 1 January 2019 also had a negative impact on the return since right-of-use assets are included in capital employed.

The Group's net debt increased by SEK 1,802 million from 31 December 2018 to SEK 5,487 million at 30 June 2019, of which liabilities related to call/put options and additional considerations for acquisitions amounted to SEK 698 (396) million. As of 1 January 2019, net debt is impacted by the lease liability which is a consequence of the implementation of IFRS 16. The lease liability at the end of the period totalled SEK 477 (-) million. The interest-bearing net debt was SEK 4,312 (3,860) million at 30 June 2019, which is an increase of SEK 1,142 million since year-end.

The net debt/equity ratio at 30 June 2019 was 0.8 (0.7) and net debt/EBITDA* was 2.0 (2.1) times. The interest-bearing net debt amounted to 1.6 (1.9) times EBITDA*. At period-end, 33 (24) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased by 6.8 per cent to SEK 516 (483) million in the first half of the year, mainly due to higher earnings. Cash flow was negatively affected by higher accounts receivable and inventory build-up as well as lower customer advances in the Forest division. Cash flow from investing activities was SEK -945 (-292) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

Sales increased by 16.3 per cent to SEK 3,536 (3,041) million in the second quarter, driven by acquisitions, organic growth and foreign exchange gains. Acquisitions contributed 8.3 per cent, organic growth was 4.1 per cent, while changes in exchange rates had a positive impact of 3.9 per cent.

Due to dividends to minorities in the second quarter, Other income and expenses was impacted by SEK -46 (-) million for revaluations of put options issued in connection with acquisitions.

EBITA* increased by 23.0 per cent to SEK 689 (560) million and the EBITA margin* improved by 1.1 percentage points to 19.5 (18.4) per cent. EBITA* improved on the back of acquisitions, organic growth and foreign exchange gains. Foreign exchange gains accounted for 4.1% of the increase in EBITA*.

During the second quarter, 35 (35) per cent of EBITA* was generated in EUR, 28 (29) per cent in SEK and 16 (16) per cent in NOK, 8 (4) per cent in DKK, 6 (6) per cent in USD, 4 (3) per cent in GBP and 3 (7) per cent in other currencies.

Net financial items were SEK -19 (-10) million.

Earnings before tax grew by 13.6 per cent to SEK 543 (478) million. Net profit for the period grew by 6.3 per cent to SEK 405 (381) million. In the second quarter of 2018, deferred tax liabilities were revalued due to lower corporate tax rates in Norway, the UK and Sweden, which led to a positive non-recurring effect of SEK 22 million.

Average capital employed excluding goodwill increased by SEK 267 million to SEK 1,807 million at 30 June 2019, compared with SEK 1,540 million at 31 March 2019. EBITA* relative to average capital employed excluding goodwill fell from 152 per cent at 31 March 2019 to 136 percent at 30 June 2019.

The Group's net debt increased during the quarter by SEK 527 million to SEK 5,487 million. Dividends amounted to SEK 478 (374) million for the quarter. Net debt/equity ratio grew to 0.8 compared with 0.7 at 31 March 2019.

Cash flow from operating activities declined by 17.0 per cent to SEK 375 (452) million in the second quarter, mainly related to lower customer advances in the Forest division. Cash flow from investing activities was SEK -365 (-185) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2018
	2019	2018	change	2019	2018	change	change	change	
Net sales	2,252	2,066	9.0%	1,125	1,056	6.5%	4,371	4.4%	4,185
EBITA*	465	391	18.9%	233	200	16.5%	876	9.2%	802
EBITA margin*	20.6%	18.9%	1.7	20.7%	18.9%	1.8	20.0%	0.8	19.2%

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 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 9.0 per cent to SEK 2,252 (2,066) during the first half of the year. EBITA* increased by 18.9 per cent to SEK 465 (391) million in the same period and the EBITA margin* improved by 1.7 percentage points to 20.6 (18.9) 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 2019, the late Easter had a certain positive impact on Dental's sales and earnings. The late Easter also had a corresponding negative impact on organic growth for the Dental operations in the second quarter of 2019.

Demolition & Tools

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2018
	2019	2018	change	2019	2018	change	change	2018	
Net sales	1,823	1,308	39.4%	991	711	39.4%	3,335	18.3%	2,820
EBITA*	415	305	36.1%	243	188	29.3%	834	15.2%	724
EBITA margin*	22.8%	23.3%	-0.5	24.5%	26.4%	-1.9	25.0%	-0.7	25.7%

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 and changes to the product mix.

Net sales increased by 39.4 per cent to SEK 1,823 (1,308) million in the first half of the year, driven by acquisitions, organic growth and foreign exchange gains. The market situation was generally good. Among the larger markets, France and Germany saw the fastest growth in the first half of the year. EBITA* increased by 36.1 per cent during the period to SEK 415 (305) million and the EBITA margin* was 22.8 (23.3) per cent.

Swedish company Indexator Rotator Systems, which produces and manufactures rotators, mainly for the forest industry, was consolidated in January 2019. The company had net sales of around SEK 300 million in 2018 and has about 140 employees. The majority of Italian company Hammer SRL, which is a provider of hydraulic hammers and other demolition tools for excavators, was consolidated in February 2019. The company generated sales of about EUR 20 million in 2018 and has about 100 employees.

Systems Solutions

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2018
	2019	2018	change	2019	2018	change	change	2018	
Net sales	2,818	2,341	20.4%	1,420	1,274	11.5%	5,428	9.6%	4,951
EBITA*	445	339	31.3%	236	201	17.4%	862	14.0%	756
EBITA margin*	15.8%	14.5%	1.3	16.6%	15.8%	0.8	15.9%	0.6	15.3%

Through its operating units, Systems Solutions operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Construction Materials, Contract Manufacturing,

Environmental Technology, Service and Distribution (formerly Interiors for Service Vehicles) and Forest.

Net sales in Systems Solutions increased by 20.4 per cent to SEK 2,818 (2,341) million during the first half of the year, mainly on the back of organic growth in all divisions.

The majority of UK company UK POS was consolidated in the Service and Distribution division in April 2019. The company generated sales of about GBP 12 million in 2018 and has about 60 employees.

EBITA* increased by 31.3 per cent to SEK 445 (339) million in the first half of the year, with improved earnings across all divisions except Contract Manufacturing. The EBITA margin* rose by 1.3 percentage points to 15.8 (14.5) per cent.

ACQUISITIONS

Lifco made the following acquisitions in the first half of the year:

Consolidated from month	Acquisition	Business area	Net sales	Employees
January	Indexator Rotator Systems	Demolition & Tools	SEK 300m	140
February	Hammer	Demolition & Tools	EUR 20m	100
April	UK POS	Systems Solutions	GBP 12m	60

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 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 was 5,236 (4,790) in the first half of the year. At the end of the period, the number of employees was 5,328 (4,812). Acquisitions added 300 employees.

Events after the end of the reporting period

After the end of the reporting period, Lifco acquired the majority of Norwegian company Rustibus Worldwide. The company is a leading supplier of surface preparation tools and safety equipment for the marine industry. Rustibus had net sales of about NOK 56 million in 2018 and has about 25 employees. The operations will be consolidated in the Systems Solutions business area, Environmental Technology division.

Lifco also acquired the majority of German company Ergopack. The company is the leading manufacturer of ergonomic and mobile pallet strapping systems used worldwide in a variety of industries. Ergopack had net sales of about EUR 22 million in 2018 and has about 85 employees. The

operations will be consolidated in the Systems Solutions business area, Environmental Technology division. The acquisition is subject to anti-trust clearance from German authorities.

Related party transactions

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

Annual General Meeting 2019

The 2019 Annual General Meeting was held on 26 April in Stockholm. The main resolutions of the Meeting were as follows: • Carl Bennet, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Anna Hallberg, Annika Espander Jansson, Johan Stern and Axel Wachtmeister were re-elected members of the Board and Per Waldemarson was elected a new member of the Board. Carl Bennet was re-elected Chairman of the Board. • Fees for the Board and auditors were adopted, as were dividends for 2018 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 2018 Annual Report.

Accounting policies

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 policies have been applied in accordance with those which are presented in the 2018 Annual Report and should be read in conjunction with these.

The Group applies IFRS 16 from 1 January 2019, and the implementation of the standard means that nearly all leases are recognised in the balance sheet of the lessee, as there is no longer any distinction made between operating and finance leases. According to IFRS 16, a tangible asset (the right to use a leased asset) and a financial liability (non-current and current) regarding the obligation to pay lease payments is to be recognised in the balance sheet. In the consolidated income statement, depreciation and interest expense are recognised instead of operating leases, which were recognised in their entirety within operating profit. IFRS 16 impacts the cash flow insofar that leasing payments impact the cash flow from operating activities (e.g. interest and low-value and short-term leases) and cash flow from financing activities (repayment of the lease liability). The Group applies the modified retrospective approach, which entails that right-of-use assets are measured at an amount corresponding to the lease liability on 1 January 2019 (adjusted for prepaid and accrued lease payments). Accordingly, the transition to IFRS 16 has no impact on the Group's equity. Since the modified retrospective approach was applied, comparative figures for 2018 were not recalculated. The Group has chosen to apply the exception and thus not to recognise short-term

leases and low-value leases as a part of the right-of-use asset and the lease liability in the balance sheet. Payments attributable to these leases are instead recognised as a cost straight line over the term of the lease. The remaining lease commitments essentially comprise premises such as office, warehouse and factory premises.

Reconciliation of obligations for operating leases and recognised lease liability (SEK million)

Obligations for operating leases 31 December 2018	600
Discount effect	-69
Less: short-term leases and low-value leases	-67
Less: corrections/reclassifications	-19
Translation differences	-5
Lease liability recognised 1 January 2019	440

The weighted average incremental borrowing rate used to calculate the discount effect is 2.09 per cent. The transition to IFRS 16 had a positive effect on the Group's operating profit of SEK 5 million, EBITDA* SEK 76 million and EBITA* SEK 5 million on 30 June 2019. Net financial items were impacted by SEK -5 million. The reported lease liability is SEK 477 million on 30 June 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 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 2019

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Anna Hallberg
Director

Annika Espander Jansson
Director

Anders Lorentzson
Director, employee
representative

Johan Stern
Vice Chairman

Axel Wachtmeister
Director

Per Waldemarson
President and CEO,
Director

Peter Wiberg
Director,
employee representative

FINANCIAL CALENDAR

The report for the third quarter will be published on 23 October
The 2019 year-end report will be published on 31 January 2020

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 Per Waldemarson and CFO Therése Hoffman will present the interim report. After the presentation, there will be an opportunity to ask questions.

Time: Thursday, 18 July at 9:00 a.m.

Link to the presentation: <https://tv.streamfabriken.com/lifco-q2-2019>

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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 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 and the Swedish Securities Market Act. The information was submitted for publication through the aforementioned contact person on 18 July 2019, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	SIX MONTHS			SECOND QUARTER			FULL YEAR 2018
	2019	2018	change	2019	2018	change	
Net sales	6,893	5,715	20.6%	3,536	3,041	16.3%	11,956
Cost of goods sold	-3,999	-3,287	21.7%	-2,018	-1,737	16.2%	-6,838
Gross profit	2,894	2,428	19.2%	1,518	1,304	16.4%	5,118
Selling expenses	-784	-638	22.9%	-407	-328	24.1%	-1,315
Administrative expenses	-968	-848	14.2%	-462	-439	5.2%	-1,735
Development costs	-85	-77	10.4%	-45	-40	12.5%	-144
Other income and expenses	-50	-18	178%	-42	-9	367%	-22
Operating profit	1,007	847	18.9%	562	488	15.2%	1,902
Net financial items	-32	-23	39.1%	-19	-10	90.0%	-44
Profit before tax	975	824	18.3%	543	478	13.6%	1,858
Tax	-244	-184	32.6%	-138	-97	42.3%	-438
Net profit for the period	731	640	14.2%	405	381	6.3%	1,420
Profit attributable to:							
Parent Company shareholders	718	630	14.0%	399	374	6.7%	1,389
Non-controlling interests	13	10	30.0%	6	7	-14.3%	31
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	7.90	6.94	13.8%	4.39	4.12	6.6%	15.29
EBITA*	1,276	978	30.5%	689	560	23.0%	2,168
Depreciation of tangible assets	152	60	153%	79	30	163%	127
Amortisation of intangible assets	7	6	16.7%	4	3	33.3%	12
Amortisation of intangible assets arising from acquisitions	154	119	29.4%	80	62	29.0%	253

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	SIX MONTHS			SECOND QUARTER			FULL YEAR 2018
	2019	2018	change	2019	2018	change	
Net profit for the period	731	640	14.2%	405	381	6.3%	1,420
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	11	-	-	18	-20	-190%	13
Translation differences	218	307	-29.0%	59	110	-46.4%	155
Tax related to other comprehensive income	-2	-	-	-4	4	-200%	3
Total comprehensive income for the period	958	947	1.2%	478	475	0.6%	1,585
<i>Comprehensive income attributable to:</i>							
Parent Company shareholders	942	934	0.9%	471	467	0.9%	1,552
Non-controlling interests	16	13	23.1%	7	8	-12.5%	33
958	947	1.2%	478	475	0.6%		1,585

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, Contract Manufacturing, Environmental Technology, Service and Distribution (formerly Interiors for Service Vehicles) and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2018
	2019	2018	change	2019	2018	change	change	change	
Dental	2,252	2,066	9.0%	1,125	1,056	6.5%	4,371	4.4%	4,185
Demolition & Tools	1,823	1,308	39.4%	991	711	39.4%	3,335	18.3%	2,820
Systems Solutions	2,818	2,341	20.4%	1,420	1,274	11.5%	5,428	9.6%	4,951
Group	6,893	5,715	20.6%	3,536	3,041	16.3%	13,134	9.9%	11,956

Net sales by type of income:

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2018
	2019	2018	change	2019	2018	change	change	change	
Dental products	2,252	2,066	9.0%	1,125	1,056	6.5%	4,371	4.4%	4,185
Machinery and Tools	1,823	1,308	39.4%	991	711	39.4%	3,335	18.3%	2,820
Construction Materials	601	534	12.5%	304	290	4.8%	1,169	6.1%	1,102
Contract Manufacturing	500	489	2.2%	262	281	-6.8%	962	1.2%	951
Environmental Technology	798	667	19.6%	411	352	16.8%	1,594	9.0%	1,463
Service and Distribution	437	294	48.6%	234	158	48.1%	803	21.7%	660
Forest	482	357	35.0%	209	193	8.3%	900	16.1%	775
Group	6,893	5,715	20.6%	3,536	3,041	16.3%	13,134	9.9%	11,956

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:

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months change	FULL YEAR 2018
	2019	2018	change	2019	2018	change		
Dental	465	391	18.9%	233	200	16.5%	876	9.2%
Demolition & Tools	415	305	36.1%	243	188	29.3%	834	15.2%
Systems Solutions	445	339	31.3%	236	201	17.4%	862	14.0%
Central Group functions	-49	-57	-14.0%	-23	-29	-20.7%	-106	-7.0%
EBITA before acquisition costs and non-recurring items	1,276	978	30.5%	689	560	23.0%	2,466	13.7%
Acquisition costs ¹	-59	-12	392%	-47	-10	370%	-60	362%
Non-recurring items	-56	-	-	-	-	-	-56	-
EBITA	1,161	966	20.2%	642	550	16.7%	2,350	9.0%
Amortisation of intangible assets arising from acquisitions	-154	-119	29.4%	-80	-62	29.0%	-288	13.8%
Net financial items	-32	-23	39.1%	-19	-10	90.0%	-53	20.5%
Profit before tax	975	824	18.3%	543	478	13.6%	2,009	8.1%
								1,858

¹ Of which, change in call/put options and additional considerations for the current year, SEK -48 (-5) million.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Intangible assets	10,257	8,946	9,133
Tangible assets	1,312	596	611
Financial assets	179	166	153
Inventories	2,127	1,710	1,710
Accounts receivable	1,751	1,553	1,550
Current receivables	486	295	261
Cash and cash equivalents	340	301	405
TOTAL ASSETS	16,452	13,567	13,823
EQUITY AND LIABILITIES			
Equity	7,261	6,112	6,748
Non-current interest-bearing liabilities incl. pension provisions	578	2,873	1,813
Other non-current liabilities and provisions	1,658	1,192	1,307
Current interest-bearing liabilities	4,551	1,288	1,762
Accounts payable	815	670	632
Other current liabilities	1,589	1,432	1,561
TOTAL EQUITY AND LIABILITIES	16,452	13,567	13,823

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Opening equity	6,685	5,496	5,496
Comprehensive income for the period	942	934	1,552
Dividend	-418	-363	-363
Closing equity	7,209	6,067	6,685
<i>Equity attributable to:</i>			
Parent Company shareholders	7,209	6,067	6,685
Non-controlling interests	52	45	63
	7,261	6,112	6,748

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR 2018
	2019	2018	2019	2018	
Operating activities					
Operating profit	1,007	847	562	488	1,902
Non-cash items	361	190	203	100	391
Interest and financial items, net	-32	-23	-19	-10	-44
Tax paid	-293	-254	-134	-103	-472
Cash flow before changes in working capital	1,043	760	612	475	1,777
Changes in working capital					
Inventories	-313	-275	-130	-120	-260
Current receivables	-179	-238	-41	-40	-214
Current liabilities	-35	236	-66	137	230
Cash flow from operating activities	516	483	375	452	1,533
Business acquisitions and sales, net	-815	-215	-300	-149	-500
Net investment in tangible assets	-122	-74	-59	-35	-150
Net investment in intangible assets	-8	-3	-6	-1	-19
Cash flow from investing activities	-945	-292	-365	-185	-669
Borrowings/repayment of borrowings, net	818	137	458	136	-416
Dividends paid	-487	-381	-478	-374	-383
Cash flow from financing activities	331	-244	-20	-238	-799
Cash flow for the period	-98	-53	-10	29	65
Cash and cash equivalents at beginning of period	405	305	348	250	305
Translation differences	33	49	2	22	35
Cash and cash equivalents at end of period	340	301	340	301	405

ACQUISITIONS IN 2019

Three new businesses were consolidated in the first half of the year. These acquisitions referred to all of the shares in Indexator Rotator Systems and the majority of the shares in Hammer and UK POS.

The purchase price allocation includes all acquisitions made during the first six months of the year.

Acquisition-related expenses of SEK 11 million are included in administrative expenses in the consolidated income statement for the first half of the year. If consolidation had taken place on 1 January 2019, the Group's net sales would have been positively impacted by about SEK 66 million and the effect on earnings would have been slightly positive.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	9	569	578
Tangible assets	168	-	168
Inventories, accounts receivable and other receivables	303	-27	276
Accounts payable and other liabilities	-304	-125	-429
Cash and cash equivalents	108	-	108
Net assets	284	417	701
Goodwill	-	431	431
Total net assets	284	848	1,132

Effect on cash flow, SEK million

Consideration	1,132
<i>Consideration not paid</i>	-281
Cash and cash equivalents in acquired companies	-108
Paid purchase consideration for acquisitions in prior years	72
Total cash flow effect	815

FINANCIAL INSTRUMENTS

SEK million	30 Jun 2019	30 Jun 2018
Financial assets measured at amortised cost¹		
Accounts receivable	1,751	1,553
Other non-current financial receivables	18	6
Cash and cash equivalents	340	301
Total	2,109	1,860
Liabilities at fair value through profit or loss		
Other liabilities ²	698	396
Financial liabilities at amortised cost		
Interest-bearing borrowings	5,092	4,125
Accounts payable	815	670
Total	6,605	5,191

¹ All financial assets on 30 June 2018 were classified in the category "Loans and receivables."

² Other liabilities classified as financial instruments refer to mandatory call/put options related to non-controlling interests and additional considerations.

The carrying amount is the same as the fair value. 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.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2019	2018	2018
	30 JUNE	31 DEC	30 JUNE
Net sales, SEK million	13,134	11,956	10,869
Change in net sales, %	9.9	19.2	8.4
EBITA*, SEK million	2,466	2,168	1,892
EBITA margin*, %	18.8	18.1	17.4
EBITDA*, SEK million	2,699	2,307	2,022
EBITDA margin*, %	20.5	19.3	18.6
Capital employed, SEK million	11,456	10,314	9,705
Capital employed excl. goodwill and other intangible assets, SEK million	1,807	1,312	1,240
Return on capital employed, %	21.5	21.0	19.5
Return on capital employed excl. goodwill, %	136	165	153
Return on equity, %	21.9	22.5	21.4
Net debt, SEK million	5,487	3,685	4,256
Net debt/equity ratio, times	0.8	0.5	0.7
Net debt/EBITDA*	2.0	1.6	2.1
Interest-bearing net debt, SEK million	4,312	3,170	3,860
Interest-bearing net debt/EBITDA*, times	1.6	1.4	1.9
Equity/assets ratio, %	44.1	48.8	45.0
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	5,236	4,860	4,790

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR 2018
	2019	2018	2019	2018	
Administrative expenses	-112	-68	-26	-35	-136
Other operating income ¹	-	-	-	-	48
Operating loss	-112	-68	-26	-35	-88
Net financial items ²	765	31	730	-13	602
Profit/loss after financial items	653	-37	704	-48	514
Appropriations	-	-	-	-	56
Tax	18	14	2	8	-5
Net profit for the period	671	-23	706	-40	565

¹ Invoicing of Group-wide services.

² Net financial items include SEK 738 (39) million in dividends received during the six-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Jun 2019	30 Jun 2018
ASSETS		
Tangible assets	0	0
Financial assets	4,468	4,297
Current receivables	4,828	3,803
Cash and cash equivalents	45	15
TOTAL ASSETS	9,341	8,115
EQUITY AND LIABILITIES		
Equity	3,164	2,323
Untaxed reserves	70	70
Non-current interest-bearing liabilities	-	2,837
Current interest-bearing liabilities	4,499	1,275
Current non-interest-bearing liabilities	1,608	1,610
TOTAL EQUITY AND LIABILITIES	9,341	8,115
Pledged assets	-	-
Contingent liabilities	81	82

DEFINITIONS AND OBJECTIVE

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before acquisition costs and non-recurring items divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before acquisition costs and non-recurring items 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 and non-recurring items. 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 non-current 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 and non-recurring items. This is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net debt divided by equity.
Net debt¹	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, bonds, interest-bearing pension provisions, liabilities related to call/put options and additional considerations

¹ New definition from 1 January 2019

relating to acquisitions as well as lease liabilities 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 KPI 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 call/put 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 call/put options and additional considerations relating to acquisitions, 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 19–20.

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2019	SIX MONTHS 2018	FULL YEAR 2018
Operating profit	1,007	847	1,902
Amortisation of intangible assets arising from acquisitions	154	119	253
EBITA	1,161	966	2,155
Acquisition costs and non-recurring items	115	12	13
EBITA before acquisition costs and non-recurring items	1,276	978	2,168

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2019	SIX MONTHS 2018	FULL YEAR 2018
Operating profit	1,007	847	1,902
Depreciation of tangible assets	152	60	127
Amortisation of intangible assets	7	6	12
Amortisation of intangible assets arising from acquisitions	154	119	253
EBITDA	1,320	1,032	2,294
Acquisition costs and non-recurring items	115	12	13
EBITDA before acquisition costs and non-recurring items	1,435	1,044	2,307

Net debt compared with financial statements in accordance with IFRS

SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current interest-bearing liabilities including pension provisions	112	2,873	1,813
Current interest-bearing liabilities	4,540	1,288	1,762
Cash and cash equivalents	-340	-301	-405
Interest-bearing net debt	4,312	3,860	3,170
Call/put options, additional considerations	698	396	515
Lease liability	477	-	-
Net debt	5,487	4,256	3,685

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

SEK million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Total assets	16,452	15,793	13,823	14,109
Cash and cash equivalents	-340	-348	-405	-374
Interest-bearing pension provisions	-37	-34	-37	-37
Non-interest-bearing liabilities	-3,364	-3,266	-2,985	-3,125
Capital employed	12,711	12,145	10,396	10,573
Goodwill and other intangible assets	-10,257	-9,886	-9,133	-9,322
Capital employed excluding goodwill and other intangible assets	2,454	2,259	1,263	1,251

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 2019	Q1 2019	Q4 2018	Q3 2018
Capital employed	11,456	12,711	12,145	10,396	10,573
Capital employed excluding goodwill and other intangible assets	1,807	2,454	2,259	1,263	1,251
EBITA*	Total 2,466	689	587	670	520
Return on capital employed	21.5%				
Return on capital employed excluding goodwill and other intangible assets	136%				