

INTERIM REPORT JANUARY – MARCH 2020

Reporting period January – March

- Net sales increased by 8.5 per cent to SEK 3,641 (3,357) million. Organically, net sales declined by 2.0 per cent.
- EBITA* increased by 11.1 per cent to SEK 652 (587) million.
- The EBITA margin* expanded by 0.4 percentage points to 17.9 (17.5) per cent.
- Profit before tax grew 25.0 per cent to SEK 540 (432) million.
- Net profit for the period grew by 24.2 per cent to SEK 405 (326) million.
- Earnings per share increased by 25.9 per cent to SEK 4.42 (3.51).
- Cash flow from operating activities increased by 237 per cent to SEK 475 (141) million.
- The COVID-19 pandemic has had a limited impact on financial earnings for the quarter. The negative financial effects are expected to be significant during the second quarter.
- Four businesses were acquired during the period with total annual sales of about SEK 530 million.
- As a result of the Swedish government's response to the COVID-19 pandemic, Lifco's Board of Directors announced on 31 March that the Annual General Meeting had been postponed to 24 June 2020.

Summary of financial performance

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change		change	
Net sales	3,641	3,357	8.5%	14,129	2.1%	13,845
EBITA*	652	587	11.1%	2,587	2.6%	2,523
EBITA margin*	17.9%	17.5%	0.4	18.3%	0.1	18.2%
Profit before tax	540	432	25.0%	2,105	5.5%	1,996
Net profit for the period	405	326	24.2%	1,608	5.2%	1,528
Earnings per share	4.42	3.51	25.9%	17.48	5.5%	16.57
Return on capital employed	19.1%	21.5%	-2.4	19.1%	-0.4	19.5%
Return on capital employed excl. goodwill	108%	152%	-44	108%	-	108%

* Before acquisition costs and non-recurring items.

COMMENTS FROM THE CEO

Lifco is carefully following the outbreak and spread of COVID-19 all over the world. During the first quarter proactive measures were taken by the Group to reduce risks for employees and to ensure continuity in operations. The financial effects of the COVID-19 pandemic were limited during the period, as the downturn in demand took place during the last two weeks of the quarter. Net sales increased in the quarter by 8.5 per cent to SEK 3,641 (3,357) million, driven by acquisitions and foreign exchange gains.

At the beginning of April, the COVID-19 pandemic had a significant impact on demand in many of the Group's subsidiaries. The negative financial effects are expected to be significant for the Group during the second quarter. Lifco's 164 subsidiaries operate in a large number of industries that are affected by the outbreak of COVID-19 to varying degrees. The impact is short-term especially large in the Dental business area and many of the operations in Systems Solutions, where the companies do not have any order backlog, but where deliveries normally take place in connection with orders being made. Also the Demolition & Tools business area noted reduced demand at the beginning of April as a result of the COVID-19 pandemic. It is not currently possible for us to predict to what degree and for how long the different operations will be affected.

During the first quarter, EBITA* increased by 11.1 per cent to SEK 652 (587) million and the EBITA margin* improved by 0.4 of a percentage point to 17.9 (17.5) per cent. The improvement in profitability was mainly due to acquisitions. Earnings per share increased by 25.9% to SEK 4.42 (3.51) in the first quarter of 2020. Performance in the first quarter of 2019 was negatively impacted by a non-recurring cost of SEK 56 million from changes in management. Cash flow increased by 237 per cent to SEK 475 (141) million.

During the period, Lifco strengthened Dental with three acquisitions: two manufacturing companies in Denmark and a leading distributor in Croatia. The Italian company, Cramaro Tarpaulin Systems, a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles, was acquired in Systems Solutions. The acquisitions jointly had a positive impact on Lifco's earnings and financial position during the quarter.

In the prevailing market conditions resulting from the COVID-19 pandemic, Lifco has chosen to refinance two unsecured bonds through bridge financing with Skandinaviska Enskilda Banken AB (publ). The bonds total SEK 1,750 million and fell due on 3 April 2020. In addition to this bridge financing, Lifco has bonds outstanding of SEK 1,000 million and standard short-term credit facilities. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.6 times EBITDA* at 31 March 2020, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA*.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – MARCH

Net sales increased 8.5 per cent to SEK 3,641 (3,357) million, driven by acquisitions and foreign exchange gains. Organic growth was -2.0 per cent, acquisitions contributed 9.2 per cent while foreign exchange gains had a positive impact of 1.3 per cent. During the quarter, the Danish companies Rönvig Dental Manufacturing A/S and the Workplace Safety division of KiiltoClean A/S as well as the majority of the Croatian company Dental Grupa and the Italian Cramaro Tarpaulin Systems were consolidated.

EBITA* increased by 11.1 per cent to SEK 652 (587) million and the EBITA margin* improved by 0.4 percentage points to 17.9 (17.5) per cent. EBITA* improved on the back of acquisitions and foreign exchange gains. Foreign exchange gains added 0.8 per cent to EBITA*. During the period, 35 (36) per cent of EBITA* was generated in EUR, 28 (27) per cent in SEK and 12 (16) per cent in NOK, 8 (8) per cent in DKK, 4 (6) per cent in USD, 6 (2) per cent in GBP and 7 (5) per cent in other currencies.

Net financial items were SEK -6 (-13) million.

Profit before tax grew by 25.0 per cent to SEK 540 (432) million and net profit for the period increased by 24.2 per cent to SEK 405 (326) million. Non-recurring items amounted to SEK 0 (56) million for the quarter.

Average capital employed excluding goodwill increased by SEK 43 million during the quarter, to SEK 2,388 million at 31 March 2020, compared with SEK 2,345 million at 31 December 2019. EBITA* relative to average capital employed excluding goodwill was at 108 per cent and unchanged from year-end.

The Group's net debt increased by SEK 577 million from 31 December 2019 to SEK 6,129 million at 31 March 2020, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 971 (709) million. Interest-bearing net debt increased by SEK 518 million from year-end and amounted to SEK 4,558 (3,804) million at 31 March 2020.

On 25 March 2020, Lifco announced that, given the current market conditions, the company had chosen to refinance two unsecured bonds through bridge financing with Skandinaviska Enskilda Banken AB (publ). The bonds total SEK 1,750 million and fell due on 3 April 2020.

The net debt/equity ratio at 31 March 2020 was 0.7 (0.7) and net debt/EBITDA* was 2.1 (2.0) times. Interest-bearing net debt/EBITDA* was 1.6 (1.5) times. At period-end, 41 (34) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased by 237 per cent to SEK 475 (141) million during the quarter, mainly due to improved earnings and increased current liabilities. Cash flow from investing activities was SEK -827 (-580) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change	change	change	
Net sales	1,171	1,127	3.9%	4,437	1.0%	4,393
EBITA*	241	232	3.9%	883	1.0%	874
EBITA margin*	20.6%	20.6%	-	19.9%	-	19.9%

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 recent years, Dental has through acquisitions and organic growth increased its earnings in manufacturing, dental technology and software faster than in distribution, which has had a positive impact on margin growth in the business area.

Net sales in Dental increased by 3.9 per cent to SEK 1,171 (1,127) during the first quarter, positively impacted by acquisitions. The impact of the COVID-19 pandemic was limited during the first quarter.

EBITA* increased by 3.9 per cent during the period to SEK 241 (232) million and the EBITA margin was 20.6 (20.6) 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. The COVID-19 pandemic had a significant negative impact on the dental market in the beginning of April 2020. The effects are different in different markets, but demand in all countries has decreased significantly.

As of January 2020, Lifco consolidated Rönvig Dental Manufacturing A/S of Denmark. The company is a niche manufacturer of dental products. Rönvig had a turnover of around DKK 30 million in 2018 and has 17 employees. As of February 2020, Lifco consolidated the Workplace Safety division of Kiiltoclean A/S. The business is a leading niche manufacturer of eyewashes, plasters and first aid stations. The products are sold under the Plum brand and generated net sales of around DKK 79 million in 2019. The business has ten employees. As of February 2020, Lifco consolidated the majority of the Croatian company Dental Grupa, a leading distributor of equipment and consumables for dentists in Croatia. Dental Grupa had net sales of around HRK 66 million in 2019 and has around 40 employees.

Demolition & Tools

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change	change	change	
Net sales	862	832	3.6%	3,640	0.8%	3,610
EBITA*	179	172	4.1%	841	0.8%	834
EBITA margin*	20.8%	20.7%	0.1	23.1%	-	23.1%

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 3.6 per cent to SEK 862 (832) million in the quarter, driven by foreign exchange gains and acquisitions. Demolition & Tools faced continued uncertainty and a weakened market in the first quarter, while sales and earnings were positively impacted by a favourable product mix with the delivery of highly profitable special orders. Among the larger markets, China saw the fastest growth, primarily due to the delivery of special orders. EBITA* increased by 4.1 per cent during the period to SEK 179 (172) million and the EBITA margin* was 20.8 (20.7) per cent. In the beginning of April 2020, the Demolition & Tools business area noted reduced demand as a result of the COVID-19 pandemic.

Systems Solutions

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change	change	change	
Net sales	1,608	1,398	15.0%	6,052	3.6%	5,842
EBITA*	262	209	25.4%	962	5.8%	909
EBITA margin*	16.3%	14.9%	1.4	15.9%	0.3	15.6%

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, and Forest.

Net sales in Systems Solutions increased by 15.0 per cent to SEK 1,608 (1,398) million during the quarter on the back of acquisitions. The impact of the COVID-19 pandemic was limited during the first quarter.

EBITA* increased by 25.4 per cent to SEK 262 (209) million in the first three months of the year, with improved earnings in the Contract Manufacturing, Environmental Technology as well as Service and Distribution divisions. The Forest division had once again a weak quarter with decreased sales and low profitability. The EBITA margin* expanded by 1.4 percentage points to 16.3 (14.9) per cent.

The COVID-19 pandemic had a significant negative impact on many of the businesses in Systems Solutions in the beginning of April 2020.

The majority of Italian company Cramaro Tarpaulin Systems was consolidated in the Service and Distribution division as of February 2020. The company is a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles. The company had net sales of around EUR 27 million in 2019 and has 90 employees.

ACQUISITIONS

Lifco made the following acquisitions in the period:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Rönvig Dental Manufacturing	Dental	DKK 30m	17
February	Workplace Safety	Dental	DKK 79m	10
February	Dental Grupa	Dental	HRK 66m	40
February	Cramaro Tarpaulin Systems	Systems Solutions	EUR 27m	90

Further information on the acquisitions is provided on page 15. 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 5,496 (5,137) in the first quarter. At the end of the period, the number of employees was 5,542 (5,219). Acquisitions added around 160 employees.

Events after the end of the reporting period

Lifco is carefully following the outbreak and spread of COVID-19 all over the world. At the beginning of April, the COVID-19 pandemic had a significant impact on demand in many of the Group's subsidiaries. The negative financial effects are expected to be significant for the Group during the second quarter.

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.

Lifco operates in a large number of industries that are affected by the outbreak of COVID-19 to varying degrees. The negative financial effects are expected to be significant for the Group during the second quarter. It is not currently possible for us to predict to what degree and for how long the different operations will be affected.

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 2019 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 2019 Annual Report and should be read in conjunction with these.

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 three-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, 24 April 2020

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Erik Gabrielson
Director

Ulf Grunander
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 second quarter will be published on 17 July

The report for the third quarter will be published on 22 October

The 2020 year-end report will be published on 1 February 2021

ANNUAL GENERAL MEETING 2020

On 31 March 2020, the Board of Directors announced its decision to postpone the AGM to Wednesday, 24 June 2020 in Stockholm as a result of the government's decision to ban public gatherings and official meetings of more than 50 individuals, which also applies to other types of gatherings. The notice of the AGM will be distributed no later than four weeks ahead of the new date.

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: Friday, 24 April at 11.00 a.m. CEST

Link to the presentation: <https://tv.streamfabriken.com/lifco-q1-2020>

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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 164 operating companies in 30 countries. In 2019, Lifco reported EBITA of SEK 2,523 million on net sales of SEK 13.9 billion. The EBITA margin was 18.2 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 24 April 2020, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	FIRST QUARTER			FULL YEAR 2019
	2020	2019	change	
Net sales	3,641	3,357	8.5%	13,845
Cost of goods sold	-2,117	-1,981	6.9%	-8,033
Gross profit	1,524	1,376	10.8%	5,812
Selling expenses	-430	-377	14.1%	-1,600
Administrative expenses	-529	-506	4.5%	-1,928
Development costs	-27	-40	-32.5%	-171
Other income and expenses	8	-8	-200%	-54
Operating profit	546	445	22.7%	2,059
Net financial items	-6	-13	-53.8%	-63
Profit before tax	540	432	25.0%	1,996
Tax	-135	-106	27.4%	-468
Net profit for the period	405	326	24.2%	1,528
Profit attributable to:				
Parent Company shareholders	402	319	26.0%	1,505
Non-controlling interests	3	7	-57.1%	23
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	4.42	3.51	25.9%	16.57
EBITA*	652	587	11.1%	2,523
Depreciation of tangible assets	89	73	21.9%	311
Amortisation of intangible assets	3	3	-	15
Amortisation of intangible assets arising from acquisitions	102	74	37.8%	329

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	FIRST QUARTER			FULL YEAR 2019
	2020	2019	change	
Net profit for the period	405	326	24.2%	1,528
Other comprehensive income				
<i>Items which can later be reclassified to profit or loss:</i>				
Hedge of net investment	110	-7	-1,671%	6
Translation differences	131	159	-17.6%	140
Tax related to other comprehensive income	-24	2	-1,300%	-1
Total comprehensive income for the period	622	480	29.6%	1,673
<i>Comprehensive income attributable to:</i>				
Parent Company shareholders	619	471	31.4%	1,648
Non-controlling interests	3	9	-66.7%	25
	622	480	29.6%	1,673

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, and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change		change	
Dental	1,171	1,127	3.9%	4,437	1.0%	4,393
Demolition & Tools	862	832	3.6%	3,640	0.8%	3,610
Systems Solutions	1,608	1,398	15.0%	6,052	3.6%	5,842
Group	3,641	3,357	8.5%	14,129	2.1%	13,845

Net sales by type of income:

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change		change	
Dental products	1,171	1,127	3.9%	4,437	1.0%	4,393
Machinery and tools	862	832	3.6%	3,640	0.8%	3,610
Construction Materials	289	297	-2.7%	1,184	-0.7%	1,192
Contract Manufacturing	269	238	13.0%	1,086	2.9%	1,055
Environmental Technology	504	387	30.2%	1,972	6.3%	1,855
Service and Distribution	330	203	62.6%	1,009	14.4%	882
Forest	216	273	-20.9%	801	-6.6%	858
Group	3,641	3,357	8.5%	14,12	2.1%	13,845

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	FIRST QUARTER			Rolling 12 months <i>change</i>	FULL YEAR 2019
	2020	2019	<i>change</i>		
Dental	241	232	3.9%	883	1.0%
Demolition & Tools	179	172	4.1%	841	0.8%
Systems Solutions	262	209	25.4%	962	5.8%
Central Group functions	-30	-26	15.4%	-98	4.3%
EBITA before acquisition costs	652	587	11.1%	2,588	2.6%
Acquisition costs ¹	-4	-12	-66.7%	-71	-10.1%
Non-recurring items ²	-	-56	-100%	-	-100%
EBITA	648	519	24.9%	2,517	5.4%
Amortisation of intangible assets arising from acquisitions	-102	-74	37.8%	-357	8.5%
Net financial items	-6	-13	-53.8%	-56	-11.1%
Profit before tax	540	432	25.0%	2,104	5.4%
					1,996

¹ Of which, change in put/call options and additional considerations for the current year, SEK 5 (-8) million.

² Pertaining to costs in connection with management change.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 MAR 2020	31 MAR 2019	31 DEC 2019
ASSETS			
Intangible assets	12,255	9,886	11,209
Tangible assets	1,604	1,246	1,503
Financial assets	205	181	182
Inventories	2,168	1,980	1,997
Accounts receivable	1,851	1,751	1,584
Current receivables	481	401	374
Cash and cash equivalents	714	348	729
TOTAL ASSETS	19,278	15,793	17,578
EQUITY AND LIABILITIES			
Equity	8,594	7,219	7,972
Non-current interest-bearing liabilities incl. pension provisions	1,521	2,314	1,674
Other non-current liabilities and provisions	2,175	1,591	1,986
Current interest-bearing liabilities	4,351	2,285	3,691
Accounts payable	998	827	680
Other current liabilities	1,639	1,557	1,575
TOTAL EQUITY AND LIABILITIES	19,278	15,793	17,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	31 MAR 2020	31 MAR 2019	31 DEC 2019
Opening equity			
Comprehensive income for the period	7,915	6,685	6,685
Dividend	619	471	1,648
	-	-	-418
Closing equity	8,534	7,156	7,915
<i>Equity attributable to:</i>			
Parent Company shareholders	8,534	7,156	7,915
Non-controlling interests	60	63	57
	8,594	7,219	7,972

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	FIRST QUARTER		FULL YEAR 2019
	2020	2019	
Operating activities			
Operating profit	546	445	2,059
Non-cash items	189	158	705
Interest and financial items, net	-6	-13	-63
Tax paid	-168	-159	-571
Cash flow before changes in working capital	561	431	2,130
Changes in working capital			
Inventories	-122	-183	-94
Current receivables	-193	-138	137
Current liabilities	229	31	-183
Cash flow from operating activities	475	141	1,990
Business acquisitions and sales, net	-757	-515	-1,781
Net investment in tangible assets	-68	-63	-243
Net investment in intangible assets	-2	-2	-32
Cash flow from investing activities	-827	-580	-2,056
Borrowings/repayment of borrowings, net	345	360	863
Dividends paid	-4	-9	-490
Cash flow from financing activities	341	351	373
Cash flow for the period	-11	-88	307
Cash and cash equivalents at beginning of period	729	405	405
Translation differences	-4	31	17
Cash and cash equivalents at end of period	714	348	729

ACQUISITIONS IN 2020

In the first three months of the year four new businesses were consolidated. These acquisitions referred to all of the shares in the Danish companies Rönvig Dental Manufacturing A/S and the Workplace Safety-division of KiiltoClean A/S as well as the majority of the shares in Croatian Dental Grupa and Italian Cramaro Tarpaulin Systems.

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

Acquisition-related expenses of SEK 9 million are included in administrative expenses in the consolidated income statement for the first three months of the year. If consolidation had taken place on 1 January 2020, the Group's net sales would have been positively impacted by about SEK 33 million and earnings by about SEK 9 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	4	491	495
Tangible assets	43	-	43
Inventories, accounts receivable and other receivables	184	-3	181
Accounts payable and other liabilities	-178	-95	-273
Cash and cash equivalents	76	-	76
Net assets	129	393	522
Goodwill	-	357	357
Total net assets	129	750	879

Effect on cash flow, SEK million

Consideration	879
<i>Consideration not paid</i>	-81
Cash and cash equivalents in acquired companies	-76
Consideration paid relating to acquisitions from previous years	35
Total cash flow effect	757

FINANCIAL INSTRUMENTS

SEK million	2020 31 MAR	2019 31 MAR	2019 31 Dec
Financial assets at amortised cost			
Accounts receivable	1,851	1,751	1,584
Other non-current financial receivables	10	22	9
Cash and cash equivalents	714	348	729
Total	2,575	2,121	2,322
Liabilities at fair value through profit or loss			
Other liabilities ¹	971	709	916
Financial liabilities at amortised cost			
Interest-bearing borrowings	5,834	4,565	5,325
Accounts payable	998	827	680
Total	7,803	6,101	6,921

¹ Other liabilities classified as financial instruments refer to mandatory put/call 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	2020 31 MAR	2019 31 DEC	2019 31 MAR
Net sales, SEK million	14,129	13,845	12,639
Change in net sales, %	2.1	15.8	5.7
EBITA*, SEK million	2,588	2,523	2,337
EBITA margin*, %	18.3%	18.2	18.5
EBITDA*, SEK million	2,929	2,849	2,519
EBITDA margin*, %	20.7%	20.6	19.9
Capital employed, SEK million	13,560	12,925	10,861
Capital employed excl. goodwill and other intangible assets, SEK million	2,388	2,345	1,540
Return on capital employed, %	19.1	19.5	21.5
Return on capital employed excl. goodwill, %	108	108	152
Return on equity, %	20.4	20.3	22.5
Net debt, SEK million	6,129	5,552	4,960
Net debt/equity ratio, times	0.7	0.7	0.7
Net debt/EBITDA*	2.1	1.9	2.0
Interest-bearing net debt, SEK million	4,558	4,040	3,804
Interest-bearing net debt/EBITDA*, times	1.6	1.4	1.5
Equity/assets ratio, %	44.6	45.4	45.7
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	5,496	5,255	5,137

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	FIRST QUARTER		FULL YEAR 2019
	2020	2019	
Administrative expenses	-33	-85	-162
Other operating income ¹	0	-	139
Operating profit	-33	-85	-23
Net financial items ²	99	34	837
Profit/loss after financial items	66	-51	814
Appropriations	-	-	-30
Tax	-14	16	-6
Net profit/loss for the period	52	-35	778

¹ Invoicing of Group-wide services.

² Net financial items include SEK 0 (26) million in dividends received during the three-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 MAR 2020	31 MAR 2019	31 DEC 2019
ASSETS			
Tangible assets	-	0	0
Financial assets	5,321	2,591	4,872
Current receivables	5,464	6,258	5,226
Cash and cash equivalents	261	38	379
TOTAL ASSETS	11,046	8,887	10,477
EQUITY AND LIABILITIES			
Equity	3,323	2,876	3,271
Untaxed reserves	72	70	72
Provisions	10	-	-
Non-current interest-bearing liabilities	968	1,775	1,004
Current interest-bearing liabilities	4,163	2,214	3,670
Current non-interest-bearing liabilities	2,510	1,952	2,460
TOTAL EQUITY AND LIABILITIES	11,046	8,887	10,477
Pledged assets	-	-	-
Contingent liabilities	29	101	46

DEFINITIONS AND OBJECTIVES

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 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, bonds, interest-bearing pension provisions, liabilities related to put/call options and additional considerations 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 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.

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 18–19.

EBITA compared with financial statements in accordance with IFRS

SEK million	THREE MONTHS 2020	THREE MONTHS 2019	FULL YEAR 2019
Operating profit	546	445	2,059
Amortisation of intangible assets arising from acquisitions	102	74	329
EBITA	648	519	2,388
Acquisition costs and non-recurring items	4	68	135
EBITA before acquisition costs and non-recurring items	652	587	2,523

EBITDA compared with financial statements in accordance with IFRS

SEK million	THREE MONTHS 2020	THREE MONTHS 2019	FULL YEAR 2019
Operating profit	546	445	2,059
Depreciation of tangible assets	89	73	311
Amortisation of intangible assets	3	3	15
Amortisation of intangible assets arising from acquisitions	102	74	329
EBITDA	740	595	2,714
Acquisition costs and non-recurring items	4	68	135
EBITDA before acquisition costs and non-recurring items	744	663	2,849

Net debt compared with financial statements in accordance with IFRS

SEK million	31 MAR 2020	31 MAR 2019	31 DEC 2019
Non-current interest-bearing liabilities including pension provisions	1,071	1,887	1,093
Current interest-bearing liabilities	4,201	2,265	3,676
Cash and cash equivalents	-714	-348	-729
Interest-bearing net debt	4,558	3,804	4,040
Put/call options, additional considerations	971	709	916
Lease liability	600	447	596
Net debt	6,129	4,960	5,552

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

SEK million	31 MAR 2020	31 DEC 2019	30 SEP 2019	30 JUNE 2019
Total assets	19,278	17,578	17,400	16,452
Cash and cash equivalents	-714	-729	-456	-340
Interest-bearing pension provisions	-38	-40	-39	-37
Non-interest-bearing liabilities	-3,841	-3,325	-3,545	-3,364
Capital employed	14,685	13,484	13,360	12,711
Goodwill and other intangible assets	-12,255	-11,209	-10,969	-10,257
Capital employed excluding goodwill and other intangible assets	2,430	2,275	2,391	2,454

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	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Capital employed	13,560	14,685	13,484	13,360	12,711
Capital employed excluding goodwill and other intangible assets	2,388	2,430	2,275	2,391	2,454
EBITA*	Total 2,588	652	651	596	689
Return on capital employed	19.1%				
Return on capital employed excluding goodwill and other intangible assets	108%				