

INTERIM REPORT JANUARY – JUNE 2020

Reporting period January – June

- Net sales declined by 2.5 per cent to SEK 6,720 (6,893) million. Organically, net sales declined by 10.3 per cent.
- EBITA* decreased by 4.3 per cent to SEK 1,221 (1,276) million.
- The EBITA margin* declined by 0.3 percentage points to 18.2 (18.5) per cent.
- Profit before tax grew 0.4 per cent to SEK 979 (975) million.
- Net profit for the period grew by 0.4 per cent to SEK 734 (731) million.
- Earnings per share increased by 1.0 per cent to SEK 7.98 (7.90).
- Cash flow from operating activities increased by 144 per cent to SEK 1,259 (516) million.
- In April and May, the effects of the COVID-19 pandemic had a significant impact on demand and profitability for many of the Group's subsidiaries. In June, all European dental markets recovered, and an improvement was also noted in the European markets for the operations in Systems Solutions that were affected by the pandemic.
- Five businesses were acquired during the period with total annual sales of about SEK 555 million.

Reporting period April – June

- Net sales declined by 12.9 per cent to SEK 3,079 (3,536) million. Organically, net sales declined by 18.1 per cent.
- EBITA* decreased by 17.4 per cent to SEK 569 (689) million.
- The EBITA margin* declined by 1.0 percentage point to 18.5 (19.5) per cent.
- Profit before tax declined by 19.2 per cent to SEK 439 (543) million.
- Net profit for the period decreased by 18.8 per cent to SEK 329 (405) million.
- Cash flow from operating activities increased by 109 per cent to SEK 784 (375) million.

Summary of financial performance

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change	2020	2019	change	change	change	
Net sales	6,720	6,893	-2.5%	3,079	3,536	-12.9%	13,672	-1.2%	13,845
EBITA*	1,221	1,276	-4.3%	569	689	-17.4%	2,468	-2.2%	2,523
EBITA margin*	18.2%	18.5%	-0.3	18.5%	19.5%	-1.0	18.1%	-0.1	18.2%
Profit before tax	979	975	0.4%	439	543	-19.2%	2,000	0.2%	1,996
Net profit for the period	734	731	0.4%	329	405	-18.8%	1,531	0.2%	1,528
Earnings per share	7.98	7.90	1.0%	3.56	4.39	-18.9%	16.65	0.5%	16.57
Return on capital employed	18.0%	21.5%	-3.5	18.0%	21.5%	-3.5	18.0%	-1.5	19.5%
Return on capital employed excl. goodwill	114%	136%	-22	114%	136%	-22	114%	6	108%

*Before acquisition costs and non-recurring items.

COMMENTS FROM THE CEO

In April and May, the effects of the COVID-19 pandemic had a significant impact on demand and profitability for many of the Group's subsidiaries. Lifco's more than 160 subsidiaries operate in a large number of industries that have been affected by the outbreak of the pandemic to varying degrees. The impact has been particularly significant in the Dental business area and several 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. However, many companies in Systems Solutions have been relatively unaffected by the pandemic. In June, all European dental markets recovered, and an improvement was also noted in the European markets for the operations in Systems Solutions that were affected by the pandemic. The Demolition & Tools business area experienced a decline in demand resulting from a generally more uncertain and weakened market as well as particularly high uncertainty in the second quarter as a result of the pandemic.

As Lifco stated in the interim report for the first quarter on 24 April, the pandemic impacted financial earnings for the second quarter significantly. During the second quarter, sales decreased by 12.9 per cent to SEK 3,079 (3,536) million and EBITA* fell by 17.4 per cent to SEK 569 (689) million. The EBITA margin* declined by 1.0 percentage point to 18.5 (19.5) per cent. Earnings per share declined by 18.9 per cent during the second quarter to SEK 3.56 (4.39). Cash flow increased by 109 per cent for the second quarter to SEK 784 (375) million as a result of a decrease in working capital.

During the first half of the year, Lifco strengthened Dental with four acquisitions: two manufacturing companies in Denmark, one in Sweden 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.

On 25 March 2020, Lifco decided that, given the then current market conditions in light of the pandemic, to refinance two unsecured bonds through bridge financing with Skandinaviska Enskilda Banken AB (publ). The bonds totalled 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 1.4 times EBITDA* at 30 June 2020, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA* and means that Lifco possesses the financial scope to make additional acquisitions.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – JUNE

Net sales declined 2.5 per cent to SEK 6,720 (6,893) million, driven by the effects of the COVID-19 pandemic and a weaker market in the Demolition & Tools business area. Organic growth was -10.3 per cent, acquisitions contributed 7.7 per cent while foreign exchange gains had a positive impact of 0.1 per cent. During the first half of the year, the Danish companies Rönvig Dental Manufacturing A/S and the Workplace Safety division of KiiitoClean A/S, TrollDentals product portfolio as well as the majority of the Croatian company Dental Grupa and the Italian Cramaro Tarpaulin Systems were acquired.

EBITA* declined 4.3 per cent to SEK 1,221 (1,276) million and the EBITA margin* fell by 0.3 of a percentage point to 18.2 (18.5) per cent as a result of lower volumes. Foreign exchange gains impacted EBITA* with -0.1%. During the period, 34 (35) per cent of EBITA* was generated in EUR, 29 (27) per cent in SEK and 14 (16) per cent in NOK, 8 (8) per cent in DKK, 7 (3) per cent in GBP, 3 (6) per cent in USD and 5 (5) per cent in other currencies.

Net financial items were SEK -28 (-32) million.

Profit before tax grew by 0.4 per cent to SEK 979 (975) million and net profit for the period increased by 0.4 per cent to SEK 734 (731) million. Non-recurring items amounted to SEK 0 (56) million for the six-month period.

Average capital employed excluding goodwill declined by SEK 172 million during the period to SEK 2,173 million at 30 June 2020, compared with SEK 2,345 million at 31 December 2019. EBITA* relative to average capital employed excluding goodwill was at 108 per cent at year-end and increased to 114 per cent during the first half of the year.

The Group's net debt declined by SEK 277 million from 31 December 2019 to SEK 5,275 million at 30 June 2020, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 908 (698) million. Interest-bearing net debt declined by SEK 225 million since year-end and amounted to SEK 3,815 (4,312) million at 30 June 2020.

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

The net debt/equity ratio at 30 June 2020 was 0.7 (0.8) and net debt/EBITDA* was 1.9 (2.0) times. Interest-bearing net debt/EBITDA* was 1.4 (1.6) times. At period-end, 41 (33) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased by 144 per cent to SEK 1,259 (516) million for the first half of the year, primarily as a result of increased current operating liabilities. Cash flow from investing activities was SEK -871 (-945) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

Net sales declined in the second quarter by 12.9 per cent to SEK 3,079 (3,536) million, driven by the effects of the COVID-19 pandemic and a weaker market in the Demolition & Tools business area. Organic growth was -18.1 per cent, acquisitions contributed 6.2 per cent while foreign exchange gains had a negative impact of 1.0 per cent.

Due to dividends to minorities in the second quarter, Other income and expenses was impacted by SEK -24 (-46) million for revaluations of put options issued in connection with acquisitions.

EBITA* declined 17.4 per cent to SEK 569 (689) million and the EBITA margin* fell by 1.0 percentage point to 18.5 (19.5) per cent as a result of lower volumes. Foreign exchange gains impacted EBITA* with -1.0%. During the second quarter, 32 (35) per cent of EBITA* was generated in EUR, 30 (28) per cent in SEK and 16 (16) per cent in NOK, 7 (8) per cent in DKK, 8 (4) per cent in GBP, 1 (6) per cent in USD and 6 (3) per cent in other currencies.

Net financial items were SEK -22 (-19) million.

Profit before tax declined by 19.2 per cent to SEK 439 (543) million. Net profit for the period decreased by 18.8 per cent to SEK 329 (405) million.

Average capital employed excluding goodwill declined by SEK 215 million to SEK 2,173 million at 30 June 2020, compared with SEK 2,388 million at 31 March 2020. EBITA* relative to average capital employed excluding goodwill increased from 108 per cent at 31 March 2020 to 114 per cent at 30 June 2020.

The Group's net debt fell during the quarter by SEK 854 million to SEK 5,275 million. Dividends amounted to SEK 33 (418) million for the quarter. At the Annual General Meeting on 24 June 2020, the dividend for the 2019 financial year was set at SEK 5.25 per share. The total dividend to shareholders for the 2019 financial year was SEK 476.9 million, and was paid on 1 July 2020. The dividend to shareholders for the 2018 financial year was paid during the second quarter of 2019.

Cash flow from operating activities increased by 109 per cent to SEK 784 (375) million during the second quarter as a result of lower accounts receivable and inventory. Cash flow from investing activities was SEK -44 (-365) million, which was attributable to acquisitions and investments.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Net sales	2,012	2,252	-10.7%	841	1,125	-25.2%	4,153	-5.5%	4,393
EBITA*	385	465	-17.2%	144	233	-38.2%	794	-9.2%	874
EBITA margin*	19.1%	20.6%	-1.5	17.1%	20.7%	-3.6	19.1%	-0.8	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 declined by 10.7 per cent to SEK 2,012 (2,252) million in the first half of the year as a result of the impact of the COVID-19 pandemic in April and May. EBITA* declined by 17.2 per cent to SEK 385 (465) million for the six-month period and the EBITA margin was 19.1 (20.6) per cent as a consequence of lower volumes during April and May. All European dental markets recovered in June, contributing to improved sales and profit at the end of the second quarter.

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 pandemic had a significant negative impact on the dental market during the second quarter of 2020. The effects were different in different markets, but demand in all countries decreased significantly. In June, all European dental markets recovered.

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 also 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. As of June 2020, TrollDentals product portfolio was consolidated, which had net sales of about SEK 25 million in 2019.

Demolition & Tools

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Net sales	1,637	1,823	-10.2%	775	991	-21.8%	3,424	-5.2%	3,610
EBITA*	355	415	-14.5%	176	243	-27.6%	774	-7.2%	834
EBITA margin*	21.7%	22.8%	-1.1	22.7%	24.5%	-1.8	22.6%	-0.5	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.

During the first half of the year, sales decreased by 10.2 per cent to SEK 1,637 (1,823) million and EBITA* decreased by 14.5 per cent to SEK 355 (415) million with an EBITA margin of 21.7 per cent (22.8). The decline in demand and profitability was a result of a more uncertain and weakened market in general as well as particularly high uncertainty in the second quarter following the COVID-19 pandemic.

Systems Solutions

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Net sales	3,071	2,818	9.0%	1,463	1,420	3.0%	6,095	4.3%	5,842
EBITA*	536	445	20.4%	274	236	16.1%	1,000	10.0%	909
EBITA margin*	17.5%	15.8%	1.7	18.7%	16.6%	2.1	16.4%	0.8	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 (previously Interiors for Service Vehicles) and Forest.

Net sales in Systems Solutions increased by 9.0 per cent to SEK 3,071 (2,818) million for the first half of the year on the back of acquisitions. Several of the operations in Systems Solutions have been negatively impacted by the COVID-19 pandemic during the second quarter, particularly those who do not have any order backlog, but where deliveries normally take place in connection with orders being made. In June, an improvement was noted in the European markets for operations in Systems Solutions that were affected by the pandemic.

During the first quarter, EBITA* increased by 20.4 per cent to SEK 536 (445) million and the EBITA margin* improved by 1.7 percentage points to 17.5 (15.8) per cent.

The Construction Materials division has reported a stable performance for the first half of the year. The division was relatively unaffected by the pandemic given that deliveries of input materials to the construction industry continued during the pandemic.

The Contract Manufacturing division is directed at industries that have not been particularly affected by the pandemic and have reported strong sales growth in both the first half of the year and the second quarter with improved result.

Growth in the Environmental Technology division is primarily the result of acquisitions. In the first half of the year, the results improved while the second quarter was weak as the result of a relatively large impact due to the pandemic.

Growth in the Service and Distribution division is primarily the result of acquisitions. The division improved its results both in the first half of the year and in the second quarter.

The Forest division reported a weak first half of the year and second quarter with decreased sales and weaker result following lower volumes.

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
June	TrollDental's product portfolio	Dental	SEK 25m	-

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 5,446 (5,236) in the first half of the year. At the end of the period, the number of employees was 5,382 (5,328). Acquisitions added around 160 employees.

Events after the end of the reporting period

Lifco continues to monitor the effects of the COVID-19 pandemic. No significant events for the Group occurred after the end of the reporting period

Related party transactions

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

Annual General Meeting 2020

The 2020 Annual General Meeting was held on 24 June in Stockholm. The main resolutions of the Meeting were as follows: • The dividend for the 2019 financial year was set at SEK 5.25 per share. The record date for the rights to dividends was set at 26 June 2020, with a payment date of 1 July 2020. • Carl Bennet, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Annika Espander Jansson, Johan Stern Axel Wachtmeister and Per Waldemarson were re-elected members of the Board and Dan Frohm and Caroline af Ugglas were elected new members of the Board. Carl Bennet was re-elected Chairman of the Board. • The audit firm PricewaterhouseCoopers AB was re-appointed as the company's auditors for a one-year term of office. • Fees for the Board and auditors were adopted, as were principles for the work of the Nomination Committee and guidelines on remuneration of senior executives. • The Articles of Association were changed in accordance with the Board's proposals.

Risks and uncertainties

The risk factors which have the biggest impact for Lifco are global macroeconomic factors, 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 have been affected by the outbreak of COVID-19 during April and May of 2020 to varying degrees. In June, all European dental markets recovered, and an improvement was also noted in the European markets for the operations in Systems Solutions that were affected by the pandemic. Lifco continues to monitor the effects of the COVID-19 pandemic.

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. In many countries, Lifco's companies have received state aid from short-time work schemes and other aid which has reduced personnel costs for the second quarter.

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, 17 July 2020

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Annika Espander Jansson
Director

Anders Lorentzson
Director, employee
representative

Johan Stern
Vice Chairman

Caroline af Ugglas
Director

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

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, 17 July at 1:00 p.m. CEST

Link to the presentation: <https://tv.streamfabriken.com/lifco-q2-2020>

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ABOUT LIFCO

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 and the Swedish Securities Market Act.

The information was submitted for publication through the aforementioned contact person on 17 July 2020, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	SIX MONTHS			SECOND QUARTER			FULL YEAR 2019
	2020	2019	change	2020	2019	change	
Net sales	6,720	6,893	-2.5%	3,079	3,536	-12.9%	13,845
Cost of goods sold	-3,940	-3,999	-1.5%	-1,823	-2,018	-9.7%	-8,033
Gross profit	2,780	2,894	-3.9%	1,256	1,518	-17.3%	5,812
Selling expenses	-775	-784	-1.1%	-345	-407	-15.2%	-1,600
Administrative expenses	-953	-968	-1.5%	-424	-462	-8.2%	-1,928
Development costs	-55	-85	-35.3%	-28	-45	-37.8%	-171
Other income and expenses	10	-50	-120%	2	-42	-104.8%	-54
Operating profit	1,007	1,007	0.0%	461	562	-18.0%	2,059
Net financial items	-28	-32	-12.5%	-22	-19	-15.8%	-63
Profit before tax	979	975	0.4%	439	543	-19.2%	1,996
Tax	-245	-244	0.4%	-110	-138	-20.3%	-468
Net profit/loss for the period	734	731	0.4%	329	405	-18.8%	1,528
Profit attributable to:							
Parent Company shareholders	725	718	1.0%	323	399	-19.0%	1,505
Non-controlling interests	9	13	-30.8%	6	6	-	23
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	7.98	7.90	1.0%	3.56	4.39	-18.9%	16.57
EBITA*	1,221	1,276	-4.3%	569	689	-17.4%	2,523
Depreciation of tangible assets	178	152	17.1%	89	79	12.7%	311
Amortisation of intangible assets	5	7	-28.6%	2	4	-50.0%	15
Amortisation of intangible assets arising from acquisitions	204	154	32.5%	102	80	27.5%	329

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	SIX MONTHS			SECOND QUARTER			FULL YEAR 2019
	2020	2019	change	2020	2019	change	
Net profit for the period	734	731	0.4%	329	405	-18.8%	1,528
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	82	11	646%	-28	18	-256%	6
Translation differences	-222	218	-202%	-353	59	-698%	140
Tax related to other comprehensive income	-18	-2	800%	6	-4	-250%	-1
Total comprehensive income for the period	576	958	-39.9%	-46	478	-110%	1,673
<i>Comprehensive income attributable to:</i>							
Parent Company shareholders	569	942	-39.6%	-50	471	-111%	1,648
Non-controlling interests	7	16	-56.3%	4	7	-42.9%	25
576	958	-39.9%	-46	478	-110%		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	SIX MONTHS			SECOND QUARTER			Rolling 12 months	change	FULL YEAR 2019
	2020	2019	change	2020	2019	change			
Dental	2,012	2,252	-10.7%	841	1,125	-25.2%	4,153	-5.5%	4,393
Demolition & Tools	1,637	1,823	-10.2%	775	991	-21.8%	3,424	-5.2%	3,610
Systems Solutions	3,071	2,818	9.0%	1,463	1,420	3.0%	6,095	4.3%	5,842
Group	6,720	6,893	-2.5%	3,079	3,536	-12.9%	13,672	-1.2%	13,845

Net sales by type of income:

SEK million	SIX MONTHS			SECOND QUARTER			Rolling 12 months	change	FULL YEAR 2019
	2020	2019	change	2020	2019	change			
Dental products	2,012	2,252	-10.7%	841	1,125	-25.2%	4,153	-5.5%	4,393
Machinery and tools	1,637	1,823	-10.2%	775	991	-21.8%	3,424	5.2%	3,610
Construction Materials	591	601	-1.7%	302	304	-0.7%	1,182	-0.8%	1,192
Contract Manufacturing	590	500	18.0%	321	262	22.5%	1,145	8.5%	1,055
Environmental Technology	876	798	9.8%	372	411	-9.5%	1,933	4.2%	1,855
Service and Distribution	651	437	49.0%	321	234	37.2%	1,096	24.3%	882
Forest	363	482	-24.7%	147	209	-29.7%	739	-13.9%	858
Group	6,720	6,893	-2.5%	3,079	3,536	-12.9%	13,672	-1.2%	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	SIX MONTHS			SECOND QUARTER			Rolling 12 months change	FULL YEAR 2019
	2020	2019	change	2020	2019	change		
Dental	385	465	-17.2%	144	233	-38.2%	794	-9.2%
Demolition & Tools	355	415	-14.5%	176	243	-27.6%	774	-7.2%
Systems Solutions	536	445	20.4%	274	236	16.1%	1,000	10.0%
Central Group functions	-55	-49	12.2%	-25	-23	8.7%	-100	6.4%
EBITA before acquisition costs	1,221	1,276	-4.3%	569	689	-17.4%	2,468	-2.2%
Acquisition costs ¹	-10	-59	-83.1%	-6	-47	-87.2%	-30	-62.0%
Non-recurring items ²	-	-56	-100%	-	-	-	-	-100%
EBITA	1,211	1,161	4.3%	563	642	-12.3%	2,438	2.1%
Amortisation of intangible assets arising from acquisitions	-204	-154	32.5%	-102	-80	27.5%	-379	15.2%
Net financial items	-28	-32	-12.5%	-22	-19	15.8%	-59	-6.3%
Profit before tax	979	975	0.4%	439	543	-19.2%	2,000	0.2%
								1,996

¹ Of which, change in put/call options and additional considerations for the current year, SEK 2 (-48) million.

² Pertaining to costs in connection with management change.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 JUN 2020	30 JUN 2019	31 DEC 2019
ASSETS			
Intangible assets	11,701	10,257	11,209
Tangible assets	1,491	1,312	1,503
Financial assets	182	179	182
Inventories	2,014	2,127	1,997
Accounts receivable	1,645	1,751	1,584
Current receivables	477	486	374
Cash and cash equivalents	781	340	729
TOTAL ASSETS	18,291	16,452	17,578
EQUITY AND LIABILITIES			
Equity	8,061	7,261	7,972
Non-current interest-bearing liabilities incl. pension provisions	1,459	578	1,674
Other non-current liabilities and provisions	2,017	1,658	1,986
Current interest-bearing liabilities	3,689	4,551	3,691
Accounts payable	805	815	680
Other current liabilities	2,260	1,589	1,575
TOTAL EQUITY AND LIABILITIES	18,291	16,452	17,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 JUN 2020	30 JUN 2019	31 DEC 2019
Opening equity	7,915	6,685	6,685
Comprehensive income for the period	569	942	1,648
Dividend	-477	-418	-418
Closing equity	8,007	7,209	7,915
<i>Equity attributable to:</i>			
Parent Company shareholders	8,007	7,209	7,915
Non-controlling interests	54	52	57
	8,061	7,261	7,972

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR 2019
	2020	2019	2020	2019	
Operating activities					
Operating profit	1,007	1,007	461	562	2,059
Non-cash items	385	361	196	203	705
Interest and financial items, net	-28	-32	-22	-19	-63
Tax paid	-337	-293	-169	-134	-571
Cash flow before changes in working capital	1,027	1,043	466	612	2,130
<i>Changes in working capital</i>					
Inventories	37	-313	159	-130	-94
Current receivables	12	-179	205	-41	137
Current liabilities	183	-35	-46	-66	-183
Cash flow from operating activities	1,259	516	784	375	1,990
Business acquisitions and sales, net	-778	-815	-21	-300	-1,781
Net investment in tangible assets	-81	-122	-13	-59	-243
Net investment in intangible assets	-12	-8	-10	-6	-32
Cash flow from investing activities	-871	-945	-44	-365	-2,056
Borrowings/repayment of borrowings, net	-263	818	-608	458	863
Dividends paid	-38	-487	-34	-478	-490
Cash flow from financing activities	-301	331	-642	-20	373
Cash flow for the period	87	-98	98	-10	307
Cash and cash equivalents at beginning of period	729	405	714	348	405
Translation differences	-35	33	-31	2	17
Cash and cash equivalents at end of period	781	340	781	340	729

ACQUISITIONS IN 2020

Five new businesses were consolidated in the first half of the year. The acquisitions refer to TrollDental's product portfolio, all 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 Croatian company Dental Grupa and the Italian Cramaro Tarpaulin Systems.

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

Acquisition-related expenses of SEK 12 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 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	5	499	504
Tangible assets	46	-	46
Inventories, accounts receivable and other receivables	175	-2	173
Accounts payable and other liabilities	-175	-98	-273
Cash and cash equivalents	85	-	85
Net assets	136	399	535
Goodwill		364	364
Total net assets	136	763	899

Effect on cash flow, SEK million

Consideration	899
<i>Consideration not paid</i>	-78
Cash and cash equivalents in acquired companies	-85
Consideration paid relating to acquisitions from previous years	42
Total cash flow effect	778

FINANCIAL INSTRUMENTS

SEK million	30 JUN 2020	30 JUN 2019	31 DEC 2019
Financial assets at amortised cost			
Accounts receivable	1,645	1,751	1,584
Other non-current financial receivables	11	18	9
Cash and cash equivalents	781	340	729
Total	2,437	2,109	2,322
Liabilities at fair value through profit or loss			
Other liabilities ¹	908	698	916
Financial liabilities at amortised cost			
Interest-bearing borrowings	5,107	5,092	5,325
Accounts payable	805	815	680
Total	6,820	6,605	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	2019	2019
	30 JUN	31 DEC	30 JUN
Net sales, SEK million	13,672	13,845	13,134
Change in net sales, %	-1.2	15.8	9.9
EBITA*, SEK million	2,468	2,523	2,466
EBITA margin*, %	18.1	18.2	18.8
EBITDA*, SEK million	2,818	2,849	2,699
EBITDA margin*, %	20.6	20.6	20.5
Capital employed, SEK million	13,706	12,925	11,456
Capital employed excl. goodwill and other intangible assets, SEK million	2,173	2,345	1,807
Return on capital employed, %	18.0	19.5	21.5
Return on capital employed excl. goodwill, %	114	108	136
Return on equity, %	18.9	20.3	21.9
Net debt, SEK million	5,275	5,552	5,487
Net debt/equity ratio, times	0.7	0.7	0.8
Net debt/EBITDA*	1.9	1.9	2.0
Interest-bearing net debt, SEK million	3,815	4,040	4,312
Interest-bearing net debt/EBITDA*, times	1.4	1.4	1.6
Equity/assets ratio, %	44.1	45.4	44.1
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	5,446	5,255	5,236

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	SIX MONTHS		SECOND QUARTER		FULL YEAR 2019
	2020	2019	2020	2019	
Administrative expenses	-51	-112	-18	-26	-162
Other operating income ¹	-	-	-	-	139
Operating profit	-51	-112	-18	-26	-23
Net financial items ²	887	765	788	730	837
Profit after financial items	836	653	770	704	814
Appropriations	6	-	6	-	-30
Tax	-9	18	5	2	-6
Net profit for the period	833	671	781	706	778

¹ Invoicing of Group-wide services.

² Net financial items include SEK 771 (738) million in dividends received during the six-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 JUN 2020	30 JUN 2019	31 DEC 2019
ASSETS			
Tangible assets	-	0	0
Financial assets	4,989	4,468	4,872
Current receivables	6,039	4,828	5,226
Cash and cash equivalents	328	45	379
TOTAL ASSETS	11,356	9,341	10,477
EQUITY AND LIABILITIES			
Equity	3,628	3,164	3,271
Untaxed reserves	65	70	72
Provisions	11	-	-
Non-current interest-bearing liabilities	946	-	1,004
Current interest-bearing liabilities	3,511	4,499	3,670
Current non-interest-bearing liabilities	3,195	1,608	2,460
TOTAL EQUITY AND LIABILITIES	11,356	9,341	10,477
Pledged assets	-	-	-
Contingent liabilities	211	81	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 19–20.

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2020	SIX MONTHS 2019	FULL YEAR 2019
Operating profit	1,007	1,007	2,059
Amortisation of intangible assets arising from acquisitions	204	154	329
EBITA	1,211	1,161	2,388
Acquisition costs and non-recurring items	10	115	135
EBITA before acquisition costs and non-recurring items	1,221	1,276	2,523

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2020	SIX MONTHS 2019	FULL YEAR 2019
Operating profit	1,007	1,007	2,059
Depreciation of tangible assets	178	152	311
Amortisation of intangible assets	5	7	15
Amortisation of intangible assets arising from acquisitions	204	154	329
EBITDA	1,394	1,320	2,714
Acquisition costs and non-recurring items	10	115	135
EBITDA before acquisition costs and non-recurring items	1,404	1,435	2,849

Net debt compared with financial statements in accordance with IFRS

SEK million	30 JUN 2020	30 JUN 2019	31 DEC 2019
Non-current interest-bearing liabilities including pension provisions	1,051	112	1,093
Current interest-bearing liabilities	3,545	4,540	3,676
Cash and cash equivalents	-781	-340	-729
Interest-bearing net debt	3,815	4,312	4,040
Put/call options, additional considerations	908	698	916
Lease liability	552	477	596
Net debt	5,275	5,487	5,552

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

SEK million	30 JUN 2020	31 MAR 2020	31 DEC 2019	30 SEP 2019
Total assets	18,291	19,278	17,578	17,400
Cash and cash equivalents	-781	-714	-729	-456
Interest-bearing pension provisions	-41	-38	-40	-39
Non-interest-bearing liabilities	-4,174	-3,841	-3,325	-3,545
Capital employed	13,295	14,685	13,484	13,360
Goodwill and other intangible assets	-11,701	-12,255	-11,209	-10,969
Capital employed excluding goodwill and other intangible assets	1,594	2,430	2,275	2,391

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 2020	Q1 2020	Q4 2019	Q3 2019
Capital employed	13,706	13,295	14,685	13,484	13,360
Capital employed excluding goodwill and other intangible assets	2,173	1,594	2,430	2,275	2,391
EBITA*	Total 2,468	569	652	651	596
Return on capital employed	18.0%				
Return on capital employed excluding goodwill and other intangible assets	114%				