

LIFCO

PRESENTATION INTERIM REPORT JAN-MAR 2016

MAY 12, 2016

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3 Demolition & Tools	18
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MANAGEMENT AND CHAIRMAN



Fredrik Karlsson

CEO

Born: 1962

Education

- MSc in Engineering Physics, KTH Royal Institute of Technology
- MSc in Business Administration, Stockholm School of Economics

Experience

- Management Consultant at BCG 1988-1992
- President of Mercatura GmbH 1993-1998
- CEO of Lifco since 1998

Own and related parties' holdings as of 31 March 2016

331,500 Class B shares



Per Waldemarson

President Dental

Born: 1977

Education

- MSc in Business Administration, Stockholm School of Economics

Experience

- Management Consultant at Bain & Co 2002-2006
- MD of Brokk 2006-2009
- President of the Dental business area since 2009

Own and related parties' holdings as of 31 March 2016

102,700 Class B shares



Therése Hoffman

CFO

Born: 1971

Education

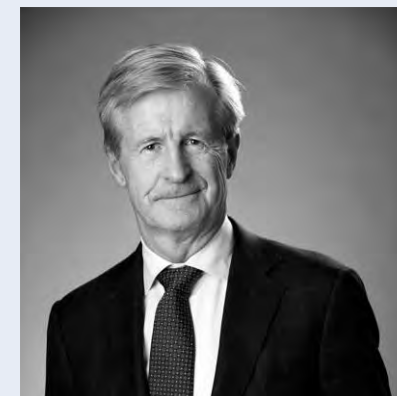
- International Marketing, Mälardalens Högskola

Experience

- CFO Nordenta 2007-2011
- CFO of Lifco since 2011

Own and related parties' holdings as of 31 March 2016

300 Class B shares



Carl Bennet

Chairman

Born: 1951

Other assignments

- Chairman and main owner of Getinge and Elanders
- Member of the Board of Holmen and L E Lundbergföretagen

Holdings via companies as of 31 March 2016

6,075,970 Class A shares
39,437,290 Class B shares

ORGANISED IN THREE BUSINESS AREAS

LIFCO

Sales 2016 LTM: 8,204 MSEK
EBITA 2016 LTM: 1,218 MSEK

Dental



Demolition & Tools



Systems Solutions



Leading distributors of dental products in Nordics and Germany

		<u>% of EBITA¹</u>	
Sales 2016 LTM:	3,410 MSEK		
EBITA 2016 LTM:	600 MSEK	46%	

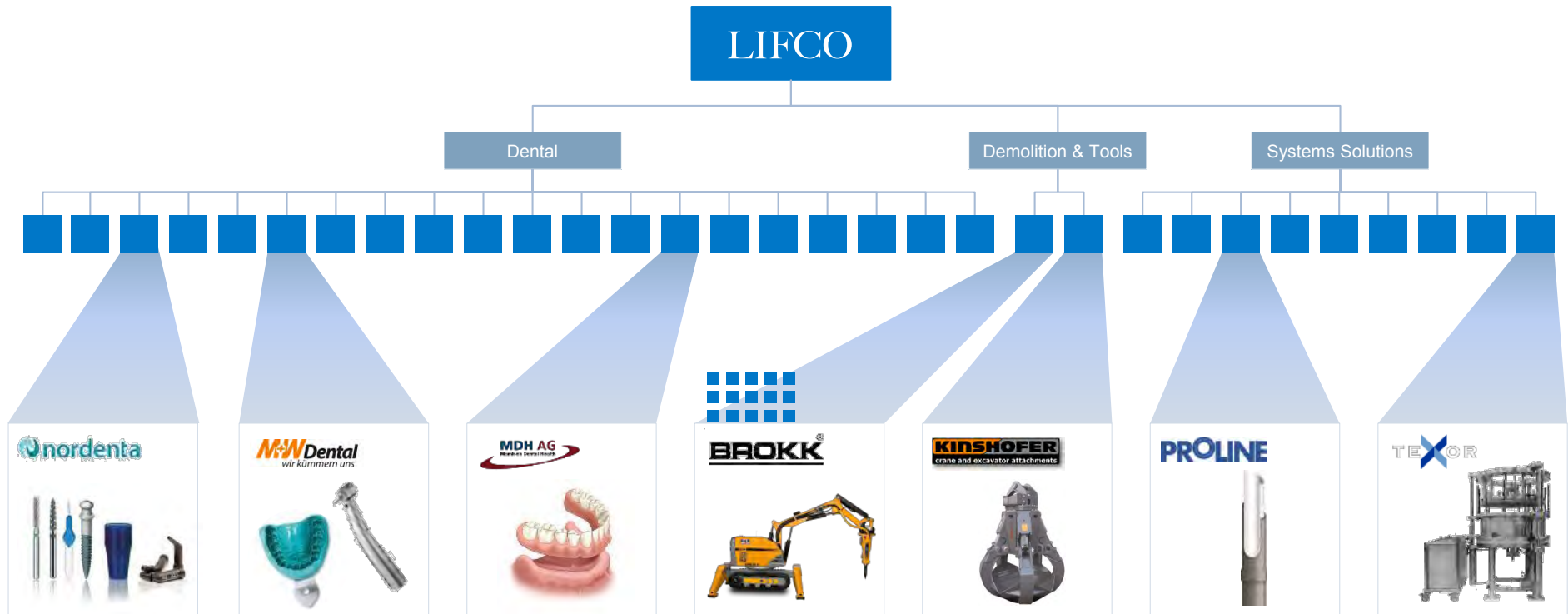
Leading producers of demolition robots and attachments for excavators and cranes

		<u>% of EBITA¹</u>	
Sales 2016 LTM:	1,628 MSEK		
EBITA 2016 LTM:	408 MSEK	31%	

Wide range of leading systems solutions providers

			<u>% of EBITA¹</u>
Sales 2016 LTM:	3,166 MSEK		
EBITA 2016 LTM:	300 MSEK	23%	

LIFCO DEVELOPS LEADING NICHE COMPANIES



3 MANAGEMENT LAYERS

All managers have incentives connected to EBITA and working capital development

COMPANIES



COUNTRIES



EMPLOYEES¹⁾



LIFCO'S PHILOSOPHY FOR VALUE CREATION

Long-term perspective

- Long-term perspective on corporate development

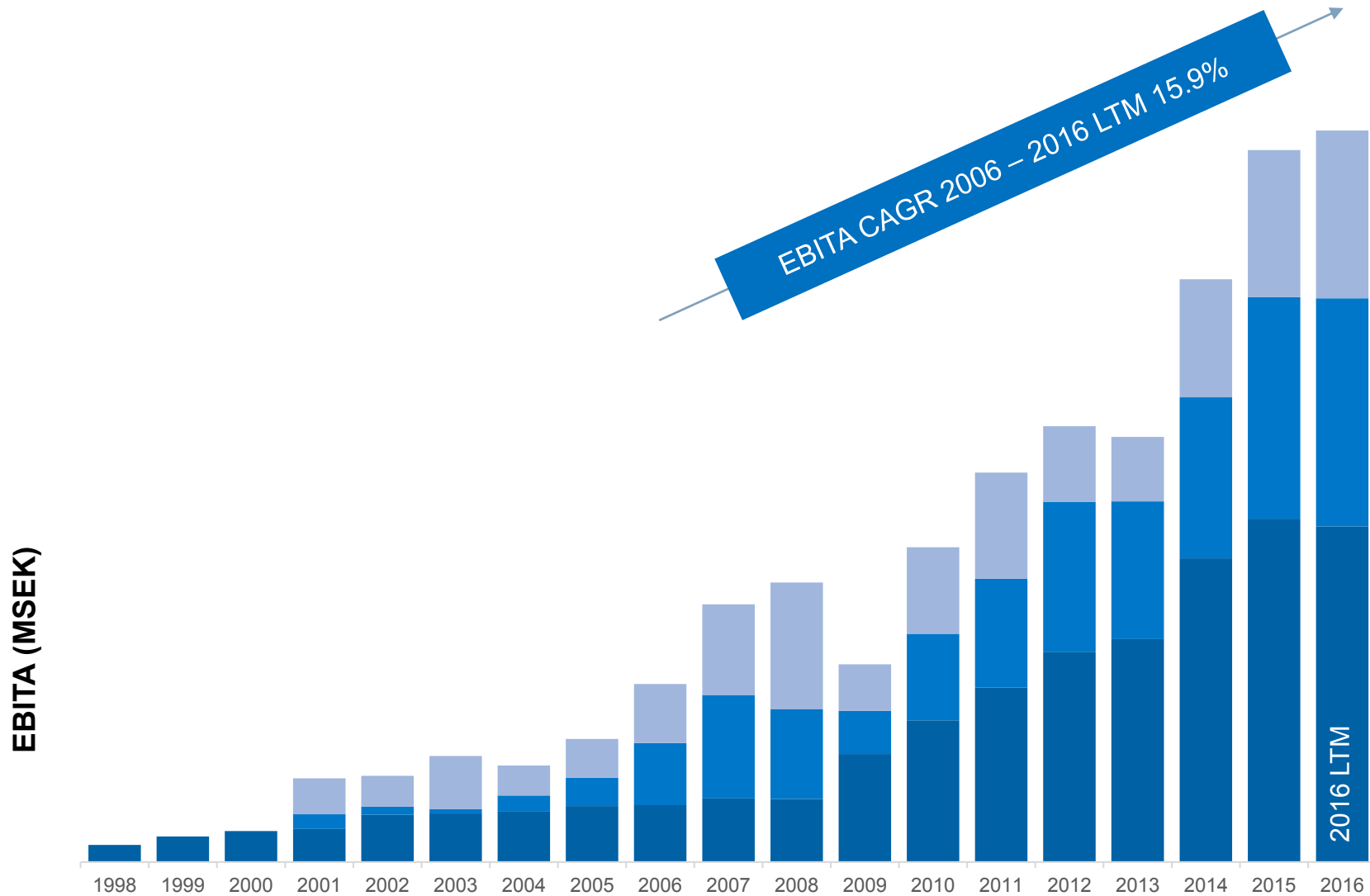
Focus on profitability

- Good profitability is a prerequisite for sustainable growth

Decentralized organization

- Our subsidiaries have a high degree of independence. That is the foundation for the creation of an entrepreneurial spirit. We never compromise with profitability and compliance with our code of conduct

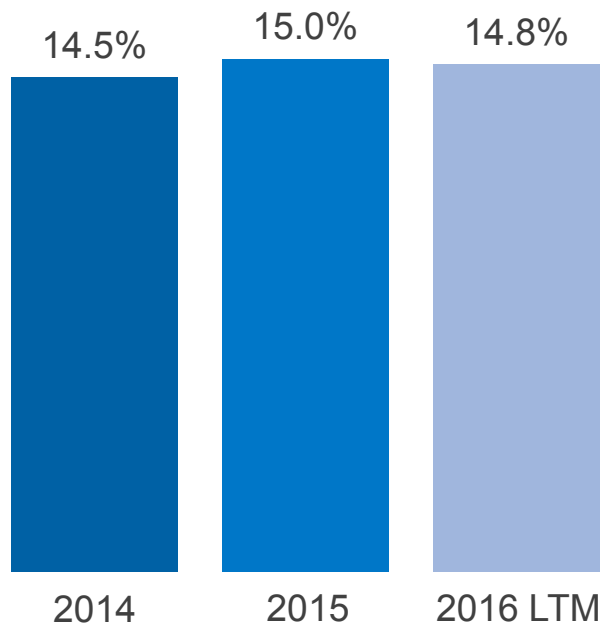
ONE TARGET: TO INCREASE PROFITS EVERY YEAR



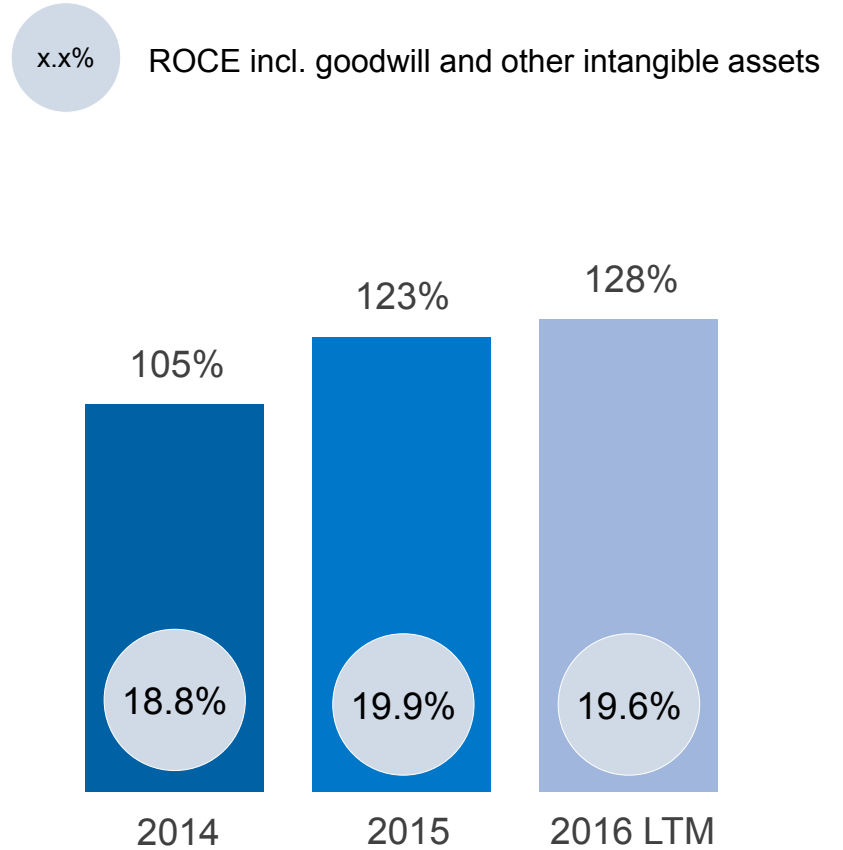
Note: IFRS accounting since 2012, prior years Swedish GAAP.

...WHILE MAINTAINING FOCUS ON CAPITAL EMPLOYED

EBITA margin



ROCE excl. goodwill and other intang. assets



ACTIONS TO CREATE SUSTAINABLE PROFIT GROWTH

Right person in the right position

- Motivated managers who deliver results

Continuous pricing optimization

- Focus on customers with potential for sustainable profit growth

Optimized management structure

- Focus on value adding personnel and minimized bureaucracy

Outsourced non-core functions

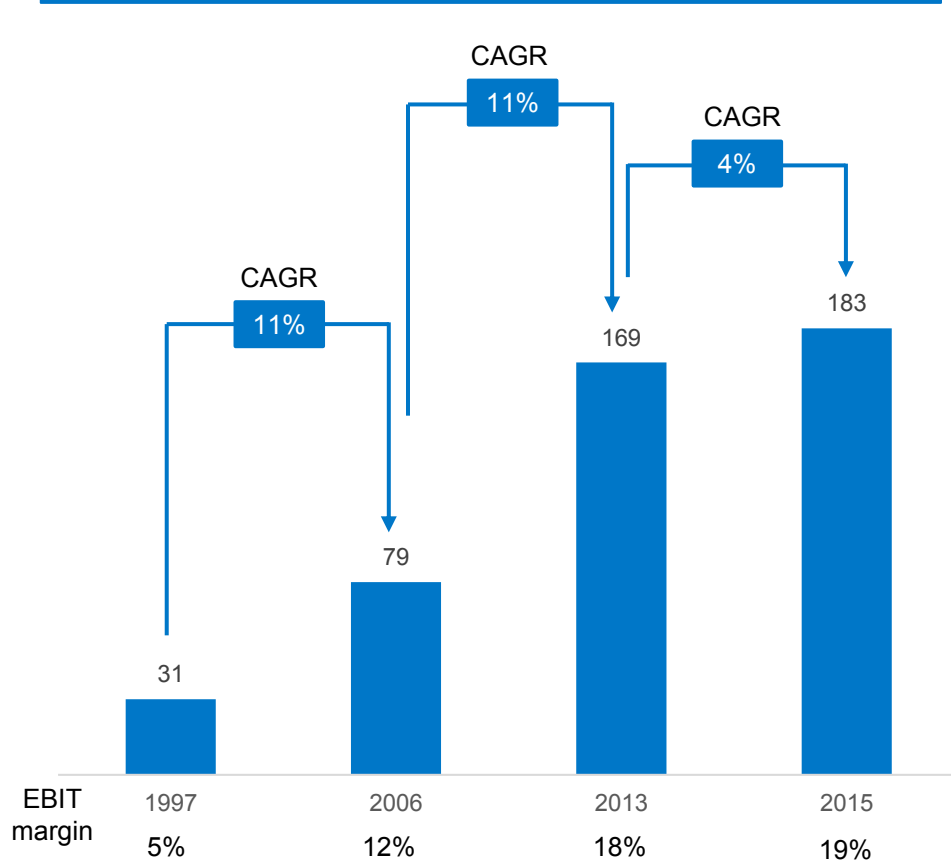
- Focus on the value creating parts of the business

Long-term perspective

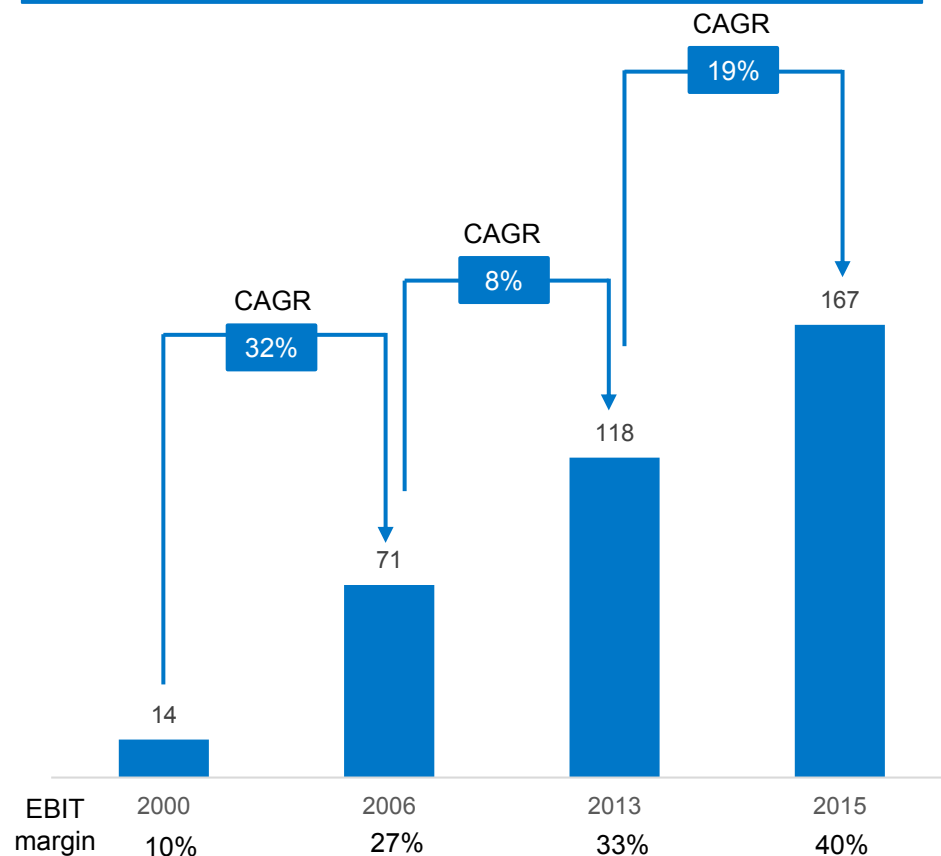
- Investments in value creating activities to secure long-term profit growth

EXAMPLES OF VALUE CREATION

Dental¹ - EBIT (MSEK) and organic EBIT growth



Brokk² - EBIT (MSEK) and organic EBIT growth



1) Companies included: Nordenta, DAB Dental, Dansk Nordenta, LIC Scadenta and Directa
 2) Refers to Brokk AB

GEOGRAPHIC FOOTPRINT

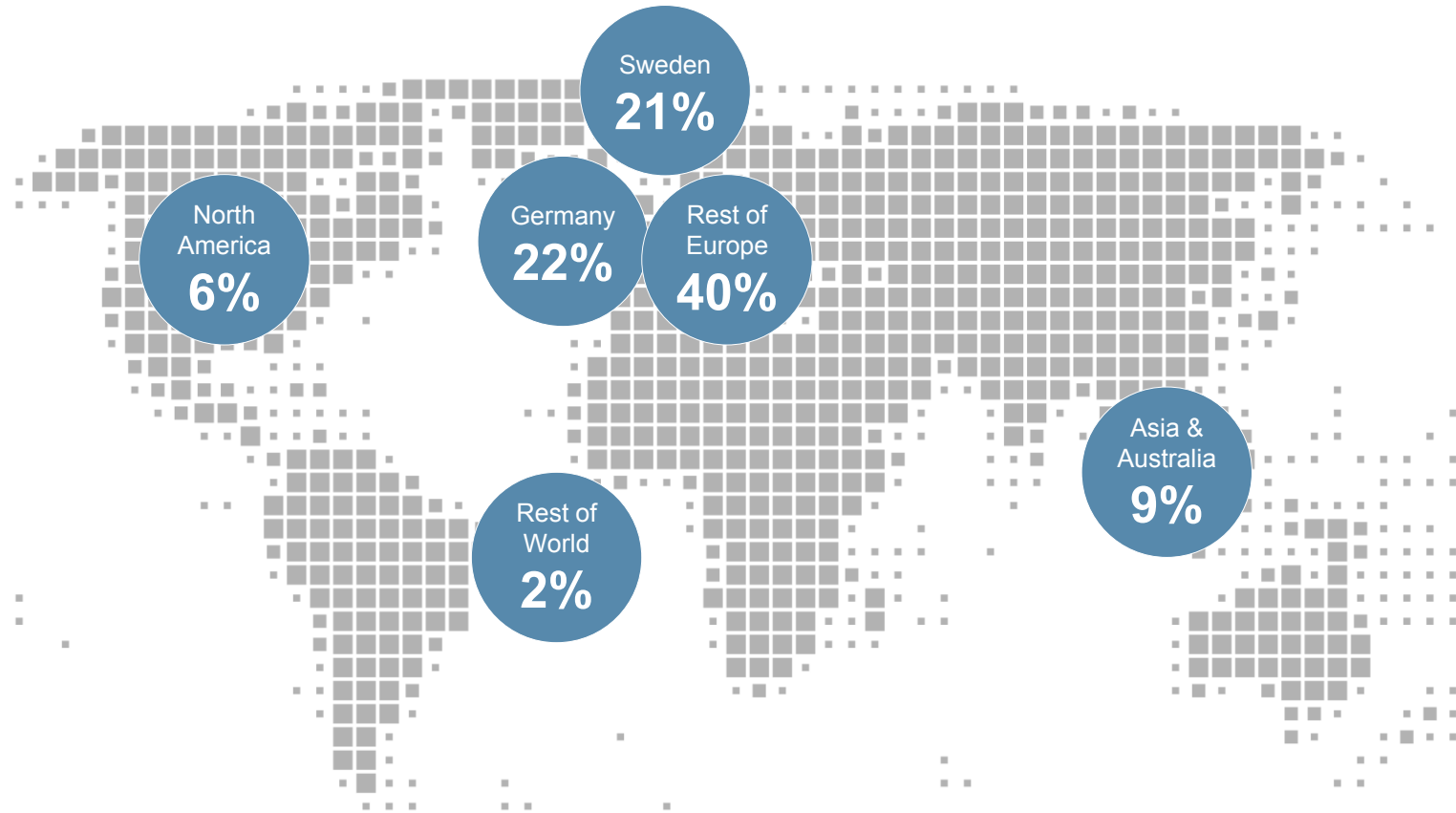
Dental



Demolition & Tools



Systems Solutions

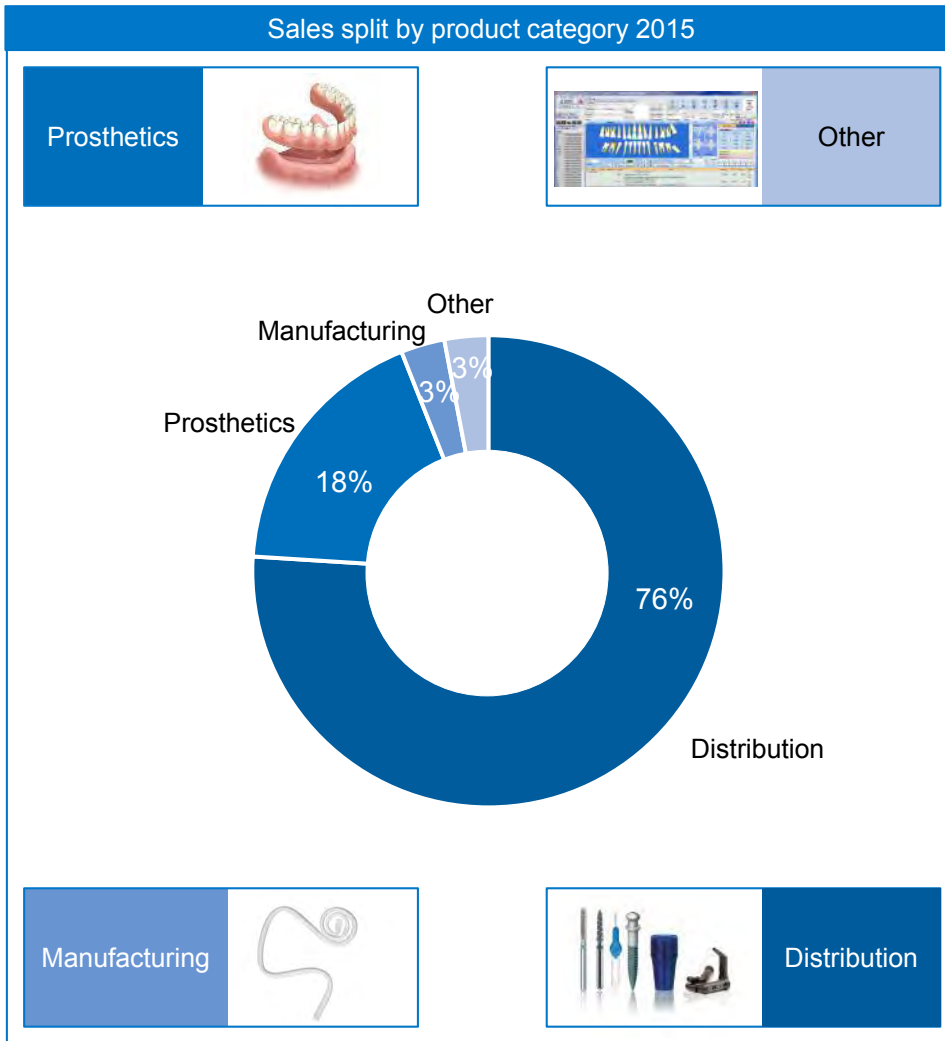


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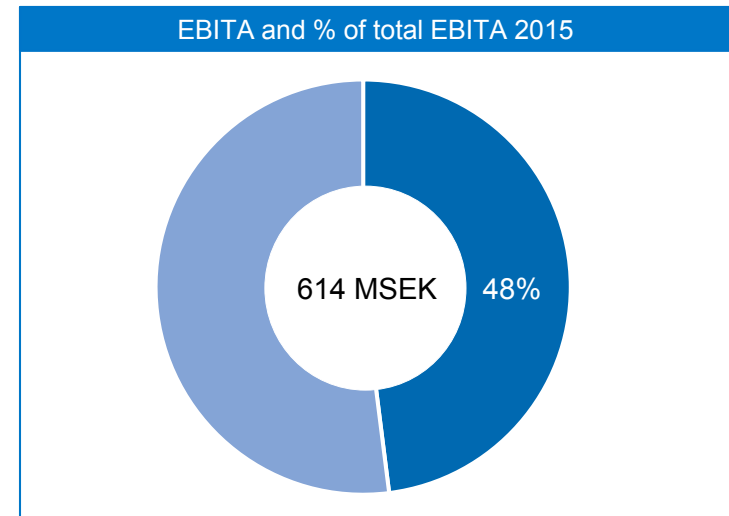
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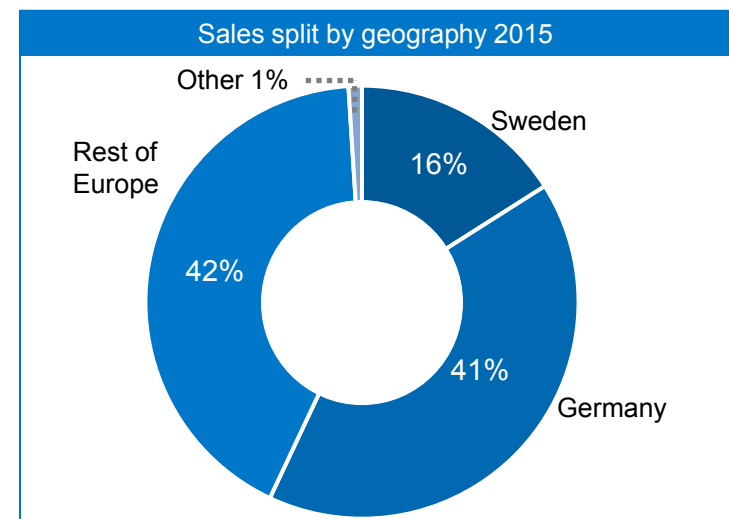
Sales split by product category 2015



EBITA and % of total EBITA 2015



Sales split by geography 2015



1) Excluding HQ costs

DISTRIBUTOR OF **BROAD** RANGE OF PRODUCTS






















Example of products delivered by Lifco subsidiaries

- Software
- Dentist chair
- Impression material
- Filling material
- X-ray
- Disposable masks
- Disposable mugs
- Dentist work chair
- Prosthetics
- Disposable gloves
- Hand held instruments

STRONG Foothold ON KEY MARKETS



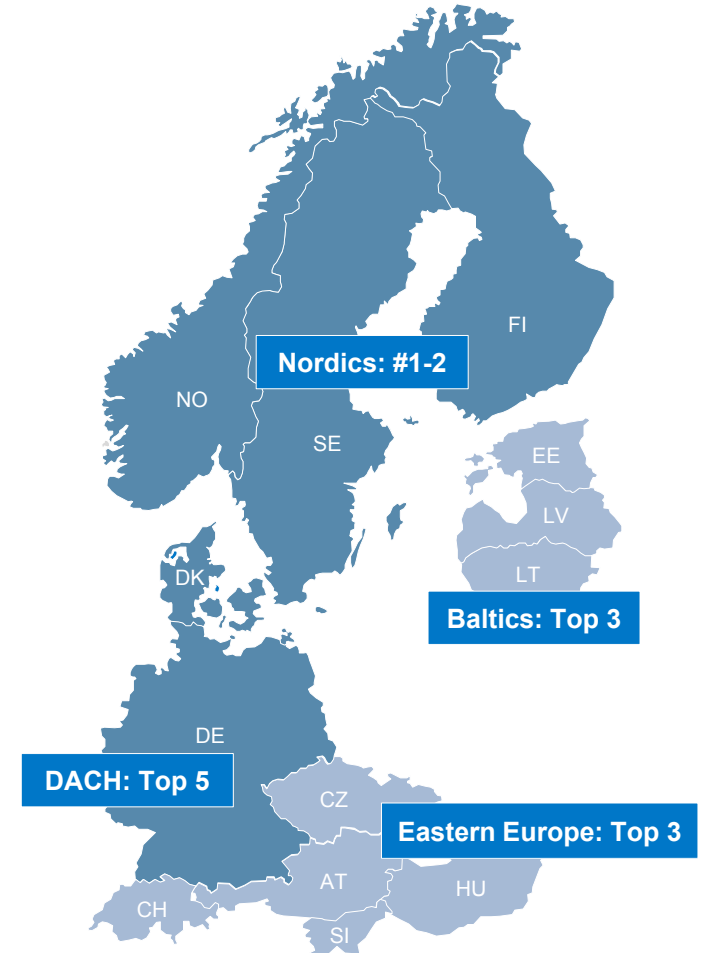
Lifco's dental market presence and example of brands used in different markets

	 Sweden	 Norway	 Denmark	 Finland	 Germany	 Rest of Europe
Distribution of consumables	✓	✓	✓	✓	✓	✓
Distribution of equipment	✓	✓	✓	✓		✓
Prosthetics		✓			✓	
Software	✓		✓			
Example of Lifco brands	  	 	 		 	  

Manufacturing

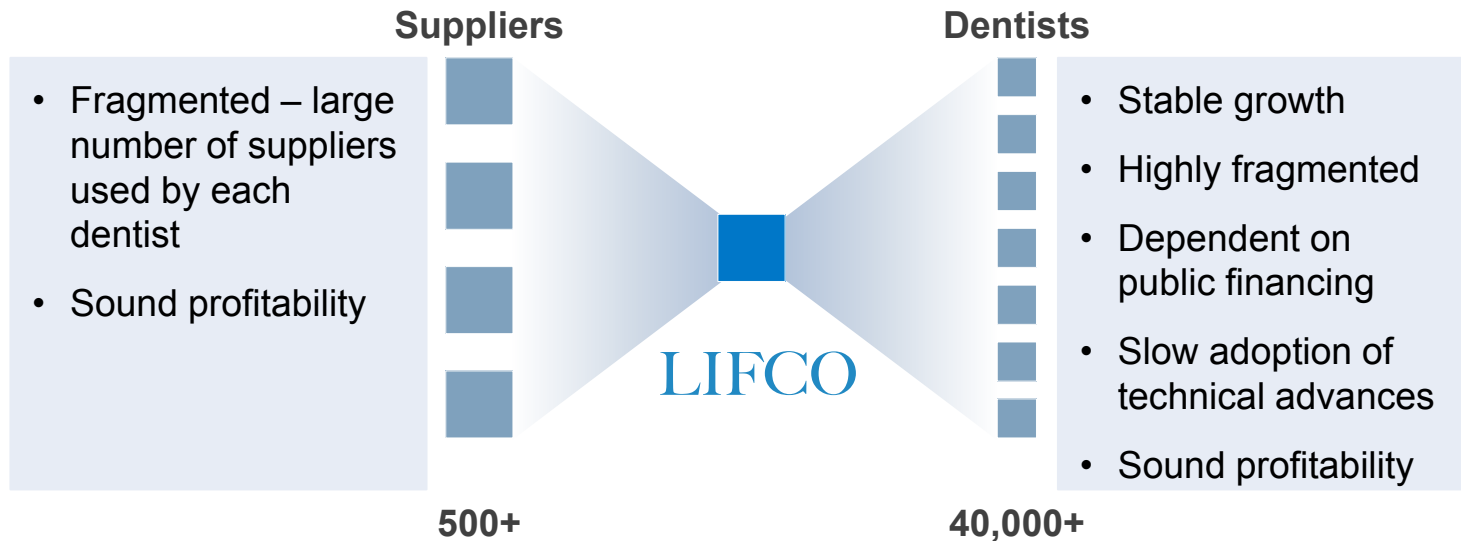


Lifco's market positions within dental consumables



Note: Estimated by Lifco

ATTRACTIVE POSITION IN THE VALUE CHAIN

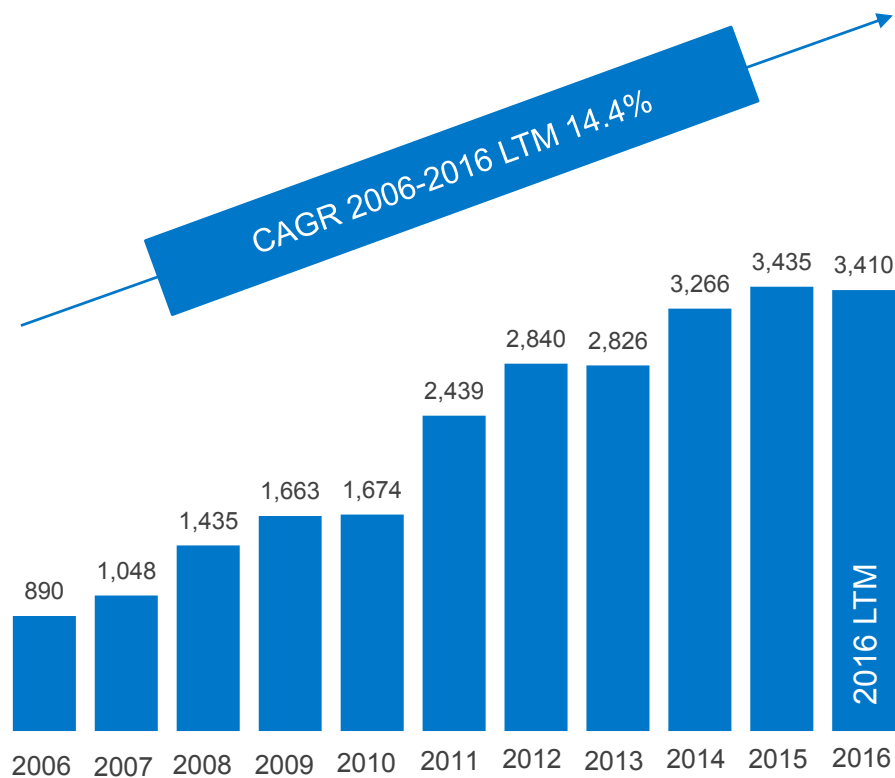


- Lifco has a strong position in the value chain
 - Sound profitability in all parts of the chain
 - Consumables account for a limited part of the dentists' cost base
 - Highly fragmented supplier and customer markets

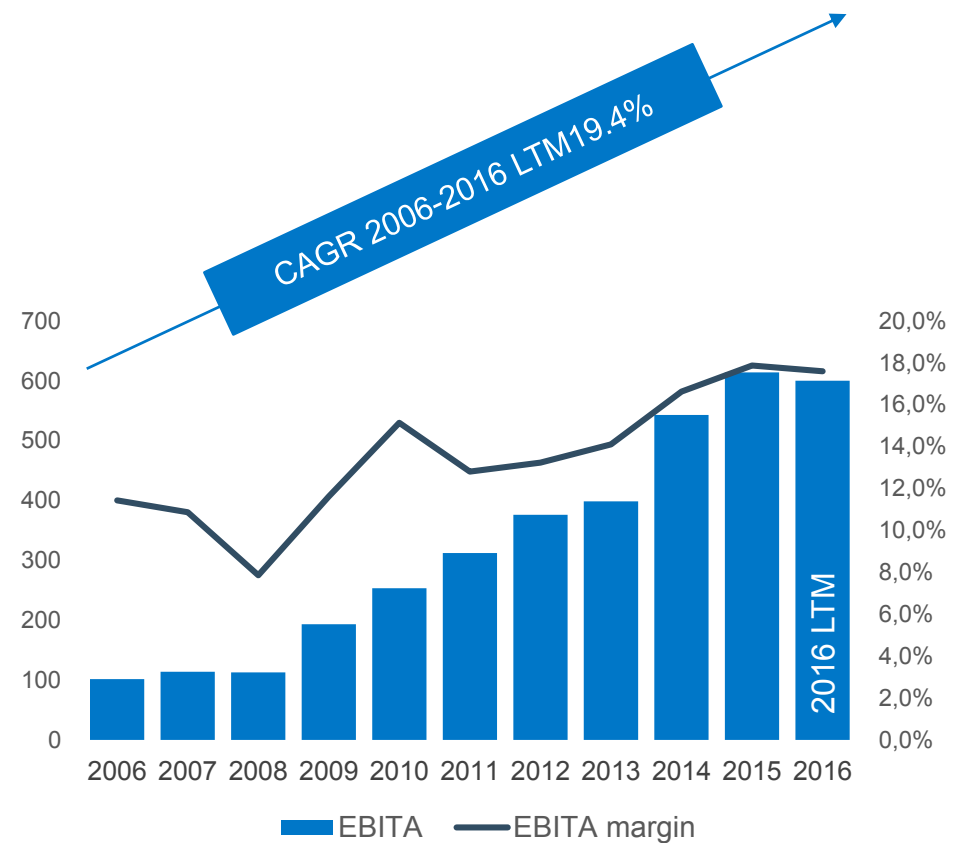
DENTAL FINANCIAL OVERVIEW



Sales (MSEK)



EBITA (MSEK) and EBITA margin



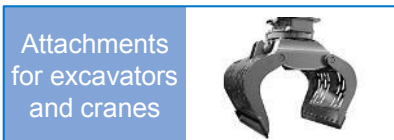
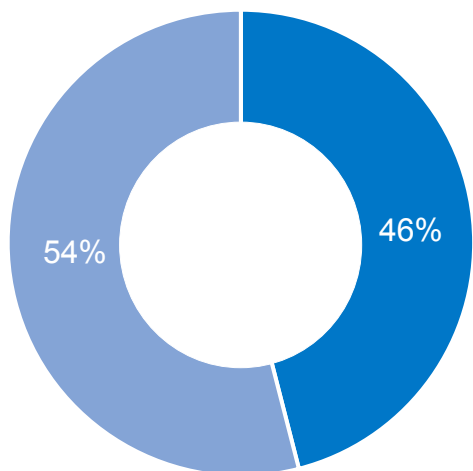
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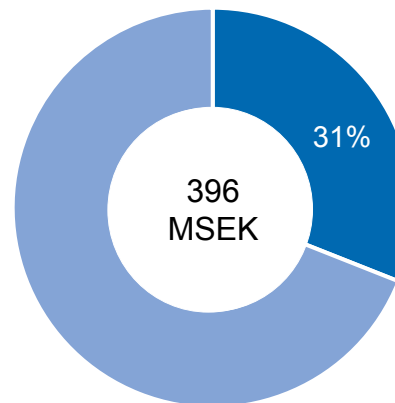
DEMOLITION & TOOLS



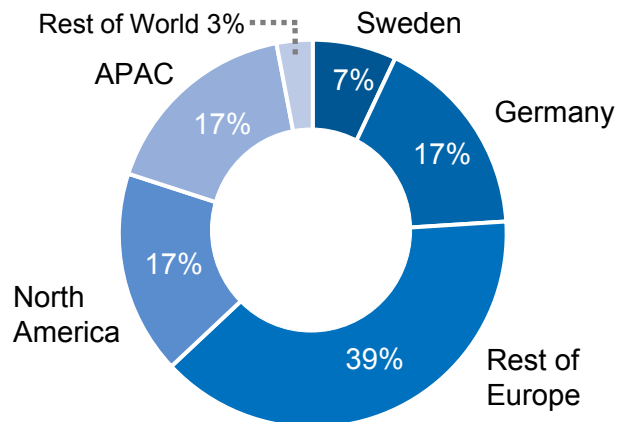
Sales split by business 2015



EBITA and % of total EBITA¹ 2015



Sales split by geography 2015



1) Excluding HQ costs

STRONG POSITION IN GLOBAL NICHE MARKETS



Demolition machines



Share of sales	46%
Operations	Development, assembly and marketing of remote controlled demolition robots. Assembly in Sweden
Geographical focus	Global
Customer market	Mainly construction industry (cramped and hazardous renovation) and other application areas e.g. process industry, and decommissioning of nuclear plants
Market position	World-wide market leader

Attachments for excavators and cranes

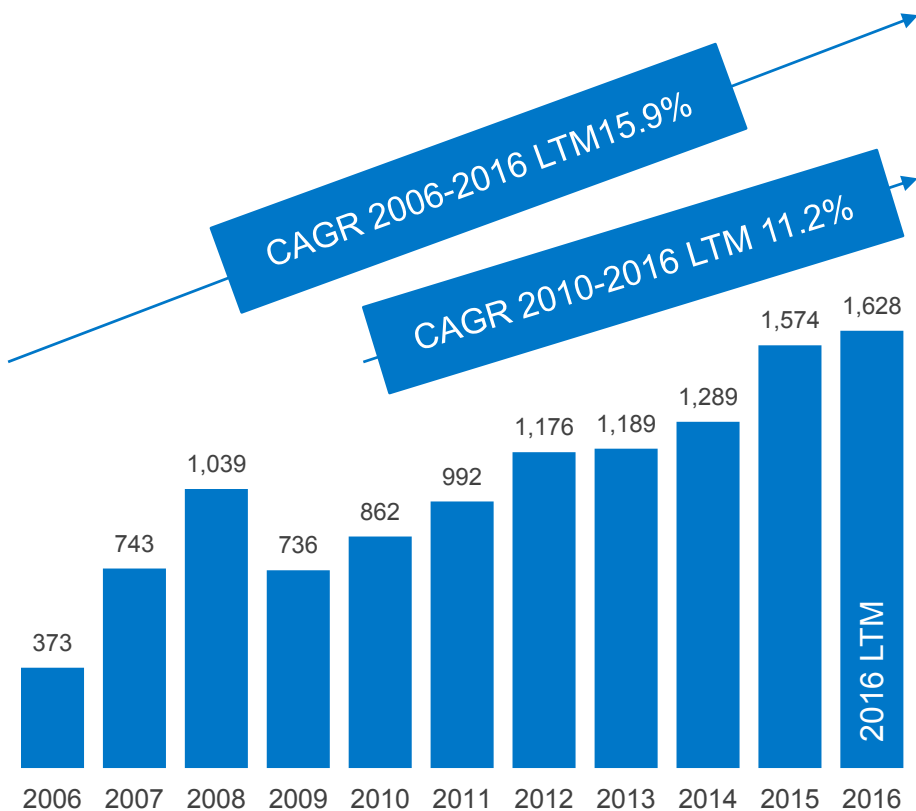


Share of sales	54%
Operations	Development, assembly and marketing of attachment for excavators and cranes. Earth drills
Geographical focus	Global
Customer market	Broad range of industries including construction, demolition, railway and scrap processing
Market position	World-wide market leader in attachments for cranes and one of the market leaders in attachments for excavators

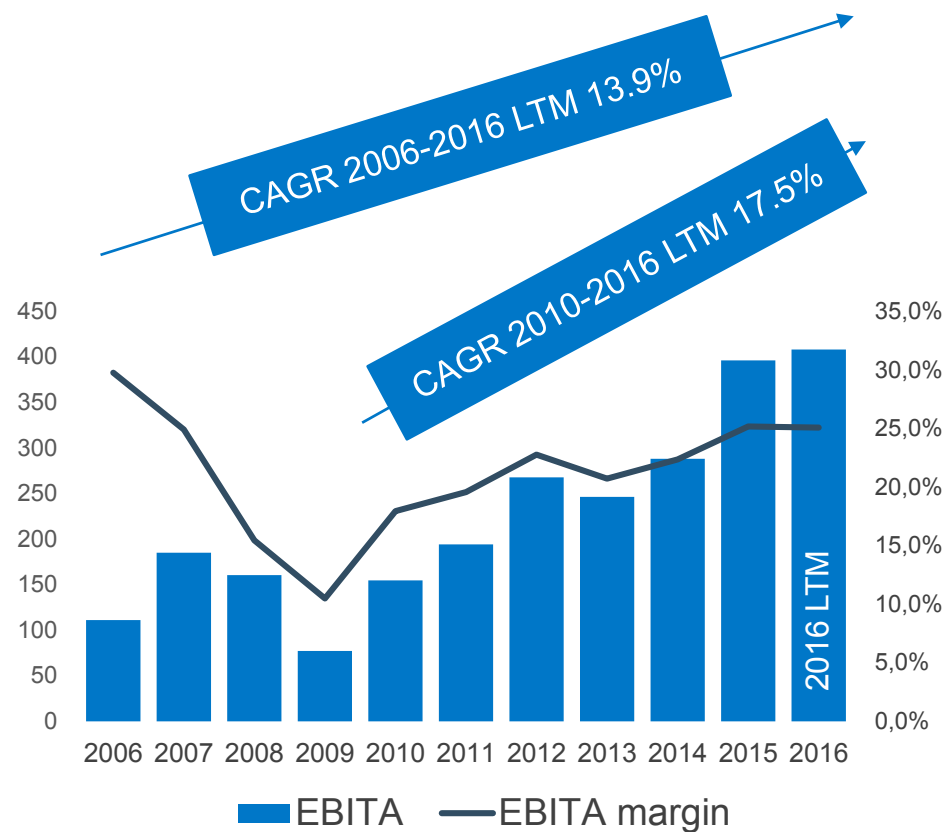
DEMOLITION & TOOLS FINANCIAL OVERVIEW



Sales (MSEK)



EBITA (MSEK) and EBITA margin



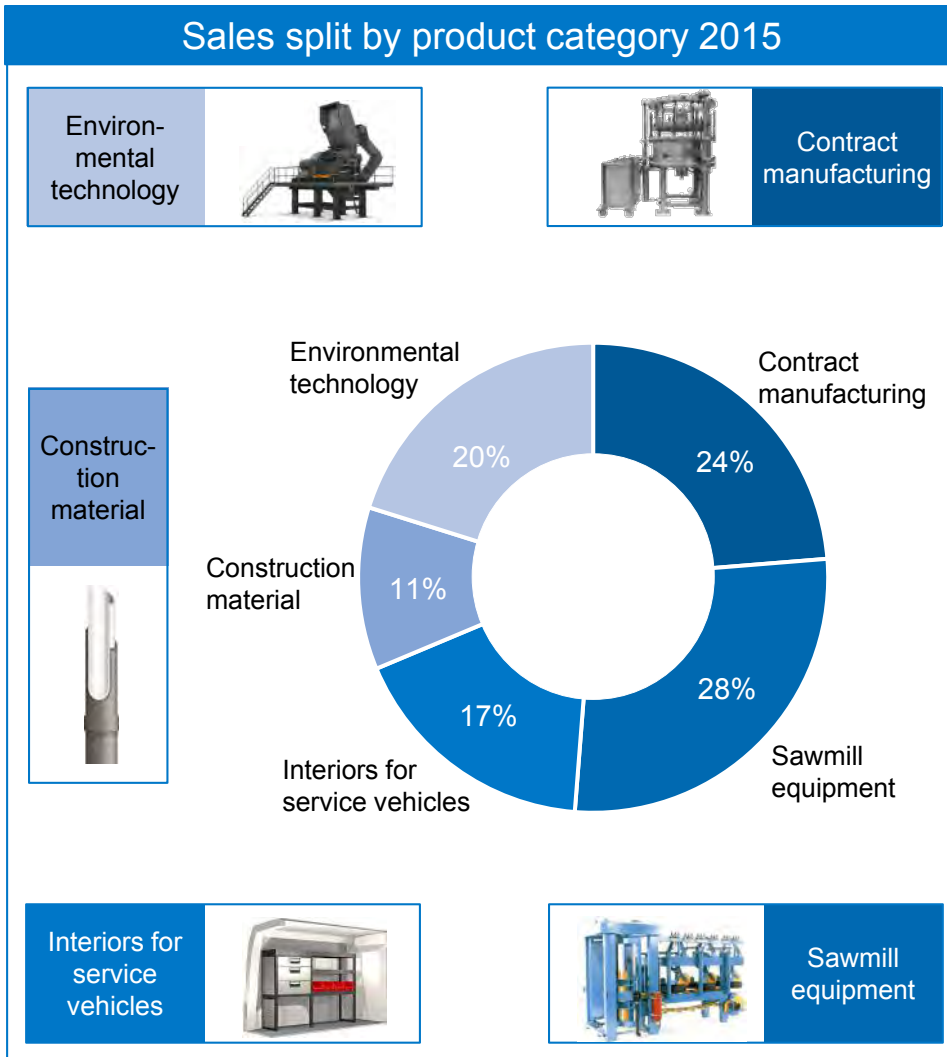
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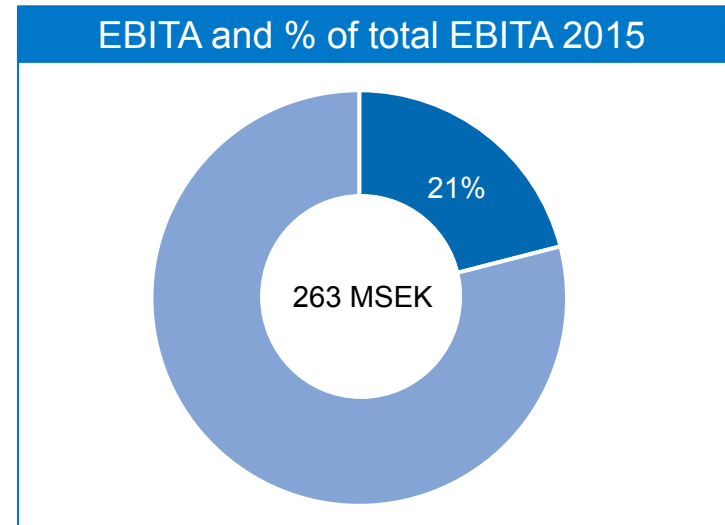
SYSTEMS SOLUTIONS



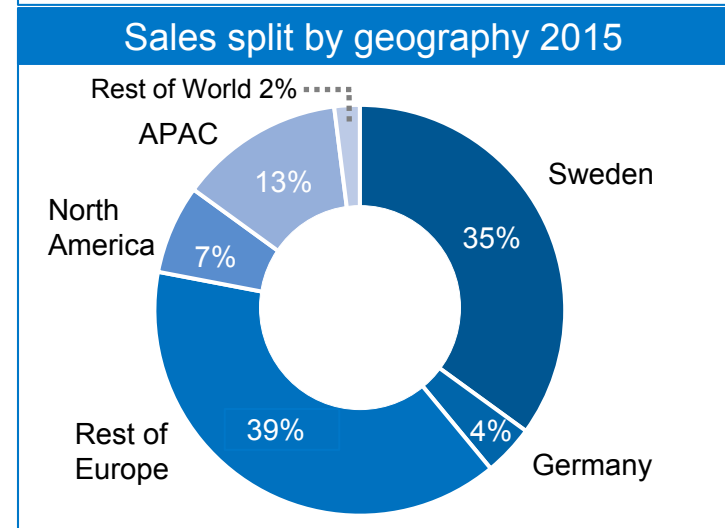
Sales split by product category 2015



EBITA and % of total EBITA 2015








Sales split by geography 2015



1) Excluding HQ costs

LEADING COMPANIES WITHIN SPECIFIC NICHEs

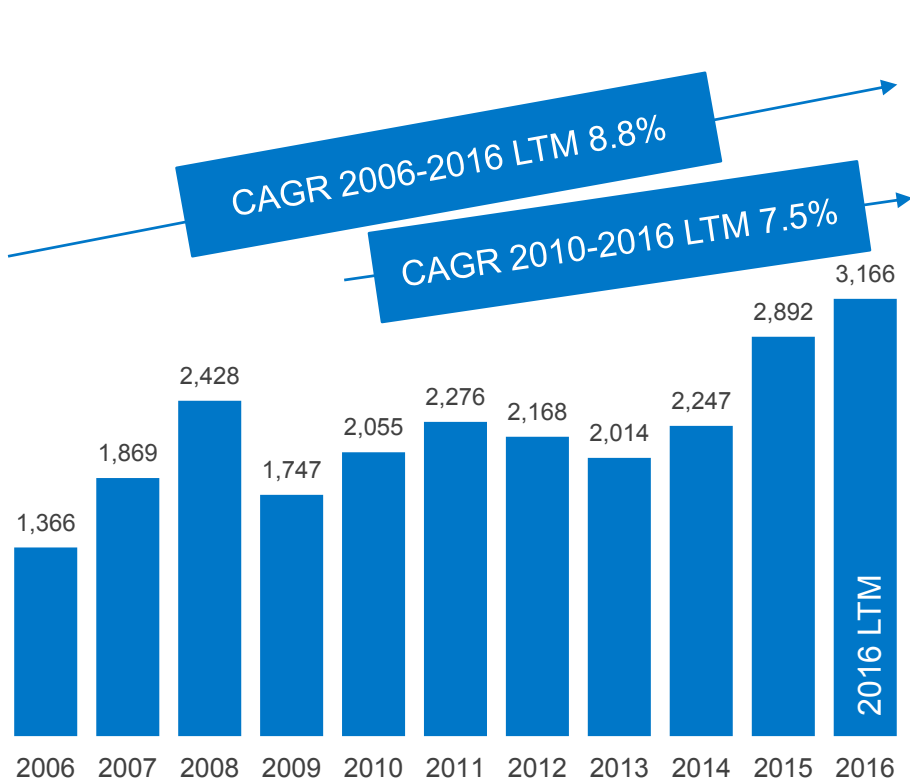


	Contract manufacturing	Construction material	Interiors for vehicles	Sawmill equipment	Environmental technology
					
Share of sales 2015	<ul style="list-style-type: none"> • 24% 	<ul style="list-style-type: none"> • 11% 	<ul style="list-style-type: none"> • 17% 	<ul style="list-style-type: none"> • 28% 	<ul style="list-style-type: none"> • 20%
Operations	<ul style="list-style-type: none"> • Contract manufacturing of electrical components and products 	<ul style="list-style-type: none"> • Replacement of runoff water and drainage plumbing; supplier of low voltage electrical supplies 	<ul style="list-style-type: none"> • Interior modules for light trucks 	<ul style="list-style-type: none"> • Equipment for sawmills 	<ul style="list-style-type: none"> • Equipment for recycling plants and cables
Geographic focus	<ul style="list-style-type: none"> • Nordics 	<ul style="list-style-type: none"> • Europe 	<ul style="list-style-type: none"> • Europe 	<ul style="list-style-type: none"> • Nordics, Baltics and Russia 	<ul style="list-style-type: none"> • Global
Customer markets	<ul style="list-style-type: none"> • Mainly companies within heavy industry and medical technology 	<ul style="list-style-type: none"> • Private and professional property owners; the professional power industry 	<ul style="list-style-type: none"> • Mainly energy and construction companies 	<ul style="list-style-type: none"> • Sawmills 	<ul style="list-style-type: none"> • Recycling companies
Market position	<ul style="list-style-type: none"> • Lifco is one of the leading companies in specific product areas 	<ul style="list-style-type: none"> • Lifco is one of the leading companies in its markets 	<ul style="list-style-type: none"> • Lifco is one of the leading companies in its markets 	<ul style="list-style-type: none"> • Lifco is one of the leading companies in its markets 	<ul style="list-style-type: none"> • Lifco is one of the leading companies in specific product areas i.e. tire and cable recycling

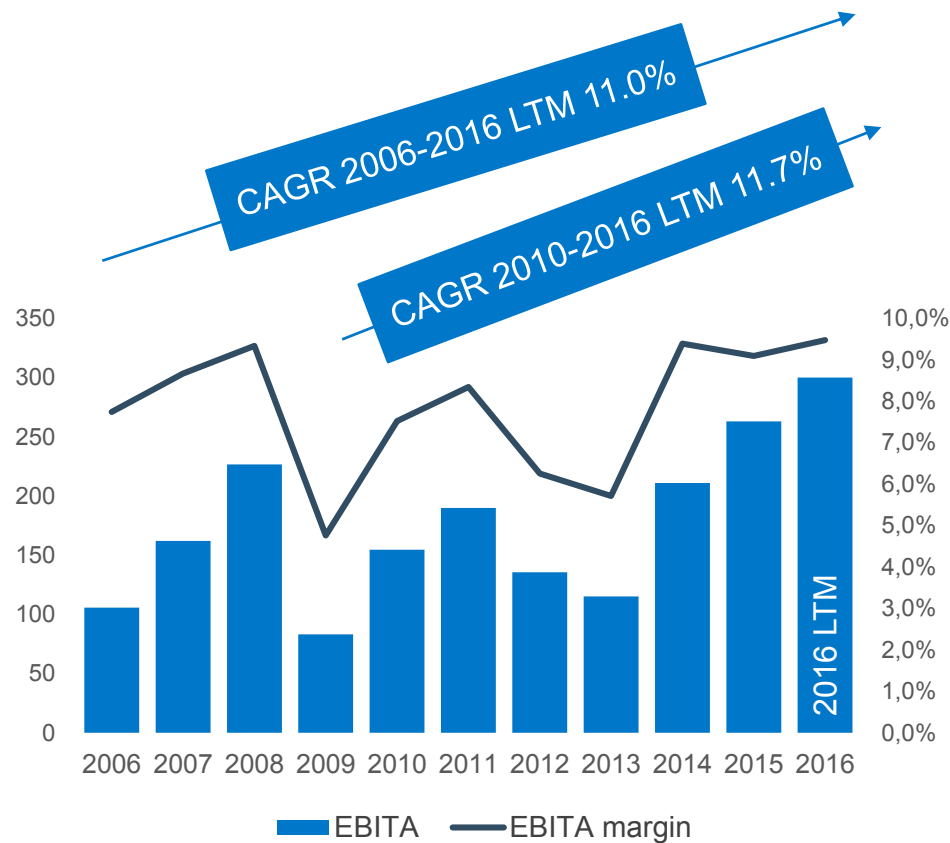
SYSTEMS SOLUTIONS FINANCIAL OVERVIEW



Sales (MSEK)



EBITA (MSEK) and EBITA margin



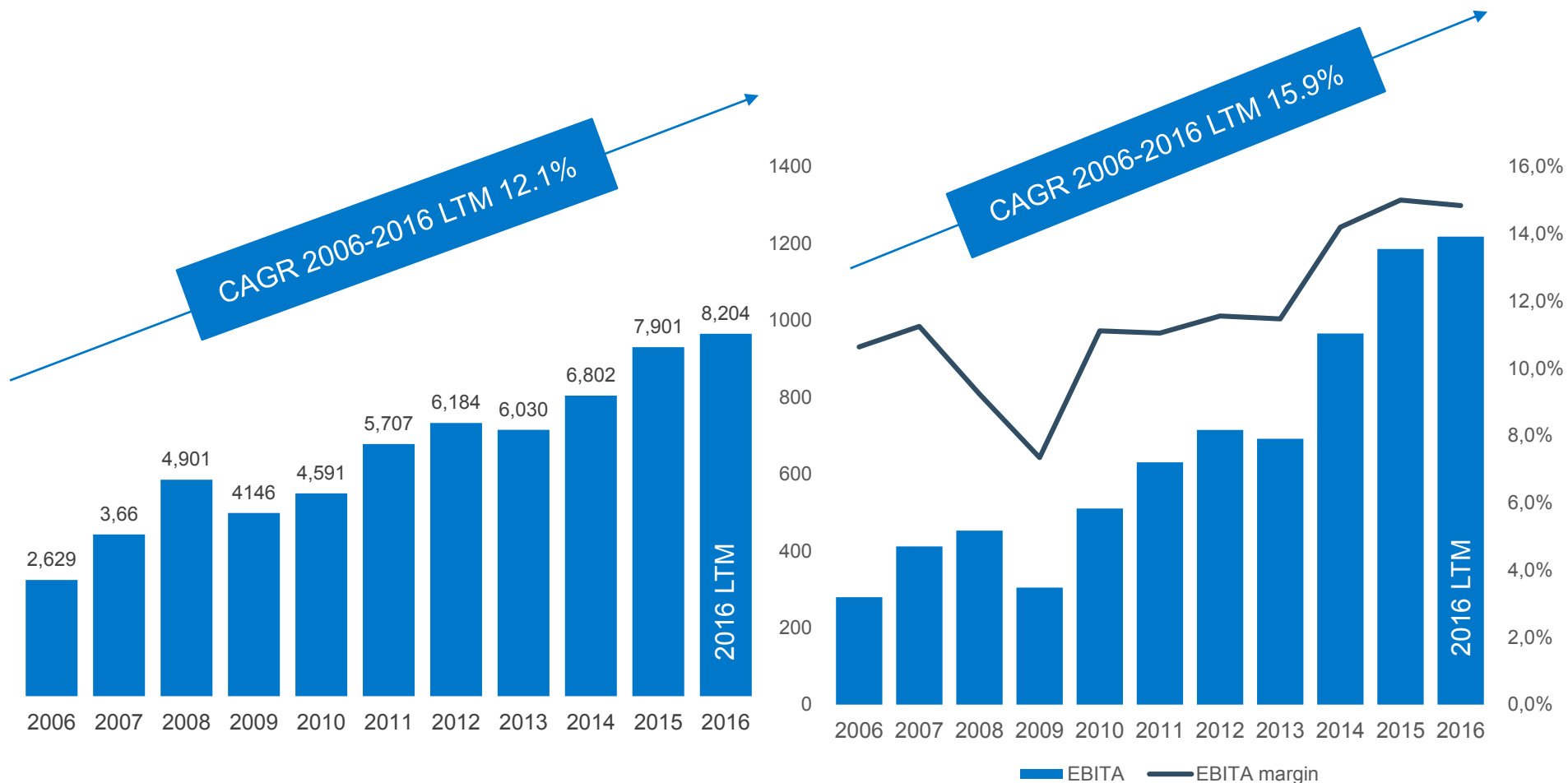
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LIFCO GROUP FINANCIAL OVERVIEW

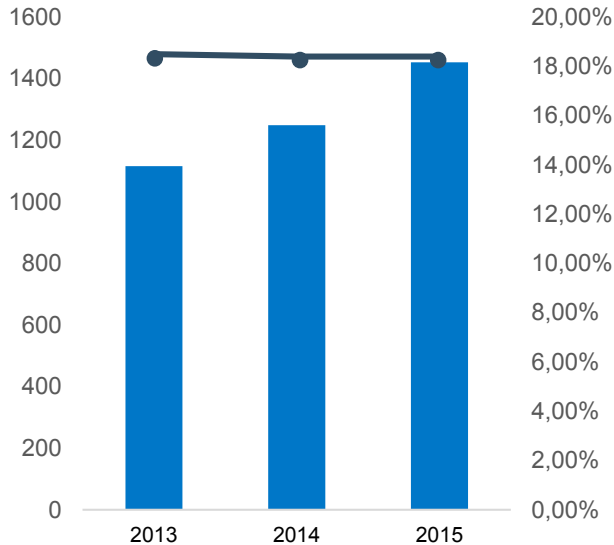
Sales (MSEK)

EBITA (MSEK) and EBITA margin

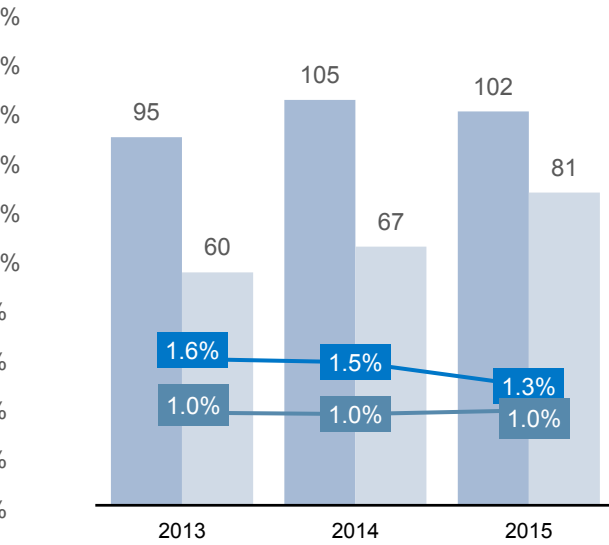


STRONG CASH FLOW GENERATION

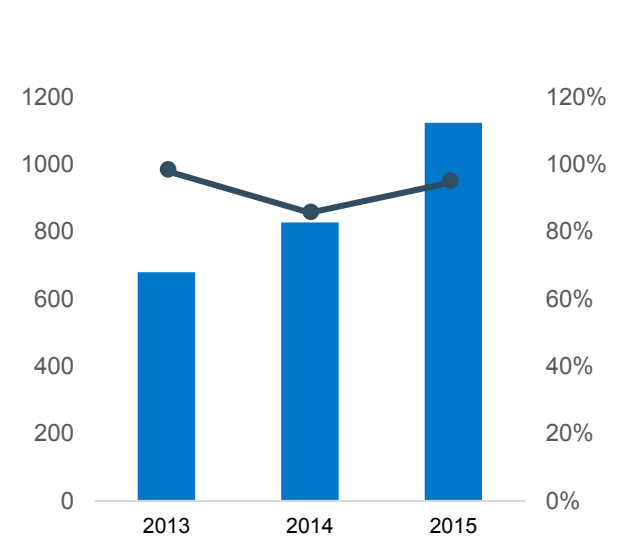
Core net working capital¹



Capex and depreciation²



Operating pre-tax cash flow



■ NWC (SEKm) — NWC as % of sales
 1,212

■ Capex (SEKm) ■ Depreciation (SEKm)
■ Capex as % of sales — Depreciation as % of sales

■ Oper. pre-tax cash flow (SEKm)³ — Cash flow conversion (%)⁴

- Focus on working capital through mathematical depreciation of inventory and receivables

- Low required maintenance capex within the group
- Due to outsourcing of a large share of basic manufacturing, investments in subsidiaries with own production can be minimised

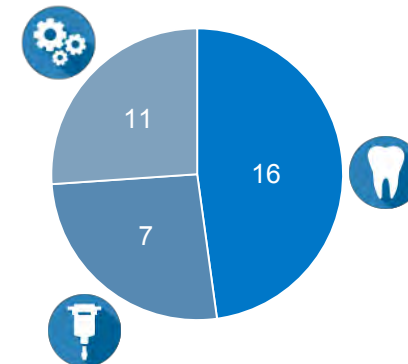
- High cash conversion as a result of focus on asset light operations combined with tight control of working capital

1) Refers to investments in and depreciation of tangible fixed assets
 2) Operating pre-tax cash flow defined as EBITDA – change in NWC (according to cash flow statement) – investments in tangible fixed assets
 3) Cash flow conversion defined as operating pre-tax cash flow divided by EBITA

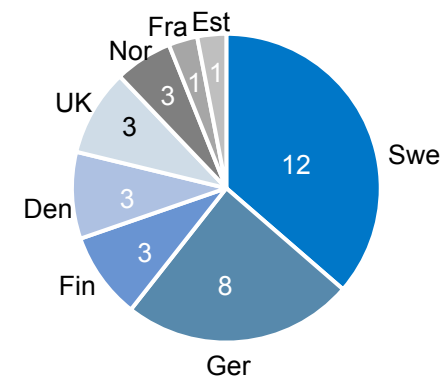
OVERVIEW OF ACQUISITIONS 2006-2014

Year	Company	Description	Type	Country	Sales at acquisition
2006	Darda	Producer of attachments for demolition robots	Demolition & Tools	Germany	MEUR 8
	Dental Prime	Distributor of dental equipment and services	Dental	Finland	MEUR 3
	Elektronikprodukter i Järlåsa	Producer of high quality electronics	Systems Solutions	Sweden	MSEK 30
2007	Hekotek	Producer of sawmill equipment	Systems Solutions	Estonia	MEUR 13
	Kinshofer	Producer of tools for excavators and cranes	Demolition & Tools	Germany	MEUR 66
	Oriola Dental	Distributor of consumables and equipment	Dental	Finland	MEUR 45
	Plass Data Dental	Producer of IT-systems for dental clinics	Dental	Denmark	MDKK 7
	Proline	Relining of plumbing systems	Systems Solutions	Sweden	MSEK 120
	Safe Dental	IT services to dental clinics	Dental	Sweden	MSEK 2
	Zetterströms Rostfria	Producer of quality products in stainless steel	Systems Solutions	Sweden	MSEK 50
2008	Endomark	Distributor of consumables and equipment	Dental	Sweden	MSEK 9
	Tevo	Producer of interiors for vehicles	Systems Solutions	UK	MGBP 8
	XO Care Denmark A/S	Distributor of dental equipment and services	Dental	Denmark	MDKK 77
2009	Aponox	Producer of tools for excavators and cranes	Demolition & Tools	Finland	-
	Ellman Produkter	Distributor of consumables	Dental	Sweden	MSEK 43
	Interdental	Distributor of prosthetics	Dental	Norway	MSEK 10
2010	ATC	Distributor of Brokk machines	Demolition & Tools	France	MEUR 5
2011	EDP	Distributor of consumables and equipment	Dental	Germany	MEUR 119
	NETdental	Distributor of consumables	Dental	Germany	MEUR 20
	RF-System	Producer of tools for excavators and cranes	Demolition & Tools	Sweden	MSEK 80
	Wintech	Producer of high quality electronics	Systems Solutions	Sweden	MSEK 125
2012	Ahlberg Cameras	Producer of camera systems for the nuclear industry	Demolition & Tools	Sweden	MSEK 73
2014	MDH	Producer of dental prosthetics	Dental	Germany	MEUR 44

Segment split - # of acquisitions



Country split - # of acquisitions



- Majority of acquisitions have been add-ons to existing companies – but most continue to be operated autonomously

OVERVIEW OF ACQUISITIONS 2015-

Year	Company	Description	Type	Country	Sales at acquisition
2015	Auger Torque	Producer of earth drills	Demolition & Tools	UK	MGBP 10
	Auto-Maskin	Diesel control units for marine use	Systems Solutions	Norway	MNOK 130
	Endodonti products	Dental products	Dental	Sweden	MSEK 10
	J.H. Orsing	Dental products	Dental	Sweden	MSEK 20
	Preventum Partner	Accounting services & quality systems	Dental	Sweden	MSEK 10
	Rapid Granulator	Manufacturer of granulators	Systems Solutions	Sweden	MSEK 300
	Sanistål interior for vehicles	Producer of interiors for vehicles	Systems Solutions	Denmark	MDKK 25
	Smilodent	Dental products	Dental	Germany	MEUR 4.8
2016	Top Dental	Manufacturer of disinfectants	Dental	UK	MGBP 3.4
	Cenika AS	Electrical equipment for low voltage	Systems Solutions	Norway	MNOK 160
	Dens Esthetix	Prosthetics	Dental	Germany	MEUR 1.4
	Praezimed	Service of dental instruments	Dental	Germany	MEUR 2.5
	Redoma Recycling	Producer of recycling machines for cables	Systems Solutions	Sweden	MSEK 25
TMC/Nessco	Supplier of marine compressors and spare parts	Systems Solutions	Norway	MNOK 525	

FINANCIAL TARGETS

Growth in EBITA

- Organic growth in EBITA in excess of GDP growth in relevant geographies
- Acquisitions to add additional growth

EBITA/Capital employed¹

- More than 50%

Net debt/EBITDA

- Normally in the range 2-3x

Dividend policy as % of net profit

- Distribute 30-50% of net profit

1) Excluding goodwill and other intangible assets

KEY CONSIDERATIONS

- Wide diversification with regards to customers, geography, products and suppliers.
- Strong market positions in the Nordic markets in the Dental segment (top 2-3) and Demolition & Tools segment (global #1)
- Diversification and cash flow focus support low cyclical, the Dental segment is essentially non-cyclical
- Solid history of generating stable EBITDA margins and underlying, organic earnings growth.
- Strong cash flow and deleveraging capabilities
- Strong, long-term majority owner
- Proven track record of acquisition driven strategy

FINANCIALS FY AND Q1

GROUP	FY 2014	FY 2015	Change	Q1 2015	Q1 2016	Change
Net sales, MSEK	6,802	7,901	16.2%	1,748	2,051	17.3%
EBITA, MSEK	966	1,186	22.8%	242	274	13.3%
EBITA margin	14.2%	15.0%	0.8	13.8%	13.4%	-0.4

DENTAL	FY 2014	FY 2015	Change	Q1 2015	Q1 2016	Change
Net sales, MSEK	3,266	3,435	5.2%	894	868	-2.9%
EBITA, MSEK	543	614	13.0%	170	155	-8.6%
EBITA margin	16.6%	17.9%	1.3	19.0%	17.9%	-1.1

DEMOLITION & TOOLS	FY 2014	FY 2015	Change	Q1 2015	Q1 2016	Change
Net sales, MSEK	1,289	1,574	22.1%	329	384	16.6%
EBITA, MSEK	288	396	37.5%	66	79	18.9%
EBITA margin	22.3%	25.1%	2.8	20.2%	20.6%	0.4

SYSTEMS SOLUTIONS	FY 2014	FY 2015	Change	Q1 2015	Q1 2016	Change
Net sales, MSEK	2,247	2,892	28.7%	525	799	52.2%
EBITA, MSEK	211	263	25.0%	27	64	134%
EBITA margin	9.4%	9.1%	-0.3	5.2%	8.0%	2.8

LIFCO GROUP BALANCE SHEET

Comments

- Interest bearing net debt increased 413 MSEK to 2,779 MSEK due to acquisitions of 1.2 BSEK
- At the end of the quarter, Lifco had significant financial scope for new acquisitions and still keep Net debt/EBITDA below 3x
- ROCE excluding goodwill and other intangible assets 128% (123% Dec 31, 2015) – target >50%
- Net debt/EBITDA 2.1x (target 2-3x)

Balance sheet

	31 Mar 2015	31 Dec 2015	31 Mar 2016
Intangible fixed assets	4,972	5,010	5,983
Tangible fixed assets	414	417	437
Financial assets	55	87	88
Inventory	1,026	960	1,135
Accounts receivable	900	863	1,026
Other receivables	246	257	266
Cash and cash equivalents	624	464	438
Total assets	8,237	8,058	9,373
Shareholders' equity	3,602	3,964	4,174
Interest-bearing liabilities	3,037	2,444	3,234
Other liabilities and provisions	316	371	489
Accounts payable	436	370	549
Other short-term liabilities	846	909	927
Total equity and liabilities	8,237	8,058	9,373
Net debt	2,366	1,950	2,779
Net debt/EBITDA	2.2x	1.5x	2.1x
Capital employed excl. goodwill and other intang. assets	911	966	952
ROCE excl. goodwill and other intangible assets	112%	123%	128%
Capital employed incl. goodwill and other intang. assets	5,593	5,965	6,203
ROCE incl. goodwill and other intangible assets	17.8%	19.9%	19.6%

GROWTH OR PROFIT?

PROFIT GROWTH!

DISCLAIMER

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