LIFCO

15 February 2017

YEAR-END REPORT 2016

Reporting period January – December

- Net sales increased by 13.7 per cent to SEK 8,987 (7,901) million. Organically, net sales grew by 2.5 per cent
- EBITA* increased by 16.1 per cent to SEK 1,377 (1,186) million
- The EBITA margin* increased to 15.3 (15.0) per cent
- Earnings before tax grew by 12.7 per cent to SEK 1,219 (1,082) million
- Net profit for the period grew by 12.4 per cent to SEK 927 (825) million
- Earnings per share increased by 12.1 per cent to SEK 9.99 (8.91)
- Cash flow from operating activities remained strong, increasing by 14.4 per cent to SEK 1,084 (948) million
- During the year Lifco announced the acquisition of eleven businesses with combined annual sales of SEK 1,253 million
- A dividend of SEK 3.50 (3.00) per share is proposed, representing a total distribution of SEK 318.0 (272.5) million

Reporting period October – December

- Net sales increased by 14.8 per cent to SEK 2,435 (2,121) million. Organically, net sales decreased by 1.6 per cent
- EBITA* increased by 17.8 per cent to SEK 380 (323) million
- The EBITA margin* increased to 15.6 (15.2) per cent
- Earnings before tax grew by 14.6 per cent to SEK 330 (288) million
- Net profit for the period grew by 9.5 per cent to SEK 260 (238) million
- Cash flow from operating activities increased by 18.5 per cent to SEK 400 (338) million
- After the end of the quarter, Lifco acquired Haglöf Sweden which is consolidated in business area Systems Solutions' division Forest and Hultdin System which is consolidated in business area Demolition & Tools

Summary of financial performance

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Net sales	8,987	7,901	13.7%	2,435	2,121	14.8%
EBITA*	1,377	1,186	16.1%	380	323	17.8%
EBITA margin*	15.3%	15.0%	0.3	15.6%	15.2%	0.4
Profit before tax	1,219	1,082	12.7%	330	288	14.6%
Net profit for the period	927	825	12.4%	260	238	9.5%
Earnings per share	9.99	8.91	12.1%	2.80	2.58	8.5%
Return on capital employed	18.7%	19.9%	-1.2	18.7%	19.9%	-1.2
Return on capital employed excl. goodwill	141%	123%	18	141%	123%	18

* Before restructuring, integration and acquisition costs.

COMMENTS FROM THE CEO

Net sales increased by 13.7 per cent in 2016, to SEK 8,987 (7,901) million, driven by organic growth as well as acquisitions. All three business areas increased their sales and earnings during the year. The market environment in the three business areas remained generally favourable.

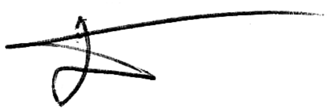
EBITA before restructuring, integration and acquisition costs increased by 16.1 per cent to SEK 1,377 (1,186) million during the year while the EBITA margin expanded by 0.3 percentage points, to 15.3 (15.0) per cent. Earnings per share increased by 12.1 per cent in 2016, to SEK 9.99 (8.91).

Profitability in the Dental business remained stable during the year. Although sales growth was good in Demolition & Tools, margin growth was disappointing. The EBITA margin in Demolition & Tools was hit by a less favourable sales mix, inventory impairment and a weak pound. Earnings in the Systems Solutions business area grew at a robust pace in 2016. Lifco works continuously to improve its product portfolios, strengthen its distribution systems and improve productivity in the Group's companies. The earnings impact of such measures will fluctuate from one quarter to the next, however.

Cash flow from operating activities remained strong, increasing by 14.4 per cent over the year to SEK 1,084 (948) million

We have continued to deliver on our strategy of investing in market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. In 2016 Lifco consolidated eleven new businesses with combined annual sales of SEK 1,253 million, see also pages 7 and 16. The acquisitions had a positive impact on Lifco's results and financial position during the year.

Even after the acquisitions made in 2016 we still have significant financial scope for further acquisitions, as net debt is 2.0 times EBITDA before restructuring, integration and acquisition costs, well below our target of a net debt of less than three times EBITDA.



Fredrik Karlsson
CEO

LIFCO

GROUP PERFORMANCE IN JANUARY – DECEMBER

Net sales increased by 13.7 per cent to SEK 8,987 (7,901) million, driven by acquisitions and organic growth. Acquisitions contributed 11.3 per cent and organic growth 2.5 per cent while changes in exchange rates had a negative impact of 0.1 per cent. Eleven new businesses were consolidated during the year.

EBITA* increased by 16.1 per cent to SEK 1,377 (1,186) million and the EBITA margin* improved to 15.3 (15.0) per cent. EBITA* improved on the back of organic growth and acquisitions. In 2016, 40 per cent of EBITA* was generated in EUR, 28 per cent in SEK, 13 per cent in NOK, 6 per cent in DKK, 5 per cent in USD, 4 per cent in GBP and 4 per cent in other currencies.

Earnings before tax increased by 12.7 per cent to SEK 1,219 (1,082) million. Net profit grew by 12.4 per cent to SEK 927 (825) million.

Average capital employed excluding goodwill increased marginally from 31 December 2015 to SEK 974 (966) million. EBITA* in relation to average capital employed excluding goodwill increased to 141 (123) per cent. The improvement was due to a higher profit and good control of capital employed.

The Group’s net interest-bearing debt increased by SEK 1,068 million in 2016 to SEK 3,018 million. The net debt/equity ratio was 0.6 (0.5) at year-end and net debt to EBITDA* was 2.0 (1.5) times.

Cash flow from operating activities improved by 14.4 per cent to SEK 1,084 (948) million compared with 2015. The continued strong cash flow was due to a higher profit and good control of capital employed. Cash flow from investing activities was SEK -1,721 (-664) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE FOURTH QUARTER

Net sales increased by 14.8 per cent to SEK 2,435 (2,121) million, driven by acquisitions. Acquisitions accounted for 13.7 per cent of the increase and changes in exchange rates added 2.7 per cent while sales declined organically by 1.6 per cent.

EBITA* increased by 17.8 per cent to SEK 380 (323) million and the EBITA margin* improved by 0.4 percentage points to 15.6 (15.2) per cent. EBITA* improved through acquisitions. The EBITA margin in Demolition & Tools was hit by a less favourable sales mix, inventory impairment and a weak pound. Changes in exchange rates had a positive impact on consolidated EBITA* of 2.8 percentage points. In the final three months of the year 38 per cent of EBITA* was generated in EUR, 29 per cent in SEK, 17 per cent in NOK, 6 per cent in USD, 5 per cent in DKK, 1 per cent in GBP and 4 per cent in other currencies.

Earnings before tax increased by 14.6 per cent to SEK 330 (288) million. Net profit grew by 9.5 per cent to SEK 260 (238) million.

Average capital employed excluding goodwill increased by SEK 5 million over the three-month period to SEK 974 million at 31 December 2016, compared with SEK 969 million at 30 September 2016. EBITA in relation to average capital employed excluding goodwill improved by 5 percentage point from 30 September 2016. The improvement was due chiefly to a higher profit and good control of capital employed.

The Group's net interest-bearing debt decreased by SEK 277 million to SEK 3,018 million over the three-month period. The net debt/equity ratio decreased from 0.7 to 0.6 over the three-month period. At the end of the period 40 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities improved by 18.5 per cent to SEK 400 (338) million during the three-month period. Cash flow from investing activities was SEK -121 (-94) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Net sales	3,590	3,435	4.5%	1,014	922	9.9%
EBITA*	655	614	6.6%	183	164	11.0%
EBITA margin*	18.2%	17.9%	0.3	18.0%	17.9%	0.1

The companies in Dental are leading suppliers of consumables, equipment and technical service for dentists across Europe and the business area also operates in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark and Sweden. The business area also includes a number of small manufacturers which produce disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world.

Dental's net sales grew by 4.5 per cent to SEK 3,590 (3,435) million in 2016. The acquisitions of Smilodent, Preventum Partner, Dens Esthetix, Praezimed, Parkell and Design Dental had a positive impact on net sales in 2016.

EBITA* improved by 6.6 per cent to SEK 655 (614) million during the year and the EBITA margin* increased to 18.2 (17.9) per cent.

The dental market remains generally stable. The results for 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-sectors customers as well as fluctuations in the delivery of equipment. In 2016 there were no individual events having a substantial impact on the earnings of the dental group as a whole.

The acquisition of endodontic products that was announced in December 2015 was consolidated as of January 2016. The business had a turnover of around SEK 10 million in 2015. In February 2016 Lifco consolidated two acquisitions in Dental: the German dental laboratory Dens Esthetix and the German dental company Praezimed. Dens Esthetix had net sales of around EUR 1.4 million in 2015 and has 14 employees. Praezimed provides servicing and repair of dental instruments used by dentists and dental laboratories in Germany. Praezimed had net sales of around EUR 2.5 million in 2015 and has 15 employees. The acquisition of US dental company Parkell was completed in the third quarter 2016. The company produces and sells dental consumables and small equipment used by dentists. The products are sold mainly in the US but to some extent also internationally. Parkell had a turnover of around USD 29 million in 2015. The company was consolidated from September 2016. In December 2016, the Danish dental company Design Dental was consolidated. The company, which imports and produces dental technology in Denmark using digital technology, had sales of around DKK 13 million 2015.

Demolition & Tools

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Net sales	1,726	1,574	9.7%	441	436	1.4%
EBITA*	398	396	0.5%	101	123	-18.1%
EBITA margin*	23.0%	25.1%	-2.1	22.8%	28.2%	-5.4

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 operations are divided into two divisions – Demolition Robots and Crane & Excavator Attachments – which are of roughly equal size in terms of sales.

Net sales increased by 9.7 per cent in 2016 to SEK 1,726 (1,574) million. The market situation was generally good and sales increased in the majority of markets. Among the larger markets, Germany, France, China and the Nordic region saw the fastest growth.

Despite good sales growth, the EBITA margin fell during the year due to a less favourable sales mix, inventory impairment and a weak pound. EBITA* increased slightly over the year by 0.5 per cent to SEK 398 (396) million and the EBITA margin* was 23.0 (25.1) per cent. Lifco works continuously to improve its product portfolios, strengthen its distribution systems and improve productivity in the Group's companies. The earnings impact of such measures will fluctuate from one quarter to the next, however.

In December 2016 the majority of the Swedish company Aquajet Systems, which manufactures hydrodemolition robots, was consolidated. Aquajet Systems is a world leader in its market niche and generated sales of around SEK 60 million in 2015. The company has 20 employees.

Systems Solutions

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Net sales	3,671	2,892	26.9%	980	763	28.3%
EBITA*	421	263	59.9%	125	59	112%
EBITA margin*	11.5%	9.1%	2.4	12.8%	7.7%	5.1

Through its operating units Systems Solutions operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology, Forest and Construction Materials. The divisions are leading players in their geographic markets. Following the acquisition of Cenika in January 2016, the Relining division has changed its name to Construction Materials. After the acquisition of Haglöf Sweden, which was announced in December 2016, the Sawmill Equipment division changed its name to Forest.

Net sales in Systems Solutions increased by 26.9 per cent to SEK 3,671 (2,892) million and all divisions except Forest increased their sales during the year.

EBITA* increased by 59.9 per cent to SEK 421 (263) million in 2016. All divisions, with the exception of Forest, improved their results and the EBITA margin* increased to 11.5 (9.1) per cent. Lifco works continuously to improve its product portfolios, strengthen its distribution systems and improve productivity in the Group’s companies. The earnings impact of such measures will fluctuate from one quarter to the next, however.

Interiors for Service Vehicles grew both in terms of sales and profitability in 2016 thanks to increased sales activities and an improved product range as well as an increase in the number of registered light commercial vehicles in Europe.

Contract Manufacturing performed well in a stable market. The division’s customers include world-leading manufacturers of equipment for the pharmaceutical industry as well as manufacturers of railway equipment, which require a high standard of quality as well as delivery flexibility and documentation. At the end of December 2015, it was announced that Lifco had acquired Auto-Maskin of Norway, a leading supplier of control and monitoring systems for marine diesel engines. Auto-Maskin generated net sales of around NOK 130 million in 2015 and has 65 employees. The company was consolidated from January 2016.

Environmental Technology performed well during the year. In January 2016 Lifco acquired Redoma Recycling, a Swedish company specialising in the development and manufacture of recycling machinery for small and medium cables. Redoma Recycling generated net sales of around SEK 25 million in 2015 and has eight employees. In February 2016, it was announced that Lifco had acquired TMC/Nessco of Norway, a world-leading supplier of marine compressors and spare parts.

TMC/Nessco generated net sales of approximately NOK 525 million in 2015 and has about 90 employees. The company was consolidated from March 2016.

In Forest (formerly Sawmill Equipment) both sales and earnings decreased in 2016. The decline is due to certain problems in individual projects. In September 2016, AriVislanda AB and Renholmen AB were sold in the division. Both companies sell equipment to sawmills and had a combined turnover of SEK 153 million in 2015. The companies have 63 employees in total. In December 2016, it was announced that Lifco had acquired Haglöf Sweden, a world-leading supplier of instruments for professional forestry surveyors. Haglöf Sweden generated sales of around SEK 60 million in the financial year 2015/16 and has 43 employees.

Construction Materials (formerly Relining) reported good sales and earnings growth in 2016 thanks to Lifco's acquisition of a majority stake in Cenika of Norway at the beginning of the year as well as good organic growth. Cenika, which was consolidated from February 2016, is a leading supplier of low-voltage electrical equipment. Cenika generated net sales of NOK 160 million in 2015 and has about 30 employees. In August 2016 Lifco announced that it had acquired Nordesign of Norway, a supplier of LED lighting for the Scandinavia market. Nordesign generated net sales of approximately NOK 64 million in 2015 and has 18 employees. The company was consolidated from September 2016.

ACQUISITIONS AND SALES IN 2016

During the year Lifco consolidated the following acquisitions and made the following sales:

Consolidated from month	Acquisition	Business area	Net sales	Employees
January	Auto-Maskin	Systems Solutions	NOK 130m	65
January	Endodontiprodukter	Dental	SEK 10m	-
January	Redoma Recycling	Systems Solutions	SEK 25m	8
February	Cenika	Systems Solutions	NOK 160m	30
February	Dens Esthetix	Dental	EUR 1.4m	14
February	Praezimed	Dental	EUR 2.5m	15
March	TMC/Nessco	Systems Solutions	NOK 525m	90
September	Nordesign	Systems Solutions	NOK 64m	18
September	Parkell	Dental	USD 29m	100
December	Design Dental	Dental	DKK 13m	9
December	Aquajet Systems	Demolition & Tools	SEK 60m	20
Consolidated until month	**Sale**	**Former business area**	**Net sales**	**Employees**
September	AriVislanda	Systems Solutions	SEK 68m	28
September	Renholmen	Systems Solutions	SEK 85m	35

Further information on acquisitions is provided on page 16 of the year-end report. The figures for net sales and number of employees refer to the 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. The sales are not material to the financial position of the Group or of the Forest division and did not have a material impact on Lifco's results and financial position in 2016.

On December 30, 2016, the acquisition of Haglöf Sweden was announced. Haglöf Sweden is a world-leading supplier of instruments for professional forestry surveyors. Haglöf Sweden generated sales of around SEK 60 million in the financial year 2015/16 and has 43 employees. Haglöf Sweden will be consolidated in business area Systems Solutions division Forest (previously Sawmill Equipment) in February 2017.

On February 14, 2017, the acquisition of Hultdins System was announced which is a leading manufacturer of tools and accessories for forestry and other heavy equipment industries. In the financial year 2015/16, Hultdins reported net sales of 152.4 MSEK and the company has 66 employees. Hultdins will be consolidated in business area Demolition & Tools.

The acquisitions will not have any significant effect on Lifco's earnings or financial position in current financial year.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees in 2016 was 3,524 (3,369) and the number of employees at the end of the period was 3,627 (3,386). In 2016, acquisitions added 370 employees.

Events after the end of the reporting period

In January 2017, the acquisition of Haglöf Sweden was finalized. On February 14, 2017, the acquisition of Hultdin System was announced.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 3.50 per share for 2017, representing a total distribution of SEK 318.0 million. This represents 34 per cent of the net profit for the year, which is in line with Lifco's dividend policy. The proposed record date is Monday 8 May 2017. Euroclear expects to be able to send the dividend to the shareholders on Thursday 11 May 2017, subject to a resolution of the Annual General Meeting.

Related-party transactions

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

Risks and uncertainties

The risk factors which have the biggest impact for Lifco are the competitive situation, structural changes in the market and the strength of the economy. Lifco is also exposed to financial risks, including currency risks, interest rate risks, credit and counterparty risks.

The Parent Company is affected by the above risks and uncertainties through its function as owner of the subsidiaries.

For further information on Lifco's risks and risk management, see the annual report for 2015.

Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting principles have been applied in accordance with those which are presented in the annual report for 2015 and should be read in conjunction with these. 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 and a reconciliation with the financial statements is presented on pages 21-22.

This report has not been examined by the Company's auditors.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this year-end report gives a true and fair view of the Parent Company's and Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, 15 February 2017

Carl Bennet Chairman of the Board	*Gabriel Danielsson* Director	*Ulrika Dellby* Director
Annika Espander Jansson Director	*Erik Gabrielson* Director	*Ulf Grunander* Director
Fredrik Karlsson President and CEO, Director	*Johan Stern* Vice Chairman	*Axel Wachtmeister* Director

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FINANCIAL CALENDAR

The annual report for 2016 will be published in week 14
The report for the first quarter will be published on 4 May
The Annual General Meeting will be held on 4 May, at 3 p.m., at Bonnierhuset, Torsgatan 21, Stockholm
The report for the second quarter will be published on 17 July
The report for the third quarter will be published on 26 October

ANNUAL GENERAL MEETING

The Annual General Meeting of Lifco AB will be held on Thursday 4 May 2017, at 3 p.m., at Bonnierhuset, Torsgatan 21, Stockholm. Shareholders wishing to raise an issue for discussion at the AGM on 4 May 2017 may do so by submitting their proposal to the Chairman of Lifco by e-mail: ir@lifco.se or by post to: Lifco AB, Attn: Bolagsstämmoärenden, Verkmästaregatan 1, SE-745 85 Enköping. To ensure their inclusion in the notice and thus on the agenda for the AGM, proposals must be received by the Company no later than 2 March 2017.

THE NOMINATING COMMITTEE

Prior to the Annual General Meeting 2017 the Nominating Committee consists of Carl Bennet, Carl Bennet AB, Anna-Karin Celsing, representative of small shareholders, Per Colleen, the Fourth Swedish National Pension Fund (AP4), Hans Hedström, Carnegie Fonder, Marianne Nilsson, Swedbank Robur Fonder and Adam Nyström, Didner & Gerge Fonder. Carl Bennet is chairman of the Nominating Committee.

Shareholders wishing to submit proposals to the Nominating Committee for the 2017 AGM may do so by send an e-mail to ir@lifco.se or writing to: Lifco, Attn: Valberedningen, Verkmästaregatan 1, SE-745 85 Enköping, Sweden.

FURTHER INFORMATION

Media and investor relations: Åse Lindskog, ir@lifco.se, telephone +46 (0)730 24 48 72

TELECONFERENCE

Media and analysts are welcome to call in to a teleconference, where CEO Fredrik Karlsson, CFO Therése Hoffman and Head of Business Area Dental Per Waldemarson will present the interim report. The presentation is expected to take around 20 minutes, after which participants will be invited to ask questions.

Time: Wednesday 15 February, 3 p.m. CET

Link to the presentation:
https://wonderland.videosync.fi/lifco-q4-report-2016

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LIFCO IN BRIEF

Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. At year-end, the Lifco Group consisted of 132 companies in 26 countries. In 2016 the Group reported EBITA of SEK 1,377 million on net sales of SEK 9.0 billion. The EBITA margin was 15.3 per cent. Read more at www.lifco.se

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CONDENSED CONSOLIDATED INCOME STATEMENT

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2016**	**2015**	*change*	**2016**	**2015**	*change*
Net sales	8,987	7,901	13.7%	2,435	2,121	14.8%
Cost of good sold	-5,405	-4,865	11.1%	-1,430	-1,273	12.4%
Gross profit	**3,582**	**3,036**	**18.0%**	**1,005**	**848**	**18.4%**
Selling expenses	-831	-625	33.0%	-240	-176	35.9%
Administrative expenses	-1,412	-1,025	17.2%	-403	-337	19.4%
Development costs	-88	-73	18.9%	-23	-21	4.8%
Other income and expenses	1	-26	-103%	-3	-15	-118%
Operating profit	**1,252**	**1,107**	**13.1%**	**342**	**299**	**14.2%**
Net financial items	-33	-25	30.4%	-12	-11	4.3%
Profit before tax	**1,219**	**1,082**	**12.7%**	**330**	**288**	**14.6%**
Tax	-292	-257	13.7%	-70	-50	38.4%
Net profit for the period	**927**	**825**	**12.4%**	**260**	**238**	**9.5%**
Profit attributable to:						
Parent Company shareholders	908	810	12.1%	255	235	8.9%
Non-controlling interests	19	15	27.5%	5	3	57.8%
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	9.91	8.91	12.1%	2.80	2.58	8.5%
EBITA*	1,377	1,186	16.1%	380	323	17.8%
Depreciation of tangible assets	94	81	16.2%	26	21	20.4%
Amortisation of intangible assets	10	10	-4.7%	2	3	-17.5%
Amortisation of intangible assets arising from acquisitions	121	66	85.5%	38	20	101%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2016**	**2015**	*change*	**2016**	**2015**	*change*
Net profit for the period	927	825	12.4%	260	238	9.5%
Other comprehensive income						
Items which can later be reclassified to profit or loss:						
Hedge of net investment	-23	-	-	-19	-	-
Translation differences	159	-92	-	-0	-63	-
Tax related to other comprehensive income	4	-	-	4	-	-
Total comprehensive income for the period	**1,067**	**733**	**45.6%**	**245**	**175**	**40.1%**
Comprehensive income attributable to:						
Parent Company shareholders	1,046	720	45.4%	242	174	39.7%
Non-controlling interests	21	13	59.1%	3	1	75.1%
	1,067	**733**	**45.6%**	**245**	**175**	**40.0%**

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 are 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 Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology, Forest (formerly Sawmill Equipment) and Construction Materials (formerly Relining).

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Dental	3,590	3,435	4.5%	1,014	922	9.9%
Demolition & Tools	1,726	1,574	9.7%	441	436	1.4%
Systems Solutions	3,671	2,892	26.9%	980	763	28.3%
Group	**8,987**	**7,901**	**13.7%**	**2,435**	**2,121**	**14.8%**

EBITA

A breakdown of results by segment is made up to and including EBITA. EBITA is reconciled to profit before tax in accordance with the following table:

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2016	2015	*change*	2016	2015	*change*
Dental	655	614	6.6%	183	164	11.0%
Demolition & Tools	398	396	0.5%	101	123	-18.1%
Systems Solutions	421	263	59.9%	125	59	112%
Central Group functions	-97	-87	10.5%	-29	-23	19.2%
EBITA before restructuring, integration and acquisition costs	**1,377**	**1,186**	**16.1%**	**380**	**323**	**17.8%**
Restructuring, integration and acquisition costs	-4	-13	-73.6%	0	-4	-118%
EBITA	**1,373**	**1,173**	**17.1%**	**380**	**319**	**19.4%**
Amortisation of intangible assets arising from acquisitions	-121	-66	85.5%	-38	-20	101%
Net financial items	-33	-25	30.4%	-12	-11	4.3%
Profit before tax	**1,219**	**1,082**	**12.7%**	**330**	**288**	**14.6%**

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CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2016	31 Dec 2015
ASSETS		
Intangible assets	6,824	5,010
Tangible fixed assets	464	417
Financial assets	109	87
Inventories	1,155	960
Accounts receivable - trade	1,046	863
Current receivables	236	257
Cash and cash equivalents	293	464
TOTAL ASSETS	**10,127**	**8,058**
EQUITY AND LIABILITIES		
Equity	4,758	3,964
Non-current interest-bearing liabilities incl. pension provisions	1,120	1,103
Other non-current liabilities and provisions	597	371
Current interest-bearing liabilities	2,191	1,341
Accounts payable - trade	507	370
Other current liabilities	954	909
TOTAL EQUITY AND LIABILITIES	**10,127**	**8,058**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	31 Dec 2016	31 Dec 2015
Opening equity	3,939	3,455
Comprehensive income for the period	1,046	720
Dividend	-273	-236
Closing equity	**4,712**	**3,939**
Equity attributable to:		
Parent Company shareholders	4,712	3,939
Non-controlling interests	46	25
	4,758	**3,964**

LIFCO

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	2016	2015	2016	2015
Operating activities				
Operating profit	1,252	1,107	342	299
Non-cash items	211	157	79	44
Interest and financial items, net	-33	-25	-12	-11
Tax paid	-295	-239	-64	-56
Cash flow before changes in working capital	1,135	1,000	345	276
Changes in working capital				
Inventories	-57	-59	3	16
Current receivables	11	-113	130	110
Current liabilities	-3	120	-78	-64
Cash flow from operating activities	**1,084**	**948**	**400**	**338**
Business acquisitions and sales, net	-1,608	-573	-91	-75
Net investment in tangible fixed assets	-104	-82	-24	-18
Net investment in intangible assets	-9	-9	-6	-1
Cash flow from investing activities	**-1,722**	**-664**	**-121**	**-94**
Borrowings/repayment of borrowings, net	710	-88	-436	-407
Dividends paid	-285	-252	-1	-7
Cash flow from financing activities	**425**	**-340**	**-437**	**-414**
Cash flow for the period	**-212**	**-56**	**-158**	**-170**
Cash and cash equivalents at beginning of period	464	536	434	645
Translation differences	41	-16	17	-11
Cash and cash equivalents at end of period	**293**	**464**	**293**	**464**

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ACQUISITIONS IN 2016

Eleven new businesses were consolidated during the year. The acquisitions refer to all shares of Auto-Maskin, Praezimed, TMC/Nessco, Parkell, Design Dental as well as majority stakes in Cenika, Nordesign and Aquajet. The acquisitions of Redoma Recycling, Dens Esthetix and endodontic products were asset deals.

The purchase price allocation includes all acquisitions that were made during the year. Calculations of acquisitions are preliminary up to a year after the acquisition date.

In the fourth quarter AriVislanda and Renholmen were sold. The sales had no significant impact on the Group's results or financial position.

Acquisition-related expenses of SEK 18 million are included in administrative expenses in the consolidated income statement for 2016. The acquired companies have since the day of consolidation contributed to the Group's net sales by SEK 852 million and to EBITA by SEK 136 million. If the businesses had been consolidated from 1 January 2016 consolidated net sales would have increased by an additional SEK 401 million to SEK 1,253 million and EBITA would have increased by an additional SEK 68 million to SEK 204 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	4	976	980
Tangible assets	37	-	37
Trade and other receivables	387	-37	350
Trade and other payables	-244	-171	-415
Cash and cash equivalents	149	-	149
Net assets	**333**	**768**	**1,101**
Goodwill	-	697	697
Total net assets	**333**	**1,465**	**1,798**

Effect on cash flow, SEK million	
Consideration	1,798
of which, considerations	*-42*
Cash and cash equivalents in acquired companies	-149
Consideration paid related to acquisitions from previous years	1
Total cash flow effect	**1,608**

LIFCO

FINANCIAL INSTRUMENTS

SEK million	CARRYING AMOUNT 31 Dec 2016	CARRYING AMOUNT 31 Dec 2015	FAIR VALUE 31 Dec 2016	FAIR VALUE 31 Dec 2015
Loans and receivables				
Accounts receivable - trade	1,046	863	1,046	863
Other non-current financial receivables	5	3	5	3
Cash and cash equivalents	293	464	293	464
Total	**1,344**	**1,330**	**1,344**	**1,330**
Liabilities at fair value through profit or loss				
Other liabilities	57	-	57	-
Other financial liabilities				
Interest-bearing borrowings	3,274	2,375	3,274	2,375
Accounts payable - trade	507	370	507	370
Other liabilities	-	30	-	30
Total	**3,838**	**2,775**	**3,838**	**2,775**

Financial instruments at fair value are classified into different levels depending on how fair value is determined. All financial instruments at fair value in the Lifco Group have been classified as level 3, i.e. non-observable inputs. The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant. Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests. Changes in financial liabilities attributable to mandatory put/call options are recognised in profit or loss.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	31 DEC 2016	31 DEC 2015
Net sales, SEK million	8,987	7,901
Change in net sales, %	13.7	16.2
EBITA*, SEK million	1,377	1,186
EBITA margin*, %	15.3	15.0
EBITDA*, SEK million	1,481	1,277
EBITDA margin, %	16.5	16.2
Capital employed, SEK million	7,381	5,965
Capital employed excl. goodwill and other intangible assets, SEK million	974	966
Return on capital employed, %	18.7	19.9
Return on capital employed excl. goodwill, %	141	123
Return on equity, %	21.0	22.1
Net interest-bearing debt, SEK million	3,018	1,950
Net debt/equity ratio	0.6	0.5
Net debt/EBITDA*	2.0	1.5
Equity/assets ratio, %	47.0	49.2
Number of shares, thousand	90,843	90,843
Average number of employees	3,524	3,369

LIFCO

CONDENSED PARENT COMPANY INCOME STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	2016	2015	2016	2015
Administrative expenses	-113	-104	-35	-30
Other operating income*	90	84	50	84
Operating profit/loss	**-23**	**-20**	**15**	**54**
Net financial items**	544	307	168	30
Profit after financial items	**521**	**287**	**183**	**84**
Appropriations	-10	-12	-10	-12
Tax	9	-8	-18	-13
Net profit for the period	**520**	**267**	**155**	**59**

* Preliminary invoicing of Group-wide services.

** Net financial items include SEK 553 (237) million in dividends received during the twelve-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec 2016	31 Dec 2015
ASSETS		
Tangible fixed assets	0	0
Financial assets	3,920	3,369
Current receivables	3,100	2,223
Cash and cash equivalents	68	307
TOTAL ASSETS	**7,088**	**5,899**
EQUITY AND LIABILITIES		
Equity	2,433	2,186
Untaxed reserves	41	32
Provisions	-	4
Non-current interest-bearing liabilities	1,080	1,031
Current interest-bearing liabilities	2,181	1,330
Current non-interest-bearing liabilities	1,353	1,316
TOTAL EQUITY AND LIABILITIES	**7,088**	**5,899**
Pledged assets	-	-
Contingent liabilities	8	92

LIFCO

OBJECTIVE AND DEFINITIONS

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before restructuring, integration and acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before restructuring, integration and acquisition costs divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets attributable to acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in fixed assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net interest-bearing debt divided by equity.
Earnings per share	Profit after tax attributable to Parent Company shareholders divided by average number of outstanding shares.
Net interest-bearing debt	Lifco uses the alternative KPI net interest-bearing 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, bond loans and interest-bearing pension

	provisions less estimated contingent consideration for acquisitions, and 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, 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, goodwill and other intangible assets, calculated as the average of the last four quarters.

LIFCO

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

EBITA compared with financial statements in accordance with IFRS

SEK million	FULL YEAR 2016	FULL YEAR 2015
Operating profit	1,252	1,107
Amortisation of intangible assets arising from acquisitions	121	66
EBITA	**1,373**	**1,173**
Restructuring, integration and acquisition costs	4	13
EBITA before restructuring, integration and acquisition costs	**1,377**	**1,186**

EBITDA compared with financial statements in accordance with IFRS

SEK million	FULL YEAR 2016	FULL YEAR 2015
Operating profit	1,252	1,107
Depreciation of tangible assets	94	81
Amortisation of intangible assets	10	10
Amortisation of intangible assets arising from acquisitions	121	66
EBITDA	**1,477**	**1,264**
Restructuring, integration and acquisition costs	4	13
EBITA before restructuring, integration and acquisition costs	**1,481**	**1,277**

Net interest-bearing debt compared with financial statements in accordance with IFRS

SEK million	31 Dec 2016	31 Dec 2015
Non-current interest-bearing liabilities incl. pension provisions	1,120	1,103
Current interest-bearing liabilities	2,191	1,341
Calculated contingent consideration for acquisitions	-	-30
Cash and cash equivalents	-293	-464
Net interest-bearing debt	**3,018**	**1,950**

LIFCO

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

SEK million	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
Total assets	**10,127**	**10,392**	**9,597**	**9,373**
Cash and cash equivalents	-293	-410	-428	-438
Interest-bearing pension provisions	-37	-33	-41	-40
Non-interest-bearing liabilities	-2,057	-2,154	-2,069	-1,965
Capital employed	**7,740**	**7,795**	**7,059**	**6,930**
Goodwill and other intangible assets	-6,824	-6,756	-6,063	-5,983
Capital employed excl. goodwill and other intangible assets	**916**	**1,039**	**996**	**947**

Capital employed and capital employed excluding goodwill and other intangible assets calculated as the average of the last four quarters compared with financial statements in accordance with IFRS

SEK million	Average	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Capital employed	**7,381**	7,740	7,795	7,059	6,930
Capital employed excl. goodwill and other intangible assets	**974**	916	1,039	996	947
EBITA*	**Total 1,377**	380	316	407	274
Return on capital employed	**18.7%**				
Return on capital employed excl. goodwill and other intangible assets	**141%**				