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15 February 2018

YEAR-END REPORT 2017

Reporting period January – December

- Net sales increased by 11.6 per cent to SEK 10,030 (8,987) million. Organically, net sales grew by 2.1 per cent
- EBITA* increased by 25.8 per cent to SEK 1,732 (1,377) million
- The EBITA margin* increased to 17.3 (15.3) per cent
- Earnings before tax grew by 20.8 per cent to SEK 1,473 (1,219) million
- Net profit for the period grew by 19.4 per cent to SEK 1,107 (927) million
- Earnings per share increased by 19.5 per cent to SEK 11.94 (9.99)
- Cash flow from operating activities increased by 22.3 per cent to SEK 1,326 (1,084) million
- Lifco acquired 13 companies in 2017 with total annual sales of around SEK 1,000 million
- A dividend of SEK 4.00 (3.50) per share is proposed, representing a total distribution of SEK 363 (318) million

Reporting period October – December

- Net sales increased by 14.5 per cent to SEK 2,789 (2,435) million. Organically, net sales grew by 5.9 per cent
- EBITA* increased by 34.2 per cent to SEK 510 (380) million
- The EBITA margin* increased to 18.3 (15.6) per cent
- Earnings before tax grew by 33.9 per cent to SEK 442 (330) million
- Net profit for the period grew by 26.5 per cent to SEK 329 (260) million
- Cash flow from operating activities increased by 47.3 per cent to SEK 589 (400) million
- Lifco issued bonds for SEK 1,000 million

Summary of financial performance

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2017	2016	*change*	2017	2016	*change*
Net sales	10,030	8,987	11.6%	2,789	2,435	14.5%
EBITA*	1,732	1,377	25.8%	510	380	34.2%
EBITA margin*	17.3%	15.3%	2.0	18.3%	15.6%	2.7
Profit before tax	1,473	1,219	20.8%	442	330	33.9%
Net profit for the period	1,107	927	19.4%	329	260	26.5%
Earnings per share	11.94	9.99	19.5%	3.54	2.80	26.4%
Return on capital employed	19.7%	18.7%	1.0	19.7%	18.7%	1.0
Return on capital employed excl. goodwill	177%	141%	36	177%	141%	36

* Before acquisition costs.

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COMMENTS FROM THE CEO

Net sales increased by 11.6 per cent to SEK 10,030 (8,987) million in 2017, driven mainly by acquisitions. All three business areas reported robust sales and earnings growth for the year. All divisions in all business areas apart from Forest have had a stable development. In the Forest division net sales decreased significantly. The market environment in the three business areas remained generally favourable.

EBITA before acquisition costs increased by 25.8 per cent over the year to SEK 1,732 (1,377) million and the EBITA margin expanded by 2.0 percentage points to 17.3 (15.3) per cent. The improvement in profitability was due to acquisitions and organic growth. Earnings per share increased by 19.5 per cent in 2017, to SEK 11.94 (9.99).

Cash flow from operating activities increased by 22.3 per cent during the year, to SEK 1,326 (1,084) million.

During the year Lifco consolidated 13 new businesses with combined annual sales of around SEK 1,000 million. The 13 consolidated acquisitions had an overall positive impact on Lifco's results and financial position in 2017.

In the fourth quarter we announced acquisitions in all three business areas. In Dental we acquired two German dental laboratories and announced that Lifco had acquired a majority stake in a German software company as well as a majority stake in two distributors of dental products in Denmark and Norway. In the Construction Materials division in Systems Solutions we acquired majority stakes in Blinken, a distributor of measurement instruments with operations in Norway and Sweden, and Wachtel, a German supplier of piping systems. In Demolition & Tools we acquired New Zealand-based Doherty, a supplier of excavator attachments.

In November we completed a refinancing by issuing two series of unsecured bonds in a total amount of SEK 1,000 million.

Even after the acquisitions made in 2017 Lifco has ample financial scope for further acquisitions, as net debt stands at 1.9 times EBITDA before acquisition costs, still well below our target of a net debt of up to three times EBITDA.

Fredrik Karlsson
CEO

GROUP PERFORMANCE IN JANUARY – DECEMBER

Net sales increased by 11.6 per cent to SEK 10,030 (8,987) million on the back of acquisitions, foreign exchange gains and organic growth. Acquisitions accounted for 8.6 per cent of the increase and foreign exchange gains for 0.9 per cent while organic growth was 2.1 per cent. During the year 13 new businesses were consolidated: Blinken, Doherty, Elit, Fiberworks, Haglöf Sweden, Hultdins, Hydal, Perfect Ceramic Dental, Pro Optix, Silvent, Solesbee's, Wachtel and the two German dental laboratories City Dentallabor and Hohenstücken-Zahnteknik.

EBITA* increased by 25.8 per cent to SEK 1,732 (1,377) million and the EBITA margin* expanded by 2.0 percentage points to 17.3 (15.3) per cent. Organic growth, acquisitions and foreign exchange gains had a positive impact on EBITA*. Foreign exchange gains accounted for 0.8 percentage points of the increase in EBITA*. During the twelve-month period 33 per cent of EBITA* was generated in EUR, 31 per cent in SEK, 14 per cent in NOK, 8 per cent in USD, 5 per cent in DKK, 3 per cent in GBP and 6 per cent in other currencies.

Net financial items were SEK -46 (-33) million.

Earnings before tax increased by 20.8 per cent to SEK 1,473 (1,219) million. Net profit grew by 19.4 per cent to SEK 1,107 (927) million.

Average capital employed excluding goodwill increased by SEK 6 million over the twelve-month period, to SEK 980 million at 31 December 2017, compared with SEK 974 million at 31 December 2016. EBITA* relative to average capital employed excluding goodwill increased by 36 percentage points during the year, to 177 per cent. At 31 December 2016 EBITA* relative to average capital employed excluding goodwill was 141 per cent. The improvement was due chiefly to stronger earnings and good control of capital employed.

The Group's net interest-bearing debt increased by SEK 518 million from 31 December 2016 to SEK 3,536 million at 31 December 2017. Dividend payments during the twelve-month period totalled SEK 337 (285) million. The net debt/equity ratio at 31 December 2017 was 0.6 (0.6) and net debt to EBITDA* was 1.9 (2.0) times. At the end of the period 30 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased by 22.3 per cent during the year to SEK 1,326 (1,084) million. Cash flow from investing activities was SEK -1,524 (-1,721) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE FOURTH QUARTER

Net sales increased by 14.5 per cent to SEK 2,789 (2,435) million. Acquisitions added 9.6 per cent while foreign exchange gains had a negative impact of 1.0 per cent. The organic growth rate was 5.9 per cent.

EBITA* increased by 34.2 per cent to SEK 510 (380) million and the EBITA margin* expanded by 2.7 percentage points to 18.3 (15.6) per cent. EBITA* improved on the back of acquisitions and organic growth. Changes in exchange rates had a negative impact on EBITA* of 1.1 percentage points. In the fourth quarter 33 per cent of EBITA* was generated in EUR, 33 per cent in SEK, 15 per cent in NOK, 9 per cent in USD, 3 per cent in DKK, 2 per cent in GBP and 5 per cent in other currencies.

Net financial items were SEK -14 (-12) million.

Earnings before tax increased by 33.9 per cent to SEK 442 (330) million. Net profit increased by 26.5 per cent to SEK 329 (260) million.

Average capital employed excluding goodwill decreased by SEK 40 million to SEK 980 million at 31 December 2017, compared with SEK 1,020 million at 30 September 2017. EBITA relative to average capital employed excluding goodwill increased by 20 percentage points compared with 30 September 2017, to 177 per cent.

The Group's net interest-bearing debt decreased by SEK 352 million to SEK 3,536 million over the three-month period. The net debt/equity ratio was 0.8 at 30 September 2017 and 0.6 at 31 December 2017.

On 30 November 2017 Lifco issued two series of unsecured bonds with maturities of two years. The first series of bonds, totalling SEK 165 million, have an annual coupon of three-month STIBOR +0.75 per cent with an effective credit margin of 0.60 per cent. The second series, in the amount of SEK 835 million, have a fixed annual coupon of 0.355 per cent. The bond issues attracted strong interest and were oversubscribed. The proceeds of the issues were used to refinance Lifco's existing bank loans. The bonds are listed on Nasdaq Stockholm.

Cash flow from operating activities improved by 47.3 per cent to SEK 589 (400) million in the fourth quarter. Cash flow from investing activities was SEK -191 (-121) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2017**	**2016**	***change***	**2017**	**2016**	***change***
Net sales	3,817	3,590	6.3%	1,008	1,014	-0.6%
EBITA*	701	655	7.0%	184	183	0.5%
EBITA margin*	18.4%	18.2%	0.2	18.3%	18.0%	0.3

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 and Sweden. The business area also includes a number of 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 6.3 per cent to SEK 3,817 (3,590) million in 2017. EBITA* improved by 7.0 per cent to SEK 701 (655) million during the year and the EBITA margin* was 18.4 (18.2) per cent.

The dental market remains generally stable. The results of individual companies in Lifco's dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects (such as Easter), gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment. In the fourth quarter there were no individual events which had a substantial impact on the earnings of the dental group as a whole.

The Chinese dental company Perfect Ceramic Dental (PCD), in which around 80 per cent of net sales is generated by Lifco's German dental company MDH, was consolidated from September 2017. The two German dental laboratories City Dentallabor and Hohenstücken-Zahntechnik, which in 2016 had combined net sales of around EUR 1.3 million and around 20 employees, have been included in the consolidated financial statements since October 2017. In December 2017 Lifco announced the acquisition of a majority stake in Computer konkret of Germany, which sells software to dentists and orthodontists. The company had net sales of around EUR 3.8 million in 2016 and about 50 employees. The company was consolidated in January 2018. In December Lifco also announced the acquisition of Dental Direct of Norway and 3D Dental of Denmark, two distributors of dental products. The companies generated net sales of around NOK 95 million and DKK 25 million, respectively, in 2016 and have around 20 employees. The acquisition is expected to be completed in the first half of 2018.

Demolition & Tools

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2017**	**2016**	***change***	**2017**	**2016**	***change***
Net sales	2,261	1,726	31.0%	633	441	43.5%
EBITA*	598	398	50.3%	189	101	87.1%
EBITA margin*	26.5%	23.0%	3.5	29.9%	22.8%	7.1

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 operations are divided into two divisions, Demolition Robots and Crane & Excavator Attachments, which are of roughly equal size in terms of sales. As of March 2017 the business area includes Sweden-based Hultdins, a leading manufacturer of tools and attachments for forestry and construction machinery. As of May 2017 the business are also includes US-based Solesbee's, a leading provider of attachments for excavators and wheel loaders in the North American market. Doherty, which operates in New Zealand and Australia, is consolidated from 31 December 2017. Doherty is a supplier of quick couplers, buckets and other excavator attachments. The company generated net sales of around NZD 14 million in 2016 and has 30 employees.

Net sales increased by 31.0 per cent in 2017 to SEK 2,261 (1,726) million. The market situation was generally good. Among the larger markets, the US, Australia and Germany saw the fastest growth. EBITA* increased by 50.3 per cent during the year to SEK 598 (398) million and the EBITA margin* expanded by 3.5 percentage points to 26.5 (23.0) per cent.

Systems Solutions

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2017**	**2016**	***change***	**2017**	**2016**	***change***
Net sales	3,952	3,671	7.7%	1,148	980	17.1%
EBITA*	537	421	27.6%	168	125	34.4%
EBITA margin*	13.6%	11.5%	2.1	14.7%	12.8%	1.9

Through its operating units, Systems Solutions operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Construction Materials, Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Forest.

Net sales in Systems Solutions increased by 7.7 per cent to SEK 3,952 (3,671) million in 2017. All divisions increased their sales during the year with the exception of Interiors for Service Vehicles, where sales were in line with last year, and Forest, where sales dropped significantly.

EBITA* increased by 27.6 per cent to SEK 537 (421) million in 2017. The Construction Materials, Contract Manufacturing and Environmental Technology divisions improved their results during the year. The EBITA margin* increased by 2.1 percentage points to 13.6 (11.5) per cent.

Construction Materials reported good sales and earnings growth during the year thanks to robust organic growth and improved profitability in all areas of operation. Sweden-based Pro Optix, which provides fibre optic transceivers and cables, wavelength multiplexers, test and measurement instruments, and communication equipment for the European fibre optic market, was consolidated from July 2017. Lifco’s majority stake in Hydal of Norway, Scandinavia’s leading manufacturer of aluminium cabinets for outdoor and indoor use, was consolidated from July 2017. Fiberworks, a Norwegian provider of fibre optic transceivers and cables, wavelength multiplexers, test and measurement instruments, and communication equipment for the European fibre optic market, was also consolidated from July 2017. Elit, a Norwegian wholesale supplier of machinery and equipment for electrical installations and electricity production, was consolidated from September 2017. In November it was announced that Lifco had acquired a majority stake in Blinken, a Swedish company with operations in Norway and Sweden. Blinken sells measurement instruments for land surveyors

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and the construction industry. Blinken generated net sales of around NOK 124 million in 2016 and has 33 employees. The company was consolidated from November 2017. In November it was announced that Lifco had acquired a majority stake in Wachtel, a German supplier of piping systems. The company had net sales of around EUR 2 million in 2016 and has 14 employees. Wachtel was consolidated from November 2017.

Net sales in the Interiors for Service Vehicles division in 2017 were in line with last year and profitability declined slightly due to a weaker UK market and increased product development costs.

Contract Manufacturing reported higher net sales and earnings for the year. The division's customers include world-leading manufacturers of equipment for the pharmaceutical industry as well as manufacturers of railway equipment, which have strict quality requirements for delivery flexibility as well as documentation.

Environmental Technology performed well in 2017 as sales and profitability both improved. As of June 2017 the division has included Sweden-based Silvent, which specialises in energy optimisation and work environments, and has unique expertise in the area of compressed air dynamics.

Sales in the Forest division decreased during the year. Earnings improved slightly due to the acquisition of Haglöf Sweden, a world-leading supplier of instruments for professional forestry surveyors, which was consolidated from February 2017. The decline in the other operations in the division is due to continued problems in certain projects and lower sales.

ACQUISITIONS

Lifco made the following acquisitions during the year:

Consolidated from month	Acquisition	Business area	Net sales	Employees
February	Haglöf Sweden	Systems Solutions	SEK 60m	43
March	Hultdin System	Demolition & Tools	SEK 152m	66
May	Solesbee's	Demolition & Tools	USD 11m	35
June	Silvent	Systems Solutions	SEK 120m	70
July	Pro Optix	Systems Solutions	SEK 62m	14
July	Hydal	Systems Solutions	NOK 50m	25
July	Fiberworks	Systems Solutions	NOK 93m	14
September	Elit	Systems Solutions	NOK 38m	10
September	Perfect Ceramic Dental	Dental	HKD 24m*	850
October	Dental laboratories	Dental	EUR 1.3m	20
November	Blinken	Systems Solutions	NOK 124m	33
November	Wachtel	Systems Solutions	EUR 2m	14
31 December	Doherty	Demolition & Tools	NZD 14m	30

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 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.

*HKD 24 million refers to external net sales, which account for around 20 per cent of total net sales.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees in 2017 was 4,107 (3,524) and the number of employees at year-end was 4,758 (3,627). Acquisitions added 1,224 employees.

Events after the end of the reporting period

After the end of the reporting period Lifco's majority stake in Computer konkret of Germany has been consolidated. The company, which generated net sales of around EUR 3.8 million in 2016, develops and sells software for dentists in Germany. Computer konkret, which has around 50 employees, was consolidated in the Dental business area.

The acquisition of a majority stake in Dental Direct of Norway and its Danish subsidiary 3D Dental was announced on 28 December 2017. The companies, which generated net sales of around NOK 95 million and DKK 25 million, respectively, in 2016, are distributors of dental products and have a combined workforce of around 20 employees. The acquisition is expected to be completed in the first half of 2018 and the companies will be consolidated in Lifco's Dental business area.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 4.00 per share for 2017, representing a total distribution of SEK 363 million. This is equal to 33.5 per cent of the net profit for the year attributable to shareholders of Lifco AB, which is consistent with Lifco's dividend policy. The proposed record date is 26 April. Euroclear Sweden expects to be able to send the dividend to the shareholders on 2 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 general level of economic activity. Lifco is also exposed to financial risks, including currency risks, interest rate risks, credit and counterparty risks.

The Parent Company is affected by the above risks and uncertainties in its capacity as owner of the subsidiary companies.

For further information on Lifco's risks and risk management, see the annual report for 2016.

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Accounting principles

The Group's year-end 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 2016 and should be read in conjunction with these.

The Group has assessed the effects of the implementation of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers and does not believe that there are any material differences between these new standards, which came into force on 1 January 2018, and the Group's current accounting policies as regards the recognition and measurement of financial instruments, impairment of doubtful receivables and revenue recognition. Management's assessment is that the standard will primarily affect the disclosures presented in the financial statements. The Group is yet to assess the full impact of implementing the standard IFRS 16 Leases that comes into force on 1 January 2019.

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

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this 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 2018

Carl Bennet Chairman of the Board	*Gabriel Danielsson* Director	*Ulrika Dellby* Director
Erik Gabrielson Director	*Ulf Grunander* Director	*Anna Hallberg* Director
Annika Espander Jansson Director	*Fredrik Karlsson* President and CEO, Director	*Annika Norlund* Director, employee representative
Johan Stern Vice Chairman	*Axel Wachtmeister* Director	*Hans-Eric Wallin* Director, employee representative

FINANCIAL CALENDAR

The annual report for 2017 will be published in week 14
The report for the first quarter will be published on 24 April
The report for the second quarter will be published on 18 July
The report for the third quarter will be published on 25 October

ANNUAL GENERAL MEETING 2018

The Annual General Meeting of Lifco AB will be held on Tuesday 24 April 2018, at 3 p.m., at Epicenter, Mäster Samuelsgatan 36, Stockholm. Note that the date and location of the AGM have been changed from what was communicated in the interim report for the third quarter. Shareholders wishing to raise an issue for discussion at the AGM on 24 April 2018 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 5 March 2018.

THE NOMINATING COMMITTEE

Prior to the Annual General Meeting 2018 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 2018 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 deputy CEO 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: Thursday 15 February, at 1 p.m.

Link to the presentation:
https://tv.streamfabriken.com/lifco-q4-2017

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LIFCO IN BRIEF

Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy implying that the company has a long-term view on its holdings, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At the end of 2017 the Lifco Group consisted of 138 operating companies in 29 countries. In 2017 Lifco reported EBITA of SEK 1,732 million on net sales of SEK 10.0 billion. The EBITA margin was 17.3 per cent. Read more at www.lifco.se

This information constitutes information that Lifco AB is
required to publish under the EU's Market Abuse Regulation.
The information was submitted for publication through the aforementioned
contact person on 15 February 2018, at 11:30 a.m. CET.

CONDENSED CONSOLIDATED INCOME STATEMENT

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2017**	**2016**	*change*	**2017**	**2016**	*change*
Net sales	10,030	8,987	11.6%	2,789	2,435	14.5%
Cost of goods sold	-5,766	-5,405	6.7%	-1,551	-1,430	8.5%
Gross profit	**4,264**	**3,582**	**19.0%**	**1,238**	**1,005**	**23.2%**
Selling expenses	-1,095	-831	31.8%	-325	-240	35.4%
Administrative expenses	-1,525	-1,412	8.0%	-432	-403	7.2%
Development costs	-105	-88	19.3%	-31	-23	34.8%
Other income and expenses	-20	1	-	6	3	100%
Operating profit	**1,519**	**1,252**	**21.3%**	**456**	**342**	**33.3%**
Net financial items	-46	-33	39.4%	-14	-12	16.7%
Profit before tax	**1,473**	**1,219**	**20.8%**	**442**	**330**	**33.9%**
Tax	-366	-292	25.3%	-113	-70	61.4%
Net profit for the period	**1,107**	**927**	**19.4%**	**329**	**260**	**26.5%**
Profit attributable to:						
Parent Company shareholders	1,084	908	19.4%	321	255	25.9%
Non-controlling interests	23	19	21.1%	8	5	60.0%
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	11.94	9.99	19.5%	3.54	2.80	26.4%
EBITA*	1,732	1,377	25.8%	510	380	34.2%
Depreciation of tangible assets	112	94	19.1%	29	26	11.5%
Amortisation of intangible assets	11	10	10.0%	4	2	100%
Amortisation of intangible assets arising from acquisitions	196	121	62.0%	56	38	47.4%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	**2017**	**2016**	*change*	**2017**	**2016**	*change*
Net profit for the period	1,107	927	19.4%	329	260	26.5%
Other comprehensive income						
Items which can later be reclassified to profit or loss:						
Hedge of net investment	99	-23	-530%	49	-19	-358%
Translation differences	-59	159	-137%	31	0	-
Tax related to other comprehensive income	-22	4	-650%	-11	4	-375%
Total comprehensive income for the period	**1,125**	**1,067**	**5.4%**	**398**	**245**	**62.4%**
Comprehensive income attributable to:						
Parent Company shareholders	1,102	1,046	5.4%	389	242	60.7%
Non-controlling interests	23	21	9.5%	9	3	200%
	1,125	**1,067**	**5.4%**	**398**	**245**	**62.4%**

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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. Only Dental and Demolition & Tools are above the defined quantitative limits. 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, Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2017	2016	*change*	2017	2016	*change*
Dental	3,817	3,590	6.3%	1,008	1,014	-0.6%
Demolition & Tools	2,261	1,726	31.0%	633	441	43.5%
Systems Solutions	3,952	3,671	7.7%	1,148	980	17.1%
Group	**10,030**	**8,987**	**11.6%**	**2,789**	**2,435**	**14.5%**

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	2017	2016	*change*	2017	2016	*change*
Dental	701	655	7.0%	184	183	0.5%
Demolition & Tools	598	398	50.3%	189	101	87.1%
Systems Solutions	537	421	27.6%	168	125	34.4%
Central Group functions	-104	-97	7.2%	-31	-29	6.9%
EBITA before acquisition costs	**1,732**	**1,377**	**25.8%**	**510**	**380**	**34.2%**
Acquisition costs	-17	-4	325%	2	0	-
EBITA	**1,715**	**1,373**	**24.9%**	**512**	**380**	**34.7%**
Amortisation of intangible assets arising from acquisitions	-196	-121	62.0%	-56	-38	47.4%
Net financial items	-46	-33	39.4%	-14	-12	16.7%
Profit before tax	**1,473**	**1,219**	**20.8%**	**442**	**330**	**33.9%**

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CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	2017-12-31	2016-12-31
ASSETS		
Intangible assets	8,288	6,824
Tangible fixed assets	550	464
Financial assets	130	109
Inventories	1,391	1,155
Accounts receivable - trade	1,274	1,046
Current receivables	254	236
Cash and cash equivalents	305	293
TOTAL ASSETS	**12,192**	**10,127**
EQUITY AND LIABILITIES		
Equity	5,546	4,758
Non-current interest-bearing liabilities incl. pension provisions	1,033	1,120
Other non-current liabilities and provisions	1,025	597
Current interest-bearing liabilities	2,808	2,191
Accounts payable - trade	557	507
Other current liabilities	1,223	954
TOTAL EQUITY AND LIABILITIES	**12,192**	**10,127**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	2017-12-31	2016-12-31
Opening equity	4,712	3,939
Comprehensive income for the period	1,102	1,046
Dividend	-318	-273
Closing equity	**5,496**	**4,712**
Equity attributable to:		
Parent Company shareholders	5,496	4,712
Non-controlling interests	50	46
	5,546	**4,758**

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	TWELVE MONTHS 2017	TWELVE MONTHS 2016	FOURTH QUARTER 2017	FOURTH QUARTER 2016
Operating activities				
Operating profit	1,519	1,252	456	342
Non-cash items	318	211	83	79
Interest and financial items, net	-46	-33	-14	-12
Tax paid	-368	-295	-71	-64
Cash flow before changes in working capital	1,423	1,135	454	345
Changes in working capital				
Inventories	-124	-57	-5	3
Current receivables	-85	11	47	130
Current liabilities	112	-5	93	-78
Cash flow from operating activities	**1,326**	**1,084**	**589**	**400**
Business acquisitions and sales, net	-1,378	-1,608	-157	-91
Net investment in tangible fixed assets	-137	-104	-32	-24
Net investment in intangible assets	-9	-9	-2	-6
Cash flow from investing activities	**-1,524**	**-1,721**	**-191**	**-121**
Borrowings/repayment of borrowings, net	557	710	-350	-436
Dividends paid	-337	-285	-1	-1
Cash flow from financing activities	**220**	**425**	**-351**	**-437**
Cash flow for the period	**22**	**-212**	**47**	**-158**
Cash and cash equivalents at beginning of period	293	464	237	434
Translation differences	-10	41	21	17
Cash and cash equivalents at end of period	**305**	**293**	**305**	**293**

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ACQUISITIONS IN 2017

In 2017, 13 new businesses were consolidated. The acquisitions comprised all shares of Doherty, Elit, Haglöf Sweden, Hultdin System, Perfect Ceramic Dental and the German dental laboratories City Dentallabor and Hohenstücken-Zahntechnik as well as majority stakes in Blinken, Fiberworks, Hydal, Pro Optix, Silvent, Solesbee's and Wachtel.

The purchase price allocation includes all acquisitions made during the year. Purchase price allocations are preliminary until one year after the acquisition date.

Acquisition-related expenses of SEK 18 million are included in administrative expenses in the consolidated income statement for the year. Since the respective consolidation dates, the acquired companies have added SEK 523 million to consolidated net sales and SEK 130 million to EBITA. If the businesses had been consolidated as at 1 January 2017 net sales for the year would have increased by a further SEK 502 million and EBITA would have increased by a further SEK 93 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	12	956	968
Tangible assets	59	-	59
Inventories, trade and other receivables	347	-37	310
Trade and other payables	-266	-196	-462
Cash and cash equivalents	161	-	161
Net assets	**313**	**723**	**1,036**
Goodwill	-	709	709
Total net assets	**313**	**1,432**	**1,745**

Effect on cash flow, SEK million	
Consideration	1,745
Consideration not paid	*-212*
Cash and cash equivalents in acquired companies	-161
Consideration paid relating to acquisitions from previous years	6
Total cash flow effect	**1,378**

FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	**2017-12-31**	**2016-12-31**	**2017-12-31**	**2016-12-31**
Loans and receivables				
Accounts receivable - trade	1,274	1,046	1,274	1,046
Other non-current financial receivables	5	5	5	5
Cash and cash equivalents	305	293	305	293
Total	**1,584**	**1,344**	**1,584**	**1,344**
Liabilities at fair value through profit or loss				
Other liabilities	258	57	258	57
Other financial liabilities				
Interest-bearing borrowings	3,805	3,274	3,805	3,274
Accounts payable - trade	557	507	557	507
Total	**4,620**	**3,838**	**4,620**	**3,838**

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.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	**2017 31 DEC**	**2016 31 DEC**
Net sales, SEK million	10,030	8,987
Change in net sales, %	11.6	13.7
EBITA*, SEK million	1,732	1,377
EBITA margin*, %	17.3	15.3
EBITDA*, SEK million	1,855	1,481
EBITDA margin*, %	18.5	16.5
Capital employed, SEK million	8,787	7,381
Capital employed excl. goodwill and other intangible assets, SEK million	980	974
Return on capital employed, %	19.7	18.7
Return on capital employed excl. goodwill, %	177	141
Return on equity, %	21.5	21.0
Net interest-bearing debt, SEK million	3,536	3,018
Net debt/equity ratio	0.6	0.6
Net debt/EBITDA*	1.9	2.0
Equity/assets ratio, %	45.5	47.0
Number of shares, thousand	90,843	90,843
Average number of employees	4,107	3,524

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CONDENSED PARENT COMPANY INCOME STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	2017	2016	2017	2016
Administrative expenses	-128	-113	-37	-35
Other operating income*	89	90	89	50
Operating profit	**-39**	**-23**	**52**	**15**
Net financial items**	683	544	48	168
Profit after financial items	**644**	**521**	**100**	**183**
Appropriations	-41	-10	-41	-10
Tax	-10	9	-11	-18
Net profit for the period	**593**	**520**	**48**	**155**

* Invoicing of Group-wide services.
** Net financial items include SEK 558 (553) million in dividends received during the twelve-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	2017-12-31	2016-12-31
ASSETS		
Tangible fixed assets	0	0
Financial assets	4,212	3,920
Current receivables	4,054	3,100
Cash and cash equivalents	86	68
TOTAL ASSETS	**8,352**	**7,088**
EQUITY AND LIABILITIES		
Equity	2,709	2,433
Untaxed reserves	70	41
Provisions	2	-
Non-current interest-bearing liabilities	995	1,080
Current interest-bearing liabilities	2,789	2,181
Current non-interest-bearing liabilities	1,787	1,353
TOTAL EQUITY AND LIABILITIES	**8,352**	**7,088**
Pledged assets	-	-
Contingent liabilities	77	8

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OBJECTIVE AND DEFINITIONS

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBIT before acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before 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 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 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.

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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	FULL YEAR 2017	FULL YEAR 2016
Operating profit	1,519	1,252
Amortisation of intangible assets arising from acquisitions	196	121
EBITA	**1,715**	**1,373**
Acquisition costs	17	4
EBITA before acquisition costs	**1,732**	**1,377**

EBITDA compared with financial statements in accordance with IFRS

SEK million	FULL YEAR 2017	FULL YEAR 2016
Operating profit	1,519	1,252
Depreciation of tangible assets	112	94
Amortisation of intangible assets	11	10
Amortisation of intangible assets arising from acquisitions	196	121
EBITDA	**1,838**	**1,477**
Acquisition costs	17	4
EBITDA before acquisition costs	**1,855**	**1,481**

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

SEK million	2017-12-31	2016-12-31
Non-current interest-bearing liabilities incl. pension provisions	1,033	1,120
Current interest-bearing liabilities	2,808	2,191
Cash and cash equivalents	-305	-293
Net interest-bearing debt	**3,536**	**3,018**

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

SEK million	2017-12-31	2017-09-30	2017-06-30	2017-03-31
Total assets	**12,192**	**11,843**	**11,308**	**10,872**
Cash and cash equivalents	-305	-237	-227	-255
Interest-bearing pension provisions	-36	-36	-35	-34
Non-interest-bearing liabilities	-2,805	-2,568	-2,329	-2,200
Capital employed	**9,046**	**9,002**	**8,717**	**8,383**
Goodwill and other intangible assets	-8,288	-8,017	-7,656	-7,265
Capital employed excluding goodwill and other intangible assets	**758**	**985**	**1,061**	**1,118**

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 2017	Q3 2017	Q2 2017	Q1 2017
Capital employed	**8,787**	9,046	9,002	8,717	8,383
Capital employed excluding goodwill and other intangible assets	**980**	758	985	1,061	1,118
EBITA*	**Total** **1,732**	510	404	433	385
Return on capital employed	**19.7%**				
Return on capital employed excl. goodwill and other intangible assets	**177%**				