LIFCO
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24 April 2018

INTERIM REPORT JANUARY – MARCH 2018

Reporting period January – March

- Net sales increased by 10.4 per cent to SEK 2,674 (2,423) million. Organically, net sales decreased by 0.6 per cent
- EBITA* increased by 8.6 per cent to SEK 418 (385) million
- The EBITA margin* amounted to 15.6 (15.9) per cent
- Earnings before tax grew by 3.9 per cent to SEK 346 (333) million
- Net profit for the period grew by 3.6 per cent to SEK 259 (250) million
- Earnings per share increased by 3.7 per cent to SEK 2.82 (2.72)
- Cash flow from operating activities was SEK 31 (136) million
- During the period, Lifco acquired two businesses with total annual sales of around SEK 97 million
- During the period, SEK 1,750 million in bonds were issued to refinance existing bank loans and bonds

Summary of financial performance

	FIRST QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*		*change*	2017
Net sales	2,674	2,423	10.4%	10,281	2.5%	10,030
EBITA*	418	385	8.6%	1,765	1.9%	1,732
EBITA margin*	15.6%	15.9%	-0.3	17.2%	-0.1	17.3%
Profit before tax	346	333	3.9%	1,486	0.9%	1,473
Net profit for the period	259	250	3.6%	1,116	0.8%	1,107
Earnings per share	2.82	2.72	3.7%	12.04	0.8%	11.94
Return on capital employed	19.4%	19.2%	0.2	19.4%	-0.3	19.7%
Return on capital employed excl. goodwill	182%	146%	36	182%	5	177%

* Before acquisition costs.

COMMENTS FROM THE CEO

The three-month period saw generally good demand in all three business areas. However, in many of our manufacturing units we were affected by increased delivery times and delays among our subcontractors. Coupled with bottlenecks in production, this led to lower organic growth and more cash being tied up in inventories. Net sales increased by 10.4 per cent to SEK 2,476 (2,423) million in the quarter, driven mainly by acquisitions. Cash flow from operating activities for the period was SEK 31 (136) million, mainly due to the increase in cash tied up in inventories.

EBITA before acquisition costs increased by 8.6 per cent to SEK 418 (385) during the period while the EBITA margin declined to 15.6 (15.9) per cent as a result of a weak performance in Demolition & Tools. Earnings per share increased in the quarter by 3.7 per cent to SEK 2.82 (2.72).

In the quarter, Lifco consolidated two new businesses with combined annual sales of around SEK 97 million. The consolidated companies were a majority stake in Computer konkret, a German software company, and Spocs, a Swedish provider of final assembly and testing services for electronic products. Both acquisitions had together a positive impact on Lifco's earnings and financial position in the first quarter.

During the period, we also issued two unsecured bond loans of SEK 1,750 million in total with a tenor of two years. The proceeds of the bond issues were used to refinance existing bank loans and bonds. The bonds generated strong investor interest and the issues were oversubscribed.

Lifco has a good financial position and ample financial scope for further acquisitions, as net debt stands at 2.0 times EBITDA before acquisition costs, still well below our target of a net debt of up to three times EBITDA.

Fredrik Karlsson
CEO

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GROUP PERFORMANCE IN JANUARY – MARCH

Net sales increased by 10.4 per cent to SEK 2,674 (2,423) million, driven by acquisitions and foreign exchange gains. Acquisitions added 9.7 per cent while foreign exchange gains had a positive impact of 1.3 per cent. Organic growth was -0.6 per cent. During the period, Spocs of Sweden and Lifco's majority stake in Computer konkret of Germany were consolidated.

EBITA* increased by 8.6 per cent to SEK 418 (385) million, driven by acquisitions and foreign exchange gains. Foreign exchange gains accounted for 1.4 percentage points of the increase in EBITA*. The EBITA margin* decreased by 0.3 percentage points to 15.6 (15.9) per cent. During the period, 37 per cent of EBITA* was generated in EUR, 28 per cent in SEK, 14 per cent in NOK, 7 per cent in DKK, 6 per cent in USD, 2 per cent in GBP and 6 per cent in other currencies.

Net financial items were SEK -13 (-9) million.

The profit before tax increased by 3.9 per cent to SEK 346 (333) million and the net profit for the period increased by 3.6 per cent to SEK 259 (250) million.

Average capital employed excluding goodwill decreased by SEK 12 million over the three-month period, to SEK 968 million at 31 March 2018, compared with SEK 980 million at 31 December 2017. EBITA* in relation to average capital employed excluding goodwill was 177 per cent at year-end and increased to 182 (146) per cent over the period.

The Group's net interest-bearing debt increased by SEK 160 million from 31 December 2017 to SEK 3,696 million at 31 March 2018. During the period, Lifco issued two unsecured bond loans of SEK 1,750 million in total with a tenor of two years. The proceeds of the bond issues were used to refinance existing bank loans and bonds.

The net debt to equity ratio at 31 March 2018 was 0.6 (0.7) and net debt to EBITDA* was 2.0 (2.1) times. At the end of the period, 32 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities decreased to SEK 31 (136) million during the period, mainly due to an increase in cash tied up in inventories. Cash flow from investing activities was SEK -107 (-562) million, which was mainly attributable to acquisitions.

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FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	FIRST QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*		*change*	2017
Net sales	1,010	1,000	1.0%	3,827	0.3%	3,817
EBITA*	191	185	3.2%	707	0.9%	701
EBITA margin*	18.9%	18.5%	0.4	18.5%	0.1	18.4%

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.

Net sales in Dental increased by 1.0 per cent to SEK 1,010 (1,000) million in the first three months of the year. EBITA* increased by 3.2 per cent to SEK 191 (185) million during the period and the EBITA margin* expanded by 0.4 percentage points to 18.9 (18.5) 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 first quarter of 2018, the early Easter had a slight negative impact on net sales and earnings in Dental.

Lifco's majority stake in Computer konkret, a German software provider to dentists and orthodontists, was consolidated as of January 2018. The company had net sales of around SEK 36 million in 2017 and has around 50 employees.

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Demolition & Tools

SEK million	FIRST QUARTER 2018	2017	change	Rolling 12 months	change	FULL YEAR 2017
Net sales	597	479	24.6%	2,379	5.2%	2,261
EBITA*	117	111	5.4%	604	1.0%	598
EBITA margin*	19.6%	23.2%	-3.6	25.4%	-1.1	26.5%

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 24.6 per cent over the period to SEK 597 (479) million. The market situation was generally good. Among the larger markets, the US, Australia, France and Germany saw the fastest growth. EBITA* increased by 5.4 per cent during the year to SEK 117 (111) million and the EBITA margin* decreased by 3.6 percentage points to 19.6 (23.2) per cent, mainly due to provisions for doubtful trade receivables. Changes in the product mix and a weaker dollar also had a negative impact on the margin.

Systems Solutions

SEK million	FIRST QUARTER 2018	2017	change	Rolling 12 months	change	FULL YEAR 2017
Net sales	1,067	944	13.0%	4,075	3.1%	3,952
EBITA*	138	116	19.0%	559	4.1%	537
EBITA margin*	12.9%	12.3%	0.6	13.7%	0.1	13.6%

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 13.0 per cent to SEK 1,067 (944) million during the period. All divisions increased their sales apart from Interiors for Service Vehicles, where sales were on a par with the year-before period, and Contract Manufacturing, which saw a decline in sales.

EBITA* increased by 19.0 per cent to SEK 138 (116) million in the first three months of the year. All divisions except Contract Manufacturing improved their earnings during the period. The EBITA margin* expanded by 0.6 percentage points to 12.9 (12.3) per cent.

Construction Materials reported good sales and earnings growth for the period as a result of acquisitions.

Sales in Interiors for Service Vehicles were in line with the same quarter in 2017 with increased profitability.

In Contract Manufacturing, sales and earnings for the period were down year on year due to delayed deliveries and the decision by a major customer to move its production to China. Spocs, a Swedish provider of final assembly and testing services for electronic products, was consolidated as of March 2018. The company had net sales of around SEK 61 million in 2017 and has 23 employees.

Environmental Technology reported good sales and earnings growth for the period, mainly on the back of acquisitions.

Forest reported good sales and earnings growth for the period. The projects which created problems in Forest in 2017 have now been concluded. This, coupled with strong demand, led to a good performance during the three-month period.

ACQUISITIONS

Lifco made the following acquisitions during the period:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Computer konkret	Dental	SEK 36m	50
March	Spocs	Systems Solutions	SEK 61m	23

Further information on acquisitions is provided on page 15. The figures for net sales and number of employees refer to estimated annual net sales and the number of employees at the acquisition date.

Taken together, the acquisitions will have a positive impact on Lifco’s results and financial position in the current year.

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OTHER FINANCIAL INFORMATION

Employees

The average number of employees in the first quarter was 4,714 (3,669) and the number of employees at the end of the period was 4,736 (3,740). Acquisitions added 73 employees.

Events after the end of the reporting period

After the end of the reporting period the majority of Dental Direct of Norway and its Danish subsidiary 3D Dental have been consolidated in business area Dental. Net sales in the companies in 2016 amounted to about 95 MNOK and 25 MDKK respectively. The companies are distributors of dental products and have together about 20 employees.

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 2017.

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 2017 and should be read in conjunction with these.

The Group has evaluated the effects of implementing IFRS 9 Financial Instruments, which became effective on 1 January 2018 and has established that the impact is marginal. No adjustments have therefore been made to the opening balances for 2018. IFRS 15 Revenue from Contracts with Customers became effective on 1 January 2018, and the effects of the standard in Lifco's subsidiaries have been assessed in a project that was initiated in 2016. No material differences compared with the previous standards have been identified, and no adjustments have therefore been made to the opening balances for 2018. IFRS 15 is being applied from 1 January 2018 and the disclosures in the interim report have been adapted in accordance with this new standard. The Group is currently evaluating the effects of introducing the IFRS 16 Leases standard, which will become effective on 1 January 2019. The Group does not currently intend to apply the standard prior to the effective date.

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

DECLARATION OF THE BOARD OF DIRECTORS

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

Enköping, 24 April 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 report for the second quarter will be published on 18 July
The report for the third quarter will be published on 25 October
The year-end report for 2018 will be published on 6 February 2019

ANNUAL GENERAL MEETING 2018

The Annual General Meeting of Lifco AB will be held on Tuesday 24 April 2018, at 3 p.m. CET, at Epicenter, Mäster Samuelsgatan 36, Stockholm.

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: Tuesday 24 April, 1 p.m.

Link to the presentation:
https://tv.streamfabriken.com/lifco-q1-2018

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LIFCO IN BRIEF

Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At year-end the Lifco Group consisted of 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 24 April 2018, at 11:30 a.m.

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CONDENSED CONSOLIDATED INCOME STATEMENT

	FIRST QUARTER			FULL YEAR
SEK million	**2018**	**2017**	*change*	**2017**
Net sales	2,674	2,423	10.4%	10,030
Cost of goods sold	-1,550	-1,418	9.3%	-5,766
Gross profit	**1,124**	**1,005**	**11.8%**	**4,264**
Selling expenses	-310	-258	20.2%	-1,095
Administrative expenses	-409	-374	9.4%	-1,525
Development costs	-37	-24	54.2%	-105
Other income and expenses	-9	-7	28.6%	-20
Operating profit	**359**	**342**	**5.0%**	**1,519**
Net financial items	-13	-9	44.4%	-46
Profit before tax	**346**	**333**	**3.9%**	**1,473**
Tax	-87	-83	4.8%	-366
Net profit for the period	**259**	**250**	**3.6%**	**1,107**
Profit attributable to:				
Parent company shareholders	256	248	3.2%	1,084
Non-controlling interests	3	2	50.0%	23
Earnings per share before and after dilution for the period, attributable to Parent company shareholders	2.82	2.72	3.7%	11.94
EBITA*	418	385	8.6%	1,732
Depreciation of tangible assets	30	26	15.4%	112
Amortisation of intangible assets	3	2	50.0%	11
Amortisation of intangible assets arising from acquisitions	57	41	39.0%	196

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FIRST QUARTER			FULL YEAR
SEK million	**2018**	**2017**	*change*	**2017**
Net profit for the period	259	250	3.6%	1,107
Other comprehensive income				
Items which can later be reclassified to profit or loss:				
Hedge of net investment	20	10	100%	99
Translation differences	197	-23	-956%	-59
Tax related to other comprehensive income	-4	-2	100%	-22
Total comprehensive income for the period	**472**	**235**	**101%**	**1,125**
Comprehensive income attributable to:				
Parent company shareholders	467	233	100%	1,102
Non-controlling interests	5	2	150%	23
	472	**235**	**101%**	**1,125**

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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. The defined quantitative limits have been exceeded only by Dental and Demolition & Tools. One further operating segment, Systems Solutions, is presented. This operating segment consists of a merger of those divisions which have similar economic characteristics and which do not individually meet the defined quantitative limits. These divisions are Construction Materials, Interiors for Service Vehicles, Contract Manufacturing, Environmental Technology and Forest.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

	FIRST QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*		*change*	2017
Dental	1,010	1,000	1.0%	3,827	0.3%	3,817
Demolition & Tools	597	479	24.6%	2,379	5.2%	2,261
Systems Solutions	1,067	944	13.0%	4,075	3.1%	3,952
Group	**2,674**	**2,423**	**10.4%**	**10,281**	**2.5%**	**10,030**

Net sales by type of income:

	FIRST QUARTER			Rolling 12 months		FULL YEAR
SEK million	2018	2017	*change*		*change*	2017
Dental products	1,010	1,000	1.0%	3,827	0.3%	3,817
Machinery and tools	597	479	24.6%	2,379	5.2%	2,261
Construction materials	244	170	43.5%	878	9.2%	804
Interiors for service vehicles	136	141	-3.5%	548	-0.9%	553
Contract manufacturing	208	239	-13.0%	870	-3.4%	901
Environmental technology	315	288	9.4%	1,151	2.4%	1,124
Forest	164	106	54.7%	628	10.2%	570
Group	**2,674**	**2,423**	**10.4%**	**10,281**	**2.5%**	**10,030**

EBITA

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

SEK million	FIRST QUARTER 2018	FIRST QUARTER 2017	*change*	Rolling 12 months	*change*	FULL YEAR 2017
Dental	191	185	3.2%	707	0.9%	701
Demolition & Tools	117	111	5.4%	604	1.0%	598
Systems Solutions	138	116	19.0%	559	4.1%	537
Central Group functions	-28	-27	3.7%	-105	1.0%	-104
EBITA before restructuring, integration and acquisition costs	**418**	**385**	**8.6%**	**1,765**	**1.9%**	**1,732**
Restructuring, integration and acquisition costs	-2	-2	-	-17	-	-17
EBITA	**416**	**383**	**8.6%**	**1,748**	**1.9%**	**1,715**
Amortisation of intangible assets arising on acquisition	-57	-41	39.0%	-212	8.2%	-196
Net financial items	-13	-9	44.4%	-50	8.7%	-46
Profit before tax	**346**	**333**	**3.9%**	**1,486**	**0.9%**	**1,473**

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CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Intangible assets	8,606	7,265	8,288
Tangible fixed assets	576	511	550
Financial assets	151	112	130
Inventories	1,555	1,214	1,391
Accounts receivable - trade	1,497	1,222	1,274
Current receivables	274	293	254
Cash and cash equivalents	250	255	305
TOTAL ASSETS	**12,909**	**10,872**	**12,192**
EQUITY AND LIABILITIES			
Equity	6,011	4,988	5,546
Non-current interest-bearing liabilities incl. pension provisions	1,055	1,116	1,033
Other non-current liabilities and provisions	1,072	661	1,025
Current interest-bearing liabilities	2,891	2,568	2,808
Accounts payable - trade	673	595	557
Other current liabilities	1,207	944	1,223
TOTAL EQUITY AND LIABILITIES	**12,909**	**10,872**	**12,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to parent company shareholders

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Opening equity	5,496	4,712	4,712
Comprehensive income for the period	467	233	1,102
Dividend	-	-	-318
Closing equity	**5,963**	**4,945**	**5,496**
Equity attributable to:			
Parent company shareholders	5,963	4,945	5,496
Non-controlling interests	48	43	50
	6,011	**4,988**	**5,546**

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	FIRST QUARTER 2018	FIRST QUARTER 2017	FULL YEAR 2017
Operating activities			
Operating profit	359	342	1,519
Non-cash items	90	69	318
Interest and financial items, net	-13	-9	-46
Tax paid	-151	-110	-368
Cash flow before changes in working capital	285	292	1,423
Changes in working capital			
Inventories	-155	-23	-124
Current receivables	-198	-188	-85
Current liabilities	99	55	112
Cash flow from operating activities	**31**	**136**	**1,326**
Business acquisitions and sales, net	-66	-515	-1,378
Net investment in tangible fixed assets	-39	-45	-137
Net investment in intangible assets	-2	-2	-9
Cash flow from investing activities	**-107**	**-562**	**-1,524**
Borrowings/repayment of borrowings, net	1	394	557
Dividends paid	-7	-5	-337
Cash flow from financing activities	**-6**	**389**	**220**
Cash flow for the period	**-82**	**-37**	**22**
Cash and cash equivalents at beginning of period	305	293	293
Translation differences	27	-1	-10
Cash and cash equivalents at end of period	**250**	**255**	**305**

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ACQUISITIONS IN 2018

Two new businesses were consolidated during the year. The acquisitions comprised all shares of Spocs and a majority stake in Computer konkret.

The purchase price allocation includes all acquisitions that were made in the first three months of the year. Purchase price allocations are preliminary until one year after the acquisition date.

Acquisition-related expenses of SEK 2 million are included in administrative expenses in the consolidated income statement for the first three months of 2018. If the businesses had been consolidated from 1 January 2018, consolidated net sales would have increased by around SEK 15 million. The acquisitions would have had a positive impact on earnings if the companies had been consolidated from 1 January 2018.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	4	46	50
Tangible assets	1	1	2
Inventories, trade and other receivables	29	-	29
Trade and other payables	-27	-15	-42
Cash and cash equivalents	3	-	3
Net assets	**10**	**32**	**42**
Goodwill	-	44	44
Total net assets	**10**	**76**	**86**

Effect on cash flow, SEK million	
Consideration	86
Consideration not paid	*-17*
Cash and cash equivalents in acquired companies	-3
Total cash flow effect	**66**

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FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
Loans and receivables				
Accounts receivable - trade	1,497	1,222	1,497	1,222
Other non-current financial receivables	6	4	6	4
Cash and cash equivalents	250	255	250	255
Total	**1,753**	**1,481**	**1,753**	**1,481**
Liabilities at fair value through profit or loss				
Other liabilities	278	57	278	57
Other financial liabilities				
Interest-bearing borrowings	3,913	3,651	3,913	3,651
Accounts payable - trade	673	595	673	595
Total	**4,864**	**4,303**	**4,864**	**4,303**

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	2018 31 MAR	2017 31 DEC	2017 31 MAR
Net sales, SEK million	10,281	10,030	9,359
Change in net sales, %	2.5	11.6	4.1
EBITA*, SEK million	1,765	1,732	1,488
EBITA margin*, %	17.2	17.3	15.9
EBITDA*, SEK million	1,892	1,855	1,596
EBITDA margin, %	18.4	18.5	17.1
Capital employed, SEK million	9,110	8,787	7,744
Capital employed excl. goodwill and other intangible assets, SEK million	968	980	1,017
Return on capital employed, %	19.4	19.7	19.2
Return on capital employed excl. goodwill, %	182	177	146
Return on equity, %	20.7	21.5	21.5
Net interest-bearing debt, SEK million	3,696	3,536	3,429
Net debt/equity ratio	0.6	0.6	0.7
Net debt/EBITDA*	2.0	1.9	2.1
Equity/assets ratio, %	46.6	45.5	45.9
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	4,714	4,107	3,669

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CONDENSED PARENT COMPANY INCOME STATEMENT

	FIRST QUARTER		FULL YEAR
SEK million	**2018**	**2017**	**2017**
Administrative expenses	-33	-34	-128
Other operating income*	-	-	89
Operating profit	**-33**	**-34**	**-39**
Net financial items**	44	329	683
Profit after financial items	**11**	**295**	**644**
Appropriations	-	-	-41
Tax	6	1	-10
Net profit for the period	**17**	**296**	**593**

* Invoicing of Group-wide services.
** Net financial items include SEK 39 (302) million in dividends received during the three-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	**31 Mar 2018**	**31 Mar 2017**
ASSETS		
Tangible fixed assets	0	0
Financial assets	4,335	3,988
Current receivables	3,817	3,701
Cash and cash equivalents	29	27
TOTAL ASSETS	**8,181**	**7,716**
EQUITY AND LIABILITIES		
Equity	2,759	2,729
Untaxed reserves	70	41
Provisions	1	-
Non-current interest-bearing liabilities	1,022	1,078
Current interest-bearing liabilities	2,872	2,556
Current non-interest-bearing liabilities	1,457	1,312
TOTAL EQUITY AND LIABILITIES	**8,181**	**7,716**
Pledged assets	-	-
Contingent liabilities	135	3

DEFINITIONS AND OBJECTIVE

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

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	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.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

The interim report presents alternative key performance indicators for assessing the Group's performance. The primary alternative KPIs presented in this interim report are EBITA, EBITDA, net debt and capital employed. Definitions of the alternative KPIs are presented on pages 18–19.

EBITA compared with financial statements in accordance with IFRS

SEK million	3 MTHS 2018	3 MTHS 2017	FULL YEAR 2017
Operating profit	359	342	1,519
Amortisation of intangible assets arising from acquisitions	57	41	196
EBITA	**416**	**383**	**1,715**
Restructuring, integration and acquisition costs	2	2	17
EBITA before acquisition costs	**418**	**385**	**1,732**

EBITDA compared with financial statements in accordance with IFRS

SEK million	3 MTHS 2018	3 MTHS 2017	FULL YEAR 2017
Operating profit	359	342	1,519
Depreciation of tangible assets	30	26	112
Amortisation of intangible assets	3	2	11
Amortisation of intangible assets arising from acquisitions	57	41	196
EBITDA	**449**	**411**	**1,838**
Restructuring, integration and acquisition costs	2	2	17
EBITDA before acquisition costs	**451**	**413**	**1,855**

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

SEK million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current interest-bearing liabilities incl. pension provisions	1,055	1,116	1,033
Current interest-bearing liabilities	2,891	2,568	2,808
Cash and cash equivalents	-250	-255	-305
Net interest-bearing debt	**3,696**	**3,429**	**3,536**

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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	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
Total assets	**12,909**	**12,192**	**11,843**	**11,308**
Cash and cash equivalents	-250	-305	-237	-227
Interest-bearing pension provisions	-33	-36	-36	-35
Non-interest-bearing liabilities	-2,951	-2,805	-2,568	-2,329
Capital employed	**9,675**	**9,046**	**9,002**	**8,717**
Goodwill and other intangible assets	-8,606	-8,288	-8,017	-7,656
Capital employed excluding goodwill and other intangible assets	**1,069**	**758**	**985**	**1,061**

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

SEK million	Average	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Capital employed	**9,110**	9,675	9,046	9,002	8,717
Capital employed excluding goodwill and other intangible assets	**968**	1,069	758	985	1,061
EBITA*	**Total** **1,765**	418	510	404	433
Return on capital employed	**19.4%**				
Return on capital employed excl. goodwill and other intangible assets	**182%**				