LIFCO

15 July 2016

INTERIM REPORT JANUARY – JUNE 2016

Reporting period January – June

- Net sales increased by 14.3 per cent to SEK 4,424 (3,870) million. Organically, net sales grew by 6.2 per cent
- EBITA* increased by 16.9 per cent to SEK 681 (583) million
- The EBITA margin* amounted to 15.4 (15.1) per cent
- Earnings before tax grew by 13.9 per cent to SEK 612 (537) million
- Net profit for the period grew by 15.5 per cent to SEK 459 (397) million
- Earnings per share increased by 15.1 per cent to SEK 4.96 (4.31)
- Cash flow from operating activities remained strong, increasing by 17.3 per cent to SEK 425 (362) million
- In the first six months of the year Lifco acquired seven businesses with combined annual sales of around SEK 870 million

Reporting period April – June

- Net sales increased by 11.8 per cent to SEK 2,373 (2,122) million. Organically, net sales grew by 3.9 per cent
- EBITA* increased by 19.4 per cent to SEK 407 (341) million
- The EBITA margin* amounted to 17.2 (16.1) per cent
- Earnings before tax grew by 17.5 per cent to SEK 369 (314) million
- Net profit for the period grew by 19.1 per cent to SEK 277 (232) million
- Cash flow from operating activities was strong, increasing by 13.5 per cent to SEK 281 (247) million

Summary of financial performance

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	4,424	3,870	14.3%	2,373	2,122	11.8%	8,455	7.0%	7,901
EBITA*	681	583	16.9%	407	341	19.4%	1,284	8.3%	1,186
EBITA margin*	15.4%	15.1%	0.3	17.2%	16.1%	1.1	15.2%	0.2	15.0%
Profit before tax	612	537	13.9%	369	314	17.5%	1,156	6.9%	1,082
Net profit for the period	459	397	15.5%	277	232	19.1%	886	7.4%	825
Earnings per share	4.96	4.31	15.1%	2.98	2.50	18.8%	9.56	7.3%	8.91
Return on capital employed	19.8%	18.9%	0.9	19.8%	18.9%	0.9	19.8%	-0.1	19.9%
Return on capital employed excl. goodwill	135%	116%	19.0	135%	116%	19.0	135%	12.0	123%

* Before restructuring, integration and acquisition costs.

LIFCO

COMMENTS FROM THE CEO

Net sales increased by 14.3 per cent in the first half of 2016, to SEK 4,424 (3,870) million, through organic growth as well as acquisitions. Organic growth was 6.2 per cent. All three business areas increased their sales and earnings in the first six months. The market environment remained generally favourable in the three business areas.

EBITA before restructuring, integration and acquisition costs increased by 16.9 per cent to SEK 681 (583) million in the first half of the year while the EBITA margin expanded by 0.3 percentage points over the same period, to 15.4 (15.1) per cent. Earnings per share increased by 15.1 per cent in the first half, to SEK 4.96 (4.31).

Profitability in the Dental business was stable in the first six months. Profitability in the Demolition & Tools business area was affected by normal quarterly fluctuations. Systems Solutions saw a sharp improvement in profitability during the six-month period.

Cash flow from operating activities remained strong, increasing by 17.3 per cent to SEK 425 (362) million in the first half.

Lifco has subsidiaries which operate in the United Kingdom. We are keeping a close eye on changes in the country's relations with the EU but believe it is not yet possible to assess the effects of Brexit.

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 the first half of the year Lifco consolidated seven new businesses with combined annual sales of around SEK 870 million, see also pages 7 and 14. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year. Even after these acquisitions we still have significant financial scope for further acquisitions, as net debt is 2.1 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

GROUP PERFORMANCE IN JANUARY – JUNE

Net sales increased by 14.3 per cent to SEK 4,424 (3,870) million, driven by organic growth and acquisitions. Acquisitions contributed 9.6 per cent and organic growth 6.2 per cent while changes in exchange rates had a negative impact of 1.5 per cent. During the six-month period seven new businesses were consolidated.

EBITA* increased by 16.9 per cent to SEK 681 (583) million and the EBITA margin* improved to 15.4 (15.1) per cent. EBITA* improved on the back of organic growth and acquisitions. Changes in exchange rates had a marginal negative impact on EBITA* of 1.4 percentage points. In the first six months 40 per cent of EBITA* was generated in EUR, 28 per cent in SEK, 12 per cent in NOK, 7 per cent in DKK, 4 per cent in GBP, 3 per cent in USD and 6 per cent in other currencies.

Net financial items were SEK -17 (-7) million.

Earnings before tax increased by 13.9 per cent to SEK 612 (537) million. Net profit for the period grew by 15.5 per cent to SEK 459 (397) million.

Average capital employed excluding goodwill increased by SEK 20 million from 30 June 2015 to SEK 952 (932) million. EBITA* in relation to average capital employed excluding goodwill increased to 135 (116) per cent at 30 June 2016. At year-end the figure was 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 908 million from 31 December 2015 to SEK 2,858 million at 30 June 2016. The net debt/equity ratio was 0.7 (0.7) at 30 June 2016 and net debt in relation to EBITDA* was 2.1 (2.0) times.

Cash flow from operating activities improved by 17.3 per cent to SEK 425 (362) million in the first six months. The continued strong cash flow was due to a higher profit and good control of capital employed. Cash flow from investing activities was SEK -1,006 (-516) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE SECOND QUARTER

Net sales increased by 11.8 per cent to SEK 2,373 (2,122) million, driven by organic growth and acquisitions. Acquisitions contributed 9.5 per cent and organic growth 3.9 per cent while changes in exchange rates had a negative impact of 1.6 per cent.

EBITA* increased by 19.4 per cent to SEK 407 (341) million and the EBITA margin* improved by 1.1 percentage points to 17.2 (16.1) per cent. EBITA* improved on the back of organic growth and acquisitions. Changes in exchange rates had a negative impact on EBITA* of 1.4 percentage points. In the second quarter 40 per cent of EBITA* was generated in EUR, 30 per cent in SEK, 13 per cent in NOK, 5 per cent in DKK, 4 per cent in USD, 3 per cent in GBP and 5 per cent in other currencies.

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

Earnings before tax increased by 17.5 per cent to SEK 369 (314) million. Net profit for the period increased by 19.1 per cent to SEK 277 (232) million.

Average capital employed excluding goodwill remained largely flat over the quarter, SEK 953 million at 30 June 2016 compared to SEK 952 million at 31 March 2016. EBITA in relation to average capital employed excluding goodwill improved by 7.0 percentage points from 31 March 2016. The improvement was due chiefly to a higher profit and good control of capital employed.

During the three-month period the Group's net interest-bearing debt increased by SEK 79 million to SEK 2,858 million. Dividend payments during the period totalled SEK 277 (236) million. The net debt/equity ratio remained unchanged at 0.7. At the end of the period 50 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities improved by 13.5 per cent to SEK 281 (247) million during the three-month period. The continued strong cash flow was due to a higher profit and good control of capital employed. Cash flow from investing activities was SEK -35 (-84) million.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	1,773	1,763	0.5%	904	869	4.0%	3,445	0.3%	3,435
EBITA*	328	322	1.6%	172	153	13.0%	619	0.9%	614
EBITA margin*	18.5%	18.3%	0.2	19.1%	17.6%	1.5	18.0%	0.1	17.9%

The companies in the Dental business area are leading suppliers of consumables, equipment and technical service for dentists across Europe. 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 smaller manufacturing companies which produce disinfectants, saliva ejectors and endodontic products.

Dental's net sales grew by 0.5 per cent to SEK 1,773 (1,763) million. Net sales were negatively affected by the sale of NetDental at the end of the second quarter of 2015 while the acquisitions of J.H. Orsing, Smilodent, Preventum Partner, Dens Esthetix and Praezimed had a positive impact on net sales in the first six months.

EBITA* improved by 1.6 per cent to SEK 328 (322) million in the first six months and the EBITA margin* increased to 18.5 (18.3) 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 the first quarter the early Easter in 2016 had a slight negative impact on net sales and earnings. The early Easter 2016 had a correspondingly positive impact on the dental business in the second quarter.

In the first quarter Lifco announced 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. Both businesses were consolidated as of February 2016. 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.

Demolition & Tools

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	853	760	12.3%	469	430	9.0%	1,667	5.9%	1,574
EBITA*	193	184	5.1%	114	117	-2.8%	405	2.3%	396
EBITA margin*	22.6%	24.2%	-1.6	24.3%	27.3%	-3.0	24.3%	-0.8	25.1%

Demolition & Tools develops, manufactures and sells equipment for the construction and demolition industries. Lifco is the world’s leading supplier of demolition robots and crane attachments. The company 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.

In the first six months net sales increased by 12.3 per cent to SEK 853 (760) 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.

In the first six months EBITA* increased by 5.1 per cent to SEK 193 (184) million. The EBITA margin* was 22.6 per cent (24.2) due to normal fluctuations between the reporting periods. 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.

Systems Solutions

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	1,798	1,348	33.5%	1,000	823	21.5%	3,343	15.6%	2,892
EBITA*	208	119	74.9%	145	92	57.4%	352	33.8%	263
EBITA margin*	11.6%	8.8%	2.8	14.5%	11.2%	3.3	10.5%	1.4	9.1%

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, Sawmill Equipment 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.

Net sales in Systems Solutions increased by 33.5 per cent to SEK 1,798 (1,348) million and all divisions increased their sales in the first half of 2016.

EBITA* increased by 74.9 per cent to SEK 208 (119) million in the first half. All divisions improved their results during the period and the EBITA margin* increased to 11.6 (8.8) 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 the first six months of 2016 thanks to increased sales activities and an improved product range. Despite this, the EBITA margin* had still not reached a satisfactory level.

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, 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 business was consolidated as of January 2016.

Environmental Technology had a good first half of the year. In January Redoma Recycling was acquired. Redoma Recycling is 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 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 business was consolidated as of March 2016.

Sawmill Equipment increased its sales and earnings in the first half thanks to a strong first quarter. The division sells projects, which means that sales and earnings normally fluctuate from one quarter to another.

Construction Materials (formerly Relining) had a satisfactory sales and earnings development during the three-month period due to the acquisition of a majority stake in Cenika of Norway. Cenika, which was consolidated as of 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.

ACQUISITIONS

In the first half of 2016 Lifco consolidated the following acquisitions:

Consolidated from month	Acquisition	Business area	Net sales	Employees
January	Auto-Maskin	Systems Solutions	NOK 130m	65
January	Endodontic products	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

Further information on acquisitions is provided on page 14 of the interim 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.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees in the second quarter was 3,569 (3,323) and the number of employees at the end of the period was 3,577 (3,367). Acquisitions added about 220 employees in the six-month period, all in the first quarter.

Events after the end of the reporting period

No events of significance for the Group have occurred after the end of the reporting period.

Related-party transactions

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

Annual General Meeting 2016

The Annual General Meeting was held on 12 May in Stockholm. At the AGM the Board of Directors and auditor were re-elected. Annika Espander Jansson was elected to the Board as a new Director. Resolutions were adopted on Directors' and auditors' fees, the payment of a dividend for 2015 and remuneration of senior executives. The AGM approved the transfer of the subsidiary companies Proline Iceland EFT and Proline Relining SL.

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 17-18 and a reconciliation with the financial statements is presented on pages 19-20.

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

DECLARATION OF THE BOARD OF DIRECTORS

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

Enköping, 15 July 2016

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

Annika Norlund
Director, employee representative

Johan Stern
Vice Chairman

Axel Wachtmeister
Director

Hans-Eric Wallin
Director, employee representative

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FINANCIAL CALENDAR

The interim report for the third quarter of 2016 will be published on 25 October 2016 at 1 p.m CET.
The year-end report for 2016 will be published on 15 February 2017.

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: 15 July, 9 a.m. CET

Link to the presentation:
https://wonderland.videosync.fi/2016-07-15-lifco-q2report

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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. The Lifco Group comprises 133 companies in 28 countries. In 2015 the Group reported EBITA of SEK 1,186 million on net sales of around SEK 7.9 billion. The EBITA margin was 15.0 per cent. Read more at www.lifco.se

This information constitutes information that Lifco AB is required to publish under the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the aforementioned contact person on 15 July 2016, at 7:30 a.m CET.

LIFCO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	change	SECOND QUARTER 2016	SECOND QUARTER 2015	change	FULL YEAR 2015
Net sales	4,424	3,870	14.3%	2,373	2,122	11.8%	7,901
Cost of goods sold	-2,674	-2,383	12.2%	-1,412	-1,310	7.8%	-4,865
Gross profit	**1,750**	**1,487**	**17.7%**	**961**	**812**	**18.2%**	**3,036**
Selling expenses	-395	-304	29.7%	-212	-165	28.2%	-625
Administrative expenses	-684	-597	14.7%	-343	-303	13.3%	-1,205
Development costs	-45	-33	37.9%	-23	-17	37.7%	-73
Other income and expenses	3	-9	-137%	-5	-4	17.1%	-26
Operating profit	**629**	**544**	**15.6%**	**378**	**323**	**16.8%**	**1,107**
Net financial items	-17	-7	143%	-9	-9	-	-25
Profit before tax	**612**	**537**	**13.9%**	**369**	**314**	**17.5%**	**1,082**
Tax	-153	-140	9.5%	-92	-82	13.0%	-257
Net profit for the period	**459**	**397**	**15.5%**	**277**	**232**	**19.1%**	**825**
Profit attributable to:							
Parent Company shareholders	451	392	15.0%	271	227	18.8%	810
Non-controlling interests	8	5	51.6%	6	5	32.6%	15
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	4.96	4.31	15.1%	2.98	2.50	18.8%	8.91
EBITA*	681	583	16.9%	407	341	19.4%	1,186
Depreciation of tangible assets	44	39	14.3%	23	21	8.8%	81
Amortisation of intangible assets	5	5	-	2	3	-9%	10
Amortisation of intangible assets arising from acquisitions	52	29	76.4%	29	16	77.1%	66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	change	SECOND QUARTER 2016	SECOND QUARTER 2015	change	FULL YEAR 2015
Net profit for the period	459	397	15.5%	277	232	19.1%	825
Other comprehensive income							
Items which can later be reclassified in the income statement: Hedge of net investment	16			-2			-
Translation differences	63	-58	-209%	49	-19	-351%	-92
Tax related to other comprehensive income	-4			0			-
Total comprehensive income for the period	**534**	**339**	**57.4%**	**324**	**213**	**52.2%**	**733**
Comprehensive income attributable to:							-
Parent Company shareholders	525	335	56.8%	317	209	51.7%	720
Non-controlling interests	9	4	101%	7	4	77.7%	13
	534	**339**	**57.4%**	**324**	**213**	**52.2%**	**733**

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, Sawmill Equipment and Construction Materials (formerly Relining).

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Dental	1,773	1,763	0.5%	904	869	4.0%	3,445	0.3%	3,435
Demolition & Tools	853	760	12.3%	469	430	9.0%	1,667	5.9%	1,574
Systems Solutions	1,798	1,348	33.5%	1,000	823	21.5%	3,343	15.6%	2,892
Group	**4,424**	**3,870**	**14.3%**	**2,373**	**2,122**	**11.8%**	**8,455**	**7.0%**	**7,901**

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:

	SIX MONTHS			SECOND QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Dental	328	322	1.6%	172	153	13.0%	620	0.9%	614
Demolition & Tools	193	184	5.1%	114	117	-2.8%	405	2.3%	396
Systems Solutions	208	119	74.9%	145	92	57.4%	352	33.8%	263
Central Group functions	-48	-42	12.7%	-24	-21	14.8%	-93	6.1%	-87
EBITA before restructuring, integration and acquisition costs	**681**	**583**	**16.9%**	**407**	**341**	**19.4%**	**1,284**	**8.3%**	**1,186**
Restructuring, integration and acquisition costs	0	-9	-99.4%	0	-1	-51.4%	-4	-69.2%	-13
EBITA	**681**	**573**	**18.7%**	**407**	**340**	**19.7%**	**1,280**	**9.2%**	**1,173**
Amortisation of intangible assets arising from acquisitions	-52	-29	76.4%	-29	-16	77.1%	-88	34.3%	-66
Net financial items	-17	-7	143%	-9	-9	-	-36	40.6%	-25
Profit before tax	**612**	**537**	**13.9%**	**369**	**314**	**17.5%**	**1,156**	**6.9%**	**1,082**

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Intangible assets	6,063	4,961	5,010
Tangible fixed assets	454	418	417
Financial assets	96	59	87
Inventories	1,130	999	960
Accounts receivable - trade	1,122	930	863
Current receivables	304	310	257
Cash and cash equivalents	428	537	464
TOTAL ASSETS	**9,597**	**8,214**	**8,058**
EQUITY AND LIABILITIES			
Equity	4,226	3,576	3,964
Non-current interest-bearing liabilities incl. pension provisions	1,105	1,114	1,103
Other non-current liabilities and provisions	494	313	371
Current interest-bearing liabilities	2,197	1,842	1,341
Accounts payable – trade	550	422	370
Other current liabilities	1,025	947	909
TOTAL EQUITY AND LIABILITIES	**9,597**	**8,214**	**8,058**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
Opening equity	3,939	3,455	3,455
Comprehensive income for the period	525	335	720
Dividend	-273	-236	-236
Closing equity	**4,191**	**3,554**	**3,939**
Equity attributable to:			
Parent Company shareholders	4,191	3,554	3,939
Non-controlling interests	35	22	25
	4,226	**3,576**	**3,964**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	SECOND QUARTER 2016	SECOND QUARTER 2015	FULL YEAR 2015
Operating activities					
Operating profit	629	544	378	323	1,107
Non-cash items	88	73	54	39	157
Interest and financial items, net	-17	-7	-9	-9	-25
Tax paid	-165	-133	-77	-55	-239
Cash flow before changes in working capital	535	477	346	298	1,000
Changes in working capital					
Inventories	-61	-62	1	25	-59
Current receivables	-105	-183	-124	-71	-113
Current liabilities	56	130	58	-5	120
Cash flow from operating activities	**425**	**362**	**281**	**247**	**948**
Business acquisitions and sales, net	-948	-460	-	-46	-573
Net investment in tangible fixed assets	-56	-45	-34	-32	-82
Net investment in intangible assets	-2	-11	-1	-6	-9
Cash flow from investing activities	**-1,006**	**-516**	**-35**	**-84**	**-664**
Borrowings/repayment of borrowings, net	818	400	21	-10	-88
Dividends paid	-280	-245	-277	-236	-252
Cash flow from financing activities	**538**	**155**	**-256**	**-246**	**-340**
Cash flow for the period	**-43**	**1**	**-10**	**-83**	**-56**
Cash and cash equivalents at beginning of period	464	536	438	624	536
Translation differences	7	0	0	-4	-16
Cash and cash equivalents at end of period	**428**	**537**	**428**	**537**	**464**

ACQUISITIONS IN 2016

In the first half of 2016 seven new businesses were consolidated and are included in the preliminary purchase price allocation. The acquisitions refer to all shares of Auto-Maskin, Praezimed and TMC/Nessco as well as a majority stake in Cenika. The acquisitions of Redoma Recycling, Dens Esthetix and endodontic products were asset deals.

The preliminary purchase price allocation covers all acquisitions made in the first half of the year.

Acquisition-related expenses of SEK 12 million are included in administrative expenses in the consolidated income statement for the first half of 2016. If the businesses had been consolidated from 1 January 2016 consolidated net sales would have increased by around SEK 95 million. The acquisitions would have had a positive impact on earnings if the companies had been consolidated from 1 January 2016.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	1	559	560
Tangible assets	20	-	20
Trade and other receivables	274	-9	265
Trade and other payables	-201	-124	-325
Cash and cash equivalents	111	-	111
Net assets	**205**	**426**	**631**
Goodwill		427	427
Total net assets	**205**	**853**	**1,058**

Effect on cash flow, MSEK	
Consideration	1,058
Cash and cash equivalents in the acquired companies	-111
Consideration paid relating to acquisitions from previous years	1
Total cash flow effect	**948**

FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Loans and receivables				
Accounts receivable - trade	1,122	930	1,122	930
Other non-current financial receivables	3	6	3	6
Cash and cash equivalents	428	537	428	537
Total	**1,553**	**1,473**	**1,553**	**1,473**
Liabilities at fair value through profit or loss				
Other liabilities	16	30	16	30
Other financial liabilities				
Interest-bearing borrowings	3,246	2,886	3,246	2,886
Accounts payable - trade	550	422	550	422
Total	**3,812**	**3,338**	**3,812**	**3,338**

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 relating to non-controlling interests. Changes in financial liabilities attributable to mandatory put/call options are recognised in the income statement.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2016 30 JUNE	2015 31 DEC	2015 30 JUNE
Net sales, SEK million	8,455	7,901	7,424
Change in net sales, %	7.0	16.2	9.1
EBITA*, SEK million	1,284	1,186	1,083
EBITA margin*, %	15.2	15.0	14.6%
EBITDA*, SEK million	1,381	1,277	1,168
EBITDA margin*, %	16.3	16.2	15.7
Capital employed, SEK million	6,479	5,965	5,725
Capital employed excl. goodwill and other intangible assets, SEK million	952	966	932
Return on capital employed, %	19.8	19.9	18.9
Return on capital employed excl. goodwill, %	135	123	116
Return on equity, %	21.9	22.1	18.7
Net interest-bearing debt, SEK million	2,858	1,950	2,389
Net debt/equity ratio	0.7	0.5	0.7
Net debt/EBITDA*	2.1	1.5	2.0
Equity/assets ratio, %	44.0	49.2	43.5
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	3,569	3,369	3,323

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	SECOND QUARTER 2016	SECOND QUARTER 2015	FULL YEAR 2015
Administrative expenses	-55	-50	-28	-24	-104
Other operating income*	40	-	40	-	84
Operating profit	**-15**	**-50**	**12**	**-24**	**-20**
Net financial items	394	264	382	44	307
Profit after financial items	**379**	**214**	**394**	**20**	**287**
Appropriations	-	-	-	-	-12
Tax	10	1	5	0	-8
Net profit for the period	**389**	**215**	**399**	**20**	**267**

* Preliminary invoicing of Group wide services.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Jun 2016	31 Dec 2015
ASSETS		
Tangible fixed assets	0	0
Financial assets	1,985	3,369
Current receivables	4,467	2,223
Cash and cash equivalents	254	307
TOTAL ASSETS	**6,706**	**5,899**
EQUITY AND LIABILITIES		
Equity	2,302	2,186
Untaxed reserves	32	32
Provisions	-	4
Non-current interest-bearing liabilities	1,063	1,031
Current interest-bearing liabilities	2,171	1,330
Current non-interest-bearing liabilities	1,138	1,316
TOTAL EQUITY AND LIABILITIES	**6,706**	**5,899**
Pledged assets	-	-
Contingent liabilities	101	92

LIFCO

PURPOSE 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.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

EBITA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	FULL YEAR 2015
Operating profit	629	544	1,107
Amortisation of intangible assets arising from acquisitions	52	29	66
EBITA	**681**	**573**	**1,173**
Restructuring, integration and acquisition costs	0	9	13
EBITA before restructuring, integration and acquisition costs	**681**	**583**	**1,186**

EBITDA compared with financial statements in accordance with IFRS

SEK million	SIX MONTHS 2016	SIX MONTHS 2015	FULL YEAR 2015
Operating profit	629	544	1,107
Depreciation of tangible assets	44	39	81
Amortisation of intangible assets	5	5	10
Amortisation of intangible assets arising from acquisitions	52	29	66
EBITDA	**730**	**617**	**1,264**
Restructuring, integration and acquisition costs	0	9	13
EBITA before restructuring, integration and acquisition costs	**730**	**626**	**1,277**

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

SEK million	30 Jun 2016	30 Jun 2015	31 Dec 2015
Non-current interest-bearing liabilities incl. pension provisions	1,105	1,114	1,103
Current interest-bearing liabilities	2,197	1,842	1,341
Calculated contingent consideration for acquisitions	-16	-30	-30
Cash and cash equivalents	-428	-537	-464
Net interest-bearing debt	**2,858**	**2,389**	**1,950**

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

SEK million	30 Jun 2016	31 Mar 2016	31 Dec 2015	2015-09-30
Total assets	**9,597**	**9,373**	**8,058**	**8,447**
Cash and cash equivalents	-428	-438	-464	-645
Interest-bearing pension provisions	-41	-40	-39	-41
Non-interest-bearing liabilities	-2,069	-1,965	-1,650	-1,739
Capital employed	**7,059**	**6,930**	**5,905**	**6,022**
Goodwill and other intangible assets	-6,063	-5,983	-5,010	-5,050
Capital employed excl. goodwill and other intangible assets	**996**	**947**	**895**	**972**

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

SEK million	Average	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Capital employed	**6,479**	7,059	6,930	5,905	6,022
Capital employed excl. goodwill and other intangible assets	**952**	996	947	895	972
EBITA*	**Total 1,284**	407	274	322	281
Return on capital employed	**19.8%**				
Return on capital employed excl. goodwill and other intangible assets	**135%**				