LIFCO

25 October 2016

INTERIM REPORT JANUARY – SEPTEMBER 2016

Reporting period January – September

- Net sales increased by 13.4 per cent to SEK 6,552 (5,780) million. Organically, net sales grew by 4.1 per cent
- EBITA* increased by 15.5 per cent to SEK 997 (863) million
- The EBITA margin* increased to 15.2 (14.9) per cent
- Earnings before tax grew by 12.0 per cent to SEK 889 (794) million
- Net profit for the period grew by 13.5 per cent to SEK 667 (587) million
- Earnings per share increased by 13.4 per cent to SEK 7.18 (6.33)
- Cash flow from operating activities remained strong, increasing by 7.5 per cent to SEK 655 (610) million
- During the period Lifco acquired nine businesses with combined annual sales of around SEK 1,200 million

Reporting period July – September

- Net sales increased by 11.4 per cent to SEK 2,128 (1,910) million, organically net sales decreased by 0.2 per cent
- EBITA* increased by 12.6 per cent to SEK 316 (280) million
- The EBITA margin* increased to 15.2 (14.7) per cent
- Earnings before tax grew by 8.0 per cent to SEK 277 (257) million
- Net profit for the period grew by 9.5 per cent to SEK 208 (190) million
- Cash flow from operating activities decreased by 6.8 per cent to SEK 230 (248) million
- During the three-month period Lifco acquired two businesses with combined annual sales of around SEK 300 million
- After the end of the period two companies in the Sawmill Equipment division have been sold

Summary of financial performance

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	6,552	5,780	13.4%	2,128	1,910	11.4%	8,673	9.8%	7,901
EBITA*	997	863	15.5%	316	280	12.6%	1,319	11.3%	1,186
EBITA margin*	15.2%	14.9%	0.3	15.2%	14.7%	0.5	15.2%	0.2	15.0%
Profit before tax	889	794	12.0%	277	257	8.0%	1,177	8.8%	1,082
Net profit for the period	667	587	13.5%	208	190	9.5%	904	9.6%	825
Earnings per share	7.18	6.33	13.4%	2.22	2.02	10.0%	9.76	9.5%	8.91
Return on capital employed	19.1%	19.3%	-0.2	19.1%	19.3%	-0.2	19.1%	-0.8	19.9%
Return on capital employed excl. goodwill	136%	118%	18	136%	118%	18	136%	13	123%

* Before restructuring, integration and acquisition costs.

LIFCO

COMMENTS FROM THE CEO

Net sales increased by 13.4 per cent in the first nine months of 2016, to SEK 6,552 (5,780) million, driven by organic growth as well as acquisitions. All three business areas increased their sales and earnings in the first nine months of the year. The weaker organic development in the third quarter relates to lower net sales in the Sawmill Equipment division. The market environment remained generally favourable in the three business areas.

EBITA before restructuring, integration and acquisition costs increased by 15.5 per cent to SEK 997 (863) million during the nine-month period while the EBITA margin expanded by 0.3 percentage points, to 15.2 (14.9) per cent. Earnings per share increased by 13.4 per cent in the first nine months, to SEK 7.18 (6.33).

Profitability in the Dental business area remained stable in the first nine months. Profitability in the Demolition & Tools and Systems Solutions business areas showed strong performance during the same period. However, the third quarter was slightly weaker in the Systems Solutions business area, mainly due to the development within the Sawmill Equipment division. Lifco works continuously to improve its product portfolios, strengthen its distribution systems and improve productivity in the Group's companies. The earnings impact of such measures will fluctuate from one quarter to the next, however.

Cash flow from operating activities remained strong, increasing by 7.5 per cent to SEK 655 (610) million in the first nine months.

Our Estonian subsidiary Hekotek, which sells equipment to sawmills and the biofuel industry, has been named Company of the Year and Export Company of the Year by Estonian Employers' Confederation, Enterprise Estonia and the Estonian Chamber of Commerce and Industry. This is an important recognition of the successful work performed by Hekotek's management and employees.

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 nine months of the year Lifco consolidated nine new businesses with combined annual sales of around SEK 1,200 million, see also pages 7 and 16. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year. After the end of the quarter we concluded an agreement for the sale of two companies in Systems Solutions, which sells equipment to sawmills. The two companies had a combined turnover of SEK 153 million in 2015 and had 63 employees in total. The sale will not have a significant impact on Lifco's financial position and performance in the current year.

Even after the nine acquisitions we still have significant financial scope for further acquisitions, as net debt is 2.3 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 – SEPTEMBER

Net sales increased by 13.4 per cent to SEK 6,552 (5,780) million, driven by acquisitions and organic growth. Acquisitions contributed 10.4 per cent and organic growth 4.1 per cent while changes in exchange rates had a negative impact of 1.1 per cent. Nine new businesses were consolidated during the nine-month period.

EBITA* increased by 15.5 per cent to SEK 997 (863) million and the EBITA margin* improved to 15.2 (14.9) per cent. EBITA* improved on the back of organic growth and acquisitions. Changes in exchange rates had a negative impact on EBITA* of 1.0 percentage points. In the first nine months 40 per cent of EBITA* was generated in EUR, 28 per cent in SEK, 11 per cent in NOK, 6 per cent in DKK, 4 per cent in GBP, 4 per cent in USD and 7 per cent in other currencies.

Earnings before tax increased by 12.0 per cent to SEK 889 (794) million. Net profit grew by 13.5 per cent to SEK 667 (587) million.

Average capital employed excluding goodwill increased marginally from 30 September 2015 to SEK 969 (964) million. EBITA* in relation to average capital employed excluding goodwill increased to 136 (118) per cent at 30 September 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 1,345 million from 31 December 2015 to SEK 3,295 million at 30 September 2016. The net debt/equity ratio was 0.7 (0.6) at 30 September 2016 and net debt in relation to EBITDA* was 2.3 (1.8) times.

Cash flow from operating activities improved by 7.5 per cent to SEK 655 (610) million in the first nine 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 -1,600 (-570) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE THIRD QUARTER

Net sales increased by 11.4 per cent to SEK 2,128 (1,910) million, driven by acquisitions. Acquisitions contributed 12.1 per cent, organically net sales decreased by 0.2 per cent while changes in exchange rates had a negative impact of 0.4 per cent. The weaker organic development in the third quarter relates to lower net sales in the Sawmill Equipment division.

EBITA* increased by 12.6 per cent to SEK 316 (280) million and the EBITA margin* improved by 0.5 percentage points to 15.2 (14.7) per cent. Acquisitions and organic growth had a positive impact on EBITA*. Changes in exchange rates had a negative impact on EBITA* of 0.3 percentage points. In the first nine months 41 per cent of EBITA* was generated in EUR, 26 per cent in SEK, 10 per cent in NOK, 6 per cent in DKK, 5 per cent in USD, 5 per cent in GBP and 7 per cent in other currencies.

Earnings before tax increased by 8.0 per cent to SEK 277 (257) million. Net profit grew by 9.5 per cent to SEK 208 (190) million.

Average capital employed excluding goodwill increased by SEK 16 million over the three-month period, to SEK 969 million at 30 September 2016, compared with SEK 953 million at 30 June 2016. EBITA in relation to average capital employed excluding goodwill improved by 1.0 percentage point from 30 June 2016. The improvement was due chiefly to a higher profit and good control of capital employed.

The Group's net interest-bearing debt increased by SEK 437 million to SEK 3,295 million over the three-month period. The net debt/equity ratio remained unchanged at 0.7. At the end of the period 45 per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities decreased by 6.8 per cent to SEK 230 (248) million during the three-month period. Cash flow from investing activities was SEK -594 (-54) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	2,576	2,513	2.5%	804	750	7.2%	3,499	1.9%	3,435
EBITA*	472	450	5.0%	144	127	13.5%	636	3.6%	614
EBITA margin*	18.3%	17.9%	0.4	17.9%	16.9%	1.0	18.2%	0.3	17.9%

The companies in the Dental business area are leading suppliers of consumables, equipment and technical service for 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 smaller manufacturing companies which produce disinfectants, saliva ejectors as well as material for bite registration, impressions and bonding sold to dentists through distributors across the world.

Net sales in Dental increased by 2.5 per cent to SEK 2,576 (2,513) in the first nine months of the year. Net sales were negatively affected by the sale of NetDental at the end of the second quarter 2015 while the acquisitions of Smilodent, Preventum Partner, Dens Esthetix, Praezimed and Parkell had a positive impact on net sales for the nine-month period.

EBITA* improved by 5.0 per cent to SEK 472 (450) million in the first nine months and the EBITA margin* increased to 18.3 (17.9) per cent.

The dental market remains generally stable. The results for individual companies in Lifco's dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects (such as Easter), gained or lost contracts in procurements of consumables by public-sector or major private-sectors customers as well as fluctuations in the delivery of equipment. In the first nine months of the year there was no individual event having a substantial impact on the earnings of the dental group as a whole.

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

Demolition & Tools

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Net sales	1,284	1,138	12.8%	431	379	13.8%	1,719	9.3%	1,574
EBITA*	297	273	8.8%	104	89	16.6%	420	6.1%	396
EBITA margin*	23.1%	24.0%	-0.9	24.1%	23.5%	0.6	24.4%	-0.7	25.1%

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.

In the first nine months net sales increased by 12.8 per cent to SEK 1,284 (1,138) 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 nine months EBITA* increased by 8.8 per cent to SEK 297 (273) million. The EBITA margin* was 23.1 (24.0) per cent, with the main negative impact coming from the weakening of the British pound. 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

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	NINE MONTHS change	THIRD QUARTER 2016	THIRD QUARTER 2015	THIRD QUARTER change	Rolling 12 months	Rolling 12 months change	FULL YEAR 2015
Net sales	2,692	2,129	26.4%	893	781	14.3%	3,455	19.5%	2,892
EBITA*	296	204	44.9%	88	85	3.0%	355	34.8%	263
EBITA margin*	11.0%	9.6%	1.4	9.8%	10.9%	-1.1	10.3%	1.2	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 26.4 per cent to SEK 2,692 (2,129) million and all divisions, with the exception of Sawmill Equipment, increased their sales in the first nine months of the year.

EBITA* increased by 44.9 per cent to SEK 296 (204) million in the first nine months of the year. All divisions, with the exception of Sawmill Equipment, improved their results during the period and the EBITA margin* increased to 11.0 (9.6) 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 nine months of the year thanks to increased sales activities and an improved product range, as well as an increased number of light trucks registered in Europe.

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

Environmental Technology performed well in the first nine months of the year. In January Lifco acquired Redoma Recycling, a Swedish company specialising in the development and manufacture of recycling machinery for small and medium cables. Redoma Recycling generated net sales of around SEK 25 million in 2015 and has eight employees. In February, it was announced that Lifco had acquired TMC/Nessco of Norway, a world-leading supplier of marine compressors and spare parts. TMC/Nessco generated net sales of approximately NOK 525 million in 2015 and has about 90 employees. The company was consolidated from March 2016.

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In Sawmill Equipment net sales and earnings have declined over the past two quarters following a strong first quarter. The decline is due to certain problems in individual projects. After the end of the quarter Lifco has concluded an agreement for the sale of AriVislanda AB and Renholmen AB in the Sawmill Equipment division. Both companies sell equipment to sawmills and had a combined turnover of SEK 153 million in 2015. The companies have 63 employees in total.

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

ACQUISITIONS

In the first nine months 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
September	Nordesign	Systems Solutions	NOK 64m	18
September	Parkell	Dental	USD 29m	100

Further information on acquisitions is provided on page 16 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.

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OTHER FINANCIAL INFORMATION

Employees

The average number of employees in the third quarter was 3,662 (3,333) and the number of employees at the end of the period was 3,663 (3,372). Acquisitions added 340 employees.

Events after the end of the reporting period

After the end of the quarter Lifco has concluded agreements for the sale of AriVislanda AB and Renholmen AB in the Sawmill Equipment division in the Systems Solutions business area. Both companies sell equipment to sawmills and had a combined turnover of SEK 153 million in 2015. The companies have 63 employees in total. The companies are not significant to the Group's or the Sawmill Equipment division's financial position and the sale will not have a significant impact on Lifco's financial position and performance in the current year. The companies' net assets have been reclassified in the consolidated financial statements as "Assets held for sale".

Related-party transactions

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

Risks and uncertainties

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

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

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

Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting principles have been applied in accordance with those which are presented in the annual report for 2015 and should be read in conjunction with these. The interim report presents alternative key performance indicators for assessing the Group's performance. The primary alternative KPIs presented in this interim report are EBITA, EBITDA, net debt and capital employed. Definitions of the alternative KPIs are presented on pages 19-20 and a reconciliation with the financial statements is presented on pages 21-22.

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DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this nine-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, 25 October 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		*Peter Wiberg* Deputy Director, employee representative

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial information (interim report) of Lifco AB (publ) as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Enköping, 25 October 2016

PricewaterhouseCoopers

Magnus Willfors
Auktoriserad revisor
Huvudansvarig revisor

Martin Johansson
Auktoriserad revisor

FINANCIAL CALENDAR 2017

The report for the fourth quarter and year-end report 2016 will be published at noon on 15 February
The annual report for year 2016 will be published during the week of 3-7 April
The report for the first quarter will be published on 4 May
The Annual General Meeting will be held at 3 pm on 4 May at Bonnierhuset, Torsgatan 21, Stockholm
The report for the second quarter will be published on 17 July
The report for the third quarter will be published on 26 October

ANNUAL GENERAL MEETING

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

THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2017 the Nomination 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 Nomination Committee.

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

FURTHER INFORMATION

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

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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: 25 October, 3 pm

Link to the presentation:
https://wonderland.videosync.fi/lifco-q3-report-2016

Call-in numbers:
Sweden: +46 8 566 426 93
UK: +44 203 008 98 01
US: +1 855 831 59 45

LIFCO IN BRIEF

Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. At year-end, the Lifco Group consisted of 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.
The information was submitted for publication through the aforementioned contact person on 25 October 2016, at 1 pm.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	change	THIRD QUARTER 2016	THIRD QUARTER 2015	change	FULL YEAR 2015
Net sales	6,552	5,780	13.4%	2,128	1,910	11.4%	7,901
Cost of goods sold	-3,975	-3,592	10.7%	-1,301	-1,209	7.7%	-4,865
Gross profit	**2,577**	**2,188**	**17.8%**	**827**	**701**	**17.9%**	**3,036**
Selling expenses	-592	-449	31.8%	-197	-144	36.3%	-625
Administrative expenses	-1,007	-868	16.1%	-323	-271	19.1%	-1,205
Development costs	-65	-52	24.9%	-20	-19	2.9%	-73
Other income and expenses	-3	-11	-71.9%	-7	-4	84.3%	-26
Operating profit	**910**	**808**	**12.7%**	**280**	**263**	**6.6%**	**1,107**
Net financial items	-21	-14	52.7%	-3	-6	-47.2%	-25
Profit before tax	**889**	**794**	**12.0%**	**277**	**257**	**8.0%**	**1,082**
Tax	-222	-207	7.7%	-69	-67	3.8%	-257
Net profit for the period	**667**	**587**	**13.5%**	**208**	**190**	**9.5%**	**825**
Profit attributable to:							
Parent Company shareholders	653	575	13.4%	202	183	10.0%	810
Non-controlling interests	14	12	19.9%	6	7	-4.9%	15
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	7.18	6.33	13.4%	2.22	2.02	10.0%	8.91
EBITA*	997	863	15.5%	316	280	12.6%	1,186
Depreciation of tangible assets	69	60	14.7%	24	21	15.5%	81
Amortisation of intangible assets	7	7	-	2	2	-	10
Amortisation of intangible assets arising from acquisitions	83	46	79.2%	31	17	84.1%	66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	change	THIRD QUARTER 2016	THIRD QUARTER 2015	change	FULL YEAR 2015
Net profit for the period	667	587	13.5%	208	190	9.5%	825
Other comprehensive income							
Items which can later be reclassified to profit or loss:							
Hedge of net investment	-5	-	-	-21	-	-	-
Translation differences	160	-29	-643%	97	29	235%	-92
Tax related to other comprehensive income	0	-	-	4	-	-	-
Total comprehensive income for the period	**822**	**558**	**47.3%**	**288**	**219**	**31.7%**	**733**
Comprehensive income attributable to:							-
Parent Company shareholders	804	546	47.1%	279	212	31.8%	720
Non-controlling interests	18	12	56.6%	9	7	28.8%	13
	822	**558**	**47.3%**	**288**	**219**	**31.7%**	**733**

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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 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.

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Dental	2,576	2,513	2.5%	804	750	7.2%	3,499	1.9%	3,435
Demolition & Tools	1,284	1,138	12.8%	431	379	13.8%	1,719	9.3%	1,574
Systems Solutions	2,692	2,129	26.4%	893	781	14.3%	3,455	19.5%	2,892
Group	**6,552**	**5,780**	**13.4%**	**2,128**	**1,910**	**11.4%**	**8,673**	**9.8%**	**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:

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2016	2015	*change*	2016	2015	*change*		*change*	2015
Dental	472	450	5.0%	144	127	13.5%	636	3.6%	614
Demolition & Tools	297	273	8.8%	104	89	16.6%	420	6.1%	396
Systems Solutions	296	204	44.9%	88	85	3.0%	355	34.8%	263
Central Group functions	-68	-64	7.2%	-20	-21	-3.9%	-92	5.2%	-87
EBITA before restructuring, integration and acquisition costs	**997**	**863**	**15.5%**	**316**	**280**	**12.6%**	**1,319**	**11.3%**	**1,186**
Restructuring, integration and acquisition costs	-4	-9	-56.5%	-5	0	951%	-8	-41.0%	-13
EBITA	**993**	**854**	**16.3%**	**311**	**280**	**11.3%**	**1,311**	**11.9%**	**1,173**
Amortisation of intangible assets arising from acquisitions	-83	-46	79.2%	-31	-17	84.1%	-102	56.0%	-66
Net financial items	-21	-14	52.7%	-3	-6	47.2%	-32	28.4%	-25
Profit before tax	**889**	**794**	**12.0%**	**277**	**257**	**8.0%**	**1,177**	**8.8%**	**1,082**

LIFCO

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Intangible assets	6,756	5,050	5,010
Tangible fixed assets	459	423	417
Financial assets	105	60	87
Inventories	1,163	998	960
Accounts receivable - trade	1,119	929	863
Current receivables	354	341	257
Cash and cash equivalents	410	645	464
Assets held for sale	26	-	-
TOTAL ASSETS	**10,392**	**8,446**	**8,058**
EQUITY AND LIABILITIES			
Equity	4,516	3,795	3,964
Non-current interest-bearing liabilities incl. pension provisions	1,121	1,137	1,103
Other non-current liabilities and provisions	518	323	371
Current interest-bearing liabilities	2,600	1,777	1,341
Accounts payable - trade	528	438	370
Other current liabilities	1,109	976	909
TOTAL EQUITY AND LIABILITIES	**10,392**	**8,446**	**8,058**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Sep 2016	30 Sep 2015	31 Dec 2015
Opening equity	3,939	3,455	3,455
Comprehensive income for the period	804	546	720
Dividend	-273	-236	-236
Closing equity	**4,470**	**3,765**	**3,939**
Equity attributable to:			
Parent Company shareholders	4,470	3765	3,939
Non-controlling interests	46	30	25
	4,516	**3,795**	**3,964**

LIFCO

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	THIRD QUARTER 2016	THIRD QUARTER 2015	FULL YEAR 2015
Operating activities					
Operating profit	910	808	280	263	1,107
Non-cash items	132	113	44	40	157
Interest and financial items, net	-21	-14	-3	-6	-25
Tax paid	-232	-183	-67	-50	-239
Cash flow before changes in working capital	789	724	254	247	1,000
Changes in working capital					
Inventories	-60	-75	1	-13	-59
Current receivables	-118	-223	-13	-39	-113
Current liabilities	44	184	-12	53	120
Cash flow from operating activities	**655**	**610**	**230**	**248**	**948**
Business acquisitions and sales, net	-1,517	-498	-569	-38	-573
Net investment in tangible fixed assets	-80	-64	-24	-19	-82
Net investment in intangible assets	-3	-8	-1	3	-9
Cash flow from investing activities	**-1,600**	**-570**	**-594**	**-54**	**-664**
Borrowings/repayment of borrowings, net	1,174	319	356	-82	-88
Dividends paid	-283	-245	-3	-	-252
Cash flow from financing activities	**891**	**74**	**353**	**-82**	**-340**
Cash flow for the period	**-54**	**114**	**-11**	**112**	**-56**
Cash and cash equivalents at beginning of period	464	536	429	537	536
Cash and cash equivalents in operations held for sale	-24	-	-24	-	-
Translation differences	24	-5	16	-4	-16
Cash and cash equivalents at end of period	**410**	**645**	**410**	**645**	**464**

ACQUISITIONS IN 2016

In the first nine months of the year nine new businesses were consolidated and are included in the preliminary purchase price allocation. The acquisitions refer to all shares of Auto-Maskin, Praezimed, TMC/Nessco and Parkell as well as a majority stakes in Cenika and Nordesign. 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 nine months of the year.

Acquisition-related expenses of SEK 17 million are included in administrative expenses in the consolidated income statement for the first nine months of 2016. If the businesses had been consolidated from 1 January 2016 consolidated net sales would have increased by around SEK 306 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	4	914	918
Tangible assets	29	-	29
Trade and other receivables	360	-17	343
Trade and other payables	-227	-139	-366
Cash and cash equivalents	139	-	139
Net assets	**305**	**758**	**1,063**
Goodwill		634	634
Total net assets	**305**	**1,392**	**1,697**

Effect on cash flow, SEK million	
Consideration	1,697
of which considerations not paid	*-42*
Cash and cash equivalents in the acquired companies	-139
Consideration paid relating to acquisitions from previous years	1
Total cash flow effect	**1,517**

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FINANCIAL INSTRUMENTS

	CARRYING AMOUNT		FAIR VALUE	
SEK million	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
Loans and receivables				
Accounts receivable - trade	1,119	929	1,119	929
Other non-current financial receivables	3	6	3	6
Cash and cash equivalents	410	645	410	645
Total	**1,532**	**1,580**	**1,532**	**1,580**
Liabilities at fair value through profit or loss				
Other liabilities	16	-	16	-
Other financial liabilities				
Interest-bearing borrowings	3,672	2,842	3,672	2,842
Accounts payable - trade	528	438	528	438
Other liabilities	-	30	-	30
Total	**4,216**	**3,310**	**4,216**	**3,310**

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 profit or loss.

KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2016 30 SEP	2015 31 DEC	2015 30 SEP
Net sales, SEK million	8,673	7,901	7,681
Change in net sales, %	9.8	16.2	12.9
EBITA*, SEK million	1,319	1,186	1,137
EBITA margin*, %	15.2	15.0	14.8
EBITDA*, SEK million	1,420	1,277	1,223
EBITDA margin, %	16.4	16.2	15.9
Capital employed, SEK million	6,922	5,965	5,879
Capital employed excl. goodwill and other intangible assets, SEK million	969	966	964
Return on capital employed, %	19.1	19.9	19.3
Return on capital employed excl. goodwill, %	136	123	118
Return on equity, %	21.4	22.1	19.3
Net interest-bearing debt, SEK million	3,295	1,950	2,238
Net debt/equity ratio	0.7	0.5	0.6
Net debt/EBITDA*	2.3	1.5	1.8
Equity/assets ratio, %	43.5	49.2	44.9
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	3,662	3,369	3,333

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CONDENSED PARENT COMPANY INCOME STATEMENT

	NINE MONTHS		THIRD QUARTER		FULL YEAR
SEK million	2016	2015	2016	2015	2015
Administrative expenses	-79	-74	-24	-24	-104
Other operating income*	40	-	-	-	84
Operating profit	**-39**	**-74**	**-24**	**-24**	**-20**
Net financial items**	376	277	-18	14	307
Profit after financial items	**337**	**203**	**-42**	**-10**	**287**
Appropriations	-	-	-	-	-12
Tax	28	5	17	4	-8
Net profit for the period	**365**	**208**	**-25**	**-6**	**267**

* Preliminary invoicing of Group-wide services.

** Net financial items include received dividends of SEK 407 (227) million during the nine-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2016	31 Dec 2015
ASSETS		
Tangible fixed assets	0	0
Financial assets	4,243	3,369
Current receivables	2,819	2,223
Cash and cash equivalents	210	307
TOTAL ASSETS	**7,272**	**5,899**
EQUITY AND LIABILITIES		
Equity	2,278	2,186
Untaxed reserves	32	32
Provisions	-	4
Non-current interest-bearing liabilities	1,088	1,031
Current interest-bearing liabilities	2,573	1,330
Current non-interest-bearing liabilities	1,301	1,316
TOTAL EQUITY AND LIABILITIES	**7,272**	**5,899**
Pledged assets	-	-
Contingent liabilities	42	92

LIFCO

OBJECTIVE AND DEFINITIONS

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before restructuring, integration and acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before restructuring, integration and acquisition costs divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets attributable to acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in fixed assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports Lifco excludes restructuring, integration and acquisition costs. This is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net interest-bearing debt divided by equity.
Earnings per share	Profit after tax attributable to Parent Company shareholders divided by average number of outstanding shares.
Net interest-bearing debt	Lifco uses the alternative KPI net interest-bearing debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group’s ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bond loans and interest-bearing pension provisions less estimated contingent consideration for acquisitions, and cash and cash equivalents.

Equity/assets ratio	Equity divided by total assets (balance sheet total).
Capital employed	Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities, calculated as the average of the last four quarters.
Capital employed excluding goodwill and other intangible assets	Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities, goodwill and other intangible assets, calculated as the average of the last four quarters.

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

EBITA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	FULL YEAR 2015
Operating profit	910	808	1,107
Amortisation of intangible assets arising from acquisitions	83	46	66
EBITA	**993**	**854**	**1,173**
Restructuring, integration and acquisition costs	4	9	13
EBITA before restructuring, integration and acquisition costs	**997**	**863**	**1,186**

EBITDA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2016	NINE MONTHS 2015	FULL YEAR 2015
Operating profit	910	808	1,107
Depreciation of tangible assets	69	60	81
Amortisation of intangible assets	7	7	10
Amortisation of intangible assets arising from acquisitions	83	46	66
EBITDA	**1,069**	**921**	**1,264**
Restructuring, integration and acquisition costs	4	9	13
EBITA before restructuring, integration and acquisition costs	**1,073**	**930**	**1,277**

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

SEK million	30 Sep 2016	30 Sep 2015	31 Dec 2015
Non-current interest-bearing liabilities incl. pension provisions	1,121	1,137	1,103
Current interest-bearing liabilities	2,600	1,777	1,341
Calculated contingent consideration for acquisitions	-16	-30	-30
Cash and cash equivalents	-410	-645	-464
Net interest-bearing debt	**3,295**	**2,238**	**1,950**

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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	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015
Total assets	**10,392**	**9,597**	**9,373**	**8,058**
Cash and cash equivalents	-410	-428	-438	-464
Interest-bearing pension provisions	-33	-41	-40	-39
Non-interest-bearing liabilities	-2,154	-2,069	-1,965	-1,650
Capital employed	**7,795**	**7,059**	**6,930**	**5,905**
Goodwill and other intangible assets	-6,756	-6,063	-5,983	-5,010
Capital employed excl. goodwill and other intangible assets	**1,039**	**996**	**947**	**895**

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	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Capital employed	**6,922**	7,795	7,059	6,930	5,905
Capital employed excl. goodwill and other intangible assets	**969**	1,039	996	947	895
EBITA*	**Total 1,319**	316	407	274	322
Return on capital employed	**19.1%**				
Return on capital employed excl. goodwill and other intangible assets	**136%**				