Q1 2019 Presentation

25 April 2019

Staffan Ternström, President and CEO
Stephan Révay, CFO

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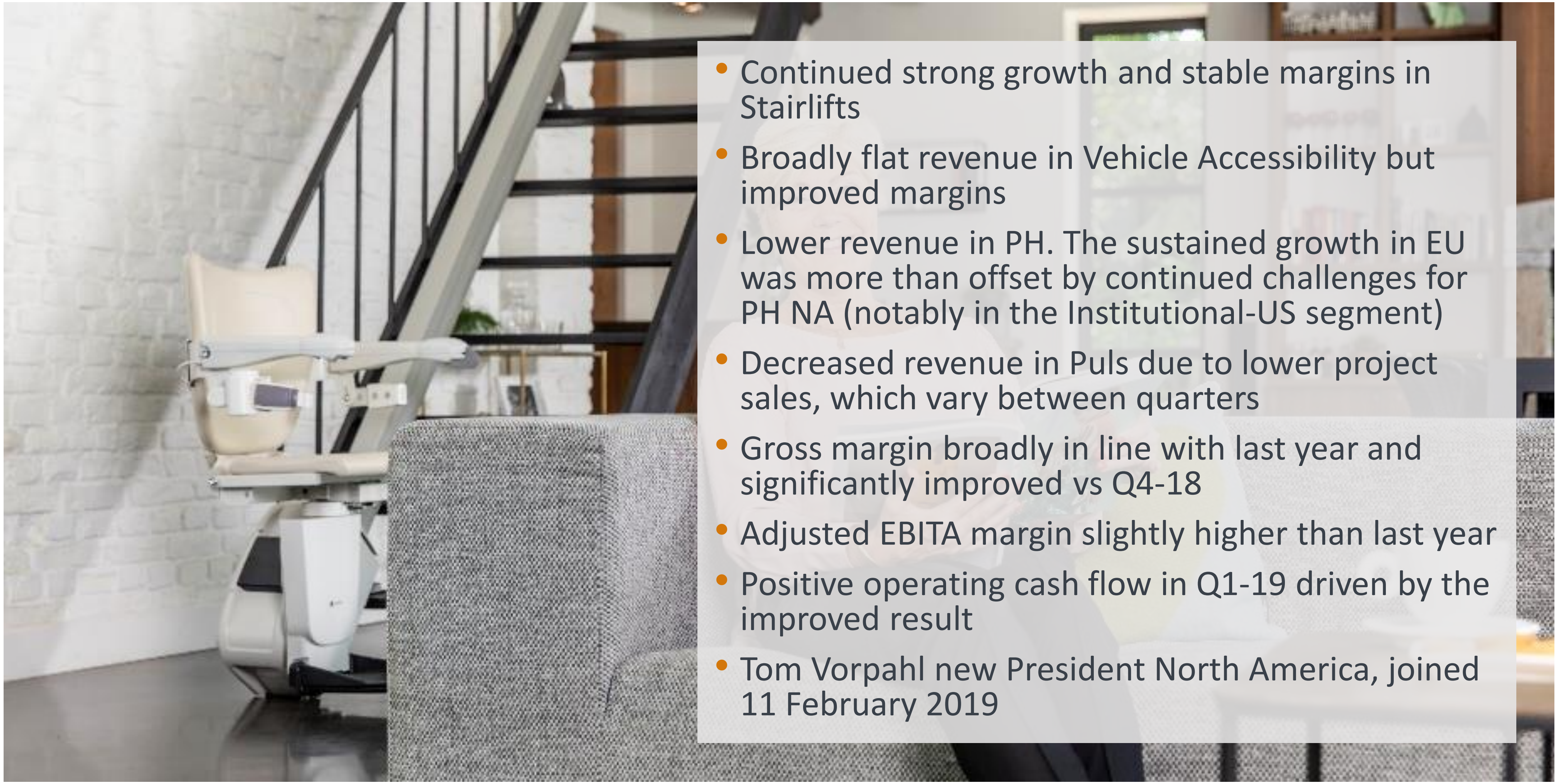
Summary Q1 2019



- Continued strong growth and stable margins in Stairlifts
- Broadly flat revenue in Vehicle Accessibility but improved margins
- Lower revenue in PH. The sustained growth in EU was more than offset by continued challenges for PH NA (notably in the Institutional-US segment)
- Decreased revenue in Puls due to lower project sales, which vary between quarters
- Gross margin broadly in line with last year and significantly improved vs Q4-18
- Adjusted EBITA margin slightly higher than last year
- Positive operating cash flow in Q1-19 driven by the improved result
- Tom Vorpahl new President North America, joined 11 February 2019

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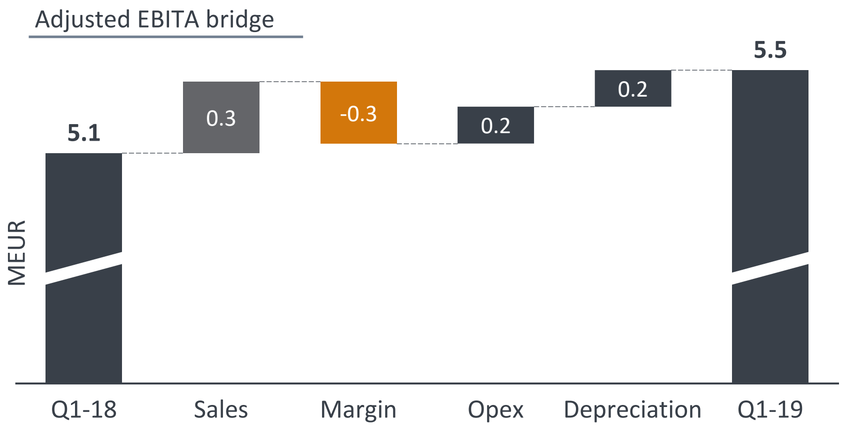
Financial highlights – Group

	January - March			LTM	Full year
MEUR	**2019**	**2018**	**Δ%**	**2018/2019**	**2018**
Revenue	**72.3**	**71.6**	**1.0 %**	**291.6**	**290.9**
Organic revenue growth	*-0.6 %*				
Gross margin	*41.0 %*	*41.4 %*		*41.1 %*	*41.2 %*
Adjusted EBITA	**5.5**	**5.1**	**6.7 %**	**22.2**	**21.8**
Adjusted EBITA margin	*7.6 %*	*7.2 %*		*7.6 %*	*7.5 %*



Revenue Q1: organic growth -0.6%
- Accessibility +5.7%
- Patient Handling -9.6%
- Puls -16.9%

EBITA Q1: adjusted margin 7.6% (7.2%)
- Gross margin decreased slightly to 41.0% (41.4%) but was up 3.9 ppts on Q4-18
- Operating expenses decreased by 0.2 MEUR, primarily explained by decreased personnel costs
- Group costs 2.9 MEUR (2.7 MEUR)

OCF Q1: 0.6 MEUR (0.3)
- Other specified items -0.7 MEUR (mainly severance costs related to former NA management)
- Cash flow from working capital -4.8 MEUR (-4.5 MEUR)
- Leverage 3.2x (excluding IFRS 16)

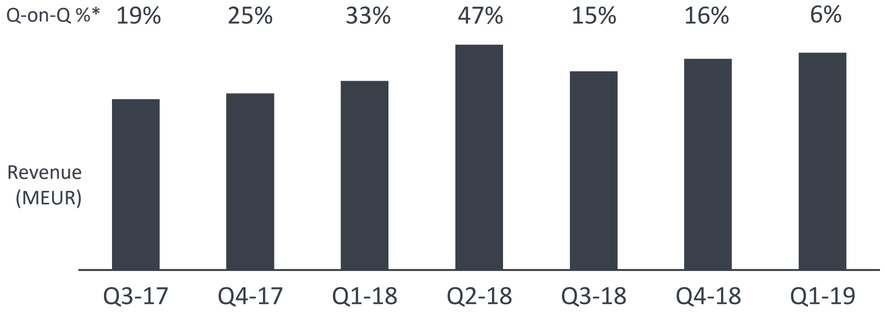
Note: From 1 January 2019, the Group applies IFRS 16 Leases. To facilitate comparison between the periods, the performance measures in this presentation are presented excluding the effects of IFRS 16. The transition effects are set out in Appendix.

Accessibility

SBU % of Group revenue

MEUR	January - March 2019	2018	Δ%	LTM 2018/2019	Full year 2018
Revenue	**48.2**	**45.1**	**6.8 %**	**192.5**	**189.4**
Organic revenue growth	*5.7 %*				
Adjusted EBITA	**6.8**	**5.6**	**19.8 %**	**26.5**	**25.4**
Adjusted EBITA margin	*14.0 %*	*12.5 %*		*13.8 %*	*13.4 %*

Revenue and Q-on-Q organic growth (%)* – Stairlifts NA



*e.g. Q1 2019 vs Q1 2018

Revenue Q1: organic growth +5.7%

- Stairlifts +8% (NA +6%)
- NA revenue impacted by weak start of the year. Trajectory in the second half of the quarter was back to double digit growth
- Broadly flat revenue in Vehicle Accessibility. Supply of cars has normalized and number of tenders in the market started to increase in the end of the quarter

EBITA Q1: adjusted margin 14.0% (12.5)

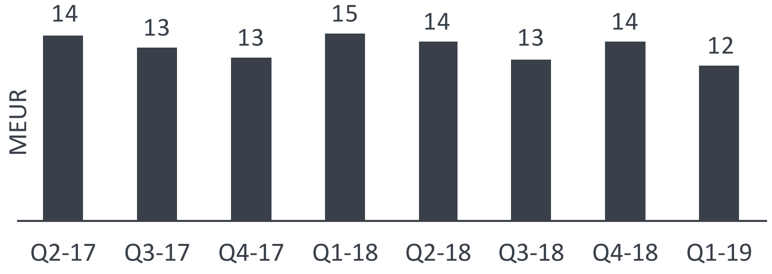
- Gross margin principally unchanged
- Cost control / operating leverage. Operating expenses were largely flat

Patient Handling

SBU % of Group revenue

MEUR	January - March 2019	January - March 2018	Δ%	LTM 2018/2019	Full year 2018
Revenue	**19.0**	**20.2**	**-6.1 %**	**79.0**	**80.3**
Organic revenue growth	*-9.6 %*				
Adjusted EBITA	**1.2**	**1.8**	**-32.7 %**	**6.5**	**7.1**
Adjusted EBITA margin	*6.3 %*	*8.7 %*		*8.2 %*	*8.8 %*

PH NA organic revenue in constant FX rates



Revenue Q1: organic decline -9.6%

- Continued solid organic growth in EU, well above market growth
- Declining revenue in NA, principally from lower Institutional sales in the US due to reduced number of larger installation projects. Revenue in the other segments was broadly flat

EBITA Q1: adjusted margin 6.3% (8.7%)

- Decreased gross margin explained by product mix and lower cost absorption in NA
- Operating expenses decreased following the restructuring programme launched in Q2-18
- Improved profitability in the European business

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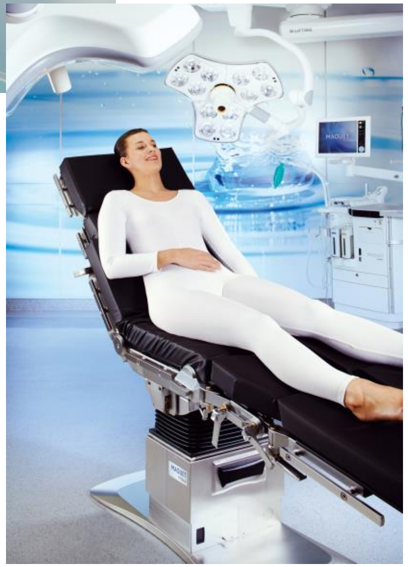
Puls

SBU % of Group revenue

	January - March			LTM	Full year
MEUR	**2019**	**2018**	**Δ%**	**2018/2019**	**2018**
Revenue	**5.1**	**6.2**	**-17.9 %**	**20.0**	**21.1**
Organic revenue growth	*-16.9 %*				
Adjusted EBITA	**0.4**	**0.4**	**-1.2 %**	**1.2**	**1.2**
Adjusted EBITA margin	*7.4 %*	*6.2 %*		*6.0 %*	*5.7 %*



Revenue Q1: organic growth -16.9%

- Stable development for consumables products
- Decreased project sales, which vary between quarters

EBITA Q1: adjusted margin 7.4% (6.2)

- Improved gross margin driven by product mix
- Decreased operating expenses as a result of the restructuring program launched in Q2-18

Update on North America actions

Key Q1 activities:

- Tom Vorpahl started mid February as the new President and CEO North America
- US and Canada commercial organisations separated to capitalize on market specific opportunities
- US sales force divided into Institutional and Homecare and commercial organization delayered
- NA integrated into Global Operations and Quality
- Project initiated to improve order to cash process:
  - Customer service response time
  - Technical service first contact resolution rate
  - Delivery time
  - Number of fulfilled shipments
  - Cash collection

Key Q2 to Q4 activities:

- Sales force effectiveness and geographical presence:
  - Increased activity (call rate, number of visits, etc.) and quality (pre-tender work, win-rate, etc)
  - Three new institutional sales representatives will be hired in Q2
- Improved value proposition:
  - Increase recurring sales of high margin “below-the-bar” products
  - Introduce “full solution” sales approach
- Update HUB strategy:
  - Reduce number of full service Hub:s
  - Assess future footprint
- Increased focus on IDN:s and VA to maximize value of existing and new contracts
- Introduce Elite Dealer program in Q2
- Launch 1100 in Q4
- Finalize order to cash project including key recruitments:
  - Customer service director
  - Logistics director

Summary Q1 2019

- Organic growth -0.6%:
  - Stairlifts posted strong organic growth of 8% (NA: 6%) and stable EBITA margin
  - Vehicle Accessibility reported flat revenue vs last year. Improved margin driven by product mix and cost control
  - PH reported negative organic growth of -9.6%. However, solid organic growth and improved margins in PH EU
  - Puls posted negative organic growth (-16.9%) as a result of strong project sales in Q1-18, but improved margins
- Adjusted EBITA margin improved to 7.6% (7.2%) explained by improved operating expenses to revenue ratio.
- Operating cash flow increased to 0.6 MEUR (0.3 MEUR) explained by improved EBITDA
- Increased focus on product development: 1100 to be launched in all markets in 2019
- Continued focus on evaluating new markets and acquisition targets
- Macro trends remain favorable

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Q&A

Forward-looking statements

To the extent this report contains forward-looking statements, these statements are based on the current expectations of Handicare's Group management. Although management considers the expectations expressed in such forward-looking statements to be reasonable, there is no guarantee that these expectations will prove correct. Accordingly, actual future outcomes may differ significantly from those expressed in the forward-looking statements due to such factors as changed economic, market and competitive conditions, changes in regulatory requirements and other policy measures, and fluctuations in exchange rates.

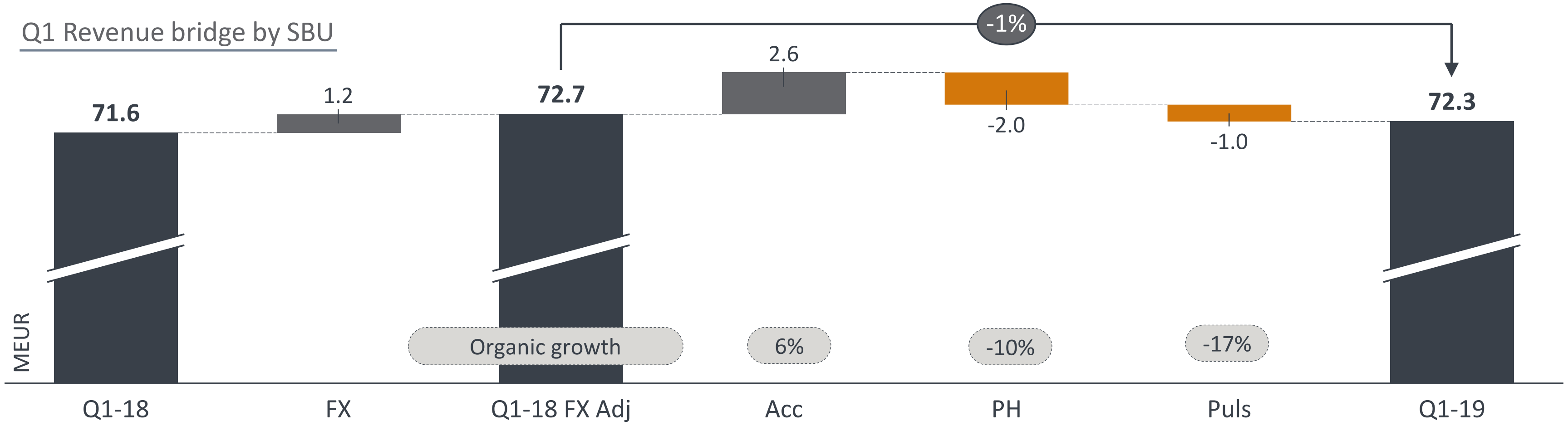
Appendices

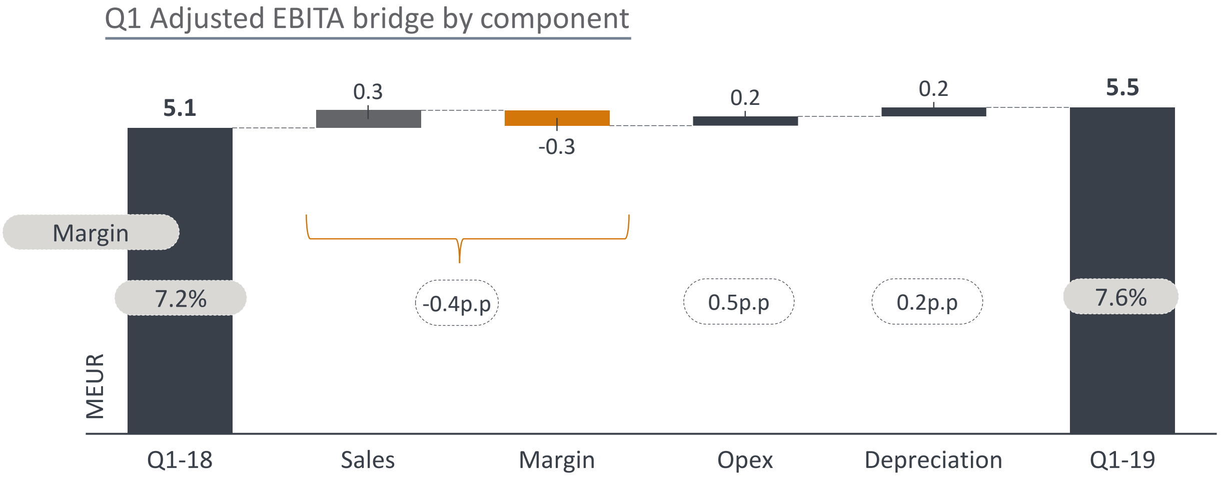
FINANCIAL TARGETS

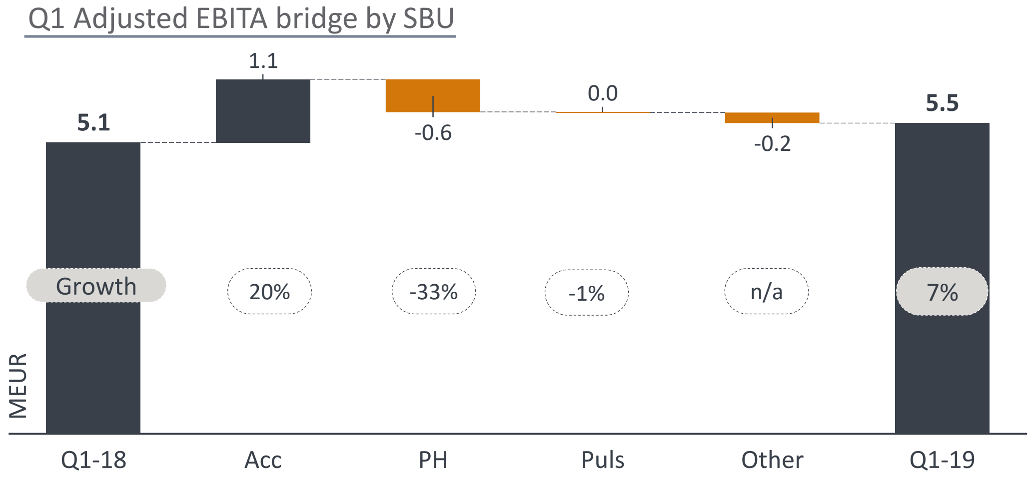
An average annual growth of 10 percent, of which 4-6 percent organically, in the medium-term	*LTM 2019 organic: 2.9%*
An adjusted EBITA margin exceeding 12 percent in the medium-term	*LTM 2019: 7.6%*
Leverage of approximately 2.5 times net debt/LTM (last 12 months) adjusted EBITDA, with flexibility for strategic activities**	*3.2x as at 31 March 2019*
An annual dividend corresponding to 30-50 percent of the net profit for the period*	*Dividend proposal 2019: 5 cent per share, 26% of the net profit*

*The pay-out decision will be based on Handicare's financial position, investment needs, acquisition opportunities and liquidity position.
** Excluding IFRS 16 effects

Q1 revenue and adjusted EBITA bridges





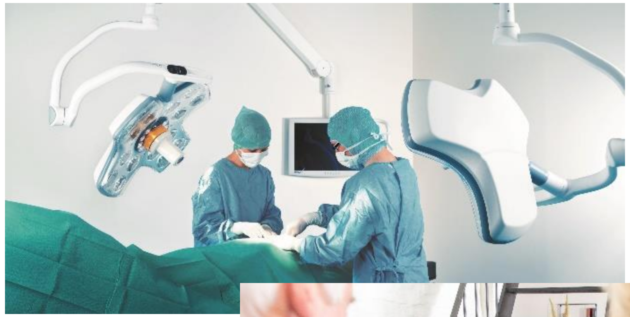


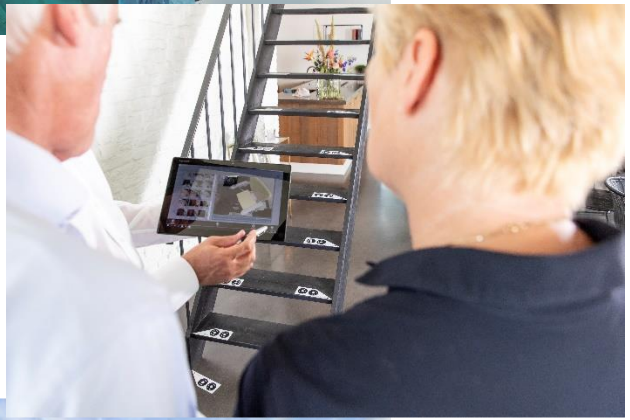
Cash flow

	January - March		Full year
MEUR	2019	2018	2018
Adjusted EBITDA	**6.4**	**6.2**	**25.7**
Inventory	-2.1	-0.6	0.5
Accounts receivable	0.4	-2.5	-1.8
Accounts payable	0.5	0.2	5.7
Other receivables/liabilities	-3.6	-1.6	-5.7
Change in NWC	-4.8	-4.5	-1.3
Tangible assets	-0.4	-0.4	-2.1
Intangible assets	-0.5	-1.0	-3.8
Total capex	-1.0	-1.4	-5.9
Adjusted operating cash flow	**0.6**	**0.3**	**18.4**
KPI:s			
Paid tax	-0.1	-0.8	-1.6
Adjusted OCF / Adjusted EBITDA	9%	4%	72%
Net debt (excl IFRS 16)	83.0	94.2	80.5
Net debt / Adjusted LTM EBITDA (excl IFRS 16)	3.2	3.3	3.1

Adjusted OCF: 0.6 MEUR (0.3)
- Other specified items paid in Q1-19: 0.7 MEUR (mainly severance costs)
- Increased net working capital
- Q1-19 capex of 1.0 MEUR (1.3% of revenue)
- Tax payments related to North America (Canada)

Net debt / adjusted EBITDA 3.2x (excl IFRS 16)
- RCF of 40 MEUR undrawn at quarter end and cash balance of 23.9 MEUR
- Dividend of 2.9 MEUR proposed to be paid out in May 2019
- Unpaid other specified items: 2.1 MEUR at 31 Mar 2019





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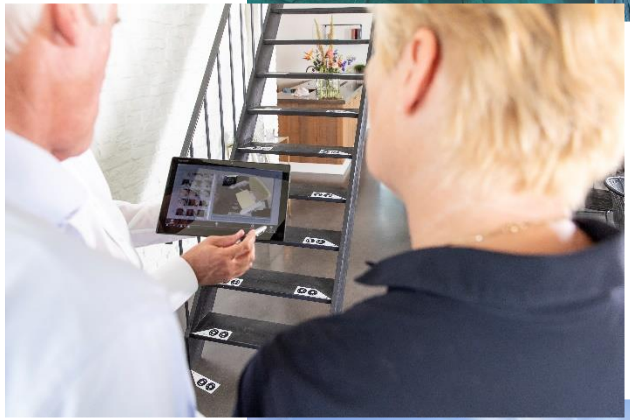
Balance sheet

Group MEUR	31 mar 2019	31 mar 2018	31 dec 2018
Intangible assets	48.8	51.0	49.1
Goodwill	166.1	162.9	162.8
Property, plant and equipment	9.3	10.5	9.7
Right-of-use assets	26.9	-	-
Deferred tax assets	7.7	6.0	8.0
Other non-current assets	0.2	0.2	0.2
Total non-current assets	**259.1**	**230.6**	**229.7**
Inventory	38.5	36.0	35.6
Accounts receivable	44.0	43.7	43.7
Tax receivables	0.2	1.5	0.1
Other current assets	4.0	4.5	3.3
Cash and cash equivalents	23.9	11.4	23.6
Total current assets	**110.6**	**97.2**	**106.3**
Total assets	**369.7**	**327.8**	**336.0**
Total equity	**176.7**	**165.0**	**171.3**
Provisions for pensions	0.2	0.4	0.2
Deferred tax liabilities	7.7	8.7	8.3
Advance payments	2.4	2.4	2.4
Other liabilities	0.3	1.0	0.4
Lease liabilities	21.8	-	-
Interest-bearing loans	105.9	104.0	103.0
Total long-term liabilities	**138.4**	**116.5**	**114.3**
Interest-bearing loans	0.0	0.1	0.0
Lease liabilities	4.8	-	-
Accounts payable	31.9	25.2	30.5
Other liabilities	1.2	2.2	1.1
Accrued expenses and deferred income	16.6	18.9	18.7
Total current liabilities	**54.6**	**46.3**	**50.4**
Total shareholders' equity and liabilities	**369.7**	**327.8**	**336.0**



From 1 January 2019, the Group applies IFRS 16 Leases. Therefore, the balance sheet for 2019 is not fully comparable with 2018. Refer to the Quarterly report (Q1 2019) for a specification of the impact.

IFRS 16 impact on EBITA

MEUR	January - March 2019	2018	Δ%
Adjusted EBITA	**5.5**	**5.1**	**6.7 %**
IFRS 16 impact - Operating costs	1.4	-	
IFRS 16 impact - Depreciation	-1.3	-	
Reported EBITA	**5.6**	**5.1**	**8.9 %**

Note: From 1 January 2019, the Group applies IFRS 16 Leases. To facilitate comparison between the periods, the performance measures in this presentation are presented excluding the effects of IFRS 16. The transition effects are set out above.

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