Q2 2018 Presentation

14 August 2018

Lars Marcher, Chairman
Stephan Révay, CFO

Agenda

- New President and CEO: Staffan Ternström
- Q2 interim report
- Q&A

New President and CEO - Staffan Ternström

- + 25 years of experience from medical device sector
- Most recently EVP Global Commercial Operations and Strategy at Mölnlycke Healthcare. Member of Group management team
- + 20 years at Johnson & Johnson. Most recently regional VP Emerging Markets
- Broad international experience including North America
- Strong leadership capabilities and business acumen

Highlights Q2 2018

- Organic growth: 7.3%
  - Accessibility +11.8% organically
    - Strong development for Stairlifts: +13% (North America +47%)
    - Vehicle Accessibility recovered revenue of c. 0.5 MEUR related to postponed deliveries in Q1-18 (c. 2.0 MEUR)
  - Patient Handling -2.8% organically
    - Continued growth in Europe
    - Decreased revenue in NA, development varies between local geographical markets
    - Increased revenue from acquired dealer (0.7 MEUR in Q2-18 vs 0.2 MEUR in Q1-18)
  - Puls +9.4% organically
    - Continued good project sales
- Adjusted EBITA margin: 10.1% (9.7)
  - Higher reported revenue, flat gross margin, operating leverage
- Next step “Commercial Excellence strategy”
  - Set-up costs of 2.0 MEUR, expensed in Q2-18
  - Cost savings of c. 0.3 MEUR in Q2-18, according to plan
  - Annualised cost savings estimated to at least 3.0 MEUR
- Improved OCF: 5.9 MEUR (3.4 MEUR)

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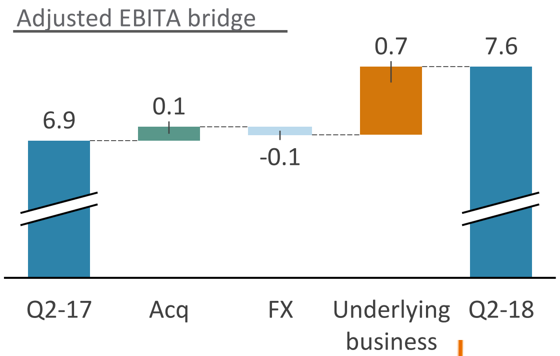
Financial highlights - Group

MEUR	April - June 2018	April - June 2017	April - June Δ%	January - June 2018	January - June 2017	January - June Δ%	LTM 2017/2018	Full year 2017
Revenue	**75.3**	**71.4**	**5.5 %**	**146.9**	**144.7**	**1.5 %**	**286.5**	**284.3**
Organic revenue growth	*7.3 %*			*5.0 %*				
Gross margin	*43.2 %*	*43.2 %*		*42.3 %*	*42.9 %*		*42.3 %*	*42.6 %*
Adjusted EBITA	**7.6**	**6.9**	**10.8 %**	**12.8**	**13.7**	**-6.8 %**	**25.2**	**26.2**
Adjusted EBITA margin	*10.1 %*	*9.7 %*		*8.7 %*	*9.5 %*		*8.8 %*	*9.2 %*



Revenue Q2: organic +7.3%

- Accessibility +11.8%
- Patient Handling -2.8%
- Puls +9.4%

EBITA Q2: adjusted margin 10.1% (9.7%)

- Gross margin unchanged at 43.2%
- Operating leverage
- 2.0 MEUR in other specified items

OCF Q2: 5.9 MEUR (3.4)

- Other specified items -0.9 MEUR (severance costs)
- Cash flow from working capital 0.7 MEUR (-1.5 MEUR)
- Leverage 3.1x

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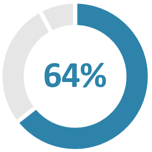
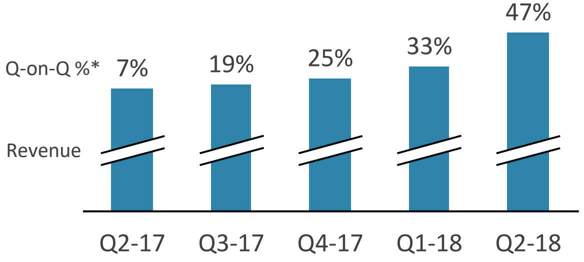
Accessibility

SBU % of Group revenue



MEUR	April - June 2018	April - June 2017	Δ%	January - June 2018	January - June 2017	Δ%	LTM 2017/2018	Full year 2017
Revenue	**49.4**	**44.9**	**10.2 %**	**94.6**	**89.9**	**5.2 %**	**186.0**	**181.3**
Organic revenue growth	*11.8 %*			*7.6 %*				
Adjusted EBITA	**7.4**	**5.4**	**36.8 %**	**13.0**	**10.8**	**20.4 %**	**24.7**	**22.5**
Adjusted EBITA margin	*15.0 %*	*12.1 %*		*13.8 %*	*12.1 %*		*13.3 %*	*12.4 %*

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



Revenue Q2: organic growth 11.8%

- Stairlifts +13% (North America +47%)
- Vehicle Accessibility recovered c. 0.5 MEUR of Q1-18 postponed deliveries of c. 2.0 MEUR
- Organic growth excl. recovery in Vehicle accessibility: 10.6%

EBITA Q2: adjusted margin 15.0% (12.1)

- Unchanged gross margin
- Cost control / operating leverage
- Other specified items of -1.1 MEUR (severance costs)

*e.g. Q2 2018 vs Q2 2017

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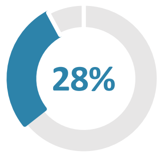
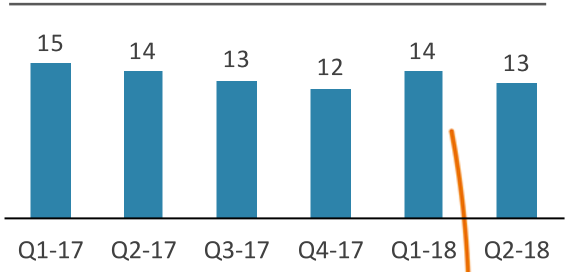
Patient Handling

SBU % of Group revenue



	April - June			January - June			LTM	Full year
MEUR	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	**20.5**	**21.5**	**-4.7 %**	**40.7**	**44.7**	**-8.8 %**	**79.5**	**83.4**
Organic revenue growth	*-2.8 %*			*-3.6 %*				
Adjusted EBITA	**2.7**	**3.3**	**-15.8 %**	**4.5**	**6.4**	**-29.3 %**	**9.0**	**10.9**
Adjusted EBITA margin	*13.4 %*	*15.2 %*		*11.1 %*	*14.3 %*		*11.4 %*	*13.1 %*

PH NA organic sales in constant FX rates



Revenue Q2: organic decline -2.8%

- Decreased revenue in North America continued - institutional sales
- Continued organic growth in Europe
- Acquired revenue 0.7 MEUR, up by 0.5 MEUR vs Q1. Conversion to Handicare product portfolio according to plan

EBITA Q2: adjusted margin 13.4% (15.2)

- Increased gross margin (1.0 ppts) due to product mix
- Decreased revenue (reduced cost absorption)
- Contribution from acquired distributor of 0.1 MEUR
- Realised cost savings of c. 0.3 MEUR in Q2-18, according to plan
- Other specified items of -0.7 MEUR (severance costs)

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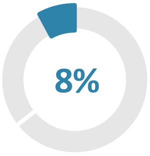
Puls

SBU % of Group revenue



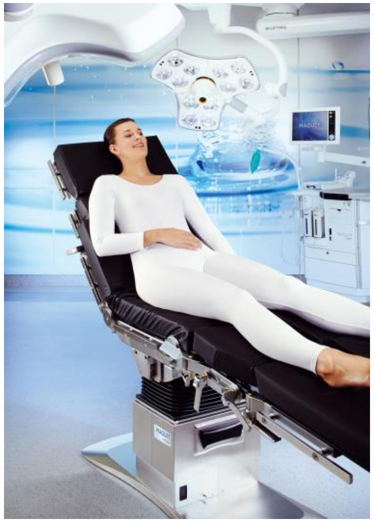
MEUR	April - June			January - June			LTM	Full year
	2018	2017	Δ%	2018	2017	Δ%	2017/2018	2017
Revenue	**5.4**	**5.0**	**7.5 %**	**11.6**	**10.1**	**14.2 %**	**21.0**	**19.5**
Organic revenue growth	*9.4 %*			*19.0 %*				
Adjusted EBITA	**0.5**	**0.3**	**43.9 %**	**0.9**	**0.6**	**45.5 %**	**0.8**	**0.5**
Adjusted EBITA margin	*9.1 %*	*6.8 %*		*7.5 %*	*5.9 %*		*3.7 %*	*2.6 %*

Revenue Q2: organic growth 9.4%

- Increased sales focus paying off
- Sales increase in most product areas, strong project sales

EBITA Q2: adjusted margin 9.1% (6.8)

- Improved gross margin (2.0 ppts)
- Increased revenue (improved cost absorption)
- Restructuring program according to plan - cost savings will start to materialise in H2-18. No associated costs



Summary

- Satisfying development in Stairlifts with double digit growth
- Vehicle Accessibility recovered revenue of c. 0.5 MEUR in Q2-18 related to postponed deliveries in Q1-18. Negative net impact in H1-18 of c. -1.5 MEUR and c. -0.8 MEUR on revenue and EBITA, respectively
- Negative organic growth in PH-NA, development varies between local geographical markets. Continued growth in PH-EU
- Increased revenue from acquired distributor (+ 0.5 MEUR vs Q1-18)
- Next step "Commercial Excellence Strategy" according to plan
  - Set-up costs for new organisation (mainly severance) of c. 2.0 MEUR, expensed in Q2-18
  - Annualised net savings estimated to exceed 3.0 MEUR, full effect as of Q1-19
  - Realised cost savings of c. 0.3 MEUR in Q2-18.
- Continued focus on M&A
- Macro trends remain favourable

Financial targets, medium term

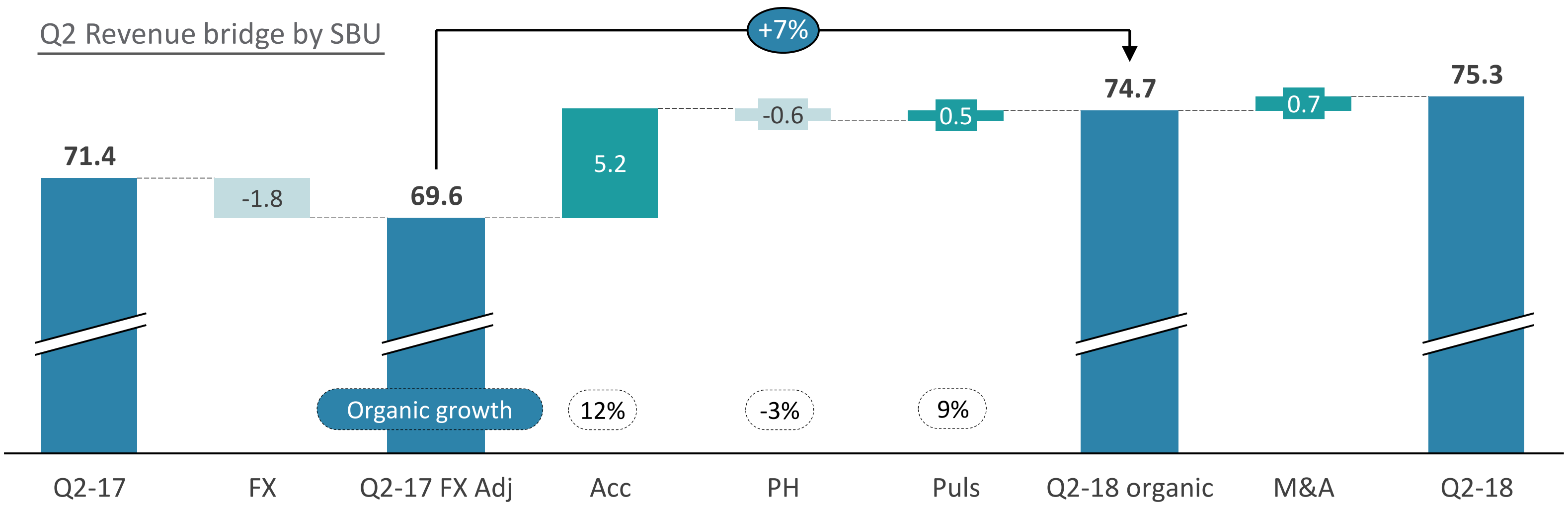
Target:	Average annual revenue growth 10%, of which 4-6% organically	Profitability: adjusted EBITA margin >12%	Capital structure: 2,5x net debt/LTM adj EBITDA, subject to flexibility for strategic activities	Dividend policy: An annual dividend corresponding to 30-50 percent of the net profit for the period*
Status:	• 2018 LTM organic: 5%	• 2018 LTM 8.8%	• 3.1x as at 30 June 2018	• Dividend 2018: 0.50 SEK per share
Priorities:	• Organic growth: – Sales excellence program (XCEL) – Dealer focus – Winning concept – New products => product development – NA platform => cross selling – HUB strategy – Investments in sales force • Targets M&A 1. Geography 2. Adjacent 3. Strategic	• Operating leverage • Cost control • Capacity utilization – operations • Restructuring programme	• Control working capital • Improve cash conversion • Operational initiatives	

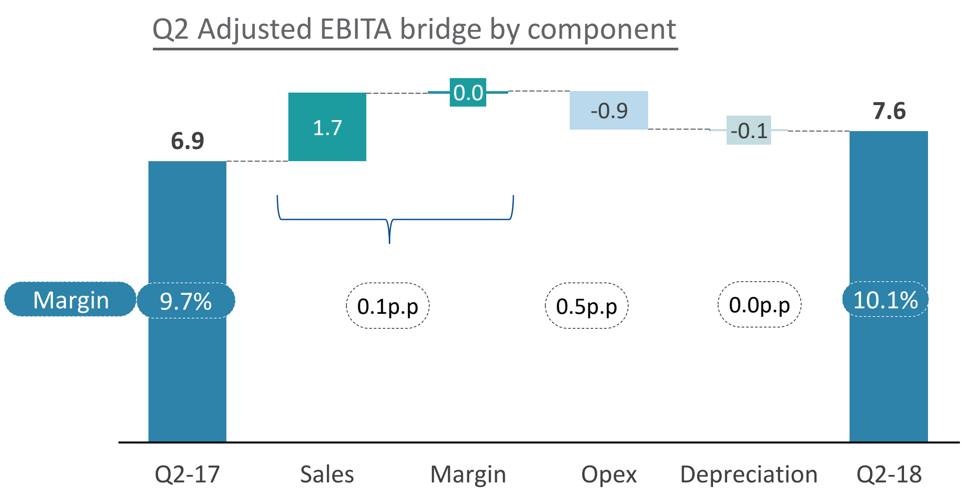
*The pay-out decision will be based on Handicare's financial position, investment needs, acquisition opportunities and liquidity position.

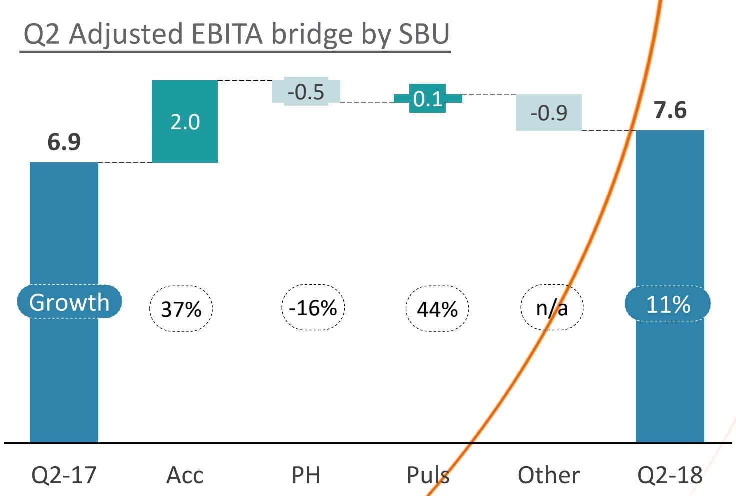
Q&A

Appendices

Q2 revenue and adjusted EBITA bridges







Cash flow

MEUR	April - June 2018	April - June 2017	January - June 2018	January - June 2017	Full year 2017
EBITDA	**6.6**	**6.6**	**12.7**	**13.5**	**22.6**
Inventory	-0.6	-0.5	-1.1	-1.1	-2.5
Accounts receivable	-1.4	4.1	-3.9	1.0	0.3
Accounts payable	4.0	0.0	4.2	-2.1	-3.6
Other receivables/liabilities	-1.2	-5.2	-2.9	-5.0	-6.6
Change in NWC	0.7	-1.5	-3.8	-7.2	-12.4
Tangible assets	-0.6	-0.9	-1.0	-1.4	-2.3
Intangible assets	-0.8	-0.9	-1.9	-2.0	-3.3
Total capex	-1.4	-1.7	-2.8	-3.4	-5.6
Operating cash flow	**5.9**	**3.4**	**6.2**	**2.9**	**4.5**
KPI:s					
Paid tax	-0.4	-0.4	-1.1	-0.5	-0.4
OCF / EBITDA	90%	51%	48%	21%	20%
Net debt	90.8	186.6	90.8	186.6	89.0
Net debt / Adjusted LTM EBITDA	3.1	7.1	3.1	7.1	3.0

OCF: 5.9 MEUR (3.4)

- Other specified items paid in Q2-18: 0.9 MEUR (severance costs). Residual 1.1 MEUR to be paid in H2 2018.
- Reduced net working capital driven by working capital focus.
- Q2 capex of 1.4 MEUR (2.0% of revenue)
- Tax payments related to North America

Net debt / adjusted EBITDA 3.1x

- RCF of 40 MEUR undrawn at quarter end and cash balance of 15.7 MEUR
- Dividend of 2.9 MEUR paid in May

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