Q4 2018 Presentation

6 February 2019

Staffan Ternström, President and CEO
Stephan Révay, CFO

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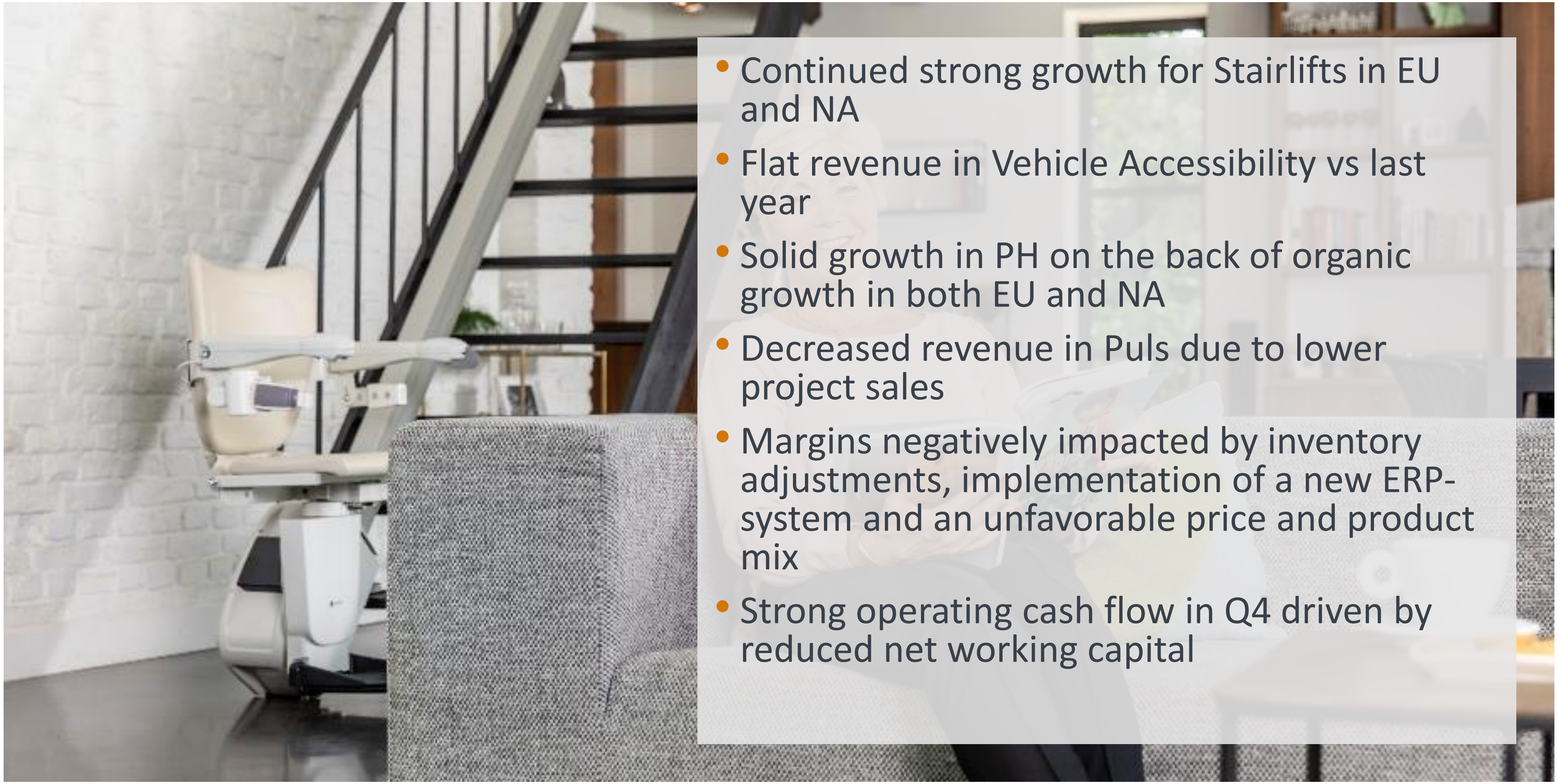
Summary Q4 2018



- Continued strong growth for Stairlifts in EU and NA
- Flat revenue in Vehicle Accessibility vs last year
- Solid growth in PH on the back of organic growth in both EU and NA
- Decreased revenue in Puls due to lower project sales
- Margins negatively impacted by inventory adjustments, implementation of a new ERP-system and an unfavorable price and product mix
- Strong operating cash flow in Q4 driven by reduced net working capital

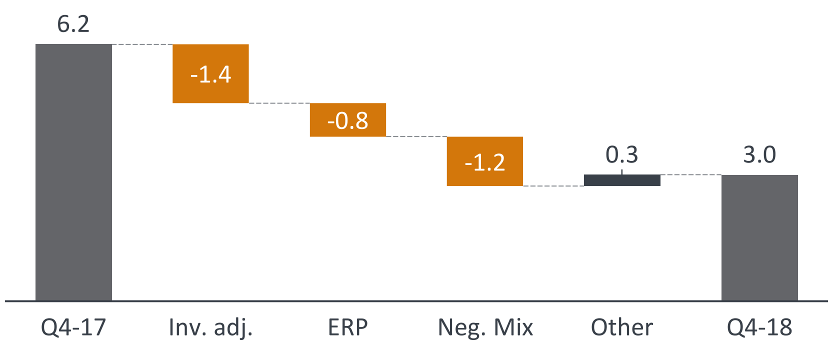
Summary full year 2018

- Organic growth 4%:
  - Stairlifts posted strong organic growth of 9% (NA: 27%) and improved margins
  - Vehicle Accessibility was impacted by postponed deliveries with an estimated impact of c. 2 MEUR (estimated at c. 1 MEUR in EBITA)
  - PH reported negative organic growth of 2%. However, solid organic growth in PH EU
  - Puls turnaround was successful with organic growth of 11% and improved margins
- Adjusted EBITA margin decreased to 7.5% (9.2%) explained by reduced gross margin. Gross margin decreased by 1.4 ppts to 41.2%, primarily driven by PH NA and Vehicle Accessibility. The operating expenses to revenue ratio was broadly flat
- Net profit increased to 11.4 MEUR (-3.5) on the back of the refinancing in connection with the IPO
- Operating cash flow increased to 15.4 MEUR (4.5 MEUR) explained by reduced net working capital
- Two new product launches in stairlifts: 1100 and PS4D
- Staffan Ternström was appointed new president and CEO in August
- Dividend proposal EUR 5 cent / share (c. SEK 0.5 per share and unchanged vs last year)

Financial highlights – Group

MEUR	October - December 2018	2017	Δ%	January - December 2018	2017	Δ%
Revenue	**73.9**	**70.4**	**4.9 %**	**290.9**	**284.3**	**2.3 %**
Organic revenue growth	*3.8 %*			*3.7 %*		
Gross margin	*37.1 %*	*42.1 %*		*41.2 %*	*42.6 %*	
Adjusted EBITA	**3.0**	**6.2**	**-50.8 %**	**21.8**	**26.2**	**-16.5 %**
Adjusted EBITA margin	*4.1 %*	*8.8 %*		*7.5 %*	*9.2 %*	

Adjusted EBITA bridge



Revenue Q4: organic growth +3.8%

- Accessibility +4.5%
- Patient Handling +4.4%
- Puls -6.0%

EBITA Q4: adjusted margin 4.1% (8.8%)

- Gross margin declined to 37.1% (42.1%)
- Increased operating expenses by c. 0.9 MEUR (variable salaries, IT costs)
- Cost savings according to plan, c. 1.0 MEUR in Q4-18 vs Q1-18

OCF Q4: 8.3 MEUR (3.7)

- Other specified items -0.5 MEUR (severance costs)
- Cash flow from working capital 7.3 MEUR (-1.8 MEUR)
- Leverage 3.1x

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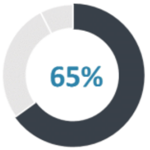
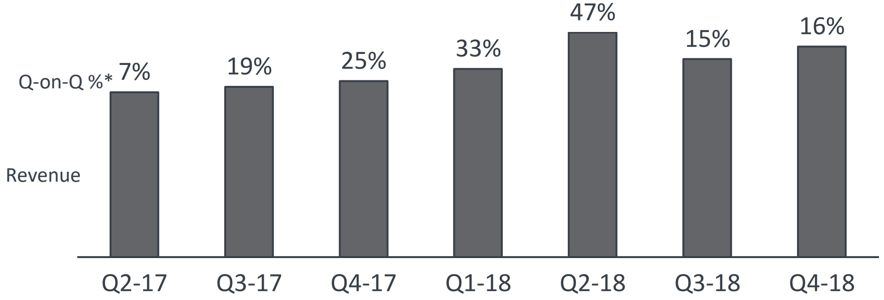
Accessibility



MEUR	October - December 2018	October - December 2017	October - December Δ%	January - December 2018	January - December 2017	January - December Δ%
Revenue	**48.3**	**46.1**	**4.7 %**	**189.4**	**181.3**	**4.5 %**
Organic revenue growth	*4.5 %*			*5.6 %*		
Adjusted EBITA	**5.2**	**6.1**	**-14.5 %**	**25.4**	**22.5**	**13.1 %**
Adjusted EBITA margin	*10.8 %*	*13.2 %*		*13.4 %*	*12.4 %*	

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



*e.g. Q4 2018 vs Q4 2017

Revenue Q4: organic growth +4.5%

- Stairlifts +6% (NA +16%)
- Broadly flat revenue in Vehicle Accessibility

EBITA Q4: adjusted margin 10.8% (13.2)

- Decreased gross margin fully attributable to inventory adjustments, ERP implementation and negative mix effects. Total impact -1.8 MEUR
- Cost control / operating leverage. Operating expenses were principally flat

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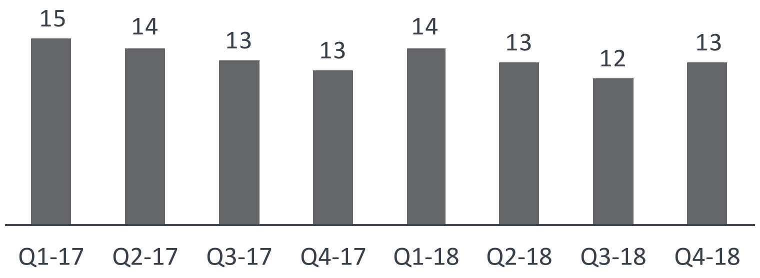
Patient handling

	October - December			January - December		
MEUR	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**
Revenue	**20.9**	**19.3**	**8.2 %**	**80.3**	**83.4**	**-3.8 %**
Organic revenue growth	*4.4 %*			*-2.1 %*		
Adjusted EBITA	**0.9**	**1.5**	**-37.1 %**	**7.1**	**10.9**	**-35.1 %**
Adjusted EBITA margin	*4.5 %*	*7.7 %*		*8.8 %*	*13.1 %*	

PH NA organic sales in constant FX rates



Revenue Q4: organic growth +4.4%

- Continued solid organic growth in EU
- NA posted organic growth, from a low base
- Acquired revenue 0.6 MEUR (0.5 MEUR in Q3-18)

EBITA Q4: adjusted margin 4.5% (7.7%)

- Decrease gross margin driven by inventory adjustments, ERP implementation and negative mix effects. Total impact -1.6 MEUR
- Operating expenses decreased following the restructuring programme launched in Q2
- Contribution from acquired distributor of -0.1 MEUR (-0.2 MEUR in Q3-18)

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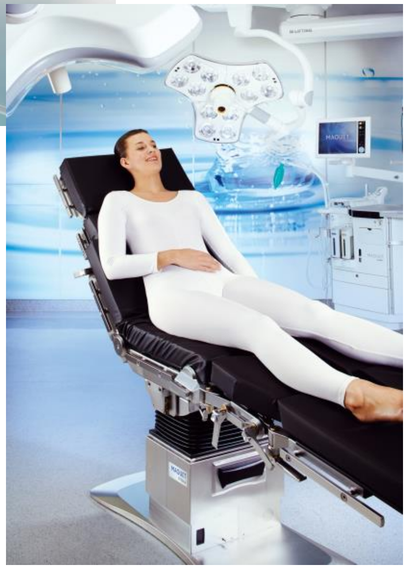
Puls

SBU % of Group revenue

MEUR	October - December			January - December		
	2018	2017	Δ%	2018	2017	Δ%
Revenue	**4.7**	**5.0**	**-6.2 %**	**21.1**	**19.5**	**8.0 %**
Organic revenue growth	*-6.0 %*			*11.0 %*		
Adjusted EBITA	**0.2**	**0.2**	**14.5 %**	**1.2**	**0.5**	**137.9 %**
Adjusted EBITA margin	*4.0 %*	*3.3 %*		*5.7 %*	*2.6 %*	



Revenue Q4: organic growth -6.0%

- Stable development for consumables products
- Decreased project sales

EBITA Q4: adjusted margin 4.0% (3.3)

- Improved gross margin driven by product mix
- Restructuring program according to plan, full savings materialised in quarter

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North America actions

- **Leadership changes:**
  - New president and CEO: Tom Vorpahl
  - New COO
  - New dealer development director
- **Organisation:**
  - US and Canada commercial organisations separated to capitalize on market specific opportunities
  - US sales force divided into Institutional and Homecare
  - NA integrated into Global Operations and Quality
  - Commercial organisation delayered

- **Q4 investments:**
  - Six new sales and technical service representatives hired
  - Opening of San Francisco HUB
- **Go-to-market approach:**
  - Fine-tuning HUB strategy (e.g., full service HUB:s vs sales offices)
  - Customer segmentation analysis to improve e.g. dealer program / dealer management, GPO:s and IDN:s
  - Extensive market review to assess e.g., customer buying decision criteria performed
  - Digital platform for lead generation launched
  - New sales management tools implemented and updated incentive schemes

FY19 priorities

- Deliver solid organic growth and improved margins; Q4 events are not impacting 2019 outlook
- Refine go-to-market approach:
  - Customer segmentation and targeting
  - Optimise sales channels and offering
  - Dealer management programs - focus on share of wallet and churn
  - Improve price governance and monitoring
- Increased focus on product development:
  - Launch of 1100 in all key markets
  - New product development process and global product management capability
    - Develop new products and solutions
    - Rationalise existing product portfolio
- Performance management:
  - Investments in sales force and sales management
  - Improve sales activities and follow-up
  - Align KPI:s and incentive schemes
- Continued focus on evaluating new markets and acquisition targets

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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

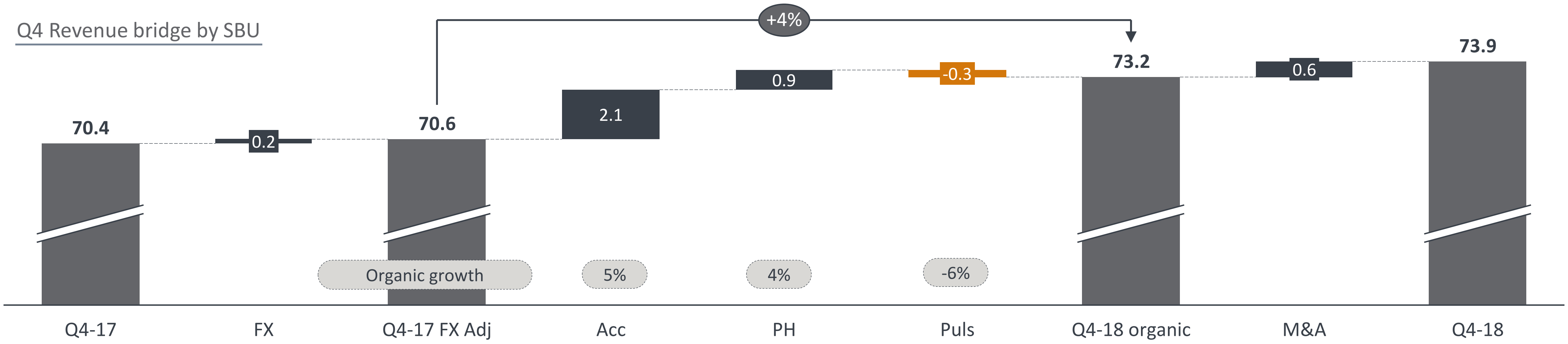
FINANCIAL TARGETS

An average annual growth of 10 percent, of which 4-6 percent organically, in the medium-term	*2018 organic: 3.7% 2018 acquired: 0.7%*
An adjusted EBITA margin exceeding 12 percent in the medium-term	*2018: 7.5%*
A debt/equity ratio of approximately 2.5 times net debt/LTM (last 12 months) adjusted EBITA, with flexibility for strategic activities	*3.1x as at 31 December 2018*
An annual dividend corresponding to 30-50 percent of the net profit for the period*	*Dividend proposal 2019: 5 cent per share, 25% of the net profit*

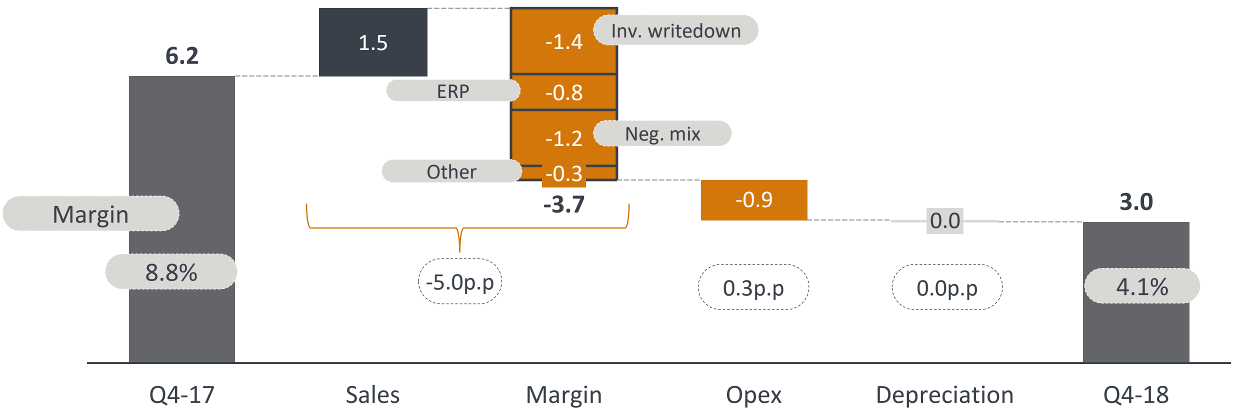
*The pay-out decision will be based on Handicare’s financial position, investment needs, acquisition opportunities and liquidity position.

Q4 revenue and adjusted EBITA bridges

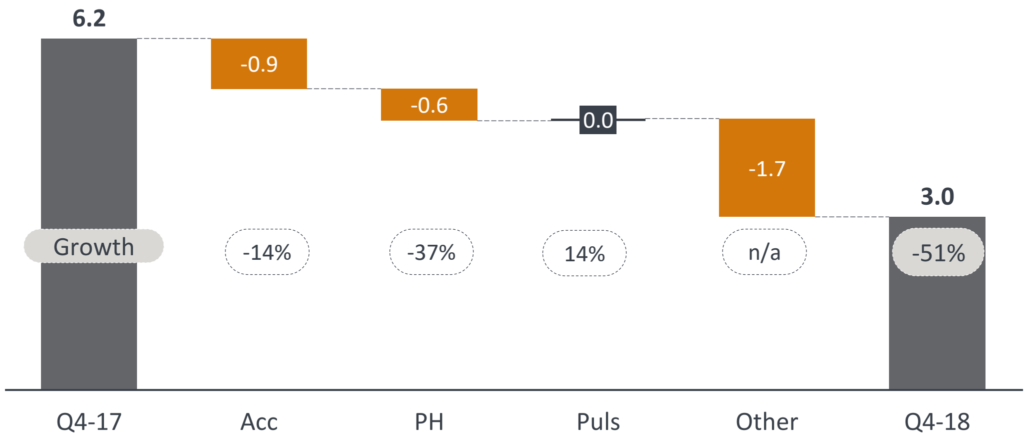
Q4 Revenue bridge by SBU



Q4 Adjusted EBITA bridge by component



Q4 Adjusted EBITA bridge by SBU



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Cash flow

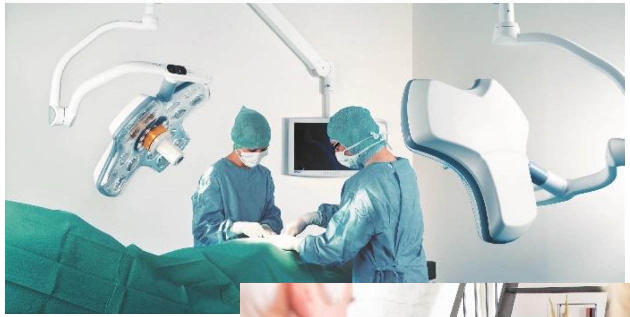
MEUR	October - December 2018	October - December 2017	January - December 2018	January - December 2017
EBITDA	**3.0**	**6.8**	**22.7**	**22.6**
Inventory	3.3	-0.2	0.5	-2.5
Accounts receivable	1.3	-0.0	-1.8	0.3
Accounts payable	3.7	0.1	5.7	-3.6
Other receivables/liabilities	-1.0	-1.8	-5.7	-6.6
Change in NWC	7.3	-1.8	-1.3	-12.4
Tangible assets	-0.7	-0.5	-2.1	-2.3
Intangible assets	-1.4	-0.7	-3.8	-3.3
Total capex	-2.0	-1.2	-5.9	-5.6
Operating cash flow	**8.3**	**3.7**	**15.4**	**4.5**
KPI:s				
Paid tax	-0.2	0.1	-1.6	-0.4
OCF / EBITDA	279%	55%	68%	20%
Net debt	80.5	89.0	80.5	89.0
Net debt / Adjusted LTM EBITDA	3.1	3.0	3.1	3.0

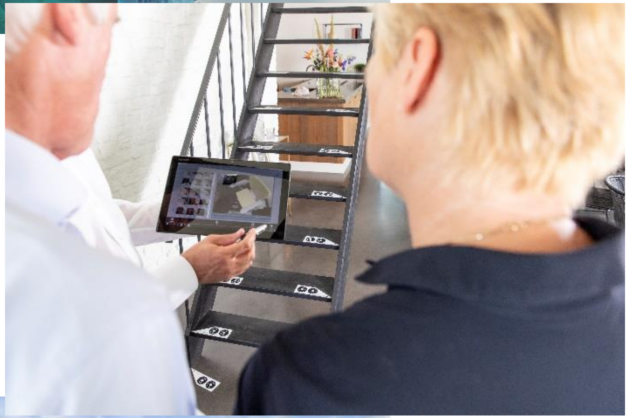
OCF: 8.3 MEUR (3.7)

- Other specified items paid in Q4-18: 0.5 MEUR (severance costs)
- Reduced net working capital
- Q4-18 capex of 2.0 MEUR (2.7% 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 23.6 MEUR
- Dividend of 2.9 MEUR paid in May 2018
- Unpaid other specified items: 2.8 MEUR at 31 Dec 2018





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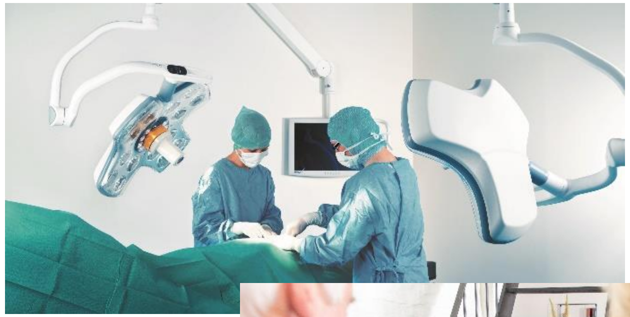
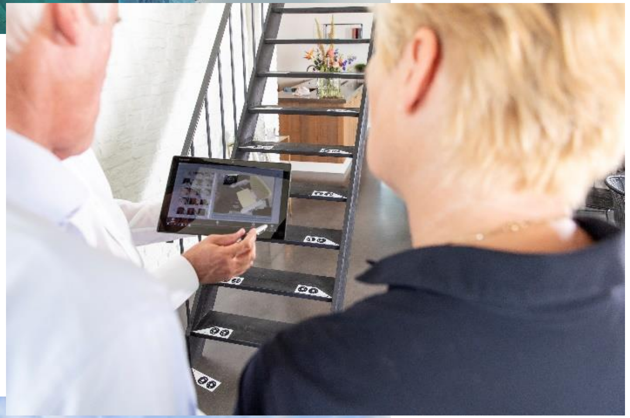
Balance sheet

Group MEUR	31 dec 2018	31 dec 2017
Intangible assets	49.1	49.2
Goodwill	162.8	163.5
Tangible fixed assets	9.7	10.9
Deferred tax assets	8.0	6.2
Financial receivables	0.2	0.3
Total non-current assets	**229.7**	**230.0**
Inventory	35.6	35.7
Accounts receivable	43.7	41.7
Tax receivables	0.1	1.5
Other receivables	3.3	5.0
Cash and cash equivalents	23.6	12.9
Total current assets	**106.3**	**96.7**
Total assets	**336.0**	**326.8**
Total equity	**171.3**	**164.7**
Provisions for pensions	0.2	0.4
Deferred tax liabilities	8.3	8.6
Advance payments	2.4	2.4
Other liabilities	0.4	1.6
Interest-bearing loans	103.0	100.3
Total long-term liabilities	**114.3**	**113.3**
Interest-bearing loans	0.0	0.1
Accounts payable	30.5	24.9
Other liabilities	1.1	1.4
Accrued expenses and deferred income	18.7	22.4
Total current liabilities	**50.4**	**48.8**
Total shareholders' equity and liabilities	**336.0**	**326.8**





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