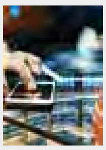
Annual Report 2016

Leading solutions for buildings of the future

Lindab®

Contents



Lindab's sustainability work is reported as an integral part of this annual report. We apply the Global Reporting Initiative (GRI) guidelines for reporting of sustainability information according to GRI G4 Core. A GRI index with information references is available at www.lindabgroup.com.

This document is a translation of the original, published in Swedish. In cases of any discrepancies between the Swedish and English versions, or in any other context, the Swedish original shall have precedence.

Good Thinking

At Lindab, good thinking is a philosophy that guides us in everything we do. We have made it our mission to create a healthy indoor climate and to simplify the construction of sustainable buildings. We do that by designing innovative products and solutions that are easy to use, as well as offering high availability and reliable deliveries. We are also working on ways to reduce our impact on our environment and climate. We do that through efficient production and logistics and by developing leading, energy-efficient solutions that make a difference for our customers and other stakeholders.

We simplify construction

Scan the QR-code and watch our film about Good Thinking.

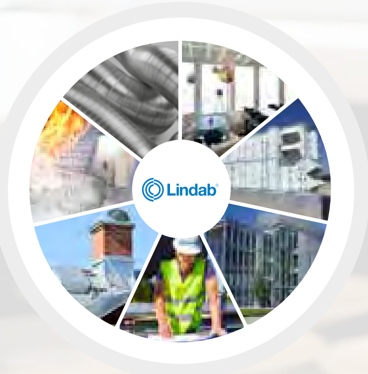
Lindab is a leading supplier of customised solutions for simplified construction and improved indoor climate. Through close dialogue with its customers, Lindab develops energy-efficient solutions which combined with industry-leading expertise, service, support and high availability offer increased customer value and lower environmental impact.

Net sales, SEK billion	Sales, number of countries*	Number of employees
7.8	60	5,100
Retailers	Number of branches	Number of customers
3,000	136	24,000

Products are sold to around 60 countries. Lindab has own companies or representative offices in 32 countries.

The strengths that make Lindab unique

Ever since the company was founded in 1959, we have focused on high quality and **market-leading R&D** in order to develop and offer a **complete range** of construction and ventilation products that meet all the customer's needs. With one of Europe's most **extensive distribution networks** we are always close to our customers, and we have a well-known and **strong brand**. For several years, we have pursued a long-term strategy in order to develop and sell **leading solutions** with a **focus on energy-efficiency** that contribute to an optimum indoor climate in the living and working environments of the future.



Read about our value creation on page 30.

Interview with Anders Berg, President and CEO

Our strong focus on solutions is paying off

Anders, how would you sum up 2016?

During the year, we continued the successful development of the business in line with our strategy, which included a higher pace of innovation and increased solution sales. We report continued good organic growth and increased profitability, although there is still some way to go before I am completely satisfied. 2016 was also a year that was affected by large fluctuations in steel prices and currencies.

How has the European construction market developed?

It has developed relatively well which has helped increase the demand for our products and solutions, mainly in the Nordic region led by Sweden. At the same time, there are markets where demand has not picked up. I am first and foremost thinking of Russia where economic sanctions and continued geopolitical tensions are putting a damper on construction activity. The situation affects growth and profitability in our Building Systems segment. We have a major production facility in Yaroslavl outside Moscow which is adapted to projects in Russia and CIS, and a weak demand results in low capacity utilisation which, in turn, affects profitability. We will continue our efforts within this segment to review costs and increase our activities in other regions.

Your strategy includes an increased focus on ventilation and indoor climate solutions. How well do you think this is going?

It is going very well. Urbanisation, technological advances and an even stronger focus on lower carbon dioxide emissions and a better indoor climate drive the demand for our intelligent and energy-efficient solutions. In 2016, all parts of our ventilation-related offering saw strong growth. We also fully integrated our acquired companies and rolled out their solutions within for example Fire & Smoke and Air Movement in virtually all our markets. Furthermore, we increased our focus on skills development in the Group to further strengthen our position in solutions and be able to meet our customers' future needs.

Do you have some good examples of what you have achieved?

A good example is our work within digitisation. By using sensors to connect the parts that make up a building ventilation and indoor climate system, we are able to develop solutions that contribute to ultimate comfort and lower energy consumption. It not only creates value for customers that invest in the solutions, but it also increases the well-being and performance of the people who live and work in the buildings. We have considerable expertise in the field where the launch of Lindab Connect and UltraLink in 2016 is an example of what we can do. In addition, we have an advantage in that we have a complete offering of products, solutions and services – a kind of ecosystem – needed to optimise a building's most important functions. Few competitors have such a broad offering, and combined with our strong relationship with installers, consultants and architects it is easy to see why we have chosen to further strengthen our efforts within this area.

Does this mean that the transformation of Lindab is picking up speed?

I have now been with Lindab for four years, and during this time I have driven change and developed the organisation. I think that today most people are aware that we do not primarily make and sell sheet metal products, but also develop solutions that meet the needs of different customers. To do that, all parts of the company must work in the same direction, as One Lindab. Take for example the progress we have made in establishing our new European purchasing organisation, developing new intelligent management systems for the Group's warehouse, the new

35
new products were launched

R&D
New model for innovation process

Increased solution sales

competitive distribution concept we will launch in 2017 as well as establishing different cross-border R&D units. All these efforts are the result of how we view our customers' needs, and because their needs change at an ever increasing pace, we need to constantly modify and adapt our offering. Understanding and realising this is what our transformation is all about. That is why innovation and skills development are such key elements of our strategy. As one of the most attractive employers in the industry, we must recruit even more talent and additional specialist expertise within the prioritised areas.

You are also working towards a number of financial targets. How do you view your chances of fulfilling these targets?
We have strengthened our financial position in recent years. We now have net debt of 2.5 times EBITDA in line with our long-term target, we have achieved organic growth in Products & Solutions for the thirteenth consecutive quarter and the growth in our offering allows us to take on more responsibility for different projects and thereby move even higher up the value chain. We have a target of an operating margin of at least 10 percent. Products & Solutions improved the underlying margin during the year, but achieving our target also requires a significant improvement in profitability within Building Systems.

What do you see as your top priorities for 2017?
Our strategy remains clear. We will continue to strengthen our offering and create value for our customers in a growing but increasingly complex market. Innovative products and solutions based on new technology are high on the agenda. Another priority here at the beginning of the year is to deal effectively with the past year's sharp increase in steel prices, something that has historically been positive for Lindab. Finally, the most important criteria for our success is the continued development of our expertise. Lindab now has an organisation that I am certain will not only meet but also exceed our customers' expectations of Lindab's future solutions.

Focus 2017

Continue to develop new innovative solutions that enable Lindab to create additional customer value and move even higher up the value chain.

Lindab 2016

Change and continued sales growth

- Sales growth with increasing margin and higher cash flow.
- Strong growth in the Nordic region and Western Europe but markets in CEE/CIS remain challenging.
- Successful integration of MP3 and IMP Klima and roll-out of their offerings in Europe.
- High pace of innovation with the launch of new technology and enhanced digitisation offering.
- The Board proposes a dividend of SEK 1.40 (1.25) for the financial year 2016.

Net sales

SEK 7.8 BN

Net sales increased by 3.4% to SEK 7,849 m (7,589). Organic growth was 4.2%.

Operating margin

6.5%

The operating margin excluding one-off items rose to 6.5% (6.1).

Operating profit

SEK 511 M

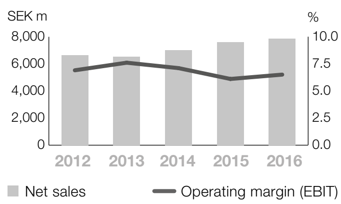
Excluding one-off items of SEK -28 m (6), the operating profit increased by 10.4% to SEK 511 m (463).

Cash flow

SEK 499 M

Cash flow from operating activities increased by 8.5% to SEK 499 m (460).

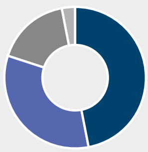
Net sales, operating margin 2012–2016



Since 2012, net sales have increased at an average annual rate of 4.3%. The operating margin has fluctuated between 6.1% and 7.6%.

Distribution of net sales 2016

Share of net sales/growth by market



- Nordic region 47%/+8%
- Western Europe 33%/+5%
- CEE/CIS* 17%/-4%
- Other markets 3%/-26%

*CEE = Central and Eastern Europe, CIS = Commonwealth of Independent States (former republics of the Soviet Union).

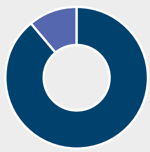
New construction and renovation

- New construction
- Renovation

Market segment

- Non-residential construction
- Residential

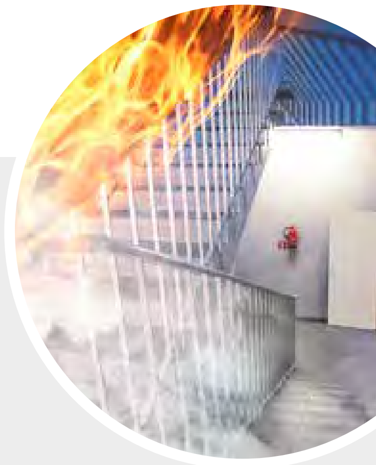
Share of net sales/growth by segment



- Products & Solutions 89%/+3.3%
- Building Systems 11%/+4.4%

Lindab's business is divided into two separate segments with different business models, brands and customer groups.

UltraLink, our unique method of measuring the temperature and lower airflow in ventilation systems, was launched at the end of the year.



We launched our extensive range of fire protection solutions all over Europe.

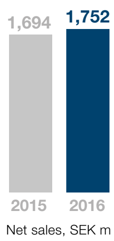
47%

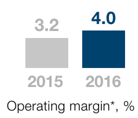
New branches and concept as well as a strong market increased the Nordic region's share of sales to 47 percent.

With Lindab Majestic we have taken the next step towards growing our leading offering within rainwater systems in Europe.

Q1 Higher profitability and launch of new ground-breaking technology

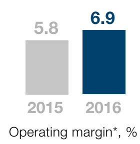
Comment:
Positive start with organic growth, higher earnings and margins. Both segments grew. We launched new products and UltraLink was developed. Products from IMP Klima and MP3 were introduced in the Nordic region.





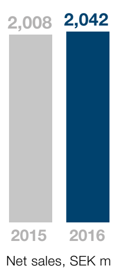
Q2 Sales increase in the Nordic region led by new product areas

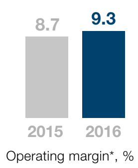
Comment:
Strong growth in sales and margins with the Nordic region as the top region. Sharp sales increase within Air Movement and Fire & Smoke. Price increases were announced in June following rapidly rising sheet metal prices.



Q3 Strong trend for ventilation and streamlining of production

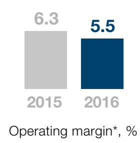
Comment:
Continued positive growth in Products & Solutions. Ventilation-related product areas were the strongest performers. Streamlining of production with the closure of units. Largest order ever for Building Systems.





Q4 Fragmented growth between segments and various regions

Comment:
Sharp improvement in profitability in Products & Solutions with continued sales growth. First deliveries of UltraLink. Lower volumes, unfavourable mix and high steel prices resulted in loss for Building Systems.



*EBIT % excluding one-off items

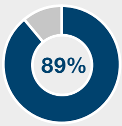
Segment

Products & Solutions

- Strong sales trend mainly within ventilation-related product areas.
- Products and solutions from MP3 and IMP Klima integrated into Lindab's offering.
- Investment in R&D resulted in high pace of innovation and the launch of new ground-breaking technology (UltraLink).

Share of the Group

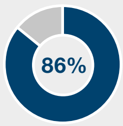
Net sales



Operating profit*

*Excl. one-off items and Group functions.

Employees*



*56 of Lindab's employees are not employed in any segment.

Net sales

SEK 6.9 BN

Net sales increased by 3.3% to SEK 6,949 m (6,727). Strong sales growth in the Nordic region contributed the most.

Operating margin

8.1%

The operating margin excluding one-off items rose to 8.1% (7.5).

Operating profit

SEK 565 M

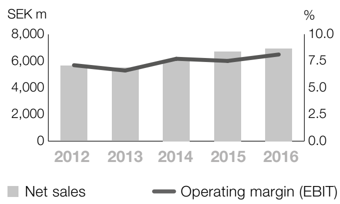
Excluding one-off items of SEK -24 m (35), the operating profit increased to SEK 565 m (504).

Stock turnover rate

4.1 times

Strong focus on inventory control increased the stock turnover rate to 4.1 times (4.0).

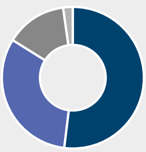
Net sales, operating margin 2012–2016



Since 2012, net sales have increased at an average annual rate of 5.5%. The operating margin has fluctuated between 6.6% and 8.1%.

Distribution of net sales 2016

Share of net sales/growth by market



- Nordic region 52%/+8%
- Western Europe 32%/+2%
- CEE/CIS 14%/-2%
- Other markets* 2%/-37%

*Of which USA 1%/–54%.

New construction and renovation

- New construction
- Renovation

Market segment

- Non-residential construction
- Residential

Three largest countries

1. Sweden
2. Denmark
3. UK

80 percent of the products and solutions are sold under the Lindab brand.

Segment

Building Systems

- Increased sales in Western Europe but continued weak growth in Russia/CIS.
- New large orders in Germany and Belarus, among others, resulted in a higher order intake towards the end of the year.
- Low capacity utilisation at the facility in Russia reduced profitability.

Share of the Group

*Excl. one-off items and Group functions.

*56 of Lindab's employees are not employed in any segment.

Net sales

SEK 0.9 BN

Net sales increased by 4.4% to SEK 900 m (862). New business in Western Europe grew.

Operating margin

–1.3%

The operating margin excluding one-off items fell to –1.3% (1.9).

Operating profit

SEK –12 M

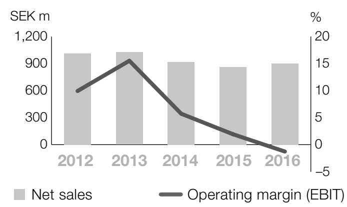
Excluding one-off items of SEK 0 m (–9), the operating profit fell to SEK –12 m (16).

Number of countries

33 countries

Continued market diversification meant that sales covered 33 countries (30) in 2016.

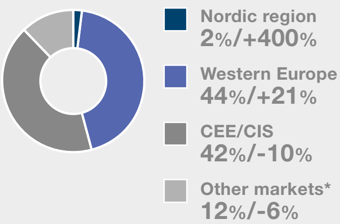
Net sales, operating margin 2012–2016



Since 2012, net sales have decreased at an average annual rate of 2.7%. The operating margin has fluctuated between –1.3% and 15.5%.

Distribution of net sales 2016

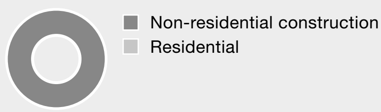
Share of net sales/growth by market



*Of which Africa 12%/–1%.

New construction and renovation

Market segment



Three largest countries

1. Germany
2. Russia
3. Poland

ASTRON

Building Systems' complete steel construction system is sold under the Astron brand.

Our offering

A leading offering for ultimate comfort

Ventilation products

Solutions and systems that are energy-efficient, easy to install and well-documented. A wide range that includes both round and rectangular systems, plus a large selection of accessories.

Indoor climate solutions

Product range that includes diffusers, waterborne climate systems and acoustics designed to create a pleasant, healthy and productive indoor climate. One of the most energy-efficient solutions on the market.

Building solutions

Economic, functional, simple and environmentally-friendly building solutions for both residential and commercial properties. Delivered as customised or standard solutions, according to requirements.

Rainwater systems and building products

Everything from systems for roofs, walls and joists to specially designed components such as gutters, rivets and screws. All products are of high quality and easy to handle, whatever the application.

Fire & Smoke

Certified products such as fire gas dampers, fans and ducts that can withstand very high temperatures. Also complete fire-resistant system solutions for all types of building.

Air Movement

Everything from cooling units and AHUs to fans, air conditioning and heat exchangers that move or regulate air. Leading, energy-efficient products with low operating costs.

Complete steel construction systems

Complete prefabricated steel construction systems and software for non-residential buildings such as industrial premises and warehouses, which make things simpler for both designers and contractors.

IT solutions and project support

Our IT solutions and project support contribute to simplifying every stage of the design and construction process. We offer leading project planning tools, software packages for new construction and technology to optimise the energy performance of buildings, in addition to a growing digital offering of apps, web tools and a database of BIM models.

More complete solutions

To ensure ultimate comfort with the lowest possible energy consumption in a building we offer our customers complete solutions. These solutions include everything needed for the efficient completion of a project, such as high-quality products, technical support, system solutions, IT tools for planning, training and fast delivery and a high level of service.

A Lindab Connect
B Lindab Construline
C Lindab Facade Casette
D Lindab Seamline
E Lindab Topline
F Lindab Protectline
G Lindab Munio
H Lindab Ventilation Products
I Lindab Fire & Smoke
J Lindab Pascal
K Lindab UltraLink
L Lindab Airy
M Lindab Fans
N Lindab Rainline
O Lindab Indomo
P Lindab Doorline
Q Lindab Air Handling Units
R Lindab IT-Solutions

Global trends

Global trends affect our business

The construction industry is increasingly affected by different trends, where the most important ones are linked to developments in society on a global scale. Our strategy is based on insight into how five strong trends in particular drive our business. The importance of energy-efficient solutions for creating a sustainable society is key to this and thereby the strength of our position.

High population growth and continued urbanisation

The demographic development with high population growth and increased urbanisation continues to impact many areas. Among other things, it increases the demand for smart and energy-efficient solutions for workplaces, infrastructure and transport. Creating sustainable cities and neighbourhoods has become one of the most important challenges of our time, and is high on the agenda of the construction industry.

40%

Buildings account for almost 40% of Europe's carbon footprint. To reduce emissions more innovation is required.

Increased focus on energy regulations and environmental requirements

Buildings account for a large share of European and global energy consumption. They are therefore regulated by an increasing number of global and national energy directives and laws to ensure the fulfilment of climate and energy targets, among other things. This drives the development of new technologies and innovations for both resource-efficient new construction and reduced energy consumption in existing buildings.

New global economic-pattern is emerging

Although emerging and developing economies are not growing as fast as they used to, in the near future* they will account for over half of the global economy, in purchasing power parity terms. This trend is also reinforced by the weaker growth rates of many mature economies. The higher standard of living in the emerging economies is increasing the demand for solutions for healthy and comfortable living and working environments.

Fast development of new materials and processes

Construction is becoming increasingly global, leading to a stronger demand for higher performance, higher quality and shorter delivery times. Consequently, there is a growing need for prefabrication, modularisation and faster exchange of information in order to ensure an efficient and profitable construction process. By increasing digitisation and involving every step in the value chain it is possible to develop new materials and methods more quickly.

New technology paves the way for intelligent buildings

The rapid technological development and ever lower costs have paved the way for increased digitisation and IoT** in construction processes and indoor climate systems. An intelligent building is a building equipped with for example control and regulating systems which uses sensors that enable the building to make its own smart decisions based on for example presence and needs, thereby contributing to increased efficiency and lower environmental impact.

**Source: IMF World Economic Outlook*
***IoT = Internet of Things which is the network of physical objects embedded with sensors connected to the internet*

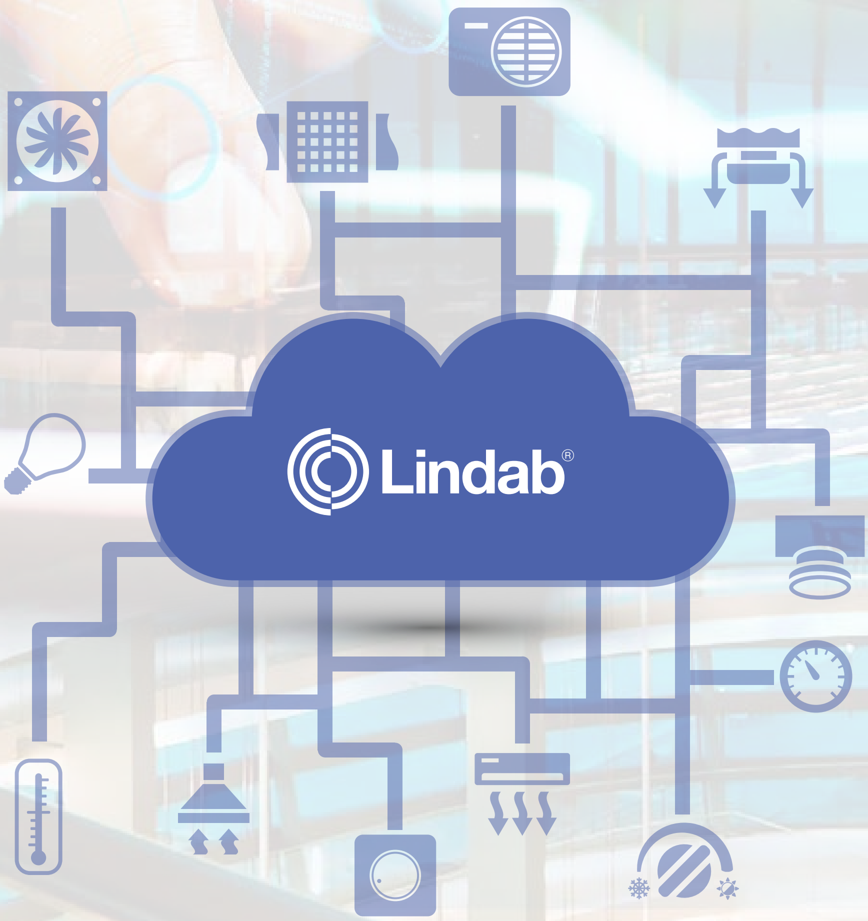
Digitisation drives change

Buildings currently account for the largest share of carbon dioxide emissions in our communities by far; in the EU the figure is around 40 percent. The main sources of carbon dioxide emissions are heating, cooling and ventilation, the so-called HVAC segment. Consequently, there is a great need for new energy-efficient solutions in the area.

Digitisation is rapidly changing the conditions and possibilities for designing, building and using buildings. Sensors for wireless communication can for example be installed in a building and combined into intelligent systems that collect large amounts of information. This information is then analysed by smart analysis tools that help to optimise indoor climate, lighting and energy consumption.

Ventilation and indoor climate systems that can make their own intelligent decisions based on presence, weather and other indicators have a great potential to reduce energy consumption and costs, while also contributing to creating a healthier indoor climate. Moreover, construction processes can be completed faster and more cost-effectively by digitally sharing models of constituent products.

At Lindab we have strengthened our focus on know-how and products such as LindQST, Revit Tools and UltraLink with the aim of developing a leading digitisation offering and continuing to help making things simpler for our customers and reducing the environmental impact. We develop technology that integrates our leading products and solutions in intelligent systems.



Our digitisation initiatives allow us to offer our customers even more intelligent solutions for reducing energy consumption and creating ultimate comfort.

Strategy and targets

Strategy for profitable growth

Our strategy is about utilising our strengths and opportunities to benefit from the strong trends we have identified. We are carrying out a long-term repositioning that involves gradually moving from producing and selling products to selling complete solutions with know-how and services with the aim of creating added value for more stakeholders and moving higher up the value chain. This means that we are adding more products and solutions to our portfolio, for example through acquisitions, and developing and broadening our expertise.

Simplifying is our passion. Ultimate comfort is our vision.

Long-term targets

Financial targets

- **5-8%** Annual growth
- **10%** Operating margin
- **≤2.5** Net debt/ EBITDA

Non-financial targets

- Attractive employer
- Lower carbon dioxide emissions
- Better working environment

Pages 18–19

Strategic focus areas

- Market Excellence
- Efficient Availability
- Solutions
- Innovation
- People

Pages 14–16

Foundation

- Products and solutions
- Sales and distribution
- Production and processes
- Employees

Pages 24–35

Important sustainability issues

Page 22

- Customer success
- Down to earth
- Neatness and order

Lindab's core values

The successful implementation of the strategy is supported by the strong foundation that exists within the company. Thanks to our deeply rooted core values and a firm foundation of talented employees, leading products and efficient production and distribution, among other things, Lindab has posted a profit every year since the company was formed in 1959.

Strategy and targets

High level of activity within our focus areas

The strategy primarily focuses on five focus areas that provide great opportunities for advancing our position. All the areas are connected where Innovation and People must develop the culture and expertise required to successfully implement the activities in the other areas. The strategy also includes a focus on acquisitions, primarily to support the initiatives within Market Excellence and Solutions. Carrying out and supporting activities that increase Lindab's sales of solutions is a key theme in all our focus areas, and in 2016 activity levels remained high.

We launched new compact AHUs in 2016.

Market Excellence

Through our strong distribution network and broad product offering along with numerous close customer relationships, we will advance our positions in prioritised markets even further.

We strengthen our distribution network and launch more products

In 2016, we further strengthened our distribution network by opening new branches, and we launched new concepts to make it easier for our customers to choose the right products. We also continued to expand our offering with an extensive range of fans and the roll-out of products within Fire & Smoke and Air Movement – a result of the 2015 acquisitions of IMP Klima and MP3. Our webshop was launched in more markets, and we are providing more and more large strategic customers with e-commerce solutions for more efficient purchasing in connection with major projects. Growth in sales was mainly concentrated in the Nordic region and parts of Western Europe, as well as within our product areas Ventilation products, Indoor climate solutions and Fire & Smoke. We see strong trends that drive the demand for products and solutions for greater energy efficiency and better indoor climate.

Examples of activities in 2016

Opened new branches in Lund and Aberdeen and launched a new store concept and a drive-in branch in Sweden.

Launched a Lindab webshop in several markets and developed e-commerce solutions with large customers.

Introduced new common and efficient work methods in Lindab's extensive sales organisation.

Continued to strengthen Strategic Product Management to develop the product portfolio and processes for the commercialisation of new products.

In focus 2017

Continue to further develop our branch network and other sales channels in prioritised markets and accelerate the work to adapt the offering based on the needs of the individual markets.

Efficient Availability

Our supply chain which comprises purchasing, production, logistics and distribution will generate higher value based on an overall customer-focused approach through simplification, rationalisation and innovation.

Continued efficiency measures provide scope for increased customer value

As we continue to make continuous production improvements and review our presence, we have initiated several major projects which are to generate significant value for our own and our customers' business in the long term. In 2016, decisive steps were taken towards this goal. We now have a new European purchasing organisation in place which utilises Lindab's strength to enhance the efficiency of our purchasing and develop strategic partnerships with key suppliers. In parallel with this, we are reviewing our entire inventory and distribution structure. These two initiatives will then form the basis for our new distribution concept in the Nordic region, which will be launched in 2017 and will strengthen the offering to our customers as well as simplify distribution.

Examples of activities in 2016

Strategic automation projects implemented at our central production facility in the Czech Republic.

Established a European organisation with a network of strategic buyers.

Increased the coordination of transport within and between Nordic countries and internationally between countries.

Developed new inventory control systems and began integrating them into product areas and markets.

In focus 2017

Ensure the successful launch of our new distribution concept in the Nordic region, which thanks to the automatic high-bay storage facility and increased coordination of transport, even better meets the needs of our customers.

Solutions

By utilising the strength of our ventilation and indoor climate offering, together with solid R&D and customised manufacturing, we will offer complete solutions to an increasing number of customer segments.

We roll out more and more solutions supported by our acquisitions

The 2015 acquisitions of the ventilation and indoor climate companies IMP Klima, Nather and MP3 are really beginning to pay off. During the year, we rolled out MP3's Fire & Smoke solutions in Europe and began the same comprehensive launch plan for IMP Klima's air movement and heat exchanger offering. One important contribution made by the acquired companies' products and solutions is the potential to sell more complete indoor climate solutions to various customer segments. During the year, we launched complete solutions for homes, hotels, offices, arenas and hospitals. We are also working closely with other focus areas to strengthen our offering within solutions. Together with other strategic focus areas we have identified key skills needs and continuously develop new initiatives to reach more customer groups.

Examples of activities in 2016

Integrated products and services in our offering. from the acquired companies IMP Klima and MP3.

Mapped the skills need in the Group to further strengthen our focus on solutions.

Commercialised new solutions based on Lindab's unique position in ventilation.

Developed and introduced concepts that meet the need for new solutions for specific applications.

In focus 2017

Continue to strengthen the internal efforts to develop more solutions and launch a training package and marketing materials to raise customer awareness of Lindab's offering in the area.

Innovation

In all areas of the business, we aim to create a long-term culture of innovation in order to generate ideas and ground-breaking, incremental improvements, thereby ensuring growth and profitability.

New initiatives increase innovation throughout the Group

In order to remain at the forefront and at the same time strengthen our long-term competitiveness, we are increasing our focus on innovation. During the year, we launched a project to increase innovation among our employees. By capturing all conceivable ideas from our own business and the dialogue with customers and then formalise them in a digital process, LindIdea Tool, we are able to quickly capture creative solutions that strengthen our long-term competitiveness. In order to measure the degree of innovation in the company, we have set up several key performance indicators that are continuously monitored. We can see that our sales of innovative products are growing and are already close to our target of a share of 10 percent of total sales. During the year, we also established cross-functional teams which are working in new ways to come up with proposals for new products and solutions, mainly by focusing on energy-efficiency and digitisation.

Examples of activities in 2016

High launch rate for new products and solutions with a growing focus on new technology and digitisation.

Strengthened innovation efforts in the Group by introducing new digital processes.

Established cross-border team in the Group which works long-term on important development topics.

Commercialised new digital ventilation technology to reduce energy consumption and provide new solutions for nearly zero-energy buildings.

In focus 2017

Continue the work of establishing an innovative culture in the Group concentrating on all focus areas and continuing to develop a process to strengthen the dialogue around innovation with customers.

People

A strong leadership, investment in human resources, the Lindab brand and culture will create the right conditions to ensure we have the best team for the business.

We drive transformation by focusing on skills

We ensure the availability of skilled employees. During the year, we continued our efforts to strengthen skills. The aim is to reach the next important step in our development: to have employees who can sell even more solutions in a complex but growing market. We have identified the roles we need to be able to meet this need and have subsequently reviewed our workforce in order to identify the right skills to develop through our extensive training programmes. We are also intensifying our long-term efforts to secure new talent. During the year, we strengthened our partnerships with universities and colleges with the aim of offering students internships and inviting them to write their thesis at Lindab. We can see that Lindab's image as a sustainable and responsible company with leading solutions for a lower environmental impact and a better indoor climate is getting stronger.

Examples of activities in 2016

Identified the skills necessary for strengthening the Group's development of solutions.

Launched further initiatives to establish Lindab as one of the most attractive employers in the industry.

Developed and launched more digital tools for even more effective leadership and employee development.

Conducted extensive training programmes for sales staff and engineers within air movement, fire dampers and system support.

In focus 2017

Continue to strengthen the critical skills that must be developed in the Group through recruitment, talent development and training to enable Lindab to fully implement and fulfil its strategy.

Fornebuporten, Norway

Demand-controlled ventilation for prestigious project

Fornebuporten outside Oslo is a large competence centre for the technology and offshore industry which opened in 2016. The construction of the 80,000-square metre large centre had to meet strict requirements. The ventilation system had to be very energy-efficient and be able to meet the strict requirements for comfort and layout. Following an early dialogue with the Norwegian HVAC company Oras, Lindab's indoor climate system Pascal was selected for the project. Pascal adjusts the airflow according to the demand in a room. If there is no presence in a room, the system can go to a low standby airflow level. This, combined with high energy efficiency, was exactly what Oras was looking for and it also lived up to the centre's high standards.

Lindab's solution

Indoor climate solution for the entire centre with the VAV and DCV system Pascal, including associated Regula Master and Regula controllers, Plexus supply air beams and customised diffusers. Customisations of Pascal were carried out for different buildings and subsequently tested at our own laboratory in Farum, Denmark.

"We decided to work with Lindab already at the tender stage. Basically, we wanted to make sure that we would get a technical solution that lived up to the project's requirements for control, flexibility and indoor climate as well as reliable deliveries."

Rune Wold-Hansen, Project Manager, Oras AS

Strategy and targets

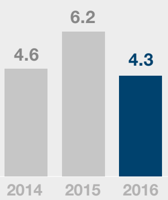
Closer to target fulfilment

Financial targets

The financial targets which consist of a growth, profitability and capital target must be achieved in the course of one business cycle and apply as of 2015. These targets, along with stable dividend payments, will ensure that Lindab creates long-term value for its shareholders and reflect the Group's focus on profitable growth segments in the European construction sector.

Achieve annual **growth** of 5–8 percent

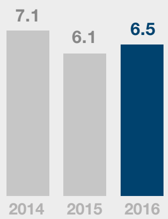
As a combination of organic and acquired growth, the annual growth rate will be 5–8 percent. We expect the European construction sector as a whole to grow by an average of 2–3 percent a year up to 2020. By focusing on expanding our offering in rapidly growing areas such as ventilation and indoor climate as well as making complementary acquisitions that strengthen this focus, we will generate higher growth than the market as a whole.



Comments
In 2016, net sales rose by 4.3 percent, adjusted for currency but including acquisitions. Over the past three years, Lindab's sales have increased by an average of 5 percent per year.

Achieve an average **operating margin** of 10 percent

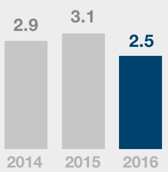
By adding more services and value-adding solutions to our customer offering we will be able to improve our prices. This, combined with continuous improvements within purchasing, production and logistics, will boost our competitiveness and profitability, and make it possible to reach our target of an average operating margin of 10 percent a year during a business cycle.



Comments
In 2016, the operating margin was 6.5 percent, which was higher than the previous year. Even though sales of solutions are growing fast, they still make up a limited share of total sales.

Net debt should not exceed 2.5 times EBITDA

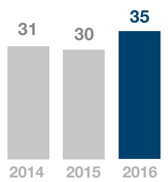
In recent years, Lindab has gradually improved its financial position, where streamlining of production and inventory have strengthened cash flows which, in turn, has reduced debt. To avoid high debt levels in the future, Lindab has established a target for its debt to earnings ratio. The seasonally-adjusted net debt to EBITDA ratio, adjusted for one-off items, is not to exceed 2.5 in the long term.



Comments
During 2016, average net debt fell to 2.5 times EBITDA, thereby meeting our long-term target. The development is due to a strong cash flow resulting from an improved operating profit and higher stock turnover rate, which is one of the focus areas of our strategy.

Dividend of 30 percent of net profit

Lindab's Board of Directors aims to distribute 30 percent of the company's net profit every year, taking into account the company's capital structure, acquisition needs and long-term financing requirements. This dividend policy was introduced in 2014 and aims to balance long-term shareholder returns and financial flexibility to ensure that Lindab can continue its investments to deliver on its strategy.



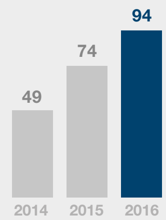
Comments
For 2016, a dividend of SEK 1.40 per share or SEK 107 m is proposed, which corresponds to 35 percent of net profit. For the past three years, Lindab has distributed on average 32 percent of net profit per year, which is in line with the dividend policy.

Non-financial targets

Our sustainability work is a priority and an integrated part of the strategy and everything we do. With our strong focus on greater energy efficiency in our activities and products and developing solutions for an optimum indoor climate, we have raised our ambitions in this area in recent years. Meeting our non-financial targets is part of this work.

Lindab must be one of the most **attractive employers** in the industry

Lindab's strategy involves long-term repositioning to generate greater value for more stakeholders. The success of this target requires an increased focus on employee skills. Maintaining and developing key skills in the company and recruiting new key talent is therefore a priority for Lindab. We also have a strong commitment to diversity.

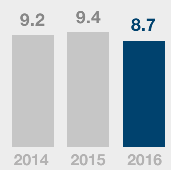


Share of completed performance appraisal interviews, %

Comments
In 2016, we focused on skills development at Lindab, where individual plans are based on performance appraisal interviews with the employee's immediate superior. The share of completed performance appraisal interviews rose to 94 percent during the year. Among other things, we carried out comprehensive training programmes to strengthen know-how within solutions.

Carbon dioxide emissions measured as a percentage of sales must be reduced by 20% by 2020

We constantly strive to improve production and logistics in order to increase efficiency and reduce costs. An important part of this work is increasing energy efficiency and maximising the use of renewable energy. As a leader in simplified construction and energy-efficient solutions we have a responsibility to show that our own activities live up to these requirements.

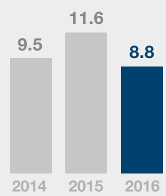


Tonnes of CO_2/ SEK m (Base Year=2009)

Comments
In 2016, we continued to increase energy efficiency and the share of renewable energy in production, and we streamlined inventory management and transport, resulting in lower carbon emissions measured as a percentage of sales.

LTIF, the number of injuries per one million hours worked must be reduced by 20 percent every year

With a total of 37 production units in 21 countries and a comprehensive and complex logistics network with its own and hired transport services Lindab has a strong commitment to safety. Since 2012, we have had a zero target for accidents at work and continuously carry out new initiatives to raise employee awareness of the importance of following procedures and minimising risks.



Comments
The number of injuries per one million hours worked (LTIF) fell to 8.8 in 2016, which is 24 percent lower than in the previous year and in line with our target. Lindab's LTIF has been halved since 2012.

A good thinking company

Good thinking is a deeply rooted philosophy that guides us in everything we do. We firmly believe that good thinking leads to good solutions to the challenges we all face. Taking responsibility for what we do and how we do it is therefore important to us. Because it is not only about making life simpler and more comfortable for our customers and users. It is also about thinking from a global perspective, all the time. Safe in the knowledge that we are helping to make the world a better place.

We are **always nearby**

Our customers are the people we meet on a daily basis, rather than the companies they work at. It is alongside designers, architects, fitters and installers that we have built our trust. Lindab is a partner you can always trust. Our relations are based on an in-depth understanding of the challenges our customers face.

On-time deliveries

Our markets are changing with increasing pace driven by trends such as globalisation and digitisation, which enhances the need for fast and reliable deliveries. By focusing on speed, flexibility and reliability we will meet our customers' needs and simplify the construction process – both before, during and after.

A **new way** of thinking

Even though we are good makers of steel products, our own production is not the heart of our business. Instead it is about meeting the need for a better indoor climate and reducing the environmental impact. We therefore develop leading solutions in the field supported by our entire offering.

New ways to **increase customer value**

Over the years we have developed a host of innovations that have helped to simplify construction and reduce resource utilisation. But for us, innovation means more than just developing better products and efficient solutions. It is about daring to challenge and think differently in all the different situations we face in the best interests of our customers.

Having the **best team**

We have a proud tradition of innovative and talented employees who make it possible to develop ground-breaking solutions. It is only natural for us to have passionate personnel who share our values and our drive to create improvements – both for our own and our customers' success.

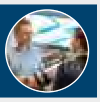
Sustainability

Leading solutions for sustainable development

For almost 60 years, Lindab has developed products and solutions that simplify construction, improve energy efficiency and reduce resource consumption. By developing innovative and smart products and solutions tailored to different types of buildings we provide the conditions for a healthy indoor climate which increases well-being and performance. Our sustainability work is an integral and natural part of our strategy. We strive to create value for each section of the value chain, from the contact with suppliers to those who live and work in the buildings we are involved in and take responsibility for. In order to strengthen our contribution to sustainable development we focus on taking more responsibility for the projects we are involved in and developing more complete solutions within construction and ventilation. This work has intensified in recent years, and we can see that our efforts are paying off.

Our most important sustainability issues

Products and solutions

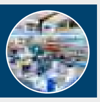


Customer health and safety

Product content declarations

Environmental impact of products and services

Sales and distribution

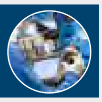


Anti-corruption

Fair competition

Financial stability

Production and processes



Supplier requirements

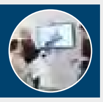
Materials used in production

Greenhouse gas emissions

Waste

Energy consumption

Employees



Health and safety

Diversity and equal opportunity

We have a structured process for our sustainability work and have been reporting according to the Global Reporting Initiative (GRI) since 2009. For the past two years, we have reported according to the fourth-generation guidelines (G4), Core level. It is central to G4 to focus the sustainability work on those issues that are considered to be of greatest importance to the company and its stakeholders. In order to define these issues we follow the GRI G4 guidelines comprising identification, prioritisation and validation. The most important issues were identified by comparing an analysis of our strategy and risks with our stakeholders' views and actual impact. This resulted in the 13 issues above, which reflect Lindab's financial, environmental and social impact. We have decided to group the issues under the four areas which make up Lindab's foundation – products and solutions, sales and distribution, production and processes and employees.

Read more about how we deal with these issues in this annual report and in our GRI report at www.lindabgroup.com.

Varalöv, Sweden

The right framework for energy-efficient e-commerce

In northern Varalöv outside Ängelholm, Sweden, Lindab is constructing several large logistics buildings for Catena's subsidiary Quenswall which subsequently leases them to the fashion company Boozt Fashion and the logistics giant Logent. The site along the E6 will become one of Sweden's largest and most modern e-commerce logistics centres known as E-City Engelholm. The buildings feature Lindab panels and ventilation systems, and together with the Tellus heating system they ensure very low energy consumption while meeting the strict energy-efficiency requirements. When the buildings are ready, they will be certified by Catena in accordance with the Green Building standard.

Lindab's solution

We were involved early on in the project and had a close dialogue with all stakeholders. We then supplied a turnkey solution for the entire construction project, which included concrete walls, plinths, sandwich panels, roof trusses, frames, roofing, gates, doors, interior wall studs and ventilation ducts.

"In Lindab, we found the perfect supplier of frames, wall elements and roofing. Our cooperation with Lindab was just perfect, and needless to say Lindab remains the natural choice for us."

Göran Månsson, CEO of Queenswall,
a subsidiary of Catena Fastigheter

Products and solutions

A growing offering for increased customer value

Lindab is a driver in the development of more effective and resource-efficient construction. Focus is on developing solutions for higher quality through increased standardisation in construction projects, which contributes to lower resource consumption at all stages and provides a better indoor climate. This includes the development of software and new technologies to facilitate the planning process for customers' projects and installations.

Many of our ideas for new products and solutions come from the close dialogue with customers and other stakeholders. Whether small adjustments of existing products or a long-term commitment to new, ground-breaking technology we always focus on two things: making things simpler for our customers and launching solutions for greater energy efficiency and lower environmental impact.

New process for new solutions

Our work in research and development has historically been divided between different product areas such as construction, ventilation and indoor climate. With the increased focus on system solutions and the expertise added through the acquisitions, we increasingly consolidate expertise centrally in order to exploit the Group's full potential. During the year, we established cross-functional teams which will apply new working methods to come up with proposals for new products and solutions, for example by focusing on energy-efficiency and digitisation. Through our Strategic Product Management (SPM), we have also streamlined the product development process which includes launch plans and new product generations. SPM's responsibility covers all Lindab's geographical locations and areas in order to challenge the existing offering and require development of new solutions. SPM also analyses trends and engages in an ongoing dialogue with customers and other partners in order to identify Lindab's long-term focus areas.

See our presentation from the CLIMA 2016 conference.

Better indoor climate a priority

The market for ventilation and indoor climate solutions is growing faster than the rest of the construction market. This trend is being driven by a growing need for greater energy efficiency and better indoor climate to meet regulatory as well as user requirements. Our strong position in the area gives us a unique opportunity to develop our offering of complete solutions for a better indoor climate. We invest a great deal of resources in developing energy-efficient indoor climate systems for different types of end-user segments such as hotels, offices, hospitals, homes and arenas.

High pace of innovation in 2016

The pace of innovation was high during the year which saw the launch of ground-breaking ventilation solutions such as UltraLink as well as a new generation of rainwater systems and new building solutions. In addition, we continue our efforts to increase the level of quality and standardisation in the market by obtaining certification for more of our products from internationally recognised third parties such as Eurovent. The year was also characterised by a high pace in the launch of new generations of our IT solutions and project support such as LindQST, Lindab Revit Tools and Lindab Structural Designer. The aim is to simplify every stage of the design and construction process in order to help increase the level of quality and profitability for all parties involved. Lindab's patent portfolio includes around 60 patent families with approximately 300 individually registered or pending patent rights.

“We continue to drive the development and raise standards”

We raise indoor climate standards in Europe

As a part of our ambition to drive the development towards a better indoor climate in Europe’s buildings we are working to increase the level of quality and standardisation. In 2016, our AHUs obtained Eurovent certification. This means that an internationally recognised third party examines our systems and audits our production and documentation to ensure that we live up to the high quality standards of the certification. Our chilled beams have already obtained Eurovent certification, and we are working to obtain certification for more products in 2017. With the Eurovent certification we increase market awareness of what constitutes a good indoor climate.

Efficient test environment for the next generation

To maintain the high quality of our ventilation systems and indoor climate solutions, among other things, we have access to some of the industry’s largest and most sophisticated technical test and measurement laboratories in Sweden, Denmark, Slovenia and Italy. The laboratories perform full-scale tests in cooperation with customers and other partners to test existing systems and develop new solutions that drive the development forward. In 2016, we tested new solutions for air movement, fire dampers, acoustics and our unique UltraLink technology which can even measure extremely low airflows with great accuracy.

Our solutions in focus at CLIMA 2016

At the REHVA World Congress CLIMA, a leading international research conference within HVAC and construction, the latest research in ventilation and construction technology was discussed. Professor Göran Hultmark, Lindab’s R&D manager for indoor climate solutions, led a interactive workshop which focused on the benefits of Lindab Pascal and Lindab Solus. Alessandro Maccarini, PhD student at Aalborg University in Copenhagen, presented a study of Solus’ low energy consumption compared with traditional systems, and Samo Venko, technical specialist at Lindab IMP Klima, presented a study of how barriers in a room impact airflow.

How we developed **UltraLink**, a unique measuring method for ventilation

Lindab has a structured process for the development of new products and solutions, from the ideation phase to market launch and follow-up for the improvement of new generations. In 2016, the launch rate was high and new technology has become an increasingly important feature in new solutions. UltraLink is a good example of this, and how the process works.

1

Idea phase

Our analysis showed that a greater focus on energy savings has meant that ventilation systems with low volume flows have become more common, but there was no effective measuring instrument for such systems. For this purpose, we identified and acquired a technology that was not yet fully developed.

2

Analysis and development

A cross-functional team of ten people from production, market and R&D developed the technology. Some of the work included a dialogue with potential customers with the aim of optimising the solution at an early stage.

3

Testing and product selection

Performance and quality were tested at our laboratory in Grevie with participants from other laboratories in the Group. A third-party test at the Research Institutes of Sweden in Borås was also performed with positive results.

4

Pre-launch phase

Documentation and market material were prepared, films were produced to prepare the markets for the benefits of the technology, and training was provided to the responsible staff in the individual countries. The technology was exhibited at the HVAC trade fair Nordbygg.

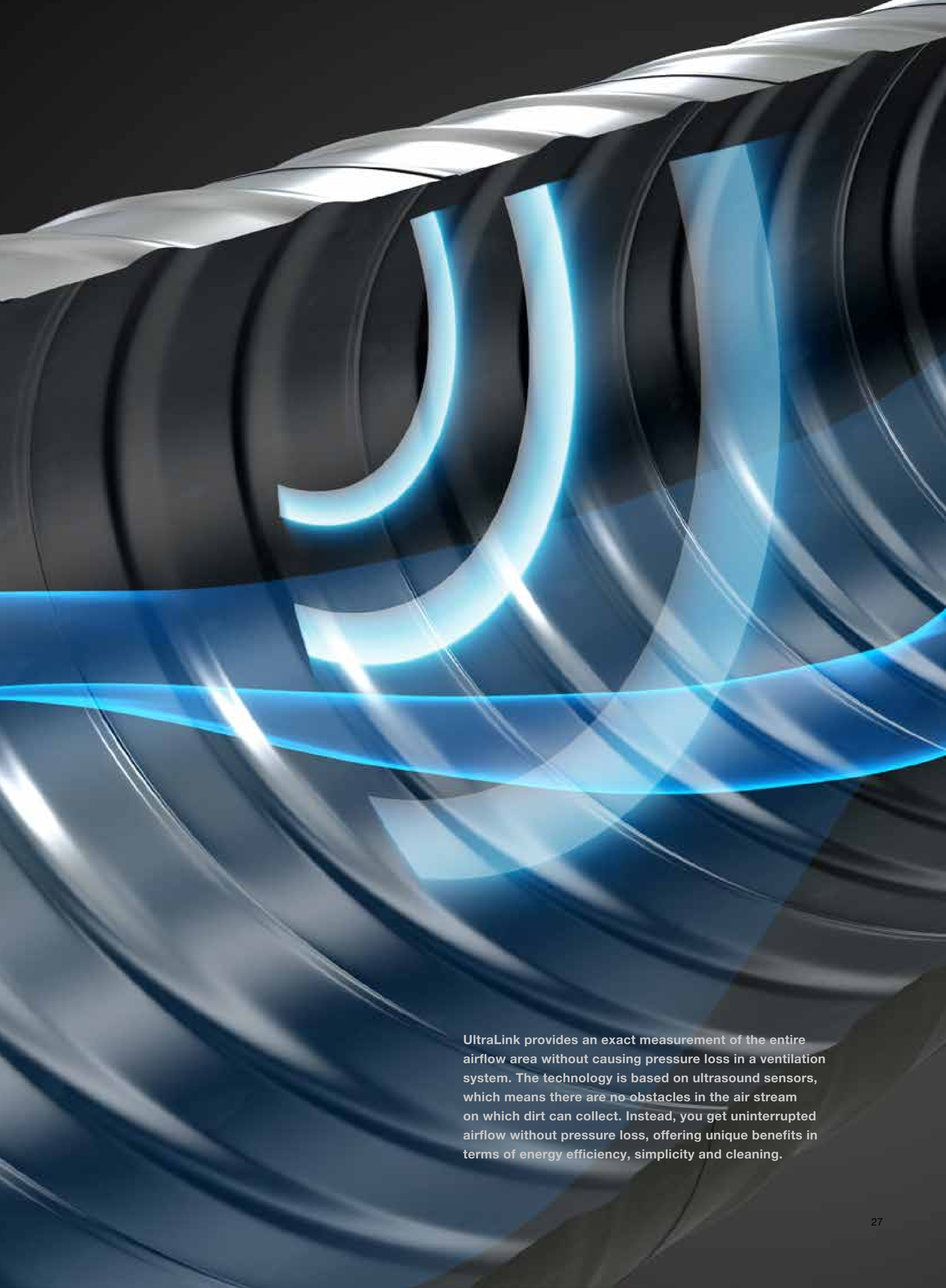
5

Commercial launch

On 1 November, we launched UltraLink in Sweden, Norway, Denmark and Finland, and on 1 January in seven additional countries. The first products with UltraLink were successfully installed in a Norwegian energy-plus house.

The Powerhouse energy-plus house in Sandvika, Norway now features the UltraLink technology.

UltraLink ensures lower pressure drop, lower energy consumption, lower costs and an optimum indoor climate. We have now begun the work of identifying new applications and functions for the development of the next generation of this unique technology.



UltraLink provides an exact measurement of the entire airflow area without causing pressure loss in a ventilation system. The technology is based on ultrasound sensors, which means there are no obstacles in the air stream on which dirt can collect. Instead, you get uninterrupted airflow without pressure loss, offering unique benefits in terms of energy efficiency, simplicity and cleaning.

Sales and distribution

We continue to simplify and increase availability

We sell our products and solutions to customers either in direct connection with major projects or through our extensive distribution network in Europe. The network comprises own branches, online sales and retailers such as builders' merchants in Northern Europe and Lindab Centres in CEE. Distribution is adapted to the particular conditions on each market. Focus is on local availability and satisfying all of the customers' needs.

Lindab operates in 60 markets with different characteristics in terms of maturity, dynamics and regulations. Acquiring an in-depth understanding of each market's unique conditions is essential for us to be able to increase sales growth. Our customers are demanding products and solutions for greater energy efficiency and improved indoor climate, and we meet this demand with a growing offering in more and more markets. At the same time, we continue to increase availability and make the daily lives of our customers easier. More branches and sales outlets and focus on e-commerce are an important part of this work. Another goal is to offer several Lindab solutions as one package. Increasing sales of system solutions is therefore a priority for us.

Watch the opening of our new drive-in branch in Stockholm.

Focus on project sales

In a project business, demand is based on performance, functionality and environment – often with the aim of meeting a specific need for a specific building. Our counterparty tends to be a consultant, architect or building contractor who needs a bespoke solution which may involve several product areas within Lindab. Sandwich panels, indoor climate solutions and prefabricated steel construction systems are usually sold as part of a project. During the past few years, the share of project sales has increased in almost all markets, and in new markets in the Middle East and Africa.

Important cooperation with building contractors

Knowledge of the local market is important when it comes to effectively carrying out major construction projects, which means that we work closely with different building contractors. In the Nordic region, we work with the largest construction companies as well as small local partners. Building Systems has partnerships with approximately 330 building contractors across Europe and Russia/CIS, which are responsible for the overall construction project. In addition to supplying complete system solutions for indoor climate, ventilation or entire buildings, Lindab provides building contractors with technical expertise, IT solutions, project support and training.

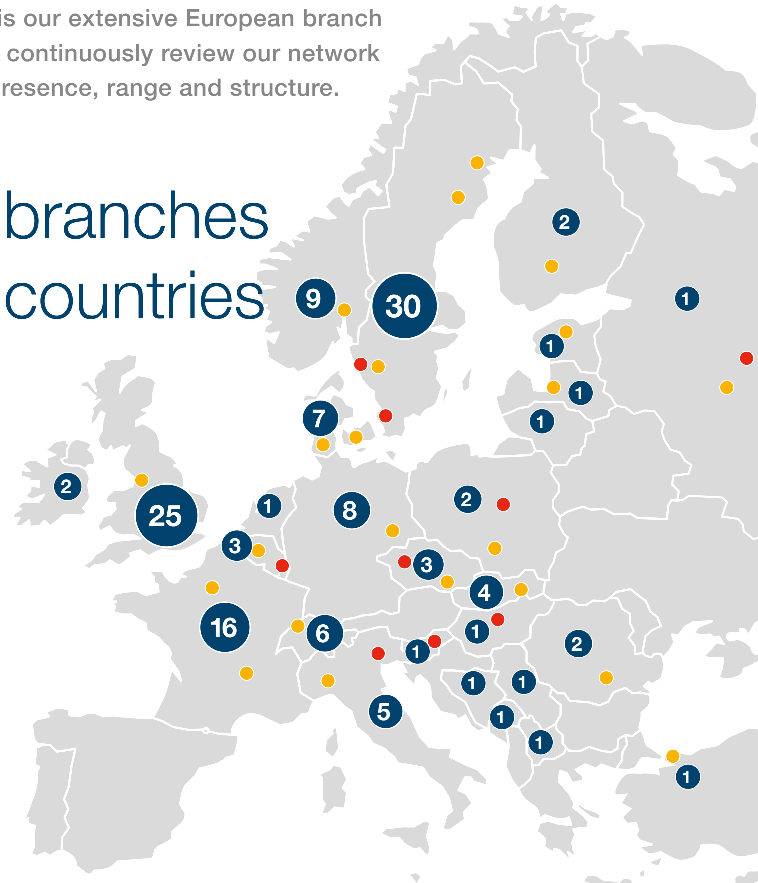
Close dialogue with Key Accounts

We work with major national and international companies with whom we have a close and long-term dialogue on various projects. Building Systems, for example, is supplying new production and warehouse buildings to Western groups that want to grow in Russia. In the Nordic region, we supply ventilation and building products to large installation companies, construction companies and retail chains such as K-Rauta and XL Bygg. The Key Account function ensures that the cooperation is always followed up and developed, for example by offering customised e-commerce solutions and other platforms.

One of Europe's most extensive distribution networks

One of our most important competitive advantages is our extensive European branch network. We continuously review our network in terms of presence, range and structure.

136 branches
60 countries



24,000 customers

Our branches serve more than 24,000 unique customers each year, such as tinsmiths and ventilation installers. Many of the customers also shop via our digital channels.

Wide range

We are constantly refining and expanding our range. In 2016, we expanded our fan offering, among other things, and we launched fire protection products in all markets.

Easy to shop

The branches are always designed to make it easier for our customers to create efficient work methods. In 2016, we opened drive-in branches and launched a new concept for an improved in-store experience and continued increased customer satisfaction.

Number of branches
Local warehouse, shop, sales office and competence centre for Lindab's products, systems and solutions.

Central production
Strategically located production units which also double as logistics centres.

Local production
Smaller units adapted to meet local customer requirements with a great deal of flexibility.

Growing online sales

We are always seeking to make life simpler for our customers. In an age where quick access to a variety of products and solutions is becoming increasingly significant to the successful completion of a construction project, online shopping is becoming ever more important. In 2015, Lindab's digital platform was upgraded and made simpler with more effective search tools in order to better meet the users' needs, resulting in a boom in sales via this channel. In 2016, the webshop was launched in Belgium, France, Switzerland and Poland, with the same concept and product range as in the Nordic countries and the UK. Internet sales also rose sharply in 2016.

Well-known brands

Lindab's offering includes its own brand and a number of independent or product-related brands with strong positions within a particular market or product area. When making acquisitions, we always focus on developing the acquired companies' brands, as was seen with Bjarnes, IMP Klima and MP3, among others.

We create value for all our customer groups

At Lindab we not only create value by distributing high-quality products, but we also add value across the entire value chain with our comprehensive offering of solutions and services. These solutions and services meet the needs of all stakeholders involved, be it a large, complex construction project or installation of a small-scale indoor climate system. The goal is always to contribute to ultimate comfort and simplify all parts of the construction process.

In cooperation with architects and consultants we specify construction and ventilation solutions for large projects. Our offering includes products and solutions with support, service and software that simplify design and planning.

We ensure secure and reliable deliveries by always being nearby and offering the right product range. Our construction and ventilation products are sold and distributed through our 136 branches, our webshop and our external retailers.

Our products move from production to end users primarily via ventilation installers, tinsmiths and contractors. We offer availability and service as well as a complete range of products that are easy to handle and install. Building and ventilation contractors often offer end customers a complete solution, where our offering constitutes the entire or part of the solution.

Simplifying is our passion. Ultimate comfort is our vision.

Distribution

Installation

End users

Residential
Industrial
Commercial
Warehouse
Arenas
Schools
Hospitals
Marine sector

Our ideas for new innovations are developed through the dialogue with different customer groups and those using the buildings where our products and solutions are installed. Focus is on creating a healthy indoor climate that helps increase well-being and productivity.

Property managers and property owners

Building specifiers, architects and consultants

Authorities

Based on our leading offering for lower energy consumption, better indoor climate and simplified construction – where digital solutions are becoming increasingly important – we maintain a close dialogue with property owners, architects, HVAC and ventilation consultants, designers and authorities. This helps support profitable investments and maintenance, facilitate design, calculations and the choice of solutions and speed up the industry's efforts within standardisation and energy efficiency.

Production and processes

Continuous improvements strengthen our competitiveness

The products are manufactured at our own efficient facilities or purchased from our external base of strategic suppliers based on the need of the individual market. The goal is to make high-quality products available at all times to quickly meet the demand. In 2016, we stepped up our investments in the supply chain to further improve efficiency and strengthen customer service.

In a rapidly changing market, customers are increasingly demanding greater simplification, speed, flexibility and reliability. To meet these demands and strengthen our competitiveness, we are constantly working on improvements and obtaining synergies within corporate governance and recycling, working capital and automation. We are also working to boost the organisation's capacity for analysis to facilitate making the right forecasts for manufacturing as well as deliveries. Monitoring is conducted using a variety of key performance indicators whereby the total delivery capacity, supply chain costs and impact on capital employed can be assessed.

Competitive production

To increase productivity at our facilities, we make continuous improvements through Lean procedures and we continually invest in new technology. In 2016, we made a large investment in increased automation at our Czech ventilation product production unit. We concentrated AHU production at our unit in Slovenia by closing the unit in Sarajevo, and we introduced Lean principles in production in Slovenia and at our Italian fire damper production unit. At the end of the year, we had a total of 37 production units in the Group, of which nine are centrally and strategically located in main markets, often with highly automated production of processed products. All major production units are certified according to the ISO 9001 and 14001 quality management and environmental management systems.

Watch our new distribution centre taking shape.

Efficient purchasing organisation

Our purchasing of direct materials amounted to SEK 3.6 billion in 2016, divided into four different areas. We continuously work with our suppliers partly to supply our own business with materials in the most cost-efficient way and partly to supply our customers with products that enable us to meet all their business needs. During the year, we established a new purchasing organisation which utilises Lindab's combined strength to improve the efficiency of all purchasing categories, which is to reduce costs and strengthen our supply chain. We have appointed managers who are systematically reviewing product groups and suppliers within each category, and we have established a network of strategic buyers in Europe. We are also working to obtain purchasing synergies between different units and markets, and with a new staff function we are able to use analyses, tools and statistics to further sharpen our focus on long-term and sustainable supplier relations. The ambition is for all our major suppliers to endorse and commit themselves to complying with the requirements of our Code of Ethics.

Strengthened inventory management

Successful purchasing is directly linked to the ability to reduce our inventory levels. In parallel with the investments in more efficient purchasing, we are working on a project to improve inven-

> *With a competitive production, efficient purchasing, the right amount of stock and smarter distribution, we reduce tied up capital, lower lead times, deliver faster and offer our customers a wider product range and the option of reducing their own stocks."*

tory management in the Group. We have developed our own system that enables faster and more efficient supply of products from production units and suppliers to branches and construction sites. The goal is to implement this inventory management model for all Lindab's products, both finished products and stock for our own production. An important part of our long-term work is the fully automated ordering system we have introduced at our branches, where new products are automatically added when the stock reaches a certain level which is also determined based on an analysis of seasonal needs and other trends. The goal is to control all the Group's stocks by means of a single comprehensive system in order to ensure an optimum flow.

New distribution concepts

The key to achieving our purchasing and inventory management goal is to make our own distribution of products to customers and branches as efficient as possible, hence our focus on a new distribution concept for the Group which will first be rolled out in the Nordic region. The concept will be launched in autumn 2017 and includes a substantial investment in a distribution centre in Grevie, featuring an automated high-bay storage area and picking/packing area, as well as investments in robotic technology and system support aimed at simplifying processes. The result is a more efficient and environment-friendly distribution where we can increase our vehicles' fill rate through intelligent inventory management and packing. This allows us to effectively meet the trend of a growing supply of small deliveries to our branches and directly to the customer.

Increased stock turnover rate

We are gradually implementing measures to increase the stock turnover rate which, in turn, strengthens our cash flow and frees up more capital for growth initiatives.

Thorough assessment and selection in purchasing

We have thousands of suppliers distributed across four areas. Raw materials and direct materials for our own production account for approximately 50 percent of our total purchasing costs. We are committed to continuously assessing suppliers in terms of the two important criteria quality and sustainability. We focus on long-term partnerships but are relatively independent of individual suppliers.

Own production always close to the customers

Our production presence is determined by our desired degree of availability in each individual market, among other things. Many products are bulky, must be delivered fast and on time, which requires the presence of local production facilities. We currently have 37 production units of different sizes distributed across 21 countries. This spreads the risk and provides a platform for continued development of our business.

Smart inventory management benefits everyone

With thousands of different suppliers and tens of thousands of product variants, efficient inventory management is paramount in order to meet our profitability requirements and the customers' need for the right product at the right time. Establishing an automated central warehouse is an effective concept for addressing future challenges and continuing to simplify inventory management.

A new concept for the distribution of the future

We constantly monitor the potential for enhancing precision and the level of service of our distribution, while at the same time reducing our environmental impact. Our new distribution concept in the Nordic region, which will be launched in 2017, will meet the need for handling the rapid increase in small orders from customers. Digitisation and automated packing will ensure a higher fill rate and reliability of supply.

Employees

Development of skills crucial to our success

Our business has over 5,100 employees in 32 countries. In addition to continuing to build a successful corporate culture based on strong core values, we focus on key initiatives to simplify and facilitate local employee development. In addition, we have increased our focus on skills development and strengthening our employer brand with the aim of becoming one of the most attractive employers in the industry.

In 2016, we initiated a comprehensive programme to strengthen the Group's strategic expertise and continue to develop the skills needed to sell more systems, solutions and services. The programme consists of several steps. First we identified what roles are needed and what skills these roles are associated with. Then we analysed the existing skills in the Group to identify the employees who might be able to take on these roles. To this end, we developed a training platform with all our available training courses, supplemented by the training needed for the different roles. Employees can then choose training courses from the platform to develop their skills. The programme has been rolled out in the Nordic region, a market where there is already a great deal of experience in selling solutions and systems. The programme will be assessed and then introduced in our other markets. During the year, we also focused on training employees in different areas of the Group.

Platform for improved dialogue

In order to quickly and effectively identify the appropriate skills we have implemented an online tool where managers can enter data from performance appraisal interviews, targets, CVs and job descriptions for their employees. In order to facilitate and speed up the process, all managers in the Group received training during the year to learn how to use the tool. This also ensures support and consensus at performance appraisal interviews where our managers review the employee's skills and development in order to adapt their organisation to match the extensive transformation that the Group is undergoing. This is especially important for the new units that became a part of Lindab following the acquisitions of MP3, IMP Klima and Nather in 2015.

Visit Lindab in Prag, Czech Republic.

Increased diversity important

We continue our efforts to increase diversity and create a more equal organisation. It includes initiatives to hire more employees from other cultures and increasing the share of women in different positions and in different roles. The competition for talent in the labour market is growing fiercer and in order to ensure the presence of the necessary skills in the industry in the long term, it is essential that more women pursue technical degrees and professions. In addition to applying our Equal Opportunity Policy in connection with recruitment, we have female representatives at job fairs and universities/colleges. Within the company we highlight success stories that illustrate the diversity of our employees in different specialist functions and executive positions to show the career opportunities that Lindab offers.

> *We have increased our focus on skills development in the Group to even better meet our customers' needs for systems, solutions and services that increase energy efficiency and comfort"*

The best employer

Our diversity and sustainability work is long-term, and is part of our goal to make Lindab one of the most attractive employers in the industry. We see a growing interest in Lindab's business from students and PhD students, which is a result of our focus on energy efficiency and climate-smart solutions. Lindab has many years of experience with sustainability issues, and it is important to show both existing and potential employees our extensive offering in the area and what it means for both society and the environment. We are also developing an attractive careers website and increasing our social media activities. Increasing our presence at job fairs, mainly in areas where we have significant operations, is another priority. Trainee programmes are launched on a regular basis in different units within the Group, and the number of students who do internships or write a paper with us continues to grow. We work with universities in Denmark and Sweden in order to encourage studies and reports on our solutions.

Driving leadership

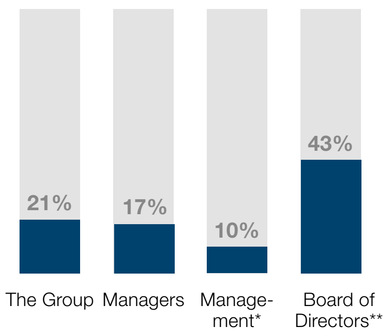
Managers at Lindab have a responsibility to ensure that we deliver on our strategy and to drive diversity and equal opportunity within their respective unit. As a result of the ongoing centralisation and the introduction of Group functions and processes, a close dialogue is maintained among the different managers in the Group, among other things to address important issues concerning our role as a "Good Thinking" company and to strengthen the implementation of the strategy. The new leadership competencies, One Lindab – One Leadership, are applied throughout the Group and help to create a common understanding of strategically important issues.

Successful integration for continued growth

Enrico Sepulcri, HR Manager at Lindab

Since the acquisition of the Italian ventilation company MP3 by Lindab in the beginning of 2015, a lot of effeorts has gone into integrating the business into Lindab. This has not only included the launch of Fire & Smoke products and solutions in Lindab's markets, but also office and warehouse employees in Padua.
Enrico Sepulcri is HR Manager at Lindab and responsible for this part of the integration: *"It's always a complex process to integrate two companies with such different backgrounds and cultures as Lindab and MP3. But thanks to a structured approach and a positive attitude the integration is a success. Clear and frequent communication has been key to creating the right expectations and motivation among the employees at MP3 as well as in Lindab Italy. By ensuring an open dialogue between both companies right from the outset we have learned from each other and thereby improved the way we work. And this is really what characterises a successful integration. Now we have the organisation we need to continue to grow and provide our customers with even better service."*

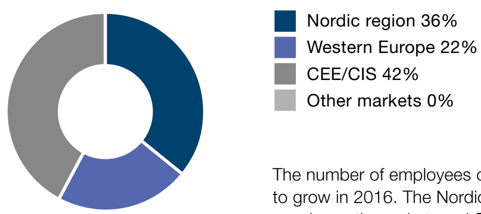
Share of women at Lindab



The share of women is increasing at Lindab. In 2016, the share of women in the Group as a whole not only grew, but the share of women in management and on the Board is also increasing.

*Refers to the operational management team of ten people, see page 55
** Refers to elected representatives

Number of employees by region



The number of employees continued to grow in 2016. The Nordic region is our domestic market, and Sweden is the country with the most employees, representing around 22 percent of the Group's total workforce. Read more in Note 6 on page 89.

Our market

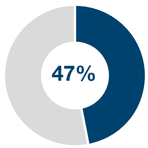
Strong trends in the European construction market

The European construction market showed good growth of 2.9 percent in 2016*, where demand was positively affected by strong trends in different regions and segments. We saw continued high levels of residential construction in the Nordic region, the first signs of a more enduring recovery in Southern Europe, a continued strong focus on renovation in all segments and new directives and laws to improve energy efficiency in buildings.

*Source: Euroconstruct's forecast, December 2016

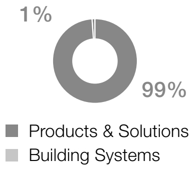
Lindab in **the Nordic region**

Share of net sales

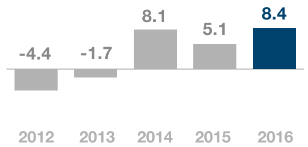


Strong position with a complete offering within most product areas with a continued high growth potential, mainly within indoor climate solutions.

Distribution, segment

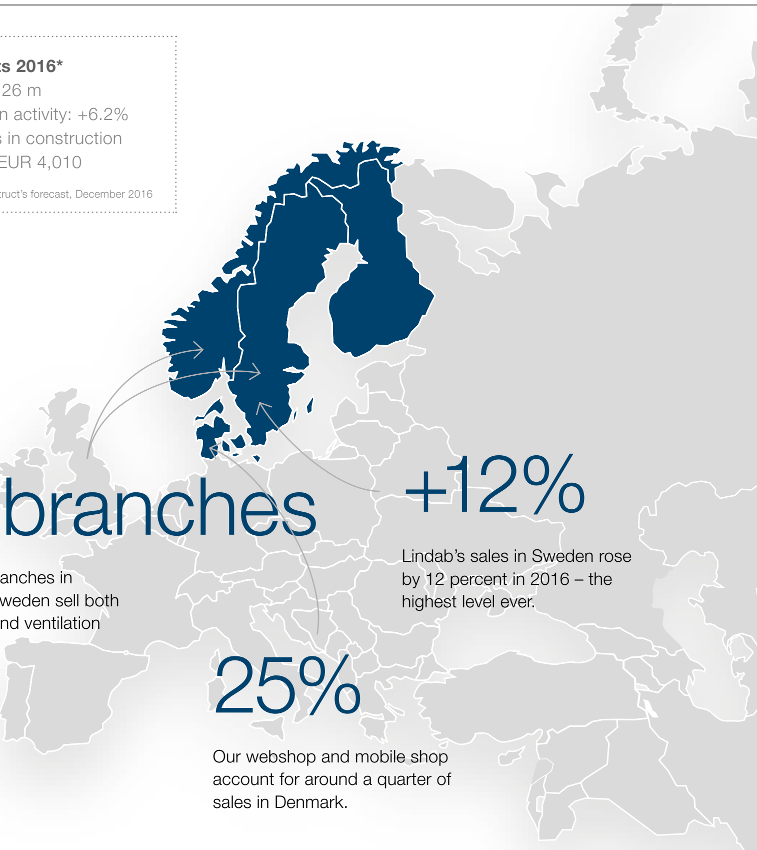


Sales growth, %



Macro facts 2016*
Population: 26 m
Construction activity: +6.2%
Investments in construction per capita: EUR 4,010

*Source: Euroconstruct's forecast, December 2016



39 branches

Lindab's 39 branches in Norway and Sweden sell both construction and ventilation products.

+12%

Lindab's sales in Sweden rose by 12 percent in 2016 – the highest level ever.

25%

Our webshop and mobile shop account for around a quarter of sales in Denmark.

New branch concept in Lund in Sweden

We are constantly exploring new ways to simplify construction and shopping for our customers. At our new branch shop in Lund, Sweden, we have introduced a brand-new shop concept which is designed around the customers' needs by making it easier to shop and improving the shopping experience. The concept will be evaluated during 2017.

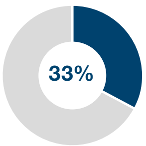
The Nordic region is Lindab's domestic market and the largest region in terms of sales, production and number of employees. We have a considerable market position within the majority of Lindab's product groups, particularly within ventilation and indoor climate solutions. Lindab's brand is strong and associated with quality of the highest order.

In Sweden and Norway, ventilation and building products are sold in all 39 branches. Parts of the product range are also sold by a large number of retailers such as builders' merchants. Lindab also makes significant direct deliveries to construction sites, where products are distributed from regional production units. In autumn 2017, a new distribution concept was launched in the Nordic region where products are delivered from a distribution centre in Grevie, Sweden.

Lindab's sales continued to develop very well in 2016. The high construction activity in Sweden contributed to a record-high demand for Lindab's products and solutions. Growth was also high in Denmark and Norway, while sales for the full year remained unchanged in Finland, although with an increase in the last quarter.

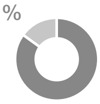
Lindab in **Western Europe**

Share of net sales

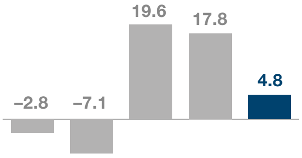


Generally strong positions in selected markets, mainly in ventilation, but several product areas and markets have a great potential.

Distribution, segment

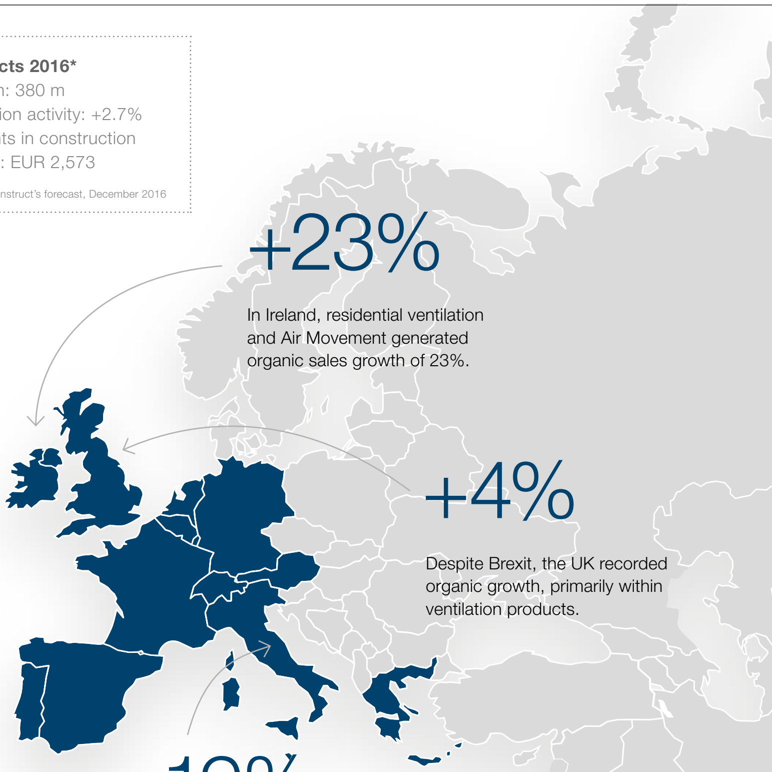


Sales growth, %



Macro facts 2016*
Population: 380 m
Construction activity: +2.7%
Investments in construction per capita: EUR 2,573

*Source: Euroconstruct's forecast, December 2016



+23%

In Ireland, residential ventilation and Air Movement generated organic sales growth of 23%.

+4%

Despite Brexit, the UK recorded organic growth, primarily within ventilation products.

+19%

In Italy, Lindab once again achieved record sales, driven by solutions for the marine sector.

Through acquisitions and organic growth, Lindab has built up extensive operations in Western Europe, primarily in ventilation. The largest markets are the UK, Germany and France. Sales of building products represent a small share but are growing in, for example, the UK and Germany. Building Systems sells complete steel construction systems throughout the region, with Germany being the largest market.

The 66 branches in the region sell mainly ventilation products and are adapted to the particular needs of each market. Project sales in the region are also significant and growing rapidly, for example within Fire & Smoke and residential ventilation. Building Systems mainly sells its solutions via building contractors.

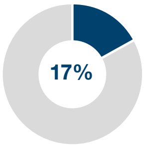
The acquisitions within ventilation in 2015 and the extensive product launches in 2016 within Fire & Smoke and Air Movement had a positive effect on sales. However, growth varied considerably between the individual countries. The strongest growth was recorded in Ireland and Italy, while growth in large markets such as Germany and France was limited.

Complete offering at Italian trade fair

At the large ventilation trade fair in Mostra, Italy, in May Lindab presented its entire indoor climate and ventilation offering for the first time, including the extensive range of products and solutions from the companies MP3 and IMP Klima, which were acquired in 2015. It was very positively received, which has further raised awareness of Lindab in Southern Europe.

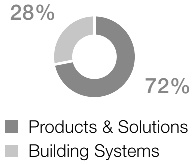
Lindab in **CEE/CIS**

Share of net sales

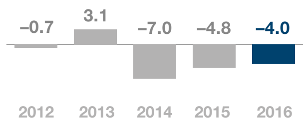


CIS is challenging for Building Systems, but holds long-term potential. There is a potential for all our products in CEE, with the greatest potential for ventilation.

Distribution, segment



Sales growth, %



Macro facts 2016*
Population: 64 m
Construction activity: –0.2%
Investments in construction per capita: EUR 792

*Source: Euroconstruct's forecast, December 2016 (concerns Poland, the Czech Republic, Slovakia and Hungary)

+4%

Sales within ventilation continued to grow in CEE with 4% organic growth, where Estonia recorded the highest growth.

2 to 1

Production of air movement products is concentrated at the factory in Slovenia.

Cooling of production hall in Romania

Complete solutions are in demand among our customers in CEE. In 2016, we participated in a project to cool down a production hall at the Italian tyremaker Michelin's plant in Zalau, a city in Romania. The project, which was based on a drawing in CADvent, included duct systems, traditional AHUs, grilles and diffusers, as well as coolers that were developed specially for the project.

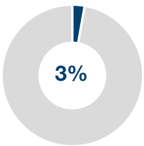
In CEE, Lindab has long had a strong position in building products. Through organic growth and previous acquisitions Lindab has built up considerable sales of ventilation products throughout the region, with Poland and the Czech Republic as the largest markets. The acquisition of the Slovenian company IMP Klima in 2015 has strengthened our position within Air Movement in the markets in CEE, especially the Balkans and the Middle East. In Russia and other CIS countries, Building Systems has built up a niche position in complete steel construction systems.

The building products are mainly sold via independent distributors, while ventilation products are sold through own branches or delivered directly to the construction sites. Sales of air movement products are often associated with major projects. Building Systems' systems are sold via Key Accounts and via a network of building contractors.

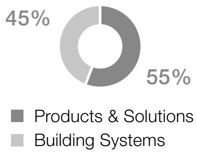
The continued weak development in Russia and CIS, due in part to increased barriers to trade, had a negative impact on the region's sales in 2016. There were some bright spots, however, for example within ventilation in CEE where organic growth continued for the sixth consecutive year. All the four largest ventilation markets in the region showed positive organic growth in 2016.

Lindab in **Other markets**

Share of net sales



Distribution, segment



Our main market is Europe. However, we also sell our solutions in other regions, often in connection with a specific project or an existing customer's business. The large share of project-oriented sales in Other markets, however, leads to large variations in sales from year to year. In August 2015, we sold our ventilation business in the USA, which accounted for a large share of sales in Other markets. Increased sales in the Middle East, Asia and Africa have to some extent compensated for this.

Higher level of activity in Asia

In Asia, Lindab has recorded good growth in recent years, but from low levels. Sales are mainly made through agents and include machines under the Spiro brand which are used for the production of mainly ventilation products. Japan was a strong market in 2016 with a large number of Spiro machines sold, for example to the largest ventilation manufacturer Fukugawa with 30 branches across the country. Despite tough competition Spiro's machines were considered to best meet the need for higher quality and efficiency in production in some of Fukugawa's branches.

Astron is growing in Africa

In 2016, Building Systems won its largest-ever order. The order, which is worth EUR 10.3 m, is for the construction of 20 Astron buildings for sugar production with a total area of 30,000 square metres south of Algeria's capital Algiers. The customer, the Algerian Group Mazouz, had three critical requirements for the supplier: short time from order to delivery, the ability to handle a complex project and profound experience in international project management. Lindab and Building Systems are able to meet the requirements for this project and many other projects on the African continent. At the end of the year, there were Astron buildings in 18 African countries, from South Africa in the south to Algeria in the north.

More projects in the Middle East

Lindab's project sales are increasing in the Middle East. Salam Terminal is a new passenger terminal at Imam Khomeini International Airport, Iran's largest international airport. In order to optimise air quality in the new terminal, Lindab was selected as supplier of 26 AHUs with high-quality ventilation technology to control ambient humidity and temperature, and with a total air flow capacity of 1.4 million m^3/h.

"Lindab's high-quality products combined with excellent cooperation, technical support and documentation throughout were crucial to completing this tough project in the shortest possible time."

Ms. Leila Baradaran Tahoory, Sales Manager, PARS Temperature Control, Iran.

Pudasjärvi, Finland

Improved air quality at Finnish record-breaking school

In 2016, Pudasjärvi in northern Finland drew global attention when a 10,000-square metre school was built completely out of timber – the largest timber building in the world. People from all corners of the world flocked to the school to watch its construction. They also had the chance to experience the comfortable and healthy indoor climate which is based on Lindab's ventilation and indoor climate solutions. A large timber school is one thing, but a comfortable indoor climate is an important but unfortunately uncommon feature of Finnish and other European schools. The old school had to be demolished due to serious indoor air problems in the classrooms.

Lindab's solution

We participated in the design phase of the school's ventilation and indoor climate system in close cooperation with the ventilation installation company Are Oy, and used LindQST to select the technically most suitable products for the project. Our complete solution comprised, among other things, silencers, diffusers, valves, fire dampers, plenum boxes and of course our duct system, Lindab Safe.

> *"Lindab's products and solutions fully met our requirements. Lindab was a partner that we could always rely on, also when it came to logistics."*

Pekka Iloviita, Project Manager, Are Oy

Risk management

Effective risk management

In order to successfully execute the strategy and achieve our long-term targets, we are working on a continuous and systematic process to identify and minimise the impact of various risks. The process involves all parts of the business and has led to even more effective strategy efforts.

To identify and prevent various risks in a structured way, Lindab is working with an Enterprise Risk Management (ERM) programme called LindRIM. This is a comprehensive programme that involves all business units and Group functions. LindRIM helps to raise awareness throughout the organisation, from operational decision-makers to the Board of Directors, about the risks that may occur and their likely impact. It also increases employees' understanding of how various risks interact.

Clear reporting structure

The identified risks have been divided into four overall risk areas. Reporting, monitoring and control of the various risks are conducted through formally established procedures and processes. The clear structure creates the basis for a common approach to what should be prioritised and addressed within the Group. Each risk has a so-called sponsor, which is a person from the Executive Management. Each risk also has an owner to ensure that activities are linked to the risks, that the activities are carried out and that the status is kept up-to-date and the sponsor is informed. Reports are to be made to the Board once a year.

Assessment of probability and impact

For all identified risks, an assessment is made of the probability of the risk occurring and, if it does, the potential financial impact of the risk. To provide an overall picture of the risk exposure within the Group, the risks are placed in a matrix and divided into three levels – low, medium and high – to determine future risk management. A number of activities are proposed for all risks, the aim being to mitigate both short and long-term impact. A plan for corrective action is developed for any high-level risks to prevent them from occurring. In 2016, Lindab had no risks at this level.

Priorities for 2016

The risk management work is closely linked to the Group's strategy work. Some of the year's priorities included activities to strengthen internal control, support sales of the products and solutions of the acquired companies MP3 and IMP Klima in Lindab's markets and ensure that the Group has the expertise needed to sell complete solutions.

Risk areas

Operational risks
Steel price development
Stoppages
Bad debt losses
Disputes
IS/IT

Compliance risks
Business ethics
Environment
Work environment
Internal control
Taxes

Strategic risks
Competition
Customer behaviour
Macro-economy/market
Geopolitical

Financial risks
Financing
Liquidity
Interest rates
Currency

For a more comprehensive description of the Group's risks and risk management, see Note 3, pages 83–85.

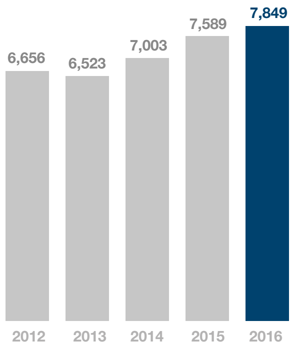
Strong internal control strengthens the strategy

In order to effectively execute and follow up the strategy, we work with standardised processes and systems within all areas of the Group. In 2016, we began a project to standardise and strengthen internal control, among other things. The project includes implementation of standardised requirements for financial reporting in all group companies and the creation of a common procedure for follow-up to facilitate financial flows and the daily work. The new structure for internal control is expected to be in place during 2017.

Five-year overview

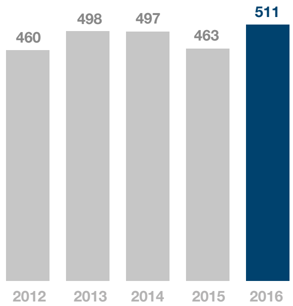
Five-year overview

Lindab has seen a steady increase in sales in the past four years, mainly driven by acquisitions and strong organic growth in the Nordic region and Western Europe. The weak market development in Russia/CIS within Building Systems during the same period affected sales, and above all profitability, negatively. The improved cash flow over the past three years is due to strategic activities to increase the stock turnover rate, among other things.



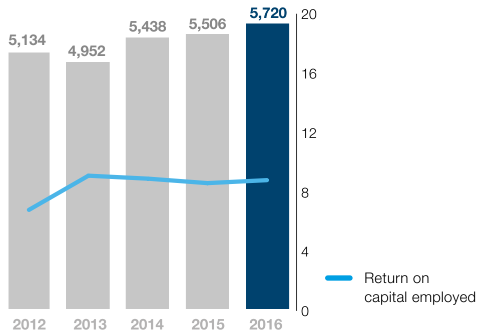
Net sales, SEK m

Net sales increased by 3.4 percent in 2016. Organic growth amounted to 4.2 percent.



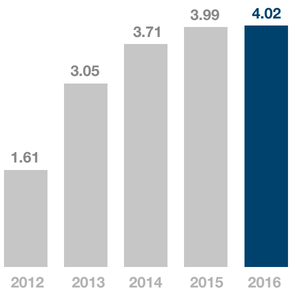
Operating profit (EBIT), excl. one-off items, SEK m

Operating profit increased by 10.4 percent in 2016. Continued weak growth within Building Systems detracted from the result.



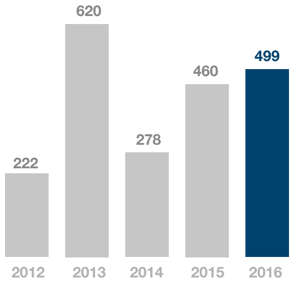
Capital employed, SEK m and return on capital employed, %

Capital employed increased during 2016 mainly due to currency effects. The return increased to 8.8 percent.



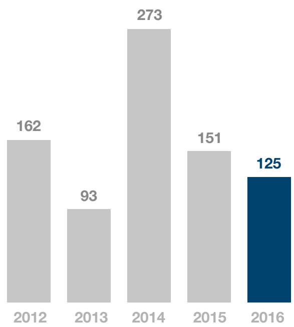
Diluted earnings per share, SEK

In 2016, earnings per share increased for the sixth consecutive year. Higher operating profit and lower finance costs had a positive impact on the result.



Cash flow from operating activities, SEK m

The improved cash flow during 2016 was mainly due to a higher operating profit and higher advance payments from customers.



Gross investments in fixed assets, excl. acquisitions and divestments, SEK m

Gross investments remained low in 2016 where focus was on necessary maintenance investments and reinvestments.

The Lindab share

The Lindab share price is rising

The Lindab share rose 16.1 percent in 2016 to a price of SEK 73.05, resulting in a market value of around SEK 5.8 billion. The share, which is traded under the ticker symbol LIAB, is listed in the Mid Cap segment in the Industrials sector.

Lindab's share increased 16.1 percent in 2016. In comparisson the NASDAQ Stockholm OMX All Share index increased by 5.8 percent in the same period, and the Industrials sector rose by 19.9 percent. During the year, around 39 m Lindab shares were traded at a value of approximately SEK 2.8 billion. The Lindab share is traded on several exchanges and trading platforms. The official trade via NASDAQ OMX accounted for the bulk of the share turnover. The rest of the turnover was made on unofficial trading platforms such as BATS Chi-X CXE, Boat and Turquoise.

The share and shareholders

The number of shareholders in Lindab fell during the year to 7,257 (8,313) on 31 December. The largest shareholder at the end of the year was the investment firm Creades, which owned 10.3 percent of the number of outstanding shares. Handelsbanken Fonder was the second-largest shareholder after having increased its ownership during the year by 2 percentage points to 8.1 percent. All in all, the ten largest shareholders' shareholdings at the end of the year amounted to 57.3 percent. Foreign ownership was unchanged at 24 percent. At the end of the year, Lindab's own shareholding in the company amounted to 2,375,838 shares, representing around 3.0 percent of the number of shares. The shareholding remained unchanged during 2016. At the end of the year, Lindab's Executive Management owned 142,190 shares, which was an increase of 19,100 shares compared to the same time the previous year. Current legislation, the company's Articles of Association, agreements or other regulations to which the company is subject do not contain any offers of first refusal, pre-emption clauses or other restrictions on the right to transfer shares in the company.

Incentive programme

See Note 6 on page 89 for more information on other benefits and the staff option programme.

5 Frequently asked questions from investors in 2016

How are you affected by the large fluctuations in the currency markets?
Given that we have sales in almost 60 countries, we will always have currency exposure. Exposure is limited as we have sales and production in different currencies. The substantial weakening of the British pound in 2016 is partially offset by our local production in the UK.

How will the sharp increase in steel prices affect your margin?
Major changes in steel prices naturally affect our costs. We buy a wide variety of different grades, but galvanised steel is the most valuable. We are now working actively with our price lists to limit the impact of the higher steel prices on our margin.

When can the increased volumes be used as a vehicle for profitability?
By focusing on creating added value for customers through complete solutions within different areas we will be able to increase our margins. This will ensure additional resources for the development of new products and solutions. The transformation of the business, from selling primarily products to selling expertise and know-how, is ongoing and absolutely necessary.

What is your view on net debt, now that you are close to your long-term target?
We find it positive that we reduced net debt in 2016 following the acquisitions completed in 2015. A strong financial position ensures financial flexibility which can be used to further develop our business through acquisitions and investments in R&D and fixed assets.

Why are we not seeing better margins within Building Systems?
This is mainly due to the fact that the segment continued to be adversely affected by the weak development in Russia and other CIS countries. In addition, Building Systems accounts for a large share of raw materials relative to sales and it was not able to make up for the sharply rising raw material costs in the second half of 2016.

For more and up-to-date information on the share, visit www.lindabgroup.com

Share price performance in 2016

Share price performance 1 January–31 December 2016, SEK

Lindab
OMXSPI

- The price rose by 16.1 percent to SEK 73.05.
- The highest price paid was SEK 89.60 on 24 October, and the lowest price paid was SEK 54.50 on 21 January.
- An average of 154,174 shares (181,802) were traded every day, and the turnover rate was 51 percent (60).
- At the end of the year, of 6 (6) analysts monitoring Lindab's progress, 3 (4) made the recommendation to Buy/Increase, 2 (2) the recommendation to Hold and 1 (0) the recommendation to Sell/Reduce.

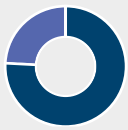
The Board of Directors proposes a dividend of SEK 1.40 (1.25) for the financial year 2016 which is in line with Lindab's dividend policy of distributing 30 percent of the after-tax result.

Lindab's largest shareholders

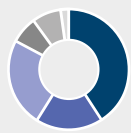
		2016	2015
	Shares	**Capital & votes, %**	Capital & votes, %
Creades	7,870,782	10.3	10.3
Handelsbanken Fonder AB RE JPMEL	6,209,793	8.1	6.1
Fjärde AP-fonden	6,118,691	8.0	8.0
Lannebo Fonder	6,070,228	8.0	8.1
Skandia	3,958,896	5.2	5.7
IF Skadeförsäkring AB (publ)	3,890,055	5.1	4.9
Other	42,213,537	55.3	56.9
Total number of outstanding shares*	**76,331,982**	**100.0**	100.0

**Total number of shares excl. Lindab's own holding of 2,375,838 (2,375,838) shares.*

Distribution of ownership, %



Sweden, 76 (76)
Rest of the world, 24 (24)



Financial companies, 41 (39)
Other legal entities, 18 (18)
Foreign shareholders, 24 (24)
Private individuals, 7 (10)
Pension funds, 8 (8)
Associations, 2 (1)

Data per share

SEK per share unless otherwise specified	**2016**	2015	2014	2013	2012	2011	2010	2009	2008
Diluted earnings per share (EPS)	4.02	3.99	3.71	3.05	1.61	1.21	0.36	0.45	9.32
Earnings per share[1)]	4.02	3.99	3.71	3.05	1.61	1.21	0.36	0.45	9.67
Dividend	1.40[2)]	1.25	1.10	-	-	1.00	1.00	-	2.75
Dividend yield, %[3)]	1.90	1.99	1.68	ET	ET	2.67	1.13	ET	5.67
Dividend in % of the after-tax result[1)]	35.0	31.0	30.0	ET	ET	82.4	277.8	ET	28.4
Quoted price, at end of period	73.05	62.90	65.60	63.40	43.00	37.40	88.25	73.50	48.50
Highest quoted price	89.60	78.35	83.70	65.20	57.95	95.80	105.00	91.00	163.00
Lowest quoted price	54.50	55.95	52.35	42.17	37.17	31.84	61.25	40.00	36.0
Shareholder's equity, after dilution	50.41	45.98	43.81	38.87	35.15	35.83	36.57	40.16	44.75
Number of outstanding shares, after dilution	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	75,331,982	75,331,982	74,772,429	74,772,429

1) Based on the current number of outstanding shares at the end of the year. 2) Proposed dividend. 3) Dividend as a percentage of the quoted price at the end of the period.

Corporate Governance Report

Lindab International AB (publ) is a Swedish public limited company which, according to the Articles of Association, develops, manufactures and sells products to the ventilation industry and the construction industry. Lindab is listed on the NASDAQ OMX Nordic Exchange in Stockholm. Lindab applies the Swedish Code of Corporate Governance ("the Code").

The corporate governance of Lindab is based on the Articles of Association, the Companies Act, the Annual Accounts Act, the Board's rules of procedure, the regulations of the Stockholm Stock Exchange, the Code and other applicable Swedish laws and regulations.

Lindab abides by the 2016 Code. However, it should be noted that, among other things, the Code stipulates that Board members may serve on the Nomination Committee, but they may not represent the majority of the Nomination Committee's members. Lindab's Nomination Committee up until the Annual General Meeting in 2016 consisted of four members, two of which were members of the Board of Directors. One of these members was the Chairman of the Board, and one of the members represented Lindab's largest shareholder. None of these Board members were Chairman of the Nomination Committee. Lindab deemed it appropriate that these representatives participate in the work of both the Nomination Committee and the Board.

Share capital and shareholders

Lindab's share capital amounted to SEK 78,707,820 at the end of the year. All shares, only one class, have a face value of SEK 1, meaning that the total number of shares amounts to 78,707,820. Each share entitles the holder to one vote and an equal right to a share in the company's assets and results. Lindab holds 2,375,838 treasury shares. The number of outstanding shares therefore amounts to 76,331,982. Lindab has no voting rights for the repurchased shares. There were 7,257 shareholders (8,313) on 31 December 2016. The four largest shareholders, in relation to the number of outstanding shares, were Creades with 10.3 percent (10.3), Handelsbanken Fonder with 8.1 percent (6.1), Fjärde AP-fonden with 8.0 percent (8.0) and Lannebo Fonder with 8.0 percent (8.1). More information about Lindab's shareholders and the share's performance in 2016 can be found on pages 44–45.

Annual General Meeting 2016

The Annual General Meeting for the financial year 2015 was held on 3 April 2016 in Grevieparken, in the municipality of Båstad. 220 shareholders participated. The minutes of the 2016 Annual General Meeting have been available since 17 May 2016 on the company's website.

In addition to other matters, the 2016 Annual General Meeting adopted decisions regarding

- re-election of the Board members Marianne Brismar, Sonat Burman-Olsson and Hans Porat and new election of Per Bertland, Viveka Ekberg, Bent Johannesson and Peter Nilsson as Board members
- new election of Peter Nilsson as Chairman of the Board
- re-election of the registered accounting firm Deloitte AB as the company's auditors.
- the Nomination Committee
- guidelines for remuneration of senior executives
- dividend of SEK 1.25 per share
- authorisation for the Board to decide on the transfer of treasury shares.

Annual General Meeting 2017

The Annual General Meeting for the financial year 2016 will be held on 9 May 2017 at 15.00 in Grevieparken, Grevie, in the municipality of Båstad. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in the Official Swedish Gazette (Sw. Post- and Inrikes Tidningar), as well as on the company's website. The fact that notice has been given will be published in Dagens Industri. Shareholders wishing to attend the meeting must be entered into the company's share register five working days before the meeting, i.e. 3 May 2017, and must notify the company as specified in the notice to attend the 2017 Annual General Meeting. Shareholders who wish to have a matter discussed at the Annual General Meeting must, as specified on the company's website, submit the matter to the Chairman no later than 21 March 2017.

Nomination Committee

At the 2016 Annual General Meeting, it was decided that the company must have a Nomination Committee consisting of a minimum of four members, one of whom will be the Chairman of the Board. The Chairman was instructed at the end of the third quarter of 2016 to contact the three largest shareholders in the company and request them to appoint their representative to the Nomination Committee as soon as possible. The Chairman of the Nomination Committee must be the member who is appointed by the largest shareholder, unless agreed otherwise by the Nomination Committee. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed.

A Nomination Committee was constituted on 19 October 2016, comprising

- Sven Hagströmer, representative for Creades (Chairman)
- Carl Cederschiöld, representative for Handelsbanken Fonder
- Göran Espelund, representative for Lannebo Fonder
- Peter Nilsson, Chairman of Lindab International AB (publ).

In accordance with the resolution of the Annual General Meeting, the Nomination Committee must evaluate the composition and work of the Board of Directors and submit proposals for the 2017 Annual General Meeting with regard to

- election of the Chairman at the 2017 Annual General Meeting
- election of the Board and Chairman of the Board
- election of auditors
- fees for the Board of Directors, any Board committee and auditors
- composition of the Nomination Committee for the 2018 Annual General Meeting.

The Nomination Committee held one minuted meeting in 2016. In 2017, the Nomination Committee held four minuted meetings prior to the 2017 Annual General Meeting.

The company's website states that shareholders wishing to make contact with the Nomination Committee can send

– an e-mail to fredrik.liedholm@lindab.com (subject "To the Nomination Committee") or
– a letter to "Lindab's Nomination Committee, Fredrik Liedholm, Lindab International AB (publ), 269 82 Båstad".

Board of Directors

At the Annual General Meeting on 3 May 2016, it was decided that the Board of Directors would consist of seven members without deputies. The company's CEO is the rapporteur for the Board of Directors. The various assignments of the members of the Board of Directors are shown on pages 52–53 of the Annual Report.

Work of the Board of Directors

The work of the Board of Directors is governed by rules of procedure approved annually. The rules of procedure include the instructions to the company's CEO, the duties of the Chairman, the Board's meeting procedures as well as decision-making procedures together with instructions and policies. The Group's Executive Management has been present at Board meetings.

During 2016, the Board of Directors met ten times. At each ordinary meeting, the financial performance was reported and followed up. The Board held one meeting with the auditors, without the Executive Management present, to review the cooperation with the Executive Management regarding implementation of the audit process and other related matters. Key issues addressed at Board meetings are shown separately.

The work of the Board of Directors and the CEO was evaluated in 2016 with the assistance of Alumni. The evaluation showed that the CEO and the Board perform their duties very well.

Remuneration to the Board of Directors

At the Annual General Meeting on 3 May 2016, fees totalling SEK 2,500,000 were resolved and allocated as follows: SEK 650,000 to the Chairman of the Board, SEK 300,000 to each of the other elected Board members and SEK 25,000 to each of the employee representatives.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee consisting of Peter Nilsson, Chairman, and Per Bertland. The work of the Remuneration Committee is guided by rules of procedure which are approved by the Board. The Remuneration Committee will present proposals to the Board concerning remuneration matters and continuously monitor and assess remuneration structures and levels for the CEO and other senior executives in the Group's Executive Management. The Committee has met on four occasions. The Committee will provide continuous oral reports to the Board and submit proposals on matters requiring the Board's consent. The Remuneration Committee receives no separate fee.

Key issues at each Board meeting

– 10 February	Year-End Report, dividend, auditors' report (current)
– 10 March	Annual Report
– 21 March	Notice to attend the Annual General Meeting
– 3 May	Interim Report
– 3 May	Constitutive meeting
– 27 June	Rules of Procedure, committee nomination
– 18 July	Interim Report
– 8 September	Visit to subsidiary in the Czech Republic, strategy
– 26 October	Interim Report
– 8 December	Budget

The Board of Directors and breakdown of Board fees

Name	Elected Year	Company	Ownership	Board fees	Remuneration Committee meetings	Audit Committee meetings	Board meetings
Peter Nilsson [2]	2016	Independent	Independent	SEK 433,300	4/4	-	6/6
Kjell Nilsson [3]	2012	Independent	Independent	SEK 216,700	-	-	4/4
Pontus Andersson [1]	1995			SEK 25,000	-	-	9/10
Per Bertland [2]	2016	Independent	Independent	SEK 200,000	4/4	-	6/6
Marianne Brismar	2015	Independent	Dependent	SEK 300,000	-	3/3	10/10
Sonat Burman Olsson	2011	Independent	Independent	SEK 300,000	-	-	9/10
Erik Eberhardson [3]	2009	Independent	Independent	SEK 100,000	-	-	3/4
Viveka Ekberg [2]	2016	Independent	Independent	SEK 200,000	-	3/3	6/6
Per Frankling [3]	2015	Independent	Dependent	SEK 100,000	-	-	4/4
Bent Johannesson [2]	2016	Independent	Independent	SEK 200,000	-	2/3	6/6
Anders Lundberg [1] [5]	2016				-	-	3/3
Hans Porat	2014	Independent	Independent	SEK 300,000	-	-	9/10
Markku Rantala [1] [4]	1998			SEK 25,000	-	-	7/7

[1] Employee representatives replaced by deputies due to absence
[2] Elected to the Board of Directors on 3 May 2016, mandate period covered six meetings
[3] Resigned on 3 May 2016, mandate period covered four meetings
[4] Retires in August, mandate period covered seven meetings
[4] Appointed in August, mandate period covered three meetings

Audit Committee

The Board has appointed an Audit Committee consisting of Viveka Ekberg, Chairman, Marianne Brismar and Bent Johannesson. The work of the Audit Committee is guided by rules of procedure which are approved by the Board. The role of the Audit Committee is to strengthen and streamline the Board's supervisory responsibilities in terms of internal control, audit, internal audit, risk management, accounting and financial reporting. The Audit Committee will also prepare matters pertaining to procurement of audit and other audit services and prepare certain accounting and auditing matters to be dealt with by the Board of Directors. The Committee has met on three occasions. The Committee will provide continuous oral reports to the Board and submit proposals on matters requiring the Board's consent. The Audit Committee receives no separate fee.

Auditors

At the 2016 Annual General Meeting, the accounting firm Deloitte AB was elected as the company's auditor. Authorised public accountant Hans Warén was appointed as lead auditor. Hans Warén is also appointed by other listed companies, but this does not encroach on the time necessary to carry out his work for Lindab. The accounting firm, Deloitte AB, and the lead auditor, Hans Warén, do not perform any services that could bring their independence into question. Nor have the services performed by the auditor for Lindab, over and above the audit services, altered this opinion.

Auditors' fees

In 2016, the auditors' fees paid to the company's accounting firm, Deloitte AB, amounted to SEK 0.5 m for the parent company and SEK 6.5 m for the Group. Fees paid to Deloitte for other services to the Group amounted to SEK 3.5 m.

Rules of procedure

At the Board Meeting on 27 June 2017, the Board of Directors adopted rules of procedure for determining the distribution of duties between the members of the Board, the Chairman's role, decision-making procedures and issues regarding financial reporting and internal control. The rules of procedure include the CEO's instructions for the determination of the CEO's duties and responsibilities.

The Board has also established guidelines for the company's and Group's governance. These guidelines are explained below.

Corporate Governance Policy

Lindab has identified three main areas, CSR, internal control and compliance, within corporate governance and has set up a Corporate Governance Committee, CGC, which is primarily responsible for ensuring good corporate governance within the Group.

Code of Conduct

For Lindab and all its employees, it is important that laws, regulations and general ethical values are respected and followed. Lindab ensures this through Lindab's Code of Conduct.

Communications Policy

The policy ensures that the public receives coherent and correct information about Lindab and its business, including financial targets, and that Lindab fulfils the requirements of the stock exchange regarding information to the stock market.

Insider Policy

This policy contains rules in order to prevent improper trading in shares or other financial instruments in Lindab by individuals who possess information that is not known by the market.

IPR Policy

Intellectual property rights, consisting of registered rights, such as patents, trade marks and designs, as well as other rights such as copyright, trade secrets and know-how, are valuable assets for Lindab. The policy describes the strategy and guidelines for Lindab's management and protection of intellectual property rights.

IT Policy

Lindab's IT policy contains comprehensive rules for the Group's IT use and management. The goal is to ensure access to the IT structure that has been built to enable the efficient running of the business. It contains rules on how the data centres will be organised, including the management of critical IT equipment, access to support, backup procedures and system administration.

Anti-corruption Policy

Lindab has zero tolerance for corruption. The policy is the regulatory framework for Lindab's business and employees.

Competition Law Policy

It is important that the Group and its employees observe competition legislation. The adopted Competition Law Policy protects against breaches of competition legislation.

Environmental Policy

An international Environmental Policy governs Lindab's work with environmental issues and ensures that the company's operations consider the environment and that the product solutions offered help make buildings more energy-efficient.

Working Environment Policy

The Working Environment Policy is in line with Lindab's efforts to ensure a safe and healthy working environment. The policy provides a clear message concerning responsibility and that the key to a safe working environment is prevention.

Treasury Policy

The purpose of the Treasury Policy is to define the framework for the Lindab Group's management of financial risks and transactions. These issues are handled centrally by the Group treasury function in order to minimise costs.

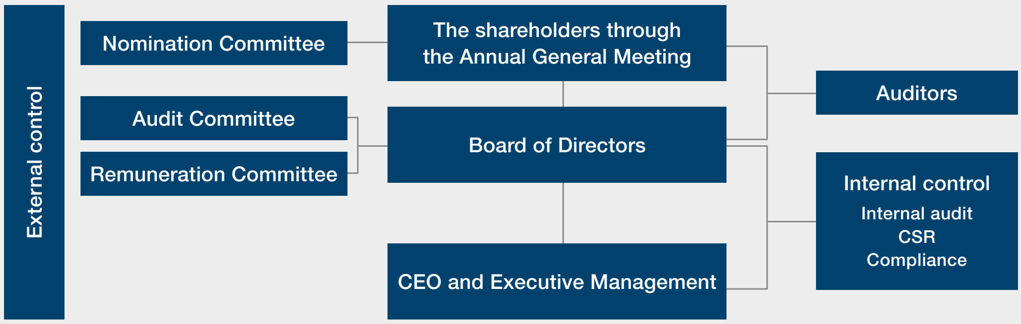
Equal Opportunity Policy

The Policy establishes guidelines to ensure that all employees at Lindab receive equal treatment and that no one is discriminated against based on their gender, religion, ethnicity, etc.

CEO and Executive Management

Anders Berg has been President and CEO of Lindab since 18 March 2013. In addition to Anders Berg, President and CEO, the Executive Management comprised Kristian Ackeby, CFO, Fredrik Liedholm, General Counsel and M&A and HR Director, and Bengt Andersson, Product and Market Director, for the full year 2016.

Overview of governance in the Lindab Group



Shareholders

Shareholders' rights to decide on Lindab matters are exercised at the Annual General Meeting or, where appropriate, at the Extraordinary General Meeting, which is Lindab's highest decision-making body. The Annual General Meeting is usually held during April or May in Ängelholm or Båstad. The Annual General Meeting decides on matters referred to in the Companies Act and the company Code, including matters concerning amendments of the Articles of Association and election of the Board of Directors and auditors.

Nomination Committee

The Nomination Committee submits proposals to the Annual General Meeting for the election of the Chairman of the Meeting, Board of Directors, Chairman of the Board, auditors, fees for the Board and auditors, as well as composition of the Nomination Committee prior to the next Annual General Meeting.

Audit Committee

The Board has appointed an Audit Committee which is responsible for strengthening and streamlining the Board's supervisory responsibilities in terms of internal control, audit, internal audit, risk management, accounting and financial reporting.

Remuneration Committee

The Board has appointed a Remuneration Committee which will present proposals to the Board concerning remuneration matters and continuously monitor and assess remuneration structures and levels for the CEO and other senior executives in the Group's Executive Management.

Auditors

Lindab's elected auditors review the company's Annual Report and accounts, as well as the management of the Board of Directors and the CEO. The auditors work according to an audit plan and report their findings to the Executive Management throughout the year and at least once annually to the Board of Directors. The auditors also attend the Annual General Meeting to deliver the Auditors' Report which describes the review process and observations made.

Board of Directors

Composition of the Board of Directors
According to the Articles of Association, the Board must consist of no less than three and no more than ten members, with a maximum of ten deputies. Members and deputies are elected at the Annual General Meeting for the period from the date of the Annual General Meeting until the end of the next Annual General Meeting. The Board consists of seven members elected by the Annual General Meeting and two employee representatives. The employees have also appointed two deputies to the Board. The CEO is the rapporteur for the Board of Directors. The rest of the Executive Management also participates in the Board meetings.

Chairman's responsibilities
The Chairman leads the Board's work, follows its activities in dialogue with the CEO and is responsible for other Board members receiving the information and documentation necessary for high-quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

Work and responsibilities of the Board of Directors
The Board of Directors ensures that the Group's organisation, management and guidelines for the management of the Group's affairs are appropriate and that the internal control is satisfactory. In addition, the Board of Directors' responsibilities include the establishment of policies and objectives, establishing internal control instruments, deciding on key matters, issuing the financial statements as well as evaluating the operational management and ensuring succession planning. The Board of Directors' responsibilities include supervision of the CEO's work through continuous monitoring of operations.

Board's responsibility for the financial statements
The Board of Directors ensures the quality of the internal financial statements through instructions to the CEO, and by directing the financial statements to the Board of Directors. Furthermore, the Board of Directors ensures the quality of the external financial statements through detailed discussion of the interim reports, annual report and year-end report at Board meetings and during reviews with the auditors.

Internal control

The internal corporate governance includes the Board's adopted rules of procedure together with codes or policies as well as other corporate governance documents such as directives adopted by the Executive Management. Lindab's Corporate Governance Policy and Code of Conduct constitute the two overall most important policy documents. Lindab has set up a Corporate Governance Committee whose main task is to ensure good corporate governance within the Group.

Internal audit
Lindab has an internal audit function that continuously reports directly to the Executive Management which, in turn, reports to the Board of Directors. The internal audit is designed to ensure that the Group's objectives are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations.

CSR
An important part of the governance of the Group is Lindab's commitment to social responsibility, CSR. Among other things, CSR deals with how Lindab treats its employees and conducts itself in society. CSR is also concerned with Lindab's focused work on continuous environmental improvements.

Compliance
Compliance is about ensuring that Lindab complies with laws and other applicable regulations and that the company is operated to the highest standards of integrity and ethics. Within this area, Lindab has, among other things, adopted policies to prevent all forms of corruption and anti-competitive behaviour.

External control

The external regulations concerning Lindab's corporate governance include the Companies Act, the Annual Accounts Act, rules for issuers of shares on the NASDAQ OMX Nordic Exchange, Stockholm, and the Code.

Remuneration of senior executives

Remuneration principles

At the 2016 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines are based on remuneration that reflects the market and environment in which the executives operate. The remuneration should be competitive, facilitate recruitment and motivate employees to remain with the company. The remuneration will consist of fixed salaries, variable salaries, benefits and pensions. The fixed salaries and benefits will be established individually, based on the above and on the specific skills of each individual. The variable salary will be based on clear goals for the Group and awarded as a percentage of the fixed salary and will have a cap not exceeding 50 percent of the fixed remuneration. The pension will be a defined contribution plan. The extent of the pension is founded on the same criteria as for fixed remuneration and based partly on fixed and partly on variable salaries. In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors did not exercise this mandate in 2016.

It should be noted that Lindab does not have any outstanding incentive programme.

Remuneration and other benefits for the Executive Management are shown in the table on the right. A further SEK 4.3 m has been recognised relating to social security contributions, including special employers' contributions on pensions.

Remuneration of the CEO

Anders Berg's fixed salary for 2016 totalled SEK 3,600,000. Anders Berg may also receive a variable salary of up to 50 percent of the fixed salary. Pension contribution entitlements amount to 30 percent of the fixed salary. In addition, Anders Berg has the right to a company car and certain other benefits. Payments received by Anders Berg in 2016 are shown in a separate table. The notice period for Anders Berg is twelve months on the part of the company and six months on the part of Anders Berg. During the notice period, Anders Berg is entitled to retain his salary and employee benefits, excluding the variable remuneration. Anders Berg is bound by a non-competition clause that is valid for two years from the termination of employment, during which he is entitled to a certain remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Anders Berg.

Remuneration of Executive Management in general

In addition to Anders Berg, President and CEO, the Executive Management comprised Kristian Ackeby, CFO, Fredrik Liedholm, General Counsel and M&A and HR Director, and Bengt Andersson, Product and Market Director. The remuneration to the Executive Management follows the guidelines adopted by the Annual General Meeting. The employment contracts of the current Executive Management include notice periods of twelve months on the part of the company and six months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. The Executive Management is bound by non-competition clauses effective for one year from the termination of employment, during which they are entitled to a certain remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

Remuneration and other benefits for the Executive Management 2016

SEK	Anders Berg	Remuneration of Executive Management in general	Total
Fixed salary incl. holiday pay	3,643,200	5,415,292	9,058,492
Variable salary	1,152,000	1,380,833	2,532,833
Pension expenses	1,081,566	1,442,912	2,524,478
Benefits	49,323	200,970	250,293
Total	**5,926,089**	**8,440,007**	**14,366,096***

**) The above amount does not include social security contributions or special employers' contributions.*

Evaluation

The Board has monitored and evaluated the company's programmes for variable remuneration to the Executive Management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and levels of remuneration in the company. The variable remuneration to the Executive Management has been found to be appropriate and in accordance with the guidelines laid down by the Annual General Meeting. The application of guidelines for the remuneration of senior executives was also found to be correct and the Board's assessment is that the remuneration for senior executives ensures a good balance between motivating employees and providing competitive compensation. Thus, the remuneration structures and levels within the company are well balanced and in accordance with market practice.

Board of Directors

Interview with Peter Nilsson, Chairman of the Board

Peter Nilsson, you were appointed new Chairman of the Board by the Annual General Meeting in May following Kjell Nilsson's resignation. What has it been like to take over the chairmanship?
Interesting and stimulating. There were four of us who were elected as new members of the Board. For me and the other members, the task was to quickly get to know the company, the strategy and how the management works so as not to lose momentum. Another important area was laying down the framework for the Board's work and establishing work methods and processes in order to ensure the highest level of efficiency in the best interest of the company. As Chairman you must always be involved in the ongoing work to develop the company.

What characterised the Board's work during the year?
We established an effective framework for our corporate governance which also included setting up important separate elements such as the Compensation Committee and Audit Committee to further sharpen our focus. We also asked Lindab's management to perform a strategy review, update and adjust the strategy and formulate a clear plan for the coming years so that we have a common idea of what we are working towards and need to do to address the challenges. In fact, establishing general consensus between the management and the Board has been key to our work. We have had a number of meetings together, and we have participated in training courses at Lindab in order to gain deeper insight into the business and thus be able to make the right decisions.

Peter Nilsson

Born 1962.

Elected to the Board in 2016, independent.

Chairman of the Board since 2016.

Senior Industrial Advisor within the EQT area since 2004 and has held various positions and commissions of trust for different EQT entities. Former President and CEO of Duni 2004–2007 and President and CEO of Sanitec 2010–2015. Former Chairman of Duni AB, Securitas Direct AB and Sanitec Holdings Oy. Held various management positions within the Swedish Match Group between 1987–2003.

Main qualifications: M.Sc. in Business and Economics, Stockholm School of Economics.

Other directorships: Chairman of the Board of Eton AB, Chep Aerospace Solutions and member of the Board of Evidencia AB, Cramo Oyj

Holding: 15,000 shares

Bent Johannesson

Born 1954.

Elected to the Board in 2016, independent.

CEO of Ramböll Sverige AB 2003–2016. Former Regional Manager at Skandiakonsult AB and Manager of the Construction department at Kvaerner Pulping. Previously self-employed within construction consulting. Has held various Board positions within the Ramböll Group in Sweden, Denmark and Russia, and has served as member of the Board of the Swedish Federation of Consulting Engineers and Architects for ten years, including two years as Chairman. During this period, he also served as a Board member in Almega.

Main qualifications: M.Sc. in Engineering, Chalmers University of Technology

Other directorships: None

Holding: 0 shares

Sonat Burman-Olsson

Born 1958.

Elected to the Board in 2011, independent.

President and CEO of COOP Sverige AB since 2014. Deputy CEO and CFO of the ICA Group from 2007 to 2013. Prior to the above, Sonat Burman-Olsson was Vice President of the Electrolux Group responsible for Global Marketing Strategies. She has also held positions as Senior Vice President, Operational Development at Electrolux Europe and Vice President, Finance at Electrolux International (Asia & Latin America).

Main qualifications: M.Sc. in Business and Economics, Executive MBA and retail management training in Oxford and at Harvard.

Other directorships: Member of the Boards of Tredje AP-fonden, International Chamber of Commerce, Svensk Handel and Svensk Dagligvaruhandel.

Holding: 0 shares.

Hans Porat

Born 1955.

Elected to the Board in 2014, independent.

Former President and CEO of Nolato AB and Gadelius with many years of experience from leading positions within Trelleborg AB, ABB and the Fläkt Group.

Main qualifications: Mining engineer.

Other directorships: Chairman of the Board of Autoropa AB and member of the Boards of Cloetta AB, Gränges AB, Ecolean AB and DIAB.

Holding: 10,000 shares.

Marianne Brismar

Born 1961.

Elected to the Board in 2015, dependent on the shareholder Creades AB.

Former CEO and owner of Atlet AB.

Main qualifications: Pharmacist and M.Sc. in Business and Economics, Gothenburg School of Business, Economics and Law, University of Gothenburg.

Other directorships: Board member of Beijer Alma AB, Concentric AB, Axel Johnson International AB, Semcon AB, Creades AB and JOAB AB.

Holding: 10,000 shares.

The so-called global megatrends are becoming increasingly important to Lindab's industry and business. How will these trends affect your strategy work?
What we are seeing is that trends such as IoT and Connectivity are gaining momentum and are having a greater impact on us than they have had in previous years. We are certainly not the only ones to feel this, but I think that Lindab is in a unique position to strengthen its position in key areas. Lindab is also right on the mark with its long-term strategy of moving from being a product supplier to being a system supplier. We have to constantly be on our toes because the technological development is happening so fast. The acquisitions made within Air Movement and Fire & Smoke have been important in terms of strengthening our system solution offering, and these types of acquisitions, which also include organic expertise, must continue. Lindab's size and relationship with installers give us a head start, but moving from being a seller to a consulting partner implies an entirely new way of making money.

How has the work on the implementation of the strategy progressed in 2016? Any comments on the targets?
Lindab's strategy work is now in the implementation phase; in other words, delivering what we promised to do. The organisation needed to do so is largely in place, and so is the knowledge needed to keep up the high pace if we are to continue to lead and drive the development. We constantly have to ask ourselves questions like "Do we have the expertise? What new measures do we have to take?". With its system solution offering, Lindab is also moving from a local perspective to a pan-European perspective which paves the way for more strategic partnerships and acquisitions. At the same time, environmental and climate considerations are central to everything we do. Corporate social responsibility issues are basically what drive the company which is well in line with the strategy. We therefore continue to work towards our long-term targets, both the sustainability targets and the financial targets.

One final question: What do you see as the main priorities for the Board of Directors and Lindab's management in 2017?
We must continue to help Lindab deliver on its strategy. We must not forget that Lindab operates in an exciting industry and in a market where a lot will happen in the coming years. Our work on the Board is about supporting the management to ensure that they can quickly achieve everything that we set out to do together. Speed, on the Board and the management, indeed across the whole of Lindab, is what determines whether we will succeed in our strategy.

Per Bertland

Born 1957.

Elected to the Board in 2016, independent.

President and CEO of Beijer Ref since 2013. Has been with the company since 1993, acting as CFO until 2000 and COO in the period 2000-2013. Former CFO of Indra AB and Ötab Sport AB, which is part of the Aritmos Group.

Main qualifications: M.Sc. in Business and Economics, Lund University.

Other directorships: Chairman of the Board of several subsidiaries of Beijer Ref, and of AB Dendera Holding, advisor to Small Cap Partners SCP and Board member in various foundations.

Holding: 5,000 shares

Viveka Ekberg

Born 1962.

Elected to the Board in 2016, independent.

Former CEO of PP Pension, Nordic Manager at Morgan Stanley Investment Management, Associate Partner at Brummer & Partners, Manager at SEB Institutionell Förvaltning and share analyst at Alfred Berg Fondkommission and Affärsvärlden.

Main qualifications: M.Sc. in Business and Economics, Stockholm School of Economics.

Other directorships: Chairman of the Board of Apoteket AB's Pension Foundation, Board member in C.A.G Group, Magnolia Bostad AB, SPP Pension & Försäkring, Svolder, the foundation Affärsvärlden, Centre for Justice and others.

Holding: 9,000 shares

Anders Lundberg

Born 1962.

Elected to the Board in 2016.

Employee representative with LO (Swedish Trade Union Confederation). Employed since 1997 and currently working in product development.

Holding: 0 shares.

Pontus Andersson

Born 1966.

Elected to the Board in 1995.

Employee representative with Unionen (Swedish Union of Clerical and Technical Employees in Industry). Employed since 1987 and currently working as a development engineer. Technical college graduate in engineering.

Holding: 250 shares.

Executive Management

Anders Berg

Born 1972.

President and CEO.

Employed since 2013. Member of the Executive Management since 2013.

Professional experience: Various positions within the SSAB Group, including Vice President based in Shanghai, China, and Managing Director of Plannja AB.

Main qualifications: M.Sc. in Industrial Engineering.

Holding: 66,000 shares.

Bengt Andersson

Born 1960.

Product and Market Director.

Employed since 1991. Member of the Executive Management since 2014.

Professional experience: Has held various positions within the Lindab Group.

Main qualifications: Technical college graduate in mechanical engineering.

Holding: 50,000 shares.

Related party holdings: 6,690 shares.

Fredrik Liedholm

Born 1964.

General Counsel, M&A and HR Director.

Employed since 2014. Member of the Executive Management since 2014.

Professional experience: Legal counsel, Frigoscandia Equipment AB, Associate General Counsel, FMC Technologies, Advokatfirman Lindahl, and most recently General Counsel, Kockums AB.

Main qualifications: Master of Laws, Lund University.

Holding: 2,500 shares.

Kristian Ackeby

Born 1977.

CFO.

Employed since 2015. Member of the Executive Management since 2015

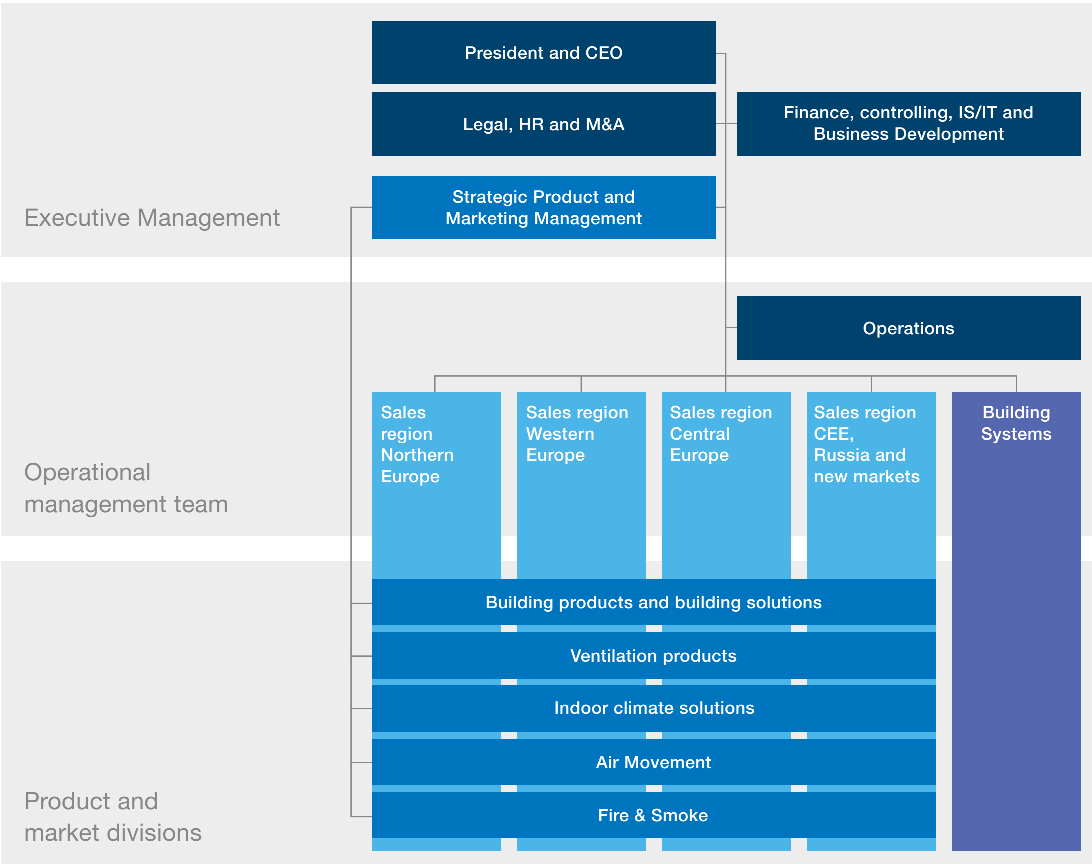
Professional experience: Various positions within the Autoliv Group and most recently Vice President, Corporate Control. Previously Financial Manager, Coop Inköp and Kategori AB.

Main qualifications: B.Sc. in Business and Economics, University of Skövde

Holding: 17,000 shares.

Lindab's organisation

Lindab works in a matrix organisation with four geographical sales regions, five product areas and one division. This organisation allows us to get closer to our customers and better utilise synergies and expertise within the Group. The operational management team consists of ten people, including the four members of the Executive Management, and focuses on continuously strengthening the Group's offering.



Auditors

Deloitte AB

Lead auditor:

Hans Warén

Born: 1964.

Authorised public accountant, Deloitte AB, Gothenburg, Sweden.

Auditor to Lindab since 2014.

Extensive experience in publicly listed companies.

The Board of Directors' Report on Internal Control

The Board of Directors' Report on Internal Control for the Financial Year 2016

Lindab's Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. Lindab's financial statements comply with the laws and regulations applicable to companies listed on the NASDAQ OMX Nordic Exchange and the local rules of each of the countries in which business is conducted. The description is consistent with the Annual Accounts Act and is therefore limited to the internal control of the financial statements. The purpose of this description is to give shareholders and other stakeholders an understanding of how the internal control is organised at Lindab as regards the financial statements.

The Board of Directors' description of the internal control is based on the structure found in COSO's (Committee of Sponsoring Organisations of the Treadway Commission) framework for internal control. This report has been established against this background.

Control environment

In order to create and maintain a working control environment, the Board of Directors has established a number of fundamental documents that are important for financial statements. These specifically include the Board of Directors' rules of procedure, instructions for the CEO and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment resides with the CEO. He reports regularly to the Board as part of established routines. In addition, reports are issued by the company's auditors.

The internal control structure is based on a management system that is based on the company's organisation and methods for running the business, with clearly defined roles, areas of responsibility and delegated authorities. The controlling documents also play an important role in the control structure, e.g. policies and guidelines, including the Code of Ethics, which also includes business ethics. The controlling documents concerned with accounting and financial reporting comprise the most important parts of the control environment with regard to the financial statements.

Risk assessment

The Group carries out an ongoing risk assessment to identify material risks. Lindab's risk management consists of identifying, measuring and trying to prevent risks from occurring, and continually making improvements to minimise potential risks. Lindab has a risk management programme, Enterprise Risk Management (ERM), covering all parts of the business, including segments and Group functions. The aim is to work on the prevention of risks in a structured way.

The main risk associated with the financial statements is considered to be material misstatements in the accounts, e.g. regarding the accounting and valuation of assets, liabilities, income and expenses, complex or changed business relationships, etc. Further risks include fraud and losses through embezzlement. Risk management is built into every process while various methods are used to evaluate and limit risks, and ensure that the risks to which Lindab is exposed are managed according to established policies, instructions and follow-up procedures. This is to minimise potential risks and promote accurate accounting, reporting and the issuing of information.

Control activities

Control activities are designed to manage the risks that the Board of Directors and management consider to be significant for the business, the internal control and the financial statements.

The control structure consists of clear roles within the organisation that allow for efficient division of responsibilities for specific control activities, the aim being to discover and prevent any risk of errors in the reports. Such activities may include clear decision-making processes for major decisions such as acquisitions and other types of major investment, divestments, agreements and analytical follow-ups.

Another important task for Lindab's organisation is to implement, develop and maintain the Group's control routines, focusing on business-critical issues. Process managers at various levels are responsible for implementing the necessary controls regarding the financial statements. The accounting and reporting processes include controls pertaining to valuation, accounting policies and estimates. All reporting units have their own controllers/financial managers who are responsible for ensuring accurate financial statements. Continual analysis of the financial statements, together with the analysis performed at Group level, is important to ensure that the financial statements are free from material misstatement. The Group's controller organisation plays an important role in the internal control process and is responsible for ensuring that the financial statements for each unit are accurate, complete, and timely.

During the year, a project aimed at standardising and strengthening the internal control was initiated. This included implementation of standardised requirements for financial statements for all companies in the Group. The aim is also to develop systems which facilitate the monitoring of financial flows.

Information and communication

Lindab has internal information and communication channels aimed at promoting completeness and accuracy in the financial statements, for example by means of controlling documents in the form of internal guidelines, directives and policies relating to the financial statements. Regular updates and communication concerning changes in accounting policies, reporting requirements or other types of information are made available and known to the employees concerned. The organisation has access to policies, directives and guidelines through the Group's intranet (Lindnet).

The Board of Directors receives financial statements on a regular basis. External information and communication is controlled by the company's Information Policy which describes Lindab's general principles for releasing information.

Follow-up

The Group's compliance with adopted policies and guidelines is followed up by the Board of Directors and Executive Management. The company's financial situation is discussed at every Board meeting. The Board's Remuneration Committee and Audit Committee play an important role in matters concerned with remuneration, financial statements and internal control.

Before the publication of interim and annual reports, the Board of Directors reviews the financial statements. Lindab's management conducts monthly result follow-ups with analyses of deviations from budget, forecast and previous years. The external auditors' duties also include an annual review of the internal control of the group companies. The auditors normally attend the Board meetings twice a year and report their findings from their audit of the internal control, their preliminary audit of the Q3 report and their audit of the annual accounts.

Lindab has identified three main areas, CSR, internal control and compliance, within corporate governance and has set up a Corporate Governance Committee, CGC, which is primarily responsible for ensuring good corporate governance within the Group.

Internal audit

Lindab has an internal audit function that is an integral part of the Group financial function. This function continuously reports to Lindab's Executive Management which, in turn, reports to the Audit Committee. The direction and scope of the internal audit work is determined by the Audit Committee. The internal audit is designed to ensure that the Group's objectives are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations.

Båstad, 19 March 2017

Board of Lindab International AB (publ)

Auditor's statement concerning the Corporate Governance Report

To the Annual General Meeting of Lindab International AB
corporate identification number 556606-5446

Task and division of responsibilities

The Board is responsible for the Corporate Governance Report for 2016 on pages 47-55, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Scope of review

Our review has been performed in accordance with FAR's RevU 16 *Auditor's review of the Corporate Governance Report*. This implies that our review of the Corporate Governance Report has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

Opinion

A corporate Governance Report has been prepared. Disclosures in accordance with part 6, section 6(2), items 2-6, and part 7, section 31(2) of the Annual Accounts Act are consistent with the annual accounts and the consolidated annual accounts as well as the Annual Accounts Act.

Gothenburg, 19 March 2017
Deloitte AB

Hans Warén
Authorised Public Accountant

Financial statements

Directors' Report

- Net sales increased to SEK 7,849 m (7,589), of which organic growth amounted to 4 percent.
- Operating profit increased to SEK 511 m (463), excluding one-off items of SEK –28 m (6). Operating profit increased by 3.0 percent to SEK 483 m (469).
- The operating margin, excluding one-off items, increased to 6.5 percent (6.1).
- The Board of Directors proposes a dividend of SEK 1.40 (1.25).

The Board and the CEO of Lindab International AB, corporate identification number 556606-5446, registered in Sweden and with its head office in Båstad, hereby present their Annual Report for the financial year 2016.

Lindab International AB constitutes the parent company of the Lindab Group. The Lindab share is quoted on the NASDAQ OMX Nordic Exchange "Mid Cap" list for medium-sized companies under the ticker symbol LIAB.

The business

Lindab develops, manufactures, markets and distributes products and system solutions for simplified construction and improved indoor climate. Lindab's products are characterised by high quality, ease of assembly, energy efficiency and environmentally friendly design and are delivered with high levels of service. Altogether, this provides greater customer value.

Lindab's new strategy entails a long-term re-positioning in order to generate greater added value for all stakeholders and move Lindab higher up the value chain. It is based on Lindab's internal strengths and unique opportunities to take advantage of global trends in population growth, urbanisation, energy efficiency, intelligent buildings and materials and the fast-growing market segment HVAC. In short, the strategy comprises five focus areas: Market Excellence, Efficient Availability, Solutions, Innovation and People which are to ensure higher profitability and growth in the coming years.

Lindab's business is managed on the basis of a matrix organisation. The reporting structure is comprised of the two segments Product & Solutions and Building Systems. The Products & Solutions segment includes complete systems for both ventilation and indoor climate solutions, while the construction sector offers complete rainwater systems, lightweight construction and roof and façade solutions in sheet metal. Building Systems produces and sells complete steel building systems. Lindab's business is also based on a geographically distributed sales organisation supported by six product and system areas with central production and purchasing functions.

Financial targets and target fulfilment 2016

As a part of Lindab's work to generate value for our shareholders and other stakeholders, new financial targets were set in 2014. These targets consist of a growth, a profitability and a capital target. The targets are aimed to improve Lindab's financial strength and further enhancing its customer offering. The period for achieving these financial targets extends over one business cycle. The financial targets are as follows:

- The annual growth rate should be 5-8 percent as a combination of organic and acquired growth.
- The operating margin* should average at 10 percent.
- The seasonally adjusted net debt** to EBITDA, excluding one-off items, should not exceed 2.5.
- Dividends to shareholders should normally comprise 30 percent of the profit for the year, taking into account Lindab's capital structure, acquisition needs and long-term financing needs.

* Excluding one-off items.
** Average net debt for the year.

For the year, Lindab's sales development, adjusted for currency effects, was 4 percent (6) compared with 2015. With a strong focus on innovation, value-adding solutions and improved efficiency, Lindab's profitability target must be achieved in the current business cycle. The operating margin for the full year 2016, excluding one-off items, increased to 6.5 percent (6.1). At the end of 2016, the seasonally adjusted net debt was 2.5 (3.1) times greater than EBITDA, excluding one-off items. Lindab's Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 1.40 (1.25) per share. This results in a total dividend of SEK 107 m (95), which corresponds to 35 percent (31) of profit for the year.

Financial key performance indicators

Amounts in SEK m unless otherwise indicated.	**2016**	2015	Change, %
Net sales	7,849	7,589	3
Distribution growth, of which:			
Organic growth, %	4	2	
Acquired/divested, %	0	4	
Currency effects, %	–1	2	
Operating profit before depreciation and amortisation	657	637	3
Operating profit, excl. one-off items[1)]	511	463	10
Operating profit	483	469	3
Earnings before tax	445	431	3
Profit for the year	306	305	1
Cash flow from operating activities	499	460	8
EBITDA margin, %	8.4	8.4	
Operating margin, excl. one-off items, %[1)]	6.5	6.1	
Shareholders' equity	3,849	3,511	10
Net debt	1,396	1,657	–16
Return on shareholders' equity, %	8.4	8.8	
Return on capital employed, %	8.8	8.6	
Net debt/EBITDA, excl. one-off items	2.5	3.1	
Net debt/equity ratio, times	0.4	0.5	
Average no. of employees	5,134	5,052	2

1) For one-off items, see the table on page 67.

Business combinations

No business combinations were made during the year.

On 7 August last year, the US subsidiary Lindab Inc., which is based in Portsmouth, Virginia, was divested.

On 1 July last year, the assets of the French company Froid Partn'Air with its registered office in Marseille were acquired. On the same day, the Slovenian ventilation company IMP Klima with its registered office and main business in Godovič, Slovenia, was acquired. On 3 June last year, the French company Nather S.A. was acquired. On 15 January last year, the acquisition of the Italian company MP3 with its registered office in Padua was completed.

Note 5 contains further information about business combinations.

Research and development

Lindab is a driver in the development of more effective and resource-efficient construction. The focus is, among other things, on finding solutions that will increase the degree of standardisation in construction projects, contribute to lower resource consumption and create a better indoor climate. This includes the development of software and new technologies to facilitate the planning process for customers' projects and installations. Research and development projects are carried out in-house as well as in cooperation with suppliers, including work on strength of materials, health and environmental aspects.

Lindab's work in research and development has historically been divided between different product areas such as construction, ventilation and indoor climate. With the increased focus on system solutions and the expertise added through the acquisitions, the expertise is increasingly consolidated centrally in order to exploit the Group's full potential.

During the year, Lindab established cross-functional teams which will apply new working methods to come up with proposals for new products and solutions, for example by focusing on energy-efficiency and digitisation. Through Strategic Product Management (SPM), Lindab also streamlined its product development process which includes launch plans and new product generations. SPM's responsibility covers all Lindab's geographical locations and areas in order to challenge the existing offering and require development of new solutions. SPM analyses trends and engages in an ongoing dialogue with customers and other partners in order to identify Lindab's long-term focus areas.

The pace of innovation was high during the year which saw the launch of ground-breaking ventilation solutions such as UltraLink as well as a new generation of rainwater systems and new building solutions. Lindab is also the first company in Europe to apply for Eurovent certification for a duct system with rubber seals. With the system, Lindab sets a new standard for quality and energy-efficiency in the European ventilation market. The year was also characterised by a high pace in the launch of new generations of our IT solutions and project support. The aim is to simplify every stage of the design and construction process in order to help increase the level of quality and profitability for all parties involved.

For 2016, research and development costs amounted to SEK 65 m (58), of which SEK 53 m (45) was within Products & Solutions, and SEK 11 m (13) was within Building Systems. The number of people employed within the Group's product development departments totalled 75 (74), of whom 58 (55) were within Products & Solutions, and 17 (19) within Building Systems.

Personnel and personnel development

During the year, the average number of employees in the Lindab Group totalled 5,134 (5,052), an increase of 82 people. The number of employees at the end of the year was 5,136 (5,066), an increase of 70 people compared with the previous year. The average number of employees in Sweden was 1,122 (1,101), corresponding to 22 percent (22) of all employees. Note 6 contains further information about personnel costs and the average number of employees.

The aim for Lindab is to have the same professional approach throughout the Group with the emphasis on Group-wide guidelines and principles. In 2016, a comprehensive programme was initiated with the aim of strengthening the Group's strategic expertise in order to sell more systems, solutions and services. Lindab has also implemented a Group-wide online tool that includes performance appraisals, CVs, job descriptions, succession planning and a training portal, among other things.

Guidelines for remuneration of senior executives

The most recently resolved remuneration principles for senior executives, as well as the Board's suggested guidelines that will apply from the next Annual General Meeting are detailed in Note 6 and are the same guidelines as for the current year.

Profit-sharing system

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for the payment of contributions into a profit-sharing foundation. The annual provisions are based on the earnings of the Swedish group companies. A provision of SEK 7 m (6) was made for 2016, including special employers' contributions. At the end of 2016, the foundation held 143,500 (143,500) Lindab shares. A smaller profit-sharing plan also exists in one of Lindab's French companies. See also Note 6.

Environment

Consistent environmental work

Lindab is actively working to minimise the environmental impact created by the Group's operations and its products. Lindab's Environmental policy is a key document that forms the basis for environmental work within the Group. All of Lindab's major production units are certified under the ISO 9001 quality management system and the 14001 environmental management system. As of 2015, Lindab's reporting follows the updated guidelines GRI 64. A GRI index can be found on Lindab's website www.lindabgroup.com/sustainability. The company has set non-financial targets with a focus on the sustainability aspects that are important to the company and its stakeholders.

Products

By focusing on product development and continuous improvement, products have been developed that are good in terms of both quality and the environment and that also improve customers' environmental performance and are energy-efficient.

Environmental permits

The majority of Lindab's production units do not normally fall under specific environmental regulations or permits. The companies report to the regulatory bodies in each country in accordance with local regulations.

In Sweden, operating permits are required for the production unit in Grevie. The permit relates to facilities where metalworking is performed mechanically and where the total tank volume for oils in the metalworking machines is greater than 20 m^3. Other Swedish operations are either obliged to declare or do not require permits.

Environmental impact

Lindab's manufacture of products from steel has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. The company controls, monitors and addresses any issues in consultation with the local authorities. The waste products generated during production consist of primarily scrap metal, and are recovered completely. Other waste is recycled up to 90 percent. Anything not used is sorted and disposed of in accordance with applicable regulations.

Climate impact

Lindab's impact on the climate arises from energy consumption as well as from the consumption of raw materials. Several projects focusing on energy efficiency and reducing volumes of scrap are being conducted within the Group.

Corporate Governance

Please refer to the Corporate Governance Report on pages 47-57.

Risks and risk management

Exposure to risk is, to a certain extent, part of the business activities. Lindab's risk management consists in identifying, measuring and trying to prevent risks from being realised, and continually making improvements to minimise potential risks. For the Group, risk prevention is principally aimed at preventing potential risks from developing into damage and/or losses. If this does not fully succeed, the next goal is to mitigate the effect of damage that has already occurred.

Lindab has a risk management programme, Enterprise Risk Management (ERM), covering all parts of the business, including segments and Group functions. The aim is to work on the prevention of risks in a structured way. The Group's risks have been divided into four main risk areas: Operational risks, Strategic risks, Financial risks and Compliance risks. The probability of each risk and its impact on Lindab's business is assessed continuously with a subsequent action plan. Reporting, monitoring and controls are conducted through formally established procedures and processes. The Group's main identified risk areas are described below.

Operational risks

Steel price development

Lindab purchases large quantities of steel, mainly in the form of sheet metal, and is subject to developments in the market for raw materials. The purchasing strategy developed by Lindab is based on long-standing relations with the most important suppliers of steel and sheet metal, enabling the company to purchase directly from steel mills rather than intermediaries. Lindab's close relationship with steel mills has enabled it to develop special grades of steel and finishes adapted to the company's systems and products. Lindab only purchases steel to requirements and does not speculate or hedge on future steel prices.

Lindab has chosen to centralise all steel purchasing in order to utilise its size to secure competitive prices and terms with steel mills, thereby creating competitive advantages over smaller competitors. A thorough internal review is also being conducted to enable the Group to react and adapt its prices for customers in the event of price increases that cannot be absorbed by the organisation through efficiencies.

Stoppages

Lindab may be affected by stoppages due to various reasons such as breakdowns and strikes, as well as other reasons outside the Group's control. Its global presence offers the Group many possibilities to move its operations to other locations should any unit be forced out, thereby ensuring that any tasks undertaken are completed.

The Group's global insurance programmes cover property damage, stoppages and breakdowns.

Bad debt losses

The Group sells to a large number of customers. Just as in other companies, there is a risk that some customers go into liquidation or their financial position leads them to have problems making payments. This in turn may result in Lindab not receiving payment for the products it has sold. In order to minimise bad debt losses, a number of companies within the Group have insured their receivables against bad debt losses. The Group obtains credit information about new customers and monitors existing customers. This leads to fewer bad debt losses. The single largest customer represents about 1.7 percent (2.0) of sales.

In general for the Group, a provision of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while a provision of 100 percent is made for accounts receivable due for more than 360 days. In addition, provisions are made for individually significant exposures that do not fall within the description above. However, credit insurance, etc., must be taken into account.

On 31 December 2016, the provision for bad debts amounted to SEK 97 m (89). During the year, SEK 23 m (10) relating to provisions for bad debts was expensed, equivalent to 0.3 percent (0.1) of the Group's net sales, see Note 21.

Disputes

This risk pertains to costs that the Group may incur as a party to various legal disputes. The responsibility for monitoring and guiding the legal risk management lies with the legal department led by Lindab's Group Legal Director. The group companies are only involved in minor disputes that are directly attributable to the business.

Within the Building Systems segment, provisions are regularly made for potential future claims. Provisions are based, among other things, on Building Systems' history of various claims costs. In addition, provisions are made within Building Systems and Products & Solutions for disputes that are deemed likely to result in a risk of liability to pay compensation. The warranty provision for 2016 amounted to SEK 8 m (14), see Note 24.

IS/IT

Lindab harmonises business processes and consolidates the Group's IS/IT systems with the aim of establishing a sustainable value chain that offers customer and market segments order management and service that matches the overall cost.

To provide for high availability and disaster preparedness and to minimise the risk of disruption, a redundant IT infrastructure has been established (communication lines, servers, storage and server rooms).

Regular risk analyses are conducted of critical IS/IT systems, including identification, analysis and mitigation measures.

A Group-wide project methodology has been implemented to ensure uninterrupted start-up when rolling out harmonised business processes and consolidated IS/IT systems.

Strategic risks

Competition

In the various markets, Lindab competes against a large number of small companies and a small number of relatively large national and multinational companies. The company's competitors include Ruukki Construction, Tata Steel, Arcelor Mittal Construction, Marley, Balex Metal, Budmat, Pruszynski, Fläkt Woods, Swegon, Systemair, Trox, Goldbeck and Llentab.

To face up to this competition, Lindab has opted to work with highly automated central production units for volume products. These products can be easily transported. This is combined with smaller, local production units for products that require local adaptation.

Through a well-developed distribution network, Lindab can keep abreast of changes, trends and new demands from customers and lay the foundations for the adaptation of products, systems solutions and services.

Lindab's primary raw material is steel, mainly in the form of sheet metal, and Lindab's competitive strength is partially affected by changes in the price of raw materials.

Lindab is continuously increasing efficiencies in production, distribution and organisation to maintain its competitive edge. Steel has many advantages over competing materials such as plastic and concrete. Customer campaigns also have an influence on customers' product choices. Lindab is working to build long-term relationships with customers and to provide added value by simplifying construction through the use of Lindab's products and system solutions.

Customer behaviour

Demand for Lindab's products is affected by changes in customers' investment plans and production levels. Customers' investments can change if the political or economic situation in a country or an industry changes. Lindab has its own operations in 32 countries, which balances the various country-specific risks in the construction industry. However, since construction is a cyclical industry, it is not possible to protect against a downturn in the global economy. The current economic climate in Europe is affecting the majority of Lindab's markets and has therefore had some impact on Lindab. Political unrest and instability, e.g. in the Russian market, is also having an effect on Lindab.

Macro-economy/market

Lindab's business is late cyclical, with 80 percent of sales directed to non-residential construction and a range of products and solutions that are mostly installed at a later stage of the construction process. Generally, over time the construction market follows overall GDP growth, although with greater fluctuation. The market for non-residential construction is often somewhat later in the business cycle than residential construction as the projects involved are generally larger and extend over longer lead times.

During normal business cycles, this allows Lindab some latitude to manage capacity planning. However, in the event of macroeconomic crises, such as the financial crisis of 2008, the opposite generally occurs with rapid and significantly greater fluctuations in construction activity compared with the general economy.

Financial risks

For a description of financial risks, see Note 3.

Compliance risks

Taxes

Lindab has operations in many different countries, especially in Europe, and generally believes that the tax laws and their application have become more complex. Predictability has declined and it is increasingly important to have up-to-date and fully functional systems and processes for managing taxes and levies.

In recent years, focus has also been on the field of income taxes, especially transfer pricing issues, which relate to the prices agreed in cross-border transactions between related companies. Internal prices affect revenues and costs and thereby taxable profits in the countries where they operate. The internationally accepted view is that the conditions should be consistent with what would be agreed between independent parties, known as the arm's length principle. In principle, all countries where Lindab operates are members of the OECD. Lindab is continuously working to ensure that the Group complies with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, in terms of pricing, documentation and in general. Lindab is also monitoring the development of BEPS (Base Erosion and Profit Shifting) in order to further adapt to the new regulations.

Lindab is working in general to develop and adapt procedures to identify tax risks and to manage them effectively. Lindab also has regular contact with a tax advisor for the interpretation of tax laws and to assess how various issues should be handled. A single improper action could affect Lindab through higher operating expenses or tax expenses plus interest and penalties.

The Group is not involved in any tax disputes that could have a material negative impact on the Group's result or financial position.

Environment

Lindab is actively working to minimise the environmental impact created by the Group's operations and its products. Lindab's Environmental policy is a key document that forms the basis for environmental work within the Group. Lindab's manufacture of products from steel has a minimal environmental impact. In cases where there is a risk of environmental liability, an assessment is made to determine whether a provision is required. No provisions were made in 2016, while a provision of SEK 3 m for environmental liability was made in 2015. The waste products generated through production consist mainly of scrap metal that is recovered completely and other waste, which is recycled at up to 90 percent. Anything not used is sorted and disposed of in accordance with applicable regulations.

In order to protect the company and third parties in the event of environmental accidents, Lindab has environmental insurance where required by local law, and in some cases this has been extended to include voluntary environmental liability. The insurance includes liability for damages that are part of or are the result of environmental damage.

Business ethics
Lindab's reputation is a valuable asset that can be influenced by Lindab's actions as well as by external stakeholders. The Lindab Group strives to avoid actions that might risk Lindab's good standing. Lindab aims to be a good corporate citizen wherever the Group is active. A Code of Ethics has been produced and implemented in the Group to ensure that all employees in Lindab's markets follow good business practice.

In the construction industry and in the various geographical markets where Lindab operates, there are some operators acting in a way that does not meet good business practice. Lindab has long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Lindab has zero tolerance towards corruption and an anti-corruption policy exists to ensure that conduct that might be considered as corruption does not take place in the Group.

Work environment
A good and safe working environment is a strategic issue for the Group. Lindab's work environment policy is implemented in the Group with clearly defined responsibilities for both managers and employees. Emphasis is placed on preventive work, which is done in cooperation with management, employees, safety organisations and occupational health.

Accidents that resulted in lost work time of at least one day are monitored and reported as LTIF (Lost Time Injury Frequency). During the past three years, LTIF has dropped from 12.3 to 8.8. In the event of very serious accidents, with the risk of permanent disability, the President and CEO is informed within 24 hours and corrective and preventive actions are followed up and implemented within 2 weeks. In 2016, three serious accidents occurred. The persons injured have made a full recovery.

Internal control
Lindab attaches great importance to Corporate Governance and establishes, implements and follows up on different policies. More information on Corporate Governance and internal control can be found on pages 47-57.

Share capital
On 31 December 2016, the share capital amounted to SEK 78,707,820 split between 78,707,820 class A shares only. All shares have a face value of SEK 1.00.

Lindab holds 2,375,838 treasury shares (2,375,838), equivalent to 3.0 percent (3.0) of the total number of Lindab shares. The number of outstanding shares is 76,331,982 (76,331,982).

All shares have the same right to dividend and surplus in the event of liquidation and they entitle the holder to one vote at Lindab's Annual General Meeting. According to Lindab's Articles of Association, issued share capital must not fall below SEK 60 m nor exceed SEK 240 m, and the number of shares must not fall below 60,000,000 nor exceed 240,000,000.

There are no restrictions in law or in the Articles of Association relating to the transferability of shares.

On 31 December 2016, the company had a market capitalisation of SEK 5,576 m (4,801) and 7,257 shareholders (8,313). The largest shareholder in relation to outstanding shares is Creades AB, which owns 10.3 percent (10.3). This is followed by Handelsbanken Fonder with 8.1 percent (6.1), Fjärde AP-fonden with 8.0 percent (8.0), Lannebo Fonder with 8.0 percent (8.1) and Skandia with 5.2 percent (5.7). These five largest shareholders together hold 39.6 percent (38.2) of the share capital and votes. The ten largest holdings constitute 57.3 percent (57.4) of the shares, excluding Lindab's own holding.

There are no restrictions on how many shares a shareholder can represent at an annual general meeting. Lindab is unaware of any agreements between shareholders that may result in restrictions in their right to transfer shares.

The Articles of Association state that the Board members are elected at the Annual General Meeting. The appointment and dismissal of Board members are otherwise governed by provisions in the Companies Act and the Code of Corporate Governance. In addition, the Companies Act states that changes to the Articles of Association, as appropriate, should be resolved at general meetings.

Dividend
Dividend policy
Lindab's dividend policy is to distribute the equivalent of 30 percent of net profit. However, the company's capital structure, acquisition needs and long-term financing requirements will always be taken into consideration.

Proposed appropriation of profits for the financial year 2016
Lindab's Board of Directors proposes that the Annual General Meeting on 9 May 2017 approve a dividend of SEK 1.40 per share, which is in line with the company's dividend policy and provides dividend totalling SEK 107 m. It is proposed that the record date for the right to a dividend payout be 11 May 2017, with the dividends expected to be paid to shareholders on 16 May.

At the disposal of the Annual General Meeting:

SEK	
Profit brought forward	418,412,046
Profit for the year	774,147
Profit carried forward	**419,186,193**

The Board of Directors proposes the following appropriation of profits:

SEK	
To the shareholders	106,864,775
To be carried forward	312,321,418
Total	**419,186,193**

Net sales and profit

- Net sales increased by 3 percent to SEK 7,849 m (7,589), of which organic growth amounted to 4 percent.
- Operating profit increased to SEK 511 m (463), excluding one-off items of SEK –28 m (6). Operating profit increased by 3 percent to SEK 483 m (469).
- The profit for the year amounted to SEK 306 m (305), and earnings per share increased by 1 percent to SEK 4.02 (3.99).

Net sales

Net sales amounted to SEK 7,849 m (7,589), which is an increase of 3 percent compared with the previous year. Organic growth amounted to 4 percent. Currency effects impacted sales negatively by 1 percent, while completed acquisitions and divestments taken together have had no effect. Foreign net sales increased by 1 percent and amounted to SEK 5,846 m (5,802), corresponding to 74 percent (76) of the Group's total sales.

Lindab has its own operations in 32 countries (32), and the geographical breakdown of sales in 2016 was 47 percent (44) in the Nordic region, 33 percent (33) in Western Europe, 17 percent (19) in CEE/CIS and 3 percent (4) in other markets.

In 2016, Lindab recorded positive organic growth in all quarters. The large Products & Solutions segment experienced organic growth of 4 percent for the full year, while Building Systems recorded organic growth of 6 percent. The sales trend in Products & Solutions was particularly good in the Nordic region, while most of the sales growth in Building Systems was generated by Poland, Germany and Italy.

Seasonal variations

Lindab's operations are affected by seasonal variations in the construction industry, and the highest net sales is normally seen during the second half of the year.

Performance by segment

The Group's operations are reported in two segments, Products & Solutions and Building Systems. The distribution of net sales and operating profit by segment is shown in the table on page 66.

Products & Solutions segment

Products & Solutions' offering includes products and complete systems for ventilation, cooling and heating, as well as construction products and building solutions such as steel rainwater systems, roofing and wall cladding, steel profiles for wall, roof and beam constructions and large span buildings.

Net sales amounted to SEK 6,949 m (6,727), which is an increase of 3 percent. Organic growth was 4 percent. All product areas in the ventilation area showed positive organic growth in 2016, with particularly good growth being recorded in the more technical product areas Indoor climate solutions, Air Movement and Fire & Smoke. Sales also increased in Building solutions, while they decreased in Rainwater systems and building products.

Organic sales growth was particularly strong in the Nordic region, driven by a good development in Sweden. Denmark and Norway also showed good growth, while sales remained unchanged in Finland. For the year as a whole, Western Europe also recorded good growth despite a weaker start to the year. The strong economic boom in Ireland continued in 2016, resulting in record sales. In the UK, no negative impact on sales was noted due to Brexit as the ventilation market is late cyclical. In CEE/CIS, which accounts for 14 percent of the segment's sales, sales adjusted for currency and acquisitions, decreased. The decrease was related to the product area Rainwater systems and building products.

The operating profit, excluding one-off items, increased by 12 percent to SEK 565 m (504). The operating margin, excluding one-off items, increased to 8.1 percent (7.5). The improvement in the operating profit is mainly attributable to higher volume driven by the Nordic region and parts of Western Europe in particular.

Building Systems segment

Building Systems offers complete prefabricated steel construction systems and proprietary IT software that simplifies the project planning and quotation process for designers and contractors.

Net sales amounted to SEK 900 m (862) in 2016, which is an increase of 4 percent compared with the previous year. Organic sales growth was 6 percent.

Both Western Europe and CEE saw good sales growth during the year, while sales to CIS continued to fall. In Western Europe, growth was mainly driven by Germany, the segment's largest market, as well as a large project in Italy. In CEE, growth was good in Poland. Market conditions remained challenging in CIS with reduced sales in most countries. However, the order intake at the end of the year sent some positive signals. Sales to Africa were on a par with 2015, when sales grew strongly.

Net sales and growth

	2016	2015	2014
Net sales, SEK m	7,849	7,589	7,003
Change, SEK m	260	586	480
Change, %	3	8	7
Of which			
organic growth, %	4	2	5
Acquisitions/divestments, %	0	4	0
Currency effects, %	-1	2	2

Net sales by region

SEK m	2016	Share, %	2015	Share, %	2014	Share, %
Nordic region	3,654	47	3,372	44	3,208	46
Western Europe	2,600	33	2,481	33	2,106	30
CEE/CIS	1,352	17	1,408	19	1,479	21
Other markets	243	3	328	4	210	3
Total	**7,849**	**100**	**7,589**	**100**	**7,003**	**100**

The operating profit, excluding one-off items, amounted to SEK –12 m (16). The operating margin, excluding one-off items, amounted to –1.3 percent (1.9). For several years now, profitability for Building Systems has had a large exposure to the CIS region. Most of the decline in earnings can be explained by the decline in sales in these markets. In the second half of 2016, the results were also negatively affected by a sharp increase in prices of raw materials.

Gross profit

Gross profit increased by 3 percent to SEK 2,139 m (2,071). The gross margin amounted to 27 percent (27) of net sales.

Other operating income

Other operating income amounted to SEK 72 m (114) and consists primarily of exchange rate gains on operating receivables/liabilities. Last year, other operating income included one-off items of SEK 36 m, of which SEK 34 m concerned the dissolution of negative goodwill in connection with the acquisition of IMP Klima, see one-off items in the table on page 67. No one-off items were included in 2016.

Indirect costs

Selling and administrative expenses increased by 2 percent to SEK 1,577 m (1,551), equivalent to 20 percent (20) of net sales. Research and development expenses amounted to SEK 65 m (58), equivalent to 0.8 percent (0.8) of net sales.

Other operating expenses

Other operating expenses amounted to SEK 86 m (107). Other operating expenses include one-off items of SEK 17 m (17), see one-off items on page 67. In addition, exchange rate losses on operating receivables/liabilities are included.

Depreciation/amortisation and impairment losses

Total depreciation, amortisation and impairment losses for the year, included in the costs per function, see Note 8, amounted to SEK 174 m (168), of which SEK 38 m (33) concerns intangible assets. Of this, SEK 5 m (3) relates to amortisation of the consolidated surplus value in intangible assets.

Operating profit

Operating profit increased to SEK 483 m (469). The operating profit, excluding one-off items, amounted to SEK 511 m (463), which is an increase of 10 percent compared with the previous year. The operating margin, excluding one-off items, increased to 6.5 percent (6.1). The improved performance is mainly due to good growth in the Nordic region and parts of Western Europe for the Products & Solutions segment.

Total one-off items included in operating profit amount to SEK –28 m (6), see specification of one-off items on page 67. One-off items for the year mainly relate to cost-reduction measures. Last year, they concerned structure-related items and the dissolution of negative goodwill.

Earnings before tax

Earnings before tax amounted to SEK 445 m (431), an increase of 3 percent. Financial items are on a par with the previous year and amounted to SEK –38 m (–38).

Taxes

The Group's tax expenses for the year amounted to SEK –139 m (–126) and the effective tax rate amounted to 31 percent (29). Current tax amounted to SEK –120 m (–109). Deferred tax amounted to SEK –19 m (–17). The average tax rate was 20 percent (20). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The higher effective tax rate compared with the previous year and compared with the average tax rate is partly due to the fact that Lindab has not been able to fully utilise carry-forward tax losses in order to reduce the total tax expenses. Furthermore, last year was positively affected by the recognition of deferred tax on previously unrecognised carry-forward tax losses in Germany. For more information, see Note 14.

Profit for the year and earnings per share

Profit for the year amounted to SEK 306 m (305). Earnings per share, both undiluted and diluted, increased to SEK 4.02 (3.99).

Comprehensive income

Comprehensive income amounted to SEK 433 m (228). Comprehensive income includes Other comprehensive income, comprising translation differences arising when foreign operations are translated to SEK, the value of hedges of net investments, actuarial gains and losses regarding defined benefit plans and tax. Translation differences concerning foreign businesses and hedges of net investments account for most of the year-on-year difference. The development in translation differences is mainly driven by net investments in EUR followed by DKK, CHF, PLN and GBP, where SEK 1,231 m (1,174) is hedged via loans and currency swaps.

Net sales, operating profit and operating margin,% per segment

	Net sales					Operating profit					Operating margin, %				
SEK m	**2016**	2015	2014	2013	2012	**2016**	2015	2014	2013	2012	**2016**	2015	2014	2013	2012
Products & Solutions	6,949	6,727	6,084	5,496	5,643	565	504	471	360	398	8.1	7.5	7.7	6.6	7.1
Building Systems	900	862	919	1,027	1,013	–12	16	52	159	100	–1.3	1.9	5.7	15.5	9.9
Other operations	-	-	-	-	-	–42	–57	–26	–21	–38	ET	ET	ET	ET	ET
Total, excluding one-off items	**7,849**	**7,589**	**7,003**	**6,523**	**6,656**	**511**	**463**	**497**	**498**	**460**	**6.5**	**6.1**	**7.1**	**7.6**	**6.9**
One-off items	-	-	-	-	-	–28	6	–30	–46	–126	ET	ET	ET	ET	ET
Total, including one-off items	**7,849**	**7,589**	**7,003**	**6,523**	**6,656**	**483**	**469**	**467**	**452**	**334**	**6.2**	**6.2**	**6.7**	**6.9**	**5.0**

Consolidated statement of profit or loss

SEK m	Note	2016	2015
Net sales	7	7,849	7,589
Cost of goods sold	6, 8, 9, 27	–5,710	–5,518
Gross profit		**2,139**	**2,071**
Other operating income	12	72	114
Selling expenses	6, 8, 9, 27	–1 061	–1,030
Administrative expenses	6, 8, 9, 10, 27	–516	–521
R&D expenses	6, 8, 9, 11	–65	–58
Other operating expenses	9, 12	–86	–107
Total operating expenses		**–1 656**	**–1,602**
Operating profit		**483**	**469**
Interest income	13	11	17
Interest expenses	13	–43	–49
Other financial income and expenses	13	–6	–6
Financial items		**–38**	**–38**
Earnings before tax		**445**	**431**
Tax on profit for the year	14	–139	–126
Profit for the year		**306**	**305**
– thereof attributable to parent company shareholders		*306*	*305*
– thereof attributable to non-controlling interests		*0*	*0*
Earnings per share, SEK	15	4.02	3.99

Consolidated statement of comprehensive income

SEK m	Note	2016	2015
Profit for the year		**306**	**305**
Items that will not be reclassified to the income statement			
Actuarial gains/losses, defined benefit plans		–27	23
Deferred tax attributable to defined benefit plans		6	–6
Total		**–21**	**17**
Items that later can be reclassified to the income statement			
Translation differences, foreign operations		193	–119
Hedges of net investments		–57	32
Deferred tax attributable to hedges of net investments		12	–7
Total		**148**	**–94**
Other comprehensive income, net of tax		**127**	**–77**
Comprehensive income		**433**	**228**
– thereof attributable to parent company shareholders		*433*	*228*
– thereof attributable to non-controlling interests		*0*	*0*

Specification of one-off items

2016	**Products & Solutions**	**Building Systems**	**Other operations**	**Total**
Operating profit, excl. one-off items	565	–12	–42	511
One-off items	–24	-	–4	–28*
Operating profit, incl. one-off items	**541**	**–12**	**–46**	**483**
2015				
Operating profit, excl. one-off items	504	16	–57	463
One-off items	35	–9	–20	6**
Operating profit, incl. one-off items	**539**	**7**	**–77**	**469**

Operating profit has been adjusted for the following one-off items, which are reported as other operating income, other operating expenses and depreciation and amortisation.

2016 SEK –28 m relating to a cost-reduction programme and governance project.*

*2015** SEK 6 m relating to structure-related items, cost-reduction initiatives, dissolution of negative goodwill and a governance project.*

Cash flow

- Cash flow from operating activities increased to SEK 499 m (460).
- Investments in tangible fixed assets amounted to SEK –104 m (–130).
- Net debt amounted to SEK 1,396 m (1,657).

Cash flow from operating activities

Cash flow from operating activities increased and amounted to SEK 499 m (460) which can mainly be attributed to an improved operating profit after reversal of items not affecting cash flow, but also improved development in working capital compared with the previous year.

The change in working capital improved and amounted to SEK 25 m (5). The change in stock had a negative impact during the year and amounted to SEK –77 m (88) and the change in operating receivables amounted to SEK –36 m (–51). The change in operating liabilities had a positive impact and amounted to SEK 138 m (–32). Overall, the development is due to the volume growth in Products & Solutions and the improvement in advance payments from customers during the year.

Items not affecting cash flow

Items not affecting cash flow include unrealised exchange rate differences, provisions, depreciation and amortisation. Realised gains and losses resulting from the sale of assets are eliminated since the cash effect from the sale of fixed assets and operations is reported separately under cash flow from investing activities.

Cash flow from investing activities

Investments in fixed assets amounted to SEK 125 m (151). The year's investments concern maintenance investments and reinvestments as well as efficiency investments, mainly in production facilities. Disposals amounted to SEK 33 m (31), mainly due to the disposals of properties in both years.

Net cash flow from investing activities amounted to SEK –92 m (–120), excluding acquisitions and divestments of subsidiaries.

Business combinations

No business combinations were made during the year. In the past year, the following business combinations were made:

On 7 August, the US subsidiary Lindab Inc. was divested whose business covers production and sale of ventilation ducts and components. The company will continue to distribute Lindab's products. Sales amounted to just under SEK 150 m in 2014, and the company had 98 employees.

On 1 July, the assets of the French company Froid Partn'Air were acquired whose business covers distribution of ventilation and indoor climate products in the Marseille region in France. The company had annual net sales of around SEK 13 m and five employees.

On 1 July, the Slovenian ventilation company IMP Klima was acquired. The business comprises products and solutions for ventilation and indoor climate with cutting-edge expertise within AHUs, cleanroom technology and floor convectors. The company had annual net sales of around SEK 230 m and about 360 employees.

On 3 June, the French company Nather S.A. was acquired whose business mainly covers products and solutions for residential ventilation. The company had annual sales of approximately SEK 45 m and 17 employees.

On 15 January, the acquisition of the Italian company MP3 was completed. The company is a leading manufacturer of indoor climate solutions, with specialist knowledge in fire protection. The company had annual sales of approximately SEK 210 m and around 95 employees.

Cashflow has not been affected by business combinations during the year. In the previous year, the net cash flow from business combinations amounted to SEK –168 m. For a more detailed explanation, see Note 5.

Financing activities

Financing activities for the year resulted in a cash flow of SEK –290 m (–177). Cash flow from financing activities for both years is attributable to dividends paid of SEK –95 m (–84) and repayment of borrowings of SEK –195 m (–91).

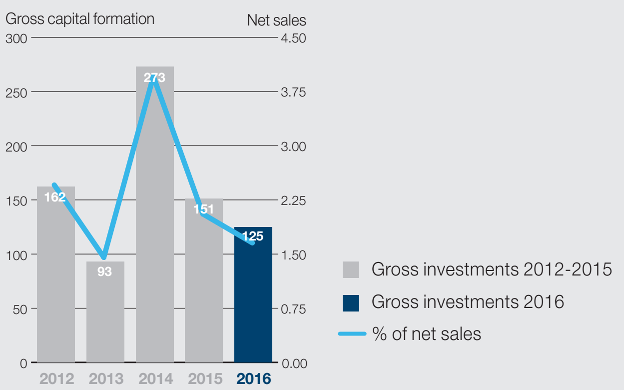
On 31 December 2016, net debt amounted to SEK 1,396 m (1,657). Currency effects increased net debt by SEK 41 m compared with the previous year, while repayments of borrowings contributed to the total reduction in net debt.

Consolidated statement of cash flows

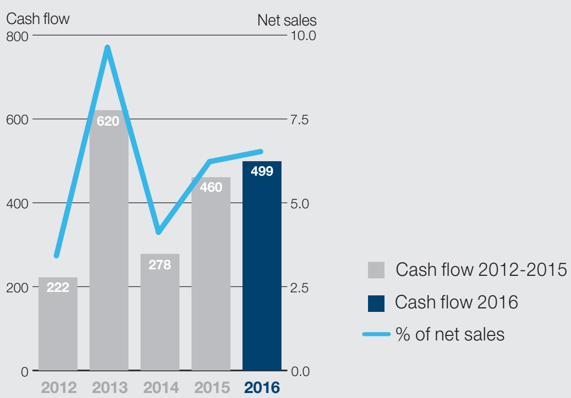
SEK m	Note	**2016**	2015
Operating activities			
Operating profit		483	469
Reversal of depreciation/amortisation and impairment losses	8	174	168
Reversal of capital gains (–)/losses (+) reported in operating profit		–14	–5
Provisions, not affecting cash flow		–24	–18
Adjustment for other items not affecting cash flow		–5	–32
Total		**614**	**582**
Interest received		11	16
Interest paid		–41	–47
Tax paid		–110	–96
Cash flow from operating activities before change in working capital		**474**	**455**
Change in working capital*			
Stock (increase – /decrease +)		–77	88
Operating receivables (increase – /decrease +)		–36	–51
Operating liabilities (increase + /decrease –)		138	–32
Total change in working capital		*25*	*5*
Cash flow from operating activities		**499**	**460**
Investing activities			
Acquisition of group companies	5	-	–256
Divestment of group companies	5	-	88
Investments in intangible assets	16	–21	–21
Investments in tangible fixed assets	17	–104	–130
Disposal of tangible fixed assets	17	33	31
Cash flow from investing activities		**–92**	**–288**
Financing activities			
Proceeds from borrowings		40	256
Repayment of borrowings		–235	–347
Shares for allocation, incentive programme		-	–2
Dividend to shareholders		–95	–84
Cash flow from financing activities		**–290**	**–177**
Cash flow for the year		**117**	**–5**
Cash and cash equivalents at the beginning of the year		285	300
Effect of exchange rate changes on cash and cash equivalents		16	–10
Cash and cash equivalents at the end of the year		**418**	**285**

*) *Working capital, see definition on page 114.*

Gross investments in fixed assets, excl. acquisitions and divestments, SEK m, and in relation to net sales, %



Cash flow from operating activities, SEK m, and in relation to net sales, %



Financial position

- Net debt fell to SEK 1,396 m (1,657).
- The net debt/equity ratio amounted to 0.4 (0.5) at the end of the year.
- The equity/asset ratio increased to 51.3 percent (49.1).

Fixed assets and investments

Information about changes in the structure of fixed assets can be found in the comments to the Statement of cash flows on page 68.

Stock and accounts receivable

Stock amounted to SEK 1,159 m (1,045), which is an increase of 11 percent (–6). Accounts receivable amounted to SEK 1,250 m (1,177), which is an increase of 6 percent (11). The development can be attributed to the increased sales volume in Products & Solutions. At year-end, stock and accounts receivable in relation to net sales amounted to 15 percent (14) and 16 percent (16) respectively.

Cash and cash equivalents

At year-end, consolidated cash and cash equivalents totalled SEK 418 m (285). Escrow accounts amounting to SEK 3 m (5) are included in cash and cash equivalents. Unappropriated cash and cash equivalents, including unused credit facilities, amounted to SEK 1,404 m (1,164) based on an underlying credit limit of SEK 2,100 m (2,100).

Return on capital employed

Average consolidated capital employed, including goodwill and consolidated surplus value, amounted to SEK 5,642 m (5,654), which is on a par with the previous year. Return on capital employed, including goodwill, amounted to 8.8 percent (8.6).

Shareholders' equity

At year-end, consolidated shareholders' equity totalled SEK 3,849 m (3,511). Net translation differences, foreign businesses and hedges of net investments, excluding tax, have positively affected shareholders' equity by SEK 136 m (–87), while actuarial losses relating to defined benefit plans, excluding tax, have negatively affected shareholders' equity by SEK –27 m (23). The incentive programme completed during the previous year had an overall impact of SEK 21 m in 2015. A dividend of SEK –95 m (–84) was paid during the year. Shareholders' equity per share amounted to SEK 50.41 (45.98). Return on shareholders' equity, i.e. profit for the year relative to shareholders' equity, amounted to 8.4 percent (8.8).

Net debt

On 31 December 2016, net debt amounted to SEK 1,396 m (1,657). Currency effects increased net debt by SEK 41 m compared with the previous year, while repayments of borrowings contributed to the reduction in net debt. The net debt comprises non-current and current interest-bearing liabilities, including interest-bearing provisions less interest-bearing assets, cash holdings and bank balances. Interest-bearing liabilities amounted to SEK 1,871 m (1,995), of which SEK 211 m (189) was provisions for pensions. Interest-bearing assets including cash and bank balances amounted to SEK 475 m (338).

The net debt is included in the Group's financial targets. The goal is that the seasonally adjusted net debt* to EBITDA, excluding one-off items, should not exceed 2.5. The net debt/equity ratio, i.e. net debt relative to shareholders' equity, was 0.4 times (0.5).

* Average net debt for the year.

Interest coverage ratio

The interest coverage ratio, which expresses the Group's ability to pay interest, was 11.4 times (9.7).

Equity/asset ratio

The Group's equity/asset ratio, i.e. shareholders' equity relative to total assets, amounted to 51 percent (49).

Credit agreement

A credit agreement was entered into with Nordea/SEB and Svensk Exportkredit in February 2014. The credit limit with Nordea/SEB was valid for 3 years and the credit limit with SEK was valid for 5 years. The current credit limits with Nordea/SEB were extended for one more year in January 2015 and 2016. These credit limits now extend to the first quarter of 2019. The long-term credit limits amount to SEK 1,600 m (1,600) from Nordea/SEB, and SEK 500 m (500) from SEK.

Pledged assets and contingent liabilities

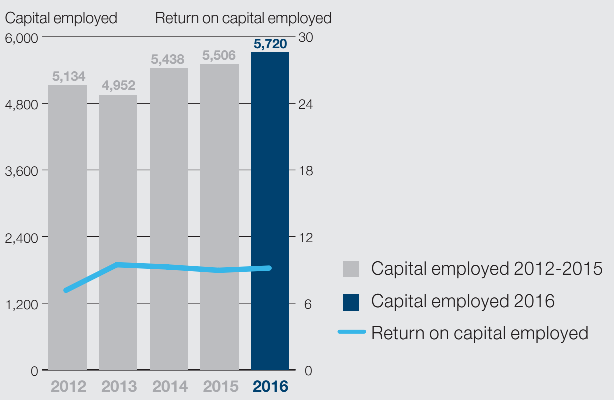
Pledged assets amounted to SEK 22 m (21), and contingent liabilities amounted to SEK 19 m (20).

Consolidated statement of financial position

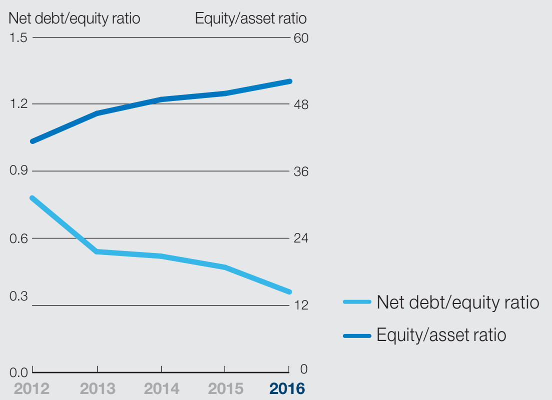
SEK m	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditure for development work	16	20	21
Patents and similar rights	16	14	2
Goodwill	16	2,963	2,897
Other intangible assets	16	89	100
Total intangible assets		*3,086*	*3,020*
Tangible fixed assets			
Buildings and land	17, 27	799	798
Machinery and equipment	17	439	451
Construction in progress and advance payments on tangible fixed assets	17	61	52
Total tangible fixed assets		*1,299*	*1,301*
Financial fixed assets			
Financial investment	23	45	47
Deferred tax assets	14	67	100
Other investments held as fixed assets	18	4	4
Other non-current receivables	19	4	4
Total financial fixed assets		*120*	*155*
Total fixed assets		**4,505**	**4,476**
Current assets			
Stock	20	1,159	1,045
Accounts receivable	21	1,250	1,177
Other receivables	21	65	61
Current tax assets		13	20
Prepaid expenses and accrued income	21	81	79
Prepaid expenses and accrued income, interest-bearing	21	12	6
Cash and cash equivalents		418	285
Total current assets		**2,998**	**2,673**
TOTAL ASSETS		**7,503**	**7,149**

SEK m	Note	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES			
Shareholders' equity			
Shareholders' equity attributable to parent company shareholders			
Share capital	22	79	79
Other contributed capital		2,260	2,260
Translation reserve		106	–43
Profit brought forward, inclining profit for the year		1,403	1,213
		3,848	3,509
Non-controlling interests		*1*	*2*
Total shareholders' equity		**3,849**	**3,511**
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	1,625	1,713
Provisions for pensions and similar obligations	23	211	189
Total interest-bearing liabilities		*1,836*	*1,902*
Non-interest-bearing liabilities			
Deferred tax liabilities	14	95	115
Other provisions	24	17	21
Other liabilities		4	5
Total non-interest-bearing liabilities		*116*	*141*
Total non-current liabilities		**1,952**	**2,043**
Current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	2	7
Bank overdraft facilities	25	29	70
Accrued expenses and deferred income	26	4	16
Total interest-bearing liabilities		*35*	*93*
Non-interest-bearing liabilities			
Advance payments from customers		158	85
Accounts payable		837	790
Current tax liabilities		34	45
Other provisions	24	17	30
Other liabilities		134	104
Accrued expenses and deferred income	26	487	448
Total non-interest-bearing liabilities		*1,667*	*1,502*
Total current liabilities		**1,702**	**1,595**
TOTAL EQUITY AND LIABILITIES		**7,503**	**7,149**

Capital employed, SEK m and return on capital employed, %



Net debt/equity ratio and equity/asset ratio, times and %



Consolidated statement of changes in equity

SEK m	Shareholders' equity attributable to parent company shareholders: Share capital	Other contributed capital	Foreign currency translation reserve	Profit brought forward incl. profit for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2015	**79**	**2,239**	**51**	**975**	**3,344**	**-**	**3,344**
Profit for the year				305	305		305
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				17	17		17
Translation differences, foreign operations			–119		–119		–119
Hedges of net investments			25		25		25
Total comprehensive income	*-*	*-*	*–94*	*322*	*228*	*-*	*228*
Incentive programme [1]		0			0		0
Matured futures contracts to acquire treasury shares, incentive programme		17			17		17
Effect unutilised shares, incentive programme		6			6		6
Dividend to shareholders		–2			–2		–2
Shares for allocation, incentive programme				–84	–84		–84
Transactions with shareholders	*-*	*21*	*-*	*–84*	*–63*	*-*	*–63*
Acquisition of non-controlling interests						2	2
Closing balance, 31 December 2015	**79**	**2,260**	**–43**	**1,213**	**3,509**	**2**	**3,511**
Profit for the year				306	306	-	306
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				–21	–21		–21
Translation differences, foreign operations			194		194	–1	193
Hedges of net investments			–45		–45		–45
Total comprehensive income	*-*	*-*	*149*	*285*	*434*	*-1*	*433*
Dividend to shareholders				–95	–95		–95
Transactions with shareholders				*–95*	*–95*	*-*	*–95*
Closing balance, 31 December 2016	**79**	**2,260**	**106**	**1,403**	**3,848**	**1**	**3,849**

1) At the 2012 Annual General Meeting, it was decided to introduce a long-term share-related incentive programme. To ensure that Lindab holds shares for the maximum allocation, futures contracts were signed with third parties to acquire treasury shares, which means that no dilution occurs. The incentive programme initiated during 2012 fell due in 2014 and was paid out in June 2015.

Parent company

The parent company is a holding company that holds shares in Lindab AB, where the head office functions are carried out. Lindab AB, which is the original parent company of the Lindab Group, also directly owns the majority of the subsidiaries.

The parent company's net sales for the financial year amounted to SEK 4 m (3). Profit for the year amounted to SEK 1 m (1). Group contributions received from subsidiaries amounted to SEK 34 m (34). No dividends from subsidiaries were received in 2016.

Income statement

SEK m	Note	2016	2015
Net sales		4	3
Administrative expenses	9, 10	–4	–4
Other operating income	12	0	0
Other operating expenses	6, 9, 10, 12	0	0
Operating profit		**0**	**–1**
Profit from subsidiaries	13	34	34
Interest expenses, internal	13	–33	–32
Earnings before tax		**1**	**1**
Tax on profit for the year	14	0	0
Profit for the year*		**1**	**1**

*) *Comprehensive income corresponds to profit for the year for all periods.*

Balance sheet

SEK m	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	30	3,467	3,467
Financial interest-bearing fixed assets		6	7
Deferred tax assets		2	2
Total fixed assets		**3,475**	**3,476**
Current assets			
Receivables from Group companies		34	34
Current tax assets		0	0
Cash and cash equivalents		0	0
Total current assets		**34**	**34**
TOTAL ASSETS		**3,509**	**3,510**
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	22	79	79
Statutory reserve		708	708
Non-restricted shareholders' equity			
Share premium reserve		90	90
Profit brought forward		329	423
Profit for the year*		1	1
Total shareholders' equity		**1,207**	**1,301**
Provisions			
Interest-bearing provisions		6	7
Total provisions		**6**	**7**
Non-current liabilities			
Interest-bearing liabilities to Group companies		2,198	2,166
Total non-current liabilities		**2,198**	**2,166**
Current liabilities			
Non-interest-bearing liabilities			
Liabilities to group companies		96	34
Accrued expenses and deferred income	26	2	2
Total non-interest-bearing liabilities		*98*	*36*
Total current liabilities		**98**	**36**
TOTAL EQUITY AND LIABILITIES		**3,509**	**3,510**

*) Comprehensive income corresponds to profit for the year for all periods.

Shareholders' equity

See note 22, Shareholders' equity and number of shares, for information on share transactions and the mandate granted by the Annual General Meeting.

Risks, risk management and internal control

See the Directors' Report, pages 60-64, the Corporate Governance Report on pages 47-57 and Note 3.

Cash flow analysis

SEK m	2016	2015
Operating profit	0	–1
Provisions, not affecting cash flow	0	–1
Interest paid	–33	–32
Tax paid	0	1
Cash flow from operating activities before change in working capital	**–33**	**–33**
Change in working capital		
Operating liabilities	62	34
Cash flow from operating activities	**29**	**1**
Financing activities		
Loans from group companies	66	83
Dividend paid	–95	–84
Cash flow from financing activities	**–29**	**–1**
Cash flow for the year	**0**	**0**
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	**0**	**0**

Changes in parent company equity

	Shareholders' equity attributable to parent company shareholders					
	Restricted shareholders' equity		Non-restricted shareholders' equity			
SEK m	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year*	Total shareholders' equity
Opening balance, 1 January 2015	**79**	**708**	**90**	**506**	**1**	**1,384**
Profit for the year					1	1
Transactions with shareholders						
Dividend to shareholders				–84		–84
Closing balance, 31 December 2015	**79**	**708**	**90**	**423**	**1**	**1,301**
Profit for the year					1	1
Transactions with shareholders						
Dividend to shareholders				–95		–95
Closing balance, 31 December 2016	**79**	**708**	**90**	**329**	**1**	**1,207**

*) Comprehensive income corresponds to profit for the year for all periods.

The Group: Five-year summary

Amounts in SEK m unless otherwise indicated.

Net sales and profit	**2016**	2015	2014	2013	2012
Net sales	7,849	7,589	7,003	6,523	6,656
Growth, %	3	8	7	–2	–3
of which organic growth	4	2	5	–1	–5
of which acquisitions/divestments	0	4	0	1	3
of which currency effects	–1	2	2	–2	–1
Sales abroad, %	74	76	75	76	76
Operating profit before depreciation/amortisation – EBITDA	657	637	625	609	490
Depreciation/amortisation	174	168	158	157	156
Operating profit	483	469	467	452	334
One-off items [1)]	–28	6	–30	–46	–126
Operating profit, excluding one-off items	511	463	497	498	460
Earnings before tax	445	431	386	329	178
Profit for the year	306	305	283	233	122
Comprehensive income	433	228	366	283	36
Cash flow					
Cash flow from operating activities	499	460	278	620	222
Cash flow from investing activities	–92	–288	–292	–111	–441
Cash flow from financing activities	–290	–177	–24	–482	291
Cash flow for the year	117	–5	–38	27	72
Operating cash flow	544	442	58	546	319
Capital employed and financing					
Balance sheet total	7,503	7,149	6,961	6,517	6,623
Capital employed	5,720	5,506	5,438	4,952	5,134
Net debt	1,396	1,657	1,746	1,612	2,106
Shareholders' equity attributable to parent company owners	3,848	3,509	3,344	2,967	2,683
Shareholders' equity attributable to non-controlling interests	1	2	-	-	-
Data per share, SEK					
Average number of shares, thousands	76,332	76,332	76,332	76,332	75,998
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332
Earnings per share, SEK	4.02	3.99	3.71	3.05	1.61
Shareholders' equity per share, SEK	50.41	45.98	43.81	38.87	35.15
Cash flow from operating activities per share, SEK	6.54	6.03	3.64	8.12	2.92
Dividend per share (for 2016 as proposed by the Board of Directors)	1.40	1.25	1.10	-	-
P/E ratio	18.2	15.8	17.7	20.8	26.7
Quoted price at year-end, LIAB	73.05	62.90	65.60	63.40	43.00
Market capitalisation at year-end	5,576	4,801	5,007	4,839	3,282
Investments					
Intangible assets and tangible fixed assets	125	151	273	93	162

Key performance indicators	2016	2015	2014	2013	2012
EBITDA margin, %	8.4	8.4	8.9	9.3	7.4
Operating margin, %	6.2	6.2	6.7	6.9	5.0
Operating margin, excluding one-off items, %	6.5	6.1	7.1	7.6	6.9
Profit margin, %	5.7	5.7	5.5	5.0	2.7
Return on capital employed, %	8.8	8.6	8.9	9.1	6.9
Return on shareholders' equity, %	8.4	8.8	9.0	8.5	4.6
Equity/asset ratio, %	51.3	49.1	48.0	45.5	40.5
Net debt/EBITDA, excluding one-off items	2.5	3.1	2.9	3.1	3.5
Net debt/equity ratio, times	0.4	0.5	0.5	0.5	0.8
Interest coverage ratio, times	11.4	9.7	5.9	3.6	2.1
Employees					
Average no. of employees	5,134	5,052	4,541	4,368	4,509
of which abroad	4,012	3,951	3,466	3,350	3,469
Number of employees at close of period	5,136	5,066	4,536	4,371	4,363
Payroll expenses including social security contributions and pension expenses	2,046	1,969	1,778	1,659	1,706
Sales per employee, SEK ('000s)	1,529	1,502	1,542	1,493	1,476

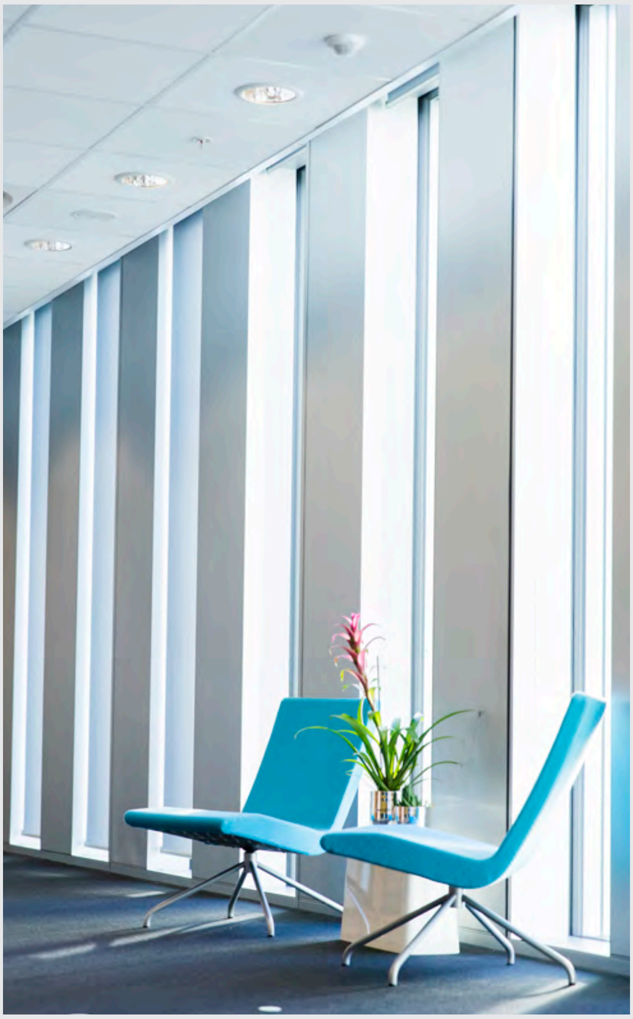
1) One-off items for

- *2016, totalling SEK –28 m, comprise a cost-reduction programme and governance project.*
- *2015, totalling SEK 6 m, comprise structure-related items, cost-reduction initiatives, dissolution of negative goodwill and a governance project.*
- *2014, totalling SEK –30 m, comprise restructuring costs as a result of the reorganisation.*
- *2013, totalling SEK –46 m, comprise the cost-reduction programme and reorganisation.*
- *2012, totalling SEK –126 m, comprise SEK –92 m relating to the cost-reduction programme, SEK –7 m for the acquisition of subsidiaries, and SEK –27 m relating to severance costs for the President and CEO.*

For Lindab, one-off items are considered to exist in the case of events that are not among regular business transactions and each individual amount is of a considerable size, and could therefore have an effect on the profit or loss and key performance indicators.

Financial definitions, see page 114.

Notes



Note 01 General information

Lindab International AB, with its head office in Båstad, and registered in Sweden under corporate identification number 556606-5446 (the parent company) and its subsidiaries (referred to collectively as the Group) and its operations are described in the Directors' Report. The address of the company's head office is Lindab International AB, SE-269 82 Båstad, Sweden.

These consolidated accounts have been approved for publication by the Board of Directors and the CEO on 19 March 2017. The statement of comprehensive income and statement of financial position, as well as the parent company's income statement and balance sheet, will be matters for approval at the Annual General Meeting of shareholders on 9 May 2017.

Information on the structure of the Group at the end of the financial year is shown in Note 31.

Unless otherwise stated, amounts are in SEK m.

Note 02 Summary of important accounting policies

The most important accounting policies that have been applied when preparing these consolidated accounts are detailed below. Unless otherwise stated, these principles have been applied consistently for all the years presented.

Basis for the preparation of accounts

Lindab prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Recommendation 1, Supplementary Accounting Rules for Groups, from the Swedish Financial Reporting Board.

Lindab applies the cost method when measuring assets and liabilities except for certain financial instruments, which are measured at fair value.

New or revised IFRS standards and new interpretations 2016

The new revised standards which have come into effect and are applicable to the financial year 2016 have not had any significant impact on the Group's financial statements.

New or revised standards and new interpretations which have not yet come into effect

The new and revised standards and interpretations that have been issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) but which only come into effect for financial years beginning on or after 1 January 2017 have not yet been applied by the Group. The following describes the new and revised standards and interpretations that are expected to have an impact on the consolidated financial statements in the period in which they are first applied.

- IFRS 9 Financial Instruments. Must be applied to financial years beginning on or after 1 January 2018.
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Application date of IFRS 15. Must be applied to financial years beginning on or after 1 January 2018.
- Clarification to IFRS 15 Revenue from Contracts with Customers*. Must be applied to financial years beginning on or after 1 January 2018.
- IFRS 16 Leases*. Must be applied to financial years beginning on or after 1 January 2019.
- Amendments to IAS 7 Statement of Cash Flows ("Disclosure Initiative")*. Must be applied to financial years beginning on or after 1 January 2017.

** Not yet approved for application in the EU.*

IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and measurement.* IFRS 9 contains new principles for how financial assets must be classified and measured. Which measurement category a financial asset belongs to is determined by the company's business model (the purpose of holding the financial asset) and the contractual cash flow of the financial asset.

The new standard also contains new rules for impairment testing of financial assets, which means that the previous "incurred loss method" is replaced by a new "expected loss method". The impairment rules of IFRS 9 are based on a three-stage model, where the recognition of impairment is controlled by changes in the credit risk associated with the financial assets. In other words, it is no longer necessary for a loss event to occur in order to recognise impairment. However, the standard contains simplification rules for accounts receivable and lease receivables. This means that a reserve for credit losses may be recognised directly and no assessment is needed as regards changes in credit risk.

As regards hedge accounting, the three types of hedge accounting models currently outlined in IAS 39 remain (cash flow hedges, fair value hedges and hedges of net investments). However, IFRS 9 does allow for greater flexibility in terms of which transactions hedge accounting can be applied to. The standard provides better opportunities for hedging risk components in non-financial items and for several types of instruments to be included in a hedging relationship. The quantitative efficiency requirement of 80-125 percent has also been abolished.

The company has not yet completed its assessment of the possible impact on its financial result or position.

IFRS 15 *Revenue from Contracts with Customers* will replace IAS 18 *Revenue and IAS 11 Construction Contracts.* IFRS 15 contains a model for revenue recognition (five-stage model) based on when control of the product or service passes to the customer. The basic principle is that the company recognises revenue to document the transfer of promised goods and services to customers with an amount that reflects the consideration to which the company is expected to be entitled in exchange for such goods or services. IFRS 15 provides detailed guidance in specific areas and includes a comprehensive set of disclosure requirements.

Clarification to IFRS 15 *Revenue from Contracts with Customers* deals with the areas identification of performance obligations, application guidance on principal versus agent, licences and transition rules regarding contract modifications and completed contracts.

The company has not yet completed its assessment of the possible impact on its financial result or position. In 2016, the Group identified specific areas of the business to focus on with respect to the new requirements. The company is currently working to assess the impact on the accounts, including the periods covered by the reporting on transition. Preparations for any changes to systems and procedures have also been initiated.

IFRS 16 *Leases* will replace IAS 17 *Leases*. For the lessee IFRS 16 implies that virtually all leases must be presented in the statement of financial position. The classification of operating and finance leases is therefore no longer necessary. The underlying asset is presented in the statement of financial position. In subsequent periods, the right of use is recognised at acquisition cost less depreciation and any impairment and adjusted for any revaluations of the lease liabilities. Lease liabilities are presented in the statement of financial position and continuously recognised at amortised cost less lease payments. Lease liabilities are reassessed in the event of changes in the lease period, residual value guarantees and any changes in lease payments.

The income statement will be affected in that current operating expenses related to operating leases will be replaced by depreciation and interest expenses.

Short-term leases (12 months or less) and leases with a low-value underlying asset are not required to be recognised in the balance sheet. These will be recognised in operating profit in the same way as current operating leases.

The new standard includes more comprehensive disclosure requirements than the current standard. IFRS 16 does not contain any substantial changes for lessors compared with IAS 17.

The company has not yet completed its assessment of the possible impact on its financial result or position.

Note 2, cont.

Amendments to IAS 7 Statement of Cash Flows form part of the "Disclosure Initiative". The amendments entail additional disclosure requirements to enable the evaluation of changes in liabilities for which cash flows are recognised in financing activities. Disclosure is required of:

- Changes regarding cash flows from financing activities.
- Changes not affecting cash flows, for example effects of acquisitions, divestments of subsidiaries and effects of unrealised exchange rate differences.
- Changes in financial assets, for example if such assets hedge liabilities arising from financing activities.

It is management's assessment that the changes will lead to somewhat enhanced disclosure requirements.

Consolidated accounts

The consolidated accounts comprise the parent company, Lindab International AB, and the companies over which the parent company has a controlling influence, i.e. subsidiaries. Controlling influence exists when the parent company has influence over the investment object, is exposed to, or is entitled to variable returns from its commitment to the investment object and can use its influence over the investment object to affect its returns.

The parent company reassesses whether a controlling influence exists if the facts and circumstances suggest that one or more of the factors listed above have changed.

Consolidation of a subsidiary takes place from the date the parent company gains a controlling influence until the date it ceases to have a controlling influence over the subsidiary. This means that revenues and expenses for a subsidiary that was acquired or divested during the current financial year are included in the consolidated statement of income and other comprehensive income from the date the parent company gains a controlling influence until the date the parent company ceases to have a controlling influence.

Consolidated profits and components of other comprehensive income are attributable to the parent company's owners.

The accounting policies of subsidiaries have been adjusted where necessary to conform with the Group's accounting policies. All inter-company transactions, dealings and unrealised gains and losses attributable to inter-company transactions are eliminated when preparing the consolidated accounts.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the business combination is measured at fair value on the acquisition date, which is calculated as the sum of the fair values as at the acquisition date of the assets issued, liabilities incurred or assumed, and equity interests issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement when incurred.

The consideration transferred also includes the fair value at the acquisition date for the assets or liabilities resulting from an agreement on the conditional purchase price. Changes in the fair value of the conditional purchase price that arise as a result of additional information received after the acquisition date about facts and circumstances that existed on the acquisition date qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. All other changes in the fair value of a conditional purchase price that are classified as an asset or a liability are recognised in accordance with the applicable standard. The conditional purchase price, which is classified as shareholders' equity, is not revalued and its subsequent settlement is accounted for within shareholders' equity.

In the case of acquisitions where the balance of the consideration transferred, any non-controlling interests and the fair value on the acquisition date of previous shareholdings exceeds the fair value on the acquisition date of the identifiable acquired net assets, the difference is recorded as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain on a bargain purchase, negative goodwill, directly in profit after reconsideration of the difference.

Translation of foreign subsidiaries and foreign currency

The consolidated financial statements are presented in Swedish krona (SEK), which is the parent company's functional currency and reporting currency. The income statements and balance sheets for operations abroad, subsidiaries and associated companies are submitted in their functional currencies and translated into the Group's reporting currency according to the current method. The functional currency is the same as the local currency for the reporting entity's accounts.

All assets and liabilities of subsidiaries are translated using the exchange rate at the balance sheet date, and revenues and expenses are translated at average exchange rates for the year. The exchange rate differences arising when consolidating are carried directly to other comprehensive income. When a subsidiary is sold, the accumulated translation differences are reported in the statement of comprehensive income.

Transactions in foreign currencies are translated to the functional currency at the prevailing exchange rate on the date of the transaction. Swedish group companies' receivables and liabilities in foreign currencies are valued at the exchange rate at the balance sheet date. Exchange rate gains and losses that arise when paying and when translating monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date are reported in the statement of comprehensive income. Exchange rate differences relating to operations are shown as other operating income/expenses, Note 12, and are thereby included in the operating profit. Exchange rate differences of a financial nature are reported in financial income and expenses, Note 13.

Internal pricing

Market-based pricing is used for inter-company transactions.

Segment reporting

Lindab's operations are reported by segment. The operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision maker. The Group's segments consist of Products & Solutions and Building Systems.

The presentation of each segment is based on the accounting policies described in this note. Standard commercial industry terms are applied to transactions between the segments.

Group information on geographical areas for the segments is based on the country in which the transfer of risks and benefits takes place.

Segment reporting is presented in Note 7.

Revenue recognition

Revenue from the sale of goods is recognised when the most significant risks and benefits associated with ownership of the goods have been transferred to the buyer, i.e. when Lindab retains neither the right to dispose of the goods nor has actual control over the goods sold, when it is probable that payment will be received and the related expenses can be calculated reliably. In the case of products requiring installation, revenue is recognised when the installation is completed. Lindab's net sales in the Products & Solutions segment predominantly stem from products and system solutions and to a lesser degree installation work. Net sales are recognised net of VAT, less taxes on goods, returns, freight and discounts.

The Building Systems segment produces and sells complete steel building systems and has project-oriented activities. Revenue recognition mainly occurs upon each part delivery as set out in the contract when the material financial risks and benefits associated with ownership have been transferred to the buyer. When it is probable that the total project costs will exceed the total revenue, the expected loss is immediately expensed.

Other revenue includes payment for any sales that occur in addition to ordinary activities, such as gains on fixed assets sold and exchange rate gains relating to operations.

Interest income is reported with consideration given to accrued interest at the balance sheet date. Received dividends are reported when the right to receive dividends has been established.

Financial income and expenses

Finance income comprises interest income on funds invested and dividend plus gains on financial instruments that are measured through profit or loss.

This item also includes gains on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the income statement in financial items.

Financial expenses comprise interest expenses on borrowings, effects of the reversal of discounted provisions as well as losses on financial instruments measured at fair value through profit or loss. This item also includes losses on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the income statement in financial items.

Interest income and interest expenses on financial instruments are recognised according to the effective interest method. Dividend income is recognised when the right to receive payment has been established. Exchange rate gains and losses are reported net.

Borrowing costs

Borrowing costs are carried as an expense in the period they are incurred, unless they relate to assets that take a substantial period of time to get ready for use or sale. In such cases, these must be capitalised in accordance with IAS 23 Borrowing Costs.

Income taxes

Recorded tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received during the current fiscal year. This also includes adjustments to tax attributable to previous years. Deferred tax is recognised for income taxes recoverable in future periods in respect of taxable temporary differences. The measurement of deferred tax is based on expected liabilities and receivables at the balance sheet date using the tax rates for individual companies decided or announced at the balance sheet date.

The tax effect is recognised in the same way as attributable to transactions, i.e. in the comprehensive income, in other comprehensive income or directly in shareholders' equity.

Deferred tax receivables are reported to the extent that it is likely that future taxable profits will be available and against which the temporary differences may be utilised. Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and liabilities and when the deferred taxes are levied by the same tax authorities.

Deferred tax assets in respect of carry-forward tax losses are recognised to the extent that the losses are expected to be used to lower tax payments in the foreseeable future. See Note 14 for information on tax on profit or loss for the year and deferred tax receivables and liabilities.

One-off items

Items not included in the regular business transactions and when each amount is significant in size and therefore has an effect on the profit or loss and key performance indicators are classified as one-off items.

Earnings per share

The item is shown directly adjacent to the statement of comprehensive income. Earnings per share are not affected by preference shares or convertible debentures since there are none. If the number of shares changes during the year, a weighted average is calculated for the outstanding shares during the period.

Intangible assets

Goodwill

Goodwill arising from the acquisition of a company and operations is assessed according to IFRS 3 Business Combinations. See also the section on the consolidated accounts on page 78. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill is tested for impairment at least annually, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

Any need for impairment is determined by estimating the discounted cash flow that has been projected for the entity to which the goodwill is attributed. In such case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, the two segments Products & Solutions and Building Systems are regarded as the lowest level of cash-generating units that are tested for impairment.

Gains or losses on the divestment of a subsidiary or associated company include the remaining carrying amount of the goodwill relating to the unit sold.

Brands, patents and similar rights

Brands, patents and similar rights are reported as the acquisition value less accumulated amortisation. Amortisation is applied on a straight line basis over the estimated useful life of between five and 20 years. The useful life is reviewed annually.

Software

Acquired software licences are capitalised on the basis of the costs arising when the software in question was acquired and put into operation. These costs are amortised over an estimated useful life of between 3 and 5 years. The useful life is reviewed annually.

Capitalised expenditure for development work

Costs for research undertaken in order to gain new scientific or technical knowledge are charged as they are incurred.

Development costs, where the outcome is used for planning or establishing the production of new or greatly improved processes or products, are capitalised when it is considered that the process or product is technically and commercially viable. Costs that will be capitalised include material costs, direct labour costs and a reasonable proportion of indirect costs. Capitalised development costs are carried at the acquisition value less accumulated amortisation and impairment losses. Amortisation and impairment losses are recognised in the income statement for the Group under research and development costs. The estimated useful life is 3 years. The useful life is reviewed annually.

Tangible fixed assets

Buildings and land principally comprises factories and offices. These are recognised as the acquisition value less the accumulated depreciation and any impairment losses recorded. The depreciation according to plan is based on the acquisition value of fixed assets and is calculated with consideration to the estimated useful life. The useful life is reviewed annually. Land is not depreciated. Additional expenses are added to the asset's carrying amount or are shown as a separate asset, depending on which is the most appropriate. Additional expenses should only be added to the carrying amount of assets when it is likely that the prospective financial benefits resulting from the asset will benefit the Group and if the asset can be reliably measured. All other forms of repair and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

The acquisition value of assets is divided into material components and each component must be depreciated separately over its estimated useful life, i.e. component depreciation. This applies to buildings as well as to machines and equipment.

During the investment year, depreciation is made according to plan on machines, equipment, vehicles and computers from the time that they are put into use, or if that is not possible, using half of the depreciation rates shown below.

The following depreciation periods have been used

	Years
Buildings	20-50
Land facilities	20
Machinery and equipment	5-15
Vehicles and computers	3-5

Impairment losses

Impairment testing of intangible assets, excluding goodwill, is performed whenever there is an indication of impairment. However, intangible assets not yet available for use are tested annually. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows after tax are discounted. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amounts and if the recoverable amount is higher than the carrying value. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount, net of depreciation and amortisation, which would have been reported if no impairment loss had been recognised.

Note 2, cont.

An annual impairment test for the cash-generating units to which goodwill has been allocated is performed in the fourth quarter, or when there is an indication of impairment. Impairment testing as well as recognition of impairment of goodwill is performed in the same manner as for intangible assets. However, an impairment loss in respect of goodwill is not reversed.

Impairment testing as well as recognition or reversal of impairment of tangible fixed assets is performed in the same manner as for intangible assets above.

Financial instruments

Financial instruments are every form of agreement giving rise to a financial asset, financial liability or equity instrument in another company. In Lindab's case, they include cash and cash equivalents, investments, investments held as fixed assets, interest-bearing receivables, accounts receivable, trade creditors, borrowing and derivative instruments.

Purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset or financial liability is included in the statement of financial position when the company is party to the instrument's contractual terms. Financial assets are removed from the statement of financial position when the right to obtain cash flow from an asset matures or is transferred to another party by transferring all risks and benefits associated with the asset to the other party. A financial liability is derecognised from the statement of financial position when the obligation has been met, cancelled or has matured.

Financial instruments are initially recognised at their acquisition value corresponding to the instrument's fair value at the date of acquisition plus transaction costs for all financial instruments apart from the financial instruments classified under the financial assets category which are recognised at fair value through profit or loss where transaction costs are recognised directly in the income statement.

Classification of financial assets and liabilities

Financial assets are classified in the Group as either:

- Financial assets at fair value through profit or loss,
- Financial assets held-to-maturity,
- Loan receivables and accounts receivable, or
- Available-for-sale financial assets.

Financial liabilities are classified in the Group as either:

- Financial liabilities at fair value through profit or loss, or
- Other financial liabilities.

The classification determines the measurement and recognition of changes in value.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for Lindab's financial instruments is determined based on current market prices where available. Fair value for quoted investments and derivatives is based on current purchase prices and interest rates. If market prices are not available, the fair value of each instrument is determined using various valuation techniques.

Amortised cost

Amortised cost refers to the amount at which the asset or liability measured is initially recognised net of amortisation and impairment losses as well as additions for the accrual of the initial amount and the maturity amount.

Financial assets measured at fair value through profit or loss

For Lindab, financial assets at fair value through profit or loss include derivative assets not used in hedge accounting and which are therefore included in the sub-category referred to as holding for trading. The result from the change in fair value on assets in this category is reported in the income statement during the period in which they arise.

For foreign exchange contracts, such as currency futures, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be subscribed to at the balance sheet date for the remaining contract period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity periods, which the Group does not intend to sell before their maturity date. The assets are recognised at amortised cost using the so-called effective interest method, which means that an accrual is made to ensure that a constant return is obtained.

For disclosure purposes, a fair value is calculated based on quoted prices in active markets or, if quoted prices are not available, by discounting future cash flows using current interest rates.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable cash flows that are not traded in an active market. This type of receivable normally arises when the Group pays cash to another party or supplies a customer with products or services without intending to convert the receivable into cash. Loan receivables and accounts receivable are recognised at amortised cost less any impairment, i.e. at the amount that is expected to flow in. The expected maturity period for accounts receivable is short, and therefore the value is reported at the nominal amount without discounting.

For disclosure purposes, a fair value is calculated for non-current receivables by discounting future cash flows using current interest rates. For current receivables, such as accounts receivable, with a remaining maturity of less than six months, the carrying amount is considered to reflect fair value.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either classified as assets that can be sold or do not fall into any of the other categories. The assets are measured at fair value with fair value changes in other comprehensive income. On being sold, accumulated changes in value are reversed against profit for the year. Holdings of unlisted shares are recognised at the acquisition cost in cases where a reliable fair value cannot be determined. Other investments held as fixed assets, Note 18, are included in this category since they have not been classified in any other category.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value in the income statement include derivative liabilities not used in hedge accounting and which are therefore included in the sub-category referred to as held for trading. The result from the change in fair value on financial instruments in this category is reported in the profit for the year during the period in which they arise.

For a description of how fair value is calculated, see above under "Financial assets at fair value through profit or loss".

Impairment losses

On each balance sheet date, Lindab evaluates whether there is objective evidence that a financial asset or group of financial assets require an impairment loss to be recorded because of past events. Objective evidence may be a breach of contract, such as a default or delay in interest or principal payments, significant financial difficulties of the debtor and the decrease of customers' creditworthiness. The carrying amount after impairment losses on assets is calculated as the present value of future cash flows discounted at the effective interest rate in effect when the asset was initially recognised. Assets with a short maturity period are not discounted. An impairment loss is charged to the income statement. In the event of bankruptcy, the asset is derecognised from the statement of financial position.

Other financial liabilities

This category includes loans, other financial liabilities and accounts payable. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash holdings and bank balances as well as current investments with high liquidity which can be quickly converted into a known amount of cash and which are subject to an insignificant risk from foreign currency fluctuations. Bank overdrafts are reported in the statement of financial position as part of borrowings in current liabilities.

Derivatives

The Lindab Group uses derivative instruments to cover risks of currency and interest rate exposure. The holding of financial derivatives consists of currency swaps and currency futures. Currency risk in the Group is managed through foreign exchange contracts entered into with a third party for the biggest gross flows in each period.

Derivatives are recognised in the statement of financial position on the trade date and measured at fair value, both initially and subsequently. The method of recognising the gain or loss arising on revaluation depends on whether the derivative is recognised as a hedging instrument, and if so, the nature of the item being hedged.

Hedges of net investments in foreign operations
Hedges of net investments in foreign operations are reported according to the principles for hedge accounting in IAS 39. In order to apply these principles, the hedging must be documented in accordance with the regulatory requirements. This means that there should be a designated hedging relationship between the hedging instrument and the hedged items, as well as a link to the company's risk management policy and the risk management goals. In addition, the hedge is expected to be highly effective and it must be possible for this effectiveness to be measured in a reliable way.

Lindab uses loans as hedging instruments. The profit or loss on the hedging instrument relating to the effective hedge is recognised in other comprehensive income. The ineffective portion of the profit or loss is recognised immediately in the income statement under financial items. Profit or loss recognised in other comprehensive income is reclassified to the income statement when the foreign operation is divested.

Stock
The Group's stock is reported excluding inter-company profits. Inter-company profits generated within the Lindab Group are eliminated at Group level and therefore have no impact on operating profit. Stock is valued at the lower of cost and net realisable value for raw materials, consumables and purchased finished goods. Own produced goods have been valued at the lower of production costs and net sales value. Obsolescence has therefore been taken into account in the evaluation. Market prices apply when pricing for deliveries between group companies.

Shareholders' equity
Share capital
Transaction costs directly attributable to the issue of new shares or warrants are reported, net of tax, in shareholders' equity as a deduction from the issue proceeds.

Dividend
Dividends to the parent company's shareholders are reported as a liability in the consolidated financial statements during the period in which the dividend was approved by the parent company's shareholders.

Repurchase and redemption of shares
The repurchase and redemption of shares are carried, where appropriate, directly to profit carried forward. For the repurchase and redemption of shares, see Note 22.

Commitment to acquire treasury shares
Lindab has entered into transactions with an external party as a result of the incentive programmes to ensure the holding of sufficient shares when the incentive programmes expire. The transactions meant that Lindab agreed to acquire treasury shares through the external counterpart at a future date. The value of the contracted shares was initially determined, and the contract required delivery of underlying equity instruments. Lindab's obligation was initially recognised at the present value of future payments and a reduction in other capital in shareholders' equity. At subsequent measurement, the liability is recognised at amortised cost. No subsequent revaluation is made of the equity component.

Provisions
IAS 37 Provisions, Contingent Liabilities and Contingent Assets is applied for provisions, except for provisions regarding personnel, where IAS 19 Employee Benefits, is applied.

A provision is only reported when:
There is an actual legal or informal obligation resulting from a past event, it is likely that an expense will arise to settle the obligation and a reliable estimate of the amount can be made.

The amount reported as a provision is the best estimate of the expense required to meet the obligation in question at the balance sheet date.

Provisions for pensions and similar obligations
Pensions are generally funded through payments to insurance companies, where the payments are determined based on periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is defined as a plan where the company pays set contributions to a separate legal entity and has no obligation to pay additional contributions, even if the legal entity does not have sufficient assets to pay the benefits attributable to the employees' service until the balance sheet date. There are significant defined contribution plans in Sweden, Denmark, Finland and Germany, among other countries.

All plans that are not defined contribution plans are considered to be defined benefit plans. Special features of defined benefit plans are that they state an amount for the pension benefit that an employee will receive on retirement, usually based on factors such as age, years of service and salary. The most comprehensive defined benefit plans are in Sweden.

The liability reported in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting estimated future cash outflows using the discount rate in the same currency in which the benefits will be paid with maturities comparable to the current pension obligation. The discount rate for each country is determined on the basis of the market rate of investment-grade corporate bonds. In countries with no market for such bonds, the government bond yield is used. The calculations are based on actuarial assumptions as assessed each quarter, and are made at least once a year. The discount rate for the Swedish pension obligation has been established using the market rate of housing bonds according to their yield curve.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. Payroll tax attributable to actuarial gains and losses is included in determining the actuarial gains and losses.

Costs relating to past service are recognised directly in the income statement.

Defined benefit plans can be unfunded or entirely funded or partially funded. In the case of funded plans, the company contributes to, for example, specific funds or foundations. These plan assets are valued at fair value and reduce the projected pension obligation so that the net accounting appears in the statement of financial position.

In some cases, pension commitments in Sweden have been secured through the purchase of endowment insurance as a benefit for the insured. Where these commitments are defined contribution in nature, they are recorded as provisions for pensions, defined contribution obligations and corresponding assets in the endowment insurance as the fair value of plan assets for defined contribution obligations. The liability of the endowment insurance is measured at the best estimate of future payments, which corresponds to the fair value of the asset. The provision for special employers' contributions is calculated based on the carrying value of the endowment insurance fund.

Other contributions to employees are reported as expenses during the period when the employee performs the services to which the benefits pertain.

Leases
Leases where Lindab largely assumes all risks and benefits associated with the asset are reported as finance leases. All other leases are classified as operating leases. Lindab has entered into finance and operating leases, see Note 27.

Finance leases
At the beginning of the lease term, finance leases are reported at the lower of fair value for the asset in the lease and the current value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet under other borrowings. Lease payments are proportionally distributed between financial costs and reduced lease obligations in order to obtain a constant rate on the remaining debt. The asset's useful life corresponds to the Group's policy for owned assets.

Gains on the sale and leaseback of property and equipment under finance leases are deferred and amortised over the lease period. Sale and leaseback agreements are classified in accordance with the above principles for finance and operating leases.

Note 2, cont.

Operating leases
Fees payable under operating leases are charged to earnings on a straight-line basis over the period for each lease. Benefits that have been received and may be received as an incentive to commence an operating lease are also spread on a straight-line basis over the lease period.

If a sale and leaseback transaction results in an operating lease and it is obvious that the transaction is established at fair value, the Group reports any profit or loss immediately.

Statement of cash flows
Lindab applies the indirect method. The purpose is to provide a basis in order to assess the company's ability to generate cash and the company's need for this. The following definitions have been used. Cash and bank consists of cash as well as deposits held with banks and equivalent institutions. Cash and cash equivalents other than cash and bank include current liquid investments that can easily be converted into cash and that are exposed to an insignificant risk from foreign currency fluctuations. Cash flow is the flow of cash and cash equivalents coming into and going out from the company. Operating activities are the main income generating activities of the company and other activities that are not investing or financing activities. Investing activities consist of the acquisition and divestment of fixed assets and investments that do not qualify as cash equivalents. Financing activities are activities that result in changes to the size and composition of the company's shareholders' equity and borrowings.

Pledged assets and contingent liabilities
Pledged assets are reported if Lindab has pledged assets for the company's or the Group's liabilities or obligations. These can include debts and provisions that may be shown in the statement of financial position, though not necessarily. The pledged assets may be tied to assets in the statement of financial position or encumbrances. The assets are entered at their carrying amount and encumbrances at their nominal value. Shares in group companies are reported at their normal value in the Group.

Contingent liabilities are recognised when there is a potential obligation arising from past events and occurrence is confirmed only by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision as it is unlikely that an outflow of resources will be required. See also Note 28.

Government grants
Government grants are actions by the government intended to provide a financial benefit that is specific to a company or a category of company fulfilling certain criteria. Government assistance is conditional upon the recipient complying with certain conditions. Here, the term government refers to government agencies or authorities and similar bodies, regardless of geographical location. Grants related to assets are reported as a deduction in the carrying amount of the asset and grants related to income are recognised as a deduction of the related expenses.

Related party disclosures
Transactions and agreements with related parties and/or private individuals are accounted for according to IAS 24 Related Party Disclosures. In the Group, expenses arising from inter-company transactions are eliminated and are thus not included in this disclosure/reporting requirement. For the full extent of these transactions, see Note 29 Transactions with related parties.

Parent company accounts
The parent company's financial statements are prepared and presented in accordance with the Annual Accounts Act (ÅRL) and Recommendations from the Swedish Financial Reporting Board (RFR), RFR 2. RFR 2 requires the parent company to apply all EU approved IFRS standards and pronouncements as far as possible under the Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation includes the exemptions from IFRS to be considered and the additions that must be made.

Changes in accounting policies
The changes in RFR 2 Accounting for legal entities which have come into effect and are applicable to the financial year 2016 have not had a significant impact on the parent company's financial statements.

Agreed changes in RFR 2 which have not yet come into effect
The parent company has not yet applied the changes in RFR 2 Accounting for legal entities which came into effect on or after 1 January 2017.

Management believes that changes in RFR 2 which have not yet come into effect are not expected to have any significant impact on the parent company's financial statements when they are applied for the first time.

According to RFR 2, Group contributions received by a parent company from subsidiaries are recognised as financial income, and Group contributions that a parent company makes to subsidiaries are reported either as holdings in subsidiaries, i.e. similar to shareholder contributions, or as an expense owing to the relationship between accounting and taxation.

The parent company reports appropriations and untaxed reserves without a breakdown of deferred tax liabilities and other reserves in shareholders' equity. These are thus recognised at the gross amounts in the balance sheet. The appropriations are recognised at the gross amounts in the income statement.

Note 03 Financial risks

Financial risks

Financial risks include financing, liquidity, interest rate risk and currency risk. The work involved in financial risks is an integral part of Lindab's business. All risks are managed in accordance with Lindab's established policies. The Group's treasury function is responsible for these risks and also supports the Group's companies in the implementation of financial policies and guidelines. Follow-up on compliance with the Treasury policy is made on a regular basis and the result is reported to the Board of Directors.

Risk	Exposure	Comments
Financing		
Financing risk is the risk that financing the Group's capital requirements and refinancing of outstanding credits is impeded or becomes more expensive.	On 31 December 2016, Lindab's total credit limit amounts to SEK 2,100 m (2,100).	Lindab's credit agreement with SEB, Nordea and SEK includes two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio, which are followed up quarterly. Lindab belives that credit conditions will be fulfilled. According to the Group's Treasury policy, long-term financing should always be in place 12 months before existing financing expires.
Liquidity		
Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.	At year-end, the Group's unappropriated cash and cash equivalents, including unused credit facilities, amounted to SEK 1,404 m (1,164), based mainly on the above credit limits and overdrafts.	All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreement safeguards liquidity needs. Lindab's operations are seasonal, which has an effect on the cash flow. During the period January-June, cash flow is normally negative and then becomes positive in July-December. According to the Group's Treasury policy, the Group will at all times hold unappropriated funds, including unused credit facilities to cover all obligations of the business.
Interest		
Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group.	Lindab is a net borrower. The net debt at year-end amounted to SEK 1,396 m (1,657), which means that rising interest rates have an adverse effect on the Group.	Surplus liquidity is used to amortise existing loans. In accordance with the Treasury policy, the fixed interest rate period will be 1-12 months. On 31 December 2016 it was 3 months (3).
Currency		
Currency risk is the risk of negative effects on the Group's statement of comprehensive income, cash flow and statement of financial position as a result of changes in exchange rates: • The profit is affected when income and expenses in foreign currencies are translated into Swedish kronor. • The statement of financial position is affected when assets and liabilities in foreign currencies are recalculated in Swedish kronor. The risk can be divided into transaction risk and translation risk.		
Transaction risk		
Transaction risk is the risk that occurs when transactions are made in a currency other than the local company's functional currency. A company may also have monetary assets and liabilities in a currency other than the functional currency which are translated to the local currency using the exchange rate at the balance sheet date. The translation of the monetary assets and liabilities results in currency effects which are recognised in the statement of comprehensive income.	74 percent (76) of the Group's sales are made in currencies other than SEK. Sales are made in 16 (16) different currencies, the most important of which, besides SEK, are EUR, DKK, GBP and NOK. Lindab's net exposure translated to SEK is approximately SEK 100 m (200) annually. SEK 15 m (11) of the transaction exposure entered in the balance sheet was hedged at the end of the year.	To reduce currency exposure, the Group attempts to match inflows and outflows of different currencies by, for example, using the same currency for invoicing as purchasing. Each individual Group company is responsible for identifying its own currency exposure. Some special orders, projects, investments and purchases can be hedged to create certainty of future cash flows. The treasury function is responsible for the Group's overall currency exposure, and make decisions and implements any hedging of subsidiaries' exposure.
Translation risk		
Translation differences arise when translating foreign subsidiaries' statements of financial position in local currency to Swedish kronor. The income statement is translated at the average rate for the year and the statement of financial position is translated at the rate on December 31. The translation difference is applied to other comprehensive income. Translation exposure is the risk that the translation difference represents in terms of the impact on comprehensive income. Parts of this exposure have been hedged since 2013.	At the end of 2016, the Group's net investments in foreign currency amounted to SEK 3,969 m (3,851), of which SEK 1,231 m (1,173) is hedged via loans taken out in foreign currency and a currency swap.	Hedging of the Group's translation exposure is determined by the CFO in accordance with the Group's Treasury policy.
Lindab AB has currency risks in its lending and borrowing to group companies, which mainly takes place in the group companies' local currency.	Lindab AB's lending and borrowing in foreign currency at the end of 2016 amounted to SEK 638 m (571) and SEK 408 m (339) respectively.	The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly and the effect is recognised in financial items in the statement of comprehensive income.

Note 3, cont.

Liquidity risk

The table below analyses the Group's financial liabilities, broken down according to the time remaining until the contractual maturity date.

On 31 December 2016	< 3 months	between 3-12 months	between 1-2 years	between 2-5 years	> 5 years
Borrowings (excl. finance lease liabilities)	8	54	31	1,591	2
Finance lease liabilities	0	3	3	12	23
Derivative instruments	79	382	-	-	-
Accounts payable and other liabilities	837	215	-	-	-

On 31 December 2015	< 3 months	between 3-12 months	between 1-2 years	between 2-5 years	> 5 years
Borrowings (excl. finance lease liabilities)	25	98	35	1,708	4
Finance lease liabilities	-	6	5	10	25
Derivative instruments	15	324	-	-	-
Accounts payable and other liabilities	790	203	-	-	-

The amounts included in the table are the contractual undiscounted cash flows. The derivatives flow refers to the gross flow of currency futures. The liquidity risk is limited as it is covered by available credit limits and inflows of financial assets.

Currency futures on 31 December 2016

		2016		2015	
Equivalent in SEK m		Amount	Term months	Amount	Term months
Sell	EUR	–323	3	–181	3
Sell	NOK	–22	3	–20	3
Sell	CZK	–111	3	–138	3
Sell	TRY	–4	3	-	-
Sell total		*–460*		*–339*	
Buy	EUR	11	3	-	-
Buy	USD	83	2	76	3
Buy	HRK	5	3	5	3
Buy	CHF	67	3	61	3
Buy	GBP	-	-	32	1
Buy	HUF	45	2	-	-
Buy	RON	2	1	-	-
Buy	RUB	105	6	63	6
Buy total		*318*		*237*	
Net		**–142**		**–102**	

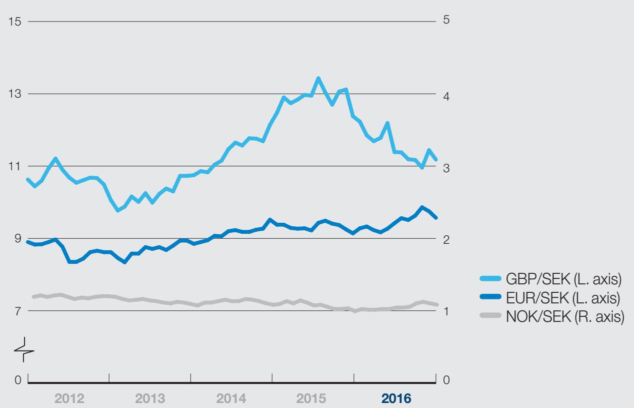
Offsetting of assets and liabilities within ISDA agreements

There is no balance sheet offsetting as the Lindab Group has a right to offset under the ISDA agreement. The right of offset amounts to SEK 2 m (4) in accordance with the table below.

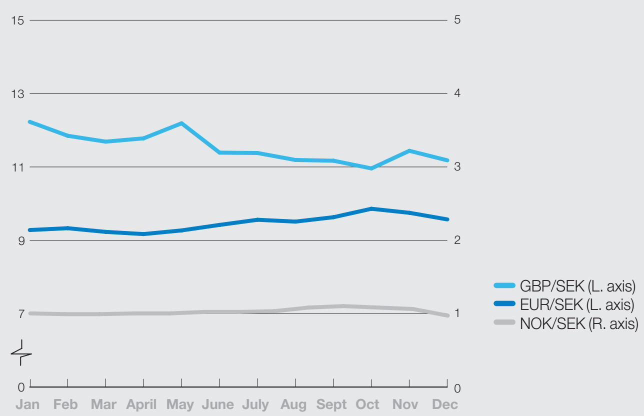
On 31 December 2016	Amounts recognised in the balance sheet	Financial agreements	Net
Assets			
Currency derivatives	11	–2	9
Liabilities			
Currency derivatives	–2	2	0
Total	**9**	**0**	**9**

On 31 December 2015	Amounts recognised in the balance sheet	Financial agreements	Net
Assets			
Currency derivatives	4	–4	0
Liabilities			
Currency derivatives	–12	4	–8
Total	**–8**	**0**	**–8**

Exchange rate movement 2012-2016



Exchange rate movement January-December 2016



The following exchange rates have been used for translation of foreign operations

Country	Currency	Currency code	Average exchange rate Jan-Dec 2016	Average exchange rate Jan-Dec 2015	Closing day exchange rate 2016	Closing day exchange rate 2015
Euroland	1	EUR	9.47	9.36	9.57	9.14
Denmark	1	DKK	1.27	1.25	1.29	1.22
Norway	1	NOK	1.02	1.05	1.05	0.96
Poland	1	PLN	2.17	2.24	2.17	2.15
Romania	1	RON	2.11	2.10	2.11	2.02
Russia	100	RUB	12.84	13.91	14.97	11.42
Switzerland	1	CHF	8.68	8.77	8.91	8.43
UK	1	GBP	11.58	12.89	11.18	12.38
Czech Republic	100	CZK	35.02	34.29	35.40	33.80
Hungary	100	HUF	3.04	3.02	3.08	2.92
USA	1	USD	8.56	8.43	9.10	8.35

Sensitivity analysis

	Change	Impact on profit, SEK m 2016	Impact on profit, SEK m 2015
Currency fluctuation, sales	+/–1	+/–58	+/–58
Currency fluctuation, sales in most important currencies	+/–1	+/–46	+/–44
Currency fluctuation, net assets	+/–1	+/–27	+/–27
Currency fluctuation, net debt	+/–1	+/–11	+/–10
Fluctuations in interest rates, %	+/–1	+/–14	+/–14

The calculations are based on 2016 volumes and assume that all else remains unchanged, for example that sales prices are not adjusted in response to changes in steel prices.

Currency fluctuation, sales

74 percent (76) of Lindab's total sales are made in currencies other than SEK which means that fluctuations in SEK affect the Group's total sales. A fluctuation of +/– 1 percent in SEK affects sales by SEK 58 m (58). The most important currencies are EUR, DKK, GBP and NOK. A fluctuation of +/– 1 percent in SEK against these currencies affects sales by SEK 46 m (44).

Currency fluctuation, net assets

Lindab's net assets in foreign currency amount to SEK 3,969 m (3,851). The single largest net assets are in EUR followed by DKK, CHF, PLN and GBP. SEK 1,231 m (1,174) of the net assets is hedged via loans and currency swaps. A fluctuation of +/– 1 percent in SEK affects net assets by SEK 27 m (27).

Currency fluctuation, net debt

Lindab's net debt amounts to SEK 1,396 m (1,657), of which 79 percent (63) is in currencies other than SEK. The greatest exposures in foreign currency are made up of loans in EUR and CHF. A fluctuation of +/– 1 percent in SEK affects net debt by SEK 11 m (10), of which SEK 11 m (12) is recognised in other comprehensive income.

Fluctuations in interest rates

Changes in interest rates affect Lindab's profitability and cash flow. A 1 percent point change in interest rates affects Lindab's profit by SEK 14 m (14), of which interest expenses amount to SEK 13 m (13) and rental charges on existing sale and leaseback contracts amount to SEK 1 m (1).

Asset management

Lindab's managed capital comprises the sum of shareholders' equity and the Group's net debt, totalling SEK 5,245 m (5,168).

The Group's capital will be used to retain a high degree of flexibility and to finance acquisitions. Any surplus capital will be transferred to Lindab's shareholders.

The overall goal of asset management is to ensure the Group's ability to continue as a going-concern, while ensuring that the Group's funds are being used in the best way to give shareholders a good return and lenders a good level of security.

Lindab is governed on the basis of the financial targets, as detailed below:

- The annual growth rate should be 5-8 percent as a combination of organic and acquired growth.
- The operating margin (EBIT) should average at 10 percent.
- The adjusted net debt* to EBITDA, excluding one-off items, should not exceed 2.5.
- Dividends to shareholders are to normally comprise 30 percent of the profit for the year, taking into account Lindab's financial position, acquisition needs and long-term financing needs.

** Average net debt for the year.*

Examples of active measures include the proposal by Lindab's Board of Directors to pay a dividend of SEK 1.40 per share for 2016. See also Notes 25 and 28.

To ensure the availability of financing, it is important to meet the obligations to the banks arising from the credit agreements. The credit agreements includes two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio. Lindab fulfils these obligations.

Lindab's Treasury policy has been approved by the Board of Directors and this constitutes a framework of guidelines and regulations for the financing operations that are centralised at Corporate Finance. This enables the Group to monitor all financial risk positions and safeguard common interests. At the same time, this brings about cost efficiency, economies of scale and skills development.

Credit risk management

Customer credit risk is managed by each business unit and is covered by the Group's established policies, procedures and controls. Individual credit limits are identified and assessed. Outstanding accounts receivable are regularly monitored and portions of outstanding accounts receivable are covered by credit insurance. Lindab's exposure to individual customers is limited as Lindab's biggest customer accounts for 1.7 percent (2.0) of the Group's total net sales. Credit risks from deposits held with banks and financial institutions are managed by the Group's central treasury function in accordance with Group policy. The total credit risk exposure corresponds to the recognised value of financial assets.

Note 04 Key accounting estimates and judgments

IFRS is a principles-based framework and contains no detailed rules under normal circumstances, but instead develops the overall principles that should characterise the financial statements. This implies that significant estimates and judgments must be made by Lindab that may give rise to specific consequences in the financial statements. The judgments made are central to the financial outcome, and these are combined with detailed information.

Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable in the circumstances.

In the application of accounting policies, various assumptions have been made that may substantially affect the amounts presented in Lindab´s financial statements.

Impairment testing of goodwill

Key sources of estimation uncertainty

The Group continually tests the goodwill for impairment in accordance with the accounting policies described in Note 2. The impairment test is based on a review of the recoverable amount. The value is estimated based on management's estimates of future cash flows which are based on internal business plans and forecasts.

Reported goodwill amounted to SEK 2,963 m (2,897) at the end of the year, of which SEK 2,581 m (2,532) related to Products & Solutions and SEK 382 m (365) related to Building Systems.

Judgements made applying the Group's accounting policies

When testing for impairment, a management assessment is required of various factors, particularly with regard to events which may affect the value of goodwill, the assumptions underlying cash flow forecasts and whether the discounting of these cash flows is reasonable.

Changes in the assumptions made by management may result in a different outcome and a different future financial position.

Note 4, cont.

Leases

Judgements made applying the Group's accounting policies

In accordance with IAS 17, leases will be classified as finance or operating leases. According to IAS 17, a financial lease is a contract whereby the financial risks and benefits associated with ownership of an object are essentially transferred from the lessor to the lessee. A lease other than a finance lease is an operating lease.

A sale and leaseback transaction is the sale of an asset and subsequent lease of the same asset in accordance with a subsequent lease. In the event of a sale and leaseback transaction, where an operating lease is in effect and where it is clear that the sale price and terms of the lease are based on fair value, the sale is judged to have taken place and any profit or loss incurred is therefore reported in the period in which the sale took place.

In IAS 17, a number of criteria are presented that are individually or collectively indicative for the classification of a lease as either a finance or operating lease.

Note 27 describes the most significant leases that Lindab has entered into. These relate to production units in Luxembourg and Switzerland as well as production units and office premises in Sweden. The properties in Sweden and Luxembourg were previously owned by Lindab, explaining why these transactions are referred to as sale and leaseback transactions.

In the case of each of these contracts, Lindab has an option to acquire the properties at market value when the lease expires. The market value is based on an independent valuation. The options are therefore not worded in such a way that it is apparent that they will be utilised. Lindab also has the option of extending the contracts for which market-based compensation will then be paid. Altogether, this means that the entire financial benefit attributable to the value of the properties goes to the lessor.

The durations of the leases are less than the properties' economic life and the present value of the minimum lease payments payable, including residual value guarantees, are around 15 percent lower than the properties' estimated fair value upon commencement of the contracts.

IAS 17 shows that an overall judgment must be performed in order to clarify whether the financial benefits and risks associated with ownership of a leased asset rests with the lessee or lessor. Having weighed the evidence of the criteria described in IAS 17, Lindab assessed that the financial benefits and risks associated with ownership rest primarily with the lessor, explaining why the contracts are recorded as operating leases.

Further information regarding these lease agreements are provided in Note 27.

Deferred tax assets

Key sources of estimation uncertainty

Deferred tax assets and liabilities are reported for temporary differences and unutilised carry-forward tax losses. Deferred tax assets, which are primarily attributable to carry-forward tax losses, are reported to the extent that it is likely that future taxable surpluses will be available, against which the accumulated deficit may be utilised. The Group's carry-forward tax losses relate primarily to countries with long or indefinite periods of utilisation. Lindab recognises deferred tax assets based on the management's estimates of future taxable results in various tax jurisdictions.

At the end of 2016, deferred tax assets relating to carry-forward tax losses totalled SEK 35 m (105).

Accounting of stock

Key sources of estimation uncertainty

Stock is recognised at the lowest of cost and net realisable value. Valuations and judgments of stocks are governed by internal regulations which all companies within the Group are obliged to comply with. The aim is to ensure that stocks are valued at the lowest of cost and net realisable value.

When calculating the net sales value, a judgment is made of discontinued items, surplus items, damaged goods, and the estimated sales value based on available information. On 31 December 2016, the stock provision amounted to SEK 57 m (56).

Bad debts

Key sources of estimation uncertainty

A judgment of unpaid accounts receivable provides the basis for bad debts. The provision for bad debts is based on a calculation in accordance with the internal regulations, combined with an individual judgment. The judgment is made based on the circumstances that may significantly impact the valuation, such as the solvency and financial position of significant customers as known at the balance sheet date.

Lindab's judgment is that the assumptions that have been made about the future do not involve any significant risk of material adjustments in the carrying amounts for the next financial year, see also Bad debt losses in the section on Risk in the Directors' Report. At the end of 2016, the provision for bad debts amounted to SEK 97 m (89).

Other provisions

Key sources of estimation uncertainty

Provisions for future expenses on the basis of the guarantee commitments are reported at the estimated amount required to settle the commitment at the balance sheet date. The estimated amount is based on calculations, judgments and experience. Through experience, Lindab has developed a common calculation principle for warranty provisions. The provision is calculated using a statistics-based percentage in relation to sales over the last ten years less actual warranty costs.

Lindab's manufacture of products from steel has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. In cases where there is a risk of environmental liability, a judgment is made to determine whether a provision is required based on known information, the perceptions of representatives and other advisors, the probability that a present obligation exists and the reliability of the figure that the obligation is estimated to amount to. A provision of SEK 0 m (3) for environmental liability was made, see Note 24.

The amount reported as a provision is the best estimate of the expenditure that is required to meet the obligation in question at the balance sheet date. The Group's reporting of provisions means that SEK 34 m (51) is reported as other provisions, see Note 24.

Judgements made applying the Group's accounting policies

Outstanding legal matters are reviewed regularly. An assessment is made of whether a liability should be recognised due to an obligation resulting from an event. Furthermore, it is assessed whether an outflow of economic resources is likely to be required to settle the obligation, and that a reliable estimate of the amount can be made.

Whether an existing commitment is likely or not is a matter of judgment. The risk types for these provisions vary, and management assesses the nature of the provision and scope when determining whether an outflow of resources is likely or not.

The group companies are only involved in minor disputes that are directly attributable to the business. Appropriate provisions are made where the judgment resulted in risk.

Pension expenses

Key sources of estimation uncertainty

Provisions and the cost of post-employment benefits, mainly pensions, depend on the assumptions determined when the debt is calculated. Specific assumptions and actuarial calculations are determined for each of the countries where Lindab operates which result in such obligations. The assumptions concern discount rates, inflation, salary growth rates, departure rates, mortality and other factors.

In determining the discount rate, Lindab takes into account the discount rate for each country which is denominated in the currency in which the benefits will be paid and which have a maturity corresponding to the estimates for the current pension obligation. Other important assumptions are based in part on prevailing market conditions. Lindab assesses actuarial assumptions on a quarterly basis and adjusts them as appropriate. Any change in these assumptions will impact the carrying amount of the pension obligations.

For a sensitivity analysis, see Note 23.

The Group's provisions for benefit-based pensions amounted to SEK 166 m (142) net of deductions for plan assets.

Note 05 Business combinations

Business combinations in 2016
No business combinations were made during the year.

Business combinations in 2015
On 7 August, the US subsidiary Lindab Inc. was divested whose business covers production and sale of ventilation ducts and components, mainly in the eastern regions of the USA. Lindab Inc., which is based in Portsmouth, Virginia, has operated as an independent unit on the US market and the company will continue to be a distributor of Lindab's products. In 2014, the company had sales of just under SEK 150 m with an operating profit of approximately SEK 11 m and 98 employees. The divestment allows Lindab to further focus its resources on its core business and accelerate the strategic move towards profitable growth. The sales price amounted to SEK 97 m and included a capital gain of SEK 12 m. The capital gain after transaction costs amounted to SEK 2 m and has been recognised under other operating income.

On 1 July, the assets of the French company Froid Partn'Air were acquired whose business covers distribution of ventilation and indoor climate products in the region around Marseille in France. The company had annual sales of around SEK 13 m and five employees. The acquisition strengthens Lindab's presence and distribution in this area which is the third most populous area in France. The consideration transferred amounted to SEK 2 m, and the acquisition did not result in any consolidated goodwill. The direct costs related to the acquisition amounted to SEK 0 m.

On 1 July, the Slovenian ventilation company IMP Klima was acquired. The business comprises products and solutions for ventilation and indoor climate with cutting-edge expertise within AHUs, cleanroom technology and floor convectors. IMP Klima has its registered office and main business in Godovič, Slovenia. The company had sales of around SEK 230 m with an operating profit of approximately SEK 0 m and about 360 employees. The acquisition is a strategic step for Lindab towards developing its position as a complete supplier of ventilation and indoor climate solutions. The consideration transferred amounted to EUR 1. The purchase agreement also included the repayment of loans of around SEK 146 m. According to the acquisition analysis, the acquisition resulted in negative goodwill of SEK 34 m which has been recognised in other operating income. The reason for the negative goodwill was that the seller underwent a financial reconstruction where the financial partners pushed for the disposal of IMP Klima. The direct costs related to the acquisition amounted to SEK 3 m. The total cash flow effect of the acquisition amounted to SEK 149 m.

On 3 June, the French company Nather S.A. was acquired whose business mainly covers products and solutions for residential ventilation. The company had annual sales of around SEK 45 m with an operating profit of approximately SEK 1 m and 17 employees. The company's sales are mainly in France, and the acquisition is expected to produce synergies primarily within sales and purchasing. The acquisition strengthens Lindab's market position in the form of complete residential ventilation solutions in the French market and nearby markets. The consideration transferred amounted to SEK 11 m, and the acquisition resulted in consolidated goodwill of SEK 10 m. The direct costs related to the acquisition amounted to SEK 0 m.

The agreement on the acquisition of MP3, which was entered into in December 2014, was completed on 15 January 2015. MP3 is a leading manufacturer of indoor climate solutions, with specialist knowledge in fire protection. MP3 has its registered office in Padua in northern Italy, annual sales of approximately SEK 210 m, with an operating profit of around SEK 20 m, and 95 employees. MP3 is integrated into Lindab's business, which means synergy gains, mainly in sales, but also in terms of costs. The acquisition of MP3 was strategically important in order to strengthen the position as a supplier of complete ventilation solutions and to increase the market coverage. The consideration transferred amounted to EUR 141 m. The direct costs related to the acquisition amounted to SEK 2 m. The total cash flow effect of the acquisition amounted to SEK 143 m. Fair value of acquired identifiable intangible assets amounted to SEK 51 m, including brands, distribution networks and licences. The acquisition includes consolidated goodwill of SEK 91 m.

Financial impact of business combinations in 2015
Lindab Inc. was consolidated up to 7 August 2015. During 2015, the company had sales of SEK 92 m and contributed SEK 2 m to the Group's profit for the year.

Nather S.A. was consolidated from June 2015. The acquisition resulted in a SEK 21 m increase in the Group's sales from the acquisition date to 31 December 2015. The Group's profit for the year was positively affected by SEK 1 m. Had the acquisition been made on 1 January 2015, it was estimated that the net sales for the Group would have increased by SEK 42 m and the effect on the Group's profit for the year would have increased by SEK 1 m.

IMP Klima was consolidated from July 2015. The acquisition resulted in a SEK 110 m increase in the Group's sales from the acquisition date to 31 December 2015. The Group's profit for the year was positively affected by SEK 35 m, of which negative goodwill of SEK 34 m has been recognised in other operating income. Had the acquisition been made on 1 January 2015, it was estimated that the net sales for the Group would have increased by SEK 220 m and the Group's profit for the year would have increased by SEK 68 m, including financial one-off items of SEK 44 m and dissolution of negative goodwill of SEK 34 m.

MP3 was consolidated from January 2015. The acquisition resulted in a SEK 181 m increase in the Group's sales from the acquisition date to 31 December 2015, while the Group's profit for the year was negatively affected by SEK –4 m. Had the acquisition been made on 1 January 2015, it was estimated that the Group's net sales and profit for the year would have been affected accordingly.

Note 5, cont.

Consideration transferred, goodwill and effect on cash and cash equivalents

The table below shows information regarding the purchase price, goodwill and the impact of acquisitions/divestments on the Group's cash and cash equivalents.

	Acquired businesses		Divested businesses	
	2016	2015	**2016**	2015
Consideration transferred	-	300	-	97
Direct costs relating to the acquisition/divestment*	-	5	-	–10
Total acquisitions/divestments	**-**	**305**	**-**	**87**
Less direct costs relating to acquisitions/divestments	-	–5	-	10
Total consideration transferred	**-**	**300**	**-**	**97**
Fair value of acquired/divested net assets/liabilities	-	233	-	85
Goodwill/negative goodwill/capital gain	**-**	**67**	**-**	**12**
Consideration transferred	-	300	-	97
Direct costs relating to the acquisition/divestment	-	-	-	-
Cash and cash equivalents in the acquired/divested subsidiary	-	–44	-	–9
Effect of acquisition/divestment on consolidated cash and cash equivalents	**-**	**256**	**-**	**88**

** Costs are recognised in the income statement under other operating expenses/income.*

No portion of reported goodwill is expected to be deductible for income tax.

Acquired/divested assets and liabilities

Acquired/divested net assets, liabilities and goodwill related to acquisitions/divestments are shown below.

	Acquired businesses		Divested businesses	
	2016	2015	**2016**	2015
Tangible fixed assets	-	175	-	40
Intangible assets	-	75	-	2
Financial fixed assets	-	2	-	13
Deferred tax assets	-	8	-	-
Stock	-	57	-	9
Accounts receivable and other current assets	-	133	-	26
Cash and cash equivalents and current investments	-	44	-	9
Total acquired/divested assets	**-**	**494**	**-**	**99**
Deferred tax liabilities	-	23	-	-
Current liabilities	-	185	-	14
Non-current liabilities	-	53	-	-
Total acquired/divested liabilities	**-**	**261**	**-**	**14**
Fair value of acquired/divested net assets	**-**	**233**	**-**	**85**
Goodwill	-	101	-	-
Negative goodwill	-	–34	-	-
Capital gain	-	-	-	12
Consideration transferred	**-**	**300**	**-**	**97**

Note 06 Employees and senior executives

Average no. of employees

	2016			2015		
	Men	**Women**	**Total**	Men	Women	Total
Parent company, Sweden	-	-	-	-	-	-
Subsidiaries						
Sweden	910	212	1,122	894	207	1,101
Belgium	22	5	27	22	5	27
Bosnia and Herzegovina	47	8	55	60	9	69
Denmark	376	109	485	350	101	451
Estonia	61	6	67	54	6	60
Finland	71	15	86	80	16	96
France	111	32	143	108	31	139
Ireland	29	5	34	26	5	31
Italy	92	49	141	87	47	134
Croatia	1	0	1	1	0	1
Latvia	14	1	15	14	2	16
Lithuania	7	1	8	7	2	9
Luxembourg	206	24	230	213	21	234
Macedonia	0	1	1	0	1	1
Montenegro	1	1	2	1	1	2
Netherlands	12	3	15	10	4	14
Norway	84	11	95	87	13	100
Poland	245	112	357	236	118	354
Romania	79	16	95	79	16	95
Russia	252	58	310	264	58	322
Switzerland	84	9	93	83	10	93
Serbia	3	3	6	3	3	6
Slovakia	31	13	44	30	12	42
Slovenia	190	61	251	187	70	257
UK	231	57	288	224	53	277
Czech Republic	668	205	873	655	190	845
Turkey	3	1	4	2	1	3
Germany	105	24	129	100	21	121
Hungary	125	26	151	119	27	146
USA	5	1	6	5	1	6
Subsidiaries total	*4,065*	*1,069*	*5,134*	*4,001*	*1,051*	*5,052*
Group total	**4,065**	**1,069**	**5,134**	**4,001**	**1,051**	**5,052**

Gender balance among senior executives

Parent company						
The Board, incl. employee representatives	6	3	9	6	2	8
The Group						
CEO/Executive Management	4	-	4	4	-	4*

**Per Nilsson was included in the Executive Management until 30 April 2015, Linda Kjellgren from 1 May 2015 to 30 November 2015 and Kristian Ackeby has been a member of the Executive Management from 1 December 2015.*

Personnel costs

	2016			2015		
Salaries and other benefits	**Board/CEO and Executive Management**	**Other employees**	**Total salaries and other benefits**	Board/CEO and Executive Management	Other employees	Total salaries and other benefits
Parent company, Sweden	2.4	0.0	2.4	2.0	0.0	2.0
Subsidiaries total	58.9	1,541.6	1,600.5	49.2	1,490.3	1,539.5
Group total	**61.3**	**1,541.6**	**1,602.9**	**51.2**	**1,490.3**	**1,541.5**

Payroll overheads						
Parent company, Sweden	0.7	-	0.7	0.6	-	0.6
of which pensions	0.0	-	0.0	0.2	-	0.2
Group total	19.4	413.2	432.6	18.2	392.0	410.2
of which pensions	5.5	93.8	99.3	5.3	90.0	95.3
Total personnel costs	**80.7**	**1,954.8**	**2,035.5**	**69.4**	**1,882.30**	**1,951.7**

Of the total pension provisions in the statement of financial position of SEK 211 m (189), SEK 39 m (41) comprises pension obligations for previous CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 39 m (41). In 2015 and 2016, Lindab incurred no costs for pension obligations attributable to previous CEOs.

Note 6, cont.

In 2016, the total remuneration paid to Board members totalled SEK 2,400 k (2,200), broken down in the table below.

At the Annual General Meeting on 3 May 2016, it was resolved that the fees for the Board members would amount to SEK 2,500 k. Of this, SEK 650 k would be paid to the Chairman of the Board, SEK 300 k to each of the Board's elected members, and SEK 25 k to each of the employee representatives. No fees have been paid for work in the remuneration or audit committee.

Board fees

SEK (thousands)	**2016**	2015
Peter Nilsson (elected in 2016)	433.3	-
Pontus Andersson	25.0	25.0
Per Bertland (elected in 2016)	200.0	-
Marianne Brismar	300.0	200.0
Sonat Burman-Olsson	300.0	300.0
Stefan Charette (resigned in 2015)	-	100.0
Erik Eberhandsson (resigned in 2016)	100.0	300.0
Viveka Ekberg (elected in 2016)	200.0	-
Per Frankling (resigned in 2016)	100.0	200.0
Bent Johannesson (elected in 2016)	200.0	-
Kjell Nilsson (resigned in 2016)	216.7	650.0
Hans Porat	300.0	300.0
Markku Rantala (resigned in 2016)	25.0	25.0
Birgit Woidemann Norgaard (resigned in 2015)	-	100.0
Total	**2,400.0**	**2,200.0**

None of the Board members or deputies are entitled to any benefits upon termination of their Board services.

Remuneration to Executive Management and other terms of employment

Fixed and variable salaries

Remuneration to Executive Management is based on a combination of fixed and variable salaries, with the variable part based on achieved results.

At present, the variable salary is based on consolidated profits. The maximum variable salary amounts to 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a variable salary up to a maximum of 50 percent of his annual fixed salary. Anders Berg's fixed salary for 2016 totals SEK 3,600,000. Pension contribution entitlements amount to 30 percent of the fixed salary. In addition, Anders Berg has the right to a company car and certain other benefits. What Anders Berg recieved in 2016 is shown in a separate table.

For the full year 2016, the Executive Management comprised Anders Berg, President and CEO, Kristian Ackeby, CFO, Fredrik Liedholm, General Counsel and M&A and HR Director, and Bengt Andersson, Product and Market Director. Remuneration for 2016 to Anders Berg, President & CEO, and the other members of the Executive Management is shown in the table below.

	Anders Berg	**Remuneration of other Executive Management**	**Total**
Fixed salary incl. holiday pay	3,643,200	5,415,292	9,058,492
Variable salary	1,152,000	1,380,833	2,532,833
Pension expenses	1,081,566	1,442,912	2,524,478
Benefits	49,323	200,970	250,293
Total	**5,926,089**	**8,440,007**	**14,366,096**

Termination regulations

The notice period for Anders Berg's employment is twelve months on the part of the company and six months on the part of Anders Berg. During the notice period, Anders Berg is entitled to retain his salary and employee benefits excluding variable salary. Anders Berg is bound by a non-competition clause that is valid for two years from the termination of employment, during which he is entitled to remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Anders Berg.

The notice period for other senior executives is 12 months on the part of the company and 6 months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. Other senior executives are bound by non-competition clauses effective for twelve months from the termination of employment, during which they are entitled to remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

Pension expenses

The retirement age for all senior executives is 65.

The company has agreed to pay pension premiums for Anders Berg equivalent to 30 percent of his fixed salary. The expenses for pension premiums amounted to SEK 1,082 k (1,080).

Other senior executives have pension benefits. The pension will be a defined contribution plan based on the same principles as for the fixed salary. The cost of pension premiums for these individuals totalled SEK 1,443 k (1,204).

Bonus scheme

In addition to the variable salaries for the Executive Management there is a bonus scheme for other senior executives. The bonus programme is based on results-oriented targets. Depending on the individual's position, bonuses are equivalent to 10-40 percent of the annual salary.

Profit-sharing plan

Since 1980, the company has paid contributions into a profit-sharing foundation for employees in Sweden, in accordance with the agreement. The current agreement is effective up to and including 2017. The annual payments are based on the earnings of the Swedish group companies. The maximum amount is adjusted upwards annually using the Consumer Price Index (CPI). Payments for the year amounted to SEK 6,604 k (6,447), including special employers' contributions.

During the years 2001-2006, when Lindab shares were not listed on the stock exchange, investments were placed in the owner company Ratos AB. From and including 2007, investments have again been made in Lindab shares. Gradually, as older funds are replaced, the remaining funds will be invested in Lindab shares. At the end of 2016, the foundation held 143,500 Lindab shares.

A smaller profit-sharing plan also exists in one of Lindab's French companies.

Incentive programme

The 2012 Annual General Meeting decided to introduce a long-term incentive programme in the form of a performance-based share savings programme. Participation in the programme required participants to make an initial investment in Lindab shares. Participation entitled the holder to receive new shares, provided that certain requirements were met. Performance was measured in the 2014 financial year and compared to the outcome for the 2011 financial year.

Participants in the programme were divided into five groups: CEO, Executive Management and three groups consisting of senior executives or other key personnel.

The allocation of shares in the programme was dependent on the outcome of the three financial targets: operating margin, organic growth and acquisitions/strategic growth. Allocation was free of charge after completing the programme. As a general rule, if participants terminated their employment at Lindab during the term of the programme, the right to receive shares would become void upon termination of employment.

The programme was settled on 12 June 2015 and included 45 people, who together invested in a total of 46,057 shares. In total, 46,057 matching shares were allocated. No allocation of performance shares occurred, since none of the set targets have been met. The total cost of the programme amounted to around SEK 2 m.

To ensure that the company could meet its commitment under the incentive programme, an agreement was signed with a third party to acquire treasury shares on Lindab's behalf, see also accounting policies concerning shareholders' equity on page 81.

Guidelines for remuneration of senior executives

The Annual General Meeting 2016 resolved on the following guidelines for remuneration for senior executives:

- Remuneration to senior executives will be based upon the market in which the company operates and the environment in which each of the executives work; it will be competitive, facilitate the recruitment of new executives as well as motivate senior executives to remain with the company.
- The remuneration system consists of the following: fixed salaries, variable salaries, pensions and benefits as specified below.
- Fixed salaries and benefits will be established on an individual basis according to the criteria outlined above and the specific skills of each individual.
- Variable salaries are paid on achieving clearly established targets for the Group. Variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 50 percent of the fixed remuneration.
- The pension will be a defined contribution plan. The extent of the pension is based on the same criteria as apply to fixed remuneration and is based partly on fixed and partly on variable salaries.
- In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors has not exercised this right in 2016.

The remuneration guidelines for senior executives will be presented in the Board´s proposal for the 2017 Annual General Meeting.

Note 07 Segment reporting

	Products & Solutions		Building Systems		Other		Total		Elimination		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Net sales, external	6,949	6,727	900	862	-	-	7,849	7,589	-	-	7,849	7,589
Net sales, internal	0	0	3	0	-	-	3	0	–3	-	0	0
Net sales, total	**6,949**	**6,727**	**903**	**862**	**-**	**-**	**7,852**	**7,589**	**–3**	**-**	**7,849**	**7,589**
Operating profit before depreciation/amortisation, before one-off items	**704**	**639**	**13**	**40**	**–32**	**–48**	**685**	**631**	**-**	**-**	**685**	**631**
Depreciation/amortisation and impairment losses	–139	–135	–25	–24	–10	–9	–174	–168	-	-	–174	–168
Operating profit before one-off items	**565**	**504**	**–12**	**16**	**–42**	**–57**	**511**	**463**	**-**	**-**	**511**	**463**
One-off items	–24	35	-	–9	–4	–20	–28	6	-	-	–28	6
Operating profit	**541**	**539**	**–12**	**7**	**–46**	**–77**	**483**	**469**	**-**	**-**	**483**	**469**
Financial items											–38	–38
Earnings before tax											**445**	**431**
Tax on profit for the year											–139	–126
Profit for the year											**306**	**305**
Fixed assets excl. financial assets	3,645	3,615	566	530	174	176	4,385	4,321	-	-	4,385	4,321
Stock	1,016	925	143	120	-	-	1,159	1,045	-	-	1,159	1,045
Other assets	1,270	1,157	139	162	322	274	1,731	1,593	–335	–276	1,396	1,317
Undistributed assets											563	466
Total assets							**7,275**	**6,959**	**–335**	**–276**	**7,503**	**7,149**
Shareholders' equity											3,849	3,511
Other liabilities	1,641	1,427	292	270	56	61	1,989	1,758	–335	–276	1,654	1,482
Undistributed liabilities											2,000	2,156
Total equity and liabilities							**1,989**	**1,758**	**–335**	**–276**	**7,503**	**7,149**
Gross investments in fixed assets	107	122	11	11	7	18	125	151	-	-	125	151

Geographical information

Sales from external customers (based on place of residence)

Below is a summary of external sales for Lindab's largest markets, based on the customer's residence. Lindab's largest customer accounts for 1.7 percent (2.0) of the Group's total sales, meaning that Lindab's dependence on individual customers is limited.

Country	2016	Percent
Sweden	2,003	26
Denmark	823	10
UK	670	9
Germany	608	8
Norway	534	7
Other	3,211	40
Total	**7,849**	**100**

Country	2015	Percent
Sweden	1,787	24
Denmark	771	10
UK	716	9
Germany	580	8
Norway	526	7
Other	3,209	42
Total	**7,589**	**100**

Fixed assets per country

Fixed assets relate to intangible fixed assets and tangible fixed assets and are broken down by individual important countries in terms of production capacity.

Country	2016	Percent
Sweden	284	20
Czech Republic	228	16
Denmark	180	13
Slovenia	144	10
Russia	131	9
Poland	97	7
Other	358	25
Total	**1,422**	**100**
Goodwill	2,963	-
Total	**4,385**	**-**

Country	2015	Percent
Sweden	285	20
Czech Republic	219	16
Denmark	174	12
Slovenia	146	10
Poland	117	8
Russia	109	8
Other	374	26
Total	**1,424**	**100**
Goodwill	2,897	-
Total	**4,321**	**-**

Note 7, cont.

Segment information

The Group's segments consist of Products & Solutions and Building Systems. The basis for the division into segments is the different customer offerings provided by each segment. Products & Solutions' business is based on a geographically distributed sales organisation supported by six product and system areas with central production and purchasing functions. The Building Systems segment consists of a separately integrated project organisation. Other relates to undistributed items and includes parent company functions, among other things.

In 2014, Lindab adopted new financial targets that form the basis for the running of the business. These are growth, profitability, capital structure and dividend policy, see the Directors' Report on page 60.

The segments are responsible for the management of operational assets and their performance is calculated at this level, while the treasury function is responsible for financing at the Group and country level. Undistributed assets thus mainly comprise pension assets and current and deferred tax assets. Undistributed liabilities mainly comprise net borrowing, pension provisions as well as current and deferred tax liabilities.

The purchase and processing of steel is done centrally for the most part. Profit/loss items from the part of those activities that are sold internally are allocated to segments of consolidation for the segments.

Inter-segment transfer pricing is determined on an arms-length basis i.e. between parties that are independent of one another, are well informed and have an interest in the implementation of the transaction. Assets and investments are reported wherever the asset is located.

Note 08 Depreciation/amortisation and impairment losses by type of asset and by function

	Group	
Depreciation/amortisation	**2016**	2015
Capitalised expenditure for development work (Note 16)	6	5
Patents and similar rights (Note 16)	-	0
IT and other intangible fixed assets (Note 16)	32	28
Buildings and land (Note 17)	33	34
Machinery and other technical facilities (Note 17)	77	78
Equipment, tools and installations (Note 17)	23	23
Total	**171**	**168**
Impairment losses		
Buildings and land (Note 17)	3	-
Machinery and other technical facilities (Note 17)	-	-
Equipment, tools and installations (Note 17)	0	0
Total	**3**	**0**
Total depreciation/amortisation and impairment losses by type of asset	**174**	**168**
Total depreciation/amortisation distributed by function		
Cost of goods sold	119	121
Selling expenses	20	18
Administrative expenses	24	23
R&D expenses	8	6
Total	**171**	**168**
Total impairment losses distributed by function		
Cost of goods sold	3	-
Total	**3**	**-**
Total depreciation/amortisation and impairment losses distributed by function	**174**	**168**

Note 09 Costs distributed by cost items

	Group		Parent company	
	2016	2015	**2016**	2015
Cost of direct materials	3,643	3,531	-	-
Personnel costs (Note 6)	2,080	1,996	3	3
Depreciation/amortisation and impairment losses (Notes 8, 16, 17)	174	168	-	-
Other operating expenses	1,541	1,539	1	1
Total	**7,438**	**7,234**	**4**	**4**

In the statement of comprehensive income, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D expenses and other operating expenses total SEK 7,438 m (7,234). A breakdown of these costs into key cost categories is shown above. Personnel costs consist of employed members of staff, SEK 2,036 m (1,952), and temporary employees, SEK 44 m (44).

Note 10 Auditors' fees and expenses

Auditors' fees

An audit includes an examination of the annual accounts, a judgment of the accounting policies used and the significant estimates that were made by the company management. This also includes a review in order to determine whether the Board and CEO may be discharged from liability.

	Group		Parent company	
	2016	2015	**2016**	2015
Deloitte				
Auditing assignments	6.5	6.2	0.5	0.3
Audits separate from auditing assignments	0.0	0.1	-	-
Tax advice	0.2	0.3	-	-
Other assignments	3.3	3.1	-	-
Total Deloitte	*10.0*	*9.7*	*0.5*	*0.3*
Other				
Auditing assignments	0.9	1.1	-	-
Tax advice	0.0	0.1	-	-
Other assignments	0.0	0.1	-	-
Total Other	*0.9*	*1.3*	-	-
Total	**10.9**	**11.0**	**0.5**	**0.3**

Note 11 Research and development

Research and development costs amount to SEK 65 m (58) and are reported directly in the statement of comprehensive income, of which SEK 6 m (5) relates to the amortisation of capitalised development expenditure. For capitalised development expenditure, see Note 16.

Note 12 Other operating income and expenses

	Group		Parent company	
Income	**2016**	2015	**2016**	2015
Exchange rate differences in operating receivables/liabilities	50	58	-	-
Capital gains on the divestment and disposals of fixed assets	18	8	-	-
Negative goodwill	34	34	-	-
Other	4	14	-	-
Total	**72**	**114**	**-**	**-**
Expenses				
Exchange rate differences in operating receivables/liabilities	–61	–70	-	-
Capital losses on the divestment and disposals of fixed assets	–4	–2	-	-
Other	–21 *	–35 **	-	-
Total	**–86**	**–107**	**-**	**-**

** Other mainly comprises a cost-reduction programme and governance project.*

*** Other mainly comprises structure-related items, cost-reduction initiatives and a governance project.*

Note 13 Financial income and expenses

	Group		Parent company	
Result from participations in group companies	**2016**	2015	**2016**	2015
Received Group contribution	-	-	34	34
Total	-	-	*34*	*34*
Interest income				
External	11	17	-	0
Total	*11*	*17*	-	*0*
Interest expenses				
External	–39	–46	-	0
To group companies	-	-	–33	–32
For pensions, net	–4	–3	-	-
Total	*–43*	*–49*	*–33*	*–32*
Other financial income and expenses				
Exchange rate gains	0	2	-	-
Exchange rate losses	–1	–4	-	-
Other financial expenses	–5	–4	-	-
Total	*–6*	*–6*	-	-
Total	**–38**	**–38**	**1**	**2**

The net profit from financial assets and liabilities at fair value through profit or loss amounts to SEK 26 m (13).

Note 14 Tax on profit for the year

Income tax in the statement of comprehensive income consists mainly of the following components:

	Group		Parent company	
	2016	2015	**2016**	2015
Income statement				
Current tax				
Tax on profit for the year	–119	–96	0	0
Adjustments in respect of previous years	–1	–13	0	0
Total current tax	*–120*	*–109*	*0*	*0*
Deferred tax				
Occurrence and reversal of temporary differences	–20	–18	-	-
Effect of changed tax rates abroad	1	1	-	-
Total deferred tax	*–19*	*–17*	-	-
Total reported tax expense in the income statement	**–139**	**–126**	**0**	**0**
Other comprehensive income				
Deferred tax attributable to defined benefit plans	6	–6	-	-
Deferred tax attributable to net investment hedges	12	–7	-	-
Total reported tax expense in other comprehensive income	**18**	**–13**	**-**	**-**

The Group's tax expenses for the year amounted to SEK 139 m (126) and the effective tax rate amounted to 31 percent (29).

The average tax rate was 20 percent (20). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The discrepancy between the effective and the average tax rate amounts to 11 percentage points (9) and is due in part to adjustments to taxes attributable to previous years, revaluation of deferred tax for carry-forward tax losses and revaluation of other deferred tax assets. Changes in tax rates in different countries also have an effect as the liabilities and receivables relating to deferred taxes must be adjusted to the new tax rates. Other influential factors include fiscal adjustments to reported earnings, such as non-deductible expenses and deferred tax not being recognised on tax losses in some subsidiaries. Furthermore, last year was positively affected by the recognition of deferred tax on previously unrecognised carry-forward tax losses in Germany.

The tax rate in Sweden is 22 percent. The main reasons for the difference between the Swedish corporate tax rate and the Lindab Group's tax rate based on the earnings before tax are shown in the table below.

The higher tax rate in the Lindab Group is largely attributable to not recognised tax losses incurred during the year of SEK –32 m (–39), where an assessment is made of the possibility of utilising it against future taxable profits in the respective tax domicile. Taxes attributable to previous years have also had an impact of SEK –9 m (–13), as previously reported items have been reassessed. Last year was affected by the USA and Germany, among other countries. Recognition of deferred tax on carry-forward tax losses attributable to previous years amounted to SEK –2 m (14). The recognition of carry-forward tax losses in Germany had a positive impact on the previous year.

	Group			
	2016	**Percent**	2015	Percent
Earnings before tax	445		431	
Tax in accordance with current tax rates for the company	–98	–22.0	–95	–22.0
Reconciliation with reported tax				
Effect of other tax rates for companies abroad	7	1.6	10	2.3
Tax losses not recognised, incurred during the year	–32	–7.3	–39	–8.9
Tax attributable to previous years	–4	–1.0	–13	–3.0
Non-deductible expenses	–12	–2.7	–16	–3.7
Non-taxable income	9	2.0	14	3.2
Effect of changed tax rates on deferred tax	–1	–0.2	1	0.2
Reassessement of deferred tax attributable to carry-forward tax losses	–2	–0.4	14	3.2
Reassessement of other deferred tax assets	–5	–1.0	-	-
Other	–1	–0.2	–2	–0.6
Reported tax expense	**–139**	**–31.2**	**–126**	**–29.3**

Deferred tax assets and liabilities at year-end, not taking into consideration any offsets made within the same fiscal jurisdiction, are detailed below:

	Deferred tax assets		Deferred tax liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
Intangible assets	8	16	–12	–12	–4	4
Tangible fixed assets	4	6	–63	–134	–59	–128
Financial fixed assets	-	-	-	-	-	-
Stock	17	16	–1	–1	16	15
Receivables	8	8	–2	–3	6	5
Provisions	33	34	0	0	33	34
Liabilities	0	0	-	-	0	0
Leases	1	1	–2	–2	–1	–1
Other	4	8	–9	–7	–5	1
Carry-forward tax losses	35	105	-	-	35	105
Tax allocation reserves	-	-	–49	–50	–49	–50
Total	**110**	**194**	**–138**	**–209**	**–28**	**–15**
Offsetting receivables/liabilities	–43	–94	43	94	-	-
Reported in the statement of financial position	**67**	**100**	**–95**	**–115**	**–28**	**–15**

Reconciliation of deferred liabilities/assets, net	**2016**	2015
Opening balance	–15	30
Reported in the statement of comprehensive income	–19	–17
Acquisitions of subsidiaries (Note 5)	-	–11
Divestments of subsidiaries (Note 5)	-	–12
Reported in other comprehensive income and shareholders' equity:		
– adjustment of defined benefit plans, pensions	6	–6
Translation differences	1	1
Other	–1	0
Closing balance	**–28**	**–15**

Expiry dates for unused carry-forward tax losses	**2016**	2015
Next year	33	4
In 2-4 years	32	24
In 5-6 years	50	50
After 6 years	584	453
– thereof without expiry date	*513*	*386*
	699	**531**

Deferred tax assets for carry-forward tax losses are reported to the extent that it is likely that they will be able to be used to lower future taxable income.

At the end of the year, the Group had carry-forward tax losses of approximately SEK 852 m (903), of which SEK 153 m (372) forms the basis for the deferred tax asset of SEK 35 m (105).

The remaining unrecognised carry-forward tax losses of SEK 699 m (531) could result in a deferred tax asset of SEK 180 m (145). They have not been taken into consideration, however, as it is not considered possible to determine whether Lindab can utilise them in the foreseeable future, or it is considered unlikely that Lindab will be able to utilise them.

Note 15 Earnings per share

Before and after dilution	**2016**	2015
Profit attributable to parent company shareholders, SEK m	306	305
Weighted average number of outstanding ordinary shares	76,331,982	76,331,982
Earnings per share before and after dilution (SEK per share)	**4.02**	**3.99**

Undiluted earnings per share

Undiluted earnings per share are calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held by the parent company as treasury shares. There is no dilutive effect for the period or for the comparative period.

Note 16 Intangible assets

	Capitalised expenditure for development work	Patents and similar rights	IT and other intangible assets	Brands	Goodwill	Total
1 January-31 December 2015						
Accumulated acquisition values						
Opening balance	9	79	280	46	2,978	3,392
Items relating to acquisitions of subsidiaries	22	1	27	22	102	174
Items relating to divestment of subsidiaries	-	-	-	-	–129	–129
Acquisitions	4	0	17	-	-	21
Disposals	-	-	–14	-	-	–14
Reclassifications	-	0	7	-	0	7
Translation differences for the year	0	1	–9	0	–54	–62
Closing balance	**35**	**81**	**308**	**68**	**2,897**	**3,389**
Accumulated amortisation according to plan						
Opening balance	–9	–78	–217	–46	0	–350
Amortisation for the year	–5	0	–27	–1	-	–33
Disposals	-	-	14	-	-	14
Reclassifications	-	0	–4	-	-	–4
Translation differences for the year	0	–1	5	0	-	4
Closing balance	**–14**	**–79**	**–229**	**–47**	**0**	**–369**
Accumulated impairment losses						
Opening balance	0	0	0	0	–119	–119
Items relating to divestment of subsidiaries	-	-	-	-	128	128
Impairment losses for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences for the year	-	-	-	-	–9	–9
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**
Net carrying value at start of year	0	1	63	0	2,859	2,923
Net carrying value at end of year	**21**	**2**	**79**	**21**	**2,897**	**3,020**
1 January-31 December 2016						
Accumulated acquisition values						
Opening balance	35	81	308	68	2,897	3,389
Acquisitions	4	0	17	-	0	21
Disposals	-	-	–2	-	-	–2
Reclassifications	0	12	–2	-	-	10
Translation differences for the year	1	1	10	0	66	78
Closing balance	**40**	**94**	**331**	**68**	**2,963**	**3,496**
Accumulated amortisation according to plan						
Opening balance	–14	–79	–229	–47	0	–369
Amortisation for the year	–6	-	–31	–1	-	–38
Disposals	-	-	2	-	-	2
Reclassifications	-	0	2	-	-	2
Translation differences for the year	0	–1	–6	-	-	–7
Closing balance	**–20**	**–80**	**–262**	**–48**	**0**	**–410**
Accumulated impairment losses						
Opening balance	0	0	0	0	0	0
Impairment losses for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences for the year	-	-	0	-	0	0
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**
Net carrying value at start of year	21	2	79	21	2,897	3,020
Net carrying value at end of year	**20**	**14**	**69**	**20**	**2,963**	**3,086**

Capitalised expenditure for development work mainly relates to internally generated capitalised expenses for software development and certificates. Other intangible assets consist mainly of software and customer lists.

Impairment testing of goodwill
The Group assesses at least once annually whether there are any impairment losses for goodwill in accordance with the accounting policies that are described in Note 2. The basis for the assessment is the financial budgets approved by the Executive Management.

Testing for impairment must be based on the smallest cash-generating unit, which for the Lindab Group is considered to be the strongly integrated operating and reporting segments, Products & Solutions and Building Systems.

Lindab performed its impairment test on 30 November 2016. The recoverable amount for the cash-generating units is based on estimates of value in use. These calculations are based on estimated future cash flows after tax based on financial budgets for each segment, covering the period up to 2021. The financial budgets form the basis for fulfilment of the financial targets, see the Directors' Report on page 60. Key assumptions used for calculating value in use are gross margins, discount rates and growth assumptions following the close of the budget periods. The gross margin assumption consists of assumptions about sales volumes, sales prices and prices of raw materials, all of which are key assumptions for calculating the gross margin. These have been approved by the Executive Management. The following describes the methods that management used to determine the value of each essential assumption.

Sales volumes are based on previous results and an assessment of future development. External sources of information are used in the assessment of future development.

Sales prices are based on previous results and an assessment of future development. External sources of information are used in the assessment of future development.

Prices of raw materials are based on previous results and an assessment of future development. External sources of information are used in the assessment of future development.

The discount rate has been estimated based on a weighted cost of capital after tax of 8.1 percent (8.1) and has been used for all cash-generating units for discounting estimated cash flows after tax. After-tax amounts are used in the calculations when it comes to both cash flow and discount rate as the available models for calculating the discount rate include a tax component. This discounting is not materially different from discounting based on projected cash flows before tax and the pre-tax discount levels required by IFRS. The applied discount rate corresponds to a discount rate before tax of 9.8 percent (10.4) and has been based on the Group's weighted average tax rate.

The discount rate represents the current market assessment of the risks specific to Lindab, taking into account individual risks in the underlying assets that have not been included in the calculations for the cash flow. The calculation of the discount rate is based on the Group's specific situation and is derived from its weighted average cost of capital (WACC). WACC takes into account both liabilities and shareholders' equity. The capital cost of shareholders' equity is based on expected returns from the Group's investors. The cost of the Group's liabilities is based on the interest-bearing liabilities that Lindab is obliged to redeem. Group-specific risks are considered through an individually considered beta factor. The beta factor is assessed annually on the basis of publicly available market data.

Cash flows beyond 2021 have been extrapolated using an estimated average long-term growth of 1.0 percent (1.0), which is in line with the average growth in markets where the segments are operating in accordance with forecasts made by the construction industry's economic institutions. The assumption includes a weighting of the growth forecast for the underlying geographical markets, the Nordic region, Western Europe and CEE/CIS.

Both segments have construction operations as their main industry, with a shared concept regarding the development, manufacture, marketing and distribution of products and system solutions. The risk profile is considered to be uniform since, taken together, the segments act in similar geographical markets. The same assumptions have therefore been made regarding the discount rate and long-term growth for each segment.

In order to support the impairment test of goodwill performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A negative impact in each of the main assumptions included in the calculation of value in use shows that the recoverable amount exceeds the carrying amount. In the analysis, a reasonable change in the gross margin, the discount rate and growth assumptions have been taken into account. Consequently, there is no need for recording an impairment loss on goodwill at the end of 2016.

Goodwill allocated per segment	2016	2015
Products & Solutions	2,581	2,532
Building Systems	382	365
Total goodwill	**2,963**	**2,897**

Note 17 Tangible fixed assets

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
1 January-31 December 2015						
Accumulated acquisition values						
Opening balance	1,053	1,815	458	12	43	3,381
Items relating to acquisitions of subsidiaries	141	23	12	-	-	176
Items relating to divestment of subsidiaries	–50	–85	–26	-	-	–161
Acquisitions	33	53	25	6	13	130
Disposals	–56	–33	–30	-	0	–119
Reclassifications	60	–19	–5	–11	–8	17
Translation differences for the year	–45	–31	–1	–1	0	–78
Closing balance	**1,136**	**1,723**	**433**	**6**	**48**	**3,346**
Accumulated depreciation according to plan						
Opening balance	–318	–1,433	–362	0	0	–2,113
Items relating to divestment of subsidiaries	22	77	24	-	-	123
Depreciation for the year	–34	–78	–23	-	-	–135
Disposals	33	31	29	-	-	93
Reclassifications	–51	25	4	-	-	–22
Translation differences for the year	13	20	0	-	-	33
Closing balance	**–335**	**–1,358**	**–328**	**0**	**0**	**–2,021**
Accumulated impairment losses						
Opening balance	–4	–20	–2	–2	0	–28
Impairment losses for the year	-	-	0	-	-	0
Reversed losses	0	-	0	-	-	0
Disposals	-	1	0	-	-	1
Reclassifications	-	2	0	-	-	2
Translation differences for the year	1	0	0	0	-	1
Closing balance	**–3**	**–17**	**–2**	**–2**	**0**	**–24**
Net carrying value at start of year	731	362	94	10	43	1,240
Net carrying value at end of year	**798**	**348**	**103**	**4**	**48**	**1,301**
1 January-31 December 2016						
Accumulated acquisition values						
Opening balance	1,136	1,723	433	6	48	3,346
Acquisitions	8	41	27	6	22	104
Disposals	–47	–42	–23	-	–1	–113
Reclassifications	–4	7	–1	–1	–18	–17
Translation differences for the year	75	51	3	1	0	130
Closing balance	**1,168**	**1,780**	**439**	**12**	**51**	**3,450**
Accumulated depreciation according to plan						
Opening balance	–335	–1,358	–328	0	0	–2,021
Depreciation for the year	–33	–77	–23	-	-	–133
Disposals	22	40	21	-	-	83
Reclassifications	4	1	0	-	-	5
Translation differences for the year	–21	–36	–1	-	-	–58
Closing balance	**–363**	**–1,430**	**–331**	**0**	**0**	**–2,124**
Accumulated impairment losses						
Opening balance	–3	–17	–2	–2	0	–24
Impairment losses for the year	–3	-	-	0	0	–3
Reversed losses	0	-	-	0	-	0
Disposals	0	-	0	0	-	0
Reclassifications	-	-	-	-	-	0
Translation differences for the year	0	0	0	0	-	0
Closing balance	**–6**	**–17**	**–2**	**–2**	**0**	**–27**
Net carrying value at start of year	798	348	103	4	48	1,301
Net carrying value at end of year	**799**	**333**	**106**	**10**	**51**	**1,299**

Note 18 Other investments held as fixed assets

	Group	
	2016	2015
Opening balance	4	3
Acquisitions/Divestments	0	1
Translation differences for the year	0	0
Book value	**4**	**4**

Non-current holdings of unlisted shares are reported here. Associated companies are included at book value of SEK 0 m (0), see Note 29. Other holdings of SEK 4 m (4) mainly constitute smaller holdings owned by group companies.

Note 19 Other non-current receivables

	Group	
	2016	2015
Opening balance	4	3
Decrease/increase	0	1
Book value	**4**	**4**

Other non-current receivables primarily consist of deposits for leased premises.

Note 20 Stock

	Group	
	2016	2015
Raw materials and supplies	527	411
Goods in progress	54	54
Finished goods and goods for resale	578	580
Total	**1,159**	**1,045**

Direct material costs for the year amounted to SEK 3,643 m (3,531), including an adjustment of the provision for obsolescence of SEK –1 m (–1). In addition, the provision for obsolescence for finished goods has been adjusted by SEK 1 m (–2). The provision for obsolescence for stock amounts to SEK 57 m (56), equivalent to 5 percent (5) of the stock value before deduction for obsolescence. Currency effects have increased the provision by SEK 3 m (–1) during the year.

Note 21 Current receivables

	Group					
	Accounts receivable		Accrued income [1]		Other receivables[2]	
Number of days overdue	**2016**	2015	**2016**	2015	**2016**	2015
Not overdue	1,012	919	22	11	65	56
< 90 days	205	214	-	-	0	4
90-180 days	16	27	-	-	0	0
180-360 days	20	20	-	-	0	-
> 360 days	94	86	-	-	0	1
Total accounts receivable	**1,347**	**1,266**	**22**	**11**	**65**	**61**
Provision for bad debts	–97	–89	-	-	-	-
Total	**1,250**	**1,177**	**22**	**11**	**65**	**61**

1) Accrued income only relates to the exchange rate gain on forward exchange agreements amounting to SEK 12 m (4) and bonus income of SEK 10 m (7).

2) Other receivables relate only to VAT amounting to SEK 38 m (38) and other receivables of SEK 27 m (23).

	Group	
Change in the provision for bad debts	**2016**	2015
Opening balance	89	82
Added via acquisitions	-	9
Increase in provision	31	16
Actual losses	–18	–9
Cancellation of provisions	–9	–6
Translation differences	4	–3
Closing balance	**97**	**89**

	Group	
Prepaid expenses and accrued income	**2016**	2015
Prepaid rental and lease expenses	6	11
Accrued exchange gain forward exchange agreement	12	4
Insurance premiums	8	7
Accrued bonus income	10	7
Other prepaid expenses	57	56
Total	**93**	**85**

During the year, SEK 23 m (10) regarding the provision for bad debts was expensed.

Provisions for bad debts are made in accordance with internal regulations and normally when the receivables have been due for more than 180 days. An impairment of 50 percent is made for accounts receivable that have been due for up to 360 days. Thereafter, an impairment of 100 percent is made. In addition, provisions are made for individually significant exposures that do not fall within the description above.

On 31 December 2016, the Group had outstanding accounts receivable of SEK 7 m (6) which are overdue but where an impairment loss has not been deemed to exist. The judgment was made against the backdrop of current cases in which Lindab received some form of security for claims.

	Group	
Other receivables	**2016**	2015
VAT recoverable	38	38
Advance payments to employees	0	0
Travel advances	1	1
Other receivables	26	22
Total	**65**	**61**

Note 22 Shareholders' equity and number of shares

The table below indicates the changes in Lindab's share capital and the number of shares as from 2001.

Year	Action	Number of shares		Change in share capital (SEK 000's)	Total share capital (SEK 000's)
		Class A	Class B[1)]		
2001	New formation	1,000	-	100	100
	Issue of new shares	9,000	-	900	1,000
2002	Share split (100:1)	1,000,000	-	-	1,000
2006	Share split (8:1)	8,000,000	-	-	1,000
	Issue of new shares	-	2,988,810	374	1,374
	Redemption of shares and reduction of share capital	–2,988,810	-	–374	1,000
	Redemption of shares and reduction of share capital	-	–2,988,810	–374	626
	Bonus issue	-	-	74,542	75,168
	Share split (15:1)	75,167,850	-	-	75,168
	Exercised options	3,539,970	-	3,540	78,708
Closing balance		**78,707,820**	**-**	**-**	**78,708**
Number of treasury shares		–2,375,838	-	-	-
Total number of outstanding shares at year-end		**76,331,982**	**-**	**-**	**-**

1) All class B shares were redeemed in May 2006 and this type of share has been removed by a change to the Articles of Association.

The share capital of SEK 78,708 k is divided among 78,707,820 shares.

Treasury shares

In 2008, 3,935,391 treasury shares were repurchased, amounting to SEK 348 m. In 2010, IVK-Tuote Oy was acquired through the transfer of 559,553 treasury shares to the seller of the company. In 2012, 1,000,000 treasury shares were sold, amounting to SEK 52 m. The number of treasury shares thereby decreased to 2,375,838 and the number of shares outstanding increased to 76,331,982.

Appropriation of profits

The Board of Directors proposes a dividend of SEK 1.40 per share, a total of SEK 106,864,775. See Proposed appropriation of profits for the financial year 2016 on page 64 for more information.

The proposed dividend for 2015 of SEK 1.25 per share decided by the Annual General Meeting on 3 May 2016 has been paid. Total dividends paid amounted to SEK 95,414,978.

Nature and purpose of reserves within shareholders' equity

The foreign currency translation reserve comprises all exchange rate differences that arise when translating financial statements from foreign operations that prepare their financial statements in a currency other than the currency of the consolidated financial statements. The translation reserve also includes the cumulative net change in the hedging of net investments in foreign operations. Lindab uses loans as hedging instruments.

Note 23 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations include, apart from pensions, other post-employment benefits paid to employees, e.g. upon termination of employment. The majority of employees in the Lindab Group are included in defined contribution plans. Some countries also have defined benefit plans for pensions or terminations. The table below indicates the pension costs and liabilities as well as the material assumptions used in their calculations.

The retirement and family pension plans for salaried employees in Sweden are guaranteed through insurance cover with Alecta, in the ITP2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that includes several employers. For the financial years 2016 (2015), the company did not have access to the information required to report its proportionate share of the plan's obligations, plan assets and expenses which meant that it was not possible to report this as a defined benefit plan. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. The premium for the defined benefit retirement and family pension plan is calculated individually and is dependent on the salary, previously earned pension and expected remaining working life of the person concerned. Anticipated contributions for pension insurance cover with Alecta amount to SEK 6 m (5) for the next reporting period. The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amount to 0.04 and 0.06 percent (0.03 and 0.07) respectively.

A surplus or deficit with Alecta may mean a refund for the Group or alternatively lower or higher future charges. At the end of the year, Alecta's surplus in terms of the collective consolidation level amounted to 149 percent (153). The collective consolidation level comprises the market value of the trustee's assets as a percentage of the insurance commitments calculated according to the trustee's actuarial assumptions.

The expenses for defined contribution plans amounted to SEK 95 m (90).

Lindab is mainly exposed to a number of risk categories by way of its defined benefit pension plans. These concern risks related to the size of the actual payment. The increased life expectancy of the beneficiaries and inflation which affect salaries and pensions are the primary risks affecting the size of future payments and thereby also the size of the obligation. The second category concerns the return on investments. Pension funds are invested in different financial instruments where returns are exposed to changes in the market. Weak returns can reduce the size of the investments and may result in insufficient pension funds to cover future pension payments. The third category concerns measurement and affects the recognition of the size of the pension liabilities. The discount rate used to calculate the present value of the pension liabilities varies, thereby affecting the liabilities. The discount rate also affects interest expense or income under financial items, as well as the costs incurred to generate the earnings for the year.

Reported in the statement of financial position

Specification of defined benefit obligations, etc.	**2016**	2015
Present value of funded pension obligations	54	35
Fair value of plan assets	–34	–21
Net value of funded plans	*20*	*14*
Present value of unfunded defined benefit obligations	146	128
Net debt in the statement of financial position for benefit-based obligations	**166**	**142**
Allocated to pensions, defined contribution obligations	45	47
Pension liability as per the statement of financial position	**211**	**189**
Fair value of plan assets for defined contribution obligations	–45	–47
Financial investments as per the statement of financial position	**–45**	**–47**

For defined benefit funded plans, the net pension commitment after deductions that have been made for the plan assets is reported in the statement of financial position. Funded plans with net assets, i.e. assets exceeding commitments, are reported as financial investments. Defined contribution plans that are funded are reported gross in the statement of financial position, the assets as financial investments and the commitments as provisions for pensions and similar obligations.

Of the total pension provisions in the statement of financial position of SEK 211 m (189), SEK 39 m (41) comprises pension obligations for previous CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 39 m (41).

Costs recognised in the income statement in the table below include expenses for service during the current year, expenses for past service, net interest expense and gains and losses on settlements. Net interest is recognised in financial items.

	2016		2015	
Change in plan assets and defined benefit obligations during the year	**Assets**	**Obligations**	Assets	Obligations
Opening balance	–21	163	–38	191
Pension expenses are reported in the income statement				
- Expenses for service in the current year	-	5	–1	8
- Interest expense/income	0	4	0	4
Total	*–21*	*172*	*–39*	*203*
Revaluations recognised in other comprehensive income				
- Return on plan assets, excl. amounts included in interest expense/income	-	-	0	-
- Gain/loss arising from changes in demographic assumptions	–19	32	14	–18
- Gain/loss arising from changes in financial assumptions	-	12	-	–13
- Experience-based gains/losses	-	–2	-	–2
Total	*–19*	*42*	*14*	*–33*
Exchange rate differences	–1	3	3	–4
Contributions by employer	–3	1	–1	3
Conversion to defined contribution	6	–9	-	-
Benefits paid	4	–9	2	–6
Closing balance	**–34**	**200**	**–21**	**163**

The weighted average maturity for the defined benefit pension obligation amounts to 19.7 years (17.2).

	2016		2015	
Most important actuarial assumptions	**Sweden**	**Other**	Sweden	Other
Discount rate, %	2.8	0.7-1.7	3.3	1.5-2.7
Future salary increases, %	3.0	0.0-3.0	3.0	0.0-3.3
Future pension increases, %	1.5	0.0-1.8	1.5	0.0-1.8
Net debt breakdown, SEK m	125	41	110	32

Other includes pension plans in Luxembourg, Italy, France, Germany and Switzerland.

The choice of discount rate in Sweden was based on the market rate applicable to housing bonds with a duration corresponding to the average residual maturity of the obligation.

The pension liability in Norway regarding defined benefit plans was fully converted to defined contribution plans during the year and consequently no liability has been recognised. The previous year the liability amounted to SEK 3 m.

Note 23, cont.

The sensitivity of the defined benefit obligation for changes in the main assumptions are		Effect on the defined benefit plans 2016 Increase in the assumption	2016 Decrease in the assumption	2015 Increase in the assumption	2015 Decrease in the assumption
Discount rate	+/- 0.5%	–12	10	–13	14
Changes in salary	+/- 0.5%	9	–11	12	–6
Changes in pensions	+/- 0.5%	9	–9	8	–8

The sensitivity analysis has been based on one change in the assumptions while all others are kept constant. The projected unit credit method is used for calculating the pension liability as well as for calculating the sensitivity of the defined benefit obligations for significant actuarial assumptions.

Plan assets are as follows	2016	Percent	2015	Percent
Shares	6	17	1	5
Bonds	8	23	4	19
Property	2	7	1	5
Insurance reserves	15	44	15	71
Other	3	9	0	0
Total	**34**	**100**	**21**	**100**

Maturity analysis regarding expected contributions to the defined benefit plans in the future	2016	2015
Within 12 months	6	10
Between 2 and 5 years	26	28
Between 5 and 10 years	44	43
Total	**76**	**81**

Parent company

The company's pension obligation for the President and CEO is classified as a contribution based plan. See also Note 6.

Note 24 Other provisions

	Group Restructuring provision	Warranty provision	Other	Total
Opening balance	26	14	11	51
Increase during the year	3	13	7	23
Utilised during the year	–18	–20	–5	–43
Exchange rate differences	1	1	1	3
Closing balance	**12**	**8**	**14**	**34**
Breakdown in the statement of financial position				
Other non-current provisions	3	4	10	17
Other current provisions	9	4	4	17
Total	**12**	**8**	**14**	**34**

The restructuring provision consists of provisions for cost-reduction initiatives.

The warranty provisions of SEK 8 m (14) include estimated future expenses for defects in delivered items or work carried out, and provisions for actual claims.

Building Systems has a common calculation principle for warranty provisions covering the entire warranty period, which spans five to ten years. This is calculated using a statistics-based percentage in relation to sales over the last ten years less actual warranty costs. The projected warranty provision is reduced by SEK 3 m (4) in actual known claims, which usually occur in connection with deliveries. The estimated future warranty provisions amount to SEK 2 m (7). In addition, there are individual provisions for specific products of SEK 0 m (0).

Other provisions relate mainly to personnel-related provisions and a provision for environmental liability of SEK 3 m. The judgment of the provision for environmental liability is based on known information, the perceptions of representatives and other advisors, the probability that a present obligation exists and the reliability of the figure that the obligation is estimated to amount to.

Note 25 Consolidated borrowing and financial instruments

	Group		Parent company	
Non-current	**2016**	2015	**2016**	2015
Bank loans	1,625	1,713	-	-
Current				
Liabilities to credit institutions	2	7	-	-
Overdraft facilities	29	70	-	-
Total borrowing	**1,656**	**1,790**	**-**	**-**

Bank loans include lease liabilities of SEK 34 m (37). The current share of the lease liabilities amounted to SEK 2 m (7) and is included in liabilities to credit institutions. Total borrowings include pledged liabilities, bank loans with security, of SEK 7 m (7). Security for these loans consists of mortgage deeds in properties.

Fixed rates only apply to the financing of property loans in Switzerland. These loans amounted to SEK 7 m (7).

Unappropriated cash and cash equivalents including unused credit facilities in the Group amounted to SEK 1,404 m (1,164). The parent company has no unused credit.

According to the Group's Treasury policy, the fixed interest rate must not exceed 12 months. On 31 December 2016 it was 3 months. In 2015, the fixed interest rate period was 3 months. The majority of consolidated borrowing currently has a variable interest rate.

Consolidated borrowing broken down in different currencies:

	Group		Parent company	
Amounts in SEK m	**2016**	2015	**2016**	2015
SEK	497	532	-	-
EUR	940	1,043	-	-
CHF	185	176	-	-
PLN	34	39	-	-
	1,656	**1,790**	**-**	**-**

Disclosures regarding the carrying amount by category and fair value by class

	2016					2015				
Financial assets	**Available-for-sale financial assets**	**Held for trading**	**Loan receivables and accounts receivable**	**Total carrying amount**	**Fair value**	Available-for-sale financial assets	Held for trading	Loan receivables and accounts receivable	Total carrying amount	Fair value
Other investments held as fixed assets	1	-	-	1	-	1	-	-	1	-
Other non-current receivables	-	-	4	4	-*	-	-	4	4	-*
Derivative assets	-	11	-	11	11	-	4	-	4	4
Accounts receivable	-	-	1,250	1,250	-*	-	-	1,177	1,177	-*
Other receivables	-	-	20	20	-*	-	-	17	17	-*
Accrued income	-	-	10	10	-*	-	-	7	7	-*
Cash and cash equivalents	-	-	418	418	-*	-	-	285	285	-*
Total financial assets	**1**	**11**	**1,702**	**1,715**	**11**	**1**	**4**	**1,490**	**1,495**	**4**

	2016				2015			
Financial liabilities	**Held for trading**	**Other financial liabilities**	**Total carrying amount**	**Fair value**	Held for trading	Other financial liabilities	Total carrying amount	Fair value
Overdraft facilities	-	–29	–29	–29	-	–70	–70	–70
Liabilities to credit institutions	-	–1,591	–1,591	–1,594	-	–1,676	–1,676	–1,681
Derivative liabilities	–2	-	–2	–2	–12	-	–12	–12
Accounts payable	-	–837	–837	-*	-	–790	–790	-*
Other liabilities	-	–16	–16	-*	-	–18	–18	-*
Accrued expenses	-	–199	–199	-*	-	–185	–185	-*
Total financial liabilities	**–2**	**–2,672**	**–2,674**	**–1,625**	**–12**	**–2,739**	**–2,751**	**–1,763**

Note 25, cont.

Description of fair value

Other investments held as fixed assets

No information about fair value regarding shares and participations is provided. Lindab considers that a fair value cannot be calculated in a reliable manner, and that the market for these holdings is limited.

Other non-current receivables

Other non-current receivables consist of cash deposited as security for rent, which means that the carrying amount is considered to be a reasonable approximation of fair value.

Interest-bearing liabilities

The fair value of interest-bearing liabilities is provided for the purposes of disclosure and is calculated by discounting the future cash flows of principals and interest payments, discounted at current market rates.

Derivatives

Forward exchange contracts are valued at fair value by discounting the difference between the contracted forward rate and the rate that can be subscribed for at the balance sheet date for the remaining contract term.

*Other financial assets and liabilities

For cash and cash equivalents, accounts receivable, other receivables, accrued income, accounts payable, overdraft facilities, other liabilities and accrued expenses with a remaining maturity of less than 6 months, the carrying amount is considered to reflect the fair value.

Valuation hierarchy

The table below shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Other observable input data for the asset or liability other than the quoted prices included in Level 1, either directly, (i.e. as price quotations) or indirectly, (i.e. derived from price quotations) (Level 2),
- Input data for the asset or liability that is not based on observable market data (i.e. non-observable input data) (Level 3).

	2016				2015			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss								
Derivative assets	-	11	-	11	-	4	-	4
Total assets	**-**	**11**	**-**	**11**	**-**	**4**	**-**	**4**

	2016				2015			
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss								
Derivative liabilities	-	–2	-	–2	-	–12	-	–12
Measured at fair value for disclosure purposes								
Overdraft facilities	-	–29	-	–29	-	–70	-	–70
Liabilities to credit institutions	-	–1,594	-	–1,594	-	–1,681	-	–1,681
Total liabilities	**-**	**–1,625**	**-**	**–1,625**	**-**	**–1,763**	**-**	**–1,763**

There have been no transfers between the different levels during the year. The company has not offset any financial instruments in the balance sheet.

At the end of 2016, there was no obligation to acquire treasury shares.

Note 26 Accrued expenses and deferred income

	Group		**Parent company**	
	2016	2015	**2016**	2015
Salaries and holiday pay	167	145	-	-
Share of profits	9	11	-	-
Payroll overheads	98	89	2	2
Bonuses to customers	141	129	-	-
Accrued exchange loss, forward exchange agreement	2	12	-	-
Other costs	74	78	1	0
Total	**491**	**464**	**3**	**2**

Note 27 Leases

Operational leases

Lease costs for assets held under operating leases, such as rented premises, machinery and office equipment, are recognised under operating expenses and amount to SEK 32 m (24), of which property rental charges amount to SEK 25 m (17).

Future payments for non-cancellable operating leases amount to SEK 318 m (333) and are broken down as follows:

	2016	2015
Year 1	35	29
Years 2-5	153	139
Year 6 and later	130	165
	318	**333**

Variable charges consist of variable interest rates, with the exception of the lease with Credit Suisse which has a fixed interest rate. An increase in interest rates of one percentage point increases total lease costs by SEK 1 m (1).

Existing leases vary in length from 7 to 22 years. Within the Group, there are companies with option contracts giving them the right to buy back properties sold to leasing companies.

If the option giving the right to buy back is exercised, the property's market value determines the purchase price. None of the Group's leases contain restrictions regarding shareholders' equity or financing opportunities.

The above table includes the following major items.

In October 2014, Lindab entered into a 15-year operating lease with Credit Suisse for a newly built production property in Switzerland. The rent for 2016 amounted to SEK 3 m (3). There is an option to acquire the property when the lease expires.

In September 2013, the properties in Båstad were acquired by DSL Renting from DAL Nordic Finance AB, and in June 2015 existing leases were renegotiated in connection with the financing of the new distribution centre. The properties have been leased back by Lindab through 7-year operating leases. The rent for 2016 amounted to SEK 8 m (9).

In January 2010, Lindab sold a production facility in Luxembourg. This property was acquired by DAL Nordic Finance AB for a purchase price of SEK 285 m. Lindab leased back the property through a 5-year operating lease and had the option to buy back the production facility when the lease expires.

In January 2015, Lindab exercised its option to buy back the production facility. The property's book value at the time of completion is estimated at EUR 25 m, corresponding to the estimated market value. Hypothecation of the property totalled the same amount. At the same time, the property was divested to a third party and a long-term lease agreement signed. The rent for 2016 amounted to SEK 12 m. The lease is associated with the commitment as described in Note 28.

For the lease transactions above, there is a possibility to extend the lease if the possibility is exercised in accordance with established agreements. If Lindab chooses not to extend the lease, Lindab typically has an obligation to guarantee the majority of the carrying value.

Finance leases

Finance leases are included in the balance sheet under buildings and land at SEK 35 m (56) and under machinery and software at SEK 2 m (13). In 2016, costs for these contracts, excluding deferred tax, amounted to SEK 5 m (6). Future obligations for finance leases amount to SEK 42 m (43) and are broken down as follows:

	Nominal value (present)	
	2016	2015
Year 1	7 (6)	6 (6)
Years 2-5	35 (32)	13 (12)
Year 6 and later	-	24 (19)
	42 (38)	**43 (37)**

Interest rates were determined upon commencement of the leases. All leases have fixed repayments; the included variable charges do not amount to substantial sums.

Note 28 Pledged assets and contingent liabilities

	Group		Parent company	
Pledged assets	**2016**	2015	**2016**	2015
Property mortgages	22	21	-	-
Floating charges	-	-	-	-
Total	**22**	**21**	**-**	**-**

All pledged assets refer to security for liabilities to credit institutions.

	Group		Parent company	
Contingent liabilities	**2016**	2015	**2016**	2015
Guarantee commitment for entered credit agreements	-	-	1,587	1,673
Other guarantees and sureties	17	16	-	-
Pension obligations	2	4	-	-
Total	**19**	**20**	**1,587**	**1,673**

The current credit agreements with Nordea/SEB and SEK expire in February 2019. At year-end, the total credit limit was SEK 2,100 m (2,100). The agreements contain covenants, which are monitored quarterly. Lindab fulfils the terms of these credit agreements.

Group companies have signed a guarantee for Building Systems in Luxembourg in case the company should fail to meet its obligations under the terms of the lease, see Note 27. Important obligations under the terms of the signed lease include the payment of all rental charges until 2030, restoration of property for industrial use, maintenance of the property, and responsibility for its operation and environmental impact.

In the leases for the properties in Båstad and Switzerland described in Note 27, group companies have signed a guarantee for the payment of all rental charges until the end of the contract. In the lease for the property in Switzerland, the guarantee is limited to CHF 1.5 m.

As part of the Group's normal business activities and according to standard professional practice, the Group has signed guarantees for the fulfilment of various contractual obligations in relation to large suppliers. There was no indication at year-end that these contractual guarantees will result in any payment being required.

Note 29 Transactions with related parties

Transactions with related parties can affect a company's financial results and position. Information must therefore be provided about parties that may be considered related to the Lindab Group.

Related parties

The parent company has direct and indirect control over its subsidiaries, see Note 31. The parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with senior management, see Note 6.

Present and former members of the Board and senior management with their respective inner circles have been related parties. Salaries, remuneration, benefits, pension entitlements, termination benefits etc. for the members of the Board, President and CEO and other senior executives are presented in Notes 6 and 23.

The associated company Meak B.V. in the Netherlands is also to be considered to be a related party. Since the extent of these transactions is negligible, however, they have not been specified below.

Other transactions with related parties are specified below	**Group companies**	
Parent company	**2016**	2015
Net sales	4	3
Dividend and Group contributions to the parent company	34	34
Interest income from the parent company	33	32
Non-current receivables in the parent company	2,198	2,166

Other transactions with related parties

For information about the incentive programmes aimed at participants in various management positions at Lindab, see Note 6 on page 90.

In addition to that stated above, none of Lindab's Board members, deputy Board members, senior executives or shareholders has or is participating in any business transaction with the company that is unusual in nature, in terms or has significance for the company's business as a whole, or has taken place during the current financial year or in the last three financial years. This also applies to transactions in previous financial years which in some respects have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor has any guarantees or surety been given for any of them.

In general, transactions with related parties have taken place on terms equivalent to those that apply to business transactions.

Note 30 Events after the reporting period

No significant events have occurred after the reporting period.

Note 31 Group companies and associates

The Group operates in several markets, which means that the Group has subsidiaries in many parts of the world. The parent company has a controlling influence over a subsidiary when it is exposed or is entitled to variable returns from its commitment to the subsidiary and can affect returns by using its controlling influence over the subsidiary. In principle, all subsidiaries are owned directly or indirectly, 100 percent, by the parent company, Lindab International AB. The subsidiaries that are not 100 percent owned are considered to have non-controlling interests that are not essential for the Group.

	Currency code	Corporate identification number	Domicile	Share in %	Recorded value
Lindab AB [1]	SEK	556068-2022	Båstad, Sweden	100	3,467*
Lindab Sverige AB [2]	SEK	556247-2273	Båstad, Sweden	100	
Lindab Steel AB [4]	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB [3]	SEK	556026-1587	Båstad, Sweden	100	
Lindab Götene AB [3]	SEK	556961-9918	Båstad, Sweden	100	
Lindab Ryssland AB [7]	SEK	556960-0322	Båstad, Sweden	0	
Lindab Profil AB [3]	SEK	556071-4320	Båstad, Sweden	100	
Astron Buildings S.A. [2,3,4]	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o. [2]	CZK	49613332	Prague, Czech Republic	15	
Lindab N.V. [2,3]	EUR	BE 464.910.211	Gent, Belgium	0	
U-nite Fasteners Technology AB [2]	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Fastigheter AB [5]	SEK	556629-2271	Båstad, Sweden	100	
Lindab Innovation AB [6]	SEK	556897-8505	Båstad, Sweden	100	
Lindab Ryssland AB [7]	SEK	556960-0322	Båstad, Sweden	100	
Lindab Ltd. Co. [2,3]	RUB	105781261234	Moscow, Russia	100	
Astron Buildings LLC [2,3,4]	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Astron Buildings S.A. [2,3,4]	EUR	RC B91774	Diekirch, Luxembourg	100	
Lindab Treasury AB [8]	SEK	556044-4704	Båstad, Sweden	100	
Astron Buildings S.A.S. [2]	EUR	RCS 327 258 943	Bussy-St-Martin, France	100	
Astron Buildings s.r.o. [5]	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC [9]	RUB	OGRN 1047796961464	Moscow, Russia	100	
Astron Buildings Sp. z o.o. [2]	PLN	KRS 0000039952	Lomianki, Poland	1	
Astron Buildings LLC [2,3,4]	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA [2]	EUR	40003602009	Riga, Latvia	100	
UAB Lindab [2,3]	EUR	111788414	Vilnius, Lithuania	100	
Lindab d.o.o. [2]	HRK	80182671	Zaprešić, Croatia	100	
Lindab AS [2,3]	EUR	10424824	Harju mk, Estonia	100	
Oy Lindab Ab [2,3]	EUR	0920791-3	Esbo, Finland	100	
Lindab s.r.o. [2,3]	CZK	49613332	Prague, Czech Republic	85	
LLC Spiro [2]	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A. [2,3]	CHF	CH-217.0.135.550-1	Bösingen, Switzerland	100	
LLC Spiro [2]	RUB	1117604013108	Yaroslavl, Russia	99	
Lindab Havalandirma LTD STI [2]	TRY	877776	Istanbul, Turkey	100	
Lindab Holding Inc. [7]	USD	54-179 29 84	Portsmouth VA, USA	100	
Spiral Helix Inc. [2,3]	USD	36-4381930	Chicago IL, USA	100	
Lindab Profile Inc. [9]	USD	90-091 66 93	Portsmouth VA, USA	100	
Lindab SRL [2,3]	RON	J23/1168/2002	Ilfov, Romania	100	
Lindab Ukraine LLC [9]	UAH	34300449	Kiev, Ukraine	100	
Lindab Kft. [2,3]	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS [2,3]	NOK	929 805 925	Oslo, Norway	100	
Lindab Sp. z o.o. [2,3]	PLN	KRS 0000043661	Wieruchow, Poland	100	
Lindab S.r.l [2,3]	EUR	12002580152	Volpiano, Italy	100	
MP3 S.r.l [2,3]	EUR	3345850964	Padua, Italy	100	
Lindab N.V. [2,3]	EUR	BE 464.910.211	Gent, Belgium	100	
Lindab A/S [2,3]	DKK	CVR no. 33 12 42 28	Haderslev, Denmark	100	
Lindab Door B.V. [2]	EUR	33291638	Groeneken, The Netherlands	100	
Meak B.V. [2]	EUR	18042479	Utrecht, The Netherlands	40	
Lindab GmbH [2,3]	EUR	HRB 2276 AH	Bargteheide, Germany	100	
Astron Buildings GmbH [2]	EUR	HRB 8007	Mainz, Germany	100	
Astron Buildings Sp. z o.o. [2]	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab SRL [2,3]	RON	J23/1168/2002	Ilfov, Romania	0	
Lindab AG [2,3]	CHF	CH-170.3.023.237-3	Otelfingen, Switzerland	100	
Lindab Ltd [2,3]	GBP	1641399	Northampton, UK	100	
CCL Lindab Ltd [9]	GBP	1909033	Northampton, UK	100	
Lindab France S.A.S. [2,3]	EUR	31 228 513 300 061	Montluel, France	100	
Nather S.A. [2,3]	EUR	313 181 109	Porte les valence, France	100	
Lindab (IRL) Ltd [2]	EUR	44222	Dublin, Ireland	100	
Lindab a.s. [2,3]	EUR	36 214 604	Jamník, Slovakia	100	
Lindab Steel AG [4]	CHF	CH-020.3.036.274-9	Wetzikon, Switzerland	100	
Kalnesa Holdings Limited [9]	EUR	303110	Nicosia, Cyprus	100	
Spircus Enterprises Limited [9]	EUR	303031	Nicosia, Cyprus	100	
Lindab IMP Klima d.o.o. [2,3]	EUR	5519225000	Godovič, Slovenia	100	
Lindab d.o.o. Belgrad [2]	RSD	17421557	Belgrade, Serbia	100	
Lindab d.o.o.e.l. Skopje [2]	MKD	5439833	Skopje, Macedonia	100	
Lindab d.o.o. Podgorica [2]	EUR	27146453	Podgorica, Montenegro	100	
Lindab d.o.o. Sarajevo [2]	BAM	4200550810003	Sarajevo, Bosnia	100	
Uniklima d.d. [3]	BAM	4200240030008	Ilidža, Bosnia	95	

** The number of shares owned amounts to 23,582,857.*

1) Group functions, 2) Sales company, 3) Production company, 4) Purchasing company, 5) Property company, 6) Patent business, 7) Holding company, 8) Treasury business, 9) Dormant company

The Board of Directors and the CEO hereby affirm that the consolidated financial accounts and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting standards, and give a true and fair view of the Group's and the parent company's financial position and results of operations, and that the Directors' Report gives a true and fair view of the Group's and parent company's business, financial position and results of operations, and describe material risks and uncertainties that the parent company and the companies included in the Group are facing.

Båstad, 19 March 2017

Peter Nilsson
Chairman

Anders Berg
President and CEO

Per Bertland
Board member

Marianne Brismar
Board member

Sonat Burman-Olsson
Board member

Viveka Ekberg
Board member

Bent Johannesson
Board member

Hans Porat
Board member

Anders Lundberg
Employee representative

Pontus Andersson
Employee representative

Our audit report was submitted on 19 March 2017.

Deloitte AB

Hans Warén
Authorised Public Accountant

Auditors' Report

To the general meeting of the shareholders of Lindab International AB (publ) corporate identity number 556606-5446

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lindab International AB (publ) for the financial year 1 January 2016 to 31 December 2016. The annual accounts and consolidated accounts of the company are included on pages 60-108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position of the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

In the balance sheet goodwill amounts to SEK 2 963 m as per 31 December 2016. This goodwill arose from former changes in ownership and acquisitions. The value of the goodwill is dependent on future income and profitability in the cash generating units the goodwill relates to. It is assessed for impairment at least once a year. The impairment test is based on several assumptions, such as estimated future cash flows, gross margins, growth and discount rate. Incorrect judgments and assumptions may have a material impact on the group's result and financial position.

For further information, please refer to note 2 - Summary of important accounting policies, note 4 – Key accounting estimates and judgements and note 16 – Intangible assets.

Our audit included the following procedures, but was not limited to these:

- Review and testing of Lindab's procedures for impairment testing of goodwill and assessment of the assumptions made for reasonableness, that the procedures are consistently applied and that there is integrity in the computations.
- Review of completeness in relevant disclosures to the financial statements.
- Our valuation specialists have been involved in the audit procedures.

Valuation of deferred tax assets

In the balance sheet deferred tax assets amount to net SEK 67 m as per 31 December 2016, of which SEK 35 m relates to carry-forward tax losses. The value is dependent on to which extent it is probable that future tax surplus is generated and can be utilised against the accumulated tax losses. Incorrect judgments and assumptions may have a material impact on the group's result and financial position.

For further information, please refer to note 2 - Summary of important accounting policies, note 4 – Key accounting estimates and judgements and note 14 – Tax on profit for the year.

Our audit included the following procedures, but was not limited to these:

- Review of Lindab's procedures for computation of deferred tax assets and assessment of reasonability and consequences of judgments regarding future earning capacity together with review of computations regarding deferred tax against underlying documentation and testing of the computations' compliance with prevailing tax legislation.
- Review of completeness in relevant disclosures to the financial statements.
- Our tax experts have been involved in the audit procedures.

Other information in addition to the annual accounts and consolidated accounts

This document also contains other information in addition to the annual accounts and consolidated accounts and is found on pages 1-59 and 112-114. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted inaccordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lindab International AB (publ) for the financial year 1 January 2016 to 31 December 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis of opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Gothenburg, 19 March 2017

Deloitte AB

Signature on Swedish original

Hans Warén
Authorised Public Accountant

Reconciliations of key performance indicators not defined according to IFRS

The company presents certain financial measures in the Annual Report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. Lindab's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the Annual Report are presented below. Reconciliation of these measures is shown in the tables below. As the amounts in the tables below have been rounded off to SEK m, the calculations do not always add up due to rounding-off.

Amounts in SEK m unless otherwise indicated.

Interest coverage ratio	**2016**	**2015**	**2014**	**2013**	**2012**
Earnings before tax	445	431	386	329	178
Interest expenses	43	49	79	127	162
Total	**488**	**480**	**465**	**456**	**340**
Interest expenses	43	49	79	127	162
Interest coverage ratio, times	**11.4**	**9.7**	**5.9**	**3.6**	**2.1**

Net debt	**2016**	**2015**	**2014**	**2013**	**2012**
Non-current interest-bearing provisions for pensions and similar obligations	211	189	201	169	179
Non-current liabilities to credit institutions	1,625	1,713	1,765	1,645	2,045
Other current interest-bearing liabilities	35	93	128	172	227
Total liabilities	**1,871**	**1,995**	**2,094**	**1,986**	**2,451**
Financial interest-bearing fixed assets	45	47	46	42	39
Other interest-bearing receivables	12	6	2	1	5
Cash and cash equivalents	418	285	300	331	301
Total assets	**475**	**338**	**348**	**374**	**345**
Net debt	**1,396**	**1,657**	**1,746**	**1,612**	**2,106**

Net debt/EBITDA	**2016**	**2015**	**2014**	**2013**	**2012**
Average net debt	1,695	1,960	1,923	2,036	2,125
Operating profit, excluding one-off items	511	463	497	498	460
Depreciation/amortisation and impairment losses	174	168	158	157	147
EBITDA	**685**	**631**	**655**	**655**	**607**
Net debt/EBITDA, times	**2.5**	**3.1**	**2.9**	**3.1**	**3.5**

One-off items	**2016**	**2015**	**2014**	**2013**	**2012**
Operating profit, including one-off items	**483**	**469**	**467**	**452**	**334**
Products & Solutions	–24	35	–21	–24	–70
Building Systems	-	–9	–11	–1	–23
Other operations	–4	–20	2	–21	–33
Operating profit, excluding one-off items	**511**	**463**	**497**	**498**	**460**

Operating profit before depreciation/amortisation – EBITDA	**2016**	**2015**	**2014**	**2013**	**2012**
Operating profit	483	469	467	452	334
Depreciation/amortisation and impairment losses	174	168	158	157	156
Operating profit before depreciation/amortisation – EBITDA	**657**	**637**	**625**	**609**	**490**
Net sales	7,849	7,589	7,003	6,523	6,656
EBITDA margin, %	**8.4**	**8.4**	**8.9**	**9.3**	**7.4**

Organic growth	**2016**	**2015**	**2014**	**2013**	**2012**
Change, net sales	260	586	480	–133	–222
Of which					
Organic	322	159	314	–85	–336
Acquisitions/divestments	8	275	2	76	228
Currency effects	–70	152	164	–124	–114

Return on capital employed	2016	2015	2014	2013	2012
Total assets	7,503	7,149	6,961	6,517	6,623
Provisions	112	136	111	176	170
Other non-current liabilities	4	5	5	10	12
Total non-current liabilities	**116**	**141**	**116**	**186**	**182**
Provisions	17	30	52	62	73
Accounts payable	837	790	650	681	569
Other current liabilities	813	682	705	636	665
Total current liabilities	**1,667**	**1,502**	**1,407**	**1,379**	**1,307**
Capital employed	**5,720**	**5,506**	**5,438**	**4,952**	**5,134**
Earnings before tax	445	431	386	329	178
Financial expenses	49	57	88	132	168
Total	**494**	**488**	**474**	**461**	**346**
Average capital employed	5,642	5,654	5,347	5,059	5,011
Return on capital employed, %	**8.8**	**8.6**	**8.9**	**9.1**	**6.9**

Return on shareholders' equity	2016	2015	2014	2013	2012
Profit for the year	306	305	283	233	122
Average shareholders' equity	3,655	3,446	3,149	2,725	2,656
Return on shareholders' equity, %	**8.4**	**8.8**	**9.0**	**8.5**	**4.6**

Financial definitions

Key performance indicators defined according to IFRS

Earnings per share, SEK
Profit for the year attributable to parent company shareholders to average number of shares outstanding.

Key performance indicators not defined according to IFRS

Cash flow from operating activities per share, SEK
Cash flow from operating activities to number of shares.

Capital employed
Total assets less non-interest-bearing provisions and liabilities.

EBITDA margin
EBITDA margin has been calculated as the profit before planned depreciation and before consolidated amortisation of surplus value on intangible assets, expressed as a percentage of net sales.

Equity/asset ratio
Shareholders' equity, including non-controlling interests, expressed as a percentage of total assets.

Interest coverage ratio
Earnings before tax plus interest expense to interest expense.

Investments in intangible/tangible fixed assets
Investments in fixed assets excluding acquisitions and divestments of companies.

Net debt
Interest-bearing provisions and liabilities less interest-bearing assets and cash and cash equivalents.

Net debt/EBITDA
Average net debt to EBITDA, excluding one-off items, based on a rolling twelve-month calculation.

Net debt/equity ratio
Net debt to shareholders' equity including non-controlling interests.

Number of shares
The weighted average number of shares outstanding at end of the period plus any additional shares in accordance with IAS 33.

One-off items
Items not included in regular business transactions, and each amount is significant in size and therefore has an effect on the profit or loss and key performance indicators, are classified as one-off items.

Operating cash flow
Cash flow from operating activities excluding one-off items and tax paid but including net investments in intangible assets and tangible fixed assets.

Operating margin
Operating profit expressed as a percentage of net sales.

Operating margin, excluding one-off items
Operating profit, excluding one-off items, expressed as a percentage of net sales.

Operating profit
Profit before financial items and tax.

Operating profit before depreciation/amortisation – EBITDA
Operation profit before planned depreciation and amortisation.

Operating profit, excluding one-off items
Profit before financial items and tax adjusted for one-off items.

Organic growth
Change in sales adjusted for currency effects as well as acquisitions and divestments compared with the same period of the previous year.

P/E ratio
Quoted price at year-end divided by the earnings per share.

Profit margin
Earnings before tax expressed as a percentage of net sales.

Return on capital employed
Return on capital employed comprises the Group's earnings before tax after adding back financial expenses expressed as a percentage of average capital employed.

Return on shareholders' equity
Return on shareholders' equity comprises profit for the year attributable to parent company shareholders, expressed as a percentage of average shareholders' equity attributable to parent company shareholders.

Sales abroad, %
Sales reported per market for each country to which products or services have been delivered, expressed as a percentage of net sales for the year.

Shareholders' equity per share
Shareholders' equity attributable to parent company shareholders to number of shares outstanding at the end of the period.

Working capital
Working capital comprises stock, operating receivables and operating liabilities, and is obtained from the statement of financial position but adjusted where appropriate for items not affecting cash flow. The operating receivables consist of accounts receivable, other receivables as well as non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest-bearing non-current liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest-bearing accrued expenses and deferred income.

Glossary

BIM
BIM is short for Building Information Modeling. A BIM model is a virtual model of real buildings. All information from a building's life cycle is collected and organised in the model.

Branch
Local warehouse, shop, sales office and competence centre for Lindab's products, systems and solutions.

CE
Product labelling within the European Economic Area (EEA). "CE" originated as an abbreviation of Conformité Européenne, meaning European Conformity. The CE marking is the manufacturer's declaration that the product meets the requirements of the applicable EC directives.

CEE
Central and Eastern Europe.

CIS
Commonwealth of Independent States (former Soviet Republics).

Corporate Social Responsibility (CSR)
A company's responsibility for its impact on society from an economic, environmental and social perspective.

Energy-plus house
Forum for energy-efficient buildings defines an energy-plus house as a passive house which produces more electricity and heat than it consumes.

Environmental management system
A system that streamlines and organises a company's environmental work with the aim of making continuous improvements. Certified according to ISO 14001.

Eurovent
The Eurovent Association is Europe's industry association for indoor climate, process cooling and food cold chain technologies. The association is responsible for developing and offering third-party certification of ventilation and cooling products.

Global Reporting Initiative (GRI)
International sustainability reporting guidelines. The fourth-generation guidelines are called G4.

Greenhouse gas emissions
Gases such as carbon dioxide and methane that contribute to climate change.

Heating, ventilation and air conditioning (HVAC)
Technology for providing thermal comfort and acceptable air quality in buildings and vehicles.

Internet of Things
A network of physical objects, devices, vehicles, buildings and other items. These are embedded with sensors which are connected to the internet with the aim of, through digital communication, creating smart, attractive and helpful environments, products and services.

Key Accounts
Large customers with which Lindab has a strategic partnership to create long-term partner relationships.

Lean
A philosophy concerned with the way in which resources are managed. The purpose is to identify and eliminate all factors in a production process that do not create value for the end customer.

LTIF
An international measure that indicates the number of accidents per million hours worked.

Quality management system
A system to ensure the quality of the company's products and services, including its organisational structure, responsibilities and activities. Certified according to ISO 9001.

Renewable energy
Examples of renewable energy are hydropower, wind power, solar energy and bio energy.

Sustainable development
Usually defined as "a society that meets today's needs without compromising the ability of future generations to meet their own needs". This definition comes from the World Commission on Environment and Development, formally known as the Brundtland Commission.

Information to shareholders

Annual General Meeting

The Annual General Meeting for Lindab International AB (publ) will be held on Tuesday, 9 May 2017 at 15.00 in Grevieparken, Grevie, municipality of Båstad, Sweden.

Registration

Shareholders who wish to attend the Annual General Meeting must be registered in the register of shareholders maintained by Euroclear Sweden AB no later than Wednesday, 3 May 2017, and must notify Lindab International AB (publ) of their intention to attend the meeting no later than 16.00 on Wednesday, 3 May 2017.

Please register using one of the following methods:
- via the website: www.lindabgroup.com
- by telephone: +46 (0)431 850 00 or
- by e-mail: Lindab International AB (publ), subject "Annual General Meeting", 269 82 Båstad.

To participate in the meeting and exercise their right to vote, shareholders who have nominee-registered shares through a bank or other nominee must request temporary registration in their own name in the Euroclear Sweden AB share register. Such registration must be completed at Euroclear Sweden AB no later than Wednesday, 3 May 2017. Shareholders must notify their bank or other trustee in good time before this date. The notification must include the shareholder's name, personal or corporate identification number, shareholding, address, telephone number and, where applicable, information regarding assistants and representatives wishing to attend the meeting.

Shareholders who wish to be represented by a proxy at the meeting must issue a written, dated power of attorney for such proxy. A proxy form is available on the company's website www.lindabgroup.com. A power of attorney issued by a legal entity must be accompanied by a copy of the certificate of registration for such legal entity. To facilitate admission to the meeting, the original power of attorney and authorisation documents must be received by the company no later than Wednesday, 3 May 2017.

Reports

Reports can be ordered from Lindab International AB via the website, www.lindabgroup.com, or via e-mail to "Lindab International AB", subject "Reports", 269 82 Båstad.

Printed annual reports will only be sent to shareholders and stakeholders who order copies.

Nomination Committee

The Nomination Committee proposes the election of Board members, auditors, the Chairman of the Annual General Meeting, Board fees and the composition of the Nomination Committee prior to the Annual General Meeting in 2018.

Prior to the Annual General Meeting in 2017, the Nomination Committee consists of:

- Sven Hagströmer, representative for Creades AB (Chairman)
- Carl Cederschiöld, representative for Handelsbanken Fonder
- Göran Espelund, representative for Lannebo Fonder
- Peter Nilsson, Chairman of Lindab International AB (publ).

Financial statements, financial year 2017

Interim Report January–March, Q1	9 May 2017
Interim Report January–June, Q2	20 July 2017
Interim Report January–September, Q3	26 October 2017
Q4 and Year-End Report	February 2018
Annual Report 2017	April 2018

Lage (far right) and Valter (far left) with their employees in Grevie.

A success story built on strong values

The year was 1959. Lage Lindh and his partner Valter Persson had just moved their sheet metal workshop to new premises in the small community of Grevie, Skåne, and were now looking to expand the business. Lage had a clear vision: to develop products and solutions that made things simpler for the customers. With this vision, a high degree of neatness and order in the company and a down to earth philosophy, Lage began to develop what would since become the Lindab we know today – a group with over 5,000 employees and sales in 60 countries. And the values live on to this day. Ask anyone at Lindab what is most important in their work and they will probably answer: "Creating success for the customer, neatness and order and always keeping your feet firmly planted on the ground".

Watch the video of how it all began.

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www.lindab.com
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