

# Lindab International AB (publ)

## Interim Report January - September 2019

### Third quarter

- Net sales increased by 3 percent to SEK 2,462 m (2,397), of which organic growth was 1 percent.
- Adjusted<sup>1)</sup> operating profit increased by 31 percent to SEK 273<sup>2)</sup> m (209). Adjusted<sup>1)</sup> operating margin increased to 11.1 percent (8.7).
- Operating profit amounted to SEK 273<sup>2)</sup> m (200).
- Profit for the period increased to SEK 212 m (152).
- Earnings per share, before and after dilution, increased to SEK 2.78 (1.99).
- Cash flow from operating activities increased to SEK 395<sup>2)</sup> m (262).
- In July Lindab divested the Dutch subsidiary Lindab Door B.V.

### First nine months of the year

- Net sales increased by 6 percent to SEK 7,346 m (6,942), of which organic growth was 3 percent.
- Adjusted<sup>1)</sup> operating profit increased by 52 percent to SEK 703<sup>2)</sup> m (461). Adjusted<sup>1)</sup> operating margin increased to 9.6 percent (6.6).
- Operating profit amounted to SEK 703<sup>2)</sup> m (400).
- Profit for the period increased to SEK 535 m (288).
- Earnings per share, before and after dilution, increased to SEK 7.01 (3.78).
- Cash flow from operating activities increased to SEK 651<sup>2)</sup> m (355).

Key Figures	2019	2018	Change, %	2019	2018	Change, %
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep	
Net sales, SEK m	2,462	2,397	3	7,346	6,942	6
Adjusted <sup>1)</sup> operating profit <sup>2)</sup> , SEK m	273	209	31	703	461	52
Operating profit <sup>2)</sup> , SEK m	273	200	37	703	400	76
Adjusted <sup>1)</sup> operating margin, %	11.1	8.7	-	9.6	6.6	-
Operating margin, %	11.1	8.3	-	9.6	5.8	-
Profit for the period, SEK m	212	152	39	535	288	86
Earnings per share, before and after dilution, SEK	2.78	1.99	39	7.01	3.78	86
Cash flow from operating activities <sup>2)</sup> , SEK m	395	262	51	651	355	83

1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See 'Reconciliations' page 21.

2) Excluding the effect of implemented accounting standard, IFRS 16 Leases, operating profit amounted to SEK 266 m during the quarter and the cash flow from operating activities amounted to SEK 342 m. Operating profit for the period January-September amounted to SEK 683 m and cash flow from operating activities amounted to SEK 491 m. Comment only refers to year 2019.

## A word from the CEO



Photo: Matte Ottosson

**Lindab increased the adjusted operating profit in Q3 by 31 percent to SEK 273 m (209). The improvement was mainly an effect of a strengthened gross margin. Cost are developing according to plan and efficiency initiatives have high priority. All three business areas contributed, also in the third quarter, to the improved operating profit.**

Ventilation Systems continued to deliver improved profitability, and the adjusted operating profit increased to SEK 168 m (129). Organically, the sales development was negative by 3 percent compared to a record high third quarter previous year. The decline is partly a consequence of our prioritisation of profitability over volume, but also an effect of decreased demand in Sweden, Norway and Finland. In addition, the uncertainty regarding Brexit is affecting demand in UK and Ireland.

Profile Systems increased the adjusted operating profit to SEK 82 m (73). The organic sales growth was negative by 3 percent, linked to decreased sales of industrial projects and steel buildings in the Nordics. We evaluate our businesses with focus on sustainable and profitable growth. The business of industrial doors in the Netherlands was divested during the quarter as a consequence of this evaluation.

Building Systems reported good organic sales growth of 23 percent in the quarter. The adjusted operating profit improved to

SEK 34 m (14). After two quarters of substantial deliveries and strong sales, the order backlog is now slightly lower than the same period last year. During the quarter Stefaan Sonjeau took office as the new business area manager for Building Systems. The business area is now entering a new interesting phase with continued focus on efficiency improvement and sustainable profitability.

The improvement measures within the Lindab Group continue at a high pace, with the objective to achieve our financial targets and increase the customer satisfaction further. We develop our product offering and enhance our delivery performance. We invest in automatised production to improve efficiency and capacity. We focus our efforts on the countries and product areas where we can build a strong position and achieve sustainable growth.

With improved earnings and a stronger balance sheet, Lindab can start to look more actively at bolt-on acquisitions, primarily within Ventilation Systems.

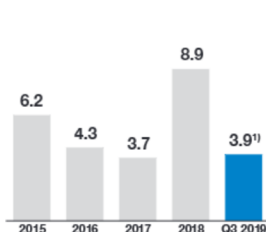
Grevie, October 2019

Ola Ringdahl

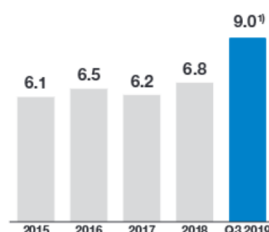
President and CEO

### Long-term financial targets

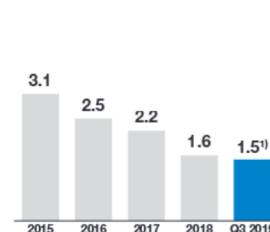
Annual growth, 5–8%



Operating margin, 10%



Net debt to EBITDA, <2,5



<sup>1)</sup> R 12M

## Sales, profit and cash flow

### Sales and markets

Net sales increased by 3 percent to SEK 2,462 m (2,397) during the quarter. Organic growth amounted to 1 percent and currency contributed positively by 2 percent.

Organic sales growth remained positive in the quarter, however the pace was lower than in the previous quarters. The balance between volume and profitability remained a priority in all segments with a clear objective to improve earnings.

The sales development during the quarter varied between the segments. Building Systems reported continued strong sales growth while both Ventilation Systems and Profile Systems had negative organic sales development. The increased macroeconomic uncertainty in Europe contributed to a slowdown in several markets for Ventilation Systems. The negative sales development in Profile Systems was mainly explained by reduced sales of major industrial projects and steel buildings in the Nordic region.

Net sales for the period January–September amounted to SEK 7,346 m (6,942), an increase of 6 percent compared with the corresponding period of the previous year. Organic growth was 3 percent and currency had a positive impact of 3 percent.

### Profit

Adjusted operating profit for the quarter increased by 31 percent to SEK 273 m (209), of which SEK 7 m is related to the implementation of the new accounting standard for lease agreements (IFRS 16). No one-off items or restructuring costs were reported during the quarter, compared to SEK -9 m in the same period previous year, see 'Reconciliations' page 21. Adjusted operating margin for the quarter increased to 11.1 percent (8.7).

All three segments contributed positively to the increase in operating profit for the Group. Ventilation Systems' adjusted operating profit increased to SEK 168 m (129), Profile Systems contributed SEK 82 m (73) and Building Systems added SEK 34 m (14).

The improvement in operating profit was mainly due to strengthened gross margin, but also due to a stable development of the underlying operating costs. Relatively stable raw material prices together with implemented efficiency measures and previous applied price increases have enabled a continued recovery of

the gross margin. Ventilation Systems' operating profit included SEK -9 m regarding impairment losses of intangible assets.

Profit for the period increased by 39 percent compared to same period previous year and amounted to SEK 212 m (152). Earnings per share increased to SEK 2.78 (1.99).

Adjusted operating profit for the period January–September increased by 52 percent to SEK 703 m (461). SEK 20 m of the increase is explained by IFRS 16. No one-off items or restructuring costs were reported during the period, compared to SEK -61 m in the same period previous year, see 'Reconciliations' page 21. Adjusted operating margin increased to 9.6 percent (6.6).

Profit for the period January–September increased to SEK 535 m (288) and earnings per share amounted to SEK 7.01 (3.78).

### Seasonal variations

Lindab's business is affected by seasonal variations in the construction industry, and the highest proportion of net sales is normally seen during the second half of the year. The largest seasonal variations can be found in the segments Profile Systems and Building Systems. Ventilation products are mainly installed indoors which is why the Ventilation Systems segment is less dependent on season or weather conditions.

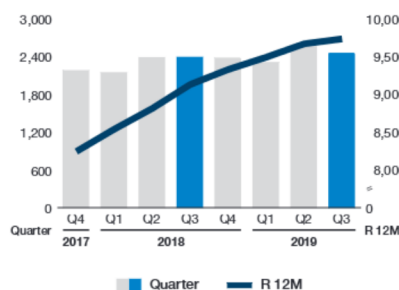
There is normally a deliberate stock build-up of mainly finished goods during the first six months, which gradually becomes a stock reduction during the second half of the year, as a result of increased activity within the construction market.

### Depreciation/amortisation and impairment losses

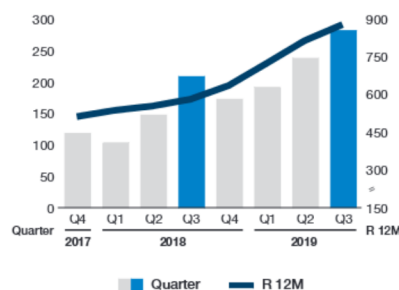
Depreciation, amortisation and impairment losses for the quarter amounted to SEK 107 m (43), of which SEK 16 m (9) related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the quarter was in line with same period last year and amounted to SEK 44 m. Impairment losses during the period amounted to SEK 9 m (0), mainly related to intangible assets from previous business combinations.

Depreciation, amortisation and impairment losses for the period January–September amounted to SEK 303 m (126), of which SEK 33 m (27) related to intangible assets. Adjusting for the

Net sales, SEK m



Adjusted operating profit, SEK m



## Sales, profit and cash flow (cont.)

impact of IFRS 16, depreciation and amortisation for the period was in line with same period last year and amounted to SEK 130 m. Impairment losses during the period amounted to SEK 12 m (0), mainly related to intangible assets from previous business combinations.

### Tax

Tax on profit during the quarter amounted to SEK 55 m (44). Earnings before tax increased to SEK 267 m (196). The average tax rate was 21 percent (19), while the effective tax rate amounted to 21 percent (22). The lower effective tax rate, compared to the same period previous year, was mainly due to the fact that Lindab improved its earnings before tax in a number of countries during the period, which generated only a few, minor unrecognised carry-forward tax losses. In addition, Lindab has been able to recognise and utilise a higher proportion of previously unrecognised carry-forward tax losses, compared with the same period last year.

Tax on profit for the period January–September amounted to SEK 142 m (100). Earnings before tax increased to SEK 677 m (388). The average tax rate was 20 percent (19). The effective tax rate amounted to 21 percent (26). The lower effective tax rate, compared to the same period previous year, was mainly due to the fact that Lindab improved its earnings before tax in a number of countries during the period, which generated fewer unrecognised carry-forward tax losses. In addition, Lindab has been able to recognise and utilise a higher proportion of previously unrecognised carry-forward tax losses, compared with the same period last year. Apart from the impact of carry-forward tax losses, the slightly higher effective tax rate compared to the average tax rate was mainly explained by the net effect of non-deductible costs/non-taxable income.

### Cash flow

During the quarter, cash flow from operating activities improved with SEK 133 m and amounted to SEK 395 m (262). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 342 m, an improvement of SEK 80 m compared to same period last year.

Cash flow before change in working capital amounted to SEK 342 m (211). The improvement by SEK 131 m was mainly related to the underlying operating profit which increased to SEK 273 m (200). In addition, IFRS 16 had a positive impact on the outcome of SEK 53 m since the cash effect of rental and leasing costs are now mainly included in financing activities. The cash flow related to change in working capital had a positive impact by SEK 53 m (51), which is in line with outcome in the corresponding period last year.

Cash flow from financing activities for the quarter amounted to SEK -264 m (-294). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK -211 m. The cash flow development from financing activities was mainly related to changes in borrowings and the utilisation of credit limits.

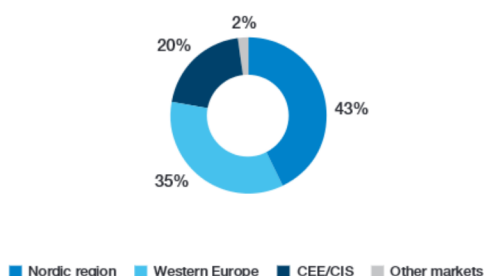
For the period January–September, cash flow from operating activities improved by SEK 296 m and amounted to SEK 651 m (355). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 491 m, an improvement of SEK 136 m compared to same period last year.

Cash flow before change in working capital amounted to SEK 864 m (407). The improvement by SEK 457 m was mainly related to the underlying operating profit which increased to SEK 703 m (400). In addition, IFRS 16 had a positive impact on cash flow of SEK 160 m since the cash effect of rental and leasing costs are now mainly included in financing activities. Cash flow related to change in working capital amounted to SEK -213 m (-52). Relative to the corresponding period previous year, the most significant changes were attributable to the settlements of accounts payables and reduction of customer advances from customers within Building Systems.

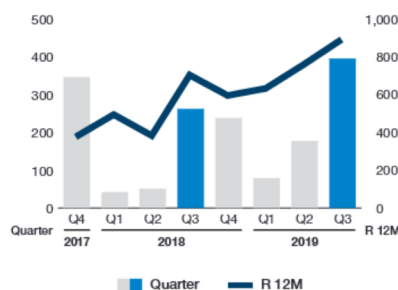
Cash flow from financing activities for the period January–September amounted to SEK -266 m (-319). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK -106 m. The development was mainly related to changes in borrowings and the utilisation of credit limits. Further the dividend distribution to shareholders was slightly higher than previous year.

Cash flow from investing activities is explained under the headings 'Investments' and 'Business combinations'.

Breakdown of net sales by region, last 12 months



Cash flow from operating activities, SEK m



## Investments and financial position

### Investments

Investments in intangible assets and tangible fixed assets for the quarter amounted to SEK 51 m (30), of which SEK 5 m (4) related to investments in intangible assets. The increased investments in tangible fixed assets were mainly a result of the Group's objective to increase efficiency in the production facilities.

Cash flow from investing activities, excluding business combinations, amounted to SEK -50 m (-19). The net cash flow included a positive impact from divestment of tangible fixed assets amounting to SEK 1 m (11).

For the period January-September, investments in intangible assets and tangible fixed assets amounted to SEK 178 m (80), of which SEK 10 m (13) was related to investments in intangible assets. Investments in tangible fixed assets included SEK 45 m (-) related to the purchase of the previously leased property in Switzerland.

Cash flow from investing activities, excluding business combinations, amounted to net SEK -174 m (-65), for the period January-September. Cash flow related to the purchase of property was SEK -45 m (-). Included in the net cash flow was a positive impact from the divestment of tangible fixed assets amounting to SEK 4 m (15).

### Business combinations

On July 26, Lindab divested the Dutch subsidiary Lindab Door B.V. The business of the company is mainly related to sales and assembly of industrial doors. The divestment is in accordance with Lindab's strategy to focus on long-term sustainable and profitable growth. At the time of divestment, Lindab Door B.V. had 14 employees and annual sales of approximately SEK 30 m.

On April 2, Lindab acquired the British ventilation company Ductmann Ltd., whose business is mainly focused on the production and sale of rectangular ducts and fire-rated ducting for ventilation systems. The acquisition is a natural step for Lindab to further strengthen its offering in ventilation systems in the UK. Ductmann Ltd. is registered in Dudley, UK. The company has annual sales of approximately SEK 43 m and has 40 employees.

For more information, see Note 3.

### Financial position

Net debt amounted to SEK 1,996 m (1,249) on 30 September 2019. Adjusting for the impact of IFRS 16 net debt decreased to SEK 1,003 m. Currency effects increased net debt by SEK 29 m during the quarter compared to a decrease by SEK 12 m in the third quarter of 2018.

The equity/assets ratio was 51 percent (52) and the net debt/equity ratio was 0.4 (0.3) of which IFRS 16 decreased the equity/assets ratio by 6 percentage points and increased the net debt/equity ratio by 0.2. Financial items for the quarter amounted to SEK -6 m (-4) whereof SEK -7 m was related to IFRS 16.

The current credit limits of SEK 1,400 m with Nordea and Danske Bank and EUR 50 m from Raiffeisen Bank International are valid until third quarter 2022. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the conditions as of 30 September 2019.

### Pledged assets and contingent liabilities

In connection with the acquisition of the property in Switzerland, mortgages amounting to SEK 52 m were pledged. No other significant changes have been taken place in pledged collateral and contingent liabilities in 2019.

Gross investments in fixed assets, excl. business combinations SEK m



### Investment programme

- Lindab has increased the rate of investments regarding automation in production in order to achieve increased capacity, efficiency and safety.
- During the second quarter Lindab acquired the previously leased property in Switzerland to the value of SEK 45 m.

## Other

### Parent company

Lindab International AB (publ), corporate identification number 556606-5446, is a registered limited liability company with its domicile in Båstad, Sweden. Lindab's shares are listed on Nasdaq Stockholm, Mid cap.

Net sales for the quarter amounted to SEK 2 m (1). Profit for the period amounted to SEK -1 m (0).

Net sales for the period January-September amounted to SEK 3 m (3). Profit for the period amounted to SEK -2 m (2,365). The profit included dividend from shares in subsidiaries of SEK 0 m (2,373).

### Significant risks and uncertainties

There have been no significant changes to what was stated by Lindab in its Annual Report for 2018 under Risks and Risk Management (pages 51-53).

### Employees

The number of employees at the end of the quarter, calculated as full-time equivalent employees, was 5,148 (5,142). Adjusted for acquisitions and divestment the number of employees was 5,109 (5,126), a net decrease of 17 employees compared with the corresponding quarter of the previous year.

### Incentive programme

At the Annual General Meeting in May 2019, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall among other things include, a long term variable cash pay element. This element shall be based on financial performance targets that reflect Lindab's value growth and will be assessed over a three year measuring period. Any outcome from the long term variable cash pay is presumed to be invested in shares or share related instruments in Lindab on market terms. The total cost in the event of maximum outcome for the three year measuring period of 2019 to 2021 is estimated at SEK 14 m.

At the Annual General Meeting in 2017 and 2018, long-term incentive programmes were respectively adopted, with essentially the same principles as the above decided programme. The measuring period of the programmes are 2017 to 2019 respectively 2018 to 2020.

### Share option programme

At the Annual General Meeting in May 2019, it was resolved to establish a share option programme for senior executives and other key persons in Lindab through a directed issue of a maximum of 290,000 share options. As a result of this programme, 175,000 share options have been acquired by senior executives and other key persons in Lindab, according to a market based valuation determined on the basis of the agreement. Each share option entitles the holder to acquire one share in Lindab at a strike price of SEK 120.00. Acquisitions of shares supported by the share option may take place after Lindab has published the Q2 interim report for the year 2022 and up until 31 August of the same year.

At the respective 2017 and 2018 Annual General Meetings, it was resolved to establish warrant programmes for senior executives. As a result of these programmes, warrants have been issued by Lindab for the benefit of the wholly-owned subsidiary Lindab LTIP 17-19 AB, which, in turn, sold the warrants to senior executives based on a market valuation pursuant to the established warrant agreements. From the 2017 warrant programme, there are 25,000 outstanding options with a subscription price of SEK 108.80 exercisable during summer 2020. From the 2018 warrant programme, there are 115,000 outstanding options with a subscription price of SEK 86.40 exercisable during summer 2021. During the third quarter of 2019, the latest repurchase of warrants took place, see further Note 5.

### Annual General Meeting

The Board has decided that the Annual General Meeting will be held on 29 April 2020. Notice to the meeting will be sent out in due course.

### Nomination Committee

In accordance with a resolution passed at the Annual General Meeting, the Chairman of the Board, in conjunction with the company's three largest shareholders, has appointed a Nomination Committee. Consequently, Göran Espelund (Lannebo Fonder), Per Colléen (Fjärde AP-fonden), Anders Algotsson (AFA Försäkring) and Peter Nilsson (Chairman of the Board of Lindab International AB) have formed a Nomination Committee prior to Lindab's Annual General Meeting in April 2020. Göran Espelund has been appointed as Chairman of the Nomination Committee.

### Significant events during the reporting period

In July the Dutch subsidiary Lindab Door B.V was divested, see further Note 3.

In September Stefaan Sonjeau took office as new manager of business area Building Systems. Stefaan Sonjeau is part of Lindab Group's Global Management Team.

There are no other significant events during the reporting period to report.

### Significant events after the reporting period

During October, Lars Christensson was appointed Director of Business Development and M&A. Lars Christensson will be part of Lindab Group's Global Management Team.

There are no other significant events after the reporting period to report.

### General information

Unless otherwise indicated in this interim report, all statements refer to the Group. Figures in parentheses indicate the result for the corresponding period of the previous year. Unless otherwise indicated, amounts are in SEK m.

This is a translation of the Swedish original report. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

## Segment – Ventilation Systems

### Key performance indicators

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep
Net sales, SEK m	1,467	1,468	4,540	4,305
Net sales growth, %	0	17	5	13
Adjusted operating profit, SEK m	168	129	480	345
Adjusted operating margin, %	11.5	8.8	10.6	8.0
Number of employees by end of period	3,483	3,458	3,483	3,458

### Sales and markets

Net sales for Ventilation Systems remained flat and amounted to SEK 1,467 m (1,468) during the quarter. Organically, net sales decreased by 3 percent, structure contributed positively by 1 percent and currency effects had a positive impact of 2 percent.

The general slowdown that is visible in Europe, together with continued prioritisation of improved profitability, have affected the segment's sales volumes during the quarter. The lower sales levels are related to a number of markets in Europe.

In the Nordics, sales decreased in all countries except for Denmark, where growth was good. The markets in Western Europe had a somewhat divided sales development with good growth in particularly Switzerland, Austria and France. Sales declined in the UK and Ireland as a result of the uncertainty associated with the upcoming Brexit decision. The sales development in the CEE/CIS region was also diverse, with particularly strong growth in Hungary, while markets such as Romania and the Czech Republic had negative sales. Sales in the region's largest market, Poland, were unchanged.

Net sales for the period January - September increased by 5 percent to SEK 4,540 (4,305). Organic growth amounted to 2 percent.

### Profit

Ventilation Systems' adjusted operating profit during the quarter increased by 30 percent to SEK 168 m (129) of which SEK 6 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 11.5 percent (8.8).

The improved adjusted operating profit was mainly related to strengthened gross margin and favourable currency development. The underlying operating costs have at the same time been stable, which contributed to the positive improvement in profit. The adjusted operating profit included SEK -9 m related to impairment losses of intangible assets.

Adjusted operating profit for the period January-September increased by 39 percent, amounting to SEK 480 m (345) of which SEK 15 m of the increase is explained by IFRS 16.

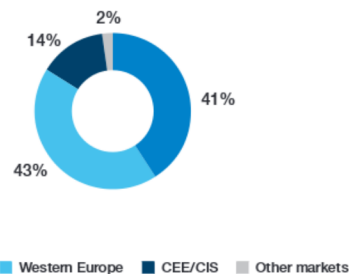
### Activities

During the quarter, Lindab's IT tool Pascal Designer was launched. The tool enables the user, regardless of knowledge level, to easily design the PASCAL indoor climate system with Lindab's products.

Net sales, SEK m



Breakdown of net sales by region, last 12 months



## Segment – Profile Systems

### Key performance indicators

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep
Net sales, SEK m	637	657	1,787	1,832
Net sales growth, %	-3	11	-2	16
Adjusted operating profit, SEK m	82	73	185	142
Adjusted operating margin, %	12.9	11.1	10.4	7.8
Number of employees by end of period	896	919	896	919

### Sales and markets

Net sales for Profile Systems decreased by 3 percent to SEK 637 m (657) during the quarter. Organically, sales decreased by 3 percent while currency effects contributed positively by 1 percent. Structure had a negative effect of 1 percent as a result of the divestment of Lindab Door B.V. in the Netherlands.

During the quarter sales decreased in the Nordic region, while it remained unchanged in the CEE/CIS region with continued good growth in the region's largest market, Hungary. The smaller business in Western Europe continued to show good growth.

The segment as a whole has been affected by the relatively weak development in the Swedish market, as it accounts for about half of the segment's sales. The clear goal of prioritising profit before volume has also influenced the sales. This has had a significant impact on sales to industrial projects and steel buildings in Sweden and Norway, which accounts for most of the reduction.

Net sales for the period January-September decreased by 2 percent to SEK 1,787 m (1,832), compared to previous year. Organic sales decreased by 3 percent.

### Profit

Profile Systems' adjusted operating profit during the quarter amounted to SEK 82 m (73) of which the effect from IFRS 16 amounted to SEK 0 m. Adjusted operating margin increased to 12.9 percent (11.1).

The improved adjusted operating profit was mainly due to a stronger gross margin and reduced operating costs despite the decline in sales. Activities to further strengthen the segment's earnings have also resulted in a more favourable product and customer mix compared to the same period last year.

Adjusted operating profit for the period January-September increased by 30 percent, amounting to SEK 185 m (142) of which SEK 2 m of the increase is explained by IFRS 16.

### Activities

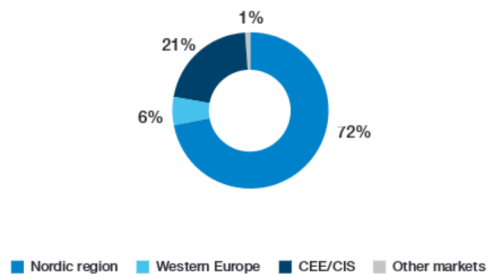
In July, the Dutch subsidiary Lindab Door B.V. was divested. The company's business are primarily focused on sales and assembly of industrial doors. The divestment is in accordance with Lindab's strategy to focus on long-term sustainable profitability development.

In August 2019, an order of SEK 43 m was signed for delivery to a large logistic building in Sweden, intended for the handling of general cargo, parcels and letters. The order refers to a building of 18,500 square meters with construction start in the third quarter of 2019, which is expected to be finalised during the third quarter of 2020. Lindab will, among other things, deliver the frame, roof and wall solutions to the building.

Net sales, SEK m



Breakdown of net sales by region, last 12 months





## Segment – Building Systems

### Key performance indicators

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep
Net sales, SEK m	358	272	1,019	805
Net sales growth, %	32	18	27	23
Adjusted operating profit, SEK m	34	14	70	9
Adjusted operating margin, %	9.5	5.1	6.9	1.1
Number of employees by end of period	729	701	729	701

### Sales and markets

Net sales for Building Systems increased by 32 percent to SEK 358 m (272) during the quarter. Organic growth was 27 percent and currency effects had a positive impact of 5 percent.

The increased sales during the quarter was mainly explained by continued strong growth in both Western Europe as well as the CEE<sup>1)</sup> region while sales to the CIS<sup>2)</sup> region decreased. The largest sales growth was in the markets of France, Luxembourg and Romania. The important markets of Poland and Russia also had positive sales development.

The order intake decreased during the quarter and the total backlog was slightly lower at the end of the period compared to previous year.

Net sales for the period January-September increased by 27 percent to SEK 1,019 m (805). Organic growth increased by 23 percent.

### Profit

Building Systems' adjusted operating profit increased to SEK 34 m (14) during the quarter, of which SEK 1 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 9.5 percent (5.1).

The improved adjusted operating profit is mainly explained by significant sales growth. The previously communicated turn-around programme continues according to plan.

Adjusted operating profit for the period January-September increased to SEK 70 m (9) of which SEK 3 m is explained by IFRS 16.

### Activities

During the quarter, Building Systems signed agreements on nine major orders, each worth more than SEK 10 m; seven in the CIS region and two in Western Europe.

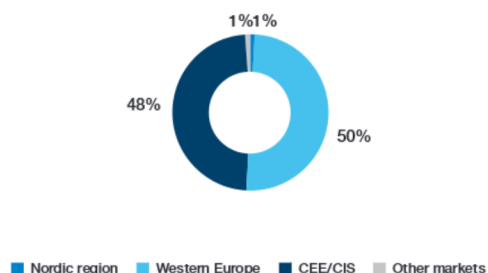
In September, Stefaan Sonjeau took office as the new business area manager for Building Systems.

1) Central and Eastern Europe

2) Commonwealth of Independent States



**Breakdown of net sales by region, last 12 months**



## Net sales and segments

### Net sales and growth

SEK m	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	2,462	2,397	7,346	6,942	9,326
Change	65	316	404	885	1,084
Change, %	3	15	6	15	13
Of which					
Organic, %	1	8	3	10	8
Acquisitions/divestments, %	0	1	0	1	1
Currency effects, %	2	6	3	4	4

### Net sales per region

SEK m	2019 Jul-Sep	%	2018 Jul-Sep	%	2019 Jan-Sep	%	2018 Jan-Sep	%	2018 Jan-Dec	%
Nordic region	1,000	41	1,030	43	3,114	42	3,094	45	4,198	45
Western Europe	872	35	800	33	2,644	36	2,305	33	3,057	33
CEE/CIS	552	22	528	22	1,474	20	1,353	19	1,834	20
Other markets	38	2	39	2	114	2	190	3	237	2
<b>Total</b>	<b>2,462</b>	<b>100</b>	<b>2,397</b>	<b>100</b>	<b>7,346</b>	<b>100</b>	<b>6,942</b>	<b>100</b>	<b>9,326</b>	<b>100</b>

### Net sales per segment

SEK m	2019 Jul-Sep	%	2018 Jul-Sep	%	2019 Jan-Sep	%	2018 Jan-Sep	%	2018 Jan-Dec	%
Ventilation Systems	1,467	59	1,468	61	4,540	62	4,305	62	5,786	62
Profile Systems	637	26	657	28	1,787	24	1,832	26	2,474	27
Building Systems	358	15	272	11	1,019	14	805	12	1,066	11
Other operations	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,462</b>	<b>100</b>	<b>2,397</b>	<b>100</b>	<b>7,346</b>	<b>100</b>	<b>6,942</b>	<b>100</b>	<b>9,326</b>	<b>100</b>
<b>Gross internal sales all segments</b>	<b>8</b>		<b>5</b>		<b>22</b>		<b>15</b>		<b>21</b>	

### Operating profit, operating margin and earning before tax<sup>1)</sup>

SEK m	2019 Jul-Sep	%	2018 Jul-Sep	%	2019 Jan-Sep	%	2018 Jan-Sep	%	2018 Jan-Dec	%
Ventilation Systems	168	11.5	129	8.8	480	10.6	345	8.0	472	8.2
Profile Systems	82	12.9	73	11.1	185	10.4	142	7.8	198	8.0
Building Systems	34	9.5	14	5.1	70	6.9	9	1.1	9	0.8
Other operations	-11	-	-7	-	-32	-	-35	-	-45	-
<b>Adjusted operating profit</b>	<b>273</b>	<b>11.1</b>	<b>209</b>	<b>8.7</b>	<b>703</b>	<b>9.6</b>	<b>461</b>	<b>6.6</b>	<b>634</b>	<b>6.8</b>
One-off items and restructuring costs <sup>2)</sup>	-	-	-9	-	-	-	-61	-	-87	-
<b>Operating profit</b>	<b>273</b>	<b>11.1</b>	<b>200</b>	<b>8.3</b>	<b>703</b>	<b>9.6</b>	<b>400</b>	<b>5.8</b>	<b>547</b>	<b>5.9</b>
Net financial items	-6	-	-4	-	-26	-	-12	-	-16	-
<b>Earnings before tax</b>	<b>267</b>	<b>10.8</b>	<b>196</b>	<b>8.2</b>	<b>677</b>	<b>9.2</b>	<b>388</b>	<b>5.6</b>	<b>531</b>	<b>5.7</b>

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 21.

2) One-off items and restructuring costs are described in 'Reconciliations' page 21.

### Number of employees by end of period

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Ventilation Systems	3,483	3,458	3,483	3,458	3,416
Profile Systems	896	919	896	919	892
Building Systems	729	701	729	701	699
Other operations	40	64	40	64	64
<b>Total</b>	<b>5,148</b>	<b>5,142</b>	<b>5,148</b>	<b>5,142</b>	<b>5,071</b>

## Consolidated income statement

SEK m	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	R 12M 2018 Oct- 2019 Sep	R 12M 2017 Oct- 2018 Sep	2018 Jan-Dec
Net sales	2,462	2,397	7,346	6,942	9,730	9,127	9,326
Cost of goods sold	-1,757	-1,749	-5,313	-5,144	-7,064	-6,766	-6,895
<b>Gross profit</b>	<b>705</b>	<b>648</b>	<b>2,033</b>	<b>1,798</b>	<b>2,666</b>	<b>2,361</b>	<b>2,431</b>
Other operating income	12	16	51	64	62	90	75
Selling expenses	-286	-278	-878	-853	-1,166	-1,135	-1,141
Administrative expenses	-125	-135	-401	-418	-550	-567	-567
R & D expenses	-15	-18	-46	-54	-64	-73	-72
Other operating expenses	-18	-33	-56	-137	-98	-177	-179
<b>Total operating expenses</b>	<b>-432</b>	<b>-448</b>	<b>-1,330</b>	<b>-1,398</b>	<b>-1,816</b>	<b>-1,852</b>	<b>-1,884</b>
<b>Operating profit<sup>1)</sup></b>	<b>273</b>	<b>200</b>	<b>703</b>	<b>400</b>	<b>850</b>	<b>509</b>	<b>547</b>
Interest income	7	4	14	12	19	18	17
Interest expenses	-13	-7	-37	-20	-43	-28	-26
Other financial income and expenses	0	-1	-3	-4	-6	-8	-7
<b>Financial items</b>	<b>-6</b>	<b>-4</b>	<b>-26</b>	<b>-12</b>	<b>-30</b>	<b>-18</b>	<b>-16</b>
<b>Earnings before tax</b>	<b>267</b>	<b>196</b>	<b>677</b>	<b>388</b>	<b>820</b>	<b>491</b>	<b>531</b>
Tax on profit for the period	-55	-44	-142	-100	-179	-119	-137
<b>Profit for the period</b>	<b>212</b>	<b>152</b>	<b>535</b>	<b>288</b>	<b>641</b>	<b>372</b>	<b>394</b>
–attributable to the parent company's shareholders	212	152	535	288	641	372	394
–attributable to non-controlling interests	-	0	-	0	0	0	0
<b>Earnings per share, SEK<sup>2)</sup></b>	<b>2.78</b>	<b>1.99</b>	<b>7.01</b>	<b>3.78</b>	<b>8.39</b>	<b>4.88</b>	<b>5.16</b>

1) One-off items and restructuring costs, which are included in operating profit, are described in 'Reconciliations' on page 21.

2) Based on the number of outstanding shares, i.e. excluding treasury shares. Earnings per share is before and after dilution.

## Consolidated statement of comprehensive income

SEK m	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	R 12M 2018 Oct- 2019 Sep	R 12M 2017 Oct- 2018 Sep	2018 Jan-Dec
<b>Profit for the period</b>	<b>212</b>	<b>152</b>	<b>535</b>	<b>288</b>	<b>641</b>	<b>372</b>	<b>394</b>
<b>Items that will not be reclassified to the income statement</b>							
Actuarial gains/losses, defined benefit plans	-14	-10	-41	-10	-34	-12	-3
Deferred tax attributable to defined benefit plans	2	2	8	2	7	4	1
<b>Sum</b>	<b>-12</b>	<b>-8</b>	<b>-33</b>	<b>-8</b>	<b>-27</b>	<b>-8</b>	<b>-2</b>
<b>Items that will later be reclassified to the income statement</b>							
Translation differences, foreign operations	60	-43	215	143	180	253	108
Hedges of net investments	-26	12	-65	-62	-63	-94	-60
Tax attributable to hedges of net investments	6	-2	14	14	13	20	13
<b>Sum</b>	<b>40</b>	<b>-33</b>	<b>164</b>	<b>95</b>	<b>130</b>	<b>179</b>	<b>61</b>
<b>Other comprehensive income, net of tax</b>	<b>28</b>	<b>-41</b>	<b>131</b>	<b>87</b>	<b>103</b>	<b>171</b>	<b>59</b>
<b>Total comprehensive income</b>	<b>240</b>	<b>111</b>	<b>666</b>	<b>375</b>	<b>744</b>	<b>543</b>	<b>453</b>
–attributable to the parent company's shareholders	240	111	666	375	744	543	453
–attributable to non-controlling interests	-	0	0	0	0	0	0

## Consolidated statement of cash flow

<i>SEK m</i>	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	R 12M 2018 Oct- 2019 Sep	R 12M 2017 Oct- 2018 Sep	2018 Jan-Dec
<b>OPERATING ACTIVITIES</b>							
Operating profit	273	200	703	400	850	509	547
Reversal of depreciation/amortisation and impairment losses	107	43	303	126	345	166	168
Reversal of capital gains (-)/losses (+) reported in operating profit	4	-1	2	-3	5	-4	0
Provisions, not affecting cash flow	0	3	-17	9	5	14	31
Adjustment for other items not affecting cash flow	-1	-1	-3	-4	-6	-2	-7
<b>Total</b>	<b>383</b>	<b>244</b>	<b>988</b>	<b>528</b>	<b>1,199</b>	<b>683</b>	<b>739</b>
Interest received	6	4	14	12	18	18	16
Interest paid	-12	-6	-33	-18	-39	-25	-24
Tax paid	-35	-31	-105	-115	-131	-159	-141
<b>Cash flow before change in working capital</b>	<b>342</b>	<b>211</b>	<b>864</b>	<b>407</b>	<b>1,047</b>	<b>517</b>	<b>590</b>
<b>Change in working capital</b>							
Stock (increase -/decrease +)	-34	-34	-133	-97	-107	14	-71
Operating receivables (increase -/decrease +)	-21	-33	-291	-353	125	-108	63
Operating liabilities (increase +/decrease -)	108	118	211	398	-176	278	11
<i>Total change in working capital</i>	<i>53</i>	<i>51</i>	<i>-213</i>	<i>-52</i>	<i>-158</i>	<i>184</i>	<i>3</i>
<b>Cash flow from operating activities</b>	<b>395</b>	<b>262</b>	<b>651</b>	<b>355</b>	<b>889</b>	<b>701</b>	<b>593</b>
<b>INVESTING ACTIVITIES</b>							
Acquisition of Group companies	-	-	-33	-	-33	-64	-
Divestment of Group companies	2	-	2	-	2	0	-
Investments in intangible assets	-5	-3	-10	-13	-13	-19	-16
Investments in tangible fixed assets	-46	-27	-168	-67	-205	-88	-104
Change in financial fixed assets	0	0	0	0	0	0	0
Disposal of intangible assets	-	0	-	0	0	0	0
Disposal of tangible fixed assets	1	11	4	15	4	22	15
<b>Cash flow from investing activities</b>	<b>-48</b>	<b>-19</b>	<b>-205</b>	<b>-65</b>	<b>-245</b>	<b>-149</b>	<b>-105</b>
<b>FINANCING ACTIVITIES</b>							
Proceeds from borrowings	-	-	238	94	238	154	94
Repayment of borrowings	-210	-294	-210	-296	-437	-546	-522
Repayment of leasing-related liabilities	-53	-	-160	-	-160	-	-
Issue of warrants	-1	-	0	1	0	1	0
Dividends to shareholders	-	-	-134	-118	-135	-118	-119
<b>Cash flow from financing activities</b>	<b>-264</b>	<b>-294</b>	<b>-266</b>	<b>-319</b>	<b>-494</b>	<b>-509</b>	<b>-547</b>
<b>Cash flow for the period</b>	<b>83</b>	<b>-51</b>	<b>180</b>	<b>-29</b>	<b>150</b>	<b>43</b>	<b>-59</b>
Cash and cash equivalents at start of the period	399	377	289	342	320	263	342
Effect of exchange rate changes on cash and cash equivalents	11	-6	24	7	23	14	6
<b>Cash and cash equivalents at end of the period</b>	<b>493</b>	<b>320</b>	<b>493</b>	<b>320</b>	<b>493</b>	<b>320</b>	<b>289</b>

## Consolidated statement of financial position

SEK m	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3,263	3,159	3,144
Other intangible assets	101	127	110
Tangible fixed assets	2,337	1,273	1,277
Financial interest-bearing fixed assets	38	43	38
Other financial fixed assets	106	95	79
<b>Total non-current assets</b>	<b>5,845</b>	<b>4,697</b>	<b>4,648</b>
<b>Current assets</b>			
Stock	1,534	1,384	1,350
Accounts receivable	1,640	1,724	1,317
Other current assets	236	222	193
Other interest-bearing receivables	36	14	5
Cash and cash equivalents	493	320	289
<b>Total current assets</b>	<b>3,939</b>	<b>3,664</b>	<b>3,154</b>
<b>TOTAL ASSETS</b>	<b>9,784</b>	<b>8,361</b>	<b>7,802</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity attributable to parent company shareholders	4,947	4,387	4,464
Non-controlling interests	-	1	0
<b>Total shareholders' equity</b>	<b>4,947</b>	<b>4,388</b>	<b>4,464</b>
<b>Non-current liabilities</b>			
Interest-bearing provisions for pensions and similar obligations	274	241	234
Liabilities to credit institutions	1,199	1,337	1,085
Leasing liabilities	769	-	-
Provisions	125	124	114
Other non-current liabilities	15	17	14
<b>Total non-current liabilities</b>	<b>2,382</b>	<b>1,719</b>	<b>1,447</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	321	48	65
Provisions	26	24	36
Accounts payable	874	1,038	788
Other current liabilities	1,234	1,144	1,002
<b>Total current liabilities</b>	<b>2,455</b>	<b>2,254</b>	<b>1,891</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9,784</b>	<b>8,361</b>	<b>7,802</b>

### Financial instruments measured at fair value through the income statement

SEK m	30 Sep 2019		30 Sep 2018		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Disclosures regarding the fair value by class</b>						
<b>Financial assets</b>						
Derivative receivables	35	35	12	12	5	5
<b>Financial liabilities</b>						
Liabilities to credit institutions	1,171	1,175	1,306	1,312	1,056	1,060
Derivative liabilities	4	4	5	5	4	4

### Description of fair value

Derivatives relate to forward exchange contracts which are valued at fair value by discounting the difference between the contracted forward rate and the forward rate that can be subscribed for on the balance sheet date for the remaining contract term. The fair value of interest bearing liabilities to credit institutions is provided for the purpose of disclosure and is calculated by discounting the future cash flows of principal and interest payments, discounted at current market interest rates.

The derivative assets, derivative liabilities and interest bearing liabilities to credit institutions that exist can all be found at Level 2 of the valuation hierarchy.

For other financial assets and liabilities, the carrying amount is deemed to be a reasonable approximation of fair value. The Group holdings of unlisted shares, the fair value of which cannot be estimated reliably, are recognised at acquisition cost. The carrying amount is SEK 1 m (1).

## 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
<b>Opening balance, 1 January 2018</b>	<b>79</b>	<b>2,260</b>	<b>152</b>	<b>1,638</b>	<b>4,129</b>	<b>1</b>	<b>4,130</b>
Profit for the period				288	288	0	288
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-8	-8	-	-8
Translation differences, foreign operations			143		143	0	143
Hedges of net investments			-48		-48	-	-48
<i>Total comprehensive income</i>	-	-	95	280	375	0	375
Dividend to shareholders				-118	-118	-	-118
Issue of warrants				1	1	-	1
<i>Transactions with shareholders</i>	-	-	-	-117	-117	-	-117
<b>Closing balance, 30 September 2018</b>	<b>79</b>	<b>2,260</b>	<b>247</b>	<b>1,801</b>	<b>4,387</b>	<b>1</b>	<b>4,388</b>
Profit for the period				106	106	0	106
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				6	6	-	6
Translation differences, foreign operations			-35		-35	0	-35
Hedges of net investments			1		1	-	1
<i>Total comprehensive income</i>	-	-	-34	112	78	0	78
Dividend to shareholders						-1	-1
Issue of warrants				-1	-1	-	-1
<i>Total transactions with shareholders</i>	-	-	-	-1	-1	-1	-2
<b>Closing balance, 31 December 2018</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,912</b>	<b>4,464</b>	<b>-</b>	<b>4,464</b>
Change in accounting standard				-49	-49	-	-49
<b>Opening balance, 1 January 2019</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,863</b>	<b>4,415</b>	<b>-</b>	<b>4,415</b>
Profit for the period				535	535	-	535
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-33	-33	-	-33
Translation differences, foreign operations			215		215	-	215
Hedges of net investments			-51		-51	-	-51
<i>Total comprehensive income</i>	-	-	164	502	666	-	666
Dividend to shareholders				-134	-134	-	-134
Issue of share options				0	0	-	0
<i>Total transactions with shareholders</i>	-	-	-	-134	-134	-	-134
<b>Closing balance, 30 September 2019</b>	<b>79</b>	<b>2,260</b>	<b>377</b>	<b>2,231</b>	<b>4,947</b>	<b>-</b>	<b>4,947</b>

### Share capital

The share capital of SEK 78,707,820 is divided among 78,707,820 shares with a face value of SEK 1.00. Lindab International AB (publ) holds 2,375,838 (2,375,838) treasury shares, corresponding to 3.0 percent (3.0) of the total number of Lindab shares. The number of outstanding shares totals 76,331,982 (76,331,982).

### Appropriation of profits

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 8 May 2019 resolved that dividends of SEK 1.75 per share, corresponding SEK 134 m, would be paid for the financial year. The remaining retained earnings of SEK 2,436 m will be carried forward.

# Parent company

## Income statement

SEK m	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	2	1	3	3	4
Administrative expenses	-3	-1	-5	-4	-6
Other operating income/expenses	0	0	0	0	0
<b>Operating profit</b>	<b>-1</b>	<b>0</b>	<b>-2</b>	<b>-1</b>	<b>-2</b>
Profit from subsidiaries	-	-	-	2,373	2,386
Interest expenses, internal	-1	0	-1	-9	-9
<b>Earnings before tax</b>	<b>-2</b>	<b>0</b>	<b>-3</b>	<b>2,363</b>	<b>2,375</b>
Tax on profit for the period	1	0	1	2	0
<b>Profit/Loss for the period<sup>1)</sup></b>	<b>-1</b>	<b>0</b>	<b>-2</b>	<b>2,365</b>	<b>2,375</b>

1) Comprehensive income corresponds to profit for all periods.

## Statement of financial position

SEK m	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial fixed assets</i>			
Shares in Group companies	3,467	3,467	3,467
Financial interest-bearing fixed assets	5	6	5
Deferred tax assets	1	2	1
<b>Total non-current assets</b>	<b>3,473</b>	<b>3,475</b>	<b>3,473</b>
<b>Current assets</b>			
Receivables from Group companies	0	0	14
Current tax assets	1	2	0
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>1</b>	<b>2</b>	<b>14</b>
<b>TOTAL ASSETS</b>	<b>3,474</b>	<b>3,477</b>	<b>3,487</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	79	79	79
Statutory reserve	708	708	708
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	90	90	90
Profit brought forward	2,345	105	105
Profit/Loss for the period	-2	2,365	2,375
<b>Total shareholders' equity</b>	<b>3,220</b>	<b>3,347</b>	<b>3,357</b>
<b>Provisions</b>			
Interest-bearing provisions	5	6	5
<b>Total provisions</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Current liabilities</b>			
Liabilities to Group companies	247	122	123
Accounts payable	0	0	0
Accrued expenses and deferred income	2	2	2
<b>Total current liabilities</b>	<b>249</b>	<b>124</b>	<b>125</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,474</b>	<b>3,477</b>	<b>3,487</b>

## Key performance indicators

SEK m	2019				2018				2017	
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	
Net sales	2,462	2,569	2,315	2,384	2,397	2,392	2,153	2,185	2,081	
Growth, %	3	7	8	9	15	13	16	7	2	
of which organic	1	5	5	5	8	8	13	7	2	
of which acquisitions/divestments	0	0	-	1	1	1	1	0	-	
of which currency effects	2	2	3	3	6	4	2	0	0	
Operating profit before depreciation/amortisation and impairment losses <sup>1)</sup>	380	339	287	189	243	169	114	149	194	
Operating profit <sup>1)</sup>	273	238	192	147	200	129	71	109	154	
Adjusted operating profit <sup>1)</sup>	273	238	192	173	209	148	104	119	162	
Earnings before tax <sup>1)</sup>	267	228	182	143	196	124	68	103	148	
Profit for the period <sup>1)</sup>	212	181	142	106	152	91	46	84	115	
Operating margin, % <sup>1)</sup>	11.1	9.3	8.3	6.2	8.3	5.4	3.3	5.0	7.4	
Adjusted operating margin, % <sup>1)</sup>	11.1	9.3	8.3	7.3	8.7	6.2	4.8	5.4	7.8	
Profit margin, % <sup>1)</sup>	10.8	8.9	7.8	6.0	8.2	5.2	3.2	4.7	7.1	
Cash flow from operating activities <sup>1)</sup>	395	177	79	238	262	51	42	346	-58	
Cash flow from operating activities per share, SEK <sup>1)</sup>	5.18	2.32	1.03	3.12	3.43	0.67	0.55	4.53	-0.76	
Cash flow, investments in intangible assets/tangible fixed assets	51	82	45	40	30	26	24	27	21	
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	
Average number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	
Earnings per share, SEK <sup>2)</sup>	2.78	2.38	1.85	1.38	1.99	1.19	0.60	1.10	1.51	
Shareholders' equity attributable to parent company shareholders	4,947	4,708	4,643	4,464	4,387	4,276	4,300	4,129	3,961	
Shareholders' equity attributable to non-controlling interests	-	-	-	0	1	1	1	1	1	
Shareholders' equity per share, SEK	64.80	61.68	60.83	58.49	57.47	56.02	56.32	54.09	51.89	
Net debt <sup>1)</sup>	1,996	2,262	2,130	1,052	1,249	1,487	1,369	1,305	1,502	
Net debt/equity ratio, times <sup>1)</sup>	0.4	0.5	0.5	0.2	0.3	0.3	0.3	0.3	0.4	
Equity/asset ratio, % <sup>1)</sup>	50.6	49.2	49.2	57.2	52.5	50.6	52.3	53.4	51.0	
Return on equity, % <sup>1)</sup>	13.8	12.9	11.1	9.1	8.9	8.2	8.7	8.8	8.8	
Return on capital employed, % <sup>1)</sup>	12.8	12.6	10.9	9.4	8.8	8.1	8.6	8.8	8.8	
Interest coverage ratio, times <sup>1)</sup>	22.9	20.0	15.8	24.4	30.3	19.0	11.7	14.7	17.6	
Net debt/EBITDA, excl. one-off items and restructuring costs <sup>1)</sup>	1.5	1.5	1.6	1.6	1.9	2.0	2.1	2.2	2.3	
Number of employees by end of period	5,148	5,277	5,148	5,071	5,142	5,195	5,132	5,083	5,103	

SEK m	2019	2018	2018	2017	2016
	Jan-Sep	Jan-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	7,346	6,942	9,326	8,242	7,849
Growth, %	6	15	13	5	3
of which organic	3	10	8	4	4
of which acquisitions/divestments	0	1	1	0	0
of which currency effects	3	4	4	1	-1
Operating profit before depreciation/amortisation and impairment losses <sup>1)</sup>	1,006	526	715	654	657
Operating profit <sup>1)</sup>	703	400	547	492	483
Adjusted operating profit <sup>1)</sup>	703	461	634	511	511
Earnings before tax <sup>1)</sup>	677	388	531	467	445
Profit for the period <sup>1)</sup>	535	288	394	347	306
Operating margin, % <sup>1)</sup>	9.6	5.8	5.9	6.0	6.2
Adjusted operating margin, % <sup>1)</sup>	9.6	6.6	6.8	6.2	6.5
Profit margin, % <sup>1)</sup>	9.2	5.6	5.7	5.7	5.7
Cash flow from operating activities <sup>1)</sup>	651	355	593	410	499
Cash flow from operating activities per share, SEK <sup>1)</sup>	8.53	4.65	7.77	5.37	6.54
Cash flow to investments in intangible assets and tangible fixed assets	178	80	120	100	125
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332
Average number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332
Earnings per share, SEK <sup>2)</sup>	7.01	3.78	5.16	4.54	4.02
Shareholders' equity attributable to parent company shareholders	4,947	4,387	4,464	4,129	3,848
Shareholders' equity attributable to non-controlling interests	-	1	0	1	1
Shareholders' equity per share, SEK	64.80	57.47	58.49	54.09	50.41
Net debt <sup>1)</sup>	1,996	1,249	1,052	1,305	1,396
Net debt/equity ratio, times <sup>1)</sup>	0.4	0.3	0.2	0.3	0.4
Equity/asset ratio, % <sup>1)</sup>	50.6	52.5	57.2	53.4	51.3
Return on equity, % <sup>1)</sup>	13.8	8.9	9.1	8.8	8.4
Return on capital employed, % <sup>1)</sup>	12.8	8.8	9.4	8.8	8.8
Interest coverage ratio, times <sup>1)</sup>	19.6	20.5	21.4	14.1	11.4
Net debt/EBITDA, excl. one-off items and restructuring costs <sup>1)</sup>	1.5	1.9	1.6	2.2	2.5
Number of employees end of period	5,148	5,142	5,071	5,083	5,136

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 21.

2) Earnings per share is before and after dilution.



## Notes

### NOTE 1 – ACCOUNTING POLICIES

The consolidated accounts for the interim report have been prepared in line with the annual consolidated accounts for 2018, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 1, Supplementary Accounting Rules for Groups.

This interim report has been prepared in accordance with IAS 34. The Group has applied the same accounting policies as described in the Annual Report for 2018 except for leases (see below).

With exception for the new standard regarding leasing, none of the new or amended standards, interpretations or improvements adopted by the EU have had any significant impact on the Group.

Information in terms of IAS 34 *Interim financial reporting* has been disclosed in notes to the financial statements as well as in other pages of the interim report.

#### New or amended standards which came into force during 2019

IFRS 16 *Leases* is applied by Lindab as of January 1, 2019 and the standard replaces IAS 17 *Leases*. The Group has implemented the new standard based on a simplified transition method and all leases that are affected by the new standard have been valued on the first day of application as if the standard had always been valid. By applying a relief rule, comparative figures in the Group's reported income statement, statement of financial position and statement of cash flow have not been restated. On the other hand, there are some clarifications of the effects of IFRS 16 *Leases* on key performance indicators for the year 2019 under 'Reconciliations' on page 21.

Prior to the implementation of IFRS 16 *Leases*, Lindab analysed the contractual and financial implications of rental and leasing agreements within the Group. The evaluation resulted in a leasing portfolio corresponding to approximately 1,000 contracts being capitalised in the opening balance for 2019. Most of these rental and lease agreements related to vehicles, but the majority of the capitalised value was attributable to property related lease agreements. The implementation of IFRS 16 *Leases* has an estimated effect on the opening balance of the statement of financial position according to the table below.

SEK m	Closing balance 31 Dec 2018 before transition to IFRS 16	Effect due to transition to IFRS 16	Adjusted opening balance 1 Jan 2019
Tangible fixed assets	1,277	991	2,268
Deferred tax assets	73	10	84
Equity	4,464	-49	4,415
Non-current leasing liability	29 <sup>1)</sup>	831	860
Current leasing liability	4 <sup>1)</sup>	219	223

1) Future obligations for financial lease contracts in accordance with IAS 17 *Leases*. For detailed reconciliation of recognised leasing liability at beginning of 2019, in accordance with IFRS 16 *Leases* see note 2 in the Annual Report of 2018.

As far as the Group's income statement is concerned, as of January 1, 2019, it has to a certain extent changed the cost structure as a result of the implementation of IFRS 16 *Leases*. The change in cost structure is a consequence of the fact that previous operating expenses attributable to operational leases are replaced by depreciations and interest expenses. Based on identified rental and leasing agreements at the beginning of 2019, operating profit is expected to improve by SEK 27 m on an annual basis for the current fiscal year, which is offset by an increased financial expense by a slightly higher amount. The net effect on profit after financial items is expected to be fractional.

#### Lease agreements

IFRS 16 *Leases* is based on the fact that all rental and leasing agreements are to be reported in the lessee's statement of financial position, with the possibility of exemptions with regard to short-term leasing agreements and agreements where the underlying asset amounts to a low value. Lindab has chosen to apply exemptions provided by IFRS, which means that the statement of financial position will not recognise rental and lease agreements with a lease term shorter than 12 months and leasing agreements for which the underlying asset has a low value (EUR 5 k according to Lindab's application). Lease payments from these excluded agreements are recognised directly as an operating expense on a straight-line basis over the leasing period.

Lindab evaluates at the start of new agreements if they contain leasing components that are to be capitalised in accordance with IFRS 16 *Leases*. Lease payments that are capitalised are primarily fixed fees respectively variable index/price charges as well as any relevant residual value guarantees, option prices or termination charges. Agreements that consist of both a capitalised and non-capitalised component are capitalised in their entirety if the latter part is of an immaterial value. The capitalisation of rental and leasing agreements are initially made at present value of future lease payments, discounted based on the agreement's implicit interest rate or incremental borrowing rates established for the Group. The right of use assets also include lease payments paid at or before the commencement date of the lease, existing initial direct expenses and any estimated restoration costs for which there are reported provisions in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. In connection with the capitalisation, an assessment is also made regarding the expected contract period/right of use of the asset in question within the framework of the existing agreement.

The tangible assets/right of use included in the Group's statement of financial position in accordance with IFRS 16 *Leases* are in subsequent periods recognised at cost less depreciation and any write-downs or adjustments for revaluations made. Depreciation takes place on a straight-line basis from the commencement date of the agreement and over the useful life which is the shortest of the estimated economic life and the agreed lease term. Impairment losses are reported in accordance with IAS 36 *Impairment of assets*. With regard to the leasing liabilities that are reported in the statement of financial position, they are included on an ongoing basis at amortised cost less lease payments made and taking into

account the calculated interest effect. Revaluation of the leasing related balance sheet items takes place on an ongoing basis based on changes in interest/index components, leasing periods, residual value guarantees, etc.

### The parent company

The financial statements for the parent company are prepared according to the Swedish Annual Accounts Act and RFR 2, Accounting for legal entities and according to the same accounting policies as were applied in the Annual Report for 2018.

## NOTE 2 – EFFECTS OF CHANGES IN ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and judgements are described in Note 4 in the Annual Report for 2018. Except for leases no changes have been made to these estimates, judgements that would have a substantial impact on this interim report.

As for leasing, Lindab applies IFRS 16 *Leases* since 1 January 2019 (see Note 1). In connection with the recognition of rental and leasing agreements, there are some elements of subjective estimates and assessments, both in terms of the possibility/likelihood of utilising extension, termination and purchase options, assessed right of use for contracts with undefined maturity and the actual expected right of use of the asset within the framework of existing agreements. From a materiality perspective, the most significant leases are related to properties where these assessments can have a material impact on the Group. Lindab has set up a structure for how the assessment of these components should take place and in terms of properties, this structure is based on the properties' main character (production, warehouses, branches respectively offices). The guidelines are aimed at guiding and reflecting, in a fair manner, expected right of use and thus also the value of the assets in question on the basis of known information at each financial closing. The assessments also include, in accordance with IAS 36 *Impairment of assets*, testing of the assets' recognised value from a write-down perspective.

Another component that affects the recognised value of rental and leasing agreements in the Group's statement of financial position is the underlying discount factors. In the calculation of current balance sheet value, Lindab applies a fair incremental borrowing rate assessed for the Group for each currency and category of asset, all with the purpose of reflecting rental and leasing related assets and financial commitments in a fair manner.

## NOTE 3 – BUSINESS COMBINATIONS

On April 2, 2019, Lindab acquired all shares and voting rights in the British ventilation company Ductmann Ltd., whose business is mainly focused on production and sale of rectangular ducts and fire-rated ducting for ventilation systems. The acquisition is a natural step for Lindab to further strengthen the offering in ventilation systems in the UK market. Ductmann Ltd. is registered in Dudley, UK. The company has annual sales of approximately SEK 43 m and has 40 employees.

The total acquisition cost of Ductmann Ltd. amounted to SEK 61 m, which was mainly settled in cash at the time of acquisition during April 2019. The net purchase price after adjustment

for cash and cash equivalents of acquired company amounted to SEK 33 m. There are no additional purchase settlements. Costs related to the acquisition amounted to SEK 1 m.

According to the preliminary purchase price allocation analysis, the acquisition results in a goodwill of SEK 15 m. This is due to, among other things, competence of the management and a well-established market presence. Recognised intangible assets in acquired company mainly relate to customer based values. For specification of acquired assets and liabilities at the time of acquisition and preliminary purchase price allocation, see the table below. The fair value of all acquired net assets are preliminary until the final valuation is made.

SEK m	Acquired businesses	
	30 Sep 2019	30 Sep 2018
Intangible assets	12	-
Tangible fixed assets	12	-
Stock	4	-
Current assets	10	-
Cash and cash equivalents	29	-
Deferred tax liabilities	-2	-
Non-current liabilities	-10	-
Current liabilities	-9	-
<b>Fair value of acquired net assets</b>	<b>46</b>	<b>-</b>
Goodwill	15	-
<b>Total purchase price</b>	<b>61</b>	<b>-</b>

Ductmann Ltd. is consolidated in Lindab as of April 2, 2019. As a result of the acquisition of the company, the Group's sales from the acquisition date to September 30, 2019 increased by SEK 22 m and profit after tax by SEK 3 m. If the acquisition had been implemented as of January 1, 2019, the Group's net sales had increased by approximately SEK 34 m and profit after tax by SEK 5 m. Ductmann Ltd. is part of the Ventilation Systems segment.

On July 26, Lindab divested all shares and voting rights in the Dutch subsidiary Lindab Door B.V. The business of the company is mainly related to sales and assembly of industrial doors on the domestic market. The annual sales amounts to approximately SEK 30 m and the operating profit is minor. At the time of divestment, the total balance sheet value amounted to SEK 7 m and there were 14 employees. The divestment is part of Lindab's strategy with focus on long-term sustainable and profitable growth. The sales price amounted to SEK 4 m, which resulted in a consolidated capital loss of almost SEK 4 m including consideration of transaction related costs. The capital loss is recognised under Other operating expenses in the consolidated income statement. Lindab Door B.V. was part of segment Profile Systems.

No business combinations have been made during 2018.

## NOTE 4 – OPERATING SEGMENTS

As of January 1, 2019, Lindab has implemented a new organisational structure. The former business area Products & Solutions has been divided into two new business areas, Ventilation Systems and Profile Systems. The purpose of the reorganisation is

to increase transparency and focus on the respective underlying businesses and to ensure an operational organisational structure that supports how Lindab strategically controls and monitors the operations.

In order to reflect Lindab's organisational change and how operations are controlled and reported, as of January 1, 2019, have the two previously reported segments (Products & Solutions and Building Systems) been replaced with three segments: Ventilation Systems, Profile Systems respectively Building Systems. The basis for segmental reporting is the various customer offers provided by each business area. Comparative periods reported in the interim report have been restated based on the new segment structure.

The customer offers within each segment are as follows:

- Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation of heating and cooling to installers and other customers in the ventilation industry.
- Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, cladding for ceilings and walls as well as steel profiles for wall, ceiling and beam constructions.
- Building Systems offers complete prefabricated steel construction systems.

Both Ventilation Systems' and Profile Systems' operations are managed based on geographically divided sales organisations, which are supported by a number of product and system areas with joint production and purchasing functions for each business area. The Building Systems segment consists of a separate integrated project organisation. What is reported under Other includes the parent company's and other common functions.

Information on income from external customers and adjusted operating profit per operating segment is presented in the tables on page 10.

Internal prices between the Group's segments are set based on the principle of arm's length, that is, between parties that are independent of each other, well-informed and have an interest in the transaction being carried out. Assets and investments are reported where the asset exists.

Assets and liabilities by segment that have changed by more than 10 percent (excluding the effect of transition to IFRS 16 *Leases*) compared with the end of 2018 are shown below:

- Ventilation Systems: Stock has increased by 13 percent, Other current receivables have increased by 17 percent and Shareholders' equity has increased by 24 percent.
- Profile Systems: Stock has increased by 16 percent, Other current receivables have increased by 39 percent, Shareholders' equity has increased by 16 percent and Other current liabilities has decreased by 38 percent.
- Building Systems: Other current receivables have increased by 43 percent, Shareholders' equity has increased by 59 percent and Other current liabilities have increased by 30 percent.

All segments' tangible fixed assets and financial liabilities have been affected by the transition to IFRS 16 *Leases*. When implementing the new standard, each rental and lease agreement has been allocated to the segment where the asset is used.

#### NOTE 5 - RELATED PARTY TRANSACTIONS

Lindab's related parties and the extent of transactions with its related parties are described in Note 30 of the Annual Report for 2018.

At the Annual General Meeting in May 2019, it was resolved to adopt a share option programme for senior executives and key persons. Under the programme, 175,000 share options were acquired by senior executives and key persons during the second quarter. During the third quarter repurchase of 45,000 previously issued warrants took place. All transactions have been to market value. See more under 'Share option programme', page 6.

During the year, there have been no other transactions between Lindab and related parties which have had a significant impact on the company's position and profit.

This interim report for Lindab International AB (publ) has been submitted following approval by the Board of Directors.

Båstad, 23 October 2019

Ola Ringdahl  
President and CEO

## Auditor's review report

### Introduction

We have reviewed the interim report for Lindab International AB (publ), org nr 556606-5446, for the period 1 January 2019 to 30 September 2019. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial report based on our review

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Conclusion

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

Gothenburg, 23 October 2019

Deloitte AB

Hans Warén

Authorised Public Accountant

## Reconciliations, key performance indicators not defined according to IFRS

The company presents certain financial measures in the interim 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 as 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 interim 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 round-off.

### Reconciliations

Amounts in SEK m unless otherwise indicated.

	30 Sep 2019	30 Sep 2019 <sup>1)</sup>	30 Sep 2018	31 Dec 2018
<b>Return on shareholders' equity</b>				
Profit for the period, rolling twelve months	641	641	372	394
Average shareholders' equity	4,630	4,660	4,412	4,312
<b>Return on shareholders' equity, %</b>	<b>13.8</b>	<b>13.7</b>	<b>8.9</b>	<b>9.1</b>

	30 Sep 2019	30 Sep 2019 <sup>1)</sup>	30 Sep 2018	31 Dec 2018
<b>Return on capital employed</b>				
<b>Total assets <sup>2)</sup></b>	<b>9,784</b>	<b>8,840</b>	<b>8,361</b>	<b>7,802</b>
Provisions	125	125	124	114
Other non-current liabilities	15	15	17	14
<b>Total non-current liabilities</b>	<b>140</b>	<b>140</b>	<b>141</b>	<b>128</b>
Provisions	26	26	24	36
Accounts payable	874	874	1,038	788
Other current liabilities	1,234	1,234	1,144	1,002
<b>Total current liabilities</b>	<b>2,134</b>	<b>2,134</b>	<b>2,206</b>	<b>1,826</b>
<b>Capital employed</b>	<b>7,510</b>	<b>6,566</b>	<b>6,014</b>	<b>5,848</b>
Earnings before tax, rolling twelve months	820	820	491	531
Financial expenses, rolling twelve months	49	30	36	33
<b>Total</b>	<b>869</b>	<b>850</b>	<b>527</b>	<b>564</b>
Average capital employed	6,804	6,228	5,984	5,998
<b>Return on capital employed, %</b>	<b>12.8</b>	<b>13.6</b>	<b>8.8</b>	<b>9.4</b>

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
<b>One-off items and restructuring costs</b>					
<b>Operating profit</b>	<b>273</b>	<b>200</b>	<b>703</b>	<b>400</b>	<b>547</b>
Ventilation Systems	-	-8	-	-9	-15
Profile Systems	-	-	-	-	-2
Building Systems	-	-3	-	-16	-25
Other operations	-	2	-	-36	-45
<b>Adjusted operating profit</b>	<b>273</b>	<b>209</b>	<b>703</b>	<b>461</b>	<b>634</b>

Operating profit has been adjusted by the following one-off items and restructuring costs per quarter:

1/2019 -  
2/2019 -  
3/2019 -

1/2018 SEK -33 m related to assessment of structural alternatives and measures associated with the turnaround programme.  
2/2018 SEK -19 m related to assessment of structural alternatives and measures associated with the turnaround programme.  
3/2018 SEK -9 m related to restructuring program and measures associated with the turnaround programme.  
4/2018 SEK -26 m related mainly to restructuring program and measures associated with the turnaround programme.

	30 Sep 2019	30 Sep 2019 <sup>1)</sup>	30 Sep 2018	31 Dec 2018
<b>Net debt</b>				
Non-current interest-bearing provisions for pensions and similar obligations	274	274	241	234
Non-current liabilities to credit institutions	1,199	1,199	1,337	1,085
Non-current leasing liabilities	769	-	-	-
Current other interest-bearing liabilities	321	97	48	65
<b>Total liabilities</b>	<b>2,563</b>	<b>1,570</b>	<b>1,626</b>	<b>1,384</b>
Financial interest-bearing fixed assets	38	38	43	38
Other interest-bearing receivables	36	36	14	5
Cash and cash equivalents	493	493	320	289
<b>Total assets</b>	<b>567</b>	<b>567</b>	<b>377</b>	<b>332</b>
<b>Net debt</b>	<b>1,996</b>	<b>1,003</b>	<b>1,249</b>	<b>1,052</b>

	30 Sep 2019	30 Sep 2019 <sup>1)</sup>	30 Sep 2018	31 Dec 2018
<b>Net debt/EBITDA</b>				
Average net debt	1,870	1,111	1,403	1,318
Adjusted operating profit, rolling twelve months	876	856	580	634
Depreciation/amortisation and impairment losses, rolling twelve months	344	185	166	168
<b>EBITDA</b>	<b>1,220</b>	<b>1,041</b>	<b>746</b>	<b>802</b>
<b>Net debt/EBITDA, times</b>	<b>1.5</b>	<b>1.1</b>	<b>1.9</b>	<b>1.6</b>

1) Key performance indicators excluding the effect of implemented accounting standard IFRS 16.

2) Among total assets, the difference of SEK 944 m by 30 September 2019 relates to tangible fixed assets corresponding to SEK 935 m as a result of capitalisation of rental and leasing agreements in accordance with IFRS 16. Remaining difference in total assets relates to deferred tax receivables.

Organic growth	2019	2018	2019	2018	2018
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Change Net sales	65	316	404	885	1,084
Of which					
Organic	11	161	217	572	684
Acquisitions/divestments	7	18	17	44	57
Currency effects	47	137	170	269	343

Interest coverage ratio, times	2019	2019	2018	2019	2019	2018	2018
	Jul-Sep	Jul-Sep <sup>1)</sup>	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Earnings before tax	267	267	196	677	677	388	531
Interest expenses	13	6	7	37	17	20	26
Total	280	273	203	714	694	408	557
Interest expenses	13	6	7	37	17	20	26
<b>Interest coverage ratio, times</b>	<b>22.9</b>	<b>47.0</b>	<b>30.3</b>	<b>19.6</b>	<b>41.3</b>	<b>20.5</b>	<b>21.4</b>

Operating profit before depreciation/amortisation-EBITDA	2019	2019	2018	2019	2019	2018	2018
	Jul-Sep	Jul-Sep <sup>1)</sup>	Jul-Sep	Jan-Sep	Jan-Sep <sup>1)</sup>	Jan-Sep	Jan-Dec
Operating profit	273	266	200	703	683	400	547
Depreciation/amortisation and impairment losses	107	53	43	303	142	126	168
<b>Operating profit before depreciation/amortisation-EBITDA</b>	<b>380</b>	<b>319</b>	<b>243</b>	<b>1,006</b>	<b>825</b>	<b>526</b>	<b>715</b>

1) Key performance indications excluding the effect of implemented accounting standard, IFRS 16 Leases.

### Additional key performance indicators, including respectively excluding IFRS 16, with aim to increase comparability against previous periods

Amounts in SEK m unless otherwise indicated

Operating profit, operating margin and earnings before tax	2019 incl. IFRS 16		2019 excl. IFRS 16		2019 incl. IFRS 16		2019 excl. IFRS 16	
	Jul-Sep	%	Jul-Sep	%	Jan-Sep	%	Jan-Sep	%
Ventilation Systems	168	11.5	162	11.0	480	10.6	465	10.2
Profile Systems	82	12.9	82	12.9	185	10.4	183	10.2
Building Systems	34	9.5	33	9.2	70	6.9	67	6.6
Other operations	-11	-	-11	-	-32	-	-32	-
<b>Adjusted operating profit</b>	<b>273</b>	<b>11.1</b>	<b>266</b>	<b>10.8</b>	<b>703</b>	<b>9.6</b>	<b>683</b>	<b>9.3</b>
One-off items and restructuring costs	-	-	-	-	-	-	-	-
<b>Operating profit</b>	<b>273</b>	<b>11.1</b>	<b>266</b>	<b>10.8</b>	<b>703</b>	<b>9.6</b>	<b>683</b>	<b>9.3</b>
Net financial items	-6	-	1	-	-26	-	-6	-
<b>Earnings before tax</b>	<b>267</b>	<b>10.8</b>	<b>267</b>	<b>10.8</b>	<b>677</b>	<b>9.2</b>	<b>677</b>	<b>9.2</b>

Key performance indicators	2019 incl. IFRS 16	2019 excl. IFRS 16	2019 incl. IFRS 16	2019 excl. IFRS 16
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Operating profit before depreciation/amortisation and impairment losses	380	319	1,006	825
Operating profit	273	266	703	683
Adjusted operating profit	273	266	703	683
Earnings before tax	267	267	677	677
Profit for the period	212	212	535	535
Operating margin, %	11.1	10.8	9.6	9.3
Adjusted operating margin, %	11.1	10.8	9.6	9.3
Profit margin, %	10.8	10.8	9.2	9.2
Cash flow from operating activities <sup>1)</sup>	395	342	651	491
Cash flow from operating activities per share, SEK	5.18	4.48	8.53	6.43
Net debt	1,996	1,003	1,996	1,003
Net debt/equity ratio, times	0.4	0.2	0.4	0.2
Equity/asset ratio, %	50.6	56.5	50.6	56.5
Return on equity, %	13.8	13.7	13.8	13.7
Return on capital employed, %	12.8	13.6	12.8	13.6
Interest coverage ratio, times	22.9	47.0	19.6	41.3
Net debt/EBITDA, excl. one-off items and restructuring costs	1.5	1.1	1.5	1.1

1) Within cash flow from operating activities there has been a reclassification to interest related to rental and leasing agreements. Previously this was included in the operating profit but from 2019 it is part of "Interest paid". The amount of leasing-related interest amounts to SEK 7 m in the quarter and to SEK 20 m in the period January to September.

## Definitions

### Key performance indicator according to IFRS

**Earnings per share, SEK:** Profit for the period attributable to parent company shareholders to average number of shares outstanding.

### Key performance indicators not defined according to IFRS

**Adjusted operating margin:** Adjusted operating profit expressed as a percentage of net sales.

**Adjusted operating profit:** Operating profit adjusted for one-off items and restructuring costs when the amount is significant in size.

**Cash flow from operating activities per share, SEK:** Cash flow from operating activities to number of shares outstanding at the end of the period.

**Equity/asset ratio:** Shareholders' equity including non-controlling interests, expressed as a percentage of total assets.

**Interest coverage ratio, times:** Earnings before tax plus interest expense to interest expense

**Investments in intangible assets and tangible fixed assets:** Investments 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 in relation to EBITDA, excluding one-off items and restructuring costs, based on a rolling twelve-month calculation.

**Net debt/equity ratio:** Net debt to shareholders' equity including non-controlling interests.

**One-off items and restructuring costs:** Items not included in the ordinary 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 and restructuring costs.

**Operating margin:** Operating profit expressed as a percentage of net sales.

**Operating profit:** Profit before financial items and tax.

**Operating profit before depreciation/amortisation - EBITDA:** Operating profit before planned depreciation/amortisation.

**Organic growth:** Change in sales adjusted for currency effects as well as acquisitions and divestments compared with the same period of the previous year.

**Profit margin:** Earnings before tax expressed as a percentage of net sales.

**Return on capital employed:** Earnings before tax after adding back financial expenses based on a rolling twelve-month calculation, expressed as a percentage of average capital employed<sup>1)</sup>. Capital employed refers to total assets less non-interest-bearing provisions and liabilities.

**Return on shareholders' equity:** Profit for the period attributable to parent company shareholders based on a rolling twelve-month calculation, expressed as a percentage of average shareholders' equity<sup>1)</sup> attributable to parent company shareholders.

**Shareholders' equity per share, SEK:** Shareholders' equity attributable to parent company shareholders to number of shares outstanding at the end of the period.

<sup>1)</sup> Average capital is based on the quarterly value.

## Lindab in brief

The Group had sales of SEK 9,326 m in 2018 and is established in 32 countries with approximately 5,100 employees.

The main market is non-residential construction, which accounts for 80 percent of sales, while residential construction accounts for 20 percent of sales. During 2018, the Nordic region accounted for 45 percent, Western Europe for 33 percent, CEE/CIS (Central and Eastern Europe) for 20 percent and Other markets for 2 percent of total sales.

The share is listed on the Nasdaq Stockholm List, Mid Cap, under the ticker symbol LIAB.

### Business concept

Lindab develops, manufactures, markets and distributes products and system solutions for simplified construction and improved indoor climate.

### Business model

Lindab's product and solution offering includes products and

entire 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. Lindab also offers complete, pre-engineered steel construction systems under the Astron brand. These are complete building solutions comprising the outer shell with the main structure, wall, roof and accessories.

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 value chain is characterised by a good balance between centralised and decentralised functions. The distribution has been developed in order to be close to the customer. Sales are made through around 140 Lindab branches and approximately 3,000 retailers, with the exception of Building Systems, which conducts sales through a network of nearly 300 building contractors.

## Lindab share

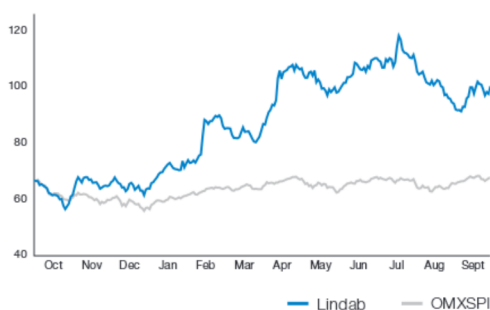
### January - September 2019

Share price performance: +58%  
Average share turnover/day: 241,122

Highest closing price (July 22): 118.4 SEK  
Lowest closing price (January 2): 63.8 SEK  
Closing price September 30: 100.4 SEK

Market cap September 30: SEK 7,664 m  
Total no. of shares: 78,707,820  
- *whereof treasury shares*: 2,375,838  
- *whereof outstanding shares*: 76,331,982

Share price performance 2018/2019, (R 12M), SEK



## Press- and analyst meetings

A live audiocast will be held at 13:00 am (CEST) on 24 October. The Interim Report will be presented by Ola Ringdahl, President and CEO, and Malin Samuelsson, CFO.

To access the audiocast, please call:  
Phone +46 (0) 8 505 583 58  
Alternatively phone +44 333 300 9034

The audiocast and presentation can be followed live via Lindabs homepage.

For more information see [www.lindabgroup.com](http://www.lindabgroup.com).

## Calendar

Year-End Report	6 February 2020
Interim Report January - March	29 April 2020
Annual General Meeting	29 April 2020
Interim Report January - June	17 July 2020
Interim Report January - September	23 October 2020

All financial reports will be published at [www.lindabgroup.com](http://www.lindabgroup.com).

This is information that Lindab International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07:40 am (CEST) on 24 October 2019.

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