

Lindab International AB (publ) Interim Report

Fourth quarter 2018

- Net sales increased by 9 percent to SEK 2,384 m (2,185), of which organic growth was 5 percent.
- Adjusted¹⁾ operating profit increased by 45 percent to SEK 173 m (119). Adjusted¹⁾ operating margin increased to 7.3 percent (5.4).
- Operating profit amounted to SEK 147 m (109).
- Profit for the period increased by 26 percent to SEK 106 m (84).
- Earnings per share, before and after dilution, increased to SEK 1.38 (1.10).
- Cash flow from operating activities amounted to SEK 238 m (346).

January - December 2018

- Net sales increased by 13 percent to SEK 9,326 m (8,242), of which organic growth was 8 percent.
- Adjusted¹⁾ operating profit increased by 24 percent to SEK 634 m (511). Adjusted¹⁾ operating margin increased to 6.8 percent (6.2).
- Operating profit amounted to SEK 547 m (492).
- Profit for the period increased by 14 percent to SEK 394 m (347).
- Earnings per share, before and after dilution, increased to SEK 5.16 (4.54).
- Cash flow from operating activities improved to SEK 593 m (410).
- Products & Solutions will be divided into two business areas (Ventilation Systems and Profile Systems) and recognised as two separate segments from Q1 2019.
- The Board of Directors proposes a dividend of SEK 1.75 (1.55) per share.

1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See Reconciliations page 18.

A word from the CEO

Lindab's net sales continued to be high in the fourth quarter. Organic sales growth amounted to 5 percent and adjusted operating profit rose to SEK 173 m (119). Implemented price increases combined with more stable raw material prices contributed towards a slight improvement in gross margin during the quarter. Improved profitability continues to be the highest priority in 2019.

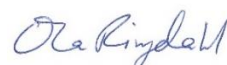
Net sales development was positive in Products & Solutions, increasing by 4 percent organically, as simultaneously the adjusted operating margin increased to SEK 183 m (143). Among the larger markets, growth was strong in the Nordics, Germany and Poland. Ventilation Products and Rainwater & Building Products were the main product areas that experienced good growth.

Building Systems had continued good sales growth with net sales increasing to SEK 261 m (226). Adjusted operating profit improved to SEK 0 m (-13). Since this business is project related, net sales and profitability can fluctuate between the quarters. The order intake was weaker in comparison to the same quarter of the previous year, however the backlog was higher at the end of the quarter compared with the same period last year. The turnaround programme has continued according to plan, in order to create sustainable profitability.

During the quarter, an action plan was launched with the aim of improving profitability and efficiency. Among other things, this plan includes the acceleration of investments in automatised production. Furthermore, a new organisational structure was presented. As of 1 January 2019 the current business area Products & Solutions will be divided into two business areas, Ventilation Systems and Profile Systems. The purpose is to create improved transparency and focus on each business area. The external segment reporting will be presented according to this new structure as of Q1 2019.

Sales growth was strong for the full year of 2018, with organic growth of 8 percent. During the second half of the year, profitability was prioritised and we saw an improvement over the period. We will continue to focus on reaching our financial target of an average long term operating margin of 10 percent during a business cycle. Building Systems has delivered according to its turnaround plan and contributed to a positive adjusted operating margin for the full year of 2018.

Grevie, February 2019



Ola Ringdahl
President and CEO



Comments on the report

Sales and markets

Net sales increased by 9 percent to SEK 2,384 m (2,185) during the fourth quarter. Organic growth amounted to 5 percent, acquisitions contributed 1 percent and currency 3 percent.

The sales development during the quarter remained strong. Building Systems had an organic growth of 13 percent while sales in Products & Solutions increased 4 percent organically. In both segments, Lindab continued to focus on balancing volume and profitability in individual projects and activities, with a clear target to improve profitability. All European markets had good growth during the quarter, with the highest organic growth in the CEE/CIS region followed by the Nordics.

Net sales for the period January - December amounted to SEK 9,326 m (8,242), an increase of 13 percent compared with the corresponding period of the previous year. Organic growth was 8 percent, acquisitions contributed 1 percent and currency 4 percent.

Profit

Adjusted operating profit for the fourth quarter increased by 45 percent to SEK 173 m (119). One-off items and restructuring costs amounted to SEK -26 m (-10). The costs were mainly related to the ongoing turnaround programme in Building Systems and the reorganisation of the Products & Solutions business area, which has been divided into two business areas as of 1 January 2019. As part of this reorganisation a number of cost saving and restructuring activities were implemented to improve business efficiency. One-off items and restructuring costs per segment is presented on page 18, Reconciliations. Adjusted operating margin for the quarter increased to 7.3 percent (5.4).

The improvement in operating profit was mainly related to increased sales volume in both segments while operating costs remained relatively flat in comparison to the corresponding period of the previous year. Implemented price increases combined with more stable raw material prices contributed towards a slight improvement in gross margin compared with the corresponding period of the previous year. Products & Solutions' adjusted operating profit increased to SEK 183 m (143), while Building Systems' adjusted operating profit improved to SEK 0 m (-13).

Profit for the period increased by 26 percent to SEK 106 m (84) and earnings per share amounted to SEK 1.38 (1.10).

Adjusted operating profit for the period January - December improved by 24 percent to SEK 634 m (511) and the adjusted operating margin for the same period increased to 6.8 percent (6.2). One-off items and restructuring costs amounted to SEK -87 m (-19), see Reconciliations on page 18.

Profit for the period January - December increased by 14 percent to SEK 394 m (347) and earnings per share increased to SEK 5.16 (4.54) for the corresponding period.

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.

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 and amortisation for the quarter amounted to SEK 42 m (40), of which SEK 3 m (9) related to intangible assets.

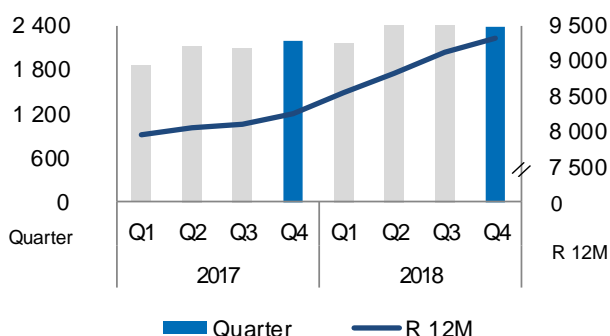
Depreciation and amortisation for the period January - December amounted to SEK 168 m (162), of which SEK 30 m (35) related to intangible assets.

Tax

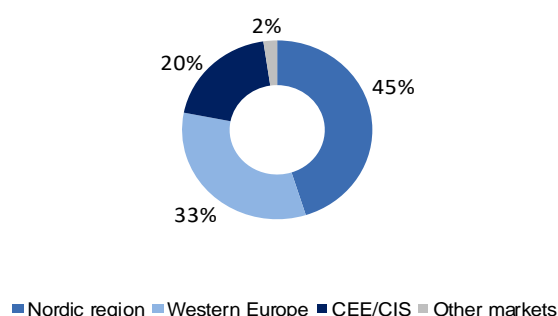
Tax on profit for the fourth quarter amounted to SEK 37 m (19). Earnings before tax increased to SEK 143 m (103). The effective tax rate was 26 percent (18), while the average tax rate was 20 percent (20). The higher effective tax rate compared with the same period of the previous year and compared to the average tax rate was mainly due to the fact that Lindab was not able to fully utilise carry-forward tax losses in order to reduce the total tax on profit. Regarding the effective tax rate, it should also be taken into account that Lindab, during the fourth quarter of the previous year, was able to utilise a higher proportion of carry-forward tax losses, generated from previous years.

Tax on profit for the period January - December amounted to SEK 137 m (120). Earnings before tax increased to SEK 531 m (467). The effective tax rate was 26 percent (26) while the average tax rate was 19 percent (19). The higher effective tax rate during the period compared to the average tax rate was mainly due to the fact that Lindab was not able to fully utilise carry-forward tax losses in order to reduce the total tax on profit. The negative effect of not being able to fully utilise carry-forward tax losses during the period was less compared to corresponding period of the previous year but at the same time the effective tax rate was affected by less non-taxable revenues. In comparison to last year it should also be taken into account that during 2017, Lindab was able to utilise a higher proportion of carry-forward tax losses generated from previous years.

NET SALES, SEK m



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



In the second quarter of 2018, it was announced that the corporate tax rate in Sweden will be reduced, effective from 1 January 2019. This change did not have a material impact on the Group's reported deferred taxes.

Cash flow

Cash flow from operating activities amounted to SEK 238 m (346) during the quarter. The decrease relative to the previous year was mainly related to change in working capital for the period, which amounted to SEK 55 m (236). The cash flow generated from accounts receivables was higher compared to the corresponding period of the previous year, however this was offset by a relatively larger cash outflow related to operating liabilities, primarily due to the settlement of accounts payables. At the same time, there was a less positive effect from advance payments from Building Systems' customers, which had a more significant positive impact during the corresponding period of the previous year. The underlying operating profit for the period amounted to SEK 147 m (109) and cash flow before change in working capital was SEK 183 m (110).

Financing activities for the quarter resulted in cash flow of SEK -228 m (-190), which was mainly related to changes in borrowings and utilisation of credit limits.

During the period January - December cash flow from operating activities improved and amounted to SEK 593 m (410). The change of SEK 183 m (-89) was primarily attributable to the underlying improvement in operating profit, amounting to SEK 55 m (-9), as well as cash flow from working capital which strengthened by SEK 103 m (-125). The positive change within working capital was mainly related to the settlement of accounts receivables. The underlying operating profit for the year increased to SEK 547 m (492) and cash flow before changes in working capital amounted to SEK 590 m (510).

Financing activities for the period January - December resulted in a cash flow of SEK -547 m (-360). The change was mainly related to the changed utilisation of existing credit limits. Furthermore, the dividend paid to shareholders was slightly higher than the previous year.

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

Investments

Investments in intangible and tangible fixed assets for the quarter amounted to SEK 40 m (27), of which SEK 3 m (6) related to investments in intangible assets such as IT-related projects. During the period, investments of tangible fixed assets included the acquisition of a property in Sweden amounting to SEK 6 m (-).

Net cash flow from investing activities during the quarter amounted to SEK -40 m (-20), excluding acquisitions and divestments of subsidiaries, of which SEK 0 m (7) was

attributable to the positive effects from the divestment of tangible fixed assets.

Investments in intangible and tangible fixed assets for the period January - December amounted to SEK 120 m (100), of which SEK 16 m (21) mainly related to investments in intangible assets.

Net cash flow from investing activities for the period January – December amounted to SEK -105 m (-67), excluding acquisitions and divestments of subsidiaries. Included in the amount was SEK 15 m (33) which was attributable to the divestment of tangible fixed assets where the cash flow relating to the disposal of land and buildings accounted for a significant part of the value.

Business combinations

No business combinations have been made during 2018.

During the fourth quarter 2017, Lindab acquired the Irish ventilation company A.C. Manufacturing Ltd. The acquisition was part of Lindab's strategy to further focus on indoor climate solutions and strengthen the Group's position as a supplier of complete ventilation products in selected geographical markets. During the same quarter, Lindab also divested the dormant company Lindab Innovation AB.

For more information, see Note 3.

Financial position

Net debt amounted to SEK 1,052 m (1,305) on 31 December 2018. Currency effects reduced net debt by SEK 4 m during the quarter, compared with an increase of SEK 44 m in the corresponding period of the previous year. The equity/assets ratio was 57 percent (53) and the net debt/equity ratio was 0.2 (0.3). Financial items for the quarter amounted to SEK -4 m (-6).

As initiated by Lindab, the credit limit with Nordea and Danske Bank was reduced from SEK 1,700 m to SEK 1,400 m during the quarter. This credit limit together with EUR 50 m from Raiffeisen Bank International is valid until July 2021. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the conditions as at 31 December 2018.

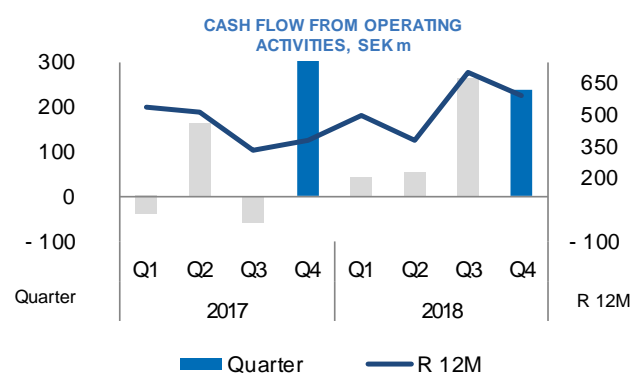
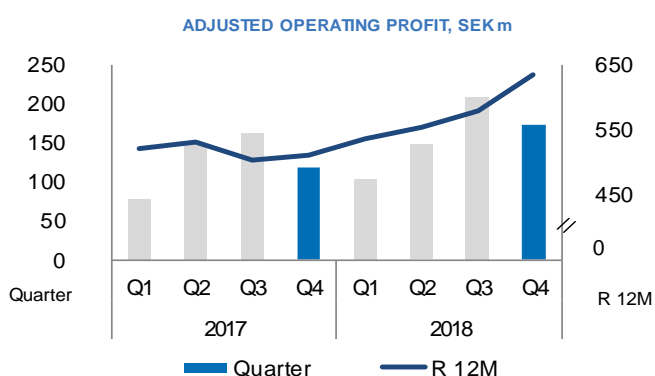
Pledged assets and contingent liabilities

There have not been any significant changes to pledged assets and contingent liabilities in 2018.

Parent company

Net sales for the quarter amounted to SEK 1 m (1). Profit for the period amounted to SEK 10 m (20).

Net sales for the period January - December amounted to SEK 4 m (4). Profit for the period amounted to SEK 2,375 m (1). The profit included a dividend from shares in subsidiaries of SEK 2,373 m (-).



Significant risks and uncertainties

There have been no significant changes to what was stated by Lindab in its Annual Report for 2017 under Risks and Risk Management (pages 60-62).

Employees

The number of employees at the end of the quarter, calculated as full-time equivalent employees, was 5,071 (5,083).

The Lindab Share

The highest price paid for a Lindab share during the period January - December was SEK 74.50 on 21 May, and the lowest was SEK 56.10 on 24 October. The closing price on 28 December was SEK 63.50. The average trading volume of a Lindab share was 104,938 shares per day (138,247).

Lindab holds 2,375,838 (2,375,838) treasury shares, equivalent 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), while the total number of shares is 78,707,820 (78,707,820).

The largest shareholders at the end of the quarter in relation to the number of outstanding shares were Creades AB with 10.4 percent (10.4), Lannebo Fonder with 10.1 percent (9.1), Fjärde AP-fonden with 9.8 percent (9.8), IF Skadeförsäkring with 5.1 percent (5.1) and Livförsäkringsbolaget Skandia with 5.0 percent (5.1) and The ten largest holdings constituted 59.9 percent (61.2) of the shares, excluding Lindab's own holding.

Incentive programme

At the Annual General Meeting in May 2018, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall include a long term variable cash pay element. This element shall be based on financial performance targets that reflect Lindab's growth in value and will be assessed over a three year measuring period. Any profit 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 profit for the three year measuring period of 2018 to 2020 is estimated at SEK 13 m.

At the Annual General Meeting in May 2017, a long term incentive programme was adopted, essentially with the same principles as the above decided programme. The measuring period of the programme is 2017 to 2019.

Warrant programme

At the Annual General Meeting in May 2018, it was resolved to establish a warrant programme for senior executives. Under this programme, 135,000 out of a maximum of 140,000 warrants were issued by Lindab for the benefit of the wholly owned subsidiary Lindab LTIP17-19 AB, which, in turn, sold the warrants to senior executives based on a market valuation pursuant to the established warrant agreement. Each warrant entitles the holder to acquire one share in Lindab at a price of SEK 86.40. Subscription of shares based on a warrant can take place after Lindab has published the half year interim report for 2021 and up until 31 August of the same year.

At the Annual General Meeting in May 2017, it was resolved to establish a warrant programme for senior executives, essentially with the same conditions as the decided programme mentioned above. 75,000 warrants were issued in 2017, each with an option to acquire a share in Lindab at a price of SEK 108.80 during summer 2020. Of these warrants, 30,000 have been returned to the Group by a former executive, which results in 45,000 warrants

being owned by executives/external parties as of the balance sheet date.

Annual General Meeting

The Board of Directors has decided that the Annual General Meeting will be held on 8 May 2019 at Norrviken, Bastad, Sweden. Notice to the meeting will be sent out in due course.

Proposed dividend to shareholders

Lindab's Board of Directors proposes that the Annual General Meeting on 8 May 2019 approves a dividend of SEK 1.75 per share, which is in line with the company's dividend policy and provides dividends totalling SEK 134 m. It is proposed that the record date for the right to a dividend payout is 10 May 2019, with the dividends expected to be paid to shareholders on 15 May 2019.

Significant events after the reporting period

Products & Solutions will be divided into two business areas (Ventilation Systems and Profile Systems respectively) and recognised as separate segments from Q1 2019.

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.

The report has been audited by the company's auditors.

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.

Segments

Products & Solutions

- Net sales during the fourth quarter amounted to SEK 2,123 m (1,959), an increase of 8 percent. Organic growth amounted to 4 percent.
- The adjusted operating margin for the fourth quarter increased to 8.6 percent (7.3).

Sales and markets

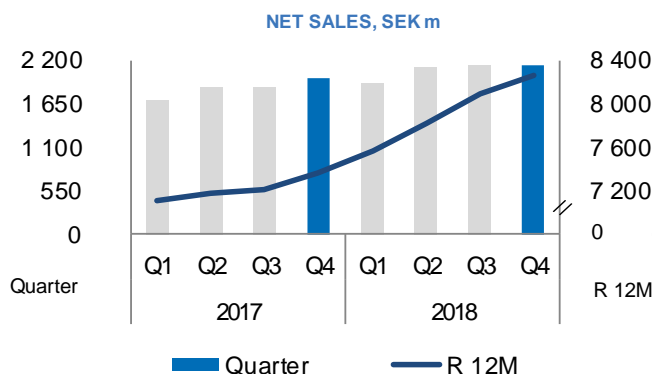
Net sales for Products & Solutions increased by 8 percent to SEK 2,123 m (1,959) during the fourth quarter. Organic growth was 4 percent, acquisitions contributed 1 percent and currency effects had a positive impact of 3 percent.

The Nordic and CEE/CIS regions were the largest contributors for the organic growth during the quarter, which both continued to experience a strong growth rate while sales adjusted for the positive currency effect and acquisition remained flat in Western Europe.

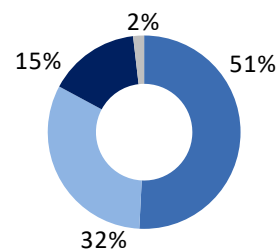
The positive sales trend in the Nordic region continued during the fourth quarter with organic growth in all countries. Finland and Norway in particular had strong sales growth. The sales growth in Sweden slowed down as a consequence of reduced project sales within Building Solutions, which had particularly large project deliveries during the same period of the previous year. In the CEE/CIS region the majority of markets contributed with good organic growth. The sales development was particular strong in Poland and Czech Republic. The development within Western Europe was mixed. Germany recognised strong growth. Other large markets such as UK and Switzerland also had positive organic growth while sales declined in France and Italy.

For the segment as a whole the positive sales trend in ventilation continued, with particularly strong growth in the largest product area Ventilation Products. Sales were down slightly in Air Movement which was mainly due to particularly large project deliveries in the previous year. Rainwater & Building Products also had good growth while sales declined in the more project based product area, Building Solutions.

Net sales for the period January – December increased by 12 percent to SEK 8,260 m (7,360). Organic growth was 7 percent.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



■ Nordic region ■ Western Europe ■ CEE/CIS ■ Other markets

Profit

Products & Solutions' adjusted operating profit during the fourth quarter increased by 28 percent to SEK 183 m (143). Adjusted operating margin increased to 8.6 percent (7.3).

The improved operating profit was mainly related to increased volume, but also due to a slight reduction in costs and improved gross margin. Activities to further increase the segment's gross margin and offset previous increases in raw material will continue to have the highest priority.

Adjusted operating profit for the period January - December increased to SEK 670 m (590) and adjusted operating margin increased to 8.1 percent (8.0).

Activities - Products & Solutions

The review of the business has continued and a new organisational structure has been presented. As of 1 January 2019 the current business area Products & Solutions will be divided into two business areas, Ventilation Systems and Profile Systems.

During the quarter, Lindab received an additional order from Catena. Lindab will deliver an energy-efficient building totalling 11,000 square meters to their new logistics area located in Helsingborg, Sweden. The delivery includes sandwich panels to the walls, high profile to the roof and doors. The building is expected to be finalised during autumn 2019.

Building Systems

- Net sales during the fourth quarter amounted to SEK 261 m (226), an increase of 15 percent. Organic growth amounted to 13 percent.
- The adjusted operating margin for the fourth quarter improved to 0.0 percent (-5.8).

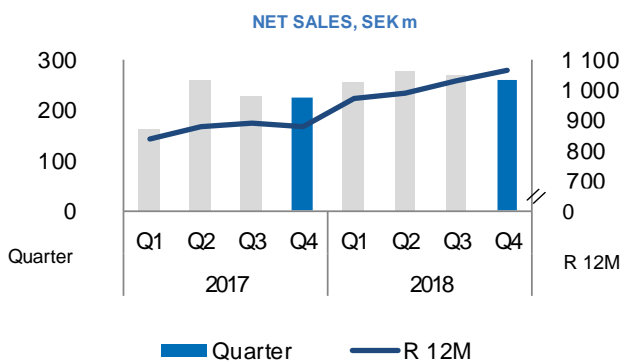
Sales and markets

Net sales for Building Systems increased by 15 percent to SEK 261 m (226) during the fourth quarter. Organic growth was 13 percent and currency effects had a positive impact of 2 percent.

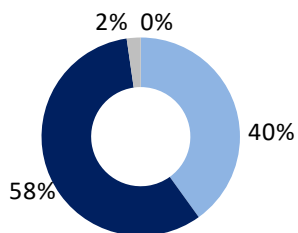
The increase in sales during the quarter was mainly attributable to very strong growth in both Western Europe and the CEE region, while sales were down slightly in Africa and the CIS region. Among the largest markets, both Germany and Poland had strong growth while sales in Russia declined slightly.

The order intake declined during the quarter while the backlog at the end of the period was clearly higher than the corresponding period of the previous year, particularly in Western Europe and the CEE region.

Net sales for the period January - December increased by 21 percent to SEK 1,066 m (882). Organic growth amounted to 18 percent. The positive currency effect was 3 percent mainly due to a stronger Euro, however partly offset by the Russian Rouble that has weakened compared to the previous year.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



■ Nordic Region ■ Western Europe ■ CEE/CIS ■ Other markets

Profit

Building Systems' adjusted operating profit increased to SEK 0 m (-13) during the fourth quarter. Adjusted operating margin for the same period was 0.0 percent (-5.8).

The higher operating profit was attributable to strong volume growth and improved gross margin while changes in currency had a negative effect on the profit. The ongoing turnaround programme continues according to plan.

Adjusted operating profit for the period January - December improved to SEK 9 m (-42) and adjusted operating margin increased to 0.8 percent (-4.8).

Activities - Building Systems

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

During the quarter, Building Systems designed, constructed and delivered its first multi-story garage. This is a result of the investment made in the production unit in the Czech Republic, as previously communicated, the intention of which is to increase efficiency within multi-story buildings.

NET SALES AND GROWTH

SEK m	2018		2017		2018		2017	
	Oct-Dec		Oct-Dec		Jan-Dec		Jan-Dec	
Net sales	2,384		2,185		9,326		8,242	
Change	199		146		1,084		393	
Change, %	9		7		13		5	
Of which								
Organic, %	5		7		8		4	
Acquisitions/divestments, %	1		0		1		0	
Currency effects, %	3		0		4		1	

NET SALES PER REGION

SEK m	2018		2017		2018		2017	
	Oct-Dec	%	Oct-Dec	%	Jan-Dec	%	Jan-Dec	%
Nordic region	1,104	46	1,015	47	4,198	45	3,752	46
Western Europe	752	32	665	30	3,057	33	2,699	33
CEE/CIS	481	20	431	20	1,834	20	1,524	18
Other markets	47	2	74	3	237	2	267	3
Total	2,384	100	2,185	100	9,326	100	8,242	100

NET SALES PER SEGMENT

SEK m	2018		2017		2018		2017	
	Oct-Dec	%	Oct-Dec	%	Jan-Dec	%	Jan-Dec	%
Products & Solutions	2,123	89	1,959	90	8,260	89	7,360	89
Building Systems	261	11	226	10	1,066	11	882	11
Other operations	-	-	-	-	-	-	-	-
Total	2,384	100	2,185	100	9,326	100	8,242	100
Gross internal sales all segments	0		0		0		0	

OPERATING PROFIT, OPERATING MARGIN AND EARNINGS BEFORE TAX

SEK m	2018		2017		2018		2017	
	Oct-Dec	%	Oct-Dec	%	Jan-Dec	%	Jan-Dec	%
Products & Solutions	183	8.6	143	7.3	670	8.1	590	8.0
Building Systems	0	0.0	-13	-5.8	9	0.8	-42	-4.8
Other operations	-10	-	-11	-	-45	-	-37	-
Adjusted operating profit	173	7.3	119	5.4	634	6.8	511	6.2
One-off items and restructuring costs ¹⁾	-26	-	-10	-	-87	-	-19	-
Operating profit	147	6.2	109	5.0	547	5.9	492	6.0
Net financial items	-4	-	-6	-	-16	-	-25	-
Earnings before tax	143	6.0	103	4.7	531	5.7	467	5.7

1) One-off items and restructuring costs are described in Reconciliations, page 18.

NUMBER OF EMPLOYEES

	2018		2017		2018		2017	
	Oct-Dec		Oct-Dec		Jan-Dec		Jan-Dec	
Products & Solutions	4,308		4,329		4,308		4,329	
Building Systems	699		688		699		688	
Other operations	64		66		64		66	
Total	5,071		5,083		5,071		5,083	

Consolidated income statement

<i>SEK m</i>	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	2,384	2,185	9,326	8,242
Cost of goods sold	-1,752	-1,622	-6,895	-6,057
Gross profit	632	563	2,431	2,185
Other operating income	11	26	75	79
Selling expenses	-287	-282	-1,141	-1,068
Administrative expenses	-149	-139	-567	-536
R & D expenses	-19	-19	-72	-68
Other operating expenses	-41	-40	-179	-100
Total operating expenses	-485	-454	-1,884	-1,693
Operating profit¹⁾	147	109	547	492
Interest income	5	6	17	19
Interest expenses	-6	-8	-26	-36
Other financial income and expenses	-3	-4	-7	-8
Financial items	-4	-6	-16	-25
Earnings before tax	143	103	531	467
Tax on profit for the period	-37	-19	-137	-120
Profit for the period	106	84	394	347
–attributable to the parent company's shareholders	106	84	394	347
–attributable to non-controlling interests	0	0	0	0
Earnings per share, SEK²⁾	1.38	1.10	5.16	4.54

1) One-off items and restructuring costs, which are included in operating profit, are described in Reconciliations at page 18.

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

<i>SEK m</i>	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit for the period	106	84	394	347
Items that will not be reclassified to the income statement				
Actuarial gains/losses, defined benefit plans	7	-2	-3	-9
Deferred tax attributable to defined benefit plans	-1	2	1	3
Sum	6	0	-2	-6
Items that will later be reclassified to the income statement				
Translation differences, foreign operations	-35	110	108	63
Hedges of net investments	2	-32	-60	-21
Tax attributable to hedges of net investments	-1	6	13	4
Sum	-34	84	61	46
Other comprehensive income, net of tax	-28	84	59	40
Total comprehensive income	78	168	453	387
–attributable to the parent company's shareholders	78	168	453	387
–attributable to non-controlling interests	0	0	0	0

Consolidated statement of cash flow

<i>SEK m</i>	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
OPERATING ACTIVITIES				
Operating profit	147	109	547	492
Reversal of depreciation/amortisation and impairment losses	42	40	168	162
Reversal of capital gains (-) / losses (+) reported in operating profit	3	-1	0	-9
Provisions, not affecting cash flow	22	5	31	9
Adjustment for other items not affecting cash flow	-3	2	-7	-8
Total	211	155	739	646
Interest received	4	6	16	19
Interest paid	-6	-7	-24	-33
Tax paid	-26	-44	-141	-122
Cash flow before change in working capital	183	110	590	510
Change in working capital				
Stock (increase - /decrease +)	26	111	-71	-81
Operating receivables (increase - /decrease +)	416	245	63	-99
Operating liabilities (increase + /decrease -)	-387	-120	11	80
<i>Total change in working capital</i>	<i>55</i>	<i>236</i>	<i>3</i>	<i>-100</i>
Cash flow from operating activities	238	346	593	410
INVESTING ACTIVITIES				
Acquisition of Group companies	-	-64	-	-64
Divestment of Group companies	-	0	-	0
Investments in intangible assets	-3	-6	-16	-21
Investments in tangible fixed assets	-37	-21	-104	-79
Change in financial fixed assets	0	0	0	0
Disposal of intangible assets	0	0	0	0
Disposal of tangible fixed assets	0	7	15	33
Cash flow from investing activities	-40	-84	-105	-131
FINANCING ACTIVITIES				
Proceeds from borrowings	-	60	94	1,656
Repayment of borrowings	-227	-250	-522	-1,910
Issue of warrants	0	-	0	1
Dividends to shareholders	-1	-	-119	-107
Cash flow from financing activities	-228	-190	-547	-360
Cash flow for the period	-30	72	-59	-81
Cash and cash equivalents at start of the period	320	263	342	418
Effect of exchange rate changes on cash and cash equivalents	-1	7	6	5
Cash and cash equivalents at end of the period	289	342	289	342

Consolidated statement of financial position

<i>SEK m</i>	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Goodwill	3,144	3,059
Other intangible assets	110	136
Tangible fixed assets	1,276	1,285
Financial interest-bearing fixed assets	38	43
Other financial fixed assets	80	81
Total non-current assets	4,648	4,604
Current assets		
Stock	1,350	1,256
Accounts receivable	1,317	1,363
Other current assets	193	160
Other interest-bearing receivables	5	6
Cash and cash equivalents	289	342
Total current assets	3,154	3,127
TOTAL ASSETS	7,802	7,731
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity attributable to parent company shareholders	4,464	4,129
Non-controlling interests	0	1
Total shareholders' equity	4,464	4,130
Non-current liabilities		
Interest-bearing provisions for pensions and similar obligations	234	226
Liabilities to credit institutions	1,085	1,397
Provisions	114	109
Other non-current liabilities	14	19
Total non-current liabilities	1,447	1,751
Current liabilities		
Other interest-bearing liabilities	65	73
Provisions	36	22
Accounts payable	788	864
Other current liabilities	1,002	891
Total current liabilities	1,891	1,850
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,802	7,731

Financial instruments measured at fair value through the income statement

<i>SEK m</i>	31 Dec 2018		31 Dec 2017	
Disclosures regarding the fair value by class	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Derivative receivables	5	5	6	6
Financial liabilities				
Liabilities to credit institutions	1,056	1,060	1,365	1,371
Derivative liabilities	4	4	3	3

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 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 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 can not be estimated reliably, are recognised at acquisition cost. The carrying amount is SEK 1 m (1).

Consolidated statement of changes in equity

<u>Shareholders' equity attributable to parent company shareholders</u>							
<i>SEK m</i>	Share- capital	Other contributed capital	Foreign cur- rency transla- tion reserve	Profit brought forward incl. profit for the year	Total	Non- controlling interests	Total shareholders' equity
Opening balance, 1 January 2017	79	2,260	106	1,403	3,848	1	3,849
Profit for the period				347	347	0	347
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-6	-6	-	-6
Translation differences, foreign operations			63		63	0	63
Hedges of net investments			-17		-17	-	-17
<i>Total comprehensive income</i>	-	-	46	341	387	0	387
Dividend to shareholders/minority interests				-107	-107	-	-107
Issue of warrants				1	1	-	1
<i>Total transactions with shareholders</i>	-	-	-	-106	-106	-	-106
Closing balance, 31 December 2017	79	2,260	152	1,638	4,129	1	4,130
Profit for the period				394	394	0	394
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-2	-2	-	-2
Translation differences, foreign operations			108		108	0	108
Hedges of net investments			-47		-47	-	-47
<i>Total comprehensive income</i>	-	-	61	392	453	0	453
Dividend to shareholders/minority interests				-118	-118	-1	-119
Issue of warrants				0	0	-	0
<i>Total transactions with shareholders</i>	-	-	-	-118	-118	-1	-119
Closing balance, 31 December 2018	79	2,260	213	1,912	4,464	0	4,464

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.

Parent company

Income statement

SEK m	2018	2017	2018	2017
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	1	1	4	4
Administrative expenses	-2	-3	-6	-6
Other operating income/expenses	0	0	0	0
Operating profit	-1	-2	-2	-2
Profit from shares in Group Companies	13	32	2,386	32
Interest expenses, internal	0	-5	-9	-29
Earnings before tax	12	25	2,375	1
Tax on profit for the period	-2	-5	0	0
Profit/Loss for the period¹⁾	10	20	2,375	1

1) Comprehensive income corresponds to profit for all periods.

Balance sheet

SEK m	31 Dec 2018	31 Dec 2017
ASSETS		
Fixed assets		
<i>Financial fixed assets</i>		
Shares in Group companies	3,467	3,467
Financial interest-bearing fixed assets	5	5
Deferred tax assets	1	2
Total fixed assets	3,473	3,474
Current assets		
Receivables from Group companies	14	32
Current tax assets	0	1
Cash and cash equivalents	0	0
Total current assets	14	33
TOTAL ASSETS	3,487	3,507
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
<i>Restricted shareholders' equity</i>		
Share capital	79	79
Statutory reserve	708	708
<i>Non-restricted shareholders' equity</i>		
Share premium reserve	90	90
Profit brought forward	105	223
Profit/Loss for the period ¹⁾	2,375	1
Total shareholders' equity	3,357	1,101
Provisions		
Interest-bearing provisions	5	6
Total provisions	5	6
Non-current liabilities		
Interest-bearing liabilities to Group companies	0	2,226
Total non-current liabilities	0	2,226
Current liabilities		
Liabilities to Group companies	123	170
Accounts payable	0	2
Accrued expenses and deferred income	2	2
Total current liabilities	125	174
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,487	3,507

1) Comprehensive income corresponds to profit for all periods.

Key performance indicators

SEK m	2018				2017				2016
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales	2,384	2,397	2,392	2,153	2,185	2,081	2,118	1,858	2,039
Growth, %	9	15	13	16	7	2	5	6	3
of which organic	5	8	8	13	7	2	2	4	1
of which acquisitions/divestments	1	1	1	1	0	-	-	-	0
of which currency effects	3	6	4	2	0	0	3	2	2
Operating profit before depreciation and amortisation	189	243	169	114	149	194	192	119	155
Operating profit	147	200	129	71	109	154	151	78	112
Adjusted operating profit	173	209	148	104	119	162	151	79	112
Earnings before tax	143	196	124	68	103	148	146	70	102
Profit for the period	106	152	91	46	84	115	106	42	79
Operating margin, %	6.2	8.3	5.4	3.3	5.0	7.4	7.1	4.2	5.5
Adjusted operating margin, %	7.3	8.7	6.2	4.8	5.4	7.8	7.1	4.3	5.5
Profit margin, %	6.0	8.2	5.2	3.2	4.7	7.1	6.9	3.8	5.0
Cash flow from operating activities	238	262	51	42	346	-58	162	-40	265
Cash flow from operating activities per share, SEK	3.12	3.43	0.67	0.55	4.53	-0.76	2.12	-0.52	3.47
Investments intangible assets and tangible fixed assets	40	30	26	24	27	21	21	31	39
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 ¹⁾	1.38	1.99	1.19	0.60	1.10	1.51	1.39	0.55	1.04
Shareholders' equity attributable to parent company shareholders	4,464	4,387	4,276	4,300	4,129	3,961	3,909	3,919	3,848
Shareholders' equity attributable to non-controlling interests	0	1	1	1	1	1	1	1	1
Shareholders' equity per share, SEK	58.49	57.47	56.02	56.32	54.09	51.89	51.21	51.34	50.41
Net debt	1,052	1,249	1,487	1,369	1,305	1,502	1,449	1,459	1,396
Net debt/equity ratio, times	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Equity/asset ratio, %	57.2	52.5	50.6	52.3	53.4	51.0	50.5	51.0	51.3
Return on equity, %	9.1	8.9	8.2	8.7	8.8	8.8	8.8	8.5	8.4
Return on capital employed, %	9.4	8.8	8.1	8.6	8.8	8.8	9.1	8.8	8.8
Interest coverage ratio, times	24.4	30.3	19.0	11.7	14.7	17.6	16.4	8.3	10.6
Net debt/EBITDA, excluding one-off items and restructuring costs	1.6	1.9	2.0	2.1	2.2	2.3	2.2	2.4	2.5
Number of employees	5,071	5,142	5,195	5,132	5,083	5,103	5,122	5,143	5,136

SEK m	2018	2017	2016	2015
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	9,326	8,242	7,849	7,589
Growth, %	13	5	3	8
of which organic	8	4	4	2
of which acquisitions/divestments	1	0	0	4
of which currency effects	4	1	-1	2
Operating profit before depreciation and amortisation	715	654	657	637
Operating profit	547	492	483	469
Adjusted operating profit	634	511	511	463
Earnings before tax	531	467	445	431
Profit for the period	394	347	306	305
Operating margin, %	5.9	6.0	6.2	6.2
Adjusted operating margin, %	6.8	6.2	6.5	6.1
Profit margin, %	5.7	5.7	5.7	5.7
Cash flow from operating activities	593	410	499	460
Cash flow from operating activities per share, SEK	7.77	5.37	6.54	6.03
Investments intangible assets and tangible fixed assets	120	100	125	151
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332
Average number of shares outstanding, thousands	76,332	76,332	76,332	76,332
Earnings per share, SEK ¹⁾	5.16	4.54	4.02	3.99
Shareholders' equity attributable to parent company shareholders	4,464	4,129	3,848	3,509
Shareholders' equity attributable to non-controlling interests	0	1	1	2
Shareholders' equity per share, SEK	58.49	54.09	50.41	45.98
Net debt	1,052	1,305	1,396	1,657
Net debt/equity ratio, times	0.2	0.3	0.4	0.5
Equity/asset ratio, %	57.2	53.4	51.3	49.1
Return on equity, %	9.1	8.8	8.4	8.8
Return on capital employed, %	9.4	8.8	8.8	8.6
Interest coverage ratio, times	21.4	14.1	11.4	9.7
Net debt/EBITDA, excluding one-off items and restructuring costs	1.6	2.2	2.5	3.1
Number of employees	5,071	5,083	5,136	5,066

1) Earnings per share is before and after dilution.

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts for the interim report have been prepared in line with the annual consolidated accounts for 2017, 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 2017 except for revenue recognition and financial instruments (see below).

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 information 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 2018

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments are applied by Lindab as of 1 January 2018. Neither IFRS 15 nor IFRS 9, as described in the Annual Report for 2017, have had a significant impact on Lindab and no restatement of historical figures has been made. Accounting policies according to IFRS 15 and IFRS 9 applied by Lindab are presented below.

Revenue recognition

IFRS 15 is based on a five step model for revenue recognition of customer contracts and the core principle is that revenue recognition shall reflect the expected consideration in connection with the performance of contractual commitments to customers and corresponds to the consideration to which the Group is entitled when transferring control of the products and services delivered to the counterparty.

Revenue streams

Leading up to 2018, Lindab evaluated the effects of the new revenue standard by identifying and analysing the most significant revenue streams in the Group. The result of the analysis was that revenue in all material aspects shall be recognised in the same manner as the previous standard, with respect to both Products & Solutions and Building Systems.

The revenue streams within the segment of Products & Solutions relates to Lindab's offering of individual standardised products, customised technical solutions or complete systems for ventilation and cooling/heating. The segment also offers building products such as steel rainwater systems, roof/wall cladding, steel profiles for wall, roof and floor structures as well as steel buildings. The segment of Building Systems offers prefabricated steel construction systems, which may consist of individual parts or complete solutions for the entire outer shell (i.e. frames, walls, ceilings and accessories). In some cases customisation of systems and solutions may also include elements of installation and/or commissioning. However, these revenue elements are very limited and do not represent a significant part of the Group's sales. Potential installation services are only offered in connection with sales of products and are not marketed as separate services in the Group's product portfolio.

Performance obligations and timing of revenue recognition

Sale of a product (single or integrated) is considered as a performance obligation and the revenue is recognised when the performance obligation is fulfilled and the customer takes control

of the product, i.e. at a certain point in time (usually in connection with the physical delivery to the counterparty).

When Lindab produces and sells complete construction systems, sales may be project oriented. The majority of revenue is then recognised at each stage of delivery in accordance with the contract and when the customer has taken control over the product.

Revenue from possible installation services/commissioning is normally recognised on completion of the work. However, the timing of the recognition could vary depending on whether the service is considered to be a separate performance obligation or an integrated part, depending on the agreed terms and conditions.

If it is probable that the total project costs will exceed total revenue the anticipated loss is immediately accounted for as an expense.

Warranties

Products sold are covered by warranties which depend on the nature and application of the product. As a general rule, warranties only cover original product defects. Long warranty periods may occur within individual product groups, but depending on what the warranty covers and requirements regarding how the product should be used/maintained, warranties are not considered as an added service warranty. Hence, warranties are not recognised as separate performance obligations in terms of IFRS 15, instead the warranties are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

Transaction price

Volume discounts are applied based on sales to counterparties during a predefined period, together with cash discounts. Revenue from these types of sales are recognised at an agreed price, net of any discounts. Discounts are estimated based on the expected value method.

Financial instruments

In comparison to IAS 39, IFRS 9 has new principles for the classification and valuation of financial assets. The classification of financial assets is dependent on the Group's business model (the purpose of holding the financial asset) and the financial asset's contractual cash flows. The categories of financial assets according to IFRS 9 are as follows:

- Financial assets valued at amortised cost;
- Financial assets valued at fair value through other comprehensive income;
- Financial assets valued at fair value through the income statement.

Financial liabilities are valued at amortised cost or fair value through the income statement.

The new categories for classification have no significant impact on Lindab's accounting and valuation in relation to IAS 39. For all material aspects relating to the accounting policies regarding financial instruments, Lindab refers to the Annual Report. The implementation of IFRS 9 has however implied a change in the valuation method for the valuation of provision for credit losses relating to financial assets, the principle is described below.

Impairment of financial assets

In accordance with IFRS 9 Lindab applies the requirement for impairment on expected credit losses relating to financial assets and a provision for these impairments is accounted for as a write-down of the asset. At each balance sheet date, the provision is valued to an amount that corresponds to the expected credit loss for the remaining maturity period. For accounts receivable and

any lease receivables Lindab applies simplified policies, which mean that the provision for losses is valued at an amount corresponding to the remaining maturity period. The purpose of the valuation of expected credit losses is to reflect an objective and probable amount, time value of money, reasonable information from previous events that are possible to verify, present circumstances and forecasts for future financial conditions. Lindab bases the estimate of expected credit losses mainly on an individual assessment of the receivable in question together with information about historical losses for similar assets and counterparties, taking into consideration potential future events. The criteria for the computation of credit losses will be continuously evaluated to reflect the current situation and Lindab's best estimate of future events.

New or amended standards that have not yet come into force

On January 1, 2019, IFRS 16 Leases came into force. Based on this standard, all rental and leasing agreements will in principle be reported in the statement of financial position, with the possibility of exception for short term leases and leases where the underlying asset amounts to a low value. In subsequent periods, the contract's usage rights are reported at cost less depreciation and any write-downs, as well as adjustments for revaluation of the lease liability. The lease liability is recognised on an ongoing basis at amortised cost less executed lease payments. Revaluation of the balance sheet items will take place on an ongoing basis based on changes in interest/index components, leasing periods, residual value guarantees etc.

During 2018, Lindab analysed and evaluated the contractual and financial implications of leasing agreements for the Group. Based on the new accounting standard, effective from January 1, 2019, capitalisation of rental and leasing agreements will be carried out, which are currently classified as operational. This will have an effect on the Group's financial position. However, exemptions provided by IFRS will be applied, which means that the balance sheet will not recognise short-term lease agreements (user rights agreements shorter than 12 months) and leasing agreements for which the underlying asset has a low value (EUR 5 k according to Lindab's application). With regard to the discounting of estimated balance sheet values, the Group has applied an incremental borrowing rate for each functional currency and category of asset.

When transitioning to IFRS 16 Leases, the Group's total assets are expected to increase by SEK 1,008 m due to capitalisation of rental and leasing agreements according to the guidelines given above. The capitalised leasing portfolio includes approx. 1,000 agreements. Most of these rental and lease contracts relate to vehicles, but the majority of the capitalised value is attributable to property related lease contracts. The net assets are expected to be affected by SEK -43 m and working capital will decrease by SEK 219 m, as part of the identified leasing debt, is classified as current. As far as the Group's income statement is concerned, current operating expenses attributable to operational rental and leasing agreements will be replaced with depreciation and interest expense going forward. Based on identified contracts at the beginning of 2019, operating profit is expected to improve by SEK 27 m on an annual basis for the coming 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.

Lindab will implement IFRS 16 Leases based on a simplified transition method and will not recalculate the comparative figures. All leases that are affected by the new standard will be valued on the first day of application as if the standard had always been valid.

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 2017.

NOTE 2 EFFECTS OF CHANGES IN ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and judgements are described in Note 4 in the Annual Report for 2017. No changes have been made to these estimates and judgements that would have a substantial impact on this interim report.

NOTE 3 BUSINESS COMBINATIONS

No business combinations have been made during the current year.

During 2017 the following acquisitions and divestments were made:

On 14 December 2017, Lindab acquired 100 percent of the votes and shares in the Irish company A.C. Manufacturing Ltd. The company's activities mainly include production and sales of rectangular ventilation duct systems. The acquisition was a part of Lindab's strategy to further focus on indoor climate solutions and to strengthen the Group's position as a supplier of complete ventilation products in selected geographical markets. A.C. Manufacturing Ltd is registered in Dublin, Ireland. The company has annual sales of approximately SEK 50 m and an expected annual operating profit of SEK 10 m. The company has around 30 employees.

The total acquisition cost for A.C. Manufacturing Ltd amounted to SEK 87 m, whereof SEK 69 m was paid on completion of the acquisition in December 2017 (SEK 64 m net after adjustment for liquid funds in the acquired company). The majority of the remaining SEK 18 m comprises of a conditional purchase price, which will be settled if future expected profitability levels (based on gross margins) are met during 2018–2020. The possible undiscounted amount of the future conditional additional purchase price is between SEK 0–15 m. As at 31 December 2018 the previous assessment remains unchanged, whereby a maximum outcome is expected to occur. This implies that the income statement and statement of financial position has not been affected by any changes in judgements relating to the value of the agreed additional conditional purchase price. Costs related to the acquisition amounted to SEK 3 m.

According to the final acquisition analysis, the acquisition of A.C. Manufacturing Ltd in goodwill of SEK 47 m. For specification of acquired assets and liabilities at the time of acquisition and acquisition price allocation, see the table below. The values for 2018 relate to adjustments for the final acquisition analysis.

SEK m	Acquired businesses	
	31 Dec 2018	31 Dec 2017
Intangible assets	-	20
Tangible fixed assets	-	15
Stock	-	3
Current assets	-	9
Cash and cash equivalents	-	5
Deferred tax	1	-2
Current liabilities	-	-11
Fair value of acquired net assets	1	39
Goodwill	-1	48
Total purchase price including future conditional/unconditional additional purchase price	-	87

On 6 December 2017, the Swedish subsidiary Lindab Innovation AB, registered in Båstad, Sweden was divested. The company's business was to manage patents, but the company was dormant. An amount of SEK 0 m was received as part of the divestment, corresponding to the company's shareholders' equity and balance sheet total.

NOTE 4 OPERATING SEGMENTS

The Group's operating segments comprise 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 a number of product and systems areas with central production and purchase functions. The Building Systems segment consists of a separately integrated project organisation. The Other segment comprises parent company and other shared functions.

Information about revenue from external customers and adjusted operating profit per operating segment is shown in the tables on page 7.

Revenue from other segments represents only small amounts and a breakdown of these amounts by segment is therefore deemed immaterial.

Internal transfer pricing between the segments in the Group are based on the arm's-length principle, i.e. between parties which are independent from 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.

Assets and liabilities per segment that have changed by more than 10 percent compared with the end of 2017 are shown below:

- Products & Solutions: No changes exceeding 10 percent.
- Building Systems: Other operating receivables have decreased by 30 percent, Equity has decreased by 36 percent and Other operating liabilities have increased by 20 percent.

NOTE 5 RELATED PARTY TRANSACTIONS

Lindab's related parties and the extent of transactions with its related parties are described in Note 29 of the Annual Report for 2017.

At the Annual General Meeting in May 2018, it was resolved to adopt a warrant programme for senior executives. Under the programme, 135,000 warrants were acquired by senior executives during the second quarter. See more under Warrant programme, page 4.

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, 12 February 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 2018 to 31 December 2018. 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, 12 February 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.

Operating profit excluding one-off items is replaced by Adjusted operating profit as of the second quarter 2017. The monetary value is the same, but the definition has been changed as the company recognises one-off items and significant restructuring costs separately to describe the results of the underlying activities.

Reconciliations

Amounts in SEK m unless otherwise indicated.

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Interest coverage ratio, times				
Earnings before tax	143	103	531	467
Interest expenses	6	8	26	36
Total	149	111	557	503
Interest expenses	6	8	26	36
Interest coverage ratio, times	24.8	14.7	21.4	14.1

	31 Dec 2018	31 Dec 2017
Net debt		
Non-current interest-bearing provisions for pensions and similar obligations	234	226
Non-current liabilities to credit institutions	1,085	1,397
Current other interest-bearing liabilities	65	73
Total liabilities	1,384	1,696
Financial interest-bearing fixed assets	38	43
Other interest-bearing receivables	5	6
Cash and cash equivalents	289	342
Total assets	332	391
Net debt	1,052	1,305

	31 Dec 2018	31 Dec 2017
Net debt/EBITDA		
Average net debt	1,318	1,474
Adjusted operating profit, rolling twelve months	634	511
Depreciation/amortisation and impairment losses, rolling twelve months	168	162
EBITDA	802	673
Net debt/EBITDA, times	1.6	2.2

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
One-off items and restructuring costs				
Operating profit	147	109	547	492
Products & Solutions	-8	-	-17	-
Building Systems	-9	-	-25	-
Other operations	-9	-10	-45	-19
Adjusted operating profit	173	119	634	511

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

- 1/2018 SEK -33 related to assessment of structural alternatives and measures associated with the turnaround programme.
- 2/2018 SEK -19 related to assessment of structural alternatives and measures associated with the turnaround programme.
- 3/2018 SEK -9 related to restructuring program and measures associated with the turnaround programme.
- 4/2018 SEK -26 related mainly to restructuring program and measures associated with the turnaround programme.
- 1/2017 SEK -1 m relating to governance projects.
- 2/2017 SEK 0 m. The quarter was not affected by one-off items and/or restructuring costs.
- 3/2017 SEK -8 m relating to severance costs for the President and CEO but also governance projects.
- 4/2017 SEK -10 m relating to the evaluation of structural alternatives and governance projects.

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating profit before depreciation/amortisation - EBITDA				
Operating profit	147	109	547	492
Depreciation/amortisation and impairment losses	42	40	168	162
Operating profit before depreciation/amortisation - EBITDA	189	149	715	654

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Organic growth				
Change Net sales	199	146	1,084	393
Of which				
Organic	109	143	684	287
Acquisitions/divestments	13	3	57	3
Currency effects	77	0	343	103

	31 Dec 2018	31 Dec 2017
Return on capital employed		
Total assets	7,802	7,731
Provisions	114	109
Other non-current liabilities	14	19
Total non-current liabilities	128	128
Provisions	36	22
Accounts payable	788	864
Other current liabilities	1,002	891
Total current liabilities	1,826	1,777
Capital employed	5,848	5,826
Earnings before tax, rolling twelve months	531	467
Financial expenses, rolling twelve months	33	45
Total	564	512
Average capital employed	5,998	5,784
Return on capital employed, %	9.4	8.8
Return on shareholders' equity	31 Dec 2018	31 Dec 2017
Profit for the period, rolling twelve months	394	347
Average shareholders' equity	4,312	3,954
Return on shareholders' equity, %	9.1	8.8

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.

1) Average capital is based on the quarterly value.

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 employed¹⁾. 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' equity¹⁾ 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.

Financial calendar

Interim Report January – March	8 May 2019
Annual General Meeting	8 May 2019
Interim Report January – June	18 July 2019
Interim Report January – September	24 October 2019

All financial reports will be published at www.lindabgroup.com.

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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 plus other former Soviet states) 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.

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 above, at 07:40 am (CET) on 13 February 2019.

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