

# Lindab International AB (publ) Interim Report

## Second quarter 2018

- Net sales increased by 13 percent to SEK 2,392 m (2,118), of which organic growth amounted to 8 percent.
- Adjusted<sup>1)</sup> operating profit decreased by 2 percent to SEK 148 m (151). Operating profit amounted to SEK 129 m (151).
- Adjusted<sup>1)</sup> operating margin amounted to 6.2 percent (7.1).
- Profit for the period decreased by 14 percent to SEK 91 m (106).
- Earnings per share amounted to SEK 1.19 (1.39).
- Cash flow from operating activities amounted to SEK 51 m (162).
- On 18 June, Ola Ringdahl took office as new President and CEO replacing Fredrik von Oelreich, acting President and CEO.

## January-June 2018

- Net sales increased by 14 percent to SEK 4,545 m (3,976), of which organic growth amounted to 10 percent.
- Adjusted<sup>1)</sup> operating profit increased by 10 percent to SEK 252 m (230). Operating profit amounted to SEK 200 m (229).
- Adjusted<sup>1)</sup> operating margin amounted to 5.5 percent (5.8).
- Profit for the period decreased by 8 percent to SEK 136 m (148).
- Earnings per share amounted to SEK 1.79 (1.94).
- Cash flow from operating activities amounted to SEK 93 m (122).

1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See "Reconciliations" page 17.

## A word from the CEO

The second quarter had continued strong sales growth. Net sales increased by 13 percent to SEK 2,392 m and adjusted operating profit amounted to SEK 148 m.

Products & Solutions showed strong sales development with 9 percent organic growth. Net sales amounted to SEK 2,115 m, which is the highest sales amount ever achieved in a single quarter. Adjusted operating profit increased by SEK 6 m to SEK 167 m. The segment continued to have a lower gross margin compared with the corresponding period of the previous year. However, the difference was less, relative to the first quarter. Price increases were implemented during the quarter and further price increases are being carried out. The price of raw materials continued to increase during the second quarter. Market information indicates that the raw material prices will stabilise in the third quarter, which is expected to be positive for Lindab.

As expected, Building Systems had a weak second quarter, which was negatively affected by the product mix. The market continues to develop strongly and during the period we signed nine major agreements each worth in excess of SEK 10 m. Production planning indicates that the second half of the year will be better than the previous year due to a larger backlog.

The strategic assessment of non-ventilation related business continues, the disposal of Building Systems being one of the options which is still being considered. The review of other non-ventilation related business has been completed and the potential next steps are being evaluated.

The lower gross margin was partially offset by a decline in our sales and administration costs in relation to sales. However, we are not satisfied with the present operating margin. Additional price increases are being implemented along with efficiency measures. The long term target of an operating margin of 10 percent remains.

Grevie, July 2018



Ola Ringdahl  
President and CEO



## Comments on the report

### Sales and markets

Net sales increased by 13 percent to SEK 2,392 m (2,118) during the second quarter. Organic growth amounted to 8 percent, acquisitions contributed 1 percent and currency 4 percent.

The sales trend during the quarter remained strong with organic growth in both segments; 9 percent for Products & Solutions and 4 percent for Building Systems. The highest growth was seen in the Nordic region, followed by Western Europe and the CEE/CIS region which also recorded good growth.

Net sales for the period January-June amounted to SEK 4,545 m (3,976), an increase of 14 percent compared with the corresponding period of the previous year. Organic growth was 10 percent, currency had a positive impact of 3 percent and acquisitions an impact of 1 percent.

### Profit

Adjusted operating profit for the second quarter amounted to SEK 148 m (151). One-off items and restructuring costs amounted to SEK -19 m (0), see Reconciliations on page 17. Adjusted operating margin amounted to 6.2 percent (7.1).

The slightly lower operating profit is primarily due to a lower gross margin relating to the higher price of raw materials. Price increases were implemented during the quarter and further price increases are being implemented. Products & Solutions' operating profit increased to SEK 167 m (161), while Building Systems' operating profit amounted to SEK -5 m (-2).

The profit for the period amounted to SEK 91 m (106), and earnings per share amounted to SEK 1.19 (1.39).

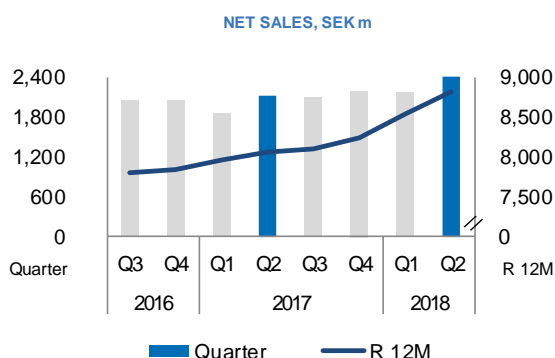
Adjusted operating profit for the period January-June increased to SEK 252 m (230), corresponding to an increase of 10 percent compared with the previous year. One-off items and restructuring costs amounted to SEK -52 m (-1), see Reconciliations on page 17. Adjusted operating margin for the same period amounted to 5.5 percent (5.8).

The profit for the period January-June amounted to SEK 136 m (148), and earnings per share amounted to SEK 1.79 (1.94) for the corresponding period.

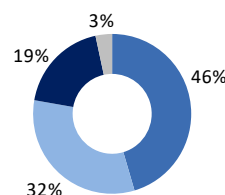
### Seasonal variations

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.



**BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS**



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

### Depreciation/amortisation and impairment losses

Depreciation and amortisation for the quarter amounted to SEK 40 m (41), of which SEK 9 m (8) related to intangible assets.

Depreciation and amortisation for the period January-June amounted to SEK 83 m (82), of which SEK 18 m (17) related to intangible assets.

### Tax

Tax on profit for the second quarter amounted to SEK 33 m (40). Earnings before tax amounted to SEK 124 m (146). The effective tax rate was 27 percent (27). The average tax rate was 19 percent (20). The higher effective tax rate compared with 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. During the quarter 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.

Tax on profit for the period January-June amounted to SEK 56 m (68). Earnings before tax amounted to SEK 192 m (216). The effective tax rate was 29 percent (31). The average tax rate was 18 percent (19). The lower effective tax rate during the period compared to last year was mainly due to the fact that Lindab improved its result in a number of countries during the period, which reduced the level of unutilised carry-forward tax losses. The higher effective tax rate compared with the average tax rate is primarily due to the fact that Lindab has not been able to fully utilise carry-forward tax losses during the period in order to reduce the total tax on profit.

### Cash flow

Cash flow from operating activities amounted to SEK 51 m (162) during the quarter. The reduction in cash flow from operating activities was mainly due to changes in working capital during the period, which amounted to SEK -66 m (-12). The development is mainly attributed to increased capital tied up in accounts receivable as a result of sales growth. Operating profit for the period amounted to SEK 129 m (151) and cash flow before change in working capital was SEK 117 m (150).

Financing activities for the quarter generated a cash flow of SEK -23 m (-287). The period was affected by the dividend paid to shareholders of SEK -118 m (-107) and changes in borrowing of SEK 94 m (-181).

For the period January-June, cash flow from operating activities declined compared with the previous year, amounting to SEK 93 m (122). Change in working capital was marginally positive, but was offset by higher tax payments than in the corresponding period of the previous year as a result of differences in the payment dates.

Financing activities for the period January-June showed a cash flow of SEK -25 m (-201). The change was mainly attributable to the utilisation of existing credit limits. Furthermore, the dividend paid to shareholders was slightly higher than in the previous year.

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

## Investments

Investments in intangible assets and tangible fixed assets for the quarter amounted to SEK 26 m (21), of which SEK 4 m (4) related to investments in intangible assets such as IT-related projects. Assets equivalent to SEK 1 m (14) were disposed of during the period. The higher disposals during the same period of previous year were mainly attributable to the sale of properties in Sweden. The period's net cash flow from investing activities amounted to SEK -25 m (-7).

For the period January-June, investments in intangible assets and tangible fixed assets amounted to SEK 50 m (52), while disposals amounted to SEK 4 m (14). Net cash flow from investing activities amounted to SEK -46 m (-38).

## Business combinations

No business combinations have been made during the current year.

During the fourth quarter 2017, Lindab acquired the Irish ventilation company A.C. Manufacturing Ltd. The acquisition is 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 1,487 m (1,449) as at 30 June 2018. Currency effects increased net debt by SEK 106 m compared with the previous year, of which SEK 27 m related to the quarter. The equity/assets ratio was unchanged at 51 percent (51) and the net debt/equity ratio was 0.3 (0.4). Financial items for the quarter amounted to SEK -5 m (-5).

The options to extend the current credit limits of SEK 1,700 m with Nordea and Danske Bank and EUR 50 m with Raiffeisen Bank International have been exercised which resulted in an extension to July 2021. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the terms as at 30 June 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). The profit for the period amounted to SEK 2,369 m (-7). The profit included dividend from shares in subsidiaries of SEK 2,373 m (0).

Net sales for the period January-June amounted to SEK 2 m (2). The profit for the period amounted to SEK 2,365 m (-13). The profit included dividend from shares in subsidiaries of SEK 2,373 m (0).

## 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 5,195 (5,122). Adjusted for acquisitions and divestment, the net increase in the number of employees was 30 compared with the corresponding quarter of the previous year.

## The Lindab Share

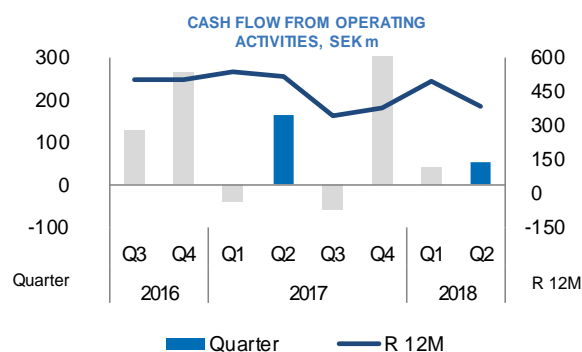
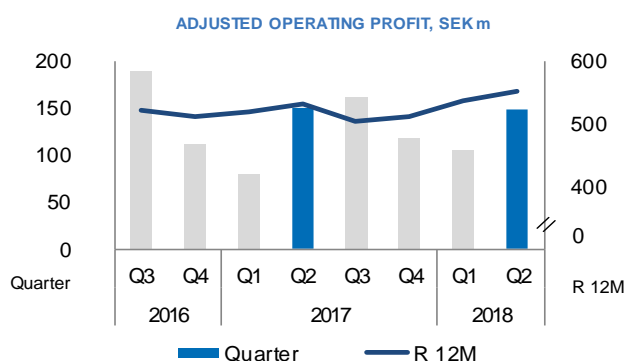
The highest price paid for Lindab shares during the period January-June was SEK 74.50 on 21 May, and the lowest was SEK 61.30 on 5 April. The closing price on 29 June was SEK 65.60. The average daily trading volume of the Lindab share was 91,574 shares per day (135,825).

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 (10.3), Fjärde AP-fonden with 9.8 percent (8.0), Lannebo Fonder with 9.5 percent (10.4), Handelsbanken Fonder with 7.9 percent (7.5) and IF Skadeförsäkring with 5.1 percent (5.1). The ten largest holdings constituted 61.4 percent (59.9) 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 value growth 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 the 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 above decided programme. 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.

### Annual General Meeting

At Lindab International AB's Annual General Meeting on 3 May 2018, the following resolutions were made, among others:

- Approval of the parent company's and the Group's income statement and balance sheet for 2017.
- Granting of discharge of liability for the members of the Board of Directors and the CEO for the financial year 2017.
- Dividend of SEK 1.55 per share with a record date of 7 May 2018.
- Re-election of the Board members Peter Nilsson, Per Bertland, Sonat Burman-Olsson, Viveka Ekberg, Anette Frumerie, John Hedberg and Bent Johannesson. Peter Nilsson was re-elected as Chairman of the Board.
- Re-election of Deloitte AB as the company's auditors, with Hans Warén as principal auditor.
- Each of the three largest shareholders shall appoint a member to the Nomination Committee, and the Nomination Committee shall also include the Chairman of the Board.
- Guidelines for the remuneration of senior executives and the establishment of a warrant programme for senior executives with a maximum of 140,000 warrants issued.
- Authorisation for the Board to decide on the transfer of treasury shares on one or more occasions.

Further information can be found in the documents from Lindab International AB's Annual General Meeting which are available at [www.lindabgroup.com](http://www.lindabgroup.com).

### Significant events during the reporting period

On 18 June, Ola Ringdahl took office as new President and CEO, replacing Fredrik von Oelreich acting President and CEO.

On May 18, Malin Samuelsson was appointed new CFO. Malin will start in September, replacing Kristian Aceby.

During the second quarter, Lindab decided to exercise its options to extend existing credit agreements with Nordea, Danske Bank and Raiffeisen Bank International for one more year. The extension was confirmed by the counterparties and Lindab was thus granted long term credit agreements until July 2021. The existing agreements include additional options to extend the credit agreements by one more year.

### Significant events after the reporting period

There are no 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.

The report has not been audited by the company's auditors.

# Segments

## Products & Solutions

- Net sales during the second quarter amounted to SEK 2,115 m (1,856), an increase of 14 percent. Organic growth amounted to 9 percent.
- Adjusted operating margin during the second quarter amounted to 7.9 percent (8.7).

## Sales and markets

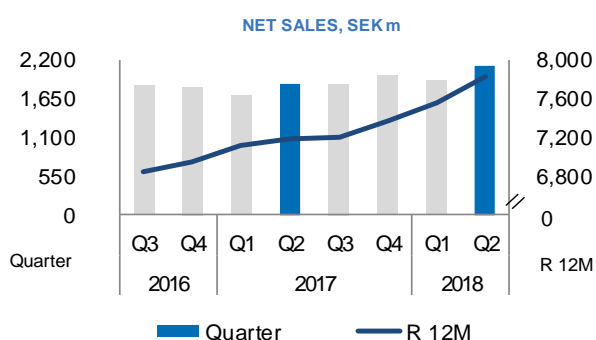
Net sales for Products & Solutions increased by 14 percent to SEK 2,115 m (1,856) during the second quarter, which was the highest sales ever achieved in a single quarter. Organic growth was 9 percent, currency effects had a positive impact of 4 percent and acquisitions a positive impact of 1 percent.

Sales grew in all European regions and growth was particularly strong in the Nordic region and the CEE/CIS region.

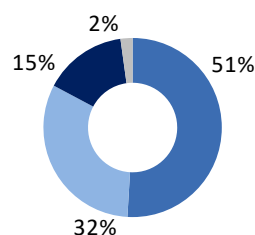
In the Nordic region, all countries showed good growth with continued strong sales performance in Sweden – the region’s largest market. The development in Western Europe was more fragmented, where sales were particularly strong in Ireland, France and Germany, and declined in Switzerland and Italy. The underlying market trend remains strongest in the CEE/CIS region with a positive sales trend in most markets, particularly in Hungary and Poland – the segment’s two largest markets in the region.

For the segment as a whole the positive sales trend in ventilation continued, with strong growth in the two largest product areas Ventilation Products and Indoor Climate Solutions. Rainwater & Building Products and the more project based Building Solutions also experienced strong growth during the quarter.

Net sales for the period January-June increased by 13 percent to SEK 4,012 m (3,551). Organic growth was 9 percent.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



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

## Profit

During the second quarter, Products & Solutions’ adjusted operating profit grew to SEK 167 m (161). Adjusted operating margin amounted to 7.9 percent (8.7).

The improved operating profit is attributable to increased sales. The lower operating margin is explained mainly by reduced gross margin, as a result of higher raw material costs and an unfavourable product mix. Price increases were implemented during the quarter and further price increases are being implemented.

Adjusted operating result for the period January-June increased to SEK 285 m (278).

## Activities - Products & Solutions

During the Nordbygg trade fair, Lindab launched a new energy solution – a solar roof. The integrated solution consists of pre-assembled thin-film solar cells on standing seam roofing profiles, and the solar cells are particularly weather resistant. Among other things, the solution includes a mobile app to monitor and simulate energy savings in real time. Deliveries are scheduled to begin at the end of the year.

In June Swegon brought a lawsuit against Lindab Ventilation AB regarding an infringement of Swegon’s intellectual property rights. Lindab will respond to the lawsuit and dispute the alleged infringement. Based on the current assessment of the case, Lindab has not recognised any provision for this.

## Building Systems

- Net sales during the second quarter amounted to SEK 277 m (262), an increase of 6 percent. Organic growth amounted to 4 percent.
- Adjusted operating margin during the second quarter amounted to -1.8 percent (0.8).

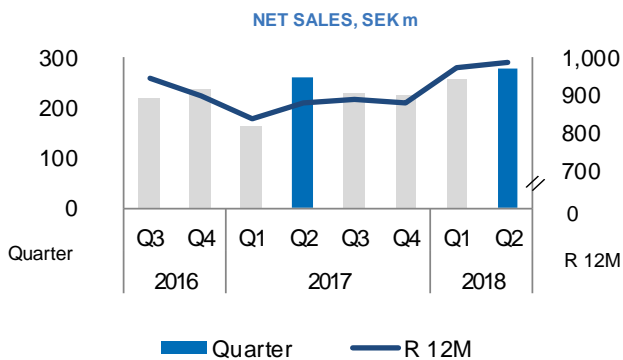
## Sales and markets

Net sales for Building Systems increased by 6 percent to SEK 277 m (262) during the second quarter. Organic growth was 4 percent, and currency effects had a positive impact of 2 percent. The positive currency effect was mainly due to a stronger euro, while the Russian rouble has weakened compared to the previous year.

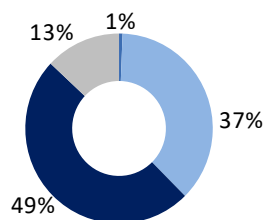
The increase in sales during the quarter was attributable to strong growth in Western Europe and Africa, while sales declined in the CEE/CIS region. Sales in Russia, the segment’s largest market, were stable.

The total order intake increased during the quarter, and the backlog at the end of the period was higher than in the corresponding period of the previous year. The order intake was particularly high in Germany.

Net sales for the period January-June increased by 25 percent to SEK 533 m (425). Organic growth increased by 24 percent.



**BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS**



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

### Profit

During the second quarter, Building Systems’ adjusted operating profit amounted to SEK -5 m (-2). Adjusted operating margin amounted to -1.8 percent (-0.8) during the same period.

The lower operating profit is mainly due to an unfavourable product mix which resulted in higher engineering costs.

Adjusted operating profit for the period January-June improved to SEK -5 m (-28).

### Activities - Building Systems

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

The strategic assessment of non-ventilation related business continues, the disposal of Building Systems being one of the options which is still being considered.

## NET SALES AND GROWTH

SEK m	2018		2017		2018		2017		2017	
	Apr-Jun		Apr-Jun		Jan-Jun		Jan-Jun		Jan-Dec	
Net sales	2,392		2,118		4,545		3,976		8,242	
Change	274		102		569		208		393	
Change, %	13		5		14		6		5	
Of which										
Organic, %	8		2		10		3		4	
Acquisitions/divestments, %	1		0		1		0		0	
Currency effects, %	4		3		3		3		1	

## NET SALES PER REGION

SEK m	2018		2017		2018		2017		2017	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun		Jan-Jun	%	Jan-Dec	%
Nordic region	1,083	45	939	44	2,064	46	1,827	46	3,752	46
Western Europe	803	34	711	34	1,505	33	1,349	34	2,699	33
CEE/CIS	438	18	401	19	825	18	682	17	1,524	18
Other markets	68	3	67	3	151	3	118	3	267	3
<b>Total</b>	<b>2,392</b>	<b>100</b>	<b>2,118</b>	<b>100</b>	<b>4,545</b>	<b>100</b>	<b>3,976</b>	<b>100</b>	<b>8,242</b>	<b>100</b>

## NET SALES PER SEGMENT

SEK m	2018		2017		2018		2017		2017	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun		Jan-Jun	%	Jan-Dec	%
Products & Solutions	2,115	88	1,856	88	4,012	88	3,551	89	7,360	89
Building Systems	277	12	262	12	533	12	425	11	882	11
Other operations	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,392</b>	<b>100</b>	<b>2,118</b>	<b>100</b>	<b>4,545</b>	<b>100</b>	<b>3,976</b>	<b>100</b>	<b>8,242</b>	<b>100</b>
<b>Gross internal sales all segments</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	

## OPERATING PROFIT, OPERATING MARGIN AND EARNINGS BEFORE TAX

SEK m	2018		2017		2018		2017		2017	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun		Jan-Jun	%	Jan-Dec	%
Products & Solutions	167	7.9	161	8.7	285	7.1	278	7.8	590	8.0
Building Systems	-5	-1.8	-2	-0.8	-5	-0.9	-28	-6.6	-42	-4.8
Other operations	-14	-	-8	-	-28	-	-20	-	-37	-
<b>Adjusted operating profit</b>	<b>148</b>	<b>6.2</b>	<b>151</b>	<b>7.1</b>	<b>252</b>	<b>5.5</b>	<b>230</b>	<b>5.8</b>	<b>511</b>	<b>6.2</b>
One-off items and restructuring costs <sup>1)</sup>	-19	-	0	-	-52	-	-1	-	-19	-
<b>Operating profit</b>	<b>129</b>	<b>5.4</b>	<b>151</b>	<b>7.1</b>	<b>200</b>	<b>4.4</b>	<b>229</b>	<b>5.8</b>	<b>492</b>	<b>6.0</b>
Net financial items	-5	-	-5	-	-8	-	-13	-	-25	-
<b>Earnings before tax</b>	<b>124</b>	<b>5.2</b>	<b>146</b>	<b>6.9</b>	<b>192</b>	<b>4.2</b>	<b>216</b>	<b>5.4</b>	<b>467</b>	<b>5.7</b>

1) One-off items and restructuring costs are described in Reconciliations, page 17.

## NUMBER OF EMPLOYEES

	2018		2017		2018		2017		2017	
	Apr-Jun		Apr-Jun		Jan-Jun		Jan-Jun		Jan-Dec	
Products & Solutions	4,435		4,377		4,435		4,377		4,329	
Building Systems	694		680		694		680		688	
Other operations	66		65		66		65		66	
<b>Total</b>	<b>5,195</b>		<b>5,122</b>		<b>5,195</b>		<b>5,122</b>		<b>5,083</b>	

## Consolidated income statement

<i>SEK m</i>	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 M 2017 Jul- 2018 Jun	Rolling 12 M 2016 Jul- 2017 Jun	2017 Jan-Dec
Net sales	2,392	2,118	4,545	3,976	8,811	8,057	8,242
Cost of goods sold	-1,787	-1,544	-3,395	-2,905	-6,547	-5,875	-6,057
<b>Gross profit</b>	<b>605</b>	<b>574</b>	<b>1,150</b>	<b>1,071</b>	<b>2,264</b>	<b>2,182</b>	<b>2,185</b>
Other operating income	28	22	48	36	91	83	79
Selling expenses	-294	-271	-575	-538	-1,105	-1,077	-1,068
Administrative expenses	-146	-138	-283	-271	-548	-523	-536
R & D expenses	-19	-17	-36	-35	-69	-69	-68
Other operating expenses	-45	-19	-104	-34	-170	-90	-100
<b>Total operating expenses</b>	<b>-476</b>	<b>-423</b>	<b>-950</b>	<b>-842</b>	<b>-1,801</b>	<b>-1,676</b>	<b>-1,693</b>
<b>Operating profit<sup>1)</sup></b>	<b>129</b>	<b>151</b>	<b>200</b>	<b>229</b>	<b>463</b>	<b>506</b>	<b>492</b>
Interest income	4	5	8	8	19	14	19
Interest expenses	-7	-9	-13	-19	-30	-40	-36
Other financial income and expenses	-2	-1	-3	-2	-9	-5	-8
<b>Financial items</b>	<b>-5</b>	<b>-5</b>	<b>-8</b>	<b>-13</b>	<b>-20</b>	<b>-31</b>	<b>-25</b>
<b>Earnings before tax</b>	<b>124</b>	<b>146</b>	<b>192</b>	<b>216</b>	<b>443</b>	<b>475</b>	<b>467</b>
Tax on profit for the period	-33	-40	-56	-68	-108	-139	-120
<b>Profit for the period</b>	<b>91</b>	<b>106</b>	<b>136</b>	<b>148</b>	<b>335</b>	<b>336</b>	<b>347</b>
<i>–attributable to the parent company's shareholders</i>	<i>91</i>	<i>106</i>	<i>136</i>	<i>148</i>	<i>335</i>	<i>336</i>	<i>347</i>
<i>–attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Earnings per share, SEK<sup>2)</sup></b>	<b>1.19</b>	<b>1.39</b>	<b>1.79</b>	<b>1.94</b>	<b>4.39</b>	<b>4.41</b>	<b>4.54</b>

1) One-off items and restructuring costs, which are included in operating profit, are described in Reconciliations at page 17.

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 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Rolling 12 M 2017 Jul- 2018 Jun	Rolling 12 M 2016 Jul- 2017 Jun	2017 Jan-Dec
<b>Profit for the period</b>	<b>91</b>	<b>106</b>	<b>136</b>	<b>148</b>	<b>335</b>	<b>336</b>	<b>347</b>
<b>Items that will not be reclassified to the income statement</b>							
Actuarial gains/losses, defined benefit plans	-	-	-	-	-9	-27	-9
Deferred tax attributable to defined benefit plans	0	-	0	-	3	6	3
<b>Sum</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-6</b>	<b>-21</b>	<b>-6</b>
<b>Items that will later be reclassified to the income statement</b>							
Translation differences, foreign operations	18	-1	186	27	222	131	63
Hedges of net investments	-19	-12	-74	-10	-85	-32	-21
Tax attributable to hedges of net investments	4	3	16	2	18	7	4
<b>Sum</b>	<b>3</b>	<b>-10</b>	<b>128</b>	<b>19</b>	<b>155</b>	<b>106</b>	<b>46</b>
<b>Other comprehensive income, net of tax</b>	<b>3</b>	<b>-10</b>	<b>128</b>	<b>19</b>	<b>149</b>	<b>85</b>	<b>40</b>
<b>Total comprehensive income</b>	<b>94</b>	<b>96</b>	<b>264</b>	<b>167</b>	<b>484</b>	<b>421</b>	<b>387</b>
<i>–attributable to the parent company's shareholders</i>	<i>94</i>	<i>96</i>	<i>264</i>	<i>167</i>	<i>484</i>	<i>421</i>	<i>387</i>
<i>–attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>



## Consolidated statement of cash flow

<i>SEK m</i>	2018	2017	2018	2017	Rolling 12 M	Rolling 12 M	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	2017 Jul- 2018 Jun	2016 Jul- 2017 Jun	Jan-Dec
<b>OPERATING ACTIVITIES</b>							
Operating profit	129	151	200	229	463	506	492
Reversal of depreciation/amortisation and impairment losses	40	41	83	82	163	171	162
Reversal of capital gains (-) / losses (+) reported in operating profit	0	-8	-2	-8	-3	-22	-9
Provisions, not affecting cash flow	-7	-1	6	-2	17	-11	9
Adjustment for other items not affecting cash flow	-2	-4	-3	-2	-9	5	-8
<b>Total</b>	<b>160</b>	<b>179</b>	<b>284</b>	<b>299</b>	<b>631</b>	<b>649</b>	<b>646</b>
Interest received	4	5	8	8	19	14	19
Interest paid	-6	-9	-12	-18	-27	-38	-33
Tax paid	-41	-25	-84	-56	-150	-115	-122
<b>Cash flow before change in working capital</b>	<b>117</b>	<b>150</b>	<b>196</b>	<b>233</b>	<b>473</b>	<b>510</b>	<b>510</b>
<b>Change in working capital</b>							
Stock (increase - /decrease +)	-12	-81	-63	-144	0	-139	-81
Operating receivables (increase - /decrease +)	-197	-120	-320	-212	-207	-28	-99
Operating liabilities (increase + /decrease -)	143	213	280	245	115	170	80
<i>Total change in working capital</i>	<i>-66</i>	<i>12</i>	<i>-103</i>	<i>-111</i>	<i>-92</i>	<i>3</i>	<i>-100</i>
<b>Cash flow from operating activities</b>	<b>51</b>	<b>162</b>	<b>93</b>	<b>122</b>	<b>381</b>	<b>513</b>	<b>410</b>
<b>INVESTING ACTIVITIES</b>							
Acquisition of Group companies	-	-	-	-	-64	-	-64
Divestment of Group companies	-	-	-	-	0	-	0
Investments in intangible assets	-4	-4	-10	-12	-19	-22	-21
Investments in tangible fixed assets	-22	-17	-40	-40	-79	-101	-79
Change in financial fixed assets	0	0	0	0	0	0	0
Disposal of intangible assets	0	0	0	0	0	0	0
Disposal of tangible fixed assets	1	14	4	14	23	45	33
<b>Cash flow from investing activities</b>	<b>-25</b>	<b>-7</b>	<b>-46</b>	<b>-38</b>	<b>-139</b>	<b>-78</b>	<b>-131</b>
<b>FINANCING ACTIVITIES</b>							
Proceeds from borrowings	94	-	94	86	1,664	86	1,656
Repayment of borrowings	-	-181	-2	-181	-1,731	-342	-1,910
Issue of warrants	1	1	1	1	1	1	1
Dividends to shareholders	-118	-107	-118	-107	-118	-107	-107
<b>Cash flow from financing activities</b>	<b>-23</b>	<b>-287</b>	<b>-25</b>	<b>-201</b>	<b>-184</b>	<b>-362</b>	<b>-360</b>
<b>Cash flow for the period</b>	<b>3</b>	<b>-132</b>	<b>22</b>	<b>-117</b>	<b>58</b>	<b>73</b>	<b>-81</b>
Cash and cash equivalents at start of the period	376	437	342	418	302	220	418
Effect of exchange rate changes on cash and cash equivalents	-2	-3	13	1	17	9	5
<b>Cash and cash equivalents at end of the period</b>	<b>377</b>	<b>302</b>	<b>377</b>	<b>302</b>	<b>377</b>	<b>302</b>	<b>342</b>

## Consolidated statement of financial position

<i>SEK m</i>	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3,179	2,984	3,059
Other intangible assets	134	121	136
Tangible fixed assets	1,303	1,280	1,285
Financial interest-bearing fixed assets	43	45	43
Other financial fixed assets	86	71	81
<b>Total non-current assets</b>	<b>4,745</b>	<b>4,501</b>	<b>4,604</b>
<b>Current assets</b>			
Stock	1,360	1,306	1,256
Accounts receivable	1,675	1,439	1,363
Other current assets	280	183	160
Other interest-bearing receivables	14	9	6
Cash and cash equivalents	377	302	342
<b>Total current assets</b>	<b>3,706</b>	<b>3,239</b>	<b>3,127</b>
<b>TOTAL ASSETS</b>	<b>8,451</b>	<b>7,740</b>	<b>7,731</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity attributable to parent company shareholders	4,276	3,909	4,129
Non-controlling interests	1	1	1
<b>Total shareholders' equity</b>	<b>4,277</b>	<b>3,910</b>	<b>4,130</b>
<b>Non-current liabilities</b>			
Interest-bearing provisions for pensions and similar obligations	231	212	226
Liabilities to credit institutions	1,548	1,538	1,397
Provisions	118	111	109
Other non-current liabilities	19	2	19
<b>Total non-current liabilities</b>	<b>1,916</b>	<b>1,863</b>	<b>1,751</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	142	55	73
Provisions	21	16	22
Accounts payable	1,013	983	864
Other current liabilities	1,082	913	891
<b>Total current liabilities</b>	<b>2,258</b>	<b>1,967</b>	<b>1,850</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8,451</b>	<b>7,740</b>	<b>7,731</b>

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

<i>SEK m</i>	30 Jun 2018		30 Jun 2017		31 Dec 2017	
Disclosures regarding the fair value by class	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Derivative receivables	13	13	7	7	6	6
<b>Financial liabilities</b>						
Liabilities to credit institutions	1,517	1,516	1,504	1,506	1,365	1,371
Derivative liabilities	11	11	14	14	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

### Shareholders' equity attributable to parent company shareholders

SEK m	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
<b>Opening balance, 1 January 2017</b>	<b>79</b>	<b>2,260</b>	<b>106</b>	<b>1,403</b>	<b>3,848</b>	<b>1</b>	<b>3,849</b>
Profit for the period				148	148	0	148
Other comprehensive income, net of tax							
Translation differences, foreign operations			27		27	0	27
Hedges of net investments			-8		-8	-	-8
<i>Total comprehensive income</i>	-	-	19	148	167	0	167
Dividend to shareholders				-107	-107	-	-107
Issue of warrants				1	1	-	1
<i>Total transactions with shareholders</i>	-	-	-	-106	-106	-	-106
<b>Closing balance, 30 June 2017</b>	<b>79</b>	<b>2,260</b>	<b>125</b>	<b>1,445</b>	<b>3,909</b>	<b>1</b>	<b>3,910</b>
Profit for the period				199	199	0	199
Actuarial gains/losses, defined benefit plans				-6	-6	-	-6
Translation differences, foreign operations			36		36	0	36
Hedges of net investments			-9		-9	-	-9
<i>Total comprehensive income</i>	-	-	27	193	220	0	220
<b>Closing balance, 31 December 2017</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				136	136	0	136
Other comprehensive income, net of tax							
Translation differences, foreign operations			186		186	0	186
Hedges of net investments			-58		-58	-	-58
<i>Total comprehensive income</i>	-	-	128	136	264	0	264
Dividend to shareholders				-118	-118	-	-118
Issue of warrants				1	1	-	1
<i>Total transactions with shareholders</i>	-	-	-	-117	-117	-	-117
<b>Closing balance, 30 June 2018</b>	<b>79</b>	<b>2,260</b>	<b>280</b>	<b>1,657</b>	<b>4,276</b>	<b>1</b>	<b>4,277</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.

### Appropriation of profits

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 3 May 2018 resolved that dividends of SEK 1.55 per share, corresponding to SEK 118 m, would be paid for the financial year. The remaining retained earnings of SEK 195 m will be carried forward.

# Parent company

## Income statement

<i>SEK m</i>	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales	1	1	2	2	4
Administrative expenses	-2	-1	-3	-2	-6
Other operating income/expenses	0	0	0	0	0
<b>Operating profit</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-2</b>
Profit from shares in Group Companies	2,373	-	2,373	-	32
Interest expenses, internal	-4	-8	-9	-16	-29
<b>Earnings before tax</b>	<b>2,368</b>	<b>-8</b>	<b>2,363</b>	<b>-16</b>	<b>1</b>
Tax on profit for the period	1	1	2	3	0
<b>Profit/Loss for the period<sup>1)</sup></b>	<b>2,369</b>	<b>-7</b>	<b>2,365</b>	<b>-13</b>	<b>1</b>

1) Comprehensive income corresponds to profit for all periods.

## Balance sheet

<i>SEK m</i>	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares in Group companies	3,467	3,467	3,467
Financial interest-bearing fixed assets	6	6	5
Deferred tax assets	2	2	2
<b>Total fixed assets</b>	<b>3,475</b>	<b>3,475</b>	<b>3,474</b>
<b>Current assets</b>			
Receivables from Group companies	0	0	32
Current tax assets	2	4	1
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>2</b>	<b>4</b>	<b>33</b>
<b>TOTAL ASSETS</b>	<b>3,477</b>	<b>3,479</b>	<b>3,507</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	105	223	223
Profit/Loss for the period <sup>1)</sup>	2,365	-13	1
<b>Total shareholders' equity</b>	<b>3,347</b>	<b>1,087</b>	<b>1,101</b>
<b>Provisions</b>			
Interest-bearing provisions	6	6	6
<b>Total provisions</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities to Group companies	-	2,214	2,226
<b>Total non-current liabilities</b>	<b>-</b>	<b>2,214</b>	<b>2,226</b>
<b>Current liabilities</b>			
Liabilities to Group companies	122	168	170
Accounts payable	-	-	2
Accrued expenses and deferred income	2	4	2
<b>Total current liabilities</b>	<b>124</b>	<b>172</b>	<b>174</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,477</b>	<b>3,479</b>	<b>3,507</b>

1) Comprehensive income corresponds to profit for all periods.

## Key performance indicators

SEK m	2018		2017				2016		
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Net sales	2,392	2,153	2,185	2,081	2,118	1,858	2,039	2,042	2,016
Grow th, %	13	16	7	2	5	6	3	2	6
of w hich organic	8	13	7	2	2	4	1	4	8
of w hich acquisitions/divestments	1	1	0	-	-	-	0	-1	1
of w hich currency effects	4	2	0	0	3	2	2	-1	-3
Operating profit before depreciation and amortisation	169	114	149	194	192	119	155	211	181
Operating profit	129	71	109	154	151	78	112	165	138
Adjusted operating profit	148	104	119	162	151	79	112	190	139
Earnings before tax	124	68	103	148	146	70	102	157	128
Profit for the period	91	46	84	115	106	42	79	109	86
Operating margin, %	5.4	3.3	5.0	7.4	7.1	4.2	5.5	8.1	6.8
Adjusted operating margin, %	6.2	4.8	5.4	7.8	7.1	4.3	5.5	9.3	6.9
Profit margin, %	5.2	3.2	4.7	7.1	6.9	3.8	5.0	7.7	6.4
Cash flow from operating activities	51	42	346	-58	162	-40	265	126	187
Cash flow from operating activities per share, SEK	0.67	0.55	4.53	-0.76	2.12	-0.52	3.47	1.65	2.45
Investments intangible assets and tangible fixed assets	26	24	27	21	21	31	39	32	33
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>1)</sup>	1.19	0.60	1.10	1.51	1.39	0.55	1.04	1.43	1.13
Shareholders' equity attributable to parent company shareholders	4,276	4,300	4,129	3,961	3,909	3,919	3,848	3,768	3,593
Shareholders' equity attributable to non-controlling interests	1	1	1	1	1	1	1	1	2
Shareholders' equity per share, SEK	56.02	56.32	54.09	51.89	51.21	51.34	50.41	49.37	47.08
Net debt	1,487	1,369	1,305	1,502	1,449	1,459	1,396	1,647	1,716
Net debt/equity ratio, times	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5
Equity/asset ratio, %	50.6	52.3	53.4	51.0	50.5	51.0	51.3	48.1	48.3
Return on equity, %	8.2	8.7	8.8	8.8	8.8	8.5	8.4	8.1	9.3
Return on capital employed, %	8.1	8.6	8.8	8.8	9.1	8.8	8.8	8.6	9.3
Interest coverage ratio, times	19.0	11.7	14.7	17.6	16.4	8.3	10.6	16.2	13.0
Net debt/EBITDA, excluding one-off items and restructuring costs	2.0	2.1	2.2	2.3	2.2	2.4	2.5	2.5	2.7
Number of employees	5,195	5,132	5,083	5,103	5,122	5,143	5,136	5,216	5,140

SEK m	2018	2017	2017	2016	2015
	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	4,545	3,976	8,242	7,849	7,589
Grow th, %	14	6	5	3	8
of w hich organic	10	3	4	4	2
of w hich acquisitions/divestments	1	0	0	0	4
of w hich currency effects	3	3	1	-1	2
Operating profit before depreciation and amortisation	283	311	654	657	637
Operating profit	200	229	492	483	469
Adjusted operating profit	252	230	511	511	463
Earnings before tax	192	215	467	445	431
Profit for the period	136	148	347	306	305
Operating margin, %	4.4	5.8	6.0	6.2	6.2
Adjusted operating margin, %	5.5	5.8	6.2	6.5	6.1
Profit margin, %	4.2	5.4	5.7	5.7	5.7
Cash flow from operating activities	93	122	410	499	460
Cash flow from operating activities per share, SEK	1.22	1.60	5.37	6.54	6.03
Investments intangible assets and tangible fixed assets	50	52	100	125	151
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>1)</sup>	1.79	1.94	4.54	4.02	3.99
Shareholders' equity attributable to parent company shareholders	4,276	3,909	4,129	3,848	3,509
Shareholders' equity attributable to non-controlling interests	1	1	1	1	2
Shareholders' equity per share, SEK	56.02	51.21	54.09	50.41	45.98
Net debt	1,487	1,449	1,305	1,396	1,657
Net debt/equity ratio, times	0.3	0.4	0.3	0.4	0.5
Equity/asset ratio, %	50.6	50.5	53.4	51.3	49.1
Return on equity, %	8.2	8.8	8.8	8.4	8.8
Return on capital employed, %	8.1	9.1	8.8	8.8	8.6
Interest coverage ratio, times	15.5	12.3	14.1	11.4	9.7
Net debt/EBITDA, excluding one-off items and restructuring costs	2.0	2.2	2.2	2.5	3.1
Number of employees	5,195	5,122	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 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 writedown 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 1 January 2019 IFRS 16 Leases will come into effect. Based on this new standard almost all leases need to be presented in the statement of financial position, except for short-term lease agreements and lease agreements whereby the underlying asset is of a low value. Lindab has not yet identified what impact IFRS 16 will have on the Group's financial position, but the balance sheet total will increase by capitalisation of agreements that at present are classified as operating leases. Furthermore, the Group's consolidated income statement will be impacted by current operating expenses related to operational lease agreements, which will be replaced by depreciation and interest expense. Lindab does not plan to early adopt IFRS 16.

### 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 30 June 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 preliminary analysis of the acquisition, the acquisition resulted in goodwill of SEK 48 m. For a specification of acquired assets and liabilities as per acquisition date and preliminary acquisition price allocation, please see table below. The fair value of all acquired net assets are preliminary until the final valuation is made.

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

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: Stock has increased by 11 percent, Other operating receivables have increased by 26 percent and Shareholder's equity has increased by 11 percent.
- Building Systems: Stock has increased by 11 percent, other Operating receivables have increased by 19 percent and Other operating liabilities have increased by 26 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.

The Board and the CEO hereby affirm that the interim report for Lindab International AB (publ) gives a true and fair picture of the company's and the Group's operations, financial position and results and describes significant risks and uncertainties that the company and the companies in the Group are facing. This report has not been subject to review by Lindab's auditors.

Båstad, 18 July 2018

Peter Nilsson  
Chairman of the Board

Per Bertland  
Board member

Sonat Burman-Olsson  
Board member

Viveka Ekberg  
Board member

Anette Frumerie  
Board member

John Hedberg  
Board member

Bent Johannesson  
Board member

Pontus Andersson  
Employee representative

Anders Lundberg  
Employee representative

Ola Ringdahl  
President and CEO



# 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 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
<b>Interest coverage ratio, times</b>					
Earnings before tax	124	146	192	216	467
Interest expenses	7	9	13	19	36
<b>Total</b>	<b>131</b>	<b>155</b>	<b>205</b>	<b>235</b>	<b>503</b>
Interest expenses	7	9	13	19	36
<b>Interest coverage ratio, times</b>	<b>19.0</b>	<b>16.4</b>	<b>15.5</b>	<b>12.3</b>	<b>14.1</b>
<b>Net debt</b>			<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Non-current interest-bearing provisions for pensions and similar obligations			231	212	226
Non-current liabilities to credit institutions			1,548	1,538	1,397
Current other interest-bearing liabilities			142	55	73
<b>Total liabilities</b>			<b>1,921</b>	<b>1,805</b>	<b>1,696</b>
Financial interest-bearing fixed assets			43	45	43
Other interest-bearing receivables			14	9	6
Cash and cash equivalents			377	302	342
<b>Total assets</b>			<b>434</b>	<b>356</b>	<b>391</b>
<b>Net debt</b>			<b>1,487</b>	<b>1,449</b>	<b>1,305</b>
<b>Net debt/EBITDA</b>			<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Average net debt			1,422	1,533	1,474
Adjusted operating profit, rolling twelve months			533	532	511
Depreciation/amortisation and impairment losses, rolling twelve months			163	168	162
<b>EBITDA</b>			<b>696</b>	<b>700</b>	<b>673</b>
<b>Net debt/EBITDA, times</b>			<b>2.0</b>	<b>2.2</b>	<b>2.2</b>
<b>One-off items and restructuring costs</b>					
	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
<b>Operating profit</b>	<b>129</b>	<b>151</b>	<b>200</b>	<b>229</b>	<b>492</b>
Products & Solutions	-1	-	-1	-	-
Building Systems	-3	-	-13	-	-
Other operations	-15	0	-38	-1	-19
<b>Adjusted operating profit</b>	<b>148</b>	<b>151</b>	<b>252</b>	<b>230</b>	<b>511</b>
<b>Operating profit has been adjusted by the following one-off items and restructuring costs per quarter:</b>					
1/2018 SEK -33 related to assessment of structural alternatives and measures associated with turnaround programme.					
2/2018 SEK -19 related to assessment of structural alternatives and measures associated with 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.					
<b>Operating profit before depreciation/amortisation - EBITDA</b>					
	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Operating profit	129	151	200	229	492
Depreciation/amortisation and impairment losses	40	41	83	82	162
<b>Operating profit before depreciation/amortisation - EBITDA</b>	<b>169</b>	<b>192</b>	<b>283</b>	<b>311</b>	<b>654</b>
<b>Organic growth</b>					
	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Change Net sales	274	102	569	208	393
Of which					
Organic	174	34	411	107	287
Acquisitions/divestments	15	-	26	-	3
Currency effects	85	68	132	101	103

<b>Return on capital employed</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
<b>Total assets</b>	<b>8,451</b>	<b>7,740</b>	<b>7,731</b>
Provisions	118	111	109
Other non-current liabilities	19	2	19
<b>Total non-current liabilities</b>	<b>137</b>	<b>113</b>	<b>128</b>
Provisions	21	16	22
Accounts payable	1,013	983	864
Other current liabilities	1,082	913	891
<b>Total current liabilities</b>	<b>2,116</b>	<b>1,912</b>	<b>1,777</b>
<b>Capital employed</b>	<b>6,198</b>	<b>5,715</b>	<b>5,826</b>
Earnings before tax, rolling twelve months	443	475	467
Financial expenses, rolling twelve months	39	46	45
<b>Total</b>	<b>482</b>	<b>521</b>	<b>512</b>
Average capital employed	5,924	5,741	5,784
<b>Return on capital employed, %</b>	<b>8.1</b>	<b>9.1</b>	<b>8.8</b>
<b>Return on shareholders' equity</b>	<b>30 Jun 2018</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>
Profit for the period, rolling twelve months	335	336	347
Average shareholders' equity	4,116	3,809	3,954
<b>Return on shareholders' equity, %</b>	<b>8.1</b>	<b>8.8</b>	<b>8.8</b>

## 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.

1) Average capital is based on the quarterly value.

## Financial calendar

Interim Report January-September	25 October 2018
Year-End Report	7 February 2019

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

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## Lindab in brief

The Group had sales of SEK 8,242 m in 2017 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 2017, the Nordic region accounted for 46 percent, Western Europe for 33 percent, CEE/CIS (Central and Eastern Europe plus other former Soviet states) for 18 percent and Other markets for 3 percent of total sales.

The share is listed on the Nasdaq OMX Nordic Exchange, 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.

Notification of interim report is information that Lindab International AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation and Securities Market Act. The information was supplied by the above-mentioned contact persons for publication on 19 July 2018 at 07:40 (CEST).

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