



Lindab Group Q1 2014



Anders Berg, CEO
Per Nilsson, CFO





Highlights



Lindab Group – Q1 2014 Highlights

A Good Start

- Sales increased 11% compared to last year when adjusted for currency and structure.
- EBIT (excluding one-off items) increased to SEK 60 m in Q1 compared to SEK 13 m last year
 - EBIT margin increased to 4.0% (1.0).
- Cash flow from operations amounted to SEK -226 m compared to SEK 3 m in Q1 2013.



Lindab Group – Q1 2014 Highlights

A Good Start

- Continuing our “Back to Basics – Into the Future” journey
 - ONE Lindab – the new organisation in place and generating results
 - Developing and refining our strategy
 - Innovation – solutions that help our customers to better business
 - Continuous improvements within operations
- Positive weather effects and more positive market signals, but seasonally small quarter
 - Cautious on outlook for underlying market, particularly with regards to Building Systems and Russia, due to prevailing crisis in Ukraine



Financials



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Profit & Loss Q1 2014

SEK m	Q1 2014	Q1 2013
Sales	1,506	1,341
EBIT*	60	13
EBIT* %	4.0	1.0
Fin net	-37	-33
Tax	-6	-2
Net profit	14	-28

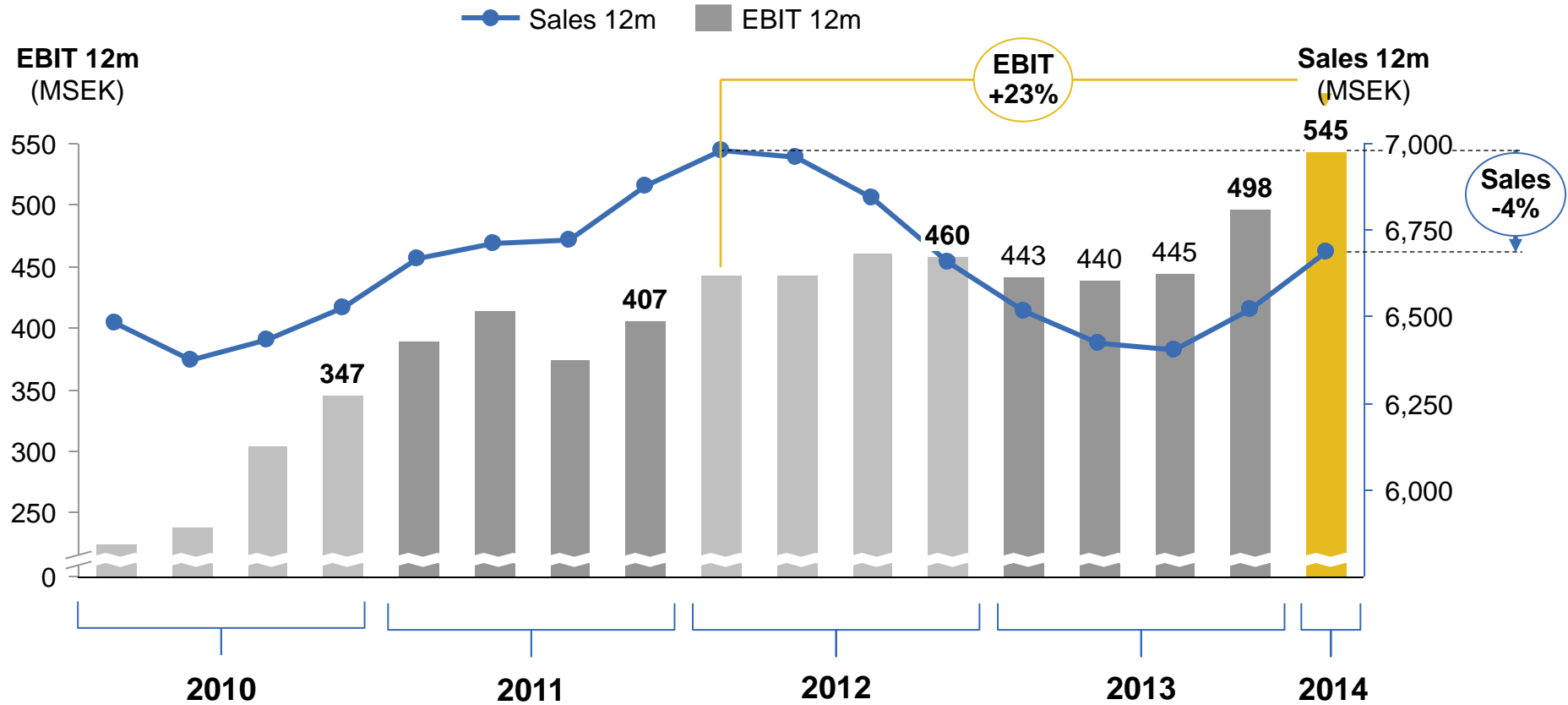
Sales growth	12%
Structure	0%
Currency effect	1%
Organic	11%

*) EBIT excluding one-off items of SEK -3 m in Q1 2014 and SEK -6 m in Q1 2013, net profit not adjusted

- Sales improved and the increase is explained by the comparatively mild weather for the quarter, along with the new organisation with its focus on profitable growth now beginning to generate a positive effect.
- Increased EBIT and EBIT margin is explained by higher sales volume and an improved gross margin. The improved gross margin is the result of implemented efficiency and synergy activities.



2012 - 2014: weakened sales; increased efficiency

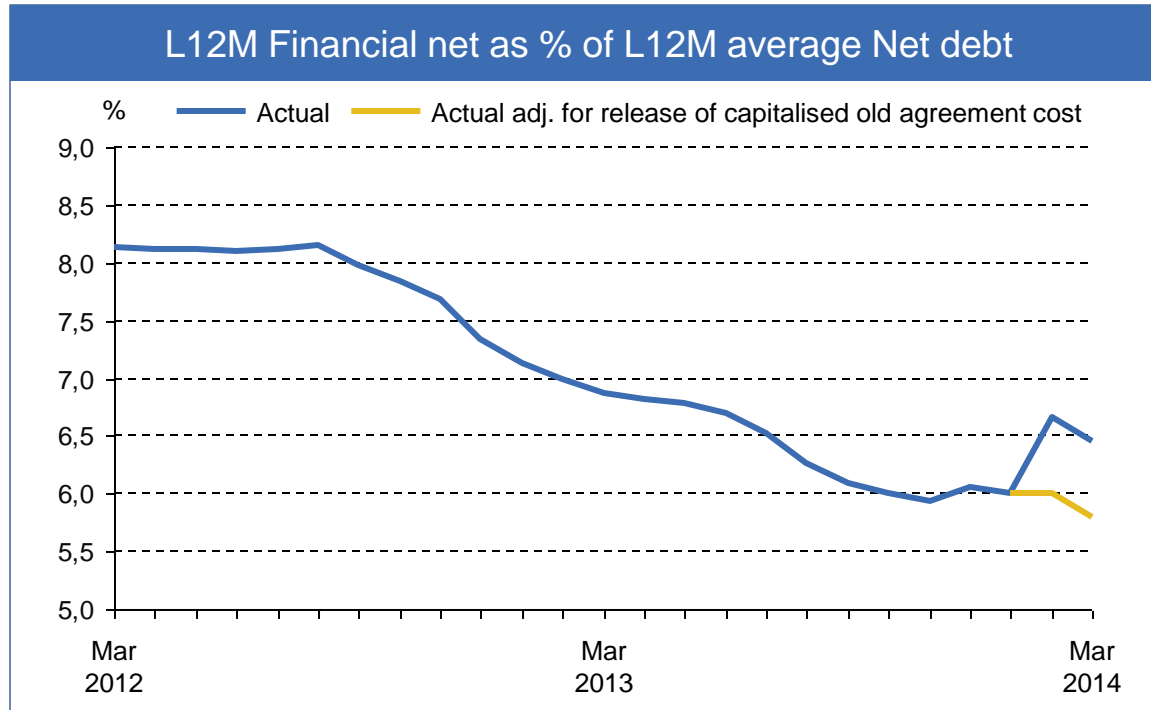


- EBIT L12M SEK 545 m, EBIT margin 8.1%



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Financial net L12M trend



- Net financial items for the quarter were impacted by costs, previously capitalised, attributable to previous credit agreements amounting to SEK 13 m



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Cash flow Q1 2014

SEK m	Q1 2014	Q1 2013
Cash flow from		
- operating activities	67	45
- change in working capital	-244	-21
- investing activities	-178	-28
- financial net paid	-20	-29
- tax paid	-29	8
Free cash flow	-404	-25
Adjusted free cash flow*	-249	-63

*) Adjusted for acquisitions, divestments, acquisition of real estate (CZ) and repayment of tax (2013)

- Net debt end of March SEK 2,038 m (2,140).



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Cash flow Q1 – working capital development

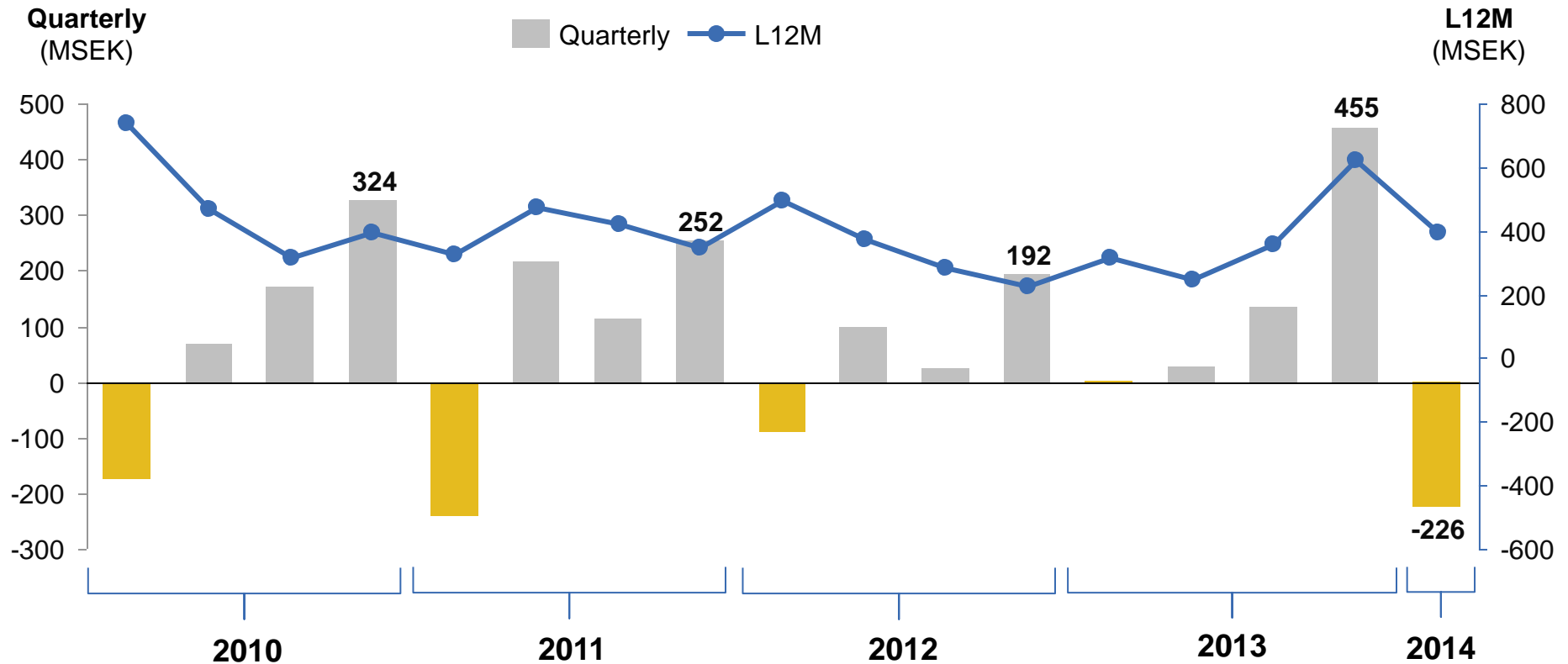
SEK m	Q1 2014	Q1 2013
Stock	-124	-140
Operating receivables	-87	-51
Operating liabilities	-33	170
Total change in working capital	-244	-21

- The change in cash flow from operating activities is mainly attributable to the development of working capital.
- Operating liabilities is to a large extent affected by a change in trade creditors, which is a result of the accrual of payments to suppliers, but also by lower customer advances within Building Systems.



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Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 391 m



Segments



Products & Solutions

Profit & Loss Q1 2014

SEK m	Q1 2014	Q1 2013
Sales	1,325	1,168
EBIT*	71	21
EBIT* %	5.4	1.8

Sales growth	13%
Structure	0%
Currency effect	2%
Organic	11%

*) excluding one-off items of SEK -3 m in Q1 2014 and SEK -4 m in Q1 2013

- All the markets in the Nordic region had good sales development, but Norway stands out in a positive way. In Western Europe more or less all markets contributed to growth. Sales were also good in CEE, especially in Hungary which is the largest market in the region.
- Increased EBIT is explained by greater volume and improved gross margins as a result of implemented efficiency and synergy activities. Costs in the quarter were slightly higher, as a result of the higher activity level.



Building Systems

Profit & Loss Q1 2014

SEK m	Q1 2014	Q1 2013
Sales	181	173
EBIT*	-3	0
EBIT* %	-1.7	0.0

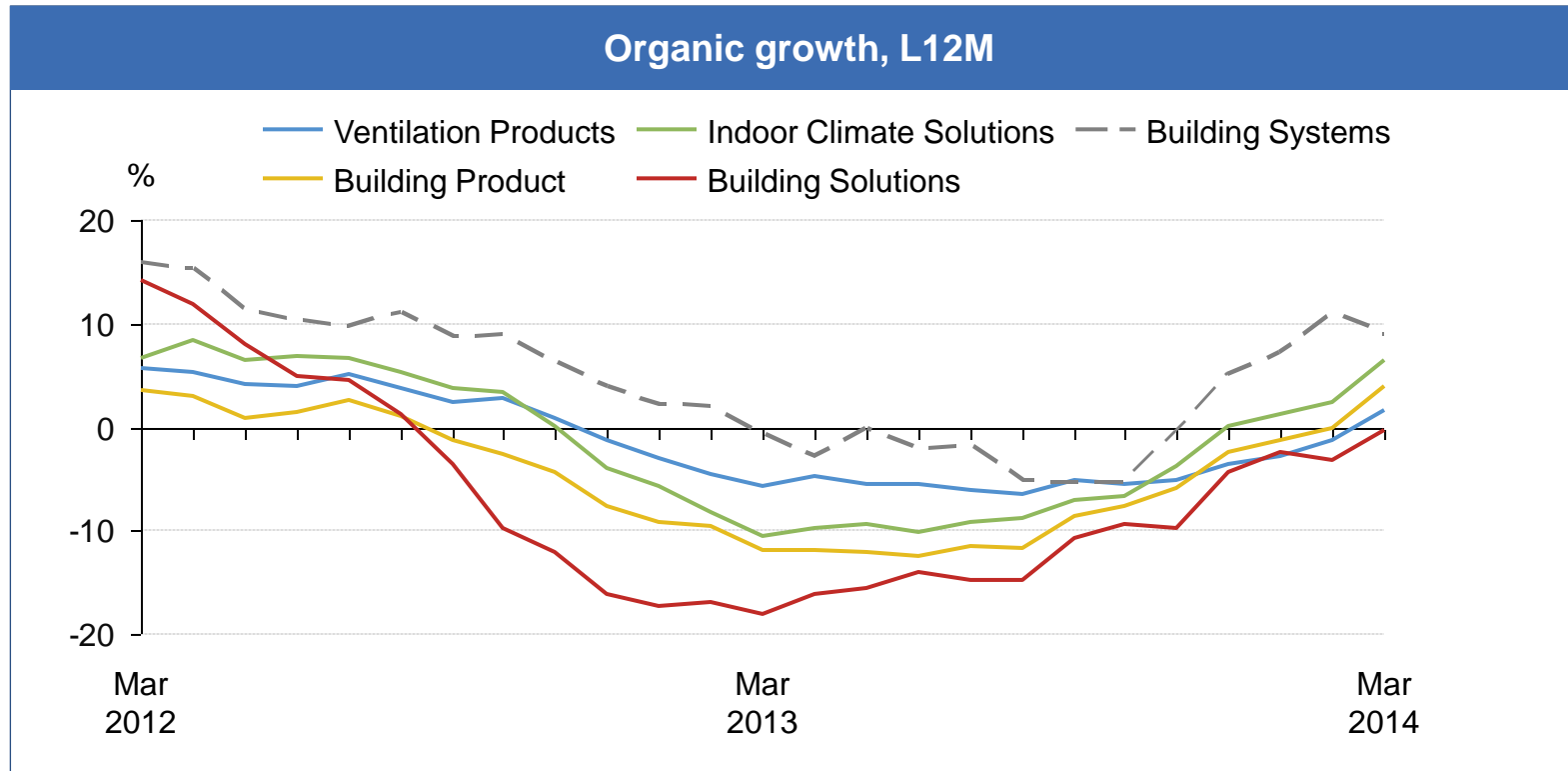
Sales growth	5%
Structure	0%
Currency effect	-4%
Organic	9%

*) excluding one-off items of SEK 0 m in Q1 2014 and SEK 0 m in Q1 2013

- The sales increase mainly explained by good development in WE and favourable weather conditions. Shipments to CEE/CIS almost in line with last year thanks to increase in Russia. Though, a slowdown was noted towards end of the quarter.
- Order intake was lower than for the same period last year.
- EBIT and EBIT margins was lower than previous year, explained by a higher cost level as a result of investments in a number of strategic sales activities and unfavorable currency effects due to a weakening rouble.



Sales development by product areas



- All product areas show positive long-term trend
- A slowdown for Building Systems in Russia was noted towards the end of the quarter following lower demand in underlying market.



Back to Basics – Into the Future

Comprehensive action programme

Growth

Focus on Organic Growth





Growth by Increasing Availability



New Branch openings in Ålesund, Norway and Basel, Switzerland

- Strategic locations to be close to customers
- Shop – Showroom – Warehouse
- Reflecting Lindab values: Down-to-Earth, Neatness and Order, Customer Success



Growth by strengthening Solutions



Promoting our Builder Partner offering:

- Aesthetic
- Economic life cycle cost
- Support from design to finish



Group of Norwegian HVAC consultants visiting our Competence Centre and laboratory in Farum, Denmark



NovoClima becomes Lindab

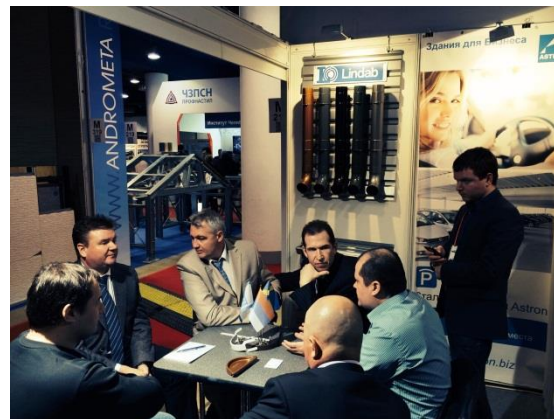
- Promoting our expertise in Indoor Climate solutions.
- Acquisition of NovoClima, manufacturing of chilled beams



More Growth Activities



- Introduction of "non-branded" rain water system" in CEE-markets



- Trade fairs in Denmark, Russia, Sweden

Operations

Efficiency and controlled cost levels





Continuous Improvements within Operations

- Lean Audit carried out within 11 Group production units
- Manufacturing Excellence Areas in BS plants
 - Efficiency targets and indicators
 - 5 S
 - Quality
 - Safety
 - Continuous improvement box
 - Visual management and communication
- One Lindab in Denmark:
 - Forming and moving the teams: Jels and Haderslev
 - Harmonisation of 84 different personnel policies
 - Staff satisfaction survey 4.5 out of 5.0 (very good!)



Innovation

Release creativity, speed
and execution





Innovations with customer focus



Lindab Airy

- Design valves – many shapes, finishes and colours, as well as extremely little noise
- Launched at Nordbygg beginning of April

- EcoBuild - App Version 1.1
 - 4 new building types
 - More building variations
 - More building accessories
 - Additional service options
- 4,500 App Downloads in Q1, resulting in 400 Leads



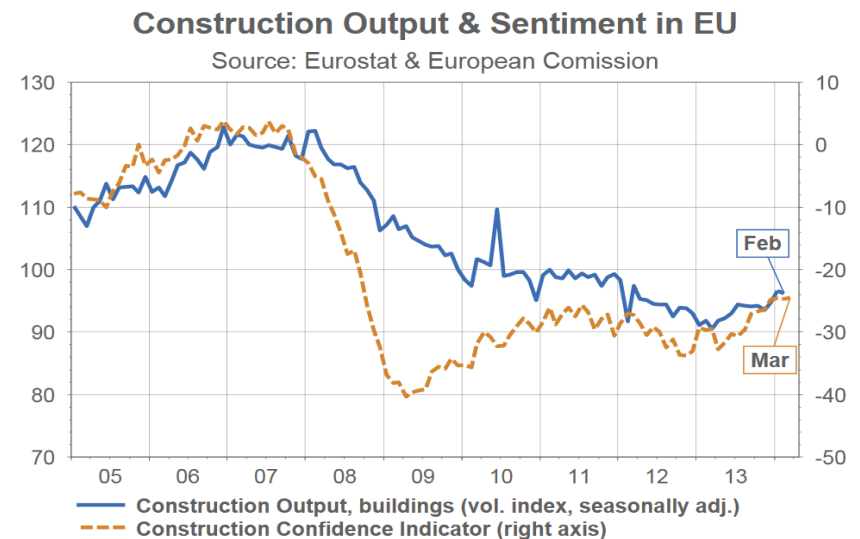
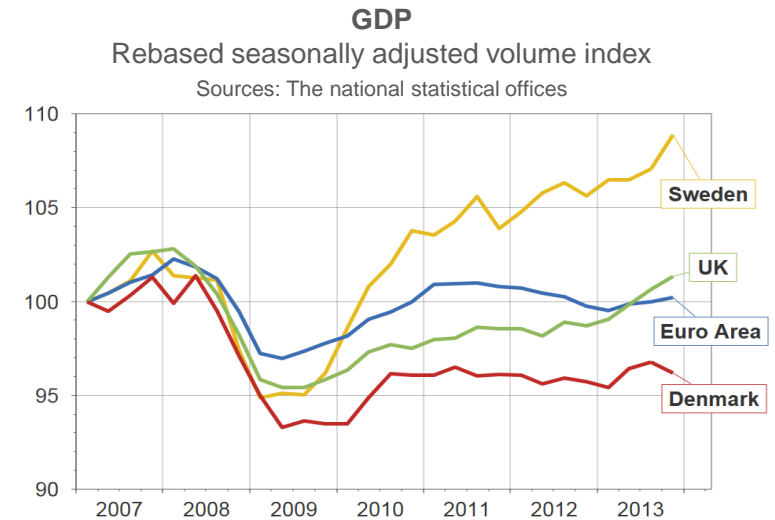


Outlook



Market Outlook

- Economic recovery gaining momentum in Europe
- Both sentiment and “hard data”, like construction output, are now improving in the European construction market
 - Output growth in last months partially explained by favourable winter weather
 - Recovery expected to be slow and successively gain momentum in 2014 and 2015, driven by the residential sector
- Lindab’s business late cyclical, particularly ventilation business
- Downward risks in macroeconomic outlook
 - High debt levels and risk for deflation in some markets
 - Geopolitical risks increased significantly due to the Ukrainian crisis





Thank You