



Lindab Group Q2 2014



Anders Berg, CEO
Per Nilsson, CFO



Highlights



Lindab Group – Q2 2014 Highlights

Preparing the ground for the future

- Sales increased 4% compared to last year when adjusted for currency and structure
 - Products & Solutions: 8%
 - Building Systems: -16%

- EBIT amounted to SEK 125 m in Q2 compared to SEK 132 m last year (excluding one-off items)
 - EBIT margin amounted to 7.1% (8.0)
 - Product & Solutions: 7.8% (7.5)
 - Building Systems: 7.5% (13.1)

- Cash flow from operations amounted to SEK 88 m compared to SEK 26 m in Q2 2013



Lindab Group – Q2 2014 Highlights

Preparing the ground for the future

- Positioning Lindab for future growth
 - Growth initiatives on plan
 - ONE Lindab – organisation in place and generating results
 - Good organic growth within Products & Solutions
 - Focus on process improvements

- Strong negative impact from political unrest in the CIS region, particularly for Building Systems' two largest markets, Russia and Belarus
 - “Wait & see” situation for capital investments
 - Cautious on outlook for this region this year for Building Systems
 - General outlook for Lindab's other markets: gradual recovery



Financials



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Profit & Loss Q2 2014

SEK m	Q2 2014	Q2 2013
Sales	1,757	1,643
EBIT*	125	132
EBIT* %	7.1	8.0
Fin net	-13	-35
Tax	-29	-30
Net profit	82	61

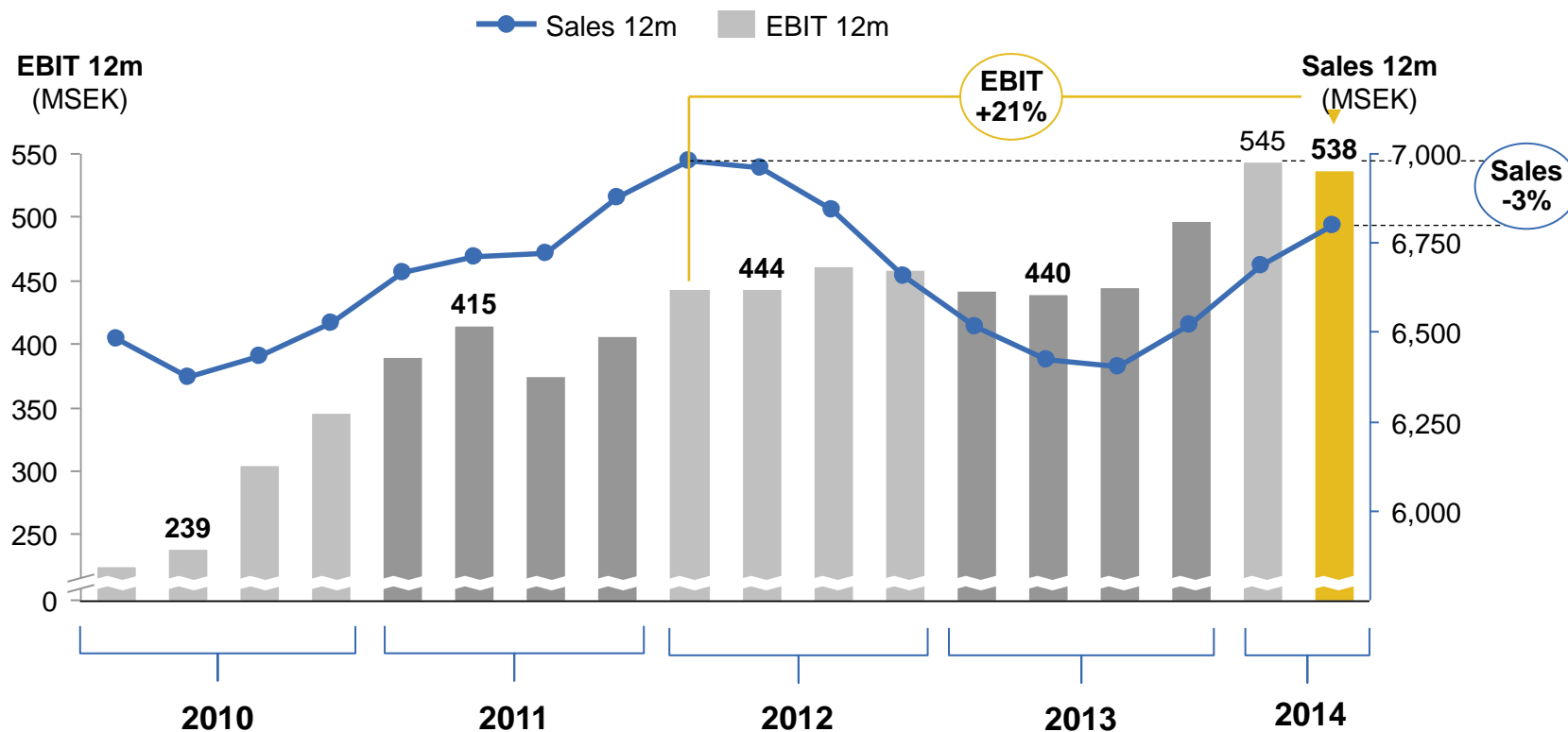
Sales growth	7%
Structure	0%
Currency effect	3%
Organic	4%

*) EBIT excluding one-off items of SEK -1 m in Q2 2014 and SEK -6 m in Q2 2013, net profit not adjusted

- The sales increase is explained by a continued strong development within Products & Solutions. However, the sales development for Building Systems has been negative due to very weak sales in the two main markets Russia and Belarus.
- The reduced EBIT is explained by the lower sales volume in Building Systems, the segment with the highest profitability.
- Strategic sales initiatives and activities have started to produce results but these efforts have resulted in higher costs compared with last year.



2012 - 2014: weakened sales; increased efficiency

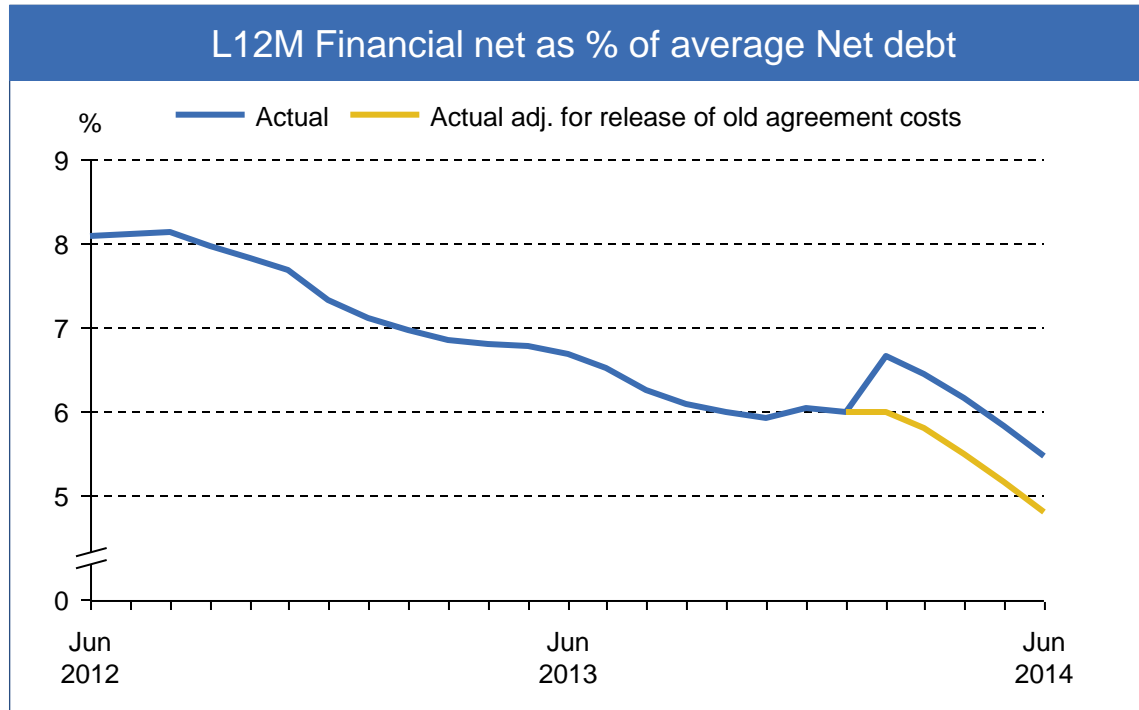


- EBIT L12M SEK 538 m, EBIT margin 7.9%



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Financial net



- Net financial cost as percent of Net debt continues to improve explained by the new credit agreement (effective from March 1, 2013)



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Cash flow Q2 2014

SEK m	Q2 2014	Q2 2013
Cash flow from		
- operating activities	157	145
- change in working capital	-34	-74
- investing activities	-35	-32
- financial net paid	-13	-30
- tax paid	-22	-15
Free cash flow	53	-6
Adjusted free cash flow*	53	-1

*) Adjusted for acquisitions (2013)

- The change in cash flow is partly explained by an improved cash flow from changes in working capital, but also from operating activities and lower financial net.
- Net debt end of June SEK 1,998 m (2,139).



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Cash flow Q2 – working capital development

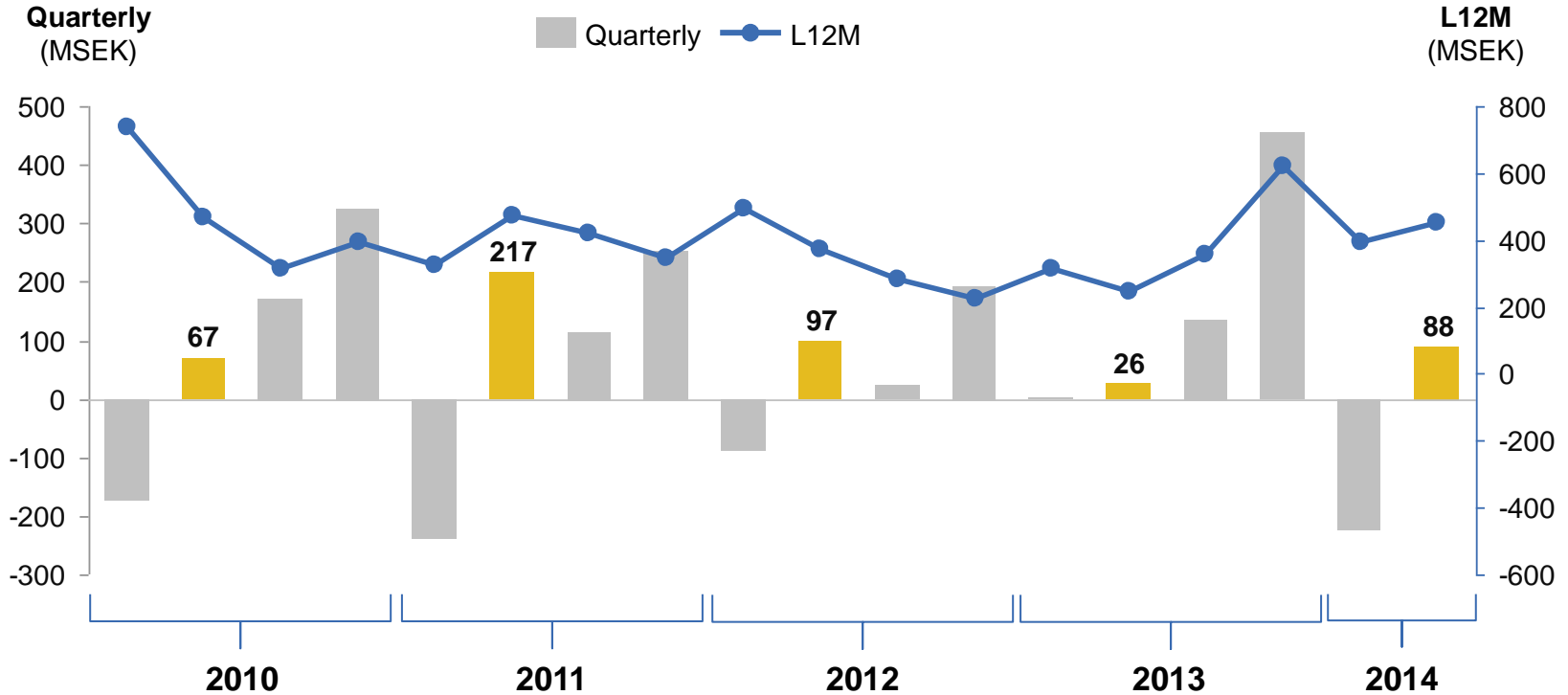
SEK m	Q2 2014	Q2 2013
Stock	-31	10
Operating receivables	-142	-82
Operating liabilities	139	-2
Total change in working capital	-34	-74

- The improvement in cash flow from change in working capital is explained by the positive change in operating liabilities which partly relates to higher advance payments from customers within Building Systems.
- The decrease of cash flow from the change in operating receivables is explained by higher volumes in Products & Solutions. The average number of Days Sales Outstanding last 12 months has improved compared to last year.



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Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 453 m



Segments



Products & Solutions

Profit & Loss Q2 2014

SEK m	Q2 2014	Q2 2013
Sales	1,545	1,392
EBIT*	120	104
EBIT* %	7.8	7.5

Sales growth	11%
Structure	0%
Currency effect	3%
Organic	8%

*) excluding one-off items of SEK -6 m in Q2 2013

- All regions and product areas within the segment had growth in the quarter.
- Large markets like Sweden, UK, Norway, Germany and France had good growth in the quarter and only a few markets had negative sales development primarily Denmark and Finland.
- Increased EBIT and EBIT margin is explained by higher volume.
- Fixed cost levels affected negatively by initiated activities to gain growth and market shares.



Building Systems

Profit & Loss Q2 2014

SEK m	Q2 2014	Q2 2013
Sales	212	251
EBIT*	16	33
EBIT* %	7.5	13.1

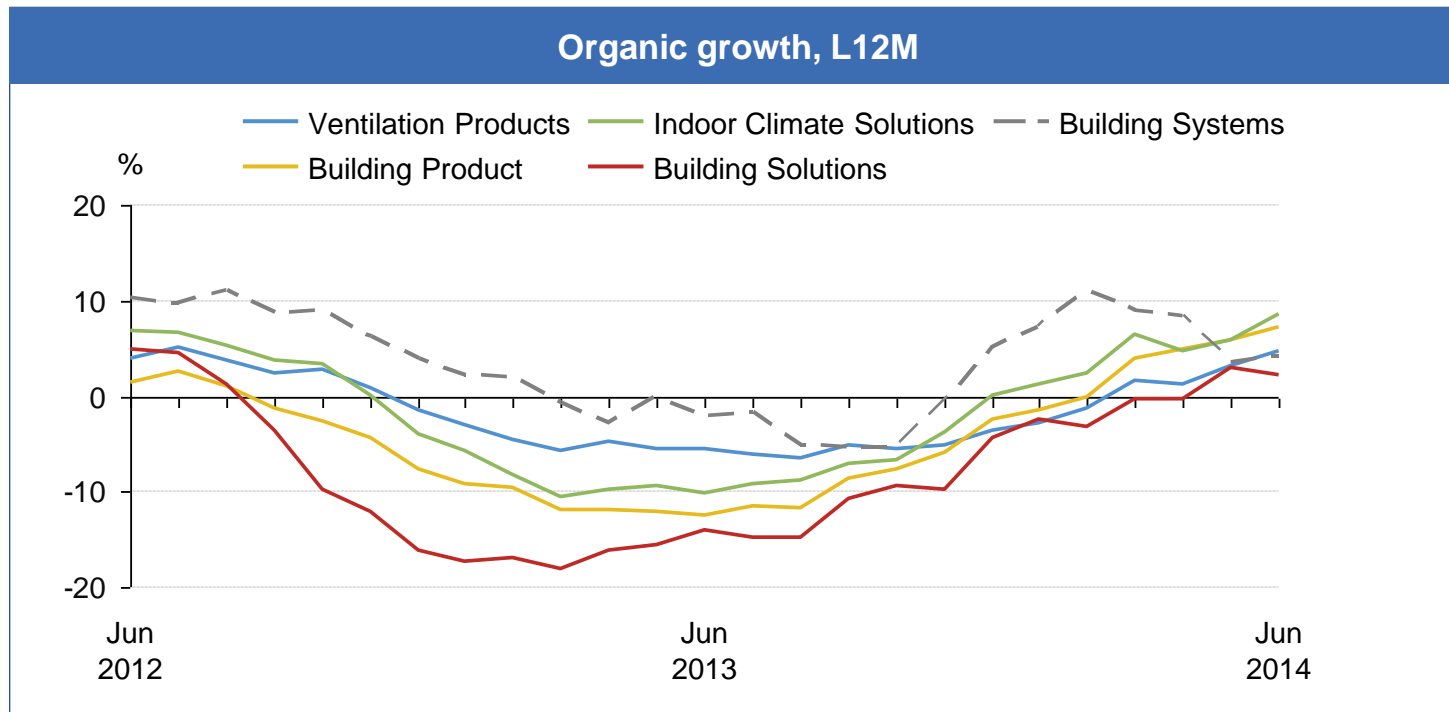
Sales growth	-16%
Structure	0%
Currency effect	0%
Organic	-16%

*) excluding one-off items of SEK -1 m in Q2 2014 and SEK 0 m in Q2 2013

- The decline in sales is explained by very weak sales in the two most important markets Russia and Belarus due to unrest in the CIS region together with a weak underlying demand.
- Sales to Western Europe has increased in the quarter due to large shipments to Germany, Switzerland and Luxemburg.
- Order intake was lower than for the same period last year.
- EBIT was lower than previous year, explained by the reduced sales volume. Actions to temporarily decrease capacity have been taken, especially in the Russian unit.



Sales development by product areas



- All product areas within Products & Solutions show positive long-term trend
- A negative trend for Building Systems following the unrest in the CIS region and lower demand in underlying market.



Back to Basics – Into the Future

Comprehensive action programme

Growth

Focus on Organic Growth





Close to the customer – recap on developments H1 14



ÅLESUND
Lindab branch
and sales office



UPPSALA
Upgraded
Lindab
branch and
sales office



MOSCOW
Lindab
Knowledge and
Distribution
center



NOVOCLIMA
(Lindab Götene)



MALMÖ
Upgraded
Lindab branch
and sales office

PARIS
Lindab branch
and sales office



BASEL
Lindab branch
and sales office



BRATISLAVA
Lindab branch
and sales office



CLUJ
Upgraded Lindab
branch and sales
office



NANTES
Lindab branch
and sales office



TESSIN
Lindab
sales
office



ROME
Lindab sales
office



ISTANBUL
Lindab branch
and sales office





Growth by strengthening Solutions



Photo from Royal Caribbean



Voyage of a Lifetime - Lindab's silent, compact climate system plays an important part of the experience

Elegant diffuser solution in French conference room in La Defence

Large Building Solutions orders:

- Baku, Azerbajdzjan, SEK 28 m
- Norrköping, Sweden, SEK 20 m
- Ängelholm, Sweden, SEK 10 m

Indoor Climate Solutions:

- Order for Russia's largest shopping mall in Moscow, SEK 1.8 m

Several significant projects:

- France, SEK 5 m
- Norway, SEK 3.5 m
- Sweden, SEK 3 m
- Denmark, SEK 2.7 m
- UK, SEK 2 m

Marine solutions:

- First order in France – for the world's largest cruise ship under construction, SEK 1.5 m



More Growth Activities – Products & Solutions



Large ventilation orders:

- Tapiola Parking, Finland, SEK 6 m
- Espoo hospital Finland, SEK 5 m
- Swiss shopping centre, SEK 4 m
- Belgian hospital, SEK 3 m

Sharpening our competitive edge:

- New 2 year-distribution agreement for Ventilation and Indoor Climate in Norway
- Technical Approval, certifying our high quality and air-tightness for Lindab Safe, Lindab Safe Click and ISOL in France

Broadening the offering, good examples:

Ventilation in previous "Building" markets:

- Romania
- Slovakia

Rainline in previous "Ventilation" markets:

- France
- Turkey, pictured
- Ireland





Growth Activities – Building Systems

Large orders Astron Buildings:

- Warehouse, Russia, SEK 12 m
- Data center, Switzerland, SEK 20 m
- Production unit, Algeria, SEK 19 m

Continued Marketing efforts:

- Participation in 6 exhibitions in Russia/CIS
- Targeted campaigns

Launch of extended accessory range for LMR600 roof system

Smart & Easy to Erect Accessories Allowing Free Movement and Free Dilatation in Our LMR600 Roof Systems

The LMR600 is one of the most highly developed industrial roofing system in the world. We are continuously working on improving the system such as the full integration of accessories:

- 1- Insulated Monolithic Gutter**
- 2- Pre-Assembled, Insulated and Easy to Erect Roof Openings**
- 3- Range of Fully Integrated and Insulated Smokevents**

Roof openings have been developed to easily integrate new curbs accessories (chimney, ventilator...). Erection time is well reduced as all the elements are pre-assembled in our factory. The outside curb is free of movement and allows free dilatation. The curbs can be positioned horizontally or along the slope. Well insulated, this solution offers also perfect watertightness.

A new range of efficient smokevents, independent from the structure, will be soon introduced offering a perfect integration to the roof with improved performance.

To ensure free movement and free dilatation, the smokevents are fixed to the structure. A membrane is used to make the connection between the roof panel and the smokevent Ezel.

Three sizes will be available:

- Small: 500'1700mm
- Medium: 1300'2100mm
- Large: 1600'2500mm

Developed with the same technology as for LPR1000, Astron inside gutter for LMR600 guarantees ultimate watertightness and extra resistance.

The membrane is characterised by high impact resistance, durability, good chemical resistance and is environmentally friendly.

This insulated monolithic gutter has no screws in the water area. The gutter is independent from the structure and allows free dilatation.

The size of the gutter allows high drainage capacity and easy cleaning.



Ocelové montované haly Astron

Vy máte nápad - my jej realizujeme! | Individuální řešení ocelových budov

průmyslové haly, výrobní závody, sklady, obchody a prodejny haly, administrativní budovy, hangary, sportovní haly, zemědělské haly, jízdárny, neozdělené parkoviště, aj.

www.astron.biz | info.cz@astron.biz | tel.: 581 250 222

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Wir bauen Ihre Halle
leistungsstark und zuverlässig

Astron

Start online und als App!

Gebäude-Konfigurator

Fakantwort

Bitte senden Sie uns weitere Informationen.

Bitte nehmen Sie Kontakt zu uns auf.

Name:

Telefon:

E-Mail:



Operations

Efficiency and controlled cost levels



Innovation

Release creativity, speed
and execution

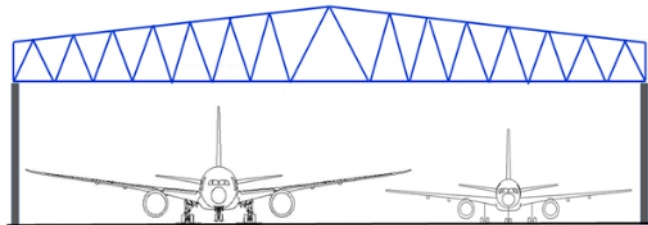




Innovations with customer focus



Chilled beams with integrated LED lighting, and complete Indoor climate solution to DSV's new HQ outside Copenhagen order value, SEK 4.5 m.



New "heavy structure" solution for Building Systems

Making things easy for our customers:

- Roof system
- Wall selector
- Vent tools





Innovation - successful launch of Lindab Airy



Lindab Airy, the innovative, silent air valve was launched at the Nordbygg Trade fair at the beginning of April.



Outlook

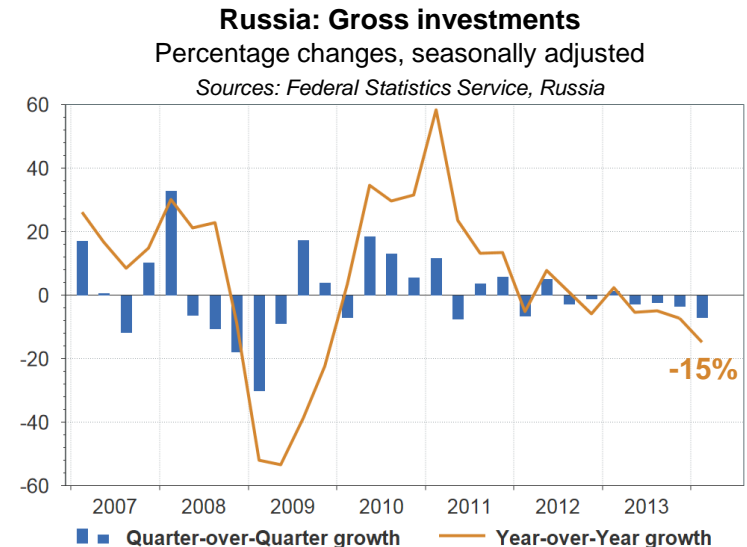
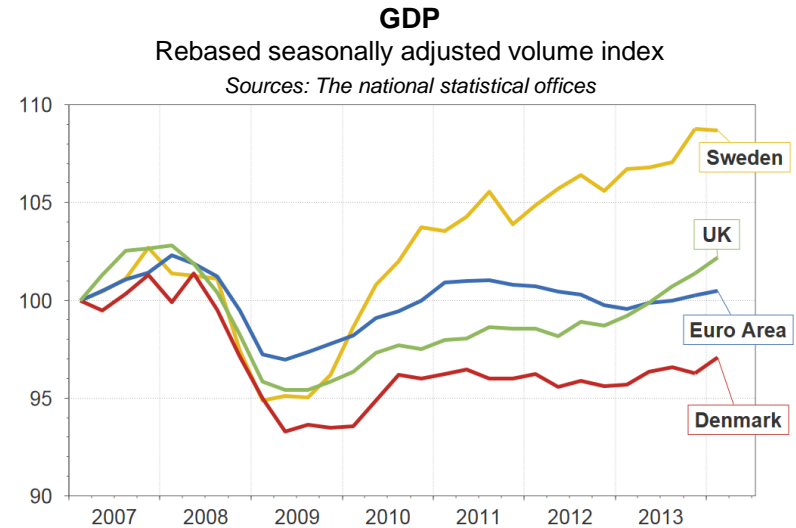


Market Outlook

- European economy continue to recover
 - GDP growth, unemployment rates and consumer confidence improving in most markets

- However, some industrial indicators have stopped to improve causing some concern for the future
 - Industrial utilisation decreased slightly and order books stopped to improve during spring in the Euro area

- Increased geopolitical risks in CIS
 - Led to longer lead times for investment decisions in the region
 - Significant decline in Russian gross investments





Market Outlook

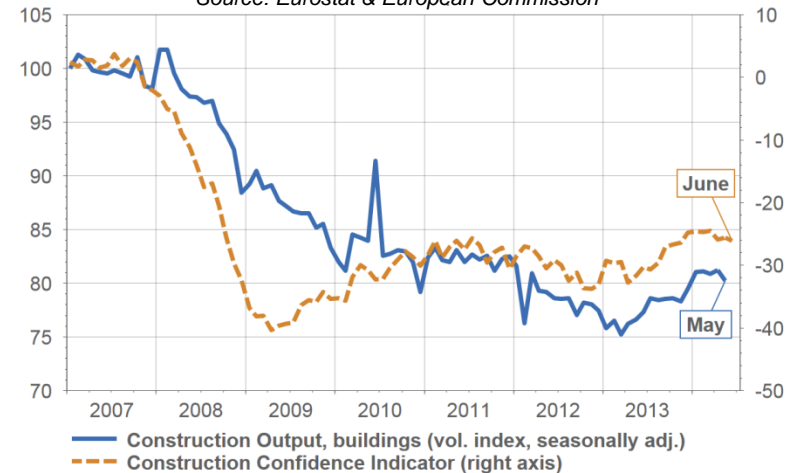
- European construction output has slowed down slightly in Q2, which was expected considering the strong growth seen in winter related to the favourable winter weather

- Euroconstruct, updated forecasts (Jun -14):
 - Slight upward revision compared to Nov -13
 - Recovery in Europe still expected to be rather slow and successively gain momentum in 2014 and 2015, driven by the residential sector

- Lindab's business is late cyclical, particularly ventilation business while building systems is a project business with larger volatility

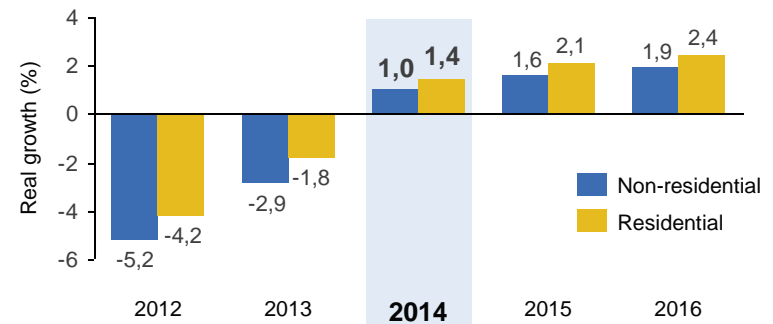
Construction Output & Sentiment in EU

Source: Eurostat & European Commission



Forecast: European construction market

Source: Euroconstruct (Jun -14)





Thank You