

Lindab Group Q4 and Full Year 2014



Anders Berg, CEO
Per Nilsson, CFO

Highlights

First year as One Lindab moving in One direction

Some key highlights 2014

Acquisitions

- **Novo Clima, Sweden:** in-house production of chilled beams (ICS), improving delivery performance, service and efficiency
- **Klimasystem AS, Norway:** adding competence in ICS and strengthening relations to specifiers in Norway
- **Bjarnes System, Sweden:** unique roofing fasteners, important for the established Nordic market and opens new opportunities in other European markets for “roofers”
- **MP3, Italy:** strengthens position as a complete provider of ventilation solutions through key competence within fire and smoke protection and increase market coverage

Organic

- **New country establishments** in Istanbul and Moscow with ventilation and ICS
- **Adding on branches** and competence centers in for example France, Switzerland, Sweden, Norway and Estonia



Lindab Group – Q4 2014 Highlights

A challenging quarter involving many activities

- Sales increased by 3% compared to last year, or 1% when adjusted for currency and structure
 - Products & Solutions: 8% (5% adjusted)
 - Building Systems: -23% (-17% adjusted)

- EBIT amounted to SEK 102 m in Q4 compared to SEK 158 m last year (excluding one-off items)
 - EBIT margin amounted to 5.6% (8.8)
 - Product & Solutions: 6.7% (6.3)
 - Building Systems: 1.6% (22.0)

- Cash flow from operations amounted to SEK 263 m compared to SEK 455 m in Q4 2013

- Proposed dividend of SEK 1.10 (0)

Lindab Group – Q4 2014 Highlights

A challenging quarter involving many activities

- Uncertainty in Russia and Belarus, sharp fall in Rouble
 - Strong impact on Building Systems division
 - Continued cautious outlook for this region

- Continued positive development in Products & Solutions
 - Best Q4 since 2008
 - General market outlook: modest growth

- New Strategy re-positioning Lindab for the future
 - Complete Ventilation solutions
 - Further develop ONE Lindab organisation
 - Further develop operational efficiency

Financials

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Profit & Loss Q4 2014

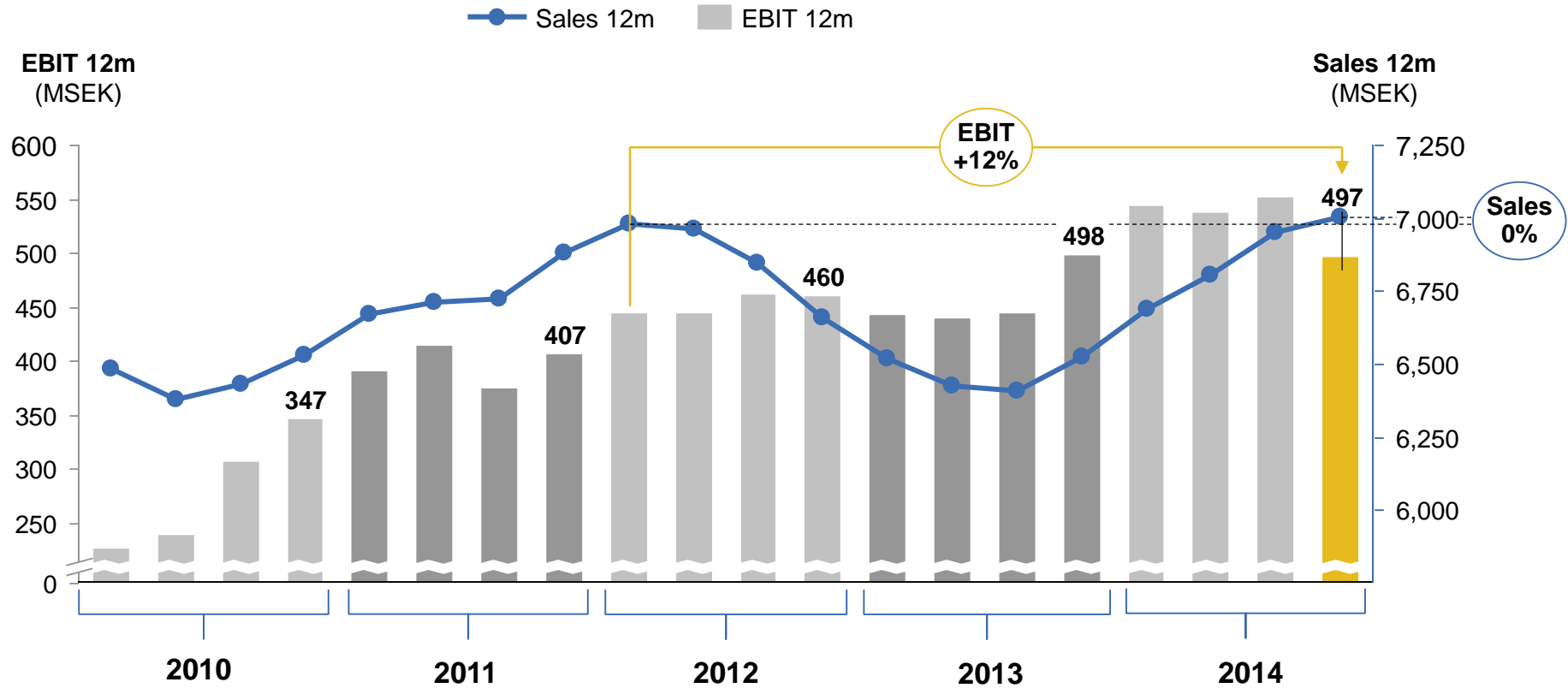
SEK m	Q4 2014	Q4 2013
Sales	1,836	1,786
EBIT*	102	158
EBIT* %	5.6	8.8
Fin net	-18	-28
Tax	-27	-27
Net profit	36	99

Sales growth	3%
Structure	0%
Currency effect	2%
Organic	1%

*) EBIT excluding one-off items of SEK -21 m in Q4 2014 and SEK -4 m in Q4 2013, net profit not adjusted

- The sales increase is explained by a continued positive development within Products & Solutions. However, the sales development for Building Systems has been clearly negative, mainly explained by weak sales to the important markets Russia and Belarus.
- The decreased EBIT compared to the same period last year is explained by weak sales and profitability in Russia and Belarus, as an effect of the unrest in the region and the weakened rouble.
- The cost level in the quarter is somewhat higher than the same quarter last year, but activities has been initiated to improve the cost structure and market diversification in Building Systems and to release resources within Products & Solutions for implementing the new strategy.

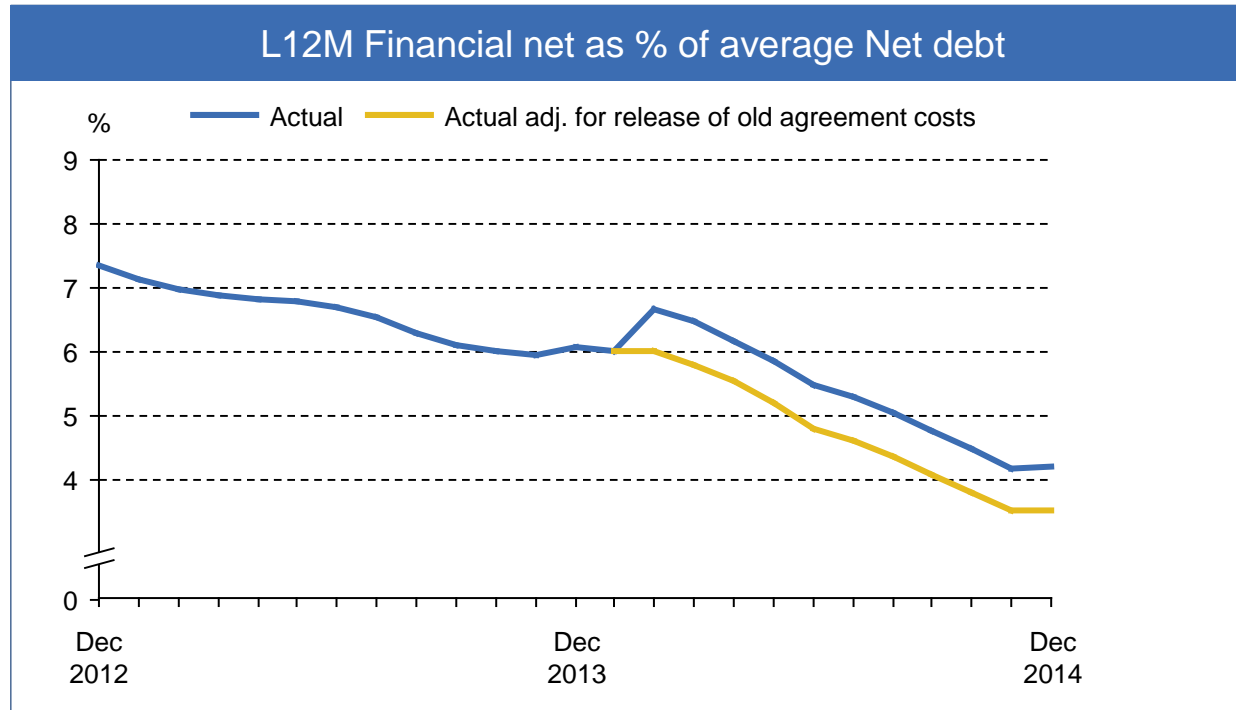
2012 - 2014: flat sales; increased efficiency



- EBIT L12M SEK 497 m, EBIT margin 7.1%

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Financial net



- Significantly lower financing costs as a result of the new credit agreement, as well as lower indebtedness.
- Flat trend in L12M Dec explained by a non recurring interest revenue in Dec 2013 due interest from a favorable Tax settlement.

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Cash flow Q4 2014

SEK m	Q4 2014	Q4 2013
Cash flow from		
- operating activities	106	171
- change in working capital	171	323
- investing activities	-47	-35
- financial net paid	-10	-19
- tax paid	-4	-20
Free cash flow	216	420
Adjusted free cash flow*	226	426

*) Adjusted for acquisitions (2014)

- The cash flow is lower than last year. The development is explained by decreased cash flow from operating activities and change in working capital.
- Net debt end of September SEK 1,746 m (1,612).

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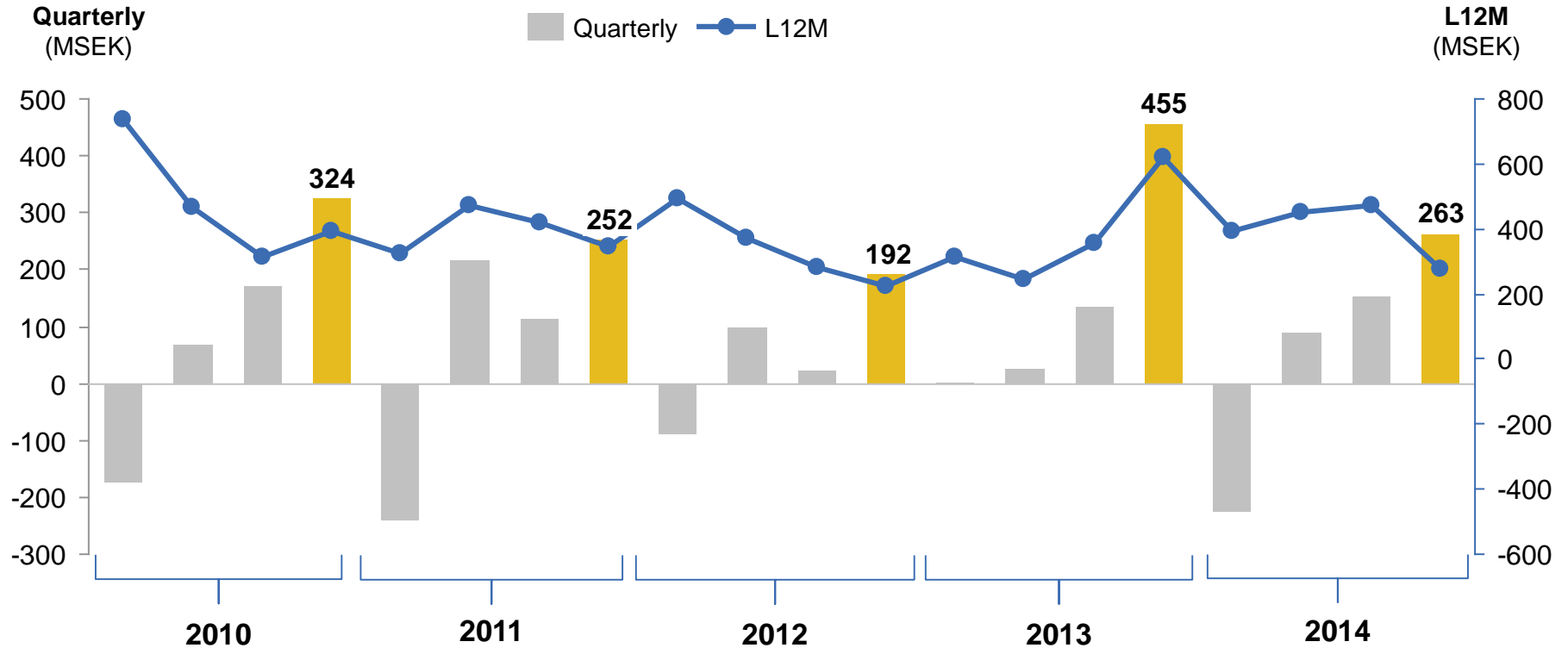
Cash flow Q4 – working capital development

SEK m	Q4 2014	Q4 2013
Stock	97	141
Operating receivables	242	249
Operating liabilities	-168	-67
Total change in working capital	171	323

- The change in cash flow from change in working capital is lower than last year. Operating liabilities last year was affected positively by a change in trade creditors, which is mainly a result of the accrual of payment to suppliers during the quarter.
- Stock and Accounts receivables are on a higher level following the higher volume in P&S. Strategic initiatives to increase the efficiency and availability of goods in stock has been initiated during 2014 and are expected to start give results in 2015.

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Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 278 m

Segments

Products & Solutions

Profit & Loss Q4 2014

SEK m	Q4 2014	Q4 2013
Sales	1,587	1,464
EBIT*	106	92
EBIT* %	6.7	6.3

Sales growth	8%
Structure	0%
Currency effect	3%
Organic	5%

*) excluding one-off items of SEK -13 m in Q4 2014 and SEK -4 m in Q4 2013

- All regions within the segment had growth in the quarter. The improvement in sales is mainly due to the new organisation with its focus on profitable growth and to a number of completed and ongoing strategic sales activities.
- Indoor Climate Solution and Building Solution continues to have a very strong development.
- Continued growth in the quarter in large markets like Sweden, Norway, Germany, UK and France.
- Increased EBIT and EBIT margin is explained by higher volume.

Building Systems

Profit & Loss Q4 2014

SEK m	Q4 2014	Q4 2013
Sales	249	322
EBIT*	4	71
EBIT* %	1.6	22.0

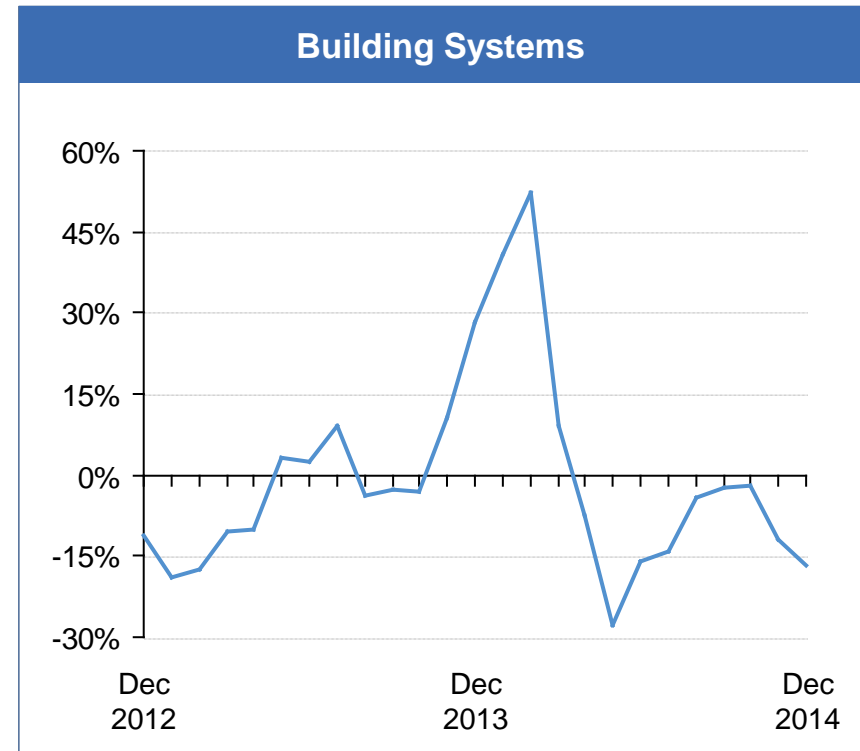
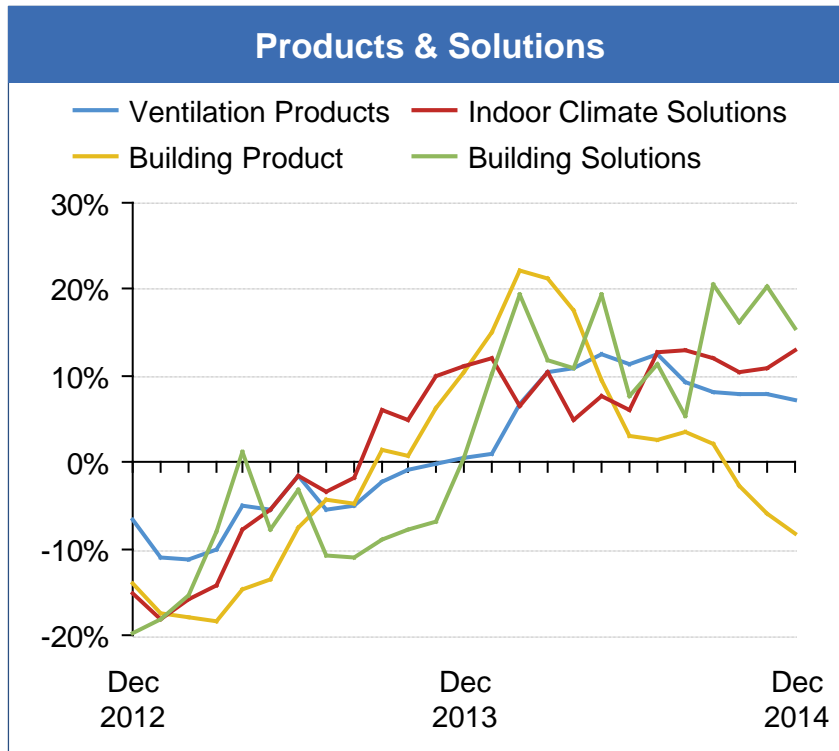
Sales growth	-23%
Structure	0%
Currency effect	-6%
Organic	-17%

*) excluding one-off items of SEK -8 m in Q4 2014 and SEK 0 m in Q4 2013

- The decline in sales is explained by very weak sales to the important markets Russia and Belarus.
- Other important markets for the segment such as Germany and Poland had good growth, as a result of implemented strategic activities.
- Order intake in the quarter developed positively.
- Building Systems profitability has a large exposure to Russia and Belarus and the unrest in those regions, in collaboration with the weakened rouble has had a negative effect on their EBIT.
- Structural measures and cost efficiency activities have been decided and partly implemented in the quarter. Among those a decision to replace the divisional manager.

Sales development by product areas

Organic growth, L3M



- Sales of Indoor Climate Solutions and Building Solutions are continuing to grow very strongly for Products & Solutions while sales of Building Products have declined in last few months
- Continued sales decline for Building Systems following weak sales to Russia and Belarus and strong comparison in Q4 2013

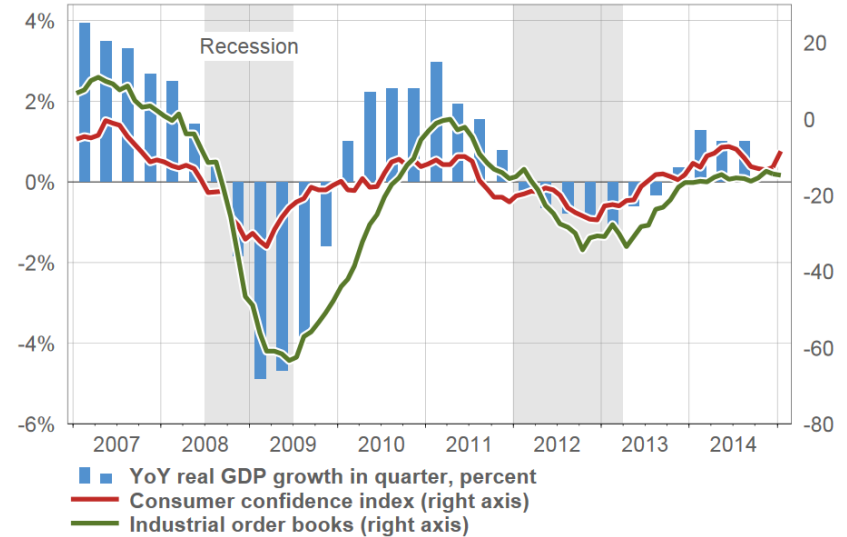
Market Development

Market Development

- The economic recovery in the Euro zone has slowed down since spring 2014
- Though, the economic recovery remains fairly strong in Lindab's largest and third largest markets; Sweden and United Kingdom
- Increased geopolitical risks in CIS lead to longer lead times for investment decisions in the region
- Confidence continue to improve in the European construction market despite flattening trend in output
- Both the European economy and construction market are still predicted by most institutes to grow in 2015 but market uncertainty has increased with downward risk
- Lindab's business in Products & Solutions is late cyclical, particularly the ventilation business, while Building Systems is a project business with larger volatility

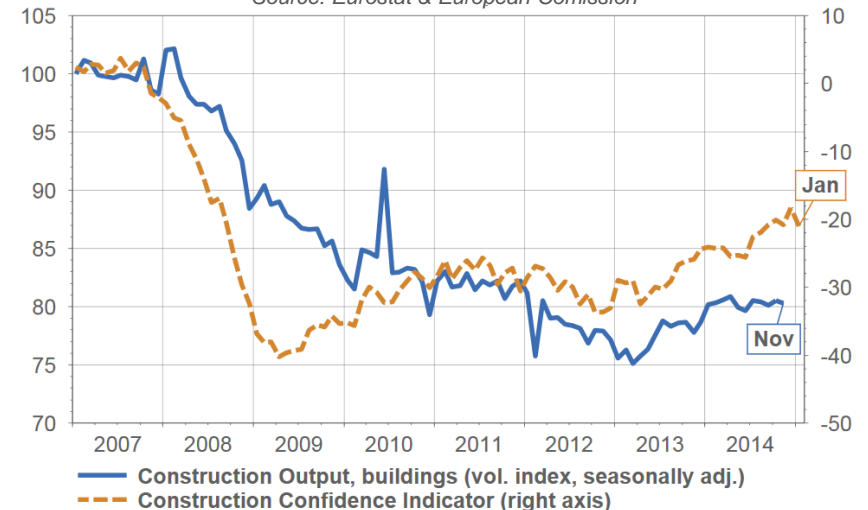
Economic development in Euro zone

Sources: Eurostat & European Commission



Construction output & sentiment in EU

Source: Eurostat & European Commission



Worsened conditions in Russia

- Lindab's exposure to Russia (2014):
 - 4% of Group sales
 - 27% of Building Systems sales
- Effect by rouble fall on Lindab partly offset by local production and steel sourcing
- Falling oil prices leading to GDP drop
- EU sanctions
- Interest hikes to strengthen rouble
 - Expensive / difficult access to financing
- Domestic business weakening but still rather resilient



Strategy update



**Market
Excellence**



**Efficient
Availability**



Solutions



Innovation



People

Recap – Our Strategy Model

Simplifying is our passion, ultimate comfort is our vision



Market Excellence



Efficient Availability



Solutions



Innovation



People

People

Products

Production and Processes

Sales and Distributions

Our Basics



Stress-testing the Strategy



“What gets measured gets done!”

- Thorough planning, stress-testing and transformation of the strategy into Strategy Maps using balanced score card methodology.
- Visual follow up via large whiteboards and regular pulse meetings.

Strategy implementation at Country level

Example from workshop with Management and Middle management in Denmark



”Culture eats strategy for breakfast”

- Five Strategy Ambassadors will assist in rolling out the strategy at country level.
- Commitment, will-power and culture ensures implementation success.

Efficient Availability – optimising our flows



“The right product at the right place at the right time”

- Logistics Excellence Audits – identify best practise and drives continuous improvements. So far, carried out in Denmark, Norway, Finland, France and Czech Republic.
- Roll out of Lindab Inventory Control System – defining working processes and flows with easy overview. Implemented in Sweden, Denmark, Norway, Finland and Czech Republic.

ONE Lindab – fasteners for every need

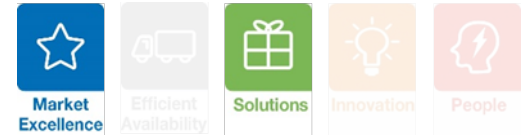
- Unite Fasteners: Sales growth by 17 % in 2014
- Strong focus on display and and know-how in Lindab's Nordic branches has yielded results
- Certified, state-of-the art fasteners with perfect colour match to all building products
- The air-tightest ventilation fasteners on the market



Minimum display = 8 sections.

"Huge up-selling potential, leveraging on the large number of customer we meet everyday in our own branches"





Acquisitions, part of the strategy, primarily in two areas

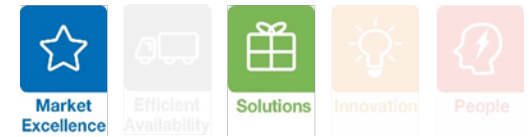
Solutions

Leading European companies within categories “Residential and Light Commercial Ventilation”, “Fire and smoke” and “Indoor Climate Solutions”

Market excellence

Companies that add distribution in new and existing geographies





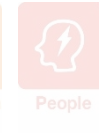
Adding competitive edge within Ventilation Solutions

European certified competence within Fire & Smoke solutions

- MP3, Italy, Ventilations Solutions Company adding competence and market coverage
- Annual turnover approx. SEK 210 m with EBIT approx. SEK 20 million. 95 employees
- Adds in-house competence in certified “Fire & Smoke” range – important part of complete offering to strengthen competitiveness
- Strong customer relations and distribution in Southern Europe, as well as other European and new markets

“For our customers this means even greater confidence in choosing Lindab as their complete supplier of indoor climate solutions that meet the highest standards of energy efficiency and fire safety”





Adding profitable growth by strengthening our distribution offering

Innovative, several patented, fastening systems for standing seam roofing and different types of roof constructions



- Bjarne Systems AB acquired on 14 November
- Annual sales: SEK 12 million
- Proven, profitable product range

”The addition of Bjarne Systems reinforces Lindab’s offering to building installers and tinsmiths in the strong Nordic markets as well as opens up for new opportunities in other European markets.”



Lindab



Lindab Solus



Lindab Fans



Lindab Residential




Lindab Pascal



Lindab Cassette



Lindab Rainline



Lindab Fire & Smoke



Lindab Airy



Lindab ADS



Installer



Lindab



Architect



Contractor



Developer



Lindab



Lindab AHU



Lindab IT Solutions



We simplify ...

... and bring more value to more people

CMD

20 May 2015

Mark your calendar