



lindab | we simplify construction

# Lindab Group Q1 2015

*"We simplify construction"*





# Highlights



# Lindab Group – Q1 2015 Highlights

## Our growth keeps momentum

- Sales increased by 12% compared to last year, or 5% when adjusted for currency and structure.
  - Products & Solutions: 15% (6% adjusted)
  - Building Systems: -8% (4% adjusted)
  
- EBIT amounted to SEK 54 m in Q1 compared to SEK 60 m last year (excluding one-off items).
  - EBIT margin amounted to 3.2% (4.0)
  - Product & Solutions: 4.8% (5.4)
  - Building Systems: -3.0% (-1.7)
  
- Net profit amounted to SEK 27 m compared to SEK 14 m last year.
  
- Cash flow from operations amounted to SEK -83 m compared to SEK -226 m in Q1 2014.



# Lindab Group – Q1 2015 Highlights

## Our growth keeps momentum

- The New Strategy is yielding results.
  - ONE Lindab organisation – addition of two supporting product areas “Air Movement” and “Fire and Smoke”.
  - Further progress within Operational efficiency.
  - Further extended distribution footprint.
  
- Continued positive development in Products & Solutions.
  - Growth for 6<sup>th</sup> consecutive quarter.
  - Acquisitions contributing positively.
  - General market outlook: modest growth.
  
- Uncertainty in Russia and Belarus prevails, very weak Rouble Y-o-Y.
  - Strong impact on Building Systems division.
  - Continued cautious outlook for this region.



# Financials



# Lindab Group

## Profit & Loss Q1 2015

SEK m	Q1 2015	Q1 2014
Sales	1,694	1,506
EBIT*	54	60
EBIT* %	3.2	4.0
Fin net	-13	-37
Tax	-14	-6
Net profit	27	14

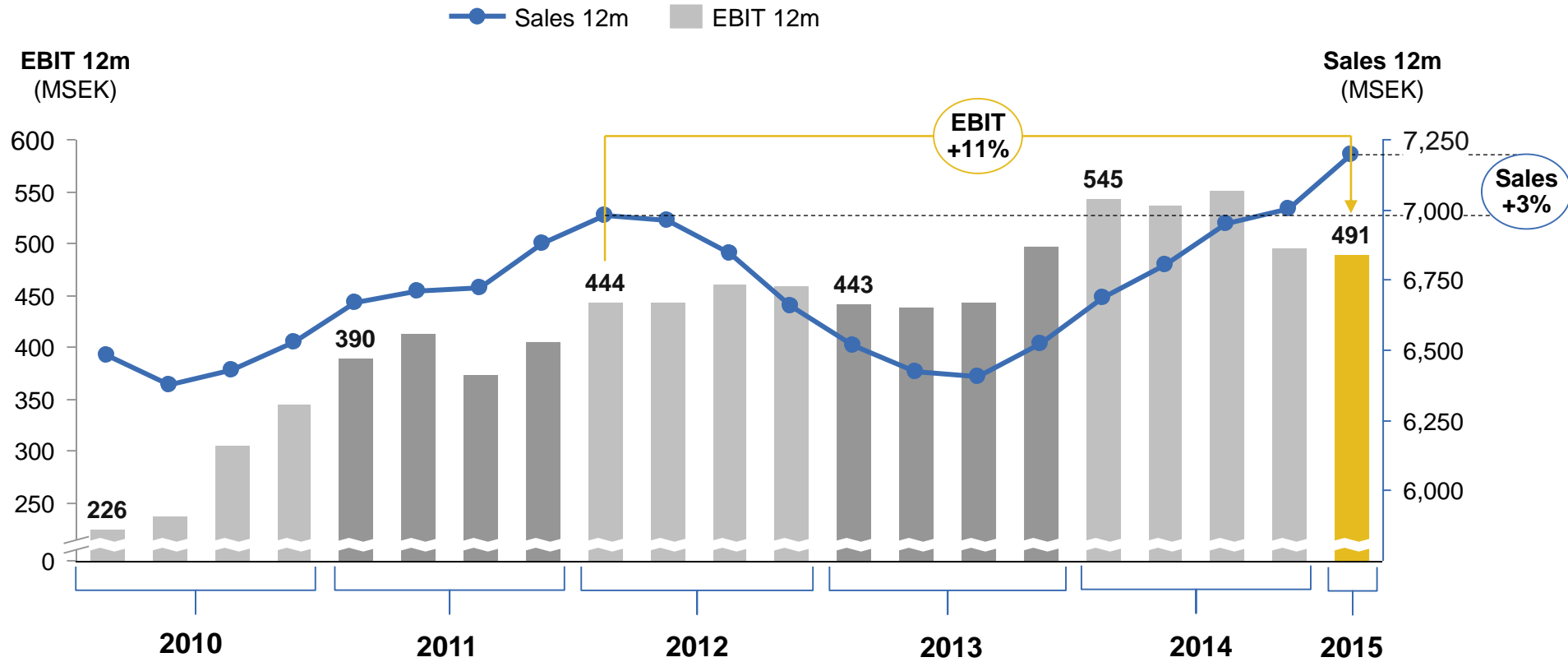
Sales growth	12%
Structure	3%
Currency effect	4%
Organic	5%

\*) EBIT excluding one-off items of SEK 0 m in Q1 2015 and SEK -3 m in Q1 2014, net profit not adjusted

- The improvement in sales is primarily explained by continued positive development within Products & Solutions, where all regions showed growth in the quarter, supported by stronger strategic focus on sales. Adjusted for currency, Building Systems also showed positive growth in the quarter, explained by a high level of deliveries of projects in the CIS region.
- The lower EBIT compared to the same period last year is primarily explained by weak trend in profit in Building System, primarily as a result of currency effects, and a number of strategic projects, within the Group, influencing costs.
- The higher volume in Products & Solutions has contributed positively to the result, however gross margins have been lower due to changes in product mix and lower price levels compared to corresponding quarter last year.



# 2012 - 2015: increased sales; increased efficiency



- EBIT L12M SEK 491 m, EBIT margin 6.8%

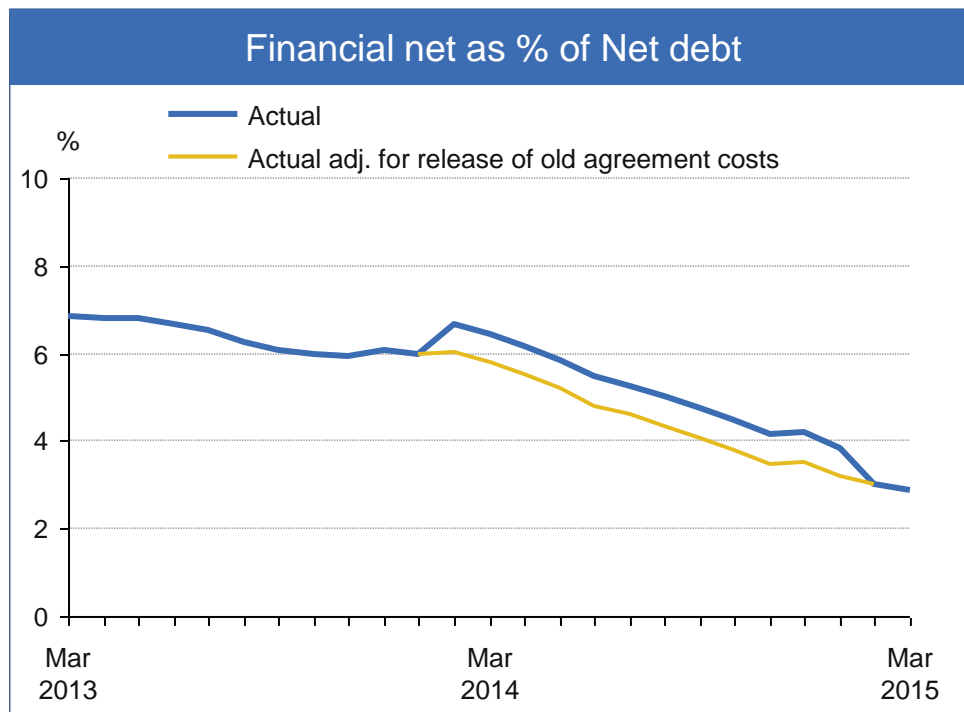
7 Note: EBIT excl one-off items





# Lindab Group

## Financial net



- Significantly lower financing costs as a result of the new credit agreement, with better terms and lower credit limit.
- The increase in February 2014 is explained by release of the remaining capitalised arrangement fee for the old credit agreement (SEK -13 m).





# Lindab Group

## Cash flow Q1 2015

SEK m	Q1 2015	Q1 2014
Cash flow from		
- operating activities	67	67
- change in working capital	-124	-244
- investing activities	-174	-178
- financial net paid	-6	-20
- tax paid	-20	-29
<b>Free cash flow</b>	<b>-257</b>	<b>-404</b>
<b>Adjusted free cash flow*</b>	<b>-116</b>	<b>-388</b>

\*) Adjusted for acquisitions (2014/2015)

- The improved cash flow is mainly explained by change in working capital. Interest paid was also affected positively in the quarter as a result of the new credit agreement.
- Net debt end of March amounted to SEK 1,999 m (2,038).



# Lindab Group

## Cash flow Q1 – working capital development

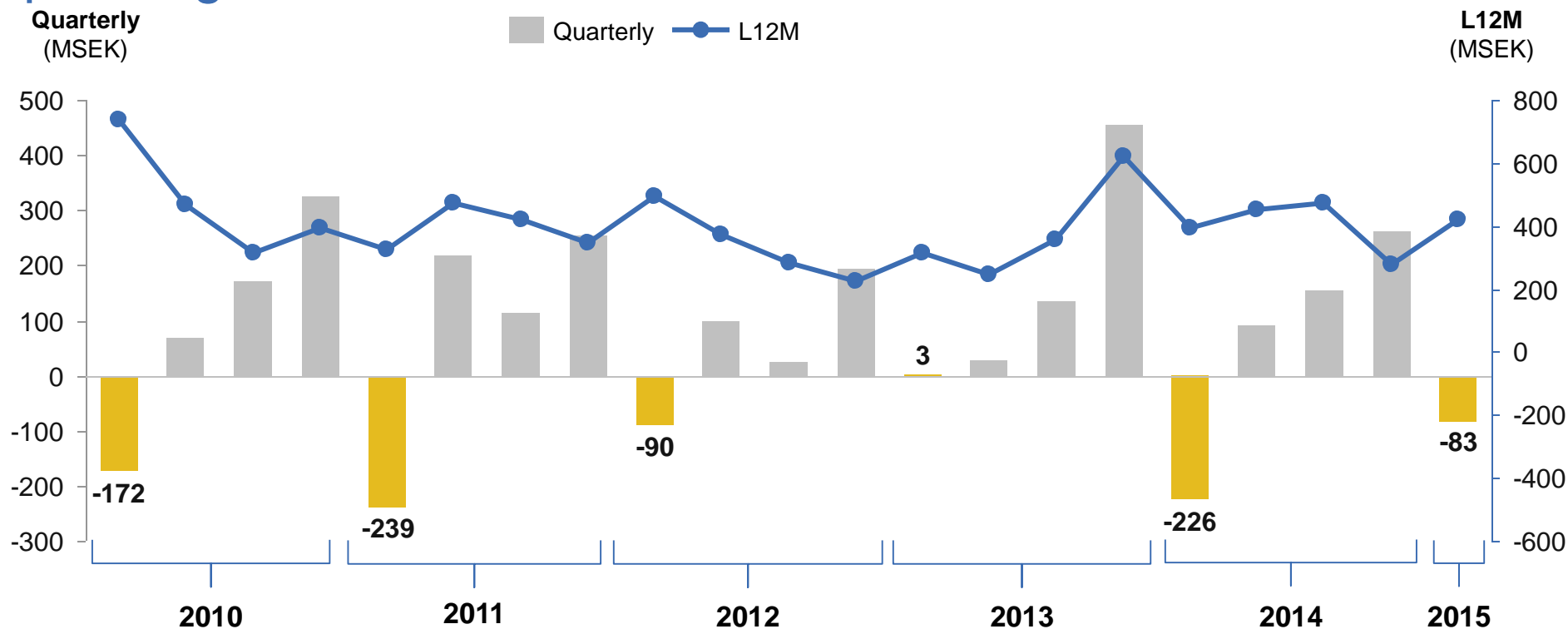
SEK m	Q1 2015	Q1 2014
Stock	-58	-124
Operating receivables	-136	-87
Operating liabilities	70	-33
<b>Total change in working capital</b>	<b>-124</b>	<b>-244</b>

- The change in operating receivables is explained by stronger sales in Products & Solutions compared to the same period last year.
- Operating liabilities is affected by an accrual effect of accounts payable.
- The change in stock is attributable to active work to reduce stock levels and that the stock levels at the beginning of the quarter were relatively higher than for the same quarter last year.



# Lindab Group

## Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 421 m



# Segments



# Products & Solutions

## Profit & Loss Q1 2015

SEK m	Q1 2015	Q1 2014
Sales	1,528	1,325
EBIT*	73	71
EBIT* %	4.8	5.4

Sales growth	15%
Structure	3%
Currency effect	6%
Organic	6%

\*) excluding one-off items of SEK 0 m in Q1 2015 and SEK -3 m in Q1 2014

- All regions within the segment had growth in the quarter. Continued growth in large markets like Sweden and Germany. Most markets in the CEE/CIS region also showed a positive sales trend in the quarter.
- Indoor Climate Solution and Building Solution continue to show a strong development.
- The operating profit increased in the quarter, while the operating margin decreased. The improvement in operating profit is explained by higher volume, while a lower gross margin and a somewhat higher cost level affected the result negatively.



# Building Systems

## Profit & Loss Q1 2015

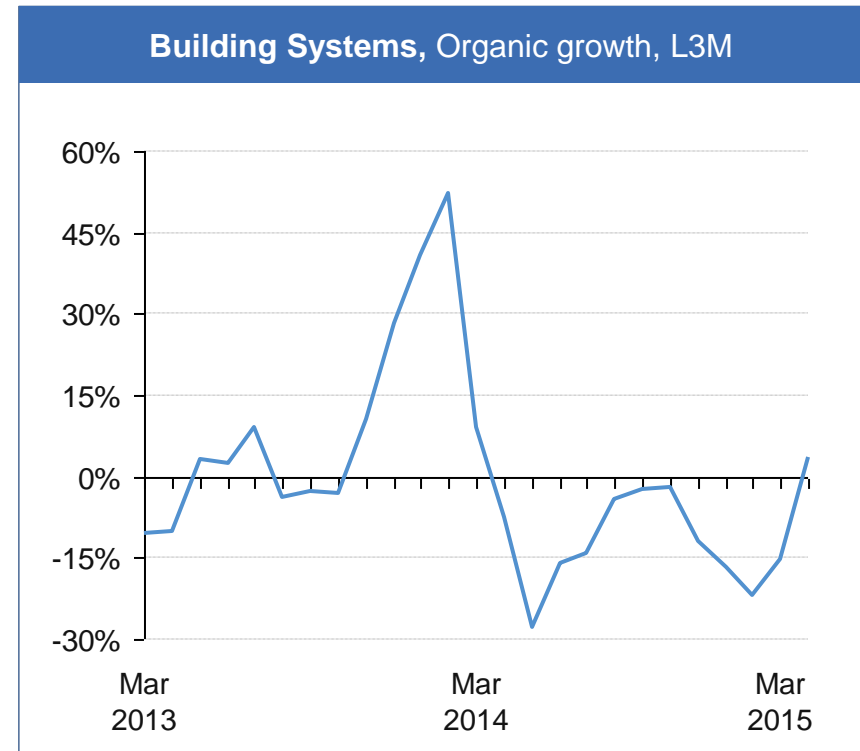
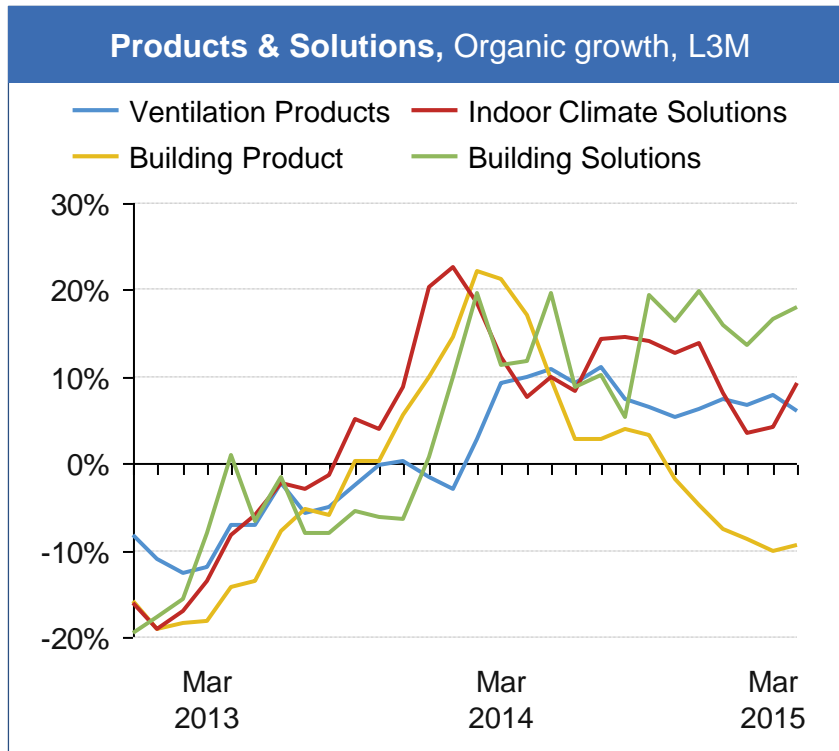
SEK m	Q1 2015	Q1 2014
Sales	166	181
EBIT*	-5	-3
EBIT* %	-3.0	-1.7

Sales growth	-8%
Structure	0%
Currency effect	-12%
Organic	4%

- The higher sales in the quarter, adjusted for currency, are explained by large project deliveries to the CIS region, especially to Kazakhstan, Poland and Czech Republic, while sales to important markets such as Russia, Belarus and Germany were lower than the same quarter last year.
- Order intake was lower than for the corresponding quarter last year.
- Building Systems large exposure to Russia and Belarus with prevailing unrest, in conjunction with a weakened rouble compared to the same period last year, has had negative effect on the result.



# Sales development by product areas



- Sales of Indoor Climate Solutions and Building Solutions are continuing to grow strongly for Products & Solutions while sales of Building Products have declined in last two quarters.
- Sales in Building Systems, adjusted for currency, increased in the quarter, explained by large project deliveries to the CIS region.



# Outlook



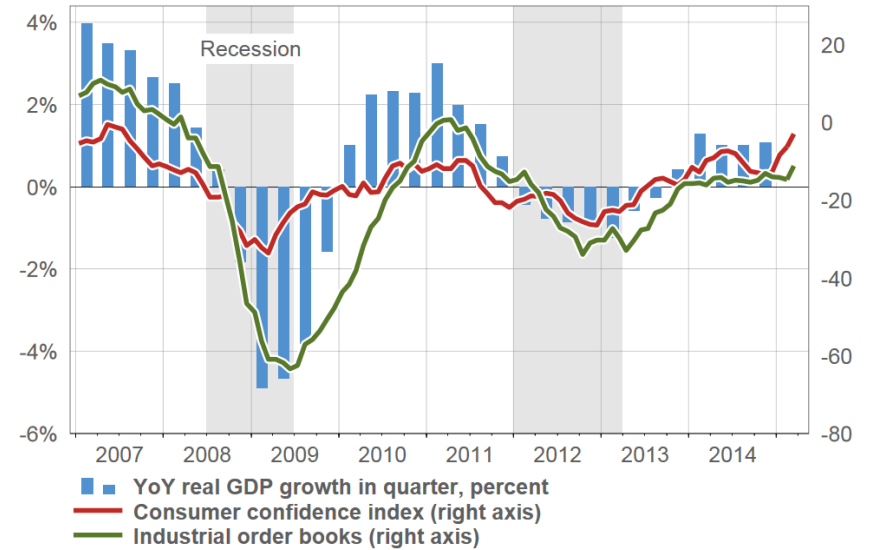


# Market Development

- The slow recovery of the European economy continues; stronger within consumer business than industrial business.
- GDP is expected to grow with 1.8% in the EU, but to decline with 2.6% in CIS during 2015.\*
- Recession and high geopolitical uncertainties in Russia and parts of CIS lead to long lead times for investment decisions.
- The sentiment in the European construction market is developing better than the actual construction output, which has started to show a weakening trend.
- However, most European construction markets are expected to grow and continue to recover in during 2015. The current construction activity also remains strong in Lindab's largest and third largest markets, Sweden and the UK.

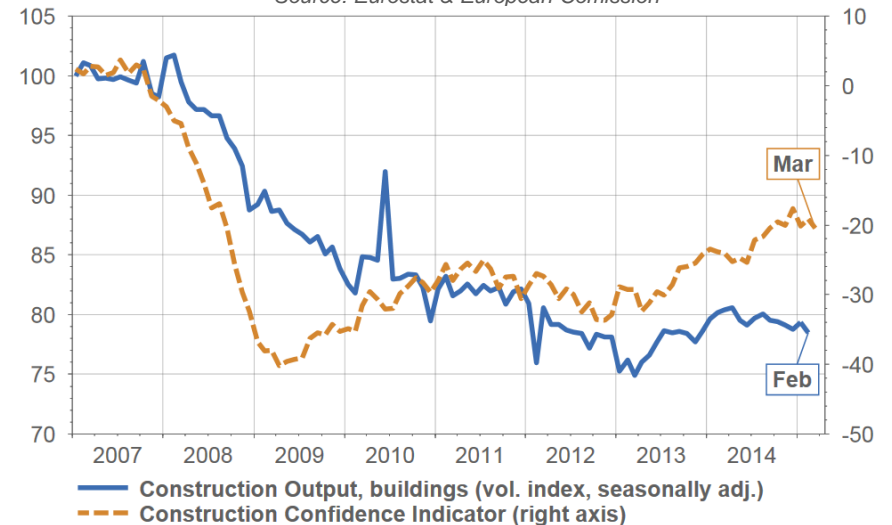
## Economic development in Euro zone

Sources: Eurostat & European Commission



## Construction output & sentiment in EU

Source: Eurostat & European Commission



\*) Source: IMF, World Economic Outlook (Apr 2015)



# Strategy update

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**Market  
Excellence**



**Efficient  
Availability**



**Solutions**



**Innovation**



**People**



## Optimising the flows

### Improved manufacturing footprint

- In Czech Republic, Ventilation manufacturing will be focused to Karlovarska and Building products manufacturing to Hustopece.
- Restructuring in Finland by closing Building products manufacturing in Kyyjärvi and concentrating manufacturing to Jyväskylä and Estonia.
- In Poland Lomianki Building products unit closes and Wieruchów becomes centre of manufacturing and distribution.



*“By focusing on manufacturing the most profitable products in best-cost locations, while subcontracting “non-core” products, we improve our flows and free up space for strategic use. The result is lower costs, higher efficiency and better service levels”*



Market  
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Solutions



Innovation



People

## New branches and sales offices

- Brno, Czech Republic.
- Krakow, Poland.
- Sollentuna, Sweden.
- Dubai, United Emirates, new rep.office.
- Refurbished branches in Ålborg and Åhus, Denmark.

*”Always close, always available.”*

*Owning our distribution means closer relations to our customers, keeping a finger on the pulse everyday.*





Market  
Excellence



Efficient  
Availability



Solutions



Innovation



People

## We are serious about customer success



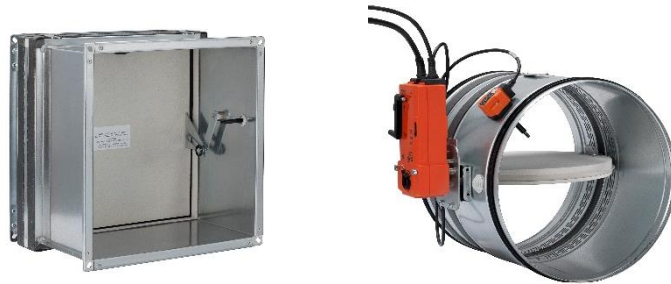
- Supplier of the Year Awards: In Sweden by XL-Bygg. In Denmark by the trade association, Danske Byggecentre.

*"We put high demands on ourselves to provide success for our customers, that is why it is particularly nice when customers feel it, and even choose to reward us with a prize!"*





## Solutions to create a safe environment



### Lindab Protect™

New range of ventilation fire protection systems offering a safe environment



Smoke Control Ventilation is a matter of human safety.

Lindab Smoke Control Systems are ready to install in:

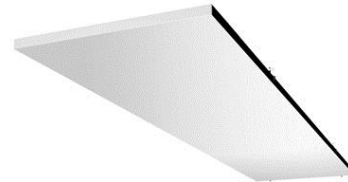
- Hospitals, Care homes
- Hotels, shopping centres
- Underground buildings
- Train stations
- Multistorey parkings

*“The strategic acquisition of MP3 is strengthening the product offering and upgrading competences”*





## Indoor Climate Solutions Success



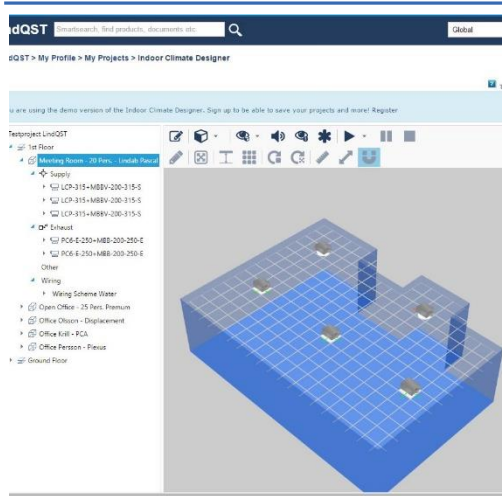
Solus chosen for 16 floor mixed use building in Sweden

- Sleek design with excellent heating and cooling properties makes Atrium Plana an architect favourite. Wider range launched in Q1.
- Germany received its largest chilled beam order to date in the quarter, worth over SEK 4 m.
- Break-through order for Solus, the innovative cooling heating system – up to 45% saving on energy use.

*“Sales of solutions will leverage sales of our other products.”*



# Making it easier for consultants



- Airborne Selector
- Airborne Calculator
- Documentation



- Waterborne Selector
- Waterborne Calculator
- Documentation



- Acoustic Solutions
- Air Duct Systems



Indoor Climate Designer



Wiring scheme configurator



My Projects

Our project planning software, LindQST, makes it easy to visualise and plan the project. It's an advanced web tool to simplify the choice of our air and waterborne products. Now upgraded with a 3D project simulator. All documentation is available directly on the web.

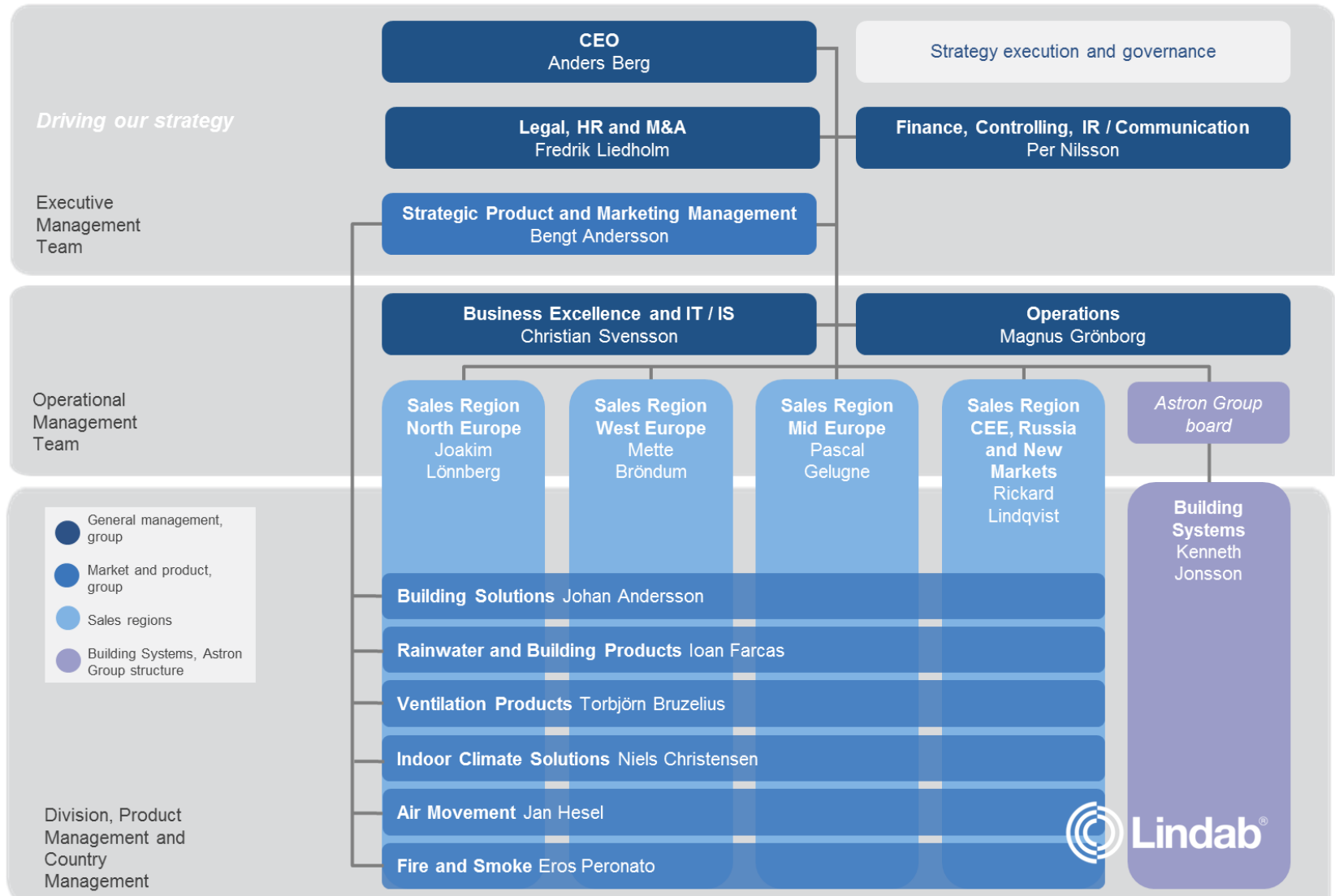
*“Working with specifiers is key to selling solutions”*







# Organisation to deliver on the Strategy





# Building Systems - Activities



Joint Sales Activities Astron and Lindab in Russia.



Africa Focus – section on website.



Best Young Researcher: Energy Efficiency in buildings.





## Building Systems - Activities



Large shipments for Kazakhstan multifunctional base for drilling services boosted the quarter.

**LMR600 Roof System:**  
strong, water-tight  
and long-lasting.

In other words: this is one of the most developed industrial roof systems in the world.  
[www.astron.biz](http://www.astron.biz)

Astron roof system LMR600 won TopBuilder 2015 award for innovative solution.



## Lindab can also be a source of inspiration...

Some creative examples from customers...



The Lindab Knight, produced for an open house event at Finland's leading vocational adult education centre.



"Lindab is not only a solution – but also a source of inspiration"

A customer on social media in Romania.





# Capital Markets Day

## 20 May

### Gothenburg

11 am Novotel  
2 pm Sjömagasinet

# register now!





# Thank You Q&A