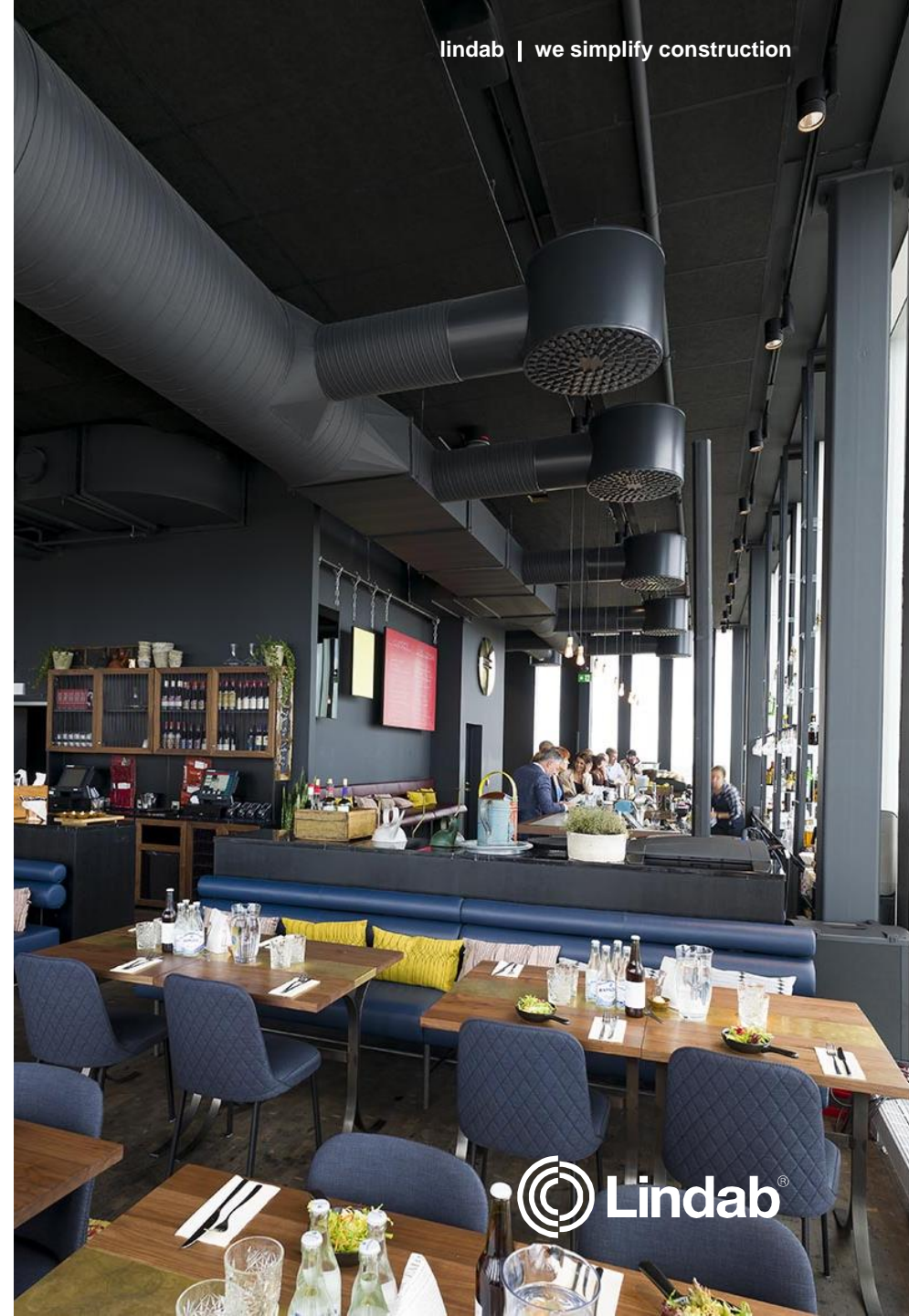





# Lindab Group Q2 2015

*“We simplify construction”*






# Highlights



# Lindab Group – Q2 2015 Highlights

## Growth despite challenges

- Sales increased by 9% compared to last year, 3% when adjusted for currency and structure.
  - Products & Solutions: 10% (3% adjusted)
  - Building Systems: -2% (3% adjusted)
- EBIT amounted to SEK 110 m in Q2 compared to SEK 125 m last year (excluding one-off items).
  - EBIT margin amounted to 5.8% (7.1)
  - Product & Solutions: 7.8% (7.8), EBIT 132 MSEK (120)
  - Building Systems: -1.4% (7.5), EBIT -3 MSEK (16)
- Net profit amounted to SEK 68 m compared to SEK 82 m last year.
- Cash flow from operations improved to SEK 160 m compared to SEK 88 m last year.



# Lindab Group – Q2 2015 Highlights

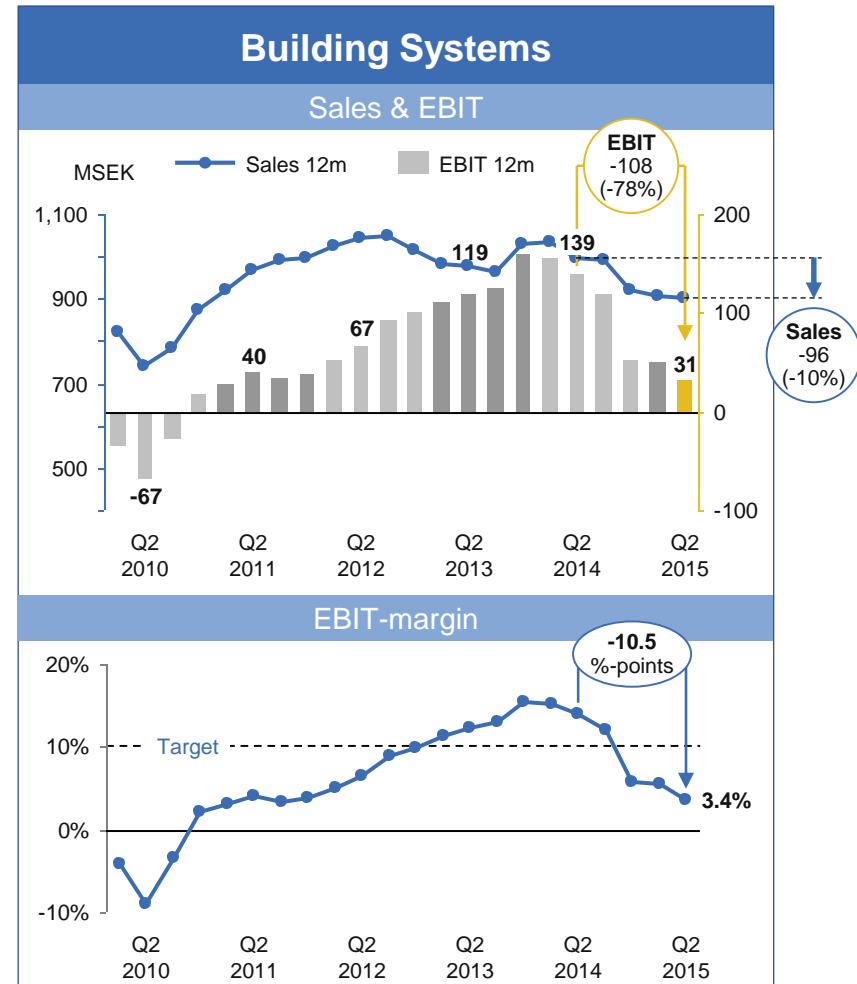
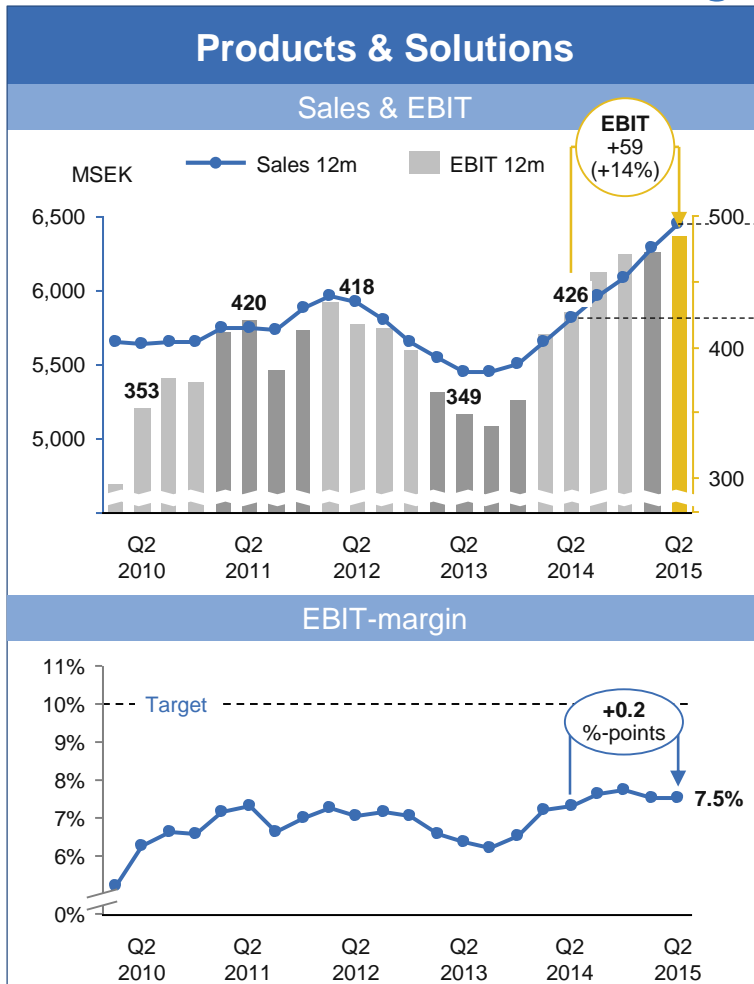
## Growth despite challenges

- The transformation into a fully integrated company gaining momentum.
  - Strengthening the offering for complete ventilation solutions with IMP Klima, Nather and MP3
  - Laying the foundations for an improved distribution model with the development of a Distribution Center concept
  
- Costs for strategic activities, acquisitions and legal proceedings of SEK 10 m
  
- Continued positive development in Products & Solutions.
  - Organic growth for 7<sup>th</sup> consecutive quarter
  - Acquisitions contributing positively and integration processes on plan
  - Re-structuring of production footprint in Kyyjärvi (Finland), Lomianki (Poland) and Karlovarska (Czech republic) on plan
  - France and Switzerland affected by ERP system roll-out in the quarter
  
- Poor market outlook for Russia and Belarus, weak Rouble Y-o-Y (-15%).
  - Strong impact on Building Systems division
  - Continued cautious outlook for this region
  - On-going review of how to further enhance profitability



# Lindab Group

## Two different stories, rolling 12 months



5

Note: EBIT excl. one-off items



# Financials



# Lindab Group

## Profit & Loss Q2 2015

SEK m	Q2 2015	Q2 2014
Sales	1,907	1,757
EBIT*	110	125
EBIT* %	5.8	7.1
Fin net	-7	-13
Tax	-35	-29
Net profit	68	82

Sales growth	9%
Structure	3%
Currency effect	3%
Organic	3%

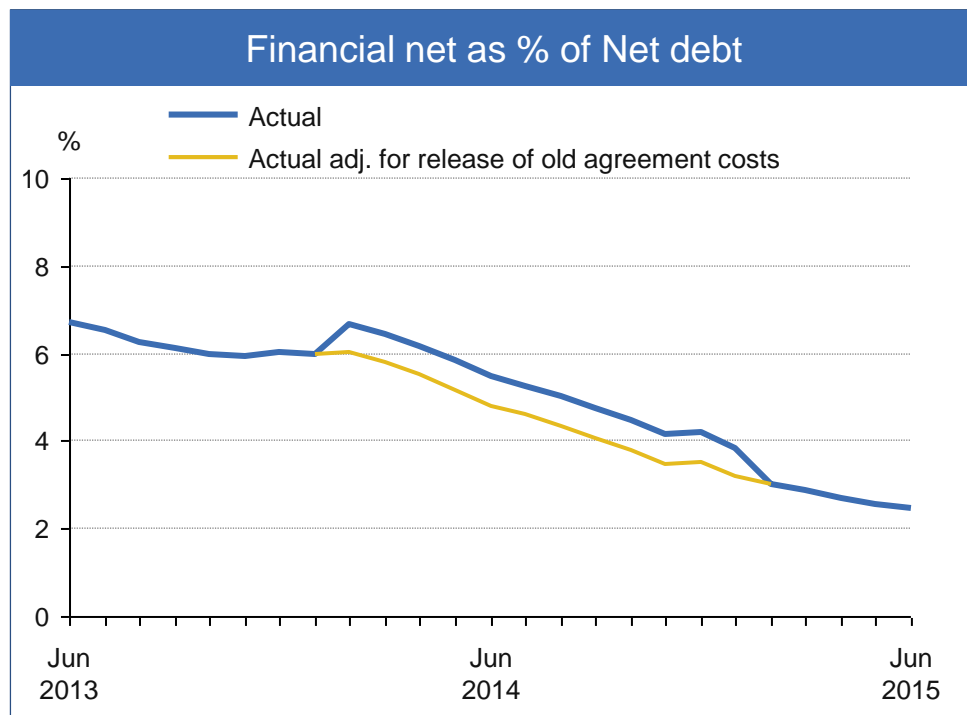
\*) EBIT excluding one-off items of SEK 0 m in Q2 2015 and SEK -1 m in Q2 2014, net profit not adjusted

- For the seventh quarter in a row, sales increased organically compared with the corresponding quarter previous year.
- The lower EBIT compared to the same period last year is primarily explained by weak trend in profit in Building System. The operating profit has also been affected by costs resulting from strategic activities, acquisitions and ongoing internal review of fraudulent activities in the Hungarian business unit by approximately 10 MSEK.



# 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 Q2 2015

SEK m	Q2 2015	Q2 2014
Cash flow from		
- operating activities	175	157
- change in working capital	22	-34
- investing activities	-35	-35
- financial net paid	-7	-13
- tax paid	-30	-22
<b>Free cash flow</b>	<b>125</b>	<b>53</b>
<b>Adjusted free cash flow*</b>	<b>135</b>	<b>53</b>

\*) Adjusted for acquisitions (2015)

- The improved cash flow is mainly explained by the development in working capital.
- Net debt end of June amounted to SEK 1,957 m (1,998).



## Lindab Group

### Cash flow Q2 – working capital development

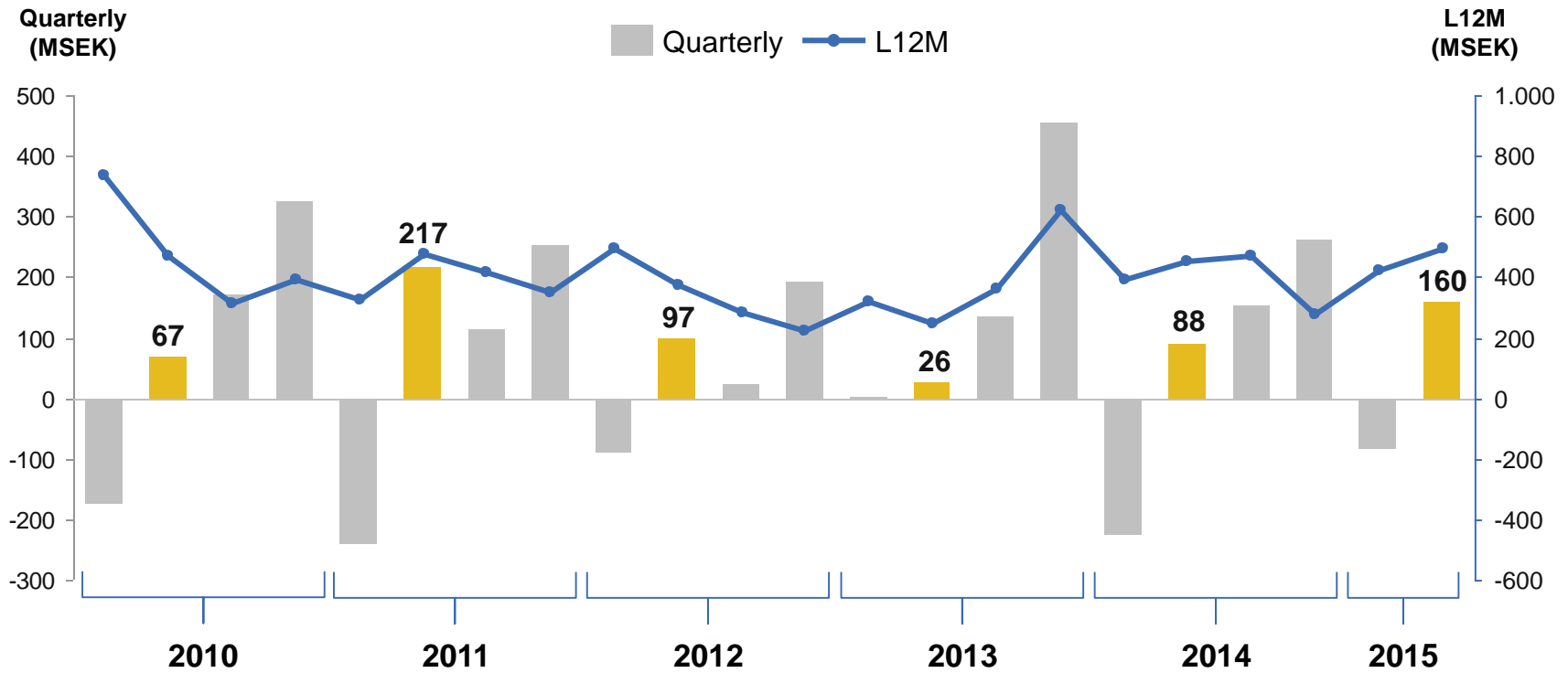
SEK m	Q2 2015	Q2 2014
Stock	44	-31
Operating receivables	-85	-142
Operating liabilities	63	139
<b>Total change in working capital</b>	<b>22</b>	<b>-34</b>

- The change in stock is attributable to active work to increase the stock turnover rate but also due to the fact that the stock levels at the beginning of the quarter were relatively high.
- The development in operating liabilities is attributable to an accrual effect of accounts payable and higher advance payments from customer within Building Systems in the corresponding quarter previous year.



# Lindab Group

## Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 493 m



# Segments



## Products & Solutions

### Profit & Loss Q2 2015

SEK m	Q2 2015	Q2 2014
Sales	1,699	1,545
EBIT*	132	120
EBIT* %	7.8	7.8

Sales growth	10%
Structure	3%
Currency effect	4%
Organic	3%

\*) excluding one-off items of SEK 0 m in Q2 2015 and SEK 0 m in Q2 2014

- In the Nordic region, which is the segment's largest region, all markets had strong sales in the quarter, especially Denmark and Finland.
- All product areas, except Rainwater & Building Products showed growth in the quarter. However, the "flagship product" Rainline, showed positive development. The sales trend for Indoor Climate Solutions remain particularly strong.
- The operating profit increased in the quarter, while the operating margin was in line with the second quarter last year. The improvement in operating profit is explained by higher volume and reduced costs, while a lower gross margin in comparison affected the result negatively.



## Building Systems Profit & Loss Q2 2015

SEK m	Q2 2015	Q2 2014
Sales	208	212
EBIT*	-3	16
EBIT* %	-1.4	7.5

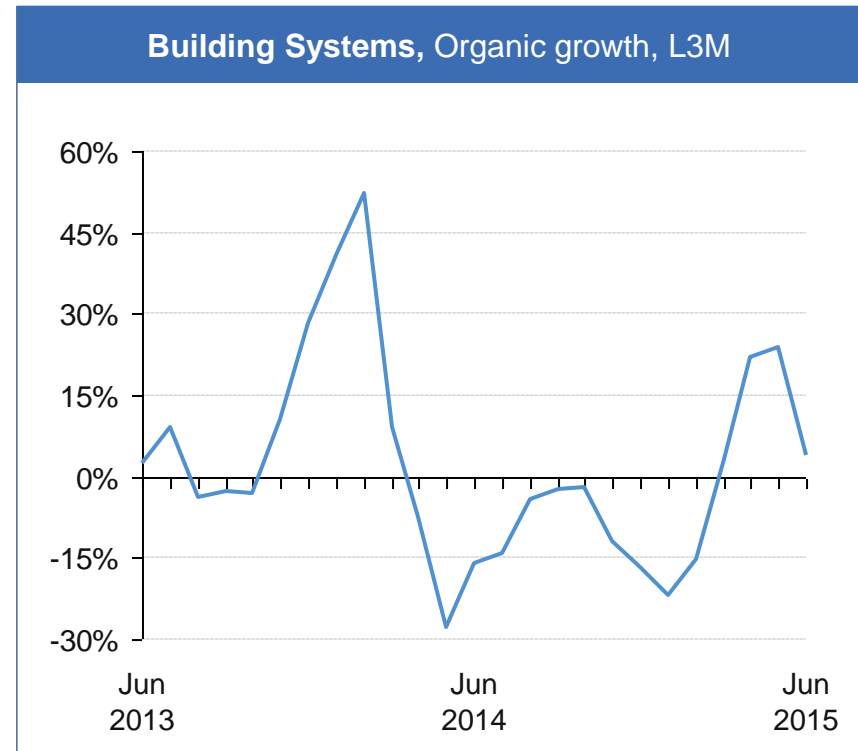
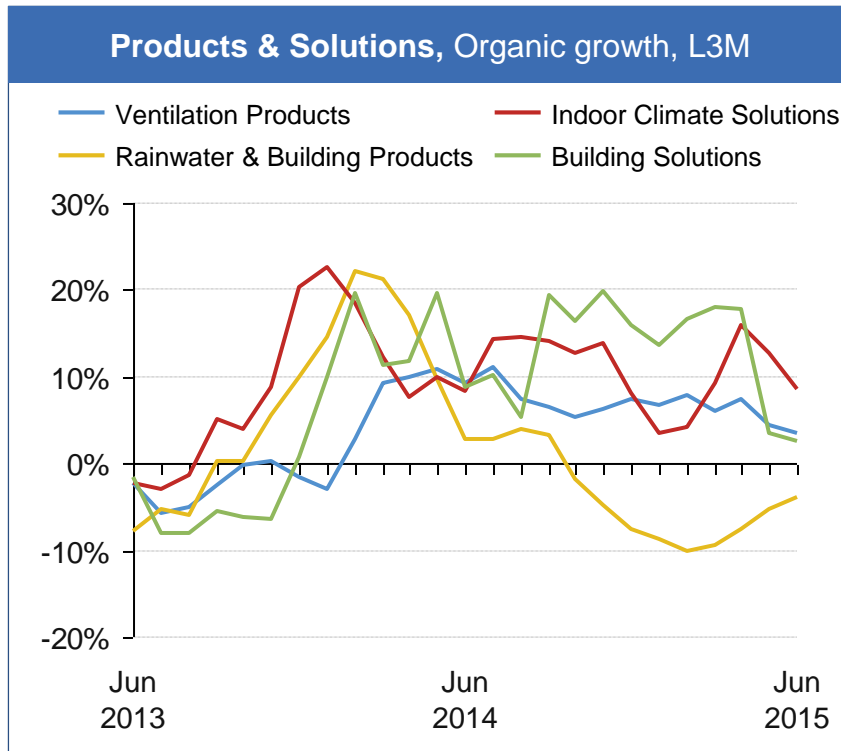
Sales growth	-2%
Structure	0%
Currency effect	-5%
Organic	3%

\*) excluding one-off items of SEK 0 m in Q2 2015 and SEK -1 m in Q2 2014

- The higher sales in the quarter, adjusted for currency, are explained by large project deliveries to Kazakhstan and continued positive growth in Germany. The continued unrest in the CIS region is resulting in weak underlying demand and lower gross margins.
- Order intake was somewhat higher than for the corresponding quarter last year.
- Profitability for Building Systems has large exposure to Russia and rest of the CIS, where the general uncertainty in conjunction with the weakening of the rouble, continue to have a negative effect on the margins and the result.



## Sales development by product areas

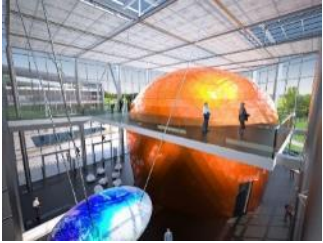


- Sales of Indoor Climate Solutions continued to grow strongly for Products & Solutions.
- Sales in Building Systems, adjusted for currency, increased in the quarter, to large extent explained by continued positive sales trend in Germany. Market conditions remain tough in CIS, and the main growth driver has been some larger project shipments to Kazakhstan.



Showcase project in Q2

## Products & Solutions



ELI-ALPS research facility being built in Szeged, Hungary will provide a wide range of ultrafast light sources for the scientific community.

The project has the highest tightness requirements for ventilation, class D. So far Lindab has been chosen to deliver ducts and fittings, dampers and air flow controls as well as fire and smoke protection for a value of EUR 700,000. Furthermore, The clean room technology has been specified for IMP Klima, now acquired by Lindab.

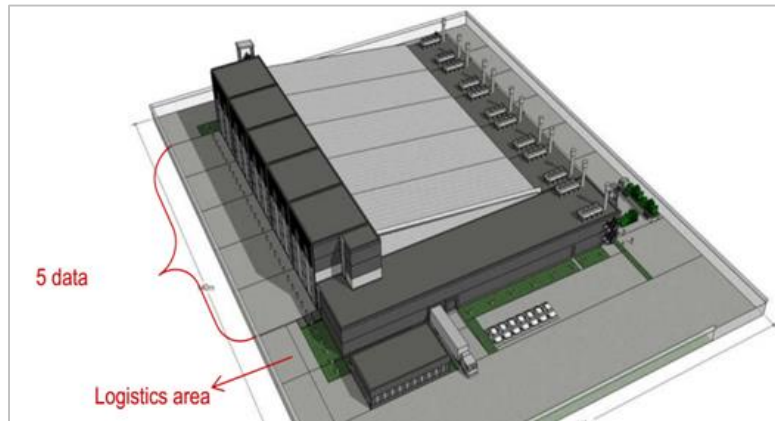
*”Working close to the designers providing support all through the process is key to the success”*





Showcase projects in Q2

## Building Systems



### Large orders >10 MSEK:

- Manufacturing, Cevital, SEK 70 m, 280,000m<sup>2</sup>, Algeria
- Data centre, Yandex, SEK 34 m, 5.000m<sup>2</sup>, Russia (pictured top)
- Manufacturing, assembly-line, Airbus Helicopters, SEK 16 m, 8,120m<sup>2</sup>, Romania (pictured bottom)
- Manufacturing, Ferrowohlen, SEK 12 m, 8,550m<sup>2</sup>, Switzerland



# Outlook

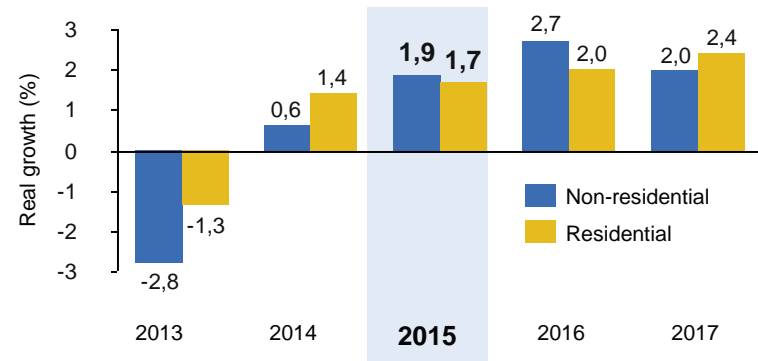


# Market Development

- Continued slow economic recovery in Europe.
- Euroconstruct forecast the European construction market for buildings to grow with 1.8% in 2015 and 2.3% in 2016.
- Though, recession and high geopolitical uncertainties in Russia and parts of CIS.
  - Construction industry one of the worst hit sectors as investment decisions are delayed
- The rouble strengthened in the beginning of the year but has since mid-April once again weakened.
- Sales development not necessarily restrained by underlying market as the market penetration can be improved in many markets.

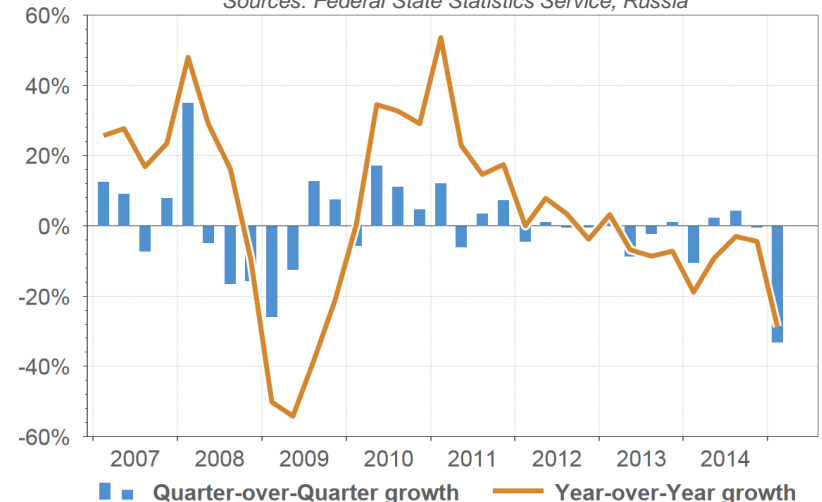
### Forecast: European construction market

Source: Euroconstruct (Jun -15)



### Russian gross investments, seasonally adj.

Sources: Federal State Statistics Service, Russia





# Strategy update

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**Market  
Excellence**



**Efficient  
Availability**



**Solutions**



**Innovation**



**People**



Seeing is believing - the effects of choosing a strategy

## Strong internal commitment, a prerequisite for success

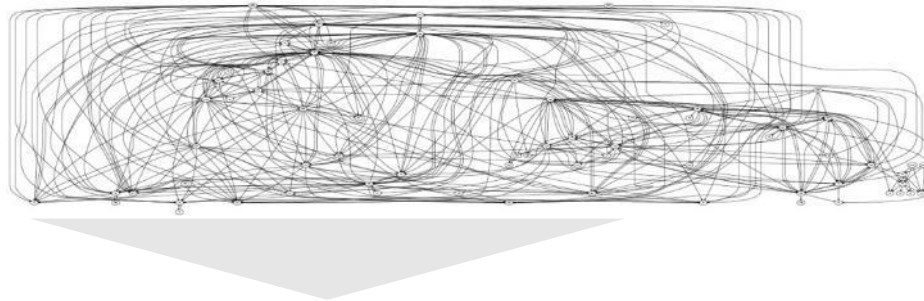




Further development of Lindab's distribution with new conceptual approach

## Mapping of all transactions identified opportunities

Analysis of internal transaction flow in "old business areas" where factories serve as "distribution hubs"



### Before:

- Challenge to coordinate supply chain
- Unnecessary inventory
- Challenge to effectively reduce costs



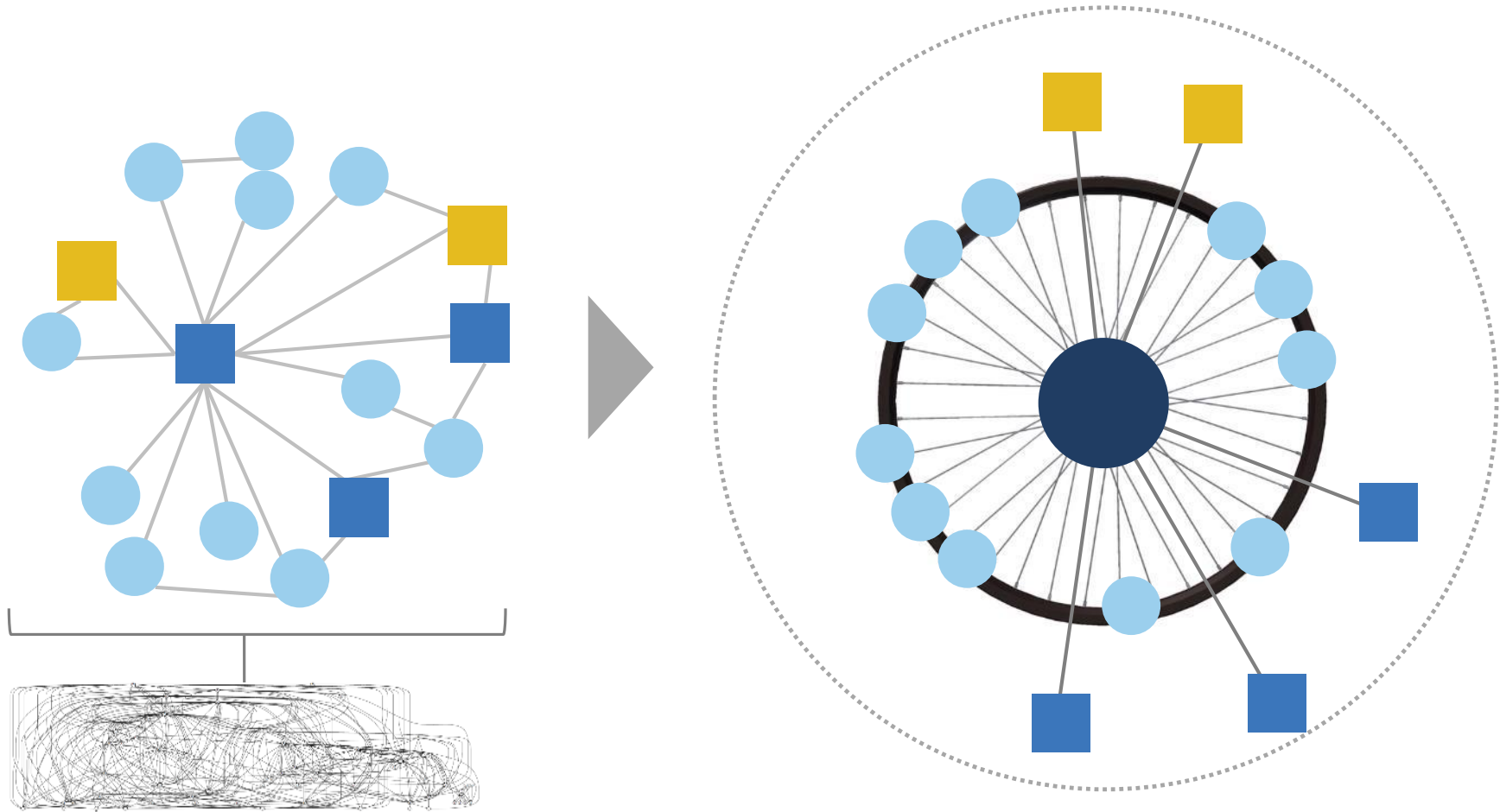
### With New Distribution Centre:

- Increased availability of products
- Increased productivity in supply chain
- Reduced working capital and cost



Further development of the distribution in Lindab with new conceptual approach

## Establishment of distribution center





New focus same basics

# Transformation into a fully integrated company

*Additions that take us a step further ...*

*... to capturing trends and fulfilling customers' needs ...*

**NATHER**

 **Lindab**<sup>®</sup>  
IMP Klima

 **MP3**  
advanced air solutions



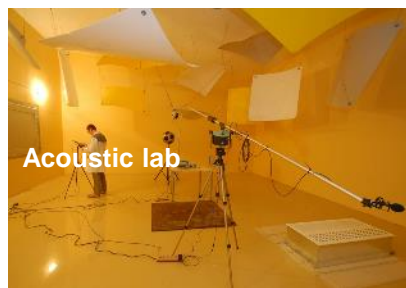
*... and bringing more value to more people.*





Strengthening solutions – acquisition of IMP Klima

## Transformation into a fully integrated company



Strategic acquisition of Slovenian IMP Klima adding important competence i.a. within Air Handling Units and strengthening market positions.

Strong drive and commitment from IMP Klima to integrate into Lindab:

“We are extremely happy to be part of Lindab, where our know-how can reach its full potential”

*“As a systems provider, we offer innovative and low-energy solutions for larger global projects focused on living comfort and the sustainable development of natural and social environments”*





Strengthening solutions – acquisition of IMP Klima

## Transformation into a fully integrated company



- Acquisition of IMP Klima, founded early 1960's.
- IMP Klima has its registered office and principal business in Slovenia, with units for production and a modern research and development centre with 15 ventilation labs.
- Turnover amounted to around EUR 25.6 million in 2014 and the business employs approximately 360 employees, area of about 70 000 m<sup>2</sup>.
- High quality, competence and very strong brand.



Klimatec: (AHU) non residential program, the newest AHU have very good technical performance according to the Eurovent certifications

Floor convectors: an exciting product line (heating, cooling, **ventilation**) to be bundled with the present water based ICS products

Filtration and diffusion: product line with both distribution and project products and solutions which will give us access to large projects with major key accounts

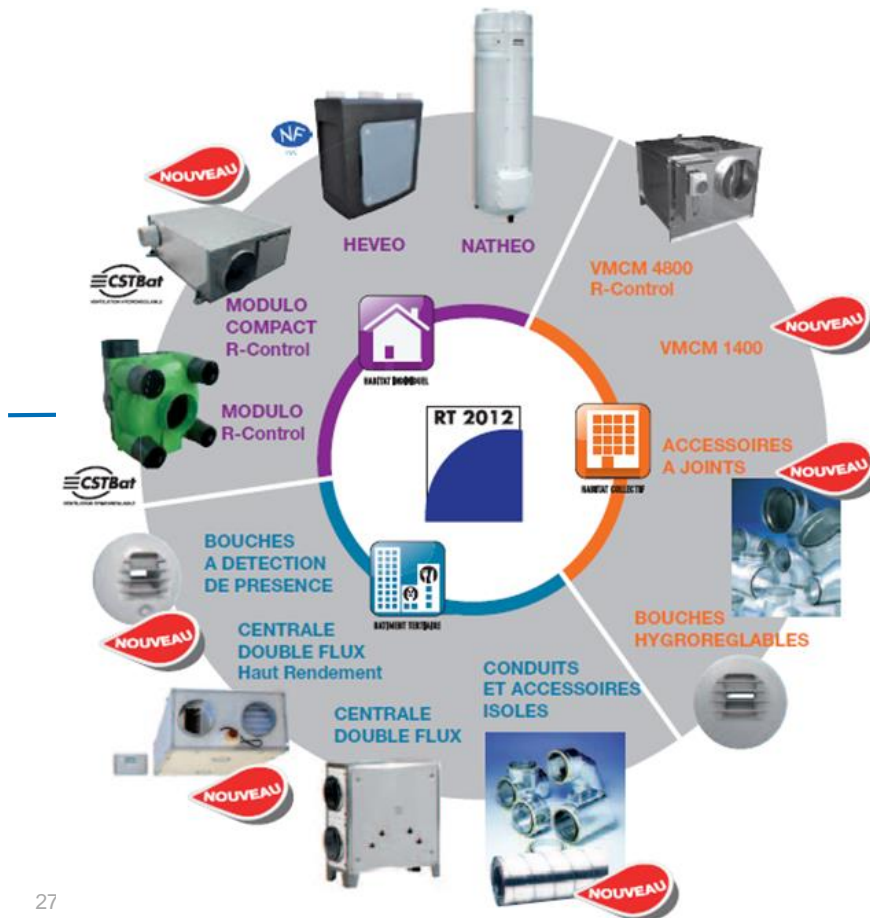




Strengthening our market position – acquisition of Nather

## Adding Residential Ventilation in France and neighbouring countries

- Strong competence in residential ventilation solutions.
- Located near Lyon area, France, 17 employees, t/o SEK 45 m.
- Flagship product: in-house design and assembly of fan boxes.
- Strengthening market position in France, Switzerland, Italy for the residential segment, both new build and renovation.



*“Strengthening our offering and position in the fast-growing residential and light industrial ventilation market means covering “white spots” and will bring benefits to customers by delivering complete solutions.”*



# Strengthening Solutions – a perfect strategic fit MP3 Integration on plan

Structured introduction process including technical and commercial training. Five countries active and five more well underway.

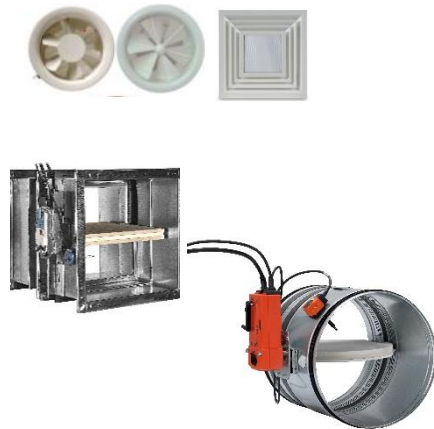
*“Lindab now proudly presents fire protection expertise as part of the Lindab offering. Selling more complete solutions and giving our customers first-class fire protection is in the very best interest of everyone.”*





# More choices and opportunities for our customers already now in 2015 Additions of many new exciting products

Fire dampers  
Air diffusion  
Smoke evacuation  
systems



AHU  
Air diffusion  
Floor convectors  
Clean room technology  
Chillers and filters



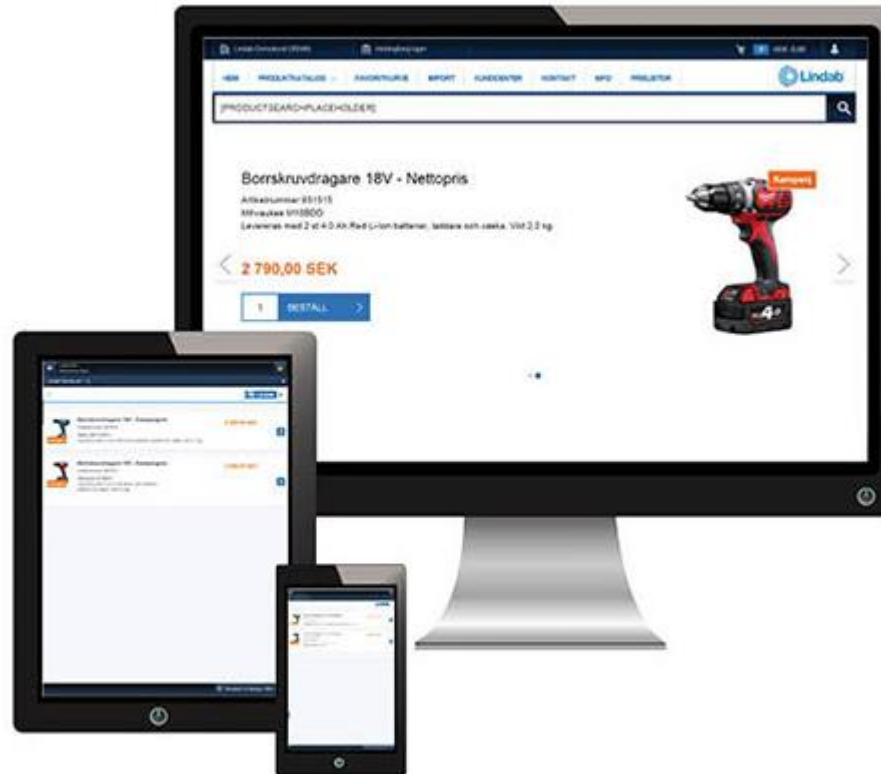
Fan boxes  
Residential ventilation





Always Close – Always Available

## Improved webshop launched in 5 countries



- Simplified, modern layout
- Effective, smart search
- Open for all visitors
- UK, Sweden, Denmark, Norway and Finland

*“Always close, always available.”*

*Simplifying ways of working and purchasing for our customers is central to our business idea.”*



# Innovations for Customer Success



## Munio - Climate solution for hotels

- Compact with high cooling capacity
- Easy installation, low maintenance



## Refurbishment panel

- Mounted on existing surface
- Insulates, protects, looks great



## Lindab Art Designer

- Design perforated on façade cassettes
- Customised design

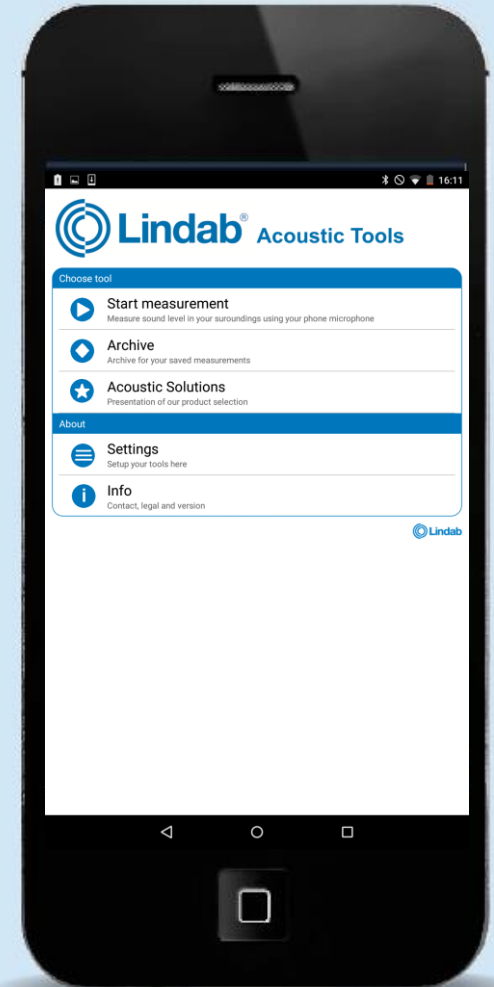
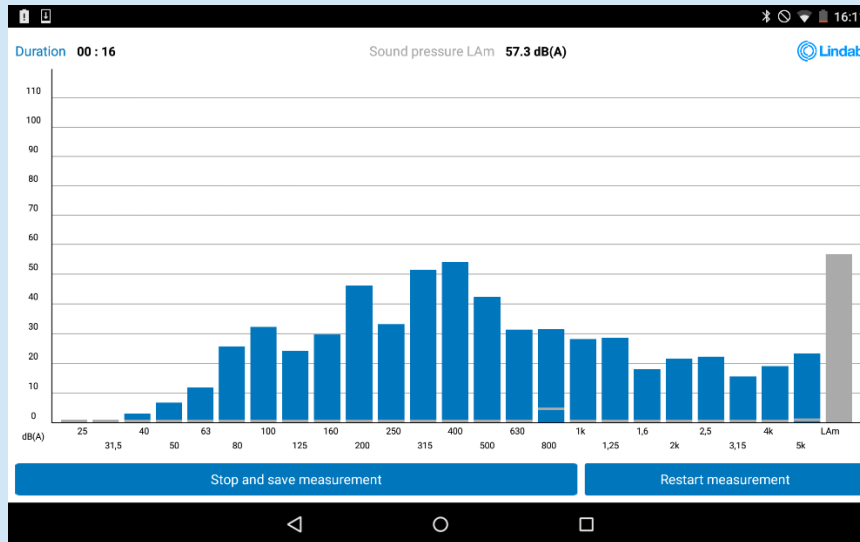


# Software Development - Strategic Product Management

## Coming Soon...

## Lindab Acoustic Tools

### An app to measure







# Software Development – Strategic Product Management Coming Soon...

## TeknoSIM 5.0

### A tool to simulate Indoor Climate

The screenshot displays the TeknoSIM 5.0 software interface. On the left, a 'Project' window shows a map of Sweden with location pins. The main window features a 3D model of a house with a green roof and blue walls. Below the model is a table of construction elements with their properties.

#	Construction	U-Value [ W/m² K ]	Thermal capacity [ J/kg K ]	Direction [ ° ]	Roof angle [ ° ]	Shading factor
2.25	Plaster, Insul. 170mm, Brick (default)	0.22	3.00	90(E)		
30.00	Plaster, Insul. 170mm, Brick (default)	0.22	3.00	90(E)		
6.25	Double-glazed window, clear glass (default)	3.00				
6.25	Double-glazed window, clear glass (default)	3.00				
30.00	Plasterboard 70mm, Insulated(default)	0.48	3.00			
2.25	Plasterboard 70mm, Insulated(default)	0.48	3.00			
20.00	Concrete 200mm, Uninsulated (default)	2.51	64.00			
17.21	Wood framing 195 mm, dark roof (default)	0.21	3.00	90(E)	36.00	
17.21	Wood framing 195 mm, dark roof (default)	0.21	3.00	90(E)	36.00	
6.25	Double-glazed window, clear glass (default)	3.00				
6.25	Double-glazed window, clear glass (default)	3.00				

On the right, two graphs show simulation results for a 'Sample room':

- Temperature Summer Conditions:** A line graph showing outdoor temperature (red), room air temperature (green), and operating temperature (blue) over 24 hours. The room air temperature fluctuates between approximately 15°C and 25°C.
- Heating Balance Summer Conditions:** A line graph showing heat gain from solar radiation (red), gain from lighting/devices/persons (green), and transmission through windows (blue) over 24 hours. The total gain peaks at approximately 10,000 W around 10:00.

Below the graphs, a 'Misc' table provides room parameters:

Property	Value
Area	400
Construction	Concrete 200mm, Uninsulated
Infiltration	0.2
Name	Floor 1
Room	Sample room
RoomTempSummer	20
RoomTempWinter	10
RoomZone	0
Type	Floor





# Software Development – Strategic Product Management LindQST.com

## Always up-to-date online quick selection Tool to find, calculate and simulate

**lindQST**  Global

lindQST > Fire protection > Fire dampers > Product calculator

**Technical data**

Product name	WK25
Width	450
Height	450
Airflow $q_{v1}$	10 m <sup>3</sup> /h
Airflow $q_{v2}$	2000
Total pressure loss $\Delta p_{t1}$	10 Pa
Sound power $L_{w1}$	53 dB(A)
Velocity $v$	0.28 m/s

Pressure and sound power diagram

Calculate

**WK25 450x450**

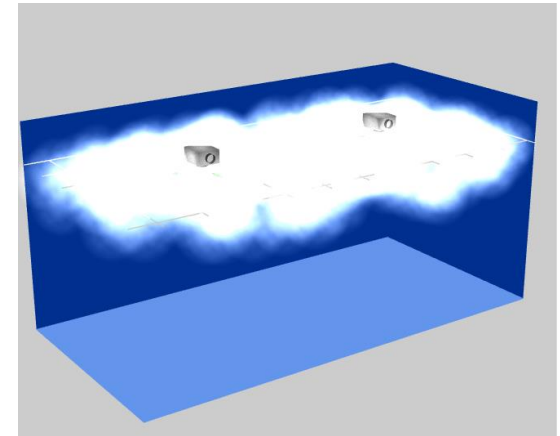
Product description | Related documents

Rectangular fire damper for air duct system that penetrates fire resistance walls or floors. With 25 mm thick closing blade made from refractory material. Casing leakage performance class C according to Standard EN1751:2014 section C.3.

[DEVELOPMENT] To results

**Page 24**

Sound range		dB(A)
Critical length	1.5	m
Air jet velocity	0.33	m/s



**Versammlung**

Sound range	36-37	dB(A)
Critical length	3.2	m
Air jet velocity	0.24	m/s

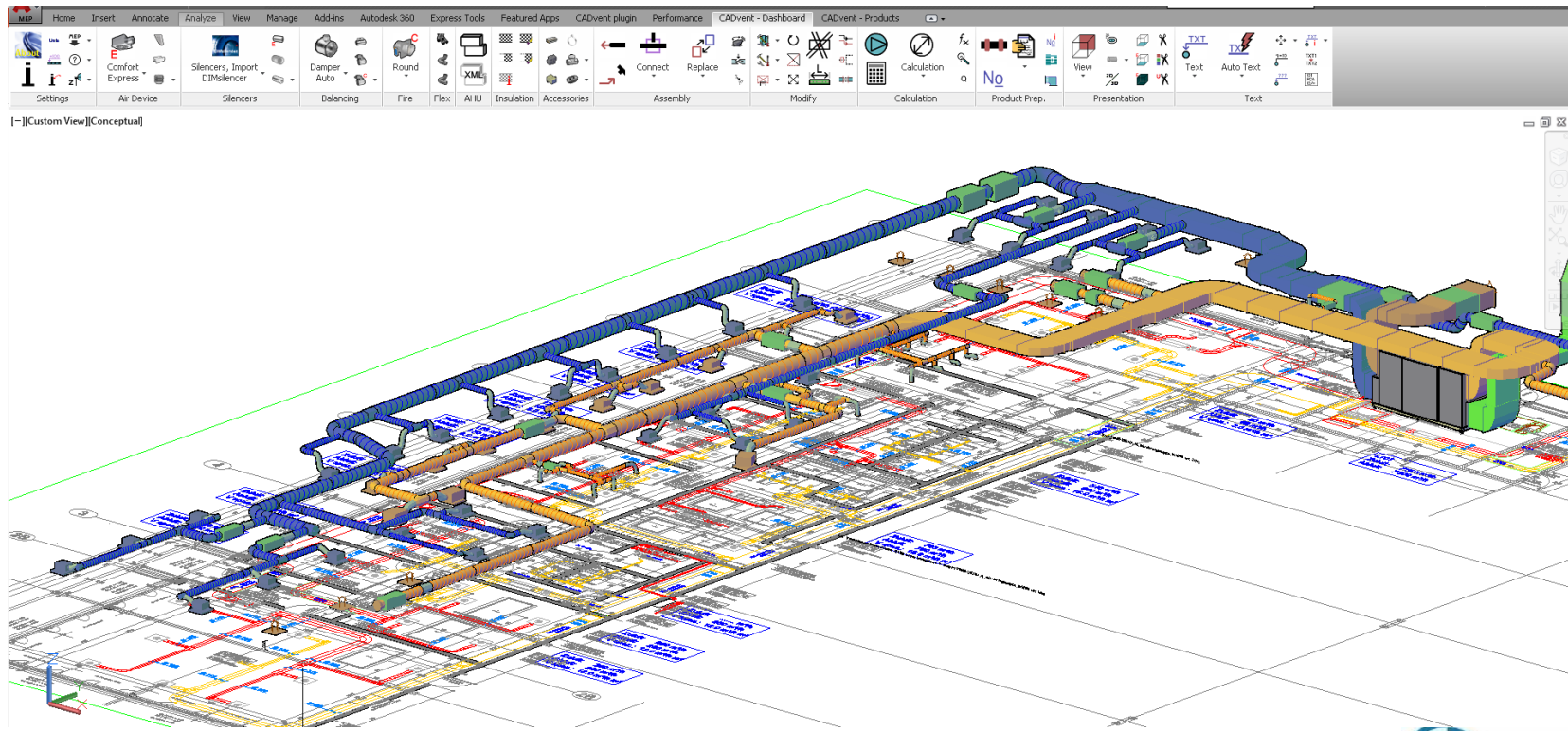
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# Software Development – Strategic Product Management Coming Soon - CADvent 7.0

## Tool to design and calculate ventilation solutions





# Thank You

## Q&A