



# Lindab Group Q3 2015

*“We simplify construction”*





# Summary of Q3 2015

## Highlights

- Strong sales within our Ventilation and Indoor Climate business, validating the strategic focus on Complete Ventilation Solutions. Increased earnings for the 8th consecutive quarter. Both sales and earnings now on levels similar to top levels 2008
- Weaker July than expected – low construction activity in large markets (last year comparisons also boosted by "one-off" project in Azerbaijan), but a strong second half of the quarter
- September sales on All Time High for Sweden, Norway and Ireland
- For Products and Solutions, for the eighth consecutive quarter, organic sales and operating profit increased compared to previous year
- Building Systems still very challenging markets in the CIS, but successful efforts to diversify market presence ongoing, order intake up by 30% YoY



# Lindab Group – Q3 2015 Highlights

## Strong Momentum in Ventilation

- Sales for Lindab Group increased by 5% compared to last year, -1% when adjusted for currency and structure
  - Products & Solutions: 11% (2% adjusted)
  - Building Systems: -26% (-20% adjusted)
- EBIT for Lindab Group amounted to SEK 205 m in Q3 (205). Excluding one-off items the figures are 175 m in Q3 compared to SEK 210 m last year
- EBIT margin amounted to 8.7% (11.0%)
  - Product & Solutions: EBIT SEK 186 m (174), 10.3% (10.7%), lower margin explained by currency and structure
  - Building Systems: EBIT SEK -4 m (35), -1.9% (12.6%), lower margin explained by continued challenging market situation in CIS
- Net profit for Lindab Group amounted to SEK 146 m compared to SEK 145 m last year
- Cash flow from operations amounted to SEK 117 m compared to SEK 153 m last year



# Progress in strategy execution

Prioritised projects well underway



Market  
Excellence

## Focus on developing distribution and covering white spots in core markets

- Divestment of Lindab Inc.
- Acquisition of branch in Marseille, France, and new branch in Aberdeen, UK
- Leveraging our own distribution and sales channels to sell more add-ons (tools, fasteners, PPE etc) as well as complementary products and cross-selling



Solutions

## Strong focus on complete ventilation solutions is yielding results

- In Q3 sales of our ventilation and indoor climate offering showed record sales since 2009, now representing ~ 60% of Group sales, several new project show the direction
- Acquired companies contributing to complete the solution offering, development on track
- Strong focus on developing state-of-the-art energy efficiency solutions (Pascal, Solus)



Efficient  
Availability

## Focus on optimising flows for better customer service and cost

- Project with Distribution Center in North Europe on plan
- Automation investment in Karlovarska decided and re-structuring of Finnish operations completed
- Further development of synergies in production footprint being evaluated

# Progress in strategy execution

Prioritised projects well underway



People

## Focus on having the best team and culture to deliver on the strategy

- Diversity – a success factor – new policy decided and being adopted
- Strengthen competence within solution sales and R&D
- Strengthen performance management – group wide system and common process



Innovation

## Creating a platform for future growth and higher margin offerings

- Strategic Innovation Manager recruited with broad scope of "Energy Efficiency"
- Addition of strong R&D and platform for innovation within specialist areas such as Air Handling Units and Fire & Smoke protection through recent acquisitions
- Development of software tools to simplify the design phase for important influencers



## Still challenging for our division in Building Systems, but signs of gradual improvements with bookings up by 30% in Q3 YoY

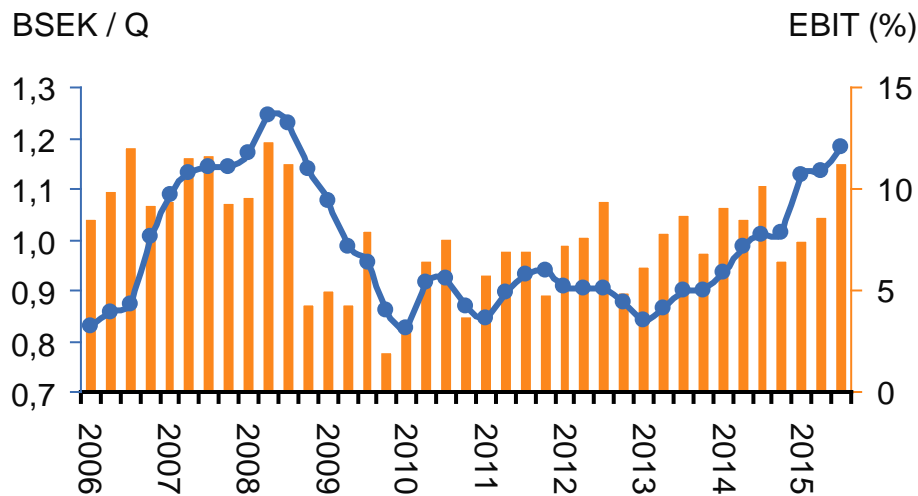
- Market diversification plans continue with positive development in Africa
- Short term, activities still do not off-set the sharp decline in our CIS markets
- Analysis of overall direction and structure of our business in concept buildings and related building products



# Progress in strategy execution

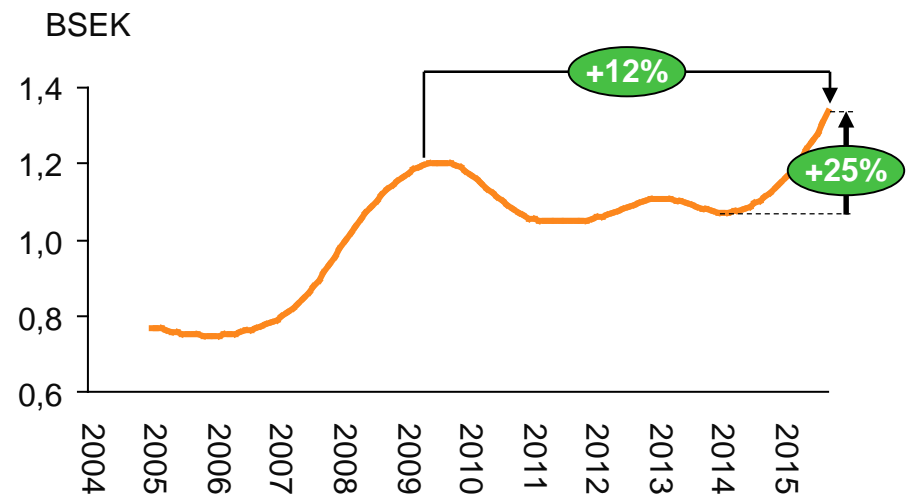
Prioritised projects well underway – example from Solutions and Market Excellence

## Lindab's complete indoor climate and ventilation business



- Blue line showing quarterly sales in BSEK and orange bars showing EBIT-margin per quarter of the complete indoor climate and ventilation business
- Quarterly follow-up of the complete indoor climate and ventilation business since 2006 show both sales and margins increasing towards levels of 2008 and above "pre-crisis" levels

## Focus area "Solutions" sales development



- Sales development of product groups defined as "solutions", orange line showing yearly sales on a 12 months trend
- 12 months trend, hence, acquisitions not yet with full impact
- Margin development in line with plans



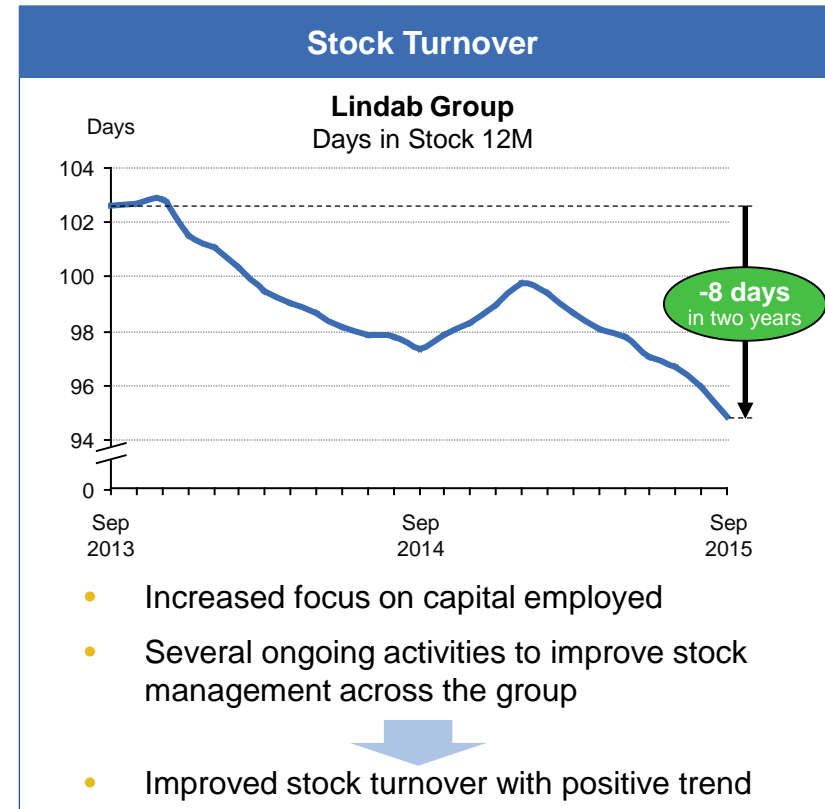
# Progress in strategy execution

Prioritised projects well underway – Example from Efficient Availability

### Distribution Center (DC) in Grevie



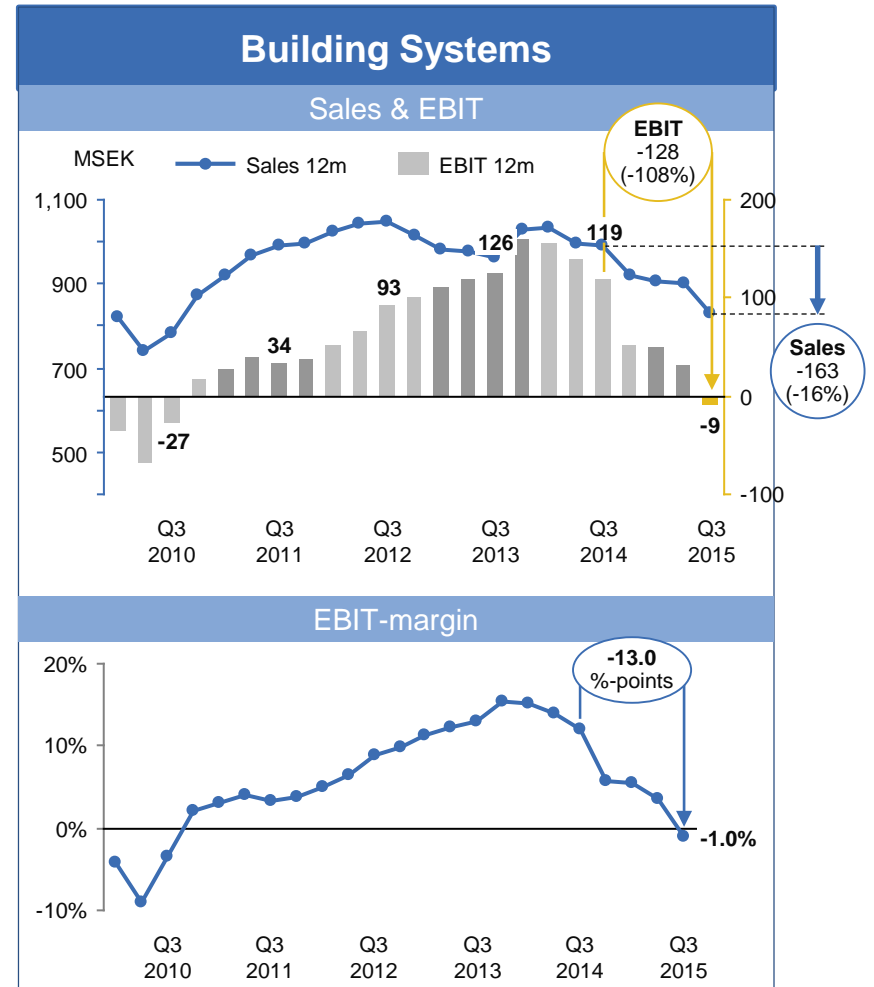
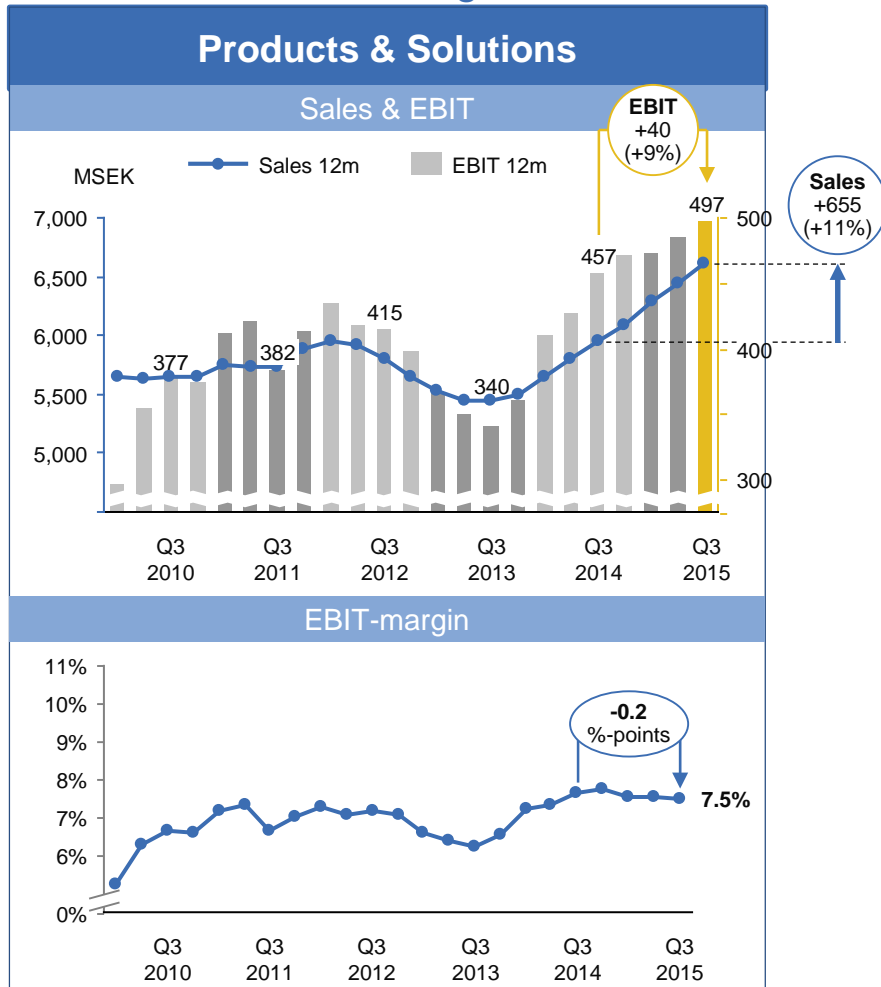
- Building permit obtained
- Planning phase for ground work and building ongoing
- Several supporting projects to create maximum impact from DC





# Lindab Group

## Two different stories, rolling 12 months



Note: EBIT excl. one-off items





# Financials



# Lindab Group

## Profit & Loss Q3 2015

SEK m	Q3 2015	Q3 2014
Sales	2,008	1,904
EBIT*	175	210
EBIT* %	8.7	11.0
Fin net	-10	-12
Tax	-49	-48
Net profit	146	145

Sales growth	5%
Structure	5%
Currency effect	1%
Organic	-1%

\*) Unadjusted EBIT is SEK 205 m (205). EBIT in table above is excluding one-off items of SEK 30 m in Q3 2015 and SEK -5 m in Q3 2014, net profit not adjusted.

- Topline sales increased compared to the same period last year, while organic sales declined. The decrease is explained by weak sales for Building Systems in the quarter
- The lower EBIT compared to the same period last year is primarily explained by weak trend in profit for Building Systems



# Lindab Group

## Cash flow Q3 2015

SEK m	Q3 2015	Q3 2014
Cash flow from		
- operating activities	194	236
- change in working capital	-38	-54
- investing activities	-48	-32
- financial net paid	-11	-12
- tax paid	-28	-17
<b>Free cash flow</b>	<b>69</b>	<b>121</b>
<b>Adjusted free cash flow*</b>	<b>90</b>	<b>125</b>

\*) Adjusted for acquisitions and divestments (2014/2015)

- The change in cash flow is primarily attributable to a lower cash flow from operating activities
- Net debt end of September amounted to SEK 1,922 m (1,883)



# Lindab Group

## Cash flow Q3 – working capital development

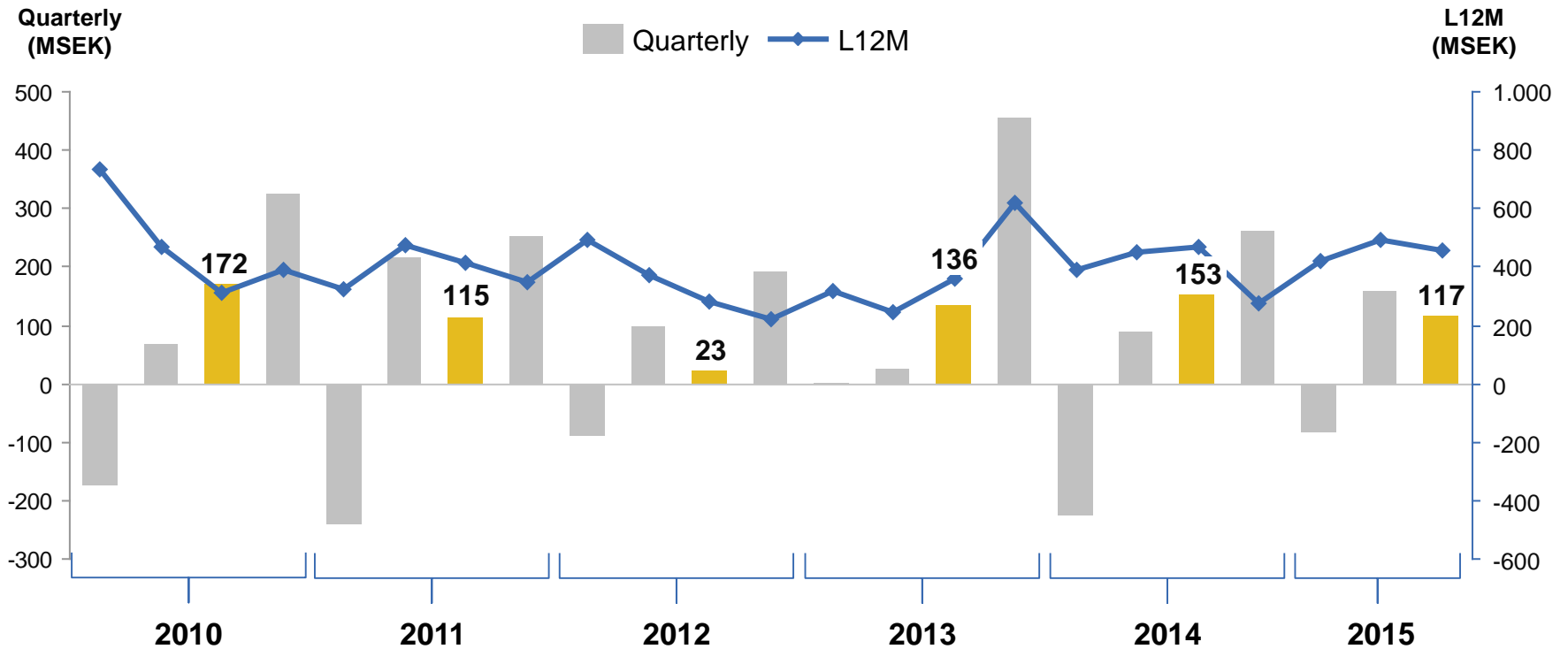
SEK m	Q3 2015	Q3 2014
Stock	23	-53
Operating receivables	-127	-89
Operating liabilities	66	88
<b>Total change in working capital</b>	<b>-38</b>	<b>-54</b>

- The change in stock improved, which is attributable to activities to increase the stock turnover rate
- The development in operating receivables primarily concerns accounts receivables resulting from increased sales



# Lindab Group

## Operating cash flow trend



- L12M cash flow from operating activities amounted to SEK 457 m



# Segments



# Products & Solutions

## Profit & Loss Q3 2015

SEK m	Q3 2015	Q3 2014
Sales	1,802	1,627
EBIT*	186	174
EBIT* %	10.3	10.7

Sales growth	11%
Structure	6%
Currency effect	3%
Organic	2%

\*) Unadjusted EBIT is SEK 229 m (169). EBIT in table above is excluding one-off items of SEK 43 m in Q3 2015 and SEK -5 m in Q3 2014, net profit not adjusted.

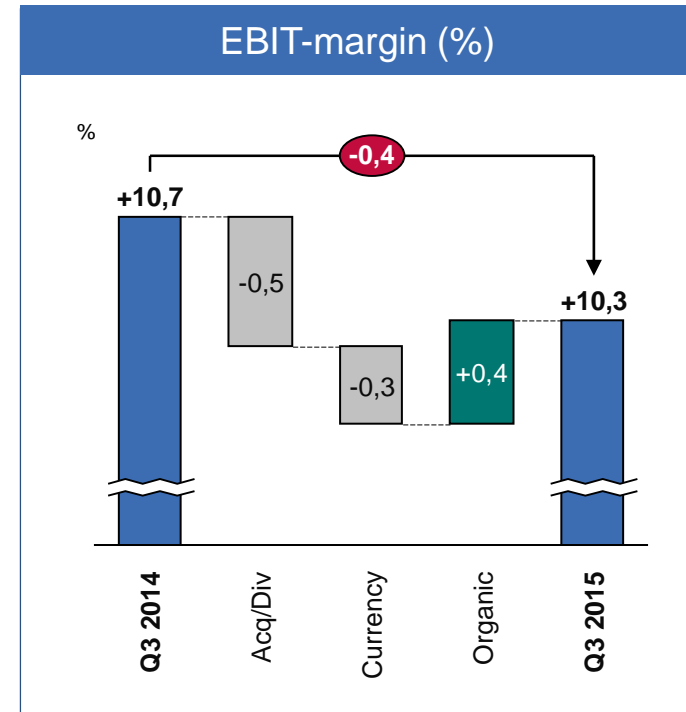
- For the eighth consecutive quarter, both organic sales and operating profit increased compared to the same period the previous year
- The organic growth was primarily driven by good development in the Nordic region
- The improved operating profit was explained by higher volume and reduced costs
- The operating margin decreased in the quarter compared to last year. However, adjusted for structural changes and currency the operating margin improved



# Products & Solutions (cont.)

## Profit & Loss Q3 2015

- EBIT-margin for the underlying business, adjusted for structure and currency, has improved 0.4%
- The integration of our new acquisitions goes according to plan and the market response has been clearly positive
- However, short-term the acquisitions and divestment have had a negative effect on the EBIT-margin together with currency







# Building Systems

## Profit & Loss Q3 2015

SEK m	Q3 2015	Q3 2014
Sales	206	277
EBIT*	-4	35
EBIT* %	-1.9	12.6

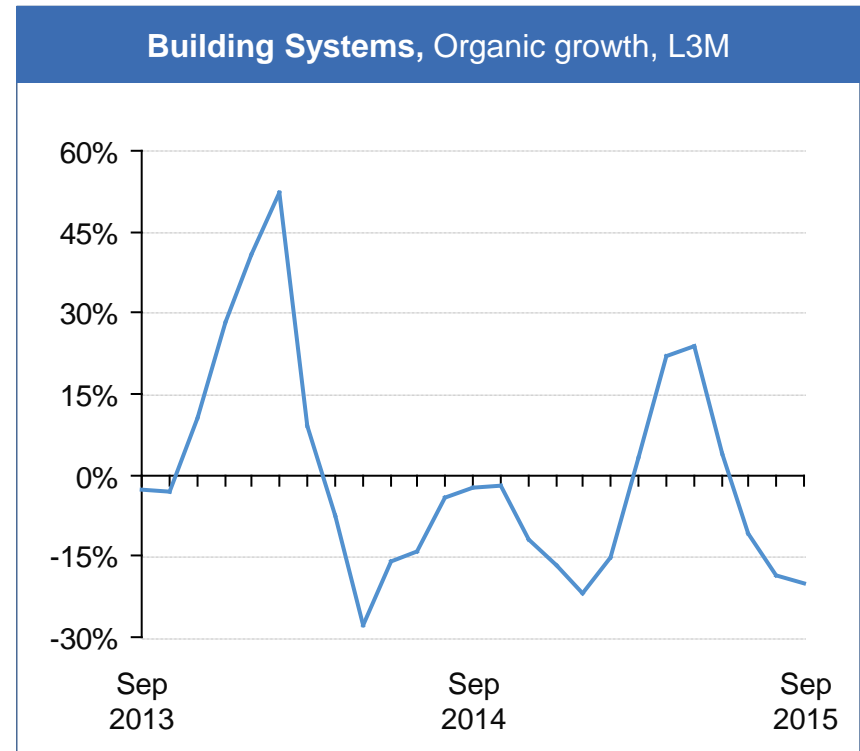
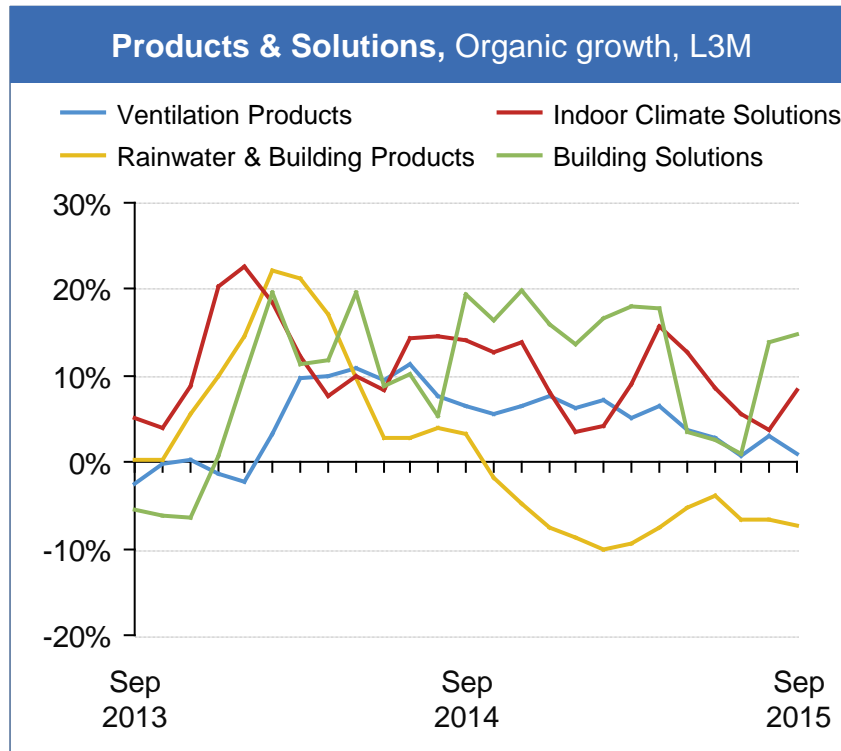
Sales growth	-26%
Structure	0%
Currency effect	-6%
Organic	-20%

\*) excluding one-off items of SEK 0 m in Q3 2015 and SEK 0 m in Q3 2014

- The negative sales development in the quarter was mainly explained by continued weak sales to Russia, but also due to decreased sales to Germany in the last three months. However, the order intake in Germany increased during the quarter and was the highest in the quarter since 2008
- Signs of gradual improvements with bookings up by 30% in Q3 YoY
- The lower sales in the quarter compared to last year is the main explanation to the decline in operating profit



# Sales development by product areas



- All product areas within Products & Solutions show positive long-term trend, except Rainwater & Building Products
- Sales in Building Systems decreased in the quarter, explained by continued negative sales trend in Russia, but also due to weak sales in the quarter to Germany



# Products & Solutions

## Showcase Q3



16 floor office building, Jönköping, Sweden



- Great indoor climate and energy efficiency with Lindab's groundbreaking Solus supply air beam. Installed in landmark building in Sweden
- Premiere delivery of 500 Solus beams
- Single water circuit, simultaneously used for heating and cooling, simply balancing the thermal energy in the building => substantial energy savings
- Total Lindab delivery = SEK 4.1 m

*"Great energy saving, easy installation, negligible maintenance costs and an even comfortable temperature in the whole building at all times"*



# Building Systems

## Showcase Q3



Sports Arena, St Petersburg, Russia



Multi purpose facility, Calabar, Nigeria

### Large orders >10 MSEK:

- Manufacturing, Brewery, SEK 56 m, Ivory Coast
- Multi-purpose, manufacturing, General Electrics, SEK 30 m, Nigeria
- Manufacturing, Energy industry, SEK 17 m, Russia
- Sports Arena, SEK 14 m, Russia



# Outlook

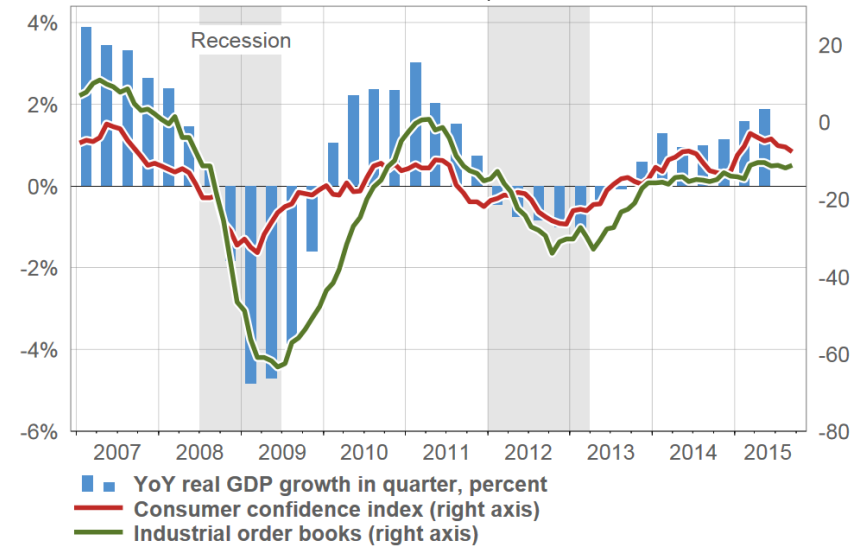


# Market Development

- The momentum in the European economic recovery has weakened somewhat since late spring
- Geopolitical uncertainty remains
- The recovery of the European construction market remains slow, though with clear differences between individual markets
- Ventilation business develops stronger than the overall construction market
- Generating growth is up to us by continuously improving our customer offering and market penetration

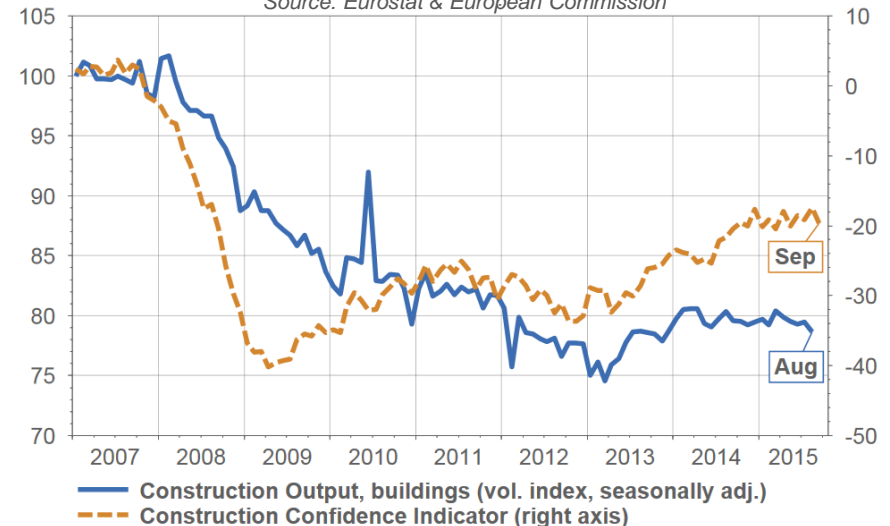
### Economic development in Euro zone

Sources: Eurostat & European Commission



### Construction output & sentiment in EU

Source: Eurostat & European Commission





## New CFO, Kristian Aceby, joining 1 December



Kristian Aceby, takes up his position as CFO on 1 December 2015

14 years of experience within Finance

Kristian Aceby was most recently Vice President Corporate Control at Autoliv Inc., worldwide leader in automotive safety



## Conclusions

- Strong sales within our Ventilation business, validating the strategic focus on Complete Ventilation Solutions
- Building Systems still very challenging markets in the CIS, but successful efforts to diversify market presence, order intake up by 30% YoY
- Progress on Strategy execution, margin improvement and profitable growth continue to be a strong focus ahead