

# Lindab Group

## Q4 2017

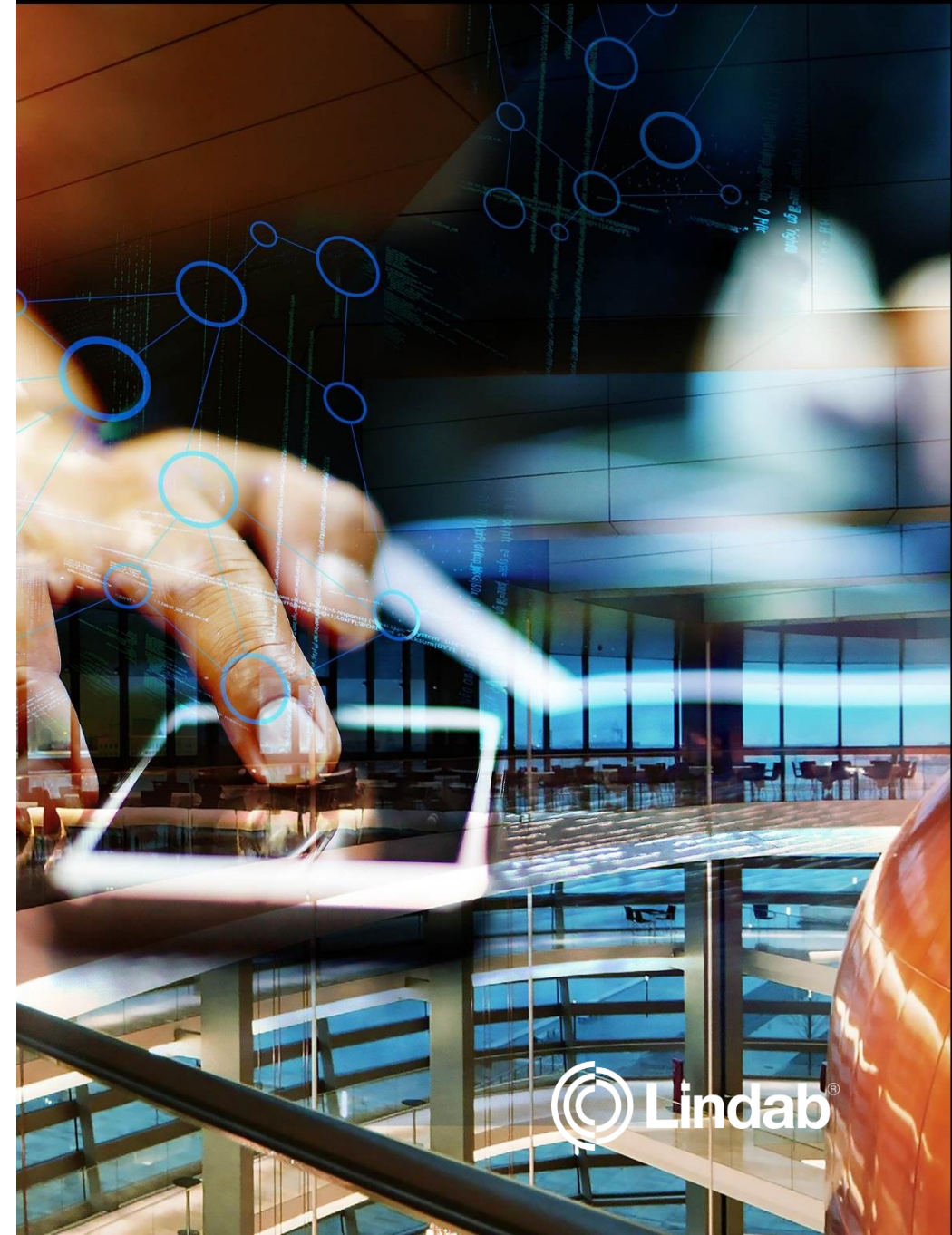
*We simplify construction*

*Fredrik von Oelreich, Acting President and CEO*  
*Kristian Acebey, CFO*



# Agenda

- **Summary and overview**
- **Financials**
- **Highlights**
- **Outlook**
- **Summary and Q&A**



# Summary and overview





# Good organic growth and higher profit

## Key financial highlights Q4 2017

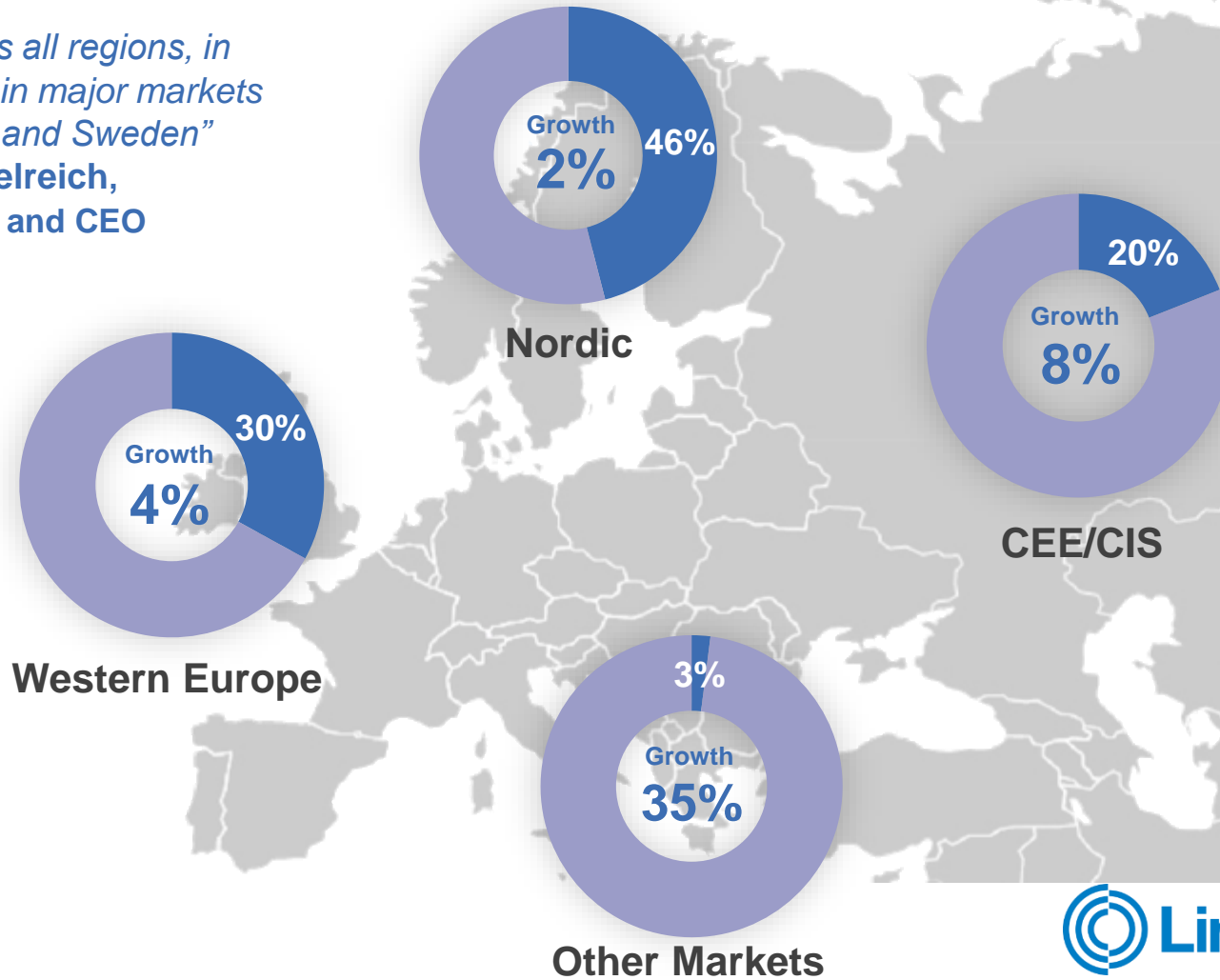
- Net sales increased to SEK 2,185 m (2,039), organic growth of 7%.
- Operating profit amounted to SEK 119 m (112), excluding one-off items of SEK -10 m (-0). Operating margin amounted to 5.4% (5.5), excluding one-off items.
- Profit for the period increased 6% to SEK 84 m (79). Earnings per share increased to SEK 1.10 (1.04).
- Cash flow from operating activities amounted to SEK 346 m (265).
- Net debt amounted to SEK 1,305 m (1,396).
- Proposed dividend increase 11% to SEK 1.55 (1.40).
- In December Lindab acquired the Irish ventilation company A.C. Manufacturing Ltd.
- During January 2018, Ola Ringdahl was appointed new President and CEO. Ola will join Lindab latest July and will replace Fredrik von Oelreich, acting President and CEO.



# Strong sales development in all regions

*"Healthy growth across all regions, in particular strong growth in major markets such as, UK, France and Sweden"*

**Fredrik von Oelreich,**  
Acting President and CEO





# Solid organic growth in most product areas

Segment/Product areas	Growth	Comments
<b>Products &amp; Solutions</b>		
Ventilation Products	↗	Widespread growth with continued positive sales trend in all geographical regions and most individual markets.
Indoor Climate Solutions	↗	Growth in all regions with particularly good growth in Western Europe and CEE/CIS.
Air Movement	↗	Strong growth driven by Western Europe and CEE/CIS with double digit growth in most larger markets.
Fire and Smoke	↘	Large deviation between individual markets. Good growth in Nordic region not able to fully compensate for decline in Western Europe and CEE/CIS.
Rainwater & Building Products	↗	Sales trend turned positive after two quarters with declining sales. Particular good growth in Western Europe and CEE/CIS.
Building Solutions	↗	Very strong growth in the largest market Sweden combined with good growth in CEE/CIS.
<b>Building Systems</b>	↘	Sales declined in CEE and Western Europe while it increased in CIS. Market conditions and order intake continued to develop positively in Russia.

# Financials



# Raw material costs continue to impact

Lindab Group financial highlights Q4 2017

- Net sales increased organically with 7% to SEK 2,185 m (2,039).
- EBIT margin decline driven by increased raw material prices, which have not been fully compensated for.
- Net profit increased 6% to SEK 84 m (79).

SEK m	Q4 '17	Q4 '16	Chg %
Net Sales	2,185	2,039	7
Organic, %			7
Structure <sup>1</sup> , %			0
Currency, %			0
EBIT <sup>2</sup>	119	112	6
EBIT <sup>2</sup> , %	5.4	5.5	-0.1 pp
Fin net	-6	-10	40
Tax	-19	-23	17
Net profit	84	79	6

<sup>1)</sup> Net of acquisitions and divestments.

<sup>2)</sup> Excluding one-off items of SEK -10 m (-0)





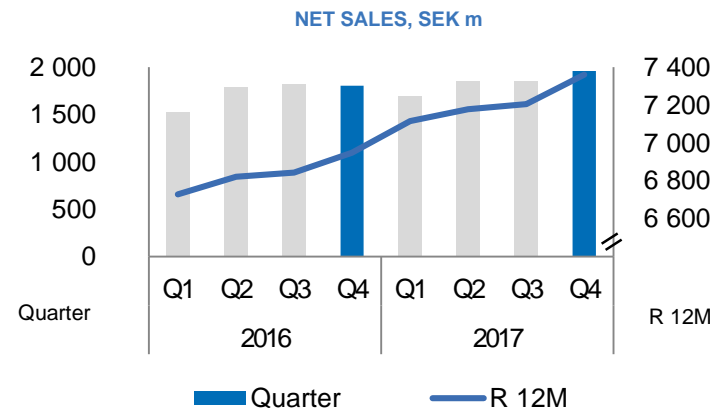
# 17<sup>th</sup> consecutive quarter with organic growth

## Products & Solutions financial highlights Q4 2017

- Net sales increased to SEK 1,959 m (1,804) with organic growth of 9%.
- Good sales development in all major regions, especially in Western and Eastern Europe. Both the Ventilation business and Building Products & Solutions had good organic growth.
- EBIT margin slightly lower as a result of gross margin decline.
- Price increases implemented with effect first half 2018.

SEK m	Q4 '17	Q4 '16	Chg %
Net Sales	1,959	1,804	9
Organic, %			9
Structure <sup>1</sup> , %			0
Currency, %			0
EBIT <sup>2</sup>	143	135	6
EBIT <sup>2</sup> , %	7.3	7.5	-0.2 pp

<sup>1)</sup> Net of acquisitions and divestments.  
<sup>2)</sup> Excluding one-off items of SEK 0 m (0)





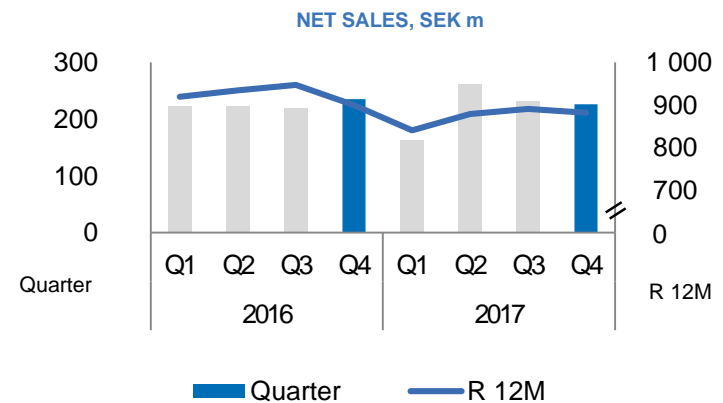
# Weak profitability – launch of turnaround plan

## Building Systems financial highlights Q4 2017

- Net sales decreased to SEK 226 m (235) with organic growth of -6%.
- Margin has been negatively affected by low capacity utilization. The small EBIT improvement is due to slightly higher price levels on delivered projects.
- Total backlog at the end of Q4 was notably higher vs same period previous year.

SEK m	Q4'17	Q4'16	Chg %
Net Sales	226	235	-4
Organic, %			-6
Structure <sup>1</sup> , %			0
Currency, %			2
EBIT <sup>2</sup>	-13	-15	-
EBIT <sup>2</sup> , %	-5.8	-6.4	0.6 pp

<sup>1)</sup> Net of acquisitions and divestments.  
<sup>2)</sup> Excluding one-off items of SEK 0 m (0)



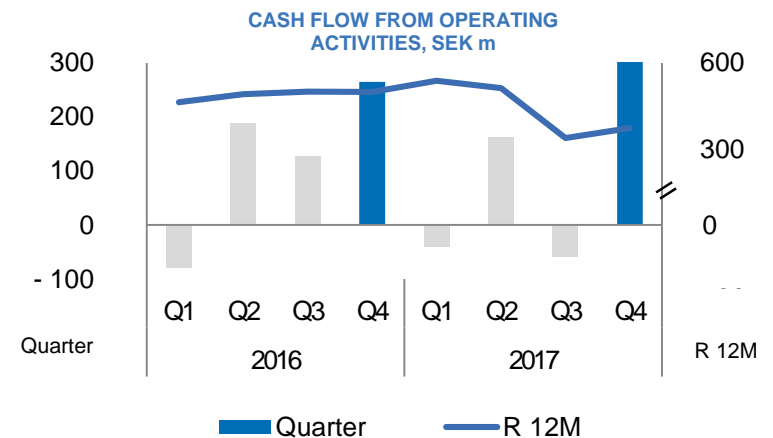


# Positive impact from working capital

Lindab Group cash flow Q4 2017

- Free cash flow amounted to SEK 262 m.
- Adjusted free cash-flow improved in Q4 mainly due to improved cash-flow from change in working capital.
- Net debt amounted to SEK 1,305 m (1,396).

SEK m	Q4 '17	Q4 '16
Cash flow from		
- operating activities <sup>1</sup>	155	153
- change in working capital	236	156
- investing activities	-84	-25
- financial net paid	-1	-8
- tax paid	-44	-36
Free cash flow	262	240
Adjusted free cash flow <sup>2</sup>	326	240



1) Excluding what is specifically stated below in table

2) Adjusted for acquisitions and divestments



# Sales growth but margin pressure

Lindab Group financial highlights full year 2017

- Net sales increased organically with 4% to SEK 8,242 m (7,849).
- EBIT margin decline driven by increased raw material prices, which have not been fully compensated for.
- Net profit increased 13% to SEK 347 m (306).

SEK m	2017	2016	Chg %
Net Sales	8,242	7,849	5
Organic, %			4
Structure <sup>1</sup> , %			0
Currency, %			1
EBIT <sup>2</sup>	511	511	0
EBIT <sup>2</sup> , %	6.2	6.5	-0.3 pp
Fin net	-25	-38	34
Tax	-120	-139	14
Net profit	347	306	13

<sup>1)</sup> Net of acquisitions and divestments.

<sup>2)</sup> Excluding one-off items of SEK -19 m (-28)

# Highlights



# Some highlights from the quarter

Lindab has received the Eurovent certificate for duct systems



**Ventilation**  
Receives order worth SEK ~10 m in Finland



**Building Systems**  
Receive orders worth over SEK 100 m in Russia



100 percent wind power used in Sweden



Lindab acquires Irish Ventilation Company



**Wide range of Lindab products**  
Delivered for the development of Hungary's largest office building



**Building Systems**  
Receive order worth SEK ~20 m in Germany



Find out more on YouTube by clicking on the icons on the map





# Highlights

## Lindab accelerates strategy

- The evaluation of strategic alternatives for Building Systems and our non-ventilation business is progressing according to plan.
- In December Lindab acquired A.C. Manufacturing Ltd. This provides excellent opportunities to improve customer offerings and project sales.
- Further strengthening of Energy & Climate Solutions business function, integrating strategic product management, R&D and solution sales capacity.





## Highlights

Lindab has received the Eurovent certificate

- Eurovent has introduced a new programme for certification of duct systems. Lindab's duct systems are the first in the world which are awarded this certification.
- We continuously develop our performance and offering in order to be the preferred and most trustworthy partner for our customers.
- Eurovent is an important and reputable industrial association for certification.



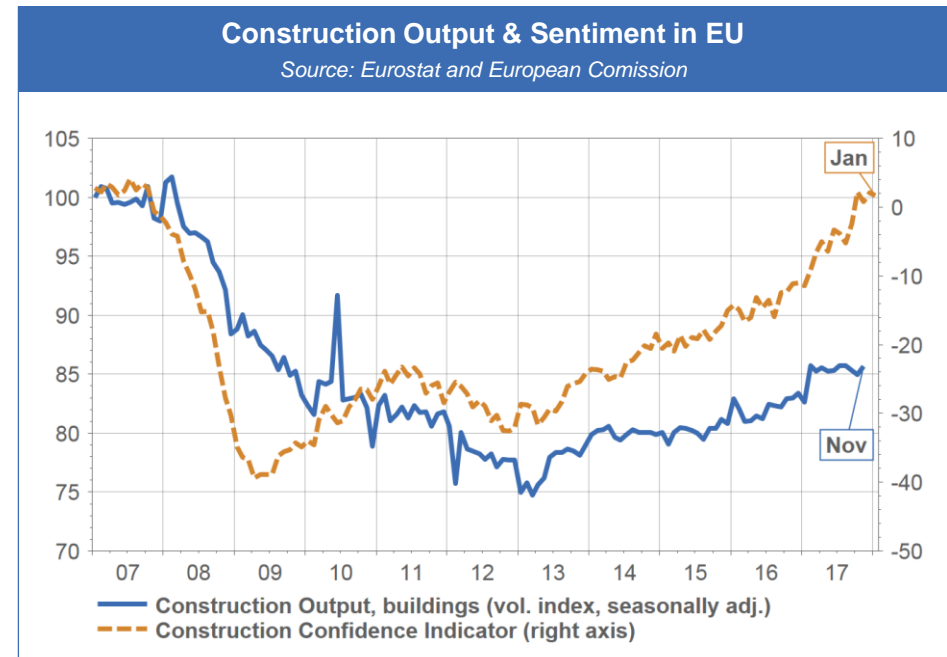
# Outlook



# Market development

Continued good market growth with a few exceptions

- Overall very good macroeconomic development in Europe with high industrial capacity utilisation, industrial order books and consumer confidence.
- Euroconstruct forecasted the European construction market to grow with 2.3% in 2018, a slowdown from estimated 3.9% growth in 2017.
- The sentiment in the European construction market remains strong but a few markets like Norway and the Swedish residential market are starting to show weaker signs.



# Summary and Q&A



# Good organic growth and higher profit

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# In summary – short term focus

Key focus areas

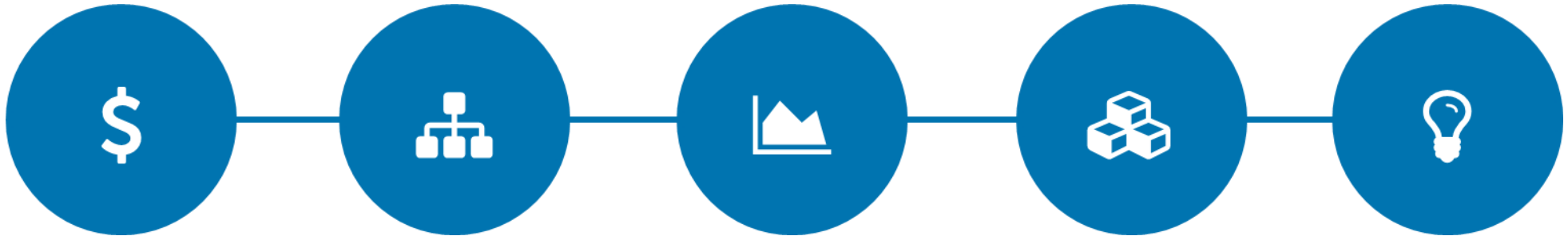
**Price  
increases**

**Turnaround plan  
Building Systems**

**Address low  
performing units**

**Energy & Climate  
Solutions**

**Strategic  
assessment**



# Thank you Q&A

*“Lindab’s innovative solutions create ultimate comfort in the buildings of the future.”*