



# Lindab Group

## Q1 2019

Ola Ringdahl – President and CEO

Malin Samuelsson – CFO





# Agenda

- Summary and overview
- Financials
- Highlights and focus going forward
- Outlook
- Summary and Q&A



# Summary and overview

# Key highlights Q1 2019

Highest Q1 net profit ever

**+8%**

Net sales increased to SEK 2,315 m (2,153)

SEK **192**<sub>m</sub>

Adj. operating profit SEK 192 m (104)  
and adj. operating margin 8.3% (4.8)

SEK **142**<sub>m</sub>

Profit for the period increased to SEK 142 m (46).  
Earnings per share increased to SEK 1.85 (0.60)

**Decentralised  
organisation in place**

**Improved gross margin**

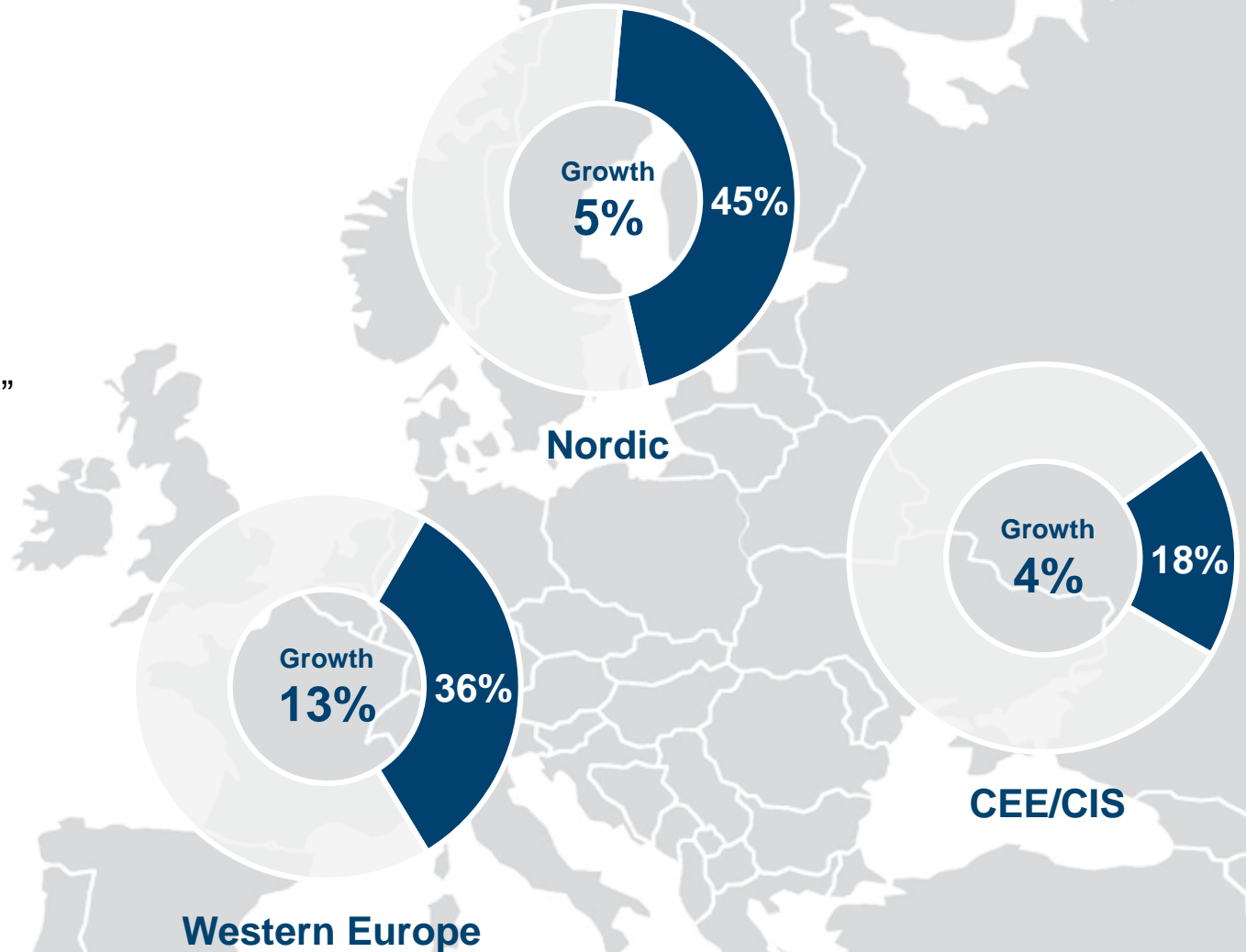
**Lindab 60 years**

# Organic growth in all major geographical regions

## CEO comments

"It is very satisfying to see that all three business areas as well as all major geographical regions contribute positively to the Group's improvements"

Ola Ringdahl,  
President and CEO



# Our offering by business area

## VENTILATION SYSTEMS



### Focus

Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation, cooling and heating to installers and other customers in the ventilation industry.

### Priorities

- Delivery accuracy
- Optimisation of product range
- Digital resources

## PROFILE SYSTEMS



### Focus

Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, cladding for roofs and walls as well as steel profiles for roof and wall constructions.

### Priorities

- Delivery accuracy
- Logistics optimisation
- Product development – roof

## BUILDING SYSTEMS



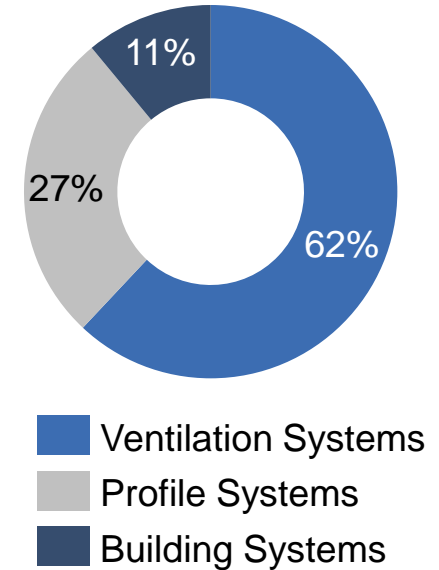
### Focus

Building Systems offers complete prefabricated steel construction systems and proprietary software that simplifies the project planning and quotation process for designers and contractors.

### Priorities

- Focus on profitable business
- Right production structure
- Multi-storey car park development

Share of net sales 2018  
by business area



# Financials

# Lindab Group financial highlights Q1 2019

## Improved profitability in all business areas

- Net sales increased organically by 5% to SEK 2,315 m (2,153).
- EBIT increased mainly as a result of sales growth, improved gross margin and improved efficiency.
- Net profit increased to SEK 142 m (46), the highest ever for a first quarter.

## Key figures

SEK m	Q1 '19 Incl. IFRS 16	Q1 '19 Excl. IFRS 16	Q1 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	2,315	2,315	2,153	8
Organic, %				5
Structure <sup>1</sup> , %				0
Currency, %				3
EBIT <sup>2</sup>	192	185	104	78
EBIT <sup>2</sup> , %	8.3	8.0	4.8	+3.2 pp
Fin net	-10	-3	-3	0
Tax	-40	-40	-22	82
Net profit	142	142	46	208

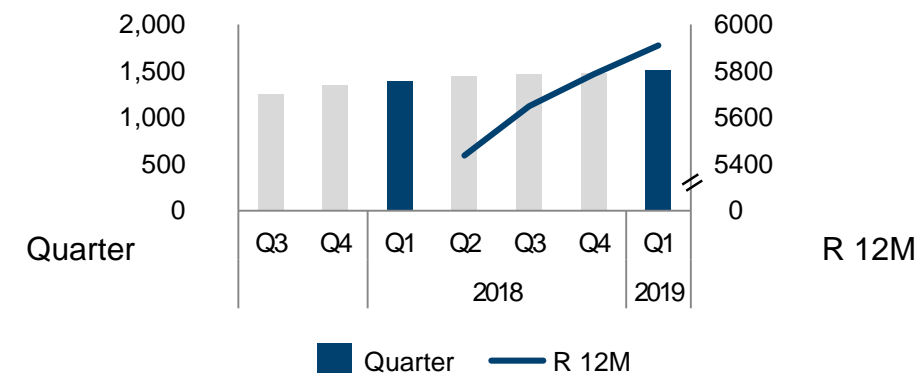


# Ventilation Systems financial highlights Q1 2019

## Good organic growth and improved profitability

- Net sales increased to SEK 1,513 m (1,388) with organic growth of 5%.
- Positive organic growth in all major geographical regions with particularly strong sales development in the Nordics and CEE/CIS region.
- EBIT increased to SEK 149 m (107) mainly as a result of strong sales development, improved gross margin and lower operating cost.

## Net Sales, SEK m



## Key figures

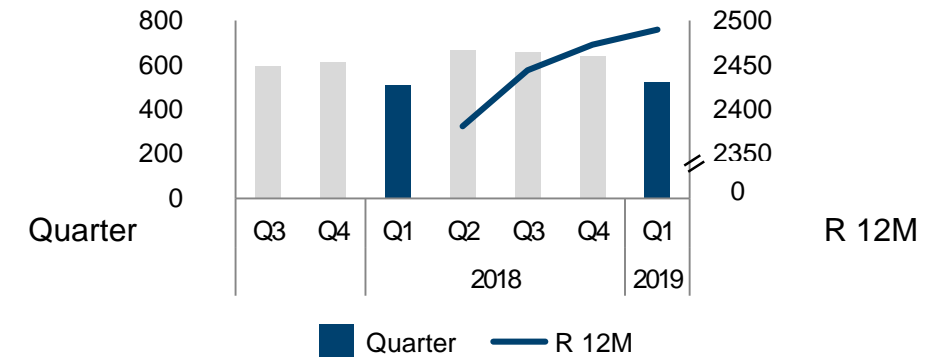
SEK m	Q1 '19 Incl. IFRS 16	Q1 '19 Excl. IFRS 16	Q1 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	1,513	1,513	1,388	9
Organic, %				5
Structure <sup>1</sup> , %				0
Currency, %				4
EBIT <sup>2</sup>	149	144	107	35
EBIT <sup>2</sup> , %	9.8	9.5	7.7	+1.8 pp

# Profile Systems financial highlights Q1 2019

## Strong gross margin improvement

- Net sales increased to SEK 525 m (509) with organic growth of 2%.
- Continued good growth with particularly strong sales development in the CEE/CIS region.
- EBIT increased to SEK 43 m (11) mainly as a result of improved gross margin and lower operating costs. The unusually strong quarter was a result of several contributing factors such as favourable weather conditions, product mix and customer mix.

## Net Sales, SEK m



## Key figures

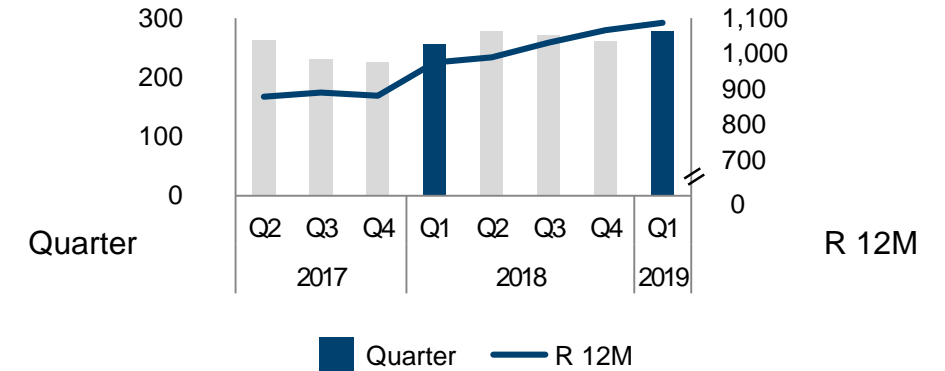
SEK m	Q1 '19 Incl. IFRS 16	Q1 '19 Excl. IFRS 16	Q1 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	525	525	509	3
Organic, %				2
Structure <sup>1</sup> , %				0
Currency, %				1
EBIT <sup>2</sup>	43	42	11	282
EBIT <sup>2</sup> , %	8.2	8.0	2.2	+5.8 pp

# Building Systems financial highlights Q1 2019

## Continued turnaround according to plan

- Net sales increased to SEK 277 m (256) with organic growth of 5%.
- EBIT improvement explained by higher sales and lower operating costs.
- Net order intake increased compared to last year and the total backlog at the end of Q1 was clearly higher than last year.

## Net Sales, SEK m



## Key figures

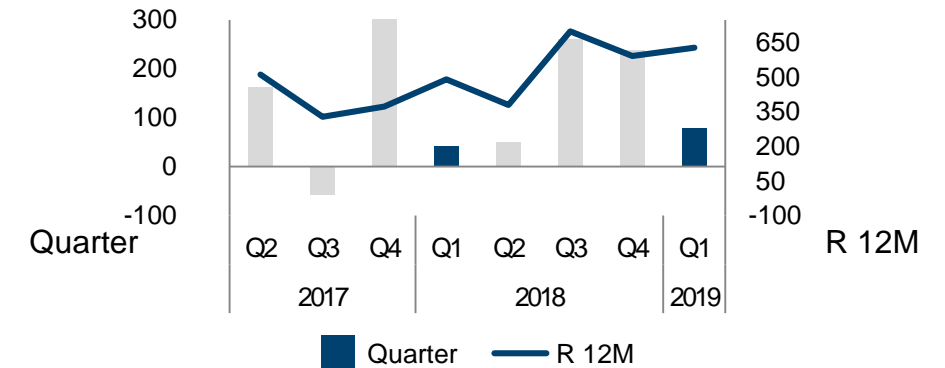
SEK m	Q1 '19 Incl. IFRS 16	Q1 '19 Excl. IFRS 16	Q1 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	277	277	256	8
Organic, %				5
Structure <sup>1</sup> , %				0
Currency, %				3
EBIT <sup>2</sup>	9	8	0	n/a
EBIT <sup>2</sup> , %	3.2	2.9	0.0	+2.9 pp

# Lindab Group cash flow Q1 2019

## Positive cash flow in Q1

- Adjusted free cash flow amounted to SEK 35 m (21) in Q1.
- The improvement in free cash flow YTD is due to significantly higher operating profit, which largely has been offset by changes in working capital and higher investments.
- An increased focus on delivery precision has led to a planned increase of stock levels.
- Net debt amounted to SEK 2,130 m (1,369), as a result of IFRS 16 and net debt/EBITDA improved to 1.7 (2.1).
- Net debt excluding effect from IFRS 16 decreased to 1,096 (1,369).

## Cash flow operating activities, SEK m



## Key figures

SEK m	Q1'19 Incl. IFRS 16	Q1'19 Excl. IFRS 16	Q1'18 Excl. IFRS 16
Cash flow from			
Operating activities <sup>1</sup>	276	216	124
Change in working capital	-149	-149	-37
Investing activities	-44	-44	-21
Financial net paid	-7	0	-2
Tax paid	-41	-41	-43
Free cash flow	35	-18	21
Adjusted free cash flow <sup>2</sup>	35	-18	21



# Highlights and focus going forward

# Highlights

## Ventilation Systems

In January 2019, a new department for indoor climate innovation was opened in Helsingborg, Sweden – Lindab Innovation Hub.

## Profile Systems

The launch of Lindab SolarRoof was completed during the quarter for the Swedish market.

## Buildings Systems

During the quarter Building Systems received eight orders above SEK 10 m; three in Western Europe and five in Russia.

## Lindab 60 years anniversary

On February 6, 1959, AB Lidhults Plåtindustri was founded in Grevie, Sweden. It was the start of the company that 10 years later was renamed Lindab AB.

Our founder Lage Lindh, coined three core values: Customer success, Down-to-Earth, Neatness & Order.

*“We still work in accordance with the values that were established when Lindab was founded”* – Ola Ringdahl, CEO of Lindab.



**Lindab**<sup>®</sup>

# Current focus areas

Decentralisation with clearer accountability



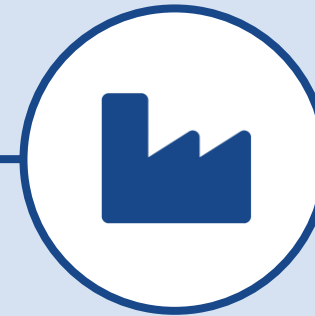
Sustainable profitability in line with financial targets



Customer satisfaction through delivery excellence



Investment in efficiency and capacity

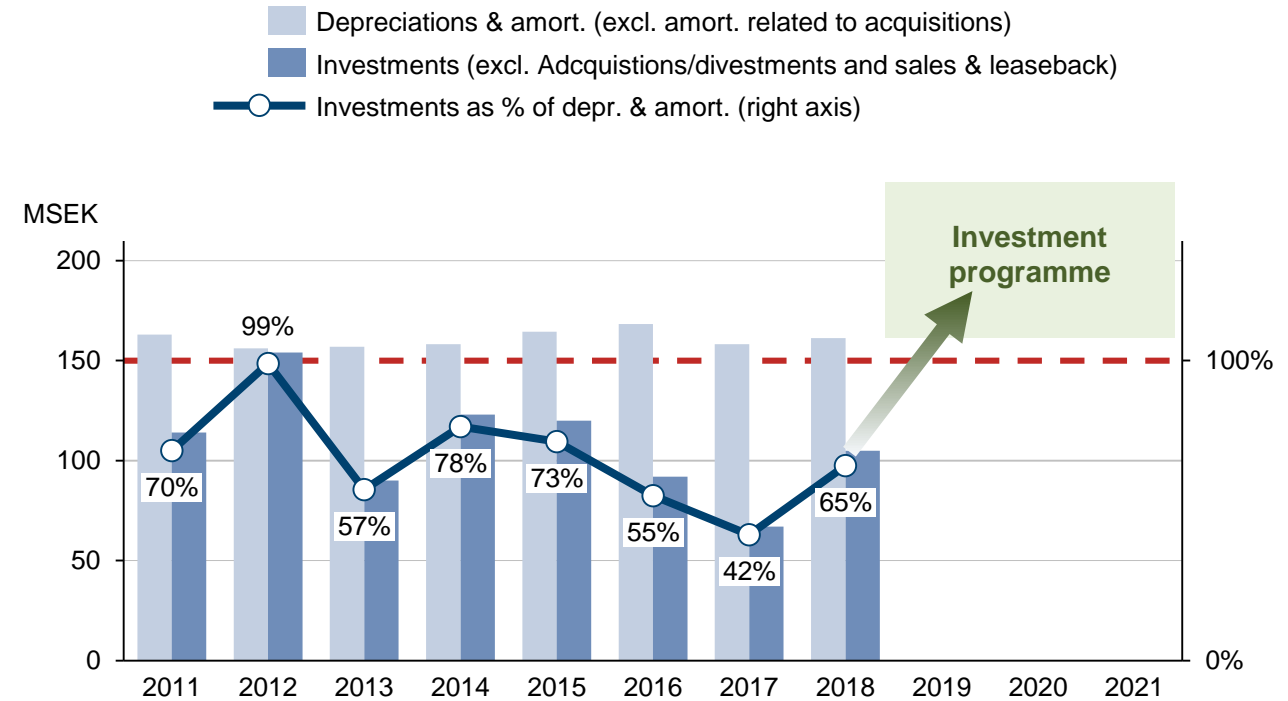


# Investment in efficiency and capacity

## Investment programme in 2019–2021

- Investments in manufacturing operations have been significantly lower than the depreciation rate during the past years.
- An investment programme will be implemented during 2019–2021, increasing investments to a level above depreciation.
- Investments will be made in both efficiency and increased capacity, through increased automation and improved processes.
- The program is still under development. Several investment areas are identified and initiated, while others are under analysis. The payback calculations are attractive.
- The lead-time for larger investments is 12–18 months before getting operational.

## Investments vs. depreciations, Lindab Group





# Outlook

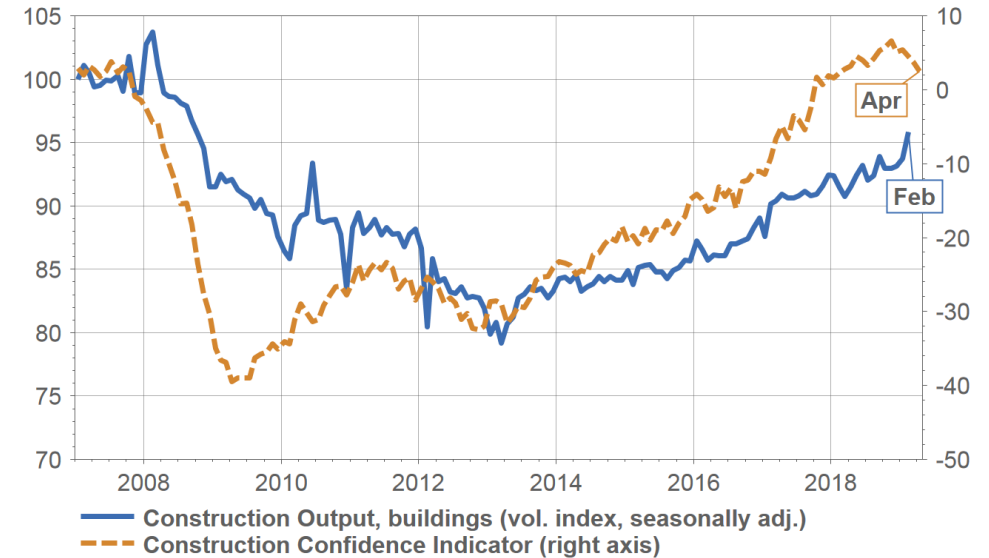
# Market development

## Increased market uncertainty but still good demand

- The European economy is currently experiencing a slowdown in growth rate of both GDP and industrial order bookings.
- In April, IMF revised down their quarterly updated GDP forecast for the Euro area from 1.6% to 1.3% growth in 2019, a slowdown in growth rate from 1.8% in 2018 and 2.4% in 2017.
- The mild winter weather boosted construction output in Q1 while market sentiment in general has started to decrease from high levels.
- Lindab's business is late cyclical and demand is still on a high level.
- Steel prices are currently overall rather stable.
- We continue to improve our customer offering and efficiency to stand strong in a possible future slowdown.

## Construction Output & Sentiment in EU

Source: Eurostat and European Commission



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**Improved gross margin**

**Lindab 60 years**



**Thank you**  
**Q&A**

