



# Lindab Group

Q2 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 Q2 2019

Improved operating profit and margin in all three business areas

**+7%**

Net sales increased to SEK 2,569 m (2,392)

**SEK 238<sub>m</sub>**

Adj. operating profit SEK 238 m (148)  
and adj. operating margin 9.3 % (6.2)

**SEK 181<sub>m</sub>**

Profit for the period increased to SEK 181 m (91).  
Earnings per share increased to SEK 2.38 (1.19)

**Continued focus on  
improving efficiency**

**Improved profitability in  
all Business Areas**

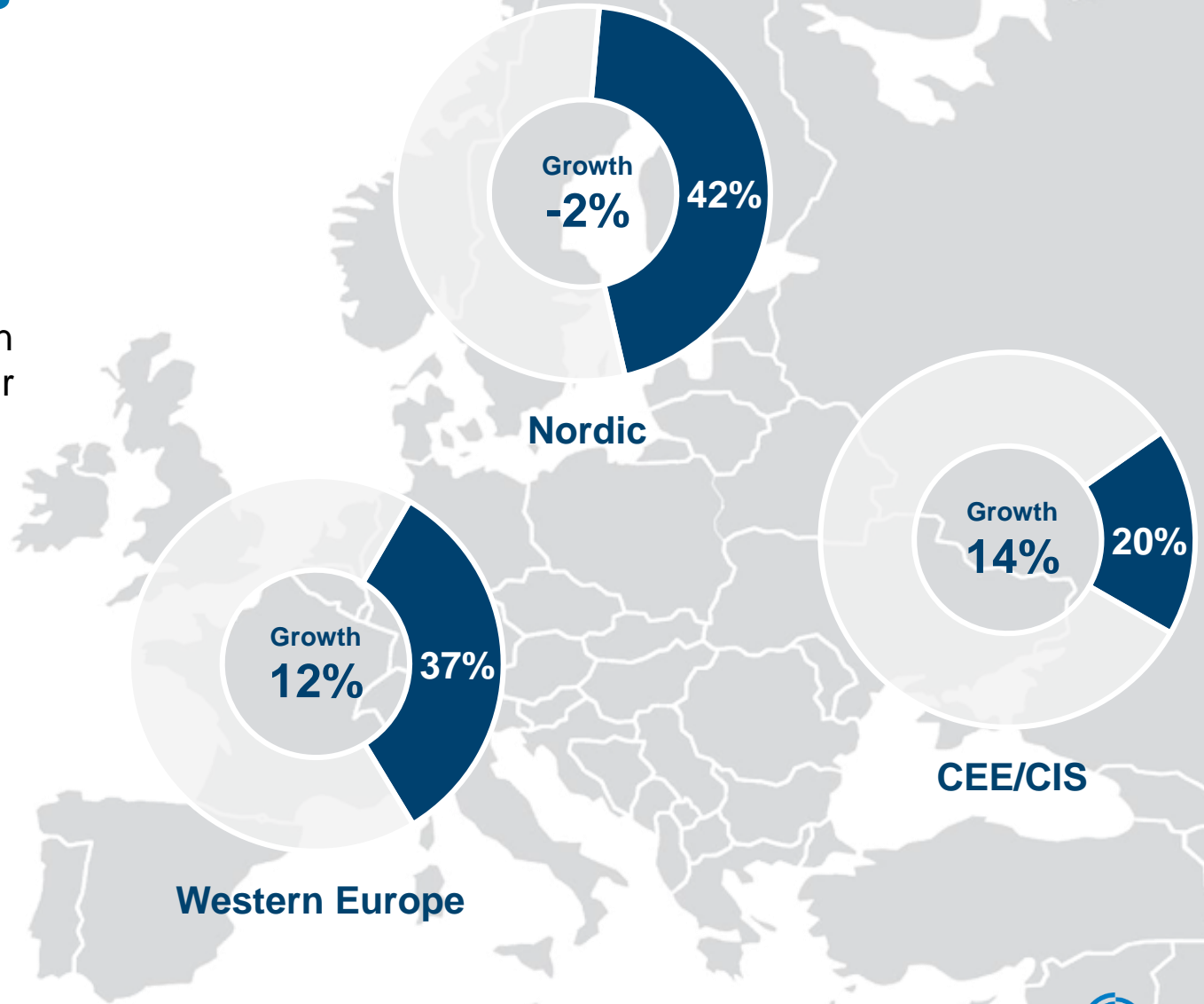
**Acquisition of  
Ductmann Ltd.**

# Organic sales growth in all European regions except the Nordics

## CEO comments

“Good growth in Western Europe and CEE/CIS region. The Nordic region faced tough comparison against last year, and we are more selective in our project business.”

Ola Ringdahl,  
President and CEO



# Financials

# Lindab Group financial highlights Q2 2019

## Continued strong operating leverage

- Net sales increased organically by 5% to SEK 2,569 m (2,392). The highest Q2 sales ever.
- EBIT increased mainly as a result of sales growth, improved gross margin and improved efficiency.
- Net profit increased to SEK 181 m (91).

## Key figures

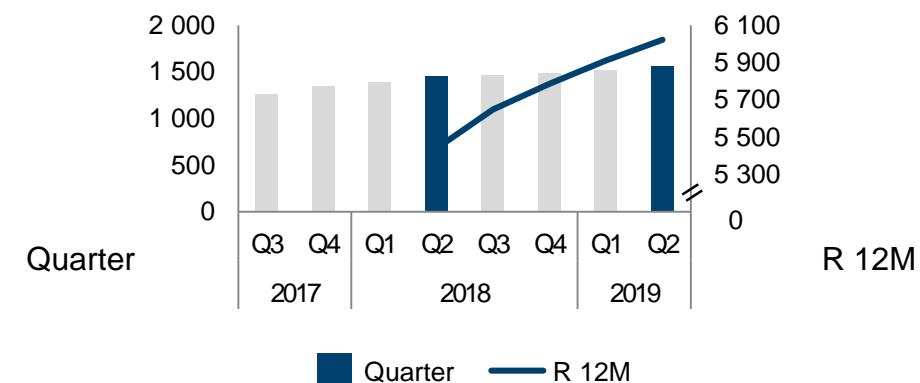
SEK m	Q2'19 Incl. IFRS 16	Q2'19 Excl. IFRS 16	Q2'18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	2,569	2,569	2,392	7
Organic, %				5
Structure <sup>1</sup> , %				0
Currency, %				2
EBIT <sup>2</sup>	238	232	148	57
EBIT <sup>2</sup> , %	9.3	9.0	6.2	+2.8 pp
Fin net	-10	-4	-5	-20
Tax	-47	-47	-33	42
Net profit	181	181	91	99

# Ventilation Systems financial highlights Q2 2019

## Stable organic growth and improved profitability

- Net sales increased to SEK 1,560 m (1,449) with organic growth of 4%.
- Positive organic growth in all major geographical regions with particularly good sales development in the CEE/CIS region.
- EBIT increased to SEK 163 m (109) mainly as a result of strong sales development, improved gross margin and stable operating cost.
- Historical figures from Q3-2017 now available at [www.lindabgroup.com](http://www.lindabgroup.com) (Investor Relations → Financial information)

## Net Sales, SEK m



## Key figures

SEK m	Q2'19 Incl. IFRS 16	Q2'19 Excl. IFRS 16	Q2'18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	1,560	1,560	1,449	8
Organic, %				4
Structure <sup>1</sup> , %				1
Currency, %				3
EBIT <sup>2</sup>	163	159	109	46
EBIT <sup>2</sup> , %	10.4	10.2	7.5	+2.7 pp

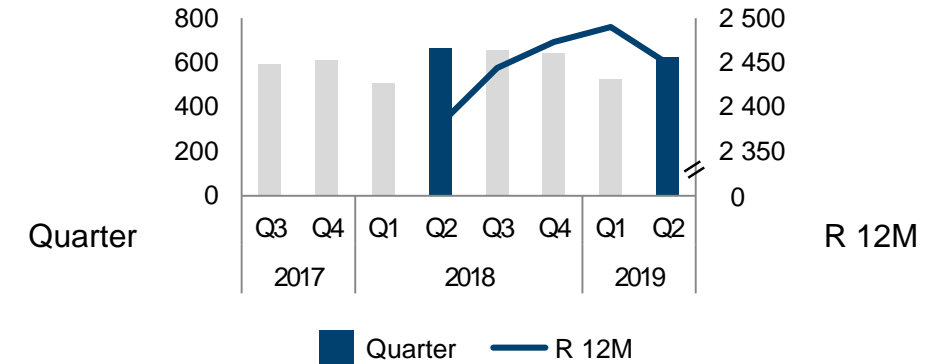


# Profile Systems financial highlights Q2 2019

## EBIT improvement despite lower volume

- Net sales decreased to SEK 625 m (666) with a negative organic growth of -7%.
- Sales decline largely due to lower project activity on the Swedish market in comparison to last year.
- EBIT increased to SEK 60 m (58) mainly as a result of improved gross margin and lower operating costs despite lower volume.
- Historical figures from Q3-2017 now available at [www.lindabgroup.com](http://www.lindabgroup.com) (Investor Relations → Financial information)

## Net Sales, SEK m



## Key figures

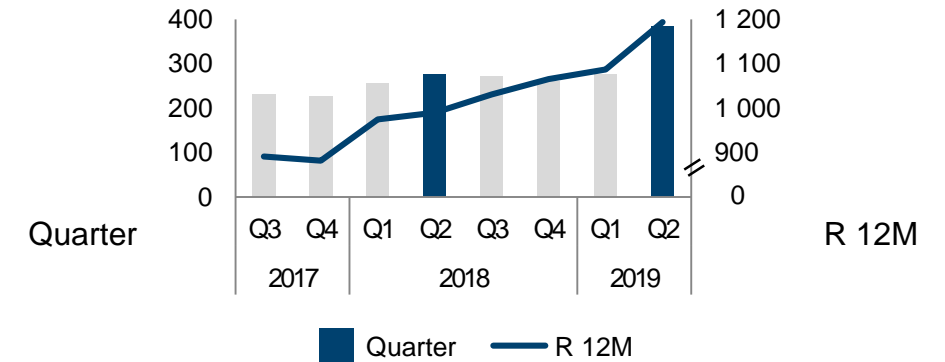
SEK m	Q2'19 Incl. IFRS 16	Q2'19 Excl. IFRS 16	Q2'18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	625	625	666	-6
Organic, %				-7
Structure <sup>1</sup> , %				0
Currency, %				1
EBIT <sup>2</sup>	60	59	58	2
EBIT <sup>2</sup> , %	9.6	9.4	8.7	+0.7 pp

# Building Systems financial highlights Q2 2019

## Very strong sales and continued turnaround

- Net sales increased to SEK 384 m (277) with organic growth of 34%. Highest quarterly sales since 2008.
- EBIT improvement explained by significantly higher sales volume and improved gross margin.
- Net order intake decreased compared to last year but the total backlog at the end of Q2 is higher than a year ago.
- During July, Stefaan Sonjeau was appointed the new Head of Business Area Building Systems. He will start on Sept 9.

## Net Sales, SEK m



## Key figures

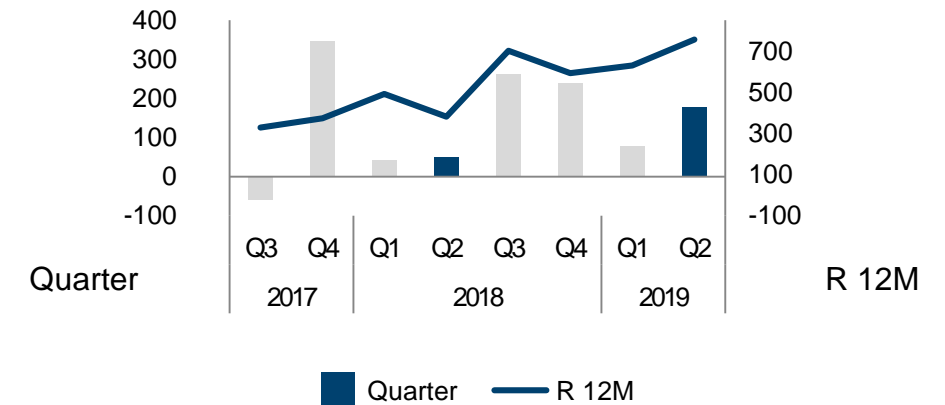
SEK m	Q2'19 Incl. IFRS 16	Q2'19 Excl. IFRS 16	Q2'18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	384	384	277	39
Organic, %				34
Structure <sup>1</sup> , %				0
Currency, %				5
EBIT <sup>2</sup>	27	26	-5	n/a
EBIT <sup>2</sup> , %	7.0	6.8	-1.8	+8.6 pp

# Lindab Group cash flow Q2 2019

## Positive adjusted free cash flow in Q2

- Adjusted free cash flow amounted to SEK 97 m (26) in Q2.
- The improvement in free cash flow YTD is due to significantly higher operating profit, which partly has been offset by changes in working capital and higher investments.
- Net debt excluding effect from IFRS 16 decreased to 1,265 (1,487) and net debt/EBITDA to 1.2 (2.0).

## Cash flow operating activities, SEK m



## Key figures

SEK m	Q2'19 Incl. IFRS 16	Q2'19 Excl. IFRS 16	Q2'18 Excl. IFRS 16
Cash flow from			
Operating activities <sup>1</sup>	329	269	160
Change in working capital	-117	-117	-66
Investing activities	-113	-113	-25
Financial net paid	-6	0	-2
Tax paid	-29	-29	-41
Free cash flow	64	10	26
Adjusted free cash flow <sup>2</sup>	97	43	26

# Highlights and focus going forward

# Highlights

## Ventilation Systems

In April Lindab acquired the British ventilation company Ductmann Ltd.

## Profile Systems

Lindab has during the quarter concluded an updated cooperation agreement with a Swedish builder merchant company, Woody, where Lindab will be upgraded to an “A” supplier. This is expected to positively contribute to the sales of Lindab's roof products and rainwater systems.

## Buildings Systems

During the quarter, Building Systems signed agreements on three major orders, each worth more than SEK 10 m; one each in Kazakhstan, Russia and Switzerland.



Up to the left: Spiral Ducting from Ductmann Ltd.

Up to the right: Rainwater products from Profile Systems.

Bottom: An example of an office building delivered by Building Systems.

# Current focus areas

Decentralisation with clearer accountability



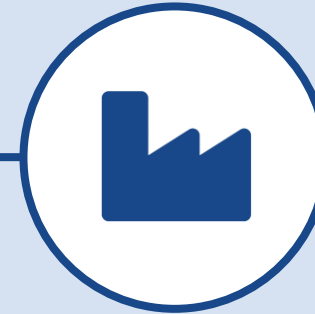
Sustainable profitability in line with financial targets



Customer satisfaction through delivery excellence



Investment in efficiency and capacity



# Outlook

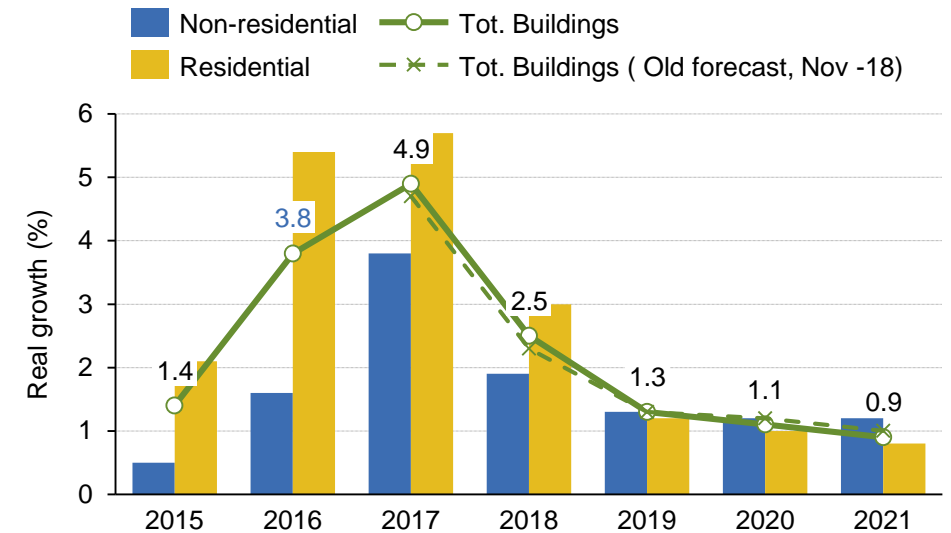
# Market development

## Market growth at a lower pace

- The European economy continues to slow down and Euroconstruct forecasts the annual growth rate in the European construction market to flatten out around 1% in the coming two years.
- Euroconstruct's updated forecasts from June 2019 only had minor changes relative to Nov 2018.
- The sentiment in the construction market remains good in CEE in particular while it has weakened in markets such as Sweden, Germany and UK.
- We continue to improve our customer offering and efficiency to remain resilient in a possible future slowdown.

## Forecast: European construction market

Source: Euroconstruct (June 2019)





# Summary and Q&A

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

