



# Lindab Group

## Q4 2019

Ola Ringdahl – President and CEO

Malin Samuelsson – CFO





# Agenda

- Summary and overview
- Financials
- Financial targets and dividend policy
- Current focus areas
- Outlook
- Summary and Q&A



# Summary and overview

# Key highlights Q4 2019

A strong quarter with continued improvements across the Group

**+6%**

Net sales increased to SEK 2,526 m (2,384)

**SEK 212<sub>m</sub>**

Adj. operating profit SEK 212 m (173)  
and adj. operating margin 8.4 % (7.3)

**+36%**

Profit for the period increased to SEK 143 m (106).  
Earnings per share increased to SEK 1.88 (1.38)

**Strong cash flow,  
higher investments,  
strengthened financial  
position**

**Update of financial targets  
and dividend policy**

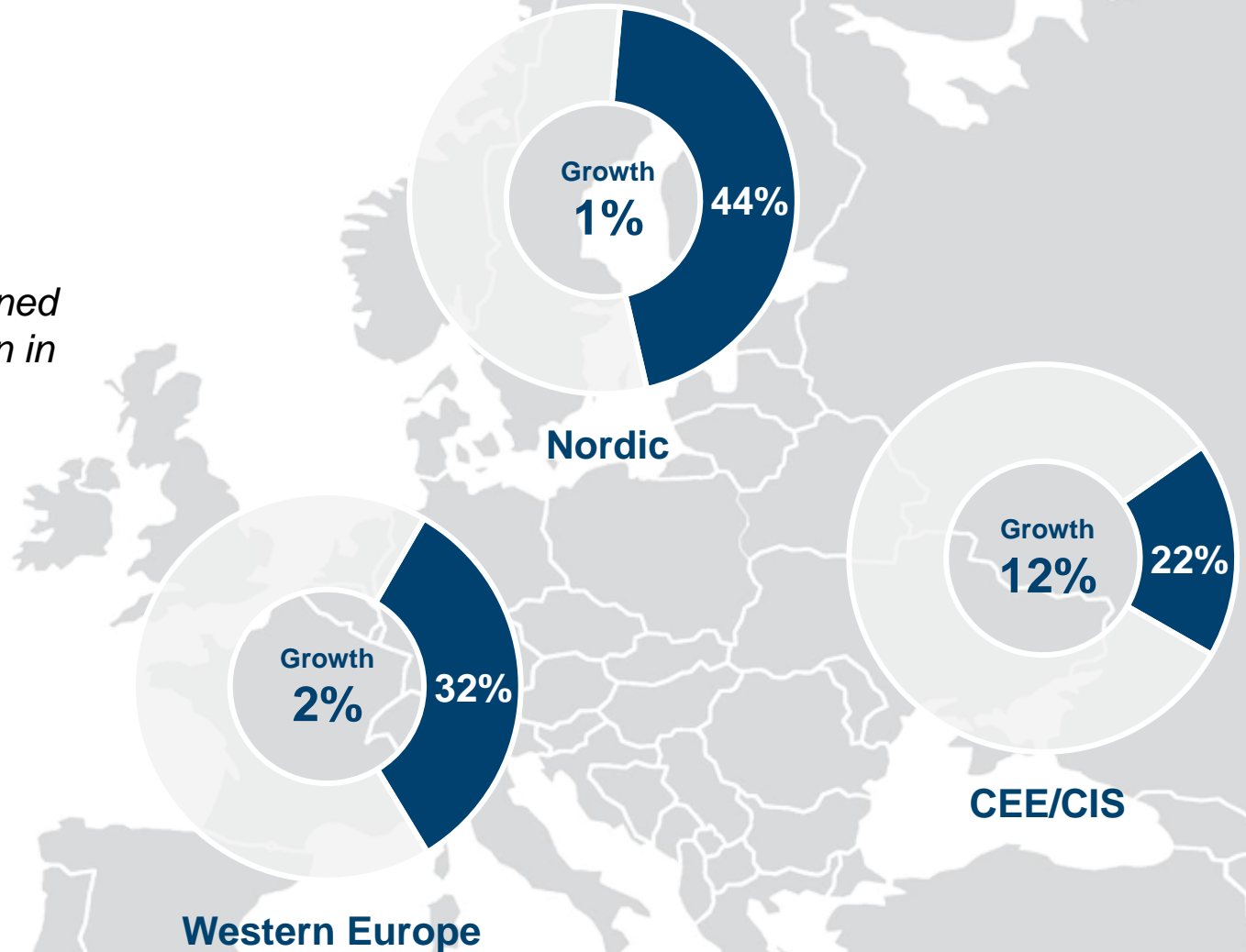
**Proposed dividend  
of SEK 3.60 (1.75)**

# All regions in Europe reported positive organic growth

## CEO comments

*“The sales development during the quarter remained positive for the Group despite a general slowdown in the European construction market.”*

Ola Ringdahl,  
President and CEO



# Financials

# Lindab Group financial highlights Q4 2019

## All three segments contributed positively to operating profit

- Net sales increased organically by 3% to SEK 2,526 m (2,384).
- EBIT increased mainly as a result of higher volume and strengthened gross margin.
- Net profit increased by 36% to SEK 143 m (106).

## Key figures

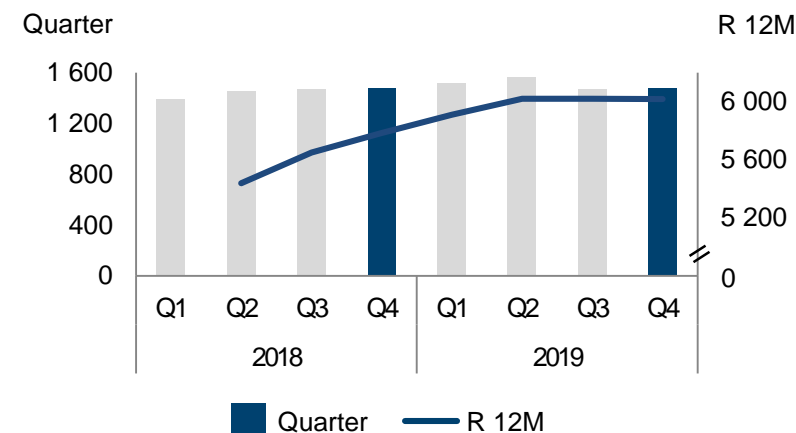
SEK m	Q4'19 Incl. IFRS 16	Q4'19 Excl. IFRS 16	Q4'18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	2,526	2,526	2,384	6
Organic, %				3
Structure <sup>1</sup> , %				0
Currency, %				3
EBIT <sup>2</sup>	212	205	173	18
EBIT <sup>2</sup> , %	8.4	8.1	7.3	+0.8 pp
Fin net	-8	-2	-4	
Tax	-61	-61	-37	
Net profit	143	143	106	36

# Ventilation Systems financial highlights Q4 2019

## EBIT in line with the strong quarter previous year

- Net sales was in line with previous year and amounted to SEK 1,478 m (1,481).
- Sales volumes are impacted by our continued priority to increase profitability, and a general lower demand in Europe.
- EBIT amounted to SEK 129 m (127). Gross margin continued to improve and underlying costs were stable.

## Net Sales, SEK m



## Key figures

SEK m	Q4 '19 Incl. IFRS 16	Q4 '19 Excl. IFRS 16	Q4 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	1,478	1,478	1,481	0
Organic, %				-4
Structure <sup>1</sup> , %				1
Currency, %				3
EBIT <sup>2</sup>	129	124	127	-2
EBIT <sup>2</sup> , %	8.7	8.4	8.6	-0.2 pp

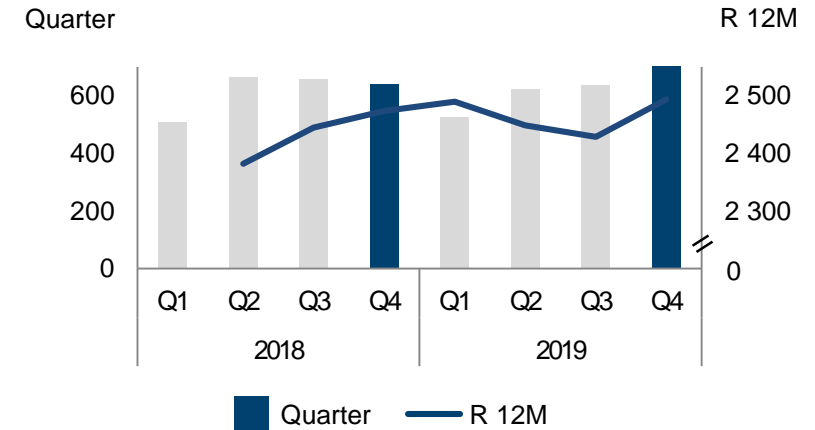


# Profile Systems financial highlights Q4 2019

## Strong sales growth and significantly improved operating profit

- Net sales increased organically by 11% to SEK 707 m (642).
- Sales increased due to large deliveries of industrial projects in Sweden and CEE compared to last year.
- EBIT increased to SEK 85 m (56) due to significantly higher sales volumes and slightly strengthened gross margin.

## Net Sales, SEK m



## Key figures

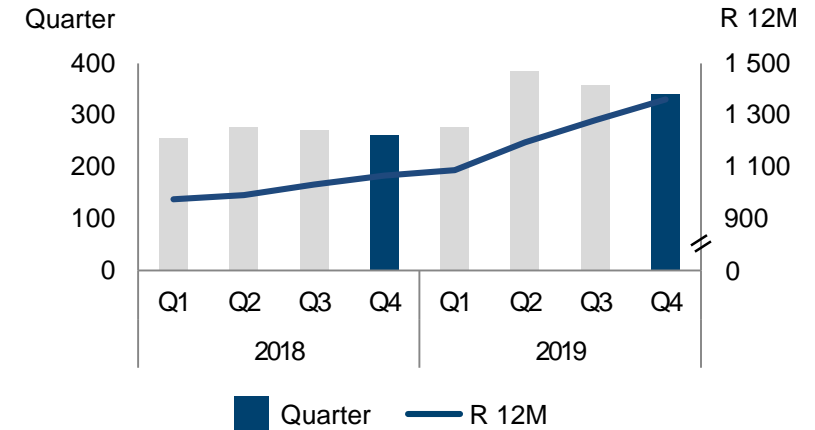
SEK m	Q4 '19 Incl. IFRS 16	Q4 '19 Excl. IFRS 16	Q4 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	707	707	642	10
Organic, %				11
Structure <sup>1</sup> , %				-2
Currency, %				1
EBIT <sup>2</sup>	85	84	56	50
EBIT <sup>2</sup> , %	12.0	11.9	8.7	+3.2 pp

# Building Systems financial highlights Q4 2019

## Continued improvement of operating profit

- Net sales increased organically by 24% to SEK 341 m (261).
- EBIT improvement mainly explained by significantly higher sales volume.
- The total order backlog at the end of Q4 is lower than a year ago, due to large deliveries in the quarter and a more normalised order intake during the second half of the year.

## Net Sales, SEK m



## Key figures

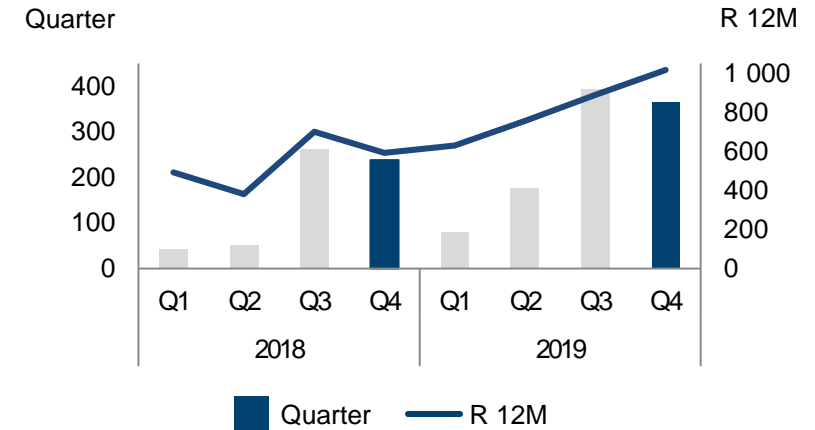
SEK m	Q4 '19 Incl. IFRS 16	Q4 '19 Excl. IFRS 16	Q4 '18 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	341	341	261	31
Organic, %				24
Structure <sup>1</sup> , %				0
Currency, %				7
EBIT <sup>2</sup>	15	14	0	N/A
EBIT <sup>2</sup> , %	4.4	4.1	0.0	+4.1 pp

# Lindab Group cash flow Q4 2019

## High investments and strong cash flow

- Adjusted free cash flow amounted to SEK 274 m (198) in Q4.
- The improvement in free cash flow is due to higher operating profit and favorable change in working capital.
- Net debt excluding effect from IFRS 16 decreased to SEK 732 m (1,052).

## Cash flow operating activities, SEK m



## Key figures

SEK m	Q4'19 Incl. IFRS 16	Q4'19 Excl. IFRS 16	Q4'18 Excl. IFRS 16
Cash flow from			
Operating activities	313	252	211
Change in working capital	121	121	55
Investing activities	-95	-95	-40
Financial net paid	-6	1	-2
Tax paid	-62	-62	-26
Free cash flow	271	217	198
Adjusted free cash flow <sup>1</sup>	274	220	198

# Lindab Group financial highlights full year 2019

## A year with strong profitability improvement

- Net sales increased organically with 3% to SEK 9,872 m (9,326).
- EBIT margin improvement explained by higher sales, better gross margin and increased efficiency.
- Net profit increased to SEK 678 m (394).
- EPS increased by 72% to SEK 8.89 (5.16).
- Proposed dividend of SEK 3.60 (1.75), an increase of 106%.

## Key figures

SEK m	2019 Incl. IFRS 16	2019 Excl. IFRS 16	2018 Excl. IFRS 16	Chg % Excl. IFRS 16
Net Sales	9,872	9,872	9,326	6
Organic, %				3
Structure <sup>1</sup> , %				0
Currency, %				3
EBIT <sup>2</sup>	915	888	634	40
EBIT <sup>2</sup> , %	9.3	9.0	6.8	+2.2 pp
Fin net	-34	-8	-16	
Tax	-203	-203	-137	
Net profit	678	678	394	72



# Financial targets and dividend policy

# Financial targets and dividend policy

The Board of Directors of Lindab International AB decided in December on the following financial targets and dividend policy:

- The annual sales growth rate should be 5-8 percent, as a combination of organic and acquired growth (unchanged).
- The operating margin (EBIT) should average 10 percent over a business cycle, excluding one-off items and restructuring costs (unchanged).
- The net debt to EBITDA ratio should not exceed 3.0, measured over a 12 month average (updated).
- The dividend should be equivalent to minimum 40 percent of the company's net profit, taking into account the company's financial position, acquisition opportunities and long-term financing needs (updated).
- For more information, please visit [www.lindabgroup.com](http://www.lindabgroup.com)



# Current focus areas

# Current focus areas

Decentralisation with clearer accountability



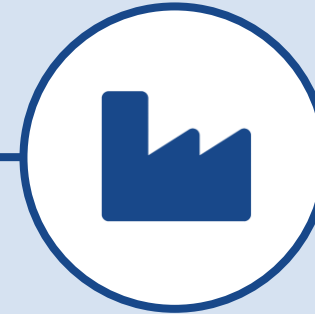
Sustainable profitability in line with financial targets



Customer satisfaction through delivery excellence



Investment in efficiency and capacity





# Outlook

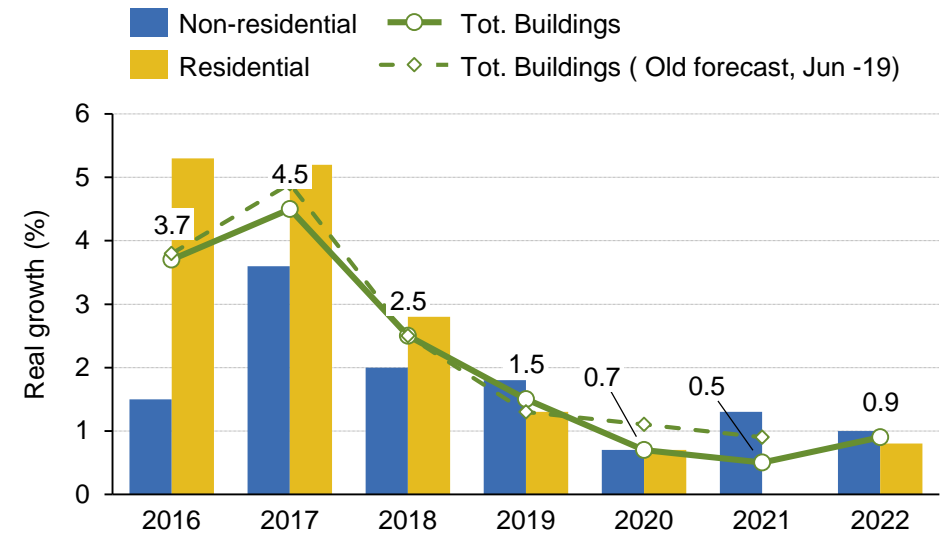
# Market development

## Continued slowdown in European construction market

- The European construction market continues to slow down and updated forecast from Euroconstruct indicate that the annual real growth rate will flatten out around 0.5% in the coming two years.
- The forecasts for both 2020 and 2021 were revised down slightly compared to previous forecasts.
- The construction markets in CEE continue to show the strongest sentiment while the sentiments have weakened more in the Nordic region and Western Europe.
- However, in the last few months some early indicators have started to stabilise or even show slight improvements. Steel spot prices have also started to increase.
- We continue to improve our customer offering and efficiency to remain resilient in a possible future continued slowdown.

## Forecast: European construction market

Source: Euroconstruct (Nov 2019)



# Summary and Q&A

# Key highlights Q4 2019

A strong quarter with continued improvements across the Group

**+6%**

Net sales increased to SEK 2,526 m (2,384)

**SEK 212<sub>m</sub>**

Adj. operating profit SEK 212 m (173)  
and adj. operating margin 8.4 % (7.3)

**+36%**

Profit for the period increased to SEK 143 m (106).  
Earnings per share increased to SEK 1.88 (1.38)

**Strong cash flow,  
higher investments,  
strengthened financial  
position**

**Update of financial targets  
and dividend policy**

**Proposed dividend  
of SEK 3.60 (1.75)**



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

