



Lindab Group

Q2 2020

Ola Ringdahl, President & CEO
Malin Samuelsson, CFO

17 July 2020

Agenda

- Summary and overview
- Financials
- Acquisitions & structural changes
- Way forward
- Summary and Q&A





Summary and overview

Key highlights Q2

- Sales growth in the Nordic region. Negative impact by covid-19 mainly in Italy, France, UK, Ireland and Poland.
- Adjusted operating margin higher than Q2 previous year, despite lower net sales.
- Good financial performance in all Business Areas.
- Continued high level of strategic investments.
- Improved cash flow from operating activities.

-14%
2,218
SALES,
SEK m

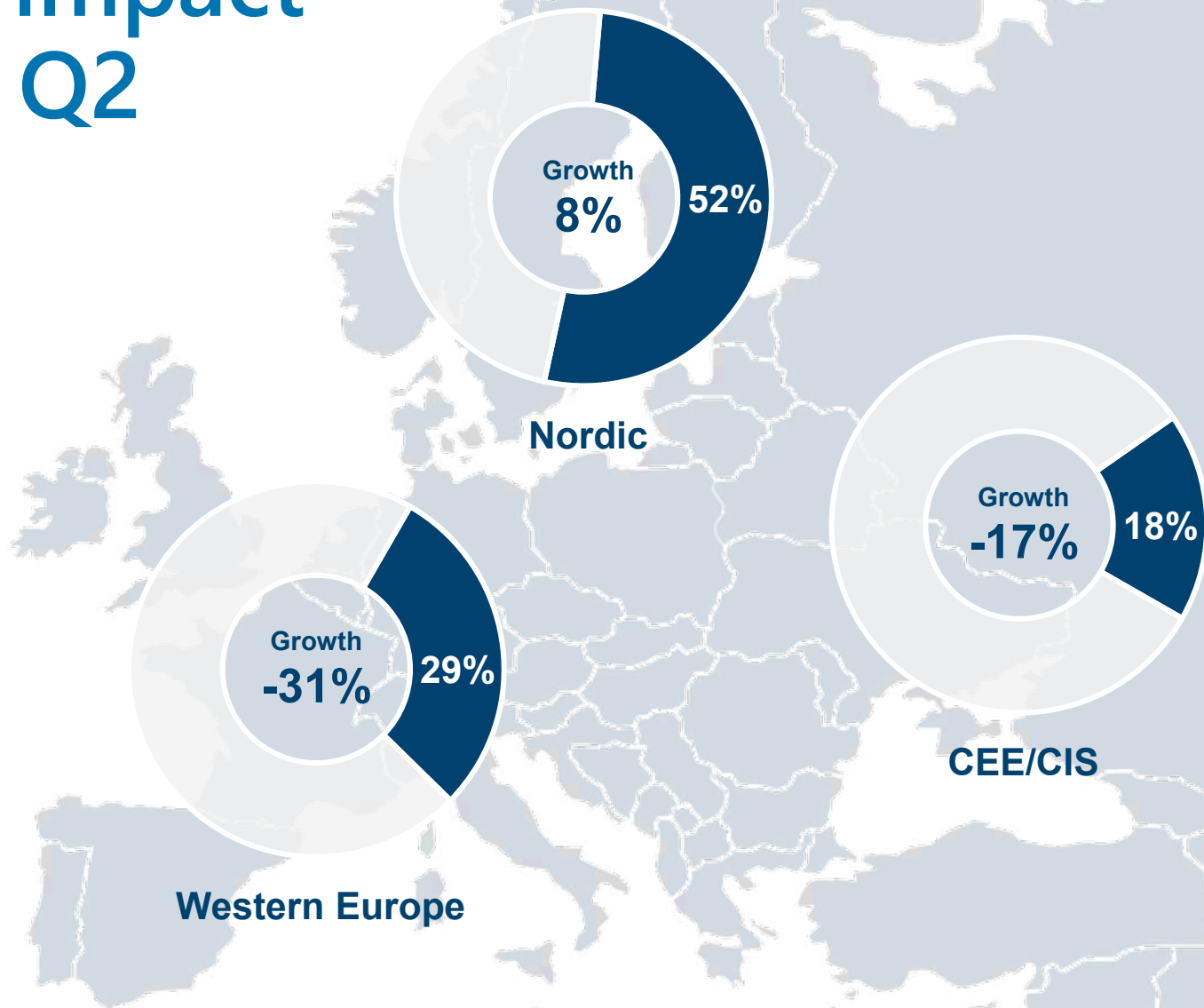
+0.7 pp
10.0%
OPERATING
MARGIN (adj)

105 (113)
INVESTMENTS,
SEK m

+66%
295
CASH FLOW
SEK m¹

Mixed geographic impact of covid-19 during Q2

- Strong quarter in the Nordics, especially for Profile Systems. Minor impact of covid-19.
- Western Europe and CEE/CIS were impacted by closed construction sites. Recovery in June.



Note: Information refers to share of total sales and organic growth in Q2 compared to the same quarter last year. Other markets represent 1% of sales.



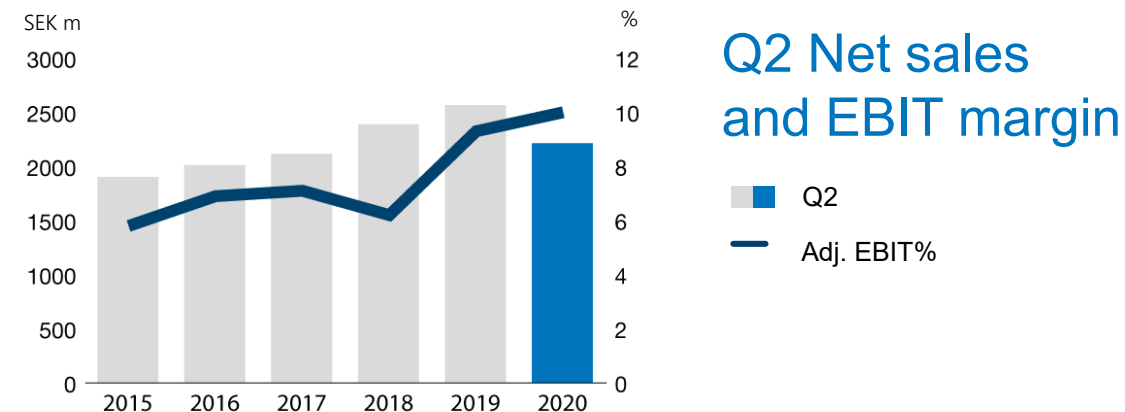
Financials

Lindab Group financial highlights

Improved EBIT margin. Sales mainly impacted by covid-19.

- Net sales decreased by 14% to SEK 2,218 m (2,569). Organically sales declined by 12%, mainly due to effects of covid-19.
- Adjusted EBIT margin improved to 10.0% (9.3). The margin improvement was mainly due to cost savings to adapt to lower sales.
- Earnings per share amounted to SEK 1.00 (2.38), due to lower sales, one-time costs and higher tax.

1) Net of acquisitions and divestments.
2) Excluding one-off items of SEK -74 m (0).



Key figures

SEK m	Q2'20	Q2'19	Change %
Net sales	2,218	2,569	-14
Organic, %			-12
Structure ¹ , %			0
Currency, %			-2
EBIT ²	222	238	-7
EBIT ² , %	10.0	9.3	0.7pp
Net profit, SEK m	76	181	-58

Ventilation Systems Q2 financial highlights

Strong operating margin despite covid-19 impact

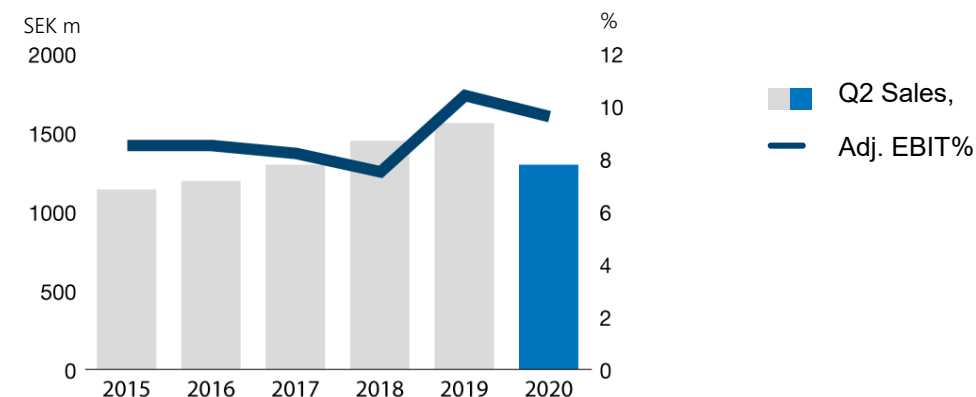
- Net sales decreased organically by 16% to SEK 1,297 m (1,560).
- Sales volume was impacted negatively in several markets due to covid-19, especially Western Europe and CEE/CIS. Sales in the Nordic region was in line with previous year.
- Adjusted EBIT margin of 9.6% (10.4) despite lower sales volumes, due to strengthened gross margin and reduced costs.

1) The values for 2015 to 2017 are best estimates by Lindab since the segment was not established during this period.

2) Net of acquisitions and divestments.

3) Excluding one-off items of SEK -74 m (0).

Q2 Net sales and EBIT margin¹



Key figures

SEK m	Q2'20	Q2'19	Change, %
Net sales	1,297	1,560	-17
Organic, %			-16
Structure ² , %			0
Currency, %			-1
EBIT ³	125	163	-23
EBIT ³ , %	9.6	10.4	-0.8 pp

Profile Systems Q2 financial highlights

Strong sales growth and improved EBIT margin

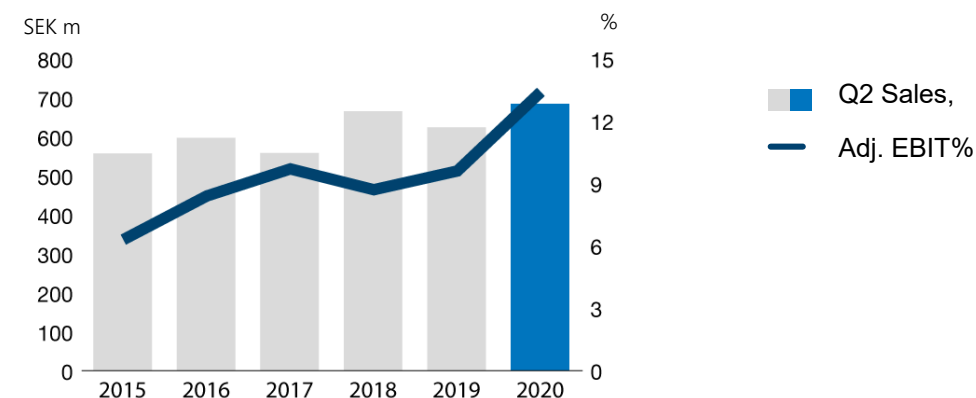
- Net sales increased organically by 12% to SEK 685 m (625).
- Sales growth driven by the Nordics, mainly due to large deliveries of industrial projects in Sweden.
- EBIT margin increased to 13.4% (9.6), due to higher sales volumes and reduced costs.

1) The values for 2015 to 2017 are best estimates by Lindab since the segment was not established during this period.

2) Net of acquisitions and divestments.

3) Excluding one-off items of SEK 0 m (0).

Q2 Net sales and EBIT margin¹



Key figures

SEK m	Q2'20	Q2'19	Change, %
Net sales	685	625	10
Organic, %			12
Structure ² , %			-1
Currency, %			-1
EBIT ³	92	60	53
EBIT ³ , %	13.4	9.6	3.8 pp

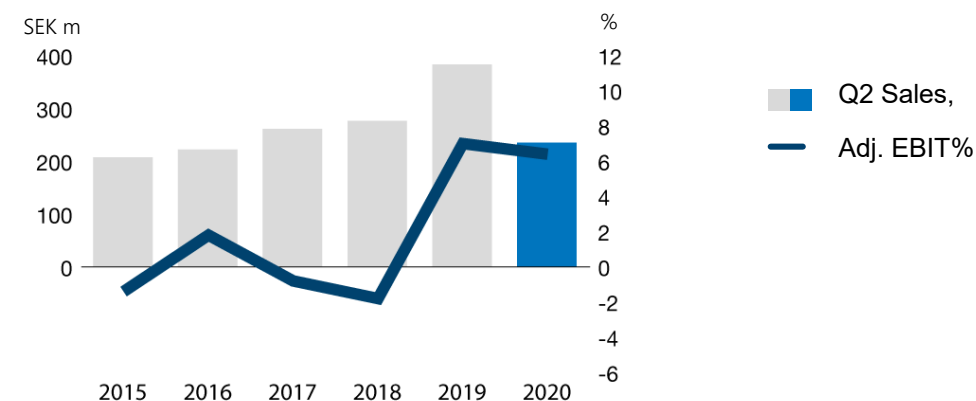
Building Systems Q2 financial highlights

Good EBIT margin despite significantly lower sales

- Net sales decreased organically by 37% to SEK 236 m (384).
- EBIT margin of 6.4% (7.0). Lower sales volumes were partly offset by reduced operating costs and higher gross margin.
- Net order intake increased in the quarter but the total order backlog at the end of Q2 is lower than a year ago.

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

Q2 Net sales and EBIT margin



Key figures

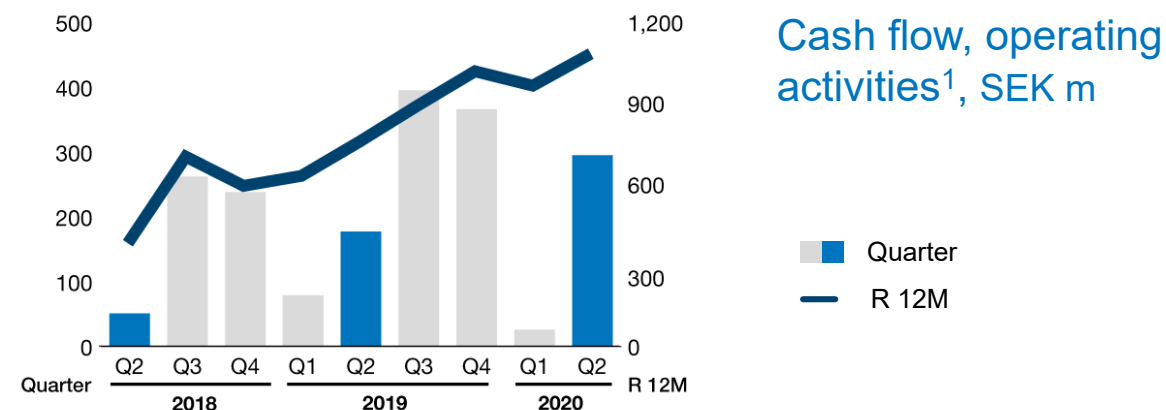
SEK m	Q2'20	Q2'19	Change, %
Net sales	236	384	-39
Organic, %			-37
Structure ¹ , %			0
Currency, %			-2
EBIT ²	15	27	-44
EBIT ² , %	6.4	7.0	-0.6 pp

Lindab Group Q2 cash flow

Strong free cash flow

- Free cash flow adjusted for M&A amounted to SEK 229 m (97) in Q2.
- The improvement in cash flow is driven by changes in working capital, which was partly offset by higher tax paid.
- Cash flow from investing activities was SEK -105 m (-113).
- Net debt decreased to SEK 1,859 m (2,262) which gives a net debt/equity ratio of 0.4 (0.5).

1) The latest accounting standard for lease agreements (IFRS 16) has a positive impact on cash flow from operating activities from Q1 2019 onwards.



Key figures

SEK m	Q2'20	Q2'19
Operating profit adj. for non-cash items	307	329
Change in working capital	41	-117
Financial net paid	-6	-6
Tax paid	-47	-29
Cash flow, operating activities	295	177
Investing activities	-105	-113
Free cash flow	190	64
Free cash flow adjusted for M&A	229	97



Acquisitions & structural changes

Thor Duct - market leader in fire & smoke ventilation control systems

- Lindab has acquired IP rights, customer contracts and supplier agreements
- Based in Ireland and is licensing the production of its certified technology to a number of customers in the UK and Ireland, including Lindab.
- Thor Duct's products are used to extract smoke and prevent fire from spreading within buildings.
- The acquisition includes customer contracts to a value of EUR 2 million and is a spin-off from current operations.
- The acquisition will add a positive contribution to Lindab's profitability.



Photo: Joe Walsh (Thor Duct) and Patrick Boland (Lindab).

Crenna- market leader in rectangular ventilation ducts in Sweden

- Lindab has acquired Crenna Plåt AB (3 July).
- With the acquisition, Lindab will have a complete range of ventilation ducts in Sweden.
- Rectangular ventilation ducts make up about 40% of the Swedish market and are usually combined with circular ducts in the same system. Crenna also offers a wide range of silencers.
- Crenna has production units in Enköping, Stockholm and Gothenburg. The unit in Enköping can be developed into a central hub for production within the Lindab Group.
- Revenue of approximately SEK 120 m with 85 employees. Crenna's operating margin is in line with Lindab's.



Photo: Joakim Lönnberg (Lindab), Kenneth Lindkvist (Crenna), Jouko Lempinen (Crenna) and Niklas Hyttsten (Crenna).

Closure of IMP Klima

- IMP Klima Group, consisting of LINDAB, klima sistemi, d.o.o. in Slovenia and its subsidiaries in Serbia, Montenegro and Bosnia-Herzegovina will be closed.
- Production of air handling units in Slovenia will be discontinued by the end of 2020.
- Lindab acquired IMP Klima in 2015 to establish a presence in the air handling unit market. It has shown weak development and it has been a loss-making business for several years.
- Sales in 2019 was SEK 269 m, reported as part of Business Area Ventilation Systems. 226 employees are affected.
- One-time costs of SEK -74 m impacted Q2, of which SEK -55 m were write-downs.



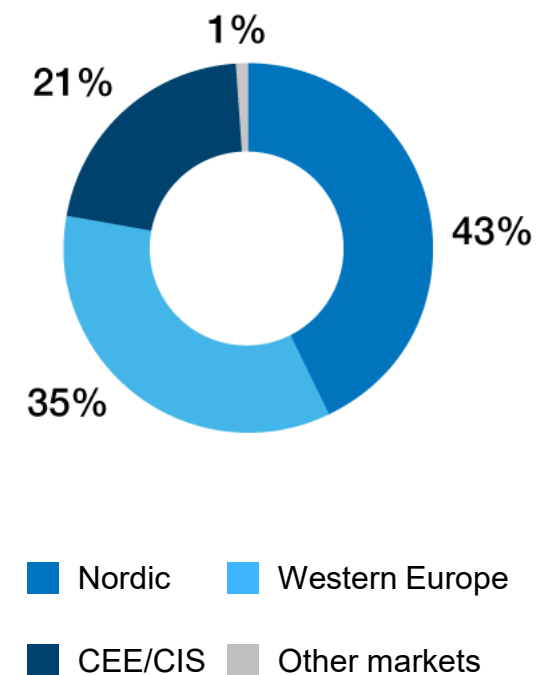


Way forward

Covid-19 impact

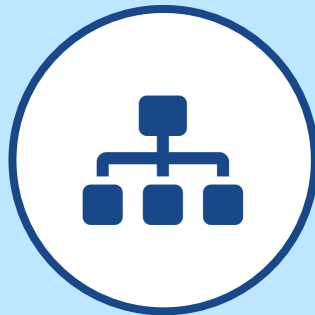
- Mainly impacted by closure of construction sites in France, Italy, UK, Ireland and Poland. Good market conditions in the Nordic region.
- Decentralized organization facilitated fast decisions to adapt to new market conditions and lower cost base.
- Robust supply chain with 30 production facilities close to customers. High delivery performance.
- Stayed open in all countries, with reduced capacity in the countries impacted the most.
- Prepared for a situation with lower demand. Lindab's assessment is that it will take more than a year for the market to fully recover.

Geographic revenue split (2019)



Focus areas for 2020

Decentralisation with
clear accountability



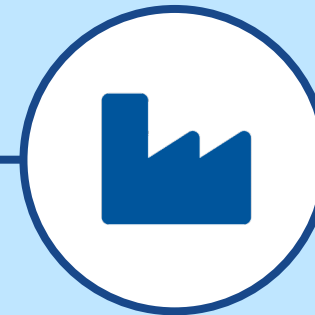
Sustainable
profitability in line with
financial targets



Customer satisfaction
through delivery
excellence



Investment in
efficiency, capacity
and digital support





Summary and Q&A

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**Thank you!
Questions?**