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Lindab Group Q4 and 2023 report

7 February 2024

Ola Ringdahl
President & CEO

Lars Ynner
CFO

Q4 highlights

Improved profitability despite challenging market conditions

- Highest Q4 sales ever for Lindab Group and Ventilation Systems.
- Year-on-year margin improvement was achieved for the first time in 2023.

Continued strong cash flow

- Fifth consecutive quarter with strong cash flow.
- Cash flow from operating activities increased to SEK 589 m (527).

	Q4/23	Q4/22
Sales (SEK m)	3,274	3,223
Organic growth	-5%	+1%
Acquired growth	+4%	+20%
Currency effect	+3%	+5%
Adj. operating profit (SEK m)	261	244
Change in adj. operating profit	+7%	-22%
Adj. operating margin	8.0%	7.6%
Cash flow, op. activities (SEK m)	589	527

Full year highlights

Successful acquisition journey continues

- Full-year sales exceeded SEK 13 billion for the first time.
- Ventilation Systems reached an operating margin of 10.1%.

Record high cash flow

- Cash flow from operating activities more than doubled to SEK 1,711 m (691).

Increased dividend

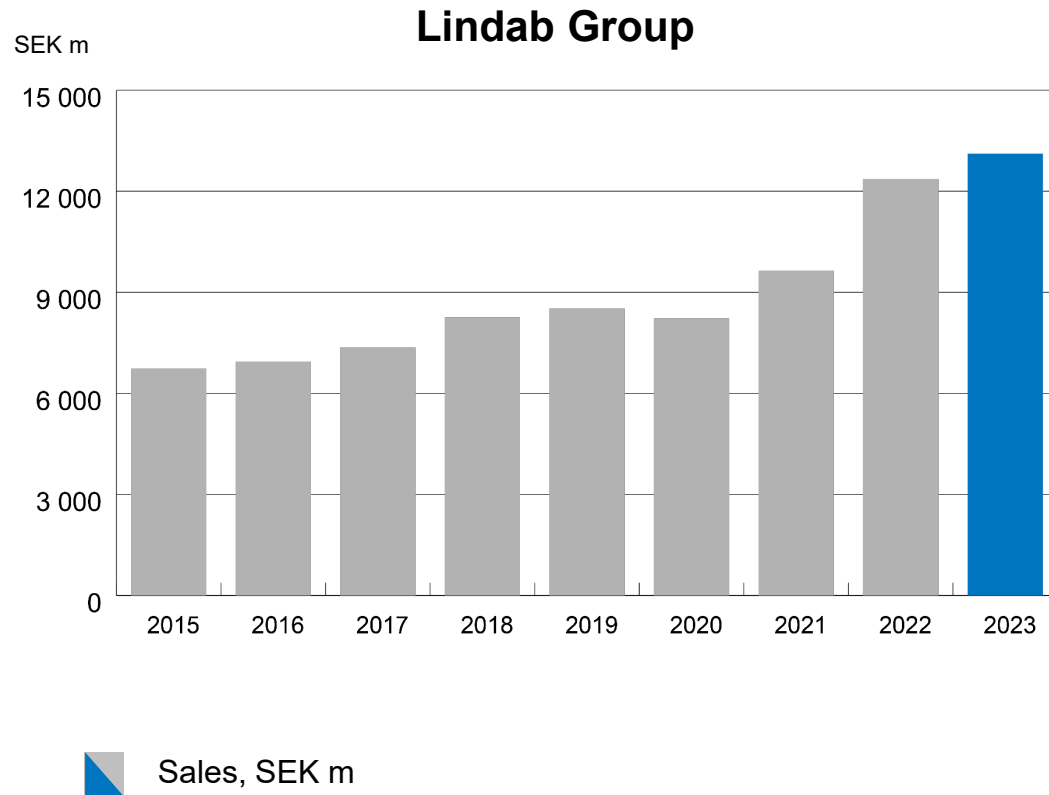
- The Board of Directors proposes a dividend of SEK 5.40 (5.20) per share.

	2023	2022
Sales (SEK m)	13,114	12,366
Organic growth	-9%	+11%
Acquired growth	+10%	+13%
Currency effect	+5%	+4%
Adj. operating profit (SEK m)	1,178	1,347
Change in adj. operating profit	-13%	+6%
Adj. operating margin	9.0%	10.9%
Cash flow, op. activities (SEK m)	1,711	691

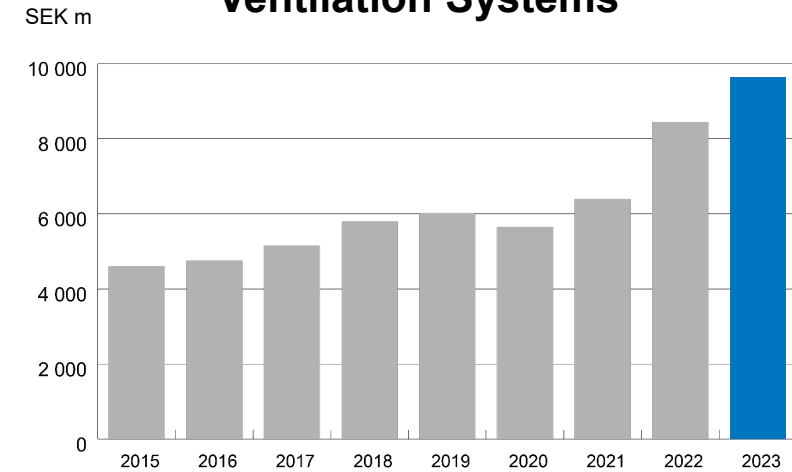
Ventilation revenue is growing as share of total revenue



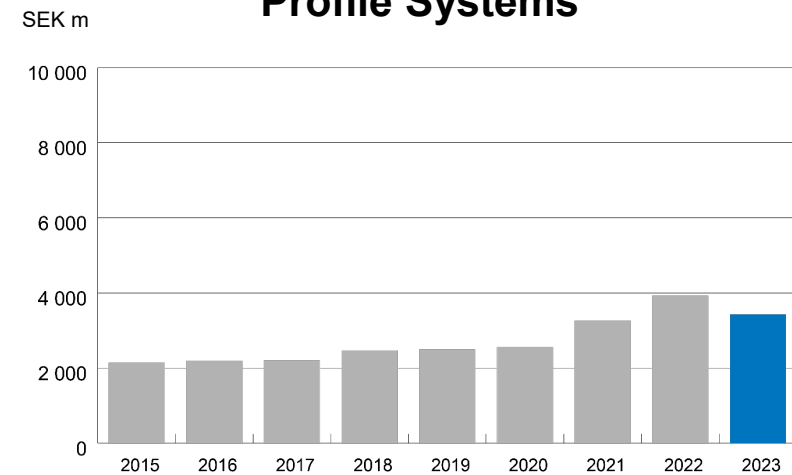
Sales per year, SEK m



Ventilation Systems



Profile Systems

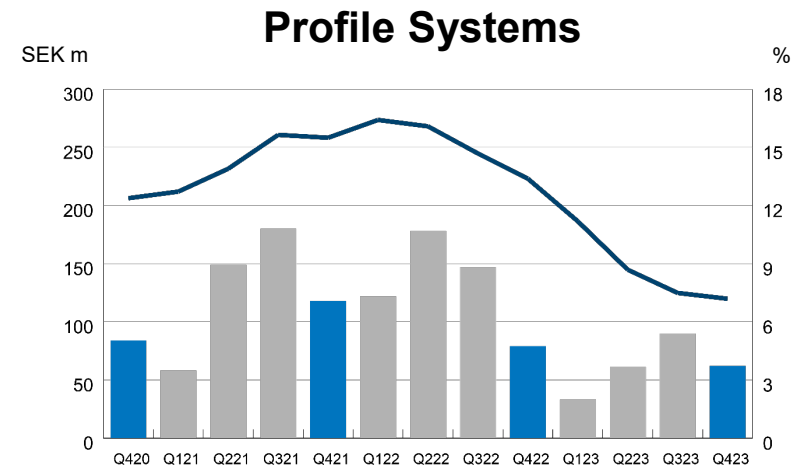
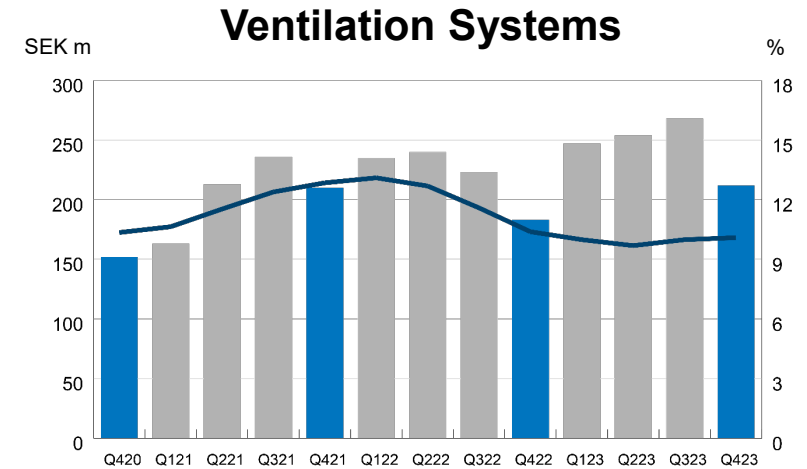
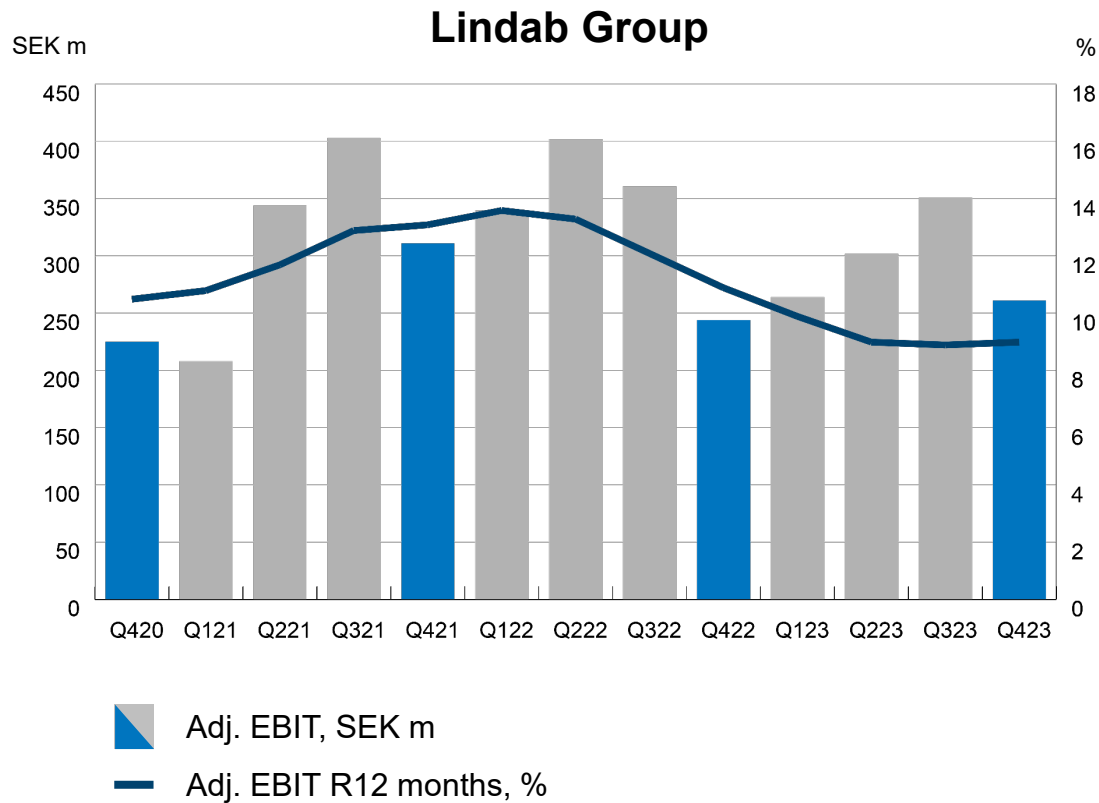


Comparison numbers exclude the divested business area Building Systems.

Ventilation Systems above 10% operating margin in 2023



Adj. EBIT per quarter and 12 months



Comparison numbers exclude the divested business area Building Systems.

Strong cash flow supports continued growth

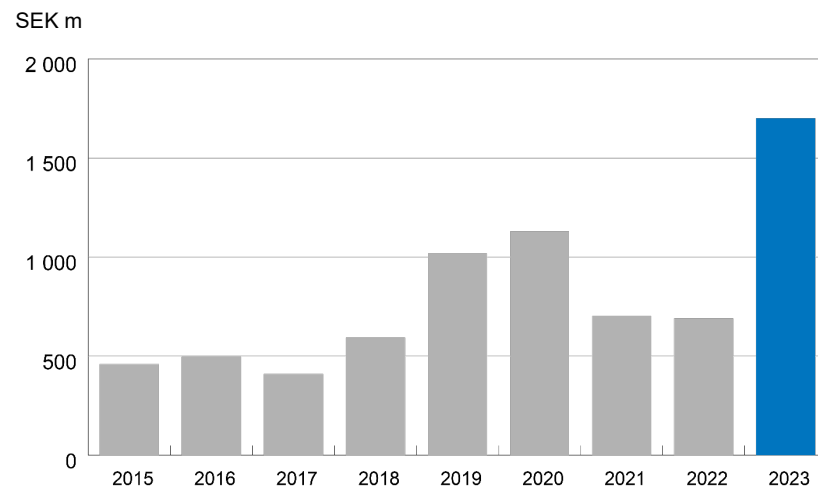
Record high cash flow in 2023

- Cash flow from operating activities increased to SEK 589 m (527) in Q4, resulting in a record high cash flow for 2023; SEK 1,711 m (691).
- The improved cash flow mainly relates to changes in working capital, due to less capital tied up in stock, both in the quarter and for 2023.

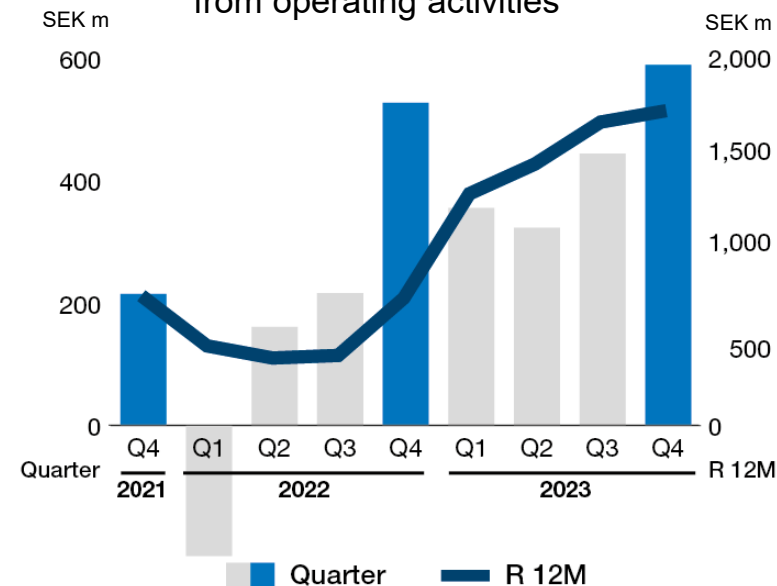
Cash flow
from operating activities

1,711 SEK m ^{+148%}

Annual cash flow
from operating activities



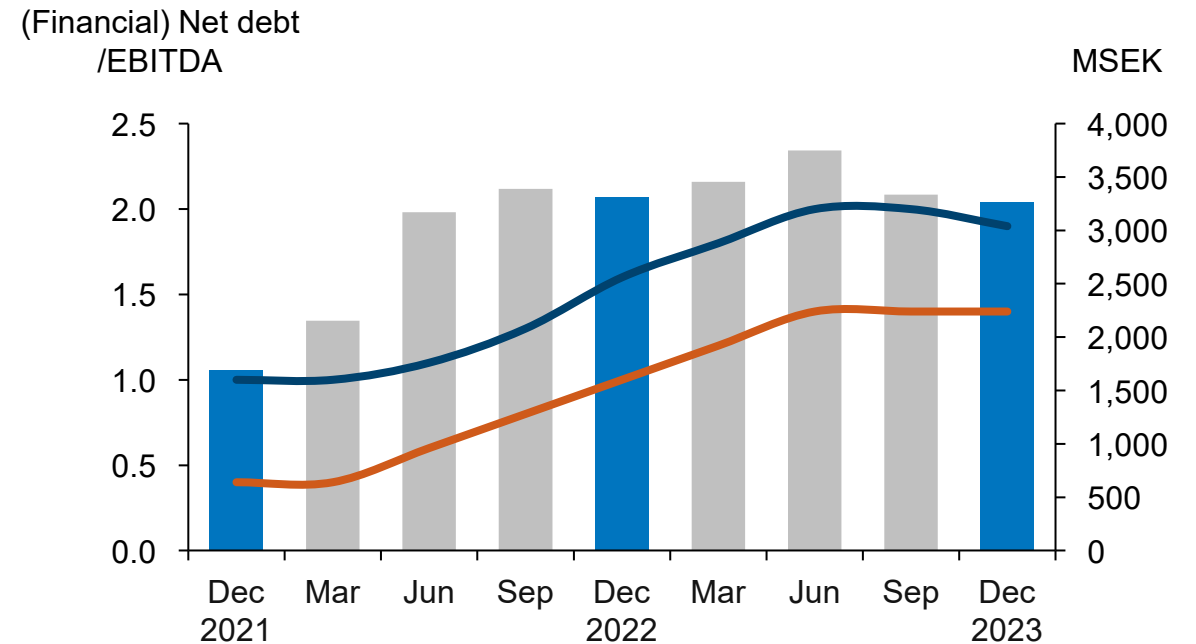
Quarterly cash flow
from operating activities



Net debt

- Net debt amounted to SEK 3,264 m (3,310), of which SEK 1,370 m (1,212) is related to leasing liabilities.
- Net debt/EBITDA amounted to 1.9 (1.6).
- Financial Net debt/EBITDA amounted to 1.4 (1.0)
- The change in net debt vs. previous year is mainly a consequence of acquisitions.

Net debt / EBITDA **1.9**
 Financial Net debt / EBITDA **1.4**



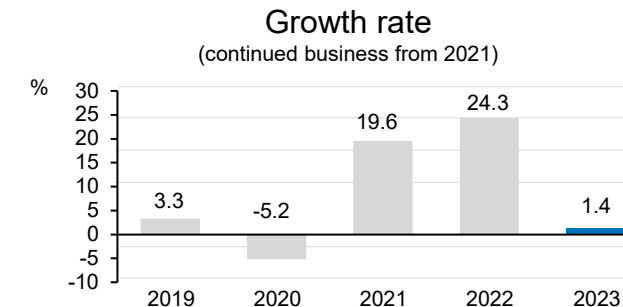
*Financial net debt: Net debt excluding leasing liabilities and pension related posts.
 *Financial net debt/EBITDA excluding IFRS 16 : Average financial net debt in relation to EBITDA, excluding IFRS 16 and excluding leasing liabilities and pension related posts.

— Net debt/EBITDA, excl. one-off items and restructuring costs
 — Financial net debt*/EBITDA, excl. IFRS 16, excl. one-off items and restructuring costs*
 ■ Net debt

Financial targets 2023

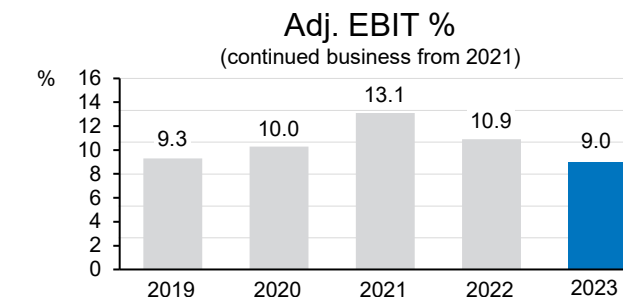
>10%

The **annual growth rate** should exceed 10 percent, as a combination of organic and acquired growth.



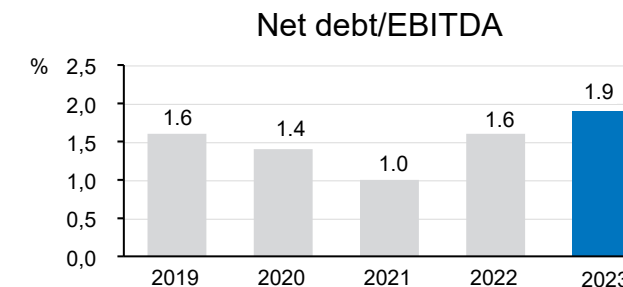
>10%

The **operating margin** should exceed 10 percent, excluding one-off items and restructuring costs.



<3.0

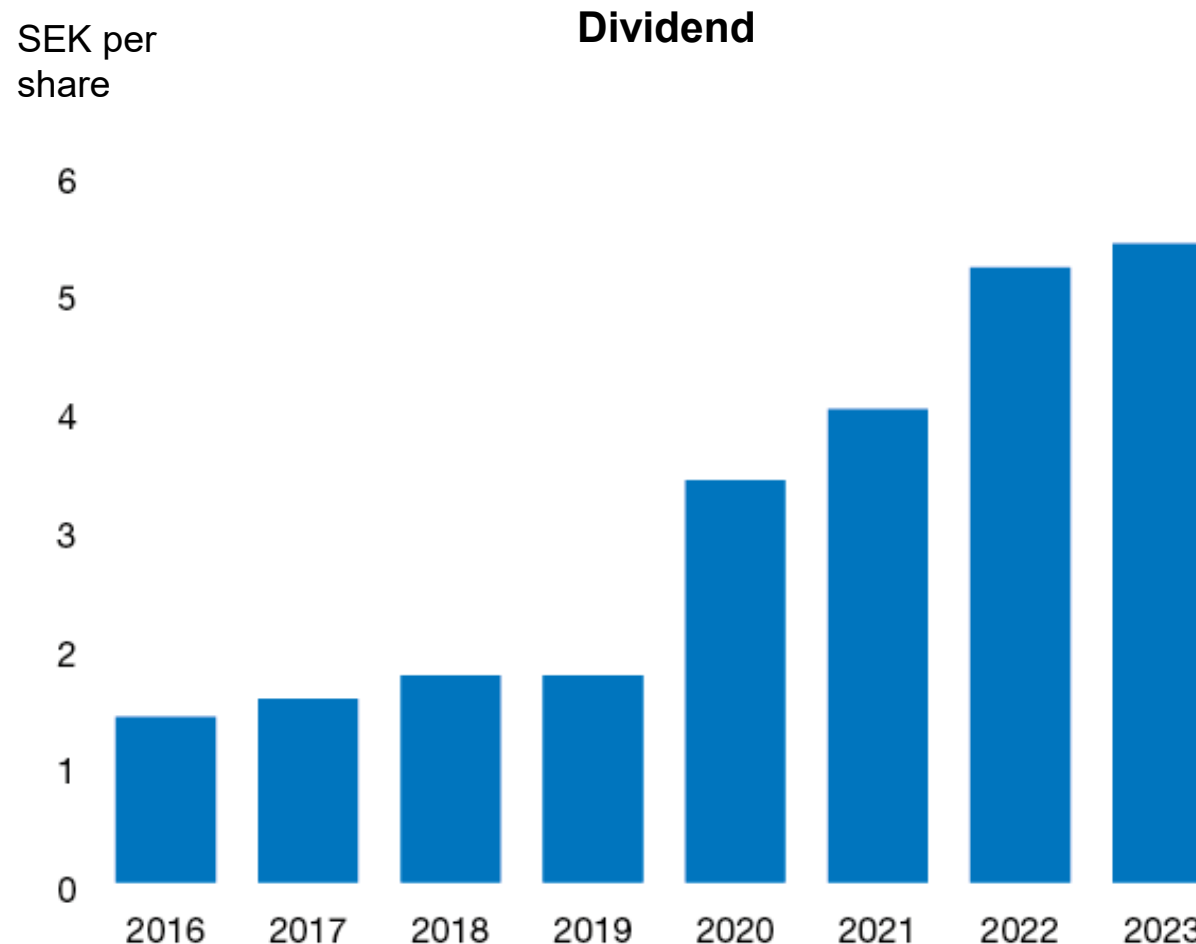
The **net debt to EBITDA** ratio should not exceed 3.0, measured over a 12-month average.



Note: from 2019 applies IFRS 16 Leases

Increased dividend

- Dividend policy of at least 40% of net profit.
- Strong cash flow and a solid financial position.
- Board of Directors proposes a dividend of SEK 5.40 (5.20).
- To be paid on two occasions.
- The Board of Director's proposal is a 4% increase and equals 49% of net profit.





Building a stronger Lindab

Accelerating profitable growth



2009-2017

Debt reduction

Generated profits and cash flow was used to pay off debt and get Lindab back on track after the financial crisis.

2018-2023

Investing in the business

Focus on fewer markets and product areas. Investments in modernised production. Started to acquire high-quality companies.

2024-2027

Accelerating profitable growth

With the investment program implemented and working capital reduced, resources are now re-focused on profitable growth, mainly through M&A.

REVENUE
SEK B

~7

9-13

20

EBIT MARGIN
%

6%

10%

>10%


VENTILATION
%

~55%

~70%

~90%

Short term focus areas



Profitability and
cost control

Implement actions to reduce sensitivity to market fluctuations. Continued focus on cost control.



Competitive
products

Increased focus on R&D and product management to stay competitive in current and future product offerings.



Efficiency from
investments

Ensure that the implemented investments are delivering according to the agreed plan.



Sustainability
improvements

Increase the pace and activity level for sustainability improvements in our business.

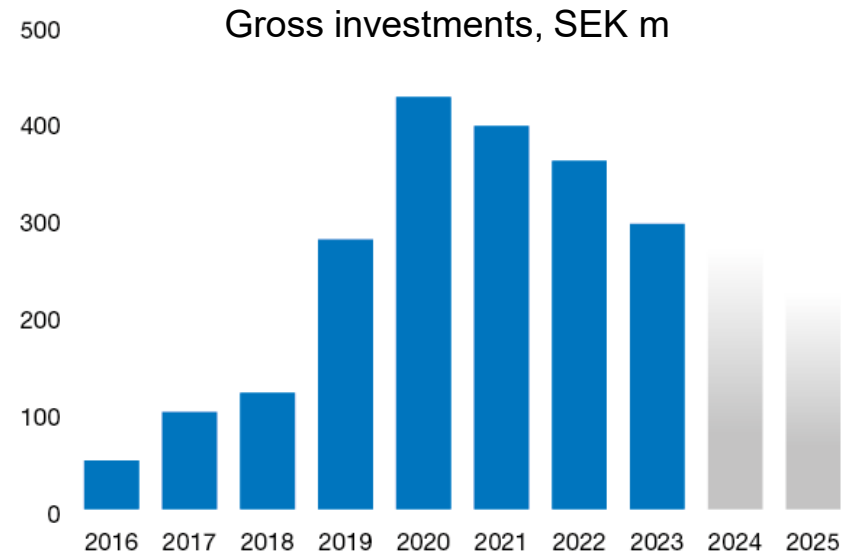


Benefits from
acquisitions

Improve support to acquired companies to increase the benefits for Lindab Group and for the newly added companies.

Investments to increase efficiency, capacity and safety

- SEK 21 m (82) invested in Q4 and SEK 294 m (359) invested in total for 2023.
- The strategic investment program, running since 2019, will be completed during 2024.
- The investment level in 2025 is expected to be approximately SEK 250 m.



New press hall for Lindab Ventilation in Grevie (SE), is being erected.

Acquisitions of high-quality companies

- Five acquisitions in 2023 and two signed at the beginning of 2024.
- The acquisition of Vicon in USA doubles the global sales of ventilation automation solutions for Lindab Group. Lindab establishes a platform for further acquisitions in North America.
- The acquisition of Airmaster lays the foundation for a new product area: Decentralised Ventilation. Additional acquisitions are likely to follow with the aim to reach SEK 2 billion in sales in 2027.



October
HAS-Vent, UK
Revenue: SEK 280 m



January
Vicon, US
Revenue: SEK 260 m



January
Airmaster, Denmark
Revenue: SEK 540 m

Market outlook

Market outlook

- The European ventilation market is estimated to have declined by 5% in volume during 2023.
- We expect the market demand to remain weak for the next 6-12 months. If interest rates are lowered early, this could trigger increased demand during the second half of 2024.
- Medium and long-term demand outlook for ventilation is strong, supported by the need for energy-efficient buildings and healthy indoor climate.

Lindab near-term priorities

- Efficiency and continued cost optimisation.
- Price management to offset inflation effects.
- Cash flow through reduced working capital.
- Attractive acquisition opportunities.





**Thank you!
Questions?**