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Lindab Group Q3 report 2023

26 October 2023

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President & CEO

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CFO

Q3 highlights

Strong profitability in a challenging market

- Highest Q3 sales for Lindab Group and Ventilation Systems.
- The operating margin has gradually improved quarter by quarter.
- In Q3, Ventilation Systems and Profile Systems both had operating margins above 10%.

Strong cash flow

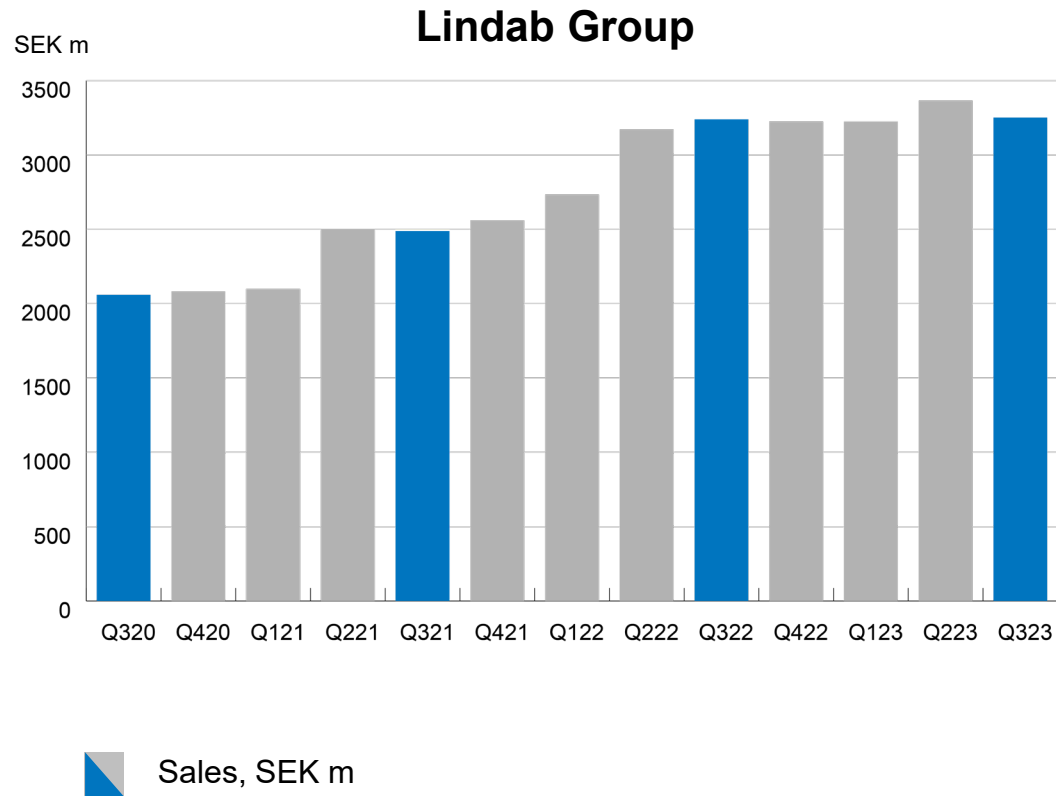
- Cash flow from operating activities increased to SEK 444 m (216) in Q3.

	Q3/23	Q3/22
Sales (SEK m)	3,251	3,239
Organic growth	-11%	+7%
Acquired growth	+4%	+20%
Currency effect	+7%	+3%
Adj. operating profit (SEK m)	351	361
Change in adj. operating profit	-2%	+10%
Adj. operating margin	10.8%	11.1%
Cash flow, op. activities (SEK m)	444	216

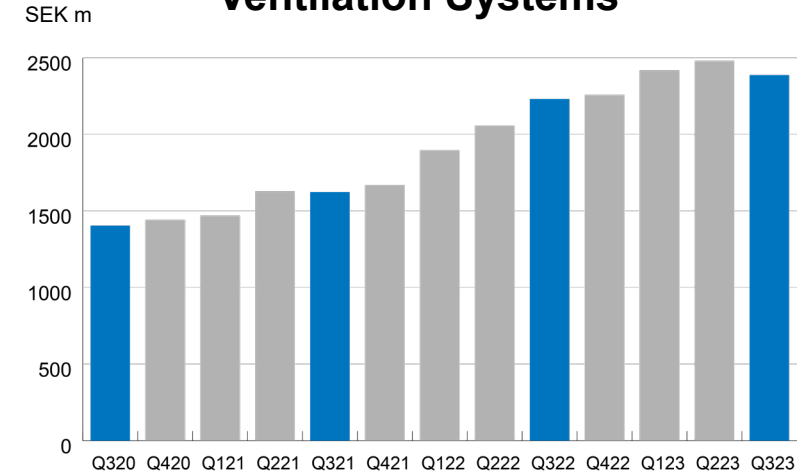
Ventilation revenue is growing as share of total revenue



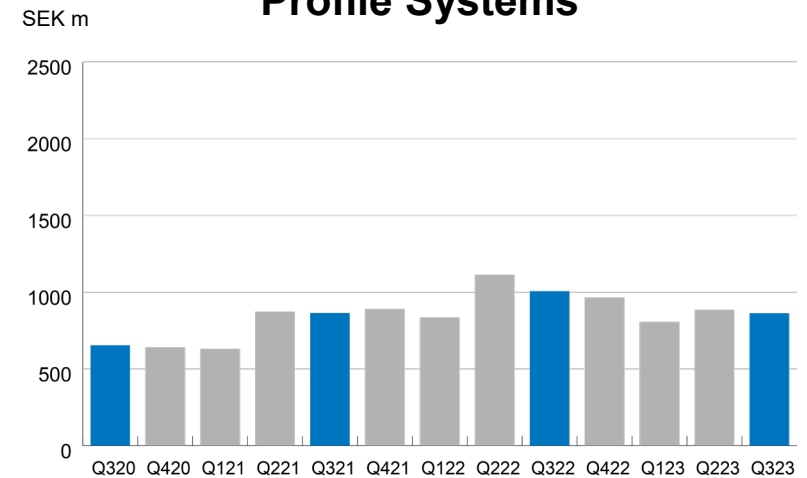
Sales per quarter, SEK m



Ventilation Systems



Profile Systems

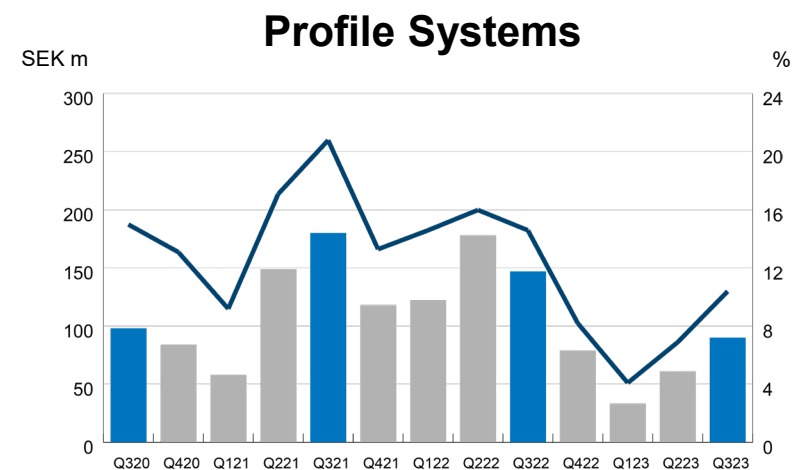
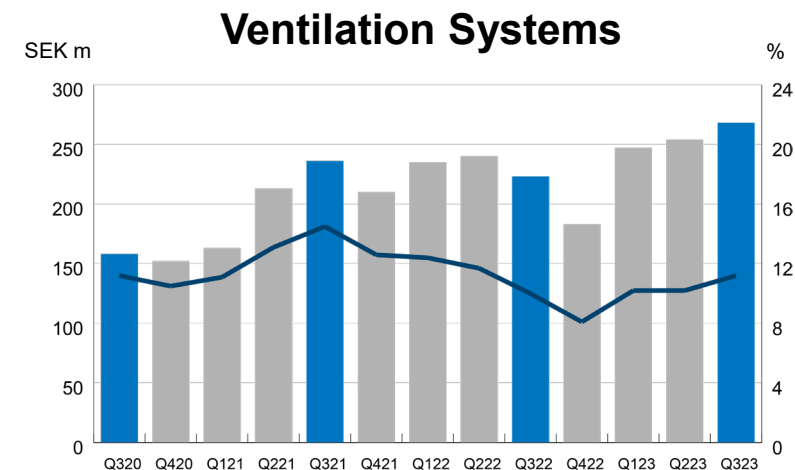
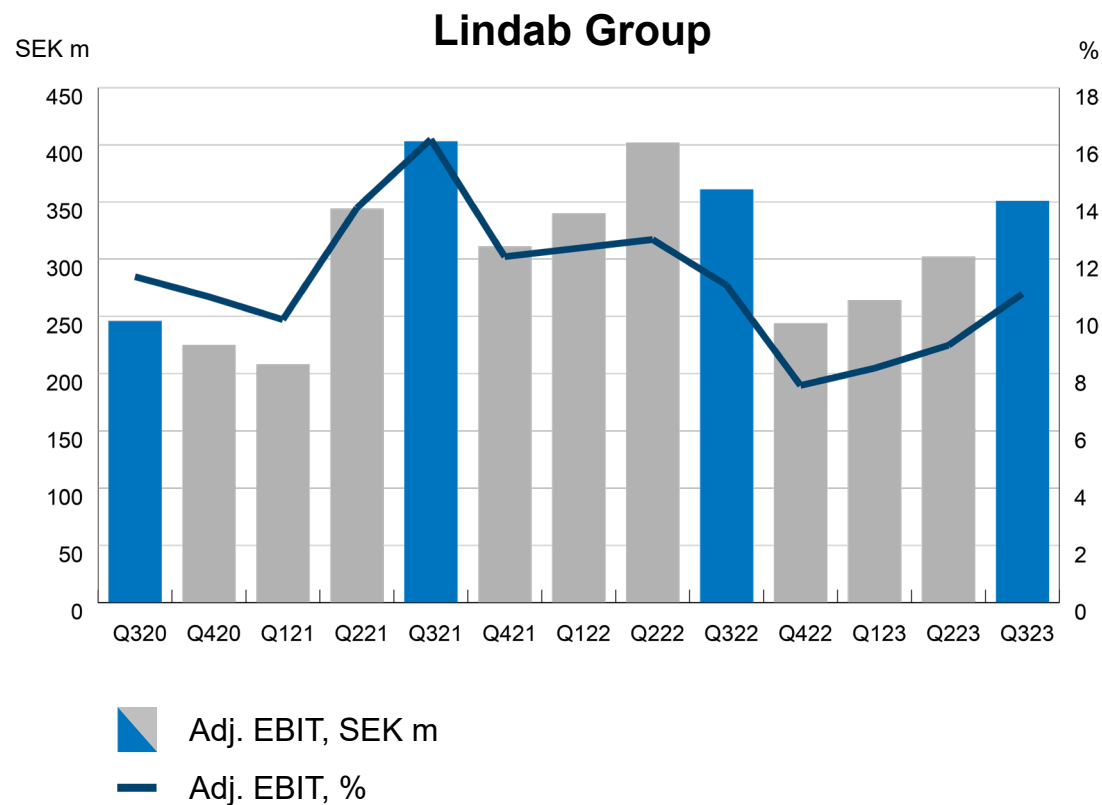


Comparison numbers exclude the divested business area Building Systems.

Both business areas above 10% operating margin in Q3



Adj. EBIT and margin per quarter



Comparison numbers exclude the divested business area Building Systems.

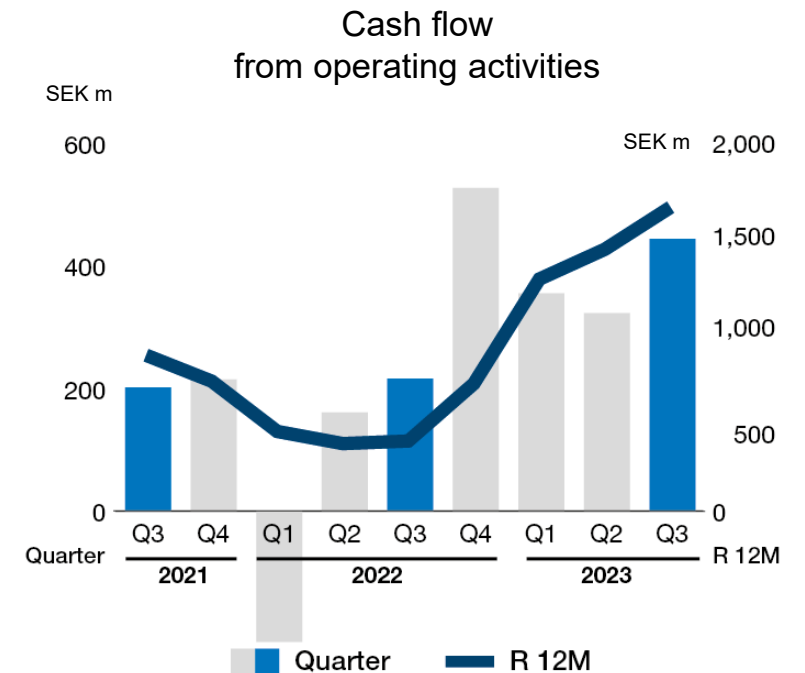
Strong cash flow supports continued growth

Strong cash flow

- Cash flow from operating activities increased to SEK 444 m (216) in Q3.
- Cash flow from operating activities R12M increased to SEK 1,649 m (379).
- The improved cash flow mainly relates to change in working capital, due to less capital tied up in stock, both in the quarter and for R12M.

Cash flow
from operating activities

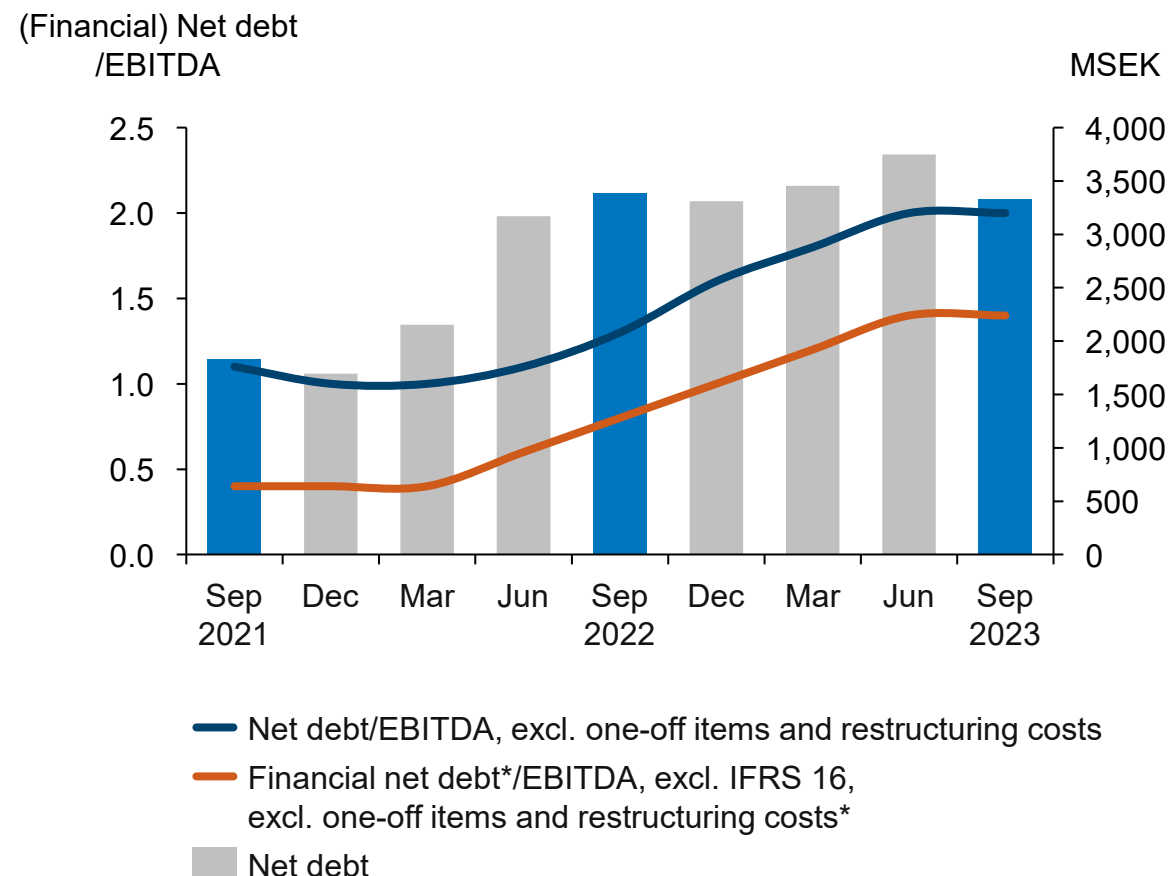
+106%
444 SEK m



Net debt

- Net debt amounted to SEK 3,334 m (3,310), of which SEK 1,341 m (1,116) is related to leasing liabilities.
- Net debt/EBITDA amounted to 2.0 (1.3).
- Financial Net debt/EBITDA amounted to 1.4 (0.8)
- The change in net debt vs. previous year is mainly a result of acquisitions.

Net debt / EBITDA **2.0**
 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.



Building a stronger Lindab

Accelerating profitable growth



2009-2017

Debt reduction

Generated profits and cash flow was used to pay off debts 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.

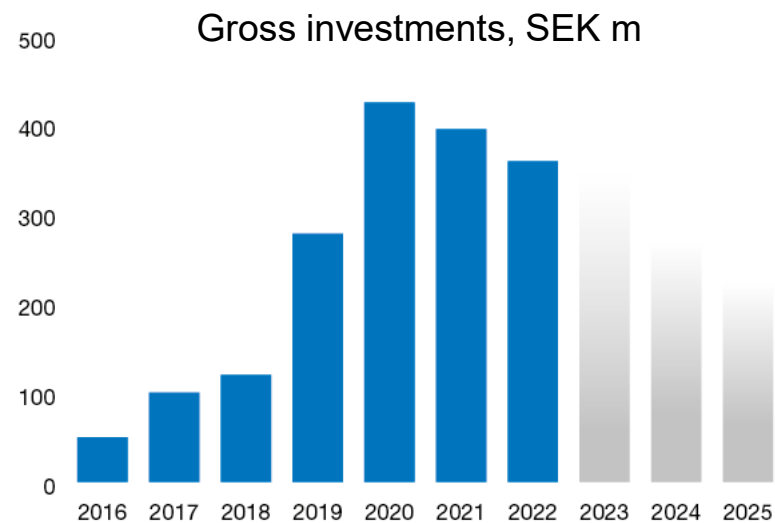


Benefits from
acquisitions

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

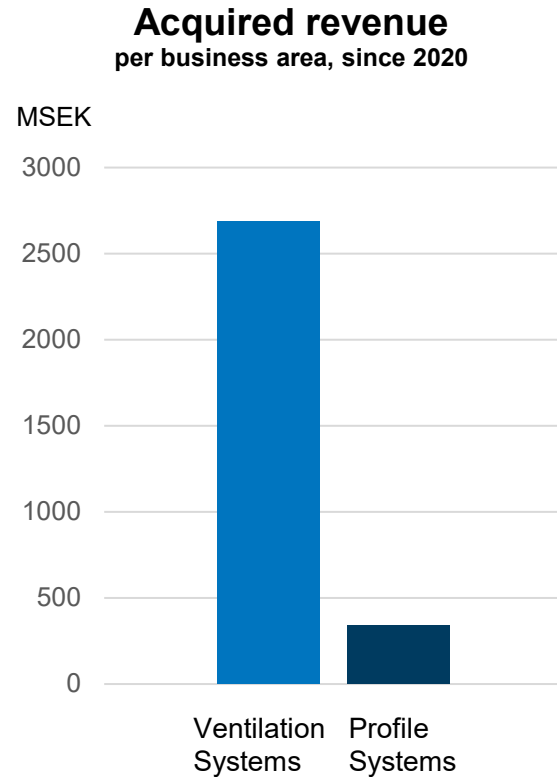
- SEK 68 m (72) invested in Q3, with attractive payback.
- No new major investment decisions planned. Roll-out of current program will continue into 2024.
- The investment level in 2025 is expected to be approximately SEK 250 m.



New slit line for Lindab Steel in Grevie (SE), now in production.

Acquisitions of high-quality companies

- Five acquisitions in 2023.
- HAS-Vent was acquired in October, just after end of quarter.
- 22 acquisitions in total since 2020, adding SEK 3 billion in revenue.
- Divestment of SEK 1.3 billion in revenue during 2020-2022.



October
HAS-Vent, UK
Revenue: SEK 280 m

Lindab first in the world with ventilation ducts in fossil-free steel and recycled steel

- Lindab now offers ventilation ducts made from recycled steel as part of its standard product range.
- As one of few companies in the world, Lindab will receive a test delivery of fossil-free steel from SSAB this year.
- High interest from customers. Several pilot projects in planning.



Market outlook

Market outlook

- The European ventilation market is estimated to have declined by 5% YTD.
- We are prepared that it may take 12 months before the market recovers, as the impact of increased interest rates is spreading throughout Europe.
- 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?**