



# Lindab Group Presentation August 2008

David Brodetsky, CEO  
Nils-Johan Andersson, CFO





# Lindab participants

David Brodetsky



- 53 years, British
- Lived in UK, France, Spain, Luxemburg
- MD of Astron since 2001
- Joined Lindab in 2005
- CEO from October 1, 2008
- Main business experience in West/East Europe; Americas

Nils-Johan Andersson



- 46 years, Swedish
- CFO of Lindab since 1999
- Previously Boliden and Munksjö



# Quite a good knowledge of Lindab

- In Lindab since 2005
- In Group management for about 2 years
- Lead several Groupwide projects:
  - « 1 billion » profit improvement team
  - Pricing
  - Purchasing
  - Sales synergies
  - Customer values



# A few words about Lindab Strategy

- It's a bit early to comment: October 1st – official take over date
- But things are underway – already started a strategic review with Group management team – 2 days last week
- We will be in a position to talk much more about this in the November 19th, 2008 CMD in Stockholm



# My first feelings about Lindab Strategy

- « If it ain't broke, don't fix it »
  - Current strategy is sound
  - Strong performance
  - One-third of business in « emerging markets »
  - Products have good customer values
  - Focus on price/margin is the right approach
  - First class management team and strength in depth
- Business Area Ventilation: performance good; Comfort improving
- Business Area Profile: excellent growth in CEE, high margins
- CEE (example Sipog)
- Russia & CIS



# Profile Business Area

## Division Building Systems

~45% of Profile



# Building Systems

## Some key facts

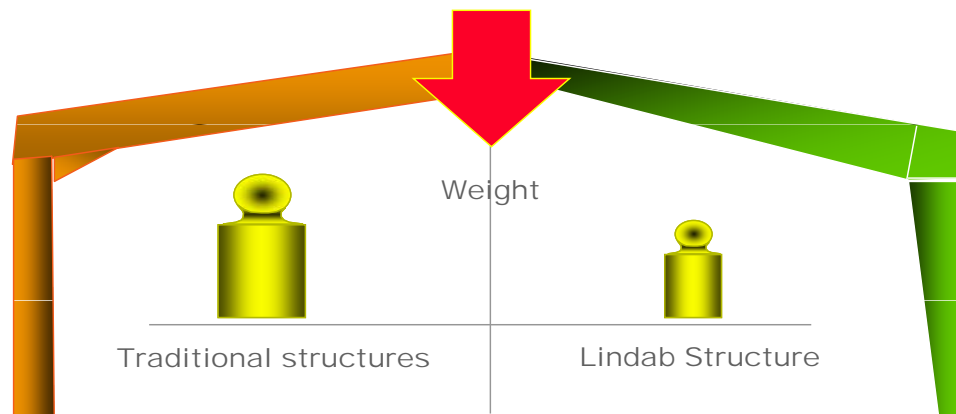
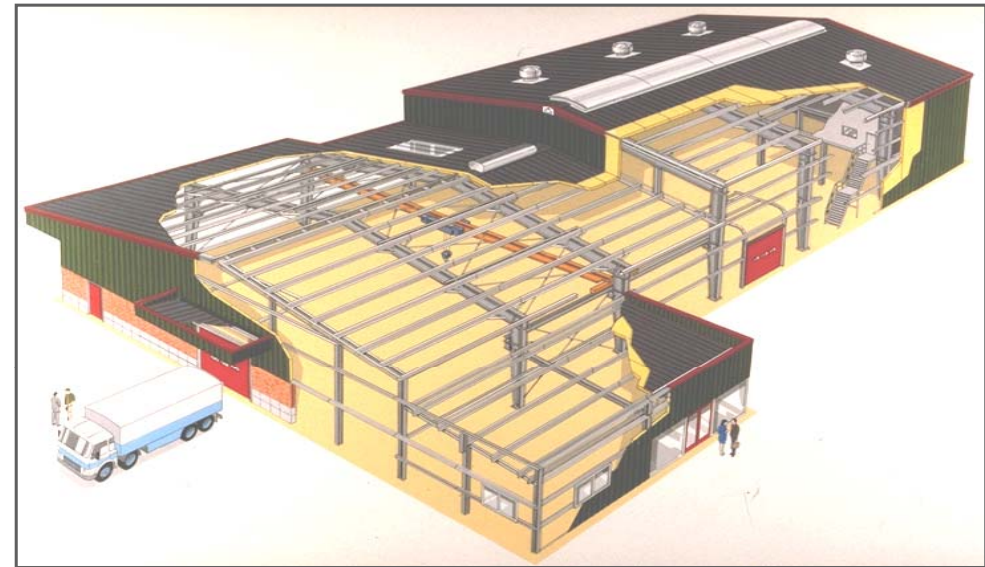
- ▶ Recent Division: Butler-Europe (2002) + Astron (2005)
- ▶ 1000 buildings a year (non-residential)
  - Single storey buildings >90%
  - Multi storey buildings <10% (>30% growth)
- ▶ Strong distribution network: through 360 independent Builder/dealers





# Building Systems – Excellent customer values

- ▶ One stop shop: supply of main structure and wall/roof systems
- ▶ Clear spans up to 100 meters
- ▶ Rapid order completion
- ▶ Less steel per M2 than traditional steel buildings: up to 3000M2 typically 20 to 30% less steel





# CYPRION – Builder/dealer pricing software

Would take 4+ years to develop from scratch

- ▶ SPEED - From sketch to price in hours not weeks
- ▶ COST OPTIMIZATION - Easy simulations of different building options
- ▶ SALES TOOL – Excellent project presentation for sales proposals





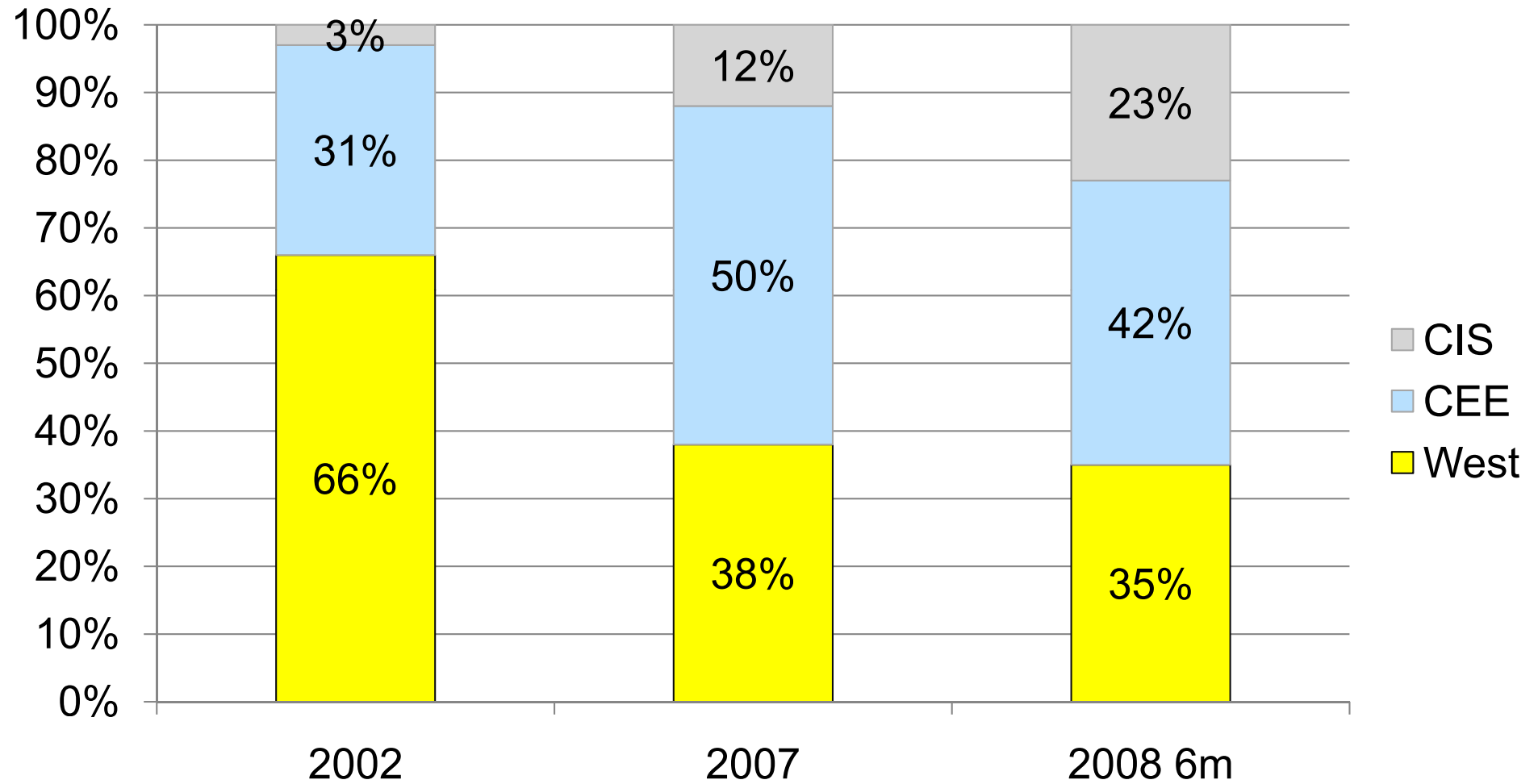
# Building Systems

## Performance

- ▶ Sales doubled from ~1bn SEK in 2002 to ~2bn SEK
- ▶ Operating margins almost X4 from ~5% in 2002
  - West to East strategy
    - Focus on the right countries – CEE/CIS
    - Continued focus on cost base – Add resources cautiously in West. Strong push on sales resources in East
  - Strong focus on pricing/margins



# West to East focus. Sales by market





# Building Systems today

- First half year 2008: Improved volumes and margins
- End June 2008: Highest backlog ever ~ 7 months
- Excellent successor – Venant KRIER (25 years experience)

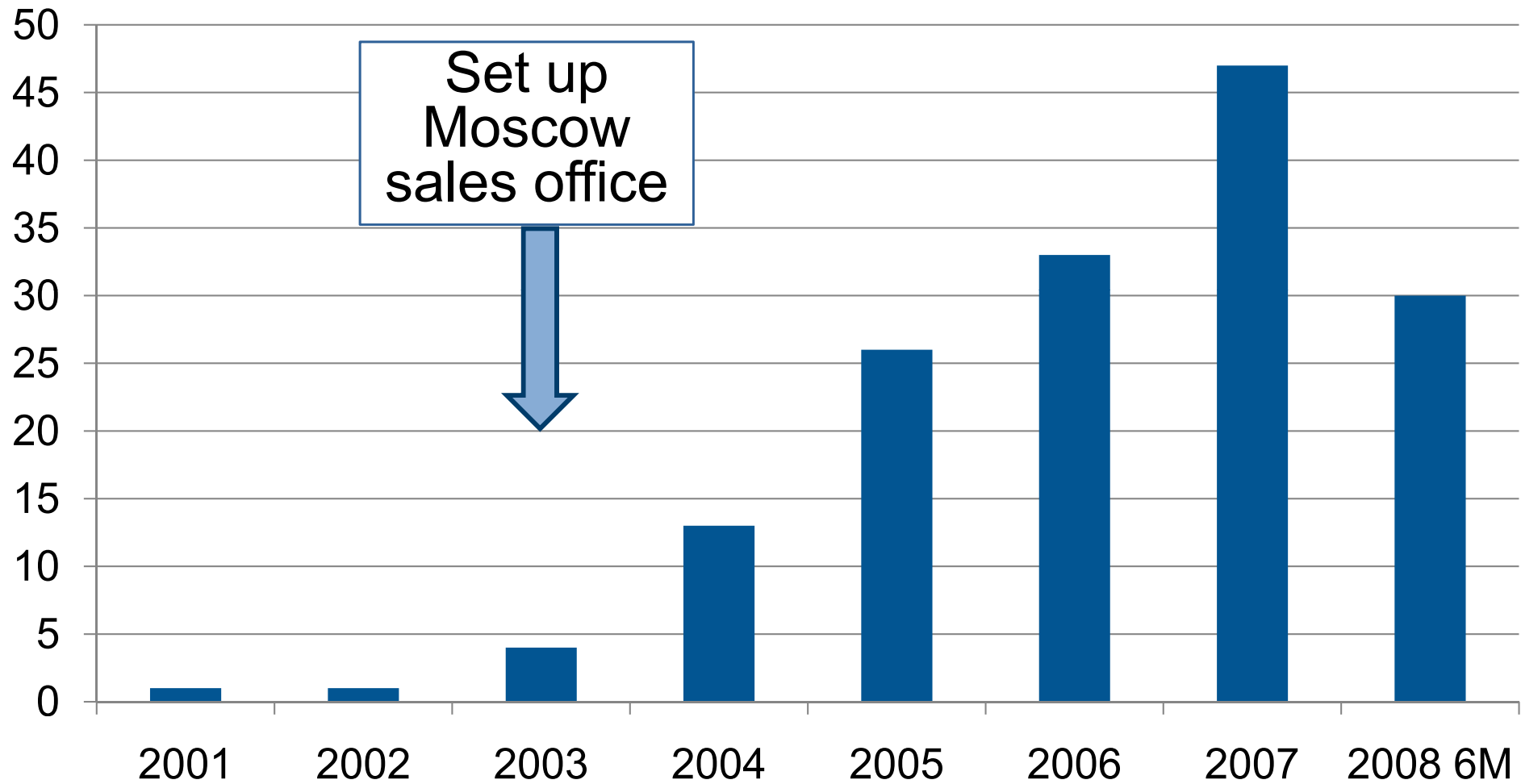


# Building Systems tomorrow

- Still great potential: market leader in pre-engineered buildings. Traditional steel is still 90% of total market in Europe
- Russia and CIS –
  - Very rapid growth, huge potential
  - New Building Systems plant in Yaroslavl, Russia – Q1 2009.
- New engineering software in development since 2005 will be released in 2009 (reduce cost and facilitate growth)
- Potential to absorb acquisitions



# Russia & CIS – Building Systems Orders (in €M)





# Russian plant

- Yaroslavl:
- 300 kms North-East of Moscow
  - 600000 population city
  - 1000 yr anniversary in 2010

15000M2 plant

Capacity for €50 to €60M sales with expansion possibility





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# Lindab

## Q2, 2008 review



# Second quarter 2008

## Financial highlights

- Sales increase +10%
- EBIT operating profit +20%
- Cash flow operating activities SEK 317 M (last year 193)

## Market Highlights

- Updated Euroconstruct growth (Lindab mix) indicates still good market demand
- Noticed lower demand in residential in selected markets
- Non-residential continues on a good level



## Second quarter 2008 - Group

SEK M	Period	
	08	07
<b>Sales</b>	<b>2 567</b>	<b>2 329</b>
<b>EBIT</b>	<b>396</b>	<b>330</b>
<b>EBIT margin %</b>	<b>15.4</b>	<b>14.2</b>

Sales growth	+10%
Structure	+2%
Currency effect	-1%
Volume / price	+9%

- Regional sales development adjusted for structure and currency
  - Nordic + 13%
  - CEE/CIS + 15% (excl Hungary + 20%)
  - Western + 0 %
- Focus was to compensate steel price increase



## Second quarter 2008 - Ventilation

SEK M	Period	
	08	07
<b>Sales</b>	<b>1 245</b>	<b>1 131</b>
<b>EBIT</b>	<b>154</b>	<b>131</b>
<b>EBIT margin %</b>	<b>12.4</b>	<b>11.6</b>

Sales growth	+10%
Structure	+2%
Currency effect	-2%
Volume / price	+10%

- Comfort continue improving profit level
- All region increased sales volume
- Decision to extend low cost production in Prague



## Second quarter 2008 - Profile

SEK M	Period	
	08	07
<b>Sales</b>	<b>1 305</b>	<b>1 184</b>
<b>EBIT</b>	<b>256</b>	<b>210</b>
<b>EBIT margin %</b>	<b>19.6</b>	<b>17.7</b>

Sales growth	+10%
Structure	-1%
Currency effect	-1%
Volume / price	8%

- Improved margin in both divisions
- Continued good order-intake in Building Systems
- Weaker demand in Building Components, 50% exposure to residential



# Cash flow statement

	April– June 2008	April – June 2007
<b>Cash flow from</b>		
- operating activities	428	378
- change in working capital	1	-98
- investing activities	-81 <sup>1)</sup>	-30
- financial net paid	-37	-35
- tax paid	-75	-52
<b>Free cash flow</b>	<b>236</b>	<b>163</b>

<sup>1)</sup> Investing activities Russia 34 MSEK



# Buy-back share programme

- ▶ Total mandate from the AGM SEK 400M
- ▶ Mandate from the board SEK 200M until 1 September
- ▶ Used as of 15 August SEK 170M



# Update SIPOG acquisition

- Expected to be integrated end August
- Sales 2007 SEK 350 M, EBIT SEK 45 M
- Growth first 6 months 2008 > 30%
- Products: Rainline, Coverline, Topline
- Countries: Slovakia, Romania and Czech Republic
- New mid price market segment



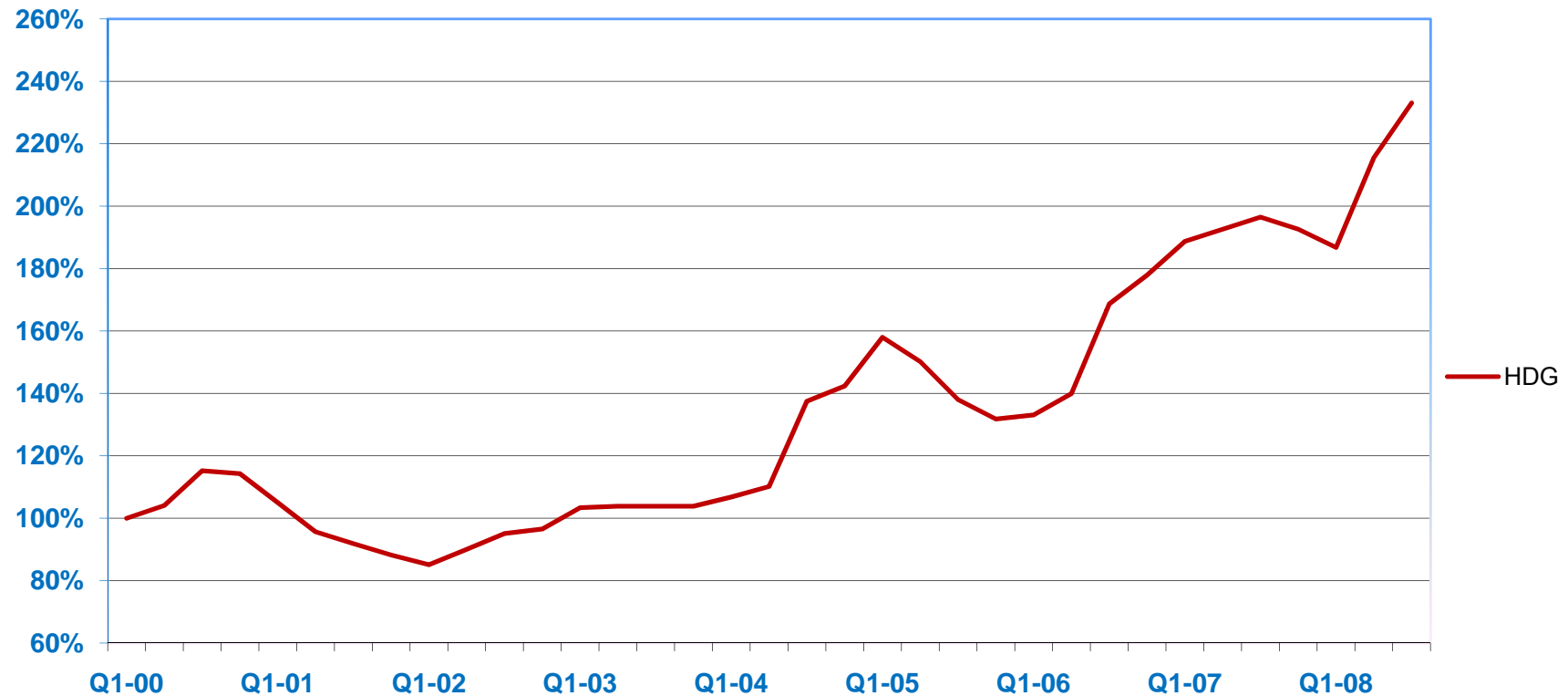
# Increased low cost production in Prague - Ventilation

- Existing Karlovarska mfg plant (20.000 sqm) extended by new building – investment SEK 10M
- 10.000 sqm, rental agreement
- Centralized comfort production
- Stream-lining ADS products
- Savings SEK 25M p.a. from 2010 based on (0% growth case)
- Start up production mid 2009



# Steel price development

## HDG

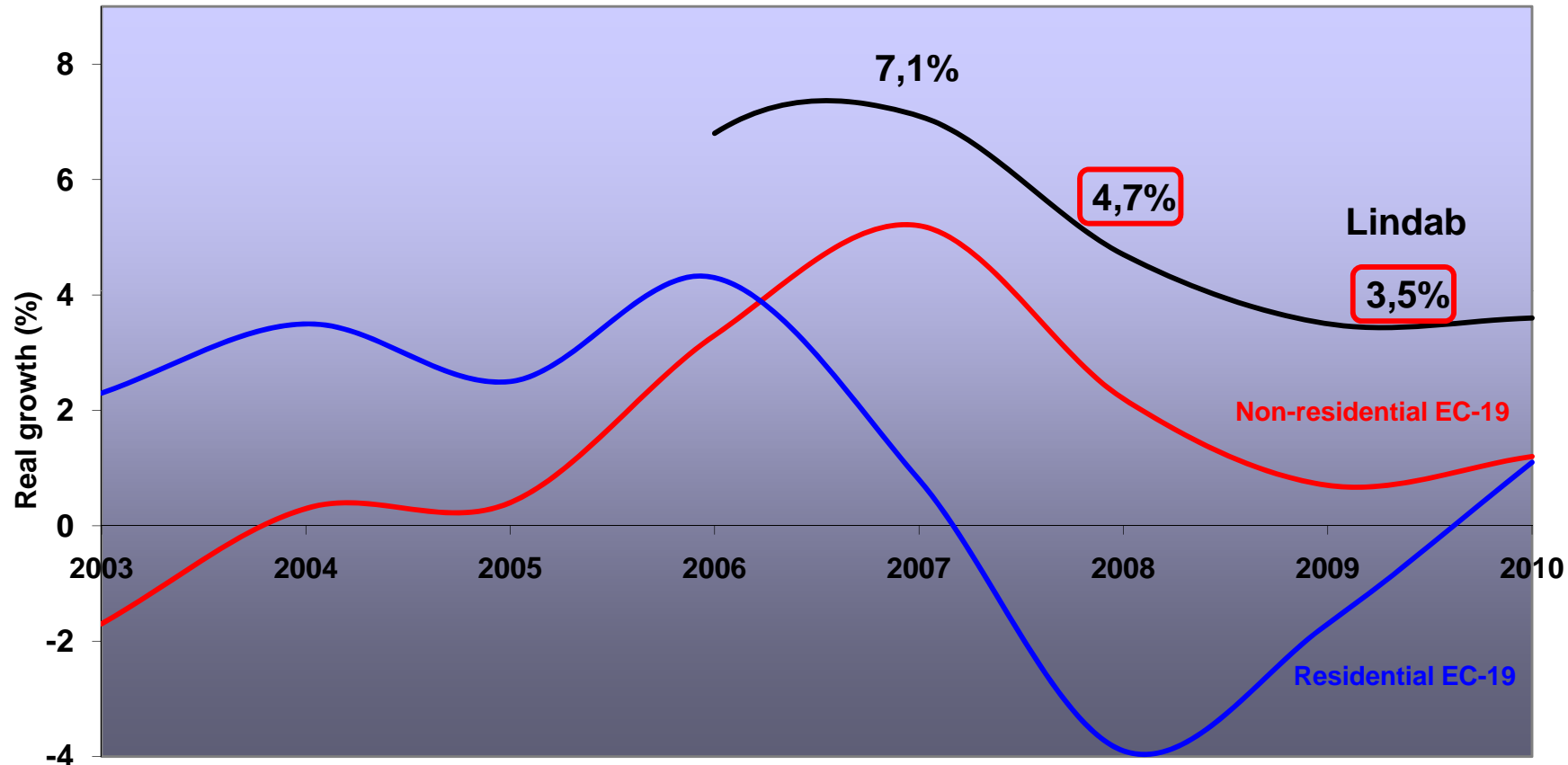


- Price increase in Q2 2008 driven by increased cost for steel mills
- Further price increase in Q3
- Asia price (incl freight) same as Europe



# Lindab Market Growth Compared to Euroconstruct

EC-19 = Euroconstruct's forecast for 19 European countries  
(does not include Russia and Romania, which are included in Lindab market mix)



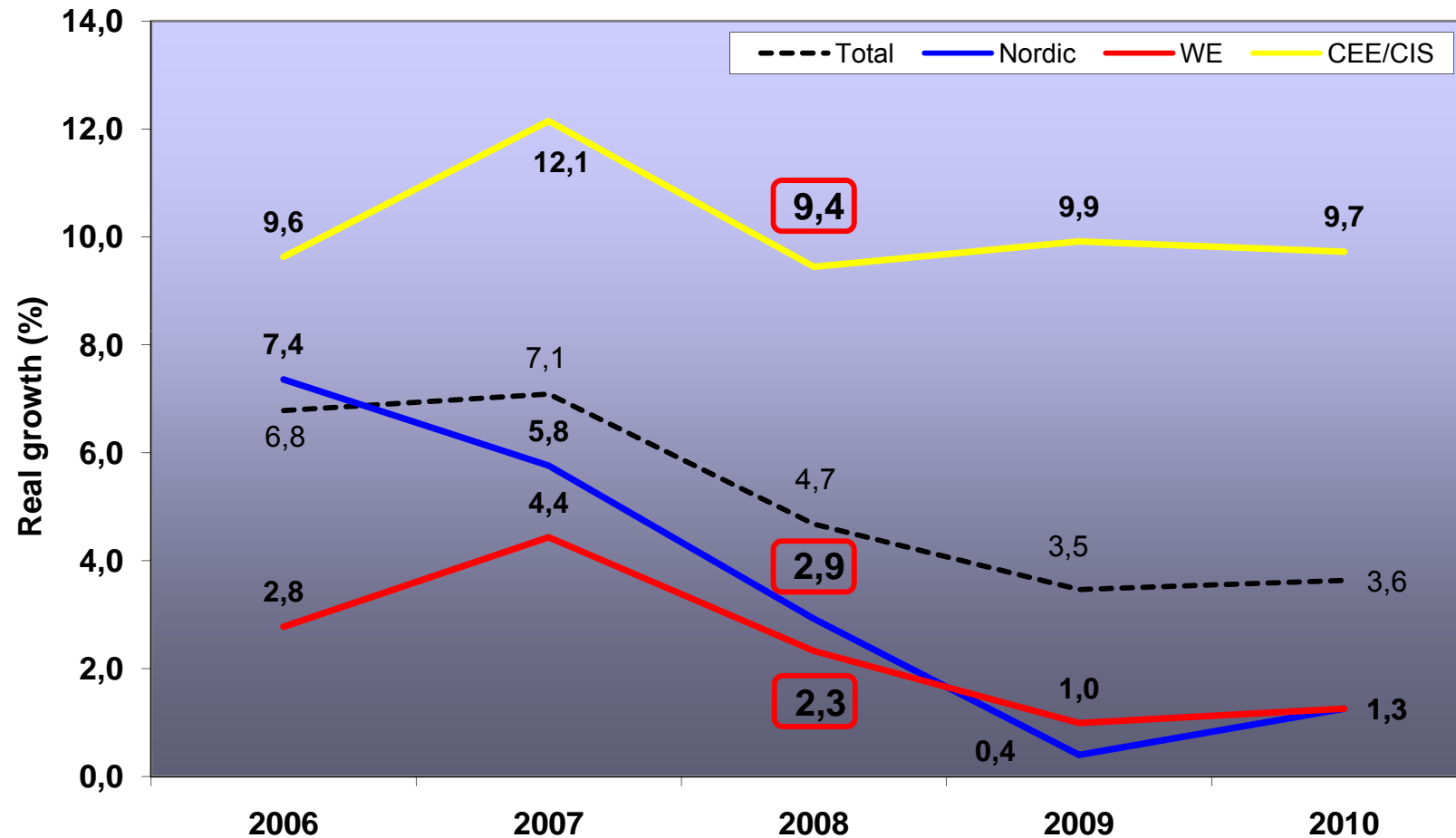
Source: Euroconstruct (June 2008), BuildEcon (December 2007 for RU, April 2007 for RO)

- Lindab's demand continues on a good level mainly due to a good position in CEE and 80 % non-residential



# Regional Market Growth 2006-2010

- Lindab mix



Source: Euroconstruct (June 2008), BuildEcon (December 2007 for RU, April 2007 for RO)

- CEE continued good demand almost 10 %
- Nordic/WE reduced demand but still growth
- Conclusion - cost attention, focus on selective regions/countries



