

# Lindab International AB (publ) Interim Report

## First quarter 2019

- Net sales increased by 8 percent to SEK 2,315 m (2,153), of which organic growth was 5 percent.
- Adjusted<sup>1)</sup> operating profit increased by 85 percent to SEK 192<sup>2)</sup> m (104). Adjusted<sup>1)</sup> operating margin increased to 8.3 percent (4.8).
- Operating profit amounted to SEK 192<sup>2)</sup> m (71).
- Profit for the period increased to SEK 142 m (46).
- Earnings per share, before and after dilution, increased to SEK 1.85 (0.60).
- Cash flow from operating activities amounted to SEK 79<sup>2)</sup> m (42).
- On January 1, 2019, Lindab implemented a new organisational structure, which resulted in the former business area Products & Solutions being divided into Ventilation Systems and Profile Systems. As a result, as of the first quarter of 2019, the Group reports an external segment structure consisting of three segments; Ventilation Systems, Profile Systems and Building Systems.

- 1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See 'Reconciliations' page 16.  
2) Excluding the effect of implemented accounting standard, IFRS 16 Leases, operating profit amounted to SEK 185 m and cash flow from operating activities amounted to SEK 26 m.

## A word from the CEO

Organic sales growth for the Group amounted to 5 percent during the quarter and adjusted operating profit increased to SEK 192 m (104). The increase in operating profit comes from all three business areas, with several positive contributing factors. The gross margin has continued to strengthen during the first quarter, while costs have decreased as a result of the efficiency programme. Profit for the period increased to SEK 142 m (46), which is the highest result ever for a first quarter.

As of the first quarter of 2019, the former business area Products & Solutions has been divided into two business areas, Ventilation Systems and Profile Systems, in the external reporting. Building Systems is not affected and continues to be reported as one of three business areas.

Ventilation Systems sales increased by 5 percent organically, with positive growth from most markets and product groups. The improved adjusted operating profit of SEK 149 m (107) was mainly as a result of increased sales but also due to reduced costs and improved gross margin. At the beginning of April, Lindab acquired a company in the UK to strengthen its offering within the air duct system business in the UK market.

Profile Systems benefited from mild weather conditions for the products that are installed outdoors, while sales of industrial construction projects decreased compared to the first quarter of 2018. Organic growth amounted to 2 percent with strong growth in the CEE/CIS region. Adjusted operating profit increased to SEK 43 m (11), which is mainly explained by improved gross margin as well as reduced costs.

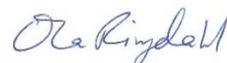
Building Systems continued to have good organic growth of 5 percent in the quarter. Adjusted operating profit improved to SEK 9 m (0). During the first quarter it was mainly Western Europe and CEE that showed strong growth. Order intake was stronger than the corresponding quarter last year with growth in all European regions. Building Systems' turnaround programme continues according to plan with the objective to achieve sustainable profitability.

It is inspiring for the staff of Lindab to see that all the effort gone into the improvement programme has started to show results. It creates room to invest in the future. Investment in production will be increased to achieve improved efficiency and capacity. The focus on product development continues with an emphasis on profitable product categories and customer segments.

The priority for 2019 is to continue to focus on sustainable profitability. It should be noted that the economic conditions are highly favourable in Lindab's main markets, and as such there is a strong windfall at present. The Group must, however, also be well equipped to meet a potential future economic downturn.

Lindab turned 60 years old on February 6, 2019. Our founder Lage Lindh, who passed away last autumn, coined Lindab's three core values: Customer Success, Down-to-Earth, Neatness & Order. We continue to embrace these core values to build an even stronger Lindab.

Grevie, May 2019



Ola Ringdahl

President and CEO

## Comments on the report

### Sales and markets

Net sales increased by 8 percent to SEK 2,315 m (2,153) during the first quarter. Organic growth amounted to 5 percent, while currency contributed positively by 3 percent.

The sales development during the quarter was particularly strong in Ventilation Systems and Building Systems, however Profile Systems also reported positive organic growth during the quarter. The balance between volume and profitability continues in all three segments, with a clear objective to improve profitability.

### Profit

Adjusted operating profit for the first quarter increased by 85 percent to SEK 192 m (104), of which SEK 7 m of the increase relates to the implementation of the new accounting standard for lease agreements (IFRS 16). No one-off items or restructuring costs were reported during the quarter, compared to SEK -33 m in the same period last year, see 'Reconciliations' page 16. Adjusted operating margin for the quarter increased to 8.3 percent (4.8).

All three segments contributed positively to the increase in operating profit for the Group. Ventilation Systems' adjusted operating profit increased to SEK 149 m (107), Profile Systems added SEK 43 m (11) and Building Systems added SEK 9 m (0).

The improvement in operating profit was mainly due to increased sales volume and improved gross margin, but also due to reduced operating costs as a result of the implemented efficiency programme. Relatively stable raw material prices together with implemented efficiency measures within production and applied price increases have enabled a continued recovery of the previous decline in gross margin. There have also been favourable weather conditions, which have predominantly benefited Profile Systems and Building Systems.

Profit for the period increased by SEK 96 m and amounted to SEK 142 m (46). Earnings per share increased to SEK 1.85 (0.60).

### Seasonal variations

Lindab's business is affected by seasonal variations in the construction industry, and the highest proportion of net sales is normally seen during the second half of the year. The largest seasonal variations can be found in the segments Profile Systems and Building Systems. Installation of ventilation products is mainly done indoors which is why the Ventilation Systems segment is less dependent on season or weather conditions.

There is normally a deliberate stock build up of mainly finished goods during the first six months, which gradually becomes a

stock reduction during the second half of the year, as a result of increased activity within the construction market.

### Depreciation/amortisation and impairment losses

Depreciation and amortisation for the quarter amounted to SEK 95 m (43), of which SEK 7 m (9) related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the quarter was in line with same period last year and amounted to SEK 42 m.

### Tax

Tax on profit for the quarter amounted to SEK 40 m (22). Earnings before tax was SEK 182 m (68). The effective tax rate amounted to 22 percent (32). The average tax rate was 20 percent (17). The lower effective tax rate, compared to the same period previous year, was mainly due to the fact that Lindab improved its result in some countries during the period, which reduced the level of unutilised carry-forward tax losses. Additionally, Lindab has been able to utilise carry-forward tax losses from previous periods to a greater extent, compared to the same period of the previous year. The higher effective tax rate compared to the average tax rate is mainly due to the fact that Lindab was not able to fully recognise the carry-forward tax losses generated in the quarter in order to reduce the total tax on profit. Additionally, the net of non-deductible costs/non-taxable income contributed to a slightly higher effective tax rate relative to the average rate.

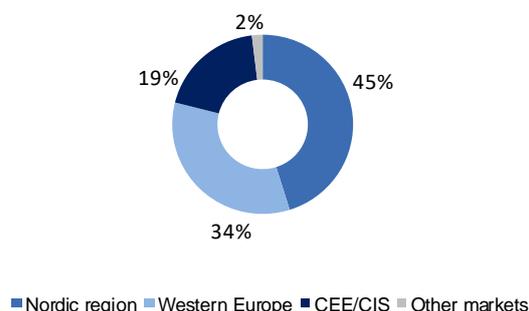
### Cash flow

Cash flow from operating activities amounted to SEK 79 m (42), which was an improvement of SEK 37 m. Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 26 m, which was slightly lower than the same period last year. Cash flow before change in working capital amounted to SEK 228 m (79). The improvement was mainly related to the underlying operating profit which during the period increased to SEK 192 m (71). In addition, the implementation of IFRS 16 had a positive impact on the outcome of SEK 53 m since the cash effect of rental and leasing cost is now mainly included in financing activities. The strong improvement in cash flow before changes in working capital was partly offset by a negative cash flow related to change in working capital. Capital tied up in stock as well as accounts receivable increased which was partly offset by a favourable movement in accounts payable.

Financing activities for the quarter resulted in a cash flow of SEK 48 m (-2). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 101 m and its development was related to changes in borrowings and the utilisation of credit limits.



**BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS**



Cash flow from investing activities is explained under the heading 'Investments'.

## Investments

Investments in intangible assets and tangible fixed assets for the quarter amounted to SEK 45 m (24), of which SEK 3 m (6) related to investments in intangible assets. The increased investments in tangible fixed assets are mainly part of the Group's plan to increase efficiency in the production facilities.

Cash flow from investing activities amounted to SEK -44 m (-21). The cash flow included a positive impact from the divestment of tangible fixed assets amounting to SEK 1 m (3).

## Business combinations

No business combinations have been made during the quarter. In the beginning of April 2019, Lindab acquired the British ventilation company Ductmann Ltd.. For more information, see 'Significant events after the reporting period'.

## Financial position

Net debt amounted to SEK 2,130 m (1,369) on 31 March 2019. The increase is fully explained by the implementation of IFRS 16. Adjusting for the impact of IFRS 16 net debt decreased to SEK 1,096 m (1,369). Currency effects increased net debt by SEK 38 m (58) during the quarter.

The equity/assets ratio was 49 percent (52) and the net debt/equity ratio was 0.5 (0.3), of which IFRS 16 decreased the equity/assets ratio by 6 percentage points and the net debt/equity ratio by 0.3. Financial items for the quarter amounted to SEK -10 m (-3) of which the effect of IFRS 16 impacted the outcome by SEK -7 m.

The current credit limit of SEK 1,400 m with Nordea and Danske Bank and EUR 50 m from Raiffeisen Bank International is valid until July 2021. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the conditions as at 31 March 2019.

## Pledged assets and contingent liabilities

There have not been any significant changes to pledged assets and contingent liabilities during the first quarter of 2019.

## Parent company

Net sales for the quarter amounted to SEK 1 m (1). Profit for the period amounted to SEK 0 m (-4).

## Significant risks and uncertainties

There have been no significant changes to what was stated by Lindab in its Annual Report for 2018 under Risks and Risk Management (pages 51-53).



## Employees

The number of employees at the end of the quarter, calculated as full-time equivalent employees, was 5,148 (5,132).

## The Lindab Share

The highest price paid for a Lindab share during the period January - March was SEK 91.70 on 22 February, and the lowest was SEK 62.20 on 2 January. The closing price on 29 March was SEK 84.60. The average trading volume of a Lindab share was 164,769 shares per day (112,820).

Lindab holds 2,375,838 (2,375,838) treasury shares, equivalent to 3.0 percent (3.0) of the total number of Lindab shares. The number of outstanding shares totals 76,331,982 (76,331,982), while the total number of shares is 78,707,820 (78,707,820).

The largest shareholders at the end of the quarter in relation to the number of outstanding shares were Creades AB with 10.4 percent (10.4), Lannebo Fonder with 9.7 percent (9.3), Fjärde AP-fonden with 9.6 percent (9.8), Livförsäkringsbolaget Skandia 4.9 percent (4.9) and IF Skadeförsäkring 4.9 percent (5.1). The ten largest holdings constituted 56.4 percent (61.0) of the shares, excluding Lindab's own holding.

## Annual General Meeting

The Board of Directors has decided that the Annual General Meeting will be held on 8 May 2019 at Norrviken, Båstad, Sweden. Notice to the meeting has been given via press release.

## Proposed dividend to shareholders

Lindab's Board of Directors proposes that the Annual General Meeting on 8 May 2019 approves a dividend of SEK 1.75 per share, which is in line with the company's dividend policy and provides dividends totalling SEK 134 m. It is proposed that the record date for the right to a dividend pay-out is 10 May 2019, with the dividends expected to be paid to shareholders on 15 May 2019.

## Significant events during the reporting period

As of January 1, 2019, the former business area Products & Solutions was divided into two new business areas; Ventilation Systems and Profile Systems. The objective of the reorganisation is to increase transparency and focus within each new business area. The Group's external segment reporting is in line with the new structure as of the first quarter of 2019. Therefore the reporting is based on the segments Ventilation Systems, Profile Systems and Building Systems.

As of January 1, 2019, Lindab's Group Management has been expanded from five to eleven with members from operational management functions in Sweden, Denmark, France, the Czech Republic, Luxembourg and Romania.

There are no other significant events during the reporting period to report.



## Significant events after the reporting period

On 2 April 2019, Lindab acquired all the shares in the British ventilation company Ductmann Ltd., whose business is mainly focused on the production and sales of rectangular ducts and fire rated ducting for ventilation systems. The acquisition is a natural step for Lindab to further strengthen its offering in ventilation systems in the UK. Ductmann Ltd. is registered in Dudley, UK. The company has annual sales of approximately SEK 43 m and has around 40 employees.

In April 2019, Lindab's General Counsel and HR/M&A Director Fredrik Liedholm announced his resignation.

There are no other significant events after the reporting period to report

## General information

Unless otherwise indicated in this interim report, all statements refer to the Group. Figures in parentheses indicate the result for the corresponding period of the previous year. Unless otherwise indicated, amounts are in SEK m.

The report has not been audited by the company's auditors.

This is a translation of the Swedish original report. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

# Segments

## Ventilation Systems

- Net sales during the quarter amounted to SEK 1,513 m (1,388), an increase of 9 percent. Organic growth amounted to 5 percent.
- The adjusted operating margin during the quarter increased to 9.8 percent (7.7).

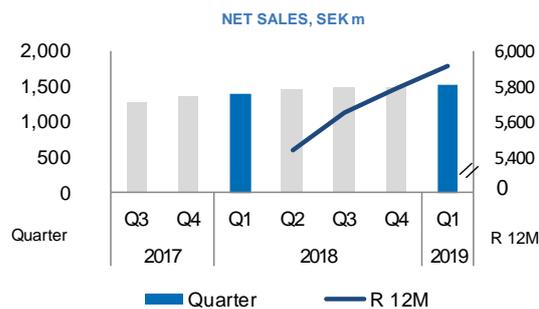
## Sales and markets

Net sales for Ventilation Systems increased by 9 percent to SEK 1,513 m (1,388) during the quarter. Organic growth was 5 percent and currency effects had a positive impact of 4 percent.

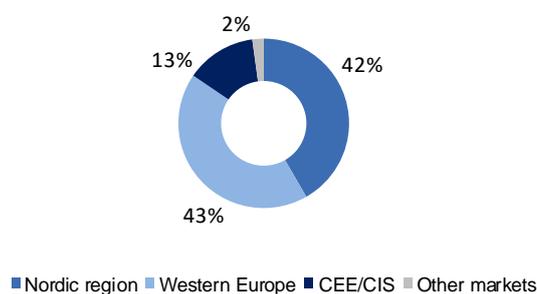
Sales have continued to develop well for Ventilation Systems, which has seen over five years of stable organic growth. All geographical regions had positive organic growth during the quarter, with the strongest development in the Nordics and the CEE/CIS region.

In the Nordics, Finland in particular showed positive sales development. The remaining markets also had good growth. In the CEE/CIS region, most of the growth related to the region's three largest markets; Poland, the Czech Republic and Hungary, all of which had very strong growth. Sales in Western Europe were also positive in the majority of the underlying markets, with Italy being the main exception.

For the segment as a whole the positive sales trend continued, with particularly strong growth in the largest product area, Ventilation Products. Sales also increased within Indoor Climate Solutions and were relatively flat in the smaller and more project-related product area Air Movement.



**BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS**



## Profit

Ventilation Systems' adjusted operating profit during the quarter increased by 39 percent to SEK 149 m (107) of which SEK 5 m of the increase is explained by the impact of IFRS 16. Adjusted operating margin increased to 9.8 percent (7.7).

The improved adjusted operating profit was mainly related to increased volume, but also due to a slight reduction in costs and improved gross margin as well as favourable currency effects.

## Activities

An extensive review of the business was carried out during parts of 2018 with the objective of dividing Products & Solutions into two new business areas, Ventilation Systems and Profile Systems. The new organisation went live January 1, 2019.

In January 2019, a new department for research and development was opened in Helsingborg, Sweden - Lindab Innovation Hub. The Innovation hub will offer a startup environment for companies in the industry, who can develop new products and services within indoor climate solutions for all types of buildings.

The dispute regarding intellectual property rights between Swegon and Lindab, which was initiated in the summer of 2018, has been finally settled and all matters hereto have been finalised.

## Profile Systems

- Net sales during the quarter amounted to SEK 525 m (509), an increase of 3 percent. Organic growth amounted to 2 percent.
- The adjusted operating margin during the quarter increased to 8.2 percent (2.2).

### Sales and markets

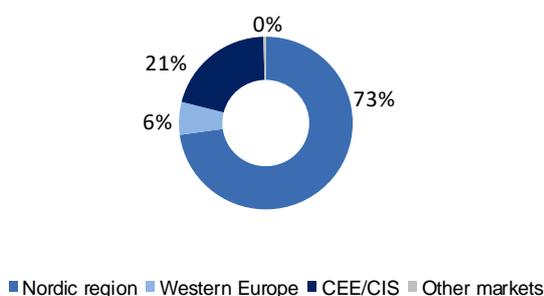
Net sales for Profile Systems increased by 3 percent to SEK 525 m (509) during the quarter. Organic growth was 2 percent and currency effects had a positive impact of 1 percent.

Organic growth during the quarter was mainly related to the CEE/CIS region, where a number of the markets continued to show very good sales growth, particularly in Hungary and Slovakia. The smaller of the regions, Western Europe, also showed continued strong growth. In the Nordic region, the segment's largest region, sales declined somewhat, as good growth in Denmark could not compensate for a decline in sales in Sweden relative to the same period of the previous year. The decline in sales of industrial construction projects in Sweden was related to significant deliveries to a large logistics centre in the same period of the previous year. Other product areas had good growth in Sweden.

The mild weather has been favourable during the quarter, which has had a positive impact on sales of products installed outdoors. Both rainwater systems as well as roof and wall profiles had good sales growth during the quarter. However, sales to industrial construction projects declined, which is mainly explained by strong sales during the same period last year.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



## Profit

Profile Systems' adjusted operating profit during the quarter increased to SEK 43 m (11) of which SEK 1 m of the increase is explained by the effect of IFRS 16. Adjusted operating margin increased to 8.2 percent (2.2).

The significant improvement in adjusted operating profit is mainly due to a stronger gross margin and reduced operating costs. Several collaborative factors have contributed positively to the strong result.

Normally, the first quarter of the year has seasonally the lowest volume and result of the four quarters. However, this can be rather volatile as the weather usually has a major impact on the sales development. The mild winter this year has been beneficial for outdoor installations, which strengthened the gross margin due to a favourable product and customer mix. The proportion of sales of rainwater systems and sheet metal products has increased while the proportion of sales to industrial projects has decreased. Relatively stable raw material prices, together with efficiency measures in production and price increases, have enabled a continued recovery of a previous decline in gross margin. Implemented structural and cost-saving measures have had both short-term and long-term positive effects on costs during the quarter.

### Activities

An extensive review of the business was carried out during parts of 2018 with the objective of dividing Products & Solutions into two new business areas, Ventilation Systems and Profile Systems. The new organisation went live January 1, 2019.

During the quarter, the launch of Lindab SolarRoof in Sweden was completed. The solar cells are made with the latest CIGS technology (Copper-Indium-Gallium-Selenide) and have a high efficiency rate for all sunlight conditions. In summary, they work for more hours during the day, even in the Scandinavian climate. Lindab SolarRoof is a Lindab solution, which is fully compatible with Lindab's roof system and accessories.

## Building Systems

- Net sales during the quarter amounted to SEK 277 m (256), an increase of 8 percent. Organic growth amounted to 5 percent.
- The adjusted operating margin for the quarter improved to 3.2 percent (0.0).

### Sales and markets

Net sales for Building Systems increased by 8 percent to SEK 277 m (256) during the quarter. Organic growth was 5 percent and currency effects had a positive impact of 3 percent.

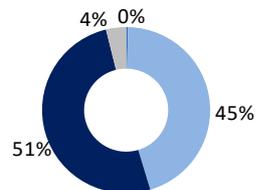
The increase in sales during the quarter was mainly attributable to continued good growth in both Western Europe and the CEE region, while sales were down in Africa and the CIS region. Among the largest markets, both Germany and Poland had strong growth while sales in Russia declined slightly. No sales have been made to Africa during the first quarter this year, unlike the corresponding period last year, when the region accounted for more than 15 percent of total sales.

Historically, sales to Africa have been very volatile and dependent on individual projects. As a consequence of the strong volume development in Western Europe and the CEE region, where risks are generally lower, sales activities to Africa have become a lower priority over the past year.

The order intake increased during the quarter with good growth in all European regions. The backlog at the end of the period was clearly higher than the corresponding period of the previous year, particularly in Western Europe and the CEE region.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



■ Nordic Region ■ Western Europe ■ CEE/CIS ■ Other markets

**Profit**

Building Systems' adjusted operating profit increased to SEK 9 m (0) during the quarter, of which SEK 1 m of the increase is explained by the effect of IFRS 16. Adjusted operating margin for the same period increased to 3.2 percent (0.0).

The improved adjusted operating profit is mainly attributable to strong volume growth and lower operating costs. The lower share of sales to the CIS region has had a negative effect on the profit. The ongoing turnaround programme continues according to plan.

**Activities**

During the quarter, Building Systems signed agreements on eight major orders, each worth more than SEK 10 m; three in Western Europe and five in Russia.

## Net sales and growth

SEK m	2019		2018		2018	
	Jan-Mar		Jan-Mar		Jan-Dec	
Net sales	2,315		2,153		9,326	
Change	162		295		1,084	
Change, %	8		16		13	
Of which						
Organic, %	5		13		8	
Acquisitions/divestments, %	-		1		1	
Currency effects, %	3		2		4	

## Net sales per region

SEK m	2019		2018		2018	
	Jan-Mar	%	Jan-Mar	%	Jan-Dec	%
Nordic region	1,047	45	981	45	4,198	45
Western Europe	832	36	702	33	3,057	33
CEE/CIS	409	18	387	18	1,834	20
Other markets	27	1	83	4	237	2
<b>Total</b>	<b>2,315</b>	<b>100</b>	<b>2,153</b>	<b>100</b>	<b>9,326</b>	<b>100</b>

## Net sales per segment

SEK m	2019		2018		2018	
	Jan-Mar	%	Jan-Mar	%	Jan-Dec	%
Ventilation Systems	1,513	65	1,388	64	5,786	62
Profile Systems	525	23	509	24	2,474	27
Building Systems	277	12	256	12	1,066	11
Other operations	-	-	-	-	-	-
<b>Total</b>	<b>2,315</b>	<b>100</b>	<b>2,153</b>	<b>100</b>	<b>9,326</b>	<b>100</b>
<b>Gross internal sales all segments</b>	<b>6</b>		<b>6</b>		<b>21</b>	

## Operating profit, operating margin and earnings before tax <sup>1)</sup>

SEK m	2019		2018		2018	
	Jan-Mar	%	Jan-Mar	%	Jan-Dec	%
Ventilation Systems	149	9.8	107	7.7	472	8.2
Profile Systems	43	8.2	11	2.2	198	8.0
Building Systems	9	3.2	0	0.0	9	0.8
Other operations	-9	-	-14	-	-45	-
<b>Adjusted operating profit</b>	<b>192</b>	<b>8.3</b>	<b>104</b>	<b>4.8</b>	<b>634</b>	<b>6.8</b>
One-off items and restructuring costs <sup>2)</sup>	-	-	-33	-	-87	-
<b>Operating profit</b>	<b>192</b>	<b>8.3</b>	<b>71</b>	<b>3.3</b>	<b>547</b>	<b>5.9</b>
Net financial items	-10	-	-3	-	-16	-
<b>Earnings before tax</b>	<b>182</b>	<b>7.8</b>	<b>68</b>	<b>3.2</b>	<b>531</b>	<b>5.7</b>

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 16.

2) One-off items and restructuring costs are described in 'Reconciliations' page 16.

## Number of employees by end of period

	2019		2018		2018	
	Jan-Mar		Jan-Mar		Jan-Dec	
Ventilation Systems	3,514		3,495		3,416	
Profile Systems	885		882		892	
Building Systems	706		686		699	
Other operations	43		69		64	
<b>Total</b>	<b>5,148</b>		<b>5,132</b>		<b>5,071</b>	

## Consolidated income statement

<i>SEK m</i>	2019	2018	Rolling 12 M	Rolling 12 M	2018
	Jan-Mar	Jan-Mar	2018 Apr- 2019 Mar	2017 Apr- 2018 Mar	Jan-Dec
Net sales	2,315	2,153	9,488	8,537	9,326
Cost of goods sold	-1,688	-1,608	-6,975	-6,304	-6,895
<b>Gross profit</b>	<b>627</b>	<b>545</b>	<b>2,513</b>	<b>2,233</b>	<b>2,431</b>
Other operating income	23	20	78	85	75
Selling expenses	-285	-281	-1,145	-1,082	-1,141
Administrative expenses	-134	-137	-564	-540	-567
R & D expenses	-15	-17	-70	-67	-72
Other operating expenses	-24	-59	-144	-144	-179
<b>Total operating expenses</b>	<b>-435</b>	<b>-474</b>	<b>-1,845</b>	<b>-1,748</b>	<b>-1,884</b>
<b>Operating profit<sup>1)</sup></b>	<b>192</b>	<b>71</b>	<b>668</b>	<b>485</b>	<b>547</b>
Interest income	3	4	16	20	17
Interest expenses	-12	-6	-32	-32	-26
Other financial income and expenses	-1	-1	-7	-8	-7
<b>Financial items</b>	<b>-10</b>	<b>-3</b>	<b>-23</b>	<b>-20</b>	<b>-16</b>
<b>Earnings before tax</b>	<b>182</b>	<b>68</b>	<b>645</b>	<b>465</b>	<b>531</b>
Tax on profit for the period	-40	-22	-155	-114	-137
<b>Profit for the period</b>	<b>142</b>	<b>46</b>	<b>490</b>	<b>351</b>	<b>394</b>
–attributable to the parent company's shareholders	142	46	490	351	394
–attributable to non-controlling interests	-	0	0	0	0
<b>Earnings per share, SEK<sup>2)</sup></b>	<b>1.85</b>	<b>0.60</b>	<b>6.41</b>	<b>4.60</b>	<b>5.16</b>

1) One-off items and restructuring costs, which are included in operating profit, are described in 'Reconciliations' on page 16.

2) Based on the number of outstanding shares, i.e. excluding treasury shares. Earnings per share is before and after dilution.

## Consolidated statement of comprehensive income

<i>SEK m</i>	2019	2018	Rolling 12 M	Rolling 12 M	2018
	Jan-Mar	Jan-Mar	2018 Apr- 2019 Mar	2017 Apr- 2018 Mar	Jan-Dec
<b>Profit for the period</b>	<b>142</b>	<b>46</b>	<b>490</b>	<b>351</b>	<b>394</b>
<b>Items that will not be reclassified to the income statement</b>					
Actuarial gains/losses, defined benefit plans	-	-	-3	-9	-3
Deferred tax attributable to defined benefit plans	-	-	1	3	1
<b>Sum</b>	<b>-</b>	<b>-</b>	<b>-2</b>	<b>-6</b>	<b>-2</b>
<b>Items that will later be reclassified to the income statement</b>					
Translation differences, foreign operations	102	168	42	203	108
Hedges of net investments	-21	-55	-26	-78	-60
Tax attributable to hedges of net investments	5	12	6	17	13
<b>Sum</b>	<b>86</b>	<b>125</b>	<b>22</b>	<b>142</b>	<b>61</b>
<b>Other comprehensive income, net of tax</b>	<b>86</b>	<b>125</b>	<b>20</b>	<b>136</b>	<b>59</b>
<b>Total comprehensive income</b>	<b>228</b>	<b>171</b>	<b>510</b>	<b>487</b>	<b>453</b>
–attributable to the parent company's shareholders	228	171	510	487	453
–attributable to non-controlling interests	-	0	0	0	0

## Consolidated statement of cash flow

<i>SEK m</i>	2019 Jan-Mar	2018 Jan-Mar	Rolling 12 M 2018 Apr- 2019 Mar	Rolling 12 M 2017 Apr- 2018 Mar	2018 Jan-Dec
<b>OPERATING ACTIVITIES</b>					
Operating profit	192	71	668	485	547
Reversal of depreciation/amortisation and impairment losses	95	43	220	164	168
Reversal of capital gains (-) / losses (+) reported in operating profit	-1	-2	1	-11	0
Provisions, not affecting cash flow	-9	13	9	23	31
Adjustment for other items not affecting cash flow	-1	-1	-7	-11	-7
<b>Total</b>	<b>276</b>	<b>124</b>	<b>891</b>	<b>650</b>	<b>739</b>
Interest received	3	4	15	20	16
Interest paid	-10	-6	-28	-30	-24
Tax paid	-41	-43	-139	-134	-141
<b>Cash flow before change in working capital</b>	<b>228</b>	<b>79</b>	<b>739</b>	<b>506</b>	<b>590</b>
<b>Change in working capital</b>					
Stock (increase - /decrease +)	-126	-51	-146	-69	-71
Operating receivables (increase - /decrease +)	-257	-123	-71	-130	63
Operating liabilities (increase + /decrease -)	234	137	108	185	11
<i>Total change in working capital</i>	<i>-149</i>	<i>-37</i>	<i>-109</i>	<i>-14</i>	<i>3</i>
<b>Cash flow from operating activities</b>	<b>79</b>	<b>42</b>	<b>630</b>	<b>492</b>	<b>593</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of Group companies	-	-	-	-64	-
Divestment of Group companies	-	-	-	0	-
Investments in intangible assets	-3	-6	-13	-19	-16
Investments in tangible fixed assets	-42	-18	-128	-74	-104
Change in financial fixed assets	0	0	0	0	0
Disposal of intangible assets	-	0	0	0	0
Disposal of tangible fixed assets	1	3	13	36	15
<b>Cash flow from investing activities</b>	<b>-44</b>	<b>-21</b>	<b>-128</b>	<b>-121</b>	<b>-105</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from borrowings	101	-	195	1,570	94
Repayment of borrowings	-	-2	-520	-1,912	-522
Change in leasing-related liabilities	-53	-	-53	-	-
Issue of warrants	-	-	0	1	0
Dividends to shareholders	-	-	-119	-107	-119
<b>Cash flow from financing activities</b>	<b>48</b>	<b>-2</b>	<b>-497</b>	<b>-448</b>	<b>-547</b>
<b>Cash flow for the period</b>	<b>83</b>	<b>19</b>	<b>5</b>	<b>-77</b>	<b>-59</b>
Cash and cash equivalents at start of the period	289	342	376	437	342
Effect of exchange rate changes on cash and cash equivalents	8	15	-1	16	6
<b>Cash and cash equivalents at end of the period</b>	<b>380</b>	<b>376</b>	<b>380</b>	<b>376</b>	<b>289</b>

## Consolidated statement of financial position

<i>SEK m</i>	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3,193	3,164	3,144
Other intangible assets	106	137	110
Tangible fixed assets	2,291	1,314	1,277
Financial interest-bearing fixed assets	38	42	38
Other financial fixed assets	104	89	79
<b>Total non-current assets</b>	<b>5,732</b>	<b>4,746</b>	<b>4,648</b>
<b>Current assets</b>			
Stock	1,499	1,343	1,350
Accounts receivable	1,550	1,491	1,317
Other current assets	251	245	193
Other interest-bearing receivables	20	15	5
Cash and cash equivalents	380	376	289
<b>Total current assets</b>	<b>3,700</b>	<b>3,470</b>	<b>3,154</b>
<b>TOTAL ASSETS</b>	<b>9,432</b>	<b>8,216</b>	<b>7,802</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity attributable to parent company shareholders	4,643	4,300	4,464
Non-controlling interests	-	1	0
<b>Total shareholders' equity</b>	<b>4,643</b>	<b>4,301</b>	<b>4,464</b>
<b>Non-current liabilities</b>			
Interest-bearing provisions for pensions and similar obligations	236	230	234
Liabilities to credit institutions	1,207	1,533	1,085
Leasing liabilities	817	-	-
Provisions	130	120	114
Other non-current liabilities	15	20	14
<b>Total non-current liabilities</b>	<b>2,405</b>	<b>1,903</b>	<b>1,447</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	308	39	65
Provisions	27	28	36
Accounts payable	1,024	1,012	788
Other current liabilities	1,025	933	1,002
<b>Total current liabilities</b>	<b>2,384</b>	<b>2,012</b>	<b>1,891</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9,432</b>	<b>8,216</b>	<b>7,802</b>

### Financial instruments measured at fair value through the income statement

<i>SEK m</i>	31 Mar 2019		31 Mar 2018		31 Dec 2018	
Disclosures regarding the fair value by class	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Derivative receivables	19	19	14	14	5	5
<b>Financial liabilities</b>						
Liabilities to credit institutions	1,173	1,177	1,499	1,505	1,056	1,060
Derivative liabilities	4	4	14	14	4	4

#### Description of fair value

Derivatives relate to forward exchange contracts which are valued at fair value by discounting the difference between the contracted forward rate and the forward rate that can be subscribed for on the balance sheet date for the remaining contract term. The fair value of interest bearing liabilities to credit institutions is provided for the purpose of disclosure and is calculated by discounting the future cash flows of principal and interest payments, discounted at current market interest rates.

The derivative assets, derivative liabilities and interest bearing liabilities to credit institutions that exist can all be found at Level 2 of the valuation hierarchy.

For other financial assets and liabilities, the carrying amount is deemed to be a reasonable approximation of fair value. The Group holdings of unlisted shares, the fair value of which cannot be estimated reliably, are recognised at acquisition cost. The carrying amount is SEK 1 m (1).

## Consolidated statement of changes in equity

### Shareholders' equity attributable to parent company shareholders

SEK m	Share- capital	Other contributed capital	Foreign cur- rency transla- tion reserve	Profit brought forward incl. profit for the year	Total	Non- controlling interests	Total shareholders' equity
<b>Opening balance, 1 January 2018</b>	<b>79</b>	<b>2,260</b>	<b>152</b>	<b>1,638</b>	<b>4,129</b>	<b>1</b>	<b>4,130</b>
Profit for the period				46	46	0	46
Other comprehensive income, net of tax							
Translation differences, foreign operations			168		168	0	168
Hedges of net investments			-43		-43	-	-43
<i>Total comprehensive income</i>	-	-	125	46	171	0	171
<b>Closing balance, 31 March 2018</b>	<b>79</b>	<b>2,260</b>	<b>277</b>	<b>1,684</b>	<b>4,300</b>	<b>1</b>	<b>4,301</b>
Profit for the period				348	348	0	348
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-2	-2	-	-2
Translation differences, foreign operations			-60		-60	0	-60
Hedges of net investments			-4		-4	-	-4
<i>Total comprehensive income</i>	-	-	-64	346	282	0	282
Dividend to shareholders				-118	-118	-1	-119
Issue of warrants				0	0	-	0
<i>Total transactions with shareholders</i>	-	-	-	-118	-118	-1	-119
<b>Closing balance, 31 December 2018</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,912</b>	<b>4,464</b>	<b>-</b>	<b>4,464</b>
Change in accounting standard				-49	-49	-	-49
<b>Opening balance, 1 January 2019</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,863</b>	<b>4,415</b>	<b>-</b>	<b>4,415</b>
Profit for the period				142	142	-	142
Other comprehensive income, net of tax							
Translation differences, foreign operations			102		102	-	102
Hedges of net investments			-16		-16	-	-16
<i>Total comprehensive income</i>	-	-	86	142	228	-	228
<b>Closing balance, 31 March 2019</b>	<b>79</b>	<b>2,260</b>	<b>299</b>	<b>2,005</b>	<b>4,643</b>	<b>-</b>	<b>4,643</b>

### Share capital

The share capital of SEK 78,707,820 is divided among 78,707,820 shares with a face value of SEK 1.00. Lindab International AB (publ) holds 2,375,838 (2,375,838) treasury shares, corresponding to 3.0 percent (3.0) of the total number of Lindab shares.

### Proposed dividend to shareholders

Lindab's Board of Directors proposes that the Annual General Meeting on 8 May 2019 approves a dividend of SEK 1.75 per share. The remaining retained earnings will be carried forward.

# Parent company

## Income statement

SEK m	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Net sales	1	1	4
Administrative expenses	-1	-1	-6
Other operating income/expenses	0	0	0
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>-2</b>
Profit from subsidiaries	-	-	2,386
Interest expenses, internal	0	-5	-9
<b>Earnings before tax</b>	<b>0</b>	<b>-5</b>	<b>2,375</b>
Tax on profit for the period	0	1	0
<b>Profit/Loss for the period<sup>1)</sup></b>	<b>0</b>	<b>-4</b>	<b>2,375</b>

1) Comprehensive income corresponds to profit for all periods.

## Balance sheet

SEK m	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares in Group companies	3,467	3,467	3,467
Financial interest-bearing fixed assets	5	6	5
Deferred tax assets	1	2	1
<b>Total fixed assets</b>	<b>3,473</b>	<b>3,475</b>	<b>3,473</b>
<b>Current assets</b>			
Receivables from Group companies	0	0	14
Current tax assets	0	1	0
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>0</b>	<b>1</b>	<b>14</b>
<b>TOTAL ASSETS</b>	<b>3,473</b>	<b>3,476</b>	<b>3,487</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	79	79	79
Statutory reserve	708	708	708
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	90	90	90
Profit brought forward	2,479	223	105
Profit/Loss for the period	0	-4	2,375
<b>Total shareholders' equity</b>	<b>3,356</b>	<b>1,096</b>	<b>3,357</b>
<b>Provisions</b>			
Interest-bearing provisions	5	6	5
<b>Total provisions</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities to Group companies	-	2,230	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>2,230</b>	<b>-</b>
<b>Current liabilities</b>			
Liabilities to Group companies	111	142	123
Accounts payable	-	-	0
Accrued expenses and deferred income	1	2	2
<b>Total current liabilities</b>	<b>112</b>	<b>144</b>	<b>125</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,473</b>	<b>3,476</b>	<b>3,487</b>

## Key performance indicators

SEK m	2019				2018				2017				
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales	2,315	2,384	2,397	2,392	2,153	2,185	2,081	2,118	1,858				
Growth, %	8	9	15	13	16	7	2	5	6				
of which organic	5	5	8	8	13	7	2	2	4				
of which acquisitions/divestments	-	1	1	1	1	0	-	-	-				
of which currency effects	3	3	6	4	2	0	0	3	2				
Operating profit before depreciation and amortisation <sup>1)</sup>	287	189	243	169	114	149	194	192	119				
Operating profit <sup>1)</sup>	192	147	200	129	71	109	154	151	78				
Adjusted operating profit <sup>1)</sup>	192	173	209	148	104	119	162	151	79				
Earnings before tax <sup>1)</sup>	182	143	196	124	68	103	148	146	70				
Profit for the period <sup>1)</sup>	142	106	152	91	46	84	115	106	42				
Operating margin, % <sup>1)</sup>	8.3	6.2	8.3	5.4	3.3	5.0	7.4	7.1	4.2				
Adjusted operating margin, % <sup>1)</sup>	8.3	7.3	8.7	6.2	4.8	5.4	7.8	7.1	4.3				
Profit margin, % <sup>1)</sup>	7.8	6.0	8.2	5.2	3.2	4.7	7.1	6.9	3.8				
Cash flow from operating activities <sup>1)</sup>	79	238	262	51	42	346	-58	162	-40				
Cash flow from operating activities per share, SEK <sup>1)</sup>	1.03	3.12	3.43	0.67	0.55	4.53	-0.76	2.12	-0.52				
Cash flow from investments in intangible assets/tangible fixed assets	45	40	30	26	24	27	21	21	31				
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332				
Average number of shares outstanding, thousands	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332	76,332				
Earnings per share, SEK <sup>2)</sup>	1.85	1.38	1.99	1.19	0.60	1.10	1.51	1.39	0.55				
Shareholders' equity attributable to parent company shareholders	4,643	4,464	4,387	4,276	4,300	4,129	3,961	3,909	3,919				
Shareholders' equity attributable to non-controlling interests	-	0	1	1	1	1	1	1	1				
Shareholders' equity per share, SEK	60.83	58.49	57.47	56.02	56.32	54.09	51.89	51.21	51.34				
Net debt <sup>1)</sup>	2,130	1,052	1,249	1,487	1,369	1,305	1,502	1,449	1,459				
Net debt/equity ratio, times <sup>1)</sup>	0.5	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4				
Equity/asset ratio, % <sup>1)</sup>	49.2	57.2	52.5	50.6	52.3	53.4	51.0	50.5	51.0				
Return on equity, % <sup>1)</sup>	11.1	9.1	8.9	8.2	8.7	8.8	8.8	8.8	8.5				
Return on capital employed, % <sup>1)</sup>	10.9	9.4	8.8	8.1	8.6	8.8	8.8	9.1	8.8				
Interest coverage ratio, times <sup>1)</sup>	15.8	24.4	30.3	19.0	11.7	14.7	17.6	16.4	8.3				
Net debt/EBITDA, excluding one-off items and restructuring costs <sup>1)</sup>	1.6	1.6	1.9	2.0	2.1	2.2	2.3	2.2	2.4				
Number of employees by end of period	5,148	5,071	5,142	5,195	5,132	5,083	5,103	5,122	5,143				

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 16.

SEK m	2018	2017	2016
	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	9,326	8,242	7,849
Growth, %	13	5	3
of which organic	8	4	4
of which acquisitions/divestments	1	0	0
of which currency effects	4	1	-1
Operating profit before depreciation and amortisation	715	654	657
Operating profit	547	492	483
Adjusted operating profit	634	511	511
Earnings before tax	531	467	445
Profit for the period	394	347	306
Operating margin, %	5.9	6.0	6.2
Adjusted operating margin, %	6.8	6.2	6.5
Profit margin, %	5.7	5.7	5.7
Cash flow from operating activities	593	410	499
Cash flow from operating activities per share, SEK	7.77	5.37	6.54
Cash flow from investments in intangible assets and tangible fixed assets	120	100	125
Number of shares outstanding, thousands	76,332	76,332	76,332
Average number of shares outstanding, thousands	76,332	76,332	76,332
Earnings per share, SEK <sup>2)</sup>	5.16	4.54	4.02
Shareholders' equity attributable to parent company shareholders	4,464	4,129	3,848
Shareholders' equity attributable to non-controlling interests	0	1	1
Shareholders' equity per share, SEK	58.49	54.09	50.41
Net debt	1,052	1,305	1,396
Net debt/equity ratio, times	0.2	0.3	0.4
Equity/asset ratio, %	57.2	53.4	51.3
Return on equity, %	9.1	8.8	8.4
Return on capital employed, %	9.4	8.8	8.8
Interest coverage ratio, times	21.4	14.1	11.4
Net debt/EBITDA, excluding one-off items and restructuring costs	1.6	2.2	2.5
Number of employees end of period	5,071	5,083	5,136

2) Earnings per share is before and after dilution.

# Notes

## NOTE 1 ACCOUNTING POLICIES

The consolidated accounts for the interim report have been prepared in line with the annual consolidated accounts for 2018, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board RFR 1, Supplementary Accounting Rules for Groups.

This interim report has been prepared in accordance with IAS 34. The Group has applied the same accounting policies as described in the Annual Report for 2018 except for leases (see below).

With exception for the new standard regarding leasing, none of the new or amended standards, interpretations or improvements adopted by the EU have had any significant impact on the Group.

Information in terms of IAS 34 *Interim financial reporting* has been disclosed in notes to the financial statements as well as in other pages of the interim report.

### New or amended standards which came into force during 2019

IFRS 16 *Leases* is applied by Lindab as of January 1, 2019 and the standard replaces IAS 17 *Leases*. The Group has implemented the new standard based on a simplified transition method and all leases that are affected by the new standard have been valued on the first day of application as if the standard had always been valid. By applying a relief rule, comparative figures in the Group's reported income statement, statement of financial position and statement of cash flow have not been restated. On the other hand, there are some clarifications of the effects of IFRS 16 *Leases* on key performance indicators for the year 2019 under 'Reconciliations' on page 16.

Prior to the implementation of IFRS 16 *Leases*, Lindab analysed the contractual and financial implications of rental and leasing agreements within the Group. The evaluation resulted in a leasing portfolio corresponding to approximately 1,000 contracts being capitalised in the opening balance for 2019. Most of these rental and lease agreements related to vehicles, but the majority of the capitalised value was attributable to property related lease agreements. The implementation of IFRS 16 *Leases* has an estimated effect on the opening balance of the statement of financial position according to the table below.

	Closing balance 31 Dec 2018 before transition to IFRS 16	Effect due to transition to IFRS 16	Adjusted opening balance 1 Jan 2019
<i>SEK m</i>			
Tangible fixed assets	1,277	991	2,268
Deferred tax assets	73	10	84
Equity	4,464	-49	4,415
Non-current leasing liability	29 <sup>1)</sup>	831	860
Current leasing liability	4 <sup>1)</sup>	219	223

1) Future obligations for financial lease contracts in accordance with IAS 17 *Leases*. For detailed reconciliation of recognised leasing liability at beginning of 2019, in accordance with IFRS 16 *Leases* see note 2 in the Annual Report of 2018.

As far as the Group's income statement is concerned, as of January 1, 2019, it will to a certain extent change the cost structure as a result of the implementation of IFRS 16 *Leases*.

The change in cost structure is a consequence of the fact that previous operating expenses attributable to operational leases are replaced by depreciations and interest expenses. Based on identified rental and leasing agreements at the beginning of 2019, operating profit is expected to improve by SEK 27 m on an annual basis for the coming fiscal year, which is offset by an increased financial expense by a slightly higher amount. The net effect on profit after financial items is expected to be fractional.

### Lease agreements

IFRS 16 *Leases* is based on the fact that all rental and leasing agreements are to be reported in the lessee's statement of financial position, with the possibility of exemptions with regard to short-term leasing agreements and agreements where the underlying asset amounts to a low value. Lindab has chosen to apply exemptions provided by IFRS, which means that the statement of financial position will not recognise rental and lease agreements with a lease term shorter than 12 months and leasing agreements for which the underlying asset has a low value (EUR 5 k according to Lindab's application). Lease payments from these excluded agreements are recognised directly as an operating expense on a straight-line basis over the leasing period.

Lindab evaluates at the start of new agreements if they contain leasing components that are to be capitalised in accordance with IFRS 16 *Leases*. Lease payments that are capitalised are primarily fixed fees respectively variable index/price charges as well as any relevant residual value guarantees, option prices or termination charges. Agreements that consist of both a capitalised and non-capitalised component are capitalised in their entirety if the latter part is of an immaterial value. The capitalisation of rental and leasing agreements are initially made at present value of future lease payments, discounted based on the agreement's implicit interest rate or incremental borrowing rates established for the Group. The right of use assets also include lease payments paid at or before the commencement date of the lease, existing initial direct expenses and any estimated restoration costs for which there are reported provisions in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. In connection with the capitalisation, an assessment is also made regarding the expected contract period/right of use of the asset in question within the framework of the existing agreement.

The tangible assets/right of use included in the Group's statement of financial position in accordance with IFRS 16 *Leases* are in subsequent periods recognised at cost less depreciation and any write-downs or adjustments for revaluations made. Depreciation takes place on a straight-line basis from the commencement date of the agreement and over the useful life which is the shortest of the estimated economic life and the agreed lease term. Impairment losses are reported in accordance with IAS 36 *Impairment of assets*. With regard to the leasing liabilities that are reported in the statement of financial position, they are included on an ongoing basis at amortised cost less lease payments made and taking into account the calculated interest effect. Revaluation of the leasing related balance sheet items takes place on an ongoing basis based on changes in interest/index components, leasing periods, residual value guarantees, etc.

### The parent company

The financial statements for the parent company are prepared according to the Swedish Annual Accounts Act and RFR 2, Accounting for legal entities and according to the same accounting policies as were applied in the Annual Report for 2018.

## NOTE 2 EFFECTS OF CHANGES IN ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and judgements are described in Note 4 in the Annual Report for 2018. Except for leases no changes have been made to these estimates, judgements that would have a substantial impact on this interim report.

As for leasing, Lindab applies IFRS 16 *Leases* since 1 January 2019 (see Note 1). In connection with the recognition of rental and leasing agreements, there are some elements of subjective estimates and assessments, both in terms of the possibility/likelihood of utilising extension, termination and purchase options, assessed right of use for contracts with undefined maturity and the actual expected right of use of the asset within the framework of existing agreements. From a materiality perspective, the most significant leases are related to properties where these assessments can have a material impact on the Group. Lindab has set up a structure for how the assessment of these components should take place and in terms of properties, this structure is based on the properties' main character (production, warehouses, branches respectively offices). The guidelines are aimed at guiding and reflecting, in a fair manner, expected right of use and thus also the value of the assets in question on the basis of known information at each financial closing. The assessments also include, in accordance with IAS 36 *Impairment of assets*, testing of the assets' recognised value from a write-down perspective.

Another component that affects the recognised value of rental and leasing agreements in the Group's statement of financial position is the underlying discount factors. In the calculation of current balance sheet value, Lindab applies a fair incremental borrowing rate assessed for the Group for each currency and category of asset, all with the purpose of reflecting rental and leasing related assets and financial commitments in a fair manner.

## NOTE 3 BUSINESS COMBINATIONS

No business combinations have been made during first quarter of 2019.

## NOTE 4 OPERATING SEGMENTS

As of January 1, 2019, Lindab has implemented a new organisational structure. The former business area Products & Solutions has been divided into two new business areas, Ventilation Systems and Profile Systems. The purpose of the reorganisation is to increase transparency and focus on the respective underlying businesses and to ensure an operational organisational structure that supports how Lindab strategically controls and monitors the operations.

In order to reflect Lindab's organisational change and how operations are controlled and reported, as of January 1, 2019, have in this quarterly report the two previously reported segments (Products & Solutions and Building Systems) been replaced with three segments: Ventilation Systems, Profile Systems respectively Building Systems. The basis for segmental reporting is the various customer offers provided by each business area. Comparative periods reported in the interim report have been restated based on the new segment structure.

The customer offers within each segment are as follows:

- Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation and heating to installers and other customers in the ventilation industry.

- Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, cladding for ceilings and walls as well as steel profiles for wall, ceiling and beam constructions.
- Building Systems offers complete prefabricated steel construction systems and proprietary software that simplifies the project planning and quotation process for designers and contractors.

Both Ventilation Systems' and Profile Systems' operations are managed based on geographically divided sales organisations, which are supported by a number of product and system areas with joint production and purchasing functions for each business area. The Building Systems segment consists of a separate integrated project organisation. What is reported under Other includes the parent company's and other common functions.

Information on income from external customers and adjusted operating profit per operating segment is presented in the tables on page 7.

Internal prices between the Group's segments are set based on the principle of arm's length, that is, between parties that are independent of each other, well-informed and have an interest in the transaction being carried out. Assets and investments are reported where the asset exists.

Assets and liabilities by segment that have changed by more than 10 percent (excluding the effect of transition to IFRS 16 *Leases*) compared with the end of 2018 are shown below:

- Ventilation Systems: Other receivables have increased by 18 percent and Equity has increased by 13 percent.
- Profile Systems: Inventories have increased by 15 percent, Other receivables have increased by 23 percent and Other liabilities have decreased by 34 percent.
- Building Systems: Inventories have increased by 14 percent, Other receivables have increased by 13 percent, Equity has increased by 23 percent and Other liabilities have increased by 18 percent.

All segments' tangible fixed assets and financial liabilities have been affected by the transition to IFRS 16 *Leases*. When implementing the new standard, each lease and lease agreement has been allocated to the segment where the asset is used.

## NOTE 5 RELATED PARTY TRANSACTIONS

Lindab's related parties and the extent of transactions with its related parties are described in Note 30 of the Annual Report for 2018.

During the year, there have been no other transactions between Lindab and related parties which have had a significant impact on the company's position and profit.

This interim report for Lindab International AB (publ) has been submitted following approval by the Board of Directors.

Båstad, 7 May 2019

Ola Ringdahl  
President and CEO

The report has not been audited by the company's auditors.

## Reconciliations, key performance indicators not defined according to IFRS

The company presents certain financial measures in the interim report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. Lindab's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the interim report are presented below. Reconciliation of these measures is shown in the tables below. As the amounts in the tables below have been rounded off to SEK m, the calculations do not always add up due to round-off.

### Reconciliations

Amounts in SEK m unless otherwise indicated.

	2019 Jan-Mar	2019 Jan-Mar <sup>1)</sup>	2018 Jan-Mar	2018 Jan-Dec
<b>Interest coverage ratio, times</b>				
Earnings before tax	182	182	68	531
Interest expenses	12	5	6	26
<b>Total</b>	<b>194</b>	<b>187</b>	<b>74</b>	<b>557</b>
Interest expenses	12	5	6	26
<b>Interest coverage ratio, times</b>	<b>15.8</b>	<b>33.9</b>	<b>11.7</b>	<b>21.4</b>

	31 Mar 2019	31 Mar 2019 <sup>1)</sup>	31 Mar 2018	31 Dec 2018
<b>Net debt</b>				
Non-current interest-bearing provisions for pensions and similar obligations	236	236	230	234
Non-current liabilities to credit institutions	1,207	1,207	1,533	1,085
Non-current leasing liabilities	817	-	-	-
Current other interest-bearing liabilities	308	91	39	65
<b>Total liabilities</b>	<b>2,568</b>	<b>1,534</b>	<b>1,802</b>	<b>1,384</b>
Financial interest-bearing fixed assets	38	38	42	38
Other interest-bearing receivables	20	20	15	5
Cash and cash equivalents	380	380	376	289
<b>Total assets</b>	<b>438</b>	<b>438</b>	<b>433</b>	<b>332</b>
<b>Net debt</b>	<b>2,130</b>	<b>1,096</b>	<b>1,369</b>	<b>1,052</b>

	31 Mar 2019	31 Mar 2019 <sup>1)</sup>	31 Mar 2018	31 Dec 2018
<b>Net debt/EBITDA</b>				
Average net debt	1,511	1,252	1,417	1,318
Adjusted operating profit, rolling twelve months	722	715	536	634
Depreciation/amortisation and impairment losses, rolling twelve months	220	167	164	168
<b>EBITDA</b>	<b>942</b>	<b>882</b>	<b>700</b>	<b>802</b>
<b>Net debt/EBITDA, times</b>	<b>1.6</b>	<b>1.4</b>	<b>2.1</b>	<b>1.6</b>

	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
<b>One-off items and restructuring costs</b>			
<b>Operating profit</b>	<b>192</b>	<b>71</b>	<b>547</b>
Ventilation Systems	-	-	-15
Profile Systems	-	-	-2
Building Systems	-	-10	-25
Other operations	-	-23	-45
<b>Adjusted operating profit</b>	<b>192</b>	<b>104</b>	<b>634</b>

Operating profit has been adjusted by the following one-off items and restructuring costs per quarter:

1/2019 -

1/2018 SEK -33 related to assessment of structural alternatives and measures associated with the turnaround programme.

2/2018 SEK -19 related to assessment of structural alternatives and measures associated with the turnaround programme.

3/2018 SEK -9 related to restructuring program and measures associated with the turnaround programme.

4/2018 SEK -26 related mainly to restructuring program and measures associated with the turnaround programme.

	2019 Jan-Mar	2019 Jan-Mar <sup>1)</sup>	2018 Jan-Mar	2018 Jan-Dec
<b>Operating profit before depreciation/amortisation - EBITDA</b>				
Operating profit	192	185	71	547
Depreciation/amortisation and impairment losses	95	42	43	168
<b>Operating profit before depreciation/amortisation - EBITDA</b>	<b>287</b>	<b>227</b>	<b>114</b>	<b>715</b>

	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
<b>Organic growth</b>			
Change Net sales	162	295	1,084
Of which			
Organic	92	237	684
Acquisitions/divestments	-	11	57
Currency effects	70	47	343

	31 Mar 2019	31 Mar 2019 <sup>1)</sup>	31 Mar 2018	31 Dec 2018
<b>Return on capital employed</b>				
<b>Total assets</b> <sup>2)</sup>	<b>9,432</b>	<b>8,448</b>	<b>8,216</b>	<b>7,802</b>
Provisions	130	130	120	114
Other non-current liabilities	15	15	20	14
<b>Total non-current liabilities</b>	<b>145</b>	<b>145</b>	<b>140</b>	<b>128</b>
Provisions	27	27	28	36
Accounts payable	1,024	1,024	1,012	788
Other current liabilities	1,025	1,025	933	1,002
<b>Total current liabilities</b>	<b>2,076</b>	<b>2,076</b>	<b>1,973</b>	<b>1,826</b>
<b>Capital employed</b>	<b>7,211</b>	<b>6,227</b>	<b>6,103</b>	<b>5,848</b>
Earnings before tax, rolling twelve months	645	645	465	531
Financial expenses, rolling twelve months	41	34	41	33
<b>Total</b>	<b>686</b>	<b>679</b>	<b>506</b>	<b>564</b>
Average capital employed	6,275	6,078	5,860	5,998
<b>Return on capital employed, %</b>	<b>10.9</b>	<b>11.1</b>	<b>8.6</b>	<b>9.4</b>
<b>Return on shareholders' equity</b>				
Profit for the period, rolling twelve months	490	490	351	394
Average shareholders' equity	4,415	4,425	4,045	4,312
<b>Return on shareholders' equity, %</b>	<b>11.1</b>	<b>11.1</b>	<b>8.7</b>	<b>9.1</b>

1) Key performance indications excluding the effect of implemented accounting standard, IFRS 16 Leases.

2) Among total assets, the difference of SEK 984 by 31 March 2019 relates to tangible fixed assets corresponding to SEK 974 m as a result of capitalisation of rental and leasing agreements in accordance with IFRS 16. Remaining difference in total assets relates to deferred tax receivables.

## Additional key performance indicators, including respectively excluding IFRS 16, with aim to increase comparability against previous periods

Amounts in SEK m unless otherwise indicated.

	2019 incl. IFRS 16		2019 excl. IFRS 16	
	Jan-Mar	%	Jan-Mar	%
<b>Operating profit, operating margin and earnings before tax</b>				
Ventilation Systems	149	9.8	144	9.5
Profile Systems	43	8.2	42	8.0
Building Systems	9	3.2	8	2.9
Other operations	-9	-	-9	-
<b>Adjusted operating profit</b>	<b>192</b>	<b>8.3</b>	<b>185</b>	<b>8.0</b>
<b>Operating profit</b>	<b>192</b>	<b>8.3</b>	<b>185</b>	<b>8.0</b>
Net financial items	-10	-	-3	-
<b>Earnings before tax</b>	<b>182</b>	<b>7.8</b>	<b>182</b>	<b>7.8</b>

	2019 incl. IFRS 16		2019 excl. IFRS 16	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
<b>Key performance indicators</b>				
Operating profit before depreciation and amortisation	287		227	
Operating profit	192		185	
Adjusted operating profit	192		185	
Earnings before tax	182		182	
Profit for the period	142		142	
Operating margin, %	8		8	
Adjusted operating margin, %	8		8	
Profit margin, %	7.8		7.8	
Cash flow from operating activities <sup>1)</sup>	79		26	
Cash flow from operating activities per share, SEK	1.0		0.3	
Net debt	2,130		1,096	
Net debt/equity ratio, times	1		0	
Equity/asset ratio, %	49		56	
Return on equity, %	11		11	
Return on capital employed, %	11		11	
Interest coverage ratio, times	16		34	
Net debt/EBITDA, excluding one-off items and restructuring costs	1.6		1.4	

<sup>1)</sup> Within cash flow from operating activities there has been a reclassification to interest related to rental and leasing agreements. Previously this was included in the operating profit but from 2019 it is part of 'Interest paid'. The amount of leasing-related interest amounts to SEK 7m in the period January - March.

## Definitions

### Key performance indicator according to IFRS

#### Earnings per share, SEK

Profit for the period attributable to parent company shareholders to average number of shares outstanding.

### Key performance indicators not defined according to IFRS

#### Adjusted operating margin

Adjusted operating profit expressed as a percentage of net sales.

#### Adjusted operating profit

Operating profit adjusted for one-off items and restructuring costs when the amount is significant in size.

#### Cash flow from operating activities per share, SEK

Cash flow from operating activities to number of shares outstanding at the end of the period.

#### Equity/asset ratio

Shareholders' equity including non-controlling interests, expressed as a percentage of total assets.

#### Interest coverage ratio, times

Earnings before tax plus interest expense to interest expense.

#### Investments in intangible assets and tangible fixed assets

Investments excluding acquisitions and divestments of companies.

#### Net debt

Interest-bearing provisions and liabilities less interest-bearing assets and cash and cash equivalents.

#### Net debt/EBITDA

Average net debt in relation to EBITDA, excluding one-off items and restructuring costs, based on a rolling twelve-month calculation.

#### Net debt/equity ratio

Net debt to shareholders' equity including non-controlling interests.

1) Average capital is based on the quarterly value.

#### One-off items and restructuring costs

Items not included in the ordinary business transactions and when each amount is significant in size and therefore has an effect on the profit or loss and key performance indicators, are classified as one-off items and restructuring costs.

#### Operating margin

Operating profit expressed as a percentage of net sales.

#### Operating profit

Profit before financial items and tax.

#### Operating profit before depreciation/amortisation - EBITDA

Operating profit before planned depreciation/amortisation.

#### Organic growth

Change in sales adjusted for currency effects as well as acquisitions and divestments compared with the same period of the previous year.

#### Profit margin

Earnings before tax expressed as a percentage of net sales.

#### Return on capital employed

Earnings before tax after adding back financial expenses based on a rolling twelve-month calculation, expressed as a percentage of average capital employed<sup>1)</sup>. Capital employed refers to total assets less non-interest-bearing provisions and liabilities.

#### Return on shareholders' equity

Profit for the period attributable to parent company shareholders based on a rolling twelve-month calculation, expressed as a percentage of average shareholders' equity<sup>1)</sup> attributable to parent company shareholders.

#### Shareholders' equity per share, SEK

Shareholders' equity attributable to parent company shareholders to number of shares outstanding at the end of the period.

## Financial calendar

Annual General Meeting	8 May 2019
Interim Report January – June	18 July 2019
Interim Report January – September	24 October 2019
Year-End Report	6 February 2020

All financial reports will be published at [www.lindabgroup.com](http://www.lindabgroup.com).

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## Lindab in brief

The Group had sales of SEK 9,326 m in 2018 and is established in 32 countries with approximately 5,100 employees.

The main market is non-residential construction, which accounts for 80 percent of sales, while residential construction accounts for 20 percent of sales. During 2018, the Nordic region accounted for 45 percent, Western Europe for 33 percent, CEE/CIS (Central and Eastern Europe plus other former Soviet states) for 20 percent and Other markets for 2 percent of total sales.

The share is listed on the Nasdaq Stockholm List, Mid Cap, under the ticker symbol LIAB.

### Business concept

Lindab develops, manufactures, markets and distributes products and system solutions for simplified construction and improved indoor climate.

### Business model

Lindab's product and solution offering includes products and entire systems for ventilation, cooling and heating, as well as construction products and building solutions such as steel rainwater systems, roofing and wall cladding, steel profiles for wall, roof and beam constructions and large span buildings. Lindab also offers complete, pre-engineered steel construction

systems under the Astron brand. These are complete building solutions comprising the outer shell with the main structure, wall, roof and accessories.

Lindab's products are characterised by high quality, ease of assembly, energy efficiency and environmentally friendly design and are delivered with high levels of service. Altogether, this provides greater customer value.

Lindab's value chain is characterised by a good balance between centralised and decentralised functions. The distribution has been developed in order to be close to the customer. Sales are made through around 140 Lindab branches and approximately 3,000 retailers, with the exception of Building Systems, which conducts sales through a network of nearly 300 building contractors.

This is information that Lindab International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07:40 am (CEST) on 8 May 2019.

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