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Q3 Report 2026

Ola Ringdahl (00:00-03:39)
Hello and welcome to this presentation of the Lindab Group. Q3 report for the third quarter. I'm Ola Ringdahl, President and CEO of Lindab Group. And next to me, I have our CFO, Lars Ynner. We will begin by presenting the results for the quarter and then move over to our focus areas and an outlook.

Following the presentation, there will be a Q&A session. Let's begin with some highlights from the third quarter.

Both business areas delivered organic growth in the quarter. This was driven by the Nordic region. Primarily, the operating margin continued to be affected by higher costs. However, compared to the second quarter of this year, we could see a clear margin improvement. Price adjustments to compensate for higher input costs are ongoing and contributed to strengthened gross margins in the quarter.

Our acquisition journey continued, and we added the Irish ventilation distributor Connaught Ventilation Supplies (CVS). And in October, we added the Italian smoke control company Aernova to the group. With this introduction, let's now take a closer look at our sales development.

Sales in comparable units increased by 2% for the Group, and for business area Ventilation Systems, net sales increased by 1%. Net sales increased by 1%. The ventilation sales development continued to differ between geographies. In the Nordics, organic growth was 6%, mainly driven by Sweden, where organic growth was 13% in the quarter. In Western Europe, sales were down by 1%, which is a smaller decline than in previous quarters.

In Central Europe, sales increased by 8%, mainly driven by strong development in Poland and in the Czech Republic. Business area Profile Systems showed organic growth for the second quarter in a row. Sales in July, however, were quite weak, but we did see an increasing momentum in August and into September. Let's now move over to operating profit.

After a profitability decline in the second quarter, primarily caused by the geopolitical situation and increasing energy prices, profitability recovered in the third quarter. The adjusted operating margin for the group reached 8.7%, up from 6.6% in the second quarter, but below the 9.7% we delivered in the third quarter of 2025. Both business areas delivered a margin uplift compared to the second quarter. Ventilation systems showed a healthy operating margin of 9.9%. Profile Systems has stabilized and delivered an operating margin of 6.2%.

Profitability for Profile Systems was poor in July due to the low sales, but the profitability in both August and September was on a healthy level. Looking at the different markets, we saw a positive development in the Nordics, while profitability was lower in Western European countries like Germany, France, and the Netherlands. Price increases have to a large extent compensated for higher raw material costs and contributed to a stronger gross margin during the quarter. Now I hand over to our CFO, Lars Ynner, who will go through the cash flow situation.

Lars Ynner (03:40-04:37)
Thank you. Lindab Group delivered cash flow from operating activities of 235 million SEK in the third quarter, compared with 335 million SEK last year. The decrease reflected lower operating profit and a higher negative impact from changes in working capital. Net debt remained broadly stable at 4,459 million SEK, and our target for net debt to EBITDA is to remain below three times. At the end of the third quarter, the ratio was 2.8 compared with 2.7 last year.

The financial net debt to EBITDA ratio was 2.4, compared with 2.1 last year. The increase was mainly due to lower EBITDA. Ola, back to you.

Ola Ringdahl (04:38-10:19)
Thank you, Lars.

Let's now look at some recent developments in Lindab Group and some examples of how we are developing our business with a focus on profitable growth.

The geopolitical situation has substantially increased the cost of energy, transportation, and raw materials since March of 2026. Our ambition has been to fully offset the higher costs through price increases, and during the

third quarter, we have, to a large extent, managed to compensate for these higher costs and improved our gross margin.

To further strengthen the operating margin, we need both continued price adjustments and a reduction of our cost base. We are therefore taking measures to improve efficiency across the Group and reduce our fixed costs. Now let's have a look at the gradual improvements we are seeing in Profile Systems.

For Profile Systems, organic growth in the business area was up by 4% in the third quarter after a positive 5% increase in the second quarter. The focus on the Scandinavian markets supports the growth, and we see positive macroeconomic indicators ahead. Project sales have started to increase, but from a low level. This is partly a result of active pricing in the Swedish market. We have achieved good operational stability.

One important example is that the sandwich panel factory in Sweden is now back at normal production capacity after the challenging factory relocation initiated two years ago. Altogether, Profile Systems is in a stronger position today than six months ago, and increasing profitability is a clear top priority for us.

We move on to our acquisitions since 2020. We have made more than 30 acquisitions, and we have strengthened our position in the European ventilation market. In July, we completed a bolt-on acquisition of the ventilation distributor CVS in Ireland, where we have a very successful team and a good market position. And last week, we completed the acquisition of Aernova in Italy. Aernova specializes in smoke control solutions for ventilation systems.

The fire and smoke segment is showing good growth, and our plan is to expand the Aernova business beyond Italy. Together with the former owner, who remains managing director of the business.

Looking ahead, we see several interesting growth opportunities for Lindab, and I would like to mention some of them. A stronger focus on energy efficiency is supporting the Lindab Group going forward. Buildings account for up to 40% of the energy consumption in Europe, and energy prices remain high at the moment. Improving the energy efficiency of buildings will be an increasing priority in Europe, and Lindab Group is very well positioned to benefit from this trend in the coming years. Another growth area is advanced technical ventilation, where we are seeing solid growth in, for example, intelligent room ventilation solutions as well as fire safety systems.

An increased focus on technical sales will make our business less cyclical, with a greater share coming from renovation and upgrades rather than from new construction. We also see good growth opportunities in certain customer segments, such as data centres, but also in defence-related projects and other areas.

Going forward, we will continue to make further bolt-on acquisitions of well-run ventilation companies while maintaining good financial discipline. Now let's move to the market outlook.

After a challenging period in the European construction market, we expect a gradual recovery. We see positive signs in the Nordic countries, with the improvement most visible in Sweden. In Western Europe, the market situation in some countries is less positive, and Germany in particular continues to show weak development. And we expect this to continue into 2027 for the European ventilation market. In total, our assessment is that there will be modest growth in 2027 for Profile Systems, which is now fully focused on the Scandinavian markets.

We expect a moderate improvement in the underlying market in 2027.

In the medium to long term, we have a positive market outlook. Our ventilation systems provide energy savings for buildings and help to create a healthy indoor climate. When construction activity recovers, Lindab Group is well invested to handle higher production volumes. With that, I conclude this presentation. Lars and I are now ready to take your questions.

Operator (10:21-10:38)
If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial the pound key on your telephone keypad.

The next question comes from Anna Lagerlöf from Carnegie. Please go ahead.

Anna Lagerlöf (10:41-10:57)
Yes. Hi. Good morning. So my first question is on the price increases. Have they been received differently in the different markets.

For example, has it been easier to balance margins and volumes in the Nordics, which are performing a bit better?

Ola Ringdahl (11:00-12:42)
And I thank you for the question. Um, yes. Europe. Europe consists of many countries and many markets with their particular traits. It is different how long it takes to get price increases through; when the conflict in the Middle East started in late February, we urgently announced price increases.

We saw what was coming. Typically, it takes a few months to get full impact. We have struggled in some countries where price competition is really fierce. Typically, price competition is really strong when demand and market activity are low. One example is Germany.

As we have pointed out a few times, price competition is pretty fierce. But all in all, I think we did. We made small progress in the second quarter to realize an impact from the price increases. But in the third quarter, I think we have seen that we have managed to lift up prices; not completely the same in every country, but in total, I would say on an acceptable level. We are not done, though; we still need to get the average prices up a bit further to be able to continue to strengthen the margins.

Anna Lagerlöf (12:45-12:56)
Okay. Very clear. And how should we think about the year-over-year price effects on sales in the quarter? Is it around 1% or is it a bit more?

Ola Ringdahl (12:59-13:39)
We are not that specific when talking about that, but of course we indicate in the material here and what we have presented that cost inflation on, say, raw materials and transport is between 5% and 15%. So in order to protect margins and protect the gross margins, we need to increase prices by a few percentage points. One percent is not enough. And that is what we are aiming for.

Anna Lagerlöf (13:42-13:54)
Okay. And on the improving project business that you noted in the quarter, are there any specific segments that have been doing a bit better, or is it more broad-based?

Ola Ringdahl (13:56-15:53)
Particularly, the project business that we refer to is what we mentioned when we describe the sales development primarily in Profile Systems. And there is quite a variety of types of buildings, but I would say public investments in Sweden is one driver. Also, some good project developments in the Norwegian market. So both in Sweden and Norway, we have seen the average order size increase quite a lot during the past 6 to 12 months. Gradually, we have a specific factor that is also influencing the number or the size of the projects.

And that is the fact that the sandwich panel factory is now fully up to speed. And those products often go into rather large projects. So it means that the share of sales that comes from larger projects is increasing. It should be said that that part typically has slightly lower gross margins as well. So that is part of the reason why the profitability in Profile Systems is not lifting or taking off when we have organic growth.

There are two reasons. One is a higher content of projects. The other reason is what I referred to in my presentation. The fact that the month of July was a pretty tough month with low construction activity, though August and September looked clearly better.

Anna Lagerlöf (15:55-16:03)
Did that sort of acceleration in activity continue as it started? Did that continue into the beginning of Q4?

Ola Ringdahl (16:05-16:58)
We have nothing indicating that the good momentum that we saw in August and September for Profile Systems would suddenly end in October. We should, though, remember that Profile Systems is a rather seasonal business. So up until early November, it is typically high season. But then from mid-November until March, they go into low season due to weather. But I do not have any information that there would be any sudden

setback from the 1st of October; particularly, I think we had good sales momentum in August throughout until the end of September.

So, I would. I would suppose that there is a good chance that it can continue.

Anna Lagerlöf (17:00-17:02)
Okay. Thank you. I will get back in the queue.

Ola Ringdahl (17:03-17:04)
Thanks. Thank you.

Operator (17:09-17:24)
As a reminder, if you wish to ask a question, please dial the pound key on your telephone keypad.

The next question comes from Anna Lagerlöf from ABG Sundal Collier. Please go ahead.

Anna Lagerlöf (17:27-17:28)
Yes. Hi. It's me again.

Anna Lagerlöf (17:28-17:30)
So tell us a bit more.

Anna Lagerlöf (17:31-17:55)
Yes. Thank you. So maybe we can get into a bit more detail on the cost savings that you are talking about, because as you have said, you have been focusing quite a lot for some time now on working with the cost base. In what way are you accelerating that thinking, and is it more related to ventilation than it has been previously? Could you please elaborate a bit further?

Ola Ringdahl (17:58-20:00)
I think that after a long period with low growth or even negative growth, we have had to work on our cost base pretty constantly during the past four years. And one important factor to be able to generate a healthy operating margin is that we are able to strengthen our gross margins through efficiency, through smart pricing, etc. Etc. . Now we have had to devote the effect of the price increases to cover transportation and raw material costs, rather than covering the general cost inflation in our fixed cost base.

Then we need to, more specifically at the moment, address our fixed cost base so that the money generated as gross profits can cover the costs and leave a good operating or healthy operating profit. After all these effects. We see that the costs have grown faster. Our fixed cost base has grown faster than our top-line sales during 2026. And this needs to be corrected.

So that is why we are having some extra focus on cost reduction activities at the moment. We do not foresee that this will lead to any one-time effects or any structural costs that we will take. But we do it as a part of the running business.

Anna Lagerlöf (20:03-20:13)
Okay. And is that perhaps going to be more related to the markets that are more challenging, such as the European ones in comparison to the Nordics, or is it very broad-based across the group?

Ola Ringdahl (20:15-21:14)
Yeah. This is where you of course come into a rather complicated situation because you have some markets with good momentum where you want to ride on that wave and not cut the wrong costs. We want to continue growing in the Nordics, for example, or in Poland, Ireland, or the other markets where we have good sales momentum. We have to be prudent with costs, but we do not want to do anything to harm the growth momentum. So naturally, it is in the units where we see slow or no growth where we will have the main objective; then, I believe that in a situation like this, when you belong to a group, everybody has to do their part.

Anna Lagerlöf (21:17-21:19)
Okay. Perfect. Thank you so much.

Ola Ringdahl (21:20-21:20)

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Thank you, Anna.

Operator (21:23-21:27)
The next question comes from Anders Akerblom from Nordea. Please go ahead.

Anders Akerblom (21:29-22:14)
Yeah. Hi.

Thanks for taking my questions. I wanted to ask a bit firstly on ventilation. I mean, obviously you reported quite healthy growth in Sweden, 13% organically. Margins are obviously still down year over year, but it would be interesting to hear you elaborate a bit more on the dilution you alluded to regarding Germany. But if you could maybe split out Germany, France, and the Netherlands, in a relative sense, I know you do not want to go into the organic rate and margin development for these three, but should we interpret Germany as still being the weakest of the three or is anything changing there as you see it?

Ola Ringdahl (22:16-23:49)
Germany is still a headache for us. They had poor profitability in 2025. And that unfortunately continues in 2026. Not at any accelerating pace, but it is still a drag on our average profitability. The situation for us in the Netherlands in 2026, profitability is clearly worse than in 2025.

So that is worse than before, and in parts of France, we have seen a weaker profitability development in 2026. So I would say all three of those countries are weighing on our average profitability development in 2026. And then some other markets have improved and are improving. So it is a mixed picture. We, of course, have very focused activities to improve the situation in all of these three countries, including changing managing directors in a couple of the companies.

I am confident that we will start to see a gradual improvement, but from low levels, in the profitability in 2027.

Anders Akerblom (23:51-24:11)
Yeah. Okay. Thanks. Thanks for the answer. And in terms of the split between the two.

I mean, is it mainly still pricing, or are you still seeing some sort of volume deleveraging? How are those two developing respectively?

Ola Ringdahl (24:13-24:15)
Do you mean in terms of geography?

Anders Akerblom (24:16-24:27)
Yeah. Since we were talking about Germany, France, and the Netherlands, it would be interesting to hear the volume aspect relative to how price is developing.

Ola Ringdahl (24:27-25:23)
Volume development for us in Germany is relatively flat in 2026 versus 2025, but it is too low. In France, we have seen sales related to new construction is down, but sales related to upgrading and renovation is actually up. The Netherlands sales are slightly down by a few percentage points versus last year. So nothing too dramatic, but still leading to a situation where the profitability has declined. So we need to break that momentum.

It involves both price adjustments naturally to the extent that we can, but it definitely also involves reducing the fixed cost base and looking at structure.

Anders Akerblom (25:25-25:48)
Yeah.

Speaking of the fixed cost base, looking through it in a general sense, we saw that admin costs are up 10% year over year, almost 70 basis points relative to sales increase year over year. Should one interpret that as one of the key focus areas for you going forward?

Ola Ringdahl (25:49-27:11)
It is a focus area. The most important focus area is to improve sales and have the right pricing. For sure. But the costs, as you correctly note, have increased too fast. Some costs are increasing for necessary reasons.

Reading the papers yesterday and today, we are happy that we have built up a very skilled cybersecurity team at Lindab. So that is, of course, a cost we didn't have five years ago, but we are happy that we have that type of competence today. There are certain things that are steadily increasing in terms of compliance, digitalization costs, and so on. So that is a heavier part of our cost base today than it used to be. But it is, of course, not sustainable that our costs are increasing faster than our revenues.

So that is why we are taking yet another stab at correcting that. We have done so several times in the past few years, and we are at it again.

Anders Akerblom (27:13-27:36)
Yep. That makes sense. Um thank you. And a final question, if I may, perhaps more for Lars, but obviously cash conversion in the quarter was quite weak and leverage remains at suboptimal levels. So, do you have any comment on some sort of normalization here in terms of cash conversion and how we should think about that?

Lars Ynner (27:37-28:17)
Yes, I would say in Q3 we have some seasonal impact, both when it comes to inventory and accounts receivable. So I would say there are no underlying changes versus what we have been able to produce cash conversion-wise in the past, as is the case with many other things in this quarter. Cash conversion and focus on working capital are of high importance. And we are also getting into the fourth quarter, which is normally from a cash flow perspective, the strongest quarter for us.

Anders Akerblom (28:19-28:26)
Um, okay. Very good. Thank you. Thank you very much to you both. Have a good rest of your day.

Ola Ringdahl (28:27-28:27)
Thank you.

Lars Ynner (28:28-28:28)
Thank you.

Operator (28:33-28:40)
There are no more questions at this time. So I hand the conference back to the speakers for any closing comments.

Ola Ringdahl (28:41-28:51)
From my side and from Lars' side, we would like to thank everybody who listened in and we end the call here. Wish you a wonderful weekend. Thanks.