

Lindab International AB (publ)

Interim Report

Fourth quarter 2019

- Net sales increased by 6 percent to SEK 2,526 m (2,384), of which organic growth was 3 percent.
- Adjusted¹⁾ operating profit increased by 23 percent to SEK 212²⁾ m (173). Adjusted¹⁾ operating margin increased to 8.4 percent (7.3).
- Operating profit amounted to SEK 212²⁾ m (147).
- Profit for the period increased to SEK 143 m (106).
- Earnings per share, before and after dilution, increased to SEK 1.88 (1.38).
- Cash flow from operating activities increased to SEK 366²⁾ m (238).
- In December, the Board of Directors decided to update the financial targets and the dividend policy³⁾.

January-December 2019

- Net sales increased by 6 percent to SEK 9,872 m (9,326), of which organic growth was 3 percent.
- Adjusted¹⁾ operating profit increased by 44 percent to SEK 915²⁾ m (634). Adjusted¹⁾ operating margin increased to 9.3 percent (6.8).
- Operating profit amounted to SEK 915²⁾ m (547).
- Profit for the period increased to SEK 678 m (394).
- Earnings per share, before and after dilution, increased to SEK 8.89 (5.16).
- Cash flow from operating activities increased to SEK 1,017²⁾ m (593).
- The Board of Directors proposes a dividend of SEK 3.60 (1.75) per share, which is in line with the updated dividend policy. The dividend should be equivalent to minimum 40 percent of the company's net profit after tax.

Key Figures	2019	2018	Change, %	2019	2018	Change, %
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales, SEK m	2,526	2,384	6	9,872	9,326	6
Adjusted ¹⁾ operating profit ²⁾ , SEK m	212	173	23	915	634	44
Operating profit ²⁾ , SEK m	212	147	44	915	547	67
Adjusted ¹⁾ operating margin ²⁾ , %	8.4	7.3	-	9.3	6.8	-
Operating margin ²⁾ , %	8.4	6.2	-	9.3	5.9	-
Profit for the period, SEK m	143	106	36	678	394	72
Earnings per share, before and after dilution, SEK	1.88	1.38	36	8.89	5.16	72
Cash flow from operating activities ²⁾ , SEK m	366	238	54	1,017	593	72

1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See 'Reconciliations' page 21.

2) Excluding the effect of implemented accounting standard, IFRS 16 Leases, operating profit amounted to SEK 205 m during the quarter and the cash flow from operating activities amounted to SEK 312 m. Operating margin excluding IFRS 16 amounted in the quarter to 8.1 percent. Operating profit excluding IFRS 16, for the period January-December, amounted to SEK 888 m and cash flow from operating activities amounted to SEK 803 m. Operating margin excluding IFRS 16 amounted for the full year to 9.0 percent. The comment only refers to year 2019.

3) For further information see page 6.

A word from the CEO



Photo: Mette Ottosson

Lindab increased the adjusted operating profit in the quarter by 23 percent to 212 MSEK (173). Profit for the period increased by 36 percent, and profit for the full year of 2019 increased by 72 percent to 678 MSEK (394). We can hereby conclude a very successful year for Lindab and we see many good opportunities on the road ahead.

Ventilation Systems delivered sales and operating profit in line with the historically strong fourth quarter of 2018. Since the middle of 2019, there has been a slowdown in demand in the Nordics and the UK. The growth in Central and Eastern Europe has partly offset these effects. The business area continues to keep a high pace in the implementation of the initiated investment program, with emphasis on further automation of production units as well as increased capacity in production and logistics.

Profile Systems had a strong development in the quarter with an organic growth of 11 percent. The strong growth and improved gross margin led to an increase of the operating profit to 85 MSEK (56). The increased sales is largely connected to industrial projects in Sweden and Eastern Europe. Sales in this project business can fluctuate over the quarters.

Building Systems had substantial deliveries to large projects in the quarter. Organic growth amounted to 24 percent. The operating profit increased to 15 MSEK (0) in the quarter, as a consequence

of high volume with good control of the project margins throughout the project cycle.

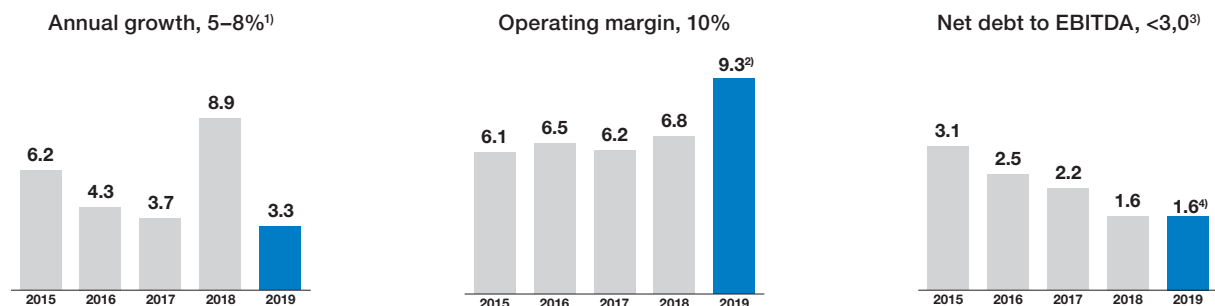
The Lindab Group can look back at 2019 as a year where many small and large improvements from all three business areas have contributed to strengthen both the financial profit and our operating performance. The focus on profitability is visible in the organisation and most of our operating units have improved their results in a significant way during the year.

During 2020 the Lindab Group will maintain the focus on improved profitability and customer satisfaction. Continued decentralisation of resources and responsibilities is a prerequisite to succeed. The higher investment pace will continue and gradually start to deliver efficiency improvements. With improved profitability we can also increase the efforts in product development. A strong balance sheet opens up possibilities for Lindab to look more actively at acquisition opportunities.

I would like to take the opportunity to thank all colleagues for their great efforts during 2019 and we look forward to another development year for Lindab, for our employees and for our customers.

Ola Ringdahl
President and CEO

Long-term financial targets



¹⁾ Organic and acquired growth.

²⁾ Excluding the effect of implemented new accounting standard IFRS 16 *Leases*, operating margin amounted to 9.0.

³⁾ In December 2019, the financial target for net debt of EBITDA was updated to <3.0 (<2.5) as a result of the new accounting standard IFRS 16 *Leases*.

⁴⁾ The net debt/EBITDA, excluding IFRS 16 amounted to 1.0.

Sales, profit and cash flow

Sales and markets

Net sales increased by 6 percent to SEK 2,526 m (2,384) during the quarter. Organic growth amounted to 3 percent and currency contributed positively with 3 percent.

The sales development during the quarter remained positive for the group as a whole. All regions in Europe reported positive organic growth despite a general slowdown in the European construction market.

The sales growth varied between the segments during the quarter. Building Systems together with Profile Systems reported strong organic growth while Ventilation Systems had a negative organic sales development. Building Systems sales growth was primarily driven by increased sales within Western Europe, but Eastern Europe also contributed with strong organic growth. Profile Systems' positive growth was mainly a result of increased sales of major industrial projects in the Nordics and parts of Eastern Europe. The negative sales development in Ventilation Systems is mainly explained by a lower demand in Europe together with the continued prioritisation between volume and profitability, with a clear objective to improve earnings.

Net sales for the period January–December amounted to SEK 9,872 m (9,326), an increase of 6 percent compared with the same period of the previous year. Organic growth was 3 percent and currency had a positive impact of 3 percent.

Profit

Adjusted operating profit for the quarter increased by 23 percent to SEK 212 m (173). SEK 7 m of the increase is related 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 -26 m in the same period previous year, see 'Reconciliations' page 21. Adjusted operating margin for the quarter increased to 8.4 percent (7.3).

All three segments contributed positively to the increase in operating profit for the group. Ventilation Systems' adjusted operating profit increased to SEK 129 m (127), Profile Systems contributed SEK 85 m (56) and Building Systems increased to SEK 15 m (0).

The improvement in operating profit was mainly due to volume increase and strengthened of gross margin. Relatively stable raw material prices together with implemented efficiency measures

have enabled a continued recovery of the gross margin.

Profit for the period increased by 36 percent compared to same period previous year and amounted to SEK 143 m (106). Earnings per share increased to SEK 1.88 (1.38).

Adjusted operating profit for the period January–December increased by 44 percent to SEK 915 m (634). SEK 27 m of the increase is explained by IFRS 16. No one-off items or restructuring costs were reported during the period, compared to SEK -87 m in the same period previous year, see 'Reconciliations' page 21. Adjusted operating margin increased to 9.3 percent (6.8).

Profit for the period January–December increased to SEK 678 m (394) and earnings per share amounted to SEK 8.89 (5.16).

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. Ventilation products are mainly installed indoors which is why the Ventilation Systems segment is less dependent on season or weather conditions.

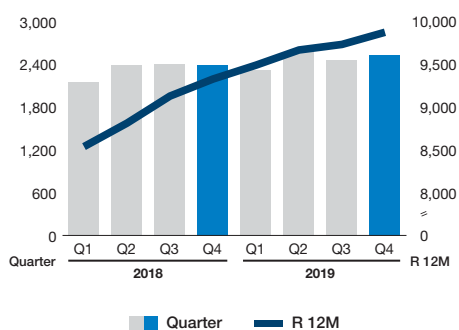
There is normally a deliberate stock build-up of mainly finished goods during the first six months, which gradually becomes a stock reduction during the second half of the year, as a result of increased activity within the construction market.

Depreciation/amortisation and impairment losses

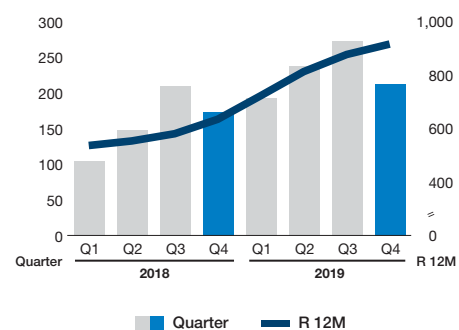
Depreciation, amortisation and impairment losses for the quarter amounted to SEK 97 m (42), of which SEK 7 m (3) is related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the quarter was in line with the same period previous year and amounted to SEK 43 m.

Depreciation, amortisation and impairment losses for the period January–December amounted to SEK 400 m (168), of which SEK 40 m (30) is related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the period was in line with the same period previous year and amounted to SEK 174 m. Impairment losses during the period amounted to SEK 12 m (0), which is mainly related to intangible assets from previous business combinations.

Net sales, SEK m



Adjusted operating profit, SEK m



Sales, profit and cash flow (cont.)

Tax

Tax on profit during the quarter amounted to SEK 61 m (37). Earnings before tax increased to SEK 204 m (143). The average tax rate for the period was 22 percent (20). The effective tax rate amounted to 30 percent (26). The higher effective tax rate, compared to the same period previous year, is mainly explained by withholding tax on dividends. This is partly offset by the fact that Lindab improved its earnings before tax in a number of countries during the quarter, which generated only a few, minor unrecognised carry-forward tax losses. In addition, Lindab has been able to recognise and utilise a higher proportion of previously unrecognised carry-forward tax losses, compared with the same period previous year. The higher effective tax rate compared to the average tax rate is explained by the same reasons.

Tax on profit for the period January–December amounted to SEK 203 m (137). Earnings before tax increased to SEK 881 m (531). The average tax rate was 21 percent (19), while the effective tax rate amounted to 23 percent (26). The lower effective tax rate, compared to the same period previous year, was mainly due to the fact that Lindab improved its earnings before tax in a number of countries, which generated only a few unrecognised carry-forward tax losses. In addition, Lindab has been able to recognise and utilise a higher proportion of previously unrecognised carry-forward tax losses, compared with the same period previous year. The higher effective tax rate compared to the average tax rate is mainly explained by withholding tax on dividends.

Cash flow

During the quarter, cash flow from operating activities improved with SEK 128 m and amounted to SEK 366 m (238). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 312 m, an improvement of SEK 74 m compared to the same period previous year.

Cash flow before change in working capital amounted to SEK 245 m (183). The improvement by SEK 62 m was mainly related to the underlying operating profit which increased to SEK 212 m (147). In addition, IFRS 16 had a positive impact on the outcome of SEK 54 m since the cash effect of rental and leasing costs are now mainly included in financing activities. The positive cash flow related effects were partly offset by increasing tax payments, payments exceeding the equivalent payments by SEK 36 m in

the corresponding period previous year. The cash flow related to change in working capital had a positive impact by SEK 121 m (55). Compared to the corresponding period previous year the main deviations were related to settlement of accounts receivable respectively accounts payable and increased advances from customers within Building Systems.

Cash flow from financing activities for the quarter amounted to SEK -218 m (-228). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK -164 m. The cash flow development from financing activities was mainly related to changes in borrowings and the utilisation of credit limits.

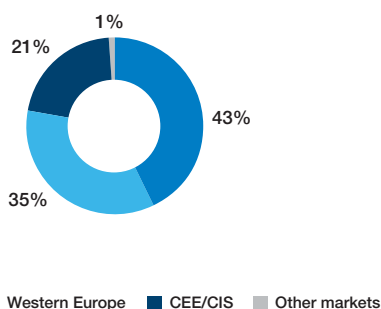
For the period January–December, cash flow from operating activities improved by SEK 424 m and amounted to SEK 1,017 m (593). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 803 m, an improvement of SEK 210 m compared to same period previous year.

Cash flow before change in working capital amounted to SEK 1,109 m (590). The improvement of SEK 519 m was mainly related to the underlying operating profit which increased to SEK 915 m (547). In addition, IFRS 16 had a positive cash flow impact of SEK 214 m since the cash effect of rental and leasing costs are now mainly included in financing activities. Cash flow related to change in working capital amounted to SEK -92 m (3). Relative to the corresponding period previous year, the most significant changes were attributable to current receivables and an increased value tied up in accounts receivable.

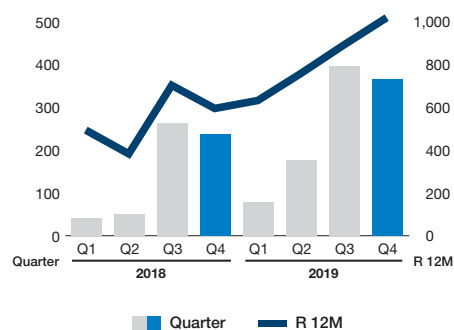
Cash flow from financing activities for the period January–December amounted to SEK -484 m (-547). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK -270 m. The development was mainly related to changes in borrowings and the utilisation of credit limits. Further the dividend distribution to shareholders was slightly higher than 2018.

Cash flow from investing activities is explained under the headings 'Investments' and 'Business combinations'.

Breakdown of net sales by region, last 12 months



Cash flow from operating activities, SEK m



Investments and financial position

Investments

Investments in intangible assets and tangible fixed assets for the quarter amounted to SEK 100 m (40), of which SEK 4 m (3) related to investments in intangible assets. The increased investments in tangible fixed assets were mainly a result of the Group's objective to increase efficiency in the production facilities.

Cash flow from investing activities, excluding business combinations, amounted to SEK -92 m (-40). The net cash flow included a positive impact from divestment of tangible fixed assets amounting to SEK 8 m (0), mainly related to sale of land in Romania.

For the period January-December, investments in intangible assets and tangible fixed assets amounted to SEK 278 m (120), of which SEK 14 m (16) was related to investments in intangible assets. Investments in tangible fixed assets included SEK 45 m (-) related to the purchase of the previously leased property in Switzerland.

Cash flow from investing activities, excluding business combinations, amounted to net SEK -266 m (-105), for the period January-December. Investing activities included a property purchase of SEK -45 m (-). The net cash flow included a positive impact from the divestment of tangible fixed assets amounting to SEK 12 m (15), mainly related to sale of land in Romania.

Business combinations

On July 26, 2019, Lindab divested the Dutch subsidiary Lindab Door B.V. The business of the company is mainly related to sales and assembly of industrial doors. The divestment is in accordance with Lindab's strategy to focus on long-term sustainable and profitable growth. At the time of divestment, Lindab Door B.V. had 14 employees and annual sales of approximately SEK 30 m.

On April 2, 2019, Lindab acquired the British ventilation company Ductmann Ltd., whose business is mainly focused on the production and sale of rectangular ducts and fire-rated ducting for ventilation systems. Ductmann Ltd. is registered in Dudley, UK. The company has annual sales of approximately SEK 43 m and has 40 employees.

For more information, see Note 3.

Financial position

Net debt amounted to SEK 1,771 m (1,052) on 31 December 2019. Adjusting for the impact of IFRS 16 net debt amounted to SEK 732 m. Currency effects decreased net debt by SEK 51 m during the fourth quarter compared to a decrease by SEK 4 m, during the same period previous year.

The equity/assets ratio was 53 percent (57) and the net debt/equity ratio was 0.4 (0.2) of which IFRS 16 decreased the equity/assets ratio by 7 percentage points and increased the net debt/equity ratio by 0.2. Financial items for the quarter amounted to SEK -8 m (-4) whereof SEK -6 m was related to IFRS 16.

The current credit limit of SEK 1,400 m with Nordea and Danske Bank and EUR 50 m from Raiffeisen Bank International are valid until third quarter 2022. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the conditions as at 31 December 2019.

Pledged assets and contingent liabilities

In connection with the acquisition of property in Switzerland, mortgages on the property amounting to SEK 50 m have been pledged. Otherwise, no significant changes have been taken place in pledged collateral and contingent liabilities in 2019.

Gross investments in fixed assets, excl. business combinations SEK m



Investment programme

- Lindab has increased the rate of investments regarding automation in the production in order to achieve increased capacity, efficiency and safety.
- During the second quarter Lindab acquired the previously leased property in Switzerland to the value of SEK 45 m.
- Significant investments were made during the fourth quarter within Ventilation Systems. Among other, automation of production in the Czech Republic. This is part of the Groups' investment programme, to improve efficiency and capacity.

Other

Parent company

Lindab International AB (publ), corporate identification number 556606-5446, is a registered limited liability company with its domicile in Båstad, Sweden. Lindab's shares are listed on Nasdaq Stockholm, Mid Cap.

Net sales for the quarter amounted to SEK 2 m (1). Profit for the period amounted to SEK 8 m (10).

Net sales for the period January–December amounted to SEK 5 m (4). Profit for the period amounted to SEK 6 m (2,375). The profit included dividend from shares in subsidiaries of SEK 0 m (2,373).

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 5,196 (5,071). Adjusted for acquisitions and divestment the number of employees was 5,157 (5,055), a net increase of 102 employees compared with the corresponding quarter of the previous year.

Incentive programme

At the Annual General Meeting in May 2019, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall among other things include, a long term variable cash pay element. This element shall be based on financial performance targets that reflect Lindab's value growth and will be assessed over a three year measuring period. Any outcome from the long term variable cash pay is presumed to be invested in shares or share related instruments in Lindab on market terms. The total cost in the event of maximum outcome for the three year measuring period of 2019 to 2021 is estimated at SEK 14 m.

At the Annual General Meeting in 2017 and 2018, long-term incentive programmes were respectively adopted, with essentially the same principles as the above decided programme. The measuring period of the programmes are 2017-2019 respectively 2018-2020.

Share option programme

At the Annual General Meeting in May 2019, it was resolved to establish a share option programme for senior executives and other key persons in Lindab through a directed issue of a maximum of 290,000 share options. As a result of this programme, 175,000 share options have been acquired by senior executives and other key persons in Lindab, according to a market valuation determined on the basis of the agreement. Each share option entitles the holder to acquire one share in Lindab at a strike price of SEK 120.00. Acquisitions of shares supported by the share option may take place after Lindab has published the Q2 interim report for the year 2022 and up until 31 August of the same year.

At the respective 2017 and 2018 Annual General Meetings, it was resolved to establish warrant programmes for senior executives. As a result of these programmes, warrants have been issued by Lindab for the benefit of the wholly-owned subsidiary Lindab LTIP

17-19 AB, which, in turn, sold the warrants to senior executives based on a market valuation pursuant to the warrant agreements. From the 2017 warrant programme, there are 25,000 outstanding options with a subscription price of SEK 108.80 exercisable during summer 2020. From the 2018 warrant programme, there are 110,000 outstanding options with a subscription price of SEK 86.40 exercisable during summer 2021. During the third quarter of 2019, the latest repurchase of warrants took place, see Note 5.

Financial targets and dividend policy

In December the Board of Directors decided to update the financial targets and dividend policy for the group. These are now as follows:

- The annual sales growth rate should be 5-8 percent, as a combination of organic and acquired growth.
- The operating margin (EBIT) should average 10 percent over a business cycle, excluding one-off items and restructuring costs.
- The net debt to EBITDA ratio should not exceed 3.0, measured over a 12 month average.
- The dividend should be equivalent to minimum 40 percent of the company's net profit, taking into account the company's financial position, acquisition opportunities and long-term financing needs.

Annual General Meeting

The Board has decided that the Annual General Meeting will be held on 29 April 2020. Notice will be issued in due course.

Proposed dividend to shareholders

Lindab's Board of Directors proposes that the Annual General Meeting on 29 April 2020 approves a dividend of SEK 3.60 per share, which is in line with the new approved dividend policy for the group and provides dividends totalling SEK 275 m. It is proposed that the record date for the right to a dividend payout is May 4, 2020, with the dividends expected to be paid to shareholders on May 7, 2020.

Significant events during the reporting period

In October Lars Christensson was appointed Director of Business Development and M&A. Lars Christensson is part of Lindab Group's Global Management.

In December the Board of Directors decided to update the financial targets and dividend policy for the group, see above.

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

Significant events after the reporting period

There are no 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.

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.

Segment – Ventilation Systems

Key performance indicators

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales, SEK m	1,478	1,481	6,018	5,786
Net sales growth, %	0	10	4	12
Adjusted operating profit, SEK m	129	127	609	472
Adjusted operating margin, %	8.7	8.6	10.1	8.2
Number of employees by end of period	3,545	3,416	3,545	3,416

Sales and markets

Net sales for Ventilation Systems amounted to SEK 1,478 m (1,481) during the quarter. Organically, net sales decreased by 4 percent, structure contributed positively by 1 percent and currency effects had a positive impact of 3 percent.

Several markets had negative organic growth during the quarter as a result of the general slowdown in the European construction market. Sales volumes have also been affected by continued prioritisation between volume and profitability, with a clear objective to improve earnings.

In the Nordics, sales decreased in all countries compared to the same period previous year. The markets in Western Europe had a somewhat divided sales development with good growth in particularly Switzerland, France and Italy while sales decreased in the UK and Ireland. The UK and Ireland continued to be impacted by the uncertainty connected to Brexit. The sales development in the CEE/CIS region varied, with particularly strong growth in Hungary and Slovakia, while the markets Poland, the Czech Republic and Russia had negative sales development.

Net sales for the period January-December increased by 4 percent to SEK 6,018 m (5,786). Organic growth increased by 1 percent and currency contributed with 3 percent.

Profit

Ventilation Systems' adjusted operating profit during the quarter increased by 2 percent to SEK 129 m (127) of which SEK 5 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 8.7 percent (8.6).

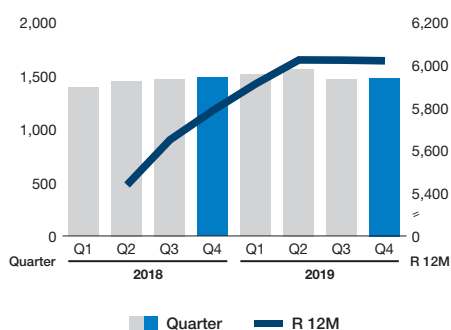
The improved adjusted operating profit, despite somewhat lower sales volumes, was mainly related to the strengthened gross margin. The underlying operating costs have at the same time been stable, which contributed to the positive improvement in profit.

Adjusted operating profit for the period January-December increased by 29 percent, amounting to SEK 609 m (472) of which SEK 20 m of the increase is explained by IFRS 16.

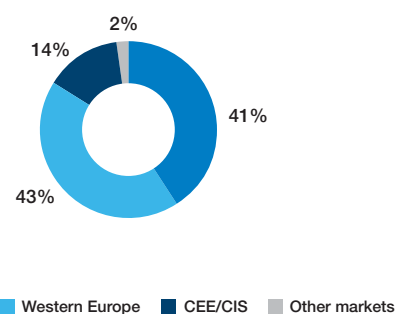
Activities

Lindab Denmark received for the third year in a row, an award for being one of Denmark's best workplaces in the category of medium-size companies, from the organisation Great Place to Work. Great Place to Work publishes a list of the country's best workplaces each year, that prioritises employee well-being.

Net sales, SEK m



Breakdown of net sales by region, last 12 months



Segment – Profile Systems

Key performance indicators

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales, SEK m	707	642	2,494	2,474
Net sales growth, %	10	5	1	13
Adjusted operating profit, SEK m	85	56	270	198
Adjusted operating margin, %	12.0	8.7	10.8	8.0
Number of employees by end of period	882	892	882	892

Sales and markets

Net sales for Profile Systems increased by 10 percent to SEK 707 m (642) during the quarter. Organically, sales increased by 11 percent, currency effects contributed positively by 1 percent while structure had a negative impact of 2 percent as a result of the divestment of Lindab's subsidiary in the Netherlands (see note 3 for more information).

The organic growth during the quarter was mainly related to the segment's largest region, the Nordics, where significant deliveries have been made to a large logistic building in Sweden compared to same period previous year. The segment as a whole is strongly impacted by the development in the Swedish market, as this stands for about half of the segment's total sales. The sales development in the CEE/CIS region was also positive but varied. Particular strong growth was reported in Romania and Slovakia while sales in the region's largest market, Hungary, decreased. The business in Western Europe decreased slightly.

Net sales for the period January-December increased by 1 percent to SEK 2,494 m (2,474), compared to previous year. Organic growth was unchanged while currency contributed with 1 percent.

Profit

Profile Systems' adjusted operating profit during the quarter amounted to SEK 85 m (56) of which SEK 1 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 12.0 percent (8.7).

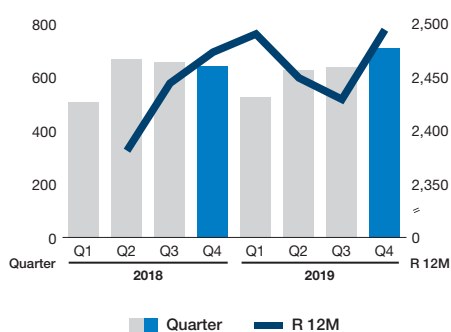
The improvement in adjusted operating profit is mainly due to significantly higher sales volumes and slightly strengthened gross margin. Activities to strengthen the segment's earnings further have also resulted in a more favourable product mix with higher gross margin compared to the same period previous year.

Adjusted operating profit for the period January-December increased by 36 percent, amounting to SEK 270 m (198) of which SEK 3 m of the increase is explained by IFRS 16.

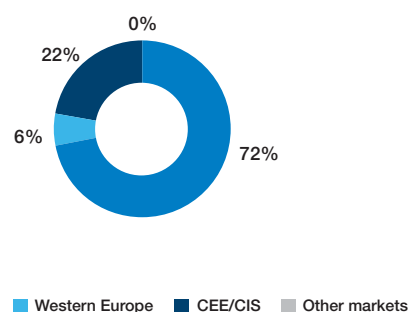
Activities

During the quarter, Lindab signed a new agreement with Sweden's largest family-owned wood industry, Derome. The agreement is an extended contract where Lindab will deliver rainwater products and sheet metals to Derome's building supplier and house factories starting in the first quarter of 2020.

Net sales, SEK m



Breakdown of net sales by region, last 12 months



Segment – Building Systems

Key performance indicators

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales, SEK m	341	261	1,360	1,066
Net sales growth, %	31	15	28	21
Adjusted operating profit, SEK m	15	0	85	9
Adjusted operating margin, %	4.4	0.0	6.3	0.8
Number of employees by end of period	727	699	727	699

Sales and markets

Net sales for Building Systems increased by 31 percent to SEK 341 m (261) during the quarter. Organic growth was 24 percent and currency effects had a positive impact of 7 percent.

The increased sales during the quarter was mainly explained by strong growth in both Western Europe as well as the CIS¹⁾ region while sales to the CEE²⁾ region decreased. Of the segment's larger markets, Russia, Germany and Poland, all reported positive organic growth while sales to Romania, Belarus and Switzerland declined.

The general visible slowdown of the European construction market has resulted in a lower order intake during the quarter, particularly in Western Europe while it increased in CIS¹⁾ region. The backlog was lower at the end of the period compared to previous year as a result of large shipments, mainly to Western Europe but also due to lower order intake during the second half of the year.

Net sales for the period January–December increased by 28 percent to SEK 1,360 m (1,066). Organic growth increased by 23 percent and currency contributed with 5 percent.

1) Commonwealth of Independent States

2) Central and Eastern Europe

Profit

Building Systems' adjusted operating profit increased to SEK 15 m (0) during the quarter, of which SEK 1 m of the increase is explained by IFRS 16. Adjusted operating margin for the same period increased to 4.4 percent (0.0).

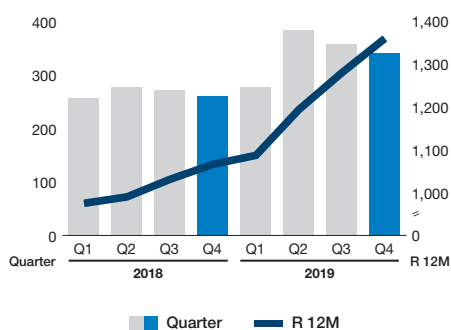
The improved adjusted operating profit is mainly explained by significant volume growth and somewhat strengthened gross margin. The implementation of the previously communicated turnaround programme continues according to plan.

Adjusted operating profit for the period January–December increased to SEK 85 m (9) of which SEK 4 m of the increase is explained by IFRS 16.

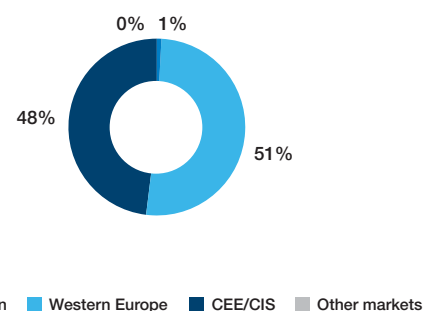
Activities

During the quarter, Building Systems signed agreements on six major orders, each worth more than SEK 10 m; five in the CIS¹⁾ region and one in Western Europe.

Net sales, SEK m



Breakdown of net sales by region, last 12 months



Net sales and segments

Net sales and growth

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	2,526	2,384	9,872	9,326
Change	142	199	546	1,084
Change, %	6	9	6	13
Of which				
Organic, %	3	5	3	8
Acquisitions/divestments, %	0	1	0	1
Currency effects, %	3	3	3	4

Net sales per region

SEK m	2019 Oct-Dec	%	2018 Oct-Dec	%	2019 Jan-Dec	%	2018 Jan-Dec	%
Nordic region	1,122	44	1,104	46	4,236	43	4,198	45
Western Europe	801	32	752	32	3,445	35	3,057	33
CEE/CIS	560	22	481	20	2,034	21	1,834	20
Other markets	43	2	47	2	157	1	237	2
Total	2,526	100	2,384	100	9,872	100	9,326	100

Net sales per segment

SEK m	2019 Oct-Dec	%	2018 Oct-Dec	%	2019 Jan-Dec	%	2018 Jan-Dec	%
Ventilation Systems	1,478	59	1,481	62	6,018	61	5,786	62
Profile Systems	707	28	642	27	2,494	25	2,474	27
Building Systems	341	13	261	11	1,360	14	1,066	11
Other operations	-	-	-	-	-	-	-	-
Total	2,526	100	2,384	100	9,872	100	9,326	100
Gross internal sales all segments	8		6		30		21	

Operating profit, operating margin and earnings before tax¹⁾

SEK m	2019 Oct-Dec	%	2018 Oct-Dec	%	2019 Jan-Dec	%	2018 Jan-Dec	%
Ventilation Systems	129	8.7	127	8.6	609	10.1	472	8.2
Profile Systems	85	12.0	56	8.7	270	10.8	198	8.0
Building Systems	15	4.4	0	0.0	85	6.3	9	0.8
Other operations	-17	-	-10	-	-49	-	-45	-
Adjusted operating profit	212	8.4	173	7.3	915	9.3	634	6.8
One-off items and restructuring costs ²⁾	-	-	-26	-	-	-	-87	-
Operating profit	212	8.4	147	6.2	915	9.3	547	5.9
Net financial items	-8	-	-4	-	-34	-	-16	-
Earnings before tax	204	8.1	143	6.0	881	8.9	531	5.7

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 21.

2) One-off items and restructuring costs are described in 'Reconciliations' page 21.

Number of employees by end of period

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Ventilation Systems	3,545	3,416	3,545	3,416
Profile Systems	882	892	882	892
Building Systems	727	699	727	699
Other operations	42	64	42	64
Total	5,196	5,071	5,196	5,071

Consolidated income statement

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	2,526	2,384	9,872	9,326
Cost of goods sold	-1,836	-1,752	-7,149	-6,895
Gross profit	690	632	2,723	2,431
Other operating income	18	11	69	75
Selling expenses	-306	-287	-1,184	-1,141
Administrative expenses	-148	-149	-549	-567
R & D expenses	-18	-19	-64	-72
Other operating expenses	-24	-41	-80	-179
Total operating expenses	-478	-485	-1,808	-1,884
Operating profit¹⁾	212	147	915	547
Interest income	7	5	21	17
Interest expenses	-13	-6	-50	-26
Other financial income and expenses	-2	-3	-5	-7
Financial items	-8	-4	-34	-16
Earnings before tax	204	143	881	531
Tax on profit for the period	-61	-37	-203	-137
Profit for the period	143	106	678	394
–attributable to the parent company's shareholders	143	106	678	394
–attributable to non-controlling interests	-	0	-	0
Earnings per share, SEK²⁾	1.88	1.38	8.89	5.16

1) One-off items and restructuring costs, which are included in operating profit, are described in 'Reconciliations' on page 21.

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

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit for the period	143	106	678	394
Items that will not be reclassified to the income statement				
Actuarial gains/losses, defined benefit plans	-10	7	-51	-3
Deferred tax attributable to defined benefit plans	2	-1	10	1
Sum	-8	6	-41	-2
Items that will later be reclassified to the income statement				
Translation differences, foreign operations	-84	-35	131	108
Hedges of net investments	37	2	-28	-60
Tax attributable to hedges of net investments	-8	-1	6	13
Sum	-55	-34	109	61
Other comprehensive income, net of tax	-63	-28	68	59
Total comprehensive income	80	78	746	453
–attributable to the parent company's shareholders	80	78	746	453
–attributable to non-controlling interests	-	0	-	0

Consolidated statement of cash flow

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
OPERATING ACTIVITIES				
Operating profit	212	147	915	547
Reversal of depreciation/amortisation and impairment losses	97	42	400	168
Reversal of capital gains (-)/losses (+) reported in operating profit	-1	3	1	0
Provisions, not affecting cash flow	8	22	-9	31
Adjustment for other items not affecting cash flow	-3	-3	-6	-7
Total	313	211	1,301	739
Interest received	7	4	21	16
Interest paid	-13	-6	-46	-24
Tax paid	-62	-26	-167	-141
Cash flow before change in working capital	245	183	1,109	590
Change in working capital				
Stock (increase -/decrease +)	46	26	-87	-71
Operating receivables (increase -/decrease +)	271	416	-20	63
Operating liabilities (increase +/decrease -)	-196	-387	15	11
<i>Total change in working capital</i>	<i>121</i>	<i>55</i>	<i>-92</i>	<i>3</i>
Cash flow from operating activities	366	238	1,017	593
INVESTING ACTIVITIES				
Acquisition of Group companies	-3	-	-36	-
Divestment of Group companies	-	-	2	-
Investments in intangible assets	-4	-3	-14	-16
Investments in tangible fixed assets	-96	-37	-264	-104
Change in financial fixed assets	0	0	0	0
Disposal of intangible assets	-	0	-	0
Disposal of tangible fixed assets	8	0	12	15
Cash flow from investing activities	-95	-40	-300	-105
FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	238	94
Repayment of borrowings	-164	-227	-374	-522
Repayment of leasing-related liabilities	-54	-	-214	-
Issue of warrants	-	0	0	0
Dividends to shareholders	-	-1	-134	-119
Cash flow from financing activities	-218	-228	-484	-547
Cash flow for the period	53	-30	233	-59
Cash and cash equivalents at start of the period	493	320	289	342
Effect of exchange rate changes on cash and cash equivalents	-10	-1	14	6
Cash and cash equivalents at end of the period	536	289	536	289

Consolidated statement of financial position

<i>SEK m</i>	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Goodwill	3,211	3,144
Other intangible assets	97	110
Tangible fixed assets	2,383	1,277
Financial interest-bearing fixed assets	34	38
Other financial fixed assets	126	79
Total non-current assets	5,851	4,648
Current assets		
Stock	1,468	1,350
Accounts receivable	1,349	1,317
Other current assets	219	193
Other interest-bearing receivables	15	5
Cash and cash equivalents	536	289
Total current assets	3,587	3,154
TOTAL ASSETS	9,438	7,802
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity attributable to parent company shareholders	5,027	4,464
Non-controlling interests	-	0
Total shareholders' equity	5,027	4,464
Non-current liabilities		
Interest-bearing provisions for pensions and similar obligations	283	234
Liabilities to credit institutions	1,001	1,085
Leasing liabilities	798	-
Provisions	135	114
Other non-current liabilities	9	14
Total non-current liabilities	2,226	1,447
Current liabilities		
Other interest-bearing liabilities	274	65
Provisions	26	36
Accounts payable	763	788
Other current liabilities	1,122	1,002
Total current liabilities	2,185	1,891
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,438	7,802

Financial instruments measured at fair value through the income statement

<i>SEK m</i>	31 Dec 2019		31 Dec 2018	
Disclosures regarding the fair value by class	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Derivative receivables	15	15	5	5
Financial liabilities				
Liabilities to credit institutions	1,004	1,007	1,056	1,060
Derivative liabilities	3	3	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							
<i>SEK m</i>	Share-capital	Other contributed capital	Foreign currency translation reserve	Profit brought forward incl. profit for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2018	79	2,260	152	1,638	4,129	1	4,130
Profit for the period				394	394	0	394
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-2	-2	-	-2
Translation differences, foreign operations			108		108	0	108
Hedges of net investments			-47		-47	-	-47
<i>Total comprehensive income</i>	-	-	61	392	453	0	453
Dividend to shareholders				-118	-118	-1	-119
Issue of warrants				0	0	-	0
<i>Transactions with shareholders</i>	-	-	-	-118	-118	-1	-119
Closing balance, 31 December 2018	79	2,260	213	1,912	4,464	0	4,464
Changed accounting principles				-49	-49	-	-49
Opening balance, 1 January 2019	79	2,260	213	1,863	4,415	-	4,415
Profit for the period				678	678	-	678
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-41	-41	-	-41
Translation differences, foreign operations			131		131	-	131
Hedges of net investments			-22		-22	-	-22
<i>Total comprehensive income</i>	-	-	109	637	746	-	746
Dividend to shareholders				-134	-134	-	-134
Issue of share options				0	0	-	0
<i>Total transactions with shareholders</i>	-	-	-	-134	-134	-	-134
Closing balance, 31 December 2019	79	2,260	322	2,366	5,027	-	5,027

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. The number of outstanding shares totals 76,331,982 (76,331,982).

Parent company

Income statement

SEK m	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	2	1	5	4
Administrative expenses	-2	-2	-7	-6
Other operating income/expenses	0	0	0	0
Operating profit	0	-1	-2	-2
Profit from subsidiaries	12	13	12	2,386
Interest expenses, internal	-1	0	-2	-9
Earnings before tax	11	12	8	2,375
Tax on profit for the period	-3	-2	-2	0
Profit/Loss for the period¹⁾	8	10	6	2,375

1) Comprehensive income corresponds to profit for all periods.

Statement of financial position

SEK m	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
<i>Financial fixed assets</i>		
Shares in Group companies	3,467	3,467
Financial interest-bearing fixed assets	5	5
Deferred tax assets	1	1
Total non-current assets	3,473	3,473
Current assets		
Receivables from Group companies	12	14
Current tax assets	-	0
Cash and cash equivalents	0	0
Total current assets	12	14
TOTAL ASSETS	3,485	3,487
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
<i>Restricted shareholders' equity</i>		
Share capital	79	79
Statutory reserve	708	708
<i>Non-restricted shareholders' equity</i>		
Share premium reserve	90	90
Profit brought forward	2,346	105
Profit/Loss for the period	6	2,375
Total shareholders' equity	3,229	3,357
Provisions		
Interest-bearing provisions	5	5
Total provisions	5	5
Current liabilities		
Liabilities to Group companies	248	123
Accounts payable	-	0
Current tax liability	1	-
Accrued expenses and deferred income	2	2
Total current liabilities	251	125
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,485	3,487

Key performance indicators

SEK m	2019				2018				2017
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales	2,526	2,462	2,569	2,315	2,384	2,397	2,392	2,153	2,185
Growth, %	6	3	7	8	9	15	13	16	7
of which organic	3	1	5	5	5	8	8	13	7
of which acquisitions/divestments	0	0	0	-	1	1	1	1	0
of which currency effects	3	2	2	3	3	6	4	2	0
Operating profit before depreciation/amortisation and impairment losses ¹⁾	309	380	339	287	189	243	169	114	149
Operating profit ¹⁾	212	273	238	192	147	200	129	71	109
Adjusted operating profit ¹⁾	212	273	238	192	173	209	148	104	119
Earnings before tax ¹⁾	204	267	228	182	143	196	124	68	103
Profit for the period ¹⁾	143	212	181	142	106	152	91	46	84
Operating margin, % ¹⁾	8.4	11.1	9.3	8.3	6.2	8.3	5.4	3.3	5.0
Adjusted operating margin, % ¹⁾	8.4	11.1	9.3	8.3	7.3	8.7	6.2	4.8	5.4
Profit margin, % ¹⁾	8.1	10.8	8.9	7.8	6.0	8.2	5.2	3.2	4.7
Cash flow from operating activities ¹⁾	366	395	177	79	238	262	51	42	346
Cash flow from operating activities per share, SEK ¹⁾	4.79	5.18	2.32	1.03	3.12	3.43	0.67	0.55	4.53
Cash flow, investments in intangible assets/tangible fixed assets	100	51	82	45	40	30	26	24	27
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 ²⁾	1.88	2.78	2.38	1.85	1.38	1.99	1.19	0.60	1.10
Shareholders' equity attributable to parent company shareholders	5,027	4,947	4,708	4,643	4,464	4,387	4,276	4,300	4,129
Shareholders' equity attributable to non-controlling interests	-	-	-	-	0	1	1	1	1
Shareholders' equity per share, SEK	65.86	64.80	61.68	60.83	58.49	57.47	56.02	56.32	54.09
Net debt ¹⁾	1,771	1,996	2,262	2,130	1,052	1,249	1,487	1,369	1,305
Net debt/equity ratio, times ¹⁾	0.4	0.4	0.5	0.5	0.2	0.3	0.3	0.3	0.3
Equity/asset ratio, % ¹⁾	53.3	50.6	49.2	49.2	57.2	52.5	50.6	52.3	53.4
Return on equity, % ¹⁾	14.3	13.8	12.9	11.1	9.1	8.9	8.2	8.7	8.8
Return on capital employed, % ¹⁾	13.6	12.8	12.6	10.9	9.4	8.8	8.1	8.6	8.8
Interest coverage ratio, times ¹⁾	16.5	22.9	20.0	15.8	24.4	30.3	19.0	11.7	14.7
Net debt/EBITDA, excl. one-off items and restructuring costs ¹⁾	1.6	1.5	1.5	1.6	1.6	1.9	2.0	2.1	2.2
Number of employees by end of period	5,196	5,148	5,277	5,148	5,071	5,142	5,195	5,132	5,083

SEK m	2019	2018	2017	2016
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	9,872	9,326	8,242	7,849
Growth, %	6	13	5	3
of which organic	3	8	4	4
of which acquisitions/divestments	0	1	0	0
of which currency effects	3	4	1	-1
Operating profit before depreciation/amortisation and impairment losses ¹⁾	1,315	715	654	657
Operating profit ¹⁾	915	547	492	483
Adjusted operating profit ¹⁾	915	634	511	511
Earnings before tax ¹⁾	881	531	467	445
Profit for the period ¹⁾	678	394	347	306
Operating margin, % ¹⁾	9.3	5.9	6.0	6.2
Adjusted operating margin, % ¹⁾	9.3	6.8	6.2	6.5
Profit margin, % ¹⁾	8.9	5.7	5.7	5.7
Cash flow from operating activities ¹⁾	1,017	593	410	499
Cash flow from operating activities per share, SEK ¹⁾	13.32	7.77	5.37	6.54
Cash flow to investments in intangible assets and tangible fixed assets	278	120	100	125
Number of shares outstanding, thousands	76,332	76,332	76,332	76,332
Average number of shares outstanding, thousands	76,332	76,332	76,332	76,332
Earnings per share, SEK ²⁾	8.89	5.16	4.54	4.02
Dividends per share, SEK	3.60	1.75	1.55	1.40
Shareholders' equity attributable to parent company shareholders	5,027	4,464	4,129	3,848
Shareholders' equity attributable to non-controlling interests	-	0	1	1
Shareholders' equity per share, SEK	65.86	58.49	54.09	50.41
Net debt ¹⁾	1,771	1,052	1,305	1,396
Net debt/equity ratio, times ¹⁾	0.4	0.2	0.3	0.4
Equity/asset ratio, % ¹⁾	53.3	57.2	53.4	51.3
Return on equity, % ¹⁾	14.3	9.1	8.8	8.4
Return on capital employed, % ¹⁾	13.6	9.4	8.8	8.8
Interest coverage ratio, times ¹⁾	18.8	21.4	14.1	11.4
Net debt/EBITDA, excl. one-off items and restructuring costs ¹⁾	1.6	1.6	2.2	2.5
Number of employees end of period	5,196	5,071	5,083	5,136

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 21.

2) Earnings per share is before and after dilution.

3) Proposed dividend.

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 21.

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.

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

2) Closing balance of leasing related tangible assets amounted to SEK 1,009 m as per end of December 2019.

As far as the Group's income statement is concerned, as of January 1, 2019, it has to a certain extent changed 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 was expected to improve by SEK 27 m (in line with actual cost) on an annual basis for the current fiscal year, which is offset by an increased financial expense by a slightly higher amount. The net effect on profit after financial items amounted to SEK 0.5 m.

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

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

The total acquisition cost of Ductmann Ltd. amounted to

SEK 61 m, which was mainly settled in cash at the time of acquisition during April 2019. The net purchase price after adjustment for cash and cash equivalents of acquired company amounted to SEK 33 m. There are no additional purchase settlements. Costs related to the acquisition amounted to SEK 1 m.

According to the final purchase price allocation analysis, the acquisition results in a goodwill of SEK 15 m. This is due to, among other things, competence of the management and a well-established market presence. Recognised intangible assets in acquired company mainly relate to customer based values. For specification of acquired assets and liabilities at the time of acquisition and final purchase price allocation, see the table below.

	Acquired businesses	
SEK m	31 Dec 2019	31 Dec 2018
Intangible assets	12	-
Tangible fixed assets	12	-
Stock	4	-
Current assets	11	-
Cash and cash equivalents	28	-
Deferred tax liabilities	-2	-
Non-current liabilities	-10	-
Current liabilities	-9	-
Fair value of acquired net assets	46	-
Goodwill	15	-
Total purchase price	61	-

Ductmann Ltd. is consolidated in Lindab as of April 2, 2019. As a result of the acquisition of the company, the Group's sales from the acquisition date to December 31, 2019 increased by SEK 33 m and profit after tax by SEK 3 m. If the acquisition had been implemented as of January 1, 2019, the Group's net sales had increased by approximately SEK 45 m and profit after tax by SEK 5 m. Ductmann Ltd. is part of the Ventilation Systems segment.

On July 26, 2019, Lindab divested all shares and voting rights in the Dutch subsidiary Lindab Door B.V. The business of the company is mainly related to sales and assembly of industrial doors on the domestic market. The annual sales amounts to approximately SEK 30 m and the operating profit is minor. At the time of divestment, the total balance sheet value amounted to SEK 7 m and there were 14 employees. The divestment is part of Lindab's strategy with focus on long-term sustainable and profitable growth. The sales price amounted to SEK 4 m, which resulted in a consolidated capital loss of almost SEK 4 m including consideration of transaction related costs. The capital loss is recognised under Other operating expenses in the consolidated income statement. Lindab Door B.V. was part of segment Profile Systems.

The cash flow related to business combinations was, beside above mentioned transactions, also impacted by settlement of some conditional additional purchase price during the year. This additional purchase price amounted to SEK 3 m and was related to the acquisition of A.C. Manufacturing Ltd in December 2017.

No business combinations have been made during 2018.

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 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 of heating and cooling 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.

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 10.

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: Stock has increased by 13 percent and Shareholders' equity has increased by 24 percent.
- Profile Systems: No changes exceeding 10 percent.
- Building Systems: Other current receivables have increased by 57 percent and Other current liabilities have increased by 13 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 rental 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.

At the Annual General Meeting in May 2019, it was resolved to adopt a share option programme for senior executives and key persons. Under the programme, 175,000 share options were acquired by senior executives and key persons during the second quarter. During the third quarter repurchase of 45,000 previously issued warrants took place. All transactions have been to market value. See more under 'Share option programme', page 6.

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, 5 February 2020

Ola Ringdahl
President and CEO

Auditor's review report

Introduction

We have reviewed the interim report for Lindab International AB (publ), org nr 556606-5446, for the period 1 January to 31 December 2019. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial report based on our review

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Gothenburg, 5 February 2020

Deloitte AB

Hans Warén

Authorised Public Accountant

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.

	31 Dec 2019	31 Dec 2019 ¹⁾	31 Dec 2018
Return on shareholders' equity			
Profit for the period, rolling twelve months	678	678	394
Average shareholders' equity	4,758	4,797	4,312
Return on shareholders' equity, %	14.3	14.1	9.1

	31 Dec 2019	31 Dec 2019 ¹⁾	31 Dec 2018
Return on capital employed			
Total assets ²⁾	9,438	8,419	7,802
Provisions	135	135	114
Other non-current liabilities	9	9	14
Total non-current liabilities	144	144	128
Provisions	26	26	36
Accounts payable	763	763	788
Other current liabilities	1,122	1,122	1,002
Total current liabilities	1,911	1,911	1,826
Capital employed	7,383	6,364	5,848
Earnings before tax, rolling twelve months	881	880	531
Financial expenses, rolling twelve months	55	29	33
Total	936	909	564
Average capital employed	6,870	6,312	5,998
Return on capital employed, %	13.6	14.4	9.4

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
One-off items and restructuring costs				
Operating profit	212	147	915	547
Ventilation Systems	-	-3	-	-12
Profile Systems	-	-5	-	-5
Building Systems	-	-9	-	-25
Other operations	-	-9	-	-45
Adjusted operating profit	212	173	915	634

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

1/2019 -
2/2019 -
3/2019 -
4/2019 -

1/2018 SEK -33 m related to assessment of structural alternatives and measures associated with the turnaround programme.
2/2018 SEK -19 m related to assessment of structural alternatives and measures associated with the turnaround programme.
3/2018 SEK -9 m related to restructuring program and measures associated with the turnaround programme.
4/2018 SEK -26 m related mainly to restructuring program and measures associated with the turnaround programme.

	31 Dec 2019	31 Dec 2019 ¹⁾	31 Dec 2018
Net debt			
Non-current interest-bearing provisions for pensions and similar obligations	283	283	234
Non-current liabilities to credit institutions	1,001	1,001	1,085
Non-current leasing liabilities	798	-	-
Current other interest-bearing liabilities	274	33	65
Total liabilities	2,356	1,317	1,384
Financial interest-bearing fixed assets	34	34	38
Other interest-bearing receivables	15	15	5
Cash and cash equivalents	536	536	289
Total assets	585	585	332
Net debt	1,771	732	1,052

	31 Dec 2019	31 Dec 2019 ¹⁾	30 Dec 2018
Net debt/EBITDA			
Average net debt	2,052	1,041	1,318
Adjusted operating profit, rolling twelve months	915	888	634
Depreciation/amortisation and impairment losses, rolling twelve months	400	186	168
EBITDA	1,315	1,074	802
Net debt/EBITDA, times	1.6	1.0	1.6

1) Key performance indicators excluding the effect of implemented accounting standard IFRS 16.

2) Among total assets, the difference of SEK 1,019 m by December 31, 2019 relates to tangible fixed assets corresponding to SEK 1,009 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.

Organic growth	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec¹⁾	2018 Jan-Dec
Change Net sales	142	199	546	1,084
Of which				
Organic	74	109	291	684
Acquisitions/divestments	2	13	19	57
Currency effects	66	77	236	343

Interest coverage ratio, times	2019 Oct-Dec	2019 Oct-Dec¹⁾	2018 Oct-Dec	2019 Jan-Dec	2019 Jan-Dec¹⁾	2018 Jan-Dec
Earnings before tax	204	203	143	881	880	531
Interest expenses	13	7	6	50	24	26
Total	217	210	149	931	904	557
Interest expenses	13	7	6	50	24	26
Interest coverage ratio, times	16.5	31.4	24.8	18.8	38.5	21.4

Operating profit before depreciation/amortisation-EBITDA	2019 Oct-Dec	2019 Oct-Dec¹⁾	2018 Oct-Dec	2019 Jan-Dec	2019 Jan-Dec¹⁾	2018 Jan-Dec
Operating profit	212	205	147	915	888	547
Depreciation/amortisation and impairment losses	97	43	42	400	186	168
Operating profit before depreciation/amortisation-EBITDA	309	248	189	1,315	1,074	715

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

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

Amounts in SEK m unless otherwise indicated

Operating profit, operating margin and earnings before tax	2019 incl. IFRS 16		2019 excl. IFRS 16		2019 incl. IFRS 16		2019 excl. IFRS 16	
	Oct-Dec	%	Oct-Dec	%	Jan-Dec	%	Jan-Dec	%
Ventilation Systems	129	8.7	124	8,4	609	10.8	589	9.8
Profile Systems	85	12.0	84	11.9	270	10.4	267	10.7
Building Systems	15	4.4	14	4,1	85	6.9	81	6.0
Other operations	-17	-	-17	-	-49	-	-49	-
Adjusted operating profit	212	8.4	205	8.1	915	9.3	888	9.0
One-off items and restructuring costs	-	-	-	-	-	-	-	-
Operating profit	212	8.4	205	8.1	915	9.3	888	9.0
Net financial items	-8	-	-2	-	-34	-	-8	-
Earnings before tax	204	8.1	203	8.0	881	8.9	880	8.9

Key performance indicators	2019 incl. IFRS 16	2019 excl. IFRS 16	2019 incl. IFRS 16	2019 excl. IFRS 16
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit before depreciation/amortisation and impairment losses	309	248	1,315	1,074
Operating profit	212	205	915	888
Adjusted operating profit	212	205	915	888
Earnings before tax	204	203	881	880
Profit for the period	143	143	678	678
Operating margin, %	8.4	8.1	9.3	9.0
Adjusted operating margin, %	8.4	8.1	9.3	9.0
Profit margin, %	8.1	8.0	8.9	8.9
Cash flow from operating activities ¹⁾	366	312	1,017	803
Cash flow from operating activities per share, SEK	4.79	4.09	13.32	10.52
Net debt	1,771	732	1,771	732
Net debt/equity ratio, times	0.4	0.1	0.4	0.1
Equity/asset ratio, %	53.3	59.8	53.3	59.8
Return on equity, %	14.3	14.1	14.3	14.1
Return on capital employed, %	13.6	14.4	13.6	14.4
Interest coverage ratio, times	16.5	31.4	18.8	38.5
Net debt/EBITDA, excl. one-off items and restructuring costs	1.6	1.0	1.6	1.0

1) 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 6 m in the quarter and to SEK 26 m in the period January to December.

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.

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 employed¹⁾. 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' equity¹⁾ 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.

¹⁾ Average capital is based on the quarterly value.

Lindab in brief

The Group had sales of SEK 9,872 m in 2019 and is established in 31 countries with approximately 5,200 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 2019, the Nordic region accounted for 43 percent, Western Europe for 35 percent, CEE/CIS (Central and Eastern Europe) for 21 percent and Other markets for 1 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.

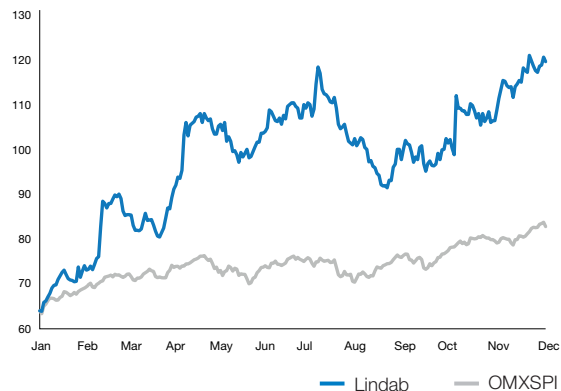
Lindab's value chain is characterised by a good balance between centralised and decentralised functions. The distribution has been developed in order to be close to the customer. Sales are made through around 130 Lindab branches and approximately 3,000 retailers, with the exception of Building Systems, which conducts sales through a network of approximately 300 building contractors.

Lindab share

January - December 2019

Share price performance:	+88%
Average share turnover/day:	210,337
Highest closing price (December 13):	121.0 SEK
Lowest closing price (January 2):	63.8 SEK
Closing price December 30:	119.6 SEK
Market cap December 30:	SEK 9,129 m
Total no. of shares:	78,707,820
- <i>whereof treasury shares:</i>	2,375,838
- <i>whereof outstanding shares:</i>	76,331,982

Share price performance 2019, SEK



Press- and analyst meetings

A live audiocast will be held at 13:00 am (CET) on 6 February. The Interim Report will be presented by Ola Ringdahl, President and CEO, and Malin Samuelsson, CFO.

To access the audiocast, please call:

Phone +46 (0) 8 505 583 58

Alternatively phone +44 333 300 9034

The audiocast and presentation can be followed live via Lindabs homepage.

For more information see www.lindabgroup.com.

Calendar

Annual Report	27 March 2020
Interim Report January - March	29 April 2020
Annual General Meeting	29 April 2020
Interim Report January - June	17 July 2020
Interim Report January - September	23 October 2020

All financial reports will be published at www.lindabgroup.com.

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 below, at 07:40 am (CET) on 6 February 2020.

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