

Lindab International AB (publ) Interim Report

Second quarter 2019

- Net sales increased by 7 percent to SEK 2,569 m (2,392), of which organic growth was 5 percent.
- Adjusted¹⁾ operating profit increased by 61 percent to SEK 238²⁾ m (148). Adjusted¹⁾ operating margin increased to 9.3 percent (6.2).
- Operating profit amounted to SEK 238²⁾ m (129).
- Profit for the period increased to SEK 181 m (91).
- Earnings per share, before and after dilution, increased to SEK 2.38 (1.19).
- Cash flow from operating activities amounted to SEK 177²⁾ m (51).
- In April Lindab acquired the British ventilation company Ductmann Ltd.

January - June 2019

- Net sales increased by 7 percent to SEK 4,884 m (4,545), of which organic growth was 4 percent.
- Adjusted¹⁾ operating profit increased by 71 percent to SEK 430²⁾ m (252). Adjusted¹⁾ operating margin increased to 8.8 percent (5.5).
- Operating profit amounted to SEK 430²⁾ m (200).
- Profit for the period increased to SEK 323 m (136).
- Earnings per share, before and after dilution, increased to SEK 4.23 (1.79).
- Cash flow from operating activities amounted to SEK 256²⁾ m (93).

1) Adjusted operating profit/operating margin does not include significant one-off items and restructuring costs. See 'Reconciliations' page 18.

2) Excluding the effect of implemented accounting standard, IFRS 16 Leases, operating profit for the quarter amounted to SEK 232 m and the cash flow from operating activities amounted to SEK 123 m for the quarter. Correspondingly operating profit for the period January-June amounted to SEK 417 m and cash flow from operating activities amounted to SEK 149 m.

A word from the CEO

During my first year as CEO of Lindab Group, I have visited 50 business units in 17 countries. It has taught me a lot about Lindab's various businesses, but I still have a lot left to familiarise myself with. It is clear to me that Lindab has many strengths to build upon. There is a clear customer focus, considerable technical expertise and a well-developed infrastructure of production, warehouses, stores and sales offices. Our products and services are appreciated by our customers and we have a strong position in our core businesses.

Our largest business area, Ventilation Systems, is active all over Europe and I see good opportunities for continued growth in many customer segments in most geographies. Profile Systems has its main market in the Nordics and a handful of countries in Eastern Europe. We will continue to develop our business in the countries and in the product areas where we are strong. Building Systems delivers positive results thanks to better project management but also through increased focus on the countries where we have critical mass.

Over the past 12 months, we have prioritised measures that strengthen profitability and increase our long-term competitiveness. This work is now starting to show results. We focus on the products, customer groups and geographies where we can achieve good growth and sustainable profitability. The rate of investment increases significantly and we invest more in automation in order to deliver efficiently and quickly. Product development in our core areas has accelerated. We are getting ready to look more actively at possible add-on acquisitions, especially within Ventilation Systems.

Let me now comment on the development for Lindab during the second quarter of the year. Organic sales growth was satisfactory and amounted to 5 percent during the quarter. Adjusted operating

profit increased by 61 percent to SEK 238 m (148) due to increased sales, improved gross margin and good cost control. It is positive that the increase in operating profit in the quarter comes from all three business areas, and that almost all units improve significantly.

Ventilation Systems continues to deliver sales growth with improved profitability. Organic growth amounted to 4 percent, and adjusted operating profit increased to SEK 163 m (109). All regions show positive growth.

During the quarter, Profile Systems had weaker sales, compared with a strong quarter in 2018. The organic sales development was negative by 7 percent, mainly due to reduced sales of industrial building projects and steel buildings in the Nordic region. Adjusted operating profit remained at a stable level and amounted to SEK 60 m (58), with an improved operating margin.

Building Systems had very good organic growth of 34 percent in the quarter. The final phase of a few major projects with large deliveries in Central Europe contributed to the strong sales. Adjusted operating profit improved to SEK 27 m (-5).

We can summarise a strong quarter and a good first half of the year for Lindab. We continue to build on this, with high ambitions to improve. We want to express our sincere appreciation to all Lindab employees for their significant efforts.

Grevie, July 2019



Ola Ringdahl

President and CEO

Comments on the report

Sales and markets

Net sales increased by 7 percent to SEK 2,569 m (2,392) during the quarter. Organic growth amounted to 5 percent and currency contributed positively by 2 percent.

The balance between volume and profitability development continues in all three segments, with a clear objective to improve earnings. The sales development during the quarter varied between the segments. Building Systems reported particularly strong sales growth. The largest segment, Ventilation Systems, had continued positive sales development with good growth within all geographical regions. Sales within Profile Systems, however, declined during the quarter, partly explained by a general slowdown in the Swedish market as well as reduced sales of larger industrial projects.

Net sales for the period January-June amounted to SEK 4,884 m (4,545), an increase of 7 percent compared with the corresponding period of the previous year. Organic growth was 4 percent and currency had a positive impact of 3 percent.

Profit

Adjusted operating profit for the quarter increased by 61 percent to SEK 238 m (148). SEK 6 m of the increase 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 -19 m in the same period last year, see 'Reconciliations' page 18. Adjusted operating margin for the quarter increased to 9.3 percent (6.2).

All three segments contributed positively to the increase in operating profit for the Group. Ventilation Systems' adjusted operating profit increased to SEK 163 m (109), Profile Systems contributed SEK 60 m (58) and Building Systems added SEK 27 m (-5).

The improvement in operating profit was mainly due to increased sales volume and improved gross margin, but also due to improved cost control. Relatively stable raw material prices together with implemented efficiency measures and applied price increases have enabled a continued recovery of gross margin, reversing the previous decline.

Profit for the period increased by 99 percent and amounted to SEK 181 m (91). Earnings per share increased to SEK 2.38 (1.19).

Adjusted operating profit for the period January-June increased with 71 percent to SEK 430 m (252). SEK 13 m of the increase is explained by IFRS 16. No one-off items or restructuring costs were reported during the period compared to SEK -52 m in the

same period previous year, see Reconciliations page 18. Adjusted operating margin doubled to 8.8 percent (4.4).

Profit for the period January-June increased to SEK 323 m (136) and earnings per share amounted to SEK 4.23 (1.79)

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 101 m (40), of which SEK 10 m (9) related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the quarter was in line with same period last year and amounted to SEK 44 m. Impairment losses during the period amounted to SEK 3 m (0) mainly related to intangible assets.

Depreciation, amortisation and impairment losses for the period January-June amounted to SEK 196 m (83), of which SEK 17 m (18) related to intangible assets. Adjusting for the impact of IFRS 16, depreciation and amortisation for the period was in line with same period last year and amounted to SEK 86 m. Impairment losses during the period amounted to SEK 3 m (0) mainly related to intangible assets.

Tax

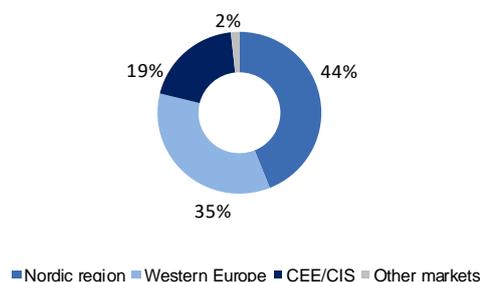
Tax on profit for the quarter amounted to SEK 47 m (33). Earnings before tax was SEK 228 m (124). The average tax rate was 20 percent (19). The effective tax rate amounted to 21 percent (27). The lower effective tax rate, compared to the same period previous year, was mainly due to the fact that Lindab improved its earnings before tax in a number of countries during the period, which generated only fewer, minor unutilised carry-forward tax losses. The fact that the effective tax rate is higher than the average tax rate is mainly explained by the net effect of non-deductible costs/non-taxable income.

Tax on profit for the period January-June amounted to SEK 87 m (56). Earnings before tax was SEK 410 m (192). The average tax rate was 20 percent (18). The effective tax rate amounted to

NET SALES, SEK m



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



21 percent (29). 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 during the period, which generated fewer unutilised carry-forward tax losses. In addition, Lindab has been able to utilise a higher proportion of unutilised carry-forward tax losses generated from previous years, compared with the same period last year. Apart from the impact of carry-forward tax losses, the slightly higher effective tax rate compared to the average tax rate is mainly explained by the net effect of non-deductible costs/non-taxable income.

Cash flow

Cash flow from operating activities improved with SEK 126 m and amounted to SEK 177 m (51) during the quarter. Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 123 m, an improvement of SEK 72 m compared to same period last year.

Cash flow before change in working capital amounted to SEK 294 m (117). The improvement was mainly related to the underlying operating profit which increased to SEK 238 m (129) during the period. 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 strong improvement in cash flow from operating activities was partly offset by a negative impact from change in working capital. The change in working capital amounted to SEK -117 m (-66). During the quarter, change in working capital was, among other things, affected by a decrease in customer advances within Building Systems, whereas the corresponding customer advances during the same period last year strengthened the Group's cash flow.

Cash flow from financing activities for the quarter amounted to SEK -50 m (-23). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 4 m and its development was mainly related to changes in borrowings and the utilisation of credit limits as well as the dividend payment to shareholders of SEK -134 m (-118).

For the period January-June, cash flow from operating activities improved with SEK 163 m and amounted to SEK 256 m (93). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 149 m, an improvement of SEK 56 m compared to same period last year.

Cash flow before change in working capital amounted to SEK 522 m (196). The improvement was mainly related to the underlying operating profit which increased to SEK 430 m (200) during the period. In addition, IFRS 16 had a positive impact on cash flow of SEK 107 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 -266 m (-103). Relative to the previous year, the most significant changes were attributable to the reduction of customer advances from customers within Building Systems and payments of short-term liabilities.



Cash flow from financing activities for the period January-June amounted to SEK -2 m (-25). Adjusting for the impact of IFRS 16, the corresponding cash flow amounted to SEK 105 m and its development was mainly related to changes in borrowings and the utilisation of credit limits. Further the dividend distribution to shareholders was slightly higher than previous year.

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

Investments

Investments in intangible assets and tangible fixed assets for the quarter amounted to SEK 82 m (26), of which SEK 2 m (4) was related to investments in intangible assets. The increased investments in tangible fixed assets were mainly as a result of the Group's plan to increase efficiency in the production facilities and the acquisition of previously leased real estate in Switzerland to the value of SEK 45 m.

Cash flow from investing activities, excluding business combinations, amounted to SEK -80 m (-25). Cash flow related to the purchase of real estate was SEK -45 m (0). The cash flow also included a positive impact from the divestment of tangible fixed assets amounting to SEK 2 m (1).

For the period January-June, investments in intangible assets and tangible fixed assets amounted to SEK 127 m (50), of which SEK 5 m (10) was related to investments in intangible assets. Included in investments in tangible fixed assets, was SEK 45 m (0) related to the purchase of real estate in Switzerland.

Cash flow from investing activities, excluding business combinations, amounted to net SEK -124 m (-46), for the period January-June. Cash flow related to the purchase of real estate was SEK -45 m (0). Included in the cash flow was a positive impact from the divestment of tangible fixed assets amounting to SEK 3 m (4).

Business combinations

On April 2, 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. The acquisition is a natural step for Lindab to further strengthen its offering in ventilation systems in the UK. Ductmann Ltd. is registered in Dudley, UK. The company has annual sales of approximately SEK 43 m and has 40 employees.

For more information, see Note 3.

Financial position

Net debt amounted to SEK 2,262 m (1,487) on 30 June 2019. Adjusting for the impact of IFRS 16 net debt decreased to SEK 1,265 m. Currency effects increased net debt by SEK 21 m (27) during the quarter.



The equity/assets ratio was 49 percent (51) and the net debt/equity ratio was 0.5 (0.3), of which IFRS 16 decreased the equity/assets ratio by 6 percentage points and increased the net debt/equity ratio by 0.2. Financial items for the quarter amounted to SEK -10 m (-5), 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 has been extended for another year by exercising an extension option. The agreement is valid until July 2022. The agreements contain covenants, which are monitored quarterly. Lindab fulfilled all the conditions as at 30 June 2019.

Pledged assets and contingent liabilities

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

Parent company

Net sales for the quarter amounted to SEK 1 m (1). Profit for the period amounted to SEK -1 m (2,369). The profit included dividend from shares in subsidiaries of SEK 0 m (2,373).

Net sales for the period January-June amounted to SEK 2 m (2). Profit for the period amounted to SEK -1 m (2,365). 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 5,277 (5,195). Adjusted for acquisitions and divestment, the net increase in the number of employees was 44 compared with the corresponding quarter of the previous year.

Lindab Share

The highest price paid for a Lindab share during the period January-June was SEK 109.70 on 18 June, and the lowest was SEK 62.20 on 2 January. The closing price on 28 June was SEK 106.80. The average trading volume of a Lindab share was 252,816 shares per day (91,574).

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

The largest shareholders at the end of the quarter in relation to the number of outstanding shares were Lannebo Fonder with 9.2 percent (9.5), Fjärde AP-fonden with 8.3 percent (9.8), Creades AB with 4.9 percent (10.4), Livförsäkringsbolaget Skandia with 4.6 percent (5.0) and IF Skadeförsäkring with 3.8 percent (5.1). The ten largest holdings constituted 47.6 percent (61.4) of the shares, excluding Lindab's own holding.

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 to 2019 respectively 2018 to 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 based 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 established warrant agreements. From the 2017 warrant programme, there are 45,000 outstanding options with a subscription price of SEK 108.80 exercisable during summer 2020. From the 2018 warrant programme, there are 135,000 outstanding options with a subscription price of SEK 86.40 exercisable during summer 2021.

Annual General Meeting

At Lindab International AB's Annual General Meeting on 8 May 2019, the following resolutions were made, among others:

- Approval of the parent company's and the Group's income statement and balance sheet for 2018.
- Granting of discharge of liability for the members of the Board of Directors and the CEO for the financial year 2018.
- Dividend of SEK 1.75 per share with a record date of 10 May 2019.
- Re-election of the Board members Peter Nilsson, Per Bertland, Sonat Burman-Olsson, Viveka Ekberg, Anette Frumerie, John Hedberg and Bent Johannesson. Peter Nilsson was re-elected as Chairman of the Board.
- Re-election of Deloitte AB as the company's auditors, with Hans Warén as principal auditor.
- Each of the three largest shareholders shall appoint a member to the Nomination Committee, and the Nomination Committee shall also include the Chairman of the Board.
- Guidelines for the remuneration of senior executives and the establishment of a share option programme for senior executives and other key persons with a maximum of 290,000 share options issued.
- Authorisation for the Board of Directors to decide on the transfer of treasury shares on one or more occasions.

Further information can be found in the documents from Lindab International AB's Annual General Meeting which are available at www.lindabgroup.com.

Significant events during the reporting period

In April, Lindab acquired the British ventilation company Ductmann Ltd., see further Note 3.

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

During the second quarter, Lindab decided to exercise its options to extend existing credit agreements with Nordea, Danske Bank and Raiffeisen Bank International for one more year. The extension was confirmed by the counterparties and Lindab has thus granted long term credit agreements until July 2022.

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

Significant events after the reporting period

During July, Stefaan Sonjeau was appointed new Head of Business Area Building Systems. Stefaan will start in September and will replace Pontus Kallén.

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

General information

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

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

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

Segments

Ventilation Systems

- Net sales during the quarter amounted to SEK 1,560 m (1,449), an increase of 8 percent. Organic growth amounted to 4 percent.
- Adjusted operating margin during the quarter increased to 10.4 percent (7.5)

Sales and markets

Net sales for Ventilation Systems increased by 8 percent to SEK 1,560 m (1,449) during the quarter. Organic growth was 4 percent, structure contributed with 1 percent and currency effects had a positive impact of 3 percent.

Sales continued to develop well for Ventilation Systems. All geographical regions had positive organic growth during the quarter, with particularly good growth in the CEE/CIS region.

In the Nordics, the sales development varied with good growth in Norway and continued very strong growth in Finland. However, sales declined in Sweden. The markets in Western Europe also had varied sales development with good growth in most of the markets but with a slight decline in sales in the UK and Italy. Most of the countries within the CEE/CIS region had good growth.

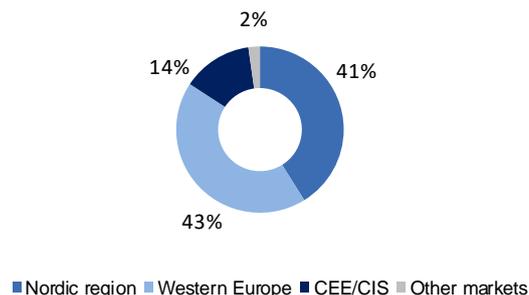
Sales development in the region's two largest markets, Poland and Czech Republic, were particularly strong.

Sales growth continued to be positive in all major product areas with particular strong growth in the more project related product area, Air Movement.

Net sales for the period January-June increased by 8 percent to SEK 3,073 m (2,837). Organic growth amounted to 5 percent.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



Profit

Ventilation Systems' adjusted operating profit during the quarter increased by 50 percent to SEK 163 m (109) of which SEK 4 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 10.4 percent (7.5).

The improved adjusted operating profit was mainly related to increased volume and improved gross margin. The costs have at the same time been stable which contributed to the positive improvement in profit.

Adjusted operating profit for the period January-June increased by 44 percent, amounting to SEK 312 m (216) of which SEK 9 m of the increase is explained by IFRS 16.

Activities

On April 2, 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. The acquisition is a natural step for Lindab to further strengthen its offering in ventilation systems in the UK.

Profile Systems

- Net sales during the quarter amounted to SEK 625 m (666), a decrease of 6 percent. Organic sales decreased by 7 percent.
- Adjusted operating margin during the quarter increased to 9.6 percent (8.7).

Sales and markets

Net sales for Profile Systems decreased by 6 percent to SEK 625 m (666) during the quarter. Organic sales decreased by 7 percent while currency effects had a positive impact of 1 percent.

The sales development in the Profile Systems segment is generally volatile and is influenced by the weather conditions during the winter and spring. The mild winter weather had a positive impact on sales during the first quarter, but during the second quarter it had a negative impact on growth relative to the prior year. A number of construction projects were delayed during the first quarter of the previous year, which led to a significant increased activity during the following quarter in order to catch up work that was postponed due to the winter weather. The sales volume of the comparison period is therefore particularly high.

A certain slowdown was also noted in the Swedish market in particular, which had a major impact on Profile Systems as the Swedish market accounts for about half of the segment's sales.

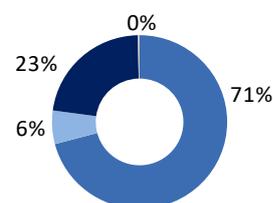
Sales have also been affected by a clear objective of prioritising profitability before volume. This has had the greatest impact on sales to industrial projects and steel buildings, which accounts for most of the reduced sales.

Net sales during the quarter decreased in the Nordic region while it increased in the CEE/CIS region with continued strong development in the main market for the region, Hungary.

Net sales for the period January-June decreased by 2 percent to SEK 1,150 m (1,175). Organic growth amounted to 3 percent.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



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

Profit

Profile Systems' adjusted operating profit during the quarter increased to SEK 60 m (58) of which SEK 1 m of the increase is explained by IFRS 16. Adjusted operating margin increased to 9.6 percent (8.7).

The improvement in adjusted operating profit is mainly due to a stronger gross margin and reduced operating costs despite the decline in sales.

Adjusted operating profit for the period January-June increased by 49 percent, amounting to SEK 103 m (69) of which SEK 2 m of the increase is explained by IFRS 16.

Activities

During the quarter Lindab concluded an updated cooperation agreement with the Swedish builder merchant company Woody where Lindab is defined as a 'A' supplier, which applies from autumn 2019. This is expected to primarily have a positive impact on the sale of Lindab's roof products and rainwater systems.

Building Systems

- Net sales during the quarter amounted to SEK 384 m (277), an increase of 39 percent. Organic growth amounted to 34 percent.
- Adjusted operating margin for the quarter increased to 7.0 percent (-1.8).

Sales and markets

Net sales for Building Systems increased by 39 percent to SEK 384 m (277) during the quarter. Organic growth was 34 percent and currency effects had a positive impact of 5 percent.

Western Europe as well as the CEE¹⁾-region had continued strong growth during the quarter while sales declined to Africa and the CIS²⁾-region. Significant deliveries to a couple of large projects which now are in the final stages of the project had a major impact on the growth.

¹⁾Central and Eastern Europe

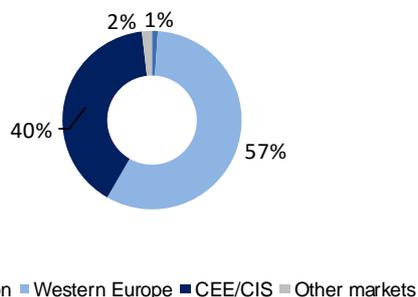
²⁾Commonwealth of Independent States

The order intake decreased during the quarter but was higher than last year for the period January-June. Despite the decline in order intake and the high sales during the quarter the backlog at the end of the period remains higher than the same period last year, especially related to Western Europe.

Net sales for the period January-June increased by 24 percent to SEK 661 m (533) compared to the same period of the previous year. Organic growth amounted to 20 percent.



BREAKDOWN OF NET SALES BY REGION, LAST 12 MONTHS



Profit

Building Systems' adjusted operating profit increased to SEK 27 m (-5) 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 7.0 percent (-1.8).

The improved adjusted operating profit is mainly attributable to significant volume growth in combination with improved gross margin. The project mix has been favourable during the first six months of the year which together with high utilisation in production generated a particularly strong profit for both the second quarter and the first half of the year. The implementation of the previously communicated turnaround programme continues according to plan.

Adjusted operating profit for the period January-June increased to SEK 36 m (-5) of which SEK 2 m of the increase is explained by IFRS 16.

Activities

During the quarter, Building Systems signed agreements on three major orders, each worth more than SEK 10 m; one each in Kazakhstan, Russia and Switzerland.

Net sales and growth

SEK m	2019		2018		2019		2018		2018	
	Apr-Jun		Apr-Jun		Jan-Jun		Jan-Jun		Jan-Dec	
Net sales	2,569		2,392		4,884		4,545		9,326	
Change	177		274		339		569		1,084	
Change, %	7		13		7		14		13	
Of which										
Organic, %	5		8		4		10		8	
Acquisitions/divestments, %	0		1		0		1		1	
Currency effects, %	2		4		3		3		4	

Net sales per region

SEK m	2019		2018		2019		2018		2018	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun	%	Jan-Jun	%	Jan-Dec	%
Nordic region	1,067	41	1,083	45	2,114	43	2,064	46	4,198	45
Western Europe	940	37	803	34	1,772	36	1,505	33	3,057	33
CEE/CIS	513	20	438	18	922	19	825	18	1,834	20
Other markets	49	2	68	3	76	2	151	3	237	2
Total	2,569	100	2,392	100	4,884	100	4,545	100	9,326	100

Net sales per segment

SEK m	2019		2018		2019		2018		2018	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun	%	Jan-Jun	%	Jan-Dec	%
Ventilation Systems	1,560	61	1,449	60	3,073	63	2,837	62	5,786	62
Profile Systems	625	24	666	28	1,150	24	1,175	26	2,474	27
Building Systems	384	15	277	12	661	13	533	12	1,066	11
Other operations	-	-	-	-	-	-	-	-	-	-
Total	2,569	100	2,392	100	4,884	100	4,545	100	9,326	100
Gross internal sales all segments	8		4		14		10		21	

Operating profit, operating margin and earnings before tax ¹⁾

SEK m	2019		2018		2019		2018		2018	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun	%	Jan-Jun	%	Jan-Dec	%
Ventilation Systems	163	10.4	109	7.5	312	10.2	216	7.6	472	8.2
Profile Systems	60	9.6	58	8.7	103	9.0	69	5.9	198	8.0
Building Systems	27	7.0	-5	-1.8	36	5.4	-5	-0.9	9	0.8
Other operations	-12	-	-14	-	-21	-	-28	-	-45	-
Adjusted operating profit	238	9.3	148	6.2	430	8.8	252	5.5	634	6.8
One-off items and restructuring costs ²⁾	-	-	-19	-	-	-	-52	-	-87	-
Operating profit	238	9.3	129	5.4	430	8.8	200	4.4	547	5.9
Net financial items	-10	-	-5	-	-20	-	-8	-	-16	-
Earnings before tax	228	8.9	124	5.2	410	8.4	192	4.2	531	5.7

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 18.

2) One-off items and restructuring costs are described in 'Reconciliations' page 18.

Number of employees by end of period

	2019		2018		2019		2018		2018	
	Apr-Jun		Apr-Jun		Jan-Jun		Jan-Jun		Jan-Dec	
Ventilation Systems	3,615		3,503		3,615		3,503		3,416	
Profile Systems	903		932		903		932		892	
Building Systems	717		694		717		694		699	
Other operations	42		66		42		66		64	
Total	5,277		5,195		5,277		5,195		5,071	

Consolidated income statement

SEK m	2019	2018	2019	2018	Rolling 12 M	Rolling 12 M	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	2018 Jul-2019 Jun	2017 Jul-2018 Jun	Jan-Dec
Net sales	2,569	2,392	4,884	4,545	9,665	8,811	9,326
Cost of goods sold	-1,868	-1,787	-3,556	-3,395	-7,056	-6,547	-6,895
Gross profit	701	605	1,328	1,150	2,609	2,264	2,431
Other operating income	16	28	39	48	66	91	75
Selling expenses	-307	-294	-592	-575	-1,158	-1,105	-1,141
Administrative expenses	-142	-146	-276	-283	-560	-548	-567
R & D expenses	-16	-19	-31	-36	-67	-69	-72
Other operating expenses	-14	-45	-38	-104	-113	-170	-179
Total operating expenses	-463	-476	-898	-950	-1,832	-1,801	-1,884
Operating profit¹⁾	238	129	430	200	777	463	547
Interest income	4	4	7	8	16	19	17
Interest expenses	-12	-7	-24	-13	-37	-30	-26
Other financial income and expenses	-2	-2	-3	-3	-7	-9	-7
Financial items	-10	-5	-20	-8	-28	-20	-16
Earnings before tax	228	124	410	192	749	443	531
Tax on profit for the period	-47	-33	-87	-56	-168	-108	-137
Profit for the period	181	91	323	136	581	335	394
–attributable to the parent company's shareholders	181	91	323	136	581	335	394
–attributable to non-controlling interests	-	0	-	0	0	0	0
Earnings per share, SEK²⁾	2.38	1.19	4.23	1.79	7.60	4.39	5.16

1) One-off items and restructuring costs, which are included in operating profit, are described in 'Reconciliations' on page 18.

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	2018	2019	2018	Rolling 12 M	Rolling 12 M	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	2018 Jul-2019 Jun	2017 Jul-2018 Jun	Jan-Dec
Profit for the period	181	91	323	136	581	335	394
Items that will not be reclassified to the income statement							
Actuarial gains/losses, defined benefit plans	-27	-	-27	-	-30	-9	-3
Deferred tax attributable to defined benefit plans	6	-	6	-	7	3	1
Sum	-21	-	-21	-	-23	-6	-2
Items that will later be reclassified to the income statement							
Translation differences, foreign operations	53	18	155	186	77	222	108
Hedges of net investments	-18	-19	-39	-74	-25	-85	-60
Tax attributable to hedges of net investments	3	4	8	16	5	18	13
Sum	38	3	124	128	57	155	61
Other comprehensive income, net of tax	17	3	103	128	34	149	59
Total comprehensive income	198	94	426	264	615	484	453
–attributable to the parent company's shareholders	198	94	426	264	615	484	453
–attributable to non-controlling interests	-	0	0	0	0	0	0

Consolidated statement of cash flow

<i>SEK m</i>	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	Rolling 12 M 2018 Jul- 2019 Jun	Rolling 12 M 2017 Jul- 2018 Jun	2018 Jan-Dec
OPERATING ACTIVITIES							
Operating profit	238	129	430	200	777	463	547
Reversal of depreciation/amortisation and impairment losses	101	40	196	83	281	163	168
Reversal of capital gains (-) / losses (+) reported in operating profit	-1	0	-2	-2	0	-3	0
Provisions, not affecting cash flow	-8	-7	-17	6	8	17	31
Adjustment for other items not affecting cash flow	-1	-2	-2	-3	-6	-9	-7
Total	329	160	605	284	1,060	631	739
Interest received	5	4	8	8	16	19	16
Interest paid	-11	-6	-21	-12	-33	-27	-24
Tax paid	-29	-41	-70	-84	-127	-150	-141
Cash flow before change in working capital	294	117	522	196	916	473	590
Change in working capital							
Stock (increase - /decrease +)	27	-12	-99	-63	-107	0	-71
Operating receivables (increase - /decrease +)	-13	-197	-270	-320	113	-207	63
Operating liabilities (increase + /decrease -)	-131	143	103	280	-166	115	11
<i>Total change in working capital</i>	<i>-117</i>	<i>-66</i>	<i>-266</i>	<i>-103</i>	<i>-160</i>	<i>-92</i>	<i>3</i>
Cash flow from operating activities	177	51	256	93	756	381	593
INVESTING ACTIVITIES							
Acquisition of Group companies	-33	-	-33	-	-33	-64	-
Divestment of Group companies	-	-	-	-	-	0	-
Investments in intangible assets	-2	-4	-5	-10	-11	-19	-16
Investments in tangible fixed assets	-80	-22	-122	-40	-186	-79	-104
Change in financial fixed assets	0	0	0	0	0	0	0
Disposal of intangible assets	-	0	-	0	0	0	0
Disposal of tangible fixed assets	2	1	3	4	14	23	15
Cash flow from investing activities	-113	-25	-157	-46	-216	-139	-105
FINANCING ACTIVITIES							
Proceeds from borrowings	137	94	238	94	238	1,664	94
Repayment of borrowings	-	-	-	-2	-520	-1,731	-522
Change in leasing-related liabilities	-54	-	-107	-	-107	-	-
Issue of warrants	1	1	1	1	0	1	0
Dividends to shareholders	-134	-118	-134	-118	-135	-118	-119
Cash flow from financing activities	-50	-23	-2	-25	-524	-184	-547
Cash flow for the period	14	3	97	22	16	58	-59
Cash and cash equivalents at start of the period	380	376	289	342	377	302	342
Effect of exchange rate changes on cash and cash equivalents	5	-2	13	13	6	17	6
Cash and cash equivalents at end of the period	399	377	399	377	399	377	289

Consolidated statement of financial position

SEK m	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Non-current assets			
Goodwill	3,232	3,179	3,144
Other intangible assets	112	134	110
Tangible fixed assets	2,321	1,303	1,277
Financial interest-bearing fixed assets	38	43	38
Other financial fixed assets	105	86	79
Total non-current assets	5,808	4,745	4,648
Current assets			
Stock	1,488	1,360	1,350
Accounts receivable	1,623	1,675	1,317
Other current assets	219	280	193
Other interest-bearing receivables	27	14	5
Cash and cash equivalents	399	377	289
Total current assets	3,756	3,706	3,154
TOTAL ASSETS	9,564	8,451	7,802
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to parent company shareholders	4,708	4,276	4,464
Non-controlling interests	-	1	0
Total shareholders' equity	4,708	4,277	4,464
Non-current liabilities			
Interest-bearing provisions for pensions and similar obligations	260	231	234
Liabilities to credit institutions	1,336	1,548	1,085
Leasing liabilities	776	-	-
Provisions	131	118	114
Other non-current liabilities	15	19	14
Total non-current liabilities	2,518	1,916	1,447
Current liabilities			
Other interest-bearing liabilities	354	142	65
Provisions	24	21	36
Accounts payable	902	1,013	788
Other current liabilities	1,058	1,082	1,002
Total current liabilities	2,338	2,258	1,891
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,564	8,451	7,802

Financial instruments measured at fair value through the income statement

SEK m	30 Jun 2019		30 Jun 2018		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Disclosures regarding the fair value by class						
Financial assets						
Derivative receivables	26	26	13	13	5	5
Financial liabilities						
Liabilities to credit institutions	1,305	1,308	1,517	1,516	1,056	1,060
Derivative liabilities	5	5	11	11	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

<i>SEK m</i>	Share- capital	Other contributed capital	Foreign cur- rency transla- tion reserve	Profit brought forward incl. profit for the year	Total	Non- controlling interests	Total shareholders' equity
Opening balance, 1 January 2018	79	2,260	152	1,638	4,129	1	4,130
Profit for the period				136	136	0	136
Other comprehensive income, net of tax							
Translation differences, foreign operations			186		186	0	186
Hedges of net investments			-58		-58	-	-58
<i>Total comprehensive income</i>	-	-	128	136	264	0	264
Dividend to shareholders				-118	-118	-	-118
Issue of warrants				1	1	-	1
<i>Transactions with shareholders</i>	-	-	-	-117	-117	-	-117
Closing balance, 30 June 2018	79	2,260	280	1,657	4,276	1	4,277
Profit for the period				258	258	0	258
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-2	-2	-	-2
Translation differences, foreign operations			-78		-78	0	-78
Hedges of net investments			11		11	-	11
<i>Total comprehensive income</i>	-	-	-67	256	189	0	189
Dividend to shareholders				-	-	-1	-1
Issue of warrants				-1	-1	-	-1
<i>Total transactions with shareholders</i>	-	-	-	-1	-1	-1	-2
Closing balance, 31 December 2018	79	2,260	213	1,912	4,464	-	4,464
Change in accounting standard				-49	-49	-	-49
Opening balance, 1 January 2019	79	2,260	213	1,863	4,415	-	4,415
Profit for the period				323	323	-	323
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				-21	-21	-	-21
Translation differences, foreign operations			155		155	-	155
Hedges of net investments			-31		-31	-	-31
<i>Total comprehensive income</i>	-	-	124	302	426	-	426
Dividend to shareholders				-134	-134	-	-134
Issue of share options				1	1	-	1
<i>Total transactions with shareholders</i>	-	-	-	-133	-133	-	-133
Closing balance, 30 June 2019	79	2,260	337	2,032	4,708	-	4,708

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.

Appropriation of profits

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 8 May 2019 resolved that dividends of SEK 1.75 per share, corresponding SEK 134 m, would be paid for the financial year. The remaining retained earnings of SEK 2,436 m will be carried forward.

Parent company

Income statement

SEK m	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales	1	1	2	2	4
Administrative expenses	-2	-2	-3	-3	-6
Other operating income/expenses	0	0	0	0	0
Operating profit	-1	-1	-1	-1	-2
Profit from subsidiaries	-	2,373	-	2,373	2,386
Interest expenses, internal	0	-4	0	-9	-9
Earnings before tax	-1	2,368	-1	2,363	2,375
Tax on profit for the period	0	1	0	2	0
Profit/Loss for the period¹⁾	-1	2,369	-1	2,365	2,375

1) Comprehensive income corresponds to profit for all periods.

Balance sheet

SEK m	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares in Group companies	3,467	3,467	3,467
Financial interest-bearing fixed assets	5	6	5
Deferred tax assets	1	2	1
Total fixed assets	3,473	3,475	3,473
Current assets			
Receivables from Group companies	0	0	14
Current tax assets	1	2	0
Cash and cash equivalents	0	0	0
Total current assets	1	2	14
TOTAL ASSETS	3,474	3,477	3,487
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	79	79	79
Statutory reserve	708	708	708
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	90	90	90
Profit brought forward	2,345	105	105
Profit/Loss for the period	-1	2,365	2,375
Total shareholders' equity	3,221	3,347	3,357
Provisions			
Interest-bearing provisions	5	6	5
Total provisions	5	6	5
Current liabilities			
Liabilities to Group companies	246	122	123
Accounts payable	0	-	0
Accrued expenses and deferred income	2	2	2
Total current liabilities	248	124	125
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,474	3,477	3,487

Key performance indicators

SEK m	2019		2018				2017		
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Net sales	2,569	2,315	2,384	2,397	2,392	2,153	2,185	2,081	2,118
Growth, %	7	8	9	15	13	16	7	2	5
of which organic	5	5	5	8	8	13	7	2	2
of which acquisitions/divestments	0	-	1	1	1	1	0	-	-
of which currency effects	2	3	3	6	4	2	0	0	3
Operating profit before depreciation/amortisation and impairment losses ¹⁾	339	287	189	243	169	114	149	194	192
Operating profit ¹⁾	238	192	147	200	129	71	109	154	151
Adjusted operating profit ¹⁾	238	192	173	209	148	104	119	162	151
Earnings before tax ¹⁾	228	182	143	196	124	68	103	148	146
Profit for the period ¹⁾	181	142	106	152	91	46	84	115	106
Operating margin, % ¹⁾	9.3	8.3	6.2	8.3	5.4	3.3	5.0	7.4	7.1
Adjusted operating margin, % ¹⁾	9.3	8.3	7.3	8.7	6.2	4.8	5.4	7.8	7.1
Profit margin, % ¹⁾	8.9	7.8	6.0	8.2	5.2	3.2	4.7	7.1	6.9
Cash flow from operating activities ¹⁾	177	79	238	262	51	42	346	-58	162
Cash flow from operating activities per share, SEK ¹⁾	2.32	1.03	3.12	3.43	0.67	0.55	4.53	-0.76	2.12
Cash flow to investments in intangible assets/tangible fixed assets	82	45	40	30	26	24	27	21	21
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⁾	2.38	1.85	1.38	1.99	1.19	0.60	1.10	1.51	1.39
Shareholders' equity attributable to parent company shareholders	4,708	4,643	4,464	4,387	4,276	4,300	4,129	3,961	3,909
Shareholders' equity attributable to non-controlling interests	-	-	0	1	1	1	1	1	1
Shareholders' equity per share, SEK	61.68	60.83	58.49	57.47	56.02	56.32	54.09	51.89	51.21
Net debt ¹⁾	2,262	2,130	1,052	1,249	1,487	1,369	1,305	1,502	1,449
Net debt/equity ratio, times ¹⁾	0.5	0.5	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Equity/asset ratio, % ¹⁾	49.2	49.2	57.2	52.5	50.6	52.3	53.4	51.0	50.5
Return on equity, % ¹⁾	12.9	11.1	9.1	8.9	8.2	8.7	8.8	8.8	8.8
Return on capital employed, % ¹⁾	12.6	10.9	9.4	8.8	8.1	8.6	8.8	8.8	9.1
Interest coverage ratio, times ¹⁾	20.0	15.8	24.4	30.3	19.0	11.7	14.7	17.6	16.4
Net debt/EBITDA, excluding one-off items and restructuring costs ¹⁾	1.5	1.6	1.6	1.9	2.0	2.1	2.2	2.3	2.2
Number of employees by end of period	5,277	5,148	5,071	5,142	5,195	5,132	5,083	5,103	5,122

SEK m	2019	2018	2018	2017	2016
	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	4,884	4,545	9,326	8,242	7,849
Growth, %	7	14	13	5	3
of which organic	4	10	8	4	4
of which acquisitions/divestments	0	1	1	0	0
of which currency effects	3	3	4	1	-1
Operating profit before depreciation/amortisation and impairment losses ¹⁾	626	283	715	654	657
Operating profit ¹⁾	430	200	547	492	483
Adjusted operating profit ¹⁾	430	252	634	511	511
Earnings before tax ¹⁾	410	192	531	467	445
Profit for the period ¹⁾	323	136	394	347	306
Operating margin, % ¹⁾	8.8	4.4	5.9	6.0	6.2
Adjusted operating margin, % ¹⁾	8.8	5.5	6.8	6.2	6.5
Profit margin, % ¹⁾	8.4	4.2	5.7	5.7	5.7
Cash flow from operating activities ¹⁾	256	93	593	410	499
Cash flow from operating activities per share, SEK ¹⁾	3.35	1.22	7.77	5.37	6.54
Cash flow to investments in intangible assets and tangible fixed assets	127	50	120	100	125
Number of shares outstanding, thousands	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
Earnings per share, SEK ²⁾	4.23	1.79	5.16	4.54	4.02
Shareholders' equity attributable to parent company shareholders	4,708	4,276	4,464	4,129	3,848
Shareholders' equity attributable to non-controlling interests	-	1	0	1	1
Shareholders' equity per share, SEK	61.68	56.02	58.49	54.09	50.41
Net debt ¹⁾	2,262	1,487	1,052	1,305	1,396
Net debt/equity ratio, times ¹⁾	0.5	0.3	0.2	0.3	0.4
Equity/asset ratio, % ¹⁾	49.2	50.6	57.2	53.4	51.3
Return on equity, % ¹⁾	12.9	8.2	9.1	8.8	8.4
Return on capital employed, % ¹⁾	12.6	8.1	9.4	8.8	8.8
Interest coverage ratio, times ¹⁾	17.9	15.5	21.4	14.1	11.4
Net debt/EBITDA, excluding one-off items and restructuring costs ¹⁾	1.5	2.0	1.6	2.2	2.5
Number of employees end of period	5,277	5,195	5,071	5,083	5,136

1) For key performance indicators excl. the effect of implemented accounting standard, IFRS 16 Leases, see 'Reconciliations' page 18.

2) Earnings per share is before and after dilution.

Notes

NOTE 1 ACCOUNTING POLICIES

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

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

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

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

New or amended standards which came into force during 2019

IFRS 16 *Leases* is applied by Lindab as of January 1, 2019 and the standard replaces IAS 17 *Leases*. The Group has implemented the new standard based on a simplified transition method and all leases that are affected by the new standard have been valued on the first day of application as if the standard had always been valid. By applying a relief rule, comparative figures in the Group's reported income statement, statement of financial position and statement of cash flow have not been restated. On the other hand, there are some clarifications of the effects of IFRS 16 *Leases* on key performance indicators for the year 2019 under 'Reconciliations' on page 18.

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

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

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

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

Lease agreements

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

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

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

The parent company

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

NOTE 2 EFFECTS OF CHANGES IN ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

NOTE 3 BUSINESS COMBINATIONS

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 preliminary 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. For specification of acquired assets and liabilities at the time of acquisition and preliminary purchase price allocation, see the table below. The fair value of all acquired net assets are preliminary until the final valuation is made.

SEK m	Acquired businesses	
	30 Jun 2019	30 Jun 2018
Intangible assets	12	-
Tangible fixed assets	12	-
Stock	4	-
Current assets	10	-
Cash and cash equivalents	29	-
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. has been 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 June 30, 2019 increased by SEK 10 m and profit after tax by SEK 1 m. If the acquisition had been implemented as of January 1, 2019, the Group's net sales had increased by approximately SEK 22 m and profit after tax by SEK 3 m. Ductmann Ltd. is part of the Ventilation Systems segment.

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 8.

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

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

- Ventilation Systems: Other receivables have increased by 18 percent and Equity has increased by 11 percent.
- Profile Systems: Inventories have increased by 14 percent, Other receivables have increased by 22 percent, Equity increased by 11 percent and Other liabilities have decreased by 49 percent.
- Building Systems: Other receivables have increased by 55 percent, Equity has increased by 39 percent and Other liabilities have increased by 14 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. See more under 'Share option programme', page 4.

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.

The Board of Directors and the CEO hereby confirm that the interim report for Lindab International AB (publ) gives a true and fair picture of the company's and the Group's operations, financial position and results and describes significant risks and uncertainties that the company and the companies in the Group are facing. This report has not been subject to review by Lindab's auditors.

Båstad, 17 July 2019

Peter Nilsson
Chairman of the Board

Per Bertland
Board member

Sonat Burman-Olsson
Board member

Viveka Ekberg
Board member

Anette Frumerie
Board member

John Hedberg
Board member

Bent Johannesson
Board member

Pontus Andersson
Employee representative

Anders Lundberg
Employee representative

Ola Ringdahl
President and CEO

Reconciliations, key performance indicators not defined according to IFRS

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

Reconciliations

Amounts in SEK m unless otherwise indicated.

	2019 Apr-Jun	2019 Apr-Jun ¹⁾	2018 Apr-Jun	2019 Jan-Jun	2019 Jan-Jun ¹⁾	2018 Jan-Jun	2018 Jan-Dec
Interest coverage ratio, times							
Earnings before tax	228	228	124	410	410	192	531
Interest expenses	12	6	7	24	11	13	26
Total	240	234	131	434	421	205	557
Interest expenses	12	6	7	24	11	13	26
Interest coverage ratio, times	20.0	42.8	19.0	17.9	38.3	15.5	21.4

	30 Jun 2019	30 Jun 2019 ¹⁾	30 Jun 2018	31 Dec 2018
Net debt				
Non-current interest-bearing provisions for pensions and similar obligations	260	260	231	234
Non-current liabilities to credit institutions	1,336	1,336	1,548	1,085
Non-current leasing liabilities	776	-	-	-
Current other interest-bearing liabilities	354	133	142	65
Total liabilities	2,726	1,729	1,921	1,384
Financial interest-bearing fixed assets	38	38	43	38
Other interest-bearing receivables	27	27	14	5
Cash and cash equivalents	399	399	377	289
Total assets	464	464	434	332
Net debt	2,262	1,265	1,487	1,052

	30 Jun 2019	30 Jun 2019 ¹⁾	30 Jun 2018	31 Dec 2018
Net debt/EBITDA				
Average net debt	1,694	1,182	1,422	1,318
Adjusted operating profit, rolling twelve months	812	799	533	634
Depreciation/amortisation and impairment losses, rolling twelve months	281	175	163	168
EBITDA	1,093	974	696	802
Net debt/EBITDA, times	1.5	1.2	2.0	1.6

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
One-off items and restructuring costs					
Operating profit	238	129	430	200	547
Ventilation Systems	-	-1	-	-1	-15
Profile Systems	-	-	-	-	-2
Building Systems	-	-3	-	-13	-25
Other operations	-	-15	-	-38	-45
Adjusted operating profit	238	148	430	252	634

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

1/2019 -

2/2019 -

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

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

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

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

	2019 Apr-Jun	2019 Apr-Jun ¹⁾	2018 Apr-Jun	2019 Jan-Jun	2019 Jan-Jun ¹⁾	2018 Jan-Jun	2018 Jan-Dec
Operating profit before depreciation/amortisation - EBITDA							
Operating profit	238	232	129	430	417	200	547
Depreciation/amortisation and impairment losses	101	47	40	196	89	83	168
Operating profit before depreciation/amortisation - EBITDA	339	279	169	626	506	283	715

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Organic growth					
Change Net sales	177	274	339	569	1,084
Of which					
Organic	114	174	206	411	684
Acquisitions/divestments	10	15	10	26	57
Currency effects	53	85	123	132	343

	30 Jun 2019	30 Jun 2019 ¹⁾	30 Jun 2018	31 Dec 2018
Return on capital employed				
Total assets ²⁾	9,564	8,615	8,451	7,802
Provisions	131	131	118	114
Other non-current liabilities	15	15	19	14
Total non-current liabilities	146	146	137	128
Provisions	24	24	21	36
Accounts payable	902	902	1,013	788
Other current liabilities	1,058	1,058	1,082	1,002
Total current liabilities	1,984	1,984	2,116	1,826
Capital employed	7,434	6,485	6,198	5,848
Earnings before tax, rolling twelve months	749	749	443	531
Financial expenses, rolling twelve months	50	37	39	33
Total	799	786	482	564
Average capital employed	6,342	6,155	5,924	5,998
Return on capital employed, %	12.6	12.8	8.1	9.4
Return on shareholders' equity				
Profit for the period, rolling twelve months	581	581	335	394
Average shareholders' equity	4,496	4,516	4,116	4,312
Return on shareholders' equity, %	12.9	12.9	8.1	9.1

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

2) Among total assets, the difference of SEK 949 by 30 June 2019 relates to tangible fixed assets corresponding to SEK 940 m as a result of capitalisation of rental and leasing agreements in accordance with IFRS 16. Remaining difference in total assets relates to deferred tax receivables.

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

Amounts in SEK m unless otherwise indicated.

	2019 incl. IFRS 16		2019 excl. IFRS 16		2019 incl. IFRS 16		2019 excl. IFRS 16	
	Apr-Jun	%	Apr-Jun	%	Jan-Jun	%	Jan-Jun	%
Operating profit, operating margin and earnings before tax								
Ventilation Systems	163	10.4	159	10.2	312	10.2	303	9.9
Profile Systems	60	9.6	59	9.4	103	9.0	101	8.8
Building Systems	27	7.0	26	6.8	36	5.4	34	5.1
Other operations	-12	-	-12	-	-21	-	-21	-
Adjusted operating profit	238	9.3	232	9.0	430	8.8	417	8.5
Operating profit	238	9.3	232	9.0	430	8.8	417	8.5
Net financial intems	-10	-	-4	-	-20	-	-7	-
Earnings before tax	228	8.9	228	8.9	410	8.4	410	8.4
Key performance indicators								
Operating profit before depreciation/amortisation and impairment losses	339		279		626		506	
Operating profit	238		232		430		417	
Adjusted operating profit	238		232		430		417	
Earnings before tax	228		228		410		410	
Profit for the period	181		181		323		323	
Operating margin, %	9.3		9.0		8.8		8.5	
Adjusted operating margin, %	9.3		9.0		8.8		8.5	
Profit margin, %	8.9		8.9		8.4		8.4	
Cash flow from operating activities ¹⁾	177		123		256		149	
Cash flow from operating activities per share, SEK	2.3		1.6		3.4		2.0	
Net debt	2,262		1,265		2,262		1,265	
Net debt/equity ratio, times	0.5		0.3		0.5		0.3	
Equity/asset ratio, %	49.2		55.2		49.2		55.2	
Return on equity, %	12.9		12.9		12.9		12.9	
Return on capital employed, %	12.6		12.8		12.6		12.8	
Interest coverage ratio, times	20.0		42.8		17.9		38.3	
Net debt/EBITDA, excluding one-off items and restructuring costs	1.5		1.2		1.5		1.2	

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 13 m in the period January to June.

Definitions

Key performance indicator according to IFRS

Earnings per share, SEK

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

Key performance indicators not defined according to IFRS

Adjusted operating margin

Adjusted operating profit expressed as a percentage of net sales.

Adjusted operating profit

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

Cash flow from operating activities per share, SEK

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

Equity/asset ratio

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

Interest coverage ratio, times

Earnings before tax plus interest expense to interest expense.

Investments in intangible assets and tangible fixed assets

Investments excluding acquisitions and divestments of companies.

Net debt

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

Net debt/EBITDA

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

Net debt/equity ratio

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

1) Average capital is based on the quarterly value.

One-off items and restructuring costs

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

Operating margin

Operating profit expressed as a percentage of net sales.

Operating profit

Profit before financial items and tax.

Operating profit before depreciation/amortisation - EBITDA

Operating profit before planned depreciation/amortisation.

Organic growth

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

Profit margin

Earnings before tax expressed as a percentage of net sales.

Return on capital employed

Earnings before tax after adding back financial expenses based on a rolling twelve-month calculation, expressed as a percentage of average capital 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.

Financial calendar

Interim Report January – September	24 October 2019
Year-End Report	6 February 2020

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

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Lindab in brief

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

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

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

Business concept

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

Business model

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

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

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

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

This is information that Lindab International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:40 am (CEST) on 18 July 2019.

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