

A modern office interior featuring a large, multi-tiered gold chandelier with numerous lit candles. In the foreground, there are two bright orange armchairs and a glass coffee table with a vase of white flowers. In the background, a woman is sitting at a desk by a large window, working on a computer. The office has glass walls and a white ceiling with recessed lighting.

# Annual Report and Sustainability Report 2019

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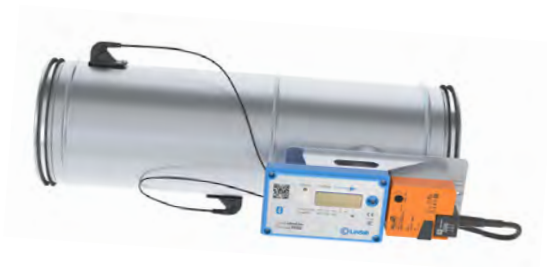
“We care for indoor air”

*This document is a translation of the original, published in Swedish. In cases of any discrepancies between the Swedish and English versions, or in any other context, the Swedish original shall have precedence.*



**Lindab has a** strong historical heritage. It was founded at the end of the 1950s by the business partners Lage Lindh and Valter Persson, and focussed on steel building products to simplify for customers.

**By engaging in** dialogue with customers and end users, Lindab has developed into a leading supplier of customised and sustainable solutions for better indoor climate.



31

**Europe is our** main market. Here, we are represented by employees in 31 countries, but our products are sold in over 60 markets, also outside of Europe.

**Reliable and fast** delivery is one of our strengths. We supply direct to construction sites or via our branches and hubs. We also work with over 3,000 independent resellers in Europe.



Lindab  
Innovation Hub

#wecareforindoorair

**We have now** extended our efforts in order to develop even better ventilation and indoor climate solutions and increase knowledge about the importance of good indoor air quality.

# Lindab 2019

## 3.1%

Organic growth

## 9.3%

Adjusted operating margin<sup>1)</sup>

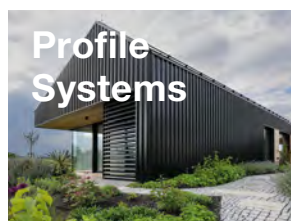
Key performance indicators	2019 <sup>2)</sup>	2018	2017	2016	2015
Net sales, SEK m	9,872	9,326	8,242	7,849	7,589
Growth, organic, %	3.1	8.3	3.7	4.2	2.3
Adjusted operating profit <sup>1)</sup> , SEK m	915	634	511	511	463
Operating profit <sup>1)</sup> , SEK m	915	547	492	483	469
Profit for the year, SEK m	678	394	347	306	305
Cash flow from operating activities <sup>1)</sup> , SEK m	1,017	593	410	499	460
Adjusted operating margin <sup>1)</sup> , %	9.3	6.8	6.2	6.5	6.1
Return on shareholders' equity, %	14.3	9.1	8.8	8.4	8.8
Return on capital employed, %	13.6	9.4	8.8	8.8	8.6
Net debt/EBITDA, excl. one-off items, times	1.6	1.6	2.2	2.5	3.1
Earnings per share, SEK	8.89	5.16	4.54	4.02	3.99
Dividend per share, SEK	3.60 <sup>3)</sup>	1.75	1.55	1.40	1.25
Average number of employees, number	5,202	5,126	5,143	5,134	5,052

## Business Areas



### Ventilation Systems

Key performance indicators	2019 <sup>2)</sup>
Net sales, SEK m	6,018
Share of Group, %	61
Growth, organic, %	0.6
Adjusted operating margin <sup>4)</sup> , %	10.1
Gross investments, SEK m	216



### Profile Systems

Key performance indicators	2019 <sup>2)</sup>
Net sales, SEK m	2,494
Share of Group, %	25
Growth, organic, %	0.4
Adjusted operating margin <sup>4)</sup> , %	10.8
Gross investments, SEK m	31



### Building Systems

Key performance indicators	2019 <sup>2)</sup>
Net sales, SEK m	1,360
Share of the Group, %	14
Growth, organic, %	23.2
Adjusted operating margin <sup>4)</sup> , %	6.3
Gross investments, SEK m	22

1) Excluding one-off items and restructuring costs of significant size. Excluding IFRS 16, the operating margin in 2019 amounted to 9.0 percent, the operating profit to SEK 888 m and cash flow from operating activities to SEK 803 m.

2) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

3) Proposed dividend.

4) Excluding IFRS 16, the operating margin amounted to 9.8, 10.7 and 6.0 percent respectively.

A word from the CEO

# Satisfied customers, quality and profitability

During the year we have continued to work towards strengthening Lindab's profitability and set a clear focus on quality in all parts of the business. This has started to show results.





**Lindab celebrated 60** years in 2019. We continue to build upon the sound principles formulated by our founders, and we strive to improve Lindab year by year. During 2019, we have focused on profitability and our ambitious investment programme which we initiated to increase our efficiency and capacity within production and logistics. The investments will increase our delivery capacity and ensure that we always have satisfied customers who can rely on Lindab. In addition, we are improving our competitiveness, our quality and our profitability.

In parallel with increasing the pace of investment, we are also reviewing the entire structure of production and logistics within the Group. The objective is primarily to be able to serve our customers in an even better way. In the UK, we are building a new factory and we are establishing a new distribution concept. In Eastern Europe, we are decentralising production to regional units. We are investing in logistic hubs in the Nordic region. We are expanding production and logistics units in Poland, Denmark, Hungary, Germany and Estonia. Overall, our activities will result in faster deliveries, more efficient operations, positive environmental impact and more satisfied customers.

High delivery reliability is important for us as a supplier of complex ventilation systems and building projects. Consequently, we have placed an even greater focus on optimising our supply chain so that we are always in a position to meet our customers' need for the right delivery at the right time. Our work has been comprehensive and systematic, and we are pleased to see significantly improved key performance indicators in this area. A well-functioning supply chain means we can also free up resources for other business development.

**Lindab operates in** over 150 sites in Europe. We meet thousands of customers every day and we supply millions of products. Our skilled employees make sure that our operations run smoothly and we are constantly seeking to make improvements. I am pushing to decentralise our Group further so that the local business units will have maximum influence over their own performance and future.

“Lindab is a world leader in ventilation ducts and sets the standard for airtight duct systems.”

### Important activities in 2019

- ✓ Embarked on a comprehensive investment programme
- ✓ Improved production and logistics structures
- ✓ Implemented measures to improve delivery reliability
- ✓ Increased decentralisation in large parts of the Group
- ✓ All business areas increased their profitability

We are removing unnecessary hierarchies and we are shortening the decision-making processes. The local managers must take responsibility for making the customers satisfied, and for fulfilling the financial targets. When we achieve our targets, our self-confidence grows, and we want to aim higher. Success breeds success.

In January 2019, Lindab established a new Group structure with three business areas. All business areas developed strongly during the year and significantly improved their operations and results. Ventilation Systems strengthened both delivery capacity and production efficiency, which has led to better business and more satisfied customers. Profile Systems has become a more efficient supplier and managed to increase margins by focusing on profitable business while stepping away from less profitable deals. Building Systems continued its turnaround programme, with good results. In addition, it has won and delivered large orders that have boosted sales and profits further.

**The underlying demand** on our markets was strong during the first half of 2019, after which it slowed down. We are anticipating demand to be a bit lower in the coming year, and we must be able to accommodate this. In the long-term, the macro-economic trends are very much in favour of our business areas.

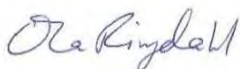
Ventilation Systems benefits from the general desire for a better indoor climate, combined with a growing requirement for buildings to be energy efficient. New buildings need to meet this requirement. Old buildings have to be upgraded. Lindab is a world leader in ventilation ducts and sets the standard for air-tight duct systems. Our presence across Europe, and our complete range of ventilation products, puts Lindab in a favourable position in an important emerging sector.

Profile Systems and Building Systems supply smart systems to the construction industry. Our launch of SolarRoof, solar cells integrated into easy-to-install roof panels, has attracted a great deal of attention over the last year. Our space-efficient and climate-smart multi-storey car park in steel made a breakthrough and we doubled our production capacity to meet the growing demand.

In addition to comprehensive investments and optimisation of logistics and production, we restructured several under-performing units and closed down a number of peripheral and unprofitable units. We have decided to focus on the markets where we are best positioned to achieve profitable growth. The foundation has been laid for Lindab to become a modern company with good and sustainable profitability. Our target of an operating margin of 10 percent is definitely within reach.

**In the beginning** of 2020, the spread of the Corona virus has created concern among people and uncertainty in the world economy and global supply chains. Lindab cannot, at present, predict the future effects that the spread of the Corona virus may have on the European economies, but expects a weaker business climate than previously assumed. The development is closely monitored and several scenarios with action plans are developed to address the potential risks. In 2020, the Lindab Group will maintain its focus on improving profitability and customer satisfaction. Further decentralisation of resources and responsibility are the keys to our success in this area. The higher pace of investment will continue and gradually start to deliver efficiency gains. Improved profitability will also mean that we are able to increase our activities in product development. A stronger balance sheet enables Lindab to look more actively at potential acquisitions.

Grevie, March 2020



Ola Ringdahl  
President and CEO



“Our target of an operating margin of 10 percent is definitely within reach.”

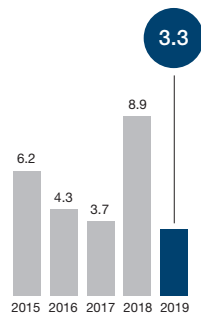
#### In focus 2020

- Increased profitability and customer satisfaction
- Continued high pace of investment
- Actively seek out acquisition opportunities
- Continued decentralisation of responsibility

# Our goals

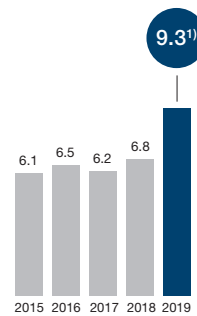
**Lindab has three** long-term financial targets. The annual growth rate, excluding currency effects, should be 5–8 percent. The operating margin (EBIT) should average 10 percent over the course of one business cycle. The target for net debt has been updated to take account of new accounting regulations and should not exceed three times EBITDA. Lindab's dividend policy has also been updated. A minimum of 40 percent of net profit, compared with the previous target of 30 percent, should be distributed to shareholders.

## Annual growth 5–8 percent



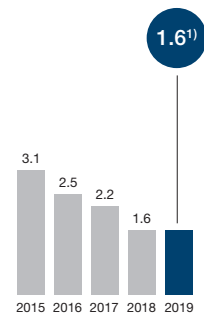
Strong growth in the CEE/CIS region and recovery of the Building Systems business area contributed to an increase in net sales adjusted for currency of 3.3 percent. Net sales has increased 5.3 percent each year on average over the last five years.

## Operating margin 10 percent



A strong improvement in the operating margin in 2019 produced the highest level since 2008. This was due to cost savings, a better focus on our business operations and a favourable currency and raw material mix.

## Net debt/EBITDA <3.0



A strong cash flow more than compensated for increased investments and acquisition, which meant that average debt also fell in 2019. This leaves room for the high pace of investment to continue along with strategic acquisitions.

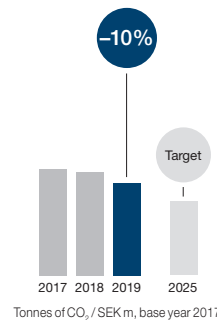
**Sustainability is central** to everything that Lindab does. To support this, we work with three long-term targets for the business, one that focuses on increasing our attractiveness as an employer, one to reduce our carbon emissions by 30 percent between 2017 and 2025, and finally a zero vision for work-related illness and accidents.

## Attractive employer



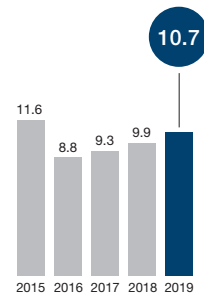
Lindab should be an employer which is able to both attract new talents as well as retain the right skills. Committed employees in a sustainable work environment contribute to long-term business operations. Motivation is measured from 2020 in annual pulse surveys.

## Lower CO<sub>2</sub> emissions



Investments in new, energy-efficient production technology and a greater proportion of renewable energy sources resulted in lower carbon emissions in 2019, measured as a percentage of sales. Emissions have decreased by 13 percent since 2017. Read about our activities on page 120.

## Zero vision for work-related accidents



LTIF<sup>2)</sup> increased again in 2019. Consequently, safety issues have been given even higher priority, among other things by investing in new, modern production equipment to ensure less risk of injury, better communication and more effective reporting systems.

1) Excluding the impact of the implemented accounting standard, IFRS 16 Leases, the operating margin was 9.0 and the ratio of net debt to EBITDA was 1.0.  
2) LTIF ('lost time injury frequency') measures the number of accidents per million hours worked that result in at least 8 hours' absence.



# Our focus areas



## Decentralisation for clearer responsibility

A clearer delegation of responsibility for business means that the right decisions are made for individual business operations and consequently for the Group as a whole.



## Sustainable profitability in line with financial targets

In a highly competitive industry, measures to ensure higher profitability are absolutely essential if we want to invest and grow in the long term.



## Customer satisfaction through delivery precision

In the construction industry, the right delivery at the right time is often crucial to the profitability of a project. The customer's best interests should always be our focus when we deliver our products.



## Investments in efficiency and capacity

Modernisation of the existing production and logistics structure is a priority. This will in the long term result in both lower costs and positive environmental impact.

By focusing on a number of important areas, we can achieve additional competitive advantages, strengthen our position in the ventilation market and at the same time contribute to long-term sustainable and profitable growth by supplying the best solutions in the market for sustainable construction and better indoor climate.



## Right delivery at the right time creates higher profitability and frees up resources

**The requirements for high delivery reliability and short lead times are constantly increasing. To meet these demands, and our own quality standards, we have begun a comprehensive review of the supply chain in our regions and business areas.**

The aim is to achieve delivery precision, i.e. to deliver at the agreed time, close to 100 percent of the time. This helps our customers to carry out profitable projects and we are able to release resources for continued growth. In the Nordic region, our developed distribution concept has enabled improved delivery precision. An average of around 60 trucks a day leave the distribution centre on Bjäre peninsula to strategic hubs for continued transportation direct to customers or via our branches. The concept is constantly improved and more hubs are being added to improve delivery efficiency even further. Investments are being made at other locations in Europe in new warehouses, logistics streams are being optimised and a completely new distribution concept is in the planning stage - adapted to the particular features of each individual region. This will result in more reliable deliveries, lower transport costs and reduced environmental impact.



# 95%

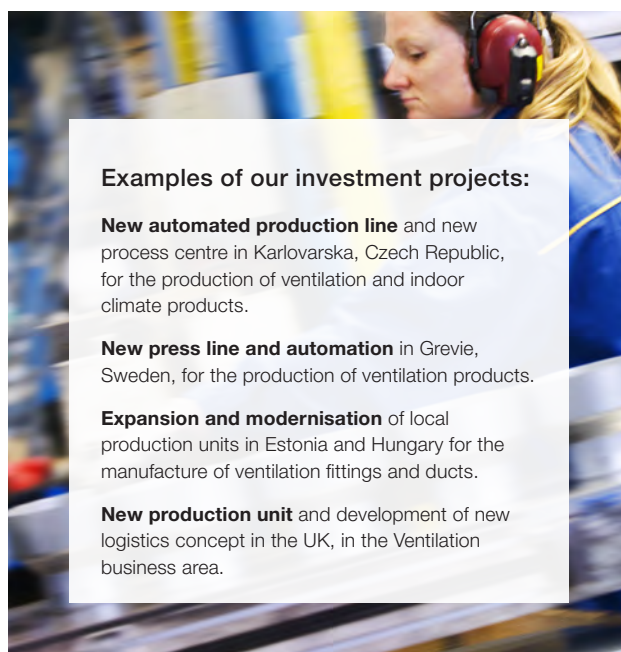
As an example, delivery precision at Lindab Ventilation in Sweden increased from 89 to 95 percent in 2019.



## Modern production close to the customer brings long-term competitive advantages

**To strengthen Lindab's long-term competitiveness, we have embarked on a comprehensive investment programme to optimise production and logistics structures. The focus is on increasing the level of automation, efficiency and capacity and improving safety for employees.**

Lindab has eight central and strategically located major production units that also has the function as logistic centres for the neighbouring regions. In addition, there are around 30 smaller local production units, often connected to a branch or warehouse, for cost-effective production of bulky products close to customers. In 2019, a roughly 200 investment projects were launched in the Group, which include both central and local production and logistics units. The investments will contribute to simplifying the supply chain and making it more efficient. Automation, increased local production and new warehouse units will result that we can offer our customers faster deliveries, with increased delivery precision. Better safety and environmental performance are additional benefits from our investments. More efficient production, increased use of renewable energy and shorter transport routes will result in lower carbon emissions in line with our targets.



### Examples of our investment projects:

**New automated production line** and new process centre in Karlovarska, Czech Republic, for the production of ventilation and indoor climate products.

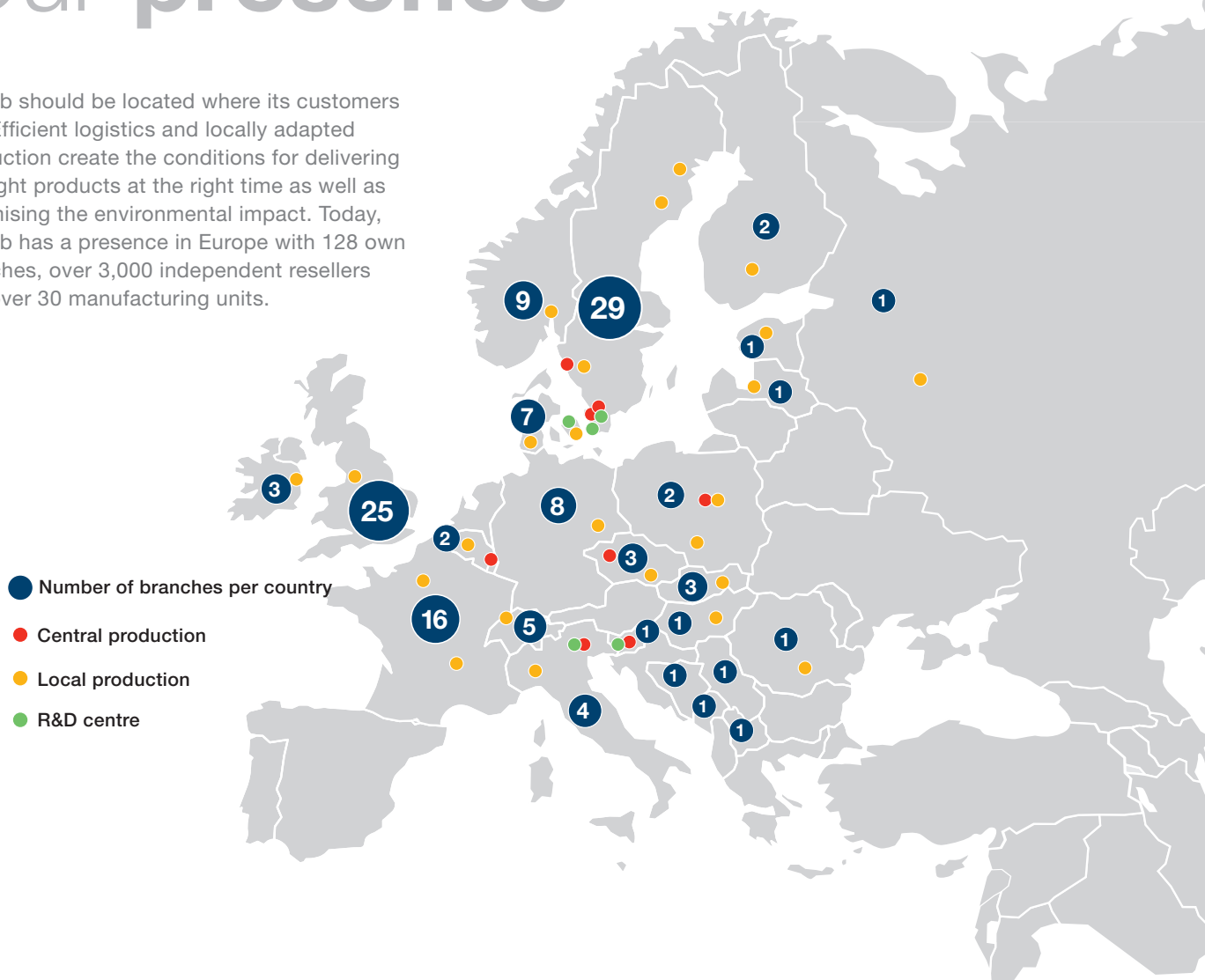
**New press line and automation** in Grevie, Sweden, for the production of ventilation products.

**Expansion and modernisation** of local production units in Estonia and Hungary for the manufacture of ventilation fittings and ducts.

**New production unit** and development of new logistics concept in the UK, in the Ventilation business area.

# Our presence

Lindab should be located where its customers are. Efficient logistics and locally adapted production create the conditions for delivering the right products at the right time as well as minimising the environmental impact. Today, Lindab has a presence in Europe with 128 own branches, over 3,000 independent resellers and over 30 manufacturing units.

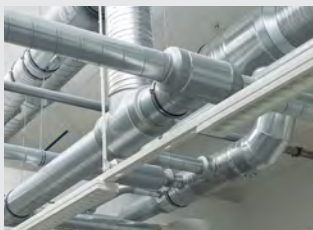


## We make shopping with us easier

Our digital sales channels are becoming more important for our customers, and we integrate them into our project tools on an ongoing basis to facilitate our customers' planning and their work. Our complete and user-friendly web shop will continue to be rolled out to new markets, starting next with Switzerland at the beginning of 2020. We also offer apps for calculations and product selection, an EDI system for our larger customers and services for greater automation in our stores, for example, digital solutions that simplify order management for both sellers and customers which results in faster deliveries.



# Our offering



## Air duct systems

Solutions and systems are energy-efficient, easy to install and well documented. A wide range of both round and rectangular systems and a large assortment of accessories.



## Indoor climate solutions

Range of diffusers, waterborne climate systems and acoustics which provide a comfortable, fresh and productive indoor climate. Among the market's most energy-efficient solutions.



## Air movement

Everything from cooling and air handling units to fans, air conditioning and heat exchangers that move or regulate air. Leading energy-efficient products with low operating costs.



## Fire safety

Certified products such as fire and smoke dampers, fans and circular ducts that can withstand very high temperatures. Also complete fire-resistant system solutions for all types of building.



## Rainwater systems and building products

Everything from systems for roofs, walls and joists to specially designed fittings such as gutters and downpipes, rivets and screws. All products are high quality and easy to use regardless of requirement.



## Building solutions

Economical, functional and environmentally friendly building solutions for residential and industrial buildings. Customised or standard solutions are delivered based on requirements.



## Complete steel building systems

Complete prefabricated steel construction systems for industrial buildings for industry and warehousing and software that simplifies processes for designers and contractors.

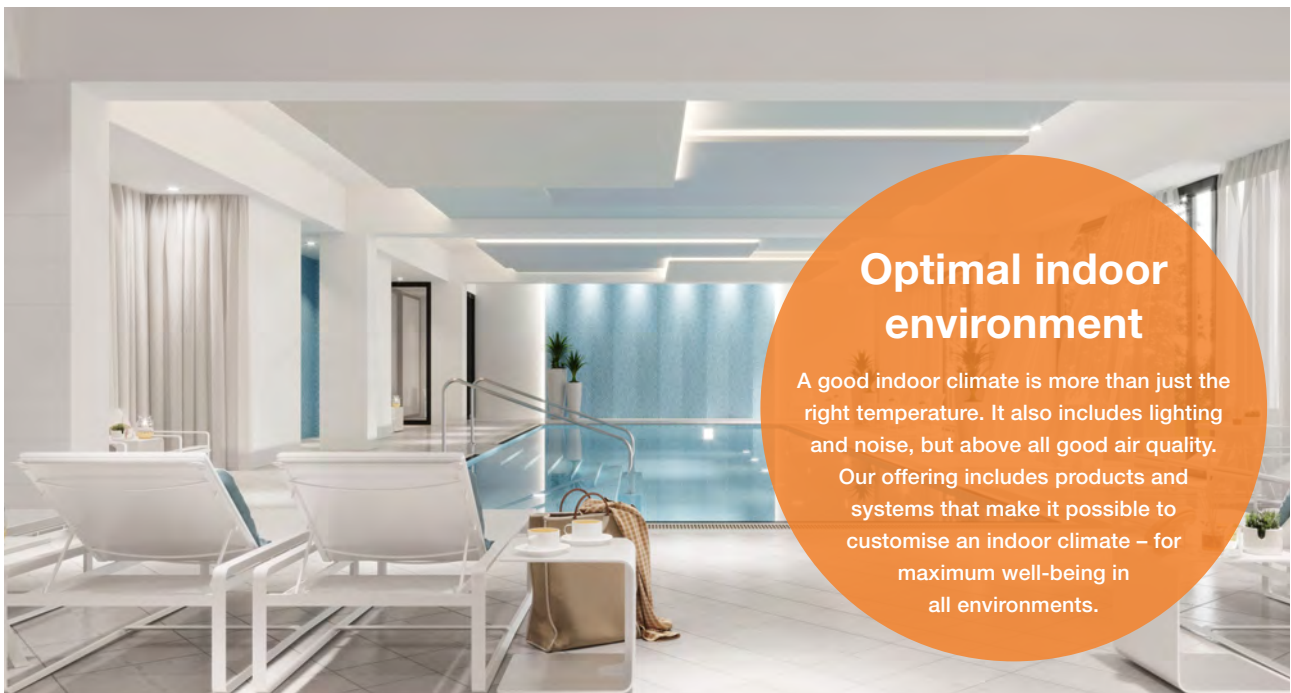


## IT solutions and project support

Solutions that simplify design and construction processes. These include project planning tools, software packages for new buildings, technology for optimising energy performance, apps, web tools and BIM library.



Our offering includes products and system solutions for a sustainable and healthy environment both inside and outside a building – and we make things easier for whoever is responsible for construction work.



## Optimal indoor environment

A good indoor climate is more than just the right temperature. It also includes lighting and noise, but above all good air quality. Our offering includes products and systems that make it possible to customise an indoor climate – for maximum well-being in all environments.

The newly-opened 4-star Bled Rose Hotel in Slovenia not only offers elegance, it also has an energy-efficient ventilation system from Lindab. This creates an optimal and comfortable indoor climate in the hotel lobby, kitchen, all 90 rooms and not least in the spa and relaxation area.

# A greater responsibility

As many other companies and organisations across the world, Lindab has committed to working towards Agenda 2030, the United Nation's 17 global goals for a sustainable and fair world by 2030. We are working to make a contribution to all these goals, but are focussing specifically on goals 3, 9, 11, 13 and 16, which are more closely related to our business. Read more about our various activities on pages 115–116.

The extent to which the UN goals will be achieved depends largely on the strength of the major trends that impact communities across the world. A greater focus on energy regulation and environmental requirements, new technology for smart buildings and new materials and processes will contribute to better conditions for managing the impact on the climate and natural resources, which facilitate urbanisation and current population growth.

Our domestic market is Europe. This is the market where we, as a leading European ventilation company, work to drive development towards the UN's global goals through innovation and initiatives designed to increase the standard requirements for products and systems. We focus primarily on greater energy efficiency and better air quality and we are supported in this work from among other things, the EU Directive on the energy performance and energy efficiency of buildings.



**Zero**  
From 2021, all new buildings in the EU will be nearly zero-energy buildings.

**3/4**  
Today, three quarters of Europe's population, around 550 million people, live in urban areas.

**GDP**  
Investments aimed at increased energy efficiency in buildings are strengthening Europe's economy. The construction industry accounts for around 9 percent of the region's GDP and 18 million direct jobs.



Paris is one of many cities in Europe where a large proportion of the buildings are more than 50 years' old. This means that there is an urgent need for solutions for greater energy efficiency and healthier indoor climate.



The EU wants to increase the use of smart technology in buildings by requiring the installation of property automation and temperature regulation at room level.

# 40%

Buildings account for around 40 percent of energy consumption and 36 percent of carbon emissions in the EU.

# 90%

In Europe, people spend an average of around 90 percent of their time indoors. The EU wants to improve the health and well-being of people who live and work in buildings by increasing the focus on air quality and ventilation in new buildings and building refurbishment projects.

# 2050

'The Energy Performance of Buildings Directive' (EPBD) and 'The Energy Efficiency Directive' (2012/27/EU) are now central to the task of totally eliminating greenhouse gas emissions from Europe's buildings by 2050.

# 50 years

Around 35 percent of buildings in the EU are over 50 years' old and 75 percent of the buildings have low energy efficiency. Refurbishment of these buildings would therefore generate huge energy savings.

Sources: [statista.com](https://www.statista.com) and [ec.europa.eu](https://ec.europa.eu), extract from Energy Performance of Buildings Directive.

# How we create **value**

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

Our business model is based on insight into how strong global trends affect our operations.

Trends and drivers





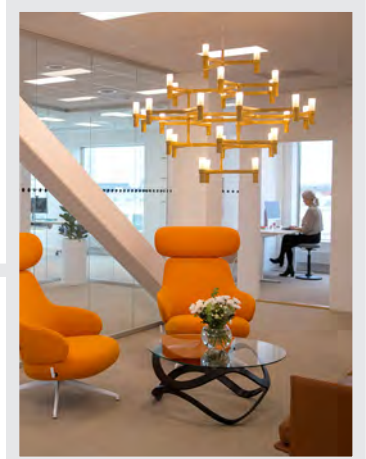


### < Investors and property owners

A correct demand analysis before a project starts can provide significant value for investors. We offer access to lifecycle cost analyses, project simulation software and support with selecting optimal solutions for complete building and ventilation systems. We also provide advice on the choice of equipment with a view to maximising energy savings and fast payback.

### Contractors and installers >

When all parts of a project are due to be put in place, the time aspect is often a critical factor. We offer proximity to sales outlets carrying the complete range and a logistics concept for delivery to the right place at the right time. We also offer smart tools and solutions for easy installation of products with support from user-friendly manuals and customer service.



In collaboration with our customers, we develop sustainable, energy-efficient buildings with a productive and healthy indoor climate.



### < Architects and consultants

To clearly specifying the parts that are required in a project is crucial in terms of its planning and final look. We offer architects and consultants advanced but user-friendly calculation and design programmes for a quick implementation of our products in a project, together with the necessary technical data and drawings.

# Our markets

We focus our resources in those countries and product areas where we can build strong positions and achieve sustainable growth.

## Nordic region 43%<sup>1)</sup>

**Lindab is present** in the whole of the Nordic region where Sweden and Denmark represent the Group's largest markets. We have a significant market position within most of Lindab's product groups, particularly within ventilation, indoor climate solutions, rainwater systems and other selected building products.

## Western Europe 35%<sup>1)</sup>

**Through acquisitions and** organic expansion, we have built up significant operations in the ventilation segment in Western Europe, where the UK, France and Germany are the largest markets. Sales of building products represent a small share, but are growing within specific customer groups and markets. Building Systems has project oriented sales throughout the region.

## CEE/CIS region 21%<sup>1)</sup>

**In the CEE region<sup>2)</sup>**, Lindab historically has had a strong position in building products. Through organic growth and acquisitions, Lindab has also built up an important position within ventilation, with Poland as the largest market. In the CIS region<sup>3)</sup>, Building Systems holds a niche position within complete steel building systems.



### Construction activity continues to grow, but so does uncertainty

European construction activities showed a slightly lower growth rate in 2019 compared with the previous year, as a result of greater uncertainty in the global economy and slower demand. In spite of the growth in the last four years, construction activities were around 15 percent lower compared with the previous high in 2007. Countries in eastern Europe and in the Nordic region have increased their activities significantly since 2007 while countries in western and southern Europe showed considerably lower levels.

1) Share of Group's net sales (other markets 1%).




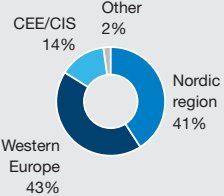
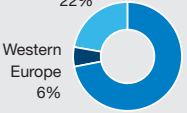
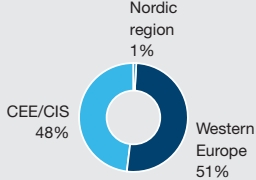



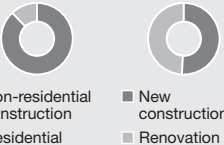
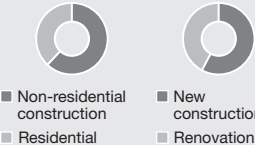
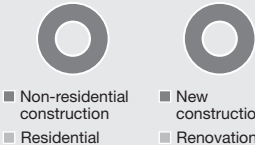
2) Central and Eastern Europe.

3) Commonwealth of Independent States. (Former Soviet Republics excl Baltic States)

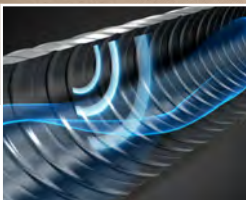
4) Source: Euroconstruct forecast November 2019.

# Our business areas

From 2019, Lindab's business are organised in three independent business areas. Ventilation Systems and Profile Systems have a shared branch network in Sweden and Norway and share certain resources within procurement and logistics. Building Systems is run as a separate company with its own brand and has a more project-based business model than the other business areas.

	 <p><b>Ventilation Systems</b> Pages 20–23</p>	 <p><b>Profile Systems</b> Pages 24–27</p>	 <p><b>Building Systems</b> Pages 28–31</p>
Share of Group's net sales	<b>61%</b>	<b>25%</b>	<b>14%</b>
Share of net sales by region	 <p>CEE/CIS 14% Other 2% Nordic region 41% Western Europe 43%</p>	 <p>CEE/CIS 22% Western Europe 6% Nordic region 72%</p>	 <p>Nordic region 1% CEE/CIS 48% Western Europe 51%</p>
Important customer groups	Ventilation engineers Ventilation contractors HVAC consultants	Sheet metal firm Building contractors Resellers	Commercial companies Industrial companies City planners
Main brands			
Sales channels	Direct delivery to customer or distribution via 126 Lindab branches and around 1,000 resellers	Direct delivery to customer or distribution via 46 Lindab branches and around 2,000 resellers	Project-based sales via 319 building contractors, or direct with key customers
Market segment	 <p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>	 <p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>	 <p>■ Non-residential construction ■ New construction ■ Residential ■ Renovation</p>
Other major players in the industry	Aldes, CIAT, Fläkt Group, Swegon, Systemair, Trox	Areco, BudMat, Kingspan, Plannja, Pruszyński, Ruukki	Fayat, Goldbeck, Kingspan, Severstal

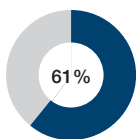
# Business area Ventilation Systems



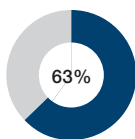
The business area offers air duct systems with accessories and indoor climate solutions for ventilation, cooling and heating to installers and other customers in the ventilation industry. The offering includes high-quality products and services which are energy efficient, easy to install and produces a comfortable, fresh and productive indoor climate.

Share of the Group, 2019

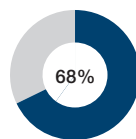
Net sales



Operating profit



Number of employees



# 0.6%

Organic growth 2019

# 10.1%

Operating margin 2019

# 3 questions to Olof Christensson, Director of Division Ventilation Systems



**What are your views on the improved profitability?**

We have improved key performance indicators across the entire process, become more efficient and increased our gross margin. The market has been favorable and we have been able to meet our customers' requirements for quality and reliable deliveries in a good way. We have also started on a comprehensive investment programme with the purpose to continue to increase our competitiveness in the long term.

**Which parts of your development work would you like to highlight most of all?**

The investment in next generation indoor climate systems where there will be significant scope for digitalisation and sensor technology. We also opened our innovation hub in Helsingborg which is already creating new partnerships, products and business concepts that will be materialized over the next few years. In addition, we are working hard on standardisation with a view to renewing and clarifying standards for indoor air quality. Given the fast technical developments within the industry, it is important that standards and regulations are adhered to.

**What do you think is the most important thing to focus on in 2020?**

Maintaining work aimed at making constant improvements, moving forward with next generation indoor climate systems, since we spend around 90 percent of our time indoors, contributing to increase general awareness of having a good indoor climate.

## Lindab Innovation Hub

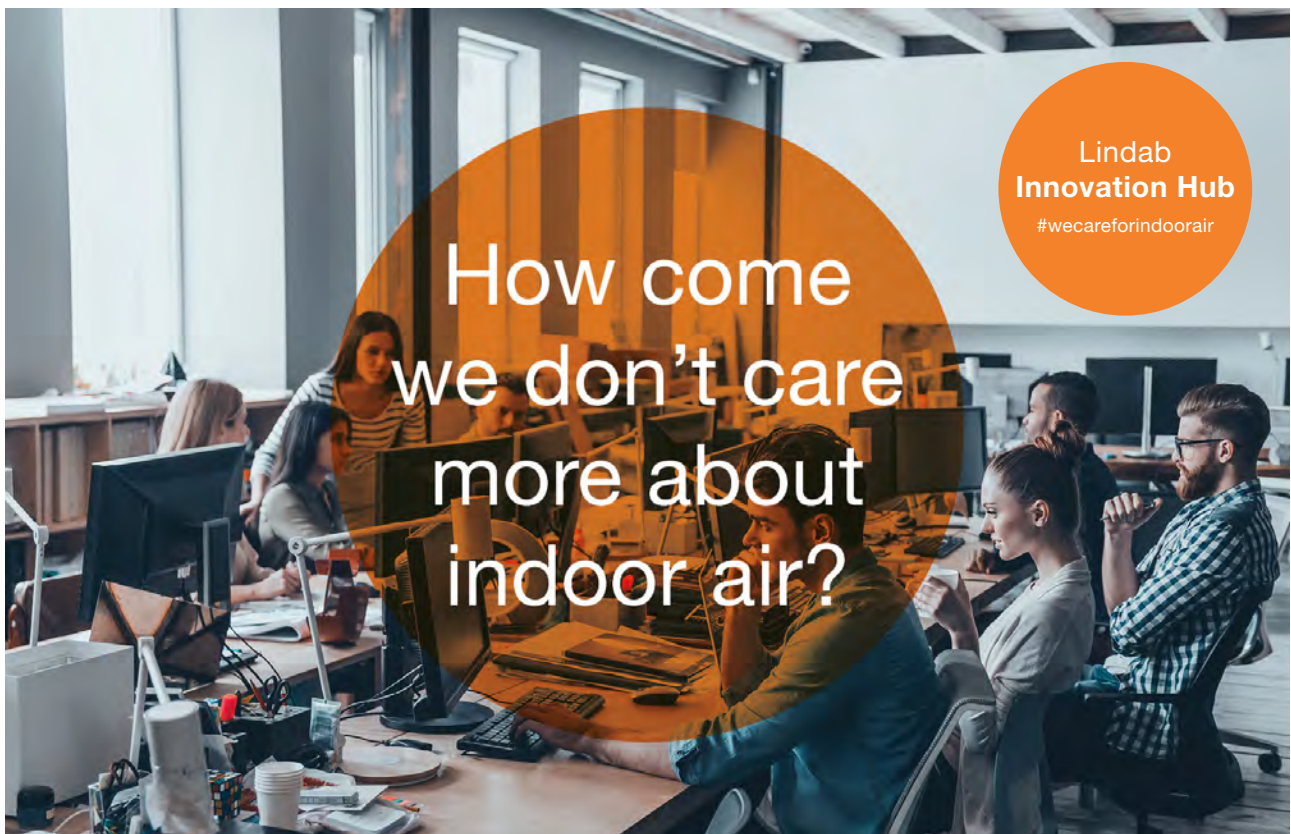
# The right to breathe clean air

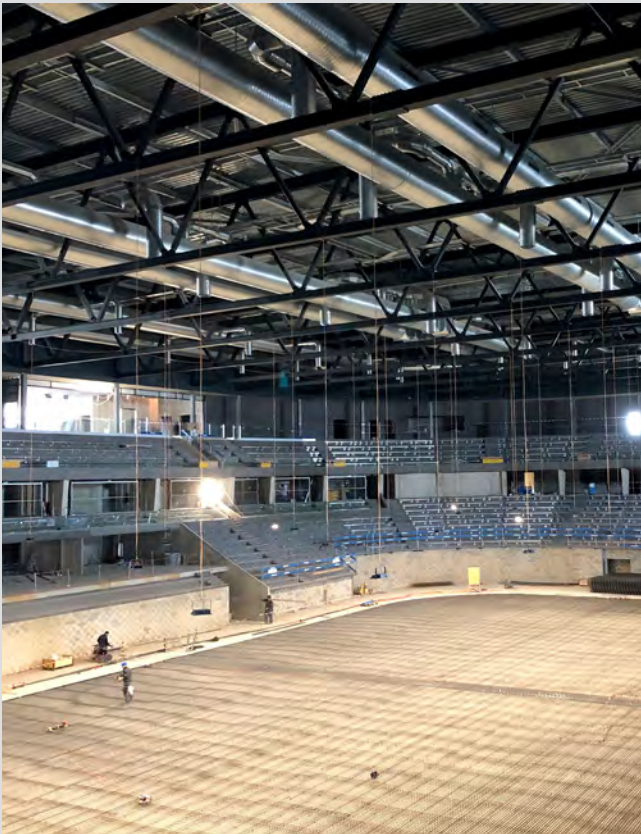
Human beings, particularly children, are at greater risk of asthma and other respiratory diseases if they spend time in buildings where the air quality is poor. We are working to prevent this, among other things, through our new innovation centre, Lindab Innovation Hub.

Lindab Innovation Hub is run as an independent organisation with the object to raise greater awareness of indoor climate and indoor air, driving innovation and testing, and supporting start-up companies in the industry. We have been involved in a pilot project to create the office of the future, a module that can be adapted quickly to a company's changing circumstances and which places users, health and productivity at the centre. An important step in creating a better indoor climate in existing buildings is to measure the actual status of the indoor climate and indoor air. We have tested and developed various air quality sensors and monitors that provide valuable insights into function, quality and where equipment is best placed. Improvement measures can then be recommended based on these measurements.

### Global targets

Our task to develop solutions for better indoor air is clearly linked to several of the UN's sustainable development goals, including goal 11, Sustainable Cities and Communities. Urbanisation means that more and more people share less and less space, with risks of pollution and poor air both outdoors and indoors. Time spent outside is often shorter in cities making ventilation solutions for a healthy indoor climate even more important.





### Prilly, Switzerland

## Safe and effective

The Malley Sports Centre is a new multi-sports arena for the municipalities of Lausanne, Prilly and Renens in Switzerland. The arena includes facilities for ice hockey, skating, water-sports and other activities and will be one of the arenas when Switzerland hosts the Winter Youth Olympics in 2020. Before the choice of ventilation system was made for the challenging design, product quality, low transport costs, efficiency of installation and minimal carbon emissions were high on the list of requirements. Requirements that Lindab was able to meet with its Lindab Safe duct system, in the highest tightness class, class D, and through the production of ducts directly on the construction site.

# 8 m

Production directly on the construction site meant that ventilation ducts up to 8 metres in length could be produced instead of the usual 3 metres.

### Kolding, Denmark

## In the children's best interests

At St. Michael's School in the Danish town of Kolding, the children were often tired and found it difficult to concentrate during lessons. When the decision was taken to give the school a total refurbishment, a big improvement of the indoor climate was a requirement. Lindab Pascal was chosen to meet this requirement, a solution that controls air on demand and keeps the CO<sub>2</sub> level constant. In schools, where a room can go from being empty to hold 25 children, intelligent and energy-optimised ventilation is required that ensures an indoor climate that is consistently good. Lindab Pascal has given St. Michael's School a better learning environment where the children feel good and can perform better.

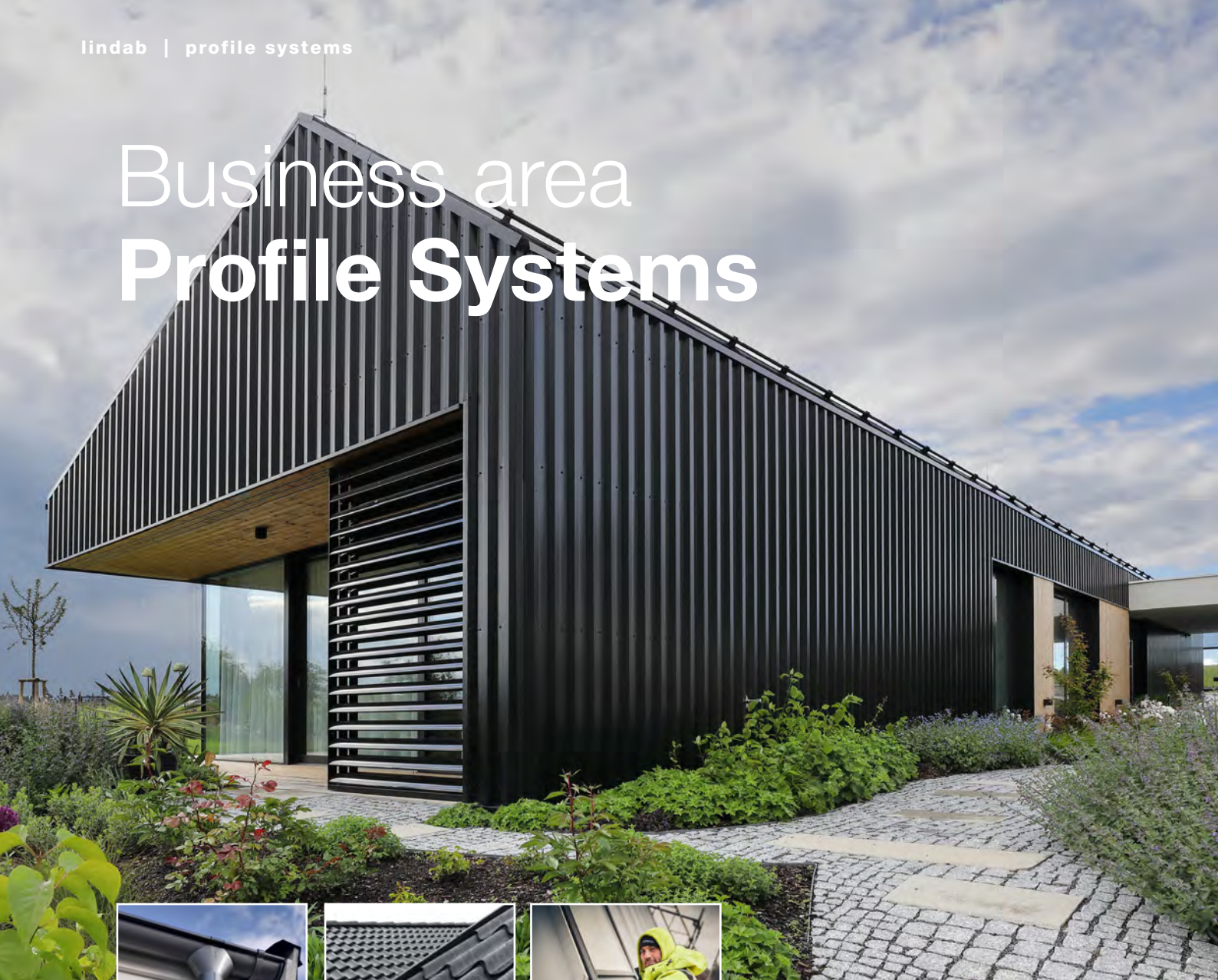
# 172%

Studies show that capacity to understand and apply information can increase by up to 172 percent<sup>1)</sup> in a good indoor climate.

<sup>1)</sup> [naturalleader.com/thecogfxstudy/study](http://naturalleader.com/thecogfxstudy/study)

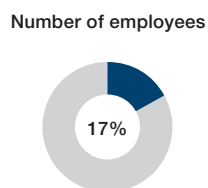
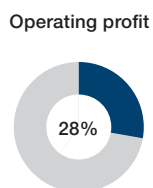
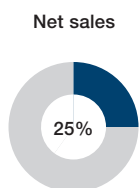


# Business area Profile Systems



The business area offers the construction industry products and systems in sheet metal for rainwater systems, roofs and wall products as well as steel profiles for roof, wall and beam constructions. The offering includes economical, functional and environmentally friendly high-quality products and systems that are easy to use whatever the requirements.

Share of the Group, 2019



# 0.4%

Organic growth 2019

# 10.8%

Operating margin 2019



# 3 questions for Bengt Andersson, Director of Division Profile Systems



## **How would you summarize 2019?**

It has been a stable year in which we have had a clear agenda for continuing to strengthen the business. We have focussed on delivery performance and safe working environments, and taken steps to increase profitability in the form of more effective processes, custom pricing and a clear sales focus on profitable products and markets. The need for complete package solutions, including technical support, high delivery reliability and short lead times are increasing constantly in all our customer segments. Our deliveries worked well, among other things as a result of the developed distribution concept in the Nordic region.

## **How important is innovation for Profile Systems?**

It is important, of course, and we constantly work to develop new solutions to respond to the strong global trends regarding environmental focus and energy efficiency. Lindab Solar-Roof™ is a good example of an innovation that responds to this trend. We also work consistently on developing and adapting our existing offering to the needs of the various markets.

## **What will you prioritise first in 2020?**

Continuing to make operations more efficient and a safe working environment, among other things through further investments in our production. Product development also has a high priority, both in terms of new products and systems and the adaptation and development of the existing offering. We will, of course, also work to achieve even greater delivery performance and optimised lead times based on a clear customer perspective.

## Lindab SolarRoof™

# Timeless and sustainable roof solution

Lindab SolarRoof™ is Lindab's new innovation for sustainable building and green energy transition. The product consists of Lindab's Swedish-produced and timeless design roof profile which is integrated into efficient solar panels.

The roof is as easy to install as a normal Lindab roof and the product comes with an app for monitoring energy production and performance in real time. Lindab SolarRoof™ has already been launched in Sweden, Norway, Czech Republic, Slovakia and Poland. It is marketed through the in-house branch network and various digital channels which has resulted in a large number of enquiries and projects. In 2020, plans are to continue developing, streamlining and delivering several projects and to roll out the product to all Lindab's markets. The investment in solar cell roofs is entirely in line with Lindab's ambition to lead the development of sustainable, energy-efficient solutions for the ventilation and construction industry.

### Global targets

Lindab SolarRoof™ is an example of how Lindab can contribute to a green energy transition and at the same time simplify the building of sustainable housing. Investment in smart solutions to increase the percentage of renewable energy in buildings makes an important contribution to achieving UN sustainability goal 13, Climate Change. Today, buildings are the element in society that uses most energy.



Solar panel performance and consumption is monitored in real time.



### Prague, Czech Republic

## Guiding inspiration

The newly build family house in a scenic area close to Prague offers inspiration for how painted wooden frames, steel roof and rainwater systems can be combined. The result is a functional and aesthetic low-energy building. Thanks to its lightweight construction, Lindab's steel roof solution is ideal for wood structures and depending on the choice of surface layer, Lindab can offer a guarantee of up to 30 years for the roof. The house was built quickly and cost-effectively, among other things as a result of Lindab's patented click solution for installing the roof structures and the rainwater system.

# 100%

Lindab's roof solutions are popular in the Czech Republic. There has been an increase in sales of over 100 percent since 2017.

### Töcksfors, Sweden

## Unique light in the forest

Located just one hour's drive from Oslo, the Töcksfors Shoppingcenter in Värmland had an increasing number of visitors. As a result, it underwent expansion and at the same time was given a new and exciting facade. This facade consists of four mm thick aluminium panels with a unique punched pattern that is illuminated from behind. Lindab supplied the solution taking some of its inspiration from Ystad Badhus where Lindab was also the supplier. The extended shopping centre in Töcksfors opened at Easter 2019.

# 4,000 sqm

The facade panels cover a surface area of 4,000 sqm and are painted black to contrast with the reddish yellow light from the LEDs behind them.



# Business area Building Systems



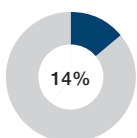
The business area offers sustainable solutions for industrial buildings and multi-storey car parks in Europe and the CEE/CIS region. The offering includes complete prefabricated steel construction systems and access to software that simplify the design and purchasing process.

# 23.2%

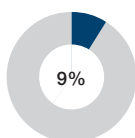
Organic growth 2019

Share of the Group, 2019

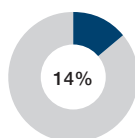
Net sales



Operating profit



Number of employees



# 6.3%

Operating margin 2019

# 3 questions to Stefaan Sonjeau, Director of Business area Building Systems



**You joined the company in September 2019, what are your impressions of the business so far?**

We have a fantastic team of experienced, committed people with the right know-how as well as a quality product. From a market perspective, I see good opportunities for growth if we keep our focus on the markets where we have already demonstrated our expertise. One of our strongest success factors is that our customers have immediate access to the whole structure, from concept development through to a building that is ready for operation.

**What type of projects do you win - and where and what is their purpose?**

We are particularly good for buildings that require a large span and a watertight roof system such as our LMR600 which has a long leak-free guarantee. We are also proactive in the development of car parks with smart traffic flows, technical applications and other solutions that simplifies for our users. In terms of geographical regions, we are continuing to grow in the traditional western European markets, we have a solid position in eastern Europe and are growing fast in Russia.

**What will be your focus in 2020 in order to continue this positive development?**

In 2019 we began rationalising our operations and redistributing resources to selected markets and customers which has resulted in several large orders. Now we need to maintain these results and create new business with the same customers as well as make connections with new customers in the same or related sectors, and at the same time continue to streamline our operations. Sustainability is in the spotlight and is becoming more important. As an example of how we contribute to a circular economy, we recently launched a concept for a multi-storey car park that can be dismantled and recycled.

## Smart Parking

# Car park of the future

Car parks, as we know them today, are undergoing radical changes. Supported by technological breakthroughs for cars, they will be connected, smart, sustainable and ready to accommodate autonomous vehicles.

The Building Systems' car park meets these needs, for example the 44,800 sqm car park at Lyon Saint Exupéry airport in France. It is flexible, modular, can be extended or removed and is recyclable – a step on the way to a circular economy – and provides a better experience with minimal environmental impact. The car park is powered by solar panels, has a smart guide system to available spaces and optimises the use of natural light. The demands for increased mobility in society present a challenge in the development of car parks, i.e. providing a service for more users and at the same time maximising the experience with a sustainable concept. This has been achieved with the car park in Lyon, which is the first car park in France known as a 'Premiere', i.e. a building that produces more energy than it uses.

### Global targets

Traffic in our society is increasing and is leading to congestion and poor air. To counteract this trend, more renewable fuels and solutions for better traffic flow and parking space are needed. With our new smart car park concept we are contributing to UN sustainable development goal 9, Industry, Innovation and Infrastructure.





### Luxembourg City, Luxembourg

## Powerful and creative

In Kockelscheuer on the outskirts of Luxembourg city, a former mining building has been newly built to house innovative activities with an environmental technology focus. Architects, E.urbain, were responsible for the drawings, Building Systems supplied the steel construction system and building contractor, Mabilux, completed the building, which today has around thirty companies as tenants. The building is a powerful, but harmonious combination of building carcasses on two levels with wall cladding for optimum insulation. All the combined expertise and knowledge of the teams at Building Systems and Mabilux was needed to design and erect this complex building.

# 200

The complex structure took just 200 days to complete, among other things as a result of Building Systems' delivery performance.

### Częstochowa, Poland

## Right steel for glass

The new production halls in the Polish city of Częstochowa are the largest capital investment that has been made in international glass manufacturer, Guardian Glass's history. Production capacity has more than doubled to 1,825 tonnes of glass each day, which is equivalent to 60 kilometres of windscreen. Building Systems was entrusted with the supply of the production halls. The project started in October 2018 and is due to finish in April 2020. Two installation companies are involved in the work and up to 60 installers are on site at the same time.

# 70,000 sqm

The new production halls in Częstochowa cover an area of 70,000 sqm and are one of the biggest projects that Building Systems has ever supplied.



# Our expertise



## New level for Lindab Academy

Continual on-the-job training for our employees is of the most importance if we want to have the best teams. In 2019, Lindab Academy launched a new concept, with the dual aim of developing our organisation into a complete system supplier and enhancing our expertise as a product supplier. Our new e-learning platform is an important tool for achieving this and has been created to train our employees more effectively. The first training programme from the academy will be launched at the beginning of 2020.

### Respect drives value

“During my 15 years at Lindab, I’ve seen the company successfully grow and develop. When colleagues respect each other and get along well, you get fantastic results in the form of greater productivity, higher morale and most importantly a more service-minded relationship with our customers.”



**Chris Halligan**  
Sales Manager  
Dublin, Ireland

### Rapid adjustment

“I work in the Ventilation business area, with a strong focus on the development of our unique UltraLink technology for precise and reliable measurement and regulation of airflow. My role involves always being on high alert to meet new challenges and the ability to rapidly adjust between different areas of responsibility, from production technologies to sales.”



**Per-Johan Pettersson**  
Development Engineer  
Grevie, Sweden



## Safety first – always

In order to reverse the trend of workplace accidents, the task of creating a safe working environment has now been given even higher priority. Among other things, a health and safety manager has been appointed. Stina Nordström joined the company in September 2019 and has since then introduced a new system for classifying incidents/accidents, including a quicker response to accidents where medical attention is required and better communication of safety issues within the Group.

–I have also introduced a ‘safety alerts’ system. When a serious event occurs at one of our workplaces, a warning is sent to other locations in the Group with similar working conditions. This is one way of preventing the same kind of accident from happening again and strengthens our safety culture. Shared procedures and insights on how accidents happen are essential for reducing the number of accidents.





## Critical industry expertise

Lindab has some of the industry's best technical laboratories for testing and measuring indoor climate and ventilation – in Sweden, Denmark, Slovenia and Italy. With ever-stricter requirements for a better indoor climate that also minimises excessive noise and light, these labs are industry-critical centres of expertise. Lindab's sound laboratory in Farum, Denmark, has been expanded to enable the extremely high-precision measurement of virtually all products, including silencers, fans, air purifiers, heat exchangers, heating and cooling components, dampers and AHUs. Another improvement at the laboratory is that it is now possible to measure the air speed in a duct with the highest accuracy with ultrasound using Lindab's own flow meter, UltraLink.



## Right insight for right decision

“ I support the development of our local unit by sourcing reliable information that enables the right business decision to be taken. This requires an in-depth understanding of how different factors may affect financial outcomes; important work in which I receive excellent support from my dedicated team”.



**Monica Topolska**  
Controller  
Warsaw, Poland

## Values that form the basis for our entrepreneurial culture



### Customer success

Our customers' success drives Lindab's success. We achieve this by leading the development of solutions in our core areas.



### Down to earth

We strive for relationships based on an uncomplicated, humble and trustworthy approach. Effective and quick decision-making is an important part of this.



### Neatness and order

Keeping everything clean and tidy has a positive impact on efficiency and the company's overall image, and encourages a feeling of pride among our employees.

# The Lindab share

**The Lindab share was listed on the Stockholm Stock Exchange in December 2006. The share is currently traded on the Mid Cap list and is included in the Industrials sector. In 2019, the share price increased by 88 percent to SEK 119.60, resulting in a market capitalisation of approx. SEK 9.1 billion at the end of the year.**

The increase in the Lindab share can be compared with the Stockholm Stock Exchange OMXSPI index and the Industrials sector which were up 29.6 percent and 44.6 percent respectively during the same period. During the year, around 53 million (27) Lindab shares were traded at a value of approximately SEK 5.2 billion. The Lindab share is traded on several exchanges and trading platforms. Official trade via Nasdaq Stockholm accounted for the bulk of the share turnover. The rest of the turnover was made on unofficial trading platforms such as BATS Chi-X Europe and Turquoise.

#### The share and shareholders

Lindab only has class A shares. Each share entitles the holder to one vote and an equal share of the company's results. At the end of the year, Lindab had 7,967 (6,400) shareholders.

Creades, which was formerly the largest shareholder, sold its holding in 2019. The new largest shareholder at the end of the year was Lannebo Fonder with 9.3 percent of the number of outstanding shares. Fjärde AP-fonden was the next largest shareholder with 8.2 percent of the outstanding shares and the new third largest shareholder was AFA Försäkring with 5.2 percent. The ten largest holdings of outstanding shares amounted to 49.1 percent. Foreign shareholdings amounted to 46.0 percent. Having previously exercised various repurchase rights, Lindab holds 2,375,838 treasury shares which do not carry voting rights or the right to receive dividends. Its holding corresponds to 3.0 percent of the shares. Lindab's Executive Management, excluding related parties, owned 99,885 shares and 135,000 warrants and 175,000 share options at the end of the year. Of the outstanding warrants, 25,000 had a warrant price of SEK 108.80 and 110,000 a warrant price of SEK 86.40. All outstanding share options have an exercise price of SEK 120.00.

#### Incentive programme

For more information on remuneration and the employee stock option programme, including the above warrant and share option programmes, see Note 6 on pages 82–84.

## 4 Four reasons that make the Lindab share an interesting prospect

- 1 Potential for profitable growth
- 2 Attractive segments, growing structurally
- 3 Significant competitive advantages in the product range and distribution
- 4 Successful corporate culture with decentralised responsibility

## +106%

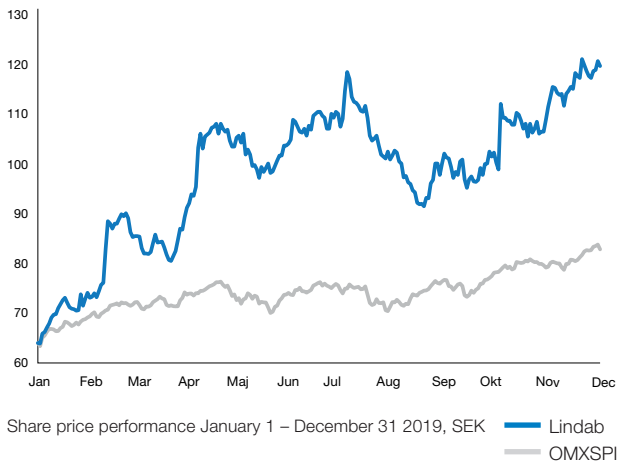
Lindab's dividend has increased for six consecutive years. A dividend of SEK 3.60 is proposed for the financial year 2019 which is 106 percent higher than the previous year. The increase is due to significantly strengthened profitability and a new dividend policy.



Investments in increased automation and other streamlining of production strengthens underlying profitability and long-term competitiveness.

Ticker: LIAB  
 Stock exchange: Stockholm  
 List: Mid Cap  
 Sector: Industrials  
 Market capitalisation: SEK 9.1 billion

## Share price performance in 2019



- The price increased by 88 percent to SEK 119.60.
- The highest price paid was SEK 121.00 on December 31 and the lowest price paid was SEK 63.80 on January 3.
- An average of 210,411 shares (104,938) were traded per day, and the turnover rate was 67 percent (35).
- At the end of the year, of the 5 (6) analysts monitoring Lindab's progress, 3 (3) made the recommendation to Buy/Increase, 2 (3) the recommendation to Hold and 0 (0) the recommendation to Sell/Reduce.

The Board of Directors proposed a dividend of SEK 3.60 (1.75) for the financial year 2019, which is in line with Lindab's dividend policy of distributing at least 40 percent of net profit, taking into account Lindab's financial position, acquisition opportunities and long-term financing requirements.

## Lindab's largest shareholders

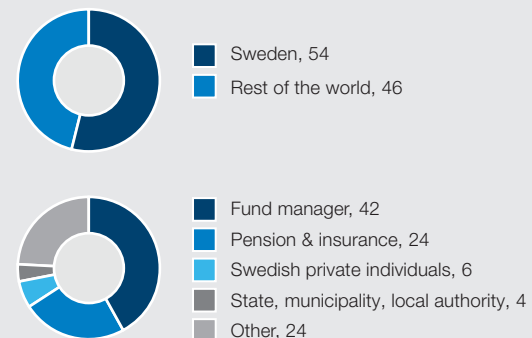
	2019		2018
	Shares	Capital & votes, %	Capital & votes, %
Lannebo Fonder	7,063,848	9.3	10.1
Fjärde AP-fonden	6,234,919	8.2	9.8
AFA Försäkring	3,994,970	5.2	4.0
Handelsbanken Fonder	3,537,419	4.6	4.9
Livförsäkringsbolaget Skandia	3,371,994	4.4	5.0
Dimensional Fund Advisors	3,322,690	4.4	3.8
Other	48,806,142	63.9	54.7
<b>Total number of outstanding shares<sup>1)</sup></b>	<b>76,331,982</b>	<b>100.0</b>	<b>100.0</b>

1) Total number of shares excl. Lindab's own holding of 2,375,838 shares (2,375,838).

The share capital of SEK 78,707,820 is divided into 78,707,820 class A shares. Each share has one vote. Lindab's own holding has no voting rights or entitlement to dividends.

Source: Monitor by Modular Finance AB

## Distribution of ownership, %



## Data per share

SEK per share unless otherwise specified	2019	2018	2017	2016	2015	2014	2013	2012	2011
Earnings per share before and after dilution <sup>1)</sup>	8.89	5.16	4.54	4.02	3.99	3.71	3.05	1.61	1.21
Dividends	3.60 <sup>2)</sup>	1.75	1.55	1.40	1.25	1.10	-	-	1.00
Dividend yield, % <sup>3)</sup>	3.01	2.75	2.27	1.90	1.99	1.68	N/A	N/A	2.67
Dividend as % of after-tax result <sup>1)</sup>	40.5	34.0	34.1	35.0	31.0	30.0	N/A	N/A	82.4
Quoted price, at end of period	119.60	63.50	68.20	73.05	62.90	65.60	63.40	43.00	37.40
Highest quoted price	121.00	74.50	98.00	89.60	78.35	83.70	65.20	57.95	95.80
Lowest quoted price	63.80	56.10	64.75	54.50	55.95	52.35	42.17	37.17	31.84
Shareholder's equity, after dilution	65.89	58.49	54.09	50.41	45.98	43.81	38.87	35.15	35.83
Number of outstanding shares, after dilution	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	75,331,982	75,331,982

1) Based on the current number of outstanding shares at the end of the year. 2) Proposed dividend. 3) Dividend as a percentage of the quoted price at the end of the period. N/A = Not applicable.

# Corporate governance report

Lindab International AB (publ) is a Swedish public limited company which, according to the Articles of Association, develops, manufactures and sells products to the ventilation industry and the construction industry. Lindab is listed on the NASDAQ Nordic Exchange in Stockholm. Lindab applies the Swedish Code of Corporate Governance ('the Code').

# A word from the Chairman of the Board

**Peter Nilsson, it has been several years now since you were appointed Chairman of the Board for Lindab in May 2016. How would you like to summarize this period?**

It has been an eventful, but important time with vital decisions that have brought us to where we are today. Today, we have a Board that works well, a close and constructive dialogue with the management, together with clear and entirely realistic targets to work towards. What we need now is for this structure to settle properly. Then we will be able to continue creating value and making Lindab even bigger and better than it is today.

**What do you think of Lindab's development during 2019?**

It definitely lived up to our expectations. We have set up a new organisation with three independent business areas and we have introduced a clear performance culture throughout the organisation with a focus on measuring results and delegating responsibility. This has produced fast results, has created energy, creativity and not least pride to be part of a successful company with a strong historical tradition. At the same time we have continued to streamline to make our business operations even more competitive. It is clear that we need different agendas for the different businesses in order to sharpen our performance. Creating the right structure for rainwater products in Sweden, for example, is something quite different from launching a ventilation system to meet pan-European requirements.

**What activities are most important for the Board?**

All those that relate to the business and drive value in Lindab. Our Board meetings always last for a whole day and we spend a lot of the time on value-driving points. Engaging in dialogue with and listening to different representatives from the business makes us better as a Board. It enables us to take decisions that support the CEO and his team in continuing the positive development.

**What have you focused on during the year?**

As already mentioned, we now have all the building blocks in place. A well-functioning Board, effective committee work, new management and new organisation, new segment reporting and not least, updated financial targets that will allow us to be even more proactive and grow in the areas where we see the best conditions. We have also picked up the pace on our work to increase safety in Lindab's operations. The key performance indicator in this area has not improved at the rate we would have wanted to, hence we are addressing this issue from all sides – from investment in safer machinery to better communication.



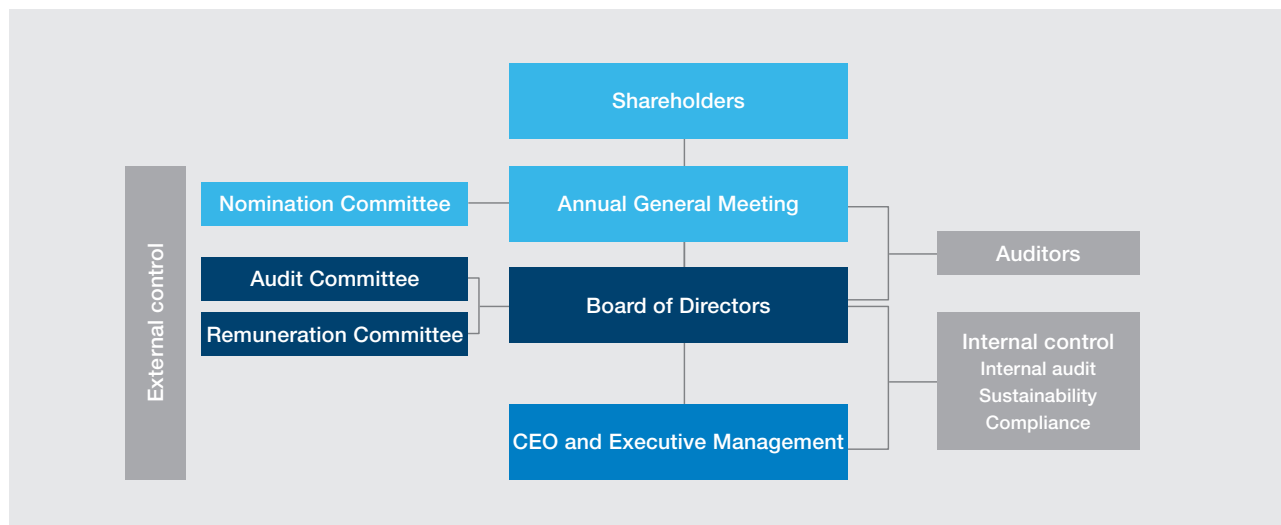
**What do you consider are the most important factors for the continued successful development of Lindab?**

I realise that the expectations on Lindab as a company have increased since we brought profitability up to a more acceptable level. Now it's about continuing along the path we have paved for ourselves and developing what has been built up. Simply daring to be logical and placing extra sharp focus on business, and always asking ourselves: What are we doing? Why are we doing this? How can we do it better? Such creative questioning, which I see as a kind of vitality, is something I have seen in other companies which have subsequently developed successfully over a longer period. I believe we can make the same journey with Lindab.

## Important Board decisions in 2019

- Updated financial targets and new dividend policy
- Investment plan for production and logistics
- Greater focus on a safe working environment

# How Lindab is governed



**The corporate governance of Lindab is based on the Articles of Association, the Companies Act, the Annual Accounts Act, the Board’s rules of procedure, the regulations of the Stockholm Stock Exchange, the Swedish Code of Corporate Governance (‘the Code’) and other applicable Swedish laws and regulations.**

## Shareholders

Lindab has 76,331,982 outstanding shares, of one class only, with an equal right to a share of the company’s assets and results. In addition, Lindab has 2,375,838 treasury shares of the same class, bringing the total number of shares to 78,707,820. On December 31, 2019, there were 7,967 (6,400) shareholders in Lindab. The largest shareholders in relation to the number of outstanding shares were Lannebo Fonder 9.3 percent (10.1), Fjärde AP-fonden 8.2 percent (9.8) and AFA Försäkring 5.2 percent (4.0) At the end of the year, the ten largest shareholders held 49.1 percent of the outstanding shares. More information about Lindab’s shareholders and the share’s performance in 2019 can be found on pages 34–35.

## Annual General Meeting

Shareholders’ rights to decide on Lindab matters are exercised at the Annual General Meeting or, where appropriate, at the Extraordinary General Meeting, which is Lindab’s highest decision making body. The Annual General Meeting is usually held during April or May in the Municipality of Ängelholm or Båstad, Sweden. The Annual General Meeting decides on matters referred to in the Companies Act and the Code, including matters concerning amendments of the Articles of Association and election of the Board of Directors and auditors.

### Annual General Meeting 2019

The Annual General Meeting for the financial year 2018 was held on May 8, 2019 in Norrviken, in the Municipality of Båstad. 105 shareholders, representing 60.8 percent of the capital and votes, were

present. The minutes of the Annual General Meeting have been available on the company’s website since May 17, 2019. In addition to other matters, the 2019 Annual General Meeting adopted resolutions regarding

- re-election of the Board members Peter Nilsson, Per Bertland, Sonat Burman-Olsson, Viveka Ekberg, Anette Frumerie, John Hedberg and Bent Johannesson
- re-election of Peter Nilsson as Chairman of the Board
- re-election of the registered accounting firm Deloitte AB as the company’s auditors
- procedure for the Nomination Committee
- guidelines for remuneration of senior executives
- share option programme for senior executives
- dividend of SEK 1.75 per share
- authorisation for the Board to decide on the transfer of treasury shares.

### Annual General Meeting 2020

The Annual General Meeting for the financial year 2019 will be held on April 29, 2020 at 15.00 at Hotel Skansen, in the Municipality of Båstad. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in the Official Swedish Gazette (‘Post and Inrikes Tidningar’), as well as on the company’s website. The fact that notice has been given will be published in Dagens Industri. Shareholders wishing to attend the meeting must be entered into the company’s share register five working days before the meeting, i.e. April, 23 2020, and must notify the company as specified in the notice to attend the 2020 Annual General Meeting.

## Nomination Committee

The Nomination Committee submits proposals to the Annual General Meeting for the election of the Chairman of the Meeting, Board of Directors, Chairman of the Board, auditors, fees for the Board and auditors, as well as composition of the Nomination Committee prior to the next Annual General Meeting.

At the 2019 Annual General Meeting, it was resolved that the company must have a Nomination Committee consisting of a minimum of four members, one of whom will be the Chairman of the Board. The Chairman of the Nomination Committee should be the member who is appointed by the largest shareholder, unless agreed otherwise by the Nomination Committee. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed. A Nomination Committee was constituted on October 18, 2019, comprising

- Göran Espelund, representative for Lannebo Fonder (Chairman)
- Per Colléen, representative for Fjärde AP-fonden
- Anders Algotson, representative for AFA Försäkring
- Peter Nilsson, Chairman of Lindab International AB (publ).

In accordance with the resolution of the Annual General Meeting, the Nomination Committee shall evaluate the composition and work of the Board of Directors and submit proposals for the 2020 Annual General Meeting with regard to

- election of the Chairman at the 2020 Annual General Meeting
- election of the Board and Chairman of the Board
- fees for the Board of Directors, any Board committee and auditors
- composition of the Nomination Committee for the 2021 Annual General Meeting.

The Nomination Committee held three minuted meetings in 2019. In 2020, the Nomination Committee held two minuted meetings prior to the 2020 Annual General Meeting.

Shareholders wishing to contact the Nomination Committee may send an e-mail to [valberedningen@lindab.com](mailto:valberedningen@lindab.com) or write to 'Lindab's Nomination Committee, Att: Ola Ranstam, Lindab International AB, 269 82 Båstad'.

## Board of Directors

According to the Articles of Association, the Board must consist of no less than three and no more than ten members, with a maximum of ten deputies. Members and deputies are elected at the Annual General Meeting for the period from the date of the Annual General Meeting until the end of the next Annual General Meeting. The employees appoint two employee representatives to the Board and two deputies.

### Composition of the Board of Directors in 2019

At the Annual General Meeting on May 8, 2019, it was resolved that the Board of Directors should consist of seven members without deputies. The CEO is presenting for the Board of Directors. The Board meetings are also attended by some members of the Executive Management. The various assignments of the Board members are shown on pages 42–43.

### Chairman's responsibilities

The Chairman leads the Board's work, follows its activities in dialogue with the CEO and is responsible for other Board members receiving the information and documentation necessary for carrying out well-informed discussions and resolutions. The Chairman represents the company in matters regarding ownership.

### Responsibilities of the Board of Directors

The Board of Directors ensures that the Group's organisation, management and guidelines for the management of the Group's affairs

are appropriate and that the internal control is satisfactory. In addition, the Board of Directors' responsibilities include establishing policies and targets as well as internal control instruments, deciding on key matters, presenting the financial statements as well as evaluating the operational management and ensuring succession planning. The Board of Directors' responsibilities also include supervising the CEO's work through continuous monitoring of operations.

### Work of the Board of Directors

The work of the Board of Directors is governed by rules of procedure approved annually. The rules of procedure include the instructions to the company's CEO, the duties of the Chairman, the Board's meeting procedures as well as decision-making procedures together with instructions and policies.

During 2019, the Board of Directors met 11 times. At each ordinary meeting, the financial performance was reported and followed up on. The Board held one meeting with the auditors, without the Executive Management present, to review the cooperation with the Executive Management regarding implementation of the audit process and other related matters. Certain members of the Executive Management were present at all Board meetings.

The work of the Board of Directors and the CEO was evaluated during the financial year. The evaluation showed that the CEO and the Board perform their duties very well.

### Remuneration of the Board of Directors

At the Annual General Meeting on May 8, 2019, fees totalling SEK 3,256,000 for standard Board work were resolved and allocated as follows: SEK 856,000 to the Chairman of the Board, SEK 391,250 to each of the other elected Board members and SEK 26,250 to each of the employee representatives. It was resolved that one third of the elected members' net fees would be placed in Lindab shares in accordance with special terms and conditions. It was also resolved that SEK 102,000 should be paid to the Chairman of the Audit Committee and SEK 51,000 to each of the ordinary members of this committee, and SEK 61,000 should be paid to the Chairman of the Remuneration Committee and SEK 31,000 to each of the ordinary member of this committee.

### Board's responsibility for financial reporting

The Board of Directors ensures quality of internal financial reporting through instructions to the CEO, and through instructions relating to financial reporting to the Board of Directors. Furthermore, the Board of Directors ensures the quality of external financial reporting through detailed discussions of interim reports, the annual report and the year-end report at Board meetings and during reviews with the auditors.

### Key topics at each Board meeting

February 12	Year-end report, dividend, acquisitions. Auditors' report
March 17	Annual Report, notice to attend the Annual General Meeting
April 10	Reverse profit warning
May 7	Interim report, investment schedule
May 8	Constitutional meeting
June 13	Investment schedule
July 17	Interim report
August 26	Property
September 19–20	Investments, divestments
October 23	Interim report
December 10	Budget

The Board of Directors and breakdown of Board fees

Name	Year elected	Company	Ownership	Board fee, incl. Remuneration committee, SEK	Remuneration committee meetings	Audit Committee meetings	Attendance at Board meetings
Peter Nilsson <sup>1)</sup>	2016	Independent	Independent	858,081	4/4	-	11/11
Per Bertland	2016	Independent	Independent	395,285	4/4	-	10/11
Sonat Burman Olsson	2011	Independent	Independent	364,289	-	-	10/11
Viveka Ekberg	2016	Independent	Independent	466,289	-	7/7	11/11
Anette Frumerie	2017	Independent	Independent	415,289	-	7/7	11/11
John Hedberg	2017	Independent	Independent <sup>2)</sup>	415,289	-	7/7	11/11
Bent Johannesson	2016	Independent	Independent	364,289	-	-	11/11
Pontus Andersson <sup>3)</sup>	1995			26,000	-	-	11/11
Anders Lundberg <sup>3)</sup>	2016			26,000	-	-	11/11
<b>Total</b>				<b>3,330,811</b>			

1) Chairman.

2) Dependent until 18/9/2019 when Creades AB disposed of all its remaining shares in Lindab.

3) Employee representative who was replaced by alternate employee member during absence.

**Audit Committee**

The Board has appointed an Audit Committee which is responsible for strengthening and streamlining the Board's supervisory responsibilities in terms of internal control, audit, internal audit, risk management, accounting and financial reporting. The Audit Committee will also prepare matters pertaining to procurement of audit and other audit services and prepare certain accounting and auditing matters to be dealt with by the Board of Directors. From the 2019 Annual General Meeting, the Audit Committee consisted of Chairman Viveka Ekberg, Anette Frumerie and John Hedberg. After the Annual General Meeting, the Audit Committee consisted of Chairman Viveka Ekberg, Anette Frumerie and John Hedberg. The work of the Audit Committee is guided by rules of procedure which are approved by the Board. In 2019, the Committee met on seven occasions. The auditors were present at all occasions. The Committee provides regular verbal and written reports to the Board and submits proposals on matters requiring the Board's consent. A fee of SEK 102,000 is paid to the Chairman of the Audit Committee, and each of the ordinary members receive a fee of SEK 51,000.

**Remuneration Committee**

The Board has appointed a Remuneration Committee which will present proposals to the Board concerning remuneration matters and continuously monitor and assess remuneration structures and levels for the CEO and other senior executives in the Group's Executive Management. In 2019, the Remuneration Committee consisted of Chairman Peter Nilsson and Per Bertland. In 2019, the Committee met on four occasions. The Committee provides regular verbal reports to the Board and submits proposals on matters requiring the Board's consent. A fee of SEK 61,000 is paid to the Chairman of the Remuneration Committee, and the ordinary member receives a fee of SEK 31,000.

**Auditors**

Lindab's elected auditors review the company's annual report and accounts, as well as the management of the Board of Directors and the CEO. The auditors work according to an audit plan and report their findings to the Executive Management throughout the year and at least once annually to the Board of Directors. The auditors also attend the Annual General Meeting to present the Auditors' Report and describe the review process and observations made.

At the 2019 Annual General Meeting, the accounting firm Deloitte AB was elected as the company's auditor. Authorised public accountant Hans Warén was appointed as lead auditor. Hans Warén is also appointed by other listed companies, but this does not encroach on the time necessary to carry out his work for Lindab. The accounting firm Deloitte AB does not perform any services that could raise doubts about their independence. Nor have the services performed by the auditors for Lindab, over and above the audit services, altered this opinion.

**Auditors' fees**

In 2019, the auditors' fees paid to Deloitte AB amounted to SEK 0.4 m for the parent company and SEK 7.8 m for the Group. Fees paid to Deloitte for other services to the Group amounted to SEK 0.4 m.

**External control**

The external regulations concerning Lindab's corporate governance include the Companies Act, the Annual Accounts Act, rules for issuers of shares on the Nasdaq Stockholm, and the Code.



## Internal control

The internal corporate governance includes the Board's adopted rules of procedure together with codes and policies as well as other corporate governance documents such as directives adopted by the Executive Management. Lindab's Corporate Governance Policy and Code of Conduct constitute the two most important general policy documents. Lindab has set up a Corporate Governance Committee whose main task is to ensure good corporate governance within the Group.

### Internal audit

Lindab has an internal audit function maintained by an external party. The duties of this function are reported to the Audit Committee at least once a year by the external party and continuously by the CFO, which in turn reports to the Board of Directors. The internal audit is designed to ensure that the Group's targets are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations.

### Sustainability

An important part of the governance of the Group is Lindab's commitment to sustainability. Among other things, sustainability deals with how Lindab treats its employees and conducts itself in society. Sustainability is also concerned with Lindab's focused work on continuous environmental improvements.

## Compliance

Compliance is about ensuring that Lindab complies with laws and other applicable regulations and that company operates according to the highest standards of integrity and ethics. Within this area, Lindab has, among other things, adopted policies to prevent all forms of corruption and anti-competitive behaviour.

## CEO and Executive Management

Ola Ringdahl has been President and CEO since June 18, 2018. In 2019, the Executive Management increased from five to eleven members. Chief Financial Officer, Malin Samuelsson, Director of Division Profile Systems, Bengt Andersson, Director of Division Ventilation Systems, Olof Christensson, Director of Group Operations, Karel Kleinmond, Director of Sales Region West Europe, Mette Brøndum, Director of Sales Region North Europe, Joakim Lönnberg, Director of Sales Region Mid Europe, Pascal Gelugne, Director of Sales Region East Europe, Sorin Badea were part of the Executive Management throughout 2019. Director of Legal, M&A and HR, Fredrik Liedholm, was part of the Executive Management until July 31 when he left the company. Head of Building Systems, Pontus Kallén, was part of the Executive Management until May 31 when he left. Stefaan Sonjeau was appointed as Director of Business Area Building Systems and has been part of the Executive Management since September 9. Lars Christensson was appointed as Director of Business Development and M&A and has been part of the Executive Management since November 4.

## Policies

### Corporate Governance Policy

Lindab has identified three main areas – sustainability, internal control and compliance – as central to its corporate governance and has set up a Corporate Governance Committee, CGC, which is primarily responsible for ensuring good corporate governance within the Group.

### Code of Ethics

For Lindab and all its employees, it is important that laws, regulations and ethical values are respected and followed. Lindab ensures this through Lindab's Code of Conduct.

### Communication Policy

The policy ensures that the public receives coherent and correct information about Lindab and its business, including financial targets, and that Lindab fulfills the requirements of the stock exchange regarding information to the stock market.

### Insider Policy

The policy contains rules to prevent improper trading in shares or other financial instruments in Lindab by individuals who possess information that is not known by the market.

### IPR Policy

The policy describes the strategy and guidelines for Lindab's management and protection of intellectual property rights.

### IS/IT and Data Protection Policy

The policy contains comprehensive rules for the Group's IT use and management. The aim is to ensure access to the IT structure that is required for the efficient running of the business.

### Anti-Corruption Policy

The policy is the regulatory framework for Lindab's business and employees. Lindab has zero tolerance for corruption.

### Antitrust Policy

It is important that the Group and its employees observe competition legislation. The adopted Competition Law Policy prevents violations of competition legislation.

### Environmental Policy

The Environmental Policy governs Lindab's work on environmental issues and ensures that the company's operations consider the environment

and that the product solutions offered help to make buildings more energy-efficient.

### Occupational Health & Safety Policy

The policy has a clear message on responsibility issues and that the key to a safe working environment is prevention.

### Treasury Policy

The Treasury Policy defines the framework for Lindab Group's management of financial risks and transactions. These issues are handled centrally by the Group's treasury function in order to minimise costs.

### Equal Opportunity Policy

The Policy establishes guidelines to ensure that all Lindab employees receive equal treatment and that no one is discriminated against based on their gender, religion, ethnicity, etc.

# Board of Directors



Peter Nilsson, Chairman



Per Bertland



Sonat Burman-Olsson

<i>Born:</i>	1962	1957	1958
<i>Elected:</i>	2016	2016	2011
<i>Status:</i>	Independent	Independent	Independent
<i>Other offices held:</i>	Chairman of the Board of Directors of Adapteo OYJ and Unilode Aviation Solution. Vice Chairman of the Board of Directors of Cramo OYJ.	President and CEO of Beijer Ref AB. Chairman of the Board of Directors of several of Beijer Ref's subsidiaries and AB Dendera Holding. Advisor to Small Cap Partners SCP and member of the Board of Directors of various foundations.	Member of the Board of Directors of NESTE Corporation, Postnord AB and Lanmännen.
<i>Former offices held:</i>	President and CEO of Sanitec and Duni AB. Chairman of the Board of Directors of Duni AB, Securitas Direct AB and Sanitec Holdings Oy. Various management positions within the Swedish Match Group.	CFO and COO of Beijer Ref. CFO of Indra AB and Ötab Sport AB, which is part of the Aritmos Group.	President and CEO of COOP Sverige, Deputy CEO and CFO of ICA Gruppen, Vice President of Electrolux Group responsible for Global Market Strategies. Chairman of Svensk Dagligvaruhandel, Member of the Board of Directors of Svensk Handel, ICC Sverige, Tredje AP fonden, ICA Banken and iZettle.
<i>Main education:</i>	M.Sc. in Business and Economics, Stockholm School of Economics.	M.Sc. in Business and Economics, Lund University.	M.Sc. in Business and Economics, Executive MBA, Strategic Man. Oxford and Harvard.
<i>Holding:</i>	30,000 shares	10,000 shares	539 shares

## Board committees

### Remuneration Committee

The Remuneration Committee consists of two Board members: Peter Nilsson (Chairman) and Per Bertland.

### Audit Committee

The Audit Committee consists of three Board members: Viveka Ekberg (Chairman), Anette Frumerie and John Hedberg.

## Auditors

### Deloitte AB

Lead auditor:

Hans Warén

Born: 1964

Authorised public accountant, Deloitte AB, Gothenburg, Sweden.

Auditor to Lindab since 2014.

Extensive experience in publicly listed companies.



Viveka Ekberg

Anette Frumerie

John Hedberg

Bent Johannesson

1962

1968

1972

1954

2016

2017

2017

2016

Independent

Independent

Independent<sup>1)</sup>

Independent

Chairman of the Board of Directors of Apoteket AB's Pension Fund. Member of the Board of Directors of Magnolia Bostad, SPP Pension & Försäkring, Svolder, Dellner, Iver, Centrum för rättvisa etc.

CEO of Besqab AB. Member of the Board of Directors of the Swedish Construction Federation and Svedbergs i Dalstorp AB.

CEO of Creades AB. Chairman of the Board of Directors of StickerApp AB. Member of the Board of Directors of Avanza Pension AB, Stabelo Group AB and LOTS Group, a Scania Group company.

None.

CEO of PP Pension, Nordic Manager of Morgan Stanley Investment Management, Associate Partner at Brummer & Partners, Manager of SEB Institutionell Förvaltning and share analyst at Alfred Berg Fondkommission and Affärsvärlden. Member of the Board of Directors of C.A.G. Group.

Business Unit President of Residential Development Nordic at Skanska (publ), Business Unit Manager of International Property Development & Construction at JM AB (publ) and other positions within the JM Group.

Partner in NC Advisory AB, advisor to Nordic Capitals Fonder, management consultant at McKinsey & Co and various positions at Bonnier and Relacom.

CEO of Ramböll Sverige AB. Regional Director of Scandiaconsult AB. Head of the construction division of Kvaerner Pulping. Self-employed construction consultant. Board engagements within the Ramboll Group. Member of the Board of Directors of Almega, Svenska Teknik and Designföretagen, of which two years as Chairman.

M.Sc. in Business and Economics, Stockholm School of Economics.

M.Sc. in Industrial Engineering, KTH Royal Institute of Technology in Stockholm.

M.Sc. in Business and Economics, Stockholm School of Economics.

M.Sc. in Industrial Engineering, Chalmers University of Technology.

13,000 shares

1,600 shares

1,000 shares

2,000 shares



Pontus Andersson

*Born:* 1966

*Elected:* 1995

Employee representative for Unionen. Employed since 1987 and currently works as a development engineer.

*Holding:* 250 shares



Anders Lundberg

*Born:* 1962

*Elected:* 2016

Employee representative for LO (Swedish Trade Union Confederation). Employed since 1997 and currently Chairman of Verkstadsklubben IF Metall.

*Holding:* 10 shares

<sup>1)</sup> Dependent until 18/9/2019 when Creades AB disposed of all its remaining shares in Lindab.

# Executive Management

In order to take better advantage of Lindab's international expertise, the Executive Management was increased from five to eleven in 2019, with members in operational management roles from Sweden, Denmark, France, Czech Republic, Luxembourg and Romania. The new Executive Management will make more business related decisions and contribute to enhanced transfer of knowledge between the units.



## Ola Ringdahl

*Born:* 1972

President and CEO

Employed since 2018. Member of the Executive Management since 2018.

*Holding:* 23,000 shares, 140,000 WT<sup>1)</sup>

*Related party holdings:* 1,000 shares

*Professional experience:* CEO of Nord-Lock Group 2013–2018. Regional Director at Capio Healthcare 2011–2013. From 2003 to 2011, management positions at Crawford, which became part of Assa Abloy Entrance Systems in 2011.

*Main education:* M.Sc. in Business and Economics, Stockholm School of Economics.



## Malin Samuelsson

*Born:* 1972

CFO

Employed since 2018. Member of the Executive Management since 2018.

*Holding:* 10,000 shares, 50,000 WT<sup>1)</sup>

*Professional experience:* Various positions within the Vestas Group 2008-2018, most recently as VP Financial Planning and previously as Regional CFO Northern Europe. Previous experience includes various roles within controlling and finance at AstraZeneca R&D.

*Main education:* Master of Business Administration, School of Business and Economics, Växjö.



## Bengt Andersson

*Born:* 1960

Director of Profile Systems Division

Employed since 1991. Member of the Executive Management since 2014.

*Holding:* 47,100 shares, 35,000 WT<sup>1)</sup>

*Related party holdings:* 4,000 shares

*Professional experience:* Has held various positions within the Lindab Group. Including Executive Vice President of Technology, Research and Product Development, Marketing Manager of Lindab Profil, and Production Manager of Lindab Ventilation.

*Main education:* Technical college graduate in mechanical engineering.



## Olof Christensson

*Born:* 1966

Director of Ventilation Systems Division

Employed since 2017. Member of the Executive Management since 2017.

*Holding:* 2,000 shares, 25,000 WT<sup>1)</sup>

*Professional experience:* Engineering Services Manager, Semcon Group. Previously CEO of Askö Hushåll AB, Sales and Marketing Manager at Sensel AB and Regional Manager at Stora AB and Stena Technoworld AB.

*Main education:* M.Sc. in Business and Economics, Karlstad University.



## Stefaan Sonjeau

*Born:* 1968

Director of Building Systems Business Area

Employed since 2019. Member of the Executive Management since 2019.

*Holding:* 1,000 shares

*Professional experience:* Vice President Customer Integrated Solutions, Carmeuse Europe. Various roles within Baltimore Aircoil Company, including Director of Sales and Marketing for Europe. Previous experience includes various management roles at Eastman Chemical.

*Main education:* Master of Business Administration from Vlerick Business School, Leuven (Belgium) and MSc in Chemical Engineering, University College Gent, Belgium.

<sup>1)</sup> WT= Warrants 2017/2020 and 2018/2021.



**Lars Christensson**

*Born:* 1971

Director of Business Development and M&A

Employed since 2019. Member of the Executive Management since 2019.

*Holding:* None

*Professional experience:* Has worked in business development and M&A in a wide range of industries, most recently in the Nord-Lock Group. Previous industry experience includes TV broadcasting, toys and advanced technology.

*Main education:* M.Sc. in Engineering Physics, Lund University (LTH).



**Karel Kleinmond**

*Born:* 1969

Director of Operations, Ventilation Systems Division

Employed since 2007. Member of the Executive Management since 2019.

*Holding:* 2,400 shares, 10,000 WT<sup>1)</sup>

*Professional experience:* Various positions at LEGO 1999–2007, most recently Managing Director of LEGO Production CZ. Previous experience includes various technical roles at General Electric Transportation Systems and Škoda Pilsen, Czech Republic.

*Main education:* Mechanical Engineering, University of West Bohemia, Czech Republic.



**Mette Brøndum**

*Born:* 1963

Director of Sales Region West Europe

Employed since 1997. Member of the Executive Management since 2019.

*Holding:* 3,800 shares, 15,000 WT<sup>1)</sup>

*Professional experience:* Worked as Purchase Manager in the Builders Merchant Group before joining Lindab in 1997. Various positions in Lindab include Sales and Marketing Manager, Product Manager, Business Unit Manager, Business Area Manager and Country Manager for Denmark

*Main education:* Sales, strategy, business development and leadership.



**Joakim Lönnberg**

*Born:* 1966

Director of Sales Region North Europe

Employed since 1991. Member of the Executive Management since 2019.

*Holding:* 7,085 shares, 15,000 WT<sup>1)</sup>

*Professional experience:* Has held positions as Country Manager, Sales Manager and Product Manager in the Lindab Group and was a former pilot for Eastern Air Charter and Chief Flight Instructor at Marlboro Airport, New York, USA.

*Main education:* Commercial Pilot, Business Administration at IHM Business School in Sweden and Business Administration at Lund University.



**Pascal Gelunge**

*Born:* 1964

Director of Sales Region Mid Europe

Employed since 2007. Member of the Executive Management since 2019.

*Holding:* 3,500 shares

*Professional experience:* Various positions at Lennox/Outokumpu 2002–2006, most recently as DVP and General Manager of European Operations. Previously VP Business Development in Europe and USA for ABB Flakt Group 1989–2002.

*Main education:* M.Sc. in Business and Economics, Bethel College, USA.



**Sorin Badea**

*Born:* 1974

Director of Sales Region East Europe

Employed since 1998. Member of the Executive Management since 2019.

*Holding:* None

*Professional experience:* Various positions in finance and controlling in the Lindab Group, including Regional Business Controller East Europe, Financial Manager in Hungary and Country Manager in Latvia.

*Main education:* B.Sc. at the University of Craiova, Faculty of Economics and Business Administration, Romania.

1) WT= Warrants 2017/2020 and 2018/2021.

# Remuneration of senior executives

## Remuneration principles

At the 2019 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines assume remuneration based on the market and the environment in which each of the executives work and remuneration will be competitive, facilitate the recruitment of new executives as well as motivate senior executives to remain with the company. The remuneration should consist of a fixed salary, short- and long-term variable cash salary, pension and other benefits. The fixed salary should be individually determined based on the individual executive's specific responsibilities, experience, expertise and performance. The fixed salary should be reviewed at least every two years.

The short-term variable cash salary should be based on the executive's performance relative to individually established targets. For the CEO the short-term variable cash salary amounts to a maximum of 50 percent of the fixed salary, and for other senior executives a maximum of 40 percent of the fixed salary. The long-term variable cash salary should be linked to financial performance targets that reflect the company's value growth during a three-year period. For the CEO the long-term variable cash salary amounts to a maximum of 70 percent of the fixed salary, and for other senior executives a maximum of 40 percent of the fixed salary. Any profit of the long-term variable cash salary is presumed to be invested in shares or share-related instruments (e.g. warrants) in order to increase the executive's shareholding in Lindab and ensure alignment between the interests of shareholders and senior executives.

The pension must be a defined contribution plan. Senior executives who are not covered by the ITP plan should receive a maximum of 30 percent of their annual fixed salary as an annual contribution-based pension. Other benefits should not constitute a significant part of the total remuneration. In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors did not exercise this mandate in 2019. Remuneration and other benefits for the Executive Management are shown in the table on the right. A further SEK 11.9 m has been recognised relating to social security contributions, including special employers' contributions to pensions.

## Remuneration of the CEO

Ola Ringdahls fixed salary for 2019 amounted to SEK 5,607,000. Ola Ringdahl is also entitled to a short- and long-term variable cash salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits. Remuneration received by Ola Ringdahl in 2019 is shown in a separate table. The notice period for Ola Ringdahl is 12 months on the part of the company and 6 months on the part of Ola Ringdahl. Ola Ringdahl is bound by a non-competition clause for a period of two years from the termination of his employment, during which he is entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Ola Ringdahl.

## Remuneration of other members of the Executive Management

President and CEO, Ola Ringdahl, Chief Financial Officer, Malin Samuelsson, Head of Profile Systems, Bengt Andersson, Head of Ventilation Systems, Olof Christensson, Director of Group Oper-

ations, Karel Kleinmond, Director of Sales Region West Europe, Mette Brøndum, Director of Sales Region North Europe, Joakim Lönnberg, Director of Sales Region Mid Europe, Pascal Gelugne, Director of Sales Region East Europe, and Sorin Badea were part of the Executive Management throughout the year. Director of Legal and M&A and HR, Fredrik Liedholm was part of the Executive Management until July 31 and Building Systems Manager, Pontus Kallén until May 31. Building Systems Manager, Stefaan Sonjeau has been part of the Executive Management since September 9 and Director of Business Development and M&A, Lars Christensson, since November 4. The remuneration of the Executive Management follows the guidelines adopted by the Annual General Meeting. The employment contracts of the current Executive Management include notice periods of 12 months on the part of the company and 6 months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. The Executive Management is bound by non-competition clauses effective for one year from the termination of employment, during which they are entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

## Evaluation

The Board has monitored and evaluated the company's programmes for variable remuneration of the Executive Management, the application of guidelines for remuneration of senior executives and applicable remuneration structures and levels of remuneration in the company. The variable remuneration of the Executive Management has been found to be appropriate and in accordance with the guidelines adopted by the Annual General Meeting. The application of guidelines for the remuneration of senior executives was also found to be correct and the Board's assessment is that the remuneration of senior executives ensures a good balance between motivating employees and providing competitive compensation. Thus, the remuneration structures and levels within the company are well balanced and in accordance with market practice.

## Remuneration and other benefits for the Executive Management in 2019

SEK	Ola Ringdahl <sup>1)</sup>	Remuneration of other Executive Management <sup>1)</sup>	Total
Fixed salary incl. holiday pay	5,607,000	18,025,496	23,632,496
Variable salary	5,178,508	8,980,150	14,158,658
Pensions	1,628,597	4,692,969	6,321,566
Benefits	118,855	435,549	554,404
<b>Total</b>	<b>12,532,960</b>	<b>32,134,164</b>	<b>44,667,124</b>

*1) Excluding social charges and special payroll tax.*

# The Board of Directors' Report on Internal Control

## The Board of Directors' Report on Internal Control for the Financial Year 2019

Lindab's Board of Directors is responsible for the Group's internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. Lindab's financial reporting complies with the laws and regulations applicable to companies listed on the Nasdaq Stockholm as well as the local regulations of each of the countries where the company operates. The description in this report is consistent with the Annual Accounts Act and is therefore limited to the internal control of financial reporting. The purpose of the report is to give shareholders and other stakeholders an understanding of how the internal control is organised at Lindab with regards to financial reporting.

The Board of Directors' description of the internal control is based on the structure found in COSO's (Committee of Sponsoring Organisations of the Treadway Commission) framework for internal control. This report has been prepared against this background.

## Control environment and control instruments

In order to create and maintain a working control environment, the Board of Directors has established a number of fundamental documents that are important for the financial reporting. These specifically include the Board of Directors' rules of procedure, instructions for the CEO and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment resides with the CEO. He reports regularly to the Board as part of established routines.

The Board also has an Audit Committee serving as a preparatory forum which considers matters related to the Group's financial statements, internal control, reporting and accounting policies as well as the consequences of potential changes these matters. The Audit Committee has regular contact with the company's external auditors and is also responsible for verifying the auditors' independence and qualifications as well as following the agreed remuneration.

Lindab's internal control structure is based on a management system which is rooted in the Group's organisation and methods for running the business, with clearly defined roles, responsibilities and delegated authority. Guidance documents, such as policies and guidelines, including the adopted Code of Ethics, also play an important role in the control structure. The guidance documents relating to accounting and financial reporting make up the most important parts of the control environment with regard to the financial reporting.

## Risk assessment

The Group carries out an ongoing risk assessment to identify material risks. Lindab's risk management consists of identifying, measuring and taking an active position on the identified risks, with a view to either accepting, minimising or eliminating a potential risk based on the adopted strategy. Lindab has a risk management programme, Enterprise Risk Management (ERM), covering all parts of the business, including segments and the Group's individual operating functions. The aim is to work on the prevention of risks in a structured way and support steady improvements.

The main risk associated with the financial statements is considered to be material misstatements in the accounts, e.g. regard-

ing the accounting and valuation of assets, liabilities, income, expenses, assessments of complex and/or changed business relationships, etc. Further risks include fraud and losses as a result of embezzlement. Risk management is built into every process, while various methods are used to evaluate and limit risks, and ensure that the risks to which Lindab is exposed are managed according to established policies, instructions and follow-up procedures. The aim is to minimise material risks and promote accurate accounting, reporting and disclosure of information.

## Control activities

Control activities are designed to manage the risks that the Board of Directors and management consider to be significant for the business, the internal control and the financial reporting. Effectiveness and reliable processes are essential to ensuring compliance with applicable rules, regulations and guidelines.

The control structure consists of clear roles within the organisation that allow for efficient division of responsibilities for specific control activities, the aim being to discover and prevent any risk of reporting errors. Such activities may include clear decision-making processes for major decisions such as acquisitions, major investments, divestments, agreements and analytical follow-ups.

Another important task for Lindab's organisation is to implement, develop and maintain the Group's control routines, focusing on critical business issues. Process managers at various levels are responsible for implementing the necessary controls regarding the financial reporting. The accounting and reporting processes include controls pertaining to valuation, accounting policies and estimates. All reporting units have their own controllers/financial managers who are responsible for ensuring accurate financial reporting. Continual analysis of the financial reporting in the individual unit, together with the analysis performed at Group level, is important to ensure that the financial statements are free from material misstatement. The Group's controller organisation plays an important role in the internal financial control process and is responsible for ensuring that the financial reporting for each unit is accurate, complete and timely.

## Information and communication

Lindab has internal information and communication channels aimed at promoting completeness and accuracy in the financial statements, for example by means of guidance documents such as internal guidelines, directives and policies. Regular updates and communication concerning changes in accounting policies, reporting requirements or other types of information are made available and known to the employees concerned. The organisation has access to all key documents on internal control and governance via the Group's intranet (Lindnet).

The Board of Directors receives financial reporting on a regular basis. External information and communication is governed by the company's Communication Policy which describes Lindab's general principles for disclosure of information.

## Follow-up

The Group's compliance with adopted policies and guidelines is followed up by the Board of Directors and Executive Management. The company's financial situation is discussed at every Board meeting.

The Board's Remuneration Committee and Audit Committee play an important role in matters concerned with remuneration, financial statements and internal control.

Before the publication of interim and annual reports, the Audit Committee and the Board of Directors review the financial statements. Lindab conducts monthly performance follow-ups, analysing deviations from the budget, forecasts and previous years. The findings of the preliminary audit of the Q3 report, the audit of the annual accounts and the examination of the administration of the Board of Directors and the Managing Director are also reported to the Board of Directors by the external auditors. The auditors usually attend two Board meetings per year.

Lindab has identified three main areas (CSR, internal control and compliance) within corporate governance and has set up a Cor-

porate Governance Committee, which is primarily responsible for ensuring good corporate governance within the Group.

#### Internal audit

Lindab has an internal audit function which is an integral part of the Group's central financial organisation and is maintained by an external party. This function reports to Lindab's Executive Management on an ongoing basis and to the Audit Committee at least once a year. The direction and scope of the internal audit work is determined by the Audit Committee. The internal audit is designed to ensure that the Group's targets are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations.

Båstad, March 15, 2020  
Board of Lindab International AB (publ)

## Auditors' opinion on the Corporate Governance Report

To the Annual General Meeting of Lindab International AB (publ) corporate identification number 556606-5446

#### Engagement and responsibility

It is the Board of Directors who is responsible for the Corporate Governance report for the financial year 2019 on pages 36–48 and that it has been prepared in accordance with the Annual Accounts Act.

#### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *Auditor's examination of the corporate governance report*. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International

Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

#### Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, March 15, 2020  
Deloitte AB  
Hans Warén  
Authorised Public Accountant



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# Directors' Report

- Net sales for 2019 increased to SEK 9,872 m (9,326). The total increase was 6 percent (13), of which 3 percent (8) related to organic growth.
- Adjusted operating profit increased to SEK 915 m (634).
- The Board of Directors proposes a dividend of SEK 3.60 (1.75).

**The Board of Directors and CEO of Lindab International AB (publ.), corporate identity no. 556606-5446, registered in Sweden, with its head office in Båstad, hereby present their Annual Report for the financial year 2019.**

Lindab International AB constitutes the parent company of the Lindab Group. The Lindab share is listed on Nasdaq, Stockholm, Mid Cap under the ticker symbol LIAB.

## The business

Lindab develops, manufactures, markets and distributes products and system solutions for improved indoor climate and simplified construction. The product portfolio includes complete ventilation, cooling/heating systems and products, construction products such as rainwater systems, roof and wall products as well as industrial buildings. Lindab also offers complete, ready-to-use steel construction systems. All products are characterised by high quality, ease of assembly, energy efficiency, environmentally friendly design and are delivered with high service level. Altogether, this creates more added value for the customers.

A strategic review of the non-ventilation related business was carried out in 2017-2018. This evaluation resulted in a restructuring, where the former business area Products & Solutions was divided into two new business areas as of January 1, 2019: Ventilation Systems and Profile Systems. The aim of this change was to increase the transparency and focus on the respectively underlying business orientation as well as ensure an operational organisational structure that supports Lindab in its strategic control and monitoring of business operations. In terms of accounting, the change has resulted in that from 2019 Lindab reports on three separate segments (Ventilation Systems, Profile Systems and Building Systems) as opposed to the previous two (Products & Solutions and Building Systems).

Lindab's operations are managed through a matrix organisation where the basis for the external reporting structure is the different customer offerings provided by each segment. Ventilation Systems mainly offers ventilation-related products and indoor climate solutions. Profile Systems offers products and systems in sheet metal for rainwater systems, products for roofs and walls as well as steel profiles. Building Systems produces and sells complete pre-engineered steel building systems. From a matrix perspective, Lindab's business is also based on a geographically distributed sales organisation supported by a number of product and system areas. From a market perspective, the Group's business is centred primarily in Europe and the CEE/CIS-region and Lindab has a good market share in most of the geographical areas where the Group is represented.

## Financial targets and target fulfilment 2019

Lindab's ambition is to create value for people and the environment, but the Group also aims to create value for the shareholders and other stakeholders based on a business model with clear financial targets. For several years, Lindab has been working towards financial targets decided by the Board of Directors within the categories of growth, profitability and debt ratio. The underlying purpose of these targets has been to create long term value for shareholders, increase Lindab's financial strength and enable the Group's future strategic investments.

In the autumn of 2019, the Board of Directors decided to review Lindab's financial targets, to consider the implications of implementing IFRS 16 Leases. This process resulted in the Board of Directors decision to update on the following financial targets for the Group:

- The annual growth rate should be 5–8 percent, as a combination of organic and acquired growth.
- The operating margin (EBIT) should average at 10 percent over a business cycle, excluding one-off items and restructuring costs.
- The net debt EBITDA ratio should not exceed 3.0, measured over a 12 month average.

In addition to the updated financial targets, the Board of Directors also decided to amend the dividend policy with aim to increasing future dividend options for shareholders. Lindab's dividend policy now states that the proposed dividend should equal at least 40 percent of the company's profit after tax for the year, taking to account the company's financial position, acquisition opportunities and long term financial needs.

## Financial key performance indicators

<i>Amounts in SEK m unless otherwise indicated</i>	2019	2018	Change, %
Net sales	9,872	9,326	6
Growth, of which:			
Organic growth, %	3	8	
Acquired/divested, %	0	1	
Currency effects, %	3	4	
Operating profit before depreciation and amortisation/EBITDA <sup>1)</sup>	1,315	715	84
Adjusted operating profit <sup>1)2)</sup>	915	634	44
Operating profit <sup>1)</sup>	915	547	67
Earnings before tax <sup>1)</sup>	881	531	66
Profit for the year <sup>1)</sup>	678	394	72
Earnings per share, SEK	8.89	5.16	
Dividend per share, SEK	3.60 <sup>3)</sup>	1.75	
Cash flow from operating activities <sup>1)</sup>	1,017	593	72
EBITDA margin, % <sup>1)</sup>	13.3	7.7	
Adjusted operating margin, % <sup>1)2)</sup>	9.3	6.8	
Operating margin, % <sup>1)</sup>	9.3	5.9	
Shareholders' equity	5,027	4,464	13
Net debt <sup>1)</sup>	1,771	1,052	68
Return on shareholders' equity, % <sup>1)</sup>	14.3	9.1	
Return on capital employed, % <sup>1)</sup>	13.6	9.4	
Net debt/EBITDA, excluding one-off items and restructuring costs <sup>1)</sup>	1.6	1.6	
Net debt/equity ratio, times <sup>1)</sup>	0.4	0.2	
Average number of employees	5,202	5,126	1

1) Reported outcome for 2019 includes the impact of the implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

2) Adjusted for one-off items and restructuring costs, see table on page 59.

3) Board of Directors' proposed dividend for 2019.

Lindab's sales growth, adjusted for currency, was 3.3 percent (8.9) and this growth was primarily due to organic growth. Operating profit developed positively and the operating margin, excluding one-off items and restructuring costs, increased to 9.3 percent (6.8). At the end of the year, the ratio of net debt to EBITDA was 1.6 (1.6). Adjusted for IFRS 16, which has a significant impact on this key performance indicator, the ratio of net debt to EBITDA was 1.0.

Lindab's Board of Directors proposes that the Annual General Meeting approves a dividend of SEK 3.60 (1.75) per share, corresponding to a dividend of SEK 275 m (134) and approximately 40 percent (34) of net profit. This proposal is in line with the updated dividend policy.

### Business combinations

Ductmann Ltd., a UK manufacturer and distributor of rectangular and fire rated ductwork for ventilation systems, was acquired in April. The acquisition was a natural step for Lindab to further strengthen the product offering in the UK. In July, Lindab divested its Dutch subsidiary, Lindab Door B.V. The company's business activities mainly relate to sales and assembly of industrial doors in the domestic market. The divestment was in accordance with Lindab's strategy to focus on long term sustainable and profitable growth.

In addition to the above mentioned acquisition and divestment, the Group's legal structure was also affected by two liquidations that were part of the process of reviewing Lindab's consolidated structure.

No acquisitions or divestments were made by Lindab in 2018.

For further information on acquisitions and divestments during the year, see Note 5.

### Research and development

Lindab is a driver in the development of more effective and resource-efficient constructions. The focus is, among other things, on finding solutions that will increase the degree of standardisation in construction projects, contribute to lower resource consumption and create a better indoor climate. This includes the development of software and new technologies to facilitate the planning process for customer projects and installations. Research and development projects are carried out in-house as well as in cooperation with suppliers and universities, in areas that include indoor climate, materials strength and health and environmental aspects.

Lindab set up a new innovation centre (Innovation Hub) in Helsingborg, Sweden during the year. New technologies and new business models will be tested at the new innovation centre and these are expected to create several new customer offerings over the next few years. The innovation centre will complement the Group's research and development activities with an even clearer focus on digitisation. Lindab's product development is mainly focused on the development of a number of technology platforms. These platforms will act as the base upon which future demand based segment adjustments can be built.

The pace of innovation was high during the year which resulted in the launch of ventilation solutions such as the next generation of UltraLink. In addition, new generations and upgrades of Group IT solutions and project support were launched at a steady rate. The aim is to simplify every stage of the design and construction process in order to contribute with and increase the level of quality and profitability for all parties

involved. In the construction area, a new roof system with integrated solar cells was introduced.

During 2019, research and development costs amounted to SEK 64 m (72), of which SEK 40 m (41) related to Ventilation Systems, SEK 14 m (19) to Profile Systems and SEK 10 m (12) to Building Systems. The number of people employed in the Group's product development departments totalled 67 (78), of whom 39 (43) were in Ventilation Systems, 16 (21) in Profile Systems and 12 (14) in Building Systems.

### Personnel and personnel development

In 2019, the average number of employees in Lindab was 5,202 (5,126), an increase of 76 people. The number of employees at the end of the year was 5,196 (5,071), which is an increase of 125 people compared with the previous year. Adjusted for acquisitions and divestments, the number of employees increased by 102. The average number of employees in Sweden was 1,125 (1,143), which corresponds to 22 percent (22) of all employees in the Group. For further details on the average number of employees and personnel costs, see Note 6.

Lindab is continually working to build a uniform culture within the organisation and promote professional working methods through Group-wide guidelines and principles, such as a code of conduct and equal opportunity policy. In order to secure a solid platform for its business while at the same time making the most of the employees' strengths, Lindab has standardised processes and tools for performance appraisals, job descriptions, succession planning and competence development.

### Guidelines for remuneration of senior executives

Details of the remuneration principles for senior executives recently approved by the Annual General Meeting are to be found in Note 6. For the Board of Directors' suggested guidelines that will apply from the next Annual General Meeting, see Note 6.

### Profit sharing foundation

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for annual payment of contributions into a profit sharing foundation. These provisions are based on the earnings of the Swedish group companies. In 2019, provisions amounted to SEK 7 m (7), including special employers' contributions. At the end of 2019, the profit sharing foundation held 467,000 shares (272,500) in Lindab. In addition to the Swedish profit sharing scheme, there is also a small profit sharing scheme in one of Lindab's French companies. See also Note 6.

### Sustainability report

Sustainability is taken very seriously in Lindab's business operations. Sustainability work continued in 2019 and details of this are provided in Lindab's Sustainability Report on pages 112-124. The auditor's report on the statutory Sustainability Report can be found on page 107. There is an index on page 124 with references indicating where information about the various subjects covered by the Sustainability Report in accordance with the Annual Accounts Act (1995:1554) can be found in the Annual Report.

### Environment

#### Consistent environmental work

Lindab gives priority to working actively to minimise the environmental impact of the Group's operations and products, and consequently, the Group's environmental policy forms the basis for Lindab's environ-

mental work. As part of these efforts, all of Lindab's major production units are certified under the ISO 9001 quality management system and the ISO 14001 environmental management system.

### Products

Lindab is working actively on product development as well as continuous improvements to existing products. The objective is to gradually develop new products that improve the customers' environmental performance and are energy efficient. Lindab's circular duct systems, Lindab Safe and Lindab Safe Click, are certified by Eurovent in the maximum air tightness class, class D, which is considered a clear quality stamp.

### Environmental permits

The majority of Lindab's production units do not normally fall under specific environmental regulations or permits. The companies report to the regulatory bodies in each country in accordance with local regulations.

In Sweden, operating permits are required for the production unit in Grevie. The permit relates to facilities where metalworking is performed mechanically and where the total tank volume for oils in the metalworking machines is greater than 20 m<sup>3</sup>. Other Swedish operations are either obliged to declare or do not require permits.

### Environmental dimension

Lindab's production of steel products has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. The company controls, monitors and addresses any issues in consultation with the local authorities. The waste products generated during production consist primarily of scrap metal which is recovered completely. Other waste is recycled up to 90 per cent. Anything not used is sorted and disposed of in accordance with applicable regulations.

### Climate impact

Lindab's climate impact comprise energy consumption as well as transportation and consumption of raw materials. Several projects focusing on energy efficiency and reducing scrap volumes are being conducted within the Group.

### Corporate governance

See the Corporate Governance Report on pages 36-48.

### Risks and risk management

Exposure to risk is, to a certain extent, part of the business activities. Lindab's risk management consists of identifying, measuring and trying to prevent risks from occurring, and continually making improvements to minimise potential risks. For the Group, risk prevention is principally aimed at preventing potential risks from developing into damage and/or losses. If Lindab does not succeed, the next step is to mitigate the effect of damage that has already occurred.

The Group's risks have been divided into four main risk areas; Operational risks, Strategic risks, Financial risks and Compliance risks. The probability of each risk and its impact on Lindab's business is assessed continuously with a subsequent action plan. Reporting, monitoring and control are conducted through formally established procedures and processes. The Group's main identified risk areas are described below.

### Operational risks

#### *Steel price development*

Lindab purchases large quantities of steel, mainly in the form of sheet metal, and is influenced by developments in the market for raw materials. The purchasing strategy developed by Lindab is based on long standing relations with the most important suppliers of steel and sheet metal, enabling the company to purchase directly from steel mills rather than intermediaries. Lindab's close relationship with steel mills has also enabled it to develop special grades of steel and specific finishes that are adapted to the company's systems and products. Lindab only purchases steel to meet stock holding requirements and does not speculate or hedge on future steel prices.

Lindab has chosen to centralise all steel purchasing in order to achieve economies of scale, secure competitive prices and terms with steel mills. A thorough internal review is also being conducted to enable the Group to react and adapt its prices to customers in the event of price increases at the purchasing stage that cannot be absorbed by the organisation through rationalisation. High volatility in the purchase price of steel entails a certain profitability risk as offsetting through customer prices may be delayed.

#### *Stoppages*

Lindab may be affected by stoppages due to various reasons such as breakdowns and strikes, as well as other reasons outside of the Group's control. Due to its global presence, the Group has the ability to move its operations to other locations if any unit would be negatively affected, thereby ensuring that any projects undertaken are completed.

The Group's global insurance programmes cover property damage, stoppages and breakdowns.

#### *Bad debt losses*

Lindab sells its products to a large number of customers, which means that the Group has limited exposure to individual bad debt losses. However, there is always a risk that customers' financial position may change, which can negatively impact their ability to pay, which may in turn, result in Lindab not receiving payment for products sold. In order to minimise the risk of bad debt losses, a number of companies within the Group have insured receivables against bad debt losses. Furthermore, the Group obtains credit information about customers whenever possible. Lindab's single largest customer accounts for 1.9 per cent (2.1) of the Group's annual sales.

For two years now, Lindab has been using a valuation method for calculating bad debt loss provisions which is based on expected bad debt losses instead of anticipated losses. In practice, this means that the Group categorises its outstanding accounts receivable in six different levels depending on due date, ranging from accounts receivable that are not due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss of between 0.4 per cent (0.2) and 95.4 per cent (95.2). Accounting loss provisions are formed based on these expected degrees of credit loss. Degrees of credit loss are estimated based on the Group's own experience, but also reflect future expectations of different payment structures given the economic climate etc. In addition to the model-based provisions for credit losses, individual assessments are also made of accounts receivable as soon as there are indications of an increased risk of loss on individual commitments. In this way, the Group works actively on an ongoing basis to reflect known information in total reported provisions for

anticipated credit losses in the best possible manner. For further information on the valuation of accounts receivable, see Note 2 and Note 23.

Based on the described valuation method, the provision for expected bad debt losses amounted to SEK –98 m (–92) at the end of the financial year. During the year, earnings were affected by costs for expected and actual bad debt losses corresponding to 0.2 percent (0.2) of the Group's total net sales, see Note 23.

#### *Disputes*

The financial risk associated with disputes relates to the costs that may arise from the Group's involvement in various legal disputes. The responsibility for monitoring and guiding the legal risk management lies with Lindab's legal department led by the Group's General Counsel. During the year, Group companies were only involved in minor disputes that are directly related to the business. In the previously reported intellectual property rights dispute between Swegon and Lindab, the parties reached an amicable settlement during the first quarter of 2019.

Within the segment of Building Systems, provisions are regularly made for potential future claims. Provisions are mainly based on the historical costs incurred by Building Systems for various claims. In addition, provisions are made, both within Ventilation Systems, Profile Systems and Building Systems, for disputes that are deemed likely to result in a risk of having to pay compensation. Warranty provisions at the end of the financial year amounted to SEK –18 m (–15). For more information, see Note 26.

#### *IS/IT*

Lindab harmonises business processes and consolidates the Group's IS/IT systems with the aim of establishing an efficient and sustainable value chain that offers customer and market segments delivery and service at a competitive price.

To ensure high availability and disaster preparedness and to minimise the risk of disruptions to critical business systems, IS/IT security solutions have been implemented and the relevant degree of redundancy in IT infrastructure equipment has been established (communication lines, servers, storage and server rooms).

Regular risk analyses are conducted of critical IS/IT systems, including identification, analysis and mitigation measures.

A Group wide project methodology has been implemented to ensure uninterrupted implementation when rolling out harmonised business processes with the support of common consolidated IS/IT systems.

### **Strategic risks**

#### *Competition*

In the various markets, Lindab competes against a large number of small companies and a small number of relatively large national and multinational companies. The company's competitors include Ruukki Construction, Tata Steel, Arcelor Mittal Construction, Marley, Balex Metal, Budmat, Pruszynski, Fläkt Woods, Swegon, Systemair, Trox, Goldbeck and Llentab.

To face this competition, Lindab has opted to use highly automated central production units for volume products. These products can be easily transported. This is combined with smaller, local production units for products that require local adaptation. Local production is also

applied for bulky products in order to reduce transport costs and achieve greater sustainability in the process.

Through a well developed distribution network, Lindab can stay informed of changes, trends and new demands from customers and lay the foundations for the adaptation of products, systems solutions and services.

Lindab's primary raw material is steel, mainly in sheet metal form, and Lindab's competitive strength is partially affected by changes in the price of raw materials.

Lindab is continuously rationalising production, distribution and organisation to maintain its competitive edge. Steel has many advantages over competing materials such as plastic and concrete. Customer campaigns also have an influence on customers' product choices. Lindab is working towards building long term relationships with customers and to provide added value by simplifying construction through the use of Lindab's products and system solutions.

#### *Customer behaviour*

Demand for Lindab's products is affected by changes in customers' investment plans and production levels. Customers' investments can change if the political or economic situation in a country or an industry changes. Lindab has its own operations in 31 countries, which balances the various country specific risks in the construction industry. However, since construction is a cyclical industry, it is not possible to protect against a downturn in the global economy. The current economic climate in Europe is affecting the majority of Lindab's markets and therefore has an impact on Lindab. Similarly, any political unrest or instability may have an effect on Lindab.

#### *Macro-economy/market*

Lindab's business is late in the construction cycle, with approximately 80 percent of sales related to the non-residential construction market and a range of products and solutions that are mostly installed at a later stage of the construction process. Generally, over time the construction market follows overall GDP growth, although with greater fluctuation. The market for non-residential construction is often somewhat later in the business cycle than residential construction as the projects involved are generally larger and extend over longer lead times.

During normal business cycles, this allows Lindab some flexibility to manage capacity planning. However, in the event of macroeconomic crises, such as the financial crisis of 2008, the opposite generally occurs with rapid and significantly greater fluctuations in construction activity compared with the general economy.

Lindab's sales volume in the UK and Ireland was affected during the year by the uncertainties surrounding Brexit. This prompted Lindab to fill its products on stock in the UK during the year as a precautionary measure in order to meet market demand in the event of Brexit. Lindab also made a company acquisition to further consolidate the Group's position in the market. Lindab follows the Brexit process closely in order to take the necessary action in the event of a rapid change in the construction activity.

### **Financial risks**

For a description of financial risks, see Note 3.

## Compliance risks

### Taxes

Lindab has operations in many different countries, mainly in Europe, and has noted that the tax laws and their application have become more complex. Predictability has declined and it is increasingly important to have up-to-date and fully functional systems and processes for managing taxes and levies.

Within the field of income taxes, focus is also on transfer pricing issues, which relate to the prices agreed in cross-border transactions between related companies. Internal prices impact revenues and costs and thereby taxable profits in the countries where the companies operate. The internationally accepted view is that the conditions should be consistent with what would be agreed between independent parties, known as the arm's length principle. Most of the countries where Lindab operates are members of the OECD. Lindab is continuously working to ensure that the Group complies with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, in terms of pricing, documentation and in general.

Lindab is also working to develop and adapt procedures to identify tax risks and manage them effectively. Lindab has regular contact with tax advisers for the interpretation of tax laws and to assess how various issues should be handled. An incorrect treatment could impact Lindab through higher operating expenses or tax expenses together with interest and penalties.

The Group is not involved in any tax disputes that could have a material negative impact on the Group's result or financial position.

### Environment

Lindab is actively working to minimise the environmental impact created by the Group's operations and products. Lindab's Environmental policy is a key document that forms the basis for the Group's environmental work. Lindab's production of steel products has a minimal environmental impact. In cases where there is a risk of environmental liability, an assessment is made to determine whether a provision is required. No provisions were made for anticipated future environmental liabilities in 2019. The waste products generated through production consist mainly of scrap metal which is recovered completely and other waste, of which up to 90 percent is recycled. Anything not used is sorted and disposed of in accordance with applicable regulations.

In order to protect the company and third parties in the event of environmental accidents, Lindab has environmental insurance where required by local law, and in some cases this has been extended to include voluntary insurance environmental liability. The insurance includes liability for damages that are part of or are the result of environmental damage.

### Business ethics

Lindab's reputation is a valuable asset that can be influenced by Lindab's actions as well as by external stakeholders. The Group strives to avoid engaging in conduct that might jeopardise Lindab's good standing. Lindab aims to be a good corporate citizen wherever the Group is active. A Code of Conduct has been formulated and implemented in the Group to ensure that all employees in Lindab's markets follow best business practice.

In the construction industry and in the various geographical markets where Lindab operates, there are some players whose conduct is not

consistent with good business practice. Lindab has long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Lindab has zero tolerance towards corruption and an anti-corruption policy exists to ensure that conduct which might be regarded as corruption does not take place in the Group.

### Working environment

A good and safe working environment is a strategic issue for the Group. Lindab's work environment policy is implemented in the Group with clearly defined responsibilities for both managers and employees. Emphasis is placed on preventive work, which is done in cooperation amongst Management, employees, the safety organisation and occupational health organisation.

Accidents that resulted in time lost from work of at least one day are monitored and reported as LTIF (Lost Time Injury Frequency). During the period 2016 to 2019, LTIF increased from 8.9 to 10.7. In the event of serious accidents involving a risk of permanent disability, the President and CEO is informed within 24 hours and corrective and preventive actions are followed up and implemented within two weeks. There were three serious accidents in 2019, the same number as in the previous year. Lindab follows up incidents closely to ensure that the people affected receive the best possible support in their return to work.

### Share capital

On December 31, 2019, the share capital amounted to SEK 78,707,820 consisting of 78,707,820 class A shares only. All shares have a value of SEK 1.00.

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

A share option programme for senior executives and other key persons in the Lindab Group was resolved at the 2019 Annual General Meeting. Under this programme, 175,000 share options were issued and acquired by senior executives and other key persons in Lindab in accordance with a market valuation based on established agreements. Each share option entitles the holder to acquire one share in Lindab at an exercise price of SEK 120.00 at a specified time in summer 2022.

A warrant programme for senior executives was resolved at the Annual General Meeting in 2017 and 2018 respectively. 75,000 warrants were issued in the first programme, which entitles holders to subscribe for one share per warrant at a certain point in summer 2020 at an exercise price of SEK 108.80. 135,000 warrants were issued in the following programme, which entitles holders to subscribe for one share per warrant at a certain point in summer 2021 at an exercise price of SEK 86.40. At the end of 2019, there were 25,000 outstanding options from the 2017 warrant programme and 110,000 options from the 2018 programme. The remaining issued warrants are in Lindab's possession. For further information, see Note 6.

All shares have the same right to dividend and surplus in the event of liquidation and they entitle the holder to one vote at Lindab's Annual General Meeting. However, treasury shares are not entitled to dividend. According to Lindab's Articles of Association, issued share capital must not fall below SEK 60 m or exceed SEK 240 m, and the number of shares must not fall below 60,000,000 or exceed 240,000,000.

There are no restrictions in law or in the Articles of Association relating to the transferability of shares.

On December 31, 2019, the company had a market capitalisation of SEK 9,129 m (4,847) and 7,967 shareholders (6,400). Creades, which was formerly the largest shareholder, sold its holding in 2019. The new largest shareholder at the end of the year was Lannebo Fonder with 9.3 (10.1) percent of the number of outstanding shares. It was followed by Fjärde AP-fonden with 8.2 percent (9.8), AFA Försäkring with 5.2 percent (4.0), Handelsbanken Fonder with 4.6 percent (4.9) and Livförsäkringsbolaget Skandia with 4.4 percent (5.0). The five largest shareholders together hold 31.7 percent (40.4) of the share capital and voting rights. The ten largest holdings constitute 49.1 percent (59.9) of the shares, excluding Lindab's own holding.

There are no restrictions on how many shares a shareholder can represent at an Annual General Meeting. Lindab is unaware of any agreements between shareholders that may result in restrictions in their right to transfer shares.

The Articles of Association state that the Board members are elected at the Annual General Meeting. The appointment and dismissal of Board members are otherwise governed by provisions in the Companies Act and the Code of Corporate Governance. In addition, the Companies Act states that changes to the Articles of Association, as appropriate, should be resolved at general meetings.

## Dividends

### Dividend policy

In 2019, the Board of Directors also decided to amend the dividend policy with a view to increasing future dividend options for shareholders. Lindab's dividend policy now states that the proposed dividend should equal at least 40 percent of the company's profit for the year, taking into account of the company's financial position, acquisition opportunities and long term financial needs.

### Proposed appropriation of profits for the financial year 2019

Lindab's Board proposes to decide at the Annual General Meeting on April 29, 2020 on a dividend of 3.60 SEK per share, which is in line with the company's dividend policy and results in a dividend of SEK 275 m in total. The proposed reconciliation date for dividend rights is May 4, 2020, whereupon it is estimated that payment of dividends to shareholders will take place on May 7, 2020.

#### At the disposal of the Annual General Meeting:

SEK	2019
Profit brought forward	2,435,761,475
Profit for the year	6,239,207
<b>Profit carried forward</b>	<b>2,442,000,682</b>

#### The Board of Directors proposes the following appropriation of profits:

SEK	
Dividend to shareholders, SEK 3.60 per share	274,795,135
To be carried forward	2,167,205,547
<b>Total</b>	<b>2,442,000,682</b>

# Net sales and profit

- Net sales increased by 6 percent to SEK 9,872 m (9,326), of which organic growth amounted to 3 percent and currency had a positive impact of 3 percent.
- Adjusted operating profit increased by 44 percent to SEK 915 m (634). Operating profit amounted to SEK 915 m (547).
- Profit for the year amounted to SEK 678 m (394), an increase of 72 percent. Reported earnings per share was SEK 8.89 (5.16).

## Net sales

Net sales amounted to SEK 9,872 m (9,326), which was an increase of 6 percent compared with the previous year. Organic growth amounted to 3 percent. Currency effects impacted sales positively by 3 percent, while acquisitions and divestments had an unchanged impact of 0 percent. Foreign net sales increased by 8 percent and amounted to SEK 7,682 m (7,133), corresponding to 78 percent (76) of the Group's total sales.

Lindab has own operations in 31 countries (32) and the geographical breakdown of total sales in 2019 was 43 percent (45) in the Nordic region, 35 percent (33) in Western Europe, 21 percent (20) in CEE/CIS and 1 percent (2) in other markets.

Lindab recognised positive organic growth in all quarters of 2019. The largest segment Ventilation Systems had an organic growth of 1 percent for the year. Organic growth in Profile Systems was marginal, while sales in Building Systems increased by 23 percent. The sales trend in Ventilation Systems and Profile Systems was particularly strong in Eastern Europe. The sales trend in Building Systems was particularly strong in Western and Eastern Europe.

## 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 biggest seasonal variations were evident in the Profile Systems and Building Systems segments. Ventilation is installed mainly indoors, consequently the Ventilation Systems segment is less dependent on seasons and weather.

## Gross profit

Gross profit increased by 12 percent to SEK 2,723 m (2,431). The gross margin amounted to 28 percent (26) of net sales.

## Other operating income

Other operating income amounted to SEK 69 m (75). This income primarily related to exchange rate gains on operating receivables/liabilities in both 2019 and 2018. In addition, capital gains on the disposal of fixed assets contributed to other operating income by SEK 5 m (5).

## Indirect costs

Selling and administrative expenses increased by 1 percent to SEK 1,733 m (1,708), equivalent to 18 percent (18) of net sales. Research and development expenses amounted to SEK 64 m (72), equivalent to 0.6 percent (0.8) of net sales.

## Other operating expenses

Other operating expenses amounted to SEK 80 m (179). The expenses largely consist of exchange rate losses on operating receivables/liabilities. Other operating expenses in the previous year included one-off items and restructuring costs of SEK –87 m, see one-off items on page 59.

## Depreciation/amortisation and impairment losses

Total depreciation/amortisation and impairment losses for the year, included in the costs per function (see Note 9) amounted to SEK 400 m (168), of which SEK 41 m (30) related to intangible assets. Of this, SEK 9 m (7) related to amortisation of the consolidated surplus value in intangible assets. Adjusted for the impact of IFRS 16, depreciation/amortisation for the period, excluding impairment losses, was in line with the previous year at SEK 174 m. Impairment losses amounted to SEK 12 m (0) and mainly related to intangible assets from previous business combinations.

## Operating profit

Operating profit increased to SEK 915 m (547). This improvement was mainly due to strengthened gross margin in Ventilation Systems and Profile Systems as well as to relatively stable underlying costs compared with the previous year. Adjusted operating profit and operating margin increased to SEK 915 m (634) and 9.3 percent (6.8) respectively. Adjusted for IFRS 16, the corresponding operating profit was SEK 888 m and the operating margin 9.0 percent.

No one-off items or restructuring costs were recognised in the financial

## Net sales and growth

	2019	2018	2017
Net sales, SEK m	9,872	9,326	8,242
Change, SEK m	546	1,084	393
Change, %	6	13	5
Of which			
Organic growth, %	3	8	4
Acquisitions/divestments, %	0	1	0
Currency effects, %	3	4	1

## Net sales by region

SEK m	2019	%	2018	%	2017	%
Nordic region	4,236	43	4,198	45	3,752	46
Western Europe	3,445	35	3,057	33	2,699	33
CEE/CIS	2,034	21	1,834	20	1,524	18
Other markets	157	1	237	2	267	3
<b>Total</b>	<b>9,872</b>	<b>100</b>	<b>9,326</b>	<b>100</b>	<b>8,242</b>	<b>100</b>



year compared with SEK –87 m in the equivalent period of the previous year. In the previous year, one-off items and restructuring costs mainly associated with the evaluation of structural alternatives, restructuring costs and measures associated with the cost reduction programme.

### Earnings before tax

Earnings before tax amounted to SEK 881 m (531), an increase of 66 percent. Financial items for the year amounted to SEK –34 (–16), a change of SEK –18 m compared with the previous year where of SEK –26 m related to the impact of implementing IFRS 16 Leases. Financial items improved during the year to SEK 8 m, excluding the impact of IFRS 16, mainly due to lower net debt and higher interest income.

### Taxes

The Group's tax expense for the year amounted to SEK –203 m (–137) and the effective tax rate amounted to 23 percent (26). Current tax amounted to SEK –208 m (–139) and deferred tax to SEK 5 m (2). The average tax rate was 21 percent (19). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The higher effective tax rate compared with the average tax rate is mainly due to withholding tax on dividends. Compared with the previous year, it should also be noted that Lindab was able to utilise tax loss carry-forwards generated in the previous year to a large extent in 2019. For further information, see Note 15.

### Profit for the year and earnings per share

Profit for the year amounted to SEK 678 m (394), corresponding to after-tax earnings per share (before and after dilution) of SEK 8.89 (5.16).

### Comprehensive income

Comprehensive income amounted to SEK 746 m (453). Comprehensive income includes Other comprehensive income, comprising translation differences arising when foreign operations are translated to SEK, the value of hedges of net investments, actuarial gains and losses regarding defined benefit plans and tax. Translation differences concerning foreign businesses and hedges of net investments accounted for most of the year-on-year difference. The development in translation differences was driven primarily by net investments in foreign subsidiaries. The actuarial impacts of defined benefit plans were largely attributable to changes in financial assumptions.

### Performance by segment

From 2019 onwards, the Group will report on operations in three segments, Ventilation Systems, Profile Systems and Building Systems. The distribution of net sales and operating profit by segment is shown in the table on page 58.

#### *Ventilation Systems segment*

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

Net sales amounted to SEK 6,018 m (5,786), which is an increase of 4 percent. 1 percent of this change is related to organic growth and currency effects made a positive contribution of 3 percent.

Sales increased in all geographical regions in 2019 apart from the smallest region, Other markets, which accounted for just 2 percent of Ventilation Systems total net sales. The organic growth distributed by prod-

uct area was varied in 2019. It was particularly good within air movement, whereas it was down slightly in indoor climate solutions and fire and smoke. The largest product area, ventilation products, showed organic growth.

Organic sales growth was marginal in the segment's largest region, the Nordic region, with individual differences within these markets. Finland showed particularly positive development, followed by Denmark. There was negative organic growth in Western Europe although the variation between the individual countries was considerable. Of the segment's four largest markets in the region (UK, France, Germany and Ireland), France and Germany reported organic growth, while sales volume in the UK and Ireland was adversely affected by Brexit. Sales growth was also positive throughout the year in the CEE/CIS-region, which accounts for 14 percent of the segment's sales, with organic growth in the region's three largest markets Poland, Hungary and the Czech Republic.

Adjusted operating profit increased by 29 percent to SEK 609 m (472); SEK 20 m of this increase is attributable to IFRS 16. Adjusted operating margin amounted to 10.1 percent (8.2). The improvement in operating profit is due primarily to a strong gross margin, but also to higher sales volume.

#### *Profile Systems segment*

Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, roof and wall products as well as steel profiles for wall, roof and beam constructions.

Net sales amounted to SEK 2,494 m (2,474), which is an increase of 1 percent. Organically, sales were unchanged and currency effects made a positive contribution of 1 percent.

Sales increased in all geographical regions in 2019 apart from the largest region, the Nordic region, which accounted for 72 percent of Profile Systems total net sales. The organic growth distributed by product area was varied in 2019. It was particularly positively for sheet metal and fastenings, but was slightly down in rainwater systems. The largest product area, roofs and walls, also had organic growth.

Organic sales growth was negative by 2 percent in the segment's largest region, the Nordic region, with individual differences within these markets. The region's largest market reported organic growth, while sales were negative in Norway, Denmark and Finland. Western Europe, which only accounted for 6 percent of the segment's sales, showed stable organic growth owing to strong organic growth in the region's two largest markets, Germany and UK. In the CEE/CIS-region, which accounts for 22 percent of the segment's sales, growth was also strong throughout the year, with organic growth in the region's three largest markets Hungary, Romania and the Czech Republic.

Adjusted operating profit increased by 36 percent to SEK 270 m (198); SEK 3 m of this increase is due to IFRS 16. Adjusted operating margin amounted to 10.8 percent (8.0). The improvement in operating profit is primarily due to a strengthened gross margin, but also to higher sales volume and lower underlying costs.

#### *Building Systems segment*

Building Systems offers complete prefabricated steel construction systems and proprietary IT software that simplifies the project planning and quotation process for designers and contractors.

Net sales amounted to SEK 1,360 m (1,066) in 2019, an increase of 28 percent. Sales increased organically by 23 percent and currency effects had a positive contribution of 5 percent.

The sales trend during the year varied considerably between the individual markets. The segment's two largest regions, CEE/CIS and Western Europe, both showed strong sales growth during the year. In the CEE/CIS-region, growth was mainly driven by the segment's two important markets, Russia and Poland. The sales and market situation improved in these countries during the year, particularly in Russia. However, sales declined in Belarus even though the order intake were particularly high

in the second half of 2019. The market situation in Western Europe improved significantly during the year with increased sales in most countries, including Germany – the segment's largest market. Sales to Africa declined during the year.

Adjusted operating profit amounted to SEK 85 m (9); SEK 4 m of this increase is due to IFRS 16. Adjusted operating margin amounted to 6.3 percent (0.8). The improvement in profit is mainly due to sales increase, although changes in exchange rates also had a positive impact on earnings.

### Net sales, operating profit and operating margin, percent by segment

SEK m	Net sales				
	2019	2018	2017	2016	2015
Ventilation Systems	6,018	5,786	-	-	-
Profile Systems	2,494	2,474	-	-	-
Products & Solutions <sup>1)</sup>	-	-	7,360	6,949	6,727
Building Systems	1,360	1,066	882	900	862
Other <sup>2)</sup>	-	-	-	-	-
<b>Total</b>	<b>9,872</b>	<b>9,326</b>	<b>8,242</b>	<b>7,849</b>	<b>7,589</b>

SEK m	Operating profit				
	2019 <sup>3)</sup>	2018	2017	2016	2015
Ventilation Systems	609	472	-	-	-
Profile Systems	270	198	-	-	-
Products & Solutions <sup>1)</sup>	-	-	590	565	504
Building Systems	85	9	-42	-12	16
Other <sup>2)</sup>	-49	-45	-37	-42	-57
<b>Total, adjusted for one-off items and restructuring costs</b>	<b>915</b>	<b>634</b>	<b>511</b>	<b>511</b>	<b>463</b>
One-off items and restructuring costs	-	-87	-19	-28	6
<b>Total, including one-off items and restructuring costs</b>	<b>915</b>	<b>547</b>	<b>492</b>	<b>483</b>	<b>469</b>

Percent	Operating margin				
	2019 <sup>3)</sup>	2018	2017	2016	2015
Ventilation Systems	10.1	8.2	-	-	-
Profile Systems	10.8	8.0	-	-	-
Products & Solutions <sup>1)</sup>	-	-	8.0	8.1	7.5
Building Systems	6.3	0.8	-4.8	-1.3	1.9
Other <sup>2)</sup>	-	-	-	-	-
<b>Total, adjusted for one-off items and restructuring costs</b>	<b>9.3</b>	<b>6.8</b>	<b>6.2</b>	<b>6.5</b>	<b>6.1</b>
One-off items and restructuring costs	-	-	-	-	-
<b>Total, including one-off items and restructuring costs</b>	<b>9.3</b>	<b>5.9</b>	<b>6.0</b>	<b>6.2</b>	<b>6.2</b>

1) In 2019, the former Products & Solutions was replaced by Ventilation Systems and Profile Systems. Comparative figure has been recalculated for 2018.

2) Costs of Group wide functions and activities.

3) Reported outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

## Consolidated statement of profit or loss

SEK m	Note	2019	2018
Net sales	7, 8	9,872	9,326
Cost of goods sold	6, 9, 10, 29	-7,149	-6,895
<b>Gross profit</b>		<b>2,723</b>	<b>2,431</b>
Other operating income	13	69	75
Selling expenses	6, 9, 10, 29	-1,184	-1,141
Administrative expenses	6, 9, 10, 11, 29	-549	-567
R&D expenses	6, 9, 10, 12	-64	-72
Other operating expenses	10, 13	-80	-179
<b>Total operating expenses</b>		<b>-1,808</b>	<b>-1,884</b>
<b>Operating profit</b>		<b>915</b>	<b>547</b>
Interest income	14	21	17
Interest expenses	14	-50	-26
Other financial income and expenses	14	-5	-7
<b>Financial items</b>		<b>-34</b>	<b>-16</b>
<b>Earnings before tax</b>		<b>881</b>	<b>531</b>
Tax on profit for the year	15	-203	-137
<b>Profit for the year</b>		<b>678</b>	<b>394</b>
- of which attributable to parent company's shareholders		678	394
- of which attributable to non-controlling interests		-	0
<b>Earnings per share, before and after dilution, SEK</b>	16	<b>8.89</b>	<b>5.16</b>

## Consolidated statement of comprehensive income

SEK m	Note	2019	2018
<b>Profit for the year</b>		<b>678</b>	<b>394</b>
<b>Items that will not be reclassified to the statement of profit and loss</b>			
Actuarial gains/losses, defined benefit plans		-51	-3
Deferred tax attributable to defined benefit plans	15	10	1
<b>Total</b>		<b>-41</b>	<b>-2</b>
<b>Items that will later be reclassified to the statement of profit and loss</b>			
Translation differences, foreign operations		131	108
Hedges of net investments		-28	-60
Deferred tax attributable to hedges of net investments	15	6	13
<b>Total</b>		<b>109</b>	<b>61</b>
<b>Other comprehensive income, net of tax</b>		<b>68</b>	<b>59</b>
<b>Comprehensive income</b>		<b>746</b>	<b>453</b>
- of which attributable to parent company's shareholders		746	453
- of which attributable to non-controlling interests		-	0

### Specification of one-off items and restructuring costs

2019	Ventilation Systems	Profile Systems	Building Systems	Other <sup>1)</sup>	Total
Adjusted operating profit	609	270	85	-49	915
One-off items and restructuring costs	-	-	-	-	-
<b>Operating profit</b>	<b>609</b>	<b>270</b>	<b>85</b>	<b>-49</b>	<b>915</b>
2018					
Adjusted operating profit	472	198	9	-45	634
One-off items and restructuring costs	-12	-5	-25	-45 <sup>2)</sup>	-87 <sup>2)</sup>
<b>Operating profit</b>	<b>460</b>	<b>193</b>	<b>-16</b>	<b>-90</b>	<b>547</b>

1) Costs of Group wide functions and activities.

2) Operating profit has been adjusted for the following one-off items and restructuring costs which are reported as other operating income and other operating expenses. SEK -87 m relating to evaluation of structural alternatives, restructuring costs and measures associated with the cost reduction programme, where SEK -45 m is related to central costs.

# Cash flow

- Cash flow from the operating activities amounted to MSEK 1,017 (593).
- Cash flow related to investments in tangible fixed assets amounted to SEK –264 m (–104).
- Acquisitions and divestments of subsidiaries impacted cash flow to the amount of net SEK –34 m (-).

## Cash flow from operating activities

Cash flow from operating activities increased compared with the previous year and amounted to SEK 1,017 m (593). Adjusted for IFRS 16, corresponding cash flow amounted to SEK 803 m. The difference of SEK 424 m (183) was primarily attributable to the increase in underlying operating profit of SEK 368 m (55) and IFRS 16 had a positive impact of SEK 214 m as lease payments were mainly included in financing activities. However, the strengthened cash flow was offset by working capital with a higher capital commitment of net SEK –95 m (103).

Changes in working capital amounted to SEK –92 m (3) during the year. Compared with the previous year, it was primarily the development of operating receivables that influenced this outcome and mainly the higher capital commitment of accounts receivable. Overall, changes in operating receivables impacted cash flow by SEK –20 m (63), stock had an impact on cash flow of SEK –87 m (–71) and operating liabilities of SEK 15 m (11). The higher amount of capital tied up in stock was partly due to the Group's increased requirements for delivery precision.

## Items not affecting cash flow

Items not affecting cash flow include depreciation/amortisation and impairment losses, unrealised exchange rate differences and provisions. Realised gains and losses resulting from the sale of assets are eliminated since the cash flow effect from the disposal of these fixed assets and operations is reported separately under cash flow from investing activities.

In relation to the previous year, recognised depreciation/amortisation and impairment losses increased significantly and amounted to SEK 400 m (168). The main reason for the change is the impact from the implementation of IFRS 16. Adjusted for this new standard, depreciation/amortisation and impairment losses for the year amounted to SEK 186 m.

## Cash flow from investing activities

The Group's investments in tangible assets and intangible fixed assets affected cash flow by SEK –278 m (–120). The significant increase was mainly due to an intensified investment pace in production automation in order to achieve greater capacity, efficiency and safety. In addition, the Group acquired the previously leased property in Switzerland, for a purchase price of SEK 45 m (-).

Investing activities were also impacted by a positive cash flow of SEK 12 m (15) owing to the disposal of intangible assets and tangible fixed assets. This positive cash flow mainly related to divestments of property.

Net cash flow from investing activities amounted to SEK –266 m (–105), excluding acquisitions and divestments of subsidiaries.

## Business combinations

In April, Lindab acquired the British ventilation company, Ductmann Ltd., which manufactures and distributes rectangular and fire rated ductwork for ventilation systems. The total purchase price associated with the acquisition was settled at once and resulted in a payment to the seller impacting cash flow by SEK 61 m (-). At the time of the acquisition, the company had a cash balance position of SEK 28 m (-), i.e. the impact on the Group's cash flow amounted to net SEK 33 m.

In July, Lindab divested its Dutch subsidiary, Lindab Door B.V. The company is mainly involved in sales and assembly of industrial doors. Most of the total purchase price was settled in autumn and resulted in an addition of just under SEK 3 m (-) to liquid assets. At the time of the divestment, the company had liquid net assets of SEK 1 m (-), i.e. the impact on the Group's net cash flow amounted to SEK 2 m.

In addition to the aforementioned transactions, Lindab's cash flow attributable to business combinations was also impacted by the cash settlement of previously agreed contingent consideration. These additional purchase prices amounted to SEK 3 m and related to the acquisition of A.C. Manufacturing Ltd. in December 2017.

For further information on business combinations, see Note 5.

## Financing activities

Cash flow from financing activities amounted to SEK –484 m (–547). Adjusted for IFRS 16, equivalent cash flow amounted to SEK –270 m. Changes in outcome compared with the previous year mainly related to changes in borrowing and utilisation of credit limits. Furthermore, the dividend paid to the company's shareholders was slightly higher in 2019 than in the previous year.

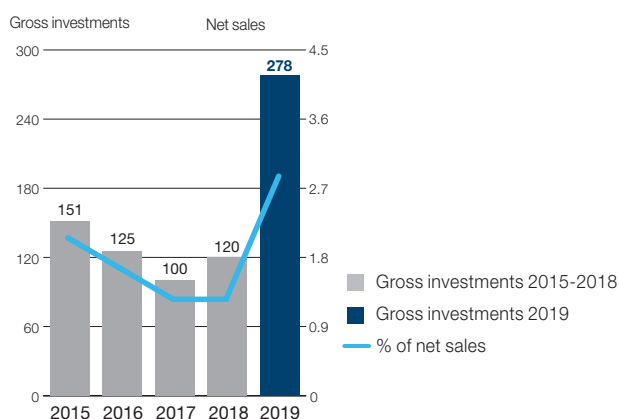
On December 31, 2019, consolidated net debt amounted to SEK 1,771 m (1,052). Adjusted for IFRS 16, equivalent debt amounted to SEK 732 m. Currency effects increased net debt by SEK 37 m compared with the previous year; currency effects attributable to debt reported in accordance with IFRS 16 amounted to SEK 22 m.

# Consolidated statement of cash flows

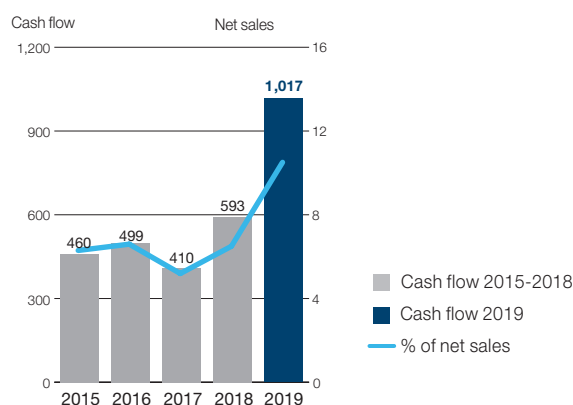
SEK m	Note	2019	2018
<b>Operating activities</b>			
Operating profit		915	547
Reversal of depreciation/amortisation and impairment losses	9	400	168
Reversal of capital gains (-)/losses (+) reported in operating profit		1	0
Provisions, items not affecting cash flow		-9	31
Adjustment for other items not affecting cash flow		-6	-7
<b>Total</b>		<b>1,301</b>	<b>739</b>
Interest received		21	16
Interest paid		-46	-24
Tax paid		-167	-141
<b>Cash flow from operating activities before change in working capital</b>		<b>1,109</b>	<b>590</b>
<b>Change in working capital<sup>1)</sup></b>			
Stock (increase - /decrease +)		-87	-71
Operating receivables (increase - /decrease +)		-20	63
Operating liabilities (increase + /decrease -)		15	11
<i>Total change in working capital</i>		<i>-92</i>	<i>3</i>
<b>Cash flow from operating activities</b>		<b>1,017</b>	<b>593</b>
<b>Investing activities</b>			
Acquisition of Group companies	5	-36	-
Divestment of Group companies	5	2	-
Investments in intangible assets	17	-14	-16
Investments in tangible fixed assets	18	-264	-104
Change in financial fixed assets		0	0
Disposal of intangible assets	17	-	0
Disposal of tangible fixed assets	18	12	15
<b>Cash flow from investing activities</b>		<b>-300</b>	<b>-105</b>
<b>Financing activities</b>			
Proceeds from borrowings	27	238	94
Repayment of borrowings	27	-374	-522
Repayment of lease liabilities	27, 29	-214	-
Issue of share options/warrants		0	0
Dividend to shareholders		-134	-119
<b>Cash flow from financing activities</b>		<b>-484</b>	<b>-547</b>
<b>Cash flow for the year</b>			
Cash and cash equivalents at the beginning of the year		289	342
Effect of exchange rate changes on cash and cash equivalents		14	6
<b>Cash and cash equivalents at the end of the year</b>		<b>536</b>	<b>289</b>

1) Working capital, see definition on page 111.

## Gross investments in fixed assets, excluding acquisitions and divestments, SEK m, and in relation to net sales, %



## Cash flow from operating activities, SEK m, and in relation to net sales, %<sup>1)</sup>



1) Reported outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

# Financial position

- The equity/asset ratio declined to 53.3 percent (57.2). IFRS 16 impacted negatively on the equity/asset ratio by 6.5 percentage points.
- Net debt amounted to SEK 1,771 m (1,052). IFRS 16 increased net debt by SEK 1,039 m.
- The net debt/equity ratio amounted to 0.4 (0.2). The impact of IFRS 16 was 0.3.

## Fixed assets and investments

Information about changes in the structure of fixed assets is presented in the comments to the Statement of cash flows on page 60.

## Stock and accounts receivable

Stock increased in relation to the previous year and amounted to SEK 1,468 m (1,350), which is an increase of 9 percent (7). Accounts receivable increased compared with the previous year and amounted to SEK 1,349 m (1,317), which corresponds to an increase of 2 percent (-3). At the end of the year, stock and accounts receivable relative to net sales amounted to 15 percent (14) and 14 percent (14) respectively.

## Cash and cash equivalents

Cash and cash equivalents amounted to SEK 536 m (289) at the end of the year. Escrow accounts amounting to SEK 0 m (3) are included in cash and cash equivalents. On December 31, 2019, available cash and cash equivalents, including unused credit facilities, amounted to SEK 1,942 m (1,558) based on an underlying credit limit of SEK 1,922 m (1,914).

## Capital employed

Average consolidated capital employed, including goodwill and consolidated surplus value, amounted to SEK 6,870 m (5,998). Adjusted for the impact of IFRS 16, average capital employed amounted to SEK 6,312 m, which is slightly higher than the previous year. Return on capital employed, including goodwill, amounted to 13.6 percent (9.4). Adjusted for IFRS 16, this amounted to 14.4 percent.

## Shareholders' equity

Shareholders' equity amounted to SEK 5,027 m (4,464) at the end of 2019. During the year, Net translation differences, foreign operations and Hedges of net investments, excluding tax, had a positive impact on shareholders' equity of SEK 103 m (48). At the same time, shareholders' equity was reduced by SEK -51 m (-3), excluding tax, due to actuarial losses relating to defined benefit pension plans. Dividends to shareholders of Lindab International AB amounted to SEK -134 m (-118) as resolved by the Annual General Meeting. Shareholders' equity per share amounted to SEK 65.86 (58.49) at the end of the year and return on shareholders' equity for the year amounted to 14.3 percent (9.1).

## Net debt

Net debt amounted to SEK 1,771 (1,052) on December 31, 2019; IFRS 16 impacted net debt by SEK 1,039 m. Currency effects increased net debt by SEK 37 m (where of IFRS 16 impacted currency effects by SEK 22 m) compared with the previous year, while repayments of borrow-

ings contributed to the reduction of net debt. Net debt comprises non-current and current interest bearing liabilities, including interest bearing provisions less interest bearing assets, cash holdings and bank balances. Interest bearing liabilities amounted to SEK 2,356 m (1,384) of which lease liabilities in accordance with IFRS 16 were SEK 1,039 m. Provisions for pensions amounted to SEK 283 m (234). Interest bearing assets including cash and bank balances amounted to SEK 585 m (332).

Net debt is part of the Group's financial targets. The target is that the ratio of net debt<sup>1)</sup> to EBITDA, excluding one-off items and restructuring costs, should not exceed 3.0. Net debt to EBITDA equalled 1.6 (1.6) on December 31, 2019; IFRS 16 impacted net debt by 0.6. The net debt/equity ratio, i.e. net debt relative to shareholders' equity, was 0.4 times (0.2); impact of IFRS 16 was 0.3.

## Interest coverage ratio

The interest coverage ratio, which expresses the Group's ability to pay interest, was 18.8 times (21.4); impact of IFRS 16 was -19.7.

## Equity/asset ratio

The Group's equity asset ratio, i.e. shareholders' equity relative to total assets amounted to 53.3 percent (57.2); impact of IFRS 16 was -6.5 percentage points.

## Credit agreements

The long term credit agreement with Nordea and Danske Bank amounts to SEK 1,400 m. This agreement along with the EUR 50 m agreement with Raiffeisen Bank International was extended by one more year when the second of the two extension options was utilised. The agreements are valid until July 2022.

## Pledged assets and contingent liabilities

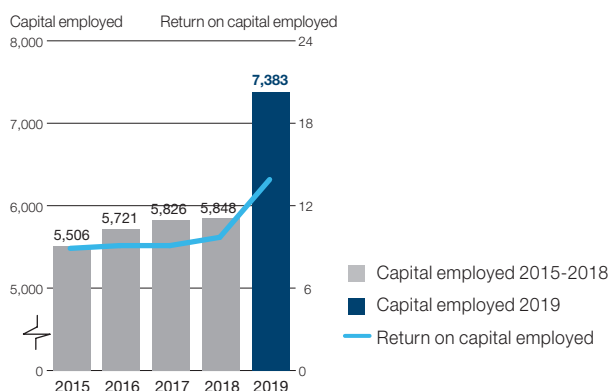
Pledged assets have increased to SEK 74 m (23) in connection with a property financing in Switzerland. Contingent liabilities amounted to SEK 21 m (20).

<sup>1)</sup> Average net debt for the year

# Consolidated statement of financial position

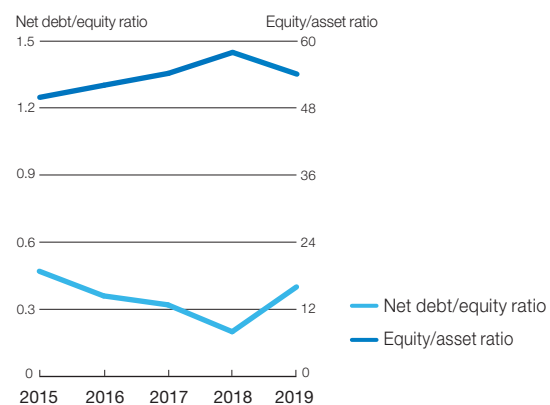
SEK m	Note	31/12/2019	31/12/2018	SEK m	Note	31/12/2019	31/12/2018
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Fixed assets</b>				<b>Other liabilities</b>			
<i>Intangible assets</i>				<i>Shareholders' equity attributable to parent company shareholders</i>			
Capitalised expenditure for development work	17	10	16	Share capital	24	79	79
Patents and similar rights	17	7	10	Other contributed capital		2,260	2,260
Goodwill	17	3,211	3,144	Translation reserve		322	213
Other intangible assets	17	80	84	Profit brought forward, incl. profit for the year		2,366	1,912
<b>Total intangible assets</b>		<b>3,308</b>	<b>3,254</b>			<b>5,027</b>	<b>4,464</b>
<i>Tangible fixed assets</i>				<i>Non-controlling interests</i>			
Buildings and land	18	769	789			-	0
Machinery and equipment	18	470	441	<b>Total shareholders' equity</b>		<b>5,027</b>	<b>4,464</b>
Construction in progress and advance payments on fixed tangible assets	18	135	47	<b>Non-current liabilities</b>			
Right-of-use assets	19, 29	1,009	-	<i>Interest bearing liabilities</i>			
<b>Total tangible fixed assets</b>		<b>2,383</b>	<b>1,277</b>	Liabilities to credit institutions	27	1,001	1,085
<i>Financial fixed assets</i>				Lease liabilities	27, 29	798	-
Financial investment	25	34	38	Provisions for pensions and similar obligations	25	283	234
Other investments held as fixed assets	20	4	4	<b>Total interest bearing liabilities</b>		<b>2,082</b>	<b>1,319</b>
Other non-current receivables	21	4	2	<i>Non-interest bearing liabilities</i>			
<b>Total financial fixed assets</b>		<b>42</b>	<b>44</b>	Deferred tax liabilities	15	112	91
Deferred tax assets	15	118	73	Other provisions	26	23	23
				Other liabilities		9	14
<b>Total fixed assets</b>		<b>5,851</b>	<b>4,648</b>	<b>Total non-interest bearing liabilities</b>		<b>144</b>	<b>128</b>
<b>Current assets</b>				<b>Total non-current liabilities</b>		<b>2,226</b>	<b>1,447</b>
Stock	22	1,468	1,350	<b>Current liabilities</b>			
Accounts receivable	23	1,349	1,317	<i>Interest bearing liabilities</i>			
Other receivables	23	75	54	Liabilities to credit institutions	27	3	5
Current tax assets		3	12	Bank overdraft facilities	27	25	55
Prepaid expenses and accrued income	23	141	127	Lease liabilities	27, 29	241	-
Prepaid expenses and accrued income, interest bearing	23	15	5	Accrued expenses and deferred income	28	5	5
Cash and cash equivalents		536	289	<b>Total interest bearing liabilities</b>		<b>274</b>	<b>65</b>
<b>Total current assets</b>		<b>3,587</b>	<b>3,154</b>	<i>Non-interest bearing liabilities</i>			
<b>TOTAL ASSETS</b>		<b>9,438</b>	<b>7,802</b>	Advance payments from customers		292	230
				Accounts payable		763	788
				Current tax liabilities		43	17
				Other provisions	26	26	36
				Other liabilities		129	134
				Accrued expenses and deferred income	28	658	621
				<b>Total non-interest bearing liabilities</b>		<b>1,911</b>	<b>1,826</b>
				<b>Total current liabilities</b>		<b>2,185</b>	<b>1,891</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,438</b>	<b>7,802</b>

Capital employed, SEK m and return on capital employed, %<sup>1)</sup>



1) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

Net debt/equity ratio and equity/asset ratio, times and %<sup>1)</sup>



1) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

# Consolidated statement of changes in equity

SEK m	Shareholders' equity attributable to parent company shareholders				Total	Non-controlling interests	Total shareholders' equity
	Share capital	Other contributed capital	Foreign currency translation reserve	Profit brought forward incl. profit for the year			
<b>Opening balance, 1 January 2018</b>	<b>79</b>	<b>2,260</b>	<b>152</b>	<b>1,638</b>	<b>4,129</b>	<b>1</b>	<b>4,130</b>
Profit for the year				394	394	-	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
<b>Closing balance, 31 December 2018</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,912</b>	<b>4,464</b>	<b>0</b>	<b>4,464</b>
<i>Changes in accounting policies</i>				-49	-49	-	-49
<b>Opening balance, 1 January 2019</b>	<b>79</b>	<b>2,260</b>	<b>213</b>	<b>1,863</b>	<b>4,415</b>	<b>-</b>	<b>4,415</b>
Profit for the year				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
Share options				0	0		0
<i>Total transactions with shareholders</i>	-	-	-	-134	-134	-	-134
<b>Closing balance, 31 December 2019</b>	<b>79</b>	<b>2,260</b>	<b>322</b>	<b>2,366</b>	<b>5,027</b>	<b>-</b>	<b>5,027</b>

## Parent company

The parent company is a holding company that holds the shares in Lindab AB, where the head office functions are carried out. Lindab AB, which is the original parent company of the Lindab Group, also directly owns the majority of the subsidiaries. The parent company also owns shares in Lindab LTIP 17-19 AB. This company was set up in connection with the warrant programme for senior executives in 2017.

The parent company's net sales for the financial year amounted to SEK 5 m (4). Profit for the year amounted to SEK 6 m (2,375). Group contributions received from subsidiaries amounted to SEK 12 m (13). No dividends were received from subsidiaries in 2019 compared with SEK 2,373 m in 2018.

### Statement of profit and loss

SEK m	Note	2019	2018
Net sales		5	4
Administrative expenses	6, 10, 11	-7	-6
Other operating income	13	-	-
Other operating expenses	13	-	-
<b>Operating profit</b>		<b>-2</b>	<b>-2</b>
Profit from subsidiaries	14	12	2,386
Interest expenses, internal	14	-2	-9
<b>Earnings before tax</b>		<b>8</b>	<b>2,375</b>
Tax on profit for the year	15	-2	0
<b>Profit for the year<sup>1)</sup></b>		<b>6</b>	<b>2,375</b>

1) Comprehensive income corresponds to profit for the year for all periods.



## Statement of financial position

SEK m	Note	31/12/2019	31/12/2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Shares in Group companies	33	3,467	3,467
Financial interest bearing fixed assets		5	5
Deferred tax assets		1	1
<b>Total fixed assets</b>		<b>3,473</b>	<b>3,473</b>
<b>Current assets</b>			
Receivables from Group companies		12	14
Current tax assets		-	0
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>12</b>	<b>14</b>
<b>TOTAL ASSETS</b>		<b>3,485</b>	<b>3,487</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<i>Restricted shareholders' equity</i>			
Share capital	24	79	79
Statutory reserve		708	708
<i>Non-restricted shareholders' equity</i>			
Share premium reserve		90	90
Profit brought forward		2,346	105
Profit for the year <sup>1)</sup>		6	2,375
<b>Total shareholders' equity</b>		<b>3,229</b>	<b>3,357</b>
<b>Provisions</b>			
Interest bearing provisions		5	5
<b>Total provisions</b>		<b>5</b>	<b>5</b>
<b>Current liabilities</b>			
<i>Non-interest bearing liabilities</i>			
Liabilities to Group companies		248	123
Accounts payable		-	0
Current tax liabilities		1	-
Accrued expenses and deferred income	28	2	2
<i>Total non-interest bearing liabilities</i>		<i>251</i>	<i>125</i>
<b>Total current liabilities</b>		<b>251</b>	<b>125</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,485</b>	<b>3,487</b>

1) Comprehensive income corresponds to profit for the year for all periods.

## Shareholders' equity

See Note 24, Shareholders' equity and number of shares, for information on share transactions and the mandate granted by the Annual General Meeting.

## Risks, risk management and internal control

See the Directors' Report, pages 50-55, the Corporate Governance Report on pages 36-48 and Note 3.

## Statement of cash flow

SEK m	2019	2018
<b>Operating activities</b>		
Operating profit	-2	-2
Provisions, not affecting cash flow	0	-1
Interest paid	-2	-9
Tax paid	0	1
<b>Cash flow from operating activities before change in working capital</b>	<b>-4</b>	<b>-11</b>
<b>Change in working capital</b>		
Operating receivables	-2	0
Operating liabilities	127	-49
<b>Cash flow from operating activities</b>	<b>125</b>	<b>-60</b>
<b>Financing activities</b>		
Loans from Group companies	-	-2,227
Group contributions received	13	32
Dividend from Group companies	-	2,373
Dividend to shareholders	-134	-118
<b>Cash flow from financing activities</b>	<b>-121</b>	<b>60</b>
<b>Cash flow for the year</b>		
Cash and cash equivalents at the beginning of the year	0	0
<b>Cash and cash equivalents at the end of the year</b>	<b>0</b>	<b>0</b>

## Changes in parent company equity

SEK m	Shareholders' equity attributable to parent company shareholders					Total shareholders' equity
	Restricted shareholders' equity	Non-restricted shareholders' equity				
	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year <sup>1)</sup>	
<b>Opening balance, 1 January 2018</b>	79	708	90	223	1	1,101
Profit for the year					2,375	2,375
<i>Transactions with shareholders</i>						
Dividend to shareholders					-118	-118
<b>Closing balance, 31 December 2018</b>	<b>79</b>	<b>708</b>	<b>90</b>	<b>105</b>	<b>2,375</b>	<b>3,357</b>
Profit carried forward				2,375	-2,375	
Profit for the year					6	6
<i>Transactions with shareholders</i>						
Dividend to shareholders					-134	-134
<b>Closing balance, 31 December 2019</b>	<b>79</b>	<b>708</b>	<b>90</b>	<b>2,346</b>	<b>6</b>	<b>3,229</b>

1) Comprehensive income corresponds to profit for the year for all periods.

# The Group: Five-year summary

Amounts in SEK m unless otherwise indicated

	2019	2018	2017	2016	2015
<b>Net sales and profit</b>					
Net sales	9,872	9,326	8,242	7,849	7,589
Growth, %	6	13	5	3	8
of which organic growth	3	8	4	4	2
of which acquisitions/divestments	0	1	0	0	4
of which currency effects	3	4	1	-1	2
Sales abroad, %	78	76	76	74	76
Operating profit before depreciation and amortisation - EBITDA <sup>1)</sup>	1,315	715	654	657	637
Depreciation/amortisation and impairment losses <sup>1)</sup>	400	168	162	174	168
Operating profit <sup>1)</sup>	915	547	492	483	469
One-off items and restructuring costs <sup>2)</sup>	-	-87	-19	-28	6
Adjusted operating profit <sup>1)</sup>	915	634	511	511	463
Earnings before tax <sup>1)</sup>	881	531	467	445	431
Profit for the year	678	394	347	306	305
Comprehensive income	746	453	387	433	228
<b>Cash flow</b>					
Cash flow from operating activities <sup>1)</sup>	1,017	593	410	499	460
Cash flow from investing activities	-300	-105	-131	-92	-288
Cash flow from financing activities <sup>1)</sup>	-484	-547	-360	-290	-177
Cash flow for the year	233	-59	-81	117	-5
Operating cash flow	918	716	484	544	442
<b>Capital employed and financing</b>					
Total assets <sup>1)</sup>	9,438	7,802	7,731	7,503	7,149
Capital employed <sup>1)</sup>	7,383	5,848	5,826	5,720	5,506
Net debt <sup>1)</sup>	1,771	1,052	1,305	1,396	1,657
Shareholders' equity attributable to parent company owners	5,027	4,464	4,129	3,848	3,509
Shareholders' equity attributable to non-controlling interests	-	0	1	1	2
<b>Data per share</b>					
Average number of outstanding shares, thousands	76,332	76,332	76,332	76,332	76,332
Number of outstanding shares, thousands	76,332	76,332	76,332	76,332	76,332
Earnings per share, SEK	8.89	5.16	4.54	4.02	3.99
Shareholders' equity per share, SEK	65.86	58.49	54.09	50.41	45.98
Cash flow from operating activities per share, SEK <sup>1)</sup>	13.32	7.77	5.37	6.54	6.03
Dividend per share (for 2019 as proposed by the Board of Directors), SEK	3.60	1.75	1.55	1.40	1.25
P/E ratio	13.6	12.3	15.0	18.2	15.8
Quoted price at year-end, SEK	119.60	63.50	68.20	73.05	62.90
Market capitalisation at year-end	9,129	4,847	5,206	5,576	4,801
<b>Investments</b>					
Intangible assets and tangible fixed assets	278	120	100	125	151

1) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see pages 108-110.

2) One-off items and restructuring costs for

- 2019, no one-off items or restructuring costs.
- 2018, totalling SEK -87 m, mainly comprise evaluation of structural alternatives, restructuring costs and measures associated with cost reduction programme.
- 2017, totalling SEK -19 m, comprise severance costs for the President and CEO, evaluation of structural alternatives and governance project.
- 2016, totalling SEK -28 m, comprise a cost-reduction programme and governance project.
- 2015, totalling SEK 6 m, comprise structure-related items, cost-reduction initiatives, dissolution of negative goodwill and a governance project.

<b>Key performance indicators</b>	<b>2019</b>	2018	2017	2016	2015
EBITDA margin,% <sup>1)</sup>	13.3	7.7	7.9	8.4	8.4
Operating margin, % <sup>1)</sup>	9.3	5.9	6.0	6.2	6.2
Adjusted operating margin, % <sup>1)</sup>	9.3	6.8	6.2	6.5	6.1
Profit margin, % <sup>1)</sup>	8.9	5.7	5.7	5.7	5.7
Return on capital employed, % <sup>1)</sup>	13.6	9.4	8.8	8.8	8.6
Return on shareholders' equity, % <sup>1)</sup>	14.3	9.1	8.8	8.4	8.8
Equity/asset ratio, % <sup>1)</sup>	53.3	57.2	53.4	51.3	49.1
Net debt/EBITDA, excluding one-off items and restructuring costs <sup>1)</sup>	1.6	1.6	2.2	2.5	3.1
Net debt/equity ratio, times <sup>1)</sup>	0.4	0.2	0.3	0.4	0.5
Interest coverage ratio, times <sup>1)</sup>	18.8	21.4	14.1	11.4	9.7
<b>Employees</b>					
Average number of employees	5,202	5,126	5,143	5,134	5,052
of which abroad	4,077	3,983	4,016	4,012	3,951
Number of employees at end of period	5,196	5,071	5,083	5,136	5,066
Payroll expenses including social security contributions and pension expenses	2,466	2,324	2,144	2,029	1,969
Sales per employee, SEK k	1,898	1,819	1,603	1,529	1,502

1) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see pages 108-110.

For financial definitions, see page 111.

# Notes

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Note **01** General information

Lindab International AB, with head office in Båstad and registered in Sweden under corporate identity number 556606-5446, (the parent company) and its subsidiaries (referred to collectively as the Group) and its operations are described in the Directors' Report. The address of the company's head office is Lindab International AB, SE-269 82 Båstad, Sweden.

These consolidated accounts were approved for publication by the Board of Directors and the CEO on March 15, 2020. The consolidated statement of comprehensive income and statement of financial position, as well as the parent com-

pany's statement of profit and loss and balance sheet, will be matters for approval at the Annual General Meeting of shareholders on April 29, 2020.

Information about the structure of the Group at the end of the financial year is provided in Note 33.

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.

Note **02** Summary of important accounting policies

The most important accounting policies that have been applied when preparing these consolidated accounts are detailed below. Unless otherwise stated, these policies have been applied consistently for all the years presented.

**Basis for the preparation of accounts**

Lindab prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Recommendation 1, Supplementary Accounting Rules for Groups, from the Swedish Financial Reporting Board.

Lindab applies the historical cost method when measuring assets and liabilities, except for certain financial instruments which are measured at fair value.

*New or revised IFRS standards and new interpretations 2019*

In this Annual Report, the Group and the parent company have applied, for the first time, the new and revised standards and interpretations that must be applied to financial years beginning on or after January 1, 2019. It is mainly IFRS 16 Leases that has an impact on the Group's reporting. Lindab has implemented this new standard based on a simplified transition method and therefore has the comparative figures for previous years not been recalculated. All rental and leasing agreements that are covered by the new standard were valued on the first application date as if the standard had always been applied.

**IFRS 16 Leases**

IFRS 16 Leases has been applied by Lindab from January 1, 2019 and this standard replaces IAS 17 Leases. The new standard requires the recognition of all rental and leasing agreements in the lessee's statement of financial position, unlike IAS 17 Leases where only finance lease agreements were capitalised. Under IFRS 16 Leases, lessees may choose to exempt certain leases; short term leases and leases for which the underlying asset is of low value. Lindab has chosen to apply the IFRS relief rules, which means that the Group's statement of financial position does not include rental and leasing agreements that have an expected useful life of less than 12 months or leases for which the underlying asset is of low value (EUR 5 k applied by Lindab). Lease expenses arising from leases that are not capitalised are recognised as before, directly as an operating expense on a straight-line basis over the lease term.

As indicated above, the Group has implemented IFRS 16 Leases based on a simplified transition method, which means that all rental and leasing agreements that are covered by the new standard have been valued on the first application date as if the standard had always been applied. Applying the relief rule, the comparative figures in the Group's statement of profit and loss, financial position and cash flow have not been recalculated.

Before implementing IFRS 16 Leases, Lindab analysed the contractual and financial implications for Group leases. This analysis resulted in the capitalisation of a lease portfolio of approximately 1,000 agreements in the opening balance for 2019. The majority of these leases related to vehicles, but most of the capitalised value was attributable to property-related rental and leasing agreements. The implementation of IFRS 16 Leases had an impact on the opening balance of the financial position as shown in the following table.

SEK m	Closing balance December 31, 2018 prior to tran- sition to IFRS 16	Impact of transition to IFRS 16	Adjusted opening balance January 1, 2019
Tangible fixed assets	1,277	991	2,268
Deferred tax assets	73	10	84
Shareholders' equity	4,464	-49	4,415
Non-current lease liabilities	29 <sup>1)</sup>	831	860
Current lease liabilities	4 <sup>1)</sup>	219	223

*1) Future obligations arising from financial lease agreements in accordance with IAS 17 Leases. For a detailed reconciliation of recognised lease liabilities in accordance with IFRS 16 Leases at the beginning of 2019, see Reconciliation of lease liabilities in the table below.*

At time of transition to IFRS 16 Leases, the Group's total assets increased by SEK 1,001 m through the capitalisation of rental and leasing agreements in accordance with presented guidelines. The impact on net assets amounted to SEK -49 m. From January 1, 2019, the cost structure of the consolidated statement of profit and loss has changed as a consequence of the implementation of IFRS 16 Leases. The change in cost structure is due to that previous operating costs related to operating leases have been replaced by depreciation/amortisation and interest expenses. Based on the leases identified at the beginning of 2019 as well as modified and new rental and leasing agreements signed during the year, the operating profit for the current financial year improved by slightly over SEK 26 m, which is reflected in an increased financial cost of almost the same amount. The impact on net profit after financial items was relatively marginal and amounted to SEK 0.5 m.

The table below shows the reconciliation of the transition effect from IAS 17 Leases to IFRS 16 Leases on the Group's lease liabilities:

Reconciliation of lease liabilities	SEK m
Obligations for non-cancellable operating leases as at December 31, 2018	912
Impact due to discounted value based on average incremental borrowing rate	-49
Added: Liabilities for financial leases as at December 31, 2018	34
Added: Adjustments for recognition of options to extend leases/acquire leased assets	103
Added: Adjustment due to changes in variable leasing costs	-3
Added: Lease in accordance with IFRS 16 <sup>1)</sup>	86
<b>Recognised lease liabilities at the start of 2019 in accordance with IFRS 16</b>	<b>1,083</b>

*1) Above added leases in accordance with IFRS 16 (SEK 86 m), are mainly related to changed interpretation/assessment of previously applied standard. This amount is primarily related to vehicles.*

The weighted average incremental borrowing rate on January 1, 2019 amounted to 2.6 percent.

See also the description in the Leases section later in this note for details of the accounting policies applied to leases.

**Note 2, cont.**

No new or revised IFRS standards have been applied early.

*New or revised standards and new interpretations that have not yet entered into force*

A number of new and revised standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC), which will enter into force for financial years beginning after January 1, 2020. Lindab has not applied these in its preparation of these financial statements and they are not considered to have a significant impact on the Group's financial reporting.

**Consolidated accounts**

The consolidated accounts comprise the parent company, Lindab International AB, and the companies over which the parent company has a controlling influence, i.e. subsidiaries. Controlling influence exists when the parent company has power over the investee, is exposed to, or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if the facts and circumstances suggest that one or more of the factors listed above have changed.

Consolidation of a subsidiary takes place from the date the parent company gains a controlling influence until the date it ceases to have a controlling influence over the subsidiary. This means that revenues and expenses for a subsidiary that was acquired or divested during the current financial year are included in the consolidated statement of profit and loss as well as in other comprehensive income from the date the parent company gains a controlling influence until the date the parent company ceases to have a controlling influence.

Consolidated profit and loss as well as in components of other comprehensive income are attributable to the parent company's owners.

The accounting policies of subsidiaries have been adjusted where necessary to conform with the Group's accounting policies. All inter-company transactions, dealings and unrealised gains and losses attributable to inter-company transactions are eliminated when preparing the consolidated accounts.

*Business combinations*

Business combinations are accounted for using the acquisition method. The transferred consideration for the business combination is measured at fair value on the acquisition date, which is calculated as the sum of the respective values at acquisition date of the assets issued, liabilities incurred or assumed, and equity interests issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the statement of profit and loss when incurred.

The transferred consideration also includes the fair value at the acquisition date for the assets or liabilities resulting from an agreement on the contingent consideration. Changes in the fair value of the contingent consideration that arise as a result of additional information received after the acquisition date about facts and circumstances that existed on the acquisition date qualify as adjustments during the valuation period and are adjusted retroactively, with a corresponding adjustment of goodwill. All other changes in the fair value of a contingent consideration that are classified as an asset or a liability are recognised in accordance with the applicable standard. The contingent consideration, which is classified as shareholders' equity, is not revalued and its subsequent settlement is recognised in shareholders' equity.

In the case of acquisitions where the balance of the transferred consideration, any non-controlling interests and the fair value on the acquisition date of previous shareholdings exceeds the fair value on the acquisition date of the identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain on a bargain purchase, negative goodwill, directly in profit or loss.

*Translation of foreign subsidiaries and foreign currency*

The consolidated financial statements are presented in Swedish krona (SEK), which is the parent company's functional currency and reporting currency. The income statements and balance sheets for operations abroad, subsidiaries and associates are submitted in their functional currencies and translated into the Group's reporting currency. The functional currency is the same as the local currency for the reporting entity's accounts.

All assets and liabilities of subsidiaries are translated using the exchange rate at the balance sheet date, and revenues and expenses are translated at average exchange rates for the year. The exchange rate differences arising when consolidating are carried directly to other comprehensive income. On divestment of a subsidiary that entails a loss of control, the accumulated translation difference is reversed and recognised in the consolidated statement of profit and loss as part of the capital gain/loss.

Transactions in foreign currencies are translated to the functional currency at the prevailing exchange rate on the date of the transaction. Swedish Group companies' receivables and liabilities in foreign currencies are valued at the exchange rate at the balance sheet date. Exchange rate gains and losses that arise when paying and translating monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date are reported in the statement of comprehensive income. Exchange rate differences relating to operations are shown as other operating income/expenses, Note 13, and are thereby included in operating profit. Exchange rate differences of a financial nature are reported in financial income and expenses, Note 14.

*Internal pricing*

Market based pricing is used for inter-company transactions.

**Segment reporting**

Lindab's operations are reported by segment. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group implemented a new organisational structure from January 1, 2019. The previous business area, Products & Solutions, was then divided into two new business areas, Ventilation Systems and Profile Systems. The purpose behind this change was to increase transparency and focus on the respective underlying business orientation as well as to ensure an operational organisational structure that supports the Group with strategic management and monitoring of business activities. To reflect the Group's organisational change and how the business is managed and reported from January 1, 2019, the previous external segment reporting based on two segments (Products & Solutions and Building Systems) has been replaced by three segments: Ventilation Systems, Profile Systems and Building Systems. The basis for the split into segments is primarily the different customer offerings provided by each segment. Comparative periods have been recalculated based on the new segment structure.

The presentation of each segment is based on the accounting policies described in this note. Standard commercial industry terms are applied to transactions between the segments. Inter-segment transfer pricing in the Group is determined on an arm's-length basis, i.e. between parties that are independent of one another, are well informed and have an interest in the implementation of the transaction. Assets and investments are reported in the segment in which the assets are found and made available.

Group information on geographical areas for the segments is based on the country in which the transfer of risks and benefits takes place. Segment reporting is presented in Note 7.

**Revenue recognition**

Revenue is recognised at the time when control of the products and services delivered passes to the customer as agreed. Recognised revenue reflects the expected consideration in connection with the performance of a contractual commitment to customers and corresponds to the consideration to which the Group considers it is entitled.

*Revenue streams*

The revenue streams in the Ventilation Systems and Profile Systems segments mainly relate to Lindab's offering of individual standardised products. The revenue of Ventilation Systems relates primarily to sales of ventilation products, customised technical solutions or complete systems for ventilation, indoor climate and cooling/heating. The revenue of Profile Systems focus primarily on building products such as steel rainwater systems, roof/wall cladding, steel profiles for wall, roof and floor structures as well as steel buildings. Building Systems offers prefabricated steel construction systems, which may consist of individual parts or complete solutions for the entire outer shell (i.e. frames, walls, roofs and accessories). In some cases customisation of systems and solutions may also include elements of installation and/or commissioning. However, these revenue elements are very limited and do not represent a significant part of the Group's sales. Potential installation services are only offered in connection with sales of products and are not marketed as separate services in the Group's product portfolio.

#### *Performance obligations and timing of revenue recognition*

Sale of a product (single or integrated) is considered as a performance obligation and the revenue is recognised when the performance obligation is fulfilled and the customer takes control of the product, i.e. at a certain point in time (usually in connection with the physical delivery to the counterparty).

When Lindab produces and sells complete construction systems, sales may be project oriented. The majority of revenue is then recognised at each stage of delivery in accordance with the contract and when the customer has taken control over the product.

Revenue from possible installation services/commissioning is normally recognised on completion of the work. However, the timing of the recognition could vary depending on whether the service is considered to be a separate performance obligation or an integrated part, depending on the agreed terms and conditions.

If it is likely that total project costs will exceed total revenue, the anticipated loss is immediately accounted for as an expense.

#### *Warranties*

Products sold are covered by warranty which depends on the nature and application of the product. As a general rule, warranties only cover original product defects. Long warranty periods may occur within individual product groups, but depending on what the warranty covers and requirements regarding how the product should be used/maintained, warranties are not considered as an added service warranty. Hence, warranties are not recognised as separate performance obligations in terms of IFRS 15 *Revenue from contracts with customers*, instead the warranties are accounted for in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*.

#### *Transaction price*

Volume discounts are applied based on sales to counterparties during a pre-defined period, together with cash discounts. Revenue from these types of sales are recognised at an agreed price, net of any discounts. Discounts are estimated based on the expected value method.

#### *Other revenue*

Other revenue includes payment for any sales that occur in addition to ordinary activities, such as gains on fixed assets sold and exchange rate gains relating to operations.

#### *Financial income*

Interest income is reported with consideration given to accrued interest at the balance sheet date. Received dividends are reported when the right to receive dividends has been confirmed.

#### **Personnel costs**

##### *Incentive programme*

At the Annual General Meeting in 2019, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall include a long term variable cash pay element. This element will be based on financial performance targets that reflect the Group's value growth and will be assessed over a three year measuring period. To all intents and purposes, the remuneration programme has the same features as the corresponding programme which was adopted in 2017 and 2018. All incentive programmes are recognised in accordance with IAS 19 *Employee benefits* and are reported during the vesting period as an expense and current liability.

#### **Financial income and expenses**

Finance income comprises interest income on funds invested and dividend plus gains on financial instruments that are measured through profit or loss. This item also includes gains on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the statement of profit and loss under financial items.

Financial expenses comprise interest expenses on borrowings, interest components relating to defined benefit plans, effects of the reversal of discounted provisions as well as losses on financial instruments measured at fair value through profit or loss. This item also includes losses on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedg-

ing instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the statement of profit and loss under financial items. From 2019, interest expenses for leases are recognised as a financial expense due to the implementation of IFRS 16 *Leases*.

Interest income and interest expenses on financial instruments are recognised according to the effective interest method. Dividend income is recognised when the right to receive payment has been confirmed. Exchange rate gains and losses are reported net.

#### **Borrowing costs**

Borrowing costs are carried as an expense in the period they are incurred, unless they relate to assets that take a substantial amount of time to get ready for use or sale. In such cases, they must be capitalised in accordance with IAS 23 *Borrowing costs*.

#### **Income taxes**

Recognised tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received during the current fiscal year. This also includes adjustments to tax attributable to previous years. Deferred tax is recognised for income taxes recoverable in future periods in respect of taxable temporary differences. The measurement of deferred tax is based on expected liabilities and receivables at the balance sheet date using the tax rates for individual companies decided or announced at the balance sheet date.

The tax effect is recognised in the same way as attributable to transactions, i.e. in comprehensive income, in other comprehensive income or directly in shareholders' equity.

Deferred tax receivables are recognised to the extent that it is likely that future taxable profits will be available and against which the temporary differences may be utilised. Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and liabilities and when the deferred taxes are levied by the same tax authorities. Deferred tax assets in respect of carry-forward tax losses are recognised to the extent that the losses are expected to be used to lower tax payments in the foreseeable future. See Note 15 for information on tax on profit for the year and deferred tax receivables and liabilities.

#### **Earnings per share**

The item is shown directly adjacent to the statement of comprehensive income. Earnings per share are not affected by preference shares or convertible debentures since there are none. Warrants and share options have been issued in the last three financial years which may impact the future calculation of diluted earnings per share. Subscription of shares based on a warrant can take place in summer 2020 (right of use for 75,000 warrants, of which Lindab had 50,000 in its possession at the end of December 2019) or summer 2021 (right of use for 135,000 warrants, of which Lindab has 25,000 in its possession at the end of December 2019) and summer 2022 (right of use for 175,000 share options) where one warrant or share option entitles acquisition of one Lindab share.

If the number of shares changes during the year, a weighted average is calculated for the outstanding shares during the period.

#### **Intangible assets**

##### *Goodwill*

Goodwill arising from the acquisition of a company and operations is recognised according to IFRS 3 *Business combinations*. See also the section on the consolidated accounts on page 70. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill is tested for impairment at least once a year, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

To establish whether there is any indication of impairment, the recoverable amount is determined by estimating the discounted future cash flows for the entity to which the goodwill is attributed. In such case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, the three segments, Ventilation Systems, Profile Systems and Building Systems, are considered the lowest levels where goodwill is followed up and impairment testing carried out.

Gains or losses on the divestment of a subsidiary or associate include the remaining carrying amount of the goodwill relating to the unit sold.

*Note 2, cont.*

*Brands, patents and similar rights*

Brands, patents and similar rights are reported at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the estimated useful life of between 5 and 20 years. The useful life is reviewed at least once a year.

*Software*

Acquired software licences are capitalised on the basis of the costs arising when the software in question was acquired and put into operation. These costs are amortised over an estimated useful life of between 3 and 5 years. The useful life is reviewed at least once a year.

*Capitalised expenditure for development work*

Costs for research undertaken in order to gain new scientific or technical knowledge are charged as they are incurred.

Development costs, where the outcome is used for planning or establishing the production of new or greatly improved processes or products, are capitalised when it is considered that the process or product is technically and commercially viable. Costs that will be capitalised include material costs, direct labour costs and a reasonable proportion of indirect costs. Capitalised development costs are carried at the acquisition value less accumulated amortisation and impairment losses. The estimated useful life is 3 years. The useful life is reviewed at least once a year.

**Tangible fixed assets**

The accounting policies for tangible fixed assets described below relate to assets owned by the Group. See the Leasing section for capitalised right-of-use assets relating to tangible fixed assets that are attributable to leases.

Land and buildings principally comprise factories and offices. These are recognised as the acquisition value less the accumulated depreciation and any impairment losses recorded. The planned depreciation is based on the acquisition value of fixed assets and is calculated with consideration to the estimated useful life. The useful life is reviewed at least once a year. Land is not depreciated. Additional expenses are added to the asset's carrying amount or are shown as a separate asset, depending on which is the most appropriate. Additional expenses should only be added to the carrying amount of assets when it is likely that the financial benefits resulting from the additional expense will result in future economic benefits to the Group and if the asset can be reliably measured. All other forms of repair and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

The acquisition value of assets is divided into material components and each component must be depreciated separately over its estimated useful life, i.e. component depreciation. This applies to buildings as well as to machinery and equipment. During the investment year, machinery, equipment, vehicles and computers are depreciated from the time that they are put into use or, if that is not possible, for half of the calendar year based on the depreciation rates shown below.

*The following depreciation periods have been used*

Buildings	20–50 years
Land improvements	20 years
Machinery and equipment	5–15 years
Vehicles and computers	3–5 years

**Impairment losses**

Impairment testing of intangible assets, excluding goodwill, is performed whenever there is an indication of impairment. However, intangible assets not yet available for use are tested at least once a year for any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows after tax are discounted. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the need for impairment has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and if the recoverable amount is higher than the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount, net of depreciation and amortisation, which would have been reported if no impairment loss had been recognised.

An annual impairment test for the cash-generating units to which goodwill has

been allocated is performed in the fourth quarter, or when there is an indication of impairment. Impairment testing as well as recognition of impairment of goodwill is performed in the same manner as for intangible assets. However, an impairment loss in respect of goodwill is not reversed.

Impairment testing as well as the recognition or reversal of impairment of tangible fixed assets is performed in the same manner as for intangible assets above.

**Financial instruments**

Financial instruments are any type of agreement giving rise to a financial asset, financial liability or equity instrument in another company. These include cash and cash equivalents, investments, investments held as fixed assets, interest-bearing receivables, accounts receivable, trade creditors, borrowing and derivative instruments.

Purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset or financial liability is included in the statement of financial position when the company is subject to the instrument's contractual terms. Financial assets are derecognised from the statement of financial position when the right to obtain cash flow from an asset matures or is transferred to another party by transferring all risks and benefits associated with the asset to the other party. A financial liability is derecognised from the statement of financial position when the obligation has been met, cancelled or has matured. Accounts receivable are recognised in the statement of financial position once an invoice has been sent. Liabilities are recognised when the counterparty has a contractual obligation to pay, even though an invoice has not yet been received. Accounts payable are recognised once an invoice has been received.

Financial instruments are initially recognised at their acquisition value corresponding to the instrument's fair value at the date of acquisition plus transaction costs for all financial instruments apart from the financial instruments classified under the financial assets category which are recognised at fair value through profit or loss where transaction costs are recognised directly in the statement of profit and loss. Subsequent valuation of instruments is based on their nature and classification.

*Classification of financial assets and liabilities*

The classification of financial assets is based on Lindab's business model and is therefore governed by the purpose of holding the financial asset and the financial asset's contractual cash flows. Financial assets are classified based on the following categories:

- Financial assets valued at amortised cost
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss.

Financial liabilities are valued at amortised cost or fair value through profit or loss.

*Amortised cost*

Amortised cost refers to the amount at which the asset or liability measured is initially recognised net of amortisation and impairment losses as well as additions for the accrual of the initial amount and the maturity amount.

*Assets valued at amortised cost*

Financial assets valued at amortised cost are instruments held for the purpose of collecting/settling contractual cash flows; the agreed terms and conditions state the time of expected cash flow from the underlying instrument and payments only consist of principal and interest on the principal amount outstanding. Assets arise as part of cash and cash equivalents being paid in return for or as a result of the Group providing customers with agreed goods and services in the context of its operating activities. Fixed or determinable payment flows are available for receivables that are not traded on an active market and are held by the Group for the purpose of collecting cash flows.

For disclosure purposes, fair value is calculated for non-current receivables by discounting future cash flows using current interest rates. Current receivables are valued at a nominal amount without discounting.

*Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for Lindab's financial instruments is determined based on current market prices where available. Fair value for quoted investments and derivatives



is based on current purchase prices and interest rates. If market prices are not available, the fair value of each instrument is determined using various valuation techniques. The effect of changes in the fair value of assets, which is measured using this method, is reported in comprehensive income or in the statement of profit and loss during the period in which they arise.

#### *Financial assets measured at fair value through comprehensive income*

Financial assets measured at fair value through comprehensive income are assets which are held for the purpose of collecting contractual cash flows and selling underlying financial instruments to achieve this; the agreed terms and conditions state the time of expected cash flow from the underlying instrument and payments only consist of the principal and interest on the principal amount outstanding.

#### *Financial assets measured at fair value through profit or loss*

Assets which do not meet the criteria for recognition at amortised cost or fair value via comprehensive income are measured at fair value through profit or loss. For the Group these are mainly derivative assets which are not used in hedge accounting and are therefore recognised at fair value through profit or loss.

For foreign exchange contracts, such as currency futures, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be subscribed to on the balance sheet date for the remaining contract period.

#### *Impairment of financial assets*

Estimated loss provisions are in place for recognised financial assets which reduce the value of the respective asset. Loss provisions are valued at each balance sheet date and then at an amount that corresponds to expected credit losses for the remaining maturity period of the assets. Lindab applies simplification rules to accounts receivable and future lease receivables, which means that, in addition to an individual assessment, loss provisions are valued at an amount corresponding to the remaining maturity period. For details of the method used to value accounts receivable, see also Note 23.

The purpose of the valuation of expected credit losses is to reflect an objective and probable amount, time value of money, reasonable information from previous events that are possible to verify, present circumstances and forecasts for future financial conditions. Lindab bases the estimate of expected credit losses on both a collective and an individual assessment of the receivable in question together with information about historical losses for similar assets and counterparties, taking into consideration potential future events. The criteria for calculating credit losses are continuously evaluated to reflect the current situation and Lindab's best estimate of future events. In the event of bankruptcy, financial assets are derecognised from the statement of financial position.

#### *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss mainly include derivative liabilities that are not used in hedge accounting. Profit or loss from changes in the fair value of financial instruments in this category is reported in the statement of profit and loss in the period in which it arises.

#### *Other financial liabilities*

This category includes loans, lease liabilities, other financial liabilities and accounts payable. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash holdings and bank balances as well as current investments with high liquidity which can be quickly converted into a known amount of cash and which are subject to an insignificant risk from foreign currency fluctuations. Bank overdrafts are reported in the statement of financial position as part of borrowings in current liabilities.

### Derivatives

The Lindab Group uses derivative instruments to cover risks of currency and interest rate exposure. The holding of financial derivatives consists of currency swaps and currency futures. Currency risk in the Group is managed through foreign exchange contracts entered into with a third party for the biggest gross flows in each period.

Derivatives are recognised in the statement of financial position on the trade date and measured at fair value, both initially and subsequently. The method of recognising the gain or loss arising on revaluation depends on whether the derivative is recognised as a hedging instrument, and if so, the nature of the item being hedged.

#### *Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations are reported according to the principles for hedge accounting in IFRS 9. In order to apply these rules, the designated hedging relationship between the hedging instrument and the hedged items is documented on an ongoing basis and compliance with Lindab's risk management policy and its risk management goals is ensured. In addition, reported net investment hedges must be effective by nature and it must be possible for this effectiveness to be measured in a reliable way.

Lindab uses loans as hedging instruments. The effectiveness of a hedge is identified and assessed in accordance with the Group's guidelines when entering an individual hedging relationship. The criteria for effectiveness are documented and the hedging relationship is subsequently analysed and reported on an ongoing basis. The profit or loss on the hedging instrument relating to the effective hedge is recognised in other comprehensive income. The ineffective portion of the profit or loss is recognised immediately in the statement of profit and loss under financial items. Profit or loss recognised in other comprehensive income is reclassified to the statement of profit and loss when the foreign operation is divested.

### Stock

The Group's stock is reported excluding inter-company profits. Inter-company profits generated within the Lindab Group are eliminated at Group level and therefore have no impact on operating profit. Stock is valued at the lower of cost and net realisable value for raw materials, consumables and purchased finished goods. The same applies to work in progress, whose acquisition cost is calculated based on the value of production costs generated during processing. The acquisition cost includes a reasonable share of indirect production costs based on normal capacity utilisation. Goods produced have been valued at the lower of production costs and net sales value. Obsolescence has therefore been taken into account in the evaluation. Market prices apply when pricing deliveries between group companies.

### Shareholders' equity

#### *Share capital*

Transaction costs directly attributable to the issue of new shares or warrants are reported, net of tax, in shareholders' equity as a deduction from the issue proceeds.

#### *Dividends*

Dividends to parent company shareholders are reported as a liability in the consolidated financial statements during the period in which the dividend was approved by the parent company shareholders.

#### *Repurchase and redemption of shares*

The repurchase and redemption of shares are allocated directly to profit carried forward where appropriate. For the repurchase and redemption of shares, see Note 24.

#### *Share options and warrants*

A share option programme for senior executives and other key persons in the Lindab Group was resolved at the 2019 Annual General Meeting. Under this programme, 175,000 share options were issued and sold to senior executives and other key persons in Lindab in accordance with a market valuation based on established agreements. The programme is thus based on a market transaction with related parties, and no part of the programme should be seen as share-based remuneration. Each share option entitles the holder to acquire one share in Lindab at an agreed price (SEK 120.00) at some point in the future (July/August 2022). To all intents and purposes, the share option programme that was implemented during the year has the same features as the warrant programme that was implemented in 2017 respectively 2018 when a total of 75,000 respectively 135,000 warrants were issued and sold to senior executives (however, at the 2019 balance sheet date, 50,000 respectively 25,000 of these warrants were held by Lindab). The warrants issued in 2017 give holders the option to acquire shares in Lindab at a price of SEK 108.80 in the summer of 2020. The warrants issued in 2018 give holders the option to acquire shares in Lindab at a price of SEK 86.40 in the summer of 2021. Issued warrants are valued using the Black-Scholes model, and any value adjustments are recognised in equity.

### Provisions

IAS 37 *Provisions, contingent liabilities and contingent assets* is applied to provisions, except for provisions regarding personnel, where IAS 19 *Employee benefits* is applied.

**Note 2, cont.**

A provision is only reported when:

- There is a present obligation (legal or constructive) resulting from a past event, it is likely that costs will arise to settle the obligation and the amount can be estimated reliably.
- The amount reported as a provision is the best estimate of the expense required to meet the obligation in question at the balance sheet date.

**Provisions for pensions and similar obligations**

Pensions are generally funded through payments to insurance companies, where the payments are determined based on periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is defined as a plan where the company pays set contributions to a separate legal entity and has no obligation to pay additional contributions, even if the legal entity does not have sufficient assets to pay the benefits relating to the employees' service until the balance sheet date. There are significant defined contribution plans in Sweden, Denmark, Finland and Germany, among other countries.

All plans that are not defined contribution plans are considered to be defined benefit plans. A special characteristic of defined benefit plans is that they state an amount for the pension benefit that an employee will receive on retirement, usually based on factors such as age, years of service and salary. The most comprehensive defined benefit plans are in Sweden.

The liability reported in the balance sheet for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting estimated future cash outflows using the discount rate in the same currency in which the benefits will be paid with maturities comparable to the current pension obligation. The discount rate for each country is determined on the basis of the market rate of investment-grade corporate bonds. In countries with no market for such bonds, the government bond yield is used. The calculations are based on actuarial assumptions as assessed each quarter, and are made at least once a year. The discount rate for the Swedish pension obligation has been established using the market rate of housing bonds according to their yield curve.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. Payroll tax attributable to actuarial gains and losses is included in determining the actuarial gains and losses.

Costs relating to past service are recognised directly in the statement of profit and loss.

Defined benefit plans can be unfunded or entirely or partially funded. In the case of funded plans, the company makes contributions to specific funds or foundations, for example. These plan assets are valued at fair value and reduce the projected pension obligation so that the net reporting is made in the statement of financial position.

In some cases, pension obligations in Sweden have been secured through the purchase of endowment insurance as a benefit for the insured. Where these obligations are defined contributions in nature, they are recognised as pension provisions, defined contribution obligations and corresponding assets in the endowment insurance at the fair value of plan assets for defined contribution obligations. The liability of the endowment insurance is measured at the best estimate of future payments, which corresponds to the fair value of the asset. The provision for special employers' contributions is calculated based on the carrying amount of the endowment insurance fund.

Other contributions to employees are reported as expenses during the period when the employee performs the services to which the benefits pertain.

**Leases**

Lindab applies IFRS 16 *Leases* from January 1, 2019. As previously described, the Group implemented the new standard based on a simplified transition method, which means that comparative figures in the Group's statement of profit and loss, financial position and cash flow were not recalculated. This in turn means that the comparative figures will continue to be reported in accordance with IAS 17 *Leases*.

IFRS 16 *Leases* is based on the recognition of all rental and leasing agreements in the lessee's statement of financial position, with the option to not include short term leases and leases for which the underlying asset is of low value. Lindab has chosen to apply the IFRS relief rules, which means that the Group's statement of financial position does not include leases that have an expected useful life of less than 12 months and leases for which the underlying asset is of low value (EUR 5 k applied by Lindab). Lease expenses arising from these leases that are not included are recognised as before, directly as an operating expense on a straight-line basis over the lease term.

Lindab assesses at the start of a new lease agreement whether it includes lease components that shall be capitalised in accordance with IFRS 16 *Leases*. Lease expenses that are capitalised are primarily fixed charges or variable index/price charges as well as any relevant residual value guarantees, option values or termination charges. Leases which include both components that can and cannot be capitalised, are capitalised in full if the latter component is of low value.

Leases are capitalised initially at the present value of future lease expenses, discounted on the basis of the lease's implicit interest or, for Group incremental borrowing rates, on the basis of the respective currency and asset type. The value of an asset also includes charges incurred on or prior to the commencement date of the lease, initial direct expenses and any estimated restoration costs for which provisions have been recognised in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. Capitalisation also includes forming an opinion on expected lease term/useful life of the asset in question within the framework of an existing lease.

The tangible assets/rights of use that are included in the Group's financial position in accordance with IFRS 16 *Leases*, are recognised in subsequent periods at acquisition value less depreciation/amortisation and any impairment losses as well as adjustments for any revaluations. Depreciation/amortisation is performed on a straight-line basis from the starting date of the lease and over the useful life, which is the shortest of economic useful life and agreed lease term. Impairment losses are recognised in accordance with IAS 36 *Impairment of assets*.

Lease liabilities recognised in the statement of financial position are included on an ongoing basis at amortised cost less lease payments made and taking into account the estimated impact of interest rates. Lease related balance sheet items will be reassessed continually based on changes to interest/index components, lease term, residual value guarantees etc. The weighted average incremental borrowing rate for the Group as at December 31, 2019 was 2.7 percent.

Until December 31, 2018, the Group recognised leases in accordance with IAS 17 *Leases*. Given that previous comparative figures have not been recalculated in the implementation of IFRS 16 *Leases*, the previously applicable accounting policies for leases are reported below.

**Finance leases**

Finance leases included leases where to a large extent Lindab assumed all the risks and benefits involved in the underlying assets. At the beginning of the lease term, finance leases were reported at the lower of fair value for the asset in the lease and the current value of the minimum lease payments. The corresponding liability to the lessor was included in the balance sheet under other borrowings. Lease payments were distributed proportionally between financial costs and reduced lease obligations in order to obtain a constant rate on the remaining debt. The asset's useful life complied with the Group's policy for owned assets. Gains on the sale and leaseback of property and equipment under finance leases were deferred and amortised over the term of the lease. Sale and leaseback agreements were classified in accordance with the above principles for finance and operating leases.

**Operating leases**

Leases, which were not classified as finance leases, were classified as operating leases. Fees payable under operating leases were charged to the statement of profit and loss on a straight-line basis over the term of each lease. Benefits that were received and might be received as an incentive to conclude an operating lease were also distributed on a straight-line basis over the term of the lease. If a sale and leaseback transaction resulted in an operating lease and it was obvious that the transaction was completed at fair value, the Group recognised any profit or loss immediately.

### Statement of cash flows

Lindab applies the indirect method. The purpose is to provide a basis in order to assess the company's ability to generate cash and the company's need for this. The following definitions have been used: Cash and bank consists of cash as well as deposits held with banks and equivalent institutions. Cash and cash equivalents other than cash and bank include current liquid investments that can easily be converted into cash and that are exposed to an insignificant risk from foreign currency fluctuations. Cash flow is the flow of cash and cash equivalents coming into and going out from the company. Operating activities are the main income generating activities of the company and other activities that are not investing or financing activities. Investing activities consist of the acquisition and divestment of fixed assets and investments that do not qualify as cash equivalents. Financing activities are activities that result in changes to the size and composition of the company's shareholders' equity and borrowings.

### Pledged assets and contingent liabilities

Pledged assets are reported if Lindab has pledged assets for the company's or the Group's liabilities or obligations. These can include debts and provisions that may be shown in the statement of financial position. The pledged assets may be tied to assets in the statement of financial position or encumbrances. The assets are entered at their carrying amount and encumbrances at their nominal value. Shares in group companies are reported at their value in the Group.

Contingent liabilities are recognised when there is a potential obligation arising from past events and occurrence is confirmed only by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision as it is unlikely that an outflow of resources will be required. See also Note 30.

### Government grants

Government grants are actions by the government intended to provide a financial benefit that is specific to a company or a category of company fulfilling certain criteria. Government assistance is conditional upon the recipient complying with certain conditions. Here, the term government refers to government agencies or authorities and similar bodies, regardless of geographical location. Grants related to assets are reported as a deduction in the carrying amount of the asset and grants related to income are recognised as a deduction of the related expenses.

### Related party disclosures

Transactions and agreements with related parties and/or private individuals are accounted for according to IAS 24 Related Party Disclosures. In the Group, inter-company transactions are eliminated and are thus not included in this disclosure/reporting requirement. For the full extent of these transactions, see also Note 31.

### Parent company accounts

The parent company's financial statements are prepared and presented in accordance with the Annual Accounts Act (ÅRL) and Recommendations from the Swedish Financial Reporting Board (RFR), RFR 2. RFR 2 requires the parent company to apply all EU approved IFRS standards and pronouncements as far as possible under the Annual Accounts Act, taking into account the relationship between accounting and taxation. The recommendation includes the exemptions to IFRS that must be considered and the additions that must be made. It can be added that the parent company does not hold any leases. The differences between the parent company and the Group accounting policies are described below:

#### *Classification, presentation and layout*

The parent company's income statement and balance sheet are prepared in accordance with the Swedish Annual Accounts Act format. The difference from IAS 1 *Presentation of Financial Statements*, which is applied to the presentation of the Group's financial statements, is mainly the recognition of financial income and expenses, fixed assets, shareholders' equity and availability of provisions under separate headings.

#### *Group companies*

Shares in Group companies are recognised at acquisition value in the parent company's financial statements. Acquisition-related costs for Group companies, which are carried as expenses in the consolidated financial statements, form part of the acquisition value for shares in Group companies of the parent company.

## Note 03 Financial risks

**Financial risks**

Financial risks include currency risks, interest rate risks, financing, liquidity and credit risks. The work on financial risks is an integral part of Lindab's business. All risks are managed in accordance with Lindab's established policies. The Group's

treasury function is responsible for these risks and also supports the Group's companies in the implementation of financial policies and guidelines. Compliance with the Treasury policy is followed-up on a regular basis and the result is reported to the Board of Directors.

Risk	Exposure	Comment
<b>Financing</b>		
Financing risk is the risk that financing of the Group's capital requirements and refinancing of outstanding credits are impeded or become more expensive.	On December 31, 2019, Lindab's total credit limits amounted to SEK 1,922 m (1,914).  The credit limits expire in July 2022.	Lindab's credit agreements with Nordea/Danske Bank and Raiffeisen Bank International include two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio, which are followed up quarterly. The covenants were met as at December 31, 2019. According to the Group's Treasury policy, long term financing should always be in place 12 months before existing financing expires.
<b>Liquidity</b>		
Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.	At year-end, the Group's available cash and cash equivalents, including unused credit facilities, amounted to SEK 1,942 m (1,558), mainly based on the above mentioned credit limits and overdraft. See table for 'Liquidity risk' on page 77.	All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreements safeguard liquidity needs. Lindab's operations are seasonal, which has an effect on the cash flow. During the period January-June, cash flow is negative and then becomes positive in July-December. According to the Group's Treasury policy, the Group must at all times have available funds, including unused credit facilities, to cover all obligations of the business.
<b>Interest rates</b>		
Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group.	Lindab is a net borrower. The net debt at year-end amounted to SEK 1,771 m (1,052), which means that rising interest rates will have an adverse effect on the Group. IFRS 16 had an impact on net debt in 2019 in the amount of SEK 1,039 m.	Surplus liquidity is always used to amortise existing loans. In accordance with the Treasury policy, the fixed interest rate period will be 1-12 months. On December 31, 2019 it was 3 months (3). The interest rate, calculated as a Group interest expense in relation to average liabilities amounted to 1.5 percent (1.5), excluding IFRS 16 and 2.3 percent including IFRS 16.
<b>Currency</b>		
Currency risk is the risk of negative effects on the Group's statement of comprehensive income, cash flow and statement of financial position as a result of changes in exchange rates:		
<ul style="list-style-type: none"> <li>The profit is affected when income and expenses in foreign currencies are translated into Swedish kronor.</li> <li>The statement of financial position is affected when assets and liabilities in foreign currencies are recalculated in Swedish kronor.</li> </ul>		
The risk can be divided into transaction risk and translation risk.		
<i>Transaction risk</i>		
Transaction risk is the risk that occurs when transactions are made in a currency other than the local company's functional currency. A company may also have monetary assets and liabilities in a currency other than the functional currency which are translated to the local currency using the exchange rate at the balance sheet date. The translation of the monetary assets and liabilities results in currency effects which are recognised in the statement of comprehensive income.	78 percent (76) of the Group's sales are made in currencies other than SEK. Sales are made in 14 (15) different currencies, the most important of which, besides SEK, are EUR, DKK, GBP and NOK. Lindab's net exposure translated to SEK is approximately SEK 200 m (300) annually. SEK 0 m (11) of the transaction exposure entered in the balance sheet was hedged at the end of the year.	To reduce currency exposure, the Group attempts to match inflows and outflows of different currencies by, for example, using the same currency for invoicing as purchasing. Each individual Group company is responsible for identifying its own currency exposure. Some special orders, projects, investments and purchases can be hedged to create certainty of future cash flows.  The treasury function is responsible for the Group's overall currency exposure, and makes decisions and implements any hedging of subsidiaries' exposure.
<i>Translation risk</i>		
Translation differences arise when translating foreign subsidiaries' statements of financial position in local currency to Swedish kronor. The statement of profit and loss is translated at the average rate for the year and the statement of financial position is translated at the rate on December 31. The translation difference is applied to other comprehensive income. Translation exposure is the risk that the translation difference represents in terms of the impact on comprehensive income. Parts of this exposure have been hedged since 2013.	At the end of 2019, the Group's net investments in foreign currency amounted to SEK 4,338 m (4,113). The biggest currencies are EUR with SEK 1,402 m (1,335), DKK with SEK 543 m (545) and PLN with SEK 435 m (405). SEK 1,277 m (1,312) is hedged by taking out loans in foreign currency and currency swaps.	Hedging of the Group's translation exposure is determined by the CFO in accordance with the Group's Treasury policy.
Lindab AB has currency risks in its lending and borrowing to Group companies, which mainly takes place in the Group companies' local currency.	Lindab AB's lending and borrowing in foreign currency at the end of 2019 amounted to SEK 934 m (958) and SEK 425 m (456) respectively.	The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly and the effect is recognised in financial items in the statement of comprehensive income.

Note 3, cont.

### Liquidity risk

The table below analyses the Group's financial liabilities, presented according to the time remaining until the contractual maturity date.

On 31 December 2019	< 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	> 5 years
Borrowings (excluding lease liabilities)	2	34	11	971	37
Lease liabilities	69	195	216	394	253
Derivative instruments	232	471	-	-	-
Accounts payable and other liabilities	763	307	-	-	-

On 31 December 2018	< 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	> 5 years
Borrowings (excluding finance lease liabilities)	3	63	11	1,062	1
Finance lease liabilities	2	4	7	21	-
Derivative instruments	548	139	-	-	-
Accounts payable and other liabilities	788	304	-	-	-

The amounts included in the table are the contractual undiscounted cash flows. The derivatives flow refers to the gross flow of currency futures. The liquidity risk is limited as it is covered by available credit limits and inflows of financial assets.

### Currency futures

Exchange value in SEK m	31/12/2019		31/12/2018	
	Amount	Term in months	Amount	Term in months
Sell EUR	-393	4	-391	3
Sell USD	-	-	-	-
Sell CHF	-80	4	-76	3
Sell GBP	-37	4	-	-
Sell NOK	-19	4	-18	3
Sell CZK	-172	3	-199	3
Sell TRY	-2	4	-2	3
<b>Sell total</b>	<b>-703</b>		<b>-686</b>	
Buy EUR	16	2	-	-
Buy USD	80	3	77	3
Buy HRK	7	4	7	3
Buy CZK	18	2	27	3
Buy HUF	44	3	55	2
Buy RUB	133	6	159	12
<b>Buy total</b>	<b>298</b>		<b>325</b>	
<b>Net</b>	<b>-405</b>		<b>-361</b>	

### Offsetting of assets and liabilities within ISDA agreements

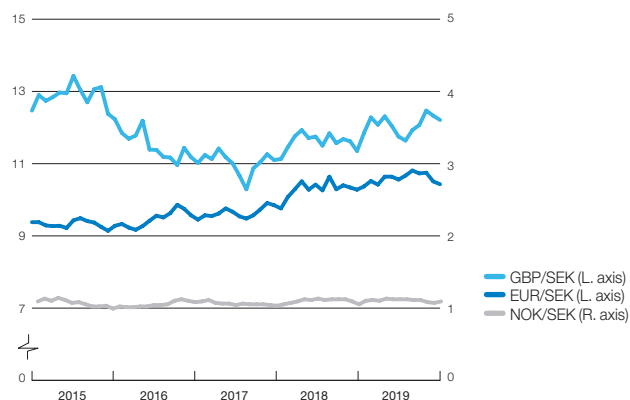
There is no balance sheet offsetting as the Lindab Group has a right to offset under the ISDA agreement. The right of offset amounts to SEK 3 m (4) in accordance with the table below.

On 31 December 2019	Amounts recognised in the balance sheet	Financial agreements	Net
<b>Assets</b>			
Currency derivatives	14	-3	11
<b>Liabilities</b>			
Currency derivatives	-11	11	0
<b>Total</b>	<b>3</b>	<b>8</b>	<b>11</b>

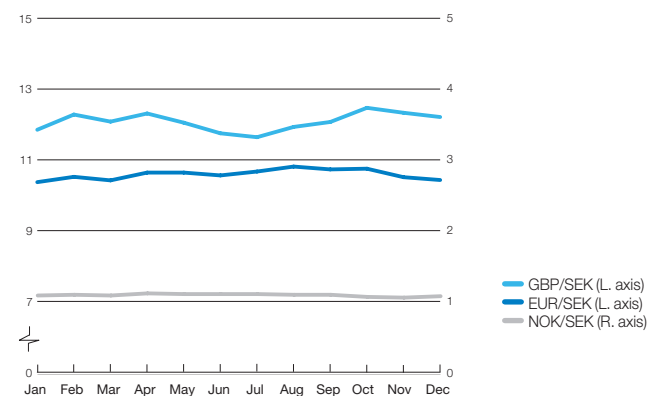
  

On 31 December 2018	Amounts recognised in the balance sheet	Financial agreements	Net
<b>Assets</b>			
Currency derivatives	5	-4	1
<b>Liabilities</b>			
Currency derivatives	-1	1	0
<b>Total</b>	<b>4</b>	<b>-3</b>	<b>1</b>

### Exchange rate development 2015-2019



### Exchange rate development January-December 2019



### The following exchange rates have been used for translation of foreign operations

Country	Cur- rency	Currency code	Average exchange rate Jan-Dec		Rate on balance sheet date	
			2019	2018	2019	2018
Euroland	1	EUR	10.59	10.26	10.43	10.28
Denmark	1	DKK	1.42	1.38	1.40	1.38
Norway	1	NOK	1.07	1.07	1.06	1.02
Poland	1	PLN	2.46	2.41	2.44	2.39
Romania	1	RON	2.23	2.21	2.19	2.22
Russia	100	RUB	14.62	13.88	15.07	12.91
Switzerland	1	CHF	9.52	8.88	9.57	9.10
UK	1	GBP	12.07	11.59	12.21	11.35
Czech Republic	100	CZK	41.24	39.99	40.98	39.81
Hungary	100	HUF	3.25	3.22	3.15	3.20
USA	1	USD	9.46	8.69	9.32	8.97

### Sensitivity analysis

	Change	Sensitivity, SEK m	
		31/12/2019	31/12/2018
Currency fluctuation, sales	+/-1	+/-77	+/-71
Currency fluctuation, purchase of raw materials	+/-1	+/-36	+/-35
Currency fluctuation, net assets	+/-1	+/-31	+/-28
Currency fluctuation, net debt	+/-1	+/-13	+/-9
Fluctuations in interest rates, %	+/-1	+/-16	+/-11

The calculations are based on 2018 and 2019 volumes and assume that all else remains unchanged, for example that sales prices are not adjusted in response to changes in steel prices. The calculation excludes tax effects.

### Currency fluctuation, sales and purchase of raw material

78 percent (76) of Lindab's total sales and 78 percent (79) of total raw material purchases are made in currencies other than SEK, which means that fluctuations in SEK affect the Group's profit or loss. Raw material purchases represent the only major currency exposure in terms of costs. A fluctuation of +/- 1 percent in SEK affects sales by SEK 77 m (71) and raw material purchases by SEK 36 m (35). The most important currencies are EUR, DKK, GBP and NOK. USD is also an important currency as far as raw material purchases are concerned.

### Currency fluctuation, net assets

Lindab's net assets in foreign currency amount to SEK 4,338 m (4,113). The single largest net assets are in EUR followed by DKK, PLN and GBP. SEK 1,276 m (1,231) of the net assets is hedged via loans and currency swaps. A fluctuation of +/- 1 percent in SEK affects net assets by SEK 31 m (28).

### Currency fluctuation, net debt

Lindab's net debt amounts to SEK 1,771 m (1,052), including IFRS 16. 76 percent (84) is in currencies other than SEK. The greatest exposures in foreign currency are made up of loans in EUR, NOK and CHF. A fluctuation of +/- 1 percent in SEK affects net debt by SEK 13 m (9) of which SEK 10 m (11) is recognised in other comprehensive income.

### Fluctuations in interest rates

Changes in interest rates affect Lindab's profitability and cash flow. A change in interest rates of 1 percent affects Lindab's profit by SEK 16 m (11) where IFRS 16 accounts for SEK 8 m.

### Asset management

Lindab's managed capital comprises the sum of shareholders' equity and the Group's net debt, totalling SEK 6,798 m (5,516).

The Group's capital will be used to retain a high degree of flexibility and to finance acquisitions. Any surplus capital will be transferred to Lindab's shareholders.

The overall target of asset management is to ensure the Group's ability to continue as a going-concern, while ensuring that the Group's funds are being used in the best way to give shareholders a good return and lenders a good level of security.

Lindab has been governed for a number of years on the basis of long term financial targets. These targets were updated by the Board of Directors in December 2019 and are 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.

In December 2019, the Board of Directors decided on an updated dividend policy, which states that the proposed dividend should be equivalent to minimum 40 percent of the company's net profit for the year, taking into account the company's financial position, acquisition opportunities and long term financing needs. Lindab's Board of Directors proposes a dividend of SEK 3.60 per share for 2019. See also Note 24.

To ensure the availability of financing, it is important to meet the obligations to the banks arising from the credit agreements. The credit agreements include two covenants in the form of the net debt to EBITDA ratio and the interest coverage ratio. Lindab fulfils these obligations.

Lindab's Treasury policy has been approved by the Board of Directors and this constitutes a framework of guidelines and regulations for the financing operations that are centralised at Group Finance. This enables the Group to monitor all financial risk positions and safeguard common interests. At the same time, this brings about cost efficiency, economies of scale and skills development.

### Credit risk management

Financial assets in the form of accounts receivable represent a credit risk for the Group. Customer credit risk is managed in the context of operating activities by each business unit and is based on the Group's established policies, procedures and controls. Individual credit limits are identified for each customer based on guidelines and opinions on limits are based on the estimated risk profile. It should also be noted that in some customer-related transactions, Lindab works with advance payments from customers, which may be due both to cash flow optimisation and credit risk management. Advance payments from customers are applied mainly in the case of large projects in the Building Systems segment.

Lindab works actively to monitor and ensure that outstanding accounts receivables are paid. In addition, portions of the accounts receivable portfolio are covered by credit insurance. The Group's exposure to individual customers is limited as Lindab's biggest customer accounts for 1.9 percent (2.1) of the Group's total net sales.

Credit loss provisions are in place for recognised accounts receivable, which, in addition to an individual assessment, correspond to expected losses based on the remaining maturity period. Outstanding receivables are categorised on the balance sheet date based on due date and the number of days arrears. Based on this, loss provisions are calculated on the basis of six different valuation levels, which reflect both the Group's historical loss experience and a future expected credit loss adjustment based on current market conditions. For details of the method used to value accounts receivable and changes in loss provisions during the year, see also Note 23. On the balance sheet date, recognised credit loss reserves amounted to SEK -98 m (-92).

Lindab is also exposed to credit risk from deposits held with banks and financial institutions. This credit risk is managed by the Group's central treasury function in accordance with Lindab's Treasury policy. Taking into account the counterparties' financial position and an independent rating agencies assessment of these, the total credit risk exposure is considered to correspond to the recognised value of these financial assets.

Other financial assets are generally considered to have an inherently low credit risk. These are valued on an ongoing basis in order to assess any inherent risk of loss based on objective reasons, on historical experience and also reflect estimated future financial conditions for counterparties. Individual assessments are applied. The assessment process for other financial assets is decentralised with a view to ensuring the best possible expertise is applied when evaluating any loss provisions.

**Note 04 Key accounting estimates and judgements**

IFRS is a principles-based framework and contains no detailed rules under normal circumstances, but instead develops the overall principles that should characterise the financial statements. This implies that significant estimates and judgements must be made by Lindab which may give rise to specific consequences in the financial statements. The judgements made are central to the financial outcome, and these are combined with detailed information.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are deemed reasonable in the circumstances.

In the application of accounting policies, various assumptions have been made that may substantially affect the amounts presented in Lindab's financial statements.

**Impairment testing of goodwill**
*Importance sources of estimation uncertainty*

The Group continually tests the goodwill for impairment in accordance with the accounting policies described in Note 2. The impairment test is based on a review of the recoverable amount. The value is estimated based on the management's assessment of future cash flows which are based primarily on internal business plans and forecasts.

From January 1, 2019, Lindab's business operations have been divided into three reporting segments compared with two segments previously. Given that the Group's impairment testing of goodwill is assessed at segment level (see Notes 2 and 17 respectively), the change in segments has also resulted in a different basis for impairment testing. At the end of December 2019, recognised goodwill amounted to SEK 3,211 m (3,144); SEK 1,953 m related to Ventilation Systems, SEK 841 m related to Profile Systems and SEK 417 m related to Building Systems. In the previous year, recognised goodwill for the Products & Solutions segment amounted to SEK 2,733 m and goodwill relating to Building Systems amounted to SEK 411 m.

When testing for impairment, a management assessment is required of various factors, particularly with regard to events which may affect the value of goodwill, the assumptions underlying cash flow forecasts and whether the discounting of these cash flows is reasonable. Changes in the assumptions made by the management may result in a different outcome and a different future financial position. For further information on impairment testing of goodwill, see Note 17.

**Leases**
*Important sources of estimation uncertainty and assessments in the application of Group accounting policies*

From January 1, 2019 Lindab applies IFRS 16 Leases (see Note 2). Some subjective estimates and judgements are made in connection with the reporting of leases, both in terms of the possibility/probability of exercising options to extend, terminate and purchase, estimated useful life of a lease that is extended on an ongoing basis if neither party actively terminates the lease and actual expected useful life of the asset under existing leases. From a materiality perspective, these relate primarily for the Group to property leases where these judgements can have a material effect on the financial position. Lindab has set up a structure for how these components should be assessed and in terms of property, this structure is largely based on the main character of the property (production, warehouse, branches or offices). The guidelines aim to set out and reflect expected useful lives in a fair manner and therefore also the value of right-of-use assets and the carrying amount of liabilities in the form of future lease expenses, based on information known at each balance sheet date. In accordance with IAS 36 *Impairment of assets*, judgements also include testing the carrying amount of assets from an impairment loss perspective.

Furthermore, a component that affects the carrying value of leases in the Group's financial position is the underlying discounting factor. When calculating the current balance sheet value, Lindab applies an incremental borrowing rate for the respective currency and asset type that is assessed relevant to the Group, with the aim of best reflecting lease related assets and financial obligations in a fair manner. The weighted average incremental borrowing rate was 2.6 percent at the beginning of 2019 and 2.7 percent at the end of December 2019.

The comparative period in 2018 was based on the recognition of leases in accordance with IAS 17 *Leases*. In accordance with this standard, leases were classified as either finance or operating leases, depending on where ownership of the financial risks and benefits mainly rested for an individual leased asset. Given that finance leases are shown on the balance sheet in accordance with this standard, whereas operating leases are carried as an ongoing expense, the weighted assessment and classification of individual leases could have accounting implications for the Group's financial position.

The most important leases that Lindab had in 2018 related to production facilities in Luxembourg and Switzerland as well as production and office properties in Sweden. Lindab's weighted assessment of these leases, based on the criteria described in IAS 17, were that the financial benefits and risks associated with ownership rested primarily with the lessor, thus explaining why the contracts were recognised as operating leases. In addition, there were a number of leases that were classified as finance leases and impacted the financial position in the amount of SEK 34 m as at the end of December 2018. These leases related mainly to buildings and land in Poland.

Further information regarding leases is provided in Note 29.

**Deferred tax assets**
*Importance sources of estimation uncertainty*

Deferred tax assets and liabilities are reported for temporary differences and unutilised carry-forward tax losses. Deferred tax assets, which are attributable to carry-forward tax losses, are reported to the extent that it is likely that future taxable surpluses will be available, against which the accumulated loss may be utilised. The Group's carry-forward tax losses relate primarily to countries with long or indefinite periods of utilisation. Lindab recognises deferred tax assets based on the management's estimates of future taxable results in various tax jurisdictions.

At the end of 2019, deferred tax assets related to carry-forward tax losses totalled SEK 45 m (40), see Note 15.

**Recognition of stock**
*Importance sources of estimation uncertainty*

Stock is recognised at the lower of cost and net realisable value. Valuations and assessments of stock are governed by internal regulations which all companies within the Group are obliged to comply with. The aim is to ensure that stock is valued at the lower of cost and net realisable value at all times.

When calculating the net sales value, an assessment is made of discontinued items, surplus items, damaged goods, and the estimated sales value based on available information. As of December 31, 2019, the provision for stock obsolescence amounted to SEK 70 m (69), see Note 22.

**Expected bad debt losses**
*Importance sources of estimation uncertainty*

Lindab applies an assessment of expected bad debt losses to its valuation of recognised accounts receivable. The valuation method is based on an estimate of expected bad debt losses for all outstanding receivables, including receivables that are not due. Provisions for expected bad debt losses are calculated on the basis of central guidelines, which are based on judgement of expected bad debt losses in different due date categories and based on a combination of historical experience and changes expected in the individual categories/markets. In addition to the calculation of provisions for bad debt losses based on the guidelines given for forming provisions, an individual judgement is also made of individual customer exposures. This judgement is made based on circumstances that may significantly impact the valuation, such as the solvency and financial position of significant customers as known at the balance sheet date. For further information regarding the valuation method, see Note 2 and Note 23. At the end of 2019, the provision for expected bad debt losses amounted to SEK 98 m (92), see Note 23.

**Other provisions***Importance sources of estimation uncertainty*

Provisions for future expenses resulting from the warranty commitments are reported at the estimated amount required to settle the commitment at the balance sheet date. The estimated amount is based on calculations, judgements and experience. Through experience, Lindab has developed a common calculation principle for warranty provisions. The provision is calculated using a statistics-based percentage in relation to sales over the last ten years less actual warranty costs.

Lindab's production of steel products has a relatively limited impact on the environment. The Group pursues activities on properties where soil contamination may occur. In cases where there is a risk of environmental liability, a judgement is made to determine whether a provision is required based on known information, the perceptions of representatives and other advisers, the probability that a present obligation exists and the reliability of the figure that the obligation is estimated to amount to.

The amount reported as a provision is the best estimate of the expenditure that is required to meet the obligation in question at the balance sheet date. The Group's reporting of provisions means that SEK 49 m (59) is reported as other provisions as at December 31, 2019, see Note 26.

Outstanding legal matters are reviewed regularly. An assessment is made of whether a liability should be recognised and whether an obligation has resulted from an event. Furthermore, it is assessed whether an outflow of economic resources is likely to be required to settle the obligation, and whether a reliable estimate of the amount can be made.

Whether an existing obligation is likely or not is a matter of judgement. The risk types for these provisions vary, and the management assesses the nature of the provision and scope when determining whether an outflow of resources is likely or not.

**Pensions***Importance sources of estimation uncertainty*

Provisions and the costs of post-employment benefits, mainly pensions, depend on the assumptions made when the debt is calculated. Specific assumptions and

actuarial calculations are made for each of the countries where Lindab's operations result in such obligations. The assumptions concern discount rates, inflation, salary growth rates, departure rates, mortality and other factors.

In determining the discount rate, Lindab takes into account the discount rate for each country which is denominated in the currency in which the benefits will be paid and which have a maturity corresponding to the estimates for the current pension obligation. Other important assumptions are based in part on prevailing market conditions. Lindab assesses actuarial assumptions on a quarterly basis and adjusts them as appropriate. Any change in these assumptions will impact the carrying amount of the pension obligations.

For sensitivity analysis, see Note 25.

The Group's provisions for defined benefit plans amounted on the balance sheet date to SEK 249 m (196) net after deductions for plan assets.

**Brexit***Importance sources of estimation uncertainty*

Lindab is closely monitoring Brexit developments on an ongoing basis in order to assess any impact the process may have on its business and in order to take effective measures in the event of a rapid change in construction activity. Sales volumes were affected in 2019, in both the UK and Ireland, as a result of the uncertainty created by Brexit. To address the issues surrounding Brexit, the Group decided to increase stocks in the relevant countries during the year as a precautionary measure.

**Coronavirus***Importance sources of estimation uncertainty*

Lindab's sales and operations are very concentrated to Europe and more than 97 percent of all supplies come from Europe. The direct and indirect exposure to Asia and the US is very limited. Lindab cannot, at present, predict the future effects that the spread of the corona virus may have on the European economies, but assumes that the general business climate will be negatively affected compared to previous view. The development is closely monitored and several scenarios with action plans are developed to address the potential risks.

**Note 05 Business combinations****Business combinations in 2019**

On April 2, 2019 Lindab acquired all shares and voting rights in the British ventilation company Ductmann Ltd., whose business is mainly focused on the manufacture and distribution of rectangular ducts and fire-rated ductwork and silencers for ventilation systems. The acquisition was 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 had annual sales of approximately SEK 43 m as of the acquisition date and over 40 employees.

The total consideration transferred for the acquisition of Ductmann Ltd. was SEK 61 m, a consideration that was settled mainly in cash on the acquisition date. The net cash flow effect from the acquisition, after adjustment for cash and cash equivalents in the acquired company, amounted to SEK 33 m. There were no contingent considerations. Costs related to the acquisition amounted to SEK 1 m and are recognised as other operating expenses.

According to the final purchase price allocation, the acquisition of Ductmann Ltd. resulted in goodwill of SEK 15 m. This related among other things to expected synergies, management competence in the market and a well-established market presence. Intangible assets recognised in the acquired company mainly related to the value of the customer base. For a specification of acquired assets and liabilities as at the date of acquisition as well as final purchase price allocation, see the table in this note.

Ductmann Ltd was consolidated into Lindab as of April 2, 2019. The acquisition of the company resulted in an increase in the Group's sales between the acquisition date and December 31, 2019 of SEK 33 m and profit after tax SEK 3 m. If the acquisition had been completed on January 1, 2019, the Group's net sales would have increased by approximately SEK 45 m in 2019 and profit after tax by SEK 5 m. Ductmann Ltd. is part of Ventilation Systems.

On July 26, 2019 Lindab divested all shares and voting rights in Dutch subsidiary, Lindab Door B.V. The business of the company is mainly related to sales and assembly of industrial doors in the domestic market. The divestment was in accordance with Lindab's strategy to focus on long term sustainable and profitable growth. At the time of divestment, the company had annual sales of approximately SEK 30 m, reported a marginal operating profit and had 14 employees.

The sales price for Lindab Door B.V. amounted to SEK 4 m, which resulted in a consolidated capital loss of just under SEK 4 m including consideration of transaction related indirect costs. The impact of the divestment on net cash flow, after adjustment for cash and cash equivalents in the divested company, amounted to SEK 2 m. The capital loss was recognised as other operating expenses.

Lindab Door B.V. was consolidated into Lindab up to and including July 26, 2019. During this period, the company reported sales of SEK 15 m and a marginal loss after tax. For a specification of divestments of net assets, see the table in this note. Lindab Door B.V. was part of Profile Systems.

**Business combinations in 2018**

No acquisitions or divestments were made by Lindab in 2018.



## Note 5, cont.

**Transferred consideration, goodwill and effect on cash and cash equivalents**

The table below provides information on the purchase price, goodwill and the acquisition/divestment's impact on the Group's cash and cash equivalents.

	Acquired businesses		Divested businesses	
	2019	2018	2019	2018
Consideration transferred at time of acquisition/divestment	61	-	3	-
Future conditional additional contingent considerations	-	-	-	-
Future unconditional additional contingent considerations	-	-	1	-
Direct costs relating to acquisitions/divestments <sup>1)</sup>	1	-	0	-
<b>Total acquisitions/divestments</b>	<b>62</b>	<b>-</b>	<b>4</b>	<b>-</b>
Less direct costs relating to acquisitions/divestments	-1	-	0	-
<b>Total transferred consideration/additional contingent considerations</b>	<b>61</b>	<b>-</b>	<b>4</b>	<b>-</b>
Fair value of acquired/divested net assets/liabilities	46	1	6	-
Indirect costs relating to acquisitions/divestments <sup>1)</sup>	-	-	2	-
<b>Goodwill/capital gain/loss<sup>1)</sup></b>	<b>15</b>	<b>1</b>	<b>-4</b>	<b>-</b>
<b>Consideration transferred at time of acquisition/divestment</b>				
Consideration transferred at time of acquisition/divestment	61	-	3	-
Cash and cash equivalents in the acquired/divested subsidiary	-28	-	-1	-
<b>Effect of acquisition/divestment on consolidated cash and cash equivalents</b>	<b>33</b>	<b>-</b>	<b>2</b>	<b>-</b>

1) The cost/capital loss is recognised in the statement of profit and loss under Other operating expenses.

In addition to the impact on the Group's cash and cash equivalents from acquisitions/divestments reported above, Lindab also settled part of the contingent considerations from previous acquisitions in 2019. The settlement amounted to SEK 3 m and related to A.C. Manufacturing Ltd., a company that was acquired at the end of 2017. The additional contingent considerations remaining in relation to the acquisition was estimated in accordance with previous probability of maximum outcome, whereby the statement of profit and loss was not affected by this acquisition transaction in either of the last two financial years.

No portion of reported goodwill is deductible for income tax.

The fair value of acquired assets and liabilities is largely consistent with their book value, with the exception of intangible assets identified in connection with acquisitions, and the net value of acquired assets is essentially the same as their gross value.

**Acquired/divested assets and liabilities**

Acquired/divested net assets, liabilities and goodwill related to acquisitions/divestments are shown below. Recognised intangible assets mainly relate to the value of the customer base.

	Acquired businesses		Divested businesses	
	2019	2018	2019	2018
Intangible assets	12	-	0	-
Tangible fixed assets	1	-	0	-
Rights of use assets	11	-	-	-
Deferred tax assets	-	1	-	-
Stock	4	-	2	-
Accounts receivable and other current assets	11	-	5	-
Cash and cash equivalents	28	-	1	-
<b>Total acquired/divested assets</b>	<b>67</b>	<b>1</b>	<b>8</b>	<b>-</b>
Deferred tax liabilities	-2	-	-	-
Non-current lease liabilities	-10	-	-	-
Current lease liabilities	-1	-	-	-
Current liabilities	-8	-	-2	-
<b>Total acquired/divested liabilities</b>	<b>-21</b>	<b>-</b>	<b>-2</b>	<b>-</b>
<b>Fair value of acquired/divested net assets</b>	<b>46</b>	<b>1</b>	<b>6</b>	<b>-</b>
Goodwill	15	-1	-	-
Indirect costs relating to acquisitions/divestments	-	-	2	-
Capital gain/loss	-	-	-4	-
<b>Consideration transferred at time of acquisition/divestment, including future conditional/unconditional additional contingent considerations/purchase price</b>	<b>61</b>	<b>-</b>	<b>4</b>	<b>-</b>

Note **06** Employees and senior executives

## Average number of employees

	31/12/2019			31/12/2018		
	Men	Women	Total	Men	Women	Total
<i>Parent company, Sweden</i>	-	-	-	-	-	-
<i>Subsidiaries</i>						
Sweden	742	383	1,125	925	218	1,143
Belgium	24	5	29	21	3	24
Bosnia and Herzegovina	3	5	8	6	5	11
Denmark	405	116	521	390	117	507
Estonia	64	15	79	62	11	73
Finland	69	17	86	70	15	85
France	117	31	148	114	33	147
Ireland	78	5	83	74	4	78
Italy	96	46	142	97	50	147
Croatia	0	0	0	1	0	1
Latvia	12	2	14	13	2	15
Luxembourg	160	18	178	179	20	199
Macedonia	0	1	1	0	1	1
Montenegro	1	1	2	1	1	2
Netherlands	3	1	4	14	3	17
Norway	80	13	93	89	10	99
Poland	239	113	352	248	115	363
Romania	76	14	90	73	13	86
Russia	248	57	305	253	54	307
Switzerland	81	12	93	80	12	92
Serbia	3	3	6	3	3	6
Slovakia	34	15	49	31	17	48
Slovenia	178	52	230	171	56	227
UK	283	71	354	247	63	310
Czech Republic	684	210	894	502	331	833
Germany	106	26	132	105	22	127
Hungary	141	37	178	141	31	172
USA	6	0	6	6	-	6
Subsidiaries total	3,933	1,269	5,202	3,916	1,210	5,126
<b>Group total</b>	<b>3,933</b>	<b>1,269</b>	<b>5,202</b>	<b>3,916</b>	<b>1,210</b>	<b>5,126</b>

## Gender balance among senior executives

<b>Parent company</b>						
The Board, elected by shareholders	4	3	7	4	3	7
The Board, employee representatives	2	-	2	2	-	2
<b>The Group</b>						
CEO/Executive Management	9	2	11 <sup>1)</sup>	4	1	5 <sup>2)</sup>

1) Pontus Kallen was part of the Executive Management until May 2019 and Fredrik Liedholm until August 2019. Stefaan Sonjeau joined the Executive Management in September 2019 and Lars Christensson in November 2019.

2) Fredrik von Oelreich was part of the Executive Management until June 2018 when he was replaced by Ola Ringdahl. Kristian Ackeby was part of the Executive Management until August 2018 and was replaced by Malin Samuelsson in September 2018.

## Personnel costs

	2019			2018		
	Board/CEO and Executive Management	Other employees	Total salaries and other benefits	Board/CEO and Executive Management	Other employees	Total salaries and other benefits
<b>Salaries and other benefits</b>						
Parent company, Sweden	3.3	-	3.3	2.9	-	2.9
Subsidiaries total	80.2	1,860.8	1,941.0	80.8	1,738.9	1,819.7
<b>Group total</b>	<b>83.5</b>	<b>1,860.8</b>	<b>1,944.3</b>	<b>83.7</b>	<b>1,738.9</b>	<b>1,822.6</b>
<b>Payroll overheads</b>						
Parent company, Sweden	1.1	-	1.1	0.9	-	0.9
of which pensions	0	-	0	0	-	0
Group total	27.6	493.1	520.7	20.8	480.7	501.5
of which pensions	9.3	109.1	118.4	6.4	114.4	120.8
<b>Total personnel costs</b>	<b>112.2</b>	<b>2,353.9</b>	<b>2,466.1</b>	<b>104.5</b>	<b>2,219.60</b>	<b>2,324.1</b>

**Note 6, cont.**

Of the total pension provisions in the statement of financial position of SEK 283 m (234), SEK 30 m (33) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 30 m (33).

In 2019, the total remuneration paid to Board members amounted to SEK 3,331 k (2,887), presented in the table below.

At the Annual General Meeting on May 8, 2019, it was resolved that the fees for Board members would amount to a total of SEK 3,256 k. Of this, SEK 856 k would be paid to the Chairman of the Board, SEK 391 k to each of the Board's elected members, and SEK 26 k to each of the employee representatives. Fees for Board members serving on the Audit Committee amount to SEK 102 k for the Chairman and SEK 51 k for each of the ordinary members of the Audit Committee. Fees for Board members serving on the Remuneration Committee amount to SEK 61 k for the Chairman and SEK 31 k for the ordinary member of the Remuneration Committee. The total fees to the Audit Committee and the Remuneration Committee should not exceed SEK 296 k. In total, remuneration of SEK 3,552 k can be paid to the Board and members of committees as decided by the Annual General Meeting 2019.

**Board fees, including committee remuneration**

SEK (thousands)	2019	2018
Peter Nilsson	858.0	737.7
Per Bertland	395.3	341.3
Sonat Burman-Olsson	364.3	310.7
Viveka Ekberg	466.3	412.0
Anette Frumerie	415.3	361.3
John Hedberg	415.3	361.3
Bent Johannesson	364.3	310.7
Pontus Andersson	26.0	25.8
Anders Lundberg	26.0	25.8
<b>Total</b>	<b>3,330.8</b>	<b>2,886.6</b>

None of the Board members or deputies are entitled to any benefits upon termination of their Board services.

**Remuneration to Executive Management and other terms of employment**

2019 SEK	Ola Ringdahl <sup>1)</sup>	Remuneration of other Executive Management <sup>1)</sup>	Total
Fixed salary incl. holiday pay	5,607,000	18,025,496	23,632,496
Variable salary	5,178,508	8,980,150	14,158,658
Pensions	1,628,597	4,692,969	6,321,566
Benefits	118,855	435,549	554,404
<b>Total</b>	<b>12,532,960</b>	<b>32,134,164</b>	<b>44,667,124</b>

2018 SEK	Ola Ringdahl <sup>1)</sup>	Fredrik von Oelreich	Remuneration of other Executive Management <sup>1)</sup>	Total
Fee	-	3,540,000	-	3,540,000
Fixed salary incl. holiday pay	3,013,890	-	8,956,241	11,970,131
Variable salary	1,859,708	-	3,403,276	5,262,984
Pensions	900,139	-	2,316,811	3,216,950
Benefits	52,001	-	235,408	287,409
<b>Total</b>	<b>5,825,738</b>	<b>3,540,000</b>	<b>14,911,736</b>	<b>24,277,474</b>

<sup>1)</sup> Excluding social security obligations and special payroll tax

**Fixed and variable salaries**

Remuneration to Executive Management is based on a combination of fixed and variable salaries. The variable salary comprises a short term and long term cash remuneration programme which is based on the results achieved.

The maximum short term variable salary amounts to 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a short term variable salary up to a maximum of 50 percent of his annual fixed salary. The long term variable cash salary amounts to a maximum of 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a long term variable salary up to a maximum of 70 percent of his annual fixed salary. Ola Ringdahl's fixed salary for 2019 totalled SEK 5,607,000. Pension contribution entitlements amount to 30 percent of the fixed salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits. Payments received by Ola Ringdahl in 2019 are shown in the table above.

Director of business area Building Systems, Pontus Kallén, was part of Executive Management until May 2019 and Director of Legal, M&A and HR, Fredrik Liedholm until August 2019. Stefaan Sonjeau, Director of business area Building Systems, joined the Executive Management in September 2019 and Lars Christensson, Director of Business Development and M&A, joined in November 2019. In 2019, the remuneration paid to the President and CEO and other members of Executive Management is shown in the table on this page.

**Termination regulations**

The notice period for Ola Ringdahl is 12 months on the part of the company and six months on the part of Ola Ringdahl. During the notice period, Ola Ringdahl is entitled to retain his salary and employee benefits, excluding the variable salary. Ola Ringdahl is bound by a non-competition clause that is valid for two years from the termination of employment, during which he is entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Ola Ringdahl.

The notice period for other senior executives is 12 months on the part of the company and six months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. Other senior executives are bound by non-competition clauses effective for one year from the termination of employment, during which they are entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

**Pensions**

The retirement age for all senior executives is 65.

The company has agreed to pay pension contributions for Ola Ringdahl equivalent to 30 percent of his annual gross salary. Pension contribution costs amounted to SEK 1,629 k (900) in 2019.

Other senior executives are entitled to pension benefits. Pensions will comply with current agreements, be defined contribution plans and based on the same principles as the fixed salary. The pension contribution costs for these individuals totalled SEK 4,693 k (2,317).

**Bonus scheme**

In addition to the variable salaries for the Executive Management, there is a bonus scheme for other senior executives. The bonus scheme is based on performance-oriented targets. Depending on the individual's position, bonuses are equivalent to 10-40 percent of the annual salary.

**Profit-sharing plan**

Since 1980, the company has paid annual contributions into a profit sharing foundation for employees in Sweden, in accordance with an agreement. These provisions are based on the earnings of the Swedish Group companies. From 2019, the conditions for provisions have partly changed to more clearly reflect how the Group of Lindab meets the Group's long term financial targets with an operating margin of 10 percent. The maximum amount of provision is adjusted upwards annually using the Consumer Price Index (CPI). Payments for the year to the profit sharing scheme amounted to SEK 6,705 k (7,103), including special employers' contributions.

During the years 2001-2006, when Lindab shares were not listed on the stock exchange, investments were placed in the owner company Ratos AB. In 2019, a decision was made to divest of all shares in Ratos, a transaction that was also carried out during the financial year. This means that the profit sharing foundation now only holds shares in Lindab. At the end of 2019, the foundation owned 467,000 (272,500) Lindab shares.

A smaller profit sharing scheme also exists in one of Lindab's French companies.

**Incentive programme**

At the Annual General Meeting in 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 share from the long term variable cash pay is presumed to be invested in shares or share related instruments in Lindab on market terms.

**Note 6, cont.**

The total cost in the event of maximum profit for the three year measuring period from 2019 to 2021 is estimated at SEK 14 m.

At the Annual General Meeting in 2017 and 2018 respectively, the corresponding long term incentive programme was adopted, essentially with the same principles as the programme decided above. The measuring period for the previously adopted programmes was 2017 to 2019 and 2018 to 2020 respectively.

**Share option programme**

A share option programme for senior executives and other key persons in the Lindab Group, through a targeted issue of maximum 290,000 share options, was resolved at the 2019 Annual General Meeting. Under this programme, 175,000 share options were acquired by senior executives and other key persons in Lindab in accordance with a market valuation based on an established agreement. Each share option entitles the holder to acquire one share in Lindab at an exercise price of SEK 120.00. Acquisitions of shares supported by share options may take place after Lindab has published the half year interim report for 2022 and up until 31 August of the same year.

**Warrant programme**

A warrant programme for senior executives was resolved at the Annual General Meeting in 2017 and 2018 respectively, with essentially the same purpose and principles as the share option programme referred to previously. Under this programme, warrants were issued and sold to senior executives in accordance with a market valuation based on an established subscription agreement. Each warrant entitles the holder to acquire one share in Lindab at a given time and at a subscription price agreed in advance. There are 25,000 outstanding warrants from the 2017 warrant programme with a subscription price of SEK 108.80 for exercise in summer 2020. There are 110,000 outstanding warrants from the 2018 warrant programme with a subscription price of SEK 86.40 for exercise in summer 2021. Options may be exercised between the publication of the half year report and 31 August of the respective year in question.

On two occasions, warrants have been returned to Lindab by former senior executives. They were repurchased at market value, see also Note 31. The repurchases meant that of the 75,000 warrants initially issued from the first warrant programme, Lindab had 50,000 in its possession as at 31 December 2019 and 25,000 of the initial 135,000 warrants issued from the second warrant programme.

**Guidelines for remuneration of senior executives**

The 2019 Annual General Meeting resolved on the following guidelines for remuneration of senior executives:

- Remuneration to senior executives will reflect the industry in which Lindab operates and the areas of responsibility of the respective executives.
- Remuneration will be competitive, facilitate the recruitment of new executives as well as motivate senior executives to remain with the company.
- The remuneration system consists of the following components: fixed salary, short term and long term variable cash salary, pension and benefits as outlined below.
- Fixed salaries and benefits will be established on an individual basis according to the criteria outlined above and the specific skills, experience and results achieved by each individual.
- Short term variable cash salaries are based on achieving individual and clearly established targets. Short term variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 50 percent of the fixed salary of the CEO and 40 percent for other senior executives.
- Long term variable cash salaries are based on achieving financial performance targets that reflect Lindab's value growth. Long term variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 70 percent of the fixed salary of the CEO and 40 percent for other senior executives. Long term variable cash salaries have a measuring period of three years.
- Pensions must be in accordance with current union agreements and will be defined contribution plans. The extent of the pension is based on the same criteria as apply to fixed remuneration and is based partly on fixed and partly on variable salaries.
- In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors has not exercised this right in 2019.

As regards guidelines for senior executives for the period from the next Annual General Meeting, reference is made to the Board of Directors' upcoming proposal ahead of the 2020 Annual General Meeting.

**Note 07 Segment reporting**

	Ventilation Systems		Profile Systems		Building Systems		Other		Total		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net sales, external	6,018	5,786	2,494	2,474	1,360	1,066	-	-	9,872	9,326	-	-	9,872	9,326
Net sales, internal between segments	4	4	26	17	0	0	-	-	30	21	-30	-21	0	0
<b>Net sales, total</b>	<b>6,022</b>	<b>5,790</b>	<b>2,520</b>	<b>2,491</b>	<b>1,360</b>	<b>1,066</b>	<b>-</b>	<b>-</b>	<b>9,902</b>	<b>9,347</b>	<b>-30</b>	<b>-21</b>	<b>9,872</b>	<b>9,326</b>
<b>Adjusted operating profit before depreciation and amortisation</b>	<b>883</b>	<b>274</b>	<b>340</b>	<b>233</b>	<b>131</b>	<b>30</b>	<b>-39</b>	<b>-35</b>	<b>1,315</b>	<b>802</b>	<b>-</b>	<b>-</b>	<b>1,315</b>	<b>802</b>
Depreciation/amortisation and impairment losses	-274	-102	-70	-35	-46	-21	-10	-10	-400	-168	-	-	-400	-168
<b>Adjusted operating profit</b>	<b>609</b>	<b>472</b>	<b>270</b>	<b>198</b>	<b>85</b>	<b>9</b>	<b>-49</b>	<b>-45</b>	<b>915</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>915</b>	<b>634</b>
One-off items and restructuring costs	-	-12	-	-5	-	-25	-	-45	-	-87	-	-	-	-87
<b>Operating profit</b>	<b>609</b>	<b>460</b>	<b>270</b>	<b>193</b>	<b>85</b>	<b>-16</b>	<b>-49</b>	<b>-90</b>	<b>915</b>	<b>547</b>	<b>-</b>	<b>-</b>	<b>915</b>	<b>547</b>
Financial items													-34	-16
<b>Earnings before tax</b>													<b>881</b>	<b>531</b>
Tax on profit for the year													-203	-137
<b>Profit for the year</b>													<b>678</b>	<b>394</b>
Fixed assets excl. financial assets	3,586	2,750	1,204	1,053	737	565	165	162	5,692	4,530	-	-	5,692	4,530
Stock	832	737	478	444	158	169	-	-	1,468	1,350	-	-	1,468	1,350
Other assets	1,081	1,101	355	333	132	84	341	380	1,909	1,890	-343	-400	1,566	1,498
Undistributed assets													712	424
<b>Total assets</b>									<b>9,069</b>	<b>7,770</b>	<b>-343</b>	<b>-400</b>	<b>9,438</b>	<b>7,802</b>
Shareholders' equity													5,027	4,464
Other liabilities	1,979	1,248	655	551	576	372	71	75	3,281	2,246	-343	-400	2,938	1,846
Undistributed liabilities													1,473	1,492
<b>Total equity and liabilities</b>									<b>3,281</b>	<b>2,246</b>	<b>-343</b>	<b>-400</b>	<b>9,438</b>	<b>7,802</b>
Gross investments in fixed assets	216	72	31	25	22	19	9	4	278	120	-	-	278	120

## Note 7, cont.

## Geographical information

Net sales from external customers (based on place of residence)

Below is a summary of external net sales for Lindab's largest markets, based on the customer's residence. Lindab's largest customer accounts for 1.9 percent (2.1) of the Group's total sales, meaning that Lindab's dependence on individual customers is limited.

Country	2019	Percent	Country	2018	Percent
Sweden	2,179	22	Sweden	2,193	23
Denmark	1,035	10	Denmark	1,005	11
Germany	848	9	UK	743	8
UK	767	8	Germany	662	7
Norway	595	6	Norway	621	7
Other	4,448	45	Other	4,102	44
<b>Total</b>	<b>9,872</b>	<b>100</b>	<b>Total</b>	<b>9,326</b>	<b>100</b>

## Fixed assets per country

Fixed assets relate to intangible assets and tangible fixed assets, and for 2019 also right-of-use assets, and are broken down by individual countries in terms of production capacity.

Country	2019	Percent	Country	2019 <sup>1)</sup>	Percent
Sweden	546	22	Czech Republic	326	21
Czech Republic	388	16	Sweden	276	18
Denmark	183	7	Denmark	171	11
Luxembourg	162	7	Slovenia	133	9
Slovenia	133	5	Poland	106	7
UK	123	5	Russia	102	7
Other	945	38	Other	423	27
<b>Total</b>	<b>2,480</b>	<b>100</b>	<b>Total</b>	<b>1,537</b>	<b>100</b>
Goodwill	3,211	-	Goodwill	3,211	-
<b>Total</b>	<b>5,691</b>	-	<b>Total</b>	<b>4,748</b>	-

1) Recognised outcome for 2019 excluding the impact of implemented accounting standard, IFRS 16 Leases.

Country	2018	Percent
Sweden	243	17
Czech Republic	263	19
Denmark	179	13
Slovenia	136	10
Russia	95	7
Poland	99	7
Other	371	27
<b>Total</b>	<b>1,386</b>	<b>100</b>
Goodwill	3,144	-
<b>Total</b>	<b>4,530</b>	-

## Segment information

Lindab implemented a new organisational structure from January 1, 2019. The former business area Products & Solutions was divided into two new business areas. The aim of this change was to increase transparency and focus on the respectively underlying business orientation as well as to ensure an operational organisational structure that supports Lindab in its strategic control and monitoring of business operations. This has led to a change in external segment reporting and the two previous segments, Products & Solutions and Building Systems, have been replaced by three segments: Ventilation Systems, Profile Systems and Building Systems. The basis for the split into segments is the different customer offerings provided by each business area:

- Ventilation Systems offers air duct systems with accessories and indoor climate solutions for ventilation, cooling and heating to installers and other customers in the ventilation industry.
- Profile Systems offers the construction industry products and systems in sheet metal for rainwater systems, cladding for roofs and walls as well as steel profiles for wall, roof and beam constructions.
- Building Systems offers complete prefabricated steel construction systems.

Both Ventilation Systems and Profile Systems operations are managed through a geographically distributed sales organisation supported by a number of product and system areas. The Building Systems segment consists of a separately integrated project organisation. Other relates to undistributed items and includes parent company functions, among other things. Lindab's financial targets, that form the basis for managing the business, are growth, profitability, debt ratio and dividend policy, see page 8.

The segments are responsible for the management of the operational assets and their performance is calculated at this level, while the treasury function is responsible for financing at the Group and country level. Undistributed assets thus mainly comprise pension related assets and current and deferred tax assets. Undistributed liabilities mainly comprise net borrowing, pension provisions and current and deferred tax liabilities.

The purchase and processing of steel is done centrally for the most part. Profit and loss items from the part of those activities that are sold internally are allocated to segments of consolidation for the segments.

Inter-segment transfer pricing is determined on an arms-length basis i.e. between parties that are independent of one another, are well informed and have an interest in the implementation of the transaction. Assets and investments are reported wherever the asset is located.

## Note 08 Revenue recognition

Lindab's operations focus on developing, producing, marketing and selling products within the main category, Construction. The product portfolio consists of both individual products and entire systems for ventilation, cooling and heating, as well as construction products and building solutions such as steel rainwater systems, roof and wall cladding products, steel profiles for wall, roof and beam constructions and large span buildings. The range also includes prefabricated steel building systems. An installation element may be included in sales of steel building systems, but this is not a significant part of the Group's sales and installation services are sold only on request in connection with the actual product.

Based on the nature of the products in Lindab's product portfolio and the products offered on the market, a contractual performance obligation to customers is considered mainly to result in revenue recognition at a certain time. This usually takes place in connection with physical delivery to the counterparty when the customer obtains actual control of products. For sales of large complete steel building systems, which may involve part deliveries, revenue recognition essentially occurs on the actual delivery date and in accordance with what has been set out in the contract.

Based on current business focus and product portfolio, Lindab's judgement is that revenue is essentially recognised at certain times. Recognised revenue then reflects the value of the net consideration Lindab expects to be entitled to on performance of a contractual obligation. This means that any volume discount and/or expected utilisation of future cash discount reduces the gross sales price

in terms of accounting at the time of revenue recognition. Reduction of revenue and provision for future volume-related discount are based both on experience of expected outcomes on the basis of current agreements and indicative future purchasing trends of individual customers. The same criterias form the basis for assessing and recognising the utilisation of any cash discounts, however also reflecting in expected future payment patterns. The existence of volume and cash discounts is differentiated between both different geographical markets and different customer categories and products.

Taking into account that Lindab essentially recognises revenue at certain times, i.e. mainly in conjunction with actual delivery to the customer, accrued income is of minor value on the balance sheet date. Recognised net sales are reduced by volume/cash discounts, for which there were provisions as at the balance sheet date amounting to SEK -182 m (-191), see Note 28. These comprise contractual liabilities which are usually paid within one year.

The Group's revenue is recognised and assessed mainly based on the segment's respective geographical markets. Ventilation Systems revenue mainly relates to sales of ventilation related products and indoor climate solutions, Profile Systems sales are primarily based on different building products and building systems in sheet metal and different steel profiles, and Building Systems revenue is essentially generated from sales of steel construction systems. Inter-Group transactions between segments are minor, see Note 7.

Note 8, cont.

## Net sales by segment and region

2019	Nordic region	Western Europe	CEE/CIS	Other markets	Total
Ventilation Systems	2,433	2,609	839	137	6,018
Profile Systems	1,792	144	548	10	2,494
Building Systems	11	692	647	10	1,360
<b>Total</b>	<b>4,236</b>	<b>3,445</b>	<b>2,034</b>	<b>157</b>	<b>9,872</b>

2018	Nordic region	Western Europe	CEE/CIS	Other markets	Total
Ventilation Systems	2,382	2,497	765	142	5,786
Profile Systems	1,814	149	501	10	2,474
Building Systems	2	411	568	85	1,066
<b>Total</b>	<b>4,198</b>	<b>3,057</b>	<b>1,834</b>	<b>237</b>	<b>9,326</b>

## Note 09 Depreciation/amortisation and impairment losses by type of asset and by function

Depreciation/amortisation	Group	
	2019	2018
Capitalised expenditure for development work (Note 17)	6	6
Patents and similar rights (Note 17)	3	3
IT and other intangible assets (Note 17)	19	20
Trademarks (Note 17)	1	1
Buildings and land (Note 18)	42	38
Rights of use buildings and land (Note 19)	166	-
Machinery and other technical facilities (Note 18)	74	72
Equipment, tools and installations (Note 18)	29	28
Other rights of use in tangible fixed assets (Note 19)	48	-
<b>Total</b>	<b>388</b>	<b>168</b>
<b>Impairment losses</b>		
Capitalised expenditure for development work (Note 17)	3	-
IT and other intangible assets (Note 17)	7	-
Trademarks (Note 17)	2	-
Machinery and other technical facilities (Note 18)	-	0
Equipment, tools and installations (Note 18)	-	0
<b>Total</b>	<b>12</b>	<b>0</b>
<b>Total depreciation/amortisation and impairment losses by type of asset</b>	<b>400</b>	<b>168</b>
<b>Total depreciation/amortisation distributed by function<sup>1)</sup></b>		
Cost of goods sold	183	114
Selling expenses	163	24
Administrative expenses	35	23
R&D expenses	7	7
<b>Total</b>	<b>388</b>	<b>168</b>
<b>Total impairment losses distributed by function</b>		
Cost of goods sold	-	0
Selling expenses	12	-
<b>Total</b>	<b>12</b>	<b>0</b>
<b>Total depreciation/amortisation and impairment losses distributed by function</b>	<b>400</b>	<b>168</b>

1) Recognised outcome for 2019 includes the impact of implemented accounting standard, IFRS 16 Leases. For outcome excluding IFRS 16, see page 110.

## Note 10 Costs distributed by cost items

	Group		Parent company	
	2019	2018	2019	2018
Cost of direct materials	4,594	4,498	-	-
Other external expenses	1,403	1,608	2	1
Personnel costs (Note 6)	2,549	2,401	5	5
Depreciation/amortisation and impairment losses (Notes 9,17,18,19)	400	168	-	-
Other operating expenses	80	179	-	-
<b>Total</b>	<b>9,026</b>	<b>8,854</b>	<b>7</b>	<b>6</b>

In the statement of profit and loss, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D expenses and other operating expenses total SEK 9,026 m (8,854). An alternative breakdown of these costs into key cost categories is shown above. Person-

nel costs consist of employed members of staff, SEK 2,466 m (2,324), and temporary employees, SEK 83 m (77). Other external expenses relate mainly to production, sales and administration costs.

**Note 11 Auditors' fees and expenses**
**Auditors' fees**

An audit includes an examination of the annual accounts, the accounting policies applied and significant estimates that were made by the management. This also

includes a review in order to determine whether the Board of Directors and CEO may be discharged from liability.

	Group		Parent company	
	2019	2018	2019	2018
<b>Deloitte</b>				
Audit assignments	7.8	7.1	0.4	0.4
Other audit engagements separate from audit assignments	0.1	0.1	-	-
Tax advice	0.1	0.1	-	-
Other assignments	0.2	0.4	-	-
<i>Total Deloitte</i>	<b>8.2</b>	<b>7.7</b>	<b>0.4</b>	<b>0.4</b>
<b>Other</b>				
Audit assignments	1.1	1.3	-	-
Tax advice	0.4	0.1	-	-
Other assignments	0.1	0.1	-	-
<i>Total Other</i>	<b>1.6</b>	<b>1.5</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9.8</b>	<b>9.2</b>	<b>0.4</b>	<b>0.4</b>

**Note 12 Research and development**

Research and development expenses amount to SEK 64 m (72) and are reported directly in the statement of profit and loss, of which SEK 6 m (6) related to the

amortisation of capitalised development expenditure. For capitalised development expenditure, see Note 17.

**Note 13 Other operating income and expenses**

	Group		Parent company	
	2019	2018	2019	2018
<b>Income</b>				
Translation differences in operating receivables/liabilities	50	55	-	-
Capital gains on disposal of fixed assets	5	5	-	-
Other	14	15	-	-
<b>Total</b>	<b>69</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>				
Translation differences in operating receivables/liabilities	-53	-70	-	-
Capital losses on disposal of fixed assets	-2	-5	-	-
Other	-25	-104 <sup>1)</sup>	-	-
<b>Total</b>	<b>-80</b>	<b>-179</b>	<b>-</b>	<b>-</b>

1) In 2018 Other mainly comprised costs associated with the evaluation of structural alternatives, restructuring costs and measures associated with the cost reduction programme.

**Note 14 Financial income and expenses**

	Group		Parent company	
	2019	2018	2019	2018
<b>Result from participations in Group companies</b>				
Share dividends received	-	-	-	2,373
Group contributions received	-	-	12	13
<i>Total</i>	<b>-</b>	<b>-</b>	<b>12</b>	<b>2,386</b>
<b>Interest income</b>				
External	21	17	-	-
<i>Total</i>	<b>21</b>	<b>17</b>	<b>-</b>	<b>-</b>
<b>Interest expenses</b>				
External	-20	-22	0	-
External, leases	-26	-	-	-
To Group companies	-	-	-2	-9
For pensions, net	-4	-4	-	-
<i>Total</i>	<b>-50</b>	<b>-26</b>	<b>-2</b>	<b>-9</b>
<b>Other financial income and expenses</b>				
Exchange rate gains	1	0	-	-
Exchange rate losses	-3	-3	-	-
Other financial expenses	-3	-4	-	-
<i>Total</i>	<b>-5</b>	<b>-7</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-34</b>	<b>-16</b>	<b>10</b>	<b>2,377</b>

Note **15** Tax on profit for the year

Income tax in the statement of profit and loss and in other comprehensive income consists mainly of the following components:

	Group		Parent company	
	2019	2018	2019	2018
<b>Statement of profit and loss</b>				
<i>Current tax</i>				
Tax on profit for the year	-208	-139	-2	0
Adjustments in respect of previous years	0	0	-	0
<b>Total current tax</b>	<b>-208</b>	<b>-139</b>	<b>-2</b>	<b>0</b>
<i>Deferred tax</i>				
Occurrence and reversal of temporary differences	5	3	0	0
Effect of changed tax rates abroad	0	-1	-	-
<b>Total deferred tax</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Total reported tax expense in the statement of profit and loss</b>	<b>-203</b>	<b>-137</b>	<b>-2</b>	<b>0</b>
<b>Other comprehensive income</b>				
Deferred tax attributable to defined benefit pension plans	10	1	-	-
Current tax attributable to net investment hedges	6	13	-	-
<b>Total reported tax expense in other comprehensive income</b>	<b>16</b>	<b>14</b>	<b>-</b>	<b>-</b>

The Group's tax expense for the year amounted to SEK 203 m (137) and the effective tax rate amounted to 23 percent (26).

The average tax rate was 21 percent (19). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The difference between the effective tax rate and the average tax rate was 2 percentage points (7). This difference was mainly due to withholding tax on dividends in the current year. The difference between the effective tax rate and the average tax rate compared with the previous year was mainly due to the fact that Lindab improved its result in a number of countries and only generating a few non-capitalised carry-forward tax losses. Furthermore, it should be noted that Lindab was also able to capitalise and utilise previously non-capitalised carry-forward tax losses.

The tax rate in Sweden is 21.4 percent (22.0). The main reasons for the difference between the Swedish corporate tax rate and the Lindab Group's tax rate based on the earnings before tax are shown in the table below.

	Group			
	2019	Percent	2018	Percent
Earnings before tax	881		531	
Tax in accordance with current tax rates for the parent company	-189	-21.4	-117	-22.0
<b>Reconciliation with recognised tax</b>				
Effect of other tax rates for companies abroad	7	0.7	15	2.8
Unrecognised tax losses, incurred during the year	-4	-0.5	-29	-5.5
Tax attributable to previous years	-1	-0.1	0	0.0
Non-deductible expenses	-16	-1.8	-19	-3.6
Non-taxable income	7	0.8	8	1.5
Effect of changed tax rates on deferred tax	0	0.0	-1	-0.2
Reassessment of deferred tax attributable to carry-forward tax losses <sup>1)</sup>	22	2.5	9	1.7
Reassessment of other deferred tax assets	-4	-0.5	-1	-0.2
Other <sup>2)</sup>	-25	-2.8	-2	-0.3
<b>Recognised tax expense</b>	<b>-203</b>	<b>-23.1</b>	<b>-137</b>	<b>-25.8</b>

1) Reassessment of deferred tax attributable to carry-forward tax losses related mainly to Germany. This applies to both financial years.

2) Other relates mainly to coupon tax on dividends.



Deferred tax assets and liabilities at year-end, not taking into consideration any offsets made within the same fiscal jurisdiction, are detailed below:

	Deferred tax assets		Deferred tax liabilities		Net	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Intangible assets	2	3	-9	-12	-7	-9
Tangible fixed assets	4	3	-53	-52	-49	-49
Financial fixed assets	-	-	-	-	-	-
Stock	19	18	-1	-1	18	17
Receivables	3	4	-7	-1	-4	3
Provisions	50	42	0	0	50	42
Liabilities	1	0	-	-	1	0
Leases	10	1	-1	-1	9	0
Other	1	0	-11	-10	-10	-10
Carry-forward tax losses	45	40	-	-	45	40
Tax allocation reserves	-	-	-47	-52	-47	-52
<b>Total</b>	<b>135</b>	<b>111</b>	<b>-129</b>	<b>-129</b>	<b>6</b>	<b>-18</b>
Offsetting of receivables/liabilities	-17	-38	17	38	-	-
<b>Reported in the statement of financial position</b>	<b>118</b>	<b>73</b>	<b>-112</b>	<b>-91</b>	<b>6</b>	<b>-18</b>

Reconciliation of deferred tax liabilities/assets, net	2019	2018
Opening balance	-18	-22
Changes in accounting policies	10	-
Reported in the statement of profit and loss	5	3
Acquisitions/divestments of subsidiaries (Note 5)	-2	1
Reported in other comprehensive income and shareholders' equity:		
- adjustment of defined benefit plans, pensions	10	1
Translation differences	1	-1
Other	-	-
<b>Closing balance</b>	<b>6</b>	<b>-18</b>

Expiry dates for unused carry-forward tax losses	31/12/2019	31/12/2018
Next year	2	4
In 2-4 years	0	26
In 5-6 years	9	15
After 6 years	746	787
- of which without expiry date	571	603
<b>Total</b>	<b>757</b>	<b>832</b>

Deferred tax assets for carry-forward tax losses are recognised to the extent that it is likely that they will be able to be used to lower future taxable income.

At the end of the year, the Group had carry-forward tax losses of approximately SEK 921 m (1,000), of which SEK 164 m (168) forms the basis for the recognised deferred tax assets of SEK 45 m (40).

The remaining unrecognised carry-forward tax losses of SEK 757 m (832) could result in deferred tax assets of SEK 212 m (220). They have, however, not been taken into consideration as it is not considered possible to determine whether Lindab can utilise them in the foreseeable future, or it is considered unlikely that Lindab will be able to utilise them.

## Note 16 Earnings per share

Before and after dilution	2019	2018
Profit attributable to parent company shareholders, SEK m	678	394
Weighted average number of outstanding ordinary shares, no	76,331,982	76,331,982
<b>Earnings per share before and after dilution (SEK per share)</b>	<b>8.89</b>	<b>5.16</b>

### Undiluted earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to parent company shareholders by a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held by the parent company as treasury shares. There is no material dilutive effect for the period or for the comparative period.

## Note 17 Intangible assets

	Capitalised expenditure for development work	Patents and similar rights	IT and other intangible assets	Trademarks	Goodwill	Total
<b>1 January - 31 December 2018</b>						
<b>Accumulated acquisition values</b>						
Opening balance	45	94	383	68	3,059	3,649
Items relating to acquisitions of subsidiaries (Note 5) <sup>1)</sup>	-	-	-	-	-1	-1
Acquisitions	2	1	13	-	-	16
Disposals	-	-	-4	-	-	-4
Reclassifications <sup>2)</sup>	0	-	-98	-	-	-98
Translation differences	2	1	14	0	86	103
<b>Closing balance</b>	<b>49</b>	<b>96</b>	<b>308</b>	<b>68</b>	<b>3,144</b>	<b>3,665</b>
<b>Accumulated depreciation according to plan</b>						
Opening balance	-26	-82	-297	-49	-	-454
Depreciation for the year	-6	-3	-20	-1	-	-30
Disposals	-	-	4	-	-	4
Reclassifications <sup>2)</sup>	0	-	82	-	-	82
Translation differences	-1	-1	-11	0	-	-13
<b>Closing balance</b>	<b>-33</b>	<b>-86</b>	<b>-242</b>	<b>-50</b>	<b>-</b>	<b>-411</b>
<b>Accumulated impairment losses</b>						
Opening balance	0	0	0	0	0	0
Impairment losses for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
<b>Closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net residual value at start of year	19	12	86	19	3,059	3,195
<b>Net residual value at end of year</b>	<b>16</b>	<b>10</b>	<b>66</b>	<b>18</b>	<b>3,144</b>	<b>3,254</b>
<b>1 January - 31 December 2019</b>						
<b>Accumulated acquisition values</b>						
Opening balance	49	96	308	68	3,144	3,665
Items relating to acquisitions/divestments of subsidiaries (Note 5) <sup>3)</sup>	-	-	12	-	15	27
Acquisitions	3	0	11	-	-	14
Disposals	-	-	-1	-	-	-1
Reclassifications	-	-	-11	-	-	-11
Translation differences	1	1	8	-	52	62
<b>Closing balance</b>	<b>53</b>	<b>97</b>	<b>327</b>	<b>68</b>	<b>3,211</b>	<b>3,756</b>
<b>Accumulated depreciation according to plan</b>						
Opening balance	-33	-86	-242	-50	-	-411
Depreciation for the year	-6	-3	-19	-1	-	-29
Disposals	-	-	1	-	-	1
Reclassifications	-	-	11	-	-	11
Translation differences	-1	-1	-6	-	-	-8
<b>Closing balance</b>	<b>-40</b>	<b>-90</b>	<b>-255</b>	<b>-51</b>	<b>-</b>	<b>-436</b>
<b>Accumulated impairment losses</b>						
Opening balance	0	0	0	0	0	0
Impairment losses for the year	-3	-	-7	-2	-	-12
Disposals	-	-	-	-	-	-
Translation differences	0	-	0	0	-	0
<b>Closing balance</b>	<b>-3</b>	<b>0</b>	<b>-7</b>	<b>-2</b>	<b>0</b>	<b>-12</b>
Net residual value at start of year	16	10	66	18	3,144	3,254
<b>Net residual value at end of year</b>	<b>10</b>	<b>7</b>	<b>65</b>	<b>15</b>	<b>3,211</b>	<b>3,308</b>

1) Carrying amount relates to adjustment from final purchase price allocation analysis regarding the acquisition of A.C. Manufacturing Ltd. in 2017.

2) Reclassifications mainly relate to tangible IT assets which were previously classified as intangible assets.

3) Carrying amount relates to final purchase price allocation analysis regarding the acquisition of Ductmann Ltd. in 2019 and the divestment of Lindab Door B.V.

Capitalised expenditure for development work mainly relates to internally generated capitalised expenses for software development and certificates. Other intangible assets mainly consist of software and customer lists.

#### Impairment testing of goodwill

At least once a year, the Group analyses whether there is any indication of impairment of goodwill in accordance with the accounting policies described in Note 2. These analyses are based on the financial budgets, forecasts and business plans which have been approved by the Board of Directors and/or Executive Management. Estimates and calculations are based on these analyses. All impairment testing of goodwill is also based on the going concern assumption.

Assessments of the indication of impairment of goodwill shall be based on the lowest cash-generating unit and correspond to the lowest level in the Group at which goodwill is monitored for internal management purposes. For the Lindab Group, this level is considered to be the respective integrated operating and reporting segments, Ventilation Systems, Profile Systems and Building Systems. Lindab performed its last analysis of impairment of goodwill on November 30, 2019. The recoverable amount for the cash-generating units is based on estimates of assessed value in use. These calculations were based on estimated future cash flows after tax derived from financial budgets and forecasts as well as additional judgements, for each segment, covering the period up to 2024. Key assumptions used for calculating value in use were expected sales growth, gross margins, discount rates and growth assumptions following the close of the forecasting period.

The gross margin assumption included material suppositions about sales volumes, sales prices and raw material prices. These were based on historical results and an assessment of future development. Where possible, the assessment of future development also included external sources of information; for example, information from Euroconstruct on forward-looking sales forecasts.

The discount rate was estimated based on a weighted cost of capital after tax of 7.3 percent (7.3). The calculation of discount rates in 2019 included the impact of the implemented accounting standard IFRS 16 *Leases*. This was because analysis of any impairment should always reflect all the accounting policies applicable at the time of testing and therefore also the effects of the new standard relating to leases. Adjusted for IFRS 16, the corresponding discount rate amounted to 7.9 percent. Changes to the discount rate (excluding IFRS 16), in comparison with the previous year, were due mainly to the change in weighting of the fair value of shareholders' equity in relation to the Group's net debt. The underlying fair value of Lindab's shareholders' equity increased significantly during the year while the Group's net debt declined. The ratio is based on a rolling period of 12 months to offset certain volatility in the underlying value.

Calculated discount rates were used for all cash-generating units in conjunction with impairment test discounting of estimated future cash flow after tax. After-tax amounts were used in the calculations for both cash flow and discount rate as the available models for calculating the discount rate include a tax element. This discounting is not materially different from discounting based on projected cash flows before tax and the pre-tax discount levels required by IFRS. The discount rate applied corresponded to a discount rate before tax of 9.0 percent (9.1) and was based on the Group's weighted average tax rate. Adjusted for IFRS 16, the corresponding discount rate amounted to 9.8 percent.

The discount rate represents the market's current assessment of the risks specific to Lindab, taking into account individual risks in the underlying assets that have not been included in the cash flow calculations. The calculation of the discount rate was based on the Group's specific situation and is derived from its weighted average cost of capital (WACC). WACC takes into account both liabilities and shareholders' equity. The capital cost of shareholders' equity is based on expected returns for the Group's investors. The cost of the Group's liabilities is based on the interest bearing liabilities that Lindab is obliged to redeem. Group-specific risks are considered through an individually considered beta factor. The beta factor is assessed annually on the basis of publicly available market data.

All three segments conduct operations within construction as the main line of business, with a shared concept regarding the development, production, marketing and distribution of products and system solutions. Although the geographical markets are slightly different, which is reflected in the differentiated rates of growth (see following paragraph), the risk profile is considered to be fairly uniform as a whole. Consequently, the same assumptions have been applied to the discount rates for all segments.

Expected future cash flow beyond 2024 has been extrapolated with the help of estimated average long term growth, terminal growth, of 1.0 percent (1.0) for Ventilation Systems and Profile Systems and 1.5 percent (1.5) for Building Systems. (Note that the comparative figures for the first two segments should be set against the former Product & Solutions segment which included the business of both these segments until 2018.) This long term growth shall reflect and be in line with average growth on the markets where the segments are operating in accordance with forecasts made by the construction industry's economic institutions. The assumption includes a weighting of the growth forecast for the underlying geographical markets, the Nordic region, Western Europe and CEE/CIS. In addition, the growth figure was also differentiated between the segments owing to the fact that the markets in which Building Systems operates generally experience higher growth than the geographical areas in which Ventilation Systems and Profile Systems are mainly expected to sell their products.

In order to support the impairment testing of goodwill performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A deterioration of each of the main assumptions included in the calculation of value in use shows that the recoverable amount exceeds the carrying amount of all testing conducted for Ventilation Systems as well as Profile Systems and Building Systems. A change of 1 percentage point in the gross margin, discount rate and respectively growth assumption was taken into account in the analysis. As a result of the calculations, no indication of impairment of goodwill was found at the end of 2019, based on the going concern assumption.

Allocated goodwill by segment	31/12/2019	31/12/2018
Ventilation Systems	1,953	-
Profile Systems	841	-
Products & Solutions <sup>1)</sup>	-	2,733
Building Systems	417	411
<b>Total goodwill</b>	<b>3,211</b>	<b>3,144</b>

<sup>1)</sup> From January 1, 2019, the former Products & Solutions segment was divided into two new business areas/segments: Ventilation Systems and Profile Systems. For more information, see Note 7.

## Note 18 Tangible fixed assets

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
<b>1 January - 31 December 2018</b>						
<b>Accumulated acquisition values</b>						
Opening balance	1,222	1,863	453	3	35	3,576
Items relating to acquisitions of subsidiaries (Note 5)	-	-	-	-	-	-
Acquisitions	7	35	13	9	40	104
Disposals	-14	-66	-20	-	-1	-101
Reclassifications <sup>1)</sup>	7	20	110	-7	-32	98
Translation differences	30	35	7	0	1	73
<b>Closing balance</b>	<b>1,252</b>	<b>1,887</b>	<b>563</b>	<b>5</b>	<b>43</b>	<b>3,750</b>
<b>Accumulated depreciation according to plan</b>						
Opening balance	-409	-1,509	-344	-	-	-2,262
Depreciation for the year	-38	-72	-28	-	-	-138
Disposals	1	54	18	-	-	73
Reclassifications <sup>1)</sup>	1	6	-89	-	-	-82
Translation differences	-14	-27	-4	-	-	-45
<b>Closing balance</b>	<b>-459</b>	<b>-1,548</b>	<b>-447</b>	<b>-</b>	<b>-</b>	<b>-2,454</b>
<b>Accumulated impairment losses</b>						
Opening balance	-8	-18	-2	-1	0	-29
Impairment losses for the year	-	0	0	-	0	0
Reversed impairment losses	-	-	-	-	-	-
Disposals	4	6	1	-	-	11
Reclassifications	-	0	0	-	-	0
Translation differences	0	-1	0	0	0	-1
<b>Closing balance</b>	<b>-4</b>	<b>-13</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>-19</b>
Net residual value at start of year	805	336	107	2	35	1,285
<b>Net residual value at end of year</b>	<b>789</b>	<b>326</b>	<b>115</b>	<b>4</b>	<b>43</b>	<b>1,277</b>
<b>1 January - 31 December 2019</b>						
<b>Accumulated acquisition values</b>						
Opening balance	1,252	1,887	563	5	43	3,750
Items relating to acquisitions/divestments of subsidiaries (Note 5)	-	2	0	-	-	2
Acquisitions	54	62	26	16	113	271
Disposals	-10	-33	-14	-	-	-57
Reclassifications	-67	30	17	-6	-35	-61
Translation differences	42	36	7	0	0	85
<b>Closing balance</b>	<b>1,271</b>	<b>1,984</b>	<b>599</b>	<b>15</b>	<b>121</b>	<b>3,990</b>
<b>Accumulated depreciation according to plan</b>						
Opening balance	-459	-1,548	-447	-	-	-2,454
Items relating to acquisitions/divestments of subsidiaries (Note 5)	-	-1	0	-	-	-1
Depreciation for the year	-42	-74	-29	-	-	-145
Disposals	2	32	13	-	-	47
Reclassifications	12	0	-11	-	-	1
Translation differences	-13	-30	-5	-	-	-48
<b>Closing balance</b>	<b>-500</b>	<b>-1,621</b>	<b>-479</b>	<b>-</b>	<b>-</b>	<b>-2,600</b>
<b>Accumulated impairment losses</b>						
Opening balance	-4	-13	-1	-1	0	-19
Impairment losses for the year	-	-	-	-	-	-
Reversed impairment losses	-	-	-	-	-	-
Disposals	2	-	1	-	-	3
Reclassifications	-	0	0	-	-	0
Translation differences	0	0	0	-	-	0
<b>Closing balance</b>	<b>-2</b>	<b>-13</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-16</b>
Net residual value at start of year	789	326	115	4	43	1,277
<b>Net residual value at end of year</b>	<b>769</b>	<b>350</b>	<b>120</b>	<b>14</b>	<b>121</b>	<b>1,374</b>

<sup>1)</sup> Reclassifications (within the category of Equipment, tools and installations) mainly relate to tangible IT assets which were previously classified as intangible assets.

## Note 19 Right-of-use assets

	Rights of use buildings and land	Other rights of use in tangible fixed assets	Total
<b>Changes in accounting policies</b>	<b>884</b>	<b>107</b>	<b>991</b>
<b>1 January – 31 December 2019</b>			
<b>Accumulated acquisition values</b>			
Opening balance	884	107	991
Items relating to acquisitions of subsidiaries (Note 5)	11	0	11
New and amended right of use agreements	123	55	178
Terminated right of use agreements <sup>1)</sup>	-38	-4	-42
Reclassifications	67	0	67
Translation differences	18	3	21
<b>Closing balance</b>	<b>1,065</b>	<b>161</b>	<b>1,226</b>
<b>Accumulated depreciation according to plan</b>			
Opening balance	-	-	-
Depreciation for the year	-166	-48	-214
Terminated right of use agreements <sup>1)</sup>	3	3	6
Reclassifications	-7	0	-7
Translation differences	-2	0	-2
<b>Closing balance</b>	<b>-172</b>	<b>-45</b>	<b>-217</b>
<b>Accumulated impairment losses</b>			
Opening balance	-	-	-
Impairment losses for the year	-	-	-
Terminated right of use agreements	-	-	-
Reclassifications	-	-	-
Translation differences	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net residual value at start of year, in accordance with changes in accounting policies	884	107	991
<b>Net residual value at end of year</b>	<b>893</b>	<b>116</b>	<b>1,009</b>

1) Terminated right of use agreements mainly relate to the commercial property in Switzerland which Lindab acquired early. See also Note 29.

## Note 20 Other investments held as fixed assets

	Group	
	31/12/2019	31/12/2018
Opening balance	4	4
Translation differences	0	0
<b>Closing balance</b>	<b>4</b>	<b>4</b>

Non-current holdings of unlisted shares are reported here. Associates are included at a book value of SEK 0 m (0), see Note 31. Other holdings of SEK 4 m (4) mainly constitute smaller holdings owned by Group companies.

## Note 21 Other non-current receivables

	Group	
	31/12/2019	31/12/2018
Opening balance	2	3
Decrease/increase	2	-1
<b>Closing balance</b>	<b>4</b>	<b>2</b>

Other non-current receivables primarily consist of deposits for leased premises.

## Note 22 Stock

	Group	
	31/12/2019	31/12/2018
Raw materials and supplies	677	642
Work in progress	66	73
Finished goods and goods for resale	725	635
<b>Total</b>	<b>1,468</b>	<b>1,350</b>

Direct material costs for the year amounted to SEK 4,594 m (4,498), including an adjustment of the provision for obsolescence of SEK 2 m (2). In addition, the provision for obsolescence for finished goods has decreased by SEK 3 m (+2) which entailed a total adjustment of obsolescence provisions of SEK -1 m (4) excluding

currency effects. The provision for obsolescence for stock amounts to SEK 70 m (69), equivalent to 5 percent (5) of the total stock value before deduction for obsolescence. Currency effects increased the provision by SEK 2 m (2) during the year.

## Note 23 Current receivables

Number of days overdue	Group					
	Accounts receivable		Accrued income <sup>1)</sup>		Other receivables <sup>2)</sup>	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Not overdue	1,062	1,018	33	23	71	53
< 6 days	166	148	-	-	0	0
6 – 90 days	104	110	-	-	1	0
90 – 180 days	12	29	-	-	-	-
180 – 360 days	11	17	-	-	2	-
> 360 days	92	87	-	-	1	1
<b>Total</b>	<b>1,447</b>	<b>1,409</b>	<b>33</b>	<b>23</b>	<b>75</b>	<b>54</b>
Provision for expected bad debt losses/ doubtful accounts receivable	-98	-92	-	-	-	-
<b>Total</b>	<b>1,349</b>	<b>1,317</b>	<b>33</b>	<b>23</b>	<b>75</b>	<b>54</b>

1) Accrued income only relates to the exchange rate gain on forward exchange agreements amounting to SEK 15 m (5) and discounts on purchases of SEK 18 m (18).

2) Other receivables relate only to VAT amounting to SEK 54 m (35) and other receivables of SEK 21 m (19).

Lindab uses a valuation method to calculate credit loss provisions for accounts receivable that is based on expected bad debt losses instead of anticipated losses. The method used to calculate expected bad debt losses is based on six different levels of due date (see table above), from accounts receivable that are not yet due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss based on which accounting loss provisions are made unless an individual assessment indicates otherwise. The grading of credit losses for each level is based on historical loss patterns within Lindab over a six-year period adjusted by a forward-looking factor which reflects a future expectation of different payment structures based on economic cycle etc. Credit loss grading for the different categories was in the range of 0.4 - 95.4

percent (0.2 - 95.2) as at December 31, 2019. A lower level of provisions than the credit loss grading is only accepted if the Group has obtained security or equivalent which corresponds to the amount due. Increases in provisions for expected bad debt losses are based mainly on higher outstanding receivables and a slightly higher anticipated risk owing to the economic climate. As in previous years, individual receivables are written off at the point where it is no longer reasonable to expect that they will be paid by the counterparty.

In 2019, the statement of profit and loss was impacted by SEK 18 m (26) due to provisions for expected bad debts and actual bad debt losses written off for the year.

Change in provisions for expected bad debt losses/doubtful accounts receivable	Group	
	2019	2018
Opening balance	92	88
Change through acquisitions/divestments	0	-
Increase in provisions	22	28
Actual losses	-12	-23
Reversal of provisions	-6	-3
Translation differences	2	2
<b>Closing balance</b>	<b>98</b>	<b>92</b>

Prepaid expenses and accrued income	Group	
	31/12/2019	31/12/2018
Prepaid software licences	23	15
Prepaid rental and lease expenses	0	9
Accrued exchange gain, forward exchange agreement	15	5
Insurance premiums	10	9
Accrued discount on purchases	18	18
Other prepaid expenses	90	76
<b>Total</b>	<b>156</b>	<b>132</b>

Other receivables	Group	
	31/12/2019	31/12/2018
VAT recoverable	54	35
Advance payments to suppliers	11	8
Deposits	2	3
Travel advances	1	1
Advance payments to employees	0	0
Other receivables	7	7
<b>Total</b>	<b>75</b>	<b>54</b>

**Note 24 Shareholders' equity and number of shares**

The table below indicates the changes in Lindab's share capital and the number of shares as of 2001.

Years	Action	Number of shares		Change in share capital (SEK 000's)	Total share capital (SEK 000's)
		Class A	Class B <sup>1)</sup>		
2001	New formation	1,000	-	100	100
	Issue of new shares	9,000	-	900	1,000
2002	Share split (100:1)	1,000,000	-	-	1,000
2006	Share split (8:1)	8,000,000	-	-	1,000
	Issue of new shares	-	2,988,810	374	1,374
	Redemption of shares and reduction of share capital	-2,988,810	-	-374	1,000
	Redemption of shares and reduction of share capital	-	-2,988,810	-374	626
	Bonus issue	-	-	74,542	75,168
	Share split (15:1)	75,167,850	-	-	75,168
	Exercised options	3,539,970	-	3,540	78,708
<b>Closing balance</b>		<b>78,707,820</b>	-	-	<b>78,708</b>
Number of treasury shares		-2,375,838	-	-	-
<b>Total number of outstanding shares at year-end</b>		<b>76,331,982</b>	-	-	-

1) All class B shares were redeemed in May 2006 and this type of share has been removed by a change to the Articles of Association.

The share capital of SEK 78,708 k is divided among 78,707,820 shares.

**Treasury shares**

In 2008, 3,935,391 treasury shares were repurchased, amounting to SEK 348 m. In 2010, IVK-Tuote Oy was acquired through the transfer of 559,553 treasury shares to the seller of the company. In 2012, 1,000,000 treasury shares were sold, amounting to SEK 52 m. The number of treasury shares thereby decreased to 2,375,838 and the number of outstanding shares increased to 76,331,982. Treasury shares have remained unchanged since 2012.

**Nature and purpose of reserves within shareholders' equity**

The foreign currency translation reserve comprises all exchange rate differences that arise when translating financial statements from foreign operations that prepare their financial statements in a currency other than the currency of the consolidated financial statements. The translation reserve also includes the cumulative net change in the hedging of net investments in foreign businesses. Lindab uses loans as hedging instruments.

**Proposed appropriation of profit**

SEK	2019
Profit brought forward	2,435,761,475
Profit for the year	6,239,207
<b>Total profit carried forward</b>	<b>2,442,000,682</b>

The Board of Directors proposes that the above amount is appropriated as follows:

SEK	
Dividend to shareholders, SEK 3.60 per share	274,795,135
To be carried forward	2,167,205,547
<b>Total</b>	<b>2,442,000,682</b>

The proposed dividend for 2018 of SEK 1.75 per share decided by the Annual General Meeting on May 8, 2019 has been paid. Total dividends paid amounted to SEK 133,580,969.

**Note 25 Provisions for pensions and similar obligations**

Provisions for pensions and similar obligations include, apart from pensions, other post-employment benefits paid to employees, e.g. upon termination of employment. The majority of employees in the Lindab Group are comprised by defined contribution plans. Some countries also have defined benefit plans for pensions or terminations. The tables in this note disclose the pension costs and liabilities as well as the material assumptions used in their calculations.

The retirement and family pension plans for salaried employees in Sweden are guaranteed through insurance cover with Alecta, in the so-called ITP2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that includes several employers. For the financial years of 2019 and 2018, the company did not have access to the information required to report its proportionate share of the plan's obligations, plan assets and expenses which meant that it was not possible to report this as a defined benefit plan. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. The contribution to the defined benefit retirement and family pension plan is calculated individually and is dependent on the salary, previously earned pension and expected remaining working life of the person concerned. Anticipated contributions for pension insurance cover with Alecta amount to SEK 6 m (6) for the next reporting period. The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amount to 0.03 and 0.06 percent (0.04 and 0.06) respectively.

A surplus or deficit with Alecta may mean a refund for the Group or alternatively lower or higher future charges. At the end of the year, Alecta's surplus in terms of the collective consolidation level amounted to 148 percent (142). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions.

Expenses for defined contribution plans amounted to SEK 103 m (104).

Lindab is mainly exposed to a number of risk categories by way of its defined benefit plans. These concern risks related with the size of the actual payment. The increased life expectancy of the beneficiaries and inflation which affect salaries and pensions are the risks affecting the size of future payments and thereby also the size of the obligation. An important category in terms of exposure concerns measurement which also affects the recognition of the size of the pension liabilities. The discount rate used to calculate the present value of the pension liabilities varies, thereby affecting the liabilities. The discount rate also affects the interest expense or income under financial items, as well as the costs incurred to generate the earnings for the year. Another category concerns the return on investments. Pension funds are invested in different financial instruments where returns are exposed to changes in the market. Weak returns can reduce the size of the investments and may result in insufficient pension funds to cover future pension payments.

**Reported in the statement of financial position**

<b>Specification of defined benefit pension obligations, etc.</b>	<b>31/12/2019</b>	31/12/2018
Present value of funded defined benefit obligations	64	46
Fair value of plan assets for defined benefit obligations	-36	-30
<i>Net value of funded plans</i>	28	16
Present value of unfunded defined benefit obligations	221	180
<b>Net debt in the statement of financial position for defined benefit obligations</b>	<b>249</b>	<b>196</b>
Allocated to pensions, defined contribution obligations	34	38
<b>Pension liability as per the statement of financial position</b>	<b>283</b>	<b>234</b>
Fair value of plan assets for defined contribution obligations	-34	-38
<b>Financial investments as per the statement of financial position</b>	<b>-34</b>	<b>-38</b>

For funded defined benefit plans, the net pension obligation after deductions for plan assets is reported in the statement of financial position. Funded plans with net assets, i.e. where the assets exceed the obligations, are reported as financial investments. Funded defined contribution plans are reported gross in the statement of financial position, the assets as Financial investments, and the obligations as Provisions for pensions and similar obligations.

Of the total pension provisions in the statement of financial position of SEK 283 m (234), SEK 30 m (33) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 30 m (33).

Costs recognised in the statement of profit and loss as per the table below include expenses for service during the current year, expenses for past service, net interest expenses and gains and losses on settlements. Net interest is recognised under financial items.

<b>Change in plan assets and defined benefit obligations during the year</b>	<b>2019</b>		<b>2018</b>	
	<b>Assets</b>	<b>Obligations</b>	Assets	Obligations
Opening balance	-30	226	-37	221
<b>Pension expenses recognised in the statement of profit and loss</b>				
– Expenses for service in the current year	-	13	0	14
– Interest expenses/income	-1	5	0	2
<i>Total</i>	-31	244	-37	237
<b>Revaluations recognised in other comprehensive income</b>				
– Return on plan assets, excl. amounts included in interest expenses/income	-1	-	0	-
– Gain/loss arising from changes in demographic assumptions	-	0	-	-1
– Gain/loss arising from changes in financial assumptions	0	43	0	5
– Experience-based gains/losses	0	1	1	-4
<i>Total</i>	-1	44	1	0
Translation differences	-1	3	-2	5
Contributions by employer	-4	1	-3	0
Benefits paid	1	-7	11	-16
<b>Closing balance</b>	<b>-36</b>	<b>285</b>	<b>-30</b>	<b>226</b>

The weighted average duration for the defined benefit pension obligation amounts to 20.6 years (19.6).

<b>Most important actuarial assumptions</b>	<b>31/12/2019</b>		<b>31/12/2018</b>	
	<b>Sweden</b>	<b>Other</b>	Sweden	Other
Discount rate, %	1.5	0.2-0.9	2.5	1.0-1.8
Future salary increases, %	2.8	0.0-3.0	3.0	0.0-3.1
Future pension increases, %	1.8	0.0-1.8	2.0	0.0-1.8
Life expectancy assumption	DUS14	-	DUS14	-

Other includes pension plans in Luxembourg, Italy, France, Romania, Switzerland, Slovenia and Germany.

The breakdown of the pension related net debt at the balance sheet date discloses that SEK 186 m (150) of the total defined benefit obligation related to pension obligations in Sweden and SEK 63 m (46) related to other countries.

The choice of discount rate in Sweden was based on the market rate applicable to housing bonds with a duration corresponding to the average residual maturity of the obligation.

<b>The sensitivity of the defined benefit obligation for changes in the main assumptions are:</b>		<b>Effect on the defined benefit plans</b>			
		<b>31/12/2019</b>		<b>31/12/2018</b>	
		<b>Increase in the assumption</b>	<b>Decrease in the assumption</b>	Increase in the assumption	Decrease in the assumption
Discount rate	+/- 0.5%	-26	30	-19	22
Changes in future salary increases	+/- 0.5%	16	-14	14	-11
Changes in future pension increases	+/- 0.5%	16	-14	11	-10

The sensitivity analysis has been based on one change in the assumptions while all others remain constant. The projected unit credit method is used for calculating the pension liability as well as for calculating the sensitivity of the defined benefit obligations for significant actuarial assumptions.



## Note 25, cont.

Plan assets are as follows:	31/12/2019	Percent	31/12/2018	Percent
Shares	7	19	4	13
Bonds	5	14	4	14
Properties	3	8	2	7
Insured pension reserves	15	43	15	48
Other	6	16	5	18
<b>Total</b>	<b>36</b>	<b>100</b>	<b>30</b>	<b>100</b>

## Maturity analysis regarding expected contributions to the defined benefit plans in the future

	2019	2018
Within 12 months	11	10
Between 2 and 5 years	34	34
Between 5 and 10 years	46	48
<b>Total</b>	<b>91</b>	<b>92</b>

## Parent company

The company's pension obligation for former CEOs is classified as a contribution based plan. See also Note 6.

## Note 26 Other provisions

2018	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	15	11	9	35
Increase during the year	33	20	4	57
Exercised during the year	-14	-16	-3	-33
Translation differences	0	0	0	0
<b>Closing balance</b>	<b>34</b>	<b>15</b>	<b>10</b>	<b>59</b>

## Breakdown in the statement of financial position

Other non-current provisions	13	5	5	23
Other current provisions	21	10	5	36
<b>Total</b>	<b>34</b>	<b>15</b>	<b>10</b>	<b>59</b>

2019	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	34	15	10	59
Increase during the year	6	20	1	27
Exercised during the year	-17	-17	-3	-37
Translation differences	0	0	0	0
<b>Closing balance</b>	<b>23</b>	<b>18</b>	<b>8</b>	<b>49</b>

## Breakdown in the statement of financial position

Other non-current provisions	13	5	5	23
Other current provisions	10	13	3	26
<b>Total</b>	<b>23</b>	<b>18</b>	<b>8</b>	<b>49</b>

The restructuring provision consists of provisions for cost reduction initiatives.

The warranty provisions of SEK 18 m (15) include estimated future expenses for defects in delivered items or work carried out, and provisions for actual claims.

Building Systems has a common calculation principle for warranty provisions covering the entire warranty period, which spans two to ten years. This is calculated using a statistics based percentage in relation to sales over the last ten years less actual warranty costs. The projected warranty provision is reduced by SEK 9 m

(7) in actual known claims, which usually occur in connection with deliveries. The estimated future warranty provisions amount to SEK 2 m (4). In addition, there are individual provisions for specific products of SEK 0 m (0).

Other provisions relate mainly to personnel related provisions, statutory provisions and a provision for environmental liability of SEK 3 m (3). The assessment of the provision for environmental liability is based on known information, the perceptions of representatives and other advisers, the probability that an obligation exists and the reliability of the figure that the obligation is estimated to amount to.

## Note 27 Consolidated borrowing and financial instruments

Non-current borrowings	Group		Parent company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Bank loans	1,001	1,085	-	-
Leases	798	-	-	-
<b>Current borrowings</b>				
Liabilities to credit institutions	3	4	-	-
Overdraft facilities	25	55	-	-
Leases	241	-	-	-
<b>Total borrowing</b>	<b>2,068</b>	<b>1,144</b>	<b>-</b>	<b>-</b>

Total borrowings include pledged liabilities (bank loans with security) of SEK 49 m (5) and relate to the financing of property in Switzerland. Security consists of mortgage deeds in properties and interest on these loans is fixed.

Unused credit facilities in the Group amounted to SEK 1,942 m (1,558). The parent company has no unused credit facilities.

According to the Group's Treasury policy, the fixed interest period may not exceed 12 months. On December 31, 2019 it was 3 months. The majority of consolidated borrowing currently has a variable interest rate.

## Note 27, cont.

## Consolidated borrowing presented by currencies

Amounts in SEK m	Group			Parent company		
	31/12/2019	31/12/2019 <sup>1)</sup>	31/12/2018	31/12/2019	31/12/2018	
SEK	302	22	50	-	-	-
EUR	1,219	888	874	-	-	-
CHF	162	119	187	-	-	-
NOK	133	-	-	-	-	-
GBP	111	-	-	-	-	-
CZK	71	-	-	-	-	-
PLN	38	-	33	-	-	-
DKK	13	-	-	-	-	-
RUB	8	-	-	-	-	-
RON	8	-	-	-	-	-
HUF	3	-	-	-	-	-
	<b>2,068</b>	<b>1,029</b>	<b>1,144</b>	<b>-</b>	<b>-</b>	<b>-</b>

1) Recognised outcome for 2019 excluding the impact of implemented accounting standard, IFRS 16 Leases.

## Change in liabilities, financing activities

Group	31/12/2018	Change in accounting policies	Cash flow	Acquisitions/ divestments	New and amended right of use agreements	Terminated right of use agreements	Reclassifications	Translation differences	Fair value measurement	Other	31/12/2019
Non-current financial liabilities	1,085	-	-69	-	-	-	-30	15	-	-	1,001
Current financial liabilities	4	-	2	-	-	-	-3	0	-	-	3
Lease liabilities	-	1,050	-214	11	178	-38	33	22	-	-3	1,039
Bank overdraft facilities	55	-	-30	-	-	-	-	-	-	-	25
Derivatives	0	-	-39	-	-	-	-	5	-	34	0
<b>Total financial liabilities, including derivatives</b>	<b>1,144</b>	<b>1,050</b>	<b>-350</b>	<b>11</b>	<b>178</b>	<b>-38</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>31</b>	<b>2,068</b>

Parent company	31/12/2018	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31/12/2019
Non-current financial liabilities	-	-	-	-	-	-	-	-
<b>Total financial liabilities, including derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group	31/12/2017	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31/12/2018
Non-current financial liabilities	1,397	-362	-	-	50	-	-	1,085
Current financial liabilities	4	0	-	-	0	-	-	4
Bank overdraft facilities	65	-10	-	-	0	-	-	55
Derivatives	0	-56	-	-	11	-	45	0
<b>Total financial liabilities, including derivatives</b>	<b>1,466</b>	<b>-428</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>45</b>	<b>1,144</b>

Parent company	31/12/2017	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31/12/2018
Non-current financial liabilities	2,226	-2,234	-	-	-	-	8	-
<b>Total financial liabilities, including derivatives</b>	<b>2,226</b>	<b>-2,234</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>

## Information on carrying amount by category and fair value by class

Financial assets	31/12/2019				31/12/2018			
	Financial assets measured at fair value through profit or loss	Financial assets valued at amortised cost	Total carrying amount	Fair value	Financial assets measured at fair value through profit or loss	Financial assets valued at amortised cost	Total carrying amount	Fair value
Other investments held as fixed assets	1	-	1	-	1	-	1	-
Other non-current receivables	-	4	4	-	-	2	2	-
Derivative assets	15	-	15	15	5	-	5	5
Accounts receivable	-	1,349	1,349	-	-	1,317	1,317	-
Other receivables	-	5	5	-	-	7	7	-
Accrued income	-	18	18	-	-	18	18	-
Cash and cash equivalents	-	536	536	-	-	289	289	-
<b>Total financial assets</b>	<b>16</b>	<b>1,912</b>	<b>1,928</b>	<b>15</b>	<b>6</b>	<b>1,633</b>	<b>1,639</b>	<b>5</b>

## Note 27, cont.

	31/12/2019				31/12/2018			
	Financial liabilities measured at fair value through profit or loss	Financial liabilities valued at amortised cost	Total carrying amount	Fair value	Financial liabilities measured at fair value through profit or loss	Financial liabilities valued at amortised cost	Total carrying amount	Fair value
<b>Financial liabilities</b>								
Overdraft facilities	-	-25	-25	-25	-	-55	-55	-55
Liabilities to credit institutions	-	-1,004	-1,004	-1,007	-	-1,056	-1,056	-1,060
Lease liabilities	-	-1,039	-1,039	-1,127	-	-	-	-
Derivative liabilities	-3	-	-3	-3	-4	-	-4	-4
Accounts payable	-	-763	-763	-	-	-788	-788	-
Other liabilities	-	-8	-8	-	-	-9	-9	-
Accrued expenses	-	-294	-294	-	-	-287	-287	-
<b>Total financial liabilities</b>	<b>-3</b>	<b>-3,133</b>	<b>-3,136</b>	<b>-2,162</b>	<b>-4</b>	<b>-2,195</b>	<b>-2,199</b>	<b>-1,119</b>

**Financial assets valued at amortised cost**
*Accounts receivable*

Accounts receivable arise in the context of the Group's operating activities and are the result of Lindab providing customers with agreed goods and services. Contractual payment terms exist within this underlying agreement which dictate the times of future payment streams. Lindab holds all accounts receivable in order to collect these contractual and operations-related cash flows based on contractual terms and conditions.

Accounts receivable are classified on the basis of their nature as current assets and are valued initially at the transaction price. Considering the short term maturity period for accounts receivable, these are also reported on subsequent reporting dates at the nominal amount without discounting. The reported gross value of accounts receivable of SEK 1,447 m (1,409) is however reduced by an impairment of SEK -98 m (-92) to reflect the expected value to be paid by counterparties. For details of the Group's accounting policies for impairment and calculation of provisions for bad debts, see Note 23.

*Other receivables and accrued income*

Other receivables and accrued income usually also arise as a consequence of transactions conducted as part of the Group's ordinary activities. Usually the time of future cash flows relating to assets can be identified and on settlement the cash flows refer to the capital amount and any interest on the outstanding capital amount. The Group holds financial instruments in these categories to collect the underlying cash flows attributable to the assets on maturity and these are not intended for trading on an active market.

*Cash and cash equivalents*

Cash and cash equivalents amounted to SEK 536 m (289) at the balance sheet date. These relate to bank balances and deposits. Escrow accounts amounting to SEK 0 m (3) are included in the value reported for cash and cash equivalents. There are no credit reserves in cash and cash equivalents.

**Financial assets measured at fair value through profit or loss**

Assets which do not meet the criteria for recognition at amortised cost or fair value via comprehensive income are measured at fair value through profit or loss. For Lindab these are mainly derivative assets which are not used in hedge accounting that falls into this category. Financial assets measured at fair value through profit or loss also include certain assets in the form of securities. The underlying

factor for the classification is that these equity instruments are not strategic and the first recognition opportunity was not taken or a decision was made to recognise these irreversibly at fair value through comprehensive income. This affected the consolidated income statement in the amount of SEK 12 m (-45) during the year which related to gains/losses from financial assets and liabilities valued at fair value through profit or loss.

**Description of fair value**
*Other investments held as fixed assets*

No information about fair value regarding shares and participations is provided. Lindab considers that a fair value cannot be calculated in a reliable manner, and that the market for these holdings is limited.

*Interest bearing liabilities*

The fair value of interest bearing liabilities is provided for the purposes of disclosure and is calculated by discounting the future cash flows of principals and interest payments, discounted at current market rates.

*Derivatives*

Currency futures are valued at fair value by discounting the difference between the contracted forward rate and the rate that can be subscribed for at the balance sheet date for the remaining contract term.

*Other financial assets and liabilities*

For cash and cash equivalents, accounts receivable, other receivables, accrued income, accounts payable, overdraft facilities, other liabilities and accrued expenses with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

**Valuation hierarchy**

The table below shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Other observable input data for the asset or liability other than the quoted prices included in Level 1, either directly, (i.e. as price quotations) or indirectly, (i.e. derived from price quotations) (Level 2),
- Input data for the asset or liability that is not based on observable market data (i.e. non-observable input data) (Level 3).

	31/12/2019				31/12/2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
<b>Financial assets measured at fair value through profit or loss</b>								
Derivative assets	-	15	-	15	-	5	-	5
<b>Total assets</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>Liabilities</b>								
<b>Financial liabilities measured at fair value through profit or loss</b>								
Derivative liabilities	-	-3	-	-3	-	-4	-	-4
<b>Measured at fair value for disclosure purposes</b>								
Overdraft facilities	-	-25	-	-25	-	-55	-	-55
Liabilities to credit institutions	-	-1,007	-	-1,007	-	-1,060	-	-1,060
<b>Total liabilities</b>	<b>-</b>	<b>-1,035</b>	<b>-</b>	<b>-1,035</b>	<b>-</b>	<b>-1,119</b>	<b>-</b>	<b>-1,119</b>

There have been no transfers between the different levels during the year. The company has not offset any financial instruments in the balance sheet.

At the end of 2019, there was no obligation to acquire treasury shares.

**Note 28** Accrued expenses and deferred income

	Group		Parent company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Salaries and holiday pay	216	200	-	-
Share of profits	9	11	-	-
Payroll overheads	120	106	1	1
Bonuses to customers	182	191	-	-
Accrued exchange loss, forward exchange agreements	5	5	-	-
Other costs	131	113	1	1
<b>Total</b>	<b>663</b>	<b>626</b>	<b>2</b>	<b>2</b>

**Note 29** Leases

From January 1, 2019, Lindab has applied the new accounting standard, IFRS 16 *Leases*, which replaces IAS 17 *Leases*. Based on the Group's decision to implement the new accounting standard by applying the relief rules and a simplified transition method, the comparative figures for previous years have not been recalculated for the statement of profit and loss, financial position and cash flow. This note does therefore not include recalculated figures for 2018, but the information presented for the previous year is based on the standard that was applicable at that time, IAS 17 *Leases*. See Note 2 for further information on the transition from IAS 17 *Leases* to IFRS 16 *Leases* and the implications of this, where the change in the opening balance is presented along with the reconciliation of lease liabilities.

**Financial position 2019**

The basis of IFRS 16 is that all rental and leasing agreement should be recognised in the lessee's statement of financial position, with the option to not include short term leases or leasing agreements for which the underlying asset amounts to a low value. Lindab has chosen to apply the relief rules and based on these, the accounting implications for the Group's financial position are as follows:

	31/12/2019	01/01/2019
<b>Right-of-use assets</b>		
Buildings and land (Note 19)	893	884
Other right-of-use assets (Note 19)	116	107
<b>Total</b>	<b>1,009</b>	<b>991</b>
<b>Lease liabilities</b>		
Non-current lease liabilities (Note 27)	798	831
Current lease liabilities (Note 27)	241	219
<b>Total</b>	<b>1,039</b>	<b>1,050</b>

The right-of-use assets recognised above relate to approximately 1,000 rental and leasing agreements.

**Buildings and land**

Recognised right-of-use in respect of property leases were valued at SEK 893 m on the balance sheet date. This position relates to leases for production properties, as well as warehouses, branches and/or offices. The underlying rental and leasing agreements contain various terms and conditions, which are assessed and evaluated on an individual basis in combination with the expected useful life of the underlying assets within the framework of the respective existing agreement. As part of this process, leases/properties have also been categorised to ensure an assessment and evaluation process that reflects strategic aspects and the point at which the Group should make a judgement for individual extension options or equivalent. The estimated individual lease terms vary and range from 1 to 24 years, but there are only a few leases that expire after 10 years. A number of leases contain specific extension options, but quite many are designed to be extended on an ongoing basis if neither party takes action. These options entail judgements that have been taken into account in the recognition of lease liabilities. Lindab has included options in lease agreements where it is deemed reasonably certain that the options will be exercised.

**Other right-of-use assets**

Other right-of-use assets are recognised at an accumulated value of SEK 116 m. SEK 81 m of this figure relates to vehicles and the remaining value mainly relates to machinery and equipment as well as IT and other technical equipment. These

agreements are generally relatively time-limited and for vehicles, the lease terms are usually 3 to 4 years.

**Statement of profit and loss and cash flow 2019**

The new accounting standard for rental and leasing agreements has resulted in a different layout of the statement of profit and loss. This is due to the fact that most lease expenses were previously recognised as operating expenses on a straight-line basis over the lease term (but not in the case of finance leases). In accordance with IFRS 16, the main expenses for capitalised right-of-use assets are now recognised as depreciation respectively interest expenses. The following table shows a presentation of rental and leasing expenses in the consolidated statement of profit and loss for 2019:

	2019
Other lease related expenses	-9
Depreciation (Note 9,19)	-214
Interest expenses (Note 14)	-26
<b>Total</b>	<b>-249</b>

Other lease related expenses relate to short term leases, leases for which the underlying assets is of low value and variable lease expenses which are not included in the valuation of recognised lease liabilities. Recognised variable lease expenses relate primarily to property tax.

Recognised interest expenses relating to lease liabilities amounted to SEK 26 m for the year. This position does not include interest relating to leases with an expected useful life of less than 12 months or interest on leases for which the underlying right-of-use asset is of low value, or interest estimated to be of low value.

The total cash flow relating to rental and leasing agreements recognised in the statement of financial position amounted to SEK 241 m. SEK 26 m of this amount relates to interest expenses which are recognised in cash flow from operating activities. The remaining cash flow is included in the Group's cash flow from financing activities. For estimated expected cash flow relating to recognised lease liabilities on the balance sheet date, see the Liquidity risk section in Note 3. The liquidity risk relating to lease liabilities is monitored on an ongoing basis and incorporated into the Group's other financial liabilities by Lindab's Treasury function.

At year-end, no significant rental and leasing agreements had been entered into, agreements that will come into force in 2020.

**Leases 2018**

The comparative figures for 2018 are based on IAS 17 *Leases*. This standard categorised leases in relation to the party who recognises the main risks and benefits arising from the underlying assets. Based on this, Lindab recognised leases in accordance with the following report.

**Operating leases**

Assets held through operating leases were not included in the statement of financial position and rental and leasing expenses associated with these assets were recognised on an ongoing basis in the Group's operating profit. At the end of December 2018, the Group's future payment obligations for leases that cannot be terminated amounted to SEK 912 m. Of this amount, SEK 190 m was due

**Note 29, cont.**

within one year, SEK 627 m within 2 to 5 years and the remaining SEK 95 m was due more than five years after the balance sheet date. The duration of the agreements varied between 7 and 22 years. There were variable charges associated with leases in terms of variable interest rates, with the exception of the lease with Credit Suisse which had a fixed interest rate. One percentage point change in the interest rate impacted the lease expenses in the amount of SEK 10 m for agreements with a variable interest rate.

The major operating leases for Lindab in 2018 were as follows:

In October 2014, Lindab entered into a 15-year operating lease with Credit Suisse for a newly built production property in Switzerland. The rent for 2018 amounted to SEK 3 m and there was an option to acquire the property at the end of the lease. Lindab had the opportunity to acquire the property in question early in 2019, an opportunity Lindab accepted and thereby acquired the building for SEK 45 m, see also Note 18.

In 2013, the properties in Båstad were acquired by DSL Renting from DAL Nordic Finance AB. Two years later, the leases were renegotiated in connection with the financing of the new distribution centre and in 2017 additional properties were added to the existing leases. The properties were leased by Lindab through leases that expire in June 2022. The rent for 2018 amounted to SEK 16 m.

At the beginning of 2015, Lindab exercised its option to buy back the production facility in Luxembourg. At the same time, the property was sold to a third party and a long term lease agreement was signed. The lease is associated with certain commitments which are described in Note 30. The rent for 2018 amounted to SEK 13 m.

**Finance leases**

Lindab recognised a few finance leases in 2018. One of these leases related to buildings and land in Poland and there were also some leases relating to machines and software. In 2018, the costs of these leases, excluding deferred tax, amounted to SEK 5 m. The future financial obligations arising from this lease amounted to SEK 34 m as at 31 December 2018, of which SEK 5 m had an expected due date within one year and the remaining SEK 29 m was expected to be paid within 2 to 5 years. The interest rates for these leases were agreed when the leases were signed. There were no leases where the variable expenses were significant.

**Parent company**

Lindab International AB had no leases in 2019 or 2018.

**Note 30 Pledged assets and contingent liabilities**

	Group		Parent company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Pledged assets</b>				
Property mortgages	74	23	-	-
Floating charges	-	-	-	-
<b>Total</b>	<b>74</b>	<b>23</b>	<b>-</b>	<b>-</b>

All pledged assets refer to security for liabilities to credit institutions.

	Group		Parent company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Contingent liabilities</b>				
Guarantee commitment for entered credit agreements	-	-	983	1,110
Other guarantees and sureties	19	18	-	-
Pension obligations	2	2	-	-
<b>Total</b>	<b>21</b>	<b>20</b>	<b>983</b>	<b>1,110</b>

The existing credit limits of SEK 1,400 m with Nordea/Danske Bank and EUR 50 m with Raiffeisen Bank International are valid until July 2022. The credit agreements contain covenants which are monitored quarterly. Lindab fulfils all the terms and conditions of these credit agreements.

Group companies have signed a guarantee for Building Systems in Luxembourg in case the company should fail to meet its obligations under the terms of the lease. Important obligations under the terms of the signed lease include the payment of all rental costs until 2030, renovation of an industrial property, maintenance of the property, and responsibility for its operation and environmental impact.

In the leases for the properties in Båstad, Sweden and in Switzerland, Group companies have signed a guarantee for the payment of all rental costs until the expiry of the contract.

As part of the Group's ordinary business activities and according to standard professional practice, the Group has signed guarantees for the fulfilment of various contractual obligations in relation to large suppliers. There was no indication at year-end that these contractual guarantees will result in any payment being required.

Note **31** Transactions with related parties

Transactions with related parties can affect a company's financial results and position. Information must therefore be provided about parties that may be considered related to the Lindab Group.

**Related parties**

The parent company has direct and indirect control over its subsidiaries, see Note 33. The parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with the management, see Note 6.

Present and former members of the Board and the Executive Management with their respective inner circles have been deemed to be related parties. Salaries, remuneration, benefits, pension entitlements, termination benefits, etc. for the President and CEO, members of the Board and other senior executives are presented in Notes 6 and 25.

The Associate company, Meak B.V. in the Netherlands was previously categorised as a related party. The company was liquidated in 2019. The extent of transactions with the company before it was liquidated is considered to be negligible and consequently they are not specified below.

**Other transactions with related parties are specified below**

Parent company	Group companies	
	2019	2018
Net sales	5	4
Dividend and Group contributions to the parent company	12	2,386
Interest income from the parent company	2	9
Current receivables in the parent company	248	123
Current liabilities to the parent company	12	14

**Other transactions with related parties**

The 2019 Annual General Meeting resolved to establish a share option programme for senior executives and certain key persons in the Lindab Group. This programme has the same purpose and key principles as the two existing warrant programmes that were approved at the Annual General Meeting in 2017 and 2018 respectively. Based on the resolution passed by the 2019 Annual General Meeting, 175,000 share options were issued and subsequently acquired by senior executives and other key persons at Lindab. The acquisition of share options was based on a market valuation pursuant to the established programme, and the share options do not constitute share-based remuneration to related parties.

Former senior executives returned 45,000 warrants to Lindab in 2019. 20,000 of these warrants related to the warrant programme that was implemented in 2017 and the remaining 25,000 warrants to the warrant programme that was based on a resolution passed in 2018. The warrants were repurchased at market value.

At the Annual General Meeting in 2018, a resolution was passed to set up a warrant programme for senior executives. Based on this resolution, 135,000 warrants were issued and sold to senior executives. The acquisition of warrants was based on a market valuation pursuant to the established warrant programme, and the warrants do not constitute share-based remuneration to related parties.

In 2018, former senior executives returned 30,000 warrants to Lindab. All warrants related to the warrant programme that was implemented in 2017. The warrants were repurchased at market value.

For further information on Lindab's share option and warrant programmes, see Note 6. Note 6 also includes details of the incentive programme directed to various senior executives in the Group.

In addition to that stated in this note, none of Lindab's Board members, deputy Board members, senior executives or shareholders have or are participating in any business transaction with the company that is unusual in nature or terms or is important for the company's business as a whole, or has taken place during the current financial year or in the last four financial years. This also applies to transactions in previous financial years which in some respects have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor have any guarantees or surety been signed on their behalf.

In general, transactions with related parties have taken place on terms equivalent to those that apply to arm's-length business transactions.

 Note **32** Events after the reporting period

**Corona virus**

Lindab's sales and operations are very concentrated to Europe and more than 97 percent of all supplies come from Europe. The direct and indirect exposure to Asia and the US is very limited. Lindab cannot, at present, predict the future effects that the spread of the corona virus may have on the European economies, but assumes that the general business climate will be negatively affected compared to previous view. The development is closely monitored and several scenarios with action plans are developed to address the potential risks.

No other significant events have occurred after the reporting period.

## Note 33 Group companies and associates

The Group operates in several markets, which means that the Group has subsidiaries in many parts of the world. The parent company has a controlling influence over a subsidiary when it is exposed or is entitled to variable returns from its com-

mitment to the subsidiary and can affect returns by using its controlling influence over the subsidiary. In principle, all subsidiaries are owned directly or indirectly, 100 percent, by the parent company Lindab International AB.

	Currency code	Corporate identification number	Domicile	Share in %	Recorded value
Lindab AB <sup>1)</sup>	SEK	556068-2022	Båstad, Sweden	100	3,467*
Lindab Sverige AB <sup>2)</sup>	SEK	556247-2273	Båstad, Sweden	100	
Lindab Steel AB <sup>3) 4)</sup>	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB <sup>3)</sup>	SEK	556026-1587	Båstad, Sweden	100	
Lindab Götene AB <sup>3)</sup>	SEK	556961-9918	Båstad, Sweden	100	
Lindab Ryssland AB <sup>7)</sup>	SEK	556960-0322	Båstad, Sweden	0	
Lindab Profil AB <sup>3)</sup>	SEK	556071-4320	Båstad, Sweden	100	
Astron Buildings S.A. <sup>2) 3) 4)</sup>	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o. <sup>2) 3)</sup>	CZK	496 13 332	Prague, Czech Republic	15	
Lindab SRL <sup>2) 3)</sup>	RON	J23/1168/2002	Ilfov, Romania	0	
U-nite Fasteners Technology AB <sup>2) 3) 4)</sup>	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Fastigheter AB <sup>3)</sup>	SEK	556629-2271	Båstad, Sweden	100	
Lindab Ryssland AB <sup>7)</sup>	SEK	556960-0322	Båstad, Sweden	100	
Lindab LLC <sup>2) 3)</sup>	RUB	105781261234	Moscow, Russia	100	
Astron Buildings LLC <sup>2) 3) 4)</sup>	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Astron Buildings S.A. <sup>2) 3) 4)</sup>	EUR	RC B91774	Diekirch, Luxembourg	100	
Lindab Treasury AB <sup>8)</sup>	SEK	556044-4704	Båstad, Sweden	100	
Astron Buildings S.A.S. <sup>2)</sup>	EUR	RCS 327 258 943	Bussy-St-Martin, France	100	
Astron Buildings s.r.o. <sup>3)</sup>	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC <sup>6)</sup>	RUB	OGRN 1047796961464	Moscow, Russia	100	
Astron Buildings Sp. z o.o. <sup>2)</sup>	PLN	KRS 0000039952	Lomianki, Poland	1	
Astron Buildings LLC <sup>2) 3) 4)</sup>	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA <sup>2)</sup>	EUR	40003602009	Riga, Latvia	100	
Lindab d.o.o. <sup>2)</sup>	HRK	80182671	Zaprešić, Croatia	100	
Lindab AS <sup>2) 3)</sup>	EUR	10424824	Harju Maakond, Estonia	100	
Oy Lindab Ab <sup>2) 3)</sup>	EUR	0920791-3	Esbo, Finland	100	
Lindab s.r.o. <sup>2) 3)</sup>	CZK	496 13 332	Prague, Czech Republic	85	
LLC Spiro <sup>2)</sup>	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A. <sup>2) 3)</sup>	CHF	CH-217.0.135.550-1	Bösingen, Switzerland	100	
LLC Spiro <sup>2)</sup>	RUB	1117604013108	Yaroslavl, Russia	99	
Lindab Havalandirma LTD STI <sup>2)</sup>	TRY	8777776	Istanbul, Turkey	100	
Spiral Helix Inc. <sup>2) 3)</sup>	USD	36-4381930	Chicago IL, USA	100	
Lindab SRL <sup>2) 3)</sup>	RON	J23/1168/2002	Ilfov, Romania	100	
Lindab Kft. <sup>2) 3)</sup>	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS <sup>2) 3)</sup>	NOK	929 805 925	Oslo, Norway	100	
Lindab Sp. z o.o. <sup>2) 3)</sup>	PLN	KRS 0000043661	Wieruchow, Poland	100	
Lindab S.r.l. <sup>2) 3)</sup>	EUR	12002580152	Milan, Italy	100	
MP3 S.r.l. <sup>2) 3)</sup>	EUR	3345850964	Milan, Italy	100	
Lindab N.V. <sup>2) 3)</sup>	EUR	BE 464.910.211	Gent, Belgium	100	
Lindab A/S <sup>2) 3)</sup>	DKK	33 12 42 28	Haderslev, Denmark	100	
Lindab GmbH <sup>2) 3)</sup>	EUR	HRB 2276 AH	Bargteheide, Germany	100	
Astron Buildings GmbH <sup>2)</sup>	EUR	HRB 8007	Mainz, Germany	100	
Astron Buildings Sp. z o.o. <sup>2)</sup>	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab N.V. <sup>2) 3)</sup>	EUR	BE 464.910.211	Gent, Belgium	0	
Lindab AG <sup>2) 3)</sup>	CHF	CH-170.3.023.237-3	Otelfingen, Switzerland	100	
Lindab Ltd <sup>2) 3)</sup>	GBP	1641399	Northampton, UK	100	
Ductmann Ltd <sup>2) 3)</sup>	GBP	2887867	Dudley, UK	100	
Lindab France S.A.S. <sup>2) 3)</sup>	EUR	31 228 513 300 061	Montluel, France	100	
Lindab (IRL) Ltd <sup>2)</sup>	EUR	44222	Dublin, Ireland	100	
A.C. Manufacturing Ltd <sup>2) 3)</sup>	EUR	311282	Dublin, Ireland	100	
Lindab a.s. <sup>2) 3)</sup>	EUR	36 214 604	Jamnik, Slovakia	100	
Lindab d.o.o. <sup>2) 3)</sup>	EUR	5519225000	Godovič, Slovenia	100	
Lindab d.o.o. Belgrad <sup>2)</sup>	RSD	17421557	Belgrade, Serbia	100	
Lindab d.o.o.e.l. Skopje <sup>2)</sup>	MKD	5439833	Skopje, Macedonia	100	
Lindab d.o.o. Podgorica <sup>2)</sup>	EUR	02716453	Podgorica, Montenegro	100	
Lindab d.o.o. Sarajevo <sup>2)</sup>	BAM	4200550810003	Sarajevo, Bosnia	100	
Lindab LTIP 17-19 AB <sup>8)</sup>	SEK	559106-9033	Båstad, Sweden	100	0*

\* The number of shares owned amounted to 23,582,857 in Lindab AB and 500 in Lindab LTIP 17-19 AB.

1) Group functions  
2) Sales company

3) Production company  
4) Purchasing company

5) Property company  
6) Dormant company

7) Holding company  
8) Treasury business

The Board of Directors and the President and CEO hereby affirm that the consolidated accounts and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting standards, and give a true and fair view of the Group's and the parent company's financial position and results of operations, and that the Directors' Report gives a true and fair view of the Group's and parent company's business, financial position and results of operation, and describe material risks and uncertainties that the parent company and the companies included in the Group are facing.

Båstad, March 15, 2020

Peter Nilsson  
Chairman

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

Our audit report was submitted on March 15, 2020.

Deloitte AB

Hans Warén  
Authorised Public Accountant



# Auditors' Report

To the Annual General Meeting of Lindab International AB (publ) corporate identification number 556606-5446

*This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.*

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Lindab International AB (publ) for the financial year 2019. The annual accounts and consolidated accounts of the company are included on pages 49-104.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position of the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole but we do not provide a separate opinion on these matters.

### Valuation of goodwill

#### Description of risk

In the consolidated balance sheet goodwill amounts to SEK 3,211 m as of December 31, 2019. This goodwill arose from former ownership changes and acquisitions. The value of the goodwill is dependent on future income and profitability in the cash-generating units to which the goodwill refers, and is assessed for impairment at least once a year. Management bases its impairment test on several judgments and estimates, such as growth, EBIT development and cost of capital (WACC) as well as other complex circumstances. Incorrect judgments and estimates may have a significant impact on the group's result and financial position.

Management has not identified any need for impairment for 2019.

For further information, see note 2 - Accounting principles for the consolidated accounts, note 4 - Important judgments and estimates and note 17 - Intangible assets.

### Our audit procedures

Our audit procedures included, but were not limited to:

- Review and assessment of the company's procedures for impairment tests of goodwill and evaluation of the reasonability of judgments and estimates made, that the procedures are consistently applied and that there is integrity in computations;
- Verification of input data in calculations including information from budgets and business plans for the forecast period;
- Test of headroom for each cash generating unit by performing sensitivity analyses; and
- Review of the completeness in relevant disclosures to the financial reports.

Our valuation specialists have been involved.

### Effect of new accounting standard - IFRS 16 Leases

#### Description of risk

Lindab has entered into a significant number of rental agreements, mainly related to manufacturing and sales premises. As of January 1, 2019, the Group has started applying the new accounting standard IFRS 16 Leases. As part of the transition to IFRS 16, the Group has reviewed all rental agreements and capitalized a right-of-use asset and a recognized a lease liability as rental agreements under the new standard constitute lease agreements. As of January 1, 2019, the right-of-use asset amounts to SEK 991 m and the lease liability to SEK 1,050 m.

The transition to IFRS 16 is considered a key audit matter as the right-of-use asset and leasing liability represent significant amounts to the Group and that incorrect assessments and assumptions of rental levels, discount rate and assessment of extension and termination clauses may have a significant impact on the Group's financial position.

For further information, see note 2 - Accounting principles for the consolidated accounts, note 19 - Right-of-use assets and note 29 - Leases.

*Our audit procedures*

Our audit procedures included, but were not limited to:

- Evaluation of the company's procedures to implement IFRS 16 and that the Group's accounting policies are consistent with the new accounting standard;
- Review of the contract management process for completeness purposes and testing the design and implementation of critical internal controls;
- Evaluation and test of the Group's assumptions for discounting and assessing extension and termination clauses;
- Review of a selection of rental agreements to verify they are accounted for in accordance with the Group's principles; and
- Review of the completeness in relevant disclosures to the financial reports.

**Other information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-35 and 108-128. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's

responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts can be found on the Swedish Inspectorate of Auditors homepage:

[https://revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](https://revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of this auditor's report.

**Report on other legal and regulatory requirements****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lindab International AB (publ) for the financial year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

**Basis for opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is de-

signed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **Auditor's responsibilities**

Our objective concerning the audit of the administration and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts can be found on the Swedish Inspectorate of Auditors homepage:

[https://revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](https://revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description is part of this auditor's report.

Deloitte AB was appointed auditor of Lindab International AB (publ) by the general meeting of the shareholders on May 8, 2019 and has been the company's auditor since April 29, 2014.

Gothenburg at March 15, 2020

Deloitte AB

*Signature on Swedish original*

Hans Warén

Authorized public accountant

# Reconciliations of key performance indicators not defined according to IFRS

The company presents certain financial measures in the Annual 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 Annual 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 rounding-off.

Amounts in SEK m unless otherwise indicated.

	31/12/2019	31/12/2019 <sup>1)</sup>	31/12/2018	31/12/2017	31/12/2016	31/12/2015
<b>Return on shareholders' equity</b>						
Profit for the year	678	678	394	347	306	305
Average equity	4,758	4,797	4,312	3,954	3,655	3,446
<b>Return on shareholders' equity, %</b>	<b>14.3</b>	<b>14.1</b>	<b>9.1</b>	<b>8.8</b>	<b>8.4</b>	<b>8.8</b>
<b>Return on capital employed</b>						
Total assets <sup>2)</sup>	9,438	8,419	7,802	7,731	7,503	7,149
Deferred tax liabilities	112	112	91	96	95	115
Other provisions	23	23	23	13	17	21
Other non-current liabilities	9	9	14	19	4	5
<b>Total non-current liabilities</b>	<b>144</b>	<b>144</b>	<b>128</b>	<b>128</b>	<b>116</b>	<b>141</b>
Advance payments from customers	292	292	230	189	158	85
Accounts payable	763	763	788	864	837	790
Current tax liabilities	43	43	17	27	34	45
Other provisions	26	26	36	22	17	30
Other current liabilities	129	129	134	147	134	104
Accrued expenses and deferred income	658	658	621	528	487	448
<b>Total current liabilities</b>	<b>1,911</b>	<b>1,911</b>	<b>1,826</b>	<b>1,777</b>	<b>1,667</b>	<b>1,502</b>
<b>Capital employed</b>	<b>7,383</b>	<b>6,364</b>	<b>5,848</b>	<b>5,826</b>	<b>5,720</b>	<b>5,506</b>
Earnings before tax	881	880	531	467	445	431
Interest expenses	55	29	33	45	49	57
<b>Total</b>	<b>936</b>	<b>909</b>	<b>564</b>	<b>512</b>	<b>494</b>	<b>488</b>
Average capital employed	6,780	6,312	5,998	5,784	5,642	5,654
<b>Return on capital employed, %</b>	<b>13.6</b>	<b>14.4</b>	<b>9.4</b>	<b>8.8</b>	<b>8.8</b>	<b>8.6</b>
<b>One-off items and restructuring costs</b>	<b>2019</b>	<b>2019<sup>1)</sup></b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Operating profit</b>	<b>915</b>	<b>888</b>	<b>547</b>	<b>492</b>	<b>483</b>	<b>469</b>
Ventilation Systems	-	-	-	-	-	-
Profile Systems	-	-	-	-	-	-
Products & Solutions <sup>3)</sup>	-	-	-17	-	-24	35
Building Systems	-	-	-25	-	-	-9
Other <sup>4)</sup>	-	-	-45	-19	-4	-20
<b>Adjusted operating profit</b>	<b>915</b>	<b>888</b>	<b>634</b>	<b>511</b>	<b>511</b>	<b>463</b>
<b>Net debt</b>						
Non-current interest bearing provisions for pensions and similar obligations	283	283	234	226	211	189
Non-current interest bearing liabilities to credit institutions	1,001	1,001	1,085	1,397	1,625	1,713
Non-current interest bearing lease liabilities	798	-	-	-	-	-
Current interest bearing liabilities to credit institutions	3	3	5	4	2	7
Current interest bearing lease liabilities	241	-	-	-	-	-
Current interest bearing bank overdraft facilities	25	25	55	65	29	70
Current interest bearing accrued expenses and deferred income	5	5	5	4	4	16
<b>Total interest bearing provisions and liabilities</b>	<b>2,356</b>	<b>1,317</b>	<b>1,384</b>	<b>1,696</b>	<b>1,871</b>	<b>1,995</b>
Interest bearing financial investment	34	34	38	43	45	47
Interest bearing prepaid expenses and accrued income	15	15	5	6	12	6
Cash and cash equivalents	536	536	289	342	418	285
<b>Total interest bearing assets</b>	<b>585</b>	<b>585</b>	<b>332</b>	<b>391</b>	<b>475</b>	<b>338</b>
<b>Net debt</b>	<b>1,771</b>	<b>732</b>	<b>1,052</b>	<b>1,305</b>	<b>1,396</b>	<b>1,657</b>

<b>Net debt/equity ratio</b>	<b>31/12/2019</b>	<b>31/12/2019<sup>1)</sup></b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Net debt	1,771	732	1,052	1,305	1,396	1,657
Shareholders' equity including non-controlling interests	5,027	5,076	4,464	4,130	3,849	3,511
<b>Net debt/equity ratio</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>
<b>Net debt/EBITDA</b>	<b>31/12/2019</b>	<b>31/12/2019<sup>1)</sup></b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Average net debt	2,052	1,041	1,318	1,474	1,695	1,960
Adjusted operating profit	915	888	634	511	511	463
Depreciation/amortisation and impairment losses	400	186	168	162	174	168
<b>EBITDA</b>	<b>1,315</b>	<b>1,074</b>	<b>802</b>	<b>673</b>	<b>685</b>	<b>631</b>
<b>Net debt/EBITDA, times</b>	<b>1.6</b>	<b>1.0</b>	<b>1.6</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>
<b>Organic growth</b>	<b>2019</b>		<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Change, net sales	546		1,084	393	260	586
Of which						
Organic	291		680	287	322	159
Acquisitions/divestments	19		57	3	8	275
Currency effects	236		347	103	-70	152
<b>Interest coverage ratio</b>	<b>2019</b>	<b>2019<sup>1)</sup></b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Earnings before tax	881	880	531	467	445	431
Interest expenses	50	24	26	36	43	49
<b>Total</b>	<b>931</b>	<b>904</b>	<b>557</b>	<b>503</b>	<b>488</b>	<b>480</b>
Interest expenses	50	24	26	36	43	49
<b>Interest coverage ratio, times</b>	<b>18.8</b>	<b>38.5</b>	<b>21.4</b>	<b>14.1</b>	<b>11.4</b>	<b>9.7</b>
<b>Operating profit before depreciation/amortisation – EBITDA</b>	<b>2019</b>	<b>2019<sup>1)</sup></b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Operating profit	915	888	547	492	483	469
Depreciation/amortisation and impairment losses	400	186	168	162	174	168
<b>Operating profit before depreciation/amortisation – EBITDA</b>	<b>1,315</b>	<b>1,074</b>	<b>715</b>	<b>654</b>	<b>657</b>	<b>637</b>
Net sales	9,872	9,872	9,326	8,242	7,849	7,589
<b>EBITDA margin, %</b>	<b>13.3</b>	<b>10.9</b>	<b>7.7</b>	<b>7.9</b>	<b>8.4</b>	<b>8.4</b>

1) Key performance indicators excluding the impact of implemented accounting standard IFRS 16 Leases, i.e. as if IAS 17 Leases continued to apply.

2) On the asset side, the difference in total assets of SEK 1,019 m as at December 31, 2019 comprises tangible fixed assets/rights-of-use assets of SEK 1,009 m due to the capitalisation of leases in accordance with IFRS 16. The remaining difference on the assets side relates to deferred tax assets.

3) From January 1, 2019, the former segment Products & Solutions was divided into two business areas/segments: Ventilation Systems and Profile Systems.

4) Costs of Group functions and activities.

# Reconciliation of specific key performance indicators based on IFRS 16

Lindab applied IFRS 16 Leases from January 1, 2019. The most important key performance indicators, including and excluding the new standards, are presented below for the purpose of increasing comparability with previous periods.

Amounts in SEK m unless otherwise indicated.

	2019 incl. IFRS 16	Percent	2019 excl. IFRS 16	Percent
<b>Operating profit, operating margin and earnings before tax</b>				
Ventilation Systems	609	10.1	589	9.8
Profile Systems	270	10.8	267	10.7
Building Systems	85	6.3	81	6.0
Other	-49	-	-49	-
<b>Adjusted operating profit</b>	<b>915</b>	<b>9.3</b>	<b>888</b>	<b>9.0</b>
One-off items and restructuring costs	-	-	-	-
<b>Operating profit</b>	<b>915</b>	<b>9.3</b>	<b>888</b>	<b>9.0</b>
Financial items	-34	-	-8	-
<b>Earnings before tax</b>	<b>881</b>	<b>8.9</b>	<b>880</b>	<b>8.9</b>

	2019 incl. IFRS 16	2019 excl. IFRS 16
<b>Key performance indicators</b>		
Operating profit before depreciation/amortisation and impairment losses	1,315	1,074
Operating profit	915	888
Adjusted operating profit	915	888
Earnings before tax	881	880
Profit for the year	678	678
Operating margin, %	9.3	9.0
Adjusted operating margin, %	9.3	9.0
Profit margin, %	8.9	8.9
Cash flow from operating activities <sup>1)</sup>	1,017	803
Cash flow from financing activities	484	270
Cash flow from operating activities per share, SEK	13.32	10.52
Net debt	1,771	732
Net debt/equity ratio, times	0.4	0.1
Total assets	9,438	8,419
Equity/asset ratio, %	53.3	59.8
Return on shareholders' equity, %	14.3	14.1
Capital employed	7,383	6,364
Return on capital employed, %	13.6	14.4
Interest coverage ratio, times	18.8	38.5
EBITDA margin, %	13.3	10.9
Net debt/EBITDA, excl. one-off items and restructuring costs	1.6	1.0
Depreciation/amortisation and impairment losses based on statement of profit and loss distributed by function		
Cost of goods sold	183	119
Selling expenses	163	26
Administrative expenses	35	22
R&D expenses	7	7
Impairment losses, selling expenses	12	12

1) Cash flow from operating activities includes certain reclassifications of interest paid in cash relating to leases. Previously this was included in recognised operating profit, but from 2019 it is included under Interest expenses. Lease interest paid amounted to SEK 26 m in 2019.

# Financial definitions

## Key performance indicators defined according to IFRS

### Earnings per share, SEK

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

## Key performance indicators not defined according to IFRS

### Number of shares

The weighted average number of shares outstanding at the end of the period plus any additional shares in accordance with IAS 33.

### 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.

### Capital employed

Balance sheet total less non-interest bearing provisions and liabilities.

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

Cash flow from operating activities to number of outstanding shares.

### EBITDA margin

EBITDA margin has been calculated as the profit before planned depreciation and before amortisation of the consolidated surplus value in intangible assets, expressed as a percentage of net sales.

### Equity/asset ratio

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

### Interest coverage ratio

Earnings before tax plus interest expenses to interest expenses.

### Investments in intangible assets/tangible fixed assets

Investments in intangible assets/tangible fixed assets 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 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 cash flow

Cash flow from operating activities excluding one-off items and restructuring costs as well as tax paid but including net investments in intangible assets and tangible fixed assets.

## Operating margin

Operating profit expressed as a percentage of net sales.

## Operating profit

Profit before financial items and tax.

## Operating profit before depreciation and amortisation – EBITDA

Profit before planned depreciation/amortisation and impairment losses.

## Organic growth

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

## P/E ratio

Quoted price at year-end divided by the earnings per share.

## Profit margin

Earnings before tax expressed as a percentage of net sales.

## Return on capital employed

Return on capital employed comprises the Group's earnings before tax after reversal of financial expenses expressed as a percentage of average capital employed.

## Return on shareholders' equity

Return on shareholders' equity comprises profit for the year attributable to parent company shareholders, expressed as a percentage of average shareholders' equity attributable to parent company shareholders.

## Sales abroad, %

Sales reported for each country to which products or services have been delivered, expressed as a percentage of net sales for the year.

## Shareholders' equity per share, SEK

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

## Working capital

Working capital comprises stock, operating receivables and operating liabilities, and is obtained from the statement of financial position but adjusted where appropriate for items not affecting cash flow. The operating receivables consist of accounts receivable, other receivables as well as non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing non-current liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest bearing accrued expenses and deferred income.

# Sustainability Report

Sustainability is central at Lindab and details of the Group's sustainability work have therefore been included in the description of operations on pages 1-48. Lindab's sustainability management and in-depth information about the Group's key sustainability areas are reported on the following pages.

Governance and organisation	113
Key issues	114
Lindab and UN sustainable development goals	115
Sustainability data	117
GRI index	122





Lindab reports on its sustainability work in accordance with GRI, supports the UN Global Compact and is working towards Agenda 2030, the UN's sustainable development goals.



## Malmö, Sweden

### LEED with Lindab

Environmental certification of a building is a quality stamp that contributes to a reduced environmental impact during its life cycle and increases the well-being of the people who spend time in the building. The Aura office building in Malmö is LEED certified in the highest Platinum class and was named as one of the three finalists in the category LEED project of the year in the Sweden Green Building Awards 2019. Lindab supplied a complete duct system, silencers and tools for the building and leases its own floor there. A test environment was set up with sensors to monitor the air quality in real time and provide a basis for improvements.

# 27%

Studies show that people who work in a building with environmental certification feel better and their performance improves by 27 percent<sup>1)</sup>.

1) Source: [phys.org/news/2017-05-air-quality-productivity.html](https://phys.org/news/2017-05-air-quality-productivity.html)



# Governance and organisation

Lindab is running a sustainable business from an economic, environmental and social perspective. Lindab's sustainability report has been prepared in accordance with GRI Standards. The contents of this are shown in the index on pages 122–124.

The CEO is ultimately responsible for Lindab's sustainability work. Lindab's CSR Manager is responsible for its implementation and is supported by local quality and environmental managers around Europe. There is cooperation with other functions in the Group such as HR, Purchasing, Manufacturing, Marketing and Legal as well as sales companies. The work is governed by a number of internal policies and guidelines, notably the company's Code of Conduct, quality and sustainability policy, occupational health & safety policy, equal opportunity policy and anti-corruption policy.

### Lindab' Code of Conduct


Lindab's Code of Conduct constitutes the basis for sustainability work within the Group. The document is based on the UN Convention on Human Rights and describes the principles of how employees must act in relation to other employees as well as shareholders, business contacts and other stakeholders in order to ensure that their conduct is always 'right, legal and fair'. The Code of Conduct is implemented throughout the organisation and continuously updated and followed up. Today, the Code of Conduct covers matters including occupational health and safety, anti-discrimination, social commitment and respect for employee and customer integrity issues. There is a special Code of Conduct for suppliers which sets out Lindab's requirements in terms of its suppliers' environmental and working conditions.

### Human rights

Lindab has zero tolerance for any act against human rights. The risk of breaches in respect of factors such as repression, child labour and forced labour are assessed as low within the Group and no breaches were reported during the year. All employees have the right to form, be part of or refrain from being part of trade unions or other organisations which engage in collective bargaining. Lindab supports the UN Global Compact and is working towards Agenda 2030, the UN's 17 sustainable development goals. Lindab also abides by the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Principles and Standards for Multinational Enterprises, as well as the Rio declaration precautionary principle which means that Lindab undertakes to work in a preventative manner and to minimise risks in terms of the environment.


### Sustainability targets

To support work within the Group, Lindab works on the basis of three long-term sustainability goals. Read more on page 8.




**Attractive employer**

Motivated employees who are doing well contribute to long-term sustainable business.



**Lower carbon emissions**

Carbon emissions measured as a percentage of sales will be reduced by at least 30 percent between 2017 and 2025.



**Zero vision for work-related accidents**

Lindab has a strong focus on safety and has been working with a zero vision for accidents in the workplace since 2012.

*Medlem i*



### Network membership

By taking part in industry initiatives, Lindab contributes to sustainable development in the industry and promotes a stronger network in the markets where the company operates. Lindab is a member of:

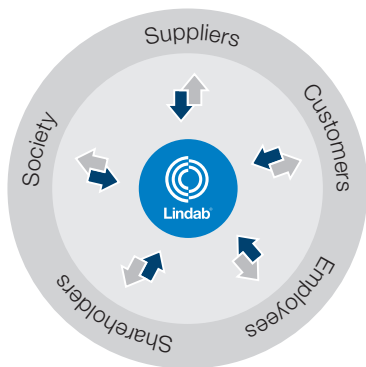
- Byggmateriåindustrierna
- Committee European Norm (CEN)
- Local industry organisations in the area of ventilation REHVA
- Swedish Institute of Steel Construction
- Svensk Byggplåt
- TightVent Europe

# Key areas

**Lindab's most important sustainability issues have been identified on the basis of internal analyses of strategic issues and driving forces in society, and on the basis of dialogue with stakeholders.**

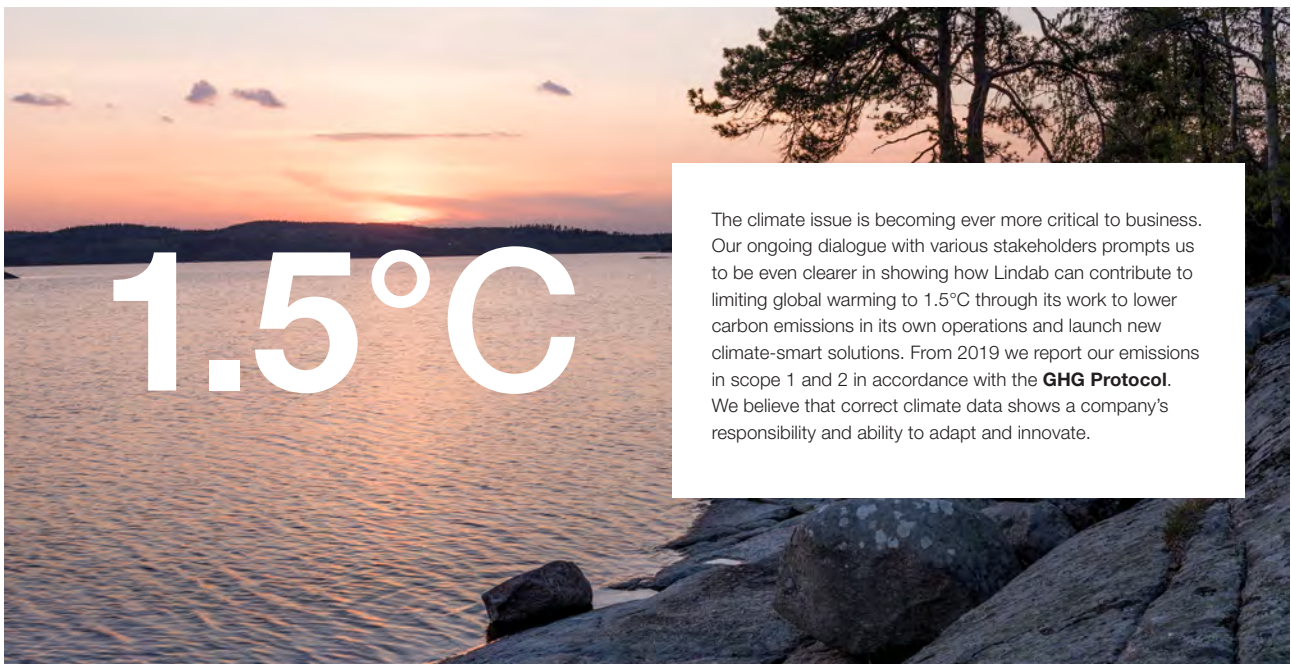
The methods for defining the most important issues comply with GRI Standards guidelines and consist of identification, prioritisation and validation. The work has led to 13 areas that Lindab chooses to focus on particularly. These have been divided based on economic, environmental and social impact in line with the GRI Standards definition for reporting. This is important for a transparent, ongoing and long-term dialogue with stakeholders. Expectations and enquiries from suppliers, customers, employees, investors and society, contribute to setting the agenda for the company's sustainability work.

## Lindab's stakeholders



## Lindab's key sustainability areas

Economic dimension
Financial stability
Anti-corruption
Anti-competitive behaviour
Environmental dimension
Materials used in production
Energy consumption
Greenhouse gas emissions
Waste
Supplier requirements
Environmental impacts of products and services
Social dimension
Employee health and safety
Diversity and equal opportunity
Product and service labelling
Customer health and safety



# 1.5°C

The climate issue is becoming ever more critical to business. Our ongoing dialogue with various stakeholders prompts us to be even clearer in showing how Lindab can contribute to limiting global warming to 1.5°C through its work to lower carbon emissions in its own operations and launch new climate-smart solutions. From 2019 we report our emissions in scope 1 and 2 in accordance with the **GHG Protocol**. We believe that correct climate data shows a company's responsibility and ability to adapt and innovate.

# Lindab and UN sustainable development goals

In September 2015, Agenda 2030 was adopted by the UN. It comprises 17 goals intended to guide the world towards a peaceful and sustainable development by 2030 through global and local initiatives. Lindab works to contribute to all the goals, but has identified five goals where the company can make the biggest difference. Below are examples of what Lindab does in the respective areas.



**Ensures healthy lives and promotes the well-being of people of all ages**

Health and safety work has been given even higher priority within the Group. In February 2019, production was halted at all units for a joint training session on safety. A health and safety manager has been appointed at Group level to create even better procedures and structures for the work. In addition, new classifications have been introduced for reporting and comprehensive investments has been made in new production equipment to increase machine safety.



**Builds a resilient infrastructure, promotes inclusive and sustainable industrialisation and promotes innovation**

The Lindab Innovation Hub will contribute to Lindab being at the forefront of innovation work on solutions for better air. Providing support for start-ups is a natural initiative within this framework and such a venture was launched in January 2020. There are lots of good examples and ideas in the area of indoor climate, but it is often difficult to reach a sufficient market or scale up business. Becoming part of Lindab's venture, allows access to a larger infrastructure, with a test lab, logistics, customers and physical stores.





**Makes cities and buildings inclusive, safe, resilient and sustainable**

As urbanisation increases, the need for energy-saving solutions and improved indoor climate in buildings also increases. Lindab Safe and Lindab Safe Click are the first duct systems in the world with Eurovent classification for the highest tightness class, class D. This means minimal leakage loss and a system that provides a circulating flow of energy, while at the same time ventilating away harmful emissions and particles. Lindab's complete ventilation system optimises the flow of air in an energy-efficient way and makes indoor air fresh and healthy.



**Takes the necessary measures to combat climate change and its consequences**

Providing information about the content of its products and their environmental impact is a obvious course of action for Lindab. Building product declarations (eBVD) are in place for the Group's key products and work has been started to produce environmental product declarations (EPD). First were Lindab's doors in 2019 that were installed in the Axel Tower in Copenhagen, an environmentally certified project in accordance with DGNB, Silver level. The launch of EPDs will start for Lindab's profile products in 2020. One of the most important aims of an EPD is to enable a fair comparison of the environmental performance of products and services.



**Promotes peaceful and inclusive communities, provides access to justice for all**

Lindab wants to take greater responsibility for the sustainable development of the local communities where the Group has significant operations. This is done by increasing sponsorship initiatives aimed at activities for children and young people and initiatives in the context of social sustainability, such as for example contributing to organisations that help people who are ill or vulnerable. Over the past two years, Lindab has been giving ongoing donations of food and resources to local food banks in the places where the company is active in the UK. These food banks in turn help the homeless or poor families.

# Sustainability data

## Economic dimension

**Since the company was established in 1959, Lindab's corporate culture has been based on values such as customer success, down to earth and neatness and order with a focus on building long-term business relationships based on uncomplicated, trustworthy conduct and an attitude of humility.**

This corporate culture together with Lindab's Code of Conduct and various policies acts as firm support in the work to develop and expand operations.

### Anti-competitive behaviour

Unfortunately in the construction industry and in the various geographical markets where Lindab operates, there are some players whose conduct is not acceptable from a competition perspective. Lindab has a competition policy which is updated on an ongoing basis to ensure that all business in which the company is involved with is characterised by anti-competitive behaviour. Conduct that breaches competition rules is unacceptable. The company's employees are informed and given ongoing training on the content of Lindab's policy to prevent breaches relating to competition.

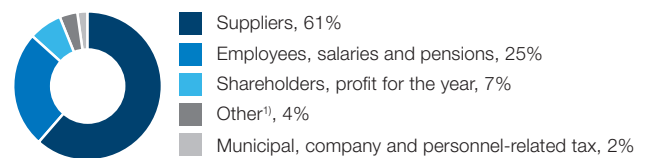
### Anti-corruption

Lindab has a strong focus on business ethics which is supported by the company's Code of Conduct. It includes an anti-corruption

policy which is updated on an ongoing basis. This policy is the regulatory anti-corruption framework for Lindab's business and employees. The employees are informed and given ongoing training on the content of the Code of Conduct and a Corporate Governance Committee is responsible for ensuring the Code of Conduct is followed throughout the organisation. Lindab has zero tolerance for all kinds of unethical or corrupt behaviour and encourages employees to report any well-founded suspicions of irregularities or violations, for example via the company's whistleblower function. A new, easier to use whistleblower function, WhistleB, was launched at the end of 2019 and offers further anonymity when reporting.

### Created and distributed value

Lindab's sales revenue amounted to SEK 9,872 m (9,326) in 2019. The majority is divided between the company's stakeholders.

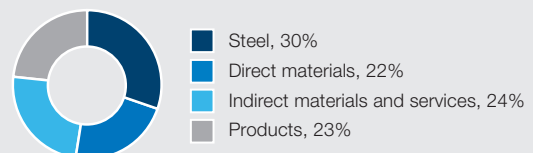


1) Other consists of items that cannot be considered attributable to individual stakeholders. This item consists mainly of depreciation/amortisation, exchange rate differences and profit from the disposal of assets.

## Sustainable purchasing

Lindab has long-term relationships with its suppliers and procedures for evaluating and monitoring suppliers from a sustainability perspective have continuously strengthened. New suppliers are assessed using methods adapted to the particular situation, such as Lindab Supplier Assessment, where suppliers submit information which is then assessed by Lindab. Supplier Assessment covers issues relating to certification (ISO 9000 and ISO 14000), environment, social responsibility and human rights. Suppliers are also usually contractually bound to meet the requirements of Lindab's Code of Conduct for suppliers. In 2019, the process for evaluating suppliers was developed further and improved. Cooperation with an external partner for auditing suppliers in high-risk countries was also introduced during the year. The first audits will take place in 2020.

### Share of purchasing, category



### Percentage of steel purchases, region



## Environmental dimension

**Lindab engages in proactive and systematic environmental work involving several environment-related projects, amongst other things to increase energy efficiency and reduce scrap volumes. This initiative has contributed towards energy consumption and greenhouse gas emissions measured as a percentage of sales being reduced each year since 2014.**

Lindab's ongoing environmental work is governed by the Group's quality and sustainability policy. Direct responsibility for environmental issues rests with the local companies. At Group level there is a central environmental function responsible for the development, coordination and monitoring of environmental work. The permits that are required for Lindab's operations are primarily industrial business permits. There were no breaches of permit terms and conditions or local environmental legislation in 2019. The risk of accidents that may have a negative impact on the environment is considered to be low. Lindab has ensured that account has been taken of environmental risks in connection with acquisitions or major changes. Compared with the previous sustainability report, no production units have been added.

### Production

All of Lindab's large production units are certified under the ISO 9001 quality management system and the ISO 14001 environmental management system. Resources are added to develop products for optimising the function of the manufacturing

Consumption of raw material	2019	2018	2017
Sheet metal, tonnes	232,442	268,023	215,880
Oils, m <sup>3</sup>	70	68	41
Paint, tonnes	442	474	420
Solvents, m <sup>3</sup>	19	16	12.5
Rubber, tonnes	1,930	1,946	1,731

Waste & scrap metal	2019	2018	2017
Scrap sheet metal, tonnes	20,114	19,689	18,415
Hazardous waste, tonnes	744	615	846
Total other waste, tonnes	6,868	6,094	6,548
Recovery efficiency, %	88	88	89

Greenhouse gas emissions	2019	2018	2017
Total, tonnes	68,368	71,532	64,921
Scope 1	56,438	58,274	49,773
Scope 2 (market based)	11,930 <sup>1)</sup>	13,257	15,148

Consumption of packaging material	2019	2018	2017
Corrugated board, tonnes	4,125	3,227	3,233
Plastic, tonnes	1,382	1,251	1,171
Wood, tonnes	13,125	12,241	10,450

1) Calculated according to market-based method (origin marking/residual mix). If location-based method (the entire mix) was used instead, the CO<sub>2</sub> emissions in 2019 had reached 12,026 tonnes.

process, economy and environmental impact. Lindab's modern production of sheet metal products has a relatively limited impact on the environment. Less emissions of dust, solvents from paint and metals in wastewater may occur, but there have been no unforeseen emissions during the year. Leakage checks are carried out on cooling/heating pump equipment to prevent leaks of ozone-depleting substances. No emissions have been recorded during the year.

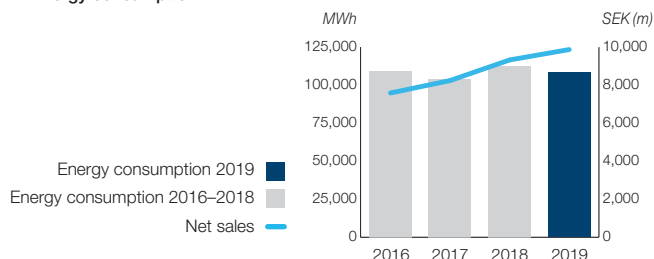
### Transport

Mixed loading and logistics planning reduces the impact of transport on the environment. The development of the distribution concept for Northern Europe strengthens this development. In 2019, the fill rate in both central warehouses and transport was high. In other parts of Europe, investments are being made to optimise logistics structures, for example, some production of bulky products is being moved from central to regional units to get closer to the customer and reduce the need for transport. During the year, Lindab also used trains instead of trucks to an increasing extent for transport between cities in Europe. Environmental requirements are imposed on all central transport contracts. For road transport in Sweden, requirements are imposed on EURO 6 class trucks and all drivers have to undergo Eco Driving training. The packaging that is used consists of mainly renewable materials and can be recycled. All cartons that are used centrally are made from 100 percent recyclable material.

Energy	2019	2018	2017
Total, MWh	108,387	112,428	103,878
Direct energy, MWh	45,028	50,732	43,645
Indirect energy, MWh	63,359	61,697	60,233

1 MWh=0.0036 TJ

### Energy consumption



In spite of increased business activity, energy consumption fell in real terms by 3.5 percent in 2019 and greenhouse gas emissions fell by 4.4 percent. Measured as a percentage of sales, emissions fell 10.4 percent. Read more on page 8.

### Effluents and waste

The waste products generated during production consist primarily of scrap metal. Scrap metal is 100 percent recycled and other waste is recycled up to almost 90 percent. Some incoming and leftover packaging material is recycled on site. Anything not used is sorted and disposed of in accordance with applicable regulations. Hazardous waste is dealt with by local waste management companies and there is no information that any hazardous waste has been exported.

### Raw materials

Lindab selects all its materials with health and safety in mind. All chemicals that are used in production or are distributed comply with the EU Chemicals Directive REACH. Lindab is defined as a downstream user and its work in this area is mainly aimed at communication with suppliers and customers regarding REACH-related issues. All electrical and electronic material in Lindab's range complies with the EU Directive RoHS, the aim of which is to reduce the use of hazardous substances. Central suppliers of electronics or material such as PVC are always asked to submit evidence of compliance with the RoHS Directive. Lindab helps customers affected by the US legislation on conflict minerals, Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, with CMRT reports. Lindab also cooperates with its suppliers to ensure that minerals come from certified smelting works.



Steel and sheet metal are the predominant materials in Lindab's products. To minimise the environmental impact of its products, Lindab prioritises cooperation with steel suppliers who drive development towards fossil-free steel and have good carbon dioxide intensity values. Arcelor, SSAB and TATA are important suppliers and partners of Lindab. All of these have high climate targets and aim to be carbon neutral by 2050. Steel has many advantages compared with other building materials:

- Very long service life
- 100 percent recyclable
- Has a never-ending closed cycle
- Can be supplied in precise quantities

Of the steel that Lindab uses, around 20 percent comes from recycled sources. The stainless steel which is used is based 100 percent on recyclable material.

## Lindab's products contribute to sustainable buildings.

Lindab is determined to simplify sustainable construction. An important part of this work is being transparent about what products contain so that customers are able to make sustainable choices. The company strives to ensure that all products are declared building products and works continuously to assess products with Byggarubedömningen and SundaHus and to register them in BASTA and on the Nordic Swan House Product Portal. The products that are relevant or have demand on CE marking are CE marked. Lindab's circular air duct systems, Lindab Safe and Lindab Safe Click, are certified by Eurovent in the maximum air tightness class, class D, which is considered a clear quality stamp for Lindab's production and products. Buildings erected using Lindab's sandwich panels and sheet metal joists will be airtight and energy-efficient. Lindab has launched several innovations that will con-



tribute to lower energy consumption, such as UltraLink, a unique measuring unit for air flow in ventilation systems, and SolarRoof, a roof product with integrated solar cells. The high quality and functionality of Lindab's products also contribute towards ensuring that the risk of negative impact on health and safety is low. No breaches were identified during the year with regard to the Group's provision of products or the impact of products on health and safety.

Lindab's contribution to lower CO<sub>2</sub> emissions

# CO<sub>2</sub>

Good environmental initiative in the Group

- ✓ **Lindab Ventilation** has opened a new production plant for circular ventilation ducts in Gothenburg. This is expected to reduce the need for transport from the factory in Grevie by 74 trucks per year which will save approximately 13 tonnes of CO<sub>2</sub>.

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- ✓ **Lindab Romania** has introduced natural gas as an energy source for operating its heating system instead of diesel and gas, which reduces the plant's CO<sub>2</sub> emissions by 20 percent.

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- ✓ **Lindab Profile** in Förslöv has installed district heating and biogas to heat all premises and for production. This is expected to reduce CO<sub>2</sub> emissions by 407 tonnes each year.

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- ✓ At its production plant in Godovič, **Lindab Slovenia** has changed its heat source from LPG to natural gas, which has resulted in reduced CO<sub>2</sub> emissions.

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- ✓ **Lindab Switzerland** has improved the air pressure system in production in Otelfingen by installing a valve that automatically closes down the system at night and at weekends. This will reduce operating time by 25 percent.

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- ✓ **Lindab Switzerland** has made logistics changes that reduced CO<sub>2</sub> emissions by approximately 1.3 tonnes per standard transport week from Karlovarska, Czech Republic. In addition, transport from Italy has been halved and this is expected to reduce CO<sub>2</sub> emissions by approximately 17 tonnes each year.

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- ✓ **Lindab Profile** is due to supply all the sandwich panels to a battery factory in Skellefteå. Deliveries from the factory in Luleå will be made using HVO fuelled trucks. HVO is a biofuel made of 100 percent renewable raw materials and therefore does not emit any CO<sub>2</sub>.

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- ✓ **Lindab Ventilation** has optimised the two machines in the high bay warehouse in Grevie that are used to wrap pallets. By removing one of the two plastic rolls and utilising the elasticity of the material, the amount of plastic per pallet has decreased from 72 to 20 metres. This saves around 2 870 km of plastic each year.

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- ✓ **Lindab Hungary** has invested in two new air compressors at its plant in Biatorbágy which will reduce energy consumption by over 30 percent.

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- ✓ **Lindab Denmark** has optimised ventilation at the production plant in Haderslev which will result in a reduction of CO<sub>2</sub> emissions of around 109 tonnes each year.

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- ✓ **Lindab UK** has a new waste supplier which works on the principle of maximum recycling rather than disposal which minimises the amount of waste going to landfill.

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- ✓ **Across the Group**, all lighting has been changed to LED lighting, diesel trucks have been replaced with electric ones and work is ongoing to ensure that all company cars are either electric or hybrid vehicles.



## Social dimension

**Lindab operates in 31 countries and is a major employer in many locations. Lindab's future is built on the Group being able to attract, develop and retain the right employees. The focus is a strong corporate culture, employee development and preventative health care.**

Employee appraisal interviews are held regularly, and employee satisfaction surveys are carried out at regular intervals in the countries. Formal appraisals are an important tool in the development of both employees and the organisation. Associated with these are competence mapping and succession planning which support the identification and development of potential replacements for key functions.

### Competence development

The Lindab Academy training holds a library of e-learning courses and physical courses. Work is ongoing to develop the use of e-learning further within the Group as this is an effective way to raise the skill level quickly. During performance appraisal interviews, employees and managers are encouraged to draw up an individual development plan that includes courses from the Lindab Academy. Completed courses are added to the employee's internal CV which facilitates internal recruitment and appointment of project roles, thereby increasing the employee's internal development opportunities.

### Health and safety

Lindab works actively on preventative health at individual, team and company level. Ergonomic resources and traditional

health checks are offered to support a healthy and safe working environment. Lindab's working environment policy has a clear message on responsibility issues and that the key to a safe working environment is prevention. Lindab has a zero target for accidents at work and is committed to raising employee awareness of the importance of following procedures and minimising risks. Efficiency in terms of health and safety at work is measured using the international benchmark LTIF which indicates the number of accidents per million hours worked. LTIF is measured on an ongoing basis for each business and production unit which makes it easier to monitor improvement work and make comparisons. 106 accidents (96) leading to at least eight hours' absence for each accident were reported in 2019.

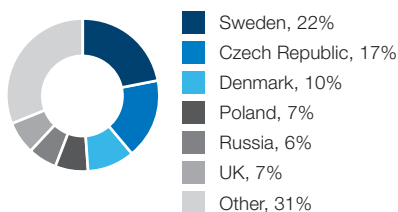
### Diversity and equal opportunity

An inclusive workplace with an employee distribution that reflects the diversity in society with respect to gender, age, ethnicity and background, fosters creativity, innovation and utilisation of different competencies. Lindab has a zero tolerance policy for all forms of harassment and encourages employees to report incidents either to their line manager or our whistleblower function, WhistleB, an external system which can be accessed 24/7 from all types of platforms and guarantees full anonymity. The organisation's approach in this area is supported by Lindab's Code of Conduct. Diversity and equal opportunity are an important part of our efforts to make Lindab one of the most attractive employers in the industry, which will enable us to retain and recruit important talent.

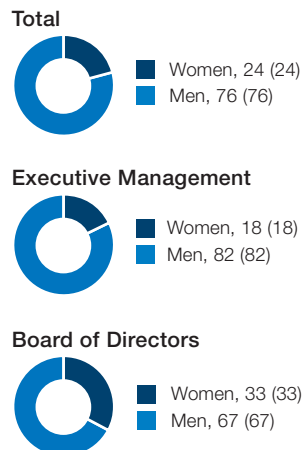
### Personnel data

	2019	2018	2017
Average number of employees	5,202	5,126	5,143
LTIF	10.7	9.9	9.3

### Geographical distribution of employees



### Gender balance, %



The total percentage of women in Lindab was unchanged in 2019. There is still a lot of work to be done in terms of creating greater interest in the different types of professions both in Lindab and in the industry as a whole. The larger management team from 2019 includes eleven people, two of whom are women, and has members with five different nationalities. There were no changes to Board during the year and therefore no changes to the ratio of women to men.

# GRI index

Key issues	Reporting indicators
Financial stability	201-1
Anti-corruption	205-1, 205-2, 205-3
Anti-competitive behaviour	206-1
Materials used in production	301-1, 301-2
Energy consumption	302-1, 302-2, 302-4
Greenhouse gas emissions	305-1, 305-2, 305-4
Effluents and waste	306-2
Supplier requirements	308-1, 308-2, 414-1, 414-2
Employee health and safety	403-2
Diversity and equal opportunity	405-1
Environmental impacts of products and services	416-2
Customer health and safety	416-2
Product and service labelling	417-1

## About the Sustainability Report

Lindab reports on its sustainability work as part of this Annual Report. The Global Reporting Initiative (GRI), an international standards organisation, guidelines for reporting sustainability information have been applied since 2009. GRI is the world's most-widely used framework for sustainability reporting and enables reporting in a comparable and structured manner. The Annual Sustainability Report, which relates to the calendar year 2019, has been prepared in accordance with GRI Standards, Core level. The overview on the left lists the GRI indicators which are applied to reflect the issues that are considered to be most important for Lindab and are described on page 114. References in the attached GRI index relate to pages in the Annual Report and clarifications are provided for certain indicators. The report has not been reviewed by a third party. The last report was published with Lindab's 2018 Annual Report on March 27, 2019.

Contact: Lindab Group HR/CSR Manager

GRI standard	Disclosures	Page reference	Comment
<b>GRI 101:</b>	<b>FOUNDATION 2016</b>		
<b>GRI 102:</b>	<b>GENERAL DISCLOSURES 2016</b>		
<b>Organisation profile</b>			
102-1	Name of organisation	50	
102-2	Activities, trademarks, products and services	12–13, 50	
102-3	Location of head office	50	
102-4	Location of operations	50, 103	
102-5	Ownership and company form	34-35	
102-6	Markets in which the organisation operates	11, 18	
102-7	Size of the organisation	50, 59–63	
102-8	Information about all categories of employees	82, 121	Employees per employment type and service grade are not reported due to technical limitations in terms of collecting information.
102-9	Supplier chain	117	
102-10	Important changes to the organisation and supplier chain	-	
102-11	Precautionary principle	113	
102-12	External sustainability initiative which the organisation supports/is covered by	113	
102-13	Membership of organisations	113	
<b>Strategy</b>			
102-14	Statement from the CEO	5-7	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and ethical guidelines	33, 113, 117	
<b>Governance</b>			
102-18	Corporate governance	36-48	
<b>Stakeholder dialogue</b>			
102-40	List of stakeholder groups	114	
102-41	Collective agreements		Lindab operates in countries where collective agreements are not permitted. Just over 45 percent of Lindab's employees have collective agreements of which all employees in the Nordic countries.
102-42	Identification and selection of stakeholders	114	
102-43	Procedures for stakeholder dialogue	114	
102-44	Key issues raised in stakeholder dialogue	114	
<b>About reporting</b>			
102-45	Units included in financial reporting	103	
102-46	Process for defining the content of reports and boundaries of sustainability areas	114, 122	
102-47	List of key issues	114	
102-48	Adjustments of information given previously	-	
102-49	Changes to reports	114, 118	
102-50	Reporting period	122	
102-51	Date of publication of last report	122	
102-52	Reporting cycle	122	
102-53	Contact person for reports	122	
102-54	Reporting in accordance with GRI Standards	122	
102-55	GRI index	122-124	
102-56	External corroboration	114	

## Key areas

<b>ECONOMIC STANDARDS</b>			
<b>Economic performance</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	16-17, 114	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Created and delivered direct economic value	16-17, 117	
<b>Anti-corruption</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	47-48, 114, 117	
<b>GRI 205 Anti-corruption 2016</b>			
205-1	Operations which are risk assessed in terms of corruption	117	
205-2	Communication of and training in anti-corruption policies and procedures	117	
205-3	Confirmed cases of corruption and action taken	117	No case of corruption was confirmed during the year.
<b>Competition</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	41, 114	
<b>GRI 206: Anti-competitive Behaviour 2016</b>			
206-1	Number of legal actions relating to anti-competitive conduct and conduct promoting a monopoly, and outcome	117	Lindab has not needed to take any legal action in relation to anti-competitive conduct/action promoting a monopoly.
<b>ENVIRONMENTAL STANDARDS</b>			
<b>Material</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	113, 118	
<b>GRI 301: Materials 2016</b>			
301-1	Use of materials	118-119	
301-2	Percentage of recycled material	118-119	
<b>Energy</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	113, 118	
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	118	
302-2	Intensity of energy consumption	118	
302-4	Reduction of energy consumption	8, 118-120	
<b>Emissions</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	8, 113, 118	
<b>GRI 305: Emissions 2016</b>			
305-1	Direct greenhouse gas emissions (Scope 1)	118	
305-2	Indirect greenhouse gas emissions (Scope 2)	118	
305-4	Intensity of greenhouse gas emissions	118	
<b>Waste and effluents</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	113, 119	
<b>GRI 306: Effluents and Waste 2016</b>			
306-2	Volume of waste per type and management method	118-119	
<b>Supplier environmental assessment</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	113, 117	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers analysed with the help of environmental criteria	117	
308-2	Negative environmental impact in the supplier chain and action taken	117	Lindab has not had any incidents in the supplier chain involving environmental conditions that led to action.
<b>SOCIAL STANDARDS</b>			
<b>Health and safety in the workplace</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	121	
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-2	Hazard identification, risk assessment, and incident investigation	32	
<b>Diversity and equal opportunity</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1-3	Description of key area, its boundaries and governance	41, 121	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity in governing bodies and among employees	82, 121	

Supplier social assessment				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		113, 117	
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	New suppliers which are checked in terms of social impact		117	
414-2	Negative social impact in the supplier chain and action taken		117	Lindab has not had any incidents in the supplier chain involving working conditions that led to action.
Customer health and safety				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		113	
<b>GRI 416: Customer health and safety 2016</b>				
416-2	Compliance of products and services' impact on health and safety		119	
Marketing and labelling				
<b>GRI 103: Management Approach 2016</b>				
103-1-3	Description of key area, its boundaries and governance		113	
<b>GRI 417: Marketing and labelling 2016</b>				
417-1	Labelling and information requirements for products and services		119	The product information required in accordance with the company's product labelling procedures for each product is available on lindab.com.

**Page index Lindab's Sustainability Report in accordance with Annual Accounts Act (1995:1554)**

Subject	Policy (incl. matters for review)	Policy result	Risks and risk management	Result indicators
Environmental issues	41, 118	118-120	52-54	8, 118
Employees	41, 121	121	52-54	8, 121
Social conditions	41, 121	121	52-54	8, 121
Human rights	113	113, 115-116	52-54	113
Anti-corruption	41, 117	117	52-54	117

For a description of Lindab's business model, see pages 16–17.

# Auditor's report on the statutory sustainability report

**To the Annual General Meeting of Lindab International AB (publ) corporate identification number 556606-5446**

**Engagement and responsibility**

It is the Board of Directors who is responsible for the Sustainability Report for 2019 on pages 112–124 and that it has been prepared in accordance with the Annual Accounts Act.

**The scope of the audit**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and

less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

**Opinion**

A statutory sustainability report has been prepared.

Gothenburg, March 15, 2020

Deloitte AB

Hans Warén

Authorised Public Accountant

# Glossary

## **BASTA**

BASTA is a self-declaration system where suppliers and manufacturers of building and construction products register products that meet the requirements according to BASTA or BETA criteria concerning substances with hazardous properties. The quality of the information in the system is ensured by undertaking regular third party audits of the suppliers and manufacturers.

## **BIM**

BIM is short for Building Information Modeling. A BIM model is a virtual model of real buildings. All information from a building's life cycle is collected and organised in the model.

## **Branches**

Local warehouse, shop, sales office and competence centre for Lindab's products, systems and solutions.

## **CEE**

Central and Eastern Europe.

## **CIS**

Commonwealth of Independent States (former Soviet Republics).

## **EDI (Electronic Data Interchange)**

Digital transfer of structured information in an agreed format.

## **Environmental management system**

A system that streamlines and organises environmental work with the aim of making continuous improvements. Certified according to ISO 14001.

## **Euroconstruct**

Euroconstruct is a European network with a focus on the building and construction market. The network covers 19 countries, each represented by a carefully selected organisation, research firm or institution. The reports published by the network review the conditions on the European construction market with regard to new construction and renovation of both residential and commercial property in the coming years.

## **Eurovent**

The Eurovent Association is Europe's industry association for indoor climate, process cooling and food cold chain technologies. The association is responsible for developing and offering third-party certification of ventilation and cooling products, among other things.

## **Global Reporting Initiative (GRI)**

International sustainability reporting guidelines.

## **LEED (Leadership in Energy and Environmental Design)**

LEED is a voluntary environmental certification system and is the most widespread international system in the USA. Certification focuses on reduced use of resources such as land, water, energy and building materials.

## **LTIF (Lost Time Injury Frequency)**

An international measure that indicates the number of accidents per million hours worked.

## **Quality management system**

A system to ensure the quality of the company's products and services, including its organisational structure, responsibilities and activities. Certified according to ISO 9001.

## **Renewable energy**

Examples of renewable energy are hydropower, wind power, solar energy and bioenergy.

## **Sustainable development**

Usually defined as 'a society that meets today's needs without compromising the ability of future generations to meet their own needs'. This definition comes from the World Commission on Environment and Development, formally known as the Brundtland Commission.

# Annual General Meeting

## Annual General Meeting

The Annual General Meeting of Lindab International AB (publ) will be held on April 29, 2020 at 15.00 at Hotel Skansen, Båstad in the Municipality of Båstad, Sweden.

## Registration

Shareholders wishing to attend the Annual General Meeting must be registered in the register of shareholders maintained by Euroclear Sweden AB no later than April 23, 2020, and must notify Lindab International AB (publ) of their intention to attend the meeting no later than April 23, 2020.

Please register using one of the following methods:

- via the website: [www.lindabgroup.com](http://www.lindabgroup.com)
- by telephone: +46 (0)431 850 00 or
- by post: Lindab International AB (publ), ‘Annual General Meeting’, 269 82 Båstad, Sweden.

In order to attend the meeting and exercise their voting rights shareholders who have nominee-registered shares through a bank or other nominee must request temporary registration in their own name in the share register maintained by Euroclear Sweden AB. Such registration must be completed at Euroclear Sweden AB no later than April 23, 2020. Shareholders must notify their bank or other trustee well in advance of this date. The notification must include the shareholder’s name, personal or corporate identification number, shareholding, address, telephone number and, where applicable, information regarding assistants and proxies.

Shareholders who wish to be represented by a proxy at the meeting must issue a written, dated power of attorney for such proxy. A proxy form is available on the company’s website [www.lindabgroup.com](http://www.lindabgroup.com). A power of attorney issued by a legal entity must be accompanied by a copy of the certificate of registration for such legal entity. To facilitate admission to the meeting, the original power of attorney and authorisation documents must reach the company no later than April 23, 2020.

## Reports

Digital reports can be downloaded from our website [www.lindabgroup.com](http://www.lindabgroup.com).

## Nomination Committee

The Nomination Committee proposes the election of Board members, auditors, the Chairman of the Annual General Meeting, Board fees and the composition of the Nomination Committee prior to the 2020 Annual General Meeting.

Prior to the 2020 Annual General Meeting, the Nomination Committee consists of:

- Anders Algotson, representative for AFA Försäkring (Chairman)
- Per Colléen, representative for Fjärde AP-fonden
- Göran Espelund, representative for Lannebo Fonder
- Peter Nilsson, Chairman of Lindab International AB (publ)

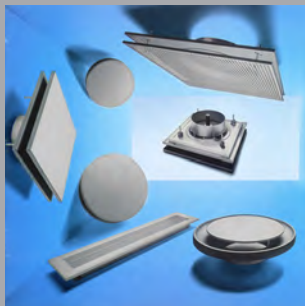
## Financial statements for the financial year 2020

Interim Report January–March, Q1	April 29, 2020
Interim Report January–June, Q2	July 17, 2020
Interim report January–September, Q3	October 23, 2020
Q4 and Year-end Report	February 2021
2020 Annual Report	March 2021





**A company  
built on  
quality**



**More than 60 years have passed since Lindab was registered as a company in the Swedish town of Grevie on the Bjäre peninsula.**

Operations had been started several years earlier by partners Lage Lindh and Valter Persson in a small sheet metal workshop in Lidhult. The product offering consisted initially of aluminium strips and window sills produced by recognised skilled employees in the field of metal processing. The offering was subsequently expanded to include sheet metal ventilation ducts. The range was gradually widened to include complete system solutions for the construction and ventilation industries and operations expanded to markets across the whole of Europe. Qualities such as customer focus, entrepreneurship, neatness and order and care for employees made it possible for Lage and Valter to transform a local metal workshop into an international company.

www.lindab.com

The Lindab website provides extensive information about the Group. You will also find contact details and addresses for all our companies worldwide.

## Good Thinking

At Lindab, good thinking is a philosophy that guides us in everything we do. We have made it our mission to create a healthy indoor climate – and to simplify the construction of sustainable buildings. We do that by designing innovative products and solutions that are easy to use, as well as offering efficient availability and logistics. We are also working on ways to reduce our impact on the environment and climate. We do that by developing production methods that consume minimal energy and natural resources. We use steel in our products. It's one of the few materials that can be recycled an infinite number of times without losing any of its properties. That means less carbon emissions in nature and less energy wasted.

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