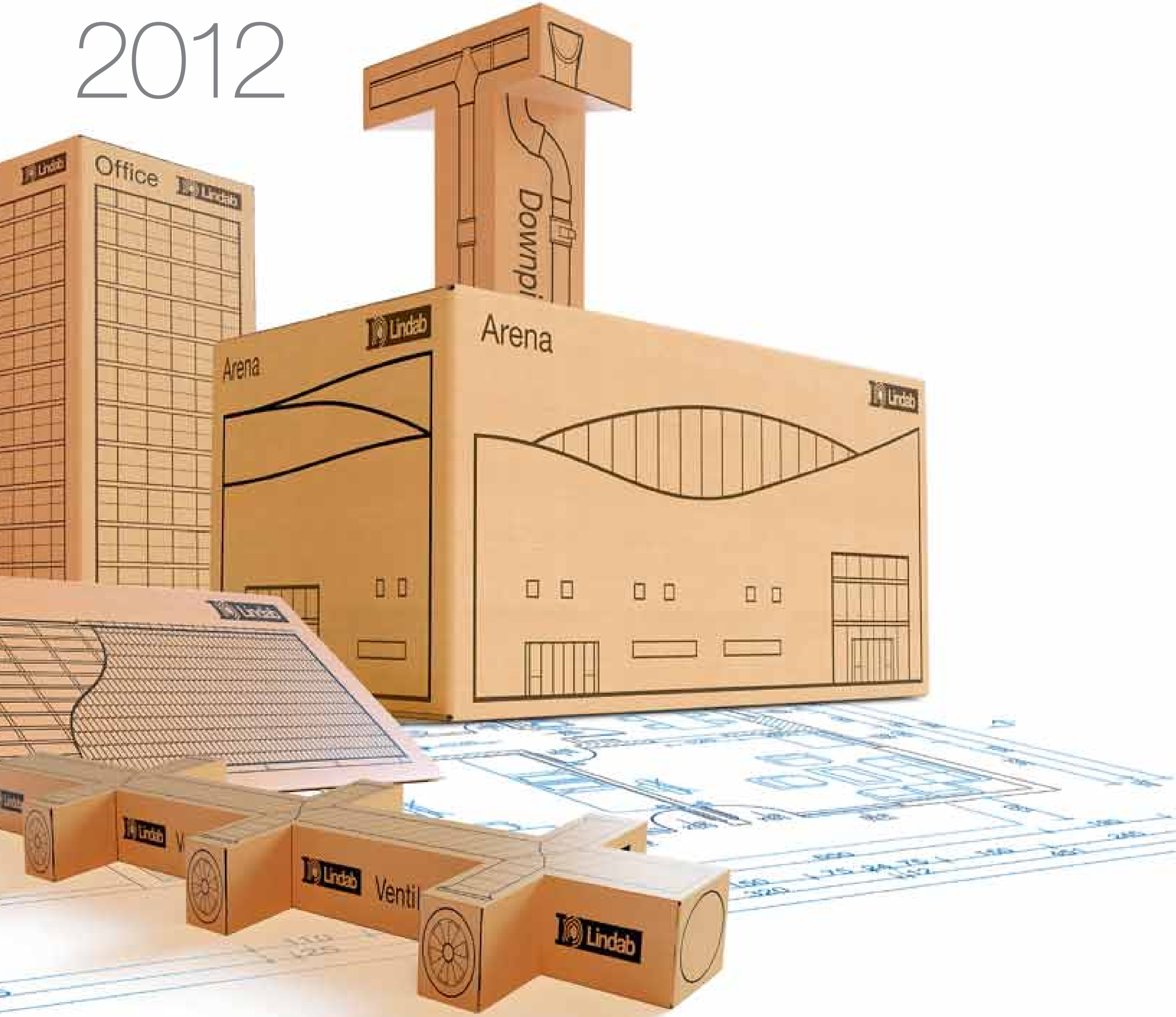
Lindab Annual Report 2012



Lindab®

We simplify construction

Complete packages

Imagine how much simpler construction would be if all partition walls, ventilation equipment, roof cladding and façades were supplied as a complete package. Then imagine that the packages are delivered exactly when they are needed and that all components are labelled with position references detailing exactly where each part should be fitted.

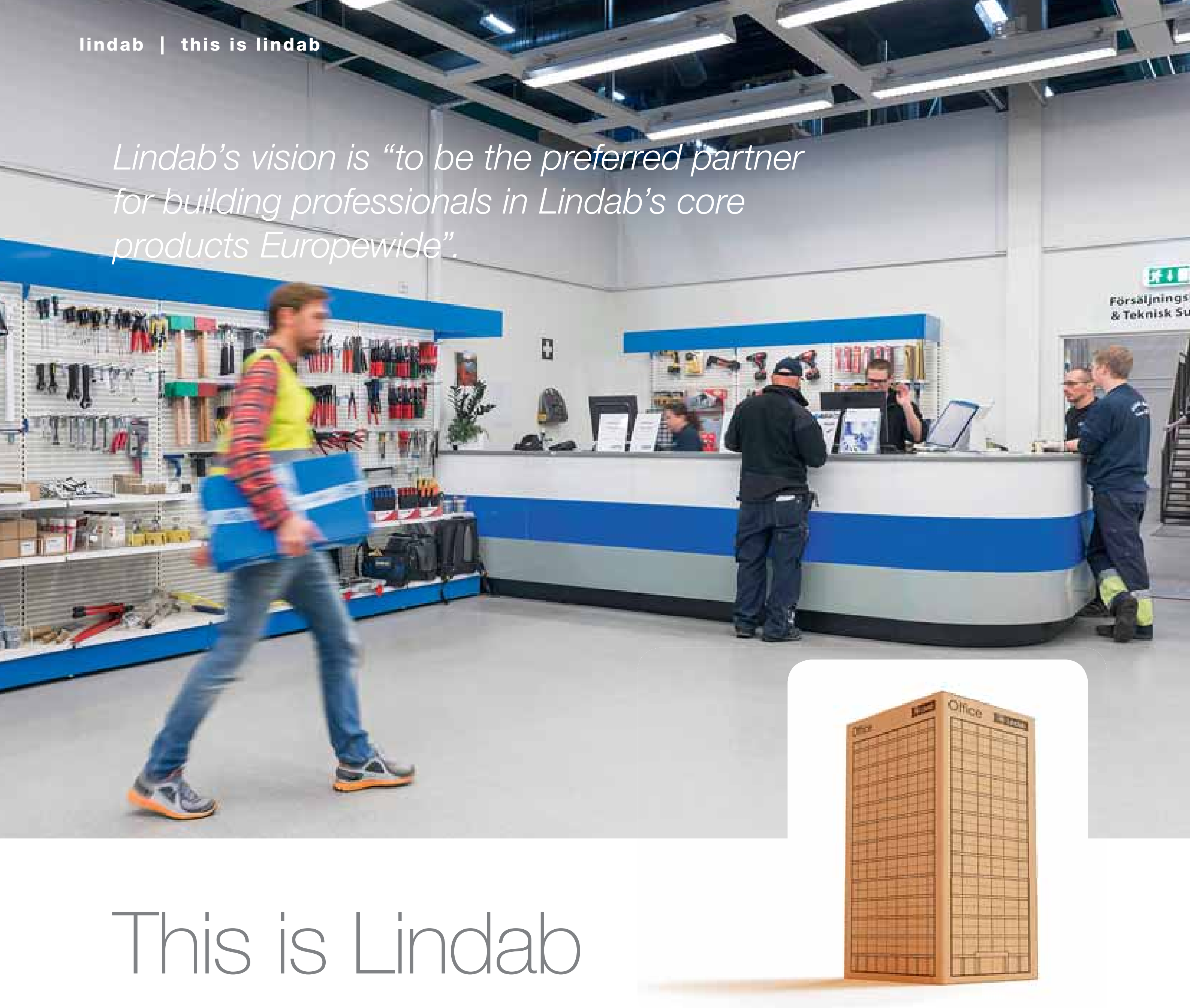
We simplify construction

At Lindab, we continually strive to simplify construction with this type of smart and well thought out system that utilises the strength, weight and durability of steel. We offer complete packages for ventilation and roof drainage, for roof cladding and façades. In fact, for entire buildings made from steel.

Content

www.lindab.com

Comprehensive information about the Group can be found on the Lindab website. Contact information and addresses for all our companies throughout the world can also be found there.



Lindab's vision is "to be the preferred partner for building professionals in Lindab's core products Europewide".

This is Lindab

Lindab is an international Group that develops, manufactures, markets and distributes products and system solutions in sheet metal and steel for simplified construction and improved indoor climate.

The Group had sales revenues of SEK 6,656 m in 2012 and the business is carried out within three business areas: Ventilation, Building Components and Building Systems.

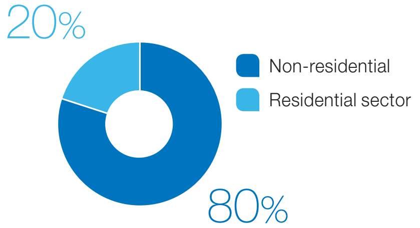
Simplifying construction and energy efficiency are at the heart of Lindab's new product development, improved IT solutions, optimised distribution and enhanced services.

The company was founded in 1959 in Grevie outside Båstad, Sweden. The Group's head office remains in the same location and today there are operations in 31 countries and approximately 4,300 employees.

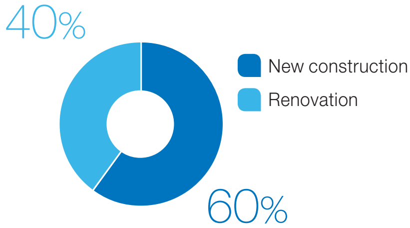
Since 2006, Lindab has been listed on the NASDAQ OMX Nordic Exchange in Stockholm. The four biggest shareholders are Creades, Systemair AB, Livförsäkringsaktiebolaget Skandia and Lannebo fonder.

The Lindab brand is a leading and well-known brand throughout Europe and can be summarised by three strong core values: Customer success – Down-to-earth – Neatness and order.

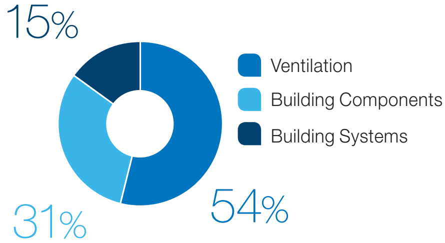
Distribution market segment



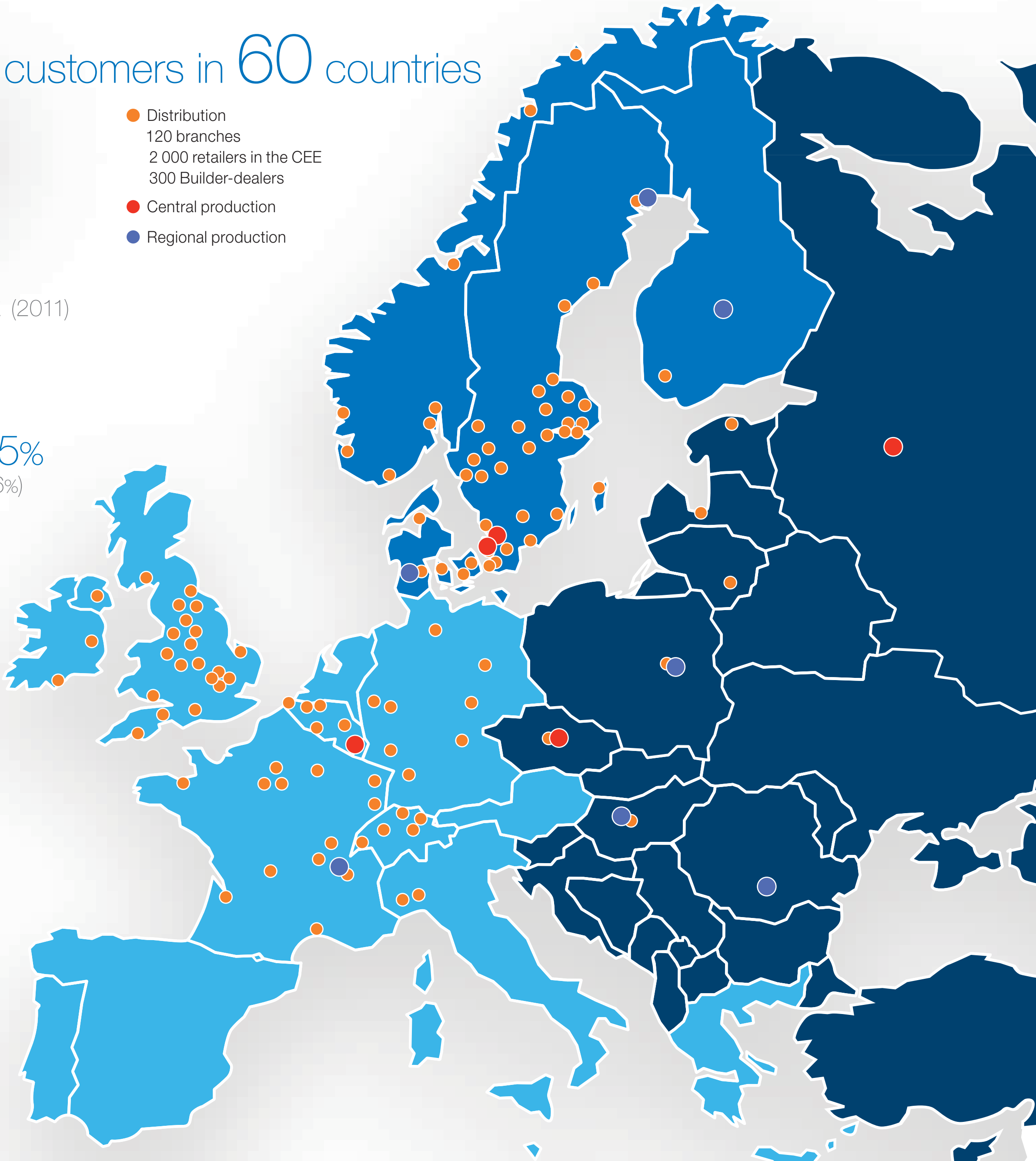
Distribution of renovation and new construction



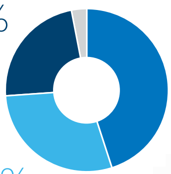
Share of sales revenue per business area

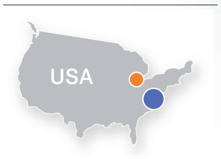


20,000 customers in 60 countries



Share of sales 2012 (2011)





Sales revenue

3,591

SEK m (3,612)

Key figures	2012
Sales revenue, SEK m	3,591
Operating profit (EBIT), SEK m	263
Operating margin (EBIT), %	7.3
Gross investments in fixed assets	48
Number of employees	2,597

Sales revenue

2,052

SEK m (2,268)

Key figures	2012
Sales revenue, SEK m	2,052
Operating profit (EBIT), SEK m	135
Operating margin (EBIT), %	6.6
Gross investments in fixed assets	41
Number of employees	932

Sales revenue

1,013

SEK m (998)

Key figures	2012
Sales revenue, SEK m	1,013
Operating profit (EBIT), SEK m	100
Operating margin (EBIT), %	9.9
Gross investments in fixed assets	68
Number of employees	720

The year in brief

SEK 6,656 m (6,878)

Sales revenue

Sales revenue decreased by 3 percent to SEK 6,656 m (6,878). Adjusted for currency and structure the decrease amounted to 5 percent.

SEK 460 m (407)

Operating profit (EBIT)

Operating profit (EBIT) increased by 13 percent to SEK 460 m (407). Including one-off items, which include costs for restructuring and the dismissal of the CEO, the profit amounted to SEK 334 m (348).

SEK 222 m (345)

Cash flow

Cash flow from operating activities amounted to SEK 222 m (345). The decrease was partly due to lower cash flow from operating activities before changes in working capital of SEK 246 m (304).

6.9% (5.9)

Operating margin

The operating margin (EBIT), excluding one-off items, increased to to 6.9 percent (5.9).

SEK 0 (1.0)

Dividend

Lindab's Board of Directors proposes that the Annual General Meeting on 15 May resolves not to pay a dividend to shareholders. The dividend for the previous year amounted to SEK 1.00 per share, corresponding to a total dividend of SEK 76 m.

10 January

Cost reduction programme and revised financial targets.

10%

19 March

Acquisition of Plannja's sandwich panel production.

30 April

Acquisition of Polish ventilation company, Centrum Klima S.A.

16 May

Major new order in Russia worth SEK 50 m.

Q1

The first quarter, which is low season for Lindab, saw increased sales, stable fixed costs and a greatly improved underlying operating profit. All business areas and all regions contributed to the organic growth. The strongest growth was in the Nordic region and Russia. Acquisition of Plannja's sandwich panel production.

Q2

The operating margin increased despite lower sales and steel price increases. Sales continued to increase in Russia and the CIS. Polish Centrum Klima S.A. was acquired, making Lindab the leader within ventilation in CEE.

Financial key figures

SEK m unless otherwise indicated	**2012**	2011	Change, %
Sales revenue	6,656	6,878	–3
Distribution of growth, of which:			
Organic, %	–5	9	
Acquired/divested, %	3	0	
Currency effect, %	–1	–4	
Operating profit (EBITDA)	490	511	–4
Operating profit (EBITA)	334	348	–4
Operating profit (EBIT), excl. one-off items[1]	460	407	13
Result before tax (EBT)	178	186	–4
Profit for the year	122	91	34
Cash flow from operating activities	222	345	–36
Operating margin (EBITA), %	5.0	5.1	
Operating margin (EBIT), excl. one-off items, %[1]	6.9	5.9	
Equity	2,710	2,699	0
Net debt	2,070	1,747	19
Return on equity, %	4.6	3.3	
Return on capital employed, %	6.7	7.1	
Net debt/equity ratio, times	0.8	0.6	
Average number of employees	4,509	4,484	1

1) For one-off items see table on page 61.

27 September

Major new order in Russia.

16 October

Extraordinary General Meeting.
Election of new Board of Directors.

Capital Markets' Day in Grevie: Focused journey towards increased profitability.

23 August

Q3

Cost savings and efficiency measures resulted in a higher operating margin despite lower sales. Increased macroeconomic concerns in Europe impacted negatively on demand in the construction sector. All of Lindab's markets except Russia experienced falling sales. Further cost reduction measures implemented.

Q4

Continued weak demand along with harsh winter conditions in December, particularly in the Nordic region, resulted in lower sales for the Group. No markets in Europe reported a positive growth in volume, but order intake in Russia and the CIS was higher than the previous year. The operating margin continued to improve as a result of increased savings and efficiency measures.

A word from the CEO

Anders Berg,
newly-appointed President and CEO

We are in a **strong position**

Shortly after I agreed to become Lindab's President, I visited the head office in Grevie and our operations in Hungary. The moment I walked through the doors at both places, I experienced the very thing I had heard so much about – the Lindab spirit! This is something that has been built around strong core values such as Customer Success, Down-to-Earth and Neatness and Order. It felt as though it was in the very walls. And it has probably been there ever since Lage Lindh, over 50 years ago, started what has today evolved into a successful Group with operations in more than 30 countries. It is now my duty and that of my colleagues to continue writing this story.

A solid foundation

In a European construction market at historically low levels, Lindab has performed relatively well. The operating margin and profit have been continually strengthened over the last three years, helping to make us resilient in bad times and give us strong leverage in better times. This development is primarily built upon intensive efforts regarding cost reductions and operational efficiencies.

Many competitive advantages

The cost reductions have been necessary and effective, but merely enacting "cost measures" is not enough to create a sustainable successful business with a focus on profitable growth. We need to be more proactive. Lindab is a market leader and has the muscles needed to increase its market share further. Lindab has a strong and respected brand, an efficient and comprehensive distribution network plus the best products in the industry. The competitive advantages are plentiful but we must not wait for the economy in order to realise them fully. Instead, we will continue, in a prudent and cost-conscious way, to strengthen our distribution and develop new leading-edge products and solutions within all our business areas that live up to Lindab's ambition and business concept – to simplify construction along with our customers – more clearly than ever before. But most importantly – every one of us who drives this Group forward must understand that we should be proud of where we work. We are part of a company with a long history of entrepreneurship. We live and breathe the Lindab brand!

Strong geographical exposure

In a situation where the forecasts for a recovery in the European construction market are numerous and contradictory, I can say that Lindab is well positioned geographically but naturally there is room for continued expansion, in existing regions as well as new ones. Our largest market is the Nordic region. We operate throughout CEE and our business in Russia is strong. In Western Europe, we are mainly exposed towards the more stable economies in the central and northern parts of the region and have only limited sales in the weaker Southern European markets. Lindab's position in the east is particularly interesting. In Russia, the demand for new industrial buildings is poised for further strong growth and we have an advantage by having our own efficient production in place that can be utilised for further initiatives. The market in CEE, however, has fallen significantly in recent years, barring one or two exceptions. Meanwhile, we cannot ignore the fact that there is a great need for both residential and non-residential buildings as well as extensive renovations of existing property. Our initiatives to create a comprehensive distribution network in this region focusing on the Lindab brand will ultimately pay off. The acquisition of the Polish ventilation distributor Centrum Klima and newly adopted measures to streamline production further strengthen our position.

The right offering for tomorrow's buildings

Another important trend, which in the first phase will mainly benefit the Western European construction market, is the need for energy efficient buildings – driven by legislation and the quest for lower housing costs. Through various subsidies, we are already seeing many governments stimulating energy efficient construction and renovation of both residential and non-residential buildings. This type of initiative will increase as 2020 approaches and new EU regulations are introduced. The slogan "Build tight – ventilate right" highlights two of the most important components for energy efficient buildings – quality construction and efficient ventilation. Lindab is well positioned in this regard as one of the leading European suppliers to the ventilation and construction markets. We will simplify construction for our customers by offering them the most efficient products from a life cycle perspective. Some recent and good examples of this include a new series of indoor climate solutions, a new concept for residential ventilation, several new roofing solutions, and the new platform for smaller buildings that we are launching in early 2013. Creating sustainable development and taking social responsibility are fundamental aspects of Lindab's business, and the Group's guidelines and programmes within this field are gathered under the concept, Lindab Life. In addition to efforts to develop energy efficient solutions with the least possible environmental impact, Lindab has continued in 2012 to work towards an improved understanding of and compliance with good business ethics and safe work environments.

The Lindab spirit makes the difference

To summarise, I affirm that Lindab is well equipped for the future. The market situation is obviously a challenging one, but the same applies to everyone. One of many differences is the Lindab spirit, belief in ourselves and what we can do for our customers. This gives us enormous strength and makes us winners, regardless of future market developments.

Anders Berg,
President and CEO from 18 March 2013.

Lindab's vision to be "The preferred partner for building professionals in Lindab's core products Europewide" provides the basis for the strategic direction of the Group.

Lindab's strategy

Strategy

Lindab will concentrate its efforts on the most profitable market segments and where the greatest growth potential is to be found. The approach will be adjusted market-by-market, based on individual strengths. A common feature of the business area strategies is that organic growth will be complemented by selective acquisitions to further strengthen the company's competitiveness.

Lindab's core values provide the basis

The Lindab brand is characterised by three core values, which form the basis for the entrepreneurial culture that permeates throughout the Group.

Customer Success

We believe that customers' success drives Lindab's success. Through our efforts to simplify construction, we make our customers' businesses more efficient. This is realised by leading the development of solutions in our core segments.

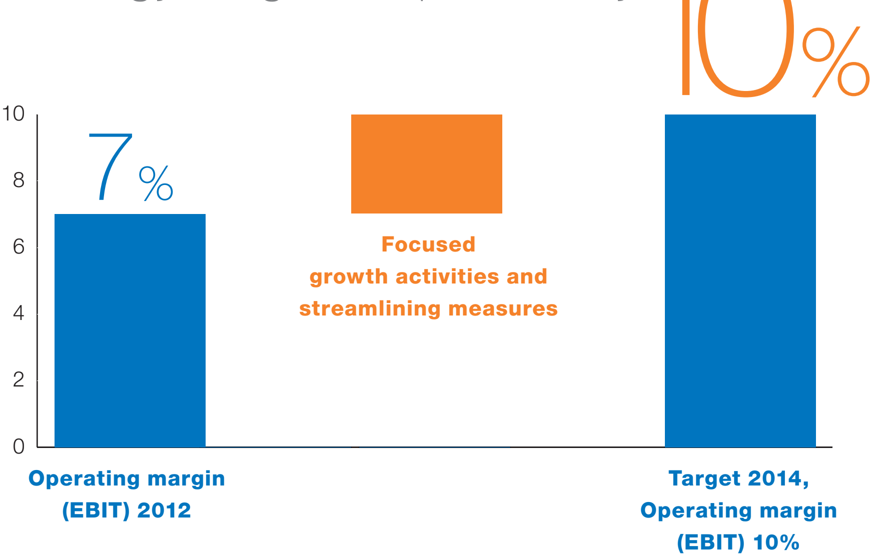
Down-to-earth

We strive for long-lasting relations built on an uncomplicated, humble and trustworthy approach. An important part is effective and quick decision making, avoiding bureaucracy as well as being cost-conscious.

Neatness and Order

Neatness and order throughout the company positively affects efficiency as well as the overall impression and contributes to a sense of pride when presenting the company.

Strategy for greater profitability



In early 2012, Lindab introduced a new short-term operating margin target in order to create more resources in a market characterised by low activity and to develop the company in the long term . A blend of growth-promoting activities and streamlining measures will help to achieve an operating margin of 10 percent. The strategy for achieving greater profitability focuses on Lindab's strengths, such as the Lindab brand, customer offering and distribution.

At the start of 2012, a cost reduction programme was announced that is estimated to save approximately SEK 150 m each year before inflation, acquisitions and sales activities. Because the market remains weak, the decision was taken to implement additional measures at the start of 2013, which together with the original programme now amounts to SEK 300 m before inflation, acquisitions and sales activities. After inflation, acquisitions and sales activities, these measures are expected to generate annual savings of approximately SEK 200 m.

Business area strategies

	Ventilation	Building Components	Building Systems
Strategy	The leading product group of duct fittings has top priority along with the streamlining and strengthening of distribution channels.	Marketing initiatives are aimed at two distinct segments: residential and non-residential construction. Efforts will be mainly concentrated on roof drainage and the complementary product group, roof cladding.	Focus on large industrial buildings in CEE/CIS, in terms of both production streamlining and marketing, while the small building concept will be launched in Western Europe.
Operating margin (EBIT) 2012	7.3%	6.6%	9.9%
Growth activities 2012	– Selective expansion of distribution networks – Launching energy efficient products – Lindab Inside residential concept launched – Acquisition of Centrum Klima S.A. – Strengthened purchasing team – Decision regarding expansion in the CIS	– New products – Launches of new sandwich panels, new decking profiles and a new façade cassette – Strong offering in the Nordic countries through builders' merchants – Acquisition of Plannja's sandwich panel production – Decision regarding entry into the USA – Now a total of 100 Rainline Centers in CEE	– Continuing rapid Russian expansion – 37 new builder-dealers – A new small building concept ready for launch in 2013 – Activation programme for builder-dealers – Innovative, customised solutions using existing systems
Cost reductions and streamlining measures 2012	– Streamlining of production in Grevie, Sweden – Consolidation of Comfort's production to Karlovarska, Czech Republic, completed – New automated box production – Restructuring of production in Finland	– Cost reductions and consolidation of production in CEE – Further automation of production in the Nordic region – Optimising raw materials	– Restructuring and adaptation of production capacity in Western Europe/CEE – West to east strategy for technology and support functions – Automation of production in Luxembourg including new robot system

Financial targets

Profitability target

The operating margin target is to achieve an annual rate of 10 percent for the full year 2014.

From 7% **to** 10%

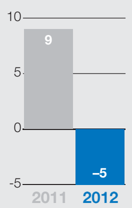
Organic sales growth/year, %

Target 2012, 2–4 percentage points above market growth

The annual organic growth will exceed the relevant construction market growth by 2 to 4 percentage points.

Target fulfilment 2012

Sales decreased by 3 percent (5). Lindab's organic sales growth was –5 percent (9). According to Lindab's estimates, the market decreased to the same extent.



Target
2–4%

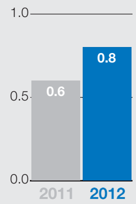
Net debt/equity ratio, times

Target 2012, 0.8–1.2 times

The capital borrowed by the company shall correspond to 0.8–1.2 times the recorded equity of the Group. The capital will be used to maintain a high degree of flexibility and to finance acquisitions. Any surplus capital will be transferred to Lindab's shareholders. Lying within this interval allows room for manoeuvre.

Target fulfilment 2012

At the end of 2012, the net debt/equity ratio was 0.8 times (0.6), which is within the target interval. During the year, acquisitions have been completed for Centrum Klima S.A. and Plannja's sandwich panel and decking profile business. Furthermore, a dividend of SEK 76 m was paid.



Target
0.8–1.2 times

Operating margin (EBIT), %

Target, 10% (short term)

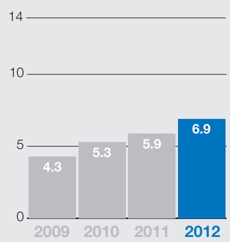
The short term target is to achieve an annual rate of at least 10 percent by the end of 2013 and for the full year 2014.

Target, 14% (long term)

The long term goal of 14 percent is considered achievable in a favourable economic climate.

Target fulfilment 2012

The operating margin increased to 6.9 percent (5.9) in 2012. The improved operating margin was mainly attributable to lower fixed costs as a result of implemented cost reduction programmes as well as through more efficient production which generated higher gross margins.



Target
10%
(short term)
14%
(long term)

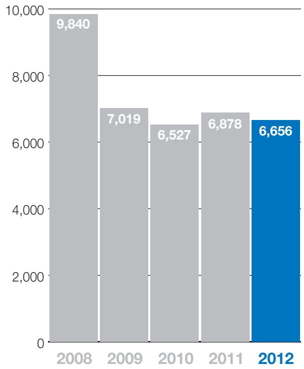
Dividend policy, %

40–50% of net profit

The Board's established dividend policy states that a dividend of 40–50 percent of the net profit may be paid out, with consideration to Lindab's long-term financial needs. The Board of Directors proposes no dividend for the financial year 2012. Since Lindab was introduced to the stock market in 2006, 41 percent of the net profit has been paid out each year on average.

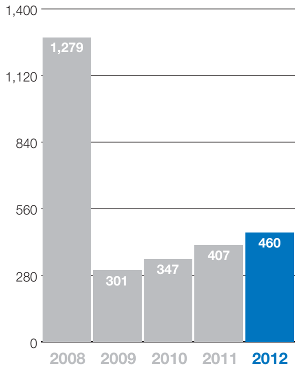
Five-year overview

Sales revenue, SEK m



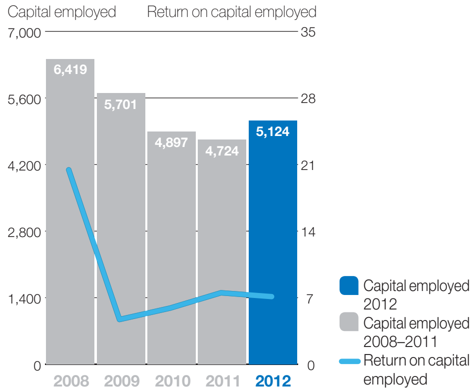
Building activity in Europe fell considerably during the crisis in 2009 and 2010, which is also reflected in Lindab's sales development. In 2011, the European construction market recovered slightly before declining again in 2012 in the wake of the worsening debt crisis. Lindab's sales decreased by 3 percent in 2012, mainly due to weakened Nordic markets in the latter half of the year.

Operating profit (EBIT), excl. one-off items, SEK m



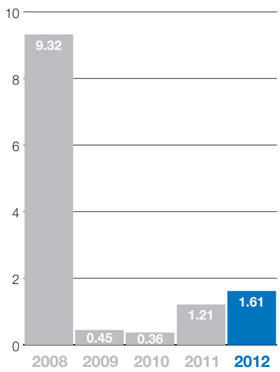
Operating profit (EBIT) continued to improve in 2012 but remains at a low level compared to 2008. The improved profit in 2012 is mainly due to a decrease in fixed costs as a result of the implemented cost reduction programme.

Capital employed, SEK m and return on capital employed, %



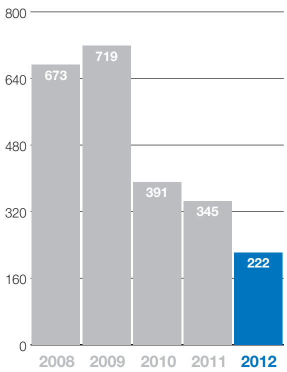
Return on capital employed improved in 2012. Capital employed increased due to higher total assets and lower non-interest-bearing liabilities.

Diluted earnings per share, SEK



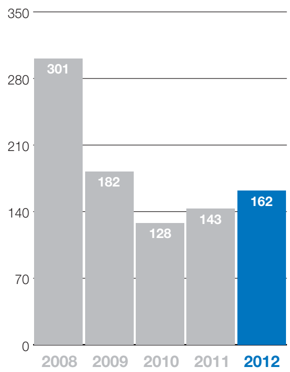
Diluted earnings per share have not been adjusted for one-off items. Dilutive effects have not been calculated for outstanding incentive programmes since the average share price for the year has been lower than the issue price.

Cash flow from operating activities, SEK m



The average cash flow for the last five years is SEK 470 m per year.

Gross investments in fixed assets, excl. acquisitions and divestments, SEK m



Gross investments were at a relatively low level in 2012. The investment in the Russian production facility for Building Systems totalling SEK 200 m has continued in 2012. In 2012, a SEK 20 m investment was made to improve efficiency in the Czech Republic and a SEK 53 m expansion investment was made in the Building Systems plant in Yaroslavl. Gross investments relative to sales during the last five years averaged 2.5 percent.

Despite the pressing need for modern new homes and offices in many countries, the European construction market in 2012 remained weak. The main reason is that demand has been hampered by the sovereign debt problems in parts of Europe, which have led to austerity and uncertainty about the future.

Market and environment

The construction market, comprising new construction and renovation, is generally divided into the segments non-residential, residential and facilities/infrastructure. Lindab is active in the first two segments in both new construction and renovation, and has Europe as its main market.

Construction market remaining weak

The macro-economic uncertainty in Europe continues to affect the construction market negatively and during the year, a number of construction-related market indicators have been revised downwards. Construction activity in Europe as a whole has fallen sharply since the peak in 2007 and is now back at 1996 levels. In many countries, there is a pressing need for renovations and new industrial buildings and homes, but investment is being hampered by difficulties in obtaining funding and uncertainty about the future. Over time, the construction market generally follows GDP growth, but with greater fluctuations. The residential market is often early in the cycle as sales are made directly to consumers, while the market for non-residential properties experience a greater delay as these depend on the investment plans of other industries.

Weak residential construction in the Nordic region

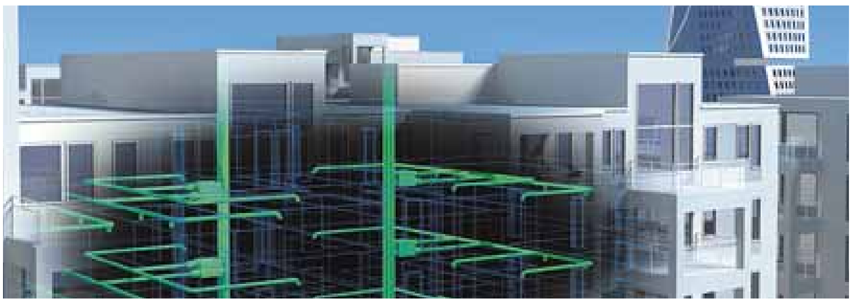
The faintly positive indications toward increased residential construction, which were noted in some of the Nordic markets in 2011, have faded. New residential construction is at low levels. In Sweden, for example, the number of construction starts fell to their lowest level since 2002, excluding the crisis year of 2009. Worst hit was the construction of small residential properties, which reached the lowest level since 1998. At the same time, there is a great need for new residential property, particularly in large metropolitan areas in the Nordic region. The trend for non-residential construction was more stable but a decline in activity was noted at the end of the year.

Major differences in Western Europe

In Western Europe, the construction of new industrial buildings, offices and commercial premises fell for the fifth year in a row. Publicly funded construction continued to be impeded by the strict austerity packages that have been implemented in several countries. The residential market began to fall once again after recovering slightly in 2011. As a whole, the residential segment in Western Europe decreased by four percent, but major differences in activity can be seen between individual countries, with Germany emerging positively.

Russia and Poland – bright spots to the east

As the CEE/CIS economies develop, there is a great need for functional new properties. The emphasis is initially on the construction of new non-residential property and infrastructure. In the longer term, residential construction is also expected to see strong growth resulting from increased welfare. In recent years, growth in CEE/CIS has shown large variations by region and by country. In countries with stable public finances, such as Russia and Poland, direct foreign investment has contributed to stronger growth, mainly within the non-residential construction segment. In Russia, there is also a rapidly growing domestic industry, which is in great need of new buildings for production, logistics and storage. Weak public finances in countries such as Hungary, Romania and Ukraine have led to weak domestic demand and low levels of interest from foreign investors. The recent growing debt problem in Western Europe has affected the already weak economies in the east and construction activity has fallen further from levels that were already low.



Share of renovation increasing

The market for renovation is more stable than new construction, which has a dampening effect during economic upturns and downturns. In recent years, the market for renovation has benefited from various government subsidies, including initiatives to improve the energy efficiency of buildings. The continued weak market for new construction has meant that the share of renovation in the overall European construction market increased from 46 percent in 2007 to 55 percent in 2012. The share of renovation has increased in almost all countries, with Denmark, Italy and Germany having the greatest share in relation to the total market. In the eastern markets, the share of renovation is lower.

Energy efficiency gives long-term growth

Buildings account for almost 40 percent of Europe's energy consumption. By 2020, all new buildings in the EU must consume almost zero energy, i.e. to be virtually self-sufficient in terms of energy. Accomplishing this calls for tight building solutions and efficient ventilation. As an important step toward achieving the EU's climate objectives for 2020, requirements have also been introduced for the renovation of buildings that currently consume a great deal of energy. Investment in improved energy efficiency in existing buildings and the construction of low-energy housing varies from country to country. Because ventilation is an important factor for the energy efficiency of a house, the demand for ventilation solutions is outpacing the construction market as a whole.

General market characteristics

Nordic region

Non-residential	Residential	Renovation	New construction
55%	45%	44%	56%

GDP per capita, Int $* 42,400

Western Europe

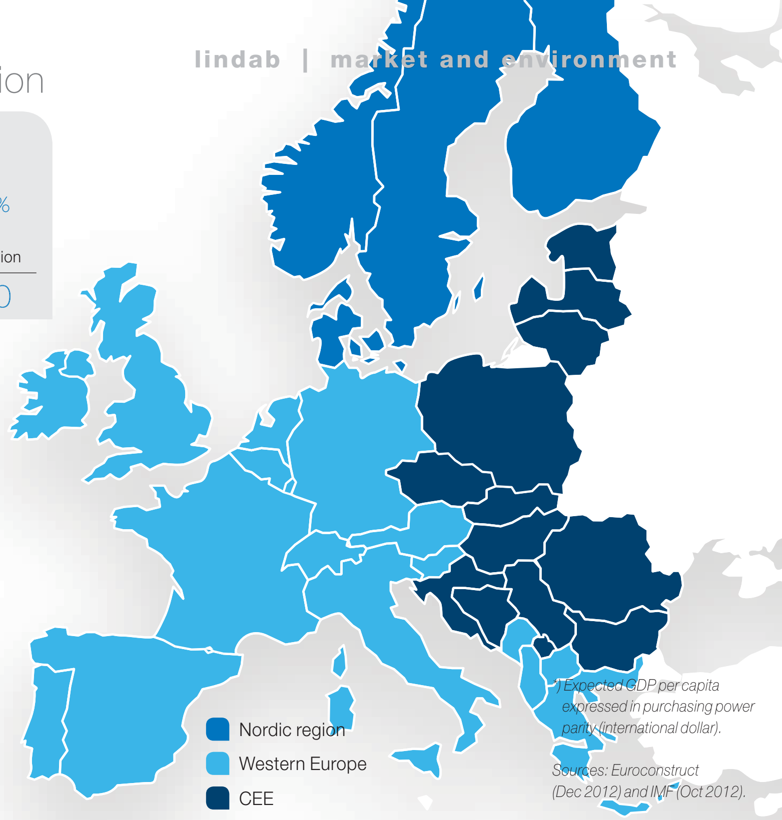
Non-residential	Residential	Renovation	New construction
60%	40%	43%	57%

GDP per capita, Int $* 35,200

CEE

Non-residential	Residential	Renovation	New construction
38%	62%	69%	31%

GDP per capita, Int $* 17,900



*) Expected GDP per capita expressed in purchasing power parity (international dollar).

Sources: Euroconstruct (Dec 2012) and IMF (Oct 2012).

CIS not included as it is not covered by Euroconstruct.

Market drivers

Market segment	Group's share	Business area share	Common drivers	Specific drivers
Non-residential	80%	Ventilation 90%; Building Components 55%; Building Systems 100%	– GDP growth – Energy saving trend – Credit conditions – Government incentives	– Business confidence – Office vacancies – Industrial capacity utilisation
Residential	20%	Ventilation 10%; Building Components 45%; Building Systems 0%		– Consumer confidence – Disposable income – Demographics

Group's share

Competitors

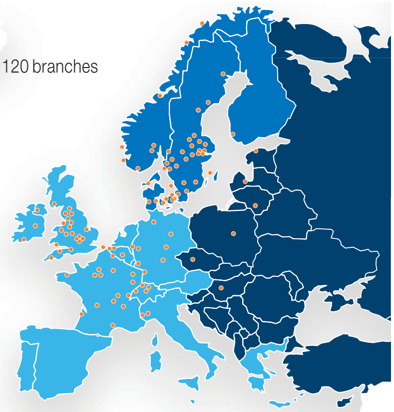
Lindab faces diverse competition. The various business areas compete with small, local operators and large multinational corporations. The multinational players include suppliers of ventilation systems, steel producers with construction component divisions and producers of specialist construction materials.

Business areas	Ventilation		Building Components	Building Systems
Lindab's products	– Duct systems	– Indoor climate products	– Roof drainage – Roof and wall cladding – Lightweight construction	– Pre-engineered constructions in steel
Geographical main markets	– Nordic region – Western Europe	– Nordic region	– Nordic region – CEE/CIS	– Western Europe – CEE/CIS
Main competitors	– Ahlsell – Bevego – Fläkt Woods – Local suppliers	– Swegon – Fläkt Woods – Trox – Halton	– Ruukki – Tata Steel – Arcelor Mittal – Kingspan – Marley – Plannja – Local suppliers	– Ruukki – Goldbeck – Llentab – Atlas Ward – Zamil – Local suppliers

Successful distribution strategy

Lindab's distribution network has been tailored to suit the particular circumstances for each individual market. The goal is to maintain full control over the distribution at all times and to satisfy the customer's every need for solutions for their work.

In Sweden and Norway, the Building Components and Ventilation have successfully shared 38 branches since 1982.



One stop shop perfectly located in Gothenburg

Peter Runesson, Branch Manager for Lindab in Gothenburg, why did you move to the new premises on Lilla Marieholmsgatan?

Lindab's branch operation in Gothenburg was previously at two sites, in Askim and Hisingsbacka in Hisingen where the actual store was located. The situation was not ideal for our customers. We had also known for quite some time that we would need to move due to the tunnel construction work beneath the premises in Hisingsbacka. It was simply a question of where. Storel's old warehouse by the E45 motorway had been abandoned for many years and we had our eye on it. The new road system now made it a perfect location, right beside a massive transport hub. All of a sudden the decision to move became obvious.

How have the customers responded?

After renovation and some refurbishment, we were ready to open the new branch in May 2012. The store area has been increased and developed to match Lindab's store concept and the installers and tinsmiths using the branch are able to find everything that they need for their work. We have increased our range in the store as well as in the warehouse, including a greater range of colours for our roof drainage, partition wall studs and a more complete range of diffusers. It did not take long to see a difference. We gained a large number of new customers in addition to the existing customers who have remained loyal and sales increased by 10 percent in 2012.

Are there other reasons for this success?

Yes, in Hisingen customers needed to time their visit to the branch based on the traffic situation. They no longer have to think about that and can collect their materials whenever they want. This has led to a more even flow in terms of material collections and we have noted that the number of visits has increased by more than 20 percent compared with Hisingsbacka. We have made matters simpler for our customer's in their day-to-day work which also makes things simpler for us – in terms of managing our customers and our products.

Peter Runesson has been Manager of Lindab's branch in Gothenburg since 2009. The branch employs 20 people, including sales support, administration and warehouse personnel. The store contains more than 700 different products, 50 percent of which are manufactured by Lindab.

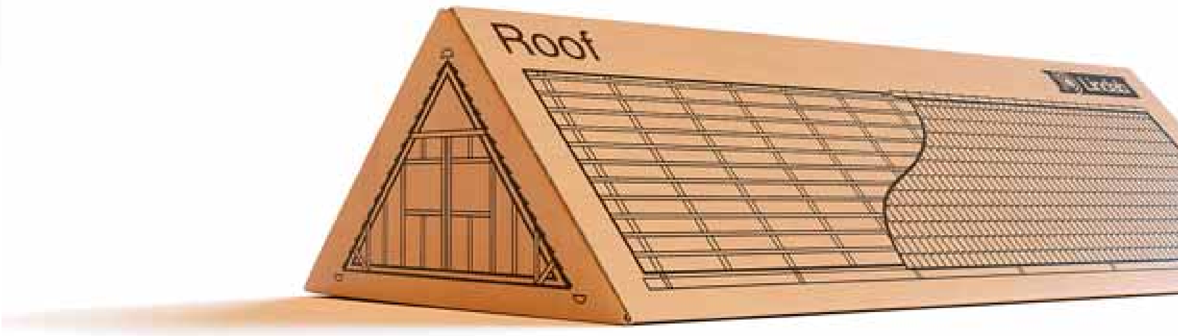
Business model

Lindab's supply chain is characterised by a balance between centralised and decentralised functions.

Purchasing Raw material processing

Business area	Manufacturing	Prescribers/ project planning and drawings	Distribution
Ventilation	Highly automated Low cost countries Close to customers	Architects Consultants	Own branches Retailers
Building Components	Highly automated Low cost countries Close to customers	Architects Consultants	Own branches Retailers Building trade
Building Systems	Highly automated Low cost countries	In-house Builder-dealers Architects	Network of Builder-dealers

Steel is purchased and processed centrally. Parts of the production are highly automated (pressed ventilation and roof drainage fittings), others are located in low cost countries (mainly the Czech Republic) and some are local (e.g. bulky products). The distribution has been developed in order to be close to the customer. Sales for Ventilation and Building Components are made through more than 120 Lindab branches and more than 2,000 stock-keeping retailers, while Building Systems conducts sales through a network of more than 300 builder-dealers.



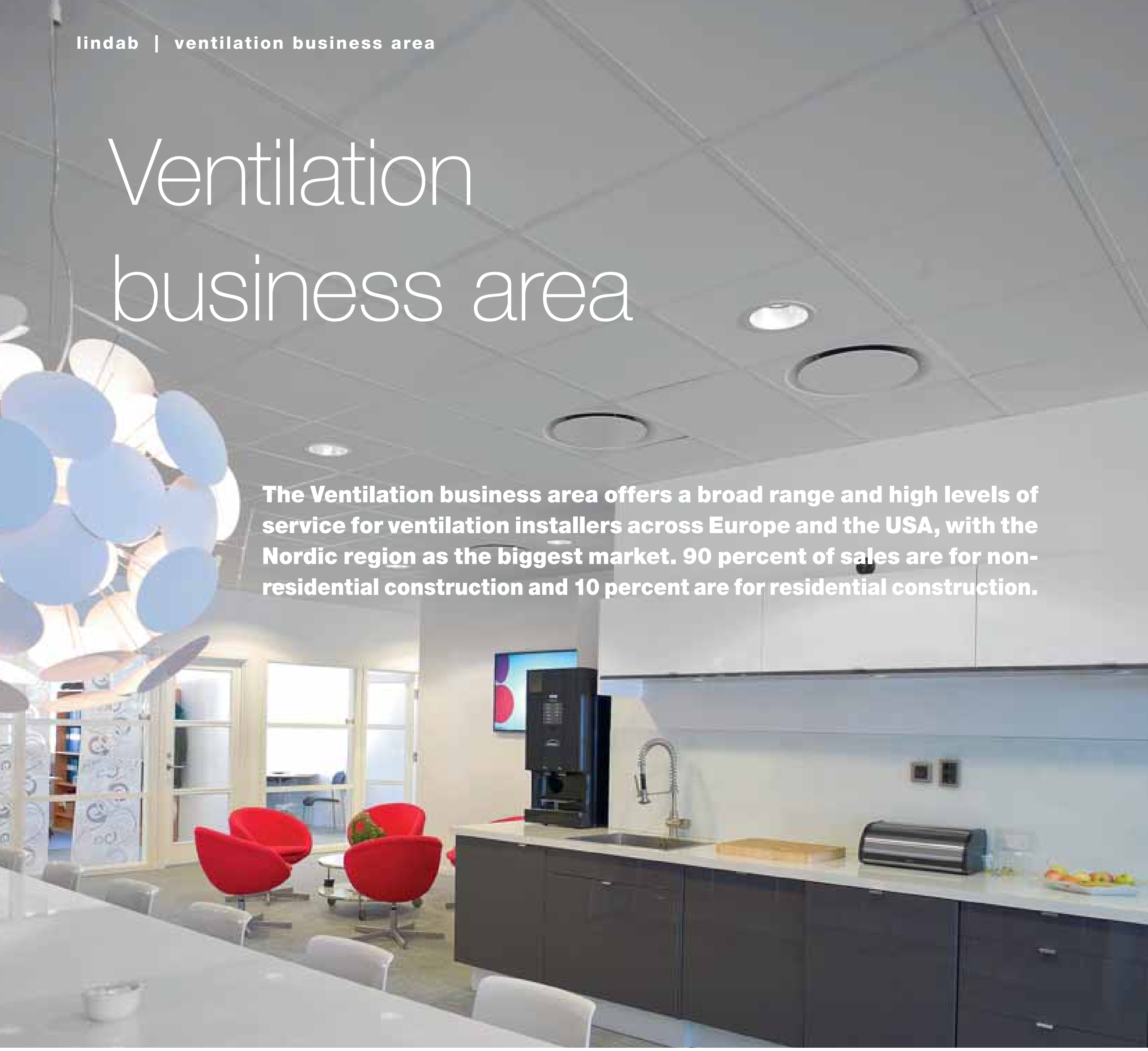
Lindab's customers	End user
Ventilation installers Ventilation contractors Retailers	Offices Commercial Public Sector Residential
Retailers Builders' merchants Tinsmiths Building contractors	Residential Manufacturing Commercial Warehousing Offices
Network of Builder-dealers Key accounts	Manufacturing Warehousing Offices Commercial

The business is carried out within three business areas, Ventilation, Building Components and Building Systems.

The products are characterised by their high quality, ease of assembly, energy efficiency and environmentally-friendly design and are delivered with high levels of service. Altogether, this increases customer value.

Ventilation business area

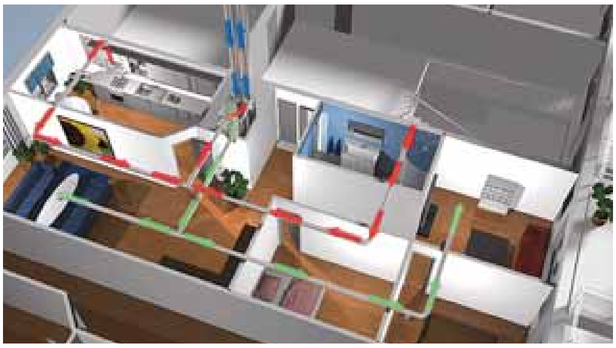
The Ventilation business area offers a broad range and high levels of service for ventilation installers across Europe and the USA, with the Nordic region as the biggest market. 90 percent of sales are for non-residential construction and 10 percent are for residential construction.



Solutions and offering

Air Duct Systems: Duct systems (mainly circular) and fittings

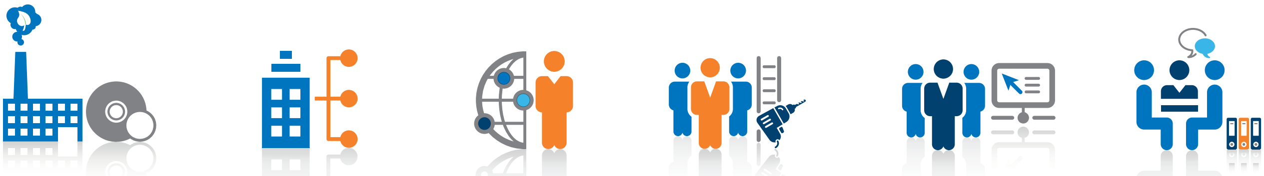
Comfort: Ventilation, heating and cooling solutions for indoor climate



Key events during the year

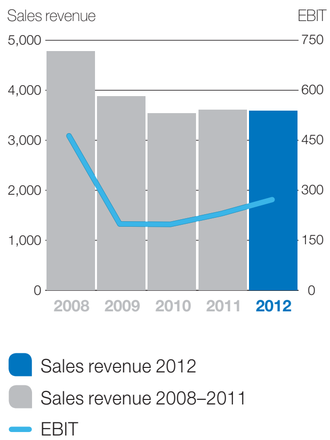
–Acquisition of Centrum Klima S.A.
–Launch of the Lindab Inside residential concept
–New energy efficient products
–Streamlining production

Value chain

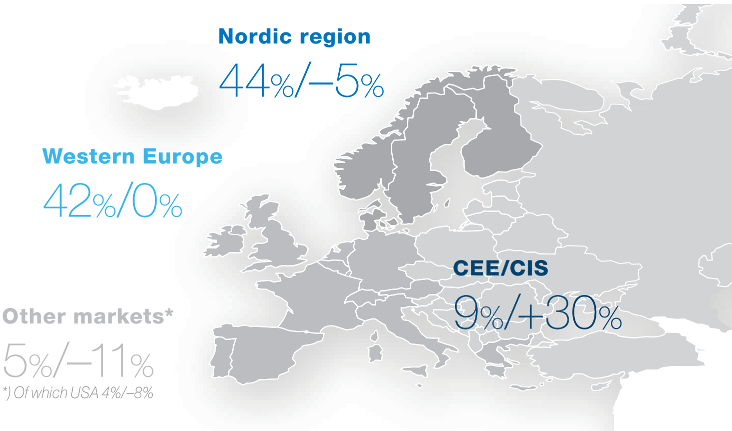


Production	Distribution	Markets	Customers	Indirect customers	End user
5 major production units 14 local production units 60 duct production units	120 own stock-holding branches in Europe, 38 shared with Building Components	Presence in 20 countries Five largest: Sweden, UK, Denmark, Germany and Norway	Ventilation installers Ventilation contractors Retailers	HVAC consultants Architects Property owners	Offices Commercial Public Sector Residential

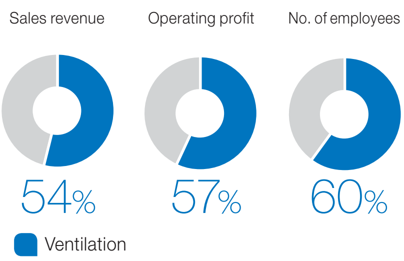
Sales revenue/EBIT, SEK m



Sales revenue by geographical market/development 2012



Share of the group



Key figures Ventilation business area

	2012	2011	Change, %
Sales revenue, SEK m	3,591	3,612	–1
Operating profit (EBIT), SEK m[1]	263	221	19
Operating margin (EBIT), %[1]	7.3	6.1	
Gross investments in fixed assets	48	61	
Number of employees	2,597	2,415	

1) Excluding one-off items of SEK –48 m (–23).

Nils-Johan Andersson, Manager Ventilation business area.

Can you give a brief summary of the market in 2012?

We have seen a gradual decline in demand throughout the year. However, there have not been any dramatic falls as construction levels are currently low in many markets. This suggests that we will not see a sharp decline in construction activity; the question is more about when things will pick up again – this could take some time.

What is driving demand in the various regions?

Inevitably, there are various factors that are driving demand in different markets, but generally speaking, growth is being created by the trend in Europe toward increased energy efficiency. New homes and industrial buildings are becoming increasingly efficient in terms of their energy requirements. To handle ventilation, efficient systems are needed for exhaust and supply air. We are at the forefront with our offering and foresee a strengthening market in the long term.

Despite lower sales, the operating margin increased from 6.1 to 7.3 percent. What is the reason for this?

The improved operating margin is mainly due to greater efficiency. We have made significant investments in logistics and production. We have centralised and automated and we have eliminated costs in underperforming units. In spite of everything we have done, there is still more that can be done to improve profitability, particularly with regard to our purchasing.

What does the acquisition of Centrum Klima mean?

With the acquisition of Centrum Klima, we have become one of the biggest suppliers of ventilation and indoor climate systems in Central and Eastern Europe. I see this acquisition as a perfect match. Centrum Klima is taking over Lindab's Polish operations, including our sales operations there. Lindab can produce some of the products that Centrum Klima sells and we can also benefit from the purchasing organisation that they have built up over the past decade. We can also confirm that Centrum Klima is continuing to perform well, with profitability in 2012 remaining strong. A number of smaller acquisitions were also made in 2011 and these have strengthened our positions, notably in Denmark, France and Belgium.

How are you continuing to develop and refine your distribution?

Our efforts are on-going. First of all, distribution is far more than simply selling products to customers. It is about having the right products at the right price, effective logistics through the entire chain and being close to the customer at all times. Secondly, it is important to be aware that the distribution of our ventilation products differs considerably from country to country. In Sweden and Norway, we have a network of branches that are successfully shared with the Building Components business area, and where approximately 30 percent of the products are not made by us. In Germany this figure is slightly lower while in the UK it is much higher. If we look at profitability, we will probably increase the range of purchased products in Germany and bring in new suppliers. But each market is unique. It is far from certain that something which works in one market will work as well in another market. In the Czech Republic, we made an investment and increased the range of products. This means ventilation installers can purchase everything they need from Lindab. In Gothenburg, sales have been boosted by moving the branch to premises in a better location together with improved sales support, while in Odense in Denmark, we have launched the Nordic region's first unmanned self-service branch. We aim to offer a One Stop Shop in all of our markets as a way of making life simpler for our customers.

How has the introduction of your residential ventilation offering been received?

With our new concept, Lindab Inside, we have created a platform for ventilation solutions aimed specifically at residential properties. With strong products such as Incapsa and our duct systems and with our expertise and focus on design, we have tremendous potential to succeed in this rapidly growing market. However, this market is also subject to stiff competition and as a newcomer we must first prove ourselves. During the year, we have continued to launch our concept tailored for different markets. In France and Italy, for example, it is going very well and we are gaining market share.

How are you performing in the Russian Market?

Russia is a priority market for us and holds enormous potential as the demand increases for efficient industrial ventilation solutions. We are currently evaluating a partnership with a distributor in order to reach out to this market. During the year, sales have continued to grow and this will be given a further boost when we start the local production of duct fittings at Yaroslavl in 2013. We have also completed a number of large projects together with Building Systems in Russia and Belarus, where we are offering customers a solution for new buildings that include our ventilation systems.

How has the business for Comfort indoor climate products performed in 2012?

In recent years, we have worked hard to improve profitability within Comfort and the results in 2012 confirm that we are on the right track. This is partly due to increased production efficiency with our plant in the Czech Republic now fully operational, and partly to the positive reception for newly launched products such as the Premum/Premax chilled beams and the Pascal variable airflow system. Given the strong trend toward energy efficiency in Europe, ventilation is expected to grow faster than the construction market in general and Comfort will therefore be able to grow more quickly than our other ventilation operations.

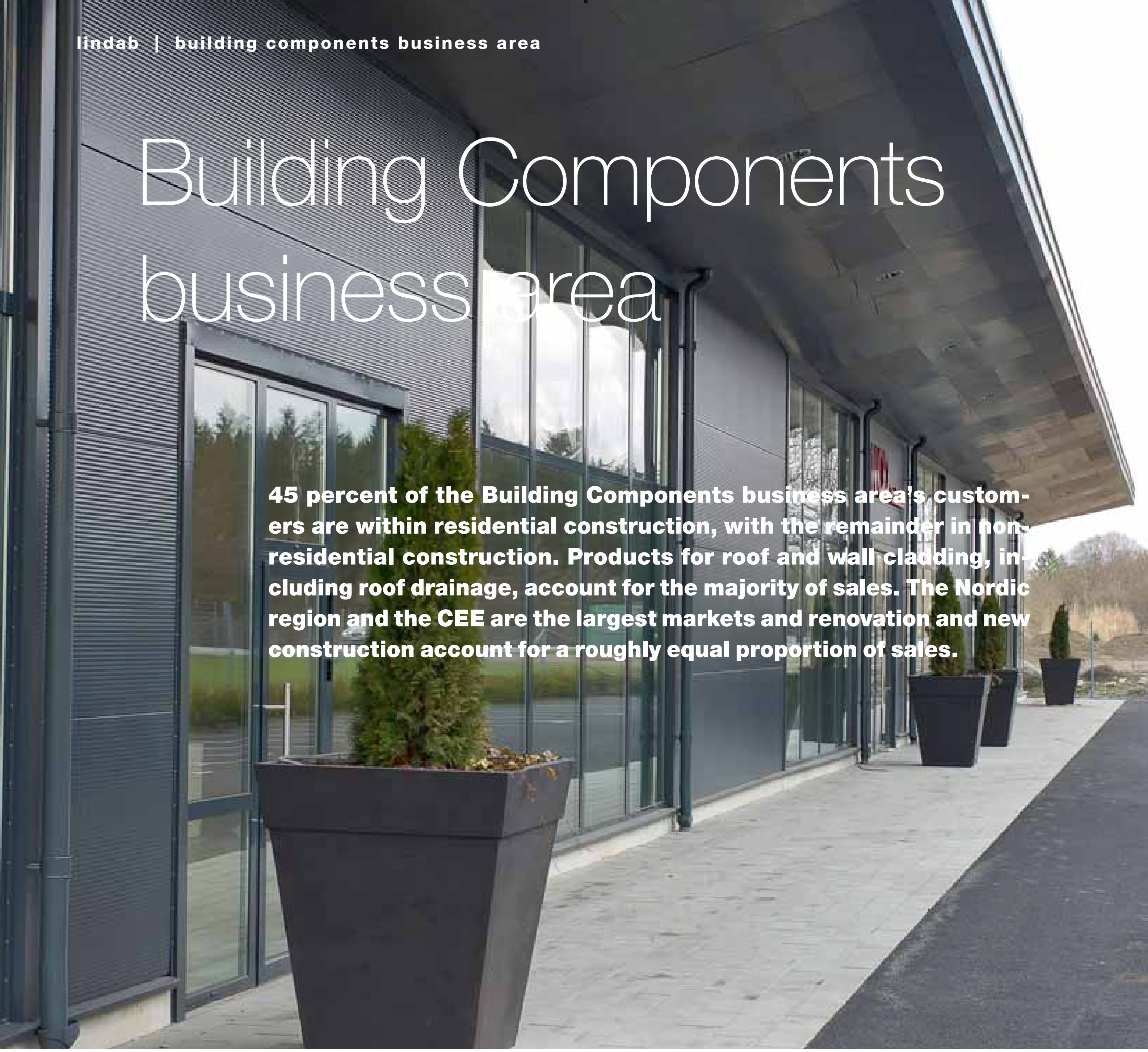
What other innovations/product launches would you like to highlight?

Much of our product development is concentrated on finding solutions that make life simpler for our customers as well as remaining at the forefront regarding our primary concern – energy efficient products. Pascal, which I mentioned earlier, is an excellent example of this (read more on p. 41). Another product I would like to highlight is our new heating and cooling panel, Atrium Plana. This is the market's lightest cooling panel and the discrete design enables it to neatly blend into its surroundings.

The world is changing rapidly so it is important that our product development evolves equally fast. In the coming years, we will be continuing to launch a range of energy efficient products.

What are your main priorities in 2013?

We want to be our customers' main partner and we will become even better at serving them. We will do this by increasing the product range so that more of our branches become One Stop Shops for our customers. We will also develop our distribution and adapt it better to the conditions in each market. We will improve our purchasing by, for example, utilising the purchasing organisation established by Centrum Klima. Quite simply, we will buy and produce the right products at the right price and offer our customers the best service. Meanwhile, I believe that we will see positive outcomes from our efforts regarding Comfort, where we have new products, efficient manufacturing and strong expertise.



Building Components business area

45 percent of the Building Components business area's customers are within residential construction, with the remainder in non-residential construction. Products for roof and wall cladding, including roof drainage, account for the majority of sales. The Nordic region and the CEE are the largest markets and renovation and new construction account for a roughly equal proportion of sales.

Solutions and offering

Construline (lightweight steel construction products for walls, roofs and beams)

Doorline (garage and industrial doors)

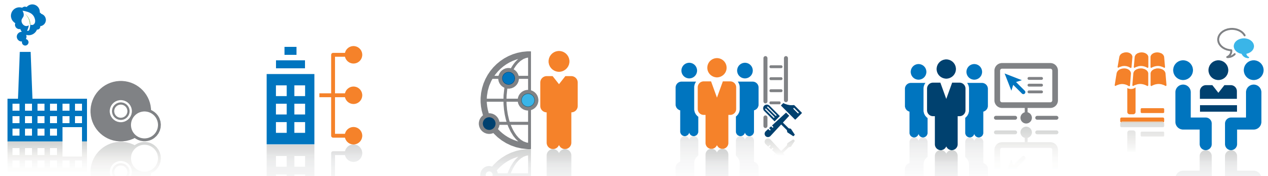
Coverline (roof and wall cladding)
Rainline (roof drainage)

Key events during the year

- –Acquisition of Plannja's sandwich-panel production
- –Expansion into new markets
- –Consolidation of production in the Nordic region
- –Cost reductions in CEE

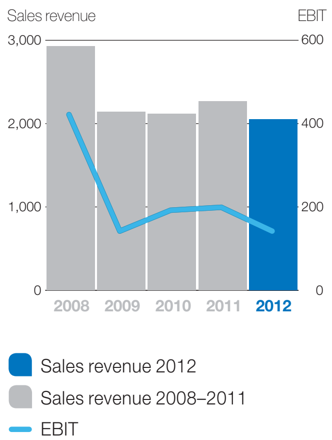
Value chain

Production	Distribution	Markets	Customers	Indirect customers	End user

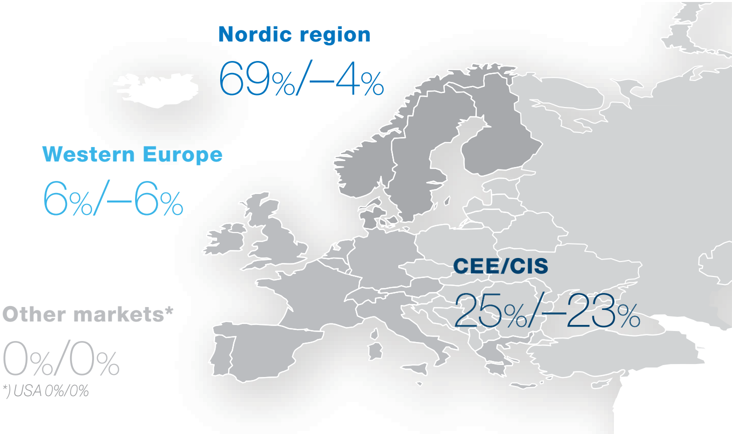


Production	Distribution	Markets	Customers	Indirect customers	End user
4 central production units 6 local production units	Approximately 2,100 stock-holding builders' merchants, 47 branches, 38 shared with the Ventilation business area	Presence in 16 countries Five largest: Sweden, Denmark, Norway, Romania and Czech Republic	Building contractors Builders' merchants Tinsmiths	Designers Architects Property owners	Residential Manufacturing Commercial Warehousing Offices

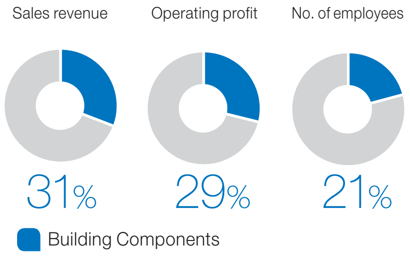
Sales revenue/EBIT, SEK m



Sales revenue by geographical market/development 2012



Share of the group



Key figures Building Components business area

	2012	2011	Change, %
Sales revenue, SEK m	2,052	2,268	–10
Operating profit (EBIT), SEK m[1)]	135	192	–30
Operating margin (EBIT), %[1)]	6.6	8.5	
Gross investments in fixed assets	41	46	
Number of employees	932	995	

1) Excluding one-off items of SEK –22 m (–20).

Peter Andsberg,
Manager Building Components business area.

Can you give a brief summary of the market in 2012?

After a good start, things slowed in all regions. Even in CEE, where we had expected to have passed the trough in 2011 after the recent very low activity, the market became even weaker. The increased uncertainty throughout Europe is affecting the willingness to invest and the potential for funding. We are at low levels in terms of construction and renovation, but an improvement will arrive sooner or later and we will be ready.

You have implemented cost savings and efficiency measures during the year. Will more of these be needed to address the lower demand?

We have adapted quickly and have, for example, introduced the plan that was prepared for CEE should the market weaken further. In the Nordic region, we have also done more than planned. We have lowered costs considerably while improving the efficiency of our purchasing and offering added value for our customers. Naturally, we are continuously reviewing our costs, however it is important that we continue to implement active sales efforts and product development in order to promote market growth and strengthen our position further.

What has the acquisition of Plannja's sandwich panels meant for your offering?

Through this acquisition, we have strengthened the business area's exposure to residential construction in the Nordic region, which has long been a priority growth area. Not only have we acquired competitive new products, we have also gained a project sales organisation that now sells sandwich panels as well as related industrial products. The production of sandwich panels and project sales have been well-integrated in the Group. When we presented the new range of panels at the Nordbygg exhibition in Stockholm in March, the reception was very positive. Sandwich panels have major advantages over other solutions, such as shorter lead times and reduced energy consumption, and we expect this type of product to continue gaining significant market shares in the long term.

How have you progressed regarding your strategy to expand in Western Europe?

We are making continuous efforts to increase market penetration in the residential segment in Western Europe, particularly in Germany where during the year we entered into a distribution agreement with a Bavarian chain of builders' merchants with nine stock-holding branches. Our own branches in Nuremberg, Germany, and Lyon, France, are still in their infancy, and 2013 will be the first year to assess these properly. In the UK, our efforts within roof drainage are continuing to bring success.

How has your strategy in CEE been affected by the weak demand? Are you continuing to introduce Lindab Centers?

We have reduced our costs in CEE by almost 50 percent in recent years and this has resulted in us being able to maintain good profitability despite sales having halved over five years. The market has been seriously affected by problems in the region. We are protecting market share by continuing to launch our Lindab Centers and loyalty programme. There were around 100 Lindab Centers at the start of the year and the number of retailers in our loyalty programme passed 4,500. The market in CEE will eventually recover. There is a tremendous need for renovation as well as modern housing and industrial premises. But before demand picks up, we need to see stronger Western European economies.

Are you planning any other significant growth-promoting activities?

In the North American market, we have been selling roof drainage through a retailer since 2011. We are now ready to take the next step in this exciting market where roof drainage is estimated to be worth double that of Europe. We have a very strong offering with products and solutions that are not currently available in the USA. By the summer, we plan to have our own sales organisation in the country, located in Virginia on the East coast. Since the product requirements are similar to those we have in the Nordic countries, we can utilise our efficient production facility in Förslöv.

Russia is obviously another large and interesting market where we are looking at a number of options.

What are you doing to address the long-term trend toward greater energy efficiency in buildings?

We are continuing, for example, with the development of solutions for passive and plus-energy houses, a segment in residential construction that has huge potential in the long term in light of future energy regulations. Our sandwich panels are another important step in meeting the demand for energy-efficient building solutions. Apart from being well insulated and energy efficient, they can be fitted quickly and easily, which is in line with our efforts to simplify construction.

What innovative products have you launched in 2012? What can be expected in 2013?

A number of product launches have taken place in 2012, especially within the non-residential construction segment. We have launched a new façade cassette and two new decking profiles. One of these is a brand new design and the other has been specifically designed for roofs with wide spans and where good acoustic properties are needed. Within sandwich panels, we have introduced a version that meets strict burglary protection requirements. We have also developed new software tools to simplify the planning of roof and wall solutions according to European standards. Roof solutions have always been a key part of Lindab's product range and our innovative SRP Click and Roca roof systems, launched in 2011, are selling well. Continuous product improvements are also being made within roof drainage, such as a new gutter stop end in 2012.

What are your main priorities in 2013?

In Sweden and Norway, we will focus on expanding our network of branches to bring new and existing customers even closer to our products. Our new project team within sandwich panels and other products for non-residential construction will bring deliveries up to speed. We will be embarking on our Russian investment, we will be developing a new range of roof drainage – aiming for the initial launch on our Eastern European markets during the autumn – and our expansion in the USA will have made further progress. Meanwhile, we will be proactive in terms of our costs and adapt to meet demand just as successfully as we did in 2012.

Building Systems business area

Building Systems' customers are found within the segment concerning the new construction of non-residential buildings. The primary offering is an effective total concept for large single-storey or multi-storey steel buildings for industrial, commercial and leisure purposes.

Solutions and offering

Building Systems: Complete steel systems for:

Commercial properties

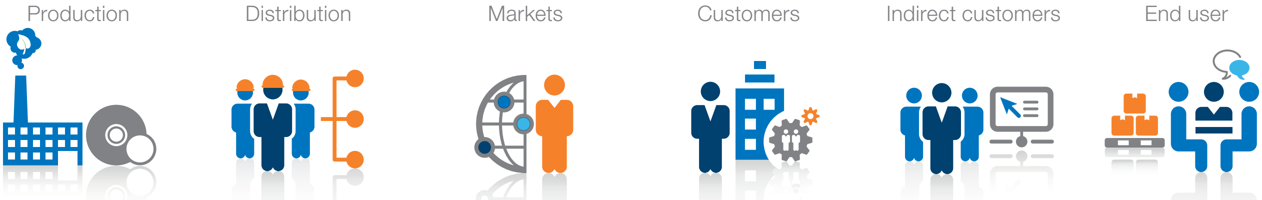
Office buildings

Industrial buildings and leisure facilities

Key events during the year

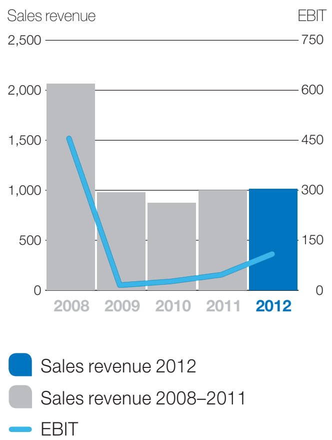
- Continuing Russian expansion
- Small building concept ready for launch
- Streamlining production

Value chain

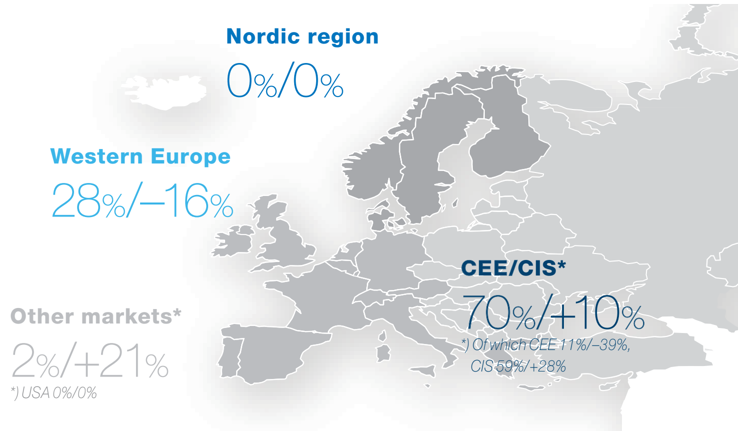


Production	Distribution	Markets	Customers	Indirect customers	End user
3 production units	300 Builder-dealers in 35 countries, plus direct sales to key customers	Presence in 20 countries Five largest: Russia, Germany, Belarus, Poland and France	Trading companies Industrial companies	Architects Town planners	Manufacturing Warehousing Offices Commercial

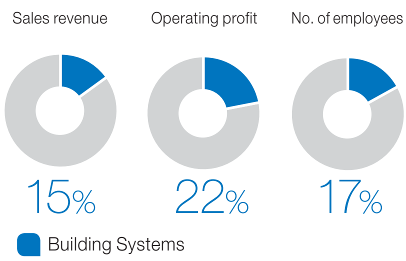
Sales revenue/EBIT, SEK m



Sales revenue by geographical market/development 2012



Share of the group



Key figures Building Systems business area

	2012	2011	Change, %
Sales revenue, SEK m	1,013	998	2
Operating profit (EBIT), SEK m[1]	100	38	163
Operating margin (EBIT), %[1]	9.9	3.8	
Gross investments in fixed assets	68	20	
Number of employees	720	821	

1) Excluding one-off items of SEK –23 m (–16).

Hans Berger,
Manager Building Systems business area.

Can you give a brief description of the market situation in 2012?

We continued to see strong growth in Russia and other CIS countries, with high levels of activity from our Builders as well as through our direct sales initiatives to Key Accounts customers. In Eastern and Western Europe the debt crisis has had a negative effect on the demand for new construction and we have therefore seen a fall in sales.

What is driving demand in the various regions?

In CIS, there is a growing need for quality building solutions to satisfy the rapid growth within various industrial and retail sectors. In Western Europe however, demand for industrial buildings declined and therefore we have actively pursued other projects including recreational facilities, retail stores, office buildings and multi-story car parking facilities.

Building Systems operating margin grew strongly, from 3.8 percent to 9.9 percent. What is behind this growth?

There are two main factors behind the improved margin. We increased sales and we implemented significant cost reductions. For instance, we scaled back production in the Czech Republic and moved it to our facility in Diekirch Luxembourg where we have a highly automated manufacturing process and low capacity utilisation. Manufacturing is now concentrated at our plants in Luxembourg and Yaroslavl, Russia. Our manufacturing footprint is now better aligned with market conditions. We did however expand capacity in Yaroslavl this year as planned.

Can you give some examples of key projects during the year?

In Russia and other CIS countries we delivered five multi-story buildings for a total value of more than SEK 100 m, and more than ten major single storey buildings for a total value over SEK 250 m mostly for retail and industrial projects. For instance, we delivered a 100,000 square metre new shopping centre in the city of Barnaul, two pharmaceutical factories for Berline Chimie and Takeda Pharmaceuticals International and a 60,000 square metre glass plant for Guardian in Rostov. Guardian is one of our largest Key Accounts. We have previously delivered six major factories in Europe and Russia to Guardian.

We have also completed a number of interesting projects in Western Europe during the year such as in Italy where we supplied a SEK 22 m factory for agricultural equipment production and a new multi-story parking garage for the iconic sports car maker Ferrari.

Why have you been so successful in Russia?

We invested in local production and entered the market at the right time, just when the demand for quality buildings took off. We have recruited excellent people and have built a very competent organisation. By helping a number of Western companies expand into Russia, we gained a number of showcases that we have been able to use in our on-going marketing efforts. We have also targeted local customers via our growing network of Builders. Our products are well suited for much of the region's harsh winter climate, such as our LMR 600 standing seam roof system. This has helped us win market share. On average, sales have increased by 40 percent per year during the last three years and Russia's share of the business area's total sales was 42 percent in 2012.

Do you see potential for any new growth regions?

We are primarily focusing on increasing our market share in CEE and Western Europe. Russia and other CIS countries will continue to offer good growth opportunities for our building systems and we are now well positioned in those markets to continue to benefit from this growth. We are also pursuing projects in northern Africa and Turkey.

What have you been doing generally to continue to improve your distribution?

About 75 percent of our sales are generated through our Builder network with the remainder being sold directly via our Key Accounts Group. We are continuing to expand our Builder network, especially in Eastern markets. In 2012 we added 37 new Builders, 21 of them in Russia. At the same time, we initiated a programme to reactivate Builders that have not been active in recent years. From this, 23 Builders that had not ordered any projects over the last two to three years ordered at least one building in 2012. Regarding Key Accounts, we continue developing preferred supplier status with major international companies with multi-site expansion programs. We have also strengthened our engineering and sales support groups, especially in Russia.

What are you doing to address the strong trend toward increased energy efficiency in buildings?

Our proprietary software, Cyprion, is continually being enhanced to help our Builders adapt buildings to the new demand and requirements for energy efficiency and airtightness. Airtight buildings are becoming increasingly important and we have launched a number of product improvements to our roof and wall systems to minimise air leakage. We are also involved in a number of important research projects in this area.

Where and how will you be rolling out your EcoBuild building concept?

Together with our Builders we have identified good potential for cost efficient buildings in the width range from 8 metres to 25 metres, particularly in Western European and CEE markets. We estimate that nearly 15,000 buildings in this category are built in Europe each year. In the past we were unable to deliver cost-effective solutions, but with the development of our new EcoBuild system we are ready to win market share in this segment of the buildings market. Our marketing campaign has started and our sales teams are targeting several of our key markets.

Have you launched any other new products or solutions in 2012?

It has been a busy year for our Product Development Group. We introduced several product improvements. We launched innovative solutions for insulation in walls that help improve airtightness and heat retention. We have improved several roof accessories and introduced a much superior weather-tight hidden roof drainage system. We have also continued to invest in our next generation engineering and order processing systems and robotised welding stations at our Diekirch facility. These investments are key to driving productivity improvements and ultimately help us better serve our customers.

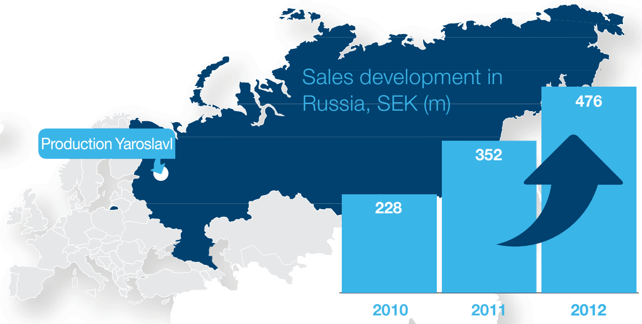
What are the main priorities in 2013?

We will continue to expand our Builder network and our Key Accounts program in Europe, Russia and other CIS countries. We will also work with our existing Builders to identify the areas where we can improve the quality of our products and services to better meet their local market needs. We recognise that each market has its differences and we must meet those needs to succeed. We will expand our sales organisation and sales support groups in Russia and other CIS countries to achieve better market coverage. To support further sales growth in CIS we now have 300 employees and an annual production capacity of 35,000 tonnes at the Yaroslavl facility. The focus in Western Europe and CEE is to gain market share. We will continue to invest in projects that drive cost efficiency at our facilities, and, of course, we will work hard to achieve our goals and sales targets regarding the launch of EcoBuild.

Distribution for rapid growth in Russia

Lindab has grown rapidly in Russia thanks to the efforts that have been made there by the Building Systems business area.

This success can be attributed to having production inside the country, the right products as well as efficient distribution via a network of local Builders and sales to Key Accounts.



Pavel Korenkov, Country Manager for Russia, what characterises the Russian market?

Russia is a vast country with many different cultures not to mention diverse and sometimes extreme weather conditions. Growth in the various regions is also affected by development of communications and of other infrastructure. The abundance of natural resources has benefited the country's economy. Now it is important that other parts follow suit, such as the development of private industry and an increase in smaller companies being started in various industries.

How do you sell your building solutions?

We have two routes to the market: via a nationwide network of Builders and direct sales to Key Accounts. Initially, we followed western customers when they entered the Russian market and these showcase projects have enabled us to grow in the country. Direct selling has been the dominant element, but as we have grown and the market has matured, the share of sales through Builders has risen. In 2012 we sold roughly equal amounts via each channel.

What does a typical "Russian" end-customer look like?

Our typical end-customers are either domestic companies or foreign international companies having decided to grow their operations in a specific part of the country by building a distribution centre or production facility. And these will be big. The average building in Russia is more than twice the size of one in the West. The projects we delivered in 2012 were between 300 and 100,000 square metres.

How do direct sales work?

For clients expanding their operations cross-border in Russia and CIS, Lindab Buildings offers a personalised approach via its Key Accounts division. We work very closely with these customers in their locations of origin and have already helped a number of them to develop similar projects in other countries.

The Key Accounts unit safeguards the speed and quality of construction, wherever the client intends to build. With the support of Lindab's wide network of Builders, local architects, developers, promoters and large general contractors, a full range of services can be provided starting with a land search up to commissioning of the assembled steel building.

Since our Yaroslavl plant was opened in 2009 we have worked directly with more than 20 international corporations and large Russian companies, helping them to expand their operations in Russia and elsewhere in the CIS. Guardian Glass, Oriflame and Tarkett are among the companies we typically work with in Russia.

And how do you work with your network of Builders?

Our sales team works with building-contractors across Russia, from St.Petersburg to the City of Chita located 500 kilometres east of Lake Baikal in Eastern Siberia, as well as in countries such as Belarus, Kazakhstan and Ukraine. Knowledge of the local market is very important when choosing a company to become a Lindab Builder as the differences and distances between regions in Russia are so great. We help the Builders to develop their service, train them in our building solutions and associated IT systems and target the market together. In a construction project, a Builder who has been carefully selected and trained in our building solutions places an order specifying all of the technical details. In 2012, we added another 21 Builders to our existing network, bringing the total number to 44.

Do you encounter very much corruption?

We adopt zero-tolerance for corruption. There has only been one occasion when something of this sort was suggested and we rejected it altogether. It is uncommon to come across corruption with the way we do business. The fact that we maintain western standards regarding policies and way of doing business is a key factor that enables us to thrive in Russia.

Pavel Korenkov is Country Manager for Russia and has been involved in developing the business ever since Lindab secured its first deal in the country in 2001.

Since 1 December 2006, the Lindab share has been quoted on the NASDAQ OMX Nordic Exchange, Stockholm, and is included in the Building Products sector. In 2012, the share price rose by 15 percent to SEK 43.00 and the investment company, Creades, and ventilation company, Systemair, became new major shareholders.

The share

Lindab has a clear strategy for communicating with various stakeholders in the financial market, and this is coordinated via Lindab's Group Investor Relations (IR) function. In 2012, Lindab was awarded the NASDAQ OMX Mid Cap Best Annual Report prize. Contacts are made through presentations in connection with the four quarterly reports and meetings with analysts, investors and journalists at investor days, conferences, shareholders' association meetings and seminars.

Share capital and voting rights

The share capital amounted to SEK 78,707,820 divided between 78,707,820 class A shares only, including those repurchased by the company. All shares have a face value of SEK 1.00 and thereby an equal share in the company's assets and profits. Each share also entitles the holder to one vote at Lindab's Annual General Meeting.

Share price movement

At the end of 2012, the Lindab share was quoted at SEK 43.00, an increase of 15 percent compared with the same time last year. The market capitalisation at the year end corresponded to SEK 3,384 m (2,817). Shares with a total value of SEK 2,338 m (2,509) were traded during the year. The turnover rate was 62 percent (51), compared with the average for the entire Stockholm Stock Exchange of 74 percent (96).

Shareholders

The year saw some major changes to Lindab's ownership. Ratos and Sjätte AP fonden, which together with Livförsäkringsaktiebolaget Skandia, had been Lindab's principal shareholders since 2001, sold their remaining holdings in the company. The investment company, Creades, and ventilation group, Systemair AB, instead became Lindab's biggest shareholders during the year. Systemair are considered to be a related party to the company and transactions with them are reported in note 29. At the year-end, Lindab's own holding amounted to 2,375,838 shares (3,375,838), corresponding to 3.0 percent of the share capital having sold 1,000,000 shares in May to partly fund the acquisition of Centrum Klima. The number of shareholders increased in 2012 to 6,328 (6,129) at the year end.

Dividend and dividend policy

The Board of Directors proposes that no dividend will be paid for the financial year 2012. A dividend of SEK 1.00 per share was paid for the financial year 2011. Lindab's dividend policy is that the dividend should correspond to 40–50 percent of the net profit, but with Lindab's long-term financial needs always taken into consideration. Since being introduced to the stock market in 2006, 41 percent of the net profit has been paid out on average.

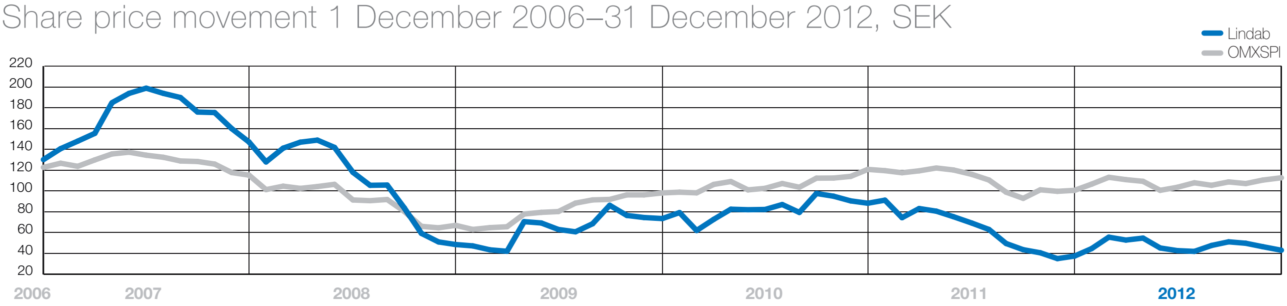
Incentive programme

The Annual General Meeting 2012 decided, in accordance with the Board's proposal, to introduce the second part of a long-term performance-based share savings programme for 83 senior executives at Lindab. Participation requires an initial investment in Lindab shares. 63 people accepted the programme, acquiring a total of 69,347 shares. Participation entitles the holder to receive new shares provided that certain requirements relating to the company's results and growth are met. Performance is measured in the financial year for 2014 and compared to the financial year for 2011. On maximum allocation, 324,288 Lindab shares will be transferred to the participants. Lindab may then choose to transfer parts of its holding of treasury shares. A similar programme was introduced in 2011.

Read more on p. 92 in note 6.

Lindab's Annual General Meeting took place on 9 May at the Lindab Arena, Ängelholm, with 227 attendees.

Share price movement 1 December 2006–31 December 2012, SEK



Lindab's largest shareholders

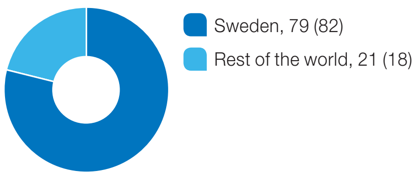
	2012		2011
	Shares	Capital & votes, %	Capital & votes, %
Creades AB	9,277,011	12.2	-
Systemair AB*	9,150,000	12.0	-
Lannebo fonder	6,855,321	9.0	7.0
Livförsäkringsaktiebolaget Skandia	6,689,166	8.8	9.5
Swedbank Robur fonder	6,487,359	8.5	9.5
CBLDN-IF Skadeförsäkring AB	3,890,055	5.1	5.2
Norges Bank Investment Management	1,974,142	2.6	2.6
Other	32,008,928	41.9	66.2
Total number	**76,331,982**	**100.0**	**100.0**

*) *In addition, Gerald Engström, President of Systemair, controls an additional 614,501 Lindab shares.*

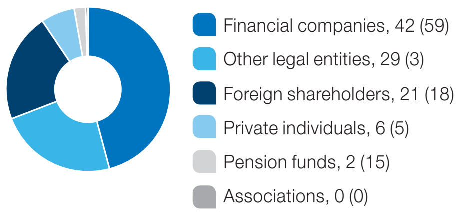
Shareholder structure

Holding	Number of shareholders	Number of shares	Holding, %
1–500	4,414	908,278	1.2
501–1,000	883	765,479	1.0
1,001–5,000	684	1,623,309	2.1
5,001–10,000	128	973,472	1.3
10,001–15,000	43	534,645	0.7
15,001–20,000	26	449,235	0.6
20,001–	150	71,077,564	93.1
Total number	**6,328**	**76,331,982**	**100.0**

Geographical breakdown of ownership, %



Shareholder categories, %



Share capital

Year	Action	Number of shares Class A	Class B[1]	Change in share capital (SEK 000's)	Total share capital (SEK 000's)
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
Closing balance		**78,707,820**	**-**	**-**	**78,708**
Number of treasury shares		–3,375,838	-	-	-
Sales of treasury shares during the year		1,000,000			
Total number of shares outstanding at year end		**76,331,982**	-	-	-

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.*

Data per share

SEK/share unless otherwise stated	**2012**	2011	2010	2009	2008	2007	2006	2005	2004
Diluted earnings per share (EPS)	1.61	1.21	0.36	0.45	9.32	11.45	6.29	2.86	1.65
Earnings per share[1]	1.61	1.21	0.36	0.45	9.67	11.45	7.43	-	-
Dividend	-[2]	1.00	1.00	-	2.75	5.25	3.25	-	-
Dividend yield, %[3]	N/A	2.67	1.13	N/A	5.7	3.6	2.5	-	-
Dividend in %[1]	N/A	82.4	277.8	N/A	28.4	45.9	43.7	-	-
Quoted price at end of period	43.00	37.40	88.25	73.50	48.50	147.25	130.25	-	-
Highest quoted price	57.95	95.80	105.00	91.00	163.00	205.00	132.00	-	-
Lowest quoted price	37.17	31.84	61.25	40.00	36.50	125.00	111.00	-	-
Shareholders' equity, after dilution	35.50	35.83	36.57	40.16	44.75	37.72	27.82	23.21	19.30
Diluted number of outstanding shares	76,331,982	75,331,982	75,331,982	74,772,429	74,772,429	78,707,820	78,707,820	122,940,000	122,736,000

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.*

In 2012, Lindab introduced a comprehensive risk management program – ERM – in order to work with and prevent various risks in a more structured way. During the year, risk management has been focused primarily on managing the effects of the continued low activity in the European construction sector.

Risks and risk management

In 2012, Lindab has introduced a new risk management programme, Enterprise Risk Management (ERM), covering all parts of the business including business areas and Group functions. The aim is to work on the prevention of risks in a more structured way than before. The Group's risks are divided into four main areas of risk. The probability and impact on Lindab's business for each risk is continuously assessed and is followed by an action plan. Reporting, monitoring and controls are conducted through formally established procedures and processes. Below is a description of some of the key risks within the Group.

Operational risks	Strategic risks	Financial risks	Compliance risks
– Steel price development – Competition – IT – Quality – Bad debt losses – Disputes	– Seasonal risks – Customer behaviour	– Tax – Financing – Liquidity – Interest rate – Currency	– Environment – Corruption and anti-competition – Internal control

Operational risks

Steel price development

Lindab purchases large quantities of steel, mainly in the form of sheet metal, and is affected by developments in the market for raw materials. In 2012, approximately 183,000 tonnes of steel and other direct materials were consumed with a value of SEK 3,157 m (3,312), corresponding to 49.3 percent (50.1) of Lindab's total costs. Centralised steel purchasing strengthens Lindab's ability to negotiate competitive prices and terms. In addition, through long-standing relationships, the company has established a purchasing strategy that allows purchases to be made directly from the steel mills, without intermediaries. Lindab's close relationship with the steel mills has enabled special grades of steel and finishes to be developed, adapted to the company's systems and products.

Competition

Within the various markets, Lindab faces a large number of local suppliers and a small number of national and multinational companies. To face up to this competition, Lindab has opted to work with highly automated central production units for volume products that can be transported easily. Lindab also decided at an early stage to set up production in countries with favourable production costs, in order to increase the company's competitiveness. Lindab's distribution is adapted to suit each market situation, with proximity to the customer being the common denominator.

Strategic risks

Seasonal risks

Lindab's operations are affected by seasonal variations in the construction industry and the greatest proportion of sales is normally seen during the second half of the year. The Building Components and Building Systems business areas offer products that are almost exclusively for outdoor use and follow the seasons, with winter constituting low season and summer and autumn the high season. The Ventilation business area is less dependent on seasons and the weather since the installation of ventilation systems is mainly carried out indoors.

Customer behaviour

Demand for Lindab's products is affected by changes in customers' investment plans and production levels, which in turn may change following any changes to the economic situation in a country or industry. Many of Lindab's customers are dependent on functioning financial systems for the funding of projects. If bank financing is not available, these customers are affected more seriously than companies manufacturing consumer products, for example.

The Group's operations are spread across more than 30 countries and this balances the various country-specific risks in the construction industry. However, since construction is a cyclical industry, it cannot protect against a downturn in the global economy. Europe's weak economic climate at present is affecting the majority of Lindab's markets and has therefore had a major impact on Lindab's operations.

Financial risks

Through its activities, the Group is exposed to financial risks. The financial risks mainly in-

clude the areas of Tax, Finance and Currency. Lindab's Finance policy for the management of financial risk has been approved by the Board of Directors and constitutes a framework of guidelines and regulations for the financing operations that are centralised at Group Staff, Economy and Finance. This enables the Group to monitor all financial risk positions and achieve cost-effectiveness, economies of scale, skills development and the protection of the Group's shared interests.

Compliance risks

Lindab's work with social responsibility, which essentially involves conducting business in a responsible manner and thereby mitigating the risks, is described in the section Lindab Life, pp 38–45.

Environmental risks

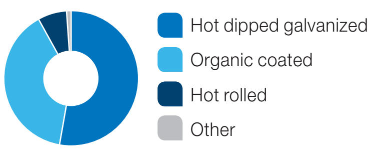
Lindab's operations result in a relatively small environmental impact and the permits required are mainly business licenses for the industry. There were no violations of permit conditions or local environmental laws in 2012 or previously. The risk of accidents that could have a negative impact on the environment is considered very small. Lindab has a well implemented Group-wide environmental policy. The company has ensured that environmental risks associated with acquisitions or major changes are taken into consideration.

Anti-competition and Anti-corruption

See also Lindab Life p. 40, Good business ethics. Lindab has zero tolerance regarding corruption and has an established Anti-corruption Policy. The policy was updated in 2012 to comply with the UK Bribery Act.

For a more detailed description of risks and risk management, see note 3, pp 81–85.

Raw material exposure



Spot prices steel (HDG*) 2002–2012

*) HDG = Hot dipped galvanized.
Source: SBB and CRU (Northern Europe and Germany).

Sensitivity Analysis

	Change	Impact on profit, SEK m
Variations in volume, %	+/–5	+/–98
Variations in the steel price, %	+/–10	+/–150
Fluctuations in interest rates, %	+/–1	+/–21

Calculations are based on the 2012 volumes and assumes that everything else remains unchanged, e.g. prices are not adjusted because of changes in the steel price.

Lindab regards its sustainability efforts as a value-creating cycle, in which the initiatives that favour the external environment and stakeholders also benefit the company. In 2012, Lindab has concentrated its efforts within the fields of business ethics, energy-efficiency, climate and environmental impacts and safe work environments.

Important sustainability work

Creating sustainable development and taking social responsibility have always been fundamental to Lindab. The Group's guidelines and programmes regarding social responsibility and sustainability are combined under the Lindab Life concept. This summarises how Lindab should act on a daily basis and how the company should behave towards its customers, suppliers and other partners. Lindab Life also governs the behaviour towards employees and the communities in which the company is present. Furthermore, it covers every significant environmental issue from a process and product perspective.

Throughout the Group, Lindab has implemented a clear regulatory framework – Code of Ethics – dealing with perceptions regarding sustainable business ethics. The code is based on the UN Convention on Human Rights and describes the principles regarding how every employee should behave in their relations with other employees, shareholders, business partners and other stakeholders. Every employee has the right to form, join or refrain from participation in trade unions or other organisations that engage in collective bargaining. Lindab makes risk assessments of its geographical markets concerning factors such as oppression, child labour and forced labour. The risk of such violations is considered to be low within the Group and no violations were recorded during the year.

Lindab does not tolerate abuse and discrimination and strives for diversity and equality.

The information presented relates to the calendar year for 2012 and, unless otherwise specified, extends to all operating subsidiaries that were included from the start of the year. Companies that were divested or ceased operations reported data for the time that they were active. The previous sustainability report was published in April 2012.

Lindab receives various government grants for its operations. In 2012, these amounted to approximately SEK 16 m. The majority, 52 percent, was state support in Russia in the form of tax breaks and investment grants. In Sweden a government grant was received for the redemption of a property, constituting 13 percent. The remainder consisted mainly of training and transport subsidies.

Lindab Life consists of four areas – Business, Environment, Employees and Society, which also act as a framework for reporting the company's sustainability work.

Business
Environment
Employees
\+ Society

Lindab Life

Lindab's social responsibility and Lindab Life are based on the following guidelines and control instruments:

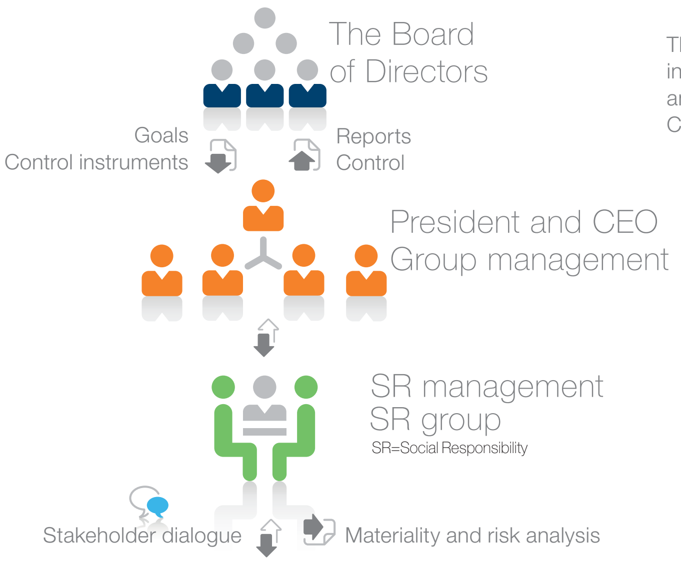
Lindab's Code of Ethics and core values play a guiding role in Lindab's organisation and its operations. Together with the UN's Global Compact, the sustainability reporting in accordance with GRI and ISO 26000 comprise the cornerstones necessary for building confidence and the basis for a strong brand.

THE GLOBAL COMPACT
WE SUPPORT

- **ISO 26000** – Guidelines for social responsibility.
- **Global Compact** – Guidelines on human rights, environment etc.
- **Global Reporting Initiative, GRI** – Sustainability reporting guidelines. Lindab reports under GRI level C.
- **Greenhouse Gas Protocol** – Guidelines for calculating greenhouse gas emissions.
- **Lindab Code of Ethics** – Comprehensive internal policy document indicating approach.
- **Lindab's core values,** see page 10.

WHISTLEBLOWER
It is important that all employees respond and act when deviations occur from the principles of Lindab Life. Part of Lindab's Code of Ethics describes the "whistleblower" function, the opportunity for all employees to anonymously report abuses that are contrary to Lindab Life. No notifications have been received in 2012.

Lindab's work with social responsibility (SR)



The CEO and Group management are responsible for Lindab's work regarding SR, which is implemented by Group Staff Legal. The work is executed by an SR team comprising employees from the Legal, Finance, Purchasing, HR, Communications and Sales functions.

Priority issues:

–Business ethics

–Energy efficiency

–Climate and environmental impact

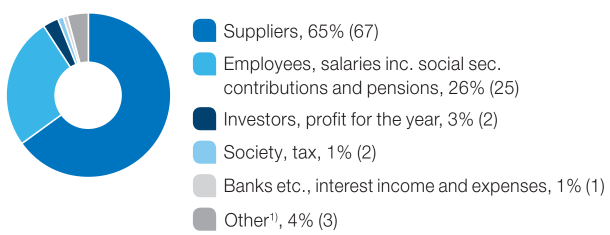
–Safe work environment

Priorities determined through stakeholder dialogue

Issues that emerged during the year through dialogues with various stakeholders include ethical matters such as anti-corruption and free competition, environmental aspects such as the effect of steel on the environment, energy-efficient products, as well as the Group's energy consumption and carbon footprint. Based on these, a risk and materiality analysis was performed, thereby determining Lindab's priorities.

Distribution of revenue by stakeholder

Lindab's sales revenue in 2012 amounted to SEK 6,656 m (6,878), comprising sales of the company's products and services. Most of this is distributed among the company's stakeholders.



1) Other consists of items that cannot be attributed to individual stakeholders. This items mainly comprises depreciation, write-down of goodwill, exchange rate differences and capital gains on the sale of assets..

Lindab's business is based on energy-efficient products and services that simplify construction. Together with sound business ethics, this contributes to healthy and long-term relationships with the company's customers.

Development of energy-efficient solutions

Lindab's product development is founded on its determination to contribute to simplifying construction in all phases of the construction process. The goal is to develop sustainable and energy-efficient products. In 2012, Lindab has launched a new concept for residential ventilation in several European markets, a demand-controlled and energy efficient system for indoor climate, as well as innovative solutions for wall insulation in buildings that contribute to the increased airtightness and warmth.

Improved indoor climate

Since people spend a large proportion of their time indoors, it is important that the indoor environment is healthy and that the components used in the building present no health risks. Lindab works actively to identify and replace building materials that can be regarded as a hazard to the environment or to health. Research and development projects are performed in-house as well as with suppliers, notably into surface treatment, corrosion problems, strength as well as health and environmental aspects.

Quality assured products

Resources are being dedicated to the development of products in order to optimise the manufacturing process, and to reduce costs and the environmental impact. Products that are developed are continuously tested and documented in order to guarantee the quality and functionality. These are delivered together with the documentation requested in the various markets, such as user manuals, certificates and building product declarations. Lindab's Swedish website contains building product declarations for all products that state the materials that are included. For many of the core products there are declarations of the Carbon Footprint, i.e. the climate impact of the product from cradle to gate (from extraction of the raw material until the moment it leaves Lindab's factories). The high quality and functionality of Lindab's products help to lower the risk of adverse effects on health and safety. All of Lindab's larger production units are certified under the ISO 9001 quality management system and the ISO 14001 environmental management system. No breaches have been identified during the year in the Group's provision of products or in the health and safety impacts of the products.

Sound business ethics

Sound business ethics are pursued throughout Lindab's business. All major suppliers must adopt Lindab's Code of Ethics and thereby commit to meeting the associated requirements. Unfortunately, in the construction industry and in the various geographical markets where Lindab operates, certain operators behave in a manner that is not acceptable. Lindab has long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Company employees are informed and trained about the content of Lindab's policy in order to avoid violation of these rules. Lindab has zero tolerance towards corruption and has an anti-corruption policy to ensure that conduct that might be considered as corruption does not take place in the company. The policy was updated in 2012 to comply with the UK Bribery Act. No breaches against the group's ethical principles have been reported in 2012.

Steel and sheet metal are the dominant materials in Lindab's products. Although steel has a long life compared to many other building materials, Lindab works together with the steel mills to produce more durable materials, with consideration to both the environment and quality. Because steel is an inorganic material that does not absorb liquids, no pesticides or other chemicals are required to protect against pests, mould or rot when it is used as a building material.

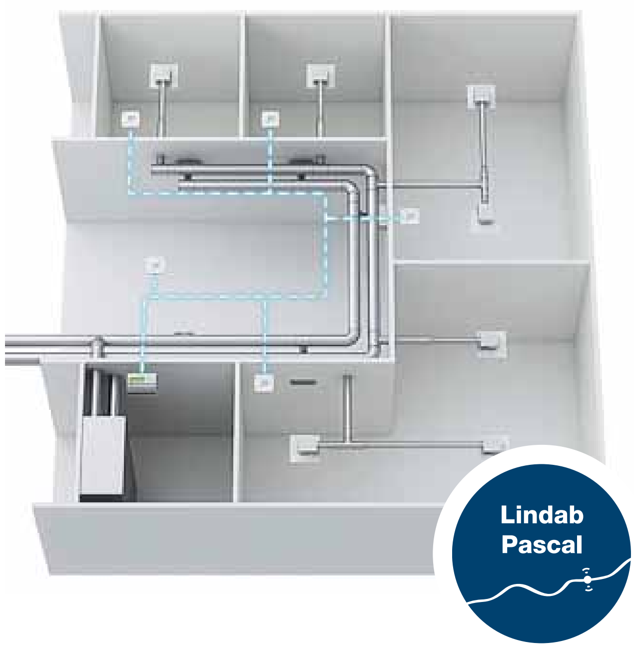
Virtually all steel can be recycled and steel is today one of the most recycled materials in the world. It is estimated that approximately 20 percent of the steel that Lindab uses has been recycled.

Steel
a sustainable material

The right air in every situation

In Europe, buildings account for about 40 percent of energy consumption. Meanwhile, studies into modern office buildings show that employees only spend 50–70 percent of their working hours in the office. To adapt the air flow to the need and reduce the energy consumption, a flexible indoor climate solution is needed. Lindab's new VAV system, Pascal, is the market's most simplified solution helping to optimise energy use. With Pascal, for example, the indoor climate can be controlled via an occupancy sensor that detects if the room is empty. If that is the case, the airflow decreases to a standby mode to reduce energy consumption even more. Lindab Pascal was launched at the start of 2012 and has been very positively received by customers.

Lindab Pascal



Lindab Pascal

VAV = Variable Air Volume. With a VAV system a variable needs-based airflow can be achieved, thereby optimising the fan energy use.

The growing interest in the construction industry for environmentally friendly products and production processes favours Lindab's modern manufacturing of steel products, with solutions for simplified construction that contribute to a lesser environmental impact.

Continuous environmental improvements

A number of projects are being conducted within the Group focused on reducing the environmental impact, energy consumption and the amount of scrap metal. The ongoing environmental work is governed by the Environmental Policy and agreed environmental objectives. The direct responsibility for environmental issues resides with the local companies, with one person holding responsibility for the local environmental work. At Group level there is a central environmental function with responsibility for the development, coordination and monitoring of the environmental work.

Lindab's energy and climate objectives

Lindab has set three long-term objectives aimed at reducing the Group's impact on the environment and climate. The objectives are based on the EU's climate objectives for 2020. The long-term objectives are complemented by shorter, more locally-based objectives and activities. In particular, this means better processes and reduced energy consumption.

Use of resources

Use of steel, the main raw material, has decreased by approximately 6 percent. Energy consumption fell in 2012 as did the emission of greenhouse gases. The decrease is in absolute terms and per tonne of steel produced. This is mainly due to the decrease in production but the energy efficiency project has also paid dividends.

Emissions

Transport

Environmental demands are made in the central procurement of transportation. Consolidation and logistical planning also reduce the environmental impact of transport. The majority of packaging consists of renewable materials, which are recycled. Lindab's Carbon Footprint studies show that transport accounts for a fraction of the product's overall climate impact.

Production

Lindab's operations, with modern manufacture of steel products, have a relatively small environmental impact. This can be small emissions of dust, solvents from paint and metals into waste water. The processes that can result in emissions into water use closed systems and air containing dust is filtered continually prior to being emitted. No unintended emissions have occurred during the year. Most of the Group's production facilities are connected to municipal drainage. Water that

Energy consumption will decrease by –20%

20% of energy will come from renewable sources

Greenhouse gas emissions will decrease by –20%

Consumption of raw materials

	2012	2011	2010
Steel, tonnes	183,000	193,000	182,000
Oils, m³	132	80	210
Paint, tonnes	521	446	640
Solvents, m³	12	20	20
Rubber, tonnes	1,008	675	1,280

Consumption of packaging materials

	2012	2011	2010
Cardboard, tonnes	1,861	1,914	2,130
Plastic, tonnes	679	380	730
Wood, tonnes	7,424	7,290	11,580

Greenhouse gas emissions

	2012	2011	2010
Total, tonnes	55,987	61,086	52,366
Direct emissions, tonnes	11,349	11,896	10,392
Indirect emissions, tonnes	15,146	22,118	19,798
Other sources, tonnes	29,492	27,073	22,176

Water

	2012	2011	2010
Total water consumption, m³	169,676	175,864	191,786

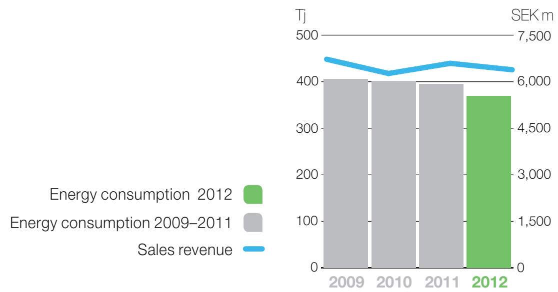
Waste & scrap metal

	2012	2011	2010
Steel scrap, tonnes	13,491	14,574	13,590
Hazardous waste, tonnes	655	635	490
Total other waste, tonnes	4,345	4,705	6,340
Recycling rate, %	87	90	90

Energy

	2012	2011	2010
Total, TJ	370	396	403
Direct energy, TJ	185	198	170
Indirect energy, TJ	185	198	232

Energy consumption



Investing in a better environment

Investments in new press lines, the relocation of lines and the relocation and renovation of warehouses has resulted in reduced material consumption, increased efficiency, lower energy consumption, not to mention a better working environment for the almost 300 people who work at Lindab's plant for the manufacture of ventilation products in Grevie, Sweden. Patrik Svensson is the Plant Manager.

You have made some big changes. How did these come about?
We are continuously working on long-term plans to find solutions that increase efficiency and improve working conditions in production. The decision to concentrate the press lines and rethink the warehouse management was taken several years ago and we have been working ever since to put it into place. We have also increased the production capacity by adding a new press line.

What was the environmental impact of all this?
Optimising our production and warehouse means that pallets do not have to be moved as frequently and over shorter distances. We are talking about a reduction in the movement of up to 20,000 pallets every year. This obviously leads to energy savings. The investment in new press lines has also reduced material usage. We also recycle surplus heat from machines and equipment in the press hall and use it to heat the premises, thereby reducing the consumption of natural gas.

And the working environment?
The change in the warehouse has given a much better working environment as a result of smoother floors, better lighting and easier handling. The new press lines have eliminated the previously monotonous work, lowering the risk of injuries.

What is the next step?
We are continuously reviewing the efficiency of our manufacturing. This applies to all aspects, such as time, materials and energy. Our work includes reducing the set-up time, the time it takes to switch the machine from one product to another. Plus we are obviously seeking new ways to further improve the working environment and safety. Our production plant will also continue to be one of the most efficient in the industry.

Patrik Svensson is Plant Manager for Lindab's ventilation factory in Grevie. The factory produces more than 13,000 tonnes of products annually.

is discharged over land surfaces is run-off and coolant water. This is normally clean but small traces of metal deposits may be present. Degreasers and sediment traps are used to protect against accidental discharges. Leakage checks on cooling/heating pump equipment are performed to avoid ozone-depleting substances from leaking out. No emissions have been recorded during the year. Independent inspections of the business show that no pollution has occurred that may require the decontamination of soil or water.

Waste

The waste products generated during production comprise mainly scrap metal. The recovery rate is high. Scrap metal is recycled completely along with up to 90 percent of other waste. Some incoming and surplus packaging materials are reused on site. Anything not used is sorted and dealt with according to existing laws. Hazardous waste that is produced includes paint and solvent waste, absorbent materials and other oily waste. The waste is collected by local waste management companies and there is no information as to whether any has been exported.

Chemicals

Lindab uses chemicals in production and is therefore affected by the EU's chemical legislation, REACH. The business is classed as a downstream user, since Lindab neither produces nor imports chemical products to the European market. Lindab's work in this area is mainly focused on communication with suppliers and customers about REACH related issues.

Lindab has operations in 31 countries and is a major employer in many communities. Lindab's success is based on the Group attracting, developing and retaining the right employees. The focus is on a strong corporate culture, employee and organisational development as well as preventive health care.

A firm commitment

Initiatives to develop Lindab's employees are in place at Group level as well as in local operations and companies. During the year, approximately 350 key employees in the Group have had a Performance and Development Talk with their line manager. This formal appraisal is an important tool in the development of employees and the organisation in order to achieve the Group's goals and raise employee motivation. Linked to this are Talent Review and Succession Planning, which help to identify and develop potential replacements in key positions.

Recruitment, various team activities and training courses are conducted at a local level. A number of units have a Lindab Academy, where individual employees and customers receive training in Lindab's products, technologies and systems.

Preventative health care

Lindab is actively working with preventive health care on an individual, team and company level. To support a healthy and safe working environment, for instance, employees are offered health profiles, ergonomic aids and traditional health checks. Emphasis is placed on encouraging employees to lead an active and healthy lifestyle. This is supported with coaching, some financial support and includes physical activity, balanced diet and balance between work and leisure.

Safe working environment

A safe working environment is a top priority for Lindab and the entire organisation is firmly committed in this area. Data about accidents and incidents are collected every month from every one of the Group's units, statistics noted and then reported to the Group management. Each business area has a dedicated person responsible for operationally running the improvement work regarding accidents, and action plans are determined for units with the highest number of accidents. The accidents that occur usually involve cutting and crushing of hands and fingers. To counter these, staff receive training particularly with regards to the importance of using gloves and other protective equipment. Lindab measures LTIF (Lost Time Injury Frequency) – absence per million hours worked – and this was 15 in 2012. The goal is to come down to below 10 in the near future and to 0 in the long term.

Strong social commitment

Through collaborations with various organisations and government agencies in the places where operations are carried out, Lindab endeavours to contribute to a generally positive development and to enhancing the region's attractiveness and competitiveness in the long term, something that benefits both Lindab and the society. Lindab has a long history of successful partnerships with schools and universities in many of the countries where the Group operates. Employees participate as guest lecturers and students are offered internships at Lindab and receive help with their theses. In Biatorbagy in Hungary, active efforts are under way to increase contacts with universities in the region through student visits, contributions to the content of courses and collaborations with various research programmes and professorships. In Sweden, through the employers' organisation Teknikföretagen, Lindab participates in Teknikcollege, which works to raise the appeal and quality of technically oriented courses. Lindab is also looking for new ways to interact, such as in Romania where students act as ambassadors for Lindab on Facebook.

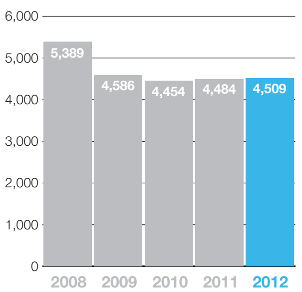
The campaign "Passionate about Lindab" was launched in 2012. The goal is to increase motivation among employees by presenting employees representing Lindab's culture and core values. In 2012, eight dedicated employees from Eastern Europe and Russia have been profiled on the Group's intranet. The campaign will continue in 2013 with profiles of employees from other parts of Europe.

"Make everyone realize that it is all about teamwork!"

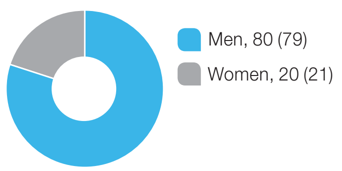
"Enjoy producing quality!"

"Forget the word 'impossible', to achieve personal and company success!"

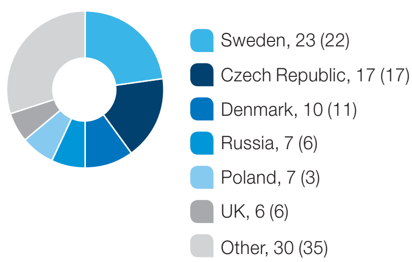
Average number of employees



Gender distribution, %



Geographical distribution of employees, %



Recruitment drive in **Russian expansion**

A range of initiatives are being implemented at local level to meet the need for training, recruitment and team activities adapted specifically for the business.

Lindab's rapid Russian expansion has resulted in the need not only for a significantly increased production capacity but also the number of employees at the plant in Yaroslavl. In 2012, 136 people were recruited, including engineers in various functions. Lindab has participated in careers fairs and arranged a Careers Day, where students were invited to the plant in order to learn more about the company and the career opportunities available. In order to meet the future need for new engineers, a programme has been started for 16 top students who will be trained within the company over a period of one and a half years. Together with these crucial recruitment efforts, the focus on training for existing staff has intensified. All employees are guaranteed at least ten days of training each year, partly subsidised by the state, in various areas such as business English and Lean Management. In addition to these initiatives, Yaroslavl has implemented a variety of team-building activities and initiatives to create the industry's best working environment.

Images from Lindab's family day in Yaroslavl in 2012.

A **safe work environment**

Lindab's dedicated efforts to create a safe and healthy work environment permeate the entire Group. Several production units have been working intensively on improvements during the year. At Karlovarska in the Czech Republic, improvements in protective equipment, particularly the use of gloves, have led to a significantly reduced risk of cuts in the production of ventilation products. In addition, all staff have received first aid training and those authorised to use the company's recently purchased defibrillators have been given clear instructions into their use. Efforts to meet the Group's zero vision will continue in 2013.

The Chairman's comments

When I was elected to be the new Chairman of the Board in October 2012, I was well aware of the circumstances. The European construction sector, which Lindab is part of, is in a long and protracted recession, unparalleled in modern times in some geographical areas. Considering this, Lindab has worked hard and has been able to defend against the falling market. This has created room for manoeuvre, an opportunity to make the most of bad times and dare to invest. The acquisitions and continued expansion of the distribution network that took place last year are good examples of this. Lindab must now make use of its strong product offering, its strong brand and intensify all sales efforts.

In 2013, the Board will support the management's expansion of Lindab's distribution. The fact that a strong distribution network is one of Lindab's most important competitive advantages is something that has not been widely communicated externally. This is obviously a prioritised area and there are great opportunities to develop this important factor for long term success.

The timing of the entire European construction market's recovery depends on many external factors and is therefore hard to predict, but our assessment is that the worst is over. We are even beginning to observe growth in some markets and segments. Lindab will be in these markets and segments and will grow as they grow. Lindab is one of the strongest players in a changing European construction market. With the right strategy and correctly prioritised resources, Lindab will continue to gain market shares while expanding its successful distribution network. I cautiously predict that we members of the Board face an exciting yet challenging year.

Grevie, March 2013

Kjell Nilsson
Chairman of the Board

Corporate Governance Report

Lindab International AB is a Swedish public limited company, which under the Articles of Association develops, produces and sells products to both the ventilation industry and the construction industry. Lindab is quoted on the NASDAQ OMX Nordic Exchange, Stockholm.

Lindab abides by the Swedish Code of Corporate Governance. The corporate governance report, including the remuneration of senior executives and the report on internal control, is reviewed by the company's auditors.

Lindab attaches great importance to corporate governance and this is supported by Lindab's core value, "Neatness and Order": The corporate governance of Lindab is based formally on the Articles of Association, the Companies Act, the adopted rules of procedure, the regulations of Stockholm Stock Exchange, the Swedish Code of Corporate Governance and other applicable Swedish and foreign laws and regulations. Lindab's corporate governance is clarified on page 50.

Deviations

The Nomination Committee consists of five members, three of whom, i.e. a majority, are members of the Board of Directors. The composition of the Nomination Committee was announced on 7 September 2012 in connection with the Extraordinary General Meeting. Since 16 October the entire Board constitutes the Audit Committee and Remuneration Committee.

Share capital and shareholders

Lindab's share capital amounted to SEK 78,707,820 at the end of the year. All shares have a face value of SEK 1, which means that there is only one class of share, numbering 78,707,820. Each share entitles the holder to one vote and an equal right to a share in the company's assets and results. Lindab holds 2,375,838 treasury shares following the sale of treasury shares in 2012. The number of outstanding shares is therefore 76,331,982. Lindab has no voting rights for the repurchased shares. There were 6,328 shareholders (6,129) at 31 December 2012. The four largest shareholders in relation to the number of outstanding shares were Creades with 12.2 percent (-), Systemair AB with 12.0 percent (-), Lannebo fonder with 9.0 percent (7.0) and Livförsäkringsaktiebolaget Skandia with 8.8 percent (9.5). Systemair are considered to be a related party to the company and transactions with them are reported in note 29. More information about Lindab's shareholders and the share development in 2012 can be found on pages 34–35.

General Meetings

Annual General Meeting 2012

The Annual General Meeting for the financial year 2011 was held on 9 May 2012 at the Lindab Arena in the municipality of Ängelholm. 202 shareholders participated. The minutes from the 2012 Annual General Meeting have been available on the company's website since 23 May 2012.

In addition to ordinary matters, the meeting adopted decisions regarding: guidelines for the appointment of the Nomination Committee, see below

- guidelines for remuneration for senior executives
- the Board's proposal to decide upon the introduction of a performance-based share savings programme (LTIP 2012)
- the Board's proposal requesting authorisation for the Board to transfer treasury shares.

Extraordinary General Meeting 2012

An Extraordinary General Meeting was held on 16 October 2012 at the request of the shareholder Systemair AB. 30 shareholders participated.

The General Meeting resolved:

- that there are to be six elected members of the Board
- that the Board shall be composed as detailed on page 48
- that Kjell Nilsson is the Chairman of the Board.

Annual General Meeting 2013

The Annual General Meeting for the financial year 2012 will be hosted at 14:00 (CET) on 15 May 2013 at the Lindab Arena, Ishallsvägen, in the municipality of Ängelholm. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in Post och Inrikes Tidningar and on the company's website. It will be announced in Dagens Industri that the notice to attend has been given. Shareholders wishing to participate in the meeting must be entered into the company's share register 5 working days before the meeting, i.e. 8 May 2013, and must notify the company of their wish to participate as specified in the notice to attend the 2013 Annual General Meeting. Shareholders who wish to have a matter discussed at the Annual General Meeting must, as specified on the company's website, submit these matters to the Chairman of the Board no later than 27 March 2013.

Nomination Committee

At the Annual General Meeting in May 2012, it was decided that the company shall have a Nomination Committee consisting of at least four members, one of whom will be the Chairman of the Board. The Chairman is instructed to appoint a Nomination Committee prior to the 2012 Annual General Meeting, in consultation with the company's three largest shareholders. The mandate period for the Nomination Committee runs until a new Nomination Committee has been appointed.

As a result of the Extraordinary General Meeting being called, a Nomination Committee was formed on 31 August 2012 consisting of:

- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia, Chairwoman
- Stefan Charette, representative for Creades AB
- Gerald Engström, representative for Systemair AB
- Ulf Gundemark, Chairman of the Board.

The Nomination Committee in this composition proposed the Extraordinary General Meeting in accordance with what is reported under Extraordinary General Meeting above.

At the meeting on 19 November, the Nomination Committee was expanded to include Peter Rönnström, representative for Lannebo fonder and Ulf Gundemark was replaced by Kjell Nilsson.

In accordance with the decision of the Annual General Meeting, the Nomination Committee shall evaluate the work and structure of the Board of Directors and produce proposals for the 2013 Annual General Meeting with regards to:

- election of Chairman for the 2013 Annual General Meeting
- election of the Board of Directors and Chairman of the Board of Directors
- election of auditors, when relevant
- fees for the Board of Directors and auditors
- composition of the Nomination Committee ahead of the 2014 Annual General Meeting.

The Nomination Committee held nine minuted meetings in 2012. In 2013, the Nomination Committee has held one minuted meeting prior to the 2013 Annual General Meeting.

The company's website states that shareholders wishing to make contact with the Nomination Committee may send:

– an email to carlgustav.nilsson@lindab.com (subject "To the Nomination Committee") or
– by letter addressed to: Lindab's Nomination Committee, Carl-Gustav Nilsson, Lindab International AB, SE-269 82, Båstad, Sweden.

The Board of Directors

It was decided at the Annual General Meeting on 9 May 2012, that the Board of Directors will consist of eight members without deputies. It was decided at the Extraordinary General Meeting on 16 October 2012, that the Board of Directors will consist of six members. The company's President is the spokesperson for the Board of Directors. The composition and the members' various appointments are detailed on pages 54–55 of the Annual Report.

The 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 President, the duties of the Chairman, the Board's meeting procedures as well as the decision-making procedures together with instructions and policies. All documents have been adapted to Lindab's business and organisation. The company's former President, David Brodetsky, and the CFO, Per Nilsson, have been present at Board meetings, as well as the secretary of the Board of Directors, Chief Legal Counsel Carl-Gustav Nilsson, who has taken the minutes.

In 2012, the Board of Directors met seventeen times (two solely attributable to market reports), including eight additional meetings. At each scheduled meeting, the financial performance was reported and followed up. 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. Key issues raised at Board meetings are shown separately.

Significant changes have been made to the composition of the Board of Directors during 2012. An evaluation of the work of the Board of Directors will therefore only take place in 2013. However, an evaluation of the President has been performed by the Board of Directors.

Key issues at each Board meeting

– 9 January	Acquisition issues, financial targets, financing issues
– 13 February	Year-end comments, auditors' report (present), financing issues, proposals for the Annual General Meeting, dividend, remuneration issues, internal control, acquisition issues
– 9 March	Annual Report
– 21 March	Acquisition issues
– 2 April	Notice to attend the Annual General Meeting, incentive programme, investment decisions
– 26 April	Interim report, acquisition issues, transfer of treasury shares
– 9 May	Forecast, market review, acquisition issues, production facilities, remuneration issues
– 9 May	Post-electoral Board meeting
– 27 June	Acquisition issues, investments, production facilities, strategy issues
– 16 July	Interim report, acquisition issues
– 22 August	Briefing
– 6 September	Performance review, forecast 2, acquisition issues, market review, strategy, production facilities
– 25 September	Production facilities
– 16 October	Post-electoral Board meeting
– 25 October	Interim report
– 10 December	Changes to the rules of procedure
– 13 December	Budget, financing matters, acquisition matters, risk management, internal control, policy issues, remuneration issues

Breakdown of Board fees

Name	Function	Board fees	Committee fees	Total
Kjell Nilsson[1)]	Chairman	136,291		136,291
Pontus Andersson[2)]	Member	25,000	-	25,000
Sonat Burman-Olsson	Member	300,000	20,000	320,000
Stefan Charette[3)]	Member	203,904		203,904
Erik Eberhardson	Member	300,000	-	300,000
Gerald Engström[1)]	Member	62,903		62,903
Markku Rantala	Member	25,000		25,000
Birgit Nørgaard[3)]	Member	193,904		193,904
Per Frankling[4)]	Member	237,903	20,000	257,903
Ulf Gundemark[4)]	Chairman	515,460	60,000	575,460
Stig Karlsson[4)]	Member	237,903	45,000	282,903
Anders C. Karlsson[5)]	Member	98,565		98,565
Annette Sadolin[5)]	Member	107,258	-	107,258
Jens Wikstedt[6)]	Member	131,807		131,807
Total		**2,477,333**	**145,000**	**2,622,333**

The fees have been allocated proportionally.

The Board of Directors

	Number of meetings present			Elected		
Name	Board of Directors 17 meetings	Remuneration Committee 2 meetings	Audit Committee 3 meetings	Year	Company	Ownership
Kjell Nilsson, Chairman[1)]	4			2012	Independent	Independent
Pontus Andersson[2)]	15			1995		
Sonat Burman-Olsson	16	2		2011	Independent	Independent
Stefan Charette[3)]	10		1	2012	Independent	Dependent
Erik Eberhardson	14			2009	Independent	Independent
Gerald Engström[1)]	3			2012	Independent	Dependent
Markku Rantala[2)]	17			1998		
Birgit Nørgaard[3)]	10			2012	Independent	Independent
Per Frankling[4)]	13	2		2009	Independent	Dependent
Ulf Gundemark, Chairman[4)]	13	2	3	2009	Independent	Independent
Stig Karlsson[4)]	12		3	2004	Independent	Dependent
Anders C. Karlsson[5)]	7		2	2001	Independent	Independent
Annette Sadolin[5)]	6			2006	Independent	Dependent
Jens Wikstedt[6)]	6			2012	Independent	Independent

1) Elected to the Board of Directors on 16 October, mandate period covered 4 meetings.
2) Employee representatives replaced by deputies when absent.
3) Elected to the Board of Directors on 9 May 2012, mandate period covered 10 meetings.
4) Resigned on 16 October 2012, mandate period covered 13 meetings.
5) Resigned on 9 May 2012, mandate period covered 7 meetings.
6) Elected to the Board of Directors on 9 May 2012, resigned on 16 October 2012. Mandate period covered 6 meetings.

Remuneration of the Board of Directors

At the Annual General Meeting on 9 May 2012, fees totalling SEK 2,990,000 were established, comprising Board fees of SEK 2,800,000, fees to the Audit Committee of SEK 120,000 and fees to the Remuneration Committee of SEK 70,000, see below. By reducing the Board of Directors to six members at the Extraordinary General Meeting on 16 October 2012, and by having the entire Board constituting the Remuneration Committee and the Audit Committee so that there are no committee fees, the Board's total remuneration is reduced to SEK 2,200,000. Remuneration of outgoing and incoming Board members and committee members has been paid proportionately for part of 2012.

Remuneration Committee

For the period ending 16 October 2012, the Remuneration Committee consisted of the Chairman of the Board, Ulf Gundemark, as Chairman, and the Board members Sonat Burman-Olsson and Per Frankling, and thereafter by the Board in its entirety. Acting as the Remuneration Committee, the Board of Directors shall prepare proposals for principles of remuneration of the executive management, to be approved by the Annual General Meeting. The Committee is also responsible for preparing questions regarding remuneration of the executive management to be decided by the Board of Directors. The Remuneration Committee was appointed at the Board meeting held on 9 May 2012 and has held two minuted meetings, at which matters relating to the remuneration of senior executives were discussed.

Audit Committee

For the period ending 16 October 2012, the Audit Committee consisted of Stig Karlsson (Chairman), Stefan Charette and Ulf Gundemark, as independent expert, and thereafter by the Board in its entirety. Acting as the Audit Committee, the Board of Directors with Sonat Burman-Olsson as independent expert, will ensure the quality of the financial statements, maintain ongoing contact with the auditors, evaluate the auditing work, assist the Nomination Committee during its preparations for the election of auditors, ensure that the company has a proper system for internal control and manage other related issues.

Auditors

At the 2010 Annual General Meeting, Ernst & Young were appointed to be the company's auditors for a term that will expire at the Annual General Meeting in 2014. The authorised public accountant Staffan Landén was elected at the 2010 Annual General Meeting and Jan Birgerson was elected at the 2012 Annual General Meeting to replace Bertel Enlund, who stepped down owing to retirement. Staffan Landén and Jan Birgerson are also commissioned by other listed companies, but this does not encroach on the time necessary to carry out their work for Lindab. The auditors do not perform any services that could bring their independence into question. Nor have the services performed by the auditors for Lindab over and above the auditing services altered this opinion.

Auditors' fees

For 2012, the auditors' fees paid to Ernst & Young amounted to SEK 0.3 m for the parent company and SEK 6.5 m for the Group. In addition, their fees for other services in the Group amounted to SEK 5.1 m. Services have included advice on tax matters, investigations and analysis in connection with acquisitions and divestments as well as investigations into certain accounting matters.

Rules of procedure

At the Annual General Meeting on 9 May 2012, the Board of Directors adopted rules of procedure for determining the distribution of duties between the Board of Directors and its committees, the Chairman's role, decision-making procedures and issues regarding financial reporting and internal control. The rules of procedure include the President's instructions for the clarification of the President's duties and responsibilities. The Board of Directors, in its composition as of October 16, has adjusted its Rules of Procedure primarily regarding the removal of the Audit Committee and Remuneration Committee and the duties in this respect being performed by the Board in its entirety.

The Board of Directors has also established guidelines for the governance of the company and Group. These guidelines are explained below:

Code of Ethics

For Lindab and all its employees, it is important that laws, regulations and general ethical values are respected and followed. Lindab has insured itself of this through Lindab's Code of Ethics, which is monitored continuously.

Finance Policy

This governs how the Lindab Group manages financing issues, fixed interest periods, liquidity and currency exposure, see note 3.

Information Policy

The policy ensures that coherent and correct information about Lindab and its business, including financial targets, is received externally and that Lindab fulfils the requirements of the Stock Exchange regarding information to the stock market.

Insider Policy

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

IPR Policy

Intellectual property rights, consisting of registered rights such as patents, trademarks and designs, plus other rights such as copyrights, trade secrets and know-how, are valuable assets for Lindab. The policy describes the strategy and guidelines for Lindab's management and protection of intellectual property rights.

IT Policy

Lindab's IT Policy contains comprehensive rules for the Group's IT use and management. The goal is to ensure access to the IT structure that has been established to enable the business to be run effectively. It includes rules about how data centres are to be organised, including the management of critical IT equipment, access to support, backup procedures, and system administration.

Anti-corruption Policy

Lindab has zero tolerance for corruption. The policy is the framework that supports Lindab's zero tolerance concerning this issue. The policy has been updated following the Swedish legislative changes made in 2012.

Competition Law Policy

It is important that the Group and its employees observe competition legislation. The adopted Competition Law Policy, which was implemented partly through the continuous training of executives and Group employees, protects against breaches of competition law.

Environmental Policy

An international Environmental Policy governs Lindab's environmental work, which is reported on pages 42–43.

Group management

Lindab's operations are divided into three Business Areas. The Group management consists of the President, the Group's business area managers, the CFO and Chief Legal Counsel. The HR Director was also included in Group Management for the period up to and including November 2012. This team structure ensures that the decision-making paths are short.

Overview of governance in the Lindab Group

Shareholders
Shareholders' right to decide about Lindab matters is 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 May in Båstad. The meeting decides upon matters referred to in the Companies Act or the company code.

Nomination Committee
The Nomination Committee submits proposals regarding various issues to the Annual General Meeting. See page 47.

Remuneration Committee
The Remuneration Committee assists the Board of Directors on remuneration issues. See page 49. From 16 October 2012, the Remuneration Committee consists of the Board in its entirety.

Audit Committee
The main task of the Audit Committee is to ensure compliance with the established principles for the financial statements and the internal control. See page 49. From 16 October 2012, the Audit Committee consists of the Board in its entirety.

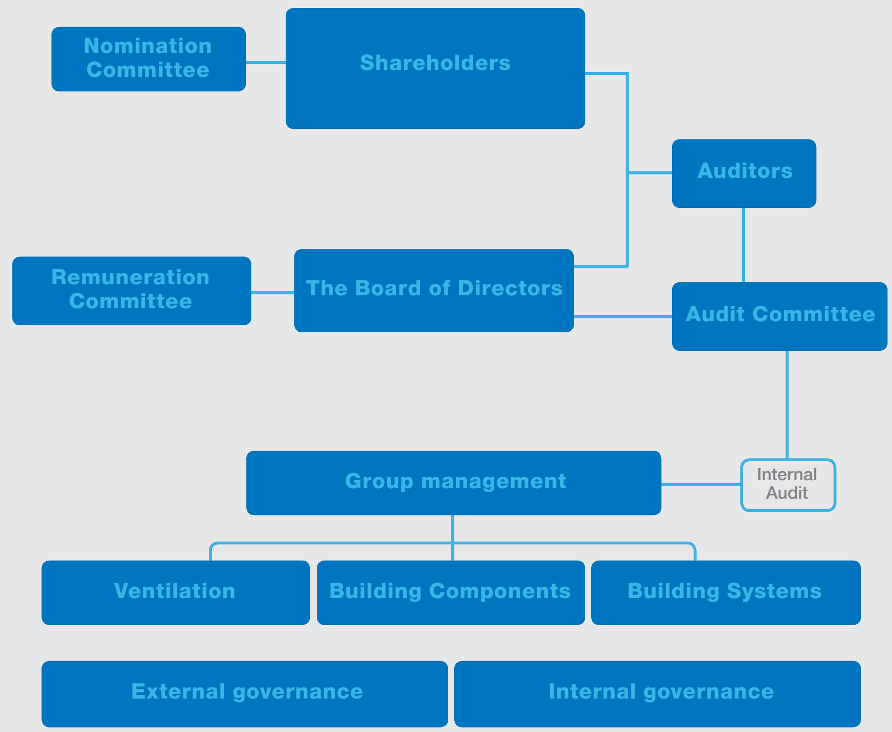
The Board of Directors

Composition of the Board of Directors
The Board of Directors consists of six members. The employees have appointed two members and two deputies to the Board of Directors. The President is the spokesperson for the Board of Directors. The Group's CFO participates in Board meetings, as does the Group's Chief Legal Counsel who is secretary to the Board of Directors. The Board of Directors has established two internal committees, the Audit Committee and the Remuneration Committee.

The Chairman's responsibilities
The Chairman leads the Board's work and follows its activities in dialogue with the President and is responsible for other Board members receiving the information and documentation necessary for high quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

The work and 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 concerns are appropriate and that the internal control is satisfactory. In addition, the Board of Directors' responsibilities include the establishment of policies and objectives, establishing internal control instruments, deciding on key matters, issuing the financial statements as well as evaluating the operational management and ensuring succession planning. The Board of Directors' responsibilities include supervision of the President's work through continuous monitoring of operations.

The Board's responsibility for the financial statements
The Board of Directors ensures the quality of the internal financial statements through directing the President, and by directing the financial statements to the Board of Directors. Furthermore, the Board of Directors ensures the quality of the external financial statements through detailed discussion of interim reports, Annual Report and year-end report at Board meetings and during reviews with the auditor.



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 President. The auditors work according to an audit plan and report their findings to the Group management and Audit Committee throughout the year and once annually to the Board of Directors. The auditors also participate at the Annual General Meeting to deliver the auditors' report, describing the review process and the observations made.

The President and Group management
The President leads the operations according to the framework established by the Board of Directors, including the instruction of the President. In consultation with the Chairman of the Board, the President provides the information and documentation necessary for the Board of Directors to be able to make informed decisions. The President presents issues and justifies proposals for decisions, and reports to the Board of Directors regarding Lindab's performance. The President leads the Group management work and makes decisions in consultation with the other members of the management team.

External governance
The external corporate governance consists of Swedish and foreign company law, Stock Exchange rules, the company code and other legislation that compellingly or dispositively governs Lindab's activities and corporate governance.

Internal governance
The internal corporate governance comprises the adopted rules of procedure together with instructions and policies based on Lindab's core values.

Internal audit and risk management
Lindab's Internal Control function reports regularly to the Group management and to Lindab's Audit Committee. The overall control environment that has been established by the Board and the management forms the basis for the internal control over financial reporting. See pages 52–53.

Remuneration to senior executives

Remuneration principles

At the 2012 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines are based on remuneration that reflects the market and the environment in which the executives operate. The remuneration should be competitive, facilitate recruitment and motivate employees to remain with the company.

The remuneration will consist of fixed salaries, variable salaries, benefits and pensions. The fixed salaries and benefits will be established individually, based on the above and on the specific skills of the post holder. The variable salary will be based on clear goals and awarded as a percentage of the fixed salary and will thus have a fixed ceiling of 20, 30 and 40 percent depending upon the position. The pension will be a defined contribution plan and shall be based on the same principles as for the fixed and variable salaries.

In special cases, the Board of Directors has the right to waive the guidelines. The Board of Directors has not exercised this mandate in 2012.

Remuneration and other benefits for the Group management are shown in the table on the right. A further SEK 7.9 m has been recorded relating to payroll overheads including special employer's contributions on pensions.

Remuneration and other benefits for the Group management 2012

SEK	David Brodetsky	Remuneration of other Group management	Total
Fixed salary incl. holiday pay	4,918,456	11,927,242	16,845,698
Variable salary	1,016,610	1,449,152	2,465,762
Incentive programme	200,000	630,312	830,312
Pension expenses	2,827,625	2,348,766	5,176,391
Benefits	370,220	715,119	1,085,339
Total	**9,332,911**	**17,070,591**	**26,403,502***

Costs attributable to the dismissals of the President and HR Director

SEK	Total
Fixed salary incl. holiday pay	13,002,463
Variable salary	4,030,729
Incentive programme	0
Pension expenses	5,536,904
Benefits	415,000
Total	**22,985,096***

*) *The above amount does not include social security contributions.*

Remuneration of the President

David Brodetsky's fixed salary for 2012 totalled SEK 4,841,000 for the full year with a variable salary of up to 75 percent of the fixed salary, with the right to convert up to 35 percent of the variable salary to pension. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, plus a free car and certain other benefits. What David Brodetsky received in 2012 is shown in the separate table. The employment runs with a notice period of one year from the company and six months from David Brodetsky. David Brodetsky is bound by a non-competition clause which is irrevocable by the company and is valid for one year from the termination of employment, during which he is entitled to remuneration equivalent to fixed and variable parts, plus the right to pension contributions as described above. Severance costs relating to David Brodetsky dismissal at the start of the first quarter 2013 were charged to the fourth quarter of 2012 as the process began during 2012. The costs are estimated at SEK 27 m.

Variable remuneration

Variable remuneration is based on the principles described in the section Remuneration principles.

Remuneration to Group management in general

For the full year 2012, the Group management included Nils-Johan Andersson, Peter Andsberg, Hans Berger, Carl-Gustav Nilsson and Per Nilsson. Christina Imméll was included in the Group management until November. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting. The employment contracts contain notice periods of up to 24 months for the company and are bound with non-competition clauses.

Incentive programme

The Annual General Meeting 2012 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 83 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 63 people who have thereby acquired a total of 69,347 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2014 and compared to the financial year for 2011. On maximum allocation, 324,288 Lindab shares will be transferred to the participants. The total cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 45.66.

Evaluation

Prior to the 2011 Annual General Meeting, an external evaluation of Lindab's remuneration system was conducted by Nordea. The result of the evaluation was included in the meeting material ahead of the 2011 Annual General Meeting and was reported at the Annual General Meeting. Prior to the 2012 Annual General Meeting, the Board of Directors has conducted an internal evaluation via the Remuneration Committee. The conclusion drawn from the evaluation corresponds well with the statements and conclusions made by Nordea prior to the 2011 Annual General Meeting. The remuneration system is well balanced and the formulation of targets for the variable salary is based on predetermined targets. A review of the guidelines and remuneration principles will be conducted in 2013.

The Board of Directors' Report on Internal Control

The Board of Directors' Report on Internal Control for the Financial Year 2012

Lindab's Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. Lindab's financial statements comply with the laws and regulations applicable to companies listed on the NASDAQ OMX Nordic Exchange and the local rules in each country where business is conducted. The Board of Directors will issue a report on how the internal control over financial reporting is organised.

The objectives of Lindab's financial statements are:

- To be correct and complete and comply with applicable laws, rules and recommendations.
- To provide an accurate description of the company's operations.
- To support a rational and informed assessment of the business.

In addition to these objectives, the internal financial statements will provide support to correct business decisions at all levels within the Group.

The Board of Directors' description of the internal control uses the structure found in COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework as its starting point for internal control. This report has been established against this background.

Control environment

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 financial statements. These specifically include the Board of Directors' rules of procedure, instructions for the President and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment resides with the President. He reports regularly to the Board of Directors as part of established routines. Furthermore, there will be reports from the company's auditors.

The internal control structure also builds on a management system that is based on the company's organisation and methods of running the business, with clearly defined roles, areas of responsibility and delegated authorities. The controlling documents also play an important role in the control structure e.g. policies and guidelines including the Code of Ethics, which also includes business ethics. The controlling documents concerning accounting and financial statements comprise the most important parts of the control environment with regards to the financial statements.

These documents are continuously updated when, for example, there are changes to accounting standards, legislation and listing requirements.

Risk Assessment

The Group carries out an ongoing risk assessment for identifying material risks regarding the financial statements. With regards to the financial statements, the main risk is considered to comprise material misstatements in the accounts e.g. regarding book keeping and the valuation of assets, liabilities, income and expenses or other discrepancies. Fraud and losses through embezzlement are a further risk. Risk management is built into each process and different methods are used for evaluating and limiting risks and for ensuring that the risks to which Lindab is exposed are managed in accordance with determined policies, instructions and established follow-up routines. The purpose of this is to minimise possible risks and promote correct accounting, reporting and the release of information.

Control Activities

These are intended for managing the risks that the Board of Directors and management consider to be significant for the business, the internal control and the financial statements.

The control structure partially consists of clear roles within the organisation which facilitate effective distribution of responsibilities for specific control activities, with the aim of discovering and preventing the risk of errors in the reports in time. Such control activities can be clear decision making and decision procedures for major decisions such as acquisitions, other types of larger investment, divestments, contracts, analytical follow-ups etc.

An important task for Lindab's staff is also to implement, further develop and enforce the Group's control routines and to implement the internal control for dealing with critical business matters. Those responsible for the process at different levels are responsible for implementing the necessary controls regarding the financial statements. In the annual accounts and reporting processes, there are controls pertaining to valuation, accounting principles and estimates. All units have their own controllers/financial managers who undertake an evaluation of their own reporting. The continual analysis made of the financial statements and the analysis made at Group level are very important for ensuring that the financial statements do not contain any material misstatements. The Group's controller organisation plays an important role in the internal control process and is responsible for ensuring that the financial statements from each unit are correct, complete and on time.

Information and communication

Lindab has internal information and communication channels that aim to promote completeness and correctness in the financial statements, e.g. through steering documents in the form of internal recommendations, guidelines and policies relating to the financial statements. Through regular updates and messages, the employees concerned are made aware of, and have access to, information about changes to accounting principles and reporting requirements or other released information. The organisation has access to policies and guidelines through the Group's intranet (Lindnet).

The Board of Directors receives monthly financial statements. The external information and communication is governed notably by the Information Policy, which describes Lindab's general principles for the release of information.

Follow up

The Group's adherence to the adopted policies and guidelines is followed-up by the Board of Directors and the executive management. The Company's financial situation is discussed at each Board meeting. The Board of Directors' Remuneration and Audit Committees play important roles with regards to, for example, remuneration, financial statements and internal control. From 16 October 2012, the Audit Committee and Remuneration Committee consist of the Board in its entirety.

Before the publication of Interim Reports and Annual Reports, the Board of Directors reviews the financial statements. Lindab's management conducts monthly performance reviews with analyses of deviations from budget, forecasts and previous years. All monthly accounts are discussed with each business area's management. The external auditors' tasks include an annual review of the internal control in Group companies. The auditors normally attend Board meetings twice a year and report their findings from the review of internal control, the review of the third quarter financial statements and the review of the annual accounts.

Internal audit

Since 2008, Lindab has had an internal audit function that continuously reports directly to Lindab's Group management as well as to Lindab's Audit Committee. The direction and scope of the internal audit is determined by the Audit Committee. The completed internal audits are also reported directly to the Audit Committee. In 2012, the function has continued to develop the internal controls through audits in accordance with an annual plan and through the development of Group policies and guidelines. This work has included offering advice to corporate functions in connection with the update of Group wide policies and various internal control issues within the organisation. Where control measures involve visits to subsidiaries, these activities are carried out according to an established and developed control process, which has been continuously developed during the year in order to optimise the approach and the provision of worthwhile reports. Within Lindab, the internal audit function aims to create added value for each operating unit by providing independent and objective scrutiny of the processes, and to identify and recommend improvements.

Internal audit is a dynamic process, evolving in line with the changes to the internal and external business conditions. This aims to ensure that the Group's objectives are met in terms of appropriate and effective processes, and that the financial statements are prepared in accordance with applicable laws and regulations in order to provide a reasonable assurance of reliability.

Båstad 7 March 2013

The Board of Directors of Lindab International AB

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of Lindab International AB,
corporate identity number 556606-5446

It is the board of directors who is responsible for the corporate governance statement for the year 2012 on pages 52–53 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement 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.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Båstad 8 March 2013

Staffan Landén
Authorised Public Accountant
Ernst & Young AB

Jan Birgerson
Authorised Public Accountant
Ernst & Young AB

The Board of Directors

Kjell Nilsson

Born 1948.
Elected to the Board in 2012, independent. Chairman of the Board since 2012.

Kjell Nilsson was previously President and CEO of Semcon AB, Boliden AB and Trelleborg AB. He is the Chairman of Semcon AB and Symbrio AB. Board member of Choice Hotels AS, Home Properties AB and Home Invest AS.

Main qualifications: Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Gothenburg.
Holding: 10,000 shares.

Birgit Nørgaard

Born 1958.
Elected to the Board in 2012, independent.

During the period 2006–2010 Birgit Nørgaard was CEO of the engineering consultancy company Grontmij, Carl Bro A/S and COO of Grontmij N.V. From 2003–2006 she was CEO of Carl Bro Group A/S. Her experience also includes Vice President at TDC Mobile International and Executive Vice President of Danisco Distillers. Birgit Nørgaard is Chairman of the Board of StockRate Invest, E. Pihl & Søn A.S. and NNE Pharmaplan A/S, as well as Board member of Danish Growth Capital, DSV A/S and Sonion A/S.

Main qualifications: M.Sc. MBA, INSEAD.
Holding: 0 shares.

Erik Eberhardson

Born 1970.
Elected to the Board in 2009, independent.

Vice President and founder of Ferronordic Machines AB and Ferronordic Group Ltd. Has extensive operational experience from Russia and Ukraine. President of Volvo Ukraine LLC between 1996–2000 and of Volvo Construction Equipment in the CIS countries and Russia from 2002 until 2005. Between 2005 and 2009, he held various positions within OJSC "GAZ", Russia's largest manufacturer of commercial vehicles, as Strategic Manager, President and Chairman. Between 2008 and 2009, he was a member of the Board of Magna International Ltd.

Main qualifications: MBA, Uppsala University.
Holding: 0 shares.

Pontus Andersson

Born 1966.
Elected to the Board in 1995.
Employee representative with Unionen (Swedish Union of Clerical and Technical Employees in Industry). Employed since 1987 and currently working as a development engineer. He has professional qualifications in engineering.
Holding: 250 shares.

Markku Rantala

Born 1952.
Elected to the Board in 1998.
Employee representative with LO (Swedish Trade Union Confederation). Employed since 1993 and currently working as Chairman of the local union branch of Lindab IF Metall.
Holding: 250 shares.

Gerald Engström

Born 1948.
Elected to the Board in 2012, dependent of the shareholder Systemair AB.

Board member as well as President and CEO of Systemair, and Chairman of Bluefish Pharmaceuticals AB.

Main qualifications: Upper secondary school qualification in Engineering, Business studies at Stockholm University.
Holding: 14,501 shares and indirectly 9,150,000 shares through Systemair AB and 600,000 shares through Färna Invest AB.

Sonat Burman-Olsson

Born 1958.
Elected to the Board in 2011, independent.

Deputy CEO and CFO of ICA Group since 2007. Before joining ICA, Sonat Burman-Olsson was Vice President of the Electrolux Group with responsibility for Global Marketing Strategies. She has also held positions as Senior Vice President, Operational Development for Electrolux Europe and Vice President, Finance for Electrolux International (Asia & Latin America). Prior to that, she held Executive Director positions at Siemens and British Petroleum.

Sonat Burman-Olsson is a member of the Boards of Tredje AP-fonden, ICA Banken and KappAhl.

Main qualifications: BBA and Executive MBA.
Holding: 0 shares.

Stefan Charette

Born 1972.
Elected to the Board in 2012, dependent of the shareholder Creades AB.

Stefan Charette is CEO of the investment company Creades AB. He was previously CEO of Investment AB Öresund, AB Custos and Brokk Group.

Stefan Charette is Chairman of the Board of Athanase Capital Partners AB, Concentric AB and NOTE AB, as well as Board member of Creades AB, Haldex AB and Transcom S.A.

Main qualifications: M.Sc. Mathematical Finance, B.Sc. Electrical Engineering.
Holding: 96,546 shares.

Peter Stensmar

Born 1964.
Elected to the Board in 2011.
Deputy employee representative. Employed since 1994 and currently working as an industrial sheet metal worker at Lindab Ventilation AB. Not pictured.
Holding: 400 shares.

Sandra Philipsson

Born 1982.
Elected to the Board in 2012.
Deputy employee representative. Employed since 2006 and currently working as design manager at Lindab Profil AB. Sandra is a mechanical engineer. Not pictured.
Holding: 50 shares.

Group management

Anders Berg

Born 1972.
President and CEO from 18 March 2013.
Employed since 2013.
Holding: 400 shares.

Per Nilsson

Born 1974.
CFO.
Employed since 1999.
Holding: 4,800 shares and 13,000 share warrants.

Carl-Gustav Nilsson

Born 1950.
Chief Legal Counsel. Acting President and CEO until 18 March 2013.
Employed since 2002.
Holding: 110,700 shares.

Nils-Johan Andersson

Born 1962.
Manager Ventilation business area.
Employed since 1999.
Holding: 125,295 shares.

Peter Andsberg

Born 1966.
Manager Building Components business area.
Employed since 1990.
Holding: 39,000 warrant options and 5,000 shares through legal entities.

Hans Berger

Born 1947.
Manager Building Systems business area.
Employed since 2010.
Holding: 50,000 shares.

Auditors

Staffan Landén

Born 1963.
Authorised Public Accountant, Ernst & Young AB, Gothenburg.
Auditor to Lindab since 2010. Extensive experience of auditing listed companies.
Not pictured.

Jan Birgerson

Born 1954.
Authorised Public Accountant, Ernst & Young AB, Stockholm.
Auditor to Lindab since 2012. Extensive experience of auditing listed companies.
Not pictured.

Directors' report

The Board and the President of Lindab International AB, Corporate ID no. 556606-5446, registered in Sweden and with headquarters in Båstad, hereby present their Annual Report for the financial year of 2012.

Lindab International AB constitutes the parent company of the Lindab group. The Lindab share is quoted on the Nasdaq OMX Nordic Exchange "Mid Cap", list for medium-sized companies, under the ticker symbol LIAB.

The business

Lindab develops, manufactures, markets and distributes products and system solutions in steel for simplified construction and improved indoor climate. The business is carried out within three business areas, Ventilation, Building Components and Building Systems. The products are characterised by their high quality, ease of assembly, energy efficiency and environmentally-friendly design and are delivered with high levels of service, giving increased customer value.

Lindab's strategy is to focus its efforts on the most profitable market segments and where there is the greatest growth potential. The approach should be adapted to each market, based on strengths. Organic growth coupled with selective acquisitions are strategies shared by the business areas in order to strengthen the company's competitiveness.

Financial targets and target fulfilment 2012

Lindab's short-term targets are to achieve an operating margin (EBIT) of at least 10 percent annually by the end of 2013 and for the full-year 2014. The EBIT margin, excluding one-off items, amounted to 6.9 percent (5.9). The improvement can mainly be explained by lower fixed costs. The long-term target of 14 percent is deemed to be achievable in a favourable economic climate. The annual organic growth shall exceed relevant construction market growth by 2 to 4 percentage points. Lindab's organic sales development for the year was –5 percent (9) compared with 2011. According to Lindab's estimates, the market declined by the same proportion. The target for the net debt/equity ratio remains in the interval 0.8–1.2 times, which is in line with historical levels. The capital borrowed by the company will therefore correspond to 0.8–1.2 times the recorded equity of the Group. The net debt/equity ratio amounted to 0.8 times (0.6).

Company acquisitions and divestments

On 19 March, Plannja's sandwich panel and decking profile business was acquired through an acquisition of assets. The business has annual sales of approximately SEK 150 m and employs approximately 50 people. The purchase price amounted to SEK 44 m and the cash-flow was negatively affected by the same amount. No goodwill arose.

During the year, Lindab acquired 100 percent of Centrum Klima S.A., in three stages starting on 30 April. The company is a leading Polish manufacturer and distributor of ventilation and indoor climate systems. The company has annual sales of approximately SEK 205 m and employs approximately 200 people. The company was quoted on the Warsaw stock exchange until it was delisted in November 2012. The purchase price amounted to SEK 277 m and the cash-flow was negatively affected by SEK 243 m. The acquisition means that consolidated goodwill increased by SEK 139 m.

Research and development

Lindab's business operations are based on simplifying construction through the development of innovative products. The company strives to be the leader when it comes to development within the three business areas.

The business concept "Simplifying construction" and the core value "Customer success" are at the heart of product development and lead to products that increase customer value. To ensure this, the views and wishes of Lindab's customers are taken into consideration, together with our own ideas about how to simplify the work of our customers. Development is conducted in close cooperation with universities as well as material suppliers. This ensures that we always have access to the latest knowledge within our fields.

This year's most significant product launches for each of the business areas are as follows:

- Ventilation has launched the Premum/Premax chilled beams and the Pascal variable air flow system. Ventilation has also launched Atrium Plana heating and cooling panels.
- Building Components has launched new façade cassettes and two new decking profiles. Within sandwich panels, Building Components has introduced a version that meets stringent anti-intruder requirements.
- Building Systems has launched innovative solutions for wall insulation that contributes to greater airtightness and heat retention. Building Systems has also improved its roof fittings and developed an even more weather-proof system for integrated roof drainage.

In 2012, expenses for research and development amounted to SEK 44 m (40) of which SEK 19 m (20) was within Ventilation, SEK 13 m (11) within Building Components and SEK 12 m (9) within Building Systems. The number of people employed within the Group's product development departments totalled 59 (49), of whom 24 (25) were within Ventilation, 21 (13) within Building Components and 14 (11) within Building Systems.

Personnel and personnel development

During the year, the average number of employees in the Lindab Group totalled 4,509 (4,484), an increase of 25 people. The number of employees at the end of the year was 4,363 (4,347), an increase of 16 people compared with the previous year. The average number of employees in Sweden was 1,040 (1,010), corresponding to 24 percent (22) of all employees. Note 6 contains further information about personnel costs and the average number of employees.

Lindab's success depends on attracting, developing and retaining talented employees who share Lindab's core values, vision and goals. Fundamental to this are the continuing efforts being made regarding the corporate culture, employee and organisational development, and preventative health care.

Initiatives for developing Lindab's employees are under way at Group level as well as local operations and companies. During the year, around

350 key employees in the Group have taken part in Performance and Development Talks with their line manager. See also page 44.

Guidelines for remuneration of senior executives

The most recently decided remuneration principles for holders of key positions, as well as the Board's suggested guidelines that will apply from the next Annual General Meeting are detailed in note 6 and are the same guidelines as for the current year.

Profit-sharing system

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for the payment of contributions into a profit-sharing foundation. The annual provisions are based on the earnings of the Swedish Group companies. A provision of SEK 6 m (6) was made for 2012 including special employers' contributions. At the end of 2012, the foundation held 22,500 Lindab shares and 584,300 Ratos shares. A profit-sharing plan also exists in our Danish company and various other bonus systems apply within the Group. See also note 6.

Incentive programme

The Annual General Meeting 2012 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. See also note 6.

Consistent environmental work

Lindab is actively working to minimise the environmental impact created by the Group's operations and its products. Lindab's Environmental policy is a key document that forms the basis for environmental work within the Group. All of Lindab's major production units are certified under the ISO 9001 quality management system and the 14001 environmental management system. The long-term environmental and climate objectives that were adopted in 2008 have been combined with short-term objectives established by the business areas. The long-term objectives are based on the EU's objectives for 2020 and mean that, with 2008 values as a starting point, energy consumption will decrease by 20 percent, 20 percent of energy will come from renewable sources, and greenhouse gas emissions will decrease by 20 percent.

Products

By focusing on product development and continuous improvement, products have been developed that are good in terms of both quality and the environment, and that also improve customers' environmental performance.

Environmental permits

The majority of Lindab production units are not normally covered by specific environmental regulations or permits. Companies report to the regulatory bodies in each country in accordance with local rules.

In Sweden, operating permits are required for the production units in Grevie and Förslöv. The permits relate to facilities where metalworking is performed mechanically and where the total tank volume for oils in the metalworking machines is greater than 20 cubic meters. Other Swedish operations are either obliged to declare or do not require permits.

Environmental impact

Lindab's manufacture of products from steel has a minimal environmental impact. Independent measurements have been made showing that Lindab's activities do not give rise to pollution that may require decontamination of soil or water. The waste products generated through production consist of primarily scrap metal that is recovered completely and other waste, 90 percent of which is recycled. Anything not used is sorted and dealt with according to existing laws.

Climate impact

Lindab's impact on the environment arises from energy consumption as well as from the consumption of raw materials. Several projects focusing on energy efficiency and reduced volumes of scrap are being conducted within the Group.

Risks, risk management and internal control

See the Corporate Governance Report on pages 47–56 and note 3 on pages 81–85. Appropriate provisions are made where the assessment resulted in risk.

Disputes

Group companies are involved in minor disputes that are directly attributable to the business. Appropriate provisions are made where the assessment resulted in risk. For one of the disputes concerning deliveries by Building Systems, a provision of SEK 11 m has been made. After success in the initial court proceedings, the provision has been reduced to SEK 4 m, as the judgement was contested. In addition, a dispute is continuing against a Group company based on an alleged duty to comply with a written guarantee. Lindab has denied liability. Lindab's exposure amounts to SEK 15 m. Based on the risk evaluation, no provision has been made.

Events after the reporting period

On 6 February, Lindab's Board of Directors decided to dismiss the company's President and CEO , David Brodetsky, with immediate effect. On 12 February, it was announced that Anders Berg had been appointed the new President and CEO, starting on 18 March 2013.

Until Anders Berg takes up his position, Lindab's Chief Legal Councel Carl-Gustav Nilsson has been appointed acting President and CEO.

Dividend

Dividend policy

The Group's dividend policy is to pay a dividend of 40–50 percent of the previous financial year's net profit. According to the dividend policy, when presenting the proposed dividend, the Board must take into consideration Lindab's financial targets, acquisition opportunities, forecast future results, financial position, cash flow, credit terms and other factors. No guarantees can be given that a dividend will be proposed or accepted in any one year.

Proposed appropriation of profits for 2012 financial year

The Annual Report will be presented to the Annual General Meeting on 15 May 2013 with the following proposal for appropriation of profits:

At the disposal of The Annual General Meeting

SEK

Profit brought forward	619,690,129
Dividend	–76,331,982
Sale of treasury shares	52,180,520
Net profit for the year	–51,853
Profit carried forward	**595,486,814**

Lindab's Board of Directors proposes that the Annual General Meeting on 15 May resolves not to pay a dividend for 2012. The unappropriated retained earnings will be carried forward. A dividend of SEK 76 m was paid in 2012.

Sales revenue and profit

Sales revenue

Sales revenue amounted to SEK 6,656 m (6,878), which is a decrease of 3 percent compared with the previous year. Adjusted for currency effects and structural changes, the decrease was 5 percent. Currency effects have negatively affected sales revenue by 1 percent while structural changes have positively affected sales revenues by 3 percent. Foreign sales revenue amounted to SEK 5,062 m (5,206), a decrease of 3 percent, corresponding to 76 percent (76) of the Group's total sales.

Lindab has its own operations in 31 countries and is a leading supplier of ventilation products and building components in the Nordic region, ventilation products in parts of Western Europe and building components in parts of CEE/CIS.

The macroeconomic turmoil intensified in Europe during 2012, which contributed to a marked decline in the economy and construction activity. The decline in the construction industry was extensive, affecting residential construction and the construction of non-residential property in most European markets. The rate of decline accelerated in the latter half of the year.

Sales for the Ventilation and Building Components business areas decreased in 2012, while sales increased for the Building Systems business area. Sales growth for Building Systems can be largely explained by successful initiatives in Russia, with increased production capacity and targeted sales activities. However, for the Group as a whole, sales decreased in 2012 in all of Lindab's main regions, the Nordics, Western Europe and CEE/CIS.

Seasonal variations

Lindab's operations are affected by seasonal variations in the construction industry, and the greatest proportion of sales is normally seen during the second half of the year. The most substantial seasonal variations are to be found within the Building Components and Building Systems business areas. The Ventilation business area is less dependent on seasons and the weather since the installation of ventilation systems is mainly carried out indoors. There is normally a deliberate stock build-up of mainly finished goods during the first six months, which gradually becomes a stock reduction during the third and fourth quarters as a result of increased activity within the construction market.

Performance by business area

The Group's operations are carried out within three business areas, Ventilation, Building Components and Building Systems. The distribution of sales revenue and operating profit (EBIT) by business area are shown in the table on page 60.

Ventilation business area

The Ventilation business area offers the ventilation industry duct systems and accessories, as well as indoor climate solutions for ventilation, cooling and heating.

Sales revenue amounted to SEK 3,591 m (3,612), a decrease of 1 percent. Adjusted for currency and structure, the decrease was 3 percent. Structural changes have altogether had a positive impact on sales of 4 percent. These included the acquisition of Centrum Klima in 2012, the acquisitions of Juvenco, Airflux and Elia in 2011 plus the divestment of Benone in 2011. Generally, ventilation is installed late in the construction phase, therefore the deteriorating economic situation in Europe mainly affected Ventilation's sales in the second half of the year. Sales in Western Europe were more stable during the year, while sales in the Nordic region went from good growth in the first six months to a marked decline in the second half of the year.

The operating profit (EBIT), excluding one-off items, increased by 19 percent to SEK 263 m (221). The operating margin (EBIT) amounted to 7.3 percent (6.1). The improvement can mainly be explained by lower fixed costs. Production efficiency has also improved, which contributed to a higher gross margin.

Building Components business area

The Building Components business area offers the construction sector steel products and systems for roof drainage, roof and wall cladding, as well as steel profiles for wall, roof and beam constructions.

Sales revenue amounted to SEK 2,052 m (2,268), a decrease of 10 percent. Adjusted for currency and structure, revenue decreased by 12 percent. The acquisition of Plannja's operations for sandwich panels and decking profiles has a positive impact of 4 percent. Sales decreased in the Nordic region and Eastern Europe during the year. In Eastern Europe, sales continued to be negatively affected by a weak housing market and by the deteriorating situation resulting from the deepening recession in Western Europe. Sales in the Swedish market, the business area's largest, have been hampered by low levels of activity in the construction of residential and industrial buildings.

Operating profit (EBIT), excluding one-off items, amounted to SEK 135 m (192), a decrease of 30 percent. The operating margin (EBIT) amounted to 6.6 percent (8.5). The decrease was mainly due to lower volumes, partially offset by lower fixed costs.

Building Systems business area

The Building Systems business area offers complete pre-engineered steel building systems and proprietary IT software that simplifies the

Sales revenue and growth

	2012	2011	2010
Sales revenue, SEK m	6,656	6,878	6,527
Change, SEK m	–222	351	–492
Change, %	–3	5	–7
Of which			
Volumes and prices, %	–5	9	–1
Acquisitions/divestments, %	3	0	0
Currency effects, %	–1	–4	–6

Sales revenue by region

SEK m	2012	Share, %	2011	Share, %	2010	Share, %
Nordic region	3,019	45	3,158	46	2,911	45
Western Europe	1,895	29	1,949	28	1,926	29
CEE/CIS	1,542	23	1,553	23	1,416	22
Other markets	200	3	218	3	274	4
Total	**6,656**	**100**	**6,878**	**100**	**6,527**	**100**

project planning and quotation process for designers and contractors. Sales revenue amounted to SEK 1,013 m (998), which is an increase of 2 percent compared with the previous year. Adjusted for currency effects there was a 4 percent increase. Sales growth was particularly strong in Russia, the business area's largest market, but sales in other CIS countries have also performed well. The worsening economic situation in Europe has had a negative impact on sales in Western Europe. Operating profit (EBIT), excluding one-off items, increased to SEK 100 m (38). The operating margin (EBIT) amounted to 9.9 percent (3.8). The improvement is mainly due to reduced fixed costs and the improved gross margin. During the year, a major restructuring of production activities has been carried out, resulting in production being concentrated in the plants in Luxembourg and Russia. The majority of production activity in Prerov, the Czech Republic, was discontinued in 2012.

Gross profit

Gross profit decreased by 1 percent to SEK 1,870 m (1,891). The gross margin stood at 28 percent (27) of sales revenue.

Other operating income

Other operating income amounted to SEK 85 m (77) and consists primarily of exchange rate gains on operating receivables/liabilities.

Indirect costs

Sales and administration expenses decreased by 5 percent, to SEK 1,384 m (1,456), equivalent to 21 percent (21) of sales revenue. Research and development expenses amounted to SEK 44 m (40), equivalent to 0.7 percent (0.6) of sales revenue.

Other operating expenses

Other operating expenses amounted to SEK 193 m (124). Other operating expenses for the year include one-off costs of SEK 117 m (42), of which SEK 83 m (18) relates to the cost redcution programme. This also includes exchange rate losses on operating receivables/liabilities.

Depreciation/amortisation and impairment losses

Total depreciation/amortisation and impairment losses for the year, included in the costs per function (see note 8), amounted to SEK 156 m (163). The lower depreciation/amortisation and impairment losses compared to last year are due to Lindab having had a lower rate of investment in recent years.

Operating profit

The operating profit (EBIT) totalled SEK 334 m (348), which is a decrease of 4 percent compared with the previous year. The operating profit (EBIT), excluding one-off items, amounted to SEK 460 m (407), which is 13 percent higher than last year. The lower operating profit is due to lower volumes, which have been largely offset by implemented cost and efficiency activities, which has led to an increase in the operating margin (EBIT) to 6.9 percent (5.9).

The cost reduction programme announced at the start of 2012 has generated a positive effect during the year. The programme has been successful and because some markets have experienced weaker demand than expected, additional savings measures have been implemented, meaning that the total cost savings are now higher than planned when the programme was first announced.

The operating profit (EBIT) has been affected by one-off costs totalling SEK –126 m (–59). These are explained by structural measures as part of the cost reduction programme, costs relating to the change of CEO and transaction costs for the acquisition of subsidiaries, see the specification of one-off items on page 61.

Pre-tax result

The pre-tax result amounted to SEK 178 m (186), a decrease of 4 percent. Net financial items amounted to SEK –156 m (–162). The decrease is mainly due to a lower rate of interest in 2012 compared with 2011.

Taxes

The Group's tax expenses for the year amounted to SEK 56 m (95) and the actual tax rate amounted to 31 percent (51) of the pre-tax result. The cost of current tax has decreased due to lower profits in Group companies. The cost of deferred tax has been positively affected by SEK 11 m, resulting from the assets and liabilities for deferred taxes in Swedish companies having been converted to the new tax rate of 22 percent. The cost of deferred tax has also increased due to the SEK 14 m reversal of deferred tax on deficits, primarily in Germany. The total tax expense has also been adversely affected by SEK 17 m through deferred tax on net losses in some subsidiaries having not been recognised. The average tax rate was 19 percent (25). For more information, see note 14 pages 96–97.

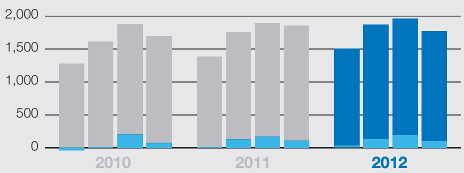
Profit for the year and earnings per share

Profit for the year amounted to SEK 122 m (91). The after-tax earnings per share, both undiluted and diluted, amounted to SEK 1.61 (1.21).

Comprehensive income

Comprehensive income amounted to SEK 42 m (36). Comprehensive income includes Other comprehensive income, comprising translation differences arising when foreign operations are translated to SEK and adjustments to the value of cash flow hedges regarding deferred tax.

Sales revenue and operating profit (EBIT) for the group per quarter, SEK m



Sales revenue 2010–2011
Sales revenue 2012
Operating profit (EBIT), adjusted for one-off items

Sales revenue, operating profit (EBIT) and operating margin (EBIT) by business area

	Sales revenue			Operating profit (EBIT)			Operating margin (EBIT), excl. one-off items, %		
SEK m	**2012**	2011	2010	**2012**	2011	2010	**2012**	2011	2010
Ventilation	3,591	3,612	3,535	263	221	189	7.3	6.1	5.3
Building Components	2,052	2,268	2,118	135	192	185	6.6	8.5	8.7
Building Systems	1,013	998	874	100	38	18	9.9	3.8	2.1
Other operations	-	-	-	–38	–44	–45	N/A	N/A	N/A
One-off items	-	-	-	–126	–59	–63	N/A	N/A	N/A
Total	**6,656**	**6,878**	**6,527**	**334**	**348**	**284**	**6.9**	**5.9**	**5.3**

Statement of comprehensive income

(Income Statement)

Amounts in SEK m	Note	2012	2011
Sales revenue	7	6,656	6,878
Cost of goods sold	6, 8, 9, 27	–4,786	–4,987
Gross profit		**1,870**	**1,891**
Other operating income	12	85	77
Selling expenses	6, 8, 9, 27	–907	–939
Administrative expenses	6, 8, 9, 10, 27	–477	–517
R & D expenses	6, 8, 9, 11	–44	–40
Other operating expenses	9, 12	–193	–124
Total operating costs		**–1,536**	**–1,543**
Operating profit (EBIT)		**334**	**348**
Interest income	13	12	8
Interest expenses	13	–162	–168
Other financial income and expenses	13	–6	–2
Net financial income		**–156**	**–162**
Profit before tax (EBT)		**178**	**186**
Tax on profit for the year	14	–56	–95
Profit for the year		**122**	**91**
– thereof attributable to parent company shareholders		*122*	*91*
Other comprehensive income			
Cash flow hedges		11	–2
Income tax attributable to cash flow hedges		–3	1
Translation differences, foreign operations		–88	–54
Other comprehensive income		**–80**	**–55**
Comprehensive income		**42**	**36**
– thereof attributable to parent company shareholders		*42*	*36*
Earnings per share, SEK			
Undiluted	15	1.61	1.21
Diluted	15	1.61	1.21

Specification of one-off items

2012	**Ventilation**	**Building Components**	**Building Systems**	**Other operations**	**Total**
Operating profit (EBIT) excl. one-off items	263	135	100	–38	460
One-off items	–48	–22	–23	–33	–126*
Operating profit (EBIT) incl. one-off items	**215**	**113**	**77**	**–71**	**334**
2011					
Operating profit (EBIT) excl. one-off items	221	192	38	–44	407
One-off items	–23	–20	–16	-	–59**
Operating profit (EBIT) incl. one-off items	**198**	**172**	**22**	**–44**	**348**

Operating profit (EBIT) has been adjusted for the following one-off items, which are reported as Cost of goods sold, Other operating income and Other operating expenses:

2012 SEK –92 m relating to the cost reduction programme.*
SEK –7 m for the acquisition of subsidiaries.
SEK –27 m relating to severance cost for the President and CEO.

*2011** SEK –17 m relating to the transfer of Ventilation's production in St. Petersburg, Russia to Tallinn, Estonia, and the change of business area manager.*
SEK –22 m, relating to the cost reduction programme.
SEK –20 m, regarding the change in management for the Building Systems business area and for the impairment of assets in production units in CEE.

Cash flow

Cash flow from operating activities

Cash flow from operating activities amounted to SEK 222 m (345). The decrease was partly due to lower cash flow from operating activities before changes in working capital of SEK 246 m (304). The operating profit (EBIT) amounted to SEK 334 m compared with SEK 348 m for the corresponding period the previous year, due to higher one-off items for the period. Reversed items not affecting cash flow decreased by SEK 26 m compared with the previous year. The decrease is mainly due to lower unrealised exchange rate differences as well as the greater change in provisions. Paid taxes of SEK –125 m (–71), have also contributed to the decrease, while the net tax assets are greater compared with the same period the previous year. Cash flow from tax receivables is expected during the first quarter of 2013. The change in working capital had a negative impact of SEK –24 m (41), this is mainly due to the accrual of payments to suppliers but also to high stock levels of finished goods at the end of the year resulting from the slowdown in sales/deliveries, particularly during the fourth quarter.

Items not affecting cash flow

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

Cash flow from investing activities

Cash flow from investing activities amounted to SEK –441 m (–143). Investments in fixed assets amounted to SEK –162 m (–143), while divestments amounted to SEK 8 m (22). The investments relate mainly to efficiency investments in the Czech Republic and expansion investments in Russia. Cash flow from investing activities amounted to SEK –154 m net, excluding acquisitions and divestments of subsidiaries.

Company acquisitions and divestments

On 19 March, Plannja's sandwich panel and decking profile business was acquired through an acquisition of assets. The cash flow was negatively affected by SEK 44 m.

Lindab acquired 100 percent of Centrum Klima S.A. in three stages starting on 30 April. The company is a leading Polish manufacturer and distributor of ventilation and indoor climate systems. The cash flow was negatively affected by SEK 243 m.

For a more detailed explanation, see note 5, Business Combinations, on pages 88–89.

Financing activities

Financing activities resulted in a net cash flow of SEK 291 m (–202) consisting of increased borrowing of SEK 315 m (–127), the sale of SEK 52 m (-) in treasury shares and the dividend paid of SEK –76 m (–75).

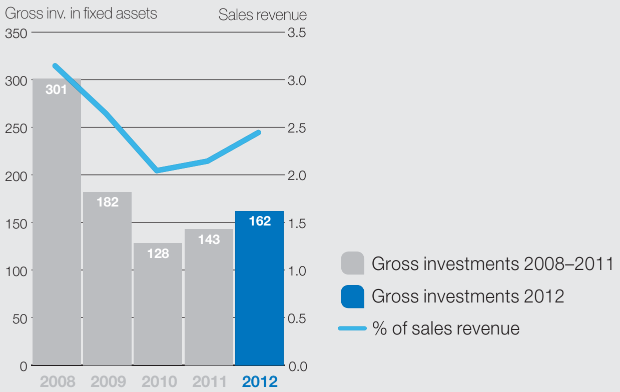
Statement of cash flows

(Indirect method)

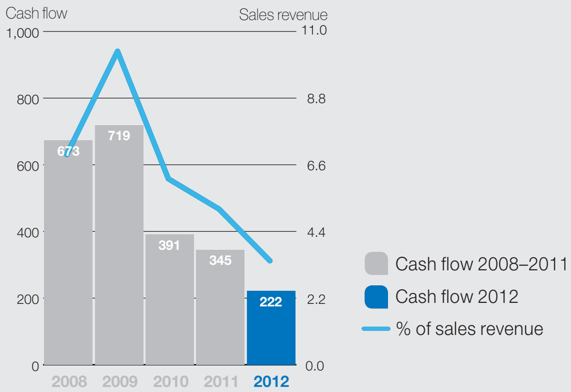
Amounts in SEK m	Note	2012	2011
Operating activities			
Operating profit		334	348
Reversal of depreciation/amortisation and impairment loss	8	156	163
Reversal of capital gains (–)/losses (+) reported in operating profit		0	4
Provisions, not affecting cash flow		24	6
Adjustment for other items not affecting cash flow		1	34
Total		**515**	**555**
Interest received		7	4
Interest paid		–151	–184
Tax paid		–125	–71
Cash flow from operating activities before change in working capital		**246**	**304**
Change in working capital*			
Stock (increase – / decrease +)		44	68
Operating receivables (increase – / decrease +)		64	–138
Operating liabilities (increase + / decrease –)		–132	111
Total change in working capital		*–24*	*41*
Cash flow from operating activities		**222**	**345**
Investing activities			
Acquisition of Group companies, net of cash	5	–287	–32
Divestment of operations, net of cash	5	0	3
Investments in intangible fixed assets	16	–21	–32
Investments in tangible fixed assets	17	–141	–111
Sale/disposal of tangible fixed assets	17	8	22
Government grants received		-	7
Cash flow from investing activities		**–441**	**–143**
Financing activities			
Proceeds from/repayment of borrowings		315	–127
Sale of treasury shares		52	-
Dividend to shareholders		–76	–75
Cash flow from financing activities		**291**	**–202**
Cash flow for the year		**72**	**0**
Cash and cash equivalents at the beginning of the year		235	239
Effect of exchange rate changes on cash and cash equivalents		–6	–4
Cash and cash equivalents at the end of the year		**301**	**235**

*) Working capital, see definition on page 111.

Gross investments in fixed assets, excl. acquisitions and divestments, SEK m, and in relation to sales revenue, %



Cash flow from operating activities, SEK m, and in relation to sales revenue, %



Financial position

Fixed assets and investments

Information about changes in the structure of fixed assets can be found in the notes to the cash-flow analysis on page 62.

Stock and accounts receivable

Stock is on a par with the previous year, while accounts receivable decreased by 6 percent. At the year-end, stock and accounts receivable in relation to sales revenue amounted to 15 percent (14) and 14 percent (15) respectively.

Cash and cash equivalents

At the year end, consolidated cash and cash equivalents totalled SEK 301 m (235). Unappropriated cash and cash equivalents including unused credit facilities amounted to SEK 1,095 m (1,944), based on an underlying credit limit of SEK 2,900 m.

Capital employed

Consolidated capital employed, including goodwill and consolidated surplus value amounted to SEK 5,124 m (4,724), which is an increase of 8 percent. Return on capital employed, including goodwill and consolidated surplus value, amounted to 6.7 percent (7.1). The decrease is due to a lower adjusted profit and also to a higher average capital employed, since the total assets have increased.

Equity

At the year end, the consolidated equity totalled SEK 2,710 m (2,699). During the year, a dividend of SEK 76 m was paid from the parent company to shareholders for the financial year 2011. Equity per share amounted to SEK 35.50 (35.83). Return on equity, or profit for the year in relation to equity, has increased to 4.6 percent (3.3).

Operating capital

The operating capital totalled SEK 4,780 m (4,446). The return on operating capital amounted to 7.1 percent (7.4). Adjusted for one-off items, the return was 9.8 percent (8.7).

Net liabilities

At 31 December 2012, net debt amounted to SEK 2,070 m (1,747). The increase is mainly due to acquisitions of SEK 278 m and the dividend to shareholders of SEK 76 m. Currency changes have had a marginal impact. The net debt comprises long-term and short-term interest-bearing liabilities, including interest-bearing provisions less interest-bearing assets, cash holdings and bank balances. Interest bearing liabilities amounted to SEK 2,415 m (2,026), of which SEK 142 m (135) were provisions for pensions. Interest-bearing assets, including cash and bank balances amounted to SEK 345 m (279).

The net debt/equity ratio is included in our financial targets. The target is for this to lie within an interval of 0.8-1.2 times. The measurement shows the relationship between borrowings and equity and thus the gearing effect, or expressed another way, the company's financial strength. The net debt/equity ratio, i.e. net debt in relation to shareholders' equity, was 0.8 times (0.6).

Interest coverage ratio

The interest coverage ratio was 2.1 times (2.1). This is a measure of how many times the profit can decrease without the interest payments being affected.

Equity/assets ratio

The Group's equity/assets ratio, i.e. shareholders' equity in relation to total assets, amounted to 41 percent (42).

Credit agreement

The existing credit agreement with Nordea and Handelsbanken expires in February 2015. From the start of the contract up to 30 December 2012, the total credit limit amounted to SEK 3,000 m. From 31 December 2012, the total credit limit amounts to SEK 2,900 m in accordance with the current credit limit.

Pledged assets and contingent liabilities

Pledged assets total SEK 400 m (344). Contingent liabilities total SEK 14 m (24).

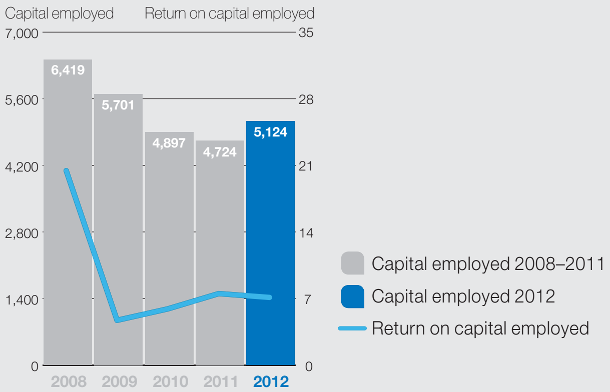
Statement of financial position

(Balance sheet)

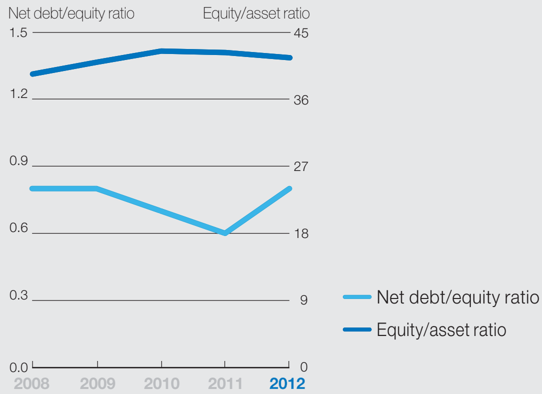
Amounts in SEK m	Note	**31 Dec 2012**	31 Dec 2011
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for development work and similar	16	0	0
Patents and similar rights	16	0	0
Goodwill	16	2,682	2,591
Other intangible fixed assets	16	65	66
Total intangible fixed assets		*2,747*	*2,657*
Tangible fixed assets			
Buildings and land	17, 27	593	546
Machinery and equipment	17	511	456
Construction in progress and advance payments on tangible fixed assets	17	104	82
Total tangible fixed assets		*1,208*	*1,084*
Financial fixed assets			
Financial investment	23	39	36
Deferred tax assets	14	150	313
Other investments held as fixed assets	18	4	3
Other long-term receivables	19	2	4
Total financial fixed assets		*195*	*356*
Total fixed assets		**4,150**	**4,097**
Current assets			
Stock	20	966	962
Accounts receivable	21	962	1,023
Other receivables	21	80	71
Current tax assets		67	16
Prepaid expenses and accrued income	21	83	67
Prepaid expenses and accrued income, interest-bearing	21	5	8
Cash and cash equivalents		301	235
Total current assets		**2,464**	**2,382**
TOTAL ASSETS		**6,614**	**6,479**

Amounts in SEK m	Note	**31 Dec 2012**	31 Dec 2011
EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to parent company shareholders			
Share capital	22	79	79
Other contributed capital		2,227	2,234
Reserves		–96	–16
Profit brought forward, including profit for the year		500	402
Total shareholders' equity		**2,710**	**2,699**
Long-term liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	2,056	1,772
Provisions for pensions and similar obligations	23	142	135
Total interest-bearing liabilities		*2,198*	*1,907*
Non-interest-bearing liabilities			
Deferred tax liabilities	14	140	302
Other provisions	24	30	36
Other liabilities		12	13
Total non-interest-bearing liabilities		*182*	*351*
Total long-term liabilities		**2,380**	**2,258**
Current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	11	6
Bank overdraft facilities	25	193	98
Accrued expenses and deferred income	26	12	14
Total interest-bearing liabilities		*216*	*118*
Non-interest-bearing liabilities			
Advance payments from customers		137	134
Accounts payable		569	708
Current tax liabilities		22	44
Other provisions	24	73	49
Other liabilities		103	116
Accrued expenses and deferred income	26	404	353
Total non-interest-bearing liabilities		*1,308*	*1,404*
Total current liabilities		**1,524**	**1,522**
TOTAL EQUITY AND LIABILITIES		**6,614**	**6,479**
Pledged assets	28	400	344
Contingent liabilities	28	14	24

Capital employed, SEK m and return on capital employed, %



Net debt/equity ratio and equity/assets ratio, times and %



Changes in equity

Share capital

At 31 December 2012, the share capital amounted to SEK 78,707,820 split between 78,707,820 class A shares only. All shares have a face value of SEK 1.00 each.

Lindab holds 2,375,838 treasury shares (3,375,838), equivalent to 3.0 percent (4.3) of the total number of Lindab shares. The number of outstanding shares has increased to 76,331,982 (75,331,982).

All shares have the same right to profit and surplus in the event of liquidation and they entitle the holder to one vote at Lindab's Annual General Meeting. According to Lindab's Articles of Association, issued share capital must not fall below SEK 60 m nor exceed SEK 240 m, and the number of shares must not fall below 60,000,000 nor exceed 240,000,000.

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

At 31 December 2012, the company had a market capitalisation of SEK 3,384 m (2,817) and 6,328 shareholders (6,129). The largest shareholder is Creades AB, which owns 12.2 percent (-). This is followed by Systemair AB with 12.0 percent (-), Lannebo Fonder with 9.0 percent (7.0), Livförsäkringsaktiebolaget Skandia with 8.8 percent (9.5), and Swedbank Robur Fonder with 8.5 percent (9.9). These five largest shareholders together hold 50.5 percent (26.4) of the share capital and voting rights. The five largest shareholders last year held 48.5 percent altogether.

There are no restrictions on how many shares a shareholder can represent at a 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 decided at general meetings.

Incentive programme

The Annual General Meetings in 2011 and 2012 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of performance-based share savings programmes. For a more detailed description, see note 6.

Participation in the programmes requires participants to make an initial investment in Lindab shares. Participation entitles the holder to receive new shares, provided that certain conditions are met. Performance is measured in the financial years for 2013 and 2014 and compared to the financial years for 2010 and 2011 respectively. An assessment has been made regarding the conditions' fulfilment and a cost for the reward programmes and a similar entry is recognised in equity.

A futures contract has been entered into with a third party in order to ensure the holding of the necessary shares. The shares acquired shall correspond with the maximum number that may be transferred to participants in accordance with the share-related reward programme. This obligation is recognised as a financial liability and a reduction in Other Contributed Capital in equity.

Dividend to shareholders for the operating year 2011

The Annual General Meeting on 9 May 2012 decided on a dividend to the shareholders. The dividend amounted to SEK 1 per share, corresponding to a total of SEK 76,331,982. The retained earnings of SEK 543,358,147 remaining would be carried forward. The Annual General Meeting also resolved on the sale of treasury shares, which took place in the second quarter of 2012. The sale increased retained earnings by SEK 52,180,520.

Managing Capital

Lindab's managed capital comprise the sum of equity and the Group's net debt, totalling SEK 4,780 m (4,446).

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 goal 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 is governed on the basis of three financial targets, as detailed below:

- The operating margin target is to achieve an annualised rate of 10 percent for the full year 2014.
- The annual organic growth will exceed relevant construction market growth by 2 to 4 percentage points.
- The capital borrowed by the company will correspond to 0.8–1.2 times the Group's recorded equity. The capital will be used to maintain a high degree of flexibility and to finance acquisitions. Any surplus capital will be transferred to Lindab's shareholders. Falling within this interval creates room for manoeuvre.

Examples of active measures include the proposal by Lindab's Board of Directors not to pay a dividend for 2012. A dividend of SEK 76 m was paid in 2011. See also notes 25 and 28.

To ensure the availability of financing, it is important to meet the obligations to the banks arising from the credit agreement. Lindab fulfils these demands.

Lindab's Finance 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 Corporate 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.

Nature and purpose of reserves within equity

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow instruments attributable to hedging transactions that have not yet occurred.

Statement of changes in equity

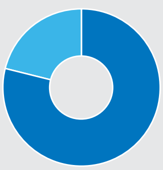
Amounts in SEK m	Share capital	Other contri-buted capital	Hedging reserve	Foreign currency transl. adj.	Profit brought forward incl. profit for the year	Total	Non-controlling interest	Total equity
	Equity attributable to parent company shareholders							
Opening balance, 1 January 2011	**79**	**2,251**	**–7**	**46**	**386**	**2,755**	**-**	**2,755**
Profit for the year					91	91	-	91
Other comprehensive income			–1	–54		–55	-	–55
Comprehensive income after tax	*-*	*-*	*–1*	*–54*	*91*	*–36*	*-*	*–36*
Incentive programme		1				1	-	1
Futures contract to acquire treasury shares, Incentive programme[1)]		–18				–18	-	–18
Dividend to shareholders					–75	–75	-	–75
Transactions with shareholders	*-*	*–17*	*-*	*-*	*–75*	*–92*	*-*	*–92*
Closing balance, 31 December 2011	**79**	**2,234**	**–8**	**–8**	**402**	**2,699**	**-**	**2,699**
Profit for the year					122	122	-	122
Other comprehensive income			8	–88		–80	-	–80
Comprehensive income after tax	*-*	*-*	*8*	*–88*	*122*	*42*	*-*	*42*
Sale of treasury shares					52	52	-	52
Incentive programme		2				2	-	2
Futures contract to acquire treasury shares, Incentive programme[1)]		–9				–9	-	–9
Dividend to shareholders					–76	–76	-	–76
Transactions with shareholders	*-*	*–7*	*-*	*-*	*–24*	*–31*	*-*	*–31*
Acqusition of non-controlling interests						-	126	126
Acqusition from non-controlling interests						-	–126	–126
Closing balance, 31 December 2012	**79**	**2,227**	**0**	**–96**	**500**	**2,710**	**-**	**2,710**

1) The 2012 Annual General Meeting resolved, as in the previous year, to implement a long-term share-based incentive programme. The offering has been aimed at 83 participants in various management positions and senior executives at Lindab. 63 accepted the offer. Upon maximum allocation, 324,288 shares may be transferred to the participants. These shares have been secured in the form of futures contracts to acquire treasury shares with third parties, which mean that no dilution occurs. Provisions for the incentive programme initiated in 2011 continued during 2012.

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.

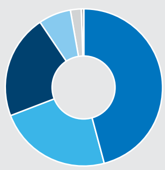
For detailed information relating to the change in share capital, see note 22 on page 102.

Geographical distribution of ownership, %



- Sweden, 79 (82)
- Rest of the world, 21 (18)

Shareholder categories, %



- Financial companies, 42 (59)
- Other legal entities, 29 (3)
- Foreign shareholders, 21 (18)
- Private individuals, 6 (5)
- Pension funds, 2 (15)
- Associations, 0 (0)

The parent company

The parent company is a holding company that holds 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 most subsidiaries.

The parent company had no sales revenue during the financial year.

Profit for the year amounted to SEK 0 m (0). Group contributions received from subsidiaries amounted to SEK 95 m (111). No dividends from subsidiaries were received in 2012 or 2011.

Notes to changes in parent company equity

Dividend to shareholders for the operating year 2011

The Annual General Meeting on 9 May 2012 resolved to pay a dividend to shareholders of SEK 1.00 per share, corresponding to SEK 76 m and for the remaining SEK 619,690,129 to be carried forward. In 2011, a dividend of SEK 75 m was paid for the financial year 2010.

Outstanding shares

At 31 December 2012, the share capital amounted to SEK 78,707,820 split between 78,707,820 class A shares only. All shares have a face value of SEK 1.00 each.

The number of outstanding shares is 76,331,982 (75,331,982). 1,000,000 treasury shares were sold in the second quarter of 2012, increasing retained earnings by SEK 52 m.

For further information see note 22, Share capital.

Risks, risk management and internal control

See the Corporate Governance Report on pages 47–56 and note 3 on pages 81–85.

Income statement

Amounts in SEK m	Note	2012	2011
Administrative expenses	9, 10	–5	–3
Other operating income	12	8	0
Other operating expenses	6, 9, 10, 12	0	–3
Operating profit		**3**	**–6**
Profit from subsidiaries	13	95	111
Interest expenses, internal	13	–98	–106
Profit after financial items		**–3**	**–1**
Tax on profit for the year	14	0	1
Profit for the year*		**0**	**0**

**) Comprehensive income corresponds to profit for the year.*

Cash flow analysis

Amounts in SEK m	2012	2011
Operating profit	3	–6
Provisions, not affecting cash flow	–3	2
Interest received	0	0
Interest paid	–98	–106
Tax paid	–2	9
Cash flow from operating activities before change in working capital	**–100**	**–101**
Change in working capital		
Operating liabilities	0	–2
Cash flow from operating activities	**–100**	**–103**
Financing activities		
Loans from Group companies	118	184
Repayment of debt	-	-
Dividend paid	–76	–75
Sale of treasury shares	52	-
Cash flow from financing activities	**94**	**109**
Cash flow for the year	**–6**	**6**
Cash and cash equivalents at the beginning of the year	7	1
Cash and cash equivalents at the end of the year	**1**	**7**

Balance sheet

Amounts in SEK m	Note	31 Dec 2012	31 Dec 2011
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	30	3,467	3,467
Financial fixed assets, interest-bearing		7	7
Deferred tax assets		2	2
Total fixed assets		**3,476**	**3,476**
Current assets			
Current tax assets		2	-
Cash and cash equivalents		1	7
Total current assets		**3**	**7**
TOTAL ASSETS		**3,479**	**3,483**
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	22	79	79
Statutory reserve		708	708
Non-restricted equity			
Share premium reserve		90	90
Profit brought forward		506	530
Profit for the year*		0	0
Total shareholders' equity		**1,383**	**1,407**
Provisions			
Provisions, interest-bearing		7	10
Total provisions		**7**	**10**
Long-term liabilities			
Liabilities to Group companies, interest-bearing		2,087	2,064
Total long-term liabilities		**2,087**	**2,064**
Current liabilities			
Non-interest-bearing liabilities			
Accounts payable		0	0
Accrued expenses and deferred income	26	2	2
Total non-interest-bearing liabilities		*2*	*2*
Total current liabilities		**2**	**2**
TOTAL EQUITY AND LIABILITIES		**3,479**	**3,483**
Pledged assets	28	-	-
Contingent liabilities	28	-	-

*) Comprehensive income corresponds to profit for the year.

Changes in parent company equity

	Equity attributable to parent company shareholders					
Amounts in SEK m	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year*	Total equity
Opening balance, 1 January 2011	**79**	**708**	**90**	**605**	**0**	**1,482**
Profit for the year					0	0
Transactions with shareholders						
Transfer of treasury shares in company acquisitions				–75		–75
Closing balance, 31 December 2011	**79**	**708**	**90**	**530**	**0**	**1,407**
Profit for the year					0	0
Transactions with shareholders						
Dividend to shareholders				–76		–76
Sale of treasury shares				52		52
Closing balance, 31 December 2012	**79**	**708**	**90**	**506**	**0**	**1,383**

*) Comprehensive income corresponds to profit for the year.

The Group: Ten years in summary

Amounts in SEK m unless otherwise indicated.

Sales revenue and profit	**2012**	2011	2010	2009	2008	2007	2006	2005	2004	2003*
Sales revenue	6,656	6,878	6,527	7,019	9,840	9,280	7,609	6,214	5,477	5,302
Growth, %	–3	5	–7	–29	6	22	22	13	3	1
of which volumes and prices	–5	9	–1	–33	2	14	10	6	7	3
of which acquistions/divestments	3	0	0	1	3	8	13	5	–3	1
of which currency effects	–1	–4	–6	3	1	0	1	2	–1	–3
Net sales abroad, %	76	76	77	81	82	82	80	77	75	72
Operating profit (EBITDA)	490	511	565	479	1,388	1,512	1,103	751	569	472
Depreciation/amortisation	156	163	280	225	225	203	209	194	185	285
Operating profit (EBITA)[3)]	334	348	401	265	1,172	1,318	903	560	384	305
Operating profit (EBIT)	334	348	284	254	1,163	1,309	894	557	384	187
One-off items[1)]	–126	–59	–63	–47	–116	-	–39	7	-	N/A
Operating profit (EBIT), excluding one-off items	460	407	347	301	1,279	1,309	933	550	384	N/A
Result before tax (EBT)	178	186	112	119	990	1,175	797	484	297	92
Profit for the year	122	91	27	34	723	901	585	351	203	26
Comprehensive income	42	36	–298	–142	1,124	1,035	439	485	220	–42
Cash flow										
Cash flow from operating activities	222	345	391	719	673	875	778	730	426	395
Cash flow from investing activities	–441	–143	241	–188	–418	–225	–424	–667	–159	–112
Cash flow from financing activities	291	–202	–616	–541	–396	–487	–395	58	–370	–165
Cash flow for the year	72	0	16	–10	–141	163	–40	121	–103	118
Operating cash flow	319	361	418	731	931	985	821	659	-	-
Capital employed and financing										
Balance sheet total	6,614	6,479	6,570	7,442	8,625	7,700	7,077	6,525	5,510	5,178
Capital employed	5,124	4,724	4,897	5,701	6,419	5,594	4,998	4,949	4,377	4,247
Operating capital	4,780	4,446	4,611	5,425	6,120	5,207	4,792	4,699	4,227	4,001
Net debt	2,070	1,747	1,856	2,422	2,774	2,238	2,602	1,846	1,858	1,791
Shareholders' equity	2,710	2,699	2,755	3,003	3,346	2,969	2,190	2,853	2,369	2,210
Data per share, SEK										
Undiluted average number of shares, '000s[2)]	75,998	75,332	75,203	74,772	77,548	78,708	90,702	120,000	120,000	120,000
Diluted average number of shares, '000s[2)]	75,998	75,332	75,203	74,772	77,548	78,708	93,062	122,940	122,736	122,736
Undiluted no. of shares at year end, '000s	76,332	75,332	75,332	74,772	74,772	78,708	78,708	120,000	120,000	120,000
Diluted no. of shares at year end, '000s	76,332	75,332	75,332	74,772	74,772	78,708	78,708	122,940	122,736	122,736
Undiluted earnings per share	1.61	1.21	0.36	0.45	9.32	11.45	6.45	2.93	1.69	0.22
Diluted earnings per share (EPS)	1.61	1.21	0.36	0.45	9.32	11.45	6.29	2.86	1.65	0.21
Earnings per share, current number of outstanding shares	1.61	1.21	0.36	0.45	9.67	11.45	7.43	2.93	1.69	0.22
Undiluted equity per share	35.50	35.83	36.57	40.16	44.75	37.72	27.82	23.77	19.74	18.42
Diluted equity per share	35.50	35.83	36.57	40.16	44.75	37.72	27.82	23.21	19.30	18.00
Cash flow from operating activities per share	2.92	4.58	5.20	9.62	8.68	11.12	9.89	5.94	3.47	3.22
Dividend per share (for 2012 according to the Board's proposal)	-	1.0	1.0	-	2.75	5.25	3.25	-	-	-
P/E ratio	26.7	30.9	245.1	163.3	5.2	12.9	20.7	N/A	N/A	N/A
Quoted price at year end, LIAB	43.00	37.40	88.25	73.50	48.50	147.25	130.25	N/A	N/A	N/A
Market capitalisation at year end	3,384	2,817	6,648	5,496	3,626	11,590	10,252	N/A	N/A	N/A
Investments										
Fixed assets (gross)	162	143	128	182	301	195	146	218	199	195

Key figures	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003*
Operating margin (EBITDA), %	7.4	7.4	8.7	6.8	14.1	16.3	14.5	12.1	10.4	8.9
Operating margin (EBITA), %	5.0	5.1	6.1	3.8	11.9	14.2	11.9	9.0	7.0	5.8
Operating margin (EBIT), %	5.0	5.1	4.4	3.6	11.8	14.1	11.7	9.0	7.0	3.5
Operating margin (EBIT), excluding one-off items, %	6.9	5.9	5.3	4.3	13.0	14.1	12.3	8.9	7.0	N/A
Profit margin (EBT), %	2.7	2.7	1.7	1.7	10.1	12.7	10.5	7.8	5.4	1.7
Return on capital employed, %	6.7	7.1	5.5	4.3	20.0	24.5	18.2	11.9	10.7	4.7
Return on operating capital, %	7.1	7.4	5.6	4.3	20.7	25.4	19.1	12.2	9.4	7.5[3]
Return on operating capital, excluding one-off items, %	9.8	8.7	6.9	5.1	22.8	25.4	19.9	11.8	9.4	N/A
Return on equity, %	4.6	3.3	0.9	1.1	23.4	35.9	25.1	13.7	9.0	1.2
Return on total assets, %	5.0	5.2	4.1	3.3	14.3	17.4	13.3	9.4	8.5	3.8
Equity/assets ratio, %	41.0	41.7	41.9	40.4	38.8	38.6	30.9	43.7	43.3	42.5
Net debt/equity ratio, times	0.8	0.6	0.7	0.8	0.8	0.8	1.2	0.7	0.8	0.8
Interest coverage ratio, times	2.1	2.1	1.6	1.8	6.1	8.6	8.4	6.9	4.1	1.9
Employees										
Average no. of employees	4,509	4,484	4,454	4,586	5,389	5,013	4,689	4,135	4,138	3,920
of which abroad	3,469	3,474	3,460	3,638	4,211	3,907	3,611	3,011	2,936	2,617
Number of employees at close of period	4,363	4,347	4,381	4,435	5,291	5,256	4,942	4,479	4,011	3,874
Payroll expenses including social security contributions and pension expenses	1,706	1,735	1,724	1,874	2,098	1,938	1,706	1,480	1,385	1,374
Sales per employee, SEK ('000s)	1,476	1,534	1,465	1,531	1,826	1,851	1,623	1,503	1,324	1,352

*) Key figures relating to the years 2003 have not been restated in accordance with IFRS.

1) One-off items for

- 2012, totalling SEK –126 m, consisting of SEK –92 m relating to the cost reduction programme, SEK –7 m for the acquisition of subsidiaries, and SEK –27 m relating to severance cost for the President and CEO.
- 2011, totalling SEK –59 m, consisting of SEK –17 m for the transfer of Ventilation's production in St. Petersburg, Russia, to Tallin, Estonia, and the change of business area manager,SEK –22 m for the cost reduction programme, and SEK –20 m regarding the change in management for the Building Systems business area and for the impairment of assets in production units in CEE.
- 2010, totalling SEK –63 m, consisting of SEK –110 m relating to the impairment of goodwill in the Ventilation business area's operations in the USA, SEK 73 m regarding the capital gain on the sale of property in Luxembourg, SEK –7 m in costs relating to the closure of the Ventilation unit in Texas in the USA, and SEK –19 m in restructuring expenses. .
- 2009, totalling SEK –47 m, consisting of SEK –45 m in costs relating to the cost reduction programme, a SEK 10 m income from sale of Folke Perforering's operations, plus SEK –12 m in costs relating to the closure of Lindab Plåt in Edsvära.
- 2008, totalling SEK –116 m, consisting of SEK –117 m for the cost reduction programme, a SEK –18 m impairment loss in stock, a SEK 14 capital gain on the sale of property as well as a SEK 18 m capital gain from the divestment of company holdings and SEK –13 m in costs to replace the CEO.
- 2006, totalling SEK –39 m consisting of restructuring costs of SEK –41 m, SEK –25 m in costs in connection with flotation on the stock exchange and a capital gain of SEK 27 m from the sale of property.
- 2005, totalling SEK 7 m, consisting of SEK –40 m in restructuring costs and a capital gain of SEK 47 m on the sale of property.

For Lindab, one-off items are considered to exist in the case of events that are not among regular business transactions and when each individual amount is of a non-negligible size, and could therefore have an effect on the profit and key ratios.

2) The average number of shares has been adjusted for 2006 with respect to the 8:1 and 15:1 splits.
3) To make a comparison between the years 2004–2006, the operating profit (EBITA) for 2003 has been calculated.

Financial definitions, see page 111.

Notes

Content notes

Note 1 General information

Lindab International AB, with headquarters in Båstad, and registered in Sweden under the Corporate identification 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 financial statements have been approved for publication by the Board of Directors and the President on 7 March 2013. The statement of comprehensive income and statement of financial position, as well as the parent company's income statement and balance sheet, will be matters for approval at the Annual General Meeting of shareholders on 15 May 2013.

Unless otherwise stated, amounts are in SEK m.

Note 2 Summary of important accounting principles

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

Basis for the preparation of accounts

Lindab compiles its consolidated financial statements 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 cost method when evaluating assets and liabilities except for financial assets that can be sold and financial assets and liabilities, including derivative instruments, which are evaluated at fair value through the profit for the year.

Changes to published standards

None of the standards that came into effect in the financial year beginning 1 January 2012 have had any impact on the Group.

New accounting standards not yet applied

In preparing the consolidated financial statements at 31 December 2012, a number of new and revised standards have been published that will come into effect in the coming years. The standards coming into effect in 2013 or later have not been adopted early. Below are the new or amended standards that will have or are expected to have an impact on the consolidated financial statements. The new standards that were published as of 31 December 2012 by IASB and are not described below are not expected to have any impact on the consolidated financial statements.

- IFRS 7, Financial Instruments: Disclosures. The new disclosure requirements mean that disclosures must be made regarding financial assets and financial liabilities that have been offset in the statement of financial position. Disclosures shall also be made regarding financial assets and financial liabilities that are subject to various types of framework agreements or similar agreements that allow offsetting ("master netting arrangements"), whether they have been offset or not. The amendments come into effect from 1 January 2013 and will also be applied for the interim reports. Approved by the EU in mid-December 2012. The Group currently has no financial instruments that are covered by this disclosure requirement, but these may be present in future.

- IFRS 9, Financial Instruments: A complete revision of the existing standard IAS 39 is being developed. The first part of the revision has been published and this relates to the recognition and measurement of financial assets and financial liabilities. The revision involves a reduction in the number of valuation categories for financial assets and means that the main categories of accounting for financial assets and liabilities are measured at cost (amortised cost) and fair value through profit. For some investments in equity instruments, it is possible to record fair value in the statement of financial position, with changes in value recognised directly in other comprehensive income, where no transfer is made to profit for the period on divestment. In addition, new rules have been introduced concerning how changes in individual credit spreads should be presented when liabilities are recognised at fair value. Not yet approved by the EU and there is currently no timetable for approval. The standard will be complemented by rules regarding impairment and hedge accounting. It is proposed for this to be applied to financial years beginning on 1 January 2015 or later. The Group has not yet evaluated to effects of the new standard while awaiting completion of the entire revised standard.

- IFRS 10 Consolidated financial statements and the amended IAS 27 Separate financial statements. IFRS 10 replaces the section in IAS 27 relating to the preparation of consolidated financial statements. What remains in IAS 27 continues to relate to the management of subsidiaries, joint ventures and associated companies in separate financial statements. The rules regarding the preparation of consolidated financial statements have not changed. The amendment is more concerned with how a company should go about determining whether there is controlling influence and therefore whether a company should be consolidated. Has been adopted by the EU to be applied from 1 January 2014. In accordance with IASB, IFRS 10 will apply to financial years starting on 1 January 2013 or later. ARC, which is an advisory body to the EU, has recommended that the EU grants approval and that it should come into effect from 1 January 2014. The introduction of IFRS 10 is not expected to affect companies consolidated by the Group today, but it may affect the assessment regarding which companies shall be consolidated in future operations.

- IFRS 12 Disclosures of interest in other entities. Companies with holdings in subsidiaries, associated companies and joint arrangements and structured entities shall disclose this in accordance with IFRS 12. Significant qualitative and quantitative information must be disclosed for each holding. The disclosure requirements include financial information relating to subsidiaries with a significant proportion of non-controlling influence. Has been adopted by the EU to be applied from 1 January 2014. In accordance with IASB, IFRS 12 will apply to financial years starting on 1 January 2013 or later. ARC, which is an advisory body to the EU, has recommended that the EU grants approval and that it should come into effect from 1 January 2014. The introduction of IFRS 12 is expected to affect the information that is currently disclosed regarding subsidiaries. The Group has not yet evaluated in what way or precisely how the disclosures will be affected.

- IFRS 13 Fair value measurement. IFRS 13 does not describe when a fair value is to be used but rather how it should be determined when these should or may be used in accordance with each IFRS standard. In accordance with IFRS 13, new disclosures must be made regarding fair value, which valuation models are being applied and what information (data) is being used in these models, plus the effect of the valuation in the result. Has been adopted by the EU to be applied from 1 January 2013. IFRS 13 will apply to financial years starting on 1 January 2013 or later. At present, IFRS 13 is not expected to have any effect on how the Group calculates fair value, but further disclosures regarding the fair value of financial instruments will have to be made in the interim reports as well as the Annual Report.

- IAS 1 Presentation of Financial Statements. The amendment means that the grouping of transactions reported in other comprehensive income is changed. Items to be included in profit or loss shall be reported separately from any items that shall not be included in profit or loss. The proposal does not alter the actual content in other comprehensive income, only the layout. IAS 1 will apply to financial years starting on 1 July 2012 or later. The Group will have items to be included in profit and loss, such as translation differences, and items not to be included, actuarial gains and losses when applying the revised IAS 19 (see description below). This means that the Group will be affected by the amendment to IAS 1.

- IAS 19 Employee Benefits. The amendments involve significant changes regarding the reporting of defined benefit pension plans. For example, there will no longer be the possibility to defer actuarial gains and losses as part of the "corridor". Actuarial gains and losses shall instead be continuously recognised in other comprehensive income. In the income statement, items are reported that are attributable to earnings of defined benefit pensions plus gains and losses arising due to the settlement of a pension liability and net financial items for the defined benefit plan. Sensitivity analyses should be prepared with respect to reasonable changes in all the assumptions made when calculating pension liabilities. In connection with the revised IAS 19 being applied, UFR 9 Accounting for tax on returns will also be applied for the Swedish units. UFR 9 states that the tax on returns levied on provisions in the statement of financial position should be reported as an operating expense for the period the tax relates to. Such tax on returns should therefore not be included when calculating liabilities for defined benefit pension plans. IAS 19 and UFR will apply to financial years starting on 1 January 2013 or later. The Group currently reports in accordance with the corridor method, which means that the introduction of the revised IAS 19 will have a monetary effect on the consolidated financial statements. At 1 January 2012, the previously unrecognised actuarial losses amounted to SEK 28 m, and will affect the opening retained earnings in equity.

Consolidated financial statements

The consolidated financial statements prepared in accordance with IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements. They include the parent company, Lindab International AB, and the companies and operations in which the parent company, either directly or indirectly, has a controlling influence and associated companies. The consolidated financial statements have been prepared according to the acquisition method.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. The areas containing a high degree of judgement that is of a complex nature, or such areas where assumptions and estimates are of great importance for the consolidated financial statements, are stated in note 4.

Elimination of Group transactions

Gains and losses arising when a Group company sells goods or services to another Group company are eliminated completely. The same applies for associated companies, to the extent that corresponds to the Group's participation. See note 29, Transactions with related parties.

The acquisition method

Acquisitions are managed according to the acquisition method as defined by IFRS 3, Business Combinations. This is distinguished by the recognition of the acquired assets, liabilities and contingent liabilities at their market value, having taken the deferred tax into consideration at the time of the acquisition. The acquisition cost is the fair value of assets given as payment, equity instruments and liabilities incurred or assumed on the date of the acquisition, plus any costs that are directly attributable to the acquisition.

When the cost of acquisition of the subsidiary exceeds the market value of the company's net assets, taking into account the contingent liabilities, the difference is recognised as consolidated goodwill. Goodwill is not amortised but is continually tested for impairment, at least once a year. Other acquired intangible assets are amortised over the estimated useful life.

If the acquisition cost is below the fair value of the acquired subsidiary's net assets, the difference is reported directly in the statement of comprehensive income.

Divested companies are included in the consolidated financial statements up to the time of the divestment. Companies acquired during the year are included in the consolidated financial statements from the time of acquisition.

Subsidiaries

Companies in which the parent company, indirectly or directly, holds more than 50 percent of the voting rights, or in some other way exercises a controlling influence, are consolidated in their entirety. For subsidiaries in Lindab, see note 30, Group companies and associates.

Non-controlling interests

Transactions with non-controlling interests are reported as transactions with shareholders. For acquisitions, Lindab may choose to evaluate these holdings to either the proportionate share of the acquired company's net assets or their fair value, which affects the reported goodwill associated with the acquisition.

For acquisitions completed in stages, goodwill is determined on the date on which controlling interest is achieved. For the purchase of non-controlling interests, this is reported in equity as the difference between any purchase price paid and the relevant acquired share of the subsidiary's net assets.

Associated companies

Associated companies are companies in which the Group controls 20–50 percent of the voting rights or otherwise has a significant influence. Investments in associated companies are reported in the consolidated statements of comprehensive income and financial position in accordance with IAS 28, Investments in Associates, and are thus in accordance with the equity method.

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 associated companies) are submitted in their functional currencies and are translated into the Group's reporting currency according to the current method as defined in IAS 21, The Effects of Changes in Foreign Exchange Rates. 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 rate on the balance sheet date and income 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. When a subsidiary is sold, the accumulated translation differences are reported in the statement of comprehensive income in accordance with IAS 21.

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 rate on the balance sheet date. Exchange rate gains and losses that arise when paying and when translating monetary assets and liabilities in foreign currencies at the exchange rate on 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 12) and are thereby included in the operating profit. Exchange rate differences of a financial nature are reported in financial income and expenses (note 13).

Internal pricing

Market-based pricing is used for inter-company transactions.

Segment reporting

Lindab's operations are managed and reported by business area. Lindab complies with IFRS 8, Operating Segments, which requires disclosures about operating segments. The operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision maker. The Group's segments are its three business areas, Ventilation, Building Components and Building Systems.

The segments are responsible for the operating profit and net assets used in their operations, while net financial items and taxes as well as net borrowing and equity are not reported by segment. The operating profit and net assets for the segments are consolidated according the same principles as for the Group overall. The allocation of costs and net assets is made as needed. Operating expenses not included in the segments are reported under the item Other and include the parent company functions and Group Treasury. Segment reporting is presented in note 7, Segment Reporting.

Revenue recognition

Revenue is recognised according to IAS 18, Revenue. Sales revenues, i.e. net sales for products and services in the ordinary activities, are reported once the delivery is made and the material risks and benefits connected to ownership of the goods have been transferred to the purchaser. For projects within the Building Systems business area, revenue recognition mainly occurs upon each part delivery. Sales are reported net of VAT, less taxes on goods, returns, freight and discounts.

Other income includes payment for any sales that occur in addition to ordinary activities, such as gains on fixed assets sold.

Interest income is reported with consideration to accrued rates on the balance sheet date. Received dividends are reported when the right to receive dividends has been established.

Incentive programme

Incentive programmes are reported in accordance with IAS 2 Share-based Payments. Within the Lindab Group, there is a share-based incentive programme, implemented in 2010, entitling key employees to purchase warrants to subscribe for shares in the company. The warrants may be utilised in the period 1 June 2012-31 May 2013. Participants pay an initial fair value for their warrants, but during the vesting period receive a refund of up to half the fair value paid for the warrants, as long as they remain employed. For this reason, the programme creates a benefit for the individuals and the cost of this benefit is continuously recorded during the relevant vesting period. In cases where the warrants are redeemed, this will give rise to a dilutive effect. If the issue price for the shares is higher than the average share price during the period, the warrants are not expected to lead to any dilutive effect.

The 2011 and 2012 Annual General Meetings decided to introduce, for each year, a long-term incentive programme in the form of a performance-based share savings programme. Participation in the programme requires participants to make an initial investment in Lindab shares. Participation entitles the holder to receive new shares, provided that certain conditions are met. Performance is measured in the financial years for 2013 and 2014 and compared to the financial years for 2010 and 2011 respectively.

Shares allocated to employees as part of the total reward package are valued on the basis of the fair value of the allocated equity instruments in accordance with IFRS 2, paragraph 11. If the conditions are met, a cost for the reward programme is reported and a similar entry is reported in equity in accordance with IFRS 2, paragraph 7.

The expected cost of the reward programmes is continuously re-evaluated.

Financial income and expenses

Finance income comprises interest income on funds invested and dividends plus gains on financial instruments that are measured through profit or loss and hedging instruments that are recognised in net financial items.

Financial expenses comprise interest expenses on borrowings, effects of dissolution of discounted provisions as well as losses on financial instruments measured at fair value through profit and hedging instruments that are recognised in net financial items.

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 established. Exchange rate gains and losses are reported net.

Borrowing costs

All borrowing is reported at fair value i.e. net after transaction costs. Borrowing costs are carried as an expense in the period they are incurred, unless they relate to assets that take a substantial period of time to get ready for use or sale. In such cases, these must be capitalised in accordance with IAS 23, Borrowing Costs.

Income taxes

The Group applies IAS 12, Income Taxes. Recorded 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 on the balance sheet date using the tax rates for individual companies decided or announced on the balance sheet date.

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

Deferred tax receivables are reported to the extent that it is likely that future taxable surpluses 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 receivables on loss carry-forwards are recognised to the extent that the losses are expected to be used to lower tax payments in the foreseeable future. See note 14 for information on tax on profit for the year and deferred tax receivables and liabilities.

One-off items

Items not included in the regular business transactions and when each amount is a non-negligible size and therefore have an effect on the profit and key ratios, are classified as one-off items.

Earnings per share

Earnings per share are reported in accordance with IAS 33, 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. If the number of shares changes during the year, a weighted average is calculated for the outstanding shares during the period. The incentive programme was implemented in 2010, in which 732,000 were subscribed to and 52,000 were reserved for senior executives and key employees. The warrants can be utilised in the period 1 June 2012–31 May 2013 to subscribe for one share in Lindab International AB. Dilutive effects have not been taken into account for the share warrants in the incentive programme since the average share price for the period has been lower than the conversion rates in each of the programmes.

Intangible fixed assets

Goodwill

Goodwill arising from the acquisition of a company and operations is assessed according to IFRS 3, Business Combinations. See also the section on the consolidated financial statements on page 74. Goodwill on acquisitions of subsidiaries is reported in intangible assets. Goodwill is tested for impairment at least annually, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

Impairment is determined by estimating the discounted cash flow that has been projected for the entity to which the goodwill is attributed. In such a case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, the three business areas Ventilation, Building Components and Building Systems are regarded as cash-generating units that are tested for impairment. Operations in the USA are regarded as a separate cash-generating unit.

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

Brands, patents and similar rights

Brands, patents and similar rights are reported as the acquisition value less accumulated depreciation/amortisation. Depreciation/amortisation is applied on a straight line basis over the estimated useful life of between five and ten years. The useful life is reviewed annually.

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 three and five years. The useful life is reviewed annually.

Capitalised expenditure for development work and similar

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 depreciation/amortisation and impairment losses. The estimated useful life is three years. The useful life is reviewed annually.

Tangible fixed assets

Buildings and land principally comprises factories and offices. These are recognised as the recorded carrying amount, i.e. the acquisition value less the accumulated depreciation and any impairment losses recorded. The depreciation according to plan is based on the acquisition value of fixed assets and is calculated with consideration to the estimated useful life. The useful life is reviewed annually. No depreciation is made on land. 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 prospective economic benefits resulting from the asset will benefit 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 amortised separately over its estimated useful life i.e. component depreciation. This applies to buildings as well as to machines and equipment.

During the investment year, depreciation is made according to plan on machines, equipment, vehicles and computers from the time that they are put into use, or if that is not possible, using half of the depreciation rates shown below.

The following depreciation periods have been used

	Years
Buildings	20–50
Land facilities	20
Machinery and equipment	5–15
Vehicles and computers	3–5

Financial instruments

Financial instruments are every form of agreement giving rise to a financial asset, financial liability or equity instrument in another company. In Lindab's case, they include cash and cash equivalents, 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 party to the instrument's contractual terms. Accounts receivable are reported in the statement of financial position when the invoice has been sent, and supplier invoices are reported when they are received. Financial assets are removed 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 removed from the statement of financial position when the obligation has been met, cancelled or has expired.

At initial recognition, the financial instrument is measured at its fair value plus transaction costs for all financial instruments except for those classified as financial assets recognised at fair value through profit and all derivatives, which are recognised at fair value, net of transaction costs.

Long-term and current assets and liabilities

The boundary between the reporting of current and long-term balance sheet items is consistently applied for all financial instruments. When a settlement or sale is expected to take place more than 12 months following the balance sheet date, a financial asset is reported as a fixed asset. Financial assets that are expected to be settled or sold within 12 months following the balance sheet date are thus classified as current assets. Financial liabilities that are due more than 12 months following the balance sheet date are reported as long-term liabilities and those that are due for payment within 12 months following the balance sheet date are reported as current liabilities.

Classification of financial assets and liabilities

Financial assets are classified in the Group as either:

- Financial assets at fair value through profit or loss,
- Financial assets held to maturity,
- Loan receivables and accounts receivable, or
- Available-for-sale financial assets.

Financial liabilities are classified in the Group as either:

- Financial liabilities at fair value through profit or loss,
- Other financial liabilities.

The classification determines the valuation and recognition of changes in value after initial recognition.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative assets not used in hedge accounting and which are therefore included in the sub-category referred to as held for trading. The result from the change in fair value on assets in this category is reported in the profit for the year during the period in which they arise.

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.

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. Discounting is made at a risk-free rate based on government bonds.

For interest rate swaps, the fair value and the present value of estimated future cash flows are calculated based on observable yield curves.

Financial instruments are measured at fair value based on how the fair value measurement hierarchy was made. The different levels are defined as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Observable 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);
- Data for the asset or liability that is not based on observable market data (Level 3).

Lindab only has derivative instruments that are continuously measured at fair value. These can be found in their entirety at level 2.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity periods, which the Group does not intend to sell before their maturity date. The assets are recognised at the amortised cost using the so-called effective interest method, which means that an accrual is made to ensure that a constant return is obtained.

For disclosure purposes, a fair value is calculated based on quoted prices in active markets or, if quoted prices are not available, by discounting future cash flows using current interest rates. For current investments with a remaining maturity of less than six months, the carrying amount reflects fair value.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable cash flows that are not traded in an active market. This type of receivable normally arises when the Group pays cash to another party or supplies a customer with products or services without intending to convert the receivable into cash. Loan receivables and accounts receivable are recognised at the amortised cost, i.e. the amount that is expected to flow in, less allowance for doubtful accounts that are assessed individually. The expected maturity period for accounts receivable is short, and therefore the value is reported at the nominal amount without discounting.

On each balance sheet date, Lindab evaluates whether there is objective evidence that a financial asset or group of financial assets require an impairment loss to be recorded because of past events. Objective evidence may be a breach of contract, such as a default or delay in interest or principal payments, significant financial difficulties of the debtor and the deterioration of customers' creditworthiness. In general for the Group, an impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. Consideration will be given however in cases such as credit insurance.

The carrying amount after impairment losses on assets is calculated as the present value of future cash flows discounted at the effective interest rate in effect when the asset was initially recognised. Assets with a short maturity period are not discounted. An impairment loss is charged to the statement of comprehensive income. In the event of bankruptcy, the asset is removed from the statement of financial position.

For disclosure purposes, a fair value is calculated for long-term receivables by discounting future cash flows using current interest rates. For current receivables, such as accounts receivable, with a remaining maturity of less than six months, the carrying amount reflects fair value.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either classified as assets available for sale or do not fall into any of the other categories. The assets are valued at their fair value directly against other comprehensive income. On being sold, accumulated changes in value are reversed against profit for the year. Holdings of unlisted shares are recognised at the acquisition cost in cases where a reliable fair value cannot be determined. Other investments held as fixed assets, note 18, are included in this category since they have not been classified in any other category.

For disclosure purposes, a fair value is calculated based on quoted prices in active markets or, if quoted prices are not available, by discounting future cash flows using current interest rates. For current investments with a remaining maturity of less than six months, the carrying amount reflects fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit include derivative liabilities not used in hedge accounting and which are therefore included in the sub-category referred to as held for trading. The result from the change in fair value on financial instruments in this category is reported in the profit for the year during the period in which they arise.

For a description of how fair value is calculated, see above under "Financial assets at fair value through profit or loss".

Other financial liabilities

This category includes loans, other financial liabilities and trade creditors. The liabilities are measured at amortised cost. Transaction costs associated with the admission of financial liabilities are amortised over the duration of the loan as a financial cost.

For disclosure purposes, a fair value for interest-bearing liabilities is calculated by discounting future cash flows relating to principal and interest rates discounted at the current market rate. For current liabilities, such as trade creditors, with a remaining maturity of less than six months, the carrying amount reflects fair value.

Cash and cash equivalents

Cash and cash equivalents include cash holdings and bank balances. Bank overdrafts are reported in the statement of financial position as part of borrowings in current liabilities.

Hedge accounting

Derivatives are recognised in the statement of financial position on the trade date and measured at fair value, both initially and in subsequent revaluations. 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. The Group identifies certain derivatives as hedges of a particular risk associated with a recognised liability or a very probable forecast transaction (cash flow hedge).

The Lindab Group uses derivative instruments to cover risks of currency and interest rate exposure. The holding of financial derivatives consists of interest rate and currency swaps and currency futures. Currency risk in the Group is managed through foreign exchange contracts entered into with a third party for the first gross flows in each period. For currency risk, however, no hedge accounting is applied under IFRS, which means that changes in the fair value of forward exchange contracts are recognised over profit (see description above under "Financial Instruments").

Cash flow hedges

Lindab uses hedge accounting for financial instruments intended to secure the cash flow in future interest payments concerning the Group's borrowings and some future commercial cash flows. The transactions are documented from the beginning, as is the risk management objective. In addition, at the beginning of the hedge and continuously, an assessment is also documented as to whether the derivatives used in hedging transactions are effective in offsetting changes in cash flow for the hedged items. This is created at the beginning of a hedging measure so that it can be expected to be effective.

Interest rate swaps are used where Lindab receives variable rates and pays a fixed rate to hedge the risk in highly probable forecast interest payments on borrowings at variable interest rates. The interest rate swaps are measured at fair value in the balance sheet. The coupon rate is recognised in profit or loss as part of interest expenses. Unrealised changes in the fair value of interest rate swaps are recognised in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit for the year and as long as the criteria for hedge accounting and effectiveness are met. The gain or loss relating to the ineffective portion of the unrealised changes in value of interest rate swaps are recognised in profit for the year.

Impairment

IAS 36, Impairment of assets, is used for assessing impairment. Assets with an indefinite useful life, such as goodwill, are not amortised but are tested for impairment at least once a year. Depreciated assets are assessed with regards to the depletion in value wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the fair value less selling expenses and the value in use. When testing for impairment, the assets are grouped at the lowest level, i.e. preferably by asset, or by cash generating units

(CGU) if this is not appropriate. The impairment loss is allocated first to goodwill and then a proportionate impairment loss is made on the other assets in the cash-generating unit.

Stock

Stock reported in accordance with IAS 2. 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 measured at the lower of cost and net realisable value for raw materials, consumables and purchased finished goods. Own produced goods have been measured at the lower of production costs and net realisable value. Obsolescence has therefore been taken into account in the evaluation. Market prices apply when pricing for deliveries between Group companies.

Non-current assets held for sale and discontinued operations

Fixed assets held for sale and operations that are being closed down are reported, when relevant, in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. The assets must be available for sale and it must be likely that the sale will take place within one year of reclassification.

Equity

Share capital

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

Dividend

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

Repurchase and redemption of shares

The repurchase and redemption of shares are carried, where appropriate, directly to profit carried forward. For the repurchase and redemption of shares, see note 22, Share capital and the number of shares.

Commitment to acquire treasury shares

Lindab has entered into a transaction with a third party as a result of the incentive programme to ensure the holding of sufficient shares when the incentive expires. The transaction means that Lindab has agreed to acquire treasury shares through the external counterpart at a future time. The value of the contracted shares is initially determined and the contract requires delivery of underlying equity instruments. Lindab's obligation is initially recognised as a financial liability at its fair value in the form of the present value of future payments and a reduction in Other Contributed Capital in equity. For subsequent measurement, the liability is recognised at amortised cost. No subsequent re-evaluation is made of the equity component.

Provisions

IAS 37, Provisions, Contingent Liabilities and Contingent Assets is applied for provisions, except for provisions regarding personnel, where IAS 19, Employee Benefits, is applied.

A provision is only reported when:

- there is an actual legal or informal obligation resulting from an event
- it is likely that an expense will arise to settle the obligation and a reliable estimate of the amount can be made.

The amount reported as a provision is the best estimate of the expense required to meet the obligation in question on the balance sheet date.

Provisions for pensions and similar obligations

Lindab applies IAS 19, Employee Benefits. Pensions are generally funded through payments to insurance companies or nominee registered funds, where the payments are determined based on periodic actuarial calculations. The Group has both defined benefit and defined contribution pension plans.

A defined contribution pension 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 attributable to the employees' service until the balance sheet date. There are significant defined contribution plans in Sweden, Denmark, Finland and Germany.

All plans that are not defined contribution plans are considered to be defined benefit plans. Special features of defined benefit plans are 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, Norway and Luxembourg. In Italy, there is a benefit plan for the termination of employment.

The liability recognised 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, with adjustments for unrecognised actuarial gains and losses as well as for unrecognised costs relating to past service. 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 interest rates of AAA credit rated bonds that are issued in the same currency in which the benefits will be paid with a maturity period comparable to the current pension obligation.

Defined benefit plans can be unfunded or entirely or partially funded. In the case of funded plans, the company contributes to e.g. specific funds or foundations. These plan assets are valued at fair value and reduce the projected pension obligation so that the net accounting appears in the statement of financial position.

Pension expenses for the year consist of the present value of the year's pension earnings and interest on the obligation at the start of the year, less the return on each pension plan's plan assets. In addition, are the amortisation of actuarial gains/losses and plan amendments. Accumulated gains and/or losses of less than 10 percent of the greater of the pension obligation and fair value of plan assets are not amortised. If the accumulated gain or loss exceeds the 10-percent limit, the excess amount is amortised over the average remaining period of service for each pension plan's employees.

In some cases, pension commitments in Sweden have been secured through the purchase of endowment insurance as a benefit for the insured. Where these commitments are defined contribution in nature, they are recorded as provisions for pensions, defined contribution obligations and corresponding assets in the endowment insurance as the fair value of plan assets for defined contribution obligations.

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

Leases

Lease contracts where Lindab largely assumes all risks and benefits associated with the asset are reported as financial leases. All other leases are classified as operating leases. Lindab has entered into financial and operating leases. For information about leases, see note 27.

Financial leases. At the beginning of the lease term, financial leases are 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 is included in the balance sheet under other borrowings. Lease payments are proportionally distributed between financial costs and reduced lease obligations in order to obtain a constant rate on the remaining debt. The asset's useful life corresponds to the Group's policy for owned assets.

Gains on the sale and leaseback of property and equipment under financial leases are deferred and amortised over the lease period. Sale and leaseback agreements are classified in accordance with the above principles for financial and operating leases.

Operating leases. Fees payable under operating leases are charged to earnings on a straight-line basis over the period for each lease. Benefits that have been received and may be received as an incentive to commence an operating lease are also spread on a straight-line basis over the lease period.

If a sale and leaseback transaction results in an operating lease and it is obvious that the transaction is established at fair value, the Group reports any profit or loss immediately.

Consolidated cash flow statement

Lindab applies the indirect method in accordance with IAS 7, Cash Flow Statements. 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 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, though not necessarily. 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 28.

Government grants

Government grants are reported according to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Government grants are actions by the government intended to provide an economic 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, expenses arising from inter-company transactions are eliminated and are thus not included in this disclosure/reporting requirement. For the full extent of these transactions, see note 29, Transactions with related parties.

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 IFRSs and pronouncements as far as possible under the Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation includes the exemptions to IFRS to be considered and the additions that must be made.

According to RFR 2, Group contributions received by a parent company from subsidiaries are recognised as financial income, and Group contributions that a parent company makes to subsidiaries are reported either as holdings in subsidiaries, i.e. similar to shareholder contributions, or as an expense owing to the relationship between accounting and taxation.

The parent company does not apply IAS 39 and financial instruments are recognised on the basis of cost in accordance with ÅRL, which means that financial assets are measured at acquisition cost less any impairment and financial assets at the lower of cost or market.

The parent company reports appropriations and untaxed reserves without a breakdown of deferred tax liabilities and other reserves in equity.

Note 3 Risks and Risk Management

Exposure to risk is, to a certain extent, part of the business activity. Lindab's risk management is to identify, measure and prevent risks from being realised, while continually making improvements to minimise potential risks. For the Group, risk prevention is principally aimed at preventing potential risks from developing into damages and/or losses. When this does not fully succeed, the next goal is to mitigate the effect of damages that have already occurred.

As with other international companies, Lindab risks being affected by damages arising from natural disasters, terrorist activities and other types of conflict. The Group's risk management includes monitoring the outside world and developing procedures in order to react and act wisely in the event of a disaster.

In 2012, Lindab has introduced a new risk management programme, Enterprise Risk Management (ERM), covering all parts of the business including business areas and Group functions. The aim is to work on the prevention of risks in a more structured way than previously. 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 controls are conducted through formally established procedures and processes. The Group's identified risks are shown below.

Operational risks

Steel price development

Lindab purchases large quantities of steel, mainly in the form of sheet metal, and is subject to developments in the market for raw materials. The purchasing strategy developed by Lindab is based on long-standing relations with its main steel and sheet metal suppliers, enabling the company to purchase directly from steel mills rather than intermediaries. Lindab's close relationship with steel mills has enabled it to develop special grades of steel and finishes adapted to the company's systems and products. By centralising its steel purchasing, the company can strengthen its negotiating position and secure more competitive prices. Lindab only purchases steel to requirements and does not speculate or hedge on future steel prices.

Lindab has chosen to centralise all steel purchasing in order to benefit from its size by securing competitive prices and terms with steel mills, thereby creating competitive advantages. A thorough internal review is also being conducted to enable the Group to react and adapt its prices for customers in the event of price increases that cannot be absorbed by the organisation through rationalisation.

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, Tata Steel, Marley, Plannja, Fläkt Woods, Swegon, Goldbeck and Llentab.

To face up to this competition, Lindab has opted to work with 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 and are difficult to transport.

Lindab also decided at an early stage to set up production in low-cost countries in order to be more competitive. In 2012, Lindab completed the expansion investment at the production facility in Karlovarska, Czech Republic, and continued the expansion of the production unit's capacity in Yaroslavl, Russia, that was started in 2011.

Through a well-developed distribution network, Lindab can keep abreast of changes, trends and new demands from customers and lay the foundations for the adaptation of products and services to new situations.

Lindab's primary raw material is steel, mainly in the form of sheet metal, and Lindab's competitive strength is inevitably affected by changes in the price of raw materials. Lindab tries to rationalise its production and organisation in order to be competitive. 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 to build sound long-term relationships with potential customers and to provide added value by simplifying construction through the use of Lindab's products.

Stoppages

Lindab may be affected by stoppages due to various reasons such as breakdowns and strikes, as well as other causes outside the Group's control e.g. natural disasters. Its global presence offers the Group many possibilities to move its operations to other locations should any unit be forced out, thereby ensuring that any tasks undertaken are completed.

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

IT

Lindab harmonises business processes and consolidates the Group's IS/IT systems as part of the continuous improvement process. To enable high availability and minimise the risk of disruption, a redundant IT infrastructure has been established (communication lines and server rooms). Regular risk analyses are conducted on critical IS / IT systems, including identification, analysis and mitigation measures.

Quality and product liability risks and claims

The product liability risk refers to the costs that the Group may incur if any delivered product causes injury or damage to property. Within Building Systems, Lindab is responsible for product design and therefore carries the risk for product liability in the event of any damages. The Group has product liability insurance, while procedures for eliminating the risk of damages are in place and continually under development.

Historically, claims within the Air Duct Systems division of the Ventilation business area have been low, while claims within Comfort have been slightly higher due to the more complex nature of the products.

For Building Components, the level of claims has been low historically.

Within Building Systems, Lindab is essentially the sole supplier to local builders who are responsible for carrying out the construction work. This means that there should not be any risk of claims. Some sales are made directly to end customers, however, and in such cases the responsibility for claims resides with Lindab. Regardless of who has the construction risk, Lindab is responsible for ensuring that the delivered materials are correct.

SEK 32 m (39) has been reserved for the financial year 2012. See note 24, Other provisions.

Risk of bad debt losses

The risk of bad debt losses is the risk of customers being unable to pay for delivered products owing to their financial position.

The Group sells to a large number of customers throughout the world. Inevitably, some customers go into liquidation or their financial position leads them to have payment problems. This in turn may result in Lindab not receiving payment for the products it has sold. In order to minimise bad debt losses, a large number of companies within the Group have insured their receivables against bad debt losses. The Group obtains credit information about new customers and monitors existing customers. This leads to fewer bad debt losses. The single largest customer represents about 2.1 percent of sales.

In general for the Group, an impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. However, consideration will be given in cases such as credit insurance. Furthermore, individual assessments will be made when required. At 31 December 2012, reserves for bad debt losses amounted to SEK 80 m (70). During the year, SEK 23 m (19) was expensed concerning provisions for bad debt losses, equivalent to 0.3 percent (0.3) of the Group's sales.

Risk for and in connection with disputes

This risk pertains to costs that the Group may incur in managing various disputes. These costs can arise, for example, in connection with settlements and costs for imposed penalties.

The responsibility for monitoring and controlling the legal risk management within the Group lies with the legal department led by Lindab's Chief Legal Counsel. In addition to the continual follow-up of the legal risk exposure, a quarterly analysis of all the Group companies is carried out.

The Group is involved in the following legal disputes

Group companies are involved in minor disputes directly attributable to the business. Appropriate provisions are made where risks are judged to be present. For one of the disputes relating to Building Systems' deliveries, a previous provision of SEK 11 m has been made. After success in the first court hearing, the provision was reduced to SEK 4 m, based on the judgement being contested. In addition, there is an ongoing dispute against a Group company based on an alleged duty to comply with a written guarantee. Lindab has denied liability. Lindab's exposure amounts to SEK 15 m. Based on the risk evaluation, no reserve has been made.

Strategic risks

Seasonal risks

The three business areas, Ventilation, Building Components and Building Systems, experience different seasonal variations. Ventilation produces indoor products and is therefore not directly affected by changes in the weather. Sales are traditionally weaker during holiday periods. The products from Building Components and Building Systems are mainly for outdoor use and follow the seasons accordingly. Winter is normally the low season, while the sales figures peak between the summer and autumn.

Customer behaviour

Demand for Lindab's products is affected by changes in customers' investment plans and production levels. Customers' investments can change if the economic situation in a country or an industry changes. Changes in the political situation and/or other political decisions can have an influence and consequently affect the customer's investments. Lindab is distributed throughout 31 countries, which balances the various country-specific risks in the construction industry. However, since construction is a cyclical industry, it cannot protect against a downturn in the global economy. The current economic downturn continues to affect the majority of Lindab's markets and has therefore had a major impact on Lindab.

Within the Ventilation business area, one trend that is not affected by the business cycle is the growing demand for improved indoor climate and energy efficiency. Air should be replaced more often, without noise. It should be clean and with low energy costs.

There is a similar trend in the Building Components and Building Systems business areas, where steel as a construction material is gaining ground in the market at the expense of wooden constructions, for instance. Among its advantages, steel does not develop mould and can be recycled in many cases. Furthermore, a large proportion of the products can be manufactured in factories, resulting in lower costs and better logistics.

Financial risks

Tax risks

Lindab has operations in many different countries, especially in Europe, and perceives in general that the tax laws and regulations are becoming more complex. Predictability has declined and it is increasingly important to keep systems and processes for managing taxes up to date and fully functional. The following taxes must be handled correctly by Lindab directly or indirectly in the various jurisdictions in which business is conducted or where it is required: income tax, VAT, customs, social security contributions etc., as well as employee withholding taxes and other taxes, such as coupon tax and excise duties.

In recent years, attention has been focused more closely on the field of income taxes, especially transfer pricing issues, which relate to the prices agreed in cross-border transactions between related companies. Internal prices affect revenues and costs and therefore taxable profits in the countries where they 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. The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations has been developed to create an approximate understanding of how this is applied, and to try and avoid double taxation. In principle, all countries where Lindab operates are members of the OECD and/or have subscribed to the model convention. Lindab is continuously working to try to ensure that the Group complies with the rules stipulated by the model convention, in terms of pricing, documentation and in general.

Lindab is working in general to develop and adapt procedures to identify tax risks and to manage them effectively. Lindab also has regular contact with a tax advisor for the interpretation of tax laws and to assess how various issues should be handled. A single improper action could affect Lindab through both higher operating expenses and/or tax expenses plus interest and penalties.

Tax disputes

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

Financial risks

Risk	Exposure	Comments
Financing risk		
Financing risk is the risk that financing the Group's capital requirements and refinancing of outstanding credits is impeded or becomes more expensive.	At 30 December 2012, Lindab's total credit limit was SEK 3,000 m. From 31 December 2012, the total credit limit amounts to SEK 2,900 m (3,500).	Lindab's credit agreement with Nordea and Handelsbanken includes two covenants in the form of net debt in relation to EBITDA and the interest coverage ratio, which are followed up quarterly. Lindab considers that credit conditions will be fulfilled.
Liquidity risk		
Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.	At the year-end, the Group's unused credit facilities amounted to SEK 1,095 m (1,944), based on an underlying credit limit of SEK 2,900 m.	All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreement safeguards 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.
Interest rate risk		
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 the year-end amounted to SEK 2,070 m (1,747), which means that rising interest rates have an adverse effect on the Group.	In accordance with the finance policy, any surplus liquidity must be used to amortise existing loans. Fixed-interest terms are also governed by the financial policy.
Currency risk		
Currency risks are risks that changes in currency negatively affect the cash flow. Furthermore, currency exchange rate fluctuations affect Lindab's statement of comprehensive income and statement of financial position in the following ways: – The profit is affected when income and expenses in foreign currencies are translated into Swedish kronor. – The statement of financial position is affected when assets and liabilities in foreign currencies are recalculated in Swedish kronor. The risk can be divided into transaction risk and translation exposure.		
Transaction risk		
Transaction risk arises when trading between Group companies, suppliers and customers if payment is made in another currency than the Group company's local currency. Exchange rate fluctuations attributable to the transaction exposure are reported in the statement of comprehensive income.	75 percent (75) of the Group's sales are made using foreign currency. Sales are made in 16 (16) different currencies, the most important of which, besides SEK, are EUR, DKK and RUB. Lindab's net exposure translated to SEK is approximately SEK 600 m (300) annually. The greater exposure is due to increased sales in local currency and increased purchasing in EUR, thereby negatively affecting the matching of inflows and outflows. SEK 25 m (26) of the transaction exposure entered in the statement of financial position 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 decides whether there should be any hedging of the transaction exposure, which is subsequently handled by Lindab AB.
Translation exposure		
Translation differences arise when translating foreign subsidiaries' statements of financial position in local currency to Swedish kronor. This is because the current year is translated at a different closing rate than the previous year. The income statement 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. Lindab has not hedged this exposure in either 2012 or 2011. Lindab AB has currency risks in its lending and borrowing to/from Group companies, which mainly takes place in the Group company's local currency.	At the end of 2012, the Group's net assets in foreign currency amounted to SEK 3,621 m (3,260). Lindab AB's lending and borrowing in foreign currencies at the end of 2012 amounted to SEK 404 m (461) and SEK 322 m (138) respectively.	In accordance with Lindab's Finance policy, this exposure has not been hedged during 2012 or 2011. The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly and the effect is recognised in net financial income in the statement of comprehensive income.

Liquidity risk

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

At 31 December 2012	< 3 months	between 3–12 months	between 1–2 years	between 2–5 years	> 5 years
Borrowings (excluding financial lease liabilities)	37	292	2,149	2	3
Financial lease liabilities	18	4	10	10	27
Derivative instruments	246	110	-	-	-
Trade creditors and other liabilities	896	103	12	-	-
Financial guarantee contracts	-	-	-	-	-

At 31 December 2011	< 3 months	between 3–12 months	between 1–2 years	between 2–5 years	> 5 years
Borrowings (excluding financial lease liabilities)	59	211	292	1,759	6
Financial lease liabilities	4	11	18	-	-
Derivative instruments	36	361	-	-	-
Trade creditors and other liabilities	990	116	13	-	-
Financial guarantee contracts	-	-	-	-	-

The amounts included in the table are the contractual undiscounted cash flows, except for derivatives, which are included at their fair value.

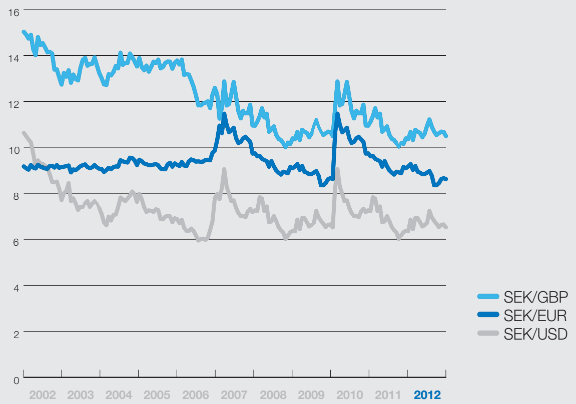
Currency forwards at 31 December 2012

		2012		2011	
Equivalent in SEK m		**Amount**	**Term months**	Amount	Term months
Sell	CZK	-	-	–9	2
Sell	DKK	-	-	–12	3
Sell	EUR	–244	3	–158	4
Sell	NOK	–27	5	–27	5
Sell	HUF	-	-	–12	3
Sell	LTL	–2	2	–2	2
Sell	LVL	-	-	–1	2
Sell	RUB	–83	12	–164	12
Sell total		*–356*		*–385*	
Buy	USD	23	4	5	6
Buy	CZK	-	-	-	-
Buy	DKK	188	3	-	-
Buy	EUR	19	2	23	0
Buy	NOK	-	-	1	6
Buy	HUF	5	3	-	-
Buy	CHF	70	3	70	3
Buy	GBP	52	3	-	-
Buy total		*357*		*99*	
Net		**1**		**–286**	

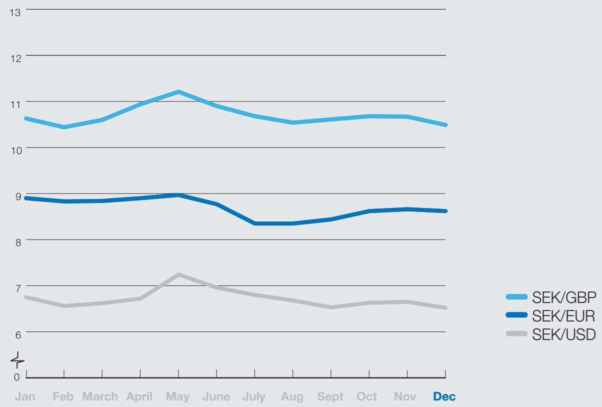
The following exchange rates have been used for translation of foreign operations

			Average exchange rate Jan–Dec		Rate on balance sheet date	
Country	**Currency**	**Currency code**	**2012**	2011	**2012**	2011
Euroland	1	EUR	8.71	9.03	8.62	8.94
Denmark	1	DKK	1.17	1.21	1.16	1.20
Latvia	1	LVL	12.58	12.79	12.35	12.79
Lithuania	1	LTL	2.52	2.62	2.50	2.59
Norway	1	NOK	1.16	1.16	1.17	1.15
Poland	1	PLN	2.08	2.20	2.12	2.03
Romania	1	RON	1.95	2.13	1.94	2.07
Russia	100	RUB	21.82	22.11	21.47	21.54
Switzerland	1	CHF	7.23	7.34	7.13	7.36
UK	1	GBP	10.74	10.41	10.49	10.68
Czech Republic	100	CZK	34.66	36.76	34.36	34.64
Hungary	100	HUF	3.01	3.26	2.96	2.88
USA	1	USD	6.78	6.50	6.52	6.92

Exchange rate movement 2002–2012, SEK



Exchange rate movement January–December 2012, SEK



Compliance risks

Environmental risks

Lindab is actively working to minimise the environmental impact created by the Group's operations and its products. Lindab's Environmental policy is a key document that forms the basis for environmental work within the Group. Lindab's manufacture of products from steel has a minimal environmental impact. Independent measurements have been made showing that Lindab's activities do not give rise to pollution that may require the decontamination of soil or water. The waste products generated through production consist mainly of scrap metal that is recovered completely and other waste, which is recycled at up to 90 percent. Anything not used is sorted and dealt with according to existing laws.

No known environmental liabilities exist. 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 environmental liability. The insurance includes liability for damages that are part of or are the result of environmental damage.

Corruption and anti-competitive risks

Lindab's reputation is a valuable asset that can be influenced by Lindab's actions as well as by external stakeholders. The Lindab Group strives to avoid actions that might risk Lindab's good standing. We aim to be a good element of society wherever we operate. A Code of Ethics has been produced and implemented in the Group to ensure that all the managers in our markets follow good practice.

In the construction industry and in the various geographical markets where Lindab operates, there are some operators acting in a way that does not meet good business practice. Lindab has long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Company employees are informed and trained about the content of Lindab's policy in order to avoid violation of these rules. Lindab has zero tolerance towards corruption and an anti-corruption policy exists to ensure that conduct that might be considered as corruption does not take place in the company. The policy was updated in 2012 to comply with the UK Bribery Act. During the year, disciplinary action has been taken against employees for acting in breach of ethical principles.

Internal control

To ensure that financial reporting is accurate and complete and complies with applicable laws, rules and recommendations, provides an accurate description of the company's operations, and supports a rational and informed valuation of the business, Lindab has developed an internal control function, which is based on the requirements of the Swedish Companies Act and the Swedish Code of Corporate Governance. Lindab's financial statements comply with the laws and regulations applicable to companies listed on the Nasdaq OMX Nordic Exchange and the local rules in each country where business is conducted. The internal control structure is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control. See also the Board of Directors' report on internal control, pages 52–53.

Sensitivity Analysis

	Change	Impact on profit, SEK m
Variations in volume, %	+/–5	+/–98
Variations in the steel price, %	+/–10	+/–150
Fluctuations in interest rates, %	+/–1	+/–21

Calculations are based on the 2012 volumes and assumes that everything else remains unchanged, e.g. prices are not adjusted because of changes in the steel price.

Variations in volume
5 percent variations in volume result in a change to the operating profit of SEK +/– 98 m.

Variations in the steel price
Lindab's sales prices are normally adjusted in line with steel price fluctuations. Theoretically a 10 percent change in the steel price affects Lindab's profit by approximately SEK 150 m assuming that the sales price does not change.

Fluctuations in interest rates
Changes in interest rates affect Lindab's profitability and cash flow. A 1 percent change in interest rates affects Lindab's profit by SEK 21 m, of which interest expense comprise SEK 17 m and rental charges on existing "sale and leaseback" contracts are SEK 4 m.

Note 4 Key Estimates and Assumptions for Accounting Purposes

IFRS is a principles-based regulation 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 that may give rise to specific consequences in the financial statements. Assessments that are made are central to the financial outcome, and these are combined with detailed information.

Estimates and assumptions 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 principles, various assumptions have been made that may substantially affect the amounts presented in our financial statements.

Impairment testing for goodwill

Following the implementation of IFRS 3, Business Combinations, goodwill and other intangible assets with indefinite useful lives are no longer amortised but are instead tested for impairment at least once each year or when there is an indication.

The Group continually tests the goodwill for impairment in accordance with the accounting principles that are described in note 2. The recoverable amounts for cash generating units are determined by calculating their value in use. These calculations require the use of certain estimates, see note 16.

No impairment losses have been identified in the Group. Reported goodwill at the year-end amounted to SEK 2,682 m (2,591).

The management's assessment is that a deterioration in each of the significant assumptions within the business plans or a deterioration in the annual growth in sales or an increase in the discount rate, any of which are individually possible, would not result in any impairment losses being recorded. Based on the assumptions and estimates made, there is a wide margin between the recoverable amount and the carrying amount.

Lease contracts

In accordance with IAS 17, lease contracts will be classed as financial or operating leases. According to IAS 17, a financial lease is a contract whereby the financial risks and benefits associated with ownership of an object are essentially transferred from the lessor to the lessee. A lease contract other than a financial lease is an operating lease.

A sale and leaseback transaction is the sale of an asset and subsequent lease of the same asset in accordance with a subsequent lease contract. In the event of a sale and leaseback transaction, where an operating lease contract is in effect and where it is clear that the sale price and terms of the lease contract are based on fair value, the sale is judged to have taken place and any profit or loss incurred is therefore reported in the period in which the sale took place.

In IAS 17, a number of criteria are presented that are individually or collectively indicative for the classification of a lease contract as either financial or operating.

Note 27 describes the most significant leases that Lindab has entered into. These relate to production units in the Czech Republic and Luxembourg as well as production units and office premises in Sweden. The properties in Sweden and Luxembourg were previously owned by Lindab, explaining why these transactions are referred to as sale and leaseback transactions.

In the case of each of these contracts, Lindab has an option to acquire the properties at market value when the lease contract expires. The market value is based on an independent valuation. The options are therefore not worded in such a way that it is apparent that they will be utilised. Lindab also has the option of extending the contracts for which market-based compensation will then be paid. Altogether, this means that the entire economic benefit attributable to the value of the properties goes to the lessor.

The durations of the lease contracts are less than the properties' economic life and the present value of the minimum lease payments payable, including residual value guarantees, are around 15 percent lower than the properties' estimated fair value upon commencement of the contracts.

IAS 17 shows that an overall assessment must be performed in order to clarify whether the economic benefits and risks associated with ownership of a leased asset rests with the lessee or lessor. Having weighed the evidence of the criteria described in IAS 17, Lindab assessed that the economic benefits and risks associated with ownership rest primarily with the lessor, explaining why the contracts are recorded as operating leases.

Further information regarding these lease agreements are provided in note 27.

Deferred tax receivables

Deferred tax receivables are reported to the extent that it is likely that future taxable surpluses will be available, against which the accumulated deficit may be utilised.

Accounting of stock

Stock is measured at the lowest of cost and net realisable value. When calculating the net realisable value, an assessment is made of discontinued items, surplus items, damaged goods etc.

Doubtful accounts receivable

An assessment of unpaid accounts receivable provides the basis for doubtful accounts.

In our judgement, the assumptions that have been made about the future do not involve any significant risk of material adjustments in the carrying amounts for the next financial year, see also note 3.

Other provisions

The amount reported as a provision is the best estimate of the expenditure that is required to meet the obligation in question on the balance sheet date.

Provisions for future expenses on the basis of the guarantee commitments are reported at the estimated amount required to settle the commitment on the balance sheet date. The estimated amount is based on calculations, assessments and experience.

The Group's reporting of provisions, means that SEK 103 m (85) is reported as other provisions, see note 24. This is important when assessing the Group's financial position, since provisions are normally based on assessments of probability and estimates of costs and risks.

Pension expenses

Expenses, as well as the value of pension obligations for benefit-based pension plans, are based on actuarial estimates that are based on the assumed discount rate, expected return on plan assets, future salary increases, inflation and demographic circumstances.

The Group's provisions for benefit-based pensions amounted to SEK 103 m (99) net after deductions for financial investments. It is important that the choice of parameters allows correct estimates to be made for the evaluation of pensions. Since the Group uses the "corridor" however, greater changes should not have as great an influence during a single year. Changes are only reported when the deviation is greater than 10 percent of the commitment's current value or fair value of the plan assets. The adjusted result is then distributed among the expected remaining period of service associated with the employees in question.

Legal proceedings

According to IFRS, a liability is reported when an event results in an obligation that is likely to require an outflow of economic resources to settle the obligation, and that a reliable estimate of the amount can be made. Outstanding legal matters are reviewed regularly. An assessment is then made as to whether reserves are required in the financial statements. An assessment that does not correspond with the actual outcome may have an effect on the financial statements, see also note 3.

Note 5 Business Combinations

Acquisitions and divestments in 2012

During the year, the Lindab Group has acquired all shares in Centrum Klima S.A. in Poland as well as Lindab Panel AB in Sweden through an acquisition of assets.

On 19 March 2012, the majority of Plannja's project sales organisation was acquired in the form of an acquisition of assets, which then formed a new company, Lindab Panel AB. The company has a turnover of just over SEK 150 m and approximately 50 employees. The purchase price amounted to SEK 44 m. The acquisition means that the cash flow was negatively affected by SEK 44 m. The acquisition strengthens Lindab Building Components in the Nordic region, which is now able to offer own produced sandwich panels to both new and existing customers.

The Polish company Centrum Klima S.A, which is based in Warsaw and was listed on the Warsaw stock exchange at the time of the acquisition, has approximately 200 employees and had sales of SEK 205 m for the full year 2011. The company is a leading Polish manufacturer and distributor of ventilation and indoor climate systems. Centrum Klima was acquired in three stages, with Lindab acquiring 51.8 percent of the company on 30 April, as shown in the table. The purchase price at 30 April amounted to SEK 152 m. The acquisition was recorded in accordance with the principle of full goodwill based on the fair value of net assets. A further 44.9 percent of shares was acquired on 26 June and the remaining 3.3 percent was finally acquired on 7 August. The purchase price for the subsequent 48.2 percent of shares amounted to SEK 125 m, which was recorded as an equity transaction. The acquisition means that the consolidated goodwill increased by SEK 139 m and the cash flow was negatively affected by SEK 243 m in total. The acquisition reinforces Lindab's position within air duct systems while also generating important synergies.

Financial Impact of Acquisitions in 2012

Lindab Panel AB was consolidated from 19 March 2012. The acquisition resulted in a SEK 88 m increase in the Group's sales from the acquisition date to 31 December 2012. The effect on the Group's after-tax result was marginally negative. Had the acquisition been made on 1 January 2012, it is estimated that the sales revenue for the Group would have increased by SEK 40 m and the effect on the Group's after-tax result would have been marginally negative.

Centrum Klima S.A was consolidated from 30 April 2012. The acquisition resulted in a SEK 131 m increase in the Group's sales from the acquisition date to 31 December 2012. The effect on the Group's after-tax result was marginally positive. Had the acquisition been made on 1 January 2012, it is estimated that the sales revenue for the Group would have increased by SEK 64 m and the effect on the Group's after-tax result would have been marginally positive.

Acquisitions in 2011

In the previous year, the Lindab Group acquired all shares in Juvenco A/S in Denmark, Airflux BVBA in Belgium and Elia Sarl in France. Benone AG in Switzerland was divested during the year.

The Danish distributor of ventilation fans, Juvenco A/S, with an annual turnover of approximately SEK 13 m, was acquired on 19 April 2011. It had 4 employees. The purchase price amounted to SEK 12 m. The acquisition means that the consolidated goodwill increased by SEK 10 m and the cash flow was negatively affected by SEK 12 m. The goodwill that arose was attributable to synergies expected through an enhanced product mix. The acquisition strengthened the product range for the Ventilation business area in the Danish market.

On 23 May 2011, Lindab acquired the Belgian company Airflux BVBA, a ventilation distributor with three outlets in Belgium, one of which was a distribution centre and two were unmanned branches. The company had an annual turnover of just over SEK 20 m and 5 employees. The purchase price amounted to SEK 14 m. The goodwill that arose related to the synergies expected through increased availability in the market. The acquisition means that the consolidated goodwill increased by SEK 10 m and the cash flow was negatively affected by SEK 14 m. The acquisition strengthened distribution and increased availability for the Ventilation business area in Belgium.

On 1 November 2011, Lindab acquired Elia Sarl, a ventilation distributor with a strong local presence in southern France. The company had an annual turnover of approximately SEK 20 m and 5 employees. The purchase price amounted to SEK 6 m and the acquisition gave a consolidated goodwill of SEK 5 m. The goodwill that arose related to the synergies expected through increased availability in the market. The cash flow was negatively affected by SEK 6 m. The acquisition complements Lindab's geographical coverage in France within the Ventilation business area.

On 21 July 2011, Lindab divested the Swiss subsidiary Benone AG, with operations in the Ventilation business area, an annual turnover of approximately SEK 30 m and 16 employees. The sale price amounted to SEK 4 m. The divestment positively affected cash flow by SEK 3 m, but there was no change in consolidated goodwill.

Financial Impact of Acquisitions in 2011

Juvenco A/S was consolidated from 19 April, which is consistent with when Lindab gained controlling interest. The acquisition resulted in a SEK 8 m increase in the Group's sales revenues from the time of acquisition up to 31 December 2011. The Group's after-tax result was not affected. Had the acquisition been made on 1 January 2011, it is estimated that the sales revenue for the Group would have increased by SEK 3 m. It is estimated that the Group's after-tax result would have increased by SEK 1 m.

Airflux BVBA was consolidated from 23 May, which is consistent with when Lindab gained controlling interest. The acquisition resulted in a SEK 15 m increase in the Group's sales revenues from the time of acquisition up to 31 December 2011. The Group's after-tax result was not affected. Had the acquisition been made on 1 January 2011, it is estimated that the sales revenue for the Group would have increased by SEK 9 m. It is estimated that the Group's after-tax result would have increased by SEK 1 m.

Elia Sarl was consolidated from 1 November, which is consistent with when Lindab gained controlling interest. The acquisition resulted in a SEK 3 m increase in the Group's sales revenues from the time of acquisition up to 31 December 2011. The Group's after-tax result was not affected. Had the acquisition been made on 1 January 2011, it is estimated that the sales revenue for the Group would have increased by SEK 14 m. It is estimated that the Group's after-tax result would have increased by SEK 1 m.

Note 5 Business Combinations, cont.

Benone AG was consolidated up to and including 21 July 2011. In 2010, the company had sales revenue of SEK 32 m and contributed SEK 1 m to the Group's after-tax result.

Purchase price, goodwill and effect on cash and cash equivalents

The table below shows information regarding the purchase price, goodwill and the impact of acquisitions/divestments on the Group's cash and cash equivalents.

	Acquired operations				Divested operations	
	2012			2011	2012	2011
	Centrum Klima	Lindab Panel AB	Total			Benone
Purchase price	152	44	196	32	-	4
Direct costs relating to the acquisition	7	0	7	1	-	0
Acquisition total	**159**	**44**	**203**	**33**	**-**	**4**
Less direct costs relating to acquisitions	–7	-	–7	–1	-	0
Total purchase price	**152**	**44**	**196**	**32**	**-**	**4**
Fair value of acquired/divested net assets/liabilities	–139	–44	–183	–7	-	–3
Non-controlling interests	126	-	126	-	-	-
Goodwill/realised gains	**139**	**0**	**139**	**25**	**-**	**1**
Purchase price	152	44	196	32	-	4
Purchase price Non-Controlling interest	126	-	126	-	-	-
Purchase price not paid	–16	-	–16	-	-	-
Direct costs relating to the acquisition	7	-	7	-	-	-
Cash and cash equivalents in the acquired/divested subsidiary	–26	0	–26	0	-	–1
Effect of acquisition/divestment on consolidated cash and cash equivalents	**243**	**44**	**287**	**32**	**-**	**3**

The acquisition of Centrum Klima above refers to the acquisition of 51.8 percent of shares made on 30 April. The remaining 48.2 percent of shares acquired later in the year was recorded as an equity transaction.

No portion of reported goodwill is expected to be deductible for income tax.

Fair value of acquired assets and liabilities correspond with the book value.

Acquired/divested assets and liabilities

Acquired net assets, liabilities and goodwill related to acquisitions are shown below. Recognised for divested operations relate to values recorded on the divestment date. Acquisitions in 2011 relate to the acquisitions of Juvenco A/S, Airflux BVBA and Elia Sarl.

	Acquired operations				Divested operations	
	2012			2011	2012	2011
	Centrum Klima	Lindab Panel AB	Total			Benone
Tangible fixed assets	111	33	144	2	-	1
Intangible fixed assets	1	0	1	-	-	-
Deferred tax assets	6	0	6	-	-	0
Stock	52	16	68	6	-	1
Accounts receivable and other current assets	49	0	49	9	-	4
Cash and cash equivalents and current investments	26	0	26	0	-	1
Total acquired/divested assets	**245**	**49**	**294**	**17**	**-**	**7**
Deferred tax liabilities	2	-	2	-	-	-
Current and long-term liabilities	104	5	109	10	-	4
Total acquired/divested liabilities	**106**	**5**	**111**	**10**	**-**	**4**
Acquired/divested net assets	**139**	**44**	**183**	**7**	**-**	**3**
Goodwill	139	0	139	25	-	-
Non-controlling interests	–126	-	–126	-	-	-
Realised gains	-	-	-	-	-	1
Purchase/sale price	**152**	**44**	**196**	**32**	**-**	**4**

Note 6 Employees and Senior Management

Average no. of employees

	2012			2011		
	Men	**Women**	**Total**	Men	Women	Total
Parent company, Sweden	-	-	-	-	-	-
Subsidiaries						
Sweden	834	206	1,040	804	206	1,010
Belgium	22	4	26	20	5	25
Bulgaria	0	0	0	2	3	5
Croatia	3	3	6	5	1	6
Czech Republic	584	187	771	598	175	773
Denmark	343	115	458	343	154	497
Estonia	27	4	31	22	4	26
Finland	97	21	118	104	21	125
France	82	21	103	86	21	107
Germany	108	26	134	124	28	152
Hungary	128	30	158	147	37	184
Ireland	18	3	21	17	4	21
Italy	9	19	28	19	10	29
Latvia	4	1	5	4	1	5
Lithuania	4	1	5	4	1	5
Luxembourg	213	19	232	223	21	244
Netherlands	13	2	15	14	3	17
Norway	65	22	87	68	20	88
Poland	239	67	306	84	37	121
Romania	90	22	112	116	29	145
Russia	246	52	298	235	54	289
Slovakia	34	9	43	38	12	50
Switzerland	111	17	128	126	19	145
UK	228	48	276	232	55	287
USA	88	20	108	106	22	128
Subsidiaries total	*3,590*	*919*	*4,509*	*3,541*	*943*	*4,484*
Group total	**3,590**	**919**	**4,509**	**3,541**	**943**	**4,484**

Gender balance, among senior management

Parent company						
The Board, incl. employee representatives	6	2	8	7	2	9
President/Group management	6	1*	7	6	1	7
The Group						
President/Group management	6	1*	7	6	1	7

*) *Christina Imméll was included in the Group management until November.*

Personnel costs

	2012			2011		
Salaries and other benefits	**Board/ President and Group management**	**Other employees**	**Total salaries and benefits**	Board/ President and Group management	Other employees	Total salaries and benefits
Parent company, Sweden	2.6	-	2.6	2.4	-	2.4
Subsidiaries total	88.1	1,256.5	1,344.6	95.7	1,260.1	1,355.8
Group total	**90.7**	**1,256.5**	**1,347.2**	**98.1**	**1,260.1**	**1,358.2**

Payroll overheads

Parent company, Sweden	0.9	-	0.9	0.6	-	0.6
of which pensions	0.1	-	0.1	-	-	-
Group total	42.0	344.0	386.0	31.9	344.9	376.8
of which pensions	18.2	78.7	96.9	11.4	71.5	82.9
Total personnel costs	**132.7**	**1,600.5**	**1,733.2**	**130.0**	**1,605.0**	**1,735.0**

Pension obligations of SEK 42 m (34) to the Board and the President of the Group are based on agreements with the current and former Presidents and vice Presidents. The majority of the obligations are invested in endowment insurance funds. These are valued at SEK 39 m (36). The cost of pension obligations for the year, attributable to the current and previous Presidents and Board members, is SEK 8.9 m (3.4).

Note 6 Employees and Senior Management, cont.

In 2012, total remuneration paid to Board members totalled SEK 2,622 k (2,660), broken down in the table below.

At the Extraordinary General Meeting on 16 October 2012, it was decided that the fees for the Board members would amount to SEK 2,200 k. Of this, SEK 650 k would be paid to the Chairman of the Board, SEK 300 k to each of the Board's elected members, and SEK 25 k to each of the employee representatives. Fees for the Audit Committee work were agreed at SEK 120 k, of which SEK 60 k is paid to the Chairman and SEK 30 k to the other two members. It was also decided that no fees would be paid for the work of the Remuneration Committee. The Board appoints its own members to this committee.

Board fees paid

SEK (thousands)	**2012**	2011
Kjell Nilsson (new Chairman from 2012)	136.3	-
Svend Holst-Nielsen (resigned as Chairman in 2011)	-	267.1
Pontus Andersson	25.0	25.0
Sonat Burman-Olsson	320.0	200.0
Erik Eberhardson	300.0	300.0
Per Frankling (resigned in 2012)	257.9	350.0
Ulf Gundemark (resigned in 2012)	575.5	553.3
Anders C. Karlsson (resigned in 2012)	-	320.0
Stig Karlsson (resigned in 2012)	282.9	320.0
Markku Rantala	25.0	25.0
Annette Sadolin (resigned in 2012)	107.3	300.0
Birgit Nørgaard (elected in 2012)	193.9	-
Jens Wikstedt (elected in 2012)	131.8	-
Stefan Charette (elected in 2012)	203.9	-
Gerald Engström (elected in 2012)	62.9	-
Total	**2,622.4**	**2,660.4**

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

Remuneration to Group management and other terms of employment

Fixed and variable salaries

Remuneration to Group management is based on a combination of fixed and variable salaries, with the variable part based on achieved results and individual targets.

At present, 80 percent of the variable salary is based on consolidated profits and 20 percent on individual targets that are determined for each employee.

The maximum 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 variable salary up to a maximum of 75 percent of his annual fixed salary.

David Brodetsky's fixed salary for 2012 totalled SEK 4,841,000 for the full year with a variable salary of up to 75 percent of the fixed salary, with the right to convert up to 35 percent of the variable salary to pension. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, a free car and certain other benefits. What David Brodetsky received in 2012 is shown in the separate table. David Brodetskys pension rights were hedged in EUR up to and including the financial year 2011, which was settled in 2012. The hedge applied to both David Brodetsky and the company. Consequently it ceased at the end of 2011.

For the full year 2012, the Group management included David Brodetsky, Nils-Johan Andersson, Peter Andsberg, Carl-Gustav Nilsson, Per Nilsson and Hans Berger. Christina Imméll, HR Director, was included in the Group management until November 2012. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting.

Remuneration for 2012 to David Brodetsky, President and CEO, and the other members of the Group management, is shown in the table below.

SEK	**David Brodetsky**	**Remuneration of other Group management**	**Total**
Fixed salary incl. holiday pay	4,918,456	11,927,242	16,845,698
Variable salary	1,016,610	1,449,152	2,465,762
Incentive programme	200,000	630,312	830,312
Pension expenses	2,827,625	2,348,766	5,176,391
Benefits	370,220	715,119	1,085,339
Total	**9,332,911**	**17,070,591**	**26,403,502***

Salary related costs associated with the dismissal of the CEO and the HR Director are shown in the table below.

SEK	**Total**
Fixed salary incl. holiday pay	13,002,463
Variable salary	4,030,729
Incentive programme	0
Pension expenses	5,536,904
Benefits	415,000
Total	**22,985,096***

**) The above amount does not include social security contributions.*

Guidelines for remuneration for senior executives

The Annual General Meeting decided on the following guidelines for remuneration for senior executives:

- Remuneration to senior executives will be based upon the market in which the company operates and the environment in which each of the executives works; it 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: fixed salaries, variable salaries, pensions and benefits according to below.
- An incentive programme for the purchase of shares was introduced at the 2011 and 2012 Annual General Meetings.
- Fixed salaries and benefits will be established on an individual basis according to the criteria outlined above and specific skills in each case.
- Variable salaries are paid on achieving clearly established targets for the Group as well as individual targets. Variable salaries are paid as a percentage of fixed salaries and have a ceiling.
- As a principal rule, the pension will be a defined contribution plan. The extent of the pension is founded on the same criteria as for fixed remuneration and based partly on fixed and partly on variable salaries.
- In special cases, the Board of Directors has the right to waive the guidelines. The Board of Directors has not exercised this mandate in 2012.

The Board proposes that the guidelines above remain unchanged from the next Annual General Meeting.

Note 6 Employees and Senior Management, cont.

Termination Regulations

The notice period for David Brodetsky's employment is 12 months from the company and six months from David Brodetsky. David Brodetsky is bound by a non-competition clause, which is irrevocable by the company and is valid for one year from the termination of employment. During this time, David Brodetsky is entitled to remuneration equivalent to fixed and variable parts, plus the right to pension contributions. The company may not revoke non-competition clause. Termination costs relating to David Brodetsky dismissal at the start of the first quarter 2013 were charged to the fourth quarter of 2012 as the process began during 2012. The costs are estimated at SEK 27 m.

The notice period for other senior executives is 12–24 months from the company and 6–12 months from the employees. These senior executives are also bound by non-competition clauses effective for 12 months following termination.

Pension expenses

David Brodetsky or the company has the right to demand that he retires at the age of 60. The retirement age for other senior executives is 65.

The company has agreed to pay pension premiums for David Brodetsky equivalent to at least 55 percent of his annual gross salary. The expenses for pension premiums amounted to SEK 2,828 k (2,824), excluding termination costs.

Other senior executives have pension benefits, over and above their legal right to a pension. The pension will be a defined contribution plan and shall be based on the same principles as for the fixed and variable salaries. The cost of pension premiums for these individuals, over and above their legal right to a pension, totalled SEK 2,349 k (4,819).

Bonus scheme

In addition to the variable salaries for Group management there is a bonus scheme for other senior executives. The bonus scheme is based on results-oriented and individual targets. Dependent upon the individual's position, bonuses are equivalent to 20, 30 or 40 percent of the annual salary. There are approximately 80 employees currently included in the scheme.

Building Systems has its own separate bonus scheme, which includes approximately 130 employees. The bonus scheme for Building Systems is also based on results-oriented and individual targets. Dependent upon individual positions, bonuses are equivalent to 5–40 percent of annual salaries.

Profit share plan

Since 1980, the company has paid contributions into a profit-sharing foundation for employees in Sweden, in accordance with the agreement. The current agreement is effective through 2012. The annual payments are based on the earnings of the Swedish Group companies. The maximum amount is adjusted upwards annually using the Consumer Price Index (CPI). Payments for the year amounted to SEK 6,031 k (6,101) including 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. From and including 2007, investments have again been made in Lindab shares. Gradually, as older funds are replaced, the remaining funds will be invested in Lindab shares. At the end of 2012, the foundation held 22,500 Lindab shares and 584,300 Ratos shares.

Incentive programme

The Annual General Meeting 2011 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 92 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 79 people who have thereby acquired a total of 62,711 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2013 and compared to the financial year for 2010. On maximum allocation, 270,344 Lindab shares will be transferred to the participants. The total cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 73.75.

The Annual General Meeting 2012 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 83 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 63 people who have thereby acquired a total of 69,347 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2014 and compared to the financial year for 2011. On maximum allocation, 324,288 Lindab shares will be transferred to the participants. The total cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 45.66.

Previously, the Annual General Meeting resolved on a different type of incentive programme.

The incentive programme initiated in 2009 was fully subscribed and 784,000 warrants were acquired by 68 senior executives and key employees within the Group. The price per warrant was fixed at SEK 6.00 in early November, entitling the holder to subscribe for one share in Lindab International for SEK 89.10 during the period 01-06-2011 to 31-05-2012.

The incentive programme initiated in 2010 contained 784,000 warrants, of which 732,000 have been offered and subscribed to by existing employees, while 52,000 were reserved for incoming managers. The price per warrant was established at SEK 8.40, entitling the holder to one share in Lindab International for SEK 93.00 during the period 01-06-2012 to 31-05-2013. Newly recruited managers subscribed to 39,000 warrants during the last quarter of 2010, with the price per warrant then established at SEK 12.20.

The dilutive effect for each programme may be up to a maximum of 1 percent of the share capital, i.e. 1 percent in total. Upon redemption, Lindab has the opportunity to transfer parts of its treasury shares that were repurchased in 2008.

Dilutive effects have not been taken into account for the warrants in the incentive programme initiated in 2010 since the average share price for the period has been lower than the conversion rates in the programme.

Note 7 Segment reporting

	Ventilation		Building Components		Building Systems		Other		Total		Elimination		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Sales revenue, external	3,591	3,612	2,052	2,268	1,013	998	-	-	6,656	6,878	-	-	6,656	6,878
Sales revenue, internal	14	20	4	11	0	1	-	-	18	32	–18	–32	0	0
Sales revenue, total	**3,605**	**3,632**	**2,056**	**2,279**	**1,013**	**999**	**0**	**0**	**6,674**	**6,910**	**–18**	**–32**	**6,656**	**6,878**
Operating profit (EBITDA) before one-off items	**341**	**297**	**188**	**249**	**120**	**60**	**–33**	**–36**	**616**	**570**	**-**	**-**	**616**	**570**
Depreciation/amortisation	–78	–76	–53	–57	–20	–22	–5	–8	–156	–163	-	-	–156	–163
Operating profit (EBITA) before one-off items	**263**	**221**	**135**	**192**	**100**	**38**	**–38**	**–44**	**460**	**407**	**0**	**0**	**460**	**407**
Operating profit (EBIT) before one-off items other than impairment of goodwill	**263**	**221**	**135**	**192**	**100**	**38**	**–38**	**–44**	**460**	**407**	**0**	**0**	**460**	**407**
Other one-off items (excluding impairment of goodwill)	–48	–23	–22	–20	–23	–16	–33	0	–126	–59	-	-	–126	–59
Operating profit (EBIT)	**215**	**198**	**113**	**172**	**77**	**22**	**–71**	**–44**	**334**	**348**	**0**	**0**	**334**	**348**
Net financial income													–156	–162
Profit after financial items (EBT)													**178**	**186**
Tax on profit for the year													–56	–95
Profit for the year													**122**	**91**
Fixed assets excl. financial assets	2,008	1,904	1,144	1,188	625	598	178	51	3,955	3,741	-	-	3,955	3,741
Stock	452	408	383	366	131	188	-	-	966	962	-	-	966	962
Other assets	684	708	371	339	133	116	192	120	1,380	1,283	–255	–121	1,125	1,162
Unallocated assets													568	614
Total assets									**6,301**	**5,986**	**–255**	**–121**	**6,614**	**6,479**
Equity													2,710	2,699
Other liabilities	697	679	512	453	265	318	107	80	1,581	1,530	–255	–121	1,326	1,409
Unallocated liabilities													2,578	2,371
Total equity and liabilities									**1,581**	**1,530**	**–255**	**–121**	**6,614**	**6,479**
Gross investments in fixed assets	48	61	41	46	68	20	5	16	162	143	-	-	162	143

Geographical information

Income from external customers (based on place of residence)

Below is a summary of external sales revenue for Lindab's largest markets, based on the customer's residence. Lindab's largest customer accounts for 2.1 percent (1.5) of the Group's total sales revenue, meaning that Lindab's dependence on individual customers is limited.

Country	2012	Percent	2011	Percent
Sweden	1,611	24	1,671	24
Denmark	669	10	698	10
UK	582	9	570	8
Germany	496	7	548	8
Russia	476	7	352	5
Other	2,822	43	3,039	45
Total	**6,656**	**100**	**6,878**	**100**

Fixed assets per country

Fixed assets, broken down by individual major countries with regard to production capacity.

Country	2012	Percent	2011	Percent
Sweden	1,092	28	1,056	28
Denmark	543	14	577	15
Luxembourg	388	10	404	11
Poland	320	8	72	2
UK	236	6	243	6
Russia	223	6	174	5
Other	1,153	28	1,215	33
Total	**3,955**	**100**	**3,741**	**100**

Segment information

The Group's operations are managed and reported by business area, which therefore constitutes the basis for the Group's segmentation. The different products available form the basis for the division of business areas and therefore the segments. The Ventilation business area covers the Group's entire ventilation and indoor climate operations. The Building Components business area provides the construction industry with complete systems for roof drainage, lightweight construction and roof and façade solutions in steel. The Building Systems business area produces and sells preengineered steel building systems. Other comprises parent company functions including Group Treasury. No changes have occurred in the fundamentals for segmentation or in the calculation of the segment's profit since the previous year.

Lindab is governed on the basis of three financial targets: organic net sales growth, operating margin (EBIT) and the net debt/ equity ratio. Of these, the business areas are mainly responsible for the first two and the head office for the latter.

The business areas are also responsible for the management of operational assets and their performance is calculated at this level, while Group Treasury is responsible for financing at corporate and country level. Therefore cash and cash equivalents, interest-bearing assets and liabilities and equity are not allocated. As a result, it is not possible to allocate interest income and expenses to the segments. Neither tax assets nor tax liabilities are allocated to segments.

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

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 8 Depreciation/amortisation and impairment losses by type of asset and by function

	Group	
Depreciation/amortisation	**2012**	2011
Capitalised development expenditure (note 16)	0	0
Patents (note 16)	0	0
IT and other intangible fixed assets (note 16)	24	19
Brands (note 16)	-	-
Goodwill (not 16)	-	-
Properties (note 17)	22	28
Machinery and other technical facilities (note 17)	81	84
Equipment, tools and installations (note 17)	19	22
Total	**146**	**153**
Impairment losses		
Properties (note 17)	2	-
Machinery and other technical facilities (note 17)	7	10
Equipment, tools and installations (note 17)	1	0
Total	**10**	**10**
Total depreciation/amortisation and impairment losses by type of asset	**156**	**163**
Total depreciation/amortisation distributed by function		
Cost of goods sold	106	118
Selling expenses	16	15
Administrative expenses	24	20
R & D expenses	0	0
Other operating expenses	-	-
Total	**146**	**153**
Amortisation of surplus value on intangible assets distributed by function		
Selling expenses (note 16)	0	0
Total	**0**	**0**
Total impairment losses distributed by function		
Cost of goods sold	10	10
Total	**10**	**10**
Total depreciation/amortisation and impairment losses distributed by function	**156**	**163**

Note 9 Costs distributed by cost items

	Group		Parent company	
	2012	2011	**2012**	2011
Cost of direct materials	3,157	3,312	-	-
Personnel costs (note 6)	1,708	1,733	4	3
Depreciation/amortisation and impairment losses (notes 8, 16, 17)	156	163	-	-
Other operating expenses	1,386	1,399	1	3
Total	**6,407**	**6,607**	**5**	**6**

In the statement of comprehensive income/income statement, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D costs and other operating expenses amount to SEK 6,407 m (6,607). A breakdown of these costs into key cost categories is shown here. Personnel costs consist of employed members of staff, SEK 1,703 m, and temporary employees, SEK 5 m.

Note 10 Auditors' fees and expenses

Auditors' fees

An audit includes an examination of the annual report, an assessment of the accounting principles used and the significant estimates that were made by the company management. This also includes a review in order to determine whether the Board and President may be discharged from liability.

	Group		Parent company	
	2012	2011	**2012**	2011
Ernst & Young				
Auditing assignments	6.5	6.9	0.3	0.4
Audits separate from auditing assignments	0.1	0.1	-	-
Tax advice	1.4	2.3	-	-
Other assignments	3.6	2.6	0.1	0.8
Total Ernst & Young	*11.6*	*11.9*	*0.4*	*1.2*
Other				
Auditing assignments	1.0	0.8	-	-
Audits separate from auditing assignments	-	-	-	-
Tax advice	0.1	0.1	-	-
Other assignments	0.9	0.9	-	-
Total Other	*2.0*	*1.8*	-	-
Total	**13.6**	**13.7**	**0.4**	**1.2**

Note 11 Research & development

Costs for research and development amount to SEK 43 m (40) and are reported directly in the statement of comprehensive income, of which SEK 0 m (0) relates to the depreciation of capitalised development expenditure. For capitalised development expenditure, see note 16.

Note 12 Other operating income and expenses

	Group		Parent company	
Income	**2012**	2011	**2012**	2011
Exchange rate differences in operating receivables/liabilities	59	63	-	-
Capital gains on the sale of fixed assets	14	4	-	-
Other	12	10	8	-
Total	**85**	**77**	**8**	**-**
Costs				
Exchange rate differences in operating receivables/liabilities	–63	–76	-	-
Capital losses on the sale of fixed assets	–12	–8	-	-
Impairment of goodwill	-	-	-	-
Restructuring provision	–83	–18	-	-
Other	–35	–22	-	–3
Total	**–193**	**–124**	**-**	**–3**

Note 13 Financial income and expenses

	Group		Parent company	
Result from participations in Group companies	**2012**	2011	**2012**	2011
Received Group contribution	-	-	95	111
Total	-	-	*95*	*111*
Interest income				
External	12	8	0	0
Total	*12*	*8*	*0*	*0*
Interest expenses				
External	–156	–162	0	0
To Group companies	-	-	–98	–106
For pensions, net	–6	–6	-	-
Total	*–162*	*–168*	*–98*	*–106*
Other financial income and expenses				
Exchange rate gains	0	1	-	-
Exchange rate losses	–3	-	-	-
Other financial expenses	–3	–3	-	-
Total	*–6*	*–2*	-	-
Total	**–156**	**–162**	**–3**	**5**

Note 14 Tax on profit for the year

	Group		Parent company	
	2012	2011	**2012**	2011
Current tax				
Tax on profit for the year	–57	–71	0	0
Adjustments in respect of previous years	5	8	0	1
Total current tax	*–52*	*–63*	*0*	*1*
Deferred tax				
Occurrence and reversal of temporary differences	–13	–30	-	-
Effect of changed tax rates abroad	9	–2	-	-
Total deferred tax	*–4*	*–32*	-	-
Total reported tax expense	**–56**	**–95**	**0**	**1**

The Group's tax expenses for the year amounted to SEK 56 m (95) and the actual tax rate amounted to 31 percent (51) of the profit after net financial items. The tax rate in Sweden totalled 26.3 percent, but this has changed to 22 percent from the start of 2013. Reconciliation of reported tax is shown below.

The cost of current tax has decreased due to lower profits in Group companies.

The cost of deferred tax has been positively affected by SEK 11 m, resulting from the assets and liabilities for deferred taxes in Swedish companies having been converted to the new tax rate of 22 percent. Tax rates have also changed for other companies, including in Russia and the UK, which has had a negative impact on the cost of deferred tax. This has also been negatively affected by SEK 14 m impairment losses on deferred tax assets related to loss carry-forwards, primarily in Germany.

The total tax expense has also been adversely affected by SEK 17 m through deferred tax on net losses in some subsidiaries having not been recognised.

The average tax rate was 19 percent (25). This has been calculated by weighting the subsidiaries' pre-tax result (EBT) against the local tax rate for each country.

The discrepancy between the actual and the average tax rate amounts to 12 percentage points (26) and is due to adjustments to taxes attributable to previous years, such as the reversal of deferred taxes on loss carry-forwards. Changes in tax rates in different countries also have an effect as the liabilities and receivables relating to deferred taxes must be adjusted to the new tax rates. Other influential factors include fiscal adjustments to reported earnings, such as non-deductible expenses and deferred tax not being activated on deficits in some subsidiaries. Adjustments may also have a greater impact on the tax rate for low profits than in years when profit levels have been more normal.

	Group			
	2012	**Percent**	2011	Percent
Pre-tax result	178		186	
Tax according to current Swedish tax rate	–47	–26.3	–49	–26.3
Reconciliation with reported tax				
Effect of other tax rates for companies abroad	13	7.3	3	1.6
Deficit not capitalised, incurred during the year	–17	–9.6	–11	–5.9
Tax attributable to previous years	3	1.7	6	3.2
Non-deductible expenses	–7	–3.9	–22	–11.8
Non-taxable income	2	1.1	7	3.8
Effect of changed tax rates on deferred tax	9	5.1	–2	–1.1
Reversal of previously capitalised loss carry-forwards	–14	–7.9	–30	–16.1
Other	2	1.1	3	1.6
Reported tax expense	**–56**	**–31.4**	**–95**	**–51.0**

Deferred tax assets and liabilities for the year, not taking into consideration any offsets made within the same fiscal jurisdiction, are detailed below:

	Deferred tax assets		Deferred tax liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
Intangible fixed assets	47	146	0	–87	47	59
Tangible fixed assets	4	9	–58	–64	–54	–55
Financial fixed assets	-	-	–3	–4	–3	–4
Stock	14	22	–1	–1	13	21
Receivables	4	5	0	0	4	5
Provisions	22	17	0	–1	22	16
Leases	2	0	–1	1	1	1
Other	12	6	–75	–73	–63	–67
Loss carry-forward	105	108	-	-	105	108
Tax allocation reserves	-	-	–62	–73	–62	–73
Total	**210**	**313**	**–200**	**–302**	**10**	**11**
Reported in the statement of financial position	**150**	**313**	**–140**	**–302**	**10**	**11**

Note 14 Tax on profit for the year, cont.

Reconciliation of deferred net receivables	2012	2011
Opening balance	11	46
Reported in the statement of comprehensive income	–4	–32
Acquisitions of subsidiaries (note 5)	8	0
Divestments of subsidiaries (note 5)	-	–2
Reported in other comprehensive income and equity; hedging reserve	–3	1
Translation differences	–2	–1
Other	0	–1
Closing balance	**10**	**11**

Deferred tax assets for tax loss carry-forwards are reported 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 loss carry-forwards of approximately SEK 789 m (690), of which SEK 383 m (389) is the basis for the deferred tax asset of SEK 105 m (108).

The remaining loss carry-forwards of SEK 406 m (301) could result in a deferred tax asset of SEK 112 m (85). They have not been taken into consideration, however, 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.

Maturity dates for loss carry-forwards	Group	
	2012	2011
Next year	9	11
In 2–4 years	42	32
In 5–6 years	97	32
After 6 years	641	615
–thereof without maturity date	*470*	*435*
	789	**690**

Note 15 Earnings per share

Undiluted	2012	2011
Profit attributable to parent company shareholders, SEK m	122	91
Weighted average number of outstanding ordinary shares	75,997,735	75,331,982
Undiluted earnings per share (SEK per share)	**1.61**	**1.21**

Undiluted earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held by the parent company as treasury shares.

Diluted	2012	2011
Profit attributable to parent company shareholders, SEK m	122	91
Weighted average number of outstanding ordinary shares	75,997,735	75,331,982
Share options	-	-
Weighted average number of ordinary shares for calculation of diluted earnings per share	75,997,735	75,331,982
Diluted earnings per share (SEK per share)	**1.61**	**1.21**

Diluted earnings per share

To calculate earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. At the end of 2012, there were 784,000 outstanding share warrants relating to the incentive programme for 2010. Since Lindab's average share price in 2012 was lower than the conversion rate for the warrants in the incentive programmes, there is currently no reason to expect any dilutive effects.

Note 16 Intangible fixed assets

	Capitalised expenditure for development work and similar	Patents etc.	IT and other intangible assets	Brands	Goodwill	Total
1 January–31 December 2011						
Accumulated acquisition values						
Opening balance	10	82	178	50	2,695	3,015
Assets provided through acquisitions	-	-	0	-	-	0
Acquisitions	5	-	20	-	26	51
Divestments and disposals	–1	–5	-	-	-	–6
Reclassification	–4	-	9	-	-	5
Translation differences for the year	–1	0	1	–4	–25	–29
Closing balance	**9**	**77**	**208**	**46**	**2,696**	**3,036**
Accumulated depreciation/amortisation according to plan						
Opening balance	–10	–80	–117	–50	-	–257
Depreciation for the year	0	-	–19	-	-	–19
Divestments and disposals	1	3	-	-	-	4
Reclassification	-	-	–5	-	-	–5
Translation differences for the year	0	0	–1	4	-	3
Closing balance	**–9**	**–77**	**–142**	**–46**	**0**	**–274**
Accumulated impairment losses						
Opening balance	0	–2	-	-	–104	–106
Impairment losses for the year	-	-	-	-	-	0
Divestments and disposals	-	2	-	-	-	2
Translation differences for the year	-	-	-	-	–1	–1
Closing balance	**0**	**0**	**-**	**-**	**–105**	**–105**
Net carrying value at start of year	0	0	61	0	2,591	2,652
Net carrying value at end of year	**0**	**0**	**66**	**0**	**2,591**	**2,657**
1 January–31 December 2012						
Accumulated acquisition values						
Opening balance	9	77	208	46	2,696	3,036
Assets provided through acquisitions	-	-	2	-	-	2
Acquisitions	3	0	18	-	136	157
Divestments and disposals	-	-	–21	-	-	–21
Reclassification	–3	0	8	-	-	5
Translation differences for the year	0	0	–4	-	–51	–55
Closing balance	**9**	**77**	**211**	**46**	**2,781**	**3,124**
Accumulated depreciation/amortisation according to plan						
Opening balance	–9	–77	–142	–46	0	–274
Depreciation for the year	-	0	–24	-	-	–24
Divestments and disposals	-	-	21	-	-	21
Reclassification	-	0	–5	-	-	–5
Translation differences for the year	0	0	4	-	-	4
Closing balance	**–9**	**–77**	**–146**	**–46**	**0**	**–278**
Accumulated impairment losses						
Opening balance	0	0	-	-	–105	–105
Impairment losses for the year	-	-	-	-	-	-
Divestments and disposals	-	-	-	-	-	-
Translation differences for the year	-	-	-	-	6	6
Closing balance	**0**	**0**	**0**	**-**	**–99**	**–99**
Net carrying value at start of year	0	0	66	0	2,591	2,657
Net carrying value at end of year	**0**	**0**	**65**	**0**	**2,682**	**2,747**

Note 16 Intangible fixed assets, cont.

Capitalised expenditure for development work and similar mainly relates to internally generated capitalised expenses for software development. Other intangible assets comprise software and customer lists.

Impairment testing for goodwill

The Group assesses at least once annually whether there are any impairment losses for goodwill in accordance with the accounting principles that are described in note 2. The basis for the assessment is the strategic plan for the forthcoming periods. Lindab performed its impairment test on 31 October 2012.

Testing for impairment shall be based on the smallest cash-generating unit, which for the Lindab Group is normally considered to be the strongly integrated business areas, which are also operating and reporting segments. Additionally, Ventilation operations in the USA are defined as a cash generating unit, since the operations are not supported by the same synergy effects that otherwise affect the business units in the form of joint steel purchasing and distribution channels.

The recoverable amount for the cash-generating units is based on estimates of value in use. These calculations are based on estimated projected cash flows after tax based on financial forecasts for each business area, which are approved by the Board and extend over a two-year period, plus forecasts for the subsequent three-year period. The projected cash flows have been updated to reflect the difficult market conditions in the construction industry and declining volumes. Key assumptions used for calculating value in use are volume growth, gross margins, raw material prices and growth assumptions following the close of the budget periods.

The discount rate has been estimated based on a weighted cost of capital after tax of 8.6 percent (8.8) and has been used for all cash generating units for discounting estimated cash flows after tax. This discounting is not materially different compared with discounting based on projected cash flows before tax and the pre-tax discount levels required by IFRS. The applied discount rate corresponds to a discount rate before tax of 11.6 percent (11.9) and has been based on the Group's weighted average tax rate.

The discount rate represents the current market assessment of the risks specific to Lindab, taking into account individual risks in the underlying assets have not been included in the calculations for the cash flow. The calculation of the discount rate is based on the Group's specific situation and from its weighted average cost of capital (WACC). WACC takes into account both liabilities and equity. The capital cost of equity is based on expected returns from the Group's investors. The cost of the Group's liabilities is based on the interest-bearing liabilities 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.

Cash flows beyond 2017 have been extrapolated using an estimated average long-term growth of 2 percent (2), which is in line with the average growth in markets where the business areas 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.

All business areas conduct operations within the primary industry, construction, with a shared concept regarding the development, manufacture, marketing and distribution of products and system solutions in sheet metal and steel. The risk profile is regarded to be uniform since the business areas are also acting in similar geographical markets. The same assumptions have therefore been made regarding the discount rate and long-term growth for each business area.

In order to support the impairment test on goodwill performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A deterioration in each of the material assumptions included in the business plans or a decline in annual sales revenue growth or an increase in the discount rate, each of which is possible, shows that there is a wide margin between the recoverable amount and carrying amount. The management has therefore determined that there is no need for recording impairment loss of goodwill at the end of 2012.

Goodwill allocated per business area	2012	2011
Ventilation	1,489	1,381
Building Components	848	852
Building Systems	345	358
Total goodwill	**2,682**	**2,591**

Note 17 Tangible fixed assets

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
1 January–31 December 2011						
Accumulated acquisition values						
Opening balance	800	1,700	437	9	35	2,981
Non-current assets held for sale at start of year	-	-	-	-	-	0
Assets provided through acquisitions	-	-	0	-	-	0
Acquisitions	14	35	22	16	24	111
Divestments and disposals	–29	–27	–12	-	-	–68
Reclassification	–3	–10	–7	1	1	–18
Translation differences for the year	–13	–20	–3	0	0	–36
Closing balance	**769**	**1,678**	**437**	**26**	**60**	**2,970**
Accumulated depreciation/amortisation according to plan						
Opening balance	–207	–1,250	–349	-	-	–1,806
Non-current assets held for sale at start of year	-	-	-	-	-	0
Depreciation for the year	–28	–84	–22	-	-	–134
Divestments and disposals	8	24	10	-	-	42
Reclassification	-	12	6	-	-	18
Translation differences for the year	4	11	2	-	-	17
Closing balance	**–223**	**–1,287**	**–353**	**0**	**0**	**–1,863**
Accumulated impairment losses						
Opening balance	-	–10	-	–4	-	–14
Impairment losses for the year	-	–10	-	-	-	–10
Divestments and disposals	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Translation differences for the year	-	1	-	0	-	1
Closing balance	**0**	**–19**	**-**	**–4**	**0**	**–23**
Net carrying value at start of year	593	440	88	5	35	1,161
Net carrying value at end of year	**546**	**372**	**84**	**22**	**60**	**1,084**
1 January–31 December 2012						
Accumulated acquisition values						
Opening balance						
Non-current assets held for sale at start of year	769	1,678	437	26	60	2,970
Assets provided through acquisitions	70	66	6	0	2	144
Acquisitions	12	80	17	39	–7	141
Divestments and disposals	–2	–21	–16	0	0	–39
Reclassification	-	–6	–7	–3	–8	–24
Translation differences for the year	–18	–26	–5	–1	0	–50
Closing balance	**831**	**1,771**	**432**	**61**	**47**	**3,142**
Accumulated depreciation/amortisation according to plan						
Opening balance	–223	–1,287	–353	0	0	–1,863
Non-current assets held for sale at start of year	-	-	-	-	-	-
Depreciation for the year	–22	–81	–19	-	-	–122
Divestments and disposals	2	16	14	-	-	32
Reclassification	0	12	7	-	-	19
Translation differences for the year	8	21	4	-	-	33
Closing balance	**–235**	**–1,319**	**–347**	**0**	**0**	**–1,901**
Accumulated impairment losses						
Opening balance	0	–19	-	–4	0	–23
Impairment losses for the year	–2	–7	–1	-	-	–10
Reversed losses	-	–1	-	-	-	–1
Divestments and disposals	–1	1	0	-	-	0
Reclassification	-	-	-	-	-	-
Translation differences for the year	0	1	-	-	-	1
Closing balance	**–3**	**–25**	**–1**	**–4**	**0**	**–33**
Net carrying value at start of year	546	372	84	22	60	1,084
Net carrying value at end of year	**593**	**427**	**84**	**57**	**47**	**1,208**

Note 18 Other investments held as fixed assets

	Group	
	2012	2011
Opening balance	3	3
Acquisitions	1	-
Translation differences for the year	0	0
Book value	**4**	**3**

The long-term holding of unquoted shares and participations are reported here. They are classified as available-for-sale investments. Associated companies are included at book value, SEK 0 m (0), see note 29. Other holdings, SEK 4 m (3), mainly constitute smaller holdings owned by Group companies.

Note 19 Other long-term receivables

	Group	
	2012	2011
Opening balance	4	2
Decrease/increase	–2	2
Book value	**2**	**4**

Other long-term receivables mainly consist of deposits for leased premises.

Note 20 Stock

	Group	
	2012	2011
Raw materials and supplies	418	458
Goods in progress	44	46
Finished goods and goods for resale	504	458
Total	**966**	**962**

Inter-company profits within the Lindab Group amounted to SEK 35 m (54), which has been eliminated at Group level. Direct material costs for the year amounted to SEK 3,157 m (3,312), including SEK –1 m (3) in impairment losses. In addition, the impairment loss for finished goods has been adjusted by SEK 2 m (–2). The impairment loss for outgoing stock amounts to SEK 53 m (56), equivalent to 5 percent (5) of the stock value before deduction for impairment. Currency effects have decreased the provision by SEK 0 m during the year.

Note 21 Current receivables

	Group					
	Accounts receivable		Accrued income[1]		Other receivables[2]	
Number of days overdue	**2012**	2011	**2012**	2011	**2012**	2011
Not overdue	669	748	8	12	65	60
< 90 days	230	219	-	-	13	9
90–180 days	49	46	-	-	-	-
180–360 days	13	20	-	-	-	-
> 360 days	81	60	-	-	-	-
Total accounts receivable	**1,042**	**1,093**	**8**	**12**	**78**	**69**
Provision for bad debts	–80	–70	-	-	-	-
Total	**962**	**1,023**	**8**	**12**	**78**	**69**

1) Accrued income only relates to the exchange gain on forward exchange agreements amounting to SEK 2 m (6) and bonus income of SEK 6 m (6).
2) Other receivables relate only to VAT amounting to SEK 65 m (60) and other receivables of SEK 13 m (9).
Other receivables are specified in full below.

Change in the provision for bad debts	Group	
	2012	2011
Opening balance	70	80
Added through acquisitions	2	1
Increase in provision	29	21
Actual losses	–14	–27
Cancellation of provisions	–5	–2
Translation differences	–2	–3
Closing balance	**80**	**70**

Prepaid expenses and accrued income	Group	
	2012	2011
Prepaid expenses for rental and leasing	9	14
Accrued exchange gain forward exchange agreement	2	6
Insurance premiums	24	11
Accrued bonus income	6	6
Other prepaid expenses	47	38
Total	**88**	**75**

During the year, SEK 23 m (19) has been carried as expenses regarding the provision for bad debts.

Provisions for bad debts are normally made when the receivables have been due for more than 180 days. An impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. Individual assessments are made simultaneously and the provision is adjusted as required.

	Group	
Other receivables	**2012**	2011
VAT recoverable	65	60
Advance payments to employees	0	0
Travel advances	1	1
Other receivables	14	10
Total	**80**	**71**

Credit risk management

Customer credit risk is managed by each business unit and is covered by the Group's established policies, procedures and controls. Individual credit limits are identified and assessed. Outstanding accounts receivable are regularly monitored and portions of outstanding accounts receivable are covered by credit insurance. Lindab's exposure to individual customers is limited as Lindab's biggest customer accounts for 2.1 percent of the Group's total sales revenue.

Credit risks from deposits held with banks and financial institutions are managed by the Group's central treasury department in accordance with Group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Limits are established to minimize the concentration of risks and thereby reduce financial losses.

Note 22 Share capital and the number of shares

The table below indicates the changes in Lindab's share capital and the number of shares as from 2001.

Year	Action	Number of shares Class A	Class B[1]	Change in share capital (SEK 000's)	Total share capital (SEK 000's)
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
Closing balance		**78,707,820**	**-**	**-**	**78,708**
Number of treasury shares		–3,375,838	-	-	-
Sales of treasury shares during the year		1,000,000	-	-	-
Total number of shares outstanding at year end		**76,331,982**	**-**	**-**	**-**

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.

Incentive programme

Previously, the Annual General Meeting resolved on a different type of incentive programme. The Annual General Meeting 2011 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 92 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 79 people who have thereby acquired a total of 62,711 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2013 and compared to the financial year for 2010. On maximum allocation, 270,344 Lindab shares will be transferred to the participants. The total cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 73.75. The Annual General Meeting 2012 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 83 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 63 people who have thereby acquired a total of 69,347 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2014 and compared to the financial year for 2011. On maximum allocation, 324,288 Lindab shares will be transferred to the participants. The total cost of the programme is estimated to be SEK 5 m, based on a share price of SEK 45.66.

Note 23 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 included in defined contribution pension plans. Some countries also have defined benefit plans for pensions or terminations. The table below indicates the pension costs and liabilities as well as the material assumptions used in their calculations. Note 2 explains further how the pension costs are calculated.

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 3, this is a defined benefit plan that includes several employers. The company did not have access to the information that would have made it possible to report this as a defined benefit plan for the financial year. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. Contributions for pension insurance cover with Alecta amounted to SEK 11 m (10) for the year.

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 was 129 percent (113). The collective consolidation level comprises the market value of the trustee's assets as a percentage of the insurance commitments calculated according to the trustee's actuarial assumptions.

There is also a commitment for a collective pension plan in the USA. The pension plan is a defined benefit plan, but because the company did not have access to information that would have made it possible to report the pension plan as a defined benefit plan, it is therefore reported as a defined contribution plan. The annual fees for this plan amounted to SEK 3 m (3).

Note 23 Provisions for pensions and similar obligations, cont.

Reported in the statement of comprehensive income	2012	2011
Pensions and benefits earned during the year	9	7
Interest expenses on commitments	6	6
Expected return on plan assets	–2	–2
Actuarial gain/loss reported during the year	3	3
Expenses for past service	-	0
Total expenses for defined benefit plans	*16*	*14*
Expenses for defined contribution plans	81	75
Total expenses for post-employment benefits	**97**	**89**
of which reported in operating profit (note 6)	91	83
of which reported in net financial income (note 13)	6	6

Reported in the statement of financial position

Net obligations for benefit-based plans	2012	2011
Present value of pension obligations etc.	181	173
Financial investments	–42	–46
Net liabilities	**139**	**127**
Unreported actuarial gains/losses (+/–)	–36	–28
Specification of benefit-based pension obligations, etc.		
Present value of funded pension obligations	71	67
Fair value of plan assets	–42	–46
Net value of funded plans	*29*	*21*
Present value of unfunded benefit-based obligations	110	106
Unreported actuarial gains/losses (+/–)	–36	–28
Unreported expenses relating to past service	-	-
Net liability in the statement of financial position for benefit-based obligations	**103**	**99**
Allocated to pensions, contribution-based obligations	39	36
Pension liability as per the statement of financial position	**142**	**135**
Fair value of plan assets for contribution-based obligations	–39	–36
Financial investments as per the statement of financial position	**–39**	**–36**

For benefit based funded plans, the net pension commitment after deductions have been made for the plan assets is reported in the statement of financial position. Funded plans with net assets, i.e. assets exceeding commitments, are reported as financial investments. Contribution based plans that are funded are reported gross in the statement of financial position, the assets as Financial investments, and the commitments as Provisions for pensions and similar obligations.

Of total pension provisions in the statement of financial position of SEK 142 m (135), SEK 36 m (34) comprise pension obligations for current and former Presidents and Vice Presidents. The obligations are invested in endowment insurance funds. These are valued at SEK 39 m (36).

	2012		2011	
Change in plan assets and pension obligations during the year	**Assets**	**Obligations**	Assets	Obligations
Opening balance	–46	173	–45	167
Return on plan assets	–2	-	–2	-
Interest expenses	-	6	-	6
Contributed funds	–4	-	–3	-
Pensions earned during the year	-	9	-	7
Pensions paid	8	–13	3	–9
Actuarial gains or losses	2	3	1	10
Reclassification and other	-	2	-	–8
Translation differences for the year	0	1	0	0
Closing balance	**–42**	**181**	**–46**	**173**

	2012				2011
Most important actuarial assumptions	**Sweden**	**Luxembourg**	**Norway**	**Other**	All
Discount rate, %	3.5	2.8	2.2	3.0–6.0	3.3–6.0
Expected return on assets, %	N/A	2.8	3.6	0.0–2.0	4.6–4.8
Future salary increases, %	3.0	3.3	3.3	2.0–4.0	1.0–4.0
Future pension increases, %	2.0	0.0	0.0	1.8–2.0	0.7–3.0
Net debt breakdown for 2012, SEK m	73	10	9	11	-
Net debt breakdown for 2011, SEK m	70	14	9	5	-

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, for Lindab 3.5 percent (3.8).

The parent company

The company's pension obligation for the President and CEO is classified as a contribution based plan. See also note 6.

Note 24 Other provisions

	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	35	39	11	85
Utilised (–)/increase during the year (+)	2	–6	23	19
Exchange rate differences	–1	–1	1	–1
Closing balance	**36**	**32**	**35**	**103**
Breakdown in the statement of financial position				
Other long-term provisions	7	16	7	30
Other current provisions	29	16	28	73
Total	**36**	**32**	**35**	**103**

The restructuring provision consists of provisions for the cost reduction programme.

The restructuring provision attributable to the cost reduction programme is expected to be fully utilised during the first half of 2013.

The warranty provisions of SEK 32 m (39) include estimated future expenses for faults in items or work carried out, and provisions for actual claims.

A large share of the warranty provisions relate to Building Systems, SEK 26 m (35).

The general provisions are reported at the time of sale or as required where a fault arises on specific products. Provisions of SEK 15 m (8) are made for claims, normally arising in association with deliveries. The calculation is based on actual claims. This amount is included in the provisions calculated for warranties intended to cover the entire warranty period. A common calculation principle has been introduced, which is calculated on a statistics-based percentage in relation to sales revenue over the last ten years less actual warranty costs. The remaining provisions, regarding estimated future warranty costs, amount to SEK 13 m (15). The warranty period usually covers five to ten years, but in most cases problems are solved within one year. In addition, there are individual provisions for specific products of SEK 4 m (12).

Note 25 Consolidated Borrowing and Financial Instruments

	Group		Parent company	
Long-term	**2012**	2011	**2012**	2011
Bank loans	2,056	1,772	-	-
Current				
Liabilities to credit institutions	11	6	-	-
Overdraft facilities	193	98	-	-
Total borrowing	**2,260**	**1,876**	**-**	**-**

	Group		Parent company	
The maturity periods for long-term borrowing are broken down according to the following table:	**2012**	2011	**2012**	2011
between 1 and 2 years	5	20	-	-
between 2 and 5 years	2,003	1,736	-	-
more than 5 years	37	6	-	-
	2,045	**1,762**	**-**	**-**

In accordance with IFRS, bank loans include leasing liabilities of SEK 47 m (18). The current share of the leasing liability amounted to SEK 22 m (15) and is included in liabilities to credit institutions. Total borrowing includes pledged liabilities (bank loans with security) of SEK 8 m (9). Security for these loans consists of mortgage deeds in properties.

Fixed rates only apply to the financing of property loans in Switzerland. These loans amount to SEK 8 m (9).

The Group's unused credit facilities amounted to SEK 1,095 m (1,944). The parent company has no unused credit.

According to the Group's financial policy, the fixed interest rate must not exceed 12 months. At 31 December 2012 it was 4 months. In 2011, the period was 15 months because of the interest rate swap agreements. The majority of consolidated borrowing currently has a variable interest rate.

Note 25 Consolidated Borrowing and Financial Instruments, cont.

Consolidated borrowing broken down in different currencies:

	Group		Parent company	
Amounts in SEK m	**2012**	2011	**2012**	2011
SEK	2,086	1,789	-	-
DKK	37	46	-	-
EUR	46	26	-	-
NOK	4	-	-	
CHF	8	9	-	-
RUB	22	-	-	-
PLN	57	6	-	-
	2,260	**1,876**	**-**	**-**

The carrying amount and fair value for financial instruments

Interest-free financial instruments, such as accounts receivable and accounts payable, are reported at fair value. Interest bearing financial instruments such as consolidated borrowing are also reported at fair value.

	2012		2011	
Financial assets	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets at fair value through profit for the year	0[1)]	0	6[1)]	6
Investments held to maturity	39	39	36	36
Loan receivables and accounts receivable	1,287[2)]	1,287	1,339[2)]	1,339
Total financial assets	**1,326**	**1,326**	**1,381**	**1,381**
Financial liabilities				
Financial liabilities at fair value through profit for the year	1[3)]	1	13[3)]	13
Other financial liabilities	3,282[4)]	3,282	2,994[4)]	2,994
Total financial liabilities	**3,283**	**3,283**	**3,007**	**3,007**

1) Reported as derivative assets.
2) Reported as accounts receivable, other long-term receivables, part of other current receivables, accrued income and cash and bank.
3) Reported as derivative liabilities.
4) Reported as accounts payable, long-term liabilities, part of other current liabilities and accrued expenses.

Note 26 Accrued expenses and deferred income

	Group		Parent company	
	2012	2011	**2012**	2011
Salaries and holiday pay	145	145	2	2
Share of profits	12	9	-	-
Payroll overheads	76	71	-	-
Bonuses to customers	99	95	-	-
Interest expenses	12	14	-	-
Other costs	72	33	0	0
Total	**416**	**367**	**2**	**2**

Note 27 Leases

Operational lease contracts

Leasing costs for assets held through operating lease contracts, such as rented premises, machinery and office equipment, are reported in operating expenses and amount to SEK 46 m (53), of which property rental charges amount to SEK 41 m (47).

Future payments for non-cancellable operating lease contracts amount to SEK 83 m (150) and are broken down as follows:

Variable payments consist of variable rates. An increase in interest rates of one percentage point increases total leasing costs by SEK 6 m.

	2012	2011
2013	37	52
2014–2017	36	83
2018 and later	10	15
	83	**150**

Existing lease contracts vary in length from 5 to 22 years. Within the Group, there are companies with options contracts giving them the right to buy back properties sold to leasing companies.

If the option giving the right to buy back is exercised, the property's market value determines the purchase price. None of the Group's lease contracts contain restrictions regarding equity or financing opportunities.

The above table includes the following major items.

In 2004, an operating lease was signed with DIL Czech Leasing Boskovice Koncernova s.r.o. regarding a production facility in the Czech Republic. The contract is effective for 10 years and includes an option to buy back the production facility at market value when the contract expires. The rent for 2012 amounted to SEK 9 m.

Properties in Båstad were divested in August 2005. These properties were acquired by DAL Nordic Finance AB for a purchase price of SEK 191 m. The properties have been leased back by Lindab through 10-year operating lease contracts. The rent for 2012 amounted to SEK 11 m.

In January 2010, Lindab sold a production facility in Luxembourg. This property was acquired by DAL Nordic Finance AB for a purchase price of SEK 285 m. Lindab simultaneously leased back the property through a 5-year operating lease contract and has the option to buy back the production facility at market value when the lease contract expires. The rent for 2012 amounted to SEK 16 m. The lease contract is associated with the commitment as described in note 28.

For the leasing transactions above, there is a possibility to extend the lease contracts if the possibility is exercised in accordance with established agreements. If Lindab chooses not to extend the lease contract, Lindab typically has an obligation to guarantee the majority of the carrying value.

Financial lease contracts

Financial lease agreements amounting to SEK 74 m (25) are included in the balance sheet under Buildings and Land and totalling SEK 16 m (0) under Machinery and Software. In 2012, costs for these contracts excluding deferred taxes amounted to SEK 26 m (3). Future obligations for financial lease agreements amount to SEK 90 m (33) and are broken down as follows:

	Nominal value (present)	
	2012	2011
Year 1	25 (24)	15 (15)
Year 2–5	26 (23)	18 (16)
Year 6 and later	39 (29)	- (-)
	90 (76)	**33 (31)**

Interest rates were determined upon commencement of the lease contracts. All lease contracts have fixed repayments; the included variable charges do not amount to substantial sums.

Note 28 Pledged assets and contingent liabilities

	Group		Parent company	
Pledged assets	**2012**	2011	**2012**	2011
Property mortgages	18	18	-	-
Floating charges	382	326	-	-
Total	**400**	**344**	**-**	**-**

All pledged assets refer to security for liabilities to credit institutions.

	Group		Parent company	
Contingent liabilities	**2012**	2011	**2012**	2011
Other guarantees and sureties	4	13	-	-
Pension obligations	10	11	-	-
Total	**14**	**24**	**-**	**-**

The existing credit agreement with Nordea and Handelsbanken expires in February 2015. Up to 30 December 2012, the total credit limit was SEK 3,000 m (3,500) and from 31 December 2012 to SEK 2,900 m according to the current credit agreement. The agreement contains covenants, which are monitored quarterly. Lindab fulfils the terms of its current credit agreement.

Lindab is included in a pension plan covering a number of employees in the USA. In the event of Lindab discontinuing its business in the USA or withdrawing from the collective agreement with the local unions, a commitment has been enacted to cover Lindab's share of the deficit for the collective pension plan. The sum of the commitment has been calculated and estimated at SEK 55 m, which is based on data from 31 December 2011 and is not based on normal actuarial principles but represents a commitment in the event of withdrawal from the collective agreement. There was no current information as of 31 December 2012.

Note 28 Pledged assets and contingent liabilities, cont.

To ensure that Lindab can use the Building Systems plant in Luxembourg in the long term under better financial conditions, Lindab has entered into an agreement with the present property owner, DAL, to acquire all shares in the company that owns the property. Unless early completion is exercised, completion will take place when the current tenancy expires on 29 January 2015. The purchase price corresponds to equity and is not expected to exceed SEK 2 m.

The company's liquid assets correspond to the purchase price. The property's book value at the time of completion is estimated at EUR 25 m, corresponding to the estimated market value. Hypothecation of the property totals the same amount.

Simultaneously, Lindab has entered into agreement with third parties to resell the property and enter into a long term lease. The cumulative effect of the agreements is a decrease in Lindab's rental costs from 2012 and thereby safeguards the use of the facility at a reasonable cost.

Note 29 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

Principal shareholders considered to be related parties are Ratos AB and one of the current principal shareholders, Systemair AB (publ).

From 20 August, transactions with Systemair AB (publ) are considered to be transactions with related parties. Transactions with Systemair AB (publ) for the period 20 August up to the year-end comprise sales revenues of SEK 9.9 m and purchasing of SEK 6.5 m. The transactions were conducted on market terms, on a so-called arm's length basis.

In addition, the parent company has direct and indirect control over its subsidiaries, see note 30. The parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with the senior management, see note 6.

Present and former Members of the Board and the senior management with their respective inner circles have been 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 23.

The associated company Meak BV in the Netherlands and Lindab Innovation AB are also to be considered as related. Since the extent of these transactions is negligible, however, they have not been included below.

Other transactions with related parties are specified below

	Group		Parent company	
Pension liability to	**2012**	2011	**2012**	2011
Former Presidents	29	29	-	-

	Group companies		Parent company	
The parent company	**2012**	2011	**2012**	2011
Dividends and Group contributions to the parent company	95	111	N/A	N/A
Interest income from the parent company	98	106	N/A	N/A
Long-term receivables in the parent company	2,087	2,064	N/A	N/A
Group companies				
Received dividends and Group contributions from Group companies	N/A	N/A	95	111
Interest expenses to Group companies	N/A	N/A	98	106
Long-term liabilities to Group companies	N/A	N/A	2,087	2,064

Other transactions with related parties

For information about the incentive programmes aimed at participants in various management positions and senior executives at Lindab, see note 6 on page 92.

In addition to that stated above, none of Lindab's Board members, deputy Board members, senior executives or shareholders has or is participating in any business transactions with the company that is unusual in nature, terms or has significance for the company's business as a whole, or has taken place during the current financial year or in the last three financial years. This also applies to transactions in previous financial years which in some respect have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor have any guarantees or stood surety been given for any of them.

In general, transactions with related parties have taken place on terms equivalent to those that apply to business transactions.

Note 30 Group Companies and Associates

	Currency code	Corporate ID no.	Registered office	Share in %	Book value
Lindab AB	SEK	556068-2022	Båstad, Sweden	100	3,467[1)]
Lindab Sverige AB	SEK	556247-2273	Båstad, Sweden	100	
Lindab Steel AB	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB	SEK	556026-1587	Båstad, Sweden	100	
Lindab Ltd. Co.	RUB	105781261234	St. Petersburg, Russia	0	
Lindab Profil AB	SEK	556071-4320	Båstad, Sweden	100	
Lindab S.A.	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o.	CZK	49613332	Prague, Czech Republic	15	
U-nite Fasteners Technology AB	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Buildings LLC	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Lindab Ltd. Co.	RUB	105781261234	St. Petersburg, Russia	100	
Lindab S.A.	EUR	RC B91774	Diekirch, Luxembourg	100	
LA Services S.'ar.l	EUR	B146465	Diekirch, Luxembourg	100	
Lindab Treasury AB	SEK	556044-4704	Båstad, Sweden	100	
Lindab Buildings S.A.S.	EUR	RCS 327 258 943	Marne-la-Vallée, France	100	
Lindab Buildings s.r.o.	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC	RUB	OGRN 1047796961464	Moscow, Russia	100	
Lindab Buildings Sp. z o.o.	PLN	KRS 0000039952	Lomianki, Poland	1	
Lindab Buildings LLC	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA	LVL	40003602009	Riga, Latvia	100	
UAB Lindab	LTL	11788414	Vilnius, Lithuania	100	
Lindab d.o.o.	HRK	80182671	Gornji Stupnik, Croatia	100	
Lindab AS	EEK	10424824	Harju mk, Estonia	100	
Oy Lindab Ab	EUR	557.222	Esbo, Finland	100	
Lindab s.r.o.	CZK	49613332	Prague, Czech Republic	85	
LLC Spiro	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A.	CHF	CH-217-0135550-1	Bösingen, Switzerland	100	
LLC Spiro	RUB	1117604013108	Yaroslavl, Russia	99	
Spiro S.A.	CHF	CH-217-0130536-2	Bösingen, Switzerland	100	
Protol AG	CHF	CH-160.3.001.249-2	Glarus, Switzerland	100	
Lindab Holding Inc.	USD	54-179 29 84	Portsmouth VA, USA	100	
Spiral Helix Inc.	USD	36-4381930	Chicago IL, USA	100	
Lindab Inc.	USD	06-135 32 48	Portsmouth VA, USA	100	
Lindab Profile Inc.	USD	90-091 66 93	Portsmouth VA, USA	100	
Lindab SRL	RON	J23/1168/2002	Ilfov, Romania	100	
Lindab EOOD	BGN	175097637	Sofia, Bulgaria	100	
Lindab Ukraine LLC	UAH	34300449	Kiev, Ukraine	100	
Lindab Kft.	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS	NOK	929805925 MVA	Oslo, Norway	100	
Lindab Sp. z o.o.	PLN	KRS 0000043661	Lomianki, Poland	100	
Lindab S.r.l	EUR	12002580152	Volpiano, Italy	100	
Lindab N.V.	EUR	BE 464.910.211	Gent, Belgium	100	
Airflux BVBA	EUR	0461.085.144	Brugge, Belgium	100	
Lindab A/S	DKK	CVR nr. 33 12 42 28	Haderslev, Denmark	100	
Lindab Door B.V.	EUR	33291638	Groeneken, Netherlands	100	
Meak B.V.	EUR	18042479	Utrecht, Netherlands	40	
Lindab GmbH	EUR	HRB 2276	Bargteheide, Germany	100	
Lindab Buildings GmbH	EUR	HRB 8007	Mainz, Germany	100	
Lindab Buildings Sp. z o.o.	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab AG	CHF	CH-170.3.023.237-3	Wetzikon, Switzerland	100	
Lindab Ltd	GBP	1641399	Northampton, UK	100	
CCL Lindab Ltd	GBP	1909033	Northampton, UK	100	
Lindab S.A.S.	EUR	31 228 513 300 061	Montluel, France	100	
Elia Sarl	EUR	B 493 610 158	Saint-Aunes, France	100	
Lindab (IRL) Ltd	EUR	44222	Dublin, Ireland	100	
Lindab a.s.	SKK	36 214 604	Spišská Nová Ves, Slovakia	100	
IVK Kiinteistöt Oy	EUR	2324254-7	Jyväskylä, Finland	100	
Lindab Fastigheter AB	SEK	556629-2271	Båstad, Sweden	100	
Lindab Steel AG	CHF	CH-020.3.036.274-9	Wetzikon, Switzerland	100	
Centrum Klima S.A.	PLN	0000299712	Mazowiecki, Poland	100	
Lindab Innovation AB	SEK	556897-8505	Båstad, Sweden	50	
Lindab Panel AB	SEK	556855-7481	Båstad, Sweden	100	
Kalnesa Holdings Limited	EUR	303110	Nicosia, Cyprus	100	
Spircus Enterprises Limited	EUR	303031	Nicosia, Cyprus	100	

1) *The number of treasury shares totals 23,582,857.*

We affirm that, to the best of our knowledge, this Annual Report has been prepared in accordance with generally accepted accounting practices for listed companies, that the information submitted corresponds with the actual situation and that nothing of material significance has been omitted that could affect the picture of the company presented in the Annual Report.

Båstad 7 March 2013

Kjell Nilsson
Chairman

Carl-Gustav Nilsson
Acting President and CEO

Erik Eberhardson

Birgit Nørgaard

Sonat Burman-Olsson

Stefan Charette

Gerald Engström

Pontus Andersson

Markku Rantala

Our Auditors' Report was submitted on 8 March 2013.

Staffan Landén
Authorised Public Accountant
Ernst & Young AB

Jan Birgerson
Authorised Public Accountant
Ernst & Young AB

Auditors' Report

To the annual meeting of the shareholders of Lindab International AB
Corporate identity number 556606-5446

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lindab International AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 57–109.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 31 December 2012 and of its financial performance and its cash flows 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 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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 annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Lindab International AB for the year 2012.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit 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.

Båstad 8 March 2013

Staffan Landén	Jan Birgerson
Authorised Public Accountant	Authorised Public Accountant
Ernst & Young AB	Ernst & Young AB

Financial definitions

Operating profit (EBITDA)
The operating profit (EBITDA) comprises results before depreciation and before consolidated amortisation of surplus value on intangible assets.

Operating profit (EBITA)
The operating profit (EBITA) comprises results following depreciation but before consolidated amortisation of surplus value on intangible assets.

Operating profit (EBIT)
The operating profit (EBIT) comprises results before financial items and tax.

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 long-term liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest-bearing accrued expenses and deferred income.

Capital employed
Total assets less non-interest bearing liabilities and provisions including deferred tax liabilities.

Operating capital
Total net debt, minority shareholding and equity.

Operating cash flow
Cash flow from operating activities excluding one-off items and tax paid but including net investments in intangible and tangible fixed assets.

Net debt
Long-term and current interest-bearing liabilities, including interest-bearing provisions, minus interest-bearing assets as well as cash and bank.

Diluted number of shares
The average number of shares is calculated by reference to the dilution of the warrants issued by the company in accordance with IAS 33. It is presently assessed that the outstanding options are not to be exercised.

Undiluted/diluted earnings per share
Profit for the year attributable to the parent company shareholders in relation to the average number of outstanding shares.

Equity per share
Equity excluding the minority shareholding in relation to the number of outstanding shares at the end of the period.

Cash flow from operating activities per share
Cash flow from operating activities in relation to the average number of shares at the end of the period.

P/E ratio
Quoted price at the year-end divided by the earnings per share.

Operating margin (EBITDA)
Operating margin has been calculated as the profit before depreciation and before consolidated amortisation of surplus value on intangible assets (EBITDA), expressed as a percentage of net sales for the year.

Operating margin (EBITA)
Operating margin has been calculated as the profit following depreciation but before consolidated amortisation of surplus value on intangible assets (EBITDA), expressed as a percentage of net sales for the year.

Operating margin (EBIT)
Operating margin has been calculated as the profit before financial items and tax (EBIT), expressed as a percentage of net sales for the year.

Profit margin (EBT)
Profit margin (EBT) has been calculated as the profit before tax, expressed as a percentage of net sales for the year.

Return on capital employed
Return on capital employed comprises the Group's profit after financial items plus financial expenses as a percentage of average* capital employed.

Return on operating capital
Operating profit (EBIT) as a percentage of average* operating capital.

Return on equity
Return on equity comprises the profit after tax as a percentage of the weighted average* equity.

Return on total assets
Return on total assets comprises profit before tax (EBT) plus financial expenses as a percentage of the average* total assets.

Equity/assets ratio
The equity ratio has been calculated as shareholders' equity as a percentage of total assets according to the statement of financial position.

Net debt/equity ratio
Net borrowings in relation to equity.

Interest coverage ratio
The interest coverage ratio has been calculated as the profit after financial items plus financial expenses in relation to financial expenses.

*) *Average capital based on quarterly values from and including 2004.*
In previous years, the calculations are based on full-year values.

GRI Index

Lindab follows GRI guidelines for sustainability reporting, and reports through self-assessment in accordance with GRI level C.

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EN18	Initiatives to reduce emissions of greenhouse gases and results	F	p. 38–39, p. 42–43
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EN28	Fines and sanctions for noncompliance with environmental laws and legislation	F	p. 37
Performance indicators for labor practices and decent work			
LA1	Total workforce	P	p. 44, p. 50, Note 6
LA2	Employee turnover	P	p. 44, p. 50, Note 6
LA7	Work-related accidents and diseases	P	p. 50–51, Note 6
LA13	Composition of the Board, management and employees by category	F	p. 50
Performance indicators for human rights			
HR4	Total number of incidents of discrimination and actions taken	F	p. 38
HR6	Operations identified as having significant risk for incidents of child labor and actions taken	F	p. 38
HR7	Operations identified as having significant risk for incidents of forced labor and actions taken	F	p. 38
Performance indicators for society			
SO2	Percentage and total number of business units analyzed for risks related to corruption	F	p. 40
SO4	Actions taken in response to incidents of corruption	F	p. 40
Performance indicators for products			
PR1	Products and services impact on health and safety throughout the life-cycle	F	p. 40–41
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	F	p. 40
PR9	Monetary value of fines for noncompliance with laws and regulations concerning products and services	F	p. 40

N/A = Not applicable
F = Full
P = Partial

Glossary

Building Product Declaration – A building product declaration (BPD) is a form for presenting environmental information about building materials. Lindab has decided to establish BPDs for all its products and these are available on the Group's Swedish website.

CEE – Central and Eastern Europe.

CIS – Commonwealth of Independent States (former Soviet Republics).

EU climate targets – Climate targets must be achieved by 2020 and include a 20 percent reduction in energy use and greenhouse gas emissions and for 20 percent of energy to come from renewable sources, visit www.europa.eu.

Sustainable development – normally defined as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs". The definition comes from the World Commission on Environment and Development (the Brundtland Commission)

ISO 9001 – International standard for quality management systems, visit www.iso.org.

ISO 14001 – International standard for environmental management systems, visit www.iso.org.

ISO 26000 – Non-certifiable international standard with guidance on social responsibility, visit www.iso.org.

Lindab Life – The collective name for Lindab's long-term responsibility towards our stakeholders, the communities in which we operate and the environment we live in. Includes the areas Business, Environment, Employees and Society.

Lindab Rainline Centers – Stockholding retailers of Lindab products in CEE/CIS, with an emphasis on Rainline.

Carbon footprint studies – Analysis of a product's overall environmental impact during its life cycle, i.e. from raw material extraction, via production processes and use, to waste management, including all transport and all energy consumption in the intervening period.

Key Accounts function – Strategic work with the company's key customers in order to create long-term partner relationships.

Quality management system – An operational system to ensure the quality of a company's products and services extending over organisational structures, responsibilities and activities.

Environmental management system – An operational system for effective and structured environmental work with continuous improvement as a goal. Certified in accordance with ISO 14001.

Ozone depleting substances – Substances that deplete the ozone layer containing either chlorine (Cl) or bromine (Br). These substances evaporate easily and are very stable. This means that they can reach the stratosphere where the ozone layer is located.

Pascal – Lindab's new VAV solution has been developed and designed in order to simplify and optimise all phases of building construction from design to operation. Pascal eliminates all unnecessary energy consumption, reducing the need for dampers in the ducts and enabling very simple installation and commissioning.

Performance and Development Talk – A deeper discussion between managers and employees aimed at creating meaningful development for employees and the organisation. The dialogue includes the employee's situation, individual targets and target fulfilment, skills assessments, future development and development plans.

UK Bribery Act – British anti-corruption legislation that may also be applicable to Swedish companies with any type of operations related to the UK.

REACH – Chemical legislation that replaced much of the chemical regulations that applied in Europe and in Sweden before 1 June 2007. The rules are contained in an EC Regulation and must therefore be applied directly by companies without being translated into Swedish law. Reach stands for Registration, Evaluation, Authorisation and Restriction of Chemicals.

ROCA – Profile with stone granules giving the appearance of concrete tiles.

Sandwich panel – Building component for roofs and/or walls, insulating core of mineral fibres or various types of foam, covered with steel on the inside and outside.

Social Responsibility (SR) – The company's responsibility for its impact on society and the environment. A transparent and ethical code that corresponds to the demands put on the company by society and various stakeholders.

SRP Click – Profile with a traditional standing seam roof appearance with "click-assembly".

Succession Planning – Planning for the replacement of key employees.

Talent Review – Identification of key employees' potential to develop further in the company.

Greenhouse gas – The gases that contribute to climate change are called greenhouse gases, e.g. carbon dioxide, methane and nitrous oxide.

Information to Shareholders

Annual General Meeting

The Annual General Meeting for Lindab International AB will be held on 15 May 2012 at 14.00 (CET), at the Lindab Arena, Ängelholm, Sweden. Shareholders who wish o take part in the Annual General Meeting must:

- be registered in the register of shareholders held by Euroclear Sweden AB no later than Wednesday 8 May 2013, and
- inform Lindab International AB (publ) of their participation no later than 16.00 on Wednesday 8 May 2013.

Registration in the Register of Shareholders

Shareholders whose shares are are nominee registered through a bank or other trustee must request to have their own names entered in the register of shareholders maintained by Euroclear Sweden AB no later than Wednesday 8 May 2013 to be eligible to participate at the Annual General Meeting. The shareholder must notify their bank or other trustee in good time before this date.

Notice to attend the Annual General Meeting

Those wishing to participate must give notice no later than 16.00 on Wednesday 8 May 2013:

- via the website www.lindabgroup.com
- by telephoning Lindab International AB, +46 (0) 431 850 00, or
- by post to "Lindab International AB", "Annual General Meeting", SE-269 82 Båstad, Sweden.

The notification must specify:

- name
- personal identity number (registration number)
- address and contact telephone number (daytime)
- any advisors in attendance
- any representatives in attendance.

Shareholders who are represented by proxy must provide a power of attorney for the representative. If the power of attorney is issued by a legal entity, a certified copy of the proof of registration for the legal entity must be attached.

To facilitate this, the original power of attorney and any related documents should be submitted to the company no later than Wednesday 8 May 2013.

Nomination Committee

It is the duty of the Nomination Committee to prepare the nominations for the Chairman and other members of the Board, the nominated auditors, the nominated Chairperson of the Annual General Meeting, matters regarding fees and similar matters. The Nomination Committee for the 2013 Annual General Meeting consists of:

- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia, Chairwoman
- Kjell Nilsson, Chairman of Lindab International AB
- Stefan Charette, representative for Creades AB
- Gerald Engström, representative for Systemair AB
- Peter Rönnström, representative for Lannebo Fonder.

Contacting the Nomination Committee

As stated on the company's website, shareholders wishing to make contact with the Nomination Committee can send:

- an e-mail to carlgustav.nilsson@lindab.com (subject "To the Nomination Committee") or
- a letter addressed to: "Lindab's Nomination Committee", Carl-Gustav Nilsson, Lindab International AB, SE-269 82, Båstad, Sweden.

Reports

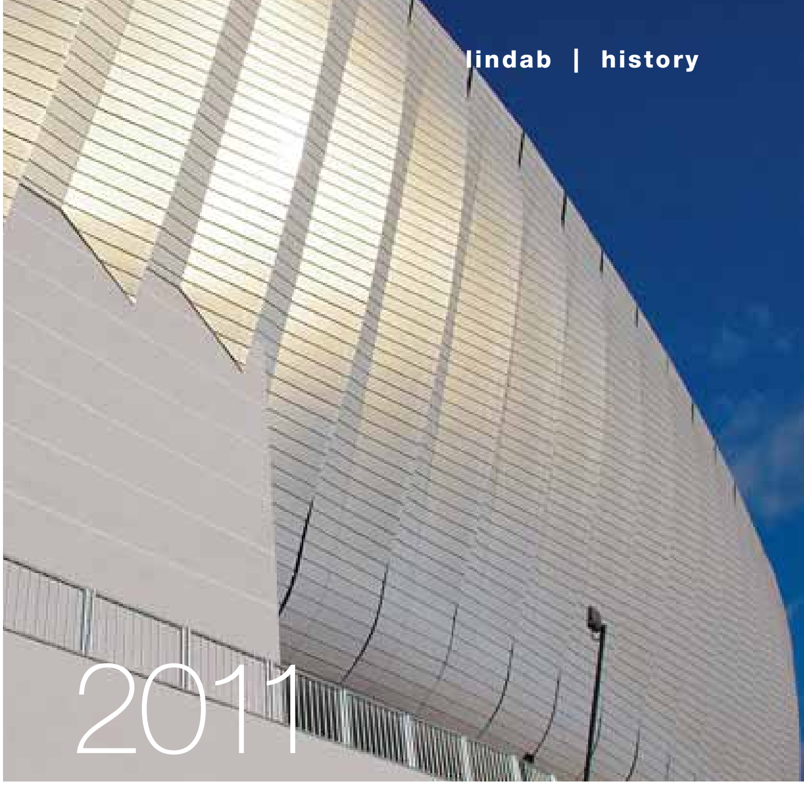
Reports can be ordered from Lindab International AB:

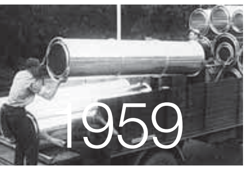
- either via the website www.lindabgroup.com, or
- by post to "Lindab International AB", "Reports", SE-269 82 Båstad, Sweden.

Printed copies of the Annual Report will only be sent to shareholders and stakeholders who have ordered it.

Financial statements

Interim report January–March, Q1	26 April 2013
Interim report January–June, Q2	19 July 2013
Interim report January–September, Q3	28 October 2013
Q4 and Year End for 2013	February 2014
Annual Report 2013	March/April 2014





50 years of simplifying construction

AB Lidhults Plåtindustri was registered as a company in February 1959 in Grevie on the Bjäre peninsula, where its headquarters remain today. The business had already been started a few years earlier by the two business partners Lage Lindh and Valter Persson in a small sheet-metal workshop in Lidhult. The initial product range consisted of aluminium strips and windowsills. The product range has been gradually extended, and now includes complete system solutions for the construction industry. Steel as a raw material has been the common denominator throughout the years and efforts to simplify construction have remained just as relevant.

In 1984, Lindab was floated on the Swedish Stock Exchange for small companies (OTC) and in 1991 on the Danish Stock Exchange. In 2001, Lindab was bought out of the Stock Exchanges by Ratos AB together with Livförsäkringsaktiebolaget Skandia and Sjätte AP-fonden via Lindab Intressenter AB. The parent company changed its name to Lindab International AB in 2006. On 1 December 2006, Lindab returned to Stockholm Stock Exchange and became a listed company once more.

Lindab has grown substantially, and in 2012 had sales of approximately SEK 6.7 billion, with subsidiaries and representative offices in 31 countries.

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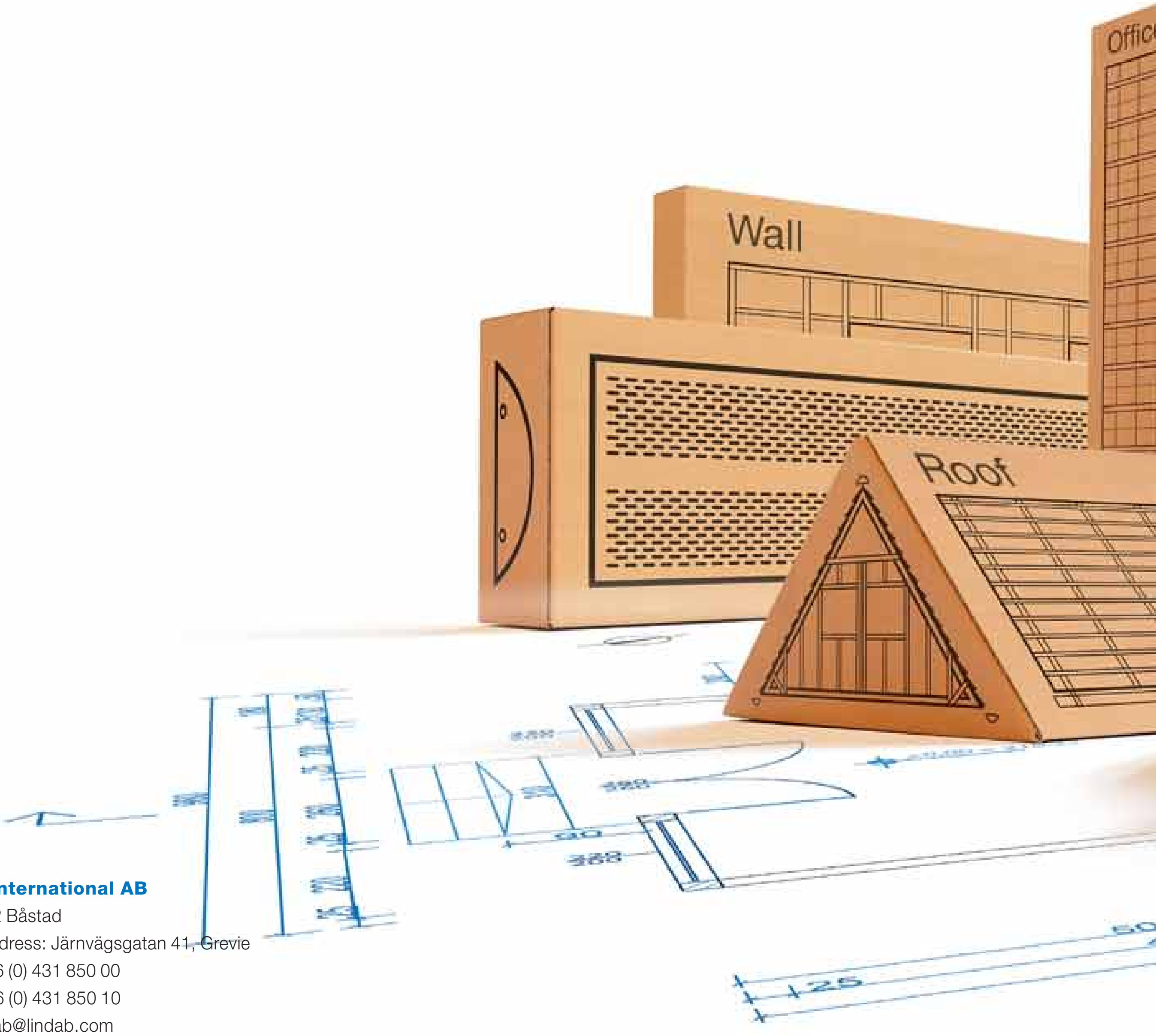
www.lindabgroup.com

Comprehensive information about the Group can be found on the Lindab website. Contact information and addresses for all our companies throughout the world can also be found there.



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