Annual Report and Sustainability Report 2018

Lindab®

"We draw inspiration and strength by going back to Lindab's roots. Back to the approach of accountability and customer focus which lay behind Lage Lindh's and Valter Persson's decision to start the business 60 years ago."

Ola Ringdahl, President and CEO

Cover shows the new InterContinental hotel in Ljubljana which is equipped with a complete indoor climate system from Lindab.

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Lindab's R&D also includes new versions of existing products and simplification through digital tools.

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Complete solutions for indoor climates in different environments are one of the unique values that Lindab offers its customers.

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Sustainability runs through all of Lindab's operations, with special focus on thirteen aspects.

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

The formal annual accounts signed by the Board of Directors and reviewed by the auditors can be found on pages 48–100.

Lindab 2018

Lindab was established in 1959 in Grevie, Sweden and since then has developed into a leading supplier of customised and sustainable solutions for simplified construction and better indoor climates. The company had sales of SEK 9.3 billion in 2018 and includes branches, sales offices and development and production units in a total of 32 countries and employing around 5,100 people.

8.3%

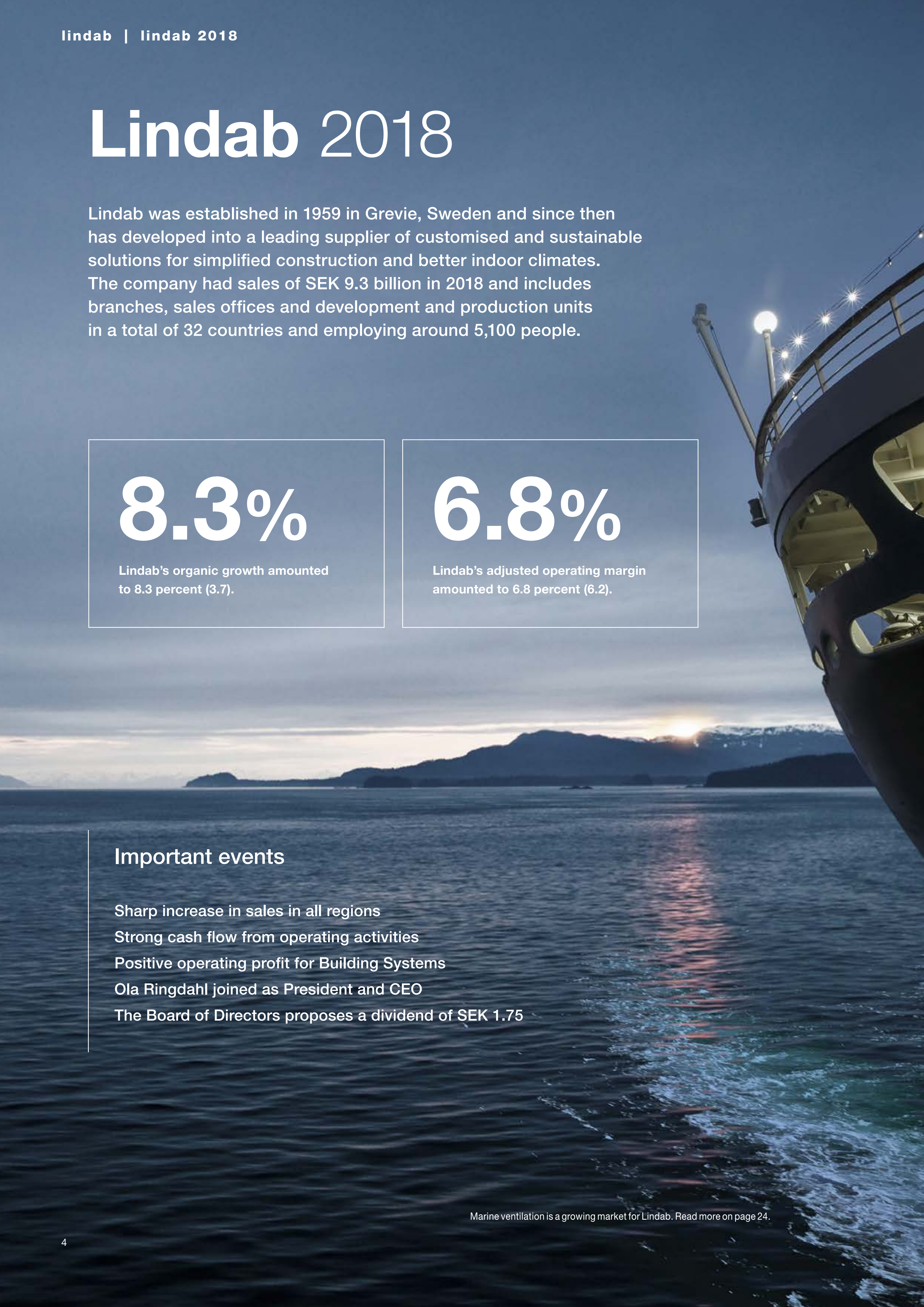
Lindab's organic growth amounted to 8.3 percent (3.7).

6.8%

Lindab's adjusted operating margin amounted to 6.8 percent (6.2).

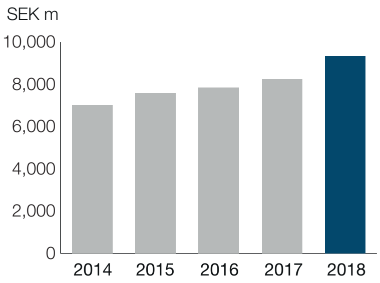
Important events

Sharp increase in sales in all regions
Strong cash flow from operating activities
Positive operating profit for Building Systems
Ola Ringdahl joined as President and CEO
The Board of Directors proposes a dividend of SEK 1.75

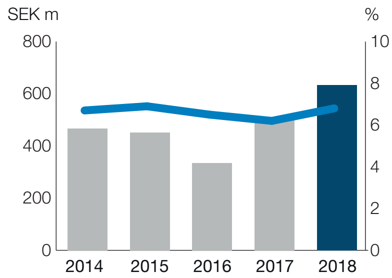


Marine ventilation is a growing market for Lindab. Read more on page 24.

Net sales



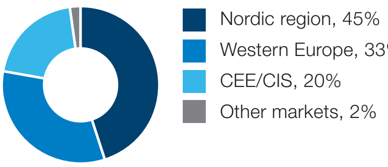
Adjusted operating profit [1] and adjusted operating margin[1]



Financial key performance indicators

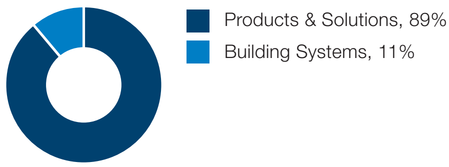
Amounts in SEK m unless otherwise indicated.	2018	2017	2016	2015	2014
Net sales	9,326	8,242	7,849	7,589	7,003
Growth, organic, %	8.3	3.7	4.2	2.3	4.8
Adjusted operating profit[1]	634	511	511	463	497
Operating profit	547	492	483	469	467
Profit for the year	394	347	306	305	283
Cash flow from operating activities	593	410	499	460	278
Adjusted operating margin[1], %	6.8	6.2	6.5	6.1	7.1
Return on shareholders' equity, %	9.1	8.8	8.4	8.8	9.0
Return on capital employed, %	9.4	8.8	8.8	8.6	8.9
Net debt/EBITDA, excl. one-off items, times	1.6	2.2	2.5	3.1	2.9
Earnings per share, SEK	5.16	4.54	4.02	3.99	3.71
Dividend per share, SEK	1.75	1.55	1.40	1.25	1.10
Average number of employees, number	5,126	5,143	5,134	5,052	4,541

Net sales, region



Lindab's domestic market is the Nordic region, but sales are made to approximately 24,000 individual customers each year in a total of approximately 60 countries.

Net sales, segment



In 2018, Lindab's business was organised into two separate segments with different offerings, business models, brands and customer groups.

1) Excluding one-off items and restructuring costs of significant size.

Ola Ringdahl, President and CEO

Increased profitability for an even stronger Lindab

In June 2018 I joined Lindab as its new President and CEO. It has been an exciting and interesting initial period where I have been able to conclude a strong year in terms of sales and at the same time, together with my colleagues, start working to increase profitability within the Group.

One way to find inspiration and strength is to go back to Lindab's roots. Back to the approach of accountability, product development and customer focus, which lay behind Lage Lindh's and Valter Persson's decision to set up a tinsmith business on Bjäre Peninsula, Scania, 60 years ago. They wanted to make things simpler for customers, not just in terms of managing the products themselves, but also how they fitted in with other construction processes. They were particularly good at problem solving and at 'bending' sheet metal for windows and doors. Over the years, they applied their skills to new product groups such as ventilation ducts and ceiling and wall solutions with the same successful results.

Lindab will continue to develop, produce and sell building products as well as ventilation and indoor climate solutions; these products and solutions have developed and grown in parallel. We will have a clear focus on profitability and work closely with our customers. This will be best achieved through a clear division of responsibility with decentralised decision-making throughout our organisation. Following an analysis of our business we have decided to split the Group into three business areas from 1 January 2019. An important goal is to gradually increase profitability within the

Group in order to secure the resources needed to invest in automated production, smart product development and digital marketing, and to increase investments in modern logistics solutions, e-commerce and competence development, for example.

During my first six months at Lindab, I travelled extensively and visited fifteen countries. I visited a large number of sites where Lindab has production facilities and sales offices, from Oslo in the north to Venice in the south, from Dublin in the west to Warsaw in the east, and met employees with sound knowledge and firm commitment. I also met customers, suppliers, investors and other stakeholders important to Lindab and gained an insight into how strong the Lindab brand is in many markets. Lindab has potential and lots of good things to build upon, but solid improvement takes time, of course, and involves a great deal of work. To make sure that we achieve a rapid pace of improvement, I increased the Group's Executive Management from five to eleven members at the beginning of 2019 with a focus on operational managers with international experience in sales and production.

2018 was a year with good market conditions. Virtually all the markets in Europe showed increased construction activity. Lindab experienced a sharp increase in net sales, with just over 8 percent organic growth. Profitability was increased, but not enough. The adjusted operating margin amounted to 6.8 percent, which is below our target of 10 percent, in spite of the healthy economic climate. Lindab has not been able to compensate fully for the rising steel prices in 2018, but above all, we need to boost efficiency and strengthen our business acumen. Sustainable growth, with the emphasis on profitability, will be our focus going forward.

The Products & Solutions segment, which represented almost 90 percent of Lindab's net sales in 2018, increased its sales by 12 percent; the markets in the Nordic and CEE regions were particularly strong. The Nordic region represented 51 percent of the segment's sales; here we benefited from continued high levels of activity both in the building of new business premises and housing as well as the increased number of energy renovations. Overall, we have seen that demand for ventilation and indoor climate systems is still strong in our markets. Solutions for a healthy indoor climate will always be important to our groups of customers and not least for those who live and work in the buildings. Consequently, we place even greater focus on continued innovation and product development in this area and we also look at the possibility to supplement our offering through

"... above all, we need to increase efficiency and strengthen our business acumen. Sustainable growth, with the emphasis on profitability, will be our focus going forward."

8.1%

Products & Solutions adjusted operating margin amounted to 8.1 percent (8.0).

0.8%

Building Systems adjusted operating margin amounted to 0.8 percent (–4.8).

3

Important areas in 2019

Customer focus
Accountability
Efficiency

acquisitions. A system concept like our demand- and presence controlled ventilation solution, Pascal, and our IT solutions for configuration and calculation, are just some examples of important marketing elements.

Our building products in Products & Solutions have a more direct connection to construction activity, but through innovation and stronger positions in special niche markets and in selected markets, we will be able to grow more quickly than the market. Our focus lies in an offering that is based on simplification and energy efficiency. A good example of this is our new product, SolarRoof, which is solar cells integrated into roofing solutions, launched in 2019.

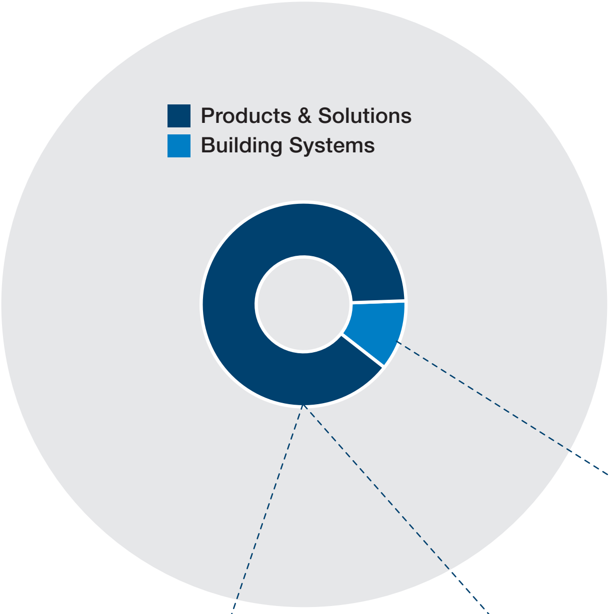
After a number of difficult years the Building Systems segment was once again able to report a positive adjusted result in 2018. The management worked successfully on an initiative that was launched at the beginning of the year and combined this with a focused business investment that produced 32 orders over SEK 10 m. This initiative has continued in 2019 both in the form of focused product development and marketing. As activities are project based, we can expect continued fluctuations in net sales and profitability across the quarters.

Notwithstanding the short-term market conditions for our products and solutions, I see good opportunities for long-term positive development for Lindab. Behind this lies strong global trends such as urbanisation, environmental awareness and digitisation, which makes it both more important and easier to invest in solutions for better buildings and indoor climate. Lindab has an important role to play in working towards the sustainable development of our society, but this also requires financial strength that enables adequate investment. Consequently, we will work hard to increase efficiency and in turn profitability within the Group. Part of this process involves creating a more decentralised organisation and therefore greater accountability. Our new business area structure will contribute to this. We will also focus on activities aimed at increasing the gross margin, such as better pricing, greater operational efficiency and more automation in our production. Finally, we will review our costs, our product range and our geographical presence. Central costs will be reduced, production and logistics structures will be optimised and the profitability of low-performing units will be reversed. Some of this work has already been done in 2018; we have closed several small sales companies and branches where profitability was weak.

I am looking forward to an exciting and dynamic 2019. Together with our team of motivated employees we will build a stronger Lindab and continue the long and successful journey that began in a small workshop at the end of the 1950s with two passionate entrepreneurs who wanted to make building simpler.

60 YEARS 1959-2019
Lindab®

Next step



Focus and decentralisation

The strategic evaluation of Lindab's non-ventilation related activities performed in 2018 showed that there are valuable cost synergies between the operations in Products & Solutions. The management and the Board therefore decided to divide Products & Solutions into two business areas, Ventilation Systems and Profile Systems, because the customers are different. Regional and local operations have greater responsibility for their results. For Building Systems, we see that significant value can be created by completing the cost reduction programme that has begun and further improving profitability. Three distinct business areas will increase our focus and transparency. Measures will be implemented across the whole Group in 2019 to improve operational efficiency and increase profitability.

2019

Ventilation Systems

Focus

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

Priorities

– Delivery accuracy
– Optimisation of product range
– Digital resources

Profile Systems

Focus

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

Priorities

– Delivery accuracy
– Logistics optimisation
– Product development – ceilings

Building Systems

Focus

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

Priorities

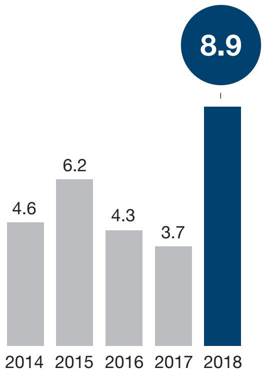
– Focus on profitable business
– Right production structure
– Multi-storey car park development

Our **long-term goals**

Annual growth

5–8%

The annual growth rate, excluding currency effects, should be 5–8 percent as a combination of organic and acquired growth.

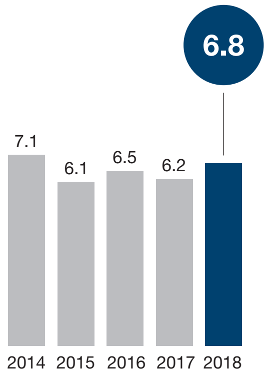


Comment: Strong demand in almost all markets contributed to increased net sales in 2018, adjusted for currency but including acquisitions. The strongest growth was seen in the CEE/CIS region. Building Systems' sales were up by 18 percent.

Operating margin

10%

The operating margin (EBIT) should average at least 10 percent over the course of one business cycle.

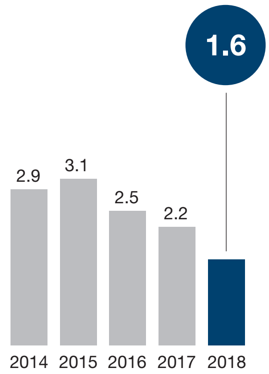


Comment: The operating margin increased in 2018, but is still below target. The cost reduction programme, investments in product development and a clearer business focus will help increase profitability.

Net debt to EBITDA

< 2.5

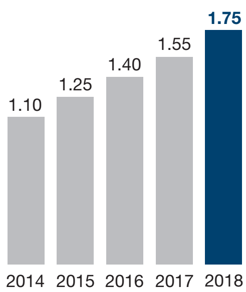
Seasonally adjusted net debt in relation to EBITDA should not exceed 2.5 in the long-term.



Comment: A stable cash flow contributed to the fact that the average net debt continued to fall in 2018 in line with Lindab's debt level target. This creates a strong financial position and enables investments and acquisitions.

Dividends

Lindab will distribute 30 percent of the company's net profit taking into account the company's financial position, acquisition needs and long-term financing needs. A dividend of SEK 1.75 per share was proposed for 2018.



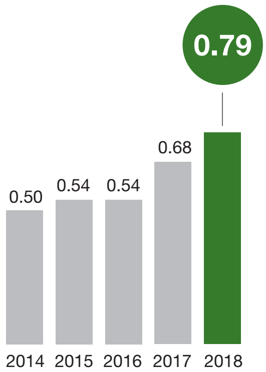
+12%

Lindab's dividend has increased by an average of 12 percent per year since 2014.

Attractive employer

↗

With its focus on greater diversity and equal opportunity, Lindab will be one of the most attractive employers in the industry.



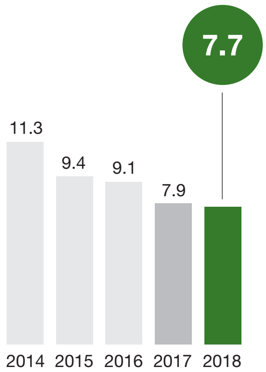
Ratio of women in management positions/women in the Group

Comment: Lindab's goal is that the ratio of women in management positions should at least correspond to the ratio of women in the Group. At the end of the year, 19 percent of managers and 24 percent of employees were women. The ratio of 19/24 is 0.79 compared with the target of 1.

Lower carbon emissions

–30%

Carbon emissions measured as a percentage of sales will be reduced by at least 30 percent between 2017 and 2025.



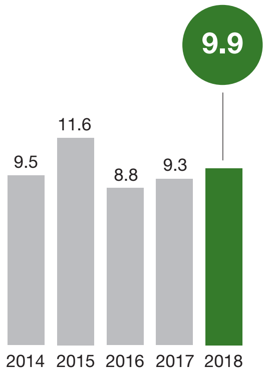
Tonnes of CO_2/SEK m (Base year: 2017=7.9)

Comment: Investments in new, energy efficient production technology and a greater proportion of renewable energy sources both in production and in the Group's transport have resulted in 2.5 percent lower carbon emissions in 2018 measured as a percentage of sales.

Better working environment

Zero

Lindab has a strong focus on safety and has been working with a zero vision for accidents in the workplace since 2012.



Comment: Unfortunately, the number of accidents involving at least eight hours absence from work increased again during the year. An initiative has therefore been introduced to increase safety awareness within the Group. The longterm vision is still zero accidents.

Strong base for Hungarian solar energy

Optimum Solar is a leading and rapidly growing supplier in the Hungarian market for solar energy specialising in the construction of photovoltaic parks. Lindab's lightweight construction system constitutes an important part of the frames that hold the solar panels and has been installed in over 90 photovoltaic parks across Hungary. Deliveries continued unabated during 2019.

Our **offering**

Ventilation products

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

Indoor climate solutions

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

Air movement

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

Fire safety

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

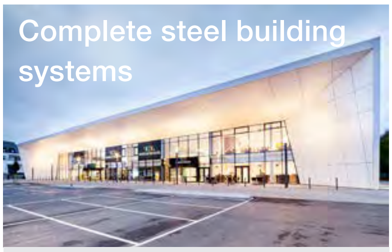
Building solutions

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

Rainwater systems and building products

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

Complete steel building systems



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

IT solutions and project support

Solutions that contribute to simplification of each step of the design and construction process. The offering includes leading project planning tools, software packages for new construction and technology to optimise the energy performance of buildings as well as a growing digital offering of apps, web tools and a complete BIM[1)] library.

1) Building information modelling.

Our unique measuring and regulation unit for air flow and temperature, UltraLink, was launched in 2016 and several new generations have been available since then. In 2018, it was upgraded to include Bluetooth technology, an app and the option to measure down to 0.2 m/s while maintaining accuracy. Significant energy savings can be achieved with UltraLink compared with traditional air flow systems. There is great interest in this product. Several thousand units have been installed in Finland in building projects for schools, hospitals, leisure centres and airports. This is the result of strong customer focus on energy efficiency and demand-based ventilation. UltraLinks' reliability and minimal maintenance requirements also drive demand.

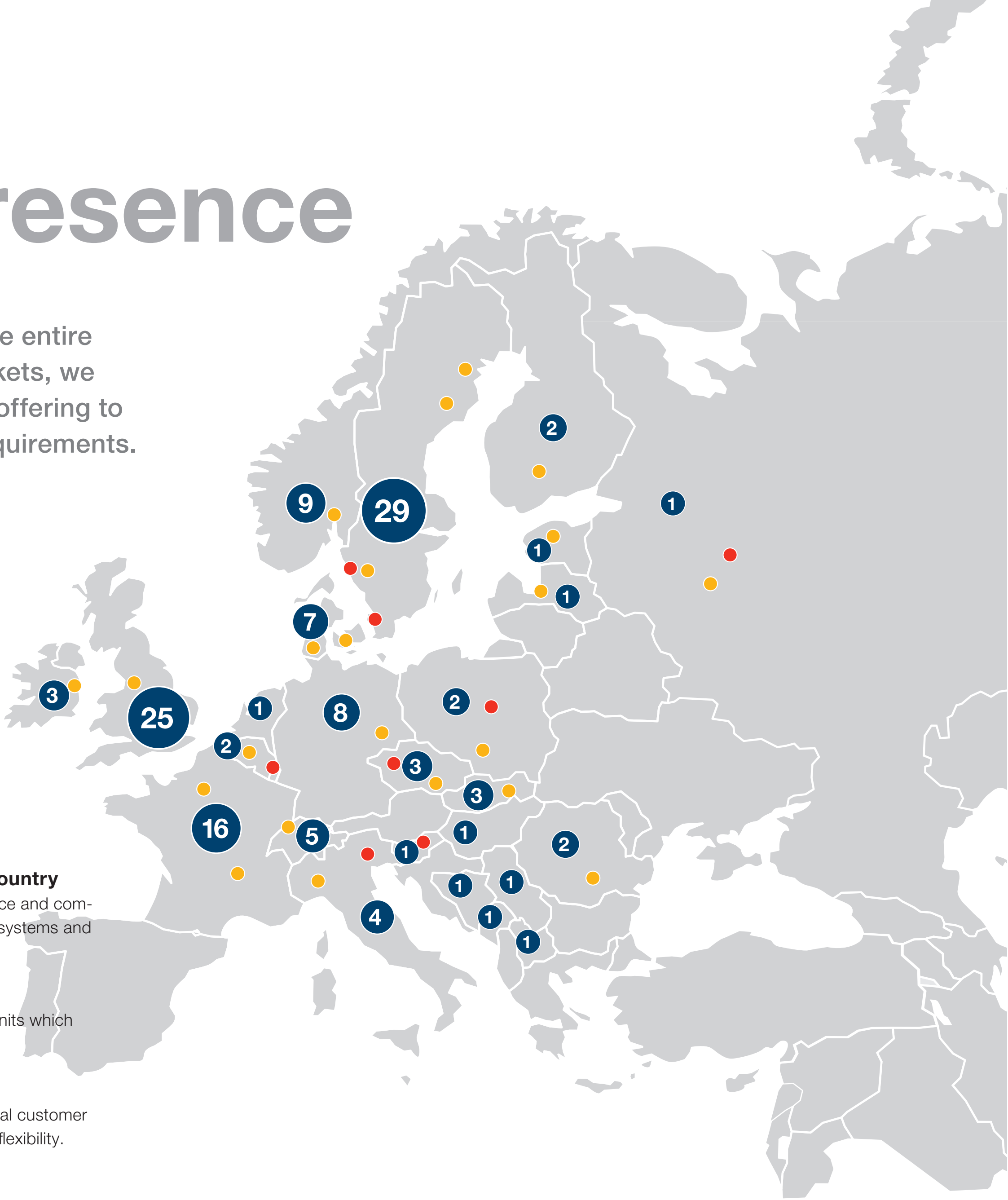
Sustainable innovation

Lindab will be a driver in the development of sustainable buildings and better indoor climates. The focus lies in dialogue with customers and end users on developing innovative, energy efficient products and system solutions that are easy to use, install and maintain. Work also includes the development of software and new technologies to facilitate the planning process for customer building projects and installations.

Design, function and sustainability go hand in hand. This will become a reality in 2019. A complete design roof where we integrate solar cells into our existing standing seam roofing. Development work has been carried out in close cooperation with the solar cell manufacturers. The products will have the CE mark and a Lindab 20-year warranty. The product will be rolled out during the year. Installing SolarRoof will become part of Lindab's standard tasks and provide an opportunity to compete in a growing market. The solution will also include panel level control and an app to monitor the production of energy.

Our **presence**

By having control of the entire value chain in our markets, we can quickly adapt our offering to changing customer requirements.



Number of branches per country
Local warehouse, shop, sales office and competence centre for our products, systems and solutions.

Central production
Strategically located production units which can also act as logistics centres.

Local production
Smaller units adapted to meet local customer requirements with a great deal of flexibility.

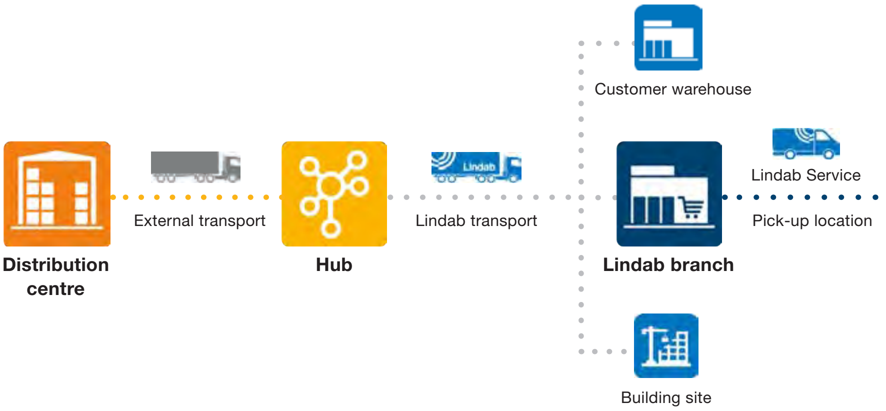
Ongoing development of production and distribution

We have eight central and strategically located major production facilities often with highly-automated production of refined products. We make continuous improvements through lean procedures and continuously invest in greater robotisation and automation.

Branch ranges and store concepts are adapted on an ongoing basis to meet our the requirements of our customers (ventilation installers and plate fitters). Over the last two years, a new in-store experience concept and working methods have been introduced in branches in Sweden and Norway.

Concept for continued growth

Lindab's new distribution concept for Sweden, Norway and Denmark is in full swing and is continually refined in order to meet and exceed customer expectations. Every day 60 trucks on average leave the distribution centre on Bjäre Peninsula to deliver individual products or system solutions to customers across the entire region within the ventilation and construction industry. Transport passes through strategically placed hubs from where goods are either delivered directly to customers or via Lindab's one-stop shops. Distribution solutions together with Lindab's comprehensive dealer network offers advantages in the form of faster, more secure and more cost-effective deliveries to customers. It also makes it possible to sell more from a larger range and be able to supplement with completely new products in the long term.



Drivers and trends

Population growth and urbanisation

7 MDR

In around 30 years time, over seven billion people will live in cities across the world.

International climate targets

EU

In order to meet climate targets, the EU has stringent requirements for saving energy in properties.

> "Clean air is essential for people to live long and healthy lives, but we constantly hear reports of how damaging the air is in our cities. According to *phys.org*, the lives of 500,000 people in Europe alone are cut short by air pollution. A healthy indoor climate will therefore become more and more important."

(From Lindab blog, blogg.lindab.se)

Energy regulations and environmental requirements

Pressure on natural resources leads to the requirement for a circular economy in companies and society.

New material and processes

4.0

New technology enables digitisation of the value chain and development of new material properties.

New technology for smart buildings

Connectivity and IoT[1] helps increase comfort and reduce energy consumption in properties.

1) Internet of Things.

Following decades of problems with bad air, London is now on the way to becoming and healthy and green city.

Global megatrends behind UN sustainable development goals for 2030

At the UN summit meeting in September 2015, the world's leaders adopted Agenda 2030 with 17 global goals for a sustainable and fair world by 2030. Global megatrends influenced the wording of these goals and involve both challenges and opportunities. The strength in the development of new technology and circular business models provides solutions for managing population growth, urbanisation and a shortage of resources. In order to achieve these global goals, commitment is required from all parties, from individuals to multinational groups and decision makers in the world's megacities and largest economies. Read more on page 109 about Lindab's work to contribute to these goals.

THE GLOBAL GOALS
For Sustainable Development

Our **business model**

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

Global trends

5,100
employees

32
countries

130
branches

Ventilation Systems[1)]
Profile Systems[1)]
Building Systems

4
R&D centres

SEK 9
billion in sales

24,000
customers

1) From 1 January 2019. Corresponds to Products & Solutions 2018.

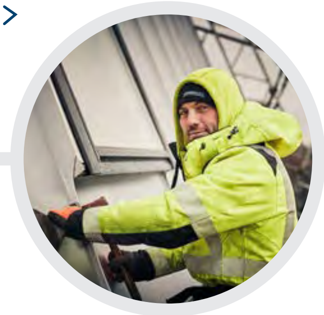
Lindab develops, manufactures, markets and distributes products and system solutions for simplified construction and improved indoor climate. Lindab's products are characterised by high quality, ease of assembly, energy efficiency and environmentally friendly design and are delivered with high levels of service. Altogether, this provides greater customer value.

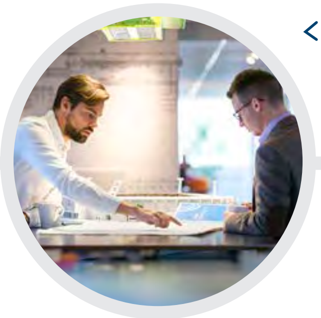
Investors and property owners

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

Contractors and installers

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





Architects and consultants

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

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

Unique **customer values**

Complete indoor climate solutions

We develop and offer complete solutions for successful projects for fresh and healthy indoor climates in schools, offices, hospitals, hotels and on ships. Customers receive a combination of ventilation systems, indoor climate products, IT help, knowledge and support as well as tools for effective monitoring and optimisation.

Leading test centres

Lindab has some of the industry's largest and most modern technical laboratories for the testing and measurement of indoor climate and ventilation solutions in Sweden, Denmark, Slovenia and Italy. These laboratories carry out full-scale testing in conjunction with customers to test installed systems. Given the increased focus on indoor climate, which also includes sound and light, these test centres are critical competence centres for the different customer segments.

Highest quality

Customer surveys indicate that the high quality of products and solutions is what counts most when choosing Lindab as a supplier. This is reinforced by external quality labelling for Lindab's products, including Eurovent certification for its air duct systems, Lindab Safe and Lindab Safe Click, which are in the maximum air tightness class, class D. This certification provides additional endorsement on the quality of our production and products and complements the certification programmes in different countries.

Sustainable materials

Steel and sheet metal are the common denominator in most of Lindab's products. As steel is a strong material with a long life, a smaller amount of steel is used than wood or concrete to fulfil the same function. Steel helps protect natural resources through its light weight, sustainability and recyclability. In order to obtain the best quality steel we work closely with our suppliers on material research and various development projects relating to surface treatment and sustainability.

Simplification at every stage

Simplified building together with energy efficiency has been Lindab's starting point and driving force since the beginning of 1959 when it comes to developing new products, improving IT solutions, optimising distribution and enhancing the service the company provides. Greater access to technology and digitisation now represents the next stage of this work, both in terms of delivery and construction, as well as effective monitoring of climate-smart installations.

Always close at hand

Lindab is always close at hand with logistics solutions adapted to the special criteria of each individual market. Customer requirements can be met quickly with our production units that cover the whole of Europe and one of Europe's most comprehensive distribution networks. We are constantly investing in new technology and new solutions that will further strengthen our unique position in the market.

Design support

We have developed a leading range of smart tools and services that allow us to design optimum, reliable and economical building and ventilation solutions in the shortest possible time. Our offering includes IT solutions for dimensioning, volume calculation and planning of complete energy efficient ventilation and indoor climate systems.

Sustainable solutions for a growing market

No matter how our products and solutions reach our customers, they are almost always ultimately used in a renovation or a new build project somewhere in Europe. We are often directly involved in helping our customers design systems, carrying out tests or ensuring logistics over a longer period. With our knowledge and strong focus on energy efficiency and simplification, we offer sustainable development for a growing European construction market.

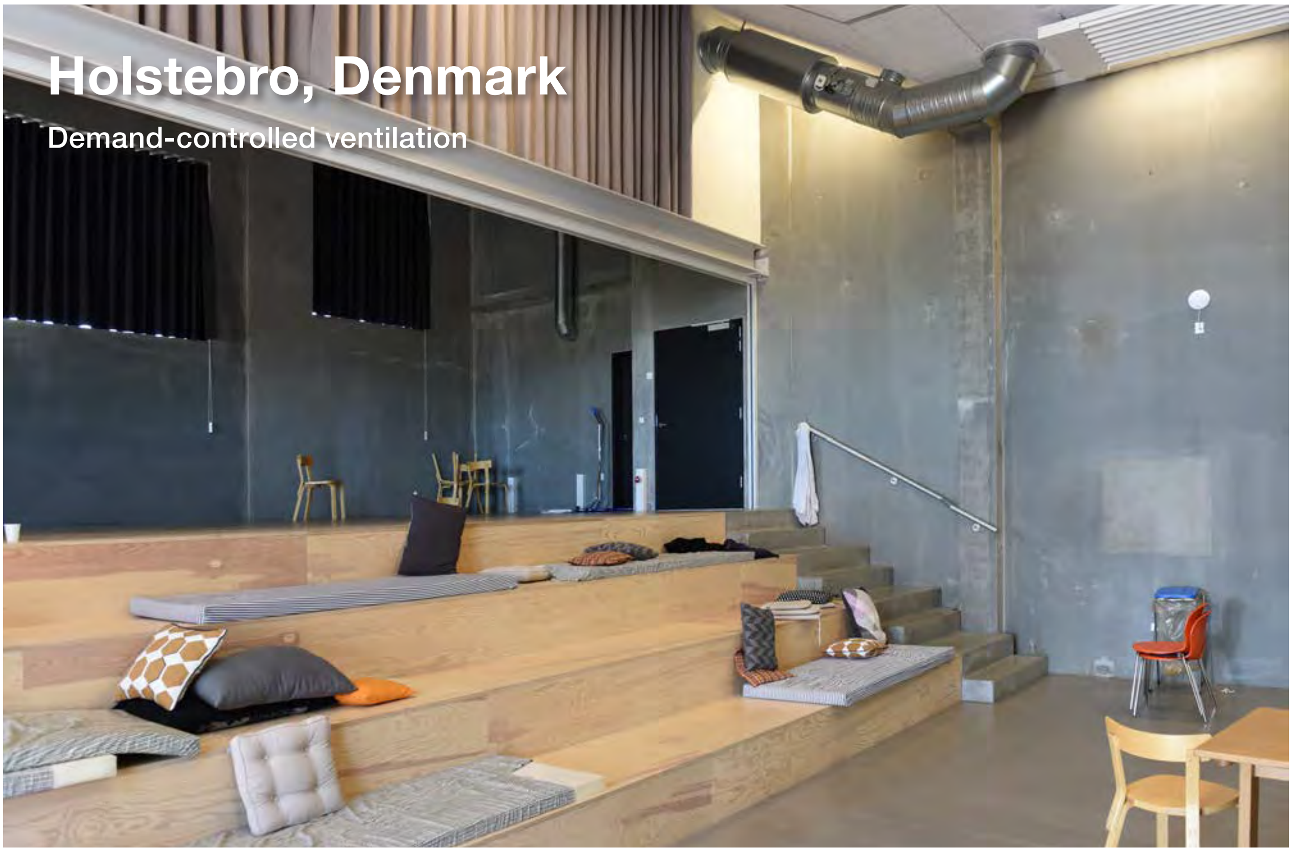
Wels, Austria

Holstebro, Denmark

Budapest, Hungary

Trieste, Italy

Ljubljana, Slovenia



Holstebro, Denmark

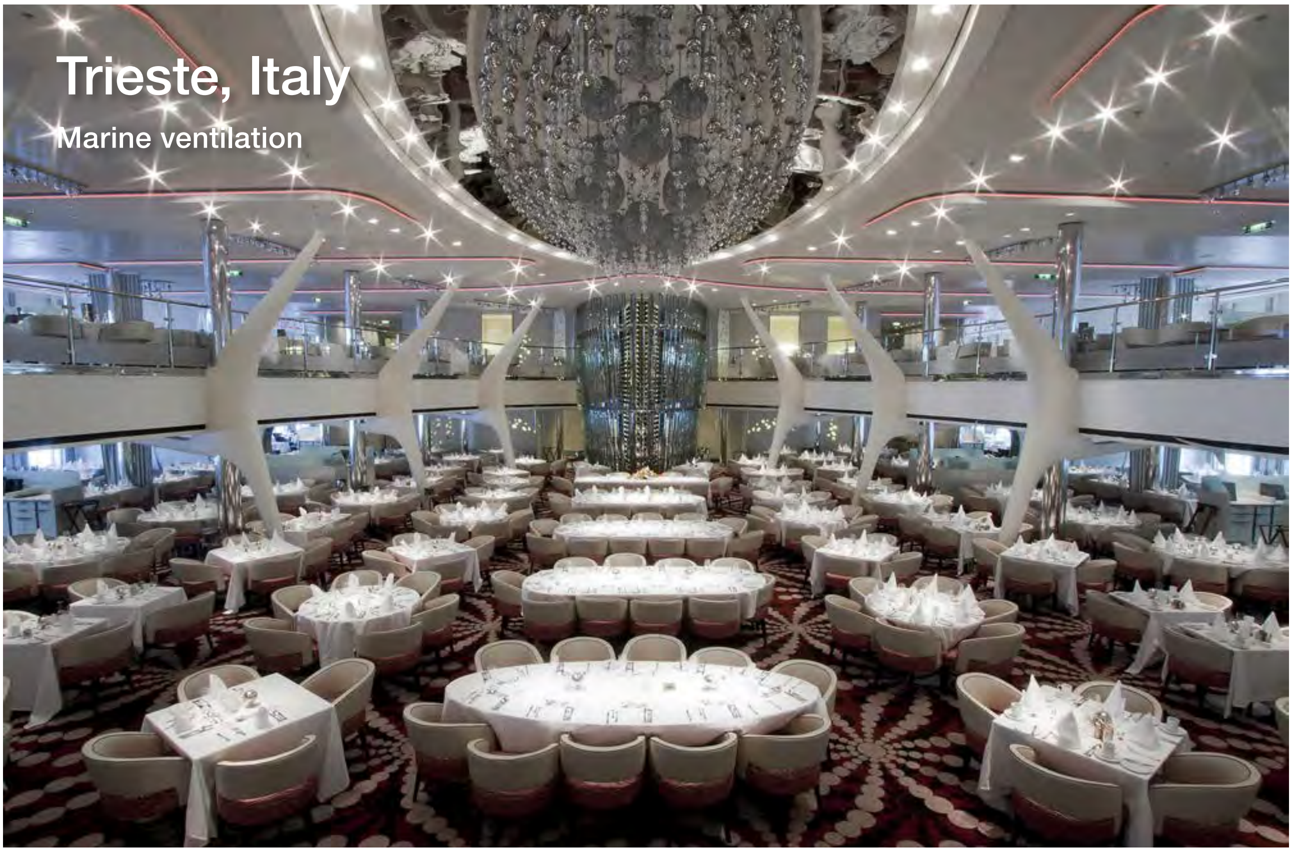
Demand-controlled ventilation

Fresh air for young, creative talents

The new building in the Danish city of Holstebro is where young talents in the world of dance, music, theatre, visual arts and writing is developed. Optimum and energy efficient inflow of fresh air is even more important in a building with a lot of space and different requirements, and where the number of people varies tremendously from one day to the next. It requires a well-conceived and flexible ventilation solution. Ventilation installers, Mogensen VVS Comforts, chose Lindab's demand- and presence-controlled ventilation solution, Pascal. This solution takes account of the flexible use of the building and at the same time makes centralisation and monitoring possible without compromising quality. The system is also easy to install and control. The Pascal solution meant that Lindab was able meet the developer's requirement for user-friendliness, the architect's aesthetic requirements and the installer's requirements in terms of functionality.

55%

With Lindab Pascal, air flow is adjusted depending on presence in the room which saves energy. Compared with a system with constant air pressure, this results in up to 55 percent less energy consumption.



On board customised ventilation

Lindab provides ventilation systems not only for buildings, but is also a major marine ventilation supplier. A special team is dedicated to this rapidly growing market. Our customers are shipyards, installers and designers, with cruise ships being the largest market. Projects are often complex involving many different contacts across the world. Ships are built at five ship yards in Europe. Italian shipbuilder Fincantieri, with head office and large yard in Trieste, is a leading supplier of cruise ships and Lindab's largest marine customer. We supply virtually all parts for on-board ventilation – air duct systems with fittings, silencers, diffusers and solutions for the thousands of cabins, including fire safety. The products are specially certified for use at sea and adapted to withstand corrosion caused by salt water. Green shipping has high priority in the industry and we meet the criteria through our energy efficient solutions for lighter weight and reduced carbon emissions.

50 km

To build a medium-sized cruise ship, Lindab supplies around 50 kilometres of circular ducts, 50,000 duct fittings, 1,500 silencers, 4,000 cabin units and numerous other parts.

Wels, Austria

Complete steel building system

Smart solution for more environmentally friendly travel

The twelve metre tall and 250 metre long multi-storey car park in the Austrian city of Wels was built for state transport and logistics group, ÖBB. The car park has a total capacity for around 550 cars and 500 motorcycles. The car park is located right next to Wels train station for onward travel to destinations in Austria and the rest of Europe. It was clear right from the start that the steel construction car park should be free for commuters and other direct users of ÖBB's environmentally friendly transportation links with trains powered completely by renewable energy. ÖBB was therefore only interested in suppliers offering sustainable building solutions. Building Systems' complete steel parking system was ideal for this purpose and now covers 17,700 m^2 of the construction. Building Systems' offering also includes cost-effective and energy efficient deliveries of the complete solution which simplifies and speeds up construction.

32

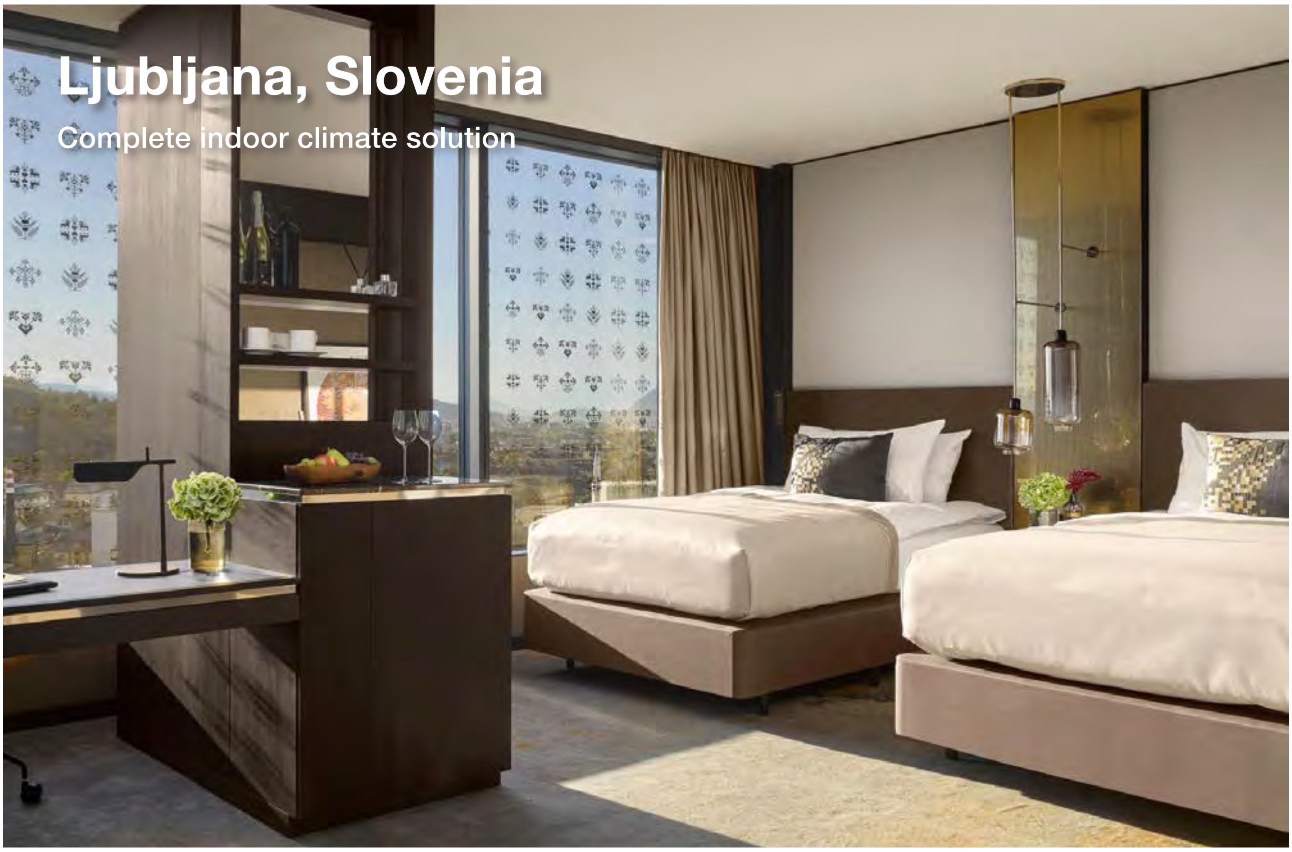
Interest in Building Systems' energy efficient complete steel building systems has increased and 32 orders with a value of over SEK 10 million were concluded in 2018. This is double the number in 2017.

Sustainable arena for a better experience

An average of 1,000 construction workers and 200 engineers are working daily to complete Hungary's new national arena named after the country's great football legend, Ferenc Puskas. If everything goes according to plan, the stadium, which can hold 68,000 spectators, will be ready for the inauguration ceremony on 15 November 2019 and will then be used for the 2020 UEFA European Football Championship. Hungary is an important and large market for Lindab and we are of course included in this prestigious project. Our responsibility has included the special production and delivery of 450 tons of pre-drilled hot-galvanised steel purlins, Lindab Construline. Special certificates have been created for Lindab's contract in order to manage and correctly identify position-specific deliveries and the purlins transported using 55 trucks. Once the arena is complete, all the steel will weigh 12,000 tons in total which corresponds to twice the weight of Budapest's largest bridge construction, the Elisabeth Bridge.

40 000

Lindab's steel purlins are highly sustainable, easy to install and are lightweight. 40,000 metres of these sustainable steel purlins are now installed in the floor and roof construction of the new national arena.



Five-star indoor climate on 20 floors

The Hotel InterContinental in Ljubljana certainly stands out. With 20 floors, it is the tallest building in Slovenia's capital and is also the city's first five-star hotel offering a comfortable stay in one of Europe's fastest growing tourist destinations. Lindab supplied a complete indoor solution for the hotel. Maximum functionality has been achieved in the hotel's various spaces without compromising its elegant architectural design. This includes optimum air flow, minimal sound impact, fire safety solutions and high energy efficiency. Cooperation between the building owners, architects, installers, design studio and Lindab as the supplier of the solution worked well throughout the entire process. Lindab's technical support and ability to supply all the elements of the solution featured heavily in the ventilation installer's choice of supplier.

14

In addition to technical competence, support and smooth deliveries, Lindab's solution included 14 different indoor climate products. Indoor climate solutions for hotels are a rapidly growing segment for Lindab.

Our **markets**

+2.3[1)]%

The European construction market continued to develop strongly in 2018 with the highest growth in the CEE/CIS region and in the construction of new residential property.

Competitors

Lindab has varied competition, which often consists of a large number of small, local suppliers and a few multinational companies. The multinational players include suppliers of ventilation systems, steel producers with building component divisions and producers of specialist building materials.

Lindab's offering	Ventilation products and indoor climate solutions	Building projects and building solutions	Complete steel building systems
Main geographical markets	Nordic region Western Europe	Nordic region CEE/CIS	Western Europe CEE/CIS
Main competitors	Aldes CIAT Fläkt Group Swegon Systemair Trox	Areco BudMat Kingspan Plannja Pruszyński Ruukki	Fayat Goldbeck Kingspan Severstal

1) Source: Euroconstruct's assessment, December 2018. With regard to the construction market which covers new building and renovation for residential as well as commercial buildings.

Lindab in the **Nordic region**

Share of net sales

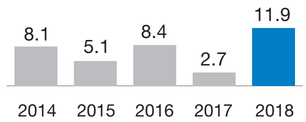
45%

Three largest countries

1. Sweden
2. Denmark
3. Norway

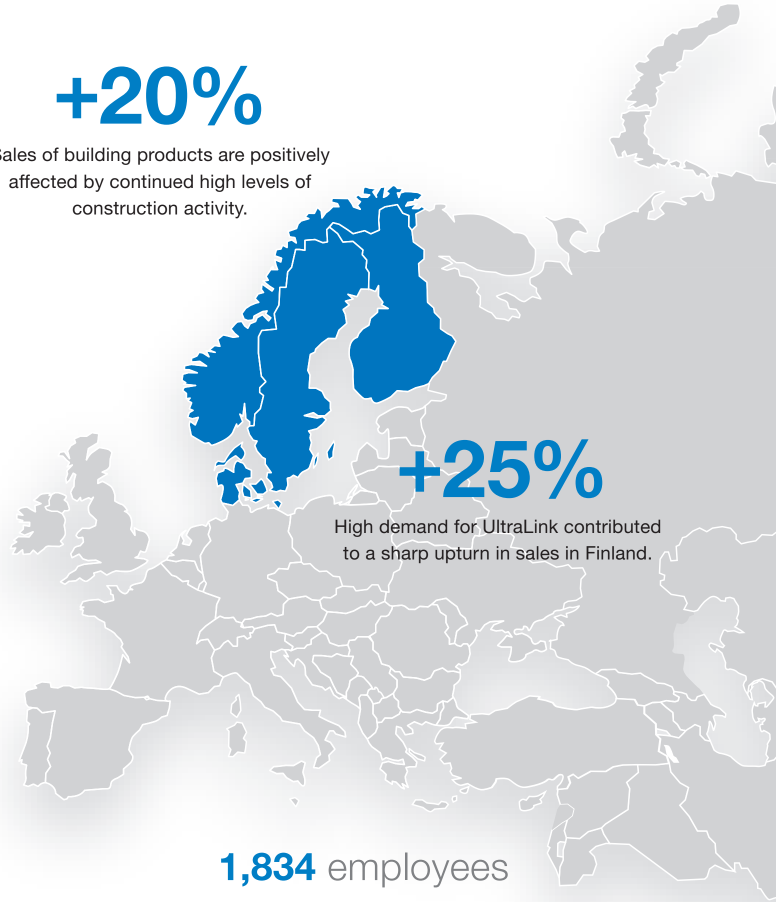
Distribution, segment

Sales growth, %



The Nordic region is Lindab's domestic market and the largest region in terms of sales and production. We have a significant market position within most of Lindab's product groups, particularly within ventilation, indoor climate solutions, rainwater systems and other selected building products.

In Sweden and Norway, ventilation and building products are sold in all of Lindab's 38 branches in both countries. Some of the product range is sold by external builder's merchants, of which there are around 450 in Sweden, 150 in Denmark and 100 in Norway. In addition, direct deliveries are made to building sites in connection with large projects. Sales via Lindab's digital channels have increased rapidly in regions such as Denmark, for example, where they represent over 30 percent of total sales.



+20%

Sales of building products are positively affected by continued high levels of construction activity.

+25%

High demand for UltraLink contributed to a sharp upturn in sales in Finland.

1,834 employees

47 branches

Macro facts 2018[1)]
Population: 26.7 million
Construction market: +0.7%
Construction investments per capita: EUR 4,464

1) Source: Euroconstruct's assessment, December 2018.

Lindab in **Western Europe**

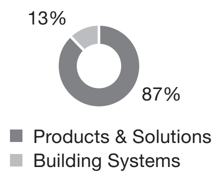
Share of net sales

33%

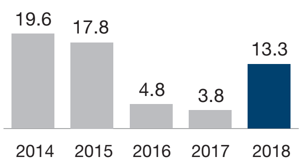
Three largest countries

1. UK
2. Germany
3. France

Distribution, segment

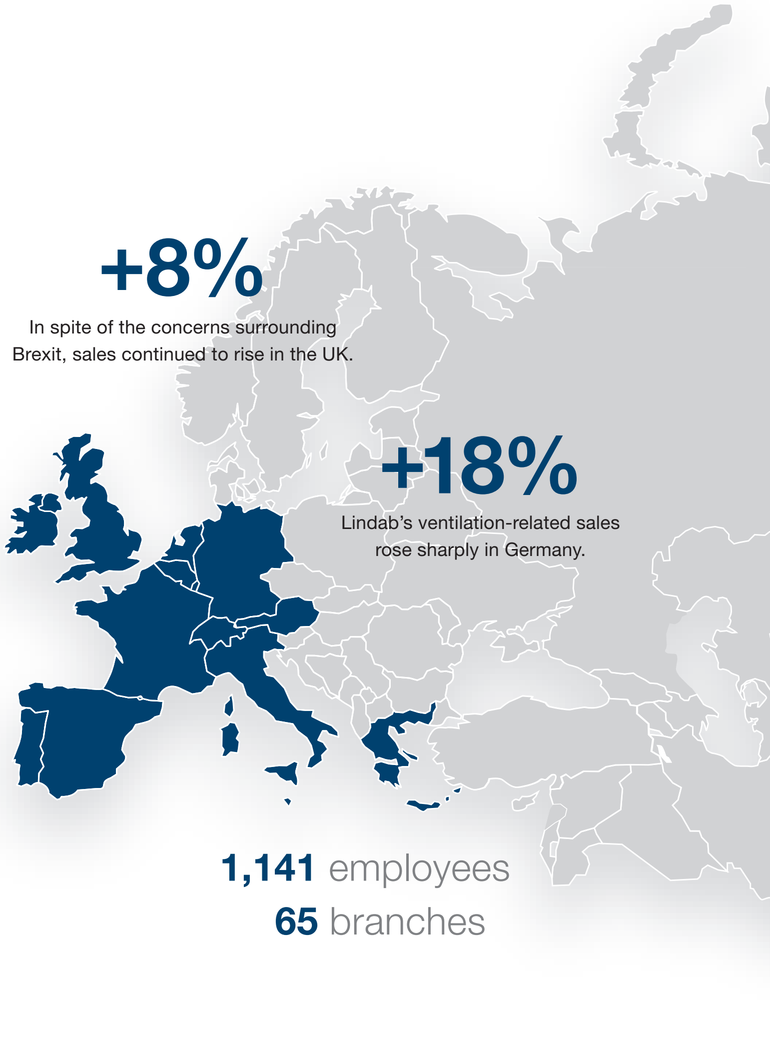


Sales growth, %



Lindab has built up significant operations in Western Europe, primarily in the ventilation business, through acquisitions and organic growth. Sales of building products represent a small share, but are growing in the UK and Germany, for example. Building Systems sells complete steel construction systems throughout the region, with Germany being the largest market.

Lindab's branches sell mainly ventilation products, and sales are adapted to the individual needs of each market. In the UK, for example, the product range includes a large proportion of external products. Building products are sold mainly via retailers such as large building suppliers, but are also sold directly to customers, such as tinsmiths, in connection with projects. Products are delivered from regional warehouses. Project sales in the region are significant within fire safety and air movement. Building Systems sells its steel construction systems via building contractors.



Macro facts 2018[1)]
Population: 384.8 million
Construction market: +1.9%
Construction investments/capita: EUR 2,748

1) Source: Euroconstruct's assessment, December 2018.

Lindab in **CEE/CIS**

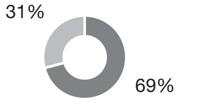
Share of net sales

20%

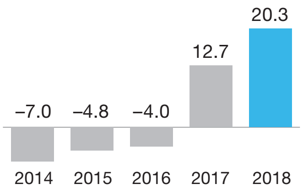
Three largest countries

1. Poland
2. Russia
3. Hungary

Distribution, segment

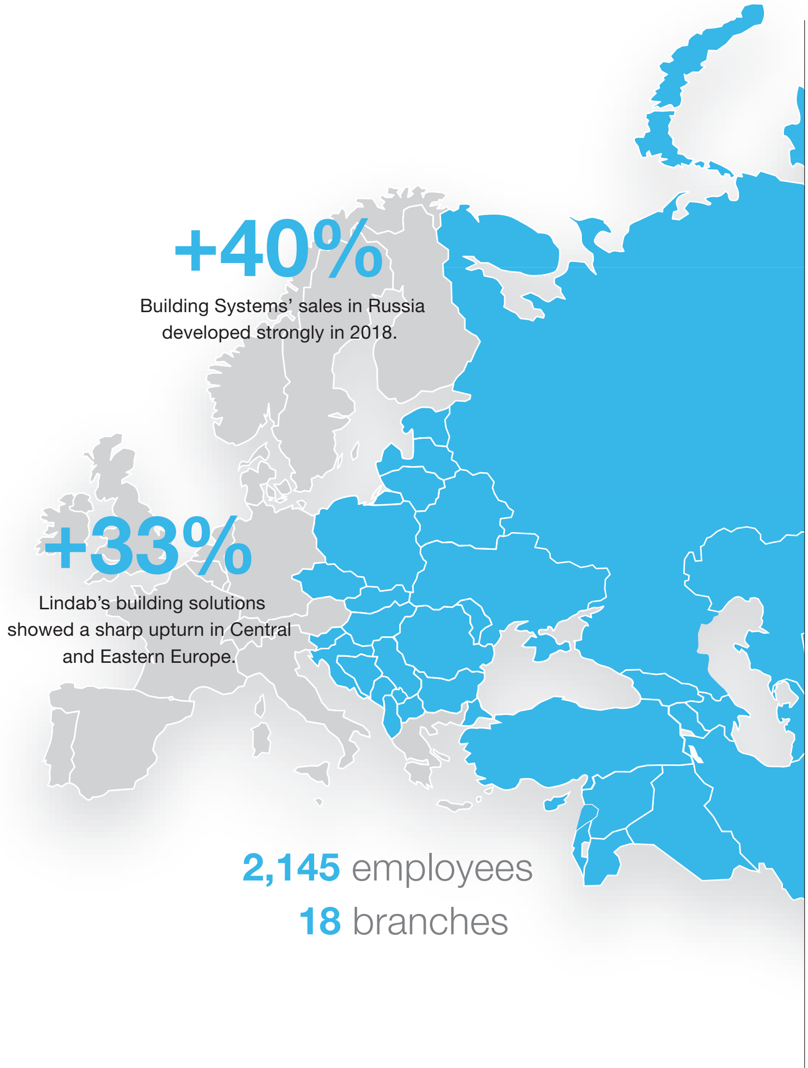


Sales growth, %



In the CEE region, Lindab has a strong position in building products, particularly in Hungary, Romania and the Czech Republic. Through organic growth and acquisitions Lindab has also built up an important position within ventilation and indoor climate throughout the region, with Poland as the largest market. In Russia and other CIS countries, Lindab has built up a niche position within steel building systems through Building Systems.

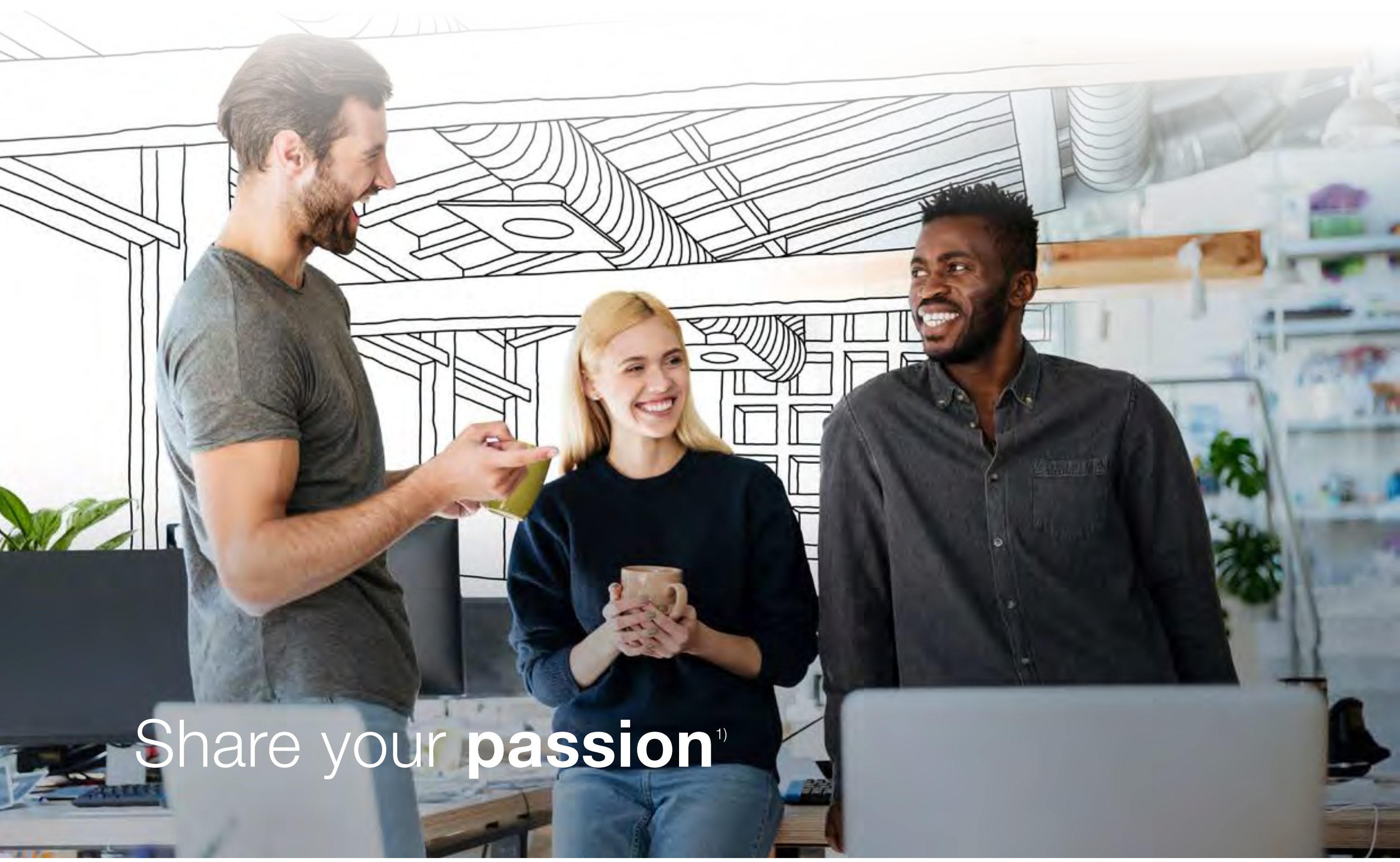
Building products are sold through a large number of independent retailers, but also increasingly direct to customers in connection with projects. In Hungary there is a competence centre for warehouses, a solution that is growing rapidly in the region. In Romania, sales to roofing solution projects are high. Ventilation products are mainly sold direct to customers in connection with projects. Building Systems' building systems are sold via international Key Accounts and also via a network of building contractors.



Macro facts 2018
Population: over 200 million
Construction market[1]: +11.9%
Construction investments/capita[1]: EUR 1,014

1) Source: Euroconstruct's assessment, December 2018 (applies only to Poland, Slovakia, the Czech Republic and Hungary).

Our **employees**



1) Share your passion is the Group's common communication concept aimed at strengthening Lindab's employer brand.

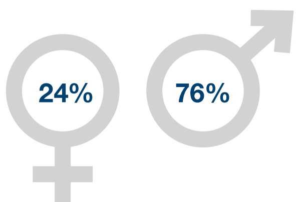
Based on a strong corporate culture with a clear entrepreneurial focus, responsibility for business development lies locally, close to customers. Excellence and good business acumen are hallmarks of the organisation and lay the foundations for strong profitability in the Lindab of the future.

Number of employees

5,100

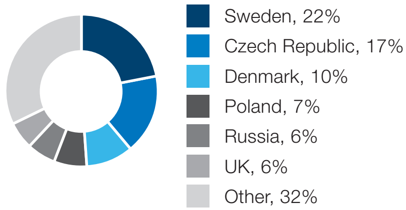
Strong sales development and an unchanged number of employees resulted in significantly higher sales per employee in 2018.

Distribution of women



Increasing the number of female employees in Lindab is a priority and will contribute towards creating a company that is more sustainable in the long term.

Geographical distribution of employees



Lindab has around 4,000 employees outside of Sweden. Lindab has some of its largest production facilities in the Czech Republic.

What sets Lindab apart from other companies is its passion for buildings and indoor climate. Meet some of our **competent employees.**

Every day brings a new challenge with different customers, different requirements and solution solving. I am proud to be part of an organisation known for its high quality in terms of products, customer service and support.

Nicola Page
Business Development, Northampton, UK

I am proud that we offer the best solutions in the market. We supply buildings but we also contribute to safety, prosperity and a sustainable future for our customers and consequently a better quality of life for their employees.

Natalya Ponomarenko
Marketing and Communication, Yaroslavl, Russia

I work at Lindab because it is a successful and growing company where I see potential and a future. If I were to sum it up in three words, they would be – awareness, continuity and future.

Miroslav Petr
Production, Prag, Czech Republic

Working in our R&D department is dynamic, diverse and full of new challenges. It is interesting to design integrated cooling systems for air handling units where each system has to be adapted to the requirements of the individual project.

Natalija Zupan
R&D and Innovation, Godovic, Slovenia

Working for a company with many opportunities for individual development, which at the same time cares about its strengths and core values, is really motivating. Our solutions allow us to contribute to our customers' success and build long-term relationships.

Marcus Jarlson
IT, Grevie, Sweden

The Lindab **share**

The Lindab share was listed on the Stockholm Stock Exchange in December 2006. The share is currently traded on the Mid Cap list and is included in the Industrials sector. In 2018, the share price fell by 7 percent to SEK 63.50, resulting in a market capitalisation of approx. SEK 4.8 billion at the end of the year.

The decline of the Lindab share can be compared with Stockholm Stock Exchange OMXSPI index and the Industrials sector which fell by 4.2 percent and 11.5 percent respectively during the same period. During the year, around 27 million Lindab shares were traded at a value of approximately SEK 1.8 billion. The Lindab share is traded on several exchanges and trading platforms. Official trade via NASDAQ Stockholm accounted for the bulk of the share turnover. The rest of the turnover was made on unofficial trading platforms such as BATS Chi-X Europe and Turquoise.

The share and shareholders

Lindab only has class A shares. Each share entitles the holder to one vote and an equal share of the company's results. Having previously exercised various repurchase rights, Lindab holds 2,375,838 treasury shares which do not carry voting rights or the right to receive dividends. At the end of the year, Lindab had 6,400 (6,970) shareholders. The largest shareholder was Creades AB with 10.4 percent of the number of outstanding shares. After increasing its holding during the year from 9.1 percent to 10.1 percent of outstanding shares, Lannebo Fonder became Lindab's second-largest shareholder. The ten largest shareholdings amounted to 59.9 percent. Foreign shareholdings amounted to 27 percent. Lindab's own holding corresponds to around 3 percent of the shares. The shareholding remained unchanged during 2018. Lindab's Executive Management, excluding related parties, owned 84,500 shares and 160,000 warrants at the end of the year. Of the outstanding warrants, 25,000 had a warrant price of SEK 108.80 and 135,000 a warrant price of SEK 86.40.

Incentive programme

For more information on remuneration and the employee stock option programme, including the above warrant programme, see Note 6 on pages 80–82.

Five reasons that make the Lindab share an interesting prospect

1. **Higher growth than the market**
   Driven among other things by Lindab's long-term focus on developing innovative and energy efficient products and system solutions that make life simpler for its customers.

2. **Attractive segments, growing structurally**
   Strong demand for sustainable solutions for lower environmental impact and improved health has increased demand for Lindab's building, ventilation and indoor climate systems.

3. **Significant competitive advantages**
   Modern, highly automated production, leading retailer network, focus on R&D and strong customer relationships throughout the building value chain gives Lindab an advantage over its competitors.

4. **Improvements in profitability**
   Increased decentralisation and initiative to improve the Group's operational efficiency will contribute to greater profitability and therefore further resources for investment in growth.

5. **Successful corporate culture**
   Lindab has a long and successful history built on strong core values, which still feature throughout the Group, with entrepreneurial mindset as the driving factor.

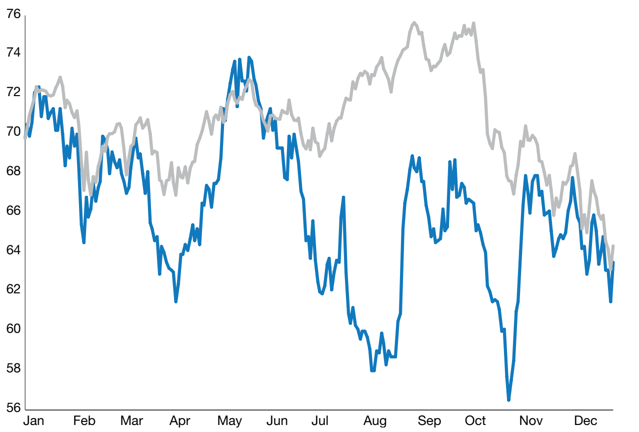
7.4%

Lindab's net sales have increased by an average of 7.4 percent per annum over the past five years.

Demand for our solutions for a better indoor climate is increasing and Lindab has a leading offering in this area.

Ticker: LIAB
Stock exchange: Nasdaq Stockholm
List: Mid Cap
Sector: Industrials
Market capitalisation: SEK 4.8 billion

Share price performance in 2018



Share price performance 1 January–31 December 2018, SEK

- The price fell by 7 percent to SEK 63.50.
- The highest price paid was SEK 74.50 on 21 May and the lowest price paid was SEK 56.10 on 24 October.
- An average of 104,938 shares (138,247) were traded every day, and the turnover rate was 35 percent (45).
- At the end of the year, of the 6 (5) analysts following Lindab's progress, 3 (3) made the recommendation to Buy/Increase, 3 (2) the recommendation to Hold and 0 (0) the recommendation to Sell/Reduce.

The Board proposed a dividend of SEK 1.75 (1.55) for the financial year 2018 in accordance with Lindab's dividend policy. Read more on page 54.

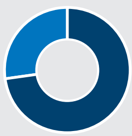
Lindab's largest shareholders

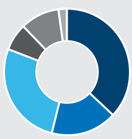
	Shares (2018)	Capital & votes, % (2018)	Capital & votes, % (2017)
Creades AB	7,929,322	10.4	10.4
Lannebo Fonder	7,728,064	10.1	9.1
Fjärde AP-fonden	7,516,491	9.8	9.8
IF Skadeförsäkring AB (publ)	3,890,055	5.1	5.1
Livförsäkringsbolaget Skandia	3,787,563	5.0	5.1
Handelsbanken Fonder	3,760,117	4.9	8.1
Other	41,720,370	54.7	52.4
Total number of outstanding shares[1)]	**76,331,982**	**100.0**	100.0

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

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

Distribution of ownership, %





Data per share

SEK per share unless otherwise specified	**2018**	2017	2016	2015	2014	2013	2012	2011	2010
Earnings per share before and after dilution[1)]	5.16	4.54	4.02	3.99	3.71	3.05	1.61	1.21	0.36
Dividends	1.75[2)]	1.55	1.40	1.25	1.10	-	-	1.00	1.00
Dividend yield, %[3)]	2.75	2.27	1.,90	1.99	1.68	N/A	N/A	2.67	1.13
Dividend as % of after-tax result[1)]	34.0	34.1	35.0	31.0	30.0	N/A	N/A	82.4	277.8
Quoted price, at end of period	63.50	68.20	73.05	62.90	65.60	63.40	43.00	37.40	88.25
Highest quoted price	74.50	98.00	89.60	78.35	83.70	65.20	57.95	95.80	105.00
Lowest quoted price	56.10	64.75	54.50	55.95	52.35	42.17	37.17	31.84	61.25
Shareholder's equity, after dilution	58.49	54.09	50.41	45.98	43.81	38.87	35.15	35.83	36.57
Number of outstanding shares, after dilution	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	76,331,982	75,331,982	75,331,982	74,772,429

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

Corporate governance report

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

Manshausen, Norway
RooFit, roofing concept

Lindab's new roofing concept RooFit, with a 30-year warranty, has been given high praise by customers. One of the more spectacular projects in 2018 was in Manshausen in northern Norway where five 'cabins' were erected in an extremely exposed environment. Lindab supplied a complete roofing solution with calculations, substrate, surface layer, clips and fixings. The work was carried out by Norwegian sheet metal company, Svolvaer Blikk.

Chairman's comments

Interview with the Chairman Peter Nilsson

What did the Board's work involve in 2018?

Having been through a period where we strengthened and made extensive changes to the framework and tools at the Board's disposal, in 2018 we focused mainly on cementing this work and the conditions for this. Moreover, I have had the privilege of working with exactly the same Board as in 2017. No members have left or joined and I have the Board I want to have. Consequently, we have been able to focus all our energy on mentoring and supporting Lindab's new CEO, Ola Ringdahl, and his team in their work to drive change and streamline operations in order to enter a new phase of Lindab's development.

Can you comment on strategic development?

Considering we have had some of the strongest European construction market conditions in recent years, Lindab's profitability has been too low to enable investment and sustainable growth. This was the main reason behind us taking action during autumn 2017 and launching a strategic evaluation of non-ventilation related activities and reviewing the options for disposing Building Systems. Since then we have gained valuable insight and have concluded that by making the underlying businesses more transparent within the Group, we can create significant value across all operations. This can be best achieved through three clear business areas with a decentralised structure. In addition, we have continued with unrelenting determination to implement the turnaround plan for Building Systems which has shown results. Building Systems' development was on the agenda of every Board meeting in 2018 and included a detailed description of activities provided by its Head.

"We prioritise close and ongoing dialogue with Executive Management."

The streamlining of operations has also gone hand in hand with a significant improvement in business activities. Keeping this in mind, we considered the offer we received to be far too low and we look forward to the continued development of this business area in the coming year, with great confidence. We continue to emphasise that ventilation is Lindab's core business with continued good market prospects and an area where Lindab has a very competitive offering.

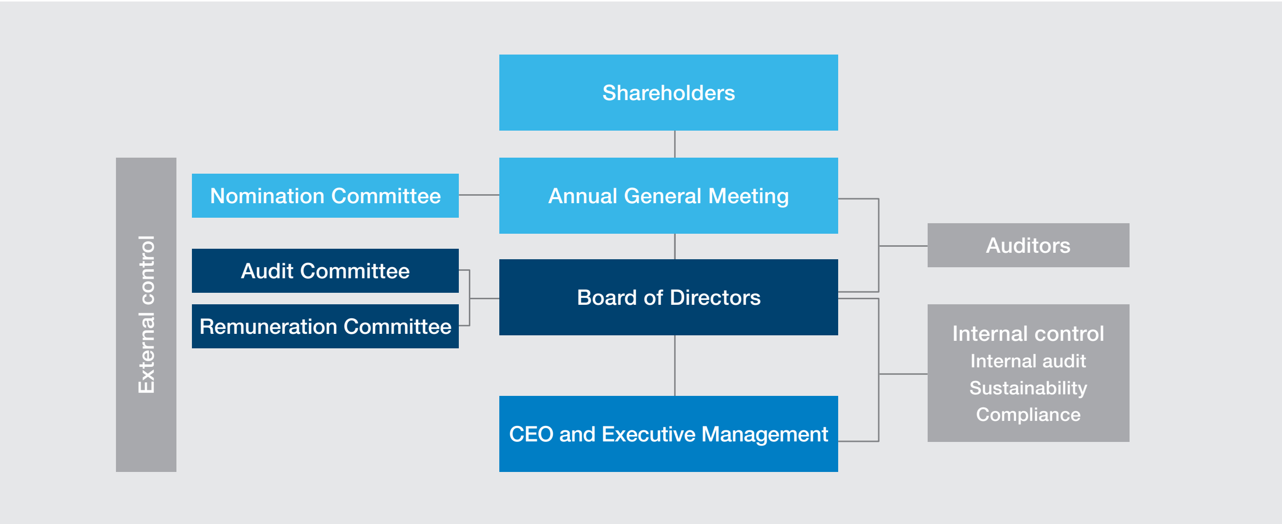
Where is the focus now?

Now it is time to shift into the top gear. With a new and expanded management team, with stronger operational focus, it is now about executing the plan to increase the Group's profitability. This includes everything from reviewing the cost structures to accelerating product development and sales work. The Board prioritises a close and ongoing dialogue with management in order to take the decisions Lindab needs to speed up its development. I work closely with Ola Ringdahl, supporting and mentoring him and his team with decisions that now have to be made in order to clearly differentiate Lindab as the leading supplier in the industry.

Important events in 2018

- Ola Ringdahl new President and CEO and Malin Samulesson new CFO
- All activities remain following completion of the strategic review
- New divisionalised operations structure with three business areas from 2019
- Turnaround plan in Building Systems and greater focus on operational efficiency in other operations

How Lindab is governed

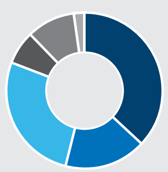


The corporate governance of Lindab is based on the Articles of Association, the Companies Act, the Annual Accounts Act, the Board's rules of procedure, the regulations of the Stockholm Stock Exchange, the Swedish Code of Corporate Governance ("the Code") and other applicable Swedish laws and regulations.

Shareholders

Lindab has 76,331,982 outstanding shares, of one class only, with an equal right to a share of the company's assets and results. In addition, Lindab has 2,375,838 treasury shares of the same class, bringing the total number of shares to 78,707,820. On 31 December 2018, there were 6,400 (6,970) shareholders in Lindab. The largest shareholders in relation to the number of outstanding shares were Creades 10.4 percent (10.4), Lannebo Fonder 10.1 percent (9.1), Fjärde AP-fonden 9.8 percent (9.8) and IF Skadeförsäkring AB 5.1 percent (5.1). At the end of the year, the ten largest shareholders held 59.9 percent of the outstanding shares. More information about Lindab's shareholders and the share's performance in 2018 can be found on pages 34–35.

Distribution of ownership, %



Annual General Meeting

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

Annual General Meeting 2018

The Annual General Meeting for the financial year 2017 was held on 3 May 2018 at Hotel Skansen, Båstad, in the Municipality of Båstad. Approximately 190 shareholders were present. The minutes of the Annual General Meeting have been available on the company's website since 17 May 2018. In addition to other matters, the 2018 Annual General Meeting adopted resolutions regarding

- re-election of the Board members Peter Nilsson, Per Bertland, Sonat Burman-Olsson, Viveka Ekberg, Anette Frumerie, John Hedberg and Bent Johannesson
- re-election of Peter Nilsson as Chairman of the Board
- re-election of the registered accounting firm Deloitte AB as the company's auditors
- procedure for the Nomination Committee
- guidelines for remuneration of senior executives
- warrant programme for senior executives.
- dividend of SEK 1.55 per share
- authorisation for the Board to decide on the transfer of treasury shares.

Annual General Meeting 2019

The Annual General Meeting for the financial year 2018 will be held on 8 May 2019 at 15.00 at Norrviken, in the Municipality of

Båstad. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in the Official Swedish Gazette ("Post and Inrikes Tidningar"), as well as on the company's website. The fact that notice has been given will be published in Dagens Industri. Shareholders wishing to attend the meeting must be entered into the company's share register five working days before the meeting, i.e. 2 May 2019, and must notify the company as specified in the notice to attend the 2019 Annual General Meeting.

Nomination Committee

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

At the 2018 Annual General Meeting, it was resolved that the company must have a Nomination Committee consisting of a minimum of four members, one of whom will be the Chairman of the Board. The Chairman of the Nomination Committee must be the member who is appointed by the largest shareholder, unless agreed otherwise by the Nomination Committee. The Nomination Committee's mandate period runs until a new Nomination Committee has been appointed. A Nomination Committee was constituted on 26 September 2018, comprising
– Sven Hagströmer, representative for Creades (Chairman)
– Per Colléen, representative for Fjärde AP-fonden
– Göran Espelund, representative for Lannebo Fonder
– Peter Nilsson, Chairman of Lindab International AB (publ).

In accordance with the resolution of the Annual General Meeting, the Nomination Committee shall evaluate the composition and work of the Board of Directors and submit proposals for the 2019 Annual General Meeting with regard to
– election of the Chairman at the 2019 Annual General Meeting
– election of the Board and Chairman of the Board
– fees for the Board of Directors, any Board committee and auditors
– composition of the Nomination Committee for the 2020 Annual General Meeting.

The Nomination Committee held four minuted meetings in 2018. In 2019, the Nomination Committee held two minuted meetings prior to the 2019 Annual General Meeting.

Shareholders wishing to contact the Nomination Committee may send an e-mail to valberedningen@lindab.com or write to "Lindab's Nomination Committee, Att: Fredrik Liedholm, Lindab International AB, 269 82 Båstad, Sweden."

Board of Directors

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

Composition of the Board of Directors in 2018

At the Annual General Meeting on 3 May 2018, it was resolved that the Board of Directors should consist of seven members without deputies. The CEO is the rapporteur for the Board of Directors. The Board meetings are also attended by some members of the Executive Management. The various assignments of the Board members are shown on pages 42–43.

Chairman's responsibilities

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

Responsibilities of the Board of Directors

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

Work of the Board of Directors

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

During 2018, the Board of Directors met 12 times. At each ordinary meeting, the financial performance was reported and followed up on. The Board held one meeting with the auditors, without the Executive Management present, to review the cooperation with the Executive Management regarding implementation of the audit process and other related matters. Certain members of the Executive Management were present at all Board meetings.

Key issues at each Board meeting

– 9 Jan	Recruitment of senior executives
– 7 Feb	Year-end report, dividend. Auditor's report (current)
– 26 Feb	Incentive programme
– 18 Mar	Annual Report, notice to attend the Annual General Meeting
– 2 May	Interim report, Group refinancing
– 3 May	Constitutive meeting
– 9 May	Strategy monitoring
– 14 June	Strategy planning
– 18 July	Interim Report
– 20-21 Sep	Strategy meeting
– 24 Oct	Interim Report
– 6 Dec	Budget

The Board of Directors and breakdown of Board fees

Name	Year elected	Company	Ownership	Board fee incl. committee, SEK	Remuneration Committee meetings	Audit Committee meetings	Attendance at Board meetings
Peter Nilsson[1)]	2016	Independent	Independent	737,667	3/3	-	12/12
Per Bertland	2016	Independent	Independent	341,334	3/3	-	12/12
Sonat Burman Olsson	2011	Independent	Independent	310,667	-	-	12/12
Viveka Ekberg	2016	Independent	Independent	412,000	-	7/7	12/12
Anette Frumerie	2017	Independent	Independent	361,334	-	6/7	12/12
John Hedberg	2017	Independent	Dependent	361,334	-	7/7	12/12
Bent Johannesson	2016	Independent	Independent	310,667	-	-	11/12
Pontus Andersson[2)]	1995			25,800	-	-	12/12
Anders Lundberg[2)]	2016			25,800	-	-	12/12
Total				**2,886,603**			

1) Chairman 2) Employee representatives replaced by deputies in their absence.

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

Remuneration of the Board of Directors

At the Annual General Meeting on 3 May 2018, fees totalling SEK 2,615,000 were resolved and allocated as follows: SEK 685,000 to the Chairman of the Board, SEK 313,000 to each of the other elected Board members and SEK 26,000 to each of the employee representatives.

Board's responsibility for financial reporting

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

Audit Committee

The Board has appointed an Audit Committee which is responsible for strengthening and streamlining the Board's supervisory responsibilities in terms of internal control, audit, internal audit, risk management, accounting and financial reporting. The Audit Committee will also prepare matters pertaining to procurement of audit and other audit services and prepare certain accounting and auditing matters to be dealt with by the Board of Directors. From the 2018 Annual General Meeting the Audit Committee consisted of Chairman Viveka Ekberg, Anette Frumerie and John Hedberg. After the Annual General Meeting the Audit Committee consisted of Chairman Viveka Ekberg, Anette Frumerie and John Hedberg. The work of the Audit Committee is guided by rules of procedure which are approved by the Board. In 2018, the Committee met on seven occasions. The auditors were present at all occasions. The Committee provides continuous oral and written reports to the Board and submits proposals on matters requiring the Board's consent. A fee of SEK 102,000 is paid to the Chairman of the Audit Committee, and each of the ordinary members receive a fee of SEK 51,000.

Remuneration Committee

The Board has appointed a Remuneration Committee which will present proposals to the Board concerning remuneration matters and continuously monitor and assess remuneration structures and levels for the CEO and other senior executives in the Group's Executive Management. In 2018, the Remuneration Committee consisted of Chairman Peter Nilsson and Per Bertland. In 2018, the Committee met on three occasions. The Committee provides continuous oral reports to the Board and submits proposals on matters requiring the Board's consent. A fee of SEK 61,000 is paid to the Chairman of the Remuneration Committee, and the ordinary member receives a fee of SEK 31,000.

Auditors

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

At the 2018 Annual General Meeting, the accounting firm Deloitte AB was elected as the company's auditor. Authorised public accountant Hans Warén was appointed as lead auditor. Hans Warén is also appointed by other listed companies, but this does not encroach on the time necessary to carry out his work for Lindab. The accounting firm Deloitte AB does not perform any services that could raise doubts about their independence. Nor have the services performed by the auditors for Lindab, over and above the audit services, altered this opinion.

Auditors' fees

In 2018, the auditors' fees paid to Deloitte AB amounted to SEK 0.4 m for the parent company and SEK 7.1 m for the Group. Fees paid to Deloitte for other services to the Group amounted to SEK 0.6 m.

External control

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

Internal control

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

Internal audit

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

Sustainability

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

Compliance

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

CEO and Executive Management

Fredrik von Oelreich was Acting President and CEO until 18 June 2018 when Ola Ringdahl was appointed President and CEO and joined the Executive Management. General Counsel and M&A and HR Director, Frederik Liedholm, Product and Marketing Director, Bengt Andersson and Olof Christensson, Energy and Climate Solutions Manager were part of the Executive Management throughout 2018. CFO, Kristian Ackeby, was part of the Executive Management until 13 August when he left the company. Malin Samuelsson was appointed new CFO and has been part of the Executive Management since 1 September 2018.

Policies

Corporate Governance Policy

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

Code of Conduct

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

Communications Policy

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

Insider Policy

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

IPR Policy

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

IT Policy

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

Anti-corruption Policy

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

Competition Law Policy

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

Environmental Policy

The Environmental Policy governs Lindab's work on environmental issues and ensures that the company's operations consider the environment and that the product solutions offered help to make buildings more energy-efficient.

Working Environment Policy

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

Treasury Policy

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

Equal Opportunity Policy

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

Board of Directors

	Peter Nilsson, Chairman	Per Bertland	Sonat Burman-Olsson
Born:	1962	1957	1958
Elected:	2016	2016	2011
Status:	Independent	Independent	Independent
Other offices held:	Chairman of Independent Vetcare Ltd and Unilode International AG, member of the Board of Directors of Cramo Oyj.	President and CEO of Beijer Ref AB. Chairman of the Board of Directors of several of Beijer Ref's subsidiaries and AB Dendera Holding. Advisor to Small Cap Partners SCP and member of the Board of Directors of various foundations.	Member of the Board of Directors of iZettle AB, Postnord AB and Lantmännen.
Former offices held:	President and CEO of Sanitec and Duni AB. Chairman of the Board of Directors of Duni AB, Securitas Direct AB and Sanitec Holdings Oy. Various management positions within the Swedish Match Group.	CFO and COO of Beijer Ref. CFO of Indra AB and Ötab Sport AB, which is part of the Aritmos Group.	President and CEO of COOP Sverige. Deputy CEO and CFO of the ICA Group. Among other Vice President of the Electrolux Group responsible for Global Marketing Strategies. Chairman of Svensk Dagligvaruhandel, Member of the Board of Directors of Svensk Handel, ICC Sverige, Tredje AP-fonden and ICA Banken.
Main qualifications:	M.Sc. in Business and Economics, Stockholm School of Economics.	M.Sc., Lund University.	M.Sc. in Business and Economics, Executive MBA, Strategic Man. Oxford and Harvard.
Holding:	28,800 shares	5,000 shares	None

Board committees

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

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

Auditors

Deloitte AB
Lead auditor:

Hans Warén

Born: 1964

Authorised public accountant, Deloitte AB, Gothenburg, Sweden.

Auditor to Lindab since 2014.

Extensive experience in publicly listed companies.




Viveka Ekberg	Anette Frumerie	John Hedberg	Bent Johannesson
1962	1968	1972	1954
2016	2017	2017	2016
Independent	Independent	Dependent	Independent
Chairman of Apoteket AB's Pension Fund. Member of the Board of Directors of C.A.G Group, Magnolia Bostad AB, SPP Pension & Försäkring, Svolder, the foundation Affärsvärlden, Centre for Justice and others.	CEO of Besqab AB. Member of the Board of Directors of the Swedish Construction Federation and Svedbergs i Dalstorp AB.	CEO of Creades AB. Member of the Board of Directors of Acne Studios, Avanza Pension AB and LOTS Group, a company in the Scania Group.	None.
CEO of PP Pension, Nordic Manager of Morgan Stanley Investment Management, Associate Partner at Brummer & Partners, Manager of SEB Institutionell Förvaltning and share analyst at Alfred Berg Fondkommission and Affärsvärlden.	Business Unit President of Residential Development Nordic at Skanska (publ), Business Unit Manager of International Property Development & Construction at JM AB (publ) and other positions within the JM Group.	Partner in NC Advisory AB, advisor to Nordic Capitals Fonder, management consultant at McKinsey & Co and various positions at Bonnier and Relacom.	CEO of Ramböll Sverige AB. Regional Director of Scandiaconsult AB. Head of the construction division of Kvaerner Pulping. Self-employed construction consultant. Board engagements within the Ramboll Group. Member of the Board of Directors of Almega, Svenska Teknik and Designföretagen, of which two years as Chairman.
M.Sc. in Business and Economics, Stockholm School of Economics.	M.Sc. in Industrial Engineering, KTH Royal Institute of Technology in Stockholm.	M.Sc. in Business and Economics, Stockholm School of Economics.	M.Sc. in Industrial Engineering, Chalmers University of Technology.
11,900 shares	1,000 shares	None	None

Pontus Andersson

Born: 1966

Elected: 1995

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

Holding: 250 shares

Anders Lundberg

Born: 1962

Elected: 2016

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

Holding: 10 shares

Executive Management

Ola Ringdahl

Born: 1972

President and CEO

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

Holding: 19,000 shares, 40,000 WT[1)]

Related party holdings: 1,000 shares

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

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

Malin Samuelsson

Born: 1972

Executive Vice President and CFO

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

Holding: 10,000 shares, 25,000 WT[1)]

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

Main qualifications: Graduate in International Economics, School of Business and Economics, Växjö.

Bengt Andersson

Born: 1960

Executive Vice President of Corporate Development

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

Holding: 49,000 shares, 25,000 WT[1)]

Related party holdings: 6,990 shares

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

Main qualifications: Technical college graduate in mechanical engineering.

Olof Christensson

Born: 1966

Executive Vice President of Energy and Climate Solutions

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

Holding: 2,000 shares, 25,000 WT[1)]

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

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

Fredrik Liedholm

Born: 1964

Executive Vice President and General Counsel, M&A and HR Director.

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

Holding: 4,500 shares, 45,000 WT[1)]

Professional experience: Legal counsel, Frigoscandia Equipment AB, Associate General Counsel, FMC Technologies, Advokatfirman Lindahl, and most recently General Counsel, Kockums AB.

Main qualifications: Master of Laws, Lund University.

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

Broadened Executive Management 2019

Lindab is an international company with a large number of operations around Europe close to its customers. In order to take better advantage of this, Lindab's Executive Management was increased from five to eleven on 1 January 2019, with members in operational management roles from Sweden, Denmark, France, Czech Republic, Luxembourg and Romania. The new Executive Management will provide the opportunity for more business-related decisions and contribute to better best practice between the various units.

Remuneration of senior executives

Remuneration principles

At the 2018 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines assume remuneration based on the market and the environment in which each of the executives work and remuneration will be competitive, facilitate the recruitment of new executives as well as motivate senior executives to remain with the company. The remuneration should consist of a fixed salary, short- and long-term variable cash salary, pension and other benefits. The fixed salary should be individually determined based on the individual executive's specific responsibilities, experience, expertise and performance. The fixed salary should be reviewed at least every two years.

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

The pension must be a defined contribution plan. Senior executives who are not covered by the ITP plan should receive a maximum of 30 percent of their annual fixed salary as an annual contribution-based pension. Other benefits should not constitute a significant part of the total remuneration. In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors did not exercise this mandate in 2018. Remuneration and other benefits for the Executive Management are shown in the table on the right. A further SEK 6.3 m has been recognised relating to social security contributions, including special employers' contributions to pensions.

Remuneration of the CEO

The fee billed by Acting CEO, Fredrik von Oelreichs, for the period from January to June amounted to SEK 3,540,000. Ola Ringdahl's fixed salary for 2018 from the starting date of 18 June totalled SEK 3,013,890. Ola Ringdahl is also entitled to a short- and long-term variable cash salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits. Payments received by Ola Ringdahl in the period June to December 2018 are shown in a separate table. The notice period for Ola Ringdahl is 12 months on the part of the company and 6 months on the part of Ola Ringdahl. Ola Ringdahl is bound by a non-competition clause for a period of two years from the termination of his employment, during which he is entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to Ola Ringdahl.

Remuneration and other benefits for the Executive Management in 2018

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

1) Excluding social charges and special payroll tax.

Remuneration of other members of the Executive Management

During the year, the Executive Management comprised President and CEO Ola Ringdahl, Fredrik von Oelreich, Acting President and CEO, Kristian Ackeby, CFO, Fredrik Liedholm, General Counsel and M&A and HR Director, Bengt Andersson, Product and Market Director, and Olof Christensson, Energy and Climate Solutions Manager. The remuneration of the Executive Management follows the guidelines adopted by the Annual General Meeting. The employment contracts of the current Executive Management include notice periods of 12 months on the part of the company and 6 months on the part of the employee. During the notice period, the company may exercise the right to give the employee garden leave, whereby any salary from another employer will be deducted from the salary the employee receives from Lindab during the notice period. The Executive Management is bound by non-competition clauses effective for one year from the termination of employment, during which they are entitled to separate remuneration. The company is entitled to waive the non-competition clause, which will result in no remuneration being paid to the employee.

Evaluation

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

The Board of Directors' Report on Internal Control

The Board of Directors' Report on Internal Control for the Financial Year 2018

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

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

Control environment and control instruments

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

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

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

Risk assessment

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

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

Control activities

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

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

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

Information and communication

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

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

Follow-up

The Group's compliance with adopted policies and guidelines is followed up by the Board of Directors and Executive Management. The company's financial situation is discussed at every Board meeting. The Board's Remuneration Committee and Audit Committee play an important role in matters concerned with remuneration, financial statements and internal control.

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

Lindab has identified three main areas (CSR, internal control and compliance) within corporate governance and has set up a Corporate Governance Committee, which is primarily responsible for ensuring good corporate governance within the Group.

Internal audit

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

Båstad, 17 March 2019
Board of Lindab International AB (publ)

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Lindab International AB (publ) corporate identity number 556606-5446

Engagement and responsibility

It is the Board of Directors who is responsible for the Corporate Governance report for the financial year 2018 on pages 36–47 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

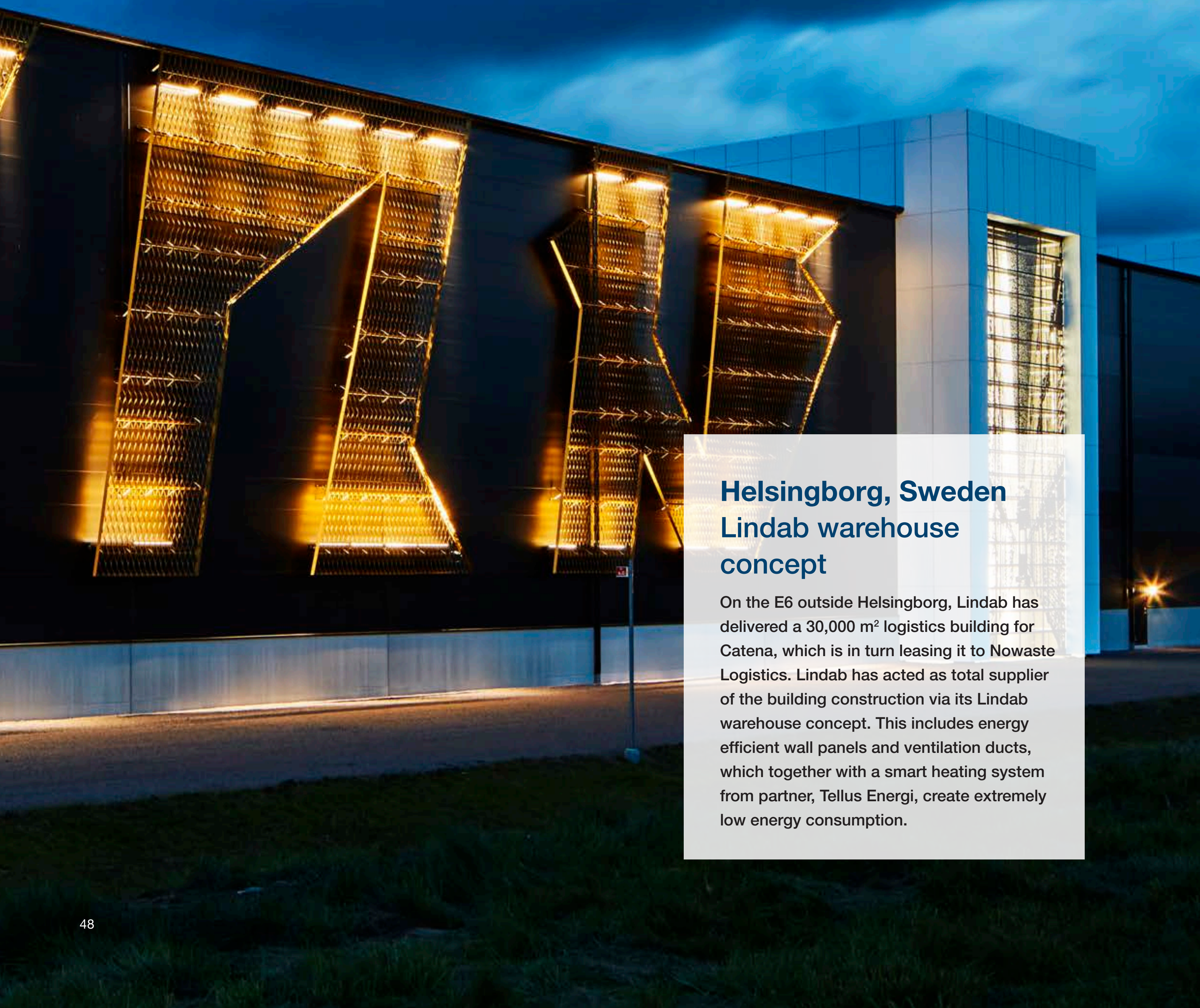
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *Auditor's examination of the corporate governance report*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

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

Gothenburg, 17 March 2019
Deloitte AB
Hans Warén
Authorised Public Accountant

Financial statements



Helsingborg, Sweden Lindab warehouse concept

On the E6 outside Helsingborg, Lindab has delivered a 30,000 m² logistics building for Catena, which is in turn leasing it to Nowaste Logistics. Lindab has acted as total supplier of the building construction via its Lindab warehouse concept. This includes energy efficient wall panels and ventilation ducts, which together with a smart heating system from partner, Tellus Energi, create extremely low energy consumption.

Directors' Report

- Net sales for 2018 increased by 13 percent (5) to SEK 9,326 m (8,242) of which 8 percent (4) related to organic growth.
- Adjusted operating profit, excluding one-off items and restructuring costs of SEK –87 m (–19), increased to SEK 634 m (511).
- The Board of Directors proposes a dividend of SEK 1.75 (1.55).

The Board of Directors and CEO of Lindab International AB (publ.), corporate identity no. 556606-5446, registered in Sweden and with its head office in Båstad, hereby present their Annual Report for the financial year 2018.

Lindab International AB constitutes the parent company of the Lindab Group. The Lindab share is quoted on the Nasdaq, Stockholm, Mid Cap (list for medium sized companies) under the ticker symbol LIAB.

The business

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

Lindab has a stable platform for its business. The goal now is to create even more added value for all stakeholders and to be a market leader in select niches. This is to be achieved by continuing to keep up with strong global trends such as urbanisation, new technology, smart buildings and an increased focus on health/environment and energy efficiency. Taking advantage of these strong trends moves Lindab and the development of the product portfolio higher up in the value chain, which means that the Group is increasingly focusing on complete solutions and systems rather than individual products.

Lindab's operations are managed through a matrix organisation where the reporting structure consists of the two segments, Products & Solutions and Building Systems. Products & Solutions includes complete systems for both ventilation and indoor climate solutions as well as a construction area which offers complete rainwater systems, lightweight construction and sheet metal for roof and facade solutions. Building Systems produces and sells complete steel building systems. Lindab's business is also based on a geographically distributed sales organisation supported by six product and system areas with common production and purchasing functions.

The strategic evaluation of non-ventilation related activities, which began in 2017, was completed in 2018. Lindab's strategy to create an even stronger position within its largest area of activity, ventilation, is still extremely relevant. The Group has a strong brand and a good market share in many geographical areas where Products & Solutions is present. The strategic review identified valuable cost synergies between ventilation activities and other operating activities within Products & Solutions. Lindab will continue developing both these business directions, but with an even clearer focus. Hence, the current Products & Solutions segment will be divided into two business areas (Ventilation Systems and Profile Systems) from Q1 2019. As a consequence Lindab will report three separate segments in Q1 2019; Ventilation Systems, Profile Systems respectively Building Systems.

Financial targets and target fulfilment 2018

Lindab's strategy is to create value for people and the environment, but the Group's strategy also aims to create value for the shareholders and other stakeholders based on a business model with clear financial targets. Since 2014 Lindab has been working towards agreed financial targets within the categories of growth, profitability and capital. The targets aim to create long term value for shareholders, increase Lindab's financial strength and enable the Group's future investments in profitable growth segments in the European construction sector. The Group's fulfilment of these targets is measured during the course of one business cycle. The targets are as follows:

- The annual growth rate should be 5–8 percent as a combination of organic and acquired growth.
- The operating margin* should average at least 10 percent during a business cycle.
- The ratio of seasonally adjusted Net Debt** to EBITDA, excluding one-off items and restructuring costs, should not exceed 2.5.

** Excluding one-off items and restructuring costs.*
*** Average Net Debt for the year.*

Financial key performance indicators

Amounts in SEK m unless otherwise indicated.	**2018**	2017	Change, %
Net sales	9,326	8,242	13
Growth distribution, of which:			
Organic growth, %	8	4	
Acquired/divested, %	1	0	
Currency effects, %	4	1	
Operating profit before depreciation and amortisation	715	654	9
Adjusted operating profit[1]	634	511	24
Operating profit	547	492	11
Earnings before tax	531	467	14
Profit for the year	394	347	14
Dividend per share, SEK	1.75[2]	1.55	
Earnings per share, SEK	5.16	4.54	
Cash flow from operating activities	593	410	45
EBITDA margin, %	7.7	7.9	
Adjusted operating margin, %[1]	6.8	6.2	
Shareholders' equity	4,464	4,130	8
Net Debt	1,052	1,305	–19
Return on shareholders' equity, %	9.1	8.8	
Return on capital employed, %	9.4	8.8	
Net Debt/EBITDA, excluding one-off items and restructuring costs	1.6	2.2	
Net Debt/equity ratio, times	0.2	0.3	
Average number of employees	5,126	5,143	0

1) Adjusted for one-off items and restructuring costs, see table on page 57.

2) The Board of Directors' proposal for dividend per share for 2018.

Lindab's policy is that dividends to shareholders should normally comprise 30 percent of the profit for the year, taking into account Lindab's capital structure, acquisition needs and long term financing needs.

For the year, Lindab's sales development, adjusted for currency effects, was 8 percent (4) compared with 2017. With a strong focus on innovation, value adding solutions and improved efficiency, Lindab's profitability target is expected to be achieved during a business cycle. The operating margin for 2018, excluding one-off items and restructuring costs, increased to 6.8 percent (6.2). At the end of 2018, the seasonally adjusted Net Debt was 1.6 times (2.2) EBITDA, excluding one-off items and restructuring costs. Lindab's Board of Directors proposes that the Annual General Meeting approves a dividend of SEK 1.75 (1.55) per share, corresponding to a dividend of SEK 134 m (118) and 34 percent (34) of net profit.

Business combinations

There were no acquisitions or divestments during the year. However, four small Group companies were liquidated in conjunction with ongoing work to review the consolidated structure of the Group.The Irish company A.C. Manufacturing Ltd was acquired in the previous year. Its activities mainly include the production and sale of rectangular ventilation duct systems.

For further information on business combinations, see Note 5.

Research and development

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

During the year, Lindab continued the establishment of cross functional teams which will apply new working methods to come up with suggestions for new ventilation products and solutions. The aim of the new structure and working methods is to help meet the demand of a number of identified customer segments, which will act as a platform for Lindab's future sales. The establishment of the new Energy and Climate Solutions function makes it possible to develop complete solutions for the identified target groups. Product development is mainly focused on the development of a number of platforms. These platforms act as the base upon which future demand based segment adjustments can be built. Commercial business development takes place in the same organisation, working closely with research and development in order to make the most of new opportunities offered by increased digitisation and technology content.

The pace of innovation was high during the year which saw the launch of ventilation solutions such as the third generation of UltraLink as well as a new generation of rainwater systems and new building solutions. Lindab is also the first supplier in Europe to obtain Eurovent certification for its duct systems which meet the highest air tightness class, class D. With the certification, Lindab sets new standards for quality and energy efficiency in the European ventilation market. In addition, new generators of IT solutions and project support were launched. The aim is to simplify every stage of the design and construction process in order to help increase the level of quality and profitability for all parties involved. In the construction area, activities included new paint systems for rainwater systems and a renovation concept for façade panels as well as the introduction of a comprehensive BIM library to support and streamline project planning and design.

During 2018, research and development costs amounted to SEK 72 m (68), of which SEK 60 m (56) was related to Products & Solutions and SEK 12 m (10) to Building Systems. The number of people employed in the Group's product development departments totalled 78 (75), of whom 64 (60) were in Products & Solutions and 14 (15) in Building Systems.

Personnel and personnel development

In 2018, the average number of employees in the Lindab Group was 5,126 (5,143), a decrease of 17 people. The number of employees at the end of the year was 5,071 (5,083), which is a decrease of 12 people compared with the previous year. The average number of employees in Sweden was 1,143 (1,127), which corresponds to 22 percent (22) of all employees in the Group. For further details of the average number of employees and personnel costs, please refer to Note 6.

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

Guidelines for remuneration of senior executives

The most recently resolved remuneration principles for senior executives as well as the Board's suggested guidelines that will apply from the next Annual General Meeting are detailed in Note 6.

Profit sharing foundation

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for annual payment of contributions into a profit sharing foundation. These provisions are based on the earnings of the Swedish group companies. In 2018, provisions amounted to SEK 7 m (7), including special employers' contributions. At the end of 2018, the profit sharing foundation held 272,500 shares (215,500) in Lindab. In addition to the Swedish profit sharing scheme, there is also a small profit sharing scheme in one of Lindab's French companies. See also Note 6.

Sustainability report

All Lindabs companies are considered to operate in a sustainable manner. Sustainability work continued in 2018 and details of this are provided in Lindab's Sustainability Report on pages 107-116. The auditor's report on the statutory Sustainability Report can be found on page 103. There is an index on page 116 with references indicating where information about the various subjects covered by the Sustainability Report in accordance with the Annual Accounts Act (1995:1554) can be found in the Annual Report.

Environment

Consistent environmental work

Lindab gives priority to working actively to minimise the environmental impact of the Group's operations and products, and consequently, the

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

Products

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

Environmental permits

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

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

Environmental dimension

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

Climate impact

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

Corporate governance

See the Corporate Governance Report on pages 36-47.

Risks and risk management

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

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

Operational risks

Steel price development

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

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

Stoppages

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

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

Bad debt losses

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

As a result of the change in accounting standard, Lindab changed its valuation method for calculating accounts receivable provisions in 2018. Previously, a model was applied, which, in addition to individual assessments of large commitments, was based on a provision of 50 percent being made for accounts receivable that were overdue by more than 180 days and a provision of 100 percent for those that were overdue by more than 360 days insofar as they were not covered by credit insurance or the Group had not obtained security corresponding to the amount due. The valuation model that applies now is based to a greater extent on expected rather than anticipated bad debt losses. Lindab categorises its outstanding accounts receivable in six different levels depending on due date, ranging from accounts receivable that are not due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss of between 0.2 and 95.2 percent, based on which accounting loss provisions are made insofar as there is no underlying customer credit insurance or security of substance. Degrees of credit loss are estimated based on the Group's own experience, but also reflect future expectations of different payment structures given the economic climate. Individual assessments are also made of accounts receivable in accordance with past practice where there are indications of an increased risk of loss on individual commitments and in this way the Group works actively on an ongoing basis to reflect known information in total reported loss provisions in the best possible manner. The transition to the new valuation method has not had any substantial financial impact on the Group's carrying amounts. For further information on the valuation of accounts receivable, see Note 2 and Note 22.

Based on the above principles, the provision for expected bad debt losses/bad debts amounted to SEK –92 m (–88) on 31 December 2018. During the year, SEK 26 m (13) relating to provisions for bad debts was recognised as an expense, equivalent to 0.2 percent (0.1) of the Group's net sales; see Note 22.

Disputes
The financial risk associated with disputes relates to the costs that may arise from the Group's involvement in various legal disputes. The responsibility for monitoring and guiding the legal risk management lies with Lindab's legal department led by the Group's General Counsel. In addition to the previously reported dispute with Swegon, during the year, Group companies were only involved in minor disputes that are directly related to the business.

Within the Building Systems segment, provisions are regularly made for potential future claims. Provisions are based, among other things, on Building Systems' historical claims costs. In addition, provisions are made, both within Building Systems and within Products & Solutions, for disputes that are deemed likely to result in a risk of having to pay compensation. Warranty provisions for 2018 amounted to SEK 15 m (11). For more information, see Note 25.

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

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

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

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

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

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

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

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

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

Customer behaviour
Demand for Lindab's products is affected by changes in customers' investment plans and production levels. Customers' investments can change if the political or economic situation in a country or an industry changes. Lindab has its own operations in 32 countries, which balances the various country specific risks in the construction industry. However, since construction is a cyclical industry, it is not possible to protect against a downturn in the global economy. The current economic climate in Europe is affecting the majority of Lindab's markets and therefore has an impact on Lindab. Similarly, any political unrest or instability may have an effect on Lindab.

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

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

Lindab has not been able to identify any negative impact on sales related to Brexit during the year, but is following the process carefully in order to be able to take necessary actions in the event of a rapid change in construction activity.

Financial risks
For a description of financial risks, see Note 3.

Compliance risks
Taxes
Lindab has operations in many different countries, mainly in Europe,

and has noted that the tax laws and their application in general have become more complex. Predictability has declined and it is increasingly important to have up-to-date and fully functional systems and processes for managing taxes and levies.

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

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

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

Environment
Lindab is actively working to minimise the environmental impact created by the Group's operations and products. Lindab's Environmental policy is a key document that forms the basis for the Group's environmental work. Lindab's production of steel products has a minimal environmental impact. In cases where there is a risk of environmental liability, an assessment is made to determine whether a provision is required. No provisions were made for anticipated future environmental liabilities in 2018. The waste products generated through production consist mainly of scrap metal which is recovered completely and other waste, of which up to 90 percent is recycled. Anything not used is sorted and disposed of in accordance with applicable regulations.

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

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

In the construction industry and in the various geographical markets where Lindab operates, there are some players whose conduct is not consistent with good business practice. Lindab has since long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Lindab has zero tolerance towards corruption and an anti-corruption policy exists to ensure that conduct which might be regarded as corruption does not take place in the Group.

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

Accidents that resulted in time lost from work of at least one day are monitored and reported as LTIF (Lost Time Injury Frequency). During the period 2014-2017, LTIF fell from 12.3 to 9.3, but increased slightly to 9.9 in 2018. In the event of very serious accidents involving a risk of permanent disability, the President and CEO is informed within 24 hours and corrective and preventive actions are followed up and implemented within two weeks. There were three serious accidents in 2018. One of these was a traffic accident in which one person died and another person suffered serious injuries and is still recovering. The other two accidents involved permanent injuries to fingers. Both employees have returned to work.

Share capital

On 31 December 2018, the share capital amounted to SEK 78,707,820 consisting of 78,707,820 class A shares only. All shares have a face value of SEK 1.00.

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

In 2018, it was decided to establish a warrant programme for senior executives, and consequently 135,000 warrants were issued and disposed on market terms. Each warrant entitles the holder to acquire one share in Lindab at an agreed price of SEK 86.40 at a specified time in 2021. For all intents and purposes, the warrant programme has the same features as the programme that was decided by the 2017 Annual General Meeting on the basis of which 75,000 warrants were issued in the previous year. The previous programme had a warrant price of SEK 108.80 and these warrants can be used in the summer of 2020. 30,000 warrants from the first warrant programme were returned to Lindab by former senior executives in 2018.

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

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

On 31 December 2018, the company had a market capitalisation of SEK 4,847 m (5,206) and 6,400 shareholders (6,970). The largest shareholder in relation to outstanding shares is Creades AB, which owns 10.4 percent (10.4). It is followed by Lannebo Fonder with 10.1 percent (9.1), Fjärde AP-fonden with 9.8 percent (9.8), IF Skadeförsäkring with 5.1

percent (5.1) and life insurance company, Skandia, with 5.0 percent (5.1). These five largest shareholders together hold 40.4 percent (42.5) of the share capital and votes. The ten largest holdings constitute 59.9 percent (61.2) of the shares, excluding Lindab's own holding.

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

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

Dividends

Dividend policy

Lindab's dividend policy is to distribute the equivalent of 30 percent of net profit. However, the company's capital structure, acquisition needs and long term financing requirements will always be taken into consideration.

Proposed appropriation of profits for the financial year 2018

Lindab's Board of Directors proposes that the Annual General Meeting on 8 May 2019 approves a dividend of SEK 1.75 per share, which is in excess of the company's dividend policy and gives a total dividend of SEK 134 million. The proposed reconciliation date for dividend rights is 10 May 2019, whereupon it is estimated that payment of dividends to shareholders will be able to take place on 15 May 2019.

At the disposal of the Annual General Meeting:

SEK	2018
Profit brought forward	194,846,224
Profit for the year	2,374,496,220
Profit carried forward	**2,569,342,444**

The Board of Directors proposes the following appropriation of profits:

SEK	
Dividend to shareholders, SEK 1.75 per share	133,580,969
To be carried forward	2,435,761,475
Total	**2,569,342,444**

Net sales and profit

- Net sales increased by 13 percent to SEK 9,326 m (8,242), of which organic growth amounted to 8 percent and currency had a positive impact of 4 percent.
- Adjusted operating profit increased by 24 percent to SEK 634 m (511). Operating profit amounted to SEK 547 m (492).
- Profit for the year amounted to SEK 394 m (347), an increase of 14 percent. Reported earnings per share was SEK 5.16 (4.54).

Net sales

Net sales amounted to SEK 9,326 m (8,242), which was an increase of 13 percent compared with the previous year. Organic growth amounted to 8 percent. Currency effects impacted sales positively by 4 percent, while completed acquisitions and divestments had a positive impact of 1 percent. Foreign net sales increased by 14 percent and amounted to SEK 7,133 m (6,246), corresponding to 76 percent (76) of the Group's total sales.

Lindab has own operations in 32 countries (32) and the geographical breakdown of total sales in 2018 was 45 percent (46) in the Nordic region, 33 percent (33) in Western Europe, 20 percent (18) in CEE/CIS and 2 percent (3) in other markets.

Lindab recorded positive organic growth in all quarters of 2018. The largest segment Products & Solutions recorded organic growth of 7 percent for the full year, while organic growth in Building Systems increased by 18 percent. The sales trend in Products & Solutions was particularly strong in North and Eastern Europe. The sales trend in the Building Systems segment was also positive and the growth was particularly strong in Western and Eastern Europe.

Seasonal variations

Lindab's business is affected by seasonal variations in the construction industry, and the highest proportion of net sales is normally seen during the second half of the year.

Gross profit

Gross profit increased by 11 percent to SEK 2,431 m (2,185). The gross margin amounted to 26 percent (27) of net sales.

Other operating income

Other operating income amounted to SEK 75 m (79). This income related primarily to exchange rate gains on operating receivables/liabilities in both 2018 and 2017. In addition, capital gains on the disposal of fixed assets contributed to other operating income by SEK 5 m (9).

Indirect costs

Selling and administrative expenses increased by 6 percent to SEK 1,708 m (1,604), equivalent to 18 percent (19) of net sales. Research and development expenses amounted to SEK 72 m (68), equivalent to 0.8 percent (0.8) of net sales.

Other operating expenses

Other operating expenses amounted to SEK 179 m (100). The expenses largely consist of exchange rate losses on operating receivables/liabilities. Other operating expenses include one-off items and restructuring costs of SEK –87 m (–19), see one-off items and restructuring costs on page 57.

Depreciation/amortisation and impairment losses

Total depreciation, amortisation and impairment losses for the year, included in the costs per function (see Note 9) amounted to SEK 168 m (162), of which SEK 30 m (35) relates to intangible assets. Of this, SEK 7 m (4) relates to amortisation of the consolidated surplus value in intangible assets.

Operating profit

Operating profit increased to SEK 547 m (492) and this improvement was due primarily to the higher sales volume in both segments while costs remained more or less unchanged compared with the previous year. The adjusted operating profit increased to SEK 634 m (511). The adjusted operating margin increased to 6.8 percent (6.2).

Total one-off items and restructuring costs which impacted operating profit amounted to SEK –87 m (–19); see also the breakdown of one-off items and restructuring costs on page 57. One-off items and restructuring costs for the year relate primarily to costs for evaluating structural alternatives, restructuring costs and measures associated with the cost reduction programme. In the previous year, costs related mainly to costs for the termination of the former President and CEO.

Earnings before tax

Earnings before tax amounted to SEK 531 m (467), an increase of 14 percent. Financial items improved during the year to SEK –16 m (–25), due mainly to a lower interest margin, but also to lower Net Debt.

Taxes

The Group's tax expense for the year amounted to SEK –137 m (–120) and the effective tax rate amounted to 26 percent (26). Current tax amounted

Net sales and growth

	2018	2017	2016
Net sales, SEK m	9,326	8,242	7,849
Change, SEK m	1,084	393	260
Change, %	13	5	3
Of which			
Organic growth, %	8	4	4
Acquisitions/divestments, %	1	0	0
Currency effects, %	4	1	–1

Net sales by region

SEK m	**2018**	**Share, %**	2017	Share, %	2016	Share, %
Nordic region	4,198	45	3,752	46	3,654	47
Western Europe	3,057	33	2,699	33	2,600	33
CEE/CIS	1,834	20	1,524	18	1,352	17
Other markets	237	2	267	3	243	3
Total	**9,326**	**100**	**8,242**	**100**	**7,849**	**100**

to SEK –139 m (–126) and deferred tax to SEK 2 m (6). The average tax rate was 19 percent (19). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The higher effective tax rate compared with the average tax rate is due mainly to the fact that Lindab has not been able to fully utilise this year's tax losses. The negative impact of not being able to fully utilise this year's tax losses was less in this period than in the corresponding period of the previous year, but at the same time the effective tax rate was affected by the fact that less non-taxable income was included in operating profit for the year. Compared with previous years, it should also be noted that Lindab was able to utilise loss carry-forwards generated in previous years to a larger extent in 2017. For further information, see Note 15.

Profit for the year and earnings per share

Profit for the year amounted to SEK 394 m (347), corresponding to after-tax earnings per share (before and after dilution) of SEK 5.16 (4.54).

Comprehensive income

Comprehensive income amounted to SEK 453 m (387). Comprehensive income includes Other comprehensive income, comprising translation differences arising when foreign operations are translated to SEK, the value of hedges of net investments, actuarial gains and losses regarding defined benefit plans and tax. Translation differences concerning foreign businesses and hedges of net investments accounted for most of the year-on-year difference. The development in translation differences was driven primarily by net investments.

Performance by segment

The Group's operations are reported in two segments, Products & Solutions and Building Systems. The distribution of net sales and operating profit by segment is shown in the table below.

Products & Solutions segment

Products & Solutions' product and solution offering includes products and complete systems for ventilation, cooling and heating, as well as construction products and building solutions such as steel rainwater systems, roofing and wall cladding, steel profiles for wall, roof and beam constructions and large span buildings.

Net sales amounted to SEK 8,260 m (7,360), an increase of 12 percent, of which 7 percent related to organic growth.

Sales increased in all geographical regions in 2018 apart from the smallest region, Other markets, which accounted for just 2 percent of Product & Solutions total net sales. Most of the product areas in the ventilation area showed positive organic growth in 2018. Sales were particularly good in building solutions, ventilation products, indoor climate solutions and fire safety, while they decreased slightly in air movement. Sales also increased in the rainwater systems and building products segments.

Positive organic sales growth continued in the segment's largest region, the Nordic region, where all the markets showed positive organic growth. Finland showed particularly positive development, followed by Norway and Sweden. There was also positive organic growth in Western Europe although the variation between the individual countries was considerable. The segment's four largest markets in the region; UK, France, Germany and Ireland all showed organic sales growth while sales growth decreased in Italy and Switzerland. In the CEE/CIS region, which accounts for 15 percent of the segment's sales, sales growth was particularly strong throughout the whole year, with organic growth in the region's four largest markets; Hungary, Poland, Czech Republic and Romania.

Adjusted operating profit increased by 14 percent to SEK 670 m (590). Adjusted operating margin amounted to 8.1 percent (8.0). The improvement in operating profit is mainly attributable to higher sales volume driven in particular by Northern and Eastern Europe.

Building Systems segment

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

Net sales amounted to SEK 1,066 m (882) in 2018, an increase of 21 percent, of which 18 related to organic growth.

The sales trend during the year varied greatly between the individual markets. The segment's two largest regions, CEE/CIS and Western Europe, both showed strong sales growth during the year. In the CEE/CIS region, growth was mainly driven by two of the segment´s important markets, Russia and Belarus. The sales and market situation improved in these countries during the year, particularly in Russia. Sales were down in Poland, however, even though orders received were particularly high in the last half of 2018. The market situation in Western Europe improved significantly during the year with higher sales in most countries, including Germany – the segment's largest market. Sales to Africa were down during the year.

Adjusted operating profit amounted to SEK 9 m (–42). Adjusted operating margin amounted to 0.8 percent (–4.8). The increase in sales and improved gross margin explain most of the improvements in earnings while exchange rate changes had a negative impact on earnings.

Net sales, operating profit and operating margin, % by segment

	Net sales					Operating profit					Operating margin, %				
SEK m	**2018**	2017	2016	2015	2014	**2018**	2017	2016	2015	2014	**2018**	2017	2016	2015	2014
Products & Solutions	8,260	7,360	6,949	6,727	6,084	670	590	565	504	471	8.1	8.0	8.1	7.5	7.7
Building Systems	1,066	882	900	862	919	9	–42	–12	16	52	0.8	–4.8	–1.3	1.9	5.7
Other[1)]	-	-	-	-	-	–45	–37	–42	–57	–26	N/A	N/A	N/A	N/A	N/A
Total, adjusted for one-off items and restructuring costs	**9,326**	**8,242**	**7,849**	**7,589**	**7,003**	**634**	**511**	**511**	**463**	**497**	**6.8**	**6.2**	**6.5**	**6.1**	**7.1**
One-off items and restructuring costs	-	-	-	-	-	–87	–19	–28	6	–30	N/A	N/A	N/A	N/A	N/A
Total, including one-off items and restructuring costs	**9,326**	**8,242**	**7,849**	**7,589**	**7,003**	**547**	**492**	**483**	**469**	**467**	**5.9**	**6.0**	**6.2**	**6.2**	**6.7**

1) Costs related to Group functions and activities.

Consolidated statement of profit or loss

SEK m	Note	2018	2017
Net sales	7,8	9,326	8,242
Cost of goods sold	6,9,10,28	–6,895	–6,057
Gross profit		**2 431**	**2,185**
Other operating income	13	75	79
Selling expenses	6,9,10,28	–1,141	–1,068
Administrative expenses	6,9,10,11,28	–567	–536
R&D expenses	6,9,10,12	–72	–68
Other operating expenses	10,13	–179	–100
Total operating expenses		**–1,884**	**–1,693**
Operating profit		**547**	**492**
Interest income	14	17	19
Interest expenses	14	–26	–36
Other financial income and expenses	14	–7	–8
Financial items		**–16**	**–25**
Earnings before tax		**531**	**467**
Tax on profit for the year	15	–137	–120
Profit for the year		**394**	**347**
– of which attributable to parent company shareholders		*394*	*347*
– of which attributable to non-controlling interests		*0*	*0*
Earnings per share before and after dilution, SEK	16	5,16	4,54

Consolidated statement of comprehensive income

SEK m	Note	2018	2017
Profit for the year		**394**	**347**
Items that will not be reclassified to the income statement			
Actuarial gains/losses, defined benefit plans		–3	–9
Deferred tax attributable to defined benefit plans		1	3
Total		**–2**	**–6**
Items that will later be reclassified to the income statement			
Translation differences, foreign operations		108	63
Hedges of net investments		–60	–21
Deferred tax attributable to hedges of net investments		13	4
Total		**61**	**46**
Other comprehensive income, net of tax		**59**	**40**
Comprehensive income		**453**	**387**
– of which attributable to parent company shareholders		*453*	*387*
– of which attributable to non-controlling interests		*0*	*0*

Specification of one-off items and restructuring costs

2018	**Products & Solutions**	**Building Systems**	**Other[1]**	**Total**
Adjusted operating profit	670	9	–45	634
One-off items and restructuring costs	–17	–25	–45[2]	–87[2]
Operating profit	**653**	**–16**	**–90**	**547**
2017				
Adjusted operating profit	590	–42	–37	511
One-off items and restructuring costs	-	-	–19[3]	–19[3]
Operating profit	**590**	**–42**	**–56**	**492**

1) *Costs related to Group functions and activities.*

Operating profit has been adjusted for the following one-off items and restructuring costs, which are reported as other operating income and other operating expenses.

2) *SEK –87 m relating to evaluation of structural alternatives, restructuring costs and measures associated with cost reduction programme, where of SEK –45 is related to central costs.*

3) *SEK –19 m relating to severance costs for the former President and CEO, evaluation of structural alternatives and governance project.*

Cash flow

- Cash flow from operating activities increased to SEK 593 m (410).
- Investments in tangible fixed assets amounted to SEK –104 m (–79).
- Net Debt amounted to SEK 1,052 m (1,305).

Cash flow from operating activities

Cash flow from operating activities increased compared with the previous year and amounted to SEK 593 m (410). The difference of SEK 183 m (–89) was attributable primarily to the fact that underlying operating profit showed an improvement of SEK 55 m (–9) and cash flow from working capital increased by SEK 103 m (–125) compared with the same period of the previous year.

Changes in operating capital contributed to a positive cash flow of SEK 3 m (–100) and compared with 2017, the improvement was linked mainly to settlement of accounts receivable. Overall, changes in operating receivables impacted on cash flow by SEK 63 m (–99). The increase in stock had an impact on cash flow of SEK –71 m (–81) and operating liabilities of SEK 11 m (80).

Items not affecting cash flow

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

Cash flow from investing activities

Investments in intangible assets and tangible fixed assets amounted to SEK –120 m (–100). The majority of investments during the year consisted mainly of maintenance investments, reinvestments as well as various efficiency investments in production facilities. In terms of cash flow, the Group's investing activities were also impacted positively following the divestment of intangible and tangible assets amounting to SEK 15 m (33). This positive cash flow related mainly to divestments of land and buildings.

Net cash flow from investing activities amounted to SEK –105 m (–67), excluding acquisitions and divestments of subsidiaries.

Business combinations

There were no acquisitions or divestments during the year. However, in the previous year, Lindab acquired Irish company, A.C. Manufacturing Ltd. Part of the purchase price was settled in connection with the acquisition, resulting in an outflow to the seller affecting cash flow by SEK –69 m. At the time of the acquisition, the company had liquid net assets of SEK 5 m, impacting on the Group's net cash flow in the amount of SEK –64 m. (For further information on the acquisition of A.C. Manufacturing Ltd., see also Note 5). Lindab also divested the dormant company Lindab Innovation AB in the previous year. The purchase price received in connection with the divestment amounted to SEK 0 m.

Financing activities

Cash flow from financing activities amounted to SEK –547 m (–360) and changes compared with the previous year's result consisted mainly of changes in borrowing and the utilisation of credit limits. Furthermore, the dividend paid to the company's shareholders was slightly higher in 2018 than in the previous year.

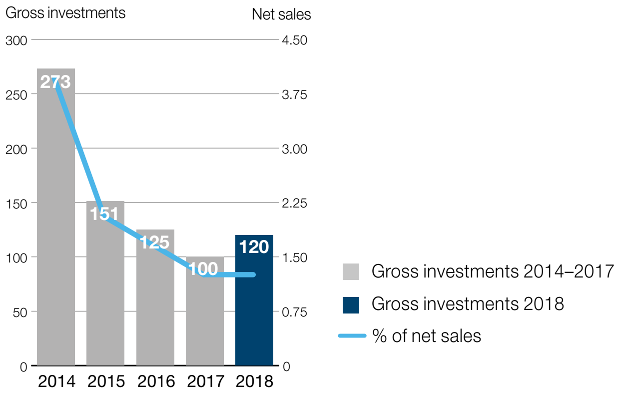
On 31 December 2018, consolidated Net Debt amounted to SEK 1,052 m (1,305). Currency effects increased Net Debt by SEK 69 m compared with the previous year, while repayments of borrowings contributed to the overall reduction of Net Debt.

Consolidated statement of cash flows

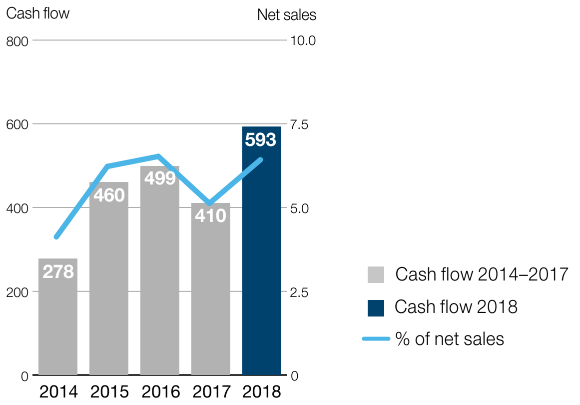
SEK m	Note	2018	2017
Operating activities			
Operating profit		547	492
Reversal of depreciation/amortisation and impairment losses	9	168	162
Reversal of capital gains (-)/losses (+) reported in operating profit		0	–9
Provisions, not affecting cash flow		31	9
Adjustment for other items not affecting cash flow		–7	–8
Total		**739**	**646**
Interest received		16	19
Interest paid		–24	–33
Tax paid		–141	–122
Cash flow from operating activities before change in working capital		**590**	**510**
Change in working capital*			
Stock (increase - /decrease +)		–71	–81
Operating receivables (increase - /decrease +)		63	–99
Operating liabilities (increase + /decrease -)		11	80
Total change in working capital		*3*	*–100*
Cash flow from operating activities		**593**	**410**
Investing activities			
Acquisition of Group companies	5	-	–64
Divestment of Group companies	5	-	0
Investments in intangible assets	17	–16	–21
Investments in tangible fixed assets	18	–104	–79
Change in financial fixed assets		0	0
Disposal of intangible assets	17	0	0
Disposal of tangible fixed assets	18	15	33
Cash flow from investing activities		**–105**	**–131**
Financing activities			
Proceeds from borrowings	26	94	1,656
Repayment of borrowings	26	–522	–1,910
Issue of warrants		0	1
Dividend to shareholders		–119	–107
Cash flow from financing activities		**–547**	**–360**
Cash flow for the year		**–59**	**–81**
Cash and cash equivalents at the beginning of the year		342	418
Effect of exchange rate changes on cash and cash equivalents		6	5
Cash and cash equivalents at the end of the year		**289**	**342**

*) *Working capital, see definition on page 106.*

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



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



Financial position

- The equity/asset ratio increased to 57.2 percent (53.4).
- Net Debt fell to SEK 1,052 m (1,305).
- The Net Debt/equity ratio amounted to 0.2 (0.3) at the end of the year.

Fixed assets and investments

Information about changes in the structure of fixed assets can be found in the comments to the Statement of cash flows on page 58.

Stock and accounts receivable

Stock increased relative to the previous year and amounted to SEK 1,350 m (1,256), which is an increase of 7 percent (8). Accounts receivable reduced compared with the previous year and amounted to SEK 1,317 m (1,363), which corresponds to a decrease of 3 percent (increase of 9). At the end of the year, stock and accounts receivable relative to net sales amounted to 14 percent (15) and 14 percent (17) respectively.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 289 m (342) at the end of the year. Escrow accounts amounting to SEK 3 m (3) are included in cash and cash equivalents. On 31 December 2018, available cash and cash equivalents, including unused credit facilities, amounted to SEK 1,558 m (1,615) based on an underlying credit limit of SEK 1,914 m (2,192).

Capital employed

Average consolidated capital employed, including goodwill and consolidated surplus value, amounted to SEK 5,998 m (5,784), which is slightly higher than the previous year. Return on capital employed, including goodwill, amounted to 9.4 percent (8.8).

Shareholders' equity

Shareholders' equity amounted to SEK 4,464 m (4,130) at the end of 2018. During the year, Net translation differences, foreign operations and Hedges of net investments, exclusive of tax, had a positive impact on shareholders' equity of SEK 48 m (42). At the same time, shareholders' equity was reduced by SEK –3 m (–9), excluding tax, due to actuarial losses relating to defined benefit plans. Shareholders' equity was also affected by SEK 0 m (1) through the issue of warrants for senior executives in accordance with the Annual General Meeting's resolution in May 2018 as well as the repurchase of warrants issued previously. Dividend to shareholders of Lindab International AB amounted to SEK –118 m (–107) as resolved by the Annual General Meeting. Shareholders' equity per share amounted to SEK 58.49 (54.09) at the end of the year and return on shareholders' equity for the year amounted to 9.1 percent (8.8).

Net Debt

On 31 December 2018, Net Debt amounted to SEK 1,052 m (1,305). Currency effects increased Net Debt by SEK 69 m compared with the previous year, while repayments of borrowings contributed to the reduction of Net Debt. Net Debt comprises non-current and current interest bearing liabilities, including interest bearing provisions less interest bearing assets, cash holdings and bank balances. Interest bearing liabilities amounted to SEK 1,384 m (1,696), of which SEK 234 m (226) was provisions for pensions. Interest bearing assets including cash and bank balances amounted to SEK 332 m (391).

Net Debt is monitored as part of the Group's financial targets. In terms of the set target the ratio of seasonally adjusted Net Debt* to EBITDA, excluding one-off items and restructuring costs, should not exceed 2.5. The Net Debt/equity ratio, i.e. Net Debt relative to shareholders' equity, was 0.2 times (0.3).

** Average Net Debt for the year.*

Interest coverage ratio

The interest coverage ratio, which expresses the Group's ability to pay interest, was 21.4 times (14.1).

Equity/asset ratio

The Group's equity/asset ratio, i.e. shareholders' equity relative to total assets, amounted to 57.2 percent (53.4).

Credit agreements

As initiated by Lindab the long term credit agreement with Nordea and Danske Bank was reduced in November by SEK 300 m from SEK 1,700 to SEK 1,400 m. This agreement along with the EUR 50 million agreement with Raiffeisen Bank International was extended until July 2021 when one of the two one year extension options was utilised.

Pledged assets and contingent liabilities

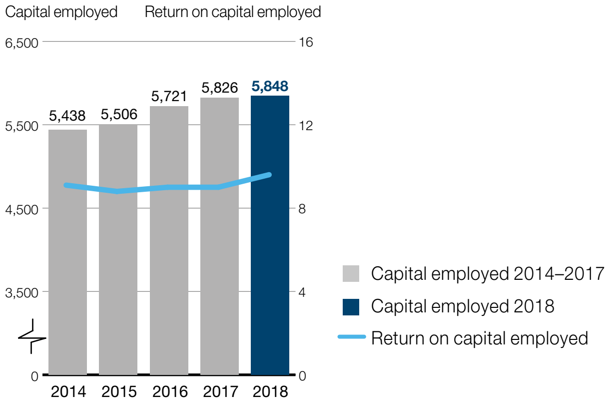
Pledged assets amounted to SEK 23 m (21), and contingent liabilities amounted to SEK 20 m (19).

Consolidated statement of financial position

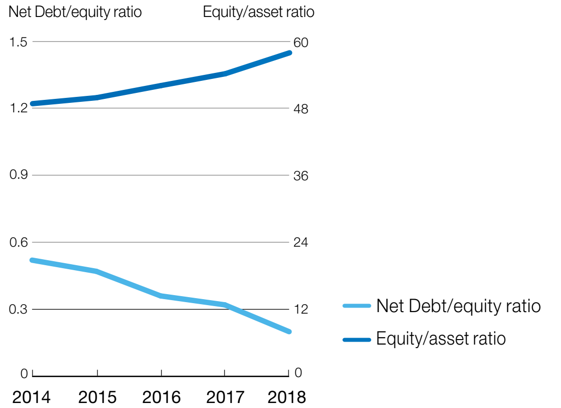
SEK m	Note	2018-12-31	2017-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditure for development work	17	16	19
Patents and similar rights	17	10	12
Goodwill	17	3,144	3,059
Other intangible assets	17	84	105
Total intangible assets		*3,254*	*3,195*
Tangible fixed assets			
Buildings and land	18, 28	789	805
Machinery and equipment	18	441	443
Construction in progress and advance payments on tangible fixed assets	18	47	37
Total tangible fixed assets		*1,277*	*1,285*
Financial fixed assets			
Financial investment	24	38	43
Deferred tax assets	15	73	74
Other investments held as fixed assets	19	4	4
Other non-current receivables	20	2	3
Total financial fixed assets		*117*	*124*
Total fixed assets		**4,648**	**4,604**
Current assets			
Stock	21	1,350	1,256
Accounts receivable	22	1,317	1,363
Other receivables	22	54	67
Current tax assets		12	5
Prepaid expenses and accrued income	22	127	88
Prepaid expenses and accrued income, interest bearing	22	5	6
Cash and cash equivalents		289	342
Total current assets		**3,154**	**3,127**
TOTAL ASSETS		**7,802**	**7,731**

SEK m	Note	2018-12-31	2017-12-31
EQUITY AND LIABILITIES			
Other liabilities			
Shareholders' equity attributable to parent company shareholders			
Share capital	23	79	79
Other contributed capital		2,260	2,260
Translation reserve		213	152
Profit brought forward, incl. profit for the year		1,912	1,638
		4,464	4,129
Non-controlling interests		*0*	*1*
Total shareholders' equity		**4,464**	**4,130**
Non-current liabilities			
Interest bearing liabilities			
Liabilities to credit institutions	26	1,085	1,397
Provisions for pensions and similar obligations	24	234	226
Total interest bearing liabilities		*1,319*	*1,623*
Non-interest bearing liabilities			
Deferred tax liabilities	15	91	96
Other provisions	25	23	13
Other liabilities		14	19
Total non-interest bearing liabilities		*128*	*128*
Total non-current liabilities		**1,447**	**1,751**
Current liabilities			
Interest bearing liabilities			
Liabilities to credit institutions	26	5	4
Bank overdraft facilities	26	55	65
Accrued expenses and deferred income	27	5	4
Total interest bearing liabilities		*65*	*73*
Non-interest bearing liabilities			
Advance payments from customers		230	189
Accounts payable		788	864
Current tax liabilities		17	27
Other provisions	25	36	22
Other liabilities		134	147
Accrued expenses and deferred income	27	621	528
Total non-interest bearing liabilities		*1,826*	*1,777*
Total current liabilities		**1,891**	**1,850**
TOTAL EQUITY AND LIABILITIES		**7,802**	**7,731**

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



Net Debt/equity ratio and equity/asset ratio, times and %



Consolidated statement of changes in equity

SEK m	Shareholders' equity attributable to parent company shareholders						
	Share capital	Other contributed capital	Foreign currency translation reserve	Profit brought forward incl. profit for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2017	**79**	**2,260**	**106**	**1,403**	**3,848**	**1**	**3,849**
Profit for the year				347	347	-	347
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				–6	–6		–6
Translation differences, foreign operations			63		63	0	63
Hedges of net investments			–17		–17		–17
Total comprehensive income	*-*	*-*	*46*	*341*	*387*	*0*	*387*
Dividend to shareholders				–107	–107		–107
Issue of warrants				1	1		1
Transactions with shareholders	*-*	*-*	*-*	*–106*	*–106*	*-*	*–106*
Closing balance, 31 December 2017	**79**	**2,260**	**152**	**1,638**	**4,129**	**1**	**4,130**
Profit for the year				394	394	-	394
Other comprehensive income, net of tax							
Actuarial gains/losses, defined benefit plans				–2	–2		–2
Translation differences, foreign operations			108		108	0	108
Hedges of net investments			–47		–47		–47
Total comprehensive income	*-*	*-*	*61*	*392*	*453*	*0*	*453*
Dividend to shareholders				–118	–118	–1	–119
Issue of warrants				0	0		0
Total transactions with shareholders	*-*	*-*	*-*	*–118*	*–118*	*–1*	*–119*
Closing balance, 31 December 2018	**79**	**2,260**	**213**	**1,912**	**4,464**	**0**	**4,464**

Parent company

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

The parent company's net sales for the financial year amounted to SEK 4 m (4). Profit for the year amounted to SEK 2,375 m (1). Group contributions received from subsidiaries amounted to SEK 13 m (32). Dividends of SEK 2,373 m (-) were received from subsidiaries in 2018.

Statement of profit and loss

SEK m	Note	2018	2017
Net sales		4	4
Administrative expenses	6, 10, 11	–6	–6
Other operating income	13	-	-
Other operating expenses	13	-	-
Operating profit		**–2**	**–2**
Profit from subsidiaries	14	2,386	32
Interest expenses, internal	14	–9	–29
Earnings before tax		**2,375**	**1**
Tax on profit for the year	15	0	0
Profit for the year*		**2,375**	**1**

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

Statement of financial position

SEK m	Note	2018-12-31	2017-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	32	3,467	3 467
Financial interest bearing fixed assets		5	5
Deferred tax assets		1	2
Total fixed assets		**3,473**	**3,474**
Current assets			
Receivables from Group companies		14	32
Current tax assets		0	1
Cash and cash equivalents		0	0
Total current assets		**14**	**33**
TOTAL ASSETS		**3,487**	**3,507**
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	23	79	79
Statutory reserve		708	708
Non-restricted shareholders' equity			
Share premium reserve		90	90
Profit brought forward		105	223
Profit for the year*		2,375	1
Total shareholders' equity		**3,357**	**1,101**
Provisions			
Interest bearing provisions		5	6
Total provisions		**5**	**6**
Non-current liabilities			
Interest bearing liabilities to Group companies	26	-	2,226
Total non-current liabilities		**-**	**2,226**
Current liabilities			
Non-interest bearing liabilities			
Liabilities to Group companies		123	170
Accounts payable		0	2
Accrued expenses and deferred income	27	2	2
Total non-interest bearing liabilities		*125*	*174*
Total current liabilities		**125**	**174**
TOTAL EQUITY AND LIABILITIES		**3,487**	**3,507**

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

Shareholders' equity

See Note 23, Shareholders' equity and number of shares, for information on share transactions and the mandate granted by the Annual General Meeting.

Risks, risk management and internal control

See the Directors' Report, pages 49-54, the Corporate Governance Report on pages 36-47 and Note 3.

Statement of cash flow

SEK m	2018	2017
Operating activities		
Operating profit	–2	–2
Provisions, not affecting cash flow	–1	1
Interest paid	–9	–29
Tax paid	1	–1
Cash flow from operating activities before change in working capital	**–11**	**–31**
Change in working capital		
Operating receivables	0	0
Operating liabilities	–49	76
Cash flow from operating activities	**–60**	**45**
Financing activities		
Loans from Group companies	–2,227	28
Group contributions received	32	34
Dividend from Group companies	2,373	-
Dividend to shareholders	–118	–107
Cash flow from financing activities	**60**	**–45**
Cash flow for the year	**0**	**0**
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	**0**	**0**

Changes in parent company equity

	Shareholders' equity attributable to parent company shareholders					
	Restricted shareholders' equity		Non-restricted shareholders' equity			
SEK m	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year[1]	Total shareholders' equity
Opening balance, 1 January 2017	**79**	**708**	**90**	**329**	**1**	**1,207**
Profit for the year					1	1
Transactions with shareholders						
Dividend to shareholders				–107		–107
Closing balance, 31 December 2017	**79**	**708**	**90**	**223**	**1**	**1,101**
Profit for the year					2,375	2,375
Transactions with shareholders						
Dividend to shareholders				–118		–118
Closing balance, 31 December 2018	**79**	**708**	**90**	**105**	**2,375**	**3,357**

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

The Group: Five-year summary

Amounts in SEK m unless otherwise indicated.

Net sales and profit	**2018**	2017	2016	2015	2014
Net sales	9,326	8,242	7,849	7,589	7,003
Growth, %	13	5	3	8	7
of which organic growth	8	4	4	2	5
of which acquisitions/divestments	1	0	0	4	0
of which currency effects	4	1	–1	2	2
Sales abroad, %	76	76	74	76	75
Operating profit before depreciation and amortisation – EBITDA	715	654	657	637	625
Depreciation/amortisation	168	162	174	168	158
Operating profit	547	492	483	469	467
One-off items and restructuring costs[1)]	–87	–19	–28	6	–30
Adjusted operating profit	634	511	511	463	497
Earnings before tax	531	467	445	431	386
Profit for the year	394	347	306	305	283
Comprehensive income	453	387	433	228	366
Cash flow					
Cash flow from operating activities	593	410	499	460	278
Cash flow from investing activities	–105	–131	–92	–288	–292
Cash flow from financing activities	–547	–360	–290	–177	–24
Cash flow for the year	–59	–81	117	–5	–38
Operating cash flow	716	484	544	442	58
Capital employed and financing					
Total assets	7,802	7,731	7,503	7,149	6,961
Capital employed	5,848	5,826	5,720	5,506	5,438
Net Debt	1,052	1,305	1,396	1,657	1,746
Shareholders' equity attributable to parent company owners	4,464	4,129	3,848	3,509	3,344
Shareholders' equity attributable to non-controlling interests	0	1	1	2	-
Data per share					
Average number of outstanding shares, thousands	76,332	76,332	76,332	76,332	76,332
Number of outstanding shares, thousands	76,332	76,332	76,332	76,332	76,332
Earnings per share, SEK	5.16	4.54	4.02	3.99	3.71
Shareholders' equity per share, SEK	58.49	54.09	50.41	45.98	43.81
Cash flow from operating activities per share, SEK	7.77	5.37	6.54	6.03	3.64
Dividend per share (for 2018 as proposed by the Board of Directors), SEK	1.75	1.55	1.40	1.25	1.10
P/E ratio	12.3	15.0	18.2	15.8	17.7
Quoted price at year-end, SEK	63.50	68.20	73.05	62.90	65.60
Market capitalisation at year-end	4,847	5,206	5,576	4,801	5,007
Investments					
Intangible assets and tangible fixed assets	120	100	125	151	273

1) One-off items and restructuring costs for

- *2018, totalling SEK –87 m, mainly comprise evaluation of structural alternatives, restructuring costs and measures associated with the cost reduction programme.*
- *2017, totalling SEK –19 m, comprise severance costs for the President and CEO, evaluation of structural alternatives and governance projects.*
- *2016, totalling SEK –28 m, comprise a cost-reduction programme and governance projects.*
- *2015, totalling SEK 6 m, comprise structure-related items, cost-reduction initiatives, dissolution of negative goodwill and a governance project.*
- *2014, totalling SEK –30 m, comprise restructuring costs as a result of reorganisation.*

For Lindab, one-off items and restructuring costs are considered to exist in the case of events that do not form part of ordinary business transactions, and when each individual amount is of a considerable size and will therefore affect the profit or loss and key performance indicators.

Key performance indicators	2018	2017	2016	2015	2014
EBITDA margin, %	7.7	7.9	8.4	8.4	8.9
Operating margin, %	5.9	6.0	6.2	6.2	6.7
Adjusted operating margin, %	6.8	6.2	6.5	6.1	7.1
Profit margin, %	5.7	5.7	5.7	5.7	5.5
Return on capital employed, %	9.4	8.8	8.8	8.6	8.9
Return on shareholders' equity, %	9.1	8.8	8.4	8.8	9.0
Equity/asset ratio, %	57.2	53.4	51.3	49.1	48.0
Net Debt/EBITDA, excluding one-off items and restructuring costs	1.6	2.2	2.5	3.1	2.9
Net Debt/equity ratio, times	0.2	0.3	0.4	0.5	0.5
Interest coverage ratio, times	21.4	14.1	11.4	9.7	5.9

Employees					
Average number of employees	5,126	5,143	5,134	5,052	4,541
of which abroad	3,983	4,016	4,012	3,951	3,466
Number of employees at end of period	5,071	5,083	5,136	5,066	4,536
Payroll expenses including social security contributions and pension expenses	2,324	2,144	2,029	1,969	1,778
Sales per employee, SEK k	1,819	1,603	1,529	1,502	1,542

For financial definitions, see page 106.

Notes

Note 01 General information

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

These consolidated accounts were approved for publication by the Board of Directors and the CEO on 17 March 2019. The consolidated 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 8 May 2019.

Information on the structure of the Group at the end of the financial year is provided in Note 32.

Unless otherwise indicated, amounts are in SEK m.

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

Note 02 Summary of important accounting policies

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

Basis for the preparation of accounts

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

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

New or revised IFRS standards and new interpretations 2018

In this Annual Report, the Group and the parent company have applied, for the first time, the new and revised standards and interpretations that must be applied to financial years beginning on or after 1 January 2018. These are primarily IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. Neither of the new standards has had a significant impact on Lindab and no restatement of comparative figures has been made due to immateriality.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* has replaced IAS 39 *Financial Instruments*: *Recognition and measurement.* Compared with IAS 39, the new standard has different principles for the classification and valuation of financial assets. The classification of financial assets is based on the Group's business model (purpose of holding the asset) and the contractual cash flow of the financial asset. The new categories for classification have no significant impact on Lindab's accounting and valuation in relation to IAS 39.

The new standard also contains revised rules for impairment testing of financial assets, which means that the previous 'incurred loss method' is replaced by a new 'expected loss method'. This change has resulted in Lindab's valuation method for calculating credit loss provisions for financial assets being revised. At each balance sheet date, the loss provisions for financial assets are valued at an amount that corresponds to the expected credit loss and the provisions reflect the estimated changes in the credit risk associated with the underlying assets. Lindab applies simplification rules to accounts receivable and future lease receivables, which means that provisions for losses (in addition to an individual assessment of underlying assets) are valued at an amount corresponding to the remaining maturity period. The new valuation method has not resulted in any significant impact on recognised loss provisions.

In relation to the previous standard concerning financial instruments, IFRS 9 has even greater flexibility in terms of the transactions to which hedge accounting can be applied. The changes have not affected the Group's opinion and policy on which hedges should happen and consequently there is no effect on reporting in this respect.

See also the description in the Financial instruments section later in this note for details of the accounting principles applied in the case of financial instruments.

IFRS 15 Revenue from contracts with customers

IFRS 15 *Revenue from Contracts with Customers* (including changes to IFRS 15 and clarifications for IFRS 15) has replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* as well as associated interpretations. IFRS 15 has introduced a principles-based five-step model for revenue recognition of customer contracts. The core principle is that recognised revenue should directly reflect the expected consideration in connection with the performance of a contractual commitment to customers and correspond to the consideration to which the Group is entitled when transferring control of the products and services delivered to the customer. The previous standard was based on the principle that revenue should be recognised in its entirety once all significant financial risks and benefits associated with a specific transaction had been transferred to the customer.

The impact of the new accounting standard for revenue recognition has been assessed based on identification and analysis of the Group's key revenue streams. The result of the analysis was that revenue in all material aspects will be recognised in the same manner as the previous standard, with respect to both Products & Solutions and Building Systems. This is as a consequence of the fact that most revenue is reflected in the accounts in connection with the physical delivery of products to customers which is also the point at which actual control is transferred to the customer. There have been some minor changes following the revised recognition time for certain revenue-related components of customer contracts (such as the time for recognition of cash discounts), but these differences between the different revenue standards are not considered significant.

See also the description in the Revenue recognition section later in this note for details of the accounting principles applied in the case of revenue.

No new or revised IFRS standards have been adopted early.

New or revised standards and new interpretations which have not yet come into effect

A number of new and revised standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) which come into effect for financial years beginning after 1 January 2019. These standards and interpretations have not been applied by Lindab in the preparation of these financial statements, but the new standard which, in future, is expected to affect the consolidated financial statements in the period in which it is applied for the first time is IFRS 16 *Leases*. This new standard must be applied to financial years beginning on or after 1 January 2019. Other standards and interpretations that have not yet come into force are not deemed to have a significant impact on the consolidated financial statements.

IFRS 16 Leases

IFRS 16 *Leases* will replace IAS 17 *Leases*. For the lessee, IFRS 16 implies that all leases must be presented in the statement of financial position. The classification of operating and finance leases is therefore no longer necessary. The underlying asset is presented in the statement of financial position. In subsequent periods, the right of use under the lease is recognised at acquisition cost less depreciation and any impairment and adjusted for any revaluations of the lease liabilities. Lease liabilities are presented in the statement of financial position and continuously recognised at amortised cost less lease payments. Balance sheet items will be reassessed continually based on changes to interest/index components, lease term, residual value guarantees etc. Short-term leases (12 months or less) and leases where the underlying asset has a low value (less than USD 5,000) are not required to be recognised in the balance sheet. These will be recognised in operating profit in the same way as current operating leases.

Note 2, cont.

In 2018, Lindab analysed and assessed the contractual and financial implications of existing Group leases. Based on the new accounting standard, leases, which are at present classified as operational, will be capitalised on the balance sheet with effect from 1 January 2019. This will have an impact on the Group's financial position. However, exemptions provided by IFRS will be applied, which means that the balance sheet will not show short-term leases (12 months or less) and leases where the underlying asset has a low value (EUR 5,000 as applied by Lindab). In terms of discounting calculated balance sheet values, the Group has applied a minimal rate of interest to respective currencies and types of assets.

With the transition to IFRS 16 *Leases*, the Group's total assets are expected to increase by SEK 1,008 m by capitalising leases in accordance with the guidelines indicated above. The capitalised lease portfolio includes approx. 1,000 leases. The majority of these leases relate to vehicles, but most of the capitalised value is attributable to property-related contracts. The impact on net assets is expected to be SEK –43 m and working capital is expected to be reduced by SEK 219 m as some of the identified lease liabilities are classified as short-term. The consolidated income statement will also be affected in that current operating expenses related to operating leases will be replaced by depreciation and interest expense. Based on the contracts identified, at the start of 2019 operating profit is expected to improve by almost SEK 27 m on an annual basis for the coming financial year, which is reflected in higher financial costs at just over the corresponding amount. The net effect on profit after financial items is considered to be minimal.

Reconciliation leasing liability	SEK m
Future payments for non-cancellable operating lease agreements December 31, 2018, see Note 28 Leases	912
Impact due to discounted value based on average incremental borrowing rate	–49
Added: Liabilities for financial lease agreements December 31, 2018, see Note 28 Leases	34
Added: Adjustments for recognition of options to extend lease agreements/aquire leased assets	103
Added: Adjustments due changes in variable leasing costs	–3
Added: Leasing agreements in accordance with IFRS 16[1]	86
Recognised leasing liability according to IFRS 16, December 31, 2019	**1,083**

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

Lindab will implement IFRS 16 *Leases* on the basis of a simplified transition method and will not recalculate the comparative figures. All leases which are covered by the new standard will be valued on the first application date as if the standard had always applied.

Consolidated accounts

The consolidated accounts comprise the parent company, Lindab International AB, and the companies over which the parent company has a controlling influence, i.e. subsidiaries. Controlling influence exists when the parent company has influence over the investment object, is exposed to, or is entitled to variable returns from its commitment to the investment object and can use its influence over the investment object to affect its returns.

The parent company reassesses whether a controlling influence exists if the facts and circumstances suggest that one or more of the factors listed above have changed.

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

Consolidated profits and components of other comprehensive income are attributable to the parent company's owners.

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

Business combinations

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

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

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

Translation of foreign subsidiaries and foreign currency

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

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

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

Internal pricing

Market based pricing is used for inter-company transactions.

Segment reporting

Lindab's operations are reported by segment. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's segments comprise Products & Solutions and Building Systems for the financial year and recognised comparative periods. Following a strategic evaluation of operations and some restructuring , internal reporting will change with effect from 2019. In future, Products & Solutions will be divided into Ventilation Systems and Profile Systems. Lindab will therefore report on three segments from 2019: Ventilation Systems, Profile Systems and Building Systems.

The presentation of each segment is based on the accounting policies described in this note. Standard commercial industry terms are applied to transactions between the segments.

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

Revenue recognition

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

Revenue streams

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

Performance obligations and timing of revenue recognition

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

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

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

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

Warranties

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

Transaction price

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

Other revenue

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

Financial income

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

Personnel costs

Incentive programme

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

Financial income and expenses

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

Financial expenses comprise interest expenses on borrowings, interest components relating to defined benefit plans, effects of the reversal of discounted provisions as well as losses on financial instruments measured at fair value through profit or loss. This item also includes losses on hedges of net investments, which are considered as the ineffective portion of the hedge and profit when the hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting. The transaction is recognised immediately in the income statement in 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

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

Income taxes

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 at the balance sheet date using the tax rates for individual companies decided or announced at the balance sheet date.

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

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

One-off items

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

Earnings per share

The item is shown directly adjacent to the statement of comprehensive income. Earnings per share are not affected by preference shares or convertible debentures since there are none. Warrants have been issued in the last two financial years which may affect the future calculation of earnings per share. Subscription of shares based on a warrant can take place in summer 2020 (right of use for 75,000 warrants, of which Lindab had 35,000 in its possession at the end of December 2018) or 2021 (right of use for 135,000 warrants) where one warrant entitles acquisition of one Lindab share.

Note 2, cont.

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

Intangible assets

Goodwill

Goodwill arising from the acquisition of a company and operations is assessed according to IFRS 3 Business Combinations. See also section on consolidated accounts on page 68. Goodwill on acquisitions of subsidiaries is reported under intangible assets. Goodwill is tested for impairment at least once a year, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

To establish whether there is any indication of impairment, the recoverable amount is determined by estimating the discounted future cash flows for the entity to which the goodwill is attributed. In such case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, the two segments Products & Solutions and Building Systems are regarded as the lowest level of cash-generating units that are tested for impairment.

Gains or losses on the divestment of a subsidiary or associate 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 at acquisition cost less accumulated amortisation. Amortisation is made on a straight-line basis over the estimated useful life of between 5 and 20 years. The useful life is reviewed at least once a year.

Software

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

Capitalised expenditure for development work

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

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

Tangible fixed assets

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

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

The following depreciation periods have been used

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

Impairment losses

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

An annual impairment test for the cash-generating units to which goodwill has been allocated is performed in the fourth quarter, or when there is an indication of impairment. Impairment testing as well as recognition of impairment of goodwill is performed in the same manner as for intangible assets. However, an impairment loss in respect of goodwill is not reversed.

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

Financial instruments

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

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

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

Classification of financial assets and liabilities

The classification of financial assets is based on Lindab's business model and is therefore governed by the purpose of holding the financial asset and the financial asset's contractual cash flows. Financial assets will be classified based on the following categories with effect from 2018:

- Financial assets valued at amortised cost
- Financial assets measured at fair value through overall profit or loss
- Financial assets measured at fair value through profit or loss.

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

Financial instruments were classified for the comparative year 2017 based on the criteria in IAS 39.

This classification was not significantly different for Lindab's reporting from the categories according to IFRS 9 presented above. Classification of financial assets and liabilities in 2017:

Financial assets were classified as either
- Financial assets measured 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 were classified as either
- Financial liabilities measured at fair value through profit or loss, or
- Other financial liabilities.

Classification in accordance with IAS 39 was crucial to the evaluation and accounting of changes in value. For further information on the classification categories that were applied previously, see Lindab's 2017 Annual Report, pages 78-79. Note, as mentioned earlier, that changes to classification categories do not significantly affect Lindab's reporting and valuation of financial instruments.

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

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

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

Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for Lindab's financial instruments is determined based on current market prices where available. Fair value for quoted investments and derivatives is based on current purchase prices and interest rates. If market prices are not available, the fair value of each instrument is determined using various valuation techniques. The effect of changes in the fair value of assets, which is measured using this method, is reported in comprehensive income or in the income statement during the period in which they arise.

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

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

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

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

Impairment of financial assets
Estimated loss provisions are in place for recognised financial assets which reduce the value of the respective asset. Loss provisions are valued at each balance sheet date and then at an amount that corresponds to expected credit losses for the remaining maturity period of the assets. Lindab applies simplification rules to accounts receivable and future lease receivables, which means that, in addition to an individual assessment, loss provisions are valued at an amount corresponding to the remaining maturity period. For details of the method used to value accounts receivable, see also Note 22.

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

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

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

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

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

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

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

Stock
The Group's stock is reported excluding inter-company profits. Inter-company profits generated within the Lindab Group are eliminated at Group level and therefore have no impact on operating profit. Stock is valued at the lower of cost and net realisable value for raw materials, consumables and purchased finished

Note 2, cont.

goods. The same applies to work in progress, whose acquisition cost is calculated based on the value of production costs generated during processing. The acquisition cost includes a reasonable share of indirect production costs based on normal capacity utilisation. Goods produced have been valued at the lower of production costs and net sales value. Obsolescence has therefore been taken into account in the evaluation. Market prices apply when pricing deliveries between group companies.

Shareholders' equity

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

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

Repurchase and redemption of shares
The repurchase and redemption of shares are allocated directly to profit carried forward where appropriate. For the repurchase and redemption of shares, see Note 23.

Warrants
At the Annual General Meeting in 2018, it was resolved to establish a warrant programme for senior executives. Under the programme, 135,000 warrants were issued and sold to senior executives in 2018 based on a market valuation. The programme is thus a market transaction with related parties, and no part of the programme should be seen as share-based remuneration. Each warrant entitles the holder to acquire one share in Lindab at an agreed price of SEK 86.40 at some point in the future (July/August 2021). To all intents and purposes, the warrant programme that was implemented during the year has the same features as the warrant programme that was adopted in 2017 when a total of 75,000 warrants were issued and sold to senior executives (however, at the 2018 balance sheet date, 30,000 of these warrants were held by Lindab). The warrants issued in 2017 give holders the option to acquire shares in Lindab at a price of SEK 108.80 in the summer of 2020. Issued warrants are valued using the Black-Scholes model, and any value adjustments are recognised in equity.

Provisions

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

A provision is only reported when:

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

Provisions for pensions and similar obligations

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

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

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

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

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

Costs relating to past service are recognised directly in the income statement.

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

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

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

Leases

Leases where Lindab largely assumes all risks and benefits associated with the asset are reported as finance leases. All other leases are classified as operating leases. Lindab has entered into finance and operating leases, see Note 28.

Finance leases
At the beginning of the lease term, finance 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 finance leases are deferred and amortised over the lease period. Sale and leaseback agreements are classified in accordance with the above principles for finance and operating leases.

Operating leases
Fees payable under operating leases are charged to the income statement on a straight-line basis over the period for each lease. Benefits that have been received and may be received as an incentive to conclude an operating lease are also distributed 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 completed at fair value, the Group reports any profit or loss immediately.

Statement of cash flows

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

Pledged assets and contingent liabilities

Pledged assets are reported if Lindab has pledged assets for the company's or the Group's liabilities or obligations. These can include debts and provisions that may be shown in the statement of financial position, 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 29.

Government grants

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

Related party disclosures

Transactions and agreements with related parties and/or private individuals are accounted for according to IAS 24 Related Party Disclosures. In the Group, 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 also Note 30.

Parent company accounts

The parent company's financial statements are prepared and presented in accordance with the Annual Accounts Act (ÅRL) and Recommendations from the Swedish Financial Reporting Board (RFR), RFR 2. RFR 2 requires the parent company to apply all EU approved IFRS standards and pronouncements as far as possible under the Annual Accounts Act, taking into account the relationship between accounting and taxation. The recommendation includes the exemptions to IFRS that must be considered and the additions that must be made.

Note 03 Financial risks

Financial risks include financing, liquidity, interest rate and currency risks. The work on financial risks is an integral part of Lindab's business. All risks are managed in accordance with Lindab's established policies. The Group's treasury function is responsible for these risks and also supports the Group's companies in the implementation of financial policies and guidelines. Follow-up on compliance with the Treasury policy is made on a regular basis and the result is reported to the Board of Directors.

Risk	Exposure	Comment
Financing		
Financing risk is the risk that financing of the Group's capital requirements and refinancing of outstanding credits are impeded or become more expensive.	On 31 December 2018, Lindab's total credit limits amounted to SEK 1,914 m (2,192).	Lindab's credit agreements with Nordea/Danske Bank and Raiffeisen Bank International include two covenants in the form of the Net Debt to EBITDA ratio and the interest coverage ratio, which are followed up quarterly. Lindab assesses that the credit conditions will be fulfilled. According to the Group's Treasury policy, long term financing should always be in place 12 months before existing financing expires.
Liquidity		
Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.	At year-end, the Group's available cash and cash equivalents, including unused credit facilities, amounted to SEK 1,558 m (1,615), based mainly on the above mentioned credit limits and overdraft. See table for 'Liquidity risk' on page 75.	All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreements safeguards liquidity needs. Lindab's operations are seasonal, which has an effect on the cash flow. During the period January-June, cash flow is usually negative and then becomes positive in July-December. According to the Group's Treasury policy, the Group must at all times have available funds, including unused credit facilities, to cover all obligations of the business. This is monitored monthly on the basis of internal guidelines.
Interest rates		
Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group.	Lindab is a net borrower. The Net Debt at year-end amounted to SEK 1,052 m (1,305), which means that rising interest rates will have an adverse effect on the Group.	Surplus liquidity is used to amortise existing loans. In accordance with the Treasury policy, the fixed interest rate period will be 1-12 months. On 31 December 2018 it was 3 months (3). The interest rate calculated as the Group's interest expense relative to average interest bearing liabilities amounted to 1.5 percent (2.0).
Currency		
Currency risk is the risk of negative effects on the Group's statement of comprehensive income, cash flow and statement of financial position as a result of changes in exchange rates: • 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 risk.		
Transaction risk		
Transaction risk is the risk that occurs when transactions are made in a currency other than the local company's functional currency. A company may also have monetary assets and liabilities in a currency other than the functional currency which are translated to the local currency using the exchange rate at the balance sheet date. The translation of the monetary assets and liabilities results in currency effects which are recognised in the statement of comprehensive income.	76 percent (75) of the Group's sales are made in currencies other than SEK. Sales are made in 15 (16) different currencies, the most important of which, besides SEK, are EUR, DKK, GBP and NOK. Lindab's net exposure, related to the consolidated statement of comprehensive income, translated to SEK is approximately SEK 300 m (200) annually. SEK 11 m (11) of the transaction exposure entered in the balance sheet was hedged at the end of the year.	To reduce currency exposure, the Group attempts to match inflows and outflows of different currencies by, for example, using the same currency for invoicing as purchasing. Each individual Group company is responsible for identifying its own currency exposure. Some special orders, projects, investments and purchases can be hedged to create certainty of future cash flows. The treasury function is responsible for the Group's overall currency exposure, and makes decisions and implements any hedging of subsidiaries' exposure.
Translation risk		
Translation differences arise when translating foreign subsidiaries' statements of financial position in local currency to Swedish kronor. 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. Parts of this exposure have been hedged since 2013.	At the end of 2018, the Group's net investments in foreign currency amounted to SEK 4,113 m (3,805). The biggest currencies are EUR corresponding to SEK 1,335 m (1,337), DKK with SEK 545 m (518) and PLN with SEK 405 m (396). SEK 1,312 m (1,252) is hedged by taking out loans in foreign currency and a currency swap.	Hedging of the Group's translation exposure is determined by the CFO in accordance with the Group's Treasury policy.
Lindab AB has currency risks in its lending and borrowing to Group companies, which mainly takes place in the Group companies' local currency.	Lindab AB's lending and borrowing in foreign currency at the end of 2018 amounted to SEK 958 m (945) and SEK 456 m (376) respectively.	The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly and the effect is recognised in financial items in the statement of comprehensive income.

Note 3, cont.

Liquidity risk

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

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

On 31 December 2017	< 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	> 5 years
Borrowings (excluding finance lease liabilities)	4	79	18	1,392	2
Finance lease liabilities	3	9	12	19	-
Derivative instruments	325	355	-	-	-
Accounts payable and other liabilities	864	239	-	-	-

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

Currency futures

Exchange value in SEK m		2018-12-31 Amount	2018-12-31 Term in months	2017-12-31 Amount	2017-12-31 Term in months
Sell	EUR	–391	3	–399	3
Sell	USD	-	-	–4	1
Sell	CHF	–76	3	–89	3
Sell	NOK	–18	3	–20	3
Sell	CZK	–199	3	–162	3
Sell	PLN	-	-	–5	3
Sell	TRY	–2	3	–1	3
Sell total		*–686*		*–680*	
Buy	EUR	-	-	8	3
Buy	USD	77	2	75	3
Buy	HRK	7	3	-	-
Buy	CZK	27	1	-	-
Buy	HUF	55	2	28	3
Buy	RUB	159	12	185	6
Buy total		*325*		*296*	
Net		**–361**		**–384**	

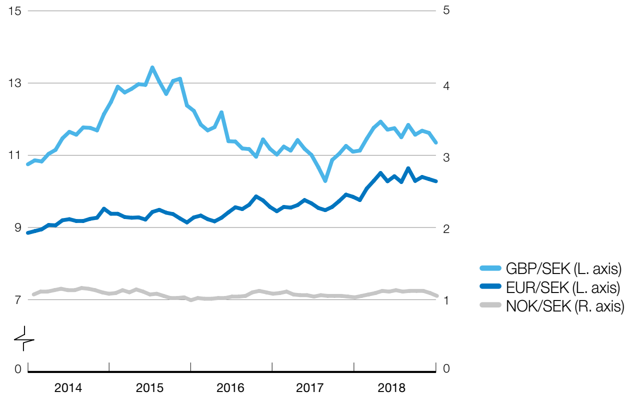
Offsetting of assets and liabilities within ISDA agreements

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

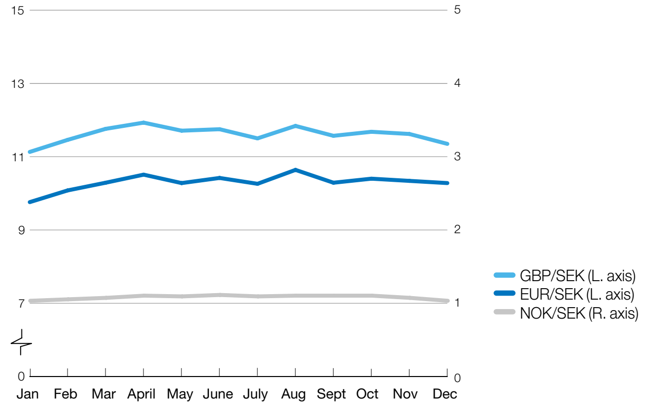
On 31 December 2018	Amounts recognised in the balance sheet	Financial agreements	Net
Assets			
Currency derivatives	5	–4	1
Liabilities			
Currency derivatives	–1	1	0
Total	**4**	**–3**	**1**

On 31 December 2017	Amounts recognised in the balance sheet	Financial agreements	Net
Assets			
Currency derivatives	6	–3	3
Liabilities			
Currency derivatives	–3	3	0
Total	**3**	**0**	**3**

Exchange rate development 2014-2018



Exchange rate development January-December 2018



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

Country	Currency	Currency code	Average exchange rate Jan-Dec 2018	Average exchange rate Jan-Dec 2017	Rate on balance sheet date 2018	Rate on balance sheet date 2017
Euroland	1	EUR	10.26	9.63	10.28	9.85
Denmark	1	DKK	1.38	1.29	1.38	1.32
Norway	1	NOK	1.07	1.03	1.02	1.00
Poland	1	PLN	2.41	2.26	2.39	2.36
Romania	1	RON	2.21	2.11	2.22	2.11
Russia	100	RUB	13.88	14.66	12.91	14.31
Switzerland	1	CHF	8.88	8.67	9.10	8.43
UK	1	GBP	11.59	10.98	11.35	11.10
Czech Republic	100	CZK	39.99	36.60	39.81	38.49
Hungary	100	HUF	3.22	3.11	3.20	3.17
USA	1	USD	8.69	8.53	8.97	8.23

Sensitivity analysis

	Change	Sensitivity, SEK m 2018-12-31	Sensitivity, SEK m 2017-12-31
Currency fluctuation, sales	+/–1%	+/–71	+/–62
Currency fluctuation, purchase of raw materials	+/–1%	+/–35	+/–30
Currency fluctuation, Net Assets	+/–1%	+/–28	+/–26
Currency fluctuation, Net Debt	+/–1%	+/–9	+/–10
Fluctuations in interest rates, %	+/–1%	+/–11	+/–13

The calculations are based on 2017 and 2018 volumes and assume that all else remains unchanged, for example that sales prices are not adjusted in response to changes in steel prices.

Currency fluctuation, sales and purchase of raw material

76 percent (75) of Lindab's total sales and 79 percent (77) of total raw material purchases are made in currencies other than SEK which means that fluctuations in SEK affect the Group's profit or loss. Raw material purchases represent the only major currency exposure in terms of costs. A fluctuation of +/- 1 percent in SEK affects sales by SEK 71 m (62) and raw material purchases by SEK 35 m (30). The most important currencies are EUR, DKK, GBP and NOK. USD is also an important currency as far as raw material purchases are concerned.

Currency fluctuation, Net Debt

Lindab's net assets in foreign currency amount to SEK 4,113 m (3,805). The single largest net assets are in EUR followed by DKK, PLN and GBP. SEK 1,312 m (1,252) of the net assets is hedged via loans and currency swaps. A fluctuation of +/ 1 percent in SEK, taking into account existing hedging arrangements, affects net assets by SEK 28 m (26).

Currency fluctuation, Net Debt

Lindab's Net Debt amounts to SEK 1,052 m (1,305), of which 84 percent (77) is in currencies other than SEK. The greatest exposures in foreign currency are made up of loans in EUR and CHF. A fluctuation of +/- 1 percent in SEK affects Net Debt by SEK 9 m (10), of which SEK 11 m (10) is recognised in other comprehensive income.

Fluctuations in interest rates

Changes in interest rates affect Lindab's profitability and cash flow. A change of +/- 1 percent in interest rates affects Lindab's profit by SEK 11 m (13), of which interest expenses amount to SEK 9 m (11) and rental costs for existing sale and leaseback contracts amount to SEK 2 m (2).

Asset management

Lindab's managed capital comprises the sum of shareholders' equity and the Group's Net Debt, totalling SEK 5,516 m (5,435).

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 the financial targets detailed below:

- The annual growth rate should be 5–8 percent as a combination of organic and acquired growth.
- The operating margin (EBIT) should average at 10 percent during a business cycle.
- The ratio of seasonally adjusted Net Debt* to EBITDA, excluding one-off items and restructuring costs, should not exceed 2.5.

** Average Net Debt for the year.*

Dividends to shareholders must normally comprise 30 percent of the profit for the year, taking into account Lindab's capital structure, acquisition needs and long term financing needs. Lindab's Board of Directors proposes a dividend of SEK 1.75 per share for 2018. See also Note 23.

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

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

Credit risk management

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

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

Loss provisions are in place for recognised accounts receivable, which, in addition to an individual assessment, correspond to expected losses based on the remaining maturity period. Outstanding receivables are categorised on the balance sheet date based on due date and the number of days arrears. Based on this, loss provisions are calculated on the basis of six different valuation levels, which reflect both the Group's historical loss experience and a future expected credit loss adjustment based on current market conditions. For details of the method used to value accounts receivable and changes in loss provisions during the year, see also Note 22. On the balance sheet date, recognised credit loss provisions amounted to SEK –92 m (–88).

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

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

Note 04 Key accounting estimates and judgements

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

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

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

Impairment testing of goodwill

Important sources of estimation uncertainty

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

Recognised goodwill amounted to SEK 3,144 m (3,059) at the end of the year, of which SEK 2,733 m (2, 665) related to Products & Solutions and SEK 411 m (394) to Building Systems.

Assessments in connection with the application of the Group's accounting policies

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

From 1 January 2019, Lindab will divide the Products & Solutions segment into two new reporting segments. Ventilation Systems and Profile Systems (see Note 31). This change will mean that the Group will also have two new lowest cash-generating units for goodwill. Testing for impairment of goodwill will therefore be based on the segments, Ventilation Systems, Profile Systems and Building Systems effektive from the 2019 financial year.

Leases

Assessments in connection with the application of the Group's accounting policies

In accordance with IAS 17, leases will be classified as finance or operating leases. According to IAS 17, a finance 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 other than a finance lease is an operating lease.

A sale and leaseback transaction is the sale of an asset and subsequent a lease of the same asset in accordance with a subsequent lease. In the event of a sale and leaseback transaction, where an operating lease is in effect and where it is clear that the sales price and terms of the lease 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 lease as either a finance or operating lease.

Note 28 describes the most significant leases that Lindab has entered into. These relate to production units in Luxembourg and Switzerland as well as production units and office premises in Sweden. The properties in Sweden were previously owned by Lindab, which is why these transactions are referred to as sale and leaseback transactions.

The Swedish and Swiss leases include an option for Lindab to acquire the properties at market value when the leases expire. 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 financial benefit attributable to the value of the properties goes to the lessor.

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

Further information regarding these leases is provided in Note 28.

From 1 January 2019, Lindab will apply IFRS 16 *Leases* to its reporting of leases. This new standard comprises key estimates and judgements, including of each individual lease in relation to the contractual option to use the leased asset and the Group's intention to exercise any renewal, purchase or termination options. The transition to IFRS 16 *Leases* will have a significant impact on Lindab's total assets, see also information in Note 2.

Deferred tax assets

Important sources of estimation uncertainty

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

At the end of 2018, deferred tax assets related to carry-forward tax losses totalled SEK 40 m (41), see Note 15

Recognition of stock

Important sources of estimation uncertainty

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

When calculating the net sales value, an assessment is made of discontinued items, surplus items, damaged goods, and the estimated sales value based on available information. On 31 December 2018, the provision for stock obsolescence amounted to SEK 69 m (63), see Note 21.

Expected bad debt losses

Important sources of estimation uncertainty

Lindab has applied IFRS 9 *Financial instruments* since 2018, an accounting standard which has in part changed the Group's method for valuing credit loss provisions for outstanding accounts receivable. The previous model was based more on an expected/anticipated valuation method for unpaid receivables whereas judgements are now made based on estimates of expected bad debt losses for all outstanding receivables including receivables that are not due. The recognised credit loss provisions on 31 December 2018 are based on a calculation of expected bad debt losses using the new valuation method and the internal regulations updated for this purpose. Centrally made judgements of expected bad debt losses in different maturity categories, based on a combination of historical experience and changes expected in the future, constitute the basis of the regulations. As previously, in addition to the calculation of credit loss provisions for accounts receivable based on general guidelines for forming provisions, an individual judgement is made of individual customer exposures. This judgement is made based on circumstances that may significantly impact the valuation, such as the ability to pay and financial position of significant customers as known at the balance sheet date.

For further information regarding the new valuation method and implementation of IFRS 9 *Financial instruments*, see Note 2 and Note 22. The new valuation method has not resulted in any significant impact on recognised credit loss provisions for the Group. At the end of 2018, the provision for expected bad debt losses (previously bad debts) amounted to SEK 92 m (88), see Note 22.

Other provisions

Important sources of estimation uncertainty

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

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

The amount reported as a provision is the best estimate of the expenditure that is required to meet the obligation in question at the balance sheet date. The Group's reporting of provisions means that SEK 59 m (35) is reported as other provisions, see Note 25

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

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

In June 2018, Swegon brought a lawsuit against Lindab regarding an infringement of Swegon's intellectual property rights. Lindab has disputed any liability. Based on an assessment of the case, the Group has not recognised any provision for this lawsuit. Apart from the lawsuit brought by Swegon, the Lindab Group companies are only involved in minor disputes that are directly attributable to the business. Appropriate provisions are made where the judgement resulted in risk.

Pensions

Important sources of estimation uncertainty

Provisions and the costs of post-employment benefits, mainly pensions, depend on the assumptions made when the debt is calculated. Specific assumptions and actuarial calculations are made for each of the countries where Lindab's operations result in such obligations. The assumptions concern discount rates, inflation, salary growth rates, departure rates, mortality and other factors.

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

For sensitivity analysis, see Note 24.

The Group's provisions for defined benefit plans amounted to SEK 196 m (184) net after deductions for plan assets.

Brexit

Important sources of estimation uncertainty

Lindab is following Brexit developments on an ongoing basis in order to assess any impact the process may have on the business and in order to be able to take measures if needed, both in terms of administration and market related actions. Only a minor part of the buiness in UK is related to export and a limited import is currently taking place. It can be added that Lindab has not noticed any major negative trends in the constructin activity as a result of Brexit.

Note 05 Business combinations

Business combinations in 2018

No acquisitions or divestments were made by Lindab in 2018.

Business combinations in 2017

On 14 December 2017, Lindab acquired 100 percent of the votes and shares in the Irish company A.C. Manufacturing Ltd. The company's activities mainly include production and sales of rectangular ventilation duct systems. The acquisition was a part of Lindab's strategy to further focus on indoor climate solutions and to strengthen the Group's position as a supplier of complete ventilation products in selected geographical markets. With the addition of A.C Manufacturing Ltd, Lindab now offers a full range of ventilation solutions and products in the Irish market. A.C. Manufacturing Ltd has its head office in Dublin, Ireland. The company had sales of approximately SEK 50 m on the acquisition date and an expected annual operating profit of SEK 10 m. The company has around 30 employees.

The total acquisition cost for A.C. Manufacturing Ltd was SEK 87 m, of which SEK 69 m was paid to the former owners on completion of the acquisition in December. The remaining SEK 18 m comprise an unconditional additional purchase price of SEK 3 m and a conditional purchase price of SEK 15 m. The conditional additional purchase price will be paid if future expectations regarding identified performance levels, based on gross margins, are met in the period 2018-2020. The possible undiscounted amount of the future conditional additional purchase price is between SEK 0–15 m. On 31 December 2018, it was deemed likely as previously that a maximum profit would occur, triggering an unconditional additional purchase price of SEK 3 m and a conditional purchase price of SEK 15 m. Costs related to the acquisition amounted to SEK 3 m and were included in other operating expenses.

According to an analysis of the acquisition, the acquisition resulted in goodwill of SEK 47 m. Among other things, the goodwill relates to market expertise, operation of the existing business and synergies resulting from Lindab's current activities in the ventilation area. None of the goodwill concerns deductible income tax paid. For a breakdown of acquired assets and liabilities at the date of acquisition as well as final acquisition price allocation, see the table in this note.

A.C. Manufacturing Ltd was consolidated into Lindab as of 14 December 2017. The acquisition of the company resulted in a sales increase of SEK 3 m for the Group from the acquisition date to 31 December 2017. The effect on the Group's profit for the year was marginal. If the acquisition had been completed on 1 January 2017, the Group's net sales would have increased by approximately SEK 49 m in 2017 and the profit for the year by some SEK 5 m (exclusive of non-recurring items). A.C. Manufacturing Ltd is part of the Products & Solutions segment.

On 6 December 2017, the Swedish subsidiary Lindab Innovation AB with its head office in Båstad, Sweden, was divested. The company's business was to manage patents, but the company has been dormant. An amount of SEK 0 m was received as part of the divestment, corresponding to the company's shareholders' equity and balance sheet total.

Lindab Innovation AB was part of Lindab up to and including November 2017. The company was dormant and had neither generated sales nor had any impact on the Group's profit for the year.

Note 5, cont.

Transferred consideration, goodwill and effect on cash and cash equivalents

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

	Acquired businesses		Divested businesses	
	2018	2017	**2018**	2017
Consideration transferred on acquisition/divestment	-	69	-	0
Future conditional additional purchase price	-	15	-	-
Future unconditional additional purchase price	-	3	-	-
Direct costs relating to acquisitions/divestments*	-	3	-	0
Total acquisitions/divestments	**-**	**90**	**-**	**0**
Less direct costs relating to acquisitions/divestments	-	–3	-	0
Total transferred consideration/additional purchase price	**-**	**87**	**-**	**0**
Fair value of acquired/divested net assets/liabilities	1	39	-	0
Goodwill/capital gain	**1**	**48**	**-**	**0**
Consideration transferred on acquisition/divestment	-	69	-	0
Direct costs relating to acquisitions/divestments	-	0	-	0
Cash and cash equivalents in the acquired/divested subsidiary	-	–5	-	0
Effect of acquisition/divestment on consolidated cash and cash equivalents	**-**	**64**	**-**	**0**

** The cost is recognised in the income statement under other operating expenses.*

No portion of reported goodwill is deductible for income tax.

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

Acquired/divested assets and liabilities

Acquired/divested net assets, liabilities and goodwill related to acquisitions/divestments are shown below.

	Acquired businesses		Divested businesses	
	2018	2017	**2018**	2017
Intangible assets	-	20	-	0
Tangible fixed assets	-	15	-	-
Financial fixed assets	-	0	-	-
Deferred tax assets	1	0	-	-
Stock	-	3	-	-
Accounts receivable and other current assets	-	9	-	-
Cash and cash equivalents	-	5	-	0
Total acquired/divested assets	**1**	**52**	**-**	**0**
Non-current liabilities	-	-	-	-
Deferred tax liabilities	-	2	-	-
Current liabilities	-	11	-	-
Total acquired/divested liabilities	**-**	**13**	**-**	**-**
Fair value of acquired/divested net assets	**1**	**39**	**-**	**0**
Goodwill	-1	48	-	-
Capital gain	-	-	-	0
Consideration transferred on acquisition/divestment, including future conditional/unconditional additional purchase price	**-**	**87**	**-**	**0**

Note 06 Employees and senior executives

Average number of employees

	2018-12-31			2017-12-31		
	Men	**Women**	**Total**	Men	Women	Total
Parent company, Sweden	-	-	-	-	-	-
Subsidiaries						
Sweden	925	218	1,143	914	213	1,127
Belgium	21	3	24	20	5	25
Bosnia and Herzegovina	6	5	11	12	5	17
Denmark	390	117	507	378	113	491
Estonia	62	11	73	61	10	71
Finland	70	15	85	69	13	82
France	114	33	147	111	34	145
Ireland	74	4	78	56	6	62
Italy	97	50	147	94	49	143
Croatia	1	0	1	1	-	1
Latvia	13	2	15	14	2	16
Luxembourg	179	20	199	195	22	217
Macedonia	0	1	1	-	1	1
Montenegro	1	1	2	1	1	2
Netherlands	14	3	17	13	4	17
Norway	89	10	99	86	9	95
Poland	248	115	363	241	112	353
Romania	73	13	86	70	14	84
Russia	253	54	307	249	49	298
Switzerland	80	12	92	83	10	93
Serbia	3	3	6	3	3	6
Slovakia	31	17	48	30	18	48
Slovenia	171	56	227	192	60	252
UK	247	63	310	242	62	304
Czech Republic	502	331	833	687	208	895
Turkey	-	-	-	1	-	1
Germany	105	22	127	102	24	126
Hungary	141	31	172	135	30	165
USA	6	-	6	5	1	6
Subsidiaries total	*3,916*	*1,210*	*5,126*	*4,065*	*1,078*	*5,143*
Group total	**3,916**	**1,210**	**5,126**	**4,065**	**1,078**	**5,143**

Gender balance among senior executives

Parent company						
The Board, elected by shareholders	4	3	7	4	3	7
The Board, employee representatives	2	-	2	2	-	2
The Group						
CEO/Executive Management	4	1	5[1)]	5	-	5[2)]

1) Fredrik von Oelreich was part of the Executive Management until June 18, 2018, when he was replaced by Ola Ringdahl. Kristian Ackeby was part of the Executive Management until August 13, 2018 and was replaced by Malin Samuelsson September 1, 2018.
2) Anders Berg was part of the Executive Management until September 28, 2017, when he was replaced by Fredrik von Oelreich. Olof Christensson joined the Executive Management in August 14, 2017.

Personnel costs

	2018			2017		
Salaries and other benefits	**Board/CEO and Executive Management**	**Other employees**	**Total salaries and other benefits**	Board/CEO and Executive Management	Other employees	Total salaries and other benefits
Parent company, Sweden	2.9	-	2.9	2.7	-	2.7
Subsidiaries total	80.8	1,738.9	1,819.7	59.0	1,619.1	1,678.1
Group total	**83.7**	**1,738.9**	**1,822.6**	**61.7**	**1,619.1**	**1,680.8**

Payroll overheads						
Parent company, Sweden	0.9	-	0.9	0.8	-	0.8
of which pensions	0	-	0	0.1	-	0.1
Group total	20.8	480.7	501.5	19.6	443.8	463.4
of which pensions	6.4	114.4	120.8	6.4	100.8	107.2
Total personnel costs	**104.5**	**2,219.6**	**2,324.1**	**81.3**	**2,062.9**	**2,144.2**

Of the total pension provisions in the statement of financial position of SEK 234 m (226), SEK 33 m (38) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 33 m (38). In 2017 and 2018, Lindab incurred no costs for pension obligations relating to former CEOs.

Note 6, cont.

In 2018, the total remuneration paid to Board members totalled SEK 2,887 k (2,727), broken down in the table below.

At the Annual General Meeting on 3 May 2018, it was resolved that the fees for the Board members would amount to a total of SEK 2,615 k. Of this, SEK 685 k would be paid to the Chairman of the Board, SEK 313 k to each of the Board's elected members, and SEK 26 k to each of the employee representatives. Fees for Board members serving on the Audit Committee amount to SEK 102 k for the Chairman and SEK 51k for each of the ordinary members of the Audit Committee. Fees for Board members serving on the Remuneration Committee amount to SEK 61 k for the Chairman and SEK 31 k for the ordinary member of the Remuneration Committee. The total fees to the Audit Committee and the Remuneration Committee should not exceed SEK 296 k. In total, a fee of SEK 2,911 k can be paid to the Board and members of committees as decided by the Annual General Meeting 2018.

Board fees, including committee remuneration

SEK (thousands)	**2018**	2017
Peter Nilsson	737.7	698.7
Per Bertland	341.3	324.0
Sonat Burman-Olsson	310.7	304.0
Viveka Ekberg	412.0	370.7
Anette Frumerie (elected in 2017)	361.3	237.3
John Hedberg (elected in 2017)	361.3	237.3
Bent Johannesson	310.7	304
Pontus Andersson	25.8	25.3
Anders Lundberg	25.8	25.3
Marianne Brismar (resigned in 2017)	-	100.0
Hans Porat (resigned in 2017)	-	100.0
Total	**2,886.6**	**2,726.6**

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

Remuneration to Executive Management and other terms of employment

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

2017 *SEK*	**Fredrik von Oelreich**	**Anders Berg[1)]**	**Remuneration of other Executive Management[1)]**	**Total**
Fee	1,770,000	-	-	1,770,000
Fixed salary incl. holiday pay	-	3,202,500	7,069,412	10,271,912
Variable salary	-	1,066,778	1,571,958	2,638,736
Pensions	-	945,291	2,034,237	2,979,528
Benefits	-	36,550	225,091	261,641
Total	**1,770,000**	**5,251,119**	**10,900,698**	**17,921,817**
Termination salary incl. benefits and pension	-	6,159,050	-	6,159,050
Total	**1,770,000**	**11,410,169**	**10,900,698**	**24,080,867**

1) Excluding social charges and special payroll tax.

Fixed and variable salaries

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

At present, the variable salary is based on consolidated profits. The maximum short term variable salary amounts to 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a variable salary up to a maximum of 50 percent of his annual fixed salary. The long term variable cash salary amounts to a maximum of 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a variable salary up to a maximum of 70 percent of his annual fixed salary. Ola Ringdahl's fixed salary for 2018 totalled SEK 3,013,890. Pension contribution entitlements amount to 30 percent of the fixed salary. In addition, Ola Ringdahl is entitled to a company car and certain other benefits. Payments received by Ola Ringdahl in 2018 are shown in the table above.

CEO Ola Ringdahl has been part of the Executive Management since June 18, 2018 when he replaced acting CEO Fredrik von Oelreich. CFO, Kristian Ackeby, was part of the Executive Management until August 13, 2018 and was replaced by Malin Samuelsson September 1, 2018. Fredrik Liedholm, General Counsel and M&A and HR Director, Bengt Andersson, Product and Market Director, and Olof Christensson, Energy and Climate Solutions Manager, were part of the Executive Management for the whole of 2018. Remuneration for the CEO and the other members of the Executive Management in 2018 is shown in the table. The ordinary remuneration for Ola Ringdahl concerns the period from June to December 2018. Remuneration for Fredrik von Oelreich concerns the period from January to June inclusive.

Termination regulations

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

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

Pensions

The retirement age for all senior executives is 65.

The company has agreed to pay pension contributions for Ola Ringdahl equivalent to 30 percent of his annual gross salary. Pension contribution costs amounted to SEK 900 k and related to the period from June to December.

Other senior executives are entitled to pension benefits. The pensions will be according with current agreements, be a defined contribution plan and be based on the same principles as the fixed salary. The pension contribution costs for these individuals totalled SEK 2, 317 k (2, 034).

Bonus scheme

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

Profit-sharing plan

Since 1980, the company has paid contributions into a profit sharing foundation for employees in Sweden, in accordance with the agreement. The current agreement is effective up to and including 2018. 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 7,103 k (6,931), including special employers' contributions.

During the years 2001-2006, when Lindab shares were not listed on the stock exchange, investments were placed in the owner company Ratos AB. As of 2007, investments have once 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 2018, the foundation held 272,500 (215,500) Lindab shares.

Note 6, cont.

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

Incentive programme

At the Annual General Meeting in May 2018, guidelines for the remuneration of senior executives were adopted. According to the adopted guidelines, the remuneration programme for these individuals shall include a long term variable cash pay element. This element shall be based on financial performance targets that reflect Lindab's value growth and will be assessed over a three year measuring period. Any profit from the long term variable cash pay is presumed to be invested in shares or share related instruments in Lindab on market terms. The total cost in the event of maximum profit for the three year measuring period of 2018 to 2020 is estimated at SEK 13 m. At the Annual General Meeting in May 2017, a long term incentive programme was adopted, essentially with the same principles as the programme decided above. The measuring period of the programme is 2017 to 2019.

Warrant programme

At the Annual General Meeting in May 2018, it was resolved to establish a warrant programme for senior executives. Under this programme, 135,000 out of a maximum of 140,000 warrants were issued by Lindab for the benefit of the wholly owned subsidiary Lindab LTIP17-19 AB, which, in turn, sold the warrants to senior executives based on a market valuation pursuant to the established warrant agreement. Each warrant entitles the holder to acquire one share in Lindab at a price of SEK 86.40. Subscription of shares based on a warrant can take place after Lindab has published the half year interim report for 2021 and up until 31 August of the same year. At the Annual General Meeting in May 2017, it was resolved to establish a warrant programme for senior executives, essentially with the same conditions as above decided programme. 75,000 warrants were issued in 2017, each with an option to acquire a share in Lindab at a price of SEK 108.80 during summer 2020. 30,000 of these warrants have been returned to the Group by former senior executives, which means that 45,000 warrants were held by external parties/senior executives as at the balance sheet date.

Guidelines for remuneration of senior executives

The 2018 Annual General Meeting resolved 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 work; 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 as specified below.
- Fixed salaries and benefits will be established on an individual basis according to the criteria outlined above and the specific skills of each individual.
- Variable salaries are paid on achieving clearly established targets for the Group. Variable salaries are paid as a percentage of fixed salaries and have a cap not exceeding 50 percent of the fixed remuneration.
- The pension must be in accordance with the union agreements and shall be a defined contribution plan. The extent of the pension is based on the same criteria as apply to fixed remuneration and is based partly on fixed and partly on variable salaries.
- In special cases, the Board of Directors has the right to deviate from the guidelines. The Board of Directors has not exercised this right in 2018.

As regards guidelines for senior executives for the period from the next Annual General Meeting, reference is made to the Board of Directors' upcoming proposal ahead of the 2019 Annual General Meeting.

Note 07 Segment reporting

	Products & Solutions		Building Systems		Other		Total		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Net sales, external	8,260	7,360	1,066	882	-	-	9,326	8,242	-	-	9,326	8,242
Net sales, internal between segments	0	0	0	0	-	-	0	0	0	0	0	0
Net sales, total	**8,260**	**7,360**	**1,066**	**882**	**-**	**-**	**9,326**	**8,242**	**0**	**0**	**9,326**	**8,242**
Adjusted operating profit before depreciation and amortisation	**807**	**718**	**30**	**–19**	**–35**	**–26**	**802**	**673**	**-**	**-**	**802**	**673**
Depreciation/amortisation and impairment losses	–137	–128	–21	–23	–10	–11	–168	–162	-	-	–168	–162
											0	
Adjusted operating profit	**670**	**590**	**9**	**–42**	**–45**	**–37**	**634**	**511**	**-**	**-**	**634**	**511**
One-off items and restructuring costs	–17	-	–25	-	–45	–19	–87	–19	-	-	–87	–19
Operating profit	**653**	**590**	**–16**	**–42**	**–90**	**–56**	**547**	**492**	**-**	**-**	**547**	**492**
Financial items											–16	–25
Earnings before tax											**531**	**467**
Tax on profit for the year											–137	–120
Profit for the year											**394**	**347**
Fixed assets excl. financial assets	3,803	3,753	565	560	162	167	4,530	4,480	-	-	4,530	4,480
Stock	1,181	1,089	169	167	-	-	1,350	1,256	-	-	1,350	1,256
Other assets	1,426	1,402	84	120	380	310	1,890	1,832	–392	–314	1,498	1,518
Undistributed assets											424	477
Total assets							**7,770**	**7,568**	**–392**	**–314**	**7,802**	**7,731**
Shareholders' equity											4,464	4,130
Other liabilities	1,791	1,706	372	311	75	79	2,238	2,096	–392	–314	1,846	1,782
Undistributed liabilities											1,492	1,819
Total equity and liabilities							**2,238**	**2,096**	**–392**	**–314**	**7,802**	**7,731**
Gross investments in fixed assets	97	83	19	9	4	8	120	100	-	-	120	100

Note 7, cont.

Geographical information

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

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

Country	2018	Percent
Sweden	2,193	23
Denmark	1,005	11
UK	743	8
Germany	662	7
Norway	621	7
Other	4,102	44
Total	**9,326**	**100**

Country	2017	Percent
Sweden	1,996	24
Denmark	893	11
UK	685	8
Germany	572	7
Norway	549	7
Other	3,547	43
Total	**8,242**	**100**

Fixed assets per country

Fixed assets relate to intangible assets and tangible fixed assets and are broken down by individual important countries in terms of production capacity.

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

Country	2017	Percent
Sweden	266	19
Czech Republic	246	17
Denmark	175	12
Slovenia	142	10
Russia	115	8
Poland	100	7
Other	377	27
Total	**1,421**	**100**
Goodwill	3,059	-
Total	**4,480**	**-**

Segment information

The Group's segments comprise Products & Solutions and Building Systems until December 31, 2018. The basis for the split into segments is the different customer offerings provided by each segment. Products & Solutions' business is based on a geographically distributed sales organisation supported by six product and system areas with central production and purchasing functions. The Building Systems segment consists of a separately integrated project organisation. Other relates to undistributed items and includes parent company functions, among other things.

Lindab's financial targets that form the basis for the running of the business are growth, profitability, capital structure and dividend policy, see the Directors' Report on page 10.

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

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 to segments of consolidation for the segments.

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

The Group's activities has been divided into three segments from 1 January 2019. Ventilation Systems, Profile Systems and Building Systems. See also Note 31.

Note 08 Revenue recognition

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

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

Based on current business focus and product portfolio, Lindab's judgement is that revenue is essentially recognised at certain times. Recognised revenue then reflects the value of the net consideration Lindab expects to be entitled to on performance of a contractual obligation. This means that any volume discount and/or expected utilisation of future cash discount reduces the gross sales price in terms of accounting at the time of revenue recognition. Reduction of revenue and provision for future volume-related discount are based both on experience of expected outcomes on the basis of current agreements and indicative future purchasing trends of individual customers. The same criteria form the basis for assessing and recognising the utilisation of any cash discounts, however factoring in expected future payment patterns. The existence of volume and cash discounts is differentiated between both different geographical markets and different customer categories and products.

Taking into account that Lindab essentially recognises revenue at certain times, i.e. mainly in conjunction with actual delivery to the customer, accrued income is of minimal value on the balance sheet date. Recognised accrued income relates primarily to bonuses on purchases and exchange rate gains on forward exchange agreements (see Note 22), i.e. items not affecting the Group's net sales. Recognised net sales are thereby reduced by volume/cash discounts, for which there are provisions as at the balance sheet date amounting to SEK –191 m (–147) see Note 27.

The Group's revenue is recognised and assessed mainly based on the segment's respective geographical markets. The Building Systems segment represents steel building systems and Products & Solutions other construction-related product areas. Inter-company transactions between segments are minimal, see also Note 7.

Net sales by segment and region

2017	Nordic region	Western Europe	CEE/CIS	Other markets	Total
Products & Solutions	3,741	2,368	1,081	170	7,360
Building Systems	11	331	443	97	882
Total	**3,752**	**2,699**	**1,524**	**267**	**8,242**

2018	Nordic region	Western Europe	CEE/CIS	Other markets	Total
Products & Solutions	4,196	2,646	1,266	152	8,260
Building Systems	2	411	568	85	1,066
Total	**4,198**	**3,057**	**1,834**	**237**	**9,326**

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

	Group	
Depreciation/amortisation	**2018**	2017
Capitalised expenditure for development work (Note 17)	6	6
Patents and similar rights (Note 17)	3	3
IT and other intangible fixed assets (Note 17)	20	24
Trademarks (Note 17)	1	1
Buildings and land (Note 18)	38	35
Machinery and other technical facilities (Note 18)	72	70
Equipment, tools and installations (Note 18)	28	21
Total	**168**	**160**
Impairment losses		
Buildings and land (Note 18)	-	1
Machinery and other technical facilities (Note 18)	0	1
Equipment, tools and installations (Note 18)	0	0
Total	**0**	**2**
Total depreciation/amortisation and impairment losses by type of asset	**168**	**162**
Total depreciation/amortisation distributed by function		
Cost of goods sold	114	108
Selling expenses	24	19
Administrative expenses	23	26
R&D expenses	7	7
Total	**168**	**160**
Total impairment losses distributed by function		
Cost of goods sold	0	2
Total	**0**	**2**
Total depreciation/amortisation and impairment losses distributed by function	**168**	**162**

Note 10 Costs distributed by cost items

	Group		Parent company	
	2018	2017	**2018**	2017
Cost of direct materials	4,498	3,902	-	-
Personnel costs (Note 6)	2,401	2,201	5	4
Depreciation/amortisation and impairment losses (Notes 9, 17, 18)	168	162	-	-
Other operating expenses	1,787	1,564	1	2
Total	**8,854**	**7,829**	**6**	**6**

In the statement of comprehensive income, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D expenses and other operating expenses total SEK 8,854 m (7,829). A breakdown of these costs into key cost categories is shown above. Personnel costs consist of employed members of staff, SEK 2,324 m (2,144), and temporary employees, SEK 77 m (57). Other operating expenses relate mainly to production, sales and administration costs.

Note 11 Auditors' fees and expenses

Auditors' fees

An audit includes an examination of the annual accounts, the accounting policies applied and significant estimates that were made by the management. This also includes a review in order to determine whether the Board of Directors and CEO may be discharged from liability.

	Group		Parent company	
	2018	2017	**2018**	2017
Deloitte				
Audit assignments	7.1	6.2	0.4	0.5
Other audit engagements separate from audit assignments	0.1	0.1	-	-
Tax advice	0.1	0.1	-	-
Other assignments	0.4	0.4	-	-
Total Deloitte	*7.7*	*6.8*	*0.4*	*0.5*
Other				
Audit assignments	1.3	1.0	-	-
Tax advice	0.1	0.0	-	-
Other assignments	0.1	0.0	-	-
Total Other	*1.5*	*1.0*	-	-
Total	**9.2**	**7.8**	**0.4**	**0.5**

Note 12 Research and development

Research and development expenses amount to SEK 72 m (68) and are reported directly in the statement of comprehensive income, of which SEK 6 m (6) relates to the amortisation of capitalised development expenditure. For capitalised development expenditure, see Note 17.

Note 13 Other operating income and expenses

	Group		Parent company	
Income	**2018**	2017	**2018**	2017
Exchange rate differences in operating receivables/liabilities	55	56	-	-
Capital gains on the disposal of fixed assets	5	10	-	-
Other	15	13	-	-
Total	**75**	**79**	**-**	**-**
Expenses				
Exchange rate differences in operating receivables/liabilities	–70	–64	-	-
Capital losses on the disposal of fixed assets	–5	–1	-	-
Other	–104[1)]	–36[2)]	-	-
Total	**–179**	**–101**	**-**	**-**

1) Other mainly comprises costs associated with the evaluation of structural alternatives, restructuring costs and measures associated with the cost reduction programme.

2) Other mainly comprises costs associated with the termination of the President and CEO, evaluation of structural alternatives, costs relating to the acquisition of A.C. Manufacturing Ltd as well as cost reduction programme and governance project.

Note 14 Financial income and expenses

	Group		Parent company	
Result from participations in Group companies	**2018**	2017	**2018**	2017
Share dividends received	-	-	2,373	-
Group contributions received	-	-	13	32
Total	-	-	*2,386*	*32*
Interest income				
External	17	19	-	-
Total	*17*	*19*	-	-
Interest expenses				
External	–22	–32	-	-
To Group companies	-	-	–9	–29
For pensions, net	–4	–4	-	-
Total	*–26*	*–36*	*–9*	*–29*
Other financial income and expenses				
Exchange rate gains	0	0	-	-
Exchange rate losses	–3	–5	-	-
Other financial expenses	–4	–3	-	-
Total	*–7*	*–8*	-	-
Total	**–16**	**–25**	**2,377**	**3**

Net profit from financial assets and liabilities at fair value through profit or loss amounts to SEK –45 m (-36) and comprises price effects in connection with the measurement of a forward exchange agreement. This item is recognised in the Group's comprehensive income under "Other financial income and expenses" in financial items.

Note 15 Tax on profit for the year

Income tax in the statement of comprehensive income consists mainly of the following components:

	Group		Parent company	
	2018	2017	**2018**	2017
Income statement				
Current tax				
Tax on profit for the year	–139	–125	0	0
Adjustments in respect of previous years	0	–1	0	0
Total current tax	*–139*	*–126*	*0*	*0*
Deferred tax				
Occurrence and reversal of temporary differences	3	6	0	0
Effect of changed tax rates abroad	–1	-	0	-
Total deferred tax	*2*	*6*	*0*	*0*
Total reported tax expense in the income statement	**–137**	**–120**	**0**	**0**
Other comprehensive income				
Deferred tax attributable to defined benefit plans	1	3	-	-
Deferred tax attributable to net investment hedges	13	4	-	-
Total reported tax expense in other comprehensive income	**14**	**7**	**-**	**-**

The Group's tax expenses for the year amounted to SEK 137 m (120) and the effective tax rate amounted to 26 percent (26).

The average tax rate was 19 percent (19). It has been calculated by weighting the subsidiaries' earnings before tax against the local tax rate for each country.

The difference between the effective tax rate and the average tax rate was 7 percentage points (7). This difference was due mainly to deferred tax not being fully recognised on this year's tax losses in some subsidiaries and to revaluations of deferred tax on carry-forward tax losses from previous years. Furthermore, tax adjustments such as non-deductible expenses and non-taxable income also had an impact.

The tax rate in Sweden is 22 percent (22). The main reasons for the difference between the Swedish corporate tax rate and the Lindab Group's tax rate based on the earnings before tax are shown in the table below.

The higher tax rate in the Lindab Group was largely attributable to unrecognised tax losses incurred during the year of SEK –29 m (–36), where an assessment is made of the possibility of utilising these against future taxable profits in the respective tax domicile. Recognition of deferred tax on carry-forward tax losses attributable to previous years amounted to SEK 9 m (13) and related mainly to Germany in 2018. In the previous year were the effects of the revaluation of previous carry-forward tax losses on related primarily to Germany and Finland.

	Group			
	2018	**Percent**	2017	Percent
Earnings before tax	531		467	
Tax in accordance with current tax rates for the company	–117	–22.0	–103	–22.0
Reconciliation with reported tax				
Effect of other tax rates for companies abroad	15	2.8	13	2.7
Unrecognised tax loss, incurred during the year	–29	–5.5	–36	–7.7
Tax attributable to previous years	0	0	–1	–0.2
Non-deductible expenses	–19	–3.6	–16	–3.4
Non-taxable income	8	1.5	15	3.2
Effect of changed tax rates on deferred tax	–1	–0.2	-	-
Reassessment of deferred tax attributable to carry-forward tax losses	9	1.7	13	2.8
Reassessment of other deferred tax assets	–1	–0.2	0	0.0
Other	–2	–0.3	–5	–1.1
Reported tax expense	**–137**	**–25.8**	**–120**	**–25.7**

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

	Deferred tax assets		Deferred tax liabilities		Net	
	2018-12-31	2017-12-31	**2018-12-31**	2017-12-31	**2018-12-31**	2017-12-31
Intangible assets	3	3	–12	–13	–9	–10
Tangible fixed assets	3	3	–52	–56	–49	–53
Financial fixed assets	-	-	-	-	-	-
Stock	18	14	–1	–1	17	13
Receivables	4	6	–1	0	3	6
Provisions	42	41	0	–1	42	40
Liabilities	0	0	-	-	0	0
Leases	1	1	–1	–1	0	0
Other	0	0	–10	–11	–10	–11
Carry-forward tax losses	40	41	-	-	40	41
Tax allocation reserves	-	-	–52	–48	–52	–48
Total	**111**	**109**	**–129**	**–131**	**–18**	**–22**
Offsetting of receivables/liabilities	–38	–35	38	35	-	-
Reported in the statement of financial position	**73**	**74**	**–91**	**–96**	**–18**	**–22**

Reconciliation of deferred liabilities/assets, net	**2018**	2017
Opening balance	–22	–28
Reported in the statement of comprehensive income	3	6
Acquisitions of subsidiaries (Note 5)	1	–2
Divestments of subsidiaries (Note 5)	-	-
Reported in other comprehensive income and shareholders' equity:		
– adjustment of defined benefit plans, pensions	1	3
Translation differences	–1	–1
Other	-	-
Closing balance	**–18**	**–22**

Expiry dates for unused carry-forward tax losses	**2018-12-31**	2017-12-31
Next year	4	6
In 2-4 years	26	29
In 5-6 years	15	34
After 6 years	787	682
- of which without expiry date	*603*	*574*
Total	**832**	**751**

Deferred tax assets for carry-forward tax losses 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 carry-forward tax losses of approximately SEK 1,000 m (928), of which SEK 168 m (177) forms the basis for deferred tax assets of SEK 40 m (41).

The remaining unrecognised carry-forward tax losses of SEK 832 m (751) could result in deferred tax assets of SEK 220 m (204). They have, however, not been taken into consideration as it is not considered possible to determine whether Lindab can utilise them in the foreseeable future, or it is considered unlikely that Lindab will be able to utilise them.

Note 16 Earnings per share

Before and after dilution	**2018**	2017
Profit attributable to parent company shareholders, SEK m	394	347
Weighted average number of outstanding ordinary shares	76,331,982	76,331,982
Earnings per share before and after dilution (SEK per share)	**5.16**	**4.54**

Undiluted earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to parent company shareholders by a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held by the parent company as treasury shares. There is no dilutive effect for the period or for the comparative period.

Note 17 Intangible assets

	Capitalised expenditure for development work	Patents and similar rights	IT and other intangible assets	Brands	Goodwill	Total
1 January - 31 December 2017						
Accumulated acquisition values						
Opening balance	40	94	331	68	2,963	3,496
Items relating to acquisitions of subsidiaries (Note 5)	-	-	20	-	48	68
Acquisitions	4	1	16	-	-	21
Disposals	0	0	–3	-	-	–3
Reclassifications	0	0	5	-	-	5
Translation differences for the year	1	–1	14	0	48	62
Closing balance	**45**	**94**	**383**	**68**	**3,059**	**3,649**
Accumulated depreciation according to plan						
Opening balance	–20	–80	–262	–48	-	–410
Depreciation for the year	–6	–3	–24	–1	-	–34
Disposals	0	0	2	-	-	2
Reclassifications [2)]	-	-	–2	-	-	–2
Translation differences for the year	0	1	–11	-	-	–10
Closing balance	**–26**	**–82**	**–297**	**–49**	**-**	**–454**
Accumulated impairment losses						
Opening balance	0	0	0	0	0	0
Impairment losses for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences for the year	-	-	-	-	-	-
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**
Net residual value at start of year	20	14	69	20	2,963	3,086
Net residual value at end of year	**19**	**12**	**86**	**19**	**3,059**	**3,195**
1 January-31 December 2018						
Accumulated acquisition values						
Opening balance	45	94	383	68	3,059	3,649
Items relating to acquisitions of subsidiaries (Note 5) [1)]	-	-	-	-	–1	–1
Acquisitions	2	1	13	-	-	16
Disposals	-	-	–4	-	-	–4
Reclassifications	0	-	–98	-	-	–98
Translation differences for the year	2	1	14	0	86	103
Closing balance	**49**	**96**	**308**	**68**	**3,144**	**3,665**
Accumulated depreciation according to plan						
Opening balance	–26	–82	–297	–49	-	–454
Depreciation for the year	–6	–3	–20	–1	-	–30
Disposals	-	-	4	-	-	4
Reclassifications [2)]	0	-	82	-	-	82
Translation differences for the year	–1	–1	–11	0	-	–13
Closing balance	**–33**	**–86**	**–242**	**–50**	**-**	**–411**
Accumulated impairment losses						
Opening balance	0	0	0	0	0	0
Impairment losses for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Translation differences for the year	-	-	-	-	-	-
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**
Net residual value at start of year	19	12	86	19	3,059	3,195
Net residual value at end of year	**16**	**10**	**66**	**18**	**3,144**	**3,254**

1) Carrying amount relates to adjustment from final acquisition analysis regarding the purchase of A.C. Manufacturing Ltd. in 2017.
2) Reclassifications mainly relate to tangible IT assets which were previously classified as intangible assets.

Capitalised expenditure for development work mainly relates to internally generated capitalised expenses for software development and certificates. Other intangible assets consist mainly of software and customer lists.

Impairment testing of goodwill

At least once a year, the Group analyses whether there is any indication of impairment of goodwill in accordance with the accounting policies described in Note 2. These analyses are based on the financial budgets, forecasts and business plans which have been approved by the Board of Directors and/or Executive Management. All calculations for impairment testing of goodwill are also based on the going concern assumption.

Assessments of the indication of impairment of goodwill must be based on the smallest cash-generating unit, which for the Lindab Group is considered to be the integrated operating and reporting segments, Products & Solutions and Building Systems. Lindab performed its last analysis of impairment of goodwill on 30 November 2018. The recoverable amount for the cash-generating units is based on estimates of assessed value in use. These calculations were based on estimated future cash flows after tax based on financial budgets and forecasts for each segment, covering the period up to 2023. Key assumptions used for calculating value in use were gross margins, discount rates and growth assumptions following the close of the forecasting period.

The gross margin assumption included material suppositions about sales volumes, sales prices and raw material prices. These were based on historical results and an assessment of future development. Where possible, the assessment of future development also included external sources of information; for example, information from Euroconstruct on forward looking sales forecasts.

The discount rate was estimated based on a weighted cost of capital after tax of 7.3 percent (8.0). Changes to the discount rate compared with the previous year were due mainly to lower risk-free interest rates, a slightly lower market risk premium as well as a reduced share beta value. Calculated discount rates were used for both cash-generating units in conjunction with impairment test discounting of estimated future cash flow after tax. After-tax amounts were used in the calculations for both cash flow and discount rate as the available models for calculating the discount rate include a tax element. This discounting is not materially different from discounting based on projected cash flows before tax and the pretax discount levels required by IFRS. The discount rate applied corresponded to a discount rate before tax of 9.1 percent (10.0) and was based on the Group's weighted average tax rate.

The discount rate represents the markets current assessment of the risks specific to Lindab, taking into account individual risks in the underlying assets that have not been included in the calculations for the cash flow. The calculation of the discount rate was based on the Group's specific situation and is derived from its weighted average cost of capital (WACC). WACC takes into account both liabilities and shareholders' equity. The capital cost of shareholders' equity is based on expected returns from the Group's investors. The cost of the Group's liabilities is based on the interest bearing liabilities that Lindab is obliged to redeem. Group-specific risks are considered through an individually considered beta factor. The beta factor is assessed annually on the basis of publicly available market data.

Both segments conduct operations within construction as the main line of business, with a shared concept regarding the development, production, marketing and distribution of products and system solutions. Although the geographical markets are weighted slightly differently, which is reflected in the differentiated rates of growth (see following paragraph), the risk profile is considered to be fairly uniform as a whole. Consequently, the same assumptions have been applied to the discount rates for both segments.

Expected future cash flow beyond 2023 has been extrapolated with the help of estimated average long-term growth, terminal growth, of 1.0 percent (1.0) for Products & Solutions and 1.5 percent (1.0) for Building Systems. This long-term growth must reflect and be in line with average growth on the markets where the segments are operating in accordance with forecasts made by the construction industry's economic institutions. The assumption includes a weighting of the growth forecast for the underlying geographical markets, the Nordic region, Western Europe and CEE/CIS. In 2018, the percentage growth figure was also differentiated between the two segments owing to the fact the markets in which Building Systems operates generally experience higher growth than the geographical areas in which Products & Solutions is expected to sell its products going forward.

In order to support the impairment testing of goodwill performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A deterioration of each of the main assumptions included in the calculation of value in use shows that the recoverable amount exceeds the carrying amount of all testing conducted within Products & Solutions and Building Systems. A change of 1 percent in the gross margin, discount rate and growth assumption was taken into account in the analysis. As a result of the calculations, no indication of impairment of goodwill was found at the end of 2018, based on the going concern assumption.

Allocated goodwill by segment	**2018-12-31**	2017-12-31
Products & Solutions	2,733	2,665
Building Systems	411	394
Total goodwill	**3,144**	**3,059**

Note 18 Tangible fixed assets

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
1 January - 31 December 2017						
Accumulated acquisition values						
Opening balance	1,168	1,780	439	12	51	3,450
Items relating to acquisitions of subsidiaries (Note 5)	12	3	0	-	-	15
Acquisitions	10	37	16	3	13	79
Disposals	–12	–15	–7	–3	–1	–38
Reclassifications	6	18	1	–9	–29	–13
Translation differences for the year	38	40	4	0	1	83
Closing balance	**1,222**	**1,863**	**453**	**3**	**35**	**3,576**
Accumulated depreciation according to plan						
Opening balance	–363	–1 430	–331	-	-	–2,124
Depreciation for the year	–35	–70	–21	-	-	–126
Disposals	1	14	7	-	-	22
Reclassifications	0	7	3	-	-	10
Translation differences for the year	–12	–30	–2	-	-	–44
Closing balance	**–409**	**–1 509**	**–344**	**-**	**-**	**–2,262**
Accumulated impairment losses						
Opening balance	–6	–17	–2	–2	0	–27
Impairment losses for the year	–4	–1	0	0	0	–5
Reversed losses	3	0	-	-	-	3
Disposals	-	-	-	2	-	2
Reclassifications	0	0	0	0	0	0
Translation differences for the year	–1	0	0	–1	0	–2
Closing balance	**–8**	**–18**	**–2**	**–1**	**0**	**–29**
Net residual value at start of year	799	333	106	10	51	1,299
Net residual value at end of year	**805**	**336**	**107**	**2**	**35**	**1,285**
1 January - 31 December 2018						
Accumulated acquisition values						
Opening balance	1,222	1,863	453	3	35	3,576
Items relating to acquisitions of subsidiaries (Note 5)	-	-	-	-	-	-
Acquisitions	7	35	13	9	40	104
Disposals	–14	–66	–20	-	–1	–101
Reclassifications	7	20	110	-7	–32	98
Translation differences for the year	30	35	7	0	1	73
Closing balance	**1,252**	**1,887**	**563**	**5**	**43**	**3,750**
Accumulated depreciation according to plan						
Opening balance	–409	–1,509	–344	-	-	–2,262
Depreciation for the year	–38	–72	–28	-	-	–138
Disposals	1	54	18	-	-	73
Reclassifications[1)]	1	6	–89	-	-	–82
Translation differences for the year	–14	–27	–4	-	-	–45
Closing balance	**–459**	**–1,548**	**–447**	**-**	**-**	**–2,454**
Accumulated impairment losses						
Opening balance	–8	–18	–2	–1	0	–29
Impairment losses for the year	-	0	0	-	0	0
Reversed losses	-	-	-	-	-	-
Disposals	4	6	1	-	-	11
Reclassifications[1)]	-	0	0	-	-	0
Translation differences for the year	0	–1	0	0	0	–1
Closing balance	**–4**	**–13**	**–1**	**–1**	**0**	**–19**
Net residual value at start of year	805	336	107	2	35	1,285
Net residual value at end of year	**789**	**326**	**115**	**4**	**43**	**1,277**

1) Reclassifications (within the category of Equipment, tools and installations) mainly relate to tangible IT assets which were previously classified as intangible assets.

Note 19 Other investments held as fixed assets

	Group	
	31 Dec 2018	31 Dec 2017
Opening balance	4	4
Acquisitions/divestments	0	0
Translation differences for the year	0	0
Book value	**4**	**4**

Non-current holdings of unlisted shares are reported here. Associates are included at a book value of SEK 0 m (0), see Note 30. Other holdings of SEK 4 m (4) mainly constitute smaller holdings owned by Group companies.

Note 20 Other non-current receivables

	Group	
	31 Dec 2018	31 Dec 2017
Opening balance	3	4
Decrease/increase	–1	–1
Book value	**2**	**3**

Other non-current receivables primarily consist of deposits for leased premises.

Note 21 Stock

	Group	
	31 Dec 2018	31 Dec 2017
Raw materials and supplies	642	579
Work in progress	73	59
Finished goods and goods for resale	635	618
Total	**1,350**	**1,256**

Direct material costs for the year amounted to SEK 4,498 m (3,902), including an adjustment for the provision for obsolescence of SEK 2 m (1). In addition, the provision for obsolescence for finished goods has been increased by SEK 2 m (5). The provision for obsolescence for stock amounts to SEK 69 m (63), equivalent to 5 percent (5) of the stock value before deduction for obsolescence. Currency effects increased the provision by SEK 2 m (0) during the year.

Note 22 Current receivables

	Group					
	Accounts receivable		Accrued income [1]		Other receivables[2]	
Number of days overdue	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
Not overdue	1,018	1,078	23	19	53	67
< 6 days	148	129	-	-	0	0
6-90 days	110	113	-	-	0	0
90–180 days	29	26	-	-	-	-
180-360 days	17	15	-	-	-	0
> 360 days	87	90	-	-	1	0
Total accounts receivable	**1,409**	**1,451**	**23**	**19**	**54**	**67**
Provision for expected bad debt losses/ bad debts	–92	–88	-	-	-	-
Total	**1,317**	**1,363**	**23**	**19**	**54**	**67**

1) Accrued income only relates to the exchange rate gain on forward exchange agreements amounting to SEK 5 m (6) and bonus on purchases of SEK 18 m (13).

2) Other receivables relate only to VAT amounting to SEK 35 m (41) and other receivables of SEK 19 m (26).

In accordance with IFRS 9, from 2018 Lindab will use a new valuation method to calculate credit loss provisions for accounts receivable. Until 2017, a model was applied which, in addition to individual assessments of large commitments, was based on a provision of 50 percent of being made for accounts receivable that were overdue by more than 180 days and a provision of 100 percent for those that were overdue by more than 360 days. The method involving a provision based mainly on incurred and anticipated losses has now been replaced by a new model based on expected credit loss over the entire term of accounts receivable being taken into account in the calculation of credit loss provisions. However, individual assessments are still always made of outstanding accounts receivable if this is more appropriate.

Change in the provision for expected bad debt losses/ bad debts	Group	
	2018	2017
Opening balance	88	97
Added via acquisitions	-	-
Increase in provision	28	15
Actual losses	–23	–19
Cancellation of provisions	-3	–7
Translation differences	2	2
Closing balance	**92**	**88**

Prepaid expenses and accrued income	Group	
	31 Dec 2018	31 Dec 2017
Prepaid software licences	15	15
Prepaid rental and lease expenses	9	7
Accrued exchange gain, forward exchange agreement	5	6
Insurance premiums	9	7
Accrued bonus on purchases	18	13
Other prepaid expenses	76	46
Total	**132**	**94**

	Group	
Other receivables	**31 Dec 2018**	31 Dec 2017
VAT recoverable	35	41
Advance payments to employees	0	0
Travel advances	1	1
Other receivables	18	25
Total	**54**	**67**

The model involving the calculation of expected credit losses is based on six different levels of due date (see table above), from accounts receivable that are not yet due to receivables that are overdue by more than 360 days. The respective levels have an expected degree of credit loss based on which accounting loss provisions are made unless an individual assessment indicates otherwise. The grading of credit losses for each level is based on historical loss patterns within Lindab over a six-year period adjusted by a forward-looking factor which reflects a future expectation of different payment structures based on economic situation etc. Credit loss grading for the different categories is in the range of 0.2 - 95.2 percent as at the 2018 balance sheet date. A lower level of provisions than the credit loss grading is only accepted if the underlying receivable is covered by credit insurance or if the Group has obtained security corresponding to the amount due. As in previous years, individual receivables are written off at the point where it is no longer reasonable to expect that they will be paid by the counterparty.

The transition to the new valuation method for credit loss provisions for accounts receivable has not had a significant impact on Lindab's reporting and consequently there has been no restatement of prior periods.

In 2018, the result was impacted by SEK 26 m (13) due to provisions for bad debts and expensed bad debt losses for the year.

Note 23 Shareholders' equity and number of shares

The table below indicates the changes in Lindab's share capital and the number of shares as of 2001.

Years	Action	Number of shares 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		–2,375,838	-	-	-
Total number of outstanding shares 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. Treasury shares have remained unchanged since 2012.

Nature and purpose of reserves within shareholders' equity

The foreign currency translation reserve comprises all exchange rate differences that arise when translating financial statements from foreign operations that prepare their financial statements in a currency other than the currency of the consolidated financial statements. The translation reserve also includes the cumulative net change in the hedging of net investments in foreign businesses. Lindab uses loans as hedging instruments.

Proposed appropriation of profit

SEK	**2018**
Profit brought forward	194,846,224
Profit for the year	2,374,496,220
Total profit carried forward	**2,569,342,444**

The Board of Directors proposes that the above amount is appropriated as follows:

SEK	
Dividend to shareholders, SEK 1.75 per share	133,580,969
To be carried forward	2,435,761,475
Total	**2,569,342,444**

The proposed dividend for 2017 of SEK 1.55 per share decided by the Annual General Meeting on 3 May 2018 has been paid. Total dividends paid amounted to SEK 118,314,572.

Note 24 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations include, apart from pensions, other post-employment benefits paid to employees, e.g. upon termination of employment. The majority of employees in the Lindab Group are comprised by defined contribution plans. Some countries also have defined benefit plans for pensions or terminations. The table below indicates the pension costs and liabilities as well as the material assumptions used in their calculations.

The retirement and family pension plans for salaried employees in Sweden are guaranteed through insurance cover with Alecta, in the so-called ITP2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that includes several employers. For the financial years 2018 (2017), the company did not have access to the information required to report its proportionate share of the plan's obligations, plan assets and expenses which meant that it was not possible to report this as a defined benefit plan. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. The contribution to the defined benefit retirement and family pension plan is calculated individually and is dependent on the salary, previously earned pension and expected remaining working life of the person concerned. Anticipated contributions for pension insurance cover with Alecta amount to SEK 6 m (6) for the next reporting period. The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amount to 0.04 and 0.06 percent (0.03 and 0.06) respectively.

A surplus or deficit with Alecta may mean a refund for the Group or alternatively lower or higher future charges. At the end of the year, Alecta's surplus in terms of the collective consolidation level amounted to 142 percent (154). 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.

Expenses for defined contribution plans amounted to SEK 104 m (98).

Lindab is mainly exposed to a number of risk categories by way of its defined benefit plans. These concern risks related with the size of the actual payment. The increased life expectancy of the beneficiaries and inflation which affect salaries and pensions are the primary risks affecting the size of future payments and thereby also the size of the obligation. The second category concerns the return on investments. Pension funds are invested in different financial instruments where returns are exposed to changes in the market. Weak returns can reduce the size of the investments and may result in insufficient pension funds to cover future pension payments. The third category concerns measurement and affects the recognition of the size of the pension liabilities. The discount rate used to calculate the present value of the pension liabilities varies, thereby affecting the liabilities. The discount rate also affects interest expense or income under financial items, as well as the costs incurred to generate the earnings for the year.

Reported in the statement of financial position

Specification of defined benefit pension obligations, etc.	**31 Dec 2018**	31 Dec 2017
Present value of funded defined benefit obligations	46	58
Fair value of plan assets for defined benefit obligations	–30	–37
Net value of funded plans	*16*	*21*
Present value of unfunded defined benefit obligations	180	163
Net Debt in the statement of financial position for defined benefit obligations	**196**	**184**
Allocated to pensions, defined contribution obligations	38	42
Pension liability as per the statement of financial position	**234**	**226**
Fair value of plan assets for defined contribution obligations	–38	–43
Financial investments as per the statement of financial position	**–38**	**–43**

For funded defined benefit plans, the net pension obligation after deductions for plan assets is reported in the statement of financial position. Funded plans with net assets, i.e. where the assets exceed the obligations, are reported as financial investments. Funded defined contribution plans are reported gross in the statement of financial position, the assets as Financial investments, and the obligations as Provisions for pensions and similar obligations.

Of the total pension provisions in the statement of financial position of SEK 234 m (226), SEK 33 m (38) comprises pension obligations relating to former CEOs. The obligations are invested in endowment insurance funds. These are valued at SEK 33 m (38).

Costs recognised in the statement of profit and loss as per the table below include expenses for service during the current year, expenses for past service, net interest expenses and gains and losses on settlements. Net interest is recognised in financial items.

	2018		2017	
Change in plan assets and defined benefit obligations during the year	**Assets**	**Obligations**	Assets	Obligations
Opening balance	–37	221	–34	200
Pension expenses are reported in the statement of profit and loss				
– Expenses for service in the current year	0	14	0	10
– Interest expenses/income	0	2	0	4
Total	*–37*	*237*	*–34*	*214*
Revaluations recognised in other comprehensive income				
– Return on plan assets, excl. amounts included in interest expenses/income	0	-	0	-
– Gain/loss arising from changes in demographic assumptions	-	–1	-	–3
– Gain/loss arising from changes in financial assumptions	0	5	–3	10
– Experience-based gains/losses	1	–4	0	4
Total	*1*	*0*	*–3*	*11*
Exchange rate differences	–2	5	0	0
Contributions by employer	–3	0	–3	0
Reclassification/conversion to defined contribution plan	-	-	0	5
Benefits paid	11	–16	3	–9
Closing balance	**–30**	**226**	**–37**	**221**

The weighted average maturity for the defined benefit pension obligation amounts to 19.6 years (19.2).

	31 Dec 2018		31 Dec 2017	
Most important actuarial assumptions	**Sweden**	**Other**	Sweden	Other
Discount rate, %	2.5	1.0-1.8	2.6-2.7	0.7-1.6
Future salary increases, %	3.0	0.0-3.1	3.0	0.0-3.0
Future pension increases, %	2.0	0.0-1.8	1.9	0.0-1.8
Net Debt breakdown, SEK m	150	46	135	49

Other includes pension plans in Luxembourg, Italy, France, Romania, Switzerland, Slovenia and Germany.

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.

In 2017, the pension obligation in Slovenia was reclassified from Other provisions to Provision for pensions and similar obligations. The obligation amounted to SEK 5 m at the time of reclassification.

		Effect on the defined benefit plans			
		31 Dec 2018		31 Dec 2017	
The sensitivity of the defined benefit obligation for changes in the main assumptions are:		**Increase in the assumption**	**Decrease in the assumption**	Increase in the assumption	Decrease in the assumption
Discount rate	+/– 0,5%	–19	22	–18	20
Changes in future salary increases	+/– 0,5%	14	–11	13	–9
Changes in future pension increases	+/– 0,5%	11	–10	11	–9

The sensitivity analysis has been based on one change in the assumptions while all others remain constant. The projected unit credit method is used for calculating the pension liability as well as for calculating the sensitivity of the defined benefit obligations for significant actuarial assumptions.

During 2017, Lindab changed the life expectancy assumption applied in the Swedish companies to DUS14. This assumption was also applied in 2018. Until that point, the Group had applied the PRI2011 assumption. The transition to DUS14 in 2017 reduced the pension obligation by SEK 3 m.

Note 24, cont.

Plan assets are as follows:	31 Dec 2018	Percent	31 Dec 2017	Percent
Shares	4	13	7	19
Bonds	4	14	6	16
Property	2	7	3	8
Insured pension reserves	15	48	16	43
Other	5	18	5	14
Total	**30**	**100**	**37**	**100**

Maturity analysis regarding expected contributions to the defined benefit plans in the future:	2018	2017
Within 12 months	10	8
Between 2 and 5 years	34	28
Between 5 and 10 years	48	46
Total	**92**	**82**

Parent company

The company's pension obligation for former CEOs is classified as a defined contribution based plan. See also Note 6.

Note 25 Other provisions

2017	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	12	8	14	34
Increase during the year	11	34	2	47
Exercised during the year	–9	–31	–3	–43
Exchange rate differences	1	0	–4	–3
Closing balance	**15**	**11**	**9**	**35**
Breakdown in the statement of financial position				
Other non-current provisions	5	3	5	13
Other current provisions	10	8	4	22
Total	**15**	**11**	**9**	**35**

2018	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	15	11	9	35
Increase during the year	33	20	4	57
Exercised during the year	–14	–16	–3	–33
Exchange rate differences	0	0	0	0
Closing balance	**34**	**15**	**10**	**59**
Breakdown in the statement of financial position				
Other non-current provisions	13	5	5	23
Other current provisions	21	10	5	36
Total	**34**	**15**	**10**	**59**

The restructuring provision consists of provisions for cost reduction initiatives.

The warranty provisions of SEK 15 m (11) include estimated future expenses for defects in delivered items or work carried out, and provisions for actual claims.

Building Systems has a common calculation principle for warranty provisions covering the entire warranty period, which spans five to ten years. This is calculated using a statistics based percentage in relation to sales over the last ten years less actual warranty costs. The projected warranty provision is reduced by SEK 7 m (5) in actual known claims, which usually occur in connection with deliveries. The estimated future warranty provisions amount to SEK 4 m (2). In addition, there are individual provisions for specific products of SEK 0 m (0).

Other provisions relate mainly to personnel related provisions, statutory provisions and a provision for environmental liability of SEK 3 m (3). The assessment of the provision for environmental liability is based on known information, the perceptions of representatives and other advisors, the probability that an obligation exists and the reliability of the figure that the obligation is estimated to amount to.

Note 26 Consolidated borrowing and financial instruments

	Group		Parent company	
Non-current borrowings	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
Bank loans	1,085	1,397	-	-
Current borrowings				
Liabilities to credit institutions	4	4	-	-
Overdraft facilities	55	65	-	-
Total borrowing	**1,144**	**1,466**	**-**	**-**

Bank loans are almost exclusively from Nordea, Danske Bank and Raffeisen Bank International. Bank loans include lease liabilities of SEK 33 m (36). The current share of the lease liabilities amounted to SEK 3 m (3) and is included in liabilities to credit institutions. Total borrowings include pledged liabilities, bank loans with security, of SEK 5 m (6). Security for these loans consists of mortgage deeds in properties.

Fixed rates only apply to the financing of property loans in Switzerland. These loans amounted to SEK 5 m (6).

Available cash and cash equivalents including unused credit facilities in the Group amounted to SEK 1,558 m (1,615). The parent company has no unused credit facilities.

Note 26, cont.

According to the Group's Treasury policy, the fixed interest rate must not exceed 12 months. On 31 December 2018 it was 3 months (3). The majority of consolidated borrowing currently has a variable interest rate.

Consolidated borrowing broken down by different currencies:

	Group		Parent company	
Amounts in SEK m	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
SEK	50	405	-	-
EUR	874	851	-	-
CHF	187	175	-	-
PLN	33	35	-	-
	1,144	**1,466**	**-**	**-**

Change in liabilities, financing activities

Group	31 Dec 2017	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31 Dec 2018
Non-current financial liabilities	1,397	–362	-	-	50	-	-	1,085
Current financial liabilities	4	0	-	-	0	-	-	4
Bank overdraft facilities	65	–10	-	-	0	-	-	55
Derivatives	0	–56	-	-	11	-	45	0
Total financial liabilities, including derivatives	1,466	–428	0	0	61	0	45	1,144

Parent company	31 Dec 2017	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31 Dec 2018
Non-current financial liabilities	2,226	–2,234	-	-	-	-	8	0
Total financial liabilities, including derivatives	2,226	–2,234		0	0	0	8	0

Group	31 Dec 2016	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31 Dec 2017
Non-current financial liabilities	1,625	–247	-	-	19	-	-	1,397
Current financial liabilities	2	2	-	-	0	-	-	4
Bank overdraft facilities	29	35	-	-	1	-	-	65
Derivatives	0	–44	-	-	8	-	36	0
Total financial liabilities, including derivatives	1,656	–254	0	0	28	0	36	1,466

Parent company	31 Dec 2016	Cash flow	Acquisitions/ divestments	Reclassifications	Translation differences	Fair value measurement	Other	31 Dec 2017
Non-current financial liabilities	2,198	-	-	-	-	-	28	2,226
Total financial liabilities, including derivatives	2,198	0		0	0	0	28	2,226

Information on carrying amount by category and fair value by class

	31 Dec 2018				31 Dec 2017				
Financial assets	**Financial assets measured at fair value through profit or loss**	**Financial assets valued at amortised cost**	**Total carrying amount**	**Fair value**	Available-for-sale financial assets	Held for trading	Available-for-sale financial assets	Total carrying amount	Fair value
Other investments held as fixed assets	1	-	1	-	1	-	-	1	-
Other non-current receivables	-	2	2	-	-	-	3	3	-
Derivative assets	5	-	5	5	-	6	-	6	6
Accounts receivable	-	1,317	1,317	-	-	-	1,363	1,363	-
Other receivables	-	7	7	-	-	-	16	16	-
Accrued income	-	18	18	-	-	-	13	13	-
Cash and cash equivalents	-	289	289	-	-	-	342	342	-
Total financial assets	**6**	**1,633**	**1,639**	**5**	**1**	**6**	**1,737**	**1,744**	**6**

	31 Dec 2018				31 Dec 2017			
Financial liabilities	**Financial assets measured at fair value through profit or loss**	**Financial assets valued at amortised cost**	**Total carrying amount**	**Fair value**	Held for trading	Other financial liabilities	Total carrying amount	Fair value
Overdraft facilities	-	–55	–55	–55	-	–65	–65	–65
Liabilities to credit institutions	-	–1,056	–1,056	–1,060	-	–1,365	–1,365	–1,371
Derivative liabilities	–4	-	–4	–4	–3	-	–3	–3
Accounts payable	-	–788	–788	-	-	–864	–864	-
Other liabilities	-	–9	–9	-	-	–32	–32	-
Accrued expenses	-	–287	–287	-	-	–222	–222	-
Total financial liabilities	**–4**	**–2,195**	**–2,199**	**–1,119**	**–3**	**–2,548**	**–2,551**	**–1,439**

Note 26, cont.

Financial assets valued at amortised cost

Accounts receivable

Accounts receivable arise in the context of the Group's operating activities and are the result of Lindab providing customers with agreed goods and services. Contractual payment terms exist within this underlying agreement which dictate the times of future payment streams. Lindab holds all accounts receivable in order to collect these contractual and operations related cash flows based on contractual terms and conditions.

Accounts receivable are classified on the basis of their nature as current assets and are valued initially at the transaction price. Considering the short-term maturity period for accounts receivable, these are also reported on subsequent reporting dates at the nominal amount without discounting. The reported gross value of accounts receivable of SEK 1,409 m (1,451) is however reduced by an impairment of SEK -92 m (-88) to reflect the expected value to be paid by counterparties. For details of the Group's accounting policies for impairment and calculation of provisions for bad debts, see Note 22.

Other receivables and accrued income

Other receivables and accrued income usually also arise as a consequence of transactions conducted as part of the Group's ordinary activities. Usually the time of future cash flows relating to assets can be identified and on settlement the cash flows refer to the capital amount and any interest on the outstanding capital amount. The Group holds financial instruments in these categories to collect the underlying cash flows attributable to the assets on maturity and these are not intended for trading on an active market.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 289 m (342) at the balance sheet date. These relate to bank balances and deposits. Escrow accounts amounting to SEK 3 m (3) are included in the value reported for cash and cash equivalents. This amount is subject to certain restrictions and is therefore not fully available to Lindab on an ongoing basis.

Financial assets measured at fair value through profit or loss

Assets which do not meet the criteria for recognition at amortised cost or fair value via comprehensive income are measured at fair value through profit or loss. For Lindab these are mainly derivative assets which are not used in hedge accounting that falls into this category. These financial instruments were previously categorised as Financial instruments held for trading. Financial assets measured at fair value through profit or loss also include certain assets in the form of securities, assets which were previously recognised as Available-for-sale financial assets. The underlying factor for the current classification is that these equity instruments are not strategic and at time of recognition no decision was made to recognise these irreversibly at fair value through comprehensive income. This affected the consolidated income statement in the amount of SEK -45 (-36) during the year which related to gains/losses from financial assets and liabilities valued at fair value via profit or loss.

Description of fair value

Other investments held as fixed assets

No information about fair value regarding shares and participations is provided. Lindab considers that a fair value cannot be calculated in a reliable manner, and that the market for these holdings is limited.

Interest bearing liabilities

The fair value of interest bearing liabilities is provided for the purposes of disclosure and is calculated by discounting the future cash flows of principals and interest payments, discounted at current market rates.

Derivatives

Currency futures are valued at fair value by discounting the difference between the contracted forward rate and the rate that can be subscribed for at the balance sheet date for the remaining contract term.

Other financial assets and liabilities

For cash and cash equivalents, accounts receivable, other receivables, accrued income, accounts payable, overdraft facilities, other liabilities and accrued expenses with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

Valuation hierarchy

The table below shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Other observable input data for the asset or liability other than the quoted prices included in Level 1, either directly, (i.e. as price quotations) or indirectly, (i.e. derived from price quotations) (Level 2),
- Input data for the asset or liability that is not based on observable market data (i.e. non-observable input data) (Level 3).

	31 Dec 2018				31 Dec 2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss								
Derivative assets	-	5	-	5	-	6	-	6
Total assets	**-**	**5**	**-**	**5**	**-**	**6**	**-**	**6**

	31 Dec 2018				31 Dec 2017			
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss								
Derivative liabilities	-	–4	-	–4	-	–3	-	–3
Measured at fair value for disclosure purposes								
Overdraft facilities	-	–55	-	–55	-	–65	-	–65
Liabilities to credit institutions	-	–1,060	-	–1,060	-	–1,371	-	–1,371
Total liabilities	**-**	**–1, 119**	**-**	**–1,119**	**-**	**–1,439**	**-**	**–1,439**

There have been no transfers between the different levels during the year. The company has not offset any financial instruments in the balance sheet.

At the end of 2018, there was no obligation to acquire treasury shares.

Note 27 Accrued expenses and deferred income

	Group		**Parent company**	
	31 Dec 2018	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
Salaries and holiday pay	200	182	-	-
Share of profits	11	8	-	-
Payroll overheads	106	100	1	1
Bonuses to customers	191	147	-	-
Accrued exchange loss, forward exchange agreements	5	3	-	-
Other costs	113	92	1	1
Total	**626**	**532**	**2**	**2**

Note 28 Leases

Operating leases

Lease costs for assets held through operating leases such as rented premises, machinery and office equipment are reported in operating expenses and amount to SEK 42 m (34), of which property rental costs amounted to SEK 35 m (27).

Future payments for non-cancellable operating leases amounted to SEK 912 m (936) and are broken down as follows:

	31 Dec 2018	31 Dec 2017
Year 1	190	181
Years 2-5	627	651
Year 6 and later	95	104
	912	**936**

Previous years have future commitments included all leasing agreements excl. rental agreements for facilities. December 31, 2018 includes rental agreements for facilities. The comparable figures have been adjusted correspondingly.

Variable charges consist of variable interest rates, with the exception of the lease with Credit Suisse which has a fixed interest rate. An increase in interest rates of one percentage point increases total lease costs by SEK 10 m (10).

Existing leases vary in length from 7 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 leases contain restrictions regarding shareholders' equity or financing opportunities.

The above table includes the following major items.

In October 2014, Lindab entered into a 15-year operating lease with Credit Suisse for a newly built production property in Switzerland. The rent for 2018 amounted to SEK 3 m (3). There is an option to acquire the property when the lease expires.

In September 2013, the properties in Båstad were acquired by DSL Renting from DAL Nordic Finance AB, and in June 2015 existing leases were renegotiated in connection with the financing of the new distribution centre. In 2017, two adjacent properties with a value of SEK 9 m were also added to the leases. The properties have been leased back by Lindab through operating leases that expire in June 2020. The rent for 2018 amounted to SEK 16 m (10).

In January 2010, Lindab sold a production facility in Luxembourg. It was acquired by DAL Nordic Finance AB for a purchase price of SEK 285 m. Lindab leased back the property through a 5-year operating lease and had the option to buy back the production facility when the lease expired.

In January 2015, Lindab exercised its option to buy back the production facility. The property's book value at the time of completion is estimated at EUR 25 m, corresponding to the estimated market value. Mortgaging of the property totalled the same amount. At the same time, the property was sold to a third party and a long term lease signed. The rent for 2018 amounted to SEK 13 m (12). The lease is associated with the commitment described in Note 29.

Finance leases

Finance leases are included in the balance sheet under land and buildings at SEK 33 m (35) and under machinery and software at SEK 1 m (1). In 2018, costs for these contracts, excluding deferred tax, amounted to SEK 5 m (7). Future obligations for finance leases amount to SEK 34 m (43) and are broken down as follows:

	Nominal value (present value)	
	31 Dec 2018	31 Dec 2017
Year 1	5 (5)	12 (11)
Years 2-5	29 (26)	31 (28)
Year 6 and later	-	-
	34 (31)	**43 (39)**

Interest rates were determined upon commencement of the leases. All leases have fixed repayments; the included variable charges do not amount to substantial sums.

Note 29 Pledged assets and contingent liabilities

	Group		**Parent company**	
Pledged assets	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
Property mortgages	23	21	-	-
Floating charges	-	-	-	-
Total	**23**	**21**	**-**	**-**

All pledged assets refer to security for liabilities to credit institutions.

	Group		**Parent company**	
Contingent liabilities	**31 Dec 2018**	31 Dec 2017	**31 Dec 2018**	31 Dec 2017
Guarantee commitment for entered credit agreements	-	-	1,110	1,416
Other guarantees and sureties	18	17	-	-
Pension obligations	2	2	-	-
Total	**20**	**19**	**1,110**	**1,416**

In 2017, Lindab entered into credit agreements with Nordea/Danska Bank and Raffeisen Bank International. The credit line with Nordea/Danske Bank was reduced on Lindab's initiative in November 2018 from SEK 1,700 m to SEK 1,400. The existing credit lines of SEK 1,400 m with Nordea/Danske Bank and EUR 50 m with Raffeisen Bank International run until July 2021. The credit agreements contain covenants which are monitored quarterly. Lindab fulfils all the terms and conditions of these credit agreements.

Group companies have signed a guarantee for Building Systems in Luxembourg in case the company should fail to meet its obligations under the terms of the lease, see Note 28. Important obligations under the terms of the signed lease include the payment of all rental costs until 2030, renovation of an industrial property, maintenance of the property, and responsibility for its operation and environmental impact.

In the leases for the properties in Båstad and Switzerland described in Note 28, Group companies have signed a guarantee for the payment of all rental costs until the expiry of the contract. In the lease for the property in Switzerland, the guarantee is limited to CHF 1.5 m (1.5).

As part of the Group's ordinary business activities and according to standard professional practice, the Group has signed guarantees for the fulfilment of various contractual obligations in relation to large suppliers. There was no indication at year-end that these contractual guarantees will result in any payment being required.

Note 30 Transactions with related parties

Transactions with related parties can affect a company's financial results and position. Information must therefore be provided about parties that may be considered related to the Lindab Group.

Related parties

The parent company has direct and indirect control over its subsidiaries, see Note 32. The parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with the management, see Note 6.

Present and former members of the Board and the Executive Management with their respective inner circles have been deemed to be related parties. Salaries, remuneration, benefits, pension entitlements, termination benefits, etc. for the President and CEO, members of the Board and other senior executives are presented in Notes 6 and 24.

The associate Meak B.V. in the Netherlands is also considered to be a related party. Since the extent of these transactions is negligible, however, they have not been specified below.

Other transactions with related parties are specified below	**Group companies**	
Parent company	**2018**	2017
Net sales	4	4
Dividend and Group contributions to the parent company	2,386	32
Interest income from the parent company	9	29
Non-current receivables in the parent company	-	2,226
Current receivables in the parent company	123	170
Current liabilities to the parent company	14	32

Other transactions with related parties

The 2018 Annual General Meeting resolved to establish a warrant programme for senior executives, a programme which essentially has the same conditions as the warrant programme that was set up in accordance with a resolution in the previous year. As a result of the resolution by the 2018 Annual General Meeting, Lindab issued 135,000 warrants (75,000) during the year for the benefit of the wholly owned subsidiary Lindab LTIP 17-19 AB, which in turn sold the warrants to senior executives. For further information on the warrant programme, see Note 6. The acquisition of warrants is based on a market valuation pursuant to the established warrant programme, and the warrants do not constitute share-based remuneration to related parties. Former senior executives returned 30,000 warrants to Lindab in 2018. All of these warrants related to the programme that was implemented in 2017.

For information about the incentive programmes aimed at participants in various management positions at Lindab, see Note 6.

In addition to that stated in this note, none of Lindab's Board members, deputy Board members, senior executives or shareholders have or are participating in any business transaction with the company that is unusual in nature or terms or is important for the company's business as a whole, or has taken place during the current financial year or in the last three financial years. This also applies to transactions in previous financial years which in some respects have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor have any guarantees or surety been signed on their behalf.

In general, transactions with related parties have taken place on terms equivalent to those that apply to arm´s-length business transactions.

Note 31 Events after the reporting period

Major restructuring work was carried out in the Group in the last part of 2018 aimed at dividing Products & Solutions into two new business areas: Ventilation Systems and Profile Systems. The new organisation took effect on 1 January 2019. From Q1 2019, Lindab will report in external segment reports based on the new organisational structure, i.e. based on the segments Ventilation Systems, Profile Systems and Building Systems.

No other significant events have occurred after the reporting period.

Note 32 Group companies and associates

The Group operates in several markets, which means that the Group has subsidiaries in many parts of the world. The parent company has a controlling influence over a subsidiary when it is exposed or is entitled to variable returns from its commitment to the subsidiary and can affect returns by using its controlling influence over the subsidiary. In principle, all subsidiaries are owned directly or indirectly, 100 percent, by the parent company Lindab International AB. Subsidiaries that are not 100 percent owned are considered to have non-controlling interests that are not essential to the Group.

	Currency code	Corporate identification number	Domicile	Share in %	Recorded value
Lindab AB [1]	SEK	556068-2022	Båstad, Sweden	100	3 467*
Lindab Sverige AB [2]	SEK	556247-2273	Båstad, Sweden	100	
Lindab Steel AB [3,4]	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB [3]	SEK	556026-1587	Båstad, Sweden	100	
Lindab Götene AB [3]	SEK	556961-9918	Båstad, Sweden	100	
Lindab Ryssland AB [7]	SEK	556960-0322	Båstad, Sweden	0	
Lindab Profil AB [3]	SEK	556071-4320	Båstad, Sweden	100	
Astron Buildings S.A. [2,3,4]	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o. [2,3]	CZK	496 13 332	Prague, Czech Republic	15	
Lindab SRL [2,3]	RON	J23/1168/2002	Ilfov, Romania	0	
U-nite Fasteners Technology AB [2,3,4]	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Fastigheter AB [5]	SEK	556629-2271	Båstad, Sweden	100	
Lindab Ryssland AB [7]	SEK	556960-0322	Båstad, Sweden	100	
Lindab LLC [2,3]	RUB	105781261234	Moscow, Russia	100	
Astron Buildings LLC [2,3,4]	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Astron Buildings S.A. [2,3,4]	EUR	RC B91774	Diekirch, Luxembourg	100	
Lindab Treasury AB [8]	SEK	556044-4704	Båstad, Sweden	100	
Astron Buildings S.A.S. [2]	EUR	RCS 327 258 943	Bussy-St-Martin, France	100	
Astron Buildings s.r.o. [3]	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC [6]	RUB	OGRN 1047796961464	Moscow, Russia	100	
Astron Buildings Sp. z o.o. [2]	PLN	KRS 0000039952	Lomianki, Poland	1	
Astron Buildings LLC [2,3,4]	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA [2]	EUR	40003602009	Riga, Latvia	100	
Lindab d.o.o. [2]	HRK	80182671	Zaprešić, Croatia	100	
Lindab AS [2,3]	EUR	10424824	Harju Maakond, Estonia	100	
Oy Lindab Ab [2,3]	EUR	0920791-3	Esbo, Finland	100	
Lindab s.r.o. [2,3]	CZK	496 13 332	Prague, Czech Republic	85	
LLC Spiro [2]	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A. [2,3]	CHF	CH-217.0.135.550-1	Bösingen, Switzerland	100	
LLC Spiro [2]	RUB	1117604013108	Yaroslavl, Russia	99	
Lindab Havalandirma LTD STI [2]	TRY	877776	Istanbul, Turkey	100	
Spiral Helix Inc. [2,3]	USD	36-4381930	Chicago IL, USA	100	
Lindab SRL [2,3]	RON	J23/1168/2002	Ilfov, Romania	100	
Lindab Ukraine LLC [6]	UAH	34300449	Kiev, Ukraine	100	
Lindab Kft. [2,3]	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS [2,3]	NOK	929 805 925	Oslo, Norway	100	
Lindab Sp. z o.o. [2,3]	PLN	KRS 0000043661	Wieruchow, Poland	100	
Lindab S.r.l [2,3]	EUR	12002580152	Milan, Italy	100	
MP3 S.r.l [2,3]	EUR	3345850964	Milan, Italy	100	
Lindab N.V. [2,3]	EUR	BE 464.910.211	Gent, Belgium	100	
Lindab A/S [2,3]	DKK	33 12 42 28	Haderslev, Denmark	100	
Lindab Door B.V. [2]	EUR	33291638	Groeneken, the Netherlands	100	
Meak B.V. [2]	EUR	18042479	Utrecht, the Netherlands	40	
Lindab GmbH [2,3]	EUR	HRB 2276 AH	Bargteheide, Germany	100	
Astron Buildings GmbH [2]	EUR	HRB 8007	Mainz, Germany	100	
Astron Buildings Sp. z o.o. [2]	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab N.V. [2,3]	EUR	BE 464.910.211	Gent, Belgium	0	
Lindab AG [2,3]	CHF	CH-170.3.023.237-3	Otelfingen, Switzerland	100	
Lindab Ltd [2,3]	GBP	1641399	Northampton, UK	100	
Lindab France S.A.S. [2,3]	EUR	31 228 513 300 061	Montluel, France	100	
Lindab (IRL) Ltd [2]	EUR	44222	Dublin, Ireland	100	
A.C. Manufacturing Ltd [2,3]	EUR	311282	Dublin, Ireland	100	
Lindab a.s. [2,3]	EUR	36 214 604	Jamník, Slovakia	100	
Lindab d.o.o. [2,3]	EUR	5519225000	Godovič, Slovenia	100	
Lindab d.o.o. Belgrad [2]	RSD	17421557	Belgrade, Serbia	100	
Lindab d.o.o.e.l. Skopje [2]	MKD	5439833	Skopje, Macedonia	100	
Lindab d.o.o. Podgorica [2]	EUR	02716453	Podgorica, Montenegro	100	
Lindab d.o.o. Sarajevo [2]	BAM	4200550810003	Sarajevo, Bosnia	100	
Lindab LTIP 17-19 AB [8]	SEK	559106-9033	Båstad, Sweden	100	0

** The number of shares owned amounts to 23,582,857.*

1) Group functions
2) Sales company
3) Production company
4) Purchasing company
5) Property company
6) Dormant company
7) Holding company
8) Treasury business

The Board of Directors and the President and CEO hereby affirm that the consolidated accounts and annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting standards, and give a true and fair view of the Group's and the parent company's financial position and results of operations, and that the Directors' Report gives a true and fair view of the Group's and parent company's business, financial position and results of operation, and describe material risks and uncertainties that the parent company and the companies included in the Group are facing.

Båstad 17 March 2019

Peter Nilsson
Chairman

Per Bertland
Board member

Sonat Burman-Olsson
Board member

Viveka Ekberg
Board member

Anette Frumerie
Board member

John Hedberg
Board member

Bent Johannesson
Board member

Pontus Andersson
Employee representative

Anders Lundberg
Employee representative

Ola Ringdahl
President and CEO

Our audit report was submitted on 17 March 2019.

Deloitte AB

Hans Warén
Authorised Public Accountant

Auditors' Report

To the general meeting of the shareholders of Lindab International AB (publ) corporate identity number 556606-5446

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lindab International AB (publ) for the financial year 2018 except for the corporate governance statement on pages 36-47 and the sustainability report on pages 107-117. The annual accounts and consolidated accounts of the company are included on pages 49-100.

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 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the Annual Accounts Act. Our opinions do not include the corporate governance statement on pages 36-47 and the sustainability report on pages 107-117.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position of the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole but we do not provide a separate opinion on these matters.

Valuation of goodwill

Description of risk

In the consolidated balance sheet goodwill amounts to SEK 3 144 m as of 31 December 2018. This goodwill arose from former ownership changes and acquisitions. The value of the goodwill is dependent on future earnings in the cash generating units related to the goodwill and is assessed for impairment at least once a year. The impairment test is based on several complex matters including a high degree of judgment such as assumptions for growth, profitability and cost of capital (WACC). Any changes in these assumptions may result in an impairment. Management has not identified any need for impairment for 2018.

We have considered valuation of goodwill as a key audit matter as a result of its signficance and the sensitivity for changes in made assumptions.

For further information, please refer to note 2 - Accounting principles for the consolidated accounts, note 4 – Important assumptions and judgments and note 17 – Intangible assets.

Our audit procedures

Our audit procedures included, but were not limited to:

- Review and testing of Lindab's procedures for impairment testing of goodwill and reconciliation of significant assumptions against the budget and business plan;
- Testing of management's assumptions, mainly related to the variables that have the greatest impact on the impairment testing, such as growth, earnings and capital cost (WACC) and performing sensitivity analyses for assessment of head room for each cash generating unit;
- Review of management's assumptions and judgments regarding expected development of operations in each segment by analysing how previous assumptions have changed due to the development of the operations and the current market situation; and
- Review of completeness and correctness in relevant notes to the financial statements.

Our valuation specialists have been involved.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-48 and 101-120. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lindab International AB (publ) for the financial year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed auditor of Lindab International AB (publ) by the general meeting of the shareholders on 3 May 2018 and has been the company's auditor since 29 April 2014.

Gothenburg, 17 March 2019
Deloitte AB

Signature on Swedish original
Hans Warén
Authorised Public Accountant

Auditor´s report on the statutory sustainability report

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

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.

Engagement and responsibility
The Board of Directors is responsible for the statutory sustainability report for the year 2018 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Gothenburg, 17 March 2019
Deloitte AB

Hans Warén
Authorised Public Accountant

Reconciliations of key performance indicators not defined according to IFRS

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

Operating profit excluding one-off items is replaced by Adjusted operating profit as of 2017. The monetary value is the same, but the definition has been changed as the company recognises one-off items and significant restructuring costs separately to describe the results of the underlying activities.

Amounts in SEK m unless otherwise indicated.

Return on shareholders' equity	**2018**	**2017**	**2016**	**2015**	**2014**
Profit for the year	394	347	306	305	283
Average equity	4,312	3,954	3,655	3,446	3,149
Return on shareholders' equity, %	**9.1**	**8.8**	**8.4**	**8.8**	**9.0**

Return on capital employed	**2018**	**2017**	**2016**	**2015**	**2014**
Total assets	7,802	7,731	7,503	7,149	6,961
Deferred tax liabilities	91	96	95	115	96
Other provisions	23	13	17	21	15
Other liabilities	14	19	4	5	5
Total non-current liabilities	**128**	**128**	**116**	**141**	**116**
Advance payments from customers	230	189	158	85	159
Accounts payable	788	864	837	790	650
Current tax liabilities	17	27	34	45	20
Other provisions	36	22	17	30	52
Other liabilities	134	147	134	104	99
Accrued expenses and deferred income	621	528	487	448	427
Total current liabilities	**1,826**	**1,777**	**1,667**	**1,502**	**1,407**
Capital employed	**5,848**	**5,826**	**5,720**	**5,506**	**5,438**
Earnings before tax	531	467	445	431	386
Interest expenses	33	45	49	57	88
Total	**564**	**512**	**494**	**488**	**474**
Average capital employed	5,998	5,784	5,642	5,654	5,347
Return on capital employed, %	**9.4**	**8.8**	**8.8**	**8.6**	**8.9**

One-off items and restructuring costs	**2018**	**2017**	**2016**	**2015**	**2014**
Operating profit	**547**	**492**	**483**	**469**	**467**
Products & Solutions	–17	-	–24	35	–21
Building Systems	–25	-	-	–9	–11
Other[1]	–45	–19	–4	–20	2
Adjusted operating profit	**634**	**511**	**511**	**463**	**497**

Net Debt	**31 Dec 2018**	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2015**	**31 Dec 2014**
Non-current interest bearing provisions for pensions and similar obligations	234	226	211	189	201
Non-current interest bearing liabilities to credit institutions	1,085	1,397	1,625	1,713	1,765
Current interest bearing liabilities to credit institutions	5	4	2	7	8
Current interest bearing bank overdraft facilities	55	65	29	70	99
Current interest bearing accrued expenses and deferred income	5	4	4	16	21
Total liabilities	**1,384**	**1,696**	**1,871**	**1,995**	**2,094**
Interest bearing financial investment	38	43	45	47	46
Interest bearing prepaid expenses and accrued income	5	6	12	6	2
Cash and cash equivalents	289	342	418	285	300
Total assets	**332**	**391**	**475**	**338**	**348**
Net Debt	**1,052**	**1,305**	**1,396**	**1,657**	**1,746**

1) Costs related to Group functions and activities.

Net Debt/EBITDA	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Average Net Debt	1,318	1,474	1,695	1,960	1,923
Adjusted operating profit	634	511	511	463	497
Depreciation/amortisation and impairment losses	168	162	174	168	158
EBITDA	**802**	**673**	**685**	**631**	**655**
Net Debt/EBITDA, times	**1.6**	**2.2**	**2.5**	**3.1**	**2.9**

Organic growth	2018	2017	2016	2015	2014
Change, net sales	1,084	393	260	586	480
Of which					
Organic	680	287	322	159	314
Acquisitions/divestments	57	3	8	275	2
Currency effects	347	103	–70	152	164

Interest coverage ratio	2018	2017	2016	2015	2014
Earnings before tax	531	467	445	431	386
Interest expenses	26	36	43	49	79
Total	**557**	**503**	**488**	**480**	**465**
Interest expenses	26	36	43	49	79
Interest coverage ratio, times	**21.4**	**14.1**	**11.4**	**9.7**	**5.9**

Operating profit before depreciation and amortisation – EBITDA	2018	2017	2016	2015	2014
Operating profit	547	492	483	469	467
Depreciation/amortisation and impairment losses	168	162	174	168	158
Operating profit before depreciation and amortisation – EBITDA	**715**	**654**	**657**	**637**	**625**
Net sales	9,326	8,242	7,849	7,589	7,003
EBITDA margin, %	**7.7**	**7.9**	**8.4**	**8.4**	**8.9**

Financial definitions

Key performance indicators defined according to IFRS

Earnings per share, SEK

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

Key performance indicators not defined according to IFRS

Number of shares

The weighted average number of shares outstanding at the end of the period plus any additional shares in accordance with IAS 33.

Return on shareholders' equity

Return on shareholders' equity comprises profit for the year attributable to parent company shareholders, expressed as a percentage of average shareholders' equity attributable to parent company shareholders.

Return on capital employed

Return on capital employed comprises the Group's earnings before tax after reversal of financial expenses expressed as a percentage of average capital employed.

EBITDA margin

EBITDA margin has been calculated as the profit before planned depreciation and before amortisation of the consolidated surplus value in intangible assets (EBITDA), expressed as a percentage of net sales.

Shareholders' equity per share,

Shareholders' equity attributable to parent company shareholders in relation to the number of shares outstanding at the end of the period.

One-off items and restructuring costs

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

Investments in intangible assets/tangible fixed assets

Investments in fixed assets excluding acquisitions and divestments of companies.

Adjusted operating margin

Adjusted operating profit expressed as a percentage of net sales.

Adjusted operating profit

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

Cash flow from operating activities per share, SEK

Cash flow from operating activities to number of outstanding shares.

Net Debt

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

Net Debt/equity ratio

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

Net Debt/EBITDA

Average Net Debt to EBITDA, excluding one-off items and restructuring costs, based on a rolling twelve-month calculation.

Sales abroad, %

Sales reported for each country to which products or services have been delivered, expressed as a percentage of net sales for the year.

Operating cash flow

Cash flow from operating activities excluding one-off items and restructuring costs as well as tax paid but including net investments in intangible assets and tangible fixed assets.

Organic growth

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

P/E ratio

Quoted price at year-end divided by the earnings per share.

Interest coverage ratio

Earnings before tax plus interest expenses to interest expenses.

Working capital

Working capital comprises stock, operating receivables and operating liabilities, and is obtained from the statement of financial position but adjusted where appropriate for items not affecting cash flow. The operating receivables consist of accounts receivable, other receivables as well as non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing non-current liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest bearing accrued expenses and deferred income.

Operating margin

Operating profit expressed as a percentage of net sales.

Operating profit

Profit before financial items and tax.

Operating profit before depreciation and amortisation – EBITDA

Profit before planned depreciation and amortisation.

Equity/asset ratio

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

Capital employed

Balance sheet total less non-interest bearing provisions and liabilities.

Profit margin

Earnings before tax expressed as a percentage of net sales.

Supplementary **sustainability information**

Lindab's sustainability work is firmly linked to the company's long-term value creation and its relationship with customers, employees and other stakeholders. Sustainability runs through all of Lindab's operations and details of the Group's sustainability work have therefore been included in the description of operations on pages 1–47. Lindab's sustainability management and in-depth information about the Group's key sustainability areas and impact are reported on the following pages.

Governance and organisation

Lindab has high ambitions to run a sustainable business from an economic, environmental and social perspective. This work is governed by a number of internal policies and guidelines, notably the company's Code of Conduct, environmental policy, working environment policy, equal opportunity policy and anti-corruption policy. Lindab's sustainability report has been prepared in accordance with GRI Standards. The contents of this are shown in the index on pages 114–116.

The CEO is ultimately responsible for Lindab's sustainability work. Lindab's CSR Manager is responsible for its implementation and is assisted by local quality and environmental managers around Europe. There is also cooperation with other functions in the Group such as HR, Purchasing, Manufacturing, Market and Legal as well as sales companies. Lindab's ongoing environmental work is governed by the Group's environmental policy. Direct responsibility for environmental issues rests with the local companies. At Group level, there is overall responsibility for development, coordination and monitoring of environmental and sustainability work.

Lindab's Code of Conduct

Lindab's Code of Conduct constitutes the basis for sustainability work within the Group. The document is based on the UN Convention on Human Rights and describes the principles of how employees must act in relation to other employees as well as shareholders, business contacts and other stakeholders in order to ensure that their conduct is always 'right, legal and fair'. The Code of Conduct is implemented throughout the organisation, is monitored on an ongoing basis and updated. Today the Code of Conduct covers occupational health and safety, anti-discrimination, social commitment and respect for employee and customer integrity issues. A special Code of Conduct for suppliers was launched in 2018 designed to address Lindab's requirements in terms of its suppliers' environmental and working conditions.

Human rights

Lindab has zero tolerance for any act against human rights. The risk of breaches in respect of factors such as repression, child labour and forced labour are assessed as low within the Group and no breaches were reported during the year. All employees have the right to form, be part of or refrain from being part of trade unions or other organisations which engage in collective bargaining. Lindab supports the UN Global Compact and is working towards Agenda 2030, the UN's 17 sustainable development goals. Lindab also abides by the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Principles and Standards for Multinational Enterprises, as well as the Rio declaration precautionary principle which means that Lindab undertakes to work in a preventative manner and to minimise risks in terms of the environment.

Sustainability targets

Since 2015, Lindab has worked on the basis of three long-term goals for sustainability work within the Group. Read more on page 11.

Attractive employer

With its focus on greater diversity and equal opportunity, Lindab will be one of the most attractive employers in the industry.

–30%

Lower carbon emissions

Carbon emissions measured as a percentage of sales will be reduced by at least 30 percent between 2017 and 2025.

Zero

Better working environment

Lindab has a strong focus on safety and has been working with a zero vision for accidents in the workplace since 2012.

Medlem i Svensk Ventilation Bransch i samverkan

Network membership

By taking part in various industry initiatives, Lindab contributes to sustainable development in the industry and promotes a stronger network in the markets where the company operates. Lindab is a member of:

Svensk Ventilation
Byggmaterialindustrierna
Swedish Institute of Steel Construction
Svensk Byggplåt
Eurovent Services Company (ESC)
Various sub-groups of Svensk Ventilation
TightVent Europe steering group

Key issues

Internal analyses of strategic issues, various driving forces in society and the findings from dialogue with stakeholders are used to define the most important sustainability issues for Lindab. The methods for defining the most important issues comply with GRI Standards guidelines and consist of identification, prioritisation and validation.

The work has led to 13 issues that Lindab has chosen to focus on particularly. These have been divided based on economic, environmental and social impact in line with the GRI Standards definition for reporting. This is important for a transparent, ongoing and long-term dialogue with stakeholders. Expectations and enquiries from suppliers, customers, employees, investors and society contribute to setting the agenda for the company's sustainability work. Prior to the issuance of the annual sustainability report, in-depth interviews were held with employees in the Group who are in contact with different types of stakeholders, such as customers, suppliers and shareholders. Based on these interviews, the report was supplemented with information about sustainable purchasing, the sustainability of steel and the contributions made by products to sustainable buildings.

Lindab's stakeholders

Lindab's key sustainability issues

Economic dimension
Financial stability
Anti-corruption
Anti-competitive behaviour
Environmental dimension
Materials used in production
Energy consumption
Greenhouse gas emissions
Effluents and waste
Supplier requirements
Environmental impacts of products and services
Social dimension
Employee health and safety
Diversity and equal opportunity
Product and service labelling
Customer health and safety

We are working towards the UN's global goals

THE GLOBAL GOALS
For Sustainable Development

In September 2015, Agenda 2030 was adopted by the UN. It comprises 17 goals intended to guide the world towards a peaceful and sustainable development by 2030 through global and local initiatives. Lindab works to contribute to all the goals, but has identified five goals where the company can make the biggest difference.

3 GOOD HEALTH AND WELL-BEING

Work on health and safety covers both safe and secure workplaces for Lindab's employees as well as leading solutions for an optimum indoor climate for various users.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Lindab's products and solutions have a strong focus on innovation to create added value for customers and end users while at the same time contribute to more efficient use of resources.

11 SUSTAINABLE CITIES AND COMMUNITIES

Lindab is a leading player in its industry and strives to offer products and solutions that are easy to use and at the forefront in terms of environment and quality.

13 CLIMATE ACTION

The environmental impact of the construction industry is substantial and Lindab is constantly seeking in its own operations and its offering to develop new solutions that increase energy efficiency and reduce carbon emissions.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Lindab must be a reliable and ethical partner and be committed to ensuring that both employees and partners observe the company's Code of Conduct and to preventing violations of competition laws and business ethics.

Sustainability data

Economic dimension

Since the company was established in 1959, Lindab's corporate culture has been based on values such as 'neatness and order' and 'down to earth' with a focus on building long-term business relationships based on uncomplicated, trustworthy conduct and an attitude of humility.

This corporate culture together with Lindab's Code of Conduct and various policies acts as firm support in the continuing work to develop and expand operations.

Anti-competitive behaviour

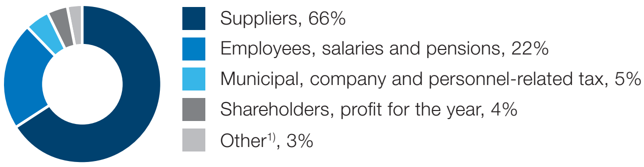
Unfortunately in the construction industry and in the various geographical markets where Lindab operates, there are some players whose conduct is not acceptable from a competition perspective. Lindab has a competition policy which is updated on an ongoing basis to ensure that all business in which the company is involved is characterised by anti-competitive behaviour. Conduct that breaches competition rules is unacceptable. The company's employees are informed and given ongoing training on the content of Lindab's policy to prevent breaches relating to competition.

Anti-corruption

Lindab has a strong focus on business ethics which is supported by the company's Code of Conduct. It includes an anti-corruption policy which is updated on an ongoing basis. This policy is the regulatory anti-corruption framework for Lindab's business and employees. The employees are informed and given ongoing training on the content of the Code of Conduct and a Corporate Governance Committee is responsible for ensuring the Code of Conduct is followed throughout the organisation. Lindab has zero tolerance for all kinds of unethical or corrupt behaviour and encourages employees to report any well-founded suspicions of irregularities or violations, for example via the company's whistle-blower function.

Created and distributed value

Lindab's sales revenue amounted to SEK 9,326 m (8,242) in 2018 and constituted sales of the company's products and services. The majority of this is divided between the company's stakeholders.

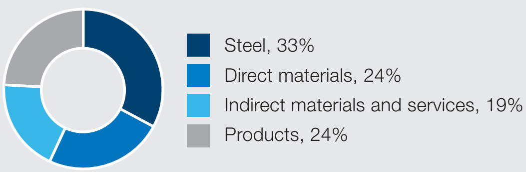


1) Other consists of items that cannot be considered attributable to individual stakeholders. This item consists mainly of depreciation/amortisation, exchange rate differences and profit from the disposal of assets.

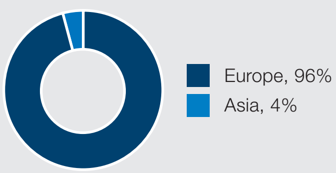
Sustainable purchasing

Lindab has long-term relationships with its suppliers and procedures for evaluating and monitoring suppliers from a sustainability perspective have gone from strength to strength. New suppliers are assessed using methods adapted to the particular situation, such as Supplier Assessment, where suppliers submit information which is then assessed by Lindab. Supplier Assessment covers issues relating to certification (ISO 9000 and ISO 14000), environment, social responsibility and human rights. Suppliers are also usually contractually bound to meet the requirements of Lindab's Code of Conduct. In 2018, efforts to monitor and assess existing suppliers were intensified, by increasing on-site visits for example. A code of conduct intended specifically for company suppliers has been developed and adopted during the year. Work is in progress on the next step towards improved monitoring which will be to introduce a process where suppliers are assessed from a risk perspective.

Share of purchasing, category



Percentage of steel purchases, region



Environmental dimension

Lindab engages in proactive and systematic environmental work and carries out several environment-related projects, amongst other things to increase energy efficiency and reduce scrap volumes. This initiative has contributed towards energy consumption and greenhouse gas emissions measured as a percentage of sales being reduced each year since 2014.

Lindab's ongoing environmental work is governed by the Group's environmental policy. Direct responsibility for environmental issues rests with the local companies. At Group level there is a central environmental function responsible for the development, coordination and monitoring of environmental work. The permits that are required for Lindab's operations are primarily industrial business permits. There were no breaches of permit terms and conditions or local environmental legislation in 2018. The risk of accidents that may have a negative impact on the environment is considered to be low. Lindab has ensured that account has been taken of environmental risks in connection with acquisitions or major changes for example. Compared with the previous sustainability report, one production unit has been added following the acquisition of Irish company, AC Manufacturing Ltd, in 2017.

Production

All of Lindab's large production units are certified under the ISO 9001 quality management system and the ISO 14001 environmental management system. Resources are added to develop products for optimising the function of the manufacturing process, economy and environmental impact. Lindab's modern production of sheet metal products has a relatively limited impact on the environment. Less emissions of dust, solvents from paint and metals in wastewater may occur, but there have been no unforeseen emissions during the year. Leakage checks are carried out on cooling/heating pump equipment to prevent leaks of ozone-depleting substances. No emissions have been recorded during the year.

Transport

Mixed loading and logistics planning reduces the impact of transport on the environment. Investment in a new distribution concept for Northern Europe strengthens such development and in parallel with increased fill rates will bring an even clearer effect. In other parts of Europe, transport by train and boat is increasing which contributes towards reducing the Group's total carbon emissions. The packaging that is used consists mainly of renewable material and is recycled. Lindab's lifecyle analyses show that transport represents a minimal part of the total impact of its products on climate. Environmental requirements are imposed on all central transport contracts. All Swedish company cars are hybrid vehicles and in other countries there are clear requirements for lower CO_2 emissions with the goal that hybrid vehicles will eventually be used in these countries too.

Consumption of raw material	2018	2017	2016
Sheet metal, tonnes	268,023	215,880	214,434
Oils, m^3	68	41	57
Paint, tonnes	474	420	408
Solvents, m^3	16	12.5	6
Rubber, tonnes	1,946	1,731	1,815

Waste & scrap metal	2018	2017	2016
Scrap sheet metal, tonnes	19,689	18,415	18,043
Hazardous waste, tonnes	615	846	657
Total other waste, tonnes	6,094	6,548	5,643
Recovery efficiency, %	88	89	89

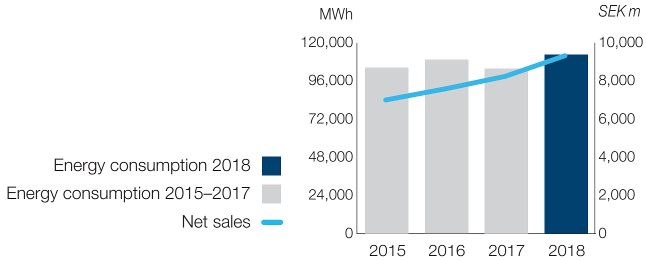
Greenhouse gas emissions	2018	2017	2016
Total, tonnes	71,532	64,921	68,411
Direct emissions, tonnes	11,215	9,298	10,907
Indirect emissions, tonnes	13,257	15,148	16,984
Other sources, tonnes	47,059	40,475	40,521

Consumption of packaging material	2018	2017	2016
Corrugated board, tonnes	3,227	3,233	3,029
Plastic, tonnes	1,251	1,171	1,214
Wood, tonnes	12,241	10,450	8,885

Energy	2018	2017	2016
Total, MWh	112,428	103,878	109,295
Direct energy, MWh	50,732	43,645	50,276
Indirect energy, MWh	61,697	60,233	59,018

1 MWh=0.0036 TJ

Energy consumption



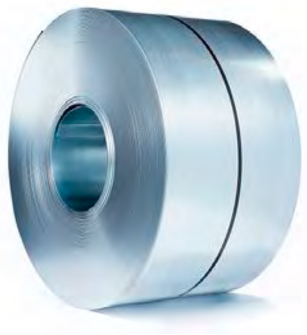
Although energy consumption increased in real terms in 2018 as a consequence of increased business activity, consumption per sale fell by 2.5 percent. Read more on page 11.

Effluents and waste

The waste products generated during production consist primarily of scrap metal. Scrap metal is 100 percent recycled and other waste is recycled up to 90 percent. Some incoming and leftover packaging material is recycled on site. Anything not used is sorted and disposed of in accordance with applicable regulations. Hazardous waste is dealt with by local waste management companies and there is no information that any hazardous waste has been exported.

Chemicals

Lindab uses chemicals in its production and is subject to EU chemicals legislation REACH. Lindab is defined as a downstream user since its operations neither manufacture nor export chemical products to the European market. Lindab's work in this area is mainly aimed at communication with suppliers and customers regarding REACH-related issues.



Steel

– a sustainable material

Steel and sheet metal are the predominant materials in Lindab's products. Steel is a strong material with a very long life compared with other building materials and a smaller amount of steel is used than wood or concrete to fulfil the same function. In addition, Lindab works with steel plants to produce even more sustainable materials in terms of both the environment and quality. As steel is an inorganic material that does not absorb liquid, no pesticides or other chemicals are required to counter pests, mould or rot when it is used as a building material. In principle, steel can be recycled and steel is currently one of the most recycled materials in the world. Of the steel that Lindab uses, around 20 percent comes from recycled sources and this is increasing all the time.

– Very long service life
– 100 percent recyclable
– Has a never-ending closed cycle
– Can be supplied in precise quantities

Lindab's products and solutions contribute to sustainable buildings.

Lindab is determined to simplify sustainable construction. An important part of this work is being transparent about what products contain so that customers are able to make sustainable choices. The company strives to ensure that all products are declared building products and works continuously to register products with among others Byggvarubedömningen and SundaHus where they are assessed, as well as to be compliant with BASTA, LEED, BREEA, Sweden Green Building Council, Produktkollen and Svanen. The products that are relevant or have demand on CE marking are CE marked. Lindab's circular air duct systems, Lindab Safe and Lindab Safe Click, are certified by Eurovent in the maximum air tightness class, class D, which is considered a clear quality stamp for Lindab's production and products. Airtight ventilation systems minimize leakage and consequently the risk of increased energy consumption in buildings. Buildings

CE

EUROVENT CERTIFIED PERFORMANCE
DUCT-MC
Identification number 17.11.002
www.eurovent-certification.com

erected using Lindab's sandwich panels and sheet metal joists will be airtight and energy-efficient. Several innovations were presented in 2018 which will contribute to lower energy consumption, such as the next generation of Lindab's unique unit for measuring air flow in ventilation systems, UltraLink, as well as SolarRoof, solar cells integrated into roofing solutions. The high quality and functionality of Lindab's products also contribute towards ensuring that the risk of negative impact on health and safety is low. No breaches were identified during the year with regard to the Group's provision of products or the impact of products on health and safety.

Social dimension

Lindab operates in 32 countries and is a major employer in many locations. Lindab's future is built on the Group being able to attract, develop and retain the right employees. The focus is a strong corporate culture, employee development and preventative health care.

Employee appraisal interviews are held regularly, and employee satisfaction surveys are carried out at regular intervals in the different countries. Formal appraisals are an important tool in the development of both employees and the organisation. Associated with these are competence mapping and succession planning which support the identification and development of potential replacements for key functions.

Competence development

The Lindab Academy training platform holds a library of e-learning courses and physical courses. During the performance appraisal interview employees and managers are encouraged to draw up an individual development plan, which may include courses from the platform. Completed courses are added to the employee's internal CV which facilitates internal recruitment and appointment of project roles, thereby increasing the employee's internal development opportunities.

Occupational health and safety

Lindab works actively on preventative health at individual, team and company level. Ergonomic resources and traditional health checks are offered to support a healthy and safe working environment. Lindab's working environment policy has a clear message on responsibility issues and that the key to a safe working environment is prevention. Lindab has a zero target for accidents at work and is committed to raising employee awareness of the importance of following procedures and minimising risks. Efficiency in terms of health and safety at work is measured using the international benchmark LTIF which indicates the number of accidents per million hours worked. LTIF is measured on an ongoing basis for each business and production unit which makes it easier to monitor improvement work and make comparisons. 96 accidents leading to at least eight hours' absence were reported in 2018, which was the same number as in the previous year.

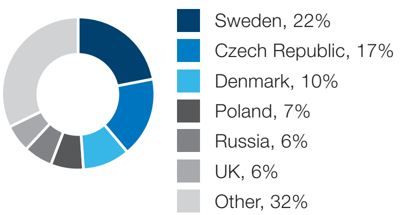
Diversity and equal opportunity

An inclusive workplace with an employee distribution that reflects the diversity in society with respect to gender, age, ethnicity and background, fosters creativity, innovation and utilisation of different competencies. Lindab has a zero tolerance policy for all forms of harassment and encourages employees to report incidents either to their line manager or our whistleblower function, which can be accessed via the intranet and guarantees full anonymity. The organisation's approach in this area is supported by Lindab's Code of Conduct. Diversity and equal opportunity are an important part of our efforts to make Lindab one of the most attractive employers in the industry, which will enable us to retain and recruit important talent.

Personnel data

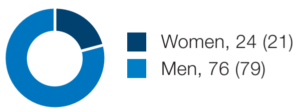
	2018	2017	2016
Average number of employees	5,126	5,143	5,134
LTIF	9.9	9.3	8.8

Geographical distribution of employees

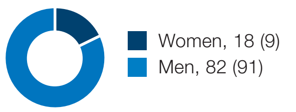


Gender balance,%

Total



GMT[1)]



Board of Directors

Comment: The total number of women at Lindab increased in 2018, but there is still a lot to do in terms of creating greater interest in the different types of professions both in Lindab and in the industry as a whole. The Board is unchanged and therefore also the ratio of women to men. The larger management team in Lindab from 2019 onwards includes eleven people, two of whom are women, and has members with a total of five nationalities.

1) New Global Management Team from 2019, includes EMT (Executive Management Team) and OMT (Operational Management Team) 2018.

GRI index

Key issues	Reporting indicators
Financial stability	201-1
Anti-corruption	205-1, 205-2, 205-3
Anti-competitive behaviour	206-1
Materials used in production	301-1, 301-2
Energy consumption	302-1, 302-2, 302-4
Greenhouse gas emissions	305-1, 305-2, 305-4
Effluents and waste	306-2
Supplier requirements	308-1, 308-2, 414-1, 414-2
Employee health and safety	403-2
Diversity and equal opportunity	405-1
Environmental impacts of products and services	416-2
Customer health and safety	416-2
Product and service labelling	417-1

About the Sustainability Report

Lindab reports on its sustainability work annually as part of this Annual Report. The Global Reporting Initiative (GRI) guidelines for reporting of sustainability information have been applied since 2009. The annual Sustainability Report, which relates to the calendar year 2018, has been prepared in accordance with GRI Standards (Core). The overview on the left lists the GRI indicators which are applied to reflect the issues that are considered to be most important for Lindab and are described on page 109. References in the attached GRI index relate to pages in the Annual Report and clarifications are provided for certain indicators. The report has not been reviewed by a third party. The last report was published on 27 March 2018. Contact person: Group HR/CSR Manager Paula Terne, paula.terne@lindab.com

GRI standard	Disclosures	Page reference	Comment
GRI 101:	**FOUNDATION 2016**		
GRI 102:	**GENERAL DISCLOSURES 2016**		
Organisation profile			
102-1	Name of organisation	49	
102-2	Activities, trademarks, products and services	12–13, 49	
102-3	Location of head office	49	
102-4	Location of operations	49, 99	
102-5	Ownership and company form	34–35	
102-6	Markets in which the organisation operates	28–31	
102-7	Size of the organisation	49, 57–61	
102-8	Information about all categories of employees	80, 113	Employees per employment type and service grade are not reported due to technical limitations in terms of collecting information.
102-9	Supplier chain	110	
102-10	Important changes to the organisation and supplier chain	-	
102-11	Precautionary principle	108	
102-12	External sustainability initiative which the organisation supports/is covered by	108	
102-13	Membership of organisations	108	
Strategy			
102-14	Statement from the CEO	6–8	
Ethics and integrity			
102-16	Values, principles, standards and ethical guidelines	41, 108, 110	
Governance			
102-18	Corporate governance	36–47	
Stakeholder dialogue			
102-40	List of stakeholder groups	109	
102-41	Collective agreements		Lindab operates in countries where collective agreements are not permitted. Just over 45 percent of Lindab's employees have collective agreements of which all employees in the Nordic countries.
102-42	Identification and selection of stakeholders	109	
102-43	Procedures for stakeholder dialogue	109	
102-44	Key issues raised in stakeholder dialogue	109	
About reporting			
102-45	Units included in financial reporting	99	
102-46	Process for defining the content of reports and boundaries of sustainability areas	109, 114	
102-47	List of key issues	109	
102-48	Adjustments of information given previously	-	
102-49	Changes to reports	109, 111, 114	
102-50	Reporting period	114	
102-51	Date of publication of last report	114	
102-52	Reporting cycle	114	
102-53	Contact person for reports	114	
102-54	Reporting in accordance with GRI Standards	114	
102-55	GRI index	114–116	
102-56	External corroboration	114	

Key areas

ECONOMIC STANDARDS			
Economic performance			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	18–21, 109	
GRI 201: Economic Performance 2016			
201-1	Created and delivered direct economic value	18–21, 110	
Anti-corruption			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	46–47, 109–110	
GRI 205 Anti-corruption 2016			
205-1	Operations which are risk assessed in terms of corruption	110	
205-2	Communication of and training in anti-corruption policies and procedures	110	
205-3	Confirmed cases of corruption and action taken	110	No case of corruption was confirmed during the year.
Competition			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	41, 109	
GRI 206: Anti-competitive Behavior 2016			
206-1	Number of legal actions relating to anti-competitive conduct and conduct promoting a monopoly, and outcome	110	Lindab has not needed to take any legal action in relation to anti-competitive conduct/action promoting a monopoly.
ENVIRONMENTAL STANDARDS			
Material			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108, 111	
GRI 301: Materials 2016			
301-1	Use of materials	111	
301-2	Percentage of recycled material	111	
Energy			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108, 111	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	111	
302-2	Intensity of energy consumption	111	
302-4	Reduction of energy consumption	11–13, 111–112	
Emissions			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	11, 108, 111	
GRI 305: Emissions 2016			
305-1	Direct greenhouse gas emissions (Scope 1)	111	
305-2	Indirect greenhouse gas emissions (Scope 2)	111	
305-4	Intensity of greenhouse gas emissions	111	
Waste and effluents			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108, 112	
GRI 306: Effluents and Waste 2016			
306-2	Volume of waste per type and management method	111–112	
Supplier environmental assessment			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108–110	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers analysed with the help of environmental criteria	110	
308-2	Negative environmental impact in the supplier chain and action taken	110	Lindab has not had any incidents in the supplier chain involving environmental conditions that led to action.
SOCIAL STANDARDS			
Health and safety in the workplace			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	113	
GRI 403: Occupational Health and Safety 2016			
403-2	Occupational injuries, frequency of accidents, illness, lost working days, sick leave and fatal accidents	113	Sick leave is not reported due to technical limitations in terms of collecting information.
Diversity and equal opportunity			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	41, 113	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity in governing bodies and among employees	80, 113	

Supplier social assessment			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108, 110	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers which are checked in terms of social impact	110	
414-2	Negative social impact in the supplier chain and action taken	110	Lindab has not had any incidents in the supplier chain involving working conditions that led to action.
Customer health and safety			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108	
GRI 416: Customer health and safety 2016			
416-2	Compliance of products and services' impact on health and safety	112	
Marketing and labelling			
GRI 103: Management Approach 2016			
103-1-3	Description of key area, its boundaries and governance	108	
GRI 417: Marketing and labelling			
417-1	Requirements for product and service information and labelling	112	The product information required in accordance with the company's product labelling procedures for each product is available on lindab.com.

Page index Lindab's Sustainability Report in accordance with Annual Accounts Act (1995:1554)

Subject	Policy (incl. matters for review)	Policy result	Risks and risk management	Result indicators
Environmental issues	41, 111	111–112	53	11, 111
Employees	41, 113	113	53	11, 113
Social conditions	41, 113	113	53	11, 113
Human rights	108	108–109	52	108
Anti-corruption	41, 110	110	53	110

For a description of Lindab's business model, see pages 18–19.

Glossary

BASTA
BASTA is a self-declaration system where suppliers and manufacturers of building and construction products register products that meet the requirements according to BASTA or BETA criteria concerning substances with hazardous properties. The quality of the information in the system is ensured by undertaking regular third party audits of the suppliers and manufacturers.

BIM
BIM is short for Building Information Modeling. A BIM model is a virtual model of real buildings. All information from a building's life cycle is collected and organised in the model.

BREEAM (BRE Environmental Assessment Method)
BREEAM is a voluntary environmental certification system and is the most widespread international system in Europe. Certification focuses on buildings whose environmental performance is considered to be within a number of different areas.

CEE
Central and Eastern Europe.

CIS
Commonwealth of Independent States (former Soviet Republics).

Euroconstruct
Euroconstruct is a European network with a focus on the building and construction market. The network covers 19 countries, each represented by a carefully selected organisation, research firm or institution. The reports published by the network review the conditions on the European construction market with regard to new construction and renovation of both residential and commercial property in the coming years.

Eurovent
The Eurovent Association is Europe's industry association for indoor climate, process cooling and food cold chain technologies. The association is responsible for developing and offering third-party certification of ventilation and cooling products, among other things.

Branches
Local warehouse, shop, sales office and competence centre for Lindab's products, systems and solutions.

Renewable energy
Examples of renewable energy are hydropower, wind power, solar energy and bioenergy.

Global Reporting Initiative (GRI)
International sustainability reporting guidelines.

Sustainable development
Usually defined as "a society that meets today's needs without compromising the ability of future generations to meet their own needs". This definition comes from the World Commission on Environment and Development, formally known as the Brundtland Commission.

Key Accounts
Large customers with which Lindab has a strategic collaboration to create long-term partnerships.

Quality management system
A system to ensure the quality of the company's products and services, including its organisational structure, responsibilities and activities. Certified according to ISO 9001.

Lean
A philosophy related to the way in which resources are managed. Its purpose is to identify and eliminate all factors in a production process that do not create value for the end customer.

LEED (Leadership in Energy and Environmental Design)
LEED is a voluntary environmental certification system and is the most widespread international system in America. Certification focuses on reduced use of resources such as land, water, energy and building materials.

LTIF (Lost Time Injury Frequency)
An international measure that indicates the number of accidents per million hours worked.

Environmental management system
A system that streamlines and organises environmental work with the aim of making continuous improvements. Certified according to ISO 14001.

Annual **General Meeting**

Annual General Meeting
The Annual General Meeting for Lindab International AB (publ) will be held on 8 May 2019 at 15.00 at Norrviken, Båstad, in the Municipality of Båstad, Sweden.

Registration
Shareholders wishing to attend the Annual General Meeting must be registered in the register of shareholders maintained by Euroclear Sweden AB no later than 2 May 2019, and must notify Lindab International AB (publ) of their intention to attend the meeting no later than 14.00 on 2 May 2019.

Please register using one of the following methods:
– via the website: www.lindabgroup.com
– by telephone: +46 (0)431 850 00 or
– by post: Lindab International AB (publ), 'Annual General Meeting', 269 82 Båstad, Sweden.

In order to attend the meeting and exercise their voting rights, shareholders who have nominee-registered shares through a bank or other nominee must request temporary registration in their own name in the share register maintained by Euroclear Sweden AB. Such registration must be completed at Euroclear Sweden AB no later than 2 May 2019. Shareholders must notify their bank or other trustee well in advance of this date. The notification must include the shareholder's name, personal or corporate identification number, shareholding, address, telephone number and, where applicable, information regarding assistants and proxies.

Shareholders who wish to be represented by a proxy at the meeting must issue a written, dated power of attorney for such proxy. A proxy form is available on the company's website www.lindabgroup.com. A power of attorney issued by a legal entity must be accompanied by a copy of the certificate of registration for such legal entity. To facilitate admission to the meeting, the original power of attorney and authorisation documents must reach the company no later than 2 May 2019.

Reports
Digital reports can be downloaded from our website www.lindabgroup.com.

Nomination Committee
The Nomination Committee proposes the election of Board members, auditors, the Chairman of the Annual General Meeting, Board fees and the composition of the Nomination Committee prior to the 2019 Annual General Meeting.

Prior to the 2019 Annual General Meeting, the Nomination Committee consists of:
– Sven Hagströmer, representative for Creades AB (Chairman)
– Per Colléen, representative for Fjärde AP-fonden
– Göran Espelund, representative for Lannebo Fonder
– Peter Nilsson, Chairman of Lindab International AB (publ)

Financial statements for the financial year 2019

Interim Report January–March, Q1	8 May 2019
Interim Report January–June, Q2	18 July 2019
Interim Report January–September, Q3	24 October 2019
Q4 and Year-End Report	February 2020
Annual Report 2019	March 2020

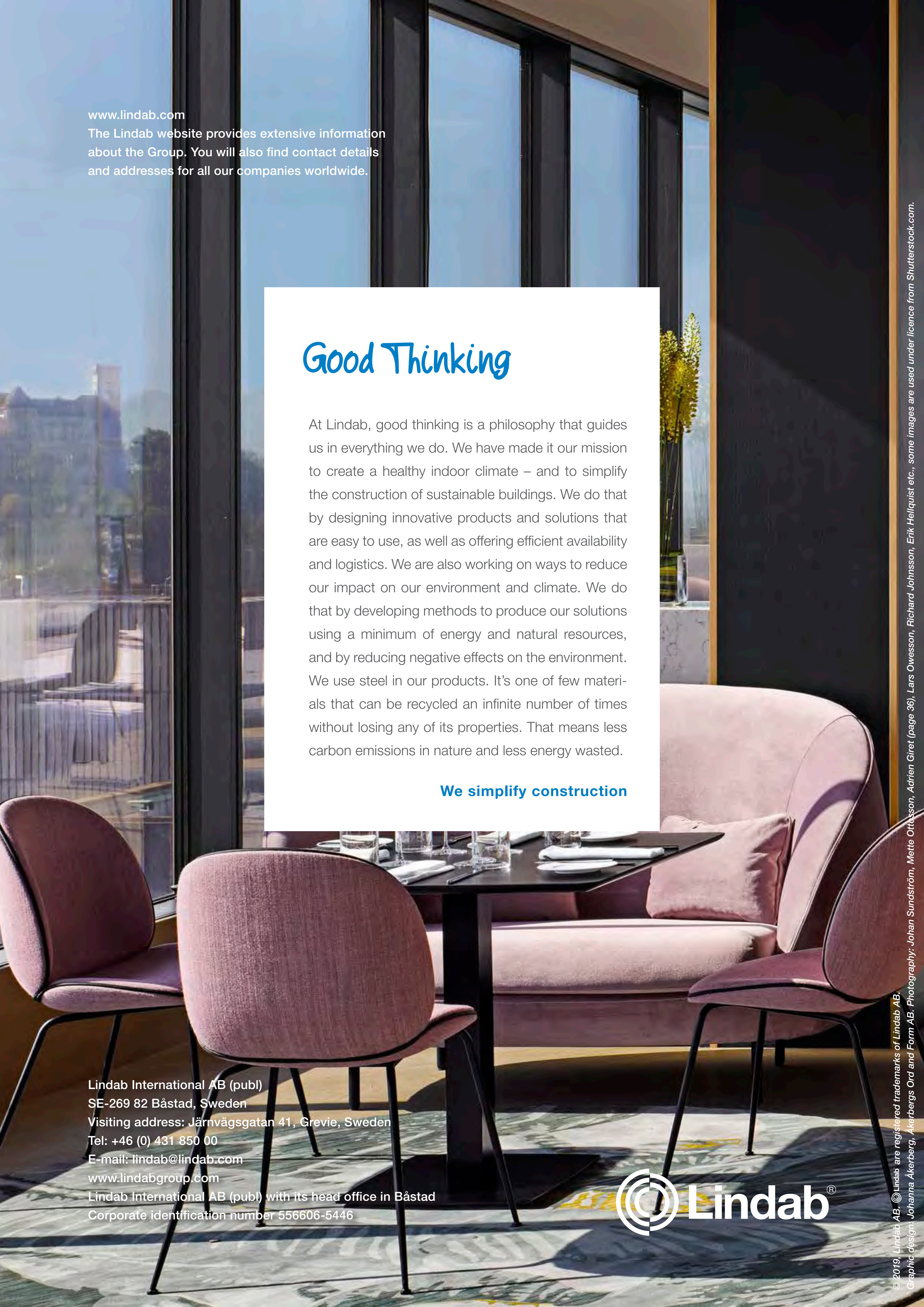
60 YEARS
1959-2019

A company built on a sustainable idea

More than 60 years have passed since AB Lidhults Plåtindustri was registered as a company in February 1959 in Grevie on Bjäre Peninsula where Lindab's head office is located today. Operations had already been started several years earlier by partners Lage Lindh and Valter Persson in a small sheet metal workshop in Lidhult. The initial product offering consisted of aluminium strips and window sills produced by recognised skilled employees in the field of metal processing. The offering was subsequently expanded to include sheet metal ventilation ducts. The product range was gradually widened to include complete system solutions for the construction and ventilation industries and operations expanded to markets across the whole of Europe. Steel as the starting material has been the common denominator over the years and efforts to simplify construction are still as they have always been.

"I travelled the length and breadth of the country to sell aluminium strips to timber merchants. Went straight to warehouses and talked to warehouse managers. After all, they were the ones who would sell the strips."

Lage Lindh (1929–2018)



www.lindab.com
The Lindab website provides extensive information about the Group. You will also find contact details and addresses for all our companies worldwide.

Good Thinking

At Lindab, good thinking is a philosophy that guides us in everything we do. We have made it our mission to create a healthy indoor climate – and to simplify the construction of sustainable buildings. We do that by designing innovative products and solutions that are easy to use, as well as offering efficient availability and logistics. We are also working on ways to reduce our impact on our environment and climate. We do that by developing methods to produce our solutions using a minimum of energy and natural resources, and by reducing negative effects on the environment. We use steel in our products. It's one of few materials that can be recycled an infinite number of times without losing any of its properties. That means less carbon emissions in nature and less energy wasted.

We simplify construction

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Lindab®

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