

# Year-end report for 1999

(All values in SEK M unless otherwise stated)

- Volume growth by 10 percent
- Profit after financial items increased by 6 percent to 301 (285)
- Continued positive development in profit in final quarter, 13 percent
- Dividend proposed to increase by 50 percent to SEK 3.00 per share (2.00)
- CADvent, our new IT tool, received with approbation by the market

## Market and sales

Due to the fact that Lindab is represented on a large number of markets, any risk of influence by an individual market is limited.

The Ventilation business area has experienced a stable and rising demand steered by the ever increasing consciousness of the importance of indoor climate from the health aspect. Lindab's endeavour is to become a total supplier of duct systems.

The profit development of the Profile business area is influenced, to a great extent, by the situation of the construction industry and changes in prices of raw materials.

During the year the market conditions have been changeable. On the important Swedish market demands increased towards the end of the year. Within the other Nordic markets the picture is somewhat divided, with increased volumes in Denmark and Finland but with a declining demand in Norway at the beginning of the year.

In the rest of the European Union turnover was affected by the acquisitions made and we can see good market developments being made in France and Germany.

At the beginning of the year demands in Eastern Europe were affected negatively by the unsettled situation in ex-Yugoslavia. The negative development in Eastern European sales during the final quarter of the year can be referred to changes in the exchange rates.

The North American market continued to grow by 38 percent during 1999. The last quarter has been aimed at the restructure of the acquired companies and making them more effective. The powerful increase in sales on the other markets can be explained by the acquisition of Bartholet, a Swiss company.

In 1999 consolidated sales amounted to 3,569 (3,330); an increase of 7 percent. Discounting the companies acquired during the course of the year, sales increased by 3 percent. 10 percentage units of the growth of sales comprised volume increases. Lower net sales prices are estimated as 1 percentage. Changes in exchange rates have had a negative influence on sales by 2 percentage points.

Products manufactured within the Group represented 85 percent (85) of the sales value. Sales abroad increased by 9 percent and amounted to 2,717 (2,500), which represented 76 percent (75) of consolidated sales.

## Profit

The operating profit increased by 5 percent to 323 (307). The operating margin was 9.1 percent (9.2).

During the year depreciation increased by 18 to 142 (124). This can be explained by the high level of capital expenditure during recent years. Administrative costs increased by 16 percent to 279 (240). The increase is explained by the company acquisitions and the change-over to 2000.

Net interest amounted to 22 and remained unchanged when compared with the preceding year. The average interest rate was 4.5 percent (5.3).

The profit after financial items amounted to 301 (285), an increase of 6 percent. The taxation costs for the year amounted to 90 (79), which represented a tax rate of 30 percent (28). The lower rate of taxation in 1998 was due to a deficit deduction referable to Lindab Inc. in the United States. The net profit amounted to 211 (206).

The positive developments in profit shown in the third quarter continued during the final months of the year. The profit, after financial items, of the fourth quarter improved by 13 percent to 106 (94). During the period sales rose by 6 percent and amounted to 957 (904).

## Sales, by market

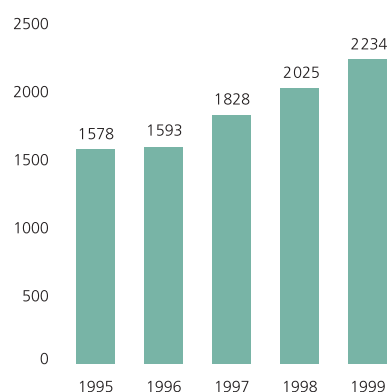
	Oct-Dec			Jan-Dec		
	1999	1998	Change in percent	1999	1998	Change in percent
Sweden	232	215	8	852	830	3
Other Nordic countries	277	276	-	1,095	1,071	2
EU, except Nordic members	229	202	13	921	800	15
Eastern Europe	138	151	-9	455	456	-
USA	42	45	-7	168	122	38
Other markets	39	15	160	78	51	53
<b>Total</b>	<b>957</b>	<b>904</b>	<b>6</b>	<b>3,569</b>	<b>3,330</b>	<b>7</b>

	1997	1998	1999
Sales	1,828	2,025	2,234
Operating profit	179	202	204
Operating margin, percent	9.8	10.0	9.1
Return on capital employed, percent	21	20	17
Investment in fixed assets (gross)	157	152	154
Employees - average	1,578	1,861	2,052
of which in Sweden	597	614	610

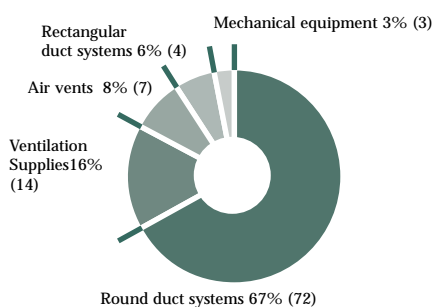
## Ventilation Business Area

During the year operations have been aimed at establishing Ventilation on new markets, partly by company acquisitions and partly by organic growth. Sales rose by 10 percent to 2,234 (2,025) and the operating profit amounted to 204 (202).

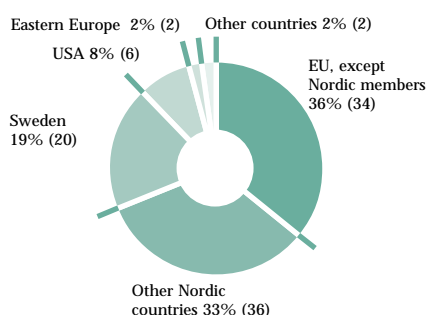
### Sales



### Sales, by product group



### Sales, by market



### Products

Today Lindab has a strong position inside Northern Europe and USA with regard to sheet-metal circular duct systems. Other products catered for by the Ventilation business area include ventilation accessories such as silencers, diffusers and grilles, rectangular duct systems, ventilation supplies and machines.

### The markets

To an ever increasing extent the development of the business area is governed by human requirements regarding residential climate and working environment as well as by indoor air of the right quality with regard to humidity, particles and carbon-dioxide content.

Development has been positive in the majority of markets. Sales increases have been observed in Sweden and Denmark. The Norwegian market has improved again after a decline during the first half of the year. Sales in the fiercely competitive Finnish market have remained unchanged.

In France the market has started to grow again after a period of stagnation. As far as Germany is concerned an upswing in the market has been noted and the acquisition of the Junkes' operation with its production of rectangular ducts means that Lindab has become a comprehensive supplier in the German market.

With regard to the Eastern European market, during the year Lindab has introduced the Ventilation business area to Hungary and Poland. Furthermore Lindab has established a new product unit in Hungary to meet the increased demand. This unit is to cater for bulky duct components and to complement the existing production unit in the Czech Republic.

In the United States, where Lindab is represented from Mississippi eastwards, growth during 1999 has remained good; but operations during the latter part of the year have been aimed at consolidation to thus create a platform for contin-

ued growth. Production units exist in Portsmouth, Virginia and Tampa, Florida as well as in Skokie and Sibley, Illinois.

### Future prospects

Sheet-metal prices started to rise in 1999 and are expected to continue to do so during 2000. The increasing raw-material prices will have to be compensated by price increases and rationalisation.

The market for ventilation systems is increasing and, at the same time, a transition is taking place from rectangular to round duct systems.

Continued positive sales developments are expected in the Nordic markets. The market in Sweden will improve successively. However, it is expected that the tough competition in Finland will continue to prevail.

The upswing in the German market is expected to continue during 2000 and the usage of LindabSafe products, with double rubber seals, will increase. Increased knowledge regarding the housekeeping of energy in France and Belgium has led to engineers and consultants specifying ventilation systems equipped with rubber seals to an ever increasing extent.

In Great Britain too endeavours to market ventilation systems with rubber seals have borne fruit. Demands for these products are ever increasing.

When it regards Eastern Europe the business area has now been introduced in the Czech Republic, Hungary and Poland, which will result in increased volumes.

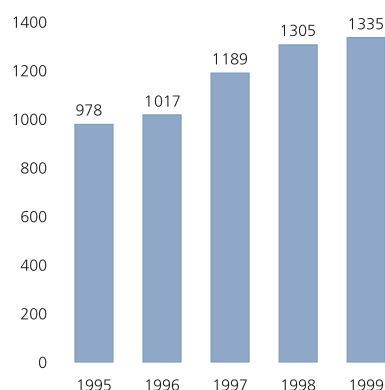
In the United States structural changes are taking place in the ventilation trade. The great number of small installation companies, with their own production units, is declining and we are looking forward to a successive transition to the use of prefabricated products. A continued transition from rectangular to round duct systems is also taking place. Within the next five-year period it is anticipated that the share of round duct systems in the USA will increase from the prevailing 15 percent to 25 percent.

	1997	1998	1999
Sales	1,189	1,305	1,335
Operating profit	111	105	119
Operating margin, percent	9.3	8.0	8.9
Return on capital employed, percent	23	19	19
Investment in fixed assets (gross)	109	80	128
Employees - average	747	794	877
of which in Sweden	390	402	393

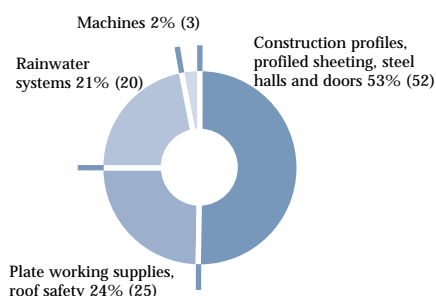
## Profile Business Area

The operating profit of the business area improved by 13 percent and amounted to 119 (105). This is primarily due to a continued good sale of rainwater systems and lower sheet-metal prices; which stimulated profitability.

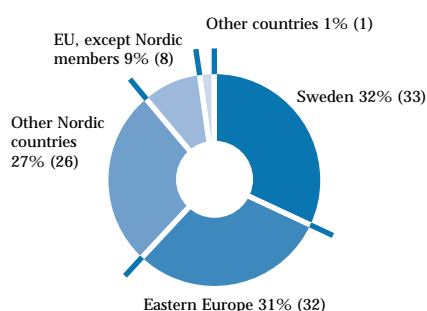
### Sales



### Sales, by product group



### Sales, by market



### Products

Lindab has a leading position with regard to the majority of the product areas within which the business area operates. The major product areas comprise rainwater systems, light-weight construction systems, steel halls, construction sheeting and doors.

### The markets

The sales of the products take place through various channels of distribution. We have sales branches of our own throughout Sweden and Norway. In Denmark, Eastern Europe and Germany the products are mainly sold through the building materials trade and the dealer networks that have been established.

What is now the Profile business area is what Lindab was all about in the very beginning. During the years the business area has expanded from Sweden to the other Nordic countries and then, in the course of the nineties, we moved into Eastern Europe. Focus on sales has moved from sales of individual products to the marketing of system solutions.

The rapid decline in the Swedish construction sector during the greater part of the nineties has been replaced by a minor upswing, which is expected to continue through the year 2000.

As far as the other Nordic countries are concerned rapid growth could be observed in Denmark during 1999, primarily within the rainwater systems product area. In the Norwegian market the erection of new buildings has been replaced by the refurbishment of existing ones. In spite of a weak market situation sales have increased.

Sales in Germany, which apart from the Nordic markets is our largest market within the EU, have remained unchanged during the course of the year.

At present Eastern Europe represents about a third of the Profile business area's turnover. The most important market, from the turnover point of view, is Hungary; which also forms the platform for expansion eastwards towards new geo-

graphical markets. Poland also comprises a major potential; for which reason a well-established marketing organisation and a well-functioning production unit have been built up. However a tough competitive situation prevails. Romania has experienced a turbulent currency situation with major devaluations. Together with rapid inflation, this has created a difficult market situation. In spite of these afflictions volumes have remained the same. During 1999 the Czech economy has had serious macro-economic problems, which have resulted in a declining demand for Lindab products.

### Future prospects

The sales of the business area are partly dependent on the state of the construction market, but they are also influenced by the introduction of new products and the marketing of new construction technology, such as light-weight construction technique, and the gaining of a positive response. The possibilities of increasing sales volumes during 2000 are regarded as good. In Sweden new construction work is expected to increase by 4 - 5 percent during the course of the year at the same time as steady growth is anticipated in the refurbishment sector. A continued good demand is expected in the Danish market during 2000. In Norway a broader launch of new products and a stronger organisation will provide increased volumes.

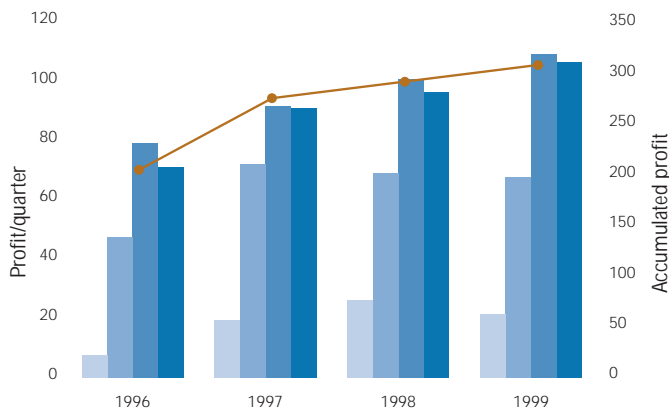
The introduction of the newly-developed door programme, the Topline Handy roofing programme and rainwater products to the new customer segment in Germany, should provide increased volumes during the coming years.

Eastern Europe provides a potential for continued good developments for rainwater systems as well as for light-weight construction technology and steel halls. The production of rainwater systems will be started up in Poland and a new production and marketing unit is under completion in Croatia; which will contribute towards increased sales.

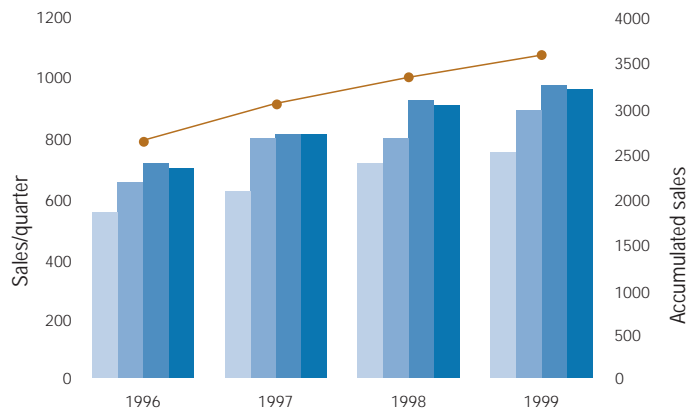
## Consolidated income statement

	1997	1998	1999
<b>Sales revenue</b>	3,017	3,330	<b>3,569</b>
Cost of goods sold	-2,159	-2,415	<b>-2,586</b>
<b>Gross profit</b>	858	915	<b>983</b>
Selling expenses	-315	-351	<b>-366</b>
Administrative expenses	-234	-240	<b>-279</b>
Research and development costs	-23	-23	<b>-22</b>
Other operating income	11	10	<b>18</b>
Other operating expenses	-7	-4	<b>-11</b>
<b>Operating profit</b>	290	307	<b>323</b>
Interest income	13	10	<b>7</b>
Interest expenses	-33	-34	<b>-32</b>
Other financial income and expenses	-1	2	<b>3</b>
<b>Profit after financial items</b>	269	285	<b>301</b>
Tax on the year's profit	-89	-79	<b>-90</b>
<b>Net profit</b>	180	206	<b>211</b>

Profit after financial items, per quarter – 12 months rolling



Sales per quarter – 12 months rolling



## Summarised consolidated balance sheet

	1997-12-31	1998-12-31	1999-12-31
<b>Assets</b>			
Intangible assets	118	112	<b>105</b>
Tangible assets	803	964	<b>1,139</b>
Financial assets	28	44	<b>41</b>
Stock	494	661	<b>585</b>
Accounts receivable	411	429	<b>494</b>
Other receivables	63	62	<b>68</b>
Cash and bank	199	149	<b>152</b>
<b>Total assets</b>	2,116	2,421	<b>2,584</b>
<b>Equity and liabilities</b>			
Equity	940	1,134	<b>1,256</b>
Provisions	146	176	<b>175</b>
Long-term liabilities	459	593	<b>621</b>
Current liabilities	571	518	<b>532</b>
<b>Total equity and liabilities</b>	2,116	2,421	<b>2,584</b>

## Key figures

	1997	1998	1999
Profit per share, SEK	7.52	8.60	<b>8.80</b>
Cash flow per share, SEK <sup>1)</sup>	13.54	3.17	<b>16.75</b>
Equity per share, SEK	39.15	47.23	<b>52.35</b>
Return on capital employed, percent	22	20	<b>18</b>
Return on average equity after taxes, percent	21	20	<b>18</b>
Equity/assets ratio, percent	44	47	<b>49</b>

1) Cash flow before capital expenditure according to the cash-flow statement divided by the number of shares.

### Net liability and cash flow

The consolidated net liability – the difference between interest-bearing liabilities and liquid funds – amounted to 524 (521), of which 47 (42) was allocated to pensions. The interest-bearing liabilities increased by 6 to 676 (670).

During the course of the year the net cash flow was –3 (-215). The consolidated liquid funds amounted to 152 (149). Liquid funds, including unutilised

overdraft facilities, amounted to 998 (730), of which 693 (394) pertained to the parent company.

The raw-material stock has been reduced during the course of the year, which has had a positive influence on the cash flow.

The year's capital expenditure, including company acquisitions, amounted to net 354 (244); this can be compared with depreciation, which amounted to 142 (124).

### Equity

The consolidated equity increased to 1,256 (1,134). The equity/assets ratio amounted to 49 (47) percent.

Equity, 1 Jan 1999	1,134
Profit of the year	211
Dividend	-48
Conversion differences	-41
Equity, 31 Dec 1999	<u>1,256</u>

### Cash flow statement

	1997	1998	1999
<b>Current operations</b>			
Operating profit	290	307	<b>323</b>
Depreciation	116	124	<b>142</b>
	406	431	<b>465</b>
Interest received	13	12	<b>10</b>
Interest paid and other financial items	-34	-34	<b>-32</b>
Tax paid	-82	-75	<b>-88</b>
<b>Cash flow from current operations before change in working capital</b>	303	334	<b>355</b>
Change in working capital			
Increase(-)/decrease(+) in stock	-34	-167	<b>76</b>
Increase(-) in receivables	-86	-33	<b>-68</b>
Increase(+)/decrease(-) in operating liabilities	142	-58	<b>39</b>
<b>Cash flow before capital expenditure</b>	325	76	<b>402</b>
Capital expenditure			
Goodwill	8	-14	<b>-17</b>
Shares, participations, net	-4	-	<b>-</b>
Property, machines, equipment and patent rights	-266	-232	<b>-282</b>
Changes in composition of Group	-12	-18	<b>-55</b>
Sales of assets	47	20	<b>-</b>
<b>Cash flow after capital expenditure</b>	98	-168	<b>48</b>
Dividend	-30	-36	<b>-48</b>
Other items	-11	-11	<b>-3</b>
<b>Net from year's operations</b>	57	-215	<b>-3</b>
Change in interest-bearing liabilities	-81	165	<b>6</b>
<b>Change in liquid funds</b>	-24	-50	<b>3</b>



## Capital expenditure

The rate of investment remained high in 1999. Over and above assets obtained through company acquisitions gross capital expenditure amounted to 282 (232). 172 (148) was invested in machines and equipment and 110 (84) in property.

Furthermore the companies acquired during the year increased consolidated goodwill by 17 (14). Through the acquisition of companies fixed assets to a value of 55 (-2) have been procured. The year's major capital expenditure comprises the construction and extension of units in Norway, Hungary, Sweden and Denmark.

## Company acquisitions/disposals

During the course of 1999 Lindab has acquired six companies and disposed of one. The aim of the majority of purchases has been to open up new markets and to reinforce our presence in the local markets. All of the acquisitions have been within the Ventilation business area.

In January we acquired the Belgian company L.B.M. N.V. This company manufactures and markets ventilation systems in Belgium. The acquisition contributes towards increased sales of the Group's duct systems throughout the country.

Lindab Inc. took over E. H. Gustafson & Co. of Chicago in February. Through this acquisition Lindab got access to the important Chicago market and at the same time production volumes were added to those of the existing plant in Portsmouth. The company manufactures round and flat-oval ducts as well as pressed components.

In May Lindab Ltd. acquired two British companies, Fans & Grilles Ltd. and Excelsior Airconditioning Ltd. These acquisitions have strengthened Lindab Ltd's distribution network in Great Britain at the same time as providing the company with the production of air distribution accessories and flexible tubing, which will complement Lindab's existing product range in Great Britain.

In the beginning of July we acquired the German ventilation company of Junkes' operation in Weimar, Thüringen. The company will be marketing Lindab's total ventilation programme in Thüringen and Sachsen Anhalt as well as producing rectangular duct systems. In the last quarter of the year one operation was acquired and another disposed of. In the

beginning of October the Bartholet A.G. operation in Wetzikon, Zürich, Switzerland was acquired. Bartholet manufactures and sells round and flat-oval duct systems.

At the end of the year an agreement was reached regarding the sale of the Finnish machine manufacturer Samesor SMT Int. Oy. The purchasers are the company management. The reason for the sale was that Lindab's share of the manufactured volumes declined and thus Samesor was no longer regarded as a strategic operation.

## SPP funds

According to a notification from SPP Lindab's share in the SPP over consolidation represents about 20. These funds have not affected the 1999 close of books.

## Personnel

In 1999 the average number of employees amounted to 2,929 (2,655), of which 1,003 (1,016) were employed in Sweden. The number of people employed at the end of the year amounted to 3,004 (2,720). Adjusted for acquisitions and disposals this is an increase of 58 employees compared with December 1998.

The profit bonus to employees amounted to 10 (11), of which 7 (6) pertained to people at Swedish Group companies.

## New millennium

The transition to 2000 did not cause any computer problems within the Lindab Group.

A comprehensive examination of the data processing procedures for production and administration was made. The project encompassed all companies within the Group and did not just cover the solution of problems that pertained to the transition of the new millennium, but also covered a major run through of computer systems and the creation of improved documentation; which will provide enormous benefits in conjunction with future projects.

## Share data

The profit per share, after full taxes, was SEK 8.80; compared with the SEK 8.60 of the previous year. Equity per share amounted to SEK 52.35 (47.23). The Stock Exchange rate at the end of the year was SEK 98.00 (84.00). The number of shares amounted to 24,000,000.

## Proposed dividend

The Board and Managing Director propose that the dividend for 1999 shall be SEK 3.00 per share (2.00); an increase of 50 percent. At the same time the dividend policy shall be changed from 20 percent of the net profit to 25 percent. Altogether the dividend amounts to 72 (48). The reconciliation date to be entitled to a dividend is proposed as Wednesday, 3 May 2000. The dividend will be distributed through the auspices of the Swedish Securities Centre (VPC) on Monday, 8 May 2000.

## Acquisition of own shares

The Board of Directors of Lindab has decided to propose at the next Annual General Meeting that the Board is given the authority to determine the buy-back of our own shares. Such authority would mean that the Board is given the possibility, up unto the following Annual General Meeting, to decide upon and utilise the authority to buy back the shares. The Board's proposal applies provided that the proposed legislation regarding the buy-back of the shares becomes valid as advised.

## Outlook for 2000

Based on acquisitions made and the introduction of newly developed products and software we feel optimistic regarding the sales development. In 2000 consolidated sales should pass the 4,000 mark.

## Nomination of board members

Prior to the Annual General Meeting, to activate and facilitate the procedures of nominating board members and the posting of proposals regarding fees, the Board has appointed its Chairman, Svend Holst-Nielsen, as contact person regarding these matters. Shareholders are invited to send their proposals/points of view to Chairman of the Board Svend Holst-Nielsen, Lindab AB, SE-269 82 Båstad, Sweden by March 2000 at the latest.

## Annual General Meeting

The Annual General Meeting will be held on Thursday, 27 April 2000 in Grevie at 1 p.m.

Grevie, 18 February 2000  
LINDAB AB (publ)

The Board of Directors

Today the Lindab Group is a world-wide corporation which operates at more than hundred locations in twenty countries. Operations are primarily composed of the manufacture and sales of sheet-metal products within two business areas. The major business area is Ventilation in which Lindab has a world-leading position within the round duct system product area. The other business area, Profile, comprises a broad product range for the construction industry; including roof sheeting and cladding, rainwater systems, up-and-over doors, roof-safety products and construction profiles.

For further information see Lindab's web site [www.lindab.com](http://www.lindab.com)

## Schedule for financial information

The interim and year-end reports will also be published on Lindab's web site [www.lindab.se](http://www.lindab.se).

27 April 2000	Annual General Meeting
27 April 2000	Interim report for period 1 January – 31 March 2000
11 August 2000	Interim report for period 1 January – 30 June 2000
26 October 2000	Interim report for period 1 January – 30 September 2000
16 February 2001	Year-end report for 2000

The reports will be available in Swedish, Danish and English and can be ordered from the address below

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