Lindab Annual Report 2011

Lindab
We simplify construction

Why are we asking you to **Think** Less?

Because less is more. Especially when you use Lindab building components made from steel. Steel is one of few materials that is nearly one hundred percent recyclable. That means less raw material used and less carbon dioxide released into the atmosphere. Steel also allows us to design strong solutions that are still very light in weight. That means less effort required from you when erecting the buildings, less transportation costs to the site and less fuel used. Thanks to steel, we can also create effective insulation and ventilation solutions. That means less energy wasted.

We simplify construction. We believe it's all about thinking less and keeping things simple. On the following pages you can read more about how we simplify construction for our customers within our three business areas – Ventilation, Building Components and Building Systems – and how we work to lessen the impact on the environment.

The power of steel. As a building and construction material, steel is unbeatable. Not only is it strong and flexible, it's also one of few materials that is nearly one hundred percent recyclable. With the right protective layer, steel is unaffected by moisture and water and it doesn't change over time. In other words, it's an ideal material for roof and wall cladding products, wall structures and ventilation solutions. And no matter how many times it is recycled, it will never lose any of its properties.

Think Less.

At Lindab, we aim to simplify construction for our customers.
We also think it is important to reduce our carbon footprint.

Content

www.lindab.com

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

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

This is Lindab

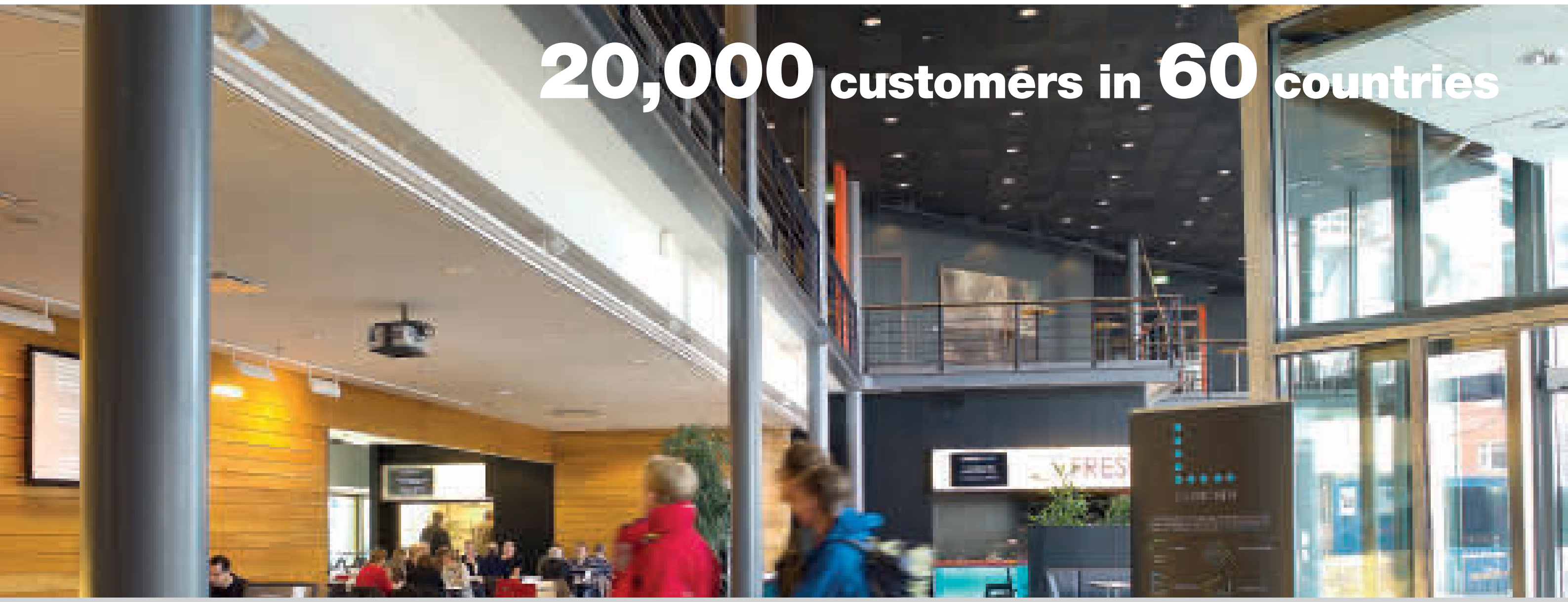
Lindab is an international Group that develops, manufactures, markets and distributes products and system solutions in steel for simplified construction and improved indoor climate. The Group had sales of SEK 6,878 m in 2011 and the business is carried out within three business areas: Ventilation, Building Components and Building Systems.

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

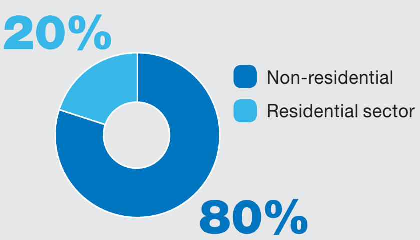
The company was founded in 1959 in Grevie outside Båstad, Sweden. The Group's head office remains in the same location and today has operations in 31 countries and approximately 4,300 employees.

Since 2006, Lindab has been listed on the NASDAQ OMX Nordic Exchange in Stockholm. The top four shareholders are Ratos, Sjätte AP-fonden, Swedbank Robur fonder and Livförsäkringsaktiebolaget Skandia.

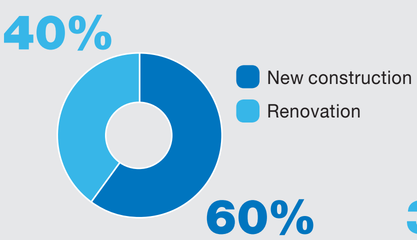
The Lindab brand is a leading and well-known brand throughout Europe and can be summarised by three strong core values: Customer success – Down-to-earth – Neatness and order.



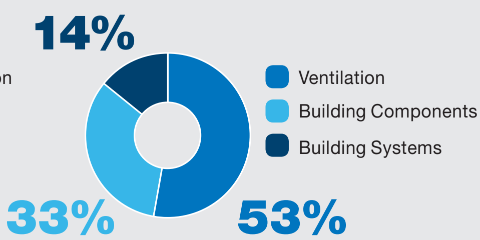
DISTRIBUTION SEGMENT



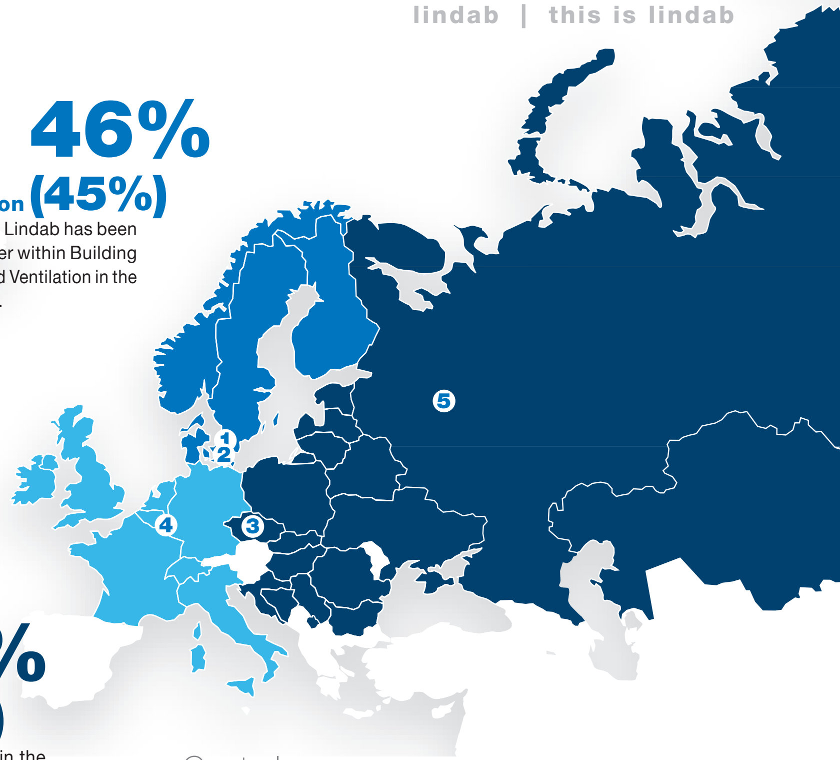
DISTRIBUTION OF RENOVATION AND NEW CONSTRUCTION



SHARE OF SALES REVENUE PER BUSINESS AREA



Lindab's sales by market 2011 (2010)



46%

Nordic region (45%)

For many years, Lindab has been the market leader within Building Components and Ventilation in the Nordic markets.

28%

Western Europe (29%)

In Western Europe, Lindab has been established in the major markets since the mid 1970s and has strengthened its position through several acquisitions.

23%

CEE/CIS (22%)

Lindab became established in the CEE/CIS at the start of the 1990s and has experienced strong growth in these markets.

3%

Other markets (4%)

Other markets consist largely of operations in the USA, where Lindab has been present since the early 1990s.

Central production units

1. Grevie, Sweden
2. Förslöv, Sweden
3. Karlovarska, Czech Republic
4. Diekirch, Luxembourg
5. Yaroslavl, Russia

Distribution

- 120 branches
- 2,000 retailers in the CEE
- 330 Builder-dealers

Ventilation business area

Sales revenue 3,612 SEK m (3,535)

Building Components business area

Sales revenue 2,268 SEK m (2,118)

Building Systems business area

Sales revenue 998 SEK m (874)

The Ventilation business area offers duct systems and accessories, plus indoor climate solutions for ventilation, cooling and heating to installers and other customers within the ventilation industry.

KEY FIGURES	2011
Sales revenue, SEK m	3,612
Operating profit (EBIT), SEK m	221
Operating margin (EBIT), %	6.1
Gross investments in fixed assets	61
Number of employees	2,415

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

KEY FIGURES	2011
Sales revenue, SEK m	2,268
Operating profit (EBIT), SEK m	192
Operating margin (EBIT), %	8.5
Gross investments in fixed assets	46
Number of employees	995

The Building Systems business area offers complete pre-engineered steel building systems and proprietary IT software that simplifies the project planning and quotation process for designers and contractors.

KEY FIGURES	2011
Sales revenue, SEK m	998
Operating profit (EBIT), SEK m	38
Operating margin (EBIT), %	3.8
Gross investments in fixed assets	20
Number of employees	821

The year in brief

Sales revenue 6,878 SEK m (6,527)

Sales revenue for 2011 amounted to SEK 6,878 m, which is an increase of 5 percent compared with 2010. Adjusted for currency and structure, the increase was 9 percent.

Operating profit (EBIT) 407 SEK m (347)

Operating profit, excluding one-off items, amounted to SEK 407 m, which is an increase of 17 percent compared with 2010. The profit including one-off items, which include the cost reduction programme, changes to business area management and restructuring costs, amounted to SEK 348 m.

Cash flow 345 SEK m (391)

Cash flow from operating activities decreased by 12 percent to SEK 345 m (391), despite an improved working capital of SEK 41 m (–1). The difference between the years is explained by last year's redeemed forward exchange agreements and the impact of tax payments in 2010.

Summary of the market in 2011

The European residential construction market showed weak growth during the year, while the non-residential construction market contracted for the third consecutive year. High exposure to regions with strong momentum relative to other European countries, such as the Nordic region and Russia, along with favourable weather conditions, enabled Lindab to report a growth in sales of 9 percent in local currencies, despite the weak underlying market.

Of Lindab's total sales revenue per geographical market, the Nordic region accounted for 46 percent (45), Western Europe for 28 percent (29), CEE/CIS for 23 percent (22) and other markets for 3 percent (4).

Q1 – Strong growth

Strong growth

More favourable weather conditions compared with the corresponding quarter in 2010 contributes toward strong sales growth in all regions. Building Components starts to expand distribution in Western Europe. High order intake in CEE/CIS for Building Systems. Nils-Johan Andersson appointed new business area manager for Ventilation, with Per Nilsson succeeding him as CFO.

Q2 – Strong distribution

Acquisitions for stronger distribution

Continued recovery in all business areas, but large differences between regions and individual countries. CEE/CIS record the strongest growth in sales, with Russia leading the way. The Ventilation business area strengthens distribution through acquisitions of the Danish distributor of ventilation fans, Juvenco, and the of the Belgian ventilation distributor, Airflux.

FINANCIAL KEY FIGURES

SEK m unless otherwise indicated	**2011**	2010	Change, %
Sales revenue	6,878	6,527	5
Distribution of growth, of which:			
Organic, %	9	–1	
Acquired/divested, %	0	0	
Currency effect, %	–4	–6	
Operating profit (EBITDA)	511	565	–10
Operating profit (EBITA)	348	401	–13
Operating profit (EBIT), excl. one-off items[1)]	407	347	17
Result before tax (EBT)	186	112	66
Profit for the year	91	27	237
Cash flow from operating activities	345	391	–12
Operating margin (EBITA), %	5.1	6.1	
Operating margin (EBIT), excl. one-off items, %[1)]	5.9	5.3	
Equity	2,699	2,755	–2
Net debt	1,747	1,856	–6
Return on equity, %	3.3	0.9	
Return on capital employed, %	7.1	5.5	
Net debt/equity ratio, times	0.6	0.7	
Average no. of employees	4,484	4,454	1

1) *For one-off items see table on page 75.*

Q3 – High order intake

High order intake within Building Systems

Lower growth rate in the Nordic region but higher in CEE/CIS. Building Systems records the highest order intake for a single quarter since Q3 2008. These include the largest order ever received for a multi-storey building, worth SEK 80 m, in Russia. Ventilation launches a self-service concept for unmanned ventilation branches in Belgium. Weak residential market in CEE has a negative effect on Building Components' sales.

Q4 – Sales boost

High levels of activity give boost in sales

A mild start to the winter combined with good momentum give a strong finish to the year, particularly for Building Components, which reports record sales in the Swedish market. Ventilation receives several important orders, acquires a French ventilation distributor and launches InCapsa – a patent-pending solution for improving residential energy efficiency in the Nordic region. Hans Berger appointed the new business area manager for Building Systems.

A word from the CEO

Interview with David Brodetsky, President and CEO.

What has characterised Lindab's market in 2011?

—Despite virtually non-existent underlying market growth, we still managed to increase our organic sales by 9 percent during the year. This is mainly due to our sales initiatives, which have increased our market share in many countries. From a macro perspective, however, it was a year of contrasts. The first six months was characterised by a growing belief in the continuing economic recovery, but the second half of the year was overshadowed by concerns about how the economy would be affected, particularly by the "Euro crisis". The most likely outcome of the Euro crisis is that, unlike the financial crisis of 2009, there will not be any major downturn in the European construction sector. The recovery will instead take longer than expected. As I mentioned previously, we increased our market shares in 2011. In addition, favourable weather conditions in both the first and fourth quarters compared with the same periods in 2010 lent support to our sales, especially within Building Components. Looking at the markets with the strongest growth, I would like to highlight Sweden and Russia. The momentum we saw in the Swedish market, driven partly by special tax reductions for housing improvements and continued stability in property prices, has led to greater demand for our products. Building Components has been the greatest beneficiary, reporting a new sales record in Sweden during 2011. Growth in Russia is being driven by comprehensive industrial expansion, resulting in the need for cost-efficient industrial buildings. During the year, we increased overall sales in Sweden by 14 percent and over 50 percent in Russia.

At the start of 2012, you announced a new near-term EBIT target of 10 percent together with new cost reduction measures for the Group. What are the reasons behind this?

—During the financial crisis in 2009, we implemented substantial restructuring of the business followed by an update of our strategy. We positioned ourselves for an anticipated recovery in the European construction industry. But circumstances changed. It is now thought that the recovery in the European construction industry will be more prolonged than previously expected. Even though we outperformed the market last year and increased our profitability, this was still insufficient for us to reach the next level. We need to create more resources for the company to continue to grow. That is why we have introduced a new near-term EBIT target with a 10 percent run-rate by the end of 2013 and for the whole of 2014. This will generate more or less double the current cash flow and will support future growth as well as shareholder value. The new cost reduction programme, which means adapting our costs and capacity to current market demand, is an important step towards achieving our new near-term target for the operating margin.

What are you most satisfied with in terms of the implementation of Lindab's strategy?

—Throughout the Group, a number of activities have taken place during the year that have already yielded results. One of the areas that

stands out in particular relates to distribution and sales. For example, we have added ten branches in Europe. Some of these we have opened and others have been added through acquisitions. We have also added 40 new Lindab Rainline centres in CEE and have begun sales initiatives within Building Components in France and southern Germany. Building Systems has added 30 new Builder-dealers, half of which are in Russia. These activities are providing us with a solid platform for the future. We are present where the action is and we are building important relationships that are making it easier for us to secure new business and, as we saw in 2011, helping to increase sales even when the market is weak.

And is there anything that failed to live up to expectations?

—We have taken several measures to increase efficiency in our operations, particularly within production. These actions are necessary for our long-term competitiveness, but the initial costs associated to these activities turned out to be greater than expected, impacting negatively our profit.

How has the cooperation and synergies between Lindab's business areas developed?

—At Group level, there are substantial synergies linked to the purchasing and processing of steel as well as in administrative functions. Furthermore, marketing synergies are achieved by having our business areas share sales units and branches, and by combining their product offerings in various customer projects. This is one area that we will be focusing on even more closely in future. For instance, in 2011 we have developed a competitive sales concept in Russia that will enable us to offer our steel building system solutions to building contractors together with ventilation and indoor climate solutions. The focus is on cost effectiveness and quick deliveries, which we can offer from our expanded Russian production facility in Yaroslavl. We have also continued the development of our concept for small industrial buildings, a collaboration between Building Components and Building Systems. Our new patent-pending ventilation solution for improving energy efficiency in residential properties, InCapsa, is the result of close cooperation between Building Components and Ventilation.

In the long-term, demand is expected to accelerate for energy efficient buildings within the EU. How is Lindab positioning itself to benefit from such a trend?

—As we approach 2020 – when the new, stricter regulations for energy efficiency are introduced for all new buildings within the EU – the need for smart solutions within this field will be even greater. The focus is obviously on effective methods and solutions to build tight and ventilate right. Lindab has a leading position within this area, and as a quality supplier of building products, we will be able to reap major benefits from this strong and important long-term trend. A number of projects are under way in each of the business areas to make our offering even better. It is important to be continuously developing innovations that simplify construction, such as InCapsa. It is also important to strengthen partnerships and make selective acquisitions that enhance our environmental focus. Our recently announced acquisition of Plannja's sandwich panel operations in the Nordic region should be seen in this context. Sandwich panels provide shorter lead times and greater energy efficiency and they are a product that will be able to gain substantial market share in the long term.

How are you addressing sustainability issues within Lindab?

—Everything we do has one main aim – supporting Lindab's operations and business in a sustainable way. We are doing it our way, in the true Lindab spirit and based on our strong core values - customer success, down-to-earth and neatness and order. Our efforts to bring about sustainable development are summarised in Lindab Life. We are concentrating on the markets and segments where we will establish our business and our current priorities are based on a dialogue with our stakeholders. During 2011, in addition to the continuing efforts to reduce our carbon footprint, we have also been focusing on business ethics, energy efficiency and on creating an even safer work environment for our employees.

You have expanded distribution, grown in emerging markets and launched several new innovative products in the past year. Can we expect more of the same in 2012?

—Our strategy holds firm. We are expanding and consolidating our distribution step-by-step. The things that we did in 2011 have strengthened our position among installers and tinsmiths in both Western and Eastern Europe. In 2012 and beyond, we will continue to strengthen our distribution in both core markets and emerging markets. We will also benefit from the improvements in distribution that resulted from Ventilation's increased focus on efficiency by sharing best practise between our 120 branches, our business units and our purchasing. When it comes to market growth, one main focus is Russia. While Building Systems already has a strong position in this market, Ventilation and Building Components are developing plans to increase their presence in the Russian market. And of course, this year, we will continue to develop products and solutions that make work simpler and more effective for our customers, with a particular focus on the area of energy efficiency.

Finally, what do you see as the main priorities for Lindab in 2012?

—Our aim is to take another step towards our EBIT target of 10 percent. This means we must focus on three areas:

—Firstly, we must focus on markets, customers and various sales initiatives so that we can continue to increase our sales and our market shares, even in markets with more or less flat underlying demand. This, of course, means continuing to develop solutions that simplify construction for our customers and help them to build tight and ventilate right!

—Secondly, we will implement the cost reduction programme to align our business to current demand levels.

—Finally, we will make sure that we maintain our gross margins by reflecting any steel price movements in our prices.

I expect yet another challenging but fascinating year for Lindab. We have a team that has performed well during the downturn, and with Lindab's entrepreneurial spirit I am sure that we will repeat that performance. Finally, I would like to take this opportunity to thank every one of my colleagues for their excellent contributions in 2011.

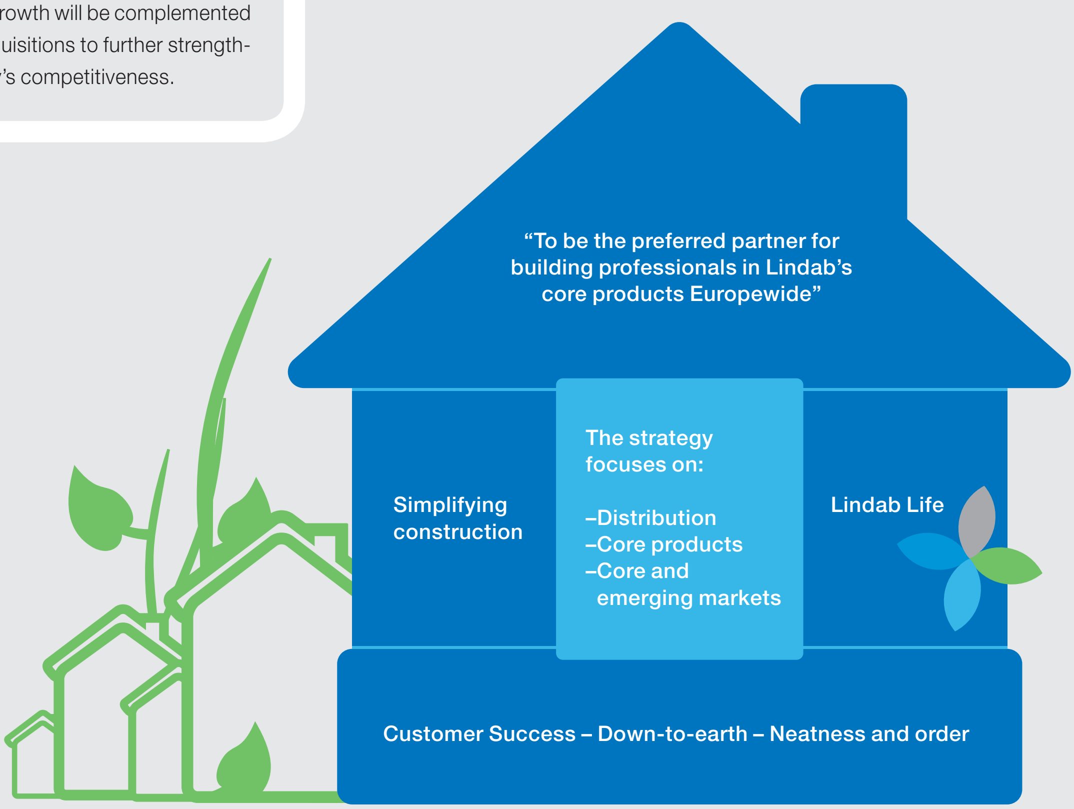
Grevie, March 2012
David Brodetsky
President and CEO

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

Lindab's strategy

Strategy

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



Lindab's core values provide the basis

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

Customer Success

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

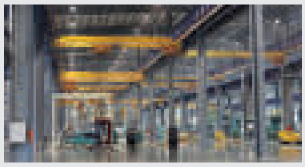
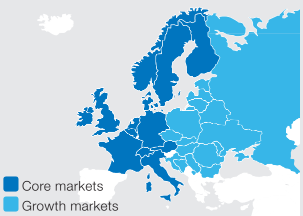
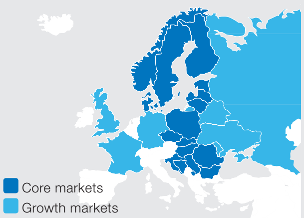
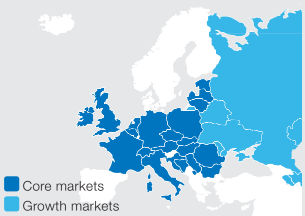
Down-to-earth

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

Neatness and Order

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

Business area strategies

Business area	Ventilation	Building Components	Building Systems
Vision	The market leading ventilation supplier and distributor in Europe.	Leading supplier of roof drainage and steel residential roofing solutions in Europe. Market leader for non-residential steel roof and wall solutions for non-residential construction in core markets.	The preferred partner for sustainable industrial buildings in Europe, Russia and CIS.
Distribution	• Separate organisation • Expand own distribution in priority markets	• Improve coverage in the CEE • Increase focus on builders merchants in the Nordic countries	• Focus on direct sales in Russia • Enhance builder-dealer network
Focus areas	Duct system fittings  Comfort 	Residential assortment  Industrial assortment 	Large industrial buildings  Strengthen competitiveness with improved small building concept 
Core and growth markets			
Implemented in 2011	The Ventilation business area has made a clearer organisational distinction between manufacturing and distribution. The leading product group of duct fittings has top priority. The initiatives that have been carried out within the residential segment will contribute to future growth. Distribution has been strengthened both organically and through acquisitions. 10 new branches were added in 2011. The Comfort product division has commenced initiatives to increase profitability, e.g streamlining production, which is now concentrated in the business area's largest production unit outside Prague in the Czech Republic.	In 2011, the Building Components business area has increased the distribution of roof drainage systems and roofing products. 40 new Rainline/Lindab centres (retailers) have opened in CEE. In the Nordic region, the number of outlets has increased through agreements with builder merchants. In Western Europe, efforts are continuing in the UK and the establishment of branches has begun in southern Germany and in France. New roofing products for the residential segment have been launched during the year with positive sales results.	The Building Systems business area is focusing on large industrial buildings. Eastern Europe and Russia are expected to have stronger growth potential than other regions for this type of buildings in the future and the business area's new production unit in Russia increased its capacity. In 2011, production has been streamlined through the introduction of proprietary software for robotic welding directly from drawings. In parallel with the expansion of the builder-dealer network, direct sales initiatives have been undertaken in 2011, mainly in the Russian market, with very good results.

Financial targets

Dividend policy, %
40–50% of net profit

The Board's established dividend policy states that a dividend of 40–50 percent of the net profit may be paid out, with consideration to Lindab's long-term financial needs. The Board has proposed a dividend of SEK 1.00 per share for the financial year. Since Lindab was introduced to the stock market in 2006, 43 percent of the net profit has been paid out each year on average.

Target 2011

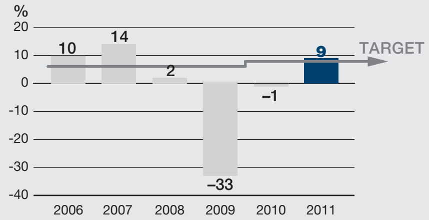
Organic sales growth, %

Target 2011, 8%

Organic growth of at least 8 percent per year will be achieved through strong distribution and by focusing on high growth regions. This target is also based on the assumption of an average market growth of 3–4 percent per year.

Target fulfilment 2011

Sales increased by 5 percent (–7). Lindab's organic growth was 9 percent (–1). According to Lindab's estimates, the market was flat during the same period.



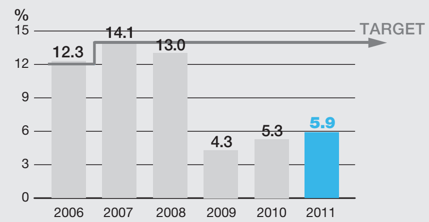
Operating margin (EBIT), %

Target 2011, 14% (long term)

Through volume growth, a favourable geographic and product mix, productivity improvements and cost efficiencies, an operating margin (EBIT) of 14 percent should be possible under good economic conditions.

Target fulfilment 2011

The operating margin increased to 5.9 percent (5.3) in 2011. The improvement is mainly attributable to higher volumes. Currency effects on the operating profit level were marginal.



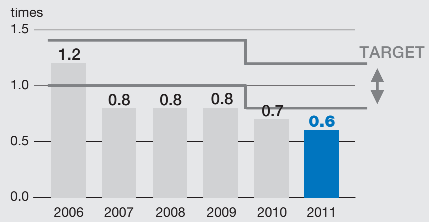
Net debt/equity ratio, times

Target 2011, 0.8–1.2 times

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

Target fulfilment 2011

At the end of 2011, the net debt/equity ratio was 0.6 times (0.7). This is lower than the financial target, which creates opportunities to act regarding acquisitions or other investments. In 2011, a number of small acquisitions have been made within the Ventilation business area. Furthermore, a dividend of SEK 75 m was paid.



Target 2012

From 2012, Lindab is managed on the basis of the following financial targets:

Organic sales growth/year, % 2–4 percentage points above market growth*

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

Operating margin (EBIT), % (long term) 14%

Through volume growth, a favourable geographic and product mix, productivity improvements and cost efficiencies, the target of achieving an operating margin (EBIT) of 14 percent should be possible under good economic conditions.

Operating margin (EBIT), % (near term) 10%*

The near term target is to achieve a run-rate of at least 10 percent by the end of 2013 and for the full year 2014.

Net debt/equity ratio within the interval 0.8–1.2 times

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

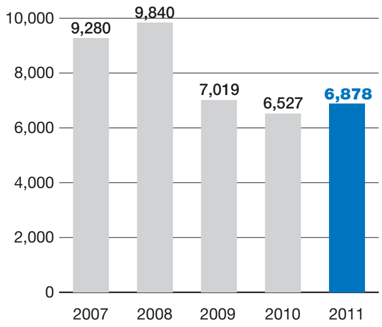
Dividend policy, % 40–50% of net profit

The Board's established dividend policy states that a dividend of 40–50 percent of the net profit may be paid out, with consideration to Lindab's long-term financial needs.

*) *The financial targets were revised in January 2012.*

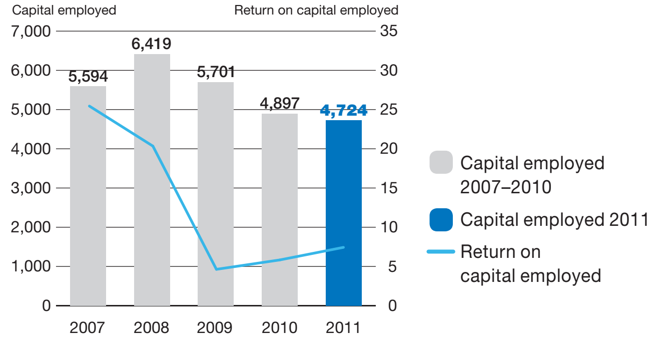
Five-year overview

SALES REVENUE, SEK m



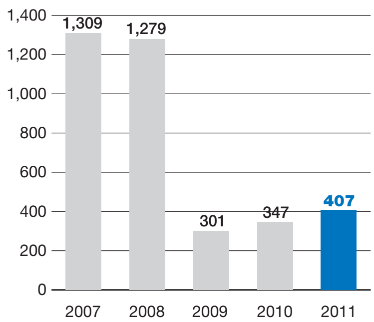
The average change in sales revenue over the period 2007–2011 was –7 percent. Building activity in Europe fell considerably during the crisis in 2009 and 2010, which is also reflected in Lindab's sales development. In 2011, however, sales revenue increased by 5 percent as a result of improved growth, particularly in the Nordic region and Russia.

CAPITAL EMPLOYED, SEK m AND RETURN ON CAPITAL EMPLOYED, %



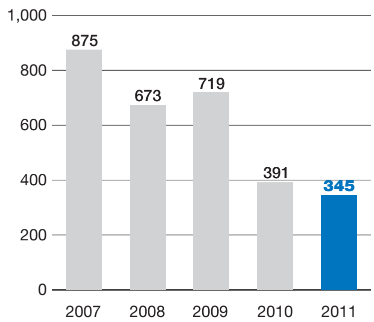
Return on capital employed improved in 2011. Capital employed decreased slightly due to lower total assets and slightly higher non-interest bearing liabilities.

OPERATING PROFIT (EBIT), EXCL. ONE-OFF ITEMS, SEK m



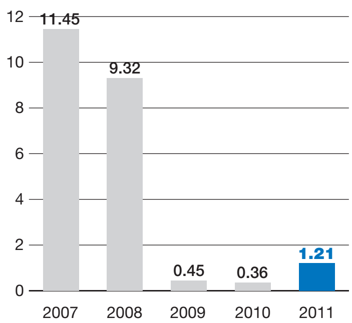
Operating profit (EBIT) continued to improve in 2011 but remains at a low level compared to 2007–2008. Higher volumes are the main reason for the improved profit in 2011.

CASH FLOW FROM OPERATING ACTIVITIES, SEK m



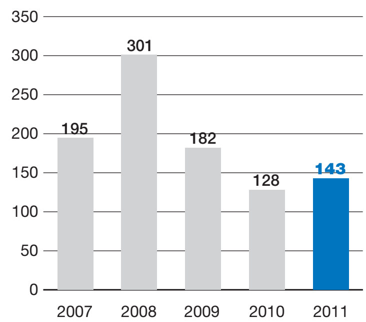
The average cash flow for the last five years amounts to SEK 601 m per year. At the end of 2011, working capital remained at a historically low level.

DILUTED EARNINGS PER SHARE, SEK



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

GROSS INVESTMENTS IN FIXED ASSETS, EXCL. ACQUISITIONS AND DIVESTMENTS, SEK m



Gross investment was also at a relatively low level in 2011. Lindab's largest investment during the period, the new Russian production facility for Building Systems, totalled SEK 200 m. In 2011, a SEK 12 m investment was made to improve efficiency at the Ventilation plant in the Czech Republic and an initial SEK 10 m expansion investment was made in the Building Systems plant in Yaroslavl. Gross investment relative to sales during the last five years averaged 2.4 percent.

Problems in the financial markets and weakened economies in many countries led to continued low activity in European construction markets during the year. Meanwhile, the long-term trend toward increased demands for better energy efficiency and improved indoor climate is helping to offset the effects of weaker economic activity.

Market and environment

The construction market, comprising both new construction and renovation, is generally divided into three segments – non-residential, residential and facilities/infrastructure. Lindab is only active in the first two segments.

Euroconstruct, a European network for construction-oriented analysis companies, estimates that in Western Europe and the Nordic countries, residential accounts for approximately 60 percent and non-residential for 40 percent of the construction market excluding facilities/infrastructure. In CEE, however, the relationship is reversed.

The construction market

The overall construction market generally follows overall economic development. The residential market reacts more quickly to economic cycle since sales are made directly to consumers. The market for non-residential construction experiences a greater delay, normally around one year behind the market for residential construction, since it is dependent on the investment plans of other industries and consists of projects with longer average construction times. The sharp slowdown in construction activity in Europe during recent years has meant that the total volumes are now back at 1995 levels.

Slight recovery within residential

New construction in the residential segment was affected first by the downturn in demand associated with the financial crisis of 2008. Recovery began in 2010 in a few individual markets, including Sweden and Finland, while residential construction in Europe as a whole continued to decrease. The recovery has spread in 2011, but large differences remain between individual European countries. Residential construction increased in the Nordic countries during the year, with Norway now leading the way. The strong recovery in Sweden continued at the start of the year, but since then a clear decrease in the number new construction projects has been observed. Small improvements were recorded in some Western European markets, while demand in Southern and Eastern Europe remained weak. For Europe as a whole, the residential segment increased by just over 1 percent.

Non-residential remaining weak

Within the non-residential segment, the construction of industrial buildings, offices and business premises continued to fall in 2011, however the rate of decline was considerably less than in 2009 and 2010. Publicly funded construction, which had previously withstood the recession, has been adversely affected by the strict austerity measures now being enacted in a number of countries. The total European market for non-residential construction fell by 1 percent in 2011, and according to Euroconstruct, this is not expected to start growing until 2013. The differences between individual markets are large however, with several countries in northern Europe showing increased activity already during 2011.

Stable renovation market

The renovation market is more stable than new construction, which has a dampening effect during both economic upturns and downturns. In recent years, the market for renovation has been positively affected by various government subsidies, including initiatives to improve the energy efficiency of buildings. A weaker market for new construction of residential and non-residential construction has meant that the share of renovation in the overall European construction market increased from 46 percent in 2007 to 55 percent in 2011. Sweden, Germany, Denmark and Italy have the greatest share of renovation relative to the total market.

Long-term potential in CEE/CIS

Construction investment in the CEE/CIS region today corresponds to only around 15–20 percent of the total construction investment in Western Europe. As economies develop, there is a tremendous need for functional new properties. The emphasis is initially on the new construction of non-residential properties and infrastructure. In the longer term, residential construction is also expected to see strong growth resulting from increased welfare. In recent years, growth in CEE/CIS has shown large variations by region and by country. Countries with more stable public finances, such as Russia and Poland have been able to attract direct foreign investment, contributing to stronger growth within the non-residential construction segment. Hungary, Romania and Ukraine are examples of countries whose weak public finances have led to low levels of interest from foreign investors and weak domestic demand. In the long-term, however, it is expected that both GDP and construction activity in the region will grow faster than in the Nordic countries and in Western Europe.

General market characteristics

Nordic region

53% / 47%
- Non-residential
- Residential

46% / 54%
- Renovation
- New construction

GDP per capita, Int $* **41,700**

Western Europe

60% / 40%
- Non-residential
- Residential

44% / 56%
- Renovation
- New construction

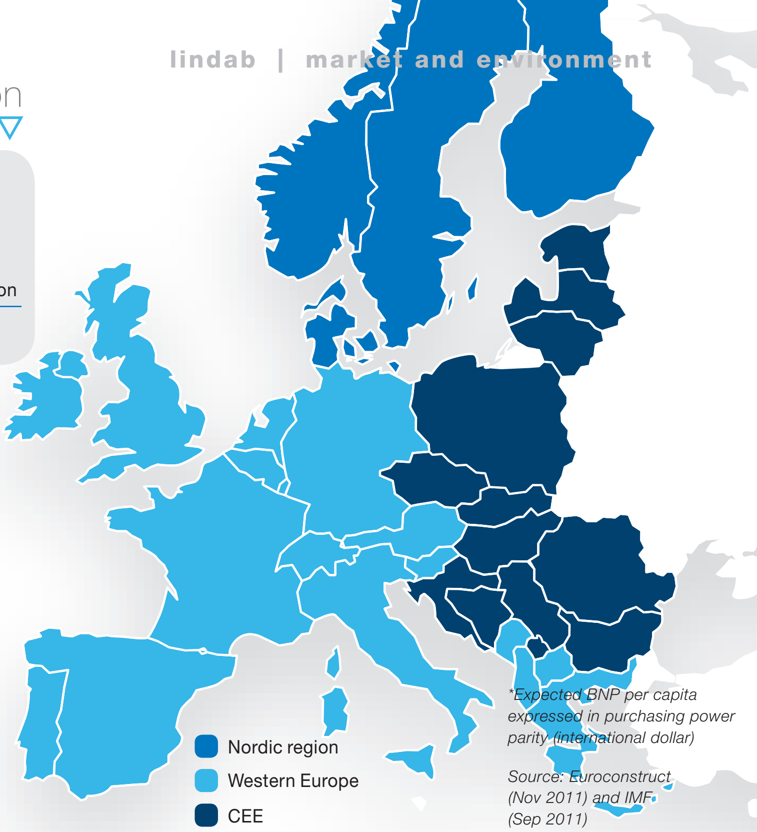
GDP per capita, Int $* **34,800**

CEE

40% / 60%
- Non-residential
- Residential

69% / 31%
- Renovation
- New construction

GDP per capita, Int $* **17,600**



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

Source: Euroconstruct (Nov 2011) and IMF (Sep 2011)

Market drivers

Market segment	Group's share	Business area share	Common drivers	Specific drivers	Euroconstruct forecast for 19 countries (Nov 2011)
Non-residential	80%	Ventilation 90% Building Components 55% Building Systems 100%	– GDP growth – Energy saving trend – Credit conditions – Government incentives	– Business owners' confidence – Office vacancy rates – Industrial capacity utilisation	– Total growth 2012: –1.4% – Continued decline in Western Europe – Positive growth in the Nordic region and the CEE – Slow recovery in 2013 (+2.1%) and 2014 (+1.8%)
Residential	20% Group's share	Ventilation 10% Building Components 45% Building Systems 0%		– Consumer confidence – Disposable income – Demographics	– Total growth 2012: +1.3% – Stronger growth expected in the Nordic region – Increasing recovery in 2013 (+2.4%) and 2014 (+2.7%)

Competitors

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

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

> "From our first passive house projects involving Lindab, we saw that by adding more products from Lindab's range, we could increase the quality and functionality of our solutions."
> *Jan Segerström, Ecodo*

Lindab solutions for low-energy buildings of the future

FACTS LOW-ENERGY BUILDINGS

The properties in Berga Kulle require just half the energy consumption indicated as standard in the Building Regulations issued by the Swedish National Board of Housing, Building and Planning (BBR). They are therefore classified as low-energy buildings.

Buildings currently account for around 40 percent of Europe's energy consumption. By 2020, all new buildings within the EU must be zero-energy buildings, meaning they must be self-sufficient in terms of energy. Lindab has many solutions that are perfectly suited to build tight and ventilate right in low-energy buildings of the future.

An example of this is the work being done with Ecodo, a Swedish construction company specialising in modular steel solutions with high energy requirements. Ecodo delivers solutions for healthy and energy efficient construction, including NCC's 24 new low-energy buildings at Berga Kulle in Linköping, Sweden. Lindab has supplied the project with a complete Lindab delivery, comprising pre-engineered wall elements, partition wall studs, roof and wall profiles, roof drainage and home ventilation to each of the 24 buildings. By working alongside Lindab, companies like Ecodo can develop new and even more effective and energy efficient construction systems.

Once the elements have been produced in the factory, the virtually complete wall elements are transported to the construction site where they are lifted quickly and easily into place.

Business model

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

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

Steel is purchased and processed centrally. Parts of the production are highly automated (pressed ventilation and roof drainage fittings), others are located in low cost countries (mainly the Czech Republic) and some are local (e.g. bulky items). The distribution has been developed in order to be close to the customer. Sales for Ventilation and Building Components are made through more than 120 Lindab branches and more than 2,000 stock-keeping retailers, while Building Systems conducts sales through a network of more than 330 builder-dealers.

Lindab's customers	End user
Installers Retailers	Offices Commercial Public Sector Residential
Retailers Builders' merchants Sheet metal workers Building contractors	Residential Manufacturing Commercial Warehousing Offices
Network of builder-dealers Key accounts	Manufacturing Warehousing Offices Commercial

The business is carried out within three business areas, Ventilation, Building Components and Building Systems. The products are characterised by their high quality, ease of assembly, energy efficiency and environmentally-friendly design and are delivered with high levels of service. Altogether, this increases customer value.

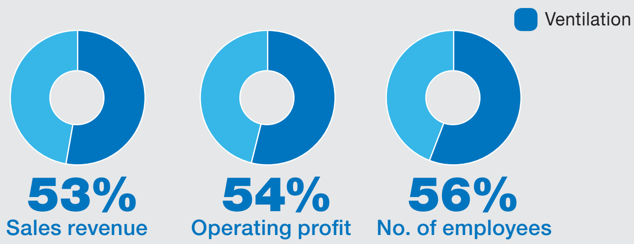
Ventilation business area

KEY FIGURES VENTILATION BUSINESS AREA

	2011	2010	Change, %
Sales revenue, SEK m	3,612	3,535	2
Operating profit (EBIT), SEK m[1)]	221	189	17
Operating margin (EBIT), %[1)]	6.1	5.3	
Gross investments in fixed assets	61	40	
Number of employees	2,415	2,488	

1) Excluding one-off items of SEK –23 m (–128).

SHARE OF THE GROUP



Examples of tools

LindQST

Web tool that allows Lindab's indoor climate solutions to be chosen quickly and easily.

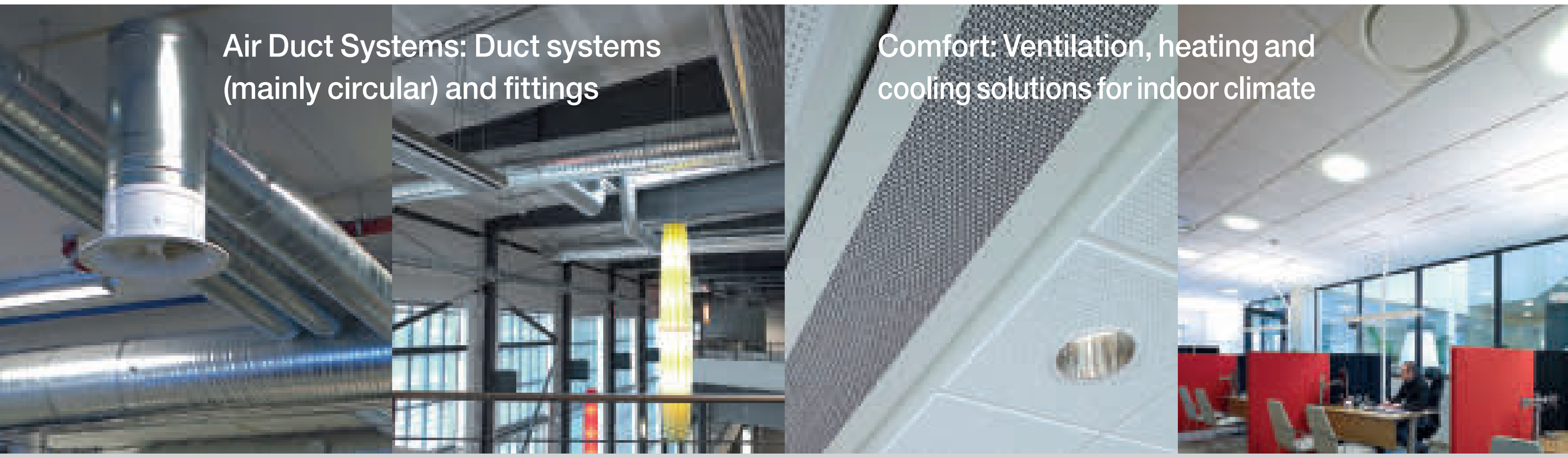
Important events during the year

- New business area manager
- Increased distribution (inc. launch of self-service concept)
- Focus on residential ventilation
- Improved efficiency within Comfort

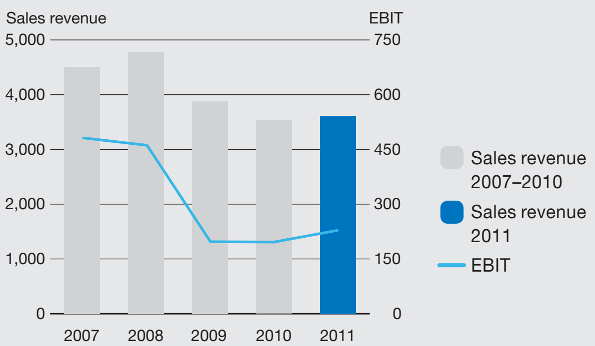
Value chain

Production	Distribution	Markets	Customers	Indirect Customers
21 production units	120 own stock-holding branches in Europe	Presence in 20 countries Five largest: Sweden, UK, Denmark, Germany and Norway	Ventilation installers Ventilation contractors	HVAC consultants Architects Property owners

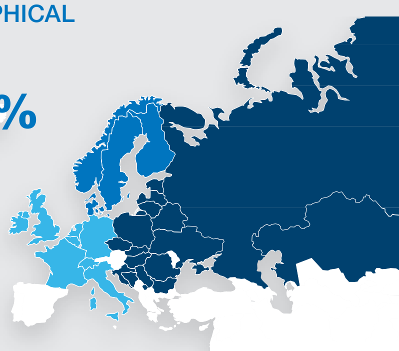
Solutions and offering



SALES REVENUE/EBIT, SEK m



SALES REVENUE BY GEOGRAPHICAL MARKET/DEVELOPMENT 2011



Nordic region 46%/+4%

Western Europe 41%/+1%

CEE/CIS 7%/+29%

Other markets* 6%/–23%

* USA 5%/–25%

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

Ventilation business area

Interview with Nils-Johan Andersson, business area manager for Ventilation.

How has demand developed in 2011?
—Despite the economic uncertainty, we have seen a slight but clear increase in sales in most of our markets. The highest growth that we have noted has been in the Nordic countries, with the Swedish and Norwegian markets in particular spearheading the growth. One of the main reasons for our sales increase during the year is all the marketing and sales activities that we have launched. We can summarise 2011 as a year in which we took an important first step in realising the strategic plan decided earlier.

Do you see any clear market trends?
—I say "build tight, ventilate right"! It is becoming increasingly important for companies and households to improve the energy efficiency of buildings, from both an environmental and cost perspective. We have products that are at the forefront in this area, and we have great potential to continue to outperform the market.

Why do you want to focus more on residential ventilation?
—The market for ventilation in residential properties looks set to show strong growth for many years to come, driven primarily by the new regulations for energy efficiency that will apply to all new buildings in the EU from 2020. We estimate annual market growth averaging at least 20 percent, so it is therefore quite natural for us to be engaged in this market with our strong product offering. We have developed concepts for different markets as the demand varies depending on individual technological and quality requirements. The concepts will be launched in the first half of 2012. The first of these is the product InCapsa, which is aimed at property management companies and ventilation installers involved in renovation work. The launch will take place in Sweden, followed by Norway and Denmark.

You have acquired several distributors in 2011, what is the strategy?
—We have opened six new branches and added another four through the acquisitions of three distributors in three separate countries. These investments should be viewed in



light of the fact that we need more branches across Europe in order to be closer to customers. Ventilation installers usually do not want to be more than 50–100 km away from the nearest distributor as speed is a key competitive advantage for them. Our new Flexi Shop self-service stores, open 24/7, have been successfully launched in Belgium and Germany. We are now examining the possibility of launching Flexi Shops in other European markets. The possibility already exists to make purchases from branches or via a webstore. By complementing this with the addition of another channel in the form of Flexi Shop, makes us completely unique in being able to offer our customers the full range of options.

How are you expanding in CEE/CIS? What potential do you see in these markets?

—We are securing more and more business in markets in the east, including an order worth about SEK 12 million to supply the ventilation system to an extension of Audi's car plant in Gyor in northwest Hungary. We have also won a large order from Denmark's Lego, which is expanding its operations in the Czech Republic. One business opportunity that we have developed in 2011 is the collaboration with Building Systems in the Russian market. Many of the buildings delivered by Building Systems require ventilation, which means there is a lot of potential there as well.

Has the positive trend within Comfort continued?

—Comfort, which is our operations for indoor climate products, is performing better and better. The operations consist of three basic parts – water, air and acoustics. Within water products, we have launched new chilled beams, enabling us to offer our customers the very latest developments. Air, which includes the MBB plenum box, has been given a real boost during the year with the new 10,000 square metres plant in Prague to improve efficiency. Following this investment, we can now offer customers a wide product range and there is tremendous growth potential here. Acoustics has obviously become bigger and even more important as the result of our 2010 acquisition of the Finnish company IVK, and we are now expanding this business into new markets. The ability to offer customers innovative solutions for improved indoor climate, together with the market's leading duct system, is a competitive edge that we will become even better at exploiting.

What are you doing to streamline your own production?

—We have worked hard to improve internal efficiency, notably by gathering all air products within Comfort into a new production facility directly adjacent to our existing plant in Prague as I mentioned before. At the main plant in Grevie, Sweden, we have brought the production of pressed fittings together under one roof and a major logistics project is under way, in which we are optimising our stock to provide better service and to lower our costs. These projects will be continuing throughout the beginning of 2012. All the time and energy being put into these efforts represent an investment in the future. Today, we have highly efficient production but we are nevertheless improving.

What new innovations/products have you launched in 2011?

—Our new products and solutions have been well received by the market. In the UK, our new MBB plenum box recently received an industry award and the same has happened in the USA for our circular duct system. At the end of the year, we launched the Premum/Premax next generation of chilled beam, which allows the air flow to be controlled even once the room has undergone a major alteration, such as refurnishing. With our new Pascal system, we are introducing a solution for variable air flows for the very first time, with the potential to realise demand-controlled and energy-saving ventilation.

What are the aims of your product development?

—Our overall goal to simplify construction continues to influence our product development. More specifically, we are aiming for more energy efficient systems and improved indoor climate. With regards to duct systems, the aim is to achieve airtight systems and minimal loss of pressure. Within Comfort, we are developing solutions for demand-controlled ventilation, i.e. systems for comfortable indoor climate that adapt depending on how many people are in the room.

Finally, what are your main priorities in 2012?

—We are well positioned for long-term growth. With our ventilation products, we should be able to outperform the construction market in general, driven by the clear trends regarding energy efficiency and by our sales initiatives. Now, we will simply continue to use the existing branch structure while also adding new branches in order to improve our service to customers. In early 2012, we launched a major efficiency programme focused on increasing profitability at underperforming units. These measures, along with our numerous sales and distribution activities, make for a fascinating year ahead.

> "With Flexi Shop, we provide the full range of options for our customers"
>
> *Nils-Johan Andersson, business area manager for Ventilation*

Round-the-clock service in Belgium and Germany

FACTS FLEXI SHOP

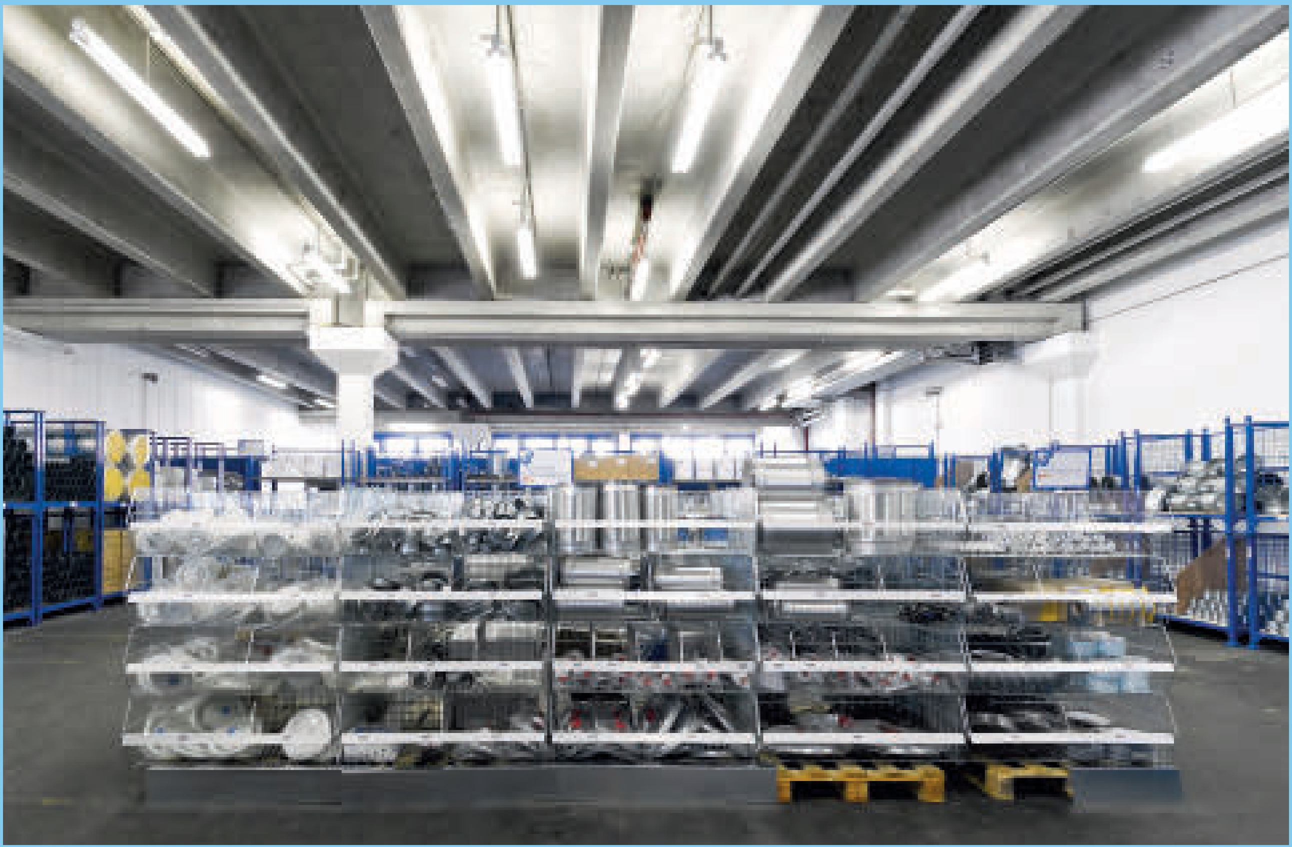
The Flexi Shop concept was developed by the Belgian company Airflux, which was acquired by Lindab at the start of 2011. In March 2012, there were five self-service shops. Four of these were in Belgium and one in Germany.

Work is continuing to develop and strengthen Lindab's distribution and service. In Belgium and southern Germany, Lindab is making life simpler for ventilation installers by enabling them to make purchases day and night, every day of the week, through Lindab's new Flexi Shop self-service centres.

Flexi Shop means customers no longer have to worry about opening times. They have a good overview of the assortment and can easily plan and prepare for the following day's work. The shops offer a wide standard range of products, but by pre-ordering products such as fans, special ducts and other items, installers can collect these from the shop in special "order boxes". The customer signs a Flexi Shop agreement and is given a bar-coded ID badge that acts as a key to the completely unmanned Flexi Shop. The products are selected and scanned, and when the customer has finished, he or she can review their purchases and print off a delivery note via the Flexi Shop terminals. Then they can simply load up and drive away.

"The potential already exists to make purchases from branches or via a webstore. By complementing this with the addition of another channel in the form of Flexi Shop, Lindab is completely unique in being able to offer our customers the full range of options," says Nils-Johan Andersson, business area manager for Ventilation.

In the unmanned Flexishops, customers select and scan products themselves. He or she then prints off a delivery note for the purchases at the Flexishop terminal, loads the goods and drives away.



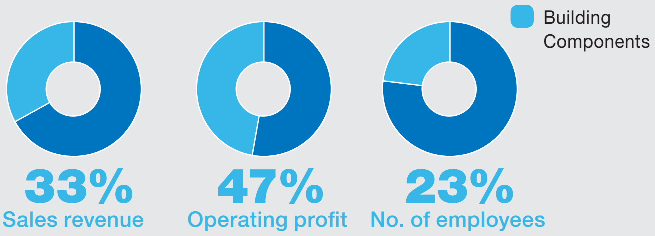
Building Components business area

KEY FIGURES BUILDING COMPONENTS BUSINESS AREA

	2011	2010	Change, %
Sales revenue, SEK m	2,268	2,118	7
Operating profit (EBIT), SEK m[1)]	192	185	4
Operating margin (EBIT), %[1)]	8.5	8.7	
Gross investments in fixed assets	46	31	
Number of employees	995	998	

1) Excluding one-off items of SEK –20 m (0).

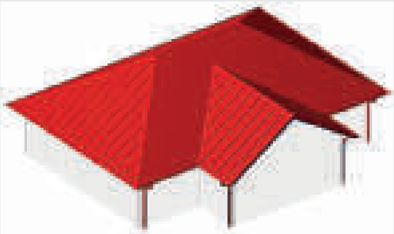
SHARE OF THE GROUP



Examples of tools

Lindab Roofer

Software for easily designing and specifying complete roofing solutions.



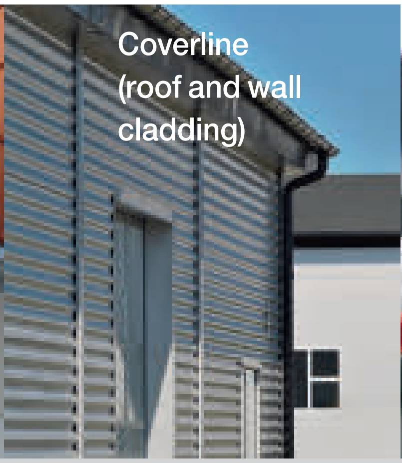
Important events during the year

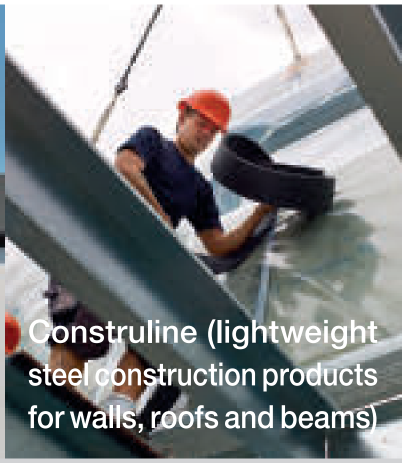
- Expansion in Western Europe
- More Rainline/Lindab Centres in CEE
- Launch of new roofing system
- New software, Lindab Roofer

Value chain

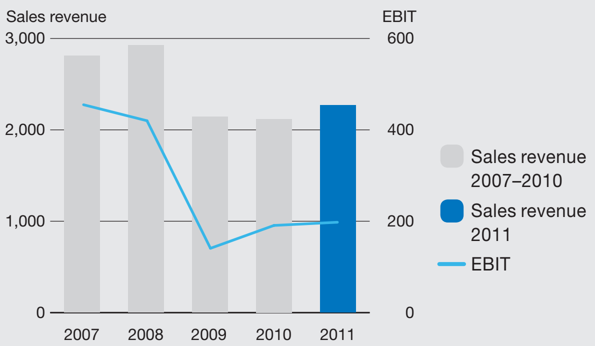
Production	Distribution	Markets	Customers	Indirect Customers
9 production units	1,300 retailers in CEE 38 branches in Sweden and Norway (together with the Ventilation business area) 700 stock-holding builders' merchants in the Nordic region	Presence in 19 countries Five largest: Sweden, Denmark, Norway, Romania and Czech Republic	Building contractors Builders' merchants Tinsmiths Installers	Designers Architects Property owners

Solutions and offering

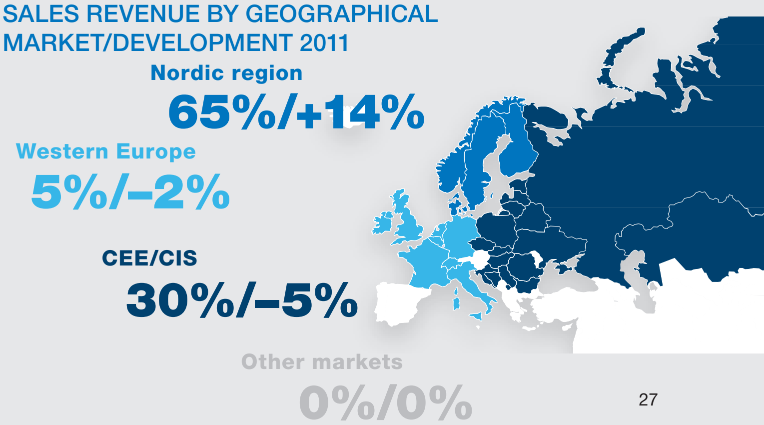




SALES REVENUE/EBIT, SEK m



SALES REVENUE BY GEOGRAPHICAL MARKET/DEVELOPMENT 2011



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

Building Components business area

Interview with Peter Andsberg, business area manager for Building Components.

How has demand developed in 2011?

—The year started well thanks to pent-up demand, plus relatively favourable weather conditions from a construction perspective. After that, however, the demand for our products has been negatively affected, particularly by a weak residential market in CEE. In fact only the Nordic region, with Sweden in particular, has grown strongly throughout the year.

Why was the residential segment so weak in CEE?

—This is mainly owing to the difficulties in obtaining financing for new private projects, plus the fact that many consumers are being affected by substantial government austerity programmes introduced following the financial crisis of 2008–2009. The more recent problems in the European banking system during the second half of 2011 have added further uncertainty within the segment. The trend for the non-residential construction segment is more stable, but it cannot fully compensate for the weak residential segment.

What is behind the decision to expand distribution in Western Europe?

—Four years ago, we took the decision to enter the British market with our range of roof drainage products. We saw potential in a large market that is dominated almost entirely by plastic materials. Our strategy is to continue growing in the west, partly by becoming established in more locations in the UK as well as in new, strong markets such as France and southern Germany. We have a great offering for these markets and we can expand rapidly, for instance by utilising the Ventilation business area's branches in each country. The increased investment in Western Europe should be viewed against our already strong position in the Nordic region and in several of the largest markets in CEE.

What other activities have been implemented to increase sales?

—In line with our strategy, we have concentrated on increasing the product portfolio for both residential and non-residential construction segments. We are developing our own products and establishing collaborations with others within the industry, but growth can also be achieved through acqui-

sitions. The recently announced acquisition of Plannja's sandwich panel manufacturing is an important strategic investment within the non-residential segment. Sandwich panels offer great advantages over other solutions, such as shorter lead times and good energy efficiency characteristics, and we expect this type of product to take substantial market share over time.

What potential is there for Building Components' offering in Russia?

—Russia is showing a considerable increase in domestic demand and we see great future potential there. At present, we are focusing on finalising the strategy for this market. Local production is needed, we must be cost effective and provide a high level of service. Focusing initially on the residential segment, the target will be to roll out our Rainline concept.

How has your Rainline concept developed in CEE? What is the next step?

—We have increased the number of Rainline Centres from 50 to around 90 during the year. We have encouraged our strongest retailers to get them to focus on our concept. The idea is to provide our end customers, such as roofers, tinsmiths and installers, with an even better service than previously. The strategy includes eventually having 300–400 centres in the region, from Poland to the Balkans, and ultimately to rename them Lindab Centres that include our entire product range. We have also refined our loyalty programme and currently have about 5,000 installers signed up.

Have you launched any new products/solutions during the year?

—We have launched the innovative roofing systems, SRP Click and Roca. Roofing solutions have always played a central role in Lindab's product range and with these two products we are raising the bar even further. They are simple to install, durable, efficient and they look very attractive. During the year, both SRP Click and Roca have been very well received, by end users as well as designers, architects and installers.

What are you focusing on in your product development work?

—Our product development should be entirely customer-driven, and we will continue to ensure that we are leading development, not following it. We are currently working on solutions for different types of tools that will facilitate installation for our customers. One of these solutions is Lindab Roofer, which helps roofers, tinsmiths and retailers to calculate and lay new roofs in a very smart and simple way. We also have several new software programmes in the pipeline that will help installers. When it comes to solutions for improving energy efficiency, we are focusing on developing the right solutions for passive and energy-plus houses, a sector within residential that has tremendous potential in light of future energy regulations. We are also focusing on solar panel solutions, where we are collaborating with a number of large manufacturers. All of our roofs and roof systems can be delivered with fastenings for every type of solar panel.

How are you working with Lindab's other business areas?

—In the Nordic region, we are already working closely alongside the Ventilation business area with shared branches. We are now expanding this partnership in some of the bigger markets in Western Europe. Our joint project with the Building Systems business area to develop a competitive offering for small buildings is proceeding according to plan. We also see the potential for closer cooperation with Building Systems in the Russian market.

Finally, what do you see as the main priorities for 2012?

—We shall establish in new countries, and we will continue to simplify construction by launching new products that contribute both to this and to improved energy efficiency. Our operations in France and Germany will gather momentum and we intend to accelerate our plans in Russia. We will also establish our sandwich panel business, opening a substantial future market in the long run.

> "Lindab was the only supplier that could meet the architect's requirements"
>
> *Cristian Manitiu, Con-A Construction*

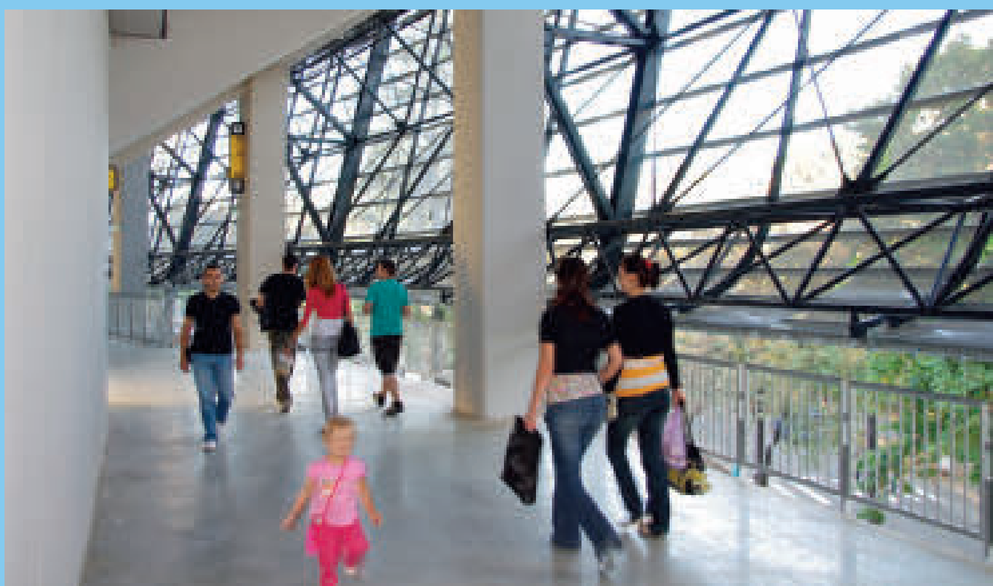
Romanian stadium
in a steel shell

FACTS
LINDAB'S OFFERING
Lindab delivered 20,000 sq m of standing seam roofing, 7,500 sq m of facade cassettes and 2,000 sq m of woven facade in a custom-made colour. Lindab also invited personnel from the construction company to the Lindab Academy, arranged assembly exercises and delivered CAD drawings for all critical installation components.

The construction of large stadiums is usually characterised by groundbreaking architecture. This is very much the case with the new stadium in Cluj, Romania's fourth largest city, which with more than 30,000 seats has added a first-class landmark to the region. Lindab delivered a complete and customised architectural solution for the building's entire shell.

"Our vision was to create unique expressions for the building's two main parts right from the beginning," explains Serban Tiganas, leading architect at the design consortium Dicositiganas. "The roof should appear to flow like a tide, with the facades providing transparency and openness. This meant that we envisioned a metal shell very early on."

The idea of a metal shell meant that metals with different thermal properties would be required. "Lindab became the obvious choice. We knew about their expertise regarding roofing and facade solutions and were the only major supplier with the ability to deliver and meet Dicositiganas' requirements," explains Cristian Manitiu at Con-A Construction, a leading construction company in the region. "Lindab's understanding of the architectural requirements, as well as their flexibility, capacity and perfect support mean that new collaborations may follow sooner than you think."



Experienced climbers were responsible for the most complicated steps during the roof assembly. Lindab's strict quality and production controls were crucial to enabling delivery of all surfaces in a matching colour, despite the choice of different metals.

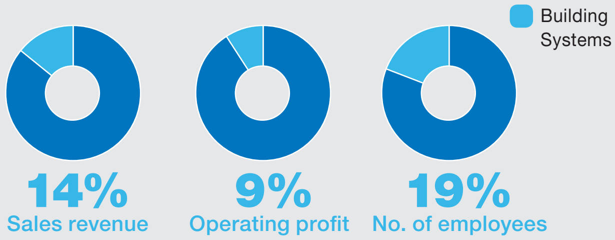
Building Systems business area

KEY FIGURES BUILDING SYSTEMS BUSINESS AREA

	2011	2010	Change, %
Sales revenue, SEK m	998	874	14
Operating profit (EBIT), SEK m[1)]	38	18	111
Operating margin (EBIT), %[1)]	3.8	2.1	
Gross investments in fixed assets	20	38	
Number of employees	821	788	

1) Excluding one-off items of SEK –16 m (65).

SHARE OF THE GROUP



Examples of tools

Cy-nergy
Software for energy calculation and the optimisation of Lindab's steel buildings.

Important events during the year

- New business area manager
- Expansion of production unit in Russia
- Increased demand for large industrial buildings in Russia and the CIS
- Launch of integrated roof drainage system

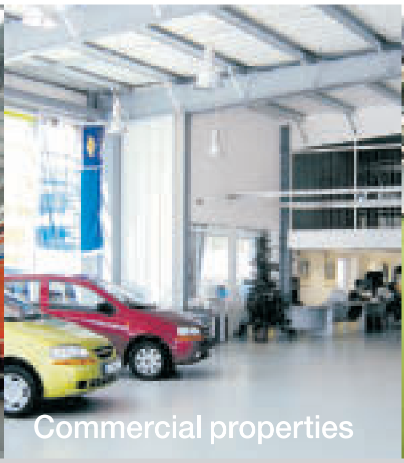
Value chain

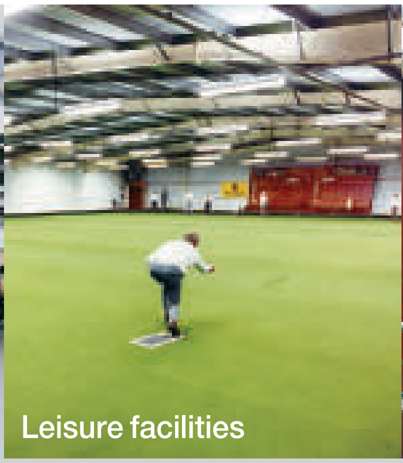
Production	Distribution	Markets	Customers (End customers)	Indirect Customers (prescribers)
3 production units	330 Builder-dealers in 35 countries, plus direct sales to key customers	Presence in 20 countries Five largest: Russia, Germany, Belarus, Poland and France	Trading companies Industrial companies	Architects Town planners

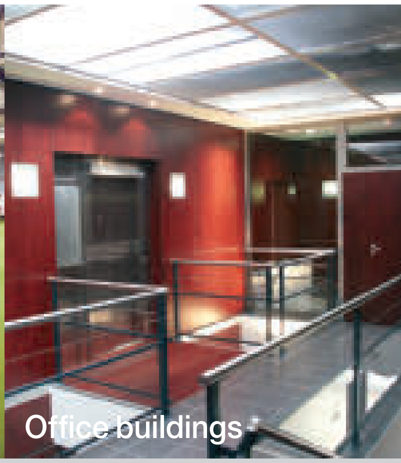
Solutions and offering

Building Systems: Complete steel systems for:

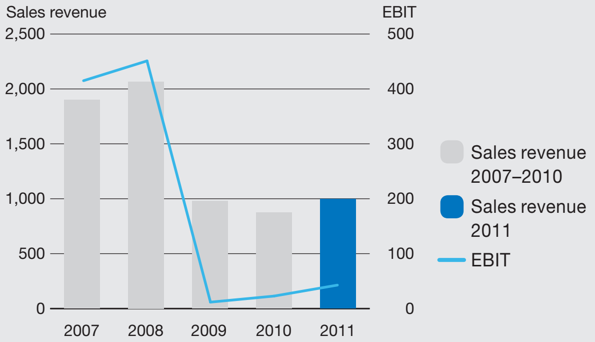

Industrial buildings


Commercial properties

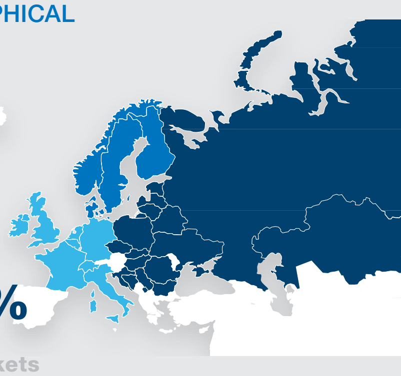

Leisure facilities


Office buildings

SALES REVENUE/EBIT, SEK m



SALES REVENUE BY GEOGRAPHICAL MARKET/DEVELOPMENT 2011



Nordic region
0%/0%

Western Europe
34%/+4%

CEE/CIS
65%/+22%

Other markets
1%/0%

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

Building Systems business area

Interview with Hans Berger, business area manager for Building Systems.

How has demand developed in 2011?

—In a number of our markets, we have seen a substantial increase in demand for the new construction of large industrial buildings, albeit from modest levels. Besides the strong increase in orders in the CIS region, Germany is another market that has performed well.

Why is growth so rapid in Russia and other parts of the CIS?

—Our long-term strategy to establish resources in this vast market have now started to yield results. Russia is looking to rapid industrial development in order to move away from its previous dependence on commodity exports. The country's high import tariffs have resulted in a need among both domestic and foreign players to have production inside the country. We have benefited from having production there already, and we have been able to pursue western companies wishing to establish themselves in the country. We are also securing business deals directly in the Russian market and elsewhere in the CIS through our growing network of local builder-dealers.

Regardless of market, what are the fastest growing types of projects?

—The number of projects for multi-storey buildings increased by 50 percent during the year. These included an order worth SEK 80 m for a combined commercial and leisure centre in Siberia, Russia. We have also seen strong demand for new leisure centres and multi-storey car parks.

What have you done in general to strengthen distribution?

—Our sales are made through our network of builder-dealers and through direct sales to a number of multinational customers, referred to as Key Accounts. Despite the economic uncertainty, we have added a further 30 builder-dealers in 2011, with half of these in Russia. Besides that, direct sales are often greater in emerging markets than in the more mature western markets. Pursuing multinational companies wishing to become established in eastern markets has proven to be a successful strategy.

What activities have been undertaken to increase productivity?

—Since the crisis began, we have reduced our fixed costs by almost 30 percent, including the start-up costs for production in Russia. Developments in Russia have happened quickly. It did not take long to go from start-up to full production at the plant in Yaroslavl, which inevitably resulted in some bottlenecks. However, efficiency at the factory is improving every quarter. We are expanding from around 14,000 sq m to just over 24,000 sq m, giving us an annual production capacity of 35,000 tonnes and making it easier to process customer orders. Meanwhile, we have also been able to make substantial improvements to efficiency through increased automation at the Luxembourg plant.

What have you done to improve the energy efficiency of your buildings?

—Interest in design and energy efficient solutions is growing rapidly as the demands in this field intensify. For example, we have built systems requiring conformance with various environmental certifications, e.g. LEED, which is recognition that a building project has utilised environmentally friendly construction techniques. Our proprietary software for calculating energy consumption, Cyprion, has helped our builder-dealers to increase energy efficiency in buildings, thereby offering a better deal for the end customer. We are now focusing on minimising air leakage in buildings, including a variety of tests that are being documented. We can use this documentation in our calculations to minimise the risk of energy loss in the buildings which are then built. In this respect, our complete steel building systems offer us a clear advantage over traditional manufacturers.

How are you working with the Group's other business areas?

—Together with the Building Components business area, we have undertaken several projects in which we have used their façade cassette system. We are also collaborating on a concept that will allow us to offer customers small buildings at competitive prices. If everything goes to plan, this offering will be rolled out at some point in 2012. With the Ventilation business area, we have undertaken a number of joint customer projects in Russia and other CIS countries. We have also begun joint production at our plant in Yaroslavl.

Have you launched any new products/solutions in 2011?

—We have launched a new integrated roof drainage system – Inside Gutter, as well as a concept for the construction of efficient, economic car parks using steel. For our steel building systems, a roof-integrated system like Inside Gutter is a major advantage. In particular, it offers our builder-dealers a simple and uncomplicated assembly with superior weather tightness integrity.

What are the aims of your product development?

—We simplify construction by offering competitive and comprehensive building solutions that require less time from order to on-site assembly than most competing alternatives. In particular, we focus on developing solutions that can then be standardised in terms of design and production, but which are tailored to each individual customer. In 2012, we will be continuing to develop our small building concept as well as new construction design for reduced energy consumption. Better insulation solutions, for example, will help to create buildings that yield energy surpluses more readily – thereby enabling them to easily adapt to and surpass the EU's new environmental requirements.

Finally, as the new business area manager, what do you see as the main priorities for 2012?

—Definitely our main priority is to provide the products and services that add value for our builder-dealers and customers. And of course we remain focused on expanding our builder-dealer network and direct sales activities in our core markets.

—A key focus in 2012 is to complete the implementation of the cost reduction initiatives we have identified. This includes the downsizing of our production capacity for Western, Central and Eastern European markets to better align capacity with demand and to increase efficiency. In parallel, as I mentioned before, we are expanding the Yaroslavl, Russia plant to meet the growing demand for our products in Russia and CIS countries. The expansion will be completed by the end of 2012. We have an excellent and motivated team and with resources being better aligned with the revenue opportunities available to us, we are taking clear steps towards achieving our long term targets.

"With Lindab's solutions, the building qualifies for LEED certification"

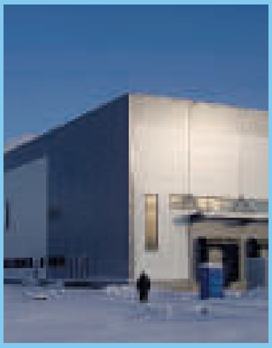
Alexander Seleznov,
GD at StoryTech 5

Environmentally certified in Russia

FACTS
LEED CERTIFICATION
LEED is one of the world's leading systems for the environmental certification of buildings. It makes a comprehensive investigation into a building's environmental performance, including its innovation and design, the location and construction site, energy and atmosphere, water, materials and resources, plus the indoor environment.

Lindab is growing rapidly in the Russian market with its range of pre-engineered steel building systems and ventilation. These products are aimed at international customers wishing to expand their operations in Russia and other CIS countries. One such customer is the Swedish cosmetics giant, Oriflame. The company has grown rapidly in Russia, and to satisfy demand, it has started on the construction of a new distribution and production centre in Noginsk, just outside Moscow. The 56,000 sq m facility consists of two connected buildings equipped with a complete ventilation system – all supplied by Lindab. Besides offering European quality at a Russian price level, it was the ability to meet Oriflame's environmental policy that led to Lindab being awarded the contract.

"Lindab's solution, with a complete indoor climate and ventilation system combined with Lindab's optimisation of the building's insulation values, meant that the building qualifies for LEED certification, thereby satisfying Oriflame's strict environmental requirements," explains Alexander Seleznov, GD at StoryTech 5, the main contractor for the project.



Oriflame's new, energy efficient distribution and production centre in Noginsk just outside Moscow, scheduled for completion in spring 2012. Lindab has delivered steel building systems as well as complete solutions for ventilation and indoor climate.

Since 1 December 2006, the Lindab share has been listed on the NASDAQ OMX Nordic Exchange, and is included in the Building Products sector. In 2011, the share price fell by 58 percent to SEK 37.40. The share price movement was affected by a weak stock market in general and by continued low activity in Lindab's markets.

The Lindab Share

Lindab has a clear strategy for communicating with various stakeholders in the financial market, and this is coordinated via Lindab's Group Investor Relations (IR) function. Contacts are made through presentations in connection with the four quarterly reports and meetings with analysts, investors and journalists at investor days, conferences, shareholders' association meetings and seminars. At the IR Nordic Market Awards 2011, Lindab was named the third best Mid Cap company. The competition is based on a survey in which approximately 600 analysts and fund managers from Scandinavia and the UK rate the IR work performed by Swedish listed companies.

Weak share price performance

At the end of 2011, the Lindab share was quoted at SEK 37.40, a decrease of 58 percent compared with the same period last year. The decrease over the year is partly explained by a weak stock market in general, and by continued low activity in many of Lindab's markets. The market capitalisation at the year-end corresponded to SEK 2,817 m (6,648), making Lindab the 90th (76th) largest company by value on the Nordic Exchange in Stockholm. Shares with a total value of SEK 2,509 m (4,082) were traded during the year. The turnover rate was 51 percent (61), compared with the average for the entire Stockholm Stock Exchange of 96 percent (98).

Share capital and voting rights

The share capital amounted to SEK 78,707,820 divided between 78,707,820 class A shares only, including those repurchased by the company. All shares have a face value of SEK 1.00 and thereby an equal share in the company's assets and profits. Each share also entitles the holder to one vote at Lindab's Annual General Meeting. A trading lot is made up of 100 shares.

Shareholders

Ratos AB, Sjätte AP-fonden and Livförsäkringsaktiebolaget Skandia, have been the principal owners of Lindab since 2001. At the year-end, Swedbank Robur was the third largest owner of Lindab, having increased its shareholding during the year and following a slight decrease in Livförsäkringsaktiebolaget Skandia's holding. At the year-end, Lindab's own holding amounted to 3,375,838 treasury shares (3,375,838), corresponding to 4.3 percent of share capital. The total number of shareholders decreased in 2011 to 6,129 (6,934) at the year-end. No new major shareholders have been added.

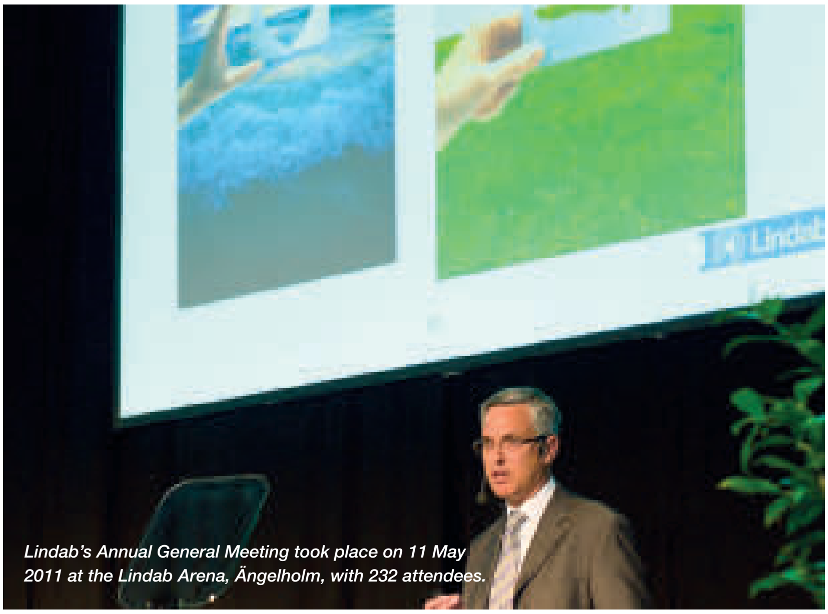
Dividends and dividend policy

The Board proposes that SEK 1.00 per share, equivalent to SEK 75 m, be paid to shareholders for the financial year 2011. The dividend corresponds to 82 percent of net profit based on profit for the year. Lindab's dividend policy is that the dividend should correspond to 40–50 percent of the net profit, but with Lindab's long-term financial needs always taken into consideration. Since being introduced to the stock market in 2006, 43 percent of the net profit has been paid out on average.

Incentive programme

The Annual General Meeting 2011 decided, in accordance with the Board's proposal, to introduce a long-term performance-based share savings programme for 92 senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 79 people who have thereby acquired a total of 62,711 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2013 and compared to the financial year for 2010. On maximum allocation, 270,344 Lindab shares will be transferred to the participants. Lindab may choose to transfer parts of its treasury shares. In addition to this programme are three previous incentive programmes, involving the allocation of warrants. The first of these expired in 2011. They are described in the Director's report under the heading Incentive programmes on page 80 and in note 6, Employees, on page 110.

Read more about Lindab's Investor Relations at www.lindabgroup.com.



Lindab's Annual General Meeting took place on 11 May 2011 at the Lindab Arena, Ängelholm, with 232 attendees.

SHARE PRICE MOVEMENT 1 DECEMBER 2006–31 DECEMBER 2011, SEK

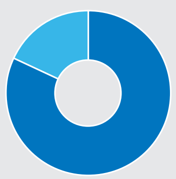
LINDAB'S LARGEST SHAREHOLDERS

	2011		2010
	Shares	Capital & votes, %	Capital & votes, %
Ratos AB	8,849,157	11.7	11.7
Sjätte AP-fonden	8,023,810	10.7	10.7
Swedbank Robur fonder	7,177,101	9.5	9.9
Livförsäkringsaktiebolaget Skandia	7,170,338	9.5	11.2
Lannebo fonder	5,288,252	7.0	5.8
CBLDB-IF Skadeförsäkring AB	3,890,055	5.2	4.4
Öresund Investment AB	2,085,914	2.8	1.3
Other shareholders	32,847,355	43.6	45.0
Total number	**75,331,982**	**100.0**	**100.0**

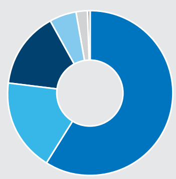
SHAREHOLDER STRUCTURE

Holding	Number of shareholders	Number of shares	Holding, %
1–500	4,453	931,190	1.2
501–1,000	833	711,910	0.9
1,001–5,000	569	1,338,526	1.8
5,001–10,000	109	783,935	1.0
10,001–15,000	27	342,856	0.5
15,001–20,000	19	326,114	0.4
20,001–	119	70,897,451	94.1
Total number	**6,129**	**75,331,982**	**100.0**

GEOGRAPHICAL BREAKDOWN OF OWNERSHIP, %



SHAREHOLDER CATEGORIES, %



SHARE CAPITAL

Year	Action	Number of shares Class A	Class B[1]	Change in share capital (SEK 000's)	Total share capital (SEK 000's)
2001	New formation	1,000	-	100	100
	Issue of new shares	9,000	-	900	1,000
2002	Share split (100:1)	1,000,000	-	-	1,000
2006	Share split (8:1)	8,000,000	-	-	1,000
	Issue of new shares	-	2,988,810	374	1,374
	Redemption of shares and reduction of share capital	–2,988,810	-	–374	1,000
	Redemption of shares and reduction of share capital	-	–2,988,810	–374	626
	Bonus issue	-	-	74,542	75,168
	Share split (15:1)	75,167,850	-	-	75,168
	Exercised options	3,539,970	-	3,540	78,708
Closing balance		**78,707,820**	**-**	**-**	**78,708**
Number of treasury shares		–3,375,838	**-**	**-**	**-**
Total number of shares outstanding at year end		**75,331,982**	**-**	**-**	**-**

1) All class B shares were redeemed in May 2006 and this type of share has been removed by a change to the Articles of Association.

DATA PER SHARE

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

1) Based on the current number of outstanding shares at the end of the year. 2) Proposed dividend. 3) Dividend as a percentage of the quoted price at the end of the period.

The ability to manage risk is an important part of how Lindab's business is governed and controlled in order to achieve the Group's objectives. In 2011, risk management has partly been focused on managing substantial steel price movements as well as the effects of continued low activity in the European construction sector.

Risks and risk management

Lindab's risks can largely be divided into risks relating to business activities and risks relating to financing activities. Business risks are normally managed by the Group's operating units, while the financial risks are centralised within Group Accounting and Finance. A selection of the most significant operational and financial risks to which Lindab is exposed is outlined below. For more detailed information about risks and risk management, see note 3 on page 98.

Operational risks

Market risks

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

The Group's operations are currently distributed throughout 31 countries, which balances the various country-specific risks in the construction industry. However, since construction is a cyclical industry, it cannot protect against a downturn in the global economy. The current economic downturn is affecting the majority of Lindab's markets and has therefore had a major impact on Lindab's operations.

The strong trend in Europe toward increased demands for better energy efficiency and improved indoor climate is softening the impact of weaker economic activity, particularly in the Ventilation business area.

Seasonal risks

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

Competition

Within the various markets, Lindab faces a large number of local players and a small number of national and multinational companies. Lindab works with highly automated central production units for volume products. To lower costs the company has also chosen to become established in countries with favourable production costs in order to increase the company's competitiveness. In 2011, Lindab increased the share of production at Karlovarska in the Czech Republic and has also started expanding capacity at the production unit in Yaroslavl, Russia. Lindab's distribution is adapted to suit each market situation, with proximity to the customer being the common denominator.

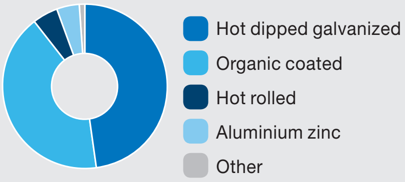
Bad debt losses

Lindab has just over 20,000 customers from 60 countries in total. In 2011, the Group's largest customer accounted for 1.5 percent of sales, meaning that Lindab's dependence on individual customers is limited. To minimise bad debt losses, a number of companies within the Group have insured themselves against bad debt losses. Credit information is sought for new customers and existing customers are monitored continuously. The total reserve for bad debt losses amounted to SEK 70 m (80) at the end of 2011. During the year, SEK 19 m (24) was expensed relating to reserves for bad debt losses, amounting to 0.3 percent (0.4) of the Group's total sales.

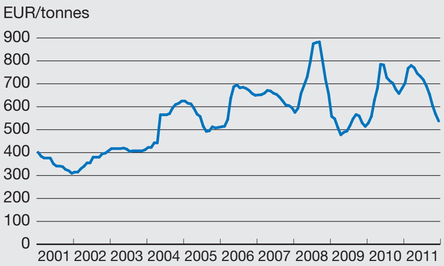
Raw material prices

Lindab purchases large quantities of steel, mainly sheet metal, and is affected by developments in the market for raw materials. In 2011, approximately 193,000 tonnes of steel products and other direct materials were consumed with a value of SEK 3,312 m (3,016), corresponding to 51.2 percent (48.8) of Lindab's total costs. Centralised steel purchasing strengthens Lindab's ability to negotiate competitive prices and terms. In addition, through long-standing relationships, the company has established a purchasing strategy that allows purchases to be made directly from the steel mills without intermediaries. Lindab's close relationship with steel mills has enabled it to develop special grades of steel and finishes adapted to the company's systems and products. Purchasing is carried out both in Asia and in Europe. In 2011, the bulk of steel purchases were made in Europe. The price variance with Asia was marginal and the shorter European lead-times were given preference, driven by the strong focus on stock and cash. Lindab has worked to broaden its supply base and to prioritise suppliers that are prepared to adopt a just-in-time approach under competitive terms.

RAW MATERIAL EXPOSURE



SPOT PRICES STEEL (HDG*) 2000–2011



Source: SBB and CRU (Northern Europe and Germany)

*) *HDG = Hot dipped galvanized.*

Sensitivity Analysis

Variations in volume

5 percent variations in volume result in a change to the operating profit of SEK +/– 95 m.

Variations in the steel price

Lindab's sales prices are normally adjusted in line with steel price fluctuations. Theoretically, a 10 percent change in the steel price affects Lindab's profit by approximately SEK 190 m if the sales price does not change.

Fluctuations in interest rates

Changes in interest rates affect Lindab's profitability and cash flow. A change in interest rates by one percentage point affects Lindab's profit by SEK 9 m. This includes existing sale-and-lease-back contracts on properties and existing interest swap agreements.

Fluctuations in currency

Currency fluctuations affect Lindab's operations both in terms of transactions and consolidation of activities. A 10 percent change in the value of the Swedish krona compared with a combination of the major currencies affects net sales by SEK 525 m and operating profit by SEK 6 m given the same volumes.

SENSITIVITY ANALYSIS

	Change	Effect on profit, SEK m
Variations in volume, %	+/–5	+/–95
Variations in the steel price, %	+/–10	+/–190
Fluctuations in interest rates, percentage point	+/–1	+/–9
Fluctuations in currency, %	+/–10	+/–6

The calculations are based on 2011 volumes.

Financial risks

Risk	Exposure	Comments
Financing risk Financing risk is the risk that financing the Group's capital requirements and the refinancing of outstanding credits is impeded or becomes more expensive.	Lindab's total credit limit amounts to SEK 3,000 m (3,500).	Lindab's credit agreement with Nordea and Handelsbanken includes two covenants in the form of net debt in relation to EBITDA and the interest coverage ratio, which are followed up quarterly. Lindab considers that credit conditions will be fulfilled.
Liquidity risk Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity.	At the year-end, the Group's unused credit facilities amounted to SEK 1,944 m (1,791), based on an underlying credit limit of SEK 3,500 m.	All centrally managed loan maturities are planned in relation to the consolidated cash flow. The aforementioned credit agreement safeguards liquidity needs.
Interest rate risk Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group.	Lindab is a net borrower. The net debt at the year-end amounted to SEK 1,747 m (1,856), which means that rising interest rates have an adverse effect on the Group.	According to the Finance policy, any surplus liquidity must be used to amortise existing loans. Fixed-interest terms are also governed by the financial policy. During 2009, two three-year interest swaps were entered into aimed at minimising the interest rate risk. The agreements mean that the effect of interest rates on loans in Swedish krona is limited.
Currency risk Currency risks are risks that the cash flow is negatively affected by exchange rate fluctuations. The risk can be divided into transaction risk and translation exposure.		
Transaction risk Transaction risk arises when trading between Group companies, suppliers and customers if payment is made in another currency than the Group company's local currency. Exchange rate fluctuations attributable to the transaction exposure are reported in the statement of comprehensive income.	75 percent (77) of the Group's sales are made using foreign currency. Sales are made in 16 (16) different currencies, the most important of which are EUR, DKK and GBP. Lindab's net exposure translated to SEK is approximately SEK 300 m (350) annually. The reduced exposure is due to the favourable balance of inflows and outflows in foreign currency, and also through the transition to EUR by some countries as the national currency (EE & SK). SEK 26 m (26) 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 decides whether there should be any hedging of the transaction exposure, which is subsequently handled by Lindab AB.
Translation exposure This arises when foreign Group companies' equity is translated into SEK.	At the end of 2011, the Group's net assets in foreign currency amounted to SEK 3,260 m (3,063).	In accordance with Lindab's Finance policy, this exposure has not been hedged during 2011 or 2010.
Lindab AB has currency risks in its lending and deposits to Group companies, which take place mainly in the Group company's local currency.	At the end of 2011, Lindab AB's borrowing and deposits in foreign currency amounted to SEK 461 m (662) and SEK 138 m (73) respectively.	The currency risk in these transactions is hedged using forward exchange agreements. These are evaluated monthly.

Less climate impact with Lindab's products

FACTS CARBON FOOTPRINT

Carbon Footprint is a measure of the greenhouse gas emissions that can be associated with any number of activities or a product. Calculating the Carbon Footprint can be a valuable initial step towards quantifiable decreases in emissions.

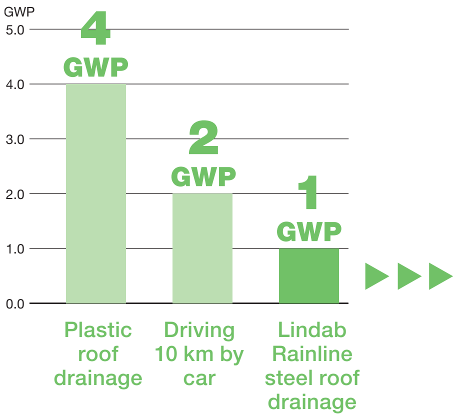
Buildings today account for almost 40 percent of the EU's total greenhouse gas emissions. Some of these emissions are attributable to construction materials. To reduce a building's impact on the climate, it is important to know and be able to manage the material's Carbon Footprint. The construction industry is therefore increasingly demanding access to information about the Carbon Footprint of products during their lifetime.

Most of Lindab's products have been analysed during the year and information about their Carbon Footprints have been made available. The calculations were performed by an external party, WSP, and were made from "cradle to gate", i.e. from the extraction of raw materials until the moment the product leaves Lindab's factories. The analyses are based on information provided by material suppliers about the material used in the product. Lindab's processes with regard to heat and energy consumption, waste, material waste in production and transport have also been analysed. The total burden is then converted and expressed in terms of GWP, Global Warming Potential. The calculated Carbon Footprint values are reported per kg of finished product leaving Lindab's factories and are presented in the Building Product Declarations and other product information.

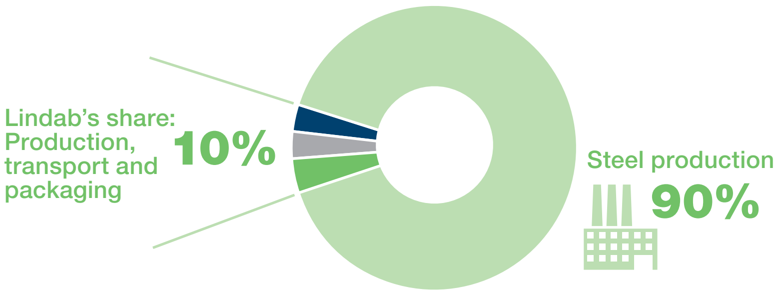
The results of the analyses show that the Carbon Footprint for Lindab products is mainly attributable to the material, i.e. the production of steel. Manufacturing, transportation and packaging materials comprise less than 10 percent of the products' overall Carbon Footprint.

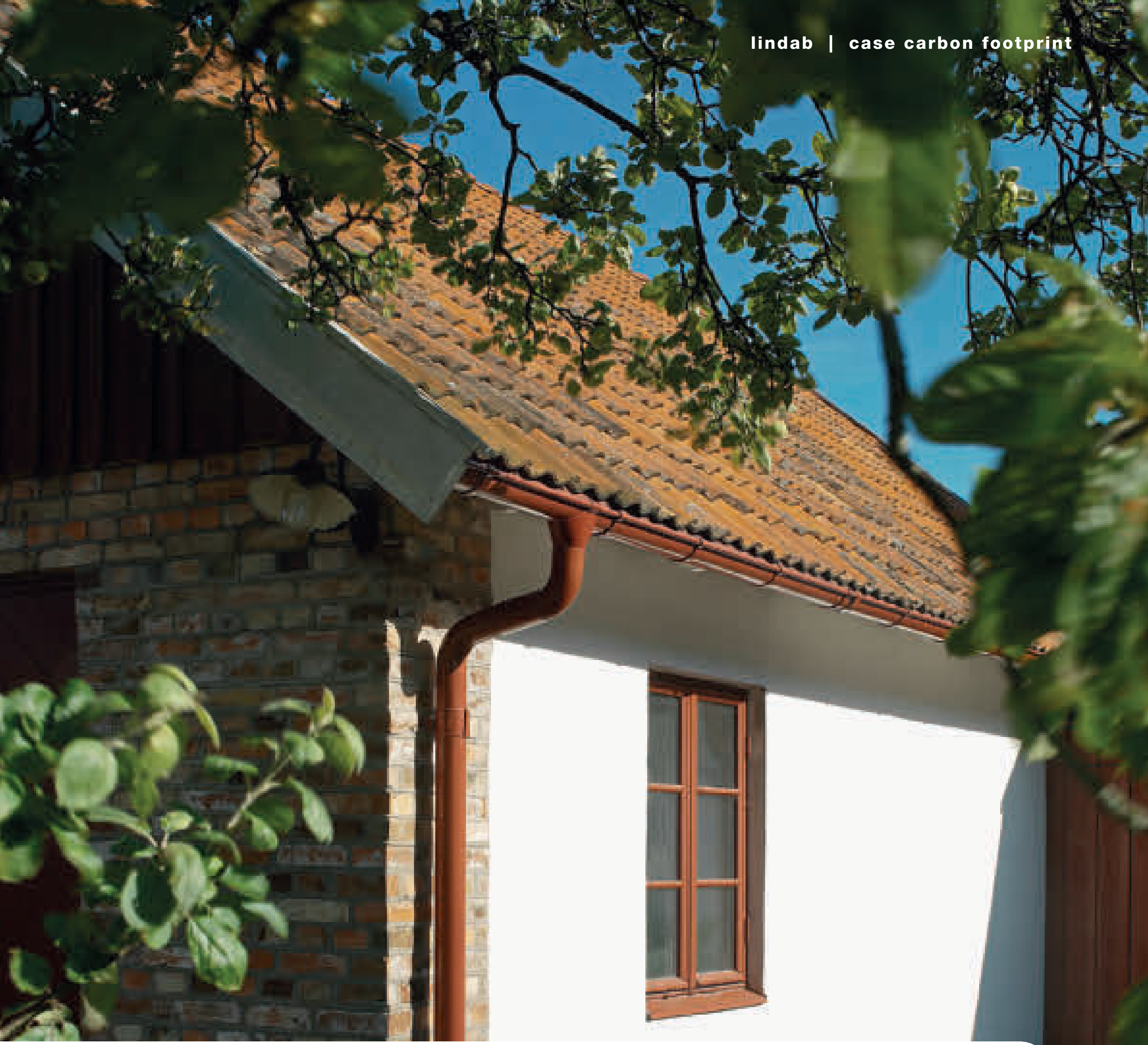
Carbon footprint studies

CARBON FOOTPRINT – LINDAB RAINLINE ROOF DRAINAGE, PLASTIC ROOF DRAINAGE AND DRIVING 10 KM BY CAR

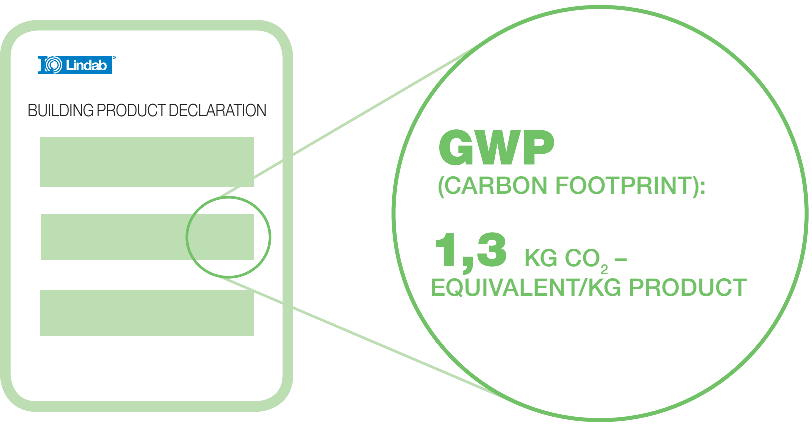


Lindab manufactures roof drainage in steel, which means an extended life compared to plastic roof drainage, for example, which is still common in many European markets. The steel content of Lindab's roof drainage results in a significantly smaller Carbon Footprint than plastic equivalents. The advantages of steel would be even more apparent had the analysis also taken material recycling into consideration.





BUILDING PRODUCT DECLARATION FOR CIRKULAR DUCT SYSTEMS



Work is under way to establish Building Product Declarations for Lindab products in accordance with the recommendations of The Ecocycle Council. The Building Product Declaration shows GWP per kg of finished product.

GWP=Global Warming Potential or greenhouse effect.

Lindab's work with social responsibility (SR) has positive outcomes for the business and its employees as well as for the environment and society. Lindab sees its sustainability efforts as a value-creating cycle, in which the initiatives that favour the external environment and stakeholders also benefit the company.

Lindab Life

The work to create sustainable development has always been part of Lindab's values and social responsibility forms the basis for Lindab's entire operations. The current priorities for this work are based on a dialogue with the company's stakeholders. Guidelines regarding Lindab's responsibility for daily conduct within the field are combined under the concept Lindab Life.

The Lindab Life concept summarises how Lindab should act on a daily basis, and how the company should behave towards its customers, suppliers and other partners. Lindab Life also governs its behaviour towards employees and the communities in which the company is present. Furthermore, it covers every significant environmental issue from a process and product perspective.

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

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

Lindab's Code of Ethics is implemented in several languages throughout the Group and is monitored continuously. The code is based on the UN Convention on Human Rights and describes the principles regarding how every employee should behave in their relations with other employees, shareholders, business partners and other stakeholders. The Code is also used to ensure that the company's suppliers operate in a way that is consistent with the Code.

The CEO and senior management are responsible for Lindab's work regarding SR, which is implemented by Group Staff Legal. The work is executed by a group of employees representing the Legal, Finance, Purchasing, HR and Communication functions.

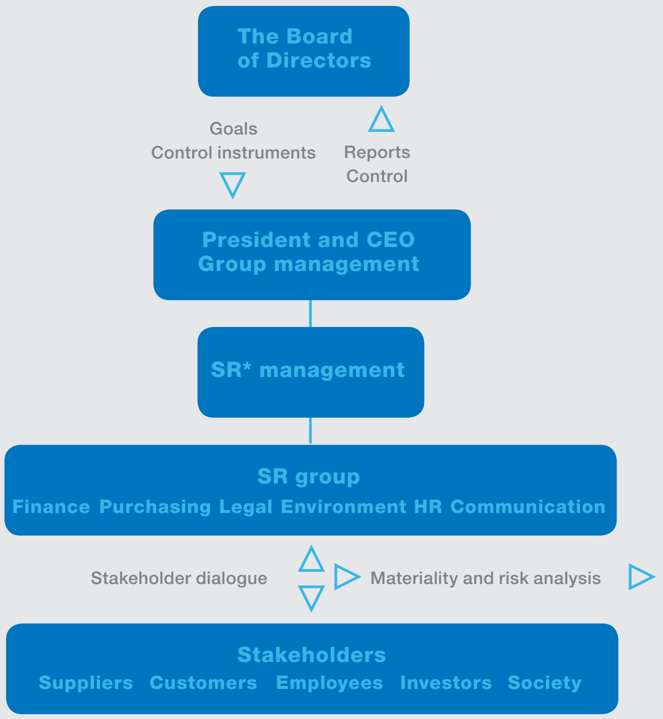
The data presented refers to the calendar year for 2011 and, unless otherwise specified, includes all Lindab Group operating subsidiaries that were included from the start of the year. Companies that were divested or ceased operations reported data for the time that they were active. The previous sustainability report was published in April 2011.

THE GLOBAL COMPACT
WE SUPPORT

LINDAB'S SOCIAL RESPONSIBILITY AND LINDAB LIFE ARE BASED ON THE FOLLOWING GUIDELINES AND CONTROL INSTRUMENTS:

- **ISO 26000** – guidelines for social responsibility.
- **Global Compact** – Guidelines on human rights, environment etc.
- **Global Reporting Initiative, GRI** – Sustainability reporting guidelines. Lindab reports under GRI level C.
- **Greenhouse Gas Protocol** – guidelines for calculating greenhouse gas emissions.
- **Lindab Code of Ethics** – comprehensive internal policy document dictating approaches towards the outside world in matters relating to social responsibility within each relevant area, based upon for example the UN's Declaration on Human Rights.

Lindab's work with social responsibility



Priority issues for Lindab within social responsibility:

- Business ethics
- Energy efficiency
- Climate and environmental impact
- Safe work environment

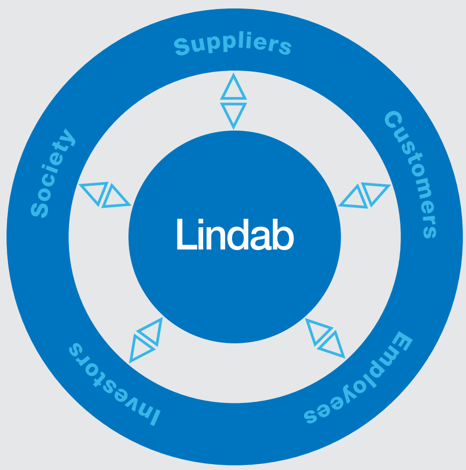
*) *SR=Social Responsibility.*

WHISTLEBLOWER

It is vitally important that all employees respond and act when deviations occur from the principles of Lindab Life. A key point in Lindab's Code of Ethics therefore describes the "whistleblower" function, i.e. the opportunity for all employees to anonymously to report abuses that are contrary to Lindab Life. Notifications have been received in 2011 resulting in investigations and disciplinary action where necessary.

STAKEHOLDER DIALOGUE

Lindab's stakeholders primarily consist of customers, suppliers, investors, employees and society. During the year, dialogues have been held with representatives for these groups aimed at discussing the issues deemed most important for the company. Based upon the exchanges in these stakeholder dialogues, a materiality analysis has been completed in which Lindab's priorities have been decided. Issues that emerged as most important relate to, for example, ethical matters such as anti-corruption and free competition, environmental aspects such as the effect of steel on the environment, energy-efficient products, as well as the Group's energy consumption and climate impact.



Simplifying construction for customers is fundamental to Lindab's development of new energy-efficient products and services. In most products, steel and sheet metal are the common denominator, which are materials offering many advantages from an environmental and sustainability perspective.

Business

Lindab's business is based on energy-efficient products and services that simplify construction. Together with sound business ethics, this contributes to healthy and long-term relationships with the company's customers and to social responsibility. Lindab's social responsibility work includes encouraging its suppliers and other business partners to strengthen their own endeavours regarding these issues. All major suppliers must adopt Lindab's Code of Ethics and thereby commit to meeting the associated requirements. Local suppliers are chosen whenever possible.

Energy efficient products

Steel and sheet metal are the dominant materials in Lindab's products. Apart from emissions during the production process, steel has a relatively small environmental impact. Steel's most important properties that help to conserve natural resources are its light weight, high strength and good recyclability. The high strength of steel and constant development allow for lighter buildings that use less material. Since steel is a very strong material, a smaller amount of steel is required to perform the same function as concrete or wood. This also contributes to fewer shipments when steel is used for construction.

Lindab cooperates with the steel mills to produce more durable materials, with respect to both the environment and quality. One example is a newly developed rust protection, which achieves a better effect with half the amount of zinc (which is a limited resource). In 2012, for certain product groups, Lindab will begin using sheet steel with coating systems that are completely free of chrome and that only contain half the quantity of solvents.

Steel possesses a long service life compared with other building materials. Steel does not require pesticides or other chemicals to protect against pests, mould or rot since steel is an inorganic material that does not absorb liquids. For that reason, buildings incorporating a steel frame do not provide a breeding ground for mould or other allergens. Steel gives off no emissions that can give rise to hypersensitivity or allergies. Virtually all steel can be recycled and steel is today one of the most recycled materials in the world.

In 2011, Lindab launched Think Less, a new communication concept to educate about steel from a sustainability perspective. The goal is to get the audience to "think" and better understand how the use of steel and Lindab's solutions for simplified construction help reduce the environmental impact, but also, for instance, how their company can benefit from more effective planning and faster installation.

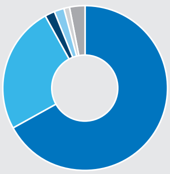
Product development and quality

Lindab's strives to contribute to simplifying construction in all phases of the construction process: in the design phase, of the product itself, its installation and delivery. This forms the basis for the company's product development. The goal is to continue to develop sustainable and energy-efficient products. Product launches in 2011 have included new demand controlled and energy-saving indoor climate, energy efficient ventilation solutions for the Swedish "million programme" plus software that helps to minimise the risk of energy losses in new buildings.

Since people spend a large proportion of their time indoors, it is important that the indoor environment is healthy and that the components used in the building present no health risks. Lindab works actively to identify and replace anything that can be considered to be

DISTRIBUTION OF REVENUE BY STAKEHOLDER

Lindab's revenue in 2011 amounted to SEK 6,878 m (6,527), comprising the sale of the company's products and services. Most of this allocated among the company's stakeholders.



- Suppliers, 67% (65)
- Employees, salaries inc. social sec. contributions and pensions, 25% (26)
- Investors, profit for the year, 2% (1)
- Society, tax, 2% (1)
- Banks etc., interest income and expenses, 1% (3)
- Other[1)], 3% (4)

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

a hazard to the environment or to health. Material research and development projects are also conducted together with suppliers, notably into surface treatment, corrosion problems, strength as well as health and environmental aspects.

Resources are also being dedicated to the development of products in order to optimise the manufacturing process, and to reduce costs and the environmental impact. Lindab tests and documents the products that are developed to ensure quality and functionality. Quality management systems are applied throughout the business and Lindab's larger production units all have quality systems certified under ISO 9001.

The products are supplied with the documentation requested by the various markets such as user manuals, certificates and environmental product declarations.

The high quality and functionality of Lindab's products ensure that the risk of adverse effects on health and safety are low. No breaches have been identified during the year in the Group's provision of products or in the health and safety impacts of the products.

Reduced Carbon Footprint of Lindab products

In cooperation with the international analysis and engineering company, WSP, Lindab has developed life cycle analyses for a large portion of its products. The analyses, which include the climate impact in terms of greenhouse gas emissions (Carbon Footprint), are included in the building product declarations. The calculations are made from "cradle to gate", i.e. from raw material extraction through to the product leaving Lindab's factories. The results of the analyses have shown that the content of steel in Lindab products means a lower Carbon Footprint than for products containing other materials. Read more on pages 44–45.

Business ethics

Good business ethics are pursued throughout Lindab's business. Unfortunately, in the construction industry and in the various geographical markets where Lindab operates, certain operators behave in a manner that is not acceptable. Lindab has long had a competition policy that is continuously reviewed and updated. Conduct that breaches competition rules is unacceptable. Company employees are informed and trained about the content of Lindab's policy in order to avoid violation of these rules.

Lindab has zero tolerance towards corruption and the anti-corruption policy is designed to ensure that conduct that might be considered as corruption does not take place in the company. Our view regarding zero tolerance is being increasingly recognised by the market and is a key selling point.

During the year, disciplinary action has been taken against employees for acting in breach of ethical principles.

SMART ENERGY EFFICIENCY THROUGH THE MILLION PROGRAMME

In order to meet the EU requirements for energy efficient buildings, it is increasingly important to build tight and ventilate right. A large number of the approximately one million apartments that were built in Sweden between 1965–1975 as part of the so-called million programme are in desperate need of renovation and improved energy efficiency. Energy efficient ventilation is part of this. Lindab's patent-pending renovation system, InCapsa, is a smart ventilation system that consists of Lindab's duct system and a discrete cover in white painted steel. It is the result of customer-focused innovation that makes it easier for both property owners and ventilation installers, while contributing to a more energy-efficient housing stock. The same occupational group performs all the work and everything is completed in a single occasion, meaning that the tenant avoids having to move out while the work is carried out.

Lindab's modern manufacture of steel products has a relatively small environmental impact. Furthermore, several projects focusing on energy efficiency and reduced volumes of scrap are being conducted within the Group.

Environment

Lindab's continuous environmental work is governed by the environmental policy and agreed environmental objectives.

The direct responsibility for environmental issues within Lindab lies with the local companies, each of which has one person responsible for local environmental work. The Group has a central environmental function with responsibility for the development, coordination and monitoring of the environmental work. A Group-wide environmental council – with representatives from the various business areas – monitors the business units, puts together action plans and exchanges positive examples.

Energy and climate objectives

Lindab has set three long-term objectives aimed at reducing the Group's impact on the environment and climate. The objectives are based on the EU's objectives for 2020 and mean that taking 2008 values as a starting point:

- energy consumption will decrease by 20 percent
- 20 percent of energy will come from renewable sources
- greenhouse gas emissions will decrease by 20 percent.

The long-term objectives are complemented by shorter, more locally based objectives and activities. In particular, this means better processes and reduced energy consumption. Energy consumption has decreased in 2011, but the fuel mix means that greenhouse gas emissions have increased slightly. Work is in progress to review the fuel mix, initially with regard to the Group's largest units.

Environmental management system

Most of Lindab's major production units are certified according to ISO 14001, with more to be certified in future. Non-certified companies are primarily sales companies.

Localisation

Lindab's production units are generally situated within areas designated for industrial activities, where operations have no direct impact on biodiversity.

Permits

The permits that are required for Lindab's operations normally relate to ordinary business permits for the industry. In some locations, these permits relate to the size of the factory site and the handling of oils. Reports are submitted to regulatory bodies in each country. No violations of permit conditions or local environmental laws have occurred in 2011 or previously.

Climate change

Climate change is affecting Lindab's operations to an ever greater extent. These changes are treated as risks, and assessments are continuously being made to identify and prevent further risks. Identified risks include extreme weather with increased precipitation and flooding, as well as longer and colder winters with the resulting increase in energy costs.

Lindab's impact on the environment arises from energy consumption and from the consumption of raw materials. Several projects focusing on energy efficiency and reduced volumes of scrap are being conducted within the Group. The Group reports to the Carbon Disclosure Project, which measures greenhouse gases and allocates scores based on emissions. Lindab's score has improved every year. In the latest report, Lindab received a score of 70 (62), compared with the Nordic 260 average disclosure score of 64 (60).

CONSUMPTION OF RAW MATERIALS

	2011	2010
Steel, tonnes	193,000	182,000
Oils, m³	80	210
Paint, tonnes	446	640
Solvents, m³	20	20
Rubber, tonnes	675*)	1,280

**) Partially estimated quantity.*

CONSUMPTION OF PACKAGING MATERIALS

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

WASTE & SCRAP METAL

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

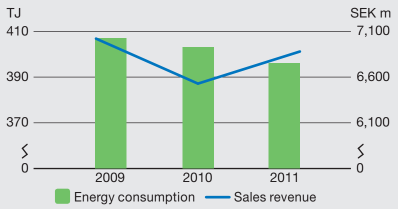
ENERGY

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

GREENHOUSE GAS EMISSIONS

	2011	2010
Total, tonnes	60,084	52,366
Direct emissions, tonnes	11,895	10,392
Indirect emissions, tonnes	23,016	19,798
Other sources, tonnes	25,173	22,176

ENERGY CONSUMPTION



Resource use

Lindab's main raw material is steel. 20 percent of the steel that Lindab uses is estimated to come from recycled sources. Additive materials are also used such as paint, rubber seals, plus lubricants and oils for metal processing. Furthermore, the production requires certain chemicals and fuels for the operation of furnaces, vehicles, trucks and heating.

Water is used in production primarily for cooling and cleaning. In 2011, Lindab used 176,000 m^3 (193,000) of water, mainly from the company's own wells. Measures to reduce water consumption include the installation of water saving taps, as well as recycling process water.

Energy conservation is an important area for Lindab. In 2011, the Group consumed approximately 396 TJ (403 TJ) of energy, of which 10 (15) percent came from renewable sources. Several projects are under way to reduce overall energy consumption, such as installing more energy-efficient lighting in our premises.

In 2011, the ventilation units were renovated in the press hall at the ventilation plant in Grevie. The coolant in the machines can now be recycled more effectively, meaning a reduction in the amount of fresh water consumed for cooling. Furthermore, the machines make better use of waste heat, which reduces the need for supplying external heat to warm the premises.

Emissions

Transport

Environmental demands are made in the central procurement of transportation. Consolidation and logistical planning also reduce the environmental impact of transport. The majority of packaging consists of renewable materials, which are recycled.

Lindab's Carbon Footprint studies show that transport accounts for a small part of the product's overall climate impact.

Production

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

Most of the Group's production facilities are connected to municipal drainage. Water that is discharged over land surfaces is runoff and coolant water. This is usually clean but small traces of metal deposits may be present. To protect against accidental discharges there are degreasers and sediment traps.

Leakage checks on cooling/heating pump equipment are carried out to avoid ozone-depleting substances from leaking out. No emissions have been recorded during the year.

Independent inspections of the business show that no pollution has occurred that may require the decontamination of soil or water.

Waste

Lindab's products are recyclable and are easy to separate in the event of reconstruction or demolition.

The waste products generated during production comprise mainly scrap metal, but other types of waste are also generated. The recovery rate is high. Scrap metal is recycled completely along with about 90 percent of other waste. Some incoming and surplus packaging materials are reused on site. Anything not used is sorted and dealt with according to existing laws.

Hazardous waste that is produced includes paint and solvent waste, absorbent materials and other oily waste. The waste is collected by local waste management companies, and there is no information as to whether any has been exported.

Chemicals

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

IMPROVED LIGHTING AT REDUCED COST

Lindab is working to continuously improve energy performance and reduce operating costs within production. One project that was completed in 2011 was the replacement of fluorescent lighting fixtures in one of Building Components large production halls in Förslöv, Sweden. The 310 fluorescent lighting fixtures were older models of poor quality that used energy-consuming technology. It was therefore decided to replace all the fixtures with an industrial fixture with high lighting performance and low energy consumption. The investment in the new fixtures will soon be recouped. Control measurements before and after the change indicates an energy saving of about 25 percent, corresponding to approximately SEK 60,000 per year at a cost of SEK 1/kWh.

Lindab's success depends on attracting, developing and retaining talented employees who share Lindab's core values, vision and goals. The cornerstones of this work are the efforts already being made regarding the corporate culture, employee and organisational development, and preventive health care.

Employees

At Group level, a couple of joint initiatives have been launched in 2011 including the new Performance and Development Talk process. This is an important tool in the development of both employees and the organisation to achieve Group goals and increase employee motivation. Linked to this initiative is Talent Review and Succession Planning, which supports the identification and development of potential replacements for key functions. In 2011, these three initiatives were implemented for 90 senior executives, and will then be applied at the next level in the organisation in 2012.

Local initiatives

In addition to the recruitment of new employees, a large number of local initiatives are being carried out at local level from training to team activities. Several units have a Lindab Academy with training resources, where sales and production staff, as well as customers, are given training about Lindab's products, technologies and systems.

For several years, the production unit in Haderslev, Denmark, has been working to improve reading and writing skills in dyslexic employees. In 2011, 11 employees received training and equipment, making it easier for them both at work and in their private lives. In Jels, Denmark, all hourly wage earners have received a basic course in Lean. The aim has been to get everyone to understand the reasoning behind Lean and take responsibility for the change processes taking place in Jels with regard to streamlining production and ensuring ownership throughout the business. The basic course is partially paid by the state and has been both dynamic and interactive in its approach, which has created commitment among the participants. The factory in Yaroslavl in Russia has grown rapidly since its inception and to ensure that key competencies are met, there is an investment of 26 hours of training per employee per year. These include negotiation and presentation skills, business English and Lean concepts.

Focus on entrepreneurship

Strong entrepreneurship is part of Lindab's corporate culture and decisive for the Group's successful development. At the production units in Sweden, it has long been important to encourage employees to make suggestions for improvements. In recent years, three of the units ranked among the top ten in Sweden in terms of number of suggestions per employee.

The production unit in Förslöv, Sweden, has won a prestigious Lean award from "Teknik och Kompetenscentrum" and the South Swedish Chamber of Industry and Commerce. The justification was based on "continuous improvement through long-term leadership that engages all."

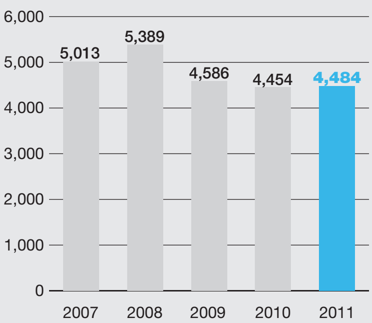
Preventative health care

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

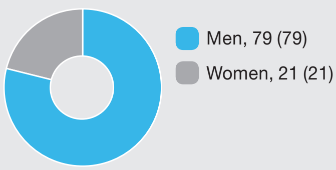
Safe work environment

Work regarding the vision of zero work-related injuries is different throughout the Group. Each business unit is responsible making sure that laws and regulations are followed and that all staff undergo training for the tasks that they must perform. In 2011, a new Group-wide procedure has been initiated to follow-up

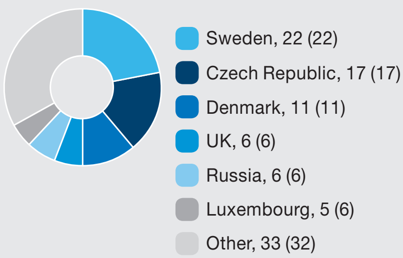
AVERAGE NO. OF EMPLOYEES



GENDER DISTRIBUTION, %



GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES, %



work-related injuries in order to create common benchmarks and enable proactivity in critical risk areas.

At the Ventilation business area in Switzerland, the management are working actively to prevent accidents by holding monthly discussions regarding important topics in the field of health and safety, such as the need for proper safety equipment and observing safety regulations. All employees are given regular safety training.

Human rights

Lindab's Code of Ethics is implemented in several languages throughout the Group and is monitored continuously. The code is based on the UN Convention on Human Rights and describes the principles regarding how every employee should behave in their relations with colleagues, shareholders, business partners and other stakeholders. Every employee has the right to form, join or refrain from participation in trade unions or other organisations that engage in collective bargaining. Lindab makes risk assessments of its geographic markets concerning factors such as oppression, child labour and forced labour. The risk of such violations is considered to be low within the Lindab Group and during the year no violations were recorded.

Lindab encourages diversity and treats employees without discrimination with regard to gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social or ethnic origin. Many units from both the Swedish and international parts of the Group are making positive reports regarding greater diversity. One case of discrimination was reported and investigated in 2011.

INCREASED ATTENDANCE THROUGH PREVENTATIVE, ACTIVE HEALTH WORK

In 2001, Lindab employed a health motivator for companies on the Bjäre peninsula, and in same year Lindab became the first industrial company in Sweden to receive a health diploma from the Swedish National Institute of Public Health. This signalled the beginning of a decade long preventative health initiative that today encompasses the entire Swedish operations and has contributed to substantially improved attendance at work. In October 2011, the tenth anniversary was celebrated at Lindab Arena, with employees and their families invited.

In Denmark, Lindab has undertaken a comprehensive health project, funded to 80 percent by The Danish Prevention Fund. The goal was to improve the physical, psychological and social circumstances of employees and thereby reduce sick leave through a variety of activities and contribute to a generally improved quality of life. The project is also aiming to create the industry's best workplace.

Lindab conducts operations in 31 countries and is one of the largest employers in many locations. It is important for Lindab to have good and close relations with local authorities and organisations, as well as initiatives that support and contribute towards positive development in the local community.

Society

Lindab recognises the importance of assuming the social responsibility expected of a large company and aims to contribute towards local development. The strong entrepreneurial mindset that has long been a part of the Group's corporate culture is what drives this commitment at both a central and local level. In many places where Lindab operates, the Group is a market leader and one of the largest employers, especially at the locations in Sweden, Denmark and Luxembourg, where the Group's major production units are situated.

Community involvement

Lindab is involved in a number of activities in support of local communities. Through collaborations with various organisations and government agencies in the places where operations are conducted, Lindab endeavours to contribute to a generally positive development and to the long-term strengthening of the region's attractiveness and competitiveness, something that benefits both the society and Lindab. An important factor for Lindab's commitment is that the majority of the recruitment of new employees, both managers and other employees, occurs in the communities where the Group's units are located. Lindab is active at career days at universities and at various job centres in the regions where it operates. In some countries, before each school year Lindab offers school age children of employees teaching materials for school and preschool, in order to promote and encourage learning. In Grevie and Förslöv in Sweden, local residents are invited to neighbourhood meetings, where Lindab provides information about production plans for the area and the "neighbours" are given the opportunity to comment and ask questions.

Lindab provides support to various aid organisations and local sports clubs where the company is established. One example from 2011 was Lindab's contribution of complete roofing systems for eight newly built houses, as a means of helping families in Dorohoi in Romania who were left homeless following floods in the summer of 2010.

In Sweden, Lindab sponsors events such as the Swedish Open tennis tournament in Båstad, and the Lindab Arena in Ängelholm, which is home to the Rögle ice hockey team.

Education Partnerships

Partnerships with schools, universities and other educational institutions and their students occur frequently throughout Lindab. For instance, employees from Lindab participate as guest lecturers at various university conferences and research is sponsored relating to developments within building systems and ventilation. Lindab also offers work experience for students at both secondary school and university, by offering internships and assistance with thesis work. In Biatorbagy, Hungary and in Yaroslavl, Russia active efforts are under way to increase contacts with universities in the region through student visits, contributions to course content and collaborations with various research programmes and professorships. In Sweden, through the employers' organisation Teknikföretagen, Lindab participates in Teknikcollege, which is a hallmark of quality for programmes in which municipalities, education and business work together to enhance the attractiveness and quality of technically oriented courses.

Government assistance

Received contributions amounted to approximately SEK 34 m in 2011. The majority, 59 percent, was national support for reduced working hours, primarily in Luxembourg. The support payments were intended to reduce the impact of the recession and to secure jobs in the country. The remainder consisted mostly of training and freight support.

LINDAB FUNDS TO PROMOTE INDUSTRY IDEAS

If anyone has an idea relating to sheet metal work, ventilation or lightweight construction technology, money can be sought from the Lindab Fund and Lindab's Scholarship Fund. The funds were established in 1984, and grants have subsequently been awarded every year to stimulate education, encourage new ideas and promote research and development within the sheet metal and ventilation industries. Lindab, Plåtslageriernas Riksförbund and Byggnads (Swedish construction unions) are behind these funds. In 2011, the funds awarded scholarships to secondary school classes in sheet metal work for study trips to Copenhagen and Prague, and to the film-maker Björn Hammar, for the production of a film about the sheet metal profession. In June 2010, scholarships were awarded to each of the eleven new immigrants who had just completed a qualified training course for construction sheet metal workers in Örebro, Sweden. All eleven found employment directly after finishing the course.

GRI Index

Lindab follows GRI guidelines for sustainability reporting, and reports through self-assessment in accordance with GRI level C.

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5. MANAGEMENT APPROACH AND PERFORMANCE INDICATORS			
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EN4	Indirect energy consumption	F	p. 50
EN5	Energy saved due to conservation and efficiency improvements	P	p. 50–51
EN8	Total water withdrawal by source	P	p. 51
EN16	Total direct and indirect greenhouse-gas emissions	F	p. 50
EN18	Initiatives to reduce emissions of greenhouse gases and results	F	p. 44–45, p. 50
EN22	Total weight of waste by type and disposal method	P	p. 50–51
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Performance indicators for labor practices and decent work			
LA1	Total workforce	P	p. 52, p. 62, Note 6
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Performance indicators for human rights			
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HR6	Operations identified as having significant risk for incidents of child labor and actions taken	F	p. 53
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Performance indicators for society			
SO2	Percentage and total number of business units analyzed for risks related to corruption	F	p. 49
SO4	Actions taken in response to incidents of corruption	F	p. 49
Performance indicators for products			
PR1	Products and services impact on health and safety throughout the life-cycle	F	p. 44–45, p. 48–49
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	F	p. 49
PR9	Monetary value of fines for noncompliance with laws and regulations concerning products and services	F	p. 49

N/A= Not applicable
F = Full
P = Partial

The Chairman's comments

With 4,300 employees and operations in 31 countries via three business areas, today's Lindab puts great demands on structure and clarity in its governance and areas of responsibility. The strong and sound corporate culture of the Group helps to facilitate this. One of Lindab's core values is "neatness and order", which has been firmly established within the organisation for many years.

During the year, the Board's work has concentrated on issues relating to the strategy update that was implemented in 2010. Lindab has acquired companies, grown in emerging markets and launched new, innovative products and solutions that enhance its market-leading position. We operate in a highly competitive market where all of our strategic activities provide us with stability and long-term benefits. At the same time, we are seeing that a broader recovery in the European construction market has slowed, partly as a result of the growing fiscal problems in a number of European economies. In this respect, our clear strategy provides support as we once again have to adapt and act in order to cope with the continuing weak demand.

As with my predecessor, my primary responsibility as Chairman is to ensure that the Board's activities are performed in the best possible way. An important part of our duties next year will be continuing to integrate issues regarding governance and control, strategies, risk management and corporate social responsibility. We will take the decisions that help to further develop and improve Lindab's circumstances in an ever challenging market.

Corporate governance is also about creating transparency so that shareholders and other stakeholders can understand and follow the company's development – which of course is even more important in tough market conditions. Our overall financial targets are ultimately about creating value for shareholders through profitable growth. Sound corporate governance is a prerequisite for a sustainable development with good returns.

Grevie, March 2012

Ulf Gundemark
Chairman of the Board

Corporate governance report

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

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

Lindab attaches great importance to corporate governance and this is supported by Lindab's core value, "Neatness and Order". The corporate governance of Lindab is based formally on the Articles of Association, the Companies Act, the adopted rules of procedure, the regulations of Stockholm Stock Exchange, the Swedish code for corporate governance and other applicable Swedish and foreign laws and regulations. Lindab's corporate governance is clarified on page 62.

Deviations

There are no deviations from the company code.

Share capital and shareholders

Lindab's share capital amounted to SEK 78,707,820 at the end of the year. All shares have a face value of SEK 1, which means that there is only one class of share, numbering 78,707,820. Each share entitles the holder to one vote and an equal right to a share in the company's assets and results. Following the buy-back in 2008, Lindab holds 3,375,838 treasury shares. The number of outstanding shares therefore amounts to 75,331,982. Lindab has no voting rights for the repurchased shares. There were 6,129 shareholders (6,934) at 31 December 2011. The four largest shareholders in relation to the number of outstanding shares were Ratos with 11.7 percent (11.8), Sjätte AP-fonden with 10.7 percent (10.7), Swedbank Robur Fonder with 9.5 percent (9.9) and Livföräkringsaktiebolaget Skandia with 9.5 percent (11.2). More information about Lindab's shareholders and the share development in 2011 can be found on pages 38–39.

Annual General Meeting

The Annual General Meeting for the financial year 2010 was held on 11 May 2011 at the Lindab Arena, in the municipality of Ängelholm. 212 shareholders participated. The minutes from the 2011 Annual General Meeting have been available on the company's website since 25 May 2011. In addition to ordinary matters, the meeting adopted decisions regarding:

- principles for the appointment of the Nomination Committee, see below
- principles for the remuneration for senior executives
- The Board's proposal to decide upon the introduction of a performance-based share savings programme (LTIP 2011)
- the Board's proposals regarding:
  - a) authorising the Board to decide upon the transfer of treasury shares
  - b) approval in accordance with chapter 16 of the Companies Act for the transfer of Benone AG by Lindab AG

The Annual General Meeting for the financial year 2011 will be hosted at 14:00 (CET) on 9 May 2012 at the Lindab Arena, Ishallsvägen, in the municipality of Ängelholm. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in Post och Inrikes Tidningar and on the company's website. Notice to attend the Annual General Meeting will be published in Dagens Industri. Shareholders wishing to participate in the meeting must be entered into the company's share register 5 working days before the meeting, i.e. 3 May 2012, and must notify the company of their wish to participate as specified in the notice to attend the 2012 Annual General Meeting. Shareholders who wish to have a matter discussed at the Annual General Meeting must, as specified on the company's website, submit these matters to the Chairman of the Board no later than 21 March 2012.

Nomination Committee

At the Annual General Meeting in May 2011, it was decided that the company shall have a Nomination Committee consisting of at least four members, one of whom will be the Chairman of the Board. The Chairman is instructed to appoint a Nomination Committee prior to the 2012 Annual General Meeting, in consultation with the three largest shareholders. The mandate period for the Nomination Committee runs until a new Nomination Committee has been appointed. The Chairman of the Nomination Committee shall be the member representing the shareholder controlling the largest number of votes. Accordingly, the company's major shareholders appointed a Nomination Committee. The company announced the Nomination Committee's appointments on 17 October 2011. These are:

- Arne Karlsson, representative for Ratos AB (publ), Chairman
- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia
- Marianne Dicander-Alexandersson, representative for Sjätte AP-fonden.
- Ulf Gundemark, Chairman of Lindab International AB.

In accordance with the decision of the Annual General Meeting, the Nomination Committee shall evaluate the work and structure of the Board of Directors and produce proposals for the 2012 Annual General Meeting with regards to:

- election of Chairman for the 2012 Annual General Meeting
- election of the Chairman of the Board of Directors
- election of auditors at the appropriate time in consultation with the Audit Committee
- fees for the Board of Directors and auditors
- composition of the Nomination Committee ahead of the 2013 Annual General Meeting.

The Nomination Committee held five minuted meetings in 2011. In 2012, the Nomination Committee has held one minuted meeting prior to the 2012 Annual General Meeting.

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

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

The Board of Directors

It was decided at the Annual General Meeting on 11 May 2011, that the Board of Directors will consist of seven members without deputies. The company's President is the spokesperson for the Board of Directors. The composition and the members' different appointments are detailed on pages 66–67 of the Annual Report.

The work of the Board of Directors

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

During 2011, the Board of Directors met fourteen times including 5 additional meetings. At each scheduled meeting, the financial performance was reported and followed up. The Board held one meeting with the auditor, without the executive management present, to review the cooperation with the executive management regarding implementation of the audit process and other related matters. Key issues raised at Board meetings are shown separately.

An evaluation of the work of the Board of Directors took place during 2011. The evaluation was conducted internally and was based on the same principles as for the external evaluation conducted previously. The assessment was that the composition of the Board of Directors is good, it performs its duties very well, and that the dialogue between the Board and the executive management is good. An evaluation of the President has also been performed by the Board of Directors.

Remuneration of the Board of Directors

At the Annual General Meeting on 11 May 2011, total fees of SEK 2,640,000 were established, comprising Board fees of SEK 2,500,000, fees to the Audit Committee of SEK 70,000 and fees to the Remuneration Committee of SEK 70,000 SEK, see below.

KEY ISSUES AT EACH BOARD MEETING:

- 9 February — Financial statements, auditors' report (present), proposals for the Annual General Meeting, dividend, remuneration issues.
- 9 March — Annual Report.
- 18 March — Organisational issues, management issues.
- 1 April — Incentive programme, investment decisions, notice to attend the Annual General Meeting.
- 18 April — Annual General Meeting Issues.
- 28 April — Interim report, acquisition issues.
- 11 May — Performance review, forecast 1, remuneration issues, market review.
- 11 May — Post-electoral Board meeting.
- 16 June — Acquisition issues, investments.
- 15 July — Interim report, acquisition issues.
- 8 September — Performance review, forecast 2, acquisition issues, market review, strategy.
- 24 October — Interim report, auditors' report (present), forecast 3, acquisition issues.
- 25 November — Organisational changes.
- 14 December — Performance review and balance sheet analysis, budget, strategy review, acquisition issues, remuneration issues.

BREAKDOWN OF BOARD FEES

Name	Function	Board fees	Committee fees	Total
Pontus Andersson	Member	25,000	-	25,000
Sonat Burman-Olsson	Member	300,000	20,000	320,000
Erik Eberhardson	Member	300,000	-	300,000
Per Frankling	Member	300,000	20,000	320,000
Ulf Gundemark	Chairman	650,000	50,000	700,000
Anders C. Karlsson	Member	300,000	20,000	320,000
Stig Karlsson	Member	300,000	30,000	330,000
Markku Rantala	Member	25,000	-	25,000
Annette Sadolin	Member	300,000	-	300,000
Total		**2,500,000**	**140,000**	**2,640,000**

THE BOARD OF DIRECTORS

Name	Number of meetings present: The Board 14 meetings	Remuneration Committee 5 meetings	Audit Committee 6 meetings	Elected: Year	Company	Ownership
Svend Holst-Nielsen, Chair.[1]	7	2	1	1995	Independent	Independent
Ulf Gundemark, Chair.	14	5	6	2009	Independent	Independent
Pontus Andersson[3]	14			1995		
Sonat Burman-Olsson[2]	5	3		2011	Independent	Independent
Erik Eberhardson	11			2009	Independent	Independent
Per Frankling	13	5	1	2009	Independent	Dependent
Anders C. Karlsson[4]	13	2	5	2001	Independent	Independent
Stig Karlsson	14		6	2004	Independent	Dependent
Markku Rantala[3]	14			1998		
Annette Sadolin	13			2006	Independent	Dependent

1) Resigned 11 May 2011, mandate period covered 7 meetings.
2) Elected to the Board of Directors 11 May 2011, mandate period covered 7 meetings.
3) Employee representatives.
4) Independent of major shareholder since July 2011.

Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, Ulf Gundemark, as Chairman, and the Board members Sonat Burman-Olsson and Per Frankling. The Committee shall assist the Board of Directors to prepare proposals for principles of remuneration of the executive management, to be approved by the Annual General Meeting. The Committee is also responsible for preparing questions regarding remuneration of the executive management, to be decided by the Board of Directors. The Remuneration Committee was appointed at the Board meeting held on 11 May 2011 and has held five minuted meetings. The matters that have been discussed relate to the remuneration of senior executives regarding the results for 2010, targets for variable remuneration in 2011, and the incentive programmes. In 2012, the Committee has held two minuted questions ahead of the financial year and 2011 Annual General Meeting.

Audit Committee

The Audit Committee consists of Stig Karlsson (Chairman), Anders C. Karlsson and Ulf Gundemark, as independent expert. The Audit Committee will ensure the quality of the financial statements, maintain ongoing contact with the auditors, evaluate the auditing work, assist the Nomination Committee in its preparations for the election of auditors, ensure that the company has a proper system for internal control, and manage other related issues. In 2011, the Audit Committee held 6 minuted meetings at which the CFO, the manager for internal audits and the Chief Legal Counsel were present. The auditors were present at four meetings. The audit was planned and reviewed at these meetings and the quality of financial statements was guaranteed. In 2012, the Committee has held one minuted meeting with the auditors present, concerning the financial statements for 2011.

Auditors

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

Auditors' fees

For 2011, the auditors' fees paid to Ernst & Young amounted to SEK 0.4 m for the parent company and SEK 6.9 m for the Group. In addition, their fees for other services in the Group amounted to SEK 5.0 m. Services have included advice on tax matters, investigation and analysis in connection with acquisitions and divestments, and investigations into certain accounting matters.

Rules of procedure

At the Annual General Meeting on 11 May 2011, the Board of Directors adopted rules of procedure for determining the distribution of duties between the Board of Directors and its committees, the Chairman's role, decision-making procedures and issues regarding financial reporting and internal control. The rules of procedure include the President's instructions for the clarification of the President's duties and responsibilities.

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

Code of Ethics

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

Finance Policy

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

Information Policy

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

Insider Policy

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

IPR Policy

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

IT Policy

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

Anti-corruption Policy

Lindab has zero tolerance for corruption. The policy is the framework that supports Lindab's zero tolerance concerning this issue.

Competition Law Policy

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

Environmental Policy

An international Environmental Policy governs environmental issues, which are reported on pages 50–51.

Group management

Lindab's operations are divided into three business areas. The Group management consists of the President, the Group's business area managers, the CFO and the directors for HR, and Legal. However the business area manager for Building Systems, Hans Berger, who replaced Venant Krier, is not part of the Group management at the present time. This team structure ensures that the decision-making paths are short.

Overview of governance in the Group

Shareholders

Shareholders' right to decide about Lindab matters is exercised at the Annual General Meeting or, where appropriate, at the Extraordinary General Meeting, which is Lindab's highest decision-making body. The Annual General Meeting is usually held during May in Båstad. The meeting decides upon matters referred to in the Companies Act or the company code.

Nomination Committee

The Nomination Committee submits proposals regarding various issues to the Annual General Meeting. See page 59.

Audit Committee

The main task of the Audit Committee is to ensure compliance with the established principles for the financial statements and the internal control. See page 61.

Remuneration Committee

Remuneration Committee assists the Board of Directors on remuneration issues. See page 61.

The Board of Directors

Composition of the Board of Directors

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

The Chairman's responsibilities

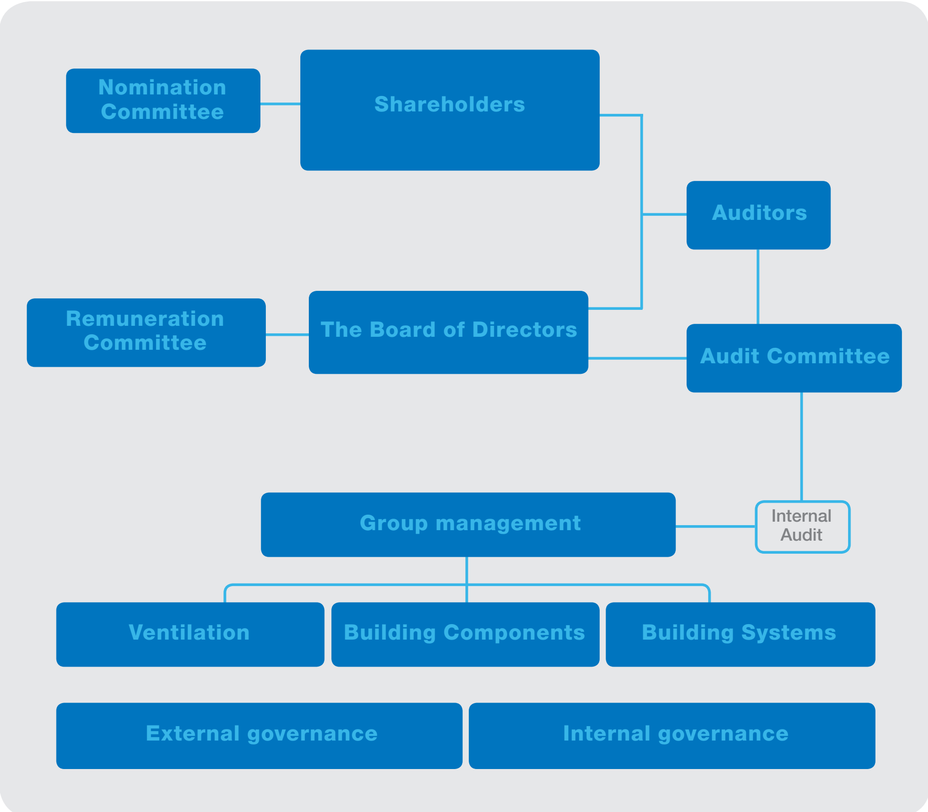
The Chairman leads the Board's work and follows its activities in dialogue with the President and is responsible for other Board members receiving the information and documentation necessary for high quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

The work and responsibilities of the Board of Directors

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

The Board of Directors' responsibility for the financial statements

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



Auditors

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

The President and Group management

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

External governance

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

Internal governance

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

Internal audit and risk management

Lindab's Internal Audit function reports regularly to the CFO and to Lindab's Audit Committee. The overall control environment that has been established by the Board and the management forms the basis for the internal control over financial reporting. See pages 64–65.

Remuneration to senior executives

Remuneration principles

At the 2011 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines are based on remuneration that reflects the market and the environment in which the executives operate. The remuneration should be competitive, facilitating recruitment and motivating employees to remain with the company.

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

In special cases, the Board of Directors has the right to waive the guidelines. During 2011, the Board of Directors has not exercised this mandate.

Remuneration and other benefits for the Group management are shown in the table on the right. A further SEK 9.8 m has been recorded relating to payroll overheads including special employer's contributions on pensions.

Remuneration of the President

David Brodetsky's fixed salary for 2011 totalled SEK 4,841,000 for the full year with a variable salary of up to 75 percent of the fixed salary, with the right to convert up to 35 percent of the fixed and variable salary to pension. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. Up to and including the financial year 2010, David Brodetsky's entitlement to fixed and variable salary was hedged in EUR. Similarly, the pension entitlement was hedged up to and including the financial year 2011, which will be settled in 2012. The hedges applied to David Brodetsky as well as the company. This consequently ceased at the end of 2011. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, plus the right to a free car and certain other benefits. What David Brodetsky received in 2011 is detailed on the right. The employment runs with a notice period of one year from the company and six months from David Brodetsky. David Brodetsky is bound by a non-competition clause that is valid for one year from the termination of employment, during which he is entitled to remuneration equivalent to fixed and variable parts, plus the right to pension contributions as described above.

Variable salary

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

Remuneration to Group management in general

For the full year 2011, the Group management included Nils-Johan Andersson, Peter Andsberg, Christina Imméll and Carl-Gustav Nilsson. Nils-Johan Andersson, formerly CFO at Lindab, replaced Anders Thulin as business area manager for Ventilation as of 21 March 2011. Per Nilsson was simultaneously appointed the new CFO. Venant Krier,

REMUNERATION AND OTHER BENEFITS FOR THE GROUP MANAGEMENT 2011

SEK	David Brodetsky	Remuneration of other Group management	Total
Fixed salary incl. holiday pay	4,958,287	22,716,478	27,674,765
Variable salary	2,080,129	2,572,688	4,652,817
Incentive programme	339,881	1,375,003	1,714,884
Pension expenses	2,824,362	4,818,641	7,643,003
Benefits	333,000	702,976	1,035,976
Total	**10,535,659**	**32,185,785***	**42,721,444**

*) *The amount includes salary related costs of SEK 13 m due to change of business area managers for Ventilation and Building Systems, which were also part of the Group management.*

business area manager for Building Systems, left on 1 December 2011. Hans Berger has replaced Venant Krier as business area manager but is not part of the Group management. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting. The employment contracts contain notice periods of up to 24 months for the company and are bound with non-competition clauses.

Incentive programme

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

Evaluation

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

The Board of Directors' report on internal control

The Board of Directors' Report on Internal Control for the Financial Year 2011

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

The objectives of Lindab's financial statements are:

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

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

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

Control environment

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

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

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

Risk Assessment

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

Control Activities

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

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

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

Information and communication

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

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

Follow up

The Group's adherence to the adopted policies and guidelines is followed-up by the Board and the executive management. The company's financial situation is discussed at each Board meeting. The Board of Directors' Remuneration and Audit Committees play important roles with regards to, for example, remuneration, financial reporting and internal control.

Before the publication of Interim Reports and Annual Reports, the Board of Directors reviews the financial statements. Lindab's management conducts monthly performance reviews with analyses of deviations from budget, forecasts and previous years. All monthly accounts are discussed with each business area's management. The external auditors' tasks include an annual review of the internal control in Group companies. The Board of Directors meets with the auditors twice each year in order to go through the internal controls and also, in specific cases, to give the auditors additional assignments to undertake specific audits of internal controls.

Internal audit

Since 2008, Lindab has had an internal audit function that reports directly to Lindab's Group management as well as to Lindab's Audit Committee. The direction and scope of the internal audit is determined by the Audit Committee. The completed internal audits are also reported directly to the Audit Committee. The Head of Internal Audit participates in each Audit Committee meeting. In 2011, the function has continued to develop the internal controls through audits in accordance with an annual plan and through the development of Group policies and guidelines. This work has included offering advice to corporate functions in connection with the update of Group-wide policies and various internal control issues within the organisation. To the extent that control measures consist of visits to subsidiaries, the activity is carried out according to a developed and advanced control process, which has been continuously developed during the year in order to optimise the approach and the provision of worthwhile reports. In 2011, 14 subsidiaries have been visited altogether. The internal audit has also continued work to develop a uniform risk management process that further strengthens the governance of the Group's operations. Within Lindab, the internal audit function aims to create added value for each operating unit by providing independent and objective scrutiny of the processes, and to identify and recommend improvements.

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

Båstad 13 February 2012

The Board of Directors of Lindab International AB

Auditor's report on the corporate governance report

To the annual meeting of the shareholders in Lindab International AB

Corporate identity number 556606-5446

Engagement and responsibility

We have audited the corporate governance report for the year 2011 on pages 59–69. It is the Board of Directors who is responsible for the corporate governance report and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance report based on our audit.

The scope of the audit

We conducted our audit in accordance with Fars auditing standard RevU 16 *The auditor's examination of the corporate governance report*. That standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance report. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

Opinion

In our opinion, the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts.

Båstad 9 March 2012

Bertel Enlund
Authorised Public Accountant
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Ernst & Young AB

The Board of Directors

1 Ulf Gundemark

Born 1951.

Elected to the Board in 2009, independent. Chairman of the Board since 2011.

Ulf has broad international experience with positions including business area manager at ABB, Global Utilities Manager at IBM and most recently within Hagemeyer/Elektroskandia with responsibility for their Nordic, Baltic, Russian and Chinese operations. Ulf Gundemark is a member of the Boards of Papyrus, Constructor Group, Lönne Scandinavia and AQ Group, and is the Chairman of the Board for Ripasso Energy and Bridge to China. ***Main qualifications:*** Master of Science in Engineering. ***Holding:*** 10,000 Shares.

2 David Brodetsky

Not on the Board.

3 Per Frankling

Born 1971.

Elected to the Board in 2009, dependent of the shareholder Ratos AB.

Investment Director at Ratos, where he has been employed since 2000 with responsibility for Ratos's holdings in Lindab, Jøtul, Finnkino, Stofa and Contex. From 2001–2006 he was a deputy member of Lindab's Board. Per Frankling is a member of the Board of Directors of Jøtul AS, Contex Group A/S, Stofa Holding ApS and Finnkino Oy. ***Main qualifications:*** MBA and MSc. ***Holding:*** 0 Shares.

4 Stig Karlsson

Born 1952.

Elected to the Board in 2004, dependent of the shareholder Ratos AB.

Industrial Advisor, Ratos. Chairman of the Boards of HAFA Bathroom Group AB, Diab Group AB, HL Display Förvaltnings AB and IVF Stockholm AB. Also a member of the Boards of Acobia-Flux AB and Lagerstedt & Krantz AB. Formerly President of Atle Tjänste och Handel. ***Main qualifications***: B.A. in Economics, Örebro University. ***Holding:*** 0 Shares.

5 Sonat Burman-Olsson

Born 1958.

Elected to the Board in 2011, independent.

Deputy CEO and CFO of ICA Group since 2007. Before joining ICA, Sonat Burman-Olsson was Vice President Electrolux Group with responsibility for Global Marketing Strategies. She has also held positions as Senior Vice President, Operational Development for Electrolux Europe and Vice President, Finance for Electrolux International (Asia & Latin America). Prior to that, she held Executive Director positions at Siemens and British Petroleum. Sonat Burman-Olsson is a member of the Boards of Tredje AP-fonden, ICA Banken and KappAhl. ***Main qualifications***: BBA and Executive MBA. ***Holding***: 0 Shares.

6 Markku Rantala

Born 1952.

Elected to the Board in 1998.

Employee representative with LO (Swedish Trade Union Confederation). Employed since 1993 and currently working as Chairman of the local union branch of Lindab IF Metall. ***Holding:*** 250 Shares.

7 Erik Eberhardson

Born 1970.

Elected to the Board in 2009, independent.

President and founder of Ferronordic Machines AB and Ferronordic Group Ltd. Has extensive operational experience from Russia and Ukraine. President of Volvo Ukraine LLC between 1996–2000 and of Volvo Construction Equipment in the CIS and Russia from 2002 until 2005. Between 2005 and 2009, he held various positions within OJSC “GAZ”, Russia’s largest manufacturer of commercial vehicles, as Strategic Manager, President and Chairman. Between 2008 and 2009, he was included in the Board of Magna International Ltd. ***Main qualifications***: Studied at Uppsala University, International Business, and the Royal Institute of Technology (KTH), Engineering Physics. ***Holding:*** 0 Shares.

8 Pontus Andersson

Born 1966.

Elected to the Board in 1995.

Employee representative with Unionen (Swedish Union of Clerical and Technical Employees in Industry). Employed since 1987 and currently working as a development engineer. Has professional qualifications in engineering. ***Holding:*** 250 Shares.

9 Anders C. Karlsson

Born 1950.

Elected to the Board in 2001, independent.

Chairman of the Boards of Inwido AB, H+H International A/S, WSP Europe AB and AB Gustaf Kähr. Board member of WSP Group plc., Lasabotte AB and Anders C. Management Sarl. Formerly a member of Skanska’s Group Management responsible for Industry and Europe. ***Main qualifications:*** MBA, Uppsala University. ***Holding***: Indirectly 57,600 shares through Lasabotte AB.

10 Annette Sadolin

Born 1947.

Elected to the Board in 2006, dependent of the shareholder Ratos AB.

Chairman of the Board of Ostre Gasvaerk Teater. Board member of Ratos, Topdanmark A/S, DSV, DSB, Skodsborg Kurhotel og Spa A/S, Blue Square Re. N.V. and Danish Standards. Formerly a member of the management board of GE Frankona Re, Munich and GE Employers Re, Copenhagen. ***Main qualifications:*** JB.A. in Law from the University of Copenhagen and the Special Law Program, Columbia University, New York. ***Holding***: 0 Shares.

Peter Stensmar

Born 1964.

Elected to the Board in 2011.

Deputy employee representative. Employed since 1994 and currently working as industrial tinsmith at Lindab Ventilation AB. Not pictured.

Staffan Råberg

Born 1947.

Elected to the Board in 2004.

Deputy employee representative. Employed since 1988 and currently working with internal sales at Lindab Steel AB. Has professional qualifications in engineering. Not pictured.

Group management

1 David Brodetsky
Born 1955.
President and CEO.
Employed since 2005.
Holding: 55,700 shares 118,750 share warrants.

3 Nils-Johan Andersson
Born 1962.
Manager Ventilation business area.
Employed since 1999.
Holding: 144,295 shares 65,000 share warrants.

5 Christina Imméll
Born 1964.
HR Director.
Employed since 2010.
Holding: 0 shares 39,000 share warrants.

2 Per Nilsson
Born 1974.
CFO.
Employed since 1999.
Holding: 3,000 shares 29,913 share warrants.

4 Peter Andsberg
Born 1966.
Manager Building Components business area.
Employed since 1990.
Holding: 39,000 share warrants. 100,000 shares and 38,375 share warrants through legal entities.

6 Carl-Gustav Nilsson
Born 1950.
Chief legal Counsel.
Employed since 2002.
Holding: 110,700 shares 77,375 share warrants.

Auditors

Bertel Enlund
Born 1950.
Authorised Public Accountant, Ernst & Young AB, Gothenburg.
Auditor to Lindab since 2010.
Extensive experience of auditing listed companies.
Not pictured.

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

Directors' report

The Board and the President of Lindab International AB, Corporate ID no. 556606-5446, registered in Sweden and with headquarters in Båstad, hereby present their Annual Report for the financial year of 2011.

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

Business

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

Strategy and financial targets

At the Investor Day in June 2010, Lindab presented a revised version of its strategy for the next three to five years, a new vision as well as updated financial targets. The vision is: "to be the preferred partner for building professionals in Lindab's core products Europewide". The strategy focuses on profitable growth with a clearer and more detailed action plan for the future direction of the three business areas. The aim is to grow at a faster pace and take advantage of the strong trends in the market. Each business area will concentrate its efforts on the most profitable market segments and where the greatest growth potential is to be found. The strategy is the result of altered market conditions, such as greater demand for environmentally friendly and energy efficient solutions and the enhanced growth potential within the CEE/CIS. Fundamentally, the strategy is to develop initiatives that help to simplify construction for customers and business partners. A common feature of the business area strategies is that organic growth will be complemented by selective acquisitions to further strengthen Lindab's competitiveness.

On 10 January 2012, in light of the prevailing economic climate, Lindab announced an additional short-term profitability target and a reformulated growth target. The long-term target for operating margin (EBIT) of 14 percent remains but in the near term, Lindab's target is to achieve an annual operating margin of at least 10 percent by the end of 2013 and for the full year 2014. The EBIT margin, excluding one-off items, amounted to 5.9 percent (5.3). The long-term EBIT margin is expected to be achieved through volume growth, a favourable geographic and product mix, improvements in productivity and cost efficiencies and under good economic conditions. The annual organic growth will exceed the relevant construction market growth by 2 to 4 percentage points. Lindab's organic growth for the year was 9 percent (–1) compared with 2010. The target for the net debt/equity ratio remains within the interval of 0.8–1.2 times, which is in line with historical levels. The capital borrowed by the company will therefore correspond to 0.8–1.2 times the recorded equity of the Group. Lindab is working continuously to increase the level of target fulfilment. The net debt/equity ratio amounted to 0.6 times (0.7).

Company acquisitions and divestments

The Danish distributor of ventilation fans, Juvenco A/S, with an annual turnover of approximately SEK 13 m, was acquired on 19 April 2011. The purchase price amounted to SEK 12 m. The acquisition means that the consolidated goodwill increased by SEK 10 m and the cash flow was negatively affected by SEK 12 m. The company has four employees.

On 23 May 2011, Lindab acquired the Belgian company Airflux BVBA, a ventilation distributor with three outlets in Belgium, one of which is a distribution centre and two are unmanned branches. The company has a turnover of just over SEK 20 m and has five employees. The purchase price amounted to SEK 14 m. The acquisition means that the consolidated goodwill increased by SEK 10 m and the cash flow was negatively affected by SEK 14 m.

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

On 1 November 2011, Lindab acquired Elia Sarl, a ventilation distributor with a strong local presence in southern France. The company has an annual turnover of around SEK 20 m and 5 employees. The purchase price was SEK 6 m and the acquisition resulted in consolidated goodwill of SEK 5 m. The cash flow was negatively affected by SEK 6 m.

Sales revenue and profit

Sales revenue

Sales revenue amounted to SEK 6,878 m (6,527), which is an increase of 5 percent compared with the previous year. Adjusted for currency effects and structural changes, the increase was 9 percent. Currency effects affected sales by 4 percent, while structural changes have had a marginal net impact on sales.

All business areas and major regions contributed positively to the organic growth. A milder winter compared to last year has had a positive effect on the sales growth in the first and fourth quarters, particularly regarding the Building Components business area.

The sales growth during the year has been strongest in the CEE/CIS region, with Russia and Belarus performing particularly well. Sweden and Norway were the strongest markets in the Nordic region, but Denmark and Finland also contributed with positive growth. In Western Europe, the two largest markets, the UK and Germany, reported stable positive sales growth, while growth in France and Italy was weaker. Increased market uncertainty during the autumn stemming from the "Euro crisis" did not have any noticeable impact on the level of demand at the year end.

Foreign sales revenues amounted to SEK 5,206 m (5,040), an increase of 3 percent, and corresponded to 76 percent (77) of the Group's sales.

Market

Lindab has its own operations in 31 countries and is a leading supplier of ventilation products and building components in the Nordic region, ventilation products in parts of Western Europe and building components in parts of CEE/CIS. Over the past two years the proportion of sales to the Nordic and CEE/CIS regions has increased at the expense of Western Europe, see table below.

The construction market is normally seen as being divided into three segments: residential, non-residential and facilities/infrastructure. Approximately 80 percent of Lindab's sales are to the market for non-residential construction, while residential accounts for the remaining 20 percent of sales.

The overall construction market generally follows overall economic development. The residential market reacts more quickly to changes in the economic cycle since sales are made directly to consumers. The market for non-residential construction has a greater delay, usually about one year after the market for residential construction. This market is dependent on the investment plans of other industries and consists of projects with longer average construction times. The renovation market is more stable than new construction, which has a dampening effect during both economic upturns and downturns. In recent years, the market for renovation has been positively affected by various government subsidies, including initiatives to improve the energy efficiency of buildings. The sharp slowdown in construction activity in Europe during recent years has meant that the total volumes are now back at 1995 levels, while the share of renovation in the overall European construction market increased from 46 percent in 2007 to 55 percent in 2011. The strong trend in Europe toward increased demands for better energy efficiency and improved indoor climate is helping to limit the effects of weaker economic activity.

New construction in the residential segment was affected first by the downturn in demand associated with the financial crisis of 2008. Recovery began in 2010 in a few individual markets, including Sweden and Finland, while residential construction in Europe as a whole continued to decrease. The recovery has spread in 2011, but large differences remain between individual European countries. Residential construction increased in the Nordic countries during the year, with Norway now leading the way. The strong recovery in Sweden continued at the start of the year, but since then a clear decrease in the number of construction starts has been observed. Small improvements were recorded in some Western European markets, while demand in Southern and Eastern Europe remained weak. For Europe as a whole, the residential segment increased by just over 1 percent.

Within the non-residential segment, the construction of industrial buildings, offices and business premises continued to fall in 2011, however the rate of decline was considerably less than in 2009 and 2010. Publicly funded construction, which had previously withstood the recession, has been adversely affected by the strict austerity measures now being enacted in a number of countries. The total European market for non-residential construction fell by 1 percent in 2011 and, according to Euroconstruct, it is not expected to start growing again before 2013. The difference between individual markets is large however, with several countries in northern Europe showing increased activity already during 2011.

Seasonal variations

Lindab's operations are affected by seasonal variations in the construction industry, and the greatest proportion of sales is normally seen during the second half of the year. The most substantial seasonal variations are to be found within the Building Components and Building Systems business areas. The Ventilation business area is less dependent on seasons and the weather since the installation of ventilation systems is mainly carried out indoors.

SALES REVENUE AND GROWTH

	2011	2010	2009
Sales revenue, SEK m	6,878	6,527	7,019
Change, SEK m	351	–492	–2,821
Change, %	5	–7	–29
Of which			
Volumes and prices, %	9	–1	–33
Acquisitions/divestments, %	0	0	1
Currency effects, %	–4	–6	3

SALES REVENUE BY REGION

SEK m	**2011**	**Share, %**	2010	Share, %	2009	Share, %
Nordic region	3,158	46	2,911	45	2,986	42
Western Europe	1,949	28	1,926	29	2,220	32
CEE/CIS	1,553	23	1,416	22	1,487	21
Other markets	218	3	274	4	326	5
Total	**6,878**	**100**	**6,527**	**100**	**7,019**	**100**

There is normally a deliberate stock build-up of mainly finished goods during the first six months, which gradually becomes a stock reduction during the third and fourth quarters as a result of increased activity within the construction market.

Performance by business area

The Group's operations are carried out within three business areas, Ventilation, Building Components and Building Systems. The strategy focuses on profitable growth with a clearer and more detailed action plan for the future direction of the three business areas. Each business area will concentrate its efforts on the most profitable market segments and where the greatest growth potential is to be found. The approach should be adjusted market by market, based on the business area's strengths. The strategies for the business areas are described briefly below. The distribution of sales revenue and operating profit (EBIT) by business area are shown in the table below.

Ventilation business area

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

Sales revenue increased by 2 percent to SEK 3,612 m (3,535), when adjusted for currency and structure the increase was 5 percent. The acquisitions of Juvenco, Airflux and Elia, plus the divestment of Benone, have altogether had a marginal effect on sales revenue. Ventilation is usually installed late in the construction process, which explains why recent increased market uncertainty has not affected demand. Growth has been moderate but remains relatively stable in most markets. The operating profit (EBIT), excluding one-off items, increased by 17 percent to SEK 221 m (189). The operating margin (EBIT) amounted to 6.1 percent (5.3). The improvement is mainly attributable to increased volumes.

Strategy: A clearer organisational distinction between manufacturing and distribution. The leading product group of duct fittings has top priority along with the streamlining and strengthening of distribution channels. Distribution channels have been strengthened both organically and through acquisitions. 10 new branches were added in 2011. The Comfort product division will improve profitability of its operations and growth will be prioritised, especially in the Nordic markets. One step in the efforts to improve productivity was completed in 2011 through the relocation of labour-intensive products to the new 10,000 sq m production unit in Karlovarska, outside Prague in the Czech Republic.

Building Components business area

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

Sales revenue increased by 7 percent to SEK 2,268 m (2,118), when adjusted for currency and structure, sales increased by 10 percent. Most of the growth has come from the Nordic region, where strong sales were reported in Sweden in particular as well as Norway. In Eastern Europe, sales were affected negatively by a weak property market and the worsening financial situation in the wake of the Euro crisis. Sales during the first and fourth quarters benefited from better weather conditions compared with the previous year. The Nordic region, especially Sweden, has had good growth. Operating profit (EBIT), excluding one-off items, amounted to SEK 192 m (185), an increase of 4 percent. The operating margin (EBIT) amounted to 8.5 percent (8.7). The reduced margin is mainly due to fierce price competition in the CEE/CIS region, which negatively affected gross margins.

Strategy: Leading supplier of roof drainage and roofing solutions in steel for residential properties in Europe. Market leader for steel roof and wall solutions for non-residential construction in the main markets. The distribution coverage will be improved in CEE while there will also be a greater focus on distribution through builders' merchants in the Nordic region. In 2011, Building Components expanded the distribution of its roof drainage systems and roofing products. In CEE, 40 new Rainline/Lindab Centres have been opened. In the Nordic region, the number of outlets has increased through agreements with the building retail trade. In Western Europe, initiatives are continuing in the UK and the establishment of branches has begun in southern Germany and in France. Focus is also being concentrated on the residential and industrial product range.

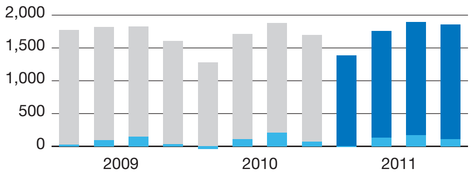
Building Systems business area

The Building Systems business area offers complete pre-engineered steel building systems and proprietary IT software that simplifies the project planning and quotation process for designers and contractors.

Sales revenue increased by 14 percent to SEK 998 m (874), when adjusted for currency and structure the increase was 21 percent. Sales growth was particularly strong in Eastern Europe, driven mainly by Russia and Belarus, but Western Europe also showed strong growth. Operating profit (EBIT), excluding one-off items, increased to SEK 38 m (18). The operating margin (EBIT) amounted to 3.8 percent (2.1). The improvement is mainly attributable to increased volumes.

Strategy: The main partner for sustainable industrial buildings in Europe, Russia and elsewhere in the CIS. Building Systems focuses on large commercial buildings and will also be adding a competitive small building concept. Eastern Europe and Russia are expected to have stronger growth potential than other regions for this type of buildings in the future and the business area's new production unit in Russia is increasing its capacity.

SALES REVENUE AND OPERATING PROFIT (EBIT) FOR THE GROUP PER QUARTER, SEK m



Sales revenue 2009–2010

Sales revenue 2011

Operating profit (EBIT), adjusted for one-off items

SALES REVENUE, OPERATING PROFIT (EBIT) AND OPERATING MARGIN (EBIT) BY BUSINESS AREA

	Sales revenue			Operating profit (EBIT)			Operating margin (EBIT), excl. one-off items, %		
SEK m	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Ventilation	3,612	3,535	3,878	221	189	190	6.1	5.3	4.9
Building Components	2,268	2,118	2,144	192	185	135	8.5	8.7	6.3
Building Systems	998	874	978	38	18	7	3.8	2.1	0.7
Other operations*)	-	-	19	−44	−45	−31	N/A	N/A	N/A
One-off items	-	-	-	−59	−63	−47	N/A	N/A	N/A
Total	**6,878**	**6,527**	**7,019**	**348**	**284**	**254**	**5.9**	**5.3**	**4.3**

*) *Other operations refer to parent company functions and Group Treasury, and up to and including 2009 also some steel processing for external customers.*

Gross profit
Gross profit increased by 3 percent to SEK 1,891 m (1,837). The gross margin stood at 27 percent (28) of sales revenue.

Other operating income
Other operating income amounted to SEK 77 m (173) and consists primarily of exchange rate gains on operating receivables/liabilities. For 2010, capital gains include SEK 75 m for a property deal in Luxembourg.

Indirect costs
Sales and administration expenses decreased by 1 percent to SEK 1,456 m (1,436), equivalent to 21 percent (22) of sales revenue. Research and development expenses amounted to SEK 40 m (36), equivalent to 0.6 percent (0.6) of sales revenue.

Other operating expenses
Other operating expenses amounted to SEK 124 m (254). Exchange rate losses on operating receivables/liabilities constitute a large proportion of expenses. In addition, other operating expenses for this year included restructuring costs of SEK 40 m (19). The majority of other operating expenses for 2010 comprised the SEK 110 m impairment of goodwill for the Ventilation business area's operations in the USA. Last year also included SEK 7 m for the closure of the Ventilation unit in Texas, USA.

Depreciation/amortisation
The total depreciation/amortisation for the year, included in the costs per function (see note 8), amounted to SEK 163 m (280), of which SEK 11 m (110) is attributable to impairment and SEK 0 m (6) relates to consolidated amortisation of surplus value on intangible assets. The lower depreciation is mainly due to the restructuring measures and Lindab having a lower rate of investment in recent years. In 2010, there was a SEK 110 impairment of goodwill, as detailed above. For intangible assets such as brands, the depreciation was completed during the third quarter of 2010.

Operating profit
The operating profit (EBIT) amounted to SEK 348 m (284), which is an increase of 23 percent compared with the previous year. Operating profit (EBIT), excluding one-off items, amounted to SEK 407 m (347), which is 17 percent higher than the previous year. One of Lindab's financial targets is to achieve an EBIT margin of 10 percent. For 2011 the operating margin (EBIT) achieved was 5.1 percent (4.4). Excluding one-off items, the operating margin was 5.9 percent (5.3). One-off items for 2011 amounted to SEK –59 m (–63) net. Higher volumes are the reason for the improved profit for the year. Meanwhile, lower gross margins and higher costs had a negative effect.

The two cost reduction and efficiency programmes launched in 2009 had already achieved full effect in early 2010. Costs have gradually increased since then and in early 2012, a new cost reduction programme was announced that is expected to save about SEK 150 m each year. The plan has started to be implemented and will be completed before the end of the second quarter. It is primarily directed at low-performing business units within the Group and includes a headcount reduction of approximately 250 people, plus reduced operating expenses. The cost reduction programme includes a small number of activities that began in late 2011, resulting in one-off costs of SEK 22 m for the year. The total one-off costs for the programme are estimated at approximately SEK 110 m and will be recorded up to and including the second quarter of 2012. The cost reduction programme is expected to contribute more than SEK 100 m to the operating profit (EBIT) on an annual basis after accounting for inflation and costs relating to new growth-promoting activities.

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

Profit after financial items
Profit after financial items amounted to SEK 186 m (112), an increase of 66 percent. Net financial items amounted to SEK –162 m (–172). The decrease is mainly due to lower net debt in 2011 compared with 2010.

Taxes
Tax expenses for the year amounted to SEK 95 m (85), of which SEK 63 m (90) was current tax and SEK 32 m (–5) represented deferred tax (for 2010, changes in deferred tax resulted in a net revenue). The actual tax rate was 51 percent (38 excluding the impairment of goodwill in 2010). The higher actual tax rate during the year was mainly due to SEK 30 m reversal in deferred taxes on loss carry-forwards and on higher non-deductible expenses compared with last year.

The average actual tax rate was 25 percent (28 excluding the impairment of goodwill in 2010). The discrepancy between the average and the actual tax rate is mainly due to adjustments to taxes attributable to previous years, such as the reversal of deferred taxes on loss carry-forwards. Other influencing factors include fiscal adjustments to reported earnings, such as non-deductable expenses and that deferred tax has not been activated on deficits in some Group companies. For more information, see note 14 on page 114.

Profit for the year and earnings per share
Profit for the year amounted to SEK 91 m (27). The after-tax earnings per share, both undiluted and diluted, amounted to SEK 1.21 (0.36).

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

Comprehensive income after tax
Comprehensive income after tax amounted to SEK 36 m (–298). Besides the net profit for the year, comprehensive income after tax also includes the translation differences that arise when foreign operations are translated to SEK and adjustments are made to the value of cash flow hedges. The change in translation differences is mainly due to the slightly stronger Swedish krona, particularly in relation to EUR and GBP.

Statement of comprehensive income

(Income Statement)

Amounts in SEK m	Note	**2011**	2010
Sales revenue	7	6,878	6,527
Cost of goods sold	6, 8, 9, 27	–4,987	–4,690
Gross profit		**1,891**	**1,837**
Other operating income	12	77	173
Selling expenses	6, 8, 9, 27	–939	–917
Administrative expenses	6, 8, 9, 10, 27	–517	–519
R & D costs	6, 8, 9, 11	–40	–36
Other operating expenses	9, 12	–124	–254
Total operating costs		**–1,543**	**–1,553**
Operating profit (EBIT)[1)]		**348**	**284**
Interest income	13	8	9
Interest expenses	13	–168	–179
Other financial income and expenses	13	–2	–2
Net financial income		*–162*	*–172*
Profit before tax (EBT)		**186**	**112**
Tax on profit for the year	14	–95	–85
Profit for the year		91	27
– thereof attributable to parent company shareholders		*91*	*27*
Other comprehensive income			
Cash flow hedges		–2	1
Translation differences, foreign operations		–54	–326
Income tax attributable to cash flow hedges		1	0
Other comprehensive income		**–55**	**–325**
Comprehensive income		**36**	**–298**
– thereof attributable to parent company shareholders		*36*	*–298*
Earnings per share, SEK			
Undiluted	15	1.21	0.36
Diluted	15	1.21	0.36

SPECIFICATION OF ONE-OFF ITEMS

2011	**Ventilation**	**Building Components**	**Building Systems**	**Other operations**	**Total**
Operating profit (EBIT) excl. one-off items	221	192	38	–44	407
One-off items	–23	–20	–16	-	–59*
Operating profit (EBIT) incl. one-off items	**198**	**172**	**22**	**–44**	**348**
2010					
Operating profit (EBIT) excl. one-off items	189	185	18	–45	347
One-off items	–128	-	65	-	–63**
Operating profit (EBIT) incl. one-off items	**61**	**185**	**83**	**–45**	**284**

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

2011 SEK –17 m relating to the transfer of Ventilation's production in St. Petersburg, Russia to Tallinn, Estonia, and the change of business area manager.*
SEK –22 m, relating to the cost reduction programme.
SEK –20 m, regarding the change in management for the Building Systems business area and for the impairment of assets in production units in CEE.
*2010** SEK 75 m, relating to the capital gain on the sale of property in Diekirch, Luxembourg.*
SEK –21 m, relating mainly to restructuring costs.
SEK –7 m, relating to the closure of the Ventilation unit in Texas in the USA.
SEK 110 m, relating to the impairment of goodwill for the Ventilation business area's operations in the USA.

Cash flow

Cash flow from operating activities

Cash flow from operating activities decreased to SEK 345 m (391), despite an improved working capital of SEK 41 m (–1). In the previous year, cash flow from operating activities adjusted for items not affecting cash flow, contained a positive item for redeemed forward exchange agreements. The decrease is also explained by the negative impact of tax payments compared with the previous year.

Items not affecting cash flow

Items not affecting cash flow consists of provisions and depreciation/amortisation, as these are not cash items. Realised gains and losses resulting from the sale of assets must be eliminated since the cash effect from the sale of fixed assets and operations is reported separately under cash flow from investing activities. For the previous year, reversals include the SEK 110 m impairment of goodwill for the Ventilation business area's operations in the USA and the SEK 75 m capital gain on the property deal in Luxembourg. The adjustment of other items not affecting cash flow last year included redeemed forward exchange agreements relating to internal transactions. No items of this nature have been recorded for 2011.

Cash flow from investing activities

Cash flow from investing activities amounted to SEK –143 m (241). Sales of tangible fixed assets generated a cash flow of SEK 22 m compared with SEK 365 m last year, which included SEK 285 m for the property deal in Luxembourg. In 2010, property was also sold from the newly acquired company Lindab Fastigheter AB (formerly LB Kiel Linden AB), for a total sale price of SEK 49 m.

Company acquisitions and divestments

The Danish distributor of ventilation fans, Juvenco A/S, was acquired on 19 April 2011. Cash flow was affected by SEK 12 m.

On 23 May 2011, Lindab acquired the Belgian company Airflux BVBA, a ventilation distributor with three outlets in Belgium, one of which is a distribution centre and two are unmanned branches. The purchase price amounted to SEK 14 million, which was the same as the acquisition's impact on cash flow.

On 21 July 2011, Lindab divested the Swiss subsidiary Benone AG, with operations in the Ventilation business area. The sale price amounted to SEK 4 m. The divestment had a positive effect on the cash flow of SEK 3 m.

On 1 November 2011, Lindab acquired Elia Sarl, a ventilation distributor with a strong local presence in southern France. The cash flow was affected by SEK 6 m.

For further explanation see Note 5, Acquisitions and divestments, page 106.

Investments and divestments

Investments in intangible fixed assets amounted to SEK 32 m (25). Investments in tangible fixed assets amounted to SEK 111 m (103). The investments relate principally to expansion and maintenance investments.

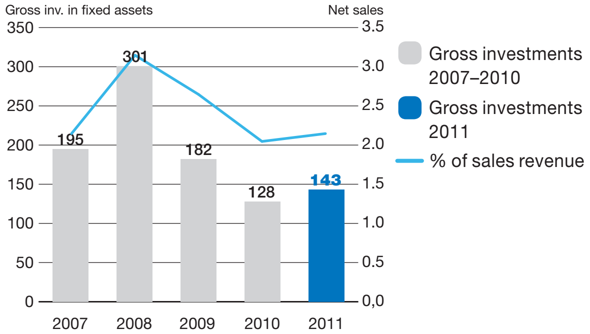
Statement of cash flows

(Indirect method)

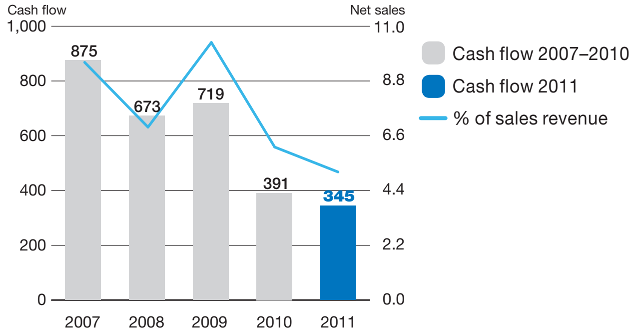
Amounts in SEK m	Note	**2011**	2010
Operating activities			
Operating profit		348	284
Reversal of depreciation/amortisation and impairment loss	8	163	280
Reversal of capital gains (–)/losses (+) reported in operating profit		4	–66
Provisions, not affecting cash flow		6	–34
Adjustment for other items not affecting cash flow		34	109
Total		**555**	**573**
Interest received		4	16
Interest paid		–184	–172
Tax paid		–71	–25
Cash flow from operating activities before change in working capital		**304**	**392**
Change in working capital*)			
Stock (increase – / decrease +)		68	–199
Operating receivables (increase – / decrease +)		–138	47
Operating liabilities (increase + / decrease –)		111	151
Total change in working capital		*41*	*–1*
Cash flow from operating activities		**345**	**391**
Investing activities			
Acquisition of Group companies	5	–32	4
Divestment of operations	5	3	-
Investments in intangible fixed assets	16	–32	–25
Investments in tangible fixed assets	17	–111	–103
Sale/disposal of tangible fixed assets	17	22	365
Government grants received		7	-
Cash flow from investing activities		**–143**	**241**
Financing activities			
Amortisation		–127	–623
Warrant premium payments		-	7
Dividend to shareholders		–75	-
Cash flow from financing activities		**–202**	**–616**
Cash flow for the year		**0**	**16**
Cash and cash equivalents at the beginning of the year		239	248
Effect of exchange rate changes on cash and cash equivalents		–4	–25
Cash and cash equivalents at the end of the year		**235**	**239**

*) *Working capital, see definition on page 129.*

GROSS INVESTMENTS IN FIXED ASSETS, EXCL. ACQUISITIONS AND DIVESTMENTS, SEK m, AND IN RELATION TO SALES REVENUE, %



CASH FLOW FROM OPERATING ACTIVITIES, SEK m, AND IN RELATION TO SALES REVENUE, %



Financial position

Fixed assets and investments

Information about changes in the structure of fixed assets can be found in the notes to the cash-flow analysis on page 76.

Stock and accounts receivable

Stock decreased by 8 percent, while accounts receivable increased by 14 percent. At the year-end, stock and accounts receivable in relation to sales revenue amounted to 14 percent (16) and 15 percent (14) respectively.

Cash and cash equivalents

At the year end, consolidated cash and cash equivalents totalled SEK 235 m (239). Unappropriated cash and cash equivalents, including unused credit facilities amounted to SEK 1,944 m (1,791), based on an underlying credit limit of SEK 3,500 m.

Capital employed

Consolidated capital employed, including goodwill and consolidated surplus value amounted to SEK 4,724 (4,897), which is a decrease of 4 percent. Return on capital employed, including goodwill and consolidated surplus value, amounted to 7.1 percent (5.5). The increase is due to a higher adjusted profit and also to a lower average capital employed, since the total assets have decreased.

Shareholders' equity

At the year end, the consolidated equity totalled SEK 2,699 m (2,755). During the year a dividend payment of SEK 75 m was made from the parent company to the shareholders for the financial year 2010. Equity per share amounted to SEK 35.83 (36.57). Return on equity, or profit for the year in relation to equity, has increased to 3.3 percent (0.9).

Operating capital

The operating capital totalled SEK 4,446 m (4,611). The return on operating capital amounted to 7.4 percent (5.6). Adjusted for one-off items, the return was 8.7 percent (6.9).

Net debt

At 31 December 2011, net debt amounted to SEK 1,747 m (1,856). The decrease is mainly due to lower capital tied up and improved profitability. Currency fluctuations have had a marginal effect. The net debt comprises long-term and short-term interest-bearing liabilities, including interest-bearing provisions less interest bearing assets, cash holdings and bank balances. Interest bearing liabilities amounted to SEK 2,026 m (2,142), of which SEK 135 m (130) were provisions for pensions. Interest-bearing assets including cash and bank balances amounted to SEK 279 m (286).

The net debt/equity ratio is included in our financial targets. The target is for this to lie within an interval of 0.8–1.2 times. The measurement shows the relationship between borrowings and equity and thus the gearing effect, or expressed another way, the company's financial strength. The net debt/equity ratio, i.e. net debt in relation to shareholders' equity, was 0.6 times (0.7). Since the net debt/equity ratio is lower than the financial target, this means borrowing can be increased before the ceiling of 1.2 times is reached.

Interest coverage ratio

The interest coverage ratio was 2.1 times (1.6). This is a measure of how many times the profit can decrease without the interest payments being jeopardised.

Equity/assets ratio

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

Credit agreement

The existing credit agreement has been extended. The total credit limit amounts to SEK 3,000 m (3,500) and expires in February 2015. Otherwise, there have been no substantial changes in significant conditions.

Pledged assets and contingent liabilities

Pledged assets total SEK 344 m (345). Contingent liabilities total SEK 24 m (23).

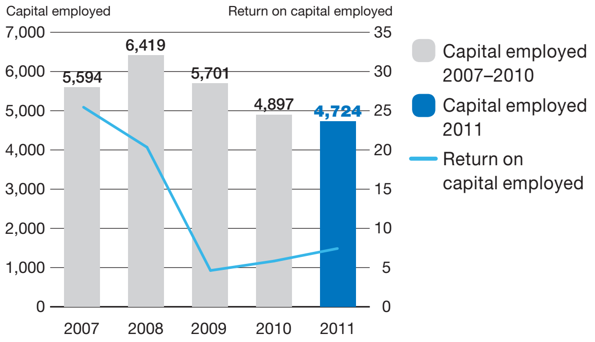
Statement of financial position

(Balance sheet)

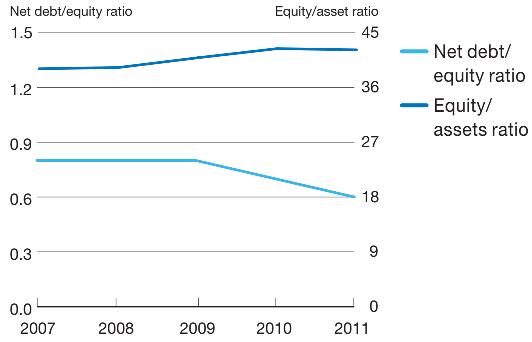
Amounts in SEK m	Note	**31 Dec 2011**	31 Dec 2010
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for development work and similar	16	0	0
Other intangible fixed assets	16	66	61
Patents and similar rights	16	0	0
Goodwill	16	2,591	2,591
Total intangible fixed assets		*2,657*	*2,652*
Tangible fixed assets			
Buildings and land	17, 27	546	593
Machinery and equipment	17	456	528
Construction in progress and advance payments on tangible fixed assets	17	82	40
Total tangible fixed assets		*1,084*	*1,161*
Financial fixed assets			
Financial investment	23	36	26
Deferred tax assets	14	313	365
Other investments held as fixed assets	18	3	3
Other long-term receivables	19	4	2
Total financial fixed assets		*356*	*396*
Total fixed assets		**4,097**	**4,209**
Current assets			
Stock	20	962	1,040
Accounts receivable	21	1,023	897
Other receivables	21	71	72
Current tax assets		16	34
Prepaid expenses and accrued income	21	67	58
Prepaid expenses and accrued income, interest-bearing	21	8	21
Cash and bank		235	239
Total current assets		**2,382**	**2,361**
TOTAL ASSETS		**6,479**	**6,570**

Amounts in SEK m	Note	**31 Dec 2011**	31 Dec 2010
EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to parent company shareholders			
Share capital	22	79	79
Other contributed capital		2,234	2,251
Reserves		–16	39
Profit brought forward		402	386
Total shareholders' equity		**2,699**	**2,755**
Long-term liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	1,772	1,926
Provisions for pensions and similar obligations	23	135	130
Total interest-bearing liabilities		*1,907*	*2,056*
Non-interest-bearing liabilities			
Deferred tax liabilities	14	302	319
Other provisions	24	36	33
Other liabilities		13	12
Total non-interest-bearing liabilities		*351*	*364*
Total long-term liabilities		**2,258**	**2,420**
Current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	25	62	6
Bank overdraft facilities	25	42	62
Accrued expenses and deferred income	26	14	18
Total interest-bearing liabilities		*118*	*86*
Non-interest-bearing liabilities			
Advance payments from customers		134	119
Accounts payable		708	622
Current tax liabilities		44	64
Other provisions	24	49	42
Other liabilities		116	99
Accrued expenses and deferred income	26	353	363
Total non-interest-bearing liabilities		*1,404*	*1,309*
Total current liabilities		**1,522**	**1,395**
TOTAL EQUITY AND LIABILITIES		**6,479**	**6,570**
Pledged assets	28	344	345
Contingent liabilities	28	24	23

CAPITAL EMPLOYED, SEK m AND RETURN ON CAPITAL EMPLOYED, %



NET DEBT/EQUITY RATIO AND EQUITY/ASSETS RATIO, TIMES AND %



Changes in equity

Share capital

At 31 December 2011, the share capital amounted to SEK 78,707,820 split between 78,707,820 class A shares only. All shares have a face value of SEK 1.00.

Lindab holds 3,375,838 treasury shares (3,375,838), equivalent to 4.3 percent (4.3) of the total number of Lindab shares. The number of outstanding shares is unchanged at 75,331,982 (75,331,982).

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

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

At 31 December 2011, the company had a market capitalisation of SEK 2,817 m (6,648) and 6,129 shareholders (6,934). The largest shareholder is Ratos AB, which owns 11.7 percent (11.7). This is followed by three institutional investors, Sjätte AP-fonden with 10.7 percent (10.7), Swedbank Robur Fonder with 9.5 percent (9.9) and Livförsäkringsaktiebolaget Skandia with 9.5 percent (11.2) of the total number of outstanding shares. These four principal owners together hold 41.4 percent (43.5) of the share capital and votes.

There are no restrictions regarding how many shares a shareholder can represent at a general meeting. Lindab is unaware of any agreements between shareholders that may result in restrictions in their right to transfer shares.

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

Incentive programme

The Annual General Meeting 2011 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 92 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 79 people who have thereby acquired a total of 62,711 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2013 and compared to the financial year for 2010. On maximum allocation, 270,344 Lindab shares will be transferred to the participants. The shares have been secured by way of share swaps with third parties, which means no dilution occurs. The total cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 73.75. See also note 6.

Dividend to shareholders for the financial year 2010

The Annual General Meeting on 11 May 2011 decided on a dividend to the shareholders. The dividend payment amounted to SEK 1 per share, corresponding to a total of SEK 75,331,982, the remaining SEK 619,605,510 was carried forward. No dividend was paid for the financial year 2009.

Asset management

Lindab's assets under management comprise the sum of equity and the Group's net debt, totalling SEK 4,446 m (4,611).

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

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

Lindab is governed on the basis of three long-term financial targets, as detailed below:

- *The organic growth will exceed the relevant construction market growth by 2 to 4 percent per year*
  The overall target is profitable growth in order create value for shareholders and other stakeholders. The organic growth will be achieved through existing products, own product development and by becoming established in new geographical markets.
- *Near-term operating margin (EBIT) of 10 percent per year (by the end of 2013 and for the full year 2014) and a longer term target of 14 percent per year*
  The targets will be achieved through volume growth, a favourable geographical and product mix, improvements in productivity and better cost efficiency.
- *Net debt/equity ratio 0.8–1.2 times*
  The target means that the capital borrowed by Lindab is between 0.8 and 1.2 times the Group's recorded equity. The target is set in order to achieve an optimised balance between the return on investment and the risk. Falling within an interval allows room for manoeuvre.

In order to maintain a sound capital structure, the Group may, for example, take new loans, amortise existing loans, adapt credit agreements, adjust dividends paid to shareholders, repurchase/issue new shares, repay capital to shareholders or sell fixed assets.

Examples of such active measures include Lindab's Board of Directors proposal to the Annual General Meeting to pay a dividend in 2012. A dividend of SEK 75 m was paid in 2011. See also notes 25 and 28.

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

Statement of changes in equity

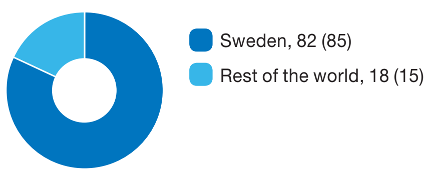
Amounts in SEK m	Share capital	Other contributed capital	Hedging reserve	Foreign currency transl. adj.	Profit brought forward	Total equity
	Equity attributable to parent company shareholders					
Opening balance, 1 January 2010	**79**	**2,244**	**–8**	**372**	**316**	**3,003**
Profit for the year					27	27
Other comprehensive income			1	–326		–325
Comprehensive income after tax	*-*	*-*	*1*	*–326*	*27*	*–298*
Premium for warrant options[1)]		7				7
Transfer of treasury shares in company acquisitions					43	43
Transactions with shareholders	*-*	*7*	*-*	*-*	*43*	*50*
Closing balance, 31 December 2010	**79**	**2,251**	**–7**	**46**	**386**	**2,755**
Profit for the year					91	91
Other comprehensive income			–1	–54		–55
Comprehensive income after tax	*-*	*-*	*–1*	*–54*	*91*	*36*
Employee Incentive Programme		1				1
Hedging of the warrant programme through share swaps[2)]		–18				–18
Dividend to shareholders					–75	–75
Transactions with shareholders	*-*	*–17*	*-*	*-*	*–75*	*–92*
Closing balance, 31 December 2011	**79**	**2,234**	**–8**	**–8**	**402**	**2,699**

1) The Annual General Meeting in 2010 resolved to issue a further 784,000 warrant options to senior executives. 771,000 warrants were subscribed to and SEK 7 m has been received as payment regarding these.
2) The Annual General Meeting in 2011 resolved to introduce a long-term share-related incentive programme. The offer was made to 92 participants in various management positions and senior executives at Lindab. 79 have accepted the offer, thereby acquiring a total of 62,711 Lindab shares. On maximum allocation, 270,344 shares will be transferred to the participants. These have been secured by way of share swaps with third parties, which means no dilution occurs.

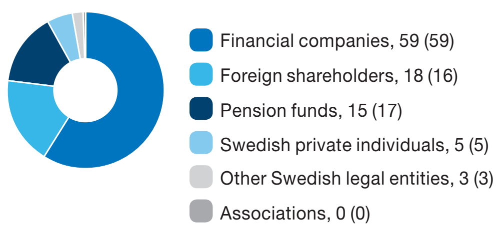
Lindab's Finance policy has been approved by the Board of Directors and this constitutes a framework of guidelines and regulations for the financing operations that are centralised at Corporate Finance. This enables the Group to monitor all financial risk positions and safeguard common interests. At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

For detailed information relating to the change in share capital, see note 22, page 120. Other disclosures regarding share related information that must be submitted in the Director's report of listed companies, in accordance with chapter 6 paragraph 2a of the Swedish Annual Accounts Act, are included in note 6, page 108.

GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP, %



SHAREHOLDER CATEGORIES, %



Research and development

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

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

Ventilation has developed a new VAV system, Pascal, intended to simplify and optimise every phase of ventilation projects, from planning to commissioning and use. This solution eliminates all unnecessary energy consumption, reduces the need for dampers in the ducts and facilitates very simple installation and commissioning. For the residential segment, Ventilation has developed InCapsa, a renovation system that consists of Lindab's renowned duct system with discrete coverings. Simple installation and significantly reduced installation time are among the system's many advantages for installers and property owners compared with the market's traditional solutions.

Building Components has developed an innovative roof system, SPR Click. Roofing solutions have always played a central role in Lindab's product range. They are simple to install, durable, efficient and they look very attractive. Product development is completely customer-driven. Building Components is now developing various tools that will facilitate installation for our customers, such as Lindab Roofer, which helps roofers, tinsmiths, fitters and retailers to calculate and lay new roofs in simple way. A number of new software programmes are in the pipeline that will help installers.

The Building Systems business area has developed a new integrated roof drainage system – Inside Gutter, as well as a concept for the construction of efficient, economic car parks using steel. For steel building systems, a roof-integrated system like Inside Gutter is a major advantage. In particular, it offers simple and uncomplicated assembly for builder-dealers.

For 2011, research and development costs amounted to SEK 40 m (36), of which SEK 20 m (18) was within Ventilation, SEK 11 m (11) within Building Components and SEK 9 m (7) was for Building Systems. The number of people employed within the Group's product development departments totalled 28 (29), of whom 23 (23) were within Ventilation and 5 (6) within Building Components.

Sustainable business

Corporate responsibility is fundamental to Lindab's business. The values, policies and guidelines that govern the business have been combined under the concept Lindab Life in order to further develop and strengthen the culture that already exists within the Group.

Lindab's vision is "to be the preferred partner for building professionals in Lindab's core products Europewide". Corporate responsibility is an important element for achieving the vision. Lindab's Code of Ethics and core values play a central role in the governance of Lindab's organisation and its operations. Together with the UN's Global Compact and the sustainability reporting in accordance with GRI, they comprise the cornerstones necessary for building confidence and the basis for a strong brand.

Lindab Life summarises how Lindab should act on a daily basis, and how the company should behave towards its customers, suppliers and other partners. Lindab Life also governs its behaviour towards employees and the communities in which the company is present. Furthermore, it covers every significant environmental issue, both from a process and a product perspective. Lindab Life consists of four areas – Business, Environment, Employees and Society. Apart from describing the rules and policies, Lindab Life's four areas also act as a framework for the reporting of the company's sustainability work.

Personnel and personnel development

During the year, the average number of employees in the Lindab Group totalled 4,484 (4,454), an increase of 30 people. The number of employees at the end of the year was 4,347 (4,381), a decrease of 34 people compared with the previous year. The average number of employees in Sweden was 1,010 (994), corresponding to 22 percent (22) of all employees. Note 6 contains further information about personnel costs and the average number of employees.

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

At Group level, a number of joint initiatives have been launched in 2011, including the new Performance and Development Talk process. This is an important tool in the development of employees and the organisation in order to achieve Group goals and increase employee motivation. Coupled with this initiative are Talent Review and Succession Planning, which support the identification and development of potential replacements for key functions. In 2011, these three initiatives have been implemented for 90 senior executives within the Group, and in 2012 it will be applied to the next level in the organisation.

Guidelines for remuneration for senior executives

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

Profit-sharing system

For all employees with permanent positions in the Swedish Lindab companies, there is an agreement for the payment of contributions into a profit-sharing foundation. The annual provisions are based on the earnings of the Swedish Group companies. A provision of SEK 6 m (6) was made for 2011, including special employers' contributions. At the end of 2011, the foundation held 22,500 Lindab shares and 593,100 Ratos shares. A profit-sharing plan also exists in our Danish company and various other bonus systems apply within the Group. See also note 6.

Incentive programme

The Annual General Meeting 2011 decided, in accordance with the

Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. See also note 6.

Consistent environmental work

Lindab is actively working to minimise the environmental impact created by the Group's operations and its products. Lindab's Environmental policy is a key document that forms the basis for environmental work within the Group. It determines Lindab's environmental work within manufacturing, energy consumption and reduced carbon dioxide emissions. The majority of Lindab's larger production units are ISO 14001 certified with more to follow. The long-term environmental and climate objectives that were adopted in 2008 have been combined with short-term objectives established by the business areas. These objectives will be achieved through a number of projects implemented in the business areas, leading to improved processes and reduced energy consumption. The long-term objectives are based on the EU's objectives for 2020 and mean that taking 2008 values as a starting point, energy consumption will decrease by 20 percent, 20 percent of energy will come from renewable sources, and greenhouse gas emissions will decrease by 20 percent.

Products

By focusing on product development and continuous improvement, products have been developed that are good in terms of both quality and the environment, and that also improve customers' environmental performance. To improve our products further, and to give our customers the opportunity to see what impact they have on the climate, work is being carried out to determine the carbon footprints for a large number of the Group's products.

Environmental permits

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

In Sweden, operating permits are required for the production units in Grevie and Förslöv. The permits relate to manufacturing industry with factory areas measuring more than 20,000 m^2, those involved in the coating of metal and those using more than 2,000 litres of process oil each year. Other Swedish operations are either obliged to declare or do not require permits.

Environmental impact

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

Climate impact

Lindab's impact on the environment arises from energy consumption as well as from the consumption of raw materials. Several projects focusing on energy efficiency and reduced volumes of scrap are being conducted within the Group. The Group reports to the Carbon Disclosure Project, which measures greenhouse gases and allocates scores based on emissions.

Risks and risk management

See note 3, pages 98-103.

Disputes

The Group is involved in disputes that are consistent with the Group's operations. There is one current dispute based on a warranty liability. Lindab has denied liability. Lindab's exposure amounts to a maximum of SEK 15 m. In addition to this, there is one current dispute regarding faults in delivered buildings. A provision has been made amounting to SEK 11 m.

Events after the reporting period

On 10 January 2012, in light of the prevailing economic climate, Lindab announced an additional near-term profitability target and the following reformulated growth target:

- Profitability target: The long-term target for operating margin (EBIT) of 14 percent remains but in the near term, Lindab's target is to achieve an operating margin of at least 10 percent.
- Growth target: The annual organic growth will exceed the relevant construction market growth by 2 to 4 percentage points.

A new cost reduction programme was also announced that is expected to save about SEK 150 m each year.

On 27 February 2012, Lindab signed an agreement to acquire the majority of Plannja's project sales organisation through an asset acquisition. The acquired operations mainly comprise the production of sandwich panels and high profiles. The business had sales of approximately SEK 150 m in the Nordic market in 2011 and employed around 50 people. The acquisition is planned for completion on 19 March 2012, when the price of the acquired net assets will be determined.

Dividend

Dividend policy

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

Proposed appropriation of profits for the financial year 2011

The Annual Report will be presented to the Annual General Meeting on 11 May 2012 with the following proposal for appropriation of profits:

AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING

SEK

Profit brought forward	694,937,492
Dividend	–75,331,982
Net profit for the year	84,619
Profit carried forward	**619,690,129**

Lindab's Board proposes that the Annual General Meeting on 11 May resolves to pay a dividend of SEK 1 per share, giving a total dividend of SEK 75 m. Remaining retained earnings will be carried forward. A dividend of SEK 75 m was paid in 2011. 14 May 2012 is the proposed dividend record day, with the dividend expected to be paid to shareholders on 18 May 2012.

The parent company

The parent company is a holding company that holds shares in Lindab AB, where the head office functions are carried out. Lindab AB, which is the original parent company of the Lindab Group, also directly owns most subsidiaries.

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

Profit for the year amounted to SEK 0 m (9). Group contributions received from subsidiaries amounted to SEK 111 m (111). No dividends from subsidiaries were received in 2011 or 2010.

Notes to changes in parent company equity

Dividend to shareholders for the financial year 2010

The Annual General Meeting on 11 May 2011 resolved to pay a dividend to shareholders of SEK 1.00 per share corresponding to SEK 75 m and for the remaining SEK 694,937,492 to be carried forward. No dividend was paid in 2010 for the financial year 2009.

Outstanding shares

At 31 December 2011, the share capital amounted to SEK 78,707,820 split between 78,707,820 class A shares only. All shares have a face value of SEK 1.00 each.

The number of outstanding shares is 75,331,982 (75,331,982).

For further information see note 22, Share capital.

INCOME STATEMENT

Amounts in SEK m	Note	**2011**	2010
Administrative expenses	9, 10	–3	–11
Other operating income/expenses	6, 9, 10, 12	–3	2
Operating profit		**–6**	**–9**
Profit from subsidiaries	13	111	111
Interest expenses, internal	13	–106	–88
Profit after financial items		**–1**	**14**
Tax on profit for the year	14	1	–5
Profit for the year*		**0**	**9**

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

CASH FLOW ANALYSIS

Amounts in SEK m	**2011**	2010
Operating profit	–6	–9
Provisions, not affecting cash flow	2	-
Interest received	0	0
Interest paid	–106	–88
Tax paid	9	7
Cash flow from operating activities before change in working capital	**–101**	**–90**
Change in working capital		
Operating liabilities	–2	–2
Cash flow from operating activities	**–103**	**–92**
Financing activities		
Loans from Group companies	184	93
Repayment of debt	-	-
Dividend paid	–75	-
Buy-back of treasury shares	-	-
Cash flow from financing activities	**109**	**93**
Cash flow for the year	**6**	**1**
Cash and cash equivalents at the beginning of the year	1	0
Cash and cash equivalents at the end of the year	**7**	**1**

BALANCE SHEET

Amounts in SEK m	Note	**31 Dec 2011**	31 Dec 2010
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	30	3,467	3,467
Financial fixed assets, interest bearing		7	7
Deferred tax assets		2	4
Total fixed assets		**3,476**	**3,478**
Current assets			
Current tax assets		-	6
Cash and bank		7	1
Total current assets		**7**	**7**
TOTAL ASSETS		**3,483**	**3,485**
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	22	79	79
Statutory reserve		708	708
Non-restricted equity			
Share premium reserve		90	90
Profit brought forward		530	596
Profit for the year		0	9
Total shareholders' equity		**1,407**	**1,482**
Provisions			
Interest-bearing provisions		10	8
Total provisions		**10**	**8**
Long-term liabilities			
Liabilities to Group companies (interest-bearing)		2,064	1,991
Total long-term liabilities		**2,064**	**1,991**
Current liabilities			
Non-interest-bearing liabilities			
Accounts payable		0	1
Accrued expenses and deferred income	26	2	3
Total non-interest-bearing liabilities		*2*	*4*
Total current liabilities		**2**	**4**
TOTAL EQUITY AND LIABILITIES		**3,483**	**3,485**
Pledged assets	28	-	-
Contingent liabilities	28	-	-

CHANGES IN PARENT COMPANY EQUITY

	Equity attributable to parent company shareholders				
Amounts in SEK m	**Share capital**	**Statu-tory reserve**	**Share pre-mium reserve**	**Profit brought forward**	**Total equity**
Opening balance, 1 January 2010	**79**	**708**	**90**	**553**	**1,430**
Profit for the year				9	9
Transactions with shareholders					
Transfer of treasury shares in company acquisitions				43	43
Closing balance, 31 December 2010	**79**	**708**	**90**	**605**	**1,482**
Profit for the year				0	0
Transactions with shareholders					
Dividend to shareholders				–75	–75
Closing balance, 31 December 2011	**79**	**708**	**90**	**530**	**1,407**

The Group: Ten years in summary

SEK (millions) unless otherwise indicated

Sales revenue and profit	**2011**	2010	2009	2008	2007	2006	2005	2004	2003*	2002*
Sales revenue	6,878	6,527	7,019	9,840	9,280	7,609	6,214	5 477	5 302	5,235
Growth, %	5	–7	–29	6	22	22,	13	3	1	2
of which volumes and prices	9	–1	–33	2	14	10	6	7	3	–1
of which acquistions/divestments	0	0	1	3	8	13	5	–3	1	3
of which currency effects	–4	–6	3	1	0	1	2	–1	–3	0
Net sales abroad, %	76	77	81	82	82	80	77	75	72	72
Operating profit (EBITDA)	511	565	479	1,388	1,512	1,103	751	569	472	511
Depreciation/amortisation	163	280	225	225	203	209	194	185	285	300
Operating profit (EBITA)	348	401	265	1,172	1,318	903	560	384	305	325
Operating profit (EBIT)	348	284	254	1,163	1,309	894	557	384	187	211
One-off items[1)]	–59	–63	–47	–116	-	–39	7	-	N/A	N/A
Operating profit (EBIT), excluding one-off items	407	347	301	1,279	1,309	933	550	384	N/A	N/A
Result before tax (EBT)	186	112	119	990	1,175	797	484	297	92	83
Profit for the year	91	27	34	723	901	585	351	203	26	21
Comprehensive income	36	–298	–142	1,124	1,035	439	485	220	–42	–58
Cash flow										
Cash flow from operating activities	345	391	719	673	875	778	730	426	395	118
Cash flow from investing activities	–143	241	–188	–418	–225	–424	–667	–159	–112	19
Cash flow from financing activities	–202	–616	–541	–396	–487	–395	58	–370	–165	–177
Cash flow for the year	0	16	–10	–141	163	–40	121	–103	118	–40
Operating cash flow	361	418	731	931	985	821	659	-	-	-
Capital employed and financing										
Balance sheet total	6,479	6,570	7,442	8,625	7,700	7,077	6,525	5,510	5,178	5,298
Capital employed	4,724	4,897	5,701	6,419	5,594	4,998	4,949	4,377	4,247	4,316
Operating capital	4,446	4,611	5,425	6,120	5,207	4,792	4,699	4,227	4,001	4,183
Net debt	1,747	1,856	2,422	2,774	2,238	2,602	1,846	1,858	1,791	1,931
Shareholders' equity	2,699	2,755	3,003	3,346	2,969	2,190	2,853	2,369	2,210	2,252
Data per share, SEK										
Undiluted average number of shares, '000s[2)]	75,332	75,203	74,772	77,548	78,708	90,702	120,000	120,000	120,000	120,000
Diluted average number of shares, '000s[2)]	75,332	75,203	74,772	77,548	78,708	93,062	122,940	122,736	122,736	122,736
Undiluted no. of shares at year end, '000s	75,332	75,332	74,772	74,772	78,708	78,708	120,000	120,000	120,000	120,000
Diluted no. of shares at year end, '000s	75,332	75,332	74,772	74,772	78,708	78,708	122,940	122,736	122,736	122,736
Undiluted earnings per share	1.21	0.36	0.45	9.32	11.45	6.45	2.93	1.69	0.22	0.18
Diluted earnings per share (EPS)	1.21	0.36	0.45	9.32	11.45	6.29	2.86	1.65	0.21	0.17
Earnings per share, current number of outstanding shares	1.21	0.36	0.45	9.67	11.45	7.43	2.93	1.69	0.22	0.18
Undiluted equity per share	35.83	36.57	40.16	44.75	37.72	27.82	23.77	19.74	18.42	18.77
Diluted equity per share	35.83	36.57	40.16	44.75	37.72	27.82	23.21	19.3	18.00	18.35
Cash flow from operating activities per share	4.58	5.20	9.62	8.68	11.12	9.89	5.94	3.47	3.22	0.96
Dividend per share (for 2011 according to the Board's proposal)	1.0	1.0	-	2.75	5.25	3.25	-	-	-	-
P/E ratio	30.9	245.1	163.3	5.2	12.9	20.7	N/A	N/A	N/A	N/A
Quoted price at year end, LIAB	37.40	88.25	73.50	48.50	147.25	130.25	N/A	N/A	N/A	N/A
Market capitalisation at year end, SEK m	2,817	6,648	5,496	3,626	11,590	10,252	N/A	N/A	N/A	N/A
Investments										
Fixed assets (gross)	143	128	182	301	195	146	218	199	195	176

Key figures	2011	2010	2009	2008	2007	2006	2005	2004	2003*	2002*
Operating margin (EBITDA), %	7.4	8.7	6.8	14.1	16.3	14.5	12.1	10.4	8.9	9.8
Operating margin (EBITA), %	5.1	6.1	3.8	11.9	14.2	11.9	9.0	7.0	5.8	6.2
Operating margin (EBIT), %	5.1	4.4	3.6	11.8	14.1	11.7	9.0	7.0	3.5	4.0
Operating margin (EBIT), excluding one-off items, %	5.9	5.3	4.3	13.0	14.1	12.3	8.9	7.0	N/A	N/A
Profit margin (EBT), %	2.7	1.7	1.7	10.1	12.7	10.5	7.8	5.4	1.7	1.6
Return on capital employed, %	7.1	5.5	4.3	20.0	24.5	18.2	11.9	10.7	4.7	5.0
Return on operating capital, %	7.4	5.6	4.3	20.7	25.4	19.1	12.2	9.4	7.5[3)]	7.4[3)]
Return on operating capital, excluding one-off items, %	8.7	6.9	5.1	22.8	25.4	19.9	11.8	9.4	N/A	N/A
Return on equity, %	3.3	0.9	1.1	23.4	35.9	25.1	13.7	9.0	1.2	0.9
Return on total assets, %	5.2	4.1	3.3	14.3	17.4	13.3	9.4	8.5	3.8	4.1
Equity/assets ratio, %	41.7	41.9	40.4	38.8	38.6	30.9	43.7	43.3	42.5	42.5
Net debt/equity ratio, times	0.6	0.7	0.8	0.8	0.8	1.2	0.7	0.8	0.8	0.9
Interest coverage ratio, times	2.1	1.6	1.8	6.1	8.6	8.4	6.9	4.1	1.9	1.6
Employees										
Average no. of employees	4,484	4,454	4,586	5,389	5,013	4,689	4,135	4 138	3 920	3,766
of which abroad	3,474	3,460	3,638	4,211	3,907	3,611	3,011	2 936	2 617	2,400
Number of employees at close of period	4,347	4,381	4,435	5,291	5,256	4,942	4,479	4,011	3,874	3,835
Payroll expenses including social security contributions and pension expenses	1,735	1,724	1,874	2,098	1,938	1,706	1,480	1 385	1 374	1,360
Sales per employee, SEK ('000s)	1,534	1,465	1,531	1,826	1,851	1,623	1,503	1 324	1 352	1,390

*) *Key figures relating to the years 2002–2003 have not been restated in accordance with IFRS.*

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

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

2) *The average number of shares has been adjusted for 2006 with respect to the 8:1 and 15:1 splits.*
3) *To make a comparison between the years 2004–2006, the operating profit (EBITA) for 2002–2003 has been calculated.*

Financial definitions, see page 129.

Notes to the consolidated financial statements

Content notes

NOTE 1 GENERAL INFORMATION

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

These consolidated financial statements have been approved for publication by the Board of Directors and the President on 9 March 2012. The statement of comprehensive income and statement of financial position, as well as the parent company's income statement and balance sheet, will be matters for approval at the Annual General Meeting of shareholders on 9 May 2012.

Unless otherwise stated, amounts are in SEK m.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

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

Basis for the preparation of accounts

Lindab compiles its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and Recommendation 1 from the Swedish Financial Reporting Board. Lindab also applies statements from IFRIC, International Financial Reporting Interpretations Committee.

Lindab applies the cost method when evaluating assets and liabilities except for financial assets that can be sold and financial assets and liabilities, including derivative instruments, which are evaluated at fair value through the profit for the year (based on assessments where appropriate).

Changes in published standards

The following changes have taken effect as from 1 January 2011, which may have relevance for the Group:

- IAS 24, Related party disclosures. The amendment clarifies the definition of related parties to facilitate the identification of such relationships and eliminate inconsistencies in the application. The revised standard also allows certain exemption for disclosures regarding related national agencies, state enterprises or corresponding local, national or international public bodies. (Approved by the EU on 19 July 2010.)

- IAS 32, Financial Instruments: Classification of Rights Issues. The definition of debt has been changed, meaning that e.g. warrants issued by a business where the subscription amount is determined in a currency other than the company's functional currency will be an equity instrument if they are issued pro rata to existing shareholders. (Approved by the EU on 23 December 2009.)

- IFRIC 14, Prepayments of a Minimum Funding Requirement. The amendment offers guidance for assessing the recoverable amount of a "net pension asset". The amendment allows a company to report the prepayment of a minimum funding requirement as an asset. (Approved by the EU on 19 July 2010.)

- Improvements to IFRS standards relate to certain amendments to IFRS. The provisions have been taken into consideration where appropriate. (Approved by the EU in February 2011.)

The implementation of these changes in standards and new interpretations had no material effect on the consolidated financial statements.

New accounting recommendations

The International Accounting Standards Board (IASB) has issued the following standards or interpretations that may be relevant to the Group, but which come into effect so that they need not be applied to this Annual Report. The latest commencement date is included with each recommendation.

- IFRS 7, Financial Instruments: Disclosures. The addition will result in further quantitative and qualitative disclosures submitted upon derecognition of financial instruments from the balance sheet. If a transfer of assets does not result in the removal in its entirety, this will be stated. Similarly, if the company retains an obligation in the derecognised asset, the company must also provide this information. (Approved by the EU on 23 November 2011). IFRS 7 will apply to financial years starting on 1 July 2011 or later.

- IFRS 9, Financial Instruments: Recognition and Measurement. This standard is part of a complete overhaul of the existing standard IAS 39. The standard involves a reduction in the number of valuation categories for financial assets to the main categories of amortised cost and fair value through profit. For some investments in equity instruments, it is possible to record fair value in the balance sheet, with changes in value recorded directly in other comprehensive income, where no transfer is made to profit for the period on divestment. In addition, new rules have been introduced concerning how changes in individual credit spreads should be presented when liabilities are recognised at fair value. (Not yet approved by the EU and there is currently no timetable for approval). The standard will be complemented by rules regarding impairment, hedge accounting and offsetting in the balance sheet. It is proposed for this to be applied to financial years beginning on 1 January 2015 or later.

- IAS 12, Income Taxes. Deferred tax on property measured at their fair value shall be calculated based on the tax consequences resulting from the sale of the property if there are no indications that the investment property will be recovered by other means. Deferred tax on assets valued in accordance with the valuation method (see IAS 16 and 38) shall be calculated based on the tax consequences resulting from the a sale of the property if the business model does not indicate another form of recovery. The change means that SIC 21, Income Taxes – Recovery of Revalued Non-Depreciable Assets, is being withdrawn. (Expected to be approved by the EU in Q2 2012.) IAS 12 will apply to financial years starting on 1 January 2012 or later.

- IFRS 10 Consolidated financial statements and the amended IAS 27 Separate financial statements. IFRS 10 replaces the section in IAS 27 relating to the preparation of consolidated financial statements. What remains in IAS 27 continues to relate to the management of subsidiaries, joint ventures and associated companies in separate financial statements. The rules regarding the preparation of consolidated financial statements have not changed. The change is more concerned with how a company should go about determining whether there is controlling influence and therefore whether a company should be consolidated. Control (controlling influence) occurs when the investor:
  - Has power over the investment object, which is described as having rights to control activities that significantly affect the potential for return (described as “relevant activities”)
  - is exposed to, or has a right to, variable returns from the investment object
  - has the opportunity to exercise power in order to influence the size of the return.

  IFRS 10 also clarifies that an investor is a party that has a potentially controlling influence over a company. A controlling influence may not only arise through a shareholding (voting rights). On these grounds, a shareholding is not a requirement in order for an entity to be an investor. Despite the fact that the majority of the outstanding shares is not held, an investor may have a controlling influence over another entity (known as de facto control). A company should be consolidated until the date on which control ceases, even if control only exists for a short period. (Expected to be approved by the EU in Q3 2012.) IFRS 10 will apply to financial years starting on 1 January 2013 or later.

- IFRS 11 Joint arrangements, IAS 28 Investments in Associates and Joint Ventures. IFRS 11 addresses the accounting for joint arrangements, defined as a contractual arrangement whereby two or more parties have joint controlling influence. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It is crucial to be able to assess whether a party has control over another party, i.e. controlling influence, or whether it is rather about a significant or shared influence. In the case of the latter, this is known as a joint arrangement, which may involve either:
  - Joint operations, or
  - Joint Ventures.
  - Jointly owned assets and joint operations (as defined in IAS 31) is named “joint operations” in IFRS 11. Each partner (or party) reports their share of the assets, liabilities, revenues and expenses.

  Jointly controlled entities (joint ventures), where the holder owns a stake in the company’s net assets, may no longer be consolidated in accordance with the proportional method (proportionate consolidation), and required the equity method to be applied instead. This means that the share is reported on one row in the consolidated statement of financial position and that the proportion of profit is reported on one row in the consolidated statement of comprehensive income. (Expected to be approved by the EU in Q3 2012.) IFRS 11 will apply to financial years starting on 1 January 2013 or later.

- IFRS 12 Disclosures of interest in other entities. Companies with holdings in subsidiaries, associated companies and joint arrangements and structured entities shall disclose this in accordance with IFRS 12. The purpose of this disclosure is to provide users of the financial statements an opportunity to understand:
  - Possible effects of the holdings in the financial statements
  - The potential risks involved with the current holdings.

  Significant qualitative and quantitative information must be provided for each holding. The disclosure requirements include the following:
  - Financial information relating to subsidiaries with a significant proportion of non-controlling influence.
  - Disclosures regarding the estimates and assumptions that have been made when assessing whether a company should be consolidated or not, and whether an associated company should be reported or whether a joint arrangement is to be regarded as joint activity or joint venture.
  - Financial disclosures regarding the holdings in significant associated companies and joint arrangements.
  - Disclosures regarding the risks and benefits associated with “structured entities” and holdings, and the effects should these risks be changed.

  (Expected to be approved by the EU in Q3 2012.) IFRS 12 will apply to financial years starting on 1 January 2013 or later.

- IFRS 13 Fair value measurement. IFRS 13 does not describe when a fair value is to be used but rather how it should be determined when these should, or may be used in accordance with each IFRS standard. In accordance with IFRS, fair value is defined as “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 (i.e. an exit price)”.

  The standard presents clarifications with regard to the concept of fair value, including the following areas:
  - Concepts such as “highest and best use” and “valuation premise” are described. It appears that these are only applicable with respect to non-financial assets.
  - Market participants are believed to act in a way that maximises value for the parties involved in situations where there are no guidance regarding the measurement of fair value in individual IFRS standards.
  - The effect of the so-called block discounts (large position relative to the market) should never be included in the calculation of a fair value.
  - Determination of fair value when market activity is falling.

  In accordance with IFRS 13, new disclosures must be made to clarify which valuation models are being applied and what information (data) is used in these models, plus the effect of the valuation in the result. (Expected to be approved by the EU in Q3 2012.) IFRS 13 will apply to financial years starting on 1 January 2013 or later.

- IAS 1 Presentation of Financial Statements. The change means that the grouping of transactions reported in other comprehensive income is changed. Items that will be recycled to profit or loss must be reported separately from those items not recycled to profit or loss. The proposal does not alter the actual content in other comprehensive income, only the layout. (Expected to be approved by the EU in Q1 2012.) IAS 1 will apply to financial years starting on 1 July 2012 or later.

- IAS 19 Employee Benefits. The amendments involve significant changes regarding the reporting of defined benefit pension plans, for example:
  - The possibility to defer actuarial gains and losses as part of the "corridor" may not be applied, but must be continuously recognised in other comprehensive income. In the income statement, items are reported that are attributable to earnings of defined benefit pensions plus gains and losses arising due to the settlement of a pension liability and net financial items for the defined benefit plan.
  - Sensitivity analyses should be prepared with respect to reasonable changes in all the assumptions made when calculating pension liabilities.
  - The distinction between short-and long-term benefits is based on when the obligations are expected to be settled rather than the connection to the employee's earning for the obligation.

  The changes include additional changes that do not focus on accounting for pensions but other forms of employee benefits. Termination benefits should be recorded at the earlier of the time when the offer of compensation cannot be withdrawn or in accordance with IAS 37 as part of e.g. the restructuring of the business. For the Swedish units, the actuarial calculations will also include future payments of special employers' contributions and taxes on returns. (Expected to be approved by the EU in Q1 2012.) IAS 19 will apply to financial years starting on 1 January 2013 or later.

During 2012 Lindab will evaluate the effect of applying the statements/standards outlined above.

The Swedish Financial Reporting Board has issued RFR 1 and RFR 2, as well as UFR 1–8. RFR stands for Recommendations from the Swedish Financial Reporting Board and UFR stands for Statements from the Swedish Financial Reporting Board. The Annual Accounts Act (ÅRL) explains which regulations must be applied by a listed company when preparing interim reports. RFR 1 has been applied where appropriate in the presentation of Lindab's financial statements.

From the financial year beginning 1 January 2011 or later, Group contributions received by a parent company from subsidiaries is recognised as financial income, and Group contributions that a parent company makes to subsidiaries is reported either as holdings in subsidiaries, i.e. similar to shareholder contributions, or as an expense owing to the relationship between accounting and taxation.

Otherwise, RFR 2 has been adjusted for the removed disclosure requirements in ÅRL. The majority of these changes come into effect this year and will therefore be applied in the financial statements for 2011. Simplifications regarding disclosures relating to the abolished requirement to disclose the absence through sickness, the abolished requirement to disclose the tax values and the abolished requirement to disclose the distribution of salaries by country. Lindab has taken account of these simplifications in the disclosures.

Amendments and supplements to IFRS standards have not resulted in any changes to RFR 2.

Consolidated financial statements

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

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

Elimination of Group transactions

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

The acquisition method

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

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

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

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

Subsidiaries

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

Associated companies

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

Translation of foreign subsidiaries and foreign currency

The consolidated financial statements are presented in Swedish krona (SEK), which is the parent company's functional currency and reporting currency. The income statements and balance sheets for operations abroad (subsidiaries and associated companies) are submitted in their functional currencies and are translated into the Group's reporting currency according to the current method as defined in IAS 21, The Effects of Changes in Foreign Exchange Rates. The functional currency is the same as the local currency for the reporting entity's accounts.

All assets and liabilities of subsidiaries are translated using the rate on the balance sheet date and income and expenses are translated at average exchange rates for the year. The exchange rate differences arising when consolidating are carried directly to other comprehensive income. When a subsidiary is sold, the accumulated translation differences are reported in the statement of comprehensive income in accordance with IAS 21.

Transactions in foreign currencies are translated to the functional currency at the prevailing exchange rate on the date of the transaction. Swedish Group companies' receivables and liabilities in foreign currencies are valued at the rate on the balance sheet date. Exchange rate gains and losses that arise when paying and when translating monetary assets and liabilities in foreign currencies at the exchange rate on the balance sheet date are reported in the statement of comprehensive income. Exchange rate differences relating to operations are shown as other operating income/expenses (note 12) and are thereby included in the operating profit. Exchange rate differences of a financial nature are reported in financial income and expenses (note 13).

Internal pricing

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

Segment reporting

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

The segments are responsible for the operating profit and net assets used in their operations, while net financial items and taxes as well as net borrowing and equity are not reported by segment. The operating profit and net assets for the segments are consolidated according the same principles as for the Group overall. The allocation of costs and net assets is made as needed. Operating expenses not included in the segments are reported under the item Other and include the parent company functions and Group Treasury. Until 2009 it also included certain steel processing for external customers. Segment reporting is presented in Note 7, Segment Reporting.

Revenue recognition

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

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

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

Incentive programme

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

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

Borrowing costs

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

Income taxes

The Group applies IAS 12, Income Taxes. Recorded tax comprises current tax and deferred tax. Current tax is tax that is to be paid or received during the current fiscal year. This also includes adjustments to tax attributable to previous years. Deferred tax is recognised for income taxes recoverable in future periods in respect of taxable temporary differences. The measurement of deferred tax is based on expected liabilities and receivables on the balance sheet date using the tax rates for individual companies decided or announced on the balance sheet date.

Deferred tax receivables are recognised to the extent that it is likely that future taxable profits will be available and against which the temporary differences may be utilised. Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and liabilities and when the deferred taxes are levied by the same tax authorities.

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

Earnings per share

Earnings per share are reported in accordance with IAS 33, Earnings Per Share. The item is shown directly adjacent to the statement of comprehensive income. Earnings per share are not affected by preference shares or convertible debentures since there are none. If the number of shares changes during the year, a weighted average is calculated for the outstanding shares during the period. Incentive programmes were implemented during the years 2008–2010. In 2008–2010 2,339,000 warrants were acquired by senior executives and key employees. The warrants may be utilised during the periods 1 June 2010–31 May 2011, 1 June 2011–31 May 2012 and 1 June 2012–31 May 2013 respectively, to subscribe for one share in Lindab International AB. The first programme from 2008 expired in 2011 but no warrants were exercised. There is currently no need to calculate the dilutive effect for the two most recent incentive programmes, since the issue price for the shares is higher than the average share price for 2011. A buy-back of treasury shares took place during 2008, and in 2010 some of these were transferred as payment for acquisitions. This has been taken into account when calculating earnings per share.

Intangible fixed assets

Goodwill

Goodwill arising from the acquisition of a company and operations is assessed according to IFRS 3, Business Combinations. From 2010, transaction costs and adjustments to contingent consideration may not be included in the basis for the calculation of goodwill. See also the section on the consolidated financial statements on page 91. Goodwill on acquisitions of subsidiaries is reported in intangible assets. Goodwill is tested for impairment at least annually, or when there is any indication of this. Goodwill is reported as the acquisition value less accumulated impairment losses.

Impairment is determined by estimating the discounted cash flow that has been projected for the entity to which the goodwill is attributed. In such a case, the estimate is made on the lowest cash-generating units within the business. For the Lindab Group, estimates are normally made at Group level and in each business area. This principle was abandoned in 2010 however, when a separate evaluation was made for the Ventilation business area's operations in the USA.

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

Brands, patents and similar rights

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

Software

Acquired software licences are capitalised on the basis of the costs arising when the software in question was acquired and put into operation. These costs are amortised over an estimated useful life of between three and five years.

Capitalised expenditure for development work and similar

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

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

Tangible fixed assets

Buildings and land principally comprises factories and offices. These are reported as the recorded carrying value, i.e. the acquisition value less the accumulated depreciation according to plan and any impairment losses recorded. The depreciation according to plan is based on the acquisition value of fixed assets and is calculated with consideration to the estimated useful life. No depreciation is made on land. Additional expenses are added to the asset's carrying amount or are shown as a separate asset, depending on which is the most appropriate. Additional expenses should only be added to the carrying amount of assets when it is likely that the prospective economic benefits resulting from the asset will benefit the Group and if the asset can be reliably measured. All other forms of repair and maintenance are reported as costs in the statement of comprehensive income during the period in which they arise.

The acquisition value of assets is divided into material components and each component must be amortised separately over its estimated useful life i.e. component depreciation. This applies to buildings as well as to machines and equipment.

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

THE FOLLOWING DEPRECIATION PERIODS HAVE BEEN USED

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

Financial instruments

Accounting for financial instruments is governed by three accounting standards: IAS 39 Financial Instruments: Recognition and Measurement, IAS 32 Classification and IFRS 7 Disclosures. Financial instruments are every form of agreement giving rise to a financial asset, financial liability or equity instrument in another company. They include cash and cash equivalents, interest-bearing receivables, accounts receivable, trade creditors, borrowing and derivative instruments. Cash comprises cash and bank.

Financial assets that are managed within the framework of IAS 39 are classified either as:

- Financial assets measured at fair value through profit or loss
- Financial assets held to maturity
- Loan receivables and accounts receivable or as
- Assets available for sale

Financial liabilities are recognised either at amortised cost or at fair value in the income statement.

Purchases and sales of financial assets and liabilities are recognised on the trade date. A financial asset is derecognised from the balance sheet when all significant risks and benefits associated with the asset have been materially transferred to external parties.

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

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

Lindab applies Level 1.

Fair value for Lindab's assets is determined based on current market prices where available. Fair value for quoted investments and derivatives are based on current purchase prices and interest rates. If market prices are not available, the fair value of each asset is determined using various valuation techniques. Transaction costs are included in the fair value of assets, except in cases where changes in value are recorded in the income statement. Transaction costs associated with the admission of financial liabilities are amortised over the duration of the loan as a financial cost.

Classification of financial assets and liabilities

- Financial assets at fair value through profit for the year, includes financial assets that are held for trading and financial assets that are classified as being reported at fair value in the statement of comprehensive income. The result from the change in fair value on financial instruments in this category is reported in the profit for the year, during the period in which they arise.
- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity periods, which the Group does not intend to sell before their maturity date. The assets are recognised at the amortised cost using the so-called effective interest method, which means that an accrual is made to ensure that a constant return is obtained. Financial investment amounting to SEK 36 m, relating to funded pension liabilities, is included in this category.
- Loan receivables and Accounts receivable, are non-derivative financial assets with fixed or determinable cash flows that are not traded in an active market. This type of receivable normally arises when the Group pays cash to another party or supplies a customer with products or services without intending to convert the receivable into cash. Loan receivables and accounts receivable are recognised at the amortised cost, i.e. the amount that is expected to flow in, less allowance for doubtful accounts that are assessed individually. The expected maturity period for accounts receivable is short; therefore the value is reported at the nominal amount without discounting.
- Available-for-sale financial assets include non-derivative financial assets that are either classified as assets available for sale or do not fall into any of the other categories. The assets are valued at their fair value directly against other comprehensive income. Upon being sold, accumulated changes in value are reversed against profit for the year. Other investments held as fixed assets, note 18, are included in this category since they have not been classified in any other category.
- Financial liabilities at fair value through profit for the year, includes financial liabilities that are classified as being reported at fair value in the statement of comprehensive income. The result from the change in fair value on financial instruments in this category is reported in the profit for the year, during the period in which they arise.
- Other financial liabilities. This category includes loans, other financial liabilities and accounts payable. The liabilities are valued at amortised cost.

A financial asset or financial liability is included in the statement of financial position when the company is party to the instrument's contractual terms. Accounts receivable are reported in the statement of financial position when the invoice has been sent, and supplier invoices are reported when they are received. Each financial fixed asset is reported at its amortised cost. If the fair value is less than the acquisition value then there is an impairment loss. For further information about values and categories of assets see notes 18 and 19, Long-term fixed assets.

Financial assets are removed from the statement of financial position when the right to obtain cash flow from an asset matures or is transferred to another party by transferring all risks and benefits associated with the asset to the other party. A financial liability is removed from the statement of financial position when the obligation has been met, cancelled or has expired.

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

Financial derivatives

The Lindab Group uses derivative instruments to cover risks of currency and interest rate exposure. The holding of financial derivatives consists of interest rate and currency swaps and currency futures.

Derivatives are recognised in the statement of financial position on the date of contract and measured at fair value, both initially and in subsequent revaluations. The method for reporting the gain or loss arising through the revaluation depends upon whether the derivative is identified as a hedging instrument and whether the hedging of fair value, cash flow or net investment exists. Hedge accounting is applied when the criteria above have been met.

Derivatives that are not identified as hedging instruments are classified in the statement of financial position as financial assets and liabilities at fair value through profit for the year. Realised and unrealised gains and losses arising from changes in fair value are recognised in the statement of comprehensive income's financial items for the period in which they arise. The hedging of currency risks in Lindab AB's lending to and deposits from Group companies, conducted using forward exchange agreements, is recorded at fair value through profit for the year.

Derivatives and hedging activities

Derivatives are initially reported at fair value at the time the contract is entered into and is then re-evaluated at fair value. The method of reporting the gain or loss depends on whether the derivative is classed as a hedging instrument and if so, the nature of the hedged item. Derivatives can be classified as:

- Fair value hedges: a fair value hedge of an identified debt
- Cash flow hedges: the hedging of certain risk associated with a highly probable forecast transaction
- Hedging of net investments: hedging of a net investment in a foreign company.

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

The Lindab Group does not use financial instruments to hedge financial risks in foreign operations; therefore hedge accounting in such instances is not relevant. Nor is hedge accounting applied for the hedging of currency risks in Lindab AB's lending to and deposits from Group companies, conducted using forward exchange agreements. See page 102.

Lindab has no purchasing agreements with terms that mean they should be considered as derivative instruments or embedded derivatives.

Raw materials are mainly purchased in SEK, EUR and USD. Purchases that are made for a company in its local market can also be made in the company's local currency, for example, in RUB and GBP. To some extent, Lindab is committed to purchasing certain volumes, by an agreed date, from a supplier that provides an agreed inventory on Lindab's behalf. Lindab can place orders when required, and payment is made following delivery.

Accounts receivable

In General for the Group, an impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. Consideration will be given however in cases such as credit insurance. Furthermore, individual assessments will be made when required.

Impairment

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

Stock

Stock is reported in accordance with IAS 2. The Group's stock is reported excluding inter-company profits. Inter-company profits generated within the Lindab Group are eliminated at Group level and therefore have no impact on operating profit. Stock is valued at the lower of the acquisition value and net sales value for raw materials, consumables and purchased finished goods. Own produced goods 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 for deliveries between Group companies.

Non-current assets held for sale and discontinued operations

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

Cash and cash equivalents

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

Equity

Share capital

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

Dividend

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

Repurchase and redemption of shares

The repurchase and redemption of shares are carried, where appropriate, directly to profit carried forward. For the repurchase and redemption of shares see page 81, Statement of changes in equity, and for redemption see note 22, Share capital and the number of shares.

Provisions

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

A provision is only reported when:

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

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

Provisions for pensions and similar obligations

Lindab applies IAS 19, Employee Benefits, which means that pension benefits and other forms of compensation payable to employees after conclusion of employment e.g. upon termination or resignation, are calculated with consideration to estimated future earnings and inflation. The recommendation makes a distinction between defined contribution and defined benefit plans. Defined contribution plans are defined as plans where the company pays set contributions to a separate legal entity and has no obligation to pay additional contributions, even if the legal entity does not have sufficient assets to pay the benefits attributable to the employees' service until the balance sheet date.

All plans that are not defined contribution plans are considered to be defined benefit plans. Within the Group there are both defined contribution and defined benefit plans. The most comprehensive defined benefit plans are in Sweden, Norway and Luxembourg. In Italy, there is a benefit plan for the termination of employment. There are significant defined-contribution plans in Sweden, Denmark, Finland and Germany.

Defined contribution plans do not entail a re-evaluation in the consolidated financial statements. The costs for these are carried as an expense during the period that the employees carried out the services relating to the charge. All expenses are reported in full in the operating profit.

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

In principle however, benefit based commitments are assessed annually. Commitments of smaller amounts are re-evaluated at reasonable intervals or when necessary. These calculations are performed by independent actuaries. Expenses arising from re-evaluation are reported in the operating profit. The interest portion from changes in pension liabilities is reported as financial expenses however.

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

The liability for these defined benefit plans is valued at the present value of the expected future payments using a discounted rate. The Projected Unit Credit Method is used to determine the present value. This means that each period of service gives rise to an additional unit of the total final obligation. A separate calculation is made for each unit, and the units combined comprise the total obligation on the balance sheet date. In this way, the expensed (pension) payments are recognised on a straight-line basis during the period of employment.

Actuarial assumptions are used for calculating liabilities; this includes expected salary and pension increases as well as the expected return on plan assets. The discount rate is the rate on the balance sheet date on AAA credit rated bonds or, in the absence of these, government bonds for each currency. If possible, the rate should have a remaining maturity period corresponding to the pension obligations. Changes in the actuarial assumptions and outcomes that deviate from the assumptions give rise to so-called actuarial gains and losses.

Calculated actuarial gains and losses are not reported when they fall within the "ten percent corridor". The income and expenses are first reported when actuarial gains/losses fall outside the corridor, i.e. they exceed 10 percent of the present value of the obligation or of the fair value of any plan assets. The profit is then distributed over the remaining period of service of the employee covered by the plan.

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

Leases

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

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

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

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

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

Consolidated cash flow statement

Lindab applies the indirect method in accordance with IAS 7, Cash Flow Statements. The purpose is to provide a basis in order to assess the company's ability to generate cash and the company's need for this. The following definitions have been used. Cash and bank consists of cash as well as deposits held with banks and equivalent institutions. Cash and cash equivalents other than cash and bank include current liquid investments that can easily be converted into cash and that are exposed to an insignificant risk from foreign currency fluctuations. Cash flow is the flow of cash and cash equivalents coming into and going out from the company. Operating activities are the main income generating activities of the company and other activities that are not investing or financing activities. Investing activities consist of the acquisition and divestment of fixed assets and investments that do not qualify as cash equivalents. Financing activities are activities that result in changes to the size and composition of the company's equity and borrowings.

Pledged assets and contingent liabilities

Pledged assets are reported if Lindab has pledged assets for the company's or the Group's liabilities or obligations. These can include debts and provisions that may be shown in the statement of financial position, though not necessarily. The pledged assets may be tied to assets in the statement of financial position or encumbrances. Assets are entered at their carrying value and encumbrances at their nominal value. Shares in Group companies are reported at their value in the Group. See also note 28.

Events after the reporting period

Events after the reporting period are reported in accordance with IAS 10, Events after the Reporting Period.

Government grants

Government grants are reported according to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Government grants are actions by the government intended to provide an economic benefit that is specific to a company or a category of company fulfilling certain criteria. Government assistance is conditional upon the recipient complying with certain conditions. Here, the term government refers to government agencies or authorities and similar bodies, regardless of geographical location. Grants related to assets are reported as a deduction in the carrying amount of the asset and grants related to income are presented as a deduction of the related expenses.

Related party disclosures

Transactions and agreements with related parties and/or private individuals are accounted for according to IAS 24, Related Party Disclosures. In the Group, expenses arising from inter-company transactions are eliminated and are thus not included in this disclosure/reporting requirement. For the full extent of these transactions, see note 29, Transactions with related parties.

Parent company accounts compared with consolidated financial statements

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

From 2009, the Group has introduced statements of comprehensive income and financial position, rather than income statement and balance sheet. Furthermore, the Group only reports transactions with owners in the statement of changes in equity. Other transactions that were previously reported in equity are now recognised as other comprehensive income for the period in the statement of comprehensive income. With effect from 2010, The Swedish Financial Reporting Board has decided that the accounts must comply with IAS 1 as far as possible; however the alternative with an income statement and a separate statement of comprehensive income must be applied.

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

IFRS 3, Business Combinations, has been amended with effect from and including 2010. But according to RFR 2, the cost of the acquisition must continue to be reported under ÅRL and balance sheet items thus include transaction costs and contingent considerations. Negative goodwill need not immediately be taken up as revenue. ÅRL has also been amended to facilitate reporting of liabilities at fair value, however this has not been applied. Optional exceptions remain due to uncertain tax consequences.

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

NOTE 3 RISKS AND RISK MANAGEMENT

Exposure to risk is, to a certain extent, part of the business activity. Lindab's risk management is to identify, measure and prevent risks from being realised, while continually making improvements to minimise potential risks. For the Group, risk prevention is principally aimed at preventing potential risks from developing into damages and/or losses. When this does not fully succeed, the next goal is to mitigate the effect of damages that have already occurred. The risks that Lindab may be exposed to are strategic, operational, financial and legal risks as well as those that can threaten our good standing and reputation.

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

The Board has decided to implement an ERM project in the second quarter of 2012 that will further strengthen Lindab's risk management.

Operational risk management

Competition

In the various markets, Lindab faces a large number of small companies and a small number of relatively large national and multinational companies. The company's competitors include Ruukki, Corus Panels and Profiles, Marley, Plannja, Fläkt Woods, Swegon, Goldbeck and Llentab.

To face up to this competition, Lindab has opted to work with highly automated central production units for volume products. These products can be easily transported. This is combined with smaller, local production units for products that require local adaptation and are difficult to transport.

Lindab also decided at an early stage to set up production in low-cost countries in order to be more competitive. In 2011, Lindab increased the share of production at Karlovarska in the Czech Republic and has also started expanding capacity at the production unit in Yaroslavl, Russia.

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

Lindab's primary raw material is steel, mainly in the form of sheet metal, and Lindab's competitive strength is inevitably affected by changes in the price of raw materials. Lindab tries to rationalise its production and organisation in order to be competitive. During recent years, increases in the prices of many input goods for competing materials, such as plastic and concrete, has meant that the competitive situation at least has not deteriorated. Steel has many advantages over plastic and concrete, which should be emphasised more strongly. Customer campaigns also have an influence on customers' product choices. Lindab is working to build sound long-term relationships with potential customers and to provide added value by simplifying construction through the use of Lindab's products.

Market risks

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

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

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

Raw material prices

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

Lindab has chosen to centralise all steel purchasing in order to benefit from its size by securing competitive prices and terms with steel mills, thereby creating competitive advantages. Prices are carefully monitored internally to ensure that the Group can react and adapt its prices for customers, in the event of price increases that cannot be absorbed by the organisation through rationalisation.

A 10 percent change in steel prices affects Lindab's profits by SEK 190 m provided that the sales prices do not change. Historically, however, the company has adjusted its prices when steel prices have changed.

Risk of bad debt losses

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

The Group sells to a large number of customers throughout the world. Inevitably, some customers go into liquidation or their financial position leads them to have payment problems. This in turn may result in Lindab not receiving payment for the products it has sold. In order to minimise bad debt losses, a large number of companies within the Group have insured their receivables against bad debt losses. The Group obtains credit information about new customers and monitors existing customers. This leads to fewer bad debt losses. The single largest customer represents about 1.5 percent of sales.

In General for the Group, an impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. However, consideration will be given in cases such as credit insurance. Furthermore, individual assessments will be made when required. At 31 December 2011, reserves for bad debt losses amounted to SEK 70 m (80). During the year, SEK 19 m (24) was expensed concerning provisions for bad debt losses, equivalent to 0.3 percent (0.4) of the Group's sales.

Seasonal risks

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

Risk of claims

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

Within Building Systems, Lindab is essentially the sole supplier to local builder-dealers who are responsible for carrying out the construction work. This means that there should not be any risk of claims. Some sales are made directly to end customers, however, and in such cases the responsibility for claims resides with Lindab. Regardless of who has the construction risk, Lindab is responsible for ensuring that the delivered materials are correct. Claims for rust on roof parts have been received during 2005–2010.

SEK 39 m (58) has been provided for the financial year 2011. See note 24, Other provisions.

Environmental risks

This risk relates to costs that the Group may incur when adapting its operations to new or stricter environmental legislation. It may also pertain to the decontamination of land for previously owned or currently owned properties, waste management etc. The Group has no known environmental liabilities and the business is not of the type that gives rise to the contamination of land or water that could require clean-up measures. The Group will work according to, and abide by, Swedish and international legislation. Where required by local law, Lindab has environmental insurance to protect it and third parties from possible environmental accidents, and in some cases this has been expanded to include voluntary environmental liability insurance. The insurance includes liability for damages that are part of or are the result of environmental damage.

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

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

The Group is involved in the following legal disputes
The Group is involved in disputes that are consistent with the Group's operations. There is one current dispute based on a warranty liability. Lindab has denied liability. Lindab's exposure amounts to a maximum of SEK 15 m. In addition to this, there is one current dispute regarding faults in delivered buildings. A provision has been made amounting to SEK 11 m.

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

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

Insurance risks
These risks refer to the costs that Lindab may incur due to inadequate insurance cover for products, property, stoppages, liability, transport, life pensions etc. The Group has standard global insurance that provides cover for property, stoppages, mechanical breakdowns, general accountability and product liability, transport of goods, vehicles and felonies. As a natural part of Lindab's various operations, mitigation measures are continuously being carried out, including some together with external consultants. In this work, standards for desirable levels of protection are established in order to limit the likelihood of various injuries.

Lindab's senior executives and Board members are also insured with cover that the company deems appropriate for a company of its size and industry. Lindab considers that it has adequate insurance, normal to this industry, and is sufficiently covered for the risks usually associated with the business operations. Naturally, there is no guarantee that Lindab will not incur losses over and above what is covered by this insurance.

Product development risks
Lindab's long-term organic growth and profitability is partly dependent on the ability to develop and successfully launch and market new products. Failure to do this successfully may have a negative effect on income.

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

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

Loss of key competence
The loss of key staff members can negatively affect the Group's earning capacity. Competent and committed managers are crucial for enabling Lindab to fulfil its strategy. To ensure re-growth and to identify future managers within the Group, we work with the aid of a tool, Manager Profile. Senior executives are regularly evaluated in order to identify leadership skills and competence. This model now covers approximately 90 individuals.

Financial risk management
Through its activities, the Group is exposed to financial risks. Financial risk refers to financing risk, liquidity risk, interest rate risk and currency risk.

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

Financing risk
Financing risk is the risk that the financing of the Group's capital requirements and refinancing of outstanding credits is impeded or becomes more expensive.

The existing credit agreement with Nordea and Handelsbanken has been extended. The total credit limit amounts to SEK 3,000 m (3 500) and expires in February 2015.

The credit agreement includes two covenants in the form of net debt in relation to EBITDA and the interest coverage ratio, which are followed up quarterly. Lindab fulfils the terms of the current credit agreement.

Liquidity risk
Liquidity risk is defined as the risk that the Group would incur increased costs due to a lack of liquidity. All centrally managed loan maturities are planned in relation to consolidated cash flow. Lindab's operations are seasonal, which has an effect on the cash flow. In general, cash flow is weaker during the months from January to June each year and is then positive from July until December.

At the year-end, the Group's unused credit facilities amounted to SEK 1,944 m (1,791), based on an underlying credit limit of SEK 3,500 m.

Interest rate risk
Interest rate risk is the risk that changes in current interest rates will have a negative effect on the Group. Lindab is a net borrower. The net debt at the year-end amounted to SEK 1,747 m (1,856), which means that rising interest rates have an adverse effect on the Group. In accordance with the finance policy, any surplus liquidity must be used to amortise existing loans.

In order to limit the interest rate risk, Lindab entered into two three-year interest rate swap agreements in November 2009, amounting to SEK 1.2 bn. The implication of the interest rate swap agreements is that the average interest rate period on the Group's borrowings has been extended from three months to fifteen months.

Any increase in the interest rate will affect the Group's interest and rental charges. An increase in the interest rate does not have a full effect in the first year thanks to the fixed-rate period mentioned above. On rental agreements, rates are fixed for three months. An increase of 1 percentage point would increase the Group's expenses by SEK 9 m (11), of which interest expenses amount to SEK 5 m (6) and rental expenses SEK 4 m (5).

Derivatives with hedge accounting
Cash flow hedges – interest rate swaps. In the closing hedge reserve in equity, SEK –12 m (–9) relates to the pre-tax fair value of interest rate swaps. With unchanged interest rates, this value will reduce the profit by SEK 12 m in 2012. In 2011, there have been no valuation changes to be reclassified from other comprehensive income to the income statement. Nor has any transfer of value been included in the acquisition cost of assets.

Currency risks
Currency risks are risks that changes in currency negatively affect the cash flow. Furthermore, currency exchange rate fluctuations affect Lindab's statement of comprehensive income and statement of financial position in the following ways:

- The profit is affected when income and expenses in foreign currencies are translated into Swedish kronor.
- The statement of financial position is affected when assets and liabilities in foreign currencies are recalculated in Swedish kronor.

A 10 percent drop in the value of the Swedish krona compared with a combination of the major currencies increases sales by approximately SEK 525 m and the operating profit (EBIT) by approximately SEK 6 m, assuming the levels and mix of sales and earnings in 2011.

75 percent (77) of the Lindab Group's sales are made using foreign currency. Altogether, sales are made in 16 (16) different currencies, the most important of which are EUR, DKK and GBP, which is the same as for the previous year.

Currency risk can be divided into two different categories depending on how the exposure occurs.

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

At 31 December 2011	< 3 months	between 3–12 months	between 1–2 year	between 2–5 year	> 5 year
Borrowings (excluding liabilities for finance leases)	59	211	292	1 759	6
Liabilities for finance leases	4	11	18	-	-
Derivative instruments	36	361	-	-	-
Accounts payable and other liabilities	990	116	13	-	-

At 31 December 2010	< 3 months	between 3–12 months	between 1–2 year	between 2–5 year	> 5 year
Borrowings (excluding liabilities for finance leases)	59	173	2 048	9	6
Liabilities for finance leases	4	10	19	-	-
Derivative instruments	636	319	4	-	-
Accounts payable and other liabilities	934	99	12	-	-

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

Transaction risk

This arises when trading between Group companies, suppliers and customers if payment is made in another currency than the Group company's local currency. Lindab's net exposure translated to SEK is approximately SEK 300 m (350) annually. SEK 26 m (26) of the transaction exposure entered in the statement of financial position was hedged at the end of the year.

To reduce currency exposure, the Group attempts to match inflows and outflows of different currencies by, for example, using the same currency for invoicing as purchasing. According to the Finance policy, each individual Group company is responsible for deciding whether there should be any hedging of the transaction exposure. Any hedging of currency exposure is subsequently undertaken by Lindab AB.

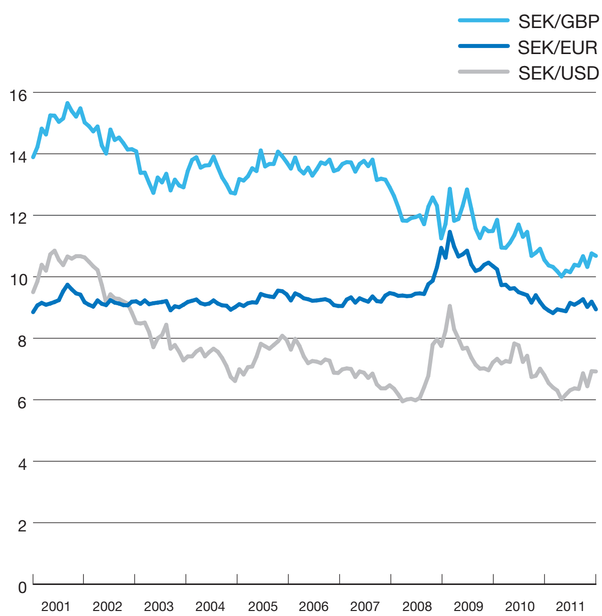
Translation exposure

Translation exposure arises when translating foreign subsidiaries' statements of financial position in local currency to Swedish kronor. This is because the current year is translated at a different closing rate than for the previous year. The income statement is translated at the average rate for the year and the statement of financial position is translated at the rate on December 31. The translation differences are applied to other comprehensive income. Translation exposure is the risk that the translation difference represents in terms of the impact on comprehensive income. Lindab has not hedged this exposure in either 2010 or 2011.

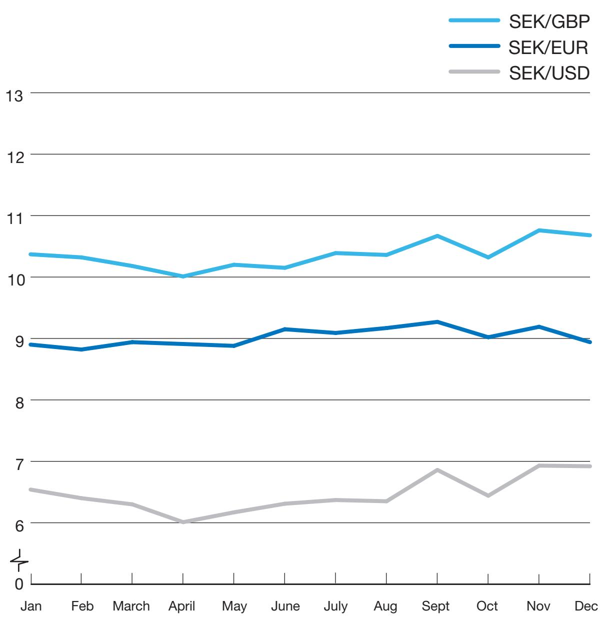
Exposure due to financial dealings between Group companies

Lindab AB's lending and borrowing to/from Group companies mainly takes place in the Group company's local currency. The currency risk in these transactions is thereby concentrated on Lindab AB, which hedges them using forward exchange agreements. Forward exchange agreements are evaluated monthly and the effect is reported in net financial income in the statement of comprehensive income.

EXCHANGE RATE MOVEMENT 2001–2011, SEK



EXCHANGE RATE MOVEMENT JANUARY–DECEMBER 2011, SEK



CURRENCY FORWARDS AT 31 DECEMBER 2011

Equivalent in SEK m		2011 Amount	2011 Term months	2010 Amount	2010 Term months
Sell	GBP	-	-	–158	1
Sell	USD	-	-	–167	1
Sell	CZK	–9	2	–14	3
Sell	DKK	–12	3	–18	3
Sell	CHF	-	-	–7	1
Sell	EUR	–158	4	–240	2
Sell	NOK	–27	5	–20	3
Sell	HUF	–12	3	–127	6
Sell	RON	-	-	–8	2
Sell	LTL	–2	2	–2	1
Sell	LVL	–1	2	–1	1
Sell	RUB	–164	12	–188	10
Sell total		*–385*		*–950*	
Buy	USD	5	6	-	-
Buy	CZK	-	-	4	3
Buy	CHF	70	3	69	2
Buy	EUR	23	0	153	3
Buy	NOK	1	6	1	2
Buy total		*99*		*227*	
Net		**–286**		**–723**	

THE FOLLOWING EXCHANGE RATES HAVE BEEN USED FOR TRANSLATION OF FOREIGN OPERATIONS

Country	Currency	Currency code	Average exchange rate Jan-Dec 2011	Average exchange rate Jan-Dec 2010	Rate on balance sheet date 2011	Rate on balance sheet date 2010
Belgium	1	EUR	9.03	9.55	8.94	9.00
Bosnia-Herzegovina	1	BAM	4.69	4.93	4.68	4.64
Bulgaria	1	BGN	4.62	4.88	4.57	4.60
Czech Republic	100	CZK	36.76	37.77	34.64	35.54
Croatia	1	HRK	1.21	1.30	1.19	1.22
Denmark	1	DKK	1.21	1.28	1.20	1.21
Estonia	1	EUR	9.03	0.61 (EEK)	8.94	0.58 (EEK)
Finland	1	EUR	9.03	9.55	8.94	9.00
France	1	EUR	9.03	9.55	8.94	9.00
Germany	1	EUR	9.03	9.55	8.94	9.00
Hungary	100	HUF	3.26	3.47	2.88	3.22
Ireland	1	EUR	9.03	9.55	8.94	9.00
Italy	1	EUR	9.03	9.55	8.94	9.00
Kazakstan	100	KZT	4.45	4.95	4.71	4.67
Kosovo	1	EUR	9.03	9.55	8.94	9.00
Latvia	1	LVL	12.79	13.48	12.79	12.68
Lithuania	1	LTL	2.62	2.77	2.59	2.61
Luxembourg	1	EUR	9.03	9.55	8.94	9.00
Montenegro	1	EUR	9.03	9.55	8.94	9.00
Netherlands	1	EUR	9.03	9.55	8.94	9.00
Norway	1	NOK	1.16	1.19	1.15	1.15
Poland	1	PLN	2.20	2.39	2.03	2.27
Romania	1	RON	2.13	2.27	2.07	2.10
Russia	100	RUB	22.11	23.74	21.54	22.31
Serbia	100	RSD	8.94	9.29	8.62	8.63
Slovakia	1	EUR	9.03	9.55	8.94	9.00
Switzerland	1	CHF	7.34	6.91	7.36	7.24
UK	1	GBP	10.41	11.13	10.68	10.55
Ukraine	100	UAH	82.09	92.05	87.35	86.65
USA	1	USD	6.50	7.21	6.92	6.80

NOTE 4 KEY ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES

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

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

In the application of accounting principles, various assumptions have been made that may substantially affect the amounts presented in our financial statements.

Impairment testing for goodwill

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

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

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

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

Lease contracts

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

A sale and leaseback transaction is the sale of an asset and subsequent lease of the same asset in accordance with a subsequent lease agreement. In the event of a sale and leaseback transaction, where operating lease agreement is in effect and where it is clear that the sale price and terms of the lease ageereement 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 occurred.

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

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

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

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

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

Deferred tax receivables

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

Accounting of stock

Stock is valued at the lowest of acquisition value and net sales value. When calculating the net sales value, an assessment is made of discontinued items, surplus items, damaged goods etc.

Doubtful accounts receivable

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

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

Other provisions

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

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

The Group's reporting of provisions, means that SEK 85 m (75) is reported as other provisions, see note 24. This is important when assessing the Group's financial position, since provisions are normally based on assessments of probability and estimates of costs and risks.

Pension expenses

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

The Group's provisions for benefit-based pensions amounted to SEK 98 m (104) net after deductions for financial investments. It is important that the choice of parameters allows correct estimates to be made for the evaluation of pensions. Since the Group uses the "corridor" however, greater changes should not have as great an influence during a single year. Changes are only reported when the deviation is greater than 10 percent of the commitment's current value or fair value of the plan assets. The adjusted result is then distributed among the expected remaining period of service associated with the employees in question.

Legal proceedings

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

NOTE 5 BUSINESS COMBINATIONS

Acquisitions and divestments in 2011

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

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

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

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

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

Acquisitions in 2010

During the previous year, the Lindab Group acquired all the shares in IVK-Tuote Oy in Finland and in Lindab Fastigheter AB (formerly LB Kiel Linden AB) in Sweden.

The shares in IVK-Tuote Oy were acquired on 25 March 2010. The company produces and sells ventilation products for indoor climate. The acquisition fortified the Ventilation business area in the Finnish market with an enhanced range of Comfort products. In 2009, the company had sales of EUR 6 m and an operating profit of EUR 0.7 m. It had 57 employees.

The purchase price amounted to EUR 4.4 m which was paid through the transfer of 559,553 Lindab treasury shares. The price per share was equal to the final quoted share price for Lindab International AB on the NASDAQ OMX Stockholm on the date of transfer. The acquisition meant that the net debt increased by SEK 10 m and consolidated goodwill increased by SEK 9 m.

The property company Lindab Fastigheter AB (formerly LB Kiel Linden AB) was acquired from DAL Nordic Finance AB. The company was acquired as a result of a complication in the planned refinancing of real estate when the property portfolio was being reduced. Lindab Fastigheter AB leases out properties to Swedish companies in the Lindab Group. The company has no employees. The purchase price totalled SEK 1 m, which essentially corresponded to the equity of the company as well as the company's cash and cash equivalents. The acquisition means that the net debt increased by SEK 76 m. The book value of the properties amounted to SEK 76 m and the company's borrowing amounted to the same amount i.e. SEK 76 m. The value of the properties included in the acquisition was judged to correspond with net book value. During the fourth quarter, 6 out of 11 properties were sold from Lindab Fastigheter AB for a total sale price of SEK 49 m, however this has not affected the Group's profit. The book value of the remaining properties amounted to SEK 26 m.

Financial Impact of Acquisitions in 2011

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

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

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

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

Financial Impact of Acquisitions in 2010

IVK was consolidated from 26 March 2010, which is consistent with when Lindab gained controlling interest. The acquisition resulted in a SEK 46 m increase in the Group's sales revenue for the period 1 April to 31 December 2010 and a SEK 3 m increase in the Group's after-tax result. Had the acquisition been made on 1 January 2010, it is estimated that sales revenue for the Group would have amounted to SEK 6,539 m. It is estimated that the Group's after-tax result would have amounted to SEK 28 m, corresponding to a SEK 1 m increase.

NOTE 5 BUSINESS COMBINATIONS, cont.

Lindab Fastigheter AB was consolidated from the acquisition date on 5 October 2010, when Lindab also gained controlling interest. Since the company leases out properties to the Lindab Group, the Group's sales revenue is not affected by the acquisition. However, the Group's after-tax profit has increased by SEK 3 m as a result of the acquisition. Had the acquisition been made on 1 January 2010, it is estimated that the after-tax result for the Group would have increased by SEK 1 m.

Purchase price, goodwill and effect on cash and cash equivalents

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

	Acquired operations					Divested operations	
	2011				2010	2011	2010
Acquisition price	Juvenco	Airflux	Elia	Total		Benone	
Cash paid	12	14	6	32	1	4	-
Other means of payment	-	-	-	-	43	-	-
Direct costs relating to the acquisition*	0	0	1	1	1	0	-
Total acquisition price	**12**	**14**	**7**	**33**	**45**	**4**	**-**
Less direct costs relating to acquisitions	0	0	–1	–1	–1	0	-
Total purchase price	**12**	**14**	**6**	**32**	**44**	**4**	**0**
Fair value of acquired/divested net assets/liabilities	2	4	1	7	35	3	-
Final settlements that only affect cash and cash equivalents for acquisitions in previous years	-	-	-	-	-	-	-
Goodwill/realised gains	**10**	**10**	**5**	**25**	**9**	**1**	**-**
Cash paid, acquisition price	12	14	6	32	1	4	-
Direct costs relating to the acquisition	-	-	-	-	-	-	-
Cash and cash equivalents in the acquired/divested subsidiary	0	0	0	0	–5	–1	-
Effect of acquisition/divestment on consolidated cash and cash equivalents	**12**	**14**	**6**	**32**	**–4**	**3**	**-**
Less direct costs relating to acquisitions	-	-	-	-	-	-	-
Effect of acquisition/divestment on consolidated cash and cash equivalents excluding direct costs	**12**	**14**	**6**	**32**	**0**	**3**	**0**

*) *IFRS3, Business Combinations, has been amended with effects for Lindab from and including 2010. This means, for example, all transaction costs relating to acquisitions must be carried as expenses, see Note 2.*

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

Acquired/divested assets and liabilities

Acquired net assets, liabilities and goodwill related to acquisitions are shown below. Recognised for divested operations relate to values recorded on the divestment date. Acquisitions in 2010 relate to the acquisitions of IVK and Lindab Fastigheter AB (formerly LB Kiel Linden AB).

	Acquired operations					Divested operations	
	2011				2010	2011	2010
	Juvenco	Airflux	Elia	Total		Benone	
Tangible fixed assets	-	1	1	2	103	1	-
Intangible fixed assets	-	-	-	-	12	-	-
Deferred tax assets	-	-	-	-	0	0	-
Stock	1	3	2	6	5	1	-
Accounts receivable and other current assets	2	4	3	9	7	4	-
Cash and cash equivalents and current investments	0	0	0	0	5	1	-
Total acquired/divested assets	**3**	**8**	**6**	**17**	**132**	**7**	**-**
Deferred tax liabilities	-	-	-	-	0	-	-
Current and long-term liabilities	1	4	5	10	97	4	-
Total acquired/divested liabilities	**1**	**4**	**5**	**10**	**97**	**4**	**-**
Acquired/divested net assets	**2**	**4**	**1**	**7**	**35**	**3**	**-**
Goodwill	10	10	5	25	9	-	-
Realised gains	-	-	-	-	-	1	-
Purchase/sale price	**12**	**14**	**6**	**32**	**44**	**4**	**-**

NOTE 6 EMPLOYEES AND SENIOR MANAGEMENT

Average no. of employees

	2011			2010		
	Men	**Women**	**Total**	Men	Women	Total
Parent company, Sweden	-	-	-	-	-	-
Subsidiaries						
Sweden	804	206	1 010	795	199	994
Belgium	20	5	25	20	4	24
Bulgaria	2	3	5	4	3	7
Czech Republic	598	175	773	570	172	742
Croatia	5	1	6	3	2	5
Denmark	343	154	497	380	132	512
Estonia	22	4	26	16	4	20
Finland	104	21	125	113	23	136
France	86	21	107	82	20	102
Germany	124	28	152	124	28	152
Hungary	147	37	184	138	35	173
Ireland	17	4	21	17	4	21
Italy	19	10	29	20	9	29
Latvia	4	1	5	1	6	7
Lithuania	4	1	5	3	1	4
Luxembourg	223	21	244	228	27	255
Netherlands	14	3	17	13	3	16
Norway	68	20	88	77	18	95
Poland	84	37	121	81	26	107
Romania	116	29	145	122	37	159
Russia	235	54	289	204	57	261
Slovakia	38	12	50	41	14	55
Switzerland	126	19	145	123	21	144
UK	232	55	287	227	58	285
USA	106	22	128	125	24	149
Subsidiaries total	*3,541*	*943*	*4,484*	*3,527*	*927*	*4,454*
Group total	**3,541**	**943**	**4,484**	**3,527**	**927**	**4,454**

Gender balance, among senior management

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

Personnel costs

	2011			2010		
Salaries and other benefits	**Board and President**	**Other employees**	**Total salaries and benefits**	Board and President	Other employees	Total salaries and benefits
Parent company, Sweden	2.4	-	2.4	2.8	-	2.8
Subsidiaries total	63.5	1,292.3	1,355.8	64.2	1,296.6	1,360.8
Group total	**65.9**	**1,292.3**	**1,358.2**	**67.0**	**1,296.6**	**1,363.6**

Payroll overheads

Parent company, Sweden	0.6	-	0.6	0.3	-	0.3
of which pensions	-	-	-	-	-	-
Group total	25.2	351.6	376.8	24.4	336.4	360.8
of which pensions	10.6	72.3	82.9	5.0	77.2	82.2
Total personnel costs	**91.1**	**1,643.9**	**1,735.0**	**91.4**	**1,633.0**	**1,724.4**

Pension obligations of SEK 34 m (34) to the Board and the President of the Group are based on agreements with the current and former Presidents and vice Presidents. The majority of the obligations are invested in endowment insurance funds. These are valued at SEK 36 m (26). The cost of pension obligations for the year, attributable to the current and previous Presidents and Board members, is SEK 2.8 m (2.6).

NOTE 6 EMPLOYEES AND SENIOR MANAGEMENT, cont.

In 2011, total remuneration paid to Board members totalled SEK 2,660 k (2,793), broken down in the adjoining table.

At the Annual General Meeting on 11 May 2011, it was decided that the fees for the Board members would amount to SEK 2,640 k. Of this, SEK 650 k would be paid to the Chairman of the Board, SEK 300 k to each of the Board's elected members, and SEK 25 k to each of the employee representatives. Fees for the Audit Committee work were agreed at SEK 70 k, of which SEK 30 k is paid to the Chairman and SEK 20 k to the other two members. Furthermore, it was decided that fees for the work of the Remuneration Committee would total SEK 70 k, of which SEK 30 k is paid to the Chairman and SEK 20 k to the other two members. The Board appoints its own members to this committee.

BOARD FEES PAID

SEK (thousands)	2011	2010
Svend Holst-Nielsen, (resigned as Chairman in 2011)	267.1	704.4
Pontus Andersson	25.0	25.0
Sonat Burman-Olsson (elected 2011)	200.0	-
Erik Eberhardson	300.0	300.0
Per Frankling	350.0	350.0
Ulf Gundemark, (new Chairman from 2011)	553.3	320.0
Anders C. Karlsson	320.0	320.5
Stig Karlsson	320.0	320.0
Hans-Olov Olsson (resigned in 2010)	-	127.7
Markku Rantala	25.0	25.0
Annette Sadolin	300.0	300.0
Total	**2 660.4**	**2 792.6**

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

Remuneration to Group management and other terms of employment

Fixed and variable salaries

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

At present, 60–80 percent of the variable salary is based on consolidated profits and 20–40 percent on individual targets that are determined for each employee.

The maximum variable salary amounts to 40 percent of the employee's fixed salary, with the exception of the company's President and CEO, who is entitled to a variable salary up to a maximum of 75 percent of his annual fixed salary.

David Brodetsky's fixed salary for 2011 totalled SEK 4,841,000 for the full year with a variable salary of up to 75 percent of the fixed salary, with the right to convert up to 35 percent of the fixed and variable salary to pension. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. Up to and including the financial year 2010, David Brodetsky's entitlement to fixed and variable salary was hedged in EUR. Similarly, the pension entitlement was hedged up to and including the financial year 2011, which will be settled in 2012. The hedges applied to David Brodetsky as well as the company. This consequently ceased at the end of 2011. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, plus the right to a free car and certain other benefits.

For the full year 2011, the Group management included Nils-Johan Andersson, Peter Andsberg, Christina Imméll and Carl-Gustav Nilsson. Nils-Johan Andersson, formerly CFO at Lindab, replaced Anders Thulin as business area manager for Ventilation as of 21 March 2011. Per Nilsson was simultaneously appointed the new CFO. Venant Krier, business area manager for Building Systems, left on 1 December 2011. Hans Berger has replaced him as business area manager but is not part of the Group management. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting.

Remuneration for 2011 to David Brodetsky, President and CEO, and the other members of the Group management, is shown below.

SEK	David Brodetsky	Remuneration of other Group management	Total
Fixed salary incl. holiday pay	4,958,287	22,716,478	27,674,765
Variable salary	2,080,129	2,572,688	4,652,817
Incentive programme	339,181	1,375,003	1,714,884
Pension expenses	2,824,362	4,818,641	7,643,003
Benefits	333,000	702,976	1,035,976
Total	**10,535,659**	**32,185,785*)**	**42,721,444**

**) The amount includes salary related costs of SEK 13 m due to change of business area managers for Ventilation and Building Systems, which were also part of the Group management.*

GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES

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

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

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

NOTE 6 EMPLOYEES AND SENIOR MANAGEMENT, cont.

Termination regulations

The notice period for David Brodetsky's employment is 12 months from the company and six months from David Brodetsky. The contract also includes a non-competition clause that is effective for 12 months following the notice period. He is then entitled to remuneration equivalent to the total sum of his fixed annual salary on the termination date, pension premiums for that period and an amount equal to the average variable salary per year during the last three years.

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

Pension expenses

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

The company has agreed to pay pension premiums for David Brodetsky equivalent to at least 55 percent of his annual gross salary. The expenses for pension premiums amounted to SEK 2,824 k (2,585).

Other senior executives have pension benefits, over and above their legal right to a pension. The pension will be a defined contribution plan and shall be based on the same principles as for the fixed and variable salaries. The cost of pension premiums for these individuals, over and above their legal right to a pension, totalled SEK 4,819 k (3,380).

Bonus scheme

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

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

Profit share plan

Since 1980, the company has paid contributions into a profit-sharing foundation for employees in Sweden, in accordance with the agreement. The current agreement is effective through 2011. The annual payments are based on the earnings of the Swedish Group companies. The maximum amount is adjusted upwards annually using the Consumer Price Index (CPI). Payments for the year amounted to SEK 6,101 k (5,650) including employer's contributions.

During the years 2001–2006, when Lindab shares were not listed on the stock exchange, investments were placed in the owner company Ratos AB. From and including 2007, investments have again been made in Lindab shares. Gradually, as older funds are replaced, the remaining funds will be invested in Lindab shares. At the end of 2011, the foundation held 22,500 Lindab shares and 593,100 Ratos shares.

Incentive programme

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

Previously, the Annual General Meeting resolved on an incentive programme that has taken place in three stages.

The first incentive programme (2008) was fully subscribed and 784,000 warrants were acquired by 81 senior executives and key employees within the Group. Each warrant was priced at SEK 17.40, entitling the holder to one share in Lindab International for SEK 173.70 during the period from 01-06-2010 to 31-05-2011. No warrants have been exercised for this programme.

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

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

The dilutive effect for each programme may be up to a maximum of 1 percent of the share capital, i.e. 2 percent in total. Upon redemption, Lindab has the opportunity to transfer parts of its treasury shares that were repurchased in 2008.

NOTE 7 SEGMENT REPORTING

	Ventilation		Building Components		Building Systems		Other		Total		Elimination		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Sales revenue, external	3,612	3,535	2,268	2,118	998	874	-	-	6,878	6,527	-	-	6,878	6,527
Sales revenue, internal	20	6	11	21	1	0	-	-	32	27	–32	–27	0	0
Sales revenue, total	**3,632**	**3,541**	**2,279**	**2,139**	**999**	**874**	**0**	**0**	**6,910**	**6,554**	**–32**	**–27**	**6,878**	**6,527**
Operating profit (EBITDA) before one-off items	**297**	**270**	**249**	**238**	**60**	**49**	**–36**	**–40**	**570**	**517**	**-**	**-**	**570**	**517**
Depreciation/amortisation	–76	–81	–57	–53	–22	–25	–8	–5	–163	–164	-	-	–163	–164
Operating profit (EBITA) before one-off items	**221**	**189**	**192**	**185**	**38**	**24**	**–44**	**–45**	**407**	**353**	**0**	**0**	**407**	**353**
Consolidated depreciation/impairment of surplus value on intangible fixed assets*)	-	–110	-	0	-	–6	-	-	-	–116	-	-	-	–116
Operating profit (EBIT) before one-off items other than impairment of goodwill	**221**	**79**	**192**	**185**	**38**	**18**	**–44**	**–45**	**407**	**237**	**0**	**0**	**407**	**237**
Other one-off items (excluding impairment of goodwill)	–23	–18	–20	-	–16	65	0	0	–59	47	-	-	–59	47
Operating profit (EBIT)	**198**	**61**	**172**	**185**	**22**	**83**	**–44**	**–45**	**348**	**284**	**0**	**0**	**348**	**284**
Net financial income													–162	–172
Profit after financial items (EBT)													**186**	**112**
Tax on profit for the year													–95	–85
Profit for the year													**91**	**27**
Fixed assets excl. financial assets	1,904	1,931	1,188	1,231	598	608	51	43	3,741	3,813	-	-	3,741	3,813
Stock	408	434	366	366	188	240	-	-	962	1,040	-	-	962	1,040
Other assets	708	618	339	273	116	151	120	164	1,283	1,206	–121	–178	1,162	1,028
Unallocated assets													614	689
Total assets									**5,986**	**6,059**	**–121**	**–178**	**6,479**	**6,570**
Equity													2,699	2,755
Other liabilities	679	635	453	431	318	326	80	76	1,530	1,468	–121	–178	1,409	1,290
Unallocated liabilities													2,371	2,525
Total equity and liabilities									**1,530**	**1,468**	**–121**	**–178**	**6,479**	**6,570**
Gross investments in fixed assets	61	40	46	31	20	38	16	19	143	128	-	-	143	128

*) *Including one-off item goodwill impairment.*

Geographical information
Income from external customers (based on place of residence)

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

Country	2011	Percent	2010	Percent
Sweden	1,671	24	1,487	23
Denmark	698	10	701	11
UK	570	8	568	9
Germany	548	8	529	8
Norway	454	7	421	6
Other	2,937	43	2,821	43
Total	**6,878**	**100**	**6,527**	**100**

Fixed assets per country

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

Country	2011	Percent	2010	Percent
Sweden	1,056	28	1,050	28
Denmark	577	15	576	15
Hungary	201	5	235	6
Russia	174	5	190	5
Czech Republic	112	3	121	3
Luxembourg	404	11	400	10
Other	1,217	33	1,241	33
Total	**3,741**	**100**	**3,813**	**100**

Segmentinformation

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

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

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

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

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

NOTE 8 DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES BY TYPE OF ASSET AND BY FUNCTION

	Group	
	2011	2010
Capitalised development expenditure (note 16)	0	1
Patents (note 16)	0	0
IT and other intangible fixed assets (note 16)	19	12
Brands (note 16)	-	7
Goodwill (note 16)	-	110
Properties (note 17)	28	31
Machinery and other technical facilities (note 17)	94	94
Equipment, tools and installations (note 17)	22	25
Total	**163**	**280**
Total depreciation/amortisation and impairment losses distributed by function		
Cost of goods sold	128	133
Selling expenses	15	20
Administrative expenses	20	17
R & D costs	0	0
Other operating expenses	-	110
Total	**163**	**280**
Amortisation of surplus value on intangible assets distributed by function		
Selling expenses (note 16)	0	6
Total	**0**	**6**

NOTE 9 COSTS DISTRIBUTED BY COST ITEMS

	Group		Parent company	
	2011	2010	**2011**	2010
Cost of direct materials	3,312	3,016	-	-
Personnel costs (note 6)	1,733	1,735	3	7
Depreciation/amortisation and impairment losses (notes 8, 16, 17)	163	280	-	-
Other operating expenses	1,399	1,384	3	4
Total	**6,607**	**6,415**	**6**	**11**

In the statement of comprehensive income/income statement, the costs are classified according to function. The cost of goods sold, selling expenses, administrative expenses, R&D costs and other operating expenses amount to SEK 6,607 m (6,415). A breakdown of these costs into key cost categories is shown here. Personnel costs consist of employed members of staff, SEK 1,730 m, and temporary employees, SEK 3 m.

NOTE 10 AUDITORS' FEES AND EXPENSES

Auditors' fees

An audit includes an examination of the annual report, an assessment of the accounting principles used and the significant estimates that were made by the company management. This also includes a review in order to determine whether the Board and President may be discharged from liability. Other assignments refer to advice on accountancy matters such as reporting, due diligence and tax etc.

	Group		Parent company	
	2011	2010	**2011**	2010
Ernst & Young				
Auditing assignments	6.9	7.4	0.4	1.7
Audits separate from auditing assignments	0.1	0.1	-	-
Tax advice	2.3	2.1	-	0.1
Other assignments	2.6	4.4	0.8	1.5
Total Ernst & Young	*11.9*	*14.0*	*1.2*	*3.3*
Other				
Auditing assignments	0.8	0.8	-	-
Audits separate from auditing assignments	-	-	-	-
Tax advice	0.1	0.2	-	-
Other assignments	0.9	0.6	-	-
Total Other	*1.8*	*1.6*	-	-
Total	**13.7**	**15.6**	**1.2**	**3.3**

NOTE 11 RESEARCH & DEVELOPMENT

Costs for research and development amount to SEK 40 m (36) and are reported directly in the statement of comprehensive income, of which SEK 0 m (0) relates to the depreciation of capitalised payments for development costs.

NOTE 12 OTHER OPERATING INCOME AND EXPENSES

	Group		Parent company	
Income	**2011**	2010	**2011**	2010
Exchange rate differences in operating receivables/liabilities	63	74	-	-
Capital gains on the sale of fixed assets	4	99	-	-
Other	10	0	-	2
Total	**77**	**173**	**-**	**2**
Costs				
Exchange rate differences in operating receivables/liabilities	–76	–96	-	-
Capital losses on the sale of fixed assets	–8	–31	-	-
Impairment of goodwill	-	–110	-	-
Other	–40	–17	–3	-
Total	**–124**	**–254**	**–3**	**-**

NOTE 13 FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
Result from participations in Group companies	**2011**	2010	**2011**	2010
Received Group contribution	-	-	111	111
Total	-	-	*111*	*111*
Interest income				
External	8	9	0	0
Total	*8*	*9*	*0*	*0*
Interest expenses				
External	–162	–171	0	0
To Group companies	-	-	–106	–88
For pensions, net	–6	–8	-	-
Total	*–168*	*–179*	*–106*	*–88*
Other financial income and expenses				
Exchange rate gains	1	1	-	-
Exchange rate losses	–3	–3	-	-
Total	*–2*	*–2*	-	-
Total	**–162**	**–172**	**5**	**23**

NOTE 14 TAX ON PROFIT FOR THE YEAR

	Group		Parent company	
	2011	2010	2011	2010
Current tax expense	–63	–90	1	–5
Deferred tax	–32	5	-	-
Total reported tax expense	**–95**	**–85**	**1**	**–5**

The Group's tax expenses for the year amounted to SEK 95 m (85) and the actual tax rate amounted to 51 percent (76) of the profit after net financial items. The tax rate in Sweden totalled 26.3 percent. Reconciliation of reported tax is shown below.

The cost of current tax has decreased due to lower profits in Group companies as well as adjustments to previous years' taxes that have been recorded during the year.

The cost of deferred taxes consists mainly of the reversal of deferred taxes on losses during the year, notably in Germany and Slovakia.

In the previous year, the tax rate was greatly affected by the SEK 110 m impairment of goodwill in the USA, made at the end of 2010. Since the impairment of goodwill is not tax deductible, this does not have any effect on tax expenses. If the impairment loss had not been identified, the effective tax rate for the previous year would have been 38 percent instead.

The average tax rate was 25 percent (28 excluding the impairment of goodwill). The average tax rate has been calculated through a weighting of the subsidiaries' pre-tax result (EBT) multiplied by the local tax rate for each company's home country.

The discrepancy between the average and the actual tax rate amounts to 26 percentage points (10) and is due to adjustments to taxes attributable to previous years, such as the reversal of deferred taxes on loss carry-forwards. Other influencing factors include fiscal adjustments to reported earnings, such as non-capitalised loss carry-forwards and that deferred tax has not been recognised on deficits in some subsidiaries. Adjustments may also have a greater impact on the tax rate for low profits than in years when profit levels have been more normal. Furthermore, the allocation of profits in countries with high and low tax rates has an impact.

	Group			
	2011	Percent	2010	Percent
Pre-tax result	186		–112	
Tax in accordance with current Swedish tax rate	–49	–26.3	–29	–26.3
Reconciliation with reported tax				
Effect of other tax rates for companies abroad	3	1.6	11	9.8
Deficit not capitalised, incurred during the year	–11	–5.9	–13	–11.6
Tax attributable to previous years	6	3.2	–5	–4.5
Impairment of goodwill	-	-	–44	–39.3
Non-deductable expenses	–22	–11.8	–13	–11.6
Non-taxable income	7	3.8	2	1.8
Effect of changed tax rates on deferred tax	–2	–1.1	–7	–6.2
Loss carry-forwards attributable to previous years	-	-	6	5.4
Reversal of previously capitalised loss carry-forwards	–30	–16.1	–1	–0.9
Other	3	1.6	8	7.1
Reported tax expense	**–95**	**–51.0**	**–85**	**–76.3**

	Deferred tax assets		Deferred tax liability		Net	
	2011	2010	2011	2010	2011	2010
Intangible fixed assets	146	146	–87	–77	59	69
Tangible fixed assets	9	15	–64	–75	–55	–60
Financial fixed assets	-	-	–4	–4	–4	–4
Stock	22	21	–1	–1	21	20
Receivables	5	8	0	–1	5	7
Provisions	17	22	–1	–1	16	21
Leases	0	0	1	-	1	0
Other	6	12	–73	–78	–67	–66
Loss carry-forward	108	141	-	-	108	141
Tax allocation reserves	-	-	–73	–82	–73	–82
Total	**313**	**365**	**–302**	**–319**	**11**	**46**

Reconciliation of deferred net receivables	2011	2010
Opening balance	46	50
Reported in the statement of comprehensive income	–32	5
Acquisitions of subsidiaries (note 5)	0	0
Divestment of subsidiaries (note 5)	–2	-
Reported in equity; hedging reserve	1	0
Translation differences	–1	–12
Other	–1	3
Closing balance	**11**	**46**

At the end of the year, the Group had loss carry-forwards of approximately SEK 690 m (733), of which SEK 389 m (445) is the basis for the deferred tax asset of SEK 108 m (141). The remaining loss carry-forward of SEK 301 m (288), equivalent to a deferred tax asset of SEK 85 m (54), has not been taken into consideration since it is considered unlikely at present that Lindab will be able to utilise them in the foreseeable future. Loss carry-forwards maturing in 2012 amount to SEK 11 m, then SEK 64 m subsequently but before 2017, and SEK 615 m after 2017, of which SEK 435 m has no maturity date.

NOTE 15 EARNINGS PER SHARE

Undiluted	2011	2010
Profit attributable to parent company shareholders, SEK m	91	27
Weighted average number of outstanding ordinary shares	75,331,982	75,203,208
Undiluted earnings per share (SEK per share)	**1.21**	**0.36**

Undiluted earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held by the parent company as treasury shares.

Diluted	2011	2010
Profit attributable to parent company shareholders, SEK m	91	27
Weighted average number of outstanding ordinary shares	75,331,982	75,203,208
Share options	-	-
Weighted average number of ordinary shares for calculation of diluted earnings per share	75,331,982	75,203,208
Diluted earnings per share (SEK per share)	**1.21**	**0.36**

Diluted earnings per share

To calculate earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. In 2011, there were 1,568,000 outstanding share options relating to the incentive programmes in 2009 and 2010. Since Lindab's average share price in 2011 was lower than the conversion rate for the warrants in the incentive programmes, there is currently no reason to expect any dilutive effects.

NOTE 16 INTANGIBLE FIXED ASSETS

	Capitalised expenditure for development work and similar	Patents etc.	IT and other intangible assets	Brands	Goodwill	Total
1 January–31 December 2010						
Accumulated acquisition values						
Opening balance	35	81	154	52	2,922	3,244
Assets provided through acquisitions	-	-	2	-	9	11
Acquisitions	5	-	37	-	11	53
Divestments and disposals	–24	-	–5	-	–1	–30
Reclassification	-	-	10	-	-	10
Translation differences for the year	–6	1	–20	–2	–246	–273
Closing balance	**10**	**82**	**178**	**50**	**2,695**	**3,015**
Accumulated depreciation/amortisation according to plan						
Opening balance	–17	–79	–114	–45	-	–255
Depreciation for the year	–1	-	–12	–7	-	–20
Divestments and disposals	6	-	4	-	-	10
Reclassification	-	-	–10	-	-	–10
Translation differences for the year	2	–1	15	2	-	18
Closing balance	**–10**	**–80**	**–117**	**–50**	**-**	**–257**
Accumulated impairment losses						
Opening balance	–4	–2	-	-	-	–6
Impairment losses for the year	-	-	-	-	–110	–110
Divestments and disposals	3	-	-	-	-	3
Translation differences for the year	1	-	-	-	6	7
Closing balance	**0**	**–2**	**-**	**-**	**–104**	**–106**
Net carrying value at start of year	14	0	40	7	2,922	2,983
Net carrying value at end of year	**0**	**0**	**61**	**0**	**2,591**	**2,652**
1 January–31 December 2011						
Accumulated acquisition values						
Opening balance	10	82	178	50	2,695	3,015
Assets provided through acquisitions	-	-	0	-	-	0
Acquisitions	5	-	20	-	26	51
Divestments and disposals	–1	–5	-	-	-	–6
Reclassification	–4	-	9	-	-	5
Translation differences for the year	–1	0	1	–4	–25	–29
Closing balance	**9**	**77**	**208**	**46**	**2,696**	**3,036**
Accumulated depreciation/amortisation according to plan						
Opening balance	–10	–80	–117	–50	-	–257
Depreciation for the year	0	-	–19	-	-	–19
Divestments and disposals	1	3	-	-	-	4
Reclassification	-	-	–5	-	-	–5
Translation differences for the year	0	0	–1	4	-	3
Closing balance	**–9**	**–77**	**–142**	**–46**	**0**	**–274**
Accumulated impairment losses						
Opening balance	0	–2	-	-	–104	–106
Impairment losses for the year	-	-	-	-	-	0
Divestments and disposals	-	2	-	-	-	2
Translation differences for the year	-	-	-	-	–1	–1
Closing balance	**0**	**0**	**-**	**-**	**–105**	**–105**
Net carrying value at start of year	0	0	61	0	2,591	2,652
Net carrying value at end of year	**0**	**0**	**66**	**0**	**2,591**	**2,657**

NOTE 16 INTANGIBLE FIXED ASSETS, cont.

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

Impairment testing for goodwill

The Group assesses at least once annually whether there is any write-down requirement for goodwill in accordance with the accounting principles that are described in note 2. The basis for the assessment is normally the most recent strategic plan for the forthcoming periods. Lindab performed its impairment test on 31 October 2011.

Testing for impairment shall be based on the smallest cash-generating unit, which for the Lindab Group is normally considered to be the strongly integrated business areas, which are also operating and reporting segments. Additionally, Ventilation operations in the USA are defined as a cash generating unit, since the operations are not supported by the same synergy effects that otherwise affect the business units in the form of joint steel purchasing and distribution channels. Last year, the USA was subject to a SEK 110 m write-down, corresponding to the cash generating unit's allocated goodwill.

The recoverable amount for the cash-generating units is based on estimates of value in use. These calculations are based on estimated projected cash flows after tax based on financial forecasts for each business area, which are approved by the Board and extend over a four year period. The projected cash flows have been updated in 2011 to reflect a weakening demand in the construction industry owing to the uncertainty regarding the economic situation in the EU, and with regard to forecasts of growth for the period made by the construction industry's economic institutions.

Key assumptions used for calculating value in use are volume growth, gross margins, raw material prices and growth assumptions following the close of the budget periods.

The discount rate has been estimated based on a weighted cost of capital after tax of 8.8 percent (8.3) and has been used for all cash generating units for discounting estimated cash flows after tax. This has been partly based on the levels of inflation, interest rates and risks for the included countries and the average tax rates for the Group. This discounting is not materially different compared with discounting based on projected cash flows before tax and the pre-tax discount levels required by IFRS. The applied discount rate corresponds to a discount rate before tax of 11.9 percent (11.2) and has been based on the Group's weighted average tax rate and is unchanged compared to 2010.

Cash flows beyond 2015 have been extrapolated using an estimated average long-term growth of 2 percent (2), which is in line with the average growth in markets where the business areas are operating in accordance with forecasts made by the construction industry's economic institutions. The assumption includes a weighting of the growth forecast for the underlying geographical markets, the Nordic region, Western Europe and CEE/CIS.

All business areas conduct operations within the primary industry, construction, with a shared concept regarding the development, manufacture, marketing and distribution of products and system solutions in sheet metal and steel. The risk profile is regarded to be uniform since they are also acting in similar geographical markets. The same assumptions have therefore been made regarding the discount rate and long-term growth for each business area.

In order to support the impairment test on goodwill performed within the Group, a comprehensive analysis was made regarding the sensitivity of the variables used in the model. A deterioration in each of the material assumptions included in the business plans or a decline in annual sales revenue growth or an increase in the discount rate, each of which is possible, shows that there is a wide margin between the recoverable amount and carrying amount. The management has therefore determined that there is no need for recording impairment loss of goodwill at the end of 2011.

Goodwill allocated per business area	2011	2010
Ventilation	1,381	1,354
Building Components	852	877
Building Systems	358	360
Total goodwill	**2,591**	**2,591**

NOTE 17 TANGIBLE FIXED ASSETS

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
1 January–31 December 2010						
Accumulated acquisition values						
Opening balance	896	1,881	461	9	16	3,263
Non-current assets held for sale at start of year	284	5	-	-	-	289
Assets provided through acquisitions	99	2	-	-	-	101
Acquisitions	37	36	14	1	31	119
Divestments and disposals	–394	–55	–14	-	–10	–473
Reclassification	5	–31	–3	-	-	–29
Translation differences for the year	–127	–138	–21	–1	–2	–289
Closing balance	**800**	**1,700**	**437**	**9**	**35**	**2,981**
Accumulated depreciation/amortisation according to plan						
Opening balance	–252	–1,311	–349	-	-	–1,912
Non-current assets held for sale at start of year	–69	–3	-	-	-	–72
Depreciation for the year	–31	–94	–25	-	-	–150
Divestments and disposals	114	30	9	-	-	153
Reclassification	–5	33	1	-	-	29
Translation differences for the year	36	95	15	-	-	146
Closing balance	**–207**	**–1,250**	**–349**	**0**	**0**	**–1,806**
Accumulated impairment losses						
Opening balance	0	–11	-	–4	-	–15
Impairment losses for the year	-	-	-	-	-	-
Divestments and disposals	-	-	-	-	-	-
Translation differences for the year	-	1	-	0	-	1
Closing balance	**-**	**–10**	**-**	**–4**	**0**	**–14**
Net carrying value at start of year	644	559	112	5	16	1,336
Net carrying value at end of year	**593**	**440**	**88**	**5**	**35**	**1,161**

	Buildings and land	Machinery and other technical facilities	Equipment, tools and installations	Plants under construction, buildings	Plants under construction, machinery	Total
1 January–31 December 2011						
Accumulated acquisition values						
Opening balance	800	1,700	437	9	35	2,981
Non-current assets held for sale at start of year	-	-	-	-	-	0
Assets provided through acquisitions	-	-	0	-	-	0
Acquisitions	14	35	22	16	24	111
Divestments and disposals	–29	–27	–12	-	-	–68
Reclassification	–3	–10	–7	1	1	–18
Translation differences for the year	–13	–20	–3	0	0	–36
Closing balance	**769**	**1,678**	**437**	**26**	**60**	**2,970**
Accumulated depreciation/amortisation according to plan						
Opening balance	–207	–1,250	–349	-	-	–1,806
Non-current assets held for sale at start of year	-	-	-	-	-	0
Depreciation for the year	–28	–84	–22	-	-	–134
Divestments and disposals	8	24	10	-	-	42
Reclassification	-	12	6	-	-	18
Translation differences for the year	4	11	2	-	-	17
Closing balance	**–223**	**–1,287**	**–353**	**0**	**0**	**–1,863**
Accumulated impairment losses						
Opening balance	-	–10	-	–4	-	–14
Impairment losses for the year	-	–10	-	-	-	–10
Divestments and disposals	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Translation differences for the year	-	1	-	0	-	1
Closing balance	**0**	**–19**	**-**	**–4**	**0**	**–23**
Net carrying value at start of year	593	440	88	5	35	1,161
Net carrying value at end of year	**546**	**372**	**84**	**22**	**60**	**1,084**

NOTE 18 OTHER INVESTMENTS HELD AS FIXED ASSETS

	Group	
	2011	2010
Opening balance	3	3
Translation differences for the year	0	0
Book value	**3**	**3**

The long-term holding of shares and participations that do not relate to Group companies are reported here. They are financial instruments that are classified as assets which may be sold. Associated companies are included at book value, SEK 0 m (0), see note 29. Other holdings, SEK 3 m (3), have existed for a long time and mainly constitute smaller holdings owned by Group companies.

NOTE 19 OTHER LONG-TERM RECEIVABLES

	Group	
	2011	2010
Opening balance	2	3
Increase/decrease	2	–1
Book value	**4**	**2**

Other long-term receivables mainly consist of deposits for leased premises.

NOTE 20 STOCK

	Group	
	2011	2010
Raw materials and supplies	458	542
Goods in progress	46	54
Finished goods and goods for resale	458	444
Total	**962**	**1,040**

Inter-company profits within the Lindab Group amounted to SEK 54 m (61), which has been eliminated at Group level. Direct material costs for the year amounted to SEK 3,312 m (3,016), including SEK +3 m (+10) in adjustments to the stock obsolescence provision. In addition, the stock obsolescence provision for finished goods has been adjusted by SEK –2 m (0). The stock obsolescence provision in the outgoing stock amounts to SEK 56 m (57), equivalent to 5 percent (5) of the stock value before deduction for obsolescence. Currency effects have decreased the provision by SEK 0 m during the year.

NOTE 21 CURRENT RECEIVABLES

	Group					
	Accounts receivable		Accrued income[1]		Other receivables[2]	
Number of days overdue	**2011**	2010	**2011**	2010	**2011**	2010
Not overdue	748	644	12	11	60	65
< 90 days	219	200	-	-	9	4
90–180 days	46	33	-	-	0	1
180–360 days	20	20	-	-	0	1
> 360 days	60	80	-	-	0	0
Total accounts receivable	**1,093**	**977**	**12**	**11**	**69**	**71**
Provision for bad debts	–70	–80	-	-	-	-
Total	**1,023**	**897**	**12**	**11**	**69**	**71**

1) Accrued income only relates to the exchange gain on forward exchange agreements amounting to SEK 6 m (5) and bonus income of SEK 6 m (6).
2) Other receivables relate only to VAT amounting to SEK 60 m (58) and other receivables of SEK 9 m (13). Other receivables are specified in full below.

	Group	
Change in the provision for bad debts	**2011**	2010
Opening balance	80	99
Added through acquisitions	1	-
Increase in provision	21	26
Actual losses	–27	–32
Cancellation of provisions	–2	–2
Translation differences	–3	–11
Closing balance	**70**	**80**

During the year, SEK 19 m (24) has been carried as expenses regarding the provision for bad debts.

Provisions for bad debts are normally made when the receivables have been due for more than 180 days. An impairment of 50 percent is made for accounts receivable that have been due for between 180 and 360 days, while an impairment of 100 percent is made for accounts receivable for more than 360 days. Individual assessments are made simultaneously and the provision is adjusted as required.

	Group	
Prepaid expenses and accrued income	**2011**	2010
Prepaid expenses for rental and leasing	14	10
Accrued exchange gain forward exchange agreement	6	5
Insurance premiums	11	5
Accrued bonus income	6	6
Other prepaid expenses	38	53
Total	**75**	**79**

	Group	
Other receivables	**2011**	2010
VAT recoverable	60	58
Advance payments to employees	0	0
Travel advances	1	1
Other receivables	10	13
Total	**71**	**72**

NOTE 22 SHARE CAPITAL AND THE NUMBER OF SHARES

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

Year	Action	Number of shares Class A	Class B[1)]	Change in share capital (SEK 000's)	Total share capital (SEK 000's)
2001	New formation	1,000	-	100	100
	Issue of new shares	9,000	-	900	1,000
2002	Share split (100:1)	1,000,000	-	-	1,000
2006	Share split (8:1)	8,000,000	-	-	1,000
	Issue of new shares	-	2,988,810	374	1,374
	Redemption of shares and reduction of share capital	–2,988,810	-	–374	1,000
	Redemption of shares and reduction of share capital	-	–2,988,810	–374	626
	Bonus issue	-	-	74,542	75,168
	Share split (15:1)	75,167,850	-	-	75,168
	Exercised options	3,539,970	-	3,540	78,708
Closing balance		**78,707,820**	**-**	**-**	**78,708**
Number of treasury shares		–3,375,838	-	-	-
Total number of shares outstanding at year end		**75,331,982**	**-**	**-**	**-**

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. The number of treasury shares thereby decreased to 3,375,838 and the number of outstanding shares increased to 75,331,982.

Incentive programme

Previously, the Annual General Meeting resolved on an incentive programme that has taken place in three stages. The first programme from 2008 expired in 2011 but no warrants were exercised.

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

NOTE 23 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations include, apart from pensions, other post-employment benefits paid to employees, e.g. upon termination of employment. The majority of employees in the Lindab Group are included in defined contribution pension plans. Some countries also have defined benefit plans for pensions or terminations. The table below indicates the pension costs and liabilities as well as the material assumptions used in their calculations. Note 2 explains further how pension costs are calculated.

The retirement and family pension plans for salaried employees in Sweden are guaranteed through insurance cover with Alecta, in the so-called ITP2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that includes several employers. The company did not have access to the information that would have made it possible to report this as a defined benefit plan for the financial year. The pension plan is in accordance with ITP, which is guaranteed through insurance with Alecta and is therefore shown as a defined contribution plan. Contributions for pension insurance cover with Alecta amounted to SEK 5 m (6) for the year.

A surplus or deficit with Alecta may mean a refund for the Group or alternatively lower or higher future charges. At the end of the year, Alecta's surplus in terms of the collective consolidation level was 113 percent (146). 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.

Reported in the statement of comprehensive income	**2011**	2010
Pensions and benefits earned during the year	7	5
Interest expenses on commitments	6	7
Expected return on plan assets	–2	–2
Actuarial gain/loss reported during the year	3	3
Expenses for past service	0	–2
Total expenses for defined benefit plans	*14*	*11*
Expenses for defined contribution plans	75	82
Total expenses for post-employment benefits	**89**	**93**
of which reported in operating profit (note 6)	83	85
of which reported in net financial income (note 13)	6	8

NOTE 23 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS, cont.

Reported in the statement of financial position

Net obligations for benefit-based plans	**2011**	2010
Present value of pension obligations etc.	173	167
Financial investments	–46	–45
Net liabilities	**127**	**122**
Unreported actuarial gains/losses (+/–)	–28	–18
Specification of benefit-based pension obligations, etc.		
Present value of funded pension obligations	67	68
Fair value of plan assets	–46	–45
Net value of funded plans	*21*	*23*
Present value of unfunded benefit-based obligations	106	99
Unreported actuarial gains/losses (+/–)	–28	–18
Unreported expenses relating to past service	-	-
Net liability in the statement of financial position for benefit-based obligations	**99**	**104**
Allocated to pensions, contribution-based obligations	36	26
Pension liability as per the statement of financial position	**135**	**130**
Fair value of plan assets for contribution-based obligations	–36	–26
Financial investments as per the statement of financial position	**–36**	**–26**

For benefit-based funded plans, the net pension commitment after deductions have been made for the plan assets is reported in the statement of financial position. Funded plans with net assets, i.e. assets exceeding commitments, are reported as financial investments. Contribution-based plans that are funded are reported gross in the statement of financial position, the assets as Financial investments, and the commitments as Provisions for pensions and similar obligations.

Of total pension provisions in the statement of financial position of SEK 135 m (130), SEK 34 m (34) comprise pension obligations for current and former Presidents and Vice Presidents. The obligations are invested in endowment insurance funds. These are valued at SEK 36 m (26).

	2011		2010	
Change in plan assets and pension obligations during the year	**Assets**	**Obligations**	Assets	Obligations
Opening balance	–45	167	–52	170
Interest expenses	-	6	-	7
Contributed funds	–5	-	–3	-
Pensions earned during the year	-	7	-	5
Pensions paid	3	–9	4	–9
Actuarial gains or losses	1	10	3	4
Reclassification and other	-	–8	-	–2
Translation differences	0	0	5	–8
Closing balance	**–46**	**173**	**–45**	**167**

	2011				2010
Most important actuarial assumptions	**Sweden**	**Luxembourg**	**Norway**	**Other**	All
Discount rate, %	3.8	5.0	3.3	4.3–6.0	3.2–6.0
Expected return on assets, %	N/A	4.6	4.8	-	0.0–4.6
Future salary increases, %	3.0	3.3	4.0	1.0–3.0	1.0–4.0
Future pension increases, %	2.0	3.0	0.7	1.8	0.5–3.0
Net debt breakdown for 2011, SEK m	70	14	9	5	-
Net debt breakdown for 2010, SEK m	75	15	9	5	-

The choice of discount rate in Sweden was based on the market rate applicable to housing bonds with a duration corresponding to the average residual maturity of the obligation, for Lindab 3.8 percent (4.0).

The parent company

The company's pension obligation for the former President and CEO is classified as a contribution based plan. See also note 6.

NOTE 24 OTHER PROVISIONS

	Group			
	Restructuring provision	Warranty provision	Other	Total
Opening balance	10	58	7	75
Utilised (–)/increase during the year (+)	25	–18	4	11
Exchange rate differences	0	–1	0	–1
Closing balance	**35**	**39**	**11**	**85**
Breakdown in the statement of financial position				
Other long-term provisions	7	25	4	36
Other current provisions	28	14	7	49
Total	**35**	**39**	**11**	**85**

The restructuring provision consists primarily of reserves for the cost reduction programme plus provisions for the change in management within the Building Systems business area.

The restructuring provision is expected to be fully utilised during the first half of 2012.

The warranty provisions of SEK 39 m (58) include estimated future expenses for faults in items or work carried out, and provisions for actual claims.

A large share of the warranty provisions relate to Building Systems, SEK 35 m (50).

The general provisions are reported at the time of sale or, as required where a fault arises on specific products. Provisions of SEK 8 m (10) are made for claims, normally arising in association with deliveries. The calculation is based on actual claims. This amount is included in the provisions calculated for warranties intended to cover the entire warranty period. A common calculation principle has been introduced, which is calculated on a statistics-based percentage in relation to sales revenue over the last ten years less actual warranty costs. The remaining provisions, regarding estimated future warranty costs, amount to SEK 15 m (18). The warranty period usually covers five to ten years, but in most cases problems are solved within one year and therefore the majority of warranty provisions are reported as current. In addition, there are individual provisions for specific products of SEK 12 m (30). The introduction of a uniform calculation principle has affected the change in warranty provisions compared with the previous year.

NOTE 25 CONSOLIDATED BORROWING AND FINANCIAL INSTRUMENTS

	Group		Parent company	
Long-term	**2011**	2010	**2011**	2010
Bank loans	1,762	1,915	-	-
Current				
Liabilities to credit institutions	16	17	-	-
Overdraft facilities	98	62	-	-
Total borrowing	**1,876**	**1,994**	**-**	**-**

	Group		Parent company	
The maturity periods for long-term borrowing are broken down according to the following table:	**2011**	2010	**2011**	2010
between 1 and 2 years	20	1,900	-	-
between 2 and 5 years	1,736	9	-	-
more than 5 years	6	6	-	-
	1,762	**1,915**	**-**	**-**

In accordance with IFRS, bank loans include leasing liabilities of SEK 18 m (19). The current share of the leasing liability amounted to SEK 15 m (14) and is included in liabilities to credit institutions. Total borrowing includes pledged liabilities (bank loans with security) of SEK 9 m (9). Security for these loans consists of mortgage deeds in properties.

In 2009, Lindab entered into interest rate swap agreements in order to extend the average fixed interest rate period, which at 31 December was 15 months. Fixed rates only apply to the financing of property loans in Switzerland. These loans amount to SEK 9 m (9).

At the year-end, the Group's unused credit facilities amounted to SEK 1,944 m (1,791), based on an underlying credit limit of SEK 3,500 m. The parent company has no unused credit.

NOTE 25 CONSOLIDATED BORROWING AND FINANCIAL INSTRUMENTS, cont.

Consolidated borrowing broken down in different currencies:

	Group		Parent company	
Amounts in SEK m	**2011**	2010	**2011**	2010
SEK	1,789	1,870	-	-
DKK	46	27	-	-
EUR	26	52	-	-
USD	-	5	-	-
GBP	-	3	-	-
RUB	-	27	-	-
PLN	6	1	-	-
Other currencies	9	9	-	-
	1,876	**1,994**	**-**	**-**

The carrying amount and fair value for financial instruments

Interest-free financial instruments, such as accounts receivable and accounts payable, are reported at amortised cost. Interest bearing financial instruments, such as consolidated borrowing, are also reported at amortised cost.

	2011		2010	
Financial assets	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets at fair value through profit for the year	6[1)]	6	20[1)]	20
Investments held to maturity	36	36	26[2)]	26
Loan receivables and accounts receivable	1,339[3)]	1,339	1,159[3)]	1,159
Total financial assets	**1,381**	**1,381**	**1,205**	**1,205**
Financial liabilities				
Financial liabilities at fair value through profit for the year	13[4)]	13	16[4)]	16
Other financial liabilities	2,994[5)]	2,994	3,032[5)]	3,032
Total financial liabilities	**3,007**	**3,007**	**3,048**	**3,048**

1) Reported as derivative assets.
2) Reported as financial investment.
3) Reported as accounts receivable, other long-term receivables, part of other current receivables, accrued income and cash and bank.
4) Reported as derivative liabilities.
5) Reported as accounts payable, long-term liabilities, part of other current liabilities and accrued expenses.

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2011	2010	**2011**	2010
Salaries and holiday pay	145	144	2	3
Share of profits	9	4	-	-
Payroll overheads	71	58	-	-
Bonuses to customers	95	78	-	-
Interest expenses	14	19	-	-
Other costs	33	78	0	0
Total	**367**	**381**	**2**	**3**

NOTE 27 LEASES

Operational lease agreements

Leasing costs for assets held through operating lease agreements, such as rented premises, machinery and office equipment, are reported in operating expenses and amount to SEK 53 m (59), of which property rental charges amount to SEK 47 m (43).

Future payments for non-cancellable operating lease agreements amount to SEK 150 m (293) and are broken down as follows:

Variable payments consist of variable rates. An increase in interest rates of one percentage point increases total leasing costs by SEK 6 m.

	2011	2010
2012	52	59
2013–2016	83	142
2017 and later	15	33
	150	**234**

Existing lease agreements vary in length from 5 to 22 years. Within the Group, there are companies with options contracts giving them the right to buy back properties sold to leasing companies.

If the option giving the right to buy back is exercised, the property's market value determines the purchase price. None of the Group's lease agreements contain restrictions regarding equity or financing opportunities.

The above table includes the following major items.

In 2004 an operating lease was signed with DIL Czech Leasing Boskovice Koncernova sro regarding a production facility in the Czech Republic. The agreement is effective for 10 years and includes an option to buy back the production facility at market value when the agreement expires. The rent for 2011 amounted to SEK 10 m.

Properties in Båstad were divested in 2005. These properties were acquired by DAL Nordic Finance AB for a purchase price of SEK 191 m. The properties have been leased back by Lindab through 10-year operating lease agreements 10 and Lindab has the option to buy back the properties at market value when the lease agreement expires. The rent for 2011 amounted to SEK 13 m.

In January 2010, Lindab sold a production facility in Luxembourg. This property was acquired by DAL Nordic Finance AB for a purchase price of SEK 285 m. Lindab simultaneously leased back the property through a 5-year operating lease agreement and has the option to buy back the production facility at market value when the lease agreement expires. The rent for 2011 amounted to SEK 19 m.

For the leasing transactions above, there is a possibility to extend the lease agreements if the possibility is exercised in accordance with established agreements. If Lindab chooses not to extend the lease agreement, Lindab typically has an obligation to guarantee the majority of the carrying value.

Financial lease agreements

Financial lease agreements amounting to SEK 25 m (27) are included in the balance sheet under Buildings and Land. In 2011, costs for these agreements excluding deferred taxes amounted to SEK 3 m (6). Future obligations for financial lease agreements amount to SEK 34 m (37) and are broken down as follows:

	Nominal value (present)	
	2011	2010
Year 1	15 (15)	16 (15)
Year 2–5	18 (16)	21 (18)
Year 6 and later	- (-)	- (-)
	33 (31)	**37 (33)**

Interest rates were determined upon commencement of the lease contracts. All lease agreements have fixed repayments; the included variable charges do not amount to substantial sums.

NOTE 28 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		**Parent company**	
Pledged assets	**2011**	2010	**2011**	2010
Property mortgages	18	18	-	-
Floating charges	326	327	-	-
Total	**344**	**345**	**-**	**-**

All pledged assets refer to security for liabilities to credit institutions.

	Group		**Parent company**	
Contingent liabilities	**2011**	2010	**2011**	2010
Other guarantees and sureties	13	13	-	-
Pension obligations	11	10	-	-
Total	**24**	**23**	**-**	**-**

The existing credit agreement has been extended. The total credit limit amounts to SEK 3,000 m (3,500) and expires in February 2015. Otherwise, there have been no substantial changes in significant conditions.

The credit agreement includes two covenants in the form of net debt in relation to EBITDA and the interest coverage ratio, which are followed up quarterly. The company presently fulfils these requirements.

NOTE 29 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties can affect a company's financial results and position. Information must therefore be provided about parties that may be considered related to the Lindab Group.

Related parties

Since flotation, the Company has had no new shareholders that might be considered to be major shareholders with influence over the Group. As previously, the principle shareholders Ratos AB, Livförsäkringsaktiebolaget Skandia and Sjätte AP-fonden have been regarded as related parties during the year.

In addition, the parent company has direct and indirect control over its subsidiaries, see note 30. The parent company's transactions and dealings with subsidiaries consist of the transactions shown below and what follows from agreements with the senior management, see note 6.

Present and former Members of the Board and the senior management with their respective inner circles have been related parties. Salaries, remuneration, benefits, pension entitlements, termination benefits etc. for the President and CEO, Members of the Board and other senior executives are presented in notes 6 and 23.

The associated company Meak BV in the Netherlands is also to be considered as related. Since the extent of these transactions is negligible, however, they have not been included below.

The subsidiary Benone AG has been divested to the subsidiary's managing director and others in accordance with the resolution at the Annual General Meeting on 11 May 2011. The transfer has not had any significant impact on the company's profit and position.

Other transactions with related parties are specified below

	Group		Parent company	
Pension liability to	**2011**	2010	**2011**	2010
Former Presidents	29	31	-	-

	Group companies		Parent company	
The parent company	**2011**	2010	**2011**	2010
Dividends and Group contributions to the parent company	111	111	N/A	N/A
Interest income from the parent company	106	88	N/A	N/A
Long-term receivables in the parent company	2,064	1,991	N/A	N/A
Group companies				
Received dividends and Group contributions from Group companies	N/A	N/A	111	111
Interest expenses to Group companies	N/A	N/A	106	88
Long-term liabilities to Group companies	N/A	N/A	2,064	1,991

Other transactions with related parties

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

In addition to that stated above, none of Lindab's Board members, deputy Board members, senior executives or shareholders has or is participating in any business transactions with the company that is unusual in nature, terms or has significance for the company's business as a whole, or has taken place during the current financial year or in the last three financial years. This also applies to transactions in previous financial years which in some respect have not yet been settled or concluded. Lindab has no outstanding loans to any of these people, nor have any guarantees or stood surety been given for any of them.

In general, transactions with related parties have taken place on terms equivalent to those that apply to business transactions.

NOTE 30 GROUP COMPANIES AND ASSOCIATES

	Currency code	Corporate ID no.	Registered office	Share in %	Book value
Lindab AB	SEK	556068-2022	Båstad, Sweden	98.31[1]	3,467[2]
Lindab Sweden AB	SEK	556247-2273	Båstad, Sweden	100	
Lindab Steel AB	SEK	556237-8660	Båstad, Sweden	100	
Lindab Ventilation AB	SEK	556026-1587	Båstad, Sweden	100	
Lindab Ltd. Co.	RUB	105781261234	St. Petersburg, Russia	0	
Lindab Profil AB	SEK	556071-4320	Båstad, Sweden	100	
Lindab S.A.	EUR	RC B91774	Diekirch, Luxembourg	0	
Lindab s.r.o.	CZK	49613332	Prague, Czech Republic	15	
U-nite Fasteners Technology AB	SEK	556286-9858	Uddevalla, Sweden	100	
Lindab Buildings LLC	RUB	USRN 1067611020840	Yaroslavl, Russia	99	
Lindab Ltd. Co.	RUB	105781261234	St. Petersburg, Russia	100	
Lindab S.A.	EUR	RC B91774	Diekirch, Luxembourg	100	
LA Services S.'ar.l	EUR	B146465	Diekirch, Luxembourg	100	
Lindab Treasury AB	SEK	556044-4704	Båstad, Sweden	100	
Lindab Buildings S.A.S.	EUR	RCS 327 258 943	Marne-la-Vallée, France	100	
Lindab Buildings s.r.o.	CZK	633 19 675	Prerov, Czech Republic	100	
OOO Astron Buildings LLC	RUB	OGRN 1047796961464	Moscow, Russia	100	
Lindab Buildings Sp. z o.o.	PLN	KRS 0000039952	Lomianki, Poland	1	
Lindab Buildings LLC	RUB	USRN 1067611020840	Yaroslavl, Russia	1	
Lindab SIA	LVL	40003602009	Riga, Latvia	100	
UAB Lindab	LTL	11788414	Vilnius, Lithuania	100	
Lindab d.o.o.	HRK	80182671	Gornji Stupnik, Croatia	100	
Lindab AS	EEK	10424824	Harju mk, Estonia	100	
Oy Lindab Ab	EUR	557.222	Esbo, Finland	100	
Lindab s.r.o.	CZK	49613332	Prague, Czech Republic	85	
LLC Spiro	RUB	1117604013108	Yaroslavl, Russia	1	
Spiro International S.A.	CHF	CH-217-0135550-1	Bösingen, Switzerland	100	
LLC Spiro	RUB	117604013108	Yaroslavl, Russia	99	
Spiro S.A.	CHF	CH-217-0130536-2	Bösingen, Switzerland	100	
Protol AG	CHF	CH-160.3.001.249-2	Glarus, Switzerland	100	
Lindab Holding Inc.	USD	54-179 29 84	Portsmouth VA, USA	100	
Spiral Helix Inc.	USD	36-4381930	Chicago IL, USA	100	
Lindab Inc.	USD	06-135 32 48	Portsmouth VA, USA	100	
Lindab SRL	RON	J23/1168/2002	Ilfov, Romania	100	
Lindab EOOD	BGN	175097637	Sofia, Bulgaria	100	
Lindab Ukraine LLC	UAH	34300449	Kiev, Ukraine	100	
Lindab Kft.	HUF	13-09-065422	Biatorbagy, Hungary	100	
Lindab AS	NOK	929805925 MVA	Oslo, Norway	100	
Lindab S.a.r.l	EUR	12002580152	Volpiano, Italy	100	
Lindab Holding A/S	DKK	CVR nr. 25 77 56 78	Haderslev, Denmark	100	
Lindab A/S	DKK	CVR nr. 33 12 42 28	Haderslev, Denmark	100	
Lindab Sp. z o.o.	PLN	KRS 0000043661	Lomianki, Poland	100	
Lindab N.V.	EUR	BE 464.910.211	Gent, Belgium	100	
Airflux BVBA	EUR	0461.085.144	Brugge, Belgium	100	
Lindab Door B.V.	EUR	33291638	Groeneken, Netherlands	100	
Meak B.V.	EUR	18042479	Utrecht, Netherlands	40	
Juvenco A/S	DKK	54038313	Ishøj, Denmark	100	
Lindab GmbH	EUR	HRB 2276	Bargteheide, Germany	100	
Lindab Buildings GmbH	EUR	HRB 8007	Mainz, Germany	100	
Lindab Buildings Sp. z o.o.	PLN	KRS 0000039952	Lomianki, Poland	99	
Lindab N.V.	EUR	BE 464.910.211	Gent, Belgium	0	
Lindab AG	CHF	CH-170.3.023.237-3	Wetzikon, Switzerland	100	
Lindab Ltd	GBP	1641399	Northampton, UK	100	
CCL Lindab Ltd	GBP	1909033	Northampton, UK	100	
Lindab S.A.S.	EUR	31 228 513 300 061	Montluel, France	100	
Elia Sarl	EUR	B 493 610 158	Saint-Aunes, France	100	
Lindab (IRL) Ltd	EUR	44222	Dublin, Republic of Ireland	100	
Vios a.s.	SKK	36 593 176	Jamnik, Slovakia	100	
Lindab a.s.	SKK	36 214 604	Spišská Nová Ves, Slovakia	100	
IVK Kiinteistöt Oy	EUR	2324254-7	Jyväskylä, Finland	100	
Lindab Fastigheter AB	SEK	5566629-2271	Båstad, Sweden	100	
Lindab Steel AG	CHF	CH-020.3.036.274-9	Wetzikon, Switzerland	100	

1) The remaining 1.7 percent in Lindab AB, i.e. 417,143 shares, consists of treasury shares.

2) The number of treasury shares totals 23,582,857.

We affirm that, to the best of our knowledge, this Annual Report has been prepared in accordance with generally accepted accounting practices for listed companies, that the information submitted corresponds with the actual situation and that nothing of material significance has been omitted that could affect the picture of the company presented in the Annual Report.

Båstad 9 March 2012

Stig Karlsson

Ulf Gundemark
Chairman

Anders C. Karlsson

Per Frankling

David Brodetsky
President and CEO

Annette Sadolin

Erik Eberhardson

Sonat Burman-Olsson

Pontus Andersson

Markku Rantala

Our Auditors' Report was submitted on 9 March 2012.

Bertel Enlund
Authorised Public Accountant
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Ernst & Young AB

Auditors' Report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lindab International AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 71–127.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation, of the annual accounts in accordance with the Annual Accounts Act and, of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and 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 2011 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and statement of comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Lindab International AB for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.
As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Båstad 9 March 2012

Bertel Enlund	Staffan Landén
Authorised Public Accountant	Authorised Public Accountant
Ernst & Young AB	Ernst & Young AB

Financial definitions

Operating profit (EBITDA)
The operating profit (EBITDA) comprises results before depreciation and before consolidated amortisation of surplus value on intangible assets.

Operating profit (EBITA)
The operating profit (EBITA) comprises results following depreciation but before consolidated amortisation of surplus value on intangible assets.

Operating profit (EBIT)
The operating profit (EBIT) comprises results before financial items and tax.

Working capital
Working capital comprises stock, operating receivables and operating liabilities, and is obtained from the statement of financial position but adjusted where appropriate for items not affecting cash flow. The operating receivables consist of accounts receivable, other receivables as well as non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest-bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities as well as non-interest-bearing accrued expenses and deferred income.

Capital employed
Total assets less non-interest bearing liabilities and provisions including deferred tax liabilities.

Operating capital
Total net debt, minority shareholding and equity.

Operating cash flow
Cash flow from operating activities excluding one-off items and tax paid but including net investments in intangible and tangible fixed assets.

Net debt
Long-term and current interest-bearing liabilities, including interest-bearing provisions, minus interest-bearing assets as well as cash and bank.

Diluted number of shares
The average number of shares is calculated by reference to the dilution of the warrants issued by the company in accordance with IAS 33. It is presently assessed that the outstanding options are not to be exercised.

Undiluted/diluted earnings per share
Profit for the year attributable to the parent company shareholders in relation to the average number of outstanding shares.

Equity per share
Equity excluding the minority shareholding in relation to the number of outstanding shares at the end of the period.

Cash flow from operating activities per share
Cash flow from operating activities in relation to the average number of shares at the end of the period.

P/E ratio
Quoted price at the year-end divided by the earnings per share.

Operating margin (EBITDA)
Operating margin has been calculated as the profit before depreciation and before consolidated amortisation of surplus value on intangible assets (EBITDA), expressed as a percentage of net sales for the year.

Operating margin (EBITA)
Operating margin has been calculated as the profit following depreciation but before consolidated amortisation of surplus value on intangible assets (EBITDA), expressed as a percentage of net sales for the year.

Operating margin (EBIT)
Operating margin has been calculated as the profit before financial items and tax (EBIT), expressed as a percentage of net sales for the year.

Profit margin (EBT)
Profit margin (EBT) has been calculated as the profit before tax, expressed as a percentage of net sales for the year.

Return on capital employed
Return on capital employed comprises the Group's profit after financial items plus financial expenses as a percentage of average** capital employed.

Return on operating capital
Operating profit (EBIT) as a percentage of average** operating capital.

Return on equity
Return on equity comprises the profit after tax as a percentage of the weighted average** equity.

Return on total assets
Return on total assets comprises profit before tax (EBT) plus financial expenses as a percentage of the average** total assets.

Equity/assets ratio
The equity ratio has been calculated as shareholders' equity as a percentage of total assets according to the statement of financial position.

Net debt/equity ratio
Net borrowings in relation to equity.

Interest coverage ratio
The interest coverage ratio has been calculated as the profit after financial items plus financial expenses in relation to financial expenses.

***) Average capital based on quarterly values from and including 2004.*
In previous years, the calculations are based on full-year values.

Information to Shareholders

Annual General Meeting

The Annual General Meeting for Lindab International AB will be held on 9 May 2012 at 14.00 (CET), at the Lindab Arena, Ängelholm, Sweden. Shareholders who wish to take part in the Annual General Meeting must:

- be registered in the register of shareholders held by Euroclear Sweden AB no later than Thursday 3 May 2012, and
- inform Lindab International AB (publ) of their participation no later than 16.00 on Thursday 3 May 2012.

Registration in the Register of Shareholders

Shareholders whose shares are nominee registered through a bank or other trustee must request to have their own names entered in the register of shareholders maintained by Euroclear Sweden AB no later than Thursday 3 May 2012 to be eligible to participate at the Annual General Meeting. The shareholder must notify their bank or other trustee in good time before this date.

Notice to attend the Annual General Meeting

Those wishing to participate must give notice no later than 16.00 on Thursday 3 May 2012:

- via the website www.lindabgroup.com
- by telephoning Lindab International AB, +46 (0) 431 850 00, or
- by post to "Lindab International AB", "Annual General Meeting", SE-269 82 Båstad, Sweden.

The notification must specify:

- name
- personal identity number (registration number)
- address and contact telephone number (daytime)
- any advisors in attendance
- any representatives in attendance.

Shareholders who are represented by proxy must provide a power of attorney for the representative. If the power of attorney is issued by a legal entity, a certified copy of the proof of registration for the legal entity must be attached.

To facilitate this, the original power of attorney and any related documents should be submitted to the company no later than Thursday 3 May 2012.

Nomination Committee

It is the duty of the Nomination Committee to prepare the nominations for the Chairman and other members of the Board, the nominated auditors, the nominated Chairperson of the Annual General Meeting, matters regarding fees and similar matters. The Nomination Committee for the 2012 Annual General Meeting consists of:

- Arne Karlsson, representative for Ratos AB (publ), Chairman
- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia
- Marianne Dicander Alexandersson, representative for Sjätte AP-fonden.
- Ulf Gundemark, Chairman of Lindab International AB (publ).

Contacting the Nomination Committee

As stated on the company's website, shareholders wishing to make contact with the Nomination Committee can send:

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

Reports

Reports can be ordered from Lindab International AB:

- either via the website www.lindab.com, or
- by post to "Lindab International AB", "Reports", SE-269 82 Båstad, Sweden.

Printed copies of the Annual Report will only be sent to shareholders and stakeholders who have ordered it.

Financial statements

Interim report January–March, Q1	**27 April 2012**
Interim report January–June, Q2	**17 July 2012**
Interim report January–September, Q3	**26 October 2012**
Q4 and Year End for 2011	**February 2013**
Annual Report 2012	**March/April 2013**

Glossary

Carbon dioxide (CO_2) – CO_2 is formed in all processes involving the combustion of carbon, e.g. in the use of petroleum products. Emissions of carbon dioxide into the atmosphere increase global warming.

Carbon dioxide equivalent (CO_2e) – Quantity of a greenhouse gas expressed as the amount of carbon dioxide required to have the same climate impact.

Carbon footprint studies – analysis of a product's overall environmental impact during its life cycle, i.e. from raw material extraction, via production processes and use, to waste management, including all transport and all energy consumption in the intervening period.

CDP – Carbon Disclosure Project (CDP) – CDP is an independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water use by business and cities, visit www.cdproject.net.

CEE – Central and Eastern Europe.

Chromate-free – free from salts of chromic acid.

CIS – Commonwealth of Independent States (former Soviet Republics).

Environmental management system – an operational system for effective and structured environmental work with continuous improvement as a goal. Certified in accordance with ISO 14001.

EU climate targets – Climate targets must be achieved by 2020 and include a 20 percent reduction in energy use and greenhouse gas emissions and for 20 percent of energy to come from renewable sources, visit www.europa.eu.

Greenhouse gas – The gases that contribute to climate change are called greenhouse gases, e.g. carbon dioxide, methane and nitrous oxide.

GRI – Global Reporting Initiative is a non-profit organisation that has developed a comprehensive sustainability reporting framework that is widely used around the world, visit www.globalreporting.org.

ISO 9001 – International standard for quality management systems, visit www.iso.org.

ISO 14001 – International standard for environmental management systems, visit www.iso.org.

ISO 26000 – Non-certifiable international standard with guidance on social responsibility, visit www.iso.org.

Lindab Life – the collective name for Lindab's long-term responsibility towards our stakeholders, the communities in which we operate and the environment we live in. Includes the areas Business, Environment, Employees and Society.

Lindab Rainline Centres – Stockholding retailers of Lindab products in CEE/CIS, with an emphasis on Rainline.

MBB – MBB is a plenum box for supply and exhaust air, intended to achieve a stable air flow into diffusers, air flow flow measurement and balancing and also to attenuate sound from the duct system.

Pascal – Lindab's new VAV solution has been developed and designed in order to simplify and optimise all phases of building construction from design to operation. Pascal eliminates all unnecessary energy consumption, reducing the need for dampers in the ducts and enabling very simple installation and commissioning.

Performance and Development Talk – A deeper discussion between managers and employees aimed at creating meaningful development for employees and the organisation. The dialogue includes the employee's situation, individual targets and target fulfilment, skills assessments, future development and development plans.

Quality management system – an operational system to ensure the quality of a company's products and services extending over organisational structures, responsibilities and activities.

REACH – Chemical legislation that replaced much of the chemical regulations that applied in Europe and in Sweden before 1 June 2007. The rules are contained in an EC Regulation and must therefore be applied directly by companies without being translated into Swedish law. Reach stands for Registration, Evaluation, Authorisation and Restriction of Chemicals.

ROCA – Profile with stone granules giving the appearance of concrete tiles.

Sandwich panel – Building component for roofs and/or walls, insulating core of mineral fibres or various types of foam, covered with steel on the inside and outside.

Social Responsibility (SR) – the company's responsibility for its impact on society and the environment. A transparent and ethical code that corresponds to the demands put on the company by society and various stakeholders.

SRP Click – Profile with a traditional standing seam roof appearance with "click-assembly". (Pictured on p.7).

Succession Planning – Planning for the replacement of key employees.

Sustainable development – normally defined as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs". The definition comes from the World Commission on Environment and Development (the Brundtland Commission).

Talent Review – Identification of key employees' potential to develop further in the company.

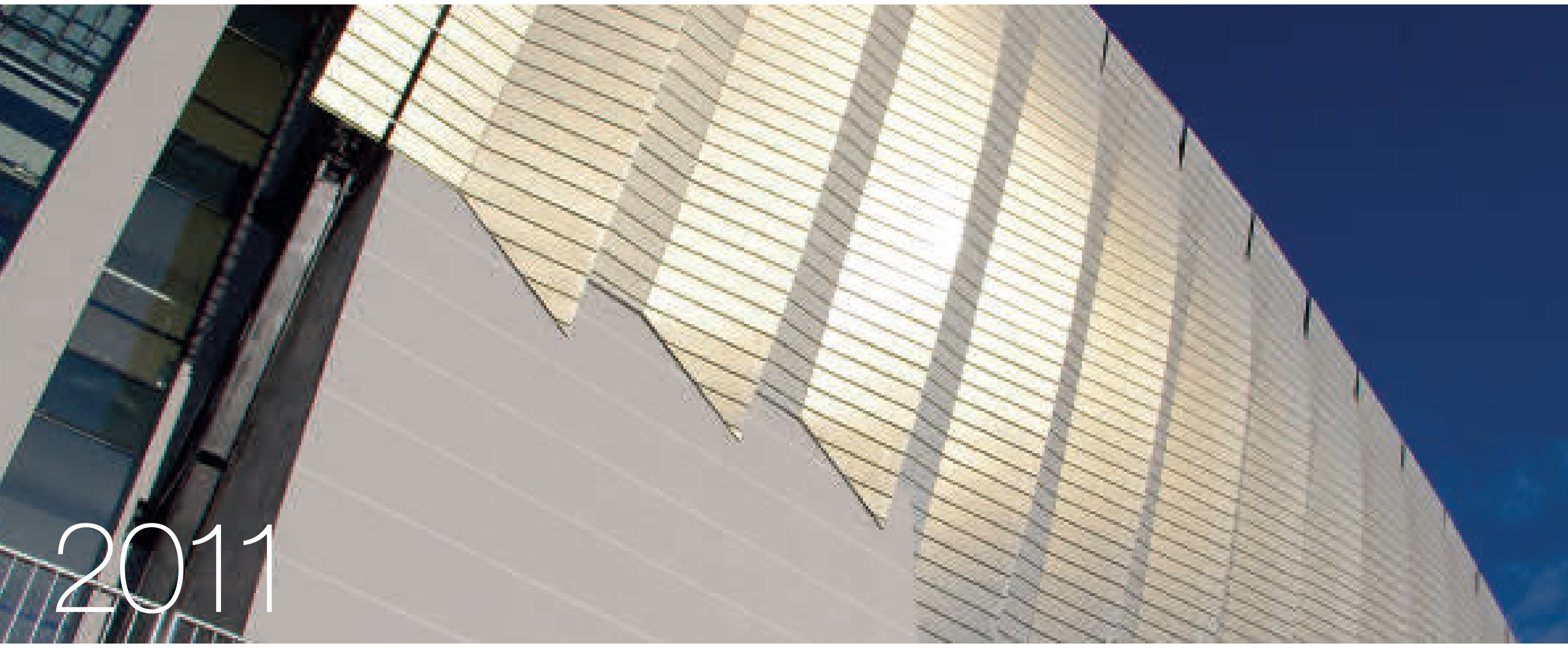
VAV – Variable Air Volume. A VAV system helps to achieve a variable customised airflow and thus optimise fan energy consumption.

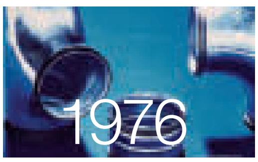
50 years of simplifying construction

AB Lidhults Plåtindustri was registered as a company in February 1959 in Grevie on the Bjäre peninsula, where its headquarters remain today. The business had already been started a few years earlier by the two business partners Lage Lindh and Valter Persson in a small sheet-metal workshop in Lidhult. The initial product range consisted of aluminium strips and windowsills. The product range has been gradually extended, and now includes complete system solutions for the construction industry. Steel as a raw material has been the common denominator throughout the years and efforts to simplify construction have remained just as relevant.

In 1984, Lindab was floated on the Swedish Stock Exchange for small companies (OTC) and in 1991 on the Danish Stock Exchange. In 2001, Lindab was bought out of the Stock Exchanges by Ratos AB together with Livförsäkringsaktiebolaget Skandia and Sjätte AP-fonden via Lindab Intressenter AB. The parent company changed its name to Lindab International AB in 2006. On 1 December 2006, Lindab returned to Stockholm Stock Exchange and became a listed company once more.

Lindab has grown substantially, and in 2011 had sales of approximately SEK 6.9 billion, with subsidiaries and representative offices in 31 countries.





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

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