



## Continued sales growth and improved earnings

---

1 JANUARY – 30 JUNE 2019

25 July 2019

### Earnings conference call

Martin Ellis (CEO) & Jonas Olin (CFO & IR)

The statements about the future in this document contain an element of risk and uncertainty, both in general and specific terms, and this means that actual developments may diverge considerably from the statements about the future.

**NORDIC**   
**WATERPROOFING**

*We make waterproofing easy*

# Continued sales growth and improved earnings

## Best quarterly sales and operating profit ever

- Net sales of SEK 889 m (736), up 21%
  - 6% organic growth in local currency
  - 13% from acquisitions
  - 2% from currency effects
- EBITDA increased to SEK 124 m (94)
- Operating profit (EBIT) increased to SEK 95 m (76)
- Operating cash flow was SEK 73 m (39)
- Earnings per share SEK 2.79 (2.43)
- As resolved at the AGM, a cash dividend of SEK 4.00 (3.75) per share was paid in May



# Market status and perspective

## Market consolidation and active competition

- Continued consolidation within builders merchants in the Nordic countries
- The decreased private housing building starts in Sweden have not affected our sales
- Active competition in roofing, but Nordic Waterproofing has successfully increased its market shares in Norway and Sweden
- Flat roofing market in the Nordics is still fairly strong with demand overall at healthy levels but with local variations. Somewhat more cautious markets as growth is flattening out in some markets, albeit from high levels
- Continued strong market for prefabricated façade elements in Norway
- Currently fairly stable raw material prices



# Strategic update

## Organic growth and profitability

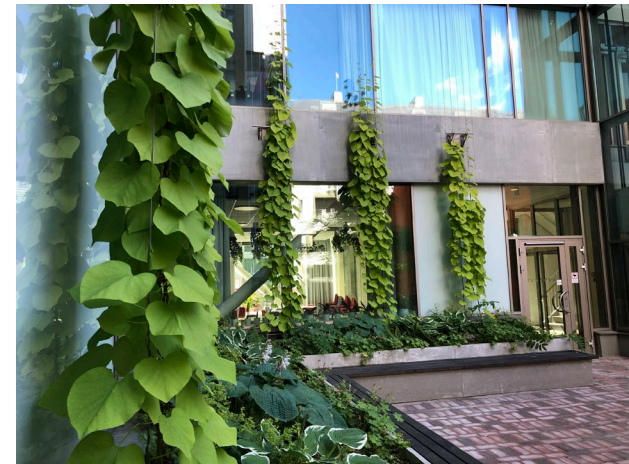
Main focus on organic growth and profitability

Organic growth from the development of our recent acquisitions, building on our new platforms in prefabricated elements and green infrastructure

Regarding acquisitions, we maintain our focus and selective approach on small to medium sized companies presenting good synergistic potential with our existing businesses, in order to

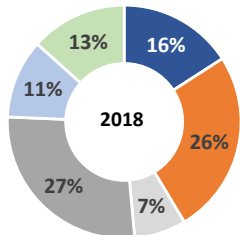
- enhance our product and service offering
- benefit from mega trends in the construction industry
- forward integrate to increase exposure to end customers

Promoting sustainability remains a key focus



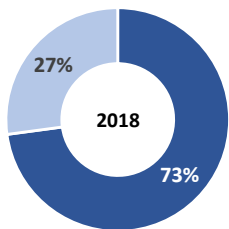
# Recap of our footprint

Sales by country



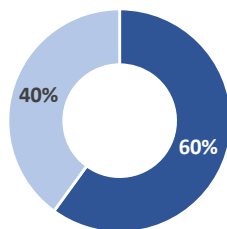
- Sweden
- Denmark
- Finland NWPS
- Finland NWIS
- Norway
- SealEco & Export

Sales by segment



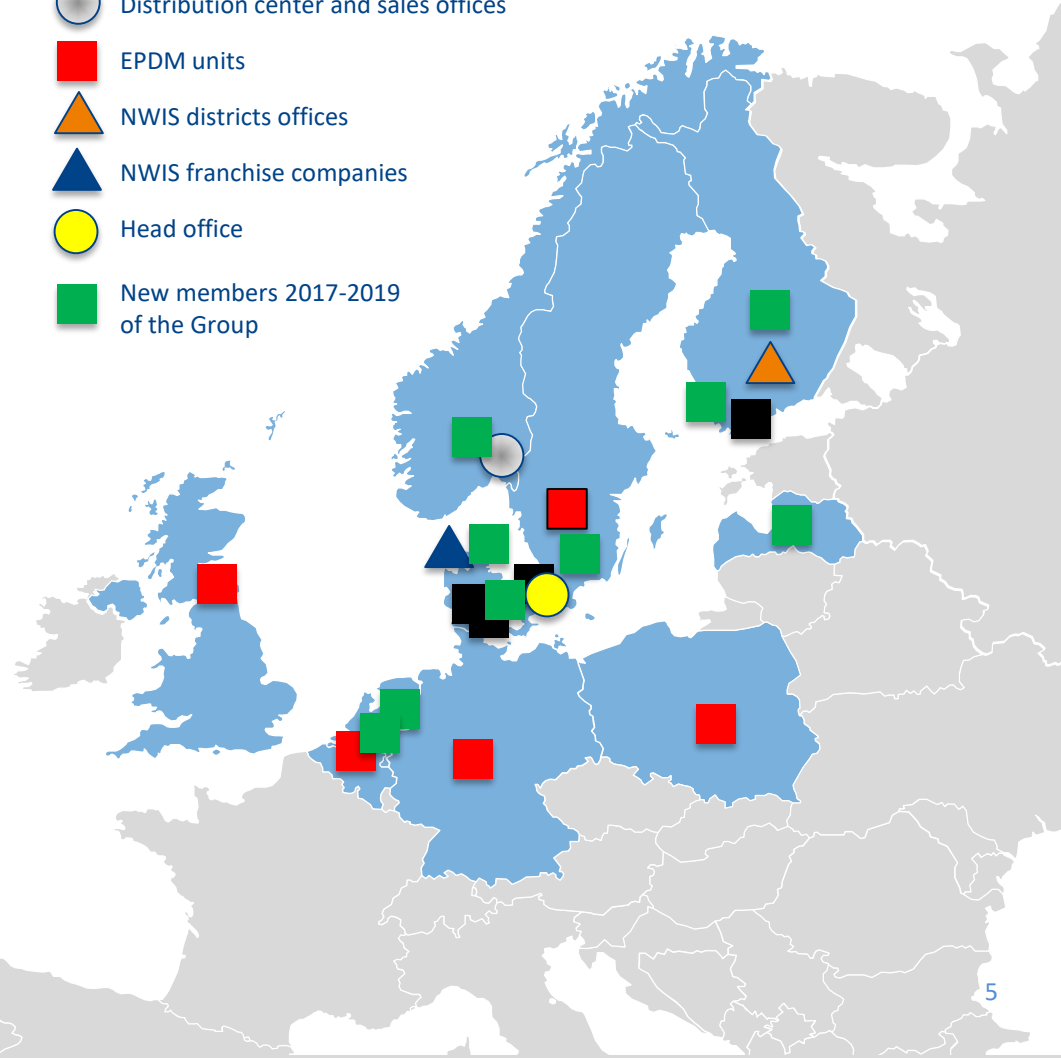
- Products & Solutions
- Installation Services

Sales by category



- Renovation
- New build

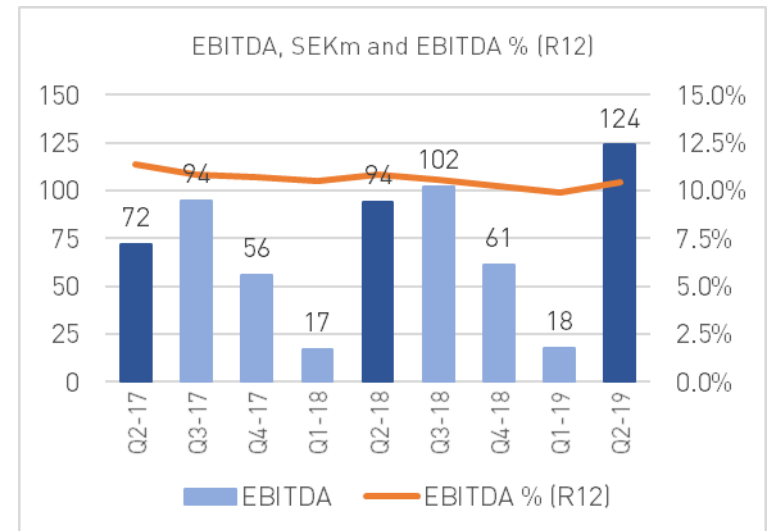
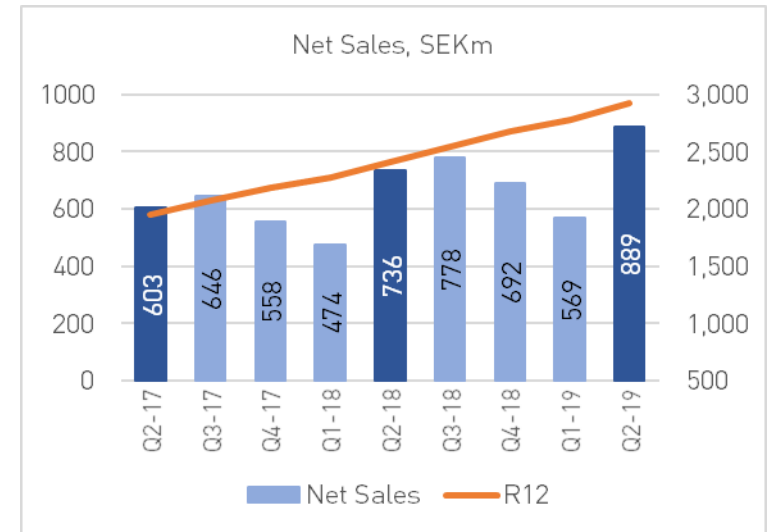
- Bitumen manufacturing units and sales offices
- Distribution center and sales offices
- EPDM units
- ▲ NWIS districts offices
- ▲ NWIS franchise companies
- Head office
- New members 2017-2019 of the Group



# Second quarter report

## Strong organic growth

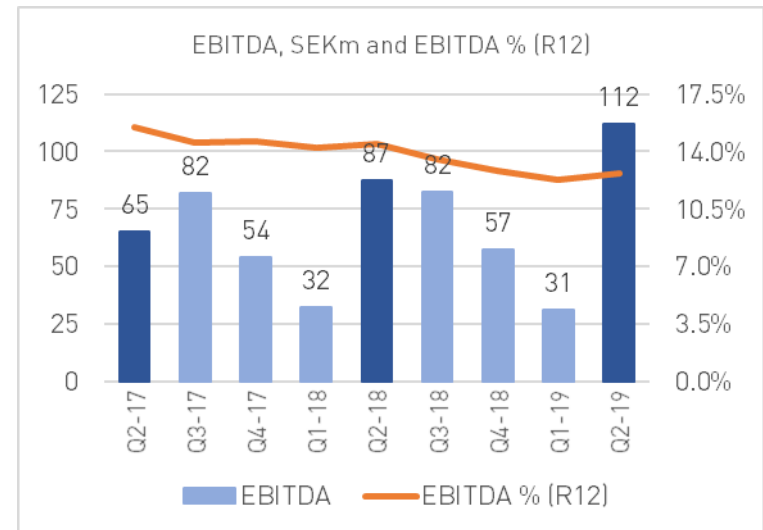
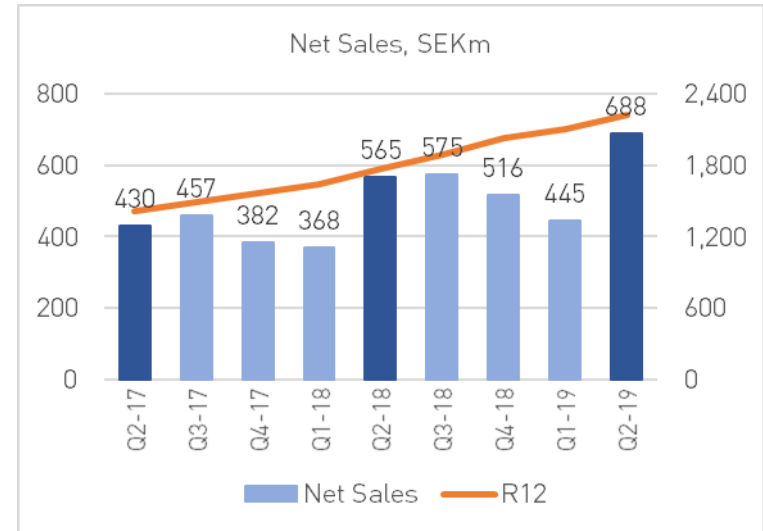
- Net sales of SEK 889 m (736) up 21%
  - Best quarterly sales ever
- In addition to acquisitions, Finland, Norway and SealEco drives growth
  - Strong development in prefabricated elements in Norway with continued good order book
  - High activity in Finnish installations services
  - Denmark decreased, mainly explained by Taasinge Elementer which continues to experience customer delays and lower volumes
- EBITDA increased to SEK 124 m (94) while Operating profit (EBIT) increased to SEK 95 m (76)
  - Best quarterly earnings ever
  - Prefab elements business and Norway performing below target



# Products & Solutions

## Strong growth from acquisitions

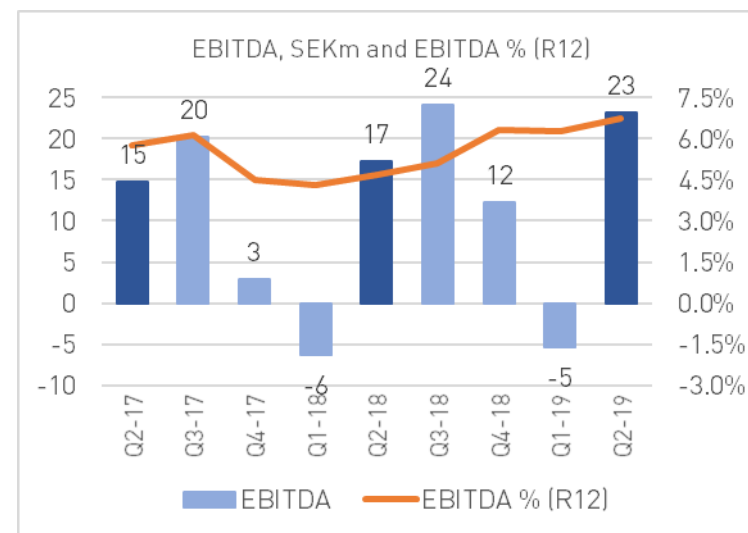
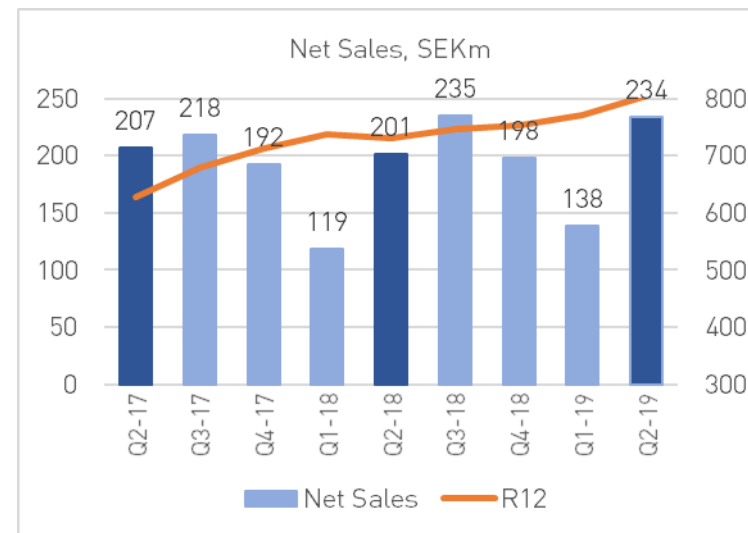
- Net sales increased by 22%
  - Organic growth 3% - strong sales in prefab elements Norway and roofing Finland. Lower sales in Denmark due to prefab elements suffering from customer delays
  - Acquisitions contributed with 17%. Strong seasonal sales both in Veg Tech and Distri Pond.
- EBITDA increased to SEK 112 m (87)
- EBIT increased to SEK 87 m (72)
  - Profit in Veg Tech and now contributing to year-to-date results



# Installation Services

## Strong organic sales growth

- Sales in Finland increased 16% in SEK
  - Organic growth 13% in local currency
  - Exchange rate effect +3%
- Reasonable order book
  - Order intake decreased 17%
  - Order book end of June was 11% below previous year due to previous year's cruise ship flooring order
- EBITDA increased to SEK 23 m (17)
- EBIT increased to SEK 19 m (16)



Note: both EBITDA and EBITDA % include the share of profit in associated companies in Denmark



# Good demand in most markets

Organic growth in Q2-19 amounted to 6% in local currency

Changes in net sales	Q2-19 %	Q2-18 %	FY 2018 %
Organic growth	6%	2%	3%
Structural effects	13%	16%	15%
Currency effects	2%	4%	5%
<b>Total</b>	<b>21%</b>	<b>22%</b>	<b>23%</b>

- Organic growth in Products & Solutions was 3%
  - Continued strong development in Norwegian prefabricated elements business enjoying a strong order book, partly offset by Denmark continuing to experience customer delays and lower volume
  - Strong sales in roofing Finland and SealEco
- Very strong organic growth in Installation Services 13%
  - Good second quarter, both in roofing and floor-coating
- Contribution from acquisitions in line with expectations and seasonality
  - Strong sales in Distri Pond and Veg Tech, following normal seasonality
- Currency effect
  - Weak SEK gives positive currency effects primarily from EUR and DKK

## Acquisitions contributed to growth and results

SEKm	Q2-19	Q2-18	Change, %	R12 2019	Full-year 2018
Net sales	889	736	+21%	2,928	2,680
Gross profit	238	196	+22%	746	680
EBITDA	124	94	+32%	305	274
Operating profit (EBIT)	95	76	+25%	222	212
Net finance items	-12	-5	+123%	-31	-22
Profit/loss before tax	84	71	+17%	191	190
Tax	-17	-13	+33%	-39	-38
Profit/loss for the period	67	59	+14%	153	152

- IFRS 16 has year-to-date affected EBITDA by SEK +24 m, EBIT SEK +1 m and Net profit/loss by SEK -1 m
- Acquisition-related amortizations of intangible assets affects EBIT by SEK -11 m (-7)
- Net finance items includes a net SEK -3 m fair value adjustment of call/put options for the remaining shares in acquired companies, since performance is better than earlier expectations

## Increased leverage following acquisitions and IFRS 16

SEKm	2019-06-30	2018-06-30	2018-12-31
Non-current assets	1,613	1,166	1,324
Current assets	1,108	910	803
<b>Total assets</b>	<b>2,721</b>	<b>2,076</b>	<b>2,127</b>
Equity	1,084	1,048	1,106
Non-current liabilities	1,017	532	535
Current liabilities	620	496	486
<b>Total equity and liabilities</b>	<b>2,721</b>	<b>2,067</b>	<b>2,127</b>
Capital employed	2,034	1,529	1,653
ROCE (R12)	12.5%	14.5%	14.0%
Net debt (interest bearing)	870	430	442
Equity/assets ratio	40%	51%	52%
Net debt/equity ratio	0.8x	0.4x	0.4x
Net debt/EBITDA	2.9x	1.6x	1.6x

- Distri Pond is consolidated as from February 2019
- IFRS 16 has increased capital employed end-Q2 by SEK 131 m
- ROCE is below the long term financial target of 13% due to the increased capital employed following the relatively large acquisitions of Veg Tech and Distri Pond
- As resolved at the AGM, a cash dividend of SEK 4.00 (3.75) per share was paid in May, in total SEK 96 m (64% of net profit)

# IFRS 16 impact

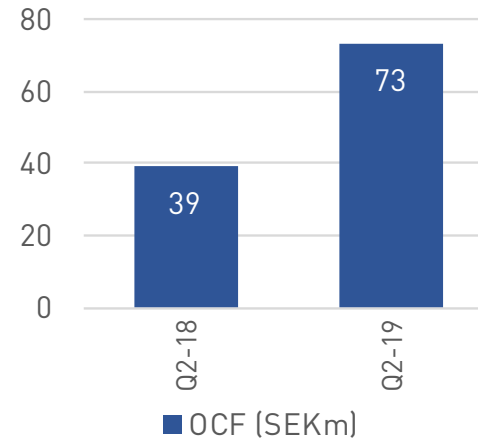
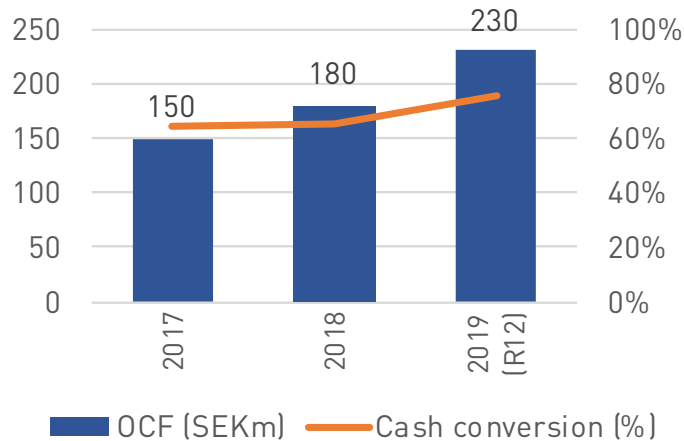
Net debt vs EBITDA from 2.6x to 2.9x

SEK m	6M-19 incl IFRS16	6M-19 excl IFRS16	Difference
Net sales	1,458	1,458	0
EBITDA	142	118	24
EBITDA margin (%)	9.7%	8.1%	1.6pp
Operating profit (EBIT)	89	88	1
EBIT margin (%)	6.1%	6.0%	0.1pp
Net debt (interest bearing)	870	739	131
Net debt/EBITDA (R12)	2.9x	2.6x	0.3x

- Increased Net Debt and EBITDA
- Marginal effect on EBIT and net profit

# Operating cash flow

## Operating cash flow in line with normal seasonal pattern



- Operating cash flow in Q2-19 of SEK 73 m (39) following normal seasonal
  - Higher EBITDA and net trade receivables increasing less than previous year
- Operating cash conversion (R12) was 76%, compared with 65% for the full year 2018

## Unchanged ambitions considering IFRS 16 and items affecting comparability

### Sales growth

NWG's goal is to exceed the growth in the Group's current markets through organic growth.

In addition, the Group expects to grow through selective acquisitions.

### Profitability

NWG's goal is to generate a return on capital employed (ROCE) exceeding 13 percent for the financial year

*(Previously: NWG's goal is to generate a return on capital employed (ROCE) before items affecting comparability exceeding 15 percent.)*

### Capital structure

Net interest-bearing debt in relation to EBITDA shall not exceed 3 times at year-end

*(Previously: Net debt in relations to EBITDA before items affecting comparability (R12M basis), excluding temporary deviations, shall not exceed 2.5 times.*

### Dividend policy

NWG' aims to distribute an annual dividend of more that 50 percent of its net profit. The pay out decision will be based on the Group's financial position, investment needs, liquidity position as well as general economic and business conditions.

# Outlook 2019 (unchanged)

For the financial year 2019, general demand is expected to be similar to that in 2018 in most markets. Nordic Waterproofing expects to meet its financial targets, and the Group's organic net sales growth is expected to exceed the general growth rate in the markets in which the Group operates. In addition to organic growth, the Group also expects to continue growing through selective acquisitions. Operating profit (EBIT) is expected to increase compared with 2018, assuming normal winter conditions during the fourth quarter.



**Disclaimer:** This presentation has been prepared by Nordic Waterproofing Holding A/S solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.

Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of Nordic Waterproofing, or any of its principal shareholders or subsidiary undertakings or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

# Questions

## Further information

- Martin Ellis
- Jonas Olin

[www.nordicwaterproofing.com](http://www.nordicwaterproofing.com)

Q3-report, January–September 2019:  
31 October 2019

*We make waterproofing easy*





# Top ten shareholders

## Shareholders as per 30 June 2019

Owner	No. of shares	Capital and votes, %
Svolder AB	2,891,580	12.0
Mawer Investment Management	2,676,037	11.1
Swedbank Robur Funds	2,187,095	9.1
Carnegie Funds	1,996,505	8.3
Länsförsäkringar Funds	1,398,145	5.8
Catella Funds	996,012	4.1
Handelsbanken Funds	918,044	3.8
Third AP-fund	865,707	3.6
Canaccord Genuity Wealth Management	609,752	2.5
Prior & Nilsson Funds	603,655	2.5
<b>Ten largest shareholders</b>	<b>15,142,532</b>	<b>62.9</b>
Other shareholders*	8,941,403	37.1
<b>Total number of shares</b>	<b>24,083,935</b>	<b>100.0</b>

\* Holdings with depositories are reported within "Other shareholders"

## Trading on Nasdaq Stockholm

Ticker symbol	NWG
ISIN code	DK0060738409
Sector	Construction & Materials
Number of shares of DKK 1.00	24,083,935
Treasury shares	200,000
Voting & ownership restrictions	None
Current market cap	SEK 1,894 million (24 July 2019)
Contact	CFO & investor relations, Jonas Olin, +46 708 29 14 54 <a href="mailto:jonas.olin@nordicwaterproofing.com">jonas.olin@nordicwaterproofing.com</a>

# Experienced Board of Directors

## Nordic Waterproofing Holding A/S – Board of Directors



**Ulf Gundemark**  
Chairman

Relevant experience:  
Board member of AQ Group, Opti Group, Ripasso Energy and Lantmännen.  
Previously chairman of Lindab and Ripasso Energy, and board member of Scandi Standard, Solar, Lönne International and Constructor Group.  
(34,000 shares\*)



**Allan Jørgensen**  
Board member

Relevant experience:  
President and CEO of Dovista. Board member of OH Industri and Pankas.  
Previously board member of Hus-Compagniet, CEO of Kemp & Lauritzen.  
(0 shares)



**Steffen Baungaard**  
Board member

Relevant experience:  
Board member of Arkil Holding, Carl Ras and M.B. Packaging.  
Previously CEO and President of Hus-Compagniet.  
(0 shares)



**Riitta Palomäki**  
Board member

Relevant experience:  
Member of the supervisory committee and deputy chair of the audit committee at OP Cooperative.  
Previously member of the board of directors, chair of the audit committee and member of the remuneration committee at HKScan Oyj, and CFO of Uponor.  
(5,000 shares)



**Mats O. Paulsson**  
Board member

Relevant experience:  
Chairman of the board of Caverion, Nordisk Bergteknik, KEWAB, AKEAB, and Mark & Energibyggarna.  
Previously board member of Acandao, Paroc, Ramirent, BTH Bygg and WinGroup.  
CEO of Bravida, Strabag, PEAB Industri.  
(15,000 shares)



**Kristina Willgård**  
Board member

Relevant experience:  
CEO of AddLife, Chairman of the board of AddLife Development, board member of Mediplast, Biolín Scientific, and Biomedica Medizinprodukte.  
Previously board member of Serneke Group and assignments as board member and partner in Willgård AB.  
(0 shares)

\* Including related parties

# Seasoned management team

## Nordic Waterproofing Group – Management team



### **Martin Ellis, CEO**

Joined NWG in 2011

Previous experience: CEO of NWG 2011-2012 and Chairman 2011-2015. 30 years experience as CEO and other leading positions including Icopal and Saint Gobain (366,270 shares)



### **Jonas Olin, CFO & Investor Relations**

Joined NWG in 2007

Previous experience: 20 years of experience as CFO and controller including Trelleborg Waterproofing, Abdon Finax and IKEA Industry (50,010 shares)



### **Petter Holth, Head of NW Norway**

Joined NWG in 2012

Previous experience: 30 years of experience of sales and marketing in the building industry, incl. CEO of Nortett Bygg AS (154,395 shares\*)



### **Mats Lindborg, Head of NW Sweden**

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing (64,414 shares)



### **Esa Mäki, Head of NW Finland**

Joined NWG in 2017

Previous experience: CEO of Nesco Group and various managerial positions of Icopal Finland and other companies in the building material industry. (12,055 shares)



### **Paul Erik Rask, Head of NW Denmark**

Joined NWG in 1992

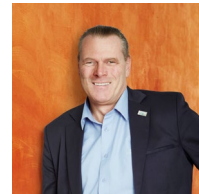
Previous experience: 30 years of experience of leading positions and sales and marketing including Trelleborg Phønix A/S (103,683 shares)



### **Martin Tholstrup, Head of Taasinge Elementer**

Joined NWG in 2017

Previous experience: 20 years of experience from development, sales and prefabrication within the construction industry (19,000 shares\*)



### **Thomas Zipfel, Head of SealEco**

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes (90,504 shares)



### **Bengt-Erik Karlberg, Head of Veg Tech**

Joined NWG in 2018

Previous experience: 20 years of experience of managing positions and sales including Veg Tech and Mekra Lang (15,000 shares)

\* Including related parties