



# Delivering on strategy

1 JANUARY – 31 MARCH 2016

9 May 2017

## Earnings conference call

Presenters: Martin Ellis (CEO) and Jonas Olin (CFO)

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.

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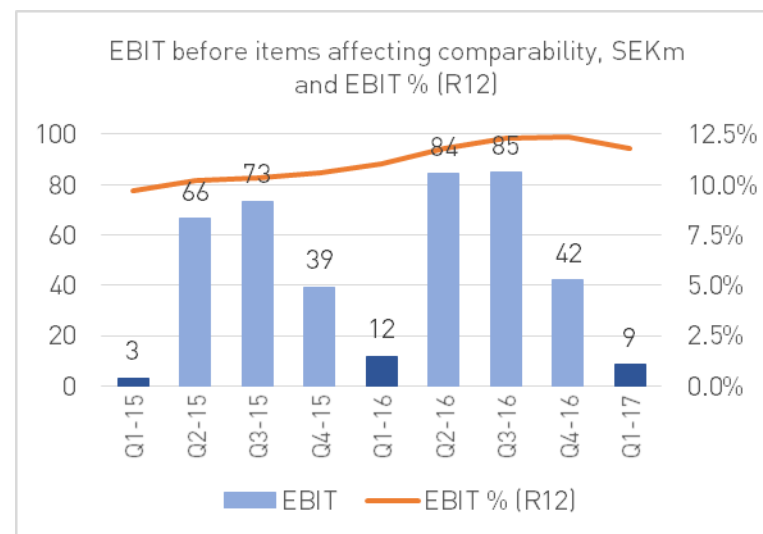
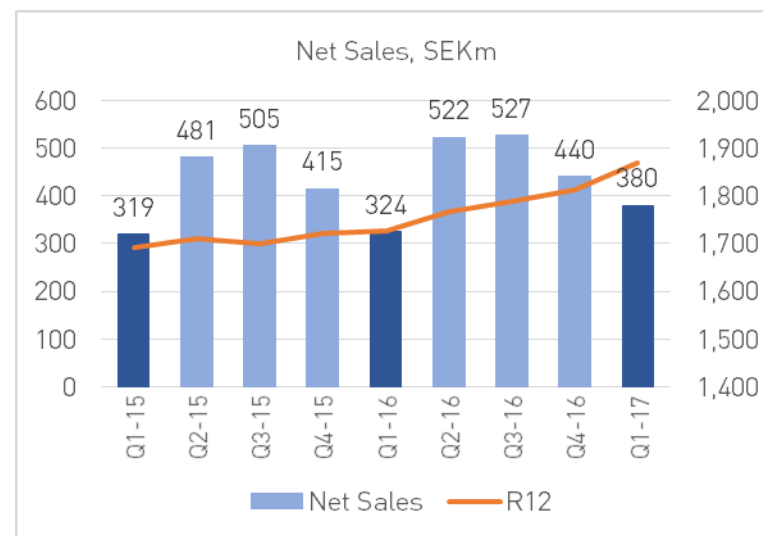
# First quarter in line with growth targets

- Net sales of SEK 380 m (324), an increase of 17%, of which 10pp are acquisitions, organic growth 5pp and currency effects 2pp
- Operating profit (EBIT) before items affecting comparability amounted to SEK 9 m (12)
- Operating cash flow amounted to SEK -17 m (-48)
- Earnings per share SEK -0.06 (0.01)
- The AGM approved to pay out a dividend of SEK 3.75 per share (subject to withholding tax) and elected new board members
- Updated outlook 2017 – higher raw material prices mitigated through sales price increases



# First quarter report

- 7% organic growth (5% LC)
- Net sales of SEK 380 m (324)
- Growth driven by continued good sales in Norway +41% (+31% in LC), Finland +18% (+16% in LC) and Denmark +11% (+9% in LC). Sweden +8% in a strong market.
- Favorable weather conditions and the Easter falls into second quarter
- Operating profit (EBIT) before items affecting comparability weaker due to admin costs and initial effects from increased in raw materials prices
- Operating cash flow improved to SEK -17 m (-48)



# Events after the period

## Strengthening our offer in Finland

- Acquisition of LA-Kattohuolto in Finland
  - Specialized in roof maintenance and coating of private houses, with total annual sales of approximately SEK 22 m.
  - Operations in nine locations, of which five are operated by franchisees.
  - Integrated in Installation Services Finland as of 1 May 2017
- Mr. Mats O. Paulsson and Mrs. Kristina Willgård elected new board members
  - Holger C. Hansen and Vilhelm Sundström declined re-election





## Three acquisitions in 2017

Growth Norway  
31% in Q1-17



### Replicate success from Sweden, Denmark and Finland in Norway

- Replicate success in Sweden and Denmark and tap into the flat roofing market
- Expand local product portfolio in line with builders' merchants demand
- Introduce guarantee scheme and partner programmes
- Expand drainage and radon control segment

### Grow EPDM platform in relevant European markets

- Well positioned to strengthen position in current EPDM markets
- Enter new markets and strengthen position in markets with minor presence

### Continue to strengthen position in main markets by product and segment expansion

- Strengthen market position further by rolling out additional products via NWG's distribution platform
- Enter additional product (e.g. traded products) segments which present attractive returns with no capital investment

### M&A is an integral part of the growth strategy

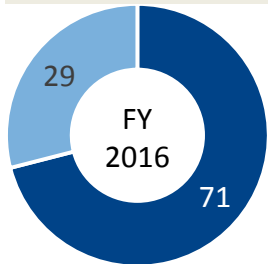
- Selective acquisitions to support growth and strengthen leadership further
- Opportunity to enter growing niches and new geographical markets
- Proven track record of successful integration and synergy extraction

Organic growth

M&A

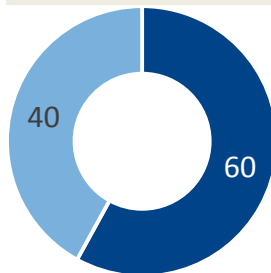
# Recap of our footprint

Sales by segment, %



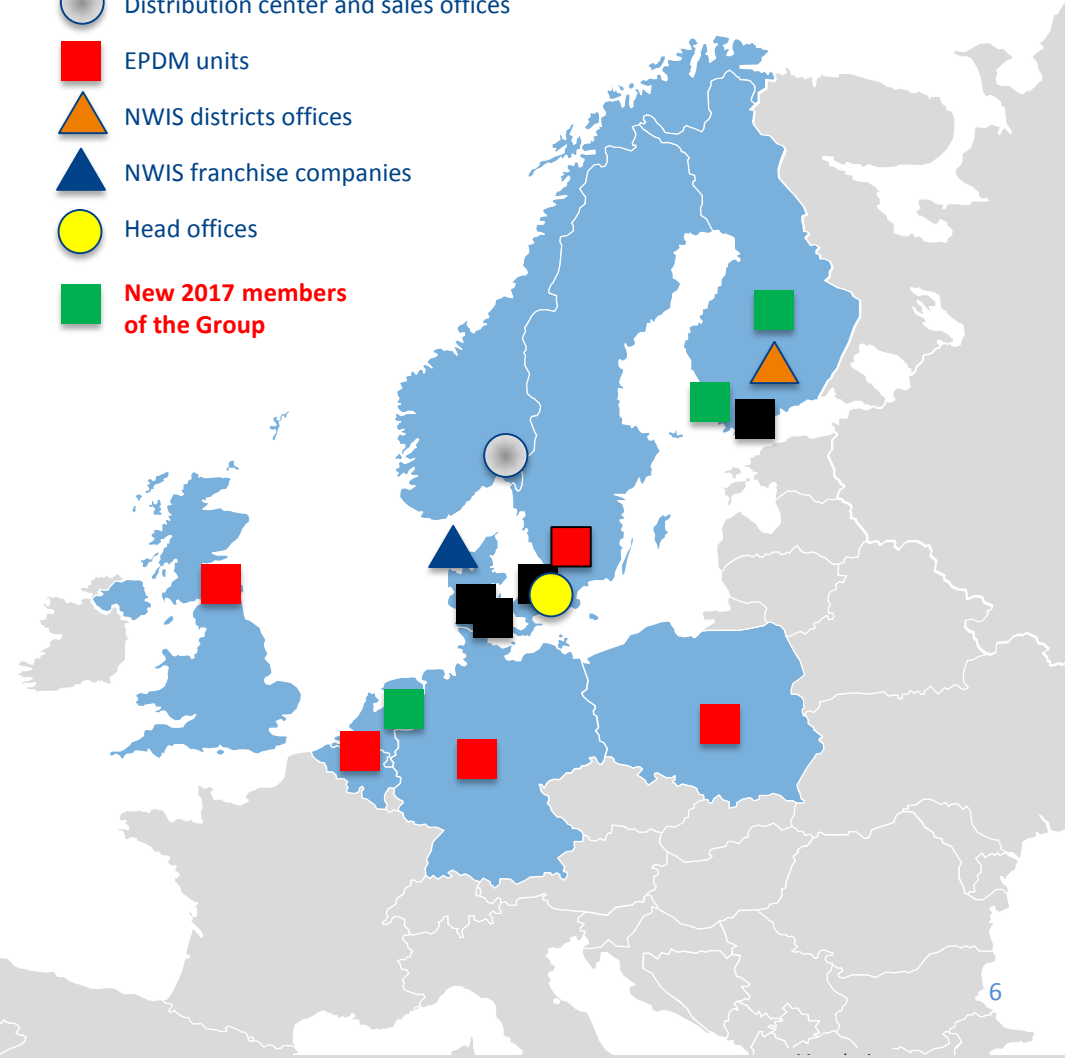
■ Products & Solutions  
■ Installation Services

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 offices
- **New 2017 members of the Group**



## Barriers to entry

Local production capacity

Efficient logistics set-up

Well established brands

Full support service creates customer loyalty

# Increased net sales and admin costs

## Acquisitions contributed to growth and results

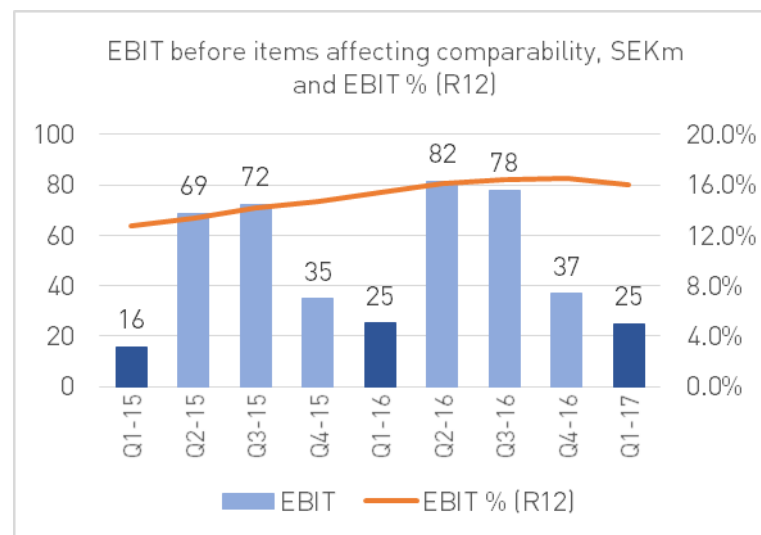
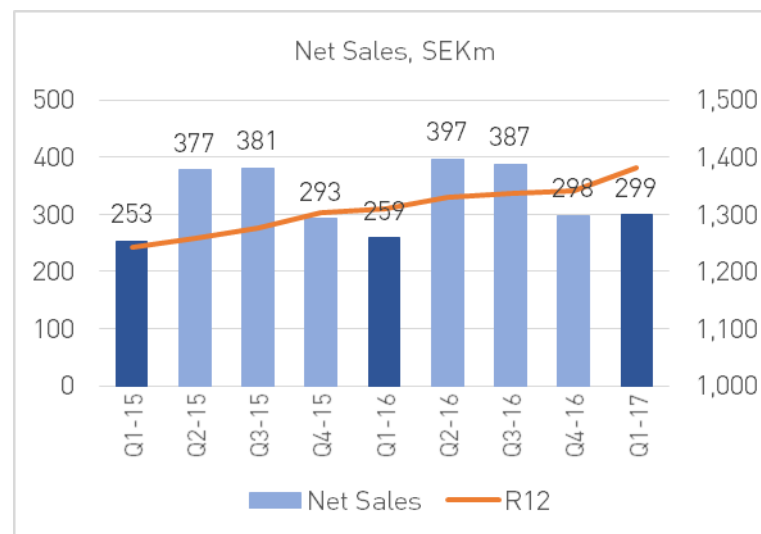
SEKm	Q1-17	Q1-16	Change, %	R12 2017	Full-year 2016
Net sales	<b>380</b>	324	+17%	1,869	1,813
Gross profit	<b>105</b>	93	+13%	553	540
Operating profit (EBIT) before items affecting comparability	<b>9</b>	12	-28%	220	224
Operating profit (EBIT)	<b>5</b>	8	-42%	203	206
Net financial items	<b>-5</b>	-6	-17%	-12	-13
Profit before tax	<b>0</b>	2	neg	191	193
Profit for the period	<b>-1</b>	0	neg	155	156

- Increase in net sales in the first quarter in all main markets
- EBIT margin softer, mainly due to expenses in connection with acquisitions and admin costs following the IPO

# Products & Solutions

## In anticipation of price increases

- Net sales increased by 16% compared with Q1-16
  - Continued strong growth in Norway, and Sweden growing again as effects of ROT deduction and stricter amortization rules are fading
  - Contribution from NL acquisition 6%
- Operating profit (EBIT) before items affecting comparability flat compared with Q1-16
  - Positive volume effect
  - Increased raw material costs and slightly lower sales prices

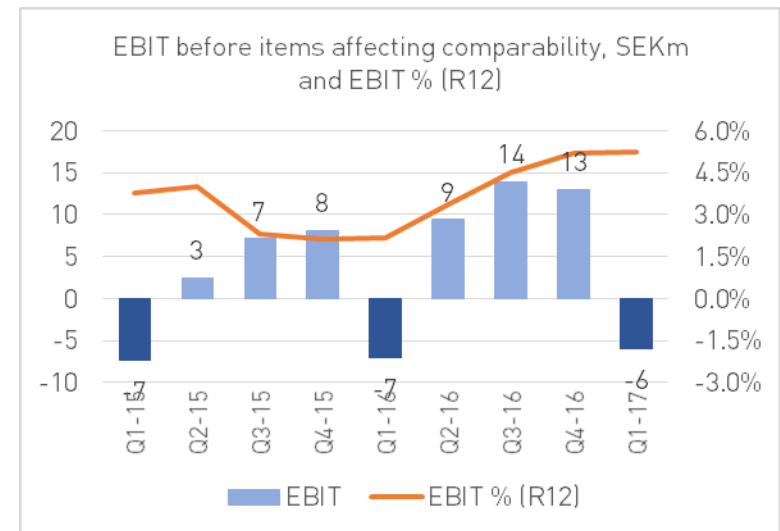
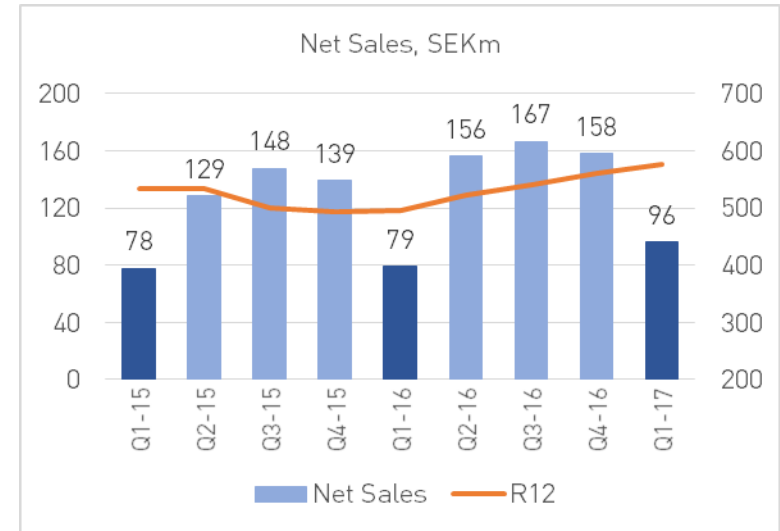




# Installation Services

## Supporting sales and results

- Sales in Finland increased 21% compared with Q1-16
  - Acquired operations contributed with 17% in the quarter
- Finnish order book increased 31% (28% in LC).
  - Primarily due to acquired business



# Good demand in most markets

Organic growth in Q1-17 amounted to 5% in local currency

Changes in net sales	Q1-17 %	Q1-16 %	FY 2016 %
Organic growth	5%	3%	5%
Structural effects	10%	0%	0%
Currency effects	2%	-1%	0%
<b>Total</b>	<b>17%</b>	<b>2%</b>	<b>5%</b>

- Organic growth in all areas of business
  - maintaining strong market position in a market with high demand
  - gaining market share in the Norwegian flat roofing segment
  - market recovery from low levels in Finland
  - SealEco enjoys good demand
- Acquisitions contribute as expected
  - Integration going well both in the Netherlands and Finland
- Currency effect
  - In general stable currencies end Q1-17 vs end Q4-16
  - Stronger EUR, DKK, NOK but weaker GBP compared with same period the preceding year

# Seasonal variations

## Quarterly swings in net sales and EBIT

SEKm	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16
Net sales	<b>380</b>	440	527	522	<b>324</b>
Gross profit	<b>105</b>	124	161	162	<b>93</b>
Gross margin, %	<b>27.6%</b>	28.1%	30.6%	31.1%	<b>28.7%</b>
Operating profit (EBIT) before items affecting comparability	<b>9</b>	42	85	84	<b>12</b>
Operating profit (EBIT)	<b>5</b>	39	84	75	<b>8</b>
Net financial items	<b>-5</b>	-4	2	-6	<b>-5</b>
Profit before tax	<b>0</b>	35	87	69	<b>3</b>
Profit for the period	<b>-1</b>	27	73	56	<b>0</b>

- First quarter net sales were up 17 percent, mainly due to acquisitions, as well as favorable weather conditions and late Easter
- Items affecting comparability: primarily acquisition-related expenses
- EBIT amounted to SEK 5 m, slightly down primarily due to expenses in connection with acquisitions and increased admin costs post-IPO

# Strong balance sheet

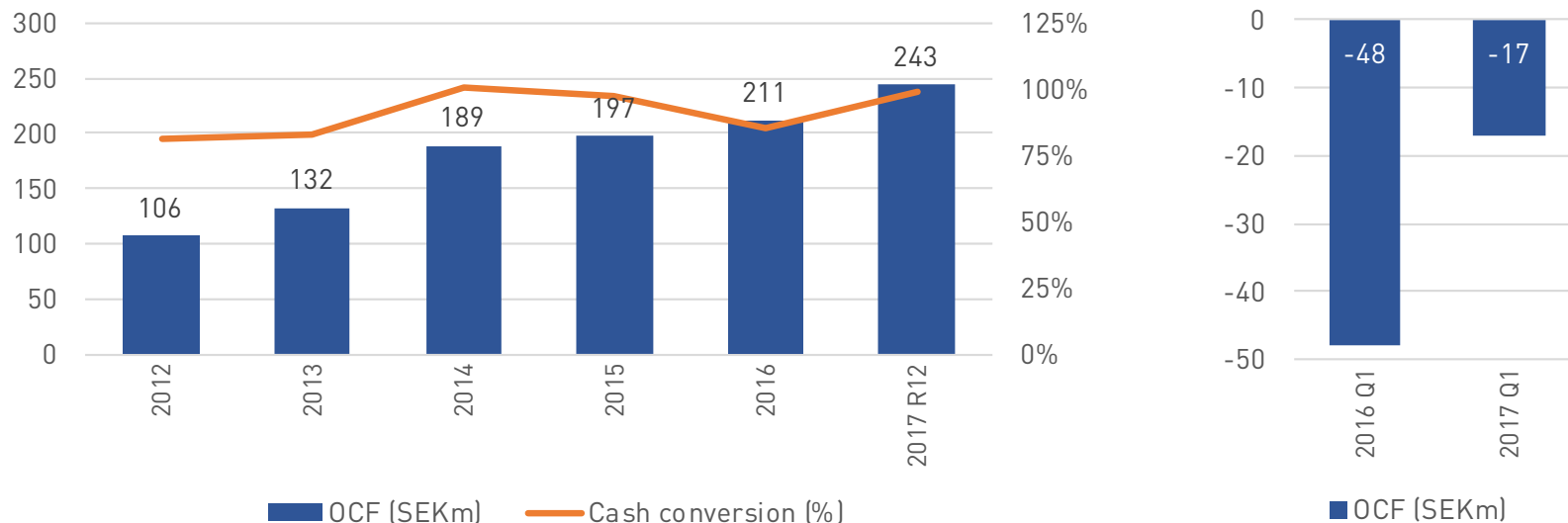
## Equity increase following the IPO

SEKm	2017-03-31	2016-03-31	2016-12-31
Non-current assets	876	833	844
Current assets	737	525	724
<b>Total assets</b>	<b>1,613</b>	<b>1,358</b>	<b>1,568</b>
Equity	952	754	964
Non-current liabilities	400	298	398
Current liabilities	261	306	206
<b>Total equity and liabilities</b>	<b>1,613</b>	<b>1,358</b>	<b>1,568</b>
Capital employed	1,309	1,089	1,317
Net debt	125	239	25
Equity/assets ratio, %	59%	56%	62%
Net debt /equity ratio, multiple	0.1x	0.3x	0.0x
Net debt/EBITDA, multiple	0.5x	1.1x	0.1x

- New long term incentive program to be implemented following the approval by the 2017 AGM. Costs estimated at SEK 6.6 m maximum
- The approved dividend of 3.75 SEK per share equals approximately SEK 90 m. Paid out in first week of May.

# Operating cash flow

## Temporary variations in operating cash flow



- Cash conversion rates maintained at high levels, between 82 and 101%
- 2017 R12 cash conversion amounted to 99%, affected by higher dividend received from associated companies and lower negative change in net working capital. Increased accounts payables due to high production activity before high season.

## Sales growth ✓

NWG's objective 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 objective is to have an EBIT margin before items affecting comparability higher than 10 percent.

## Capital structure ✓

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 have 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.



For the financial year 2017, Nordic Waterproofing Group expects the general demand to be similar to that in 2016 in most of its markets.

The Group expects to meet its financial targets of exceeding the growth in its current markets through organic growth as well as acquisitions designed to enhance the Group's product portfolio. Higher raw material prices are **anticipated to continue during the full year (previously: anticipated for the year)**, leading towards an increase of our own sales prices.

With the contribution from recent acquisitions, the Group expects to maintain the historically high profit level achieved in 2016 despite the current increase in raw material prices. Operating profit (EBIT) before items affecting comparability is, therefore, expected to be in line with the full year 2016.

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# Questions

## Further information

- Martin Ellis
- Jonas Olin

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

Interim report January–June 2017:  
15 August 2017

Interim report January–September 2017:  
7 November 2017

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# Top ten shareholders

## Shareholders as per 31 March 2017

Owner	No. of shares	Capital and votes, %
Carnegie funds	2,273,433	9.4
Swedbank Robur funds	2,187,095	9.1
Svolder Aktiebolag	1,759,000	7.3
Catella funds	1,246,880	5.2
Third AP-fund	950,603	3.9
Länsförsäkringar funds	751,441	3.1
AMF Aktiefond Småbolag	708,199	2.9
Handelsbanken funds	579,109	2.4
TR European Growth	570,000	2.4
Spiltan funds	439,033	1.8
<b>Ten largest shareholders</b>	<b>11,464,793</b>	<b>47.6</b>
<b>Other shareholders*</b>	<b>12,619,142</b>	<b>52.4</b>
<b>Total</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
Own shares	0
Voting & ownership restrictions	None
Current market cap	SEK 2,457 million (8 May 2017)
Contact:	IR-manager, Anders Antonsson, +46 709 994 970 <a href="mailto:anders.antonsson@nordicwaterproofing.com">anders.antonsson@nordicwaterproofing.com</a>

# Experienced Board of Directors

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



**Ulf Gundemark,  
Chairman**

Relevant experience:  
Chairman of Ripasso Energy and Bridge to China. Board member of Papyrus, Lantmännen, Scandi Standard, Constructor Group and AQ Group. (20,000 shares\*)



**Christian Frigast,  
Board member**

Relevant experience:  
Managing Partner at Axcel. Deputy Chairman of the Board in Pandora and DVCA. (23,000 shares\*)



**Jørgen Jensen,  
Board member**

Relevant experience:  
President and CEO of Widex. Board member of DFDS, TCM Group and former Board member of Cheminova. (20,976 shares\*)



**Riitta Palomäki,  
Board member**

Relevant experience:  
Member of the board of directors, chair of the audit committee and member of the remuneration committee at HKScan Oyj, member of the supervisory committee and deputy chair of the audit committee at OP Cooperative. (0 shares)



**Mats O. Paulsson,  
Board member**

Relevant experience:  
Member of the boards of Acando AB, BTH Bygg AB, AB Bösarps Grus & Torrbruk AB and WinGroup AG. (0 shares)



**Kristina Willgård,  
Board member**

Relevant experience:  
CEO of AddLife AB, Chairman of the board of AddLife Development AB, member of the board of Mediplast AB, Serneke Group AB 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 of experience as CEO and other leading positions including Icopal (CEO) and Saint Gobain (President of the Building Materials Division) (366,270 shares\*)



### **Jonas Olin, CFO**

Joined NWG in 2007

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



### **Anders Antonsson, Head of Investor Relations**

Interim since 2015

Previous experience: More than 25 years of experience of corporate communications and investor relations including Northland Resources (VP – IR) and Intrum Justitia (Director of IR and Corporate Communications) (0 shares)



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

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing (Sales and Marketing Manager) (58,414 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 (CEO) (94,104 shares\*)



### **Esa Mäki, Head of NW Finland**

Joined NWG in 2017

Previous experience: 35 years of experience of sales and marketing including Lemminkäinen (Marketing Director) (0 shares)



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

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes (Business Unit Director) (90,504 shares\*)

\* Including related parties