



Growth supported by acquisitions

1 JANUARY – 30 JUNE 2017

15 August 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.

NORDIC 
WATERPROOFING

We make waterproofing easy

Strong sales growth and margin compression in line with previous guidance

- Net sales of SEK 603m (522), an increase of 16% despite Easter falling in second quarter
- EBITDA before items affecting comparability amounted to SEK 79 m (90)
- Operating profit (EBIT) before items affecting comparability amounted to SEK 72 m (84)
- Operating cash flow amounted to SEK -12 m (50) mainly due to high sales activity in NWIS Finland
- Earnings per share SEK 2.13 (2.31)
- Updated outlook 2017: increasing raw material prices have stabilized but are expected to remain on a higher level than last year. Increased sales prices have been implemented with the full effect expected to be realized by the middle of the third quarter
- Financial profitability target changed from 10% ROS to 15% ROCE in order to solve the wide discrepancy between ROS in NWPS vs. NWIS, in line with previous comments



Events during 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 franchisees
 - Integrated in Installation Services Finland as of 1 May 2017
- Competition case Denmark - update
 - 31 May 2017 DCCA issued a decision
 - TOR has ceased its activity
 - Follow-on claims holding all addressees of the decisions jointly and severally liable have been received, total appr DKK 145 m
 - Nordic Waterproofing does not agree with the DCCA's decision and does not find the claims to be substantiated and legitimate, hence no provisions have been made
 - Nordic Waterproofing maintain that we have acted in compliance with applicable laws and business practices



Events after the period

Extending our offer of solutions for building and infrastructure protection

- Acquisition of 80% of shares in Taasinge Elementer A/S (TE)
- Denmark's leading manufacturer of prefabricated roof and façade elements based on wooden frame constructions to the construction industry
- TE has two sites (Taasinge and Hampen), combined annual sales of approximately SEK 150 million and 115 employees
- Well positioned in its competitive field, not a commodity player
 - Strong engineering and design capabilities, allows TE to take on the most complex projects, and act as a competitive barrier
 - Excellent logistics
- Good growth potential
 - Plant output potential far from realized in present setup, strong order book
 - Export sales potential to surrounding countries



Events after the period

Extending our offer of solutions for building and infrastructure protection

- Excellent strategic fit with Nordic Waterproofing
 - Diversification: continue to strengthen our position in main markets by product and segment expansion
 - Differentiates our products and services portfolio against competitors'
 - Enhances our knowledge of the building envelope concept
 - Participate in trends toward system offer and prefabrication and TE has key capabilities to benefit from these trends
 - Gives us direct access to main contractors and architects
 - Our geographic footprint will allow TE to expand outside Denmark
- Integrated in Products & Solutions as of July 2017



Changes in Group management

Promotions to group management

- Petter Holth, Head of Nordic Waterproofing in Norway, and Martin Tholstrup, Head of Taasinge Elementer A/S, are new members of Nordic Waterproofing's Group Management
- Jonas Olin, CFO, assumed the position as Head of Investor Relations in addition to his current assignment



Petter Holth



Martin Tholstrup

Four acquisitions in 2017



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

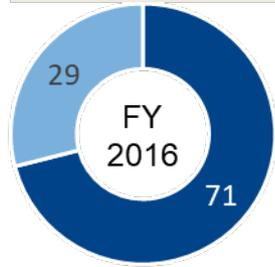
- Selective acquisitions to support growth and strengthen leadership further
- Opportunity to enter growing niches and new geographical markets
- Proven track record of successful integration and synergy extraction

Organic growth

M&A

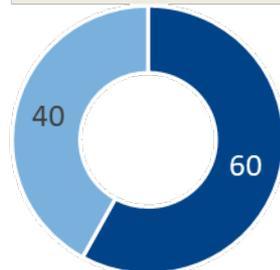
Recap of our footprint

Sales by segment, %



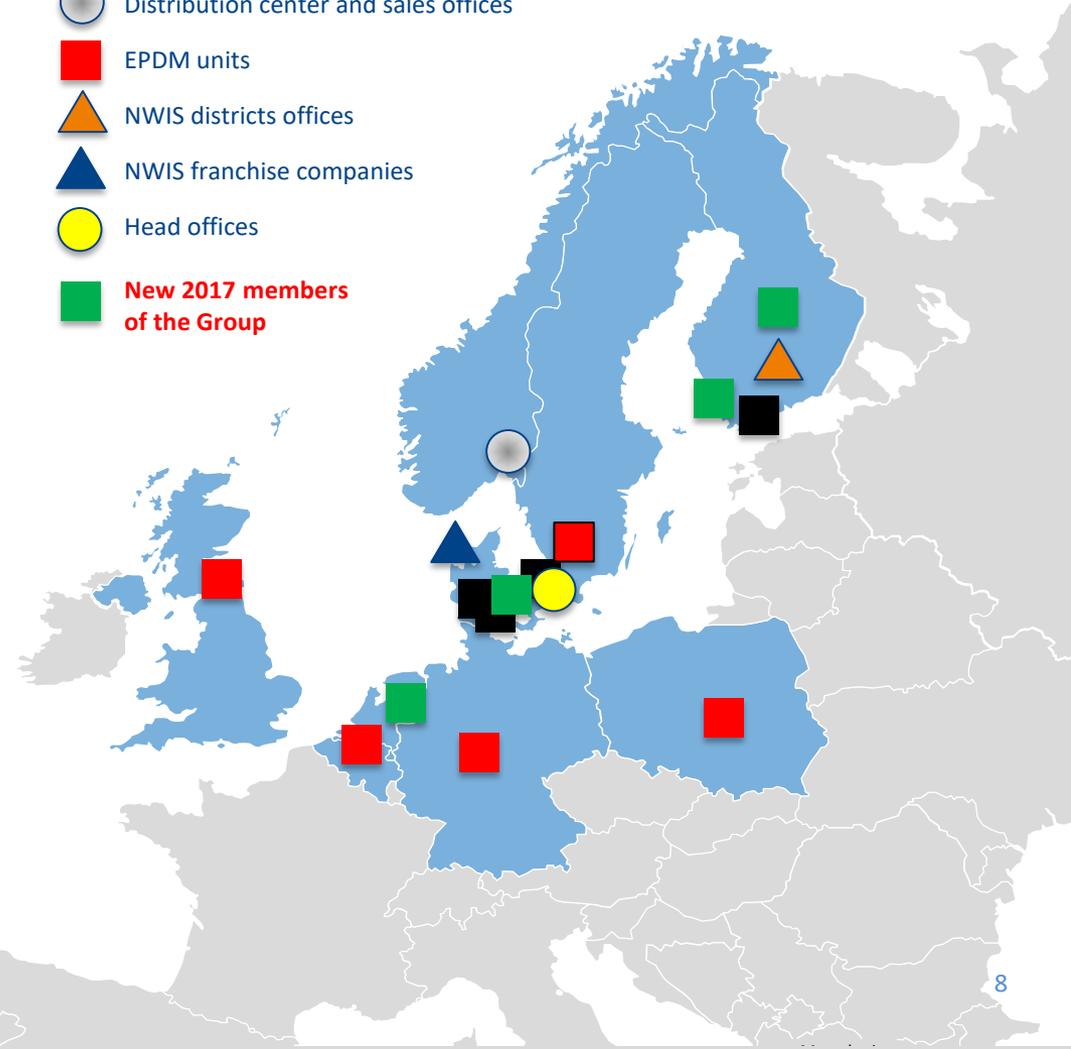
■ Products & Solutions
■ Installation Services

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

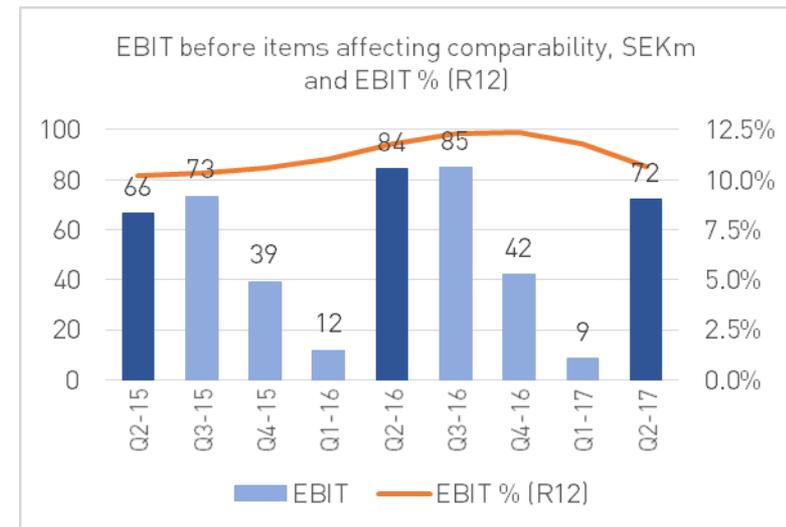
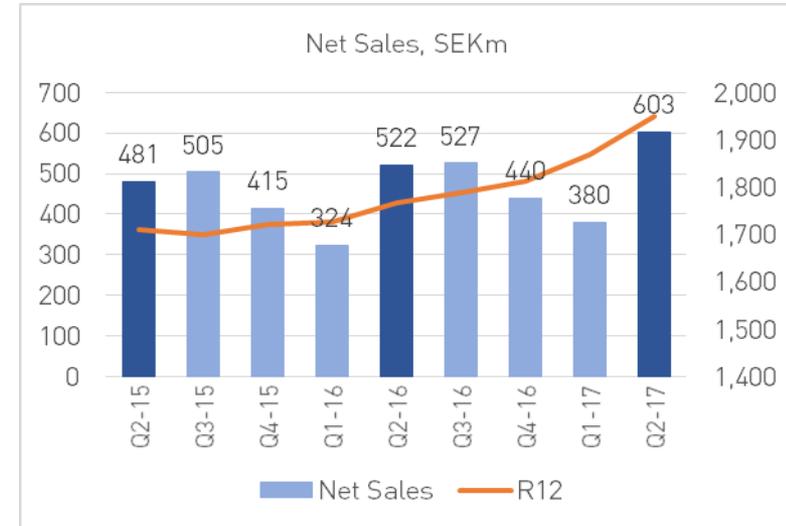
Efficient logistics set-up

Well established brands

Full support service creates customer loyalty

Second quarter report

- Net sales of SEK 603 m (522) up 16%
- Growth driven by:
 - Other Europe +54% (of which acquisitions +35%)
 - Finland +25% (of which acquisitions +14%)
 - Denmark +3%
 - Sweden +2%
 - Norway -8%
- Operating profit (EBIT) before items affecting comparability decreased due to continued effects from increased raw materials prices
- Operating cash flow temporary down to SEK -12 m (50) due to high activity in Finland



Increased net sales, margin compression

Acquisitions contributed to growth and results

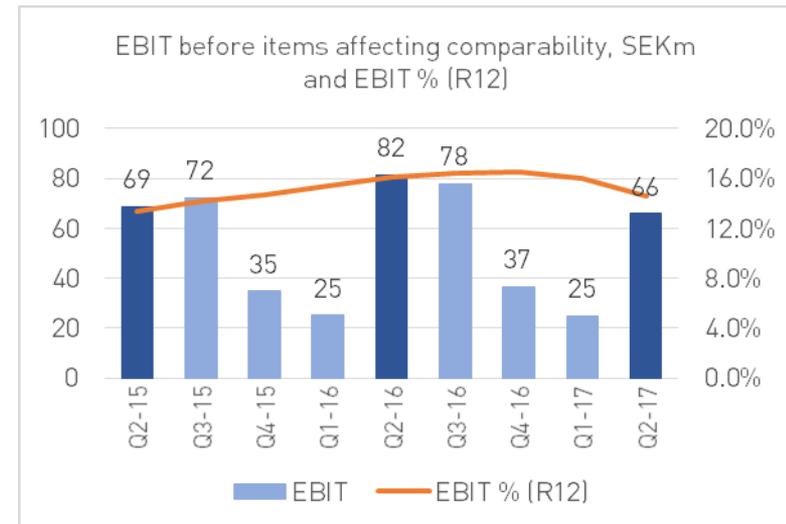
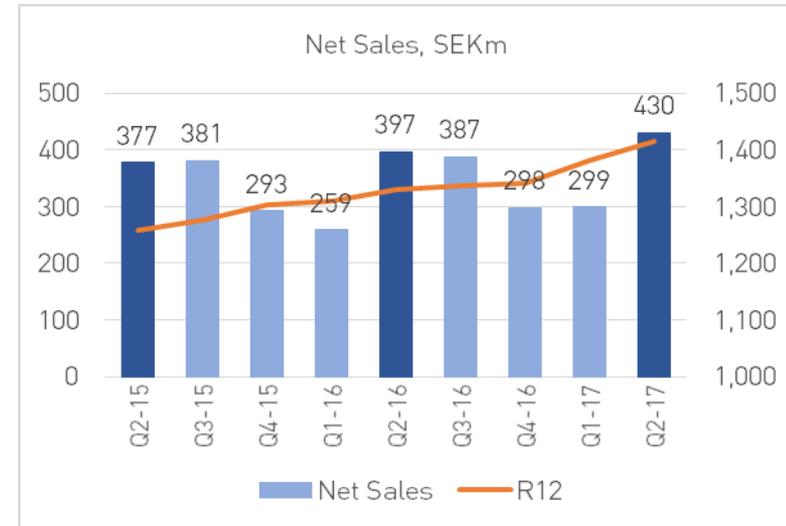
SEKm	Q2-17	Q2-16	Change, %	R12 2017	Full-year 2016
Net sales	603	522	+16%	1,950	1,813
Gross profit	171	162	+5%	561	540
EBITDA before items affecting comparability	79	90	-12%	236	248
Operating profit (EBIT) before items affecting comparability	72	84	-15%	208	224
Operating profit (EBIT)	65	75	-13%	193	206
Net finance items	-2	-6	67%	-9	-13
Profit before tax	63	69	neg	184	193
Profit for the period	51	56	neg	150	156

- Sales were to some extent compressed by Easter, increased competition in Norway and unfavorable weather conditions
- EBIT margin softer, mainly due to the increased raw material costs not being fully offset by the increased sales prices
- Lower interest costs following the replaced finance agreement Q2-16

Products & Solutions

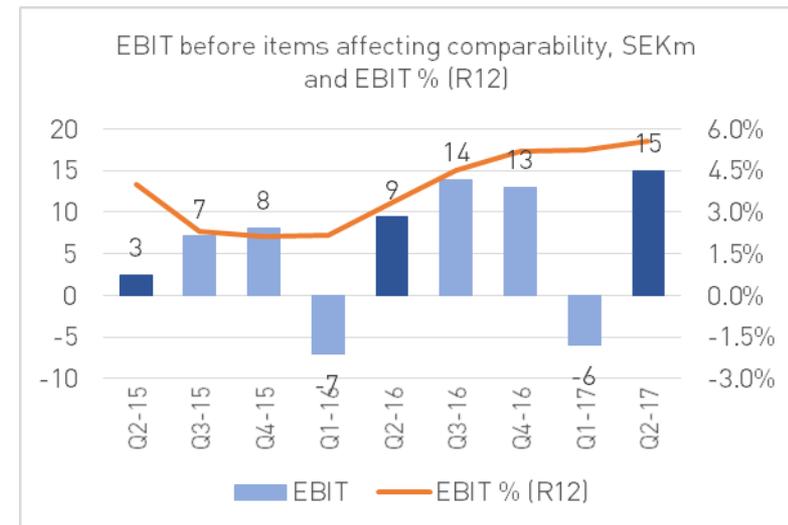
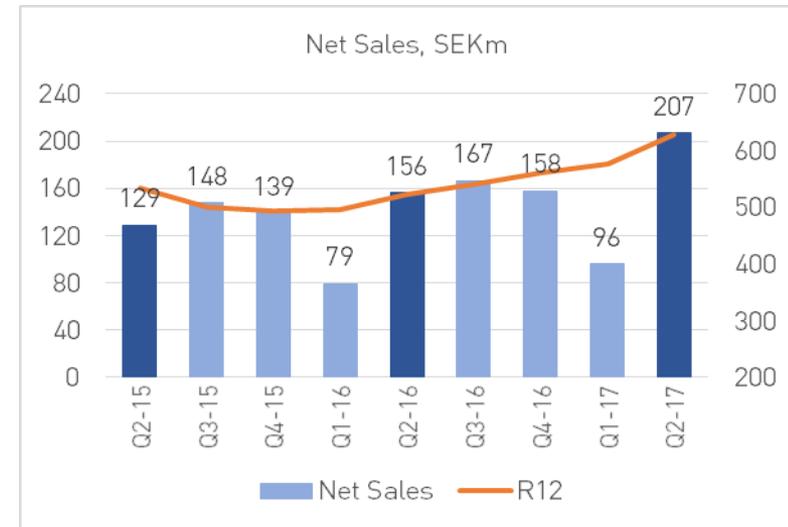
In anticipation of price increases

- Net sales increased by 8% compared with Q2-16
 - Strong development in SealEco, including contribution from acquisition of EPDM Systems in the Netherlands (contributing 6% in the second quarter)
 - Sweden and Denmark up, however balanced by weaker sales in Norway and Finland
- Operating profit (EBIT) before items affecting comparability down compared with Q2-16
 - Increased raw material costs not fully offset by increased sales prices
 - Full implementation of price increases by the middle of Q3



Supporting sales and results

- Sales in Finland increased 33% compared with Q2-16
 - Acquired operations in 2017 contributed with 17% in the second quarter
 - LA-Kattohuolto contributing from May 2017
- Strong order inflow and order book
 - Finnish order inflow increased 60% (53% in LC)
 - Order book end June was up 55% compared with the same period preceding year (+25% for comparable operations)
 - Denmark franchise companies perform well in a strong market



Good demand in most markets

Organic growth in Q2-17 amounted to 3% in local currency

Changes in net sales	Q2-17 %	Q2-16 %	FY 2016 %
Organic growth	3%	10%	5%
Structural effects	10%	0%	0%
Currency effects	3%	-1%	0%
Total	16%	9%	5%

- Organic growth in some areas of business
 - maintaining strong market position in Denmark
 - continuing growing demand in Finland
 - SealEco continues enjoying good demand in Europe
 - stronger competition in Norway and Sweden from European competitors
- Acquisitions contribute as expected
 - Integration going well in all four acquired companies
- Currency effect
 - In general stable currencies end Q2-17 vs end Q1-17

Seasonal variations

Quarterly swings in net sales and EBIT

SEKm	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16
Net sales	603	380	440	527	522
Gross profit	171	105	124	161	162
Gross margin, %	28.4%	27.6%	28.1%	30.6%	31.1%
Operating profit (EBIT) before items affecting comparability	72	9	42	85	84
Operating profit (EBIT)	65	5	39	84	75
Net finance items	-2	-5	-4	2	-6
Profit before tax	63	0	35	87	69
Profit for the period	51	-1	27	73	56

- Second quarter net sales were up 16 percent, mainly due to acquisitions
- Items affecting comparability : primarily acquisition-related expenses
- EBIT amounted to SEK 65 m, down primarily due to expenses in connection with acquisitions

Balance sheet allowing expansion

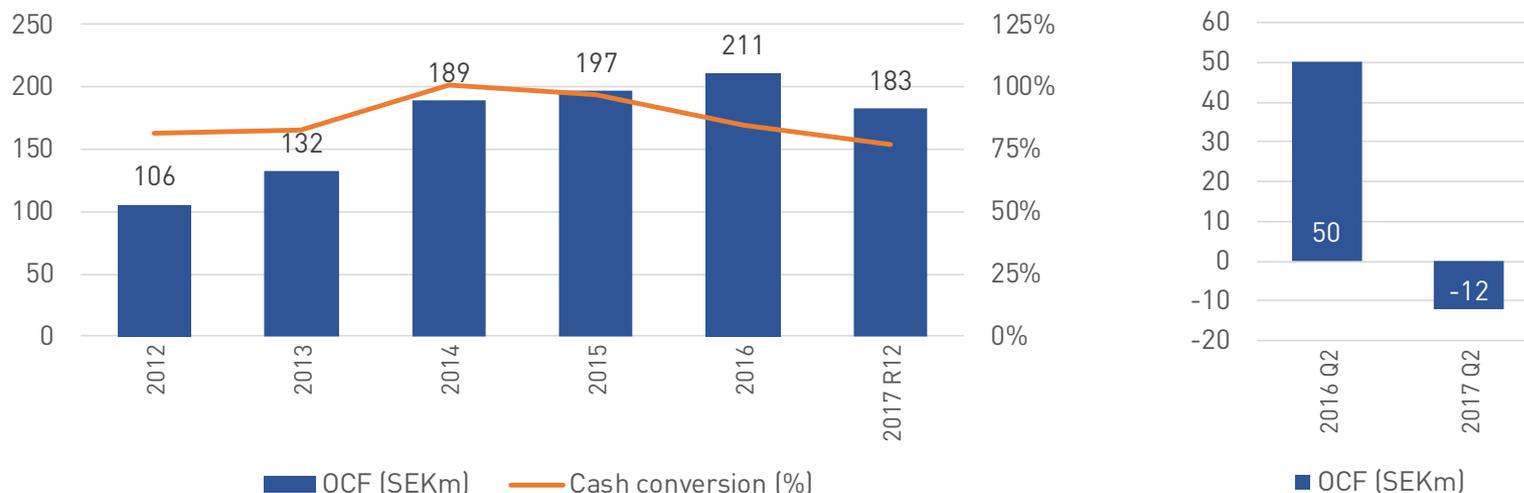
Cash generating operations and available loan facilities

SEKm	2017-06-30	2016-06-30	2016-12-31
Non-current assets	918	842	844
Current assets	731	678	724
Total assets	1,649	1,522	1,568
Equity	911	840	964
Non-current liabilities	410	385	398
Current liabilities	328	296	206
Total equity and liabilities	1,649	1,521	1,568
Capital employed	1,267	1,190	1,317
Return on capital employed (before items affecting comparability), % (R12)	16.9%	18.0%	18.7%
Net debt	274	200	25
Equity/assets ratio, %	55%	55%	62%
Net debt /equity ratio, multiple	0.3x	0.2x	0.0x
Net debt/EBITDA, multiple (R12)	1.2x	0.9x	0.1x

- New long term incentive program to be implemented following the approval by the 2017 AGM. Costs estimated at SEK 7 m maximum over 3 years
- The approved dividend of 3.75 SEK per share equals approximately SEK 90 m was paid out in May
- 15% ROCE target replacing 10% EBIT margin target

Operating cash flow

Temporary variations in operating cash flow



- Cash conversion rates maintained at high levels, between 77 and 101%
- 2017 R12 cash conversion amounted to 77%, affected by lower EBITDA and higher negative change in net working capital due to increased receivables from stronger IS activity in Finland, and temporarily higher inventory levels.

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 (updated)

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



Outlook 2017 - updated

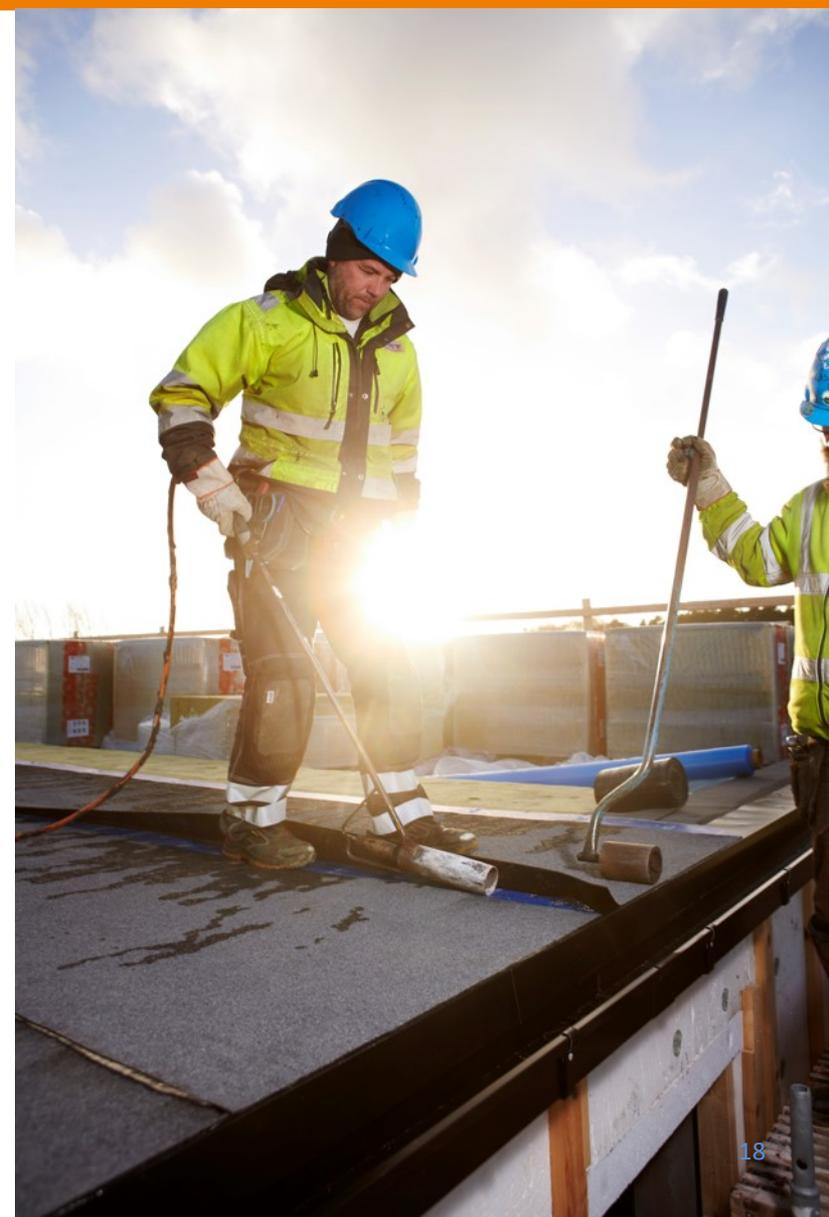
For the financial year 2017, Nordic Waterproofing Group (STO: NWG.ST) expects the general demand to be similar to that in 2016 in most of its markets. The Group expects to meet its financial targets of exceeding the growth in its current markets through organic growth as well as acquisitions designed to enhance the Group's product portfolio. **The increasing raw material prices have stabilized but are expected to remain on a higher level during the rest of the year than during the corresponding period the preceding year. Increased sales prices have been implemented with the full effect expected to be realized by the middle of the third quarter. (Previously: Higher raw material prices are anticipated to continue during the full year, leading to 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

Interim report January–September 2017:
7 November 2017

We make waterproofing easy



Top ten shareholders

Shareholders as per 30 June 2017

Owner	No. of shares	Capital and votes, %
Carnegie funds	2,318,309	9.6
Swedbank Robur funds	2,187,095	9.1
Catella funds	1,339,465	5.6
Svolder Aktiebolag	1,267,514	5.3
Handelsbanken funds	1,100,303	4,6
Third AP-fund	975,603	4.1
SEB funds	926,386	3,8
AMF	708,199	2.9
Länsförsäkringar funds	691,907	2.9
TR European Growth	600,000	2.5
Ten largest shareholders	12,114,781	50.3
Other shareholders*	11,969,154	49.7
Total	24,083,935	100.0

* 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 2,408 million (14 August 2017)
Contact:	CFO & Head of IR, Jonas Olin, +46 708 29 14 54 jonas.olin@nordicwaterproofing.com

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 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 (58,414 shares*)



Esa Mäki, Head of NW Finland
Joined NWG in 2017
Previous experience: 35 years of experience of sales and marketing including Lemminkäinen (0 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 (94,104 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 (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 (90,504 shares*)

* Including related parties