



## First quarter in line with our expectations

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1 JANUARY – 31 MARCH 2019

2 May 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*



# First quarter in line with our expectations

## Organic growth but lower earnings considering Veg Tech seasonality

- Net sales of SEK 569 m (474), up 20%
  - 5% organic growth in local currency
  - 11% from acquisitions
  - 4% from currency effects
- EBITDA increased to SEK 18 m (17)
- Operating profit (EBIT) decreased to SEK -7 m (2)
- Operating cash flow was SEK -49 m (-65)
- Earnings per share SEK -0.44 (-0.13)
- The AGM resolved a cash dividend of SEK 4.00 per share, an increase of SEK 0.25 per share



# Market status and perspective

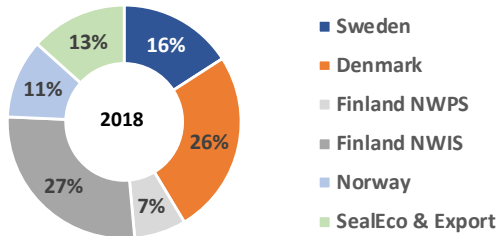
## Unchanged market conditions

- Flat roofing market is still fairly strong with demand overall at healthy levels but with local variations. Growth is however flattening out in some markets, albeit from high levels
- The decreased private housing building starts and new permits being clear signs of a weaker market in Sweden are still not visible in our sales
- Active competition in roofing, but Nordic Waterproofing has successfully increased its market shares in Norway and Sweden
- Continued strong market for prefabricated façade elements in Norway
- Currently stable raw material prices in general, although bitumen price volatility continues

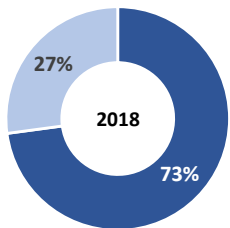


# Recap of our footprint

Sales by country

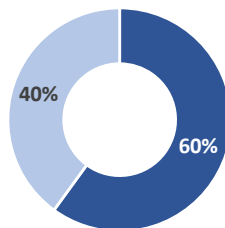


Sales by segment



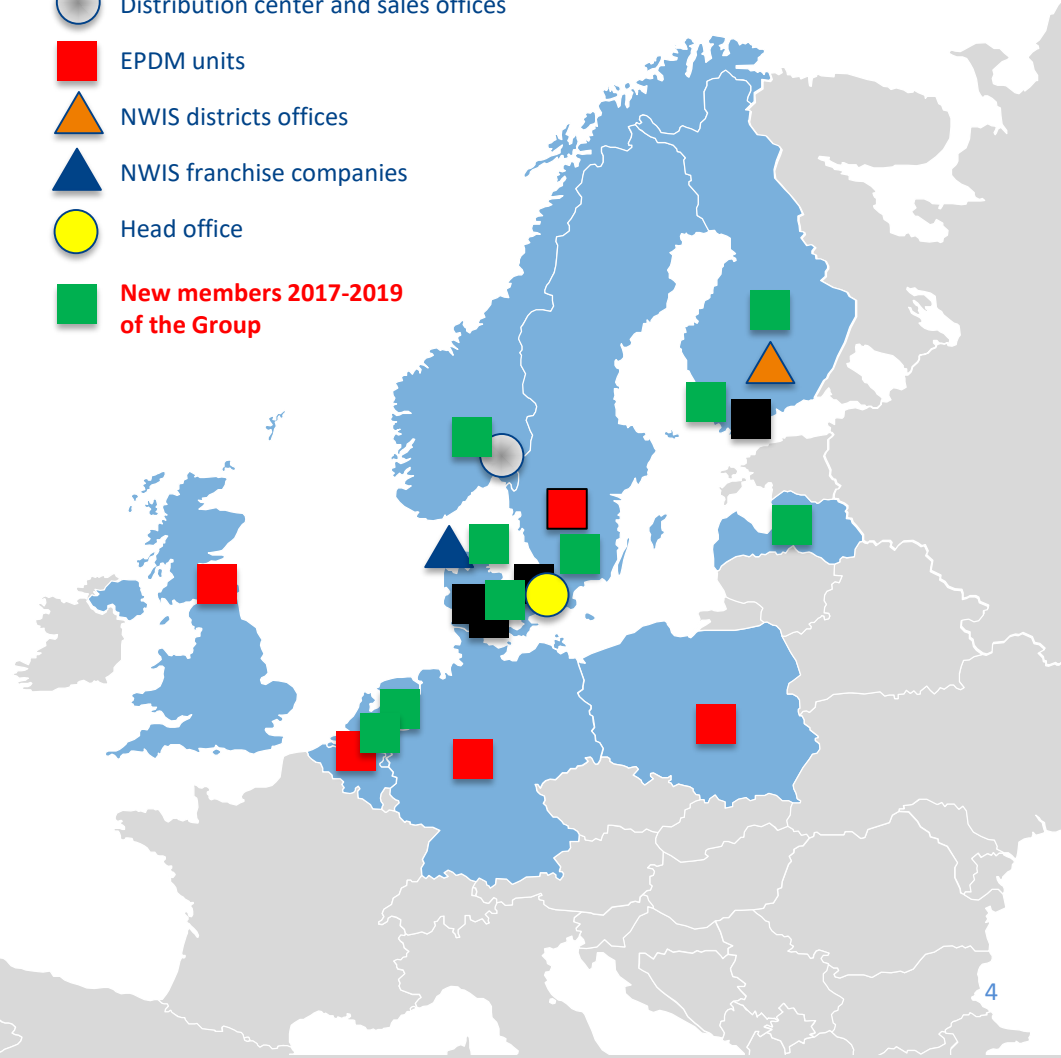
■ Products & Solutions  
■ Installation Services

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**





# Distri Pond acquisition

Sustainable and environmentally efficient high-quality pond systems



# Distri Pond acquisition

## Sustainable and environmentally efficient high-quality pond systems

- A leading distributor of pond systems with a one-stop-shop offer in the Belgium market
- Offers EPDM waterproofing membranes, pumps, filtering, control systems, light and accessories, and maintenance & garden applications. Additionally, the company offers site preparation, installation of EPDM membranes, education, and technical support and maintenance
- Annual sales of SEK 110 m and 23 employees
- Founded in 1992 and situated in Vorst-Laakdal
- Enhances our commitment towards sustainable and environmentally efficient solutions, and vertical integration
- Platform for geographic expansion to surrounding countries





# Strategic update

## Organic growth and selective acquisitions

Focus on organic growth, profitability and selective acquisitions

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

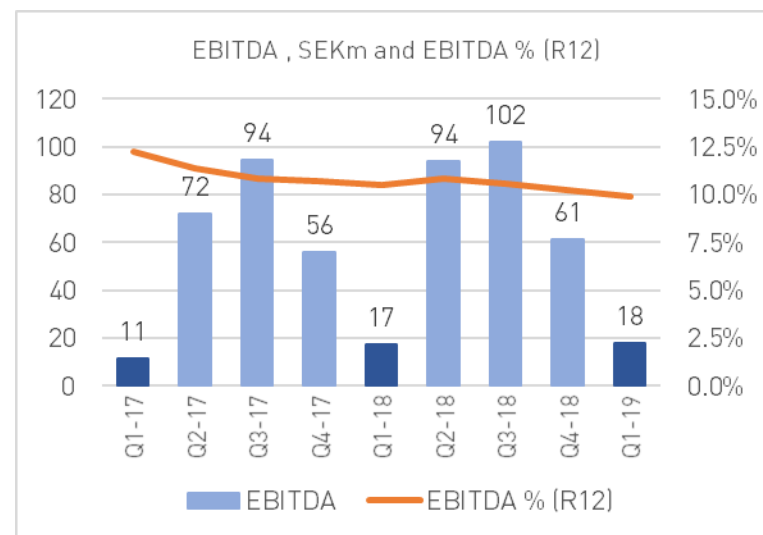
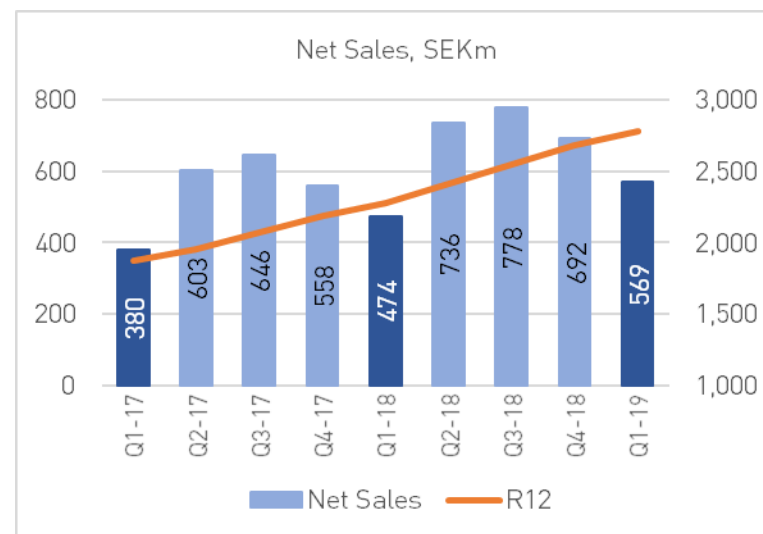
- enhance our product and service offering
- benefit from mega trends in the construction industry
- forward integrate to increase exposure to end customers



# First quarter report

## Good contribution from acquisitions

- Net sales of SEK 569 m (474) up 20%, positively affected by acquisitions (11%) and organic growth (5%)
- Mixed weather conditions in the quarter
  - Rainy, snowy or cold in first half of Q1 but mild during the second half
- Norway, Sweden and Europe drives growth
- Denmark (Taasinge Elementer) below previous year
- EBITDA increased to SEK 18 m (17)
- Operating profit (EBIT) decreased to SEK -7 m (2)





# Good demand in most markets

Organic growth in Q1-19 amounted to 5% in local currency

Changes in net sales	Q1-19 %	Q1-18 %	FY 2018 %
Organic growth	5%	1%	3%
Structural effects	11%	21%	15%
Currency effects	4%	3%	5%
<b>Total</b>	<b>20%</b>	<b>25%</b>	<b>23%</b>

- Organic growth in Products & Solutions was 4%
  - Strong development in roofing in Norway, Sweden and Denmark, while Taasinge Elementer continues to experience customer delays
- Strong organic growth in Installation Services 10%
  - Good start of the year, both in roofing and floor-coating
- Contribution from acquisitions in line with expectations and seasonality
  - Continued strong development in Norwegian prefabricated elements business with a strong order book
  - Very low sales in Veg Tech during winter, following normal seasonality
- Currency effect
  - Weak SEK gives positive currency effects primarily from EUR and DKK

## Acquisitions contributed to growth and results

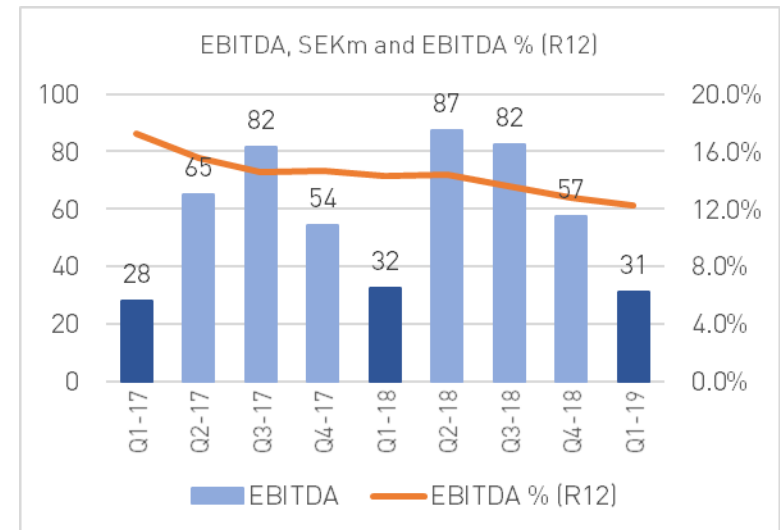
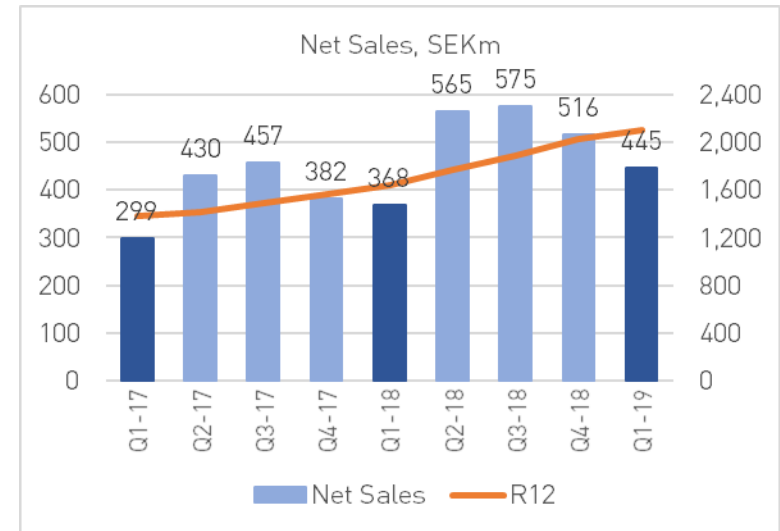
SEKm	Q1-19	Q1-17	Change, %	R12 2019	Full-year 2018
Net sales	569	474	+20%	2,775	2,680
Gross profit	132	109	+22%	704	680
EBITDA	18	17	+4%	275	274
Operating profit (EBIT)	-7	2	n/a	203	212
Net finance items	-7	-4	n/a	-25	-22
Profit/loss before tax	-13	-2	n/a	179	190
Tax	2	-1	n/a	-34	-38
Profit/loss for the period	-11	-3	n/a	144	152

- Discontinued disclosure of Items affecting comparability
- IFRS 16 depreciations has affected EBITDA SEK +10 m, EBIT SEK 0 m and Net profit/loss by SEK -1 m
- Acquisition-related amortizations of intangible assets affects EBIT by SEK -4 m (previous year -7, including order book amortizations)

# Products & Solutions

## Strong growth

- Net sales increased by 21%
  - Organic growth 4% - strong start in roofing in Sweden, Norway and Denmark. Prefab elements in Denmark suffers from customer delays
  - Acquisitions contributed with 14%, primarily from prefab elements in Norway but also a good start in Distri Pond. Low sales in Veg Tech during winter
  - Positive effects following the sales price increases from previous year
- EBITDA in line with previous year amounting to SEK 31 m (32)
- EBIT decreased to SEK 10 m (19)
  - Veg Tech reports a loss in the first quarter following normal seasonal winter effect

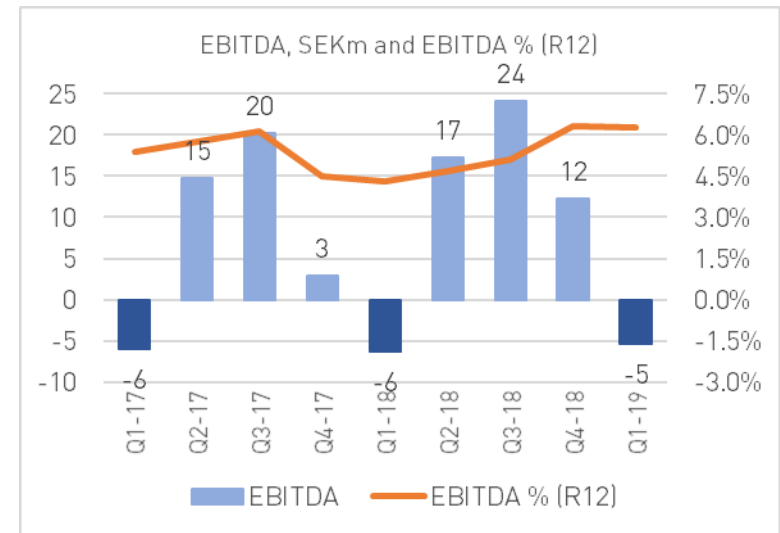
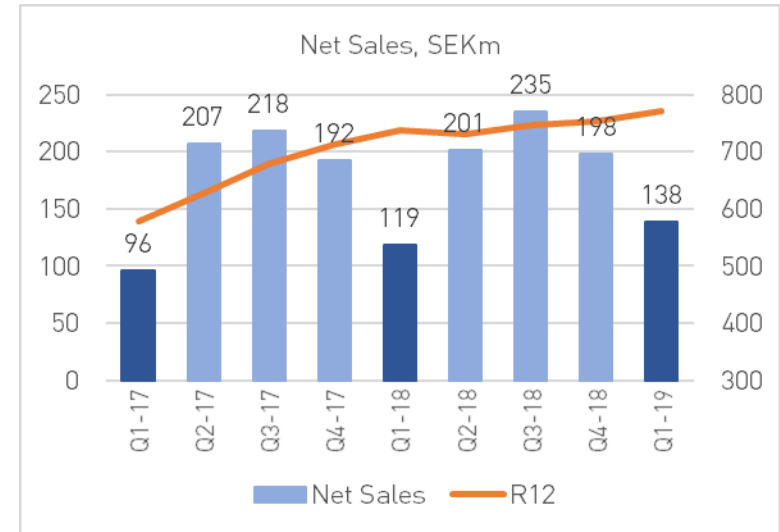




# Installation Services

## Improved sales

- Sales in Finland increased 16% in SEK
  - Organic growth 10% in local currency
  - Exchange rate effect +6%
- Strong order intake and order book
  - Order intake increased 64%
  - Order book end of March was 25% above previous year
- EBITDA in line with previous year at SEK -5 m (-6)
- EBIT unchanged at SEK -8 m (-8)



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

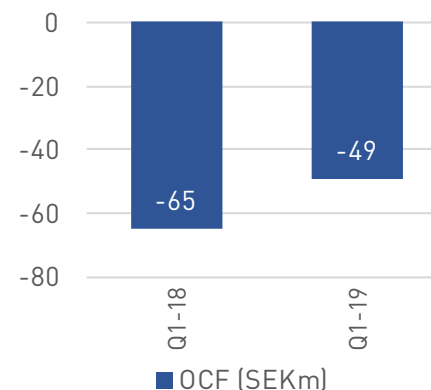
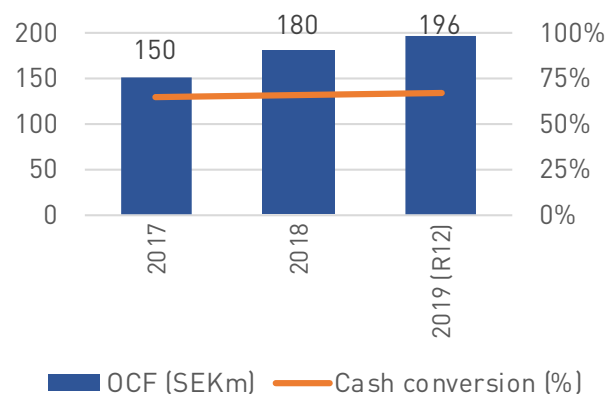
## Increased leverage following acquisitions and IFRS 16

SEKm	2019-03-31	2018-03-31	2018-12-31
Non-current assets	1,548	1,136	1,324
Current assets	964	778	803
<b>Total assets</b>	<b>2,513</b>	<b>1,914</b>	<b>2,127</b>
Equity	1,112	1,051	1,106
Non-current liabilities	911	517	535
Current liabilities	489	346	486
<b>Total equity and liabilities</b>	<b>2,513</b>	<b>1,914</b>	<b>2,127</b>
Capital employed	1,976	1,422	1,653
ROCE (R12)	12.0%	14.0%	14.8%
Net debt	783	293	442
Equity/assets ratio	44%	55%	52%
Net debt/equity ratio	0.7x	0.3x	0.4x
Net debt/EBITDA	2.8x	1.6x	1.5x

- Distri Pond is consolidated as from February 2019
- IFRS 16 increased capital employed by SEK 137 m, affecting Net debt/ EBITDA and ROCE (annualized effect) appr 0.5x and ROCE -2.0% excl items affecting comparability
- ROCE is below the long term financial target due to the increased capital employed following the relatively large acquisitions of Veg Tech and Distri Pond
- The share buy-back program of maximum 200,000 shares (0,8% of the total number of issued shares) to secure the long term incentive programs was finalized in Q1-19.
- The AGM resolved to distribute a cash dividend of SEK 4.00 per share, in total SEK 96 m (64% of net profit).

# Operating cash flow

## Operating cash flow in line with normal seasonal pattern



- Operating cash flow in Q1-19 of SEK -49 m (-65) following normal seasonal
  - Higher accounts receivables due to higher sales in the first quarter
  - Inventory increased less than previous year, as inventory was unusually high end Q4-18
- Operating cash conversion (R12) was 71%, compared with 65% for the full year 2018



# Updated financial targets

## 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

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) (*Previously EBIT before items affecting comparability*) is expected to increase compared with 2018, assuming normal winter conditions during the fourth quarter.



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# Questions

## Further information

- Martin Ellis
- Jonas Olin

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

Q2-report, January–June 2019:  
25 July 2019

*We make waterproofing easy*





# Top ten shareholders

## Shareholders as per 31 March 2019

Owner	No. of shares	Capital and votes, %
Svolder AB	2,677,866	11.1
Mawer Investment Management	2,676,037	11.1
Swedbank Robur Funds	2,187,095	9.1
Carnegie Funds	1,986,505	8.2
Länsförsäkringar Funds	1,229,165	5.1
Catella Funds	1,186,012	4.9
Third AP-fund	841,916	3.5
Handelsbanken Funds	812,044	3.4
Canaccord Genuity Wealth Management	609,752	2.5
Traction	600,000	2.5
<b>Ten largest shareholders</b>	<b>14,806,392</b>	<b>61.5</b>
Other shareholders*	9,277,543	38.5
<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
Own shares	200,000
Voting & ownership restrictions	None
Current market cap	SEK 2,193 million (30 April 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.  
(3,000 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 (61,414 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

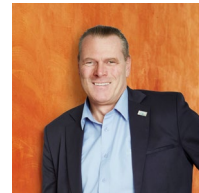
Previous experience: 30 years of experience of leading positions and sales and marketing including Trelleborg Phønix A/S (103,683 shares)



### **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