


STRONG SECOND QUARTER 2020 IMPROVED KPI'S

1 January – 30 June 2020

 Date 2020.07.24

Earnings conference call

Martin Ellis (CEO) & Per-Olof Schrewelius (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

Covid-19 status update

- First priority is the health of our employees and customers
Few confirmed cases among our colleagues
- No significant negative impact on financials during the second quarter
- Continued increased focus on customer credit risk, cost control and cash preservation
- The future impact on our business is difficult to assess, but some slowdown should be expected in 6 to 18 months in case of negative GDP development



Strong development of business continued in the second quarter

- Net sales of SEK 949 m (889), up 7%
 - 7% organic growth in local currency
 - 1% from acquisitions
 - -1% from currency effects
- EBITDA increased to SEK 166 m (124), up 34%
- Operating profit (EBIT) increased to SEK 137 m (95) , up 43%
- Cash flow from operating activities was SEK 114 m (78)
- Earnings per share SEK 4.55 (2.79)



Highlights and comments 1 (2)

- Good sales development with +7% vs LY, whereof 7% organic
The strong sales could be partly due to customers building inventory because of supply capability concerns
- Continued strong markets in most segments
 - Strong growth from the roofing business in the Nordics, Products and Solutions sales increased 10% organically
 - SealEco had a strong development in all markets except in the UK
 - Slightly weaker quarter for the Veg Tech business compared to previous year
- Profit improvement program in the prefabricated elements business continued, EBIT still far from satisfactory
- Best quarter ever with EBIT of SEK 137 m (95), EBIT margin 14.4% (10.7%)
EBIT benefits from increased volume, good cost control and some cost avoidance due to reduced travelling



Highlights and comments 2 (2)

- The Danish Competition and Consumer Authority decided to finally close the investigation of the roofing felt market.
- Nynas, NWG's main supplier of bitumen, has had their general license extended to enable doing business without breaking US sanctions. Re-structuring has been extended to 15 September.
- An advance tax ruling received, stating that the suggested re-domiciling of parent company from Denmark to Sweden will not trigger any adverse Danish tax consequences.
- Nordic Waterproofing's financing agreement was renewed during the quarter and has now final maturity date in June 2023 with a 1+1 year extension option. It contains a EUR 75.0 m (73.0) term loan facility and a EUR 40.0 m (26.5) revolving loan facility.
- 25% of the shares in Playgreen Finland Oy, a Finnish company mainly active in the field of offering design, sales and installations of solar energy solutions has been acquired. Nordic Waterproofing Group has an option to within two years acquire an additional 55% of the shares in the company.



Market situation still favorable, Covid-19 impact to be expected

- The impact from Covid-19 is difficult to estimate, but it will likely have a dampening effect on sales if the pace of construction is slowing down as a result of the general economic development
- Flat roofing market in the Nordics is still fairly strong with demand overall at healthy levels. Somewhat more cautious markets and market expectations in Finland, in particular outside the Helsinki area
- Continued strong market for prefabricated façade elements in Denmark and Norway



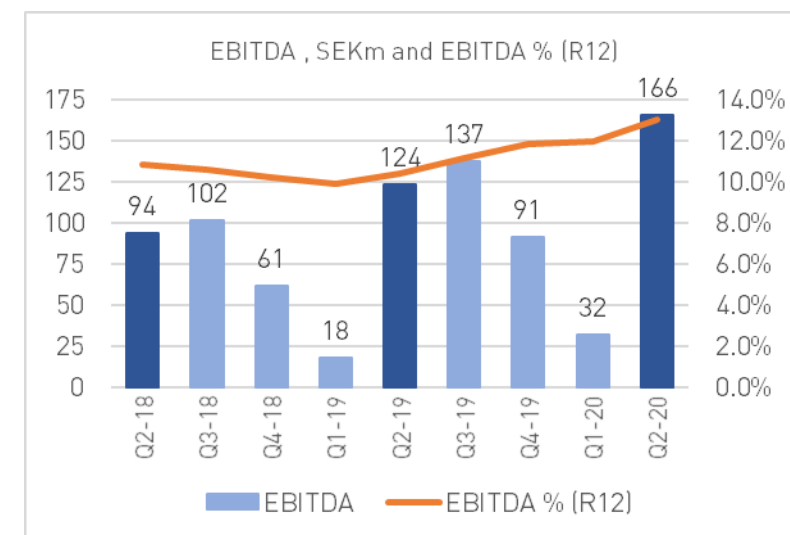
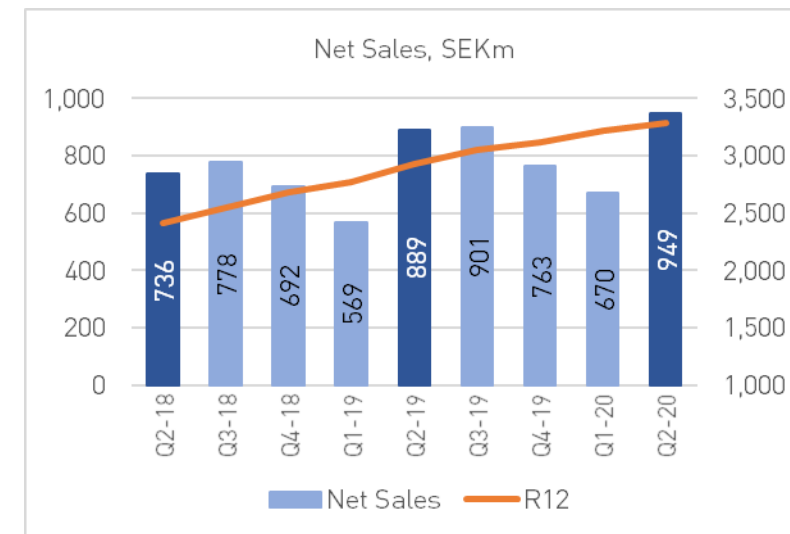
Second quarter report

Net sales of SEK 949 m (889) up 7%

- Best quarterly sales ever
- Organic growth of 7% driven by high activity in roofing in the Nordic countries and the SealEco business
- The strong sales could be partly due to customers building inventory because of supply capability concerns

EBITDA increased to SEK 166 m (124) while Operating profit (EBIT) increased to SEK 137 m (95)

- Best quarterly EBITDA ever
- Driven by increase in volume, good cost control and some cost avoidance due to reduced travelling
- No material negative impact from the Covid-19 pandemic



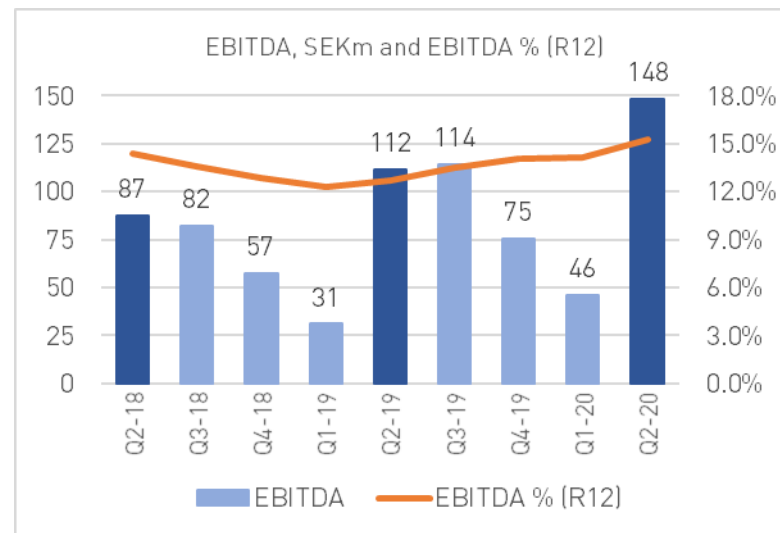
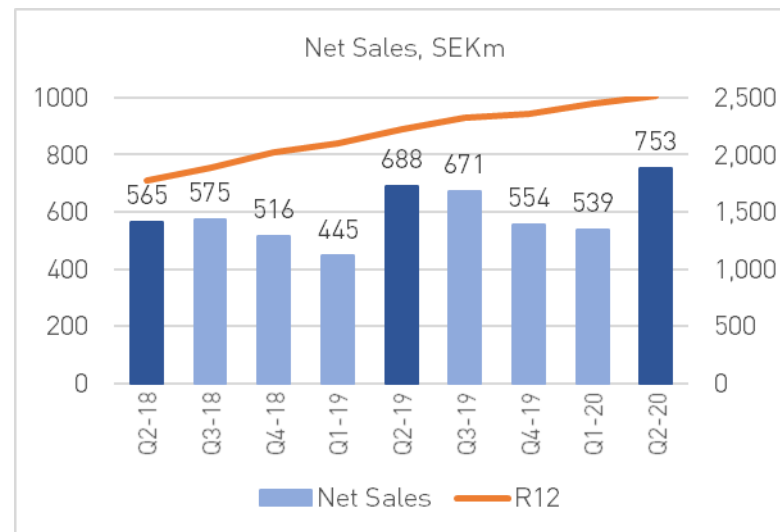
Products & Solutions

Net sales of SEK 753 m (688) up 9%

- Organic growth was 10% and contribution from acquisitions 1% in the first quarter
 - Finland +7%: flat roofing,
 - Denmark +24%: flat roofing
 - Sweden +10%: flat roofing
 - Norway -16%: weak in building elements
 - Other Europe 16%: Distri Pond increased 35%

EBITDA increased to SEK 148 m (112) while Operating profit (EBIT) increased to SEK 125 m (87)

- Increase in EBITDA driven by volume growth, good cost control and cost avoidance due to reduced travelling



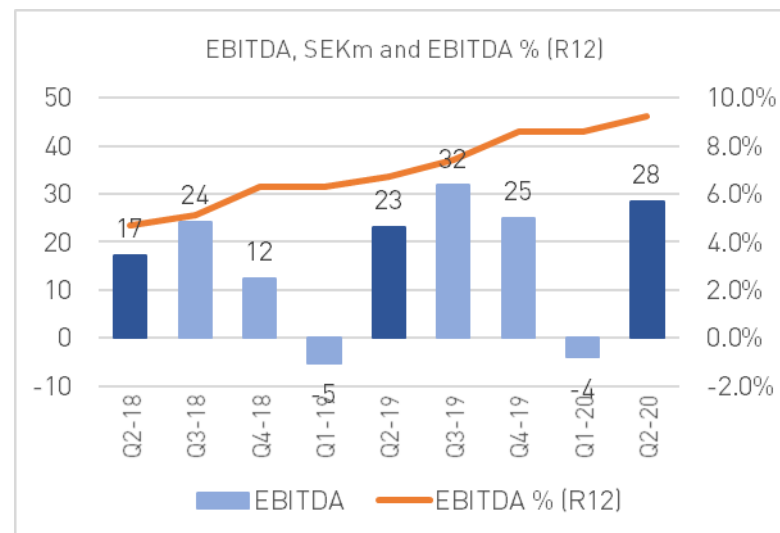
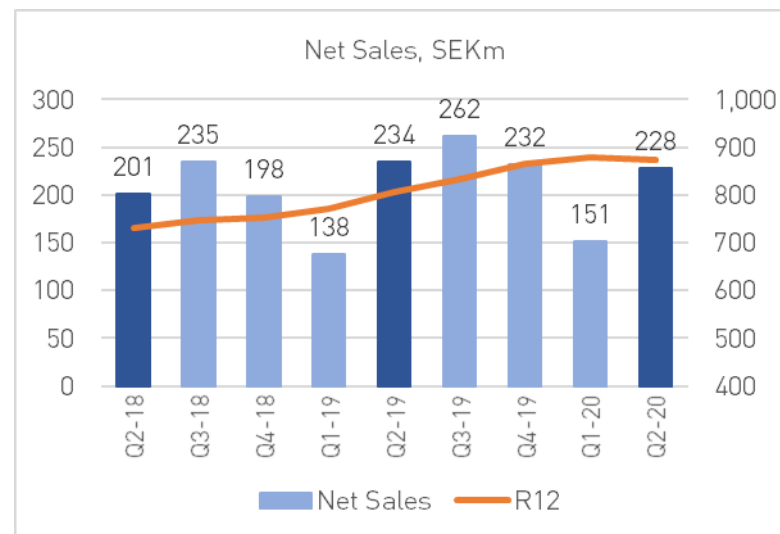
Installation Services

Net sales of SEK 228 m (234) down 3%

- Organic growth -3%% from lower demand in the more rural areas of Finland and lower demand in the flooring segment. No structure or currency effects

EBITDA increased to SEK 28 m (23) while Operating profit (EBIT) increased to SEK 24 m (19)

- EBITDA increased from higher profit in the Danish franchise companies and good cost control in the Finnish companies



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

Income statement

SEKm	Q2-20	Q2-19	Change, %	R12 2020	Full-year 2019
Net sales	949	889	+7%	3,282	3,122
Gross profit	282	238	+19%	884	813
EBITDA	166	124	+34%	427	371
Operating profit (EBIT)	137	95	+43%	311	260
Net finance items	-2	-12	n/a	-24	-28
Profit/loss before tax	135	84	+61%	287	233
Tax	-26	-17	n/a	-48	-37
Profit/loss for the period	109	67	+63%	239	196

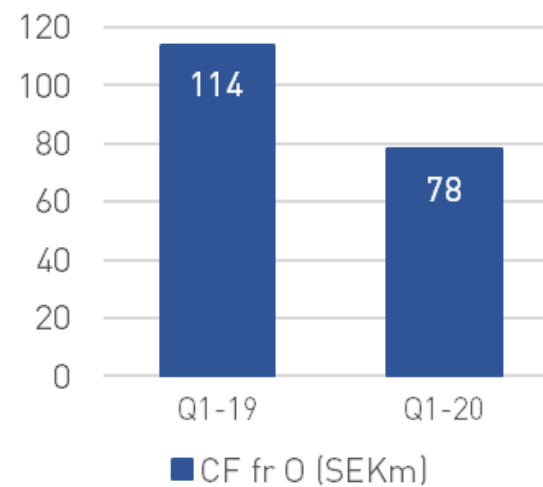
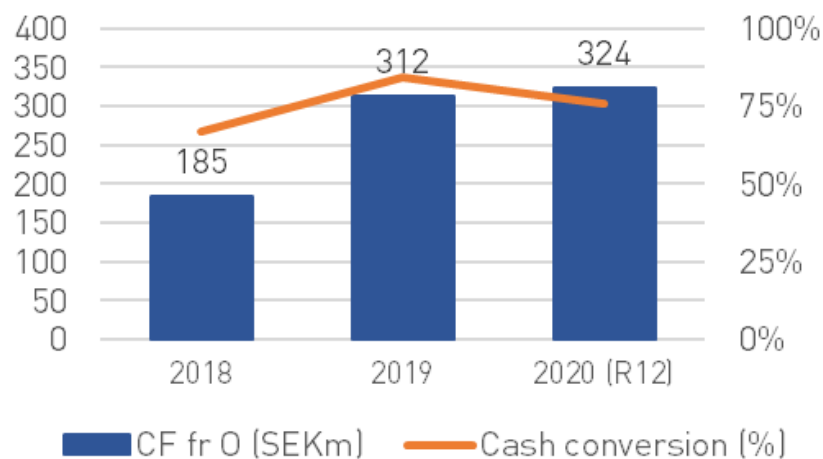
- Distri Pond is consolidated as from February 2019
- Gross margin for quarter was 29.8% (26.7%)
- EBITDA margin for quarter was 17.4% (13.9%)
- Acquisition-related amortizations of intangible assets (customer relations) affects EBIT by SEK -5 m, unchanged

Balance sheet

SEKm	2020-06-30	2019-06-30	2019-12-31
Non-current assets	1,557	1,613	1,598
Current assets	1,223	1,108	938
Total assets	2,782	2,721	2,536
Equity	1,294	1,084	1,209
Non-current liabilities	878	1,017	903
Current liabilities	610	620	424
Total equity and liabilities	2,782	2,721	2,536
Capital employed	2,108	2,034	2,016
ROCE (R12)	15.1%	12.9%	12.9%
Interest-bearing net debt	619	870	610
Equity/assets ratio	47%	40%	48%
Net debt/equity ratio	0.5x	0.8x	0.5x
Net debt/EBITDA	1.6x	2.9x	1.8x

- ROCE is above the long term financial target of 13% due to the strong operating profit latest twelve months
- Net debt/EBITDA-ratio decreased to 1.6x during the quarter.
- Interest-bearing net debt at SEK 619 m, cash position good with a strong balance sheet
- The AGM authorized the BoD to distribute a dividend of up to 4.50 SEK/share, in total SEK 107 m, until the next AGM

Cash-flow from operating activities



- Operating cash conversion (R12) was 76%, compared with 84% for the full year 2019 and 67% for 2018
- Cash-flow from operating activities in Q2-20 of SEK 114m (78) from strong operating activities and careful monitoring of receivables. Some negative impact from increase in inventory to secure capability to deliver

Financial targets

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



Capital structure

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



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 2020

Nordic Waterproofing has the construction industry as its primary customer group. Sales are primarily affected by the activity in Northern Europe, with emphasis on the Nordic countries representing 84 percent of the Group's external sales in 2019. The impact from the outbreak of Covid-19 (the Corona virus) during the rest of the year is difficult to estimate, since we do not know how long each country's efforts will last, but it will likely have a dampening effect on sales if the pace of construction is slowing down as a result of the general economic development. As the potential impact of Covid-19, as described above is unknown at this time, it is currently not possible to provide further guidance on operating profit (EBIT).



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Questions

Further information:

- Martin Ellis, CEO
- Per-Olof Schrewelius, CFO & IR

Q3 report, January-September 2020: 3 November 2020

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APPENDIX

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Shareholders as per 30 June 2020

Owner	No. of shares	Capital, %	Votes, %
Svolder AB	3,120,501	13.0	13.1
Swedbank Robur Funds	2,117,589	8.8	8.9
Mawer Investment Management	2,014,642	8.4	8.4
Carnegie Funds	1,663,043	6.9	7.0
Handelsbanken Funds	1,552,159	6.4	6.5
Länsförsäkringar Funds	1,539,840	6.4	6.4
Alcur Funds	1,213,174	5.0	5.1
Third AP-fund	1,088,707	4.5	4.6
Prior & Nilsson Funds	843,717	3.5	3.5
Canaccord Genuity Wealth Management	567,343	2.4	2.4
Ten largest shareholders	15,720,715	65.3	65.8
Other shareholders*	8,163,220	33.9	34.2
Total number of votes	23,883,935	99.2	100.0
Treasury shares	200,000	0.8	n/a
Total number of shares	24,083,935	100.0	n/a

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority. * Holdings with depositories are reported as "other shareholders".

Share details

- 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 2,613 million (21 July 2020)
- Contact Per-Olof Schrewelius, CFO & investor relations
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per-olof.schrewelius@nordicwaterproofing.com

Experienced board of directors



Mats O. Paulsson
Chairman

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



Leena Arimo
Board member

Relevant experience:
CFO of the Finnish subsidiary of the listed Swedish group Bravida, which provides installation and service of systems in properties and facilities. Previously Senior Vice President, Finance, at Lemminkäinen, Managing Director at Lemcon Network (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)



Allan Jørgensen
Board member

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



Hannu Saastamoinen
Board member

Relevant experience:
CEO of the indoor climate group Swegon, a wholly owned subsidiary of the listed Swedish investment company Investment AB Latour. External board positions in VEHO Group, Rototec Oy, MTC Flextek Oy. Previously Senior positions in, among others, Munters, Huurre Group, TAC Svenska, Carrier Refrigeration and Electrolux (0 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)

Experienced 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 (276,270 shares)



P-O Schrewelius, CFO & Investor Relations

Joined NWG in 2020

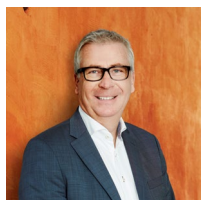
Previous experience: Different CFO and Finance Manager positions in various industries at, among others, Alligator Bioscience AB, the Getinge group and the Sandvik group (3,000 shares)



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 (17,000 shares)



Mats Lindborg, Head of NW Sweden

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing (19,414 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. (14,055 shares)



Paul Erik Rask, Head of NW Denmark

Joined NWG in 1992

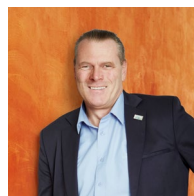
Previous experience: 30 years of experience of leading positions and sales and marketing including Trelleborg Phønix A/S (0 shares)



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 (38,250 shares*)



Thomas Zipfel, Head of SealEco

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes (20,000 shares)



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