




ANOTHER STRONG YEAR IN SPITE OF COST HEADWINDS

1 January – 31 December 2021

 Date 2022.02.08

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

Another strong year in spite of cost headwinds

- Net sales of SEK 3,664 m (3,303), increase of 11%
 - 4% organic growth
 - 8% from acquisitions
 - -2% from currency effects
- EBITDA increased to SEK 515 m (455), up 13%
- Operating profit (EBIT) increased to SEK 382 m (337), up 13%
- Cash flow from operating activities was SEK 220 m (462)
- Earnings per share SEK 10.64 (10.52)



Solid quarter against strong LY comparables

- Net sales of SEK 890 m (769), increase of 16%
 - 5% organic growth
 - 11% from acquisitions
 - Neutral currency effects
- EBITDA increased to SEK 97 m (93), up 4%
- Operating profit (EBIT) decreased to SEK 59 m (65), down 9%
- Cash flow from operating activities was SEK 92 m (183). Reduced because of higher inventory with SEK 88 m explained equally by higher input cost and higher level of inventory (both raw material and finished goods) to secure capability to deliver.
- Earnings per share SEK 1.81 (2.30)



Q4 Highlights and comments 1 (2)

- **Demand** remains strong
 - On a stable level for the **roofing business** on all markets
 - **Installation Services** decreased due to delays on job sites due to component shortages from other suppliers, and a disciplined approach towards not accepting lower margin business
- The **bitumen-based** waterproofing business as well as **SealEco** showed double-digit growth.
- **Prefabricated elements** had slightly lower sales than last year due to the Norwegian entity. Strong order books on all markets.
- Our **Green infrastructure** showed positive organic growth
- In the **Installation Services** operating segment, where sales are mainly generated in Finland, net sales decreased organically by -7 percent.



Q4 Highlights and comments 2 (2)

- The slight decrease in the operating result is explained by:
 - Lower returns in the Installation Services segment.
 - Positive development in Products and Solutions in spite of input cost inflation.
- Dramatic input cost inflation has had an effect on both business segments.
 - In Products & Solutions we have absorbed these through a series of sales price increases.
 - In Installation Services, we expect a degree of margin compression to remain in the foreseeable future.
- Continued active acquisition drive (seven acquisitions completed during 2021):
 - **Gordon Low Ltd (UK):** A leading specialist fabricator and distributor of pond liners and other waterproofing membranes for the aquatic, landscaping, commercial water containment and agriculture sector was acquired 1 February 2022.



Market demand stable at a high level

- Flat roofing market in the Nordics remains strong with demand overall at healthy levels.
- Market for SealEco products remains strong with good demand.
- Continued strong growth in prefabricated façade and roof elements in Denmark, Norway and Finland.
- Demand for green infrastructure remains strong, but with continued price pressure.



Acquisition of Gordon Low

- A specialist fabricator and distributor of lining solutions and water proofing membranes acquired 1 February 22.
- They offer several kinds of lining products like EPDM, Butyl and PVC with the UK as their main market.
- The company was founded 35 years ago and is headquartered in Bedfordshire.
- Gordon Low has ca 20 employees and an annual turnover of ca GBP 5 m.
- This acquisition allows us to extend the Distripond and Gauris concept to the UK.



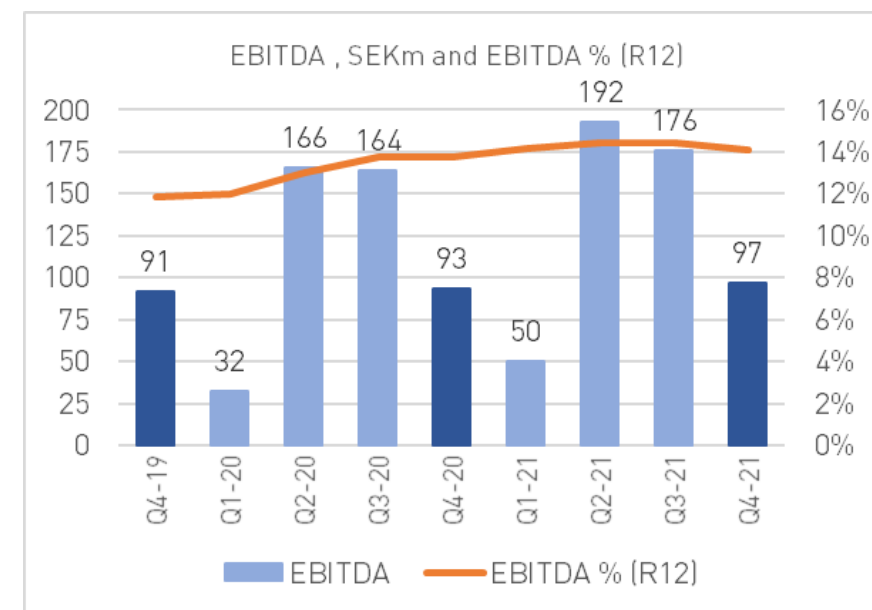
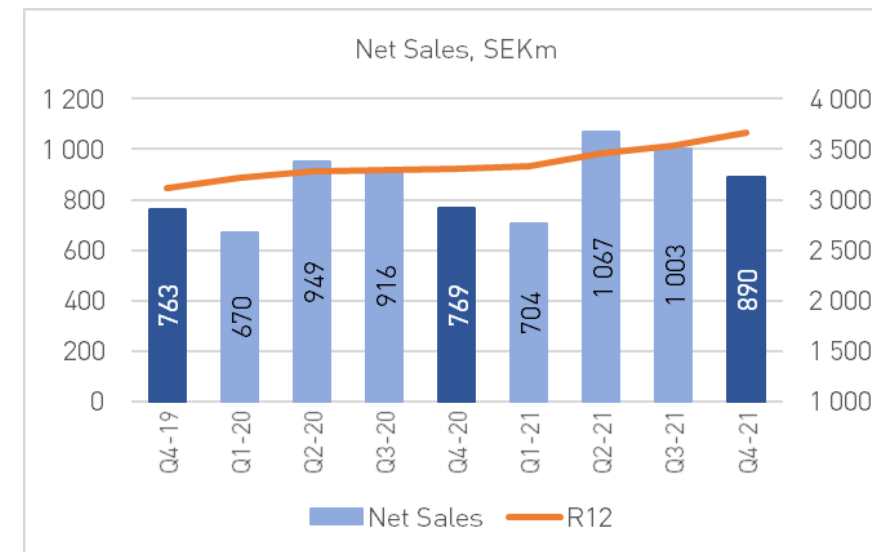
Fourth quarter report

Net sales of SEK 890 m (769) up 16%

- Organic growth of 5%, positive impact from price increases meaning underlying volume development slightly negative in Installation Services
- New acquisitions contributed with 11% and currency had a neutral impact
- Full year Net sales SEK 3,664 m (3,303)

EBITDA increased to SEK 97 m (93) while Operating profit (EBIT) decreased to SEK 59 m (65)

- EBITDA margin decreased to 10.9 percent (12.1) in the fourth quarter. On a R12-basis the margin is 14.1%.
- Increase in EBITDA explained by positive development within Products & Solutions, while the development has been negative from Installation Services.



Income statement

SEKm	Q4-'21	Q4-'20	Change, %	Full-year 2021	Full-year 2020
Net sales	890	769	16%	3,664	3,303
Gross profit	232	207	12%	1,041	929
EBITDA	97	93	4%	515	455
Operating profit (EBIT)	59	65	-9%	382	337
Net finance items	-3	7	n/a	-47	-16
Profit/loss before tax	56	72	-23%	335	321
Tax	-12	-17	n/a	-78	-68
Profit/loss for the period	44	56	-21%	256	253

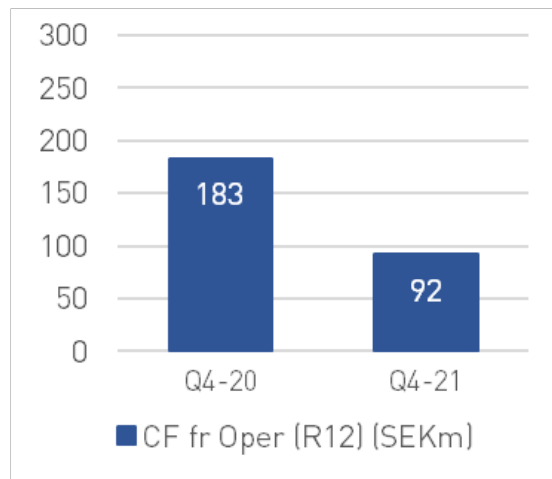
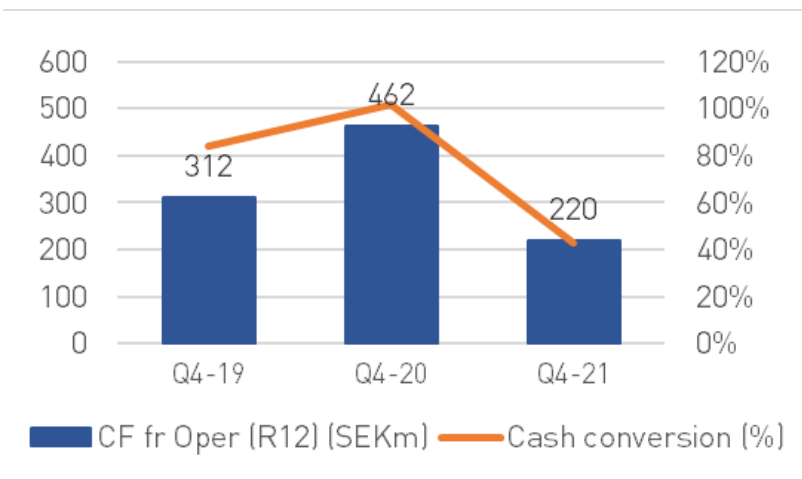
- Gross margin for quarter was 26.1% (26.9%), for full year 28.4% (28.1%)
- EBITDA margin for quarter was 10.9% (12.1%), for full year 14.1% (13.8%)
- Negative development of net financial items for full year explained by updates on earn-outs and valuations for the options to buy outstanding shares in not wholly owned subsidiaries.

Balance sheet

SEKm	2021-12-31	2020-12-31
Non-current assets	1,810	1,539
Current assets	1,348	1,325
Total assets	3,158	2,864
Equity	1,460	1,418
Non-current liabilities	1,016	942
Current liabilities	682	504
Total equity and liabilities	3,158	2,864
Capital employed	2,364	2,261
ROCE (R12)	16.6%	15.6%
Interest-bearing net debt	677	238
Equity/assets ratio	46%	50%
Net debt/equity ratio	0.5x	0.2x
Net debt/EBITDA	1.5x	0.6x

- ROCE is above the long-term threshold level of 13% due to the strong operating profit
- Net debt/EBITDA-ratio on a strong 1.5x, in spite of somewhat weaker cash-flow from operations, acquisitions made and dividend distributed.
- Interest-bearing net debt at SEK 677 m, continued good cash position and a strong balance sheet.

Cash-flow from operating activities



- Operating cash conversion (R12) 2021 was at 43%, compared with 102% a year ago and 84% two years ago
- Cash-flow from operating activities in Q4 2021 of SEK 92 m (183). Reduced because of higher inventory due to higher input cost, higher level of raw material and finished goods to secure capability to deliver.
- The Board suggests the AGM a dividend of SEK 6.00 per share

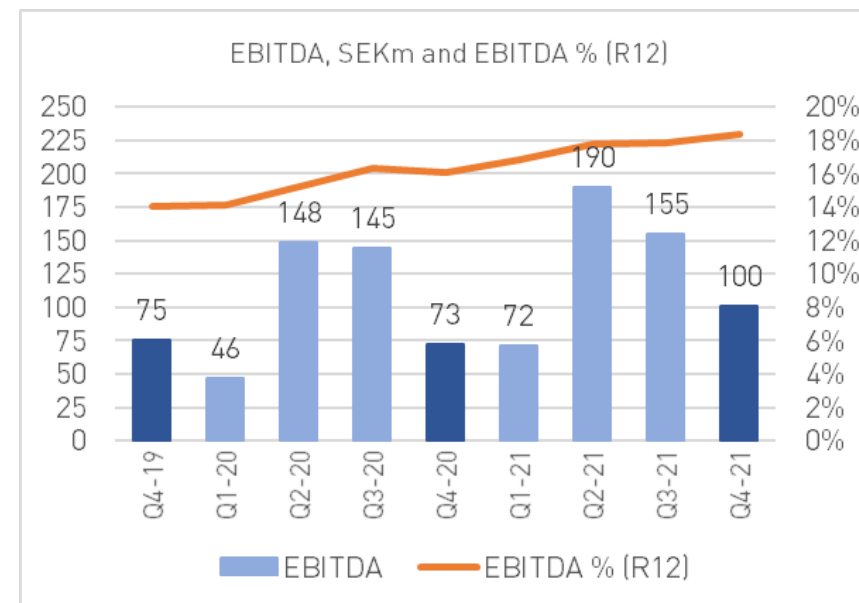
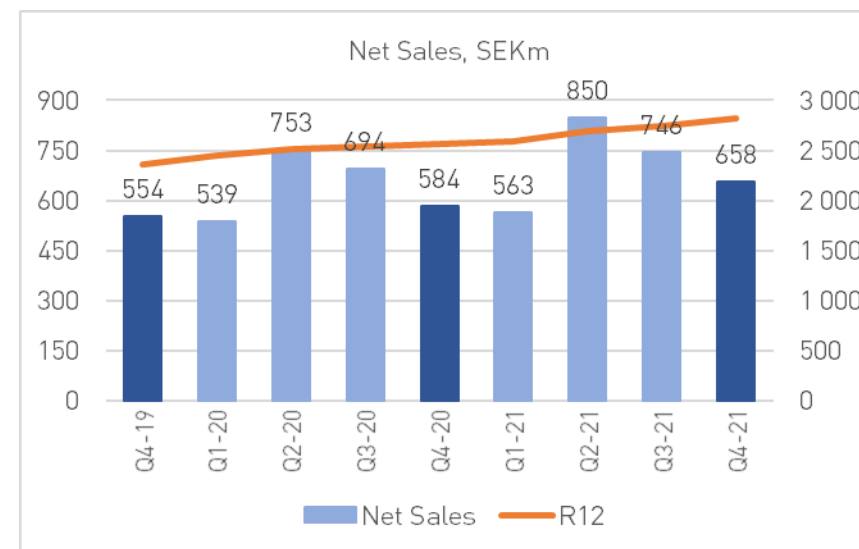
Products & Solutions

Net sales of SEK 658 m (584) up 13%

- Organic growth was 8%, acquisitions contributed with 5% and the impact from currency was neutral in the quarter
 - Finland: +10%, acquisitions contributed with 17%
 - Denmark +12%: strong in all areas
 - Sweden +23%, strong development in the market
 - Norway -4%: currency impact +6%
 - Other Europe +11%: good development on most markets
- Organic growth due to price increases

EBITDA increased to SEK 100 m (73) while Operating profit (EBIT) increased to SEK 72 m (50)

- EBITDA margin increased to 15.2 percent (12.4) in the fourth quarter. For the full year the margin is 18.3%.
- Increase in EBITDA mainly explained by having managed price increases on input materials



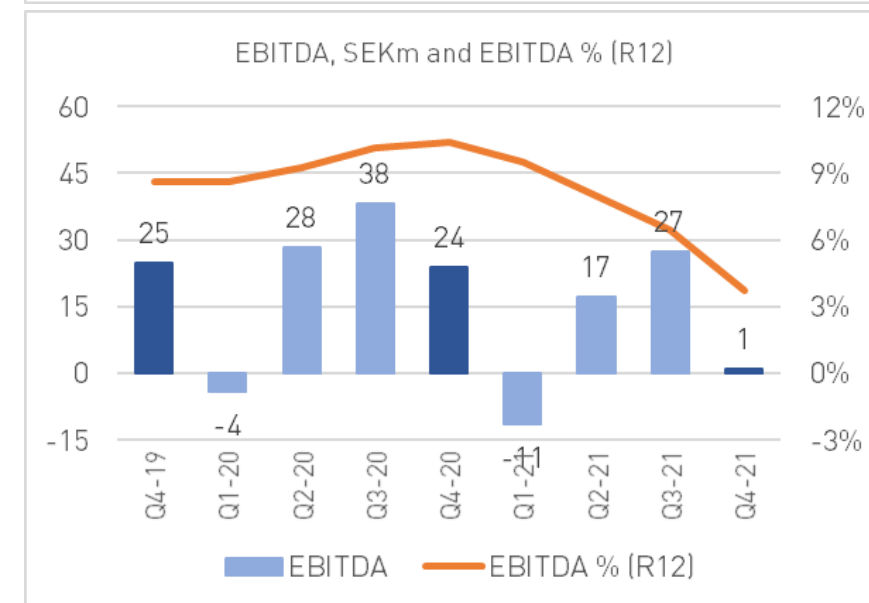
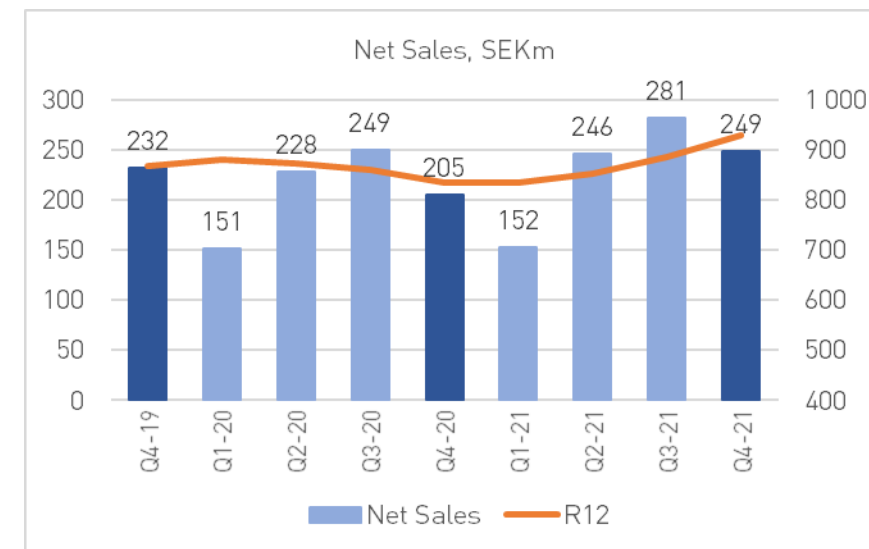
Installation Services

Net sales of SEK 249 m (205) increase with 21%

- Organic development of -7%, mainly caused by delays on job sites due to component shortages from other suppliers, and a disciplined approach towards not accepting lower margin business.
- Impact from acquisitions 30% and currency effects were negative with -2%.

EBITDA decreased to SEK 1 m (24) while Operating profit (EBIT) decreased to SEK -8 m (19)

- EBITDA margin decreased to 0.4 percent (11.7) in the fourth quarter. For the full year the margin is 3.7%.
- EBITDA decreased because of input cost inflation, lower volumes due to job site delays and a disciplined approach towards low margin business, as well as operational issues in two recently integrated companies.



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

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.



Questions

Further information:

Martin Ellis, CEO

Per-Olof Schrewelius, CFO & IR

- 29 March 2022: Annual report '21
- 26 April 2022; Interim report January – March '22
- 19 July 2022; Interim report January – June '22
- 25 October 2022; Interim report January-September '22

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APPENDIX

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Shareholders as per 31 December 2021

Owner	Number of shares	Capital, %	Votes, %
Svolder	3,742,952	15.5%	15.7%
Swedbank Robur Funds	1,925,641	8.0%	8.1%
Handelsbanken Funds	1,687,788	7.0%	7.1%
Third AP-fund	1,200,000	5.0%	5.0%
Alcur Funds	1,164,987	4.8%	4.9%
Länsförsäkringar Funds	1,044,108	4.3%	4.4%
Carnegie Funds	939,191	3.9%	3.9%
Oddo BHF Asset Management	616,070	2.6%	2.6%
Danske Invest (Lux)	555,000	2.3%	2.3%
Avanza Pension Fund	507,093	2.1%	2.1%
Total 10 largest shareholders	13,382,830	55.6%	56.0%
Other shareholders	10,524,771	43.7%	44.0%
Total number of votes	23,907,601	99.3%	100.0%
Treasury shares	176,334	0.7%	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 SE0014731089
- Sector Construction & Materials
- Number of shares of SEK 1.00 24,083,935
- Treasury shares 176,334
- Voting & ownership restrictions None
- Current market cap SEK 4,600 million (7 February 2022)
- Contact Per-Olof Schrewelius, CFO & investor relations
+46 707 82 79 58
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)

* Including related parties

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 (211,402 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 (9,000 shares)



Mats Lindborg, Head of NW Sweden

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing (12,877 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. (15,384 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 (16,374 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 (22,740 shares*)



Thomas Zipfel, Head of SealEco

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes (8,848 shares)



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