



# Record first six months

1 JANUARY – 30 JUNE 2016

23 August 2016

## 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.

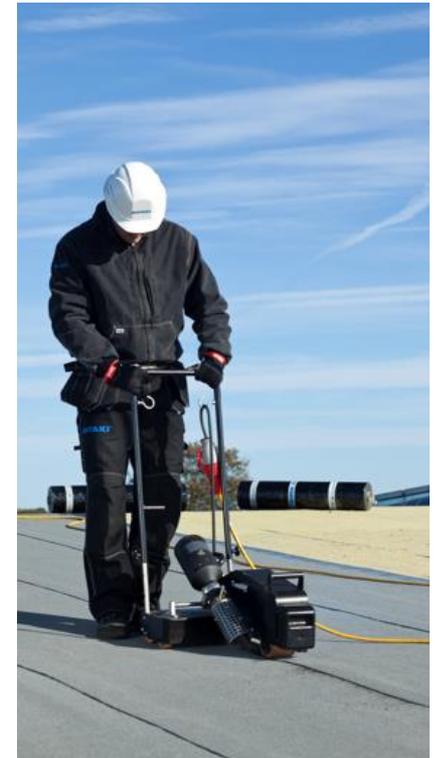
**NORDIC**   
**WATERPROOFING**

# Growth in sales and earnings

NORDIC  
WATERPROOFING

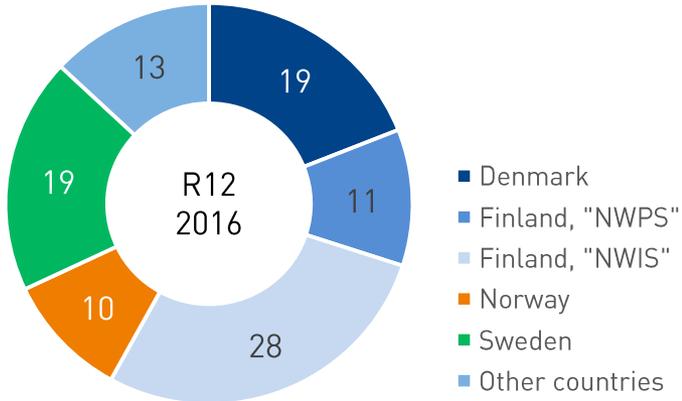
## Second quarter 2016 – another strong quarter

- Nordic Waterproofing Group is a Northern European market leader within the waterproofing market
- Strong brand portfolio consisting of 9 brands with leading market positions
- 10% organic growth. Net sales in Q2-16 amounted to SEK 522 m (Q2-15: 481). 6M-16: SEK 846 m (6M-15: 800)
- Adjusted EBIT\* in Q2-16 amounted to SEK 84 m (Q2-15: 66). 6M-16: SEK 96 m (6M-15: 70)  
\* EBIT before items affecting comparability
- Operating cash flow increased to SEK 41 m (Q2-15: 39)
- EPS: SEK 2.31 (1.62). 6M-16: SEK 2.32 (6M-15: 2.03)

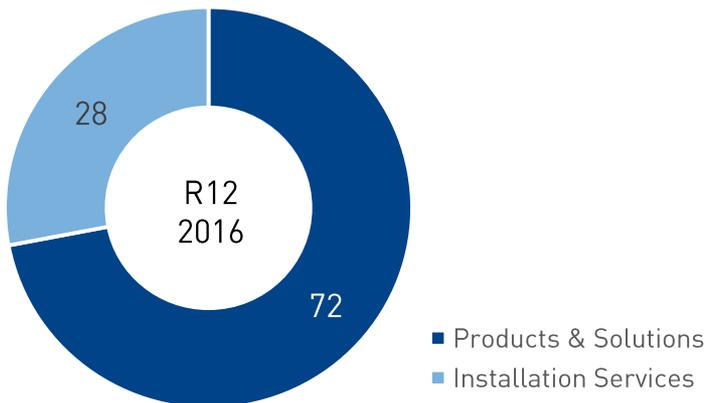


# Our geographic presence

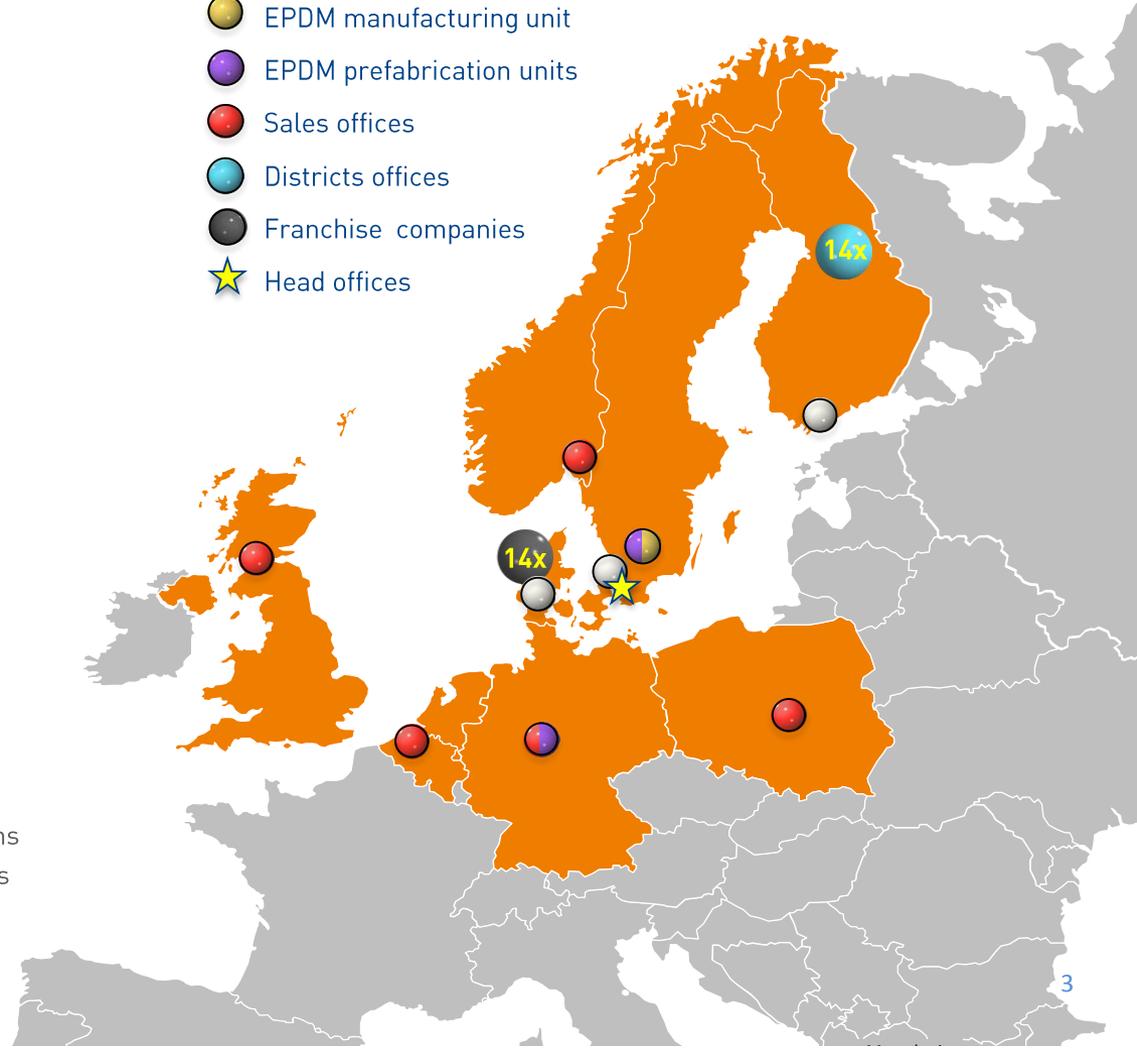
Sales by country, %



Sales by segment, %

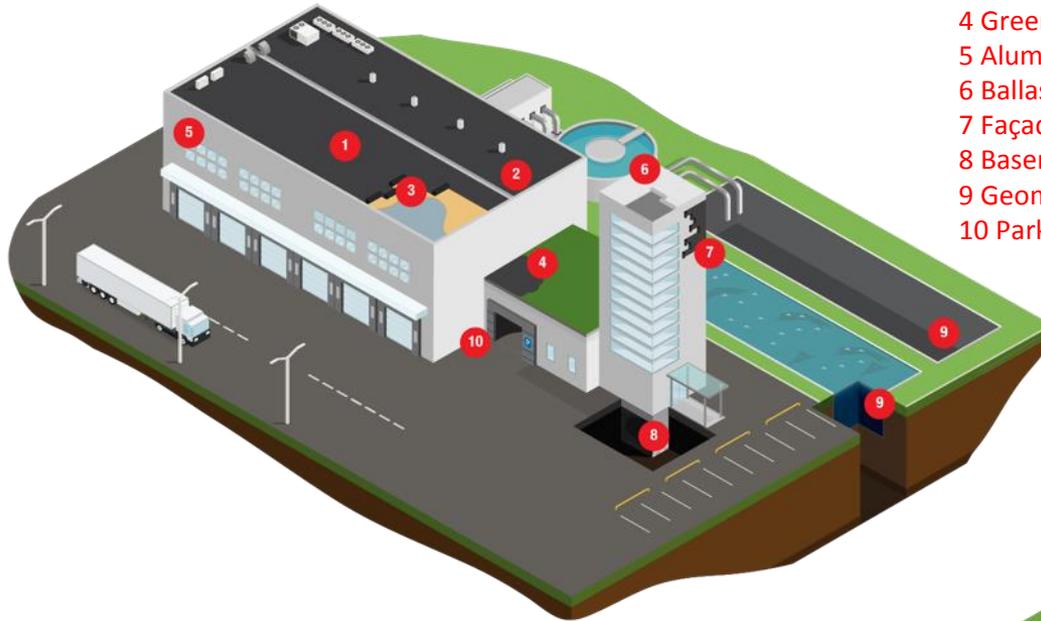


- Bitumen manufacturing units
- EPDM manufacturing unit
- EPDM prefabrication units
- Sales offices
- Districts offices
- Franchise companies
- Head offices



# Our products and service offering

## Wide range of application areas



- 1 Bitumen membranes
- 2 EPDM roofing membranes
- 3 Insulation
- 4 Green grid (tray systems for green roofs)
- 5 Aluminum profiles and outlets
- 6 Ballasted roofing systems
- 7 Façade waterproofing and air sealing
- 8 Basement tanking systems
- 9 Geomembranes
- 10 Parking and bridge membranes and systems



- 1 Bitumen membranes
- 2 Bituminous shingles
- 3 Steel roof
- 4 Underlay membranes
- 5 Standing seam roof
- 6 Accessories – stack sealing
- 7 Moisture, wind and vapor barriers
- 8 Ballasted roofing systems
- 9 Radon control systems
- 10 Pond liner
- 11 Tanking

# Easy to install and maintain

## New innovative test equipment and current projects



Matak Test is a detection method developed to find any leakage in the roofing membranes on flat roofs.

In addition to visual inspections, the use of smoke that is pumped in under the surface is going to penetrate the roof membrane will make the leak detected effortlessly. Up to 300 m<sup>2</sup> can be tested at the at the same time.



At Lambæk Vandværk, Denmark, LESSNOX provides a green function to new roofs. A multi-layer membrane neutralizes harmful nitrogen oxides by a layer of titan oxide.



European Spallation Source (ESS) in Lund, Sweden is in its final phase. Once finalized, Dan Nilsson Tak AB will have installed 20,000 m<sup>2</sup> of Matak UnoTech.

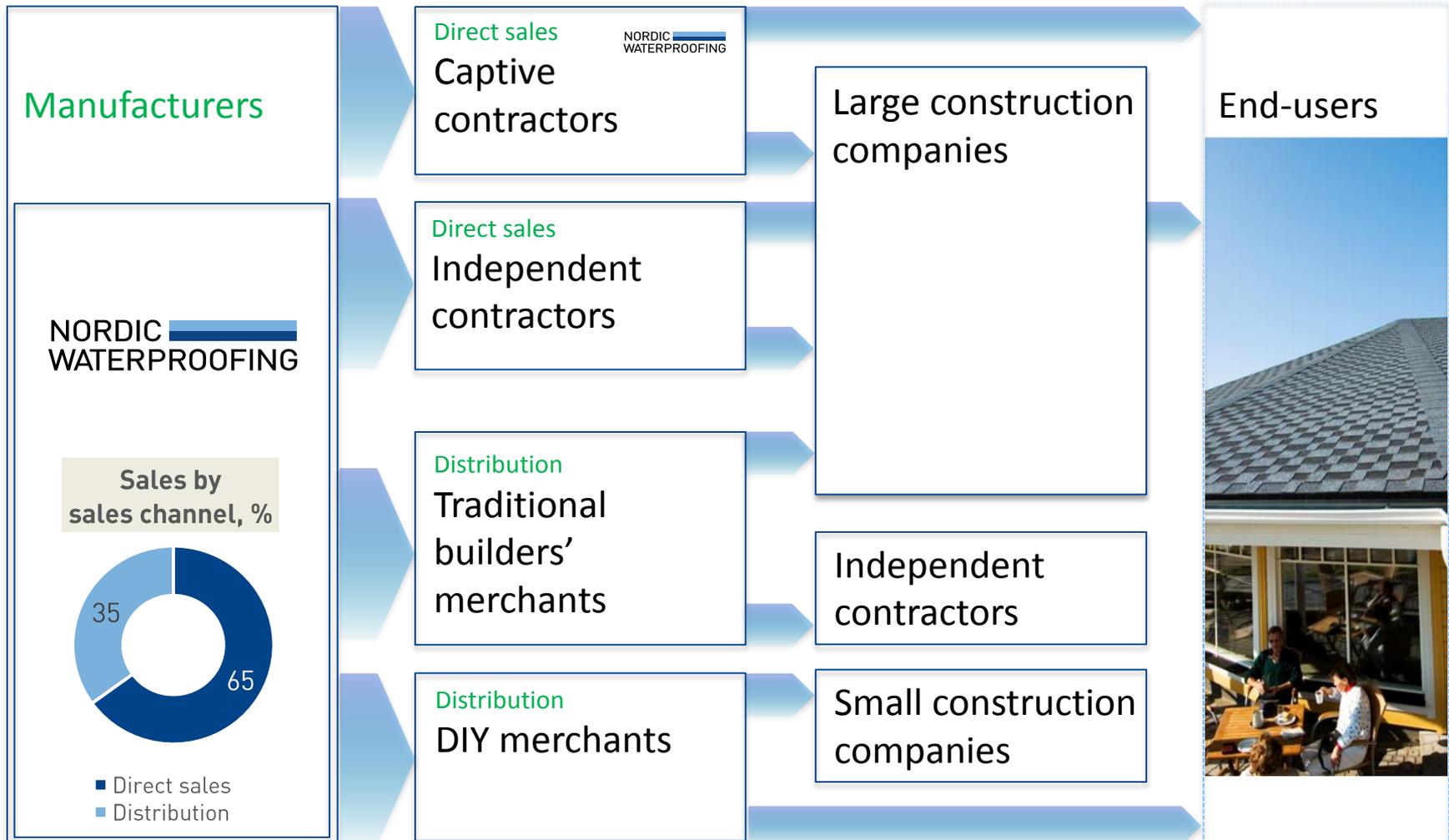
The facility is expected to be operational in 2019.

Grass and other vegetation serve several purposes for a building, such as absorbing rainwater and providing insulation as in the example shown below in Copenhagen, Denmark.



# Strong position in each sales channel

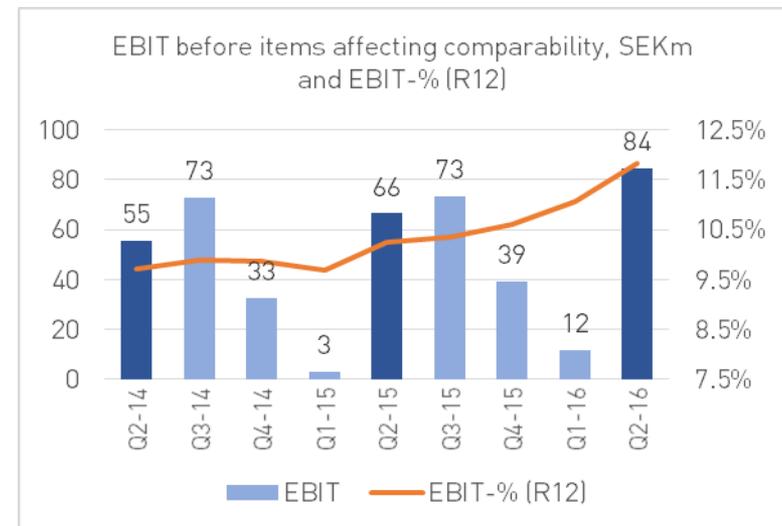
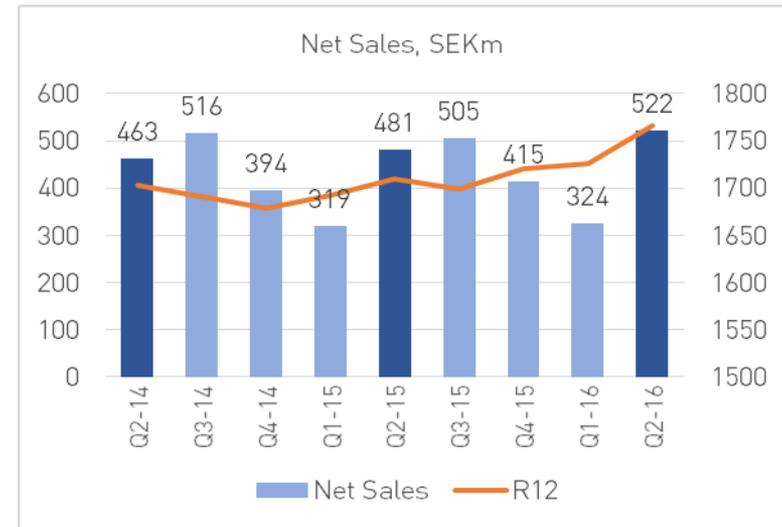
## Route-to-market strategy



# Strongest second quarter ever

## All-time high

- Organic growth was 10% in the second quarter
- Growth driven by good sales in Denmark +18%, Finland +18% and Norway +10% (+17% adjusted for exchange rate effects), but -4% in Sweden
- Continued operational enhancements and improved gross margin in both operational segments
- Operating profit (EBIT) before items affecting comparability increased 27%



# Increased net sales and improved EBIT

Strongest second quarter with organic growth in Q2-16 amounted to 10%

SEKm	Q2-16	Q2-15	Change	R12 2015/2016	Full-year 2015
Net sales	522	481	9%	1,766	1,720
Gross profit	162	140	16%	502	462
Operating profit (EBIT) before items affecting comparability	84	66	27%	209	182
Operating profit (EBIT)	75	59	27%	146	143
Net financial items	-6	-8	-28%	-22	-27
Profit before tax	69	51	34%	123	116
Profit for the period	56	39	43%	87	82

- Both operating segments contributing to increased net sales
- Strongest operating profit (EBIT) before items affecting comparability ever in a second quarter
- Items affecting comparability consist only of expenses connected to IPO
- Net financial items affected by expensed bank agreement costs

# Increased net sales and improved EBIT

Organic growth in Q2-16 amounted to 10%

Changes in net sales	Q2-16 %	Q2-15 %	6M 2016 %	6M 2015 %	Full-year 2015
Organic growth	10	3	7	1	1
Structural effects	0	1	0	0	0
Currency effects	-1	0	-1	3	1
<b>Total</b>	<b>9</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>2</b>

- Organic growth mainly driven by the Nordic countries
  - gaining market share in the Norwegian flat roofing segment
  - market recovery from low levels in Finland, primarily in the Helsinki area
  - maintaining strong market position in a market with high demand in Denmark
- Weaker Norwegian krona has affected both quarter and year-to-date growth

# Increased net sales and improved EBIT

Items affecting comparability only include IPO-costs in second quarter

Items affecting comparability, SEK m	Q2-16	Q2-15	6M 2016	6M 2015
Costs related to exit/listing of Nordic Waterproofing Holding A/S	-9	-10	-13	-10
Raw material hedge value adjustment (pre-hedge accounting)	0	3	0	22
Restructuring	0	-1	-1	-2
Other	0	0	1	0
<b>Total</b>	<b>-9</b>	<b>-8</b>	<b>-13</b>	<b>-10</b>

- Items affecting comparability in the second quarter only consist of IPO-related expenses. All IPO-related costs have now been accounted for
- In addition, net financial items were negatively affected in the second quarter by SEK 2 m as costs in connection with the previous loan agreement were expensed (no cash flow effect)

# Strong balance sheet

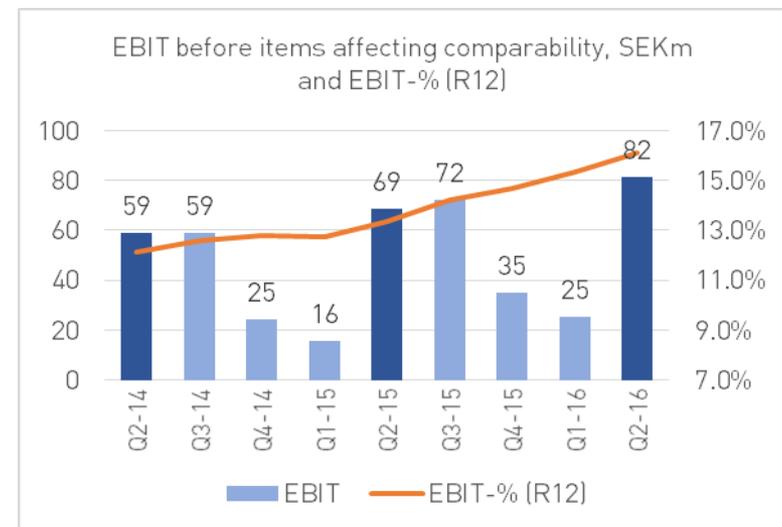
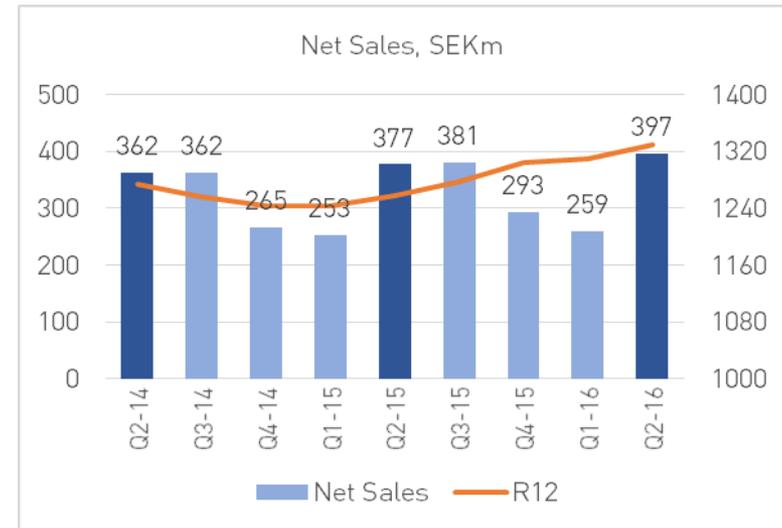
## Equity increase following the IPO

SEKm	Q2-16	Q2-15	Full-year 2015
Total assets	1,521	1,434	1,345
Capital employed	1,190	1,125	1,071
Equity	840	731	748
Net debt	200	295	141
Equity/assets ratio, %	55%	51%	56%
Net debt /equity ratio, multiple	0.2x	0.4x	0.2x

- Nordic Waterproofing Holding A/S has no outstanding convertible bonds, warrants or other financial instruments
  - Previous long term incentive program finalized in connection with the IPO
  - Warrants were either exercised or repurchased by the Nordic Waterproofing, giving a positive cash flow of net SEK +26 m
- New finance agreement implemented in connection with the IPO
  - Trelleborg vendor note repaid

## All-time high

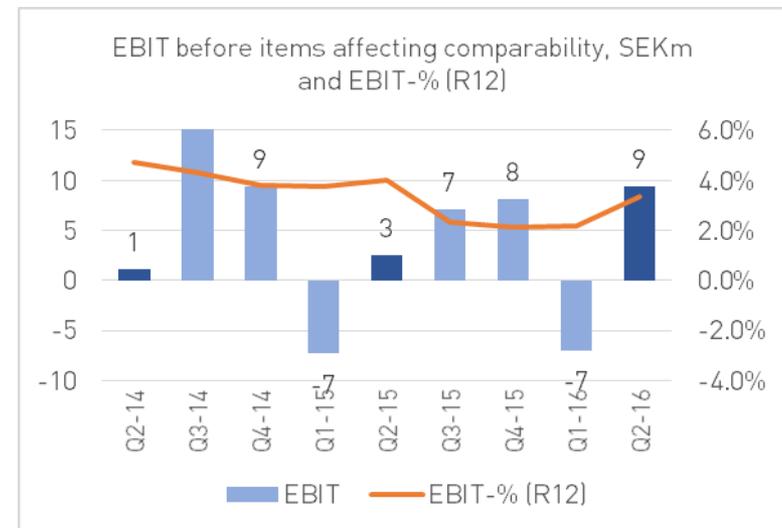
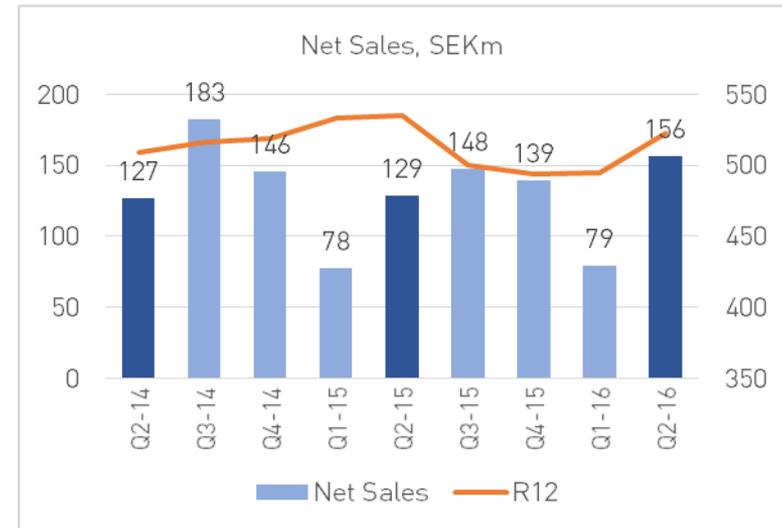
- Strong market presence in the Nordic countries
- Net sales increased by 5% compared with Q2-15
- Operating profit (EBIT) before items affecting comparability up 19% compared with Q2-15



# Increasing sales in Installation Services

## Finland & Denmark

- Continued good momentum in the Finnish market, up 22% compared with Q2-15
- Development driven by larger projects in the Helsinki area
- Finnish order book 35% above same period the previous year
- Danish franchise companies show strong performance



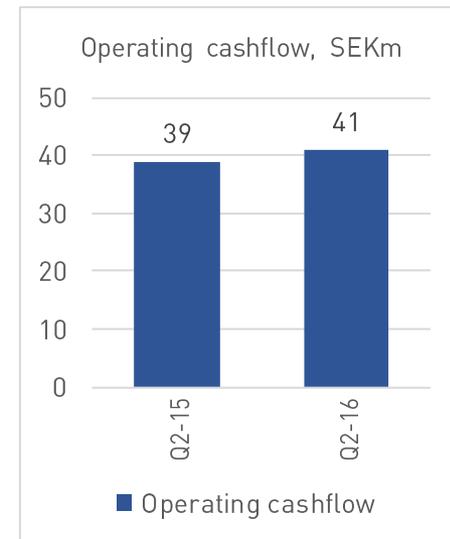
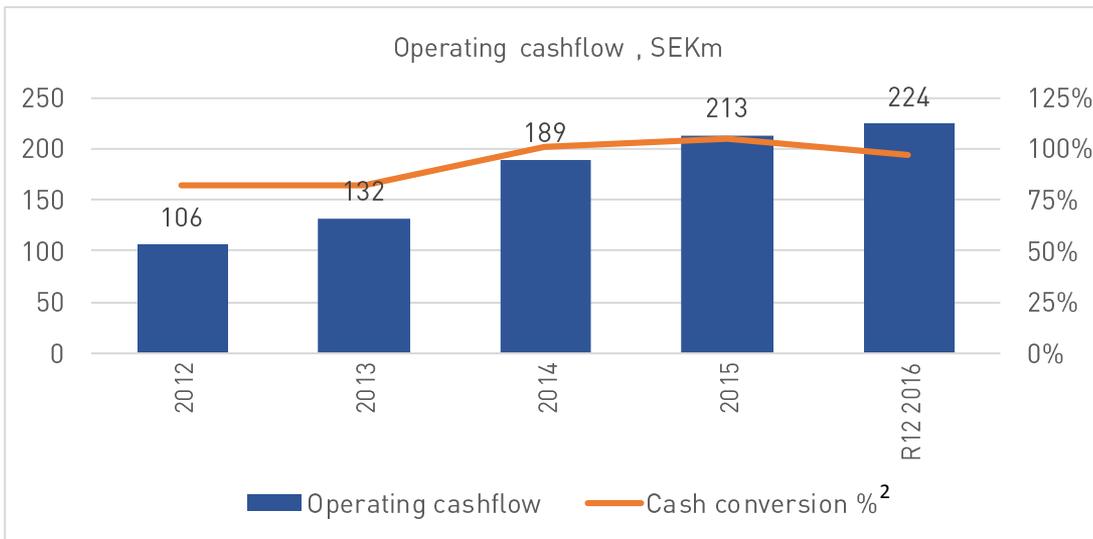
# Strong operating cash flow<sup>1</sup>

## Normal operating cash flow, following the seasonal variations

In the years 2012-2015, profitability has improved and cash flow conversion rates have maintained on high levels between 82 and 105%.

Continued strong 97% cash conversion 2016 (R12).

Slightly increased operating cash flow in Q2-16. Increased net trade receivables due to strong sales during Q2, while inventory level is kept on a fairly low level.



1) Defined as Adj. EBITDA + dividends received from shares in associated companies – capex –  $\Delta$ NWC – result from shares in associated companies

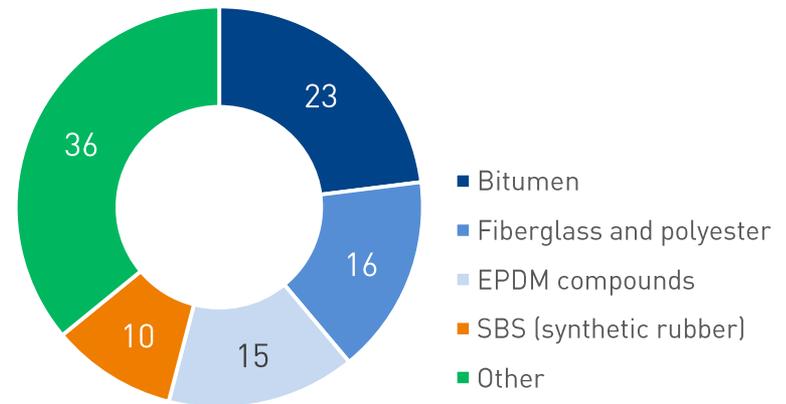
2) Defined as OCF/Adj. EBITDA

# Four key raw materials

## Hedging arrangements entered into for 2017

- Bitumen is currently approximately 25% of the total raw material cost
- Maximum hedging allowed under current procedures is 100% of expected purchases for a period of up to twelve months
- During July 2016 approximately 25% of the expected annual purchase volume has been hedged for delivery during January-June 2017

Cost of raw materials split (2015)



# Multiple growth opportunities

Replicate success from Sweden, Denmark and Finland in Norway

1

Grow EPDM platform in relevant European markets

2

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

3

M&A is an integral part of the growth strategy

4

**CONTINUOUS FOCUS ON OPERATIONAL EXCELLENCE**

## Sales growth

NWG's objective is to exceed the growth in the Group's current markets through organic growth. In addition, the Company 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 Company's financial position, investment needs, liquidity position as well as general economic and business conditions.

## Revised in Q2-16

For the full year 2016, Nordic Waterproofing Group expects the general market development to be similar to 2015 in most of its markets.

The Group expects to fulfil its financial target of exceeding the growth in its current markets through organic growth.

For the same period, the Group expects an increased profit before tax, interest and items affecting comparability (EBIT before items affecting comparability) of at least 10 percent (previously: approximately 10 percent) compared to the full year 2015.

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# Questions

## Further information

- Martin Ellis
- Jonas Olin

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

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