



# Strong growth and further acquisitions

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1 JANUARY – 31 MARCH 2018

3 May 2018

## Earnings conference call

Presenters: Martin Ellis (CEO) and Jonas Olin (CFO)

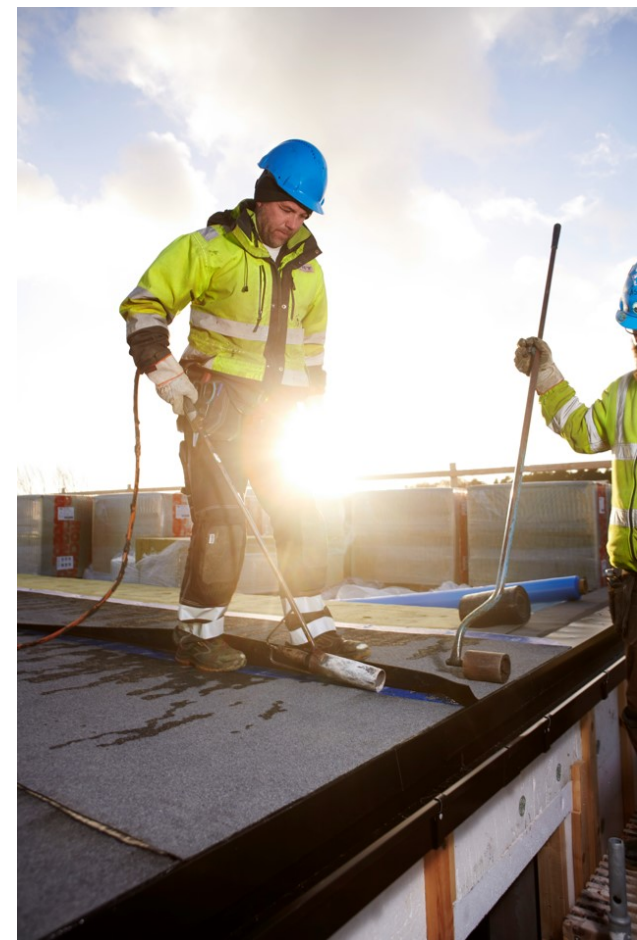
The statements about the future in this document contain an element of risk and uncertainty, both in general and specific terms, and this means that actual developments may diverge considerably from the statements about the future.

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WATERPROOFING

*We make waterproofing easy*

# Strong growth and further acquisitions

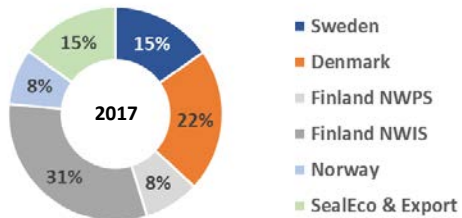
- Net sales of SEK 474 m (380)
- Sales growth of 25%, of which 21% from acquisitions, 1% organic growth in local currency and 3% from currency effects
- EBITDA before items affecting comparability amounted to SEK 21 m (15)
- Operating profit (EBIT) before items affecting comparability amounted to SEK 6 m (9)
- Operating cash flow amounted to SEK -61 m (-17)
- Earnings per share SEK -0.13 (-0.06)
- The AGM resolved an unchanged cash dividend of SEK 3.75 per share



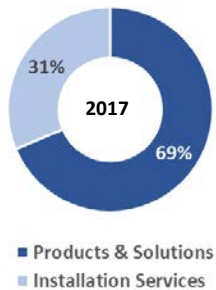
# Recap of our footprint

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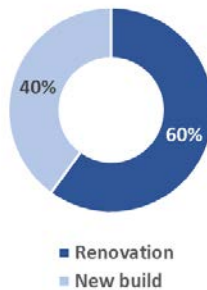
Sales by country



Sales by segment



Sales by category



- Bitumen manufacturing units and sales offices
- Distribution center and sales offices
- EPDM units
- NWIS districts offices
- NWIS franchise companies
- Head offices
- New 2017/2018 members of the Group

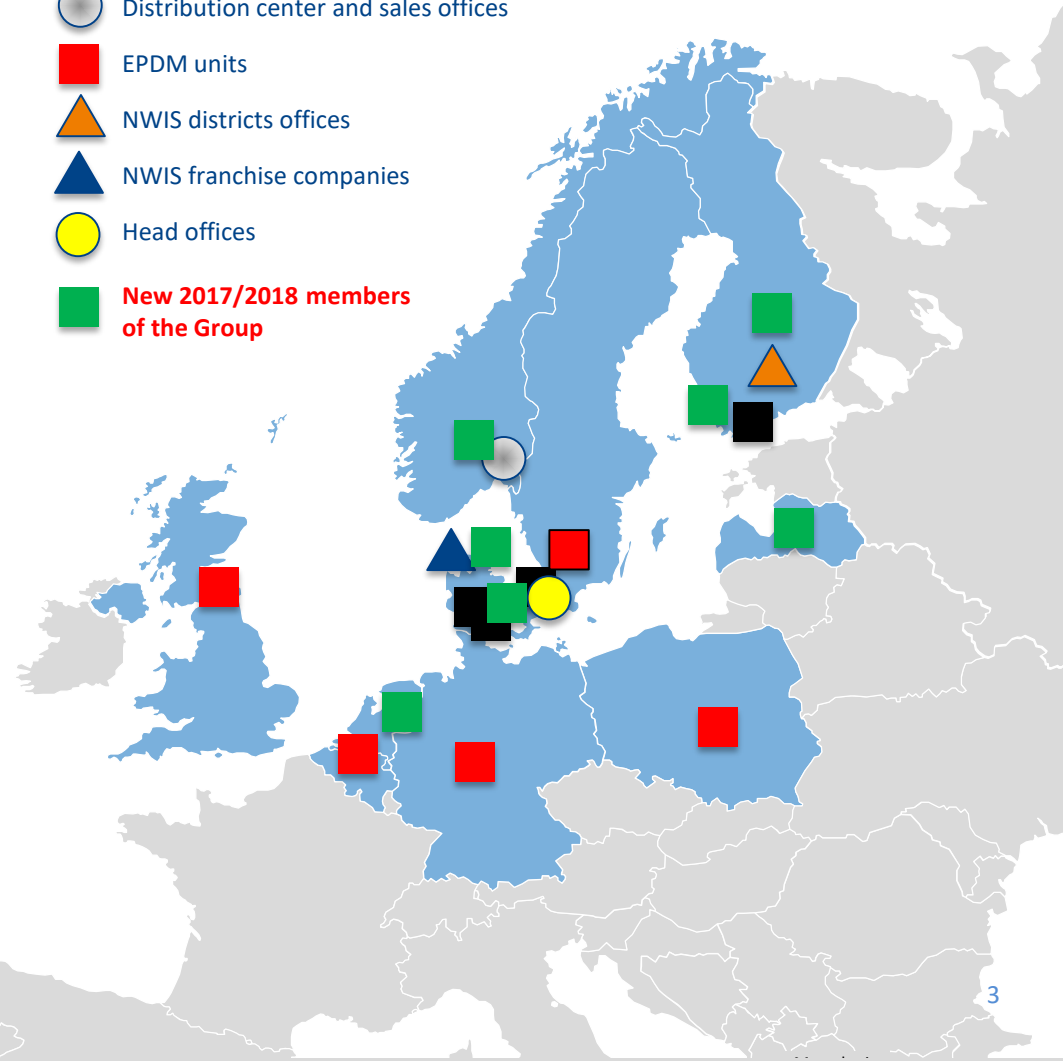
## Barriers to entry

Local production capacity

Efficient logistics set-up

Well established brands

Full support service creates customer loyalty





# Events during the period

## Acquisitions in line with our strategy

- Ugilt in Denmark

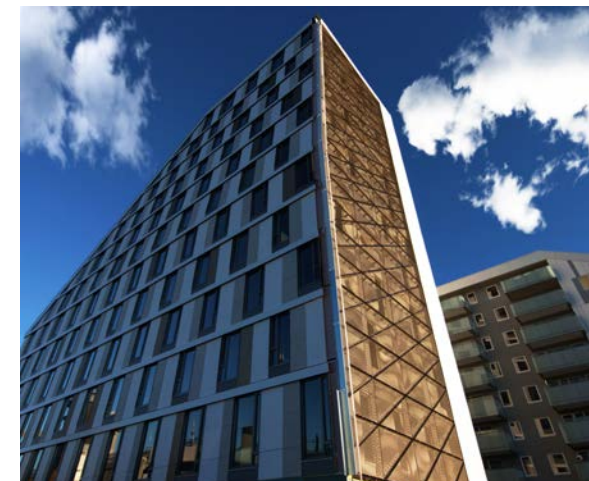


- Addition to Taasinge Elementer with annual sales of appr SEK 50 m and 40 employees
- Strong market position as prefabricator and distributor or prefabricated wooden-based facade elements in Denmark
- Part of Taasinge as from January 2018

- RVT in Norway



- Annual sales of appr 100 MSEK och 45 employees
- One of Norways leading producers of prefabricated wooden-based facade elements for the construction industry in Norway
- Part of Taasinge as from March 2018



# Agreement signed to acquire Veg Tech

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## Veg Tech – for greener cities!

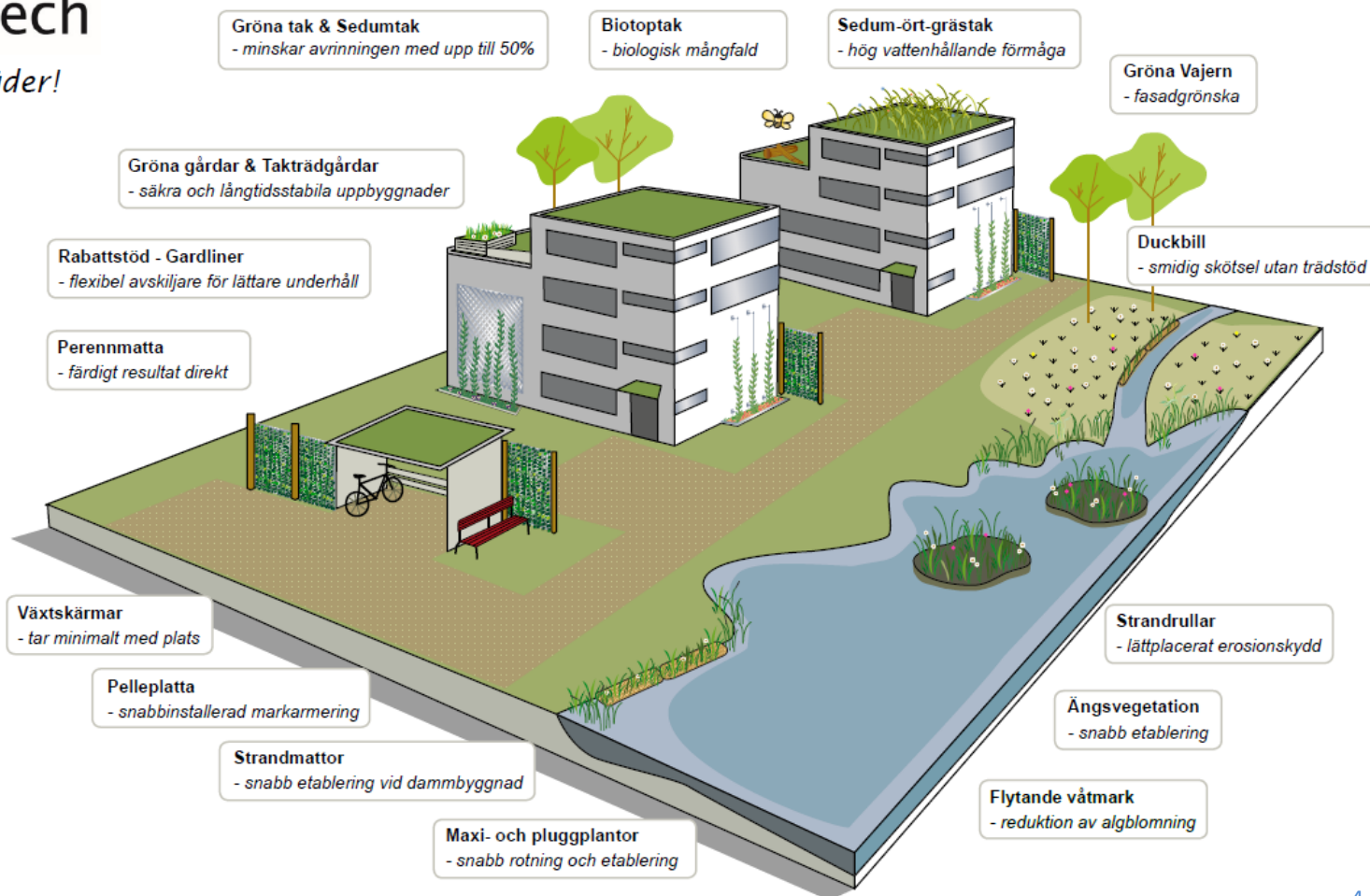
- Agreement signed 19 April to acquire Veg Tech. Initially acquiring 83% and an offer to acquire remaining shares from minority.
- Annual sales of approximately SEK 125 m and 45 employees
- One of the leading players within green roofs and multifunctional vegetation technology in the Nordics, that help to naturally delay the infiltration of rain water, improving water quality and favoring and improving biodiversity
- Offers green solutions that create vibrant and sustainable roofs, courtyards and roof gardens, water and soil environments, green facades, etc
- Own production of plants in Vislanda, sales offices in Stockholm, Gothenburg, Helsingborg, Copenhagen and Oslo
- Strong position within vegetation technology and green roofs – a perfect complement to our current offer of high-quality waterproofing solutions
- Nordic Waterproofing strengthens its commitment for sustainable and environmentally efficient solutions for the building sector



# Agreement signed to acquire Veg Tech

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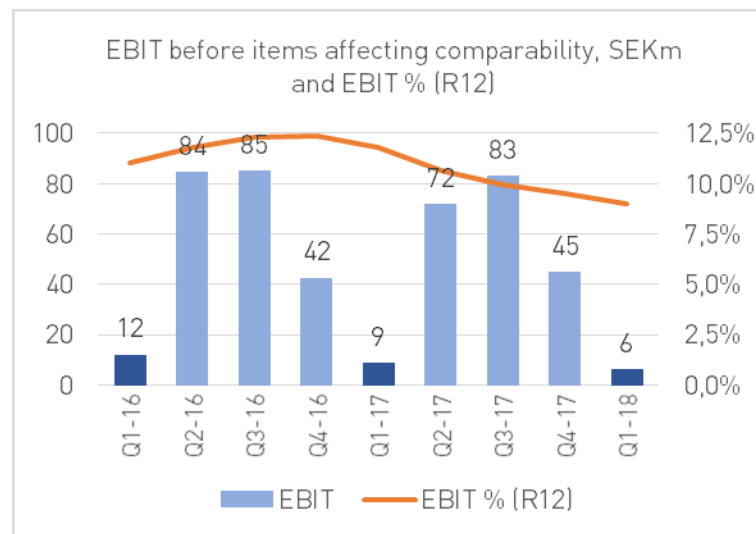
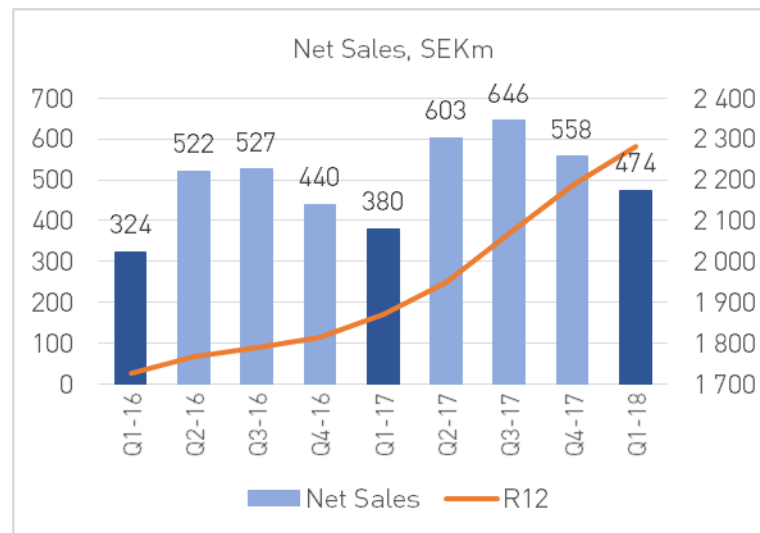
Veg Techs application areas – more than just roofs!



# First quarter report

## Good contribution from acquisitions

- Net sales of SEK 474 m (380) up 25%, positively affected by acquisitions but negatively affected by un-favorable weather conditions in all Nordic countries
- Growth driven by:
  - Denmark +84% (of which acquisitions +77%)
  - Finland +20% (of which acquisitions +6%)
  - Other Europe +13%
  - Norway -7% (of which acquisitions +18%)
  - Sweden -10%
- Operating profit (EBIT) before items affecting comparability decreased to SEK 6 m (9)
- EBIT negatively affected (SEK 7 m) by IFRS amortizations, mainly acquired order books in Taasinge, Ugilt and RVT





# Good demand in most markets

Organic growth in Q1-18 amounted to 1% in local currency

Changes in net sales	Q1-18 %	Q1-17 %	FY 2017 %
Organic growth	1%	5%	5%
Structural effects	21%	10%	15%
Currency effects	3%	2%	1%
<b>Total</b>	<b>25%</b>	<b>17%</b>	<b>21%</b>

- First quarter influenced by winter weather and late start of the season in all Nordic countries
  - maintaining a strong market position in Denmark
  - continuing growing demand in Finland within Installation Services
  - SealEco continues enjoying good demand in Europe
  - Norway and Sweden affected by winter and unfavorable weather conditions
- Acquisitions contribute better than expected
  - Integration going well in all acquired companies
- Currency effect
  - Weaker SEK vs all other currencies end Q1-18 vs end 2017



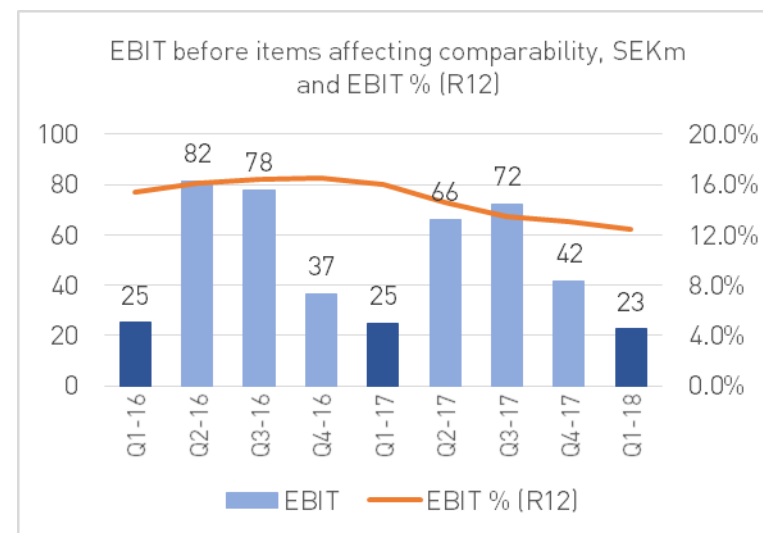
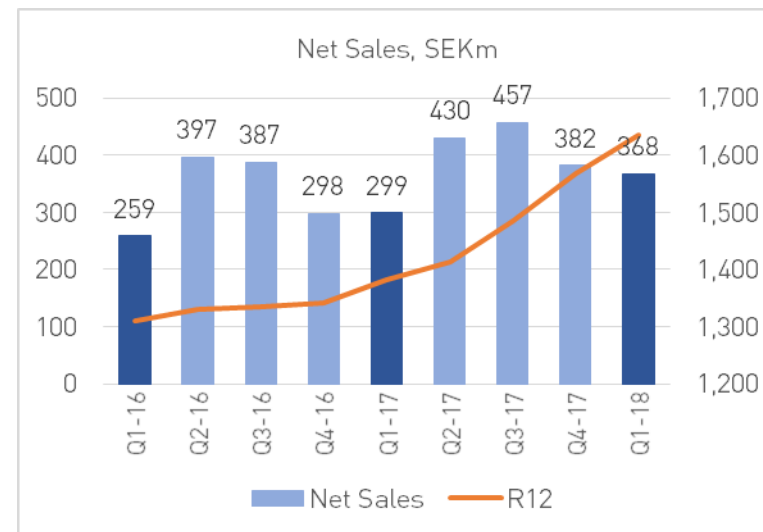
## Acquisitions contributed to growth and results

SEKm	Q1-18	Q1-17	Change, %	R12 2018	Full-year 2017
Net sales	474	380	+25%	2,280	2,187
Gross profit	109	105	+3%	587	584
EBITDA before items affecting comparability	21	15	+39%	254	248
Operating profit (EBIT) before items affecting comparability	6	9	-30%	205	208
Operating profit (EBIT)	2	5	-54%	191	194
Net finance items	-4	-5	n/a	-19	-19
Profit before tax	-2	0	n/a	172	174
Tax	-1	-1	n/a	-36	-37
Profit for the period	-3	-1	n/a	136	138

- IFRS amortizations of intangible assets relating to acquisitions affects EBIT by SEK -7 m

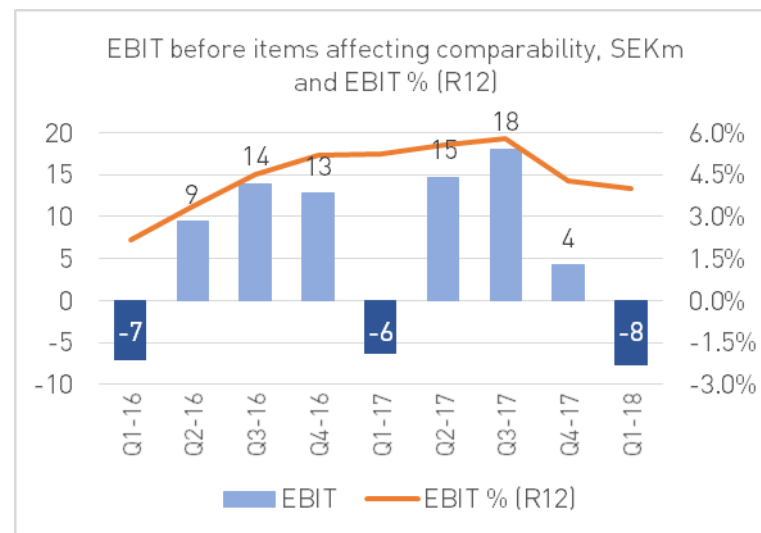
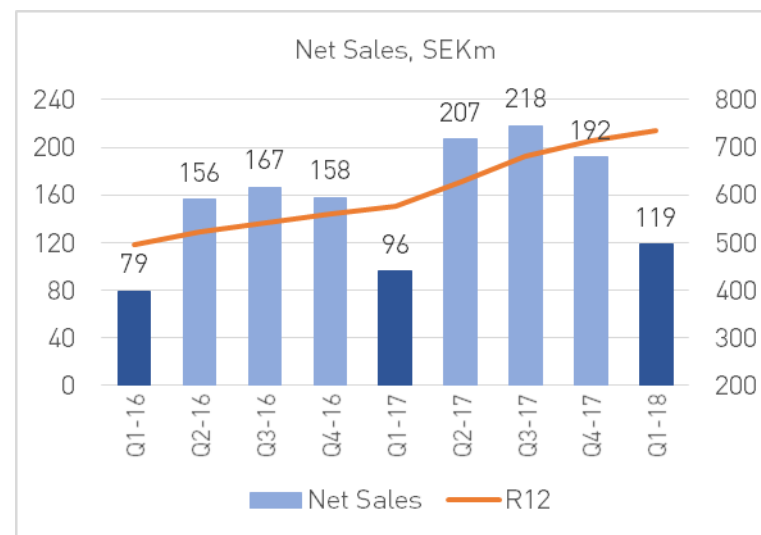
## Growth supported by acquisitions

- Net sales increased by 23% compared with Q1-17
  - Strong development in Denmark, Finland and SealEco, but weaker sales in Norway and Sweden
  - Acquisitions contributed with 24% in the fourth quarter
- Operating profit (EBIT) before items affecting comparability slightly lower than Q1-17
  - Implementation of price increases in most markets by the end of Q1-18
  - Amortization of intangible assets in acquired companies



## Strong sales but low profitability in Finland

- Sales in Finland increased 24% compared with Q1-17
  - Organic growth was 12% and acquisitions contributed with 8% in the first quarter
- Strong order book
  - Order book end March was up 17% compared with the same period preceding year
  - Lower order intake due to increased profitability focus in Finland
  - Denmark franchise companies perform well in a strong market
- Operating profit (EBIT) before items affecting comparability decreased compared with Q1-17
  - Effects from profit improvement program in Finland expected to be visible mid-2018



# Balance sheet allowing expansion

## Cash generating operations and available loan facilities

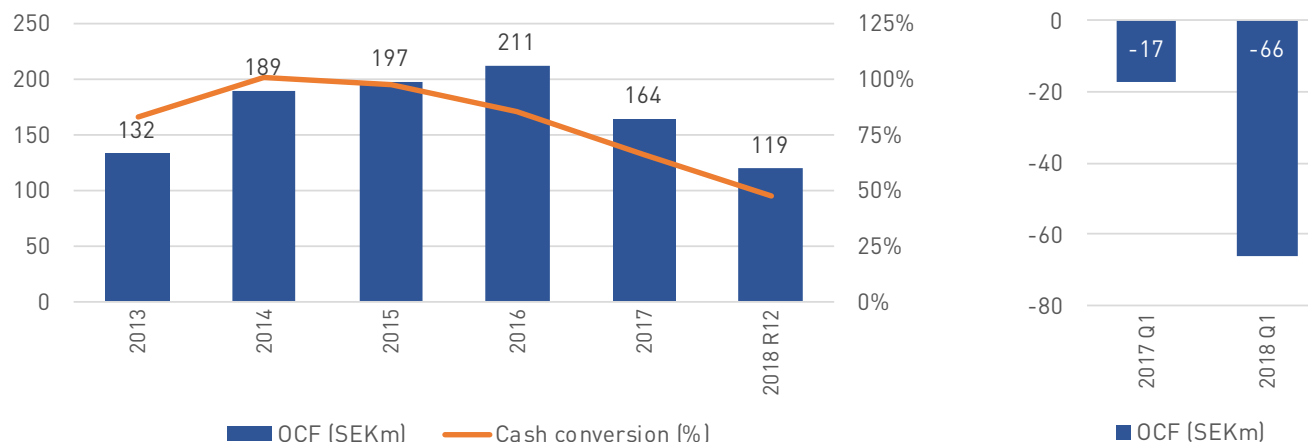
SEKm	2018-03-31	2017-03-31	2017-12-31
Non-current assets	1,136	876	1,057
Current assets	778	737	699
<b>Total assets</b>	<b>1,914</b>	<b>1,613</b>	<b>1,756</b>
Equity	1,051	952	1,010
Non-current liabilities	517	400	456
Current liabilities	346	261	290
<b>Total equity and liabilities</b>	<b>1,914</b>	<b>1,613</b>	<b>1,756</b>
Capital employed	1,422	1,305	1,370
ROCE (before items affecting comparability)	15.0%	18.4%	15.5%
Net debt	293	125	204
Equity/assets ratio	55%	59%	58%
Net debt /equity ratio	0.3x	0.1x	0.2x
Net debt/EBITDA	1.2x	0.5x	0.8x

- Unchanged cash dividend of 3.75 SEK/share resolved at AGM 2018 and paid end-April
- Equals approximately SEK 90 m, or around 66 percent of net profit
- Continued strong balance sheet allowing further expansion



# Operating cash flow

## Temporary variations in operating cash flow



- Lower operating cash flow in Q1-18 due to unfavorable winter weather in March, leading to temporarily higher net working capital
  - Higher inventory levels in Sweden and SealEco
  - Higher receivables for on-going installation projects due to stronger activity in the Finland
  - Previous year was positively influenced by unusually low increase in net working capital due to favorable weather during Q1 and Easter falling in April
- Operating cash conversion was temporarily lower at 47% (99%)

Operating cash flow : Adj. EBITDA + dividends received from shares in associated companies – capex +/- Δ Adj.NWC – result from shares in associated companies

Operating cash conversion : OCF/Adj. EBITDA

# Financial targets and dividend policy

## 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) 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.



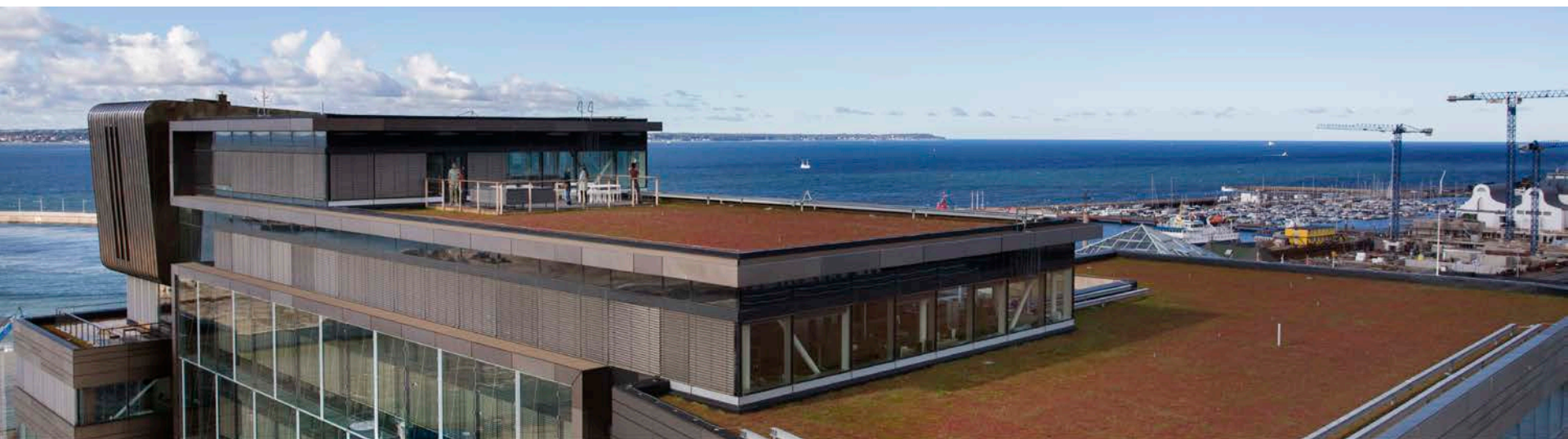
## Dividend policy

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 2018

For the financial year 2018, general demand is expected to be similar as in 2017 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 where the Group operates. In addition to organic growth, the Group also expects to continue growing through selective acquisitions. EBIT before items affecting comparability is expected to increase slightly compared with 2017.



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# Questions

## Further information

- Martin Ellis
- Jonas Olin

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

Q2-report, January–June 2018:  
16 August 2018

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# Top ten shareholders

Shareholders as per 31 March 2018

Owner	No. of shares	Capital and votes, %
Mawer Investment Management	2,709,459	11.3
Swedbank Robur Funds	2,187,095	9.1
Carnegie Funds	2,006,187	8.3
Svolder Aktiebolag	1,207,514	5.0
BMO Global Asset Management	1,129,780	4.7
Länsförsäkringar Funds	950,727	3.9
Catella Funds	904,800	3.8
Third AP-fund	618,916	2.6
AMF	573,199	2.4
Hargreave Hale	545,752	2.3
<b>Ten largest shareholders</b>	<b>12,833,429</b>	<b>53.3</b>
<b>Other shareholders*</b>	<b>11,250,506</b>	<b>46.7</b>
<b>Total</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	0
Voting & ownership restrictions	None
Current market cap	SEK 1,726 million (2 May 2018)
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

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## Nordic Waterproofing Holding A/S – Board of Directors



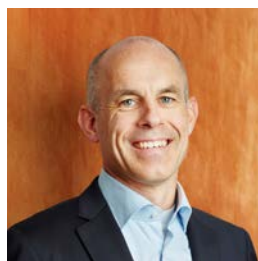
**Ulf Gundemark,  
Chairman**

Relevant experience:  
Chairman of Ripasso Energy and Bridge to China. Board member of Papyrus, Lantmännen, Scandi Standard, Constructor Group and AQ Group.  
(26,500 shares\*)



**Allan Jørgensen,  
Board member**

Relevant experience:  
President and CEO of Dovista. Board member of OH Industri, Huscompagniet and Pankas.  
(0 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.  
(3,000 shares)



**Mats O. Paulsson,  
Board member**

Relevant experience:  
Member of the boards of WinGroup, Eleda Holding, Nordisk Bergteknik, Modulbetong I Lund, and Bösarps Grus & Torrbruk AB.  
(15,000 shares)



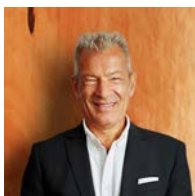
**Kristina Willgård,  
Board member**

Relevant experience:  
CEO of AddLife, Chairman of the board of AddLife Development, member of the board of Mediplast, 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)



### **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. (4,000 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)



### **Paul Erik Rask, Head of NW Denmark**

Joined NWG in 1992

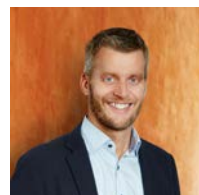
Previous experience: 30 years of experience of leading positions and sales and marketing including Trelleborg Phønix A/S (103,683 shares)



### **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\*)



### **Martin Tholstrup, Head of Taasinge Elementer**

Joined NWG in 2017

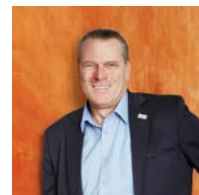
Previous experience: 20 years of experience from development, sales and prefabrication within the construction industry (19,000 shares\*)



### **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)



### **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