



# INSTALLATION SERVICES EBIT FURTHER IMPROVES, MIXED PERFORMANCE IN PRODUCTS & SOLUTIONS

1 January – 30 June 2023

 Date 2023.07.20

## Earnings conference call

Martin Ellis (CEO) & Palle 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.

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## ATH sales in quarter, cash flow improvement

- Net sales increase 3% to SEK 1,292 m (1,255), ATH in a quarter
  - 8% from acquisitions
  - 4% from currency effects
  - -9% organic development, whereof volume -14% and price 5%
- EBITDA decreased to SEK 186 m (216)
- Operating profit (EBIT) decreased to SEK 143 m (180)
- Cash flow from operating activities was SEK 157 m (38).
- Net Debt at SEK 1,131 m (912 at 31 Dec '22)



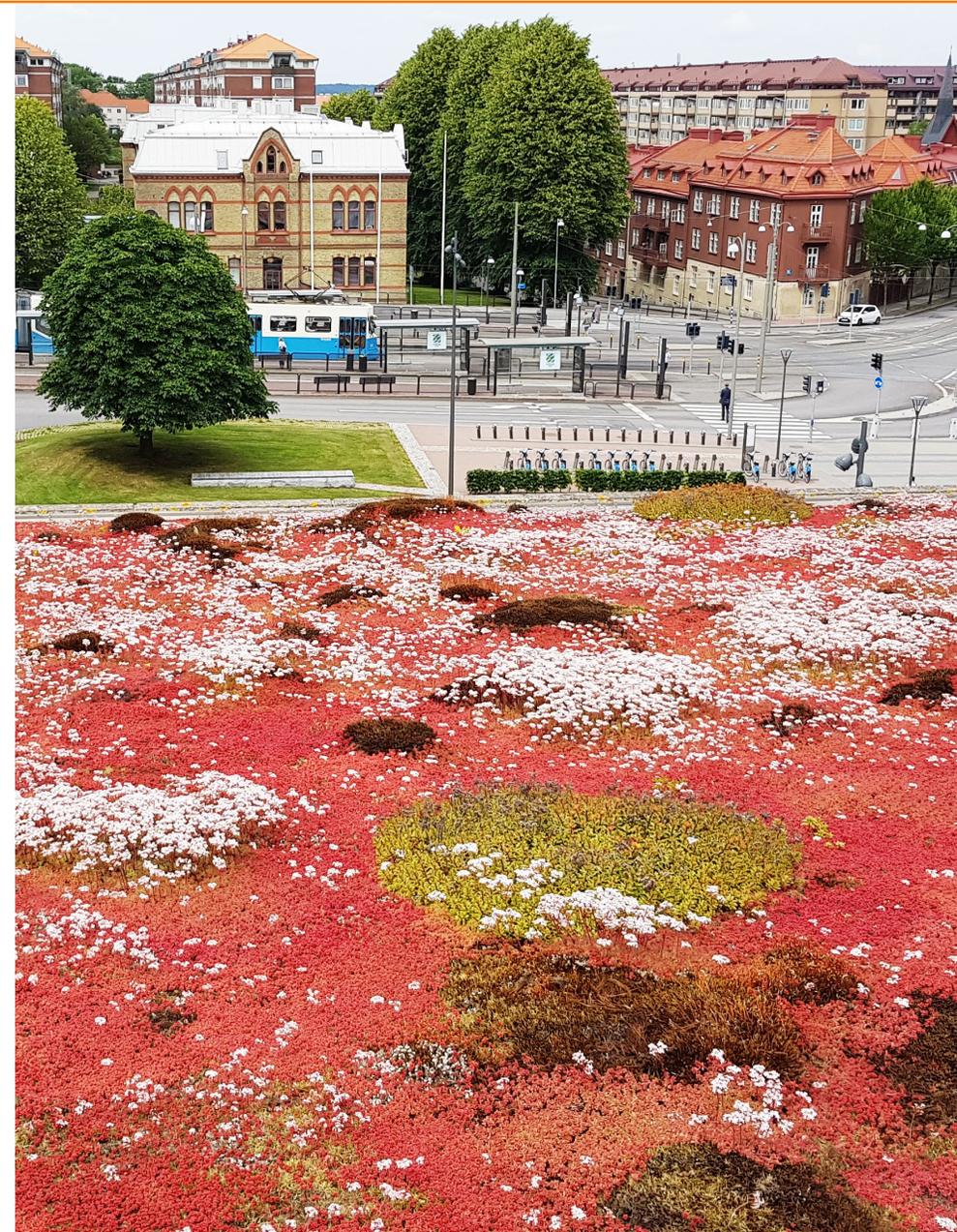
## Q2 Highlights and comments 1 (2)

- **Demand** impacted by some slowdown in commercial new build, renovation stable while residential new build depressed.
- **Bitumen-based waterproofing** operations stable in quarter. A mid-single digit drop in volumes basically compensated by price increases
- Weaker sales for our **EPDM products** driven by increased competition at lower prices
- **Prefabricated elements**, that has a higher exposure to residential new build, reduced sales driven by the Danish market while Norway and Finland had positive development. New CEO appointed.
- Our **Green infrastructure** had another quarter with strong development in sales
- **Roofing businesses** in Finland and Norway had slightly lower sales
- Order books for **Installation Services** continue to be on a par with previous year in Finland and Denmark while weaker in Norway



## Q2 Highlights and comments 2 (2)

- The development in gross profit and operating profit is mainly explained by:
  - Somewhat lower margins compared to a strong Q2 2022 for our bitumen-based waterproofing businesses.
  - Lower volumes and decreasing margins compared to historically high levels in Q2 2022 for our synthetic rubber waterproofing business
  - Lower volumes and operational challenges in our prefabricated wooden elements business
  - Installation Services in Finland improved both Gross profit and EBIT while we saw reduced result in Norway. Record EBIT from Danish franchise network.
- Contingency measures have been implemented in our operations to mitigate the consequences of the negative volume development.
- A stronger cash flow from operations in quarter, driven by improved working capital.
- We have continued to see slightly deflated costs for our input materials.
- In a higher interest environment, we have sharpened the focus on our debt level, and adjusted multiples we are prepared to pay for acquisitions.



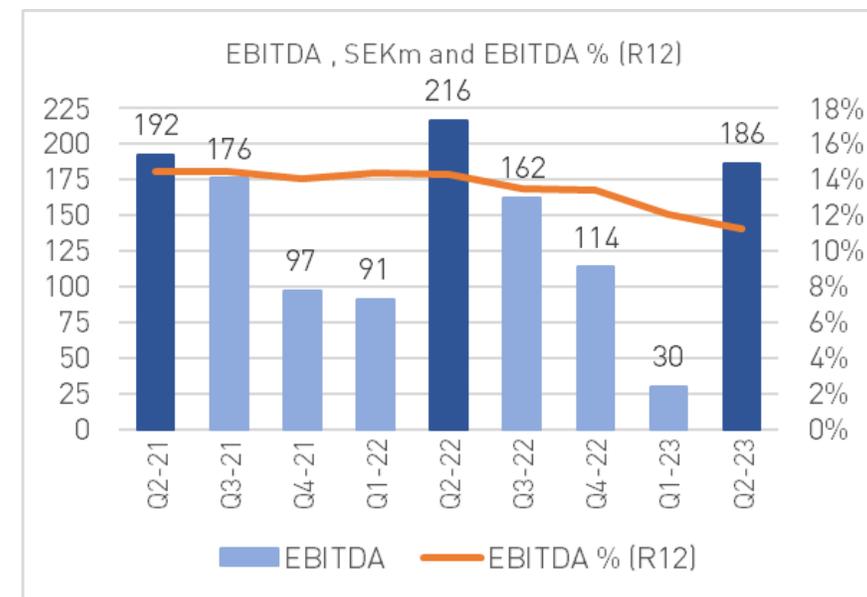
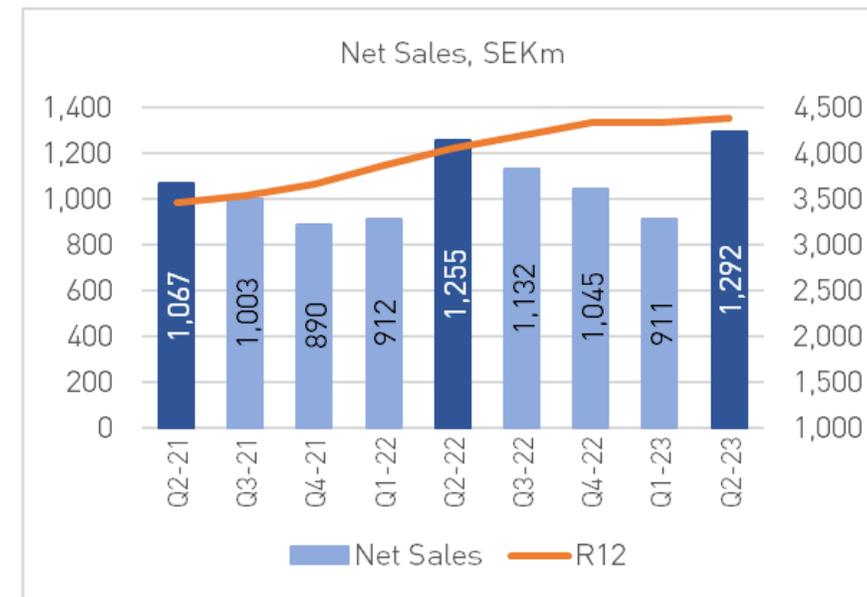
## Q2 interim report

### Net sales increased to SEK 1,292 m (1,255)

- Organic development of -9%, positive impact from price increases of 5% while volume -14%
- Acquisitions contributed with 8%
- Currency had an impact of 4%

### EBITDA decreased to SEK 186 m (216) and Operating profit (EBIT) decreased to SEK 143 m (180)

- EBITDA margin decreased to 14.4 percent (17.2) in the second quarter. On a R12 basis EBITDA margin at 11.2%



## Income statement

SEKm	Q2-'23	Q2-'22	Change, %	LTM Q2 2023	Full-year 2022
Net sales	<b>1,292</b>	1,255	3%	4,380	4,343
Gross profit	<b>349</b>	379	-8%	1,119	1,184
EBITDA	<b>186</b>	216	-14%	492	583
Operating profit (EBIT)	<b>143</b>	180	-119%	325	430
Net finance items	<b>-9</b>	-5	n/a	-31	-18
Profit/loss before tax	<b>133</b>	175	-24%	294	413
Tax	<b>-30</b>	-35	n/a	-62	-82
Profit/loss for the period	<b>103</b>	140	-26%	232	330

- Gross margin for quarter was 27.0% (30.2%)
- EBIT margin for quarter was 11.0% (14.4%), for LTM 7.4%
- Increased interest rates had a negative impact on Net finance items

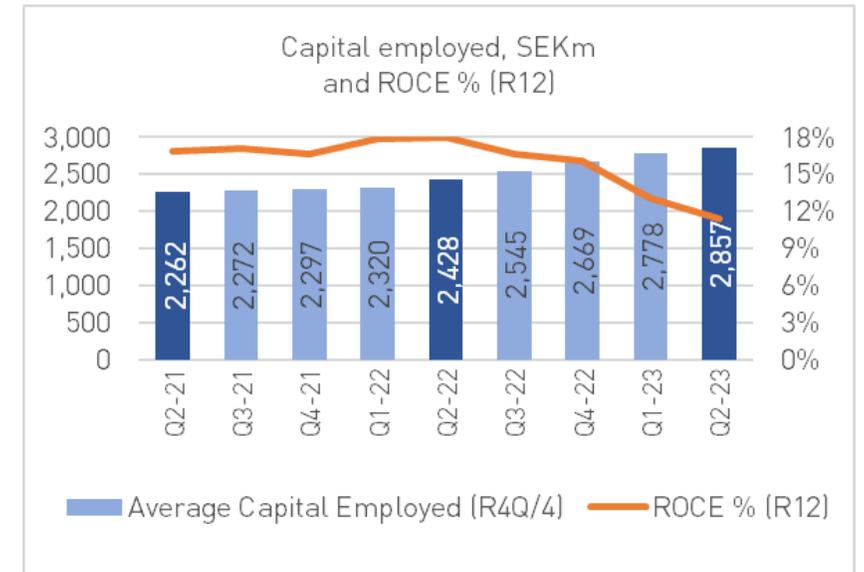
## Balance sheet

SEKm	2023-06-30	2022-06-30	2022-12-31
Non-current assets	2,190	1,877	2,103
Current assets	1,850	1,737	1,621
<b>Total assets</b>	<b>4,040</b>	<b>3,614</b>	<b>3,724</b>
Equity	1,726	1,545	1,754
Non-current liabilities	1,083	1,022	1,070
Current liabilities	1,231	1,047	900
<b>Total equity and liabilities</b>	<b>4,040</b>	<b>3,614</b>	<b>3,724</b>
Capital employed	2,942	2,626	2,859
ROCE (R12)	11.4%	17.9%	16.1%
Interest-bearing net debt	1,081	976	844
Equity/assets ratio	42.8%	42.8%	47.1%
Net debt/equity ratio	0.6x	0.6x	0.5x
Net debt/EBITDA	2.3x	1.7x	1.6x

- Continued solid balance sheet, allowing for selective acquisitions
- Interest-bearing net debt increased to SEK 1,081 m (844) following a seasonally weaker cash flow in H1 and the distribution of dividend.
- Equity/asset ratio at 42.8%, unchanged from Q2 last year
- Net debt/EBITDA-ratio at 2.3x (1.6x), remains below covenants for financing agreement.

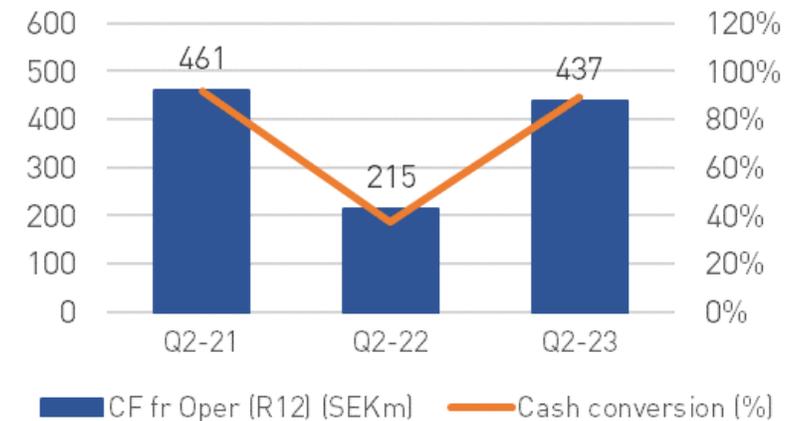
**RoCE 11.4% (16.6%)**

- RoCE at 11.4%, below ATH at Q2 2022 of 17.9%
- Increase in capital employed from higher cost and prices, weaker SEK and acquisitions
- Decrease in RoCE mainly driven by lower operating result



**Cash flow from Operations (R12) increased to SEK 437 m (215) and Cash conversion increased to 89% (37%)**

- Improved cash flow and cash conversion from improved changes in working capital
- Going forward we continue to focus on inventory reduction and monitoring operating receivables



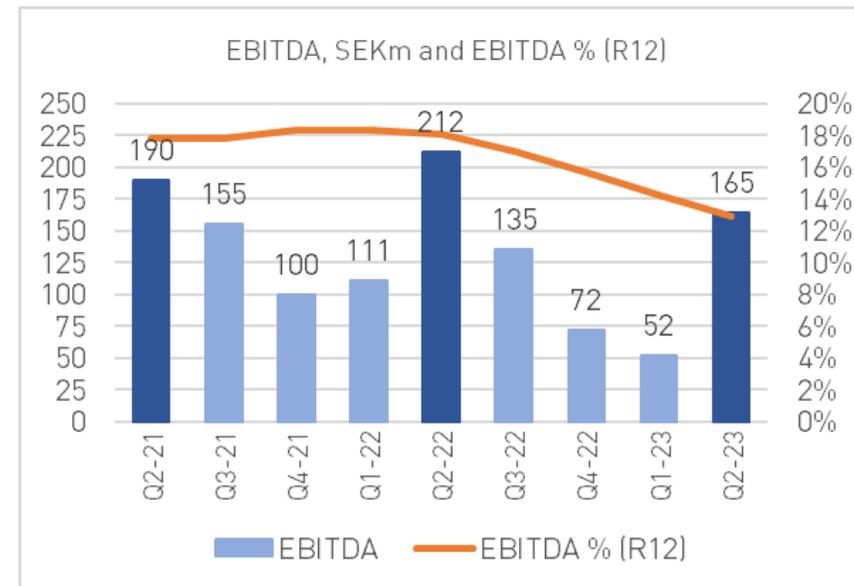
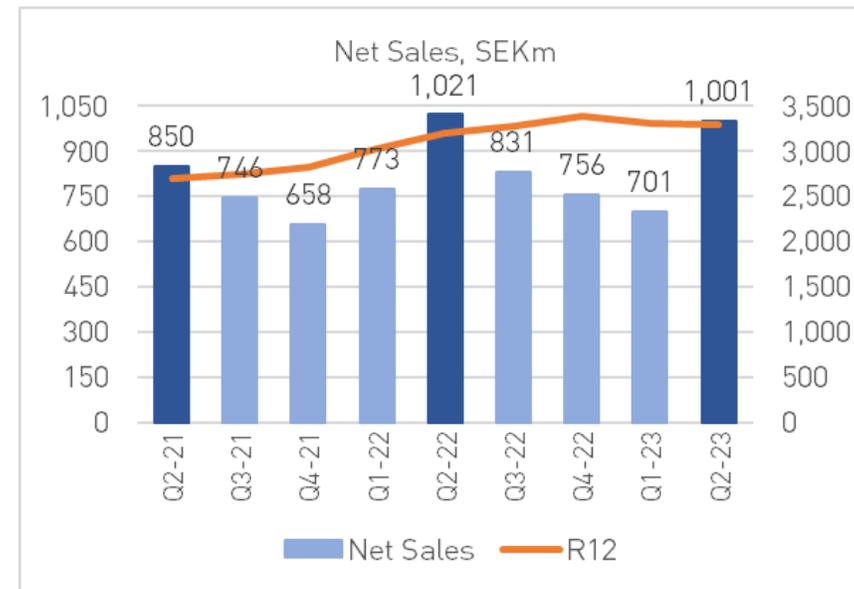
# Products & Solutions

## Net sales of SEK 1,001 m (1,021) down -2%

- Organic development was -8% (whereof price 4% and volume -12%), acquisitions contributed with +2% and the impact from currency was +3%
  - Finland: +15%, organic development -13%
  - Denmark -6%, organic development -18%
  - Sweden +7%
  - Norway -3%: organic development 3%
- Net Sales R12 at SEK 3,289 M

## EBITDA decreased to SEK 165 m (212) while Operating profit (EBIT) decreased to SEK 132 m (184)

- EBITDA margin decreased to 16.5 percent (20.8) in the second quarter. For the latest 12 months the margin is 12.9% (18.1).
- Decrease in EBITDA explained by
  - Increased competition in the market for synthetic rubber waterproofing membranes that has led to lower volumes and margins from last year's historically high levels.
  - Our prefabricated wooden elements business that has a higher exposure to residential new build than the rest of our activities, lower volumes and operational challenges have led to lower operating result.



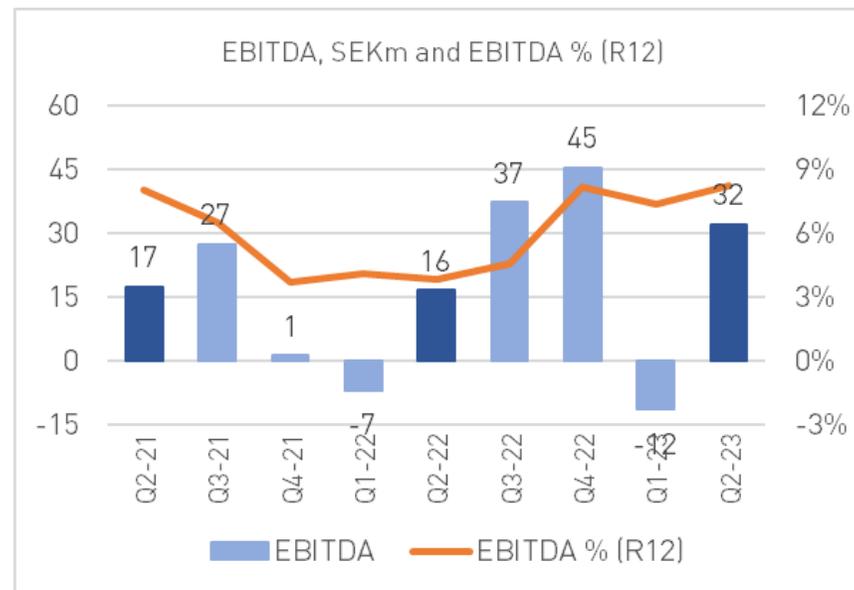
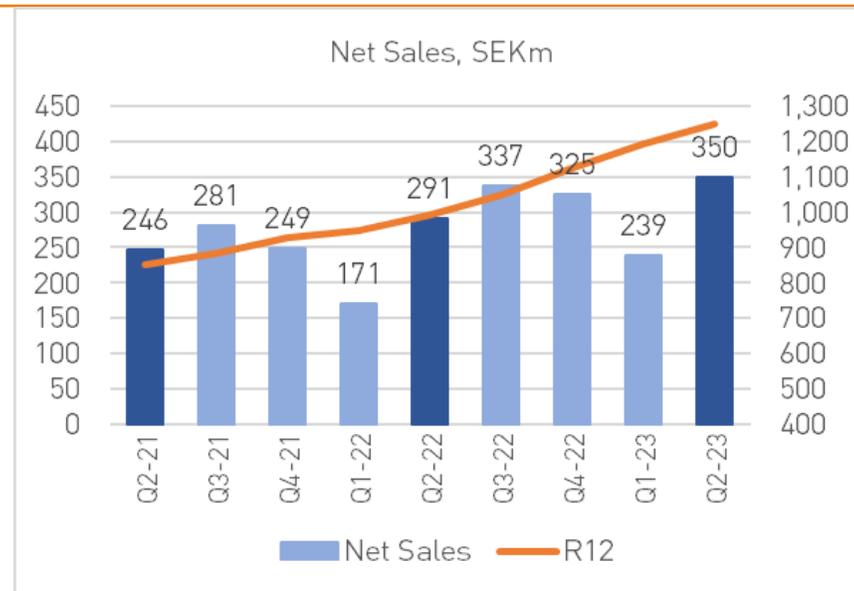
## Installation Services

**Net sales of ATH SEK 350 m (291) increase by 20%**

- Organic development of -11%, whereof price impact +7% and volume -19%
- Impact from acquisitions +24% and currency effects +7%.

**EBITDA increased to SEK 32 m (16) while  
Operating profit (EBIT) increased to SEK 22 m (9)**

- EBITDA margin increased to 9.1 percent (5.6) in the second quarter. For the latest 12 months the margin is 8.2% (3.8).
- Our activities in Finland improved both Gross profit and EBIT while we saw reduced result in Norway.
- Very good result improvement from Danish franchise network.



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**

**Palle Schrewelius, CFO & IR**

- 26 October 2023; Interim report January – September 2023

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# APPENDIX

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## Shareholders as per 30 June 2023

Owner	Number of shares	Capital, %	Votes, %
Kingspan Group PLC	5,805,641	24.1%	24.2%
Handelsbanken Fonder	1,458,249	6.1%	6.1%
Tredje AP-fonden	1,350,000	5.6%	5.6%
Lannebo Fonder	1,065,400	4.4%	4.4%
Cliens Fonder	713,200	3.0%	3.0%
Carnegie Fonder	674,530	2.8%	2.8%
Avanza Pension	673,214	2.8%	2.8%
Dimensional Fund Advisors	544,509	2.3%	2.3%
Canaccord Genuity Wealth Management	481,643	2.0%	2.0%
Futur Pension	464,657	1.9%	1.9%
<b>Total 10 largest shareholders</b>	<b>13,231,043</b>	<b>54.9%</b>	<b>55.2%</b>
Other shareholders	10,757,169	44.7%	44.8%
<b>Total number of votes</b>	<b>23,988,212</b>	<b>99.6%</b>	<b>100.0%</b>
Treasury shares	95,723	0.4%	n/a
<b>Total number of shares</b>	<b>24,083,935</b>	<b>100.0%</b>	<b>n/a</b>

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 95,723
- Voting & ownership restrictions None
- Current market cap SEK 3,200 million (18 July 2023)
- Contact Palle 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)

\* Including related parties



**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)



**Hannele Arvonen**  
Board member

Relevant experience:  
CEO and partner of Flooré AB, board member of Södra Skogsägarna. Previously CEO of Sveaskog and Setra Group, different senior executive positions within Holmen and Metsä Board.  
(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)

## 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  
(211,106 shares)



### **Mats Lindborg, Head of NW Sweden and Norway**

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing  
(25,742 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.  
(26,174 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  
(16,309 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  
(21,725 shares)



### **Thomas Zipfel, Head of SealEco**

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes  
(19,748 shares)



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