




# STRONG CASH FLOW IN QUARTER DESPITE EARLY WINTER

1 January – 31 December 2023

 Date 2024.02.06

## 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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## Strong cash flow in quarter despite early winter

- Net sales increase to SEK 1,048 m (1,045),
  - 3% from acquisitions
  - 2% from currency effects
  - -5% organic development, whereof volume -4% and price -1%
- EBITDA decreased to SEK 89 m (114)
- Operating profit (EBIT) decreased to SEK 47 m (66)
  - Costs related to mandatory bid = SEK -9.5 m
  - Negative yoy impact from Finnish solar panel installation = SEK -17.4 m
  - Excluding these exceptional items, EBIT increased from SEK 59 m to SEK 67 m
- Cash flow from operating activities was SEK 255 m (93).
- Net Debt at SEK 749 m (912)





## Q4 Highlights and comments 1 (2)

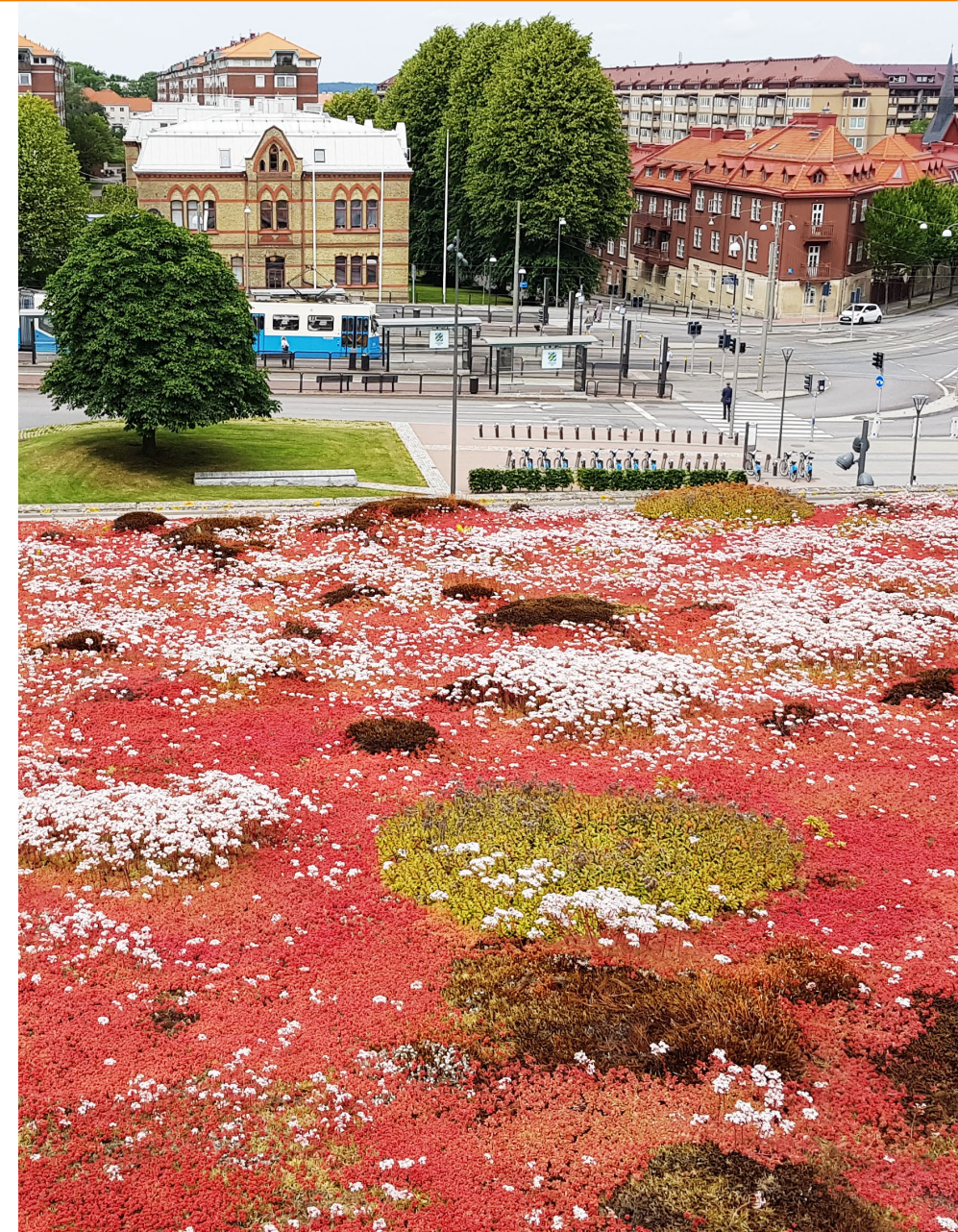
- **Demand** impacted by some slowdown in commercial new build, renovation stable while residential new build continued depressed.
- **Bitumen-based waterproofing** operations stable in quarter. Sales slightly down vs last year, impacted by early winter, variations between the different markets.
- Weaker sales for our **EPDM products**, although lower decrease than previously in 2023, driven by increased competition at lower prices.
- **Prefabricated elements**, that has a higher exposure to residential new build, had a flat development in sales driven by the Danish market while Norway had a negative development. Profitability level to be improved.
- Our **Green infrastructure** had a decrease in sales due to less roof park projects this year, improving margins.
- **Installation Services**; roofing in Finland flat on sales with lower margins due to inefficiencies from early winter, solar panel installations faced operational challenges as did our operation in Norway. Flooring for cruise ships showed excellent performance
- Order books for **Installation Services** continue to be on a par with previous year in Finland and Denmark while weaker in Norway





## Q4 Highlights and comments 2 (2)

- Contingency measures have been implemented in our operations to mitigate the consequences of the negative volume development and have proven effective
- We have continued to see flat or slightly deflated costs for most of our input materials.
- Cash flow from operations good in quarter, satisfactory to see inventory levels being reduced as planned
- In a higher interest environment, we have sharpened the focus on our debt level, and adjusted multiples we are prepared to pay for acquisitions.
- Our largest shareholder, Kingspan Group PLC, has made a mandatory offer of SEK 160 per share. The acceptance period is extended to 27 March. NWG board published the 6 February their recommendation that the shareholders shall not accept the offer.



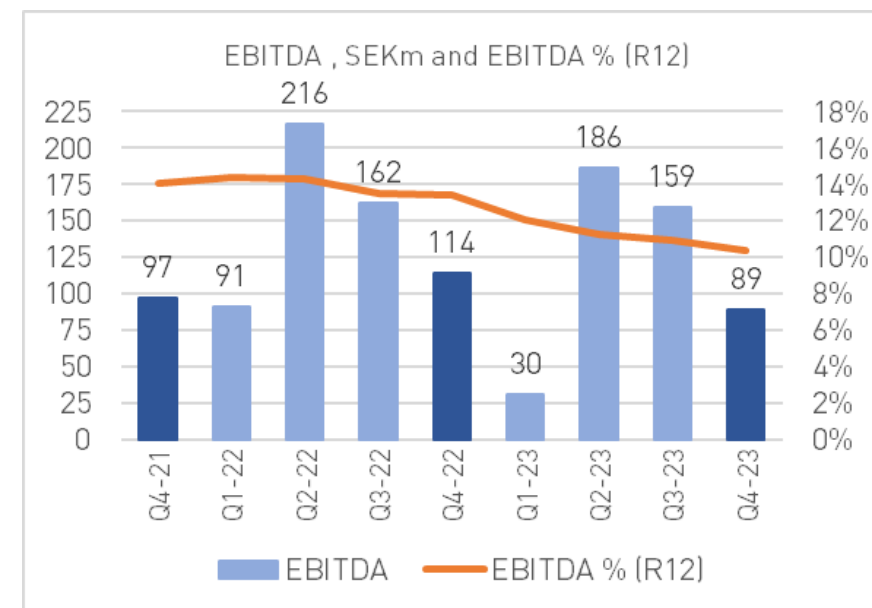
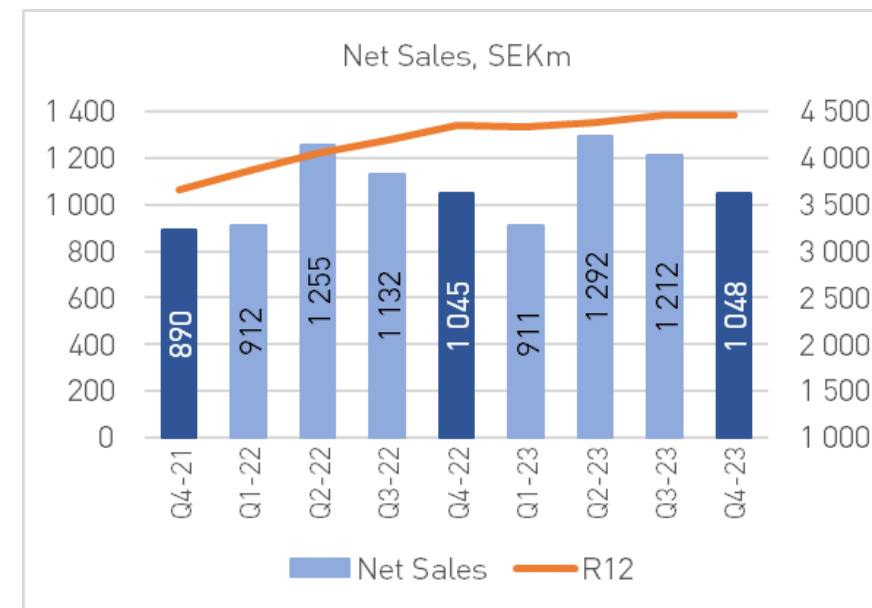
## Q4 Full Year report

### Net sales increased to SEK 1,048 m (1,045)

- Organic development of -5%, price levels -1% while volume -4%
- Acquisitions contributed with 3%
- Currency had an impact of 2%

### EBITDA decreased to SEK 89 m (114) and Operating profit (EBIT) decreased to SEK 47 m (66)

- EBITDA margin decreased to 8.5 percent (10.9) in the fourth quarter. On a R12 basis EBITDA margin at 10.4%
- Exceptional impact from two areas:
  - Advisory costs related to mandatory offer of SEK -9.5 m
  - Year over year negative impact from solar panel installations with SEK -17.4 m



## Income statement

SEKm	Q4-'23	Q4-'22	Change, %	Full-year 2023	Full-year 2022
Net sales	<b>1,048</b>	1,045	0%	4,463	4,343
Gross profit	<b>257</b>	252	2%	1,114	1,184
EBITDA	<b>89</b>	114	-22%	464	583
Operating profit (EBIT)	<b>47</b>	66	-29%	293	430
Net finance items	<b>1</b>	-9	n/a	-36	-18
Profit/loss before tax	<b>48</b>	57	-16%	257	413
Tax	<b>-4</b>	-10	-60%	-50	-82
Profit/loss for the period	<b>44</b>	47	-7%	206	330

- Gross margin for quarter was 24.6% (24.1%)
- EBIT margin for quarter was 4.5% (6.3%), for LTM 6.6%
- Revaluation of debts for outstanding shares in subsidiaries had a positive impact on Net finance items

## Balance sheet

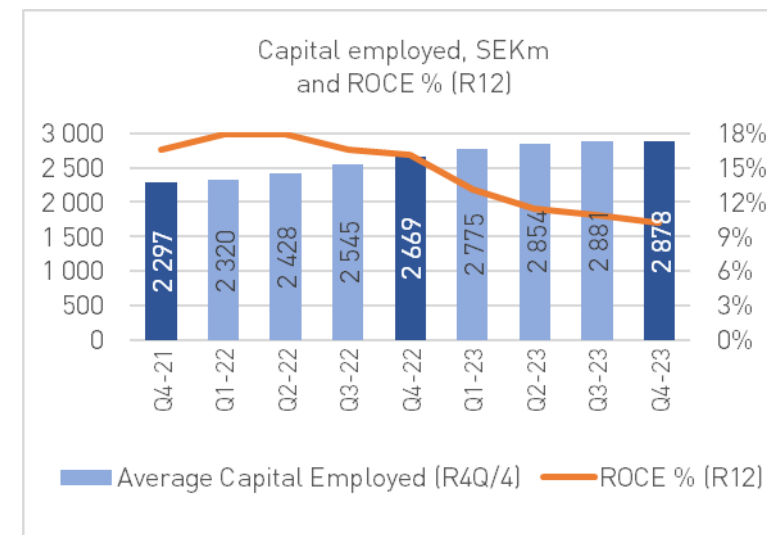
SEKm	2023-12-31	2022-12-31
Non-current assets	2,092	2,103
Current assets	1,542	1,621
<b>Total assets</b>	<b>3,634</b>	<b>3,724</b>
Equity	1,777	1,754
Non-current liabilities	1,020	1,070
Current liabilities	837	900
<b>Total equity and liabilities</b>	<b>3,634</b>	<b>3,724</b>
Capital employed	2,850	2,859
ROCE (R12)	10.2%	16.1%
Interest-bearing net debt	724	844
Equity/assets ratio	48.9%	47.1%
Net debt/equity ratio	0.4x	0.5x
Net debt/EBITDA	1.6x	1.6x

- Continued solid balance sheet, allowing for selective acquisitions
- Interest-bearing net debt decreased to SEK 724 m (844) following a reduction in inventories.
- Equity/asset ratio at 48.9%, somewhat above end of last year
- Net debt/EBITDA-ratio at 1.6x (1.6x), remains well below covenant for financing agreement.



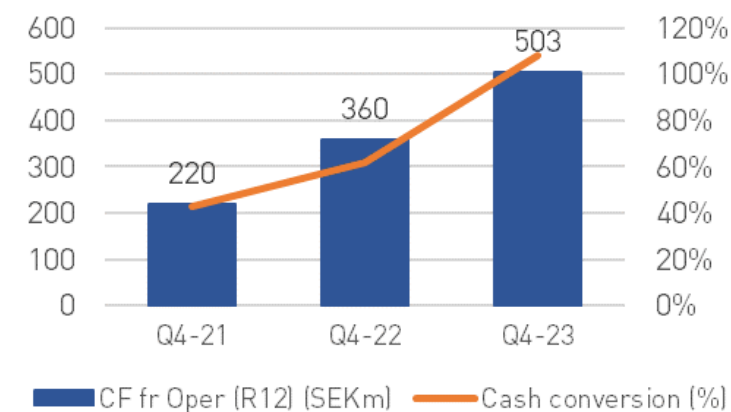
## RoCE 10.2% (16.1%)

- RoCE at 10.2%, below Q4 2022 of 16.1%
- Increase in capital employed has flattened out in recent quarters
- Decrease in RoCE mainly driven by lower operating result



## Cash flow from Operations (R12) at SEK 503 m (360) and Cash conversion increased to 108% (62%)

- Positive cash flow in quarter from reductions in inventory and operating receivables
- Going forward we closely monitor operating receivables





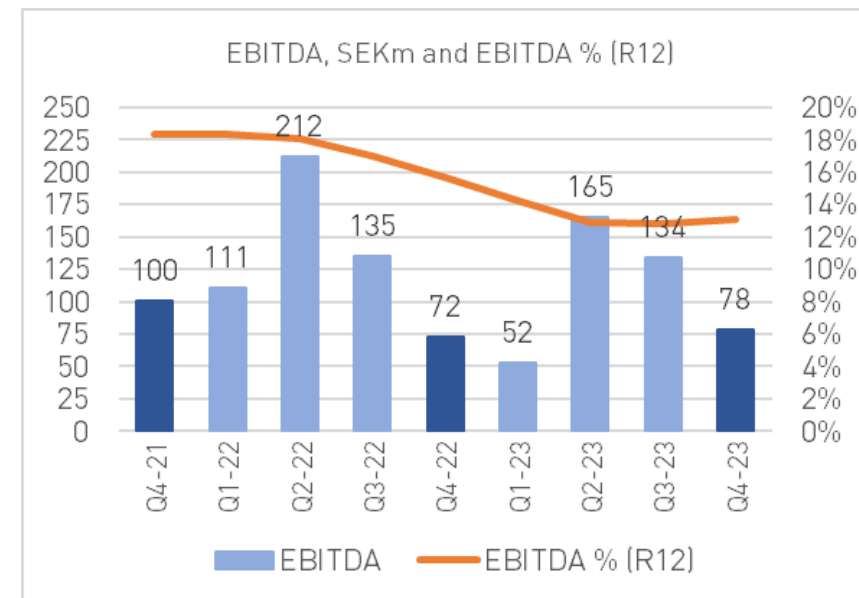
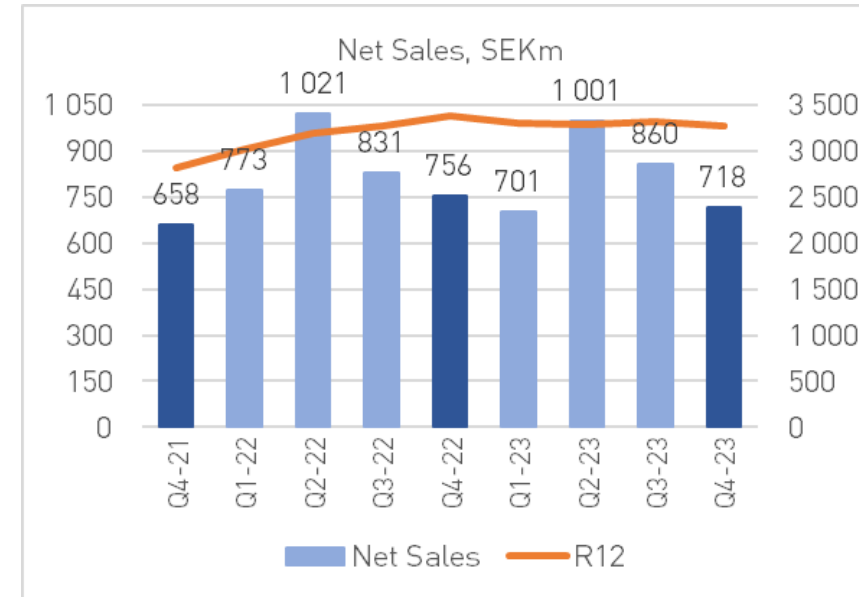
## Products & Solutions

### Net sales of SEK 718 m (756) down -5%

- Organic development was -7% (whereof price -1% and volume -6%), acquisitions 0% and the impact from currency was 2%
  - Finland: -24%
  - Denmark 1%
  - Sweden -4%
  - Norway -13%
- Net Sales R12 at SEK 3,279 M

### EBITDA increased to SEK 78 m (72) while Operating profit (EBIT) increased to SEK 47 m (35)

- EBITDA margin increased to 10.9 percent (9.6) in the fourth quarter. For the latest 12 months the margin is 13.1% (15.7).



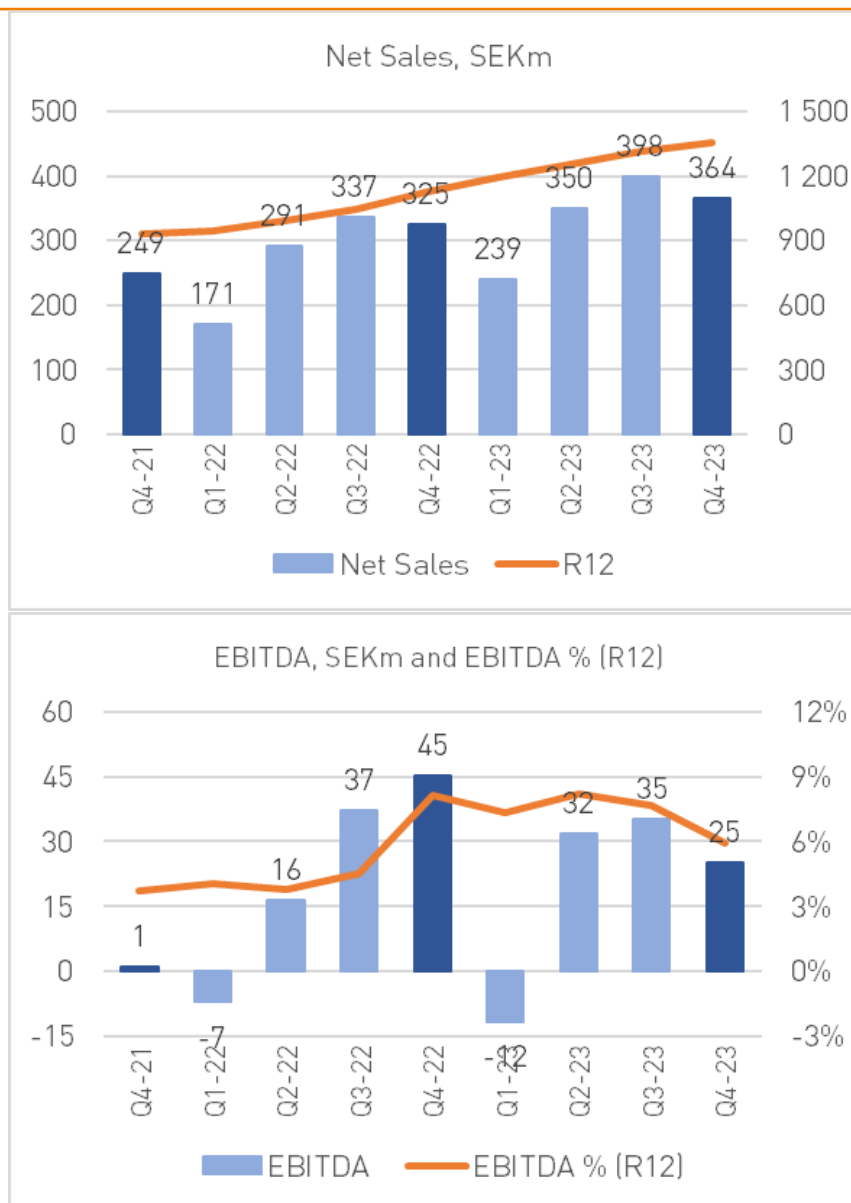
# Installation Services

## Net sales at SEK 364 m (325) increase by 12%

- Organic development of -1%, whereof price impact 0% and volume -1%
- Impact from acquisitions 9% and currency effects 4%.

## EBITDA decreased to SEK 25 m (45) while Operating profit (EBIT) decreased to SEK 16 m (36)

- EBITDA margin decreased to 6.9 percent (13.9) in the fourth quarter. For the latest 12 months the margin is at 6.0% (8.2).
- Our roofing activities in Finland saw reduced level of Gross profit and EBIT due to operational inefficiency from an early winter, weak result from the Norwegian entity.
- Good result from Danish franchise network, on level with last year.



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**

- 25 March 2024; Annual report 2023
- 25 April 2024; Interim report January – March 2024 and AGM
- 17 July 2024; Interim report January – June 2024
- 24 October 2024; Interim report January – September 2024

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# APPENDIX

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## Shareholders as per 31 December 2023

Owner	Number of shares	Capital, %	Votes, %
Kingspan Group PLC	7,453,730	30.9%	31.1%
TFG Asset Management	3,000,000	12.5%	12.5%
Samson Rock Capital LLP	2,418,098	10.0%	10.1%
Fidelity International (FIL)	1,203,072	5.0%	5.0%
Carnegie Funds	539,530	2.2%	2.2%
Dimensional Fund Advisors	527,118	2.2%	2.2%
Canaccord Genuity Wealth Management	402,471	1.7%	1.7%
Avanza Pension	322,854	1.3%	1.3%
Evli Fund Management	300,000	1.2%	1.3%
DNCA Finance S.A	267,509	1.1%	1.1%
<b>Total 10 largest shareholders</b>	<b>16,434,382</b>	<b>68.2%</b>	<b>68.5%</b>
Other shareholders	7,557,607	31.4%	31.5%
<b>Total number of votes</b>	<b>23,991,989</b>	<b>99.6%</b>	<b>100.0%</b>
Treasury shares	91,946	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 91,946
- Voting & ownership restrictions None
- Current market cap SEK 4,100 million (2 February 2024)
- 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)



**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)

\* 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 (211,106 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)



### **Palle 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 (6,837 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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