

# STRONG SECOND QUARTER 2020 IMPROVED KPI'S

1 January – 30 June 2020

 Date 2020.07.24

## Earnings conference call

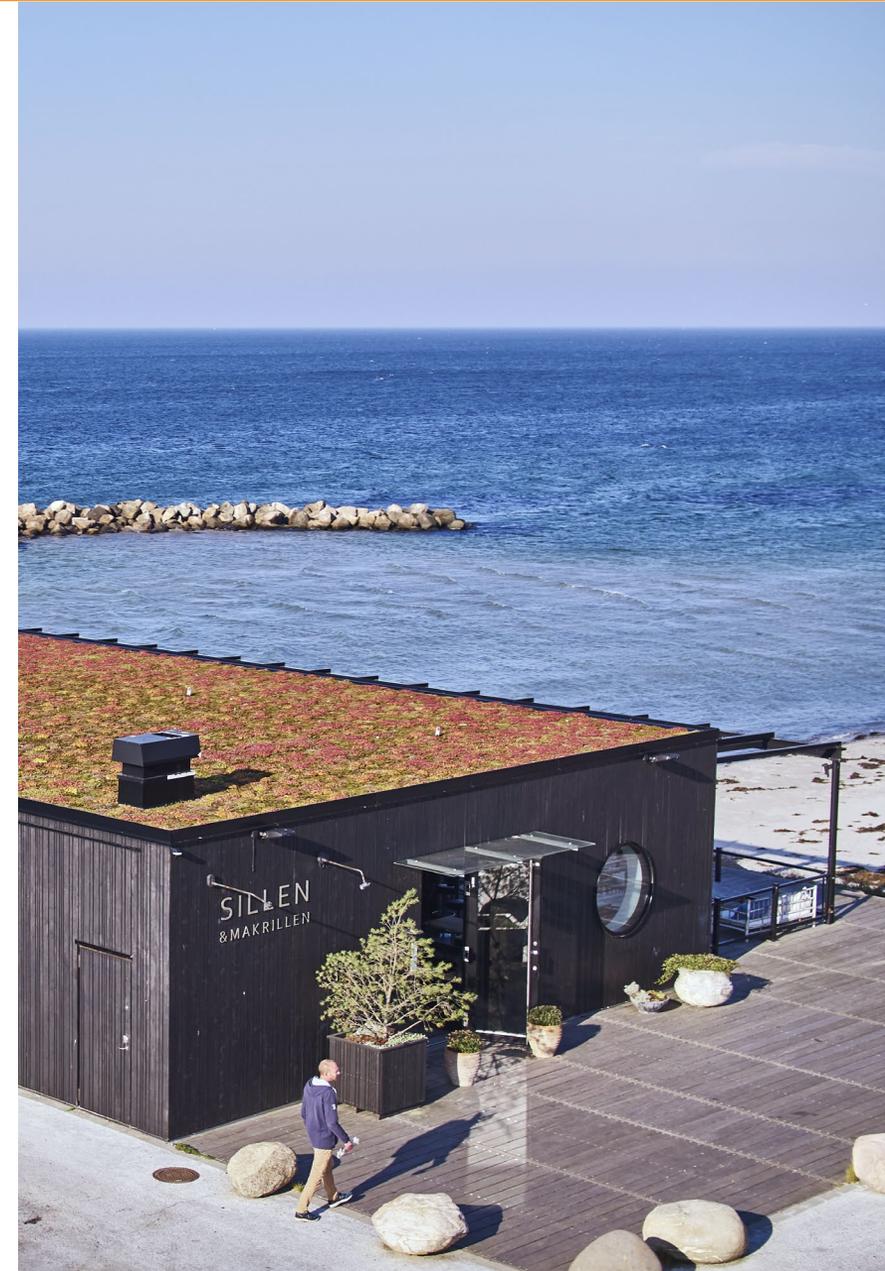
Martin Ellis (CEO) & Per-Olof Schrewelius (CFO & IR)

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

## Covid-19 status update

- First priority is the health of our employees and customers  
Few confirmed cases among our colleagues
- No significant negative impact on financials during the second quarter
- Continued increased focus on customer credit risk, cost control and cash preservation
- The future impact on our business is difficult to assess, but some slowdown should be expected in 6 to 18 months in case of negative GDP development



## Strong development of business continued in the second quarter

- Net sales of SEK 949 m (889), up 7%
  - 7% organic growth in local currency
  - 1% from acquisitions
  - -1% from currency effects
- EBITDA increased to SEK 166 m (124), up 34%
- Operating profit (EBIT) increased to SEK 137 m (95) , up 43%
- Cash flow from operating activities was SEK 114 m (78)
- Earnings per share SEK 4.55 (2.79)



## Highlights and comments 1 (2)

- Good sales development with +7% vs LY, whereof 7% organic  
The strong sales could be partly due to customers building inventory because of supply capability concerns
- Continued strong markets in most segments
  - Strong growth from the roofing business in the Nordics, Products and Solutions sales increased 10% organically
  - SealEco had a strong development in all markets except in the UK
  - Slightly weaker quarter for the Veg Tech business compared to previous year
- Profit improvement program in the prefabricated elements business continued, EBIT still far from satisfactory
- Best quarter ever with EBIT of SEK 137 m (95), EBIT margin 14.4% (10.7%)  
EBIT benefits from increased volume, good cost control and some cost avoidance due to reduced travelling



## Highlights and comments 2 (2)

- The Danish Competition and Consumer Authority decided to finally close the investigation of the roofing felt market.
- Nynas, NWG's main supplier of bitumen, has had their general license extended to enable doing business without breaking US sanctions. Re-structuring has been extended to 15 September.
- An advance tax ruling received, stating that the suggested re-domiciling of parent company from Denmark to Sweden will not trigger any adverse Danish tax consequences.
- Nordic Waterproofing's financing agreement was renewed during the quarter and has now final maturity date in June 2023 with a 1+1 year extension option. It contains a EUR 75.0 m (73.0) term loan facility and a EUR 40.0 m (26.5) revolving loan facility.
- 25% of the shares in Playgreen Finland Oy, a Finnish company mainly active in the field of offering design, sales and installations of solar energy solutions has been acquired. Nordic Waterproofing Group has an option to within two years acquire an additional 55% of the shares in the company.



## Market situation still favorable, Covid-19 impact to be expected

- The impact from Covid-19 is difficult to estimate, but it will likely have a dampening effect on sales if the pace of construction is slowing down as a result of the general economic development
- Flat roofing market in the Nordics is still fairly strong with demand overall at healthy levels. Somewhat more cautious markets and market expectations in Finland, in particular outside the Helsinki area
- Continued strong market for prefabricated façade elements in Denmark and Norway



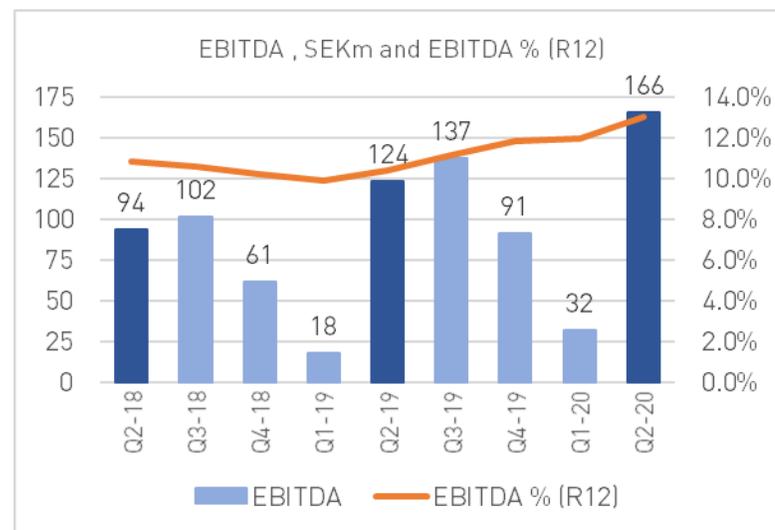
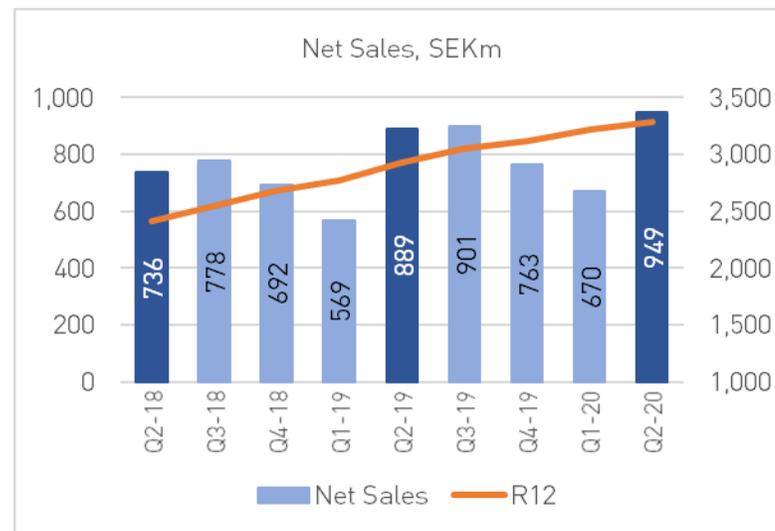
## Second quarter report

### Net sales of SEK 949 m (889) up 7%

- Best quarterly sales ever
- Organic growth of 7% driven by high activity in roofing in the Nordic countries and the SealEco business
- The strong sales could be partly due to customers building inventory because of supply capability concerns

### EBITDA increased to SEK 166 m (124) while Operating profit (EBIT) increased to SEK 137 m (95)

- Best quarterly EBITDA ever
- Driven by increase in volume, good cost control and some cost avoidance due to reduced travelling
- No material negative impact from the Covid-19 pandemic



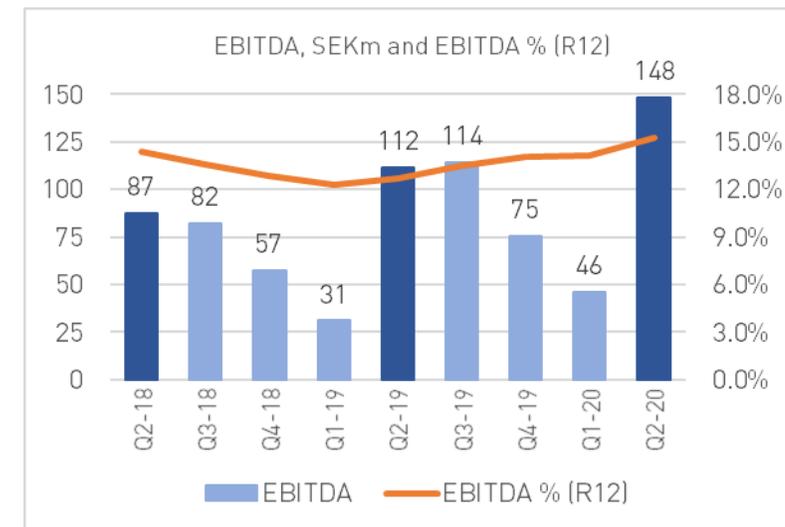
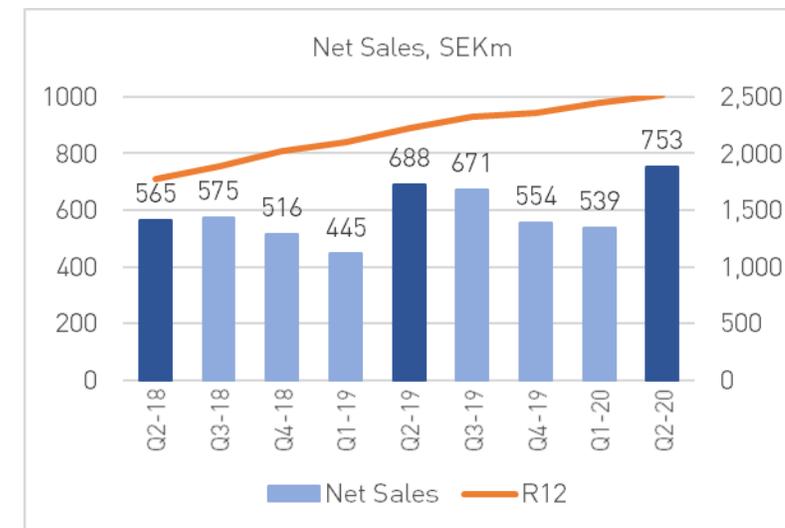
## Products & Solutions

### Net sales of SEK 753 m (688) up 9%

- Organic growth was 10% and contribution from acquisitions 1% in the first quarter
  - Finland +7%: flat roofing,
  - Denmark +24%: flat roofing
  - Sweden +10%: flat roofing
  - Norway -16%: weak in building elements
  - Other Europe 16%: Distri Pond increased 35%

### EBITDA increased to SEK 148 m (112) while Operating profit (EBIT) increased to SEK 125 m (87)

- Increase in EBITDA driven by volume growth, good cost control and cost avoidance due to reduced travelling



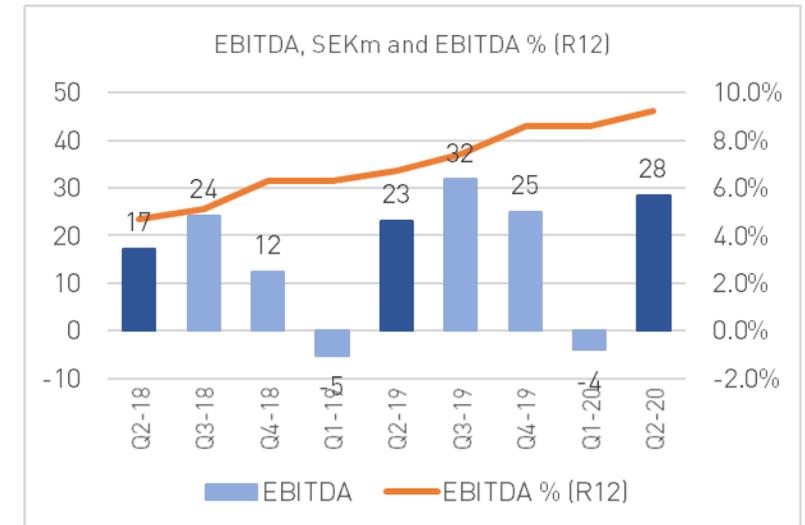
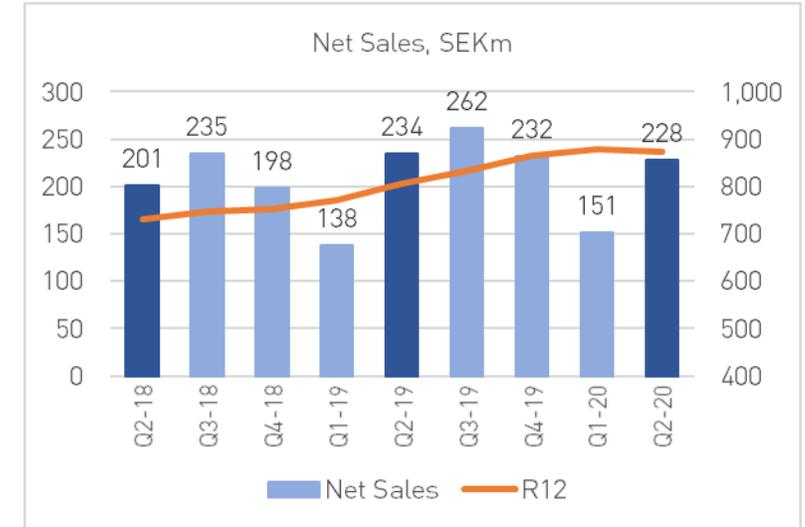
# Installation Services

## Net sales of SEK 228 m (234) down 3%

- Organic growth -3%% from lower demand in the more rural areas of Finland and lower demand in the flooring segment. No structure or currency effects

## EBITDA increased to SEK 28 m (23) while Operating profit (EBIT) increased to SEK 24 m (19)

- EBITDA increased from higher profit in the Danish franchise companies and good cost control in the Finnish companies



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

## Income statement

SEKm	Q2-20	Q2-19	Change, %	R12 2020	Full-year 2019
Net sales	949	889	+7%	3,282	3,122
Gross profit	282	238	+19%	884	813
EBITDA	166	124	+34%	427	371
Operating profit (EBIT)	137	95	+43%	311	260
Net finance items	-2	-12	n/a	-24	-28
Profit/loss before tax	135	84	+61%	287	233
Tax	-26	-17	n/a	-48	-37
Profit/loss for the period	109	67	+63%	239	196

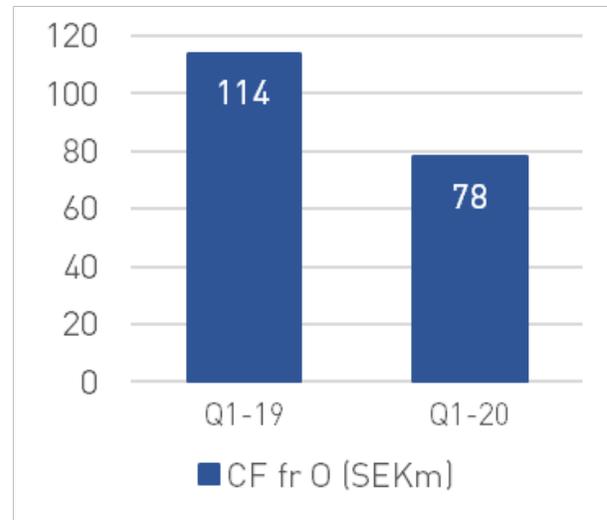
- Distri Pond is consolidated as from February 2019
- Gross margin for quarter was 29.8% (26.7%)
- EBITDA margin for quarter was 17.4% (13.9%)
- Acquisition-related amortizations of intangible assets (customer relations) affects EBIT by SEK -5 m, unchanged

## Balance sheet

SEKm	2020-06-30	2019-06-30	2019-12-31
Non-current assets	1,557	1,613	1,598
Current assets	1,223	1,108	938
<b>Total assets</b>	<b>2,782</b>	<b>2,721</b>	<b>2,536</b>
Equity	1,294	1,084	1,209
Non-current liabilities	878	1,017	903
Current liabilities	610	620	424
<b>Total equity and liabilities</b>	<b>2,782</b>	<b>2,721</b>	<b>2,536</b>
Capital employed	2,108	2,034	2,016
ROCE (R12)	15.1%	12.9%	12.9%
Interest-bearing net debt	619	870	610
Equity/assets ratio	47%	40%	48%
Net debt/equity ratio	0.5x	0.8x	0.5x
Net debt/EBITDA	1.6x	2.9x	1.8x

- ROCE is above the long term financial target of 13% due to the strong operating profit latest twelve months
- Net debt/EBITDA-ratio decreased to 1.6x during the quarter.
- Interest-bearing net debt at SEK 619 m, cash position good with a strong balance sheet
- The AGM authorized the BoD to distribute a dividend of up to 4.50 SEK/share, in total SEK 107 m, until the next AGM

## Cash-flow from operating activities



- Operating cash conversion (R12) was 76%, compared with 84% for the full year 2019 and 67% for 2018
- Cash-flow from operating activities in Q2-20 of SEK 114m (78) from strong operating activities and careful monitoring of receivables. Some negative impact from increase in inventory to secure capability to deliver

## 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.

## Outlook 2020

Nordic Waterproofing has the construction industry as its primary customer group. Sales are primarily affected by the activity in Northern Europe, with emphasis on the Nordic countries representing 84 percent of the Group's external sales in 2019. The impact from the outbreak of Covid-19 (the Corona virus) during the rest of the year is difficult to estimate, since we do not know how long each country's efforts will last, but it will likely have a dampening effect on sales if the pace of construction is slowing down as a result of the general economic development. As the potential impact of Covid-19, as described above is unknown at this time, it is currently not possible to provide further guidance on operating profit (EBIT).



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## Questions

Further information:

- Martin Ellis, CEO
- Per-Olof Schrewelius, CFO & IR

Q3 report, January-September 2020: 3 November 2020

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**APPENDIX**

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## Shareholders as per 30 June 2020

Owner	No. of shares	Capital, %	Votes, %
Svolder AB	3,120,501	13.0	13.1
Swedbank Robur Funds	2,117,589	8.8	8.9
Mawer Investment Management	2,014,642	8.4	8.4
Carnegie Funds	1,663,043	6.9	7.0
Handelsbanken Funds	1,552,159	6.4	6.5
Länsförsäkringar Funds	1,539,840	6.4	6.4
Alcur Funds	1,213,174	5.0	5.1
Third AP-fund	1,088,707	4.5	4.6
Prior & Nilsson Funds	843,717	3.5	3.5
Canaccord Genuity Wealth Management	567,343	2.4	2.4
<b>Ten largest shareholders</b>	<b>15,720,715</b>	<b>65.3</b>	<b>65.8</b>
Other shareholders*	8,163,220	33.9	34.2
<b>Total number of votes</b>	<b>23,883,935</b>	<b>99.2</b>	<b>100.0</b>
Treasury shares	200,000	0.8	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 DK0060738409
- Sector Construction & Materials
- Number of shares of DKK 1.00 24,083,935
- Treasury shares 200,000
- Voting & ownership restrictions None
- Current market cap SEK 2,613 million (21 July 2020)
- 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)



**Kristina Willgård**  
Board member

Relevant experience: CEO of AddLife, Chairman of the board of AddLife Development, board member of Mediplast, Biolín Scientific, and Biomedica Medizinprodukte. Previously board member of Serneke Group and assignments as board member and partner in Willgård AB. (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 (276,270 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 (3,000 shares)



**Bengt-Erik Karlberg, Head of Veg Tech**

Joined NWG in 2018

Previous experience: 20 years of experience of managing positions and sales including Veg Tech and Mekra Lang (17,000 shares)



**Mats Lindborg, Head of NW Sweden**

Joined NWG in 1986

Previous experience: 30 years of experience of sales and marketing including Trelleborg Waterproofing (19,414 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. (14,055 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 (0 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 (38,250 shares\*)



**Thomas Zipfel, Head of SealEco**

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes (20,000 shares)

\* Including related parties



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