




# SOLID QUARTER WITH SIGNS OF REDUCED DEMAND

1 January – 30 September 2022

 Date 2022.10.25

## 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.

NORDIC   
WATERPROOFING

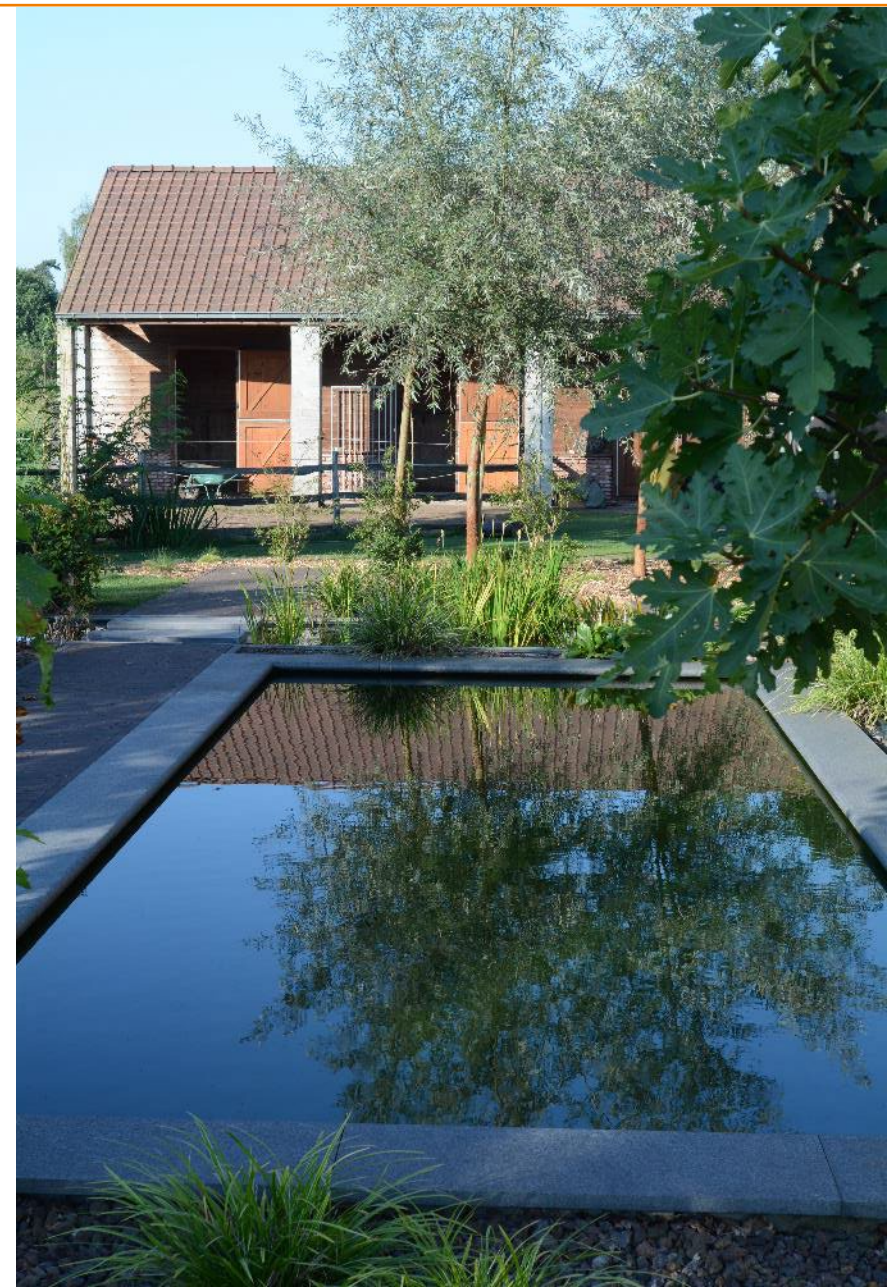
## Solid quarter with signs of reduced demand

- Net sales of SEK 1,132 m (1,003), increase of 13%
  - 4% organic growth, whereof volume -9% and price 13%
  - 5% from acquisitions
  - 4% from currency effects
- EBITDA decreased to SEK 162 m (176), down 8%
- Operating profit (EBIT) decreased to SEK 128 m (140), down 9%
- Cash flow from operating activities was SEK 244 m (101).
- Earnings per share SEK 4.32 (3.56)



## Q3 Highlights and comments 1 (2)

- **Demand** has remained stable but signs of slowdown in new build have appeared while demand for renovation remains stable
  - On a good level for the **roofing business** on all markets
  - Order books for **Installation Services** continues to be on a high level
  - Weaker demand from new build expected to impact 2023
- The **waterproofing products** showed a slight decrease in volume in the Nordics with nominal value up double-digit due to price increases, while **EPDM** sales in Europe dropped both in volume and nominal value
- **Prefabricated elements** had a negative development in sales compared to last year.
- Our **Green infrastructure** had sales on the same level as last year.
- In the **Installation Services** operating segment, where sales are mainly generated in Finland, net sales increased organically by 3 percent.



## Q3 Highlights and comments 2 (2)

- Input cost inflation has stabilised and has now been fully passed on in both business segments.
- Strong cash flow from operations in quarter, mainly driven by positive development from operating liabilities and receivables.
- Our forecast for new build on our main markets is now slightly negative, while demand for renovation seems to remain stable. Contingency plans are in place to mitigate the consequences of any negative development.
- In a higher interest environment we have sharpened the focus on our debt level, and adjusted multiples we are prepared to pay for acquisitions.



## Acquisitions in quarter

- On 1 July we acquired 70 percent of the shares in the **VKP Group**, a group headquartered in Kajaani in northeast Finland providing roofing and waterproofing services. The acquisition goes towards completing our geographical coverage in Finland
- On 14 September we acquired **Annebergs Limtrae A/S**, a glulam component manufacturer in Lunde in Southwest Jutland. The acquisition allows us to upstream integrate the glulam supply to the Taasinge Group, and extend our presence in wood-based construction solutions.
- On 3 October we acquired 70 percent of the shares in **EG Trading**, a company headquartered in Tammisaari in southern Finland growing sedum and offers a wide variety of different landscaping products. The acquisition extends our geographic presence in the green infrastructure solutions.



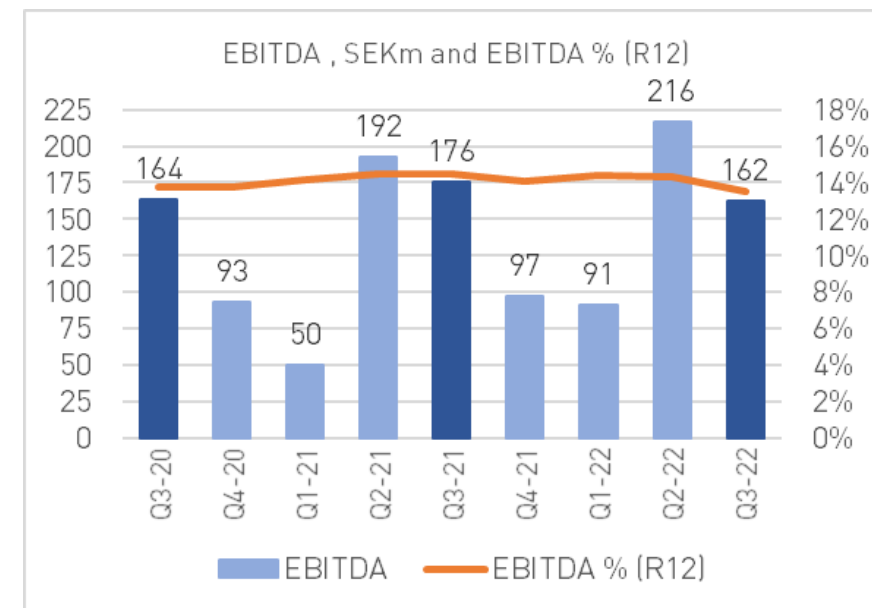
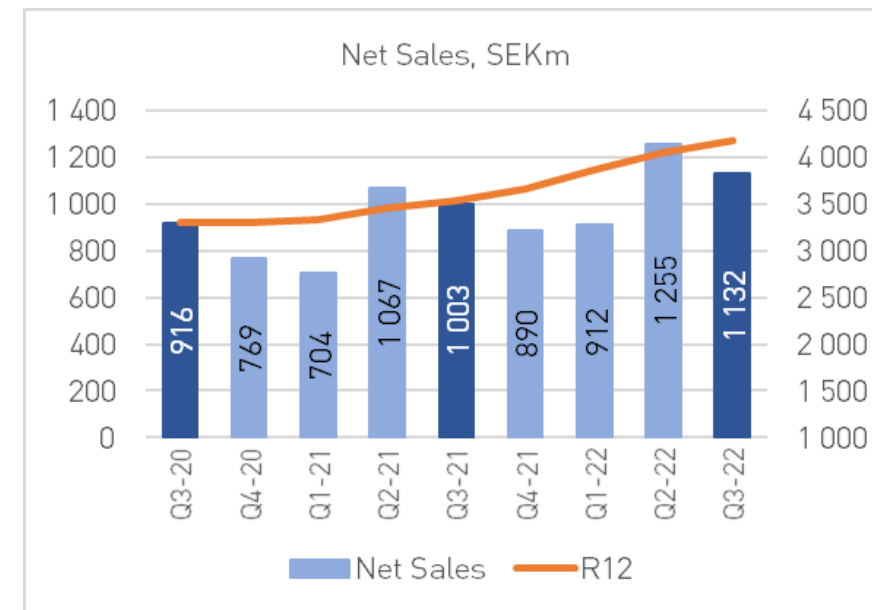
## Third quarter report

### Net sales of SEK 1,132 m (1,003) up 13%

- Organic growth of 4%, positive impact from price increases of 13% while volume -9%
- Acquisitions contributed with 5%
- Currency had an impact of 4%
- Net Sales for the latest 12 months SEK 4,188 M

### EBITDA decreased to SEK 162 m (176) and Operating profit (EBIT) decreased to SEK 128 m (140)

- EBITDA margin decreased to 14.3 percent (17.5) in the third quarter.
- EBITDA decrease explained by certain areas within Products & Solutions not matching the historically high margins of last year, while Installation Services saw a significant profit improvement.



## Income statement

SEKm	Q3-'22	Q3-'21	Change, %	LTM Q3-'22	Full-year 2021
Net sales	1,132	1,003	13%	4,188	3,664
Gross profit	317	298	6%	1,165	1,041
EBITDA	162	176	-8%	567	515
Operating profit (EBIT)	128	140	-9%	423	382
Net finance items	1	-28	n/a	-12	-47
Profit/loss before tax	129	113	14%	411	335
Tax	-25	-27	n/a	-85	-78
Profit/loss for the period	104	86	21%	327	256

- Gross margin for quarter was 28.0% (29.8%), for LTM 27.8%
- EBIT margin for quarter was 11.3% (14.0%), for LTM 10.1%
- Low positive value on net financial items explained by revaluation of debt for options

## Balance sheet

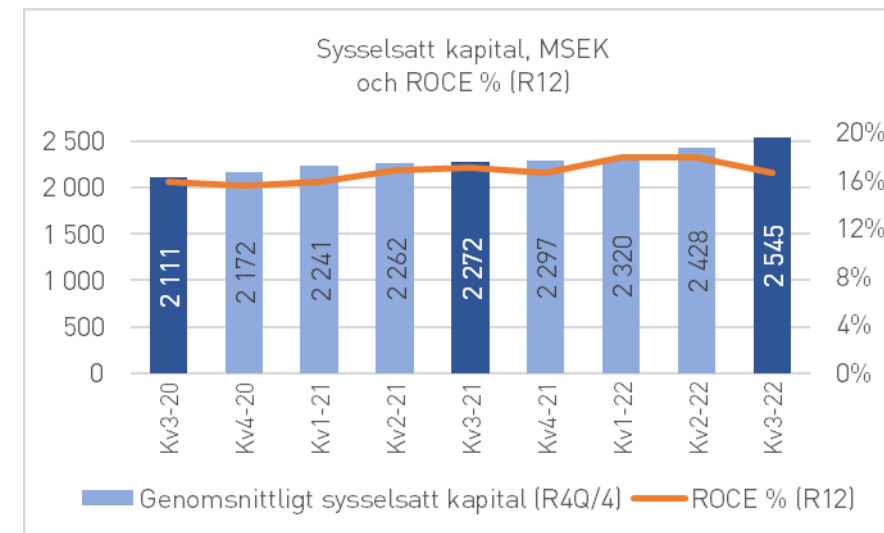
SEKm	2022-09-30	2021-09-30	2021-12-31
Non-current assets	1,988	1,759	1,810
Current assets	1,949	1,458	1,348
<b>Total assets</b>	<b>3,937</b>	<b>3,218</b>	<b>3,158</b>
Equity	1,680	1,428	1,460
Non-current liabilities	1,031	989	1,016
Current liabilities	1,226	802	682
<b>Total equity and liabilities</b>	<b>3,937</b>	<b>3,218</b>	<b>3,158</b>
Capital employed	2,767	2,298	2,364
ROCE (R12)	16.6%	17.1%	16.6%
Interest-bearing net debt	861	675	677
Equity/assets ratio	42.7%	44.4%	46.2%
Net debt/equity ratio	0.5x	0.5x	0.5x
Net debt/EBITDA	1.6x	1.5x	1.5x

- Continued strong balance sheet
- Net debt/EBITDA-ratio at 1.6x (1.5x), remains well below covenants for financing agreement.
- Interest-bearing net debt decreased to SEK 861 m (677).



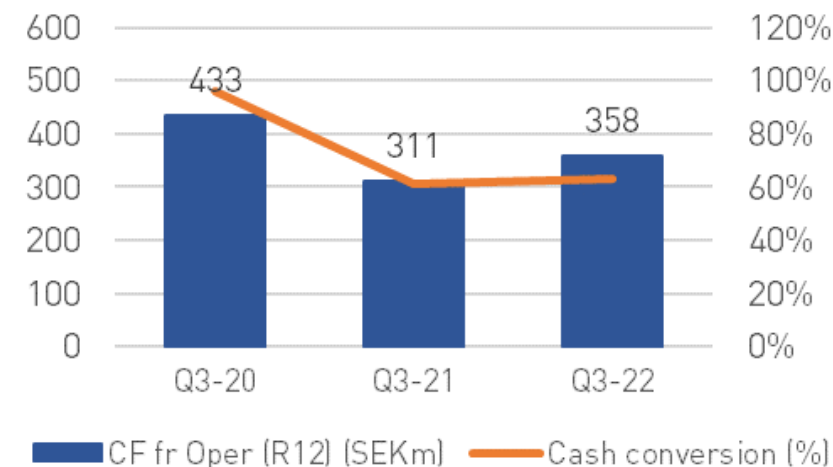
### RoCE 16.6% (16.6%)

- RoCE well above threshold of 13%
- Increase in capital employed from higher cost and prices, increased activity and acquisitions



### Cash flow from Operations (R12) increased to SEK 358 m (311) and Cash conversion increased to 63% (61%)

- Improved cash flow and cash conversion from improved working capital
- Going forward we maintain close focus on inventory reduction



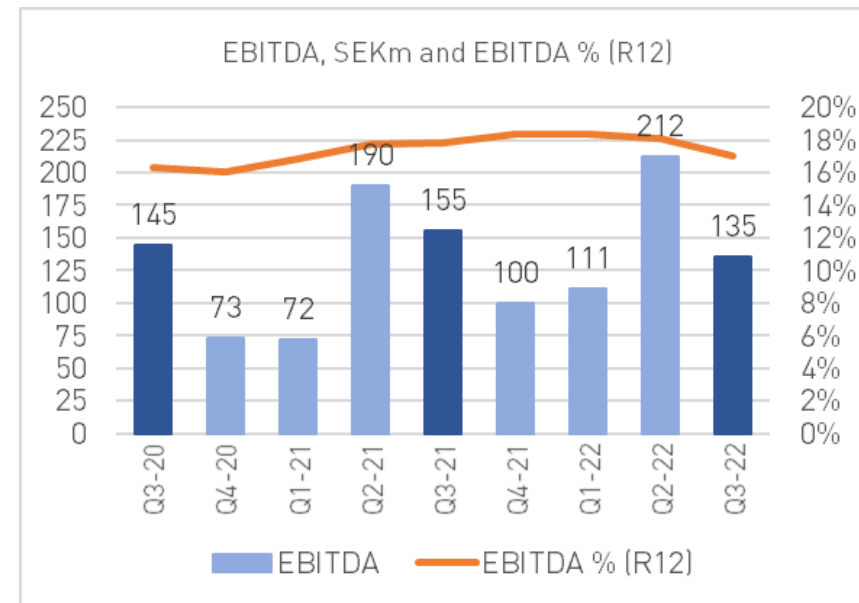
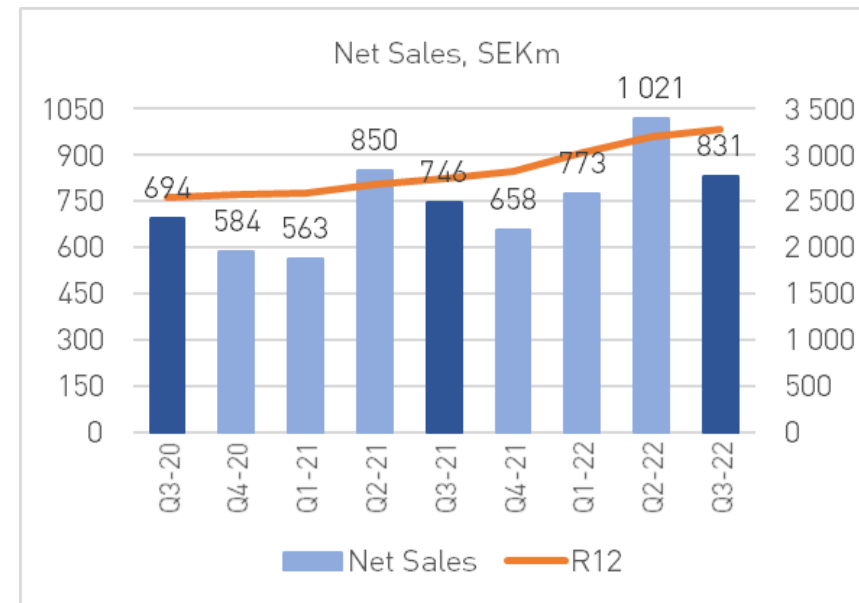
## Products & Solutions

### Net sales of SEK 831 m (746) up 11%

- Organic growth was 5% (whereof price 15% and volume -9%), acquisitions contributed with 2% and the impact from currency was +3% in the quarter
  - Finland: +21%, organic growth with 16%
  - Denmark +11%: strong for waterproofing membranes
  - Sweden +4%, strong development for waterproofing membranes
  - Norway +20%: organic growth with 12%
- Net Sales R12 at SEK 3,284 M

### EBITDA decreased to SEK 135 m (155) while Operating profit (EBIT) decreased to SEK 111 m (128)

- EBITDA margin decreased to 16.3 percent (20.8) in the third quarter. For the latest 12 months the margin is 17.0%.
- Decrease in EBITDA mainly explained by certain areas within Products & Solutions not matching the historically high margins they had previous year.



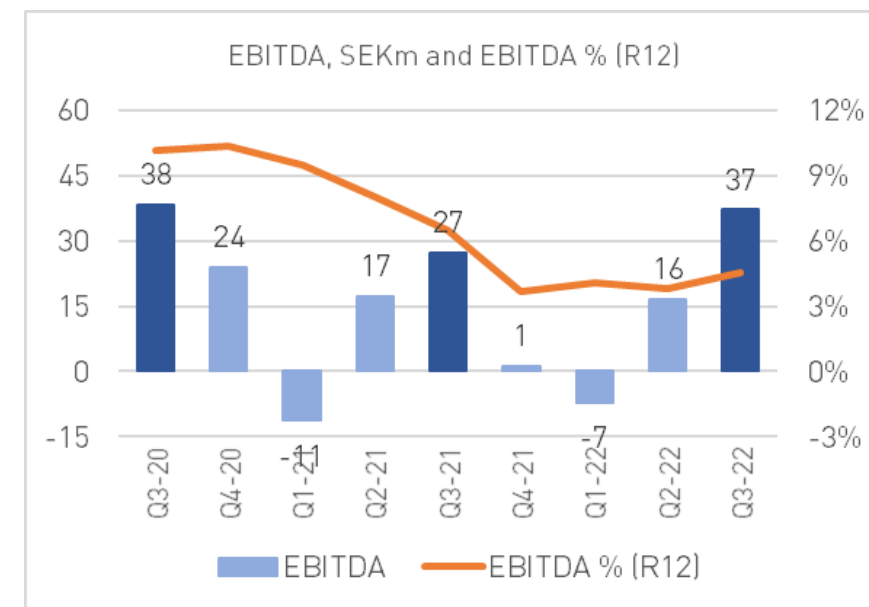
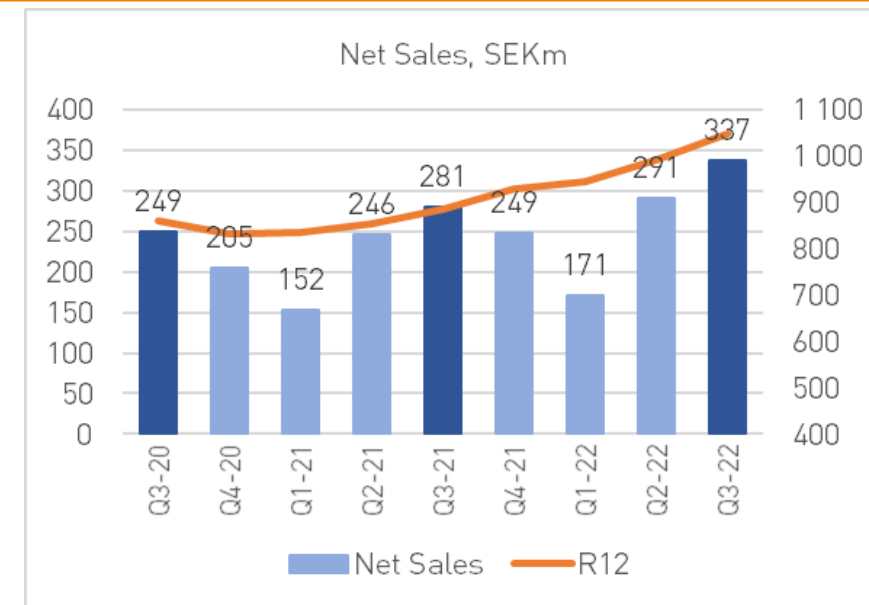
# Installation Services

## Net sales of SEK 337 m (281) increase by 20%

- Organic development of +3%, whereof price impact +6% and volume -3%
- Impact from acquisitions +12% and currency effects +5%.

## EBITDA increased to SEK 37 m (27) while Operating profit (EBIT) increased to SEK 28 m (20)

- EBITDA margin increased to 11.0 percent (9.7) in the third quarter. For the latest 12 months the margin is 4.5%.



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**

**Per-Olof Schrewelius, CFO & IR**

- 7 February 2023; Year end report 2022
- 30 March 2023; Annual report 2022
- 25 April 2023; Interim report January – March 2023
- 27 April 2023; AGM
- 20 July 2023; Interim report January – June 2023
- 26 October 2023; Interim report January – September 2023

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# APPENDIX

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## Shareholders as per 30 September 2022

Owner	Number of shares	Capital, %	Votes, %
Kingspan Group PLC	5,805,641	24.1%	24.2%
Handelsbanken Funds	1,827,969	7.6%	7.6%
Alcur Funds	1,298,620	5.4%	5.4%
Third Swedish National Pension Fund	1,200,000	5.0%	5.0%
Carnegie Funds	900,356	3.7%	3.8%
Cliens Funds	713,200	3.0%	3.0%
Danske Invest	710,407	2.9%	3.0%
ODDO BHF Asset Management	628,819	2.6%	2.6%
Avanza Pension	616,417	2.6%	2.6%
RAM Rational Asset Management	548,821	2.3%	2.3%
<b>Total 10 largest shareholders</b>	<b>14,250,250</b>	<b>59.2%</b>	<b>59.4%</b>
Other shareholders	9,749,588	40.5%	40.6%
<b>Total number of votes</b>	<b>23,999,838</b>	<b>99.7%</b>	<b>100.0%</b>
Treasury shares	84,097	0.3%	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 84,097
- Voting & ownership restrictions None
- Current market cap SEK 3,400 million (21 October 2022)
- 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)



**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)



**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

(237,936 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.

(20,017 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

(21,926 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

(9,000 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

(13,137 shares)



**Thomas Zipfel, Head of SealEco**

Joined NWG in 2009

Previous experience: 20 years of experience of managing positions including Trelleborg Waterproofing Polymeric Membranes

(14,439 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

(20,433 shares)

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