

Studsvik

Q2 2017 Presentation

July 21, 2017



Challenges in North America & Europe



Mixed picture Europe

- Profitability issues
- Cost reduction initiatives
- Germany phasing out
- Finland & UK invest
- Decommissioning of several units
- Life time extension

Strong growth in Asia

- New reactors
- China, Russia and Korea investing
- Japan to start a limited number
- R&D new fuel and reactor types

Cost focus in North America

- Profitability issues
- Nuclear promise – reduce cost 30 %
- Decommissioning
- Life time extension
- R&D new fuel and reactor types

Financial performance

		April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Sales, SEK million		176.6	176.3	356.2	347.9	758.8
Gross margin,%	↓	15.7	25.8	22.2	27.4	29.5
Operating Profit, SEK million		-19.4	-1.2	-21.4	9.5	24.7
Operating margin, %	↓	-11.0	-0.7	-6.0	2.7	3.2
Profit after net financial items, SEK million	↓	-27.2	-2.9	-36.6	-0.9	8.3
Profit per share after tax, SEK		-2.91	0.20	-3.95	0.92	2.07
Free cash flow, SEK million*		-38.9	-29.2	-43.1	-31.3	129.6
Investments, SEK million		7.3	2.8	12.4	7.0	15.3
Net debt/Equity ratio, %		18.9	65.0	18.9	65.0	0.8
Average number of employees		664	702	654	707	687

Analysis of key ratio development Q2

- Sales unchanged SEK 177 (176) million
- Gross margin decreased 15.7 (25.8) percent
- Operating losses increased to SEK -19 (-1) million
- Restructuring costs of SEK 2 (5) million impacted the result negatively in Q2
- Consultancy Services Germany poor performance due to lower demand of services
- Lower profit for Fuel & Materials Technology whilst Studsvik Scandpower is unchanged
- Half year result SEK – 21 (10) million primarily due to:
 - Low demand Consultancy Services in Germany
 - No new royalty from Studsvik Waste Treatment Technologies SEK 0 (19) million
 - Lower profit within Fuel & Materials Technology SEK 11 (19) million

Financial performance

		April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Sales, SEK million	↓	98.8	105.6	202.2	215.2	448.4
Operating Profit, SEK million	↓	-11.6	-0.5	-10.0	11.7	14.0
Operating Profit margin, %	↓	-11.7	-0.5	-5.0	5.4	3.1
Investments, SEK million		0.6	0.3	1.6	1.3	2.4
Average number of employees		492	525	480	526	523

Operational highlights

- Sales down with 6 percent to SEK 99 (106) million
- Operating profit decreased to SEK -12 (0) million
- Consultancy Services Germany poor performance due to lower demand of services
- Sweden poor profitability due to lower demand.
- UK and Waste Treatment Technologies developing positively.
- Half year result SEK -10 (12) million primarily due to:
 - Low demand in Germany and Sweden
 - No new royalty from Studsvik Waste Treatment Technologies SEK 0 (19) million
- Strategic review and various actions in Germany to improve profitability
- Further actions to improve Sweden initiated
- Interesting opportunities within Waste Treatment Technologies are in different stages

KEY OFFERINGS – CONSULTANCY SERVICES



Radioactive Waste Management



Safety, Analysis, Licensing and Strategy Planning



Radiation Safety and Protection



Nuclear Decommissioning



Environmental Services



Engineering

Financial performance

		April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Sales, SEK million	↓	52.2	54.1	104.7	97.6	196.3
Operating Profit, SEK million	↓	4.9	10.9	10.7	18.9	29.7
Operating Profit margin, %	↓	9.4	20.1	10.2	19.4	15.1
Investments, SEK million		4.9	2.5	9.0	5.0	11.7
Average number of employees		99	93	100	92	93

Operational highlights

- Decreased sales with 4 percent to SEK 52 (54) million
- Operating profit amounted to SEK 5 (11) million.
- Operating margin 9.4 (20.1) percent in Q2
- Lower profit due to:
 - Investments in sales & marketing
 - Customer delay of a major project
 - Start-up problems new production process which are now solved
- Half year result SEK 11 (19) million primarily due to the above factors
- Good order book for the remainder of 2017
- Increased commercial activities leading to a growing number of potential opportunities

KEY OFFERINGS – FUEL & MATERIALS TECHNOLOGY



Fuel Qualification



Plant Life Management



Hot Cell Technology



Final Storage Research



Fuel Qualification – Accident Tolerant Fuel



Transport of Irradiated Materials



Studsvik Alara Engineering

Financial Performance

		April-June 2017	April-June 2016	January-June 2017	January-June 2016	Full year 2016
Sales, SEK million		17.1	17.1	36.8	35.1	96.3
Operating Profit, SEK million	↑	-3.5	-5.2	-7.1	-7.9	2.8
Operating Profit margin, %	↑	-20.5	-30.4	-19.3	-22.5	2.9
Investments, SEK million		0.1	-0.1	0.1	0.0	0.1
Average number of employees		34	32	34	34	34

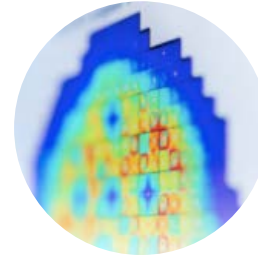
Operational highlights

- Sales SEK 17 (17) million
- Operating profit improved slightly to SEK -4 (-5) million
- Half year result SEK -7 (-8) million
- Applications for export of software to China is still being processed but uncertain when approval will be granted
- Demand for software is on a good level but procurement processes are longer and more time consuming
- Continued focus on increasing and expanding commercial activities and reach.
- New services based on software and competence being explored and developed

KEY OFFERINGS - STUDSVIK SCANDPOWER



Software Products



Engineering Services



Customer Support



Education and training

Well positioned with a new commercially focused organization and a stronger balance sheet

FOCUS 2017 – Sales & Business Development

- Growth Fuel & Materials Technology
 - Improve Profitability for Studsvik Scandpower
 - Growth Consultancy Services
 - Selection Strategic Direction Germany
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- R&D New Fuel and Reactor Types
 - Fuel Performance and Qualification
 - Reactor Performance & Life Time Extension
 - Back End Fuel Management
 - Waste Management
 - China, Korea, Japan, USA, Sweden, UK, Germany and Middle East



Financial Targets

- Profit margin 8 %
- Compound annual growth 10 %
- Equity ratio 40 %



Appendix

Balance sheet

	June 2017	June 2016	December 2016
Assets			
Non-current assets	443.0	398.7	447.1
Current assets	418.8	331.1	453.9
Total assets	861.8	1 021.1	901.0
Equity and liabilities			
Equity	308.1	267.7	348.1
Non-controlling interest	0.3	0.3	0.4
Non-current liabilities	357.5	427.4	359.9
Current liabilities	195.9	127.9	192.6
Total equity and liabilities	861.8	1 021.1	901.0

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