

# Studsvik



# Year-end 2018 Presentation

February 14, 2019

# Our Focus and Offerings



We develop, sell and deliver innovative technical solutions to create superior value by *improving performance* and *reducing risk*.

Focus on products and services within:

- Fuel and materials testing
- Fuel and reactor management software
- Life cycle management of nuclear and radioactive hazards

# Studsvik 2018 – improved organisation and profit

- Full year results and cash flow well ahead of last year
  - operating profit SEK 33.5 (-41.6) million
  - free cash flow SEK 54.2 (-84.2) million
- We are a small company selling to large customers on a global market!
- Improved management capabilities and several experts recruited in 2018
- New leaner group management increased business area accountability
- Efficiency improvements initiated but work will continue
- Continued cost control visible in head office cost reduction
- Reliability and predictability key to further improve sales and profitability
- Entering 2019 with a healthy order backlog and pipeline of opportunities!

# Global Nuclear Power Market - Challenging

- Western Europe, the USA and Japan:
  - Life extension programs and efficiency efforts instead of new build
  - Decommissioning market with long lead times
  - USA will remain as a large market for plants in operation
- Russia:
  - Export of nuclear technology including fuel
- China, South Korea, Taiwan:
  - Slightly slow down of expansion and newbuild of nuclear in China
  - China and South Korea preparing for export of their nuclear technology
  - South Korea and Taiwan preparing for decommissioning program
- The Middle East:
  - Delays in UAE reactor build
  - Saudi Arabia and Jordan planning new nuclear builds

# Strategies for growth

- Further develop existing competencies supporting plants in operation
  - Software for fuel management, waste strategies, material studies
- Broaden our offering for back-end market
  - Waste treatment technologies, software for fuel repository management
- Increase sales to new build
  - Waste strategies, software for fuel management, test and certification of fuel
- Develop new markets
  - Packaging of isotopes, advice to oil-, gas-, and mining industries in managing NORM
- Continued support to plants in decommissioning
  - Documentation, assessments, strategies for defueling and removing components
- Form strategic partnerships strengthening product offering and/or market reach

# Financial performance

	<b>October- December 2018</b>	<b>October- December 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Sales, SEK million	187.6	165.4	726.1	704.8
Gross margin,%	23.6	18.4	27.1	23.5
Operating Profit, SEK million	-0.3	-35.7	33.5	-41.6
Operating margin, %	-0.2	-21.6	4.6	-5.9
Profit after net financial items, SEK million	-3.8	-39.4	18.7	-58.7
Profit per share after tax, SEK	-0.78	-3.65	1.06	-5.47
Free cash flow, SEK million	29.4	-30.6	54.2	-84.2
Investments, SEK million	11.3	6.9	32.1	22.1
Net debt/Equity ratio, %	14.0	35.1	14.0	35.1
Average number of employees	625	667	624	662

# Key ratio development Q4

Q4 results improved in all areas and significant swing in cash flow was achieved

- Sales SEK 187.6 (165.4) million
- Gross margin 23.6 (18.4) per cent
- Operating profit SEK -0.3 (-35.7) million
- Restructuring costs SEK 3.6 (14.9) million
- Free cash flow SEK 29.4(-30.6) million

Full year results and cash flow well ahead of last year

- YTD operating profit SEK 33.5 (-41.6) million
- YTD year free cash flow SEK 54.2 (-84.2) million

Lower cost of head office structure continues to deliver savings vs last years

Refinancing concluded in January

- 150 MSEK financing hereof bank loan 50 MSEK and overdraft up to 100 MSEK
- 200 MSEK outstanding bond will be repaid February 22 using refinancing and own cash

# *KEY OFFERINGS – CONSULTANCY SERVICES*

*We manage Radioactive Hazards to keep our customers Safe*



**Repository Optimization**  
- Safety Analysis, Licensing and Planning



**Engineering**  
– Waste Mgmt Processes



**Radioactive Waste Management**



**Nuclear Decommissioning**  
-Radiological inventory, characterization & clearance



**Environmental Services**  
- Norm



**Radiation Safety & Protection**



# Financial performance – Consultancy Services

	<b>October- December 2018</b>	<b>October- December 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Sales, SEK million	18.9	21.5	78.3	123.0
Operating Profit, SEK million	-3.1	-4.5	-10.7	11.3
Operating Profit margin, %	-16.4	-20.9	-13.7	9.2
Investments, SEK million	0.4	1.5	2.4	2.7
Average number of employees	52	62	51	57

# Operational highlights – Consultancy Services

## Weak results

- Sales SEK 18.9 (21.5) million
  - Operating profit SEK -3.1 (-4.5) million
  - Restructuring costs SEK 0,0 (1,4) million
  - Comparable operating profit -3.1 (-3.1)
  - YTD operating profit SEK -10.7 (11.3) million
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- No license sales in 2018 while last year included SEK 22 million revenue and profit
  - Drop in net sales reflecting exit from non profitable business in the UK and Sweden
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- New managers for our operations in UK and USA
  - Increased resources for sales to Asia and US domestic market
  - Continued focus on waste- and metal treatment technologies and related engineering
  - Increased focus on non-IP related consultancy services

# KEY OFFERINGS – FUEL & MATERIALS TECHNOLOGY

## *Fuel & Materials Life Cycle*



Fuel Qualification



Plant Life  
Management



Hot Cell  
Technologies



Final & Interim  
Storage Research



Transport of  
Irradiated Materials



Engineering

# Financial performance – Fuel- & Materials Technology

	October- December 2018	October- December 2017	Full year 2018	Full year 2017
Sales, SEK million	64.4	54.4	224.3	195.0
Operating Profit, SEK million	11.7	-1.7	30.1	5.3
Operating Profit margin, %	18.2	-3.1	13.4	2.7
Investments, SEK million	7.5	2.9	23.2	97
Average number of employees	97	101	98	101

# Operational highlights – Fuel & Materials Technology

Strong Q4 with high utilization and improved efficiency

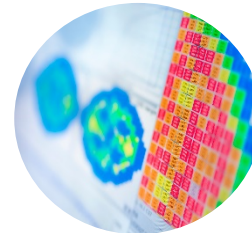
- Sales SEK 64.4 (54.4) million
- Operating profit SEK 11.7 (-1.7) million.
- YTD operating profit SEK 30.1 (5.3) million
  
- Part of Hot cell facility being rebuilt to accommodate production line for packaging medical isotopes for Elekta
- Elekta production start delayed to mid 2019, no impact on total 2019 sales
  
- Continued strong demand for services offered evidenced by strong order intake
- Still a growing organisation with cost for onboarding
- Focused efforts to widen offering around isotopes
- Sales to customers in Asia and Russia gradually growing following sales efforts

# KEY OFFERINGS - SCANDPOWER

## *Nuclear Analysis Software & Services*



Fuel Design, Core Design, Core Monitoring & Plant Performance Optimization



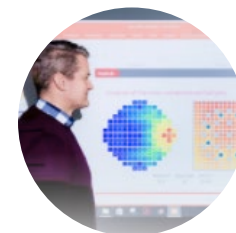
Used Fuel Analysis & Management (Interim and Permanent Storage)



New and Advanced Reactor Design & Licensing



Operator Training Simulation



Consulting, Engineering Services & Knowledge Transfer

# Financial Performance – Scandpower

	<b>October- December 2018</b>	<b>October- December 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Sales, SEK million	39.4	24.6	137.2	81.0
Operating Profit, SEK million	5.9	-2.0	26.8	-11.8
Operating Profit margin, %	15.0	-8.1	19.5	-14.6
Investments, SEK million	0.0	0.5	0.5	0.7
Average number of employees	31	34	33	34

# Operational highlights – Scandpower

## Recovery in US and Europe home market sales

- Sales SEK 39.4 (24.6) million
- Operating profit SEK 5.9 (-2.0) million
- YTD operating profit SEK 26.8 (-11.8) million
  
- Good performance in software sales, maintenance and related services
- Delivery of SEK 38 million order to Russian customer TVEL order completed
  
- Continued focus on widening offering, software development and commercial activities
- Software for simulators approved for export to China
- Work to obtain export approval for other software to China continues
- Focus on selling what and where we can sell gives results on home markets!



# *KEY OFFERINGS - GERMANY*

## *Decommissioning and Radiation Safety*



**Nuclear  
Decommissioning**  
-Radiological inventory,  
characterization & clearance



**Radiation Safety &  
Protection**

# Financial Performance - Germany

	<b>October- December 2018</b>	<b>October- December 2017</b>	<b>Full year 2018</b>	<b>Full year 2017</b>
Sales, SEK million	65.9	64.5	285.4	291.1
Operating Profit, SEK million	-6.8	-8.8	-9.3	-8.4
Operating Profit margin, %	-10.3	-13.6	-3.3	-2.9
Investments, SEK million	0.2	0.8	0.3	1.4
Average number of employees	420	435	417	435

# Operational highlights - Germany

Challenging turn in Q4 market demand, organisation restructured

- Sales SEK 65.9 (64.5) million
- Operating profit SEK -6.8 (-8.8) million
- Restructuring costs SEK 2.9 (0.0) million
- YTD operating profit SEK -9.3 (-8.4) million
  
- Q4 results not satisfactorily but in line with our expectations
  
- Market demand is picking up as decommissioning activities are initiated
- Demand for specific skills creating sales opportunities and recruitment challenges
- Studsvik CEO temporarily managing business replacing the local managing director

# Studsvik

# Balance sheet

	December 2018	December 2017
<b>Assets</b>		
Non-current assets	483.5	456.6
Current assets	417.1	368.3
<b>Total assets</b>	<b>900.6</b>	<b>824.9</b>
<b>Equity and liabilities</b>		
Equity	315.8	288.1
Non-controlling interest	0.4	0.3
Non-current liabilities	166.6	364.7
Current liabilities	417.8	171.8
<b>Total equity and liabilities</b>	<b>900.6</b>	<b>824.9</b>