

Studsvik

Q4 2016 Presentation

February 15, 2017



Market conditions – mixed picture

- Our home markets in Europe and North America are stable but we see no major growth in demand as the market is dominated by low energy prices and unprofitable utilities. But, it opens up other opportunities where customers seek support. *We are actively pursuing those.*
- Utilities in Europe and North America are generally focusing on safely extending life time and improving efficiency. *We are increasing our efforts to provide relevant support.*
- At the same time preparations for decommissioning and dismantling are being considered for the aging nuclear fleet in many countries in Europe and North America. Specifically, we see movements in Germany and Sweden. *We are involved in an increasing number of discussions.*
- China, India, Russia, Middle East, Korea, UK, Finland and a number of other nations across the world invest or are considering to invest in more nuclear power. *We are focusing on China, Middle East, Korea and UK.*
- The oil, gas and mining industries are becoming increasingly aware of the health hazards posed with concentration of radioactive residues in conjunction with extraction. Demand is slightly impacted from low energy prices. *Increased efforts to expand our services in Europe and Middle East.*
- Climate change is increasingly coming into focus with challenges for all fossil fuels whilst investments in renewable sources including nuclear power continues in many countries. *We are pursuing opportunities with new fuel and reactor types.*

Financial performance

	October-December 2016	October-December 2015	Full year 2016	Full year 2015
Sales, SEK million*	246.3	196.9	758.8	721.2
Gross margin,%*	↑ 36.9	29.8	29.5	26.9
Operating Profit, SEK* million	27.0	11.4	24.7	36.6
Operating margin, %*	↑ 11.0	5.8	3.3	5.1
Profit after net financial* items, SEK million	↑ 23.6	5.4	8.3	18.9
Profit per share after tax, SEK*	1.06	0.34	2.07	1.78
Free cash flow, SEK million	-22.2	8.5	129.6	-29.8
Investments, SEK million*	5.5	4.0	15.3	14.6
Net debt/Equity ratio, %	0.8	45.0	0.8	45.0
Average number of employees*	695	707	687	708

Analysis of key ratio development Q4

- Sales increased with 25 percent to SEK 246 (197) million
- Gross margin increased 36.9 (29.8) percent
- Operating profit increased to SEK 27 (11) million
- Operating margin was 11.0 (5.8) percent
- Sales of software (SEK 17 million) and Thor licenses (SEK 23 million) impacted Q4 positively
- Restructuring costs of SEK 9 million impacted the result negatively in Q4
- Operating margin excluding restructuring costs was:
 - 14.7 (5.8) percent in Q4
 - 5.5 (5.1) percent for the year

Financial performance

		October-December 2016	October-December 2015	Full year 2016	Full year 2015
Sales, SEK million	↑	128.9	106.0	448.4	417.5
Operating Profit, SEK million	↑	7.9	4.1	14.0	23.8
Operating Profit margin, %	↑	6.1	3.9	3.1	5.7
Investments, SEK million		0.3	0.5	2.4	1.2
Average number of employees		525	521	523	522

Operational highlights

- Sales up with 22 percent to SEK 129 (106) million
- Operating profit increased to SEK 8 (4) million
- Operating margin improved to 6.1 (3.9) percent
- Positive impact from sales of Thor licenses with SEK 23 million in Q4
- Restructuring costs in Germany and UK impacted the result with SEK minus 7 (0) million in Q4 and minus 13 (0) for the year.
- Operating margin excluding restructuring costs was:
 - 11.6 (3.9) percent in Q4
 - 6.1 (5.7) for the year
- Challenges in Germany and UK with poor utilization

Customers

- Nuclear plants
- Hospitals
- Universities
- Process industry
- Oil installations
- Gas installations
- Commercial

Main markets:



Key offerings



- Facility Decommissioning
- Facility Operations
- Facility Planning & Licensing - Repositories
- Waste Treatment Technologies
- Environmental to Non-Nuclear Customers

Financial performance

		October- December 2016	October- December 2015	Full year 2016	Full year 2015
Sales, SEK million	↑	104.2	83.7	282.9	276.5
Operating Profit, SEK million	↑	23.8	16.7	32.5	40.9
Operating Profit margin, %	↑	22.8	20.0	11.5	14.8
Investments, SEK million		5.0	1.0	11.8	5.9
Average number of employees		125	128	127	128

Operational highlights

- Increased sales with 24 percent to SEK 104 (84) million
- Operating profit amounted to SEK 24 (17) million.
- Materials Technology and Studsvik Scandpower developed positively in Q4
- Software sales amounted to SEK 17 (11) million in Q4
- Operating margin increased to:
 - 22.8 (20.0) percent in Q4
 - 11.5 (14.8) percent for the year
- Increasing demand for services from Materials Technology and Studsvik Scandpower.

Customers

- Utilities operating and constructing commercial Nuclear Power plants
- Engineering Design organizations
- Safety Authorities / Regulators
- Fuel Vendors
- Research Institutes
- Universities



Main markets:



Key offerings



- Fuel Qualification
- New Fuel & Reactor Concepts
- Optimization Fuel Performance
- Optimization of Plant Reliability & Lifetime
- Failed Fuel Management
- Spent Fuel Pool Interim & Final Storage
- Nuclear fuel analysis software & services
- Hot Cell Technology
- Radioactivity & Dose Rate Management
- Transport and logistics

Studsvik's focus – Strategic Direction

Our Business Concept

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

Our Offering

Our offer is based on advanced engineering and consultancy within:

- fuel and materials testing in the whole life cycle
- fuel and reactor management software in the whole life cycle
- lifecycle management of nuclear and radioactive hazards
- expert advice decommissioning of nuclear facilities
- designing production processes for radioactive waste

Our Vision

Leading innovation driving sustainable nuclear solutions



Studsvik's focus - Organization

Fuel and Reactor-Lifecycle

- Fuel & Materials Technology – examination, testing & analyses
- Studsvik Scandpower – modeling & simulation, software systems design

Waste Engineering & Radioactive Hazard Management

Nuclear

- Decommissioning – expert advice in the whole process
- Planning & Licensing – handling, transport, storage & repository solutions
- Waste Treatment Solutions – Pyrolysis (Thor), metallic and other treatments

Environment

- Norm – oil, gas, mining, mineral processing and other non-nuclear radioactive waste

Studsvik Technology Park





Appendix

Balance sheet

	December 2016	December 2015
Assets		
Non-current assets	447.1	653.9
Current assets	453.9	339.6
Total assets	901.0	993.5
Equity and liabilities		
Equity	348.1	297.9
Non-controlling interest	0.4	0.3
Non-current liabilities	359.9	239.0
Current liabilities	192.6	456.3
Total equity and liabilities	901.0	993.5

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