

# Cambi ASA

## Q3 2023

**Eirik Fadnes, CEO**  
**Mats Tristan Tjemsland, CFO**

1 November 2023



# Disclaimer

This presentation is for information purposes only. Cambi ASA gives no representation or warranty, expressed or implied, as to the accuracy or completeness of any information included herein. No information, including projections, estimates, targets and opinions, contained in this presentation is or can be relied upon as a promise or representation by Cambi ASA.

The presentation contains information obtained from third parties. Such information has been accurately reproduced, and as far as Cambi ASA is aware and able to ascertain from the information published by that third party no facts have been omitted that would render the reproduced information inaccurate or misleading. While all steps have been taken to ensure the presentation's accuracy, Cambi ASA does not accept any responsibility for any errors or resulting loss or damage whatsoever. Readers have the responsibility to check these aspects for themselves thoroughly. Enquiries about the reproduction of content from this publication should be directed to Cambi ASA.

The presentation contains forward-looking statements related to Cambi ASA's current plans, objectives, forecasts and estimates. These statements only consider available information up to the date that this presentation was prepared. Cambi ASA makes no guarantee that these forward-looking statements will prove right. The future development of Cambi ASA and its subsidiaries and the achieved results are subject to a variety of risks and uncertainties, which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of Cambi ASA and its subsidiaries and, therefore, cannot be precisely predicted.



# Cambi is strongly positioned for value creation

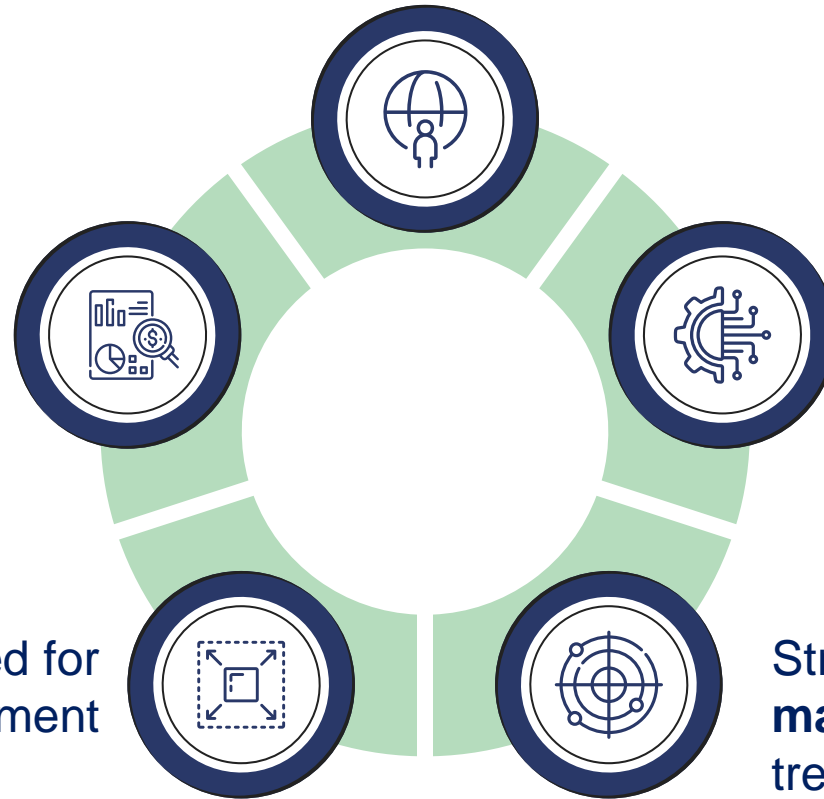
**Global leader** in wastewater sludge treatment solutions with solid track record

**Robust financial** performance enabling shareholder dividends

**Scalable platform** positioned for future development

**Proven thermal hydrolysis technology** with unique value proposition

Strongly positioned in **attractive market** supported by macro trends



# Highlights

- Strong operational leverage and momentum
  - Revenue increase of 115% year-over-year
  - Scalable platform resulting in record EBITDA of NOK 70 million at 30% margin
- Solid cash flow
  - Cash conversion ratio of 80% in the first three quarters
  - Dividend of NOK 0.6 per share in the quarter, NOK 0.75 per share in 2023
- Change in strategic direction, reducing efforts to actively seek plant ownership
- New reporting segments: Technology and Solutions



New THP system in operation in Athens, Greece

# New financial reporting structure improves alignment between company strategy, operations, and financials

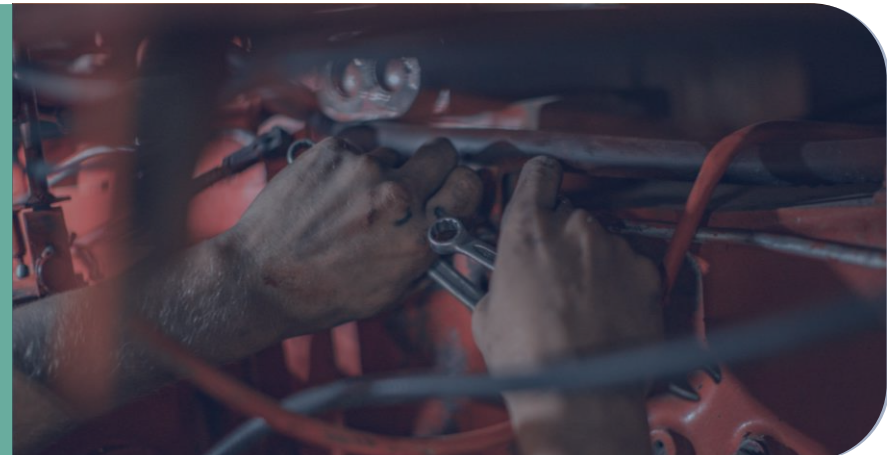
## Technology

Sales, R&D, manufacturing and delivery of world-class technology for sludge treatment



## Solutions

Value-adding services beyond delivery of world-class sludge treatment technology





## Technology

- On-schedule progress for all 15 THP projects in different stages of execution during the third quarter
- One new THP system in operation in Warsaw, Poland
  - Cambi's first reference plant designed for operations between two existing digesters, which maximises biogas output and dewaterability
- The commissioning of three US THP plants in Kansas City, Raleigh, and Prince George's County near Washington, DC, continued apace through the quarter
- The installation of the THP systems at Damhusåen in Copenhagen, Denmark, and at Schijnpoot in Antwerp, Belgium, also advanced steadily
- While Be'er Sheva is located close to the ongoing conflict in Gaza, there are no Cambi employees in Israel. The project is currently progressing through the engineering stage.



New THP in operation in Warsaw, Poland



Lift-in of the THP at Schijnpoot in Antwerp, Belgium

## Solutions

- Cambi is increasing its capacity to follow up and support a growing THP client base in all geographies.
- The second THP system at Psyttalia near Athens, Greece, started operations. The THP plant now processes all secondary solids from the site, compared to only half earlier.
- The upgrade projects in Hengelo, the Netherlands (capacity expansion), and Dublin, Ireland (energy efficiency), progressed as planned.
- The services team also carried out many annual shutdowns before the season ended in October.
- Grønn Vekst sold 66,000 tonnes of soil in the third quarter, up from 59,000 tonnes in the same quarter of last year.
- The new soil packaging plant has achieved steady and effective operations. Production is shifting focus to volumes for 2024.



Adding a third THP pressure vessel in Hengelo



# Record order intake of NOK 1 billion, solid order backlog of NOK 1.8 billion

- 6 equipment contracts signed in the quarter on three continents
- 2 new market entries: New Zealand and Israel
- Order intake of nearly NOK 1 billion
- Order intake guiding 2023-2024 reached during the quarter
- Book-to-bill ratio of 2.1 for the year-to-date
- Closing order backlog at NOK 1.8 billion





Third quarter  
**Order intake**



# Perth became the 3rd Australian city to invest in Cambi's THP

Medium contract for 1 THP system

- Contract for Water Corporation's Woodman Point water resource recovery facility – catering to 900,000 customers
- THP will enable the existing digesters to process increasing solids volumes
- The resulting biosolids will be safely reused on land for broad-acre crops and in forestry.
- Project execution in collaboration with Integrate Alliance, which includes the Australian arms of Clough Projects and Jacobs
- THP delivery is set for 2025, with handover and start of operations in 2026.





# Louisville, KY, will be the location for Cambi's 11<sup>th</sup> THP in the US

Large contract for 2 THP systems



- Delivered to the Louisville MSD's Morris Forman water quality treatment centre
- Cambi's THP will increase solids processing capacity without additional digesters, opening for solids from more Louisville MSD locations to be treated at one site
- Lower operational costs and environmental impact will ensure long-term sustainable wastewater treatment for the community
- Executed by Walsh Construction with engineering and design by Stantec
- Commissioning scheduled for 2026

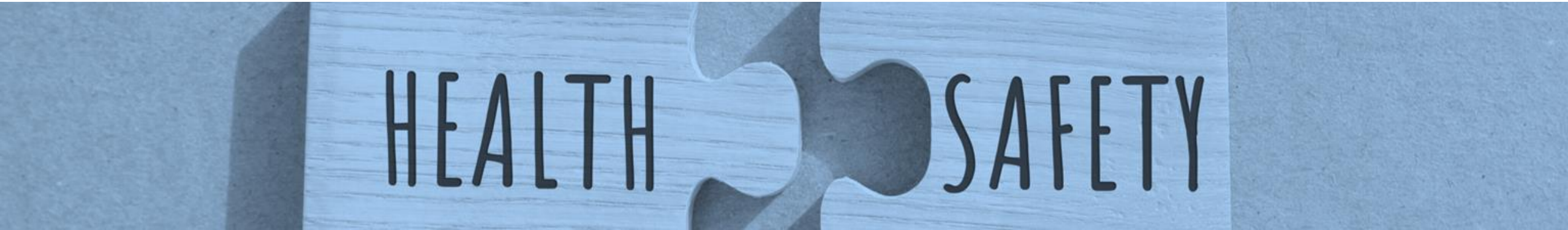
# Recent developments

## Committed to employee health and safety

- Obtained ISO45001:2018 certification for occupational health and safety
- Cambi has a comprehensive risk management system in place and clear targets to avoid all occupational injuries and diseases
  - Including promoting and protecting physical and mental health
  - No reportable injuries or incidents so far in 2023

## Project execution for THP in Be'er Sheva

- Contract award in July with delivery to the site currently scheduled for 2025
- No need for employees on the ground in Israel this and next year
- The project is undergoing engineering, with manufacturing in the UK starting in 2024



HEALTH SAFETY



# Outlook

- Demand for reliable technology and solutions to recover resources from wastewater is ever higher, and Cambi has a growing sales pipeline
- Steady delivery on a substantial project portfolio is anticipating strong growth in full-year revenues and profits in 2023 vs 2022
- The record-high quarterly order intake gives Cambi a solid order backlog with good financial visibility for the next years
- The NOK 1.2 billion order intake estimate for 2023-2024 has already been reached
- 60-80% of net profit envisaged for dividend payouts in the coming two years



---

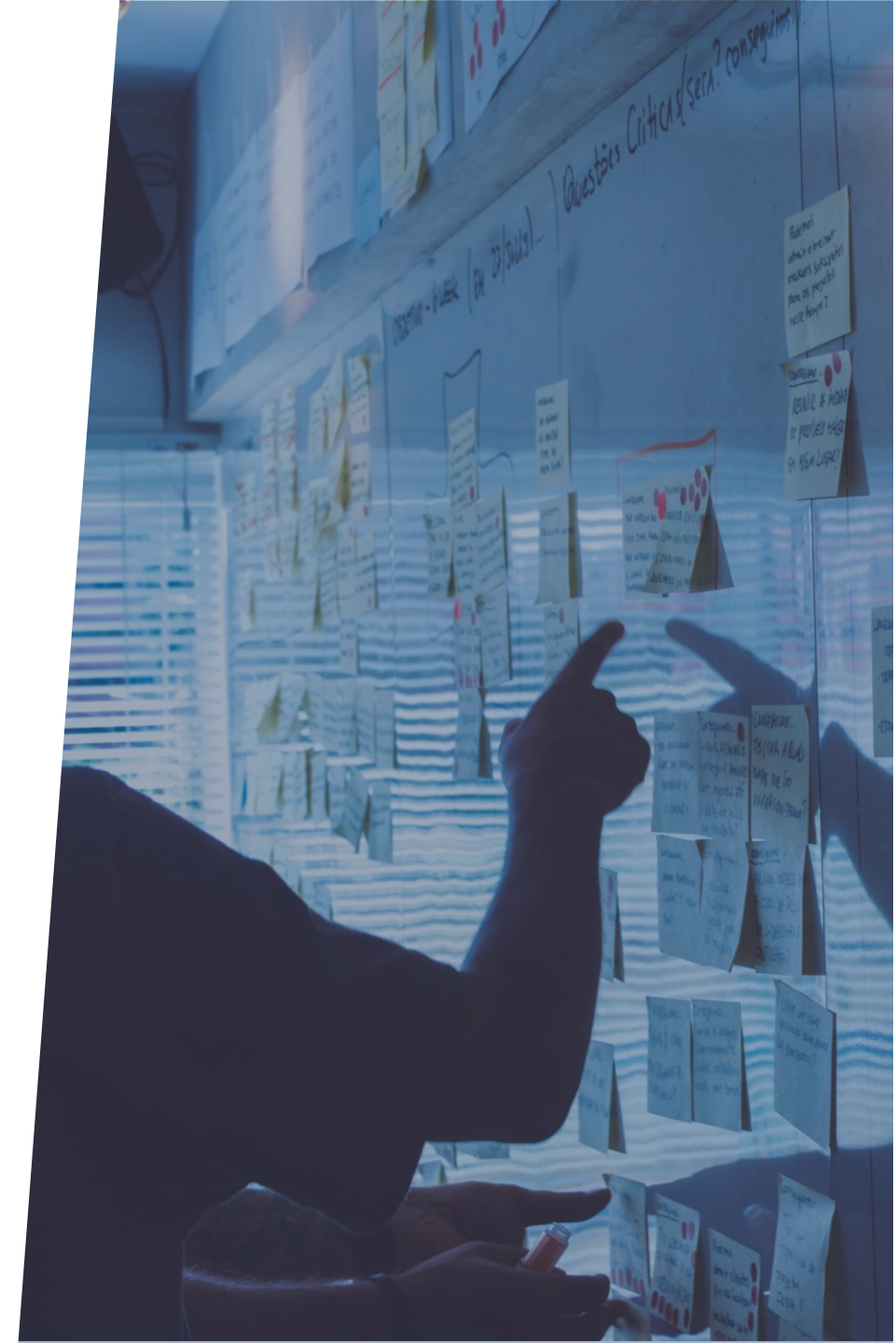
# Financial performance

Mats Tristan Tjemsland, CFO



# Financial highlights

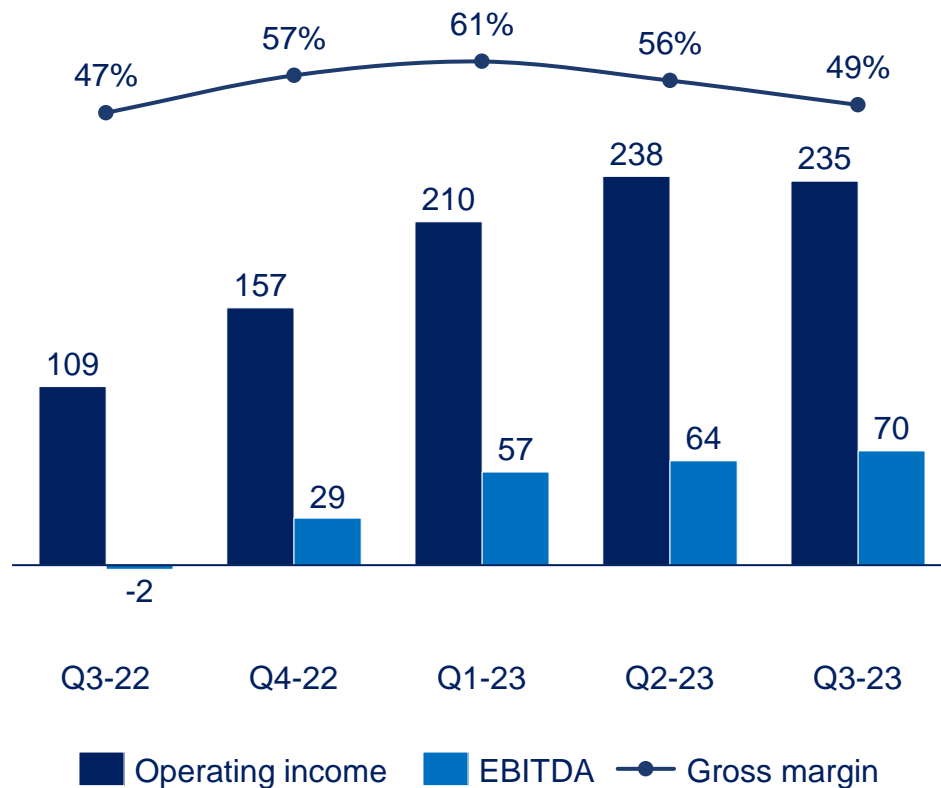
- Solid operating income generation
- Strong EBITDA performance
- High cash conversion
- The order intake estimate for 2023-2024 was reached
- Shareholder dividend distribution
- New reporting segments



# Quarterly revenue and EBITDA

## Key financials

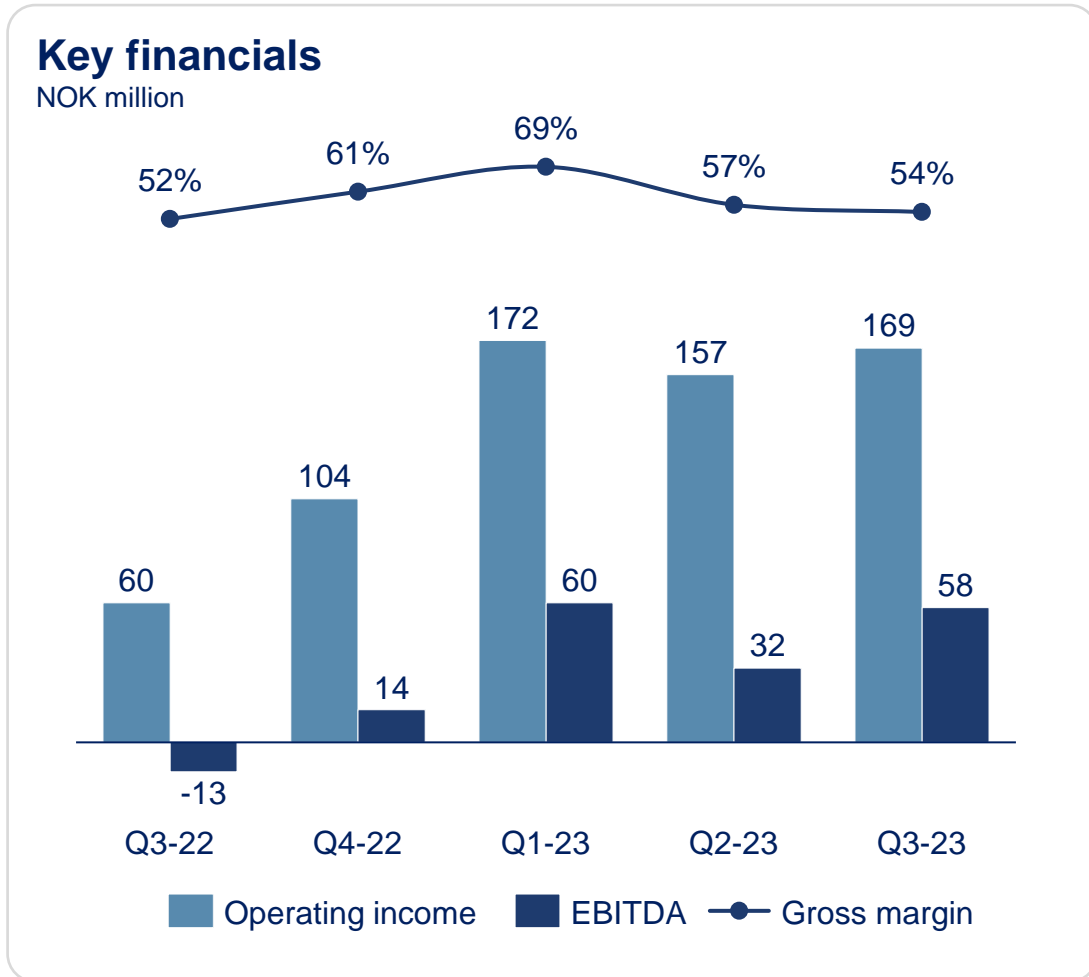
NOK million



- Continued strong momentum in project execution of 18 construction projects
- A weak NOK provides uplift from project revenues in foreign currencies
- Gross margin impacted by product mix
- Operational leverage enabling profitability

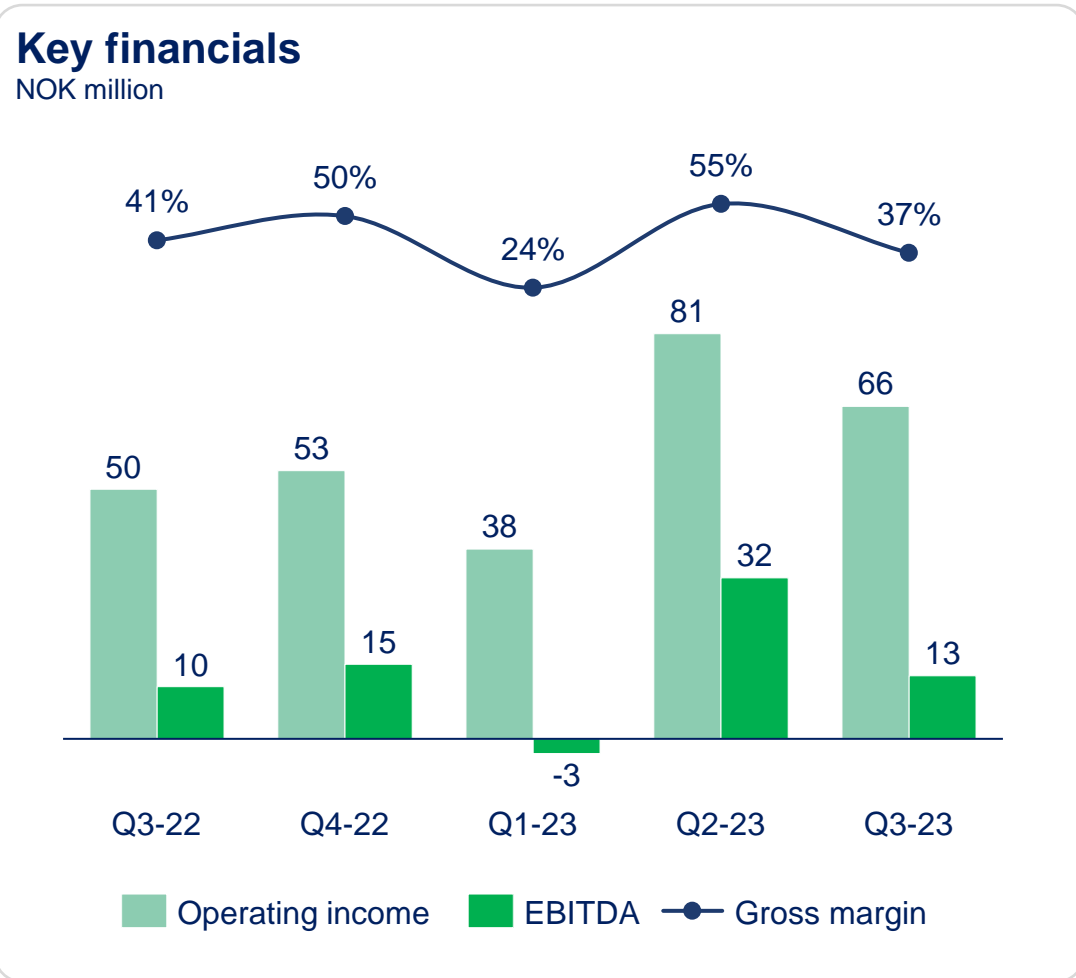


# Quarterly revenue and EBITDA



- Technology segment consist of the previously reported Equipment subsegment, in addition to allocated overhead costs
- Strong performance, driven by the good momentum for ongoing projects
- There are 15 ongoing construction projects at the end of Q3
- Increased pressure in gross margins expected going forward
- Operational leverage unlocking profitability when activity level is high

# Quarterly revenue and EBITDA



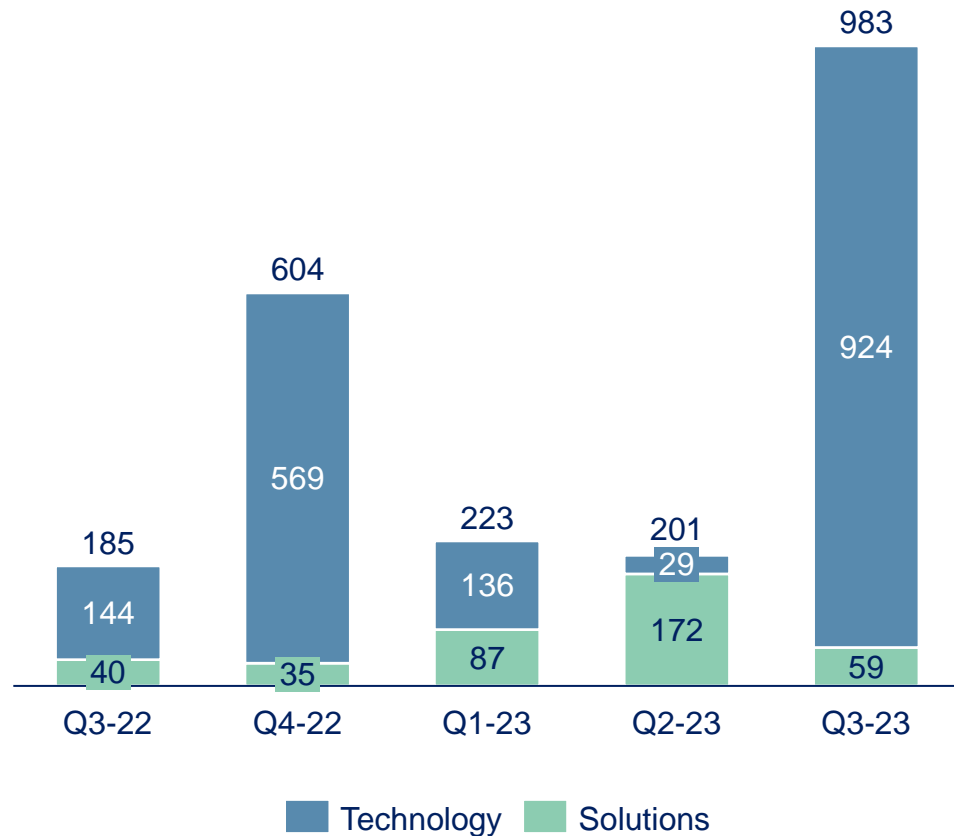
- Solutions segment consist of the previously report subsegments Recycling and Services, in addition to allocated overhead costs.
- Financial performance of the segment is expected to be more stable and predictable
- There are 3 ongoing construction projects at the end of Q3
- Gross margin is influenced by product mix



# Order intake almost reaching all-time high levels within a quarter, almost reaching the 1 billion NOK mark

## Order intake

NOK million



Signed 6 new equipment contracts in the quarter:



Norway (Large)



Singapore (Major)



Israel (Medium)



New Zealand (Large)



Australia (Medium)

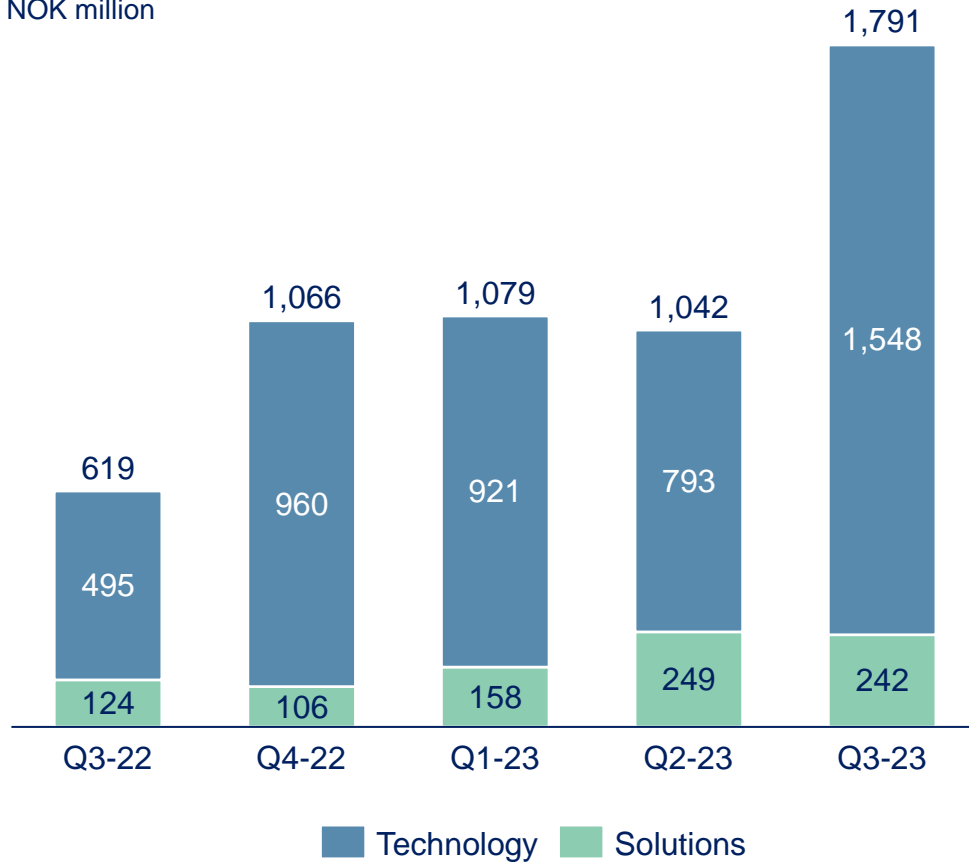


USA (Large)

# Backlog reached an all-time high level of NOK 1.8 billion in Q3, providing a solid financial foundation going forward

## Order backlog

NOK million



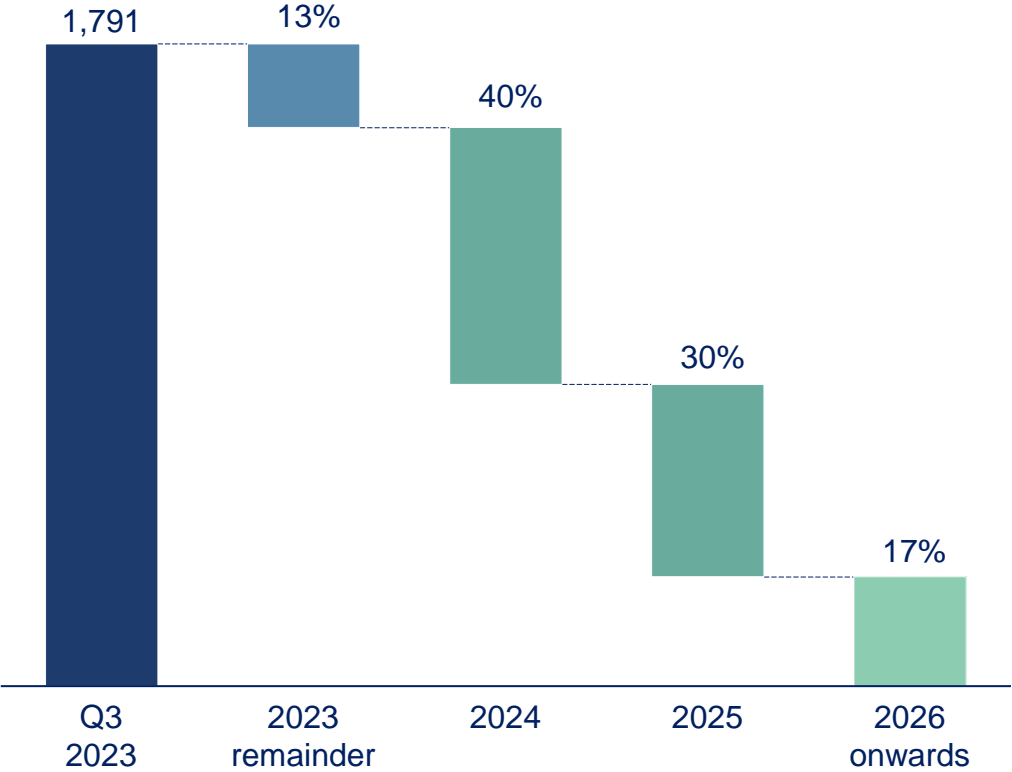
- All-time high backlog of NOK 1.8 billion by the end of Q3
- The current backlog is mainly related to the Technology segment (86%)
- Provides a solid financial foundation going forward



# Backlog breakdown by execution year provides Cambi good financial visibility for the next years

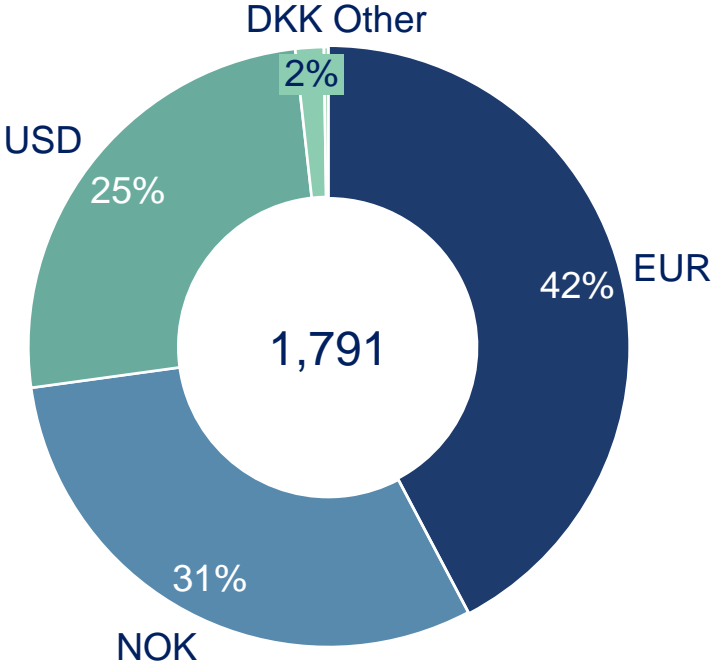
### Order backlog by execution year

NOK million



### Order backlog by currency

NOK million



# Profit and loss statement

## Consolidated statement of profit and loss

NOK million	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Operating income	109	157	210	238	235
Costs of goods sold	58	67	81	105	119
<b>Gross margin</b>	<b>51</b>	<b>90</b>	<b>128</b>	<b>133</b>	<b>116</b>
Payroll expenses	33	36	39	37	42
Other operating expenses	21	26	33	32	4
<b>Operating expenses</b>	<b>54</b>	<b>62</b>	<b>72</b>	<b>69</b>	<b>45</b>
<b>EBITDA</b>	<b>-2</b>	<b>29</b>	<b>57</b>	<b>64</b>	<b>70</b>
Depreciation and amortisation	3	11	6	6	6
<b>Operating profit</b>	<b>-5</b>	<b>18</b>	<b>51</b>	<b>58</b>	<b>64</b>
Net financial items	3	0	-2	-5	6
<b>Profit (loss) before tax</b>	<b>-3</b>	<b>18</b>	<b>48</b>	<b>53</b>	<b>70</b>
Tax expense	0	-2	0	0	0
<b>Net profit (loss)</b>	<b>-3</b>	<b>20</b>	<b>48</b>	<b>53</b>	<b>70</b>

- Operating income uplift mainly from progress on 18 ongoing equipment delivery projects
- Payroll expenses development in line with expectations due to a growing organisation
- Other operating expenses impacted by the reversal of project-related cost accruals, which impacts Q3 figures with a positive effect of NOK 20 million
- Depreciation and amortisation mainly related to the acquired technology portfolio

# Balance sheet shows that Cambi has a solid financial position

## Consolidated statement of financial position

NOK million	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
<i>Assets</i>					
Intangible assets	88	82	77	72	67
Tangible assets	19	20	20	31	32
Financial assets	2	1	1	1	1
<b>Total non-current assets</b>	<b>109</b>	<b>103</b>	<b>98</b>	<b>104</b>	<b>99</b>
<i>Current assets</i>					
Inventories	48	43	60	75	75
Debtors	145	163	176	251	222
Financial assets	101	102	102	102	102
Bank deposits	110	167	199	168	282
<b>Total current assets</b>	<b>403</b>	<b>475</b>	<b>537</b>	<b>597</b>	<b>681</b>
<b>Total assets</b>	<b>512</b>	<b>577</b>	<b>635</b>	<b>701</b>	<b>780</b>
<i>Equity and liabilities</i>					
<b>Equity</b>	<b>419</b>	<b>402</b>	<b>464</b>	<b>520</b>	<b>489</b>
<i>Liabilities</i>					
Non-current liabilities	1	1	1	1	0
Current liabilities	92	174	170	180	291
<b>Total liabilities</b>	<b>93</b>	<b>175</b>	<b>171</b>	<b>181</b>	<b>292</b>
<b>Total equity and liabilities</b>	<b>512</b>	<b>577</b>	<b>635</b>	<b>701</b>	<b>780</b>

- Total assets of NOK 780 million by end of Q3
- Bank deposits and financial assets total of NOK 384 million
- Dividends of NOK 96 million were distributed in the beginning of Q4 2023
- The balance sheet shows that Cambi has a solid financial position



# Cash flow statement shows solid cash generation in Q3

## Consolidated statement of cash flows

NOK million	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
<i>Cash flow from operating activities</i>					
Profit/loss before tax	-2	-14	48	53	70
Tax paid for the period	-1	-2	0	0	0
Ordinary depreciation	3	18	6	6	6
Change in inventory	-1	2	-17	-15	0
Change in accounts receivable	20	-25	-17	-69	18
Change in accounts payable	-7	2	4	21	-9
Effect of exchange rate fluctuations	3	7	6	3	-6
Change in other accrual items	-25	72	4	6	35
<b>Net cash flow from operating activities</b>	<b>-10</b>	<b>59</b>	<b>34</b>	<b>5</b>	<b>115</b>
<i>Cash flow from investment activities</i>					
Payments for the purchase of fixed assets	0	-3	-1	-12	-1
Payments for the purchase of intangible assets	0	-49	0	0	0
Payments for share buy back		-10	-1	0	
Proceeds for the sales of money market fund shares		100	1	1	
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>38</b>	<b>-1</b>	<b>-11</b>	<b>-1</b>
<i>Cash flows from financing activities</i>					
Instalment payments of long-term liabilities	0	-1	0	0	0
Dividends paid				-24	
Change investment equity method	0	1	0	0	0
<b>Net cash flows from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>-10</b>	<b>97</b>	<b>32</b>	<b>-30</b>	<b>114</b>
Cash and cash equivalents at the start of the period	120	70	167	199	168
Cash and cash equivalents at the end of the period	110	167	199	168	282

- Very solid operational cash flow generation of NOK 115 million in Q3
- Dividend payment of 96 NOK million at the beginning of Q4
- The timing of project milestone payments from customers will vary from quarter to quarter

# Q&A

A dark blue background featuring a faint, light blue world map. A vertical white line descends from the top center of the page.

# Thank you

[News](#)

[The share](#)

[Reports and presentations](#)

[Corporate governance](#)

[Investors overview](#)

[Contact us](#)