



Q2 Highlights

Nammo continues to be on the growth path. Compared to last year's Q2 performance Operating Revenues ended at MNOK 1178 (MNOK 1163 Q2 2017). The cumulative 1H performance of MNOK 2233 is 11% higher than last year (MNOK 2015) and up 8% when excluding the MOOG acquisitions.

Short term profitability is a challenge, and the quarterly Earnings before Tax was MNOK 64 (MNOK 118) whilst the 1H result was MNOK 75 (MNOK 118). The guidance for full year remains MNOK 374. The Group is taking measures to assure that Nammo's profitability is restored. These measures include increasing sales, driving efficiency and cutting costs.

The Order Intake is encouraging and the value of new orders signed in Q2 was MNOK 1728 (MNOK 883), and for the half year MNOK 2696 (MNOK 1826). The Business Unit Aerospace Propulsion has signed major contracts (AMRAAM, IRIS and Space) and is accounting for more than 40% of the Group's year to date total Order Intake. Nammo has submitted commercial proposals for several multi-year defense contracts. All key markets to Nammo except for the demil market have a positive underlying trend.

	01.04.-30.06.		01.01.-30.06.		
MNOK	2018	2017	2018	2017	2017
Operating revenues	1 178	1 163	2 233	2 015	4 462
EBITDA	120	170	180	220	536
EBITDA-%	10,1 %	14,6 %	8,1 %	10,9 %	12,0 %
EBIT	72	124	90	128	364
EBIT-%	6,2 %	10,6 %	4,0 %	6,4 %	8,2 %
Earnings before tax	64	118	75	118	341
Order intake	1 727	883	2 696	1 826	4 298

	01.04.-30.06.		01.01.-30.06.		
MNOK	2018	2017	2018	2017	2017
Equity-ratio %	46 %	47 %	46 %	47 %	44 %
Net interest bearing debt	1 306	1 257	1 306	1 257	1 323
Working capital	2 192	2 161	2 192	2 161	2 193
EVA, rolling 12 months	(124)	(86)	(124)	(86)	(80)
Order backlog	4 741	4 640	4 741	4 640	4 645
No. of employees	2 462	2 260	2 462	2 260	2 343

Balance Sheet

At the end of Q2 2018 Nammo had net interest-bearing liabilities of MNOK 1 322 being MNOK 161 higher than last year's Q2 number. This has been necessary to finance working capital from higher sales and the investments. The Group's bank deposits and cash equivalents came to MNOK -16 at Q2 2018, compared to MNOK 97 at Q2 2017. The Group's equity was MNOK 2 516 (46 per cent), compared with MNOK 2 492 (47 per cent) at Q2 2017. Nammo has launched a program to obtain a more efficient working capital, and the working capital to sales ratio is showing progress compared to last year.

Balance sheet

MNOK	30.06.18	31.03.18	31.12.17	30.09.17	30.06.17
Equity	2 516	2 428	2 495	2 497	2 492
Equity ratio (%)	46 %	45 %	44 %	48 %	47 %
Total assets	5 450	5 427	5 650	5 185	5 258
Working capital	2 192	2 086	2 193	2 287	2 161
Gross interest-bearing liabilities	1 306	1 304	1 323	1 157	1 257
Gross bank deposits and cash equivalents	(17)	172	185	(62)	97
Net interest-bearing liabilities	1 322	1 132	1 138	1 219	1 161

Profit and loss last quarter

The year to date operating income per Q2 2018 is 11 % higher than the same period last year. The Operating Result is 25% lower the cumulative result from 2017 and the Group is taking measures to restore short term profitability.

Sales: with a strong order stock and a good order pipeline there are opportunities to break through the MNOK 5 of Operating Revenues in 2018.

Productivity: Nammo is investing into automated production to improve productivity. Together with a program on Lean 6 Sigma the goal is to create state of the art processes and production environment.

Cost reduction: In Quarter 2 it was decided to close down the Pinnow site and the Lindesberg site for military activities. Last year the production facility for sholder fired launchers in Davidsville was closed and activities transferred to Mesa. Both Raufoss and Løkken Verk have now personnel on temporary leave.

Nammo is also working on long term profitability improvement looking into both structural, legal and operational areas.

