

Q1 Highlights

In Q1 2018 Nammo reported operating revenues of MNOK 1055 (Q1 2017 MNOK 853), EBITDA of MNOK 61 (MNOK 49) and Earnings before Tax of MNOK 11 (MNOK 0). Traditionally Q1 has been a low season quarter, but for the first time in Nammo's history, the Operating revenues broke through the MNOK 1 mark. In comparison to 1Q 2017, the growth rate was impressive 23.6%. The Group's order intake ended at MNOK 969 (MNOK 943), resulting in an order backlog valued at MNOK 4 512 (MNOK 4 645) at 1Q end-close. Prospects for further orders and operating revenue growth are good, but profitability must improve.

	01.01.-31.03.		01.01.-31.03.		
MNOK	2018	2017	2018	2017	2017
Operating revenues	1 055	853	1 055	853	4 462
EBITDA	61	49	61	49	536
EBITDA-%	5,7 %	5,8 %	5,7 %	5,8 %	12,0 %
EBIT	18	5	18	5	364
EBIT-%	1,7 %	0,5 %	1,7 %	0,5 %	8,2 %
Earnings before tax	11	0	11	0	341
Order intake	969	943	969	943	4 298

	01.01.-31.03.		01.01.-31.03.		
MNOK	2018	2017	2018	2017	2017
Equity-ratio %	45 %	46 %	45 %	46 %	44 %
Net interest bearing debt	1 304	1 224	1 304	1 224	1 323
Working capital	2 086	1 903	2 086	1 903	2 193
EVA, rolling 12 months	(79)	(62)	(79)	(62)	(80)
Order backlog	4 512	4 864	4 512	4 864	4 645
No. of employees	2 431	2 229	2 431	2 229	2 343

Balance Sheet

At the end of Q1 2018 Nammo had net interest-bearing liabilities of MNOK 1 132 being MNOK 265 higher than last year's Q1 number. The Group's bank deposits and cash equivalents came to MNOK 172 at Q1 2018, compared to MNOK 357 at Q1 2017. The Group's equity was MNOK 2 428 (45 per cent), compared with MNOK 2 385 (46 per cent) at Q1 2017. The higher level of financial gearing relative to the situation 12 months ago, is a result of the cash outflow last year with increase in working capital to support sales growth, investments in fixed assets and acquisition of 4 companies in 2017. The cash outflow in Q1 2018 has been MNOK 23 with significant improvements compared to last year, and Nammo has launched a working capital improvement program to ensure better performance in 2018.

Balance sheet

MNOK	31.03.18	31.12.17	30.09.17	30.06.17	30.03.17
Equity	2 428	2 495	2 497	2 492	2 385
Equity ratio (%)	45 %	44 %	48 %	47 %	46 %
Total assets	5 427	5 650	5 185	5 258	5 230
Working capital	2 086	2 193	2 287	2 161	1 903
Gross interest-bearing liabilities	1 304	1 323	1 157	1 257	1 224
Gross bank deposits and cash equivalents	172	185	(62)	97	357
Net interest-bearing liabilities	1 132	1 138	1 219	1 161	867

Profit and loss

The operating revenues per Q1 2018 was 24 % higher than the same period last year. There was one 120mm contract to an Asian customer accounting for MNOK 108 of the operating revenues. This contract was a loss contract to Nammo, and the loss was already reported in 2017. Hence, the contribution to profits in 2018 has been zero. Adjusted for this the Q1 2018 operating revenues performance was still MNOK 93 better than Q1 2017. The Operating result of MNOK 14 was marginally ahead of last year's Q1 performance (MNOK 9) and with a similar picture for Net Financial Items (MNOK -3 vs MNOK -9). The Ordinary Result before Tax of MNOK 11 was behind expectations, but ahead of the zero profit result reported in Q1 2017. Nammo expects to see an improvement of financial performance in subsequent quarters, and Q4 will be particularly busy in terms of shipments to customers.

