

# REPORT

## 1ST QUARTER

A blurred photograph of a high-speed train in motion, with a bright light source at the end of the tracks creating a lens flare effect. The train is moving towards the viewer, and the tracks recede into the distance.

# 2018

# Highlights

## 1<sup>st</sup> quarter 2018

### / KEY EVENTS

- Record-high order intake of NOK 1,727 million, an increase of 126% compared to 1<sup>st</sup> quarter 2017
- Appointed largest-ever contract in Norway of NOK 402 million
- Entering a new and significant market by award of first maintenance contract in Sweden

### / KEY FIGURES Q1 2018

- Revenues of NOK 528 million in 2018 vs NOK 341 million in 2017
- EBITDA of NOK 2 million in 2018 vs NOK 6 million in 2017
- Order backlog of NOK 3,500 million

### / SUBSEQUENT EVENTS

- Mats Williamsson, former executive in Skanska, was elected new board member at the AGM 19 April, effective from 1 July
- Dividend of NOK 1.75 per share approved by AGM and paid to shareholders 3 May



## NRC Group

NRC Group is a major contractor within infrastructure in Norway and Sweden. The group is a supplier of all rail, road and harbour related infrastructure services, including groundwork, specialized

track work, safety, electro, telecom and signalling systems. Since its inception in 2011, the NRC Group has experienced significant growth and is now one of the leading Nordic entrepreneurs within railway infrastructure.

## Key figures

| (Amounts in NOK million) | Q1 2018 | Q1 2017 | FY 2017 |
|--------------------------|---------|---------|---------|
| Revenue                  | 528     | 341     | 2 373   |
| EBITDA                   | 2       | 6       | 229     |
| EBITA                    | -12     | -3      | 184     |
| EBIT                     | -18     | -11     | 149     |
| EBT                      | -21     | -13     | 144     |
| EBITDA (%)               | 0,3%    | 1,8%    | 9,7%    |
| EBIT (%)                 | -3,5%   | -3,2%   | 6,3%    |
| Employees                | 647     | 415     | 619     |
| Investments              | 4       | 20      | 252     |
| Order back log           | 3 500   | 1 548   | 2 408   |



# Comments on first quarter 2018 results

## All-time high order intake

NRC Group experienced an active start to 2018 with an all-time high order intake of NOK 1,727 million (NOK 477 million) for the first quarter. The order backlog amounted to NOK 3,500 million at the end of March, an increase of 126% compared to same period last year.

First-quarter revenue was NOK 528 million (NOK 341 million), an increase of 55% compared with the same period in 2017. EBITDA was NOK 2 million (NOK 6 million). The margins were affected by the severe winter in Norway and Sweden and start-up of large projects.

The increase in tendering activity late last year, materialised into higher contracting activity and awards in both Norway and Sweden.

In the first quarter, NRC Group signed a NOK 402 million tramway contract with Sporveien in Oslo for upgrades to the Holtet base, which involves a wide range of specialist rail services such as track, electro and groundwork. This confirms the strategy to supply the entire value chain within rail infrastructure.

Further, NRC Group signed a SEK 273 million contract with The Swedish Transport Administration for expanding the freight line through Hallsberg to double track, involving rail services such as track, signal/telecom, electro, and groundwork.

Additionally, NRC Group signed a five-year railway maintenance contract in Sweden for the area around Hallsberg. NRC Group will be responsible for preventive maintenance and corrective measures on the track lines, and the contract will involve rail services such as track, electro, signal and groundwork. The contract is valued at SEK 357 million and will commence in 2019. This is our first maintenance contract and by taking this step we are entering a new market in Sweden with SEK 5 billion in annual market size.

In Norway the high order intake reflects increased tendering and award activity, both in terms of number of and the size of contracts. Tendering activity remains high with increased focus on larger turnkey projects covering several special competencies in line with the strategic positioning executed by the company

over the past few years. While further projects are expected to be awarded in 2018, execution of some of the larger projects will commence in 2019 and later.

In Sweden, the underlying market grows at a stable pace. Approval of the new NTP is expected in first half and will likely lead to further increased market activity.

NRC Group operates in a market driven by strong macro trends such as urbanisation, population growth and the need for environmentally sustainable transport solutions. The approved National Transport Plan (NTP) in Norway and the proposed NTP for Sweden give better visibility and confirm political commitment to increase spending on developing national

transport systems and the shift towards larger turnkey projects. These indicate further growth to already historically high budgets and investments in years to come.

NRC Group is uniquely positioned to benefit from the strong macro outlook, and is committed to its strategy to consolidate the market and to deliver good organic growth in the coming years.

It is NRC Group's ambition over time to distribute a dividend of minimum 30% of the profit for the year, subject to a satisfactory underlying financial performance. 19 April, the Annual General Meeting approved a dividend of NOK 1.75 per share for 2017, which was paid 3 May.



## Financial position

Net cash flow from operating activities for first quarter 2018 was NOK -69 million (NOK -59 million) which includes an increase in net working capital due to seasonal variations.

Net cash flow from investing activities for first quarter 2018 was NOK 2 million (NOK -22 million).

Net cash flow from financing activities for first quarter 2018 was NOK -27 million (NOK -10 million), which includes repayment of borrowings and payment of lease liabilities.

The cash position at 31 March was NOK 305 million.

## Employees

NRC Group employees have a high level of competence. They represent the foundation for growth. As of 31 March 2018, 647 people were employed in the Group.

Health, safety and environmental considerations are priority areas. NRC Group has adopted HSE policies and implemented guidelines to comply with applicable local regulations and to maintain and develop its HSE standards. NRC Group's HSE efforts are managed on both central and regional levels.

The process of improving internal routines and risk management is continuous and NRC Group has initiated a group-wide review and update of policies and compliance functions.

## Risks

NRC Group is exposed to both operational and financial risks. Operational risks include risk assessment and contingency appraisal in project tendering, change management in project execution and resource optimization following fluctuations in seasonal demand in the business of NRC Group.

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes analysis of project risk in the tendering phase to ensure appropriate pricing and risk management. NRC Group also seeks to minimize the exposure to risk that cannot be managed.

Financial risks include market risk, credit risk and liquidity risk. Market risk includes currency risk and interest rate risk. The exposure to currency risk is limited, however by having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden. NRC Group has to limited extent utilized hedging instruments to limit the risks associated with foreign exchange.

Work in progress and trade receivables are set out contractually, which means that the amount of capital committed is determined by the credit terms of the contracts. NRC Group's liquidity reserves will normally be at its lowest in the spring and summer due to the seasonality in the business. Liquidity risk is overall considered low.

NRC Group's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. NRC Group considers the risk of potential future losses from this type of customer to be low.

## Outlook

The positive investment outlook for Nordic infrastructure, and especially the railway segment, is supported by strong macro trends and political commitment. The Norwegian National Transport Plan for the next 12-year period, approved by Parliament in 2017,

and the proposed National Transport Plan in Sweden reaffirm the political commitment to increased railway spending.

NRC Group is committed to its strategy to consolidate the market and deliver organic and acquired growth in coming years.

*Oslo, 7 May 2018*

*The Board of Directors of NRC Group ASA*

### **Helge Midttun**

Chairman of the Board of Directors

**Brita Eilertsen**  
Board member

**Kjersti Kanne**  
Board member

**Harald Arnet**  
Board member

**Øivind Horpestad**  
CEO

# Interim condensed consolidated statement of profit or loss

| (Amounts in NOK million)                                      | Q1 2018      | Q1 2017      | FY 2017     |
|---|--------------|--------------|-------------|
| Revenue   | 528          | 341          | 2 373       |
| Operating expenses  | 526          | 335          | 2 144       |
| <b>Operating profit/loss before depr. and amort. (EBITDA)</b> | <b>2</b>     | <b>6</b>     | <b>229</b>  |
| Depreciation  | 14           | 9            | 46          |
| <b>Operating profit/loss before amortisation (EBITA)</b>      | <b>-12</b>   | <b>-3</b>    | <b>184</b>  |
| Amortisation  | 7            | 8            | 34          |
| <b>Operating profit/loss (EBIT)</b>                           | <b>-18</b>   | <b>-11</b>   | <b>149</b>  |
| Net financial items   | -3           | -2           | -6          |
| <b>Profit/loss before tax (EBT)</b>                           | <b>-21</b>   | <b>-13</b>   | <b>144</b>  |
| Taxes   | 3            | 3            | 19          |
| <b>Profit/loss from continuing operations</b>                 | <b>-18</b>   | <b>-10</b>   | <b>163</b>  |
| Profit/loss from discontinued operations                      | 0            | -4           | -7          |
| <b>Net profit/loss</b>  | <b>-18</b>   | <b>-14</b>   | <b>156</b>  |
| <b>Profit/loss attributable to:</b>                           |              |              |             |
| Shareholders  | -18          | -14          | 156         |
| <b>Net profit / loss</b>                                      | <b>-18</b>   | <b>-14</b>   | <b>156</b>  |
| <b>EARNINGS PER SHARE</b>                                     |              |              |             |
| <b>Earnings per share in NOK (ordinary and diluted):</b>      |              |              |             |
| From continuing operations                                    | -0,43        | -0,27        | 4,04        |
| From discontinued operations                                  | 0,00         | -0,12        | -0,17       |
| <b>From net profit/loss</b>                                   | <b>-0,43</b> | <b>-0,39</b> | <b>3,87</b> |

# Interim condensed consolidated statement of comprehensive income

|   |            |            |            |
|---|------------|------------|------------|
| <b>Net profit / loss</b>                                | <b>-18</b> | <b>-14</b> | <b>156</b> |
| Translation differences                                 | -41        | 9          | 32         |
| <b>Total comprehensive profit/loss</b>                  | <b>-59</b> | <b>-5</b>  | <b>188</b> |
| <b>Total comprehensive profit/loss attributable to:</b> |            |            |            |
| Shareholders  | -59        | -5         | 188        |
| <b>Total comprehensive profit/loss</b>                  | <b>-59</b> | <b>-5</b>  | <b>188</b> |

# Interim condensed consolidated statement of financial position

(Amounts in NOK million)

| <b>ASSETS</b>                                  | <b>31.03.2018</b> | <b>31.03.2017</b> | <b>31.12.2017</b> |
|--|-------------------|-------------------|-------------------|
| Deferred tax assets                            | 70                | 31                | 70                |
| Goodwill                                       | 920               | 581               | 950               |
| Customer contracts and other intangible assets | 22                | 16                | 28                |
| <b>Intangible assets</b>                       | <b>1 012</b>      | <b>629</b>        | <b>1 048</b>      |
| Tangible assets                                | 263               | 204               | 278               |
| Financial investments                          | 9                 | 3                 | 9                 |
| <b>Total non-current assets</b>                | <b>1 284</b>      | <b>836</b>        | <b>1 335</b>      |
| Total receivables                              | 682               | 330               | 741               |
| Cash and cash equivalents                      | 305               | 328               | 408               |
| Assets classified as held for sale             | 0                 | 8                 | 0                 |
| <b>Total current assets</b>                    | <b>987</b>        | <b>666</b>        | <b>1 149</b>      |
| <b>Total assets</b>                            | <b>2 271</b>      | <b>1 503</b>      | <b>2 484</b>      |

(Amounts in NOK million)

| <b>EQUITY AND LIABILITIES</b>            | <b>31.03.2018</b> | <b>31.03.2017</b> | <b>31.12.2017</b> |
|--|-------------------|-------------------|-------------------|
| <b>Paid-in-capital:</b>                  |                   |                   |                   |
| Share capital                            | 42                | 39                | 42                |
| Treasury shares                          | 0                 | 0                 | 0                 |
| Share premium                            | 927               | 776               | 927               |
| <b>Other equity:</b>                     |                   |                   |                   |
| Currency translation differences         | -27               | -9                | 14                |
| Retained earnings                        | 357               | 204               | 374               |
| <b>Total equity</b>                      | <b>1 300</b>      | <b>1 009</b>      | <b>1 357</b>      |
| Non-current interest-bearing liabilities | 292               | 138               | 317               |
| Deferred taxes                           | 23                | 9                 | 27                |
| <b>Total non-current liabilities</b>     | <b>316</b>        | <b>147</b>        | <b>344</b>        |
| Interest-bearing current liabilities     | 118               | 58                | 121               |
| Other current liabilities                | 537               | 286               | 662               |
| Liabilities classified as held for sale  | 0                 | 2                 | 0                 |
| <b>Total current liabilities</b>         | <b>655</b>        | <b>346</b>        | <b>783</b>        |
| <b>Total equity and liabilities</b>      | <b>2 271</b>      | <b>1 503</b>      | <b>2 484</b>      |

# Interim condensed consolidated statement of cash flows

| (Amounts in NOK million)                                      | Q1 2018    | Q1 2017    | FY 2017     |
|---|------------|------------|-------------|
| Profit/loss before tax  | -21        | -13        | 144         |
| Depreciation and amortisation                                 | 20         | 17         | 80          |
| Taxes paid  | -2         | -5         | -19         |
| Change in working capital and other accruals                  | -66        | -58        | -72         |
| <b>Net cash flow from operating activities - cont. oper.</b>  | <b>-69</b> | <b>-59</b> | <b>133</b>  |
| <b>Net cash flow from operating activities - disc. oper.</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>    |
| <b>Net cash flow from operating activities</b>                | <b>-69</b> | <b>-59</b> | <b>133</b>  |
| Purchase of property, plant and equipment                     | -4         | -20        | -35         |
| Acquisition of companies, net of cash acquired                | 0          | 0          | -217        |
| Proceeds from sale of shares, other investments and equipment | 1          | -1         | 5           |
| <b>Net cash flow from investing activities - cont. oper.</b>  | <b>-3</b>  | <b>-21</b> | <b>-247</b> |
| Net proceeds from sale of shares and other investments        | 5          | -1         | 4           |
| <b>Net cash flow from investing activities - disc. oper.</b>  | <b>5</b>   | <b>-1</b>  | <b>4</b>    |
| <b>Net cash flow from investing activities</b>                | <b>2</b>   | <b>-22</b> | <b>-243</b> |
| Proceeds from sale of treasury shares                         | 0          | 0          | 2           |
| Proceeds from borrowings                                      | 0          | 0          | 231         |
| Repayments of borrowings                                      | -14        | -5         | -51         |
| Payments of finance lease liabilities                         | -9         | -5         | -33         |
| Acquisition of treasury shares                                | -3         | 0          | -26         |
| Dividend paid   | 0          | 0          | -31         |
| <b>Net cash flow from financing activities - cont. oper.</b>  | <b>-27</b> | <b>-10</b> | <b>92</b>   |
| <b>Net cash flow from financing activities - disc. oper.</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>    |
| <b>Net cash flow from financing activities</b>                | <b>-27</b> | <b>-10</b> | <b>92</b>   |
| <b>Net change in cash and cash equivalents</b>                | <b>-94</b> | <b>-91</b> | <b>-18</b>  |
| <b>Cash and cash equivalents at the start of the period</b>   | <b>408</b> | <b>418</b> | <b>418</b>  |
| Translation differences                                       | -10        | 1          | 8           |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>305</b> | <b>328</b> | <b>408</b>  |
| Cash and cash equivalents - continuing operations             | 305        | 328        | 409         |

# Interim condensed consolidated statement of changes in equity

| (Amounts in NOK million)                    | Share capital | Treasury shares | Share premium | Translation differences | Retained earnings | Total equity |
|---|---------------|-----------------|---------------|-------------------------|-------------------|--------------|
| <b>Equity at 1 January 2017</b>             | 39            | 0               | 776           | -18                     | 218               | 1 014        |
| Profit/loss for the period                  |               |                 |               |                         | -14               | -14          |
| Other comprehensive income for the period   |               |                 |               | 9                       |                   | 9            |
| <b>Total changes in equity</b>              | 0             | 0               | 0             | 9                       | -14               | -5           |
| <b>Equity at 31 March 2017</b>              | 39            | 0               | 776           | -9                      | 204               | 1 009        |
| <b>Equity at 1 January 2018</b>             | 42            | 0               | 927           | 14                      | 374               | 1 357        |
| Profit/loss for the period                  |               |                 |               |                         | -18               | -18          |
| Other comprehensive income for the period   |               |                 |               | -41                     |                   | -41          |
| IFRS 15 implementation effect <sup>1)</sup> |               |                 |               |                         | 1                 | 1            |
| Share-based payments                        |               |                 |               |                         | 0                 | 0            |
| <b>Total changes in equity</b>              | 0             | 0               | 0             | -41                     | -17               | -58          |
| <b>Equity at 31 March 2018</b>              | 42            | 0               | 927           | -27                     | 357               | 1 300        |

1) See Accounting policies and basis for preparation page 12 to 14 for further information.

# Notes to the interim condensed consolidated financial statement

## General information

The legal and commercial name of the company is NRC Group ASA.

The company is a public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company address is Lysaker Torg 25, 1366 Lysaker, Norway.

The company is listed at Oslo Børs under the ticker "NRC" and with ISIN NO0003679102.

## Accounting policies and basis for preparation

The condensed consolidated financial statements as per 31 March 2018 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with revised IAS 34, Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 2017 except for what described under revenue recognition below. NRC Group has implemented IFRS 15 in 2018.

The interim accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2017. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company's consolidated, unaudited interim financial reports for 2017 and 2018 and audited financial report for the full year of 2017.

Following the divestment of the Geo division, and the implementation of a common organisational and business structure for the remaining group entities, the group's operating

segments were changed in 2017. The segments reported are Norway and Sweden, based on the geographical location of the subsidiaries.

## Revenue recognition and contracts with customers

The group implemented IFRS 15 effective from 1 January 2018 using the modified retrospective application. The group's revenues mainly consist of contracts with customers that vary from shorter projects of less than a month, to longer projects running over multiple years. All projects are accounted for as contracts with customers, applying IFRS 15 *Revenue from contracts with customers*.

According to the previous standard IAS 11, a major part of the group's revenues was recognized using the percentage of completion method. The criteria for recognizing revenue over time according to IFRS 15 have been thoroughly analyzed, and the criteria are considered met. When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs consist of direct costs such as material and labor, and indirect costs. Bid costs are expensed as incurred. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately according to IAS 37. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that additional work has been agreed with the customer and revenues are capable of being reliably measured.

For each performance obligation that is satisfied over time, revenue is recognized over time by measuring the time passed in relation to full satisfaction of the obligation. The group applies the input method which is used consistently for similar performance obligations and under similar circumstances. Using the input method, revenue is recognized based on the entity's input in fulfilling the performance obligation (e.g. costs incurred, resources consumed, hours spent) in relation to the total expected input to fulfill the performance obligation. The aggregated amount of project costs incurred to date, plus recognized margin, less progress billings, is determined on a project by project basis. The contracts where this amount is positive are presented in the balance sheet as contract assets, whereas the contracts where the amount is negative are presented as contract liabilities.

The group generally provide for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties are assurance-type warranties under IFRS 15, which is continued to be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, consistent with previous practice.

As described above, the group has implemented IFRS 15 by using the modified retrospective application. Comparative numbers for 2017 have hence not been restated in the condensed financial statements. In the table below, we have presented relevant balance sheet accounts at the end of 2017 and first quarter of 2018 using both standards. The implementation of IFRS 15 at 1 January 2018 resulted in increased consolidated equity by NOK 1 million, as illustrated below.

| <i>(Amounts in NOK million):</i>            | 31 December 2017 |         | 31 March 2018 |         |
|---|------------------|---------|---------------|---------|
|   | IAS 11           | IFRS 15 | IAS 11        | IFRS 15 |
| <i>Assets</i>                               |                  |         |               |         |
| Trade receivables                           | 649              | 503     | 591           | 415     |
| Contract assets                             |                  | 155     |               | 185     |
| Other                                       | 92               | 92      | 82            | 82      |
| Total receivables                           | 741              | 750     | 673           | 682     |
| <i>Liabilities</i>                          |                  |         |               |         |
| Gross amounts due to customers for projects | 197              | 0       | 155           |         |
| Contract liabilities                        | 0                | 204     |               | 162     |
| Other                                       | 465              | 465     | 493           | 493     |
| Other current liabilities                   | 662              | 669     | 648           | 655     |

The table below illustrates the effect on consolidated equity by implementing IFRS 15 in the group 1 January 2018:

| <i>(Amounts in NOK million)</i>                                   |      |
|---|------|
| Increased contract assets (current)                               | 8,5  |
| Increased contract liability (current)                            | -7,2 |
| Tax effect of the adjustment above                                | -0,3 |
| Net increased opening balance equity under IFRS 15 1 January 2018 | 1,0  |

Under IAS 11, the group recognized revenue and trade receivables even if receipt of the total consideration was conditional on successful completion of installation services. When using IFRS 15, earned consideration that is conditional is recognized as a contract asset rather than receivable. Therefore, on adoption of IFRS 15, the group reclassified based on numbers at 1 January 2018, NOK 146 million from "trade receivables" to "contract assets". In the condensed balance sheet, both trade receivables and contract assets are included in "total receivables". Correspondingly, the group reclassified NOK 197 million from "gross amounts due to customers for projects" to "contract liabilities", both included in "other current liabilities" in the condensed balance sheet.

For one specific contract the group under IAS 11 recognized revenue based on an output method. When implementing IFRS 15, 1 January 2018, the group decided to recognize revenue from contracts over time using input methods for all contract. Consequently, on adoption of IFRS 15, the group increased contract assets of NOK 8,5 million and increased contract liabilities of NOK 7,2 million.

As only a limited part of the NRC Group's revenue has been impacted on the change to IFRS 15, there will be no significant changes in timing of revenue during 2018 compared to 2017.

## Segments

| <b>Norway operations (NOK million)</b>                 | <b>Q1 2018</b> | <b>Q1 2017</b> | <b>FY 2017</b> |
|--|----------------|----------------|----------------|
| External   | 212            | 108            | 761            |
| Inter-segment  | 1              | 0              | 10             |
| <b>Total revenue</b>                                   | <b>212</b>     | <b>108</b>     | <b>771</b>     |
| Operating profit/loss before depr. and amort. (EBITDA) | -1             | -6             | 40             |
| Operating profit/loss before amort. (EBITA)            | -7             | -10            | 18             |
| Operating profit/loss (EBIT)                           | -13            | -12            | 2              |
| <b>Sweden operations (NOK million)</b>                 | <b>Q1 2018</b> | <b>Q1 2017</b> | <b>FY 2017</b> |
| External   | 316            | 233            | 1 612          |
| Inter-segment  | 0              | 0              | 1              |
| <b>Total revenue</b>                                   | <b>316</b>     | <b>233</b>     | <b>1 613</b>   |
| Operating profit/loss before depr. and amort. (EBITDA) | 9              | 19             | 219            |
| Operating profit/loss before amort. (EBITA)            | 2              | 15             | 196            |
| Operating profit/loss (EBIT)                           | 1              | 9              | 177            |
| <b>Parent and holding companies (NOK million)</b>      | <b>Q1 2018</b> | <b>Q1 2017</b> | <b>FY 2017</b> |
| External   | 0              | 0              | 0              |
| Inter-segment  | 3              | 2              | 10             |
| <b>Total revenue</b>                                   | <b>3</b>       | <b>2</b>       | <b>10</b>      |
| Operating profit/loss before depr. and amort. (EBITDA) | -6             | -8             | -30            |
| Operating profit/loss before amort. (EBITA)            | -6             | -8             | -30            |
| Operating profit/loss (EBIT)                           | -6             | -8             | -30            |

## Discontinued operations

In 2016, most of the companies in the former Geo business were divested and the remaining Geo companies were presented as discontinued operations as per year-end 2016. The remaining operations were sold during the first half year of 2017. Reference is made to note 24 in the annual report for 2017.

## Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the first quarter 2018. Note 6 and 7 in the annual report for 2017 provides further disclosures on the size and types of related party transactions during the previous years. The transactions are carried out on arm's length terms.

## Shareholder information

The table presented below provide an overview of the Stock Exchange announced contracts during first quarter 2018.

| <b>(Amounts in NOK million)</b> |                        |                |
|---------------------------------|------------------------|----------------|
| <b>Client</b>                   | <b>Estimated value</b> | <b>Country</b> |
| Trafikverket                    | 116                    | Sweden         |
| Bane NOR                        | 36                     | Norway         |
| Trafikverket                    | 268                    | Sweden         |
| Sporveien AS                    | 402                    | Norway         |
| Bane NOR                        | 66                     | Norway         |
| Yara Norge                      | 38                     | Norway         |
| P-hus Vest AS                   | 61                     | Norway         |
| Trafikverket                    | 337                    | Sweden         |
| Trafikverket                    | 32                     | Sweden         |
| Bane NOR                        | 57                     | Norway         |
| <b>Total</b>                    | <b>1,413</b>           |                |

19 March 2018 the Board of Directors formally granted 400 000 options as part of an executive management share option program. The share options have an average strike price of NOK 55.87 and can be exercised with 1/3 from grant

date, 1/3 after 12 months and the remaining 1/3 after 24 months. All options expire after 36 months.

## Events after the end of the period

On 19 April, the Annual General Meeting appointed Mats Williamsson as new member of the Board of Directors. Further, all items were approved in accordance with the Notice to the General Meeting including the proposed cash dividend for 2017 of NOK 73 million in total.

## IR Policy

The company's objective is to serve the financial market precise and relevant information about the company to ensure that the share price reflects the underlying values and future prospects.

The company discloses price sensitive information relating to significant contracts and investments or other material changes or events in NRC Group to investors and other market players through the Oslo Stock Exchange, [www.newsweb.no](http://www.newsweb.no), and the company's website, [www.nrcgroup.com](http://www.nrcgroup.com). In addition, the company intends to publicly disclose all tenders awarded with value exceeding NOK 30 million. All tenders awarded are normally subject to a 10-days appeal period before the award is definitive. The company's policy is to not inform the market of expiry of any such appeal period unless an actual appeal has been filed and the company is informed by the customer that the appeal is being considered and that this may lead to a delay or cancellation of the contract. Information about other tenders awarded will be updated quarterly as part of the company's order backlog.

## Dividend Policy

The company expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks. The Board of Directors at NRC Group has introduced a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds. The Annual General Meeting 19 April approved a dividend of NOK 1.75 per share. The dividend for 2017 was paid out to shareholders 3 May 2018.

## Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by group management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

### **CONTRACT VALUE**

The amount stated in the contract for contract work excluding VAT.

### **EBIT**

Operating profit.

### **EBIT%**

Operating profit in relation to operating revenues.

### **EBITA**

Operating profit plus amortisations.

### **EBITDA**

Operating profit plus depreciations and amortisations.

### **EBITDA%**

EBITDA in relation to operating revenues.

### **EBT**

Profit before tax.

### **EQUITY RATIO**

Total equity in relation to total assets.

### **INVESTMENTS**

Purchase of property, plant and equipment's and net proceeds for acquisitions of subsidiaries

### **NET CASH**

Cash and cash equivalents minus restricted cash and interest-bearing debt.

### **ORDER BACKLOG**

Total nominal value of orders received less revenue recognised on the same orders.

### **ORDER INTAKE**

Total nominal value of orders received.

# NRC Group ASA

## Company information

### Visiting address

Lysaker Torg 25  
NO - 1366 Lysaker

### Postal address

P.O. Box 18  
NO - 1324 Lysaker

## Board of Directors

|                 |              |
|-----------------|--------------|
| Helge Midttun   | Chairman     |
| Brita Eilertsen | Board member |
| Kjersti Kanne   | Board member |
| Harald Arnet    | Board member |

## Management

|                   |                  |
|-------------------|------------------|
| Øivind Horpestad  | CEO              |
| Dag Fladby        | CFO              |
| Daniel Pettersson | MD Sweden        |
| Hans Olav Storkås | Acting MD Norway |

## / FINANCIAL CALENDAR 2018

|                 |  |
|-----------------|--|
| 8 May 2018      | 1 <sup>st</sup> quarter 2018 result report and presentation                |
| 14 August 2018  | 2 <sup>nd</sup> quarter and first-half 2018 result report and presentation |
| 6 November 2018 | 3 <sup>rd</sup> quarter 2018 result report and presentation                |