

# Q4 2016 Result presentation

Oslo, 15 February 2017



# Disclaimer

## Forward Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking. You should not place undue reliance on these forward-looking statements for many reasons.

These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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# Highlights

## Operations

All-time high fourth-quarter revenue and profit  
Full year 2016 organic growth of 59%  
Fourth quarter order intake of NOK 570 million  
Order backlog of NOK 1.4 billion in Q4 2016

## Financials

Revenues of NOK 564.7 million in Q4 2016 vs NOK 439.8 million in Q4 2015  
EBITDA of NOK 56.4 million in Q4 2016 vs NOK 39.5 million in Q4 2015  
EBITDA margin of 10% in Q4 2016 vs. 9% in Q4 2015  
Proposed dividend of NOK 0.80 per share

## Key events

Raised NOK 210 million through private placement of 3 million new shares  
Sale of Blom UK - remaining Geo business classified as held for sale  
Acquisition of Gravco AS

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# Q4 2016 pro forma key figures – profit and loss

- Revenue NOK 564.7 million (NOK 439.8 million)
- EBITDA NOK 56.4 million (NOK 39.5 million)
- EBITDA margin of 10.0% (9.0%)
- EBIT NOK 45.8 million (NOK 31.6 million)

(Amounts in NOK million)	Q4 2016	Q4 2015	2016	2015
Revenue	564,7	439,8	2 045,4	1 290,1
Operating expenses	508,3	400,3	1 855,1	1 177,5
<b>EBITDA</b>	<b>56,4</b>	<b>39,5</b>	<b>190,2</b>	<b>112,6</b>
<b>EBITA</b>	<b>49,8</b>	<b>35,2</b>	<b>162,0</b>	<b>95,1</b>
<b>EBIT</b>	<b>45,8</b>	<b>31,6</b>	<b>145,5</b>	<b>78,8</b>
<b>EBT</b>	<b>42,7</b>	<b>30,8</b>	<b>135,1</b>	<b>73,3</b>
EBITDA (%)	10,0 %	9,0 %	9,3 %	8,7 %

*Includes pro forma figures for 2016 and 2015, adjusted for transaction costs and one-offs.*

# Q4 2016 reported key figures – profit and loss

- EBITDA NOK 47.4 million (NOK 18.5 million)
  - Includes transaction costs of NOK 4.3 million, where NOK 3.1 million is related to a transaction which will not be completed
- EBIT NOK 37.8 million (NOK 11.1 million)
- Net profit NOK 32.4 million (NOK 24.5 million)
  - Recognition of deferred tax in Q4 2015 of NOK 22 million and NOK 58 million for full year 2015
- Profit/loss from discontinued operations NOK -18.2 million (NOK 1.6 million)
  - Profit from operation and sale of business in Q4 2016 is NOK 11.8 million. Net cash flow from sale is NOK 34.7 million
  - IFRS adjustments with no cash or equity effect NOK -30.0 million

(Amounts in NOK million)	Q4 2016	Q4 2015	2016	2015
Revenue	551,7	331,7	1 975,0	678,2
Operating expenses	504,3	313,2	1 822,6	646,3
<b>EBITDA</b>	<b>47,4</b>	<b>18,5</b>	<b>152,4</b>	<b>31,9</b>
Depreciation	6,1	4,0	24,7	8,0
<b>EBITA</b>	<b>41,2</b>	<b>14,5</b>	<b>127,7</b>	<b>23,9</b>
Amortisation	3,5	3,4	14,0	6,7
<b>EBIT</b>	<b>37,8</b>	<b>11,1</b>	<b>113,7</b>	<b>17,2</b>
Net financial items	-3,0	-0,8	-9,9	-5,4
<b>EBT</b>	<b>34,7</b>	<b>10,3</b>	<b>103,8</b>	<b>11,8</b>
Taxes	-2,3	14,2	-25,0	42,5
<b>Profit/loss from continuing operations</b>	<b>32,4</b>	<b>24,5</b>	<b>78,8</b>	<b>54,3</b>
Profit/loss from discontinued operations	-18,2	1,6	-10,3	-6,7
<b>Net profit/loss</b>	<b>14,2</b>	<b>26,1</b>	<b>68,5</b>	<b>47,6</b>

*Reported figures for 2016 include Railcap from June 2016, Gravco from December 2016, and transaction costs and one-offs of NOK 17.1 million.*

# Order book development

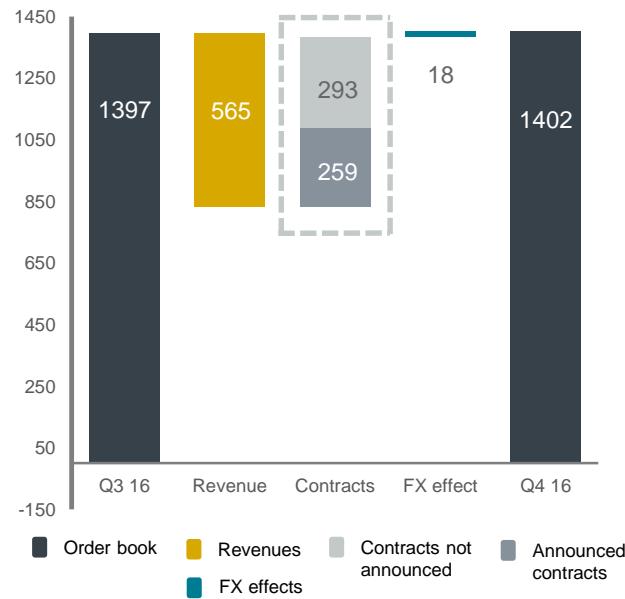
## Order book Q1 2015 – Q4 2016

In NOK million



## Order book development Q3 16 – Q4 16

In NOK million



# Q4 2016 key figures – balance sheet

- Intangible assets of NOK 645.3 million per 31 December 2016 vs. NOK 614.7 million as per 31 December 2015
- Net cash is NOK 225.6 million per 31 December 2016 vs. net cash of NOK 8.3 million as per 31 December 2015
- Equity ratio is 63% per 31 December 2016 vs 54% per 31 December 2015
- Remaining Geo business classified as asset held for sale
  - NOK 9.1 million included in other current assets and NOK 7.9 million included in other current liabilities

(Amounts in NOK million)		
ASSETS	31.12.2016	31.12.2015
Intangible non-current assets	645,3	614,7
Other non-current assets	150,8	129,0
Other current assets	407,7	359,4
Cash and cash equivalents	418,4	258,2
<b>Total assets</b>	<b>1 622,2</b>	<b>1 361,3</b>
EQUITY AND LIABILITIES		
	31.12.2016	31.12.2015
<b>Total equity</b>	<b>1 027,3</b>	<b>729,0</b>
Non-current interest-bearing liabilities	110,8	162,1
Other non-current liabilities	16,5	33,0
Total interest-bearing current liabilities	82,1	87,8
Total other current liabilities	385,5	349,3
<b>Total equity and liabilities</b>	<b>1 622,2</b>	<b>1 361,3</b>

# Q4 2016 key figures – cash flow

- Cash balance at NOK 418.4 million per 31 December 2016 vs. NOK 258.2 million per 31 December 2015
- Cash flow from operating activities in Q4 is NOK 92.4 million
- Net cash flow from investing activities in Q4 is NOK 3.9 million
- Net cash flow from financing activities in Q4 is NOK 130.8 million

(Amounts in NOK million)	Q4 2016	Q4 2015	2016	2015
Profit/loss before tax	34,7	10,3	103,8	11,8
<b>Net cash flow from operating activities</b>	<b>92,4</b>	<b>48,4</b>	<b>146,9</b>	<b>33,8</b>
Purchases of property, plant and equipment	-3,1	-3,3	-52,2	-11,7
Acquisition of companies, net of cash acquired	-18,0	-87,2	-41,5	-239,9
Net proceeds from sale of shares and other investments	2,3	8,0	4,9	10,7
<b>Net cash flow from investing act.- cont. oper.</b>	<b>-18,8</b>	<b>-82,5</b>	<b>-88,9</b>	<b>-240,9</b>
<b>Net cash flow from investing activities – discontin. oper.</b>	<b>22,7</b>	<b>-3,1</b>	<b>21,0</b>	<b>-8,1</b>
<b>Net cash flow from investing activities</b>	<b>3,9</b>	<b>-85,6</b>	<b>-67,9</b>	<b>-249,0</b>
<b>Net cash flow from financing activities</b>	<b>130,8</b>	<b>166,2</b>	<b>93,1</b>	<b>413,7</b>
<b>Net change in cash and cash equivalents</b>	<b>227,1</b>	<b>129,0</b>	<b>172,1</b>	<b>198,5</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>187,8</b>	<b>127,5</b>	<b>258,2</b>	<b>52,4</b>
Translation differences	3,5	1,7	-12,0	7,4
<b>Cash and cash equivalents at the end of the period</b>	<b>418,4</b>	<b>258,2</b>	<b>418,4</b>	<b>258,2</b>

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# New Norwegian railway structure from 1 January 2017

- Reorganisation of the Norwegian railroad structure
  - Creation of Jernbanedirektoratet and Bane NOR
  - Positive long-term effect on activity levels and effectiveness
  - As expected, some short-term term uncertainty
- Clear signals from new Bane NOR CEO
  - Long-term potential for cost reduction of 10-15 per cent
  - Increased visibility from use of frame agreements
  - Four-year budgeting cycle supports larger contracts

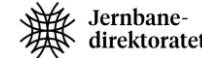


## Overview of public bodies in new Norwegian structure



SAMFERDSLESDEPARTEMENTET

- Regulates Jernbanedirektoratet, Bane NOR and NSB
- Develops overall strategies and policies for parliamentary approval
- Develops the National Transport Plan (NTP)



Jernbanedirektoratet

- New public administrative entity from January 2017
- Responsible for coordination, operative management and railway development



- Government owned infrastructure company
- Manages existing and build new railway infrastructure
- 4-year contracts with the railway directorate
- To develop 4-year budgets from 2018

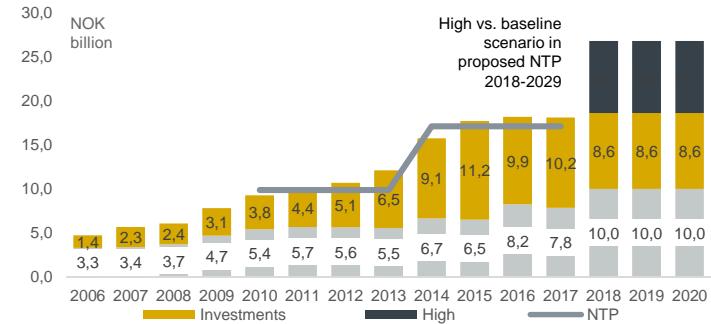


- State owned railway operator
- Also engaged in transport of people by bus, goods by rail and real estate

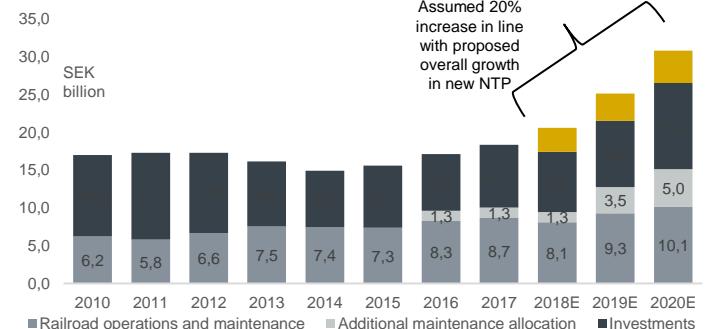
# Political commitment to long-term railway spending

- Norway and Sweden will in 2017 adopt new National Transport Plans (NTP) for 2018-2029
  - Both proposals indicate increased spending from the previous NTPs
- The primary market for NRC Group in Norway is considered to be approximately NOK 4 billion per year
  - Expected to increase to more than NOK 6 billion when maintenance is privatized
- The addressable Swedish railway market is approximately 4x the size of the Norwegian market and tenders are typically larger

## Norway



## Sweden

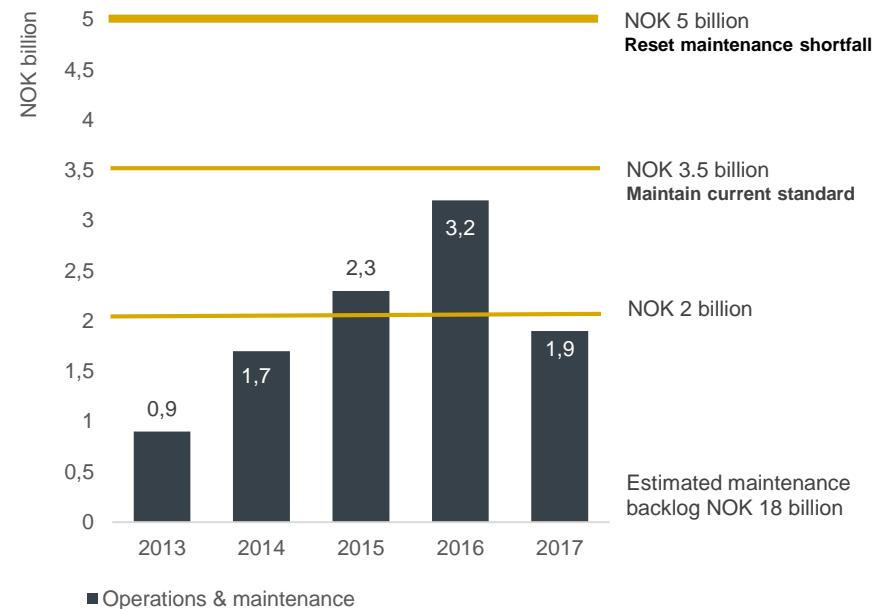


\*)Sources:

2006-2017: The Norwegian national budget, National railroad authority, Swedish national budget  
From 2018: Proposals for Norwegian and Swedish National Transport Plans 2018-2029

# Key market observations - Norway

- Observations
  - NOK 5 billion investment needed to reset the maintenance shortfall
  - Some lag experienced in tendering processes due to the reorganisation of Bane NOR
  - Growth in project size
  - New NTP to be decided before summer
- Examples of upcoming projects
  - Meråker NOK ~ 1 000 million
  - Arna/Bergen NOK ~ 450 million
  - Skien Driftsbanegård NOK ~ 350 million
  - Moi NOK ~ 200 million



Source: Infrastructure seminar at Bane NOR 9 February 2017

# Key market observations - Sweden

- Observations
  - Growth in project size
  - Trafikverket's lack of resources has delayed tendering processes
  - New NTP to be decided before summer
- Examples of large upcoming projects
  - Flackarp SEK ~ 4-5 000 million
  - Västlenken SEK ~ 4 000 million
  - Hamnbanan Göteborg SEK ~ 1 500 million



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# Consolidation and M&A's

- Several companies acquired in 2015 and 2016 in Norway and Sweden



- Continued focus on new acquisitions – several ongoing processes in both Norway and in Sweden
- One acquisition aborted due to due diligence findings
- Solid balance sheet and cash position

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# Summary & outlook

## Summary 2016

- Organic growth in 2016 of 59%
- Improved profitability
- Successful integration of acquired companies
- Continuous improvement being achieved within health, environment and safety (HES)
- Proposed dividend of NOK 0.80 per share

## Focus areas for 2017

- Continued focus on consolidation and M&As
- Further strengthening of the organisation to be prepared for expected high growth and larger projects
- Ambition to win large projects in Norway and Sweden
- Further develop partnerships with large international players to secure resources
- Secure the position as the #1 privately owned railway specialist in the Nordics

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# 20 largest shareholders

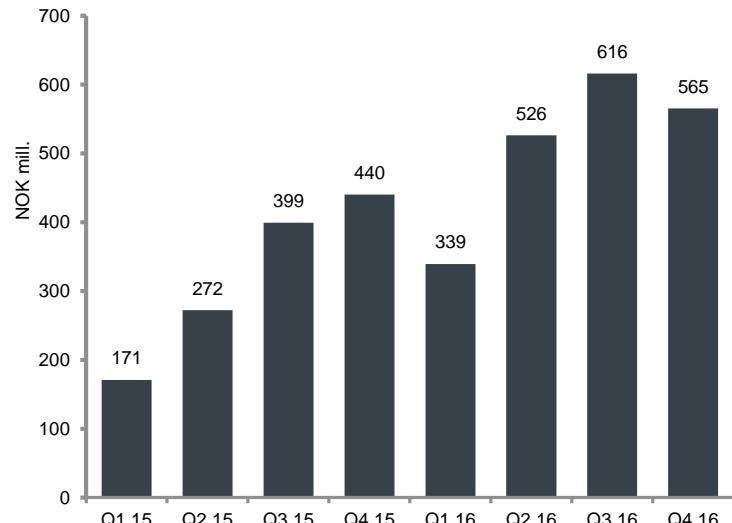
Per 13 February 2017

INVESTOR	NO OF SHARES	% OF TOTAL	ACC TYPE	COUNTRY
DATUM	5 100 000	13,16		NOR
SWEDBANK	4 011 253	10,35	NOM	SWE
URBEX INVEST	3 107 033	8,02		NOR
DANSKE BANK	2 871 208	7,41	NOM	SWE
DNB NOR MARKETS	2 051 593	5,29		NOR
CHARLOTTE HOLDING	1 928 008	4,98		NOR
NORDEA BANK	1 826 925	4,71	NOM	SWE
ARCTIC FUNDS	1 699 884	4,39		IRL
SGON INVEST	1 281 046	3,31		NOR
VERDIPAPIRFONDET ALFRED BERG	1 126 210	2,91		NOR
VERDIPAPIRFONDET DNB	974 644	2,51		NOR
NORRON SICAV TARGE	697 677	1,80		LUX
STATOIL PENSJON	609 641	1,57		NOR
VERDIPAPIRFONDET ALFRED BERG	604 040	1,56		NOR
GRANSHAGEN INVEST	601 007	1,55		NOR
MIDDELBORG INVEST	600 000	1,55		NOR
SVENSKA HANDELSBANKEN	580 000	1,50		SWE
IMSET HOLDING	441 988	1,14		NOR
KRAG INVEST	412 900	1,07		NOR
SORA	390 000	1,01		NOR
<b>TOTAL NUMBER OWNED BY TOP 20</b>	<b>30 915 057</b>	<b>79,79 %</b>		
<b>TOTAL NUMBER OF SHARES</b>	<b>38 753 350</b>			

# Seasonal fluctuations in earnings

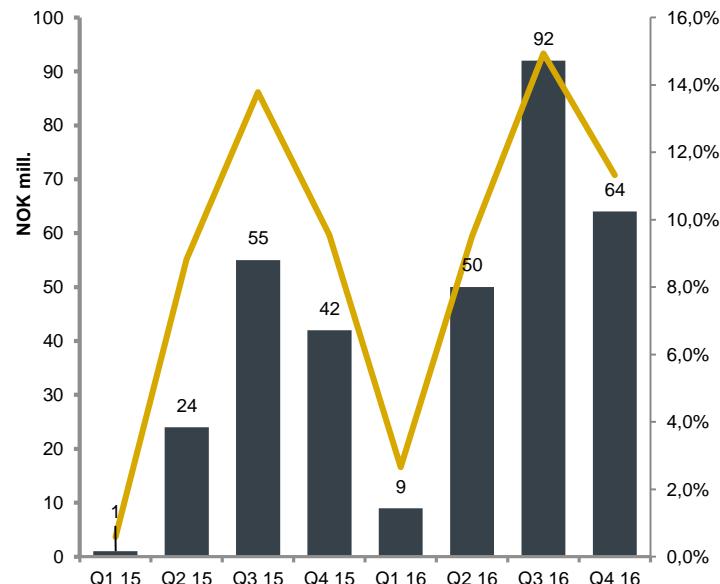
## Revenues Q1 2015 – Q4 2016

In NOK million



## EBITDA Q1 2015 – Q4 2016

In NOK million



Pro forma figures adjusted for transaction cost and one-offs excluding other