

# **Q3 2017 Result presentation**

Oslo, 7 November 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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# Q3 highlights

## Key events

All-time high quarterly revenue and EBITDA  
Record EBITDA margin driven by strong project execution  
Closed acquisitions of ALTi and SBB  
Subsequent acquisition of Fibertech

## Key figures Q3

Revenues of NOK 777 million in 2017 vs NOK 600 million in 2016  
EBITDA of NOK 111 million in 2017 vs NOK 81 million in 2016  
EBITDA margin of NOK 14.2% in 2017 vs NOK 13.5% in 2016

## Order intake

Order backlog of NOK 2,417 million, an increase of 73%  
Order intake of NOK 642 million  
Six announced contracts during the quarter

# Financials



## Q3 2017 key figures – profit and loss

- Revenue in Q3 2017 of NOK 777 million (NOK 600 million)
- EBITDA in Q3 2017 of NOK 111 million (NOK 81 million)
  - Strong production in Sweden
  - Includes M&A cost of NOK 2.3 million
- EBITA in Q3 2017 of NOK 98 million (NOK 72 million)
- EBIT in Q3 2017 of NOK 89 million (NOK 65 million)
- Amortisation of intangible assets (excl. Fibertech) in 2017 is estimated to NOK 34 million and NOK 14 million in 2018

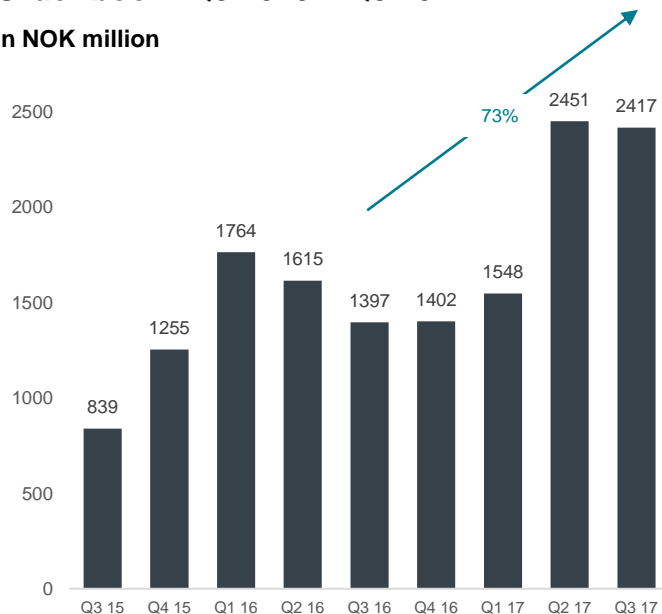
(Amounts in NOK million)	Q3 2017	Restated Q3 2016	YTD 2017	Restated YTD 2016
Revenue	776,5	599,9	1 699,0	1 423,3
Operating expenses	665,9	518,7	1 539,5	1 318,3
<b>EBITDA</b>	<b>110,5</b>	<b>81,2</b>	<b>159,5</b>	<b>105,0</b>
<b>EBITA</b>	<b>98,0</b>	<b>71,8</b>	<b>129,0</b>	<b>86,5</b>
<b>EBIT</b>	<b>88,7</b>	<b>64,7</b>	<b>103,0</b>	<b>65,1</b>
<b>EBT</b>	<b>88,1</b>	<b>62,8</b>	<b>98,1</b>	<b>58,3</b>
EBITDA (%)	14,2 %	13,5 %	9,4 %	7,4 %

\*Reported numbers for the first three quarters of 2016 reflects the corrections of the purchase price allocations for the 2015 business combinations and the divestment of the Geo business

# Order book development

## Order book\* Q3 2015 – Q3 2017

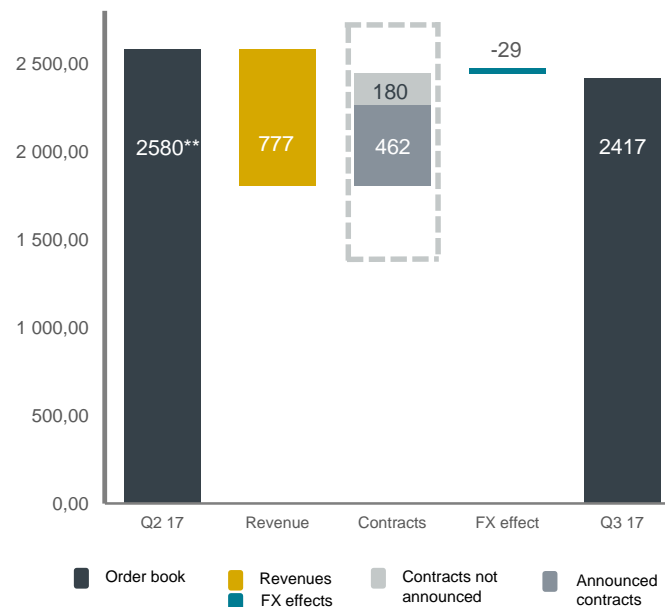
In NOK million



\*Reported figures

## Order book development Q2 17 – Q3 17

In NOK million



Order book
  Revenues
  Contracts not announced
  Announced contracts

\*\*including SBB and ALTi

## Q3 2017 key figures – balance sheet

- Intangible assets of NOK 955 million
- Cash is NOK 308 million
- Net debt is NOK 125 million
  - Acquisition financing of SBB and ALTi of NOK 171 million
- Equity ratio is 57%

(Amounts in NOK million)		Restated	
ASSETS	30.09.2017	30.09.2016	31.12.2016
Intangible assets	955,2	590,5	631,8
Other non-current assets	265,8	134,0	150,8
Other current assets	620,9	505,5	422,5
Cash and cash equivalents	308,2	187,8	418,4
<b>Total assets</b>	<b>2 150,1</b>	<b>1 417,8</b>	<b>1 623,4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>1 232,4</b>	<b>731,0</b>	<b>1 014,2</b>
Non-current interest-bearing liabilities	318,5	115,6	110,8
Other non-current liabilities	19,5	41,9	16,0
Interest-bearing current liabilities	114,5	122,1	82,1
Other current liabilities	465,1	407,2	400,3
<b>Total equity and liabilities</b>	<b>2 150,1</b>	<b>1 417,8</b>	<b>1 623,4</b>



## Q3 2017 key figures – cash flow

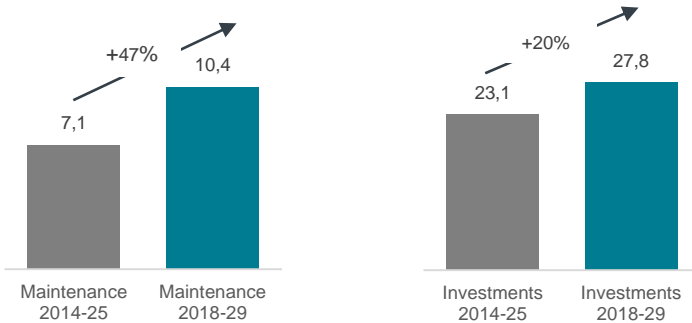
	(Amounts in NOK million)	Q3 2017	Restated Q3 2016	YTD 2017	Restated YTD 2016
• Cash balance at NOK 308 million	Profit/loss before tax	88,1	62,8	98,1	58,3
• Cash flow from operating activities of NOK 33 million	<b>Net cash flow from operating activities</b>	<b>32,6</b>	<b>106,1</b>	<b>-27,6</b>	<b>79,8</b>
• Net cash flow from investing activities is NOK -138 million	<b>Net cash flow from investing activities – conti. oper.</b>	<b>-137,7</b>	<b>-22,4</b>	<b>-218,4</b>	<b>-70,1</b>
– SBB and ALTi net of NOK -137 million	<b>Net cash flow from financing activities</b>	<b>151,3</b>	<b>-28,5</b>	<b>127,6</b>	<b>-37,7</b>
• Net cash flow from financing activities is NOK +151 million	<b>Net change in cash and cash equivalents</b>	<b>46,1</b>	<b>54,6</b>	<b>-114,3</b>	<b>-29,7</b>
– Acquisition financing SBB and ALTi: NOK +171 million	<b>Cash and cash equivalents at the start of the period</b>	<b>263,9</b>	<b>167,4</b>	<b>418,4</b>	<b>258,2</b>
– Repayment loans: NOK –20 million	Translation differences	-1,9	-9,0	4,1	-15,5
	<b>Cash and cash equivalents at the end of the period</b>	<b>308,2</b>	<b>213,1</b>	<b>308,2</b>	<b>213,1</b>



# Long-term growth for railway activity in Sweden

## Annual average spending in new proposed NTP\*

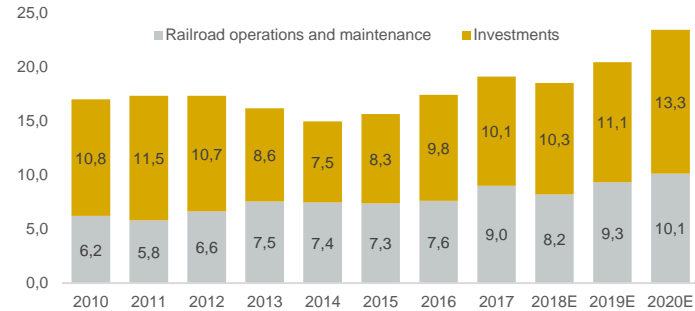
SEK billion



- 2018 budget proposal confirms increased level of new investments

## Long-term railway spending development\*\*

SEK billion



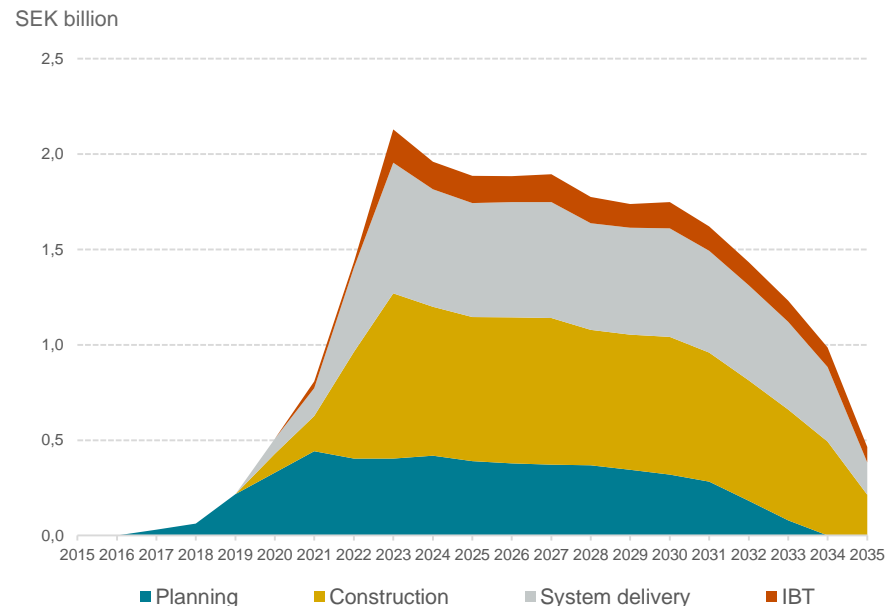
- The Government's estimates for 2019-20 railway spending indicate growth in both new investments and maintenance activity

Sources: \*) Preliminary 2018-29 NTP proposal \*\*) 2006-2020: Swedish national budget: Tables for Investment plan for Trafikverket and Maintenance of the State transport infrastructure

# Sweden set to start ERTMS roll-out

- SEK 30 billion upgrade and replacement of signalling system
  - Covers 12 000 km of railway
  - Requires 2 000 GSM masts to secure full redundancy
  - Installation of 30 000 signal units
- Establishes one EU-compliant signalling system
  - Will remove the main hurdle for cross-border railway traffic
  - Currently 20 different signal systems in Sweden, some of which from the 1940/50'ies

## ERTMS roll-out schedule per category



Source: Trafikverket, ERTMS roll-out presentation

# Multi-year upgrade program planned for Inlandsbanan

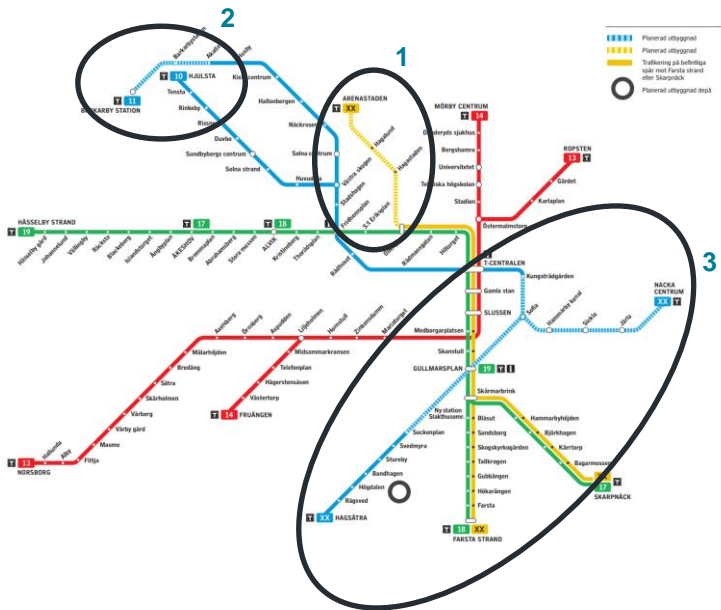
- Funded by local municipalities and government
- Significant upgrade pending for Inlandsbanan to facilitate increased cargo shipments and growing public transport
  - Preliminary estimates indicate investments of SEK 3-5 billion
  - Detailed plan expected in H1 2018
- Planned for contract award and construction start in 2018
  - Dependent on approval of NTP (April)
  - Contract awards scheduled for mid-May
  - July construction start



Source: Trafikverket, Inlandsbanan

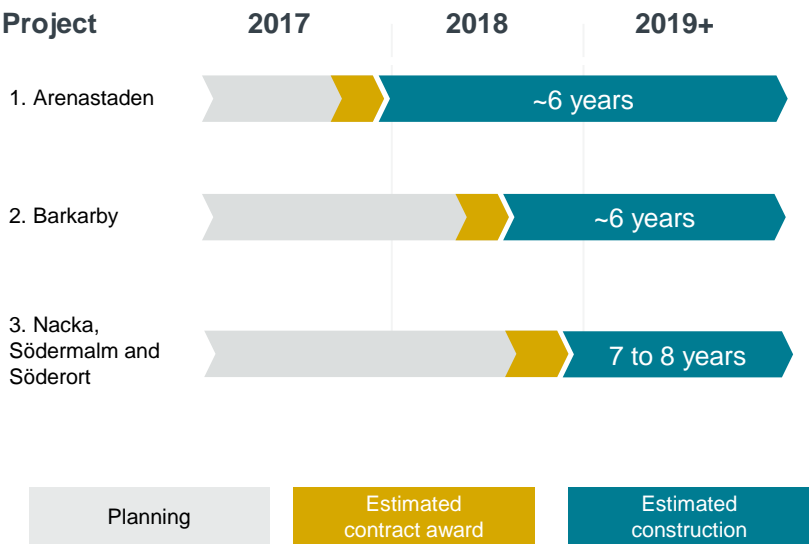
# Key metro projects - Sweden

## Metro Stockholm development



Source: Stockholms Läns landsting

## Project scheduling

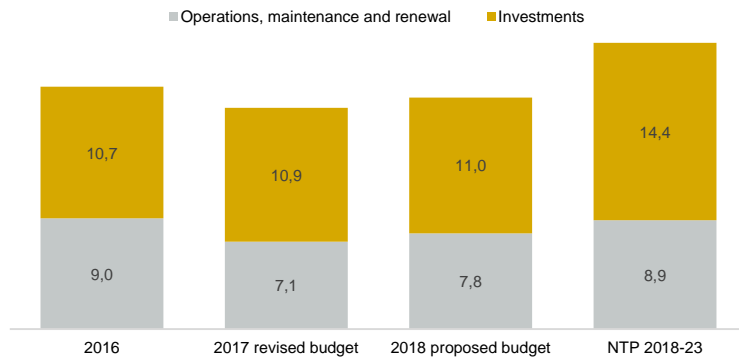


Source: Stockholms Läns landsting

# Long-term growth for railway activity in Norway

## 2018 proposed railway spending

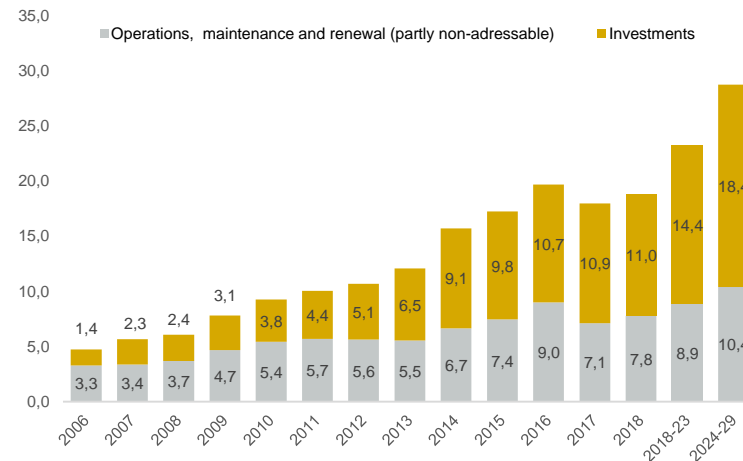
NOK billion per year



Includes funding for operations of Bane NOR and planning \*)

## Long-term railway spending development

NOK billion per year

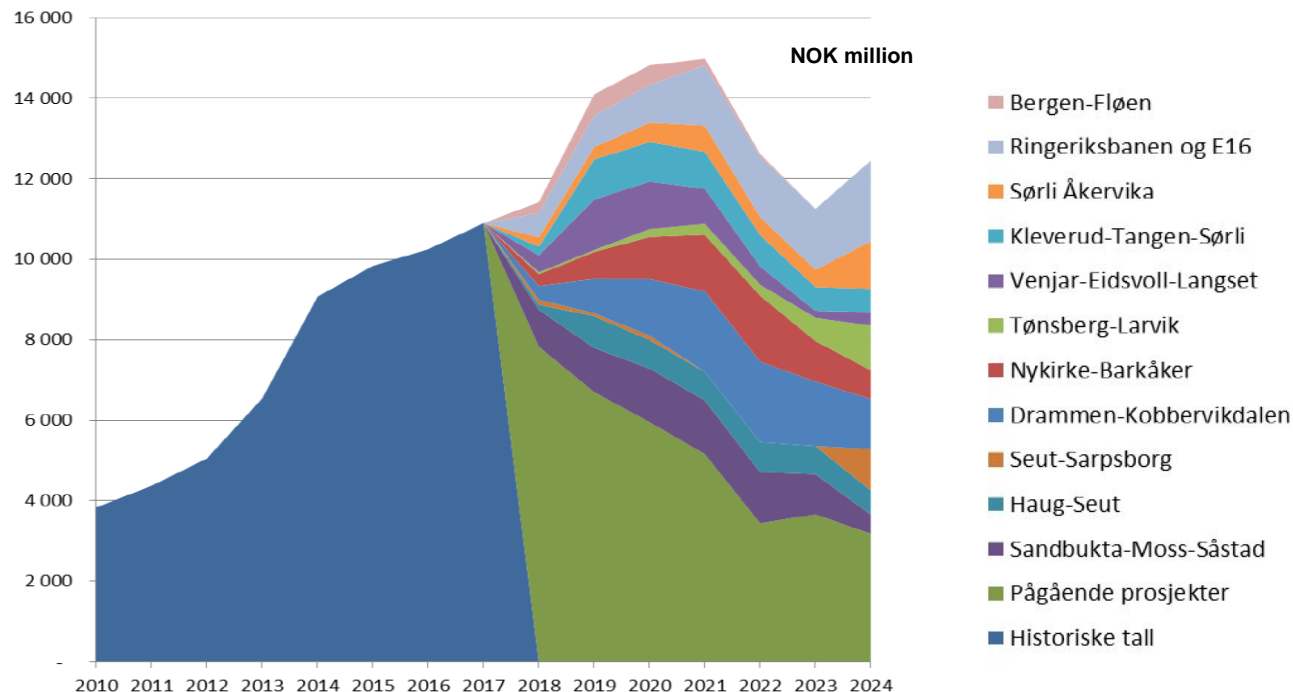


- Increased railway spending in 2018 budget vs. 2017 revised budget
- Budget proposal opens up for privatization of maintenance

\*)Sources: 2006-2017: The Norwegian national budget and national accounts and the NTP proposal

# Selected investment projects - Norway

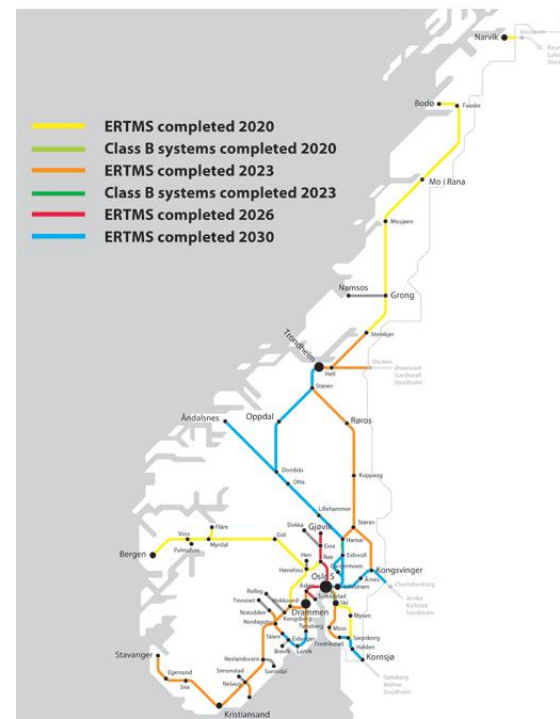
## Investment projects and current NTP schedule



Source: Bane NOR, Contractor-day presentation 23 October 2017

## ERTMS roll-out in Norway

- Total project estimated to approximately NOK 26 billion
- ERTMS contract award planned H1 2018
- Additional work prior to main ERTMS contract

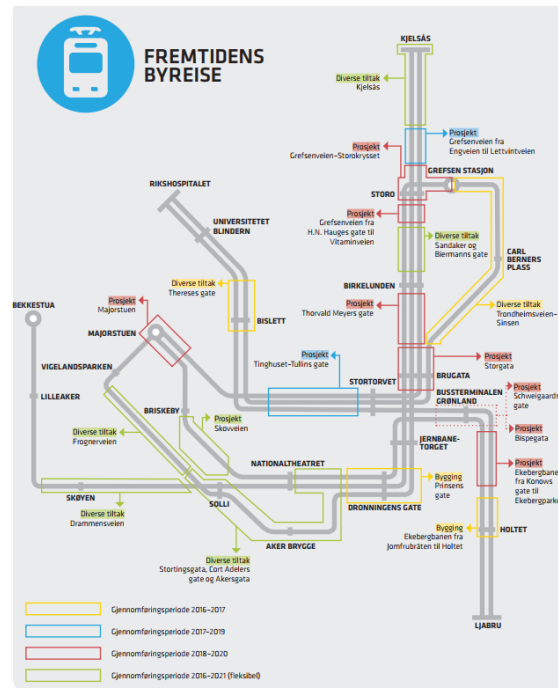


Source: Bane NOR



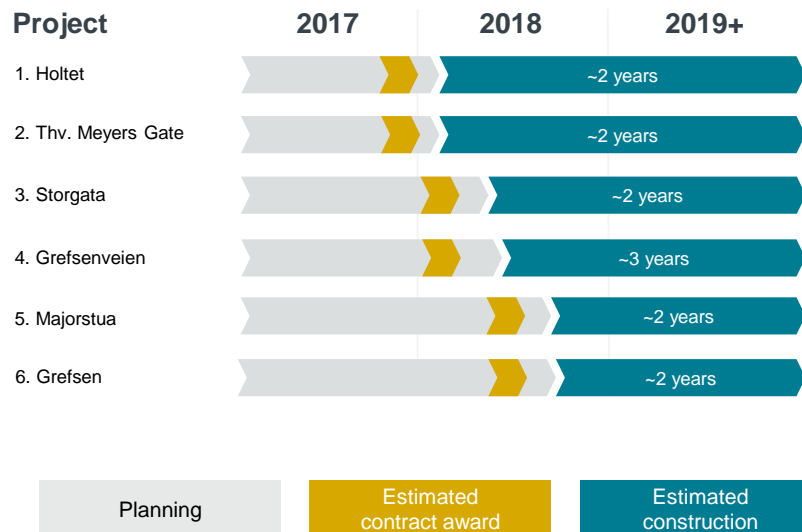
# Several tramline contracts coming up for award in Oslo

## Key tramway development projects



## Planned project schedule

A selection of upcoming tram projects – tender process Q4/17 - Q2/18



Source: Oslo Sporveier

# Delivering on market consolidation strategy in 2017

## Building turnkey capacity in Norway

### ALTi Bygg og Anlegg AS

- Infrastructure construction company
  - Extensive project management and
  - Strong commercial track record – 2
  - Specialising in concrete construction developments



## Adding core competencies in Norway

### HAG Anlegg acquisition

- Strengthens ability to undertake larger and
  - Expands turnkey capacity
  - ALTi managers to take leading position
- Purchase price NOK 200 million – EV NOK
  - Assuming cash position of minimum
  - Paid 50% in cash, rest in new NRC
- Transport infrastructure construction company
  - Specialising in surface and concrete work
  - Extensive project management and construction
- Enables group to undertake larger, more complex projects
  - Strengthened position towards tram and light rail
- HAG CEO Geir Nilsen new MD for NRC Norway
- Purchase price NOK 107.5 million
  - Paid 58% in cash, rest in new NRC Group shares
  - Guaranteed minimum 2017 EBIT of NOK 12 million



## Expanding the Swedish footprint

### SBB\* acquisition

- Railway infrastructure company established in 2004
  - Construction, project- and site management
  - Operates within railway infrastructure, sign
- Strengthens competitiveness of Swedish operation
  - Group positioned for work on SEK 25 billion
- SBB CEO Pär Opard to join Swedish group management
- Purchase price SEK 115 million
  - 65% in cash, rest in new NRC Group shares
  - Guaranteed minimum 2017 EBITDA of SEK 12 million

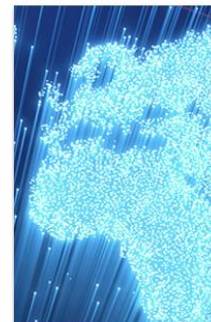
\* Signal & Svaneryggen i Dalarna Adelsölag



## Adding special competencies in Norway

### Fibertech AS

- Leading niche provider of fibre optic installation services
  - Provides turnkey developments of fibre optic networks
  - Railway focused with Bane NOR as biggest customer
- Strengthens NRC Group's set of specialist competencies
  - Additional specialist capacity to support turnkey projects requiring fibre optics competencies
  - Positions NRC Group for upcoming EMTRS development
  - Fibre optics an integrated part of all major railway developments
  - Additional growth potential within road and tunnel developments
- Enterprise value of NOK 61.5 million
  - 55% in cash, rest in new NRC Group shares
  - Guaranteed minimum EBIT in 2017 and 2018 of NOK 12 million



# Summary

- Continued focus on project execution
- Strong market outlook
- Overall improved project pipeline visibility
- Continue to build orderbook
- Continued focus on integration of acquired companies
- Continued focus on consolidation and M&As



# Appendix



# 20 largest shareholders

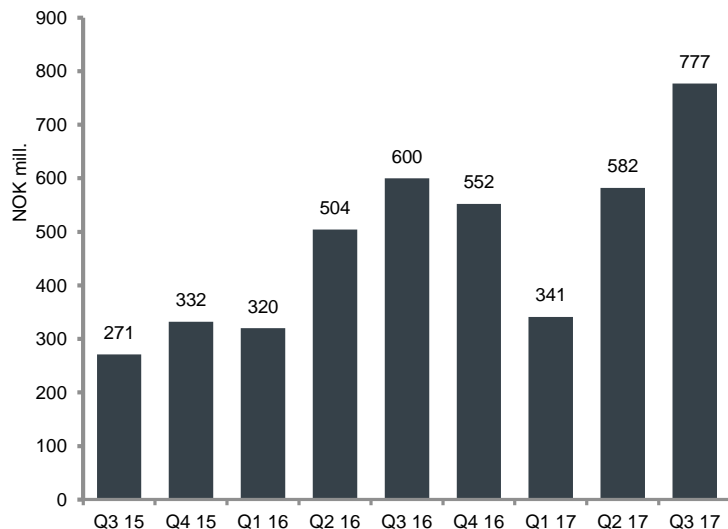
Per 6 November 2017

INVESTOR	NO OF SHARES	% OF TOTAL	ACC. TYPE	COUNTRY
DATUM AS	5 100 000	12,20		NOR
SWEDBANK AB	3 669 468	8,78	NOM	SWE
URBEX INVEST AS	3 632 033	8,69		NOR
ARCTIC FUNDS PLC	2 098 884	5,02		IRL
DANSKE BANK A/S	1 771 139	4,24	NOM	SWE
DnB NOR MARKETS	1 731 609	4,14		NOR
NORDEA BANK AB	1 370 788	3,28	NOM	SWE
CHARLOTTE HOLDING AS	1 328 008	3,18		NOR
SEB AB	1 140 869	2,73	NOM	LUX
LGA HOLDING AS	1 133 193	2,71		NOR
SOGN INVEST AS	1 110 846	2,66		NOR
NORRON SICAV-TARGET	1 010 000	2,42		LUX
ALFRED BERG GAMBAK	975 810	2,33		NOR
MIDDELBORG INVEST AS	775 000	1,85		NOR
E.K HOLDING AS	640 000	1,53		NOR
SEB AB	630 142	1,51	NOM	SWE
JPMORGAN CHASE BANK	551 384	1,32	NOM	SWE
ALFRED BERG NORGE	521 787	1,25		NOR
HSBC TRINKAUS & BURKHARDT AG	516 242	1,23	NOM	DEU
SVENSKA HANDELSBANKEN AB	500 000	1,20		SWE
<b>TOTAL NUMBER OWNED BY TOP 20</b>	<b>30 207 202</b>	<b>71,36%</b>		
<b>TOTAL NUMBER OF SHARES</b>	<b>42 327 848</b>			

# Seasonal fluctuations – reported figures

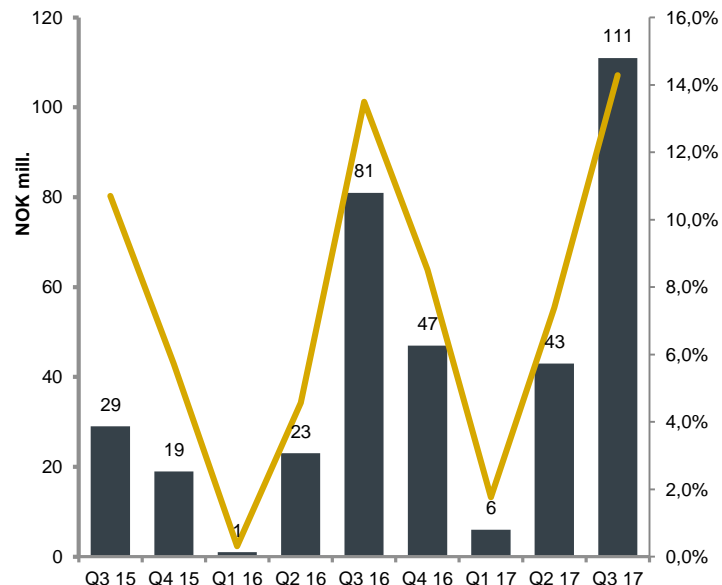
## Revenues Q3 2015 – Q3 2017

In NOK million



## EBITDA Q3 2015 – Q3 2017

In NOK million





# Segments – key figures quarterly development

(In NOK million)	Restated	Restated	Restated	Restated	Restated	Reported	Reported	Reported
Norway operations	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Revenue	348,6	113,2	162,2	161,0	168,1	108,2	188,8	254,8
Operating profit/loss before depr. and amort. (EBITDA)	26,9	-5,4	6,2	13,9	-1,5	-5,5	9,5	18,6
Operating profit/loss before amort. (EBITA)	21,3	-7,8	3,4	10,6	-3,7	-9,9	5,1	13,0
Operating profit/loss (EBIT)	18,7	-9,0	2,3	9,4	-5,1	-12,1	1,8	8,4
<b>Sweden operations</b>	<b>FY 2015</b>	<b>Q1 2016</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>
Revenue	329,7	206,6	341,4	438,9	383,6	232,7	395,8	524,5
Operating profit/loss before depr. and amort. (EBITDA)	44,3	10,8	34,0	72,6	56,1	19,3	42,0	95,5
Operating profit/loss before amort. (EBITA)	42,1	9,2	31,7	66,6	52,2	15,0	37,2	88,6
Operating profit/loss (EBIT)	35,3	3,1	25,8	60,6	46,5	9,1	32,0	83,8
<b>Parent, holding companies and eliminations</b>	<b>FY 2015</b>	<b>Q1 2016</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>
Revenue	0,0	0,0	0,0	0,0	0,0	0,0	-3,0	-2,8
Operating profit/loss before depr. and amort. (EBITDA)	-39,3	-4,5	-17,3	-5,3	-7,3	-7,8	-8,6	-3,6
Operating profit/loss before amort. (EBITA)	-39,5	-4,5	-17,3	-5,3	-7,3	-7,8	-8,6	-3,6
Operating profit/loss (EBIT)	-39,5	-4,5	-17,4	-5,3	-7,2	-7,8	-8,6	-3,6