



# **Q1 2018 Result presentation**

Oslo, 8 May 2018



**NRC Group**

# 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

## Key events

Record-high order intake of NOK 1,727 million, an increase of 126% compared to first 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

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

# Financials



# Q1 2018 key figures – profit and loss

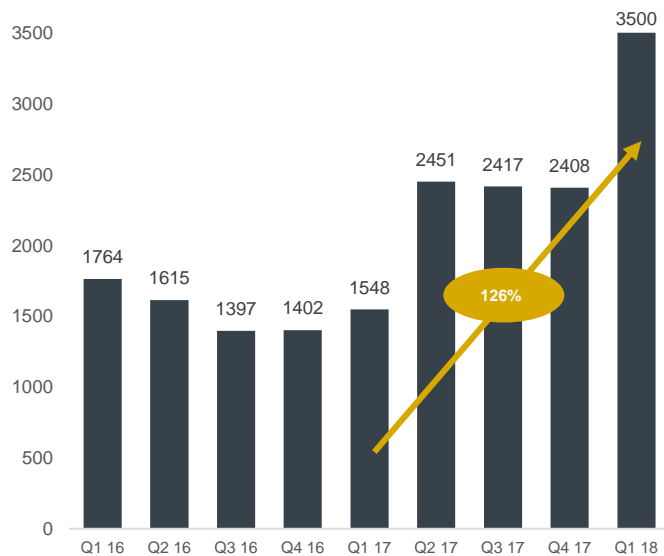
- Revenue in Q1 2018 of NOK 528 million (NOK 341 million)
- EBITDA in Q1 2018 of NOK 2 million (NOK 6 million)
  - Margins affected by long and cold winter and start-up of large projects
- EBITA in Q1 2018 of NOK -12 million (NOK -3 million)
- EBIT in Q1 2018 of NOK -18 million (NOK -11 million)

<b>(Amounts in NOK million)</b>	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>FY 2017</b>
Revenue	528	341	2 373
Operating expenses	526	335	2 144
<b>EBITDA</b>	<b>2</b>	<b>6</b>	<b>229</b>
<b>EBITA</b>	<b>-12</b>	<b>-3</b>	<b>184</b>
<b>EBIT</b>	<b>-18</b>	<b>-11</b>	<b>149</b>
<b>EBT</b>	<b>-21</b>	<b>-13</b>	<b>144</b>
EBITDA (%)	0.3%	1.8%	9.7%

# Order book development

## Order book\* Q1 2016 – Q1 2018

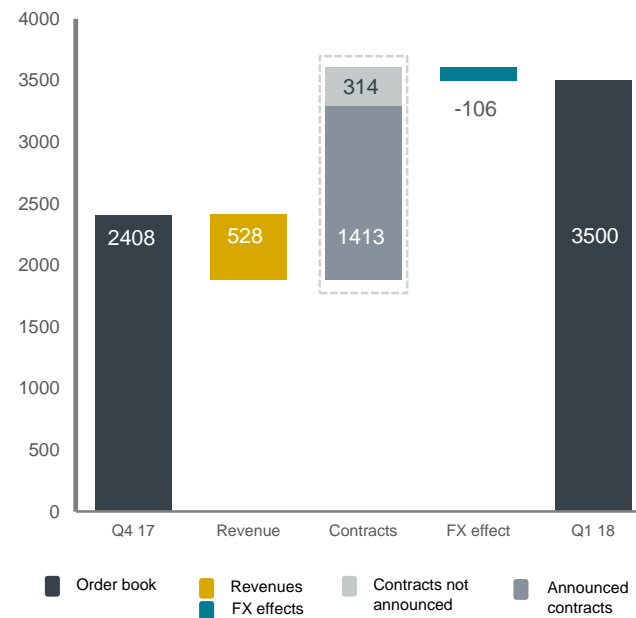
In NOK million



\*Reported figures

## Order book development Q4 17 – Q1 18

In NOK million



# Q1 2018 key figures – balance sheet

	(Amounts in NOK million)			
	ASSETS	31.03.2018	31.03.2017	31.12.2017
• Cash is NOK 305 million	Intangible assets	1 012	629	1 048
	Other non-current assets	272	208	287
• Net debt is NOK 105 million	Other current assets	682	338	741
	Cash and cash equivalents	305	328	408
• Intangible assets of NOK 1,012 million	Total assets	2 271	1 503	2 484
	EQUITY AND LIABILITIES			
• Equity ratio is 57%	Total equity	1 300	1 009	1 357
	Non-current interest-bearing liabilities	292	138	317
• Dividend of NOK 73 million was paid 3 May	Other non-current liabilities	23	9	27
	Interest-bearing current liabilities	118	58	121
	Other current liabilities	537	288	662
	Total equity and liabilities	2 271	1 503	2 484

# Q1 2018 key figures – cash flow

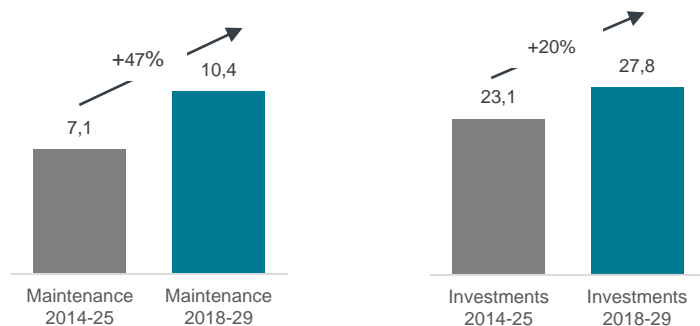
	(Amounts in NOK million)	Q1 2018	Q1 2017	FY 2017
• Cash flow from operating activities of NOK - 69 million	Profit/loss before tax	-21	-13	144
• Net cash flow from investing activities is NOK 2 million	<b>Net cash flow from operating activities</b>	<b>-69</b>	<b>-59</b>	<b>133</b>
• Net cash flow from financing activities is NOK - 27 million	<b>Net cash flow from investing activities</b>	<b>2</b>	<b>-22</b>	<b>-243</b>
– Payment of borrowings and leasing: NOK - 24 million	<b>Net cash flow from financing activities</b>	<b>-27</b>	<b>-10</b>	<b>92</b>
– Share buyback: NOK - 3 million	<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>



# Long-term growth for railway activity in Sweden

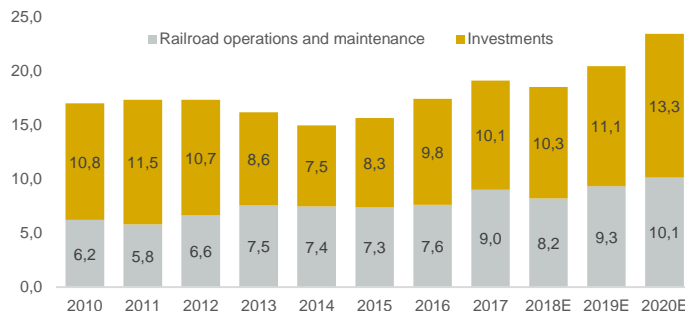
## Annual average spending in new proposed NTP\*

SEK billion



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

SEK billion



- Continued high activity levels expected in Sweden for 2018
- The new NTP is scheduled for approval during first half 2018 and is a likely trigger for further growth in demand for infrastructure services
- The Government's estimates for railway spending indicate another step-up in activity in 2019 and 2020

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

# Continued market growth in Sweden

## Multi-year upgrade program planned for Inlandsbanan

- Funded by local municipalities and government
- Significant upgrade pending for Inlandsbanan to facilitate shipments and growing public transport
  - Preliminary estimates indicate investments of \$
  - 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

## Sweden set to start ERTMS roll-out

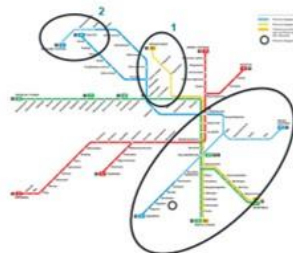
### ERTMS roll-out schedule per category

SEK billion

- 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 1940/50ies

## Key metro projects - Sweden

### Metro Stockholm development



Source: Stockholms Län trafik

### Project scheduling

Project	2017	2018	2019+
1. Arlanda			~6 years
2. Barkarby			~6 years
3. Nacka, Södertälje and Södert			7 to 8 years
	Planning	Estimated contract award	Estimated construction

Source: Stockholms Län trafik

NRC Group

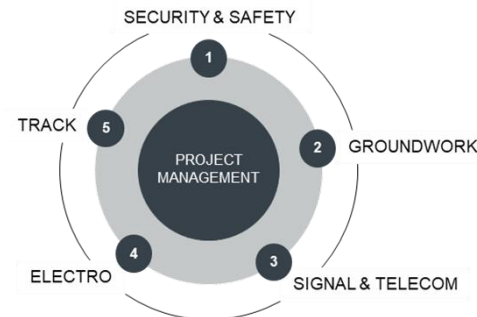
# Building position in the maintenance market

## First maintenance contract in Sweden

- Estimated value SEK 357 million over five years from January 2019
  - Preventive maintenance and corrective measures on railways around Hallsberg, Sweden
  - Involves deliveries across all specialist railway competencies
  - Trafikverket holds options to extend for two years
- Entry to a market with SEK ~5 billion annual value
  - Contracts with high visibility and reduced seasonality
- Strengthens NRC Group's strategic position
  - For further maintenance work in Sweden
  - Expected privatisation of maintenance market in Norway



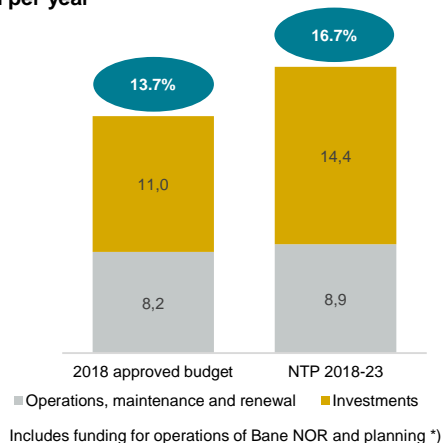
Hallsberg Bangård



# Long-term growth and improved visibility in Norway

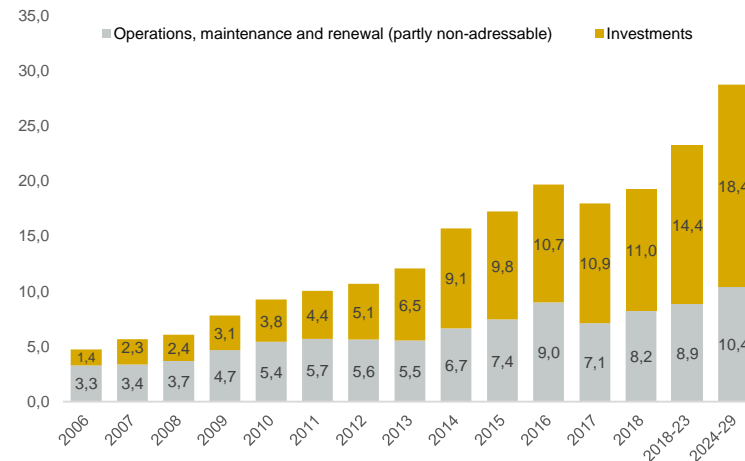
## 2018 proposed railway spending

NOK billion per year



## Long-term railway spending development

NOK billion per year



- NOK 430 million additional funding to railway operations and maintenance in final 2018 budget vs. proposed budget
- Norwegian Government supportive of increased investments in environmentally friendly transport systems
- Improved visibility on future spending as Bane NOR signed first four-year funding agreement with the Government

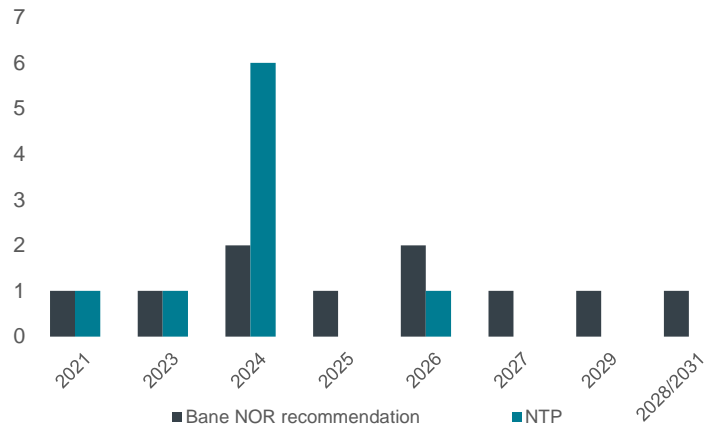
\*)Sources: The Norwegian national budget, national accounts and the most recent NTP

# Revised Intercity plan increases long-term visibility

- Overall investments maintained
- Improved long-term visibility for the railway supply chain
- Unsustainable activity peak in 2024 avoided

## Revised plan for Intercity projects

Number of finalised IC projects



● Completed 2018



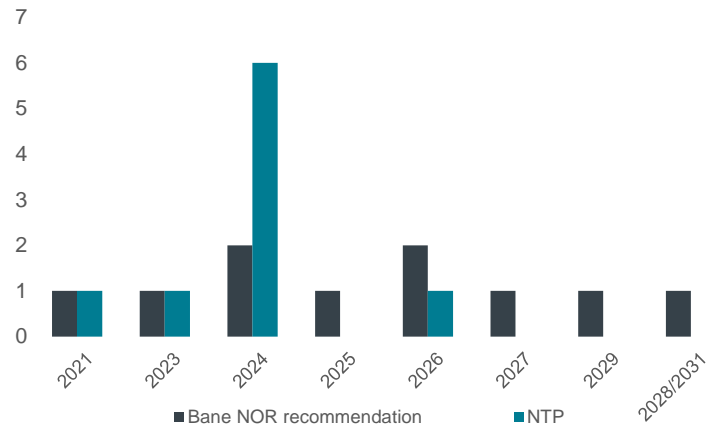
Source: Bane NOR

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● Completed 2024



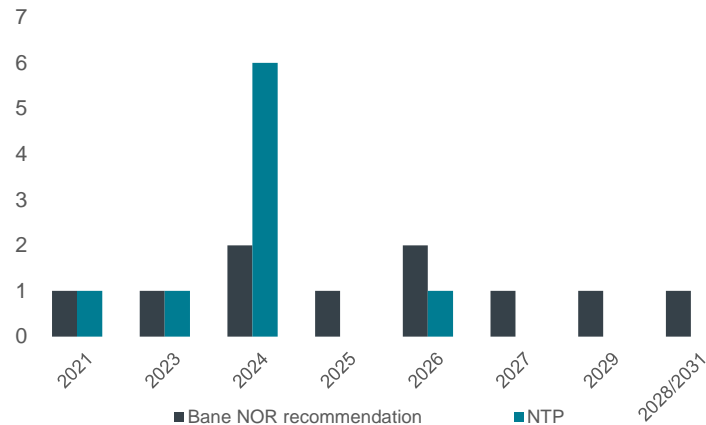
Source: Bane NOR

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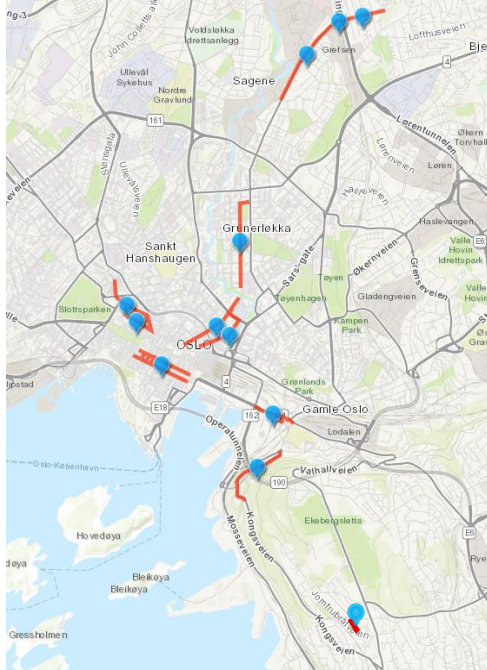
● Completed 2032



Source: Bane NOR

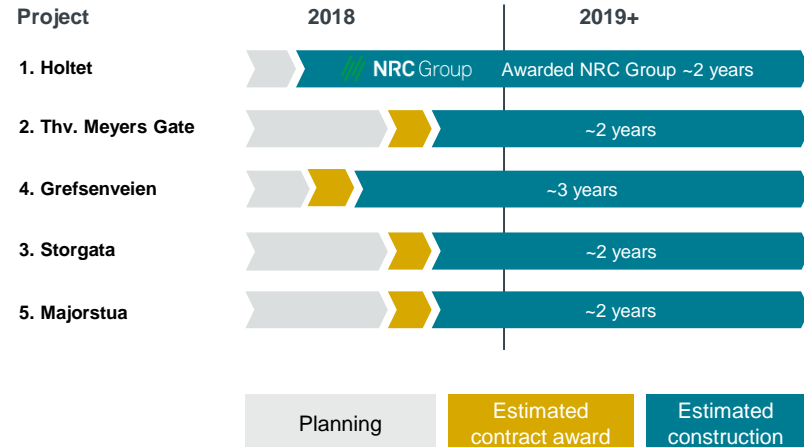
# Several tramline contracts coming up for award in Oslo

## Key tramway development projects



Source: Oslo Sporveier

## A selection of upcoming tram tender processes



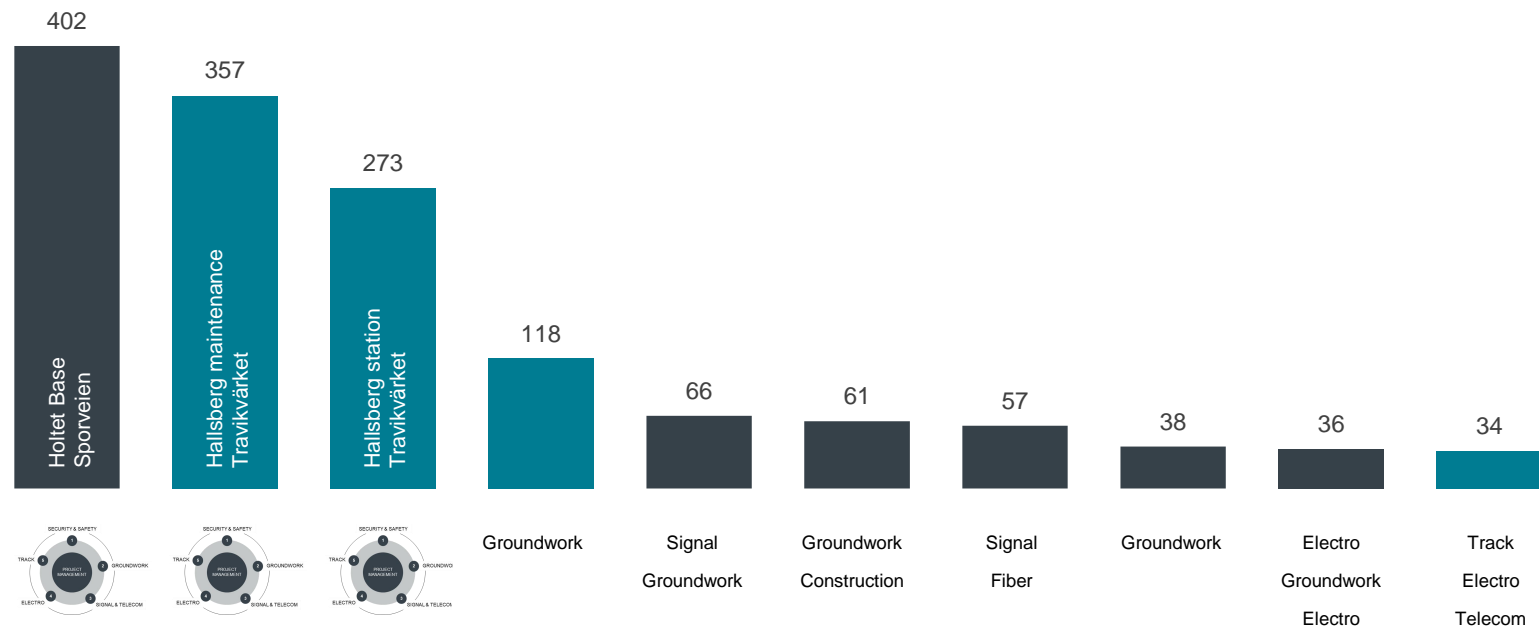


# Q1 2018 large turnkey contracts

## Confirms strategy

Value million local currency, in order of size

Sweden (SEK) Norway (NOK)



# Summary & outlook

- Record-high order intake of NOK 1,727 million
- Order backlog of NOK 3,500 million
- Strong market outlook with project pipeline visibility
- Continue to build orderbook
- Continued focus on consolidation and M&As



# Appendix



# 20 largest shareholders

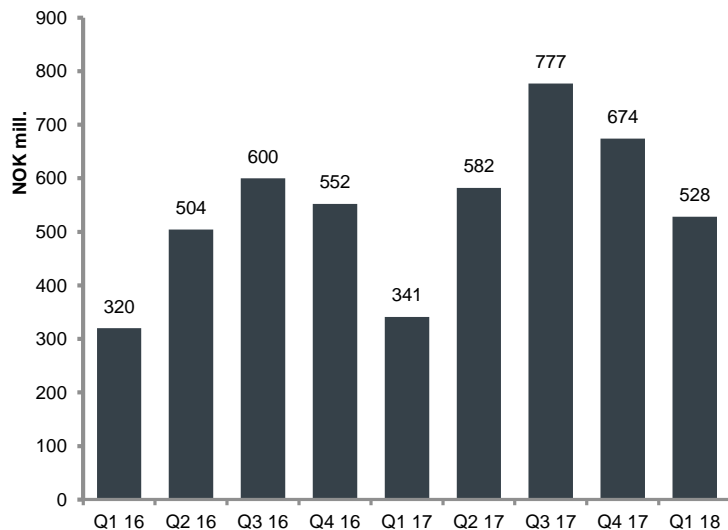
Per 7 May 2018

INVESTOR	NO OF SHARES	% OF TOTAL	COUNTRY
DATUM	5 100 000	12,05	NOR
MIDDELBOG INVEST	3 310 714	7,82	NOR
ARCTIC FUNDS	2 939 384	6,94	IRL
DNB NOR MARKETS	1 797 951	4,25	NOR
DANSKE BANK	1 463 256	3,46	SWE
SWEDBANK	1 365 240	3,23	SWE
NORRON SICAV TARGE	1 350 000	3,19	LUX
CHARLOTTE HOLDING	1 328 008	3,14	NOR
NORDEA BANK	1 152 708	2,72	SWE
LGA HOLDING	1 133 193	2,68	NOR
SOGN INVEST	1 103 807	2,61	NOR
KGL PROSJEKT 2	1 096 319	2,59	NOR
VERDIPAPIRFONDET ALFRED BERG	975 810	2,31	NOR
JP MORGAN	781 767	1,85	SWE
NORDEA NORDIC	753 999	1,78	FIN
E.K HOLDING	680 000	1,61	NOR
SEB	630 142	1,49	SWE
SEB	540 869	1,28	LUX
VERDIPAPIRFONDET ALFRED BERG	521 787	1,23	NOR
SVENSKA HANDELSBANKEN	500 000	1,18	SWE
<b>TOTAL NUMBER OWNED BY TOP 20</b>	<b>28 524 954</b>	<b>67,41</b>	
<b>TOTAL NUMBER OF SHARES</b>	<b>42 327 848</b>		

# Seasonal fluctuations – reported figures

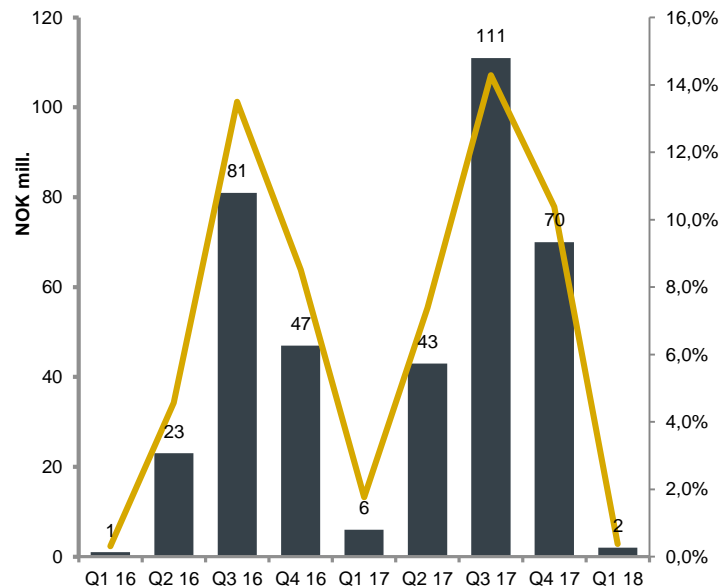
## Revenues Q1 2016 – Q1 2018

In NOK million



## EBITDA Q1 2016 – Q1 2018

In NOK million



# Segments – key figures quarterly development

	Restated Full year 2015	Restated Q1 2016	Restated Q2 2016	Restated Q3 2016	Restated Q4 2016	Reported Q1 2017	Reported Q2 2017	Reported Q3 2017	Reported Q4 2017	Reported Q1 2018
<b>Norway operations (NOK million)</b>										
Total revenue	349	113	162	161	168	108	189	255	219	212
Operating profit/loss before depr. and amort. (EBITDA)	27	-5	6	14	-2	-6	10	19	18	-1
Operating profit/loss before amort. (EBITA)	21	-8	3	11	-4	-10	5	13	10	-7
Operating profit/loss (EBIT)	19	-9	2	9	-5	-12	2	8	4	-13
<b>Sweden operations (NOK million)</b>										
	Full year 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Total revenue	330	207	341	439	384	233	396	525	460	316
Operating profit/loss before depr. and amort. (EBITDA)	44	11	34	73	56	19	42	96	62	9
Operating profit/loss before amort. (EBITA)	42	9	32	67	52	15	37	89	55	2
Operating profit/loss (EBIT)	35	3	26	61	47	9	32	84	52	1
<b>Parent, holding companies and eliminations (NOK million)</b>										
	Full year 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Eliminations	0	0	0	0	0	0	-3	-3	-5	-1
Operating profit/loss before depr. and amort. (EBITDA)	-39	-5	-17	-5	-7	-8	-9	-4	-10	-6
Operating profit/loss before amort. (EBITA)	-40	-5	-17	-5	-7	-8	-9	-4	-10	-6
Operating profit/loss (EBIT)	-40	-5	-17	-5	-7	-8	-9	-4	-10	-6