

Q3 2019

Result presentation

Oslo, 5 November 2019



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.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity or performance will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this presentation, either to conform them to actual results or to changes in our expectations.

Highlights

Key figures Q3 2019

Revenues of NOK 1,850 million vs NOK 851 million in Q3 2018

Total EBITDA* of NOK 153 million vs NOK 71 million in Q3 2018

Order intake in the quarter, amounting to NOK 1,135 million

Order backlog** of NOK 6,852 million

Key events

VR Track integration continued as planned

Successful placement of a NOK 600 million senior unsecured bond to increase financial flexibility

Subsequent to the quarter, appointed to largest rail contract ever in Norway of NOK 793 million by Bane NOR

Divestment of Design segment completed on 1 November as planned

*Before other income and expenses (M&A expenses)

**Excluding Design segment which is reported as discontinued operations

A conceptual image featuring a man in a dark suit and patterned tie, holding a white hard hat in his left hand. The image is a double exposure, with the man's torso and arms overlaid on a panoramic view of a city skyline, likely New York City, with numerous skyscrapers and a river visible in the distance. The sky is filled with clouds, and a bright, warm light source, possibly the sun, is visible in the upper right corner, creating a lens flare effect. The overall color palette is dominated by the blues and greys of the city and sky, contrasted with the dark suit and the bright white of the hard hat.

Financials

Q3 2019 key figures – profit and loss

	(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
• Figures excluding Design segment	Revenue	1 850	851	4 531	2 206	3 176
• Revenue in Q3 2019 of NOK 1,850 million	EBITDA*	153	71	254	139	132
	Depreciation	48	18	152	46	75
• EBITDA ex M&A in Q3 2019 of NOK 153 million	EBITA*	105	54	102	93	57
	EBIT*	87	44	49	74	29
• Depreciations of NOK 48 million during Q3 2019	M&A expenses	-7	-14	-59	-14	-28
	EBITDA* %	8,3 %	8,4 %	5,6 %	6,3 %	4,2 %
• EBITA ex M&A in Q3 2019 of NOK 105 million						
• Forecasted revenue for 2019 excluding Design was NOK 6,5 bn. Updated estimate is NOK 6.0 bn – 6.2 bn						

*Before other income and expenses (M&A expenses)

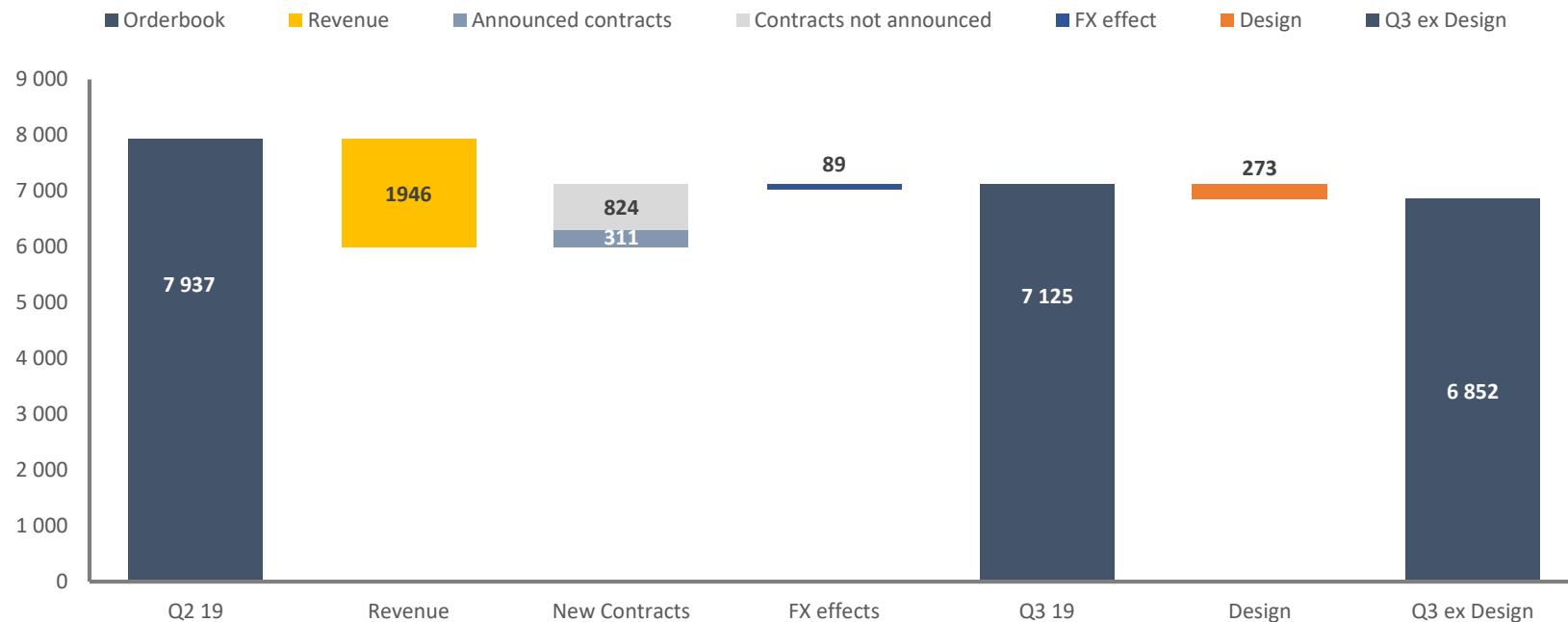
Q3 2019 key figures segments – profit and loss

	Norway		Sweden		Finland	
(Amounts in NOK million)	Q3 19	Q3 18	Q3 19	Q3 18	Q3 19	Q3 18
Revenue	683	421	460	433	712	
Organic growth rate	22%		-18%		19%	
EBITDA*	75	46	14	32	70	
EBITDA* %	10,9%	10,9 %	2,9%	7,3%	9,8%	
EBITA*	52	36	2	23	55	
EBITA* %	7,6%	8,7%	0,5%	5,4%	7,8%	

*Before other income and expenses (M&A expenses)

Order book development

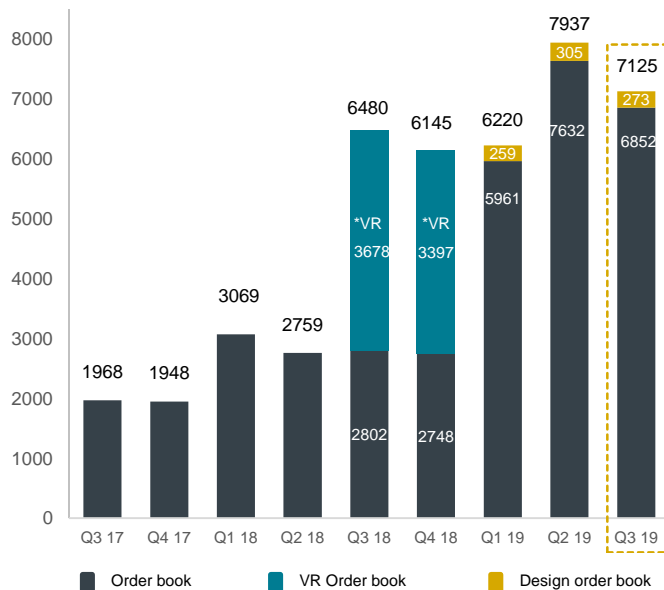
Order book development Q2 2019 – Q3 2019 (MNOK)



Order book development

Order book Q3 2017 – Q3 2019

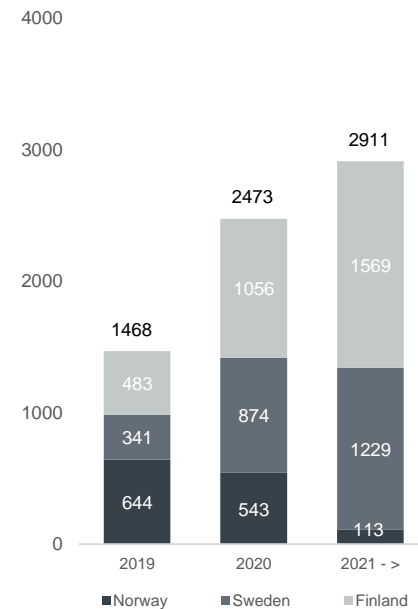
In NOK million



* VR Track proforma included in Q3 and Q4 2018

Order book 2019 – 2021->

In NOK million



Q3 2019 key figures – balance sheet

- Sale of Design:
 - Asset held for sale / liability held for sale
- Right of use assets of NOK 576 million
- Cash of NOK 84 million including cash in Design
- Interest bearing debt excluding leasing is NOK 1,652 million
 - Bond: NOK 600 million
 - Bank debt: NOK 1,052 million
 - Net proceeds of NOK 394 million from sale of Design was used to repay bank debt on 1 November
- Net debt excluding operating lease liabilities (IFRS 16) of NOK 1,886 million
 - Debt due to IFRS 16 is NOK 284 million
- Equity ratio of 34%

(Amounts in NOK million)

ASSETS	30.09.2019	30.09.2018	31.12.2018
Intangible assets	2 757	1 262	1 275
Right-of-use assets	576	0	0
Total other non-current assets	288	437	428
Cash and cash equivalents	74	189	396
Other current assets	1 916	1 059	841
Assets classified as held for sale	419	0	0
Total assets	6 031	2 948	2 940

EQUITY AND LIABILITIES






Total equity	2 046	1 443	1 442
Long-term financial lease liabilities	203	149	152
Long-term operating lease liabilities	217	0	0
Other non-current interest-bearing liabilities	1 454	319	287
Other non-current liabilities	98	41	46
Short-term financial lease liabilities	106	84	89
Short-term operating lease liabilities	66	0	0
Other interest-bearing current liabilities	198	84	86
Other current liabilities	1 549	829	838
Liabilities classified as held for sale	94	0	0
Total equity and liabilities	6 031	2 948	2 940

Q3 2019 key figures – cash flow

	(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
• Cash flow from operating activities of NOK -24 million	Profit/loss before tax	63	26	-63	54	-10
	Net cash flow from operating activities	-24	7	-46	-35	206
• Net cash from investments of NOK -4 million	Net cash flow from investing activities	-4	-138	-1 364	-141	-140
• Net cash flow from financing activities of NOK -112 million	Net cash flow from financing activities	-112	98	1 108	-30	-76
– Net repayment of borrowings NOK -48 million	Net change in cash and cash equivalents	-141	-33	-301	-206	-10
– Payment of leasing NOK -40 million	Cash and cash equivalents at the end of the period	84	189	84	189	396
– Interest paid NOK -28 million including fees for bond	Cash and cash equivalents - continuing operations	74	189	74	189	396
	Cash and cash equivalents - discontinued operations	10	0	10	0	0

Uniquely positioned to serve the Nordic market

KEY MARKET FIGURES

		SWEDEN	NORWAY	FINLAND
	Installed railway	~12 000 km	~ 4 200 km	~ 6 000 km
	Annual railway passenger journeys	219 million	74 million	86 million
	Annual railway freight volume (tons)	68 million	33 million	36 million
	Maintenance backlog* (NOK)	18 billion	20 billion	11 billion
	Employees approximately	500	600	1,400

OUR
OFFICES



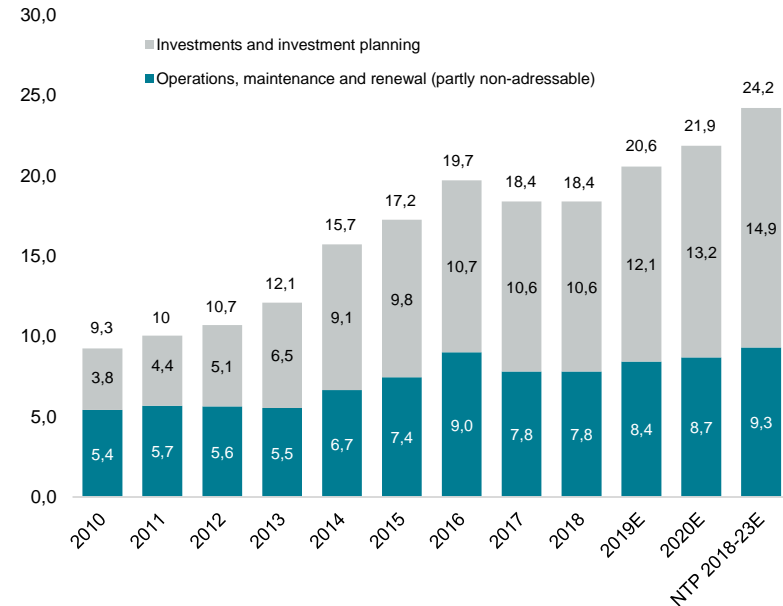
Source: **Norway:** NTP 2018-29 and 2020 national budget **Sweden:** NTP 2018-29, Trafikverket and 2020 national budget. **Finland:** Finnish Transportation Agency, VR Track estimates.

Investment growth signals high railway activity in 2020

- New railway investments seen at NOK 13.2 billion, up 8%
 - Increased construction activity on large projects and several smaller projects for execution
- Operations, maintenance and renewal investments of NOK 8.7 billion, up 3%
 - Includes NOK 1.4 billion for ERTMS development and a minimum of NOK 2.2 billion for renewal projects
- Spending remains behind 2018-29 NTP target levels and maintenance backlog is forecasted to increase to NOK 21.5 billion by end of 2020

Norway railway spending¹

NOK billion



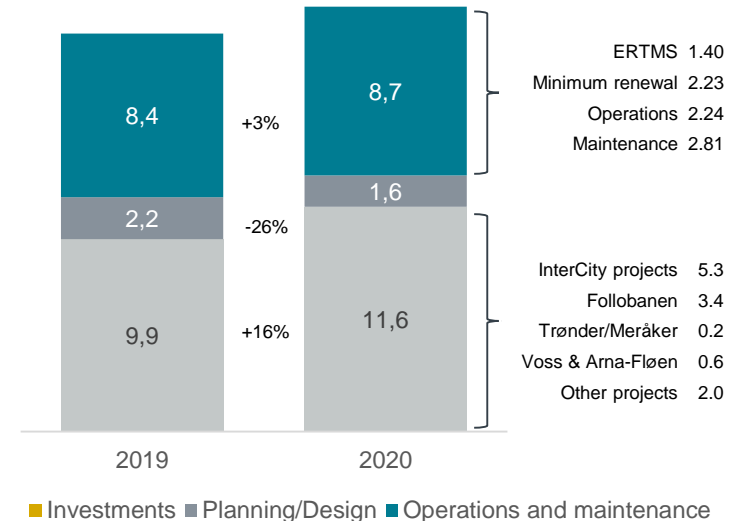
(1) Source: The Norwegian national budgets, national accounts and most recent NTP

2020 priorities and adjustments

- **Operations and maintenance**
 - Planned ERTMS investments at the same level as for 2019
 - Slight increase in planned renewal investments
- **Planning/Design of new investments**
 - InterCity (IC) represents NOK 1 billion
- **Increased new investments**
 - Start-up of the Kleverud-Sørli intercity project on Dovrebanen and part electrification of the Trønder- and Meråkerbanen
 - Increased activity on projects that started the construction phase in 2019 and cost increases on large ongoing projects
 - NOK 5.3 billion allocated to IC projects
 - NOK 2 billion allocated to smaller construction projects

Investment, operations and maintenance budget¹

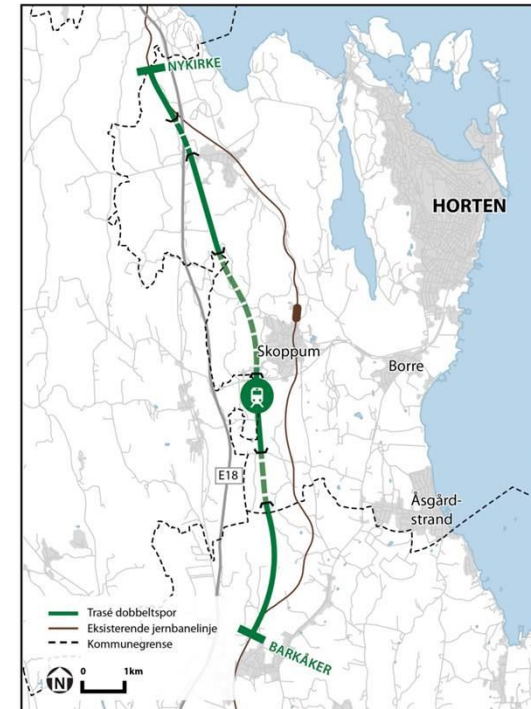
NOK billion



(1) Source: The 2020 Norwegian national budgets: Purchase of infrastructure services operations and maintenance, planning of new investments and investments

Record contract for Norway's InterCity development

- NOK 793 million contract for rail services on the new 13.6 km double-track between Nykirke and Barkåker on Vestfoldbanen
 - Specialised rail services including track, electro and groundworks
- NRC Group's largest contract to date in Norway
 - One of the biggest national rail enterprise contracts ever won in competition with international providers
- Project planning to start in Q4 2019 with construction phase scheduled for 2022 to 2024



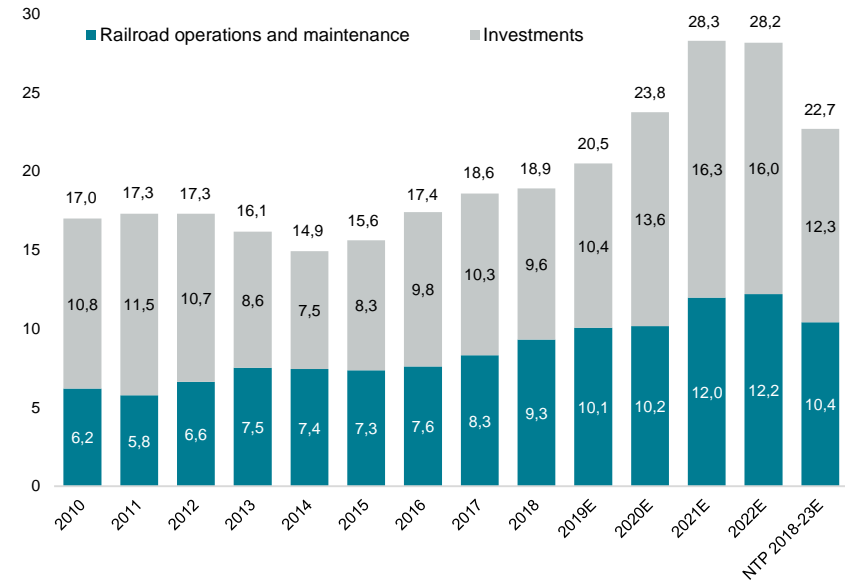
Nykirke – Barkåker

Illustrations: Bane NOR

Sweden ramping up for significant increase in railway activity

- Increased spending in 2020 national budget supports firming market conditions
 - New investments of SEK 13.6 billion, up 30% from 2019
 - Operations and maintenance spend of SEK 10.2 billion, up 1%
- High tendering activity
 - Several sizeable orders scheduled for award in late 2019 and early 2020
 - Time-lag from award of new orders to execution and impact on revenue and margin
- Measures have been taken to improve the profitability

Sweden railway spending¹
(SEK billion)



1) 2010-2022E Swedish national budget & accounts: Investment plan for Trafikverket and Maintenance of State transport infrastructure, 2018-23 NTP annual averages. Investments based on named projects exceeding SEK 100 million each

Finland – strong growth in addressable market for 2020

NORWAY

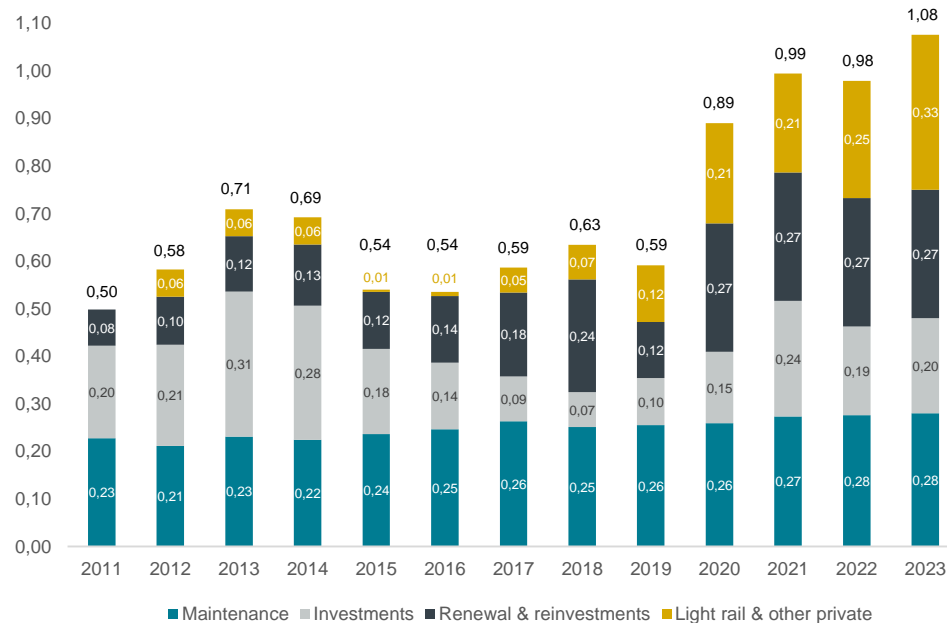
SWEDEN

FINLAND

- Addressable market expected to grow with EUR 300 million in 2020

- Renewals and reinvestments + ~ EUR 150 million
 - Estimated allocation to reduce maintenance backlog
- Strong growth in light rail and other private + ~ EUR 90 million
 - NRC Group involved in all of the projects
- Investments + ~ EUR 60 million
 - Decided projects by Governmental decisions in 2019
- Maintenance is estimated to grow by 1%

Finland railway spending¹
(EUR billion)



1) Finnish Transportation Agency, NRC Group estimates

New alliance contract: Crown Bridges Light Rail

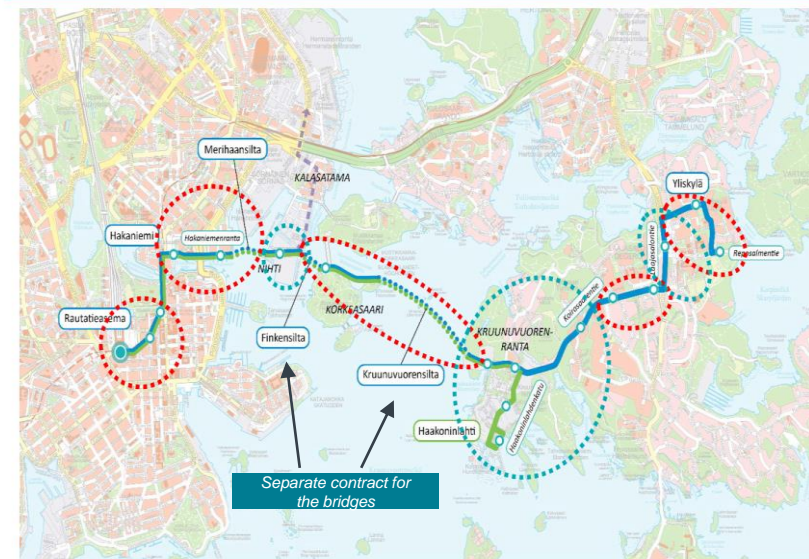
- The City of Helsinki approved the appointment of NRC Group in Finland to a contract for the development phase of the Crown Bridges light rail
- The Crown Bridges connection will be a 10-kilometre tram route
- Alliance contract - Client City of Helsinki is united as one organisation together with the contractors NRC Group and YIT, and the consulting companies Ramboll Finland and Sitowise
- Appointment of the construction phase is expected to take place on or about Q2 2021
- The total value of the contract for the Alliance team is between EUR 110 and 370 million, depending on the number of related projects involved
 - NRC Group's estimated share is between EUR 50-100 million



Alliance will conduct the street and municipality engineering works



The city organisation will conduct the street and municipality engineering works and Alliance the light rail works



Alliance partners:



Q4 / 2019

Development phase expected to commence

2021

Expected construction phase

2026

Expected completion

Building tomorrow's sustainable infrastructure today

Alliance contract light rail: Tampere, Finland

Project description

- Construction of new light rail in City of Tampere
- Tampere tramway is the second largest ongoing alliance project in Finland
- Part one: Two lines: 15 km, 23 stops, 1 depot. Operation: 2021
- Part two: One line (extension): ~ 7 km, ~ 10 stops. Operation: 2024

Timeline

2017

2024



Contract

- Part one: EUR 230 Million (NRC Group's share ~50%)
- Alliance contract - org: City of Tampere, Tampere Tramway, NRC Group Finland, YIT Suomi, Pöyry Finland



Client

City of Tampere

19%

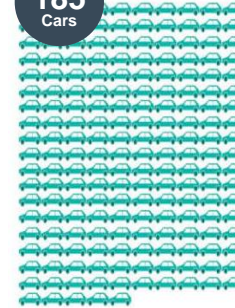
increase in public transport travels in 2040

6.9

less personal injuries per year in 2040

-0.4

million € less emission related costs from transport yearly in 2040

185
Cars3
buses1
light rail

Mansikkakoski railway bridge

Railway & construction: Imatra, Finland

Project description

- NRC Group is building the Mansikkakoski railway bridge as a double-track railway, replacing the existing bridge with single-line track
- The 230 meters long railway bridge consisting of three bridges: concrete slab bridges on both ends and joint steel beam- concrete bridge in the middle

Timeline



Contract

- EUR 7.4 million

Client

Finnish Transport
Infrastructure Agency

Project facts

- New 230 m long railway bridge over the river Vuoksi
- New double-track replacing the old single-track bridge
- 2000 m3 of concrete
- 400 tons of reinforced steel
- 700 tons of steel structures
- 600 metres of drilled piles

Benefits

Increased
passenger
and goods
capacity

Reduced
local
emissions
and noise
pollution

Improved
safety and
track
reliability



Summary & outlook



- Strong market outlook with good project pipeline visibility
- Focus on completing VR Track integration process
- Regaining normalised profitability in Sweden

Appendix



20 largest shareholders

Per 4 November 2019

INVESTOR	NO. OF SHARES	% OF TOTAL	COUNTRY
VR-YHTYMÄ OY	9 877 953	18,28	FINLAND
NORDEA	5 055 902	9,36	FINLAND
CARNEGIE	4 161 952	7,70	SWEDEN
ARCTIC FUNDS	2 691 989	4,98	IRELAND
NORDNET BANK	1 344 808	2,49	SWEDEN
DATUM	1 300 000	2,41	NORWAY
GUNNAR KNUSTEN HOLDING	1 252 677	2,32	NORWAY
LGA HOLDING	1 200 102	2,22	NORWAY
HSBC TRINKAUS & BURKHARDT	1 192 917	2,21	GERMANY
HANDELSBANKEN NORDISKA SMÅBOLAG	1 188 271	2,20	SWEDEN
HANDELSBANKEN NORDEN	1 168 606	2,16	SWEDEN
ARCTIC FUNDS	1 133 923	2,10	IRELAND
EIKA SPAR	980 000	1,81	NORWAY
HAUGO RIVING	850 745	1,57	NORWAY
EIKA NORGE	785 000	1,45	NORWAY
REGENTS OF THE UNIVERSITY OF MICHIGAN	687 756	1,27	USA
VERDIPAPIRFONDET ALFRED BERG	635 288	1,18	NORWAY
THE NORTHERN TRUST COMPANY	629 740	1,17	UK
AVANZA BANK	622 997	1,15	SWEDEN
NORRON SICAV	567 174	1,05	LUXEMBOURG
TOTAL NUMBER OWNED BY TOP 20	37 327 800	69,08	
TOTAL NUMBER OF SHARES	54 035 630		

Segments – key figures quarterly development

				Reported	Reported	Reported	Reported	Reported	Reported	Reported
Norway operations (NOK million)	FY 2016	FY 2017	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total revenue	604	771	1 598	212	335	421	630	470	545	683
EBITDA*	13	43	136	-1	26	46	65	14	65	75
EBITA*	2	21	96	-7	19	36	48	-5	43	52
EBIT*	-2	5	75	-13	16	33	39	-13	35	45
Sweden operations (NOK million)	FY 2016	FY 2017	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total revenue	1 371	1 613	1 591	316	498	433	344	299	411	460
EBITDA*	173	221	27	9	46	32	-60	-7	-13	14
EBITA*	160	198	-8	2	38	23	-71	-20	-24	2
EBIT*	136	179	-16	1	37	17	-71	-20	-24	2
Finland operations (NOK million)	FY 2016	FY 2017	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total revenue								361	601	712
EBITDA*								4	64	70
EBITA*								-13	45	55
EBIT*								-24	35	45