



Q1 2020 Earnings Presentation

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Highlights Q1 2020

Revenue

- NOK 1.3 billion
- 7% organic growth

EBITA*

- NOK -54 million (NOK -54 million)
- Seasonally low activity levels and execution of zero margin projects
- Limited Covid-19 impact

Orders

- Order intake of NOK 1.4 billion
- Record-high order backlog of NOK 8 billion

Liquidity

- Cash flow from operations of NOK 43 million
- Private placement of NOK 700 million completed
- Cash position of NOK 821 million

Revenue

NOK million

1 130

1 254

-54

Q1 2019

-54

Q1 2020

EBITA¹

NOK million

Q1 2019

Q1 2020

Order backlog²

NOK million

5 961

8 048

Q1 2019

Q1 2020

Operations and business during Covid-19

Main priorities

- Keep employees safe and minimize impact on operations
- Compliant with public restrictions and recommendations
- Monitor potential effects on the industry and NRC Group's business

Operations

- Limited impact on project execution to date
- Maintenance and upgrade activities considered critical infrastructure services and will be prioritised in case of resources scarcity



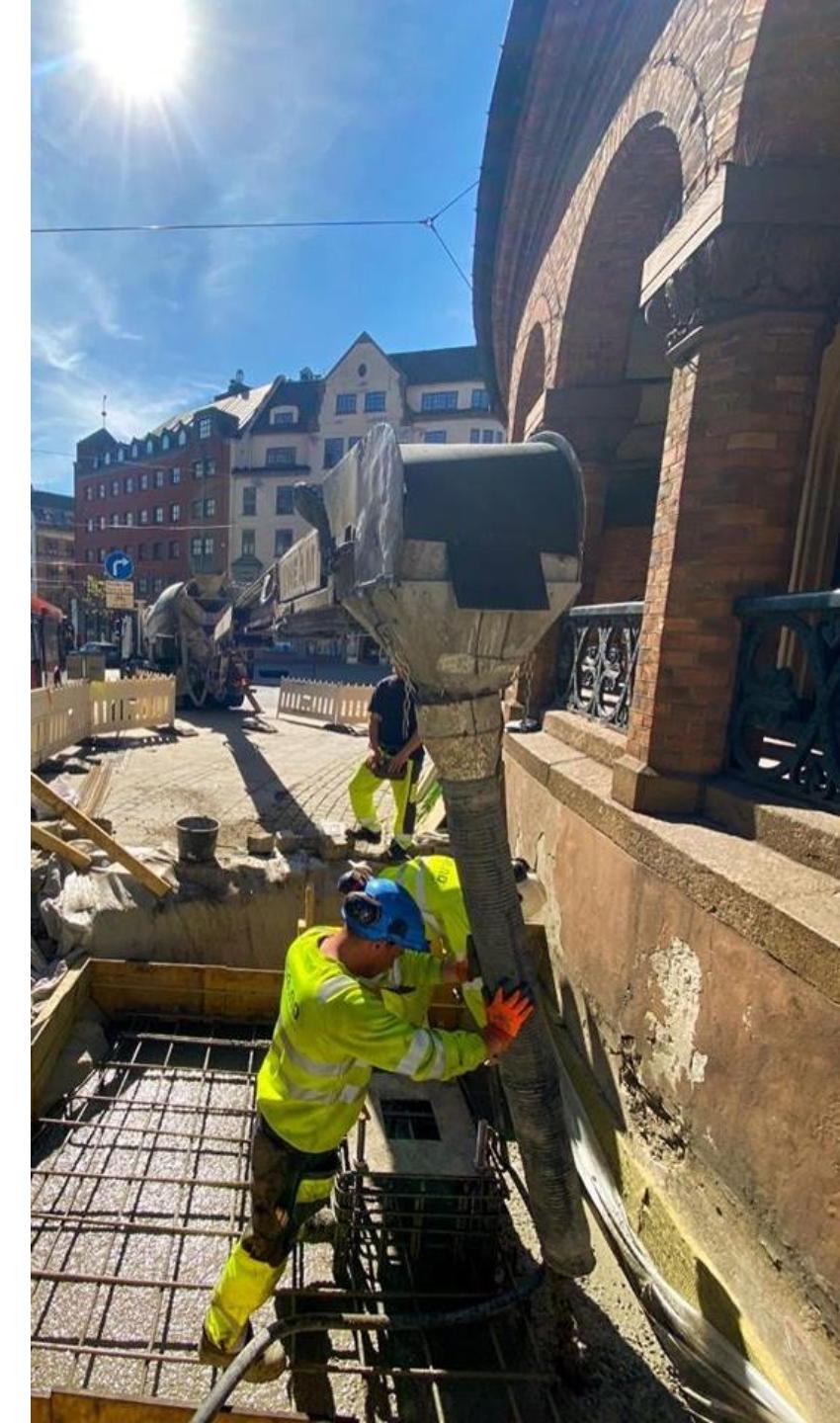
Risk management during Covid-19



- Escalated outbreak or measures can impact productivity and project execution
- Efficient project planning and execution dependent on customers announcing and awarding tenders as scheduled
- Potential disruptions in the value chain



- Tender processes progressing as normal to date
- Robust financial position
- National public transport agencies represent ~95% of backlog



Q1 key figures – profit & loss

- Revenue in Q1 2020 of NOK 1,254 million (+11%)
 - Organic growth +7%
 - Growth driven by Finland
- EBITA* in Q1 2020 of NOK -54 million
 - Normal seasonal activity
 - Partly execution of zero margin projects following project adjustments in Q419
 - Small negative effects from weakening NOK vs SEK and EUR
 - Limited effects from Covid-19
- Depreciations of NOK 53 million
- Amortisation of NOK 15 million
 - Estimate for 2020 is NOK 55 million
- Net financial items: -22 million
 - Fx: NOK -4 million

(Amounts in NOK million)	Q1 2020	Q1 2019	FY 2019
Revenue	1 254	1 130	6 193
Operating expenses	1 255	1 132	5 927
EBITDA*	-1	-3	267
Other income and expenses (M&A expenses)	-7	-48	-91
EBITDA	-8	-51	176
Depreciation	53	51	212
EBITA*	-54	-54	55
EBITA	-61	-102	-36
Amortisation	15	18	70
Operating profit/loss (EBIT)	-77	-120	-105
Net financial items	-22	-16	-73
Profit/loss before tax (EBT)	-99	-136	-178

Q1 2020 key figures – balance sheet

- Substantial weakening of NOK vs EUR and SEK during March affecting the balance sheet
- Fx effect on equity: NOK 182 million
- Goodwill and other intangible assets: NOK 3,068 million (increase due to fx: NOK 280 million)
- Cash of NOK 821 million
- Interest-bearing debt including leasing: NOK 1,919 million (increase due to fx: NOK 147 million)
 - Leasing liability of NOK 542 million including operational lease of NOK 196 million
- Net debt incl. total leasing: NOK 1,098 million (increase due to fx: NOK 140 million)
- Equity: 45%

(Amounts in NOK million)		31.03.2020	30.03.2019	31.12.2019
ASSETS				
Intangible assets		3 068	2 969	2 799
Right-of-use assets		539	573	522
Total other non-current assets		335	319	301
 Cash and cash equivalents		821	439	154
Other current assets		1 384	1 484	1 648
Total assets		6 147	5 783	5 423
 EQUITY AND LIABILITIES				
Total equity		2 777	1 935	2 033
Long-term financial lease liabilities		220	204	214
Long-term operating lease liabilities		130	204	125
Other non-current interest-bearing liabilities		1 210	995	1 161
Other non-current liabilities		65	68	34
 Short-term financial lease liabilities		126	111	123
Short-term operating lease liabilities		66	55	63
Other interest-bearing current liabilities		168	758	101
Other current liabilities		1 386	1 453	1 569
Total equity and liabilities		6 147	5 783	5 423

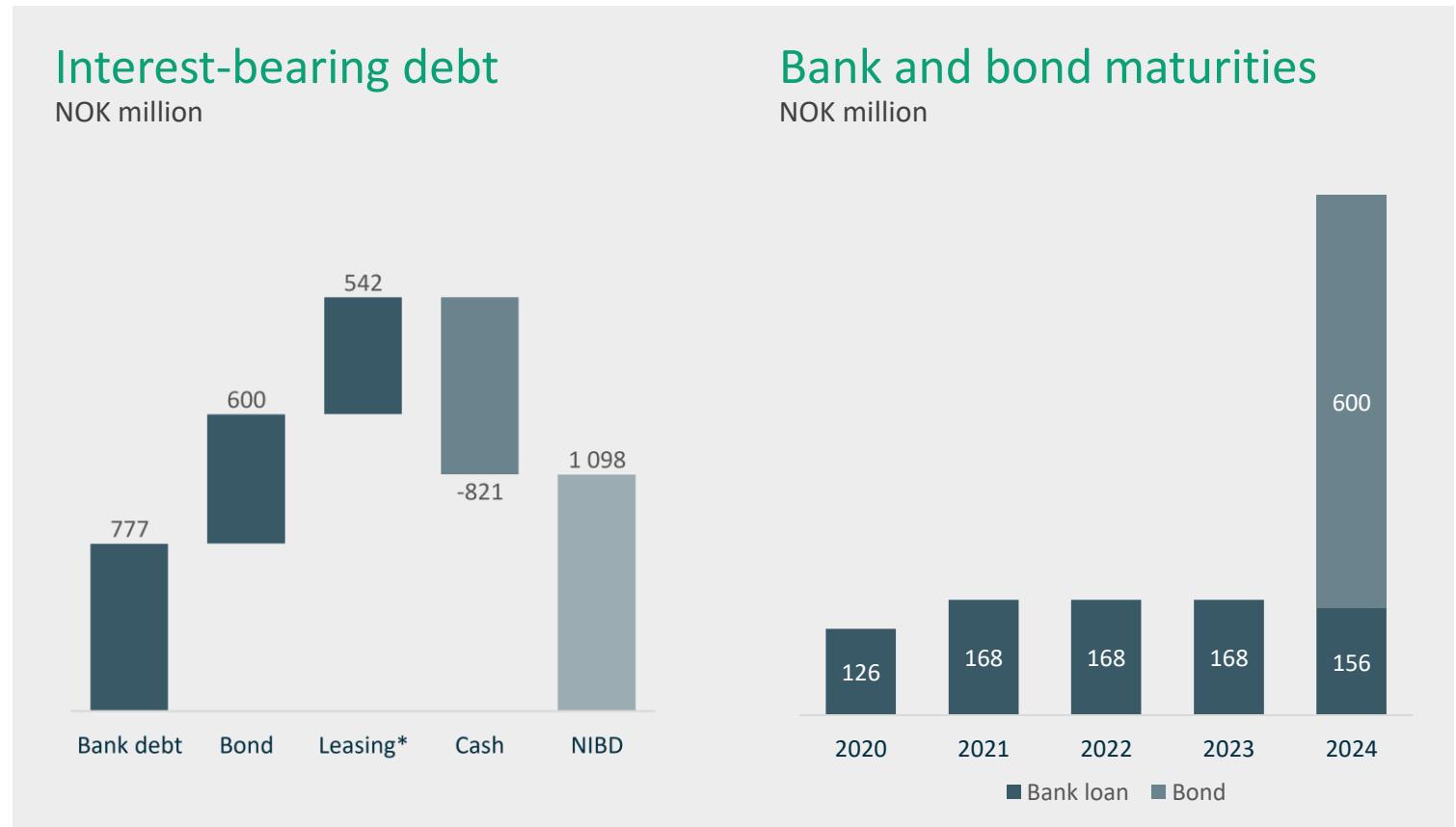
Q1 2020 key figures – cash flow

- Cash flow from operating activities of NOK 57 million
 - Discontinued operation: NOK 14 million
- Net cash from investments of NOK -8 million
 - Capex net : NOK -8 million
- Net cash flow from financing activities of NOK 610 million
 - Net proceeds from private placement NOK 672 million
 - Payment of leasing NOK -47 million
 - Interest NOK -17 million
- Payment of final purchase price for Norsk Saneringsservice and Gunnar Knutsen is expected to take place in Q2 20

(Amounts in NOK million)	Q1 2020	Q1 2019	FY 2019
Profit/loss before tax	-99	-136	-178
Net cash flow from operating activities - continuing operations	43	-88	-37
Net cash flow from operating activities - discontinued operations	14	56	109
Net cash flow from operating activities	57	-32	71
Net cash flow from investing activities	-8	-1 253	-931
Net cash flow from financing activities	610	1 339	628
Net change in cash and cash equivalents	659	54	-232
Cash and cash equivalents at the end of the period	821	439	154

Robust financial position as at 31 March

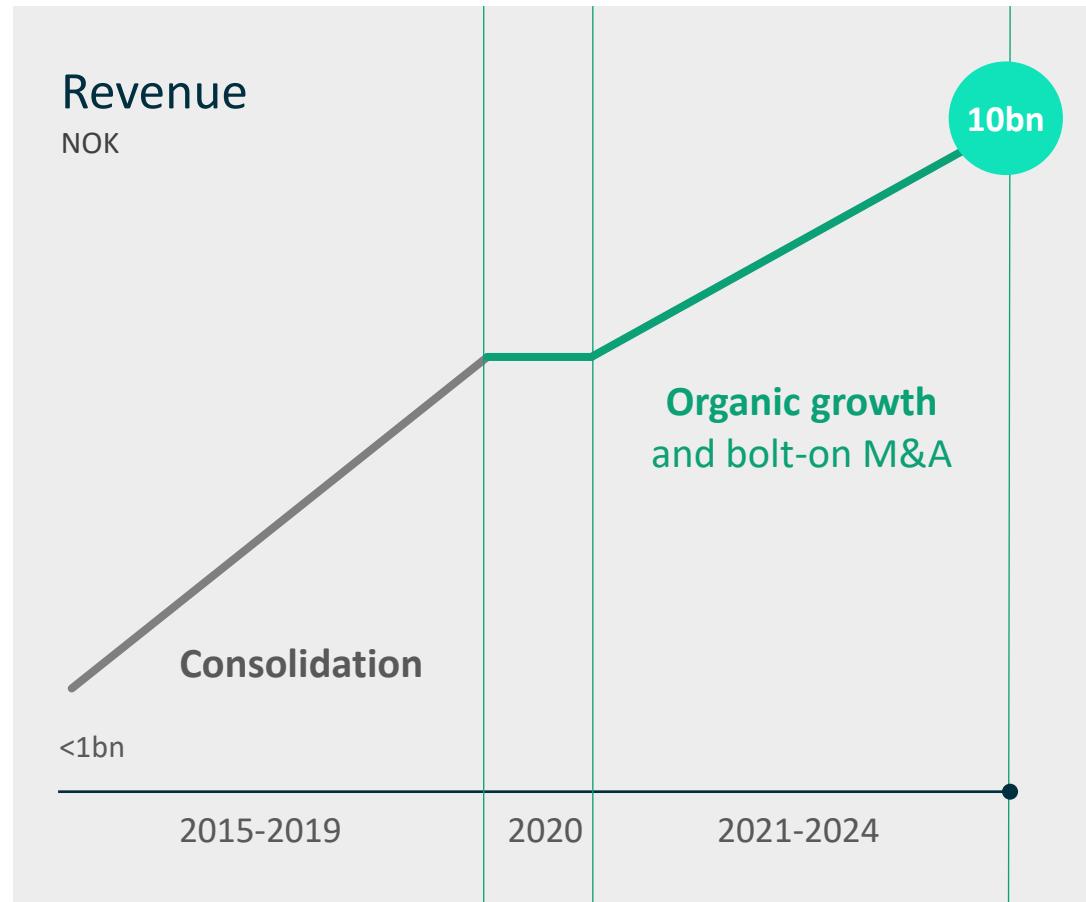
- Cash position of NOK 821 million
- NIBD of NOK 1,098 million
 - f/x: NOK ~ 140 million 31 March
- Undrawn Revolver Credit Facility of NOK 200 million





Operational review

Short-term focus on restoring profitability through operational improvements



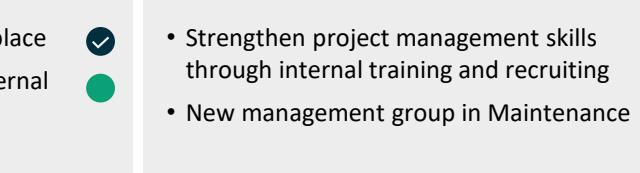
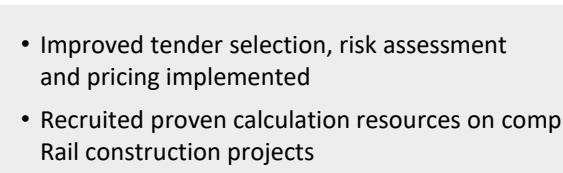
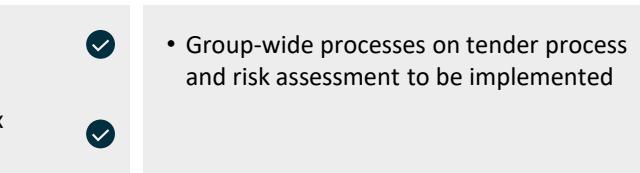
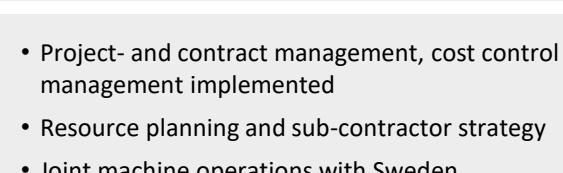
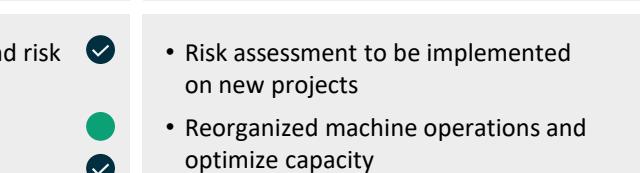
Key focus areas in 2020 and beyond

People: Attract and retain the right leadership, project managers and skilled workforce

Tender process: Strengthen project selection, risk assessment and pricing process

Execution: Strengthen execution model and portfolio governance

Improvement programs progressing according to plan

	Sweden	Rail Norway	Finland
People	 <ul style="list-style-type: none"> • New Country Manager and project directors  • Strengthen project management skills through internal training and recruiting  	 <ul style="list-style-type: none"> • New management team and proven resources in place  • Strengthen project management skills through internal trainings and closer integration with Civil  	 <ul style="list-style-type: none"> • Strengthen project management skills through internal training and recruiting  • New management group in Maintenance 
Tender process	 <ul style="list-style-type: none"> • Improved tender process implemented  • Pricing discipline key to regain profitability  	 <ul style="list-style-type: none"> • Improved tender selection, risk assessment and pricing implemented  • Recruited proven calculation resources on complex Rail construction projects  	 <ul style="list-style-type: none"> • Group-wide processes on tender process and risk assessment to be implemented 
Execution	 <ul style="list-style-type: none"> • Project- and contract management, cost control and risk management  • Extracting operational synergies between Rail construction and Maintenance  • Joint machine operations with Norway  	 <ul style="list-style-type: none"> • Project- and contract management, cost control and risk management implemented  • Resource planning and sub-contractor strategy  • Joint machine operations with Sweden  • Cooperation with Civil on complex projects  	 <ul style="list-style-type: none"> • Risk assessment to be implemented on new projects  • Reorganized machine operations and optimize capacity  • Capacity adjustments Maintenance 

 Implemented

 In process

Execution of NOK 55 million overhead reduction target is going according to plan



Sweden

- ✓ Personnel, consultants and locations
- Improve resource utilization to reduce production overhead

✓ Completed

● In process



Rail in Norway

- ✓ Reduction of personnel and locations
- Improve resource utilization to reduce production overhead

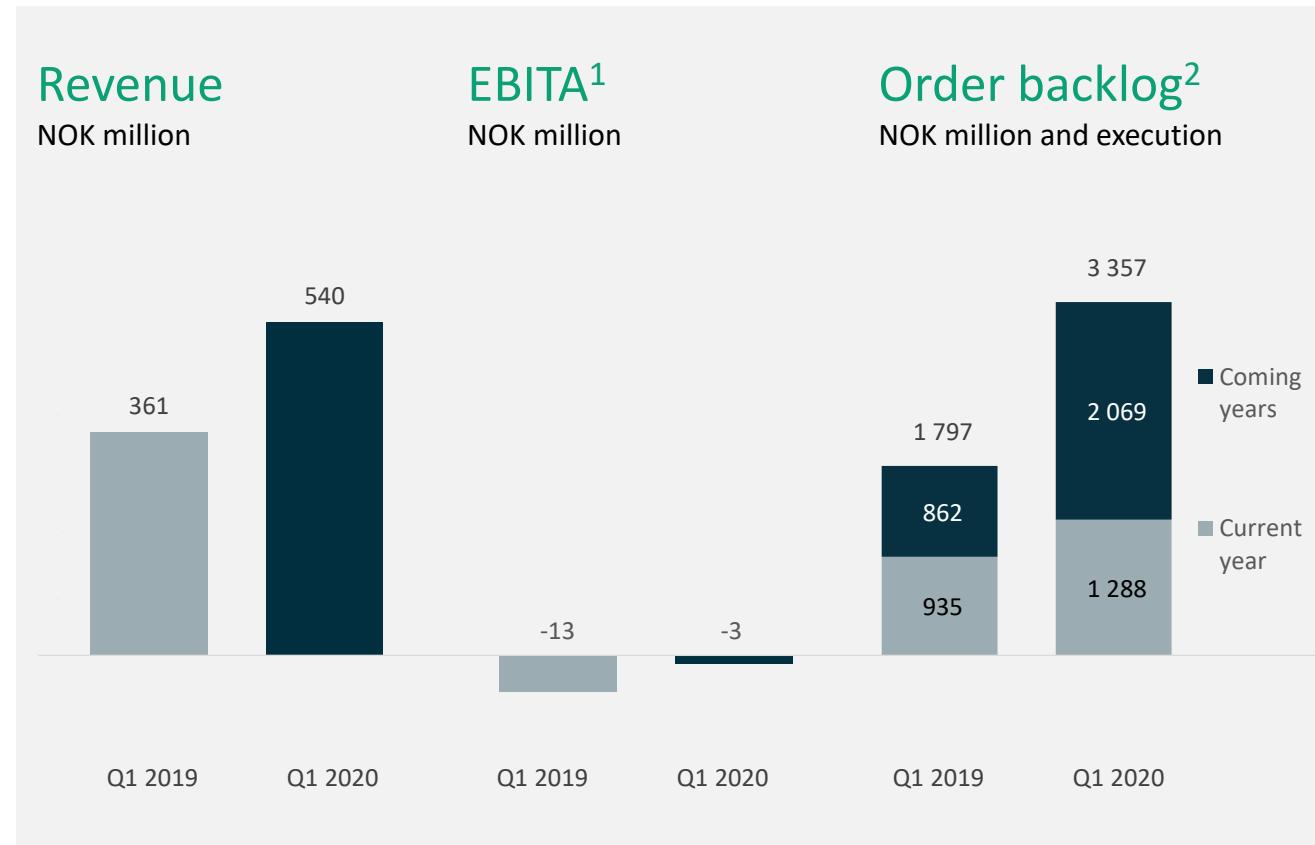


Finland

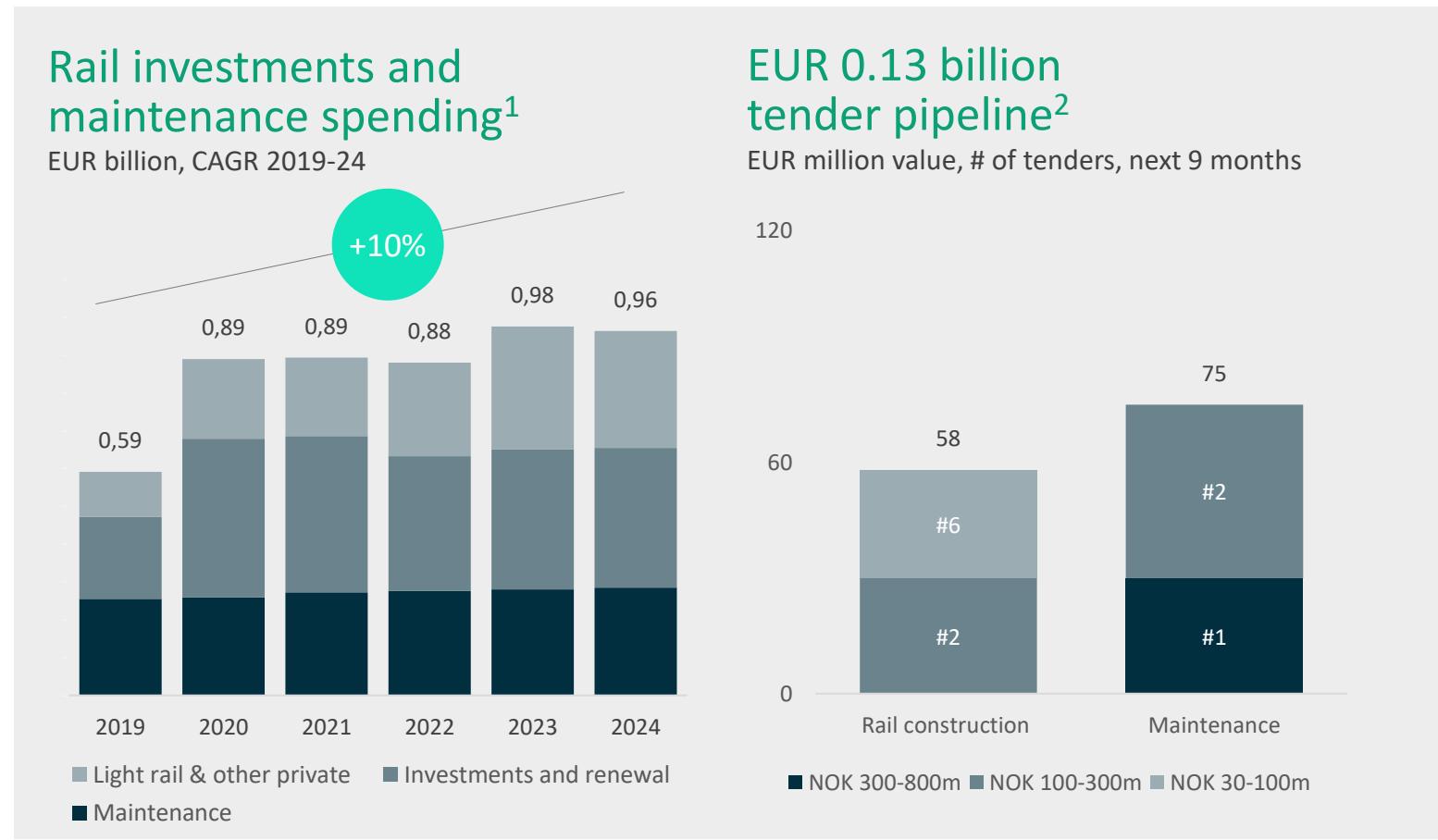
- Adjustment of overhead level after sale of Design and expected lower revenue in Maintenance

NRC Finland - Strong quarter

- Revenue: NOK 540 million (NOK 361 million)
 - 40% organic growth driven by an additional sale of inventory to FTIA of NOK 110 million and by light rail
- EBITA¹: NOK -3 million (NOK -13 million)
 - Strong performance in light rail
 - Lower result in Maintenance due to higher costs related to closure of maintenance area 1
 - Capacity adjustments in Maintenance implemented
- Order intake of NOK 512 million
 - Low hit rate on track construction projects
 - Book to Bill LTM: 1.4



NRC Finland - Tender pipeline down from Q4

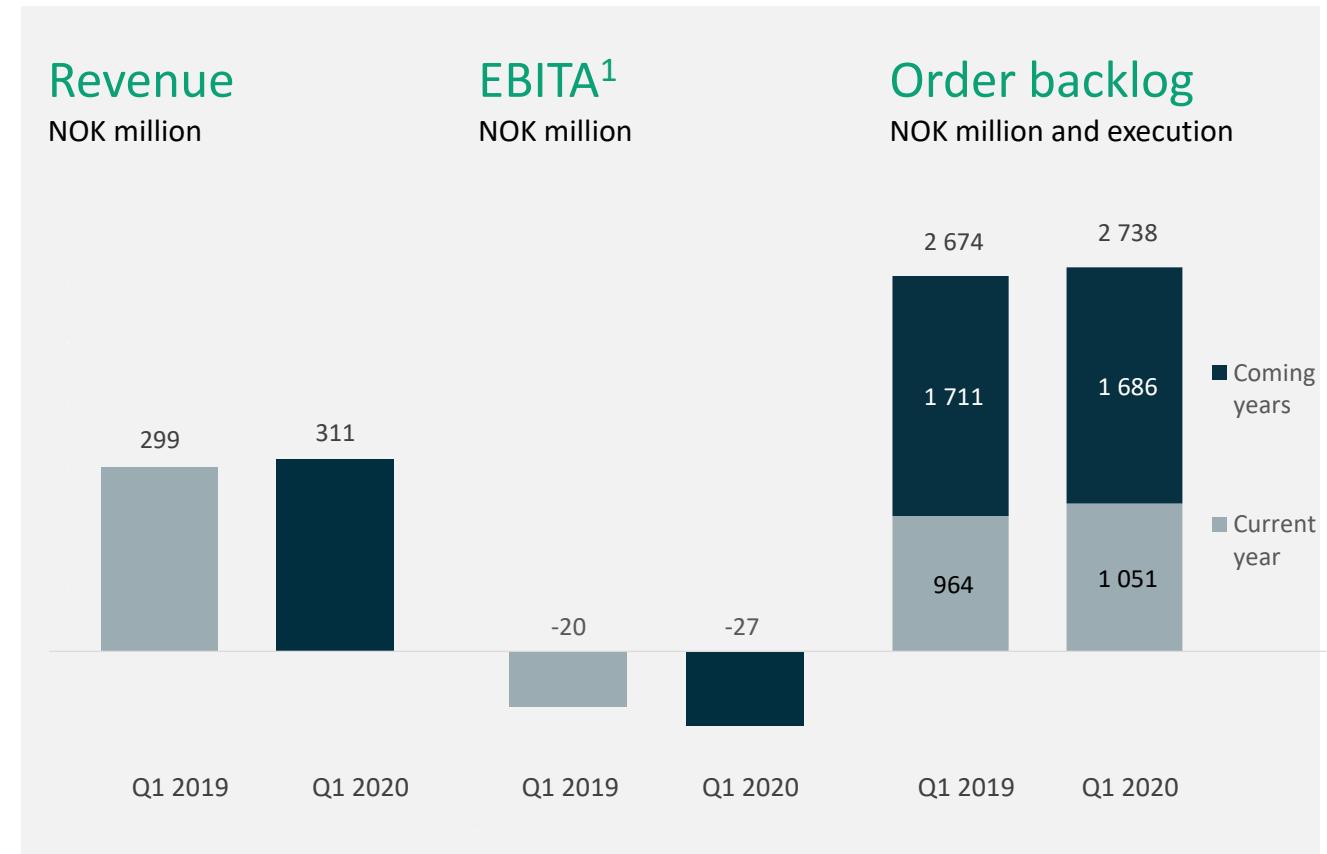


1) Finland: Finnish Transportation Agency, NRC Group estimates

2) NRC Group estimates

NRC Sweden – Developing according to plan

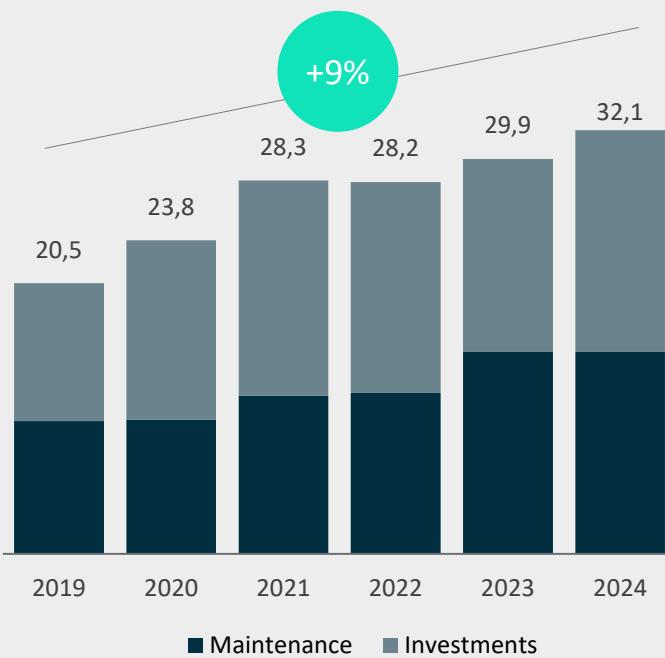
- Revenue: NOK 311 million (NOK 299 million)
 - Organic growth: -2%
- EBITA¹: NOK -27 million (NOK -20 million)
 - Execution of zero margin projects following project adjustments in Q4 19 according to plan
 - Weakening of NOK vs SEK
 - Cost reduction program according to plan
- Improvement program according to plan
- Order intake of NOK 517 million
 - Book to Bill LTM: 0.9



NRC Sweden - Growth in tender pipeline

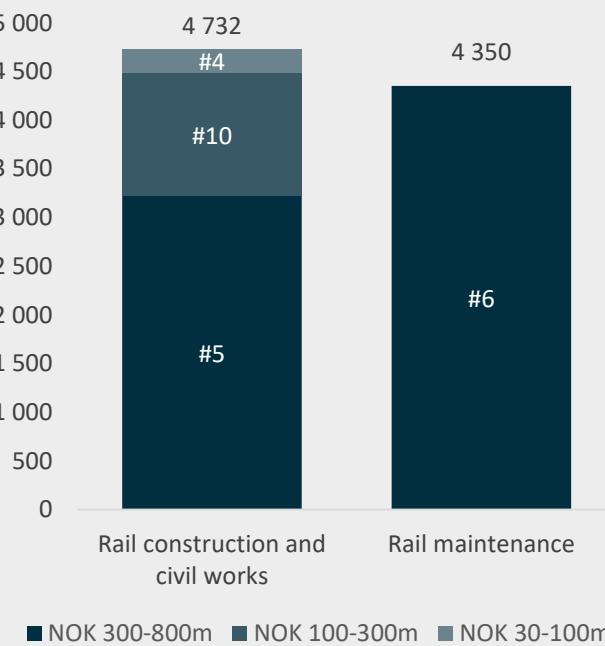
Rail investments and maintenance spending¹

SEK billion, CAGR 2019-24



SEK 9.1 billion tender pipeline²

(SEK million value, # of tenders, next 9 months)



- Improved tendering activity

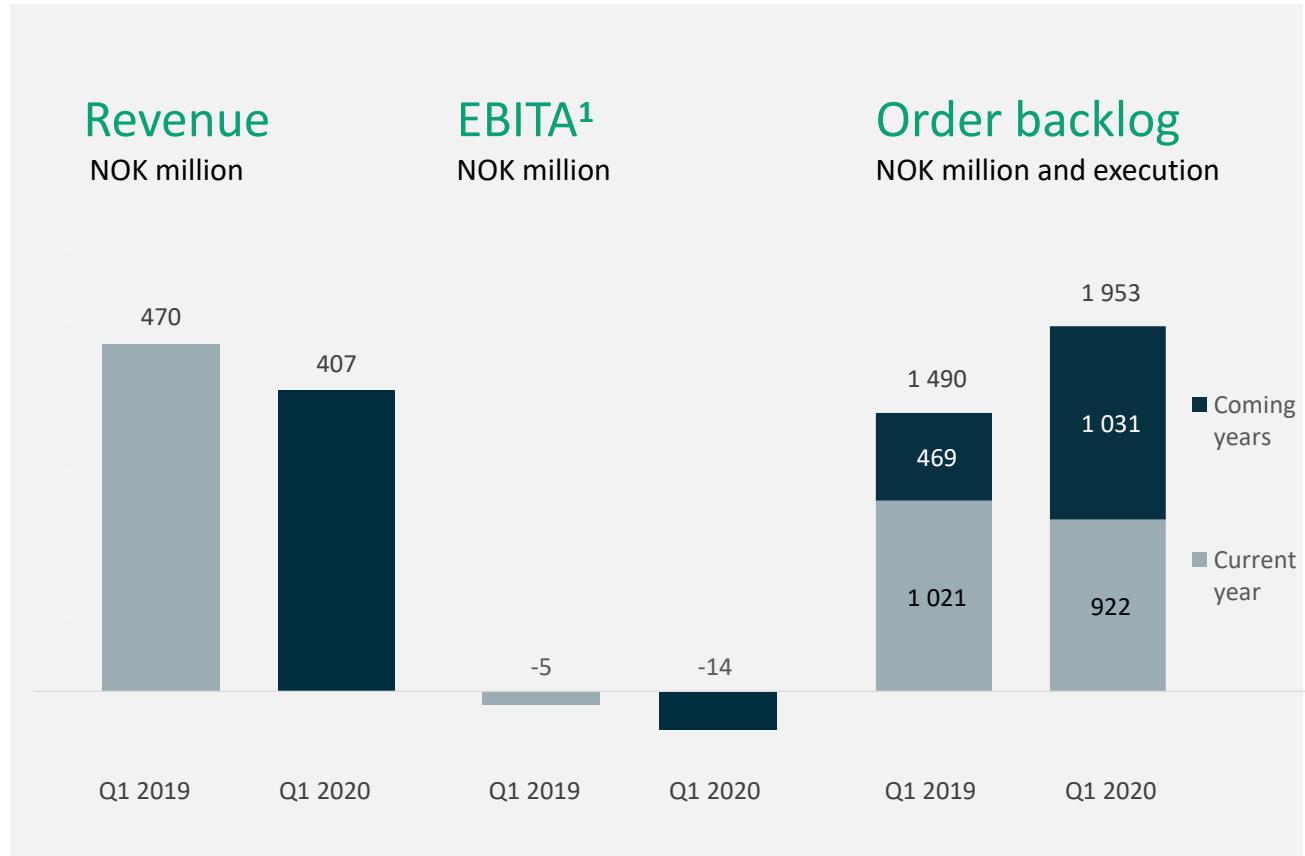
- Rail construction and Civil works pipeline increased from SEK 4.1 billion in Q4 19 to SEK 4.7 billion
- Maintenance increased from SEK 2 billion in Q4 19 to SEK 4.3 billion

- New orders in Q1

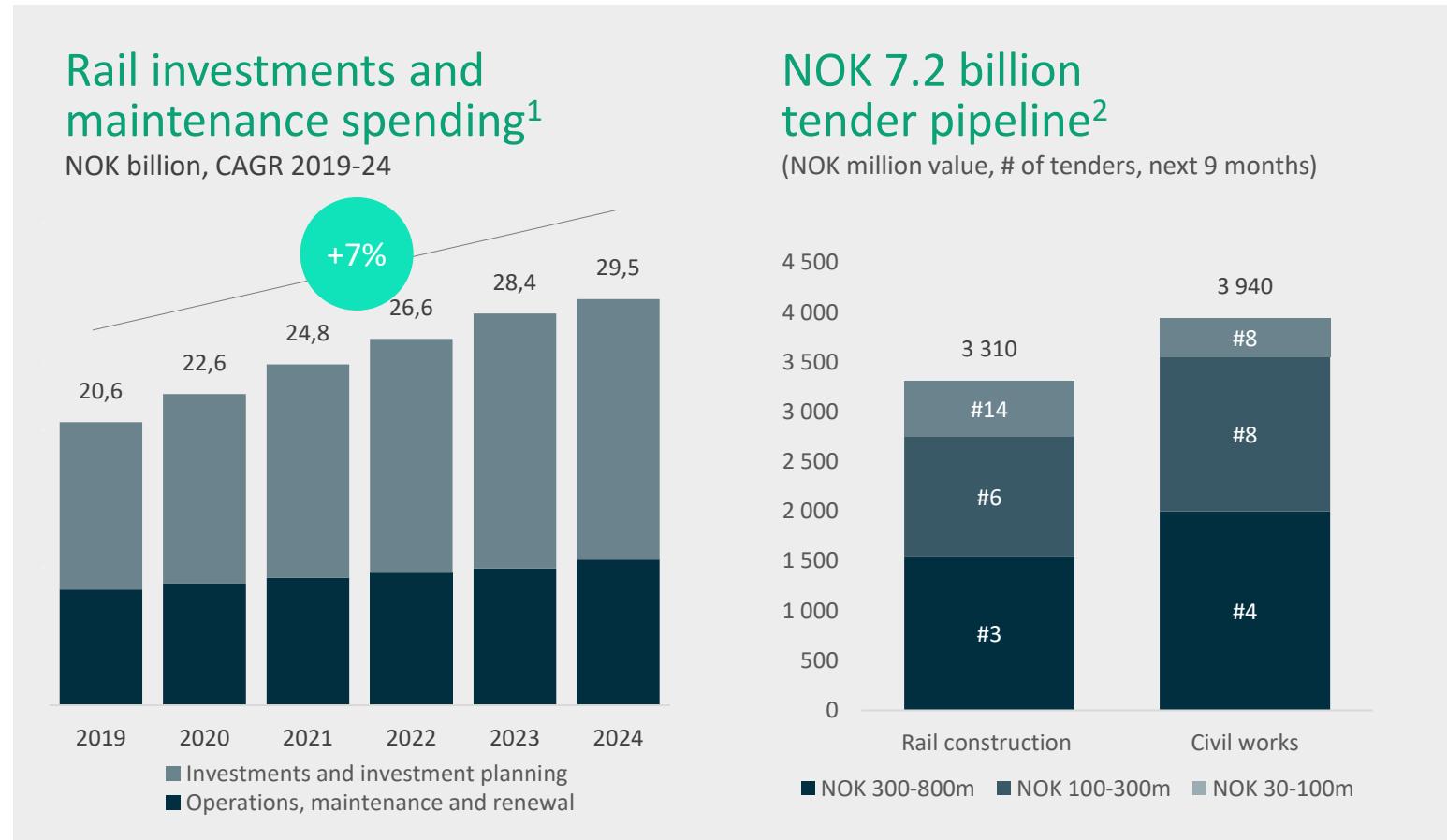
- SEK 149 million catenary contract
- SEK 100 million track renewal project
- SEK 75 million ground, foundation and construction contract

NRC Norway - Lower activity

- Revenue: NOK 407 million (NOK 470 million)
 - Organic growth: -13%
 - Lower activity level in Rail as planned
 - Lower revenue and order book in Civil vs Q1 19
- EBITA¹: NOK -14 million (NOK -5 million)
 - Execution of zero margin projects following project adjustments in Q4 19
 - Civil and Environment slightly affected by Covid-19
 - Rail is improving due to measures implemented
 - Weaker results in Environment vs Q1 19
- Improvement program in Rail according to plan
- Order intake of NOK 388 million
 - Good wins in Rail. Fierce competition in Civil
 - Book to Bill LTM: 1.2
- Covid-19 may affect revenue growth and margins in Environment and Civil going forward



NRC Norway - Tender pipeline still strong



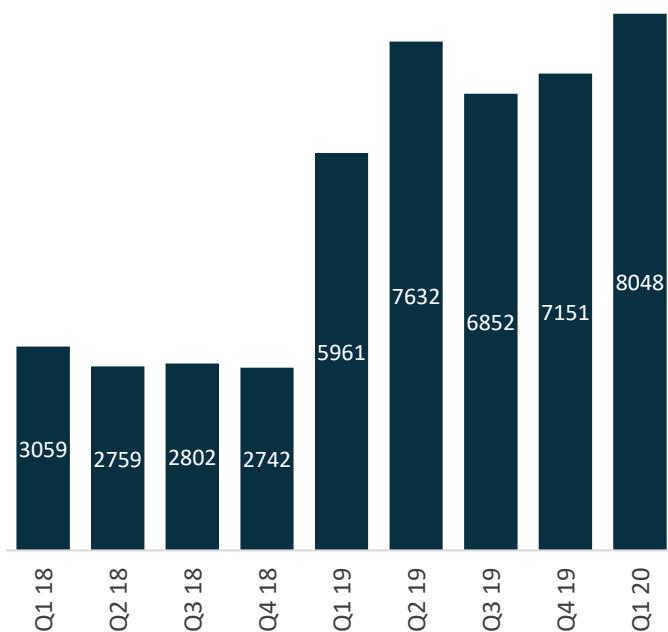
- High tendering activity
- Tender pipeline is still strong in Rail construction and Civil, but down from Q4 19
- New orders in Q1
 - NOK 75 million track, electro, signal and ground contract
 - NOK 47 million port construction contract
- NOK 200 million extra maintenance spend approved for 2020



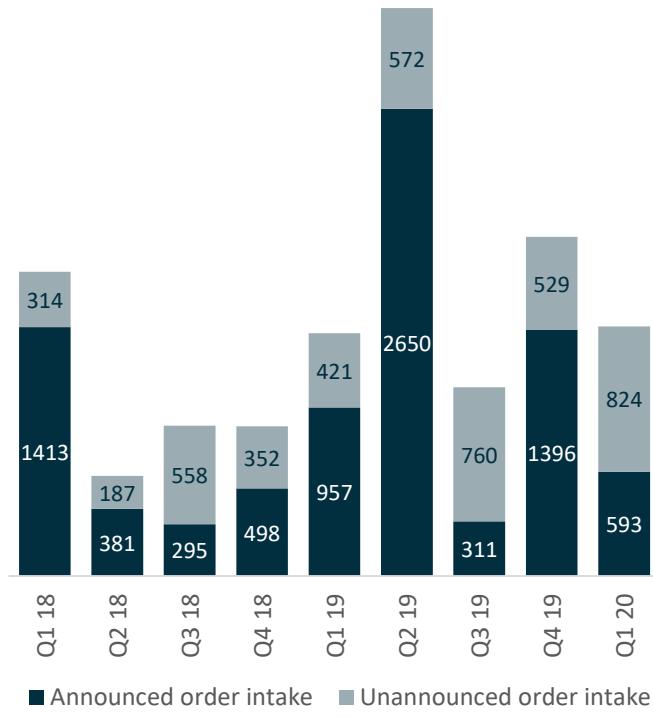
Backlog and market

Record high order book in Q1 2020

Order book¹
(NOK million)



Order intake
(NOK million)

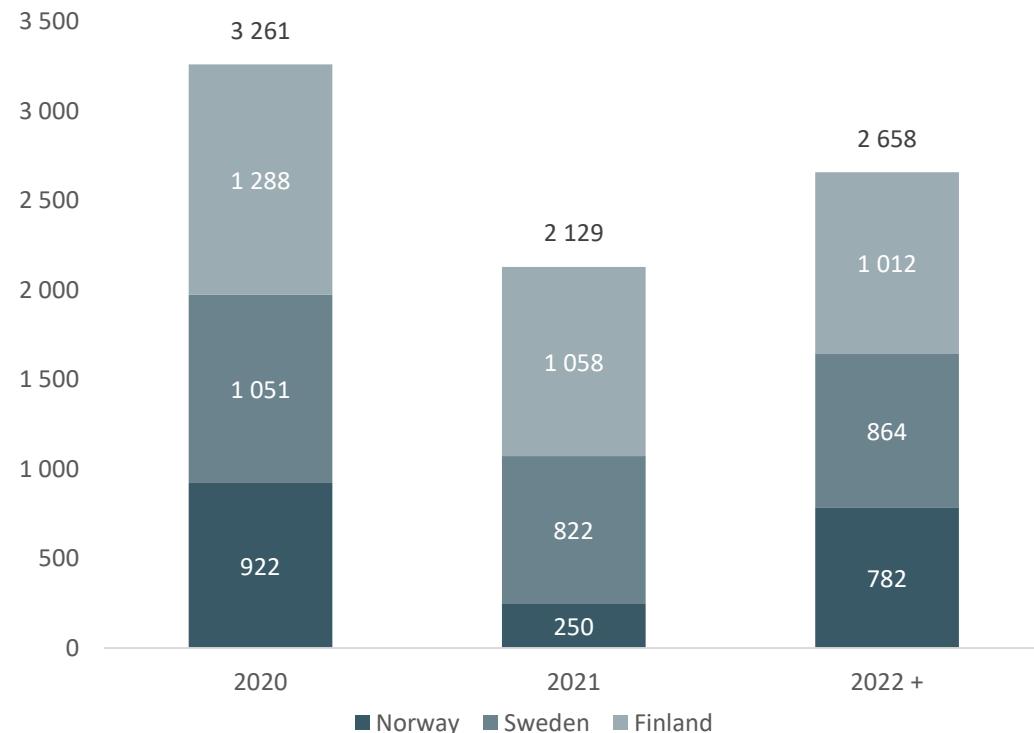


- Order book NOK 8,048 million
 - f/x: ~ NOK 734 million
- Order intake of NOK 1.4 billion
 - Announced orders NOK 593 million
 - Unannounced orders NOK 824 million

Good visibility in backlog

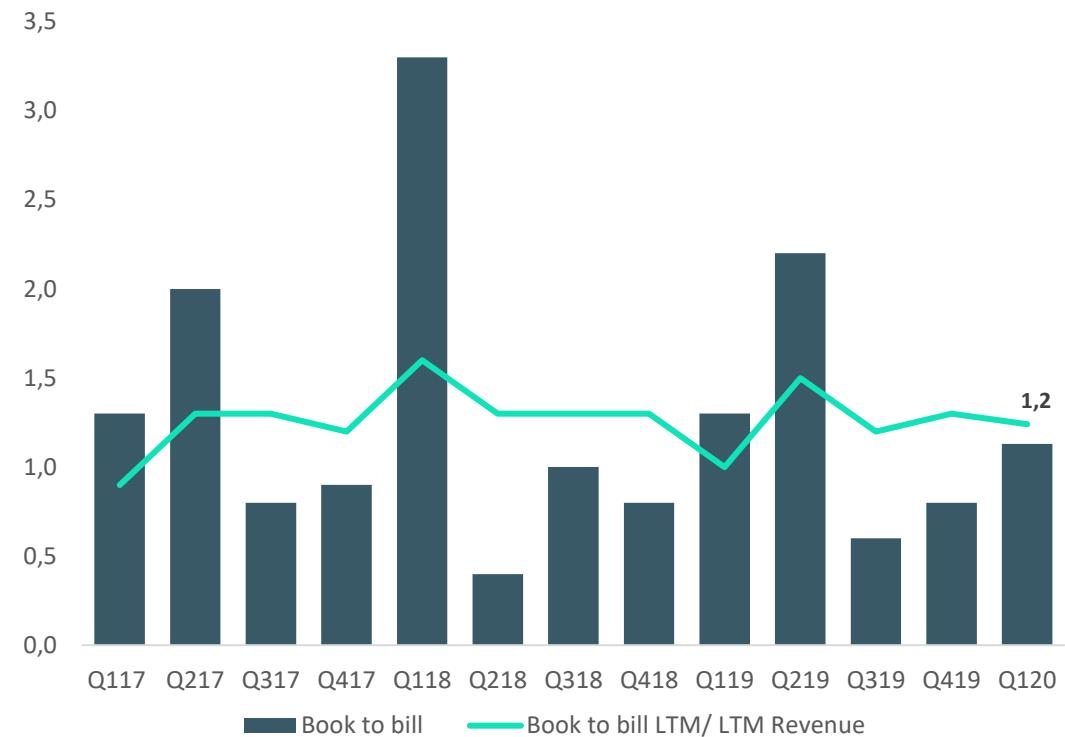
Order book execution by country

NOK million

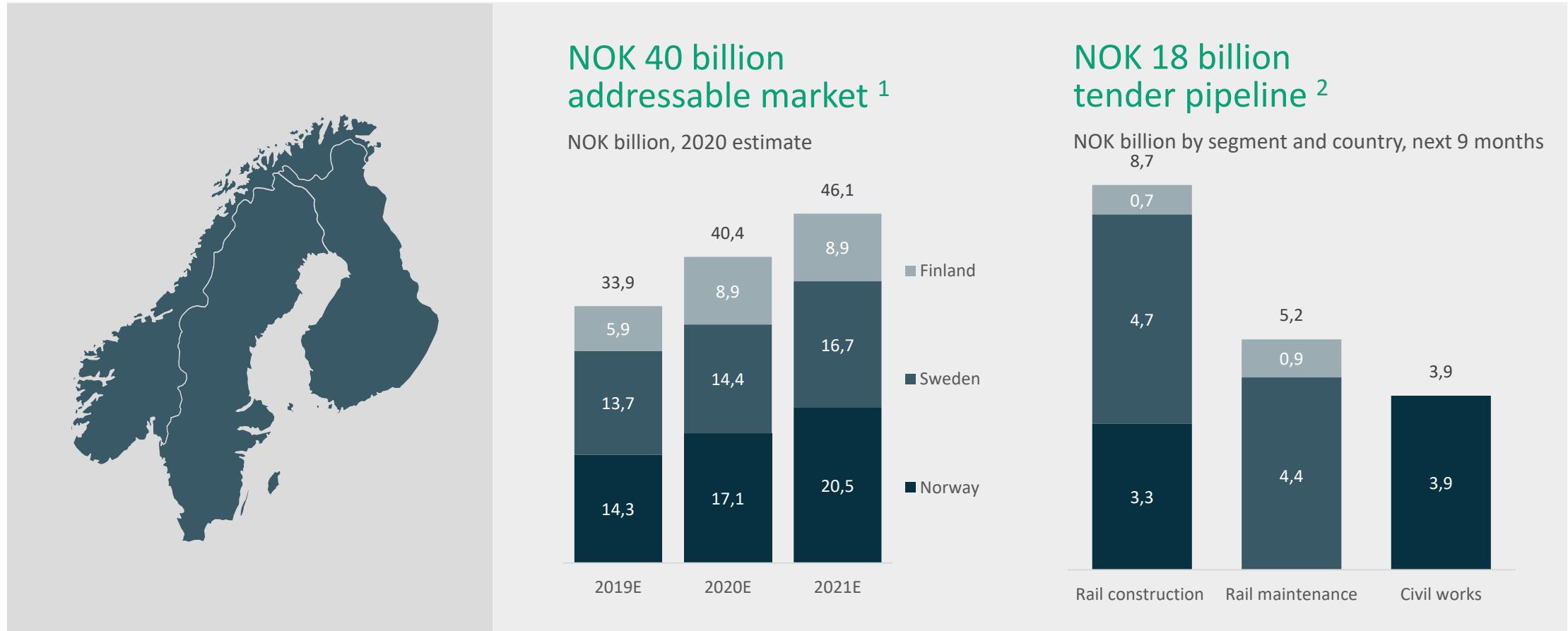


Book-to-bill ratio

Period order intake/revenue



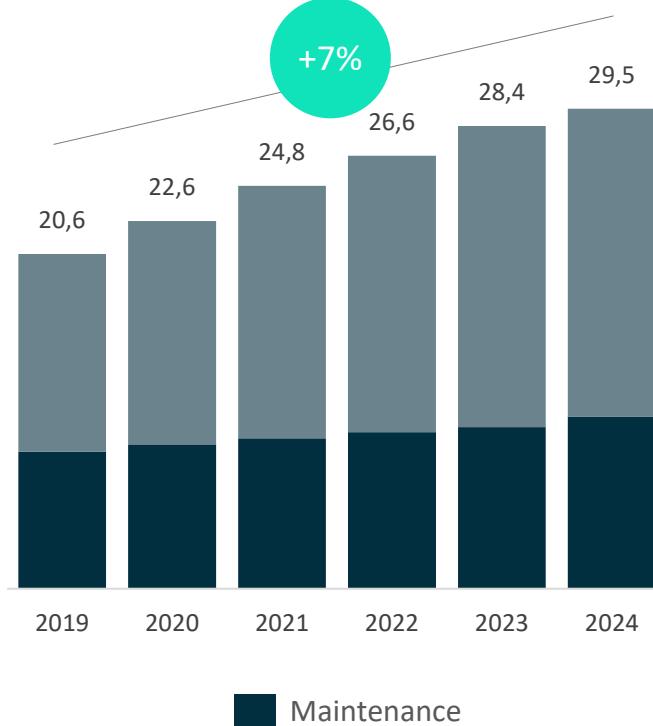
NRC Group positioned in large and growing market with substantial short-term pipeline



9% annual growth expected in rail investments and maintenance spending

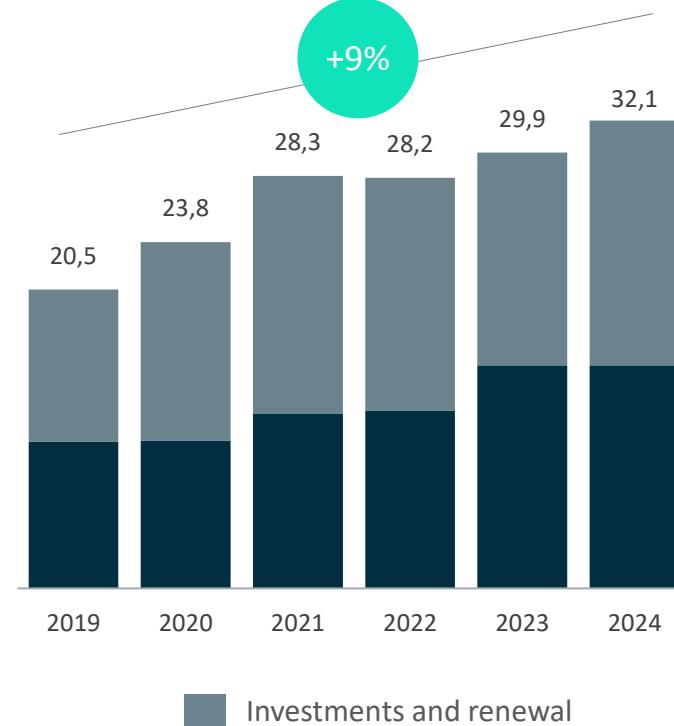
Norway¹

NOK billion, CAGR 2019-24



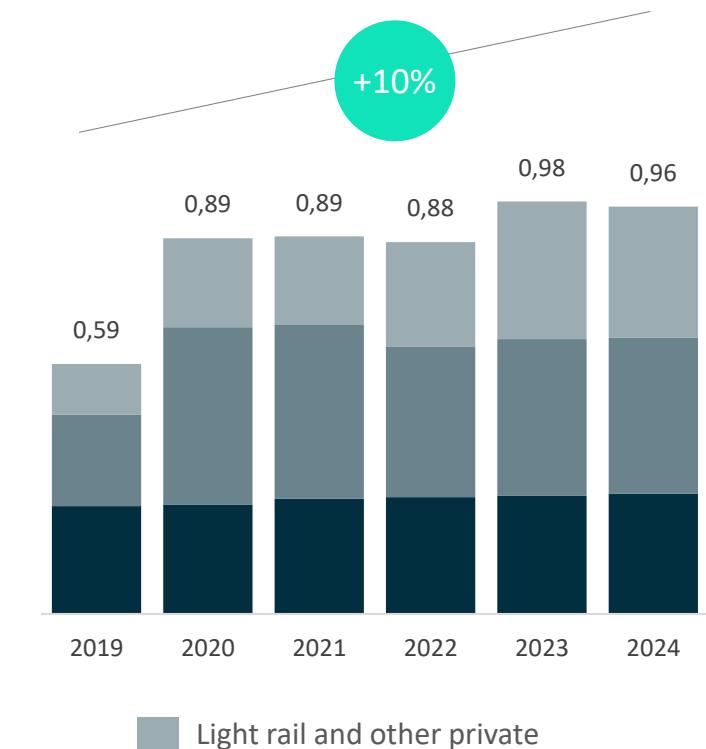
Sweden²

SEK billion, CAGR 2019-24



Finland³

EUR billion, CAGR 2019-24



1) Norway: Revised national budget 2020, National Railway Directorate NTP filings. Maintenance figures include Bane NOR operations and renewal. Excluding tram and metro

2) Sweden: National budget 2020, Swedish Transport Administration estimates for 2023-24; Maintenance is shown excluding renewal/Reinvestments. Excluding tram and metro

3) Finland: Finnish Transportation Agency, NRC Group estimates



Summary

CEO and CFO

Summary and outlook

- Q1 results reflecting low seasonal activity
- Keep employees safe and maintaining normal project execution amid Covid-19 pandemic
- Improvement programs on track
- 2020 financial targets and long-term ambitions maintained
 - Flat revenue development
 - EBITA margin to exceed adjusted 2019 level of 2.8%
- Solid tender pipeline

A large construction site featuring a long bridge under construction. The bridge is supported by a massive steel framework and is being built with wooden formwork. Several yellow tower cranes are positioned along the bridge's length, some with their booms extended. The background shows a dense forest and a bright blue sky with scattered white clouds.

Appendix



Segments – key figures quarterly development

Norway operations (NOK million)	FY 2016	FY 2017	FY 2018	FY 2019	Reported Q1 2018	Reported Q2 2018	Reported Q3 2018	Reported Q4 2018	Reported Q1 2019	Reported Q2 2019	Reported Q3 2019	Reported Q4 2019	Reported Q1 2020
Total revenue	604	771	1 598	2 281	212	335	421	630	470	545	683	583	407
EBITDA*	13	43	136	186	-1	26	46	65	14	65	75	32	7
EBITA*	2	21	96	97	-7	19	36	48	-5	43	52	8	-14
EBIT*	-2	5	75	70	-13	16	33	39	-13	35	45	2	-18
Sweden operations (NOK million)	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total revenue	1 371	1 613	1 591	1 539	316	498	433	344	299	411	460	370	311
EBITDA*	173	221	27	-77	9	46	32	-60	-7	-13	14	-71	-15
EBITA*	160	198	-8	-125	2	38	23	-71	-20	-24	2	-83	-27
EBIT*	136	179	-16	-125	1	37	17	-71	-20	-24	2	-83	-28
Finland operations (NOK million)	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total revenue				2 388					361	601	712	713	540
EBITDA*				191					4	64	70	53	16
EBITA*				116					-13	45	55	29	-3
EBIT*				75					-24	35	45	19	-14
Total group segment accounts	FY 2016	FY 2017	FY 2018	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total revenue	1 975	2 373	3 176	6 193	528	827	851	971	1 130	1 551	1 850	1 663	1 254
EBITDA*	152	236	132	267	2	66	71	-7	-3	103	153	13	-1
EBITA*	128	190	57	55	-12	51	54	-36	-54	51	105	-47	-54
EBIT*	99	156	29	-15	-18	48	44	-44	-72	34	87	-63	-69

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

**Design operations reclassified as discontinued operations

***Restated due to deviation from Q4 to full-year 2019 report related to the final settlement of a dispute from 2015