

# 4<sup>th</sup> quarter 2023



CEO Anders Gustafsson

CFO Ole Gulsvik

NRC GROUP

## Improved operational performance in many areas

1

Results overall in line with 2022

2

Financial position solid, backed up by robust cashflow

3

New strategic wins across our markets



Going into 2024

## New wins setting a positive tone for the new year

### RAIL: NORWAY



Rehabilitation and upgrading of the catenary infrastructure on the railway between Hønefoss and Nesbyen.

Our share in this joint venture is valued at approximately NOK 436 million. Work will commence in March 2024 and is scheduled for completion in autumn 2027.

### CATENARY: SWEDEN



Catenary work on the railway connection between Alingsås and Olskroken for The Swedish Transport Administration.

Valued at approximately SEK 456 million. Involve rail services such as electro and groundwork. The work will commence in March 2025 and is scheduled for completion in November 2027.

### RAIL: FINLAND



Rail construction, groundworks, foundation, bridges and platforms for Area 2 at Espoo City Rail for FTIA.

Our share is 50% valued at approximately EUR 18 million. The work will commence in February 2024 and is scheduled for completion in June 2028.



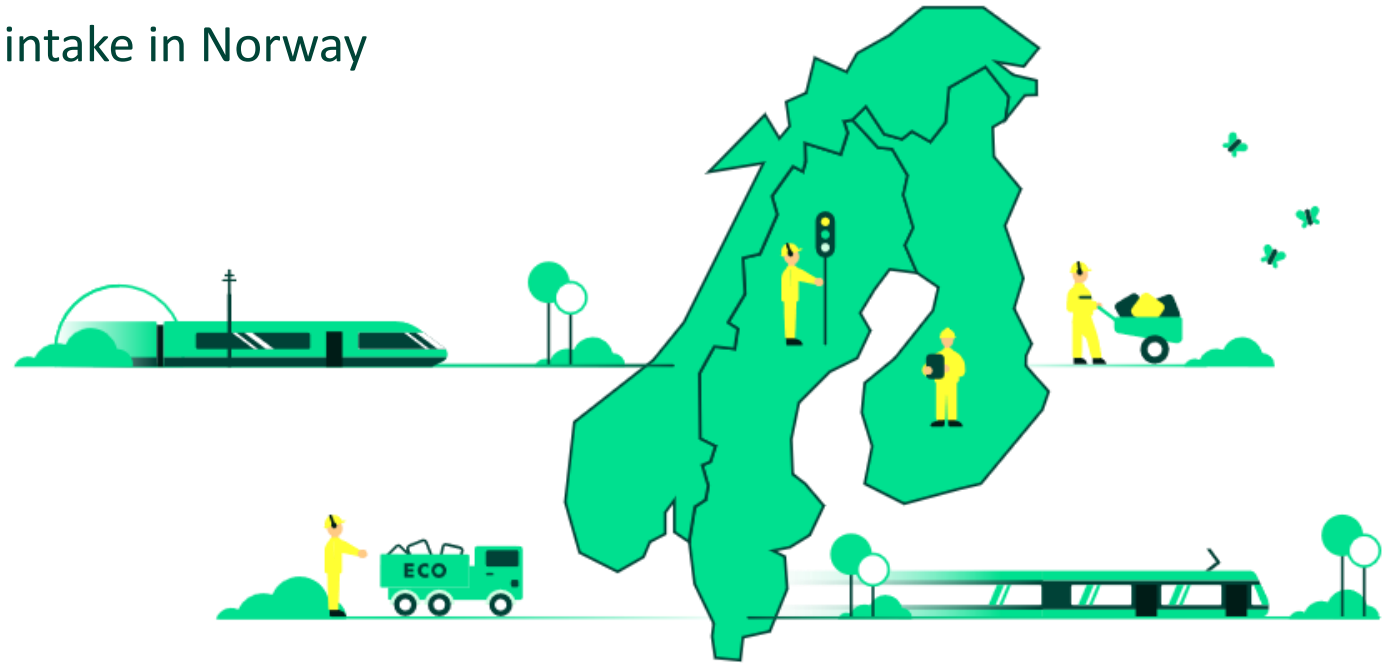
NRC Group

## Our main markets

Good results and strong order intake in Norway

Successful transformation ongoing in Sweden

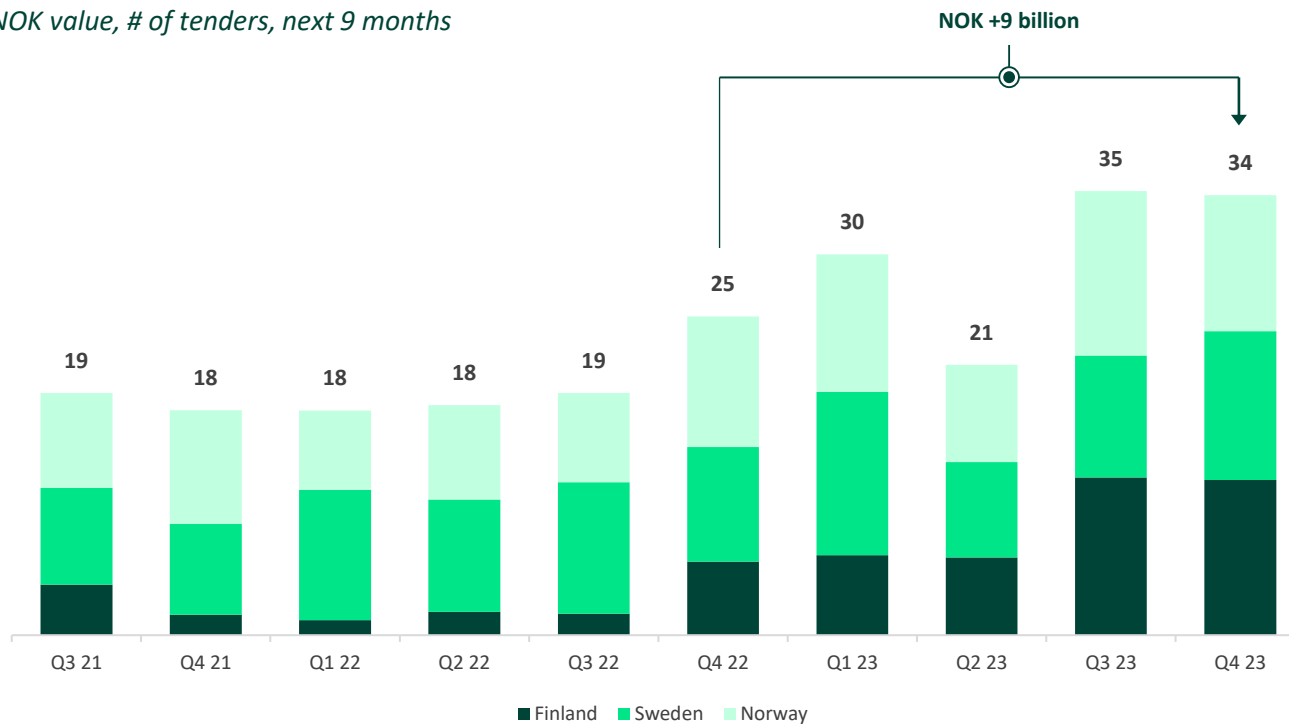
Solid platform for improvement in Finland



# High demand for infrastructure – strong tender pipeline

## NOK 34 billion tender pipeline in Group<sup>1</sup>

BNOK value, # of tenders, next 9 months



## Notes







- Growing tender pipeline across all countries
- Solid increase from 2022
- Foundation for future profitable growth for NRC Group



1) NRC Group estimates. Assumes 50% share of alliance contracts in light rail.

## EU TAXONOMY

# Unique position in our market

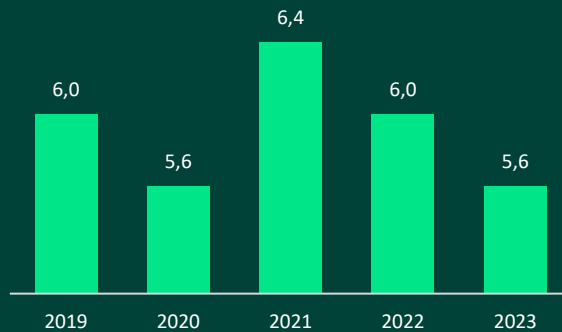
	Eligible	Aligned
Turnover (revenue)	 <b>98%</b> 2022: 87%	 <b>72%</b> 2022: 67%
Operational expenses (OpEx)	 <b>99%</b> 2022: 87%	 <b>74%</b> 2022: 67%
Investments (CapEx)	 <b>98%</b> 2022: 81%	 <b>76%</b> 2022: 73%



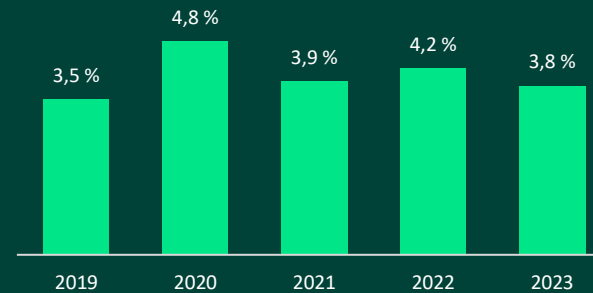
## HEALTH AND SAFETY

# Committed to providing a safe and secure workplace

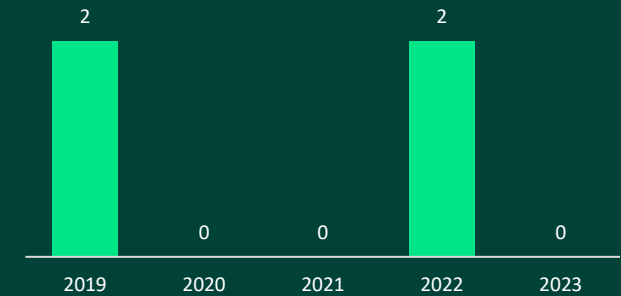
LTI<sup>1</sup>



SICKNESS ABSENCE



SERIOUS INJURIES<sup>2</sup>



- 1) LTI: Injuries resulting in absence at least one full day per million man-hours (incl. subcontractors)
- 2) Injury that results in prolonged disability

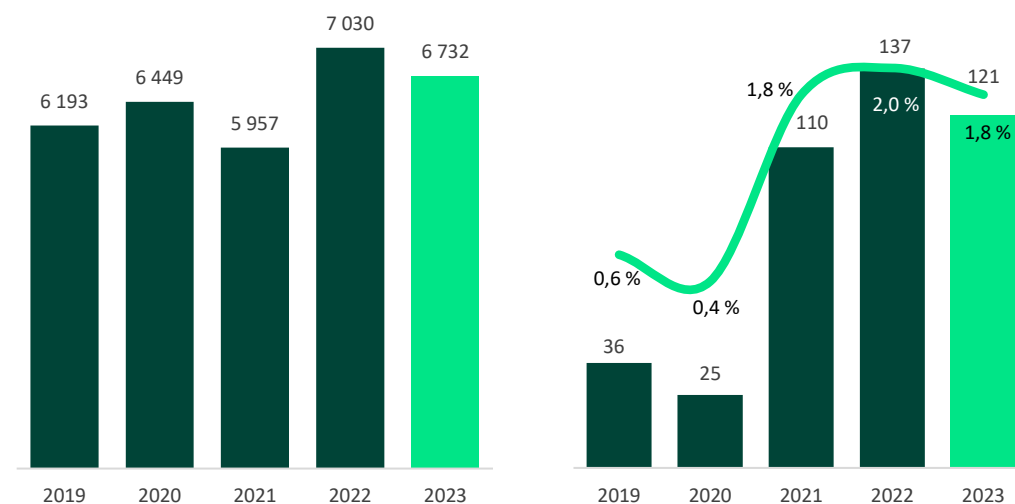


## PROFIT & LOSS

# Operating profit in line with last year

### Revenue and EBIT adj.

NOK million and percent



(Amounts in NOK million)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Revenue</b>	<b>1 800</b>	<b>1 954</b>	<b>6 732</b>	<b>7 030</b>
Operating expenses	-1 723	-1 874	-6 400	-6 695
Depreciation and amortisation <sup>1</sup>	-53	-53	-211	-198
<b>EBIT adj.</b>	<b>24</b>	<b>28</b>	<b>121</b>	<b>137</b>
<b>EBIT adj. margin</b>	<b>1.4 %</b>	<b>1.4 %</b>	<b>1.8 %</b>	<b>2.0 %</b>
Adjusting items <sup>2</sup>	-7	-359	-16	-378
Net financial items	-9	-15	-59	-58
Share of profit from associates and JVs	-2	-6	-2	-15
Taxes	-12	-41	-8	-51
<b>Net profit / loss</b>	<b>-6</b>	<b>-393</b>	<b>37</b>	<b>-364</b>

### Notes

- 2023 revenues slightly decreased from NOK 7.0bn to NOK 6.7bn
- Full year EBIT adj. NOK 121m and EBIT adj. margin at 1,8%
- Positive Net profit of NOK 37m for the year and an EPS of NOK 0.52



1) Excluding amortisation and impairment from PPA  
2) Adjusting items explained in Appendix



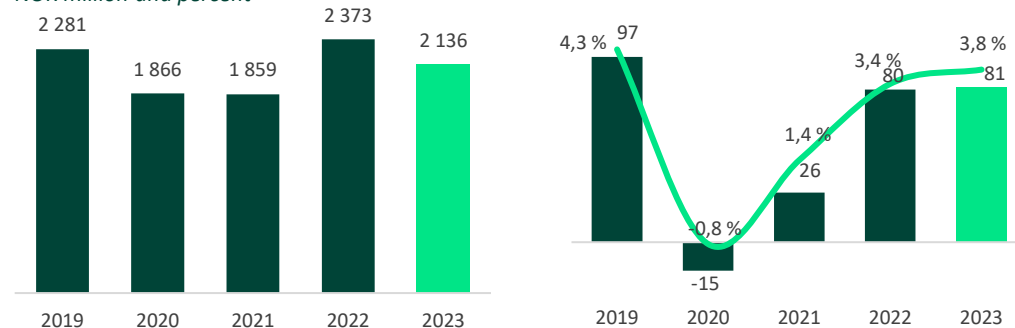


# OPERATIONAL REVIEW NRC GROUP NORWAY

## Continued improvement

### Revenue and EBIT adj.

NOK million and percent

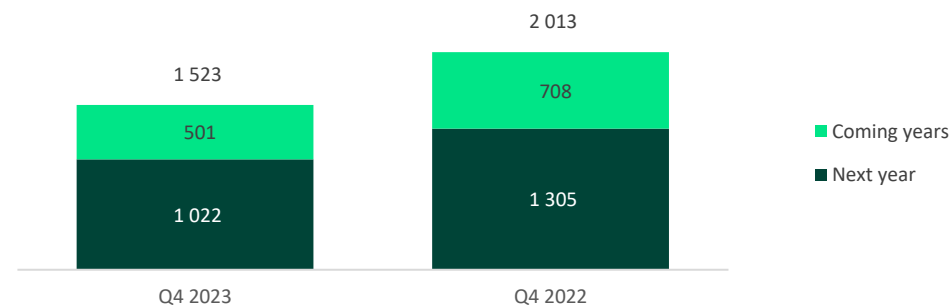


### Key Figures

(NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	524	635	2 136	2 373
EBIT adj.	16	31	81	80
EBIT adj. margin	3.0%	4.8%	3.8%	3.4%
Order intake	714	563	1 659	2 370

### Order backlog (total)

NOK million



### Notes

- EBIT adj. of NOK 81 million in 2023 compared to NOK 80 million in 2022 (2022 proforma adjusted for Gravco NOK 65 million)
- Challenging markets in demolition and recycling business offset by continued good results in other divisions
- High order intake and book-to-bill at 1.4x in the quarter – strong trend continued after the end of quarter



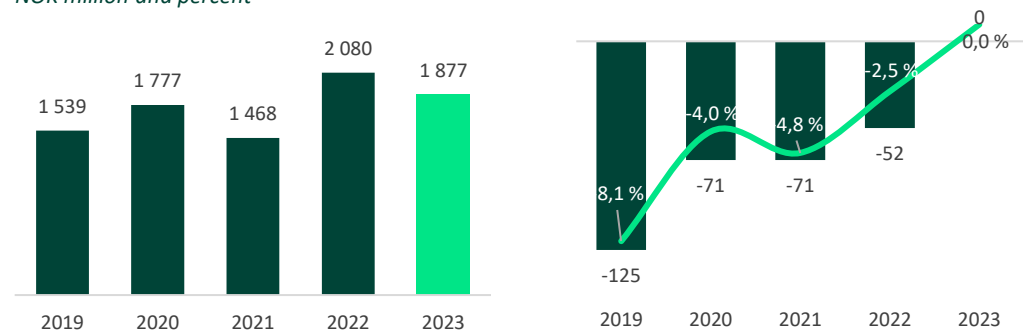


## OPERATIONAL REVIEW NRC GROUP SWEDEN

# Successful ongoing transformation

### Revenue and EBIT adj.

NOK million and percent

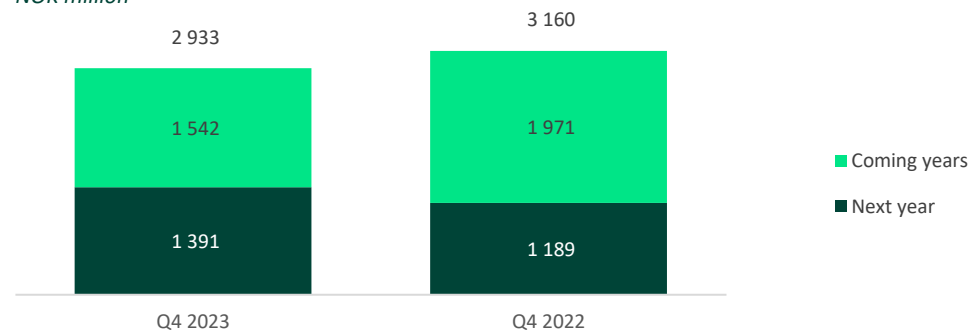


### Key Figures

(NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	538	646	1 877	2 080
EBIT adj.	4	-31	0	-52
EBIT adj. margin	0.8%	-4.8%	0.0%	-2.5%
Order intake	748	499	1 553	3 111

### Order backlog (total)

NOK million



### Notes

- Sweden turnaround completed – break-even operating result in 2023 after five years of losses
- Improved project control and tender processes to drive further improvements
- Good order backlog for 2024 with strong order intake and book-to-bill at 1.4x in the quarter



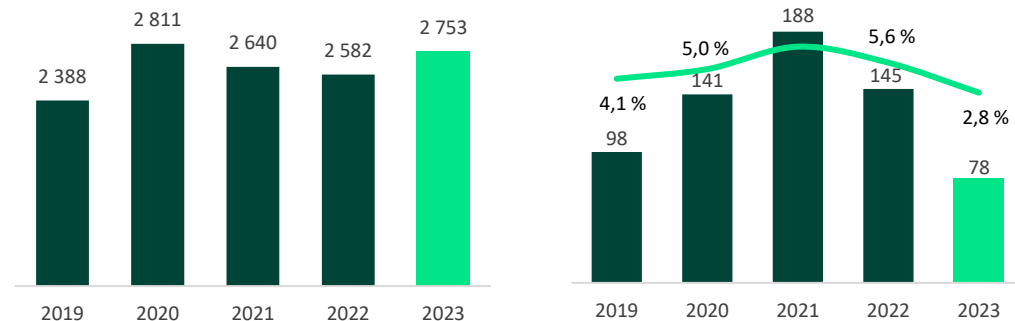


## OPERATIONAL REVIEW NRC GROUP FINLAND

# Challenging year – solid platform for improvement

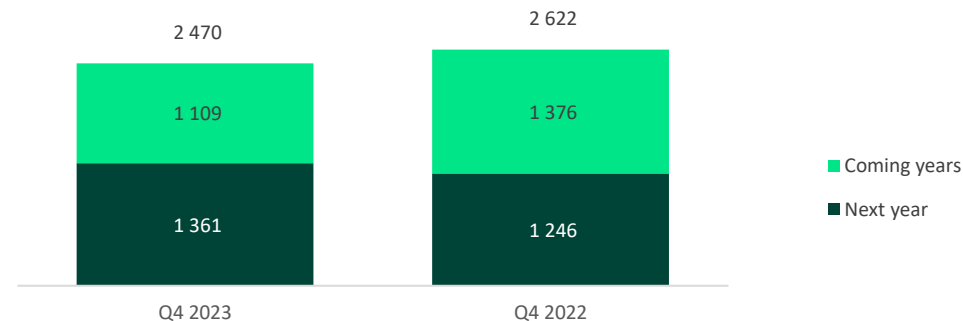
### Revenue and EBIT adj.

NOK million and percent



### Order backlog (total)

NOK million



### Key Figures

(NOK million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	751	677	2 753	2 582
EBIT adj.	14	31	78	145
EBIT adj. margin	1.9%	4.6%	2.8%	5.6%
Order intake	563	192	2 420	1 479

### Notes

- Reduced profitability in Rail construction, mainly due to additional write-downs of a large railway yard renewal project
- Measures to improve profitability identified - execution started
- Improved order intake and strong pipeline

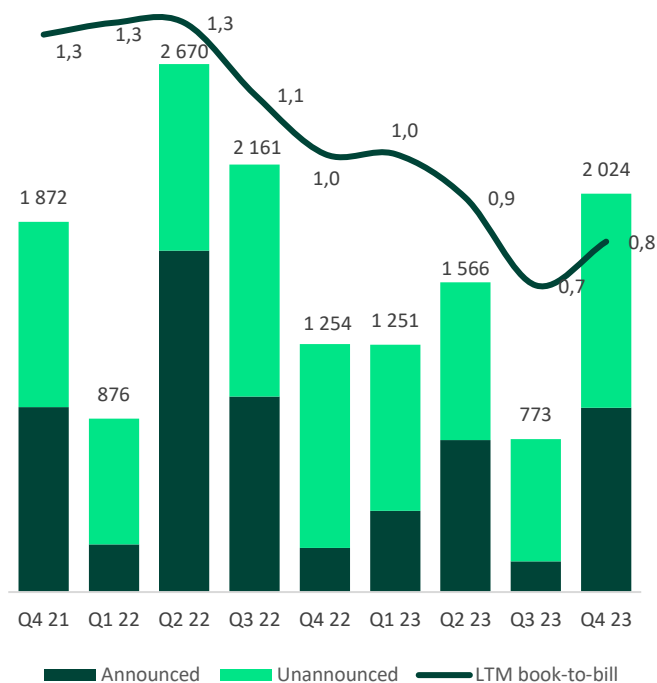


## BACKLOG

# Strong order intake – continued into Q1

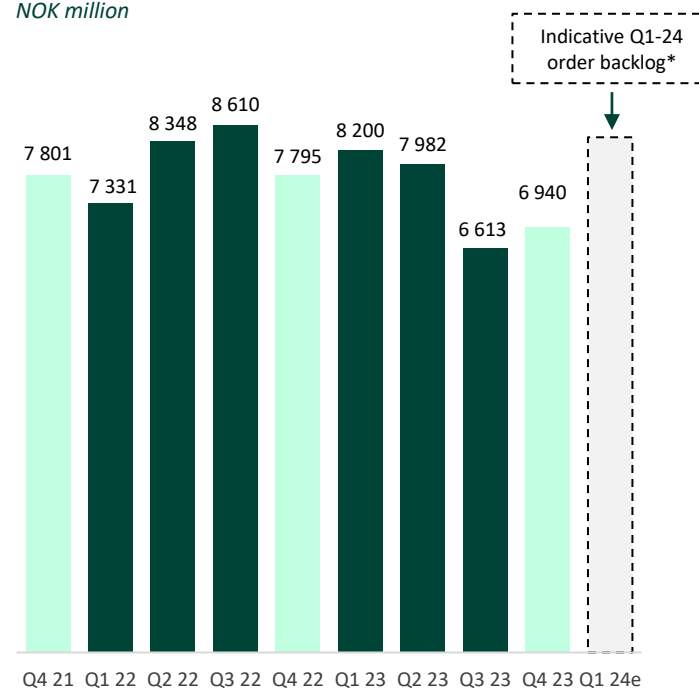
### Order intake & Book-to-bill LTM

NOK million



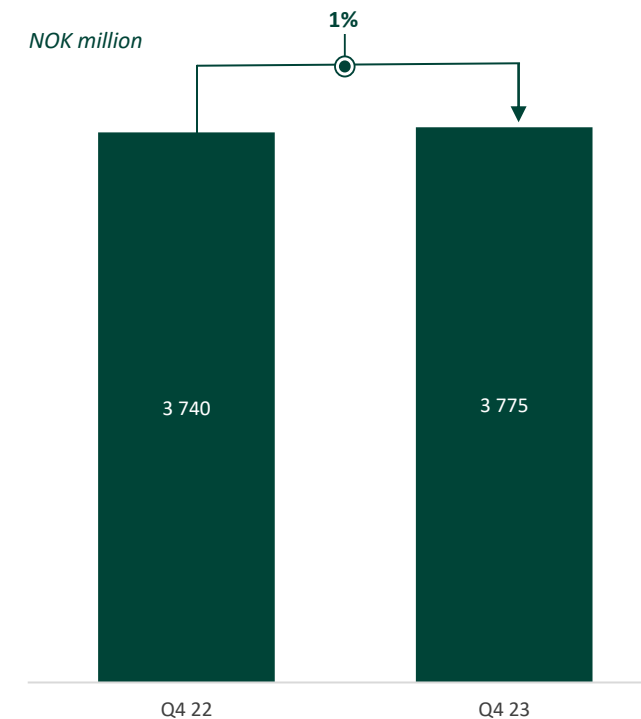
### Order backlog (total)

NOK million



### Order backlog for delivery next twelve months

NOK million



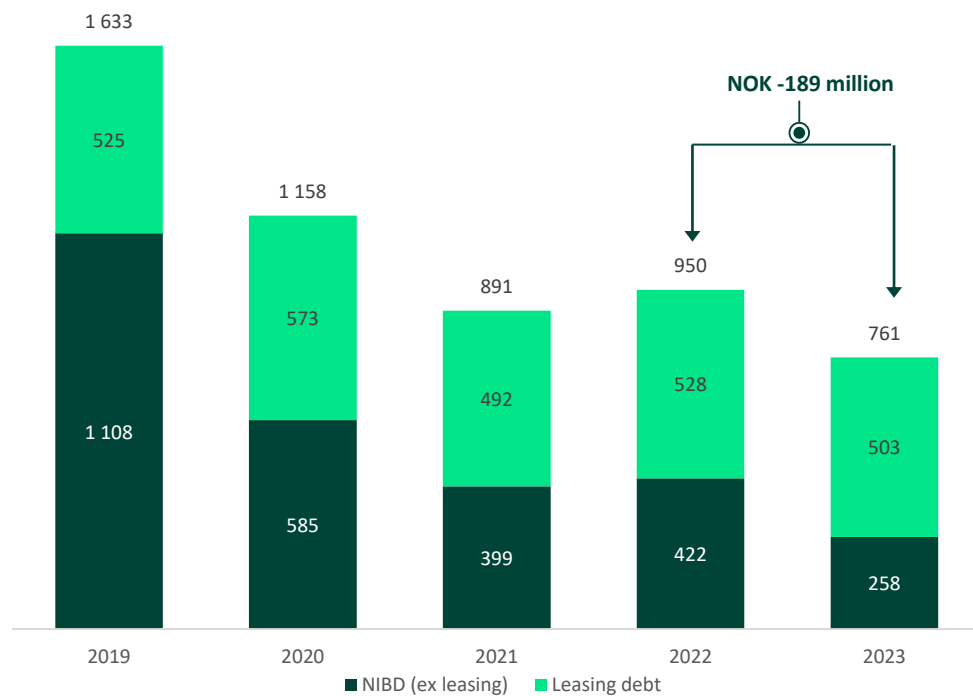
\*Indicative order backlog based on among others announced order intake in Q1-24 (as per 26 Feb)

## BALANCE SHEET

# Net debt and leverage ratio reduced

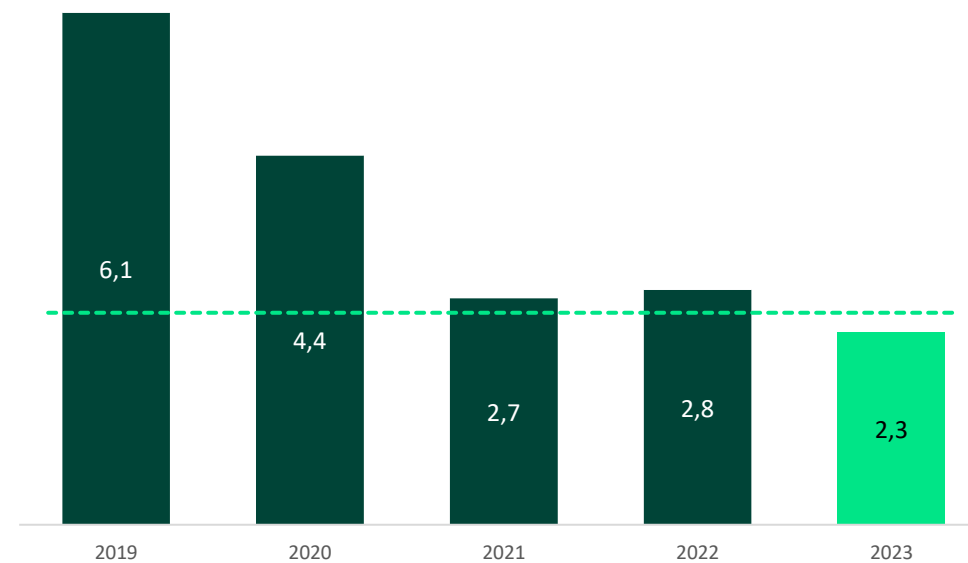
### Net interest-bearing debt

NOK million



### Leverage ratio (NIBD/EBITDA adj. LTM)

----- Target < 2.5x

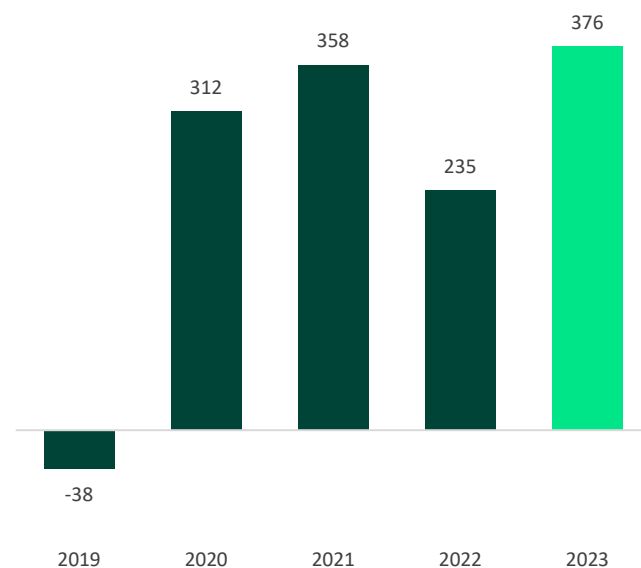


## CASH FLOW

# Record-high cash flow from operations

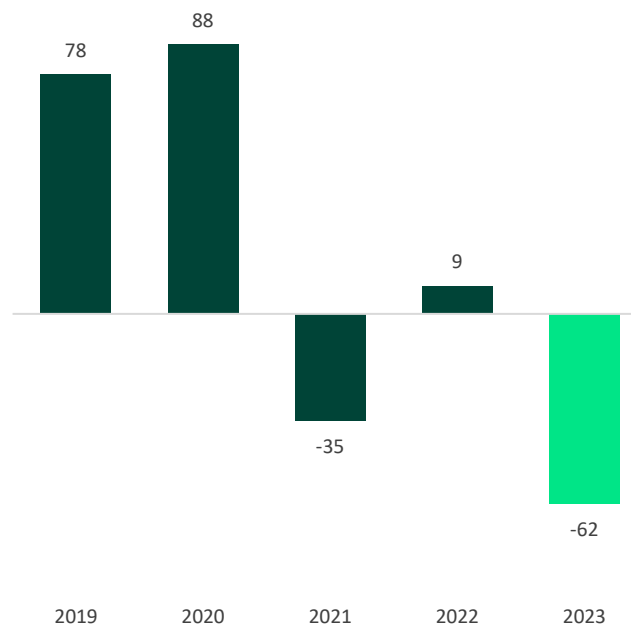
### Cash flow from operations

NOK million



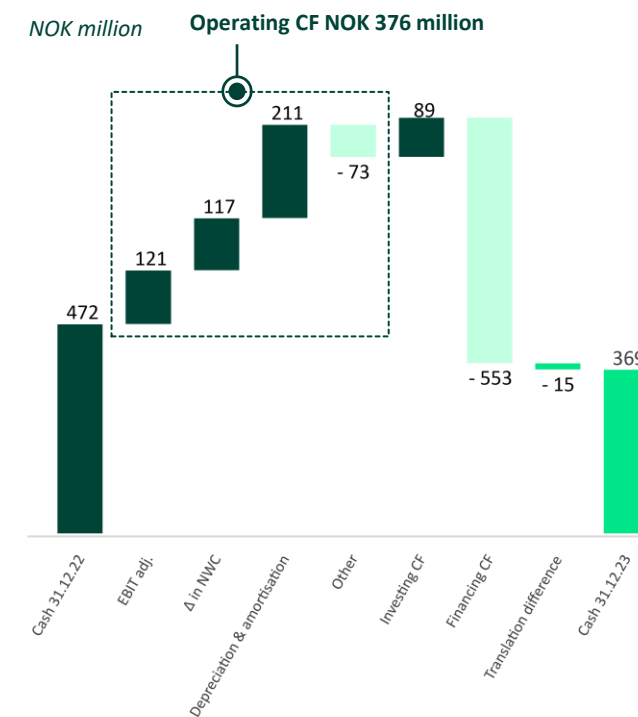
### Net working capital (NWC)

NOK million



### Change in cash in 2023

NOK million



## SUMMARY

# 2023 in brief

### Financials

- Full-year revenue of NOK 6.7 billion (NOK 7.0 billion)
- Operating margin in 2023 of 1.8% (2.0%)
- Record-high cashflow from operations

### Market

- Solid order intake and tender pipeline still at record-high level
- Strong sustainable profile

### Operations

- Continued good profitability in Norway
- Ongoing successful transformation in Sweden
- Profitability in Finland down from peak levels, remains in line with peers

### Outlook

- For 2024, we expect profitable growth, and positive operational and financial development, with slight increase in revenue and EBIT adj. margin
- Continued focus on measures to improve profitability - committed to achieving long-term profitability above 5%
- Forthcoming strategy period to be presented in a CMU during first half of 2024





# Q1 2024 results 23 May



# Appendix



## Impact of change from EBITA\* to EBIT adj.

### Impact of change in KPI from EBITA\* to EBIT adj.

(Amounts in NOK million)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2020	FY 2021	FY 2022	FY 2023
<b>Revenue</b>	1 129	1 529	1 698	1 601	1 176	1 912	1 988	1 954	1 291	1 797	1 844	1 800	6 449	5 957	7 030	6 732
<b>EBITA*</b>	<b>-59</b>	<b>47</b>	<b>102</b>	<b>50</b>	<b>-37</b>	<b>63</b>	<b>94</b>	<b>31</b>	<b>-85</b>	<b>68</b>	<b>76</b>	<b>13</b>	<b>50</b>	<b>139</b>	<b>151</b>	<b>72</b>
Amortisations of IT software investments	-6	-15	-6	-4	-3	-3	-3	-3	-4	-4	-3	-4	-25	-30	-13	-15
Restructuring items	0	0	0	0	0	0	0	0	6	1	3	12	0	0	0	21
Write-down operations to be discontinued	0	0	0	0	0	0	0	0	35	0	4	3	0	0	0	43
<b>EBIT adj.</b>	<b>-65</b>	<b>32</b>	<b>96</b>	<b>47</b>	<b>-41</b>	<b>60</b>	<b>91</b>	<b>28</b>	<b>-48</b>	<b>65</b>	<b>80</b>	<b>24</b>	<b>25</b>	<b>110</b>	<b>137</b>	<b>121</b>
<i>EBIT adj. %</i>	<i>-5,7 %</i>	<i>2,1 %</i>	<i>5,7 %</i>	<i>2,9 %</i>	<i>-3,5 %</i>	<i>3,1 %</i>	<i>4,6 %</i>	<i>1,4 %</i>	<i>-3,7 %</i>	<i>3,6 %</i>	<i>4,3 %</i>	<i>1,4 %</i>	<i>0,4 %</i>	<i>1,8 %</i>	<i>2,0 %</i>	<i>1,8 %</i>

## Reconciliation of EBIT adj.

(Amounts in NOK million)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<b>Operating profit/loss (EBIT)</b>	<b>17</b>	<b>-332</b>	<b>105</b>	<b>-240</b>
<b>Adjusting items</b>				
Gain from sale of Gravco	0	0	-40	0
M&A expenses	-8	1	-7	2
Amortisation and impairment from PPA*	0	358	0	376
Restructuring items	12	0	21	0
Write-down operations to be discontinued	3	0	43	0
<b>Adjusting items, total</b>	<b>7</b>	<b>359</b>	<b>16</b>	<b>378</b>
<b>EBIT adj.</b>	<b>24</b>	<b>28</b>	<b>121</b>	<b>137</b>
Depreciation	49	50	197	185
Amortisation of IT software investments	4	3	15	13
<b>EBITDA adj.</b>	<b>77</b>	<b>81</b>	<b>332</b>	<b>335</b>



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

\*\* PPA (purchase price allocation) refers to merger related fair value adjustments

# Financial position and cash flow

<i>(Amounts in NOK million)</i>	31.12.2023	31.12.2022
ASSETS		
Intangible assets	2 557	2 493
Right-of-use assets	542	564
Total other non-current assets	171	207
Cash and cash equivalents	369	472
Other current assets	1 504	1 454
<b>Total assets</b>	<b>5 142</b>	<b>5 191</b>
EQUITY AND LIABILITIES		
<b>Total equity</b>	<b>2 430</b>	<b>2 312</b>
Long-term lease liabilities	341	353
Other non-current interest-bearing liabilities	572	741
Other non-current liabilities	16	11
Short-term lease liabilities	162	175
Other interest-bearing current liabilities	55	153
Other current liabilities	1 566	1 445
<b>Total equity and liabilities</b>	<b>5 142</b>	<b>5 191</b>
Equity ratio	47 %	45 %

<i>(Amounts in NOK million)</i>	Q4 2023	Q4 2022	FY 2023	FY 2022
Profit/loss before tax	6	-353	45	-313
<b>Net cash flow from operating activities</b>	<b>306</b>	<b>160</b>	<b>376</b>	<b>235</b>
Net cash flow from investing activities	18	-9	89	-29
Net cash flow from financing activities	-295	-93	-553	-366
Net change in cash and cash equivalents	30	58	-88	-160
<b>Cash and cash equivalents at the end of the period</b>	<b>369</b>	<b>472</b>	<b>369</b>	<b>472</b>



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