NRC Group

REPORT
2ND QUARTER

2018

Highlights

2nd quarter and first half 2018

/ KEY FIGURES Q2 2018

- Revenues of NOK 827 million in 2018, an increase of 42%
- EBITDA of NOK 65 million in 2018, an increase of 51%
- Order backlog of NOK 3,178 million, an increase of 30%

/ KEY FIGURES FIRST HALF 2018

- Revenues of NOK 1,355 million in 2018 vs NOK 922 million in 2017
- EBITDA of NOK 67 million in 2018 vs NOK 49 million in 2017
- Order intake totalled NOK 2,295 million an increase of 39% from same period last year

/ SUBSEQUENT EVENTS

- Sustainability requirements create new business opportunities
    - Entering decommissioning market
- Acquisition of NSS Holding AS
    - Sole shareholder of Norsk Saneringsservice AS
    - Owner of 70% of the outstanding shares in Miljøvakta AS

NRC Group

NRC Group is a major contractor within infrastructure in Norway and Sweden. The group is a supplier of all rail, road and harbour related infrastructure services, including groundwork, specialized track work, safety, electro, telecom and signalling systems, decommissioning and reclamation. Since its inception in 2011, the NRC Group has experienced significant growth and is now one of the leading Nordic entrepreneurs within railway infrastructure.

Key figures

(Amounts in NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	827	582	1 355	922	2 373
EBITDA	65	43	67	49	229
EBITA	51	34	39	31	184
EBIT	48	25	30	14	149
EBT	49	23	28	10	144
EBITDA (%)	7,9 %	7,4 %	4,9 %	5,3 %	9,7 %
EBIT (%)	5,8 %	4,3 %	2,2 %	1,6 %	6,3 %
Employees	724	479	724	479	619
Investments	6	63	10	83	252
Order backlog	3 178	2 451	3 178	2 451	2 408

Comments on second quarter 2018 results

Continued revenue and EBITDA growth

NRC Group had another strong quarter with solid revenue and profit growth.

Second quarter revenue was NOK 827 million, an increase of 42% compared with the same period in 2018. The organic growth was 19%. EBITDA was NOK 65 million, compared to NOK 43 million in the same period last year. EBITDA margin was 7.9% (7.4%).

Revenue for the first six months of 2018 was NOK 1,355 million, an increase of 47% from the first half of 2017. The organic growth was 18% and EBITDA amounted to NOK 67 million (NOK 49 million). Project execution in first quarter was affected by the severe winter, which inflicted additional cost.

New contracts for the second quarter totalled NOK 568 million (NOK 1,175 million) and the backlog amounted to NOK 3,178 million at the end of June, an increase of 30% compared to last year. Approximately 40% of the backlog is estimated for production in 2018.

The second quarter order intake included a NOK 80 million contract for ground, foundation and construction work in Arendal, Norway, and a SEK 128 million contract for railway renewal between Kävlinge and Arlöv in Sweden. New orders also included the 20% proportionate share of the SEK 823 million contract awarded to the joint venture between NRC Group, Astaldi and Gülermak for groundwork for a cut and cover tunnel on Project Kvarnberget in Gothenburg.

Order intake for the first half year of 2018 was NOK 2,295 million, an increase of 39% from the same period last year.

Tendering activity remains high with increased focus on larger turnkey projects covering several special competencies in line with the strategic positioning executed by the company over the past few years. While further projects are expected to be awarded in 2018, execution of some of the larger projects will commence in 2019 and later.

The Swedish Government approved the National Transport Plan in June, confirming a 20% increase in investments to develop new railway infrastructure and a 47% growth in maintenance and renewal spending for the new plan period compared to the previous NTP.

In April, Mats Williamson was elected new board member by the AGM with effect from 1 July. In June, Hans Olav Storkås was appointed new managing director for NRC Norway AS.

Environmental aspects have had high priority in NRC Group since inception. There is an increasing emphasis on sustainability and environmental solutions in regulatory requirements and project tenders.

NRC Group is in prosess of acquiring NSS Holding AS, including 100% of the shares in Norsk Saneringsservice AS and 70% of the shares in Miljøvakta AS. The acquisition strengthens NRC Group’s operations and services in Norway with additional decommissioning and remediation expertise and capacity.

Illustration: Saggrenda Bru, Kongsberg

Cash flow

Net cash flow from operating activities for the second quarter of 2018 was NOK 22 million (NOK -1 million) and for the first half year NOK -47 million (NOK -60 million) which includes increases in net working capital due to normal seasonal variations.

Net cash flow from investing activities for the second quarter of 2018 was NOK -5 million (NOK -54 million) and for the first half year NOK -3 million (NOK -77 million).

Net cash flow from financing activities for the second quarter of 2018 was NOK -96 million (NOK -14 million), which includes a dividend payment of NOK 73 million. Remaining outflow includes repayment of borrowings and payment of lease liabilities. The first half year net cash flow from financing activities was NOK -123 million (NOK -24 million) which includes repayment of borrowings, payment of lease liabilities and dividend payment.

The cash position at 30 June was NOK 221 million.

Employees

NRC Group employees have a high level of competence. They represent the foundation for growth. As of 30 June 2018, 724 people were employed by the group.

Health, safety and environmental considerations are priority areas. NRC Group has adopted HSE policies and implemented guidelines to comply with applicable local regulations and to maintain and develop its HSE standards. NRC Group's HSE efforts are managed on both central and regional levels.

The process of improving internal routines and risk management is continuous and NRC Group has initiated a group-wide review and update of policies and compliance functions.

Risks

NRC Group is exposed to both operational and financial risks. Operational risks include risk assessment related to project tendering and project execution, including resource optimization following seasonal fluctuations.

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes analysis of project risk in both the tendering and execution phase to ensure appropriate pricing and risk management. NRC Group seeks to minimize the exposure to risk that cannot be managed.

Financial risks include market risk, credit risk and liquidity risk. Market risk includes currency risk and interest rate risk. The exposure to currency risk is limited, however by having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden. NRC Group has to a limited extent utilized hedging instruments to limit the risks associated with foreign exchange.

Work in progress and trade receivables are set out contractually, which means that the amount of capital committed is determined by the credit terms of the contracts. NRC Group's liquidity reserves will normally be at its lowest in the spring and summer due to the seasonality in the business. Liquidity risk is overall considered low.

NRC Group's customers are to a large degree municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. NRC Group considers the risk of potential future losses from this type of customer to be low.

Outlook

The positive investment outlook for Nordic infrastructure, and especially the railway segment, is supported by strong macro trends and political commitment. The NTPs approved in Norway and Sweden over the past year provide improved visibility and are expected to lead to further growth in already historically high infrastructure budgets in coming years.

NRC Group is committed to its strategy to consolidate the market and deliver organic and acquired growth in coming years.

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	827	582	1 355	922	2 373
Operating expenses	762	539	1 288	874	2 144
Operating profit/loss before depr. and amort. (EBITDA)	**65**	43	**67**	**49**	**229**
Depreciation	14	9	28	18	46
Operating profit/loss before amortisation (EBITA)	**51**	34	**39**	**31**	**184**
Amortisation	3	9	10	17	34
Operating profit/loss (EBIT)	**48**	25	**30**	**14**	**149**
Net financial items	1	-2	-2	-4	-6
Profit/loss before tax (EBT)	**49**	23	**28**	**10**	**144**
Taxes	-11	-5	-8	-2	19
Profit/loss from continuing operations	**38**	18	**20**	**8**	**163**
Profit/loss from discontinued operations	0	-3	0	-7	-7
Net profit/loss	**38**	15	**20**	**1**	**156**
Profit/loss attributable to:					
Shareholders	38	15	20	1	156
Net profit / loss	**38**	15	**20**	**1**	**156**
EARNINGS PER SHARE					
Earnings per share in NOK (ordinary):					
From continuing operations	0,91	0,45	0,48	0,20	4,04
From discontinued operations	0,00	-0,06	0,00	-0,18	-0,17
From net profit/loss	**0,91**	**0,38**	**0,48**	**0,03**	**3,87**
Earnings per share in NOK (diluted):					
From continuing operations	0,90	0,45	0,48	0,20	4,04
From discontinued operations	0,00	-0,06	0,00	-0,18	-0,17
From net profit/loss	**0,90**	**0,38**	**0,48**	**0,03**	**3,87**

Interim condensed consolidated statement of comprehensive income

(Amounts in NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Net profit / loss	**38**	**15**	**20**	**1**	**156**
Translation differences	-19	19	-60	28	32
Total comprehensive profit/loss	**19**	**35**	**-40**	**30**	**188**
Total comprehensive profit/loss attributable to:					
Shareholders	19	35	-40	30	188
Total comprehensive profit/loss	**19**	**35**	**-40**	**30**	**188**

Interim condensed consolidated statement of financial position

(Amounts in NOK million)			
ASSETS	**30.06.2018**	**30.06.2017**	**31.12.2017**
Deferred tax assets	70	31	70
Goodwill	907	687	950
Customer contracts and other intangible assets	19	20	28
Intangible assets	**996**	**738**	**1 048**
Tangible assets	273	216	278
Financial investments	9	8	9
Total non-current assets	**1 277**	**963**	**1 335**
Total receivables	828	556	741
Cash and cash equivalents	221	264	408
Total current assets	**1 049**	**820**	**1 149**
Total assets	**2 327**	**1 783**	**2 484**

(Amounts in NOK million)			
EQUITY AND LIABILITIES	**30.06.2018**	**30.06.2017**	**31.12.2017**
Paid-in-capital:			
Share capital	42	40	42
Treasury shares	0	0	0
Share premium	928	774	927
Other equity:			
Currency translation differences	-46	10	14
Retained earnings	322	219	374
Total equity	**1 246**	**1 043**	**1 357**
Non-current interest-bearing liabilities	287	175	317
Deferred taxes	22	12	27
Total non-current liabilities	**310**	**187**	**344**
Interest-bearing current liabilities	121	70	121
Other current liabilities	650	484	662
Total current liabilities	**771**	**553**	**783**
Total equity and liabilities	**2 327**	**1 783**	**2 484**

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Profit/loss before tax	49	23	28	10	144
Depreciation and amortisation	17	18	37	35	80
Taxes paid	-7	-4	-9	-9	-19
Change in working capital and other accruals	-37	-38	-103	-96	-72
Net cash flow from operating activities - cont. oper.	**22**	**-1**	**-47**	**-60**	**133**
Net cash flow from operating activities	**22**	**-1**	**-47**	**-60**	**133**
Purchase of property, plant and equipment	-6	-6	-10	-26	-35
Acquisition of companies, net of cash acquired	0	-57	0	-57	-217
Proceeds from sale of shares, other investments and equipment	1	3	2	2	5
Net cash flow from investing activities - cont. oper.	**-5**	**-59**	**-8**	**-81**	**-247**
Net proceeds from sale of shares and other investments	0	5	5	4	4
Net cash flow from investing activities - disc. oper.	**0**	**5**	**5**	**4**	**4**
Net cash flow from investing activities	**-5**	**-54**	**-3**	**-77**	**-243**
Proceeds from sale of treasury shares	0	0	0	0	2
Proceeds from borrowings	0	60	0	60	231
Repayments of borrowings	-15	-21	-30	-14	-51
Payments of finance lease liabilities	-8	-6	-17	-23	-33
Acquisition of treasury shares	0	-15	-3	-15	-26
Dividend paid	-73	-31	-73	-31	-31
Net cash flow from financing activities - cont. oper.	**-96**	**-14**	**-123**	**-24**	**92**
Net cash flow from financing activities	**-96**	**-14**	**-123**	**-24**	**92**
Net change in cash and cash equivalents	**-79**	**-69**	**-173**	**-160**	**-18**
Cash and cash equivalents at the start of the period	**305**	**328**	**408**	**418**	**418**
Translation differences	-4	5	-14	6	8
Cash and cash equivalents at the end of the period	**221**	**264**	**221**	**264**	**408**
Cash and cash equivalents - continuing operations	221	264	221	264	409

Interim condensed consolidated statement of changes in equity

(Amounts in NOK million)	Share capital	Treasury shares	Share premium	Translation differences	Retained earnings	Total equity
Equity at 1 January 2017	**39**	**0**	**776**	**-18**	**218**	**1 014**
Profit/loss for the period					1	1
Other comprehensive income for the period				28		28
Increase share capital	1		44			45
Dividend paid			-31			-31
Acquisition of treasury shares		0	-14			-15
Total changes in equity	**1**	**0**	**-2**	**28**	**1**	**29**
Equity at 30 June 2017	**40**	**0**	**774**	**10**	**219**	**1 043**
Equity at 1 January 2018	**42**	**0**	**927**	**14**	**374**	**1 357**
Profit/loss for the period			19		1	20
Other comprehensive income for the period				-60		-60
IFRS 15 implementation effect [1)]					1	1
Dividend paid			-73			-73
Share-based payments			0			0
Total changes in equity	**0**	**0**	**-54**	**-60**	**2**	**-111**
Equity at 30 June 2018	**42**	**0**	**874**	**-45**	**376**	**1 246**

1) Please refer to the notes and the report for 1st quarter 2018 for further information.

Notes to the interim condensed consolidated financial statement

General information

The legal and commercial name of the company is NRC Group ASA.

The company is a public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company address is Lysaker Torg 25, 1366 Lysaker, Norway.

The company is listed at Oslo Børs under the ticker “NRC” and with ISIN NO0003679102.

Accounting policies and basis for preparation

The condensed consolidated financial statements as per 30 June 2018 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with revised IAS 34, Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 2017 except for what described under revenue recognition below. NRC Group has implemented IFRS 15 in 2018.

The interim accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2017. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company’s consolidated, unaudited interim and half-year financial reports for 2017 and 2018 and audited financial report for the full year of 2017.

Following the divestment of the Geo division, and the implementation of a common organisational and business structure for the remaining group entities, the group’s operating segments were changed in 2017. The segments reported are Norway and Sweden, based on the geographical location of the subsidiaries.

Revenue recognition and contracts with customers

The group implemented IFRS 15 effective from 1 January 2018 using the modified retrospective application. The group’s revenues mainly consist of contracts with customers that vary from shorter projects of less than a month, to longer projects running over multiple years. All projects are accounted for as contracts with customers, applying IFRS 15 *Revenue from contracts with customers*.

According to the previous standard IAS 11, a major part of the group’s revenues was recognized using the percentage of completion method. The criteria for recognizing revenue over time according to IFRS 15 have been thoroughly analyzed, and the criteria are considered met. When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs consist of direct costs such as material and labor, and indirect costs. Bid costs are expensed as incurred. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately according to IAS 37. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that additional work has been agreed with the customer and revenues are capable of being reliably measured.

For each performance obligation that is satisfied over time, revenue is recognized over time by measuring the time passed in relation to full satisfaction of the obligation. The group applies the input method which is used consistently for similar performance obligations and under similar circumstances. Using the input method, revenue is recognized based on the entity's input in fulfilling the performance obligation (e.g. costs incurred, resources consumed, hours spent) in relation to the total expected input to fulfill the performance obligation. The aggregated amount of project costs incurred to date, plus recognized margin, less progress billings, is determined on a project by project basis. The contracts where this amount is positive are presented in the balance sheet as contract assets, whereas the contracts where the amount is negative are presented as contract liabilities.

The group generally provide for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties are assurance-type warranties under IFRS 15, which is continued to be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, consistent with previous practice.

As described above, the group has implemented IFRS 15 by using the modified retrospective application. Comparative numbers for 2017 have hence not been restated in the condensed financial statements. The implementation of IFRS 15 at 1 January 2018 resulted in increased consolidated equity by NOK 1 million, as illustrated below.

The table below illustrates the effect on consolidated equity by implementing IFRS 15 in the group 1 January 2018:

(Amounts in NOK million)	
Increased contract assets (total receivables)	8,5
Increased contract liability (other current liabilites)	-7,2
Tax effect of the adjustment above (deferred taxes)	-0,3
Net increased opening balance equity under IFRS 15 1 January 2018	1,0

Under IAS 11, the group recognized revenue and trade receivables even if receipt of the total consideration was conditional on successful completion of installation services. When using IFRS 15, earned consideration that is conditional is recognized as a contract asset rather than receivable. Therefore, on adoption of IFRS 15, the group reclassified based on numbers at 1 January 2018, NOK 146 million from “trade receivables” to “contract assets”. In the condensed balance sheet, both trade receivables and contract assets are included in “total receivables”. Correspondingly, the group reclassified NOK 197 million from “gross amounts due to customers for projects” to “contract liabilities”, both included in “other current liabilities” in the condensed balance sheet.

As the implementation effect has been immaterial and only a limited part of the NRC Group's revenue has been affected, there will be no significant changes in timing of revenue during 2018 compared to 2017.

Segments

Norway operations (NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
External	330	186	542	294	761
Inter-segment	5	0	5	3	10
Total revenue	**335**	**186**	**547**	**297**	**771**
Operating profit/loss before depr. and amort. (EBITDA)	25	10	24	4	40
Operating profit/loss before amort. (EBITA)	19	5	11	-5	18
Operating profit/loss (EBIT)	16	2	3	-10	2

Sweden operations (NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
External	497	396	813	629	1 612
Inter-segment	0	0	1	0	1
Total revenue	**498**	**396**	**814**	**629**	**1 613**
Operating profit/loss before depr. and amort. (EBITDA)	45	42	54	61	219
Operating profit/loss before amort. (EBITA)	38	37	40	52	196
Operating profit/loss (EBIT)	37	32	38	41	177

Parent and holding companies (NOK million)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
External	0	0	0	0	0
Inter-segment	3	3	5	5	10
Total revenue	**3**	**3**	**5**	**5**	**10**
Operating profit/loss before depr. and amort. (EBITDA)	-6	-9	-12	-16	-30
Operating profit/loss before amort. (EBITA)	-6	-9	-12	-16	-30
Operating profit/loss (EBIT)	-6	-9	-12	-16	-30

Discontinued operations

In 2016, most of the companies in the former Geo business were divested and the remaining Geo companies were presented as discontinued operations as per year-end 2016. The remaining operations were sold during the first half year of 2017. Reference is made to note 24 in the annual report for 2017.

Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the second quarter 2018. Note 6 and 7 in the annual report for 2017 provides further disclosures on the size and types of related party transactions during the previous years. The transactions are carried out on arm’s length terms.

Shareholder information

The table presented below provide an overview of the Stock Exchange announced contracts during second quarter 2018.

(Amounts in NOK million)

Client	**Estimated value**	**Country**
Strømsbusletta AS	80	Norway
Trafikverket	118	Sweden
Trafikverket	155	Sweden
Eitech Engineering	31	Sweden
Total	**381**	

On 19 April, the Annual General Meeting appointed Mats Williamson as a new member of the Board of Directors with effect from 1 July. Further, all items were approved in accordance with the Notice to the General Meeting including the proposed cash dividend for 2017 of NOK 73 million in total.

Events after the end of the period

NRC Group is in prosess of acquiring NSS Holding AS, the sole shareholder of Norsk Saneringsservice AS ("NSS") and the owner of 70% of the shares in Miljøvakta AS, ("Miljøvakta") for an enterprise value of NOK 103 million on a cash and debt free basis.

Construction and infrastructure development are associated with major climate and environmental responsibility. There is a clear trend of increased regulations and expectations from the authorities related to sustainability and environmental impact. The same trend is reflected among customers and other stakeholders, which has led to a higher weighting of environmental and safety considerations in tendering processes. The acquisition of NSS and Miljøvakta strengthens NRC Group's Norwegian operations and broadens the company's overall capabilities as a turnkey contractor.

NSS is one of Norway's largest companies within demolition and environmental remediation, and Miljøvakta offers environmental consultancy and remediation services. NSS and Miljøvakta have currently approximately 90 employees.

NRC Group will acquire 100% of the shares in NSS Holding AS. The enterprise value is estimated to NOK 103 million on a cash and debt free basis and assuming a normalized working capital. The enterprise value is based on a consolidated estimated average EBIT (based on local accounts and not IFRS) for 2018 and 2019 of NOK 20 million. The seller has guaranteed an EBIT of NOK 20 million in average for 2018 and 2019.

Assuming no adjustments in the enterprise value, 50% of the purchase price will be settled by payment of NOK 51.5 million in cash and the remaining 50% will be settled by issuance of shares in the company. The consideration shares will be subject to a lock-up period, whereby 1/3 of the consideration shares will be subject to a lock-up undertaking of 24 months and the remaining 2/3 for 36 months after the closing date. The seller will pledge a number of consideration shares that represent in aggregate a value of NOK 10 million as security for claims the company may have against the seller. The transaction is expected to be completed during September 2018.
The initial accounting for the business combination is incomplete at the time for the interim financial statement being issued. Information related to the purchase price allocation as well as the transaction costs, revenue and profit or loss of the combined entity is therefore not disclosed.

IR Policy

The company's objective is to serve the financial market precise and relevant information about the company to ensure that the share price reflects the underlying values and future prospects.

The company discloses price sensitive information relating to significant contracts and investments or other material changes or events in NRC Group to investors and other market players through the Oslo Stock Exchange, www.newsweb.no, and the company's website, www.nrcgroup.com. In addition, the company intends to publicly disclose all tenders awarded with value exceeding NOK 30 million. All tenders awarded are normally subject to a 10-days appeal period before the award is definitive. The company's policy is to not inform the market of expiry of any such appeal period unless an actual appeal has been filed and the company is informed by the customer that the appeal is being considered and that this may lead to a delay or cancellation of the contract. Information about other tenders awarded will be updated quarterly as part of the company's order backlog.

Dividend Policy

The company expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks. The Board of Directors at NRC Group has introduced a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds. The Annual General Meeting 19 April approved a dividend of NOK 1.75 per share. The dividend for 2017 was paid to shareholders 3 May 2018.

Statement of the Board of Directors and CEO

The Board of Directors and CEO have today reviewed and approved the interim financial report and the unaudited condensed interim consolidated financial statements for the second quarter and the first half year of 2018. The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

To the best of our knowledge, the interim financial report gives a fair view of NRC Group's assets, liabilities, financial position and performance. In addition, the report gives a fair overview of important events in the reporting period and their impact on the financial statements, and describes the principal risks and uncertainties associated with the next reporting period.

Oslo, 13 August 2018

The Board of Directors of NRC Group ASA

Helge Midttun
Chairman of the Board of Directors

Mats Williamson
Board member

Brita Eilertsen
Board member

Kjersti Kanne
Board member

Harald Arnet
Board member

Øivind Horpestad
CEO NRC Group ASA

Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by group management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

CONTRACT VALUE
The amount stated in the contract for contract work excluding VAT.

EBIT
Operating profit.

EBIT%
Operating profit in relation to operating revenues.

EBITA
Operating profit plus amortisations.

EBITDA
Operating profit plus depreciations and amortisations.

EBITDA%
EBITDA in relation to operating revenues.

EBT
Profit before tax.

EQUITY RATIO
Total equity in relation to total assets.

INVESTMENTS
Cash proceeds for purchase of property, plant and equipments and net cash proceeds for acquisitions of subsidiaries.

NET CASH/ NET DEBT
Cash and cash equivalents minus interest-bearing liability.

ORDER BACKLOG
Total nominal value of orders received less revenue recognised on the same orders.

ORDER INTAKE
Total nominal value of orders received.

NRC Group ASA

Company information

Visiting address

Lysaker Torg 25

NO - 1366 Lysaker

Postal address

P.O. Box 18

NO - 1324 Lysaker

Board of Directors

Helge Midttun	Chairman
Brita Eilertsen	Board member
Kjersti Kanne	Board member
Harald Arnet	Board member
Mats Williamson	Board member

Management

Øivind Horpestad	CEO
Dag Fladby	CFO
Daniel Pettersson	MD Sweden
Hans Olav Storkås	MD Norway

/ FINANCIAL CALENDAR 2018

6 November 2018	**3rd quarter 2018 result report and presentation**
13 February 2019	**4th quarter 2018 result report and presentation**

NRC Group