



NRC Group

Q1 2016 Result Presentation

Oslo

20 May, 2016

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.

Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix



Highlights



Q1 Operational

High activity in Norway and Sweden

Successful integration of new companies in Sweden, securing several contracts in first quarter

Situation in Sweden normalized vs Q1 2015

First ISO certified railway construction company in Norway



Q1 figures

Q1 figures show strong organic growth

Significantly improved revenues of NOK 356.1 million in Q1 2016 vs NOK 172.5 million in Q1 2015

EBITDA of NOK 5.1 million in Q1 2016 vs NOK -5.0 million in Q1 2015

Record high order backlog of NOK 1 863 million vs NOK 761 million (pro forma) in Q1 2015



M&A

Acquisition of the Norwegian signal company Railcap after the end of the quarter

Acquisition will strengthen the signalling resources in Norway significantly

Will be a key resource as part of the extensive ERTMS-roll out

Divested Geo subsidiaries in Nordic countries

Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix



Q1 2016 Pro forma key figures – profit and loss

- Revenue of NOK 356.1 million (NOK 172.5 million)

- Strong organic growth

- High activity in Q1

- Normal situation in Sweden vs Q1 2015

- EBITDA NOK 5.1 million (NOK -5.0 million)

- High activity

- Season variations – Q1 weakest period

- EBITDA margin of 1.4 per cent (-2.9 per cent)

- EBIT NOK -3.7 (NOK -12.4 million)

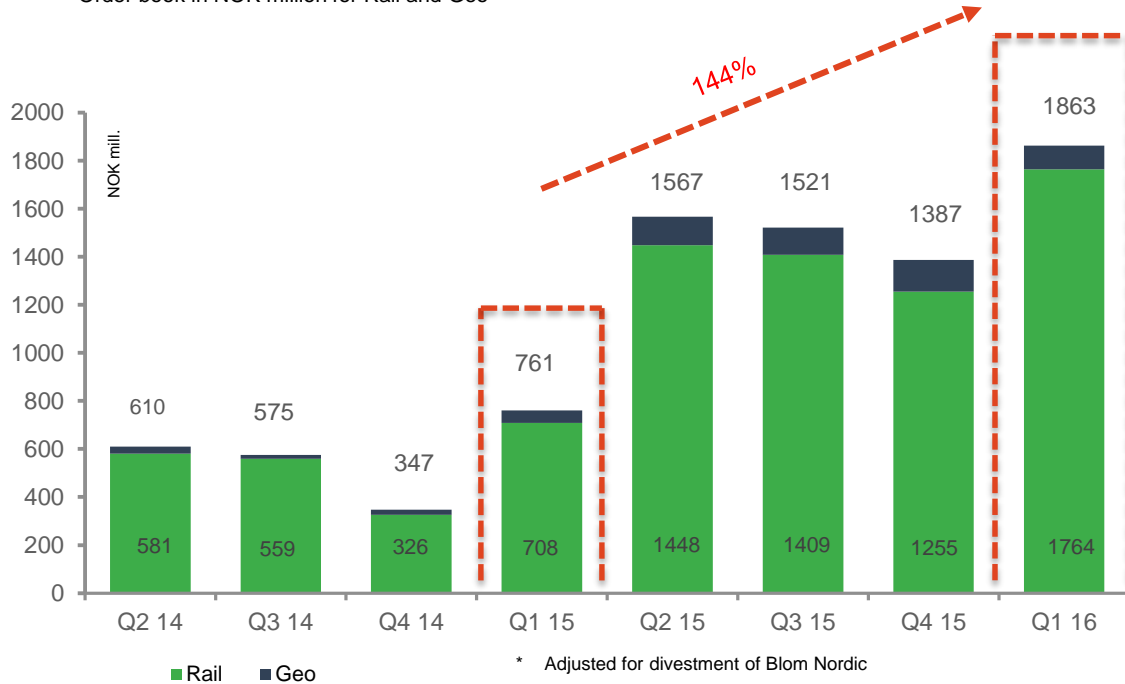
(Amounts in NOK 1 000)	Q1 2016	Q1 2015	FY 2015
Revenue	356 117	172 485	1 290 046
Operating expenses	351 019	177 456	1 194 811
EBITDA	5 098	-4 971	95 235
EBITA	-123	-8 855	78 355
EBIT	-3 714	-12 417	64 684
EBT	-6 484	-14 955	56 644
EBITDA (%)	1.4 %	-2.9 %	7.4 %

Pro forma figures for 2015 includes NRC Rail Norge, SJT, Litz, Elektrobyggnad and Segermo. Figures in 2015 is adjusted for transaction costs of NOK 22 million and one-offs of NOK 12 million. Blom Nordic is not included in the figures.

Business segments – record high order book

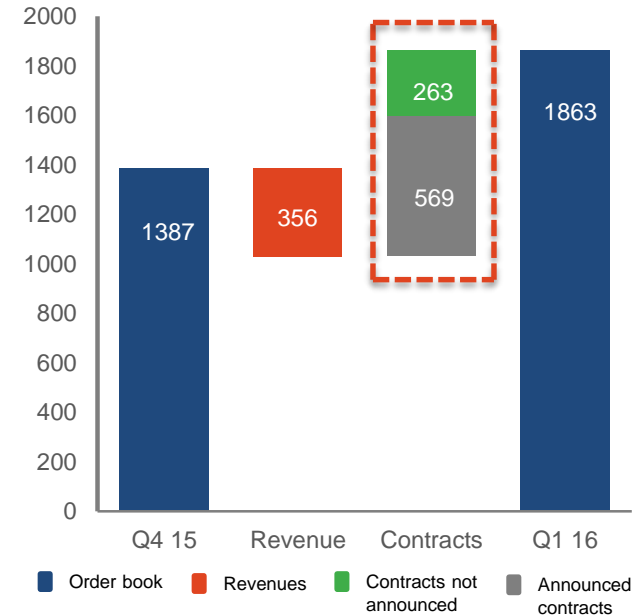
Combined revenue Q2 2014- Q1 2016 *

Order book in NOK million for Rail and Geo



Order book development Q4'15 – Q1'16

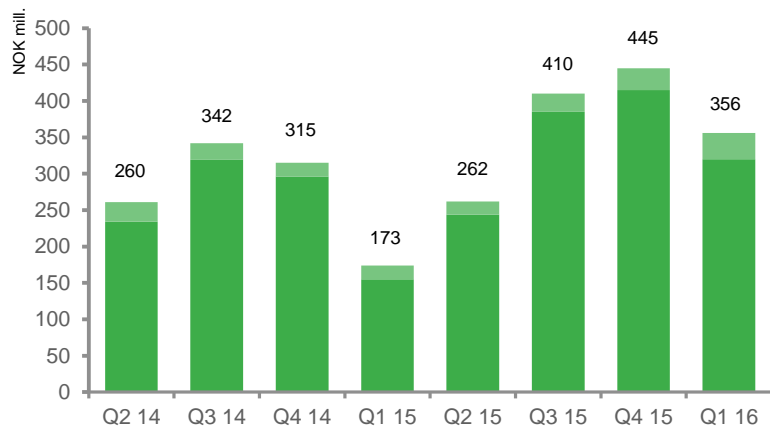
Order book in NOK million for group



Business segments – seasonal fluctuations in earnings

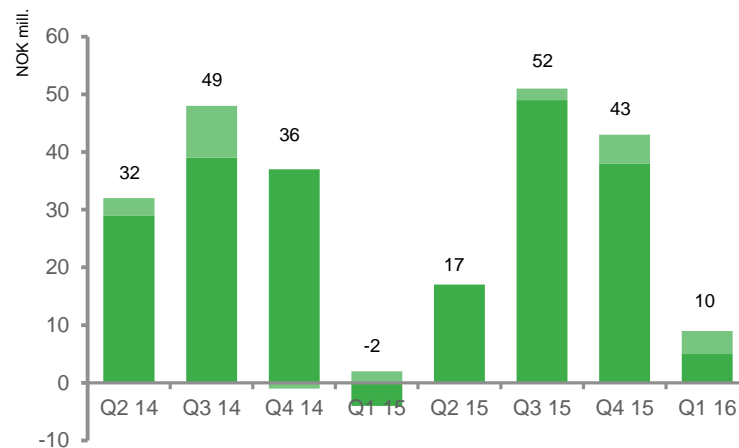
Combined revenues Q2 2014- Q1 2016*

Combined revenues (net of internal revenue) in NOK million



Combined EBITDA Q2 2014- Q1 2016*

Combined EBITDA in NOK million



* Adjusted for divestment of Blom Nordic

Q1 2016 Key figures – balance sheet

- Intangible assets of NOK 597.8 million is reduced by 16.9 million due to change in NOK/SEK from 31 December 2015
- Net debt is NOK 15.1 million vs. net cash of NOK 8.3 million as per 31 December 2015
- Equity ratio is 53.4 per cent 31 March 2016 vs 53.6 per cent per 31 December 2015

(Amounts in NOK 1 000)

ASSETS	31.03.2016	31.12.2015
Intangible non-current assets	597 786	614 675
Other non-current assets	127 900	128 986
Other current assets	377 587	359 361
Cash and cash equivalents	223 136	258 229
Total assets	1 326 409	1 361 251

(Amounts in NOK 1 000)

EQUITY AND LIABILITIES	31.03.2016	31.12.2015
Total equity	707 936	729 004
Non-current interest-bearing liabilities	145 019	162 088
Other non-current liabilities	36 896	33 006
Total interest-bearing current liabilities	93 183	87 841
Total other current liabilities	343 375	349 312
Total equity and liabilities	1 326 409	1 361 251

Blom Nordic is not included in the figures

Q1 2016 Key figures – cash flow

- Cash balance at NOK 223.1 million per 31 March 2016 vs. NOK 258.2 million as per 31 December 2015
- Cash flow from operation activities NOK -15.8 million
- Net cash flow from investing activities
 - Instalment of new tamping machine
 - Other capex

(Amounts in NOK 1 000)	Q1 2016	Q1 2015 (Re-presented)
Profit/loss before tax 1)	-6 484	-7 714
Net cash flow from operating activities	-15 759	-14 220
Net cash flow from investing activities	-19 681	-1 352
Net cash flow from financing activities	3 324	-307
Net change in cash and cash equivalents	-32 115	-15 879
Cash and cash equivalents at the start of the period	258 229	52 390
Currency translation differences	-2 978	0
Cash and cash equivalents at the end of the period	223 136	36 511

1) Profit/loss before tax for Q1 2015 has been re-presented to reflect the divestment of the Nordic Geo business

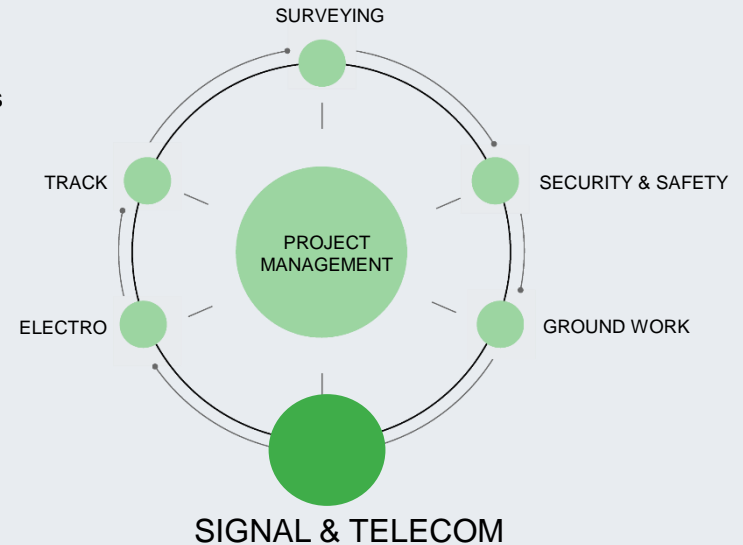
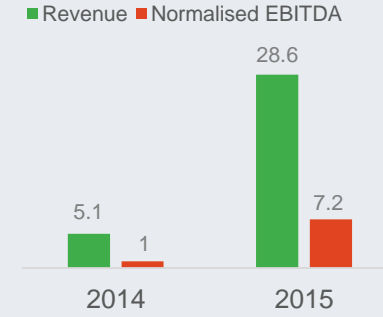
Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix



Acquisition of Railcap

- Business areas:
 - Installations
 - Test & commissioning
 - Construction-, project site-, installation- and design management
 - Design
- 15 employees with experience from Jernbaneverket and other railway specialists
- Broad experience with management / implementation of railway engineering projects
- Acquisition strengthens our signalling resources significantly
- Will be key resource for group as part of extensive ERTMS- roll out (12-30 bn)
- Enterprise value is NOK 48 million
- Purchase price is based on a guaranteed 2016 EBT of NOK 6.1 million



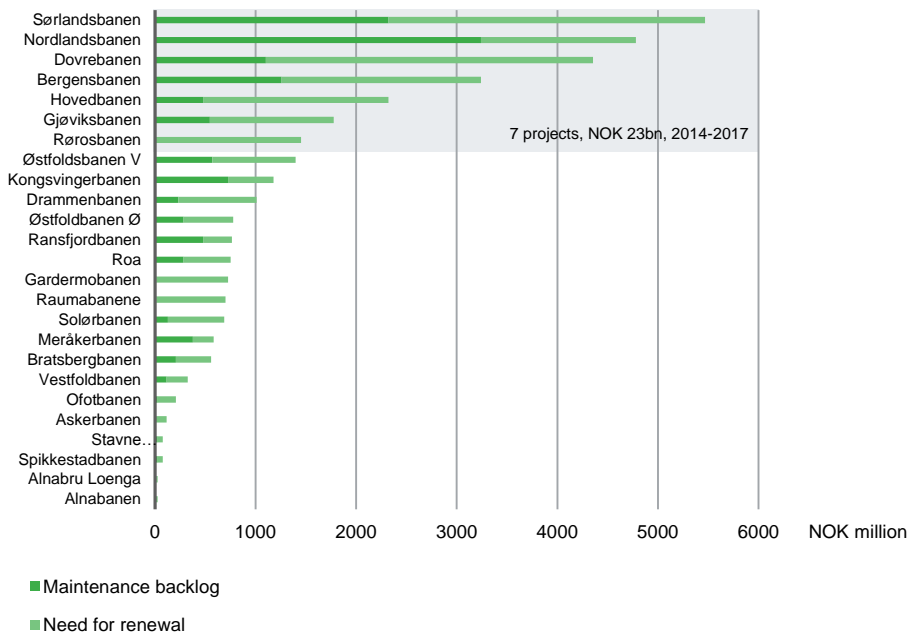
Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix

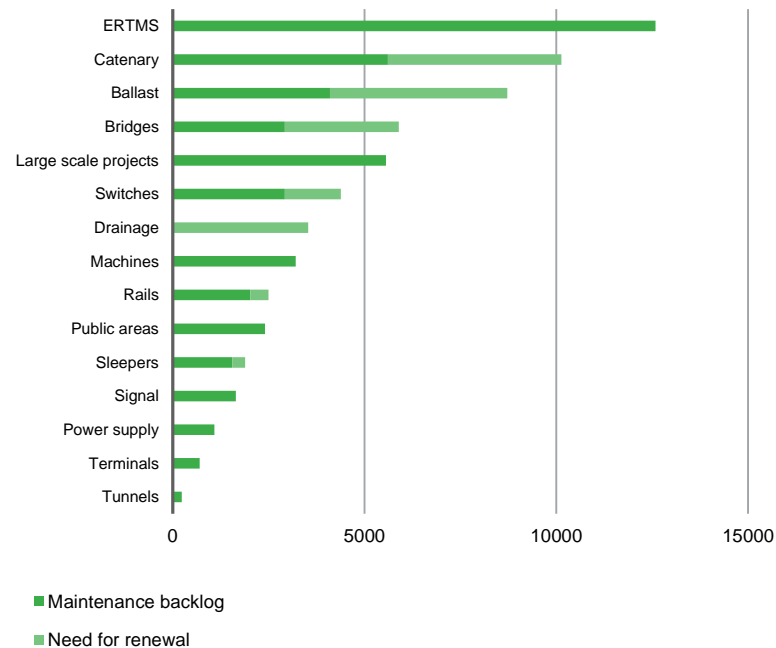


Large maintenance backlog and need for renewal 2014-2027

Several very large projects



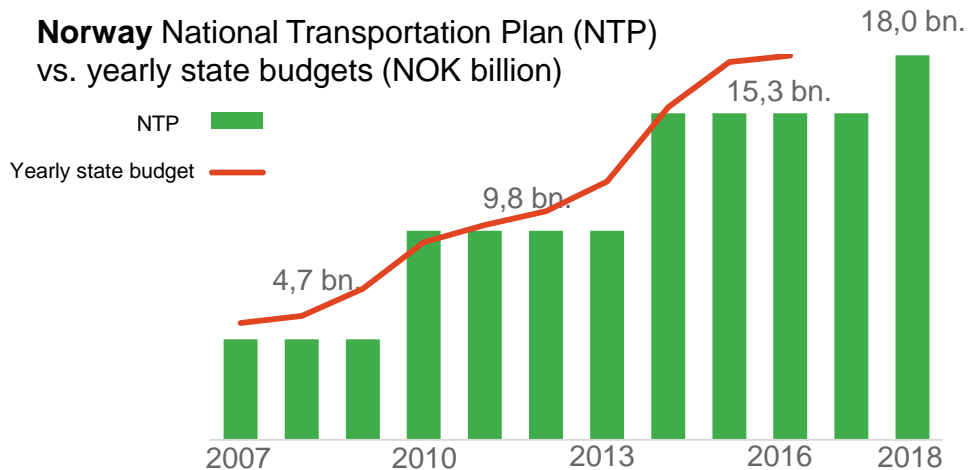
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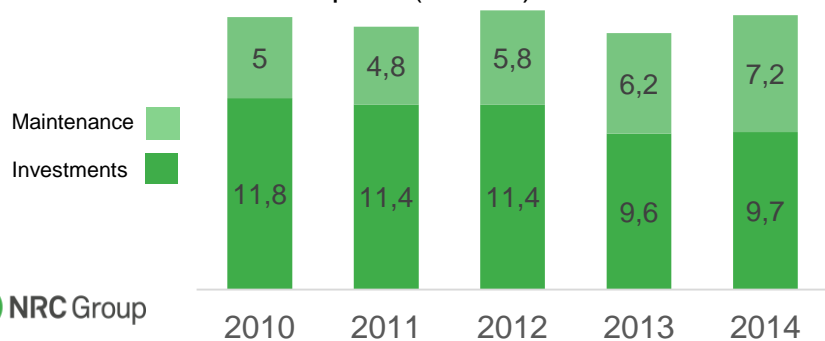
Source: Jernbaneverket: Maintenance backlog and need for renewal 2014 – 2027 (NOK Million)

Strong growth in Nordic infrastructure markets

Norway National Transportation Plan (NTP) vs. yearly state budgets (NOK billion)



Sweden Trafikverket rail spend (SEKbn)



Norway

Historically, the allocated budgets have typically been above the levels outlined in the NTP

Expected step up in the NTP from 2018

Primary market for NRC Group is considered to be approximately NOK 4 billion yearly

Primary market is expected to increase to 6 billion yearly when maintenance contracts are introduced

Sweden

The Swedish railway market is about 3x the size of the Norwegian market and tenders are typically larger

A SEK 522 billion transportation plan for the period 2014 – 2025 was adopted by the government in April 2014

Additional governmental investments in 2016

Action plan for increased employment, October 2015

Decrease in employment in one industry is met with investments to increase activity and employment in other parts of the economy

Maintenance and renewal of railway, including Vossabanen and Jærbanen

NOK 480 Million



Regjeringen.no

Tema Dokument Aktuelt Departement Regjering

Du er her: regjeringen.no • Aktuelt • Pressemeldinger • Tiltakspakke for økt sysselsetting - oversikt over tiltakene

Tiltakspakke for økt sysselsetting - oversikt over tiltakene

Artikkel | Sist oppdatert: 07.10.2015

	Mill. kroner
Vedlikehold og bygg	2 498
Engangstilskudd til vedlikehold og rehabilitering av skoler og omsorgsbygg i kommunene	500
Vedlikehold og fornying av jernbanen, herunder Vossabanen og Jærbanen	480
Vedlikehold riksvegnettet - reasfaltering og øvrig vedlikehold	246
Forsering av vedlikeholdsinvesteringer i sykehusbygg	300
Fornyings- og programområdetiltak på riksveg	200
Statsbygg - vedlikehold og rehabilitering, herunder av fengsler	200
Forsering av kartleggings- og flomsikringsprosjekter	100
Tilskudd nasjonale kulturbygg	64
Oppgradering av universitetsbygg	60
Tilskudd til vedlikehold av kulturhistoriske bygninger	57
Vedlikehold av fyrstasjoner og fjerning av eierløse blåskjellanlegg	50
Universitetsmuseet Universitetet i Bergen	40
Utbedring av stormskader på fiskerihavner Vestlandet/Nord-Norge	38
Nytt museumsmagasin ved Norsk Oljemuseum	30
Regionale forskningsfond (Agder, Vestlandet)	19
Stiftelsen Arkivet i Kristiansand	15
Pumps and pipes, kompetanseoverføring fra olje- til helsesektoren	5

Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix



Summary & Outlook

- Strong organic growth
- Record high order book
- Successful integration between companies in Sweden
- Acquisition of Railcap
- Strong market growth

Agenda

- 1 Highlights
- 2 Financials
- 3 Railcap
- 4 Market
- 5 Summary & Outlook
- 6 Appendix



20 largest shareholders

Per 31 March 2016

INVESTOR	NO OF SHARES	% OF TOTAL SHARES	ACC TYPE	COUNTRY
DATUM AS	5 100 000	14,6%		NOR
URBEX INVEST AS	4 336 828	12,4%		NOR
SWEDBANK AB (PUBL)	4 050 661	11,6%	NOM	SWE
DANSKE BANK A/S	2 864 108	8,2%	NOM	DEN
DNB NOR MARKETS, AKSJEHAND/ANALYSE	2 050 001	5,9%		NOR
NORDEA BANK AB (PUBL)	1 963 990	5,6%	NOM	SWE
CHARLOTTE HOLDING AS	1 928 008	5,5%		NOR
SOGN INVEST AS	1 296 046	3,7%		NOR
VERDIPAPIRFONDET ALFRED BERG GAMBA	878 094	2,5%		NOR
ARCTIC FUNDS PLC	819 934	2,3%		BEL
GRANSHAGEN INVEST AS	601 007	1,7%		NOR
MIDDELBORG INVEST AS	600 000	1,7%		NOR
STATOIL PENSJON	551 600	1,6%		NOR
VERDIPAPIRFONDET ALFRED BERG NORGE	474 040	1,4%		NOR
HOLMEN SPESIALFOND	450 000	1,3%		NOR
KRAG INVEST AS	400 000	1,1%		NOR
SORA AS	385 000	1,1%		NOR
MEITNER AS	354 358	1,0%		NOR
MP PENSJON PK	325 365	0,9%		NOR
AAMOT	281 173	0,8%		NOR
TOTAL NUMBER OWNED BY TOP 20	29 710 213	85,0%		
TOTAL NUMBER OF SHARES	34 944 483			

Q1 2016 Pro forma key figures – business segments

- Rail division
 - Revenue NOK 319.8 million (NOK 153.6 million)
 - EBITDA NOK 5.4 million (NOK -3.6 million)
 - EBITDA margin 1.7 per cent (-2.3 per cent)

- Geo division - includes remaining business in Geo
 - Revenue NOK 36.3 million (NOK 18.9 million)
 - EBITDA NOK 4.2 million (NOK 1.6 million)
 - EBITDA margin 11.5 per cent (8.2 per cent)

(Amounts in NOK 1 000)

Revenue	Q1 2016	Q1 2015	FY 2015
Rail	319 784	153 562	1 198 962
Geo	36 332	18 923	91 084
Total	356 117	172 485	1 290 046

EBITDA	Q1 2016	Q1 2015	FY 2015
Rail	5 429	-3 585	100 090
Geo	4 164	1 558	8 127
Other	-4 495	-2 943	-12 982
Total	5 098	-4 971	95 235

EBIT	Q1 2016	Q1 2015	FY 2015
Rail	-2 202	-10 270	72 914
Geo	3 025	854	4 934
Other	-4 536	-3 001	-13 164
Total	-3 714	-12 417	64 684