



The fast growing infrastructure specialist

Q4 2015 Presentation

29 February 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	<b>Highlights</b>
2	NRC Group - Company Introduction
3	Q4 Financials
4	Summary & Outlook
5	Appendix

# Highlights

---

## Q4 & 2015 figures

- Pro-forma revenue of NOK 473 million in Q4 2015 vs NOK 350 million in Q4 2014
  - Pro-forma EBITDA of NOK 37 million in Q4 2015 vs NOK 38 million in Q4 2014
  - Annual pro-forma revenue 2015 NOK 1 432 million vs NOK 1 253 million in 2014
  - Annual pro-forma EBITDA 2015 NOK 93 million vs NOK 139 million in 2014
- 

## Record high order backlog

- Record high order backlog of NOK 1 443 million in 2015 vs NOK 378 million (including pro forma order book) in 2014
  - Rail contracts awarded in both Sweden and Norway during Q4 2015
    - By Trafikverket of SEK 37 million announced 21 December 2015
    - By Jernbaneverket of NOK 55 million announced 22 December 2015
    - By Jernbaneverket of NOK 40 million announced 23 December 2015
  - A 3-year contract for Geo division signed with TomTom in Q4 2015
-

# Highlights continued

## Acquisitions and private placements

- 4Q 2015 NRC Group closed the acquisitions of three Swedish rail companies, Litz Entreprenad AB, Elektrobyggnad Sverige AB, Segermo Entreprenad AB
- NRC Group is now a fully integrated full service rail road construction company in both Sweden and Norway
- In order to finance the cash component of the acquisition of Segermo and for general strengthening of the balance sheet NRC Group executed;
  - A private placement with gross proceeds of NOK 185 million at NOK 40 per share
  - A subsequent repair offering with a gross proceeds of NOK 15 million at NOK 40 per share
- After the equity issues and partly settlement in shares for the acquisitions the company has 34,789,031 outstanding shares

## Organisational changes

- Øivind Horpestad appointed CEO of the NRC Group, effective 1 March
- Dag Fladby was appointed CFO of the NRC Group, effective 1 March
- Helge Midttun was elected Chairman of the Board of Directors

## Events after Q4

- Two major rail contracts awarded in Q1 2016
  - By Trafikverket of SEK 159 million announced 4 January 2016
  - By Trafikverket of SEK 117 million announced 12 February 2016
- Employee share program
  - During December 2015 through January 2016 NRC Group has implemented a share program for its employees in NRC Rail Group's subsidiaries in Norway and Sweden
  - NRC is very pleased with the reception of the share program among the employees, and by the end of the offer period a total of 108 employees had accepted the opportunity to become active owners in the company

# Operational update

## Rail division

---

- High level of activity in fourth quarter, both in the Swedish and Norwegian market
- After a soft first half of the year due to the extraordinary situation in Sweden, the tender market has gradually stabilized and the Rail division is now back on track
- Securing several contracts in fourth quarter confirms that the activity in the Norwegian and Swedish market is high
- Strong order intake and record high order book. The order reserve for the Rail division was at the end of the quarter NOK 1 255 million compared to NOK 326 million in 2014 (including pro forma order book), an increase of 285 per cent
- Expects higher volumes and large-scale projects being announced to the market in 2016
- The acquisition of the groundwork contractor Segermo Entreprenad will strengthen the position for future large-scale projects

## Geo division

---

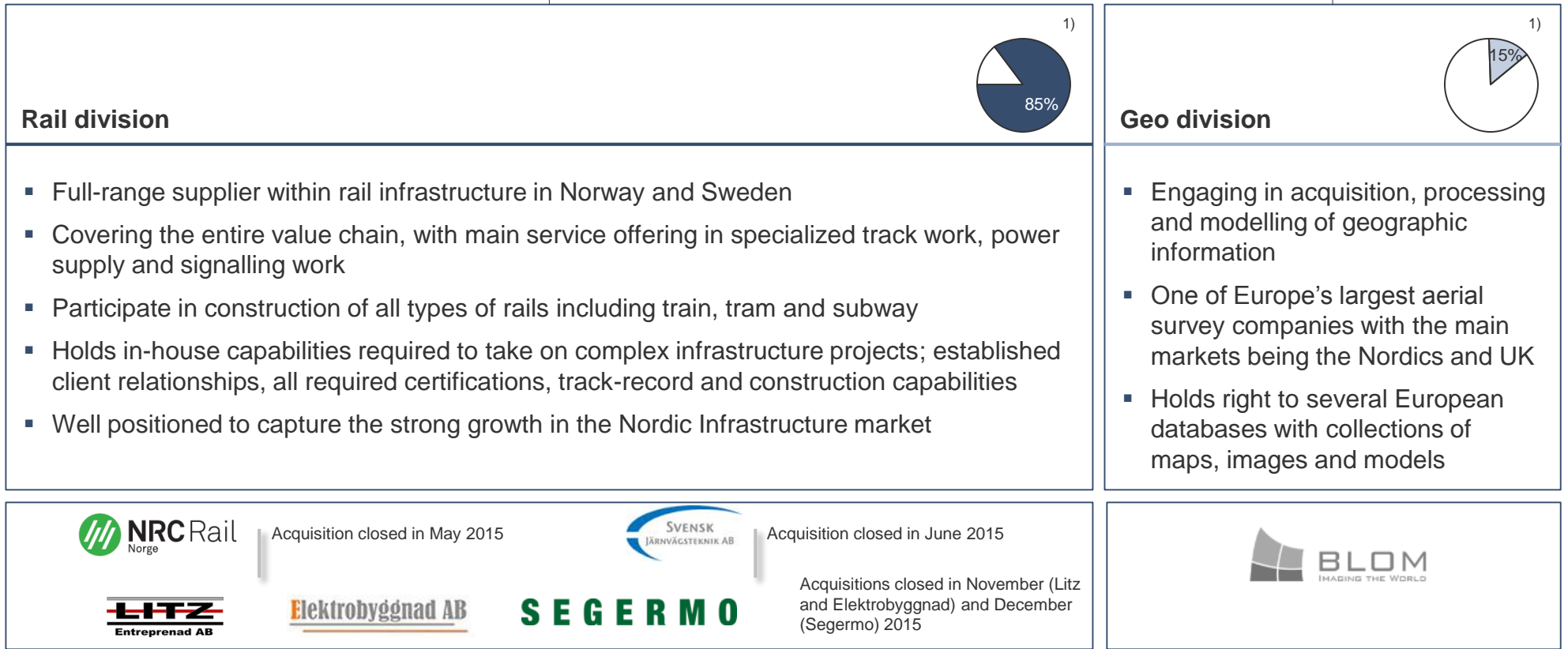
- Data capture for the season 2015 closed in the Nordics, data processing ongoing, some deliveries shifted into 2016
- The European orthophoto project completed the season, planning for next season in progress
- The UK programme for improving acquisition, storage and usage of asset information for rail infrastructure has ramped up to full production and has entered into regular delivery schedules
- Sales are generally good and the order reserve for the Geo division was at the end of the quarter NOK 188 million, compared to NOK 52 million in 2014, an increase of 261 per cent. A large part of this is work related to the British rail infrastructure and the European orthophoto project
- Won large contract with TomTom for production of 3D models covering cities world wide

# Agenda

---

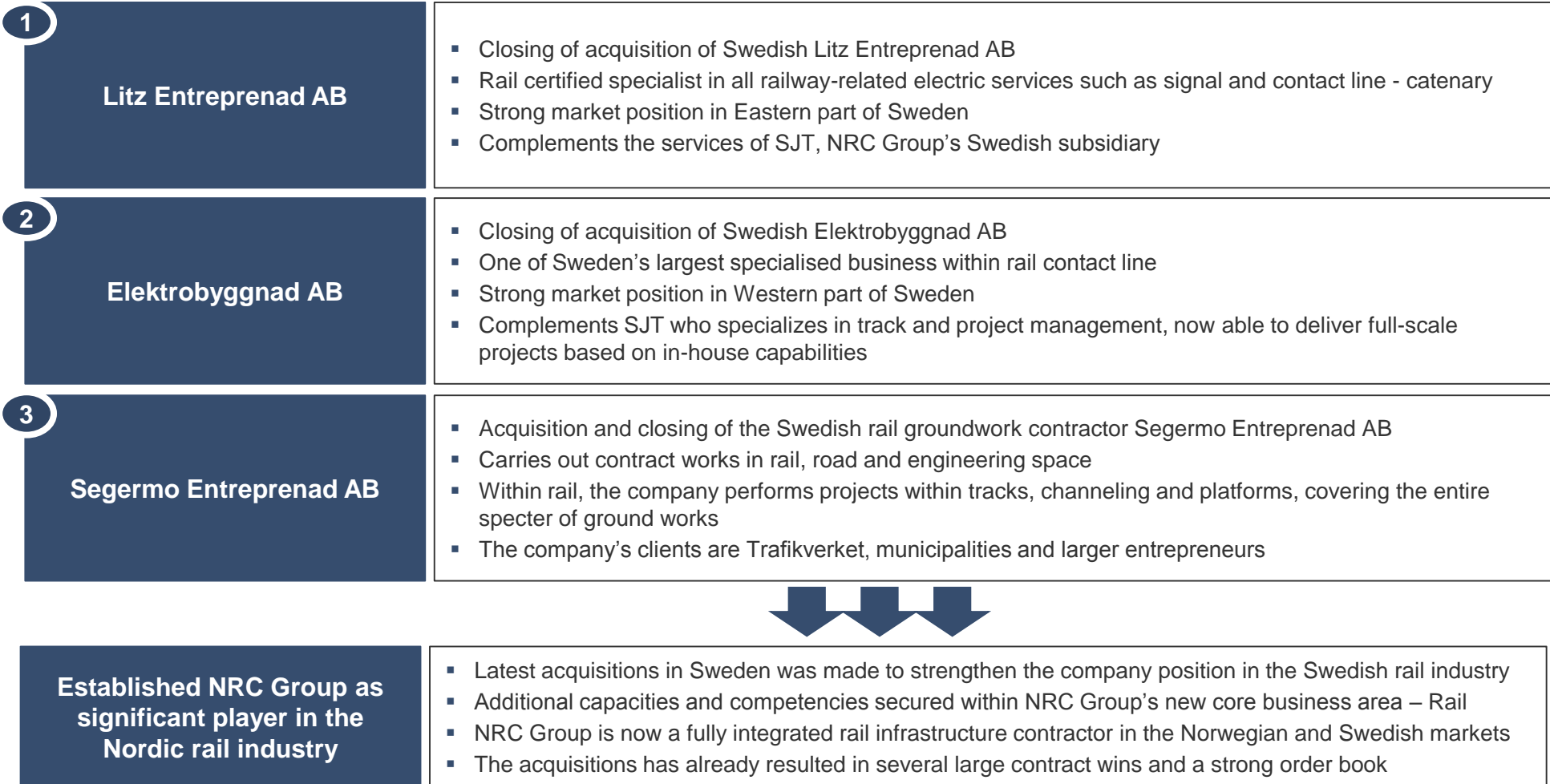
1	Highlights
<b>2</b>	<b>NRC Group - Company Introduction</b>
3	Q4 Financials
4	Summary & Outlook
5	Appendix

# NRC Group is a fast growing company within the Nordic infrastructure market



Notes: 1) Based on combined financials (revenues) for 2015 including Svensk Järnvägsteknik AB ("SJT"), NRC Rail Norge, Litz, Elektrobyggnad and Segermo

# Q4 2015 Acquisitions



# A full service rail specialist with significant growth and synergy potential

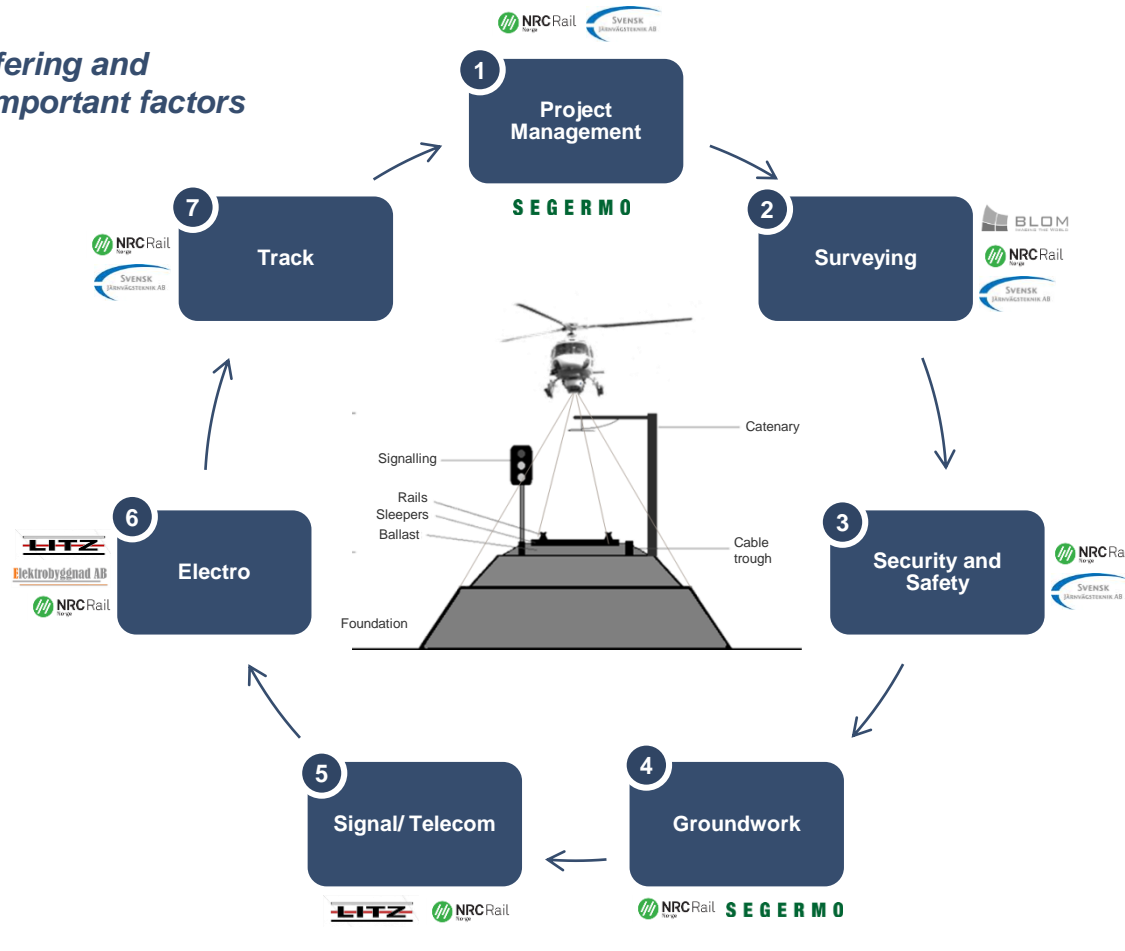
NRC Group has capabilities across the entire spectre of rail services

«Full-service product offering and execution capacity are important factors in a tender process»

- 7**
- All necessary certifications for track workers, UR23, welding and transmitting
  - Available equipment and machinery for track laying

- 6**
- DSB approval for engineering, execution and maintenance of technical plants
  - Possessing all tele, high/low-voltage and overhead certifications
  - Recent acquisitions in Sweden

- 5**
- NRC Group has approvals for maintenance, control, modifications and building of interlocking systems
  - Track switching, railway signalling plants etc



- 1**
- Skilled project leaders
  - Significant experience from large multidisciplinary projects
  - Strong competence within planning, management and reporting, QHSE, progress etc.

- 2**
- Trained land surveyor engineers
  - Strong rail and transport experience
  - Performing work within the fields of buildings and plants, tunnels, measurements, land profiling etc.

- 3**
- Possessing all necessary certifications
  - Personnel qualified for electrical safety and security supervision
  - Required for work carried out close to JBV's infrastructure

- 4**
- Class 3 certification for groundwork and construction
  - Specialized personnel and availability of equipment
  - Significantly strengthened as a result of Segermo acquisition

# The Vislanda contract is an excellent example of the effects of consolidation

## Comments

- As of 4 January 2016 Trafikverket has appointed Svensk Järnvägsteknik AB as the contractor for track renewal of 70 kilometers on the connection between Vislanda and Mosselund in Sweden
- The contract is valued at approximately SEK 159 million. The project is scheduled for completion in December 2017
- This project is an excellent example on why it has been important to consolidate the companies acquired during 2015. The contract is awarded to SJT, but all Swedish rail entities will perform work under this contract:
  - SJT will perform project management, track work and signal
  - Litz will perform work related to signal, telecom and electro
  - Elektrobyggnad will perform work related to electro
  - Segermo will perform groundwork
- With all key elements inhouse NRC Group has an competitive advantage when competing for and executing contracts

## Project elements

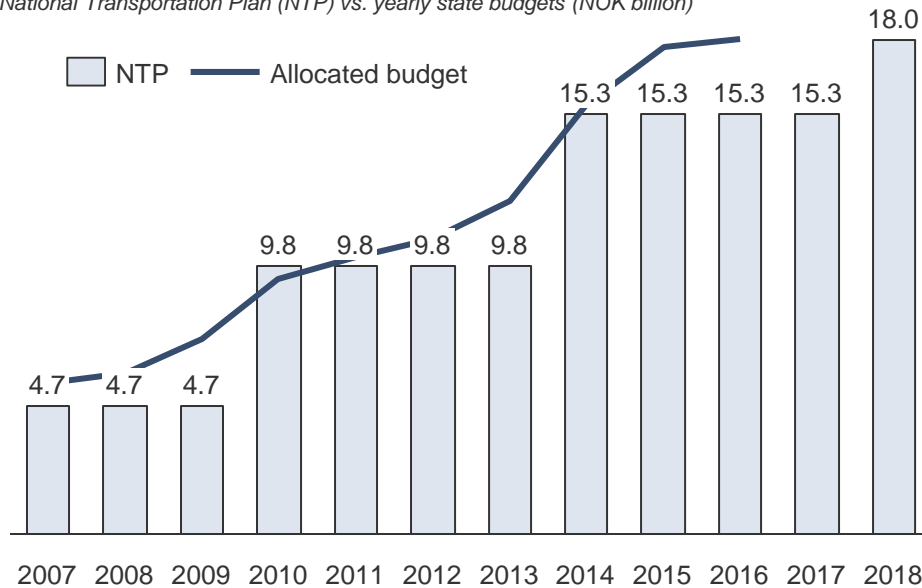
Contract					
Project mgmt	Track	Signal	Telecom	Electro	Ground work
					



# Strong underlying growth in Nordic infrastructure markets - especially within rail

## Norway

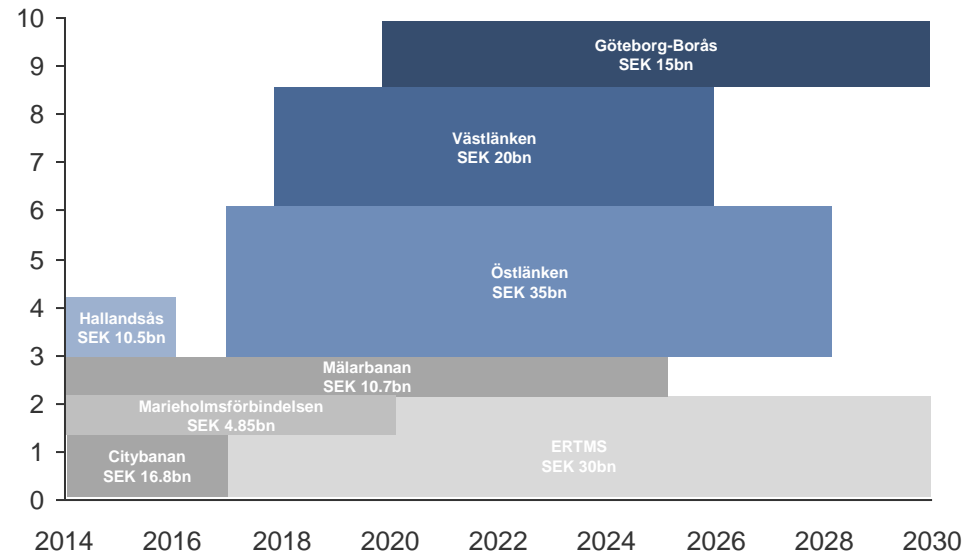
National Transportation Plan (NTP) vs. yearly state budgets (NOK billion)



- In June 2013, the Norwegian Parliament approved a NOK 173 billion NTP for railway 2014-2023, 49 per cent increase from 2013 levels
- The NTP increased spending on railway significantly in 2014, with further step up in spending from 2018
- Historically, the allocated budgets have typically been above the levels outlined in the NTP

## Sweden

Overview of Sweden's largest construction projects (SEK billion)

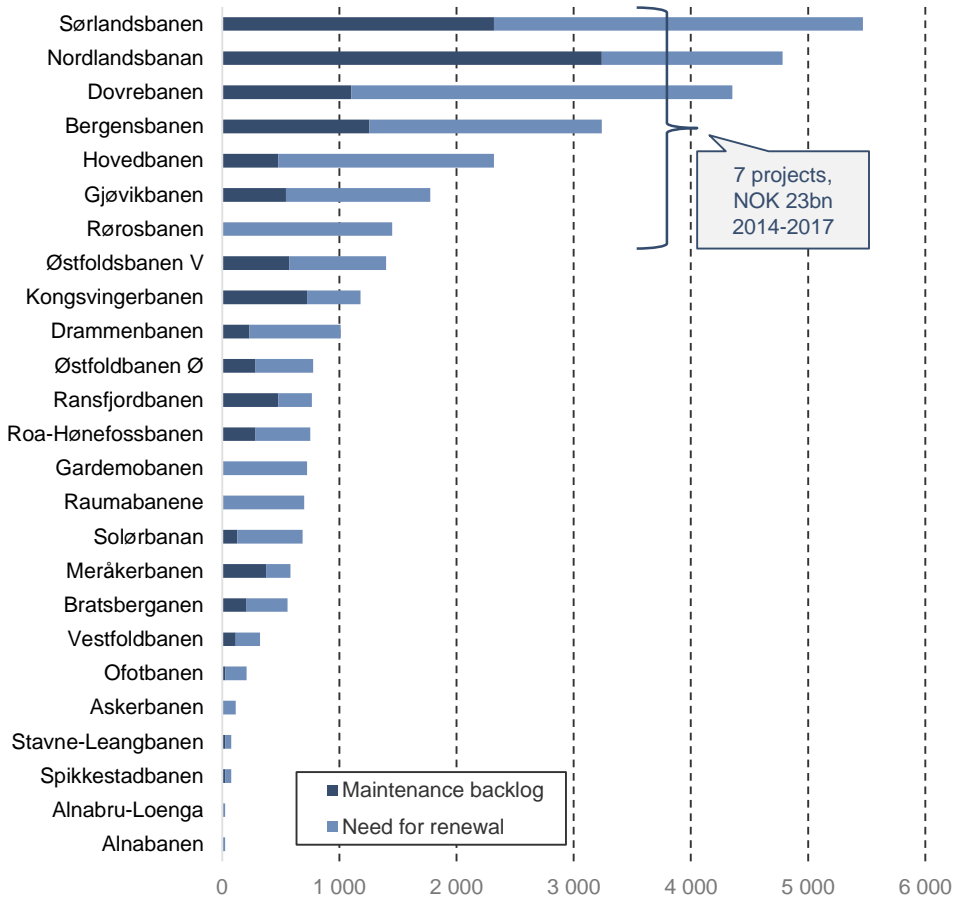


- The Swedish railway market is about 3x the size of the Norwegian market and tenders are typically larger
  - In 2014, Trafikverket acquired services for SEK 17.8 billion
- A SEK 522 billion transportation plan for the period 2014 – 2025 was adopted by the government in April 2014
  - Includes SEK 86 billion for maintenance and reinvestment and SEK 95 billion for large new railway infrastructure projects

Source: NTP, Government budgets, Trafikverket

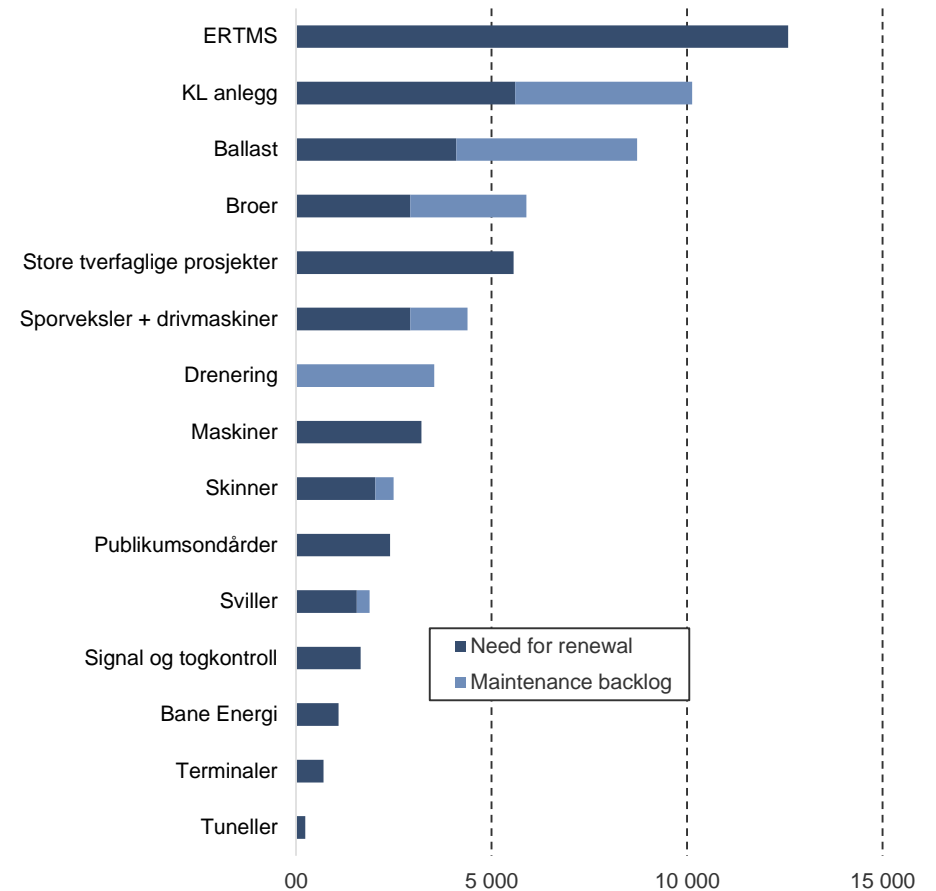
# Large maintenance backlog and need for renewal 2014-2027

## Several very large projects...



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

## ...with all capabilities needed.



Jernbaneverket: Maintenance backlog and need for renewal 2014 -2027 (NOK million)

Source; Jernbaneverket

# Infrastructure continuously high on the agenda with several large projects in the pipeline

## Norway



Nytt signalsystem: Det svenske tognet på ERTMS nivå 2. Start skal jernbaneverket ut med arbeid for å oppgi alle norske personstrekninger med den nye signalsystemet. (1 foto: Ragnvald Oskal)

### ERTMS Slik fungerer systemet som skal fjerne 99 av 100 signalfeil

Vi ble med på testtur i Sverige.

AV: ODD RICHARD VALROT | SAMFERDSEL | PUBLISERT: 20. FEB. 2016 | 10:30

### Første kontrakt for elektrifisering i Trøndelag

Jernbaneverket har inngått kontrakt med Sweco som rådgiver for detaljplanlegging i elektrifiseringsprosjektet på strekningene Trondheim - Steinkjer og Hell - Storlien. Dette er den første kontrakten i elektrifiseringsprosjektet i Trøndelag.

### En halv jernbanemilliard til nytt signalsystem

Regjeringen bevilger 544 millioner kroner til å få fart på arbeidet med det nye signalsystemet ERTMS, som skal få togene her i landet til å holde ruten.



### Comments

- ERTMS project with a total investment need of approximately NOK 12bn towards 2027
- Electrification of the Trønder- og Meråkerbanen of approximately NOK 2.8bn towards 2023

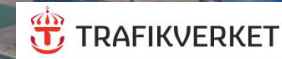
## Sweden



Languages Tala

Nära dig Körkort Resa och trafik Tjänster Om oss För dig i branschen

Startsida / Nära dig / Skåne / Projekt i länet / Flackarp-Arlöv



Languages Tala

Nära dig Körkort Resa och trafik Tjänster Om oss För dig i branschen

Startsida / Nära dig / Västra Götaland / Projekt i länet / Hamnbanan Göteborg, dubbelspår / Eriksberg-Pölsebo

### Flackarp-Arlöv, fyra spår



### Eriksberg-Pölsebo

### Comments

- Connection between Flackarp and Arlöv – Trafikverket will expand the railway to four tracks. Investments of approximately SEK 4 bn towards 2022
- Connection between Eriksberg and Pölsebo - Trafikverket will build a double track in the tunnel. Investments of more than SEK 1 bn towards 2022


Source; NTP, Government budgets, Trafikverket

# Rail infrastructure high on the political agenda in Norway

**Ketil Solvik-Olsen**  
20 hrs · 🌐

Vi skal få en bedre jernbane gjennom økt vedlikehold, tydeligere organisering og internasjonalt samarbeid. I dag har jeg vært i Wien for å jobbe frem løsninger for mer gods på jernbane. Del gjerne videre 😊

See translation




Like Comment Share

1.1k Top comments ▾

**Ketil Solvik-Olsen**  
16 February at 22:54 · 🌐

Flåmsbanen 75 år. I dag feiret vi en flott turistopplevelse og lokalt pågangsmott! Gjør det til din destinasjon i år 😊

See translation




Like Comment Share

1k Top comments ▾

**Ketil Solvik-Olsen**  
8 February at 23:01 · 🌐

Det blir flere arbeidsplasser med vår ekstraordinære jernbanesatsing. "Signaler fra Jernbaneverket om at flere store prosjekter vil legges ut for anbud og at arbeidet i større grad vil foregå gjennom hele året gjør at entreprenørselskapet nå tør satse ytterligere."

See translation



**Nå varsler de 100 nye arbeidsplasser i Norge** ✓

I denne bransjen er det akkurat nå manko på arbeidskraft. - Ordrebøkene er rekordstore og vi ser en betydelig økt satsing på banerelatert infrastruktur.

DN.NO

Like Comment Share

# Agenda

---

1	Highlights
2	NRC Group - Company Introduction
<b>3</b>	<b>Q4 Financials</b>
4	Summary & Outlook
5	Appendix

## Q4 Profit and loss as reported

- Annual revenue 2015 is NOK 911 million ( NOK 246 million in 2014)
- Q4 2015 Revenue is NOK 389 million (NOK 53 million in 2014)
- Q4 2015 Net profit is NOK 26 million (NOK 3 million in 2014)
- NRC Rail Norge and SJT included from June
- Litz and Elektrobyggnad included from November 2015, Segermo included from December 2015

**(Amounts in NOK 1 000)**

	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>YTD 2014</b>	
			<b>YTD 2015 (Represented)</b>	
Revenue	389 113	53 490	911 242	245 966
Operating expenses	368 130	51 640	873 354	232 257
<b>EBITDA</b>	<b>20 983</b>	<b>1 850</b>	<b>37 888</b>	<b>13 709</b>
<b>EBITA</b>	<b>11 085</b>	<b>655</b>	<b>15 090</b>	<b>5 502</b>
<b>EBIT</b>	<b>10 872</b>	<b>655</b>	<b>11 543</b>	<b>5 502</b>
<b>EBT</b>	<b>9 685</b>	<b>2 398</b>	<b>5 663</b>	<b>4 515</b>
Taxes	14 015	-325	41 934	-729
<b>Profit/loss from continuing operations</b>	<b>23 700</b>	<b>2 073</b>	<b>47 597</b>	<b>3 786</b>
Profit/loss from discontinued operations	2 280	1 407	0	4 140
<b>Net profit/loss</b>	<b>25 980</b>	<b>3 480</b>	<b>47 597</b>	<b>7 926</b>

## Q4 2015 Pro forma key figures – profit and loss

- Pro forma figures include figures from NRC Rail Norge, SJT, Litz, Elektrobyggnad and Segermo, adjusted for transaction costs of NOK 22 million and one-offs of NOK 12 million.

<b>(Amounts in NOK 1 000)</b>	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
Revenue	472 755	349 849	1 431 958	1 253 011
Operating expenses	435 905	311 514	1 338 777	1 113 890
<b>EBITDA</b>	<b>36 850</b>	<b>38 334</b>	<b>93 181</b>	<b>139 121</b>
<b>EBITA</b>	<b>30 850</b>	<b>32 156</b>	<b>67 874</b>	<b>121 062</b>
<b>EBIT</b>	<b>27 864</b>	<b>29 502</b>	<b>54 201</b>	<b>107 783</b>
<b>EBT</b>	<b>27 393</b>	<b>29 450</b>	<b>45 616</b>	<b>98 648</b>
EBITDA (%)	8 %	11 %	7 %	11 %

- Revenue NOK 473 million (NOK 350 million)

- EBITDA NOK 37 million (NOK 38 million)

- EBITA NOK 31 million (NOK 32 million)

- EBIT NOK 28 million (NOK 30 million)

- EBITDA margin 8 per cent (11 per cent)

## Q4 Pro forma key figures – business segments

- Rail division (includes NRC Rail Norge, SJT, Litz, Elektrobyggnad and Segermo):

- Revenue NOK 415 million (NOK 296 million)
- EBITDA NOK 38 million (NOK 37 million)

- Geo division:

- Revenue NOK 57million (NOK 53 million)
- EBITDA NOK 3 million (NOK 4 million)

(Amounts in NOK 1 000)

<b>Revenue</b>	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
Rail	415 297	296 359	1 198 961	1 007 045
Geo	57 458	53 490	232 997	245 966
<b>Business Segments</b>	<b>472 755</b>	<b>349 849</b>	<b>1 431 958</b>	<b>1 253 011</b>

<b>EBITDA</b>	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
Rail	38 269	36 484	100 090	125 412
Geo	2 518	4 479	5 983	28 252
Other	-3 936	-2 629	-12 892	-14 543
<b>Business Segments</b>	<b>36 850</b>	<b>38 334</b>	<b>93 181</b>	<b>139 121</b>

## Key figures – Q4 balance sheet

- The increase in assets is mainly related to the acquisitions of NRC Rail Norge, SJT, Litz, Elektrobyggnad and Segermo
- The increase in equity is related to the transactions being partly settled in shares, and the equity issues completed during 2015. Equity ratio is 54 per cent.
- The increase in debt is mainly related to financing the acquisition of SJT combined with existing debt in SJT and NRC Rail Norge. Net interest bearing debt is NOK 8 million.

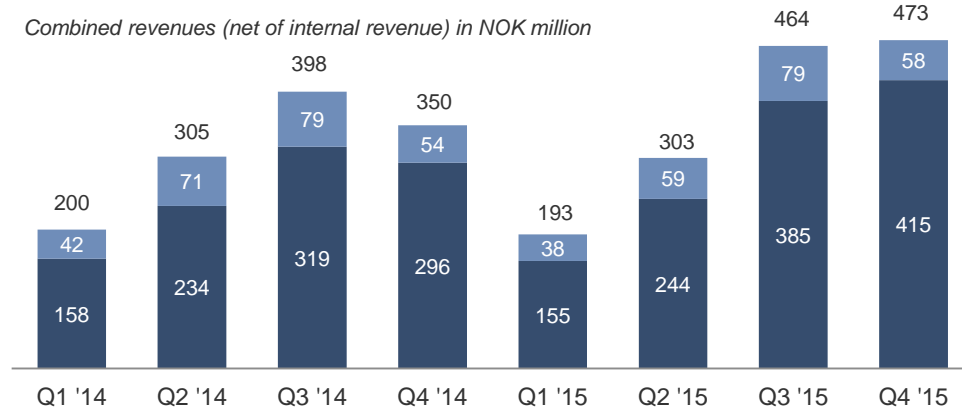
### (Amounts in NOK 1 000)

<b>ASSETS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Intangible non-current assets	614 675	482
Tangible non-current assets	120 593	19 949
Total inventories	114 302	24 983
Total receivables	245 060	42 371
Assets classified as held for sale	0	4 199
Other current assets	359 361	71 553
Cash and cash equivalents	258 229	51 400
<b>Total assets</b>	<b>1 361 251</b>	<b>147 922</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Total equity</b>	<b>729 003</b>	<b>74 656</b>
Non-current interest-bearing liabilities	162 088	977
Pension obligations	5 306	4 348
Deferred taxes	27 600	26
Other non-current liabilities	32 906	4 374
Total interest-bearing current liabilities	87 841	648
Total other current liabilities	349 312	63 547
<b>Total equity and liabilities</b>	<b>1 361 251</b>	<b>147 922</b>

# Business segments - earnings & order book

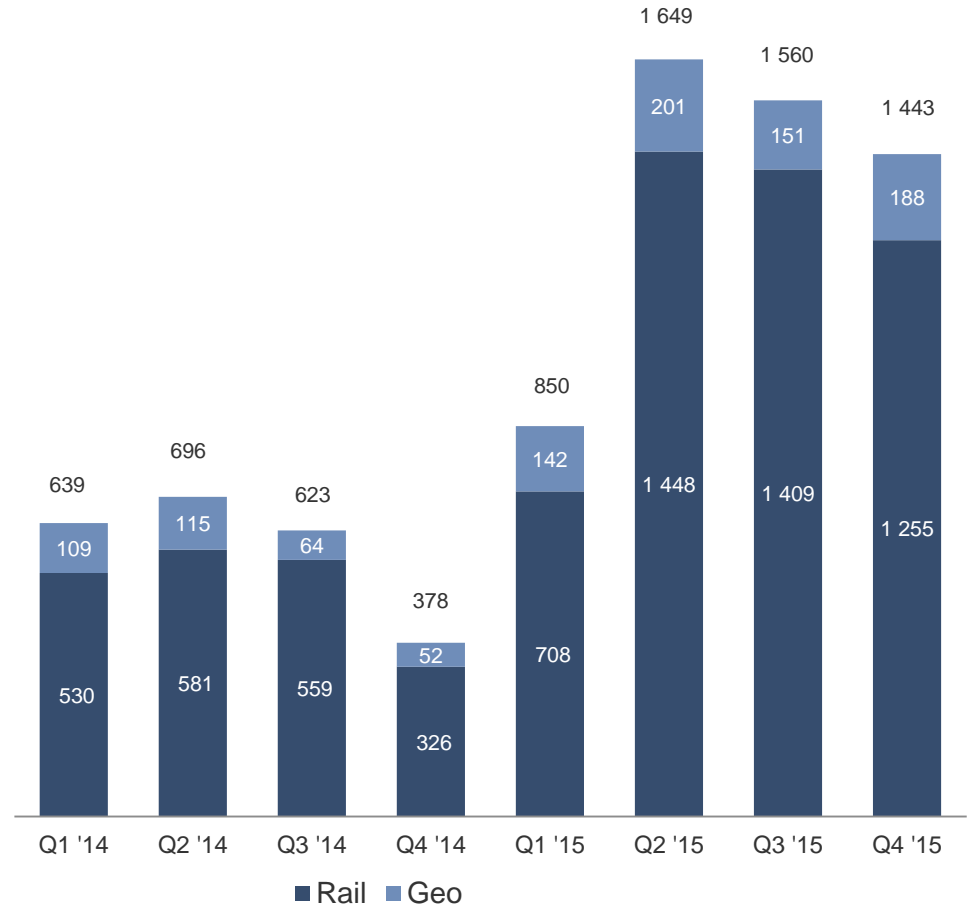
## Combined revenue Q1 2014- Q4 2015

Combined revenues (net of internal revenue) in NOK million



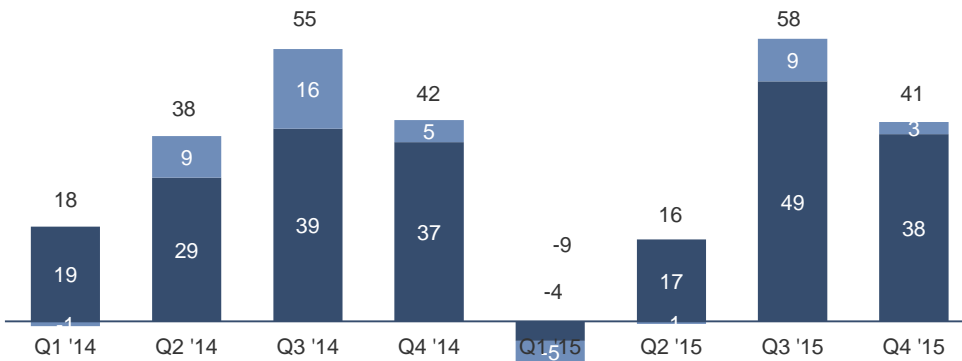
## Order book Q1 2014- Q4 2015

Order book in NOK million for NRC Rail and NRC Geo



## Combined EBITDA Q1 2014- Q4 2015<sup>1)</sup>

Combined EBITA in NOK million



Notes: 1) Other costs (ASA costs) adjusted for in aggregate EBITA figures

# Agenda

---

1	Highlights
2	NRC Group - Company Introduction
3	Q4 Financials
<b>4</b>	<b>Summary &amp; Outlook</b>
5	Appendix

# Summary & outlook

## NRC Group is uniquely positioned to capture the strong growth in the infrastructure markets

1

### Nordic infrastructure and geospatial services markets in strong growth

- Significant investments in railway required to meet national transportation plans approved by the respective governments in Norway and Sweden
- Strong political consensus from an environmental perspective to further increase investments in railway infrastructure
- Development is underpinned by increasing number of tenders for new projects – also larger projects being tendered – in both Norway and Sweden

2

### Strong backlog and specialist capabilities in place to realize strong growth

- Specialist railway infrastructure contractor with leading position in the Norwegian and Swedish markets
- Track-record and capabilities to secure all types of projects in the market
- Market with high barriers to entry due to special permits and competences required
- Latest acquisitions has established NRC Group as significant player in the Nordic rail industry

3

### Asset light and flexible business model with attractive margins

- In-house specialist competence complemented by partnerships with subcontractors ensures flexibility and capacity for superior project execution
- Asset light organization with limited machinery
- Required machinery sourced through partners secures competitive pricing and limits fixed costs
- Highly attractive margins compared to both railway infrastructure specialists and construction companies

4

### Active role in market consolidations

- Consolidation of the market will be driven by increased complexity and size of the projects
- Transactions done by NRC Group have been accretive, while securing continued commitment from the sellers through combination of cash and share transactions
- Synergies through increased utilization of employees, machinery and equipment
- NRC Group has an ambition to take an active role in the further consolidation of the market

# Agenda

---

1	Highlights
2	NRC Group - Company Introduction
3	Q4 Financials
4	Summary & Outlook
<b>5</b>	<b>Appendix</b>

## 20 largest shareholders per 22 February 2016

INVESTOR	NO. OF SHARES	% OF TOTAL SHARES	TYPE	COUNTRY
DATUM AS	5 100 000	14.59%	COMP	NOR
URBEX INVEST AS	4 846 828	13.87%	COMP	NOR
SWEDBANK AB	4 050 536	11.59%	NOM	SWE
DANSKE BANK A/S	2 861 208	8.19%	NOM	SWE
NORDEA BANK AB	1 961 818	5.61%	NOM	SWE
CHARLOTTE HOLDING AS	1 928 008	5.52%	COMP	NOR
DNB NOR MARKETS, AKSJEHAND/ANALYSE	1 850 001	5.29%	COMP	NOR
SOGN INVEST AS	1 296 046	3.71%	COMP	NOR
ALFRED BERG GAMBA	878 094	2.51%	COMP	NOR
ARCTIC FUNDS PLC	804 788	2.30%	COMP	IRL
GRANSHAGEN INVEST AS	601 007	1.72%	COMP	NOR
MIDDELBORG INVEST AS	600 000	1.72%	COMP	NOR
HOLMEN SPESIALFOND	450 000	1.29%	COMP	NOR
ALFRED BERG NORGE	414 040	1.18%	COMP	NOR
KRAG INVEST AS	400 000	1.14%	COMP	NOR
SORA AS	385 000	1.10%	COMP	NOR
MEITNER AS	354 358	1.01%	COMP	NOR
MP PENSJON PK	325 365	0.93%	COMP	NOR
AAMOT TORE	281 173	0.80%	PRIV	NOR
STATOIL PENSJON	274 600	0.79%	COMP	NOR
Total number owned by top 20	29 662 870			
Total number of shares	34 944 483			



The fast growing infrastructure specialist