



Q4 2020 Result presentation NRC Group

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Highlights Q4 2020

Revenue

- NOK 1.58 billion, -5% vs last year

EBITA*

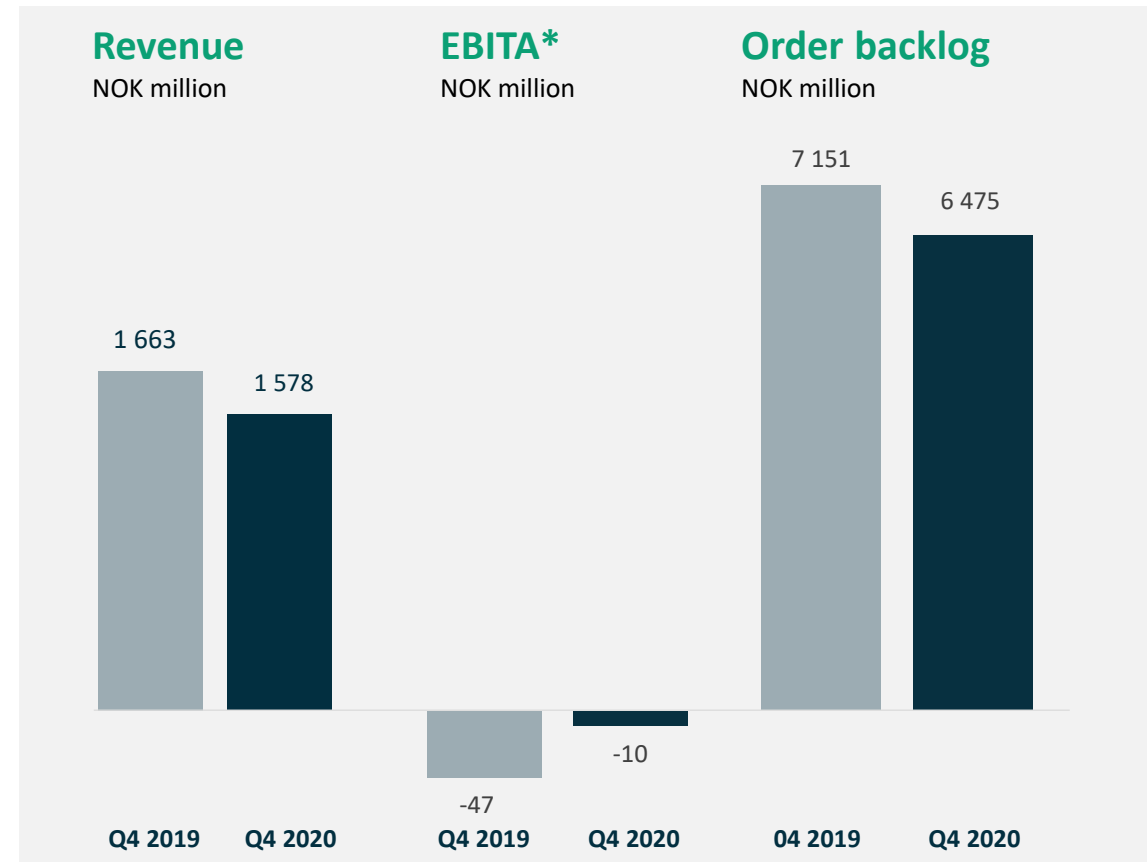
- NOK -10 million
- Strong results in Finland
- Weak results in demolition- and recycling business
- Low revenue in Sweden and in Civil Norway

Orders

- Order intake of NOK 1.4 billion
- Order backlog of NOK 6.5 billion
- Book to Bill: LTM 0.8

Liquidity

- Solid cash flow from cont. operations of NOK 110 million
- Cash position of NOK 610 million



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

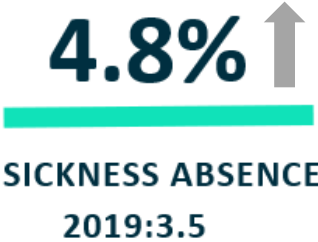
- Limited impact on project execution to date
- Maintenance and upgrade activities considered critical infrastructure
- Increasing uncertainty due further increase of infection
- Restrictions related to workforce mobility, will lead to higher production cost
- The Norwegian Government imposed stricter rules 27 January on foreign nationals seeking entry to Norway that will affect production over time

Risk management

- Maintaining robust financial position
- National public transport agencies represent ~95% of backlog
- Outbreaks may impact productivity, project execution and value chain
- Dependent on customers announcing and awarding tenders as scheduled



Health and safety first



*LTI-1: Injuries resulting in absence at least one full day per million man-hours (incl subcontractors)

**LTI-2: lost time injuries in total per million man-hours, also including injuries that require medical treatment and alternative work (incl subcontractors)

Figures per 31 December 2020 compared with 31 December 2019



Sustainability

2020

- Materiality analysis
 - Climate risk analysis
-

2021

- Define baseline, set goals and ambitions
 - Launch Sustainability report with GRI indicators
 - Preparing for reporting on EU-Taxonomy
 - Seeking opportunities to invest more in a greener machine fleet
-

Q4 key figures – profit & loss

- Revenue in Q4 20 of NOK 1,578 million
- EBITA* in Q4 20 of NOK -10 million
 - Strong results in Finland
 - Lower than expected results in demolition- and recycling business in Norway
 - Low revenue in Sweden and in Civil operation in Norway
- EBITA* % 2020 is 0.8%
- Other income and expenses (M&A) include a NOK 12 million compensation related to earn-out for NSS
- Amortisations: Expected level for 2021 is approximately NOK 50 million

(Amounts in NOK million)	Q4 2020	Q4 2019	FY 2020	FY 2019
Revenue	1 578	1 663	6 449	6 193
Operating expenses	1 534	1 650	6 185	5 927
EBITDA*	44	13	264	267
Other income and expenses (M&A expenses)	9	-32	-1	-91
EBITDA	53	-19	263	176
Depreciation	54	60	214	212
EBITA*	-10	-47	50	55
EBITA	-1	-78	49	-36
Amortisation	14	17	59	70
Operating profit/loss (EBIT)	-16	-95	-10	-105
Net financial items	-20	-20	-84	-73
Profit/loss before tax (EBT)	-36	-115	-94	-178

Q4 2020 key figures – balance sheet

- Goodwill and other intangible assets: NOK 3,010 million
- Cash: NOK 610 million
- Interest-bearing debt including leasing: NOK 1,768 million
 - *Operating lease: NOK 163 million*
- Net interest-bearing debt incl. leasing: NOK 1,158 million
- Equity ratio: 47%

(Amounts in NOK million)

ASSETS	31.12.2020	31.12.2019
Intangible assets	3 010	2 799
Right-of-use assets	588	522
Total other non-current assets	255	301
Cash and cash equivalents	610	154
Other current assets	1 404	1 648
Total assets	5 867	5 423
EQUITY AND LIABILITIES		
Total equity	2 731	2 033
Long-term financial lease liabilities	290	214
Long-term operating lease liabilities	106	125
Other non-current interest-bearing liabilities	1 042	1 161
Other non-current liabilities	52	34
Short-term financial lease liabilities	120	123
Short-term operating lease liabilities	57	63
Other interest-bearing current liabilities	153	101
Other current liabilities	1 316	1 569
Total equity and liabilities	5 867	5 423

Q4 2020 key figures – strong cash flow from operations

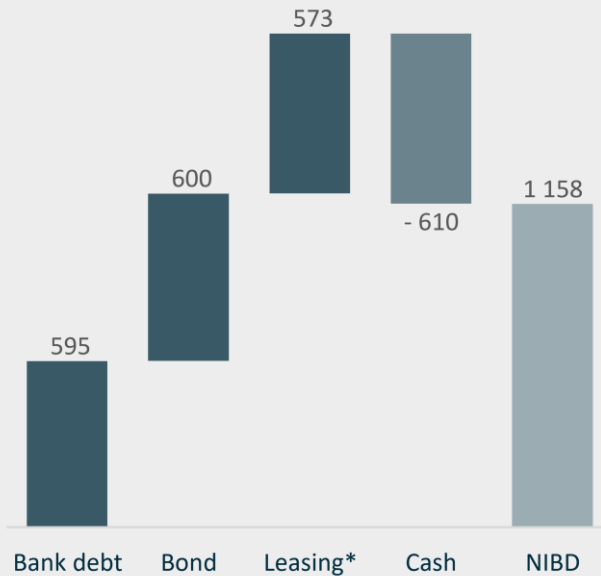
- Solid cash flow from continuing operating activities of NOK 110 million in the quarter and NOK 312 million in 2020
- Net cash from investments of NOK -2 million
- Net cash flow from financing activities of NOK -98 million

(Amounts in NOK million)	Q4 2020	Q4 2019	FY 2020	FY 2019
Profit/loss before tax	-36	-115	-94	-178
Net cash flow from operating activities - continuing	110	63	312	-37
Net cash flow from operating activities - discontinued	-10	54	4	109
Net cash flow from operating activities	100	117	316	71
Net cash flow from investing activities	-2	433	-150	-931
Net cash flow from financing activities	-98	-481	304	628
Net change in cash and cash equivalents	-1	69	470	-232
Cash and cash equivalents at the end of the period	610	154	610	154

Robust financial position as per 31 December

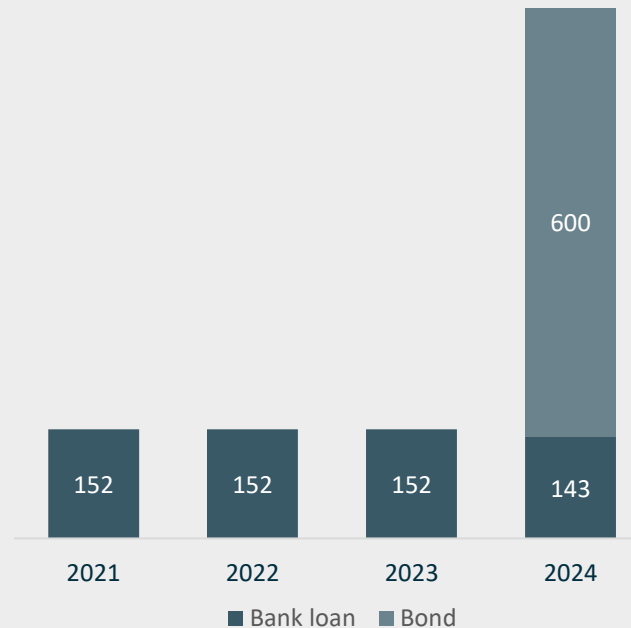
Interest-bearing debt

NOK million



Bank and bond maturities

NOK million

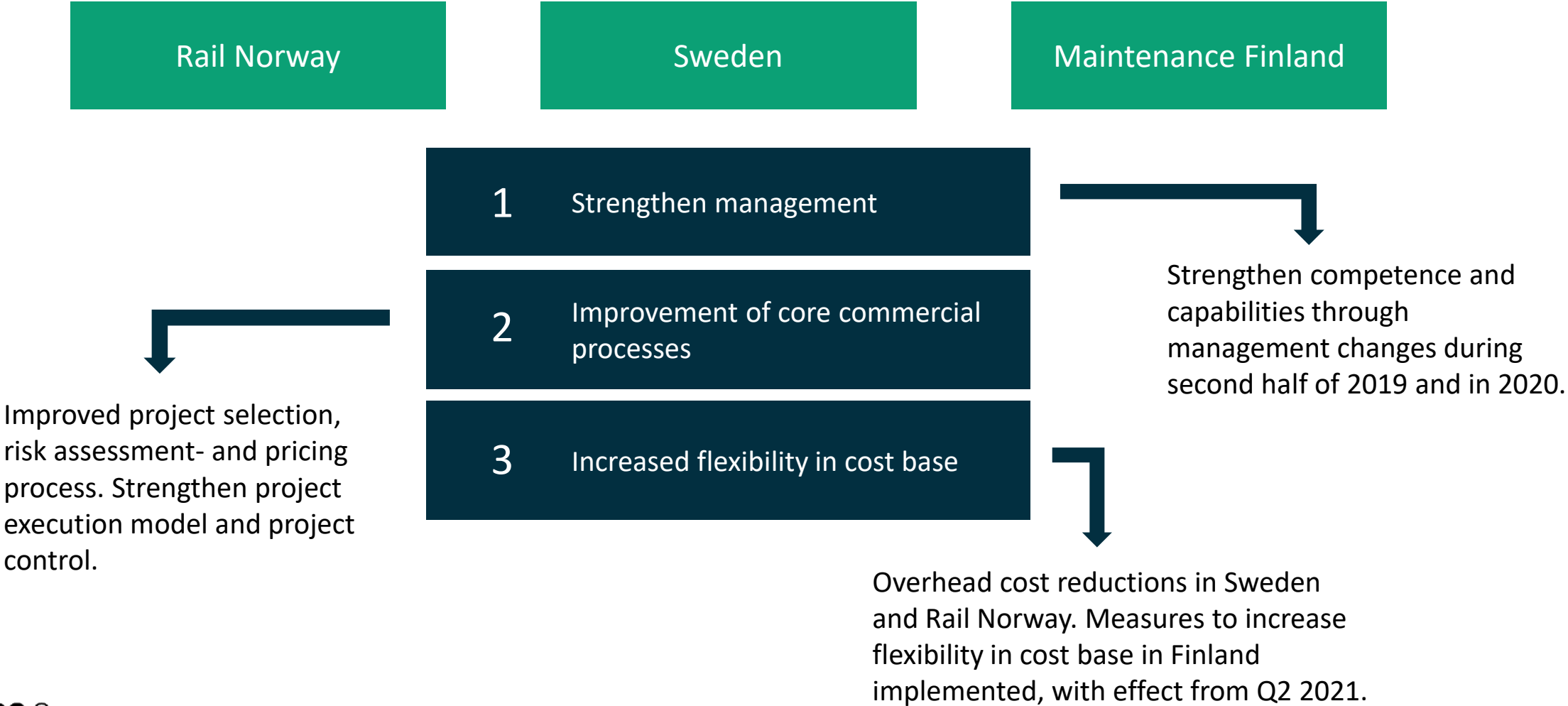


- Cash position of NOK 610 million
- NIBD of NOK 1,158 million
- Undrawn Revolver Credit Facility of NOK 200 million



Operational review

Key measures implemented in 2020



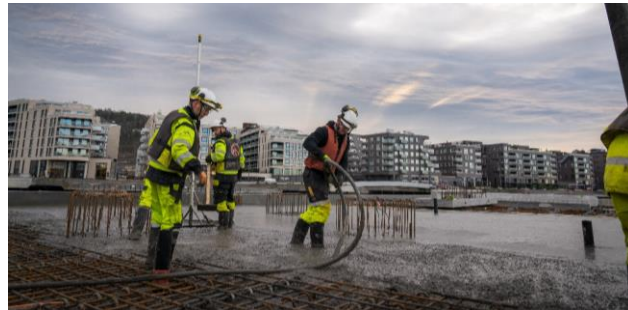
Continued focus in 2021 on core processes to improve profitability



Win the right projects at the right price

A fact-based analytical approach throughout the tender process by:

- Selecting projects based on competitive edge and commercial potential
- Continues improvement of calculation process
- Analytical pricing approach based on systematic use of market intelligence



Operational excellence – do the projects right

Strengthen execution model and portfolio governance by:

- Robust project organisations
- Strengthen production planning, purchasing, contract- and risk management
- Improved financial control by follow up of production cost vs. completion rate



Strong cost awareness

Increase flexibility of cost base

- Reduction of overhead costs
- Improved machine utilization
- Better utilization of capacity and competence across business units

NRC Group Finland – Strong results

-3% Organic growth**

- Strong growth in Light rail
- Lower activity in Maintenance and Materials

EBITA*

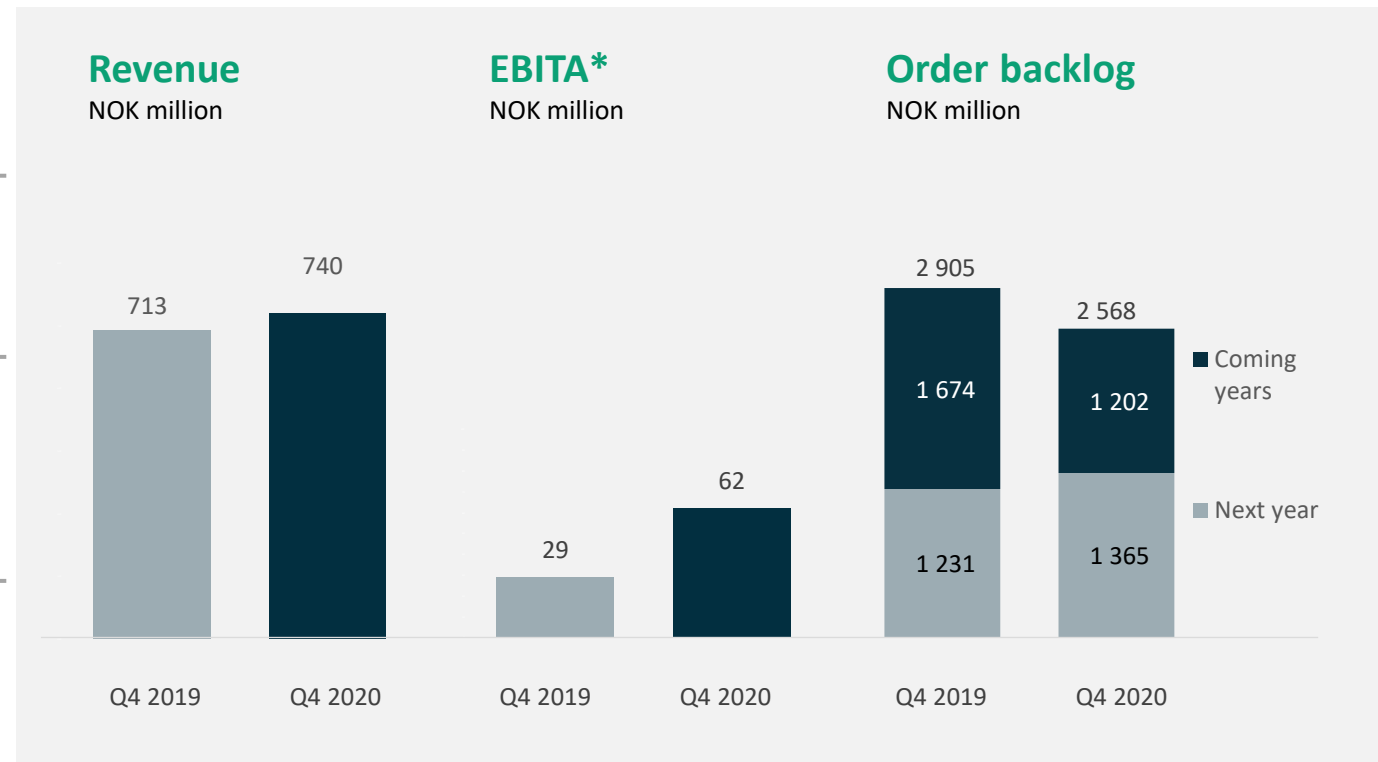
- Strong results in light rail projects

Order intake of NOK 484 million

- Light rail extension contract of EUR 16 million
- Book to Bill LTM: 0.8

Additional measures

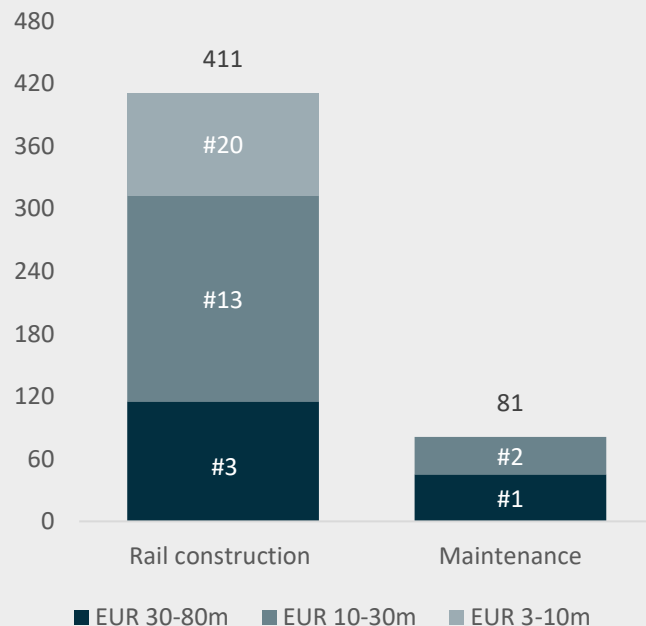
- Measures to reduce costs and increase flexibility in the cost base are being implemented
- Expected to have full effect from second quarter 2021



NRC Group Finland – Solid increase in tender pipeline

EUR 0.5 billion tender pipeline²

EUR million value, # of tenders, next 9 months



Tender pipeline

- Increased with EUR 250 million from Q320 pipeline, mainly Rail construction projects
- EUR 270 million increase from last year

Budget confirmed

- Confirmed high level of investment and spending in national budget for 2021 at EUR 0.92 Bn
- Investments and renewals at high levels

Light rail projects

- Continued high investment level expected
- NRC Finland is market leader
- Crown Bridge project is expected to be decided second half 2021

NRC Group Sweden – weak results

-4% Organic growth**

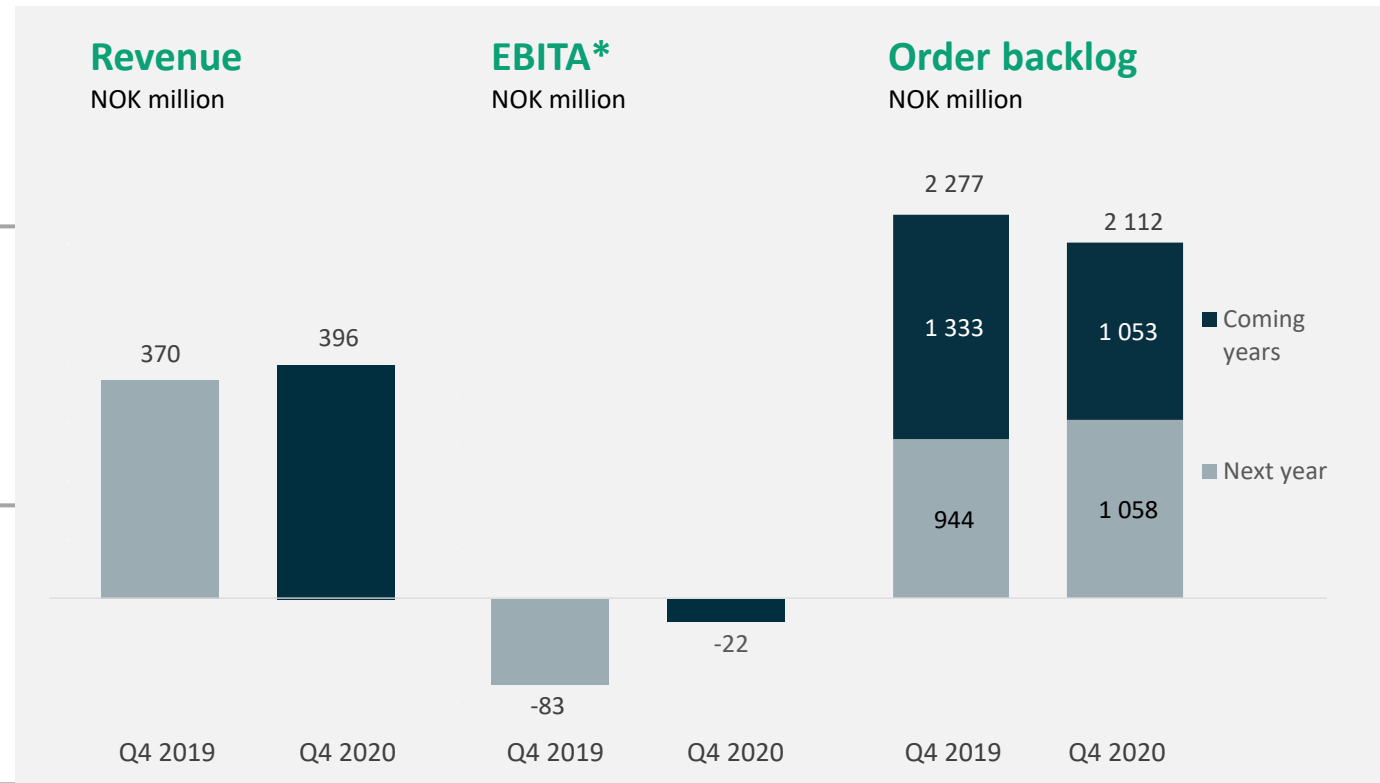
- Low revenue due to low order intake during the year

EBITA*

- Low revenue reduces the profitability
- Project mix with low profitability

Order intake of NOK 375 million

- Two announced contracts, SEK 195 million
- Still fierce price competition
- Book to Bill LTM: 0.8
- Estimated revenue in 2021 on zero margin projects¹ is NOK 135 million



NRC Group Sweden – Focus areas 2021



Civil

- Organic profitable growth
- Expand customer portfolio and geographical expansion
- Target for a more balanced portfolio with small and medium sized projects



Rail Construction

- Improvement processes within project execution and follow up continues
- Increase hit rate in tenders by improving tender processes



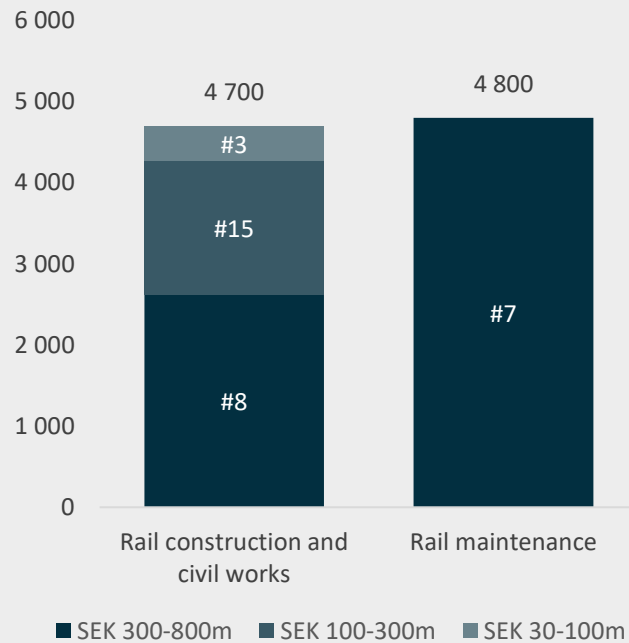
Maintenance

- Steady performance last three years
- Seven contracts to be tendered in the market the next nine months, where three out of seven contracts operated by NRC Group Sweden

NRC Group Sweden – Strong tender pipeline

SEK 9.5 billion tender pipeline¹

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



Tender pipeline

- Increased with SEK 3.0 Bn from Q320 pipeline, mainly maintenance projects
- SEK 3.2 Bn higher than last year at same time, mainly explained with maintenance projects
- Seven maintenance contracts with Trafikverket to be tendered for in the pipeline, including three of our existing contracts

Budget confirmed

- SEK 30.4 Bn for 2021, +7% higher than estimated in the NTP
- The high investment level is expected to continue also in 2022

NRC Group Norway – Low activity and weak results

- 24% organic growth

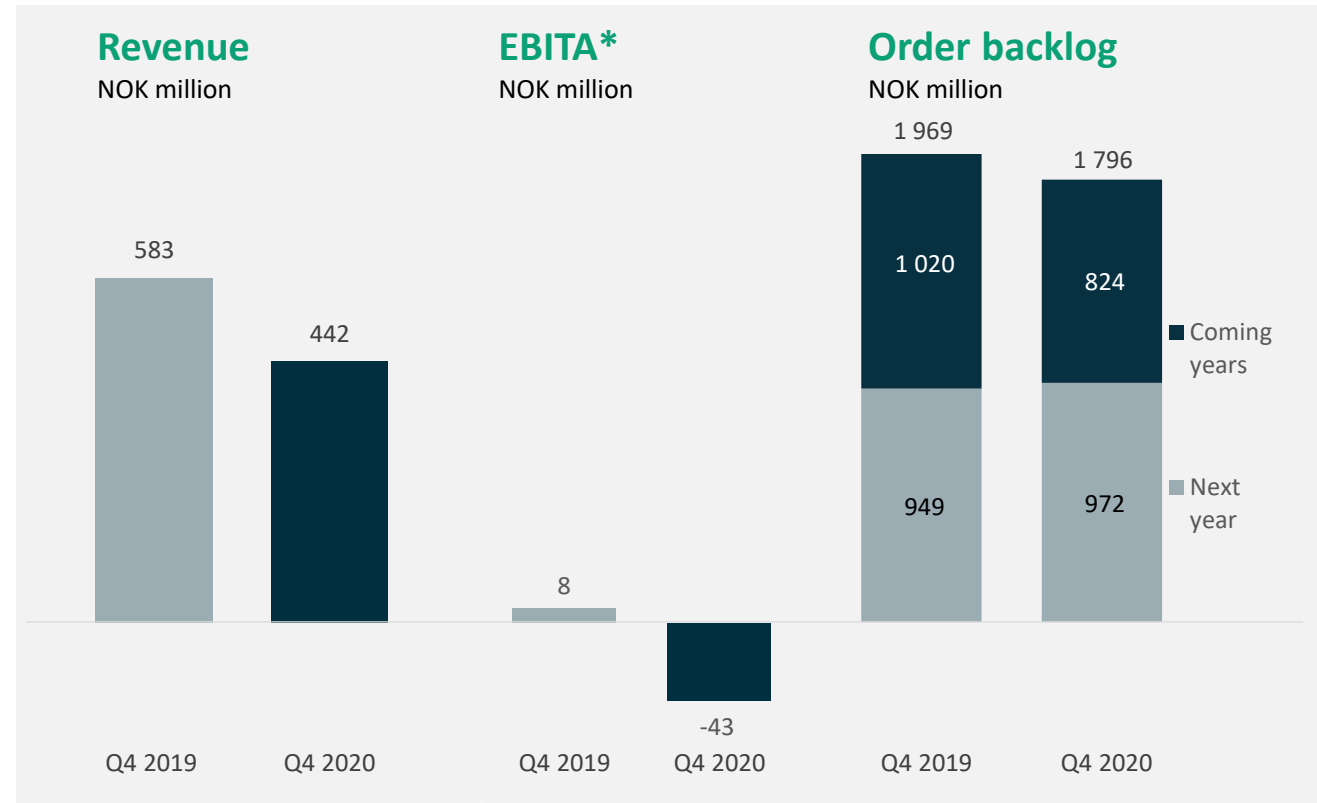
- Lower revenue in Civil due to low order intake during the year
- Lower revenue in demolition- and recycling business

EBITA*

- Improved profitability in Rail Construction
- Weak results in demolition- and recycling business
- Reduced profitability in Civil due to low volume

Order intake of NOK 534 million

- Three contracts, NOK 375 million
- Low orderbook in Civil
- Book to Bill LTM: 0.9



NRC Group Norway – continued focus on core processes to improve profitability



Rail

- Successful implementation of improvement program in 2020
- Continue working on tender processes and project execution processes
- Further improvement is expected in 2021



Civil

- Increase competitiveness and win rate by continued improvement of tender processes



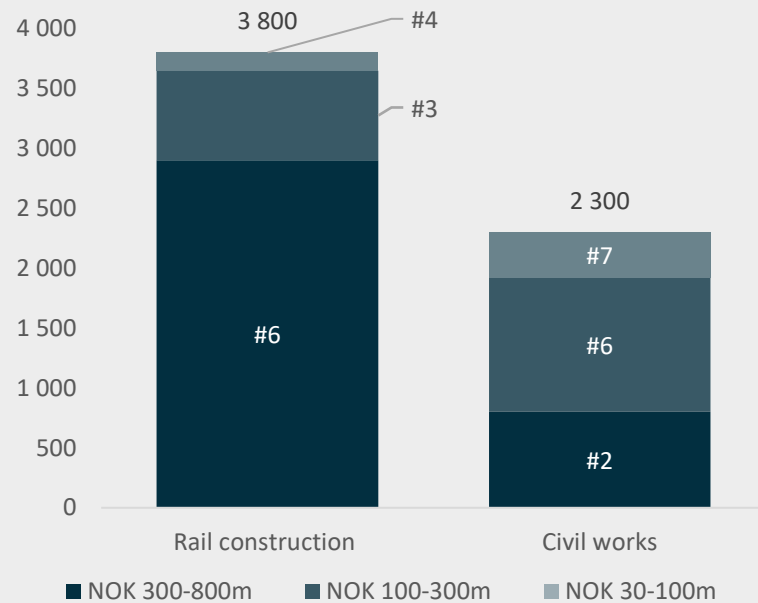
Environment

- Build stronger structure and more robust organizations
- Implement improvement initiatives to restore profitability in Norsk Saneringservice

NRC Norway - Strong tender pipeline

NOK 6.1 billion tender pipeline²

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



Strong pipeline

- Continued high tender activity expected
- Slightly lower tender pipeline than last year
- Increase in projects above NOK 300 million in Rail construction
- Civil and Environment slightly lower than Q320

Budget confirmed

- NOK 26.5 bn for 2021, +20% from 2020 and approximately NOK +1.7 Bn vs NTP level for 2021

Summary

Financials

- EBITA margin in 2020 at 0.8%
 - Solid cashflow from operations in 2020
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Operations

- Focus on core processes in tendering and project execution continues in order to restore profitability in Norway and Sweden
 - Strong project execution in Finland, measures to increase flexibility in cost base with effect from Q2 2021
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Outlook

- Continued strong outlook for investments in sustainable infrastructure confirmed by approved national budgets in Norway, Sweden and Finland
 - Increasing tender pipeline
 - 2021 EBITA margin expected to be 1.75-2.5%
 - Long-term ambitions for 2024 maintained
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Appendix

Segments – key figures quarterly development

	FY 2017	FY 2018	FY 2019	FY 2020	Reported** Q1 2019	Reported** Q2 2019	Reported Q3 2019	Reported*** Q4 2019	Reported Q1 2020	Reported Q2 2020	Reported Q3 2020	Reported Q4 2020
Norway operations (NOK million)												
Total revenue	771	1 598	2 281	1 866	470	545	683	583	407	476	541	442
EBITDA*	43	136	186	82	14	65	75	32	7	50	41	-17
EBITA*	21	96	97	-14	-5	43	52	8	-14	27	16	-43
EBIT*	5	75	70	-23	-13	35	45	2	-18	23	16	-44
Sweden operations (NOK million)												
Total revenue	1 613	1 591	1 539	1 777	299	411	460	370	311	487	583	396
EBITDA*	221	27	-77	-21	-7	-13	14	-71	-15	0	4	-10
EBITA*	198	-8	-125	-69	-20	-24	2	-83	-27	-13	-7	-22
EBIT*	179	-16	-125	-71	-20	-24	2	-83	-28	-14	-8	-23
Finland operations (NOK million)												
Total revenue			2 388	2 811	361	601	712	713	540	700	831	740
EBITDA*			191	231	4	64	70	53	16	37	100	78
EBITA*			116	161	-13	45	55	29	-3	19	84	62
EBIT*			75	116	-24	35	45	19	-14	7	72	50
Total group segment accounts												
Total revenue	2 373	3 176	6 193	6 449	1 130	1 551	1 850	1 663	1 254	1 661	1 956	1 578
EBITDA*	236	132	267	264	-3	103	153	13	-1	81	140	44
EBITA*	190	57	55	50	-54	51	105	-47	-54	27	88	-10
EBIT*	156	29	-15	-8	-72	34	87	-63	-69	11	75	-25

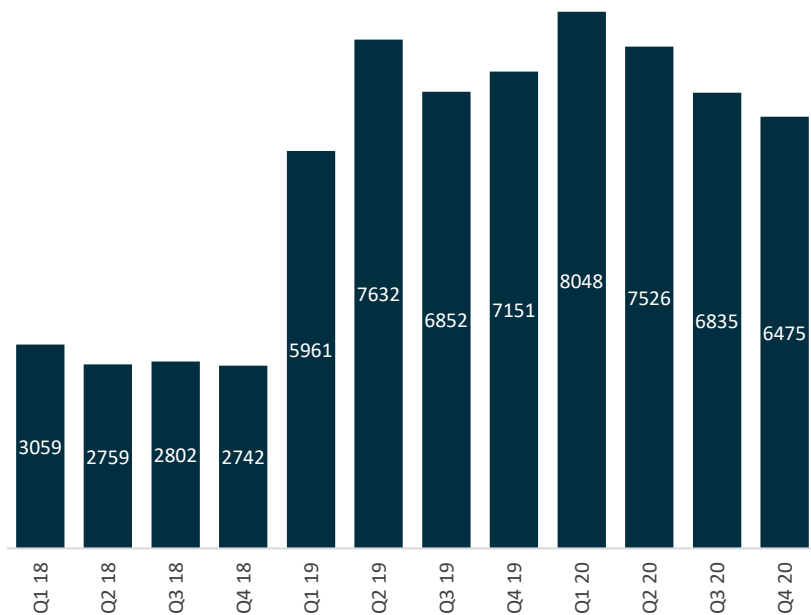
*Before other income and expenses (M&A expenses).

**Design operations restated as discontinued operations.

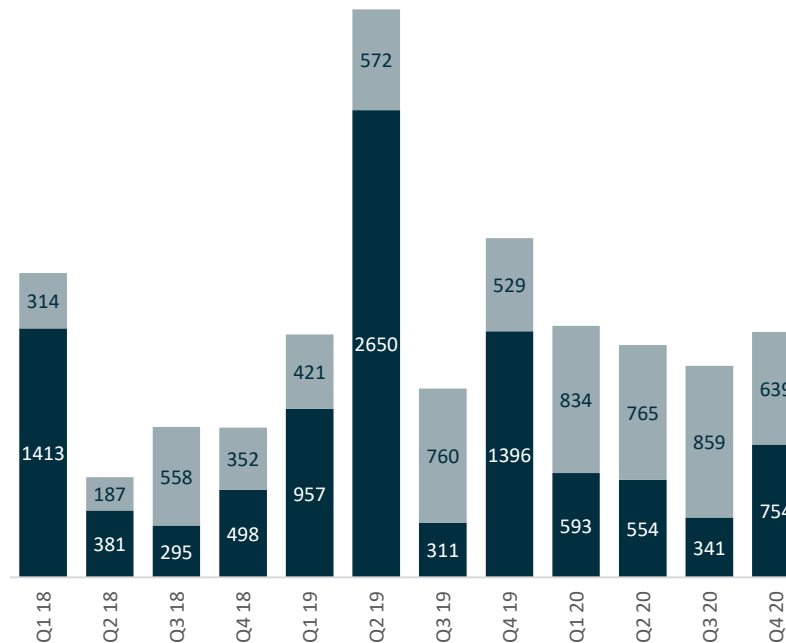
***Restated due to deviation from Q4 to full-year 2019 report related to the final settlement of a dispute from 2015 decided by an arbitration court.

Orderbook and order intake Q4 2020

Order book* (NOK million)



Order intake (NOK million)

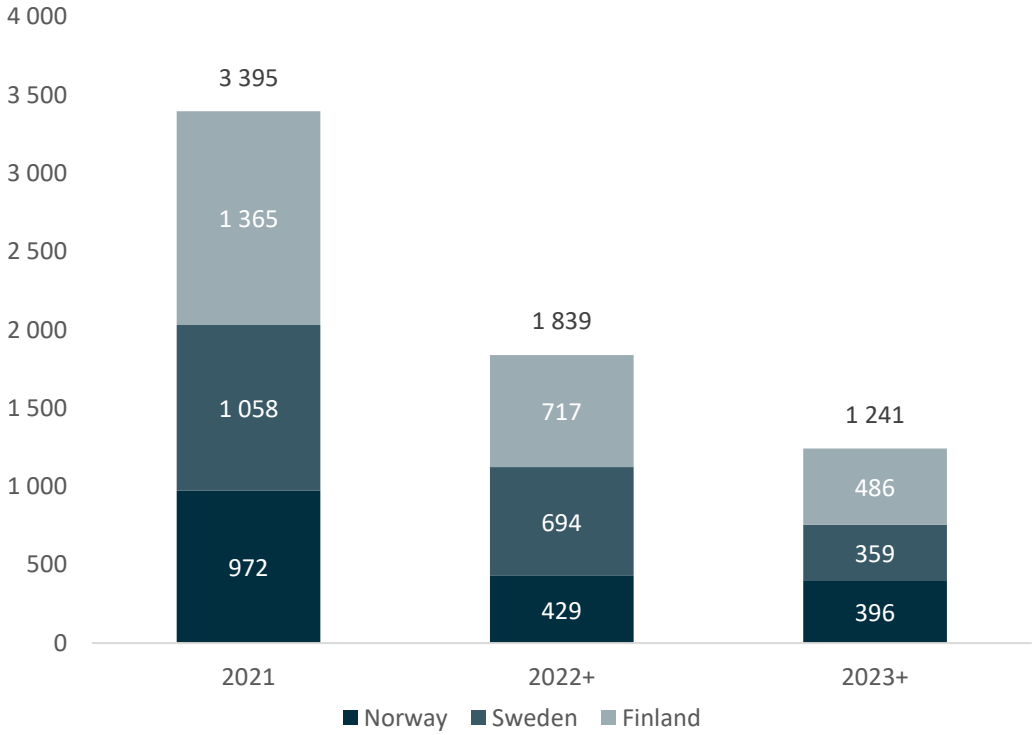


■ Announced order intake ■ Unannounced order intake

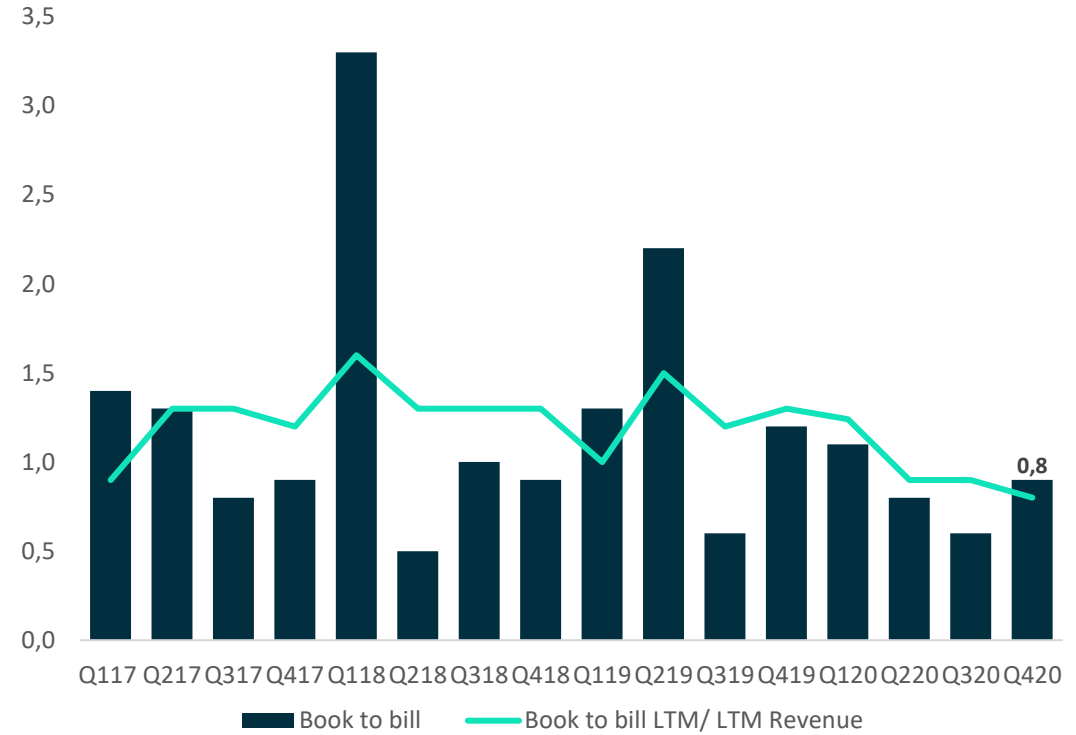
- Order book NOK 6,475 million
- Order intake of NOK 1,392 million
 - Announced orders NOK 754 million
 - Unannounced orders NOK 639 million

Orderbook indicates moderate growth in 2021

Order book execution by country
NOK million



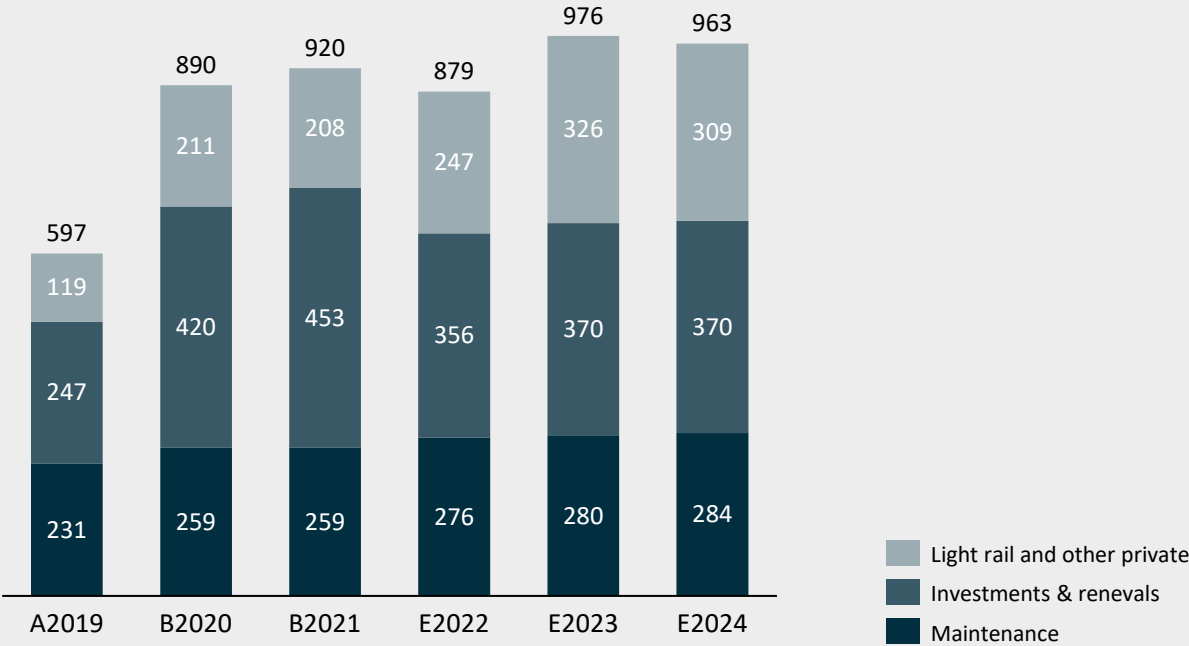
Book-to-bill ratio
Period order intake/revenue



NRC Finland – Confirmed continued high level of investment in 2021

Rail investments and maintenance spending¹

EUR million, 2019-24



Budget confirmed

- Confirmed investments and spending at EURO 0.92 Bn
- Investments and renewals at high levels

Light rail projects

- Continued high investment level expected
- NRC Finland is market leader
- Crown Bridge project is expected to be decided second half 2021

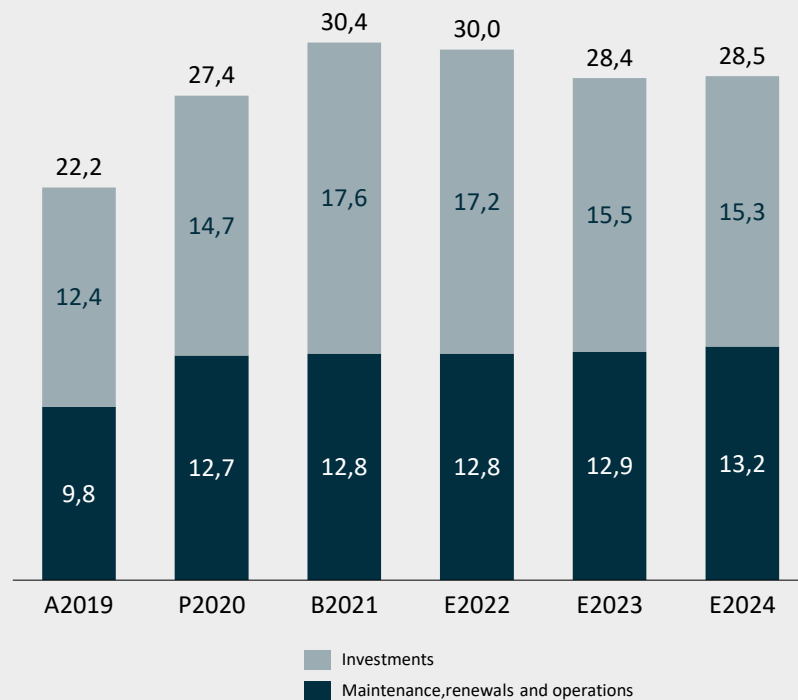
1) Finnish Transportation Agency, National Budget 2021, NRC Group estimates



NRC Sweden – High investment level in line with expectations

Rail investments and maintenance spending¹

SEK billion, 2019-24



Budget confirmed

- SEK 30.4 Bn for 2021, +7% higher than estimated in the NTP
- The high investment level is expected to continue also in 2022

Rail investments

- SEK +2.9 Bn mainly targeted to existing larger projects

Maintenance

- Additional allocation of SEK 700 mill in 2020 and SEK 500 mill each year in 2021-2023

Renewal

- SEK 3.7 bn in 2021 vs SEK 4.3 bn in 2020

Maintenance backlog

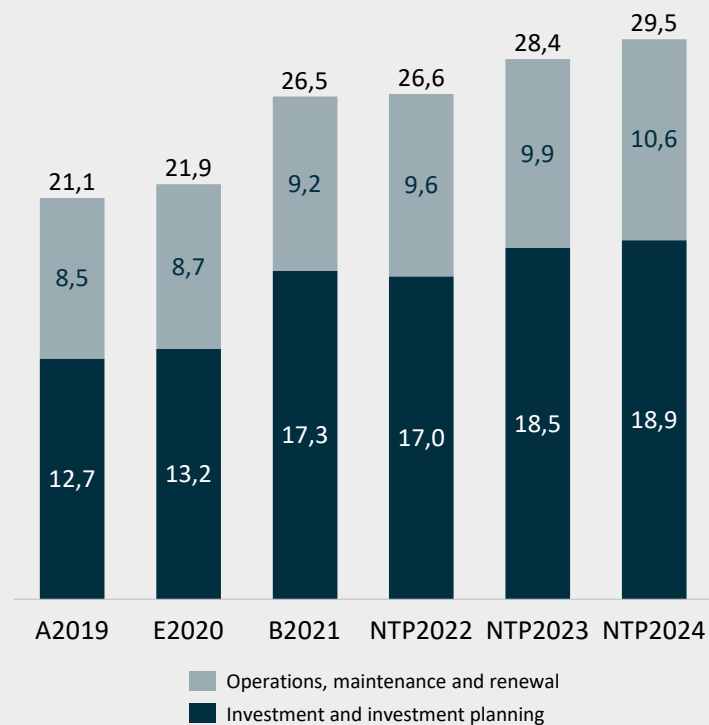
- SEK ~18 Bn in 2020 and expected to be stable going forward

1) Sweden: National budget 2021 with estimated for 2022-23, Swedish Transport Administration estimates for 2024 excluding estimated railroad tax; Maintenance is including renewal/reinvestments. Excluding tram and metro

NRC Norway - Investment growth in 2021 mainly related to on-going projects

Rail investments and maintenance spending¹

NOK billion, 2019-24



Budget confirmed

- NOK 26.5 bn for 2021, +20% from 2020 and approximately NOK +1.7 Bn vs NTP level for 2021

Rail investments

- Increase of NOK +4.5 bn mainly targeted to already awarded Inter City investment (IC) projects in Vestfoldbanen, Meråkerbanen and other IC projects

Budget for operations, maintenance and renewal

- NOK 9.2 bn - up NOK 0.5 bn mainly related to implementation of ERTMS
- Renewal and upgrade NOK 2.3 bn in 2021 (NOK 2.2 bn in 2020)

Maintenance backlog

- NOK 21 bn in 2020 and expected to increase to NOK 23 bn during 2021