



NRC Group ASA

Capital markets update

Oslo, 13 February 2020

 **NRC Group**

Agenda

08:30 – 09:00	Light breakfast and registration	
09:00 – 09:15	Q4 review	Henning Olsen, CEO and Dag Fladby, CFO
09:15 – 10:00	Creating a Nordic leader in sustainable infrastructure Restoring profitability Growth and expansion	Henning Olsen, CEO
10:00 – 10:10	Coffee break	
10:10 – 11:00	Our markets Finland Sweden Norway	Harri Lukkarinen, MD Finland Robert Röder, MD Sweden Henning Olsen, CEO
11:00 – 11:20	Group financial perspectives	Dag Fladby, CFO
11:20 – 11:40	Summary and closing remarks Q&A	CEO and CFO
11:40 – 12:30	Lunch and mingling	

Disclaimer

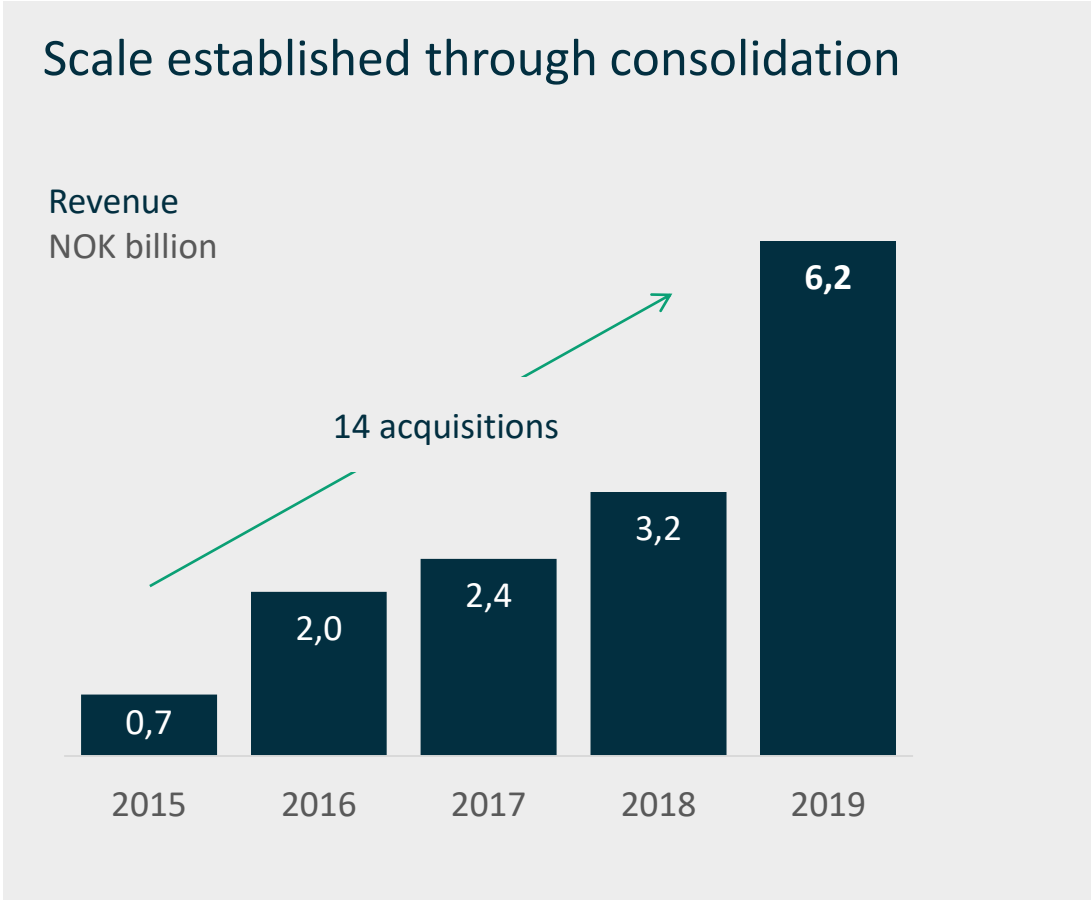
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Creating a Nordic leader in sustainable infrastructure

CEO – Henning Olsen

Created to capitalize on strong Nordic infrastructure markets



Strong regional positions in attractive markets

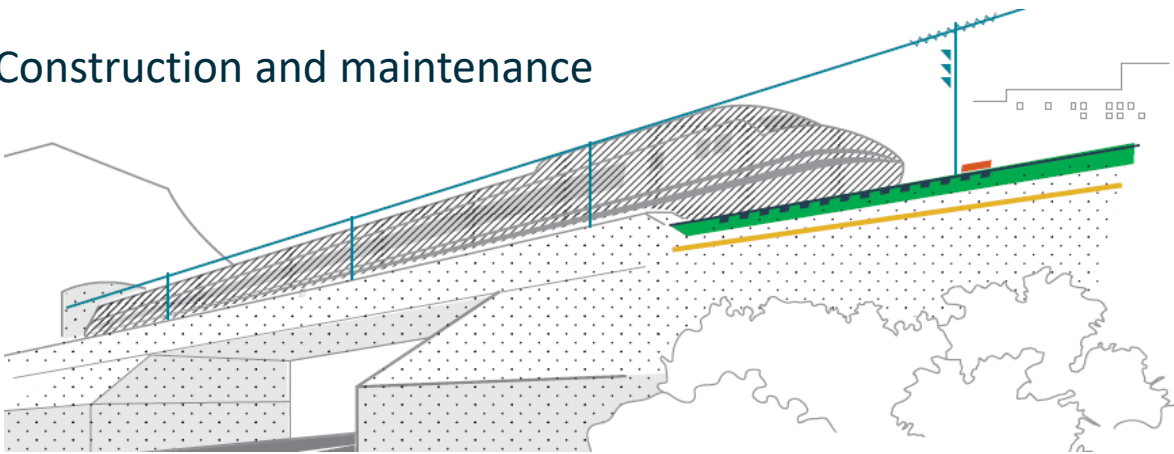
Market positions
Rail










- Solid long-term growth in Nordic infrastructure investments
- Good visibility on future activity levels
- High barriers to entry
- Large and growing maintenance backlog
- More and larger multi-capability enterprise contracts

Offering the entire rail value chain and complementary services

Rail

Construction and maintenance



-  Groundwork, tunnels, bridges, culverts, etc.
-  Tracks
-  Sleepers
-  Ballast
-  Switches
-  Cable channels
-  Cables
-  Signal
-  Electro

Complementary services

Civil



Concrete works



Groundwork



Ports/Harbours

Environment



Water/wastewater



Recycling



Bulk transport

Our long-term ambitions

Position

“Be the most attractive partner and employer of tomorrow’s infrastructure”

Strategic priorities

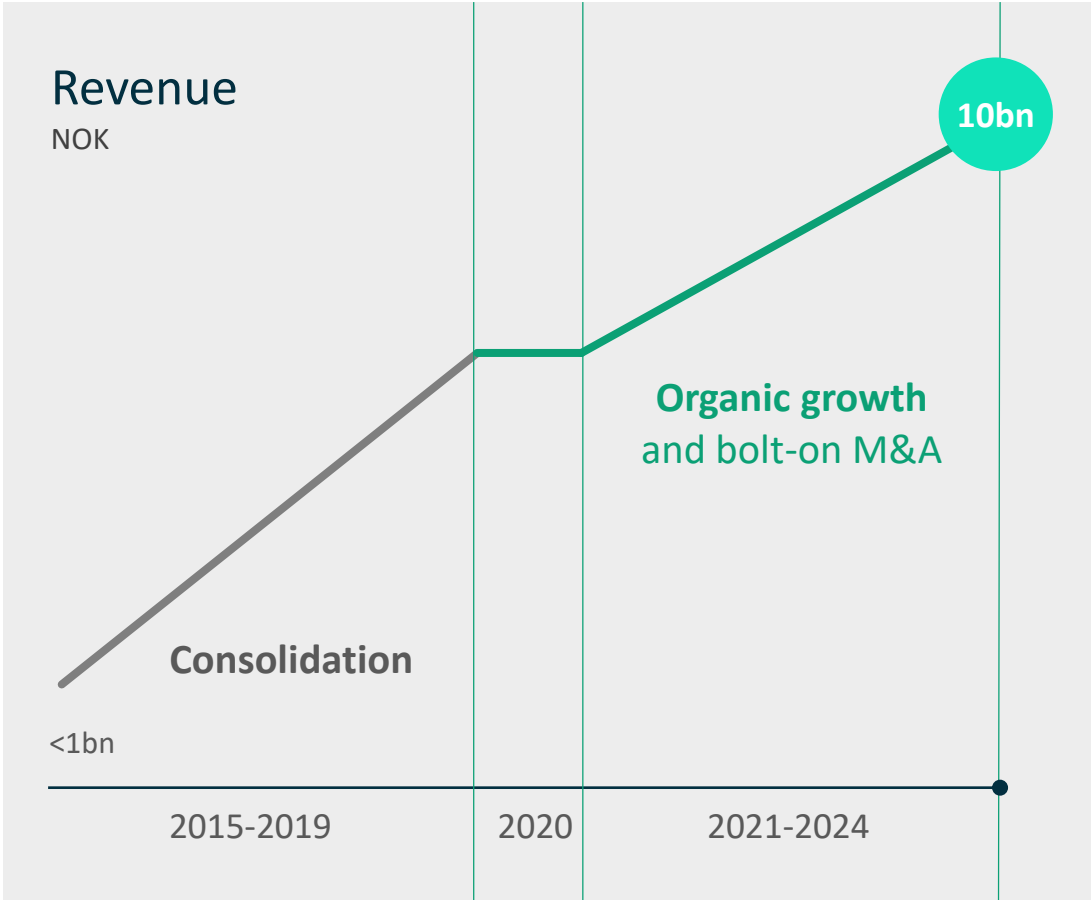
- Restore profitability through operational improvements
 - Capitalize on leading Nordic position and strong markets through profitable organic growth
 - Utilising Nordic capabilities to expand into complementary services
-

2024 financial ambitions

NOK 10 billion revenue

7% EBITA-margin

Short-term focus on restoring profitability through operational improvements



Key focus areas in 2020 and beyond

People: Attract and retain the right leadership, project managers and skilled workforce

Tender process: Strengthen project selection, risk assessment and pricing process

Execution: Strengthen execution model and portfolio governance

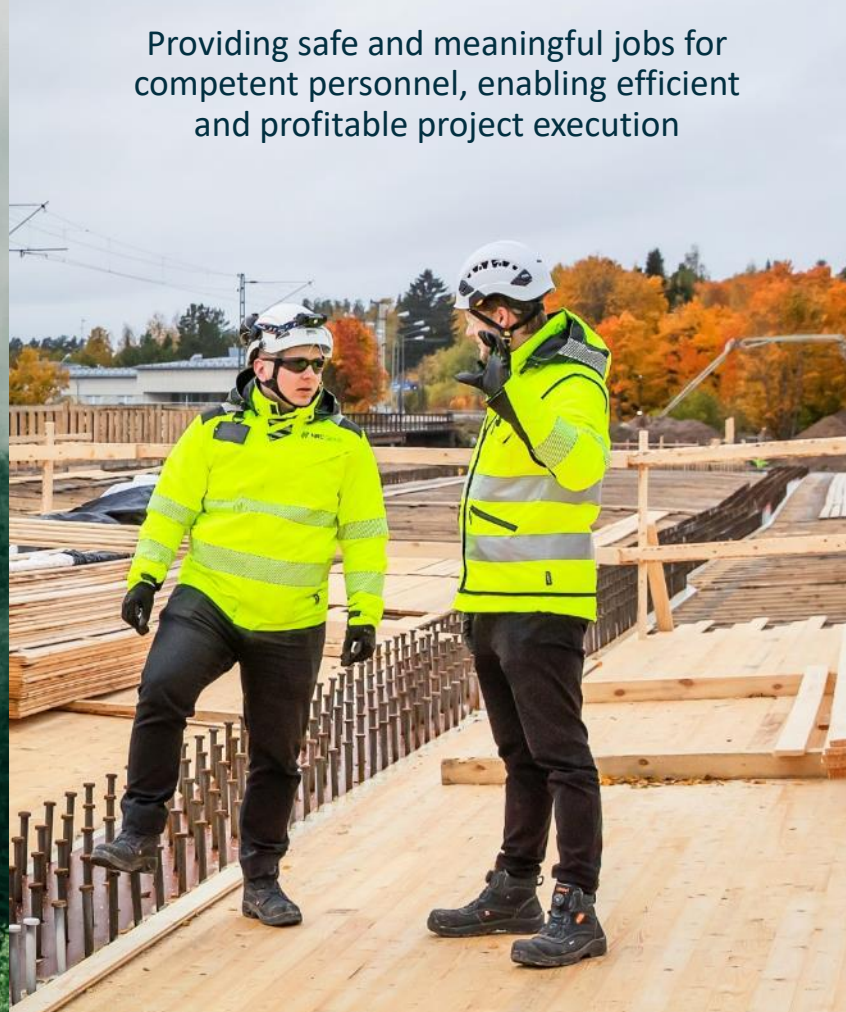
Environment

Creating safe, low-carbon transport systems for efficient movement of people and goods



Social

Providing safe and meaningful jobs for competent personnel, enabling efficient and profitable project execution



Governance

Ethical behaviour and well-developed governance framework in place for a sustainable and long-term profitable business



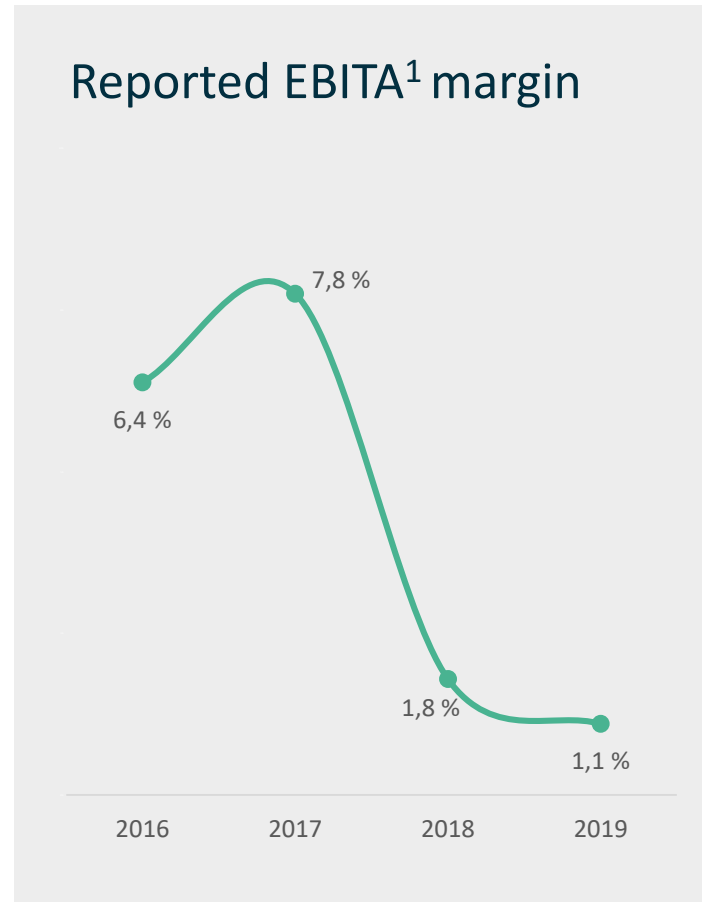
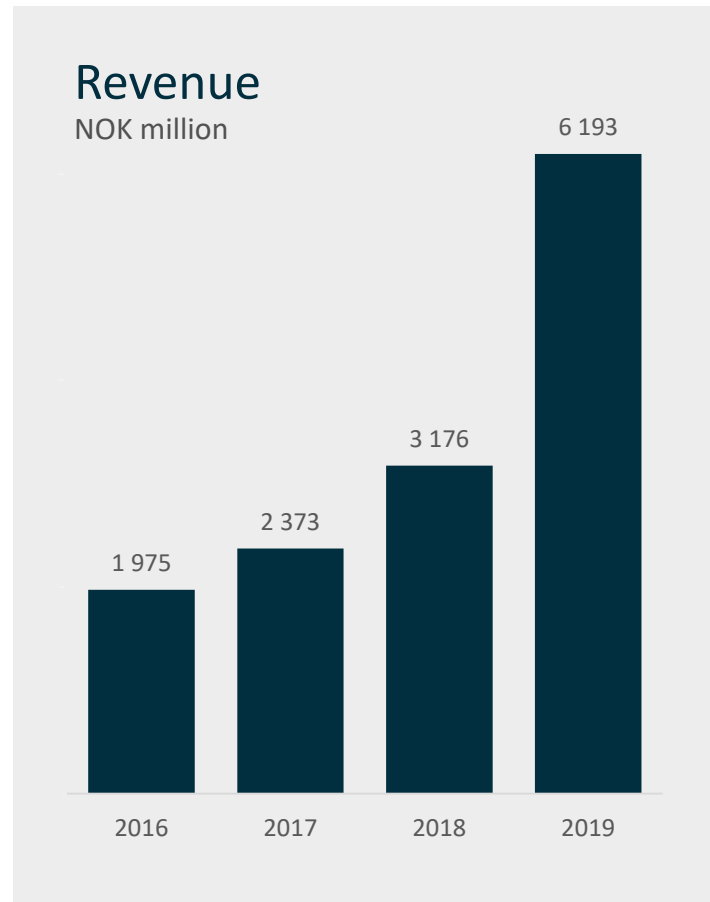
Sustainable infrastructure is a part of the solution



Restoring profitability

CEO – Henning Olsen

Margin recovery is the main short-term priority

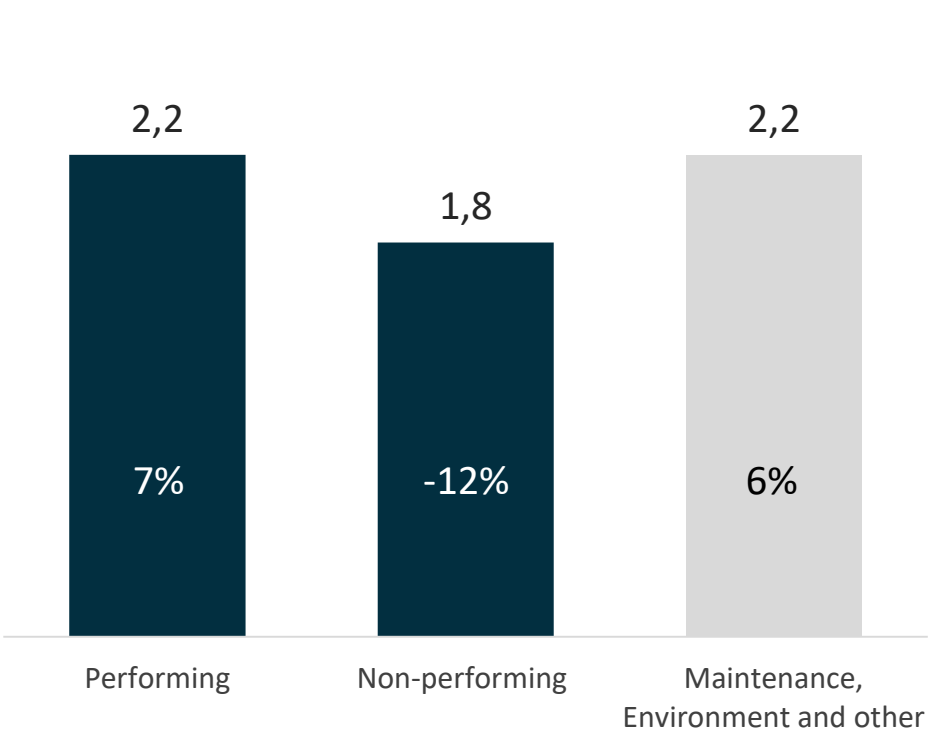


- Strong growth and margin for Civil and Environment in Norway, and Rail construction in Finland
- Good execution on maintenance portfolio
- Low machine utilisation in Finland
- Rail and Civil construction in Sweden and Rail in Norway impacted by non-performing projects

Improving performance in loss-making units is the key to short- and long-term margin recovery

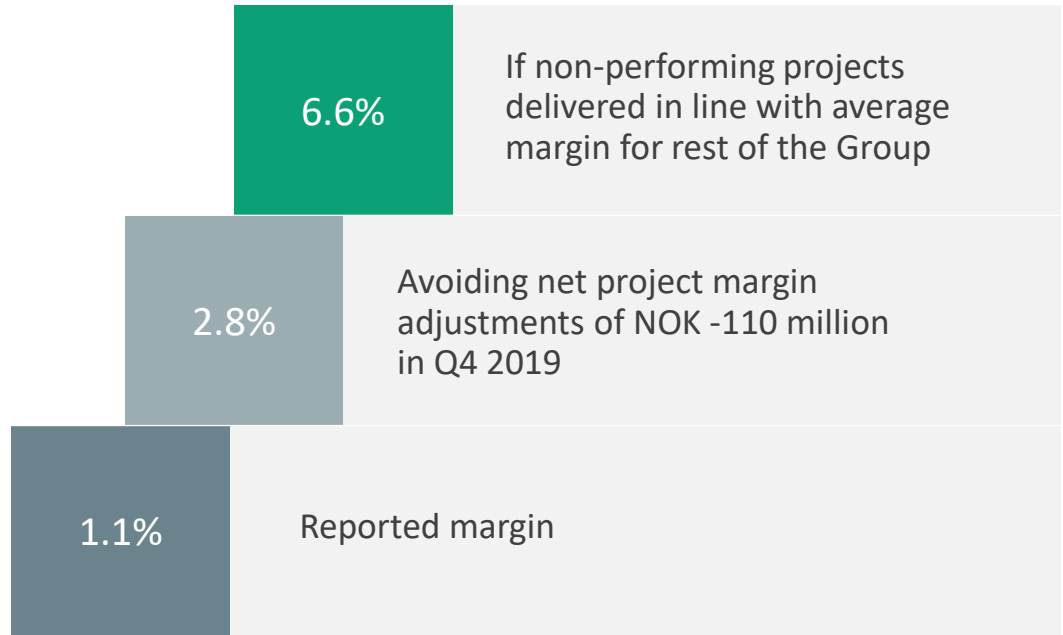
Construction units performance¹

2019 revenue NOK billion and EBITA margin²



Margin sensitivity

2019 Group EBITA margin scenarios

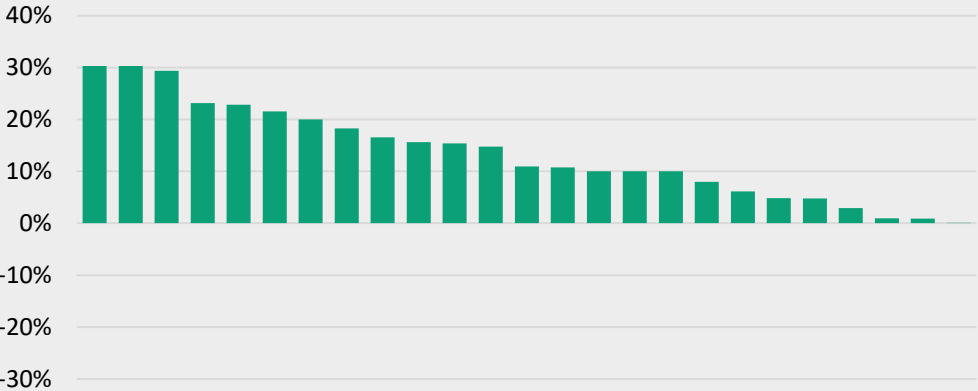


1) Performing: Civil construction in Norway and Rail Construction in Finland
 Non-performing: Rail construction in Norway and Rail-and Civil Construction in Sweden

We will implement best practices from performing units

Project margin: Performing unit

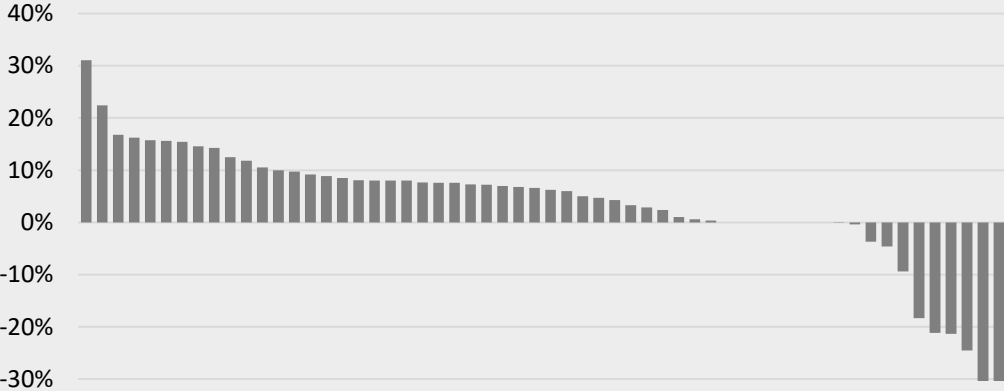
Example of project portfolio from one performing division



- 26 projects to date
- No project losses

Project margin: Non-performing units

Project portfolio Rail and Civil Sweden, and Rail in Norway



- 58 projects
- All loss-making construction projects tendered before H2 2019
- 10 projects with estimated PTE (Project-To-End) loss
- Net project adjustment in Q4 NOK ~130 mill



Four levers to improve profitability

1 Changes to management

2 New management implementing proven processes

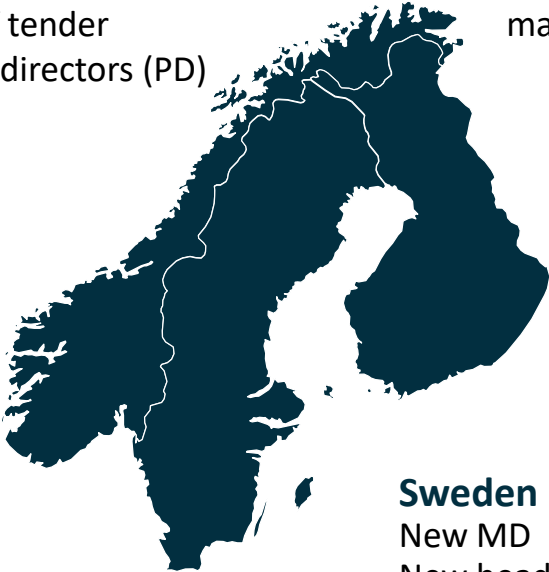
3 Overhead reduction

4 Develop Group structure to support improvement processes and profitable growth

Key management changes in 2019

Norway

New MD of Rail
New head of tender
New project directors (PD)



Finland

New maintenance management

Group
New CEO

Sweden

New MD
New head of tender
New PD Civil
New PD Rail Construction



A new management sharing the NRC culture and belief in how to run a construction and maintenance company

Leadership built around proven processes



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
- Professionalising calculation process
- Group-wide process for commercial risk assessments in tender phase
- Analytical pricing approach based on systematic use of market intelligence

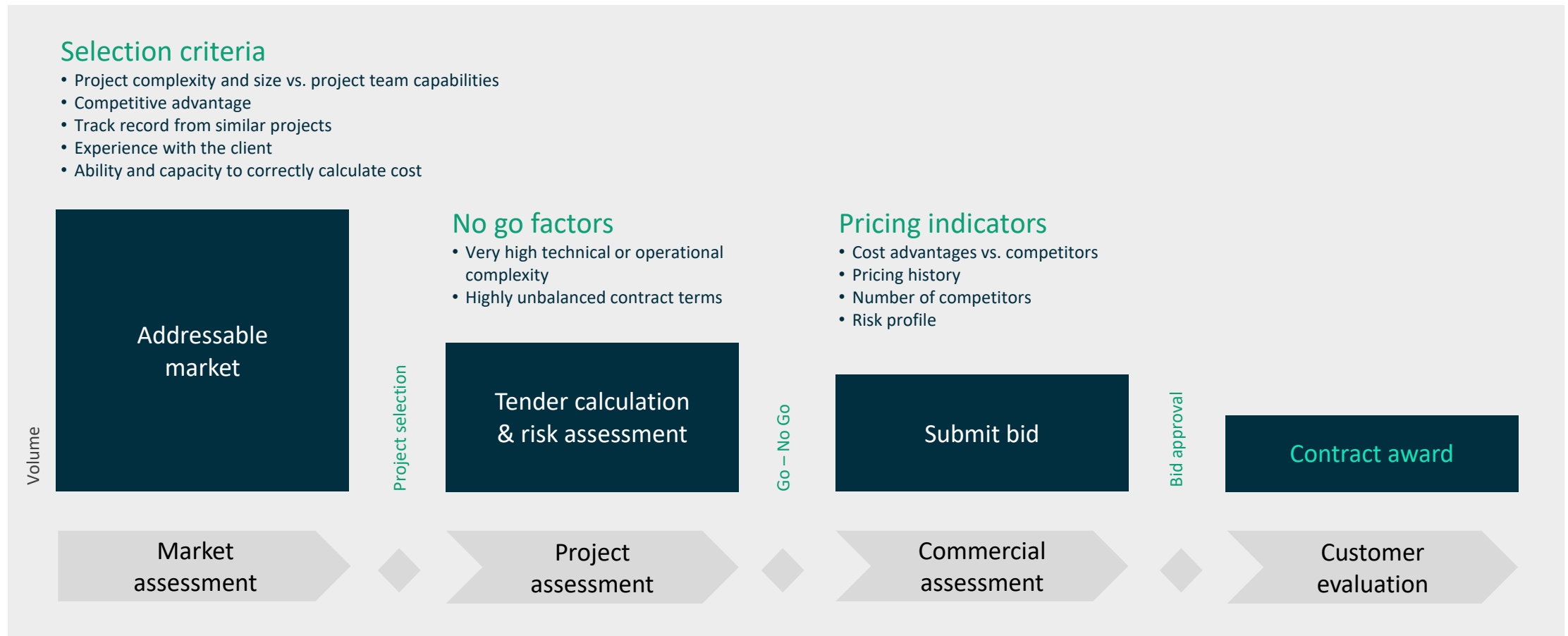


Operational excellence – do the projects right

Strengthen execution model and portfolio governance by:

- Robust project organisation – matching capabilities with project challenges
- Strengthen resource planning and sub-contractor strategy
- Contract management
- Implement new risk management tools
- Monthly processes for governance of production cost vs. actual completion rate

Disciplined tender approach to win the right projects at the right price



Catenary contract awarded after new tender approach

Project selection

- Leverage scarce catenary work resources
- Synergies with maintenance operations
- Successful market assessment

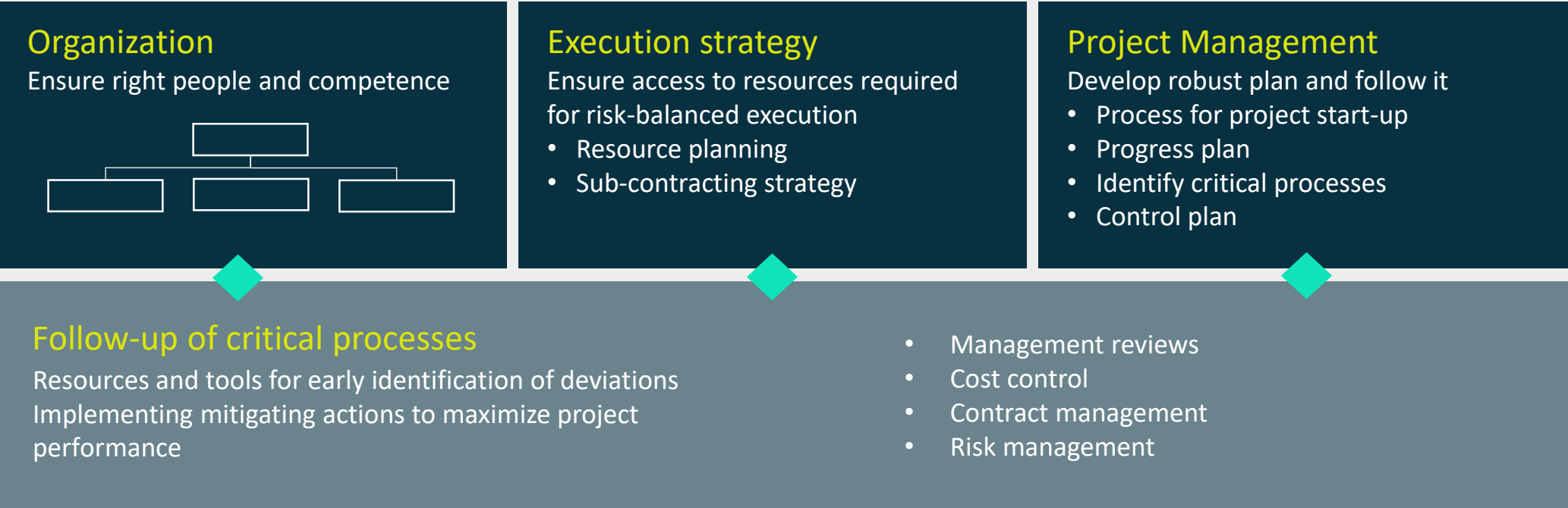
Value	Services	Timeline
SEK 149m	Electro Groundwork	Award Q1'20 Execution Q1'20-Q4'22



Österås-Bispgården,
Ramsjö-Ljusdal,
Storvik-Gävle

Strengthening execution model and portfolio governance

Build operational excellence – do the projects right



Drammen-Gulskogen: A co-operation between Civil and Rail in Norway

Project selection

- Preparatory ground and railway technical works for the Intercity program
- Low number of competitors due to scope of rail technical work
- Multidisciplinary delivery with Civil, Rail and Environment

Value	Services	Timeline
NOK 175m	Electro Track Groundwork Signal/telecom	Award Q4'19 Execution Q1'20-Q3'21



Net overhead cost reduction of NOK 55 million



Sweden

- Personnel, consultants and locations
- Improve resource utilization to reduce production overhead



Rail in Norway




- Reduction of personnel and locations
- Improve resource utilization to reduce production overhead



Finland

- Adjustment of overhead level after sale of Design and expected lower revenue in maintenance

Local improvement programs ongoing to restore profitability

	Sweden	Rail Norway	Finland
	Improvement program started August 19	Improvement program started June 19	Initiatives ongoing from June 19
 <p>People</p>	<ul style="list-style-type: none"> • New Country Manager from 1 Sept • New project directors for Rail and Civil • Strengthen project management skills through internal training and recruiting 	<ul style="list-style-type: none"> • New management team in place, proven resources in key positions from Sept '19 • Strengthen project management skills through internal trainings and closer integration with Civil 	<ul style="list-style-type: none"> • Strengthen project management skills through internal training and recruiting • New management group in Maintenance
 <p>Tender process</p>	<ul style="list-style-type: none"> • Improved tender process implemented from 2H 2019 • Pricing discipline key to regain profitability 	<ul style="list-style-type: none"> • Improved tender selection, risk assessment and pricing implemented from Q3 2019 • Recruited proven resources on calculation on complex rail construction projects 	<ul style="list-style-type: none"> • Group wide processes on tender process and risk assessment to be implemented
 <p>Execution</p>	<ul style="list-style-type: none"> • Project- and contract management, cost control and risk management • Extracting operational synergies between Rail Construction and Maintenance • Joint machine operations with Norway 	<ul style="list-style-type: none"> • Project- and contract management, cost control and risk management implemented from Q3 2019 • Resource planning and sub-contractor strategy • Joint machine operations with Sweden • Cooperation with Civil on complex projects 	<ul style="list-style-type: none"> • Risk assessment to be implemented on new projects • Reorganized machine operations and optimize capacity • Capacity adjustments Maintenance

Group functions strengthened to lead, support and monitor implementation of improvement process and growth strategy

New group function



- Common guidelines and minimum requirements for risk assessment and project control
- Roll-out of methodology and training by group
- Implementation on country level

New group function



- Develop employer branding strategy
- Establish the NRC School and talent management processes
- Implementation on country level

Reporting to GMT¹



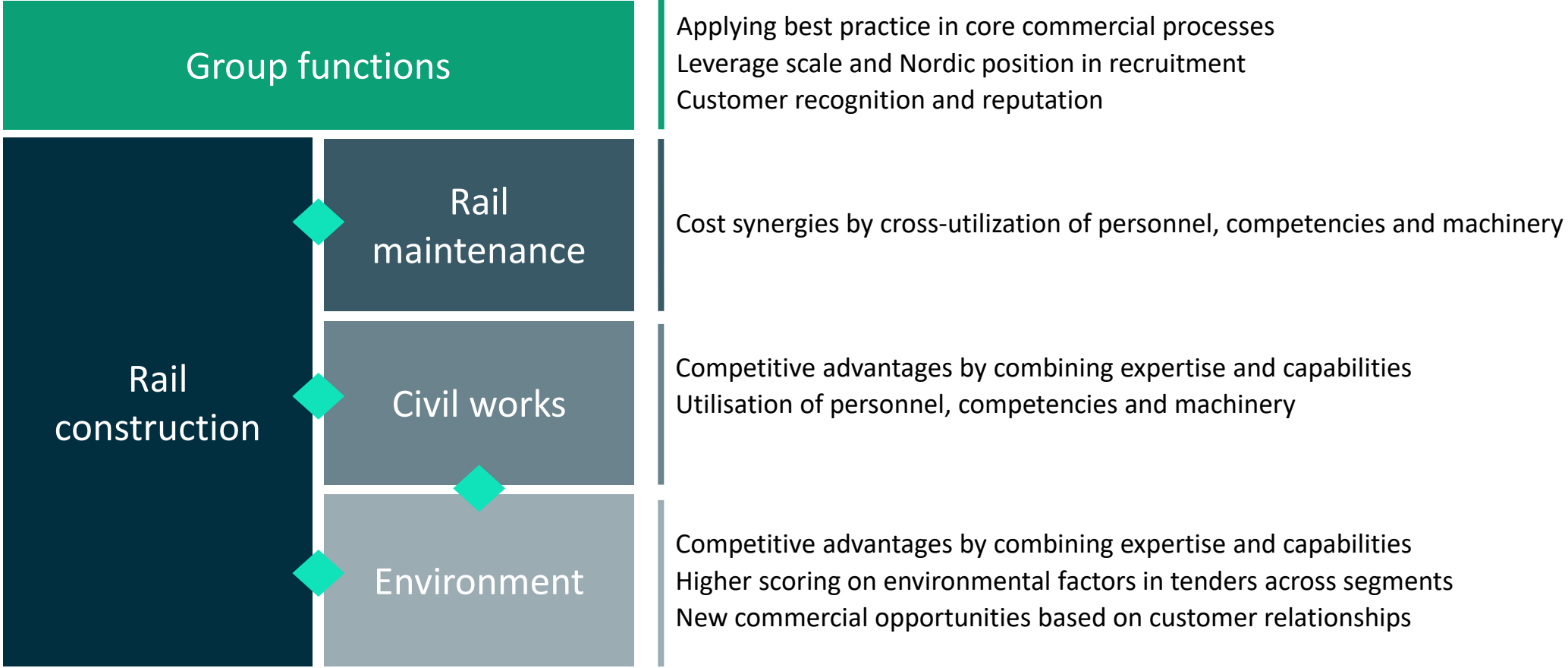
- Group responsibility for Machine to facilitate best practice sharing
- Merging Norwegian and Swedish machine unit to increase utilization and efficiency

Reporting to GMT¹

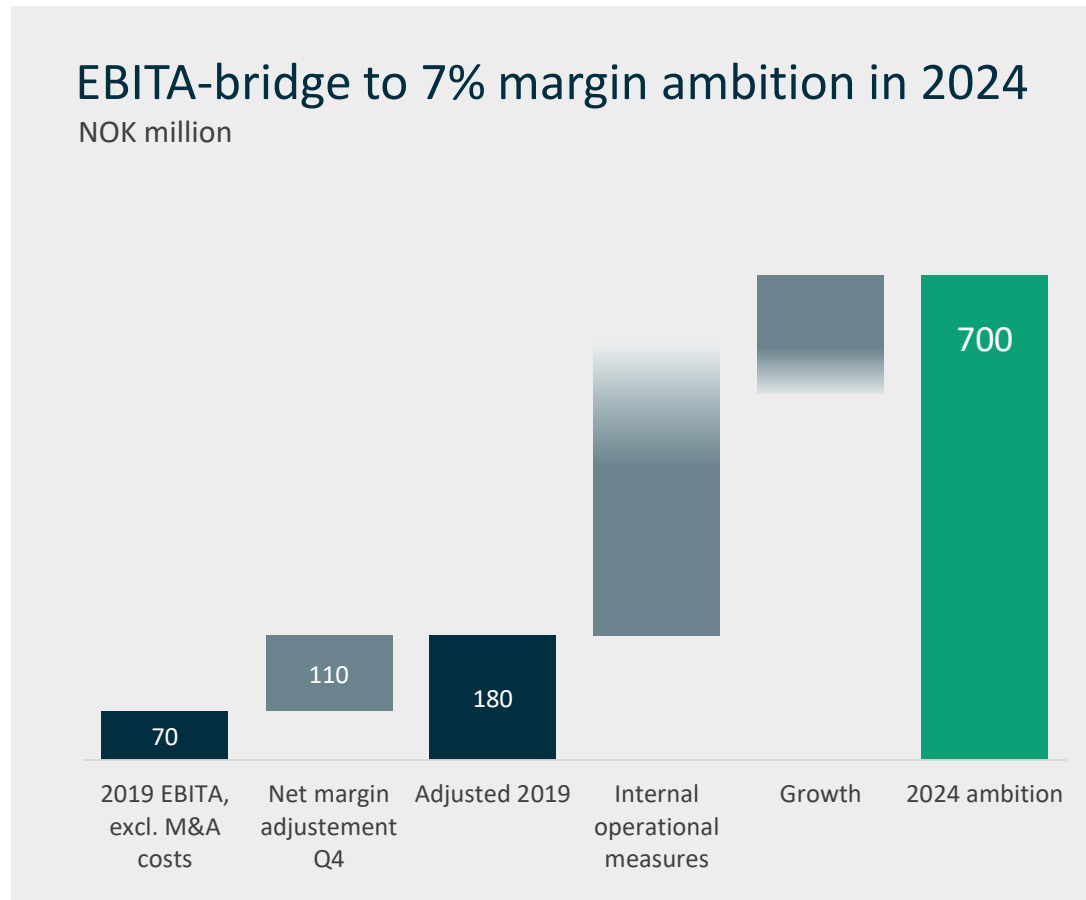


- Bi-weekly steering groups on country level
- Status report and follow-ups in group management team monthly
- Enable and foster best-practice sharing

Group cost synergies contribute to improved profitability



Operational improvement to drive profitability



Profitability drivers

- Overhead cost reduction program in 2020
- Internal measures
 - New management in Sweden, Rail Norway and Group
 - Strengthening project selection and tendering processes
 - Operational excellence in project execution
- Scale and margin effects from increased activity



Growth and expansion

CEO – Henning Olsen

Mega trends drive strong growth in public infrastructure investments...



Population growth and urbanization

- Strong population growth in urban areas
- Immigration and internal migration to cities
- Political consensus to upgrade rail infrastructure and maintain established routes
- Rail-based systems enables safe and efficient mobility for people and goods with limited CO₂ emissions and space requirements
- Strong macro and socio-economic trends



Sustainability

- Increasing need for environmentally sustainable and efficient transport solutions
- Development of railway, metro and tram systems required to meet ambitions in the Paris agreement
- Public commitment and financing through long-term National Transportation Plans (“NTP”) provide long-term visibility and shift towards larger projects

...supported by a maintenance backlog of NOK 49 billion

Rail and metro systems



Macro trends

Nor, Swe, Fi	Change 2000-2018
Population	+14%
Passengers	+84%
Tons of freight volume	+55%
Kilometers of railway	+5%

Market characteristics

Good visibility on future activity levels

Substantial maintenance backlog of NOK 49 billion

More and larger multi-capability enterprise contracts

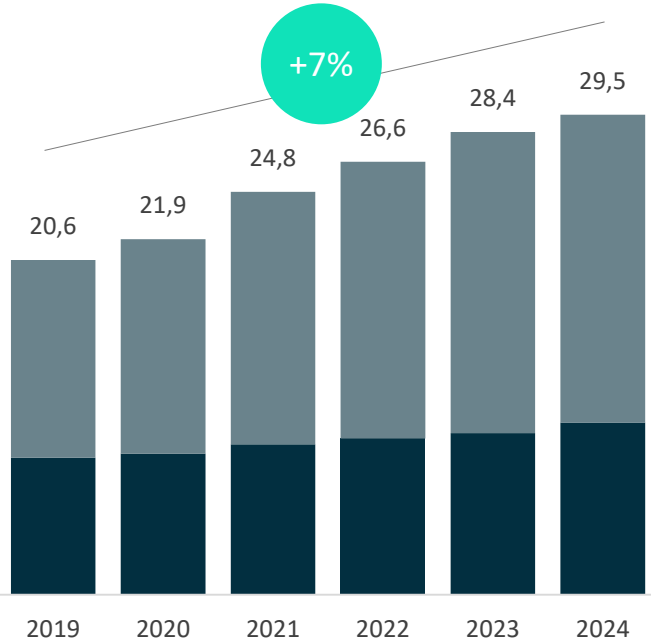
High barriers to entry

Low counterparty risk

9% annual growth expected in rail investments and maintenance spending

Norway¹

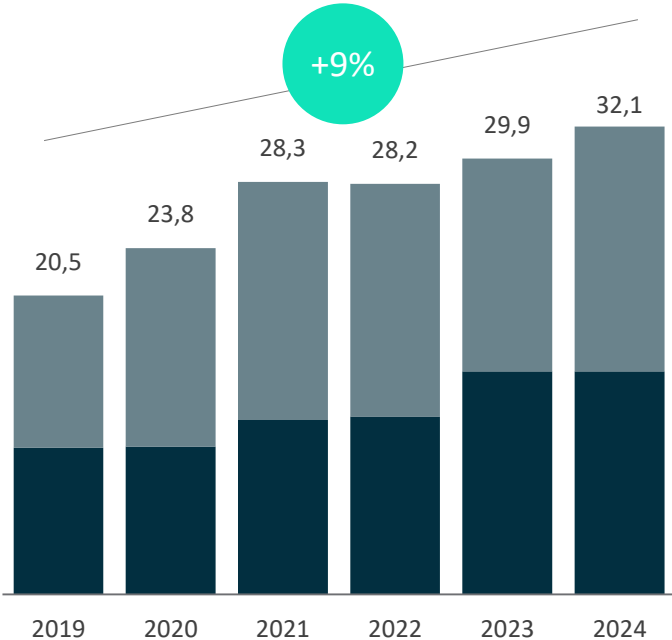
NOK billion, CAGR 2019-24



Maintenance

Sweden²

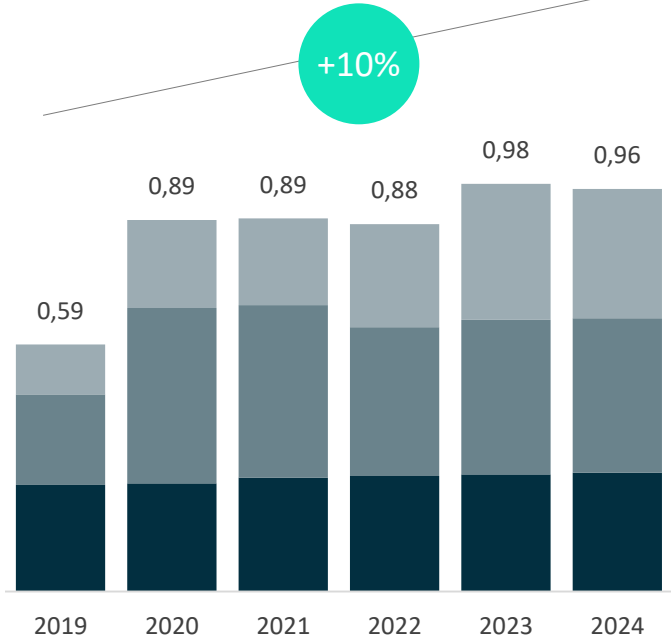
SEK billion, CAGR 2019-24



Investments and renewal

Finland³

EUR billion, CAGR 2019-24



Light rail and other private

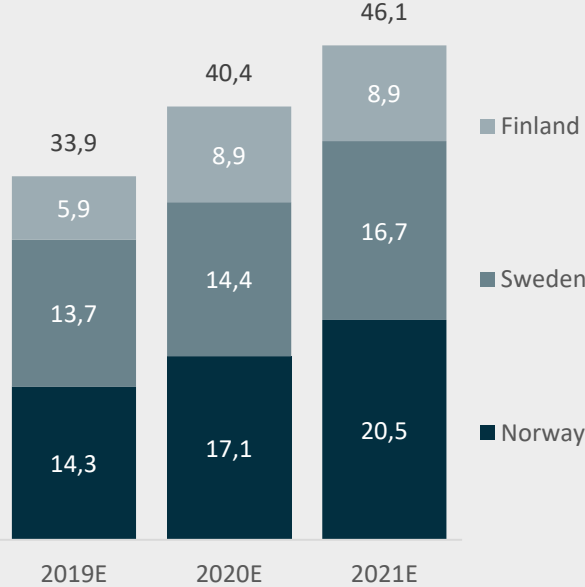
1) Norway: National budget 2020, National Railway Directorate NTP filings. Maintenance figures include Bane NOR operations and renewal. Excluding tram and metro
 2) Sweden: National budget 2020, Swedish Transport Administration estimates for 2023-24; Maintenance is shown excluding renewal/Reinvestments. Excluding tram and metro
 3) Finland: Finnish Transportation Agency, NRC Group estimates

NRC positioned in large and growing market with substantial short-term pipeline



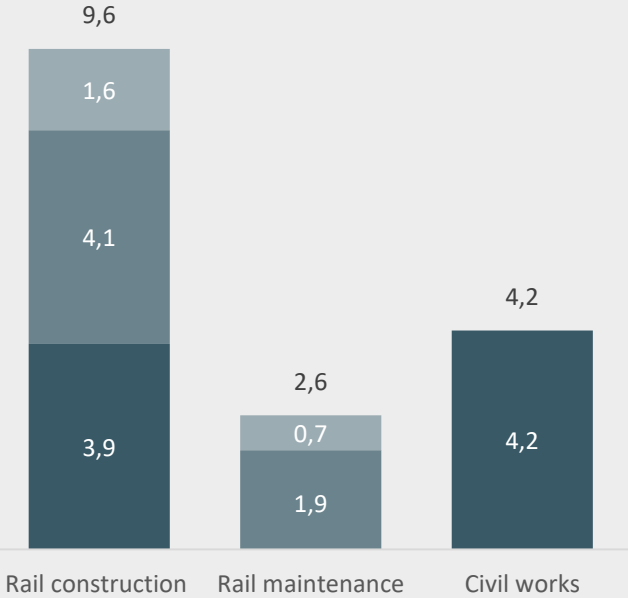
NOK 40 billion addressable market ¹

NOK billion, 2020 estimate



NOK 16 billion tender pipeline ²

NOK billion by segment and country, next 9 months

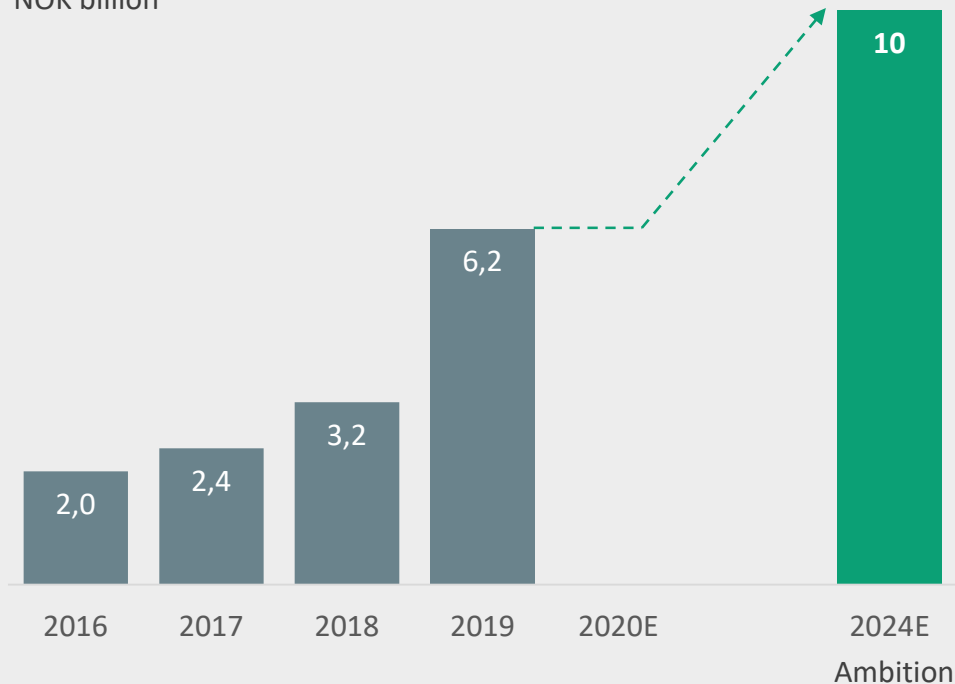


1) Public filings and NRC Group estimates, includes Fornebu-banen project in Norway
 2) Addressable for NRC Group, company estimates

Revenue ambition primarily driven by organic growth

Revenue development

NOK billion



Prioritising profitability in 2020

- Focus on operational improvement - flat revenue expected

Strong growth from 2021

- Solid organic growth opportunities in rail and metro markets
- Growth and expansion in complementary services
- Bolt-on M&As to strengthen value chain and support complementary segments

Established Nordic positions offer low-risk growth and expansion opportunities

	Norway	Sweden	Finland
Rail construction	✓	✓	✓
Rail maintenance	🔧	✓	✓
Civil works	✓	✓	🏗️
Environment	✓	🌱	🌱

✓ Established position 🔧 Expansion opportunity

Expansion opportunities

Prepare for tendering of NOK 2.8bn rail maintenance market in Norway

Target selected environment segments and expand into civil construction niches

Bolt-on M&As to strengthen value chain and support complementary segments

Growth requires a structured approach to developing the organisation

Bringing strategy to life →

Group strategy	Tomorrow in the making <ul style="list-style-type: none">• Sum of bottom-up process and strategies• How to create more value as a group than separate entities	Safeguard disciplined execution for profitable growth Systematic follow-up of actions through quarterly business reviews and improvement program progress
Country strategy	Identify tomorrow's requirements <ul style="list-style-type: none">• Market development and project characteristics• Set targets• Identify key success factors	
Country action plan	Today's actions to secure tomorrow's performance <ul style="list-style-type: none">• How to develop the organisation to reach long term goals• Allocation of actions, deadlines and responsibility	



Build a strong performance culture based on NRC values

People and culture the foundation for profitable growth

Be the most attractive employer of tomorrow's infrastructure

- Meaningful jobs creating sustainable infrastructure
- A growth journey with Nordic opportunities
- Create attractive career paths
- Employer branding

Development and training of employees

- Safety, environment, code of conduct
- Leadership development
- Project management skills
- Annual review and career guidance



Our markets

Country Managing Directors and CEO



NRC Finland

Harri Lukkarinen, MD



NRC Finland snapshot

Key Figures

2019YE

~1 070

Employees

13%

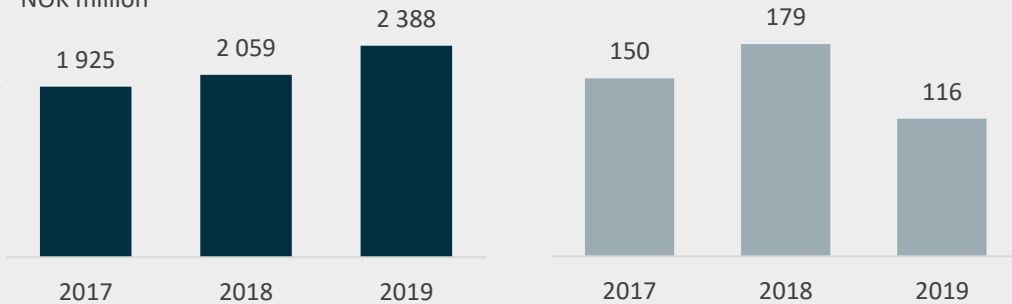
Organic growth

2 905m

Backlog (NOK)

Revenue and EBITA¹

NOK million

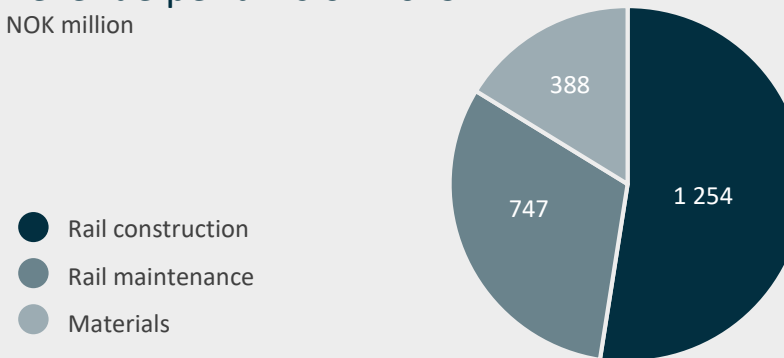


Market position

Track	✓
Signal and telecom	✓
Electro	✓
Environment	
Security and safety	✓
Groundwork	✓
Concrete works	✓

Revenue per division 2019

NOK million



Building tomorrow's infrastructure today

Alliance contract position reflected in EUR 180 million Jokeri Light Rail award in 2019

Part of the solution

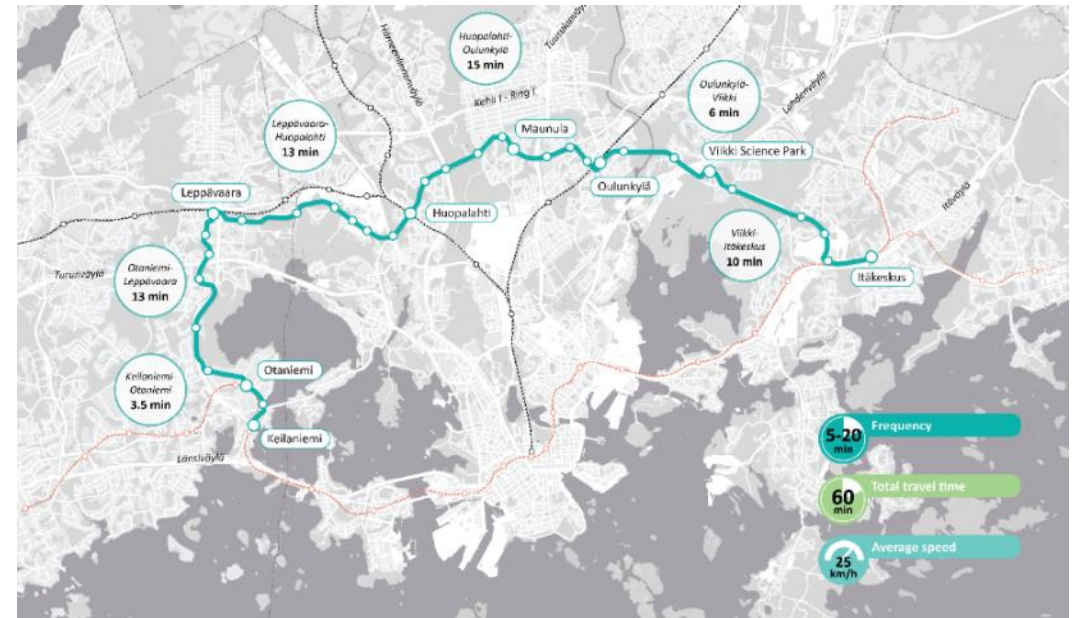
4,000t reduction of CO₂ emissions from transport in 2030

EUR 3.4m reduction of emission related costs from transport in the Helsinki area in 2030

70% particle emissions reduction

95% NO_x reduction

Electricity produced by renewable energy



JOKERI LIGHT RAIL
—●— JOKERI Light Rail with stops
—●— Metro with stations
—●— Railway with stations
—●— City border

RAIDE-JOKERI
JOKERI LIGHT RAIL
Travel time map 22 January 2015

Market growth driven by renewal and light-rail investments

Railway spending expected to grow by 10% CAGR from 2019 to 2024

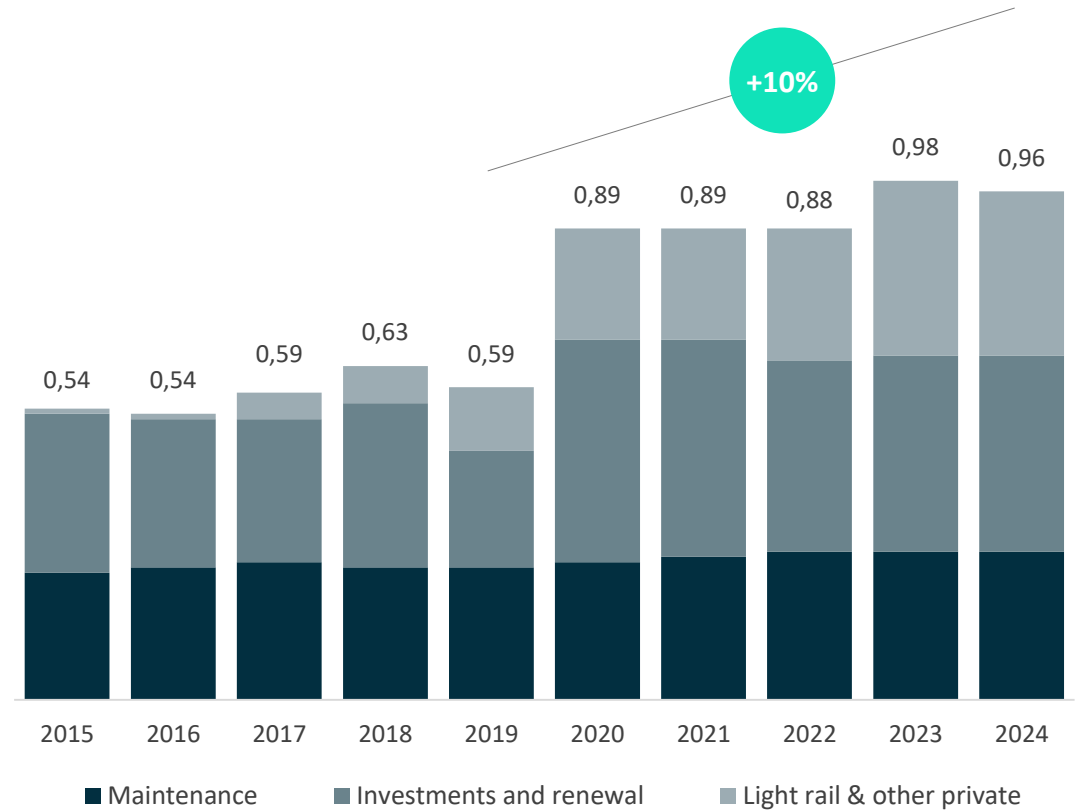
- Light rail construction and renewal activity expected to grow sharply
- Maintenance market expected to be stable

Market drivers

- Historic railway investments insufficient to support population and passenger growth
- Several new light rail projects planned
- Rail maintenance backlog at EUR 1.1 billion
- Finland to introduce 12-year NTP for 2020-2031, expected in spring 2020

Finland railway spending¹

EUR billion



NRC with unrivalled alliance project position

Alliance selected for final development plan for Helsinki's Crown Bridge

Involved in all five railway alliance projects awarded to date

Tampere project largest ongoing which is ~80% completed

EUR 180 million Jokeri Light Rail contract awarded in Q2 2019

Same alliance was in November selected for final development plan for Helsinki's Crown Bridge project

Potential of EUR 50-100 million for NRC Group



Railway maintenance position



2020 maintenance activity

- 3 out of 12 maintenance area contracts
- 2 out of 4 operating centre contracts (electricity maintenance)

Non-renewal of Maintenance Area 1 from April 2020 due to aggressive pricing

- Internal capacity adjustments initiated in Q4 2019

Management team changed as part of reorganisation and preparation for upcoming tenders

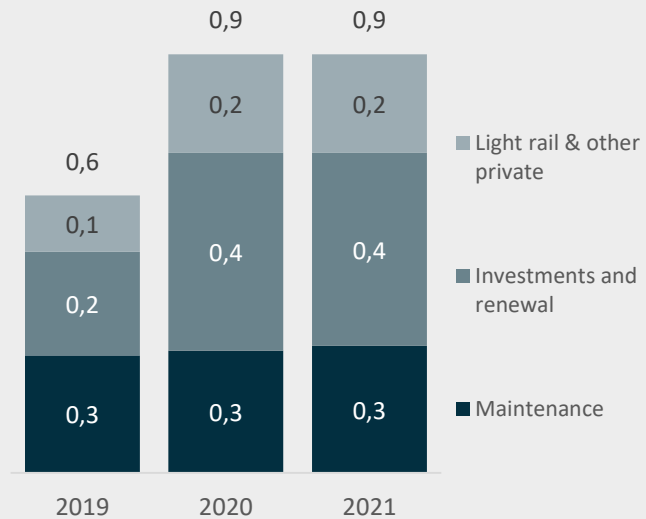
- 3 maintenance contracts scheduled for tendering in 2020
- Scheduled for start-up in 2021 and onwards
- Target of profitable growth from 2020 level

Increased investments reflected in project pipeline



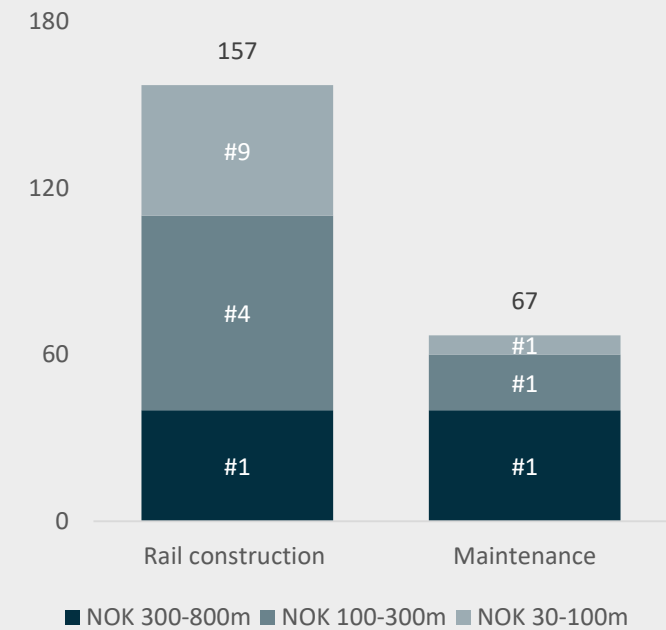
EUR 0.9 billion addressable market ¹

(EUR billion, 2020 estimate)



EUR 0.2 billion tender pipeline²

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



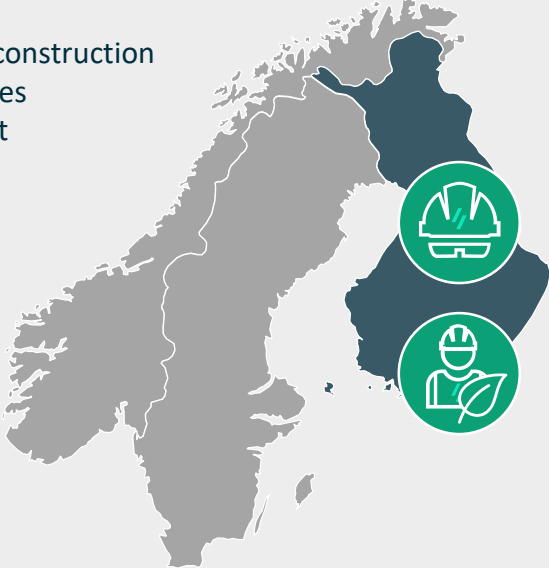
Exploring expansion into complementary services

	Finland
Rail construction	✓
Rail maintenance	✓
Civil works	🛠️
Environment	🌿

Expansion opportunities

Expand into civil construction

- Profitable niches
- Existing project management capabilities



Assess environment

- High margin segment
- Potential to leverage competence established in Norway

Finland summary and outlook

1 Growth in construction driven by light rail and renewal investments

NRC with unrivalled alliance project position - the fundament for profitable growth

Maintain leading position within rail technical works

2 2020 maintenance revenue will reflect loss of area 1 contract

Initiatives to right-size Rail maintenance to compensate for lost volume and profit

Goal is to achieve growth from 2021 by winning new contracts

3 Ensure long-term profitable growth

Increase project management capacity and sub-contracting resources to facilitate Rail construction growth

Assess potential expansion into complementary services in Civil and Environment



NRC Sweden

Robert Röder, MD



NRC Sweden snapshot

Key Figures

2019YE

~425

Employees

-25%

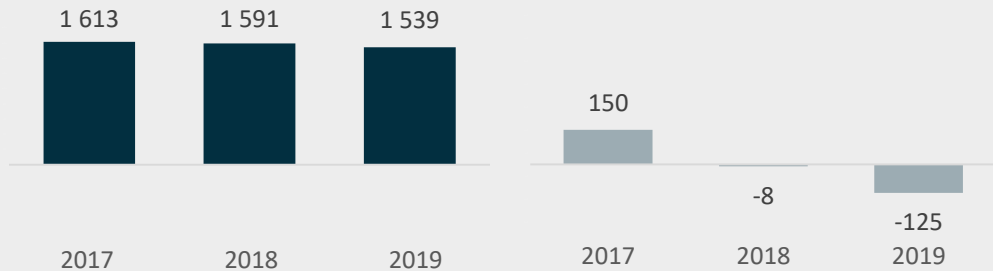
Organic growth

2 277m

Backlog (NOK)

Reported revenue and EBITA¹

NOK million

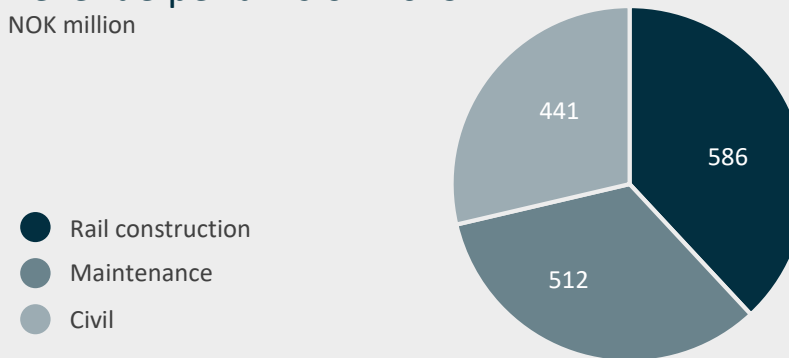


Market position

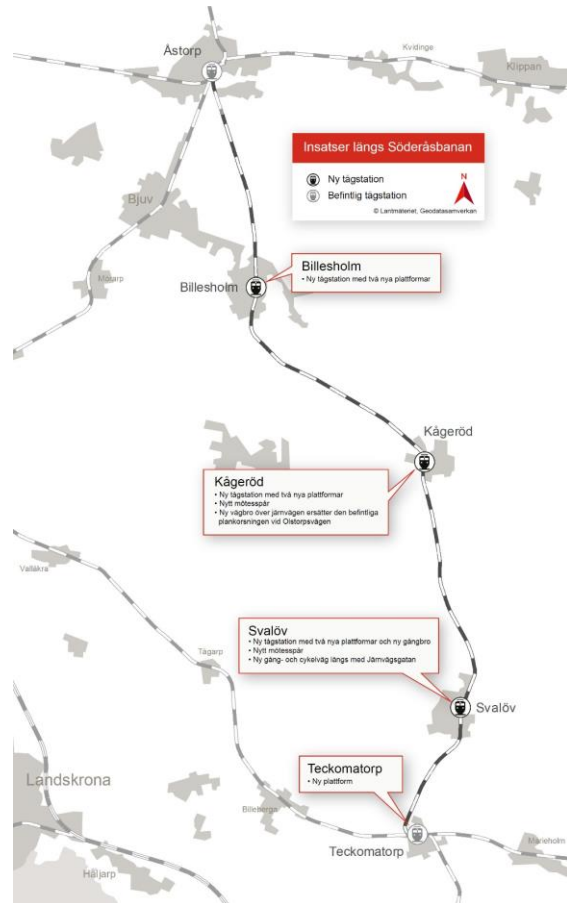
Track	✓
Signal and telecom	✓
Electro	✓
Environment	
Security and safety	✓
Groundwork	✓
Concrete works	✓

Revenue per division 2019

NOK million



Building tomorrow's sustainable infrastructure at Söderåsbanan



SEK 221 million contract

Objective

Increase capacity and speed to 160 km/t for travellers in the Skåne region due to population growth

Provide commuters with a simple, safe and environmentally friendly alternative

Contribute to reduced road traffic and future-oriented regional development

Scope

Rail technical works

Groundwork

New stations and pedestrian bridge

Noise cancelling measures

National budget outline significant increase in railway spending

Market outlook is strong

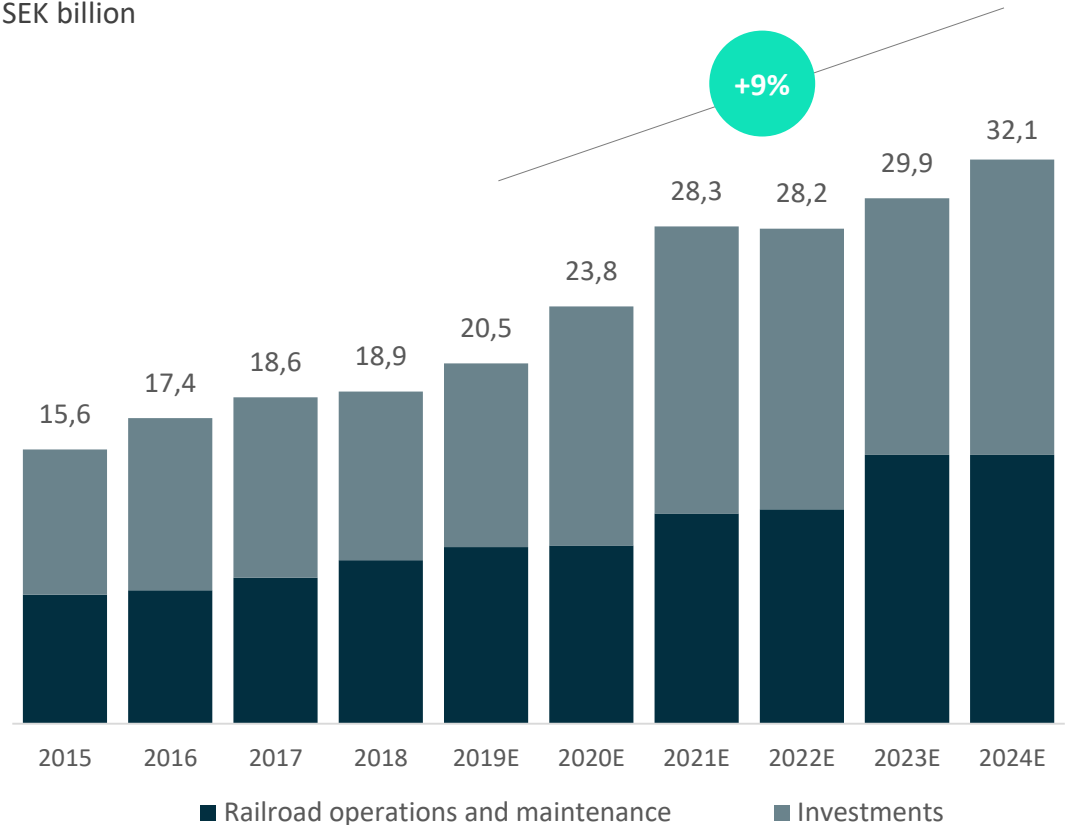
- Increased tender pipeline following growth in public budgets

Renewal and investments are the main drivers of growth

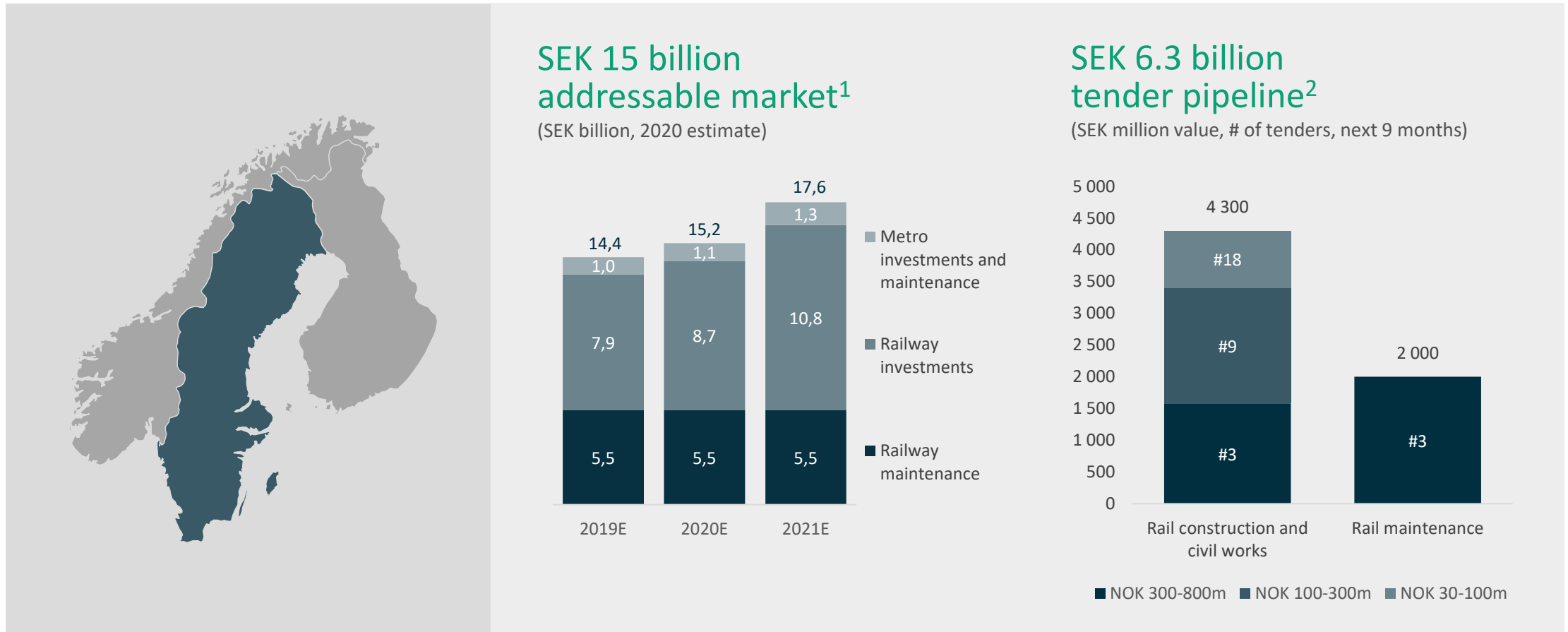
- Rapid growth in population and urbanisation not reflected in railway investments
- Rail maintenance backlog has grown to SEK 18 billion
- SEK 30 billion metro extension planned
- Maintenance expected to be flat

Sweden railway spending¹

SEK billion



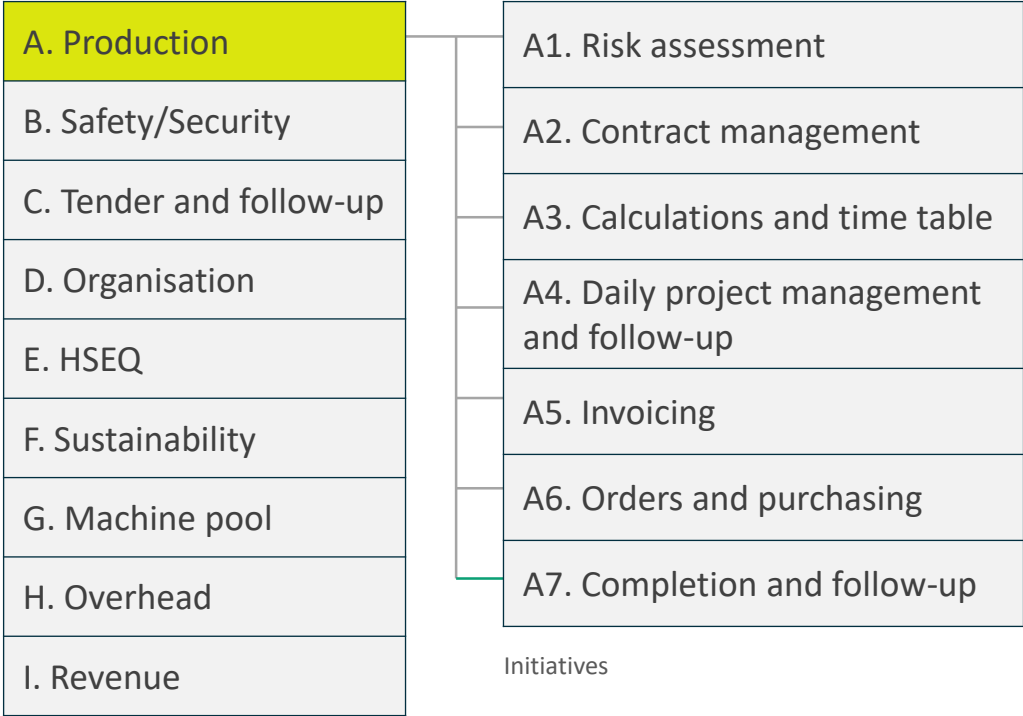
Market recovery reflected in strong tender pipeline



Local improvement programs to enable efficient turnaround

People	<ul style="list-style-type: none"> • New Country Manager from 1 Sept • New project directors for Rail and Civil • Strengthen project management skills through internal training and recruiting
Tender process	<ul style="list-style-type: none"> • Improved tender process implemented from 2H 2019 • Pricing discipline key to regain profitability
Execution	<ul style="list-style-type: none"> • Project- and contract management, cost control and risk management • Extracting operational synergies between Rail Construction and Maintenance • Joint machine operations with Norway
Overhead	<ul style="list-style-type: none"> • Personnel, consultants and locations • Improve resource utilization to reduce production overhead

Structured turnaround targeting key areas of improvement Example



Areas of improvement

Initiatives

Sweden summary and outlook

1 Significant market growth

More than SEK 6 billion in estimated tender opportunities for the next nine months
Stockholm metro SLL maintenance contract tender expected late 2020

2 Focus on profitability in 2020

New management to drive turnaround in all segments
Professionalise tender selection process, risk assessment and pricing strategy
Developing key project management and execution skills
Realize synergies from merger with VR Track Sweden

3 Profitable growth beyond 2020

Utilise strong market growth by leveraging new tendering and execution models



NRC Norway

Henning Olsen, CEO



NRC Norway snapshot

Key Figures 2019YE

~570

Employees

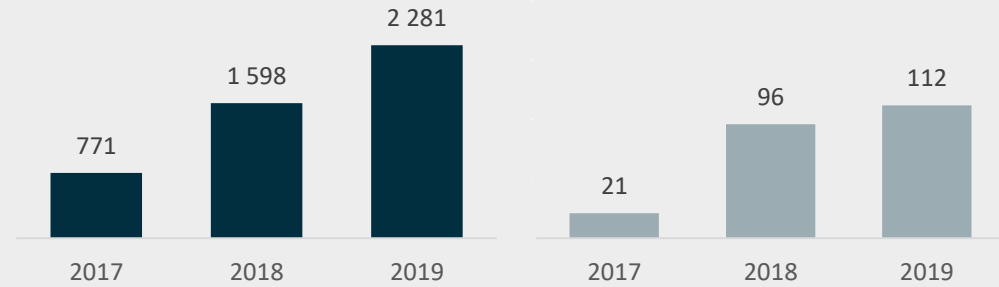
16%

Organic growth

1 969m

Backlog (NOK)

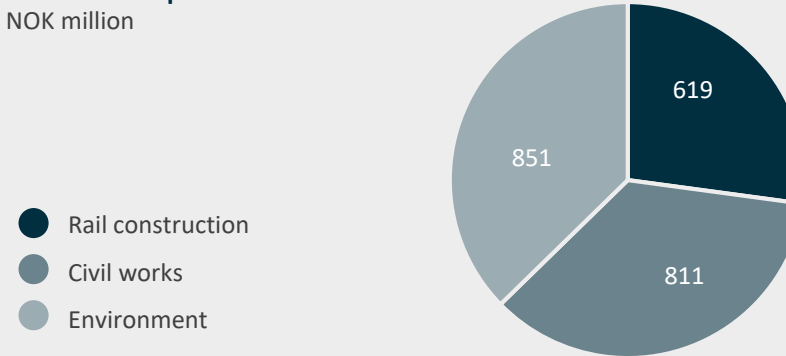
Reported revenue and EBITA¹ NOK million



Market position

Track	✓
Signal and telecom	✓
Electro	✓
Environment	✓
Security and safety	✓
Groundwork	✓
Concrete works	✓

Revenue per division 2019 NOK million



Storgata tramline upgrade in Oslo – a Civil and Rail co-project

Part of the solution

Environmental impact a key selection criteria for winning the contract

Focus on local solutions

Fossil-free construction site

NRC Group is utilizing electric excavators and trucks

Other machinery is fuelled by biodiesel

Modernization of parts of the water and wastewater network

Value	Services
NOK 360m	Track Electro Groundwork Water/ wastewater

Project management from Civil – forming a basis for new execution model

Synergies between Rail, Civil and Environment

Substantial enterprise contract with strong performance



Environmental offering adds to Rail and Civil competitiveness

Environment



Recycling

Norsk Sanerings Service
Miljøvakta



Bulk transport

Gunnar Knutsen AS

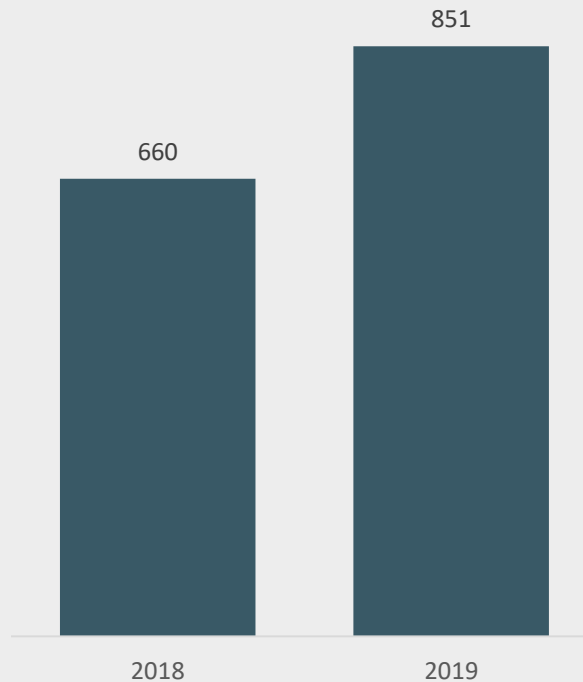


Water/wastewater

NRC Gravco

Revenue

(NOK million)



Successful integration of acquired companies

- Strong growth combined with margin improvements in companies acquired in 2018
- Competitive advantages by combining expertise and capabilities
- Higher scoring on environmental factors in tenders across segments
- New commercial opportunities based on customer relationships

Environmental offering supports Rail and Civil construction projects

Drammen – Gulskogen (UDK33)



- Ground removal
- Demolition
- Reuse of demolition material
- Environmental preparedness

Storgata - Oslo



- Fossil-free construction site
- Electric excavators and wheel loader
- Other machinery on biodiesel
- Water and wastewater modernisation
- Water treatment plant

Holtet Base - Oslo



- Water and wastewater work
- Groundwork
- Demolition
- 90% recycling of construction waste

Government commitment to over 100% increase in railway spending in current NTP period

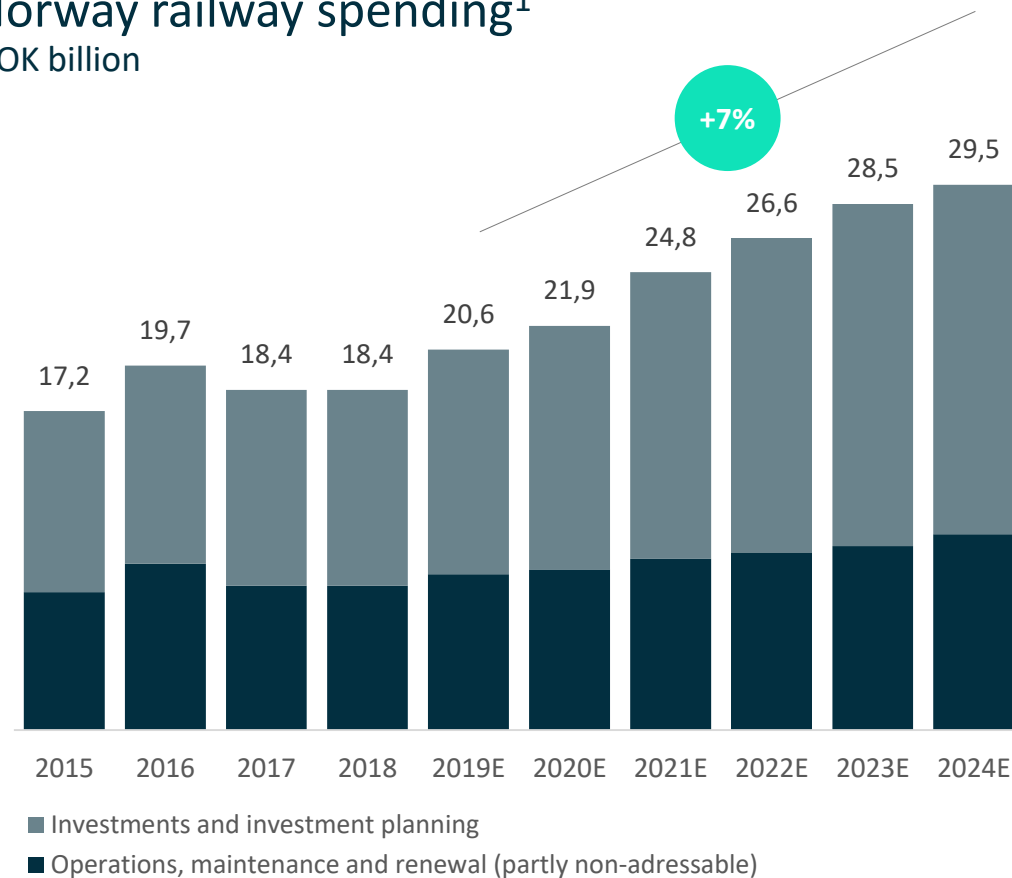
Rail spending of NOK 328 billion, increase of 108% in new NTP for 2018–2029

- Infrastructure investments have not kept up with population growth
- Growing rail maintenance backlog of NOK 19 billion
- Tram line renewal underway, new metro lines planned

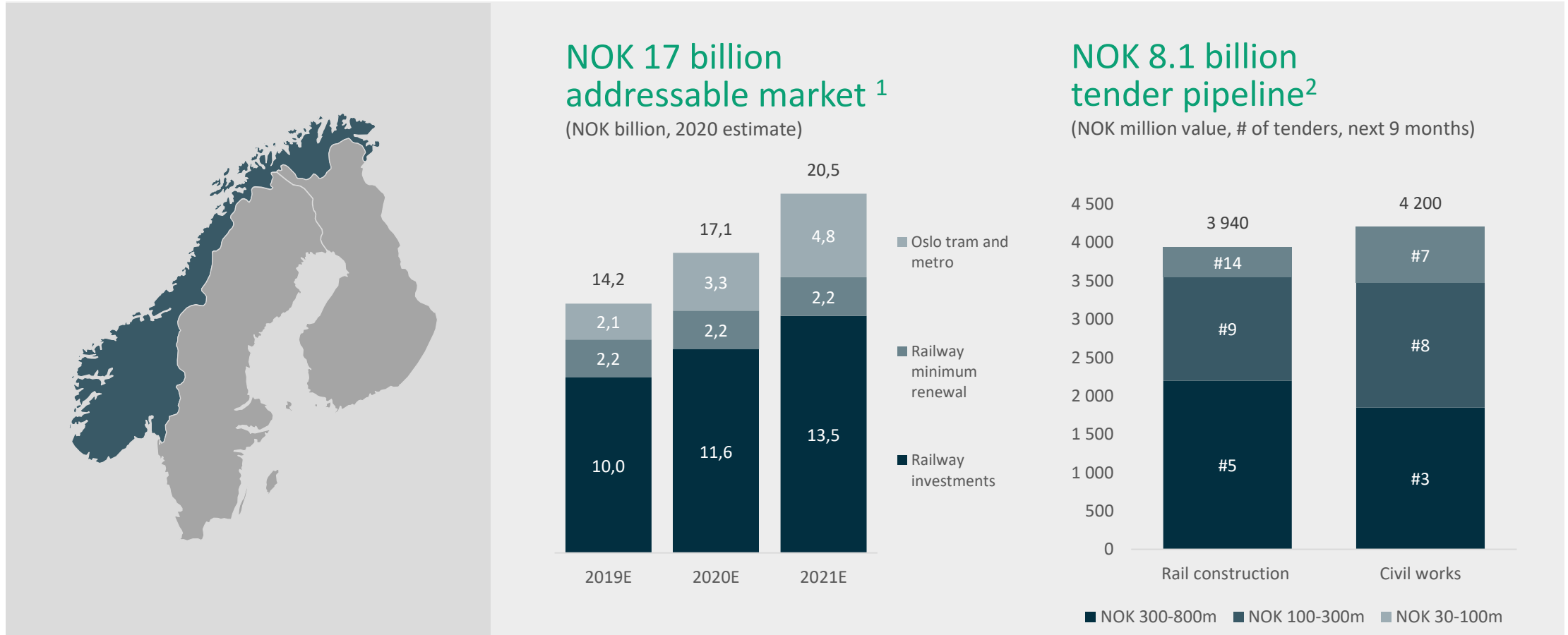
Privatisation of rail maintenance market

- Total of 10 maintenance areas to be awarded between 2021 and 2026

Norway railway spending¹
NOK billion



Disciplined tendering in market with high contracting activity




Improvement processes underway to restore profitable growth for Rail Norway

People	<ul style="list-style-type: none">• New management team in place, proven resources in key positions from September 2019• Strengthen project management skills through internal trainings and closer integration with Civil
Tender process	<ul style="list-style-type: none">• Improved tender selection, risk assessment and pricing implemented from Q3 2019• Recruited proven resources on calculation on complex rail construction projects
Execution	<ul style="list-style-type: none">• Project- and contract management, cost control and risk management implemented from Q3 2019• Resource planning and sub-contractor strategy• Joint machine operations with Sweden• Co-operation with Civil on complex projects
Overhead	<ul style="list-style-type: none">• Reduction of administration costs• Improve resource utilization to reduce production overhead



Exploring expansion into complementary services

	Norway	Expansion opportunities
Rail construction	✓	<p>Prepare for NOK 2.8bn annual maintenance market</p> <ul style="list-style-type: none">• Five-year agreements – high revenue visibility• Bolt-on M&A to strengthen value chain 
Rail maintenance	🔧	
Civil works	✓	
Environment	✓	

Norway summary and outlook

1 Growing addressable market and maintenance backlog

The Norwegian government is committed to over 100% increase in railway spending going forward
NOK 8.1 billion tender pipeline next nine months
Privatisation of rail maintenance

2 Restore profitability in Rail

Strengthen calculation, risk and tender selection with proven resources
Improve project execution model and leverage cross-border capabilities
Synergies with Rail segment and project management expertise from Civil

3 Ensure long-term profitable growth

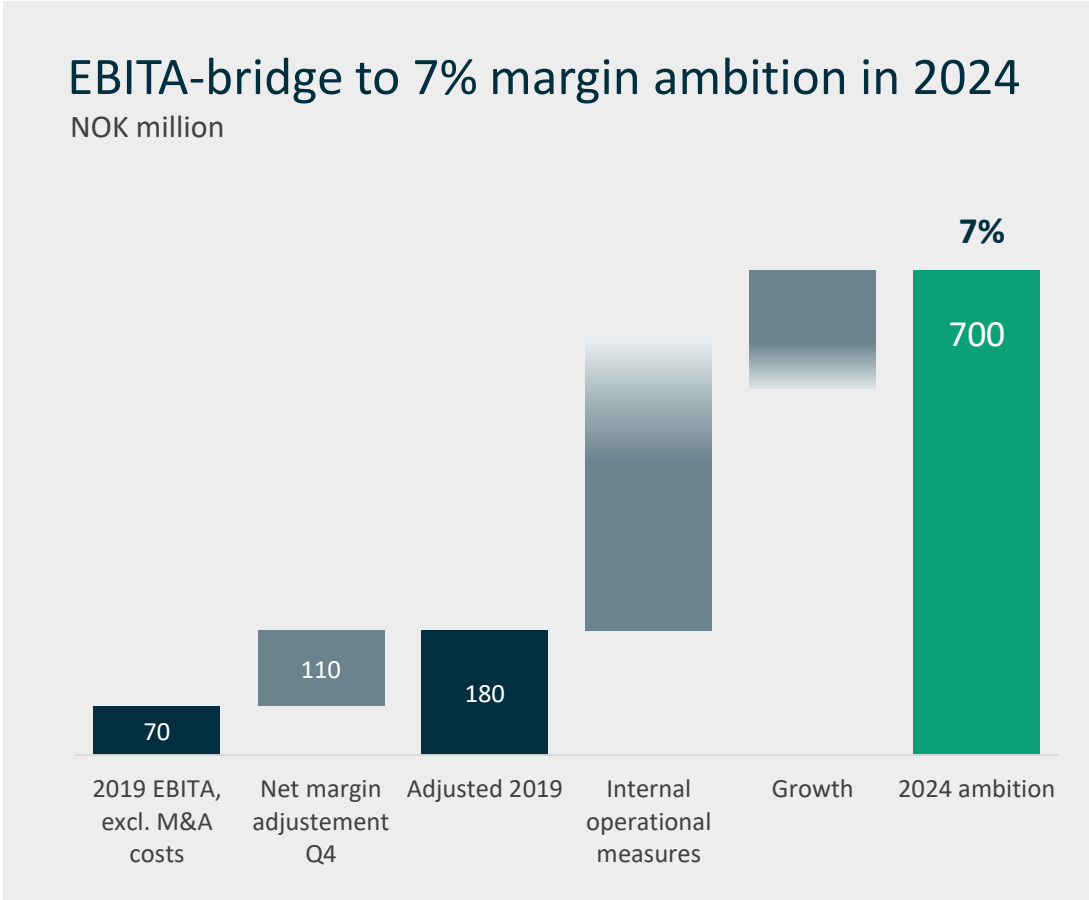
Civil and environment expected to maintain high margins and continuing strong growth
Further potential in entering upcoming Rail maintenance contracts



Group financial perspectives

CFO Dag Fladby

Operational improvements to restore profitability

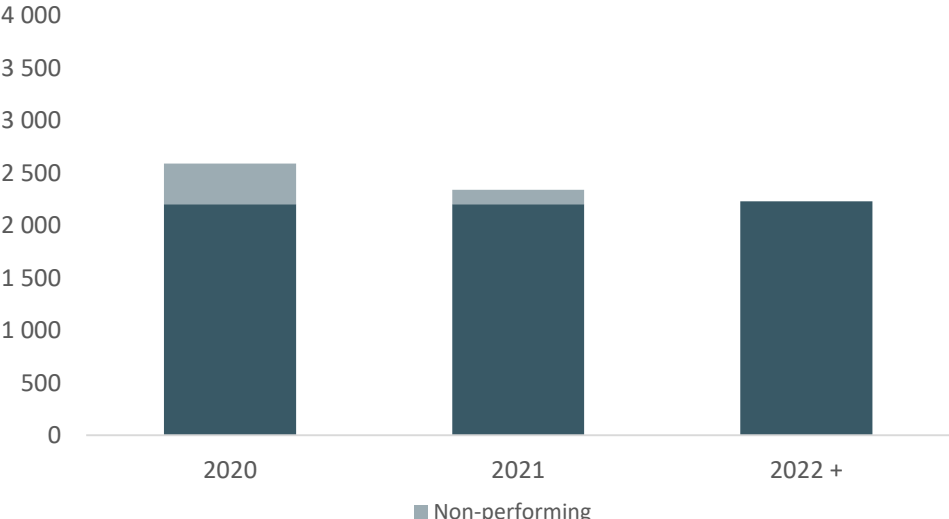


Profitability drivers

- Non-performing projects to be finalised in 2020 - 2021
- Internal measures
 1. Changes to management
 2. New management implementing proven processes in tender selection, risk assessment and project execution
 3. Overhead reduction of NOK 55 million
 4. Develop Group structure to support improvement processes and profitable growth
- Profitable growth in existing and complementary services
- 2020 margin target is to exceed adjusted 2019 level
- 2021 target is an EBITA margin up towards 5% and then gradual improvements towards 2024 ambition

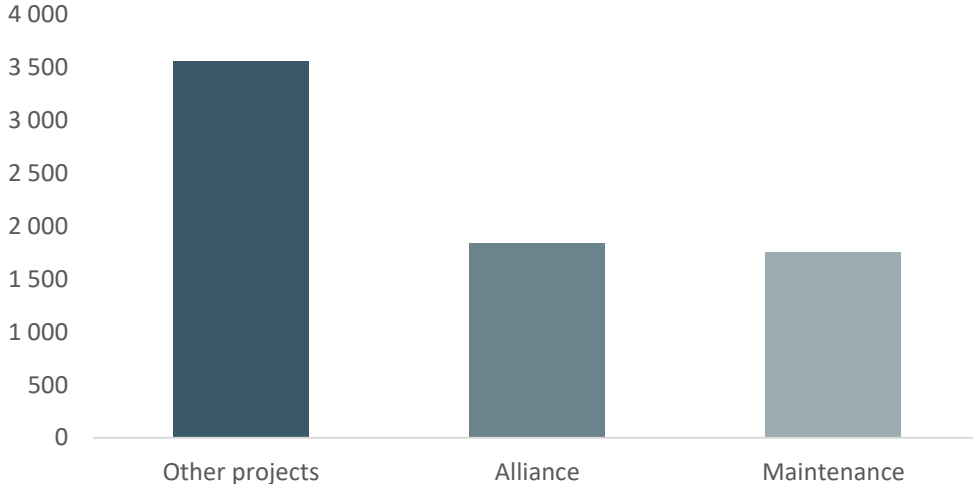
Order book characteristics

Share of zero margin projects by execution
NOK million



- Non-performing projects make up 7% (NOK 525 million) of total order book
- Zero margin contribution expected to completion
- 74% scheduled for completion in 2020, rest by 2021
- Q4 2019 net project margin adjustments of NOK -110 million

Order book by project type
NOK million



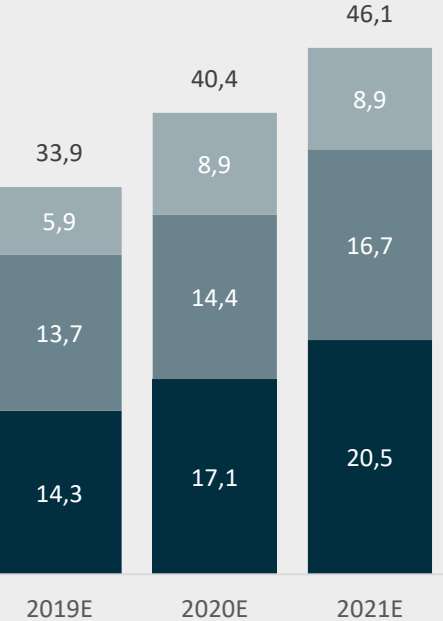
- Total orderbook NOK 7 151 million
- Public customers 95% of order book, private 5%
- 340 active projects (Q4 2019)
- 135 customers in (Q4 2019)
- Average project duration 25 months

NRC positioned in large and growing market with substantial short-term pipeline



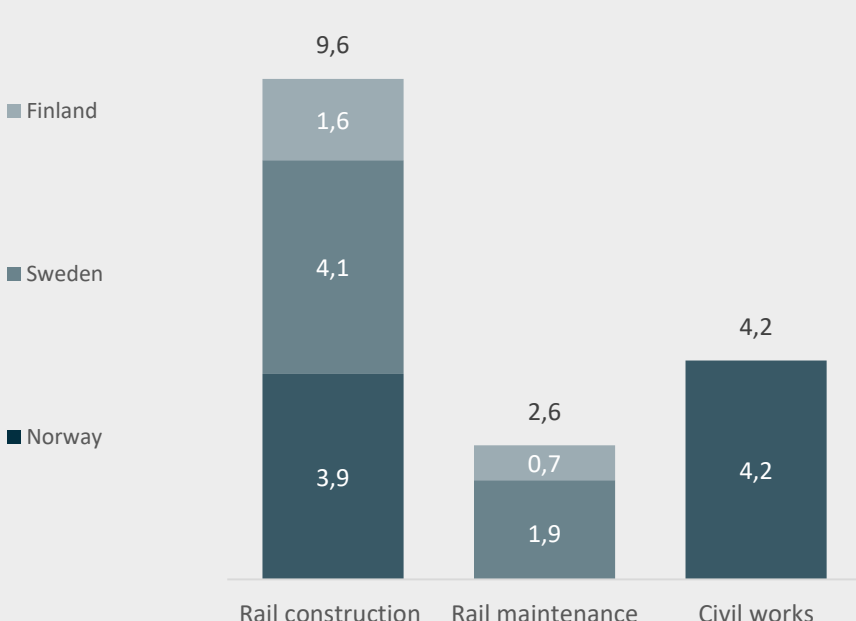
NOK 40 billion addressable market ¹

NOK billion, 2020 estimate



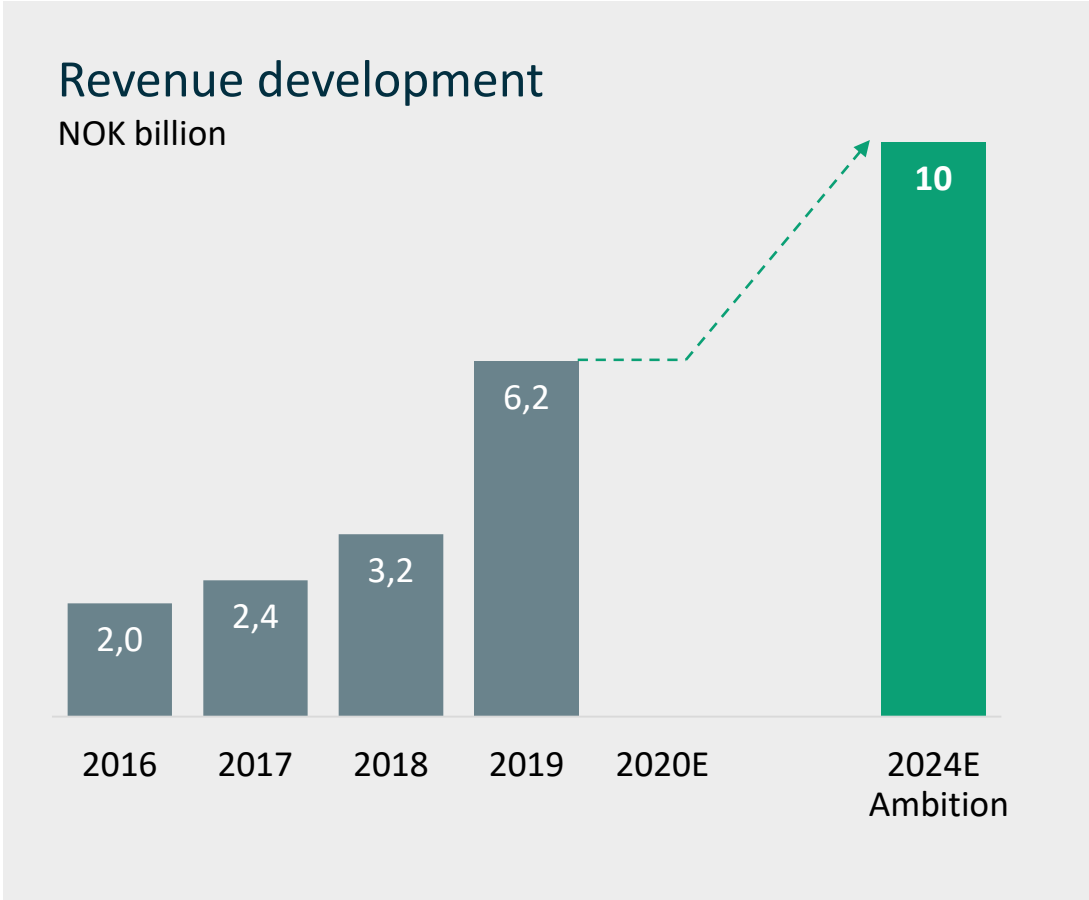
NOK 16 billion tender pipeline ²

NOK billion by segment and country, next 9 months



1) Public filings and NRC Group estimates, includes Forneubanen project in Norway
 2) Addressable for NRC Group, company estimates

Strong growth from 2021



Prioritising profitability in 2020

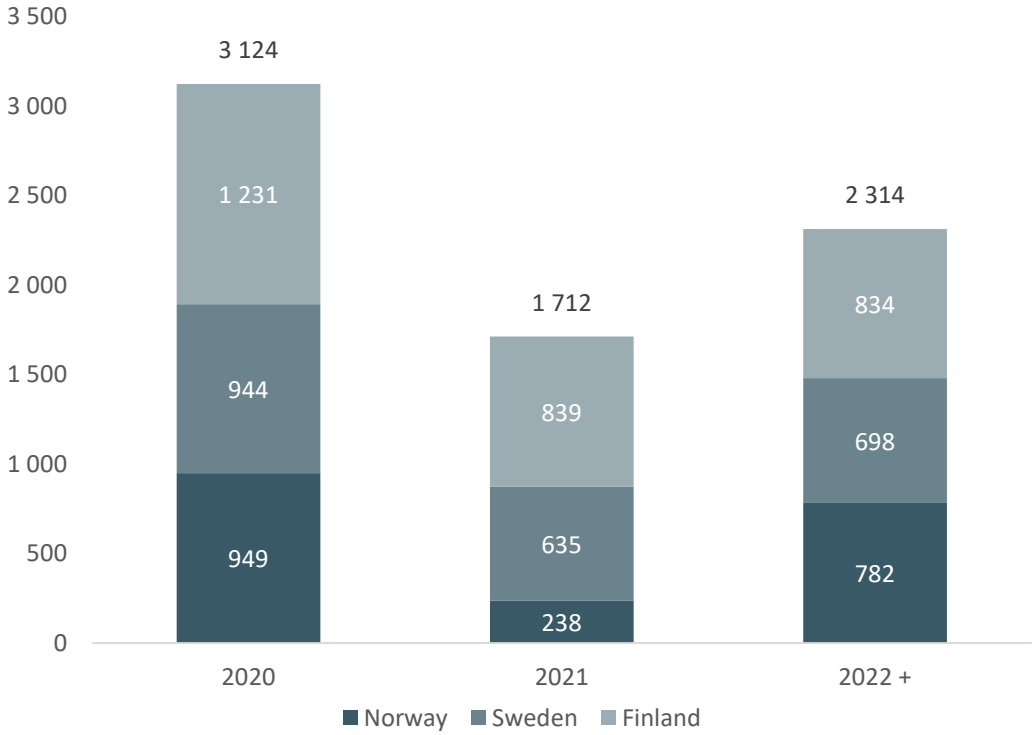
- Focus on operational improvement - flat revenue expected

Strong growth from 2021

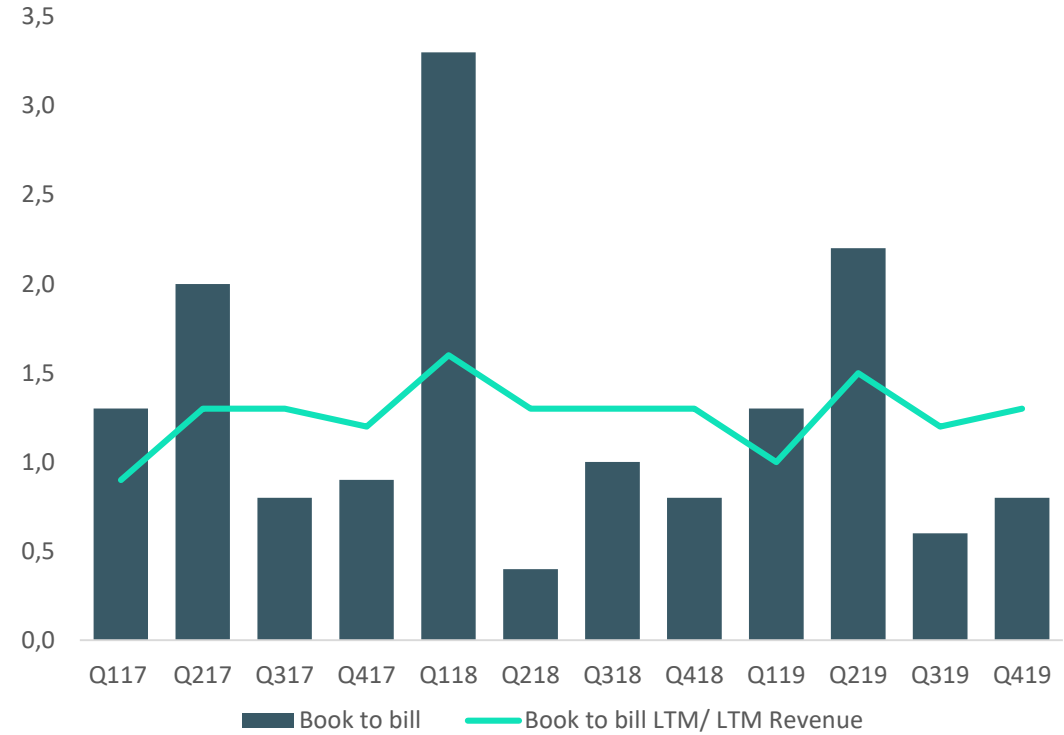
- Solid organic growth opportunities in rail and metro markets
- Growth and expansion in complementary services
- Bolt-on M&As to strengthen value chain and support complementary segments

Order intake supports organic growth

Order book execution by country
NOK million



Book to bill ratio
Period order intake/revenue



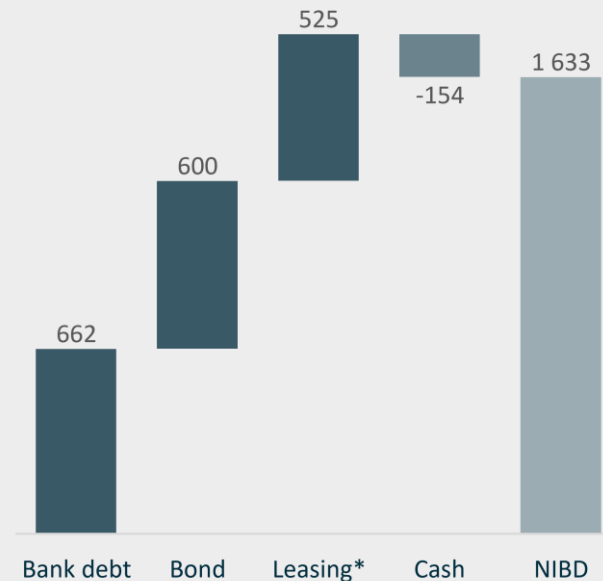
Diversified financing and improved debt structure

Balance sheet events in 2019

- Issued NOK 600 million 5-year senior unsecured bond (Sep)
- Sale of non-core Design business (Nov)
 - Net proceeds of ~ NOK 400 million used to repay bank debt
- Cash position of NOK 154 million
- Undrawn Revolver Credit Facility of NOK 200m
- 2019 net repayment of interest bearing debt excluding leasing of NOK 528 million

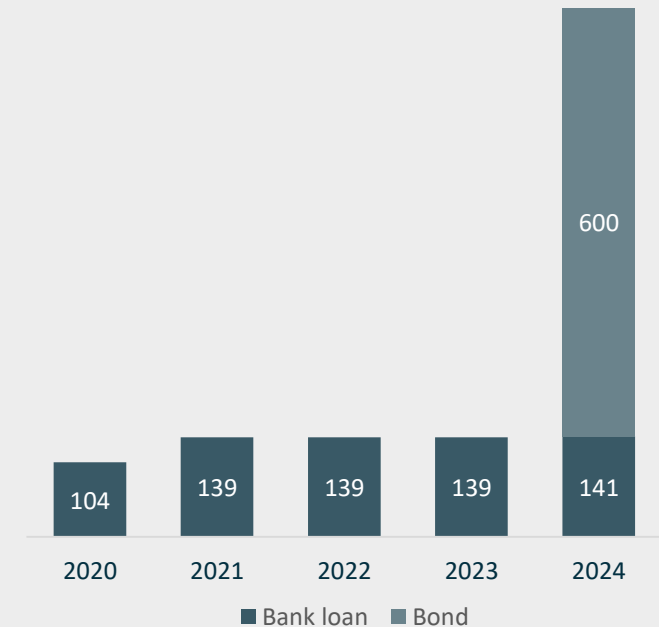
Interest bearing debt

NOK million



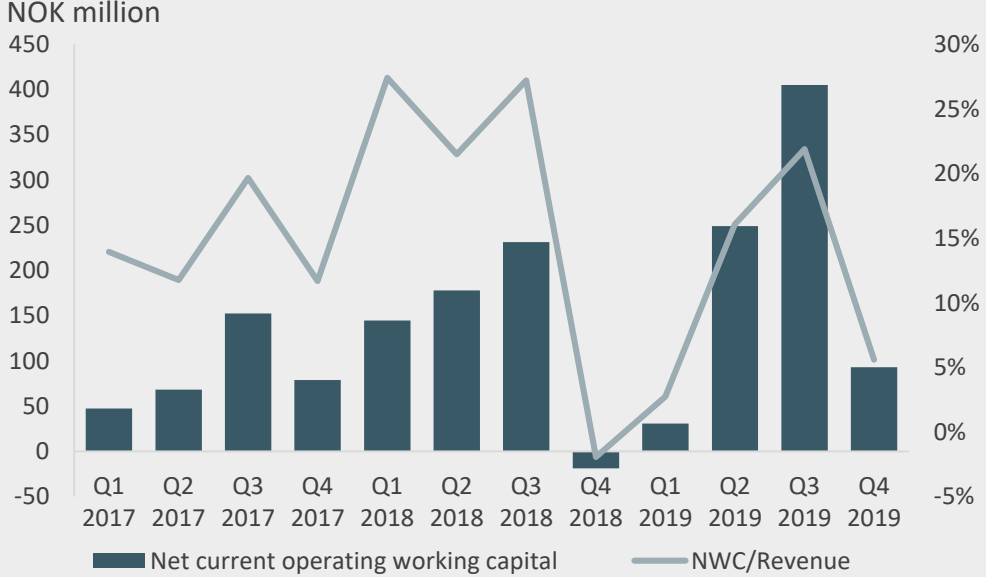
Bank and bond maturities

NOK million



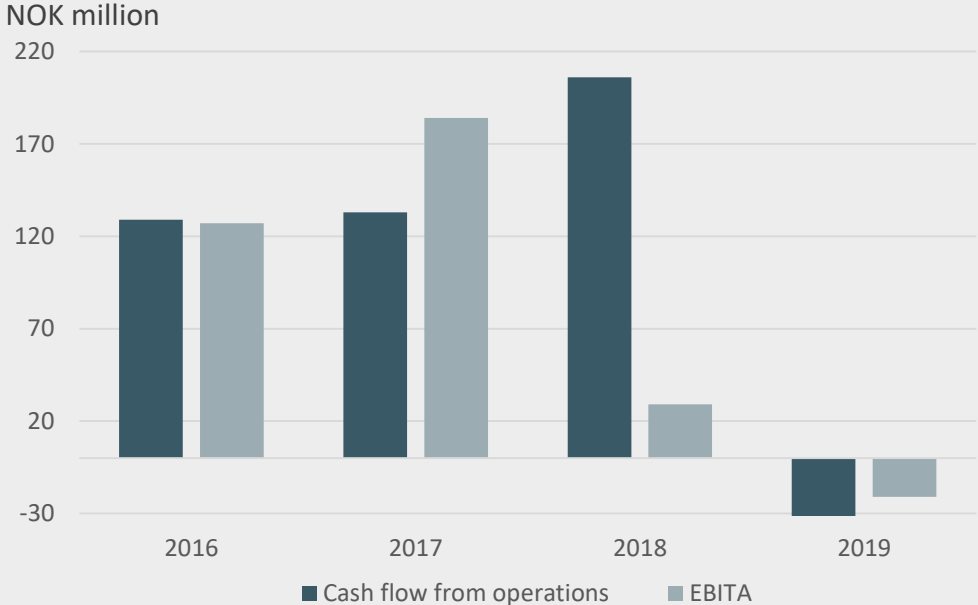
Continued strong cash flow focus

Working Capital



- Working capital usually builds up through the year and drops in Q4 due to projects being finalized and paid for before year end
- NRC Group Finland consolidated from Q1 2019 with sharp increase in working capital with a one quarter lag effect

Cash flow from operations



- Strong cash conversion
- Continued focus to improve cash from operations

Financial ambitions

Growth

A Nordic leader in sustainable infrastructure with NOK 10 billion of revenue in 2024

2020 expected in line with 2019, focus on profitability

2021-2024 strong organic growth and bolt-on M&As

Profitability

Returning to industry-leading profitability – EBITA 7% in 2024

Operational improvements to gradually restore profitability from 2020 and onwards

Capital structure and return

Leverage:
NIBD/EBITDA <2.5x

Dividend policy:

“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”



Summary

CEO and CFO

Our long-term ambitions

Position

“Be the most attractive partner and employer of tomorrow’s infrastructure”

Strategic priorities

- Restore profitability through operational improvements
 - Capitalize on leading Nordic position and strong markets through profitable organic growth
 - Utilising Nordic capabilities to expand into complementary services
-

2024 financial ambitions

NOK 10 billion revenue

7% EBITA-margin



Appendix and analytical information



Board of Directors



Helge Midttun (1955)

Chairman of the Board

Helge Midttun has wide experience from many industries. He has served as CEO of Fjord Seafoods ASA, President and CEO of Det norske Veritas and Aker Biomarine ASA. He has also served on the Boards of Statoil ASA, Aker Kværner ASA and Rieber & Søn ASA (CoB) and is currently Chairman of Aibel, Sonans, Atlantis Vest. Midttun holds 110,000 shares in NRC Group. He has held the position as Chairman of the Board of Directors in NRC Group since December 2015.



Brita Eilertsen (1962)

Board member

Brita Eilertsen has more than 15 years of experience from investment banking and consulting. She has held Board positions in several listed and private companies within different industries since 2005. Eilertsen is currently a Board member of Pareto Bank, Axactor and Next Biometrics, in addition to NRC Group. She holds a "Siviløkonom" degree in from the Norwegian School of Economics (NHH) and is a Certified Financial Analyst. Eilertsen currently holds no shares in the company. Member of the Board of NRC Group since May 2015.



Kjersti Kanne (1968)

Board member

Kjersti Kanne has 25 years of operational experience and technical expertise from the oil & gas industry. She is Director for Digital Engineering of the Oilfield Equipment division of Baker Hughes, a GE company, and has previously held various senior positions in General Electrics, ABB and VetcoGray. Kanne holds a Master of Science (MSc) from the Norwegian University of Science and Technology. Kanne holds 1,500 shares in NRC Group. Member of the Board of NRC Group since September 2015.



Harald Arnet (1961)

Board member

Harald Arnet is the CEO and a partner at Datum AS and has more than 30 years of national and international experience within corporate finance, industrial and financial investments. Arnet represents Datum Invest AS which holds 1,300,000 shares in NRC Group. Arnet holds 100,000 shares in NRC Group. Member of the Board of NRC Group since August 2015.



Mats Williamson (1958)

Board member

Mats Williamson has more than 35 years of experience from various positions within the Skanska Group. Williamson has been Executive Vice President for the Skanska Group, Business Unit President for Skanska's construction activities in Sweden and UK and Project Director for the Öresund Bridge. Williamson holds a MSc in Civil Engineering from Lund Institute of Technology and has an AMP from Harvard Business School. He has held positions as Board member in several companies in Sweden. Williamson currently holds no shares in the company. Member of the Board of NRC Group since July 2018.



Rolf Jansson (1969)

Board member

Rolf Jansson is currently President and CEO of VR Group, Finnish Railways. Earlier he was Senior Vice President of Corporate Development and Logistics at VR Group. Before joining VR Group Jansson worked in investment banking at Nordea Corporate Finance and holds extensive experience from management consulting primarily at Booz Allen Hamilton. Jansson is currently a Board member at Sarlin Group, Varma Mutual Pension Insurance Company and East Office of Finnish Industries. Jansson represents VR Group Oy which holds approximately 18% of the shares in NRC Group. Jansson currently holds no shares in the company. Member of the Board of NRC Group since January 2019.



Eva Nygren (1955)

Board member

Eva Nygren has more than 35 years of operational experience in the building and civil engineering industry, including as Director of Investment at Swedish Transport Administration, President and CEO of Rejlers and President of Sweco Sverige. She is currently active as a professional Board member and Chairman in several stock exchange listed, private and state-owned companies in the Nordics. Nygren currently holds 1,000 shares in the company. Member of the Board of NRC Group since January 2019.

Executive management



Henning Olsen (1978)

CEO NRC Group

Olsen comes from the position as executive vice president in AF Gruppen, where he has been responsible for the Building business area in Norway since 2016. His previous roles in AF Gruppen include head of AF Eiendom, financial director within AF Bygg Oslo and group controller. Before joining AF Gruppen in 2010, he has been employed at Statkraft and Boston Consulting Group. Henning holds a Master of Science degree in Business from BI Norwegian Business School (2003). He holds 28,000 shares in the company.



Harri Lukkarinen (1970)

MD NRC Finland

Lukkarinen has more than 20 years of railway industry experience. He was previously CEO of VR Track Oy and director for infrastructure projects at CMC Terasto Oy which was part of Pöyry Group. He served as a management team member of VR Group. Lukkarinen has been managing director of NRC Finland since January 2019 and holds 670 shares.



Robert Röder (1965)

MD NRC Sweden

Röder has more than 35 years of railway industry experience. He was previously CEO of Strukton Rail Scandinavia and board member of Strukton Rail Group. Röder has executed and managed several large infrastructure projects. Röder has been managing director of NRC Sweden since September 2019. Röder currently holds no shares in the company.



Alfred Beck (1973)

Legal counsel

Beck has a legal and investment banking background. He has extensive experience within general corporate law and corporate finance and has been involved with structuring and executing more than 275 ECM and M&A transactions. Beck holds an Executive MBA from Norwegian School of Economics (NHH) and a Cand.jur degree from the University of Bergen. Beck holds 75,000 share options in the company.



Dag Fladby (1968)

CFO NRC Group

Fladby has a broad managerial background from different industries, including CEO and CFO with Scandinavian Beverage Group, investment director with Norwegian Property ASA, CFO at Holta Invest and finance director with the Norwegian Armed Forces Logistical Organisation (FLO.) Fladby has been CFO of the company since March 2016. He holds 49,400 shares and 75,000 share options in the company.



Hans Olav Storkås (1966)

MD NRC Norway

Storkås has more than 25 years' experience from the construction industry. He has held leading positions as director in AF Gruppen and Lemminkäinen. In addition, Storkås founded a construction company that was sold to Lemminkäinen. Storkås holds a Master of Civil Engineering Degree (NTH 1989), 22,170 shares and 37,500 share options.



Mirka Nevala (1978)

EVP strategy and corporate development NRC Group

Nevala has a background from Boston Consulting Group, where she spent close to nine years consulting tens of companies on three continents. Nevala joined VR Track Oy in March 2017. With VR Track, she acted as VP of Strategy and MD of VR Track Sweden AB. With NRC Group, she has acted as VP Design business. Currently, she holds the positions of EVP strategy and corporate development at NRC Group and VP strategy at NRC Finland. Nevala has M.Sc. in Eng. and M.Sc. in Adm./Econ. She holds 670 shares.



Minttu Vilander (1981)

Head of Communications and Brand NRC Group

Vilander has 15 years of experience from several positions related to communications, PR and brand building. Before joining VR Track Oy in September 2019 she was working as a communications manager at civil engineering and consulting company Granlund. Before that she was working as a communications adviser in political field. Currently, she holds the positions of Head of Communications and Brand at NRC Group and leads the NRC Group Finland's communication team as Communications Manager. Vilander has M.A. from University of Jyväskylä. She holds 670 shares.

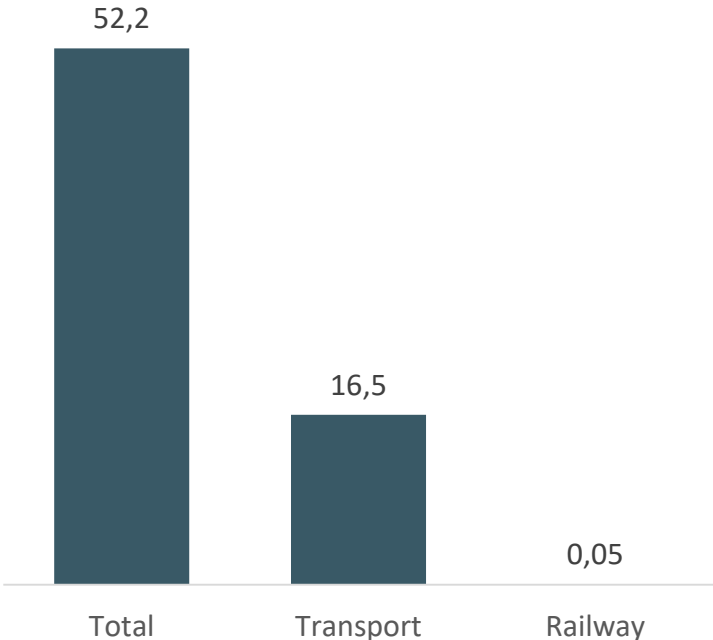
Segments – key figures quarterly development

	FY 2016	FY 2017	FY 2018	Reported Q1 2018	Reported Q2 2018	Reported Q3 2018	Reported Q4 2018	Reported Q1 2019	Reported Q2 2019	Reported Q3 2019	Reported Q4 2019	FY 2019
Norway operations (NOK million)												
Total revenue	604	771	1 598	212	335	421	630	470	545	683	583	2 281
EBITDA*	13	43	136	-1	26	46	65	14	65	75	47	200
EBITA*	2	21	96	-7	19	36	48	-5	43	52	23	112
EBIT*	-2	5	75	-13	16	33	39	-13	35	45	17	84
Sweden operations (NOK million)												
Total revenue	1 371	1 613	1 591	316	498	433	344	299	411	460	370	1 539
EBITDA*	173	221	27	9	46	32	-60	-7	-13	14	-71	-77
EBITA*	160	198	-8	2	38	23	-71	-20	-24	2	-83	-125
EBIT*	136	179	-16	1	37	17	-71	-20	-24	2	-83	-125
Finland operations (NOK million)												
Total revenue								361	601	712	713	2 388
EBITDA*								4	64	70	53	191
EBITA*								-13	45	55	29	116
EBIT*								-24	35	45	19	75

A partner in reducing Nordic CO₂ emissions

Green transport

Norway emissions 2018 (mt CO₂)



Sustainable urbanisation

Tampere light-rail



19%
Increase in public transport travel in 2040

€ 0.4m
Annual reduction in transport related emission costs in 2040

Maritime disruption

Port upgrades for electric ferries



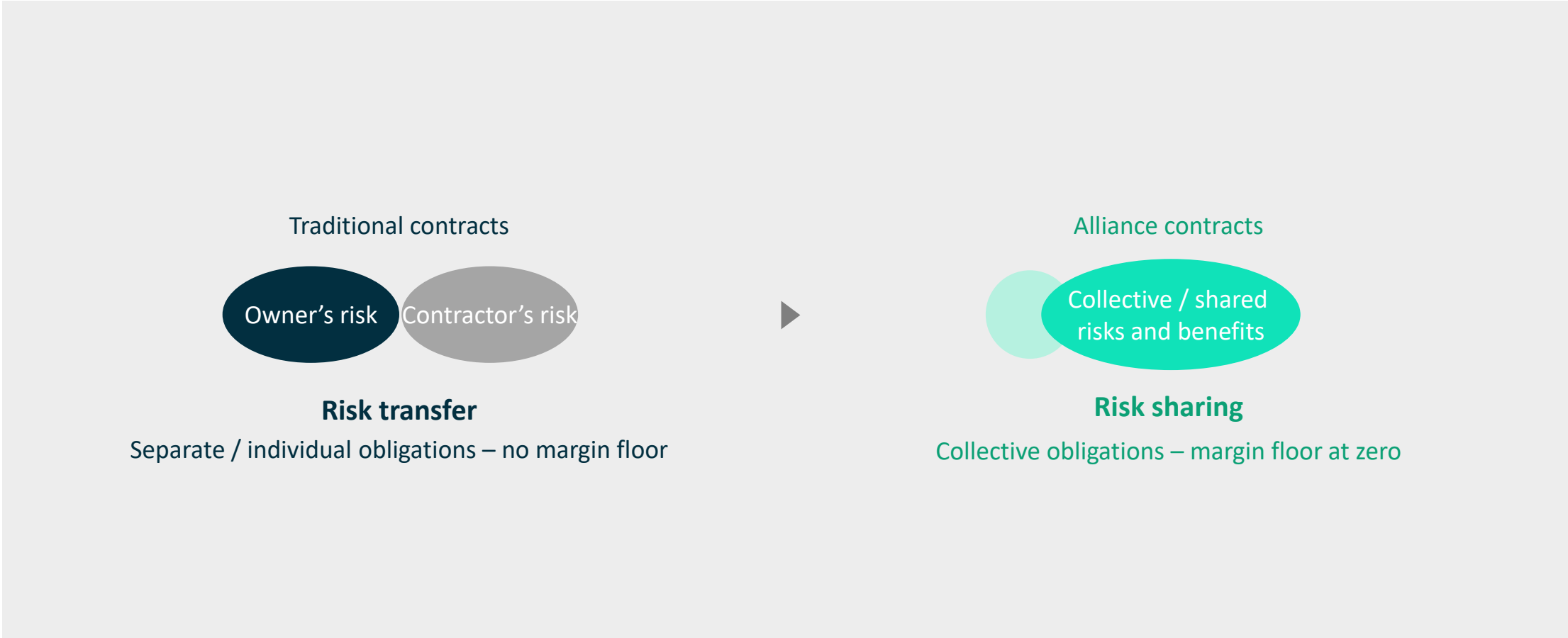
Infrastructure for first-ever zero emission, autonomous ship



Diversified contract structures

Contract type	Description
Execution contracts	<ul style="list-style-type: none">• NRC delivers bid on work predefined by the client• Deviations from predefined work to be paid by client upon documentation by NRC
Turnkey contracts	<ul style="list-style-type: none">• NRC is responsible for the design and construction from inception to completion
Alliance contracts	<ul style="list-style-type: none">• Used in Finland on some larger contracts• Collective obligations create shared risk/reward, ensuring early involvement of parties• Lowest level of profitability is zero margin
Sub-contractor	<ul style="list-style-type: none">• Typically standardized contracts. Tries to be favourable for NRC with hourly rates or similar, but usually back to back with the contractor
Maintenance contracts	<ul style="list-style-type: none">• Base fee as retainer with predefined work and rates. All work is documented on a running basis and billed accordingly

Alliance project model illustration



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. The Group believes that APMs such as EBITA excluding M&A expenses are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation on intangible assets and M&A expenses, which can vary significantly depending upon accounting methods (in particular when acquisitions have occurred) or based on non-operating factors. Accordingly, the Group discloses these APMs to permit a more complete and comprehensive analysis of its underlying operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies may calculate EBITA and EBITA margin differently, the Company's presentation of these APMs may not be comparable to similar titled measures used by other companies.

Contract value	The amount stated in the contract for contract work excluding VAT.
EBITA	Operating profit plus amortisations on intangible assets, including intangible assets such as customer relations and order backlog accounted for as part of the purchase price allocation under business combinations.
EBITA margin	EBITA in relation to operating revenue.
EBITDA	EBITA plus depreciations on fixed assets and right-to-use assets.
M&A expenses	Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement of contingent considerations that is not included in the final purchase price allocation.
Net interest-bearing debt (NIBD)	Total interest-bearing liability including liability related to financial and operating lease agreements less cash and cash equivalents.
Order backlog / order book	Total nominal value of orders received less revenue recognised on the same orders.
Organic growth	Total revenue growth compared to comparable numbers for the same period prior year including full year revenue effect (proforma) for any acquired business.