

REPORT

2ND QUARTER

17

A background image showing a perspective view of a road or railway tracks receding into the distance, illuminated by bright, golden light rays emanating from a central point on the horizon. The image has a motion blur effect, suggesting speed and forward momentum. The colors transition from a warm orange and yellow at the top to a cooler blue and purple at the bottom.

Highlights

2nd quarter and first half 2017

/ KEY EVENTS

- Record-high order intake of NOK 1,231 million
- Adding groundwork and project management expertise by acquiring ALTi Bygg og Anlegg AS
- Initiated and executed new share buyback programme

/ KEY FIGURES Q2*

- Revenues of NOK 581.6 million in 2017 vs NOK 503.6 million in 2016
- EBITDA of NOK 43.0 million in 2017 vs NOK 22.9 million in 2016
- EBITDA margin of NOK 7.4% in 2017 vs NOK 4.5% in 2016
- Order backlog of NOK 2,451 million

/ KEY FIGURES FIRST HALF 2017*

- Revenues of NOK 922.5 million in 2017 vs NOK 823.4 million in 2016
- EBITDA of NOK 49.0 million in 2017 vs NOK 23.8 million in 2016
- EBITDA margin of NOK 5.3% in 2017 vs NOK 2.9% in 2016

/ CONTRACT WINS*

- Historically largest contract win of SEK 700 million for groundwork related to Haga Station in Gothenburgh confirms strategy to position for larger contracts has been successful
- Appointed to SEK 155 million groundwork contract for new road between Dala-Järna and Vansbro
- Appointed to SEK 172 million contract for track renewal at Alingsås in Sweden
- Appointed to SEK 47 million contract for ground and catenary foundation work at Gällivare- Kiruna

**Reported figures (ex SBB and ALTi)*



NRC Group

NRC Group aims to be the leading Nordic railway infrastructure entrepreneur

NRC Group is a leading contractor within railway infrastructure in Norway and Sweden. The company is a supplier of all track-related infrastructure services, including groundwork, specialized trackwork, safety, electro, telecom- and signalling systems.

The company works within rail, metro and tram segments, and closely related infrastructure. NRC Group has experienced significant growth since its inception in 2011 and has a vision of becoming the leading Nordic entrepreneur within railway infrastructure.

Key figures

(Amounts in NOK million)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	Proforma	
					2016	2016
Revenue	581,6	503,6	922,5	823,4	1 975,0	2 045,4
EBITDA	43,0	22,9	49,0	23,8	152,4	190,2
EBITA	33,8	17,8	31,0	14,7	127,7	162,0
EBIT	25,2	10,7	14,3	0,4	99,3	131,2
EBT	22,9	8,3	10,1	-4,5	89,4	120,8
EBITDA (%)	7,4 %	4,5 %	5,3 %	2,9 %	7,7 %	9,3 %
EBIT (%)	4,3 %	2,1 %	1,6 %	0,0 %	5,0 %	6,4 %
Employees	479	384	479	384	418	418
Investments	15,7	15,6	85,1	21,6	45,8	53,8
Order backlog	2 451	1 615	2 451	1 615	1 402	1 402



Comments on second quarter and first half 2017 results

Seasonal increase in activity and record high order intake

NRC Group delivered a quarter with revenue reflecting the normal seasonal increase in activity. Revenue was NOK 581.6 million in the quarter, which is an increase of 15.5% compared with the second quarter of 2016. EBITDA was NOK 43.0 million, compared with NOK 22.9 million in same period last year. This equalled an EBITDA margin of 7.4% (4.5%).

Revenue for the first six months of 2017 was NOK 922.5 million, an increase of 12.0% from the first half of 2016. EBITDA was NOK 49.0 million (NOK 23.8 million) and the EBITDA margin was 5.3% (2.9%). Sweden is performing well, as well as most of the companies in Norway. However, we are not satisfied with the performance in NRC Rail and further measures will be taken to improve the operational performance.

Order intake for the second quarter amounted to NOK 1,231 million and the backlog was NOK 2,451 million at the end of June, which is the highest order backlog ever for NRC Group. The company won its historically largest contract in the quarter valued at SEK 700 million for groundwork related to the Station Haga project in Gothenburg. NRC Group will execute the contract in a consortium with leading European contractors. The second-largest contract won in the quarter, also from

The Swedish Transport Administration (Trafikverket), was for track renewal at Alingsås worth approximately SEK 172 million. The contract involves a wide range of rail services such as groundwork, track, electro and signal/telecom, confirming NRC Group's position as a turnkey railway entrepreneur.

On 29 June, NRC Group announced the acquisition of ALTi Bygg og Anlegg AS. The company has employees with extensive experience from project management and previous leading positions within AF Gruppen. The acquisition of ALTi will further strengthen the competitiveness of NRC Group's Norwegian operations in the growing rail infrastructure market where project management, ground and construction expertise is key. The project management expertise from ALTi, will complement the existing knowhow and capacity of NRC Group. It will further strengthen NRC Group's overall capabilities, enabling the company to undertake larger and more complex projects also simultaneously.

The acquisition of HAG Anlegg closed in beginning of April, while the SBB and ALTi acquisitions were closed in the beginning of July.

All the acquisitions are in line with NRC Group's strategy of building competencies as a turnkey railway entrepreneur and to consolidate the market for rail, tram and metro construction services.

NRC Group completed the adjustment to workforce in NRC Rail AS initiated in the first quarter to focus on project management capabilities, and harmonise the group's organisational and business structure. The process affected approximately 40 employees.

At the end of March and at 11 May, NRC Group initiated a share buyback programme of up to NOK 20 million. The acquired treasury shares may be used as consideration shares for acquisitions and for the company's employee share programme.

It is NRC Group's ambition over time to distribute a dividend of minimum 30% of the profit for the year, subject to a satisfactory underlying financial performance. A dividend of NOK 0.80 per share for 2016 was paid to shareholders in May.

The positive investment outlook for the Nordic railway is supported by strong macro trends and political commitment. The new Norwegian National Transport Plan for the next 12-year period, approved by Parliament on 19 June, and the proposed National Transport Plan in Sweden reaffirm the political commitment to increased railway spending.

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

Financial position

Net cash flow from operating activities for the second quarter of 2017 was NOK -1.1 million (NOK -5.9 million) and NOK -60.2 million (NOK -26.3 million) for the first half 2017. First half has historically negative cash flow from operations due to seasonal fluctuations with lower production and increased working capital.

Net cash flow from investing activities for the first half 2017 was NOK - 80.7 million (NOK -47.7 million), including an instalment of NOK 19.7 million on a tamping machine in the first quarter of 2017 and NOK 56.7 million related to acquisition of HAG Anlegg AS in the second quarter of 2017.

Net cash flow from financing activities for the first half 2017 was NOK -23.6 million (NOK -9.2 million) and NOK - 13.6 million in second quarter 2017, where net proceeds from acquisitions financing of HAG Anlegg AS in second quarter was NOK 59.7 million. Furthermore, buyback of own shares of NOK 14.6 million, paid out dividend of NOK 31.5 million and repayment of seller credits and instalments of other loans of NOK 27.3 million in second quarter are included.

The cash position at 30 June 2017 was NOK 263.9 million.

Employees

NRC Group employees have a high level of competence. They represent the foundation for growth. As of 30 June 2017, 469 people were employed in the operative companies. As of 30 June 2017, NRC Group ASA had 10 employees.

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

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

policies and compliance functions.

Risks

NRC Group is exposed to both operational and financial risks. Operational risks include risk assessment and contingency appraisal in project tendering, change management in project execution and resource optimization following fluctuations in seasonal demand in the business of NRC Group.

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

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

Work in progress and trade receivables are set out contractually, which means that the amount of capital committed is determined by the credit terms of the contracts. A major part of the business is with state owned companies such as Bane NOR in Norway and Trafikverket in Sweden. NRC Group's liquidity reserves will normally be at its lowest in the spring and summer due to the seasonality in the business. Liquidity risk is overall considered low.

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

Outlook

The positive investment outlook for the Nordic railway is supported by strong macro trends and political commitment. The new Norwegian National Transport Plan for the next 12-year

period, approved by Parliament on 19 June, and the proposed National Transport Plan in Sweden reaffirm the political commitment to increased railway spending.

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

Condensed consolidated statement of income

Reported figures

(Amounts in NOK million)	Q2	Restated	YTD	Restated	
	2017	Q2 2016	2017	YTD 2016	2016
Revenue	581,6	503,6	922,5	823,4	1 975,0
Operating expenses	538,6	480,8	873,5	799,6	1 822,6
Oper. profit/loss before depr. and amort. (EBITDA)	43,0	22,9	49,0	23,8	152,4
Depreciation	9,2	5,1	17,9	9,2	24,7
Operating profit/loss before amortisation (EBITA)	33,8	17,8	31,0	14,7	127,7
Amortisation	8,6	7,1	16,7	14,3	28,4
Operating profit/loss (EBIT)	25,2	10,7	14,3	0,4	99,3
Net financial items	-2,3	-2,4	-4,3	-4,9	-9,9
Profit/loss before tax (EBT)	22,9	8,3	10,1	-4,5	89,4
Taxes	-5,3	-2,0	-2,1	-0,2	-21,8
Profit/loss from continuing operations	17,5	6,3	7,9	-4,7	67,6
Profit/loss from discontinued operations	-2,5	2,9	-6,9	1,5	-10,3
Net profit/loss	15,0	9,2	1,1	-3,2	57,3
Profit/loss attributable to:					
Shareholders	15,0	9,2	1,1	-3,2	57,3
Net profit / loss	15,0	9,2	1,1	-3,2	57,3
Comprehensive profit/loss:					
Translation differences	19,5	-36,6	28,5	-51,9	-22,9
Total comprehensive profit/loss	34,5	-27,4	29,6	-55,2	34,4
Total comprehensive profit/loss attributable to:					
Shareholders	34,5	-27,4	29,6	-55,2	34,4
Total comprehensive profit/loss	34,5	-27,4	29,6	-55,2	34,4
Earnings per share in NOK (ordinary and diluted):					
From continuing operations	0,45	0,18	0,20	-0,13	1,91
From discontinued operations	-0,06	0,08	-0,18	0,04	-0,29
From total net profit/loss	0,38	0,26	0,03	-0,09	1,62

Consolidated balance sheet

(Amounts in NOK million)		Restated	
ASSETS	30.06.2017	30.06.2016	31.12.2016
Deferred tax assets	31,3	43,0	31,2
Goodwill	686,6	540,8	576,7
Customer contracts and other intangible assets	20,5	34,0	23,8
Intangible assets	738,4	617,8	631,8
Tangible assets	216,1	109,4	143,5
Financial investments	8,5	7,8	7,2
Total non-current assets	963,0	735,0	782,5
Total receivables	555,8	490,7	413,4
Cash and cash equivalents	263,9	167,4	418,4
Assets classified as held for sale	0,0	0,0	9,1
Total current assets	819,7	658,1	840,9
Total assets	1 782,7	1 393,1	1 623,4

(Amounts in NOK million)		Restated	
EQUITY AND LIABILITIES	30.06.2017	30.06.2016	31.12.2016
Paid-in-capital:			
Share capital	39,5	35,3	38,8
Treasury shares	-0,3	-0,3	-0,1
Share premium	774,1	659,8	775,7
Other equity:			
Currency translation differences	10,2	-47,3	-18,3
Retained earnings	219,2	47,2	218,1
Total equity	1 042,7	694,7	1 014,2
Pension obligations	0,0	5,9	0,0
Non-current interest-bearing liabilities	174,9	105,4	110,8
Deferred taxes	11,7	47,1	11,3
Other non-current liabilities	0,0	4,9	4,7
Total non-current liabilities	186,6	163,3	126,8
Interest-bearing current liabilities	69,5	129,6	82,1
Other current liabilities	483,7	405,5	392,4
Liabilities classified as held for sale	0,0	0,0	7,9
Total current liabilities	553,3	535,1	482,4
Total equity and liabilities	1 782,7	1 393,1	1 623,4

Statement of changes in equity

(Amounts in NOK million)	Share capital	Treasury shares	Share premium	Translation differences	Retained earnings	Restated Total equity
Equity at 1 January 2016	34,9	-0,7	641,0	4,6	46,8	726,6
Profit/loss for the period					-3,2	-3,2
Other comprehensive income for the period				-51,9		-51,9
Increase share capital	0,4		18,8			19,2
Sale of treasury shares		0,4			3,5	4,0
Total comprehensive income for the period	0,4	0,4	18,8	-51,9	0,3	-32,0
Equity at 30 June 2016	35,3	-0,3	659,8	-47,3	47,2	694,7
Equity at 1 January 2017	38,8	-0,1	775,7	-18,3	218,1	1 014,2
Profit/loss for the period					1,1	1,1
Other comprehensive income for the period				28,5		28,5
Increase share capital	0,8		44,2			45,0
Dividend paid			-31,5			-31,5
Acquisition of treasury shares		-0,3	-14,3			-14,6
Total comprehensive income for the period	0,8	-0,3	-1,6	28,5	1,1	28,5
Equity at 30 June 2017	39,5	-0,3	774,1	10,2	219,1	1 042,7

Consolidated cash flow statement

(Amounts in NOK million)	Q2 2017	Restated Q2 2016	YTD 2017	Restated YTD 2016	2016
Profit/loss before tax	22,9	8,3	10,1	-4,5	89,4
Depreciation and amortisation	17,8	12,1	34,6	23,4	53,1
Taxes paid	-4,0	-4,4	-8,9	-8,6	-23,4
Change in working capital	-37,8	-21,9	-96,0	-37,6	10,1
Net cash flow from operating activities - cont. oper.	-1,1	-5,9	-60,2	-27,3	129,2
Net cash flow from operating activities - disc. oper.	0,0	-4,7	0,0	1,0	17,7
Net cash flow from operating activities	-1,1	-10,5	-60,2	-26,3	146,9
Purchase of property, plant and equipment	-6,0	-6,0	-26,2	-24,4	-52,2
Acquisition of companies, net of cash acquired	-56,7	-22,8	-56,7	-23,5	-41,5
Proceeds from sale of shares, other invest. and equip.	3,3	0,1	2,2	0,1	4,9
Net cash flow from investing activities - cont. oper.	-59,4	-28,7	-80,7	-47,7	-88,9
Purchases of property, plant and equipment	0,0	-0,3	0,0	-1,3	-2,0
Net proceeds from sale of shares and other investm.	5,0	0,0	4,1	0,3	23,0
Net cash flow from investing activities - disc. oper.	5,0	-0,3	4,1	-1,0	21,0
Net cash flow from investing activities	-54,4	-29,0	-76,6	-48,7	-67,9
Proceeds from borrowings	59,7	23,0	59,7	23,0	23,0
Repayments of borrowings	-27,3	-49,7	-37,3	-54,1	-126,9
Net change in overdraft facilities	0,0	12,0	0,0	19,8	-9,1
Net receipt of equity capital	0,0	2,0	0,0	2,0	206,1
Payments for treasury shares	-14,6	0,0	-14,6	0,0	0,0
Dividend paid	-31,5	0,0	-31,5	0,0	0,0
Net cash flow from financing activities - cont. oper.	-13,6	-12,6	-23,6	-9,2	93,1
Net cash flow from financing activities	-13,6	-12,6	-23,6	-9,2	93,1
Net change in cash and cash equivalents	-69,1	-52,2	-160,4	-84,3	172,1
Cash and cash equivalents at the start of the period	328,2	223,1	418,4	258,2	258,2
Translation differences	4,8	-3,5	6,0	-6,5	-12,0
Cash and cash equivalents at the end of the period	263,9	167,4	263,9	167,4	418,4
Cash and cash equivalents - continuing operations	263,9	167,4	263,9	167,4	418,4
Cash and cash equivalents - discontinued operations	0,0	0,0	0,0	0,0	2,9

Notes to the financial statement

General information

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

The company is a Norwegian public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company has its registered address at Akerkvartalet, Oksenøyveien 10, 1366 Lysaker, Norway.

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

Accounting policies and basis for preparation

The condensed consolidated financial statements as per 30 June 2017 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim and first half financial report is presented in accordance with revised IAS 34, Interim Financial Reporting. The accounting principles applied in the interim and first half report are the same as those described in the consolidated accounts for 2016. The company has not implemented new or changed standards in 2017.

The interim and half-year accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2016. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company's consolidated, unaudited interim financial reports for 2017, unaudited interim and half-year financial reports for 2016 and audited financial report for the full year of 2016.

The purchase price allocations for the 2015 business combinations have been corrected in 2016. Corrections to the first half 2016 comparative numbers presented in this report are an increase in customer contracts and other intangible assets of NOK 5.4 million, an increase in deferred tax liabilities of NOK 1.1 million, and a reduction in goodwill of NOK 12.1 million. Amortisation of intangible assets have been increased with NOK 7.2 million. Reference is made to note 2 and note 24 in the annual report for 2016.

The consolidated income statement and cash flow statements for the second quarter and first half 2016 have been changed to reflect the company's divestment of the Geo business. The net result from discontinued businesses is presented on a separate line in the income statement.

Following the divestment of the Geo division, and the implementation of a common organisational and business structure for the remaining group entities, the group's reportable segments have been changed. The segments reported are now Norway and Sweden, based on the geographical location of the subsidiaries. Corresponding information for earlier periods have been changed.

In consolidation of the accounts of foreign subsidiaries, the income statement is translated into the presentation currency (NOK) according to average exchange rates for the period. Balance sheet items are translated at the exchange rate in effect on the balance sheet date. Currency translation gains or losses resulting from differences in the exchange rates in effect on the balance sheet date compared with the rates in effect at the previous year-end are recognized in other comprehensive income.

Use of estimates

In preparing these condensed consolidated interim and half-year financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates are based on the management's best judgement and experience. Actual results may differ from these estimates. Estimates and their underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are recognized for the period in which the estimate is changed and for future periods if these are affected by the change in estimates.

All projects are accounted for as construction contracts. The projects vary from shorter projects of less than a month to longer projects ranging over multiple years.

The estimates underlying the accounts are based on uniform principles and are subject to control procedures to ensure reliable measurement of project results and progress.

The significant judgements made by management in applying the NRC Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2016.

Changes in the group's structure during the quarter

On 27 March 2017, NRC Group agreed to acquire the construction company HAG Anlegg AS ("HAG") for a total consideration of NOK 107.5 million in a combination of cash and NRC Group shares. The transaction was closed 7 April 2017.

Business combinations

On 7 April 2017, NRC Group acquired 100% of the shares in HAG Anlegg AS for an enterprise value of NOK 107.5 million. The acquisition was financed by a combination of cash and issuance of 775 862 new shares in NRC Group. The shares are subject to a lock-up period, whereby 1/3 of the shares are subject to a lock-up period of 24 months, 1/3 for 30 months and the last 1/3 for 36 months.

The former shareholders of HAG Anlegg AS have guaranteed a minimum EBIT in 2017 of NOK 15.0 million.

Presented below is an allocation of the purchase price based on the opening balance for the business combination made in second quarter 2017. The purchase price has been allocated at the fair value of the assets and liabilities of the company.

(Amounts in NOK million)	<u>Hag Anlegg AS</u>
Date of acquisition	7 April
Share of ownership	100%
Cash settlement	63
Value of issued shares in NRC Group ASA	45
Cash in target	-6
Net settlement	102
Property, plant and equipment	2
Intangible asset: Customer contracts and relations	12
Non-current assets	5
Current assets	23
Tax payable and deferred tax	-3
Interest-bearing debt	-1
Other current liabilities	-28
Net identifiable assets and liabilities	10
Goodwill	92
Consolidated revenue from date of acquisition	46
Consolidated profit/loss before tax from date of acquisition	6
Transaction costs expensed as other operating expenses	1

The acquisition of HAG Anlegg AS resulted in goodwill of NOK 92 million. Goodwill is related to the fair value of expected synergies arising from the organisation's competence within project management and construction technique within the groundworks segment. The acquisition will strengthen NRC Group's overall capabilities, enabling NRC Group to undertake larger, more complex and

simultaneous projects. It will further improve NRC Group's position for projects related to the planned upgrade of the tram and metro infrastructure in Oslo.

Allocation of the purchase prices were prepared using the acquisition method as regulated in IFRS 3. The allocations have not been finalised by 30 June 2017.

If the combination had taken place at the beginning of the year, the NRC Group's pro forma revenue would have been NOK 953 million and pro forma operating result (EBIT) would have been NOK 13 million. Intangible assets related to the acquisition of HAG Anlegg AS include customer contracts and customer relations acquired through the business combination of NOK 12 million. They are recognized at their fair value at the date of acquisition and are subsequently amortised according to the straight-line method and on the

basis of the timing of projected cash flows from the contracts over their estimated useful lifetime (two years). The allocation of the purchase price resulted in a provision of NOK 2 million related to contract guarantees, included as other current liabilities. Costs related to the transactions that were not directly attributable to the issue of shares are included in other operating expenses in the income statement and in operating cash flows in the cash flow statement.

Segments

Norway operations (NOK million)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenue	188,8	162,2	297,0	275,4	604,4
Operating profit/loss before depr. and amort. (EBITDA)	9,5	6,2	4,0	0,8	13,2
Operating profit/loss before amort. (EBITA)	5,1	3,4	-4,8	-4,4	2,5
Operating profit/loss (EBIT)	1,8	2,3	-10,4	-6,6	-2,3

Sweden operations (NOK million)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenue	395,8	341,4	628,5	548,0	1 370,6
Operating profit/loss before depr. and amort. (EBITDA)	42,0	34,0	61,3	44,8	173,5
Operating profit/loss before amort. (EBITA)	37,2	31,7	52,2	40,9	159,7
Operating profit/loss (EBIT)	32,0	25,8	41,1	28,9	136,0

Parent, holding companies and eliminations (NOK million)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenue	-3,0	0,0	-3,0	0,0	0,0
Operating profit/loss before depr. and amort. (EBITDA)	-8,6	-17,3	-16,4	-21,8	-34,4
Operating profit/loss before amort. (EBITA)	-8,6	-17,3	-16,4	-21,9	-34,4
Operating profit/loss (EBIT)	-8,6	-17,4	-16,4	-21,9	-34,4

Discontinued operations

In 2016, most of the companies in the former Geo business were divested and the remaining Geo companies were presented as discontinued operations as per year-end 2016.

These entities are Blom Deutschland GmbH, Blom Nusantara PT, Indonesia and Blom International Operations S.R.L. The sale of Blom Deutschland GmbH was closed in January 2017 with no material gain or loss for the group. The sale of Blom Nusantara PT and

Blom International Operations S.R.L were closed during the second quarter of 2017.

The profit/loss from discontinued operations for the first half of 2017 and full year 2016 therefore includes the net profit/loss of the Geo business, the net gain on sale of the entities as well as reclassification of foreign currency translation reserves, as required by IFRS, for the entities sold. Reference is made to note 23 in the annual report for 2016.

Profit/loss from discontinued operations:

(Amounts in NOK million)	YTD 2017	2016
Operating revenue	9	163
Operating expenses	-9	-166
Operating profit/loss	-1	-3
Net financial items	0	0
Net profit/loss from sale and remeasurement	-6	-7
Profit/loss before tax from discontinued operations	-7	-10
Tax	0	0
Profit/loss for the year from discontinued operations	-7	-10

Net profit/gain from sale and remeasurement:

(Amounts in NOK million)	YTD 2017	2016
Consideration received or receivable:		
Cash	6	54
Receivable	0	12
Transaction costs	-1	-7
Total consideration	5	59
Carrying amounts of net assets sold	-8	-33
Gain on sale before remeasurement, tax and reclassification of translation reserve	-4	26
Reclassification of foreign currency translation reserve	-2	-31
Income tax expense	0	0
Gain (loss) on sale	-6	-5
Transaction costs disposal group	0	-2
Net profit/gain from sale and remeasurement	-6	-7

Summary of net cash flows:

(Amounts in NOK million)	YTD 2017	2016
Operating cash flow	0	18
Investing cash flow	0	-2
Net proceeds from sale of shares and other investments	4	47
Cash in companies sold	0	-24
Financing cash flow	0	0
Net cash (outflow)/inflow	4	39

Transactions between related parties

NRC Group ASA had no significant related party transactions in the first half year of 2017. Note 6 in the annual report for 2016 provides further disclosures on the size and types of related party transactions during the previous years. The transactions are carried out on arm's length terms.

Shareholder information

The table presented below provide an overview of the Stock Exchange announced contracts during second quarter 2017.

(Amounts in NOK million)		
Client	Estimated value	Country
Trafikverket	46	Sweden
Trafikverket	171	Sweden
Trafikverket	695	Sweden
Trafikverket	154	Sweden
Total	1 066	

On 5 April 2017, NRC Group ASA bought 100.000 shares in the company through broker at an average price of NOK 58,8504 per share. Further, on 7 April 2017, NRC Group ASA bought 50.000 shares in the company through broker at an average price of NOK 59,4223 per share. The share purchases were made in connection with the company's decision 31 March 2017 to execute a share buyback programme for up to NOK 10 million in the market.

On 11 May 2017, NRC Group ASA initiated a new share buyback programme for up to NOK 10 million in the market. The buyback programme was conducted in accordance with the authorization provided by the Annual General Meeting to the Board of Directors on 3 May 2017.

24 May 2017, NRC Group ASA bought 50.000 shares in the company through broker at an average price of NOK 55,1186 per share. Further, on 2 June 2017, the company bought 50.000 shares in the company through broker

at an average price of NOK 56.2263 per share. The company's total holding of treasury shares after this transaction is 268.165 shares.

The purpose of the share buybacks was to position the company for future acquisitions in which the company expects that part of the consideration will be settled by consideration shares. Further, the shares purchased under these programs can be used for the company's employee share programme.

On 7 April 2017, the Board of Directors issued 775,862 shares at a price of NOK 58 per share as partial consideration to the sellers of HAG. The transaction was pursuant to an authorization granted by the company's Extraordinary General Meeting on 12 May 2016. After the share capital increase the company's share capital was NOK 39,529,212.00 divided on 39,529,212 shares, each with a nominal value of NOK 1.

On 3 May, Mats O. Paulsson was appointed by the Annual General Meeting as new member of the Board of Directors, replacing Kristian G. Lundkvist. Further, all items were approved in accordance with the Notice to the General Meeting.

Events after the end of the period

On 30 March 2017, NRC Group entered a binding term sheet with the shareholders of the railway infrastructure and signal company Signal & Banbyggarna i Dalarna Aktiebolag ("SBB") to acquire all shares in SBB for a total consideration of SEK 115 million. The transaction was completed 10 July 2017. The purchase price was settled in a combination of cash and NRC Group shares.

On 29 June 2017, NRC Group agreed to acquire the construction company ALTi Bygg og Anlegg AS ("ALTi") for a total consideration of NOK 200 million in a combination of cash and NRC Group shares. The transaction was closed 6 July 2017.

IR Policy

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

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

Dividend Policy

The company expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks. The Board of Directors at NRC Group has introduced a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds. The Annual General Meeting resolves the annual dividend, based on the proposal by the Board of Directors. On 3 May 2017, the Annual General Meeting approved a dividend of NOK 0.80 per share for 2016.

Statement of the Board of Directors and CEO

The Board of Directors and CEO have today reviewed and approved the condensed consolidated financial statements and Board of Director's report for the period from 1 January to 30 June 2017. The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by EU.

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

Oslo, 14 August 2017

The Board of Directors of NRC Group ASA

Helge Midttun

Chairman of the Board of Directors

Mats O. Paulsson

Board member

Brita Eilertsen

Board member

Kjersti Kanne

Board member

Harald Arnet

Board member

Øivind Horpestad

CEO NRC Group ASA

NRC Group ASA

Company information

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Board of Directors

Helge Midttun	Chairman
Mats O. Paulsson	Board member
Brita Eilertsen	Board member
Kjersti Kanne	Board member
Harald Arnet	Board member

Management

Øivind Horpestad	CEO
Dag Fladby	CFO
Daniel Pettersson	MD Sweden
Geir Nilsen	MD Norway

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