

REPORT

4TH QUARTER



2018

Highlights

4th quarter 2018

/ ACQUISITION OF VR TRACK OY

- Creating the largest Nordic rail infrastructure player with the acquisition of Finnish VR Track Oy
- A strong platform to capture future growth opportunities within strong and growing market segments

/ KEY EVENTS

- Reorganisation in Sweden to optimise strategies, realising synergies and improve operational execution. New management team in place
- Awarded NOK 360 million Storgata tramway contract in Oslo

/ KEY FIGURES Q4 2018

- Revenues of NOK 971 million vs NOK 674 million in Q4 2017
- Total EBITDA* of NOK -7 million. EBITDA of NOK -60 million in Sweden because of expenses and loss related to business being reorganised
- Order book of NOK 2,748 million

/ KEY FIGURES 2018

- Revenues of NOK 3,176 million vs NOK 2,373 million in 2017
- EBITDA* of NOK 132 million including expenses and loss related to business being reorganised in Sweden
- Proforma** revenues for 2018 was NOK 6,472 million
- Proforma** EBITDA* was NOK 475 million, including expenses and loss related to business being reorganised in Sweden in Q4
- Proforma order book of NOK 6,145 million.

* Excluding M&A costs

** Acquired companies incorporated based on management accounts with estimated IFRS adjustments on financial lease



(Saggrenda bru, Kongsberg. Photo by Kjell Wold, Statens Vegvesen)

NRC Group

NRC Group is the largest specialised rail infrastructure company in the Nordic region following the acquisition of VR Track Oy in January 2019. The group is a supplier of all rail, road and harbour related infrastructure

services, including design, groundwork, specialised trackwork, safety, electro, telecom and signalling systems, and environmental services.

Key figures

(Amounts in NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
Revenue	971	674	3 176	2 373
EBITDA ex M&A	-7	72	132	236
EBITA ex M&A	-36	57	57	190
EBIT ex M&A	-44	49	29	156
EBITDA ex M&A (%)	-0,7 %	10,7 %	4,2 %	9,9 %
M&A expenses	14	2	28	6
EBITDA	-21	70	104	229
EBITA	-50	55	29	184
EBIT	-59	46	1	149
Employees	879	619	879	619
Investments	3	29	153	252
Order backlog	2 748	1 948	2 748	1 948
Order backlog from JVs	600	460	600	460



Comments on fourth quarter 2018 results

Acquisition of VR Track Oy

On 7 January 2019, NRC Group completed the acquisition of VR Track Oy to create the largest specialised rail infrastructure group in the Nordic region, with strong capabilities across the entire railway value chain and leading positions in the attractive Norwegian, Swedish and Finnish markets. Proforma* 2018 revenue for the combined group was NOK 6,472 million. EBITDA adjusted for M&A costs was NOK 475 million, including expenses and loss related to business being reorganised in Sweden in Q4.

The two businesses are complementary, and the combination is expected to create several synergies, including an improved position to capitalize on the trend towards maintenance projects in both Norway and Sweden with use of VR Track's extensive experience from such contracts in Finland and Sweden. The enlarged NRC Group will be able to leverage its unique capabilities across borders to create new project opportunities and offer larger turnkey projects to a wider customer group.

Following completion of the transaction, VR Group holds approximately 18% of the shares issued in NRC Group. VR Group is owned by the Finnish state.

Continued revenue growth

Fourth quarter reported revenue was NOK 971 million, compared to NOK 674 million in the same period in 2017, a 44% increase.

As a consequence of the VR Track acquisition, the group resolved to reorganise its Swedish operations, including termination of approximately 90 employees. The related expenses and losses in companies being reorganised negatively affect the group's EBITDA in Sweden, amounting to approximately NOK 60 million in fourth quarter 2018. Performance in Sweden also reflected the slow market activity leading to a higher cost base and lower margins for the Swedish operation. EBITDA excluding M&A costs was NOK -7 million, compared to NOK 72 million in

*Acquired companies incorporated based on management accounts with estimated IFRS adjustments on financial lease

the fourth quarter of 2017. M&A activities remained high through the end of the year related to the acquisition of VR Track. Incurred M&A costs for the quarter was NOK 14 million.

Full year 2018 revenue was NOK 3,176 million, an increase of 34% from 2017. Full year revenue-growth reflected continued market expansion in Norway with strong project execution and continued delivery on the consolidation strategy, partly offset by lower activity for track renewals and a slow market in the second half of 2018 in Sweden. EBITDA excluding M&A costs was NOK 132 million. The reduction in EBITDA includes significant non-recurring costs related to the restructuring in Sweden including such expenses and losses in SBB.

NRC Group conducted a thorough review of the Swedish operations in the fourth quarter to optimise the organisation and group strategies, realising synergies and improving operational execution. A new country management team was established, with Lars Öhman appointed as new managing director from early 2019. He was previously head of VR Track in Sweden.

The market in Sweden was weaker than expected in 2018, with an estimated decline in investments of 12% compared to 2017. The market also reflected some degree of uncertainty as the national budget was not approved until 19 December pending formation of a new government after the September election.

The Norwegian operation continued with strong growth and improved profitability.

The order intake was NOK 850 million in the fourth quarter where announced contracts amounted to NOK 498 million and unannounced order intake was NOK 352 million. The order backlog for own production amounted to NOK 2,748 million at the end of December. The orderbook including VR Track, as from 7 January, is 6,145 million excluding orderbook from JVs. Approximately 57% of the backlog is estimated for production in 2019. NRC Group's interest in the order backlog in joint ventures/ associated companies amounted to NOK 600 million at year-end.

Order intake included a NOK 360 million contract for rehabilitation of Storgata in the city

of Oslo, the second large tramway contract awarded in Oslo in 2018 under the ongoing NOK 4.1 billion programme to upgrade tram infrastructure and purchase new trams. NRC Group won both contracts with a combined value of NOK 762 million. Additionally, NRC Group won a NOK 92 million contract for ground and construction work at Herøya, Norway, for Yara ASA, and a NOK 46 million contract for construction work at the Oslo harbour front.

Tendering activity remains high in Norway with continued focus on larger turnkey projects covering several special competencies. This is in line with the group's strategic positioning in recent years. In 2018, NRC Group built substantial in-house competence and capacity to provide a full range of environmental services which strengthened the group's competitive position.

The Norwegian national budget proposal confirmed political support for strengthening the railway sector with a record NOK 26.4 billion allocated to 2019, an increase of 12% from 2018. Proposed spending on investment, maintenance and renewal lag behind average levels outlined in the 2018-29 National Transport Plan (NTP) for a second consecutive year and the maintenance backlog is increasing. These factors indicate continued growth in railway infrastructure investments and activity.

Overall market activity in Sweden has been slow, and the number of contracts awarded to the market in the fourth quarter was lower than expected. The tendering activity has caught up in January 2019. The Swedish national budget was approved in December and shows SEK 11.4 billion in new investments, an increase of 26% from 2018, and maintenance investments of SEK 9.3 billion, an increase of 6% from the year before.

The market in Finland is also firm and investments are expected to increase in 2019 compared to 2018 with light rail systems likely to represent the highest growth rate. Overall growth for the Finnish market is forecasted at 8% annually for the 2018-2022 period.

There is broad political support across all the Nordic countries for developing rail-based systems to provide environmentally friendly and

effective transport systems. Railway, metro and light-rail solutions offer sustainable solutions for moving people and goods and absorb effects of population growth and urbanisation. NRC Group holds a leading position in a growing Nordic market. Key focus areas for 2019 will be the successful integration of VR Track, synergy capture and continued profitable growth.

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. Based on the 2018 results, the significant growth and the acquisition of VR Track, the Board of Directors will not propose dividend for 2018. Normalised dividend distribution is expected from fiscal year 2019.



Cash flow and financial position

Net cash flow from operating activities for the fourth quarter 2018 was NOK 236 million (NOK 160 million) which includes positive effects from cut-off between quarter three and four with approximately NOK 60 million. The cash flow includes reduction in working capital due to seasonal variations. Net cash flow from operating activities for the year was NOK 192 million (NOK 133 million).

Net cash flow from investing activities for the fourth quarter of 2018 was NOK -1 million (NOK -28 million). Net cash flow from investing activities for the year was NOK -141 million (NOK -243 million) including the net cash payment for the acquisitions of NSS Holding AS and Gunnar Knudsen AS and a purchase price repayment from SBB.

Net cash flow from financing activities for the fourth quarter 2018 was NOK -39 million (NOK -35 million), which includes repayment of borrowings and payment of lease liabilities. Net cash flow from financing activities in 2018 was NOK -60 million (NOK 92 million) which includes proceeds from borrowings related to acquisitions of NOK 145 million, dividend payment of NOK 73 million and repayment of borrowings and lease liabilities of NOK 129 million.

The cash position at 31 December was NOK 396 million.

Employees

NRC Group employees have a high level of competence. They represent the foundation for growth. As of 31 December 2018, 879 people were employed in the group. Including VR Track, total number of employees will become approximately 2,450.

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, 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 from the tendering phase through to completion 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 has been limited, however by having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden. Following the acquisition of VR Track, the exposure will also relate to Finland and EUR. NRC Group has to limited extent utilized hedging instruments to limit the risks associated with foreign exchange.

The purchase price of VR Track is in EUR, and the cash proceeds will be financed with loans in EUR. Due to this, a forward contract of EUR 57 million at a fixed rate of 9.5535 and a loan agreement of EUR 189 million at a fixed rate of 9.5535 were entered to hedge the cash element of the purchase price.

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. 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.

Combining NRC Group and VR Track has created the largest specialized rail infrastructure group in the Nordic region, with strong capabilities across the entire railway value chain and leading positions in the attractive Norwegian, Swedish and Finnish markets. With a broader operational scope and combining the extensive construction and maintenance expertise, the combined group will be in a favourable position to capitalise on these positive market trends.

Outlook

The positive investment outlook for Nordic infrastructure, and especially the railway segment, is supported by strong macro trends and political commitment. The markets in Norway, Sweden and Finland look strong in the coming years.

Oslo, 11 February 2019

The Board of Directors of NRC Group ASA

Helge Midttun
Chairman of the BoD

Brita Eilertsen
Board member

Harald Arnet
Board member

Rolf Jansson
Board member

Mats Williamson
Board member

Kjersti Kanne
Board member

Eva Nygren
Board member

Øivind Horpestad
CEO

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
Revenue	971	674	3 176	2 373
Operating expenses	977	602	3 044	2 137
M&A expenses	14	2	28	6
Operating profit/loss before depr. and amort. (EBITDA)	-21	70	104	229
Depreciation	29	15	75	46
Operating profit/loss before amortisation (EBITA)	-50	55	29	184
Amortisation	9	8	28	34
Operating profit/loss (EBIT)	-59	46	1	149
Net financial items	-5	-1	-11	-6
Profit/loss before tax (EBT)	-64	46	-10	144
Taxes	12	42	10	19
Profit/loss from continuing operations	-52	88	0	163
Profit/loss from discontinued operations	0	0	0	-7
Net profit/loss	-52	88	0	156
Profit/loss attributable to:				
Shareholders of the parent	-52	88	0	156
Non-controlling interests	0	0	0	0
Net profit / loss	-52	88	0	156

EARNINGS PER SHARE

Earnings per share in NOK (ordinary):

From continuing operations	-1,19	2,09	0,01	4,04
From discontinued operations	0,00	0,00	0,00	-0,17
From net profit/loss	-1,19	2,09	0,01	3,87

Earnings per share in NOK (diluted):

From continuing operations	-1,17	2,09	0,01	4,04
From discontinued operations	0,00	0,00	0,00	-0,17
From net profit/loss	-1,17	2,09	0,01	3,87

Interim condensed consolidated statement of comprehensive income

(Amounts in NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
Net profit / loss	-52	88	0	156
Translation differences	34	17	-20	32
Net gain on hedging instruments	18		18	
Total comprehensive profit/loss	0	105	-2	188
Total comprehensive profit/loss attributable to:				
Shareholders of the parent	0	105	-2	188
Non-controlling interests	0	0	0	0
Total comprehensive profit/loss	0	105	-2	188

Interim condensed consolidated statement of financial position

(Amounts in NOK million)

ASSETS	31.12.2018	31.12.2017
Deferred tax assets	45	70
Goodwill	1 192	950
Customer contracts and other intangible assets	39	28
Intangible assets	1 275	1 048
Tangible assets	418	278
Other non-current assets	11	9
Total non-current assets	1 703	1 335
Total receivables	819	741
Cash and cash equivalents	396	408
Other current financial assets	23	0
Total current assets	1 237	1 149
Total assets	2 940	2 484

(Amounts in NOK million)

EQUITY AND LIABILITIES	31.12.2018	31.12.2017
Paid-in-capital:		
Share capital	44	42
Treasury shares	0	0
Other paid-in capital	1 009	927
Other equity:		
Currency translation differences	-6	14
Hedge reserve	18	
Retained earnings	375	374
Total equity attributable to owners of the parent	1 440	1 357
Non-controlling interests	2	0
Total equity	1 442	1 357
Non-current interest-bearing liabilities	440	317
Deferred taxes	20	27
Other non-current liabilities	25	0
Total non-current liabilities	486	344
Interest-bearing current liabilities	175	121
Other current liabilities	838	662
Total current liabilities	1 012	783
Total equity and liabilities	2 940	2 484

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
Profit/loss before tax	-64	46	-10	144
Depreciation and amortisation	38	23	103	80
Taxes paid	1	-4	-12	-19
Change in working capital and other accruals	262	95	112	-72
Net cash flow from operating activities - cont. oper.	236	160	192	133
Net cash flow from operating activities	236	160	192	133
Purchase of property, plant and equipment	-3	-5	-14	-35
Acquisition of companies, net of cash acquired	0	-24	-139	-217
Proceeds from sale of shares, other investments and equip.	2	1	7	5
Net cash flow from investing activities - cont. oper.	-1	-28	-146	-247
Net proceeds from sale of shares and other investments	0	0	5	4
Net cash flow from investing activities - disc. oper.	0	0	5	4
Net cash flow from investing activities	-1	-28	-141	-243
Proceeds from sale of treasury shares	0	2	0	2
Proceeds from borrowings	0	0	145	231
Repayments of borrowings	-21	-15	-81	-51
Payments of finance lease liabilities	-18	-11	-48	-33
Acquisition of treasury shares	0	-12	-3	-26
Dividend paid	0	0	-73	-31
Net cash flow from financing activities - cont. oper.	-39	-35	-60	92
Net cash flow from financing activities	-39	-35	-60	92
Net change in cash and cash equivalents	196	96	-9	-18
Cash and cash equivalents at the start of the period	189	308	408	418
Translation differences	11	4	-3	8
Cash and cash equivalents at the end of the period	396	408	396	408
Cash and cash equivalents - continuing operations	396	408	396	408

Interim condensed consolidated statement of changes in equity

(Amounts in NOK million)	Share capital	Treasury shares	Other paid-in capital	Hedge reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2017	39	0	776		-18	218	1 014		1 014
Profit/loss for the period						156	156		156
Other compr.income for the period					32		32		32
Increase share capital	4		206				209		209
Costs related to capital increase			-1				-1		-1
Share-based payments			1				1		1
Dividend paid			-31				-31		-31
Acquisition/sale of treasury shares		0	-23				-23		-23
Total changes in equity	4	0	152		32	156	343		343
Equity at 31 December 2017	42	0	927		14	374	1 357		1 357
Equity at 1 January 2018	42	0	927		14	374	1 357		1 357
Profit/loss for the period						0	0	0	0
Other compr.income for the period				18	-20		-2		-2
IFRS 15 implementation effect ¹⁾						1	1		1
Increase share capital	2		125				127		127
Costs related to capital increase			-1				-1		-1
Dividend paid			-73				-73		-73
Share-based payments			1				1		1
Non-controlling interests							0	2	2
Acquisition/ sale of treasury shares		0	29				30		30
Total changes in equity	2	0	81	18	-20	1	82	2	85
Equity at 31 December 2018	44	0	1 009	18	-6	375	1 440	2	1 442

1) Please refer to note regarding revenue recognition and contracts with customers for further information.

Notes to the interim condensed consolidated financial statement

General information

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

The company is a public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company address is Lysaker Torg 25, 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 31 December 2018 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with revised IAS 34, Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 2017 except for what described under revenue recognition below. NRC Group has implemented IFRS 15 in 2018.

The interim 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 2017. 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 and 2018 and audited financial report for the full year of 2017.

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 operating segments were changed in 2017. The segments reported are Norway and Sweden, based on the geographical location of the subsidiaries.

Revenue recognition and contracts with customers

The group implemented IFRS 15 effective from 1 January 2018 using the modified retrospective application. The group's revenues mainly consist of contracts with customers that vary from shorter projects of less than a month, to longer projects running over multiple years. All projects are accounted for as contracts with customers, applying IFRS 15 *Revenue from contracts with customers*.

According to the previous standard IAS 11, a major part of the group's revenues was recognized using the percentage of completion method. The criteria for recognizing revenue over time according to IFRS 15 have been thoroughly analysed, and the criteria are considered met. When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs consist of direct costs such as material and labour, and indirect costs. Bid costs are expensed as incurred. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately according to IAS 37. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that additional work has

been agreed with the customer and revenues are capable of being reliably measured. For each performance obligation that is satisfied over time, revenue is recognized over time by measuring the time passed in relation to full satisfaction of the obligation. The group applies the input method which is used consistently for similar performance obligations and under similar circumstances. Using the input method, revenue is recognized based on the entity's input in fulfilling the performance obligation (e.g. costs incurred, resources consumed, hours spent) in relation to the total expected input to fulfil the performance obligation. The aggregated amount of project costs incurred to date, plus recognized margin, less progress billings, is determined on a project by project basis. The contracts where this amount is positive are presented in the balance sheet as contract assets, whereas the contracts where the amount is negative are presented as contract liabilities.

The group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties are assurance-type warranties under IFRS 15, which is continued to be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, consistent with previous practice.

As described above, the group has implemented IFRS 15 by using the modified retrospective application. Comparative numbers for 2017 have hence not been restated in the condensed financial statements. The implementation of IFRS 15 at 1 January 2018 resulted in increased consolidated equity by NOK 1 million, as illustrated below.

The table below illustrates the effect on consolidated equity by implementing IFRS 15 in the group 1 January 2018:

<i>(Amounts in NOK million)</i>	
Increased contract assets (current)	8,5
Increased contract liability (current)	-7,2
Tax effect of the adjustment above	-0,3
Net increased opening balance equity under IFRS 15 1 January 2018	1,0

Under IAS 11, the group recognised revenue and trade receivables even if receipt of the total

consideration was conditional on successful completion of installation services. When using IFRS 15, earned consideration that is conditional is recognised as a contract asset rather than receivable. Therefore, on adoption of IFRS 15, the group reclassified based on numbers at 1 January 2018, NOK 146 million from "trade receivables" to "contract assets". In the condensed balance sheet, both trade receivables and contract assets are included in "total receivables". Correspondingly, the group reclassified NOK 197 million from "gross amounts due to customers for projects" to "contract liabilities", both included in "other current liabilities" in the condensed balance sheet.

As the implementation effect has been immaterial and only a limited part of the NRC Group's revenue has been affected, there have been no significant changes in timing of revenue during 2018 compared to 2017.

Corporate events during the quarter

On 2 October 2018, 847,677 new shares in the company were issued with reference to the announcement on 28 September 2018 regarding the acquisition of Gunnar Knutsen AS and resolution by the board of directors to issue new shares in the company as partial consideration to the seller. The company's new registered share capital was 44,026,270 divided on 44,026,270 shares, each with a nominal value of NOK 1, after the transaction.

On 11 October, it was announced that the company entered into an agreement for the acquisition of VR Track Oy, a Finnish company in the VR Group engaged in the business of railway construction, maintenance services and design with operations in Finland and Sweden. The transaction was closed on 7 January 2019. The purchase price was based on an enterprise value of VR Track of EUR 225 million on a cash and debt free basis with normalised working capital. 65% of the preliminary estimated purchase price was paid in cash at closing by NRC Group while the remaining 35% of the purchase price was paid in the form of consideration shares in NRC Group at an agreed price per consideration share of NOK 75.31. The share price represents the volume

weighted average price of the NRC Group share on Oslo Børs the last thirty trading days prior to signing. The cash portion of the purchase price was fully financed by available cash and a new bank debt facility. VR Group will obtain an ownership in NRC Group representing around 18% of the total number of issued shares in NRC Group following completion of the transaction.

On 5 November, an extraordinary general meeting was held. The issue of consideration shares for acquiring VR Track, was authorised and new members of the Board of Directors were elected, contingent of the transaction being performed.

On 22 November, The Financial Supervisory Authority of Norway approved a prospectus prepared by the company for listing of the consideration shares to be issued by the company at the time of closing of the transaction for acquisition of VR Track Oy.

Business combinations

On 11 September, NRC Group completed the transaction to acquire NSS Holding AS at an

estimated net settlement of NOK 118 million based on an enterprise value of NOK 103 million on a cash and debt free basis with a normalized working capital.

On 28 September, NRC Group completed the transaction to acquire Gunnar Knutsen AS at an estimated net settlement of NOK 208 million based on an enterprise value of NOK 199 million on a cash and debt free basis with a normalized working capital.

On 7 January 2019, NRC Group completed the transaction to acquire VR Track Oy at an enterprise value of EUR 225 million on a cash and debt free basis with a normalized working capital. The transaction took place subsequent to the quarter end and the numbers are not included in the consolidated quarterly report.

Presented below is the preliminary allocation of the purchase price based on the opening balance for the business combinations made during 2018 and up until this report is being issued. The purchase prices have been allocated at the fair value of the assets and liabilities of the acquired companies.

(Amounts in NOK million)	NSS Holding AS	Gunnar Knutsen AS
Date of acquisition	11.09.2018	28.09.2018
Share of ownership	100% *	100 %
Estimated cash settlement	90	133
Fair value of consideration shares in NRC Group ASA	64	92
Cash/debt in target	-11	-17
Net settlement	144	208
Property, plant and equipment	90	48
Intangible asset: Customer contracts and relations	18	19
Non-current assets	0	0
Current assets	74	67
Tax payable and deferred tax	-15	-10
Interest-bearing debt	-79	-11
Other current liabilities	-55	-47
Net identifiable assets and liabilities	33	65
Non-controlling interests *	-2	0
Goodwill (majority share)	113	143
Consolidated revenue from date of acquisition	162	66
Consolidated profit/loss before tax from date of acquisition	11	3
Transaction costs expensed as other operating expenses	2	2

* The acquisition of 100% of the shares in NSS Holding AS includes the 100% ownership in Norsk Saneringservice AS and 70% ownership in Miljøvakta AS. (Note belongs to table on previous page)

Allocation of the purchase prices were prepared using the acquisition method according to IFRS 3. Due to complete information not being available at the third quarter closing changes have been made to the purchase price allocation of NSS during the quarter, increasing the estimated cash settlement by NOK 25 million, increasing goodwill by NOK 36 million and reducing net other assets by NOK 10 million. The allocations in NSS and Gunnar Knutsen were not finalised by 31 December 2018. Preliminary estimates are made regarding certain aspects of the opening balance sheet and the estimated purchase price. For further information about the business combinations, see the third quarter report for 2018.

On 7 January 2019, NRC Group completed the transaction to acquire VR Track Oy. The estimated cash consideration amounts to EUR 148 million. The fair value of the consideration shares amounted to NOK 659 million. Information regarding the final purchase price and the fair value of identifiable assets and liabilities are incomplete at the reporting date and consequently the preliminary purchase price allocation has not been disclosed.

Segments

Norway operations (NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
External	627	214	1 587	761
Inter-segment	2	5	11	10
Total revenue	630	219	1 598	771
EBITDA	60	18	129	40
EBITA	42	10	89	18
EBIT	34	4	69	2
Sweden operations (NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
External	343	460	1 590	1 612
Inter-segment	1	0	2	1
Total revenue	344	460	1 591	1 613
EBITDA	-60	62	26	219
EBITA	-71	55	-8	196
EBIT	-71	52	-16	177
Parent and holding companies (NOK million)	Q4 2018	Q4 2017	FY 2018	FY 2017
External	0	0	0	0
Inter-segment	3	3	10	10
Total revenue	3	3	10	10
EBITDA	-21	-10	-52	-30
EBITA	-21	-10	-52	-30
EBIT	-21	-10	-52	-30

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. The remaining operations were sold during the first half year of 2017. Reference is made to note 24 in the annual report for 2017.

Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the fourth quarter 2018. Note 6 and 7 in the annual report for 2017 provide further disclosures on the size and types of related party transactions during the previous years. NRC Group ASA has agreements with Visento AS and Hermia AS to provide consultancy services on an hourly basis related to the acquisition of VR Track Oy. The chairman of the board, Helge Midttun, is the owner of Visento AS. The board member Harald Arnet is the majority owner of Hermia AS. Any related party transactions are carried out on arm's length terms.

Contract announcements

The table presented below provides an overview of the Stock Exchange announced contracts during fourth quarter 2018.

(Amounts in NOK million)		
Client	Estimated value	Country
Bymiljøetaten	360	Norway
Yara Norge	92	Norway
Oslo Havn KF	46	Norway
Total	498	

Events after the end of the period

On 7 January, NRC Group completed the acquisition of VR Track Oy, with reference to the announcement on 11 October 2018 regarding the company's entry into an agreement for the acquisition of VR Track Oy as well as the notice of and the minutes from an extraordinary general meeting of the company held on 5 November 2018 and the prospectus published by the company on 22 November 2018.

As set out in the minutes from the extraordinary general meeting of the company held on 5 November 2018, the board of directors of the company was, with effect from completion of the acquisition of VR Track Oy, expanded with two new board members.

On 8 January, 9,877,953 new shares in the company was registered as partial consideration to VR Group Ltd. as payment for the acquisition of VR Track Oy. The new shares were issued at a price of NOK 75.31 per share, as resolved by the board of directors and pursuant to an authorization granted by the extraordinary general meeting held 5 November 2018. The company's new share capital is currently NOK 53,904,223, divided into 53,904,223 shares, each with a nominal value of NOK 1.

VR Group Ltd. will, following receipt of the new shares in the company hold a total of 9,877,953 shares in the company, equal to approximately 18.33 percent of the total number of shares and votes in the company. VR Group Ltd. is represented on the board of directors of the company.

On 21 January, the group was appointed to a SEK 221 million contract by Trafikverket for track work on Söderåsbanan in Sweden.

On 22 January, the group was appointed to a Euro 3.1 million contract by The Finnish Transport Infrastructure Agency for track work in Tampere railway yard in Finland.

On 31 January, the group was appointed to two contracts by Trafikverket, totalling SEK 73 million, for work on the railway connection between Lindsberg – Storå – Ställdalen in Sweden.

On 4 February, the group was appointed to a SEK 40 million groundwork contract on the railway connection Ystad – Simrishamn in Sweden. In addition, the group was appointed to a Euro 8.25 million contract by the City of Tampere for tramway related work in Tampere city centre in Finland.

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.

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.

CONTRACT VALUE

The amount stated in the contract for contract work excluding VAT.

EBT

Profit before tax.

EBIT

Operating profit.

EBIT%

Operating profit in relation to operating revenues.

EBITA

Operating profit plus amortisations.

EBITDA

Operating profit plus depreciations and amortisations.

EBITDA (%)

EBITDA in relation to operating revenues.

EBIT, EBITA or EBITDA ex M&A

EBIT, EBITA or EBITDA plus expensed costs related to merger and acquisitions.

EBITDA ex M&A (%)

EBITDA ex M&A in relation to operating revenues.

M&A EXPENSES

Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement that is not included in the final purchase price allocation.

EQUITY RATIO

Total equity in relation to total assets.

INVESTMENTS

Cash proceeds for purchase of property, plant and equipment and net cash proceeds for acquisitions of subsidiaries.

NET CASH/ NET DEBT

Cash and cash equivalents minus interest-bearing liability.

ORDER BACKLOG

Total nominal value of orders received less revenue recognised on the same orders.

ORDER BACKLOG FROM JVs

Our relative ownership of the total nominal value of orders received less revenue recognised on the same orders for joint contracts operated in joint ventures/ associated companies without eliminating any intercompany transactions.

ORDER INTAKE

Total nominal value of orders received.

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.

NRC Group ASA

Company information

Visiting address

Lysaker Torg 25
NO - 1366 Lysaker

Postal address

P.O. Box 18
NO - 1324 Lysaker

Board of Directors

Helge Midttun	Chairman
Brita Eilertsen	Board member
Kjersti Kanne	Board member
Harald Arnet	Board member
Mats Williamson	Board member
Rolf Jansson	Board member
Eva Nygren	Board member

Management

Øivind Horpestad	CEO
Dag Fladby	CFO
Hans Olav Storkås	MD NRC Norway
Lars Öhman	MD NRC Sweden
Harri Lukkarinen	MD NRC Finland

/ FINANCIAL CALENDAR 2019

8 May 2019	Annual General Meeting
14 May 2019	1 st quarter 2019 result report and presentation
20 August 2019	2 nd quarter and first-half 2019 result report and presentation
5 November 2019	3 rd quarter 2019 result report and presentation