



AUGUST 2023

2nd Quarter 2023 Presentation

Category leader in the attractive underground infrastructure maintenance service market

NORVA²⁴

Today's presenters



**STEIN
YNDESTAD**

Acting Group CEO

PREVIOUS EXPERIENCE

- At Norva24 since 2017
- Group CFO until February 2023
- Previously CFO/COO at Adevinta and Country Manager Spain/Head of M&A/Head of IR at Schibsted

Schibsted
Adevinta



**DEAN
ZUZIC**

Group CFO

PREVIOUS EXPERIENCE

- At Norva24 since 2023
- Previously CFO in two OSE listed companies; ABL Group ASA and Spectrum/TGS ASA
- Prior to that CFO in Norsk Gjenvinning, Kid Interior and Plantasjen, Investment Manager in Møller Investor AS



**STURE
STØLEN**

Head of IR

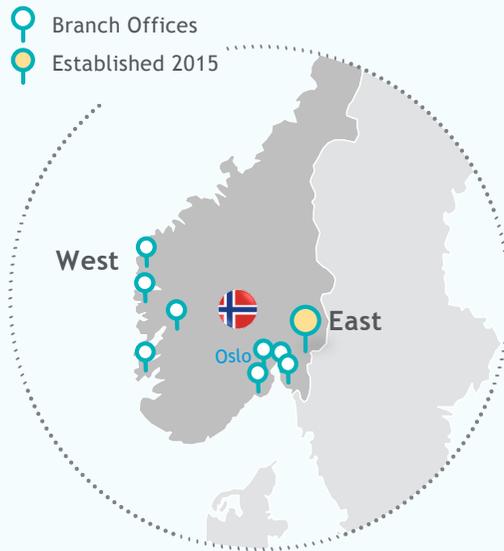
PREVIOUS EXPERIENCE

- At Norva24 since 2021
- Previously Head of IR at SAS and Arion Bank

SAS
Arion banki

Norva24 has already evolved into a leading Northern European platform

Norwegian Origin (2015)



Revenue 2015⁽¹⁾: NOK 146m

10
Branches

233
Employees
(FTEs)

Norva24 foundation

Transformation

Professionalisation

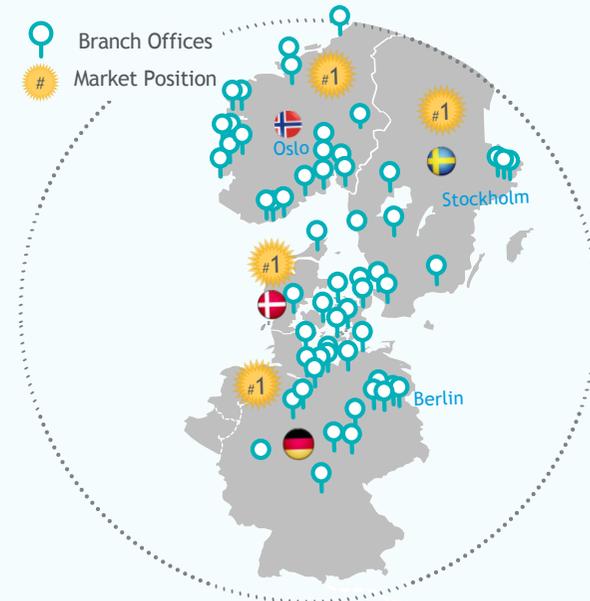
Geographic expansion

Digitalisation

Consolidation

Management
reinforcement

Leader in Northern Europe (Today)



Revenue LTM Q2'23: NOK 2.8bn

76
Branches

~1,650
Employees

Norva24 as market shaper

Strong revenue growth and cash flow - softer margins

Key takeaways from the quarter

- Total operating revenue amounted to NOK 799 million (609) **+31%**
 - Currency adjusted organic growth **+4%**
 - Good growth from acquisitions **+19%**
 - Net Cash Flow from operating activities NOK 132.5 million **+NOK 100 million**
 - EBIT NOK 68 million **+7%**
 - Adjusted EBITA NOK 83 million **+7%**
 - EPS NOK 0.31 **-2.6%**
-
- Strong comparable numbers Q2 2022 due to covid-19 catchup -led to lower organic growth
 - Uneven utilization in different branches resulted in softer adjusted EBITA margins
 - Germany with double digit curr. adj. organic growth of 11%
 - Weaker currency adj organic growth in Norway and Sweden
 - Denmark with stronger numbers - continued evidence of turnaround
 - Significant M&A pipeline - 2023 expected to be a strong acquisition year
 - One acquisition closed in January 2023
 - One smaller acquisition in August 2023
 - Five acquisitions closed last 12 months)



Norway - lower margins and organic growth on the back of strong comparable numbers



Operating revenue development

NOKm

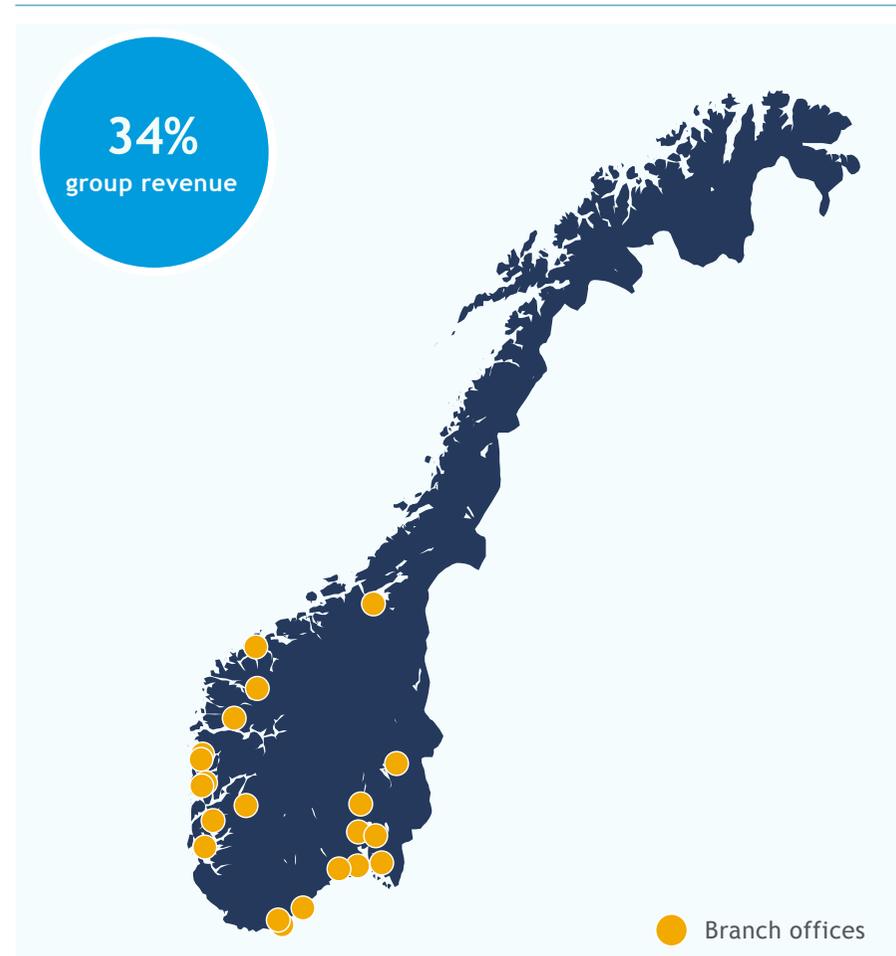


● Currency adjusted organic growth

Adj. EBITA development



Geographical footprint



Germany - strong total growth of 72%



Operating revenue development

NOKm



● Currency adjusted organic growth

Adj. EBITA development



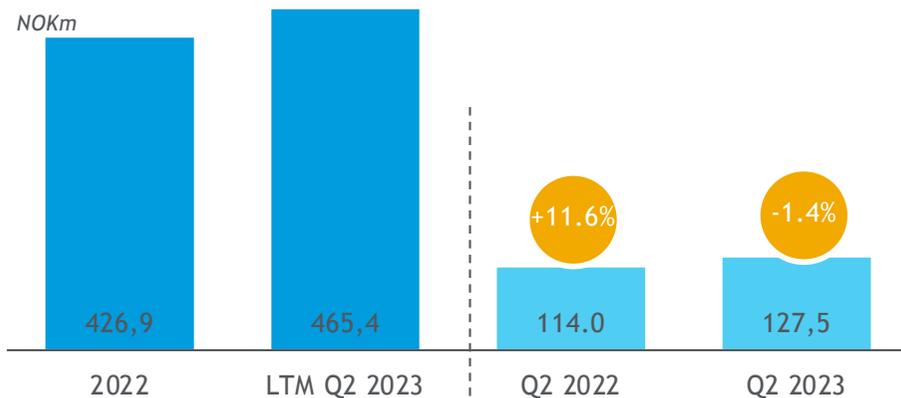
Geographical footprint



Sweden - softer total growth and uneven utilization across branches affected margin

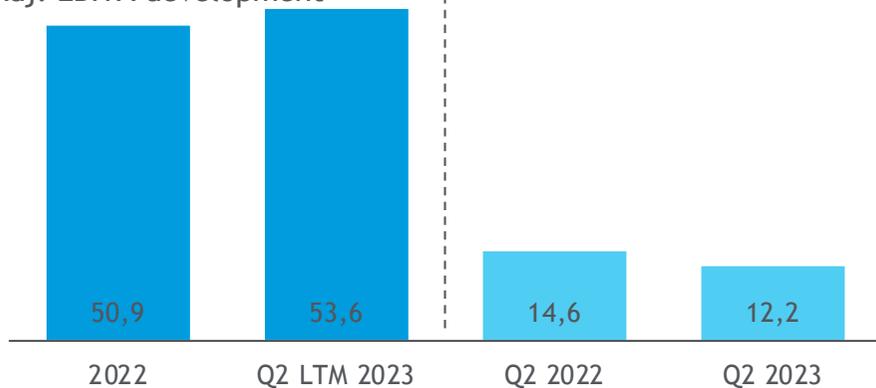


Operating revenue development

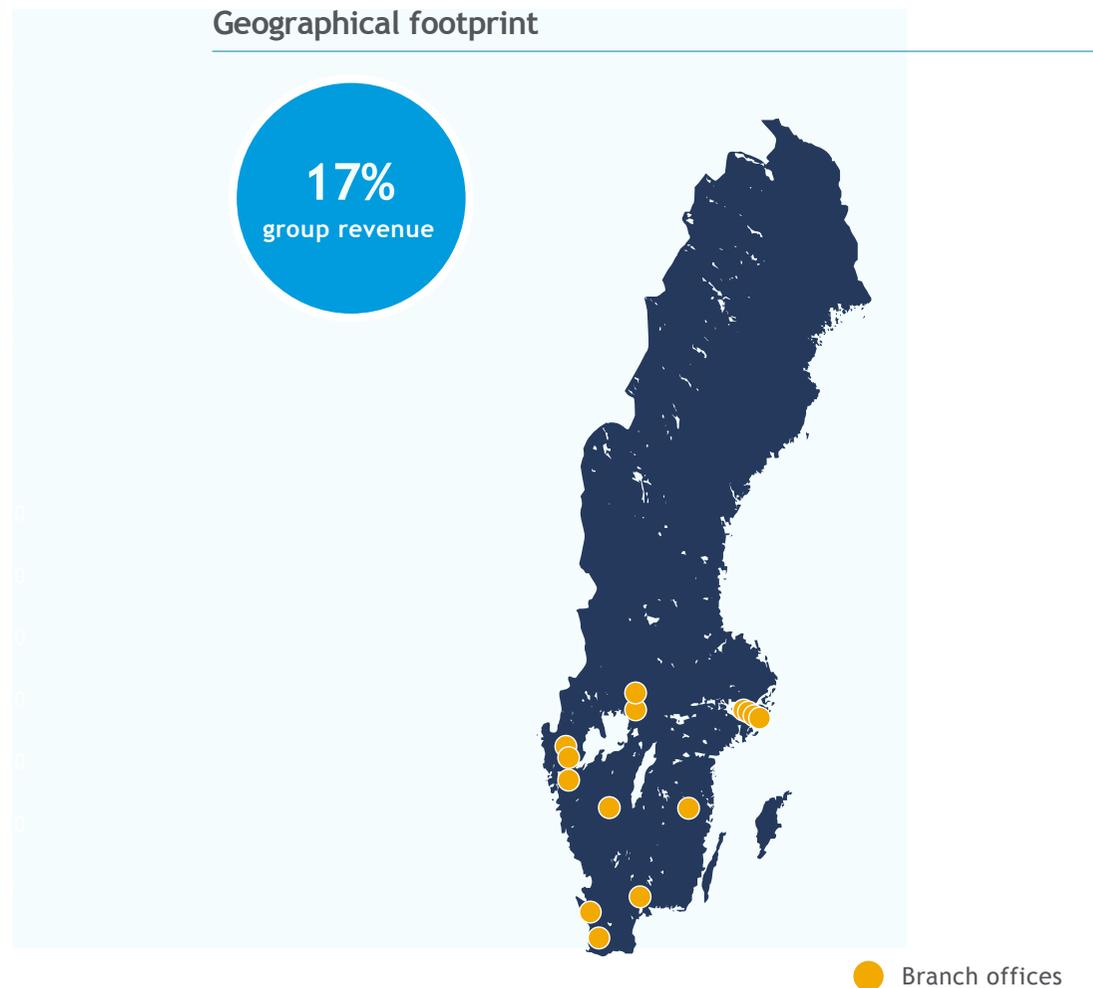


● Currency adjusted organic growth

Adj. EBITA development



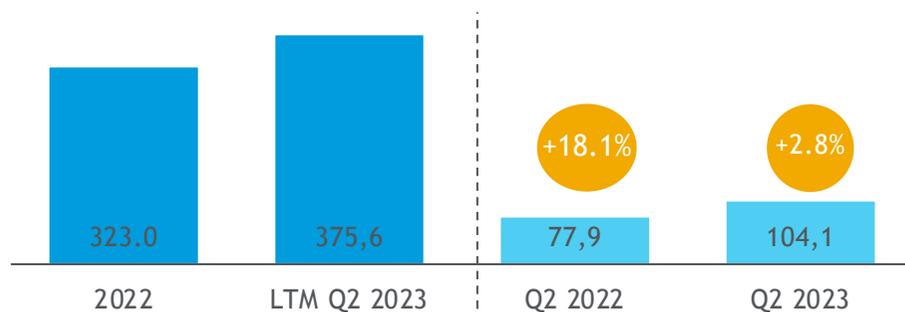
Geographical footprint



Denmark - Continued effect from improvement measures with margin uplift during H1



Operating revenue development
NOKm

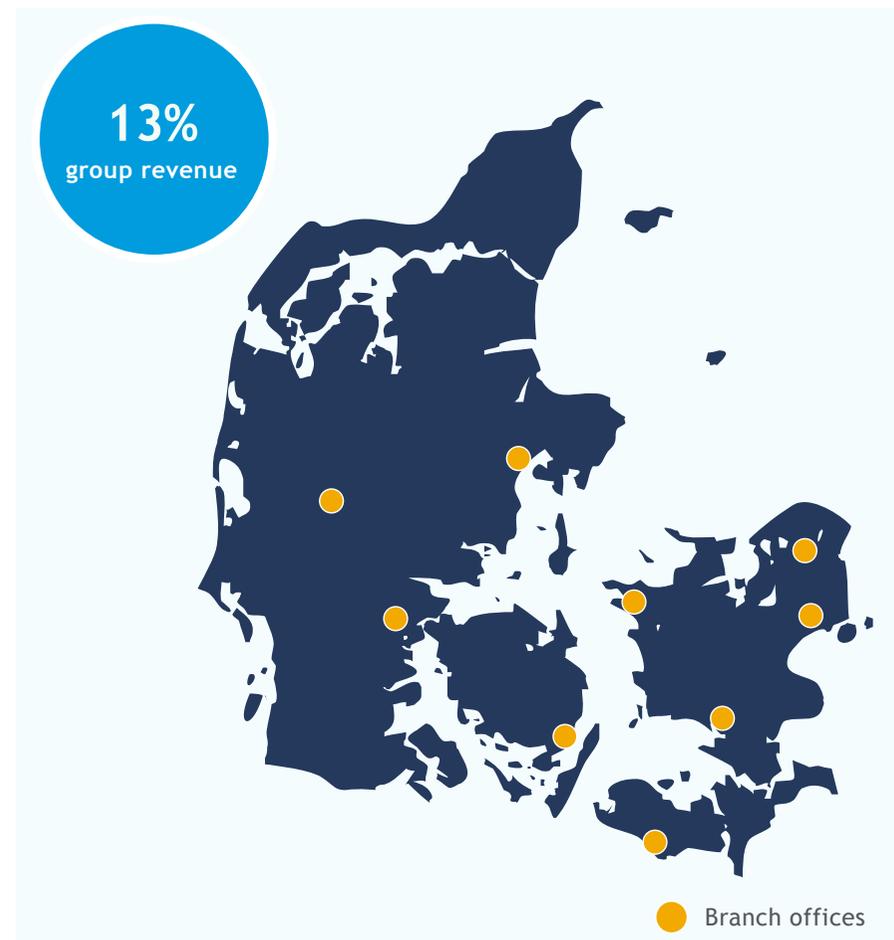


● Currency adjusted organic growth

Adj. EBITA development



Geographical footprint



Good total revenue growth and strong operating cash flow in Q2

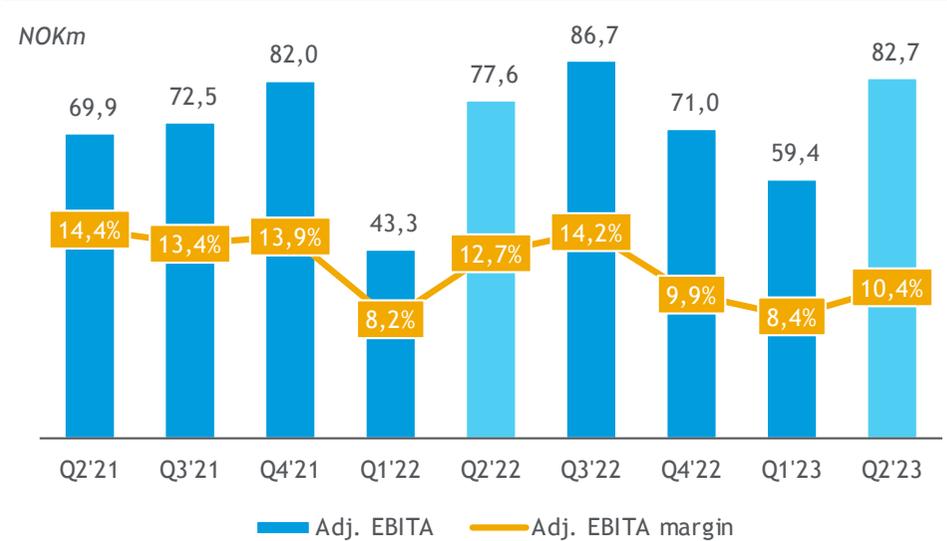
Softer margins in most segments

Quarterly operating revenue development



- Total revenue growth of 31% in the quarter driven by acquired growth
 - 19.1% acquired growth
 - 4.0% currency adjusted organic growth

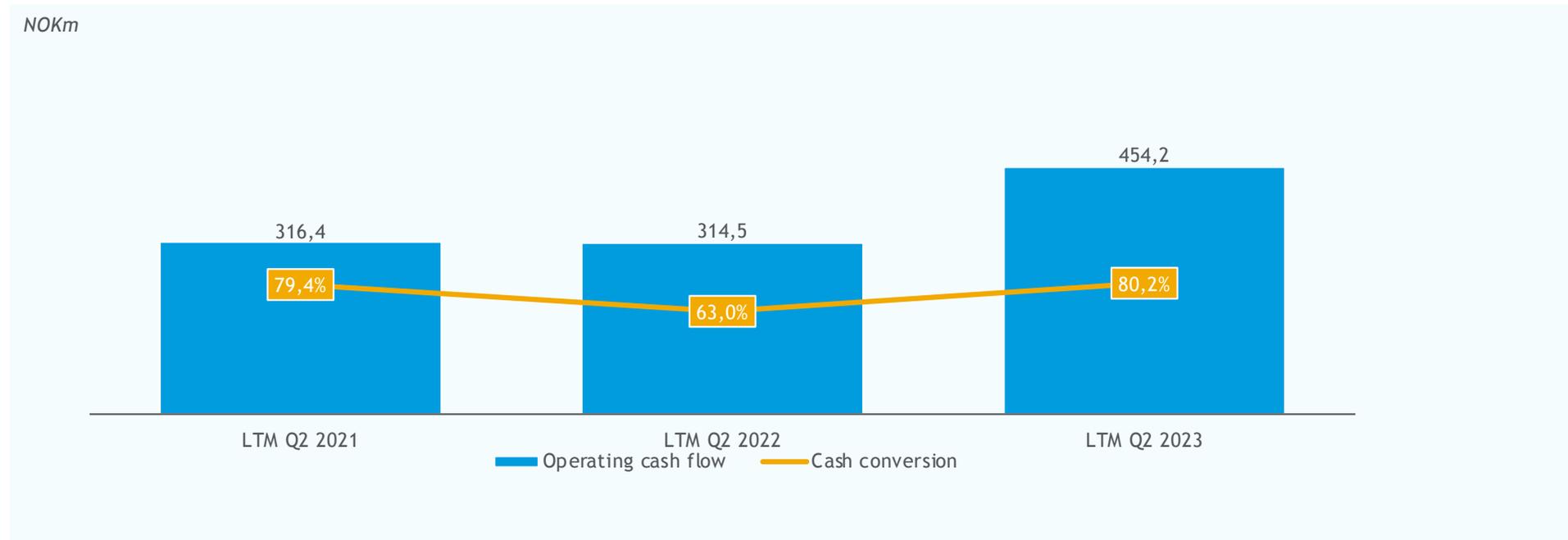
Quarterly adj. EBITA development



- Adjusted EBITA at NOK 83 million +7%
- Adjusted EBITA margin decreased to 10.4%
- Inflation resistant with a lag as adjustments take place in arrears.
- Strong cash flow from operating activities in Q2

Strong cash flow from operating activities

Net cash inflow from operating activities and cash conversion



NOKm	LTM Q2 2021	LTM Q2 2022	LTM Q2 2023
Adjusted EBITDA	398.7	499.5	566.4
Net cash inflow from operating activities	316.4	314.5	454.2
Cash conversion	79.4%	63.0%	80.2%

Improvement in EBT, EBIT, EBITA and EBITDA in Q2 despite softer margins

Apr-Jun 2023	Apr-Jun 2022	Growth	CONSOLIDATED STATEMENT OF PROFIT OR LOSS NOK million	Jan-Jun 2023	Jan-Jun 2022	Growth
792	604	31 %	Revenue from customer contracts	1 492	1 122	33 %
7	5		Other operating income	12	13	
799	609	31 %	Total operating revenue	1 504	1 135	33 %
			Operating expenses			
-134	-75	79 %	Operational service expenses	-240	-133	81 %
-329	-261	26 %	Personnel expenses	-632	-500	26 %
-108	-97	11 %	Vehicle operating expenses	-217	-175	24 %
-77	-45	71 %	Other operating expenses	-140	-97	44 %
-0	-		Other gains/losses	0	-	
-649	-478	36 %	Total operating expenses	-1 229	-905	36 %
151	131	15 %	Earnings before interest, taxes, depreciation and amortization (EBITDA)	275	230	20 %
-72	-59	23 %	Total depreciation	-140	-115	22 %
78	72	9 %	Earnings before interest, taxes and amortization (EBITA)	135	115	17 %
-11	-8	26 %	Total amortization	-22	-15	40 %
68	64	7 %	Earnings before interest and taxes (EBIT)	114	100	14 %
10	12	-18 %	Net financial items	9	0	1823 %
78	76	3 %	Profit before income tax (EBT)	123	100	22 %
-21	-17	20 %	Income tax expense	-33	-24	39 %
57	58	-2 %	Profit for the period	89	76	17 %
83	78	7 %	Adjusted EBITA	142	121	18 %
10,4 %	12,7 %	-2,4 pp	Adjusted EBITA margin, %	9,5 %	10,6 %	-1,2 pp

Strong balance sheet and significant headroom for continued growth

Balance sheet highlights

- Net debt of NOK 1,296 million in Q2'23, representing a Net interest bearing debt / Adj. EBITDA of 2.3x.
 - Over time, the Company targets a Net interest bearing debt / Adj. EBITDA ratio not exceeding 2.5x, subject to flexibility for acquisitions.
 - Significant headroom to financial covenant at 4.0x Net debt / Proforma Adj EBITDA.
 - Net interest bearing debt / Proforma Adj EBITDA as defined in loan agreement currently 2.2x.

- A. Goodwill amounted to NOK 1,689 million as of 30 June, 2023, and impairment test shows ample headroom.
- B. Right-of-use assets referring to financial leasing of vehicles and property
- C. PPE primarily referring to vehicles and equipment used in the operational business
- D. Lease-liability NOK 642 m related to Right of use assets
- E. Non-current loan primarily refers to bank loans.

NOKm	Note	31.03.2023	31.12.2022
Assets			
Goodwill	A	1 689,3	1 508,7
Intangible assets		163,6	152,4
Right-of-use assets	B	877,8	752,3
Property, plant and equipment	C	533,3	483,9
Other non-current receivables		9,3	5,3
Total non-current assets		3 273,4	2 902,5
Inventories		19,6	12,7
Accounts receivable		431,7	340,1
Other current receivables		189,7	147,8
Cash and cash-equivalents		177,8	204,7
Total current assets		818,8	705,3
TOTAL ASSETS		4 092,2	3 607,8
EQUITY AND LIABILITIES			
Equity		1 946,6	1 729,2
Deferred tax liability		91,2	80,5
Non-current lease liabilities	D	644,8	554,3
Non-current loans	E	604,5	533,5
Other non-current liabilities		56,7	49,0
Total non-current liabilities		1 397,2	1 217,3
Accounts payable		168,2	135,8
Taxes payable		17,7	21,3
Current portion of lease liabilities	D	212,2	179,5
Current portion of loans	E	12,5	11,5
Provisions		48,0	52,0
Other current liabilities		289,7	261,1
Total current liabilities		748,3	661,2
		2 145,6	
TOTAL EQUITY AND LIABILITIES		4 092,2	3 607,8
Net debt		1296,2	1074,1
Net debt/Adj. EBITDA		2,3	2,1

Lease liabilities accounts for approx. 70% of net debt

Comments

- Total net debt amounted to NOK 1,296 million as per 30 Jun 2023
- According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 855 million as per 30 June
 - Leasing payments next 12 months of NOK 214 million
- Depreciation of the leased assets is included in the total depreciation in the Profit and Loss statement
- Net debt excluding lease liabilities amounted to NOK 439 million as per 30 June 2023
- Of the NOK 1,100 million credit facility, NOK 520 million was unutilized and available as per 30 June 2023

Net debt breakdown (June 30, 2023)

NOKm	Current portion	Non-current	Total debt
Buildings and property	69,0	215,5	284,5
+ Vehicles and equipment	138,0	426,1	564,1
+ Furniture, fixtures & other	5,2	3,2	8,4
= Total Leases liability IFRS 16	212,2	644,7	856,9
+ Loans	12,5	604,5	617,0
= Total Interest Bearing debt	224,7	1 249,3	1 473,9
- Cash and cash equivalent			177,8
= NIBD, including IFRS 16			1 296,1
NIBD excluding building and property leases			1 011,7
NIBD excluding all IFRS 16 lease liability			439,2

Five companies acquired LTM Q2 2023, adding annual revenue of ~NOK 380 million

Group revenue and number of transactions

>90% of acquisitions were bilateral out of a total of 42 since 2015

-  Platform acquisitions
-  Market entry
-  Bolt-ons



Statutory group revenue (NOKm)

2015	2016	2017	2018	2019	2020	2021	2022	2023
146	512	902	1,004	1,287	1,523	2,025	2,466	2,836 (LTM)

Rich potential M&A pipeline



1) Sorted to years according to signing date, 2) 2022 statutory financials Gravco

Well capitalized - on track to deliver on financial targets

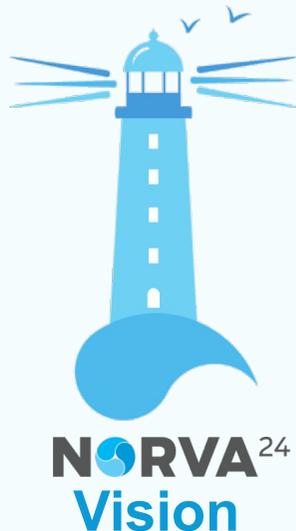
Medium term financial targets

Operating revenue growth	Organic growth	Target to achieve revenue of around NOK 4.5bn by 2025 while achieving an average organic growth per annum of at least in line with market growth
	Total growth	
Profitability	Target to achieve an adjusted EBITA margin of 14-15% in the medium term	
Capital structure	Norva24's capital structure shall enable a high degree of financial flexibility and allow for acquisitions. Target steady state net debt ratio (including IFRS16 lease liabilities) of 2.5x adj. EBITDA for the last 12 months, temporary increase for M&A	
Dividend policy	As a part of Norva24's vision and strategy, it intends to reinvest cash flows into growth and expansion initiatives, including acquisitions, and as such does not expect to pay annual dividends to its shareholders in the medium term	

We are on track towards our vision and journey as the foremost consolidator in the European UIM market

Norva24 vision

“Our long-term vision is to build a *European market leader and lighthouse* in Underground Infrastructure Maintenance (UIM). Norva24’s vision is to become *the leading European operator* in our industry and *an inspiration to the UIM industry development in Europe*”



Clear European market leader (Illustrative vision)

#1

NOK
~140bn
TAM⁽

~1,900
Acquisition
opportunities



Q & A

