



MAY 2023

1st Quarter 2023 Presentation

Category leader in the attractive underground infrastructure maintenance service market

NORVA²⁴

Today's presenters



**HENRIK
DAMGAARD**

Group CEO

PREVIOUS EXPERIENCE

- At Norva24 since 2018
- Previously COO (Denmark) at ISS, Director at JFM and CEO/Head of Division (Nordics) at Nestle



**DEAN
ZUZIC**

Group CFO (as from Feb 2023)

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



**STEIN
YNDESTAD**

*Group Chief
Corporate
Development
Officer*

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



**STURE
STØLEN**

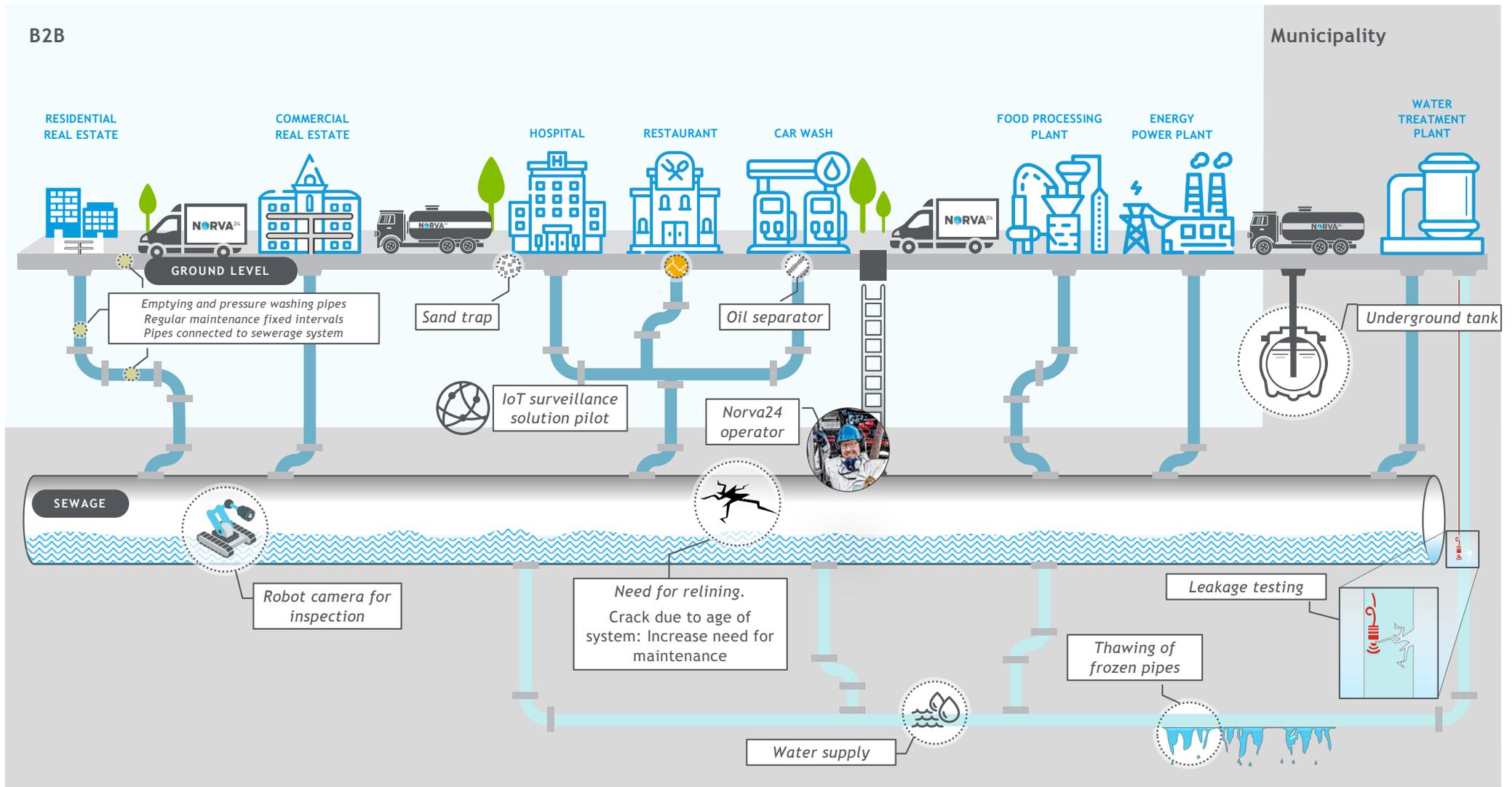
Head of IR

PREVIOUS EXPERIENCE

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

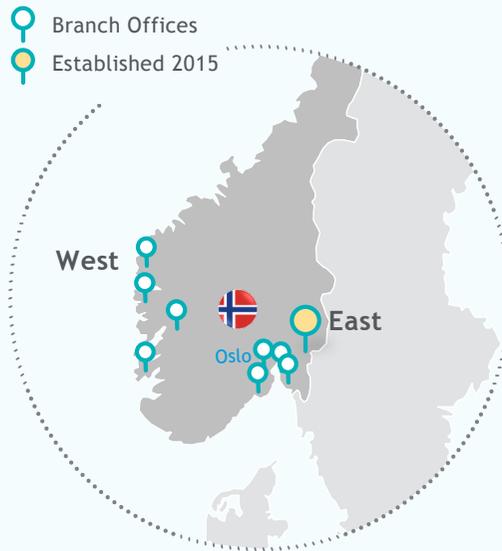


UIM services are mission critical and essential for society



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

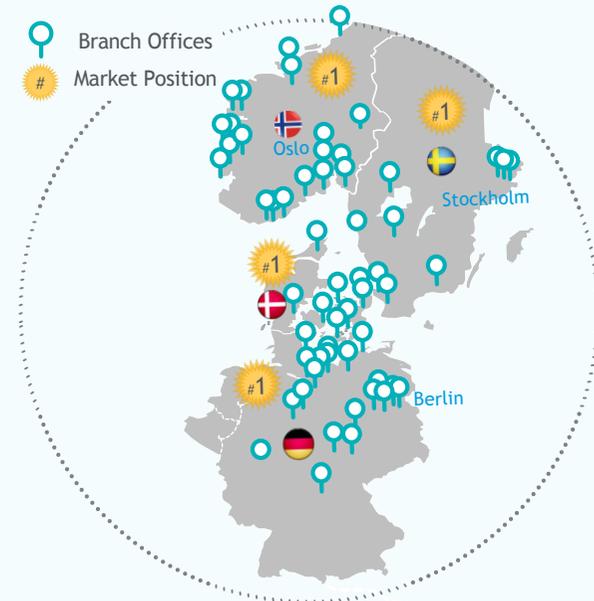
Geographic expansion

Digitalisation

Consolidation

Management
reinforcement

Leader in Northern Europe (Today)



Revenue LTM Q1'23: NOK 2.6bn

76
Branches

~1,600
Employees

Norva24 as market shaper

Strong operational performance in Q1, with high organic and total revenue growth combined with margin uplift

Key takeaways from the quarter

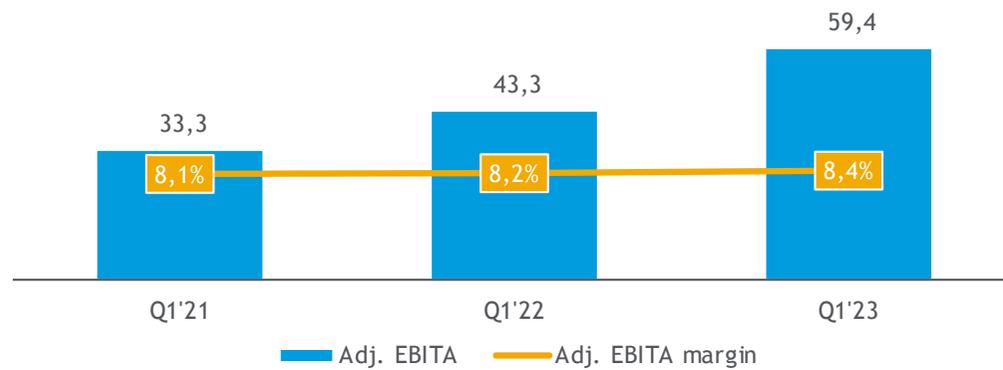
- Total operating revenue amounted to NOK 705 million (526) **+34%**
 - Solid currency adjusted organic growth **+8.5%**
 - Good growth from acquisitions **+20%**
 - EBIT MNOK 45 **+37%**
 - Adjusted EBITA NOK 59 million **+37%**
 - EPS NOK 0.16 **+60%**
-
- Seasonality in line with previous years with increased adjusted EBITA-margin to 8.4%
 - 44% share of revenue defined as taxonomy aligned green services for Norva24 in 2022
 - Acquisition growth was 20% in the quarter, driven by acquisitions in all markets
 - Net cash flow from operating activities for the quarter amounted to NOK 45.1 million (34.4).
 - Norway and Denmark - double digit curr. adj. organic growth with 10% and 11%
 - Germany - curr. adj organic growth 9% and in Sweden - 6%.
 - Significant M&A pipeline - 2023 expected to be a strong acquisition year
 - One acquisition closed in January 2023 (Seven acquisitions last 12 months)



January 2023

76 branches

Seasonality in line with previous years with increased adjusted EBITA-margin to 8.4%

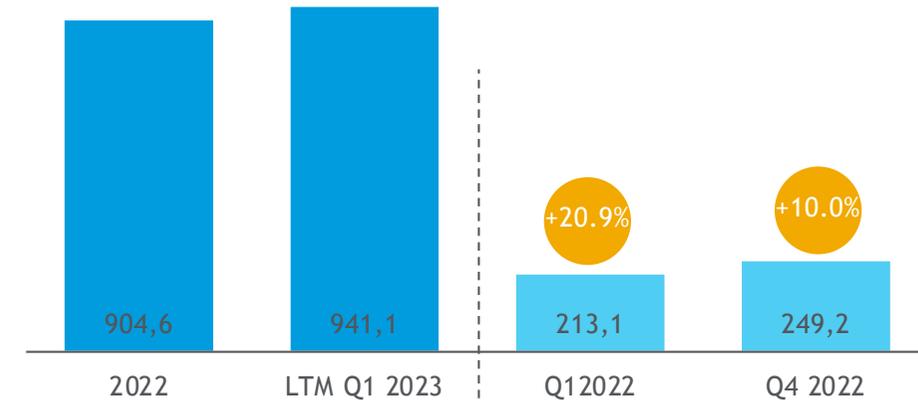


Norway - strong organic growth in Q1 with stable margins



Operating revenue development

NOKm



● Currency adjusted organic growth

Adj. EBITA development



Geographical footprint



Germany - strong organic and acquired growth -EBITA margins affected by acquisitions

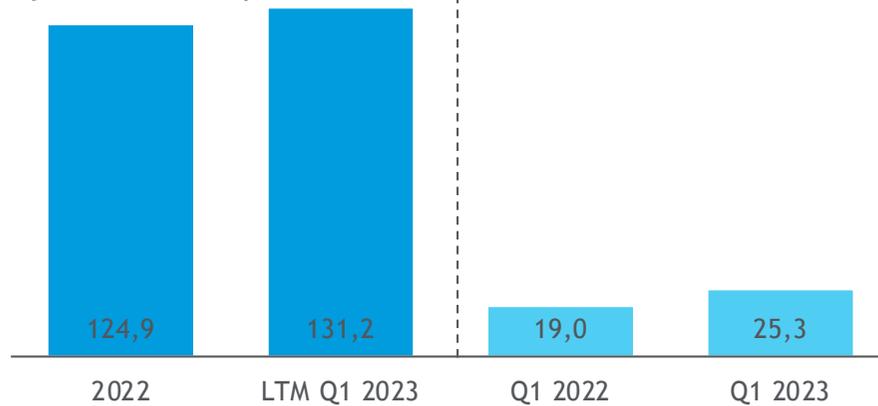


Operating revenue development

NOKm



Adj. EBITA development



Geographical footprint



Sweden - strong acquisition growth combined with significantly improved EBITA margin



Operating revenue development

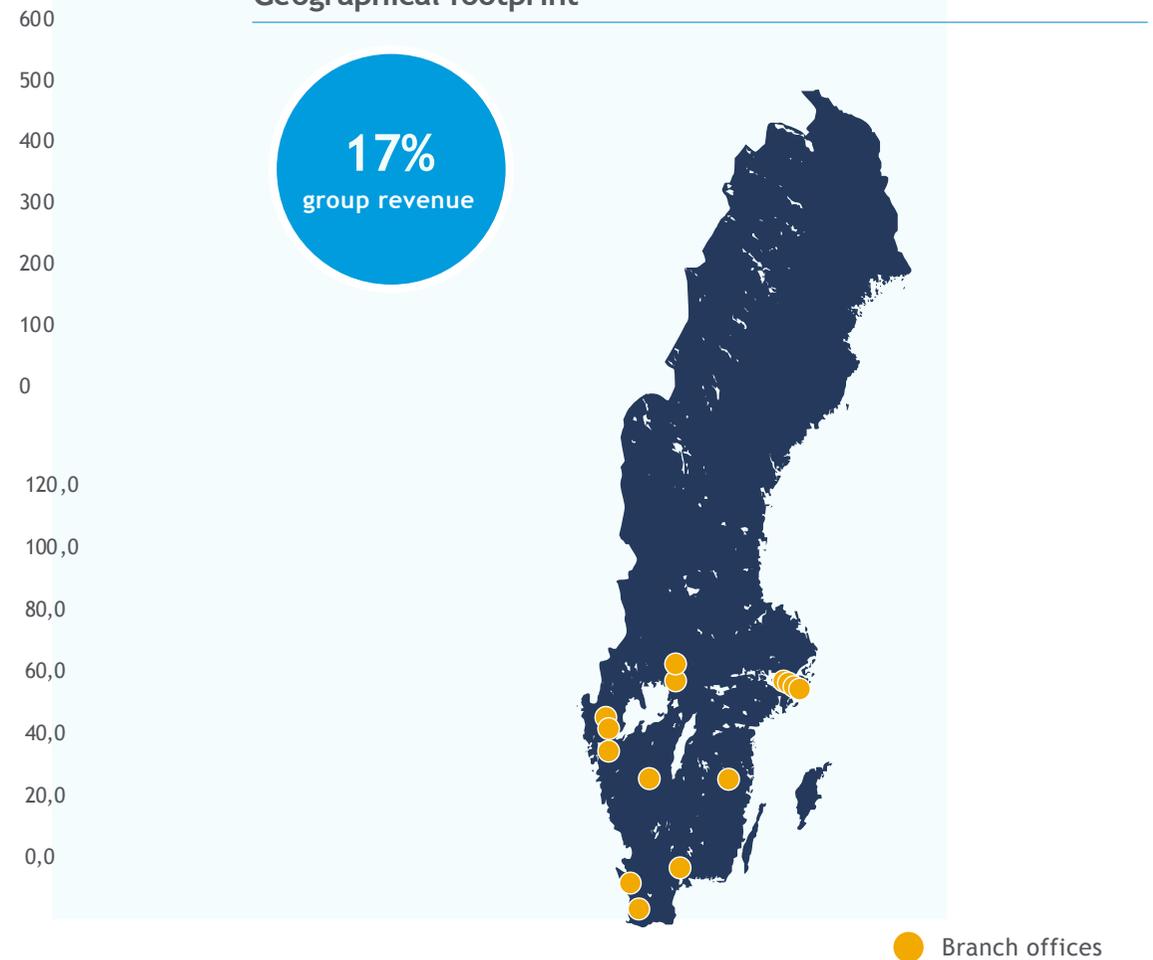


● Currency adjusted organic growth

Adj. EBITA development



Geographical footprint



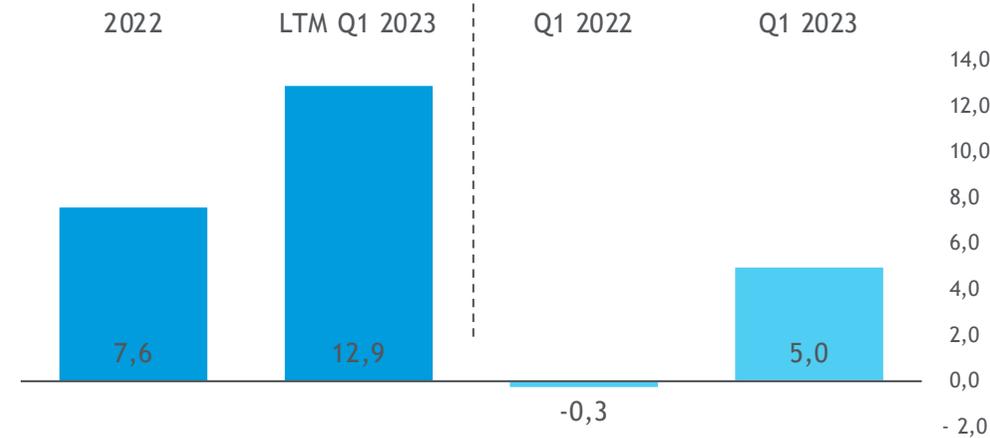
Denmark - Strong currency adjusted organic growth at 11% and significantly improved margins



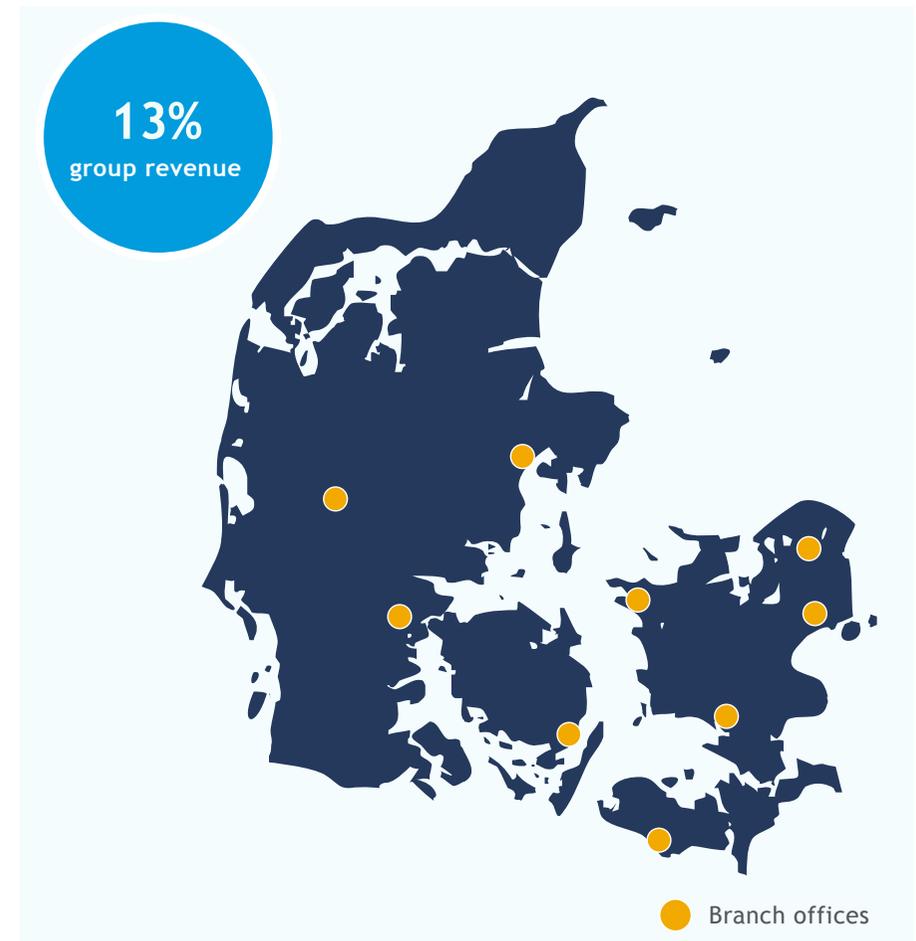
Operating revenue development
NOKm



Adj. EBITA development



Geographical footprint



Strong organic and acquired growth in Q1 with increased margins

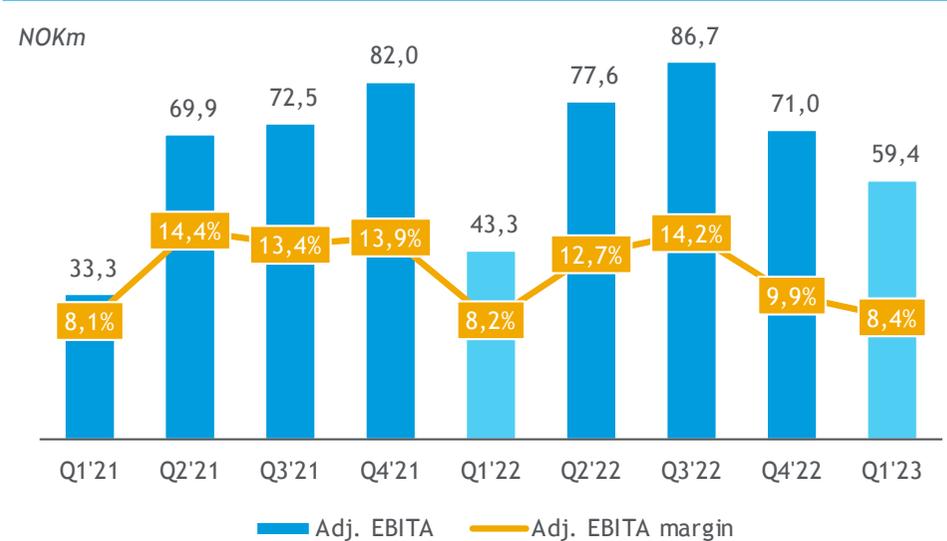
Normally winter season affect Q1 but can also occur in Q4

Quarterly operating revenue development



- Revenue growth of 34% in the quarter driven by both organic and acquired growth
 - 19.8% acquired growth
 - 8.5% currency adjusted organic growth

Quarterly adj. EBITA development



- Seasonal effect in line with previous years Q1
- Adjusted EBITA at NOK 59 million +37%
- Adjusted EBITA margin increased to 8.4%
- Inflationary pressure offset through price increases
- Cash flow seasonally weaker in 1st half of the year

Significant improvement in EBT, EBIT, EBITA and EBITDA in Q1

Jan-Mar 2023	Jan-Mar 2022	Growth	CONSOLIDATED STATEMENT OF PROFIT OR LOSS NOK million	Apr 2022 Mar 2023	Apr 2021 Mar 2022
700	518	35%	Revenue from customer contracts	2 627	2 117,1
4	8		Other operating income	17	25,7
705	526	34%	Total operating revenue	2 645	2 142,7
-	-		Operating expenses	-	-
-105	-58	82%	Operational service expenses	-368	235,6
-303	-239	27%	Personnel expenses	-1 105	927,6
-109	-78	40%	Vehicle operating expenses	-421	308,6
-63	-52	20%	Other operating expenses	-243	256,1
-0	-		Other gains/losses	5	40,3
-580	-427	36%	Total operating expenses	-2 132	1 687,6
124	99	25%	Earnings before interest, taxes, depreciation and amortization (EBITDA)	512	455,2
57	43	32%	Earnings before interest, taxes and amortization (EBITA)	260	238,0
46	36	27%	Earnings before interest and taxes (EBIT)	221	209,5
-1	-12	-91%	Net financial items	-8	98,4
45	25	83%	Profit before income tax (EBT)	213	111,1
-12	-6	88%	Income tax expense	-63	1,5
33	18	82%	Profit for the period	151	109,6
59	43	37%	Adjusted EBITA	295	267,7
8,4 %	8,2 %	0,2 pp	Adjusted EBITA margin, %	11,1 %	12%

Strong balance sheet and significant headroom for continued growth

Balance sheet highlights

- Net debt of NOK 1,303 million in Q1'23, representing a Net interest bearing debt / Adj. EBITDA of 2.2x.
 - 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 below. 2.2x.

- A. Goodwill amounted to NOK 1,673 million as of 31 March, 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 611 m related to Right of use assets
- E. Non-current loan primarily refers to bank loans.

NOKm	Note	2023-03-31	2022-12-31
Assets			
Goodwill	A	1 672,8	1 508,7
Intangible assets		173,1	152,4
Right-of-use assets	B	830,2	752,3
Property, plant and equipment	C	522,5	483,9
Other non-current receivables		6,5	5,3
Total non-current assets		3 205,0	2 902,5
Inventories		15,0	12,7
Accounts receivable		382,3	340,1
Other current receivables		181,1	147,8
Cash and cash-equivalents		147,7	204,7
Total current assets		726,0	705,3
TOTAL ASSETS		3 931,0	3 607,8
EQUITY AND LIABILITIES			
Equity		1 853,9	1 729,2
Deferred tax liability		79,8	80,5
Non-current lease liabilities	D	611,3	554,3
Non-current loans	E	626,7	533,5
Other non-current liabilities		55,6	49,0
Total non-current liabilities		1 373,3	1 217,3
Accounts payable		150,2	135,8
Taxes payable		14,2	21,3
Current portion of lease liabilities	D	200,3	179,5
Current portion of loans	E	12,4	11,5
Provisions		50,4	52,0
Other current liabilities		276,3	261,1
Total current liabilities		703,8	661,2
TOTAL EQUITY AND LIABILITIES		3 931,0	3 607,8
Net debt		1303,0	1074,1
Net debt/Adj. EBITDA		2,4	2,1

Lease liabilities accounts for approx. 70% of net debt

Comments

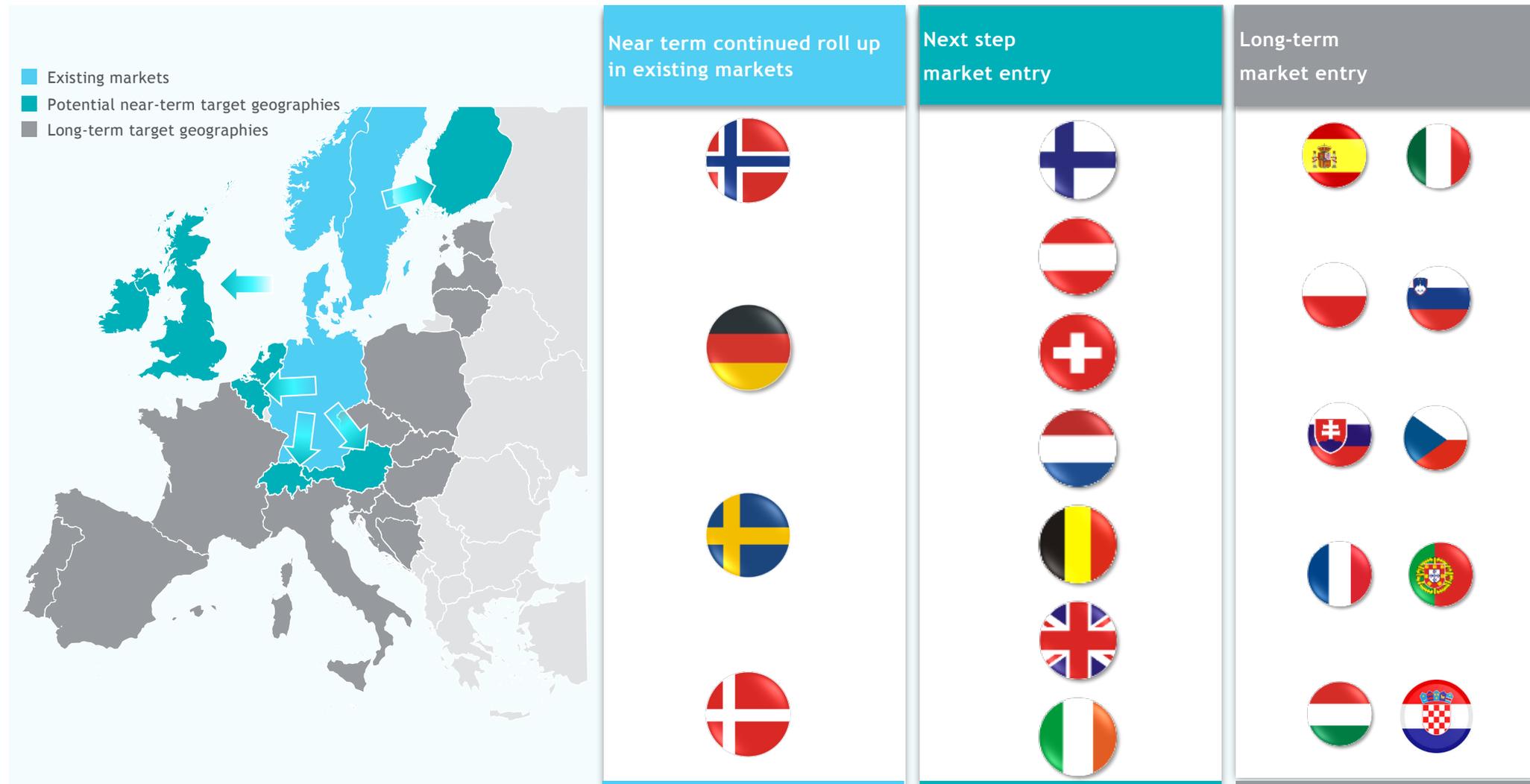
- Total net debt amounted to NOK 1,303 million as per 31 Mar 2023
- According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 812 million as per 31 March
 - Leasing payments next 12 months of NOK 202 million
- Depreciation of the leased assets is included in the total depreciation in the Profit and Loss statement
- Net debt excluding lease liabilities amounted to NOK 491 million as per 31 March 2023
- Of the NOK 1,100 million credit facility, NOK 530 million was unutilized and available as per 31 March 2023 (NOK 570 million was utilized)

Net debt breakdown (March 31, 2023)

NOKm	Current portion	Non-current	Total debt
Buildings and property	68,0	217,3	285,3
+ Vehicles and equipment	127,2	390,5	517,7
+ Furniture, fixtures & other	5,1	3,6	8,7
- Total Leases liability IFRS 16	200,3	611,3	811,6
+ Loans	12,4	626,7	639,1
- Total Interest Bearing debt	212,7	1 238,0	1 450,7
- Cash and cash equivalent			147,7
- NIBD, including IFRS 16			1 303,1
NIBD excluding building and property leases			1 017,8
NIBD excluding all IFRS 16 lease liability			491,4

Next step to be taken in further expansion into adjacent markets

Norva24 is well-positioned as a European consolidation platform to drive future growth by entering attractive new geographic markets.



Well capitalized - on track to deliver on financial targets

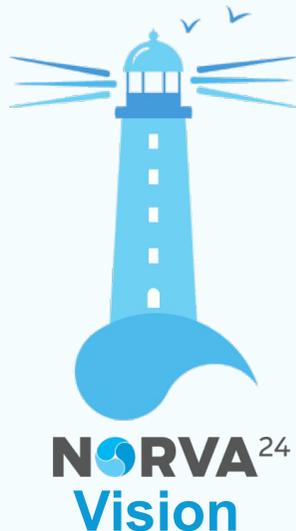
Medium term financial targets

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 ⁽³⁾ 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 ⁽⁴⁾ (including IFRS16 lease liabilities) of 2.5x adj. EBITDA ⁽¹⁾ 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

