



FEBRUARY 2024

NORVA²⁴

4th Quarter 2023 Presentation

Category leader in the attractive underground infrastructure maintenance service market

Today's presenters



HENRIK NORRBOM

Group CEO

BACKGROUND

- At Norva24 since Sept 2023
- CEO Cramo AB
- CEO Skanova AB
- Prior to that Head of Networks Telia.
Various mgmt. roles within Eltel Networks



STEIN YNDESTAD

Group CFO

BACKGROUND

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

Schibsted Adevinta

Uniquely positioned in a market with long-term growth prospects



Strong mega-trends driving UIM spending

Old sewerage infrastructure:
On average >40 years old

Climate change and extreme weather

Stricter regulations



Massive market opportunity

Northern Europe market
opportunity worth
NOK 40 billion

European addressable market of
more than NOK 140 billion

Very low annual cyclicality



We are the market leader

Norva24 is the clear market
leader in Northern Europe

Strong positions in
attractive markets:
Norway, Sweden,
Denmark and Germany



We have a proven model for growth and value creation

Organic growth focused on synergies,
operational efficiency and continuous
profitability improvements

Driving consolidation through
highly accretive M&A

Strong track record of organic growth and M&A

From 10 branches and NOK 150 million in revenue to 77 branches and NOK 3.2 bn revenues since 2015

Key priorities: Continued profitable growth and M&A



Price optimization

- Optimizing pricing to ensure strong margin picture
- Continuing to actively adjust prices to compensate for increased cost
 - Proactive cost control



Improve utilization

- Maximize utilization of vehicle and personnel
- Benchmark vehicles and personnel on invoiced hours, or invoiced amount on a continuous basis



Improve low-performing units

- Close follow-up on branches with EBITA-margin below threshold
- Right people in the right place
- Developing playbook to support management



Growth

- Optimizing organic growth
- Accelerating M&A
- Ambition #1: Targeting increased density in existing markets
- Ambition #2: Expand to new markets

Focus on cash generation and reduction of Net Working Capital

Continued top line growth, strong operating cash flow

Strong results in October and November. Harsh weather hampered growth and margins in December

Financial highlights

856 NOKm **+19%**
Total operating revenue
Organic revenue +5%*

82 NOKm **+15%**
Adjusted EBITA

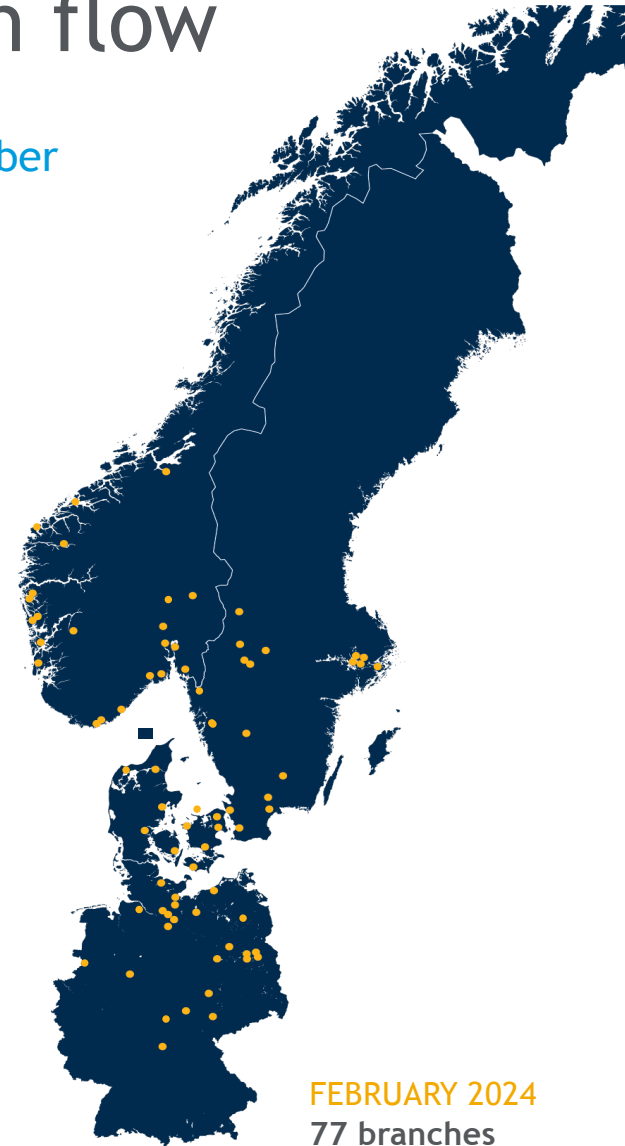
9.5% **-0.3pp**
Adjusted EBITA margin

245 NOKm **+71%**
Net cash inflow from operating activities

*) Currency adjusted

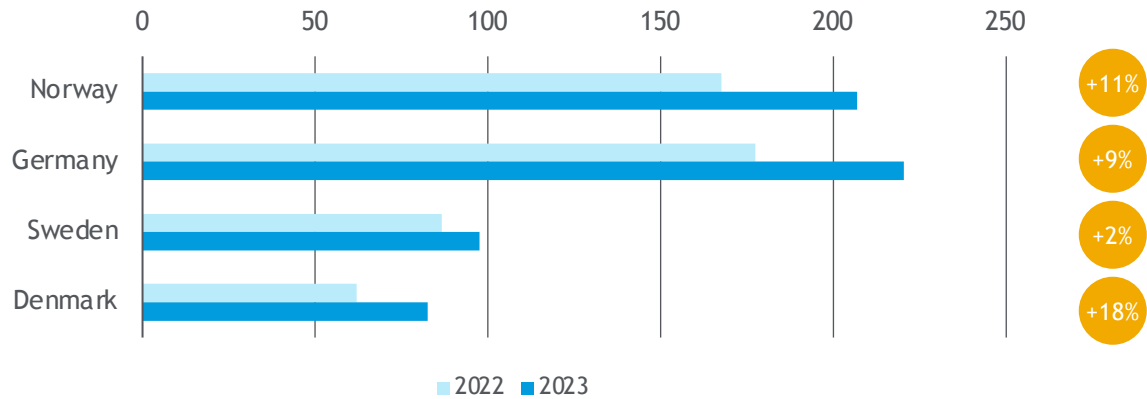
Operational highlights

- Norway had good activity and profitability in October and November. Negative growth and profits in December
- Germany with good growth, but softer margins
- Sweden with good growth and improved EBITA margin
- Denmark continue the improvements. +5.4 percentage point on the Adj EBITA margin vs Q4 2022
- Won significant tender volumes at improved margins
- Significant M&A pipeline, but lengthy processes for the larger targets. Two deals about to be signed so far in 2024

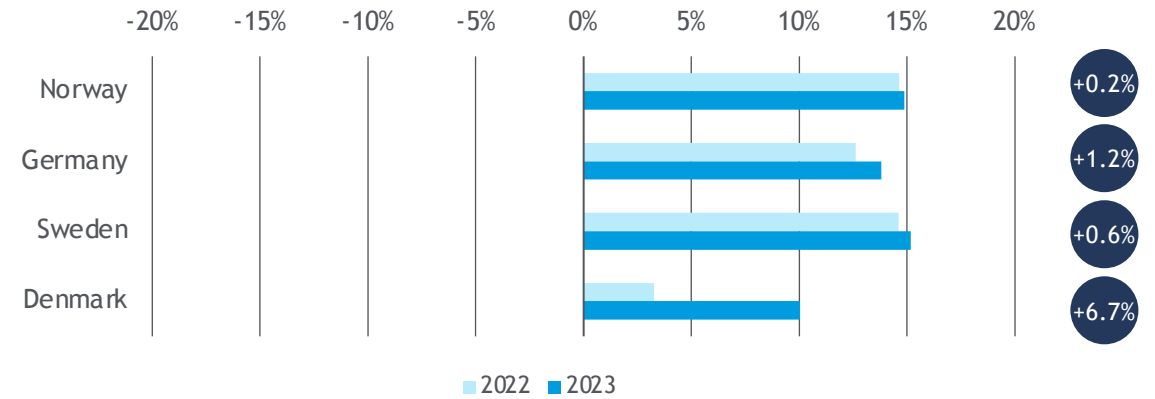


Strong performance in October and November 2023

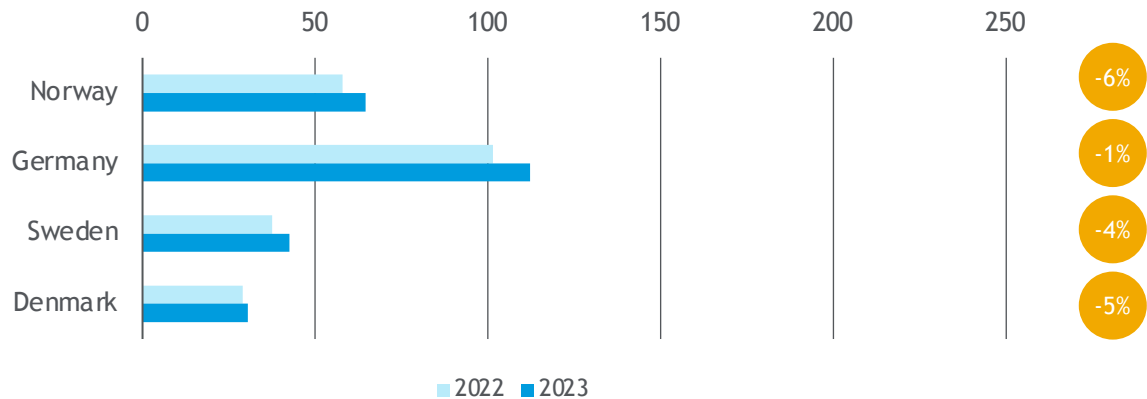
Revenues in NOK Oct+Nov



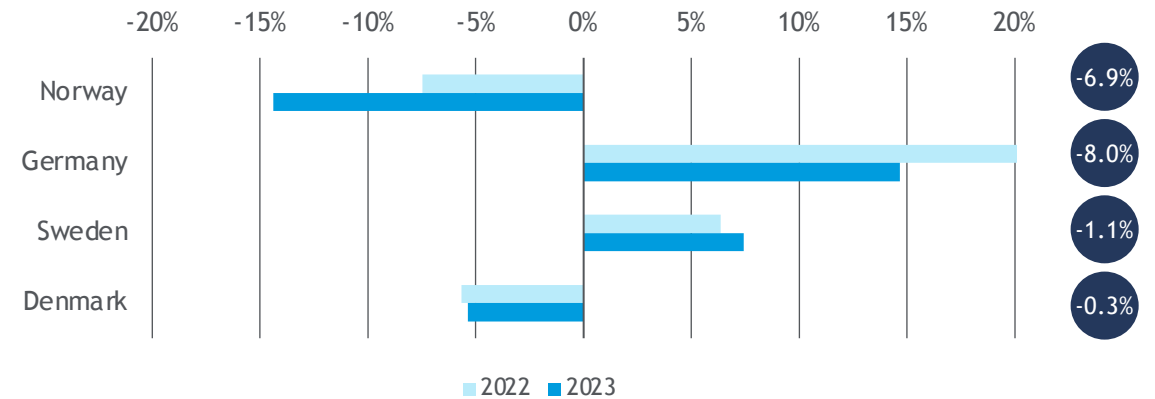
Adj EBITA-Margin Oct+Nov



Revenues in NOK Dec



Adj EBITA-Margin Dec



● Currency adjusted organic growth

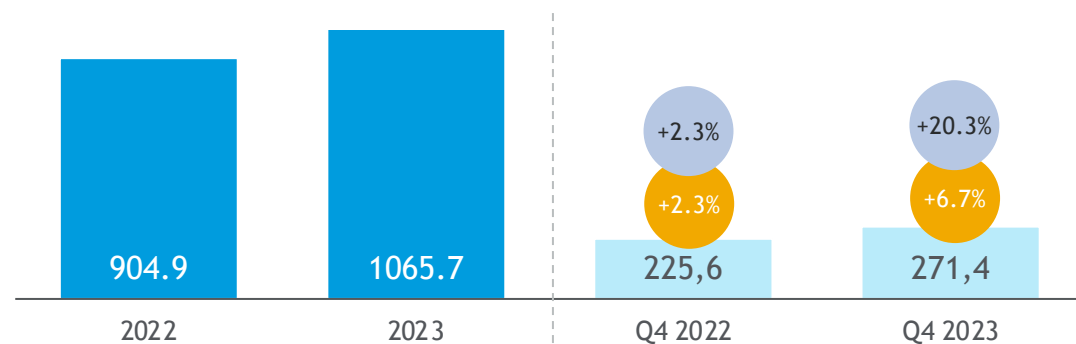
● Margin change in percentage points vs last year

Norway: Solid growth with weather-impacted profitability

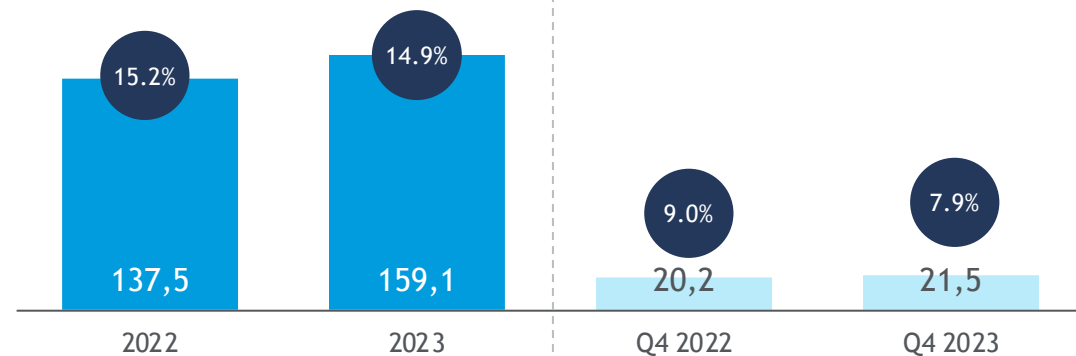


Operating revenue development

NOKm

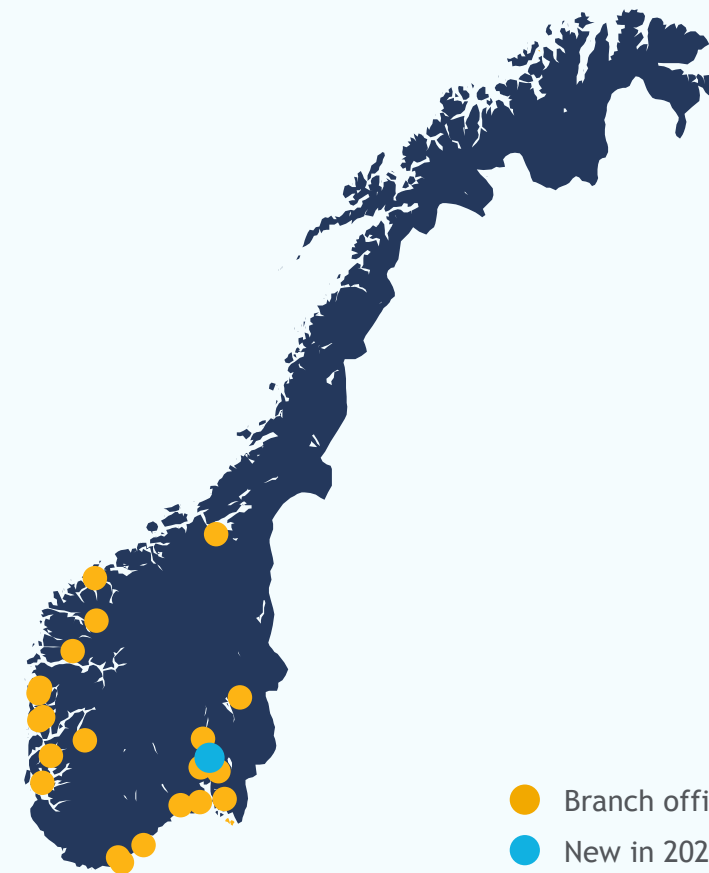
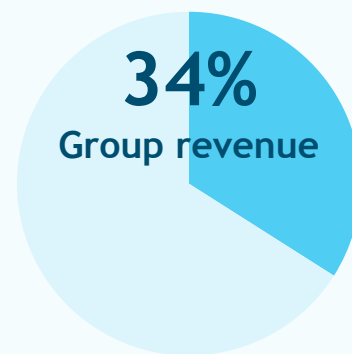


Adj. EBITA development



● Adj. EBITA margin

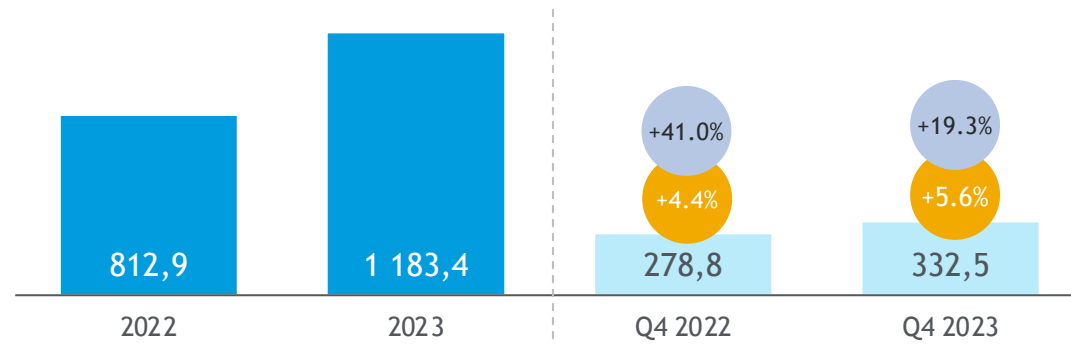
Geographical footprint



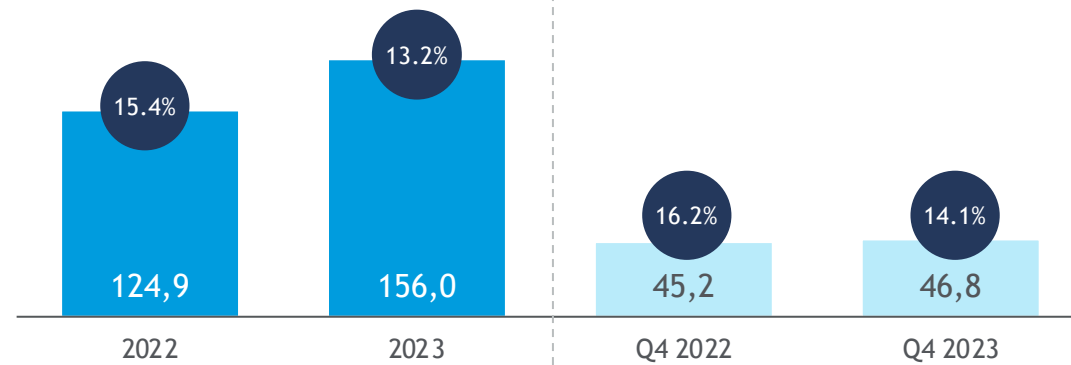
Germany: Strong annual total growth of 46%, softer margins



Operating revenue development NOKm



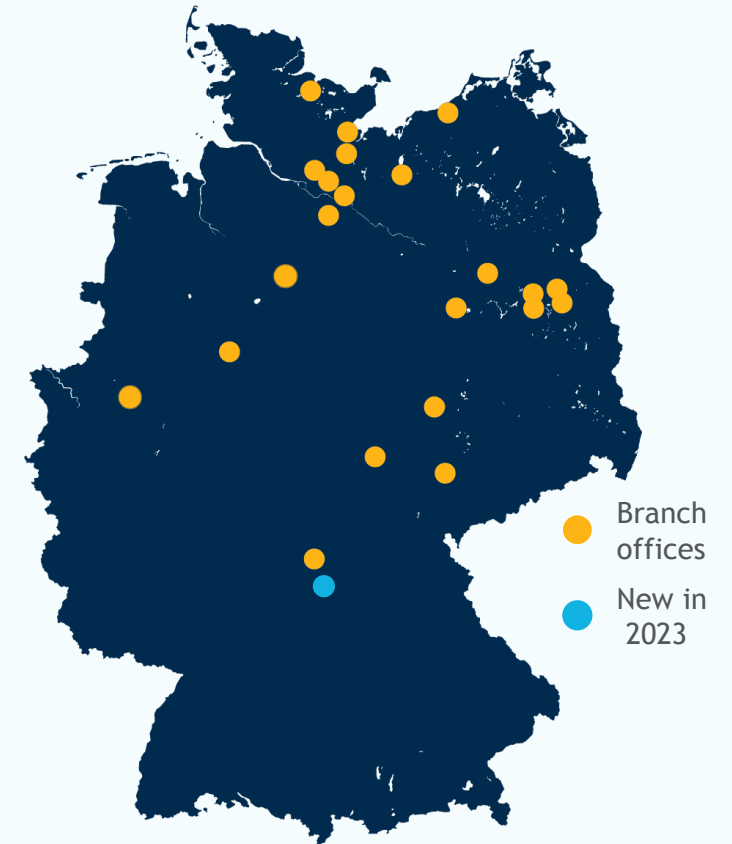
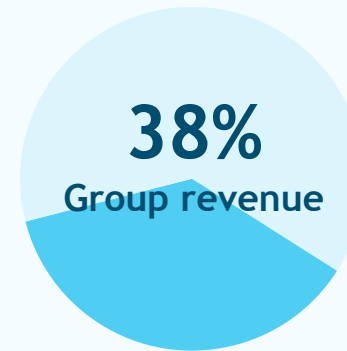
Adj. EBITA development



● Adj. EBITA margin

● Total growth
● Currency adjusted organic growth

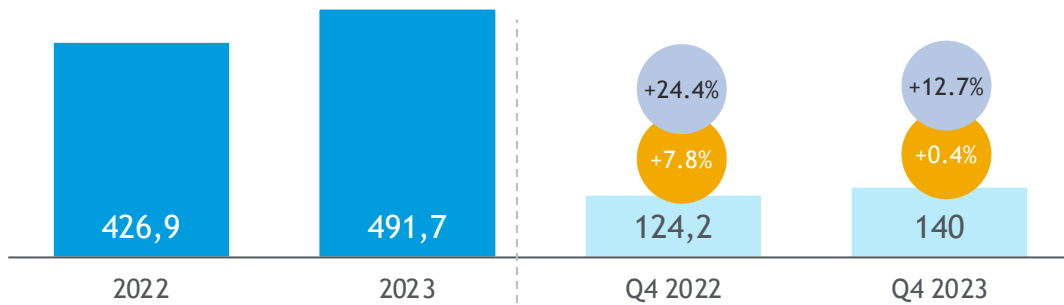
Geographical footprint



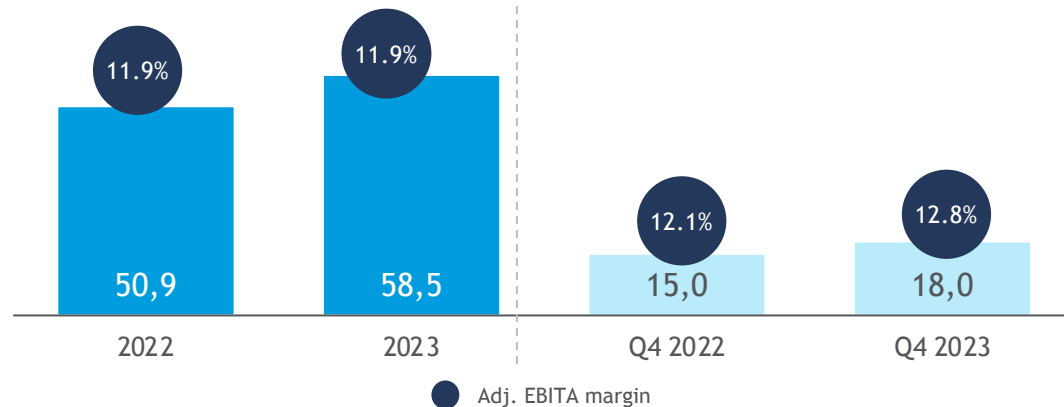
Sweden: Good growth combined with improved EBITA margin



Operating revenue development NOKm



Adj. EBITA development



Geographical footprint



- Branch offices
- New in 2023

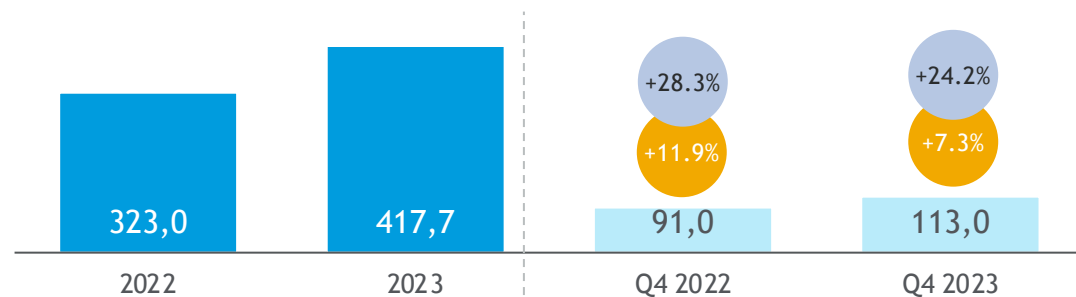
Denmark: Delivering on the improvement plan.

EBITA-margin up by 5.4%-points in Q4



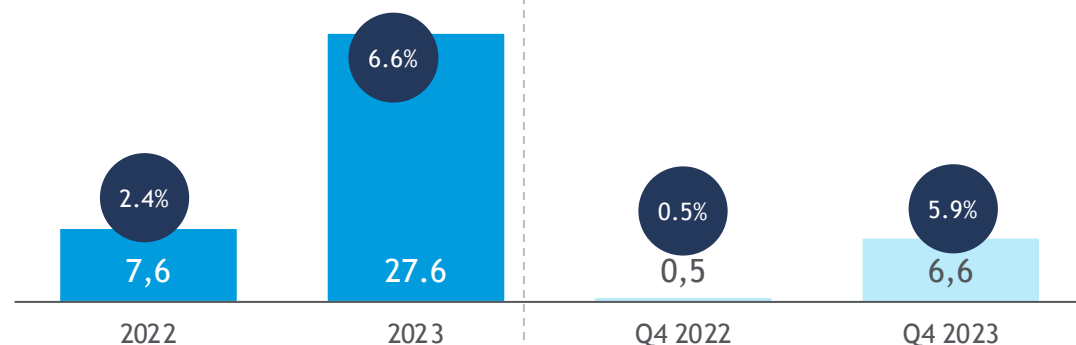
Operating revenue development

NOKm



● Total growth
● Currency adjusted organic growth

Adj. EBITA development



● Adj. EBITA margin

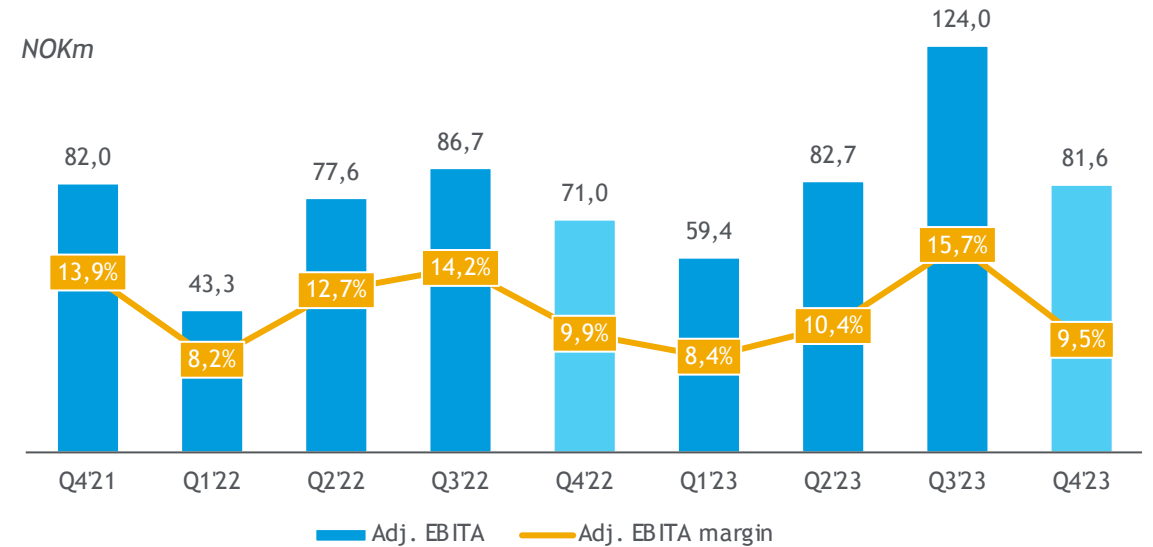
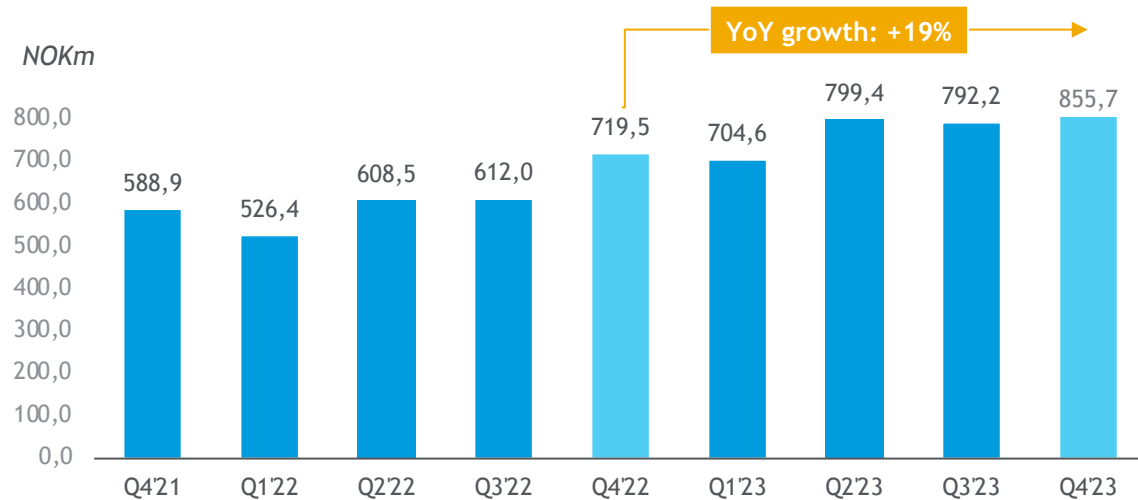
Geographical footprint



● Branch offices
● New in 2023

Solid annual revenue growth in a resilient market

Exceptional weather impacting Q4 in 2022 and 2023



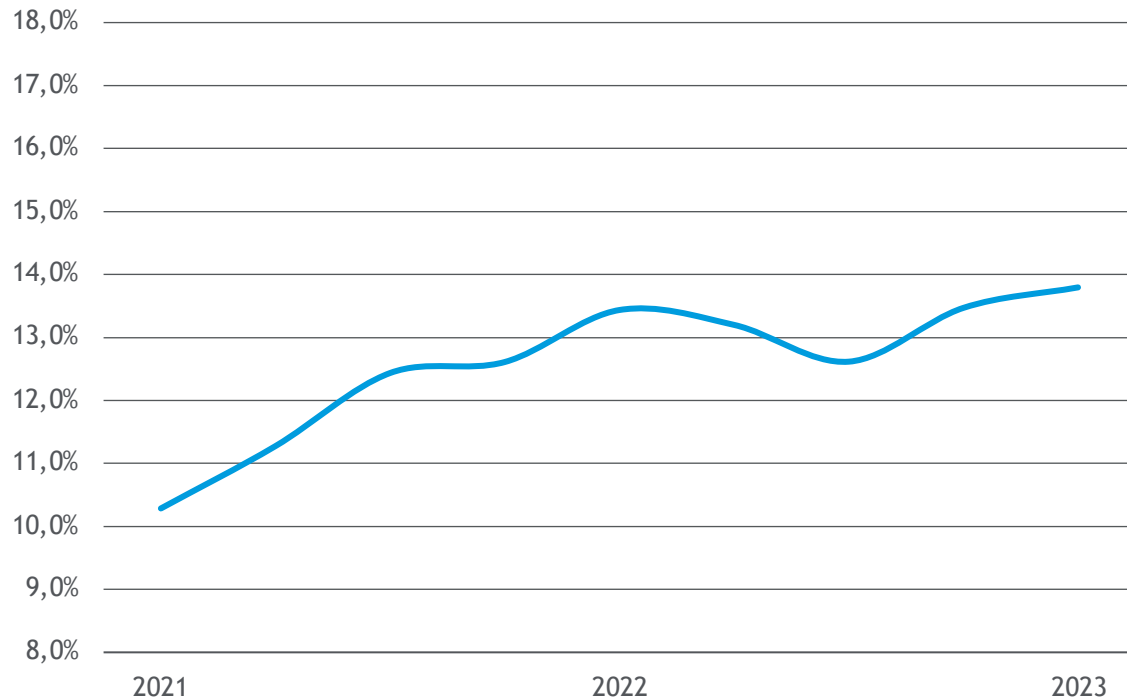
- Total revenue growth of 18.9% in the quarter, underpinned by both acquired and organic growth.
 - Acquired growth accounted for 5.8% of the quarter's growth
 - Currency adjusted organic growth stood at 5.2% for the quarter
- On the path of reaching 2025 target of 4.5BN NOK of revenues
 - Focus on acceleration of M&A activity

- Soft margins in Q4 due to exceptionally harsh winter conditions reducing activity
- EBITA margin of 9.5% reflects strong performance in Oct and Nov, and a challenging December

Solid margin development from acquired operations

Operations acquired prior to 2020 develop strongly as they are fully integrated, and able to leverage group synergies

12-month rolling Adjusted EBITA margin for all operations acquired prior to 2020



Note: Corp.cost not included

Benefits on revenue:

- Cross-selling
- Improved tender processes (Improved margins and higher win rates)
- Enhanced service offering to regional and national customers
- Improved local density

Benefits on cost

- Coordinated procurement
- Shared IT solutions
- Best practice sharing

More to come e.g. once all Non-Nordic operations are on the same ERP and Field Service Management (FSM) tools.

Q4: Sustained growth and profitability amidst seasonal challenges

- Continued revenue growth
 - Operational resilience, though heavily impacted by winter
- Improved capital efficiency
- Financial items impacted by FX Earn Outs, Interest related cost up 7 MNOK in the quarter
- Sustained margin performance

Oct-Dec 2023	Oct-Dec 2022	Growth	CONSOLIDATED STATEMENT OF PROFIT OR LOSS NOK million	Jan-Dec 2023	Jan-Dec 2022	Growth
854	713	19,9 %	Revenue from customer contracts	3132	2445	28,1 %
1	7	-80,7 %	Other operating income	20	21	-5,0 %
856	720	18,9 %	Total operating revenue	3152	2466	27,8 %
Operating expenses						
-150	-110	36 %	Operational service expenses	-524	-321	63 %
-353	-292	21 %	Personnel expenses	-1288	-1041	24 %
-117	-119	-2 %	Vehicle operating expenses	-445	-390	14 %
-84	-87	-4 %	Other operating expenses	-272	-232	17 %
0	0	21 %	Other gains/losses	0	5	-90 %
-703	-608	16 %	Total operating expenses	-2529	-1979	28 %
Earnings before interest, taxes, depreciation and						
153	112	37 %	amortization (EBITDA)	623	487	28 %
-78	-66	18 %	Total depreciation	-290	-241	20 %
74	45	64 %	Earnings before interest, taxes and amortization (EBITA)	333	246	35 %
-14	-10	45 %	Total amortization	-49	-34	43 %
60	35	70 %	Earnings before interest and taxes (EBIT)	284	212	34 %
-37	-9	324 %	Net financial items	-50	-15	224 %
23	27	-12 %	Profit before income tax (EBT)	234	196	19 %
44	-13	-N.M.	Income tax expense	-7	-57	N.M.
67	13	404 %	Profit for the period	227	139	62 %
81,6	71,0	14,9 %	Adjusted EBITA	347,7	278,6	24,8 %
9,5	9,9	-0,3 pp	Adjusted EBITA margin, %	11,0	11,3	-0,3 pp

Strong balance sheet and significant headroom for continued growth

Balance sheet highlights

- Net debt of NOK 1,250 million in Q4'23. representing a Net interest-bearing debt / Adj. EBITDA below 2.0x
 - 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 2.0x

- A. Goodwill amounted to NOK 1717.3 million as of 31 December 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 867.6 million related to Right of use assets
- E. Non-current loan primarily refers to bank loans

NOKm	Note	12/31/2023	12/31/2022
Assets			
Goodwill	A	1,717.3	1,508.7
Intangible assets		151.4	152.4
Right-of-use assets	B	893.3	752.3
Property. plant and equipment	C	510.7	483.9
Other non-current receivables		5.2	5.3
Total non-current assets		3,277.8	2,902.5
Inventories		18.7	12.7
Accounts receivable		441.9	340.1
Other current receivables		201.0	147.8
Cash and cash-equivalents		267.0	204.7
Total current assets		928.6	705.3
TOTAL ASSETS		4,206.4	3,607.8
EQUITY AND LIABILITIES			
Equity		2,070.6	1,729.2
Deferred tax liability		36.6	80.5
Non-current lease liabilities	D	647.9	554.3
Non-current loans	E	638.4	533.5
Other non-current liabilities		5.8	49.0
Total non-current liabilities		1,328.7	1,217.3
Accounts payable		157.5	135.8
Taxes payable		40.6	45372.0
Current portion of lease liabilities	D	219.7	179.5
Current portion of loans	E	11.3	45423.0
Provisions		58.7	52.0
Other current liabilities		319.4	261.1
Total current liabilities		807.2	661.2
TOTAL EQUITY AND LIABILITIES		4,206.4	3,607.8
Net debt		1,250.2	1,074.1
Net debt/Adj. EBITDA		2.0	2.1

Lease liabilities account for approx. 70% of net debt

Comments

- Total net debt amounted to NOK 1,250.2 million as per 31 December 2023
- According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 867.6 million as per 31 December
 - Leasing payments next 12 months of NOK 220 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 430 million as per 31 December 2023
- Of the NOK 1,100 million credit facility, NOK 600 million was utilized as per 31 December 2023, and 80 million reserved for the AMOFA, but available for financing

Net debt breakdown

December 31, 2023

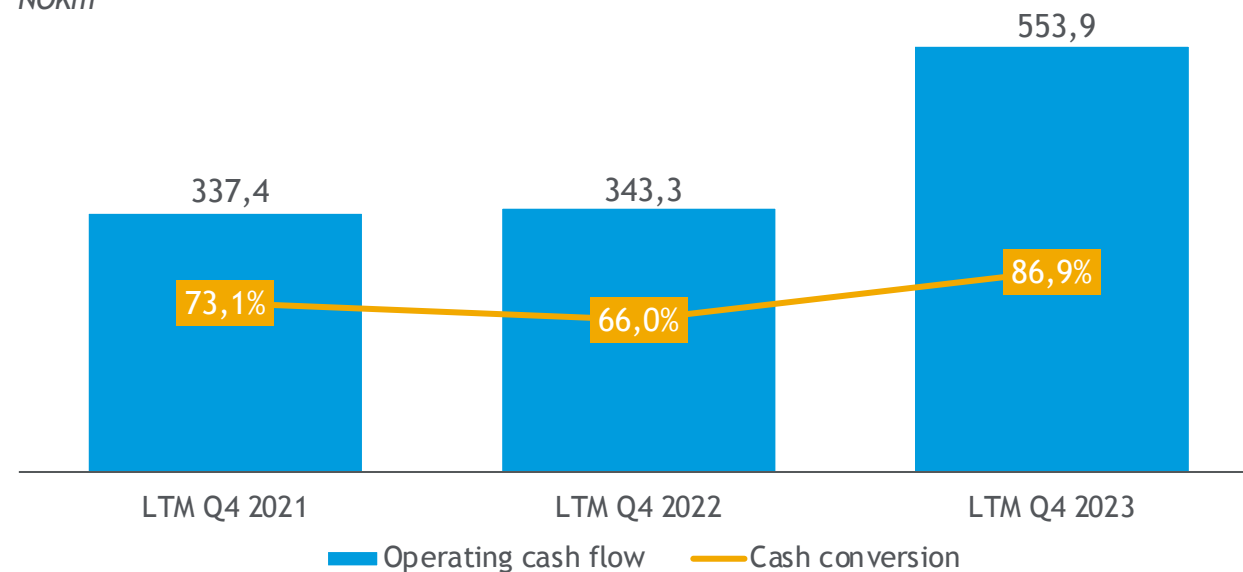
NOK million	Current	Non-current	Total debt
Buildings and property	71.0	215.5	286.4
Vehicles and equipment	145.3	430.4	575.7
Furniture, fixtures & other	3.4	2.0	5.5
Total lease liabilities IFRS 16	219.7	647.9	867.6
Loans	11.3	638.4	649.6
Total Interest Bearing Debt	231.0	1,286.3	1,517.2
Cash and cash equivalent			267.0
NIBD, including IFRS 16			1,250.2
NIBD excluding building and property leases			963.8
NIBD excluding IFRS 16 lease liability			382.6

Strong cash flow from operating activities

Comments

- Strong cash conversion in 2023.
- Net working capital improvement is a result of strong Q3 and a slower Q4, but still need to be improved.
 - Focus on improving cash conversion going forward
- Strong discipline on capital allocation

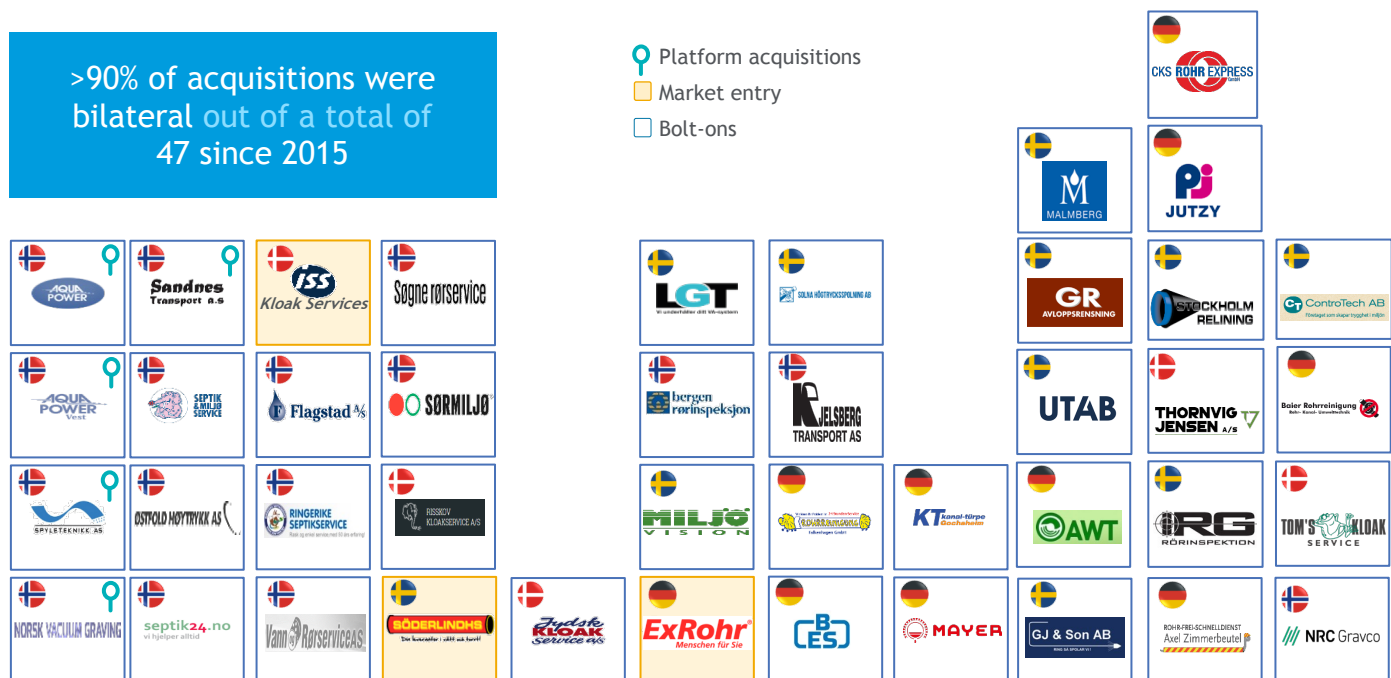
Net cash inflow from operating activities and cash conversion
NOKm



NOKm	2021	2022	2023
Adjusted EBITDA	461.8	520.0	637.6
Net cash inflow from operating activities	337.4	343.3	553.9
Cash conversion	73.1%	66.0%	86.9%

Good track record on M&A

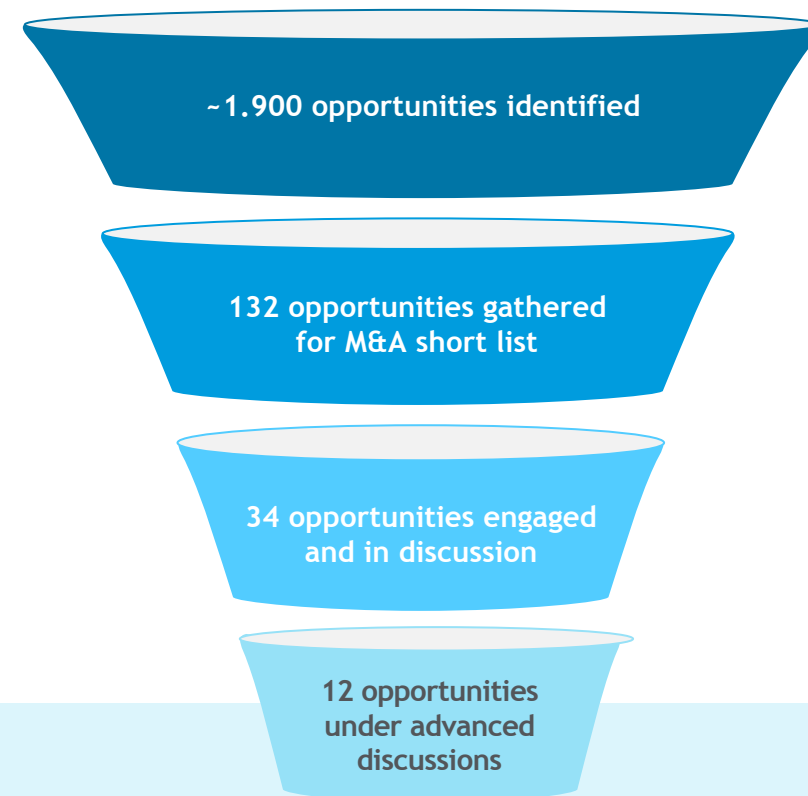
Group revenue and number of transactions¹



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	3.152

Rich potential M&A pipeline



Well capitalized: On track to deliver on 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

Key take-aways



- Strong start of Q4, December severely impacted by weather.
- Strong Cash Flow and cash conversion.



- Uniquely positioned in an attractive growth market, and showing resilience in challenging economic climate



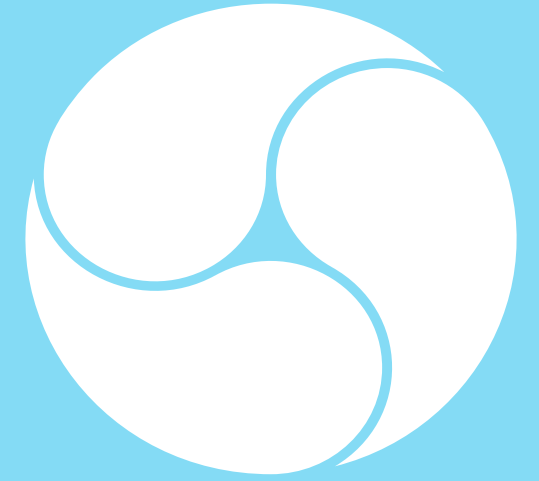
- Over time Norva24 lifts margin of acquired companies



- On track to deliver on growth and profitability targets



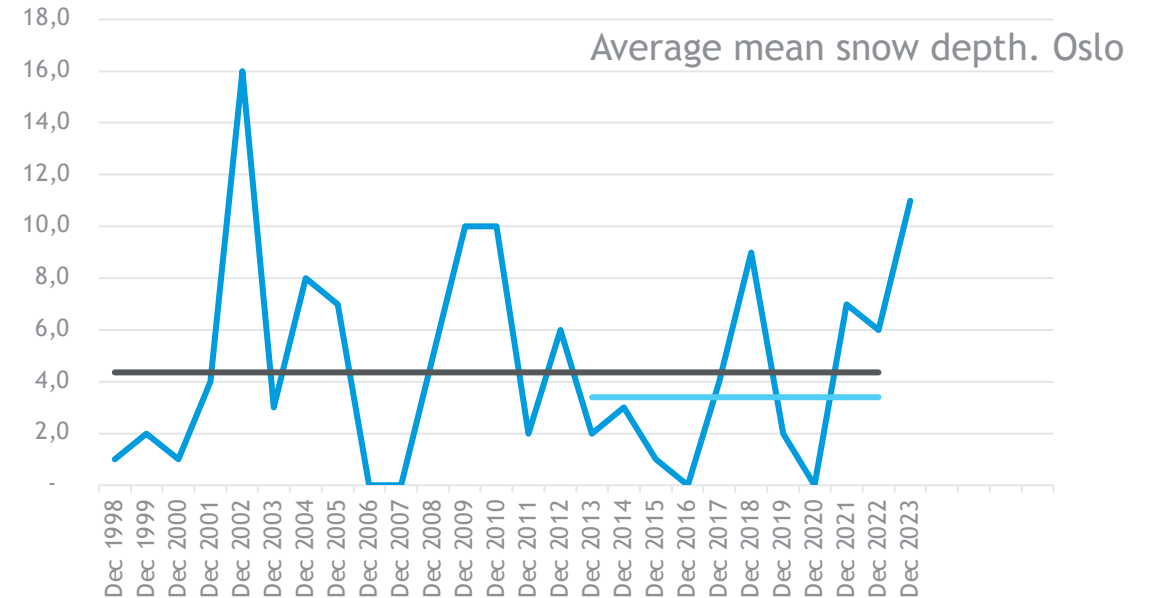
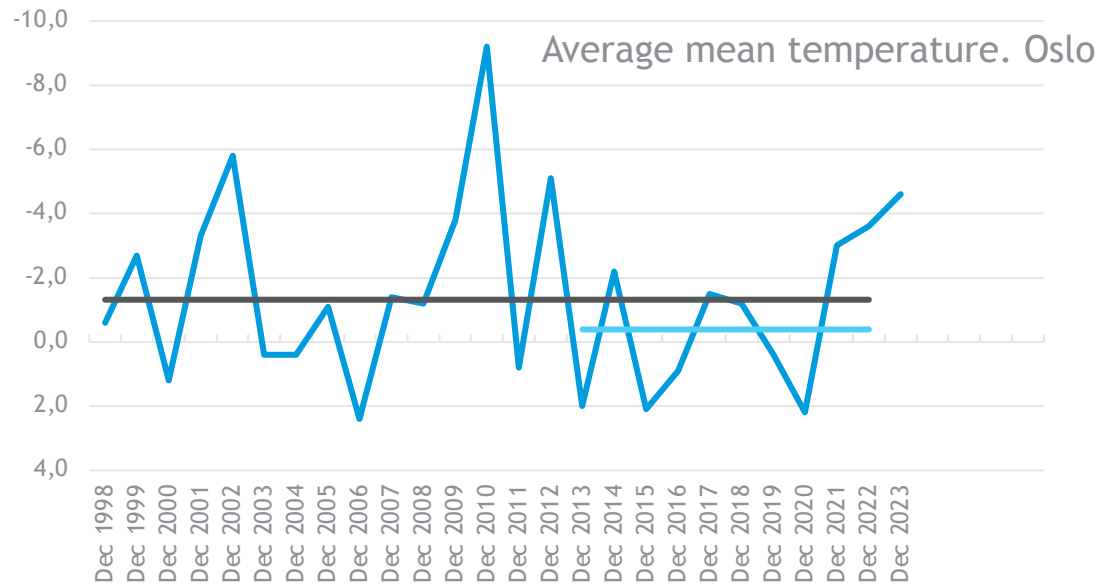
NORVA²⁴



Q&A

Exceptionally harsh winter conditions in Q4

Very cold weather with deep snow prohibits several activities, hampering efficiency and margins in Norway



- **Weather trend:** Generally warmer but expect outliers.
- **Cold December:** Third coldest in 25 years.
- **Decade comparison:** 10-year December average -0.4°C , vs. -4.6°C in 2023.

- **Rare Snowfall:** December saw the second-highest snow in 25 years.
- **Impact on Norva24:** Efficiency dropped in December 2022 due to winter conditions; December 2023 was even tougher.
- **Snowfall Comparison:** 10-year December average 3.4 cm vs. 11.0 cm in 2023.

Source: <https://seklima.met.no/observations/>