



FEBRUARY 2023

# 4th Quarter 2022 Presentation

Category leader in the attractive underground infrastructure maintenance service market

**NORVA**<sup>24</sup>

# 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, equity analyst in Danske Securities
- Started his professional career as a consultant in McKinsey and Company



**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*

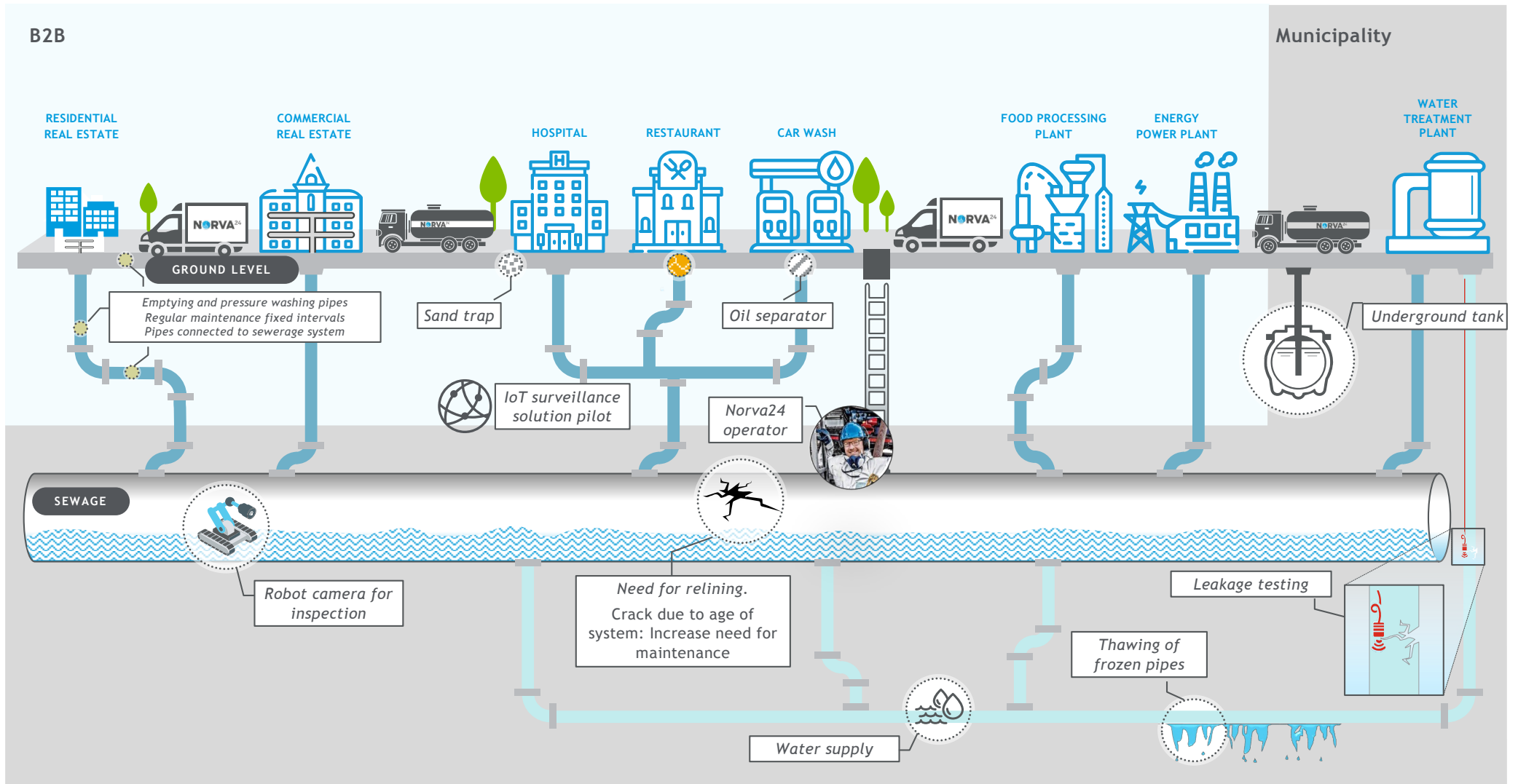
#### PREVIOUS EXPERIENCE

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



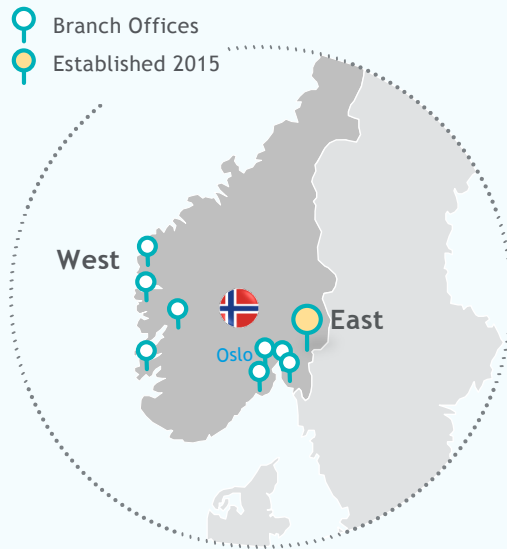


# UIM services are mission critical and essential for society



# Norva24 has already evolved into a leading Northern European platform

## Norwegian Origin (2015)



Revenue 2015<sup>(1)</sup>: NOK 146m

**10**  
Branches

**233**  
Employees  
(FTEs)

Norva24 foundation

### Transformation

Professionalisation

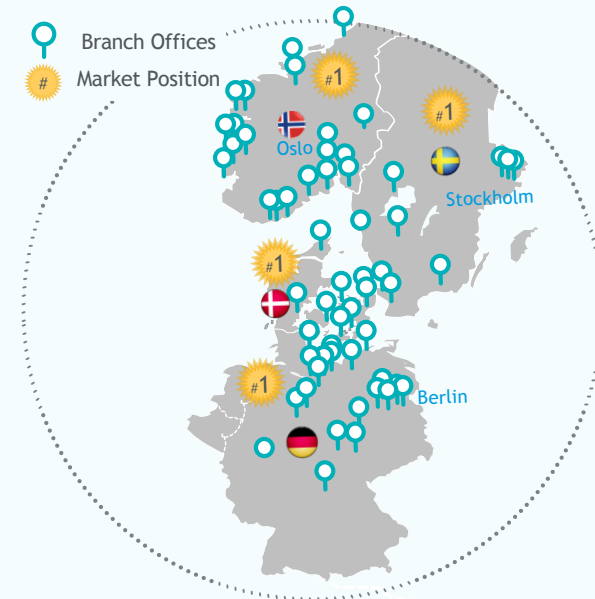
Geographic expansion

Digitalisation

Consolidation

Management  
reinforcement

## Leader in Northern Europe (Today)



Revenue LTM Q4'22: NOK 2.5bn

**76**  
Branches

**~1,600**  
Employees

Norva24 as market shaper



# Solid organic and acquisition growth in 2022, margins in Q4 adversely affected by early winter weather - continued excellent op. cash flow

## Key takeaways from the quarter

- Total operating revenue amounted to NOK 719.5 million (588.9) **+22.2%**
- Solid currency adjusted organic growth **+5.1%**
- Good growth from acquisitions **+16.5%**
- EBIT MNOK 35
- Adjusted EBITA NOK 71 million
- EPS NOK 0.07
  
- Full year 2022 with strong revenue growth of 22% and curr. adj org. growth of 9%
- Adjusted EBITA margin of 10% in Q4 adversely affected by early winter conditions
- Strong total growth in Sweden 24% and Germany 41% in Q4
- Strong currency adjusted organic growth in Sweden of 8% and Denmark of 12%
- Germany with stable revenues on the back of strong comparative numbers (+28%)
- Organizational changes new CFO in place - Next step in M&A - looking at new countries
- Significant M&A pipeline - 2023 expected to be a strong acquisition year
  - Six acquisitions closed 2022 -one acquisition closed in January 2023 adding total revenues of NOK 450 million
- Cash flow from operations cover the acquisitions both in Q4 and LTM



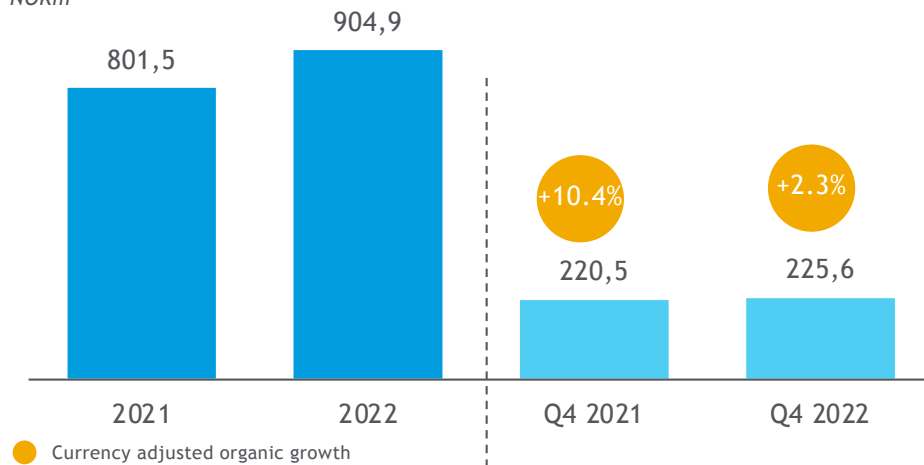
January 2023  
76 branches

# Norway -organic growth in Q4 with margins affected by winter weather

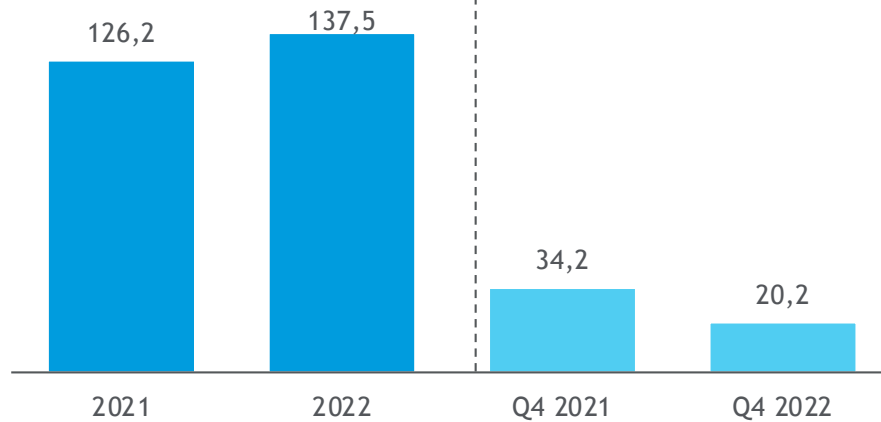


## Operating revenue development

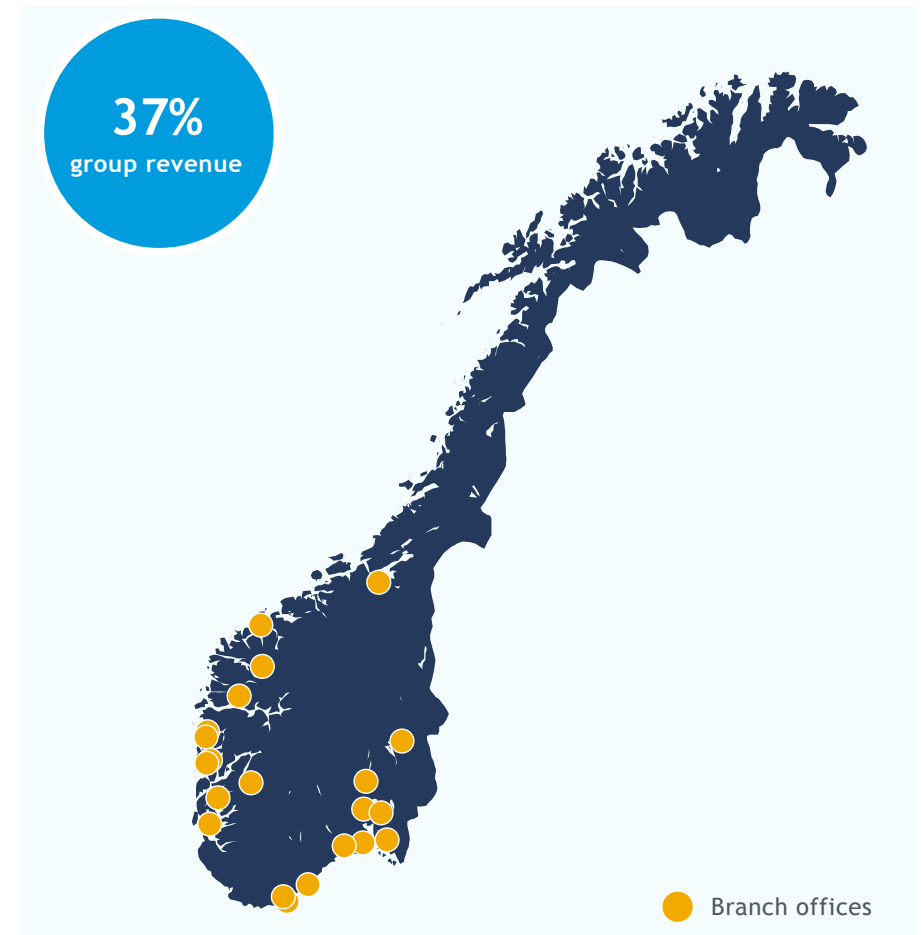
NOKm



## Adj. EBITA development



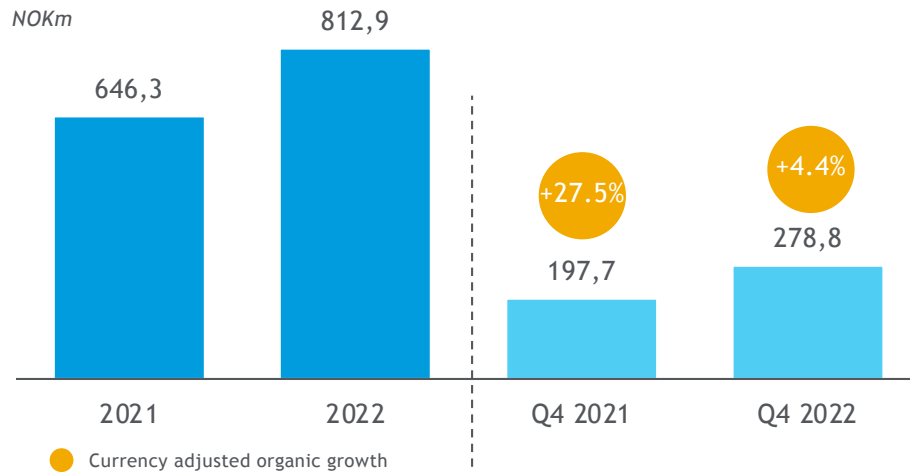
## Geographical footprint



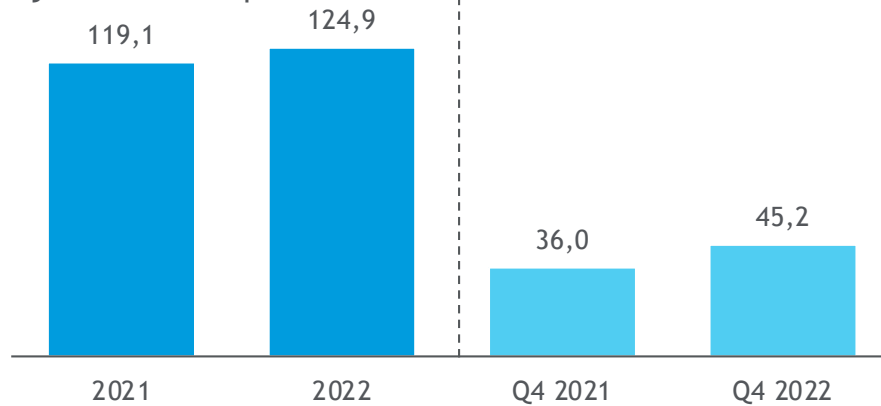
# Germany - continued growth on the back of strong comparative numbers and good EBITA margins



## Operating revenue development



## Adj. EBITA development



## Geographical footprint



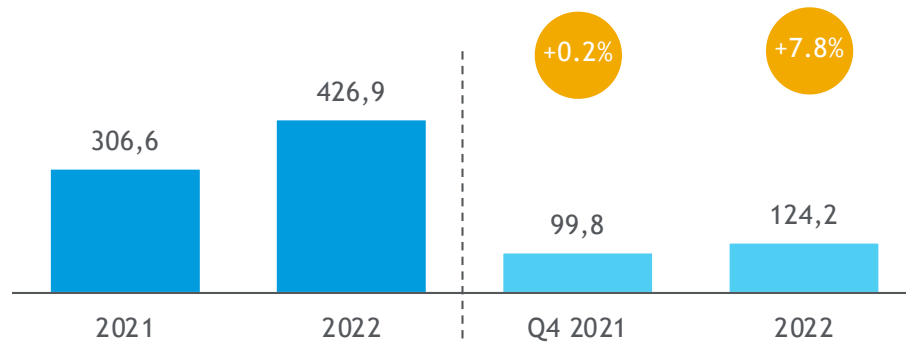


# Sweden - strong organic and acquisition growth combined with improved adjusted EBITA margin



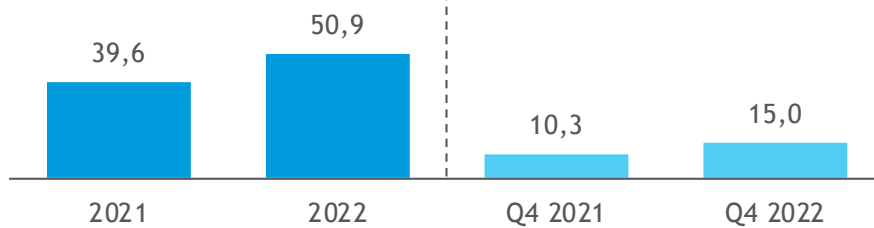
## Operating revenue development

NOKm

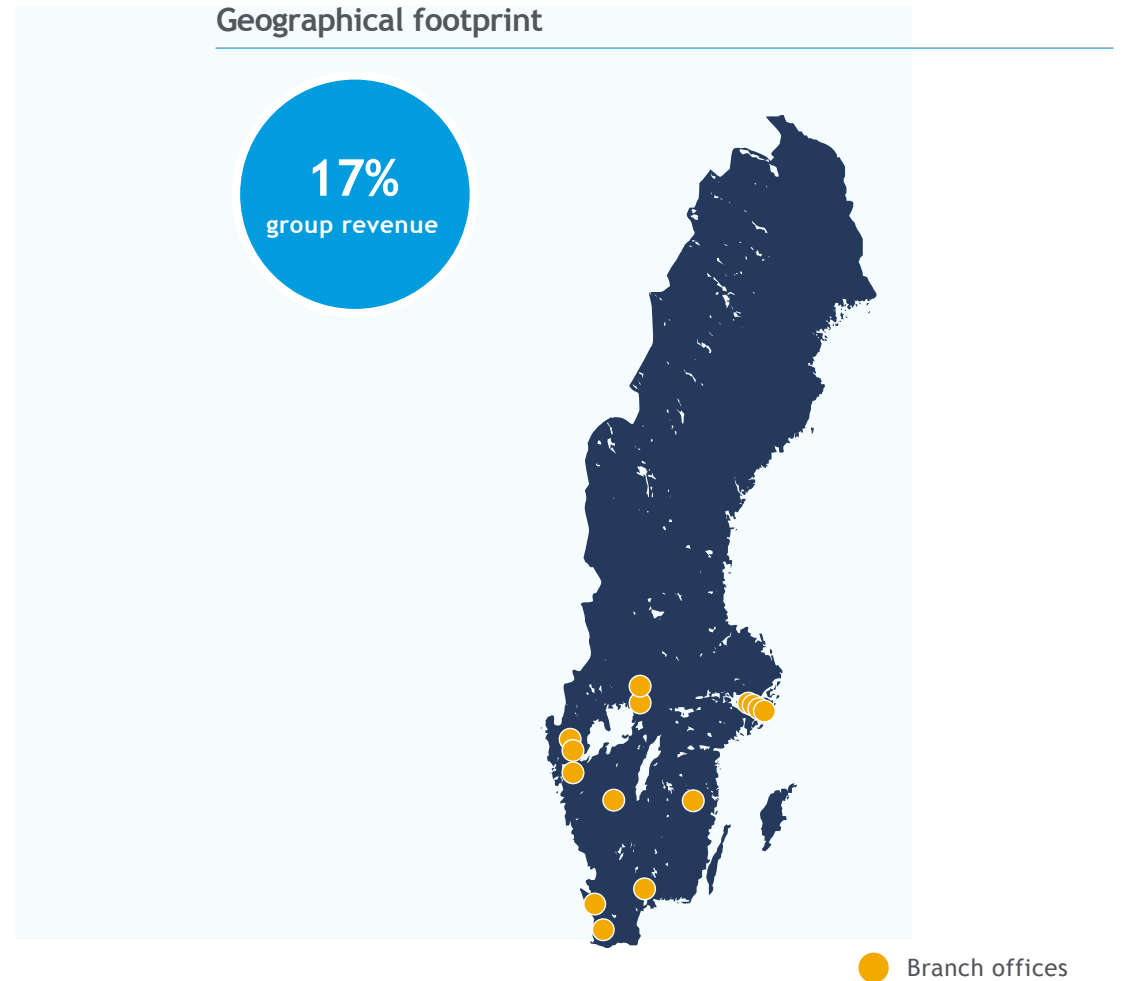


● Currency adjusted organic growth

## Adj. EBITA development



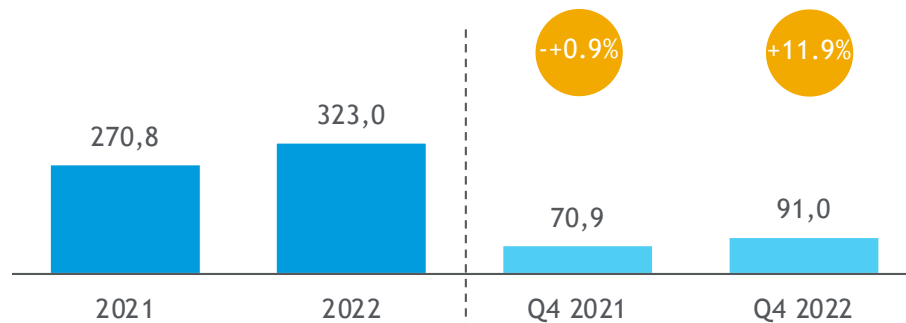
## Geographical footprint



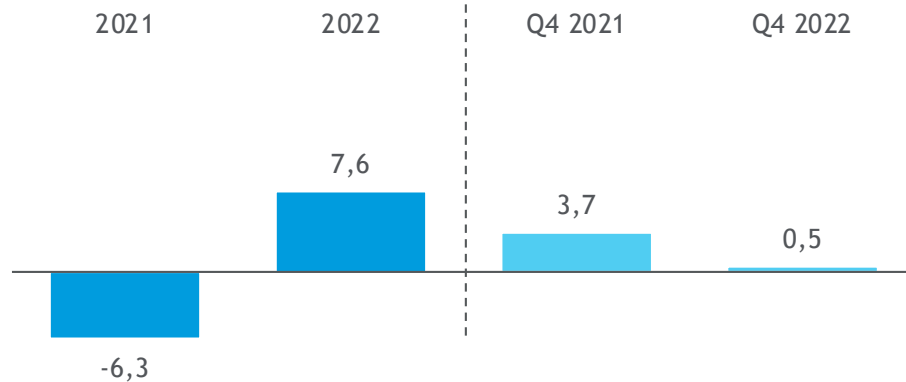
# Denmark - Strong organic currency adjusted organic growth at 12%



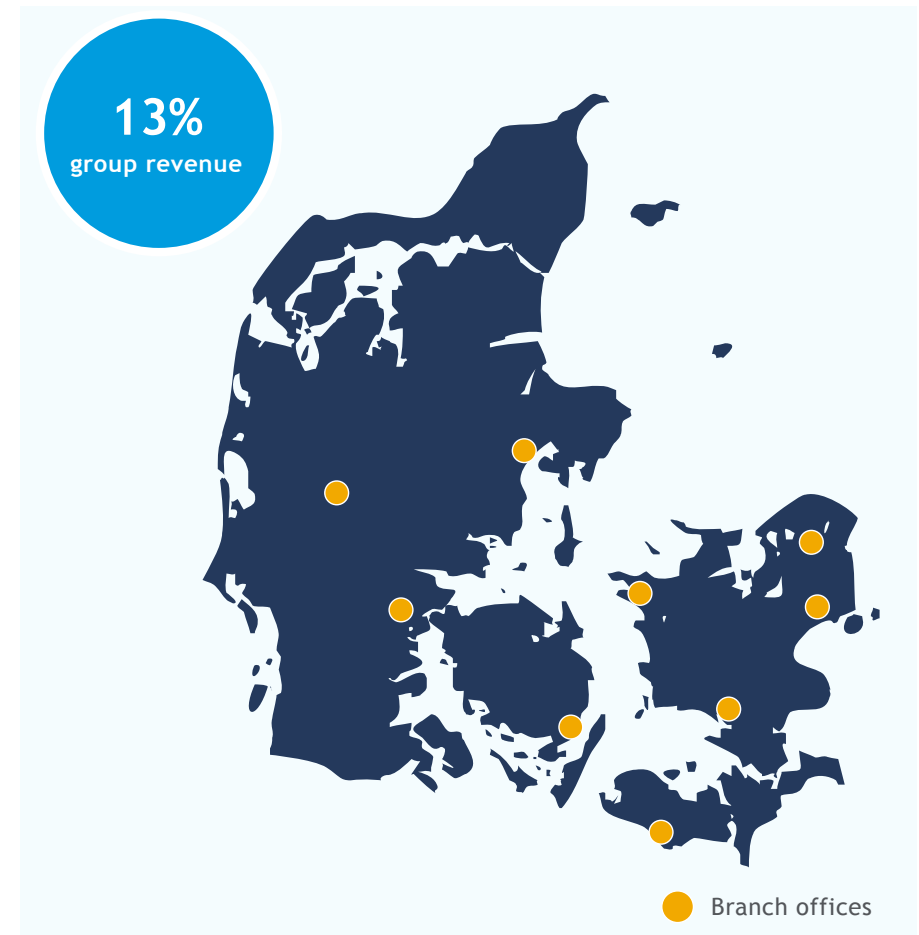
Operating revenue development  
NOKm



Adj. EBITA development



Geographical footprint



Significant improvement in EBT, EBIT, EBITA and EBITDA

Oct-Dec 2022	Oct-Dec 2021	Growth	CONSOLIDATED STATEMENT OF PROFIT OR LOSS NOK million	Jan-Dec 2022	Jan-Dec 2021	Growth
713	584	22 %	Revenue from customer contracts	2 445	2 006	22 %
7	5		Other operating income	21	19	
<b>720</b>	<b>589</b>	<b>22 %</b>	<b>Total operating revenue</b>	<b>2 466</b>	<b>2 025</b>	<b>22 %</b>
-	-		Operating expenses	-	-	
-110	-67	65 %	Operational service expenses	-321	-220	46 %
-292	-251	16 %	Personnel expenses	-1 041	-879	18 %
-119	-88	35 %	Vehicle operating expenses	-390	-288	35 %
-87	-87	0 %	Other operating expenses	-232	-247	-6 %
0	40		Other gains/losses	5	40	
<b>-608</b>	<b>-453</b>	<b>34 %</b>	<b>Total operating expenses</b>	<b>-1 979</b>	<b>-1 594</b>	<b>24 %</b>
112	136	-18 %	Earnings before interest, taxes, depreciation and amortization (EBITDA)	487	431	13 %
45	83	-45 %	Earnings before interest, taxes and amortization (EBITA)	246	221	11 %
35	76	-53 %	Earnings before interest and taxes (EBIT)	212	194	9 %
-9	-48	-82 %	Net financial items	-15	-113	-86 %
<b>27</b>	<b>28</b>	<b>-3 %</b>	<b>Profit before income tax (EBT)</b>	<b>196</b>	<b>80</b>	<b>145 %</b>
-13	23	-158 %	Income tax expense	-57	6	-1079 %
<b>13</b>	<b>51</b>	<b>-74 %</b>	<b>Profit for the period</b>	<b>139</b>	<b>86</b>	<b>62 %</b>
71	82	-13 %	Adjusted EBITA	279	258	8 %
9,9 %	13,9 %	-4,1 pp	Adjusted EBITA margin, %	11,3 %	12,7 %	-1,4 pp



# Seasonality related to winter weather adversely affected 4<sup>th</sup> Quarter 2022

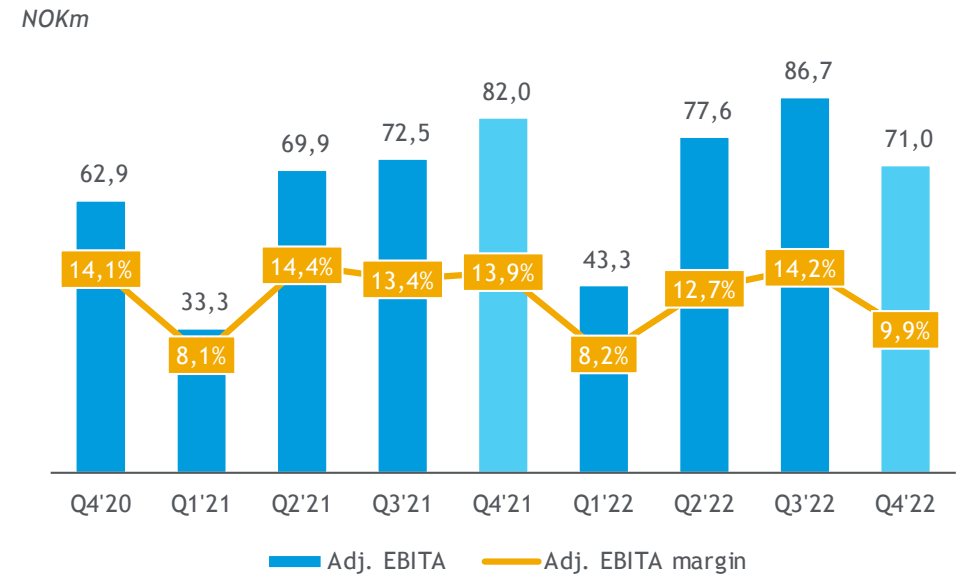
Normally winter season affect Q1 but can also occur in Q4

## Quarterly operating revenue development



- Revenue growth of 22% in the quarter driven by both organic and acquired growth
  - 16.5% acquired growth
  - 5.1% currency adjusted organic growth

## Quarterly adj. EBITA development



- Seasonal effect normally in Q1, but can also occur in Q4 as in 2022
- Adjusted EBITA at NOK 71 million
- Adjusted EBITA margin -4.0 p.p. Related to early winter weather
- Inflationary pressure offset through price increases, but some lag in government contracts that will be indexed Jan 1, 2023
- Cash flow from op. activities cover acquisitions both in Q4 and full year

# Strong balance sheet and significant headroom for continued growth

## Balance sheet highlights

- Net debt of NOK 1,074 million in Q4'22, representing a Net debt / Adj. EBITDA of 2.1x.
  - Over time, the Company targets a Net debt / Adj. EBITDA ratio not exceeding 2.5x, subject to flexibility for acquisitions.
  - Net debt / ProForma Adj EBITDA as defined in loan agreement currently bellow 2.0x.
  - Significant headroom to financial covenant at 4.0x Net debt / ProForma Adj EBITDA.

- A. Goodwill amounted to NOK 1,509 m as of 31 December 2022, 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 734 m related to Right of use assets
- E. Non-current loan primarily refers to bank loans.

Net Interest Bearing Debt excluding lease liabilities amounted to NOK 340 million as per 31 December 2022

NOKm	Note	31.12.2012	31.12.2021
<b>Assets</b>			
Goodwill	A	1 508,7	1 222,6
Intangible assets		152,4	120,4
Right-of-use assets	B	752,3	724,3
Property, plant and equipment	C	483,9	429,3
Other non-current receivables		5,3	4,7
<b>Total non-current assets</b>		<b>2 902,5</b>	<b>2 501,3</b>
Inventories		12,7	10,8
Accounts receivable		340,1	281,4
Other current receivables		147,8	171,2
Cash and cash-equivalents		204,7	260,4
<b>Total current assets</b>		<b>705,3</b>	<b>723,8</b>
<b>TOTAL ASSETS</b>		<b>3 607,8</b>	<b>3 225,1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		1 729,2	1 619,6
Deferred tax liability		80,5	21,2
Non-current lease liabilities	D	554,3	543,1
Non-current loans	E	533,5	264,1
Other non-current liabilities		49,0	12,2
<b>Total non-current liabilities</b>		<b>1 217,3</b>	<b>840,7</b>
Accounts payable		135,8	144,2
Taxes payable		21,3	25,3
Current portion of lease liabilities	D	179,5	155,5
Current portion of loans	E	11,5	61,2
Other current liabilities		313,1	378,6
<b>Total current liabilities</b>		<b>661,2</b>	<b>764,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 607,8</b>	<b>3 225,1</b>
<b>Net debt</b>		<b>1074,1</b>	<b>763,6</b>
<b>Net debt/Adj. EBITDA</b>		<b>2,1</b>	<b>1,7</b>

# Lease liabilities accounts for 70% of Net Interest-Bearing Debt (NIBD)

## Comments

- Total net debt amounted to NOK 1,074 million as per 31 December 2022
- According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 733,7 as per 31 December 2022
  - Leasing payments next 12 months of NOK 186 million
- Depreciation of the leased assets is included in the total depreciation in the Profit and Loss statement
  - IFRS Depreciation of buildings and property leasing amounted to NOK 129.7 million in 2022
- Net Interest-Bearing Debt excluding lease liabilities amounted to NOK 340 million as per 31 December 2022
- Of the NOK 1,100 million credit facility, NOK 611 million was unutilized and available as per 31 December 2022 (NOK 489 million was utilized)

## Net Interest-Bearing Debt breakdown (31 December 2022)

NOK million	Current portion	Non-current	Total debt
Buildings and property	64,3	215,0	<b>279,3</b>
+ Vehicles and equipment	111,0	336,5	<b>447,5</b>
+ Furniture, fixtures & other	4,2	2,8	<b>6,9</b>
= Total Leases and rentals IFRS 16	179,5	554,3	<b>733,7</b>
+ Loans	11,5	533,5	<b>544,9</b>
<b>Total Interest Bearing liabilities</b>	<b>191,1</b>	<b>1 087,9</b>	<b>1 278,7</b>
- Cash and cash equivalent			<b>204,7</b>
<b>= NIBD, including IFRS 16</b>			<b>1 074,0</b>
NIBD excluding building and property leases			<b>794,7</b>
NIBD excluding all IFRS 16 lease			<b>340,3</b>





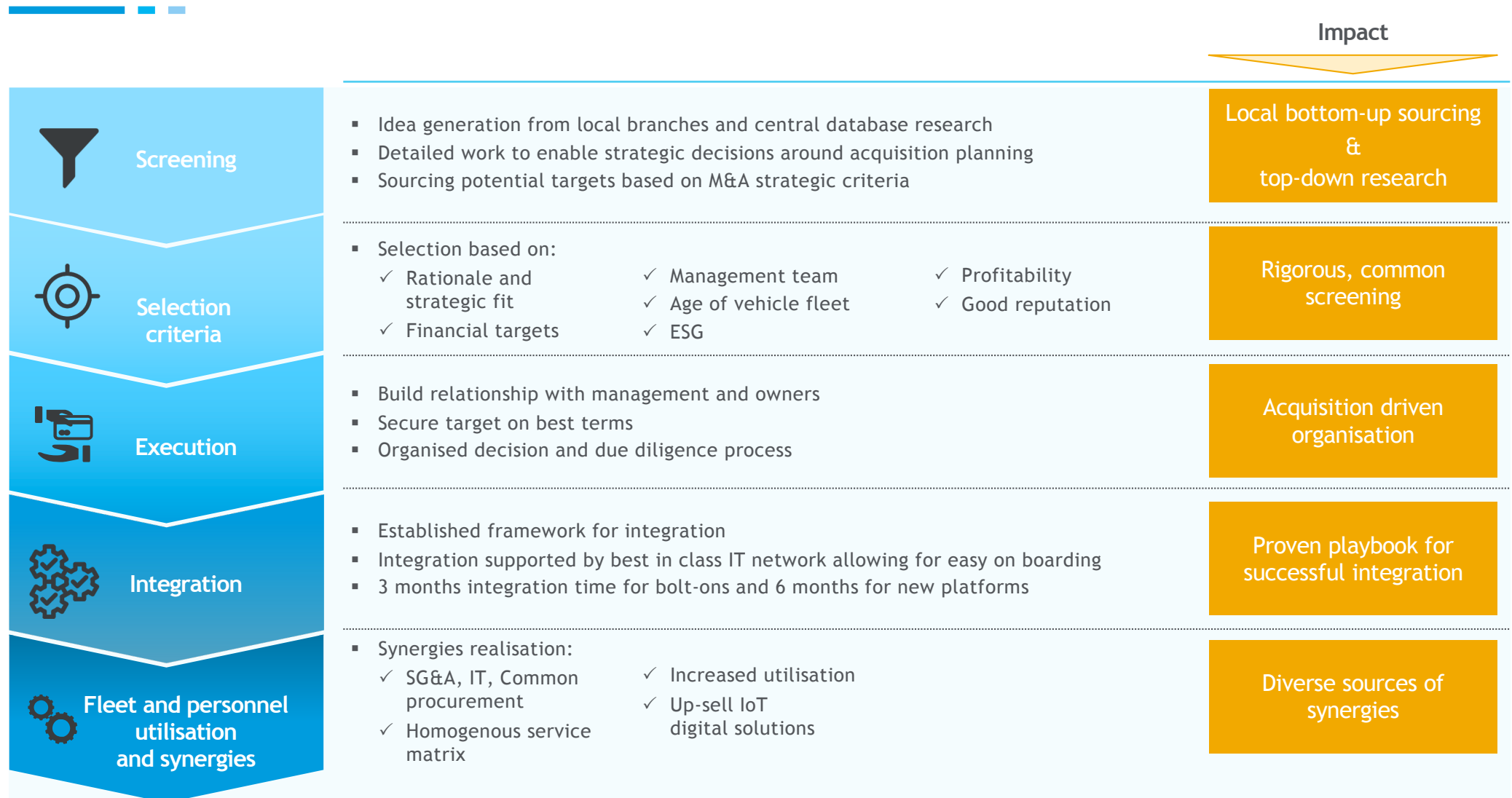
# M&A Opportunities

---



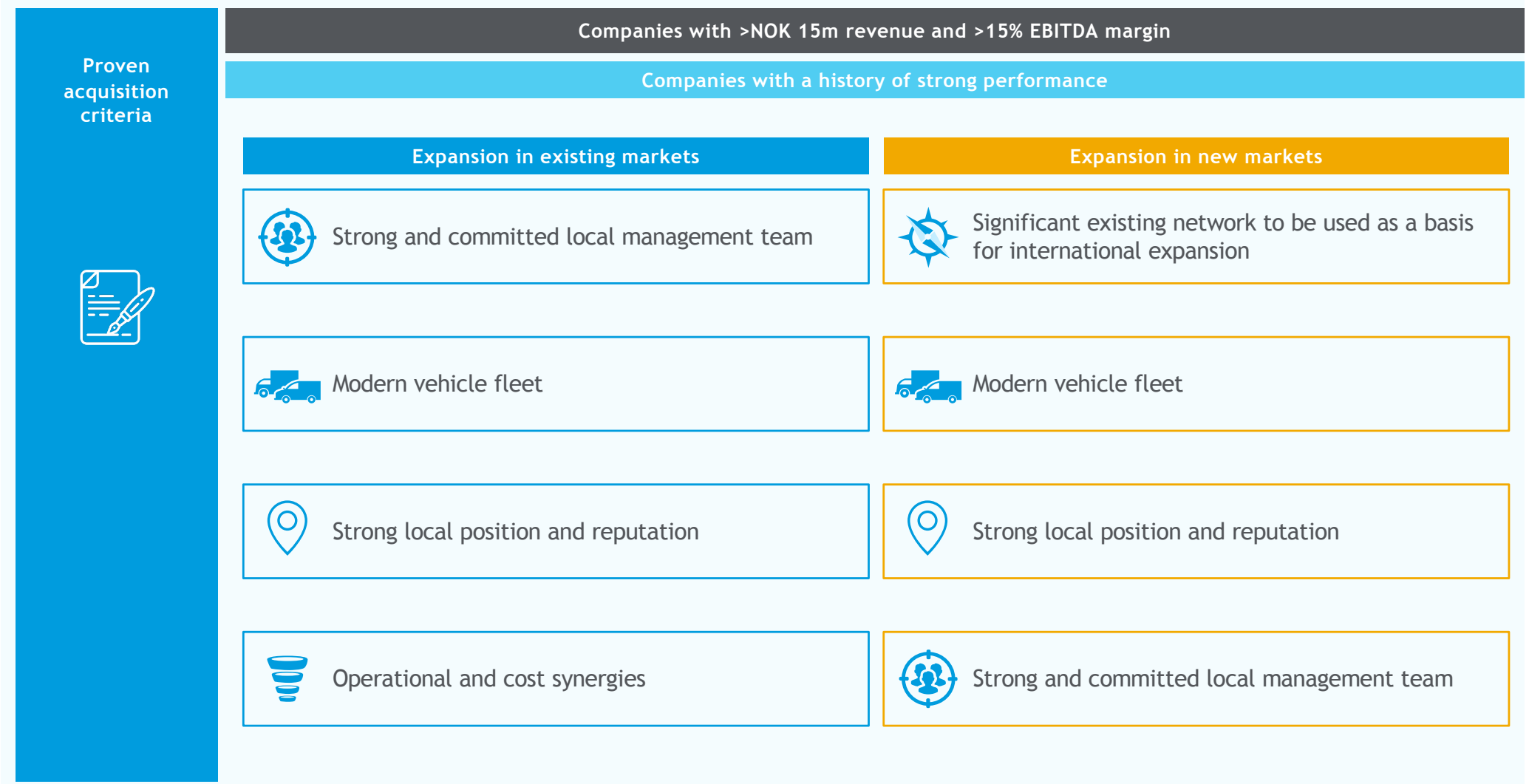
# Lean M&A process carried out by a highly experienced team

Tested M&A playbook.



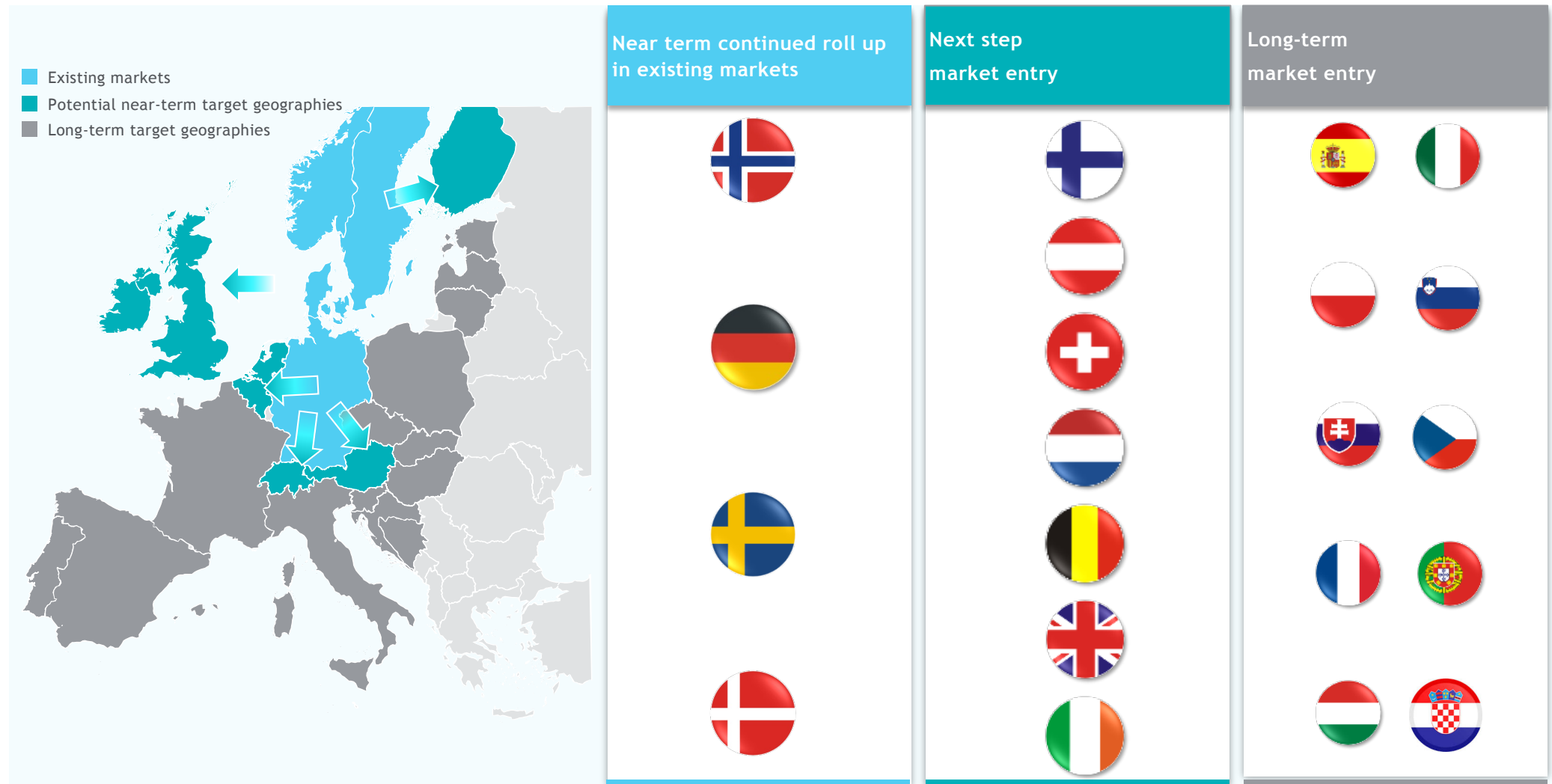


# Norva24 has clear acquisition criterias



# 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

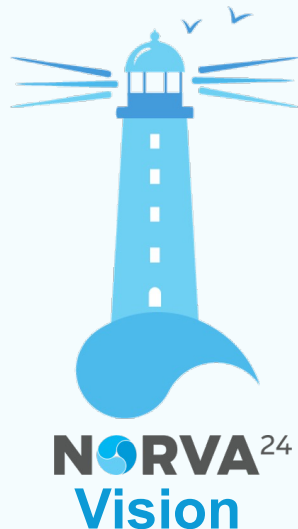
## Medium term financial targets

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 <sup>(3)</sup> 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 <sup>(4)</sup> (including IFRS16 lease liabilities) of 2.5x adj. EBITDA <sup>(1)</sup> 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*”

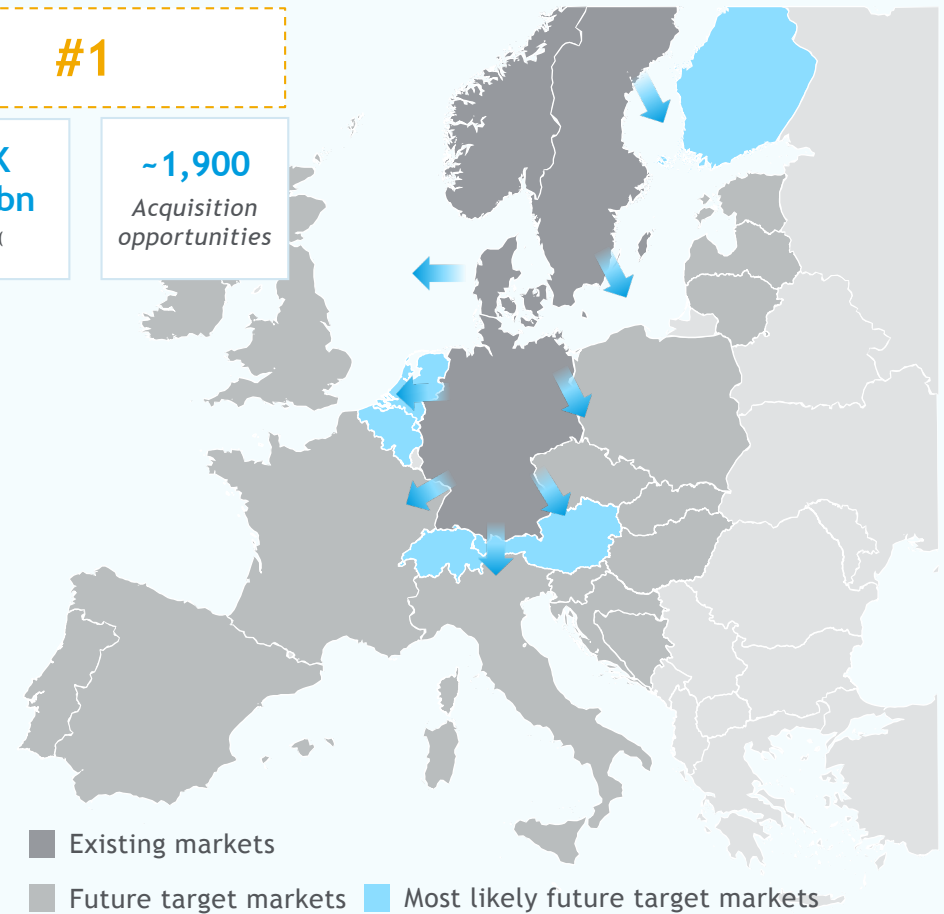


## Clear European market leader (Illustrative vision)

#1

NOK  
~140bn  
TAM<sup>(</sup>

~1,900  
Acquisition  
opportunities





# Q & A

