



# 3<sup>rd</sup> Quarter 2024 Presentation

Category leader in the attractive underground  
infrastructure maintenance service market

November 2024



# 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



# 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 50 billion

European addressable market of more than NOK 150 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 84 branches and NOK 3.5 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 under-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 capital allocation and working capital**

# Highlights in Q3

Solid growth, increased adjusted EBITA and strong cash flow

## 935 MNOK

Total operating revenue

+22.7 Revenue from customer contracts

+18.0% Total operating revenue

+5.4% Currency adj. organic growth

## 133 MNOK

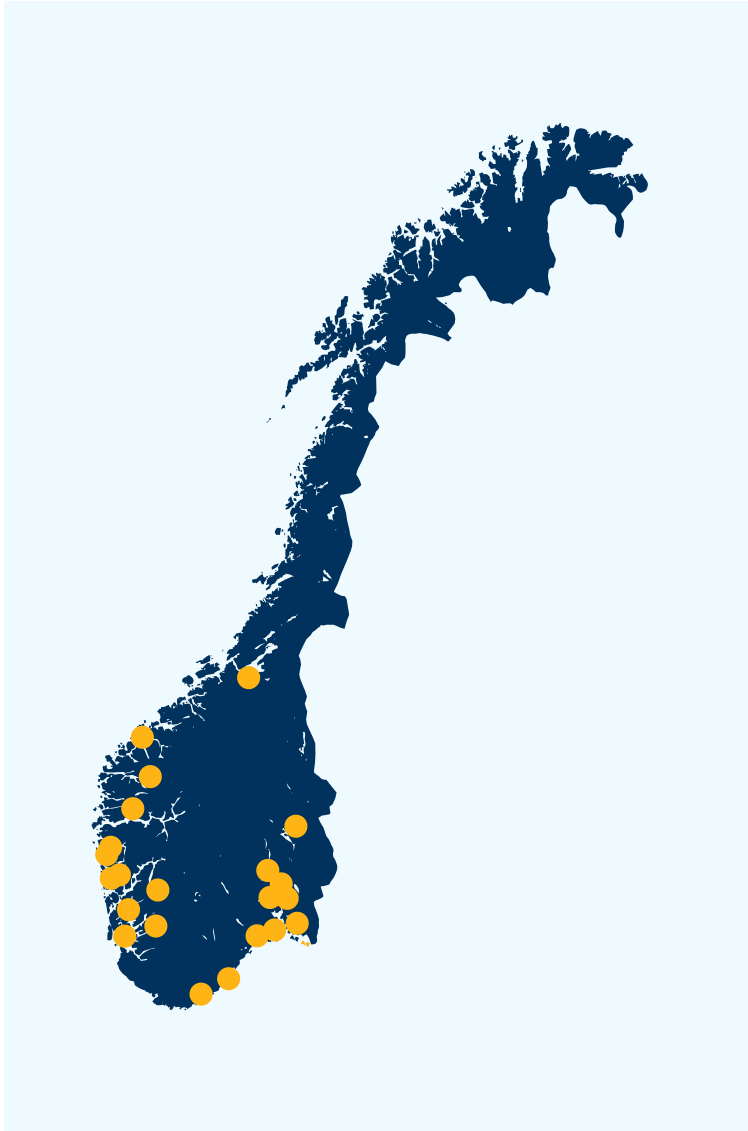
Adjusted EBITA +7,1%

## 14.2%

Adjusted EBITA margin

-1.4%-points

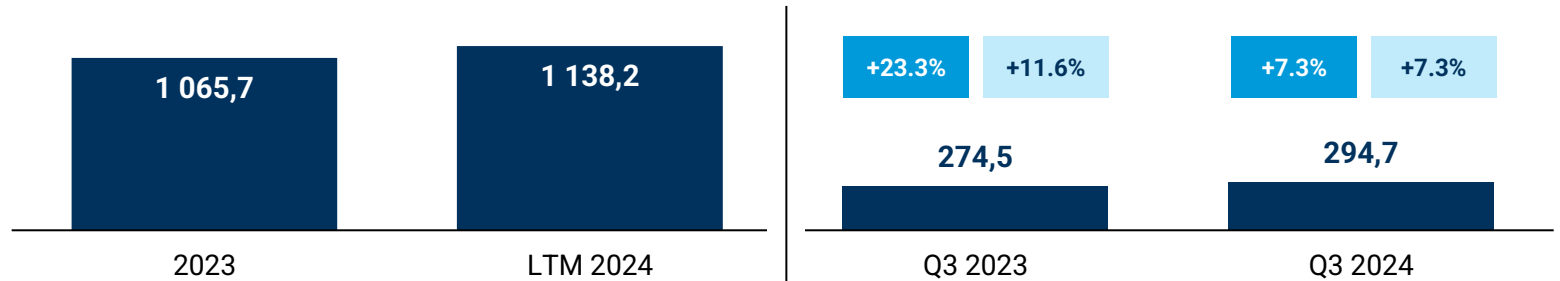
- **Norway:** Good growth and good margin. Organic growth was 7.3% for the quarter, with a margin of 20.1%.
- **Germany:** Organic growth despite soft market conditions and one underperforming unit.
- **Sweden:** Continued currency adjusted organic growth of 10.1% and strong margin of 16.1%.
- **Denmark:** Continued growth and margin improvement, with total growth of 85.0% and margin improvement of 5.4 percentage points.
- Overall Trend: Strong cash flow and solid growth, Adj EBITA up 7,1%. Reduced margin compared to an excellent Q3 last year.



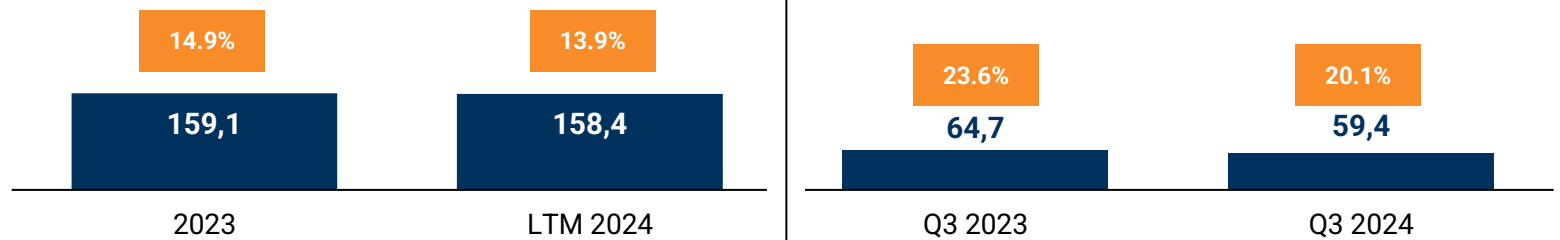
# Norway

## Good growth and good margin

Operating revenue development MNOK



Adjusted EBITA development MNOK



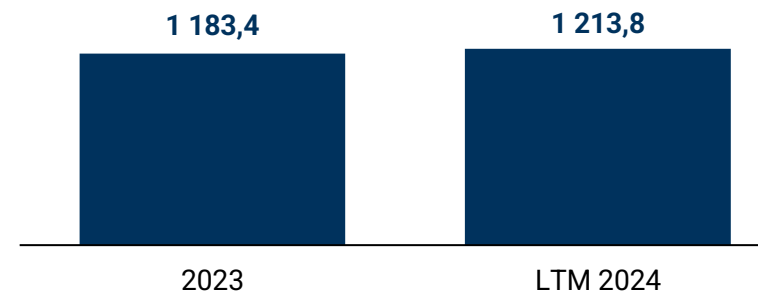
■ Adj. EBITA margin
 ■ Total growth
 ■ Currency adjusted organic growth

## Germany

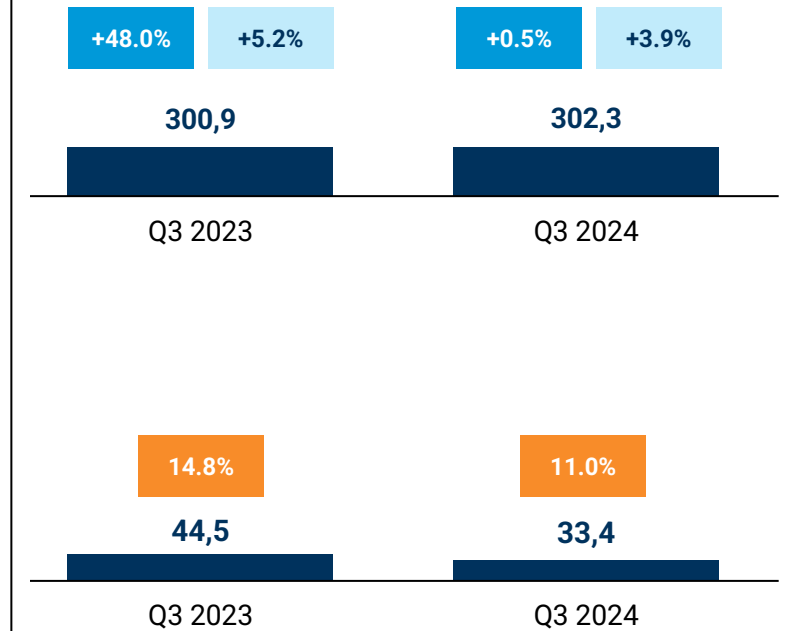
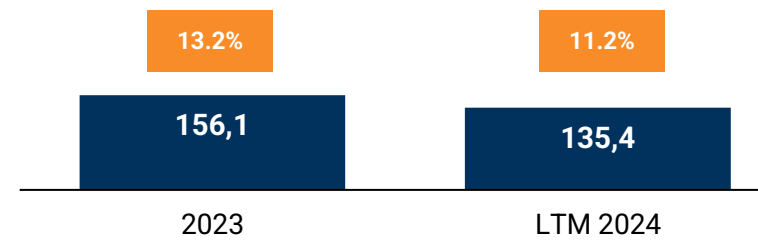
# Organic growth despite soft market conditions and one underperforming unit

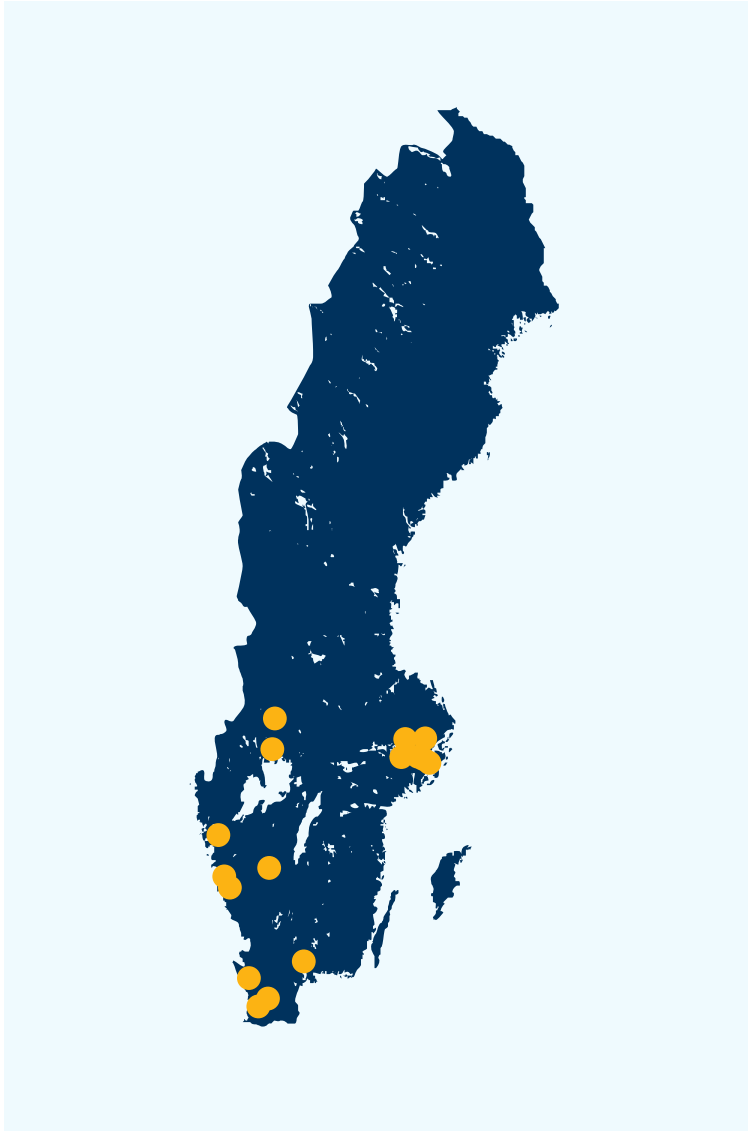


### Operating revenue development MNOK



### Adjusted EBITA development MNOK

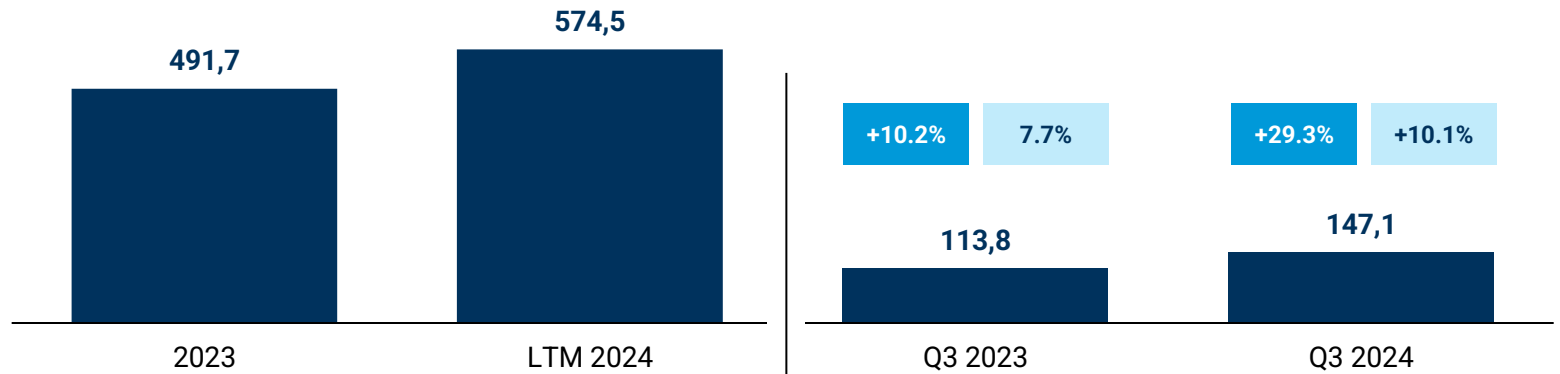




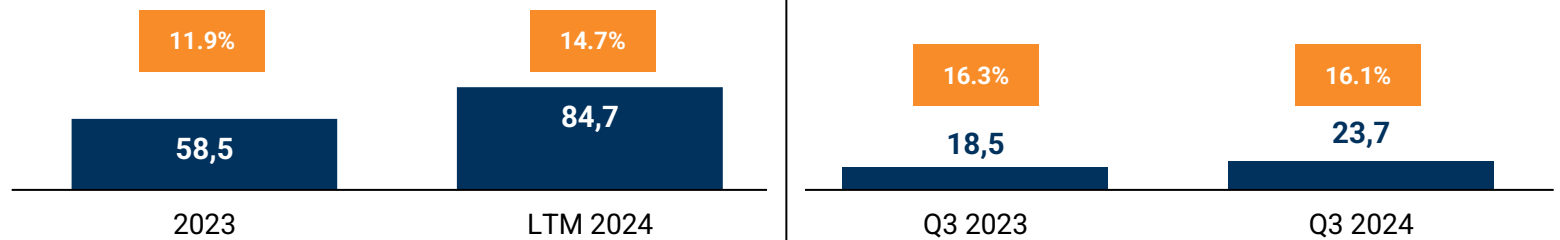
Sweden

# Maintained the strong organic growth and margin

Operating revenue development MNOK



Adjusted EBITA development MNOK



■ Adj. EBITA margin
 ■ Total growth
 ■ Currency adjusted organic growth

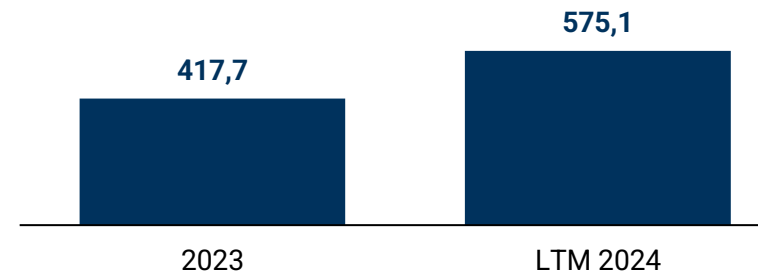


Denmark

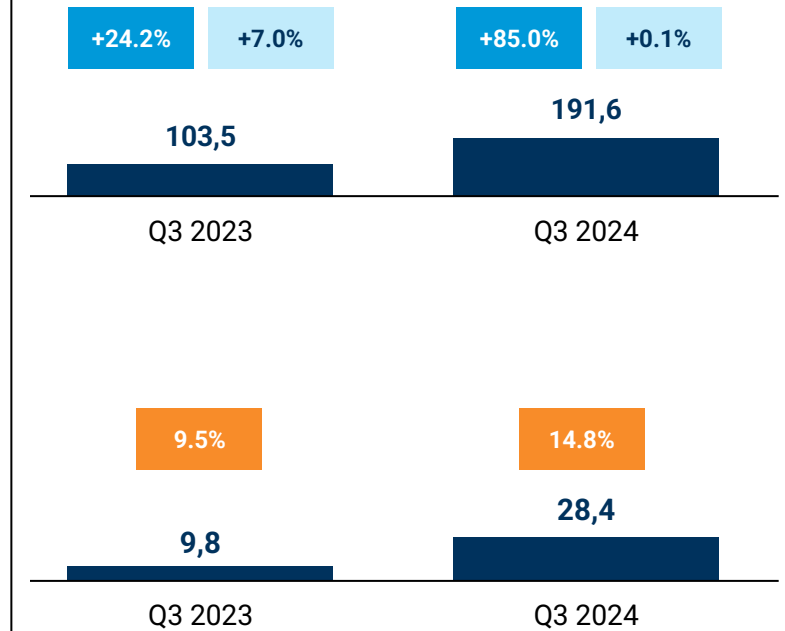
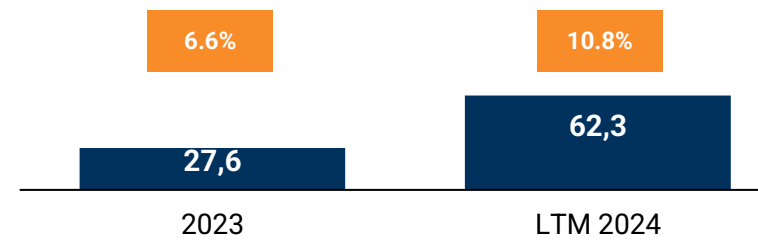
# Continued growth and margin improvement



Operating revenue development MNOK



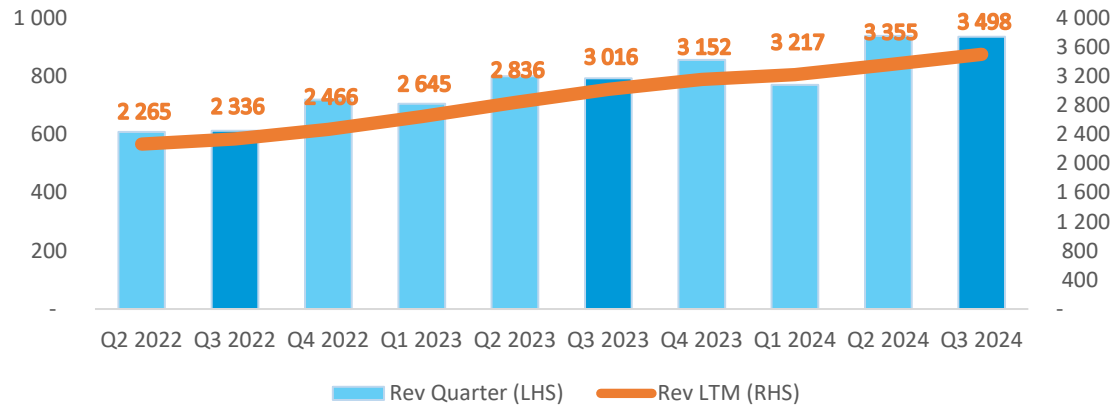
Adjusted EBITA development MNOK



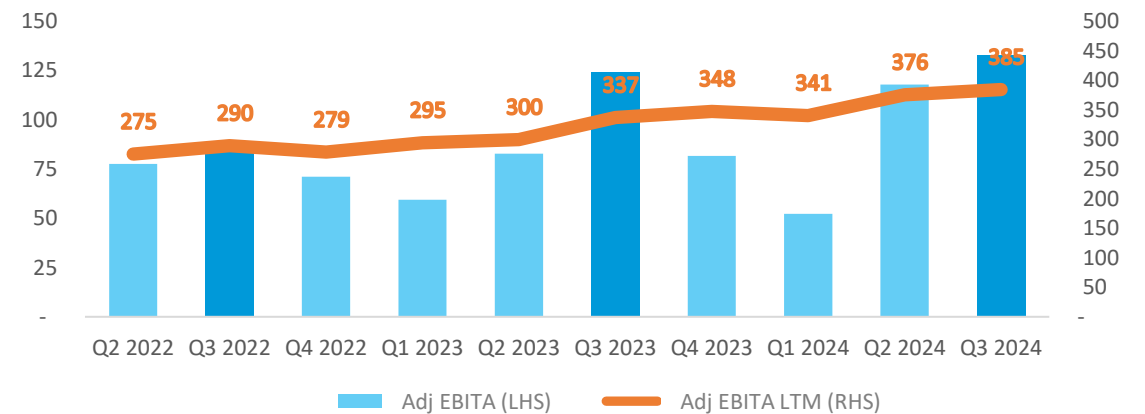
# Solid growth and margin improvement

Margin increase of 2.2 percentage points

## Revenue MNOK



## Adjusted EBITA



- Total revenue growth of 18.0% in the quarter, underpinned by both acquired and organic growth.
  - Acquired growth accounted for 14.5% of the quarter's growth
  - Currency adjusted organic growth stood at 5.4% for the quarter
- On the path of reaching 2025 target of 4.5BN NOK of revenues
  - Focus on continuing the M&A activity

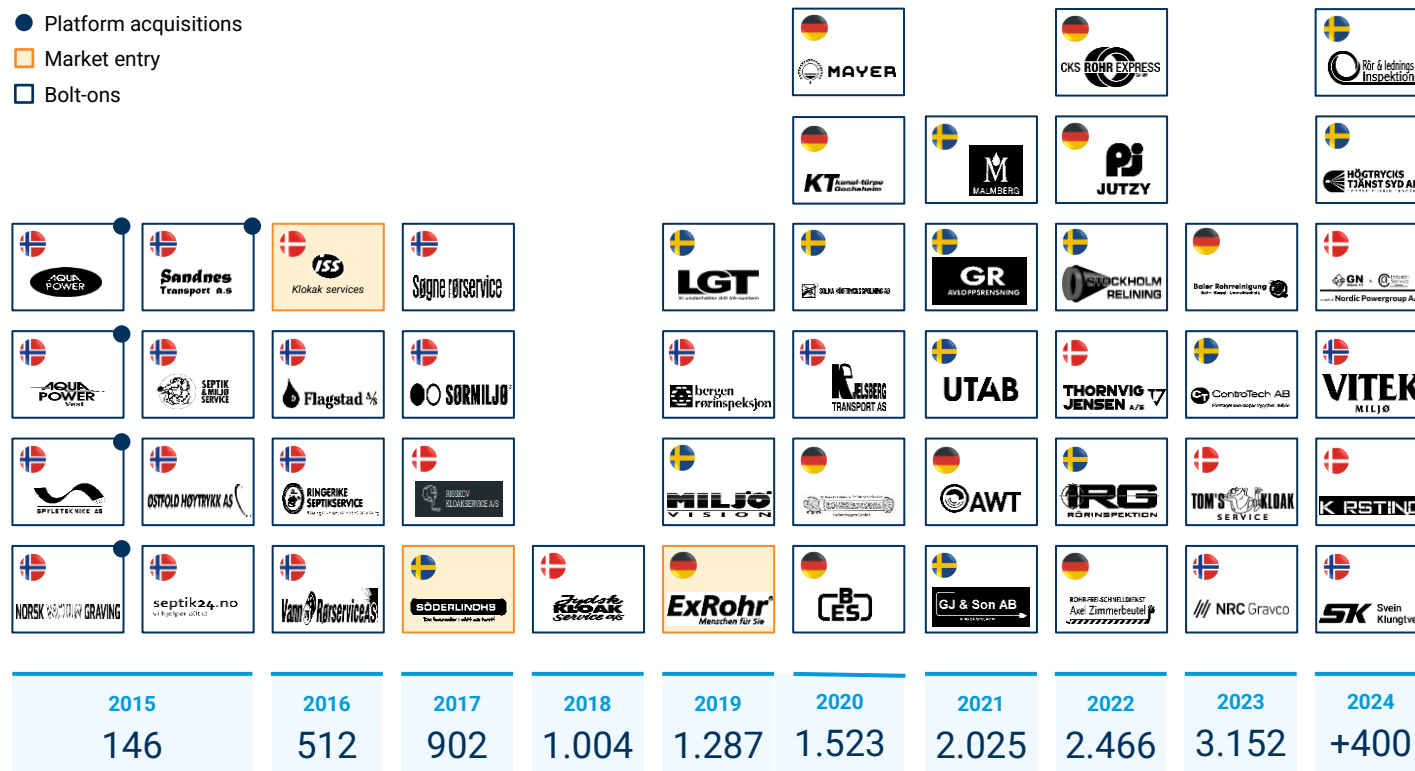
- Margin decrease on the back of a strong Q3 in 2024, resulting in an Adjusted EBITA margin reduction for the Group of -1.4 percentage points in the quarter compared to last year.
- Mainly driven by soft market conditions and one underperforming unit in Germany.

# A strong start of the year on M&A

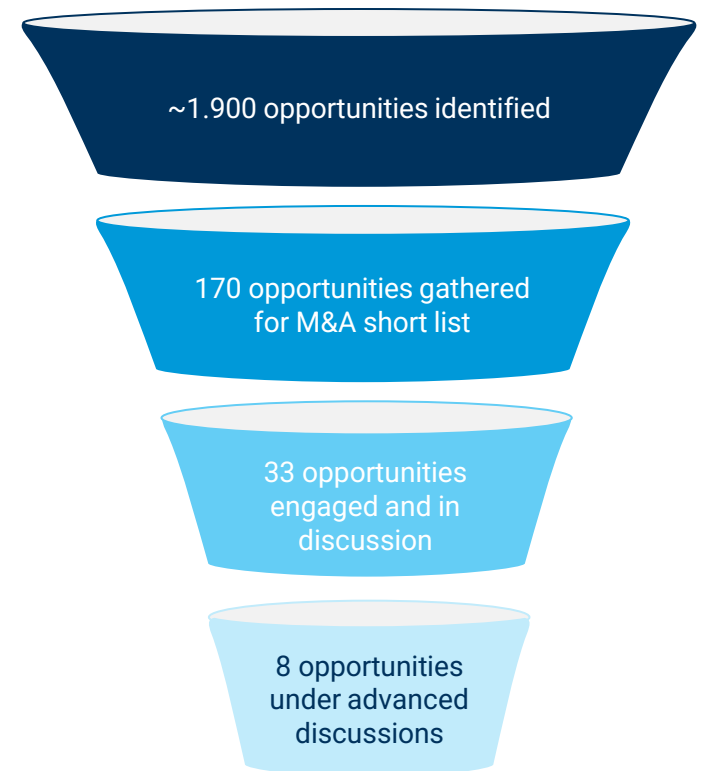
## Group revenue and number of transactions in 2024

>90% of acquisitions were bilateral of more than 50 deals since 2015\*

- Platform acquisitions
- Market entry
- Bolt-ons



Rich potential M&A pipeline



# Solid growth, but reduced margin compared to an excellent Q3 last year

- Continued revenue growth with total operating revenue increasing by 18.0% in the quarter
- Margin reduction of -1.4 percentage points on the back of a strong Q3 last year.
- Adjusted EBITA up 7% at NOK 132.6 million
- Total depreciation is up 23.8%. The increase was primarily due to acquisitions and additions of purchased and leased vehicles in the period.
- Net financial items were NOK -5.1 million (-22.2), driven by higher interest expenses from increased debt and rates, lower currency gains, and lease additions.
  - Interest cost of NOK 26.1 (22.2) for the period.
  - Currency loss of 10.6 (9.7)
  - Recognized earnout gain of NOK 17.7 (7.0) million during the period

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS						
NOK million	Jul-Sep 2024	Jul-Sep 2023	Growth %	Jan-Sep 2024	Jan-Sep 2023	Growth %
Revenue from customer contracts	963.2	785.1	22.7 %	2652.2	2277.4	16.5 %
Other operating income	-28.4	7.1	-500.4 %	-9.8	18.8	-152.5 %
<b>Total operating revenue</b>	<b>934.8</b>	<b>792.2</b>	<b>18.0 %</b>	<b>2642.4</b>	<b>2296.2</b>	<b>15.1 %</b>
<b>Operating expenses</b>						
Operational service expenses	-160.3	-134.3	19.4 %	-418.4	-373.8	11.9 %
Personnel expenses	-380.3	-302.9	25.5 %	-1121.8	-935.3	19.9 %
Vehicle operating expenses	-130.0	-111.2	16.9 %	-359.0	-328.4	9.3 %
Other operating expenses	-84.4	-49.3	71.2 %	-240.1	-188.8	27.1 %
Other gains/losses	0.2	0.1	-	7.4	0.1	-
<b>Total operating expenses</b>	<b>-754.8</b>	<b>-597.5</b>	<b>26.3 %</b>	<b>-2131.9</b>	<b>-1826.2</b>	<b>16.7 %</b>
<b>EBITDA</b>	<b>180.0</b>	<b>194.6</b>	<b>-7.5 %</b>	<b>510.5</b>	<b>470.0</b>	<b>8.6 %</b>
Total depreciation	-88.6	-71.6	23.8 %	-252.6	-211.5	19.4 %
<b>EBITA</b>	<b>91.4</b>	<b>123.1</b>	<b>-25.7 %</b>	<b>258.0</b>	<b>258.5</b>	<b>-0.2 %</b>
Total amortization						
<b>EBIT</b>	<b>78.0</b>	<b>110.1</b>	<b>-29.1 %</b>	<b>222.0</b>	<b>223.9</b>	<b>-0.8 %</b>
<b>Net financial items</b>	<b>-5.1</b>	<b>-22.2</b>	<b>-76.9 %</b>	<b>-32.7</b>	<b>-13.5</b>	<b>141.4 %</b>
<b>EBT</b>	<b>72.9</b>	<b>87.8</b>	<b>-17.0 %</b>	<b>189.3</b>	<b>210.3</b>	<b>-10.0 %</b>
Income tax expense	-23.9	-17.5	36.8 %	-61.9	-50.7	22.1 %
<b>Profit for the period</b>	<b>49.0</b>	<b>70.4</b>	<b>-30.4 %</b>	<b>127.4</b>	<b>159.7</b>	<b>-20.2 %</b>
<b>Adjusted EBITA</b>	<b>132.6</b>	<b>124.0</b>	<b>7.0 %</b>	<b>303.0</b>	<b>266.1</b>	<b>13.9 %</b>
Adjusted EBITA margin, %	14.2	15.6	-1.5 pp	11.5	11.6	-0,1 pp

# Strong balance sheet and headroom for continued growth

- Net debt of NOK 1,597.1 million in Q3'24, representing a Net interest-bearing debt / Adj. EBITDA at 2.2x
  - 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 2.1x
- A. Goodwill amounted to NOK 2079.7 million as of 30 September 2024, 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 of NOK 1,016.3 million related to Right of use assets
- E. Non-current loan primarily refers to bank loans

CONDENSED CONSOLIDATED BALANCE SHEET			
NOK million	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
<b>ASSETS</b>			
Intangible assets	2 275.9	1 818.5	1 868.7
Right-of-use assets	1 040.8	872.8	893.3
Property, plant and equipment	589.8	514.1	510.7
Financial assets at a mortized cost	10.2	6.1	5.2
<b>Total non-current assets</b>	<b>3 916.7</b>	<b>3 211.5</b>	<b>3 277.8</b>
Inventories	27.6	20.1	18.7
Accounts receivables	550.1	474.2	441.9
Other current receivables	242.2	204.9	201.0
Cash and cash-equivalents	318.4	221.0	267.0
<b>Total current assets</b>	<b>1 138.2</b>	<b>920.1</b>	<b>928.6</b>
<b>Total assets</b>	<b>5 054.9</b>	<b>4 131.6</b>	<b>4 206.4</b>
<b>EQUITY AND LIABILITIES</b>			
Deferred tax liability	63.3	87.7	36.6
Non-current lease liabilities	749.5	637.4	647.9
Non-current loans	894.0	641.3	638.4
Provisions	115.3	43.3	5.8
<b>Total non-current liabilities</b>	<b>1 822.1</b>	<b>1 409.7</b>	<b>1 328.7</b>
Accounts payables	199.9	192.4	157.5
Taxes payable	62.3	31.8	40.6
Current portion of lease liabilities	266.8	212.0	219.7
Current portion of loans	5.2	5.7	11.3
Provisions	121.8	46.3	58.7
Other current liabilities	310.1	271.4	319.4
<b>Total current liabilities</b>	<b>966.2</b>	<b>759.7</b>	<b>807.2</b>
<b>Total liabilities</b>	<b>2 788.2</b>	<b>2 169.4</b>	<b>2 135.8</b>
<b>Total equity and liabilities</b>	<b>5 054.9</b>	<b>4 131.6</b>	<b>4 206.4</b>

# Lease liabilities account for approx. 60% of net debt

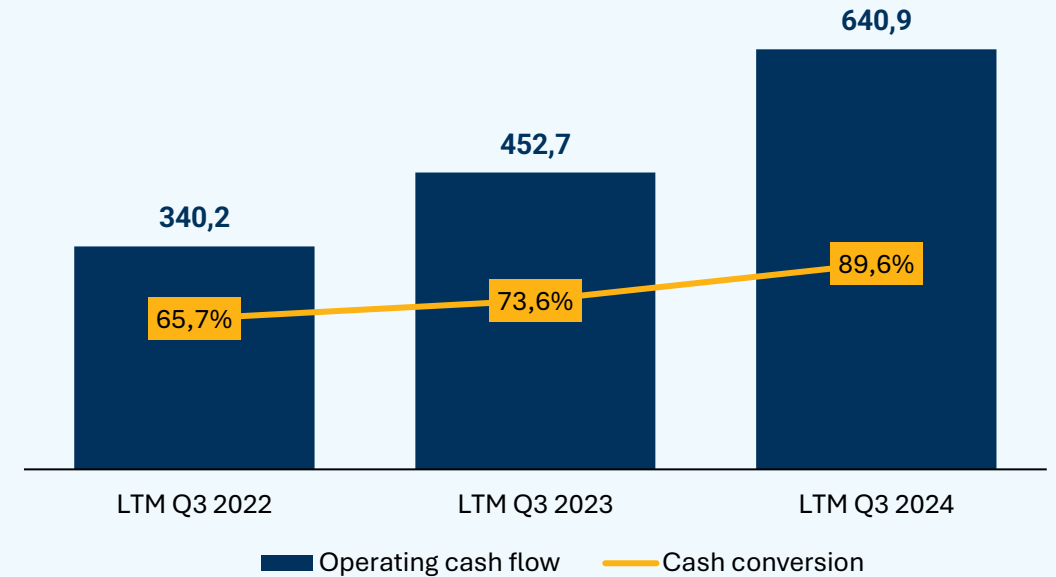
- Total net debt amounted to NOK 1,597.1 million as per 30 September 2024
  - According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 1,016.3 million as per 30 September
  - Leasing payments next 12 months of NOK 270.5 million
- Depreciation of the leased assets is included in the total depreciation in the Profit and Loss statement
- Net debt excluding lease liabilities amounted to NOK 580.8 million as per 30 September 2024
- Of the NOK 1,100 million credit facility NOK 855.4 million was utilized per September 30, 2024.
- An increase from NOK 1,100 million to NOK1,850 million and a prolongation for two years of the current facility has been signed in Q4 2024.

<b>NOK million</b>	<b>Current</b>	<b>Non-current</b>	<b>Total debt</b>
Buildings and property	80.6	208.6	289.2
Vehicles and equipment	184.0	539.0	723.0
Furniture, fixtures & other	2.2	1.9	4.1
<b>Total lease liabilities IFRS 16</b>	<b>266.8</b>	<b>749.5</b>	<b>1 016.3</b>
Loans	5.2	894.0	899.2
<b>Total Interest Bearing Debt</b>	<b>272.0</b>	<b>1 643.5</b>	<b>1 915.4</b>
Cash and cash equivalent			318.4
NIBD, including IFRS 16			1 597.1
NIBD excluding building and property leases			1 307.9
<b>NIBD excluding IFRS 16 lease liability</b>			<b>580.8</b>

# Strong cash conversion

- Cash conversion increased in last twelve months due to improved Net cash inflow from operating activities
- High focus on capital efficiency and Net working capital going forward
  - Project in Denmark to improve levels
  - ERP tool to be implemented from year end and should improve also NWC in Germany over the coming quarters

## Net cash inflow from operating activities and cash conversion MNOK



NOKm	LTM 2022	LTM 2023	LTM 2024
Adjusted EBITDA	518.0	615.0	715.5
Net cash inflow from operating activities	340.2	452.7	640.9
<b>Cash conversion</b>	<b>65.7%</b>	<b>73.6%</b>	<b>89.6%</b>

# Well capitalized: On track to deliver on financial targets

Operating revenue growth	Organic growth	Target to achieve revenue of around <b>NOK 4.5bn by 2025</b> 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 <b>14-15% in the medium term</b>
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 <b>2.5x adj. EBITDA</b> 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

Q3 2024



- Strong growth of 22.7%, organic growth of 5.4%
- Adj Ebita up 7,1% on the back of an excellent Q3 2023



- Strong operational cash flow, +84% in Q3, +28% YTD
- Cash conversion of 89.6% LTM



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



- We are on track, and ready to continue the journey!



CMD in Stockholm 19 March 2025

# The evolution of Norva24

Strategy 2025–2030



# Q&A

3<sup>rd</sup> Quarter 2024