



NOVEMBER 2, 2023

# Nordisk Bergteknik Q3

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# This is Nordisk Bergteknik

Was there a better way of building modern, sustainable societies? We believed so. We also considered that a more consolidated market for rock and foundation solutions was part of the answer. So, in 2016, Nordisk Bergteknik was born.

Today, we lead the market in Northern Europe for those services, with 23 operative subsidiaries and over one thousand employees. But our history began in the 1960s, when one of our founders Wolgan Karlsson, provided services such as drilling, blasting, and tunnelling. That experience constitutes the core of our business model, enabling us to apply traditional knowledge to find new ways forward.

## **SECTORS**

Infrastructure, energy, real estate, mining

## **THREE FINANCIAL SEGMENTS**

- Foundation Sweden
- Rock Sweden
- Rock Norway

## **TWO BUSINESS AREAS**

- Rock handling
- Foundation solutions

## **OVERALL GOAL**

To contribute to the development of modern, sustainable societies

# Leading the market in rock and foundation solutions

FOUNDED IN  
**2016**

SEK **221m**  
ADJ. EBIT Q3 2023 LTM

**1,212**  
# OF EMPLOYEES

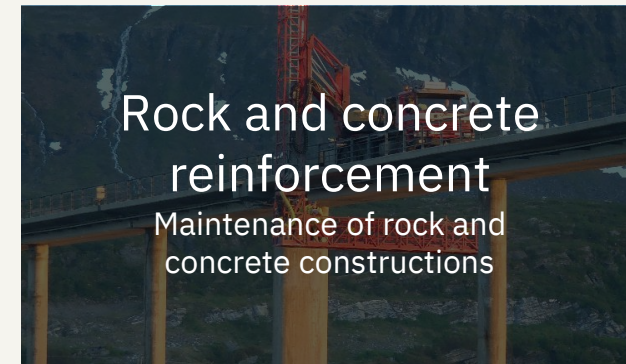
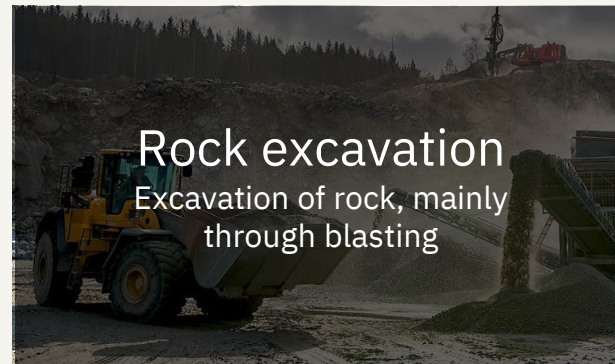
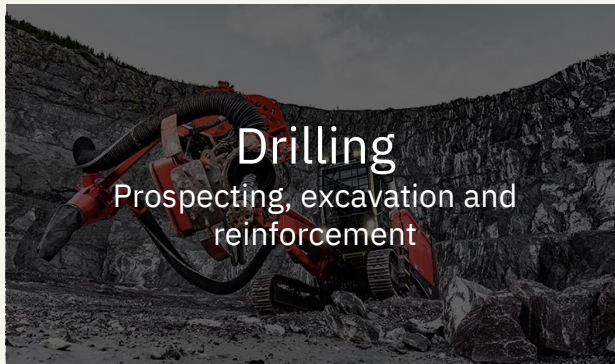
SEK **3,611m**  
SALES Q3 2023 LTM

**6.1%**  
ADJ. EBIT MARGIN Q3 2023 LTM

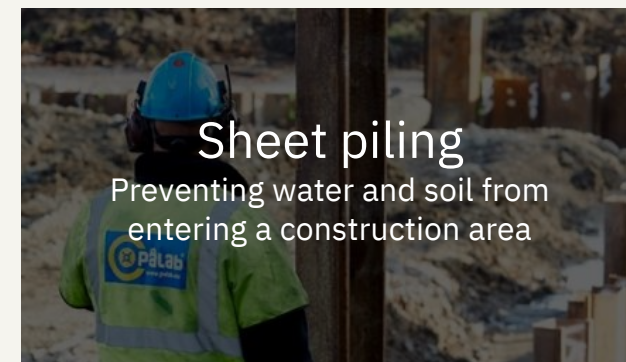
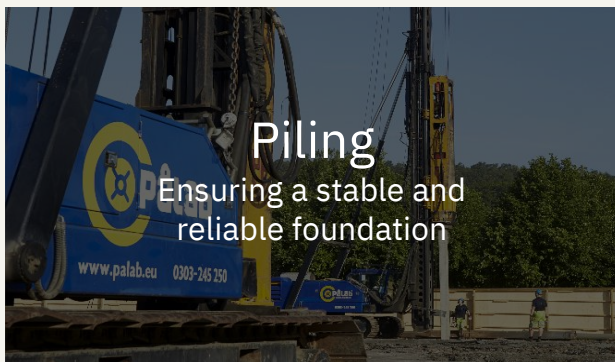
**23**  
OPERATING  
SUBSIDIARIES

# Areas for our services and solutions

## Rock

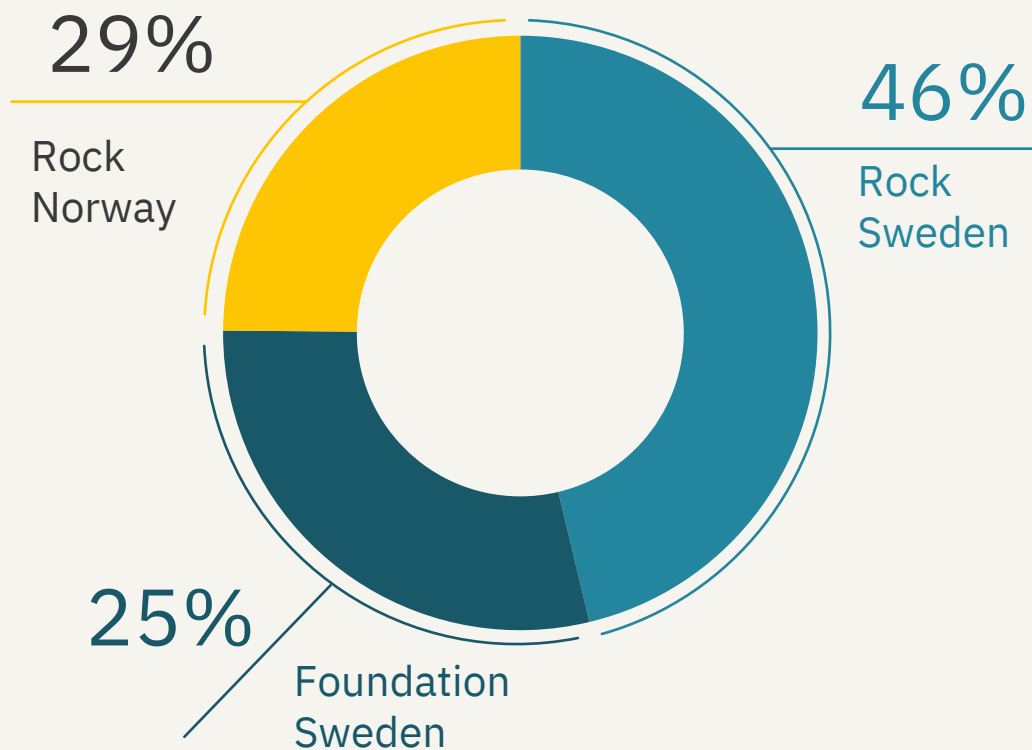


## Foundation

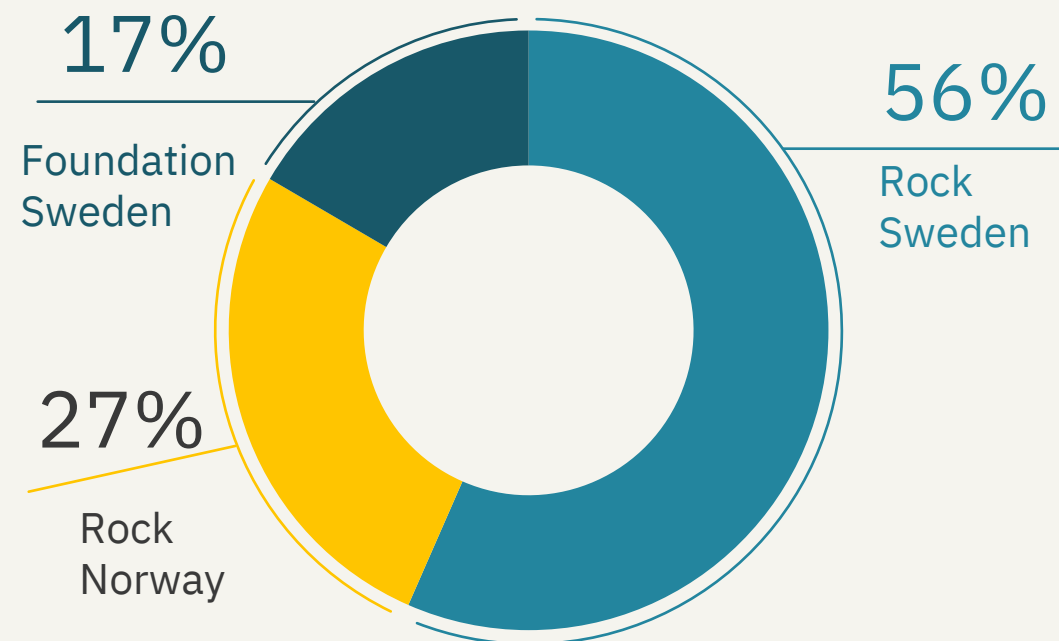


# Attractive business mix

REVENUE BY SEGMENT, YTD 2023



EBIT PER SEGMENT, YTD 2023



# Diversified project portfolio lower the risk level

High revenue diversification and few projects with fixed price

No of projects yearly

~1,500

Few large projects spread over several years accounts to less than

10%  
yearly turnover

Direct exposure to construction of new housing

~10%

Mining and prospect drilling becoming an increased part of the groups sales

~15%

# Operational synergies lead to attractive offering and barriers to entry

## Synergies

- Knowledge sharing
- Flexible resource and machine allocation
- Centralised sourcing of raw materials and spare parts
- Efficient overhead functions
- Market coordination



## Barriers to entry

- Economies of scale
- Strong market position and track record
- Highly experienced employees
- Modern and large machine park
- Local know-how





# Interim Report Q3

Intensified measures to improve profitability and take advantage of business opportunities in a weaker market climate

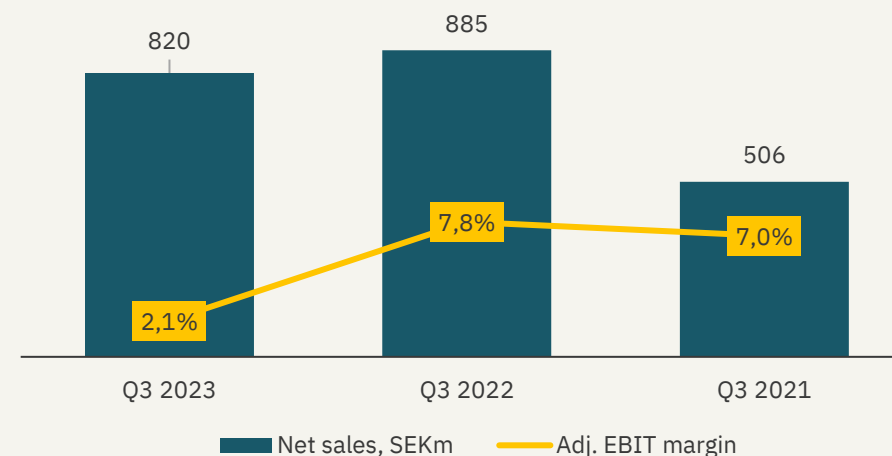
# Financial performance (1/2)

## July – September

- Net sales decreased by 7 % and amounted to SEK 820m (885)
- Organic growth amounted to -15 (29) %
- Adjusted EBIT margin amounted to 2.1 (7.8) %

## Comments

- Activity in housing construction at a very low level during the third quarter which also impacts local infrastructure negatively.
- Intensified our efforts to improve profitability both in short and long term.
- We have an adaptable operation that can handle changes in volume through reduced or increase use of subcontractors and machinery.
- As a leading player in the Nordic region, we have a strong position in the market and are well positioned to capitalize on business opportunities even in a weaker market climate.



SEKm	Q3 2023	Q3 2022	Q3 2021
Net sales	819.6	885.4	505.8
EBITDA	90.2	131.0	71.6
EBITDA margin	11.0%	14.8%	14.1%
Adj. EBITDA	102.2	133.8	74.9
Adj. EBITDA margin	12.5%	15.1%	14.8%
EBIT	5.1	66.4	31.9
EBIT margin	0.6%	7.5%	6.3%
Adj. EBIT	17.2	69.2	35.2
Adj. EBIT margin	2.1%	7.8%	7.0%

# Financial performance (2/2)

## Financials

- Adjusted cash flow from operating activities amounted to SEK -93m (109) during Q3.
- Net debt/adjusted EBITDA amounted to 3.2x (3.1x)
- Cash and cash equivalents at the end of the period SEK 50m (167)
- Unused credit and overdraft facilities amounts to SEK 254m



■ Adjusted cash flow from operating activities, SEKm

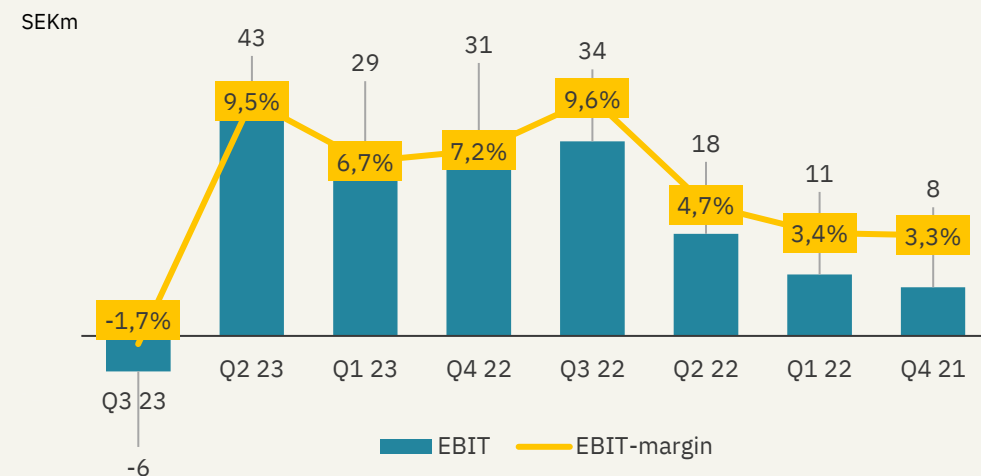
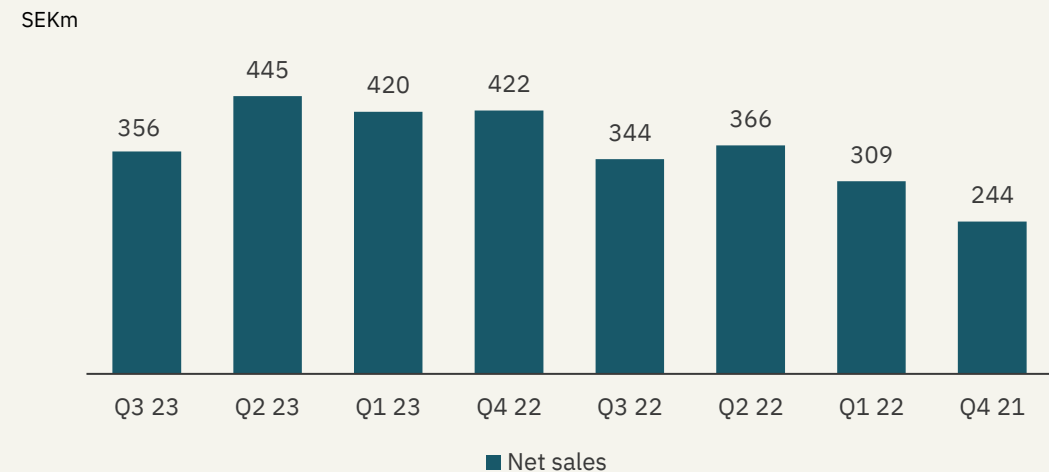
## Comments

- Negative cash flow in Q3 due to a lower result and capital tied up in accounts receivable at the end of the quarter.
- In the first nine months of the year, we have improved cash flow from operating activities compared to prior year.

# Performance per segment

## – Rock Sweden

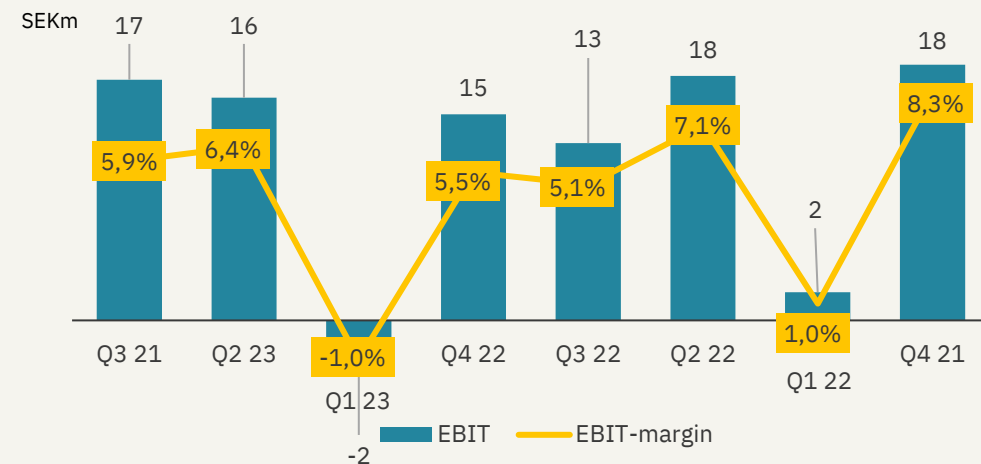
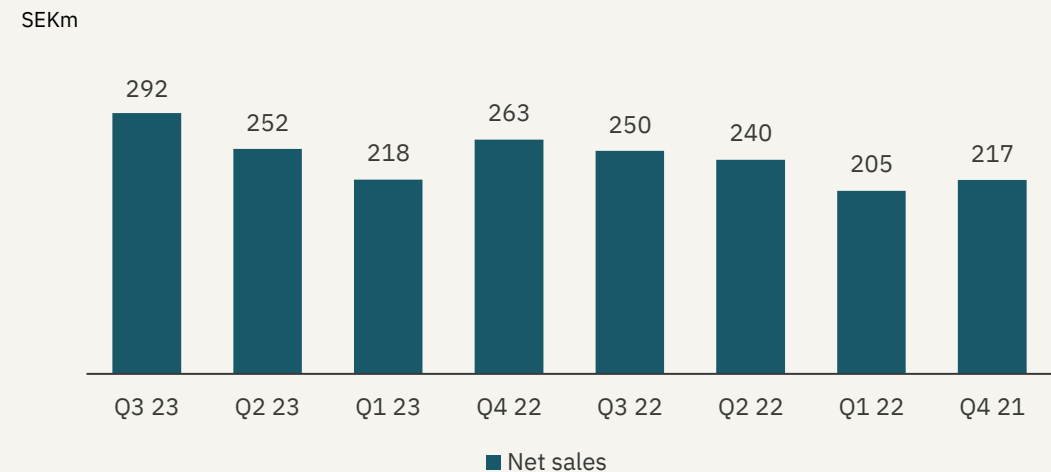
- Rock Sweden's external net sales increased with 4 % compared to prior year and the segments organic growth amounted to -14 %.
- The increase in net sales is primarily related to new acquisitions compared to prior year. During the quarter, the segment has been negatively affected by the decline in building construction, which impacts the local infrastructure, as well as delays in major national infrastructure projects.
- EBIT margin decreased from a very strong 9.6 % to -1.7 %. The margin has been negatively impacted by a provision for potential credit loss related to projects in the West Link for AGN and restructuring costs, totalling SEK 7.0 million in the quarter.



# Performance per segment

## – Rock Norway

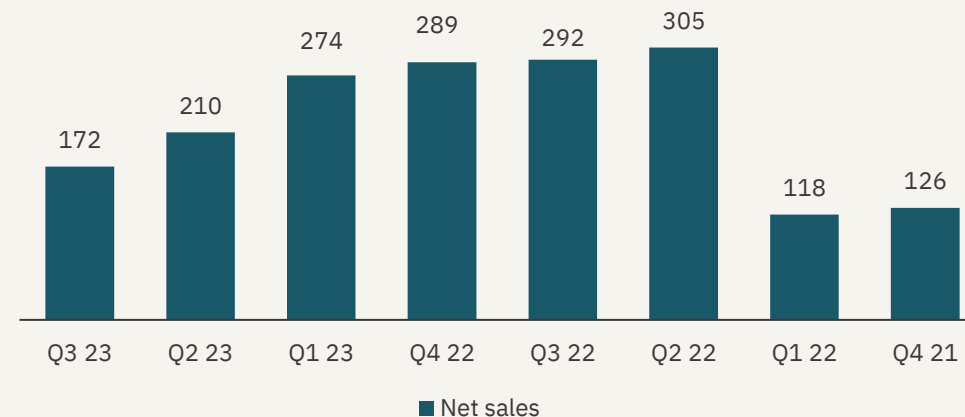
- Rock Norway's external net sales increased with 17 % and the segments organic growth amounted to 13 %.
- EBIT margin was in line with prior year and amounted to 5.9 (5.1) %. The improved EBIT margin during the quarter is mainly explained by a project mix with higher profitability compared to the comparable period.
- The restructuring that has been carried out during the year, with the goal of improving efficiency and strengthening the customer offering, is in its final stages, and there are restructuring costs of 3.4 million SEK included in the EBIT for the segment.



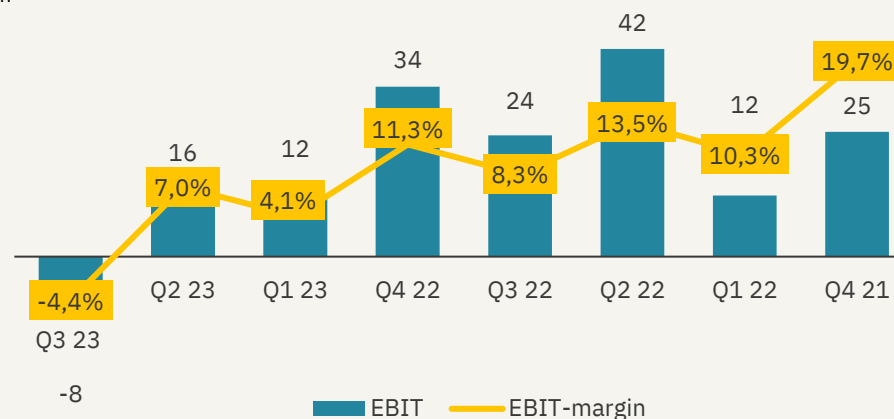
# Performance per segment – Foundation Sweden

- Foundation Sweden's external net sales decreased by 41 % and the segments organic growth amounted to -41 %. The current economic situation, with a sharp reduction in housing construction and project starts, has continued to negatively impact the segment during the quarter. The decline in building construction also affects the local infrastructure with fewer project starts.
- EBIT margin decreased from 8.3 % to -4.4 %. The segment has been negatively affected by the decline in housing construction and local infrastructure.

SEKm

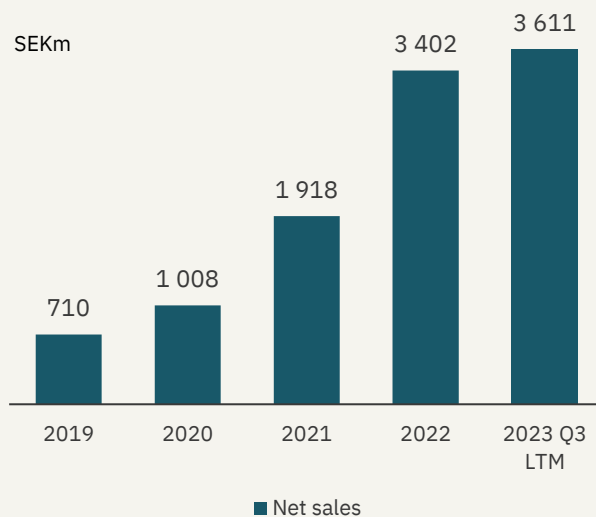


SEKm



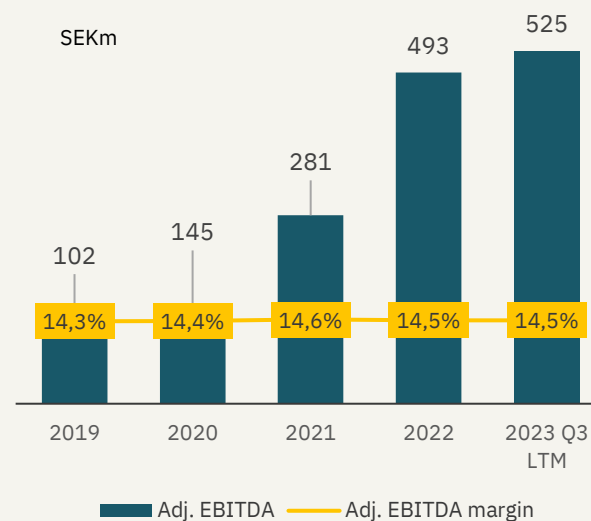
# Sustainable financial outlook

## NET SALES DEVELOPMENT



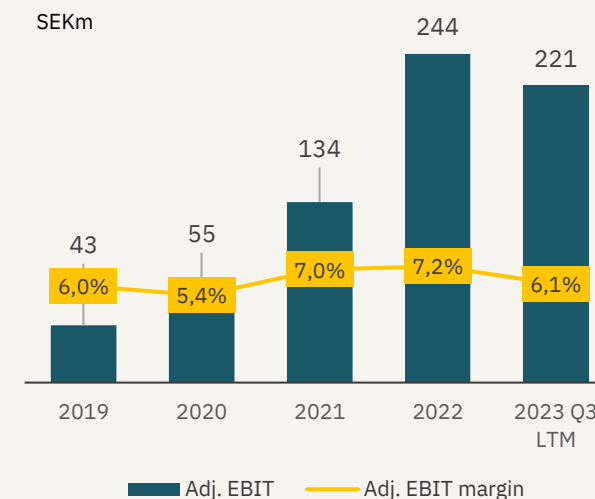
- Strong organic growth over time as a result of Nordisk Bergteknik's capability with a large machine park and extensive in-house competences
- Growth also driven by an active M&A agenda with several acquisitions during the last three years

## ADJUSTED EBITDA DEVELOPMENT



- Strong increase in nominal EBITDA with margins stable over 14 %
- Successful integrations of acquired companies combined with operational efficiency has allowed for increased growth
- Further potential for economies of scale and synergies over time

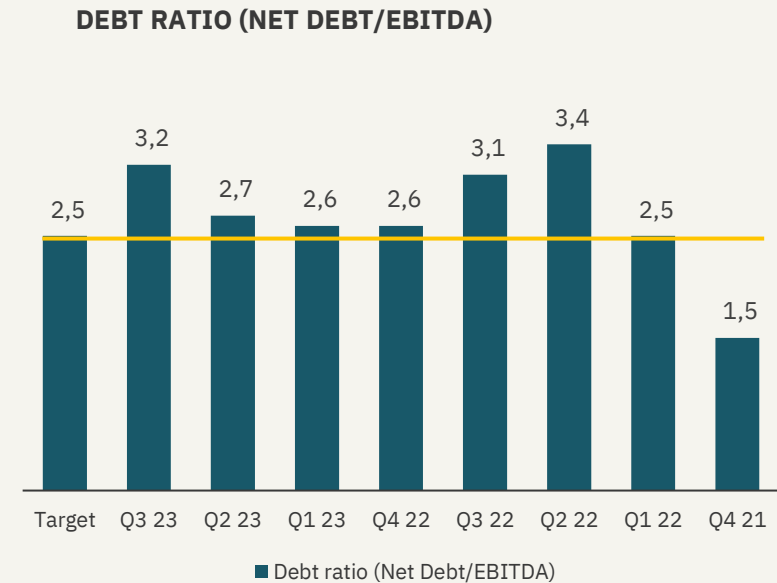
## ADJUSTED EBIT DEVELOPMENT



- Completed acquisitions have given a positive contribution to the margin development

# Net debt and leverage

- Net debt amounts to SEK 1,674m (1,339).
- Machine loans amounts to 408m and lease liabilities to 373m.
- Debt ratio (net debt/EBITDA LTM) amounts to 3.2x (3.1x).
- If EBITDA from acquisitions is included LTM debt ratio amounts to 3.1x.
- Cash and cash equivalents amounts to SEK 50m (167).
- Available liquidity (cash and unused facilities) amounts to SEK 304m (575).



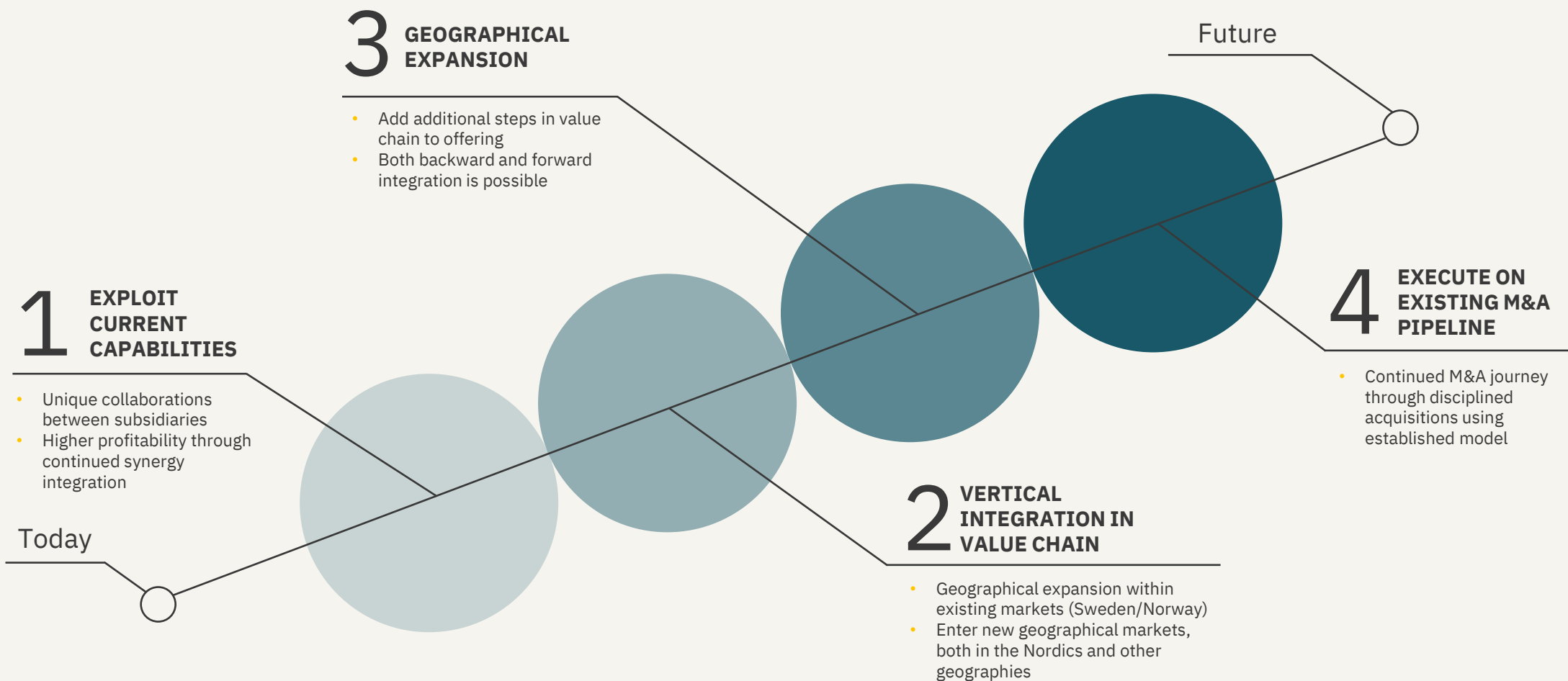


# Performance in the Q3 business climate



# Strategy and financial targets

# Predicted continued growth (1/2)



# Predicted continued growth (2/2)

## Successful operations in a niche market

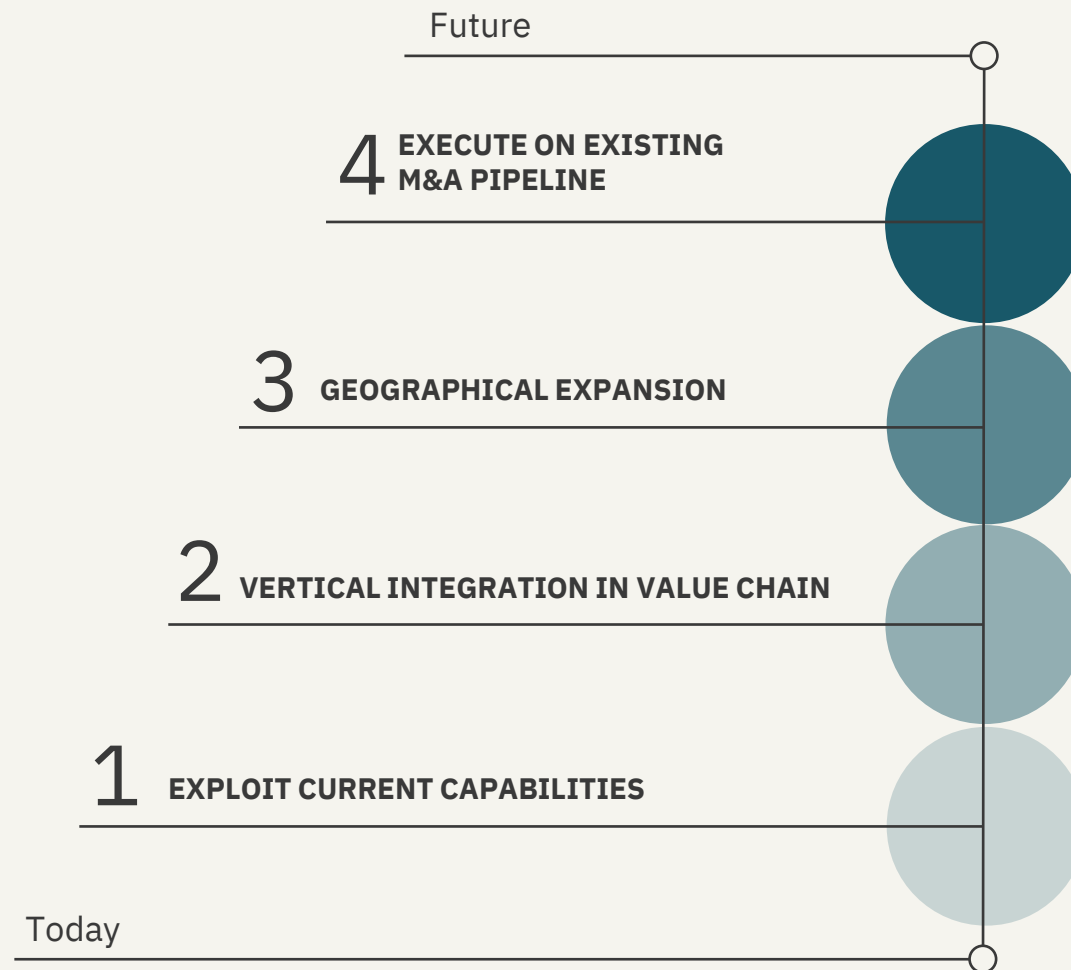
- Limited competition in a niche market with high barriers to entry since operations requires a high level of expertise, specialized equipment and machine capacity
- Additional upside with further materialisation of synergies and continued implementation of effectivization initiatives

## Positive market outlook with compelling growth

- Nordisk Bergteknik operates in a niche market that has been growing in recent years
- Market growth is expected to continue growing supported by an attractive infrastructure investment pipeline over the next ten years

## Opportunity to continue building a market leader

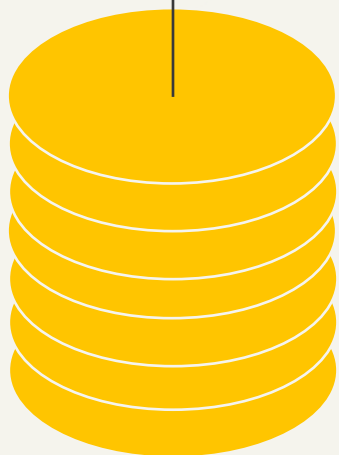
- Leading positions in rock segment. Opportunity to reach higher market share by executing on the short-term acquisition pipeline
- Grow organically by realization of synergies and implementation of optimization initiatives



# Four main financial targets

15%

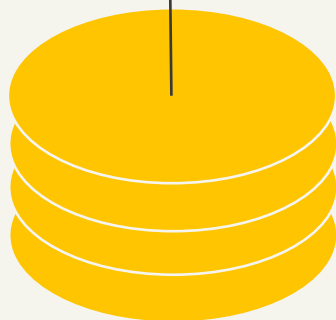
Growth



Achieve annual net sales growth of more than 15 percent over a business cycle. The growth should be achieved through a combination of organic growth and acquisitions.

7%

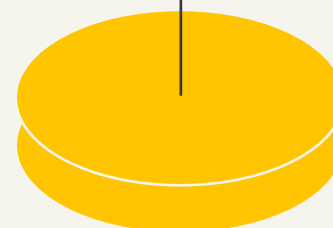
Profitability



The Group targets an adjusted EBIT-margin of 7 percent in the medium term.

<2,5x

Capital structure



The net debt in relation to adjusted EBITDA shall not exceed a ratio of 2.5x. Indebtedness can temporarily be higher, for example in connection with larger acquisitions.

40%

Dividend policy



Nordisk Bergteknik aims to distribute 40 percent of the Group's consolidated net income over time, taking into consideration other factors such as M&A and growth opportunities as well as financial position and cash conversion.



**NORDISK**  
BERGTEKNIK