NRC Group

Creating a market leader within the infrastructure market

Company presentation

7 May 2015

Blom to change name to NRC Group and combine with Team Bane and SJT

- The publicly listed mother company Blom ASA ("Blom") to change name to NRC Group, and to combine with the holding company of Team Bane AS ("Team Bane") and Svensk Järnvägsteknik AB ("SJT") with settlement in NRC Group shares, cash and a vendor note

- The former shareholders of Blom, Team Bane and SJT will post the transaction own 43.5, 43.5 and 13 per cent of NRC Group, respectively. In addition, the shareholders of SJT will receive SEKm 180 in cash payment which will be financed by a committed bank facility from DNB and SEKm 16 in a vendor note
  - NRC Group will post the transaction have 22,239,533 shares outstanding, excluding 396,452 treasury shares
  - The group will have combined net interest bearing debt of NOKm 182 as per Q1 2015 (including the vendor note and acquisition financing)

- Due diligence has been completed and final agreements related to the transactions have been signed. The transactions are subject to approval from the general meeting ("GM") in Blom, scheduled to be held on 28 May 2015, and on completion of final loan documentation
  - Shareholders holding 74 per cent of the issued shares in Blom has committed to vote in favour of the transaction at the GM

- New shares to be issued and fully tradable on the Oslo Stock Exchange after the publication of an information memorandum / prospectus that is expected shortly after the GM

NRC Group will be a market leader within the Nordic infrastructure market

BLOM
IMAGING THE WORLD

- One of Europe's largest aerial survey companies
- Significant business within infrastructure
- Approx. 400 employees out of which 220 in production co's
- Revenues in 2014 of NOKm 234 and EBITDA of NOKm 15

Team Bane

- Fully integrated rail infrastructure contractor in Norway
- No 2 market position based on revenues
- 128 employees (substantial in-hire when required)
- Revenues in 2014 of NOKm 323 and EBITDA of NOKm 20

SVENSK
JÄRNVÄGSTEKNIK AB

- Fully integrated rail infrastructure contractor in Sweden
- No 3 market position based on revenues
- 71 employees (substantial in-hire when required)
- Revenues in 2014 of NOKm 397 and EBITDA of NOKm 61

NRC Group

- Leading infrastructure player with focus on the Nordic railway infrastructure market
  - Established client relationships, all required certifications, track-record and construction capabilities
  - Asset light business model
- Combination creates scope for synergies
  - Cross-sale of offerings as all three companies are targeting the same customer segment
  - Increased utilisation of employees, machinery and equipment
- Aggregated size will increase visibility and attractiveness as employer and facilitate access to capital
- Combined 2014 revenues of NOKm 954 and EBITDA of NOKm 97

Well positioned to capture the strong growth in the Nordic infrastructure market

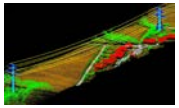
Blom delivers profitable growth with infrastructure as the fastest growing segment

Overview

- One of Europe's largest aerial survey companies
- Main markets are the Nordics and UK
- Approx. 400 employees out of which 220 in production units
- Revenues of NOKm 234 and EBITDA of NOKm 15 in 2014

Capturing

Processing

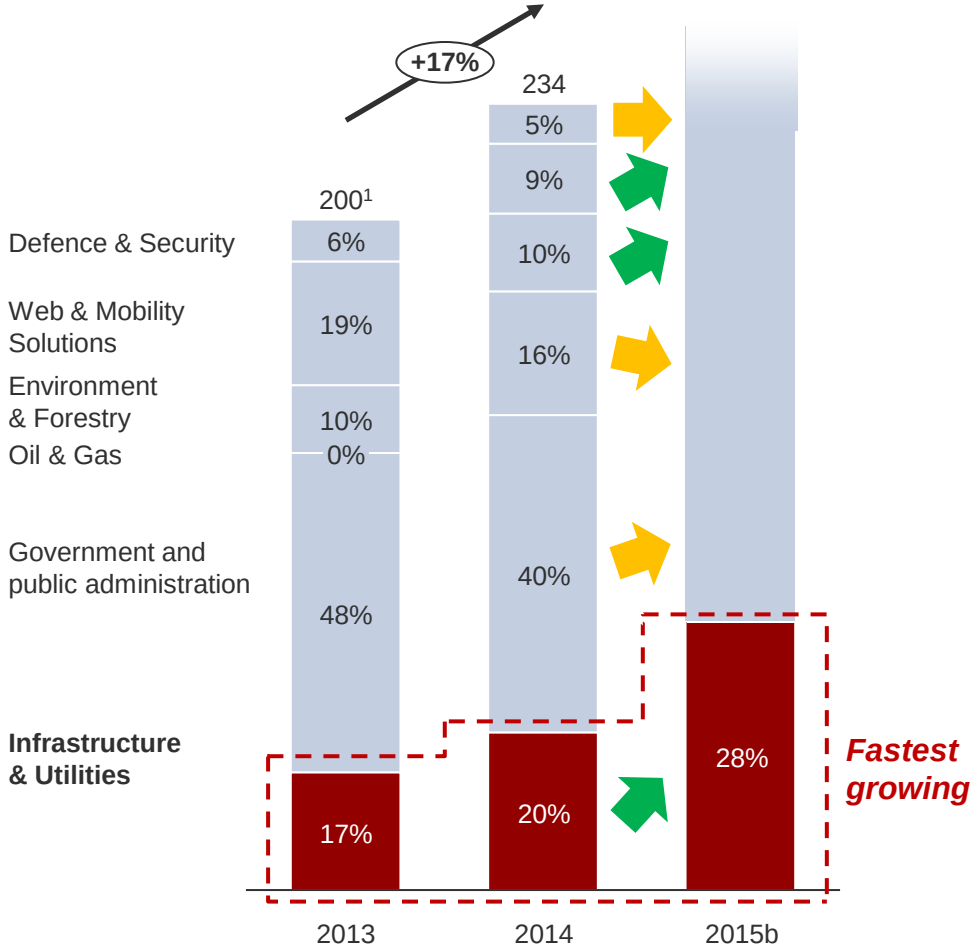


Analysing

From restructuring to profitable growth

2012 - 2014 *Restructuring*	2015 - *Profitable growth*
▪ Spanish subsidiary closed and Romanian, Danish and Italian subsidiaries divested ▪ Bond debt converted to equity	▪ Focus on core and growing markets in Northern Europe ▪ Profitable operations ▪ Debt free ▪ Change of Managing Director

Segments split by revenues (NOKm)

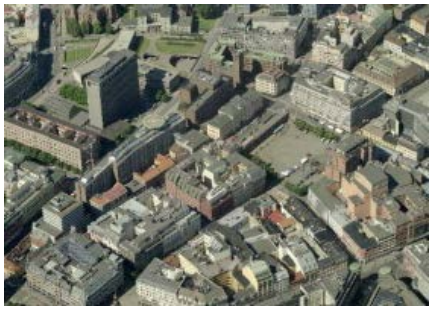


[1] Not including sale of intangible assets of NOKm 20

Indicative relative growth

Examples of Blom projects

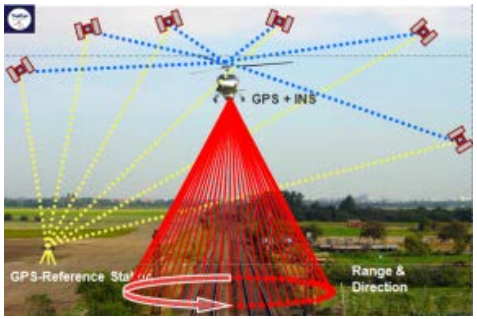
European Content Program



- Large European program
- Start: Q1 2015
- Completion: Estimated to 2017

- *Orthophoto library covering most of European countries*
- *Blom will retain certain rights to the library*

Large railway project



- Project value: Undisclosed
- Start: May 2015
- Completion: Estimated to June 2016

- *Processing of above 10,000 km laser and imagery data of UK railways*
- *New and advanced product developed in cooperation with co-suppliers and customer*

Aerial surveying and mapping

- Program consisting of several smaller projects
- Yearly programme
- Blom 2015 share as of May: NOKm 27

- *Aerial photography*
- *Airborne Laser scanning*
- *Vector mapping*

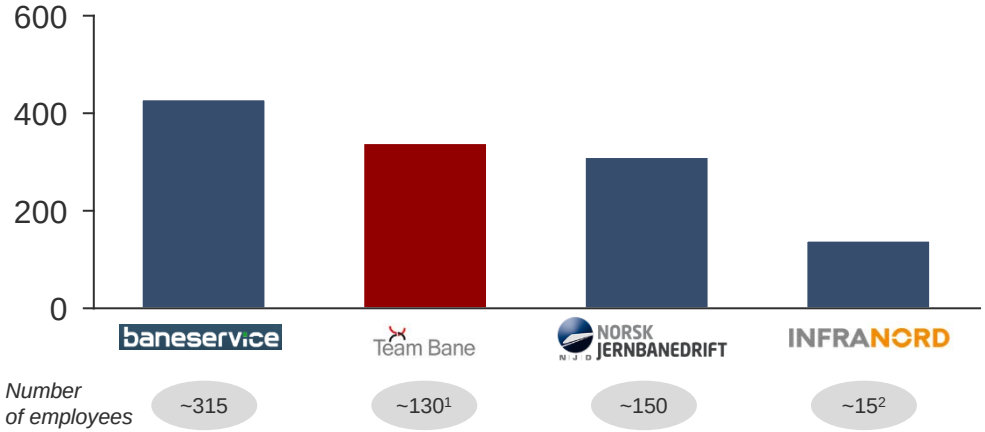
Kartverket

Team Bane is the largest privately owned rail infrastructure contractor in Norway

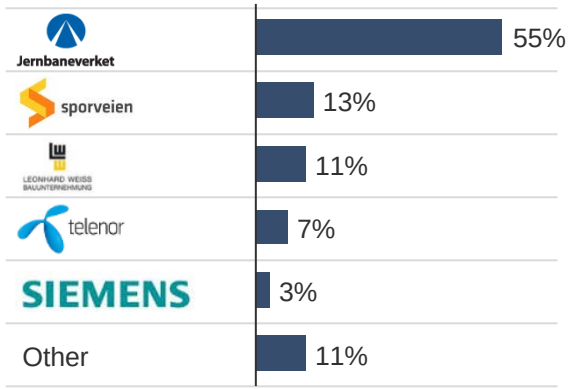
Team Bane

- Established in 2011
- No 2 market position based on revenues
- 128 employees (substantial in-hire when required)
- Competence focused, asset light business model
- Fully integrated rail infrastructure contractor covering the Norwegian market
- Has typically teamed up with foreign machinery owners on larger projects, matching Team Bane's local competence and certifications with the partner's pool of heavy machinery

Railway specialists in Norway, revenue 2014E (NOKm)



Key clients by revenue in 2014



[1] Substantial in-hire when required; [2] Infranord has ~2,200 employees in Norway and Sweden combined
Source: Management estimates, company information

Examples of Team Bane projects

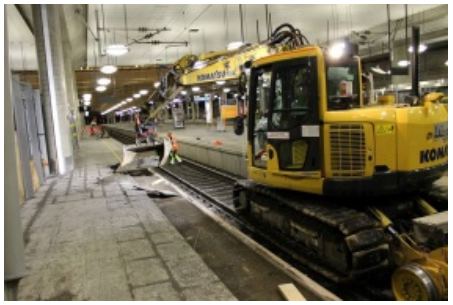
Reconstruction of Greverud station

- Project value: NOKm 38
- Start: February 2014
- Completion: December 2014

- *Renovation of platforms at Greverud station*

Jernbaneverket

Construction of cable channels



- Project value: NOKm 39
- Start: October 2014
- Completion: Estimated in June 2015

- *Etterstad – Lillestrøm cable project*

Jernbaneverket

Demolition and construction

- Project value: NOKm 77
- Start: April 2015
- Completion: Estimated in April 2016

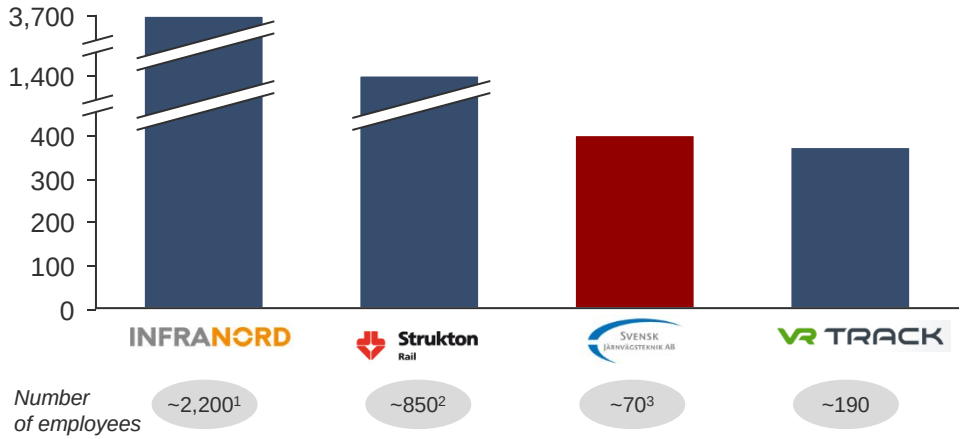
- *Østensjøbanen rehabilitation project*

sporveien

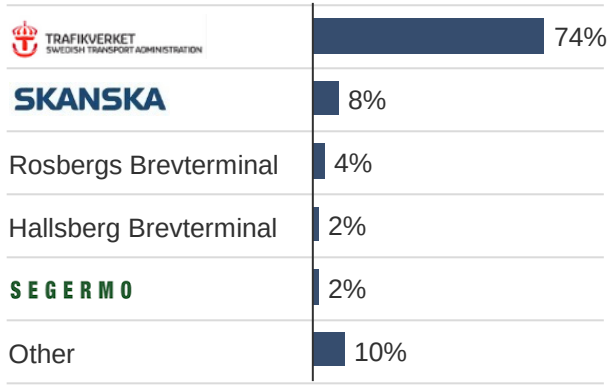
SJT is the No 3 player in Sweden, with a strong track record since 1999

- Established in 1999
- No 3 market position based on revenues
- 71 employees (substantial in-hire when required)
- Competence focused, asset light business model
- Well established player covering the Swedish market
- The Swedish market is about 3x the size of the Norwegian market, with typically larger tenders
- Strong financial performance and track record
- Has in recent years taken on significantly larger orders than previously, and with great success

Railway specialists in Sweden, revenue 2014E (SEKm)



Key clients by revenue in 2014



[1] Infranord has ~2,200 employees in Norway and Sweden combined; [2] Employees in Scandinavia, approx. 4,000 employees in the entire company; [3] Substantial in-hire when required
Source: Management estimates, company information

Examples of SJT projects

Change of track and switches

- Project value: SEKm 190
- Start: April 2013
- Completion: August 2013

- *Alvesta – Älmhult track and switches project*

TRAFIKVERKET

Rosersbergs terminals

- Project value: SEKm 170
- Start: July 2013
- Completion: December 2014

- *BEST[1] work on a coming post terminal as well at Rosersbergs industrial area*

TRAFIKVERKET

Jakobshyttan junction

- Project value: SEKm 140
- Start: April 2013
- Completion: March 2015

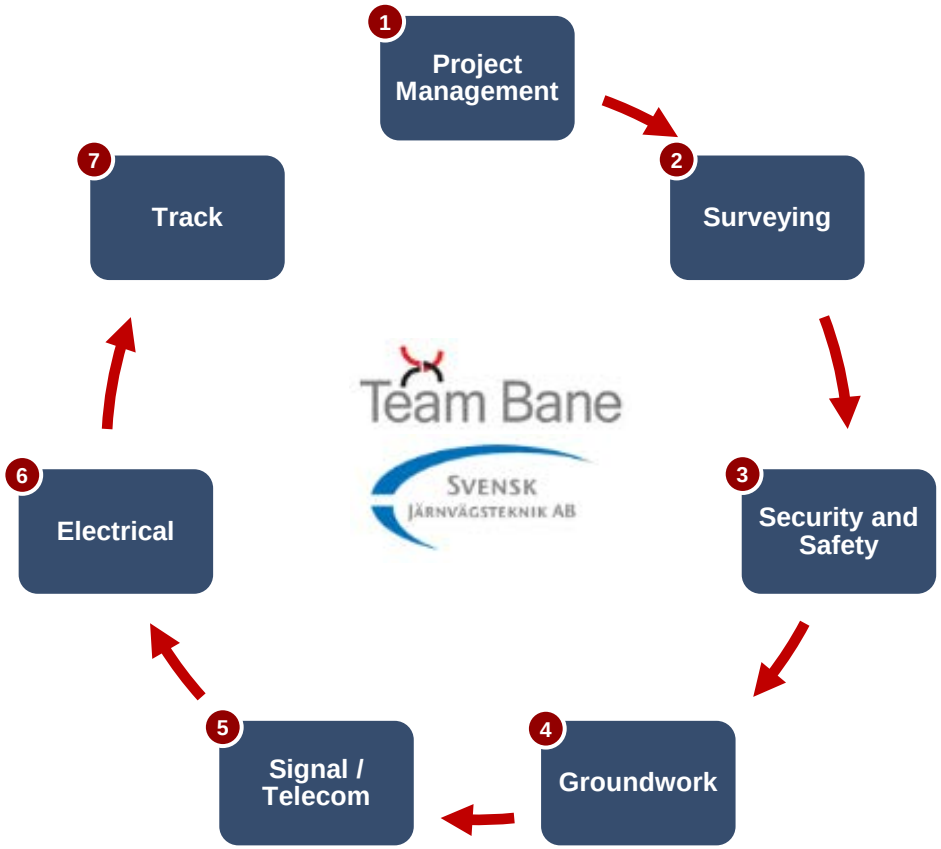
- *Jakobshyttan junction project, including BEST[1] work*

TRAFIKVERKET

[1] BEST = Bane-, El-, Signal- og Telesystemer

Team Bane and SJT have the specialised competencies required to qualify for all types of projects in the industry

Team Bane and SJT competencies



Comments

- Contractors must be qualified in TransQ to be able to submit offers in tenders
  - Company solidity (revenue last three years)
  - Necessary certifications
  - Authorizations (telecom, low voltage, high voltage etc.)
- Team Bane and SJT have the required qualifications
- European players are showing interest to enter the markets, but are seeking partnerships with local players due to required local approvals and certifications
  - Team Bane has teamed up with several of these, benefiting from their machines and project organizations in larger projects
  - Secures a competitive pricing whilst maintaining a high degree of flexibility

NRC Group in position to realise synergies and is well positioned to capture the growth in the Nordic railway infrastructure market

Expected synergies

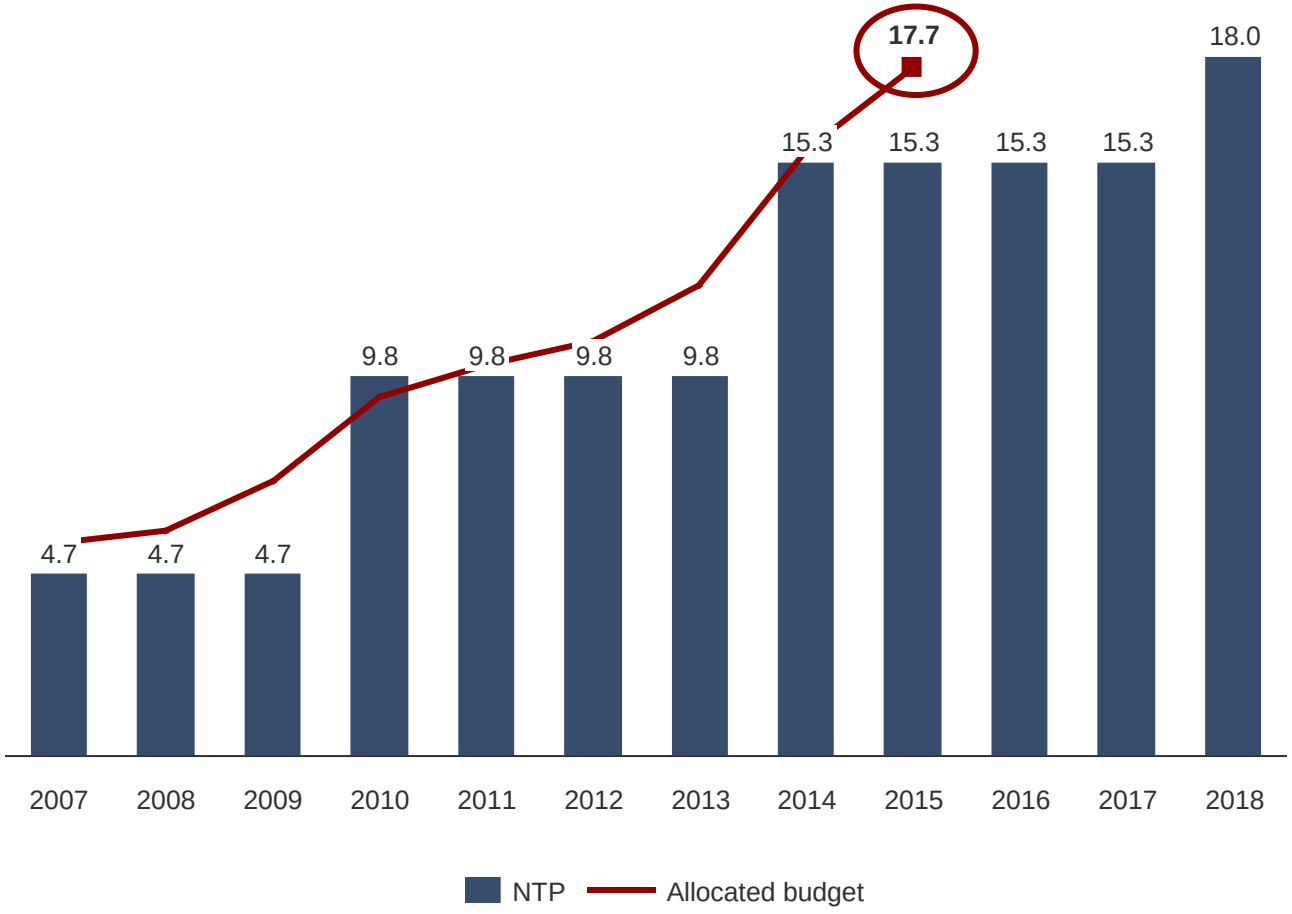
- Increased utilisation of employees, machinery and equipment in Norway and Sweden
- Cross-sale of offerings as all three companies are targeting the same customer segment
  - Team Bane and SJT have established client relationships, certifications, track-record and construction capabilities in Norway and Sweden
  - Blom with surveying capabilities and strong track-record from railway projects in the UK that will be leveraged on Team Bane and SJT's projects
- Aggregated size will increase visibility and attractiveness as employer and provide access to capital markets
- Further consolidation opportunities are identified and dialogues initiated

Infrastructure value chain

Combined platform to capture the strong growth in the Nordic railway infrastructure market

The National Transportation Plan ("NTP") for Norway sets out support for strong market growth, with budgets typically above the levels outlined in the NTP

NTP railway spending and budget 2007 – 2018 (NOKbn)



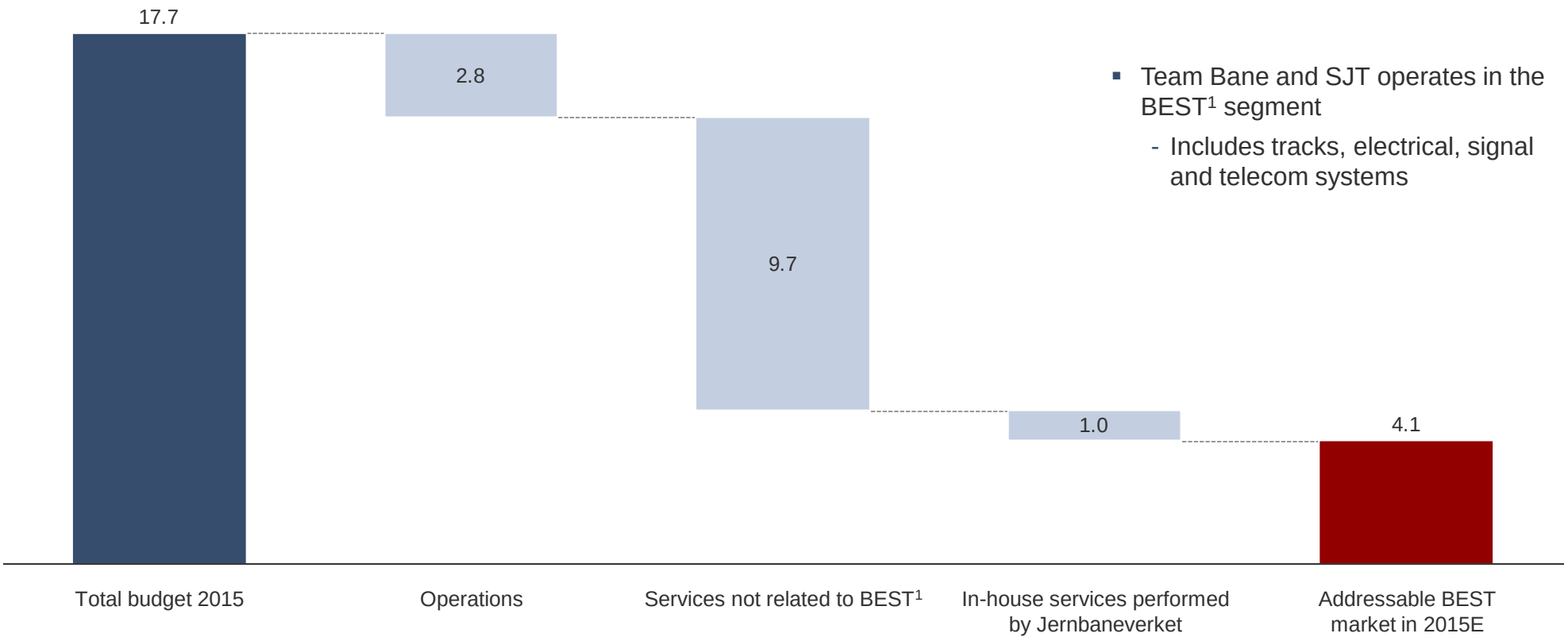
- In June 2013 the Norwegian Parliament approved a NOKbn 173 NTP for railway 2014-2023
- The NTP increased spending on railway significantly in 2014, with further step up in spending from 2018
- Historically, the allocated budgets have typically been above the NTP
  - For 2015, NOKbn 17.7 has been budgeted while the NTP outlined an average spending of NOKbn 15.3

Source: SSB; NPT; PWC

NRC Group

NRC Group will address the BEST[1] part of the market which is estimated to NOKbn 4.1 in 2015

Breakdown of railway spend into the estimated BEST[1] spend in 2015E (NOKbn)



- Team Bane and SJT operates in the BEST[1] segment
  - Includes tracks, electrical, signal and telecom systems

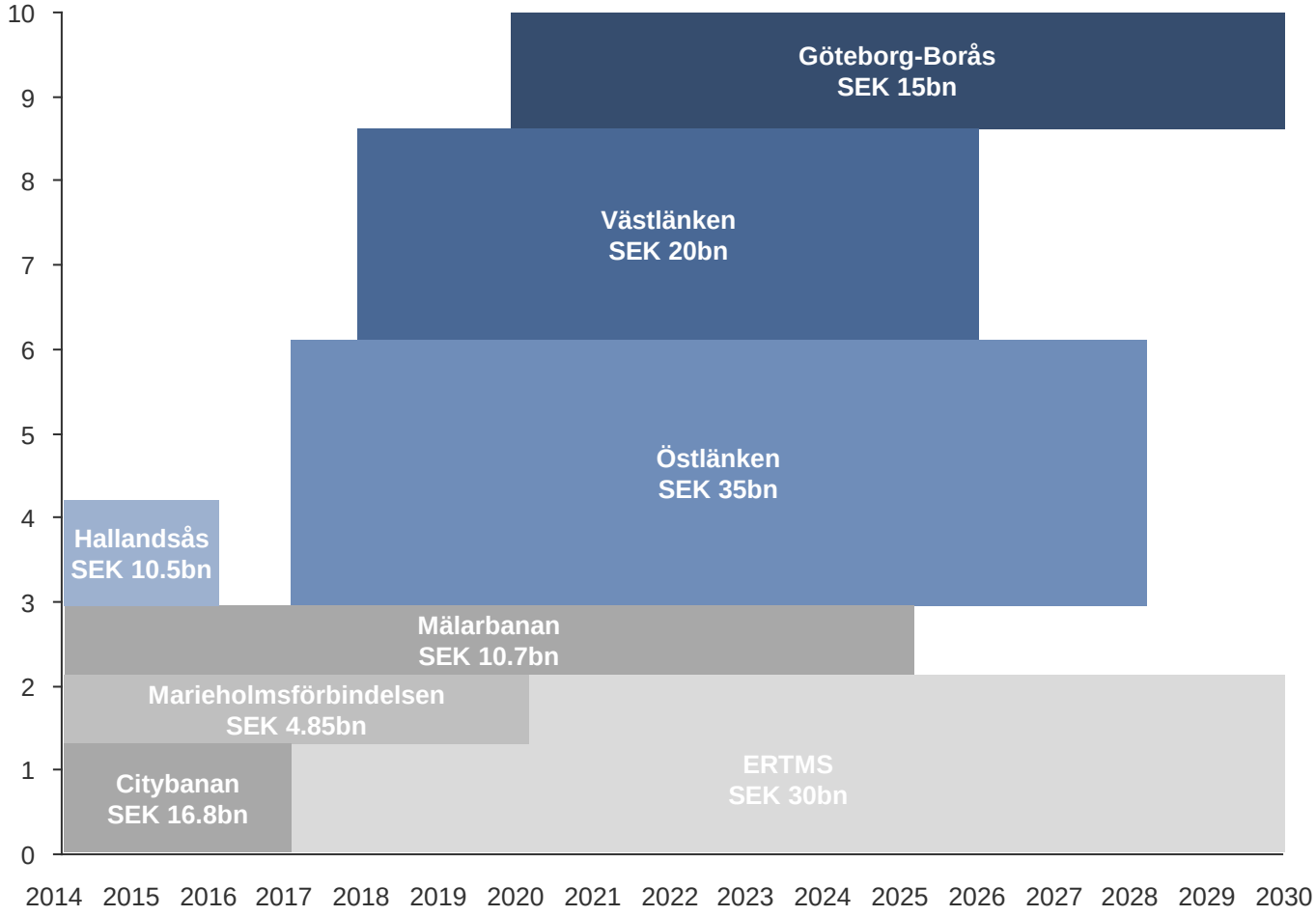
Source: PWC

[1] BEST = Bane-, El-, Signal- og Telesystemer

NRC Group

Strong growth expected also in Sweden with SEKbn 140 to be allocated to high speed railway the next 20 years

Overview of Sweden's largest construction projects (SEKbn)



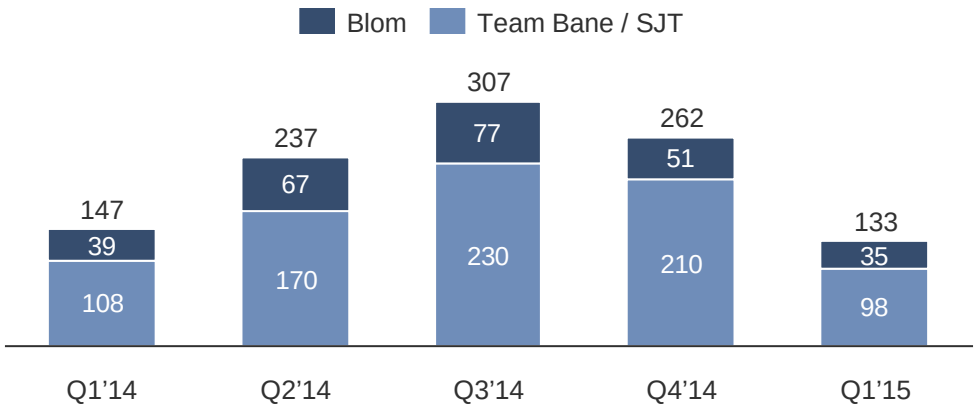
Comments

- In Sweden, a SEKbn 522 transportation plan for the period 2014 – 2025 was adopted by the government in April 2014
  - The plan deploy SEKbn 86 to operation, maintenance and reinvestment in existing railways
  - Approximately SEKbn 95 to be invested in the largest new railway infrastructure projects in Sweden in the period 2014-2025
  - Furthermore, the Swedish government intend to spend SEKbn 140 on new high-speed railway infrastructure until 2035

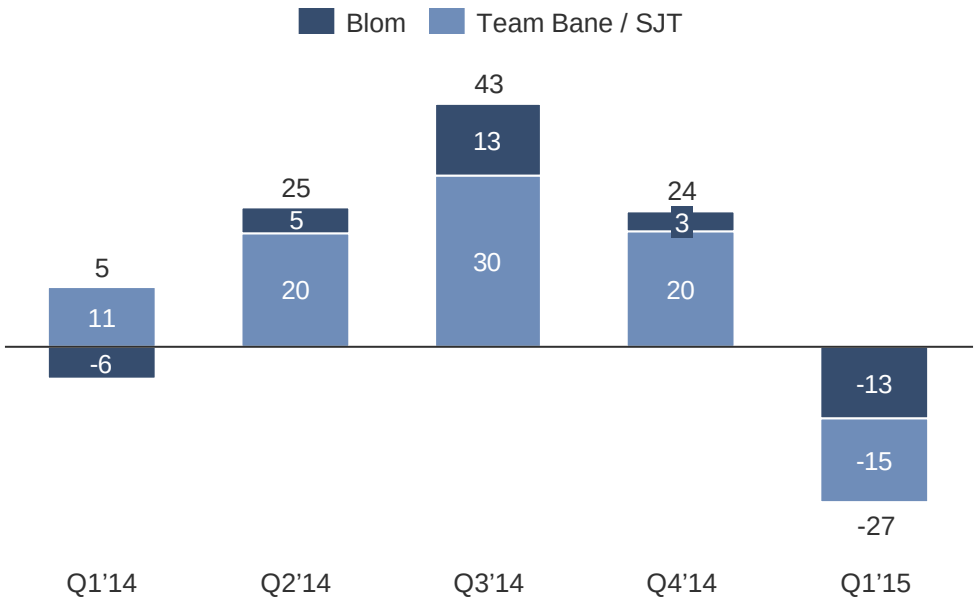
Source: Trafikverket

Seasonality in line with the industry for the combined business with focus on tender processes in Q1 and execution in Q2 – Q4

Revenue Q1 2014 – Q1 2015 (NOKm)



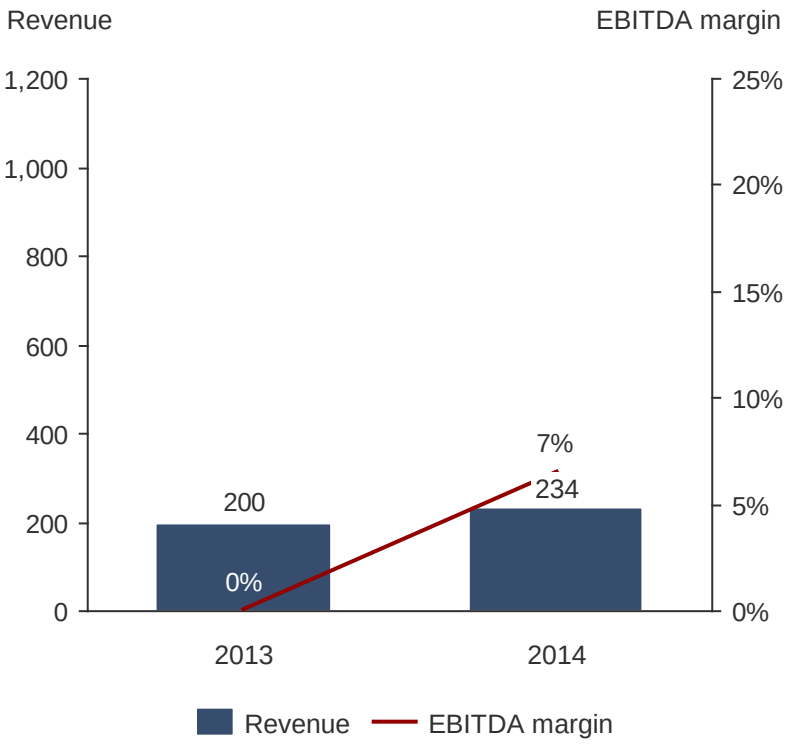
EBITDA Q1 2014 – Q1 2015 (NOKm)



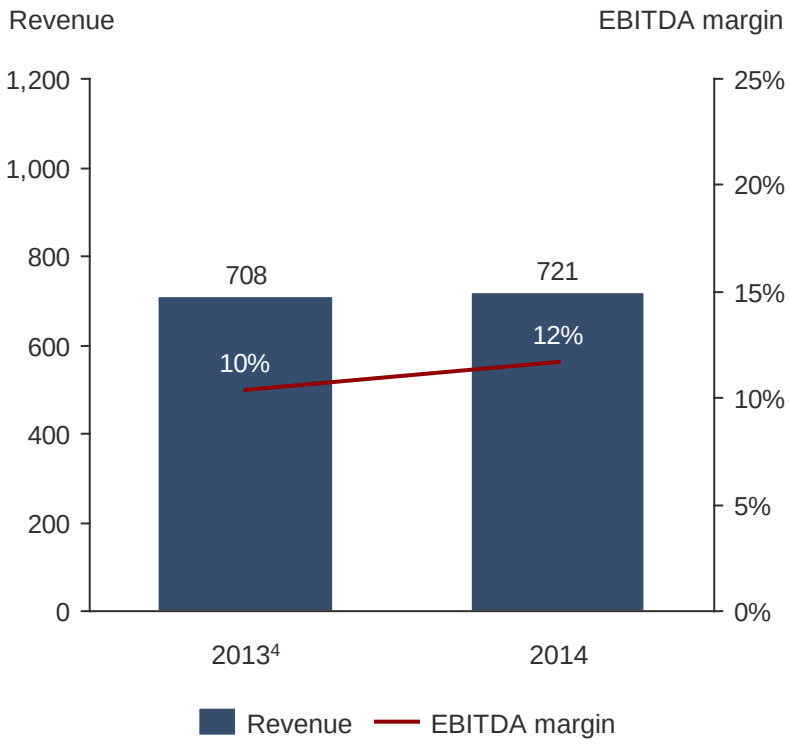
- Blom, Team Bane and SJT typically start out with focus on tender processes in Q1 with project execution in Q2 to Q4
- Q1 normally loss making in all three companies
  - Q1 2015 revenue and EBITDA in line with expectations, except for a negative one-off effect in Blom of NOKm 5
  - Q1 2014 EBITDA influenced by significant positive one-off effects in Team Bane and SJT

Key financials for NRC Group

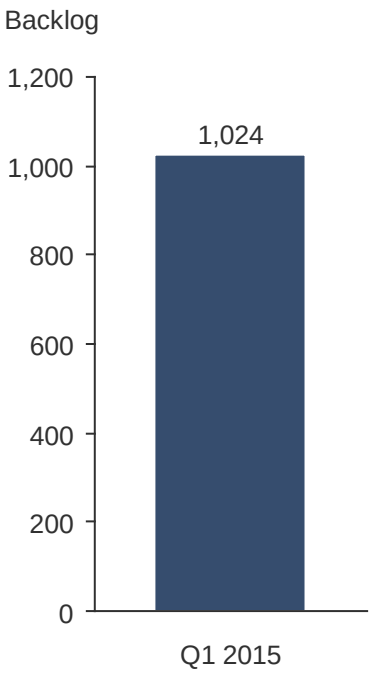
Blom (NOKm)[1]



Team Bane/SJT (NOKm)[2]



Backlog Q1 (NOKm)[3]



Combined net interesting bearing debt of NOKm 182 at Q1 2015, adjusted for new debt related to the transactions

[1] Adjusted for other gains and losses and sale of intangibles; [2] GAAP figures for Team Bane 2012-2013 include acquired companies Team Bane Anlegg AS and Team Bane Maskin AS; [3] Combined for Blom/Team Bane/SJT;
[4] New materials purchasing principles in Trafikverket affected revenue for SJT between 2013-14

Summary of investment highlights

1 Nordic infrastructure and geospatial services markets in strong growth	▪ Significant investments in railway required to meet national transportation plans approved by the respective governments in Norway and Sweden ▪ Strong political consensus from an environmental perspective to further increase investments in railway infrastructure ▪ Infrastructure is the fastest growing segment within Blom
2 Well positioned to capture the strong growth	▪ Specialist railway infrastructure contractor with leading position in the Norwegian (No 2) and Swedish (No 3) markets ▪ Track-record and capabilities to secure all types of projects in the market ▪ Market with high barriers to entry due to special permits and competences required
3 Asset light and flexible business model	▪ In-house specialist competence complemented by partnerships with subcontractors ensures flexibility and capacity for superior project execution ▪ Asset light organization with limited machinery. Required machinery sourced through partners secures competitive pricing and limits fixed costs
4 Significant synergy potential	▪ Increased utilisation of employees, machinery and equipment ▪ Cross-sale of offerings as all three companies are targeting the same customer segment ▪ Size and access to capital markets and debt financing

Next steps

- Blom to vote over the proposed transactions on the GM which is scheduled for 28 May 2015
- New shares to the shareholders of Team Bane and SJT to be issued and listed as soon as an information memorandum/prospectus has been approved following the GM
- Completion of the transactions is expected to take place on or about 28 May 2015
- New dividend policy to be implemented and announced in due course
- Employee share incentive programme to be implemented following the transaction
- Additional potential consolidation targets have been identified

Disclaimer

Forward looking statements

- This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking. You should not place undue reliance on these forward-looking statements for many reasons.

- These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

- Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity or performance will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this presentation, either to conform them to actual results or to changes in our expectations.