

Projektengagemang Sweden (publ)

Interim Report, January - March 2020

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Business highlights Q1

- Overall stable market demand during the main part of Q1, but gradual covid-19 impact from latter part of March
- Efficiency program delivering on savings target
- Significant EBITA margin uplift – back to targeted level in the quarter
- Positive momentum in division Civil Engineering & Infrastructure



Efficiency program on target

- Efficiency measures taken in 2019 delivering on annual cost reduction target run rate of SEK 70 million in 2020 compared to 2019
- Total employees entering 2020 after efficiency program: 1 104 (1 211)
- Increased utilisation rate 76.2% (75.1)
- Increased average hourly rates

New contracts

- Three-year agreement with Region Stockholm to provide interior design and project planning for 1,400 workplaces
- Design of the frame of the 35-storey landmark Draken building, which will be Gothenburg's highest hotel, for property company Balder
- HVAC and sanitation project design for refurbishment and extension of the USÖ Campus in Örebro. Premises covering 7,000 m² for medical training



Group financial summary Q1

- EBITA increased to 28.9 SEK (13.6) million
- EBITA margin 8.5 (3.7) %
- Net revenue decreased 8 % to SEK 341 (370) million due to staff reductions in underperforming units

Group summary

SEK million	3 months		12 months	
	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019	Rolling 12 mths
Net revenue	341.1	370.4	1,348.4	1,319.0
EBITA (adjusted earnings)	28.9	13.6	9.2	24.5
EBITA margin, % (adjusted earnings)	8.5	3.7	0.7	1.9
Operating profit/loss, EBIT (adjusted earnings)	26.1	13.4	0.5	13.2
Operating margin, % (adjusted earnings)	7.7	3.6	0.0	1.0
Net receivables (-)/debt ¹	365.8	395.7	400.2	365.8



Architecture & Management

- 1.8 (3.6) % EBITA margin
- -12 % revenue growth
 - Organic -14 %
 - Acquired 2 %
- Lower revenue due to staff reductions within the business unit Management in 2019
- Stable demand but with regional variations during the quarter. Market uncertainty and project delays at end of quarter
- Cost and sales initiatives launched

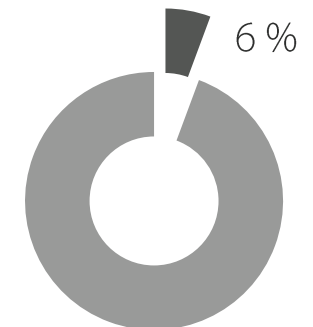
Division summary

SEK million	3 months		12 months	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	90.7	103.2	369.3	356.8
Total growth, %	-12.1	7.9	-5.0	0.0
EBITA (adjusted earnings)	1.7	3.7	-8.6	-10.6
- EBITA margin, %	1.8	3.6	-2.3	-3.0

Share of revenue*



Share of EBITA*



Civil Engineering & Infrastructure

- 10.9 (7.3) % EBITA margin
- 6 % revenue growth
 - Organic 6 %
 - Acquired 0 %
- Successful sales efforts and integration of acquisitions
- Organic growth and improved profitability in infrastructure
- Solid order backlog

Division summary

SEK million	3 months		12 months	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	123.2	116.1	427.1	434.2
Total growth, %	6.1	75.8	70.7	0.0
EBITA (adjusted earnings)	13.4	8.5	8.6	13.5
- EBITA margin, %	10.9	7.3	2.0	3.1

Share of revenue*



Share of EBITA*



Systems*

- 9.7 (5.9) % EBITA margin
- -12 % revenue growth
 - Organic -11 %
 - Acquired 0 %
- Lower revenue due to staff reductions within Industry & Energy in 2019
- Stable revenue and earnings contribution from Systems business areas

Division summary

SEK million	3 months		12 months	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	136.5	153.4	553.1	536.2
Total growth, %	-11.0	1.4	-8.5	0.0
EBITA (adjusted earnings)	13.2	9.2	15.5	19.5
- EBITA margin, %	9.7	5.9	2.8	3.6

Share of revenue**



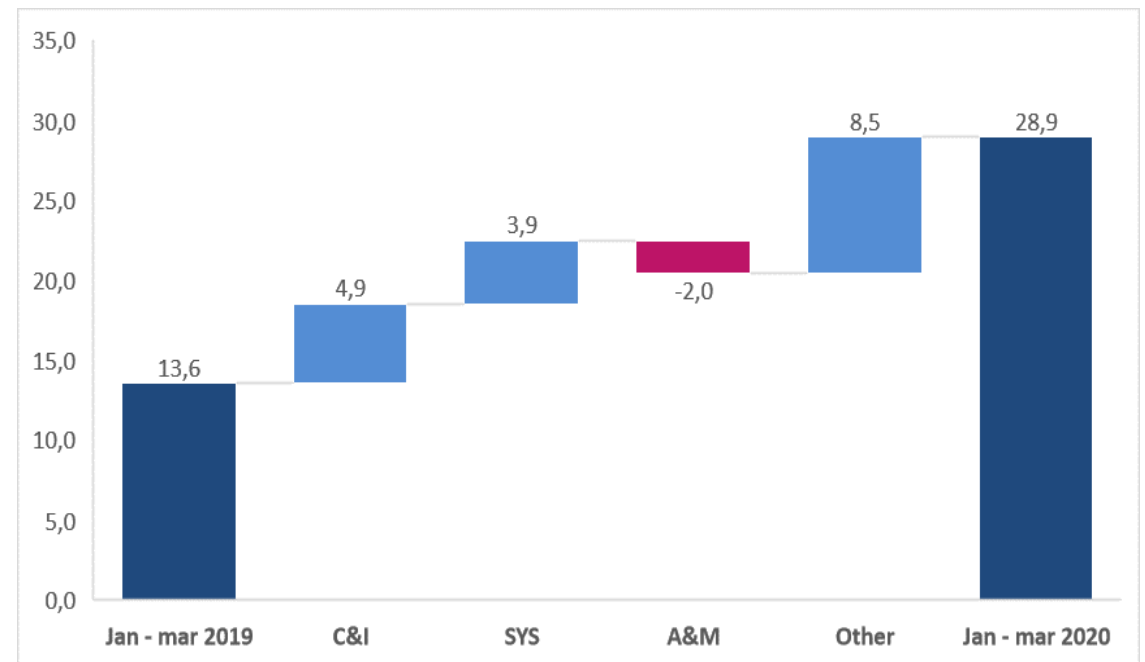
Share of EBITA**



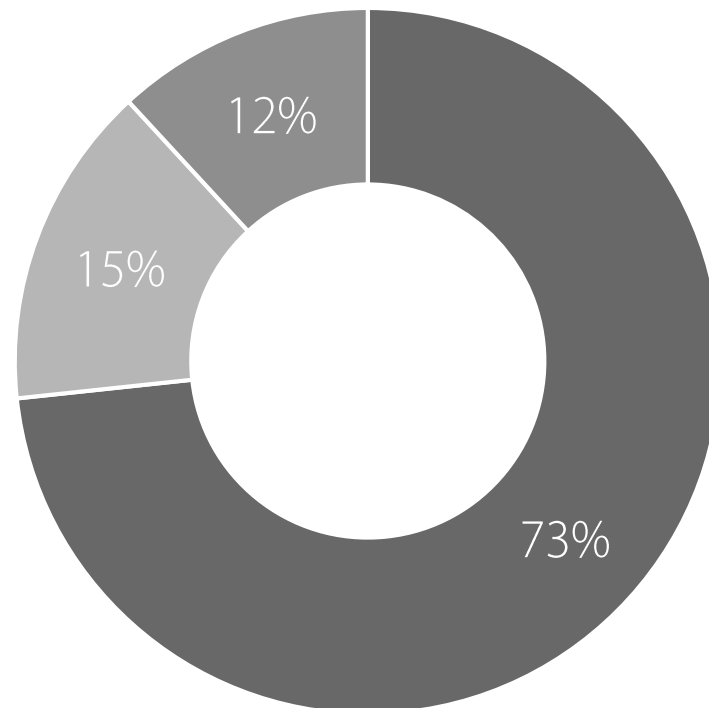
*All numbers are proforma including Industry & Energy

EBITA-bridge Q1

- Solid improvements in Civil Engineering & Infrastructure and System
- Cost reductions from efficiency measures in 2019 (Other)



Cost structure



- Personnel cost
- Other external cost and depreciation
- External expenses assignments

Cash flow and Net debt

- Cash flow from operations generated SEKm 40.5 (-14.4) in Q1
- Cash conversion 93 % (excl. Δ NWC)
- Renegotiated existing credit agreement with SEB and reduced the unused credit facility (announced in Q4)
- Net debt SEKm 365.8 (395.7)

SEK million	3 months		12 months
	Jan–Mar 2020	Jan–Mar 2019	Jan–Dec 2019
Operating activities			
Profit/loss after financial items	22.9	10.4	-36.9
Adjustments for non-cash items	21.1	22.8	113.5
Tax paid	-5.7	-0.5	-6.2
Cash flow before changes in working capital	38.2	32.6	70.4
Cash flow from operating activities	40.5	-14.4	77.6
Cash flow from investing activities	-3.4	-19.5	-35.6
Cash flow from financing activities	-59.7	-4.0	-122.1
Cash flow for the period	-22.7	-37.8	-80.2
Cash and cash equivalents at end of period	6.1	71.2	28.8

Covid-19 impact and measures

- Gradually changed market conditions from the latter part of March with increased uncertainty and lower market activity
- Variations regarding impact on our business areas and with regional differences
- Remote work, increased digitalisation, and online collaboration
- Implementation of short-time work (in April it corresponded to approx 40 FTE)
- Additional cost savings
- Postponed investments

Summary and outlook

- Strong first quarter with EBITA margin of 8.5 %, now at targeted margin level
 - Driven by solid performance in the divisions Civil Engineering & Infrastructure and Systems
- Efficiency program delivering targeted savings in Q1 at annual run-rate of SEK 70 million in 2020 vs. 2019 cost base
- Positive start of the second quarter with higher EBITA margin in April versus Q1
- The financial impact as a result of covid-19 is currently not foreseeable. Preparations in place for different scenarios
- Prepared to launch further mitigating initiatives if and when needed

Q & A
