

Projektengagemang Sweden (publ)

Interim Report January - September 2020

Per-Arne Gustavsson, CEO

Peter Sandberg, CFO

Business highlights Q3

- EBITA margin continues to improve
- Strong growth and increased earnings in Civil Engineering & Infrastructure
- Strategic initiatives 2019 delivers on target
 - Efficiency – increased utilisation rate and sales synergies
 - Cost savings – on target
 - One PE – collaboration, systems and brand
- Covid-19 actions to mitigate business impact
 - Short-time work and cost savings
 - Staff reductions of approx. 70 FTEs during Q3 as a response to continued negative Covid-19 impact on demand in some market segments



New contracts

- Streamlining production's transport system and automation of final assembly for Daloc Trädörrar AB in Töreboda
- Sustainability services for Wihlborgs Fastigheter, including environmental coordination and sustainability certifications for new housing projects
- Urban development assignment in Kungens kurva, which is part of Stockholm's regional expansion



Photo: Daloc

Group financial summary Q3

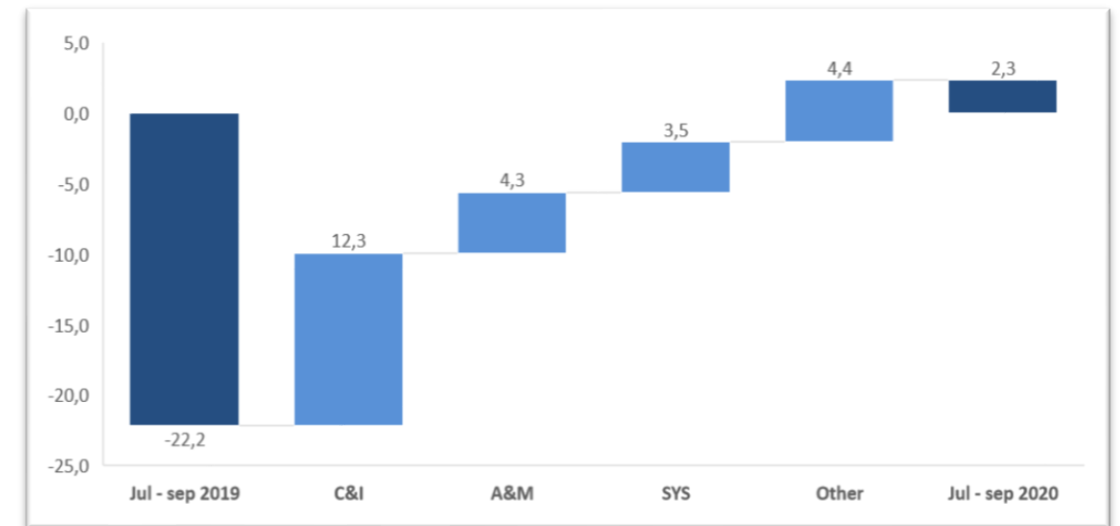
- EBITA increased to 2.3 SEK (-22.2) million
- EBITA margin was 1.1 (-8.3) %
- Net revenue decreased 18 % to SEK 220 (269) million due to staff reductions during 2019 in underperforming units and effects of covid-19

Group summary

SEK million	3 months		9 months		12 months	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	219.5	269.0	880.6	1,001.0	1,348.4	1,228.0
EBITA (adjusted earnings)	2.3	-22.2	62.2	7.4	9.2	63.9
EBITA margin, % (adjusted earnings)	1.1	-8.3	7.1	0.7	0.7	5.2
Operating profit/loss, EBIT (adjusted earnings)	-2.5	-25.0	51.7	1.6	0.5	50.6
Operating margin, % (adjusted earnings)	-1.1	-9.3	5.9	0.2	0.0	4.1
Earnings per share for the period, SEK (no dilution effect)	-0.13	-0.93	1.28	-0.26	-1.62	-0.08
Net receivables (-)/debt ¹	334.5	419.3	334.5	419.1	400.2	334.5

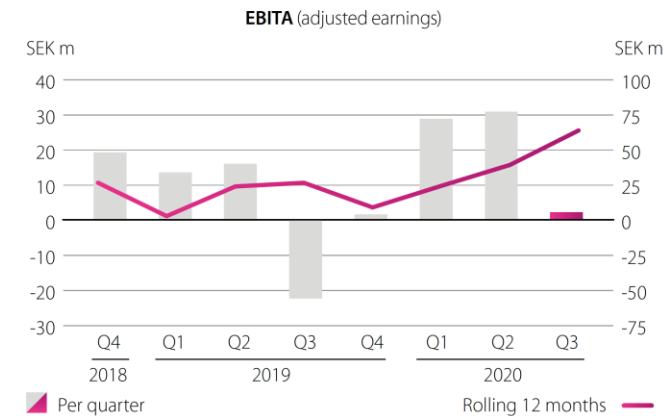
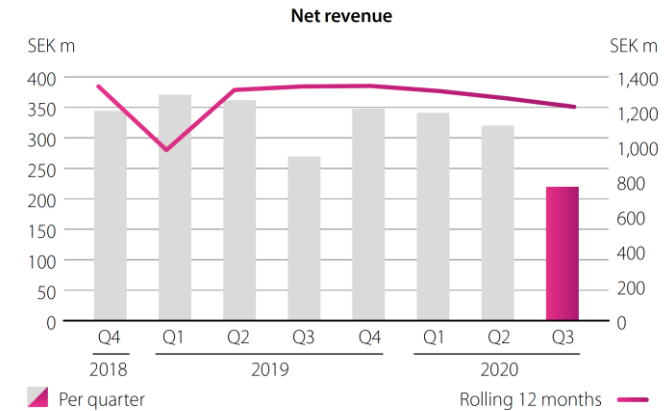
EBITA bridge Q3

- Significant earnings improvement in Civil Engineering & Infrastructure
- Improvement in Architecture & Management and in Systems but margins burdened by weak demand in some business areas and local markets
- Positive earnings impact by efficiency measures and cost reductions from activities in 2019



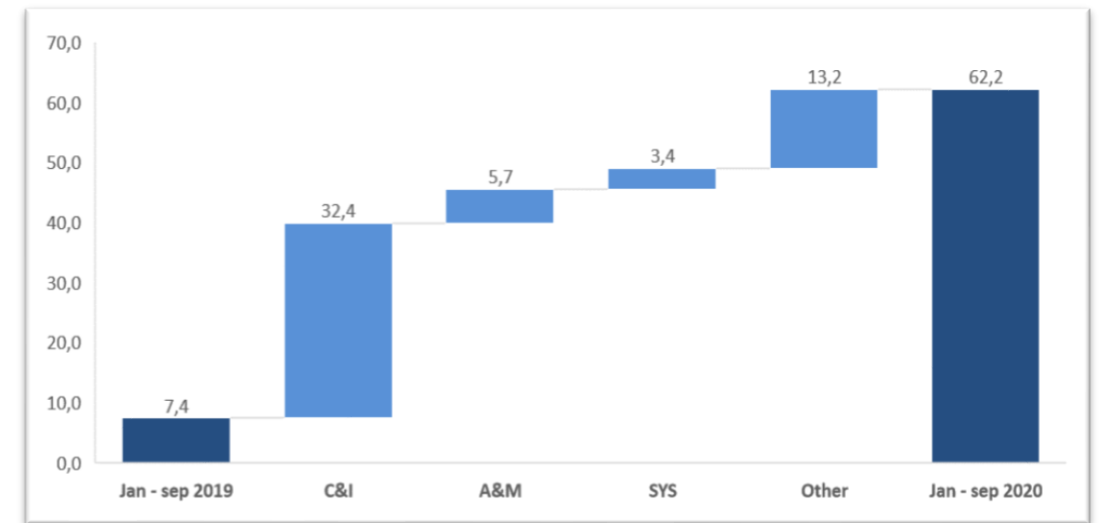
Group financial summary Jan – Sep

- EBITA increased to 62.2 SEK (7.4) million
- EBITA margin was 7.1 (0.7) %
- Improved financial position
- Net revenue decreased 12 % to SEK 881 (1,001) million due to staff reductions during 2019 in underperforming units and effects of covid-19



EBITA bridge Jan – Sep

- Strategic initiatives delivering in line with plan
- Exceptionally strong profit development in Civil Engineering & Infrastructure
- Improvements in all business areas
- Architecture & Management and Systems has been affected by weaker demand caused by the Covid-19 pandemic



Strong Cash flow and reduced Net debt

- Cash flow from operations generated SEKm 5.4 (-25.0) in Q3
- Cash conversion 72 % (excl. Δ NWC)
- Net debt SEKm 334.5 (419.1)
- Net debt exclusive IFRS 16, SEKm 189.1 (283.4)

SEK million	3 months		9 months		12 months
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating activities					
Profit/loss after financial items	-6.0	-29.0	41.2	-7.5	-36.9
Adjustments for non-cash items	23.8	27.5	64.4	75.7	113.5
Tax paid	4.0	-1.5	-6.1	-5.1	-6.2
Cash flow before changes in working capital	21.7	-3.0	99.4	63.1	70.4
Cash flow from operating activities	5.4	-25.0	134.5	24.5	77.6
Cash flow from investing activities	-6.2	-1.5	-9.8	-32.0	-35.6
Cash flow from financing activities	-39.8	-16.3	-128.1	-89.0	-122.1
Cash flow for the period	-40.7	-42.8	-3.3	-96.4	-80.2
Cash and cash equivalents at end of period	25.4	12.6	25.4	12.6	28.8

Covid-19 impact and measures

- Covid-19 impact on market demand from the latter part of March. Market uncertainty remains.
- Remote work, increased digitalisation and collaboration
- Covid-19 financial impact of approximately SEKm -20 on revenue and SEKm -6 on EBITA
- Covid-19 actions to mitigate business impact
 - Short-time work for 260 employees corresponding to approximately 80 FTE
 - Cost savings
 - Staff reductions of approx. 70 FTEs during Q3
- Government subsidies during Q3 amounts to SEKm 8.8

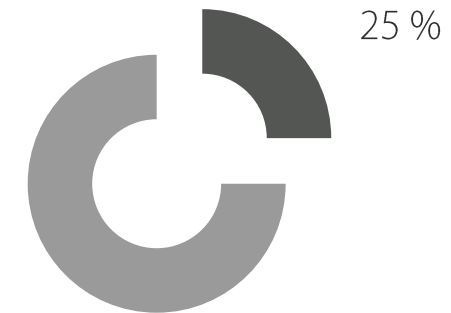
Architecture & Management

- -5.7 (-10.1) % EBITA margin
- -25 % revenue
 - Organic -25 %
 - Acquired 0 %
- Lower revenue due to staff reductions in 2019 and 2020
- Challenging market conditions
- Further cost and sales initiatives taken to adjust to local market conditions

Division summary

SEK million	3 months		9 months		12 months	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	55.1	73.5	229.3	274.7	369.3	323.9
Total growth, %	-25.0	-6.4	-16.5	-1.2	-5.0	-
EBITA	-3.1	-7.4	3.4	-2.4	-8.6	-2.8
- EBITA margin, %	-5.7	-10.1	1.5	-0.9	-2.3	-0.9

Share of revenue*



Civil Engineering & Infrastructure

- 5.0 (-9.3) % EBITA margin
- 11 % revenue growth
 - Organic 11 %
 - Acquired 0 %
- Successful sales efforts and integration of acquisitions
- Positive revenue and earnings trend in infrastructure
- Stable market conditions

Division summary

SEK million	3 months		9 months		12 months	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	91.5	82.2	347.4	310.0	427.1	464.6
Total growth, %	11.3	72.1	12.1	8.2	70.7	–
EBITA	4.6	-7.7	39.0	6.6	8.6	41.0
- EBITA margin, %	5.0	-9.3	11.2	2.1	2.0	8.8

Share of revenue*



Systems*

- -6.3 (-7.8) % EBITA margin
- -29 % revenue
 - Organic -29 %
 - Acquired 0 %
- Lower revenue due to staff reductions within Industry & Energy in 2019 and 2020
- Stable revenue and earnings contribution from other business areas

Division summary

SEK million	3 months		9 months		12 months	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	78.3	110.8	329.5	410.2	553.1	472.4
Total growth, %	-29.4	-12.1	-19.7	-5.7	-8.5	-
EBITA	-4.9	-8.5	15.5	12.1	15.5	18.9
- EBITA margin, %	-6.3	-7.8	4.7	2.9	2.8	4.0

Share of revenue**



*All numbers are proforma including Industry & Energy

Market demand

- The overall demand for PEs services is stable but with regional differences
- Long-term demand driven by societal development trends



Urbanisation



**Digitalisation &
Automation**



Sustainability

Priorities ahead

- Adapt to covid-19 market situation
- Delivering the highest customer value
- Profitable growth
 - Create an efficient base and one PE
 - Secure margin improvements and leverage
 - Organic growth
- The best workplace



*We renew society through innovative
and sustainable solutions*

New CEO 1 December

- Helena Hed appointed new President and CEO
- Previously Managing Director of Sweco Management
- 15 years of experience in various managerial roles within the Sweco Group
- Succeeds Per-Arne Gustavsson 1 December 2020



Summary and outlook

- Significant margin uplift year-to-date to 7.1 (0.7) %
- Uncertain market situation short-term, although with strong underlying market trends
- Further measures taken in Q3 with staff reductions to adjust cost-base to continued market uncertainty
- Agile and focused on market and collaboration
- Improved financial position
- Priorities ahead – One PE, secure margins and leverage, growth when market demand picks up

Q & A
