

Interim report Q2

Interim report Jan-Jun 2018

Per Hedebäck, CEO

Peter Sandberg, CFO



Per Hedeback, CEO



Peter Sandberg, CFO

Agenda

- Introduction to PE
- Q2 and January to June 2018
- Financial targets and strategic direction
- Summary
- Q & A

Introduction to PE

- Founded in 2006, listed on Nasdaq Stockholm since June 2018
- Driven entrepreneurial organisation, close to the customer with focus on collaboration
- A multi-disciplinary technical and architecture consultancy company
- Attractive market supported by long-term growth drivers
- Strong track record of acquisitions in a fragmented market paired with organic growth
- SEK 1.2 billion in Net revenue
- Over 1 000 employees
- 35 locations in Sweden, also offices in India and Norway
- 8 000 projects and 3 000 customers in 2017
- Sector split 35/65 public/private
- Primarily Solution deliveries

Division overview

Architecture & Management

Provides solutions within urban planning, architecture, landscape and interior design as well as project management and consulting within strategy and urban planning



Smart solutions within urban planning and industry that work here and now and for future generations

Industry & Energy

Offers all of PEs competences to the clients within the industry sector. Everything from management services to turn-key projects



Civil engineering & Infrastructure

Provides services in areas such as construction engineering, acoustics, geotechnics, 3D laser scanning, energy, environment and sustainability as well as bridges, rail and road design, water treatment and environmental impact assessments

Systems

Offers system installation design in areas such as HVAC, electricity, automatic water sprinkler systems, telecommunication, lighting, fire and safety, enabling clients to pursue digitalization and automation

Probiostål,
Höganäs



Spårvägmuseet,
Stockholm



Ångströmlaboratoriet,
Uppsala



Platinan,
Göteborg



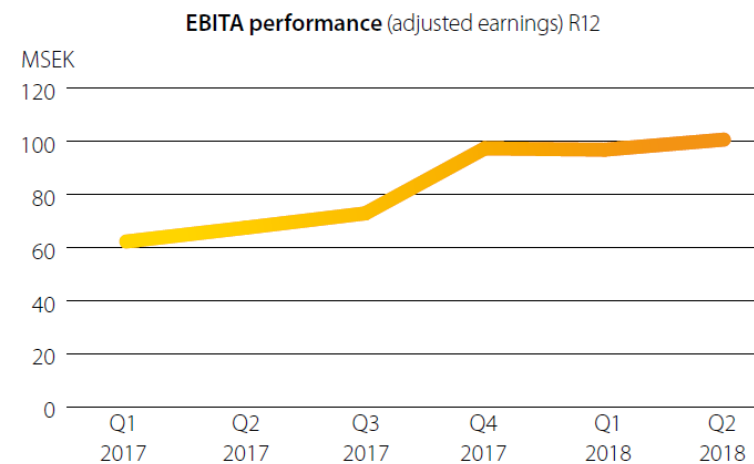
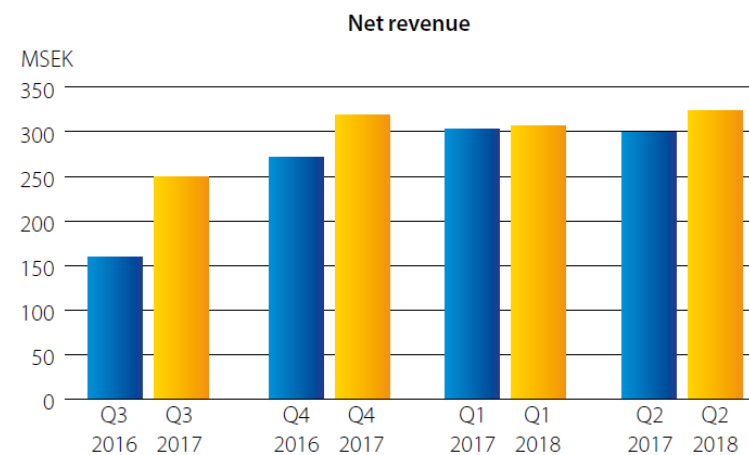
Interim report Q2 2018

Group financial summary Q2

- Consistent development
- Net revenue Msek 324 (Msek 299) , Growth 8.2%
- EBITA margin increase 8.3% (7.7 %)
- Positive net cash position due to new share issue

Group summary

SEK million	3 months		6 months	
	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017
Net revenue	324.1	299.4	631.1	602.1
EBITA (adjusted earnings)	26.9	23.2	59.0	55.7
EBITA margin, % (adjusted earnings)	8.3	7.7	9.3	9.2
Operating profit/loss, EBIT (adjusted earnings)	26.0	22.3	57.1	53.8
Operating margin, % (adjusted earnings)	8.0	7.4	9.1	8.9
Net receivables (-)/debt	-21.6	267.5	-21.6	267.5



Business highlights Q2

- Overall, a favourable market for PEs services
- Positive effect of actions taken to improve profitability within Architecture & Management and Industry & Energy
- Successful IPO on Nasdaq Stockholm
- creates opportunities for continued growth according to strategy

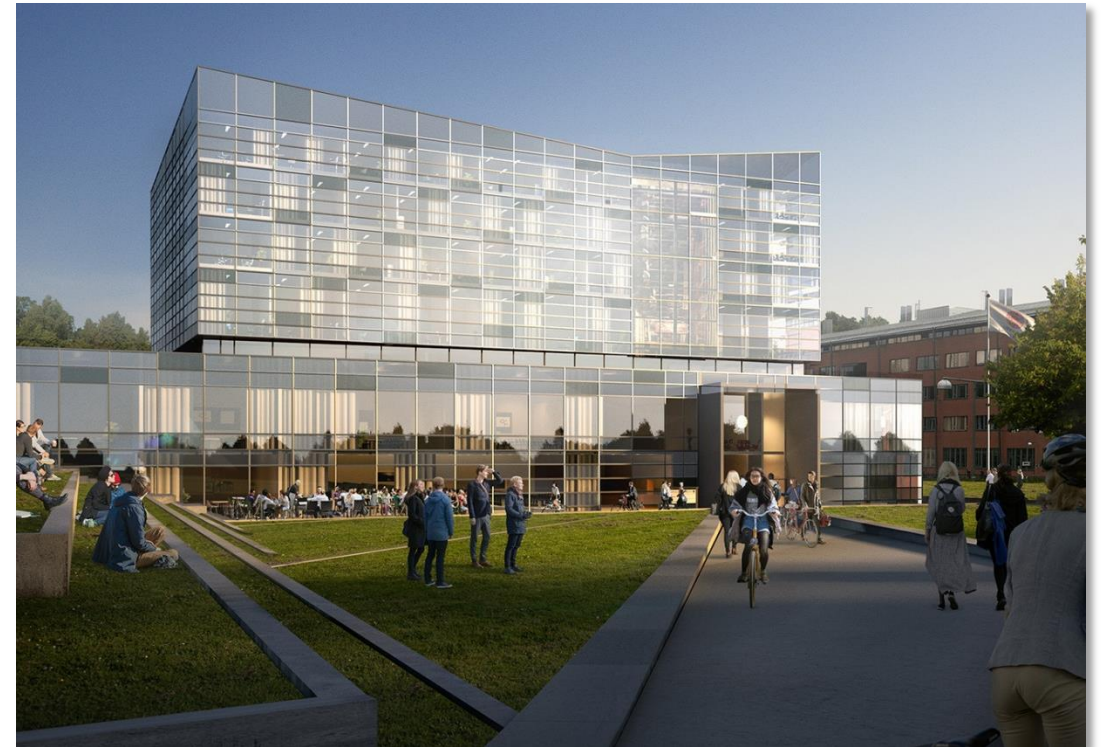


Architecture & Management

- 7.5 % growth
 - Organic 0.3 %
 - Acquired 7.2 %
- Increased profitability
 - restructuring initiatives within architecture
 - solid development within project management
- Strategic recruitments to strengthen the offer within sustainability
- Slowdown in new build housing projects but underlying positive market trend for our services

Division summary

SEK million	3 months		6 months	
	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017
Net revenue	103.5	96.3	192.8	196.0
Total growth, %	7.5	123.2	-1.6	120.4
Operating profit/loss, EBIT (adjusted earnings)	6.8	2.7	8.5	10.3
- EBIT margin, %	6.6	2.8	4.4	5.3



Civil engineering & Infrastructure

- 4.9 % revenue growth
 - Organic 2.7 %
 - Acquired 2.2 %
- Lower profitability due to growth initiatives
- Strong demand for all services

Division summary

SEK million	3 months		6 months	
	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Net revenue	67.7	64.6	139.4	131.7
Total growth, %	4.9	14.5	5.8	40.7
Operating profit/loss, EBIT (adjusted earnings)	4.8	7.8	16.0	17.0
- EBIT margin, %	7.1	12.1	11.5	12.9



Industry & Energy

- -5.9 % revenue growth
 - Organic -5.9 %
 - Acquired 0 %
- Currently in a transformation process towards more solutions within digitalization and automation
- Increased profitability due to higher share of solution based revenue
- Strong underlying market for automation and digitalization solutions within the industry segment

Division summary

SEK million	3 months		6 months	
	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Net revenue	52.1	55.4	97.3	108.7
Total growth, %	-5.9	-1.8	-10.4	-2.7
Operating profit/loss, EBIT (adjusted earnings)	3.0	-0.7	4.9	0.5
- EBIT margin, %	5.8	-1.3	5.0	0.5



Systems

- 21 % revenue growth
 - Organic 17.8 %
 - Acquired 3.3 %
- Continued high profitability enhanced by strategic acquisitions
- Strong demand in our selected markets and areas

Division summary

SEK million	3 months		6 months	
	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Net revenue	111.7	92.3	223.2	188.0
Total growth, %	21.0	50.8	18.7	57.9
Operating profit/loss, EBIT (adjusted earnings)	16.4	12.7	36.8	26.6
- EBIT margin, %	14.7	13.7	16.5	14.2



Cash flow and Net debt

Cash flow from operations generated Msek 19.2 (13.9) in Q2

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Operating activities				
Profit/loss after financial items	16.9	11.9	44.3	36.8
Adjustments for non-cash items	-3.6	5.5	1.8	14.0
Tax paid	-0.0	-0.5	-0.7	-4.7
Cash flow before changes in working capital	13.3	16.9	45.3	46.2
Cash flow from operating activities	19.2	13.9	30.7	37.9
Cash flow from investing activities	-37.4	-15.7	-49.2	-18.5
Cash flow from financing activities	231.3	-16.3	235.5	-30.5
Cash flow for the period	213.2	-18.1	217.1	-11.1
Cash and cash equivalents at end of period	220.6	2.0	220.6	2.0

- Positive cash position
- Cash conversion 96 % (excl. Δ NWC)
- Asset light business model
- New share issue July

Acquisitions – YTD 2018

Yearly revenue Msek 72

Company

Sture Byberg Ingenjörbyrå AB

Energi & VVS-planering i Helsingborg AB

Smedjan Projektledning AB

Roof Arkitekter AB

Fast Engineering Göteborg AB

Division

Civil engineering & Infrastructure

Systems

Architecture & Management

Architecture & Management

Systems

Financial targets

Growth

Projektengagemang has a target to reach an average annual revenue growth rate of 15% over a business cycle

Profitability

Target to reach at least an EBITA-margin of 8% over a business cycle

Leverage

The company's target is to have a financial indebttness between 1.5-2.0x LTM EBITDA over a business cycle

Dividend policy

Projektengagemang's objective is to distribute between 30-50% of net profit

Strategic initiatives to drive profitable growth

Become the best employer in the industry

- Leadership training
- Competence development PE School
- Mentorships
- Onboarding

Active collaboration

- Focus on multi-disciplinary projects
- Specialist disciplines driver for cross-selling opportunities
- Innovation of new technologies, digital solutions and sustainable offerings

Expansion through strategic acquisitions and organic growth

- PE houses with complete customer offering
- Strengthen offerings in high margin areas (ie Fire & Safety)
- Continue to acquire SMEs that either complement the current competence base and/or strengthen the market position

Operational excellence

- Leverage strong central platform and processes to fully utilize cost synergies and best practices
- Decentralized full accountability

Summary Q2

- Continued stable growth
- Improved profitability and margin
- Positive effect of actions taken to improve profitability within Architecture & Management and Industry & Energy
- New rights issue of Msek 329 in connection with the IPO to support further growth

Q & A



Appendix

Group income statement

SEK million	3 months		6 months		12 months	
	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017	Rolling 12 mths
Net revenue	324.1	299.4	631.1	602.1	1,170.7	1,199.7
Other external expenses	-98.6	-84.6	-173.1	-159.8	-338.1	-351.5
Personnel costs	-201.6	-193.4	-399.5	-388.6	-741.5	-752.4
Profit/loss before depreciation/amortisation, EBITDA	23.9	21.4	58.5	53.7	91.1	95.8
Depreciation, amortisation and impairment losses	-4.2	-5.7	-9.1	-11.3	-22.4	-20.1
Operating profit/loss, EBITA	19.7	15.7	49.4	42.4	68.7	75.7
Acquisition-related items	-0.9	-0.9	-1.8	-1.8	-3.7	-3.7
Operating profit/loss, EBIT	18.8	14.8	47.5	40.6	65.0	72.0
Financial items	-1.8	-2.9	-3.2	-3.7	-7.6	-7.1
Profit/loss after financial items	16.9	11.9	44.3	36.8	57.4	64.8
Tax	-3.8	-2.1	-9.0	-11.3	-19.9	-17.6
Profit/loss for the period	13.1	9.7	35.3	25.6	37.5	47.2
Attributable to:						
Parent Company shareholders	12.9	9.7	35.1	25.6	37.3	46.8
Non-controlling interests	0.2	0.1	0.2	-0.1	0.2	0.4
Basic and diluted earnings per share, SEK	0.66	0.49	1.88	1.38	1.75	2.26

Consolidated balance sheet

SEK million	30 June 2018	30 June 2017	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	385.3	305.3	322.6
Other non-current intangible assets	14.6	17.2	16.1
Property, plant and equipment	40.0	49.7	47.3
Financial assets	3.9	0.9	4.2
Total non-current assets	443.8	373.2	390.3
Current assets			
Current assets excluding cash and cash equivalents	351.4	342.5	328.2
Cash and cash equivalents including short-term investments	221.0	5.2	5.0
Total current assets	572.4	347.7	333.2
TOTAL ASSETS	1,016.2	720.9	723.5
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders	535.1	216.0	227.7
Non-controlling interests	0.9	0.5	0.8
Total equity	536.1	216.5	228.5
Liabilities			
Non-current liabilities	156.4	193.6	174.1
Current liabilities	309.5	308.9	307.5
Deferred tax liability	14.2	1.9	13.5
Total liabilities	480.1	504.4	495.1
TOTAL EQUITY AND LIABILITIES	1,016.2	720.9	723.5

Consolidated cash flow statement

SEK million	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Operating activities					
Profit/loss after financial items	16.9	11.9	44.3	36.8	57.4
Adjustments for non-cash items	-3.6	5.5	1.8	14.0	20.0
Tax paid	-0.0	-0.5	-0.7	-4.7	0.5
Cash flow before changes in working capital	13.3	16.9	45.3	46.2	77.9
Cash flow from changes in working capital	5.9	-3.0	-14.6	-8.2	-1.3
Cash flow from operating activities	19.2	13.9	30.7	37.9	76.6
Purchase of property, plant and equipment and non-current intangible assets	-1.1	-1.9	-2.0	-3.3	-4.7
Acquisition of Group companies, incl. cash funds	-36.7	-13.8	-47.5	-15.1	-15.2
Sale of Group companies	–	–	–	–	0.9
Change in financial assets	0.4	-0.0	0.3	-0.1	–
Cash flow from investing activities	-37.4	-15.7	-49.2	-18.5	-18.9
Dividend paid	-11.7	–	-11.7	–	–
New share issue	300.0	–	300.0	–	–
Amortisation of loans	-15.1	-15.4	-30.6	-31.5	-62.6
Change in credit facilities	-41.9	-0.9	-22.2	1.0	-4.7
Cash flow from financing activities	231.3	-16.3	235.5	-30.5	-67.3
Cash flow for the period	213.2	-18.1	217.1	-11.1	-9.6
Cash and cash equivalents at start of period	7.5	20.2	3.5	13.2	13.2
Exchange rate difference in cash and cash equivalents	0.0	-0.1	0.0	-0.0	-0.1
Cash and cash equivalents at end of period	220.6	2.0	220.6	2.0	3.4

The PE brand

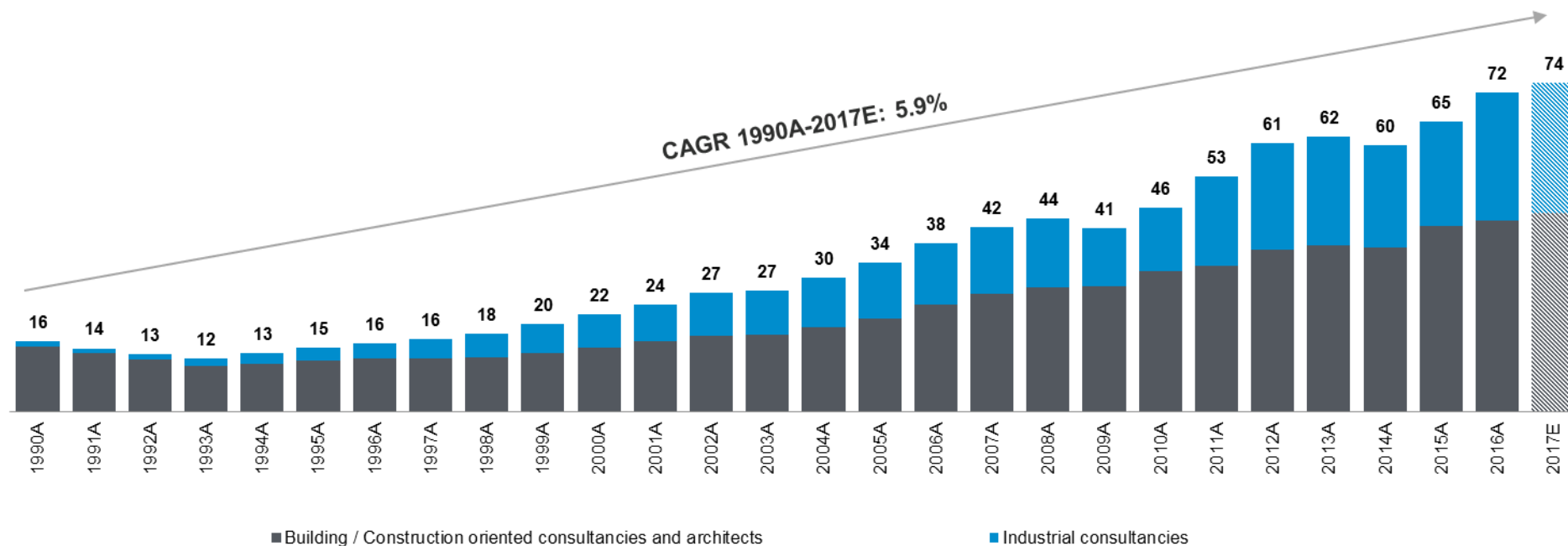
- A yearly 10-15 percent increase of brand awareness
- Ranked on 54th (66th) place of the most attractive employer amongst all engineering students
- Awarded for great work with our employer brand by Karriärföretagen. Only nationwide consultancy group to receive the award both 2017 and 2018
- Known for being a decentralized organization
- KVIST, our network for female engineers and architects
- Strengthened the HR-function with a new HR director and several new HR business partners



Attractive market

Swedish market development¹

(SEKbn)



- Historically strong market growth expected to continue going forward

1) Excludes revenue from control and certification consultancies. In 2016, excluded revenue from control and certification consultancies amounted to SEK 1.8bn
Source: STD report (2017), based on 2016 financials

...supported by long-term growth drivers

Significant infrastructure pipeline

- Continued urbanisation and decades of under-investment in Swedish Infrastructure
- The Swedish government has prioritised and made commitments of more than SEK 600bn to be invested in Infrastructure until 2029, including increased support for the development of smart cities



Increased industrial investments

- Swedish Industrial Investments expected to amount to c. SEK 200bn in 2019E, corresponding to 2016-19E CAGR of 7.0%
- Increased global competition drives the demand for efficiency improvement in the industry. Technology development and digital solutions are enablers of efficiency gains
- Clients continuously focus on core business and outsourcing of engineering capabilities drives demand of complex multi-disciplinary solutions



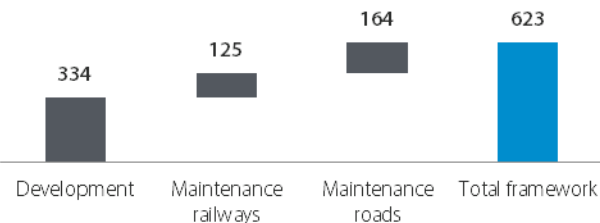
Emergent trends towards sustainability

- EU countries have agreed on a 2030 Framework for climate and energy, enabling the EU to achieve a more sustainable energy system
- Sweden aims to generate all energy from renewable sources by 2040, which encourages private investments in new pipelines, electricity networks and low-carbon technology



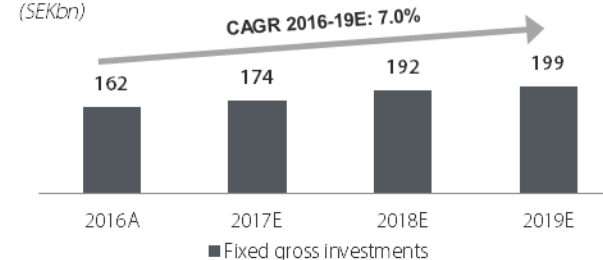
Swedish infrastructure pipeline 2018-2029

(SEKbn)



Swedish industrial investments¹

(SEKbn)



EU countries' 2030 energy targets

40%

Cut in greenhouse gas emissions compared to 1990 levels

27%

Share of renewable energy

27%

Energy savings compared with the business-as-usual scenario

- Long-term growth drivers expected to support continued growth in the architectural and technical engineering consultancy market

¹) Fixed gross investment, referenced to 2016 prices

Source: The Swedish Transport Association, The National Institute of Economic Research (Sw. Konjunkturinstitutet), IVL Swedish Environmental Research Institute, European Commission