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Press release 2018-05-24

Projektengagemang intends to list its B-shares on Nasdaq Stockholm

Projektengagemang Sweden AB (publ) ("Projektengagemang" or the "Company"), a Swedish multi-disciplinary engineering consultancy firm offering services within architecture, project management, urban planning, building design, infrastructure, industry and energy to customers within the public and private sector, is today announcing its intention to float the Company's B-shares¹ on Nasdaq Stockholm (the "IPO" or the "Offering").

- The Offering is expected to be conducted at a fixed price corresponding to a total value of the Company's shares of approximately SEK 825 million (before any proceeds from the Offering).
- The Offering is expected to include a new issue of B-shares of approximately SEK 300 million before transaction costs and a sale of existing B-shares of approximately SEK 180 million, offered by Projektengagemang Holding i Stockholm AB (the "Main Shareholder").
- In addition, the Company is expected to issue an option to SEB to sell additional B-shares corresponding to at most 15 percent of the total number of shares in the Offering (the "Overallotment option"), providing Projektengagemang with additional proceeds of approximately SEK 70 million.
- The Offering is expected to, in aggregate, correspond to approximately 46 percent of the total number of shares outstanding after the Offering, provided that the Overallotment option is fully exercised.
- Swedbank Robur Fonder AB, Investment AB Öresund, Humle Kapitalförvaltning AB and LK Finans AB ("Cornerstone Investors") have committed to acquire B-shares in the Offering to a value of approximately SEK 236 million, corresponding to 43² percent of the total amount of shares in the Offering.

Projektengagemang's Board of Directors and the Main Shareholder believe that it is an appropriate time to float the Company's B-shares to improve access to the capital market and a new diversified shareholder base. Moreover, an IPO will increase the awareness of the Company and strengthen Projektengagemang's brand, employer attractiveness and relationships with customers and other stakeholders.

¹ A-shares carry ten votes and B-shares one vote. Each shareholder has the right to vote for all shares the shareholder owns in the Company. All shares in the Company have equal right to dividend.

² Provided that the Overallotment option is fully exercised.

About Projektengagemang

PE employs approximately one thousand architects, engineers, project managers and specialists. Together we create value for our customers – and for society at large. We are present in over 35 locations and offer solutions that work here and now and for future generations. We create for life. Learn more at www.pe.se.

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Per Hedeback, President and CEO of Projektengagemang, comments:

“This IPO is not just a proof of the high quality of how Projektengagemang’s competitive business is operated, it also provides us with prerequisites for continued development and growth as well as the ability to create more value for customers and the society. Projektengagemang has had growth in its DNA since its inception, and through the IPO we will have greater opportunities to continue our growth journey and develop our business.”

Per-Arne Gustavsson, Founder and Board Member of Projektengagemang, comments:

“We founded Projektengagemang with the vision of creating a company that, through entrepreneurship and individual impact would renew the technical consultancy market – and now we have taken the next step towards our continued development. At Projektengagemang, every employee’s personal engagement is the foundation for our collective corporate culture. Those are the fundamental values on which we purposefully have built our Company, and that attracts both customers and the best employees. I am excited to follow Projektengagemang’s continued work with our CEO at the forefront in my new role as Board Member.”

Öystein Engebretsen, Investment Manager at Investment AB Öresund and Board Member of Projektengagemang, comments:

“We believe in a continued strong development of the technical consultancy market. We are impressed by how Projektengagemang and the Company’s management have succeeded in strengthening the Company’s position during our time as shareholders, inter alia through a consistent and successful work with acquisitions. Now we are pleased to be able to increase our shareholding in connection with a listing that we believe will strengthen the Company even further.”

About Projektengagemang

Projektengagemang is a Swedish multi-disciplinary engineering consultancy firm offering services within architecture, project management, urban planning, building design, infrastructure, industry and energy to customers in the public and private sector. The Company is headquartered in Stockholm and is represented in more than 35 regions in Sweden through approximately 50 offices, as well as in Chennai, India through its subsidiary PE-Aristi. As of 31 March 2018, the Company had 986 employees. Since the establishment in 2006, Projektengagemang has achieved strong net revenue growth, both organically and through acquisitions. Projektengagemang operates through four divisions, Architecture & Management, Civil Engineering & Infrastructure, Systems and Industry & Energy. In 2017, Projektengagemang reported net revenue of SEK 1,171 million and an adjusted EBITA of SEK 97 million, corresponding to an adjusted EBITA margin of 8.3 percent.

Strengths and competitive advantages

- Well positioned to benefit from underlying growth drivers on the market.
- Broad competence base.
- Driven entrepreneurial organisation that works closely with customers and focuses on collaboration.
- Strong track record of acquisitions in a fragmented market coupled with organic growth.
- Asset-light business model with diversified and highly cash generative revenue streams.

Well positioned to benefit from underlying growth drivers on the market

Projektengagemang operates in the Swedish technical consultancy market, thus the Company’s business benefits from the underlying growth drivers in the market, such as expected favourable macro environment with high potential of public sector investments, population growth and

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urbanisation, infrastructure investments in Sweden which is prioritised after several years of underinvestment, increased investments in areas including automation and digital solutions within the industrial sector, and increased demand for energy efficient solutions.

Broad competence base

Projektengagemang has a wide service offering enabling the Company to offer multi-disciplinary solutions, which the Company believes add value and profitability that is attractive for the customers and society. Furthermore, the Company believes that only a few players on the Swedish market have the capability to deliver services for multi-disciplinary solutions on par with Projektengagemang. The Company sees great potential for multi-disciplinary solutions as customers increasingly focus on their core business and outsource non-core services.

Driven entrepreneurial organisation that works closely with customers and focuses on collaboration

Since Projektengagemang was founded the corporate culture has been based on entrepreneurship, which has enabled the Company to rapidly establish itself in the segments of the market where growth has been identified. Projektengagemang has established a solid platform with central functions and systems to support local units and managers working closely with customers. In addition, Projektengagemang's decision process and P&L responsibility are decentralised in the local units to rapidly meet customers' demands. The Company prioritises proactive collaboration between units which improves knowledge-sharing, efficiency and the offering to customers.

Strong track record of acquisitions in a fragmented market coupled with organic growth

The Swedish technical consultancy market is fragmented with more than 11,000 companies. Thus, there are ample opportunities for further consolidation on the market. Since 2007, Projektengagemang has acquired 37 companies. The Company has a well-defined M&A strategy and structured M&A process and believes that it has an attractive offering to entrepreneurs considering selling their companies. Projektengagemang believes that the Company is considered an attractive buyer because the Company offers an attractive workplace for the employees of the acquired company. Projektengagemang continuously identifies approximately 50 potential M&A-candidates and has on-going discussions with 5-10 M&A-candidates.

Asset-light business model with diversified and highly cash generative revenue streams

Projektengagemang has a broad customer base consisting of approximately 3,000 customers distributed on approximately 8,000 assignments. The Company believes that the broad customer base coupled with that 35 percent of net revenues are attributable to the public sector gives a low risk profile. In addition to the diversified business model and high profitability, the Company has generated strong cash flow driven by its asset-light operations. Cash conversion excluding changes in net working capital³ amounted to 95 percent in 2017.

³ Operating cash flow (excluding change in net working capital) is defined as adjusted EBITDA minus capital expenditures (excluding acquisitions). Cash conversion defined as operating cash flow divided by adjusted EBITDA. The data is pulled from the Company's internal accounting system.

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Financial development

SEKm	January-march		Financial year		
	2018	2017	2017	2016	2015
Net revenue	307.1	302.7	1,170.7	833.4	683.7
<i>Net revenue growth (%)⁴</i>	1.4 %	55.6 %	40.0 %	21.9 %	11.6 %
<i>Organic net revenue growth (%)⁵</i>	0.5 %	4.8 %	4.1 %	2.4 %	8.1 %
<i>Acquired net revenue growth (%)⁶</i>	1.0 %	50.8 %	35.9 %	19.5 %	3.4 %
Adjusted EBITA ⁷	32.0	32.5	97.4	48.2	57.4
<i>Adjusted EBITA margin (%)</i>	10.4 %	10.7 %	8.3 %	5.8 %	8.4 %
FTEs	971	980	988	710	565
Utilisation rate (%)	79.3 %	77.1 %	78.6 %	77.9 %	82.1 %

Financial targets

On March 27th 2018, the Company's Board of Directors adopted the below listed financial targets:

Growth

An annual average net revenue growth rate of 15 percent over a business cycle.

EBITA margin

EBITA margin of at least 8 percent over a business cycle.

Leverage

Financial indebtedness between 1.5x-2.0x adjusted LTM EBITDA⁸ over a business cycle. However, this level can be temporarily exceeded for example to finance acquisitions.

Dividend policy

Objective to distribute between 30-50 percent of net profit.

The Offering

Nasdaq Stockholm has decided to admit Projektengagemang's B-shares to trading, subject to customary conditions, which among other things entails that the distribution requirement of the Company's shares are fulfilled on the first day of trading at the latest.

The Offering consists of newly issued B-shares and B-shares from the Main Shareholder and is expected to amount to approximately SEK 550 million, provided that the Overallotment option is fully exercised. The new share issue will provide Projektengagemang with proceeds of approximately SEK 370 million before transaction costs, provided that the Overallotment option is fully exercised,

⁴ Net revenue compared to the same period last year.

⁵ Organic growth is defined as the organic contribution of the net revenue growth for each year being the part that is not acquired (total growth minus acquired growth equals organic growth). For 2015 and 2016, the data is pulled from the Company's internal accounting system.

⁶ Acquired net revenue based on estimated annual net revenue of the target company at the time of acquisition, considering the following 12 month period to attain a relation between the acquired net revenue and the annual net revenue. For 2015 and 2016, the data is pulled from the Company's internal accounting system.

⁷ EBITA adjusted for items affecting comparability, which includes costs related to acquisitions and integration, IPO preparations as well as depreciation of non-acquisition related intangible and tangible assets and costs related to divested operations. For 2015 and 2016, the data is pulled from the Company's internal accounting system.

⁸ EBITA adjusted for items affecting comparability, which includes costs related to acquisitions and integration, IPO preparations as well as depreciation of non-acquisition related intangible and tangible assets and costs related to divested operations. For 2015 and 2016, the data is pulled from the Company's internal accounting system.

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and is intended to enable further acquisitive and organic revenue growth. The Offering is directed towards the public in Sweden, institutional investors in Sweden and internationally, and Projektengagemang's employees. The Main Shareholder, Projektengagemang Holding i Stockholm AB, owned by the founders Per-Arne Gustavsson and Per Göransson, will decrease their holding in Projektengagemang but will remain with a significant shareholding after the IPO and thereby continue to contribute to the Company's future development.

SEB is Sole Global Coordinator and Bookrunner. White & Case AB is legal advisor to the Company and Advokatfirman Hammariskiöld & Co is legal advisor to the Sole Global Coordinator and Bookrunner.

Cornerstone Investors

Cornerstone Investors have, each individually, committed to subscribe for B-shares in the contemplated IPO, subject to certain conditions being fulfilled, including a condition that the Offering is expected to be conducted at a fixed price corresponding to a total value of the Company's shares of approximately SEK 825 million before any proceeds from the Offering. In total, there are four Cornerstone Investors, of which two are existing shareholders⁹ in the Company, with the following respective commitments: Swedbank Robur Fonder AB (SEK 96 million), Investment AB Öresund (SEK 75 million), Humle Kapitalförvaltning AB (SEK 40 million) and LK Finans AB (SEK 25 million). The combined commitment of the Cornerstone Investors amount to approximately SEK 236 million or approximately 43¹⁰ percent of the Offering.

For further information visit the Company website www.pe.se or contact:

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⁹ Investment AB Öresund and LK Finans AB are existing shareholders and each owns 5.5 percent of the capital in the Company before the Offering.

¹⁰ Provided that the Overallotment option is fully exercised.

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