

# Projektengagemang Q2 2019

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January - June 2019

Per Hedeback, CEO  
Peter Sandberg, CFO

# Company overview

- Founded in 2006, listed on Nasdaq Stockholm since June 2018
- A multidisciplinary technical and architecture consultancy company
- Driven entrepreneurial organization
- ~10 000 projects 2018, 3 000 clients (35 % public, 65 % private)

1.3 SEKbn  
Net Revenue\*

4%  
EBITA\*\*

1 200  
Employees

30  
Locations



\*LTM  
\*\*LTM, Adjusted earnings

# Our business areas

## Architecture & Management

Architecture in combination with urban planning, landscape and interior design

Project management and strategic advisory within sustainability and urban planning

## Industry & Energy

Industry specialist focusing on solution based projects within automation and digitalization and product development as well as design of industrial plants



## Civil Engineering & Infrastructure

Construction engineering, acoustics, geotechnics, energy, environment and sustainability

Specialist services regarding bridges, rail and road design and water treatment

## Systems

System installation design within HVAC, electricity, telecom, security and fire & safety

Systems specialists regarding digitalization, sensors and systems optimization and automation

\* LTM. Share of Group revenue and EBIT-margin.

# Q2 2019

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Acquisitions drive stable revenue growth

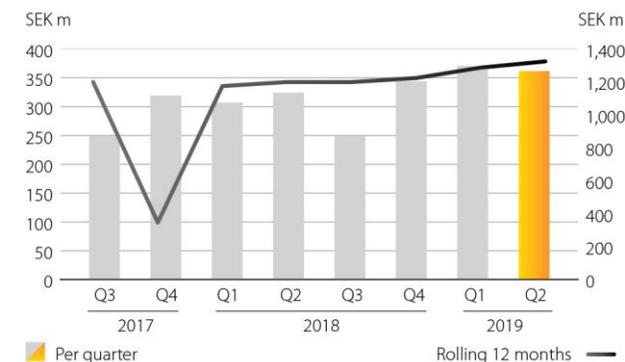
# Group financial summary Q2

- Net revenue grew 12 % to SEKm 362 (324)
  - Driven by acquisitions
- EBITA SEKm 16 (27)
  - Lower utilization rates and reduced headcount specifically in business area Industry & Energy and business unit Management
  - Sales and cost measures to improve margins ongoing
  - Improved performance within division Systems versus Q1
- EBITA margin 4.4 (8.3) %

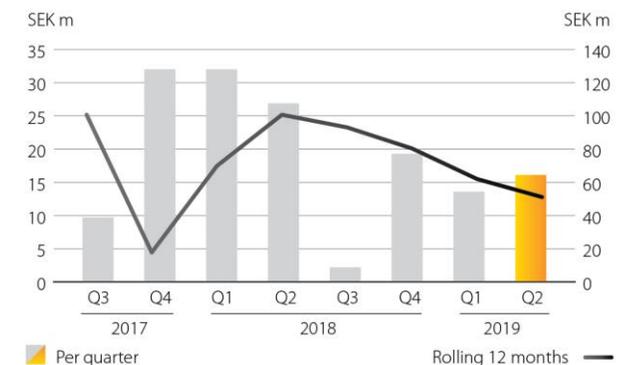
## Group summary

SEK million	3 months		6 months		12 months	
	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Jan–Dec 2018	Rolling 12 mths
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
EBITA (adjusted earnings)	16.1	26.9	29.6	59.0	80.4	51.1
EBITA margin, % (adjusted earnings)	4.4	8.3	4.0	9.3	6.6	3.9
Operating profit/loss, EBIT (adjusted earnings)	13.2	26.0	26.6	57.1	76.7	46.2
Operating margin, % (adjusted earnings)	3.7	8.0	3.6	9.1	6.3	3.5
Net receivables (-)/debt (1)	390.9	-21.6	390.9	-21.6	207.8	390.9

## Net revenue



## EBITA (adj.)



# Group EBIT bridge Q2 (adj.)

- Lower utilization rates and earnings within Industry & Energy and within the Management consultant unit of the business area Architecture & Management
- Systems at same level year on year and up 40 % compared to Q1, despite fewer working days



# Business highlights Q2

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- Increased sales activities yields results – several major contracts won within and across business areas
- Firm activities to turn around underperforming units
- Capture sales and cost synergies
  - Reducing legal entities
  - Moving together
  - One brand



# New major projects

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- Electrical project planning and HVAC design for Locum at Danderyd Hospital
- Railway project planning of ERTMS for the control areas Stockaryd in Småland and Polcirkeln in Lappland for the Swedish Transport Administration
- Architecture services and expertise in accessibility for Skatteverket in Stockholm
- Several multi disciplinary framework agreements won, with a good mix of private and public clients



# Architecture & Management

- -11 % revenue growth
  - Organic -16 %
  - Acquired 5 %
- Solid demand within the Architecture section in the quarter, recruitments planned for H2
- In the Management consulting unit, utilization and profitability has been low during the year
  - Staff reductions to restore profitability
- Management consulting offering will be focused on Sustainability where demand is strong

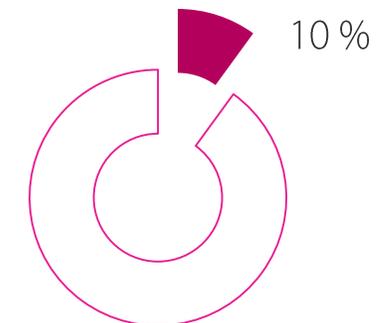
## Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Rolling 12 mths
Net revenue	98.1	110.4	201.3	206.0	388.8	384.0
Total growth, %	-11.2	7.8	-1.2	-1.3	-1.2	-
Operating profit/loss, EBIT (adjusted earnings)	1.1	7.6	4.6	9.9	10.6	5.3
- EBIT margin, %	1.1	6.9	2.3	4.8	2.7	1.4

Share of revenue\*



Share of EBIT\*



\*LTM

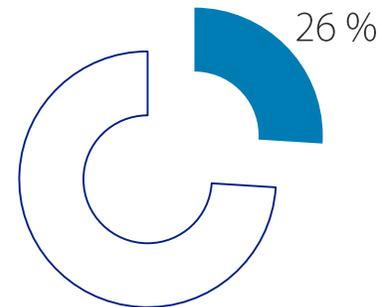
# Civil Engineering & Infrastructure

- 81 % revenue growth
  - Organic -4 %
  - Acquired 85 %
- Integra Engineering performing in line with expectations
- Margin impacted by lower utilization rates in some of the business areas in the Stockholm region. Positive utilization trend at end of quarter versus Q1
- Railroad section continued positive trend with additional contracts signed

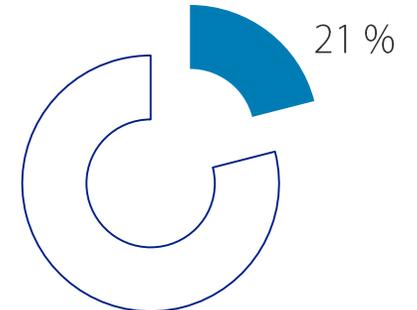
## Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Rolling 12 mths
Net revenue	111.7	61.6	227.7	127.7	250.2	350.3
Total growth, %	81.2	5.6	8.2	7.1	8.2	-
Operating profit/loss, EBIT (adjusted earnings)	3.6	4.0	9.8	14.6	15.9	11.1
- EBIT margin, %	3.2	6.5	4.3	11.5	6.3	3.2

Share of revenue\*



Share of EBIT\*



\*LTM

# Industry & Energy

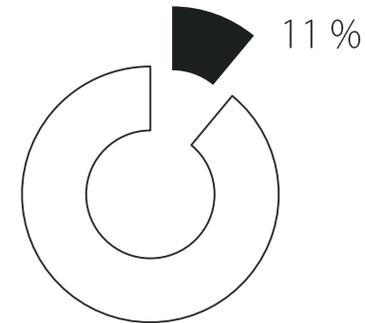
- -47 % revenue growth
  - Organic -47 %
  - Acquired 0 %
- Revenue and earnings impacted by transformation with further staff reduction
- Reduction of offices in the quarter
- Review of additional transformation activities to be carried out during the second half of the year
- Sales focus on automation and digitalization where market demand is solid

\*LTM

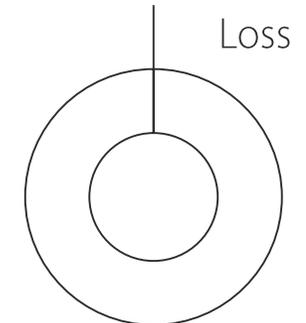
## Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Rolling 12 mths
Net revenue	27.4	52.1	61.1	97.3	1799	143.7
Total growth, %	-47.4	-5.9	-17.2	-10.4	-17.2	-
Operating profit/loss, EBIT (adjusted earnings)	-3.1	3.0	-4.3	4.9	3.8	-5.4
- EBIT margin, %	-11.4	5.8	-7.1	5.0	2.1	-3.7

Share of revenue\*



Share of EBIT\*



# Systems

- 9 % revenue growth
  - Organic -2 %
  - Acquired 11 %
- Earnings impacted by lower demand within Electrical and Telecommunications, especially in the Stockholm region
- 40 % EBIT (adj.) increase versus Q1 2019, despite fewer working days
- Sales efforts have delivered a number of large contracts with positive impact on utilization for the remainder of the year

\*LTM

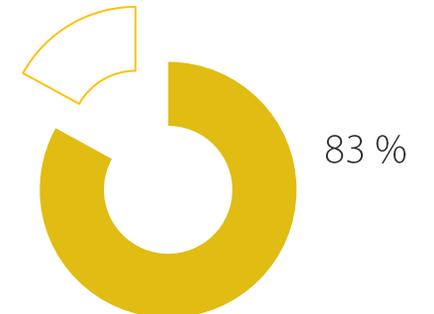
## Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018	Rolling 12 mths
Net revenue	121.7	111.7	244.0	223.2	445.3	466.1
Total growth, %	8.9	21.0	22.7	18.7	22.7	-
Operating profit/loss, EBIT (adjusted earnings)	14.1	16.4	24.2	36.8	56.7	44.0
- EBIT margin, %	11.6	14.7	9.9	16.5	12.7	9.4

Share of revenue\*



Share of EBIT\*



# Cash flow and Net debt

- Cash flow from operations generated SEKm 63.9 (19.2) in Q2
- Cash conversion 95 % (excl.  $\Delta$  NWC)
- Net debt SEKm 390.9, increased by SEKm 136 due to IFRS16
- Dividend paid of SEK 1.0 per share equivalent of 43 % of EPS, SEKm 24.6

SEK million	3 months		6 months		12 months
	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Jan–Dec 2018
<b>Operating activities</b>					
Profit/loss after financial items	11.1	16.9	21.5	44.3	68.4
Adjustments for non-cash items	28.0	-3.6	48.4	1.8	17.9
Tax paid	-3.1	-0.0	-3.6	-0.7	-5.7
<b>Cash flow before changes in working capital</b>	<b>36.0</b>	<b>13.3</b>	<b>66.3</b>	<b>45.3</b>	<b>80.5</b>
<b>Cash flow from operating activities</b>	<b>63.9</b>	<b>19.2</b>	<b>49.8</b>	<b>30.7</b>	<b>37.8</b>
Cash flow from investing activities	-11.2	-37.4	-30.7	-49.2	-275.1
Cash flow from financing activities	-68.5	231.3	-72.6	235.5	342.8
<b>Cash flow for the period</b>	<b>-15.8</b>	<b>213.2</b>	<b>-53.5</b>	<b>217.1</b>	<b>105.5</b>
Cash and cash equivalents at end of period	55.5	220.6	55.5	220.6	109.0

# Conclusion and outlook

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- Continued revenue growth driven by acquisitions
- Lower earnings due to lower utilization rates and reduced headcount. Specifically in business area Industry & Energy and the Management consulting unit
- Systems back on track with improving utilization rates
- Sales and cost measures to improve margins according to plan, SEKm 15 on a yearly basis (SEKm 5 in H2)
- Group management team top priority is to restore profitability
- We anticipate a full-year EBITA-result for 2019 in line with or slightly better than in the previous year

# Q & A



# Appendix

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# Group income statement

SEK million	3 months		6 months		12 months	
	Apr–Jun 2019	Apr–Jun 2018	Jan–Jun 2019	Jan–Jun 2018	Jan–Dec 2018	Rolling 12 mths
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Other external expenses	–82.5	–98.6	–162.1	–173.1	–347.9	–336.9
Personnel costs	–242.4	–201.6	–499.5	–399.5	–786.3	–886.4
Profit/loss before depreciation/amortisation, EBITDA	36.7	23.9	70.3	58.5	89.6	101.4
Depreciation, amortisation and impairment losses	–20.6	–4.2	–40.7	–9.1	–18.8	–50.3
Operating profit/loss, EBITA	16.1	19.7	29.6	49.4	70.8	51.1
Acquisition-related items <sup>1</sup>	–2.8	–0.9	–3.0	–1.8	3.4	2.2
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Financial items	–2.1	–1.8	–5.2	–3.2	–5.8	–7.7
Profit/loss after financial items	11.1	16.9	21.5	44.3	68.4	45.6
Tax	–3.0	–3.8	–5.1	–9.0	–11.3	–7.4
Profit/loss for the period <sup>2</sup>	8.1	13.1	16.3	35.3	57.1	38.2
Attributable to:						
Parent Company shareholders	8.1	12.9	16.3	35.1	56.8	38.1
Non-controlling interests	0.0	0.2	0.0	0.2	0.3	0.1
Basic and diluted earnings per share for the period, SEK	0.33	0.66	0.67	1.88	2.63	1.55

<sup>1</sup> Acquisition-related items are defined as depreciation/amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains and losses from divestments of companies, operations, land and buildings.

<sup>2</sup> No deviations between the profit or loss for the period and comprehensive income for the period.

# Consolidated balance sheet

SEK million	30 June 2019	30 June 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	597.4	385.3	573.0
Other non-current intangible assets	47.3	14.6	50.6
Property, plant and equipment	211.9	40.0	62.4
Financial assets	4.3	3.9	3.9
<b>Total non-current assets</b>	<b>861.0</b>	<b>443.8</b>	<b>689.9</b>
<b>Current assets</b>			
Current assets excluding cash and cash equivalents	402.5	351.4	394.3
Cash and cash equivalents including short-term investments	56.1	221.0	109.5
<b>Total current assets</b>	<b>458.6</b>	<b>572.4</b>	<b>503.8</b>
<b>TOTAL ASSETS</b>	<b>1,319.6</b>	<b>1,016.2</b>	<b>1,193.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to Parent Company shareholders	578.3	535.1	586.1
Non-controlling interests	1.3	0.9	1.0
<b>Total equity</b>	<b>579.6</b>	<b>536.1</b>	<b>587.2</b>
<b>Liabilities</b>			
Non-current liabilities	327.2	156.4	264.8
Current liabilities, accrued expenses	380.5	309.5	310.7
Deferred tax liabilities	32.3	14.2	31.0
<b>Total liabilities</b>	<b>740.0</b>	<b>480.1</b>	<b>606.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,319.6</b>	<b>1,016.2</b>	<b>1,193.7</b>

# Consolidated cash flow statement

SEK million	3 months		6 months		12 months
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Operating activities</b>					
Profit/loss after financial items	11.1	16.9	21.5	44.3	68.4
Adjustments for non-cash items	28.0	-3.6	48.4	1.8	17.9
Tax paid	-3.1	-0.0	-3.6	-0.7	-5.7
<b>Cash flow before changes in working capital</b>	<b>36.0</b>	<b>13.3</b>	<b>66.3</b>	<b>45.3</b>	<b>80.5</b>
Cash flow from changes in working capital	28.0	5.9	-16.5	-14.6	-42.7
<b>Cash flow from operating activities</b>	<b>63.9</b>	<b>19.2</b>	<b>49.8</b>	<b>30.7</b>	<b>37.8</b>
Purchase of property, plant and equipment and non-current intangible assets	-1.8	-1.1	-5.6	-2.0	-3.6
Acquisition of Group companies, incl. cash funds	-9.3	-36.7	-24.9	-47.5	-271.6
Sale of Group companies	-	-	-	-	-
Change in financial assets	-0.1	0.4	-0.2	0.3	0.1
<b>Cash flow from investing activities</b>	<b>-11.2</b>	<b>-37.4</b>	<b>-30.7</b>	<b>-49.2</b>	<b>-275.1</b>
Dividend paid	-24.6	-11.7	-24.6	-11.7	-11.7
New share issue	-	300.0	-	300.0	329.1
Transaction expenses, new share issue	-	-	-	-	-19.9
Borrowings	-	-	-	-	281.0
Amortisation of loans	-32.0	-15.1	-62.1	-30.6	-213.6
Change in credit facilities	-12.0	-41.9	14.1	-22.2	-22.2
<b>Cash flow from financing activities</b>	<b>-68.5</b>	<b>231.3</b>	<b>-72.6</b>	<b>235.5</b>	<b>342.8</b>
<b>Cash flow for the period</b>	<b>-15.8</b>	<b>213.2</b>	<b>-53.5</b>	<b>217.1</b>	<b>105.5</b>
Cash and cash equivalents at start of period	71.2	7.5	109.0	3.5	3.5
Exchange rate difference in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at end of period</b>	<b>55.5</b>	<b>220.6</b>	<b>55.5</b>	<b>220.6</b>	<b>109.0</b>