

Q2

Interim report

January to June 2019

Acquisitions fuel stable revenue growth

Projektengagemang continued to exhibit growth in the first half of 2019. Net revenue increased by 16 percent and is entirely driven by acquisitions. The EBITA margin for the first six months totalled just over 4 percent, which is lower compared with the previous year.

Second quarter, 1 April–30 June 2019

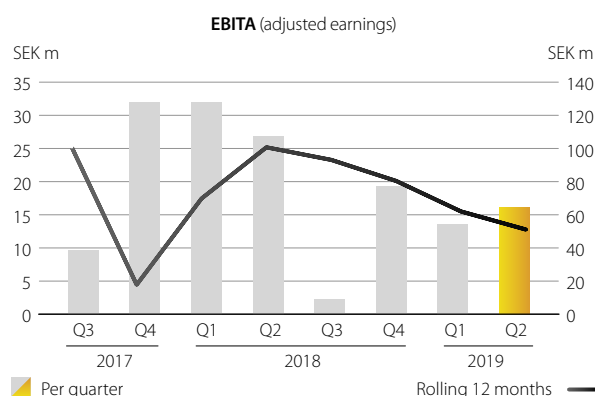
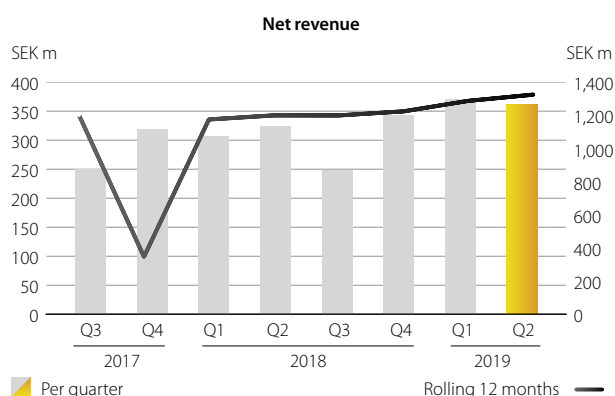
- Net revenue totalled SEK 361.6 million (324.1), an increase of 12 percent
- EBITA amounted to SEK 16.1 million (26.9), with an EBITA margin of 4.4 percent (8.3)
- EBIT amounted to SEK 13.2 million (26.0), with an operating margin of 3.7 percent (8.0)
- Earnings for the period totalled SEK 8.1 million (13.1)
- Basic and diluted earnings per share totalled SEK 0.33 (0.66)

Half-year period, 1 January–30 June 2019

- Net revenue totalled SEK 732.0 million (631.1), an increase of 16 percent
- EBITA amounted to SEK 29.6 million (59.0), with an EBITA margin of 4.0 percent (9.3)
- EBIT amounted to SEK 26.6 million (57.1), with an operating margin of 3.6 percent (9.1)
- Earnings totalled SEK 16.3 million (35.3)
- Basic and diluted earnings per share totalled SEK 0.67 (1.88)
- Mats & Arne Arkitektkontor AB was acquired
- Helena Liljegren took up her position as Head of the Architecture & Management division
- Kjell-Åke Johansson took on the role of Head of the Systems division
- Nicke Rydgren was appointed Chief Commercial Officer, a role that combines marketing and acquisitions with strategy and business development

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	16.1	19.7	29.6	49.4	70.8	51.1
EBITA (adjusted earnings)	16.1	26.9	29.6	59.0	80.4	51.1
EBITA margin, %	4.4	6.1	4.0	7.8	5.8	3.9
EBITA margin, % (adjusted earnings)	4.4	8.3	4.0	9.3	6.6	3.9
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Operating profit/loss, EBIT (adjusted earnings)	13.2	26.0	26.6	57.1	76.7	46.2
Operating margin, %	3.7	5.8	3.6	7.5	6.1	4.0
Operating margin, % (adjusted earnings)	3.7	8.0	3.6	9.1	6.3	3.5
Profit/loss for the period	8.1	13.1	16.3	35.3	57.1	38.2
Basic and diluted earnings per share for the period, SEK	0.33	0.66	0.67	1.88	2.63	1.55
Net receivables (-)/debt (1)	390.9	-21.6	390.9	-21.6	207.8	390.9



1 Net debt 2019 is affected by changes to the accounting policy IFRS 16. The effect amounts to SEK 136 million. No adjustment has been made to historical figures.

CEO comments

Net revenue in the second quarter of 2019 amounted to SEK 362 million, which is an increase of 12 percent. The increase is entirely attributable to acquisitions. The EBITA margin for the quarter was just over 4 percent, which is lower than for the previous year, affected by lower chargeability in some parts of the business. Market conditions remain largely unchanged since the first quarter. The softening on the market that was noted in some business areas is persisting and primarily affects the Stockholm region.

The programme of measures that we launched, which involved increasing sales efforts and reviewing costs, is well underway. Our activities have enabled us to win a number of significant assignments and important framework agreements. Order levels in the run up to autumn and winter have improved, and orders for our largest division, Systems, are already largely set for the rest of the year. The cost saving programme will generate an annual effect of SEK 15 million as of 2020. The savings effect is around SEK 5 million for 2019, which will be realised in the second half of the year.

Organic growth in the quarter was negative. This is primarily attributable to the transition taking place within the Industry & Energy division, where the number of employees has been reduced, and lower activity levels in some of our business areas within the Architecture & Management division. Acquisitions made over the past year are continuing to deliver according to plan, and efficient integration work is creating synergy effects.

Shared platform for growth and efficiency

During the quarter the Group reduced the number of legal entities. Fewer legal entities promotes greater efficiency in internal processes, but we are seeing the greatest benefit in the fact that all units will now operate on the market under a shared brand. The work also includes bringing together several of our locations, which means that over the next few years we will reduce the number of offices from around 70 to just over 40. This offers us advantages in terms of collaboration both internally and in customer assignments, while creating greater cost effectiveness. We merged several offices in Örebro in the quarter, and in Uppsala three offices are being combined after the summer.

Variable performance from our divisions

Systems, which is our largest division, saw an improvement in earnings compared with the first quarter. The uncertainty we are still seeing in certain segments of the market has effectively been deflected via intensified sales efforts, the result of which has been several new assignments and framework agreements from both private and public sector clients.



In the Architecture & Management division we are seeing varying results. Our architecture business is displaying a persistently stable performance with healthy demand. However, the Management section has been struggling with revenue and profitability challenges during the year. In order to address this and ensure good profitability, the division has reduced its workforce in this section and adapted its offering to focus on sustainability.

The Civil Engineering & Infrastructure division saw an 81-percent increase in net revenue. The increase is attributable to the acquisition of Integra Engineering, which took place at the end of 2018. The division's key market, Stockholm, remained hesitant during the quarter, which explains much of the decrease in operating profit compared with the previous year. Some parts within infrastructure also affected earnings. Several key assignments were won during the quarter, including within railways, where we are seeing continued healthy demand.

During the quarter, our smallest division, Industry & Energy, has persisted with its transition work towards automation and digitalisation, where we are seeing a good level of demand. Parts of the division have experienced a low level of activity, which has impacted both revenue and earnings. A comprehensive analysis is underway into essential efficiency improvements and we are adjusting our offering to satisfy demand on the market.

Continuing to strengthen PE

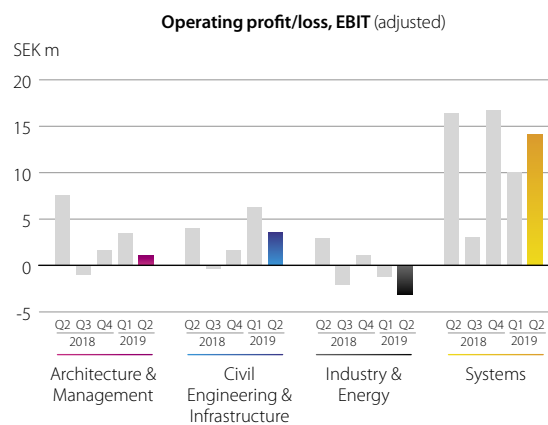
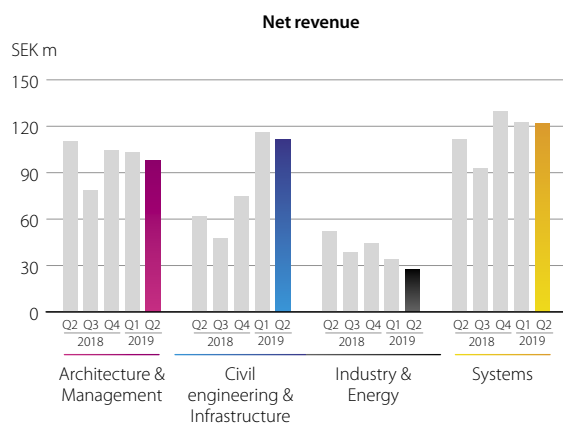
We are continuing with our efforts to streamline and develop the Group, and our current top priority is to improve profitability. With the investments we have made, the efficiency measures that have been initiated and our assessment of the market, we anticipate that our EBITA for the 2019 full year will be consistent with, or a slight improvement on the previous year.

Per Hedebäck, President and CEO

Divisions: financial overview

Net revenue and operating profit by division

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						
Architecture & Management	98.1	110.4	201.3	206.0	388.8	384.0
Civil Engineering & Infrastructure	111.7	61.6	227.7	127.7	250.2	350.3
Industry & Energy	27.4	52.1	61.1	97.3	179.9	143.7
Systems	121.7	111.7	244.0	223.2	445.3	466.1
Other and items affecting comparability	2.7	-11.8	-2.2	-23.1	-40.4	-19.5
Total	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Earnings						
Architecture & Management	1.1	7.6	4.6	9.9	10.6	5.3
Civil Engineering & Infrastructure	3.6	4.0	9.8	14.6	15.9	11.1
Industry & Energy	-3.1	3.0	-4.3	4.9	3.8	-5.4
Systems	14.1	16.4	24.2	36.8	56.7	44.0
Other and items affecting comparability	-2.4	-12.3	-7.6	-18.6	-12.8	-1.8
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Net financial items	-2.1	-1.8	-5.2	-3.2	-5.8	-7.7
Tax	-3.0	-3.8	-5.1	-9.0	-11.3	-7.4
Profit/loss for the period	8.1	13.1	16.3	35.3	57.1	38.2



Revenue and earnings for the Group

Second quarter, 1 April–30 June 2019

Net revenue for the second quarter was SEK 361.6 million (324.1), an increase of 12 percent compared with the previous year.

The increase in revenue in the quarter is entirely related to companies acquired in 2018 and 2019 performing in line with expectations, contributing SEK 69.3 million in the quarter. Integra Engineering, which is the Group's largest acquisition to date, accounts for the largest portion. Organic growth totalled –10.1 percent, which is attributable to fewer employees and lower chargeability. The effect of the acquired companies per division is detailed in the table below.

Profit before acquisition-related items (EBITA) was SEK 16.1 million (26.9), and operating profit (EBIT) was SEK 13.2 million (26.0). The lower EBITA profit compared with the previous year is primarily attributable to a low level of activity within certain parts of the Industry & Energy and Architecture & Management divisions. Work is continuing within Industry & Energy to streamline processes and cut costs. In Architecture & Management it is mainly the Management section that has experienced low profitability, and the decision has therefore been taken to reduce the number of employees, which will happen in the second half of the year.

Acquired net revenue, SEKm	Apr–Jun 2019
Division	
Architecture & Management	5.1
Civil Engineering & Infrastructure	52.4
Industry & Energy	–
Systems	11.8
TOTAL	69.3
Acquisitions	
Acquired 2018	64.2
Acquired 2019	5.1
TOTAL	69.3

Half-year period, 1 January–30 June 2019

Net revenue for the 1 January to 30 June period amounted to SEK 732.0 million (631.1), an increase of 16 percent compared with last year.

The increase in revenue in the period is entirely related to companies acquired in 2018 and 2019 performing in line with expectations, which have contributed SEK 146.2 million. Integra Engineering, which is the Group's largest acquisition to date, accounts for the largest portion. Organic growth totalled –7.3 percent. The effect of the acquired companies per division is detailed in the table.

Profit before acquisition-related items (EBITA) was SEK 29.6 million (59.0), and operating profit (EBIT) was SEK 26.6 million (57.1). The lower profit is mainly attributable to a slow start to the year in certain parts of the market, primarily in the Stockholm area, which has impacted the Systems and Civil Engineering & Infrastructure divisions, with lower activity levels and earnings compared with the previous year. The trend in these divisions stabilised in the second quarter. During the period, some parts of our Management section and parts of the Industry & Energy division saw low activity levels and profitability. Efficiency improvements and cost saving measures have been initiated.

Operating profit (EBIT) was positively impacted by a capital gain of SEK 2.6 million (0) from the sale of non-current assets, which affected the EBIT margin by 0.4 percentage points. The EBITA margin amounted to 4.0 percent (9.3).

Acquired net revenue, SEKm	Jan–Jun 2019
Division	
Architecture & Management	15.6
Civil Engineering & Infrastructure	105.9
Industry & Energy	–
Systems	24.7
TOTAL	146.2
Acquisitions	
Acquired 2018	137.7
Acquired 2019	8.5
TOTAL	146.2

Growth

Average annual growth of 15% over a business cycle

Profitability

EBITA margin exceeding 8% over a business cycle

Debt/equity ratio

Between 1.5–2.0 R12 EBITDA over a business cycle

Dividend policy

30–50% of profit for the year

Projektengagemang's financial targets

Architecture & Management

Architecture & Management offers solutions relating to urban planning, architecture, landscape and interior architecture, water supply and sanitation, land, as well as project management.

The division's net revenue amounted to SEK 98 million (110) for the quarter, a decline of 11 percent. Operating profit for the period was SEK 1 million (8). The decline in revenue is largely attributable to low activity levels for the Management section during the year. In order to address this issue and ensure improved profitability, the division has embarked on a series of measures to adapt and reduce the workforce. Management's offering is now being refined to focus chiefly on sustainability.

The major transition within architecture that the division was working on in 2018 is now gradually generating improvements in earnings. Architecture operations are exhibiting positive results and over the next six months we will need to recruit in order to meet market demand. The business area won several major and important assignments during the period, ensuring a consistent level of activity going forward.

The Project Management business area continues to deliver positive earnings, and Marie Westerholm took over as the new Business Area Manager in the quarter.

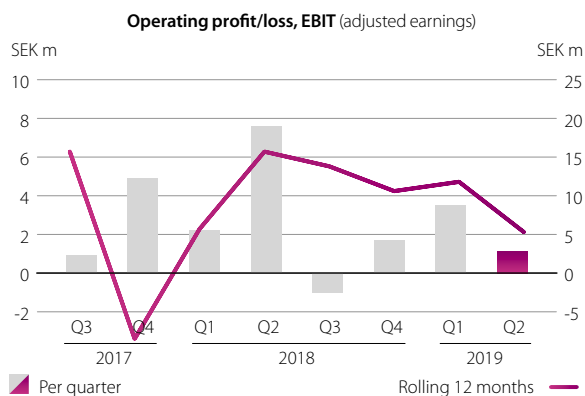
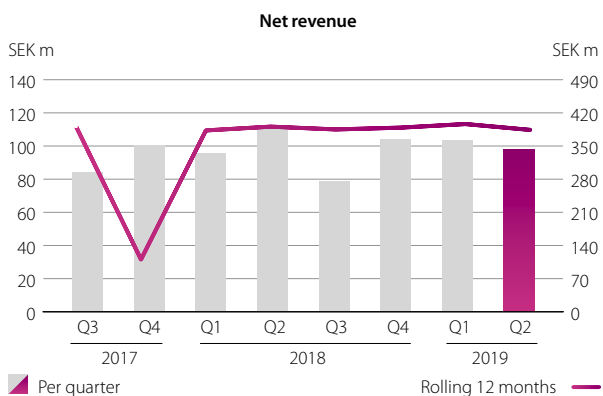
We believe the underlying market trends for the services offered by the division remain solid. We are seeing increased demand for sustainability-related services and general consulting assignments. There is also an underlying housing shortage in Sweden, where the Swedish National Board of Housing, Building and Planning assesses that an additional 600,000 homes are needed by 2025. Despite this, there has been a slowdown in construction of new homes throughout Sweden, with the exception of Gothenburg. Although dependency on new housing construction is relatively low, this has still had a negative effect on the division's revenue and earnings.

New assignments

- Design management and systems coordination at Tinnerbäcksbadet in Linköping together with Serneke; end customer is Lejonfastigheter
- Architecture services and accessibility expertise; end customer Skatteverket (Swedish Tax Agency)
- Framework agreement with Micasa Fastigheter regarding contract inspection

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
- of which internal net revenue	7.0	14.8	20.5	30.8	56.4	46.1
Total growth, %	-11.2	7.8	-1.2	-1.3	-1.2	-
- of which organic growth, %	-15.8	1.0	-6.3	-4.6	-6.3	-
- of which acquired growth, %	4.6	6.8	5.1	3.3	5.1	-
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
Average number of employees	286	276	286	278	278	283



Civil Engineering & Infrastructure

Civil Engineering & Infrastructure offers services to clients in the construction and property sectors, as well as infrastructure. These services range from building design, acoustics, geotechnics, energy, environment and sustainability, to bridge and plant design, railways, roads, water treatment and environmental impact.

The division's net revenue amounted to SEK 112 million (62) for the quarter, an increase of 81 percent. The increase in revenue is attributable to the acquisition of Integra Engineering, which took place at the end of 2018. Operating profit for the period was SEK 4 million (4) and was negatively affected by lower activity levels within some of the division's areas of operation.

The acquisition of Integra Engineering, which was completed at the end of 2018, has made PE one of the market leaders within building design in Sweden. The division has experienced clear and positive synergies in several areas as a result of the acquisition. Integra continues to deliver in line with expectations and integration of the company is proceeding according to plan.

Infrastructure operations in the second quarter have experienced a low level of activity, which has had a negative impact on earnings. The division's investment in railways has on the other hand made progress, and several major assignments have been received. Market conditions for railways continue to be positive. This has led to a number of new appointments in order to meet demand. During the quarter, Linda Lönneberg was appointed

Business Area Manager for Infrastructure. Linda's previous position was Business Area Manager within HVAC design, which has been one of the Group's most profitable business areas for many years now. Linda will also join the Group's management team.

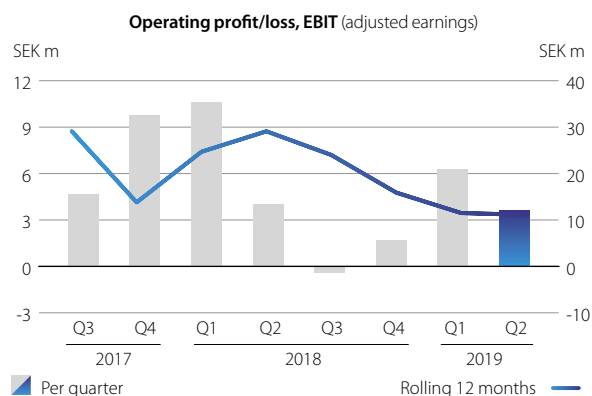
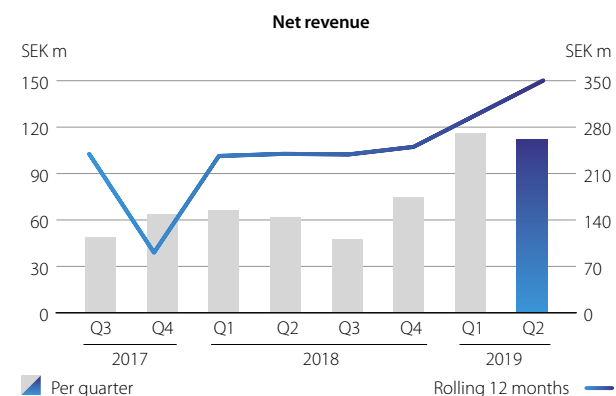
Looking ahead, we are observing continued investment in infrastructure, primarily in the Stockholm and Västra Götaland regions, both of which have good potential. We are seeing indications of a stabilisation in construction going forward, with heightened interest expected in infrastructure projects, facilities and environmental projects. We therefore continue to view the market for our specialist services and our local markets as positive in the long term.

New assignments

- Railway project planning of ERTMS for the control areas Stockaryd in Småland and Polcirkeln in Lapland for the Swedish Transport Administration
- Framework agreement with the Swedish Transport Administration to conduct an inventory of level crossings, 2019–2021; the agreement also has the option of extension until 2025
- Strategic analysis of energy work and support in procurement of energy declarations for property company Kungsleden

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
- of which internal net revenue	4.0	9.0	10.4	16.7	29.9	23.6
Total growth, %	81.2	5.6	8.2	7.1	8.2	–
- of which organic growth, %	–3.9	3.2	6.0	5.2	6.0	–
- of which acquired growth, %	85.1	2.4	2.2	1.9	2.2	–
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
Average number of employees	349	172	360	166	185	269



Industry & Energy

Industry & Energy offers solutions aimed at the industrial and energy sectors that include strategic advice, automation, product development, mechanical design, process and calculation services that aim to make these sectors more sustainable, competitive and profitable.

The division's net revenue amounted to SEK 27 million (52) for the quarter. Operating income for the period was SEK -3 million (3). The lower revenue and lower earnings are due to the transition work and reduction in staffing levels that took place in the division. In the spring, additional restructuring and streamlining needs were identified and there has been a reduction in the number of offices. It is primarily certain parts of the business that are affecting earnings, and the situation will continue to be reviewed in the autumn.

Looking ahead, we are seeing persistent demand from industrial customers wishing to streamline processes and production. The division's wide-ranging expertise within digitalisation and automation are therefore highly significant, and in the quarter several new assignments were won in which the customer has requested end-to-end solutions in these areas. This confirms that our strategic direction and the investments we have made reflect customer needs.

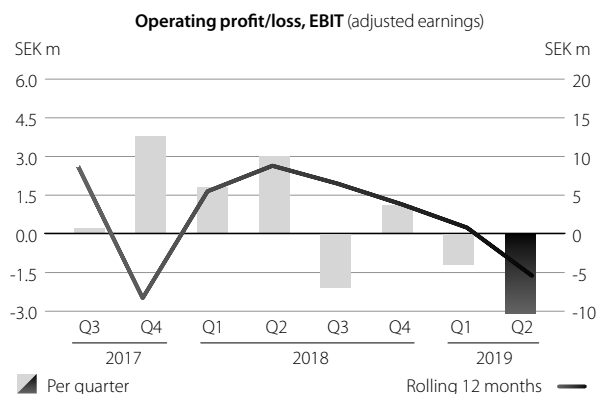
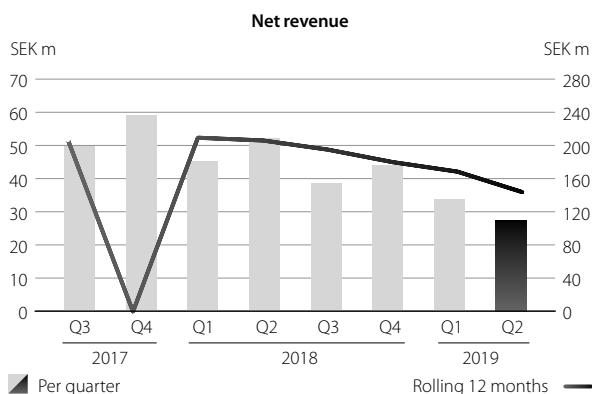
The assessment is that the division will continue to encounter a market trend that features variations between different industry segments, but generally speaking the market outlook is good.

New assignments

- Programming and development of management system for new winder for a machine manufacturer based in central Sweden
- Design and development of management system for LNG filling monitoring for industrial manufacturer
- Calculation and design projects for the paper industry in Värmland

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	179.9	143.7
- of which internal net revenue	0.3	3.4	1.5	5.9	12.6	8.2
Total growth, %	-47.4	-5.9	-17.2	-10.4	-17.2	-
- of which organic growth, %	-47.4	-5.9	-17.2	-10.4	-17.2	-
- of which acquired growth, %	0.0	0.0	0.0	0.0	0.0	-
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
Average number of employees	139	184	145	185	177	158



Systems

Systems offers installation engineering services at all stages of the building process, focusing on HVAC design, electrical and telecommunications engineering, safety, and fire, risk and protection.

The division's net revenue amounted to SEK 122 million (112) for the quarter, an increase of roughly 9 percent. The increase in revenue is entirely attributable to acquisitions. Operating profit for the period was SEK 14 million (16). The decline in profit is due in part to lower activity levels, primarily within the areas of electrical and telecommunications engineering. Demand in general for the division's services has decreased, and there has been a degree of softening in the market, mainly in the Stockholm region. The division's operations within fire protection planning and risk management, as well as HVAC design, continue to deliver stable earnings.

During the period, the division won several major assignments and a number of framework agreements. Although the assignments are largely in the Stockholm region, they have a positive impact on activity levels for the entire division, which is largely set for the remainder of the year.

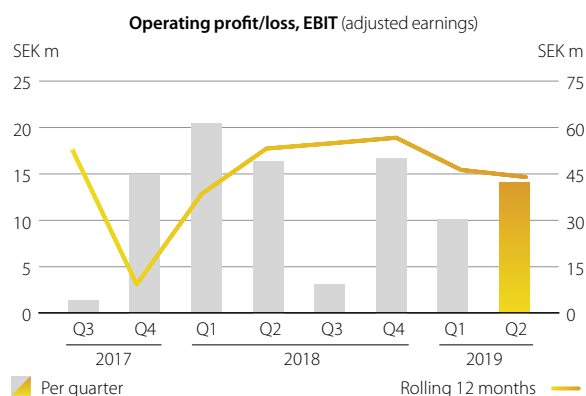
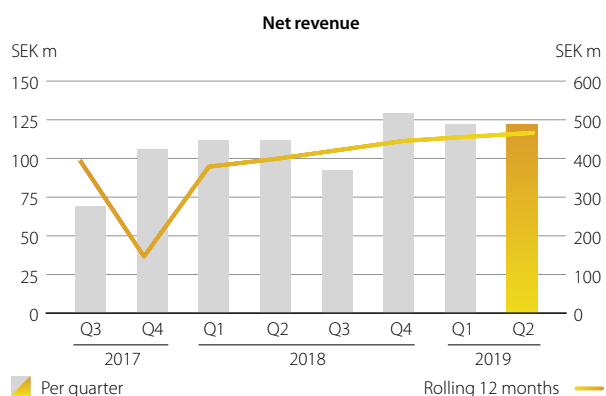
The market for our Systems services stabilised during this past quarter and continues to look positive. Most of the assignments we carry out focus on installation engineering in new builds and refurbishment of all types of properties, including major, complex projects spanning several areas. These include the manufacturing industry, hospitals, shopping centres, housing and sports grounds. We carry out a large number of safety investigations for municipalities and private companies. These are then used as a basis for several other disciplines within PE. The combination of wide-ranging and specialist services is much in demand, and customers mainly comprise private property management companies and building contractors, as well as public-sector customers.

New assignments

- Electrical project planning and HVAC design for Locum at Danderyd Hospital
- Framework agreement with Täby municipality regarding HVAC design and electrical project planning
- Sprinkler project planning for ICA Fastigheter

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
- of which internal net revenue	3.2	16.8	13.8	30.8	58.9	41.9
Total growth, %	8.9	21.0	22.7	18.7	22.7	–
- of which organic growth, %	-1.6	17.8	14.2	16.1	14.2	–
- of which acquired growth, %	10.6	3.3	8.5	2.7	8.5	–
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
Average number of employees	360	318	359	315	332	355



Cash flow and financial position

Second quarter, 1 April–30 June 2019

Cash flow from operating activities amounted to SEK 63.9 million (19.2). Change in working capital totalled SEK 28.0 million (5.9).

Investing activities for the quarter showed a net outflow of SEK 11.2 million (37.4), which is largely due to acquired subsidiaries; see Note 1.

Cash flow from financing activities amounted to SEK –68.5 million (inflow 231.3) and is primarily attributable to changes to drawn overdraft facilities of SEK 12.0 million, amortisation of bank loans in the amount of SEK 12.2 million, amortisation of lease liabilities in the amount of SEK 19.3 million and dividends of SEK 24.6 million.

Half-year period, 1 January–30 June 2019

Cash flow from operating activities amounted to SEK 49.8 million (30.7). Change in working capital totalled SEK –16.5 million (–14.6). Investing activities exhibited a net outflow during the quarter of SEK 30.7 million (49.2), with acquisitions of subsidiaries accounting for SEK 24.9 million and the remaining portion primarily attributable to purchases of non-current assets.

Cash flow from financing activities totalled SEK 72.6 million (inflow 235.5). This mainly consists of changes to drawn overdraft facilities of SEK 14.1 million, amortisation of bank loans and lease liabilities of SEK 24.6 million and SEK 37.1 million respectively and dividends of SEK 24.6 million.

Net debt at the end of the quarter totalled SEK 390.9 million (net receivables 21.6). The transition to accounting according to IFRS 16 has affected net debt in the amount of SEK 136 million. For further information about the impact of IFRS 16, see page 11 and Note 5.

Acquisitions

The first quarter saw the acquisition of Mats & Arne Arkitektkontor AB, with operations based in Gothenburg and Stenungsund. The company has wide-ranging expertise within architecture and consolidates PE's offering in the region. During the period, the company contributed SEK 10.4 million to Group revenue, with an operating profit of SEK 0.8 million. If the company had been owned for the full year, the company would have contributed revenue of approximately SEK 12.0 million and operating income of SEK –0.1 million.

Investments, depreciation and amortisation

Purchases of non-current assets for the period amounted to SEK 1.6 million (1.7). Amortisation/depreciation of non-current assets amounted to SEK 40.7 million (8.9), of which depreciation/amortisation of leased assets was SEK 36.9 million (6.5) and amortisation of intangible assets amounted to SEK 0.4 million (2.1). Purchase considerations paid relating to acquired companies amounted to SEK 28.1 million (47.5). See Note 1 for further information.

Significant events in the period

1 January – 30 June 2019

Organisational changes Helena Liljegren took up her position as the new Head of the Architecture & Management division. Kjell-Åke Johansson took on the role of Head of the Systems division. Nicke Rydgren was appointed Chief Commercial Officer during the period, a role that combines marketing and acquisitions with strategy and business development.

Annual General Meeting

At the AGM on 21 May 2019 in Stockholm, the AGM resolved, in accordance with the Board's proposal, to distribute to the shareholders an amount of SEK 24.6 million, corresponding to SEK 1 per share.

The AGM also resolved that the Board of Directors shall comprise six members, and re-elected Lars Erik Blom, Britta Dalunde, Øystein Engebretsen, Per Göransson, Carina Malmgren Heander and Per-Arne Gustavsson. The AGM elected Per-Arne Gustavsson as Chairman of the Board.

The AGM resolved to re-elect auditing firm PricewaterhouseCoopers AB as the company's auditor for the period extending up until the end of the 2020 AGM.

The AGM resolved on the introduction of a performance-based employee share purchase plan for 2019, and in connection with this resolved to authorise the Board to make decisions on the acquisition of treasury shares and on the transfer of treasury shares. Furthermore, the AGM resolved on the transfer of treasury shares.

Further information about the AGM can be found on the company's website under Corporate Governance.

Significant events after the end of the period

There were no significant events after the end of the period.

Other information

Employees

The average number of FTEs in the quarter amounted to 1,190 (1,013). The number of employees at the end of the period was 1,195 (1,037).

Tax

The tax expense for the period totalled SEK 5.1 million (9.0).

Parent Company

The Parent Company's net revenue for the 1 January–30 June period totalled SEK 71.5 million (125.3), with operating income (EBIT) corresponding to SEK –12.6 million (–18.4). Net revenue for the Parent Company mainly relates to intra-group cost allocations.

Share information

The company's B share has been listed on Nasdaq Stockholm since 19 June 2018. The buying price at 30 June for PENG-B was SEK 24.30.

Related-party transactions

In the quarter, Projektengagemang purchased consulting services from K-Konsult Management AB, Fiduciam Ekonomi AB and Pagator AB amounting to SEK 0.9 million (0.2). The transactions took place at market prices.

Calendar effects

There has been no calendar effect in the period. See page 25 for further information.

Accounting policies

This report has been prepared in accordance with IAS 34, Interim Financial Reporting, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Group applies the same accounting policies as detailed in Note 1 of the 2018 Annual Report.

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments entered into force as of January 2018. IFRS 16 Leases has been applied as of January 2019.

IFRS 16 is a new leases standard that is being applied by the Group as of 2019. It replaces IAS 17 Leases and accompanying interpretations IFRIC 4, SIC-15 and SIC-27, and means that all leases must be recognised in the balance sheet, with the exception of short-term contracts and contracts with a low value. This accounting is based on the approach that the lessee has a right to use an asset for a specific period of time, and at the same time an obligation to pay for such right. The standard, which has been adopted by the EU, mainly affects accounting of the Group's operating leases. Commitments regarding leases are calculated at present value and reported as non-current assets with interest-bearing liabilities in the balance sheet. In the income statement, lease expenses are replaced by depreciation/amortisation and interest expenses.

The replacement of the accounting policy for leases means an increase in total assets and operating profit, which affects various key performance indicators. The comparison periods in this report have not been recalculated.

The effect on the balance sheet and income statement and cash flow for the January to June 2019 period is detailed in Note 5.

To increase comparability with other companies on the market, as of 1 January 2018 PE introduced the earnings concept EBITA, which is defined as operating profit excluding acquisition-related items. Operating profit is therefore adjusted for amortisation and impairment of acquisition-related intangible assets, including goodwill, and revaluation of contingent considerations and gains/losses from the divestment of companies and operations.

PE applies all EU-adopted IFRS standards and statements (IFRIC), to the extent possible within the framework of the Swedish Annual Accounts Act, and in some cases for tax reasons. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Risks and uncertainties

PE is exposed to business risks associated with economic and structural changes, as well as changes in market trends. Other risks include the ability to recruit, retain and develop employees. Furthermore, the Group is exposed to interest rate, foreign exchange and credit risks. In the event of a significant change in circumstances in the company's markets, PE could experience problems in signing new credit facilities and consequently need to use a larger portion of cash flow to make interest payments and repayments. This could have a negative effect on the company. The risk exposure described in the 2018 Annual Report provides further details of risks and uncertainties and these remain unchanged for this period.

Audit

This report has not been subject to a limited assurance review.

Stockholm, 19 July 2019
Projektengagemang Sweden AB (publ)

Britta Dalunde
Board member

Lars Erik Blom
Board member

Per Göransson
Board member

Öystein Engebretsen
Board member

Per-Arne Gustavsson
Chairman of the Board

Carina Malmgren Heander
Board member

Per Hedebäck
CEO

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 ¹	-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 period²	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

1 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.

2 No deviations between the profit or loss for the period and comprehensive income for the period.

Consolidated statement of comprehensive income

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
Profit/loss for the year	8.1	13.1	16.3	35.3	57.1	38.2
Comprehensive income for the year	8.1	13.1	16.3	35.3	57.1	38.2

Consolidated balance sheet

SEK million	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Non-current assets			
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
Total non-current assets	861.0	443.8	689.9
Current assets			
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
Total current assets	458.6	572.4	503.8
TOTAL ASSETS	1,319.6	1,016.2	1,193.7
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders	578.3	535.1	586.1
Non-controlling interests	1.3	0.9	1.0
Total equity	579.6	536.1	587.2
Liabilities			
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
Total liabilities	740.0	480.1	606.5
TOTAL EQUITY AND LIABILITIES	1,319.6	1,016.2	1,193.7

Consolidated statement of changes in equity

SEK million	30 June 2019	30 June 2018	31 Dec 2018
Equity at start of period	587.2	228.4	228.5
Profit/loss for the period	16.3	35.3	57.1
Dividends paid	-24.6	-11.7	-11.7
New share issue	-	300.0	329.1
Transaction expenses	-	-20.5	-19.9
Deferred tax on transaction expenses	-	4.5	4.2
Other transactions	0.5	0.1	-0.1
Equity at end of period	579.6	536.1	587.2
Attributable to:			
Parent Company shareholders	578.3	535.1	586.1
Non-controlling interests	1.3	0.9	1.0
Total	579.6	536.1	587.1

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
Operating activities					
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	179
Tax paid	-3.1	-0.0	-3.6	-0.7	-5.7
Cash flow before changes in working capital	36.0	13.3	66.3	45.3	80.5
Cash flow from changes in working capital	28.0	5.9	-16.5	-14.6	-42.7
Cash flow from operating activities	63.9	19.2	49.8	30.7	37.8
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
Cash flow from investing activities	-11.2	-37.4	-30.7	-49.2	-275.1
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
Cash flow from financing activities	-68.5	231.3	-72.6	235.5	342.8
Cash flow for the period	-15.8	213.2	-53.5	217.1	105.5
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
Cash and cash equivalents at end of period	55.5	220.6	55.5	220.6	109.0

Parent Company 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
Net revenue	11.1	64.6	71.5	125.3	249.2
Other external expenses	-10.1	-61.7	-60.5	-113.8	-201.5
Personnel costs	-1.6	-14.0	-16.7	-27.5	-53.2
Profit/loss before depreciation/amortisation, EBITDA	-0.6	-11.0	-5.7	-16.1	-5.5
Depreciation, amortisation and impairment losses	-3.6	-1.2	-6.9	-2.3	-4.5
Operating profit/loss, EBIT	-4.2	-12.2	-12.6	-18.4	-10.0
Financial items	-2.1	-1.2	-4.2	-2.4	-19.9
Profit/loss after financial items	-6.3	-13.4	-16.7	-20.7	-29.9
Appropriations	0.0	0.0	0.1	0.0	36.5
Profit/loss before tax	-6.3	-13.4	-16.7	-20.7	6.6
Tax	0.0	0.0	0.0	0.0	-0.3
Profit/loss for the period	-6.3	-13.4	-16.6	-20.8	6.2

Parent Company statement of comprehensive income

SEK million	3 months		6 months		12 months
	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Profit/loss for the year	-6.3	-13.4	-16.6	-20.8	6.2
Comprehensive income for the year	-6.3	-13.4	-16.6	-20.8	6.2

Parent Company balance sheet

SEK million	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Non-current assets			
Other non-current intangible assets	0.1	1.5	1.3
Property, plant and equipment	59.4	6.5	9.0
Deferred tax assets	6.8	7.1	6.7
Financial assets	776.7	440.5	745.6
Total non-current assets	842.9	455.6	762.7
Current assets			
Current assets	39.8	472.1	252.7
Total current assets	39.8	472.1	252.7
TOTAL ASSETS	882.8	927.7	1,015.4
EQUITY AND LIABILITIES			
Equity	464.8	449.6	506.0
Non-current liabilities	250.4	135.1	237.1
Current liabilities	167.6	343.0	272.3
Total liabilities	418.0	478.0	509.4
TOTAL EQUITY AND LIABILITIES	882.8	927.7	1,015.4

Income statement per quarter for the Group⁴

SEK million	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017
Net revenue	361.6	370.4	343.8	248.9	324.1	307.1	319.3	249.3
Other external expenses	-82.5	-79.6	-97.0	-77.8	-98.6	-74.5	-91.4	-86.9
Personnel costs	-242.4	-257.2	-222.8	-164.0	-201.6	-197.9	-198.9	-154.0
Profit/loss before depreciation/amortisation, EBITDA	36.7	33.6	24.0	7.1	23.9	34.6	29.0	8.3
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)¹	36.7	33.6	24.0	7.1	31.2	36.9	37.6	15.1
Depreciation, amortisation and impairment losses	-20.6	-20.1	-4.7	-4.9	-4.2	-4.9	-5.7	-5.4
Operating profit/loss, EBITA	16.1	13.6	19.3	2.2	19.7	29.7	23.3	3.0
Operating profit/loss, EBITA (adjusted earnings)¹	16.1	13.6	19.3	2.2	26.9	32.0	32.0	9.7
Acquisition-related items ²	-2.8	-2.8	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9
Operating profit/loss, EBIT	13.2	13.4	25.4	1.2	18.8	28.8	22.4	2.0
Operating profit/loss, EBIT (adjusted earnings)¹	13.2	13.4	18.3	1.2	26.0	31.1	31.0	8.8
Financial items	-2.1	-3.0	-1.6	-1.0	-1.8	-1.4	-2.1	-1.8
Profit/loss after financial items	11.1	10.4	23.8	0.3	16.9	27.3	20.3	0.2
Tax	-3.0	-2.2	-1.7	-0.6	-3.8	-5.2	-8.4	-0.1
Profit/loss for the period³	8.1	8.2	22.1	-0.3	13.1	22.2	11.9	0.1
Attributable to:								
Parent Company shareholders	8.1	8.2	21.9	-0.1	12.9	22.1	11.5	0.2
Non-controlling interests	0.0	0.0	0.3	-0.2	0.2	0.0	0.4	-0.1

1 Adjusted for items affecting comparability 2018 and earlier. 2019 EBIT boosted by a capital gain of SEK 2.6 million.

2 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.

3 No deviations between the profit or loss for the period and comprehensive income for the period.

4 2018 and earlier not restated for IFRS 16.

Key performance indicators, Group³

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
PROFITABILITY						
EBITDA	36.7	23.9	70.3	58.5	89.6	101.4
EBITDA margin, %	10.1	7.4	9.6	9.3	7.3	7.7
EBITDA (adjusted earnings) ¹	36.7	31.2	70.3	68.1	99.2	101.4
EBITDA margin, % (adjusted earnings)	10.1	9.6	9.6	10.8	8.1	7.7
EBITA	16.1	19.7	29.6	49.4	70.8	51.1
EBITA margin, %	4.4	6.1	4.0	7.8	5.8	3.9
EBITA (adjusted earnings) ¹	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
EBIT	13.2	18.8	26.6	47.5	74.2	53.3
EBIT margin, %	3.7	5.8	3.6	7.5	6.1	4.0
EBIT (adjusted earnings) ¹	13.2	26.0	24.0	57.1	76.7	46.2
EBIT margin, % (adjusted earnings)	3.7	8.0	3.3	9.1	6.3	3.5
NET REVENUE						
Total growth, %	11.3	8.2	15.8	4.8	4.6	–
- of which organic growth	-10.1	4.4	-7.3	2.4	-0.2	–
- of which acquired growth	21.4	3.8	23.2	2.4	4.8	–
FINANCIAL POSITION						
Equity/assets ratio, %	43.9	52.8	43.9	52.8	49.3	–
Available cash and cash equivalents	302.3	381.3	302.3	381.3	369.8	–
- of which undrawn credit facilities	246.2	160.3	246.2	160.3	260.3	–
Debt/equity ratio ³	3.9	-0.2	3.9	-0.2	2.3	3.9
OTHER						
Number of employees	1,195	1,037	1,195	1,037	1,211	1,195
Average number of employees	1,190	1,013	1,205	992	1,022	1,113
Chargeability, %	74.1	79.7	74.6	79.5	77.7	75.1
Basic and diluted earnings per share, SEK	0.33	0.66	0.73	1.88	2.63	1.61
Equity per share, SEK ²	23.55	22.40	23.55	22.40	23.87	23.55

1 Adjusted for items affecting comparability 2018 and earlier. 2019 EBIT boosted by a capital gain of SEK 2.6 million.

2 Previous year's basic and diluted earnings per share have been recalculated based on share issues implemented in 2018.

3 2018 and rolling 12 months not restated for IFRS 16.

Notes

NOTE 1 Acquisitions

The acquisition of Mats & Arne Arkitektkontor AB was concluded in the first quarter. The company was consolidated as of 1 February 2019 and has contributed revenue of roughly SEK 10.5 million. Adjustments have been made to the acquisition analyses for the acquisitions of PreCendo AB and Integra Engineering in the amount of SEK 1 million and SEK 7.5 million respectively due to final settlements in the acquisition transaction. Transaction expenses for the period totalled SEK 1.5 million (1.0) and are included in the earnings item 'Other external expenses'.

Acquisition analysis Jan–Jun 2019

SEK million	Mats & Arne Arkitektkontor AB	PreCendo AB	Integra Engineering AB	Total
Goodwill and other intangible assets	15.5	1.0	7.5	24.0
Other non-current assets	3.1	–	–	3.1
Current receivables	4.9	–	–	4.9
Cash and cash equivalents	3.1	–	–	3.1
Current and non-current liabilities	–7.0	–	–	–7.0
Purchase considerations	19.6	1.0	7.5	28.1
Unpaid purchase considerations	0.0	–	–	–
Cash and cash equivalents in the acquired company	3.1	–	–	3.1
Purchase considerations paid incl. cash funds	16.4	1.0	7.5	24.9

Acquisition-related items

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
EBITA	16.1	19.7	29.6	49.4	70.8	51.1
Amortisation of acquisition-related non-current intangible assets	–2.8	–0.9	–5.6	–1.8	–3.7	–7.5
Reversed contingent consideration	–	0.0	–	–	7.1	–
Acquisition-related capital gain from sale of non-current asset	0.0	–	2.6	–1.8	–	9.7
Acquisition-related items	–2.9	–1.0	–3.1	–1.8	3.3	2.1
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3

NOTE 2 Financial instruments by category

The fair value of the Group's financial instruments is established via market valuation, e.g. recently completed transactions, the price of similar instruments and discounted cash flows. When there is no reliable data available for fair value measurement, financial instruments are recognised at cost (Level 3). There were no transfers between any of the levels during the period.

No financial instruments have been classified at Level 2. Carrying amount is deemed to represent a reasonable estimate of the fair value of all financial assets and liabilities. The financial assets and liabilities are assigned to valuation categories 2 and 3.

30 June 2019

SEK million	Measured at fair value via profit/loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit/loss	Of which fair value per level*		
				1	2	3
Financial instruments, assets						
Financial investments	3.2	–	–	–	–	3.2
Trade receivables	–	213.2	–	–	–	–
Short-term investments	0.7	–	–	–	–	0.7
Other non-current receivables	–	0.7	–	–	–	–
Total financial assets	3.9	213.9	–	–	–	3.9
Financial instruments, liabilities						
Recognised purchase considerations	17.3	–	–	–	–	17.3
Liabilities to customers and suppliers	–	–	72.7	–	–	–
Other non-current liabilities	–	–	0.2	–	–	–
Interest-bearing liabilities, non-current	–	–	313.7	–	–	–
Interest-bearing liabilities, current	–	–	134.0	–	–	–
Total financial liabilities	17.3	–	520.5	–	–	17.3

30 June 2018

SEK million	Measured at fair value via profit/loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit/loss	Of which fair value per level*		
				1	2	3
Financial instruments, assets						
Financial investments	3.2	–	–	–	–	3.2
Trade receivables	–	180.4	–	–	–	–
Short-term investments	0.4	–	–	–	–	0.4
Other non-current receivables	–	0.6	–	–	–	–
Total financial assets	3.6	181.0	–	–	–	3.5
Financial instruments, liabilities						
Recognised purchase considerations	33.4	–	–	–	–	33.4
Liabilities to customers and suppliers	–	–	64.0	–	–	–
Other non-current liabilities	–	–	–	–	–	–
Interest-bearing liabilities, non-current	–	–	144.6	–	–	–
Interest-bearing liabilities, current	–	–	55.4	–	–	–
Total financial liabilities	33.4	–	200.0	–	–	33.4

Financial assets and financial liabilities measured at fair value in the balance sheet, or where disclosures are submitted regarding fair value, are classified according to one of three levels based on the information used to establish the fair value. No transfers have occurred between these levels in 2019 or 2018.

Level 1

Financial instruments for which fair value is established based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. A market is considered active if quoted prices from a stock market, broker, industrial group, pricing service or supervisory authority are easily and regularly available, and such prices represent actual and regularly occurring arm's-length market transactions.

Level 2

Financial instruments for which fair value is established according to valuation models based on observable data for the asset or liability other than quoted prices included in Level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices). Examples of observable data under Level 2 are:

- Quoted prices for similar assets and liabilities.
- Data that may constitute grounds for assessing price, e.g. market rates and yield curves.

Level 3

Financial instruments for which fair value is established according to valuation models in which material inputs are based on unobservable data. No significant transfers between the levels have occurred during the periods. For other financial assets and financial liabilities, the recognised values are in all material respects deemed to correspond to the fair values. Recognised purchase considerations and financial investments are valued based on future earnings forecasts.

NOTE 3 Deferred tax assets/tax liabilities

The interim report's balance sheet is aggregated. Deferred tax assets are therefore netted against deferred tax liabilities. In order to illustrate the impact of such netting on the balance sheet, the table below shows how the various components affect the deferred tax asset and deferred tax liability.

Deferred tax effect

SEK million	30 June 2019	30 June 2018
Deferred tax assets		
Loss carry-forwards	6.3	15.0
Current assets	10.1	0.9
Total deferred tax assets	16.4	15.9
Deferred tax liabilities		
Untaxed reserves	20.2	11.4
Current assets	28.5	18.7
Total deferred tax liabilities	48.6	30.1
Net deferred tax liabilities	-32.3	-14.2

NOTE 4 Revenue breakdown

Projektengagemang's revenue comprises one type of income relating to delivery of assignments to customers. Revenue is broken down based on the company's technical areas, which are separated into the divisions into which Projektengagemang is segmented. For further information regarding the Group's revenue recognition, please refer to the accounting policies detailed in the 2018 Annual Report.

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						
Architecture	46.5	55.0	97.9	104.6	188.9	182.2
Project Management	51.6	55.4	103.3	101.4	199.9	201.8
Architecture & Management	98.1	110.4	201.3	206.0	388.8	384.1
Building	93.1	45.4	190.8	94.4	178.7	275.2
Infrastructure	18.5	16.3	36.9	33.3	71.5	75.1
Civil Engineering & Infrastructure	111.7	61.6	227.7	127.7	250.2	350.3
Industry & Energy	27.4	52.1	61.1	97.3	179.9	143.7
Electrical, Telecommunications & Safety	90.0	76.4	177.4	151.3	313.2	339.3
HVAC and Sanitation Design	31.7	35.3	66.6	71.9	132.1	126.8
Systems	121.7	111.7	244.0	223.2	445.3	466.1
Internal eliminations	2.7	-11.8	-2.2	-23.1	-40.4	-19.5
Total	361.6	324.1	732.0	631.1	1,223.8	1,324.7

NOTE 5 Impact of IFRS 16

Income statement, Group 6 months

SEK million	Excl. IFRS 16	Impact IFRS 16	Incl. IFRS 16
Net revenue	732.0	–	732.0
Other costs	–680.3	18.6	–661.7
EBITDA	51.7	18.6	70.3
Depreciation, amortisation and impairment losses	–23.8	–16.9	–40.7
EBITA	27.8	1.8	29.6
Acquisition-related items	–3.0	0.0	–3.0
Operating profit/loss, EBIT	24.8	1.8	26.6
Net financial items	–4.4	–0.8	–5.2
Profit/loss after net financial items	20.5	1.0	21.5

Balance sheet, Group 6 months

SEK million	Excl. IFRS 16	Impact IFRS 16	Incl. IFRS 16
Non-current assets	697.9	163.1	861.0
Current assets	415.6	–13.1	402.5
Cash and cash equivalents including short-term investments	56.1	–	56.1
TOTAL ASSETS	1,169.5	150.1	1,319.6
Equity	579.6	–	579.6
Non-current liabilities	236.8	90.4	327.2
Current liabilities	320.6	59.9	380.5
Deferred tax liabilities	32.3	–	32.3
TOTAL EQUITY AND LIABILITIES	1,169.5	150.1	1,319.6

Cash flow, Group 6 months

SEK million	Excl. IFRS 16	Impact IFRS 16	Incl. IFRS 16
Profit/loss after financial items	21.5	–	21.5
Adjustments for non-cash items	31.5	16.9	48.4
Tax paid	–3.6	–	–3.6
Cash flow before changes in working capital	49.4	16.9	66.3
Change in working capital	–16.5	–	–16.5
Cash flow from operating activities	32.9	16.9	49.8
Cash flow from investing activities	–30.7	–	–30.7
Cash flow from financing activities	–55.7	–16.9	–72.6
Cash flow for the period	–53.5	0.0	–53.5

Key performance indicators, definitions

This report contains financial measures that are not defined in IFRS. These financial measures are used to monitor, analyse and direct operations and to supply the Group's stakeholders with information about the Group's financial position, earnings and performance. These financial measures are considered to be necessary to be able to monitor and direct the development of the Group's financial targets and it is therefore relevant to publish them regularly. Below is a list of definitions of the key performance indicators used in this report.

Share-based measures

Earnings per share

Profit/loss for the year attributable to shareholders divided by a weighted average of the number of shares during the year

Performance figures

Return on equity

Profit/loss for the year according to income statement excluding minority's share, as a percentage of average equity

Return on capital employed

Profit/loss after net financial items, including earnings from participations in associates with reversal of interest expenses, as a percentage of average capital employed

Return on total capital

Profit/loss after net financial items, including earnings from participations in associates plus finance costs, as a percentage of average total assets

Financial measures

Acquisition-related items

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

Average period of fixed interest

Period of fixed interest weighted according to outstanding interest-bearing liabilities

Average equity

Average amount of recognised equity at 1 January and 31 December

EBITA

Operating profit/loss excluding acquisition-related items

Adjusted earnings

Operating profit/loss adjusted for items affecting comparability

Items affecting comparability

Items relating to terminated operations, acquisition and integration expenses and IPO expenses

Asset turnover

Net revenue divided by average capital employed

Net receivables (-)/debt

Interest-bearing liabilities less financial assets including cash and cash equivalents

Net revenue

Net revenue corresponds to invoicing of current projects

Order intake

The value of projects taken on and changes to existing projects during the current period

R12

Rolling 12 months

Interest coverage ratio

Profit/loss after financial items plus finance costs divided by finance costs

Leverage

Net receivables (-)/debt divided by EBITDA, rolling 12 months

Debt/equity ratio

Net receivables (-)/debt divided by equity

Equity/assets ratio

Total equity as a percentage of total assets

Capital employed

Total assets less non-interest-bearing liabilities including deferred tax liabilities. Average capital employed is calculated as the average of values at 1 January and 31 December

Margins

Operating margin

Operating profit/loss as a percentage of net revenue

EBITA margin

EBITA as a percentage of net revenue

Profit margin

Profit/loss after financial items as a percentage of net revenue for the period

Other key performance indicators

Number of employees

Total number of employees, all forms of employment, at end of period

Chargeability

Time charged to customer in relation to total attendance

Average number of FTEs

Average number of employees during the year recalculated to full-time equivalents. The actual number of employees is higher due to part-time positions, and the fact that some employees only work for part of the year

Calendar effect

Average number of employees for the period multiplied by the difference in the number of available working days during the period, multiplied by average revenue/employee

Average interest

Nominal interest weighted according to outstanding interest-bearing liabilities at the balance sheet date

Calculations of financial performance measures not defined according to IFRS

Some of the descriptions and analyses presented in this interim report include alternative performance measures that are not defined by IFRS. The company is of the opinion that this information, in combination with comparable defined IFRS measures, is useful for investors, as it provides a basis for measuring operating earnings and the ability to repay liabilities and invest in the business. Company management uses these financial measures, together with the most directly com-

parable financial measures according to IFRS, when evaluating operating earnings and value creation. These alternative performance measures should not be considered in isolation from, or as a substitute for financial information published in the financial statements in accordance with IFRS. The alternative performance measures that are reported do not necessarily need to be comparable with similar measures published by other companies. Reconciliations are presented in the tables below.

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
Non-current, interest-bearing liabilities	313.7	144.6	313.7	144.6	251.2	313.7
Current, interest-bearing liabilities	134.0	55.4	134.0	55.4	66.7	134.0
Cash and cash equivalents including short-term investments	-56.8	-221.0	-56.8	-221.0	-110.1	-56.8
Net receivables (-)/debt	390.9	-21.6	390.9	-21.6	207.8	390.9
Net receivables (-)/debt	390.9	-21.6	390.9	-21.6	207.8	390.9
EBITDA, rolling 12 months	101.4	95.8	101.4	95.8	89.6	101.4
Leverage	3.9	-0.2	3.9	-0.2	2.3	3.9
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Operating margin EBIT, %	3.7	5.8	3.6	7.5	6.1	4.0
Operating profit/loss, EBIT (adjusted earnings)	13.2	26.0	24.0	57.1	76.7	46.2
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Adjusted operating margin EBIT, %	3.7	8.0	3.3	9.1	6.3	3.5
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Acquisition-related items	-2.8	-0.9	-3.0	-1.8	3.4	2.2
EBITA	16.1	19.7	29.6	49.4	70.8	51.1
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
EBITA margin, %	4.4	6.1	4.0	7.8	5.8	3.9
Operating profit/loss, EBIT (adjusted earnings)	13.2	26.0	24.0	57.1	76.7	46.2
Acquisition-related items	-2.8	-0.9	-3.0	-1.8	3.4	2.2
EBITA (adjusted earnings)	16.1	26.9	29.6	59.0	80.4	51.1
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Adjusted EBITA margin, %	4.4	8.3	4.0	9.3	6.6	3.9
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
Depreciation/amortisation	23.5	5.1	43.7	11.0	15.4	48.1
Profit/loss before depreciation/amortisation, EBITDA	36.7	23.9	70.3	58.5	89.6	101.4
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
EBITDA margin, %	10.1	7.4	9.6	9.3	7.3	7.7
Operating profit/loss, EBIT (adjusted earnings)	13.2	26.0	24.0	57.1	76.7	46.2
Depreciation/amortisation	23.5	5.1	43.7	11.0	15.4	48.1
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	36.7	31.2	70.3	68.1	99.2	101.4
Net revenue	361.6	324.1	732.0	631.1	1,223.8	1,324.7
Adjusted EBITDA margin, %	10.1	9.6	9.6	10.8	8.1	7.7

Adjusted operating profit/loss EBIT and EBITA for items affecting comparability

Company management is of the opinion that the operating performance measures EBIT and EBITA, adjusted for acquisition expenses and integration expenses associated with significant acquisitions, together with listing-related costs provide useful information allowing investors to monitor and analyse the underlying earnings performance of the business, and create comparable performance measures between different periods.

During the January to March 2018 period, earnings were negatively impacted by a total of SEK 2.3 million in items affecting comparability. These costs consist entirely of consulting expenses associated with the company's IPO. In the first quarter of 2019, earnings were affected positively by a capital gain from the sale of non-current assets, in the amount of SEK 2.6 million.

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
EBITA	16.1	19.7	29.6	49.4	70.8	51.1
Terminated operations	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition and integration expenses	0.0	0.0	0.0	0.0	0.0	0.0
IPO expenses	0.0	7.3	0.0	9.6	9.6	0.0
EBITA items affecting comparability	0.0	7.3	0.0	9.6	9.6	0.0
Adjusted EBITA	16.1	26.9	29.6	59.0	80.4	51.1

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
Operating profit/loss, EBIT	13.2	18.8	26.6	47.5	74.2	53.3
EBITA items affecting comparability	0.0	7.3	-2.6	9.6	9.6	-2.6
Reversed contingent consideration	0.0	0.0	0.0	0.0	-7.1	-7.1
Items affecting comparability EBIT	0.0	7.3	-2.6	9.6	2.5	-9.7
Adjusted EBIT	13.2	26.1	24.0	57.1	76.7	43.6

Net revenue growth

For clarification of net revenue growth, Projektengagemang attributes growth partly to acquired growth and organic growth, and partly to the calendar effect. There was no calendar effect in the quarter.

SEK million	3 months			6 months		
	Apr–Jun 2019	Apr–Jun 2018	Growth %	Jan–Jun 2019	Jan–Jun 2018	Growth %
Reported revenue	360.7	324.0	11.3%	731.1	631.1	15.8%
Adjustment for acquisitions/divestments	-69.3			-146.2		
Revenue adjusted for acquisitions/divestments (organic growth)	291.3	324.0	-10.1%	584.9	631.1	-7.3%
Adjustment for calendar effect	-					
Revenue adjusted for acquisitions/divestments and calendar effect (organic growth taking account of calendar effect)	291.3	324.0	-10.1%	584.9	631.1	-7.3%

Calendar effect days

Average number of employees for the period multiplied by the difference in the number of available working days during the period, multiplied by average net revenue/employee.

Quarter	2019	2018	Difference
Q1	63.0	63.0	0.0
Q2	58.0	58.0	0.0
Q3	66.0	65.0	1.0
Q4	60.5	61.5	-1.0
Total	247.5	247.5	0.0

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Interim report July–September

8 November 2019

Year-end report 2019

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