Q3

Interim report

January to September 2018

Teknik & Arkitektur
PROJEKTENGAGEMANG

Investments strengthen organisation and market position

Projektengagemang has continued to expand during the first nine months of the year and the growth rate is 3 percent. A total of six acquisitions have been made with combined annual sales of SEK 85 million. The third quarter of the year, which is seasonally the lowest, was consistent with the corresponding period last year, although adjusted EBITA earnings were lower due to structural and commercial investments.

Third quarter, 1 July–30 September 2018

- Net revenue totalled SEK 248.9 million (249.3)
- EBITA amounted to SEK 2.1 million (3.0); SEK 2.1 million (9.7) when adjusted for items affecting comparability
- EBIT amounted to SEK 1.2 million (2.0); SEK 1.2 million (8.8) when adjusted for items affecting comparability
- Earnings for the period totalled SEK -0.3 million (0.1)
- Basic and diluted earnings per share totalled SEK 0.01 (0.01)
- In July, the number of shares and votes in PE increased by 618,456 B shares in connection with the exercise of the over-allotment option following the listing of the company's shares on Nasdaq Stockholm. The issue of new shares raised SEK 29.1 million before transaction expenses

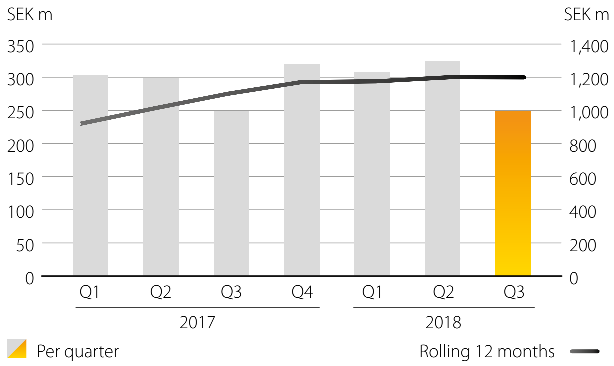
1 January–30 September 2018

- Net revenue totalled SEK 880.0 million (851.4), corresponding to growth of around 3 percent
- EBITA amounted to SEK 51.5 million (45.4); SEK 61.1 million (65.4) when adjusted for items affecting comparability
- EBIT amounted to SEK 48.7 million (42.6); SEK 58.3 million (62.6) when adjusted for items affecting comparability
- Earnings for the period totalled SEK 34.9 million (25.6).
- Basic and diluted earnings per share totalled SEK 1.70 (1.25)
- PE was listed on Nasdaq Stockholm on 19 June 2018
- To coincide with the listing and exercise of the over-allotment option, an issue of new shares was carried out, the proceeds of which totalled SEK 329.1 million before transaction expenses

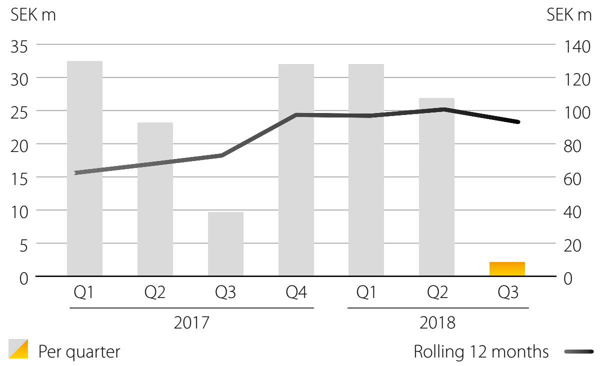
Group summary

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
EBITA	2.1	3.0	51.5	45.4	68.7	74.8
EBITA (adjusted earnings)	2.1	9.7	61.1	65.4	97.4	93.1
EBITA margin, %	0.9	1.2	5.9	5.3	5.9	6.2
EBITA margin, % (adjusted earnings)	0.9	3.9	6.9	7.7	8.3	7.8
Operating profit/loss, EBIT	1.2	2.0	48.7	42.6	65.0	71.1
Operating profit/loss, EBIT (adjusted earnings)	1.2	8.8	58.3	62.6	93.7	89.3
Operating margin, %	0.5	0.8	5.5	5.0	5.6	5.9
Operating margin, % (adjusted earnings)	0.5	3.5	6.6	7.4	8.0	7.4
Profit/loss for the period	−0.3	0.1	34.9	25.6	37.5	46.8
Basic earnings per share for the period, SEK	−0.01	0.01	1.70	1.25	1.73	2.21
Net receivables (-)/debt	27.9	296.4	27.9	296.4	246.3	27.9

Net revenue



EBITA (adjusted earnings)



CEO comments

Revenue in the third quarter, which is seasonally our quietest quarter, was consistent with the corresponding period last year. Adjusted EBITA earnings were lower. During the quarter we recruited 25 consultants within our railway and environment areas of expertise. This is a strategically significant investment for us, which has had an initial negative impact on earnings.

The growth rate for the first nine months of the year is 3 percent, and a total of six acquisitions have been made with combined annual sales of SEK 85 million. Growth is short of our long-term target of 15 percent, and it reflects the lack of major acquisitions during the period. The adjusted EBITA margin calculated on the most recent rolling 12-month period totalled 8 percent, which is in line with our profitability target.

Social trends generate need

The underlying growth factors remain positive. There is a robust need for the services we offer and this applies to all our areas of expertise. Sweden is growing and transitioning to sustainable societal development, with a long-term need for new housing and investments in both infrastructure and industry. The slowdown we have seen in the housing sector relates mainly to the tenant-owner apartments segment. In other segments, such as for other forms of housing including tenant-occupied, residential homes and student housing for the elderly, we predict a positive trend. Our business is diversified, our customer base is broad and we often combine several of our areas of expertise in large projects, which makes us less sensitive to economic fluctuations.

Transition progressing as planned

Transition work within the Architecture & Management division has continued in the right direction. During the period, the division's offering within sustainable societal development has been further expanded via strategic recruitment. In addition, we are delighted to have appointed Helena Liljegren after the end of the quarter, who will be joining as our head of division.

Like the entire industrial sector, the Industry & Energy division is undergoing a transition process, driven by digitalisation and activities aimed at boosting productivity. Several strategic initiatives have been launched, focusing on supporting industrial customers in streamlining processes and production via greater digitalisation and automation.

The Systems division is continuing to deliver stable earnings and seeing an increase in both sales and profitability. The improvement is due to a positive development in operating activities, an effective integration process for acquisitions made during the year and persistently high demand for expertise in areas with high profitability. The latest acquisition within fire and safety makes us one of the market leaders in Sweden, thereby creating a solid foundation for continued work in niche areas with healthy profitability.

In the third quarter, Civil Engineering & Infrastructure invested in its railway and environment areas by recruiting an additional 25 consultants within railways and the environment area. The investment in our railway area has been carried out to meet increased demand resulting from the national and European investments in railways that are under way and planned. During the start-up phase, the new consultants were not working at full capacity, which has impacted earnings. Capacity utilisation will gradually improve. It is a strategically important investment for the division and we are confident that in the long term it will generate business in other parts of the Group as well.

Persistent growth via acquisitions and recruitment

In the Group there continues to be great faith in our acquisition strategy. We conduct regular dialogues with several companies of various sizes and we are noticing that many are attracted by our business concept, our vision and our approach of pursuing operations via individual entrepreneurship. We are careful to select those companies that share our values, fit in with our corporate culture and reflect our development strategy. All in order to facilitate and ensure successful integration and to create more, and bigger synergy effects.

Besides acquisitions, recruitment and professional development of our employees is a top priority. We will continue to make PE an even more attractive workplace, where employees are engaged in the most interesting assignments, create a stimulating work environment and deliver the best solutions for our customers.

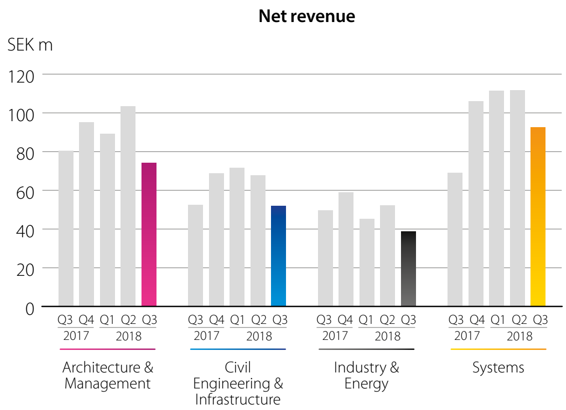
We will also persist with our purposeful efforts to renew society by providing innovative and sustainable solutions. Together we make a difference!

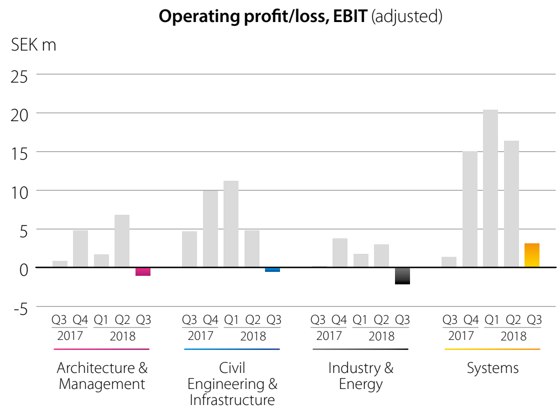
Per Hedebäck
President and CEO

Divisions: financial overview

Net revenue and operating profit by division

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017	12 months Rolling 12 mths
Net revenue						
Architecture & Management	74.1	80.5	266.9	276.5	371.7	362.0
Civil Engineering & Infrastructure	51.9	52.6	191.3	184.4	253.2	260.1
Industry & Energy	38.6	49.6	135.9	158.3	217.4	195.0
Systems	92.6	69.1	315.8	257.1	363.0	421.7
Other and items affecting comparability	–8.3	–2.6	–29.9	–24.9	–34.5	–39.5
Total	**248.9**	**249.3**	**880.0**	**851.4**	**1,170.7**	**1,199.3**
Earnings						
Architecture & Management	–1.0	0.9	7.6	11.2	16.0	12.4
Civil Engineering & Infrastructure	–0.5	4.7	15.5	21.7	31.6	25.4
Industry & Energy	–2.1	0.2	2.7	0.7	4.4	6.5
Systems	3.1	1.4	39.9	28.0	43.0	54.9
Other and items affecting comparability	1.6	–5.1	–17.0	–19.0	–30.0	–28.0
Operating profit/loss, EBIT	**1.2**	**2.0**	**48.7**	**42.6**	**65.0**	**71.1**
Net financial items	–0.9	–1.8	–4.2	–5.6	–7.6	–6.3
Tax	–0.6	–0.1	–9.6	–11.4	–19.9	–18.0
Profit/loss for the period	**–0.3**	**0.1**	**34.9**	**25.6**	**37.5**	**46.8**





Revenue and earnings for the Group

Third quarter, 1 July–30 September 2018

Net revenue for the third quarter 2018 was unchanged compared with the corresponding quarter the previous year, and amounted to SEK 248.9 million (249.3). The third quarter tends to be when levels of activity are at their lowest, as a natural consequence of the holiday period for customers and employees. There has been a slowdown in new construction projects, primarily with regard to tenant-owner apartments. Although we are not highly dependent on new housing construction, this has had a negative effect on us and we have seen a slower start than normal to operations at the beginning of the quarter. Net revenue has been maintained via companies acquired during the year. With a well-established integration process, these companies have made a positive contribution to operations right from the start. Organic growth totalled -6.9 percent. There is no calendar effect in the quarter between 2018 and 2017. See page 26 for further information regarding the calendar effect.

Profit before acquisition-related items (EBITA) was SEK 2.1 million (3.0), and operating profit (EBIT) was SEK 1.2 million (2.0). The corresponding profit adjusted for items affecting comparability amounted to SEK 2.1 million (9.7) and SEK 1.2 million (8.8) respectively. The EBITA margin adjusted for items affecting comparability amounted to 0.9 percent (3.9).

An investment in the railway, sustainability and environment areas was implemented during the quarter. We have recruited some 25 new employees within these areas of expertise. This has impacted chargeability and earnings in the short term by around SEK 5 million, as these individuals were not working at full capacity in the start-up phase. However, major investments have been initiated in these areas, which is why the assessment is that we will see a gradual improvement. Other factors that have had a negative effect on earnings performance in the quarter include the transition work that is under way within Architecture & Management and Industry & Energy. This work is proceeding as planned and will continue throughout 2018. The Systems division saw an improvement in earnings compared with the previous year, but it failed to compensate fully for the decline in other divisions.

Expenses relating to items affecting comparability in the quarter totalled SEK 0 million (6.8). Please see page 26 for further details about these expenses.

1 January–30 September 2018

Net revenue for the 1 January to 30 September period amounted to SEK 880.0 million (851.4), an increase of 3.4 percent compared with last year that is entirely attributable to companies acquired during the year. There is no calendar effect between 2018 and 2017 regarding the first three quarters. See page 26 for further information.

Profit before acquisition-related items (EBITA) was SEK 51.5 million (45.4), and operating profit (EBIT) was SEK 48.7 million (42.6), an improvement of 13.4 and 14.3 percent respectively. The improvement in earnings is largely due to a positive development in operating activities, an effective integration process and high demand for expertise in areas with high margins.

The corresponding profit adjusted for items affecting comparability amounted to SEK 61.1 million (65.4) and SEK 58.3 million (62.6) respectively. The EBITA margin adjusted for items affecting comparability amounted to 6.9 percent (7.7). The improvement in operating profit is derived from the Systems and Industry & Energy divisions, which exhibited a positive trend in the first three quarters compared with last year.

Items affecting comparability that impacted the period totalled SEK 9.6 million (20.1) and expenses for the year are entirely related to the listing on Nasdaq Stockholm. Please see page 26 for further details about these expenses.

During the period, the acquired companies Energi och VVS Planering AB, Sture Byberg Ingenjörsbyrå AB, ROOF Arkitekter AB, Smedjan Projektledning AB, FAST Engineering AB and PreCendo AB performed in line with expectations and contributed SEK 29.8 million to sales.

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

In the Architecture & Management division, Projektengagemang offers solutions relating to urban planning, architecture, landscape and interior architecture, as well as project management and management consulting in strategic matters within public construction.

Net revenue for the division totalled SEK 74 million in the quarter, which is a drop of around 8 percent compared with Q3 2017. Operating earnings for the period fell to SEK -1 million, a decline of roughly SEK 2 million compared with the third quarter of 2017. Transition work, the main focus of which is streamlining internal procedures and a clear market adaptation of the organisation, has progressed as planned during the quarter. After the end of the quarter, Helena Liljegren was appointed Head of Division.

Efforts to develop our project management and management offering are continuing to go well and integration into the new divisional structure has been effective. The offering from operating activities has been expanded to include services within sustainability, and the appointments and acquisitions that were made earlier in the year have strengthened our offering to customers.

There has been a slowdown in new construction projects, primarily with regard to the building of exclusive tenant-owner apartments. Although we are not highly dependent on new housing construction, this has had a negative effect on the division's sales and earnings.

The need for new construction, extensions and conversions with regard to schools, health care providers, offices, etc., remains considerable, mainly in metropolitan areas. The underlying market trends for the services offered by the division remain positive. During the quarter, the division consolidated and packaged its sustainability services, partly with the addition of strategic societal development services, via additional appointments within specialist areas of expertise. We have also introduced our own 'Sustainable Property' product, which is a tool that provides a structured and specific method for property owners to analyse sustainability work in their property portfolio.

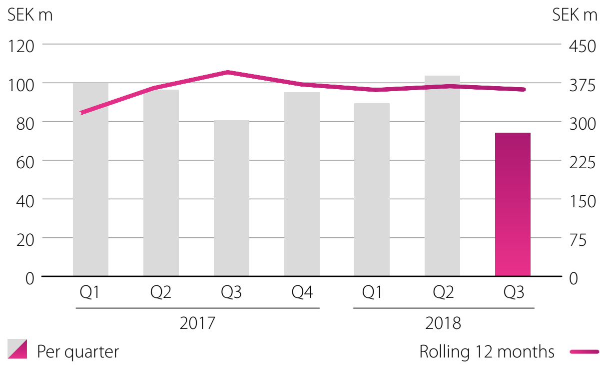
Architects and management consultants often come on board in the early stages of a project. Close cooperation enables us to improve at helping the customer achieve sustainable and cost-effective solutions, which for us means increased profitability and a greater number of multidisciplinary assignments.

The Architecture & Management division is represented in 11 locations in Sweden, and the number of employees in the division at the end of the third quarter totalled 263.

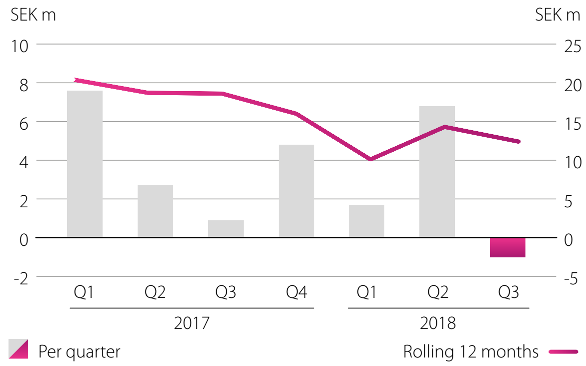
Division summary

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Net revenue	74.1	80.5	266.9	276.5	371.7	362.0
- of which internal net revenue	11.2	7.6	41.6	26.0	43.3	58.9
Total growth, %	–7.9	134.5	–3.5	99.5	44.8	–
- of which organic growth, %	–15.1	19.2	–8.1	1.9	–2.6	–
- of which acquired growth, %	7.2	115.3	4.6	97.6	47.1	–
Operating profit/loss, EBIT (adjusted earnings)	–1.0	0.9	7.6	11.2	16.0	12.4
- EBIT margin, %	–1.3	1.1	2.8	4.0	4.3	3.4
Average number of employees	262	276	261	282	276	261

Net revenue



Operating profit/loss, EBIT (adjusted earnings)



Civil Engineering & Infrastructure

Through its Civil Engineering & Infrastructure division, Projektengagemang offers services in the construction and property sectors, as well as within infrastructure. These services range from building design, acoustics, geotechnics, 3D-laser scanning, energy, environment and sustainability, to bridge and plant design, railways, roads, water treatment and environmental impact.

Net revenue for the division totalled SEK 52 million in the quarter, which is consistent with Q3 2017. Operating earnings for the period fell to zero, a decline of roughly SEK 5 million compared with the third quarter of 2017.

As part of efforts to strengthen our offering within strategically important areas, such as railways and the environment, the division made key investments in the quarter. A total of some 25 employees have been recruited to boost expertise and competitiveness in railways, and there have also been additional appointments to strengthen expertise in the environment area. We initially had low capacity utilisation in the start-up phase, which has impacted earnings in the amount of roughly SEK 5 million and is the reason for the decline in earnings compared with the previous year. These employees will gradually start working at full capacity and we see major opportunities for growth in the area.

We are also aware of the potential relating to continued infrastructure investments fuelled by neglected maintenance and new investment. The significant investments that have been initiated are also attracting major foreign contractors to Sweden, companies that will be reliant on sub-consultants to satisfy Swedish laws and regulations.

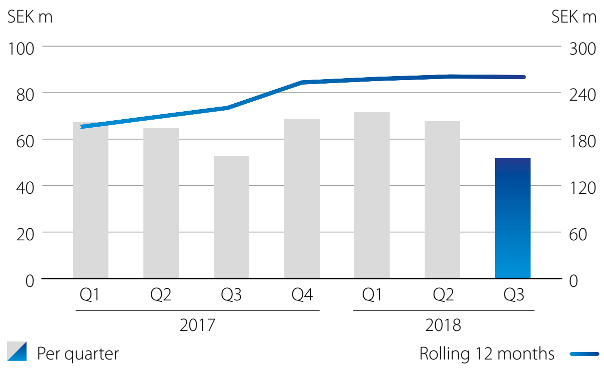
Although there has been a slowdown in new construction projects for tenant-owner apartments, there is still a substantial need for new builds, extensions and conversions of other types of buildings, such as hospitals, schools and offices. We therefore continue to view the market for the division's specialist services as positive in the long term.

The Civil Engineering & Infrastructure division is represented in 10 locations in Sweden, and the number of employees in the division at the end of the third quarter totalled 198.

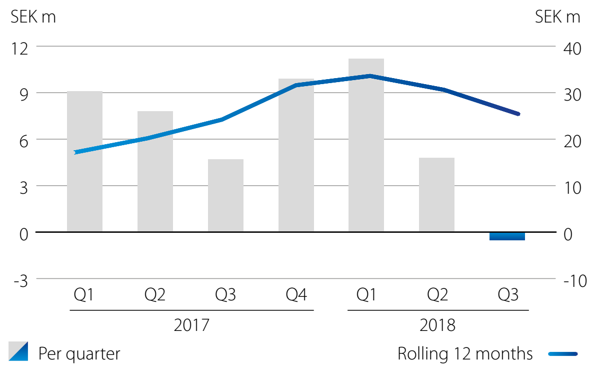
Division summary

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Net revenue	51.9	52.6	191.3	184.4	253.2	260.1
- of which internal net revenue	6.4	5.4	22.0	17.1	25.7	30.6
Total growth, %	–1.4	–5.4	3.8	37.7	48.1	–
- of which organic growth, %	–8.1	–33.8	0.1	–2.7	4.6	–
- of which acquired growth, %	6.7	28.5	3.7	40.4	43.5	–
Operating profit/loss, EBIT (adjusted earnings)	–0.5	4.7	15.5	21.7	31.6	25.4
- EBIT margin, %	–0.9	8.9	8.1	11.8	12.5	9.8
Average number of employees	189	188	186	192	187	186

Net revenue



Operating profit/loss, EBIT (adjusted earnings)



Industry & Energy

In the Industry & Energy division, Projektengagemang 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.

Net revenue for the division totalled approximately SEK 39 million in the quarter, which is a drop of just over 20 percent compared with Q3 2017. The change is largely due to a decline in the division's deliveries, including material, and impairment of certain major projects, which had a negative impact of the revenue. Operating earnings for the period totalled SEK -2 million, a decline of just over SEK 2 million compared with the third quarter of 2017. This is partly a result of the transition work that is under way within the division, and partly due to adjustments to revenue recognition of certain major projects as detailed above. However, accumulated earnings are an improvement on the previous year of roughly SEK 2 million. Transition work in the division is progressing as planned.

Several strategic initiatives have been launched, focusing on supporting industrial customers in streamlining processes and production. The Group's combined expertise within digitalisation and automation is a significant advantage in winning new assignments.

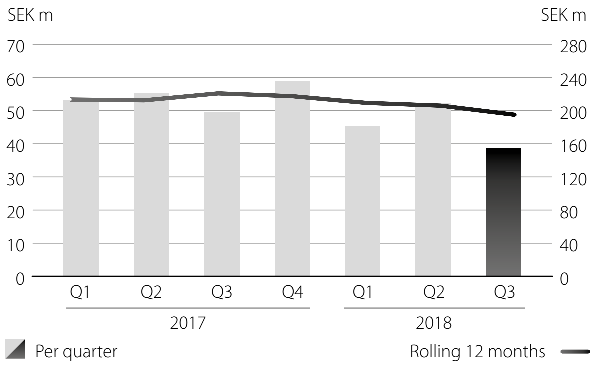
Our assessment is that the division will continue to encounter a market trend that features variations between different branches of industry. Generally speaking, the market is characterised by tough competition and price pressure. Our strategy in responding to this challenge is to clarify the overall value that the division delivers to its customers via end-to-end solutions, and thereby shift further up the value chain.

The Industry & Energy division is represented in 15 locations in Sweden and India, and the number of employees in the division at the end of the third quarter totalled 168.

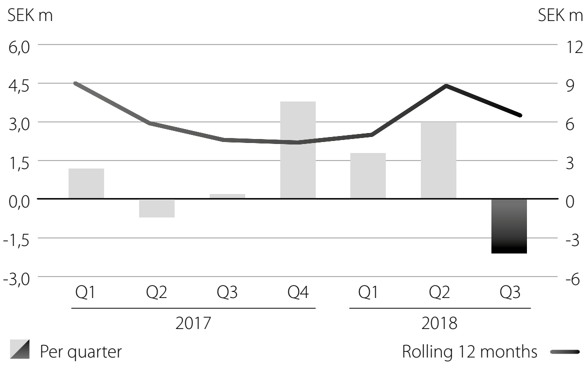
Division summary

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Net revenue	38.6	49.6	135.9	158.3	217.4	195.0
- of which internal net revenue	1.8	1.6	7.7	6.0	9.9	11.6
Total growth, %	–22.3	20.6	–14.2	3.5	0.9	–
- of which organic growth, %	–22.3	8.8	–14.2	–5.1	0.9	–
- of which acquired growth, %	0.0	11.8	0.0	8.6	0.0	–
Operating profit/loss, EBIT (adjusted earnings)	–2.1	0.2	2.7	0.7	4.4	6.5
- EBIT margin, %	–5.5	0.3	2.0	0.4	2.0	3.3
Average number of employees	175	221	181	223	210	185

Net revenue



Operating profit/loss, EBIT (adjusted earnings)



Systems

In the Systems division, Projektengagemang offers installation engineering services in all stages of the building process, focusing on HVAC design, electrical and telecommunications engineering, safety, fire protection and sprinkler systems.

Net revenue for the division totalled SEK 93 million in the third quarter, which is an increase of 34 percent compared with Q3 2017. Operating profit for the period amounted to just over SEK 3 million, compared with just over SEK 1 million in Q3 2017. The improvement in sales and earnings is partly the result of developments in operating activities, and the fact that companies acquired during the year have made a positive contribution.

An additional acquisition within fire protection planning was made in Gothenburg during the quarter. The company specialises in fire and safety and carries out inspection and consulting assignments. The acquisition strengthens the division and makes PE one of the leading operators within fire protection planning and risk management in Sweden. As part of our strategy to adopt market-leading positions in niche areas with healthy profitability that are also involved in the early stages of projects, in Q3 we created a new business area offering fire and safety services.

Most of the assignments focus on installation engineering in new builds and conversions for all types of properties, including major, complex projects spanning several areas. These include the manufacturing industry, hospitals, shopping centres, housing and sports grounds. 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.

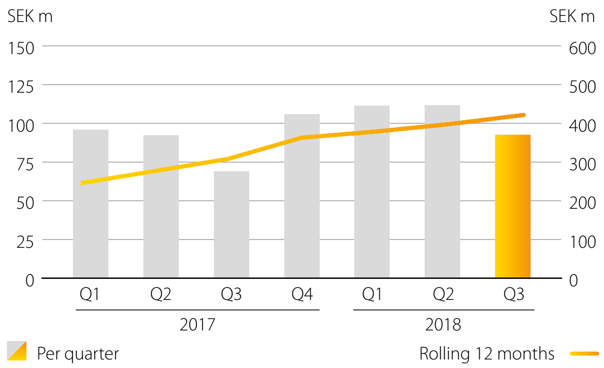
Market conditions are good within the division's services throughout Sweden, particularly in metropolitan regions. Ongoing investments in the field of infrastructure are fuelling demand for installation services. Furthermore, we are seeing persistently high demand for specialist expertise in the division.

The Systems division is represented in 20 locations in Sweden and Norway, and the number of employees in the division at the end of the third quarter totalled 359.

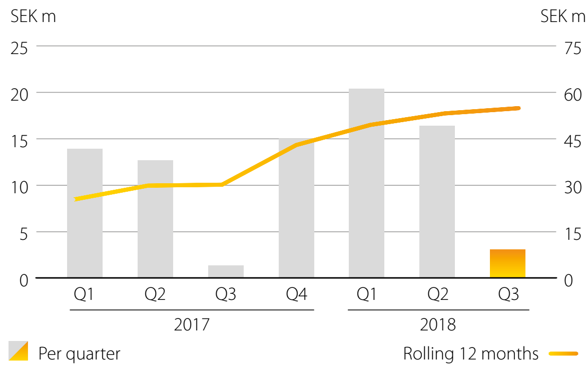
Division summary

	3 months		9 months		12 months	
SEK million	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017	Rolling 12 mths
Net revenue	92.6	69.1	315.8	257.1	363.0	421.7
- of which internal net revenue	14.1	5.5	44.9	19.0	34.4	60.3
Total growth, %	34.1	84.8	22.9	64.4	75.1	–
- of which organic growth, %	12.5	4.5	14.3	–7.9	12.0	–
- of which acquired growth, %	21.6	80.3	8.6	72.2	63.0	–
Operating profit/loss, EBIT (adjusted earnings)	3.1	1.4	39.9	28.0	43.0	54.9
- EBIT margin, %	3.3	2.0	12.6	10.9	11.8	13.0
Average number of employees	337	273	322	273	278	315

Net revenue



Operating profit/loss, EBIT (adjusted earnings)



Cash flow and financial position

Third quarter, 1 July–30 September 2018

Cash flow from operating activities totalled SEK -32.5 million (-14.4), and is largely due to a change in working capital of SEK -46.6 million (-25.8), affected by a change in short-term liabilities related mainly to payment of VAT, holiday and associated social security expenses.

In the third quarter, a purchase consideration in the amount of SEK 6.7 million was paid for the acquired company PreCendo AB. The acquisition corresponds to the net outflow of SEK 6.7 million (0.7) that is recorded in investing activities.

Cash flow from financing activities totalled SEK -8.1 million (13.5). During the quarter the company received SEK 29.1 million net for the issue of new shares associated with the IPO, and SEK 17.3 million was paid out for amortisation of bank loans and financial liabilities.

1 January–30 September 2018

Cash flow from operating activities for the period amounted to SEK -1.8 million (23.6). The change in working capital amounted to SEK -61.2 million (-34.0), with current liabilities such as VAT, holiday pay and associated social security expenses being the main reason for the negative change.

Investing activities exhibited a net outflow during the period of SEK 56.4 million (18.4), which is primarily attributable to the acquisition of subsidiaries, SEK 54.2 million (15.1).

Cash flow from financing activities during the period totalled SEK 227.4 million (-17.0). The positive inflow is linked to the issue of new shares in connection with the company's listing on Nasdaq Stockholm. Dividends of SEK 11.7 million and amortisations of SEK 47.9 million have been paid. At the end of June the company repaid the drawn portion of the revolving credit facility, which is the main reason for the change in credit facilities.

The equity/assets ratio for the Group was 58.3 percent (30.7) and equity totalled SEK 564.9 million, corresponding to SEK 22.97 per share.

Acquisitions

The first quarter saw the acquisitions of consulting firms Energi & VVS planering AB in Helsingborg and Sture Byberg Ingenjörsbyrå AB in Gothenburg. In the second quarter, consulting firms ROOF Arkitekter AB in Örebro, and Smedjan Projektledning AB and FAST Engineering AB in Gothenburg were acquired. PreCendo AB in Gothenburg was acquired in the third quarter. All these acquisitions strengthen the Group's offering in the respective location and provide a more stable foundation for continued growth.

Investments, depreciation and amortisation

Equipment has been purchased for a total of SEK 2.5 million (3.0). Depreciation of equipment totalled SEK 13.6 million (16.1), of which amortisation of finance leases amounted to SEK 10.2 million (6.7). Amortisation of intangible assets totalled SEK 3.2 million (3.3). Purchase considerations paid relating to acquired companies amounted to SEK 64.3 million, see Note 1 for further details.

Significant events, 1 January–30 September 2018

In the first quarter, PE was reorganised according to a new divisional structure. PE is now made up of four business divisions: Architecture & Management, Civil Engineering & Infrastructure, Industry & Energy and Systems. Each division has a head of division, all of whom are members of the Group management team. The aim of the new divisional structure is to generate more opportunities for collaboration within the Group, to clarify our offering to customers and streamline internal processes.

PE carried out six acquisitions in the period with total estimated annual sales of around SEK 85 million.

PE has recruited Åsa Holmgren to fill the role of HR Director. Åsa took up her position on 14 September and is a member of the Group's management team. Åsa has extensive experience of management positions in HR, sustainability and business development in internationally active companies. The appointment of Åsa is an important step in the Group's growth strategy and towards the goal of creating one of the best workplaces in the industry.

IPO

PE was listed on Nasdaq Stockholm on 19 June 2018. The subscription price was SEK 47 per share.

The offering included a total of 10,003,860 B shares, of which 6,382,979 were newly issued shares. The new share offering generated proceeds of SEK 300 million for PE before transaction expenses.

Immediately following the completion of the offering, PE's largest shareholders were Projektengagemang Holding i Stockholm AB, Öresund Investment AB, Swedbank Robur fonder, SEB Enskilda and LK Finans AB.

In connection with the exercise of the over-allotment option following the listing, the company received a further SEK 29 million before transaction expenses, which means that through the listing the company has received total proceeds of SEK 329 million before transaction expenses.

Costs of SEK 9.6 million attributable to the IPO have been charged to operating profit in the second quarter. In addition, SEK 19.9 million has been booked against equity.

Change in the number of shares

As part of preparations prior to the company's listing, a decision was made at an extraordinary general meeting on 4 June 2018 to carry out a 3:1 share split. The number of shares increased by 11,702,828.

In connection with the IPO, 6,382,979 new B shares were issued. At 29 June 2018, the total number of shares and votes in Projektengagemang Sweden AB (publ) amounted to 23,937,221 and 73,401,221 respectively. Of these shares, 5,496,000 are A shares, representing 54,960 000 votes, and 18,441,221 are B shares, representing 18,441,221 votes. The quotient value is SEK 0.11 (0.33) per share. Share capital at 30 June 2018 therefore amounted to SEK 2,659,691, which is an increase of SEK 709,220 since 31 December 2017.

In July, the number of shares and votes in Projektengagemang Sweden AB (publ) rose by 618,456 shares and votes as a result of the issue of 618,456 new B shares in connection with the exercise of the over-allotment option following the listing of the company's shares on Nasdaq Stockholm. The issue of new shares raised SEK 29.1 million before transaction expenses. At 31 July 2018, the total number of shares and votes in Projektengagemang Sweden AB (publ) amounted to 24,555,677 and 74,019,677 respectively. Of these shares, 5,496,000 are A shares, representing 54,960,000 votes, and 19,059,677 are B shares, representing 19,059,677 votes.

Significant events after the end of the reporting period

PE has recruited Helena Liljegren to head up the Architecture & Management division. Helena has a varied background, and with her strong leadership skills she will play a key role in efforts to strengthen our customer focus and continue to build on our profitable growth. Helena will take up her position on 7 January 2019.

Helena's previous roles include head of HP's service department, CEO of Sweco Position and member of the board and project manager at Läkare Utan Gränser. Her most recent position was COO at Tenure Facility. Helena has two master's degrees in business administration and human rights from the University of Gothenburg. She also has a bachelor's degree in literature from Stockholm University and has written a book on leadership.

Helena will be a member of the Group's management team.

Other information

Employees

The average number of FTEs in the quarter amounted to 1,010 (1,007). The number of employees at the end of the period was 1,039 (1,022).

Tax

The tax expense for the period totalled SEK 9.6 million (11.4). In 2017, tax attributable to prior years amounted to SEK 3.6 million, which was recognised in its entirety in the interim report for Q1 2017.

Parent Company

The Parent Company's net revenue for the 1 January–30 September period totalled SEK 181.9 million (121.3), with operating income (EBIT) corresponding to SEK -17.2 million (-9.0). Net revenue for the Parent Company mainly relates to intra-group cost allocations.

Related-party transactions

In the second quarter, Projektengagemang purchased consulting services from K-Konsult Management AB in the amount of SEK 0.4 million (0.4). The transactions took place at market prices.

Calendar effects

There was no calendar effect in the third quarter or in the 2018 period.

See page 26 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 2017 Annual Report. New or revised IFRS standards that entered into force in 2018 have not had any material impact on the Group.

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments entered into force as of January 2018. IFRS 16 Leases applies as of January 2019, but early application is permitted.

IFRS 15 is a principle-based standard that specifies how and when revenue should be recognised and it replaces the previous standard IAS 18 and other interpretations by IFRS. The Group has conducted an analysis of its various contract types according to the control-based model in five stages, as specified by the standard. PE, which has opted not to apply the method retroactively, has concluded that the new standard does not have any impact on the Group's financial statements, which is why no adjustment/recalculation is necessary.

IFRS 9 replaces IAS 39 Financial Instruments. The main impact of the standard relates to a new model for the measurement of financial assets. The new standard features a forward-looking model based on anticipated instead of past credit losses. PE has analysed the effects of the new standard and applied the transition prospectively. In taking account of historical bad debt losses we have noted that the new standard does not have any material impact on the Group's financial statements. For a more detailed description, please refer to the 2017 Annual Report.

IFRS 16 Leases is a new leasing standard that replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities attributable to all leases, with a few exceptions, to be recognised in the balance sheet. 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. A project evaluating the effects of IFRS 16 is progressing according to plan and when application of IFRS 16 enters into force, it will have an impact on PE's earnings and balance sheets.

The interim report for the first quarter of 2018 refers to certain non-IFRS measures that PE and other parties use when evaluating PE's earnings and performance. These measures provide management and investors with significant information in order to analyse trends in the company's operations. These non-IFRS measures are intended to complement, not replace financial measures presented in accordance with IFRS.

To increase comparability with other companies on the market, as of 1 January 2018 PE has introduced the earnings concept EBITA, which is defined as operating profit excluding acquisition-related items. Operating profit is therefore adjusted for depreciation, amortisation and impairment losses 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 2017 Annual Report provides further details of risks and uncertainties and these remain unchanged for this period.

Audit

This report has been subject to a limited assurance review.

2018-11-07 Stockholm, Sweden
Projektengagemang Sweden AB (publ)

Per Hedebäck
President and CEO

Auditor's report

Projektengagamang Sweden AB (publ) corp. reg. no. 556330-2602

Introduction

We have reviewed the condensed interim financial information (interim report) of Projektengagamang Sweden AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 7 November 2018
PricewaterhouseCoopers AB

Lennart Danielsson
Authorized Public Accountant

Group income statement

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017	12 months Rolling 12 mths
Net revenue	**248.9**	**249.3**	**880.0**	**851.4**	**1,170.7**	**1,199.3**
Other external expenses	–77.8	–86.9	–250.9	–246.7	–338.1	–342.4
Personnel costs	–164.0	–154.0	–563.5	–542.6	–741.5	–762.4
Profit/loss before depreciation/amortisation, EBITDA	**7.1**	**8.3**	**65.5**	**62.1**	**91.1**	**94.5**
Depreciation, amortisation and impairment losses	–4.9	–5.4	–14.0	–16.7	–22.4	–19.7
Operating profit/loss, EBITA	**2.1**	**3.0**	**51.5**	**45.4**	**68.7**	**74.8**
Acquisition-related items[1]	–0.9	–0.9	–2.8	–2.8	–3.7	–3.7
Operating profit/loss, EBIT	**1.2**	**2.0**	**48.7**	**42.6**	**65.0**	**71.1**
Financial items	–1.0	–1.8	–4.2	–5.6	–7.6	–6.3
Profit/loss after financial items	**0.3**	**0.2**	**44.5**	**37.0**	**57.4**	**64.8**
Tax	–0.6	–0.1	–9.6	–11.4	–19.9	–18.0
Profit/loss for the period	**–0.3**	**0.1**	**34.9**	**25.6**	**37.5**	**46.8**
Attributable to:						
Parent Company shareholders	–0.1	0.2	34.9	25.8	37.3	46.4
Non-controlling interests	–0.2	–0.1	0.0	–0.2	0.2	0.4
Basic and diluted earnings per share for the period, SEK	–0.01	0.01	1.70	1.25	1.73	2.21

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

Consolidated statement of comprehensive income

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017	12 months Rolling 12 mths
Profit/loss for the year	–0.3	0.1	34.9	25.6	37.5	46.8
Comprehensive income for the year	**–0.3**	**0.1**	**34.9**	**25.6**	**37.5**	**46.8**

Consolidated balance sheet

SEK million	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	390.5	305.3	322.6
Other non-current intangible assets	13.5	16.1	16.1
Property, plant and equipment	54.6	55.9	47.3
Financial assets	3.9	1.2	4.2
Total non-current assets	**462.6**	**378.6**	**390.3**
Current assets			
Current assets excluding cash and cash equivalents	333.3	321.5	328.2
Cash and cash equivalents including short-term investments	173.1	4.6	5.0
Total current assets	**506.4**	**326.1**	**333.2**
TOTAL ASSETS	**969.1**	**704.7**	**723.5**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Parent Company shareholders	564.1	215.7	227.7
Non-controlling interests	0.8	0.4	0.8
Total equity	**564.9**	**216.0**	**228.5**
Liabilities			
Non-current liabilities	151.4	355.8	174.1
Current liabilities, accrued expenses	234.5	122.8	307.5
Deferred tax liability	18.3	10.1	13.5
Total liabilities	**404.2**	**488.7**	**495.1**
TOTAL EQUITY AND LIABILITIES	**969.1**	**704.7**	**723.5**

Consolidated statement of changes in equity

SEK million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Equity at start of period	**228.4**	**191.0**	**191.0**
Profit/loss for the period	34.9	25.6	37.5
Dividends paid	–11.7	–	–
New share issue	329.1	–	–
Transaction expenses	–19.9	–	–
Deferred tax on transaction expenses	4.2	–	–
Transactions related to non-controlling interests	–	–	–
Other transactions	–0.3	–0.6	–0.1
Equity at end of period	**564.9**	**216.1**	**228.4**
Attributable to:			
Parent Company shareholders	564.1	215.7	227.7
Non-controlling interests	0.8	0.4	0.7
Total	**564.9**	**216.0**	**228.4**

Consolidated cash flow statement

SEK million	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Dec 2017
Operating activities					
Profit/loss after financial items	0.3	0.2	44.6	37.0	57.4
Adjustments for non-cash items	18.8	6.5	20.6	–20.5	20.0
Tax paid	–5.0	4.7	–5.7	–	0.5
Cash flow before changes in working capital	**14.1**	**11.4**	**59.4**	**57.6**	**77.9**
Cash flow from changes in working capital	–46.6	–25.8	–61.2	–34.0	–1.3
Cash flow from operating activities	**–32.5**	**–14.4**	**–1.8**	**23.6**	**76.6**
Purchase of property, plant and equipment and non-current intangible assets	–0.6	0.3	–2.5	–3.0	–4.7
Acquisition of Group companies, incl. cash funds	–6.7	–	–54.2	–15.1	–15.2
Sale of Group companies	–	–	–	–	0.9
Change in financial assets	0.0	–0.2	0.4	–0.3	–
Cash flow from investing activities	**–7.2**	**0.1**	**–56.4**	**–18.4**	**–18.9**
Dividend paid	–	–	–11.7	–	–
New share issue	29.1	–	329.1	–	–
Transaction expenses new share issue	–19.9	–	–19.9	–	–
Amortisation of loans	–17.3	–16.6	–47.9	–48.2	–62.6
Change in credit facilities	–	30.1	–22.2	31.2	–4.7
Cash flow from financing activities	**–8.1**	**13.5**	**227.4**	**–17.0**	**–67.3**
Cash flow for the period	**–47.8**	**–0.7**	**169.2**	**–11.8**	**–9.6**
Cash and cash equivalents at start of period	220.6	2.0	3.5	13.2	13.2
Exchange rate difference in cash and cash equivalents	–0.0	–	–0.0	–0.0	–0.1
Cash and cash equivalents at end of period	**172.7**	**1.3**	**172.7**	**1.3**	**3.4**

Parent Company income statement

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017
Net revenue	**56.6**	**45.1**	**181.9**	**121.3**	**180.1**
Other external expenses	–41.9	–39.1	–155.7	–102.8	–153.9
Personnel costs	–11.3	–8.2	–38.8	–23.8	–37.3
Profit/loss before depreciation/amortisation, EBITDA	**3.4**	**–2.2**	**–12.7**	**–5.3**	**–11.1**
Depreciation, amortisation and impairment losses	–2.1	–0.5	–4.5	–3.7	–4.8
Operating profit/loss, EBIT	**1.2**	**–2.7**	**–17.2**	**–9.0**	**–16.0**
Financial items	–1.0	–1.1	–3.4	–4.1	1.4
Profit/loss after financial items	**0.2**	**–3.8**	**–20.5**	**–13.1**	**–14.5**
Appropriations	–	–	–	–	20.3
Profit/loss before tax	**0.2**	**–3.8**	**–20.5**	**–13.1**	**5.8**
Tax	–0.0	–	–	0.3	–0.8
Profit/loss for the period	**0.3**	**–3.8**	**–20.5**	**–12.8**	**4.9**

Parent Company statement of comprehensive income

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017
Profit/loss for the year	0.3	–3.8	–20.5	–12.8	4.9
Comprehensive income for the year	**0.3**	**–3.8**	**–20.5**	**–12.8**	**4.9**

Parent Company balance sheet

SEK million	30 Sep 2018	30 Sep 2017	31 Dec 2017
ASSETS			
Non-current assets			
Other non-current intangible assets	1.4	–	1.0
Property, plant and equipment	11.7	9.9	8.7
Deferred tax asset	7.1	9.1	7.1
Financial assets	452.1	374.1	373.0
Total non-current assets	**472.3**	**392.2**	**389.7**
Current assets			
Current assets	399.6	138.2	153.1
Total current assets	**399.6**	**138.2**	**153.1**
TOTAL ASSETS	**871.9**	**531.3**	**542.8**
EQUITY AND LIABILITIES			
Equity	479.2	180.4	198.1
Non-current liabilities	124.3	163.6	150.7
Current liabilities	268.4	187.3	194.0
Total liabilities	**392.7**	**350.9**	**344.7**
TOTAL EQUITY AND LIABILITIES	**871.9**	**531.3**	**542.8**

Income statement per quarter for the Group

SEK million	Jul–Sep 2018	Apr–Jun 2018	Jan–Mar 2018	Oct–Dec 2017	Jul–Sep 2017	Apr–Jun 2017	Jan–Mar 2017	Oct–Dec 2016
Net revenue	**248.9**	**324.1**	**307.1**	**319.3**	**249.3**	**299.4**	**302.7**	**271.4**
Other external expenses	–77.8	–98.6	–74.5	–91.4	–86.9	–84.6	–75.2	–106.2
Personnel costs	–164.0	–201.6	–197.9	–198.9	–154.0	–193.4	–195.2	–168.5
Profit/loss before depreciation/amortisation, EBITDA	**7.1**	**23.9**	**34.6**	**29.0**	**8.3**	**21.4**	**32.3**	**–3.2**
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)[1]	**7.1**	**31.2**	**36.9**	**37.6**	**15.1**	**28.9**	**38.1**	**14.2**
Depreciation, amortisation and impairment losses	–4.9	–4.2	–4.9	–5.7	–5.4	–5.7	–5.6	–30.2
Operating profit/loss, EBITA	**2.1**	**19.7**	**29.7**	**23.3**	**3.0**	**15.7**	**26.7**	**–33.5**
Operating profit/loss, EBITA (adjusted earnings)[1]	**2.1**	**26.9**	**32.0**	**32.0**	**9.7**	**23.2**	**32.5**	**7.5**
Acquisition-related items[2]	–0.9	–0.9	–0.9	–0.9	–0.9	–0.9	–0.9	–0.1
Operating profit/loss, EBIT	**1.2**	**18.8**	**28.8**	**22.4**	**2.0**	**14.8**	**25.8**	**–33.6**
Operating profit/loss, EBIT (adjusted earnings)[1]	**1.2**	**26.0**	**31.1**	**31.0**	**8.8**	**22.3**	**31.6**	**7.4**
Financial items	–1.0	–1.8	–1.4	–2.1	–1.8	–2.9	–0.8	–3.3
Profit/loss after financial items	**0.3**	**16.9**	**27.3**	**20.3**	**0.2**	**11.9**	**24.9**	**–36.8**
Tax	–0.6	–3.8	–5.2	–8.4	–0.1	–2.1	–9.1	11.2
Profit/loss for the period[3]	**–0.3**	**13.1**	**22.2**	**11.9**	**0.1**	**9.7**	**15.8**	**–25.6**
Attributable to:								
Parent Company shareholders	–0.1	12.9	22.1	11.5	0.2	9.7	15.9	–25.5
Non-controlling interests	–0.2	0.2	0.0	0.4	–0.1	0.1	–0.1	–0.1

1 Adjusted for items affecting comparability

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

Key performance indicators, Group

SEK million	3 months Jul–Sep 2018	3 months Jul–Sep 2017	9 months Jan–Sep 2018	9 months Jan–Sep 2017	12 months Jan–Dec 2017	12 months Rolling 12 mths
PROFITABILITY						
EBITDA	7.1	8.3	65.5	62.1	91.1	94.5
EBITDA margin, %	2.8	3.3	7.4	7.3	7.8	7.9
EBITDA (adjusted earnings)[1]	7.1	15.1	75.1	82.1	119.7	112.8
EBITDA margin, % (adjusted earnings)	2.8	6.1	8.5	9.6	10.2	9.4
EBITA	2.1	3.0	51.5	45.4	68.7	74.8
EBITA margin, %	0.9	1.2	5.9	5.3	5.9	6.2
EBITA (adjusted earnings)[1]	2.1	9.7	61.1	65.4	97.4	93.1
EBITA margin, % (adjusted earnings)	0.9	3.9	6.9	7.7	8.3	7.8
EBIT	1.2	2.0	48.7	42.6	65.0	71.1
EBIT margin, %	0.5	0.8	5.5	5.0	5.6	5.9
EBIT (adjusted earnings)[1]	1.2	8.8	58.3	62.6	93.7	89.3
EBIT margin, % (adjusted earnings)	0.5	3.5	6.6	7.4	8.0	7.4
NET REVENUE						
Total growth, %	–0.2	56.3	3.4	51.5	40.0	–
- of which organic growth	–6.9	1.8	–0.3	–3.6	4.1	–
- of which acquired growth	6.8	54.5	3.7	55.1	35.9	–
FINANCIAL POSITION						
Equity/assets ratio, %	58.3	30.7	58.3	30.7	31.6	–
Available cash and cash equivalents	333.4	109.9	333.4	109.9	142.9	–
- of which undrawn credit facilities	160.3	105.0	160.3	105.0	137.8	–
Leverage	0.3	3.9	0.3	3.9	2.7	0.3
OTHER						
Number of employees	1,039	1,022	1,039	1,022	978	1,039
Average number of employees	1,015	996	1,000	1,007	988	989
Chargeability, %	75.5	79.0	78.3	78.8	78.6	78.3
Basic and diluted earnings per share, SEK	–0.01	0.01	1.70	1.25	1.73	2.21
Equity per share, SEK[2]	22.97	36.85	22.97	36.85	38.91	22.97

1 Adjusted for items affecting comparability

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

Notes

NOTE 1 Acquisitions

PreCendo AB was acquired at the end of the third quarter. The company is expected to have annual net sales of approximately SEK 18 million.

During the first nine months of the year, the company carried out a total of six acquisitions: consulting firm Energi & VVS-planering i Helsingborg AB, Örebro-based ROOF Arkitekter AB and Gothenburg-based Sture Byberg Ingenjörsbyrå AB, Smedjan Projektledning AB, FAST Engineering AB and Precendo AB. All these acquisitions have combined sales of SEK 75.3 million and an operating profit of SEK 11.0 million for the 1 January to 30 September period. The acquisitions' contribution to consolidated sales for the same period was SEK 29.8 million, and their contribution to consolidated operating profit was SEK 4.2 million. Transaction expenses for the period total SEK 1.7 million and are included in earnings under other external expenses.

Acquisition analysis

SEK million	Jan–Sep 2018
Goodwill	67.9
Other non-current assets	0.1
Current receivables	23.5
Cash and cash equivalents	10.1
Current and non-current liabilities	–22.0
Purchase considerations	**79.5**
Unpaid purchase considerations	–15.3
Cash and cash equivalents in the acquired company	10.1
Purchase considerations paid incl. cash funds	**54.2**
Transaction expenses	1.7
Total payments	**55.9**

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 Sep 2018

SEK million	Measured at fair value via profit/loss	Loans and trade receivables	Financial assets available for sale, measured at fair value	Financial liabilities measured at amortised cost	Of which fair value per level* 1	2	3
Financial instruments, assets							
Financial investments	–	–	3.2	–	–	–	3.2
Trade receivables	–	161.1	–	–	–	–	–
Short-term investments	–	–	0.4	–	–	–	0.4
Cash and cash equivalents	–	172.7	–	–	–	–	–
Other non-current receivables	–	0.6	–	–	–	–	–
Total financial assets	**–**	**334.5**	**3.6**	**–**	**–**	**–**	**3.6**
Financial instruments, liabilities							
Recognised purchase considerations	31.4	–	–	–	–	–	31.4
Liabilities to customers and suppliers	–	–	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–	–	–
Interest-bearing liabilities, non-current	–	–	–	141.6	–	–	–
Interest-bearing liabilities, current	–	–	–	60.1	–	–	–
Total financial liabilities	**31.4**	**–**	**–**	**201.7**	**–**	**–**	**31.4**

NOTE 2 Financial instruments by category, cont.

30 Sep 2017

SEK million	Measured at fair value via profit/loss	Loans and trade receivables	Financial assets available for sale, measured at fair value	Financial liabilities measured at amortised cost	Of which fair value per level* 1	2	3
Financial instruments, assets							
Financial investments	–	–	–	–	–	–	–
Trade receivables	–	134.8	–	–	–	–	–
Short-term investments	–	3.3	–	–	–	–	3.3
Cash and cash equivalents	–	1.3	–	–	–	–	–
Other non-current receivables	–	1.0	–	–	–	–	–
Total financial assets	**–**	**140.4**	**–**	**–**	**–**	**–**	**3.3**
Financial instruments, liabilities							
Recognised purchase considerations	16.1	–	–	–	–	–	16.1
Liabilities to customers and suppliers	–	–	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–	–	–
Interest-bearing liabilities, non-current	–	–	–	187.5	–	–	–
Interest-bearing liabilities, current	–	–	–	113.5	–	–	–
Total financial liabilities	**16.1**	**–**	**–**	**301.0**	**–**	**–**	**16.1**

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 2018 or 2017.

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 asset/tax liability

The interim report's balance sheet is aggregated, which is why deferred tax assets are 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 Sep 2018	30 Sep 2017
Deferred tax asset		
Loss carryforwards	15.0	–
Current assets	0.9	–
Total deferred tax asset	**15.9**	**–**
Deferred tax liability		
Untaxed reserves	11.4	–
Current assets	22.8	10.1
Total deferred tax liability	**34.2**	**10.1**
Net deferred tax effect	**–18.3**	**–10.1**

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 2017 Annual Report.

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Net revenue						
Architecture	30.0	56.9	121.3	201.2	248.7	168.8
Project Management	44.1	23.6	145.5	75.3	123.0	193.3
Architecture & Management	**74.1**	**80.5**	**266.9**	**276.5**	**371.7**	**362.0**
Building	34.1	35.0	128.3	124.2	170.9	175.0
Infrastructure	17.8	17.6	63.0	60.2	82.3	85.1
Civil Engineering & Infrastructure	**51.9**	**52.6**	**191.3**	**184.4**	**253.2**	**260.1**
Industry & Energy	**38.6**	**49.6**	**135.9**	**158.3**	**217.4**	**195.0**
Electrical, Telecommunications & Safety	66.6	46.5	217.8	173.0	246.4	291.3
HVAC	26.1	22.6	98.0	84.1	116.6	130.5
Systems	**92.6**	**69.1**	**315.8**	**257.1**	**363.0**	**421.7**
Internal eliminations	–8.3	–2.6	–29.9	–24.9	–34.5	–39.5
Total	**248.9**	**249.3**	**880.0**	**851.4**	**1,170.7**	**1,199.3**

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 sales/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 comparable 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.

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Non-current, interest-bearing liabilities	141.6	187.5	141.6	187.5	173.8	141.6
Current, interest-bearing liabilities	60.1	113.5	113.5	113.5	77.5	60.1
Cash and cash equivalents including short-term investments	–173.7	–4.6	–173.7	–4.6	–5.0	–173.7
Net receivables (–)/debt	**27.9**	**296.4**	**27.9**	**296.4**	**246.3**	**27.9**
Net receivables (–)/debt	27.9	296.4	27.9	296.4	246.3	27.9
EBITDA, rolling 12 months[1]	94.5	75.2	94.5	75.2	91.1	94.5
Leverage	**0.3**	**3.9**	**0.3**	**3.9**	**2.7**	**0.3**
Operating profit/loss, EBIT	1.2	2.0	48.7	42.6	65.0	71.1
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
Operating margin EBIT, %	**0.5**	**0.8**	**5.5**	**5.0**	**5.6**	**5.9**
Operating profit/loss, EBIT (adjusted earnings)	1.2	8.8	58.3	62.6	93.7	89.3
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
Adjusted operating margin EBIT, %	**0.5**	**3.5**	**6.6**	**7.4**	**8.0**	**7.4**
Operating profit/loss, EBIT	1.2	2.0	48.7	42.6	65.0	71.1
Acquisition-related items	–0.9	–0.9	–2.8	–2.8	–3.7	–3.7
EBITA	2.1	3.0	51.5	45.4	68.7	74.8
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
EBITA margin, %	**0.9**	**1.2**	**5.9**	**5.3**	**5.9**	**6.2**
Operating profit/loss, EBIT (adjusted earnings)	1.2	8.8	58.3	62.6	93.7	89.3
Acquisition-related items	–0.9	–0.9	–2.8	–2.8	–3.7	–3.7
EBITA (adjusted earnings)	2.1	9.7	61.1	65.4	97.4	93.1
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
Adjusted EBITA margin, %	**0.9**	**3.9**	**6.9**	**7.7**	**8.3**	**7.8**
Operating profit/loss, EBIT	1.2	2.0	48.7	42.6	65.0	71.1
Depreciation/amortisation	5.9	6.3	16.8	19.5	26.1	23.4
Profit/loss before depreciation/amortisation, EBITDA	7.1	8.3	65.5	62.1	91.1	94.5
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
EBITDA margin, %	**2.8**	**3.3**	**7.4**	**7.3**	**7.8**	**7.9**
Operating profit/loss, EBIT (adjusted earnings)	1.2	8.8	58.3	62.6	93.7	89.3
Depreciation/amortisation	5.9	6.3	16.8	19.5	26.1	23.4
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	7.1	15.1	75.1	82.1	119.7	112.8
Net revenue	248.9	249.3	880.0	851.4	1,170.7	1,199.3
Adjusted EBITDA margin, %	**2.8**	**6.1**	**8.5**	**9.6**	**10.2**	**9.4**

1 Proforma EBITDA

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 the significant acquisitions that occurred in 2016, 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 September 2018 period, earnings were negatively impacted by a total of SEK 9.6 million in items affecting comparability. These costs comprise consulting expenses associated with the company's IPO.

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
EBITA	**2.1**	**3.0**	**51.5**	**45.4**	**68.7**	**74.8**
Terminated operations	–	–	–	–	0.9	0.1
Acquisition and integration expenses	–	2.6	–	13.2	19.5	6.3
IPO expenses	–	4.2	9.6	6.9	8.3	11.8
EBITA items affecting comparability	**–**	**6.8**	**9.6**	**20.0**	**28.7**	**18.2**
Adjusted EBITA	**2.1**	**9.8**	**61.1**	**65.4**	**97.4**	**93.0**

	3 months		9 months		12 months	
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Jan–Dec 2017**	**Rolling 12 mths**
Operating profit/loss, EBIT	**1.2**	**2.0**	**48.7**	**42.6**	**65.0**	**71.1**
EBITA items affecting comparability	–	6.8	9.6	20.0	28.7	18.2
Depreciation, amortisation and impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
Items affecting comparability EBIT	**0.0**	**6.8**	**9.6**	**20.0**	**28.7**	**18.2**
Adjusted EBIT	**1.2**	**8.8**	**58.3**	**62.6**	**93.7**	**89.3**

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 or for the 2018 period.

	3 months			9 months		
SEK million	**Jul–Sep 2018**	**Jul–Sep 2017**	**Growth %**	**Jan–Sep 2018**	**Jan–Sep 2017**	**Growth %**
Reported sales	248.9	249.3	–0.2	880.0	851.4	3.4
Adjustment for acquisitions/divestments	–16.8	–	–	–31.2	–	–
Sales adjusted for acquisitions/divestments (organic growth)	232.0	249.3	–6.9	848.8	851.4	–0.3
Adjustment for calendar effect	–	–	–	–	–	–
Sales adjusted for acquisitions/divestments and calendar effect (organic growth taking account of calendar effect)	232.0	249.3	–6.9	848.8	851.4	–0.3

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	**2018**	**2017**	**Difference**
Q1	63.0	63.5	–0.5
Q2	58.0	57.5	0.5
Q3	65.0	65.0	0.0
Q4	61.5	63.5	–2.0
Total	**247.5**	**249.5**	**–2.0**

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Financial calendar

Third quarter	**7 November 2018**
Year-end report	**22 February 2019**

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