

Projektengagemang Q4 2018

January – December 2018

Per Hedeback, CEO

Peter Sandberg, CFO

Company overview

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

1.2 SEKbn

Net Revenue

6.6 %

EBITA*

1 051

Employees

33

Locations

Integra
included

1.4 SEKbn

Net Revenue

7.8 %

EBITA*

1 251

Employees

36

Locations



Skien, Norway

Chennai, India

All numbers full year 2018
* Adjusted earnings

Our business areas

Architecture & Management

Architecture in combination with urban planning, landscape and interior design

Project management and strategic advisory within sustainability and urban planning

Industry & Energy

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



Civil Engineering & Infrastructure

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

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

Systems

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

Systems specialists regarding digitalization, sensors and systems optimization and automation

* Full Year 2018. Share of Group revenue and EBIT-margin.



3D visualizing and planning of new city district

Barkarbystaden, Veddesta
Järfälla kommun



Top-class research facility for Uppsala university

Ångströmlaboratoriet, Uppsala
Akademiska Hus



Holistic architecture and urban planning for an aging population

Magnoliatomten, Sköndal
Ikano Fastigheter



Indoor climate optimization of complex glass construction

Platinan, Göteborg
PEAB/Vasakronan

Q4 2018

Business highlights Q4

- Acquisition of Integra Engineering
- Operational investments in railway and sustainability with increasing order backlog
- Significant steps taken in the transformation within underperforming business areas
- Strengthened offering within sustainability
- Investments in organisation, processes and platform for further growth
- Continued solid demand for most services



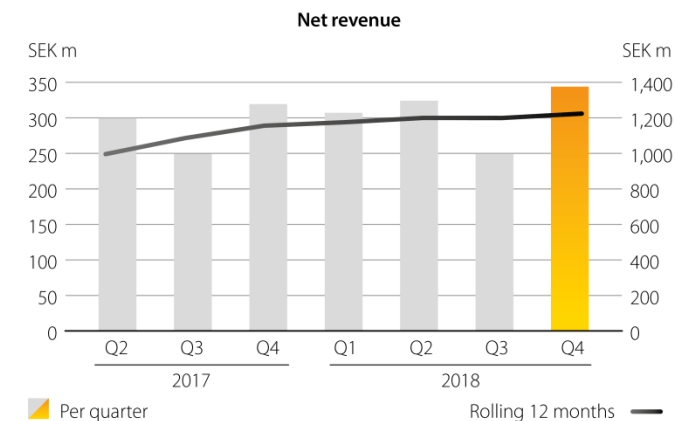
Group financial summary Q4

- Net revenue grew 8 % to SEKm 344 (319), of which 3 % organic*
- EBITA margin of 6 (10) %
- Strong financial position

Group summary

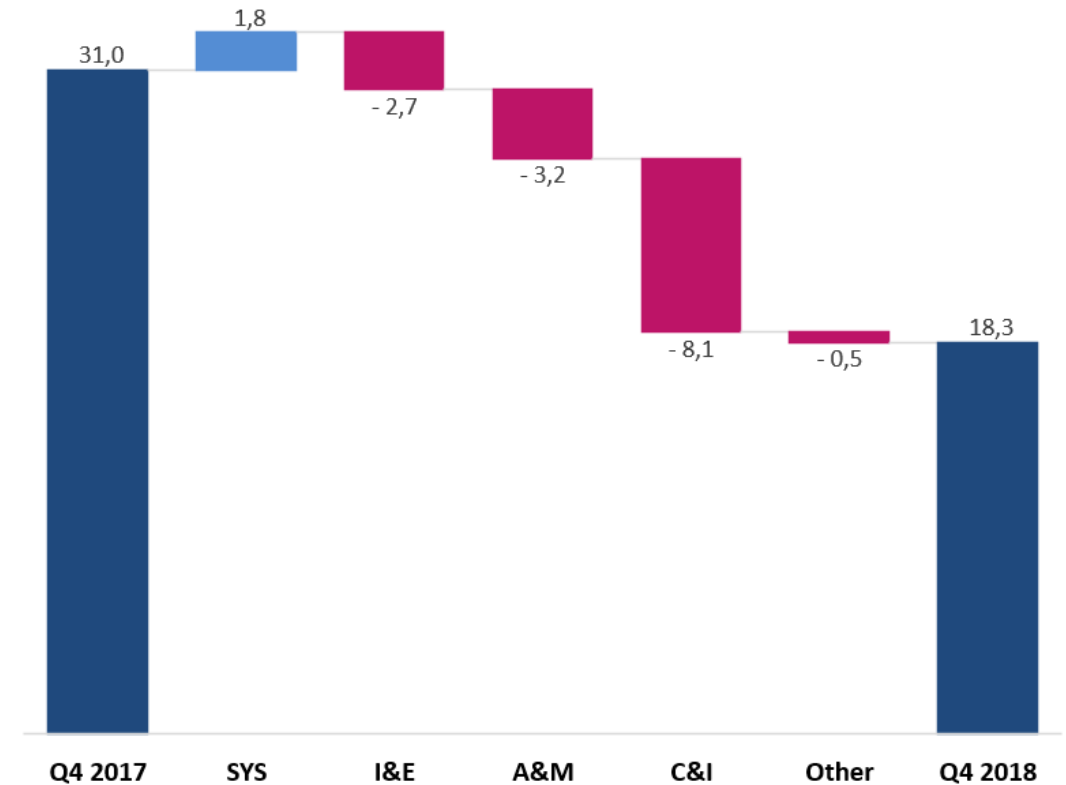
SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	343.8	319.3	1,223.8	1,170.7
EBITA (adjusted earnings)	19.3	32.0	80.4	97.4
EBITA margin, % (adjusted earnings)	5.6	10.0	6.6	8.3
Operating profit/loss, EBIT (adjusted earnings)	18.3	31.0	76.7	93.7
Operating margin, % (adjusted earnings)	5.3	9.7	6.3	8.0
Net receivables (-)/debt	207.8	246.3	207.8	246.3

* Adjusted for calendar effects



Group EBIT bridge Q4

- Continued strong development within business area **Systems**
- **Industry & Energy** lower earnings due to project related costs and reduced number of FTE
- Transformation within **Architecture & Management** to a large extent completed
- Investments in railroad segment within **Civil Engineering & Infrastructure** effected EBIT



Architecture & Management

- **4 % growth**
 - Organic -4 %
 - Acquired 7 %
- **Transformation**
 - Restructuring to a large extent completed. Positive effect on earnings in 2019
 - Acquisition of Mats & Arne Arkitektkontor in Gothenburg in January
- **New build housing projects**
 - Lower demand within the high-end segment
 - Underlying solid demand, especially within housing for students, seniors and migrants as well as for hospitals



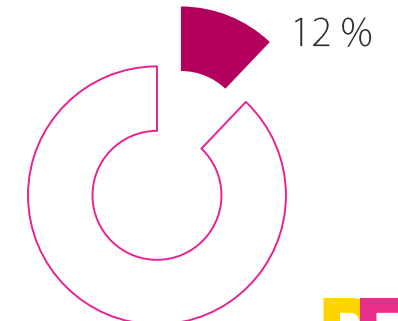
Division summary

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	104.3	100.5	388.8	393.7
Total growth, %	3.8	-20.0	-1.2	40.2
Operating profit/loss, EBIT (adjusted earnings)	1.7	4.9	10.6	18.7
- EBIT margin, %	1.7	4.9	2.7	4.7

Share of revenue*



Share of EBIT*



*Full year 2018

Civil Engineering & Infrastructure

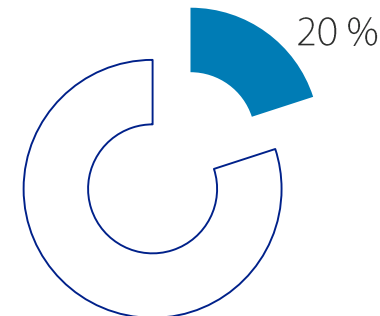
- **18 % revenue growth**
 - Organic 16 %
 - Acquired 2 %
- Margin impacted by **investments within Railroad and Environment** and internal costs related to the acquisition of Integra
- **Solid underlying demand** and investments within infrastructure, also for hospitals, schools, and offices



Division summary

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	74.7	63.4	250.2	231.2
Total growth, %	17.9	135.4	8.2	67.4
Operating profit/loss, EBIT (adjusted earnings)	1.7	9.8	15.9	28.9
- EBIT margin, %	2.2	15.4	6.3	12.5

Share of revenue*



Share of EBIT*



*Full year 2018

Industry & Energy

- **-26 % revenue growth**
 - Organic -26 %
 - Acquired 0 %
- **Large steps taken in the transformation towards automation and digitalization**
- **One-off project related costs in Q4**
- **Solid underlying market** for automation and digitalization

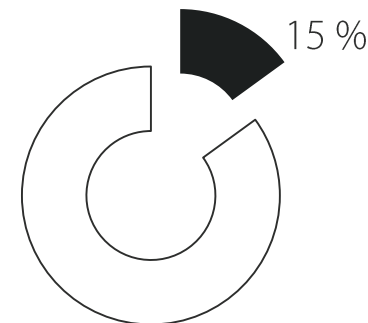
Division summary

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	44.0	59.0	1799	2174
Total growth, %	-25.5	-5.5	-17.2	-0.5
Operating profit/loss, EBIT (adjusted earnings)	1.1	3.8	3.8	4.4
- EBIT margin, %	2.5	6.4	2.1	2.0

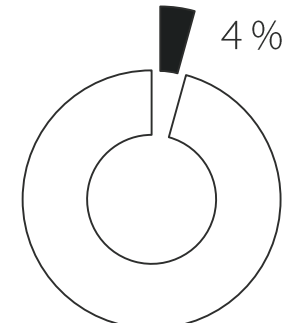
*Full year 2018



Share of revenue*



Share of EBIT*



Systems

- **22 % revenue growth**
 - Organic 7 %
 - Acquired 15 %
- **Strong revenue and earnings trend continued**
- **New business area within fire and safety** – one of the market leaders
- **Continued strong demand** in our selected markets and areas

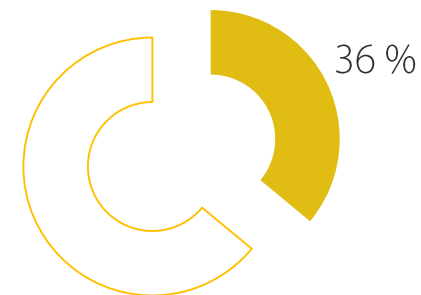
Division summary

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	129.5	105.9	445.3	363.0
Total growth, %	22.2	40.1	22.7	7.4
Operating profit/loss, EBIT (adjusted earnings)	16.7	15.0	56.7	43.0
- EBIT margin, %	12.9	14.1	12.7	11.8

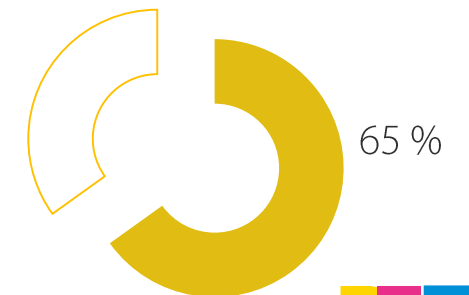
*Full year 2018



Share of revenue*



Share of EBIT*



Cash flow and Net debt

- Cash flow from operations generated SEKm 40 (59) in Q4
- New credit facility agreement
- Strong financial position, Net debt / EBITDA at 2.3x (2.7)
- Cash conversion 96 % (excl. Δ NWC)
- Board of Directors proposes dividend of SEK 1.0 per share equivalent of 43 % of EPS

SEKmillion	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating activities				
Profit/loss after financial items	23.8	20.3	68.4	57.4
Adjustments for non-cash items	-2.7	5.8	19.3	20.0
Tax paid	0.0	0.5	0.0	0.5
Cash flow before changes in working capital	21.1	26.6	80.5	77.9
Cash flow from operating activities	39.6	59.4	37.8	76.6
Cash flow from investing activities	-218.7	-6.9	-275.1	-18.9
Cash flow from financing activities	115.3	-50.3	342.8	-67.3
Cash flow for the period	-63.8	2.2	105.5	-9.6
Cash and cash equivalents at end of period	109.0	3.5	109.0	3.4

Acquisitions – 2018/19

Yearly revenue SEKm 310

Year	Company	Business Area
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2018	Sture Byberg Ingenjörbyrå AB	Civil Engineering & Infrastructure
	Energi & VVS-planering i Helsingborg AB	Systems
	Smedjan Projektledning AB	Architecture & Management
	Roof Arkitekter AB	Architecture & Management
	Fast Engineering Göteborg AB	Systems
	PreCendo AB	Systems
	Integra Engineering AB	Civil Engineering & Infrastructure

2019	Mats & Arne Arkitektkontor AB	Architecture & Management
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Financial targets

Growth

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

Profitability

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

Leverage

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

Dividend policy

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

Conclusion and outlook

- **Net revenue growth 5 % in 2018**
- **Lower adjusted EBITA-margin 6.6 (8.3) % in 2018**
- **Transformation of underperforming business areas** and full year impact of **acquired companies** expected to improve earnings gradually from the second quarter in 2019
- **Continued solid demand** in most segments supported by stable investment levels

Q & A

Appendix

Group income statement

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net revenue	343.8	319.3	1,223.8	1,170.7
Other external expenses	-97.0	-91.4	-347.9	-338.1
Personnel costs	-222.8	-198.9	-786.3	-741.5
Profit/loss before depreciation/amortisation, EBITDA	24.0	29.0	89.6	91.1
Depreciation, amortisation and impairment losses	-4.7	-5.7	-18.8	-22.4
Operating profit/loss, EBITA	19.3	23.3	70.8	68.7
Acquisition-related items ¹	6.1	-0.9	3.4	-3.7
Operating profit/loss, EBIT	25.4	22.4	74.2	65.0
Financial items	-1.6	-2.1	-5.8	-7.6
Profit/loss after financial items	23.8	20.3	68.4	57.4
Tax	-1.7	-8.4	-11.3	-19.9
Profit/loss for the period	22.1	11.9	57.1	37.5
Attributable to:				
Parent Company shareholders	22.1	11.5	56.8	37.3
Non-controlling interests	0.3	0.4	0.3	0.2
Basic and diluted earnings per share for the period, SEK	0.89	0.47	2.63	1.73

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 balance sheet

SEK million	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Goodwill	573.0	322.6
Other non-current intangible assets	50.3	16.1
Property, plant and equipment	62.4	47.3
Financial assets	3.9	4.2
Total non-current assets	689.9	390.3
Current assets		
Current assets excluding cash and cash equivalents	394.3	328.2
Cash and cash equivalents including short-term investments	109.5	5.0
Total current assets	503.8	333.2
TOTAL ASSETS	1,193.7	723.5
EQUITY AND LIABILITIES		
Equity		
Equity attributable to Parent Company shareholders	586.1	227.7
Non-controlling interests	1.0	0.8
Total equity	587.1	228.5
Liabilities		
Non-current liabilities	264.8	174.1
Current liabilities, accrued expenses	310.7	307.5
Deferred tax liability	31.0	13.5
Total liabilities	606.5	495.1
TOTAL EQUITY AND LIABILITIES	1,193.7	723.5

Consolidated cash flow statement

SEK million	3 months		12 months	
	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating activities				
Profit/loss after financial items	23.8	20.3	68.4	57.4
Adjustments for non-cash items	-2.7	5.8	17.9	20.0
Tax paid	0.0	0.5	5.7	0.5
Cash flow before changes in working capital	21.1	26.6	80.5	77.9
Cash flow from changes in working capital	18.5	32.8	-42.7	-1.3
Cash flow from operating activities	39.6	59.4	37.8	76.6
Investing activities				
Purchase of property, plant and equipment and non-current intangible assets	-1.0	-1.7	-3.6	-4.7
Acquisition of Group companies, incl. cash funds	-217.4	-0.1	-271.6	-15.2
Sale of Group companies	-	0.9	-	0.9
Change in financial assets	-0.3	-6.1	0.1	-
Cash flow from investing activities	-218.7	-6.9	-275.1	-18.9
Financing activities				
Dividend paid	0.0	-	-11.7	-
New share issue	-	-	329.1	-
Transaction expenses, new share issue	-	-	-19.9	-
Borrowings	281.0	-	281.0	-
Amortisation of loans	-165.7	-17.5	-213.6	-62.6
Change in credit facilities	-	-32.8	-22.2	-4.7
Cash flow from financing activities	115.3	-50.3	342.8	-67.3
Cash flow for the period	-63.8	2.2	105.5	-9.6
Cash and cash equivalents at start of period	172.7	1.3	3.5	13.2
Exchange rate difference in cash and cash equivalents	-0.0	-	-0.0	-0.1
Cash and cash equivalents at end of period	109.0	3.5	109.0	3.4