

# Q4

## Year-end report

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January to December 2019

# Efficiency improvements to boost profitability

Projektengagemang grew in 2019 by just over 10 percent compared with 2018, with the increase attributable entirely to acquisitions. EBITA was SEK –16.1 million (70.8), owing mainly to extensive restructuring costs and lower capacity utilisation.

## Fourth quarter, 1 October–31 December 2019

- Net revenue increased to SEK 347.4 million (343.8)
- EBITA was SEK –23.5 million (19.3) and the EBITA margin decreased to –6.8 percent (5.6)
- EBITA adjusted for items affecting comparability amounted to SEK 1.7 million (19.3) and the EBITA margin was 0.5 percent (5.6)
- EBIT was SEK –26.3 million (25.4) and the operating margin decreased to –7.6 percent (7.4)
- Earnings for the period totalled SEK –33.6 million (22.1)
- Basic and diluted earnings per share for the period totalled SEK –1.35 (0.89)
- Efficiency improvements implemented, with an annual effect of SEK 55 million. The non-recurring cost of the programme was SEK 25 million
- The Board proposes that no dividend be paid for the year 2019 (SEK 1.0 per share)

## Period, 1 January–31 December 2019

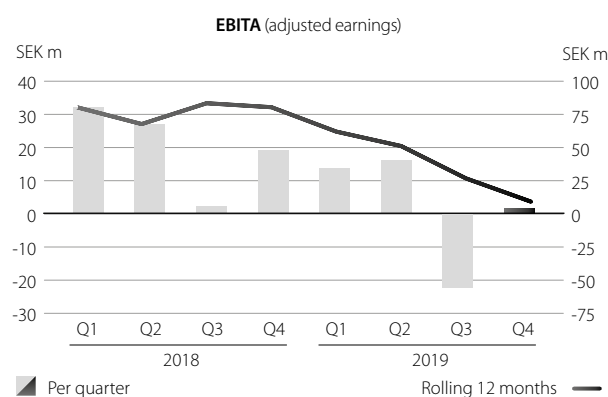
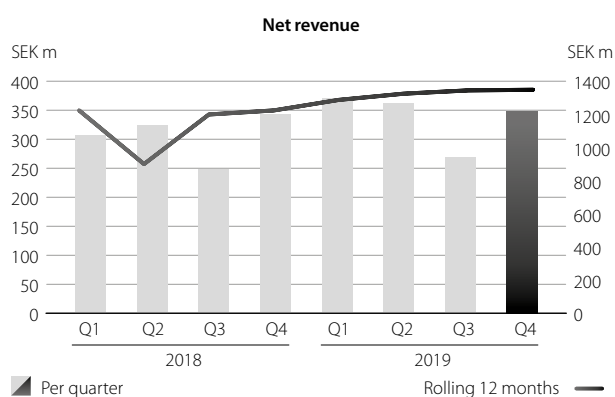
- Net revenue increased to SEK 1,348.4 million (1,223.8)
- EBITA was SEK –16.1 million (70.8) and the EBITA margin decreased to –1.2 percent (5.8)
- EBITA adjusted for items affecting comparability amounted to SEK 9.2 million (80.4) and the EBITA margin was 0.7 percent (6.6)
- EBIT was SEK –24.7 million (74.2) and the operating margin decreased to –1.8 percent (6.1)
- Earnings for the period totalled SEK –40.2 million (57.1)
- Basic and diluted earnings per share for the period totalled SEK –1.62 (2.63)
- On 17 September PE announced that third-quarter EBITA was negatively affected by a low utilisation rate in August and the first half of September
- Total efficiency improvements with an annual effect of SEK 70 million

## Significant events after the end of the period

- PE has renegotiated its existing credit agreement with SEB and reduced the unused credit facility for acquisitions

## Group summary

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	347.4	343.8	1,348.4	1,223.8
EBITA	–23.5	19.3	–16.1	70.8
EBITA (adjusted earnings)	1.7	19.3	9.2	80.4
EBITA margin, %	–6.8	5.6	–1.2	5.8
EBITA margin, % (adjusted earnings)	0.5	5.6	0.7	6.6
Operating profit/loss, EBIT	–26.3	25.4	–24.7	74.2
Operating profit/loss, EBIT (adjusted earnings)	–1.1	18.3	0.5	76.7
Operating margin, %	–7.6	7.4	–1.8	6.1
Operating margin, % (adjusted earnings)	–0.3	5.3	0.0	6.3
Profit/loss for the period	–33.6	22.1	–40.2	57.1
Basic earnings per share for the period, SEK	–1.35	0.89	–1.62	2.63
Net receivables (-)/debt <sup>1</sup>	400.2	207.8	400.2	207.8



<sup>1</sup> Net debt for 2019 is affected by changes to the IFRS 16 accounting policy. The effect amounts to SEK 136 million at the beginning of the year and to SEK 146.5 million at the end of the year. No adjustment has been made to historical figures.

# CEO comments

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The final quarter of the year resulted in a 1 percent increase in net revenue, driven by acquisitions. Overall, 2019 was a challenging year for Projektengagemang. Net revenue rose by 10 percent over the year, owing to the acquisitions we made, but with negative organic growth, primarily as a result of the efficiency improvements, restructuring and reductions in personnel that we made to improve profitability.

Adjusted for items affecting comparability, the EBITA margin was 0.5 percent (5.6) in the fourth quarter and 0.7 percent (6.6) for the full year 2019. The lower margin for the year was principally due to the restructuring work in some of our divisions, the slowdown in the Stockholm market and our investment in infrastructure. We also implemented a number of changes to create a cohesive, efficient and profitable company. Particular efforts were focused on consolidating operating companies, bringing them together under one roof at a number of sites, integrating acquisitions and systems, and moving from about 20 brands to one brand.

## Efficiency programme for increased profitability

In 2019 we adjusted and reduced our cost base to address prevailing market conditions. In the fourth quarter we implemented further measures to increase the company's efficiency and profitability, with an annual effect of SEK 55 million. The non-recurring cost of implementing the cost savings programme was SEK 25 million, which impacted fourth-quarter earnings. In total, the efficiency measures we introduced involving personnel reductions and cost savings in 2019 will reduce our cost base by approximately SEK 70 million for the full year 2020 compared with 2019. The efficiency programme aims to restore our utilisation rate for the business to targeted levels and adjust our costs. Combined with revenue-boosting activities, we can now raise our level of earnings towards our profitability target.

## Three strong divisions

Performance by our three divisions varied over the year. The Architecture & Management division encountered a weaker market, but Architecture coped well. During the year we strengthened our position in the Gothenburg region through the acquisition of Mats & Arne Arkitektkontor and enhanced our offering within sustainable societal development. This further strengthens our sustainability offering and allows us to get involved at an early stage and develop the best solutions for our assignments in close collaboration with our clients and partners. Looking ahead, our focus is on measures to improve profitability, and the underlying market trends for those services offered by the division are assessed to be stable, albeit at a slightly lower level than before and with geographic variations.

Civil Engineering & Infrastructure grew during the year, owing entirely to the acquisition of Integra Engineering. Work to integrate this company's operations, systems and brand was completed on schedule in the fourth quarter. The division has identified positive synergies in a number of areas and we see significant opportunities to enhance the combined building design offering in 2020.



Our ongoing investment to increase market share in infrastructure is strategically important and we anticipate a solid demand over the near future. We expect an improved utilisation rate and profitability for this business area in 2020.

The Systems division now also incorporates the former Industry & Energy division and comprises four business areas. Fire Safety, Risk & Protection and HVAC design are performing in line with our expectations, while Electrical, Telecommunications & Safety was affected by a slowdown in the Stockholm market. Our adjustment measures undertaken in combination with increased sales and marketing efforts have led to these business areas now being well adapted to prevailing market conditions. Industry & Energy concentrated on consulting services for automation and digitalisation. The transition work, which resulted in a halving of the workforce and fewer offices, had a significant impact on the Group's earnings for the year. The industrial segment market is expected to continue to vary between different areas, but the niches we operate in are seeing stable demand. We believe we will create an efficient and profitable business area given the measures we have taken and possible synergies with other parts of the division.

## Strong local market positions

When I founded PE in 2006 the core concept was to bring different areas of expertise together to generate greater benefit than each discipline could offer on its own. We have experienced significant growth and the Group now has over a thousand employees. The PE we are now shaping together will have an efficient cohesive structure and business decisions will be made where the business is carried out, i.e. by our local teams in order to establish robust market positions close to our clients.

We have entered 2020 with much better earnings capability than last year. The changes we have made provide us with a strong platform from which to gradually achieve our objectives. In 2020 we will be focusing on leveraging the measures we have implemented and ensuring an improvement in profitability across all business areas.

I look forward to continuing to develop PE with all employees, clients and cooperation partners in 2020 and beyond.

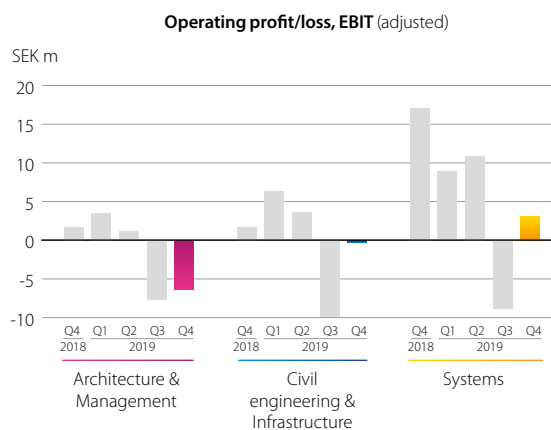
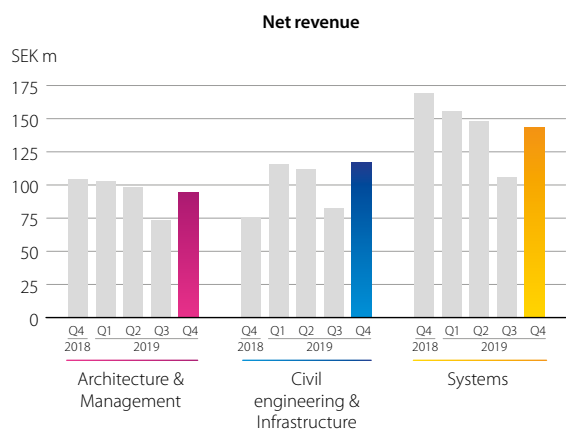
Per-Arne Gustavsson, President and CEO

# Divisions: financial overview

## Net revenue and operating profit by division

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Net revenue</b>				
Architecture & Management	94.6	104.3	369.3	388.8
Civil Engineering & Infrastructure	117.2	74.7	427.1	250.2
Systems <sup>1</sup>	143.0	169.4	553.1	604.2
Other and items affecting comparability	-7.3	-4.6	-1.2	-19.4
<b>Total</b>	<b>347.4</b>	<b>343.8</b>	<b>1,348.4</b>	<b>1,223.8</b>
<b>Earnings</b>				
Architecture & Management	-6.4	1.7	-9.5	10.6
Civil Engineering & Infrastructure	-0.3	1.7	-0.3	15.9
Systems <sup>1</sup>	3.1	17.1	14.1	59.7
Other and items affecting comparability	-22.7	4.9	-28.9	-12.0
<b>Operating profit/loss, EBIT</b>	<b>-26.3</b>	<b>25.4</b>	<b>-24.7</b>	<b>74.2</b>
Net financial items	-3.0	-1.6	-12.1	-5.8
Tax	-4.2	-1.7	3.3	-11.3
<b>Profit/loss for the period</b>	<b>-33.6</b>	<b>22.1</b>	<b>-40.2</b>	<b>57.1</b>

<sup>1</sup> Proforma is reported with the inclusion of the former Industry & Energy division



# Revenue and earnings for the Group

## Fourth quarter, 1 October–31 December 2019

Net revenue for the fourth quarter was SEK 347.4 million (343.8), an increase of 1 percent compared with the previous year.

The increase in revenue in the quarter relates to acquired companies performing in line with expectations, contributing SEK 61.4 million in the quarter. Integra Engineering, which is the Group's largest acquisition to date, accounts for the largest portion.

Organic growth was –10.4 percent. The decrease is primarily due to the reduction in personnel, particularly within Management and at Industry & Energy, and to a lower utilisation rate than in the previous year. The calendar effect means that the quarter had one working day less than in the previous year, which corresponds to revenue of SEK –5.3 million. The effect of the acquired companies per division is detailed in the table below.

Profit before acquisition-related items (EBITA) was SEK –23.5 million (19.3), and operating profit (EBIT) was SEK –26.3 million (25.4). The corresponding profit adjusted for items affecting comparability amounted to SEK 1.7 million (19.3) and SEK –1.1 million (18.3) respectively. The EBITA margin adjusted for items affecting comparability amounted to 0.5 percent (5.6). Restructuring costs and investments in the Infrastructure area have impacted earnings in the amount of SEK 7 million. Earnings were also impacted by costs of SEK 25 million for the cost savings programme to improve profitability. The cost savings programme has been recognised as an item affecting comparability.

## Period, 1 January–31 December 2019

Net revenue for the 1 January to 31 December period amounted to SEK 1,348.4 million (1,223.8), an increase of 10 percent compared with the previous year.

The increase in revenue in the period relates to companies acquired in 2018 and 2019 performing in line with expectations and contributing SEK 259.5 million. Integra Engineering accounts for most of this amount.

Organic growth was –6.8 percent. The decrease is primarily due to the reductions in personnel, particularly within Management and Industry, and to a lower utilisation rate than in the previous year. The calendar effect did not have an impact on the period. 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 (70.8), and operating profit (EBIT) was SEK –24.7 million (74.2). The corresponding profit adjusted for items affecting comparability amounted to SEK 9.2 million (80.4) and SEK 0.5 million (76.7) respectively. The EBITA margin adjusted for items affecting comparability amounted to 0.7 percent (6.6). The lower adjusted EBITA compared with the previous year was mainly due to weaker demand in the Stockholm area in some of our divisions, as well as resource-intensive work in integrating acquired companies and merging businesses, which had a negative impact on the utilisation rate. Restructuring costs and investments in the Infrastructure area have impacted earnings in the amount of SEK 35 million. A cost savings programme to improve profitability was also implemented, with a SEK 25 million impact on the fourth quarter. This item has been recognised as an item affecting comparability.

Operating profit (EBIT) was positively impacted by a capital gain of SEK 2.6 million (0) from the sale of non-current assets.

Acquired net revenue, SEKm	Oct–Dec 2019
<b>Division</b>	
Architecture & Management	5.5
Civil Engineering & Infrastructure	55.9
Systems	–
<b>TOTAL</b>	<b>61.4</b>
<b>Acquisitions</b>	
Acquired 2018	55.9
Acquired 2019	5.5
<b>TOTAL</b>	<b>61.4</b>

Acquired net revenue, SEKm	Jan–Dec 2019
<b>Division</b>	
Architecture & Management	25.3
Civil Engineering & Infrastructure	205.5
Systems	28.7
<b>TOTAL</b>	<b>259.5</b>
<b>Acquisitions</b>	
Acquired 2018	241.2
Acquired 2019	18.3
<b>TOTAL</b>	<b>259.5</b>

### 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 services within urban planning, architecture, landscape and interior architecture, as well as project management, analysis and consulting on all stages of the building process and on issues concerning societal development and sustainability.

The division's net revenue amounted to SEK 94.6 million (104.3) for the quarter, a decline of 9.3 percent. Operating income for the quarter totalled SEK -6.4 million (1.7). For the full year 2019 net revenue totalled SEK 369.3 million (388.8) and operating income decreased to SEK -9.5 million (10.6). The lower earnings were primarily attributable to restructuring within the Management section, where the workforce was reduced during the year. The restructuring has now been completed and the implemented savings and personnel reductions will have an effect in 2020. The restructuring impacted earnings by SEK 1.5 million for the quarter and by SEK 11.5 million for the full year 2019. During the year Mats & Arne Arkitektkontor's business operations and brand were integrated and now form the basis of the division's architect business in the Gothenburg region.

We believe the underlying market trends for the services offered by the division are stable, albeit at a lower level than before and with geographic variations.

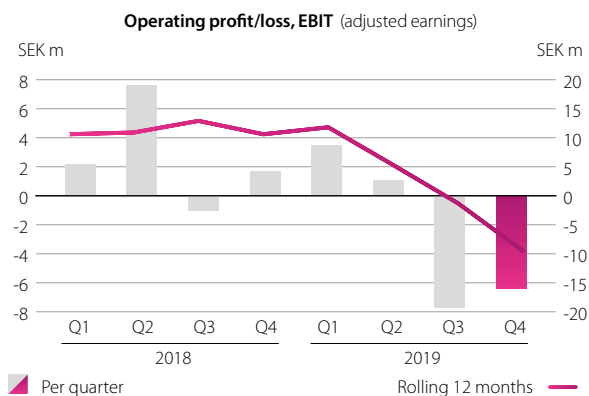
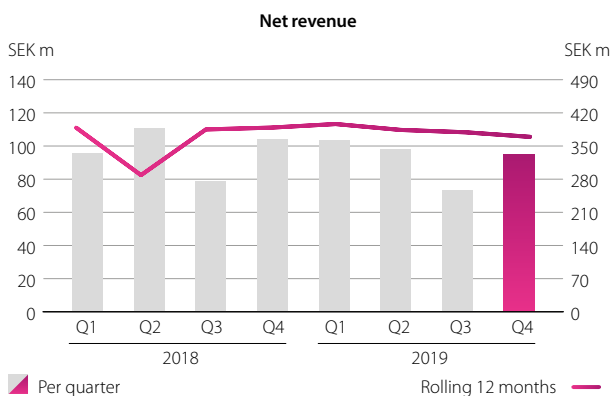
There has been a clear slowdown in the market, primarily within new construction, across much of Sweden, with the exception of Gothenburg. Although dependency on new housing construction is relatively low, this has still had a negative effect on the division's revenue and earnings. The focus going forward is on intensifying marketing and sales, along with recruitment of key skills. The adjustment of the business that was carried out over the year provides a strong platform for improved profitability.

#### New assignments

- Design and project planning of 250 workplaces for Preem AB in Gothenburg
- Planning of a new district on the outskirts central Mariefred for residential property developer ALM/SMÅÅ
- Project management of Karlatornet for Serneke in Gothenburg

## Division summary

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	94.6	104.3	369.3	388.8
- of which internal net revenue	7.4	14.4	31.7	56.4
Total growth, %	-9.3	3.8	-5.0	-1.2
- of which organic growth, %	-14.6	-3.6	-11.5	-6.3
- of which acquired growth, %	5.2	7.4	6.5	5.1
Operating profit/loss, EBIT (adjusted earnings)	-6.4	1.7	-9.5	10.6
- EBIT margin, %	-6.8	1.7	-2.6	2.7
Average number of employees	257	276	273	278



# 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 rose to SEK 117.2 million (74.7) for the quarter, an increase of 57 percent. Operating income for the quarter totalled SEK -0.3 million (1.7). For the full year 2019 net revenue totalled SEK 427.1 million (250.2) and operating income decreased to SEK -0.3 million (15.9). The increase in revenue was entirely due to the acquisition of Integra Engineering. However, EBITA was negatively affected by integration-related costs.

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 work to integrate the company's operations, systems and brand that was undertaken during the year was completed on schedule in the quarter. The division generated positive synergies in a number of areas and work to combine the two organisations will continue in 2020.

During the quarter the Infrastructure division continued to affect earnings as a result of a low level of activity. The investment in infrastructure impacted earnings by SEK 5 million for

the quarter and by SEK 19 million for the full year 2019, with the railways investment accounting for the majority of this.

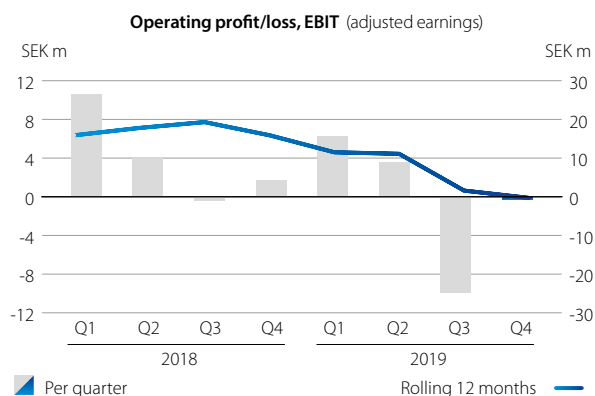
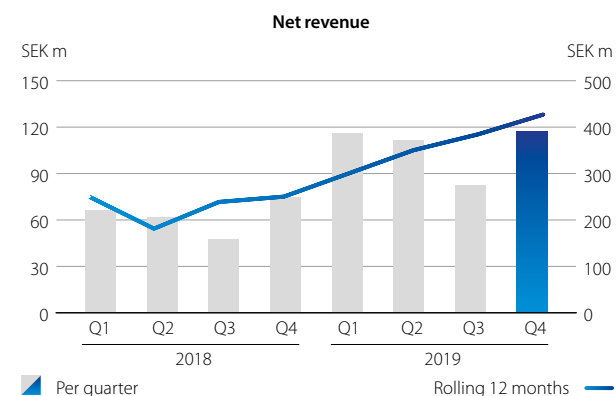
The market conditions for railways remain positive. The railways segment is strategically important and we expect an improvement in profitability and growth in 2020, driven by further infrastructure investments, primarily in Stockholm and the Västra Götaland region. We are seeing indications of a stabilisation in construction going forward, with heightened interest expected in infrastructure projects, facilities and environmental projects. We therefore view the market for most of our specialist services and our local markets as positive in the long term.

#### New assignments

- Building design and energy balance calculation for a new-build seven-story building in Vänersborg for PEAB
- Comprehensive framework agreement with Preem
- 'Miljöbyggnad' coordination for two apartment blocks for Tuve Bygg

## Division summary

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	117.2	74.7	427.1	250.2
- of which internal net revenue	6.5	6.5	20.1	29.9
Total growth, %	56.8	17.9	70.7	8.2
- of which organic growth, %	-18.0	15.5	-11.2	6.7
- of which acquired growth, %	74.8	2.4	81.9	1.5
Operating profit/loss, EBIT (adjusted earnings)	-0.3	1.7	-0.3	15.9
- EBIT margin, %	-0.2	2.2	-0.1	6.3
Average number of employees	354	207	361	185





Systems offers installation engineering services at all stages of the building process, focusing on HVAC design, electrical and telecommunications engineering, safety, fire safety, risk, protection and sprinkler systems, as well as services within automation and digitalisation aimed at the industrial sector.

The division's net revenue amounted to SEK 143.0 million (169.4) for the quarter, a decline of 16 percent. Operating income for the quarter totalled SEK 3.1 million (17.1). For the full year 2019 net revenue totalled SEK 553.1 million (604.2) and operating income decreased to SEK 14.1 million (59.7). All figures are proforma, meaning Industry & Energy are included.

The Industry & Energy division was integrated as a business area under the Systems division in the fourth quarter. This merging of divisions is being done to accelerate the turnaround in the earnings trend, as most of the synergy effects are to be gained from other specialist areas within Systems in particular. The division's lower earnings were mainly attributable to the new business area Industry & Energy, which had negative earnings for the quarter and the full year 2019. The transition work impacted earnings by SEK 0.5 million for the quarter and by SEK 4.5 million for the year, and also resulted in a lower utilisation rate. Other business in the division contributed positive earnings, although

these were lower than the previous year owing mainly to a lower utilisation rate. The average hourly rate improved in 2019.

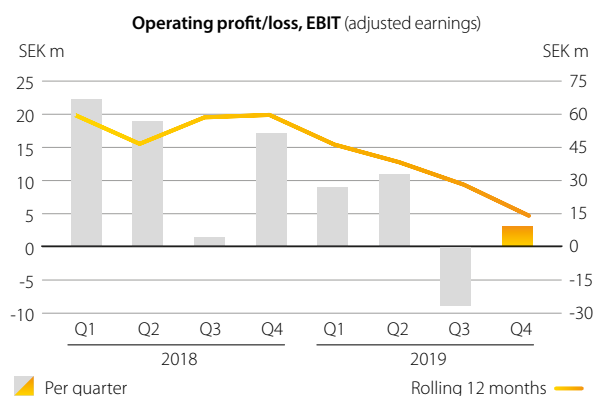
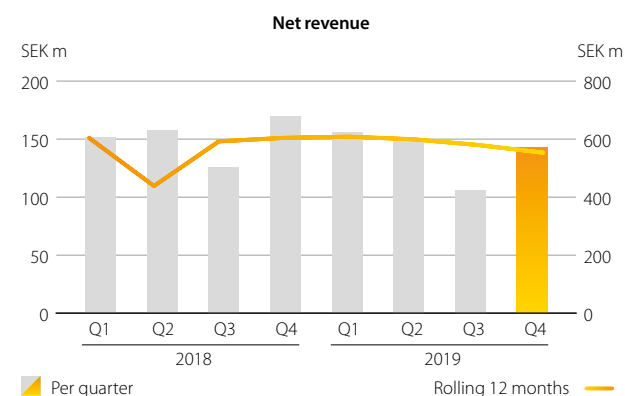
The market for our services in installation engineering has stabilised at a slightly lower level than previously, and the focus remains on marketing and sales. The industrial segment market is expected to continue to vary between different areas of industry, but the niches we operate in are seeing stable demand.

#### New assignments

- Design management for the refurbishment of an existing building for a new Scania business, comprising design management of fixed high-voltage and low-voltage installations and telecommunications systems such as fire safety, intruder and access control systems, as well as general telecom systems.
- Construction of cabinets and replacement of management system for Cementa. The assignment includes construction/installation of a new control cabinet and commissioning of new PLC software.
- Design management of building fire safety engineering for Octopharma. The assignment involves a new link building comprising offices for a construction project relating to HVAC design and electrical design management.

## Division summary

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	143.0	169.4	553.1	604.2
- of which internal net revenue	5.9	17.2	22.6	57.4
Total growth, %	-15.6	7.6	-8.5	6.7
- of which organic growth, %	-15.6	-0.4	-13.2	1.3
- of which acquired growth, %	0.0	8.0	4.8	5.4
Operating profit/loss, EBIT (adjusted earnings)	3.1	17.1	14.1	59.7
- EBIT margin, %	2.1	10.0	2.5	9.9
Average number of employees	435	483	449	466





# Cash flow and financial position

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## Fourth quarter, 1 October–31 December 2019

Cash flow from operating activities amounted to SEK 53.0 million (39.6) which change in working capital totalled SEK 45.7 million (18.5).

Investing activities displayed a net outflow during the quarter of SEK 3.7 million (218.7).

Cash flow from financing activities amounted to SEK –33.2 million (115.3) and is primarily attributable to the amortisation of bank loans by SEK –12.2 million and amortisation of lease liabilities by SEK –19.9 million.

## Period, 1 January–31 December 2019

Cash flow from operating activities amounted to SEK 77.6 million (37.8). Change in working capital totalled SEK 7.2 million (–42.7). Investing activities exhibited a net outflow during the period of SEK 35.6 million (275.1), with acquisitions of subsidiaries accounting for SEK 24.9 million (271.6) and the remaining portion primarily attributable to purchases of non-current assets.

Cash flow from financing activities totalled SEK –122.1 million (inflow of SEK 342.8 million). This mainly consisted of net changes to drawn overdraft facilities of SEK 26.9 million, amortisation of bank loans and lease liabilities by SEK –51.2 million and SEK –74.9 million respectively and a dividend payment of SEK –24.6 million.

Net debt at the end of the quarter totalled SEK 400.2 million (207.8). The transition to accounting according to IFRS 16 has affected net debt in the amount of SEK 136 million at the beginning of the year and SEK 146.5 million at the end of the year. For further information about the impact of IFRS 16, see page 10 and Note 5.

## Acquisitions

The first quarter saw the acquisition of Mats & Arne Arkitektkontor AB, which conducts operations from 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 22.2 million to Group revenue, with operating profit of SEK 0.7 million. If the company had been owned for the full year, the company would have contributed revenue of approximately SEK 23.7 million and operating profit of SEK –0.3 million.

## Investments, depreciation and amortisation

Purchases of non-current assets for the period amounted to SEK 9.9 million (3.6). Depreciation of total non-current assets amounted to SEK 107.3 million (15.4), including depreciation of leased assets of SEK 88.2 million (13.6) and amortisation of intangible assets of SEK 12.3 million (4.3). Purchase considerations paid relating to acquired companies amounted to SEK 24.9 million (271.6), see Note 1 for further details.

## Significant events in the period

### 1 January–31 December 2019

#### Organisational changes

Helena Liljegren took up her position in the first quarter as the new Head of the Architecture & Management division.

Kjell-Åke Johansson took on the role of Head of the Systems division in the first quarter.

Nicke Rydgren took up the position of Chief Commercial Officer in the first quarter, a role that combines marketing and acquisitions with strategy and business development.

In the third quarter, Nicke Rydgren took on the role of interim Head of Division for Architecture & Management, as Helena Liljegren decided to leave the company.

It was announced on 17 September that Per Hedeback had submitted his resignation and informed the Board of his intention to leave the company to take on another assignment. PE's Chairman Per-Arne Gustavsson was appointed by the Board of Directors as interim President and CEO effective as of the same date. As a result, on 17 September Board member Per Göransson was appointed as interim Chairman pending the appointment of a new President and CEO.

On 17 September PE announced that EBITA for the third quarter was negatively affected by a low utilisation rate in August and the first half of September.

There was an announcement on 20 December of the implementation of further measures to increase the company's efficiency and profitability, with an annual effect of SEK 55 million. The non-recurring cost of implementing the cost savings programme is SEK 25 million.

## Significant events after the end of the period

PE has renegotiated the credit agreement with SEB regarding acquisition credit. The facility has not been used and amounted to SEK 100 million. This facility has been removed from the credit agreement. The agreement now comprises an overdraft facility, a term loan and a revolving credit facility. The credit agreement is subject to the usual terms relating to financial position in the form of equity/assets ratio and indebtedness.

# Other information

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## Employees

The average number of FTEs in the quarter amounted to 1,161 (1,051). The number of employees at the end of the period was 1,129 (1,211).

## Tax

The tax expense for the period totalled SEK –3.3 million (–11.3).

## Parent Company

The Parent Company's net revenue for the 1 January–31 December period totalled SEK 125 million (249.2), with operating income (EBIT) corresponding to SEK 14.2 million (–10.0). Net revenue for the Parent Company mainly relates to intra-group cost allocations. In 2019, administrative activities and client contracts were transferred to the subsidiary PE Teknik & Arkitektur AB, leading to lower revenue at the parent company.

## Share information

The company's B share has been listed on Nasdaq Stockholm since 19 June 2018.

The buying price at 31 December for PENG-B was SEK 15.05, a decrease of 49.8 percent in 2019.

## Related-party transactions

In the January to December period, Projektengagemang purchased consulting services from K-Konsult Management AB, Fiduciam Ekonomi AB and Pagator AB amounting to SEK 2.3 million (0.7). The transactions took place at market prices.

## Calendar effects

There was no calendar effect for the full year 2019 compared with 2018. 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 2018 annual accounts. The balance sheets are presented in summary.

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 period January to December 2019 is set out 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 accounts provides further details of risks and uncertainties and these remain unchanged for this period.

PE is currently involved in two disputes against Cortus AB. On 5 June 2019, two summons applications were submitted against Cortus AB, in which the claim amounts to approximately SEK 5.3 million. PE's claim relates to remuneration for work carried out. Cortus AB has responded with a counterclaim amounting to approximately SEK 12.6 million. PE believes Cortus AB's claims are without merit.

## Audit

This report has not been reviewed by the company's auditors.

This information is information that Projektengagemang Sweden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person, at 07:30 CET 21 February 2020.

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Stockholm 21 February 2020  
Projektengagemang Sweden AB (publ)

Per-Arne Gustavsson  
*CEO*

## Group income statement

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Net revenue</b>	<b>347.4</b>	<b>343.8</b>	<b>1,348.4</b>	<b>1,223.8</b>
Other external expenses	-85.2	-97.0	-322.9	-347.9
Personnel costs	-251.2	-222.8	-945.5	-786.3
<b>Profit/loss before depreciation/amortisation, EBITDA</b>	<b>11.0</b>	<b>24.0</b>	<b>80.0</b>	<b>89.6</b>
Depreciation, amortisation and impairment losses	-34.5	-4.7	-96.0	-18.8
<b>Operating profit/loss, EBITA</b>	<b>-23.5</b>	<b>19.3</b>	<b>-16.1</b>	<b>70.8</b>
Acquisition-related items <sup>1</sup>	-2.9	6.1	-8.7	3.4
<b>Operating profit/loss, EBIT</b>	<b>-26.3</b>	<b>25.4</b>	<b>-24.7</b>	<b>74.2</b>
Financial items	-3.0	-1.6	-12.1	-5.8
<b>Profit/loss after financial items</b>	<b>-29.4</b>	<b>23.8</b>	<b>-36.9</b>	<b>68.4</b>
Tax	-4.2	-1.7	-3.3	-11.3
<b>Profit/loss for the period<sup>2</sup></b>	<b>-33.6</b>	<b>22.1</b>	<b>-40.2</b>	<b>57.1</b>
Attributable to:				
Parent Company shareholders	-33.2	21.9	-39.7	56.8
Non-controlling interests	-0.4	0.3	-0.5	0.3
Basic and diluted earnings per share for the period, SEK	-1.35	0.89	-1.62	2.63

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		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit/loss for the year	-33.6	22.1	-40.2	57.1
<b>Comprehensive income for the year</b>	<b>-33.6</b>	<b>22.1</b>	<b>-40.2</b>	<b>57.1</b>

## Consolidated balance sheet

SEK million	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	597.4	573.0
Other non-current intangible assets	42.9	50.3
Property, plant and equipment	187.5	62.4
Financial assets	3.4	3.9
<b>Total non-current assets</b>	<b>831.2</b>	<b>689.9</b>
<b>Current assets</b>		
Current assets excluding cash and cash equivalents	359.3	394.3
Cash and cash equivalents including short-term investments	29.4	109.5
<b>Total current assets</b>	<b>388.6</b>	<b>503.8</b>
<b>TOTAL ASSETS</b>	<b>1,219.8</b>	<b>1,193.7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to Parent Company shareholders	521.9	586.1
Non-controlling interests	0.5	1.0
<b>Total equity</b>	<b>522.4</b>	<b>587.1</b>
<b>Liabilities</b>		
Non-current liabilities	295.7	264.8
Current liabilities, accrued expenses	380.6	310.7
Deferred tax liabilities	21.1	31.0
<b>Total liabilities</b>	<b>697.5</b>	<b>606.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,219.8</b>	<b>1,193.7</b>

## Consolidated statement of changes in equity

SEK million	31 Dec 2019	31 Dec 2018
<b>Equity at start of period</b>	<b>587.1</b>	<b>228.4</b>
Profit/loss for the period	-40.2	57.1
Dividends paid	-24.6	-11.7
New share issue	-	329.1
Transaction expenses	-	-19.9
Deferred tax on transaction expenses	-	4.2
Other transactions	0.1	-0.1
<b>Equity at end of period</b>	<b>522.4</b>	<b>587.1</b>
Attributable to:		
Parent Company shareholders	521.9	586.1
Non-controlling interests	0.5	1.0
<b>Total</b>	<b>522.4</b>	<b>587.1</b>

# Consolidated cash flow statement

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Operating activities</b>				
Profit/loss after financial items	-29.4	23.8	-36.9	68.4
Adjustments for non-cash items	37.7	-2.7	113.5	179
Tax paid	-1.1	0.0	-6.2	-5.7
<b>Cash flow before changes in working capital</b>	<b>7.3</b>	<b>21.1</b>	<b>70.4</b>	<b>80.5</b>
Cash flow from changes in working capital	45.7	18.5	7.2	-42.7
<b>Cash flow from operating activities</b>	<b>53.0</b>	<b>39.6</b>	<b>77.6</b>	<b>37.8</b>
Purchase of property, plant and equipment and non-current intangible assets	-4.0	-1.0	-9.9	-3.6
Acquisition of Group companies, incl. cash funds	-	-217.4	-24.9	-271.6
Sale of Group companies, incl. cash funds	0.0	-	-0.6	-
Change in financial assets	0.3	-0.3	-0.3	0.1
<b>Cash flow from investing activities</b>	<b>-3.7</b>	<b>-218.7</b>	<b>-35.6</b>	<b>-275.1</b>
Dividend paid	-	-	-24.6	-11.7
New share issue	-	-	-	329.1
Transaction expenses, new share issue	-	-	-	-19.9
Borrowings	-	281.0	-	281.0
Amortisation of loans	-31.2	-165.7	-124.5	-213.6
Change in credit facilities	-2.0	-	26.9	-22.2
<b>Cash flow from financing activities</b>	<b>-33.2</b>	<b>115.3</b>	<b>-122.1</b>	<b>342.8</b>
<b>Cash flow for the period</b>	<b>16.1</b>	<b>-63.8</b>	<b>-80.2</b>	<b>105.5</b>
Cash and cash equivalents at start of period	12.6	172.7	109.0	3.5
<b>Cash and cash equivalents at end of period</b>	<b>28.8</b>	<b>109.0</b>	<b>28.8</b>	<b>109.0</b>

## Parent Company income statement

SEK million	3 months		12 months	
	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
<b>Net revenue</b>	<b>48.5</b>	<b>67.3</b>	<b>125.0</b>	<b>249.2</b>
Other external expenses	1.7	–45.7	–60.8	–201.5
Personnel costs	–4.2	–14.4	–23.2	–53.2
<b>Profit/loss before depreciation/amortisation, EBITDA</b>	<b>46.0</b>	<b>7.2</b>	<b>41.1</b>	<b>–5.5</b>
Depreciation, amortisation and impairment losses	–15.8	–0.1	–26.9	–4.5
<b>Operating profit/loss, EBIT</b>	<b>30.2</b>	<b>7.1</b>	<b>14.2</b>	<b>–10.0</b>
Financial items	–2.2	–16.5	–8.4	–19.9
<b>Profit/loss after financial items</b>	<b>28.0</b>	<b>–9.4</b>	<b>5.8</b>	<b>–29.9</b>
Appropriations	11.7	36.5	11.8	36.5
<b>Profit/loss before tax</b>	<b>39.7</b>	<b>27.1</b>	<b>17.6</b>	<b>6.6</b>
Tax	–8.1	–0.4	–8.1	–0.3
<b>Profit/loss for the period</b>	<b>31.6</b>	<b>26.7</b>	<b>9.5</b>	<b>6.2</b>

## Parent Company statement of comprehensive income

SEK million	3 months		12 months	
	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
Profit/loss for the year	31.6	26.7	9.5	6.2
<b>Comprehensive income for the year</b>	<b>31.6</b>	<b>26.7</b>	<b>9.5</b>	<b>6.2</b>

# Parent Company balance sheet

SEK million	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Other non-current intangible assets	0.1	1.3
Property, plant and equipment	35.5	9.0
Deferred tax assets	2.8	6.7
Financial assets	776.3	745.6
<b>Total non-current assets</b>	<b>814.7</b>	<b>762.7</b>
<b>Current assets</b>		
Current assets	69.6	170.5
<b>Total current assets</b>	<b>69.6</b>	<b>170.5</b>
<b>TOTAL ASSETS</b>	<b>884.3</b>	<b>933.2</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	490.9	506.0
Non-current liabilities	215.4	237.1
Current liabilities	178.0	190.1
<b>Total liabilities</b>	<b>393.4</b>	<b>427.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>884.3</b>	<b>933.2</b>



# Income statement per quarter for the Group<sup>4</sup>

SEK million	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018	Jul-Sep 2018	Apr-Jun 2018	Jan-Mar 2018
<b>Net revenue</b>	<b>347.4</b>	<b>269.0</b>	<b>361.6</b>	<b>370.4</b>	<b>343.8</b>	<b>248.9</b>	<b>324.1</b>	<b>307.1</b>
Other external expenses	-85.2	-75.6	-82.5	-79.6	-97.0	-77.8	-98.6	-74.5
Personnel costs	-251.2	-194.7	-242.4	-257.2	-222.8	-164.0	-201.6	-197.9
<b>Profit/loss before depreciation/amortisation, EBITDA</b>	<b>11.0</b>	<b>-1.4</b>	<b>36.7</b>	<b>33.6</b>	<b>24.0</b>	<b>7.1</b>	<b>23.9</b>	<b>34.6</b>
<b>Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)<sup>1</sup></b>	<b>23.7</b>	<b>-1.4</b>	<b>36.7</b>	<b>33.6</b>	<b>24.0</b>	<b>7.1</b>	<b>31.2</b>	<b>36.9</b>
Depreciation, amortisation and impairment losses	-34.5	-20.8	-20.6	-20.1	-4.7	-4.9	-4.2	-4.9
<b>Operating profit/loss, EBITA</b>	<b>-23.5</b>	<b>-22.2</b>	<b>16.1</b>	<b>13.6</b>	<b>19.3</b>	<b>2.2</b>	<b>19.7</b>	<b>29.7</b>
<b>Operating profit/loss, EBITA (adjusted earnings)<sup>1</sup></b>	<b>1.7</b>	<b>-22.2</b>	<b>16.1</b>	<b>13.6</b>	<b>19.3</b>	<b>2.2</b>	<b>26.9</b>	<b>32.0</b>
Acquisition-related items <sup>2</sup>	-2.9	-2.8	-2.8	-0.1	-0.9	-0.9	-0.9	-0.9
<b>Operating profit/loss, EBIT</b>	<b>-26.3</b>	<b>-25.0</b>	<b>13.2</b>	<b>13.4</b>	<b>25.4</b>	<b>1.2</b>	<b>18.8</b>	<b>28.8</b>
<b>Operating profit/loss, EBIT (adjusted earnings)<sup>1</sup></b>	<b>-1.1</b>	<b>-25.0</b>	<b>13.2</b>	<b>13.4</b>	<b>18.3</b>	<b>1.2</b>	<b>26.0</b>	<b>31.1</b>
Financial items	-3.0	-3.9	-2.1	-3.0	-1.6	-1.0	-1.8	-1.4
<b>Profit/loss after financial items</b>	<b>-29.4</b>	<b>-29.0</b>	<b>11.1</b>	<b>10.4</b>	<b>23.8</b>	<b>0.3</b>	<b>16.9</b>	<b>27.3</b>
Tax	-4.2	6.0	-3.0	-2.2	-1.7	-0.6	-3.8	-5.2
<b>Profit/loss for the period<sup>3</sup></b>	<b>-33.6</b>	<b>-23.0</b>	<b>8.1</b>	<b>8.2</b>	<b>22.1</b>	<b>-0.3</b>	<b>13.1</b>	<b>22.2</b>
Attributable to:								
Parent Company shareholders	-33.2	-22.8	8.1	8.2	21.9	-0.1	12.9	22.1
Non-controlling interests	-0.5	-0.2	0.0	0.0	0.3	-0.2	0.2	0.0

1 Adjusted for items affecting comparability 2019 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 not restated for IFRS 16.

# Key performance indicators, Group<sup>3</sup>

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>PROFITABILITY</b>				
EBITDA	11.0	24.0	80.0	89.6
EBITDA margin, %	3.2	7.0	5.9	7.3
EBITDA (adjusted earnings) <sup>1</sup>	23.7	24.0	92.7	99.2
EBITDA margin, % (adjusted earnings)	6.8	7.0	6.9	8.1
EBITA	-23.5	19.3	-16.1	70.8
EBITA margin, %	-6.8	5.6	-1.2	5.8
EBITA (adjusted earnings) <sup>1</sup>	1.7	19.3	9.2	80.4
EBITA margin, % (adjusted earnings)	0.5	5.6	0.7	6.6
EBIT	-26.3	25.4	-24.7	74.2
EBIT margin, %	-7.6	7.4	-1.8	6.1
EBIT (adjusted earnings) <sup>1</sup>	-1.1	18.3	0.5	76.7
EBIT margin, % (adjusted earnings)	-0.3	5.3	0.0	6.3
<b>NET REVENUE</b>				
Total growth, %	1.0	7.7	10.2	4.6
- of which organic growth	-10.4	-0.1	-6.8	-0.2
- of which acquired growth	11.4	7.8	17.0	4.8
<b>FINANCIAL POSITION</b>				
Equity/assets ratio, %	42.8	49.3	42.8	49.3
Available cash and cash equivalents	162.7	369.8	162.7	369.8
- of which undrawn credit facilities	133.4	260.3	133.4	260.3
Debt/equity <sup>3</sup>	5.0	2.3	5.0	2.3
<b>OTHER</b>				
Number of employees	1,129	1,211	1,129	1,211
Average number of employees	1,161	1,051	1,198	1,022
Utilisation rate, %	74.5	76.0	73.0	77.7
Basic and diluted earnings per share, SEK	-1.35	0.89	-1.62	2.63
Equity per share, SEK <sup>2</sup>	21.25	23.87	21.25	23.87

1 Adjusted for items affecting comparability 2019 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 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 approximately SEK 22.2 million. Adjustments have been made to the acquisition analyses for the acquisitions of Precendo and Integra Engineering in the amount of SEK 1 million and SEK 7.5 million respectively due to excess liquidity in the companies. 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–Dec 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
<b>Purchase considerations</b>	<b>19.6</b>	<b>1.0</b>	<b>7.5</b>	<b>28.1</b>
Cash and cash equivalents in the acquired company	3.1	–	–	3.1
<b>Purchase considerations paid incl. cash funds</b>	<b>16.4</b>	<b>1.0</b>	<b>7.5</b>	<b>24.9</b>

### Acquisition-related items

SEK million	3 months		12 months	
	Oct–Dec 2019	Oct–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
<b>EBITA</b>	<b>–23.5</b>	<b>19.3</b>	<b>–16.1</b>	<b>70.8</b>
Amortisation of acquisition-related non-current intangible assets	–2.9	–0.9	–11.3	–3.8
Acquisition-related capital gain from sale of non-current asset	0.0	7.1	2.6	7.1
<b>Acquisition-related items</b>	<b>–2.9</b>	<b>6.1</b>	<b>–8.7</b>	<b>3.3</b>
<b>Operating profit/loss, EBIT</b>	<b>–26.3</b>	<b>25.4</b>	<b>–24.7</b>	<b>74.2</b>

## 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.

### 31 Dec 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
<b>Financial instruments, assets</b>						
Financial investments	3.2	–	–	–	–	3.2
Trade receivables	–	206.3	–	–	–	–
Short-term investments	0.6	–	–	–	–	0.6
Other non-current receivables	–	0.1	–	–	–	–
<b>Total financial assets</b>	<b>3.8</b>	<b>206.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.8</b>
<b>Financial instruments, liabilities</b>						
Recognised purchase considerations	15.3	–	–	–	–	15.3
Liabilities to customers and suppliers	–	–	77.3	–	–	–
Other non-current liabilities	–	–	1.5	–	–	–
Interest-bearing liabilities, non-current	–	–	283.8	–	–	–
Interest-bearing liabilities, current	–	–	145.9	–	–	–
<b>Total financial liabilities</b>	<b>15.3</b>	<b>–</b>	<b>508.4</b>	<b>–</b>	<b>–</b>	<b>15.3</b>

### 31 Dec 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
<b>Financial instruments, assets</b>						
Financial investments	3.2	–	–	–	–	3.2
Trade receivables	–	224.3	–	–	–	–
Short-term investments	0.5	–	–	–	–	0.5
Other non-current receivables	–	0.6	–	–	–	–
<b>Total financial assets</b>	<b>3.7</b>	<b>224.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.7</b>
<b>Financial instruments, liabilities</b>						
Recognised purchase considerations	18.8	–	–	–	–	18.8
Liabilities to customers and suppliers	–	–	59.1	–	–	–
Other non-current liabilities	–	–	0.4	–	–	–
Interest-bearing liabilities, non-current	–	–	251.2	–	–	–
Interest-bearing liabilities, current	–	–	66.7	–	–	–
<b>Total financial liabilities</b>	<b>18.8</b>	<b>–</b>	<b>377.3</b>	<b>–</b>	<b>–</b>	<b>18.8</b>

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	31 Dec 2019	31 Dec 2018
<b>Deferred tax assets</b>		
Loss carry-forwards	1.0	10.3
Current assets	23.8	1.7
<b>Total deferred tax assets</b>	<b>24.9</b>	<b>12.0</b>
<b>Deferred tax liabilities</b>		
Untaxed reserves	17.8	20.7
Current assets	20.3	22.3
Non-current assets	7.8	0.0
<b>Total deferred tax liabilities</b>	<b>46.0</b>	<b>43.0</b>
<b>Net deferred tax effect</b>	<b>-21.1</b>	<b>-31.0</b>

## 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		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Net revenue</b>				
Architecture	44.8	49.9	175.2	188.9
Project Management	49.8	54.4	194.2	199.9
<b>Architecture &amp; Management</b>	<b>94.6</b>	<b>104.3</b>	<b>369.3</b>	<b>388.8</b>
Building	93.7	50.2	353.1	178.7
Infrastructure	23.5	24.5	74.0	71.5
<b>Civil Engineering &amp; Infrastructure</b>	<b>117.2</b>	<b>74.7</b>	<b>427.1</b>	<b>250.2</b>
Electrical, Telecommunications & Safety	90.6	82.4	332.2	288.4
HVAC and Sanitation Design	32.9	45.4	125.5	143.4
Industry & Energy	19.4	41.6	95.5	172.4
<b>Systems</b>	<b>143.0</b>	<b>169.4</b>	<b>553.1</b>	<b>604.2</b>
Internal eliminations	-7.3	-4.6	-1.2	-19.4
<b>Total</b>	<b>347.4</b>	<b>343.8</b>	<b>1,348.4</b>	<b>1,223.8</b>

## NOTE 5 Impact of IFRS 16

### Income statement, Group 12 months

SEK million	Excl. IFRS 16	Restructuring impairment rights of use	Impact IFRS 16	Incl. IFRS 16
Net revenue	1,348.4			1,348.4
Other costs	-1,346.4	12.5	65.4	-1,268.4
<b>EBITDA</b>	<b>2.0</b>	<b>12.5</b>	<b>65.4</b>	<b>80.0</b>
Depreciation, amortisation and impairment losses	-19.9	-12.5	-63.6	-96.0
<b>EBITA</b>	<b>-17.9</b>	<b>0.0</b>	<b>1.9</b>	<b>-16.1</b>
Acquisition-related items	-8.7	0.0	0.0	-8.7
<b>Operating profit/loss, EBIT</b>	<b>-26.6</b>	<b>0.0</b>	<b>1.9</b>	<b>-24.7</b>
Net financial items	-9.3	0.0	-2.8	-12.1
<b>Profit/loss after net financial items</b>	<b>-35.9</b>	<b>0.0</b>	<b>-0.9</b>	<b>-36.9</b>

### Consolidated balance sheet at 31 December 2019

SEK million	Excl. IFRS 16	Restructuring impairment rights of use	Impact IFRS 16	Incl. IFRS 16
Non-current assets	684.4	-12.5	159.3	831.2
Current assets	372.0	0.0	-12.7	359.3
Cash and cash equivalents including short-term investments	29.4	-	-	29.4
<b>TOTAL ASSETS</b>	<b>1,085.8</b>	<b>-12.5</b>	<b>146.5</b>	<b>1,219.8</b>
Equity	522.4	-	-	522.4
Non-current liabilities	209.1	0.0	86.6	295.7
Current liabilities	333.0	-12.5	60.1	376.5
Deferred tax liabilities	21.3	0.0	-0.2	21.1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,085.8</b>	<b>-12.5</b>	<b>146.5</b>	<b>1,219.8</b>

### Cash flow, Group 12 months

SEK million	Excl. IFRS 16	Restructuring impairment rights of use	Impact IFRS 16	Incl. IFRS 16
Profit/loss after financial items	-36.9	-	-	-36.9
Adjustments for non-cash items	37.5	12.5	63.6	113.5
Tax paid	-6.2	0.0	-	-6.2
<b>Cash flow before changes in working capital</b>	<b>-5.6</b>	<b>12.5</b>	<b>63.6</b>	<b>70.4</b>
Change in working capital	19.7	-12.5	-	7.2
<b>Cash flow from operating activities</b>	<b>14.0</b>	<b>0.0</b>	<b>63.6</b>	<b>77.6</b>
<b>Cash flow from investing activities</b>	<b>-35.6</b>	<b>-</b>	<b>-</b>	<b>-35.6</b>
<b>Cash flow from financing activities</b>	<b>-58.5</b>	<b>-</b>	<b>-63.6</b>	<b>-122.1</b>
<b>Cash flow for the period</b>	<b>-80.2</b>	<b>-</b>	<b>0.0</b>	<b>-80.2</b>

# 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, major restructuring, 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

### Utilisation rate

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 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.

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Non-current, interest-bearing liabilities	283.8	251.2	283.8	251.2
Current, interest-bearing liabilities	145.9	66.7	145.9	66.7
Cash and cash equivalents including short-term investments	-29.4	-110.1	-29.4	-110.1
<b>Net receivables (-)/debt</b>	<b>400.2</b>	<b>207.8</b>	<b>400.2</b>	<b>207.8</b>
Net receivables (-)/debt	400.2	207.8	400.2	207.8
EBITDA, rolling 12 months	80.0	89.6	80.0	89.6
<b>Leverage</b>	<b>5.0</b>	<b>2.3</b>	<b>5.0</b>	<b>2.3</b>
Operating profit/loss, EBIT	-26.3	25.4	-24.7	74.2
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>Operating margin EBIT, %</b>	<b>-7.6</b>	<b>7.4</b>	<b>-1.8</b>	<b>6.1</b>
Operating profit/loss, EBIT (adjusted earnings)	-1.1	18.3	0.5	76.7
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>Adjusted operating margin EBIT, %</b>	<b>-0.3</b>	<b>5.3</b>	<b>0.0</b>	<b>6.3</b>
Operating profit/loss, EBIT	-26.3	25.4	-24.7	74.2
Acquisition-related items	-2.9	6.1	-8.7	3.4
EBITA	-23.5	19.3	-16.1	70.8
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>EBITA margin, %</b>	<b>-6.8</b>	<b>5.6</b>	<b>-1.2</b>	<b>5.8</b>
Operating profit/loss, EBIT (adjusted earnings)	-1.1	18.3	0.5	76.7
Acquisition-related items	-2.9	6.1	-8.7	3.4
EBITA (adjusted earnings)	1.7	19.3	9.2	80.4
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>Adjusted EBITA margin, %</b>	<b>0.5</b>	<b>5.6</b>	<b>0.7</b>	<b>6.6</b>
Operating profit/loss, EBIT	-26.3	25.4	-24.7	74.2
Depreciation/amortisation	37.3	-1.4	104.7	15.4
Profit/loss before depreciation/amortisation, EBITDA	11.0	24.0	80.0	89.6
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>EBITDA margin, %</b>	<b>3.2</b>	<b>7.0</b>	<b>5.9</b>	<b>7.3</b>
Operating profit/loss, EBIT (adjusted earnings)	-1.1	18.3	0.5	76.7
Depreciation/amortisation	24.8	-1.4	92.2	15.4
Profit/loss before depreciation/amortisation, EBITDA (adjusted earnings)	23.7	24.0	92.7	99.2
Net revenue	347.4	343.8	1,348.4	1,223.8
<b>Adjusted EBITDA margin, %</b>	<b>6.8</b>	<b>7.0</b>	<b>6.9</b>	<b>8.1</b>



## 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.

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>EBITA</b>	<b>-23.5</b>	<b>19.3</b>	<b>-16.1</b>	<b>70.8</b>
Efficiency improvements	25.2	0.0	25.2	0.0
IPO expenses	0.0	0.0	0.0	9.6
<b>EBITA items affecting comparability</b>	<b>25.2</b>	<b>0.0</b>	<b>25.2</b>	<b>9.6</b>
<b>Adjusted EBITA</b>	<b>1.7</b>	<b>19.3</b>	<b>9.2</b>	<b>80.4</b>

SEK million	3 months		12 months	
	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Operating profit/loss, EBIT</b>	<b>-26.3</b>	<b>25.4</b>	<b>-24.7</b>	<b>74.2</b>
EBITA items affecting comparability	25.2	0.0	25.2	9.6
<b>Items affecting comparability EBIT</b>	<b>25.2</b>	<b>0.0</b>	<b>25.2</b>	<b>9.6</b>
<b>Adjusted EBIT</b>	<b>-1.1</b>	<b>25.4</b>	<b>0.5</b>	<b>83.8</b>

## 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 for the full year 2019.

SEK million	3 months			12 months		
	Oct-Dec 2019	Oct-Dec 2018	Growth %	Jan-Dec 2019	Jan-Dec 2018	Growth %
Reported revenue	3474	343.8	1.0%	1,348.4	1,223.8	10.2%
Adjustment for acquisitions/divestments	-61.4	-24.7		-259.5	-55.8	
Revenue adjusted for acquisitions/divestments (organic growth)	286.1	319.1	-10.4%	1,088.9	1,168.0	-6.8%
Adjustment for calendar effect	5.3			5.3		
Revenue adjusted for acquisitions/divestments and calendar effect (organic growth taking account of calendar effect)	291.5	319.1	-8.7%	1,094.2	1,168.0	-6.3%

## 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	2020	2019	2018
Q1	63.0	63.0	63.0
Q2	57.0	58.0	58.0
Q3	66.0	66.0	65.0
Q4	61.5	60.5	61.5
<b>Total</b>	<b>247.5</b>	<b>247.5</b>	<b>247.5</b>

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## Financial calendar

Interim report January–March 2020	19 May 2020
Annual General Meeting	19 May 2020
Interim report April–June 2020	17 July 2020
Interim report July–September 2020	6 November 2020
Year-end report 2020	19 February 2021

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