

# Interim report Q3

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Interim report January - September 2018

Per Hedebäck, CEO

Peter Sandberg, CFO



*Per Hedeback, CEO*



*Peter Sandberg, CFO*

# Introduction to PE

- Founded in 2006, listed on Nasdaq Stockholm since June 2018
- A multidisciplinary technical and architecture consultancy company
- Driven entrepreneurial organisation, focus on collaboration
- Attractive market supported by long-term growth drivers
- Continued growth through acquisitions, paired with organic growth

1 199 SEKm

Net Revenue\*

93 SEKm

EBITA (adjusted earnings)\*

1 039

Employees

35

Locations

*\*Last 12 months*

# Division overview

## Architecture & Management

Provides solutions within urban planning, architecture, landscape and interior design as well as project management and consulting within strategy and urban planning



**Our vision**  
We're renewing society through innovative and sustainable solutions

## Industry & Energy

Offers all of PEs competences to the clients within the industry sector. Everything from management services to turn-key projects



## Civil Engineering & Infrastructure

Provides services in areas such as construction engineering, acoustics, geotechnics, 3D laser scanning, energy, environment and sustainability as well as bridges, rail and road design, water treatment and environmental impact assessments

## Systems

Offers system installation design in areas such as HVAC, electricity, automatic water sprinkler systems, telecommunication, lighting, fire and safety, enabling clients to pursue digitalization and automation

# Interim report Q3 2018

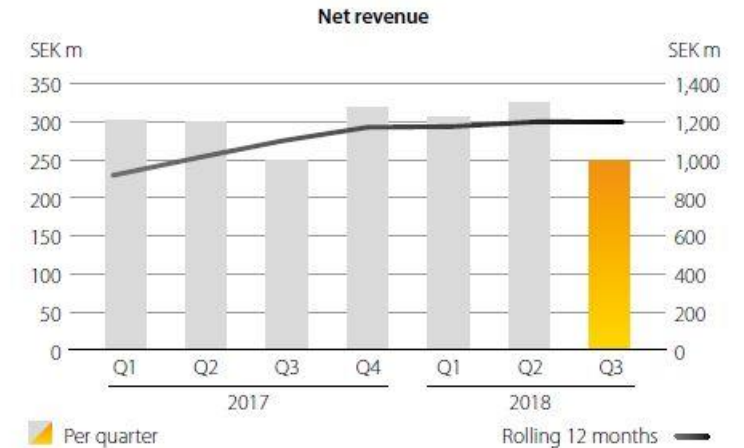
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# Group financial summary Q3

- Net revenue SEKm 249 (SEKm 249), 9 months SEKm 880 (SEKm 851)
- EBITA margin 1 % (4 %)
- Strong financial position due to new share issue

## Group summary

SEK million	3 months		9 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net revenue	248.9	249.3	880.0	851.4
EBITA (adjusted earnings)	2.1	9.7	61.1	65.4
EBITA margin, % (adjusted earnings)	0.9	3.9	6.9	7.7
Operating profit/loss, EBIT (adjusted earnings)	1.2	8.8	58.3	62.6
Operating margin, % (adjusted earnings)	0.5	3.5	6.6	7.4
Net receivables (-)/debt	27.9	296.4	27.9	296.4



# Business highlights Q3

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- Strong development in acquired companies
- Operational investments in railway and sustainability
- One of the market leaders within fire and safety
- The transformation within Architecture & Management and Industri & Energy is running according to plan
- Continued solid demand for all services



# Architecture & Management

- **-7.9 % growth**
  - Organic -15.1 %
  - Acquired 7.2 %
- **Transformation**
  - Running according to plan
  - Helena Liljegren new Head of Division
- **New build housing projects**
  - Lower demand within the high end segment
  - Underlying strong demand, especially within housing for students, seniors and immigrants



## Division summary

SEK million	3 months		9 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net revenue	74.1	80.5	266.9	276.5
Total growth, %	-7.9	134.5	-3.5	99.5
Operating profit/loss, EBIT (adjusted earnings)	-1.0	0.9	7.6	11.2
- EBIT margin, %	-1.3	1.1	2.8	4.0



# Civil Engineering & Infrastructure

- **-1.4 % revenue growth**
  - Organic -8.1 %
  - Acquired 6.7 %
- **Investments within Railway and Environment**
  - Recruitment of 25 consultants (impact of SEKm 5)
- **Strong underlying demand and investments within infrastructure, also for hospitals, schools, and offices**



## Division summary

SEK million	3 months		9 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net revenue	51.9	52.6	191.3	184.4
Total growth, %	-1.4	-5.4	3.8	37.7
Operating profit/loss, EBIT (adjusted earnings)	-0.5	4.7	15.5	21.7
- EBIT margin, %	-0.9	8.9	8.1	11.8

# Industry & Energy

- **-22.3 % revenue growth**
  - Organic -22.3 %
  - Acquired 0 %
- **The transition in the division is progressing as planned**
- **One-off project related costs**
- **Continued investments and strong underlying market for automation and digitalization**



## Division summary

SEK million	3 months		9 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net revenue	38.6	49.6	135.9	158.3
Total growth, %	-22.3	20.6	-14.2	3.5
Operating profit/loss, EBIT (adjusted earnings)	-2.1	0.2	2.7	0.7
- EBIT margin, %	-5.5	0.3	2.0	0.4

# Systems

- **34.1 % revenue growth**
  - Organic 12.5 %
  - Acquired 21.6 %
- **Strong quarter, even though it is the seasonally smallest**
- **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		9 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net revenue	92.6	69.1	315.8	257.1
Total growth, %	34.1	84.8	22.9	64.4
Operating profit/loss, EBIT (adjusted earnings)	3.1	1.4	39.9	28.0
- EBIT margin, %	3.3	2.0	12.6	10.9

# Cash flow and Net debt

- Cash flow from operations generated SEKm -32.5 (-14.4) in Q3
- Strong financial position
- Cash conversion 92 % (excl.  $\Delta$  NWC)
- Quarter includes IPO related items

SEK million	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
<b>Operating activities</b>				
Profit/loss after financial items	0.3	0.2	44.6	37.0
Adjustments for non-cash items	18.8	6.5	20.6	20.5
Tax paid	-5.0	4.7	-5.7	-
<b>Cash flow before changes in working capital</b>	<b>14.1</b>	<b>11.4</b>	<b>59.4</b>	<b>57.6</b>
<b>Cash flow from operating activities</b>	<b>-32.5</b>	<b>-14.4</b>	<b>-1.8</b>	<b>23.6</b>
<b>Cash flow from investing activities</b>	<b>-7.2</b>	<b>0.1</b>	<b>-56.4</b>	<b>-18.4</b>
<b>Cash flow from financing activities</b>	<b>-8.1</b>	<b>13.5</b>	<b>227.4</b>	<b>-17.0</b>
<b>Cash flow for the period</b>	<b>-47.8</b>	<b>-0.7</b>	<b>169.2</b>	<b>-11.8</b>
<b>Cash and cash equivalents at end of period</b>	<b>172.7</b>	<b>1.3</b>	<b>172.7</b>	<b>1.3</b>

# Acquisitions – YTD 2018

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## Yearly revenue SEKm 85

### Company

Sture Byberg Ingenjörbyrå AB

Energi & VVS-planering i Helsingborg AB

Smedjan Projektledning AB

Roof Arkitekter AB

Fast Engineering Göteborg AB

PreCendo AB

### Division

Civil engineering & Infrastructure

Systems

Architecture & Management

Architecture & Management

Systems

Systems

# Financial targets

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## **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

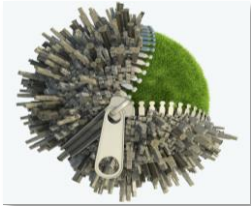
# Our market is driven by a number of strong trends

## 1 Strong macroeconomics



- Robust economic growth in Sweden and the Nordic region expected to continue
- High probability of continued investment in community development and infrastructure

## 2 Urbanisation



- Continued population growth in Sweden, estimated to reach 11 million in 2025
- An estimated 70% of the increase will occur in the major cities

## 3 Many infrastructure projects in the works



- Many decades of insufficient investment in Swedish infrastructure
- Estimated value of new projects more than 600 billion

## 4 Increased investments in industry



- Capacity shortage in the industrial market
- The industry's investments are estimated to grow by 7% per year

## 5 Technological developments and digitisation



- Global competition drives the demand for digitisation in an increasing number of areas
- Technological development occurring at a faster pace and increasingly integrated across different disciplines

## 6 Continued focus on sustainability



- Aggressive EU targets to increase the efficiency of energy use
- Engineers and architects have a major impact on how the field of sustainability develops

# Sustainable Property

## CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDG:S)

Visualises current and possible contributions to the SDG:s - an insight several stakeholders require



## INTERNAL PREREQUISITS

The connection between the strategic view on sustainability in the property portfolio and actual actions taken – and how to strengthen it



## POSSIBLE ACTIONS BASED ON INVESTMENT

Proposed actions going forward, visualisation based on estimated investment cost and sustainability outcome created



## SUSTAINABILITY PROFILE

An overview of the sustainability profile, to be used in the communication with a broad group of stakeholders



**Sustainable Property is a tool to support property owners to develop a more sustainable real estate portfolio in a cost-efficient and hands-on way**



# Strategic initiatives to drive profitable growth

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## Become the best work place in the industry

- Leadership training
- Competence development PE School
- Mentorships
- Onboarding

## Active collaboration

- Focus on multi-disciplinary projects
- Specialist disciplines driver for cross-selling opportunities
- Innovation of new technologies, digital solutions and sustainable offerings

## Expansion through strategic acquisitions and organic growth

- PE houses with complete customer offering
- Strengthen offerings in high margin areas (e.g. Fire & Safety)
- Continue to acquire SMEs that either complement the current competence base and/or strengthen the market position

## Operational excellence

- Leverage strong central platform and processes to fully utilize cost synergies and best practices
- Decentralized full accountability

# Summary Q3

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- Net revenue in Q3 in line with last year, somewhat lower profit, related to operational investments
  - Growth 3 % YTD, and 4 % LTM. No major acquisition so far this year
  - Adjusted EBITA margin YTD 7 % and 8 % LTM
- Continued investments in future growth areas
- The transformation within Architecture & Management and Industri & Energy is running according to plan
- Strong underlying demand for our services

# Q & A



# Appendix

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# Group income statement

SEK million	3 months		9 months		12 months	
	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017	Rolling 12 mths
<b>Net revenue</b>	<b>248.9</b>	<b>249.3</b>	<b>880.0</b>	<b>851.4</b>	<b>1,170.7</b>	<b>1,199.3</b>
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
<b>Profit/loss before depreciation/amortisation, EBITDA</b>	<b>7.1</b>	<b>8.3</b>	<b>65.5</b>	<b>62.1</b>	<b>91.1</b>	<b>94.5</b>
Depreciation, amortisation and impairment losses	-4.9	-5.4	-14.0	-16.7	-22.4	-19.7
<b>Operating profit/loss, EBITA</b>	<b>2.1</b>	<b>3.0</b>	<b>51.5</b>	<b>45.4</b>	<b>68.7</b>	<b>74.8</b>
Acquisition-related items <sup>1</sup>	-0.9	-0.9	-2.8	-2.8	-3.7	-3.7
<b>Operating profit/loss, EBIT</b>	<b>1.2</b>	<b>2.0</b>	<b>48.7</b>	<b>42.6</b>	<b>65.0</b>	<b>71.1</b>
Financial items	-1.0	-1.8	-4.2	-5.6	-7.6	-6.3
<b>Profit/loss after financial items</b>	<b>0.3</b>	<b>0.2</b>	<b>44.5</b>	<b>37.0</b>	<b>57.4</b>	<b>64.8</b>
Tax	-0.6	-0.1	-9.6	-11.4	-19.9	-18.0
<b>Profit/loss for the period</b>	<b>-0.3</b>	<b>0.1</b>	<b>34.9</b>	<b>25.6</b>	<b>37.5</b>	<b>46.8</b>
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

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

# Consolidated balance sheet

SEK million	30 Sep 2018	30 Sep 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>	<b>462.6</b>	<b>378.6</b>	<b>390.3</b>
<b>Current assets</b>			
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
<b>Total current assets</b>	<b>506.4</b>	<b>326.1</b>	<b>333.2</b>
<b>TOTAL ASSETS</b>	<b>969.1</b>	<b>704.7</b>	<b>723.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to Parent Company shareholders	564.1	215.7	227.7
Non-controlling interests	0.8	0.4	0.8
<b>Total equity</b>	<b>564.9</b>	<b>216.0</b>	<b>228.5</b>
<b>Liabilities</b>			
Non-current liabilities	151.4	187.8	174.1
Current liabilities, accrued expenses	234.5	290.8	307.5
Deferred tax liability	18.3	10.1	13.5
<b>Total liabilities</b>	<b>404.2</b>	<b>488.7</b>	<b>495.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>969.1</b>	<b>704.7</b>	<b>723.5</b>

# Consolidated cash flow statement

SEK million	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<b>Operating activities</b>					
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
<b>Cash flow before changes in working capital</b>	<b>14.1</b>	<b>11.4</b>	<b>59.4</b>	<b>57.6</b>	<b>77.9</b>
Cash flow from changes in working capital	-46.6	-25.8	-61.2	-34.0	-1.3
<b>Cash flow from operating activities</b>	<b>-32.5</b>	<b>-14.4</b>	<b>-1.8</b>	<b>23.6</b>	<b>76.6</b>
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	-
<b>Cash flow from investing activities</b>	<b>-7.2</b>	<b>0.1</b>	<b>-56.4</b>	<b>-18.4</b>	<b>-18.9</b>
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
<b>Cash flow from financing activities</b>	<b>-8.1</b>	<b>13.5</b>	<b>227.4</b>	<b>-17.0</b>	<b>-67.3</b>
<b>Cash flow for the period</b>	<b>-47.8</b>	<b>-0.7</b>	<b>169.2</b>	<b>-11.8</b>	<b>-9.6</b>
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
<b>Cash and cash equivalents at end of period</b>	<b>172.7</b>	<b>1.3</b>	<b>172.7</b>	<b>1.3</b>	<b>3.4</b>