Projektengagemang Sweden (publ)

Interim Report, April - June 2020

Per-Arne Gustavsson, CEO
Peter Sandberg, CFO
Business highlights Q2

- EBITA margin improvement trend continues – back to targeted levels
- Strong organic growth in Civil Engineering & Infrastructure
- Strategic initiatives 2019 delivers on target
  - Efficiency - increased utilisation rate and sales synergies
  - Cost savings - SEK 70 million full year 2020 vs 2019
  - One PE - collaboration, systems and brand
- Covid-19 actions to mitigate business impact
  - Short-time work
  - Increased digitalization
New contracts

• Multi-year framework agreement with Skövde municipality regarding architectural services
• Renewed agreement in energy coordination at Danderyds Hospital to achieve ‘Miljöbyggnad Silver’
• Comprehensive undertaking to plan and design the construction of Närlundaskolan in Askersund municipality
Group financial summary Q2

- EBITA increased to 30.9 SEK (16.1) million
- EBITA margin was 9.7 (4.4) %
- Net revenue decreased 12 % to SEK 320 (362) million due to staff reductions during 2019 in underperforming units and effects of covid-19

Group summary

<table>
<thead>
<tr>
<th>SEK million</th>
<th>3 months</th>
<th>6 months</th>
<th>12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>320.0</td>
<td>361.6</td>
<td>661.0</td>
</tr>
<tr>
<td>EBITA (adjusted earnings)</td>
<td>30.9</td>
<td>16.1</td>
<td>599.9</td>
</tr>
<tr>
<td>EBITA margin, % (adjusted earnings)</td>
<td>9.7</td>
<td>4.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Operating profit/loss, EBIT (adjusted earnings)</td>
<td>28.1</td>
<td>13.2</td>
<td>542.2</td>
</tr>
<tr>
<td>Operating margin, % (adjusted earnings)</td>
<td>8.8</td>
<td>3.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Earnings per share for the period, SEK (there is no dilution effect)</td>
<td>0.73</td>
<td>0.33</td>
<td>1.40</td>
</tr>
<tr>
<td>Net receivables (-)/debt¹</td>
<td>278.6</td>
<td>390.9</td>
<td>278.6</td>
</tr>
</tbody>
</table>
EBITA bridge Q2

• Solid improvements in Civil Engineering & Infrastructure and in Architecture & Management
• Systems impacted by a weaker demand, especially within Industry & Energy
• Positive impact by efficiency measures and cost reductions from activities in 2019
Group financial summary January – June

- EBITA increased to 59.9 SEK (29.6) million
- EBITA margin was 9.1 (4.0) %
- Net revenue decreased 10 % to SEK 661 (732) million due to staff reductions during 2019 in underperforming units and effects of covid-19
EBITA bridge January – June

- Strategic initiatives delivering in line with plan
- Solid performance in all business areas
- Systems more affected by the covid-19 pandemic, especially within Industry & Energy
Covid-19 impact and measures

• Gradually weaker market conditions from the latter part of March
• Remote work, increased digitalisation and collaboration
• Covid-19 financial impact of approximately SEKm -18 on revenue and SEKm -6 on EBITA
• Implementation of short-time work for 200 employees corresponding to approximately 60 FTE of which:
  • 21 in Architecture & Management
  • 6 in Civil Engineering & Infrastructure
  • 26 in Systems
  • 7 in SG&A
• Subsidies during Q2 amounts to SEKm 9.7
5.8 (1.4) % EBITA margin
-15 % revenue
  • Organic -15 %
  • Acquired 0 %
Lower revenue due to staff reductions in 2019 and 2020
Challenging market conditions in the sector
Further cost and sales initiatives taken to adjust to local market conditions
Civil Engineering & Infrastructure

- 15.8 (5.2) % EBITA margin
- 19 % revenue growth
  - Organic 19 %
  - Acquired 0 %
- Successful sales efforts and integration of acquisitions
- Positive revenue and earnings trend in infrastructure
- Solid order backlog
Systems*

- 6.4 (7.7) % EBITA margin
- -21 % revenue
  - Organic -21 %
  - Acquired 0 %
- Lower revenue due to staff reductions within Industry & Energy in 2019 and 2020
- Stable revenue and earnings contribution from other business areas

*All numbers are proforma including Industry & Energy
**Q2 2020
Strong Cash flow and reduced Net debt

- Cash flow from operations generated SEKm 88.7 (63.9) in Q2
- Cash conversion 99 % (excl. Δ NWC)
- Net debt SEKm 278.6 (390.9)
- Net debt exclusive IFRS 16, SEKm 160.7 (241.1)

<table>
<thead>
<tr>
<th>SEK million</th>
<th>3 months</th>
<th>6 months</th>
<th>12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/loss after financial items</td>
<td>24.3</td>
<td>11.1</td>
<td>472</td>
</tr>
<tr>
<td>Adjustments for non-cash items</td>
<td>19.5</td>
<td>28.0</td>
<td>406</td>
</tr>
<tr>
<td>Tax paid</td>
<td>-4.4</td>
<td>-3.1</td>
<td>-101</td>
</tr>
<tr>
<td>Cash flow before changes in working capital</td>
<td>39.5</td>
<td>36.0</td>
<td>77.7</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>88.7</td>
<td>63.9</td>
<td>129.2</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-0.2</td>
<td>-11.2</td>
<td>-3.6</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-28.5</td>
<td>-68.5</td>
<td>-88.2</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>60.0</td>
<td>-15.8</td>
<td>37.3</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>66.0</td>
<td>55.5</td>
<td>66.1</td>
</tr>
</tbody>
</table>
Market demand

- The overall demand for PEs services is stable but with regional differences
- Long-term demand driven by societal development trends
Priorities ahead

- Adapt to covid-19 market situation
- Delivering the highest customer value
- Profitable growth
  - Create an efficient base and one PE
  - Secure margin improvements and leverage
  - Organic growth
- The best workplace

We renew society through innovative and sustainable solutions
New CEO appointed

• Helena Hed appointed new President and CEO
• Currently works as Managing Director of Sweco Management
• 15 years of experience in various managerial roles within the Sweco Group
• Succeeds Per-Arne Gustavsson in January 2021
Summary and outlook

• Significant EBITA margin uplift to 9.7 %, back to targeted level
• Uncertain market situation short-term, although with strong underlying market trends
• Readiness to launch further mitigating initiatives if and when needed
• Agile and focused on market and collaboration
• Priorities ahead – One PE, secure margins and leverage, growth
Q & A