

# THIRD QUARTER 2017 RESULTS

Christian Nørgaard Madsen, CEO | Anne Harris, CFO



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# INTRODUCTION AND HIGHLIGHTS

**Christian Nørgaard Madsen, CEO**

# Highlights

- Third quarter revenue growth of 9.8%, driven by acquisitions
- Third quarter earnings impacted by lower billing ratio and negative calendar effect
- Year to date 2017 revenue growth of 11.9%, earnings impacted by lower billing ratio
- Stable order backlog at NOK 2.1 billion
- Hjeltnes group acquisition successfully completed
  - Consolidated in the balance sheet as of 30 September 2017





## 3-2-1 GO - comments

- Acquisition of the Hjellnes group - a big step towards realisation of strategic ambitions for Norway
  - Healthcare, urbanism
- Initiating growth within international renewable energy
  - Opening of branch office in Kenya
  - Important contracts
- Expanding within healthcare buildings in Scandinavia
  - Acquisition of aarhus arkitekterne A/S
  - Several important projects won, hospitals in Tønsberg, Helsingborg, Copenhagen
- New ERP system provides a basis for more efficient operations
- Intensified focus on Sweden – building on existing presence through LINK arkitektur AB and Iterio AB



# Fornebubanen frame agreement award

- Significant and complex transportation project
  - New 8.2 kilometers long metro line between Fornebu and Oslo
  - An interchange with the existing network at Majorstuen station
  - Six new metro stations including associated infrastructure
- Joint Venture agreement between Multiconsult and COWI
  - Three-year frame agreement, possible extension up to ten years
- The value of the agreement is significant
  - Estimated volume of approx. 970 000 hours including options





# Financial summary 3Q and YTD 2017

- 3Q 2017

- Net operating revenue up 9.8% y-o-y to NOK 608.8 million
- EBIT of NOK 10.5 million, 1.7% margin

- YTD 2017

- Net operating revenue up 11.9% y-o-y to NOK 2 147.4 million
  - Organic growth 4.7%
  - Impacted by a lower billing ratio
- EBIT of NOK 120.7 million, 5.6% margin
  - Impacted by non-recurring expenses
  - Opex increase in line with growth





# Key ongoing projects 3Q 2017



- Campus Ås



- Hospital Campus, Helsingborg



- Mount Coffee Hydropower Project



- New Airbase Ørland

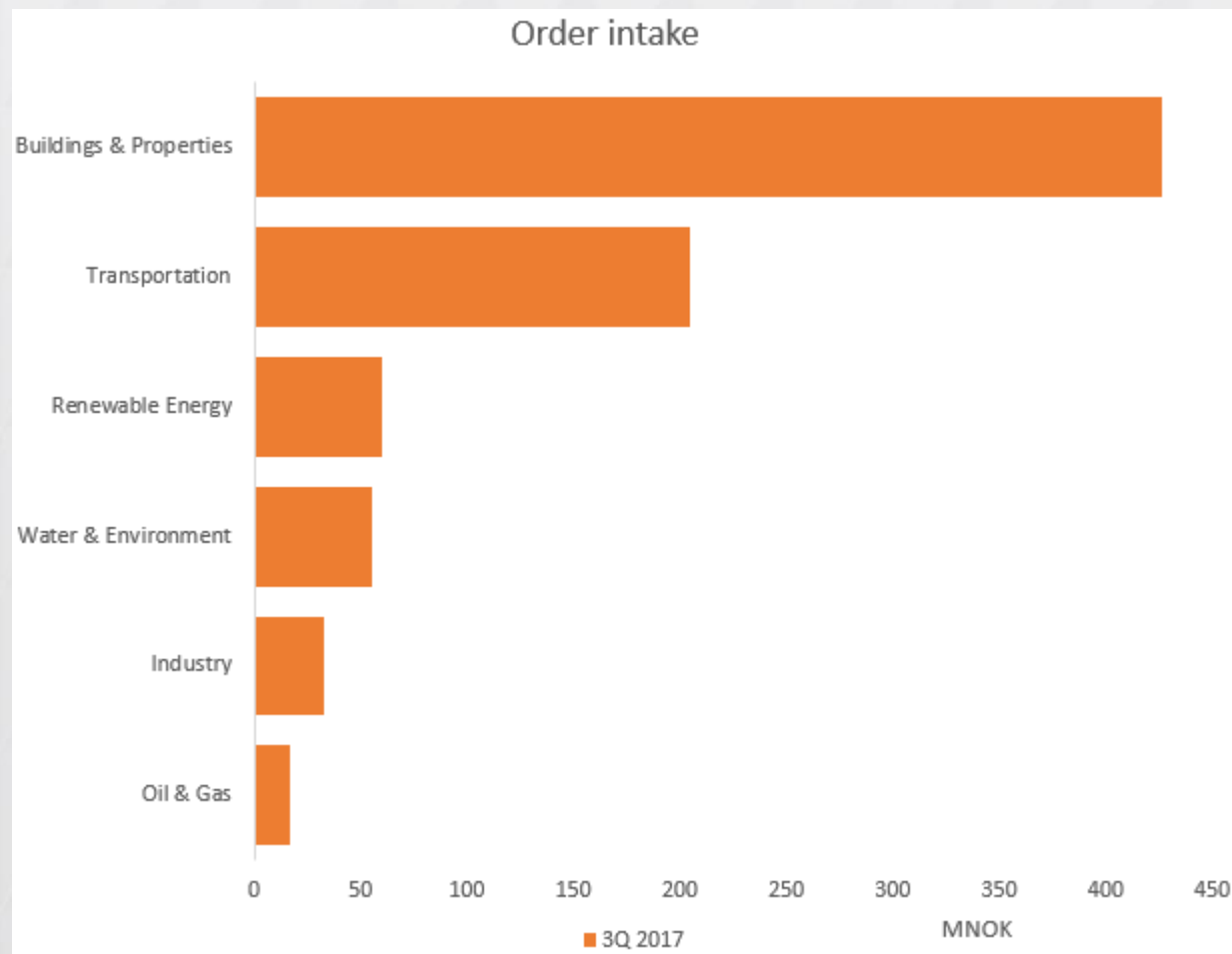


- InterCity Haug - Halden





# Order intake 3Q 2017



## Highlights

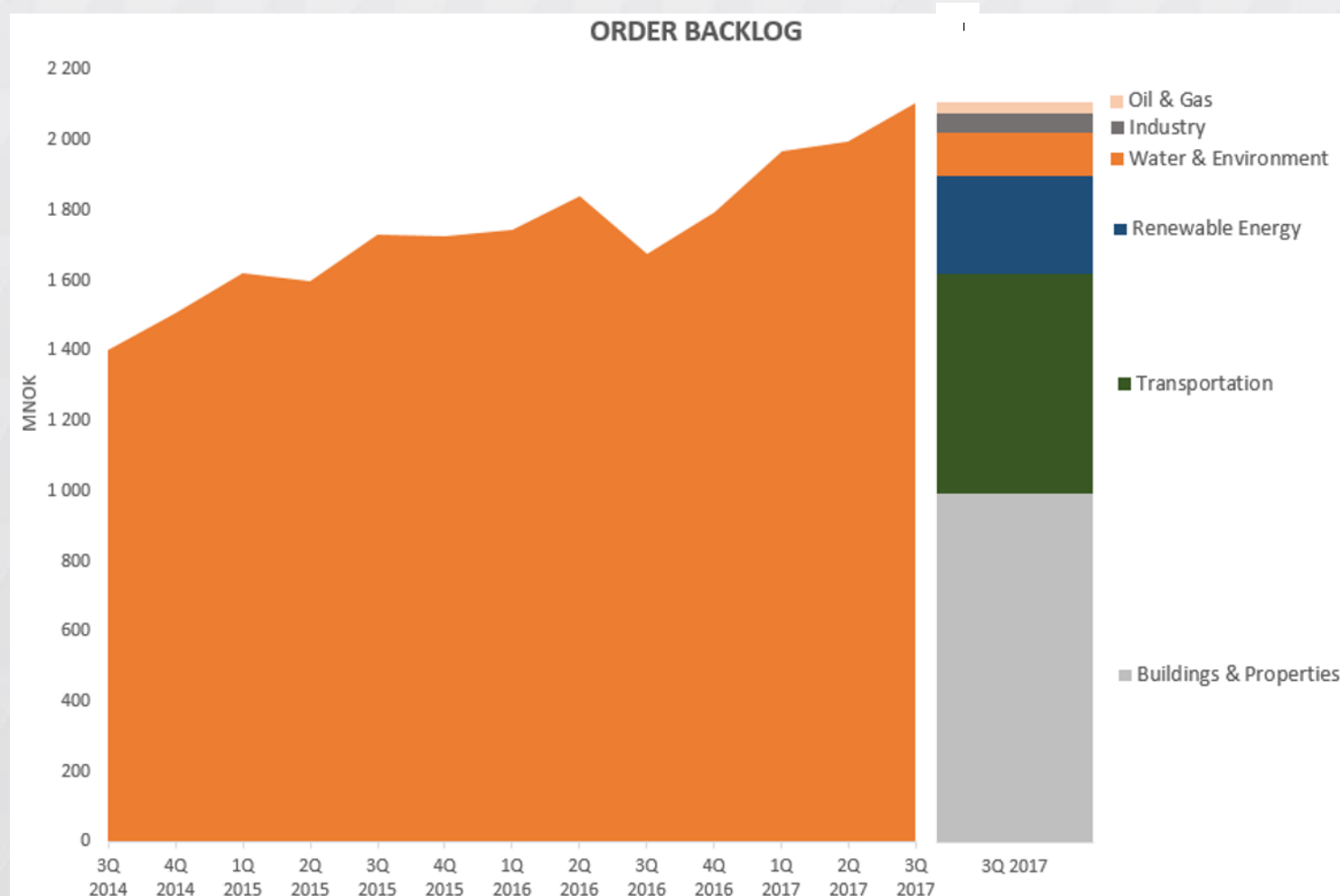
- Order intake NOK 795.0 million, up 70.5% y-o-y
- Hjellnes group order backlog of NOK 153.4 million reported as order intake and included in order backlog as of 30 September 2017.
- New contribution from Iterio AB and aarhus arkitekterne A/S
- Continued strong tender pipeline in Transportation

## Key order intake

- Etk – Korsze railway line
- Power utility, Zesco
- InterCity Haug - Halden
- Bergheim healthcare facilities
- E18 Kjørholt Bamble tunnels



# Order backlog development per business area



- Order backlog up 27.6% y-o-y to NOK 2 107.9 million
- Order backlog of the Hjeltnes group of NOK 153.4 million included in order backlog as of 30 September 2017
- Call-offs on frame agreements only included when signed
  - Fornebubanen
  - BaneNOR
  - NORAD

# Organisation

- Integration of the Hjeltnes group in progress
- Stanislas Merlet awarded Young Advisor of the year 2017 by RIF
- Multiconsult climbs to #3 at Universum Professionals Survey 2017
- Prestigious buildingSMART International Award for Design 2017  
- Tønsberg Hospital
- Silver medal in Farmandprisen for best website 2017
- Stable organisation - group employee turnover at 6.4% (5.9%)



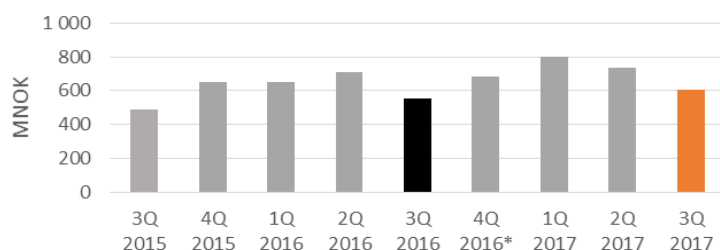


# FINANCIAL REVIEW

**Anne Harris, CFO**

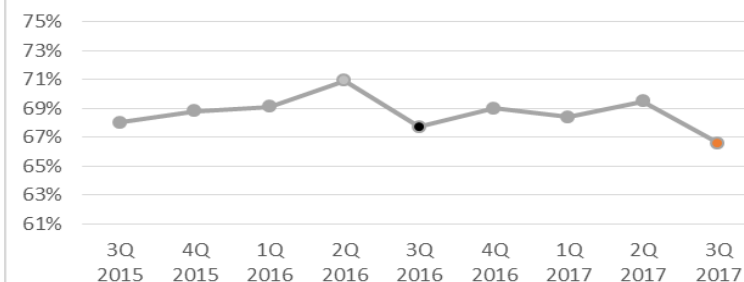
# Financial highlights 3Q 2017

Net Operating Revenues  
Quarterly



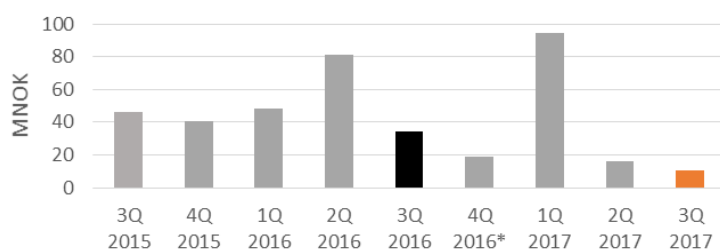
- NOK 608.8 million
- Growth from acquisitions
- Low billing ratio
- Negative calendar effect
- Stable billing rates

Billing ratio



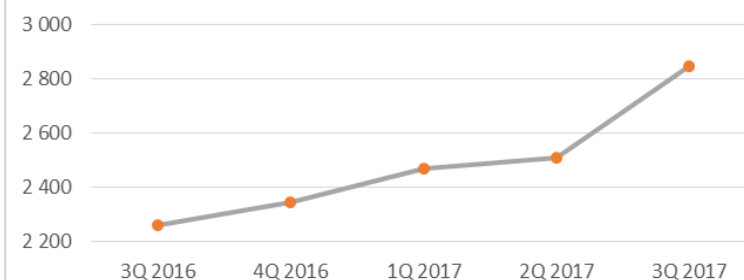
- 3Q fell to 66.6%
- Down by 1.1 pp y-o-y
- ERP start-up issues/training
- Lower project activity

EBIT  
Quarterly



- NOK 10.5 million
- Continued opex growth in line with increased headcount

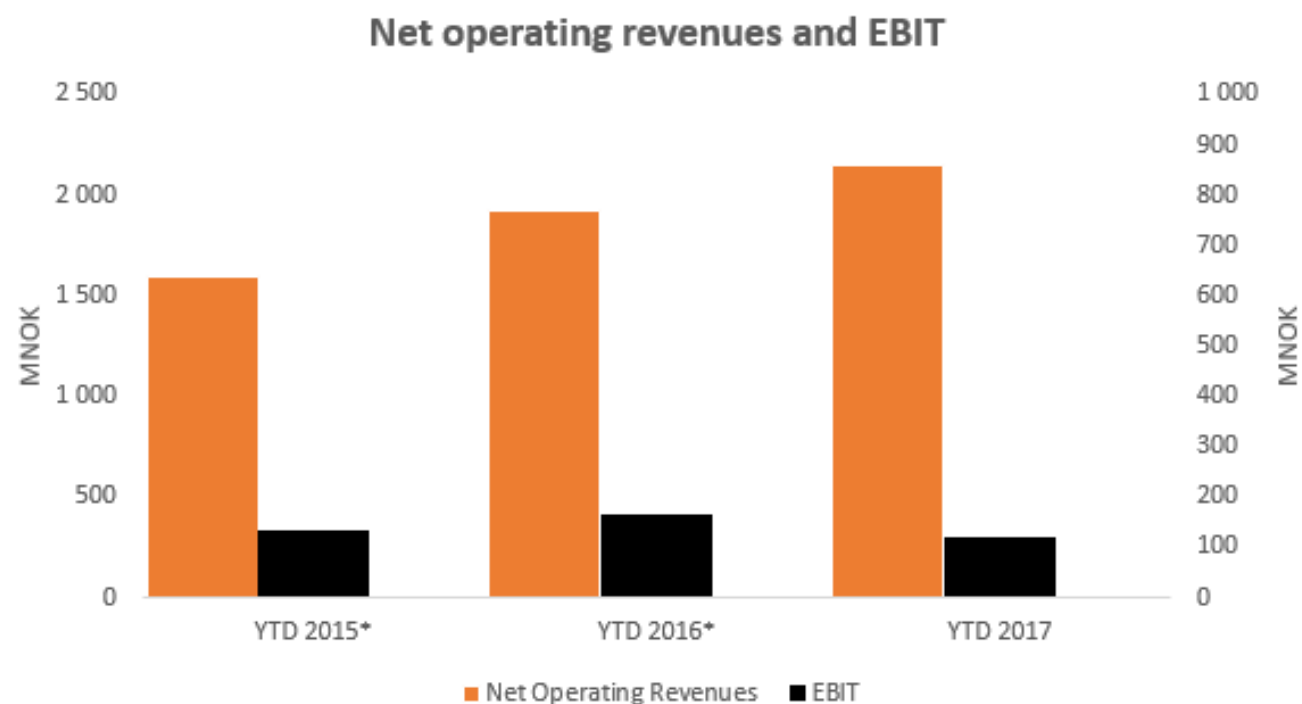
Number of employees



- Up 25.8% to 2 845 employees y-o-y
- Organic growth 4.9 %

\*Underlying

# Financial highlights YTD 2017



- Net operating revenue up 11.9% to NOK 2 147.4 million
  - Organic growth 4.7%
  - Good project execution
  - Billing ratio fell to 68.3%
- EBIT of NOK 120.7 million, a decrease of 26.1%
  - Higher employee benefit expenses
  - Non-recurring expenses
    - including implementation of new ERP system
- EBIT margin at 5.6%



# Segments YTD 2017

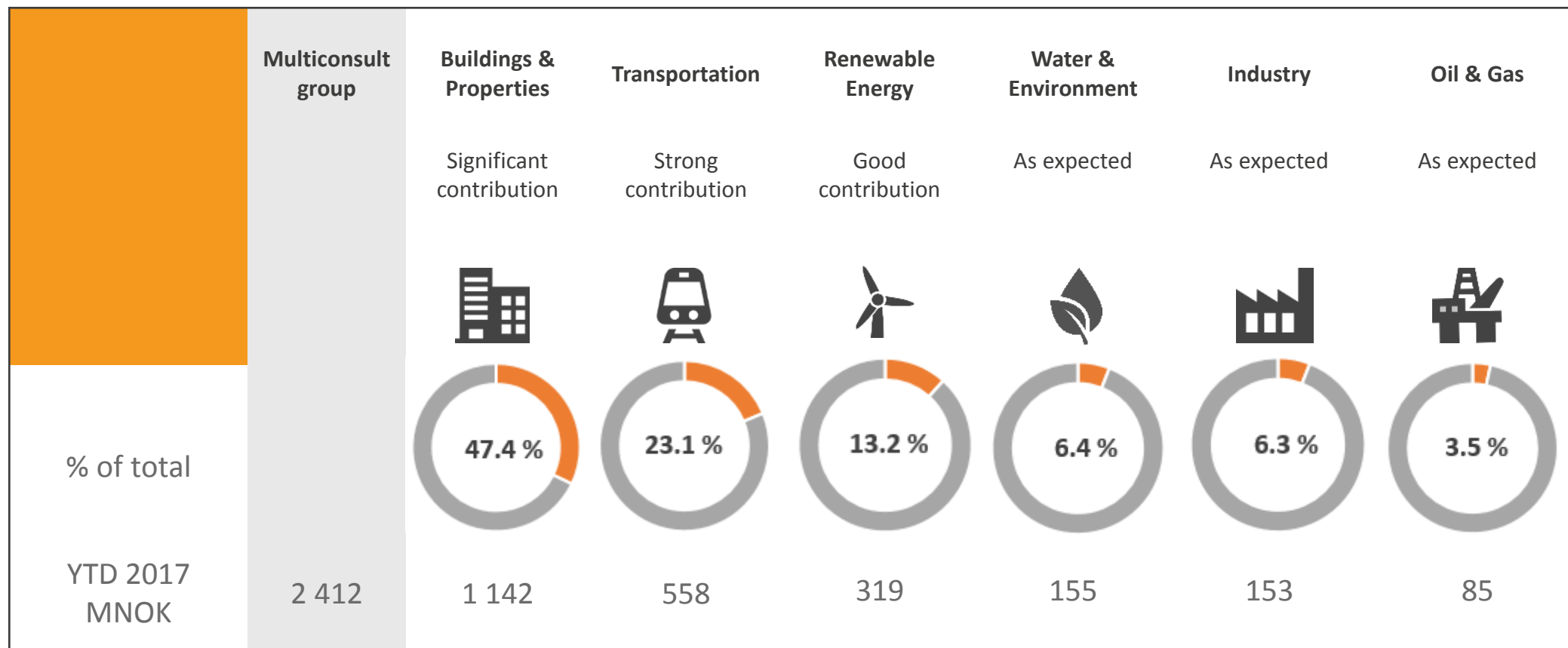
Greater Oslo Area	YTD 2017	YTD 2016	Change
EBIT MNOK	64.5	111.0	41.9%
EBIT margin %	7.1%	12.6%	5.5 pp
Billing ratio	67.2%	70.9%	3.7 pp
Number of employees	1 187	881	34.7%

Regions Norway	YTD 2017	YTD 2016	Change
EBIT MNOK	30.3	41.9	27.6%
EBIT margin %	4.0%	5.9%	1.9 pp
Billing ratio	67.3%	68.7%	1.4 pp
Number of employees	842	792	6.3%

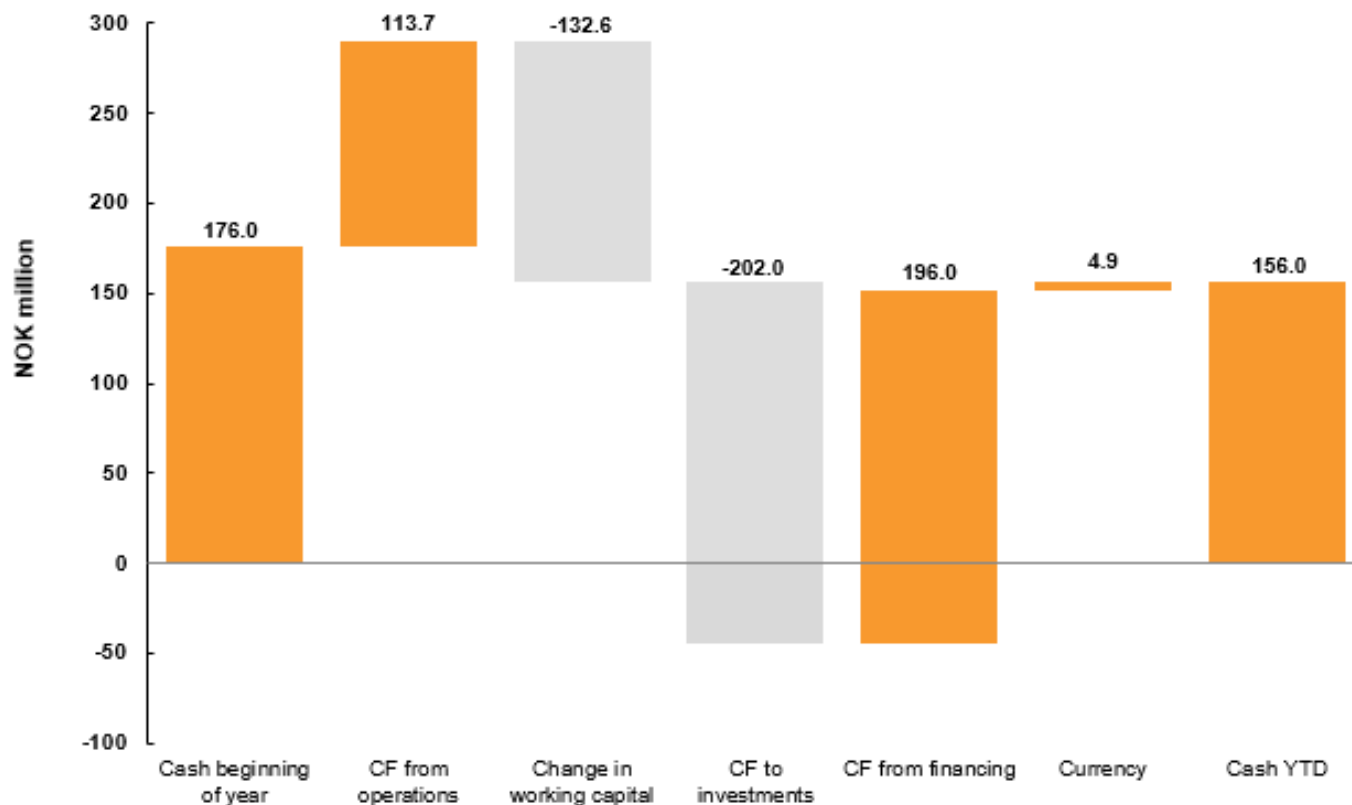
International	YTD 2017	YTD 2016	Change
EBIT MNOK	17.1	5.0	>100%
EBIT margin %	13.1%	7.5%	5.6 pp
Billing ratio	72.1%	63.2%	8.9 pp
Number of employees	205	124	65.3%

LINK arkitektur	YTD 2017	YTD 2016	Change
EBIT MNOK	11.6	6.2	88.7%
EBIT margin %	3.4%	2.4%	0.9 pp
Billing ratio	71.4%	69.9%	1.5 pp
Number of employees	476	343	38.8%

# Operating revenues by business area YTD 2017



# Cash flows YTD 2017



- Solid cash flow from operations
- Change in working capital driven by
  - Increased production
  - Increased trade receivables and work in progress
- Investments
  - Acquisition of Iterio AB and Hjellnes Group
  - Ordinary asset replacement
- Financing
  - Increased debt due to acquisitions
  - Dividend payment



# Outlook

- The overall market outlook remains fairly positive
- Continued strong competition and price pressure on large projects
  - Market rates have stabilised in Norway, regional variations
  - Increased employee cost in Norway not fully reflected in billing rates
- Stronger combination of professional capability and stable order backlog
- Active and systematic implementation of the 3-2-1 GO strategy
- Intensified focus on improving profitability





## FINANCIAL CALENDAR

4Q 2017 results: 28 Feb 2018

1Q 2018 results: 23 May 2018

# Q&A

THIRD QUARTER 2017 RESULTS | Christian Nørgaard Madsen, CEO  
Anne Harris, CFO





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