

FOURTH QUARTER 2018 RESULTS

Lars Opsahl, acting CEO | Anne Harris, CFO



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INTRODUCTION AND HIGHLIGHTS

Lars Opsahl, acting CEO

Highlights

- Fourth quarter earnings weaker than expected
 - Growth from improved billing ratio and billing rates in Norway, reduced by high level of project write-downs
 - Weak results in LINK arkitektur
- Full year 2018 earnings
 - Growth from increased capacity and billing ratio, reduced by net project write-downs
 - Reduced earnings LINK arkitektur and International
- Strong increase in sales and order backlog to NOK 2.8 billion
- Solid cash generation reduced net interest-bearing debt
- Proposed dividend for 2018 of NOK 1.50 per share



Financial summary 4Q and FY 2018

- **4Q 2018**

- Net operating revenues up 5.4 % y-o-y to NOK 892.2 million
- EBIT of NOK 9.5 million, 1.1 % margin

- **FY 2018**

- Net operating revenues up 11.4 % y-o-y to NOK 3 334.8 million
 - Organic growth 4.0 %*
 - Driven by acquisitions and increased billing ratio
 - High level of project write-downs (2.0 %)
 - Calendar effect of one less working day
- EBIT of NOK 99.0 million, 3.0 % margin
 - Higher employee benefit expenses reflect increased headcount and ordinary salary adjustment

*Adjusted for calendar effect

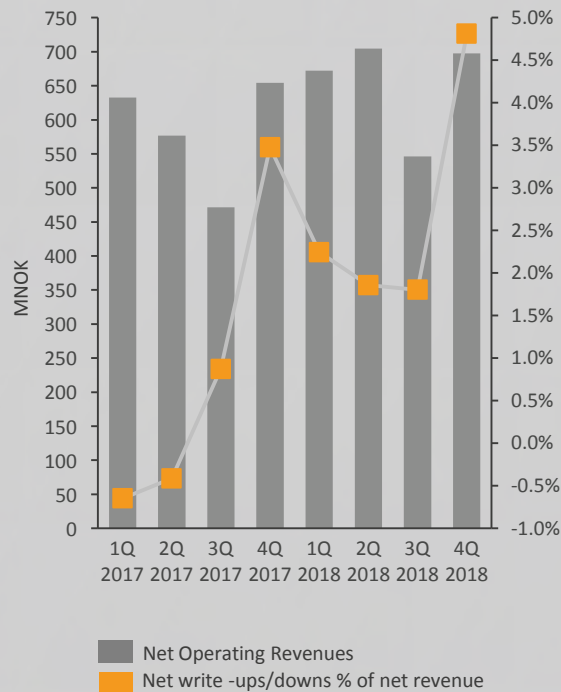


Effects of improvement programme - Norway

Improving profitability for Greater Oslo & Regions Norway

Project execution

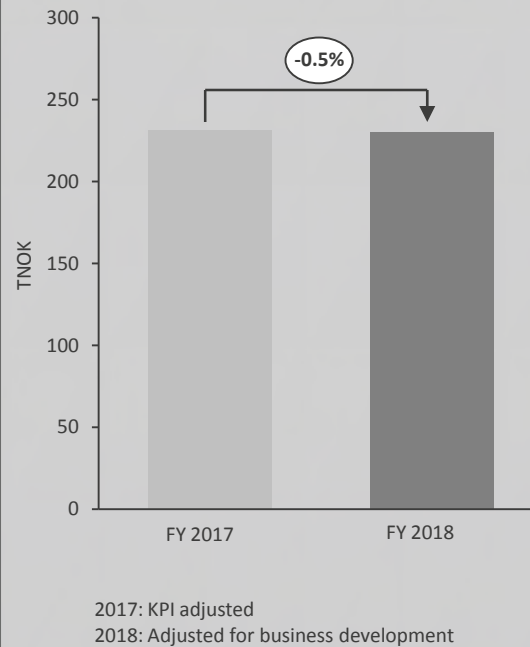
Net write-downs



Further improvement needed

Efficiency gains

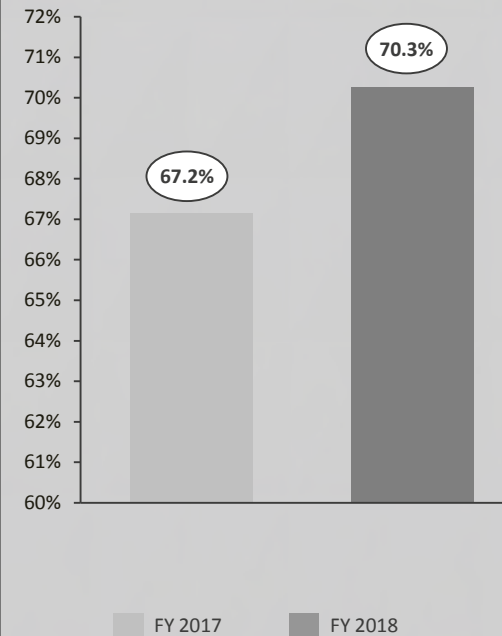
Group other operating costs per FTE



**Continue manning
and cost control**

Billing ratio

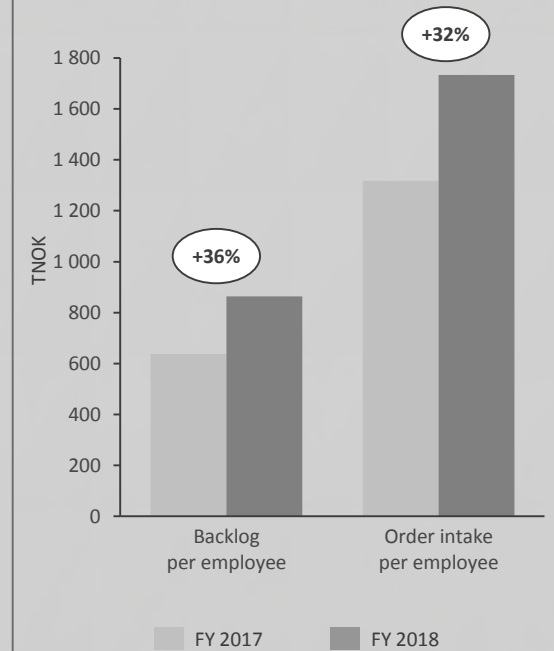
Billing ratio development



Maintain level

Sales

Backlog and order intake growth y-o-y



**Improved billing rates on new
contracts**

Major order intake 4Q

Water supply to Oslo for Oslo Kommune

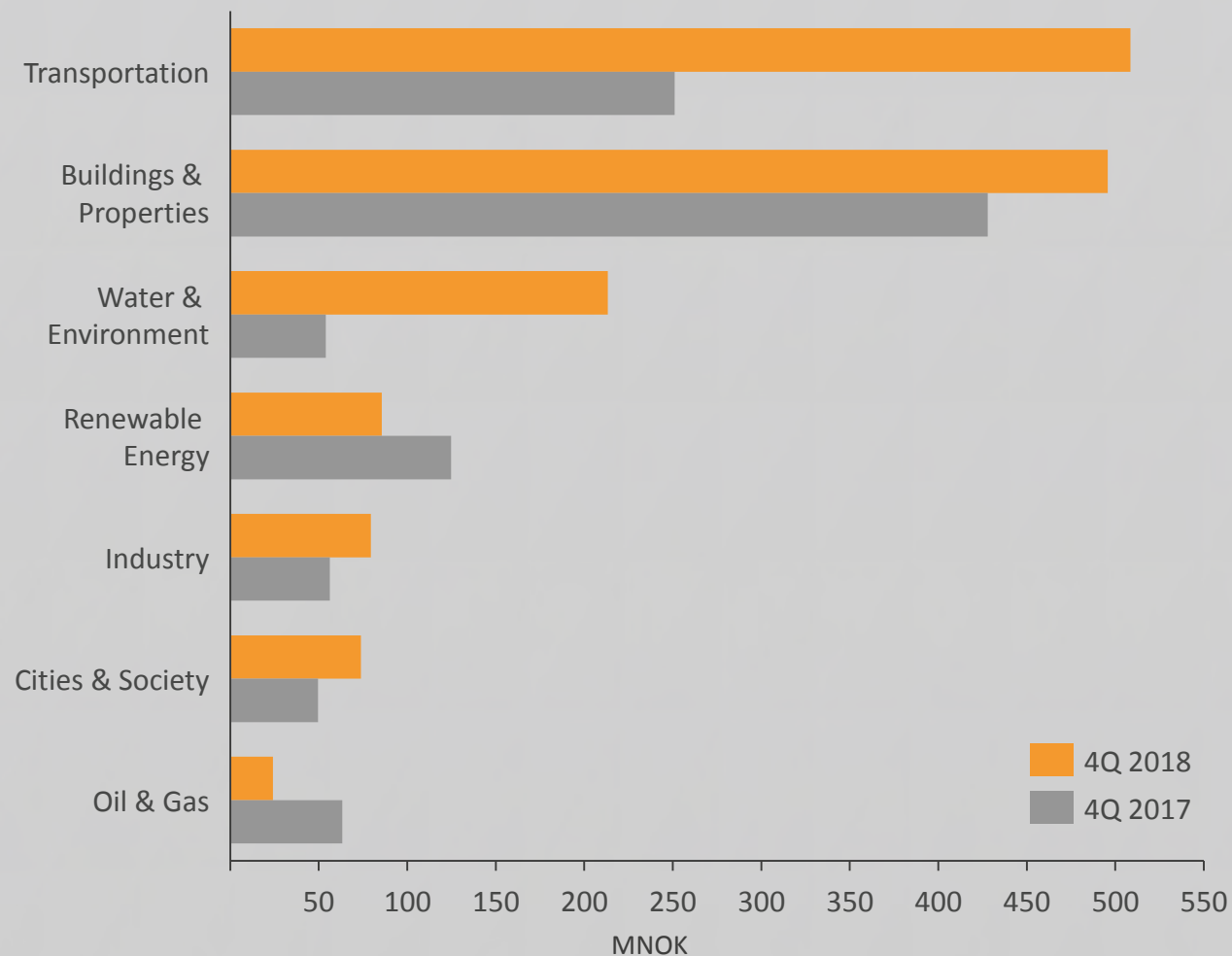
- The contract consists of four parts, all won by Multiconsult
- Estimated value of approximately NOK 200 million, in addition to significant options
- The project includes a raw water tunnel between Holsfjorden and Oslo and a tunnel from Huseby to central Oslo in order to transfer clean water to existing water grid in Oslo
- Work has been initiated and a large part will be completed during the first three years

Several important contracts awarded to Multiconsult Polska

- Northern Krakow S52 Expressway, Poland of NOK 50 million
- C-E 65 railway line, Poland of NOK 23 million
- A1 Motorway Kamieński – Radomsko, Poland of NOK 22 million



Order intake in 4Q 2018



Highlights

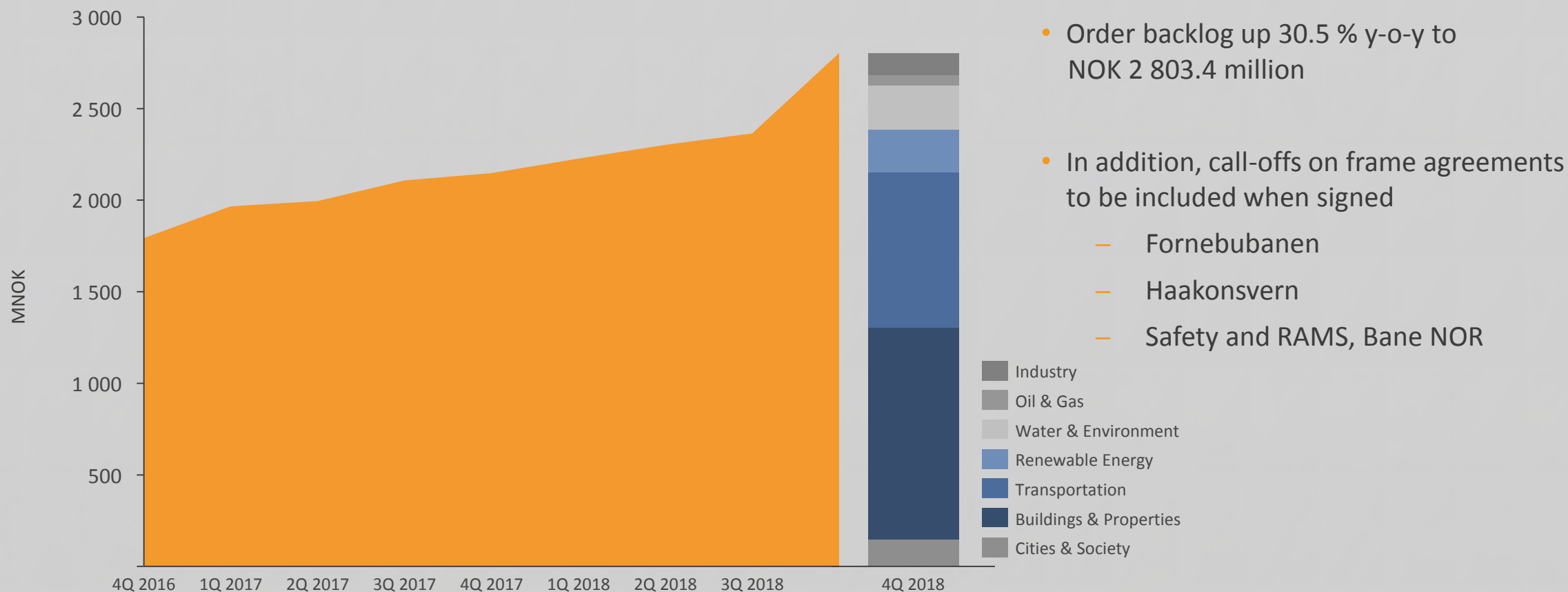
- Order intake NOK 1 480.4 million, up 44.2 % y-o-y
- Continued strong tender pipeline, especially within Transportation
- Several new, large contracts have been awarded in the period

Key order intake

- New water supply Oslo
- Northern Krakow S52
- Aarhus University Hospital
- C-E 65 railway line
- GET FiT, KfW Zambia



Order backlog development and backlog per business area



Organisation

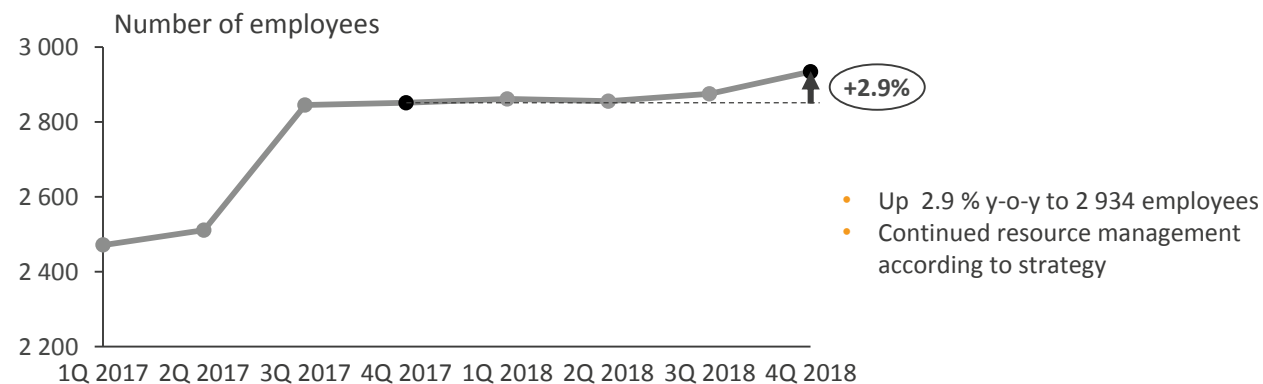
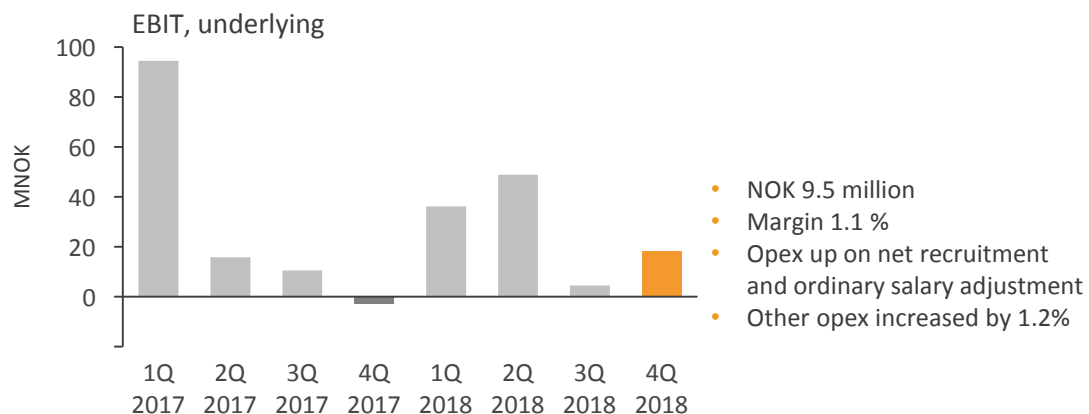
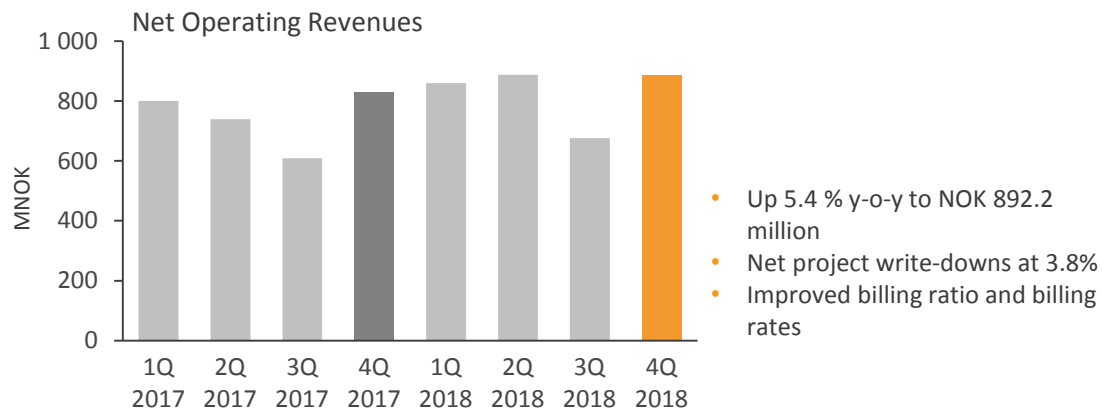
- Changes in management
 - New CEO Grethe Bergly from 1 March 2019
 - New EVP and Deputy CEO Rune Hardersen from 1 March 2019
 - New EVP Human Resources and Corporate Communication Kari Nicolaisen from 1 April 2019
 - New CFO Hans-Jørgen Wibstad from 1 June 2019 at the latest
- Extract of awards to Multiconsult and employees in 4Q
 - Multiconsult awarded “Eco-Lighthouse of the Year 2018” (Årets Miljøfyrtårn)
 - Åshild Huseby og Marie Eliassen awarded “Nyskapningsprisen” for master thesis
- Organisation
 - Successful employee share purchase programme with 21% participation
 - 2 934 employees at 31 December 2018
 - Group turnover at 10.2 %



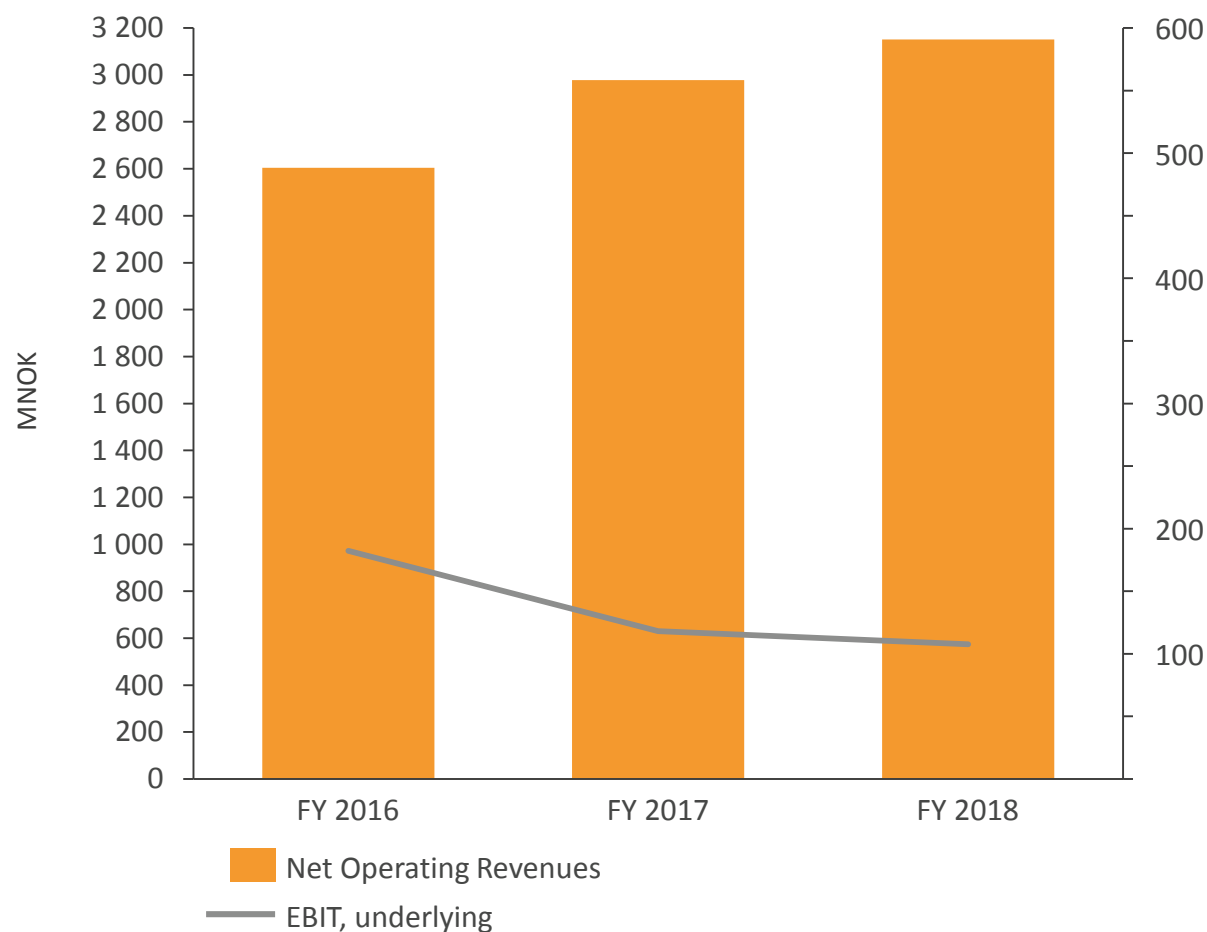
FINANCIAL REVIEW

Anne Harris, CFO

Financial highlights 4Q 2018

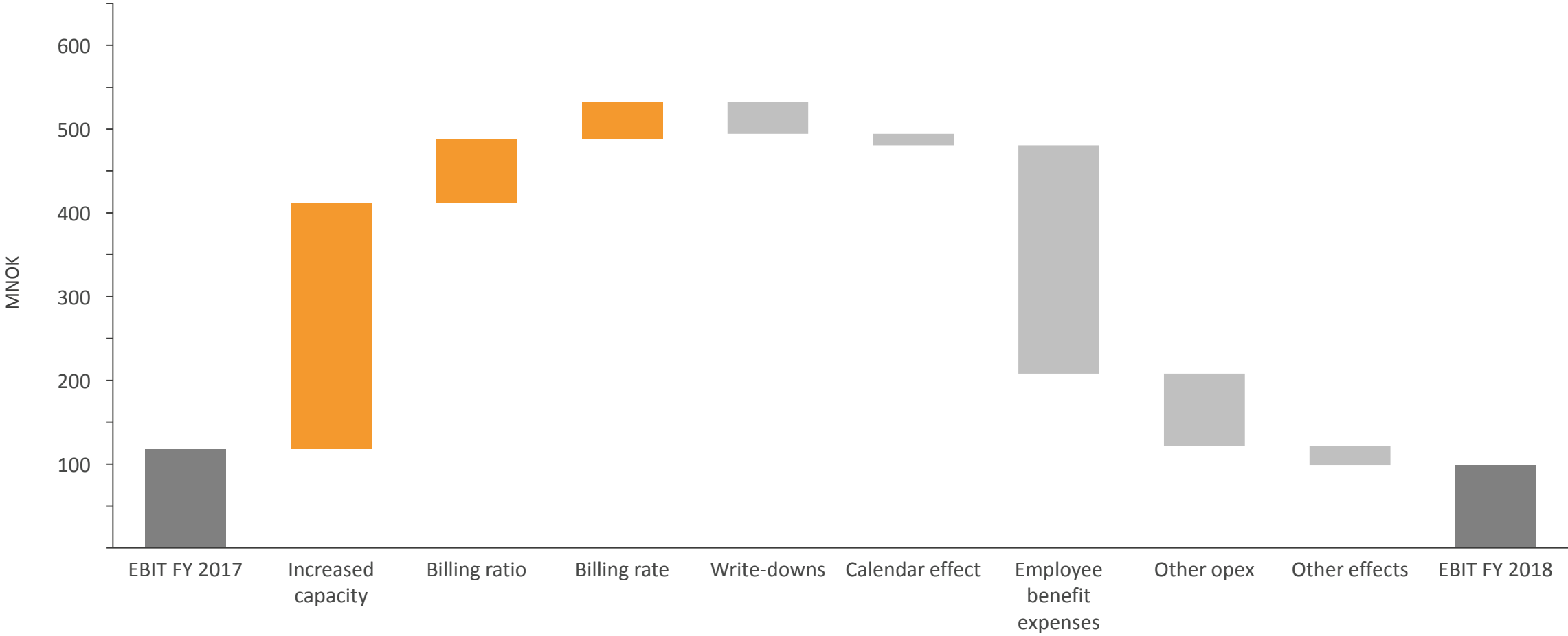


Financial highlights FY 2018



- Net operating revenue up 11.4 % to NOK 3 334.8 million
 - Organic growth 4.0 %*
 - Billing ratio at 70.2 %
 - Net project write-downs (2.0 %)
 - 1 less working day calendar effect y-o-y
- Operating expenses
 - Higher employee benefit expenses y-o-y due to acquisitions and ordinary salary adjustment
 - Provision for legal claims and business development cost for international energy impact other operating expenses
- EBIT of NOK 99.0, margin of 3.0 %

EBIT Bridge Y-O-Y



Segments FY 2018

Greater Oslo Area	FY 2018	FY 2017	Change
EBIT MNOK	57.5	64.6	-11.0 %
EBIT margin %	3.7 %	4.9 %	-1.2 pp
Billing ratio	70.1 %	67.0 %	3.1 pp
Number of employees	1 176	1 179	-0.3 %

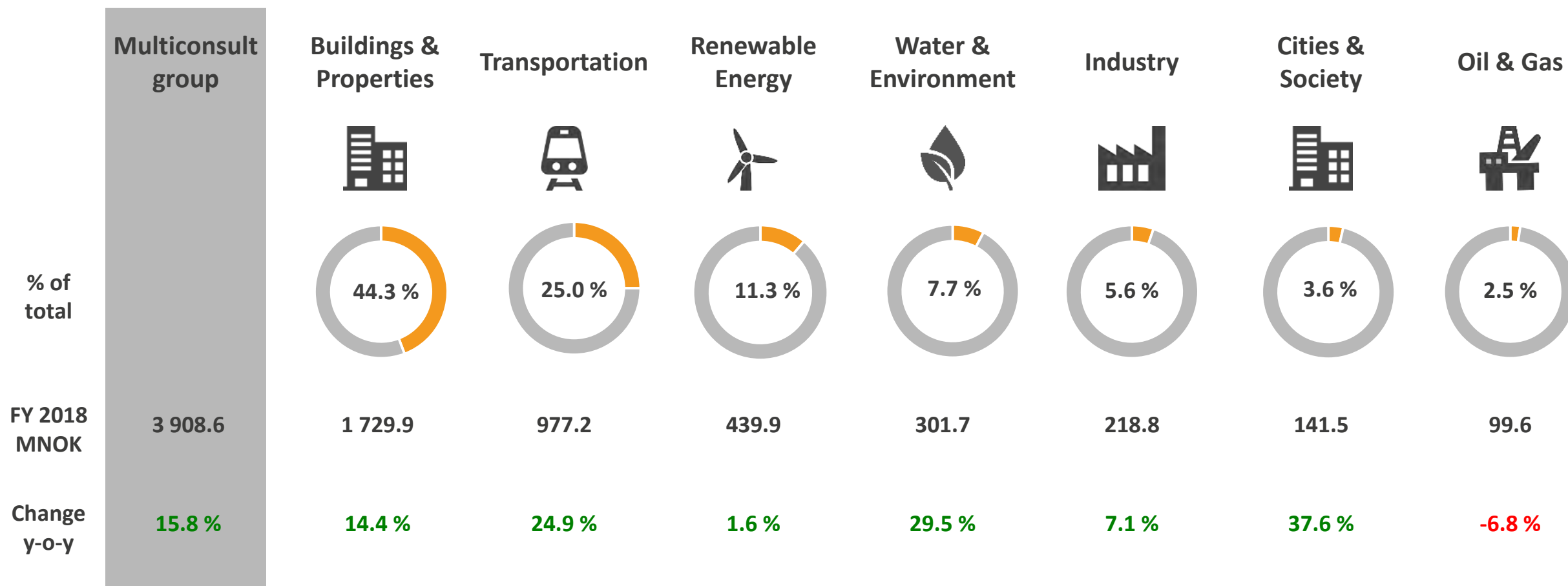
Regions Norway	FY 2018	FY 2017	Change
EBIT MNOK	50.1	13.0	285.3 %
EBIT margin %	4.7 %	1.3 %	3.4 pp
Billing ratio	70.4 %	67.3 %	3.1 pp
Number of employees	854	841	1.5 %

International	FY 2018	FY 2017	Change
EBIT MNOK	8.1	17.3	-53.1 %
EBIT margin %	4.0 %	9.7 %	-5.7 pp
Billing ratio	72.2 %	71.5 %	0.7 pp
Number of employees	284	216	31.5 %

LINK arkitektur	FY 2018	FY 2017	Change
EBIT MNOK	13,1	25.5	-48.6 %
EBIT margin %	2.5 %	5.2 %	-2.7 pp
Billing ratio	72.7 %	72.4 %	0.3 pp
Number of employees	489	475	2.9 %

From 2018, Multiconsult changed its principles for group overhead allocation following the new legal structure.
Not allocated costs FY 2018 were NOK 29.8 million (NOK 2.4 million FY 2017).

Operating revenues by business area FY 2018



Cash flows FY 2018



- Solid net cash flow from operations
- Change in working capital
 - Increased trade payables
 - Trade receivables increase in line with operating revenues
 - Work in progress reduced
- Investments include
 - Ordinary asset replacement
- Financing activities
 - Decreased interest bearing debt

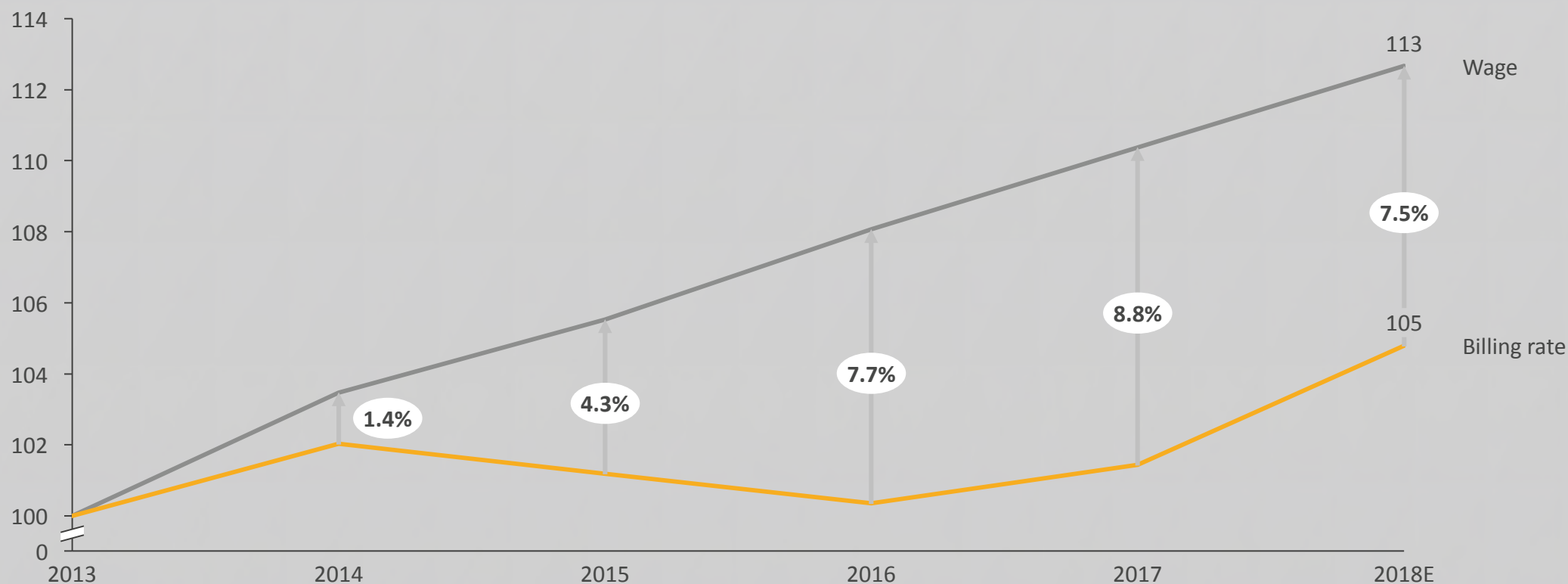


Outlook

Industry profitability challenge

After four consecutive years of wages increasing more than prices, we have started to see a higher increase in billing rates

INDEXED DEVELOPMENT WAGE AND BILLING RATE

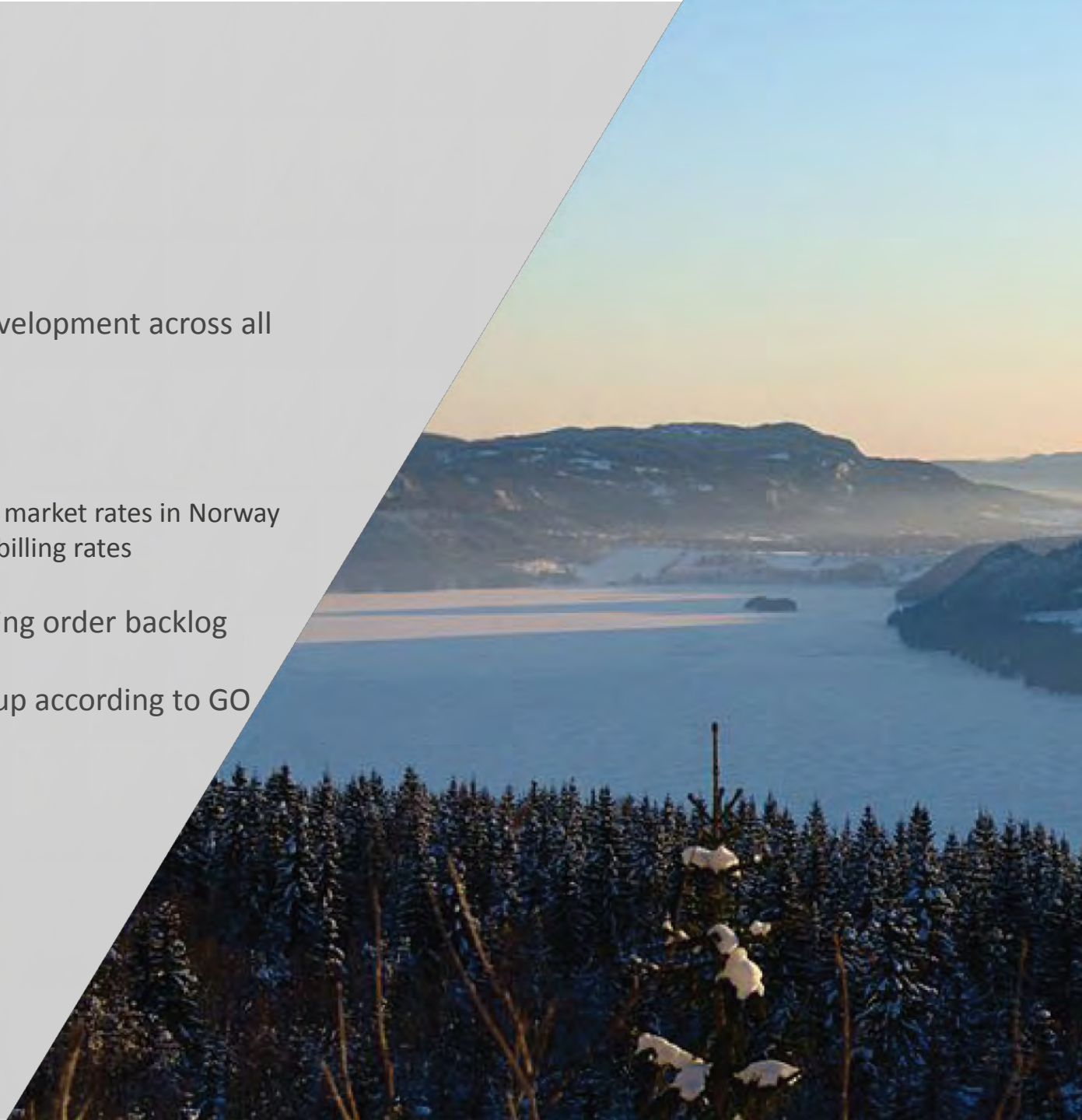


Source: RIF; Multiconsult; Arkitektbedriftene

Note: Billing rate is for Multiconsult Norway. Wage assumes a mix of 25% architects and 75% engineers (RIF), where 60% of the engineers are civil eng.

Outlook

- The overall market outlook continues to show positive development across all business areas
 - Especially strong pipeline within Transportation
- Continued strong competition on large projects
 - Strong outlook and pipeline has recently resulted in improved market rates in Norway
 - Increased employee costs in Norway are not fully reflected in billing rates
- Strong combination of professional capability and increasing order backlog
- Intensified focus on improving profitability across the group according to GO
 - Project execution and profitability
 - Sales
 - Billing ratio
 - Efficiency gains
 - Portfolio review





FINANCIAL CALENDAR

Annual report 2018	4 Apr 2019
General Meeting	25 Apr 2019
1Q 2019 results	23 May 2019
2Q 2019 results	29 Aug 2019
3Q 2019 results	7 Nov 2019



Q&A

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Anne Harris, CFO



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