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INTERIM REPORT

Q2 and first half | 2019

Multiconsult

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HIGHLIGHTS AND KEY FIGURES Q2 2019

HIGHLIGHTS

- Second quarter EBIT of negative NOK 15.9 million
- Compared to second quarter 2018, the result is impacted negatively by NOK 85.0 million from calendar effect and legal settlement – underlying profitability improvement
- First half 2019 EBIT of NOK 76.5 million – underlying improvement compared to first half 2018
- First half 2019 revenue growth of 3.7%, reflecting higher activity level
- Strong order backlog at NOK 2.7 billion
- Initiatives under GO strategy on track

"Despite a lower reported result compared to the same period last year, I am pleased to see that the underlying profitability is improving both in the second quarter and first half 2019. It is also encouraging to see that the growth continues and that we have a strong order backlog. However, the overall profitability level is not satisfactory, and we will continue to work hard to improve this – focusing on cost, efficiency and operations."

Grethe Bergly
CEO of Multiconsult ASA

CONSOLIDATED KEY FIGURES

Amounts in TNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018
FINANCIAL				
Net operating revenues	**866 703**	887 573	1 810 946	1 746 663
Net write-downs	**(25 430)**	(12 681)	(33 327)	(25 315)
Operating expenses	**835 333**	826 298	1 641 280	1 636 940
Employee benefit expenses	**700 114**	660 507	1 391 012	1 323 933
Other operating expenses	**135 218**	165 791	250 267	313 007
EBITDA	**31 370**	61 275	169 666	109 723
EBITDA margin	**3.6%**	6.9%	9.4%	6.3%
EBITDA excluding IFRS 16 effect	**(8 753)**	N/A	90 472	N/A
EBIT	**(15 930)**	48 895	76 540	85 004
EBIT margin	**(1.8%)**	5.5%	4.2%	4.9%
EBIT excluding IFRS 16 effect	**(21 346)**	N/A	65 823	N/A
Reported profit for the period	**(21 820)**	37 036	37 138	62 310
OPERATIONAL				
Billing ratio	**71.3%**	71.8%	70.6%	71.2%
Number of employees	**2 964**	2 855	2 964	2 855
Order intake	**902 036**	1 130 911	2 073 860	2 232 067
Order backlog	**2 724 731**	2 302 011	2 724 731	2 302 011

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SECOND QUARTER AND FIRST HALF 2019 GROUP REVIEW

Multiconsult second quarter EBIT came in at negative NOK 15.9 million. Compared with the second quarter 2018, the result is impacted by a significant calendar effect and legal settlement with the Norwegian Parliament (Stortinget), totalling NOK 85.0 million. EBIT in first half 2019 was NOK 76.5 million, reflecting a 4.2% margin. The improvement in underlying EBIT margin can be seen as the organisation is working on its main target of improving its profitability within the framework of GO strategy.

FINANCIAL REVIEW

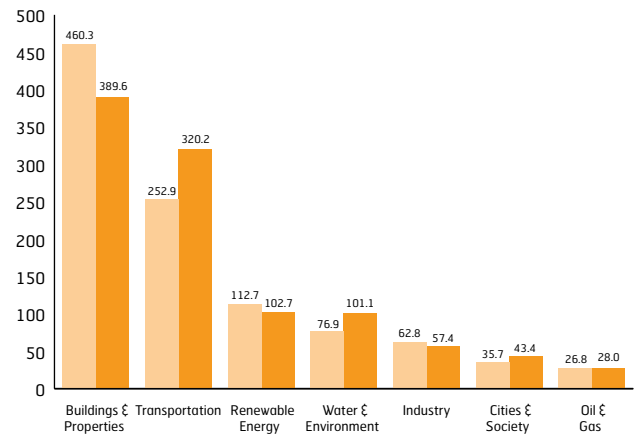
(Figures in brackets = same period prior year or relevant balance sheet date 2019). The group implemented IFRS 16 on 1 January 2019 using the modified retrospective approach. Comparative information will not be restated. For more details of the effects in the financial statements second quarter and first half see note 13.

Group results

Second quarter 2019 Multiconsult group

The decrease in **net operating revenues** compared to second quarter 2018 of 2.4% is impacted by lower production in Norway due to a calendar effect of five less working days, with an impact of NOK 64.8 million. There was a settlement on legal dispute with Stortinget in the Prinsens gate 26 construction project, reported as a net project write-down and impacted net operating revenues with NOK 20.2 million in the quarter. In total, net project write-downs were 2.9% of net operating revenues. Excluding the Stortinget legal dispute settlement, net project write-downs were 0.6% of net operating revenues. Adjusted for calendar effect and settlement with Stortinget, organic growth in net operating revenues was 7.2%. Net recruitment of 109 employees drove organic growth year-on-year. A slightly lower billing ratio in the quarter was mainly due to lower activity in some units in the Regions Norway segment as well as in units in the Renewable Energy business area, and impacted growth in revenues negatively. Average group billing rates were at a similar level compared to the same period in 2018, but were higher in the Norwegian segments.

Operating revenues by business area Q2
Amounts in MNOK



Operating expenses consist mainly of employee benefit expenses and other operating expenses. Total operating expenses were at a higher level than in the same period last year. There was a positive IFRS 16 effect of NOK 40.1 million in the second quarter 2019. Adjusted for the IFRS effect, the level of operating expenses increased by 5.9%. The increase is caused by net recruitment and ordinary salary adjustment.

EBITDA was NOK 31.4 million (NOK 61.3 million), including a positive NOK 40.1 IFRS 16 effect.

EBIT was negative NOK 15.9 million (NOK 48.9 million), including negative calendar effect of NOK 64.8 million, the legal settlemet with Stortinget of negative NOK 20.2 million, and a positive IFRS 16 effect of NOK 5.4 million.

Net financial items were an expense of NOK 13.2 million (expense of NOK 1 million), including a negative IFRS 16 effect of NOK 9.5 million.

Group tax rate was 24.3% (23.0%).

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Reported loss for the period was NOK 21.8 million, including a negative NOK 4.2 million IFRS 16 effect.

First half 2019 Multiconsult group

The increase in **net operating revenues** of 3.7% is purely organic and mainly driven by higher production in Norway. There was net recruitment of 109 employees in the group. A calendar effect of one less working day in Norway impacted net operating revenues negatively by NOK 14.6 million compared to the same period previous year. A lower billing ratio in the period was mainly due to lower activity in some units in the Regions Norway segment as well as in units in the Renewable Energy business area, and further impacted growth in revenues negatively. Net project write-downs were 1.8% in the period, including the settlement of the legal dispute with Stortinget, and impacted net operating revenues accordingly. Excluding the Stortinget legal dispute settlement, net project write-downs were 0.7% of net operating revenues. Adjusted for calendar effect and settlement with Stortinget, organic growth in net operating revenues was 5.7%. Average group billing rates were at a similar level compared to the same period in 2018.

Operating expenses were at a slightly higher level than in the same period last year. There was an IFRS 16 effect of NOK 79.2 million in first half 2019. Adjusted for the IFRS effect, the level of operating expenses increased by 5.1%. The increase is caused by net recruitment and ordinary salary adjustment. One-off severance agreement expenses of approximately NOK 10 million as a result of several management changes were recorded in the first quarter.

EBITDA was NOK 169.7 million (NOK 109.7 million), including a positive NOK 79.2 million IFRS 16 effect.

EBIT was NOK 76.5 million (NOK 85.0 million), reflecting an EBIT margin of 4.2% in the period, including a negative calendar effect of NOK 14.6 million, the legal settlemet with Stortinget of negative NOK 20.2 million, and positive IFRS 16 effect of NOK 10.7 million.

Net financial items were an expense of NOK 28.1 million (expense of NOK 3.3 million), including a negative IFRS 16 effect of NOK 19.0 million.

Group tax rate was 22.8% (24.0%)

Reported profit for the period was NOK 37.1 million, including a negative NOK 8.5 million IFRS 16 effect.

Financial position, cash flow and liquidity

Second quarter 2019 Multiconsult group

Net cash flow from operating activities was positive NOK 107.3 million (NOK 54.4 million). The increase is mainly caused by positive change in working capital.

Net cash flow used in investment activities was NOK 11.2 million this quarter (NOK 12.8 million), related to ordinary asset replacement.

Net cash flow from financing activities amounted to negative NOK 114.0 million (NOK 63.9 million), mainly due to dividend paid, lease liability payment and reduction in current interest bearing debt.

First half 2019 Multiconsult group

Net cash flow from operating activities was positive NOK 43.0 million (negative NOK 43.5 million). The increase is mainly related to higher cash flow from operating activities and lower build-up of working capital.

Net cash flow used in investment activities was NOK 39.5 million (NOK 27.4 million), related to ordinary asset replacement.

Net cash flow from financing activities amounted to negative NOK 110.2 million (positive NOK 54.7 million). The change is related to lease liability payment in 2019, paid dividend in the second quarter 2019 and interest bearing debt increase in 2018.

Consolidated financial position

As of 30 June 2019, total assets amounted to NOK 2 787.6 million (NOK 2 911.1 million at 31 March 2019), and total equity amounted to NOK 582.5 million (NOK 645.6 million at 31 March 2019).

The group held cash and cash equivalents of NOK 31.4 million as of 30 June 2019 (NOK 48.8 million as of 31 March 2019). Net interest bearing debt amounted to NOK 1 141.3 million (NOK 1 187.3 million at 31 March 2019). Adjusted for IFRS 16 lease obligations, net interest bearing debt is NOK 167.9 million (NOK 186.6 million at 31 March 2019).

ORDER BACKLOG AND INTAKE

The order backlog at the end of the second quarter 2019 remains strong at NOK 2 724.7 million (NOK 2 302.0 million). Business areas Buildings & Properties and Transportation currently have the largest proportion of the order backlog, while Water & Environment increased significantly compared to the same period previous year.

Order intake during the second quarter decreased significantly compared to a strong second quarter in 2018. Buildings & Properties, Water & Environment, Industry and Cities & Society decreased, while Transportation, Oil & Gas and Renewable Energy increased.

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Among significant new contracts this quarter was LINK arkitektur's Lambertseter nursing home with Oslo kommune. Among significant call-offs on existing contracts were Mjøsa Bridge with Nye Veier and Stad Ship Tunnel with Kystverket.

The order backlog does not reflect awarded frame agreements. The order backlog includes only call-offs that have been signed under these agreements. Some of the large frame agreements are for example Fornebubanen for Oslo kommune, submarine maintenance facilities with Forsvarsbygg and safety and RAMS with Bane NOR.

PROFITABILITY IMPROVEMENT PROGRAMME

Multiconsult is progressing on the GO strategy including group-wide profitability improvement measures. These include measures to improve sales processes, realise efficiency gains, improve project profitability, improve billing ratio and optimise the portfolio.

Profitability improvement is top priority for Management, which will continue to focus specifically on cost level and project execution.

SEGMENTS

Multiconsult's reporting segments are presented as four segments, Greater Oslo Area, Regions Norway, International, and one for LINK arkitektur.

Greater Oslo Area

This segment offers services in seven business areas and comprises the central area of Eastern Norway, with regional offices in Oslo, Fredrikstad and Drammen.

Key figures Greater Oslo Area

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018
Net op. revenues	**359.7**	409.2	803.7	802.2
EBITDA	**(18.6)**	29.9	46.4	45.3
EBITDA%	**(5.2%)**	7.3%	5.8%	5.6%
EBIT	**(28.9)**	26.3	30.2	37.9
EBIT%	**(8.0%)**	6.4%	3.8%	4.7%
Order intake	**381.9**	624.5	985.3	1 056.0
Order backlog	**1 182.8**	949.4	1 182.8	949.4
Billing ratio	**70.6%**	71.4%	70.2%	70.5%
Employees	**1 179**	1 164	1 179	1 164

Second quarter 2019 Greater Oslo Area

The decrease in **net operating revenues** of 12.1% in the quarter was mainly impacted by the calendar effect of five less working days in Norway, with a negative impact of NOK 33.7 million compared to the same period last year. Net project write-downs were NOK 24.7 million (NOK 7.2 million) in the period, including the settlement of the legal dispute with Stortinget of NOK 20.2 million, and impacted net operating revenues accordingly. Adjusted for the calendar effect and settlement with Stortinget, growth in net operating revenues was 1.1%. Higher activity level in the quarter resulted in net recruitment, and contributed to the growth. Billing rates were at a higher level and impacted net operating revenues positively.

Operating expenses came in at similar level to same period in 2018. There was a positive IFRS 16 effect of NOK 7.4 million on other operating expenses in the quarter. Employee benefit expenses increased, but less than the increase in manning level, mainly due to positive effects from a change in manning mix. Other operating expenses decreased both including and excluding the IFRS 16 effect.

EBITDA was negative NOK 18.6 million (positive NOK 29.9 million), including a positive IFRS 16 effect of NOK 7.4 million.

EBIT was negative NOK 28.9 million (positive NOK 26.3 million) in the quarter, including a negative calendar effect in Norway of NOK 33.7 million, the legal settlemet with Stortinget of negative NOK 20.2 million, and a slightly positive IFRS 16 effect of NOK 0.8 million.

There was lower **order intake** in the quarter, mainly resulting from decreased sales in business areas Buildings & Properties, Water & Environment and Cities & Society. All the other business areas increased.

Order backlog for the segment at the end of the second quarter is strong at NOK 1 182.8 million, with business areas Buildings & Properties and Transportation as largest proportions and Water & Environment with the highest growth compared to the same period previous year.

First half 2019 Greater Oslo Area

The increase in **net operating revenues** of 0.2% in the period was mainly driven by higher activity level, which resulted in net recruitment. Net project write-downs were NOK 27.4 million (NOK 16.5 million) in the period, including the settlement of the legal dispute with Stortinget of NOK 20.2 million, and impacted net operating revenues accordingly. A calendar effect of one less working day in Norway impacted growth in net operating revenues negatively by NOK 7.3 million compared to the

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same period last year. Adjusted for the calendar effect and settlement with Stortinget, growth in net operating revenues was 3.6%. Billing rates were at a higher level and impacted net operating revenues positively.

Operating expenses came in at similar level to same period in 2018. There was a positive IFRS 16 effect of NOK 10.1 million on other operating expenses in the period. Employee benefit expenses increased, but less than the increase in manning level, mainly due to positive effects from a change in manning mix. Other operating expenses decreased both including and excluding the IFRS 16 effect.

EBITDA was NOK 46.4 million (positive NOK 45.3 million), including a positive IFRS 16 effect of NOK 10.1 million.

EBIT was NOK 30.2 million in the period (NOK 37.9 million), including a negative calendar effect in Norway of NOK 7.3 million, the legal settlemet with Stortinget of negative NOK 20.2 million, and a slightly positive IFRS 16 effect of NOK 1.0 million.

The order intake decreased by 6.7% in the period, mainly resulting from decreased sales in business areas Buildings & Properties and Water & Environment. All the other business areas increased.

Regions Norway

This segment offers services in seven business areas and comprises regional offices in Stavanger, Bergen, Trondheim and Tromsø.

Key figures Regions Norway

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018
Net op. revenues	**295.4**	295.2	603.3	574.5
EBITDA	**32.8**	31.6	81.3	51.1
EBITDA%	**11.1%**	10.7%	13.5%	8.9%
EBIT	**14.0**	25.9	45.4	39.6
EBIT%	**4.8%**	8.8%	7.5%	6.9%
Order intake	**319.5**	277.5	669.0	692.9
Order backlog	**588.3**	487.7	588.3	487.7
Billing ratio	**69.5%**	72.8%	70.2%	71.4%
Employees	**857**	831	857	831

Second quarter 2019 Regions Norway

Net operating revenues remained at a similar level to the second quarter in 2018. There was higher activity level, which resulted in net recruitment. The growth was partly offset by a lower billing ratio. A calendar effect of five less working days in Norway impacted growth in net operating revenues negatively by NOK 24.0 million compared to the same period last year. Adjusted for the calendar effect, growth in net operating revenues was 8.2%. Net project write-downs in the period came to NOK 3.9 million (NOK 5.8 million) and reduced net operating revenues accordingly. Billing rates were at a higher level and impacted net operating revenues positively.

Operating expenses decreased slightly in the quarter, helped by a positive IFRS 16 effect of NOK 15.6 million on other operating expenses. Employee benefit expenses increased, but less than the increase in manning level. Other operating expenses decreased both including and excluding the IFRS 16 effect.

EBITDA came in at NOK 32.8 million (NOK 31.6 million) including a positive IFRS 16 effect of NOK 15.6 million.

EBIT was NOK 14.0 million (NOK 25.9 million), reflecting an EBIT margin of 4.8% in the quarter, including a negative calendar effect in Norway of NOK 24.0 million and positive IFRS 16 effect of NOK 2.3 million.

Order intake in the quarter increased by 15.1% mainly for business areas Buildings & Properties and Transportation, whereas Industry experienced a decline in the quarter.

Order backlog for the segment at the end of the second quarter increased by 20.6% and is solid at NOK 588.3 million, with business areas Buildings & Properties and Transportation as largest proportions and Transportation with the highest growth compared to the same period previous year.

First half 2019 Regions Norway

There was an increase of 5.0% in **net operating revenues**. Higher activity level and improved project execution contributed positively, whereas a negative calendar effect of one less working day impacted revenues by NOK 5.5 million. Adjusted for the calendar effect, growth in net operating revenues was 5.9%. Net project write-downs in the period came to NOK 8.4 million (NOK 11.6 million) and reduced net operating revenues accordingly. Billing rates were at a higher level and contributed to growth in net operating revenues compared to the same period in 2018.

Operating expenses decreased slightly in the period, partly driven by a positive IFRS 16 effect of NOK 29.5 million on other operating expenses. Employee benefit expenses increased, in line with growth in manning level. Other operating expenses increased, adjusted for the IFRS 16 effect, mainly due to reorganisation of office areas to accommodate higher manning level and work efficiency in the beginning of the year.

EBITDA came in at NOK 81.3 million (NOK 51.1 million) including a positive IFRS 16 effect of NOK 29.5 million.

EBIT was NOK 45.4 million (NOK 39.6 million), reflecting an EBIT margin of 7.5% in the period, including a negative calendar effect in Norway of NOK 5.5 million and positive IFRS 16 effect of NOK 4.3 million.

Order intake in the period decreased by 3.4% mainly for business areas Buildings & Properties and Industry, whereas Transportation experienced a solid increase.

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International

This segment comprises the subsidiaries Multiconsult UK, Multiconsult Asia, Multiconsult Polska and Iterio AB.

Key figures International

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018
Net op. revenues	**61.6**	55.0	118.3	106.1
EBITDA	**11.8**	6.0	18.3	11.9
EBITDA%	**19.1%**	10.9%	15.4%	11.2%
EBIT	**8.6**	5.4	11.7	10.8
EBIT%	**13.9%**	9.8%	9.9%	10.2%
Order intake	**73.5**	52.4	122.4	100.3
Order backlog	**397.4**	324.9	397.4	324.9
Billing ratio	**76.1%**	73.6%	75.7%	74.6%
Employees	**310**	245	310	245

Second quarter 2019 International

Net operating revenues increased by 11.9% in the second quarter mainly driven by higher activity level, which resulted in net recruitment in Iterio AB and Multiconsult Polska. The positive contribution was partly offset by lower average billing rates. Billing ratio was at a higher level and contributed positively to net operating revenues, driven by Multiconsult Polska and higher activity in Iterio AB.

Higher **net operating revenues** were partly offset by increased operating expenses. There was a positive IFRS 16 effect of NOK 2.7 million on other operating expenses in the quarter. Employee benefit expenses increased, but less than the significant increase in manning level. Other operating expenses decreased, but were at a similar level adjusted for the IFRS 16 effect.

EBIT was NOK 8.6 million, reflecting an EBIT margin of 13.9% in the quarter, including a positive IFRS 16 effect of NOK 0.1 million.

Order intake in the second quarter increased by 40.3%, mainly coming from business area Transportation in Multiconsult Polska and Iterio AB.

Order backlog for the segment at the end of the second quarter increased by 22.3% to NOK 397.4 million, with business area Transportation as the largest contributor.

First half 2019 International

Net operating revenues increased by 11.4% in the first half of 2019 mainly driven by higher activity level, which resulted in net recruitment in Iterio AB and Multiconsult Polska. The positive contribution was partly offset by lower average billing rates. Billing ratio was at a higher level than previous year and contributed positively to net operating revenues, driven by Multiconsult Polska and higher activity in Iterio AB.

Higher **net operating revenues** were partly offset by increased operating expenses. There was a positive IFRS 16 effect of NOK 5.5 million on other operating expenses in the period. Employee benefit expenses increased, but less than the significant increase in manning level. Other operating expenses decreased, but increased when adjusted for the IFRS 16 effect. The increase is however less than the increased manning level.

EBIT was NOK 11.7 million, reflecting an EBIT margin of 9.9% in the first half of 2019 , including a positive IFRS 16 effect of NOK 0.3 million.

Order intake in the period increased by 22.0% compared to the first half 2018.

LINK arkitektur

This segment comprises LINK arkitektur with its 15 offices throughout Scandinavia.

Key figures LINK arkitektur

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018
Net op. revenues	**141.3**	132.7	293.6	274.4
EBITDA	**13.2**	5.4	38.6	20.0
EBITDA%	**9.3%**	4.0%	13.2%	7.3%
EBIT	**6.7**	3.4	25.9	16.3
EBIT%	**4.8%**	2.6%	8.8%	5.9%
Order intake	**127.1**	176.6	297.2	377.8
Order backlog	**486.0**	540.0	486.0	540.0
Billing ratio	**75.7%**	73.8%	75.5%	74.9%
Employees	**500**	485	500	485

Second quarter 2019 LINK arkitektur

The increase in **net operating revenues** of 6.5% in the second quarter was mainly driven by increased average billing rates and higher billing ratio in LINK arkitektur Norway and LINK arkitektur Denmark. The increase in net operating revenues was partly offset by the calendar effect of five less working days in Norway, one less working day in Sweden and two less working days in Denmark, resulting in a negative impact of NOK 6.7 million compared to same period previous year. Adjusted for the calendar effect, growth in net operating revenues was 11.6%. Low project activity in LINK arkitektur Sweden partly offset the growth.

Operating expenses increased in the quarter, due to higher employee benefit expenses as a result of net recruitment. There were a positive IFRS 16 effect of NOK 4.9 million, recorded on other operating expenses in the quarter.

EBIT was NOK 6.7 million, reflecting an EBIT margin of 4.8% in the quarter, including a positive IFRS 16 effect of NOK 0.4 million.

Order intake in the second quarter decreased mainly due to low order intake in LINK arkitektur Sweden and LINK arkitektur Denmark. The majority of the order intake in the quarter came from nursing homes and other buildings.

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Order backlog for the segment at the end of second quarter was down to NOK 486.0 million.

First half 2019 LINK arkitektur

The increase in **net operating revenues** of 7.0% in the first half of 2019 was mainly driven by increased production from net recruitment and higher billing ratio. The increase in net operating revenues was partly offset by the calendar effect of one less working day, resulting in a negative impact of NOK 1.4 million compared to same period previous year. Adjusted for the calendar effect, growth in net operating revenues was 7.5%. Low project activity in LINK arkitektur Sweden partly offset the growth. Average billing rates were at a higher level.

Operating expenses slightly increased in the period, mainly due to higher employee benefit expenses as a result of net recruitment. There was a positive IFRS 16 effect of NOK 9.8 million, recorded on other operating expenses in the first half of 2019. Employee benefit expenses increased in line with the increased manning level. Other operating expenses were at a lower level than in first half 2018, but at a similar level when adjusted for the IFRS 16 effect.

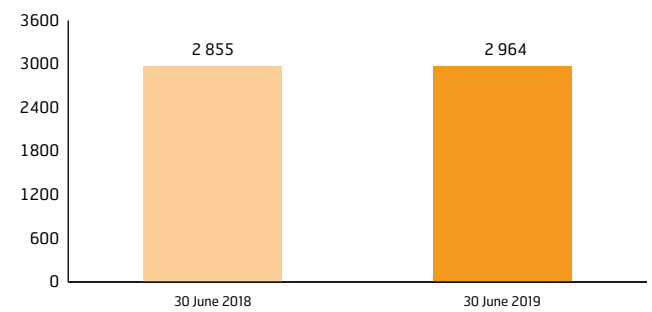
EBIT was NOK 25.9 million, reflecting an EBIT margin of 8.8% in first half 2019, including a positive IFRS 16 effect of NOK 0.9 million.

Order intake in the period decreased mainly due to low order intake in LINK arkitektur Sweden.

ORGANISATION AND HSE

At 30 June 2019 the group had 2 964 (2 855) employees. The employee turnover ratio for the group for the period June 2018 to June 2019 was 10.4% (5.9%). The recorded sick leave ratio for the Multiconsult group was 3.2% in the second quarter.

Number of employees



SUBSEQUENT EVENTS

There were no subsequent events after the second quarter 2019.

OUTLOOK

The overall market outlook shows growth across most business areas.

Buildings & Properties is expected to maintain growth, especially within health care and education, but with moderate decline in the residential market.

The outlook for the **architecture** market is fairly positive in most areas especially within healthcare buildings in Norway.

Public sector investment, confirmed by the National Budget for 2019, is driving a good outlook for **Transportation** within road and rail. Several large projects are expected to be assigned in the coming year.

The **Renewable Energy** market in Norway is expected to remain stable. Wind power in Norway is at a high level. International Renewable Energy markets generally continue to grow, but long lead-time for project decisions is challenging.

Investment in the **Industry** sector in Norway is expected to increase, a view supported by reports from Statistics Norway (SSB), but global macroeconomic and political uncertainties may influence the growth.

Demand for our services in the **Oil & Gas** market has slowly improved and is expected to continue improving gradually going forward.

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Within **Water & Environment** there is stable demand for water and waste infrastructure projects as well as for soil contamination inspections. The market for geo hazard service is growing due to climate changes resulting in more extreme weather conditions.

The overall competitive landscape has moved towards more Engineering, Procurement and Construction (EPC), OPS and Private-Public Partnerships (PPP) contracts and Best Value Procurement, driving new contract structures for the consulting business. Larger contracts are attracting international construction companies. Strong market outlook with increased project pipeline has resulted in somewhat reduced price pressure across most business areas in Norway. However, the cost level still creates challenges to profitability.

Multiconsult's strong market position, flexible business model and wide service offering provides a sound base for profitable growth, both domestic and international.

The order backlog is solid and provides a good foundation for growth, supported by valuable frame agreements generated from a broad customer base.

RISK AND UNCERTAINTIES

The risk of disagreements and legal disputes related to the possible cost of delays and project errors is always present in the consultancy business. Multiconsult has developed internal procedures and competences to reduce risk exposure for legal disputes. Multiconsult has also relevant insurance policies and routines for protection of potential consequences of such matters. Further details regarding the insurance coverage are provided in note 20 to the consolidated financial statements for 2018.

Multiconsult has not identified any additional risk exposures beyond the ones described in the 2018 Annual Report. Multiconsult is exposed to a number of risk factors: legal liability, credit risk, currency risk, interest rate risk, liquidity risk, and accounting estimates risk. The Risk and Risk Management section in the 2018 Annual Report contains detailed description and mitigating actions.

DEFINITIONS

Net operating revenues: Operating revenues less sub consultants and disbursements.

EBIT: Earnings before net financial items, results from associates and joint ventures and income tax.

EBIT margin (%): EBIT as a percentage of net operating revenues.

EBITDA: EBIT before depreciation, amortisation and impairment.

EBITDA margin (%): EBITDA as a percentage of net operating revenues.

Operating expenses: Employee benefit expenses plus other operating expenses.

Net interest bearing debt: Non-current and current interest bearing liabilities deducted cash and cash equivalents.

Order intake: Expected operating revenues on new contracts and confirmed changes to existing contracts. Only group external contracts are included.

Order Backlog: Expected remaining operating revenues on new and existing contracts. Only group external contracts are included. Call-offs on frame agreements are included in the order backlog when signed.

Billing ratio (%): Hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. Billing ratio per segment includes allocated administrative staff.

Employees: Number of employees comprise all staff on payroll including staff on temporarily leave (paid and unpaid), excluding temporary personnel.

MENU:

DISCLAIMER

This report includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as *"believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk"* and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this report.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2019 have been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Multiconsult group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Oslo, 28 August 2019
The Board of Directors and CEO
Multiconsult ASA

Bård Mikkelsen	Simen Lieungh	Hilde Hammervold	Hanne Rønneberg	Rikard Appelgren
Chairman	*Board member*	*Board member*	*Board member*	*Board member*

Runar Tysselbotn	Liv-Kristine Rud	Kristine Landsnes Augustson	Grethe Bergly
Board member	*Board member*	*Board member*	*CEO*

MENU:

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited for the period ended 30 June 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in TNOK, except EPS	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Operating revenues	**1 042 304**	1 028 033	2 152 489	2 050 012	3 908 638
Expenses for sub consultants and disbursements	**175 601**	140 459	341 543	303 349	573 791
Net operating revenues	**866 703**	887 573	1 810 946	1 746 663	3 334 848
Employee benefit expenses	**700 114**	660 507	1 391 012	1 323 933	2 539 494
Other operating expenses	**135 218**	165 791	250 267	313 007	646 221
Operating expenses excl. depreciation and amortisation	**835 333**	826 298	1 641 280	1 636 940	3 185 715
Operating profit before depreciation and amortisation (EBITDA)	**31 370**	61 275	169 666	109 723	149 133
Depreciation and amortisation	**47 300**	12 381	93 126	24 719	50 130
Operating profit (EBIT)	**(15 930)**	48 895	76 540	85 004	99 003
Results from associated companies and joint ventures	**275**	148	(400)	300	1 661
Financial income	**316**	2 858	783	3 780	7 718
Financial expenses	**13 494**	3 789	28 837	7 096	18 297
Net financial items	**(13 177)**	(932)	(28 055)	(3 316)	(10 579)
Profit before tax	**(28 832)**	48 111	48 085	81 988	90 085
Income tax expense	**(7 012)**	11 075	10 948	19 677	26 528
Profit for the period	**(21 820)**	37 036	37 138	62 310	63 557
Attributable to:					
Owners of Multiconsult ASA	**(21 820)**	37 036	37 138	62 310	63 557
Earnings per share					
Basic and diluted (NOK)	**(0.81)**	1.37	1.38	2.31	2.36

MENU:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in TNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Profit for the period	**(21 820)**	37 036	37 138	62 310	63 557
Other comprehensive income					
Remeasurment of defined benefit obligations	**-**	-	-	-	809
Tax	**-**	-	-	-	(178)
Total items that will not be reclassified to profit or loss	**-**	-	-	-	631
Currency translation differences	**(731)**	(1 275)	(7 337)	(12 884)	(2 462)
Total items that may be reclassified subsequently to profit or loss	**(731)**	(1 275)	(7 337)	(12 884)	(2 462)
Total other comprehensive income for the period	**(731)**	(1 275)	(7 337)	(12 884)	(1 831)
Total comprehensive income for the period	**(22 551)**	35 761	29 800	49 426	61 726
Attributable to:					
Owners of Multiconsult ASA	**(22 551)**	35 761	29 800	49 426	61 726

MENU:

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in TNOK	**At 30 June 2019**	At 31 March 2019	At 31 December 2018
ASSETS			
Non-current assets			
Deferred tax assets	**42 483**	39 794	44 712
Intangible assets	**31 592**	27 359	28 228
Goodwill	**445 703**	446 010	449 049
Property, plant and equipment	**112 215**	111 558	102 491
Right-of-use assets	**965 405**	996 495	-
Associated companies and joint ventures	**12 011**	11 725	12 489
Non-current receivables and shares	**5 717**	4 055	7 352
Assets for reimbursement of provisions	**10 900**	20 600	23 300
Total non-current assets	**1 626 027**	1 657 595	667 621
Current assets			
Trade receivables	**609 948**	534 477	666 756
Work in progress	**445 374**	573 100	343 863
Other receivables and prepaid costs	**74 863**	97 109	72 854
Cash and cash equivalents	**31 403**	48 781	138 872
Total current assets	**1 161 588**	1 253 467	1 222 346
Total assets	**2 787 615**	2 911 062	1 889 966
EQUITY AND LIABILITIES			
Shareholders' equity			
Total paid in equity	**91 242**	91 242	91 242
Other equity	**491 290**	554 318	501 969
Total shareholders' equity	**582 532**	645 560	593 211
Non-current liabilities			
Retirement benefit obligations	**6 175**	6 172	6 500
Deferred tax	**9 729**	7 041	12 822
Provisions	**18 450**	39 350	42 350
Non-current interest bearing liabilities	**172 000**	173 307	175 255
Non current lease liabilities	**853 321**	882 667	-
Total non-current liabilities	**1 059 675**	1 108 537	236 927
Current liabilities			
Trade payables	**152 995**	214 653	236 492
Prepayments	**119 271**	108 579	138 411
Current tax liabilities	**29 932**	33 411	32 340
VAT and other public taxes and duties payables	**303 529**	267 234	327 167
Current interest bearing liabilities	**27 325**	62 033	23 162
Current lease liabilities	**120 068**	118 060	-
Other current liabilities	**392 289**	353 004	302 257
Total current liabilities	**1 145 409**	1 156 962	1 059 830
Total liabilities	**2 205 083**	2 265 499	1 296 756
Total equity and liabilities	**2 787 615**	2 911 062	1 889 966

MENU:

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in TNOK	Share capital	Own shares	Share premium	**Total paid-in capital**	Retained earnings	Pension	Currency	**Total equity**
31 December 2017	13 486	-	77 758	**91 242**	680 377	(202 342)	12 794	**582 072**
Dividend	-	-	-	**-**	(40 456)	-	-	**(40 456)**
Treasury shares	-	-	-	**-**	4	-	-	**4**
Employee share purchase programme	-	-	-	**-**	(121)	-	-	**(121)**
Comprehensive income	-	-	-	**-**	62 310	-	(12 884)	**49 426**
30 June 2018	13 486	-	77 758	**91 242**	702 116	(202 343)	(90)	**590 925**
31 December 2017	13 486	-	77 758	**91 242**	680 377	(202 342)	12 794	**582 072**
Dividend	-	-	-	**-**	(40 423)	-	-	**(40 423)**
Treasury shares	-	-	-	**-**	4	-	-	**4**
Employee share purchase programme	-	-	-	**-**	(10 168)	-	-	**(10 168)**
Comprehensive income	-	-	-	**-**	63 557	631	(2 462)	**61 726**
31 December 2018	13 486	-	77 758	**91 242**	693 347	(201 712)	10 332	**593 211**
Dividend	-	-	-	**-**	(40 456)	-	-	**(40 456)**
Share Issue	-	-	-	**-**	-	-	-	**-**
Treasury shares	-	-	-	**-**	-	-	-	**-**
Employee share purchase programme	-	-	-	**-**	(18)	-	-	**(18)**
Comprehensive income	-	-	-	**-**	37 138	-	(7 337)	**29 800**
30 June 2019	13 486	-	77 758	**91 242**	690 011	(201 712)	2 995	**582 532**

MENU:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in TNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Cash flows from operating activities					
Profit before tax	**(28 832)**	48 111	48 085	81 988	90 085
Interest lease liability	**9 493**	-	19 027	-	-
Income taxes paid	**(8 830)**	(3 016)	(22 342)	(9 923)	(24 773)
Depreciation, amortization and impairment	**12 555**	12 381	24 649	24 719	50 130
Depreciation right-of-use asset	**34 706**	-	68 477	-	-
Results from associated companies and joint ventures	**275**	(148)	(400)	(300)	(1 661)
Other non-cash profit and loss items	**(7)**	-	(7)	-	993
Sub total operating activities	**19 361**	57 327	137 446	96 484	114 774
Trade Payables	**(61 658)**	20 303	(83 497)	9 817	(3 228)
Trade receivables	**(75 471)**	(3 376)	56 808	(15 654)	(78 379)
Work in progress	**127 726**	(41 945)	(101 511)	(148 296)	24 584
Other	**97 313**	22 101	33 741	14 173	150 143
Changes in working capital	**87 910**	(2 917)	(94 460)	(139 962)	93 120
Net cash flow from operating activities	**107 271**	54 410	42 987	(43 478)	207 893
Cash flows from investment activities					
Net purchase and sale of fixed assets and financial non-current assets	**(11 267)**	(12 821)	(39 498)	(27 399)	(61 199)
Net cash flow used in investment activities	**(11 267)**	(12 821)	(39 498)	(27 399)	(61 199)
Cash flows from financing activities					
Change in interest-bearing liabilities	**(33 604)**	(22 677)	3 319	95 307	(90 360)
Lease liability payments	**(39 841)**	-	(72 958)	-	-
Paid dividends	**(40 456)**	(40 456)	(40 456)	(40 456)	(40 423)
Sale treasury shares	**27**	-	27	585	13 496
Purchase treasury shares	**(139)**	(737)	(139)	(737)	(43 841)
Net cash flow from financing activities	**(114 012)**	(63 870)	(110 207)	54 700	(161 127)
Foreign currency effects on cash and cash equivalents	**632**	2 788	(751)	(5 886)	(987)
Net increase/decrease in cash and cash equivalents	**(17 377)**	(19 494)	(107 469)	(22 064)	(15 419)
Cash and cash equivalents at the beginning of the period	**48 781**	151 721	138 872	154 291	154 291
Cash and cash equivalents at the end of the period	**31 403**	132 227	31 403	132 227	138 872

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: General information

The Company and the Group
Multiconsult ASA (the company) is a Norwegian public limited liability company listed on Oslo Børs. The company and its subsidiaries (together the Multiconsult group/the group) are among the leading suppliers of consultancy and design services in Norway and the Nordic region. The group has subsidiaries outside the Nordic region in Poland, UK and Singapore.

NOTE 2: Basis of preparation and statements

Basis for preparation
The financial statements are presented in NOK, rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

Statements
These interim condensed consolidated financial statements for the second quarter of 2019 have been prepared in accordance with IAS 34 as approved by the EU. They have not been audited. They do not include all of the information required for full annual financial statements of the group and should be read in conjunction with the consolidated financial statements for 2018. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2018, which are available upon request from the company's registered office at Nedre Skøyen vei 2, 0276 Oslo and at www.multiconsult.no.

These interim condensed consolidated financial statements for the second quarter of 2019 were approved by the Board of Directors and the CEO on 28 August 2019.

NOTE 3: Accounting policies

The group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU (International Financial Reporting Standards - IFRS). References to IFRS in these financial statements refer to IFRS as approved by the EU. The accounting policies adopted are consistent with those of the previous financial year.

The group implemented IFRS 16 on 1 January 2019 using the modified retrospective approach. Comparative information will not be restated. For more details of the effects in the financial statements see note 13.

NOTE 4: Estimates, judgments and assumptions

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these interim condensed consolidated financial statements, significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements for 2018 (see especially note 2).

NOTE 5: Segments

Refer to note 5 to the consolidated annual financial statements for 2018 for more information on the segments.

The group has three geographical reporting segments as well as a segment for LINK arkitektur. Revenues and expenses are reported in the segment with reference to where the employee is employed. The cost of administrative services, rent of premises, depreciation and so forth is allocated to the segments.

MENU:

Q2 2019 *Amounts in TNOK*	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Elimi-nations	**Total**
External revenues	455 034	325 615	86 213	169 070	6 373	-	**1 042 305**
Internal revenues	(828)	129	4 985	1 485	(14 589)	8 817	**-**
Total operating revenues	454 206	325 744	91 198	170 555	(8 215)	8 817	**1 042 304**
Net operating revenues	359 709	295 392	61 618	141 327	(15 053)	23 711	**866 703**
Operating expenses	378 345	262 544	49 844	128 139	(6 902)	23 363	**835 333**
EBITDA	(18 637)	32 848	11 775	13 188	(8 151)	348	**31 370**
Depreciation, amortisation, impairment	10 285	18 815	3 201	6 439	8 981	(419)	**47 300**
EBIT	(28 921)	14 033	8 574	6 749	(17 132)	767	**(15 930)**
Associates and joint ventures	275	-	-	-	-	-	**275**
Receivables [1)]	441 589	290 812	136 115	228 874	-	(42 069)	**1 055 321**
Number of employees	1 179	857	310	500	118	-	**2 964**

1) Receivables includes accounts receivables (before provision for loss) and accrued revenues.

Q2 2018 *Amounts in TNOK*	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Elimi-nations	**Total**
External revenues	480 295	318 097	67 068	163 922	(1 349)	-	**1 028 033**
Internal revenues	6 771	-	8 707	9 253	3 054	(27 785)	**-**
Total operating revenues	487 066	318 097	75 774	173 175	1 705	(27 785)	**1 028 033**
Net operating revenues	409 196	295 237	55 048	132 691	(4 598)	-	**887 573**
Operating expenses	379 327	263 669	49 061	127 324	6 917	-	**826 298**
EBITDA	29 869	31 568	5 987	5 367	(11 515)	-	**61 275**
Depreciation, amortisation, impairment	3 547	5 717	570	1 932	614	-	**12 381**
EBIT	26 322	25 851	5 417	3 435	(12 129)	-	**48 895**
Associates and joint ventures	237	-	-	(89)	-	-	**148**
Receivables [1)]	533 485	338 850	106 335	184 171	-	(30 665)	**1 132 176**
Number of employees	1 164	831	245	485	130	-	**2 855**

1) Receivables includes accounts receivables (before provision for loss) and accrued revenues.

H1 2019 *Amounts in TNOK*	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Elimi-nations	**Total**
External revenues	980 267	653 833	160 014	349 538	8 837		**2 152 489**
Internal revenues	3 050	129	10 977	16 458	(420)	(30 194)	**-**
Total operating revenues	983 317	653 962	170 991	365 995	8 417	(30 194)	**2 152 489**
Net operating revenues	803 716	603 331	118 279	293 594	(5 449)	(2 525)	**1 810 946**
Operating expenses	757 329	522 066	100 011	254 968	9 710	(2 803)	**1 641 280**
EBITDA	46 387	81 265	18 269	38 626	(15 159)	278	**169 666**
Depreciation, amortisation, impairment	16 191	35 893	6 594	12 728	21 988	(267)	**93 126**
EBIT	30 196	45 372	11 675	25 898	(37 147)	545	**76 540**
Associates and joint ventures	(400)						**(400)**
Receivables [1)]	441 589	290 812	136 115	228 874	-	(42 069)	**1 055 321**
Number of employees	1 179	857	310	500	118		**2 964**

1) Receivables includes accounts receivables (before provision for loss) and accrued revenues.

MENU:

H1 2018 *Amounts in TNOK*	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Elimi-nations	**Total**
External revenues	959 553	616 121	134 541	336 088	3 709	-	**2 050 012**
Internal revenues	13 778	-	15 904	15 343	3 438	(48 463)	**-**
Total operating revenues	973 331	616 121	150 445	351 430	7 147	(48 463)	**2 050 012**
Net operating revenues	802 207	574 527	106 149	274 368	(10 588)	-	**1 746 663**
Operating expenses	756 925	523 443	94 244	254 338	7 991	-	**1 636 940**
EBITDA	45 282	51 084	11 905	20 031	(18 579)	-	**109 723**
Depreciation, amortisation, impairment	7 377	11 442	1 120	3 774	1 006	-	**24 719**
EBIT	37 906	39 642	10 785	16 257	(19 585)	-	**85 004**
Associates and joint ventures	389	-	-	(89)	-	-	**300**
Receivables [1]	533 485	338 850	106 335	184 171	-	(30 665)	**1 132 176**
Number of employees	1 164	831	245	485	130	-	**2 855**

1) Receivables includes accounts receivables (before provision for loss) and accrued revenues.

FY 2018 *Amounts in TNOK*	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Elimi-nations	**Total**
External revenues	1 849 609	1 165 255	259 763	632 094	1 917	-	**3 908 638**
Internal revenues	27 374	-	30 809	33 470	4 482	(96 135)	**-**
Total operating revenues	1 876 983	1 165 255	290 572	665 564	6 399	(96 135)	**3 908 638**
Net operating revenues	1 542 766	1 077 567	198 942	513 111	2 462	-	**3 334 848**
Operating expenses	1 469 492	1 004 890	188 906	492 660	29 766	-	**3 185 715**
EBITDA	73 273	72 677	10 036	20 450	(27 304)	-	**149 133**
Depreciation, amortisation, impairment	15 781	22 545	1 980	7 368	2 456	-	**50 130**
EBIT	57 492	50 133	8 056	13 082	(29 760)	-	**99 003**
Associates and joint ventures	1 271	-	-	390	-	-	**1 661**
Receivables [1]	479 965	281 598	108 511	194 325	-	(46 153)	**1 018 246**
Number of employees	1 176	854	284	489	131	-	**2 934**

1) Receivables includes accounts receivables (before provision for loss) and accrued revenues.

Operating revenues per business area:

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Buildings & Properties	**389.6**	460.3	858.2	934.6	1 729.9
Transportation	**320.2**	252.9	624.7	480.3	218.8
Renewable Energy	**102.7**	112.7	201.6	237.3	99.6
Water & Environment	**101.1**	76.9	202.4	148.9	439.9
Industry	**57.4**	62.8	118.8	117.5	977.2
Cities & Society	**43.4**	35.7	89.1	78.0	301.7
Oil & Gas	**28.0**	26.8	57.7	53.4	141.5
Total	**1 042.3**	1 028.0	2 152.5	2 050.0	3 908.6

Buildings & Properties include advisory and engineering at all stages of a construction project for all types of buildings. The business area provides services such as demand- and feasibility studies, sketch pre-project, detailed design and follow-up during the construction period, and real estate consultancy. The focus is on sustainable and long-term solutions. LINK arkitektur is included.

Industry offers complete, interdisciplinary advisory and engineering services in all project phases. Services include investigations, project development, project management, design and procurement, construction with all technical systems, construction management and follow-up, and commissioning.

MENU:

Oil & Gas provides services throughout the whole value chain, from early phase studies through FEED (Front End Engineering Design) to detailed engineering and delivery for both onshore and offshore projects. Services provided onshore are within terminal and production facilities, facilities and constructions, harbour and marine constructions, underground warehouses, land-based pipelines and landfills, and electrical substations. Services provided offshore are within oil and gas rigs and platforms, concrete marine constructions, modules and structures for rigs and platforms, seabed installations, arctic climate technology for floating and subsea constructions, and noise and vibration measurement amongst others.

Renewable Energy covers the entire project life cycle in hydropower, transmission and distribution, land-based wind power and solar energy. Services provided are from start-up and preliminary studies to detailed design and construction management, commissioning and operational shutdown.

Transportation largely comprises advisory services for planning safe and forward-looking transport systems. The business area covers road, rail, airport, and harbor and channel transport systems.

Water & Environment includes services in all phases of the lifetime of a project including inspections, engineering, operation and maintenance, and remediation and demolition. Focus is placed on sustainable development of the environment through advisory services related to Greenhouse gas emissions, flood and mud slide protection, water and drains, blue-green structures and issues related to pollution of air, water and soil.

Cities & Society includes complex early-stage planning in urban areas. Mobility, infrastructure, area solutions and real estate development are core markets. The focus is on creating innovative solutions and contribute to building attractive cities of the future.

NOTE 6: Explanatory comments regarding the impact of revenue seasonality on quarterly reporting

The group's net operating revenues are affected by the number of working days within each reporting period while employee expenses are recognised for full calendar days. The number of working days in a month is affected by public holidays and vacations. The timing of public holidays (e.g. Easter) during quarters and whether they fall on weekends or weekdays impacts revenues, earnings, cashflows and working capital balances. Generally, the company's employees are granted leave during Easter and Christmas. The summer holidays primarily impact the month of July and the third quarter.

NOTE 7: Significant events and transactions

In the second quarter Multiconsult ASA and Stortinget reached a settlement in the legal dispute over Multiconsult's services to Stortinget in the Prinsens gate 26 construction project. Total negative effect in the profit and loss amounts to NOK 20.2 million.

NOTE 8: Related party transactions

See note 23 to the consolidated financial statements for 2018 for a description of related parties and related parties transactions in 2018.

NOTE 9: Treasury shares

The company has 0 treasury shares as of 30 June 2019.
For a description of the share purchase programme for all the employees and the performance bonus based bonus scheme for the group management see note 9 in the consolidated financial statements for 2018.

NOTE 10: Earnings per share

For the periods presented there are no dilutive effects on profits or number of shares.
Basic and diluted earnings per share are therefore the same.

MENU:

	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
Profit for the period (in TNOK)	**(21 820)**	37 036	37 138	62 310	63 557
Average no shares	**26 970 511**	26 969 973	26 970 346	26 970 183	26 970 289
Earnings per share (NOK)	**(0.81)**	1.37	1.38	2.31	2.36

NOTE 11: Retirement benefit obligations

For a description of the corporate pension schemes see note 12 to the consolidated financial statements for 2018.

Multiconsult ASA and Multiconsult Norge AS has a defined contribution pension plan that covers all the employees in the two companies. Other defined benefit pension plans in the group still exist for three employees in LINK arkitektur AS and two individual agreement in Multiconsult Norge AS.

NOTE 12: Financial instruments

The group's financial instruments are interest bearing debt, accounts receivables and other receivables, cash and cash equivalents and accounts payables. It is assumed that the book value is a good approximation of fair value for the group's financial instruments.

Non-current and current interest bearing liabilities:

	NOK			Local currency			
Amounts in TNOK	**30 June 2019**	30 June 2018	31 Dec 2018	**30 June 2019**	30 June 2018	31 Dec 2018	Local currency
Multiconsult ASA	**199 325**	214 978	193 500	**199 325**	214 978	193 500	NOK
Multiconsult Norge AS	**-**	164 414	-	**-**	164 414	-	NOK
Multiconsult Asia	**-**	-	451	**-**	-	71	SGD
Multiconsult Polska	**-**	665	1 146	**-**	306	495	PLN
LINK arkitektur AB	**-**	1 287	1 211	**-**	1 414	1 248	SEK
LINK arkitektur A/S	**-**		2 109	**-**	-	1 583	DKK
aarhus arkitekterne	**-**	2 740	-	**-**	2 147	-	DKK
Total	**199 325**	384 084	198 417	**-**	-	-	

The group owns a limited amount of shares and participations available for sale (NOK 0.5 million), and it is assumed that the book value is a good estimate of fair value. Fair value of derivatives (interest rate swap) were recorded with an unrealised gain of NOK 0.2 million at 30 June (gain of NOK 0.2 million at 31 March 2019).

Multiconsult Norge AS had an overdraft facility of NOK 320.0 million with the group's main bank until 6 March 2019. In connection with establishment of a Global Cash Pool with Nordea Bank in March 2019, Multiconsult Norge AS will as a group company be part of the multicurrency and multiaccount system, together with LINK arkitektur AS, Iterio AB, Multiconsult UK Limited and Johs Holt AS. Multiconsult ASA is the owner of the cash pool's top account and the new debtor of the facility. The facility amount is NOK 320.0 million.

NOTE 13: Right-of-use assets and lease liabilities (IFRS 16)

IFRS 16 Leases replaces IAS 17 and IFRIC 4. The new standard requires lessees to recognise right-of-use assets and liabilities for all leases, with the exception of some leases with lease periods of one year or less, or where the underlying assets are of low value. Depreciation, amortisation and impairment losses as well as interest expenses must be recognised in the statement of income.

The group has implemented IFRS 16 on 1 January 2019 using the modified retrospective approach. The group has used the practical expedient to recognise the right-of-use assets at the same amounts as the lease liabilities, and therefore the cumulative effect of adopting IFRS 16 had no effect on equity at 1 January 2019. Comparative information has not been restated. The group applied the practical expedients to not recognise right-of-use assets and liabilities for leases with

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lease periods of one year or less and where the underlying assets are of low value. Low value has been defined on the basis that the underlying assets, when new, are individually of low value, i.e. office furniture, water dispensers, coffee machines, IT equipment for use by the individual employees, printers and copy machines etc. At transition, the group has used the practical expedients available not to recognise right-of-use assets and liabilities for leases with lease term that ends during 2019.

Multiconsult has two classes of assets that has been reported as right–of-use assets; buildings (primarily office premises) and cars. There are no difficult evaluations to determine if contracts contain leases. Only lease payments are included in the calculation of the lease liability. Several of the agreements for lease of office premises contain renewal options, and the group has made concrete evaluations of each contract to determine the lease term.

Amounts in TNOK	
Operating lease commitments 31 December 2018 as disclosed in the 2018 financial statements	1 049 282
Discounted using the incremental borrowing rate at 1 January 2019 (4%)	897 874
Adjustment	(4 548)
Increase due to change in lease payments based index regulation 1 January 2019	29 582
Reduction due to recognition exemptions for short term leases	(16 226)
Increase due to extensions and terminations options	91 476
Lease liability recognised at 1 January 2019 previously operating leases	998 158
Finance lease liabilities recognised as at 31 December 2018	3 544
Lease liability recognised at 1 January 2019	1 001 702

Change in RoU assets and lease liabilities

	Previously operating lease		Previously finance lease		**Total**	
Amounts in TNOK	Asset	Liabilities	Asset	Liabilities	**Asset**	**Liabilities**
Balance 1 January 2019	998 158	998 158	4 103	3 544	**1 002 261**	**1 001 702**
Additions	35 540	35 540	(211)	-	**35 329**	**35 540**
Depreciation	(68 477)	-	(850)	-	**(69 327)**	**-**
Interest expense	-	(19 027)	-	-	**-**	**(19 027)**
Lease payments (interest and installments)	-	(79 056)	-	(815)	**-**	**(79 871)**
Currency	(2 780)	(2 941)	(78)	(69)	**(2 858)**	**(3 010)**
Balance 30 June 2019	962 441	970 729	2 964	2 660	**965 405**	**973 389**

Effect of IFRS 16 on profit and loss

Amounts in TNOK	**Q2 2019**	**H1 2019**
Incease in EBITDA (lease payments in 2019, excluding those relating to previously reported finance leases)	40 124	79 194
Increase depreciation	(34 706)	(68 477)
Effect EBIT	5 417	10 717
Interest	(9 499)	(19 027)
Result before tax	(4 081)	(8 311)

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ALTERNATIVE PERFORMANCE MEASURES (APMS)

Multiconsult uses alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the group's underlying financial performance.

Adjusted EBITDA and EBIT – calendar effect:
Figures show effect on earnings from the corresponding period previous year arising from changes in available working days.

Amounts in MNOK (except percentage)	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Net operating revenues	**866.7**	887.6	1 810.9	1 746.7	3 334.8
Estimated calender effect*	**64.8**	-	14.6	-	-
Adjusted net operating revenues	**931.5**	887.6	1 825.5	1 746.7	3 334.8
Reported employee benefit expenses	**700.1**	660.5	1 391.0	1 323.9	2 539.5
Reported other operating expenses	**135.2**	165.8	250.3	313.0	646.2
Operating expenses	**835.3**	826.3	1 641.3	1 636.9	3 185.7
Adjusted EBITDA	**96.2**	61.3	184.3	109.7	149.1
Depreciation, amortisation and impairments	**47.3**	12.4	93.1	24.7	50.1
Adjusted EBIT	**49.0**	48.9	91.1	85.0	99.0
Adjusted EBITDA margin (%)	**10.3%**	6.9%	10.1%	6.3%	4.1%
Adjusted EBIT margin (%)	**5.3%**	5.5%	5.0%	4.9%	2.6%

* *APM does not state underlaying net operating revenues. Estimated calender effect equals number of workingdays in comparing periods.*

Net interest bearing debt:

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Non-current interest bearing liabilities (including IFRS 16 leases)	**1 025.3**	196.9	1 025.3	196.9	175.3
Current interest bearing liabilities (including IFRS 16 leases)	**147.4**	187.2	147.4	187.2	23.2
Cash and cash equivalents [1)]	**31.4**	132.2	31.4	132.2	138.9
Interest bearing debt including IFRS 16 lease liabilities	**1 141.3**	251.9	1 135.5	251.9	59.5
Less non-current and current IFRS 16 lease liabilities	**(973)**	-	(973)	-	-
Net interest bearing debt	**167.9**	251.9	162.1	251.9	59.5

1) Cash equivalents in this table includes restricted cash

Equity ratio group:

Amounts in MNOK	**Q2 2019**	Q2 2018	H1 2019	H1 2018	FY 2018
Equity	**582.5**	590.9	582.5	590.9	593.2
Total assets	**2 787.6**	1 949.0	2 787.6	1 949.0	1 890.0
Equity ratio	**20.9%**	30.3%	20.9%	30.3%	31.4%

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Amounts in TNOK	**Q2 2019**	H1 2019	Q2 IFRS 16 adjustment	H1 IFRS 16 adjustment	Q2 2019 excl IFRS 16	H1 2019 excl IFRS 16
Net operating revenues	**866 703**	1 810 946	-	-	866 703	1 810 946
Operating expenses excl. depreciation and amortisation	**835 333**	1 641 280	40 124	79 194	875 456	1 720 474
Operating profit before depreciation and amortisation (EBITDA)	**31 370**	169 666	(40 124)	(79 194)	(8 752)	90 472
Depreciation and amortisation	**47 300**	93 126	(34 706)	(68 477)	12 594	24 649
Operating profit (EBIT)	**(15 930)**	76 540	(5 417)	(10 717)	(21 346)	65 823
Net financial items	**(13 177)**	(28 055)	9 499	19 027	(3 679)	(9 027)
Profit before tax	**(28 832)**	48 085	4 081	8 311	(24 751)	56 397

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in TNOK	**At 30 June**	IFRS 16 adjustment	At 30 June excl IFRS 16
ASSETS			
Total non-current assets	**1 626 027**	965 405	660 622
Total assets	**2 787 615**	965 405	1 822 210
EQUITY AND LIABILITIES			
Shareholders' equity:			
Total shareholders' equity	**582 532**	(7 985)	590 517
Non-current liabilities:			
Total liabilities	**2 205 083**	973 390	1 231 694
Total equity and liabilities	**2 787 615**	965 405	1 822 210

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