

Multiconsult – good quarter with strong organic growth and result

Multiconsult ASA (OSE: MULTI)

Multiconsult's second quarter EBITA was NOK 55.6 million, which gives an EBITA for the first half of 2023 of NOK 271.9 million. The EBITA margin for the quarter was 4.8 per cent, and 11.0 per cent for the first half of the year. The result was positively impacted by increased capacity, higher billing rates and increased billing ratio. Solid operational performance and a high activity level throughout the quarter resulted in a growth in net operating revenues of 10.0 per cent to NOK 1 153.8 million, mainly driven by strong organic growth of 10.9 per cent. Solid order intake during the quarter provides a strong and diversified order backlog for Multiconsult going forward.

SECOND QUARTER 2023

- Good quarter with strong organic growth, strong operational performance and results in most segments
- Net operating revenues increased to NOK 1 153.8 million (1 048.5), a y-o-y growth of 10.0 per cent. The organic revenue growth for the quarter was 10.9 per cent
- EBITA of NOK 55.6 million (74.7) down NOK 19.1 million y-o-y, affected by one less working day. EBITA margin equal to 4.8 per cent (7.1)
- Other operating expenses of NOK 150.3 million (132.7)
- Other opex ratio (ex. IFRS 16) of 17.2 per cent (16.9)
- Strong order intake of NOK 1 572 million (1 224)
- All-time high order backlog of NOK 4 943 million (3 521)
- Billing ratio of 72.1 per cent (71.9), up 0.2pp
- Full-time equivalents (FTE) increased by 8.0 per cent, to 3 360 (3 112)
- Strategic acquisition of A-lab, a leading Norwegian architecture firm – announced in June
- Strong position as a preferred employer confirmed in 2023 Universum survey
- Market outlook is still considered good - uncertainty increased compared to previous quarter
- During the quarter a political decision was made to suspend work on the new emergency hospital in Växjö, Sweden

FIRST HALF 2023

- Net operating revenues of NOK 2 464.0 million (2 186.6), a y-o-y growth of 12.7 per cent. The organic revenue growth for the period was 11.6 per cent
- Strong EBITA of NOK 271.9 million (243.9), equal to an EBITA margin of 11.0 per cent (11.2)
- Order intake at a high level of NOK 4 146 million (2 691)
- Order backlog at a high level of NOK 4 943 million (3 521)
- Other operating expenses of NOK 290.5 million (259.3)
- Other opex ratio (ex. IFRS 16) of 15.7 per cent (16.0)
- Net profit of NOK 194.1 million (179.4)
- Earnings per share 7.07 (6.55)
- Full-time equivalents (FTE) increased by 6.2 per cent, to 3 289 (3 098)

COMMENTS FROM CEO, GRETHE BERGLY:

Multiconsult delivered a good quarter with strong organic growth of 10.9 per cent. The overall demand for our services has been strengthened and is reflected by strong sales and a 6.2 per cent increase in the order backlog from the first quarter. The increased revenue is mainly driven by higher billing rates and increased capacity. The EBITA for the quarter was NOK 55.6 million (EBITA margin was 4.8 per cent) and is affected by one less calendar day. For the first half of the year the EBITA margin remains high at 11.0 per cent.

We are pleased to report that the demand for our services remains robust, leading to the continual strengthening of our order book. Order intake in the quarter increased to NOK 1 572 million, an increase of 28.5 per cent compared to the same quarter last year. The order backlog now stands at NOK 4 943 million, an increase of 6.2 per cent from the first quarter and 40.4 per cent compared to the end of second quarter last year.

Through the acquisition of 70 per cent of A-lab, we strengthen our position in architecture and urban development as a tool in social development. Interdisciplinary collaboration between the best expertise environments is important when solving the challenges facing society.

The confirmation of Multiconsult as a preferred employer puts us in a strong position to attract and retain the right talents, and we increase the number of employees by 10.3 per cent. The new hires alongside our talented, dedicated employees form a strong foundation for solving the challenges facing us. The demand for Multiconsult's services remain strong and we are well positioned to meet the challenges ahead in scaling up on the solutions regarding climate adaption, energy efficiency and renewable energy. As more priority and attention is given to social sustainability, our role in large transformation projects for hospitals, schools and housing is strengthened and we have a solid portfolio within these areas.

For a full review of comments from our CEO, please refer to our second quarter and first half result 2023 report.

FINANCIAL REVIEW, SECOND QUARTER 2023:

Net operating revenues came in at NOK 1 153.8 million (1 048.5), an increase of 10.0 per cent compared to the same quarter last year. The organic revenue growth amounted to 10.9 per cent adjusted for calendar effect and acquisition. The increase in net operating revenues was mainly driven by higher capacity, reflected by an increase in full-time equivalents (FTE) by 8.0 per cent. The majority of the increase in full-time equivalents (FTE) was organic growth. Additionally, higher billing rates and an increased billing ratio made positive contributions to the growth in net operating revenues.

Operating expenses consist of employee benefit expenses and other operating expenses. Operating expenses increased by 13.1 per cent to NOK 1 044.5 million (923.5) compared to the same quarter in 2022. Employee benefit expenses increased by 13.1 per cent due to ordinary salary adjustment, net recruitment, and higher cost from the increased employer contribution tax of 5 per cent (for salaries/compensation above NOK 750 thousand) in Norway. Other operating expenses increased to NOK 150.3 million (132.7), an increase of 13.2 per cent partly due to higher office expenditure and general cost increase related to inflation.

EBITDA was NOK 109.3 million (125.0), a decrease of 12.6 per cent compared to the same period last year, reflecting an EBITDA margin of 9.5 per cent (11.9) in the quarter.

EBITA was NOK 55.6 million (74.7), reflecting an EBITA margin of 4.8 per cent (7.1) in the quarter.

FINANCIAL REVIEW, FIRST HALF 2023:

Net operating revenues increased by 12.7 per cent to NOK 2 464.0 million (2 186.6), when compared to the same period last year. The billing rates continued to improve and contributed positively on net operating revenues. Billing ratio came in at 71.5 per cent, down 0.1pp. Organic growth in the period was 11.6 per cent, adjusted for calendar effect and acquisition.

Operating expenses consist of employee benefit expenses and other operating expenses. Reported operating expenses increased by 13.1 per cent to NOK 2 083.5 million (1 841.5) compared to the first half year of 2022. Employee benefit expenses increased by 13.3 per cent and came in at NOK 1 793.0 million (1 582.2), an increase mainly driven by net recruitment and employee benefit expenses arising from acquisitions. In addition, regular salary adjustment and increased employer contribution tax in Norway contributed to the growth in employee benefit expenses. Other operating expenses increased by 12.0 per cent to NOK 290.5 million (259.3), partly an effect of operating expenses included from prior acquisitions, such as office expenses, and general cost increase related to inflation.

EBITDA was NOK 380.5 million (345.1), an increase of 10.3 per cent compared to the same period last year, reflecting an EBITDA margin of 15.4 per cent (15.8).

EBITA was NOK 271.9 million (243.9), an increase of 11.5 per cent y-o-y, reflecting an EBITA margin of 11.0 per cent (11.2).

OUTLOOK

The positive trend and strong market development for Multiconsult's services has continued throughout the quarter. Market outlook is still considered good - uncertainty increased compared to previous quarter. The pipeline of upcoming projects is still considered strong, however we are experiencing a slight reduction in market opportunities. We expect somewhat lower investment levels in parts of our markets leading to increased competition and pressure on margins. The general economy landscape in our markets is impacted by elevated inflation rates, higher interest rates and energy supply risk for our stakeholders that may impact our business negatively as projects may be cancelled or postponed. At the same time the energy supply risk generates opportunities and Multiconsult is expected to benefit from the expanding market associated with the green shift and the rising demand for sustainable solutions - from all stakeholders. Overall and supported by a diversified portfolio of ongoing projects and an all-time high order backlog, Multiconsult is well-positioned going forward.

For a full review of outlook and report, please refer to our second quarter and first half result 2023 report.

Presentations today 23 August 2023:

Participants are invited to attend the Norwegian presentation that will be held at Hotel Continental, Stortingsgata 24/26, Oslo, at 08:30 (CEST).

The results will also be presented through a live webcast: In Norwegian at 08:30 and in English presentation at 09:30. Participants will have the opportunity to submit questions online throughout the webcast sessions.

The Norwegian presentation at 08:30 can be accessed at:

https://channel.royalcast.com/landingpage/hegnarmedia/20230823_2/

The English presentation at 09:30 can be accessed at:

https://channel.royalcast.com/landingpage/hegnarmedia/20230823_3/

Live webcasts, complete report, presentation and a recording of the webcast will be available on www.multiconsult-ir.com and <https://newsweb.oslobors.no/>

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