

# FOURTH QUARTER & FULL YEAR 2019 RESULTS

Grethe Bergly, CEO | Hans-Jørgen Wibstad, CFO



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# INTRODUCTION AND HIGHLIGHTS

**Grethe Bergly, CEO**

# Highlights

- 2019 marks the beginning of a turnaround for Multiconsult
- 18 month nextLEVEL improvement program on-track
- Weak fourth quarter results
- Record-high order backlog
- Continued outstanding solutions to our customers





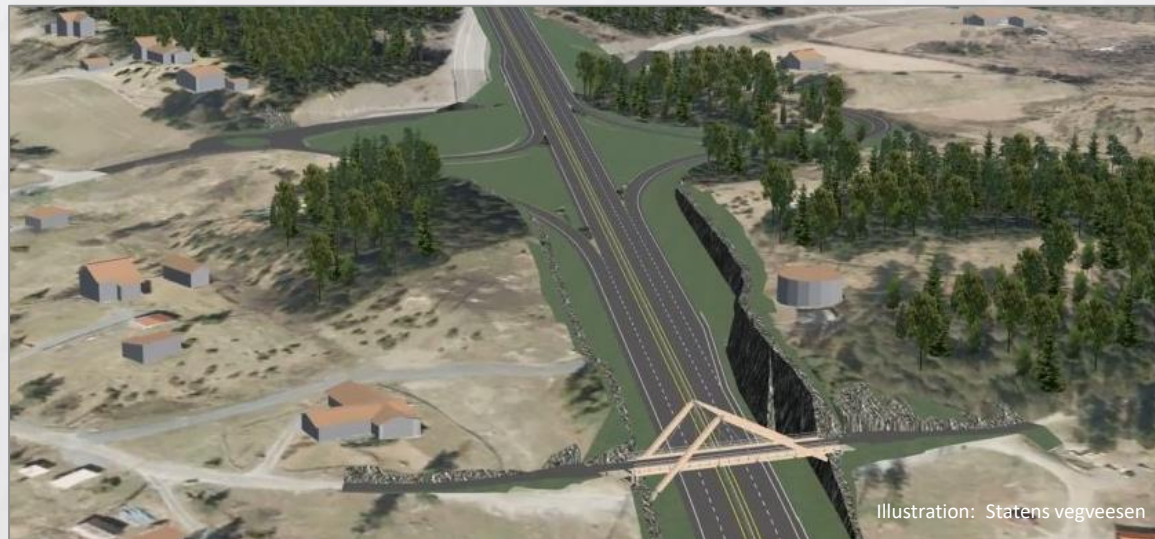


Illustration: Statens vegvesen



Illustration: LINK arkitektur / Griff Arkitektur



Illustration: Equinor



# Financial highlights

## 4Q 2019

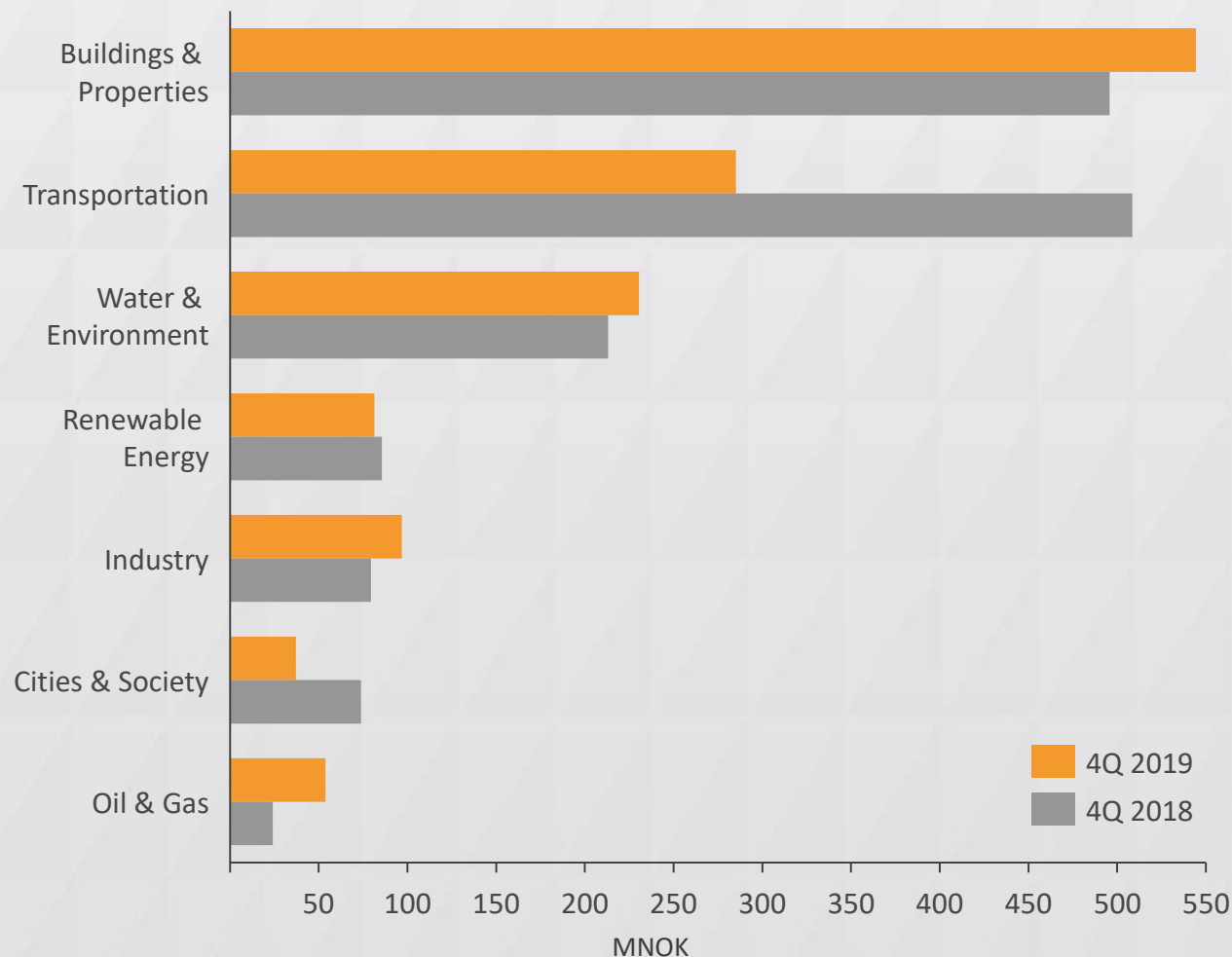
- Good project deliveries and strong order intake
- All-time high order backlog NOK 2 968 million
- Net operating revenues growth of 1.4% to NOK 904.5 million
- Weak EBIT of NOK 8.7 million, impacted by low billing ratio and LINK arkitektur

## FY 2019 results

- Net operating revenues growth of 3.0% to NOK 3 436 million
- EBIT of NOK 106.3 million, reflecting a 3.1 % EBIT margin
- Satisfactory order intake/sales
- Proposed dividend of NOK 1.00 per share



# Order intake in 4Q 2019



## Highlights

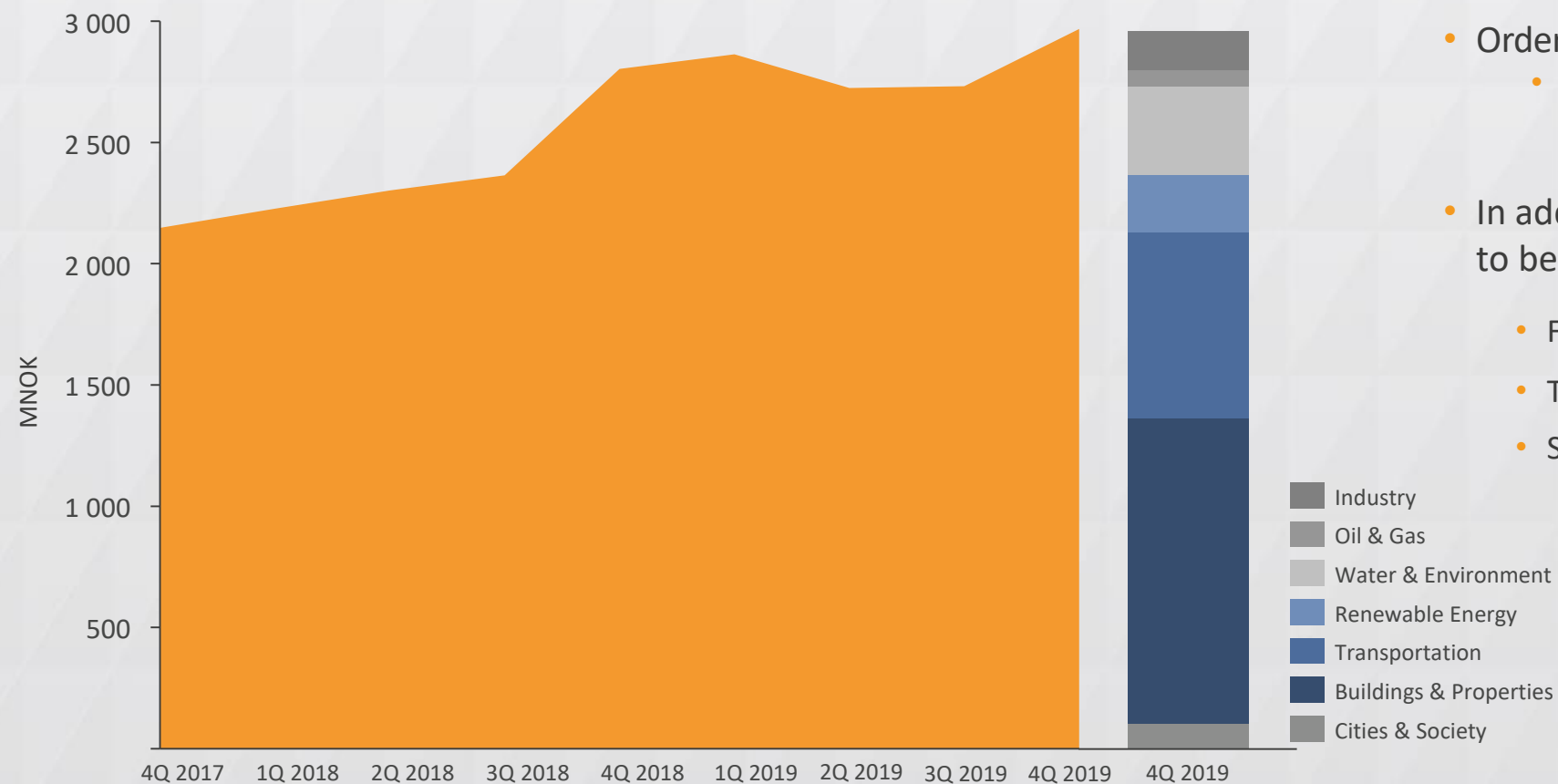
- Order intake NOK 1 329 million, second highest since IPO
- Balanced across business areas, normal variations
- Good long-term tender pipeline across most business areas
- Uncertainties in short-term tender pipeline

## Key order intake

- E16 Åsbygda – Olum (new)
- Railway line No.98 Sucha – Chabówka (new)
- Fredrik II high school and Arena (new)
- Haakonsværn (existing)
- Northern Lights (existing)



# Order backlog development and backlog per business area



- Order backlog all-time high at NOK 2 968 million
  - Variations in time horizon and size across business areas and business units
- In addition, call-offs on frame agreements to be included when signed
  - Fornebubanen (Oslo kommune)
  - Trøndelag (Forsvarsbygg)
  - Safety and RAMS (Bane Nor)



# Organisation

- 2 994 employees at 31 December 2019 (up from 2 934 y-o-y)
- New executive management team as of 1 October 2019
- 2019 Universum awards – most attractive employer in the industry
  - #1 for seasoned professionals and students in industry
  - #2 overall for all companies in Norway
- Extract of achievements to employees in 4Q
  - Erik Wærner - RIF's honorary award "Årets Ildsjel" "(Enthusiast of the year)"
  - Vetle Christensen Birkeland, together with two fellow students - The Innovation Award at Bygg- og miljødagen 2019
  - Dan Sergei Sukuvara - The best railroad master's thesis at Bygg- og miljødagen 2019

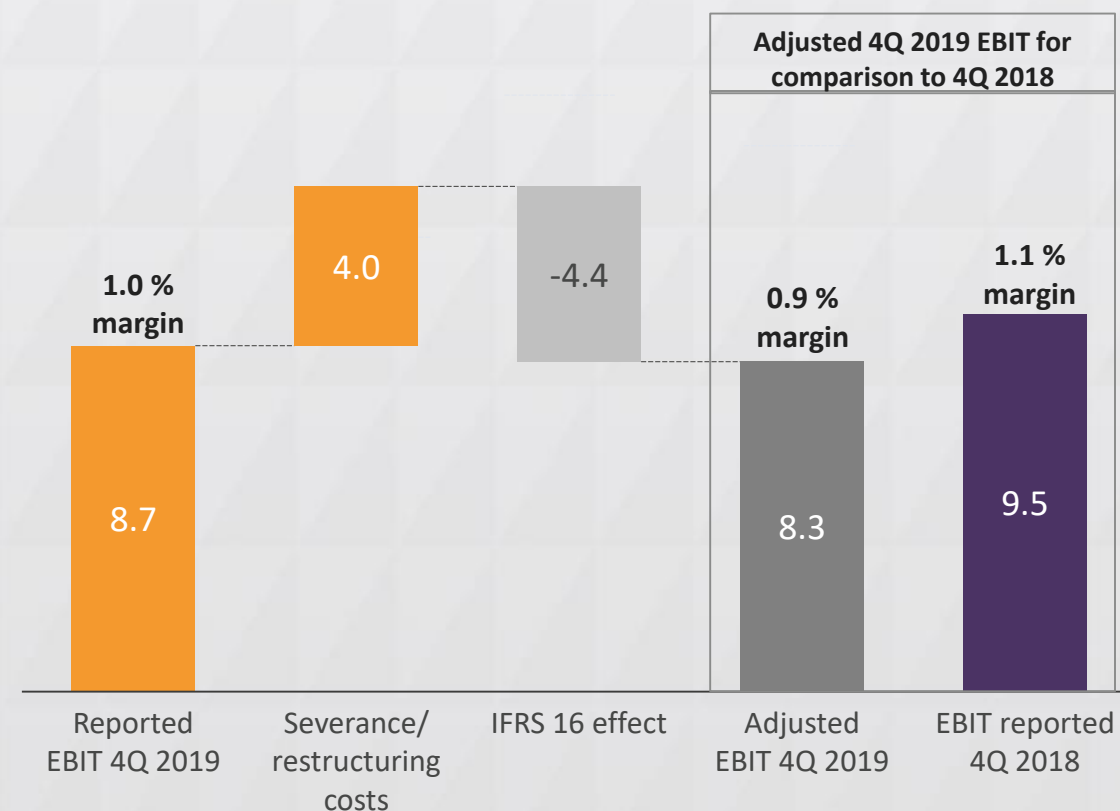


# FINANCIAL REVIEW

**Hans-Jørgen Wibstad, CFO**

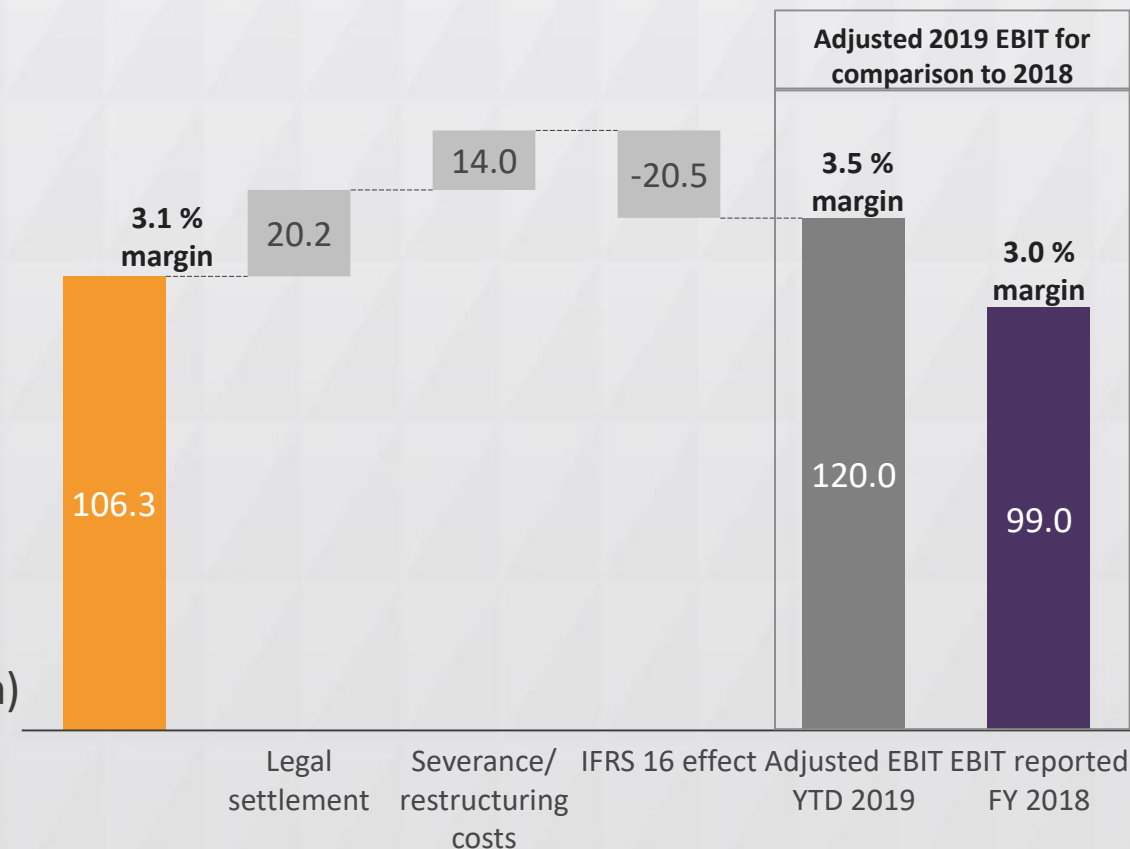
# Financial Highlights 4Q 2019

- Net operating revenues up 1.4 % to NOK 904.5 million
  - Purely organic growth
- EBIT of NOK 8.7 million, 1.0 % margin
  - IFRS 16 effect: + NOK 4.4 million
- Opex\* up 1.8 % on higher activity
  - Lower other opex
- Net project write-downs NOK 16.8 million (vs NOK 33.8 million)
  - 1.9 % of net operating revenues (vs 4.1 %)
- NIBD\* reduced to NOK 91.6 million (vs NOK 283.0 million end 3Q)



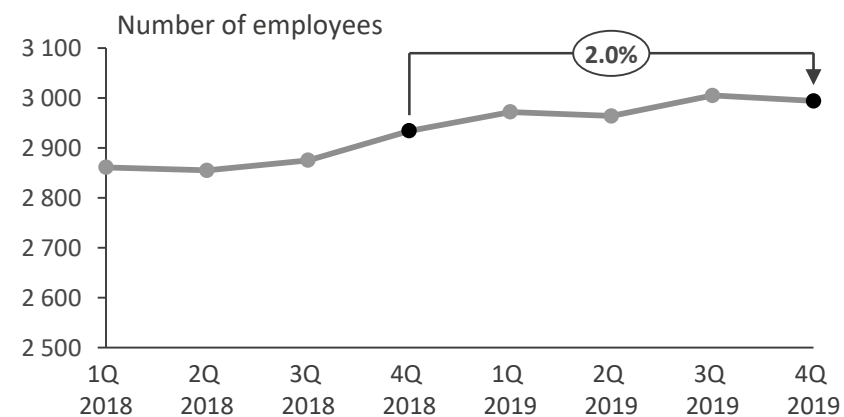
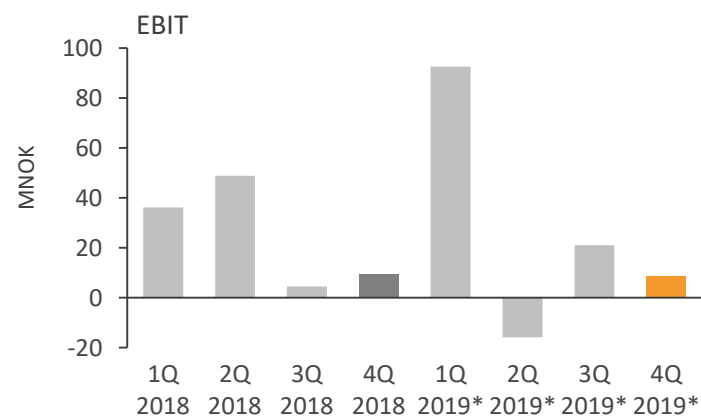
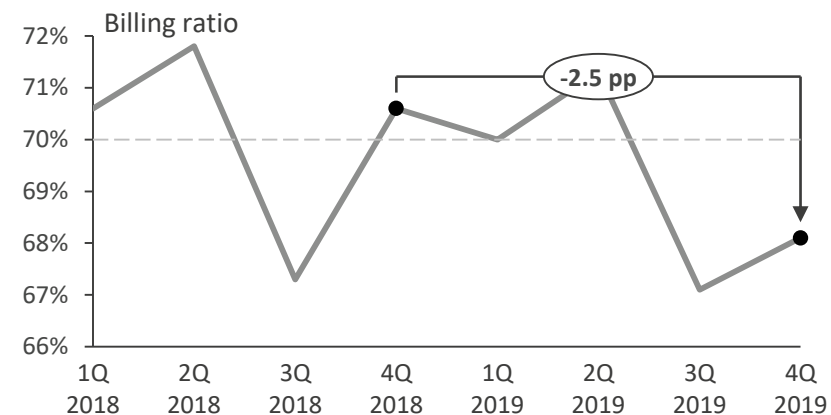
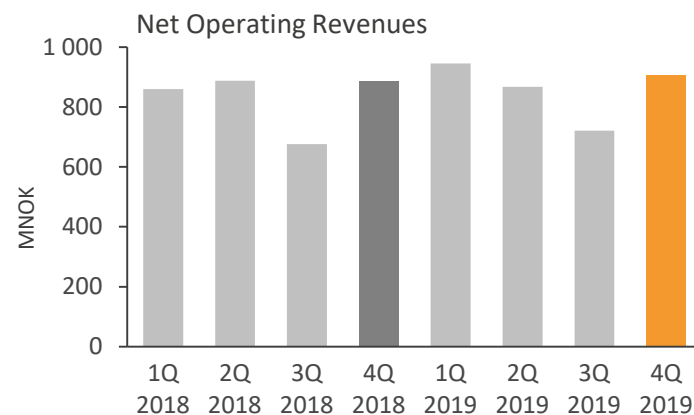
# Financial Highlights FY 2019

- Net operating revenues up 3.0 % to NOK 3 436 million
  - Purely organic growth
  - 3.6 % growth, adjusted for legal settlement with Stortinget
- EBIT NOK 106.3 million, 3.1 % margin
  - Legal settlement, IFRS 16 effect, severance agreements
- Opex\* up 3.4 % on higher activity
  - Growth, salary adjustment, general CPI, severance agreements
- Net project write-downs NOK 81.2 million (vs NOK 66.7 million)
  - 2.4 % of net operating revenues (vs 2.0%)
  - 1.8 % adjusted for legal settlement with Stortinget



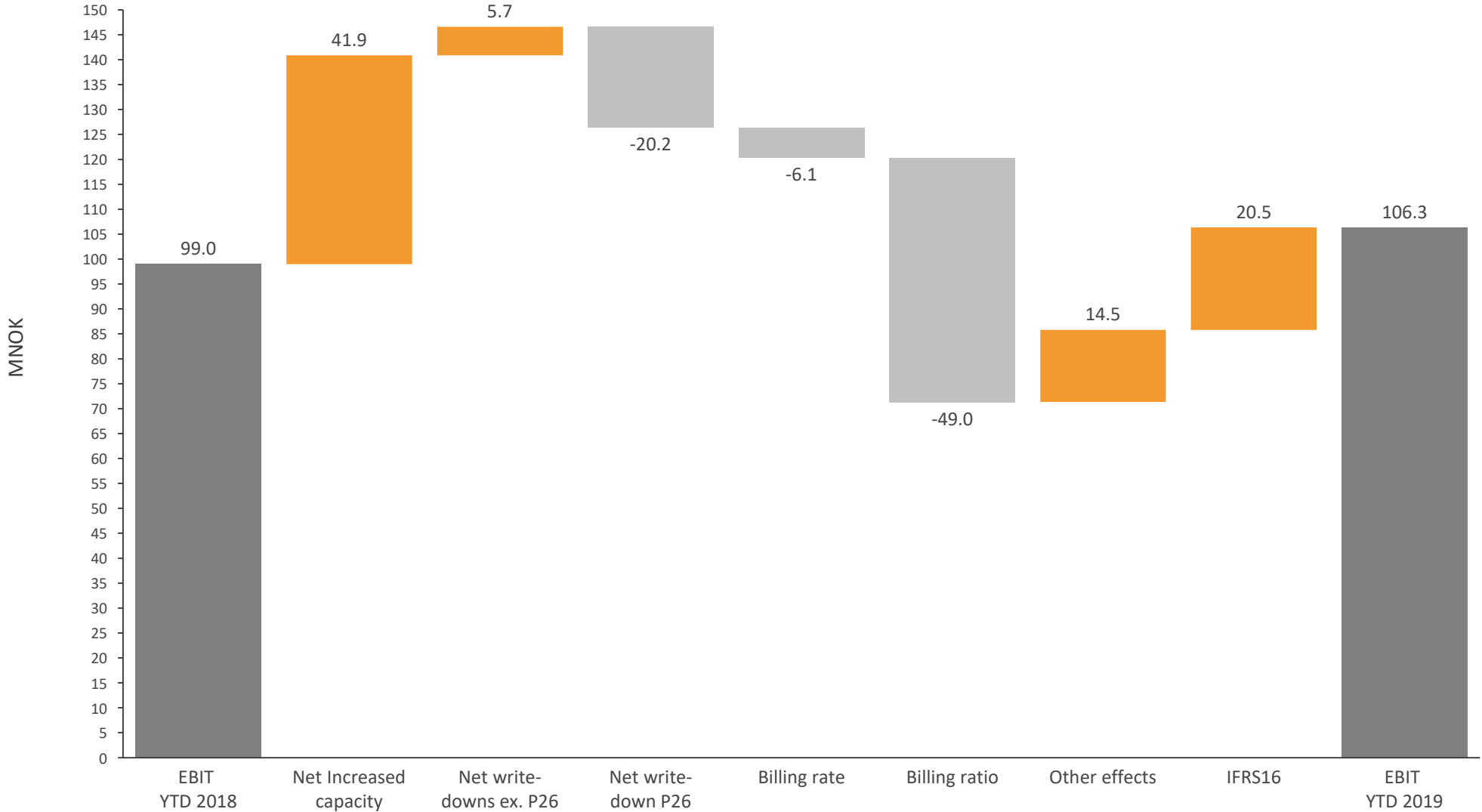


# Financial highlights 4Q 2019



\*Including IFRS 16

# EBIT Bridge YTD



# Greater Oslo Area FY 2019

- Higher activity level and billing rates, but lower billing ratio
- Legal dispute settlement with Stortinget of NOK 20.2 million
- Significant growth within Transportation and Water & Environment
- Decreased order intake in Buildings & Properties and Renewable Energy
- Good opex development

Greater Oslo Area	FY 2019	FY 2018	Change
Net Operating Revenue	1 572.3	1 542.8	1.9 %
EBIT MNOK	71.6	57.5	24.5 %
EBIT margin %	4.6 %	3.7 %	0.9 pp
Adjusted EBIT MNOK*	90.5	57.5	57.4 %
Adjusted EBIT margin %*	5.8 %	3.7 %	2.1 pp
Billing ratio	69.2 %	70.5 %	1.3 pp
Number of employees	1 180	1 176	0.3 %

\*Adjusted for IFRS 16 and legal settlement with Stortinget



# Regions Norway FY 2019

- Revenue growth
- Higher billing rates
- Significantly lower billing ratio due to delays and stops
- Revenue increased from Transportation and Renewable Energy
- Order intake decreased, especially in Transportation and Buildings & Properties
- Good opex development

Regions Norway	FY 2019	FY 2018	Change
Net Operating Revenue	1 129.5	1 077.6	4.8 %
EBIT MNOK	53.1	50.1	5.9 %
EBIT margin %	4.7 %	4.7 %	-
Adjusted EBIT MNOK*	44.9	50.1	-10.4 %
Adjusted EBIT margin %*	4.0 %	4.7 %	-0.7 pp
Billing ratio	67.9 %	71.4 %	-3.5 pp
Number of employees	875	854	2.5 %

\*Adjusted for IFRS 16





# International FY 2019

- Higher activity level in Iterio AB and Multiconsult Polska
- Lower average billing rates
- Good order intake and order backlog
- Small loss in the fourth quarter, mainly due to low activity in Multiconsult UK

International	FY 2019	FY 2018	Change
Net Operating Revenue	228.4	198.9	14.8 %
EBIT MNOK	14.7	8.1	82.6 %
EBIT margin %	6.4 %	4.0 %	2.4 pp
Adjusted EBIT MNOK*	14.2	8.1	75.3 %
Adjusted EBIT margin %*	6.3 %	4.0 %	2.3 pp
Billing ratio	70.9 %	72.2 %	-1.4 pp
Number of employees	326	284	14.8 %

\*Adjusted for IFRS 16



# LINK arkitektur FY 2019

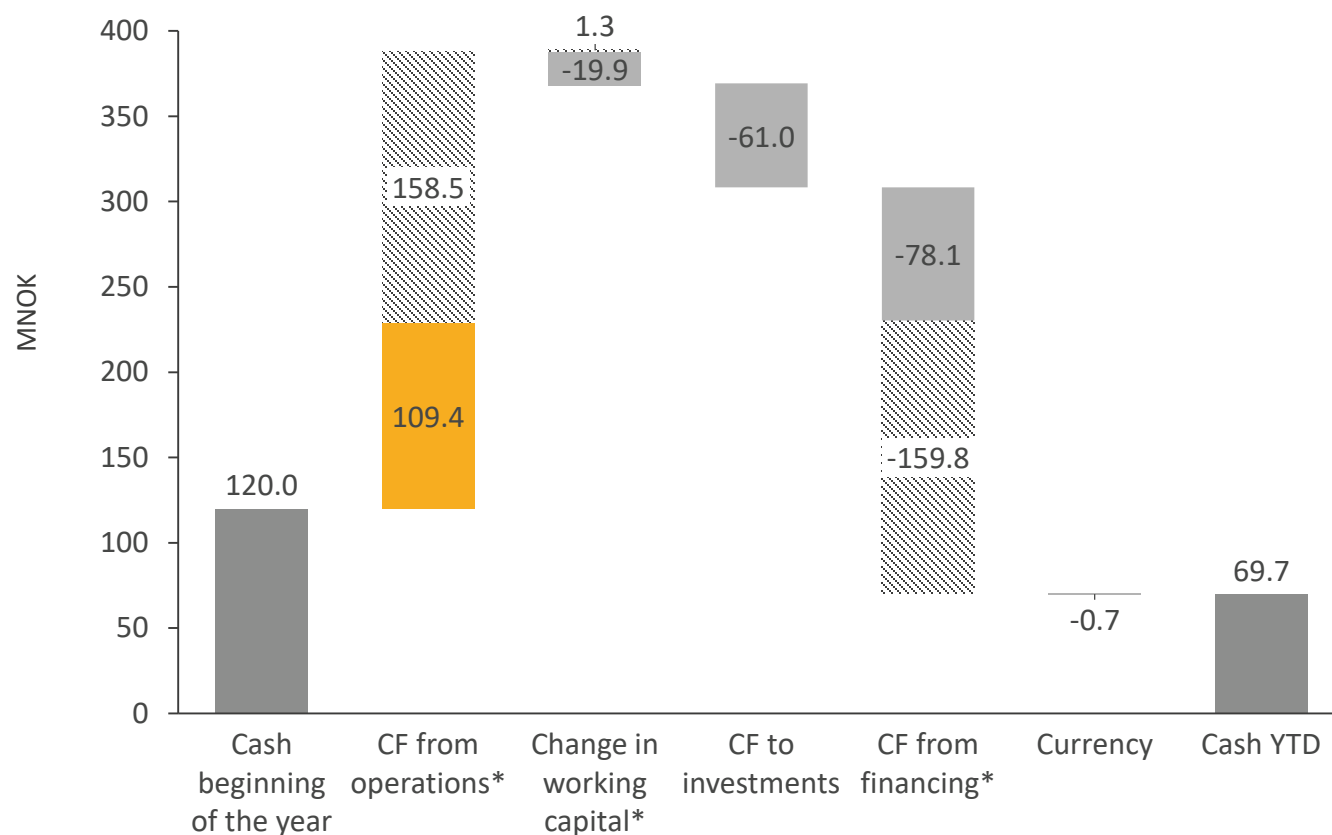
- Increased activity level, variation between units
- Higher average billing ratio
- Solid performance in Norway and improved in Denmark
- Majority of order intake from healthcare buildings
- Loss in fourth quarter in all three countries  
– impacted by write-downs and delays

LINK arkitektur	FY 2019	FY 2018	Change
Net Operating Revenue	535.8	513.1	4.4 %
EBIT MNOK	20.1	13.1	53.8 %
EBIT margin %	3.8 %	2.5 %	1.2 pp
Adjusted EBIT MNOK*	18.3	13.1	39.7 %
Adjusted EBIT margin %*	3.4 %	2.5 %	0.9 pp
Billing ratio	74.0 %	72.7 %	1.3 pp
Number of employees	489	489	-

\*Adjusted for IFRS 16



# Cash flow FY 2019

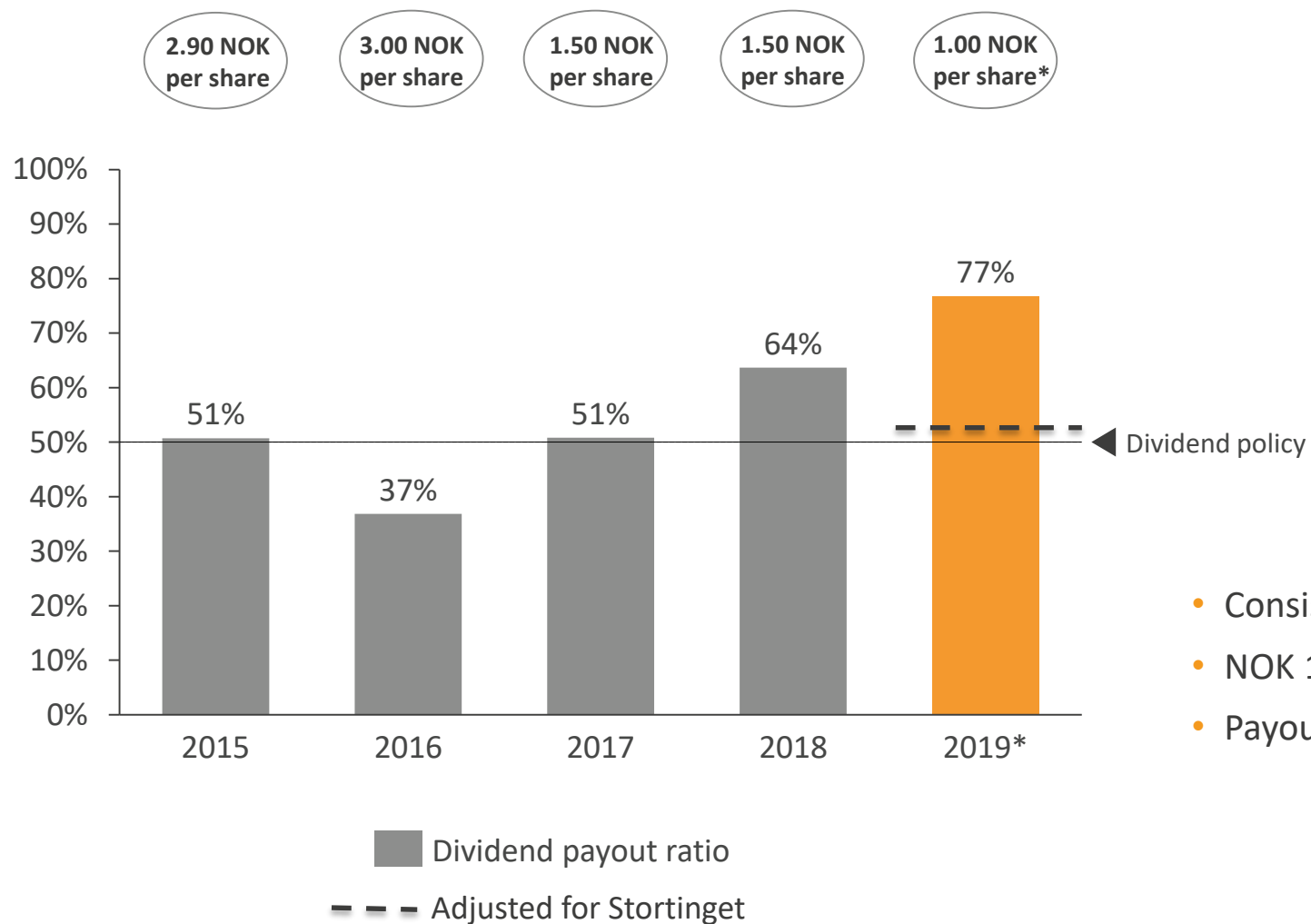


\*Shaded areas show IFRS 16 (non-cash) effects on CF from operations-, working capital- and financing

- Solid financial position
  - NOK 320 million undrawn facilities
- Renegotiated terms of loan facilities with Nordea
  - Improved margins and covenants
    - max gearing improved from 2.0x to 3.0x
  - New 3-year NOK 200 million RCF replacing term-loan
- Stable working capital year-on-year
- Improved NIBD in 4Q to NOK 91.6 million

Cash and liabilities MNOK	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Cash	69.7	26.2	31.4	48.8	138.9
Gross debt	914.6	1 247.5	199.3	235.3	198.4
Net interest bearing debt (ex IFRS 16 leasing debt)	91.6	283.0	167.9	186.6	59.5

# Dividend proposal



- Consistent historical dividend payout
- NOK 1.00 per share proposed for 2019 results
- Payout ratio of 77 % (53 % adjusted for Stortinget)

\* Proposed



nextLEVEL

4Q | 2019

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# TARGET | Improved profitability

PREVIOUS TARGET

EBIT margin  
above  
peer-group  
average



NEW TARGET

Initial  
EBIT margin

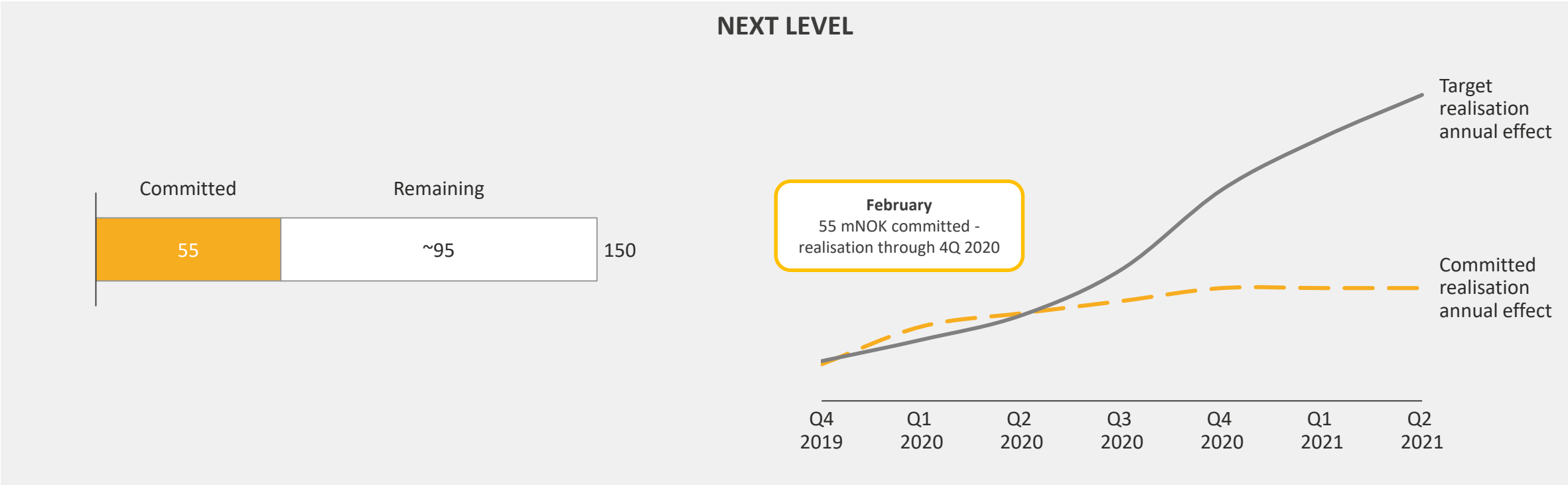
8%

Long term  
EBIT  
margin

10%

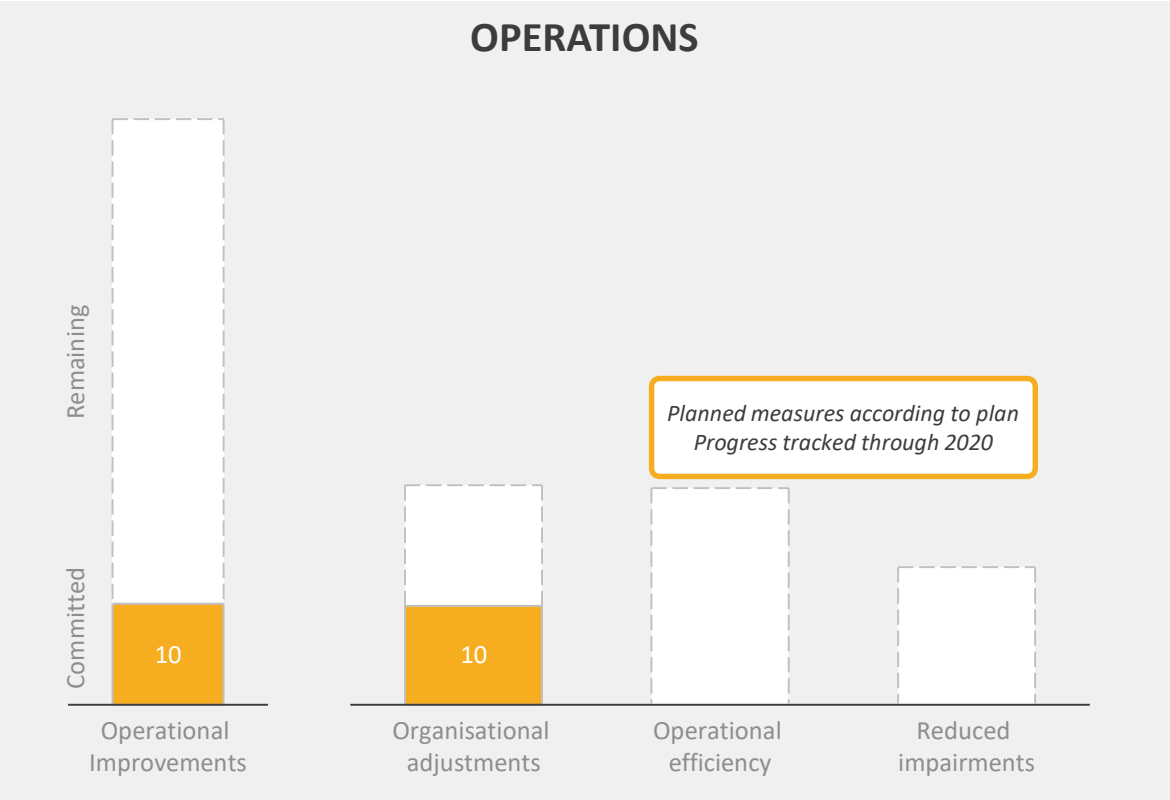
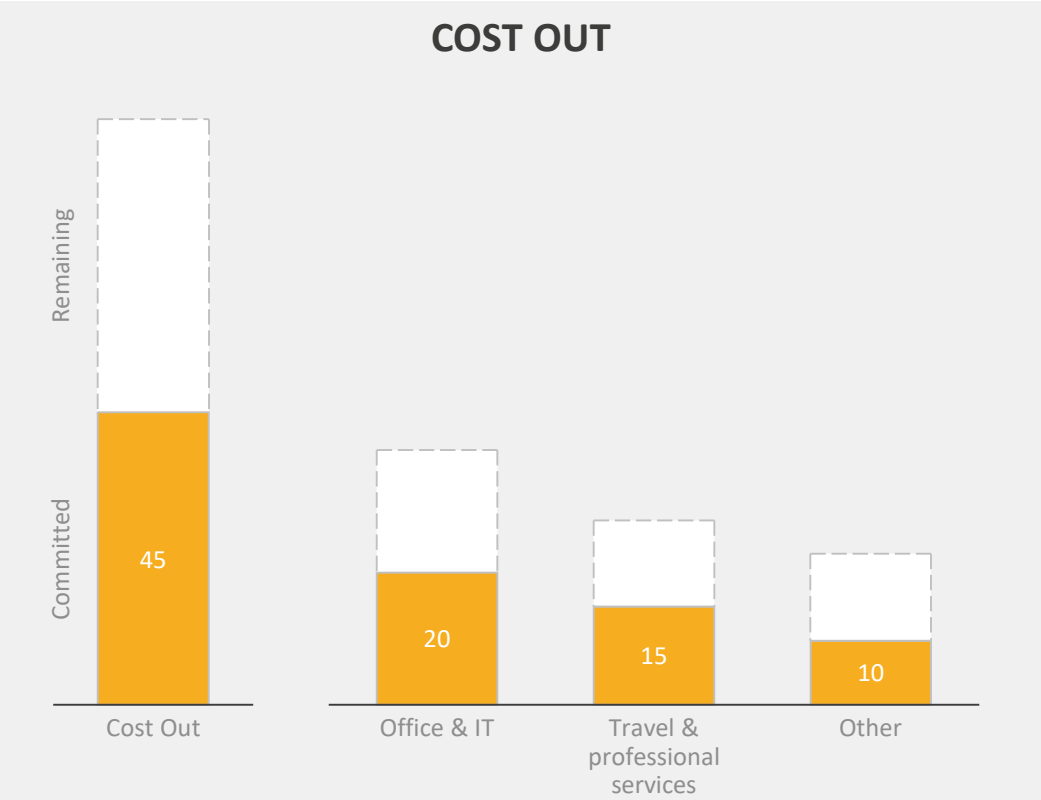
# nextLEVEL in early phase, but on-track

MNOK



# Cost Out and Operational Improvements detailed

MNOK



# Outlook

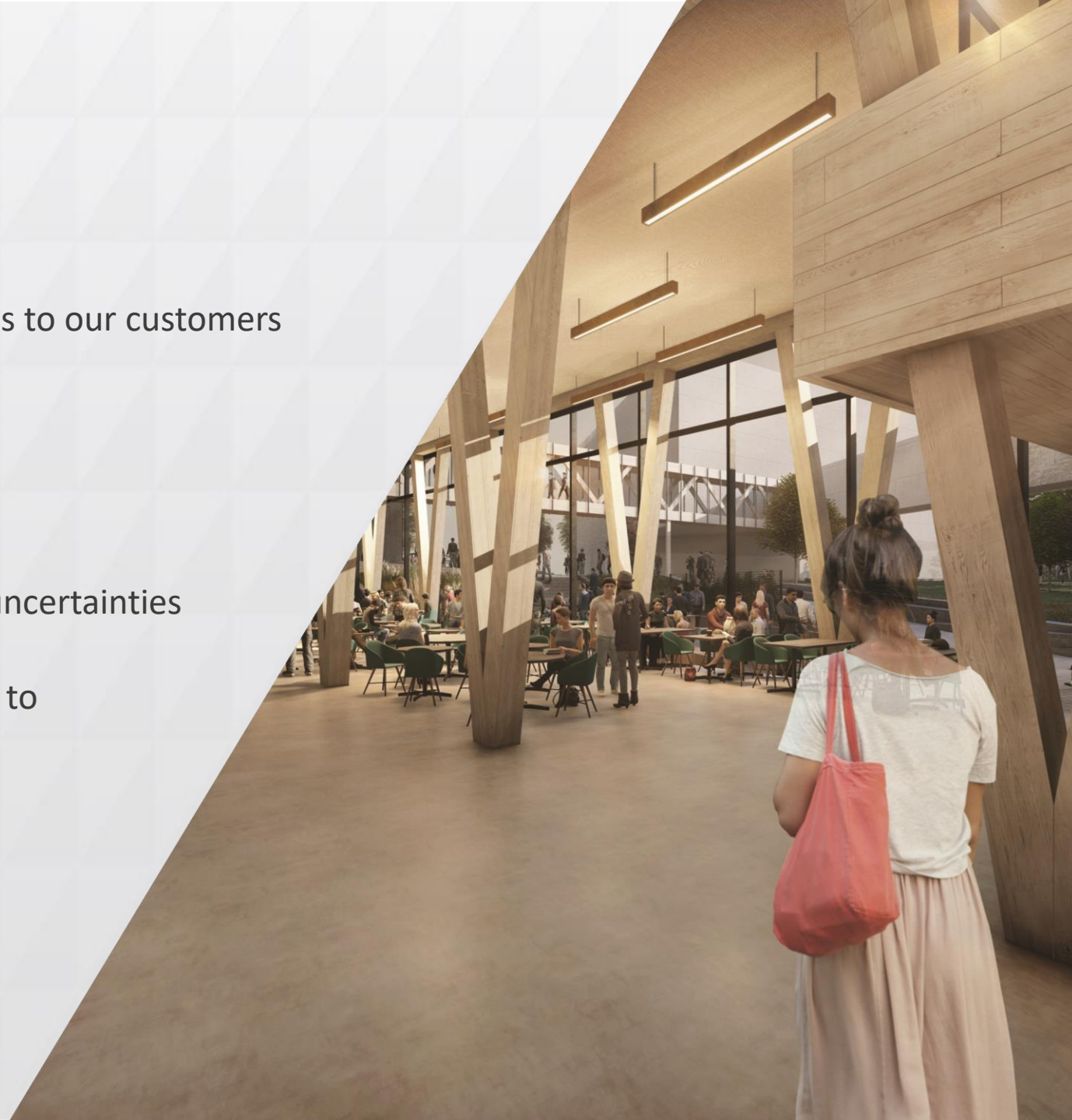
- High order backlog with variations across business areas
- Good long-term market outlook across most business areas
- Good tender pipeline over the next 12 months
- Some growth uncertainties in certain sectors such as Building & Properties incl. architecture
- Public reforms creating additional uncertainties – short-term





# Summary

- Another year of growth and outstanding solutions to our customers
- Record-high order backlog
- Weak 4Q result impacted by low billing ratio
- Good long-term outlook, with some short-term uncertainties
- At the beginning of a turnaround and committed to reaching our financial targets
  - nextLEVEL on-track







## FINANCIAL CALENDAR

2019 Annual report	1 April 2020
2019 Ordinary general meeting	22 April 2020
1Q 2020 results	20 May 2020
2Q 2020 results	26 Aug 2020
3Q 2020 results	4 Nov 2020

# Q&A

FOURTH QUARTER 2019 RESULTS | Grethe Bergly, CEO  
Hans-Jørgen Wibstad, CFO

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