

INTERIM REPORT

Q4 | 2019

Multiconsult



HIGHLIGHTS AND KEY FIGURES Q4 2019

HIGHLIGHTS

"2019 marked the start of a turnaround for Multiconsult and the results for 2019 reflect that we are at the start of this journey. I am pleased to see that our strong teams throughout 2019 have continued our commitment on delivering outstanding solutions to our customers, and we are ending the year with revenue growth and a record-high order book.

I am also pleased to see that we are on-track on the nextLEVEL improvement programme, initiated in fourth quarter 2019, set to bring our profitability back to sustainable levels within 18 months. In the fourth quarter, we experienced a weak result mainly caused by low billing ratio, and we are therefore introducing additional initiatives to secure that we achieve our financial targets by 2021", says Grethe Bergly, CEO of Multiconsult ASA.

Grethe Bergly
CEO of Multiconsult ASA

Fourth quarter 2019:

- ▲ Good project deliveries and strong order intake of NOK 1 329.1 million
- ▲ All-time high order backlog NOK 2 967.6 million
- ▲ Net operating revenues growth of 1.4% to NOK 904.5 million
- ▲ EBIT of NOK 8.7 million, significantly impacted by low billing ratio in the quarter
- ▲ Quarterly result impacted by temporary stops and certain delays in projects, the on-going public reform, and weak result in LINK arkitektur.
- ▲ 18 months nextLEVEL improvement program on-track and additional initiatives introduced to secure required impact.

Full year 2019:

- ▲ A solid year for Multiconsult in the market ending with an order intake of NOK 4 348.1 million.
- ▲ nextLEVEL improvement program initiated in Q4, and is on-track for the 18 months improvement target
- ▲ Net operating revenues growth of 3.0% to NOK 3 435.8 million and EBIT of NOK 106.3 million
- ▲ Proposed dividend of NOK 1.00 per share

CONSOLIDATED KEY FIGURES

Amounts in TNOK	Q4 2019	Q4 2018	FY 2019	FY 2018
FINANCIAL				
Net operating revenues	904 458	892 161	3 435 835	3 334 848
Net write-downs	(16 795)	(33 750)	(81 192)	(66 698)
Operating expenses	847 076	870 931	3 136 702	3 185 715
Employee benefit expenses	720 568	691 567	2 654 431	2 539 494
Other operating expenses	126 509	179 364	482 271	646 221
EBITDA	57 381	21 230	299 133	149 133
EBITDA margin	6.3%	2.4%	8.7%	4.5%
EBITDA excluding IFRS 16 effect	18 005	21 230	140 595	149 133
EBIT	8 746	9 474	106 329	99 003
EBIT margin	1.0%	1.1%	3.1%	3.0%
EBIT excluding IFRS 16 effect	4 341	9 474	85 794	99 003
Reported profit for the period	(9 761)	1 768	35 110	63 557
OPERATIONAL				
Billing ratio	68.1%	70.6%	69.2%	70.2%
Number of employees	2 994	2 934	2 994	2 934
Order intake	1 329 118	1 480 359	4 348 086	4 592 042
Order backlog	2 967 609	2 803 359	2 967 609	2 803 359

FOURTH QUARTER AND FULL YEAR 2019

In the fourth quarter net operating revenues were up 1.4% y-o-y to NOK 904.5 million. EBIT came in at NOK 8.7 million. Compared with the fourth quarter 2018, the result is impacted by a reduction in the billing ratio to 68.1%, including a weak quarterly result for LINK arkitektur. EBIT in 2019 was NOK 106.3 million, reflecting a 3.1% margin. The order intake was solid at NOK 1 329.1 million giving a record high order backlog of NOK 2 967.6 million. The nextLEVEL improvement programme is on-track, and additional initiatives are being introduced.

FINANCIAL REVIEW

(Figures in brackets = same period prior year or relevant balance sheet date 2019).

The implementation of IFRS 16 has a significant effect on Multiconsult's financial statements. 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 fourth quarter and full year, see note 13.

Group results

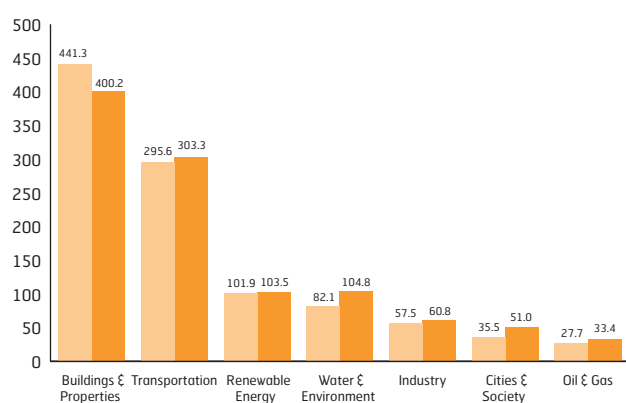
Fourth quarter 2019 Multiconsult group

Compared to fourth quarter 2018, **net operating revenues** increased by 1.4% to NOK 904.5 million. Net recruitment was 60 employees year-on-year. Net project write-downs were 1.9% of net operating revenues, reflecting an improved level. A lower billing ratio impacted growth in revenues negatively. Public municipality reform in Norway has caused certain delays and temporary stops of projects as well as a change in tendering activity. Partially as a consequence of this, several business units in Norway experienced a lower billing ratio in the quarter. We continue to see higher average billing rates in Norway, but a lower level in the group as a result of the production mix.

Operating revenues by business area Q4

Amounts in MNOK

■ Q4 2018 ■ Q4 2019



Operating expenses consist mainly of employee benefit expenses and other operating expenses. Reported operating expenses were at a lower level than in the same period last year, including a positive IFRS 16 effect of NOK 39.4 million on other operating expenses. Adjusted for the IFRS 16 effect, the level of operating expenses increased by 1.8%, mainly caused by net recruitment. Lower other operating expenses partly offset the increase.

EBITDA was NOK 57.4 million (NOK 21.2 million), including a positive NOK 39.4 million IFRS 16 effect.

EBIT was NOK 8.7 million (NOK 9.5 million), including a positive IFRS 16 effect of NOK 4.4 million and negative NOK 4.0 million severance/restructuring costs when comparing with the same quarter last year.

Net financial items were an expense of NOK 14.6 million (expense of NOK 3.3 million), including a negative IFRS 16 effect of NOK 8.9 million.

Group tax rate was negative 72.2% (positive 74.4%). The effective tax rate in the fourth quarter reflects the negative profit before tax in the quarter, and is affected by tax credit from international activities not deducted in Norway, adjustment of previous year's taxes and non-deductible expenses.

Reported loss for the period was NOK 9.8 million (profit of NOK 1.8 million), including a negative NOK 4.5 million IFRS 16 effect, when comparing with the same quarter last year.

Full year 2019 Multiconsult group

Compared to last year, **net operating revenues** increased by 3.0% to NOK 3 435.8 million. Adjusted for the non-recurring legal settlement with Stortinget in the second quarter, organic growth in net operating revenues was 3.6%. The increase is purely organic and mainly driven by higher activity level. Net recruitment was 60 employees in the group. A lower billing ratio in the period reduced growth and was mainly due to lower activity in some units in Regions Norway throughout the period. Project delays and temporary stops further impacted

the billing ratio in 2019. Net project write-downs were NOK 81.2 million, reflecting a level of 2.4% of net operating revenues. Excluding the non-recurring legal dispute settlement with Stortinget in the second quarter, net project write-downs were 1.8% of net operating revenues. Compared to 2018, average group billing rates were at a higher level in Norway, but at a similar level in the group as a result of the production mix.

Operating expenses decreased by 1.5% in the period compared to last year. There was a positive IFRS 16 effect of NOK 158.5 million on other operating expenses. Adjusted for the IFRS 16 effect, the level of operating expenses increased by 3.4%. The increase is caused by higher activity level, ordinary salary adjustment, general consumer price index and one-off severance agreement expenses in the first quarter. Lower other operating expenses partly offset the increase.

EBITDA was NOK 299.1 million (NOK 149.1 million), including a positive NOK 158.5 million IFRS 16 effect.

EBIT was NOK 106.3 million (NOK 99.0 million), reflecting an EBIT margin of 3.1% in 2019, including the legal settlement with Stortinget of negative NOK 20.2 million, NOK 14 million in severance/restructuring costs and positive IFRS 16 effect of NOK 20.5 million.

Net financial items were an expense of NOK 52.7 million (expense of NOK 10.6 million), including a negative IFRS 16 effect of NOK 37.1 million.

Group tax rate was 34.3% (29.4%). The effective tax rate was affected by tax credit from international activities not deducted in Norway, adjustment of previous year's taxes and non-deductible expenses.

Reported profit for the period was NOK 35.1 million (NOK 63.6 million), including a negative NOK 16.6 million IFRS 16 effect.

Financial position, cash flow and liquidity

Fourth quarter 2019 Multiconsult group

Net cash flow from operating activities was positive NOK 253.7 million (positive NOK 308.7 million). The decrease in cash flow from operating activities is mainly caused by seasonal change in working capital.

Net cash flow used in investment activities was NOK 6.1 million this quarter (NOK 28.5 million), related to ordinary asset replacement.

Net cash flow from financing activities amounted to negative NOK 185.5 million (negative NOK 270.1 million), mainly due to change in current interest-bearing debt.

Full year 2019 Multiconsult group

Net cash flow from operating activities was positive NOK 248.3 million (positive NOK 220.0 million). The improvement is mainly related to changes in classification in the cash flow statement due to implementation of IFRS 16, and seasonal changes in working in capital.

Net cash flow used in investment activities was NOK 61.0 million (NOK 35.4 million), related to ordinary asset replacement.

Net cash flow from financing activities amounted to negative NOK 236.8 million (negative NOK 173.3 million). The movement is related to changes in classification in the cash flow statement due to implementation of IFRS 16 and changes in interest-bearing debt.

Consolidated financial position

As of 31 December 2019, total assets amounted to NOK 2 674.3 million (NOK 2 683.1 million at 30 September 2019), and total equity amounted to NOK 581.4 million (NOK 591.7 million at 30 September 2019).

The group held cash and cash equivalents of NOK 69.7 million as of 31 December 2019 (NOK 7.0 million as of 30 September 2019). Restricted cash amounted to NOK 17.0 million as of 31 December (NOK 19.3 million as of 30 September 2019). Net interest-bearing debt amounted to NOK 1 006.2 million (NOK 1 221.3 million at 30 September 2019). Adjusted for IFRS 16 lease obligations, net interest-bearing debt was NOK 91.6 million (NOK 283.0 million at 30 September 2019).

The board proposes a dividend of NOK 1.00 per share for 2019, which is equivalent of 76.8% payout ratio. Adjusted for the after tax effect for Stortinget settlement, the adjusted payout ratio is 53.0%.

ORDER BACKLOG AND INTAKE

The order backlog at the end of 2019 remains good at NOK 2 968 million (NOK 2 803 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. The size and timing of execution of the order backlog varies significantly between the business areas and locations,

meaning that certain areas have relatively long order horizon while others have short.

Among significant contracts this quarter was E16 Åsbygd – Olum for Skanska, railway line No. 98 Sucha – Chabówka south in Poland for Polish National Railway Lines and the New Fredrik II high school and Arena Fredrikstad for Østfold Fylkeskommune.

The order backlog does not reflect awarded frame agreements and 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 and airbase facilities with Forsvarsbygg and safety and RAMS with Bane NOR.

PROFITABILITY IMPROVEMENT PROGRAMME – “NEXTLEVEL”

On 7 November 2019 at its Capital Market Day, Multiconsult introduced the nextLEVEL profitability improvement programme. Through extensive work and analysis, the company has identified significant improvement potential and initiated an improvement programme called nextLEVEL. Improvement initiatives under nextLEVEL are group-wide and focus on operational efficiency and cost savings.

In total, nextLEVEL has a target of NOK 150 million annual profitability improvement estimated to be realised over a period of 18 months. Restructuring costs associated with

the programme are estimated to be approximately NOK 30–40 million and so far a limited amount has been recorded. Multiconsult will report on the progress regularly.

The nextLEVEL programme is on-track and an estimated 37% (NOK 55 million) of the improvements have been committed by mid-February 2020. This means that that nextLEVEL is on-track. Additional initiatives will be introduced to secure the required impact of the programme to reach Multiconsult's financial targets. These may include additional staff reductions among others.

SEGMENTS

Multiconsult's reporting segments are presented as four segments: Greater Oslo Area, Regions Norway, International, and 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	Q4 2019	Q4 2018	FY 2019	FY 2018
Net op. revenues	422.1	418.4	1 572.3	1 542.8
EBITDA	21.7	8.8	100.7	73.3
EBITDA%	5.1%	2.1%	6.4%	4.7%
EBIT	17.0	5.0	71.6	57.5
EBIT%	4.0%	1.2%	4.6%	3.7%
Order intake	657.8	717.0	1 966.7	2 191.1
Order Backlog	1 266.5	1 180.9	1 266.5	1 180.9
Billing ratio	68.4%	71.4%	69.2%	70.5%
Employees	1 180	1 176	1 180	1 176

Fourth quarter 2019 Greater Oslo Area

The increase in **net operating revenues** of 0.9% in the quarter was mainly driven by higher billing rates. There were net project-write ups in the quarter of NOK 0.1 million (write-downs of NOK 12.9 million), that contributed to growth in revenues. Higher activity level, which resulted in net recruitment, further contributed to growth. The billing ratio was 3.0 pp lower than same period last year, partly due to lower project activity.

Operating expenses came in 2.2% lower than in the same period in 2018. There was a positive IFRS 16 effect of NOK 0.4

million on other operating expenses in the quarter. Adjusted for IFRS 16 effect, operating expenses decreased by 2.3%. Employee benefit expenses increased, in line with growth in manning level and regular salary adjustment for the Norwegian workforce. Other operating expenses decreased significantly, mainly due to lower provisions for legal claims.

EBITDA was NOK 21.7 million (NOK 8.8 million), including a positive IFRS 16 effect of NOK 0.4 million.

EBIT was NOK 17.0 million (NOK 5.0 million) in the quarter, including negative IFRS 16 effect of NOK 0.2 million.

Order intake decreased by 8.3% in the quarter, mainly resulting from decreased sales in business area Transportation. Business areas Industry and Oil & gas experienced a solid increase.

Order backlog for the segment at the end of the second quarter is strong at NOK 1 267 million, with business areas Buildings & Properties and Water & Environment as largest proportions, with Water & Environment with significant growth compared to the same period previous year.

Full year 2019 Greater Oslo Area

The increase in **net operating revenues** of 1.9% in the period was mainly driven by higher activity level, which resulted in net recruitment. Billing rates were at a higher level and impacted net operating revenues positively. The billing ratio was 1.3 pp lower than same period last year, mainly due to lower project activity. Net project write-downs were NOK 40.2 million (NOK 32.3 million) in the period, including the non-recurring settlement of the legal dispute with Stortinget of NOK 20.2 million in the second quarter 2019. Adjusted for the non-recurring legal settlement, growth in net operating revenues was 3.2%.

Operating expenses came in at the same level as in 2018. There was a positive IFRS 16 effect of NOK 0.4 million on other operating expenses in the period. Adjusted for the IFRS 16 effect, operating expenses increased by 1.2%, which is less than the increase in manning level. Employee benefit expenses increased, in line with growth in manning level and regular salary adjustment for the Norwegian workforce. Other operating expenses decreased mainly due to lower provisions for legal claims as well as lower office and IT expenses.

EBITDA was NOK 100.7 million (NOK 73.3 million), including a positive IFRS 16 effect of NOK 0.4 million.

EBIT was NOK 71.6 million in the period (NOK 57.5 million), reflecting an EBIT margin of 4.6% in 2019, including the non-recurring legal settlement with Stortinget of negative NOK 20.2 million, and a positive IFRS 16 effect of NOK 1.3 million.

The order intake decreased 10.2% in the period, mainly resulting from decreased sales in business areas Buildings & Properties and Renewable Energy, whereas Water & Environment had strong order intake compared to previous year.

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	Q4 2019	Q4 2018	FY 2019	FY 2018
Net op. revenues	293.9	279.1	1 129.5	1 077.6
EBITDA	24.0	5.0	126.8	72.7
EBITDA%	8.2%	1.8%	11.2%	6.7%
EBIT	8.5	(0.3)	53.1	50.1
EBIT%	2.9%	(0.1%)	4.7%	4.7%
Order intake	319.9	377.1	1 234.9	1 327.6
Order Backlog	581.9	573.3	581.9	573.3
Billing ratio	67.4%	72.8%	67.9%	71.4%
Employees	875	854	875	854

Fourth quarter 2019 Regions Norway

Compared to fourth quarter 2018 **net operating revenues** increased by 5.3%. There was higher activity level, which resulted in net recruitment. Billing rates were at a higher level and impacted net operating revenues positively. Net project write-downs in the period came to NOK 11.4 million (NOK 20.6 million), which is a lower level than the same period in 2018 and contributed positively to growth in revenues. Growth was partly offset by a significantly lower billing ratio that came down by 5.4 pp. The decrease was mainly due to lower project activity.

Operating expenses decreased by 1.5% in the quarter, impacted by a positive IFRS 16 effect of NOK 10.9 million on other operating expenses. Adjusted for the IFRS 16 effect, operating expenses increased by 2.5%. Employee benefit

expenses increased in line with manning level and regular salary adjustment for the Norwegian workforce. Reported other operating expenses decreased, but increased in line with general consumer price index (KPI) when adjusting for the IFRS 16 effect.

EBITDA came in at NOK 24.0 million (NOK 5.0 million) including a positive IFRS 16 effect of NOK 10.9 million.

EBIT was NOK 8.5 million (negative NOK 0.3 million), including a positive IFRS 16 effect of NOK 1.7 million.

Order intake in the quarter decreased by 15.2%. There was a decrease in all business areas, with the largest decrease in Buildings & Properties.

Order backlog for the segment at the end of the fourth quarter was at NOK 582 million, with business areas Buildings & Properties and Transportation as largest proportions and Industry with the highest growth compared to the same period previous year.

Full year 2019 Regions Norway

Compared to the same period last year, there was an increase of 4.8% in **net operating revenues**. Higher activity level resulted in net recruitment and contributed positively. Billing rates were at a higher level and drove growth in revenues further. There was a lower billing ratio in the period in some regions, and impacted growth accordingly. The significant drop of 3.5 pp came in the fourth quarter and was mainly due to lower project activity as a result of delays on some large projects due to public reforms and customer reorganisation. Net project write-downs in the period came to NOK 38.1 million (NOK 39.3 million), which was in line with same period in 2018.

Operating expenses decreased slightly in the period, by 0.2%, partly driven by a positive IFRS 16 effect of NOK 55.7 million on other operating expenses. Adjusted for the IFRS 16 effect, operating expenses increased by 5.3%. Employee benefit expenses increased mainly in line with growth in manning level and regular salary adjustment for the Norwegian workforce. Reported other operating expenses decreased, but increased in line with general consumer price index (KPI) and manning level, when adjusting for the IFRS 16 effect.

EBITDA came in at NOK 126.8 million (NOK 72.7 million) including a positive IFRS 16 effect of NOK 55.7 million.

EBIT was NOK 53.1 million (NOK 50.1 million), reflecting an EBIT margin of 4.7% in 2019, including a positive IFRS 16 effect of NOK 8.2 million.

Order intake in the period decreased by 7.0% mainly for business areas Buildings & Properties, Transportation and Industry, whereas Renewable Energy experienced a significant increase.

International

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

Key figures International

<i>Amounts in MNOK</i>	Q4 2019	Q4 2018	FY 2019	FY 2018
Net op. revenues	60.0	55.3	228.4	198.9
EBITDA	3.6	2.6	28.1	10.0
EBITDA%	6.0%	4.7%	12.3%	5.0%
EBIT	(0.1)	2.4	14.7	8.1
EBIT%	(0.1%)	4.3%	6.4%	4.0%
Order intake	114.5	192.3	417.9	361.5
Order Backlog	519.3	446.0	519.3	446.0
Billing ratio	66.9%	73.7%	70.9%	72.2%
Employees	326	284	326	284

Fourth quarter 2019 International

Net operating revenues increased by 8.4% in the fourth 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 activity level in Multiconsult UK and Multiconsult Asia.

Higher net operating revenues were partly offset by increased **operating expenses**, which increased by 7.0% compared to same quarter in 2018. There was a positive IFRS 16 effect of NOK 2.9 million on other operating expenses in the quarter. Adjusted for the IFRS 16 effect, operating expenses increased by 12.6%, which is less than the increase in manning level.

EBIT was negative NOK 0.1 million (positive NOK 2.4 million), including a positive IFRS 16 effect of NOK 0.1 million.

Order intake in the fourth quarter decreased by 40.4%, mainly due to lower order intake in business area Transportation in Multiconsult Polska.

Order backlog for the segment at the end of the fourth quarter increased by 16.4% to NOK 519.3 million, with business area Transportation as the largest contributor and Renewable Energy with the highest growth in the quarter.

Full year 2019 International

Net operating revenues increased by 14.8% compared to same period last year. The increase in net operating revenues is 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.

Higher net operating revenues were partly offset by increased **operating expenses**, which grew by 6.0% compared to same period in 2018. There was a positive IFRS 16 effect of NOK 11.0 million on other operating expenses in the period. Adjusted for the IFRS 16 effect, operating expenses increased by 11.8%, which is less than the increase in manning level.

EBIT was NOK 14.7 million (NOK 8.1 million), reflecting an EBIT margin of 6.4% in 2019, including a positive IFRS 16 effect of NOK 0.5 million.

Order intake in the period increased by 15.6% compared to same period in 2018.

LINK arkitektur

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

Key figures LINK arkitektur

<i>Amounts in MNOK</i>	Q4 2019	Q4 2018	FY 2019	FY 2018
Net op. revenues	135.1	140.5	535.8	513.1
EBITDA	1.0	7.7	45.4	20.5
EBITDA%	0.7%	5.5%	8.5%	4.0%
EBIT	(5.3)	5.9	20.1	13.1
EBIT%	(3.9%)	4.2%	3.8%	2.5%
Order intake	236.8	193.9	728.6	706.7
Order Backlog	620.2	554.8	620.2	554.8
Billing ratio	73.0%	72.2%	74.0%	72.7%
Employees	489	489	489	489

Fourth quarter 2019 LINK arkitektur

The decrease in **net operating revenues** of 3.9% in the fourth quarter was mainly driven by net project write-downs of NOK 5.5 million (write-ups of 0.3 million).

Operating expenses increased by 1.0% in the quarter. There was a positive IFRS 16 effect of NOK 4.9 million, recorded on other operating expenses in the quarter.

EBIT was negative NOK 5.3 million (positive NOK 5.9 million), including a positive IFRS 16 effect of NOK 0.4 million. The negative EBIT is mainly caused by delayed projects and project write-downs. There was a legal settlement of NOK 1.8 million in LINK Denmark, with negative impact on EBIT.

Order intake in the fourth quarter increased by 22.1%. The order intake this quarter was evenly spread out between healthcare, education and commercial buildings.

Order backlog for the segment at the end of fourth quarter increased by 11.8% to NOK 620 million.

Year to date 2019 LINK arkitektur

The increase in **net operating revenues** of 4.4% compared to same period in 2018 was mainly driven by higher billing ratio in Norway and improved operations in Denmark. Higher net operating revenues were partly offset by lower project activity in LINK Sweden as consequence of a weaker market.

Operating expenses decreased by 0.5% in the period there was a positive IFRS 16 effect of NOK 19.6 million, recorded on other operating expenses. Adjusted for the IFRS 16 effect,

operating expenses increased by 3.5%, which is lower than the general salary increase and consumer price index (KPI) combined.

EBIT was NOK 20.1 million (NOK 13.1 million), reflecting an EBIT margin of 3.8% in 2019, including a positive IFRS 16 effect of NOK 1.8 million.

Order intake in the period increased by 3.1% to NOK 728.6 million, mainly due to higher order intake in LINK Norway.

ORGANISATION AND HSE

At 31 December 2019 the group had 2 994 (2 934) employees. The employee turnover ratio for the group for the period December 2018 to December 2019 was 11.8% (10.2%).

SUBSEQUENT EVENTS

Multiconsult ASA has renegotiated terms of its loan facilities with Nordea. The overdraft facility of NOK 320 million was renewed for one year and Multiconsult has entered into a new 3-year revolving credit facility of NOK 200 million, replacing an existing NOK 172 million term loan. The terms of the loan facilities have been improved including lower margin and improved covenants, including an increase in the max gearing ratio from 2.0 to 3.0.

On 5 February 2020, Multiconsult announced an Engineering, procurement, construction (EPC) contract award for design

and construction of the S61 Expressway, in Poland. The contract is estimated to generate approximately NOK 34 million to Multiconsult over the next three years.

On 10 January, Multiconsult announced a share repurchase programme referring to the share loan agreement with its largest shareholder Stiftelsen Multiconsult. A share repurchase programme of up to 100 000 of its own shares was initiated for the purpose of delivering the full amount of shares back to Stiftelsen Multiconsult. The programme began 10 January 2020 and will be completed no later than 4 June 2020.

OUTLOOK

The overall market outlook for Multiconsult's services is good across most business areas. The overall pipeline of potential projects coming up for tender over the next 12 months is good.

There are some uncertainties with respect to continued growth in certain sectors such as buildings and properties including architectural services. The ongoing public reforms in Norway is also creating some short-term uncertainties. Political uncertainty, macroeconomic events and competition from

foreign players comprise some key risk factors to Multiconsult's market outlook.

Multiconsult is at the beginning of a turnaround and the next LEVEL programme is on-track. The order backlog is at a high level and provides a good foundation, 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 significant additional risk exposures beyond the ones described in the 2018 Annual Report. However, Multiconsult has identified an increase in the number of and size of potential legal disputes, which potentially may, in adverse circumstances, have negative financial impact.

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.

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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited for the period ended 31 December 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

<i>Amounts in TNOK, except EPS</i>	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating revenues	1 056 918	1 041 507	4 068 683	3 908 638
Expenses for sub consultants and disbursements	152 460	149 346	632 848	573 791
Net operating revenues	904 458	892 161	3 435 835	3 334 848
Employee benefit expenses	720 568	691 567	2 654 431	2 539 494
Other operating expenses	126 509	179 364	482 271	646 221
Operating expenses excl. depreciation and amortisation	847 076	870 931	3 136 702	3 185 715
Operating profit before depreciation and amortisation (EBITDA)	57 381	21 230	299 133	149 133
Depreciation and amortisation	48 635	11 755	192 804	50 130
Operating profit (EBIT)	8 746	9 474	106 329	99 003
Results from associated companies and joint ventures	199	719	(169)	1 661
Financial income	1 014	2 942	3 954	7 718
Financial expenses	15 627	6 218	56 683	18 297
Net financial items	(14 613)	(3 277)	(52 729)	(10 579)
Profit before tax	(5 669)	6 918	53 431	90 085
Income tax expense	4 093	5 150	18 320	26 528
Profit/(loss) for the period	(9 761)	1 768	35 110	63 557
Attributable to:				
Owners of Multiconsult ASA	(9 761)	1 768	35 110	63 557
Earnings per share				
Basic and diluted (NOK)	(0.36)	0.07	1.30	2.36

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in TNOK</i>	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit for the period	(9 761)	1 768	35 110	63 557
Other comprehensive income				
Remeasurment of defined benefit obligations	(1 884)	809	(1 884)	809
Tax	414	(178)	414	(178)
Total items that will not be reclassified to profit or loss	(1 470)	631	(1 470)	631
Currency translation differences	3 480	8 367	(2 450)	(2 462)
Total items that may be reclassified subsequently to profit or loss	3 480	8 367	(2 450)	(2 462)
Total other comprehensive income for the period	2 010	8 998	(3 920)	(1 831)
Total comprehensive income for the period	(7 751)	10 766	31 190	61 726
Attributable to:				
Owners of Multiconsult ASA	(7 751)	10 766	31 190	61 726

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in TNOK</i>	At 31 December 2019	At 30 September 2019	At 31 December 2018
ASSETS			
Non-current assets			
Deferred tax assets	40 322	38 212	44 712
Intangible assets	24 919	30 968	28 228
Goodwill	447 554	446 924	449 049
Property, plant and equipment	112 494	111 396	102 491
Right-of-use assets	898 208	926 613	-
Associated companies and joint ventures	12 509	12 103	12 489
Non-current receivables and shares	4 587	5 057	7 352
Assets for reimbursement of provisions	28 850	31 050	23 300
Restricted cash	13 198	15 000	18 832
Total non-current assets	1 582 643	1 617 324	686 453
Current assets			
Trade receivables	638 476	511 209	666 756
Work in progress	309 034	470 821	343 863
Other receivables and prepaid costs	70 573	72 515	72 854
Restricted cash	3 829	4 263	-
Cash and cash equivalents	69 729	6 954	120 040
Total current assets	1 091 642	1 065 762	1 203 514
Total assets	2 674 284	2 683 086	1 889 966
EQUITY AND LIABILITIES			
Shareholders' equity			
Total paid in equity	91 241	91 242	91 242
Other equity	490 171	500 435	501 969
Total shareholders' equity	581 413	591 678	593 211
Non-current liabilities			
Retirement benefit obligations	6 542	6 172	6 500
Deferred tax	13 074	9 899	12 822
Provisions	36 000	44 641	42 350
Non-current interest bearing liabilities	-	-	175 255
Non current lease liabilities	789 618	818 666	-
Total non-current liabilities	845 234	879 378	236 927
Current liabilities			
Trade payables	160 663	119 583	236 492
Prepayments	133 368	123 062	138 411
Current tax liabilities	17 979	18 615	32 340
VAT and other public taxes and duties payables	333 626	236 093	327 167
Current interest bearing liabilities	178 400	309 175	23 162
Current lease liabilities	124 940	119 685	-
Other current liabilities	298 660	285 818	302 257
Total current liabilities	1 247 637	1 212 031	1 059 830
Total liabilities	2 092 871	2 091 409	1 296 756
Total equity and liabilities	2 674 284	2 683 086	1 889 966

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in TNOK</i>	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	680 378	(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	693 349	(201 713)	10 332	593 211
31 December 2018	13 486	-	77 758	91 242	693 349	(201 713)	10 332	593 211
Dividend	-	-	-	-	(40 456)	-	-	(40 456)
Treasury shares	-	(1)	-	(1)	-	-	-	(1)
Employee share purchase programme	-	-	-	-	(2 532)	-	-	(2 532)
Comprehensive income	-	-	-	-	35 110	(1 470)	(2 450)	31 190
31 December 2019	13 486	(1)	77 758	91 241	685 472	(203 183)	7 882	581 413

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in TNOK	Q4 2019	Q4 2018	FY 2019	FY 2018
Cash flows from operating activities				
Profit before tax	(5 669)	6 918	53 431	90 085
Interest lease liability ¹⁾	8 925	-	37 134	-
Interest expense interest bearing liability	4 996	4 131	11 472	12 151
Income taxes paid	(1 062)	(14 259)	(27 952)	(24 773)
Depreciation, amortization and impairment	13 665	11 755	54 802	50 130
Depreciation right-of-use asset ¹⁾	34 971	-	138 003	-
Results from associated companies and joint ventures	(199)	(719)	169	(1 660)
Other non-cash profit and loss items	867	2 036	860	993
Sub total operating activities	56 494	9 863	267 918	126 925
Trade Payables	41 081	22 060	(75 829)	(3 228)
Trade receivables	(127 267)	(84 400)	28 280	(78 379)
Work in progress	161 787	201 845	34 828	24 584
Other	121 597	159 424	(6 951)	150 143
Total changes in working capital	197 198	298 929	(19 671)	93 120
Net cash flow from operating activities	253 692	308 792	248 246	220 045
Cash flows used in investment activities				
Net purchase and sale of fixed assets and financial non-current assets	(8 294)	(24 527)	(62 837)	(61 199)
Change in restricted cash	2 236	(3 949)	1 805	25 794
Net cash flow used in investment activities	(6 058)	(28 476)	(61 032)	(35 405)
Cash flows from financing activities				
Change in interest-bearing liabilities	(132 235)	(235 779)	(16 473)	(90 360)
Paid interest interest bearing liability	(4 996)	(4 131)	(11 472)	(12 151)
Net change in lease liabilities (interest and installments) ¹⁾	(39 755)	-	(159 827)	-
Paid dividends	-	-	(40 456)	(40 423)
Sale treasury shares	3 579	12 944	3 607	13 497
Purchase treasury shares	(12 053)	(43 104)	(12 192)	(43 841)
Net cash flow from financing activities	(185 460)	(270 070)	(236 813)	(173 278)
Foreign currency effects on cash and cash equivalents	599	3 789	(714)	(987)
Net increase/decrease in cash and cash equivalents	62 774	14 035	(50 312)	10 375
Cash and cash equivalents at the beginning of the period	6 954	106 005	120 040	109 665
Cash and cash equivalents at the end of the period	69 729	120 040	69 729	120 040

1) Net cash flow from financing and operating activities is affected by implementation of IFRS 16. FY 2018 and Q4 2018 are not restated. Lease payments were previously recognised as cash flow from operating activities.

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.

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.

Statements

These interim condensed consolidated financial statements for the fourth 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

These interim condensed consolidated financial statements for the fourth quarter of 2019 were approved by the Board of Directors and the CEO on 25 February 2020.

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.

Q4 2019 <i>Amounts in TNOK</i>	Greater Oslo Area	Regions Norway	Inter- national	LINK arkitektur	Not allocated	Elimi- nations	Total
External revenues	509 526	314 687	88 501	164 931	(20 727)	-	1 056 918
Internal revenues	4 130	107	4 860	3 126	24 348	(36 571)	-
Total operating revenues	513 656	314 794	93 361	168 057	3 621	(36 571)	1 056 918
Net operating revenues	422 081	293 923	60 000	135 090	(5 373)	(1 263)	904 458
Operating expenses	400 425	269 875	56 418	134 081	(13 433)	(290)	847 076
EBITDA	21 656	24 047	3 582	1 009	8 061	(973)	57 381
Depreciation, amortisation, impairment	4 611	15 511	3 653	6 270	18 724	(135)	48 635
EBIT	17 044	8 536	(71)	(5 261)	(10 663)	(838)	8 746
Associates and joint ventures	199	-	-	-	-	-	199
Receivables ¹⁾	411 956	260 052	146 086	218 145		(73 552)	962 687
Number of employees	1 180	875	326	489	124	-	2 994

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

Q4 2018 <i>Amounts in TNOK</i>	Greater Oslo Area	Regions Norway	Inter- national	LINK arkitektur	Not allocated	Elimi- nations	Total
External revenues	497 983	306 061	73 369	160 931	3 164	-	1 041 507
Internal revenues	8 234	-	4 883	10 770	317	(24 204)	-
Total operating revenues	506 217	306 061	78 252	171 701	3 481	(24 204)	1 041 507
Net operating revenues	418 400	279 108	55 333	140 536	(1 215)	-	892 161
Operating expenses	409 578	274 074	52 714	132 809	1 756	-	870 932
EBITDA	8 821	5 034	2 619	7 726	(2 971)	-	21 230
Depreciation, amortisation, impairment	3 778	5 379	240	1 782	577	-	11 755
EBIT	5 044	(345)	2 379	5 945	(3 548)	-	9 474
Associates and joint ventures	227	-	-	492	-	-	719
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.

FY 2019 <i>Amounts in TNOK</i>	Greater Oslo Area	Regions Norway	Inter- national	LINK arkitektur	Not allocated	Elimi- nations	Total
External revenues	1 873 193	1 226 012	323 863	651 187	(5 572)	-	4 068 683
Internal revenues	7 805	236	20 770	12 042	26 633	(67 486)	-
Total operating revenues	1 880 998	1 226 248	344 634	663 229	21 061	(67 486)	4 068 683
Net operating revenues	1 572 343	1 129 463	228 417	535 798	(25 135)	(5 051)	3 435 835
Operating expenses	1 471 622	1 002 636	200 320	490 414	(23 795)	(4 495)	3 136 702
EBITDA	100 721	126 827	28 097	45 384	(1 340)	(556)	299 133
Depreciation, amortisation, impairment	29 169	73 717	13 389	25 267	51 797	(535)	192 804
EBIT	71 552	53 110	14 708	20 117	(53 136)	(21)	106 329
Associates and joint ventures	(169)	-	-	-	-	-	(169)
Receivables ¹⁾	411 956	260 052	146 086	218 145	-	(73 552)	962 687
Number of employees	1 180	875	326	489	124	-	2 994

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

FY 2018 <i>Amounts in TNOK</i>	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:

<i>Amounts in MNOK</i>	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Buildings & Properties	400.2	441.3	1 599.3	1 729.9
Transportation	303.3	295.6	1 175.8	977.2
Renewable Energy	103.5	101.9	384.3	439.9
Water & Environment	104.8	82.1	393.0	301.7
Industry	60.8	57.5	230.9	218.8
Cities & Society	51.0	35.5	173.3	141.5
Oil & Gas	33.4	27.7	112.1	99.6
Total	1 056.9	1 041.5	4 068.7	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.

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

There were no significant events and transactions in the period.

NOTE 8: Related party transactions

Multiconsult entered into a share loan agreement with its largest shareholder Stiftelsen Multiconsult. The deal was entered into on 4 December 2019 for a loan of 100 000 Multiconsult shares in connection with the execution of the 2019 employee share purchase programme. Multiconsult will deliver the full amount of shares back to Stiftelsen Multiconsult no later than six months from the date of agreement.

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 16 treasury shares as of 31 December 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.

	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit for the period (in TNOK)	(9 761)	1 768	35 110	63 557
Average no shares	26 919 639	26 970 394	26 957 519	26 970 289
Earnings per share (NOK)	(0.36)	0.07	1.30	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

<i>Amounts in TNOK</i>	31 Dec 2019	31 Dec 2018
Multiconsult ASA	178 400	193 500
Finance lease liabilities	-	3 544
Other	-	1 373
Total	178 400	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 0.7 million at 31 December 2019 (gain of NOK 0.3 million at 30 September 2019).

Multiconsult ASA has an overdraft loan facility of NOK 320.0 million, which is part of a cash pool. The cash pool is a multi-currency and multi-account system for Multiconsult Norge AS, LINK arkitektur AS, Iterio AB, Multiconsult UK Limited and Johs Holt AS where Multiconsult ASA is the owner of the cash pool's top account and the debtor of the facility. In addition, Multiconsult ASA has a loan agreement with Nordea Bank of NOK

172.0 million, this loan is due in October 2020 and classified as current interest-bearing debt. The loan agreements include a covenant requiring that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times last twelve months EBITDA (the gearing ratio), and a covenants requiring an equity ratio of at least 25 per cent, reported quarterly. Covenant ratios are calculated excluding IFRS 16 effects. The definition of the EBITDA under the loan agreements was amended after 30 September 2019 with effect from 30 August 2019. Multiconsult ASA is in compliance with its financial covenants at 31 December 2019. During the first quarter of 2020 Multiconsult ASA renegotiated its loan portfolio with Nordea, see section Subsequent Events in this report.

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 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

<i>Amounts in TNOK</i>	Previously operating lease		Previously finance lease		Total	
	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	39 963	39 963	1 168	1 450	41 131	41 413
Depreciation	(138 004)	-	(1 565)	-	(139 569)	-
Interest expense	-	37 134	-	-	-	37 134
Lease payments (interest and installments)	-	(158 458)	-	(1 369)	-	(159 827)
Terminations	(4 251)	(4 332)	-	-	(4 251)	(4 332)
Currency	(1 356)	(1 520)	(7)	(14)	(1 363)	(1 534)
Balance 31 December 2019	894 510	910 947	3 699	3 612	898 208	914 558

Effect of IFRS 16 on profit and loss

<i>Amounts in TNOK</i>	Q4 2019	YTD 2019
Increase in EBITDA (lease payments in 2019, excluding those relating to previously reported finance leases)	39 376	158 538
Increase depreciation	(34 971)	(138 004)
Effect EBIT	4 405	20 535
Interest expense	(8 926)	(37 135)
Profit before tax	(4 520)	(16 600)

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

<i>Amounts in MNOK (except percentage)</i>	Q4 2019	Q4 2018	FY 2019	FY 2018
Net operating revenues	904.5	892.2	3 435.8	3 334.8
Estimated calendar effect	0.0	0.0	0.0	0.0
Adjusted net operating revenues	904.5	892.2	3 435.8	3 334.8
Reported employee benefit expenses	720.6	691.6	2 654.4	2 539.5
Reported other operating expenses	126.5	179.4	482.3	646.2
Operating expenses	847.1	870.9	3 136.7	3 185.7
Adjusted EBITDA	57.4	21.2	299.1	149.1
Depreciation, amortisation and impairments	48.6	11.8	192.8	50.1
Adjusted EBIT	8.7	9.5	106.3	99.0
Adjusted EBITDA margin (%)	6.3%	2.4%	8.7%	4.5%
Adjusted EBIT margin (%)	1.0%	1.1%	3.1%	3.0%

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

Net interest bearing debt

<i>Amounts in MNOK</i>	31 Dec 2019	30 Sept 2019	FY 2018
Non-current interest bearing liabilities (including IFRS 16 leases)	789.6	818.7	175.3
Current interest bearing liabilities (including IFRS 16 leases)	303.3	428.9	23.2
Restricted cash non-current and current	17.0	19.3	18.8
Cash and cash equivalents	69.7	7.0	120.0
Interest bearing debt including IFRS 16 lease liabilities	1 006.2	1 221.3	59.5
Less non-current and current IFRS 16 lease liabilities	914.6	938.0	0.0
Net interest bearing debt	91.6	283.0	59.5

Equity ratio group

<i>Amounts in MNOK</i>	31 Dec 2019	30 Sept 2019	FY 2018
Equity	581.4	591.7	593.2
Total assets	2 674.3	2 683.1	1 890.0
Equity ratio	21.7%	22.1%	31.4%
Equity ratio (Excl IFRS 16)	33.6%	34.3%	31.4%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

<i>Amounts in TNOK</i>	Q4 2019	YTD 2019	Q4 IFRS 16 adjustment	YTD IFRS 16 adjustment	Q4 2019 excl IFRS 16	YTD 2019 excl IFRS 16
Net operating revenues	904 458	3 435 835	-	-	904 458	3 435 835
Operating expenses excl. depreciation and amortisation	847 076	3 136 702	39 376	158 538	886 452	3 295 240
Operating profit before depreciation and amortisation (EBITDA)	57 381	299 133	(39 376)	(158 538)	18 005	140 595
Depreciation and amortisation	48 635	192 804	(34 971)	(138 004)	13 664	54 800
Operating profit (EBIT)	8 746	106 329	(4 405)	(20 535)	4 341	85 794
Results from associated companies and joint ventures	199	(169)	-	-	199	(169)
Net financial items	(14 613)	(52 729)	8 926	37 135	(5 687)	(15 594)
Profit/(loss) before tax	(5 669)	53 431	4 520	16 600	(1 148)	70 031

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in TNOK</i>	At 31 Dec 2019	IFRS 16 adjustment	At 31 Dec 2019 excl IFRS 16
ASSETS			
Total non-current assets	1 582 643	894 510	688 133
Total assets	2 674 284	894 510	1 779 774
EQUITY AND LIABILITIES			
Total shareholders' equity	581 413	(16 437)	597 850
Total liabilities	2 092 871	910 947	1 181 924
Total equity and liabilities	2 674 284	894 510	1 779 774

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