

29 April 2021

Press release from ÅF Pöyry

For further information:

Jonas Gustavsson, President and CEO, +46 70 509 16 26

Juuso Pajunen, CFO, +358 10 33 26 632

Interim Report January-March 2021

Stable result and a continued positive development

"We noted a stabilisation of the market during the first quarter with growing demand for sustainable and digital solutions. We delivered a stable result with organic growth, while at the same time accelerating our acquisition agenda with seven acquisitions since the beginning of the year", said Jonas Gustavsson, President and CEO.

First quarter 2021

- Net sales amounted to SEK 4,999 million (5,255)
- EBITA, excl. items affecting comparability, was SEK 432 million (474)
- EBITA margin, excl. items affecting comparability, was 8.6 percent (9.0)
- EBITA totalled SEK 432 million (474)
- EBITA margin was 8.6 percent (9.0)
- EBIT (operating profit) amounted to SEK 401 million (411)
- Basic earnings per share: SEK 2.66 (2.48)

COMMENTS BY THE CEO JONAS GUSTAVSSON

We noted a stabilisation of the market during the first quarter with growing demand for sustainable and digital solutions. We delivered a stable result with organic growth, while at the same time accelerating our acquisition agenda with seven acquisitions since the beginning of the year.

Performance in the first quarter

We saw continued stabilisation of the market as a whole, although the ongoing pandemic is still having a negative impact on demand in certain segments. Net sales amounted to SEK 4,999 million (5,255), which corresponds to an organic growth of 0.5 percent, adjusted for calendar effects. The Process Industries, Energy and Management Consulting Divisions, as well as several of our industrial segments, most notably Food & Life Science, showed strong organic growth compared to the previous year. On the other hand, there was a continued weak demand in real estate and to some extent the automotive segment. However, improved activity levels were noted at the end of the quarter.

EBITA, excluding items affecting comparability was SEK 432 million (474), and the corresponding EBITA margin was 8.6 percent (9.0). The method for allocating payroll expenses between quarters was changed in connection with the implementation of our new ERP system. This change, which has a neutral impact on the full year, impacted EBITA by SEK 28 million in the first quarter. The second quarter will also be negatively impacted. When adjusted for this change, the margin was 9.2 percent in the first quarter. The quarter also contained one less working day, which had a negative impact on the margin. The improved underlying result is explained by a

positive development in four out of five divisions.

The order book is at a continued stable level. We have a strong financial position with stable cash flow and net debt/EBITDA, excluding the effect of IFRS 16 and items affecting comparability, amounted to 1.7x (2.3). The strong balance sheet enables further acquisitions.

Successful implementation of a new system landscape

The ongoing implementation of a modern system landscape is vitally important for AFRY's development, both in terms of driving growth and enabling sustained efficiency enhancements and integration of joint processes. The implementation of our new ERP system is progressing according to plan and is being rolled out in stages. In addition, we have successfully implemented a modern CRM and HR system throughout the Group over the past half-year.

Performance of the divisions

The Infrastructure Division is continuing to be affected by a dampened demand in the real estate segment, where projects, especially within new construction, are still being postponed due to the uncertainty of the ongoing pandemic. The market for transport infrastructure is stable and demand in the areas of water and the environment is continuing to increase in Europe.

The Industrial & Digital Solutions Division showed a positive performance with an improving level of activity in the automotive segment, albeit from low levels. Demand in Food & Life Science is continuing to develop positively.

The Process Industries Division performed well, particularly in Sweden, Finland and Latin America, with large projects progressing as planned. The market continued to recover, especially in smaller scale and mid-sized investments.

The Energy Division performed strongly, particularly within Nuclear in the Nordics and Central Europe. The Covid-19 pandemic continued to have an impact on the division during the quarter with slower start-ups of new projects but the outlook for the energy sector as a whole is gradually improving.

The Management Consulting Division delivered strong results driven by an increased activity level in the energy and bioindustry sector and our investments in growth in our core markets during 2020.

Sustainable solutions among our clients

We entered into several exciting agreements and I would like to highlight our new partnership with Vattenfall. The agreement, which will run for three years, is worth around SEK 800 million and means that AFRY's experts will deliver expertise and project commitments in sustainable energy production. Our large experience bank when it comes to energy issues and our solutions that connect infrastructure, process, environment, energy and digital solutions will contribute to AFRY, together with Vattenfall, further strengthening the position as a leader in future sustainable energy solutions.

A leader in digitalisation

AFRY aims to be a leader in industrial digitalisation and to be the best at applying digital technology in our core sectors. Within the next five years, our target is to triple revenue from the digital area. Per Kristian Egseth, who has most recently joined from Hitachi, has been appointed Head of AFRY X and will take up his position in May to lead the digital growth platform. In line with this strategy, we recently acquired the systems and software company Evolve, which focuses on digital services in areas such as medtech, finance, retail and cyber security. The acquisition will further strengthen our digital position and contribute to our mission to accelerate the transition to a sustainable society.

Collaboration with the Norrsken Foundation

We entered into a collaboration with Norrsken during the quarter to join forces and accelerate the transition towards a sustainable society. Our 16,000 experts across the globe have extensive knowledge and experience in the areas of sustainability and digitalisation. Through the collaboration with Norrsken's entrepreneurs in areas such as infrastructure, bioindustry, clean energy and food & life science we will exchange knowledge and experiences in order to drive innovation, ensure digitalisation and scale up solutions that promote the transition.

Focus on growth and an accelerated acquisition agenda

In 2021 we will intensify our efforts to grow organically and meet our clients' demands through a strong focus on diversity and extensive sector experience in our recruitment process. We will also accelerate our acquisition agenda based on our strengthened balance sheet and updated growth strategy. In total, four small acquisitions were completed during the quarter, while three additional acquisitions were communicated after the end of the quarter. Annual sales for all of these amount to around SEK 220 million. We continue to see numerous opportunities and are working on several more promising acquisition candidates.

Outlook

There is strong demand in our segments exposed to industry, while the transition in society requiring sustainable solutions is also driving an underlying demand for our infrastructure services.

We are seeing a clear shift in demand among our clients for sustainable solutions, and we are well positioned to take a leading role in the transition thanks to the strong position we have built up in the areas of sustainability and digitalisation. We have increased our focus on growth and have a positive view of AFRY's opportunities for a good development in 2021 together with our clients, employees and partners.

ÅF Pöry AB (publ), SE-169 99 Stockholm, Sweden
Visitors' address: Frösundaleden 2, 169 70 Solna, Sweden
Tel. +46 10 505 00 00 Fax +46 10 505 00 10
www.afry.com / info@afry.com
Corporate ID number 556120-6474

This report has not been subjected to scrutiny by the company's auditors.

This information fulfils ÅF Pöry AB's (publ) disclosure requirements under the provisions of the EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the agency of the contact person set out above at 11.00 CET on 29 April 2021.

All assumptions about the future that are made in this report are based on the best information available to the company at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

This is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.

The full report including tables (pdf) is available for download.

Link to press-images

<https://afry.com/en/newsroom/press-images-logo>