

Q4 report Oct-Dec 2020

JONAS GUSTAVSSON, CEO / JUUSO PAJUNEN, CFO / FEBRUARY 5, 2021

Strengthened profitability and continued recovery in Q4

Q4 2020

Net sales: SEK 4,907 million (5,447)

EBITA*: SEK 490 million (516)

EBITA-margin: 10.0% (9.5)

Jan-Dec 2020

Net sales: SEK 18,991 million (19,792)

EBITA*: SEK 1,635 million (1,731)

EBITA-margin: 8.6% (8.7)

- Improved profitability due to extensive measures
- Strengthened balance sheet - increased focus on growth
- Growth impacted by Covid-19 (-5.5% excl. FX)
- FX negatively impact of Net sales of approx. 200 MSEK and EBITA approx. 20 MSEK
- Stabilisation and cautious recovery within all segments, but still uncertainty
- Long-term cost savings for full-year of SEK 210 million (vs SEK 120 million previously announced)
- The Board of Directors proposes a dividend of SEK 5.00 per share

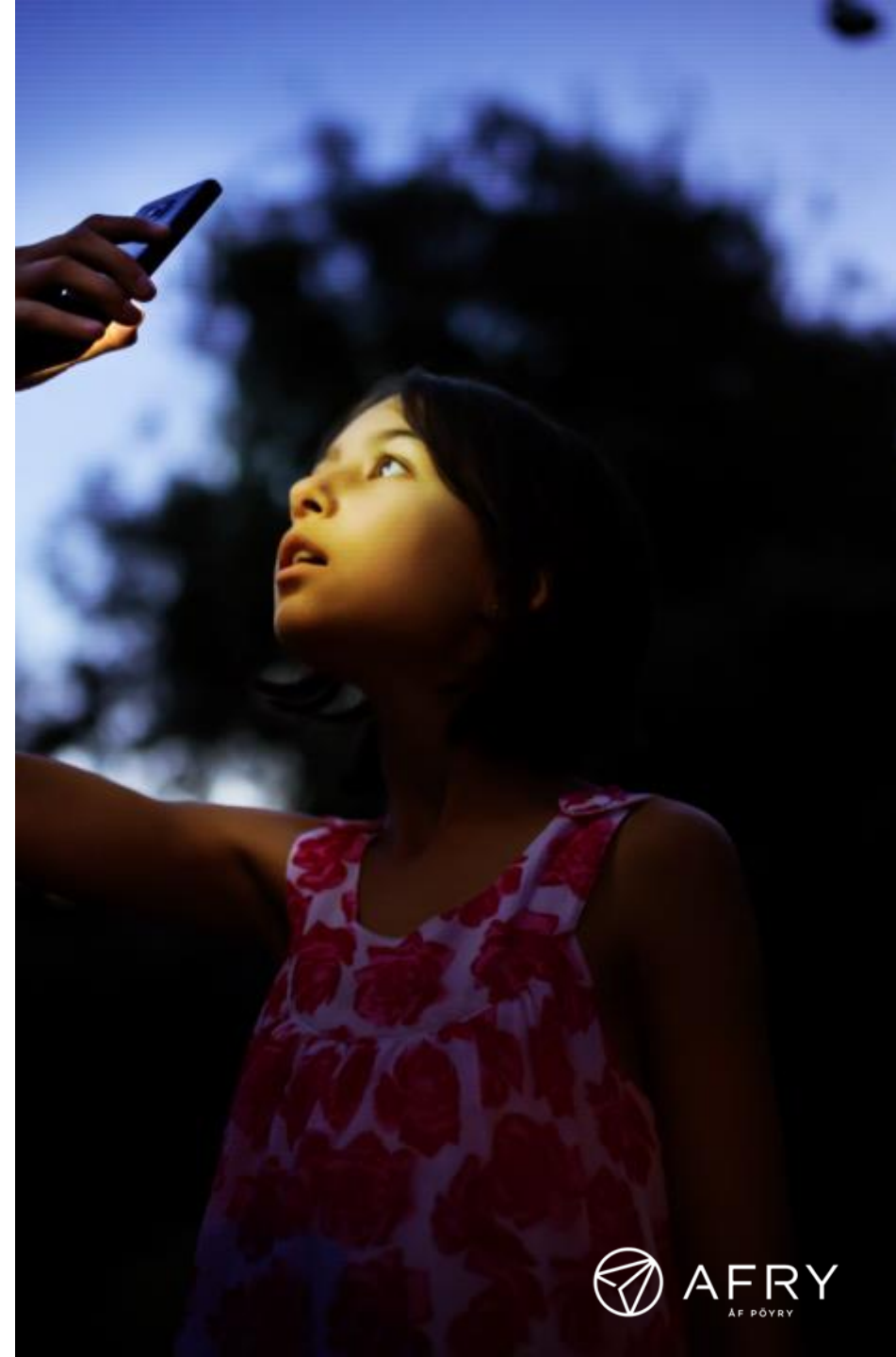
2020 an eventful year

- A challenging year where Covid-19 had a big impact, strong measures taken to mitigate the effects
- High delivery capacity to our clients
- Revised strategy launched focused on growth, sustainability and digitalisation
- Successful repositioning of Division Energy and also the automotive segment
- Ramped-up acquisition agenda
- Established our new brand and one of the most attractive employers in Sweden
- New partnerships e.g:
 - *1.5°C Business Playbook for exponential climate action*
 - *Gapminder Foundation*
 - *Science Based Targets' Initiative*



Market update




- Continued impact from Covid-19, however recovery and increased optimism
- Overall solid underlying long-term demand driven by sustainability and digitalisation
- In **Infrastructure**, healthy underlying demand however slower development in real estate
- In **Industrial & Digital Solutions** continued impact on automotive while strong demand in food & life science
- Strong demand in **Process Industries** and large projects continue as planned
- Stable demand in **Energy**, although some project delays in hydro, thermal and renewables
- In **Management Consulting**, strong demand within energy consulting business



Projects to highlight

- Planning of the eastern leg of new tramway line in Vantaa, Finland
- Technical systems design for section of the Swedish West Link for Trafikverket
- Engineering assignment for SCA's new pulp production in Ortviken, Sweden
- Engineering assignment for Metsä Fiber for the sawmill in Rauma and bioproduct factory in Kemi, Finland
- Framework agreement with Scania in product development
- Construction of seaweed factory for Volta Greentech in Lysekil, Sweden
- Owner's engineer services assignment for cogeneration power plant project in Thailand

Acquired growth in targeted geographies

	Company	Segment	Approx net sales	OUR GROWTH AMBITION
	ProTak	Digital, Process Industries	MSEK 13*	<ul style="list-style-type: none"> - Top position in all countries with focus on transforming segments - Ramping up recruitment and attracting talents – organic growth - Ramping up M&A-agenda <ul style="list-style-type: none"> - Bolt-on acquisitions - Strategic platforms
	Lexter	Lighting, Infrastructure	MSEK 16	
	EKOM	Water expertise, Energy	MSEK 5*	
	Ramentor	Digital, Energy	MSEK 7	
	 ITE Østerhus	Digital, Process Industries	MSEK 40*	

*Acquired after the period

Net Sales development

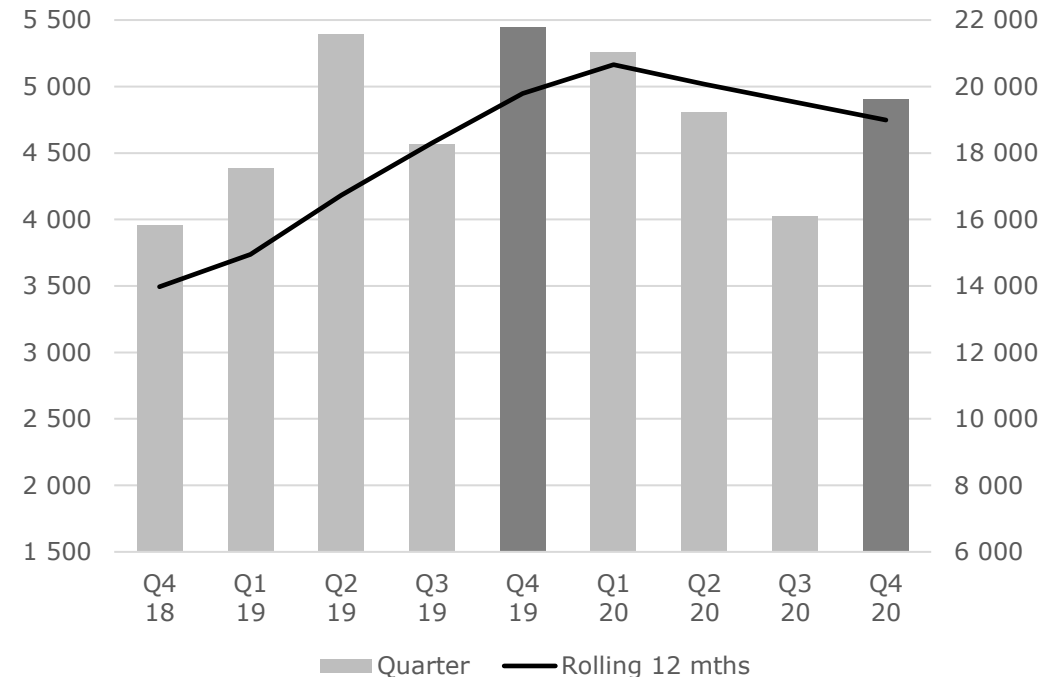
Q4 2020

- Total growth: -9.9%
- Growth excl. FX: -5.5%
- Adjusted/underlying organic growth: -6.5%

COMMENTS

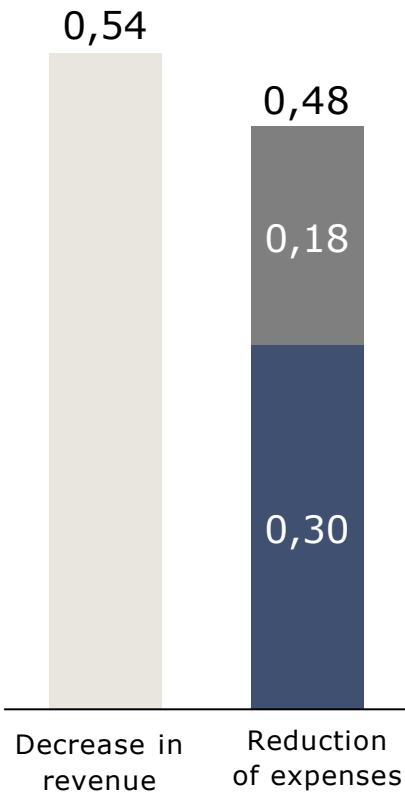
- FX-impact approx. -200 MSEK
- Continued impact from Covid-19, especially in automotive and manufacturing
- Growth also affected by the repositioning of Division Energy and decrease in real estate
- Order backlog in local currency at a stable level
- Stabilisation and cautious recovery within all segments compared with Q3

NET SALES, MSEK

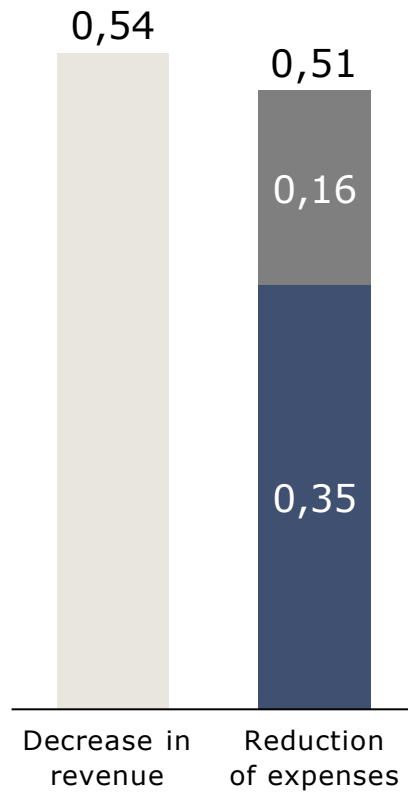



Continued cost savings from indirect expenses

Q3 Change vs. PY, BSEK



Q4 Change vs. PY, BSEK



 Reduced EBITA of approx. 0,03 BSEK

Direct project expenses:
Materials, subconsulting and other project related expenses reduced along with the sales

Indirect expenses:
Other expenses such as personnel expenses, facility, IT etc.

*) FX- also reducing both revenue and costs



EBITA development

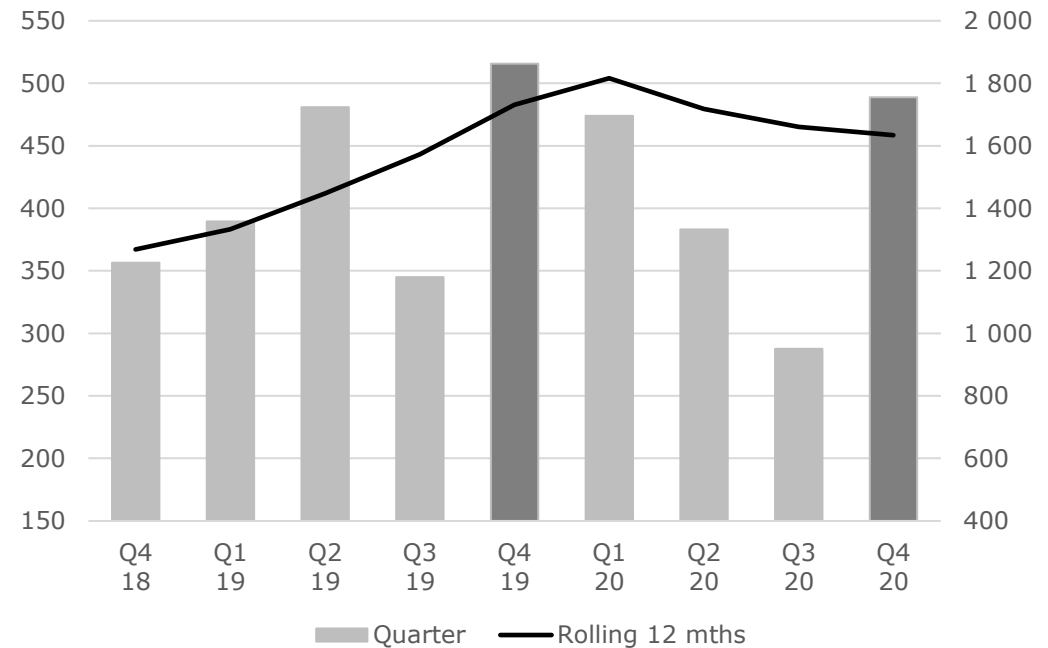
Q4 2020*

- EBITA amounted to SEK 490 million (516)
- EBITA margin up to 10.0% (9.5)

COMMENTS

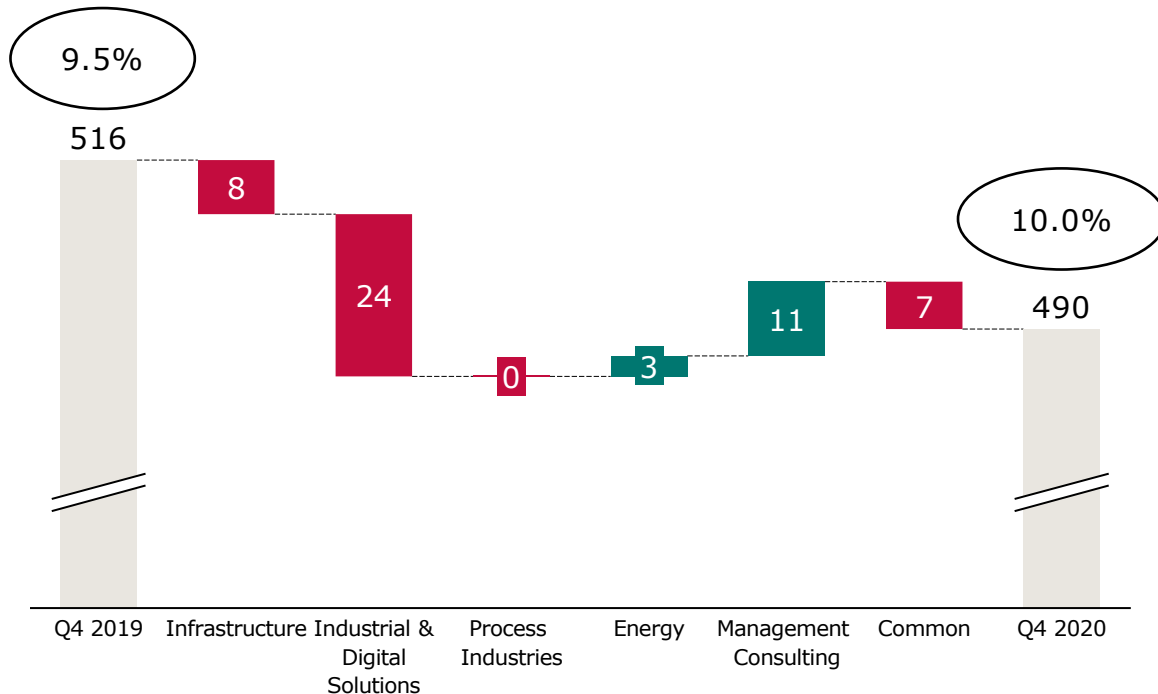
- Improved margin in line with our long-term goal of 10 percent, despite revenue decline
- 4 out of 5 divisions showed an improved margin compared with last year
- FX-impact of approx. SEK -20 million
- Strong positive impact from efficiency program and general cost savings

EBITA, MSEK*



* Excl. items affecting comparability

EBITA-bridge

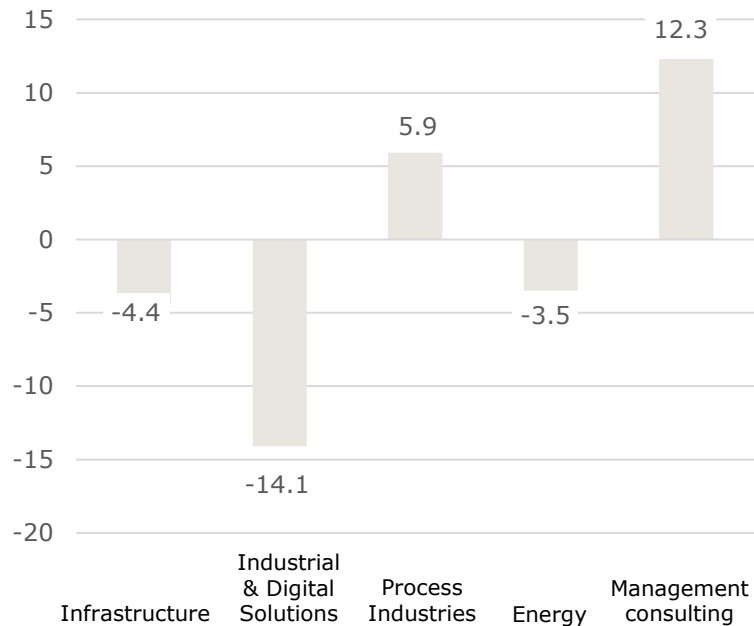


EBITA CHANGE COMPARED TO PREVIOUS YEAR

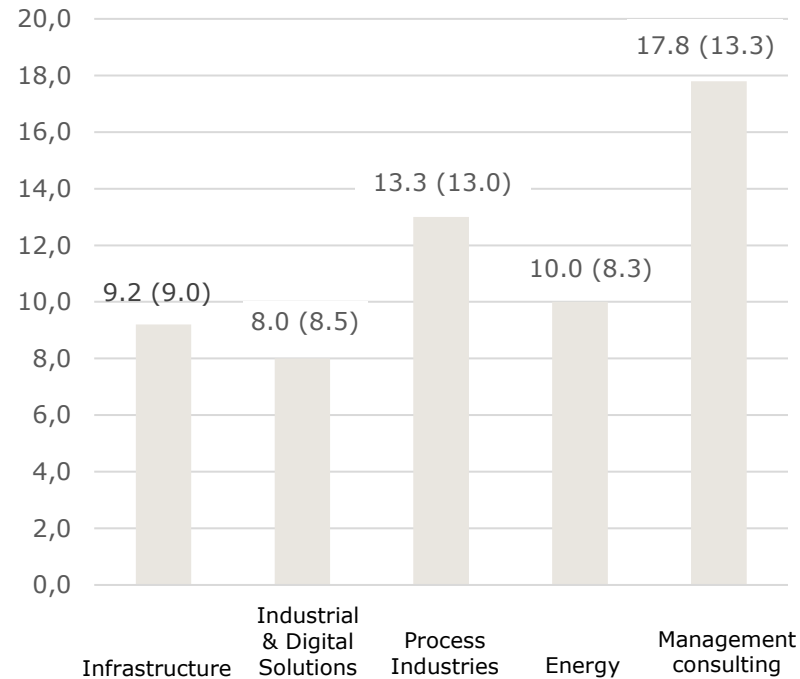
- Calendar impact approx. 5 hours more, due to timing, limited revenue impact
- Divisions impacted differently by Covid-19 however impact continue to stabilise in especially automotive and real estate segments
- Operationally Process Industries, Energy and Management Consulting improving, but all impacted by negative translation differences in FX
- Repositioning of Energy providing results, Management Consulting supported by success fees and Covid-19 savings

Growth and profitability

Q4 ORGANIC GROWTH, % ADJUSTED WITH CALENDAR EFFECTS



Q4 EBITA, % (previous year)



INFRASTRUCTURE

— Growth negatively impacted by the real estate segment. Strong development within Water and Environment.

INDUSTRIAL & DIGITAL SOLUTIONS

— Growth and profitability down due to automotive segment. Strong development in Food & Pharma.

PROCESS INDUSTRIES

— Strong development in Sweden, Finland and Latin America. Profitability on a high and stable level.

ENERGY

— Decline in growth due to the repositioning and completion of a large EPC+ project. Improved profitability.

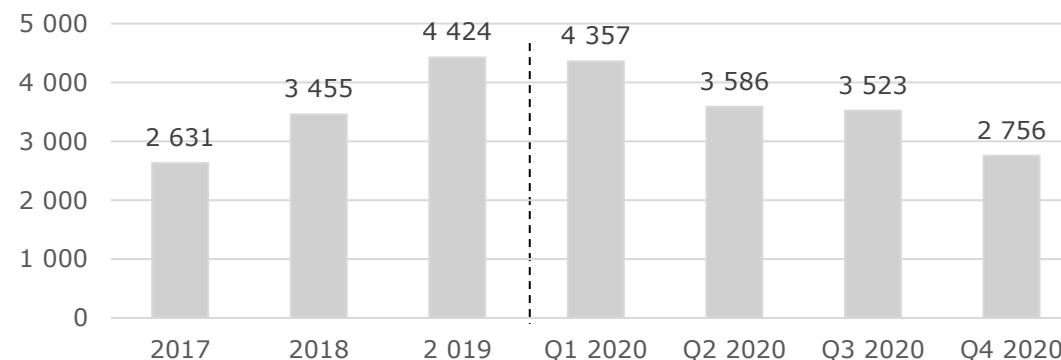
MANAGEMENT CONSULTING

— Strong development with the Energy consulting business.

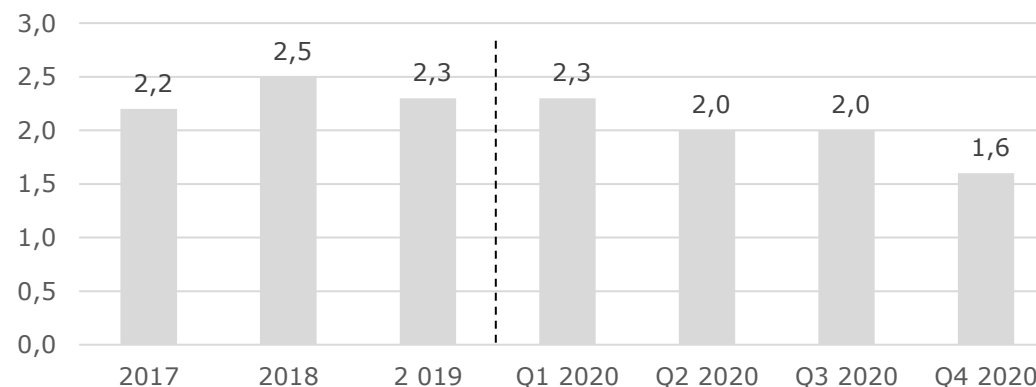
Net debt development – strong liquidity

- Net Debt at SEK 2,756 million, a decrease by SEK 1,668 million compared to Q4 2019
- Solid financial position with Adjusted Net Debt/EBITDA at 1.6 (2.3)
- No signs of delays in customer payments
- Available liquid assets of SEK 1,930 million and unutilised credit lines of SEK 3,050 million
- The Board of Directors proposes a dividend of SEK 5.00 per share

Net Debt¹, MSEK



Net Debt/EBITDA²



1. Excl. Item affecting comparability and IFRS16

2. Calculated excluding IFRS16 impact, including Pöyry for rolling 12m and excluding items affecting comparability

New strategy focused on growth

WHO WE ARE →

OUR VISION
Making Future

OUR MISSION
We accelerate the transition towards a sustainable society

OUR VALUES
Brave
Devoted
Team players

OUR PEOPLE
Inclusive and diverse teams with deep sector knowledge

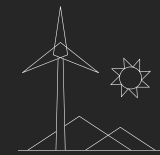
OUR AMBITION →

A European leader in sustainable engineering, design and advisory with a global reach

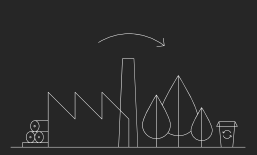
HOW WE GET THERE →

- 1 Drive growth in targeted geographies – organic and acquired
- 2 Target transforming segments that shows secular growth – where we have a strong position in the customer value chains
- 3 Develop AFRY Digital – a new strategic growth platform
- 4 Lead in sustainable solutions to drive impact and growth
- 5 Deliver best in class operations to drive growth and scalability

CLEAN ENERGY



BIOINDUSTRY



INFRASTRUCTURE



FOOD & LIFE SCIENCE



Focus going forward

- Market recovery and increased optimism
- Strengthened balance sheet - focus on growth
- Develop digital growth platform
- Accelerate sustainable transition in line with green recovery
- Starting up 2021 with strong platform and positive momentum

Financial targets unchanged

GROWTH	EBITA	NET DEBT / EBITDA
10%	10%	2.5

Digital revenue next 5 years

CURRENT DIGITAL REVENUE	OF GROUP REVENUE
3X	>20%

Sustainable Cost savings

2019	2020
218	210



Questions

Thank you!