

# Q3 report Jan-Sep 2023

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# Continued growth in a challenging quarter

- Mixed market; with strong underlying demand in the energy sector
  - Strong growth and solid order stock, however sequentially lower growth
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- Result impacted by negative calendar effect and volatility in certain segments leading to lower utilisation rate
  - Strong results in Process Industries, Energy and Management Consulting
  - Weak performance in Infrastructure, Industrial & Digital Solutions and AFRY X
- 
- New division heads for Infrastructure and Industrial & Digital Solutions
  - Extended improvement program in Infrastructure and restructuring of AFRY X

6,059

Net sales, SEK million

14.3

Total growth, %

8.9

Adj. organic growth, %

326

EBITA, SEK million

5.4

EBITA margin, %

Note: EBITA and EBITA margin excluding items affecting comparability



# Market update

## INDUSTRIAL SECTOR

- Mixed market with strong or solid demand in defence and automotive, while longer decision making and postponed project in some segments, e.g pulp & paper CAPEX investments

## ENERGY SECTOR

- Strong demand driven by green capex industry investments

## INFRASTRUCTURE SECTOR

- Continued weak real estate segment in Finland and Sweden
- Public investments in infrastructure and transport at a stable level

# Development by division

## Infrastructure

8.9% adj. organic growth  
3.0% EBITA margin



## Process Industries

8.4% adj. organic growth  
9.5% EBITA margin



## AFRY X\*

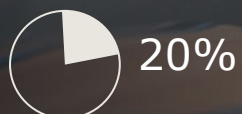
2.4% adj. organic growth  
-3.7% EBITA margin



\*Dismantled as of Oct 1

## Industrial & Digital Solutions

6.1% adj. organic growth  
5.5% EBITA margin



Share of net sales Q3, 2023

## Energy

9.5% adj. organic growth  
9.1% EBITA margin



## Management Consulting

13.4% adj. organic growth  
12.0% EBITA margin





Tram project  
in Tammerfors, Finland



Wind power project  
in the Baltics



Future Mill Metsä Tissue  
in Mariestad, Sweden





# Changes in Group Executive Management

**Robert Larsson,  
Head of Division Infrastructure**

Experienced leader with more than 25 years of deep knowledge from industrial companies

**Martin Öman,  
Head of Division Industrial & Digital Solutions**

Customer focused leader with more than 20 years of experience in global industrial companies



# Extended improvement program in Infrastructure and restructuring of AFRY X

## INFRASTRUCTURE

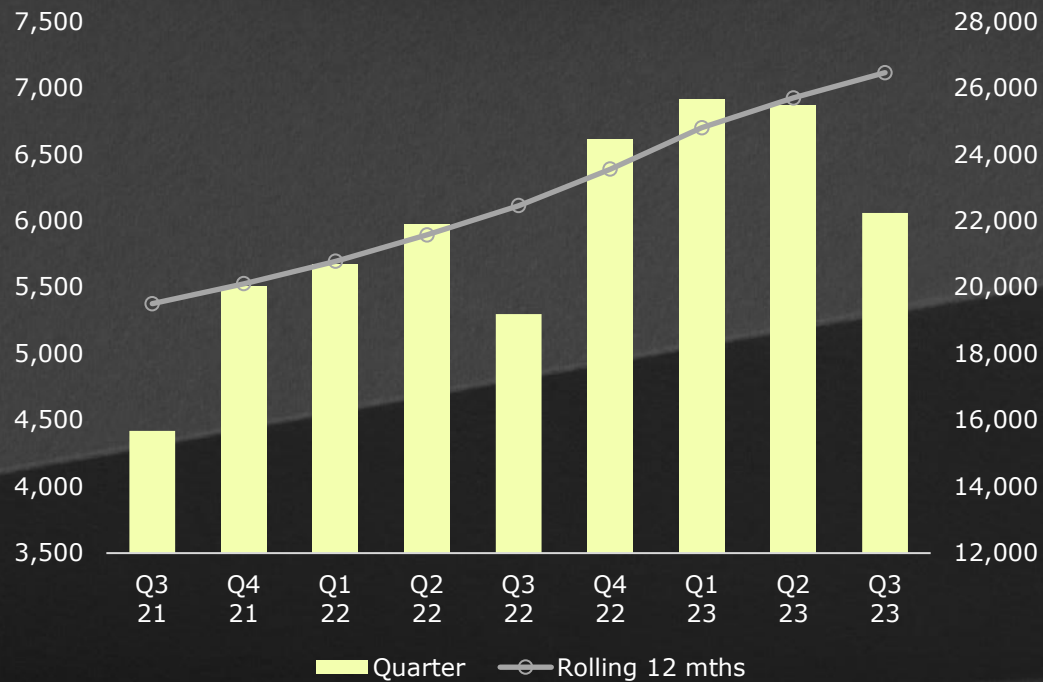
- Structural and capacity adjustments with a planned reduction of approximately 300 full-time positions, whereof 150 positions in Sweden and Finland in Q4 and 150 positions during H1 2024
- Estimated restructuring costs in Q4 of SEK 50 million
- Measures to strengthen commercial management and resource planning
- Intensified portfolio review

## AFRY X

- AFRY X dismantled as a division
- Staff reductions and structural changes involving 45 full-time positions
- Restructuring cost of SEK 16 million in Q3
- Further improvement activities in Q4

# Net sales development

NET SALES, SEK MILLION



Q3 2023

**SEK 6,059 million**

Net sales

**14.3%**

Total growth

**8.9%**

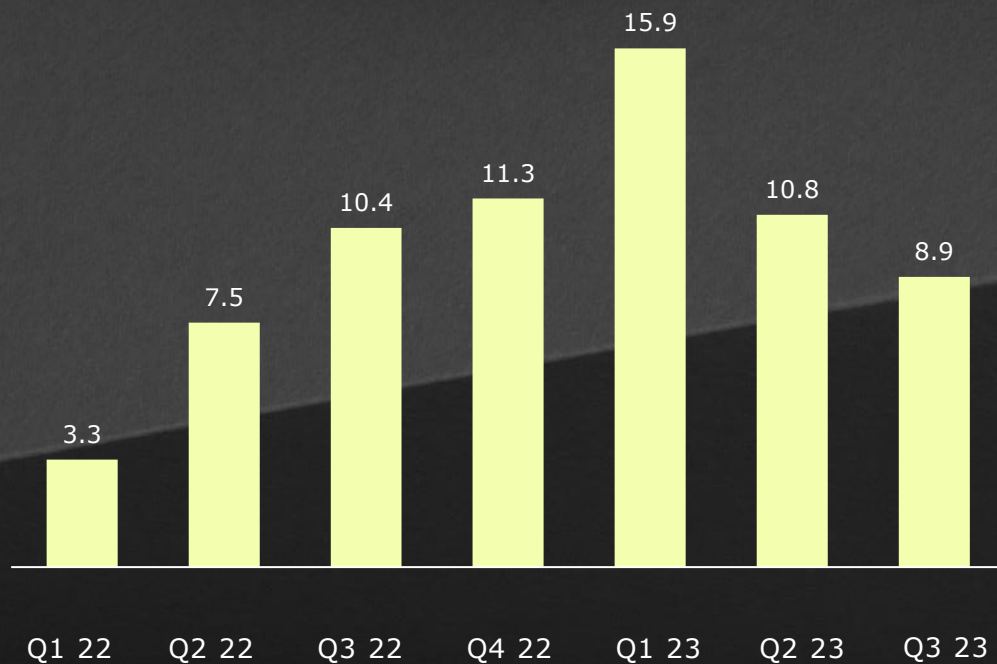
Adjusted  
organic growth

- Continued strong organic growth, supported by sustained level of price increases
- Order stock remains at a high level, SEK 20 billion



# Strong growth remains but fading sequentially

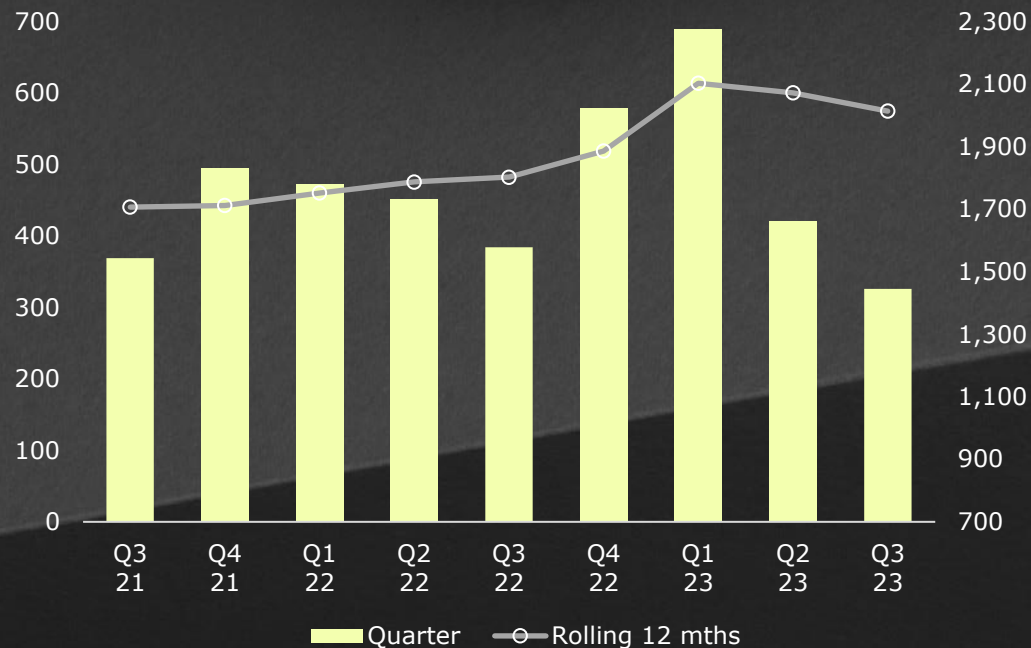
ADJUSTED ORGANIC GROWTH, %



- Growth rates clearly coming down from peak levels in Q1 2023
- First quarter since Q2 2022 with lower than 10% adjusted organic growth
- Similar pattern on order stock development

# EBITA development

EBITA, SEK MILLION



Q3 2023

**SEK 326 million**

EBITA

**5.4%**

EBITA margin

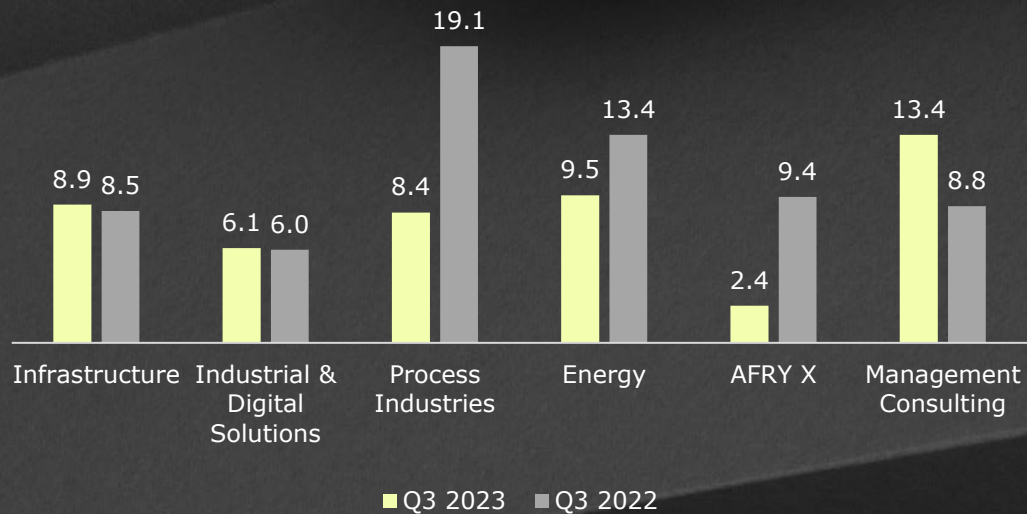
- EBITA margin development mainly impacted by a negative calendar effect and a lower utilisation rate
- Restructuring of AFRY X in Q3, 16 MSEK accrued as IAC

EBITA and EBITA margin excluding items affecting comparability



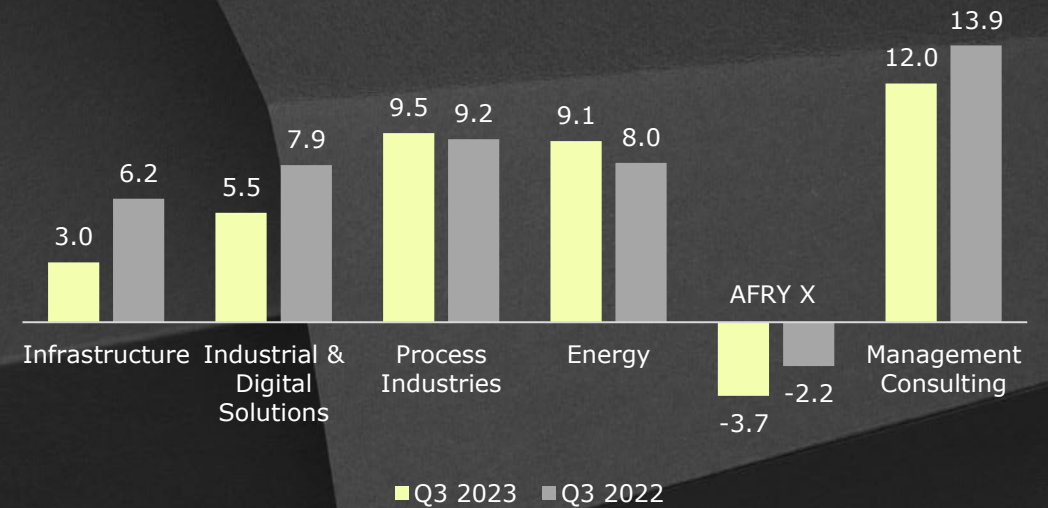
# Development by division

ADJUSTED ORGANIC GROWTH, %



- Positive adjusted organic growth across all divisions
- Management Consulting continued strong growth, only division with higher than 10% growth

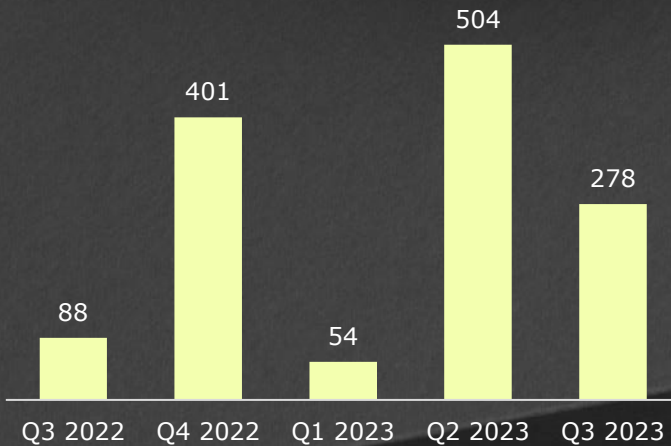
EBITA MARGIN, %



- Process Industries, Energy and Management Consulting continued strong results in a seasonally weak quarter
- Infrastructure impacted by the slowdown in the real estate market and a negative project item
- Industrial & Digital Solutions reported weak results due to lower utilisation levels in certain segments

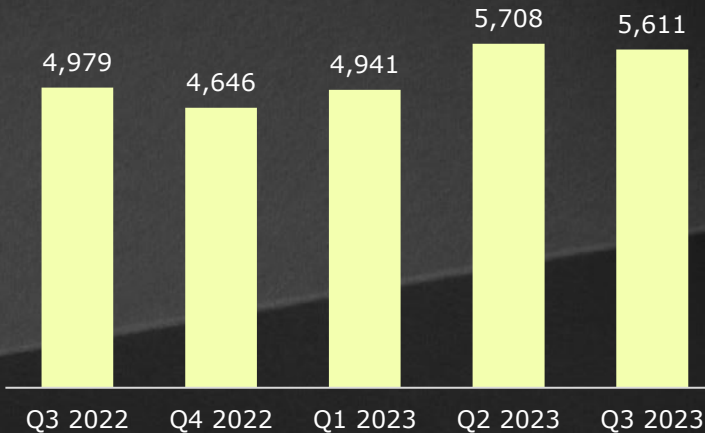
# Cash flow and financial position

OPERATING CASH FLOW, SEK MILLION



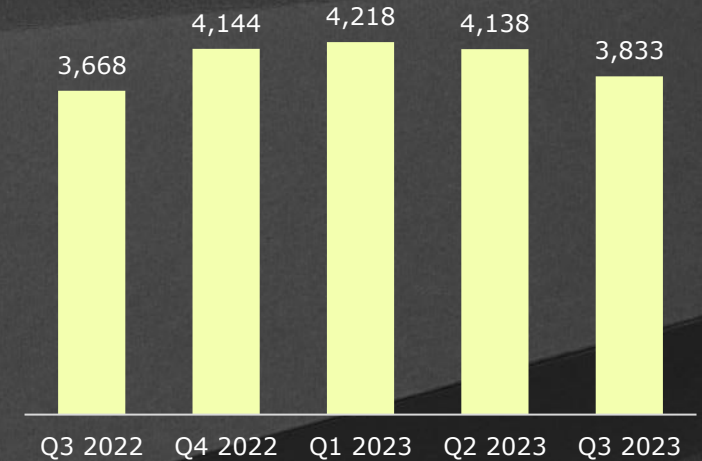
- Improved cash flow from operating activities in Q3 2023
- Working capital increasing in line with growth, significantly less than last year

NET DEBT (EXCL IFRS16), SEK MILLION



- Net debt of SEK 5.6 billion, sequentially lower

LIQUID ASSETS & CREDIT LINES, SEK MILLION



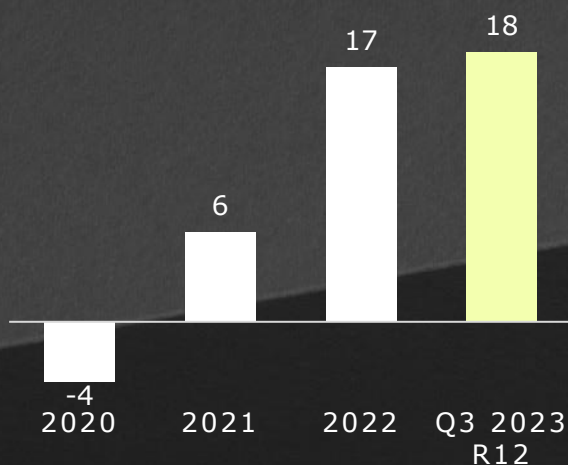
- Continued strong liquidity at SEK 3.8 billion



# Financial targets

## 10%

TOTAL GROWTH<sup>1</sup>

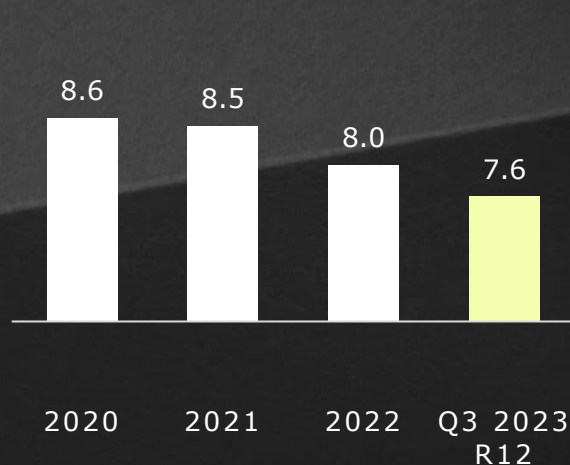


- Sustained R12 level in Q3, well above target level

1) Excluding Pöyry acquisition

## 10%

EBITA MARGIN<sup>2</sup>

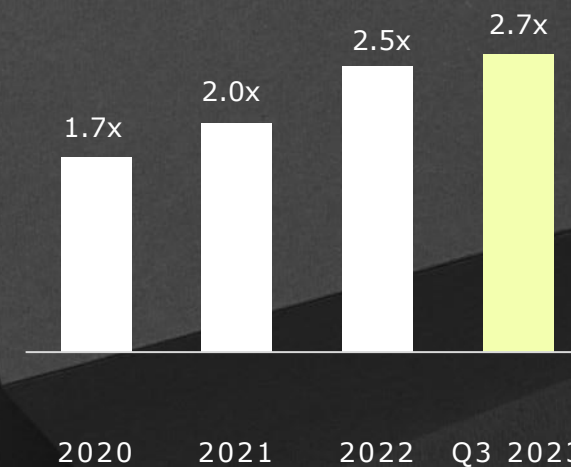


- R12 EBITA margin pressured in Q3, driven by calendar effects

2) Excluding items affecting comparability

## 2.5x

NET DEBT / EBITDA<sup>3</sup>, EOY



- Sequentially increased leverage in Q3, primarily due to calendar effects on EBITDA

3) Excluding effects of IFRS 16 Leases

# Focus going forward

1

Execution of extended  
improvement program in  
Infrastructure

2

Build on our strong  
position in the industry  
and energy sectors

3

Develop further resilience  
and flexibility in a mixed  
market





# Making Future