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Press Release from AFRY

Year-end report January-December 2023

Stable results and strong cash flow in the quarter

Fourth quarter 2023

- Net sales increased by 8.0 percent to SEK 7,135 million (6,609)
- Organic growth adjusted for calendar effects was 5.9 percent (11.3)
- EBITA, excl. items affecting comparability, was SEK 596 million (578)
- EBITA margin, excl. items affecting comparability, was 8.4 percent (8.8)
- EBITA totalled SEK 541 million (562)
- EBITA margin was 7.6 percent (8.5)
- EBIT (operating profit) amounted to SEK 501 million (527)
- Basic earnings per share: SEK 2.77 (3.51)

January-December 2023

- Net sales increased by 14.5 percent to SEK 26,978 million (23,552)
- Organic growth adjusted for calendar effects was 10.2 percent (8.1)
- EBITA excl. items affecting comparability was SEK 2,032 million (1,886)
- EBITA margin, excl. items affecting comparability, was 7.5 percent (8.0)
- EBITA totalled SEK 1,938 million (1,729)
- EBITA margin was 7.2 percent (7.3)
- EBIT (operating profit) amounted to SEK 1,779 million (1,444)
- Basic earnings per share: SEK 9.71 (8.60)
- The Board of Directors proposes a dividend of SEK 5.50 (5.50) per share for 2023

COMMENTS BY THE CEO JONAS GUSTAVSSON

The fourth quarter shows a positive development with good growth, stable results and strong cash flow. The ongoing improvement programme in Infrastructure is proceeding according to plan.

There is a general good demand for our expertise in the market, especially within the energy sector. Within the industry sector, we experience a mixed market with strong demand in several segments, while we see delayed decision processes for major investment projects in the pulp & paper segment. Demand in the real-estate segment remains weak.

Net sales amounted to SEK 7,135 million in the fourth quarter, an increase of 8 percent compared to the same period last year. Organic growth was 6 percent, adjusted for calendar effects, which was sequentially lower than previous quarter. The order stock has been high during 2023, but decreased slightly in the fourth quarter and amounted to SEK 19 billion at the end of the year.

EBITA, excluding items affecting comparability, amounted to SEK 596 million (578) for the fourth quarter, corresponding to an EBITA margin of 8.4 percent (8.8). Adjusted for calendar effects, the EBITA margin was in line with previous year. Restructuring costs for redundancies and lease terminations amounted to SEK 55 million in the quarter. A strong operating cash flow of SEK 958 million during the quarter improved our financial position, with net debt/EBITDA improving to 2.4 at year-end.

The Process Industries, Energy and Management Consulting Divisions reported continued strong results in the quarter with margins above 10 percent, driven by our strong position in energy, pulp & paper, and other bio-based industries.

The Infrastructure Division improved its results compared to the previous year, mainly driven by a higher utilisation rate. The ongoing improvement programme goes according to plan, and we executed planned redundancies during the quarter and further reduced office space. The quarter was a step in the right direction, and we are continuing our efforts to improve profitability in the division.

The Industrial & Digital Solutions Division reported weak results in the quarter following a project write-down, but also due to postponed and cancelled projects in some segments, such as telecom and IT. Focus for the division is to improve the utilisation rate and on strengthening the position in segments where we see continued strong demand, for example the automotive and defence industry.

In line with our strategy and ambition to be a leading partner in the sustainable transformation, we have entered several new exciting customer assignments. In the quarter, we want to highlight the collaboration with Nordic Paper to reduce emissions in the paper mill in Bäckhammar and the development of a future power grid for Statnett in Norway.

In 2023 we saw a healthy demand for AFRY's services, contributing to net sales of SEK 27 billion and a total growth of 15 percent. We improved our result, but the margin weakened slightly during the year. We took several measures to strengthen the margin, such as expanding the improvement programme in the Infrastructure Division and the restructuring of the AFRY X Division.

In 2024, we will continue to build on our strong position in the ongoing transition in energy and industry and on implementing improvement measures to strengthen our profitability.

Finally, I would like to thank our clients, partners and employees for great collaboration during the year.

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

This information fulfils AFRY AB's (publ) disclosure requirements under the provisions of the EU's Market Abuse Regulation and the Swedish Securities Markets Act. This information was released, through the agency of the above-mentioned contact person, for publication on 2 February 2024, at 07.00 CET.

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.

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