

# Stable quarter with focus on integration and efficiency improvements

## Third quarter 2019<sup>1</sup>

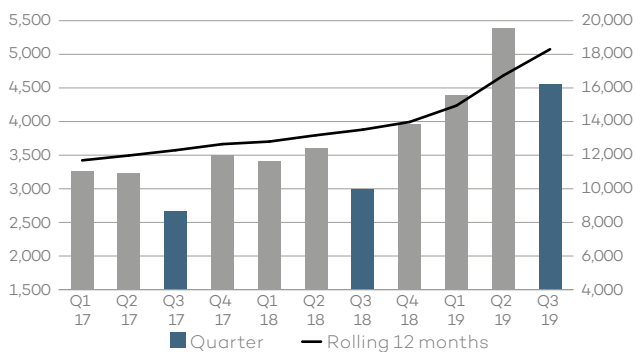
- Net sales amounted to SEK 4,562 million (2,995)
- EBITA, excl. items affecting comparability, was SEK 345 million (220)
- EBITA margin, excl. items affecting comparability, was 7.6 percent (7.4)
- EBITA totalled SEK 309 million (220)
- EBITA margin was 6.8 percent (7.4)
- EBIT (operating profit) amounted to SEK 274 million (211)
- Basic earnings per share: SEK 1.67 (1.84)

## January–September 2019<sup>1</sup>

- Net sales amounted to SEK 14,345 million (10,018)
- EBITA, excl. items affecting comparability, was SEK 1,216 million (911)
- EBITA margin, excl. items affecting comparability, was 8.5 percent (9.1)
- EBITA totalled SEK 1,041 million (911)
- EBITA margin was 7.3 percent (9.1)
- EBIT (operating profit) amounted to SEK 978 million (875)
- Basic earnings per share: SEK 6.50 (8.13)

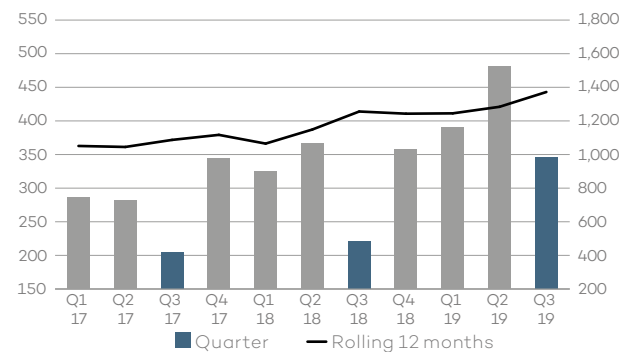
» We deliver stable earnings and the integration of Pöyry is proceeding according to plan. To increase profitability and meet a more unstable market we are raising our ambitions for cost synergies and implementing efficiency improvements. «

## Net sales, SEK million



Pöyry was consolidated into ÅF Pöyry as of 28 February 2019.

## EBITA, SEK million<sup>2</sup>



Pöyry was consolidated into ÅF Pöyry as of 28 February 2019.

<sup>1</sup>Including effects of IFRS 16 Leases 2019; see page 5 for further details

<sup>2</sup>Excluding items affecting comparability

# Comments by the CEO



We experienced a continued stable development in the third quarter and with the strategic acquisition of Pöyry, we have created a leading engineering and design company in the Nordics. We have strengthened our international platform, the integration goes according to plan and we are seeing several new assignments as a result of the merger.

We have in the quarter noted a more uncertain market in some segments. Combined net sales, including Pöyry, amounted to SEK 4,562 million (4,398) in the quarter, with total growth of 3.7 percent. The corresponding figure for January to September was 8.6 percent. We delivered stable earnings with combined EBITA excluding items affecting comparability amounting to SEK 345 million (335), and the corresponding EBITA margin to 7.6 percent (7.6).

## **Integration according to plan and cost synergies continuing into 2020**

ÅF's and Pöyry's businesses have been integrated faster than planned in a number of areas, while each division is clarifying its strategic direction and its customer offering. Ongoing cost synergies, where the goal is to achieve an annual run-rate of SEK 180 million by the end of 2019, are proceeding as planned. At the end of September, the synergies amounted to an annual run-rate of SEK 165 million. To increase profitability and meet a more unstable market we are raising our ambitions for cost synergies and implementing efficiency improvements, which means that the cost program will continue into 2020.

We will also continue implement essential IT investments in 2020 to streamline operations, but also to successfully integrate our various business units.

## **Clearer position for Energy Division**

In the third quarter of 2018, extensive work was initiated to develop a clearer position for the Energy Division. The division implements a global/local business model, which involves streamlining the sales structure, fewer subsidiaries with some projects being discontinued, and shutting down or selling underperforming units. The negative impact on earnings is estimated at SEK 130-150 million in the fourth quarter, of which around 20 percent is expected to have a cash flow impact. This will give the Energy Division a solid, integrated business model, with the aim of lifting the margin in 2020.

## **Focus on growth and efficiency improvements in all divisions**

During the quarter we signed a number of new contracts, and I am particularly proud of the new partnership with Rottneros, where we will be contributing towards optimising their operations. The collaboration is consistent with our strategy of offering our clients more packaged digital solutions and end-to-end projects.

The market for our services and projects is generally stable, however, we note that certain segments have had a slightly weaker performance in the quarter.

Within the Infrastructure Division, we see a continued underlying need for investments in our core markets. The division has a clear focus on further improving

\* The figures are presented as though the consolidation of Pöyry took place on 1 January 2018. Combined operation are presented on page 24.

efficiency and increase profitability. Profitability in the quarter was negatively impacted by a weaker development in Denmark and a somewhat lower utilisation rate at the beginning of the quarter.

Within Industrial & Digital Solutions, we still notice the effects of a slowdown in the automotive and manufacturing industry, however a number of industry segments are displaying persistently healthy demand, for example the defence industry and food & pharma.

The Process Industries Division is continuing to strengthen the order backlog and delivered stable earnings, with all segments displaying increased profitability.

The Energy Division also had a stable performance in the quarter, with high levels of activity in several segments. Demand for our strategic consultants within energy and process industries remains high.

#### **One of the most attractive employers**

The merger has further strengthened our attractiveness as an employer, and I am delighted that in Universum's most recent ranking, ÅF Pöry was named the second-best employer by engineering graduates in Sweden.

ÅF Pöry creates sustainable solutions for clients operating within infrastructure, industry and energy. In the autumn we will take the next step in our development by launching a joint brand that showcases our ambition to take on even bigger, more complex assignments in a market fuelled by megatrends such as digitalisation, urbanisation and climate change.

Stockholm, 29 October 2019

Jonas Gustavsson  
President and CEO

# Net sales and earnings 2019

## July–September

Net sales for the quarter totalled SEK 4,562 million (2,995). Growth amounted to 52.3 percent (12.5). Organic growth excluding Pöryr amounted to 1.1 percent (8.0) and 0.2 percent (6.0) when adjusted for calendar effects. Total combined growth, including Pöryr, totalled 3.7 percent.

Adjusted for items affecting comparability, EBITA totalled SEK 345 million (220). The corresponding EBITA margin was 7.6 percent (7.4). Items affecting comparability amounted to SEK 37 million (-) and relates to integration costs relating to the acquisition of Pöryr.

EBITA was SEK 309 million (220) and the EBITA margin was 6.8 percent (7.4). The effects of IFRS 16 Leases on EBITA were SEK 8 million, SEK 150 million on EBITDA and SEK 16 million in increased interest expenses, including seven months for Pöryr.

Capacity utilisation was 75.3 percent (76.3) for the quarter. Capacity utilisation is negatively affected by the fact that Pöryr offers fewer services within Professional Services and more projects and advi-

sory business within areas such as Management Consulting.

If Pöryr had been consolidated as of 1 January 2018 (combined operations), net sales would have amounted to approximately SEK 4,562 million (4,398), an increase of 3.7 percent. The corresponding EBITA and EBITA margin adjusted for items affecting comparability would have amounted to approximately SEK 345 million (335) and 7.6 percent (7.6) respectively.

EBIT amounted to SEK 274 million (211). The difference between EBIT and EBITA consists entirely of acquisition-related items not affecting cash flow, namely amortisation of acquisition-related assets amounting to SEK 62 million (11) and the changes in assessments of future contingent considerations amounting to SEK 27 million (1).

Profit after financial items was SEK 228 million (187) and profit after tax for the period was SEK 189 million (143). Net financial items totalled SEK -46 million (-24) in the quarter. Interest expense increased primarily as a result of more borrowing and due to an increase in the average credit term in the loan portfolio.

	Jul–Sep 2019	Jul–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Full year 2018
<b>Net sales</b>					
Net sales, SEK million	4,562	2,995	14,345	10,018	13,975
Total growth, %	52.3	12.5	43.2	9.4	10.4
Acquired, %	50.5	4.5	38.3	3.9	4.1
Organic, %	1.1	8.0	3.9	5.5	6.3
Currency, %	0.7	2.3	1.0	1.0	1.1
Adjusted/underlying organic growth due to calendar effect, %	0.2	6.0	3.5	4.6	5.6
<b>Earnings</b>					
EBITA excl. items affecting comparability, SEK million	345	220	1,216	911	1,268
EBITA margin excl. items affecting comparability, %	7.6	7.4	8.5	9.1	9.1
EBITA, SEK million	309	220	1,041	911	1,243
EBITA margin, %	6.8	7.4	7.3	9.1	8.9
Operating profit (EBIT), SEK million	274	211	978	875	1,203
Profit after net financial items, SEK million	228	187	805	816	1,103
Profit after tax, SEK million	189	143	640	628	850
<b>Key ratios</b>					
Basic earnings per share, SEK	1.67	1.84	6.50	8.13	10.98
Diluted earnings per share, SEK	1.67	1.83	6.44	7.98	10.76
Cash flow from operating activities, SEK million	571	112	915	515	874
Net debt, SEK million <sup>1</sup>	-	-	5,112	2,950	3,455
Net debt/equity ratio, % <sup>1</sup>	-	-	54.1	55.6	63.2
Net debt/EBITDA, rolling 12 months, times <sup>1</sup>	-	-	3.5	2.2	2.5
Number of employees	-	-	16,625	10,844	10,928
Capacity utilisation, %	75.3	76.3	76.0	77.2	77.2

<sup>1</sup>Excluding effects of IFRS 16 Leases 2019. If Pöryr had been consolidated as of 1 January 2018 (combined operations), net debt/EBITDA excluding the effect of IFRS 16 would have been 2.8.

Net financial items were also affected by discount rates related to leases in accordance with the new IFRS 16 standard, and revaluation of contingent considerations that do not affect cash flow, amounting to SEK 16 million (-) and SEK 3 million (4) respectively.

The tax expense totalled SEK 39 million (44), corresponding to a tax rate of 17.0 percent (23.5). The lower tax rate is attributable to lower tax in acquired companies.

### January–September

Pöry is was consolidated as of 28 February 2019. Net sales for the period amounted to SEK 14,345 million (10,018). Growth amounted to 43.2 percent (9.4). Organic growth excluding Pöry amounted to 3.9 percent (5.5) and 3.5 percent (4.6) when adjusted for calendar effects. Total combined growth including Pöry totalled 8.6 percent.

Adjusted for items affecting comparability, EBITA totalled SEK 1,216 million (911). The corresponding EBITA margin was 8.5 percent (9.1). Items affecting comparability amounted to SEK 175 million (-), of which around SEK 44 million relates to transaction costs unrelated to the acquisition of Pöry, and SEK 131 million relates to integration costs.

EBITA was SEK 1,041 million (911) and the EBITA margin was 7.3 percent (9.1). The effects of IFRS 16 Leases on EBITA were SEK 24 million, SEK 410 million on EBITDA and SEK 45 million in increased interest expenses, including seven months for Pöry.

Capacity utilisation was 76.0 percent (77.2) for the period. Capacity utilisation is negatively affected by the fact that Pöry offers fewer services within Professional Services and more projects and advisory business within areas such as Management Consulting.

If Pöry had been consolidated as of 1 January 2018 (combined operations), net sales would have amounted to approximately SEK 15,380 million (14,164), an increase of 8.6 percent. The corresponding EBITA and EBITA margin adjusted for items affecting comparability would have amounted to approximately SEK 1,293 million (1,224) and 8.4 percent (8.6) respectively.

EBIT totalled SEK 978 million (875). The difference between EBIT and EBITA consists entirely of acquisition-related items not affecting cash flow, namely, amortisation of acquisition-related assets amounting to SEK 150 million (30) and the change in estimates of

future contingent considerations amounting to SEK 88 million (-6).

Profit after financial items was SEK 805 million (816) and profit after tax for the period was SEK 640 million (628). Net financial items totalled SEK -173 million (-59) in the period. Interest expense rose primarily as a result of more borrowing and due to an increase in the average credit term in the loan portfolio. Net financial items were affected by non-recurring costs of SEK 31 million related to the acquisition of Pöry.

Net financial items were also affected by discount rates related to leases in accordance with the new IFRS 16 standard, and revaluation of contingent considerations that do not affect cash flow, amounting to SEK 45 million (-) and SEK 13 million (12) respectively.

The tax expense totalled SEK 165 million (188), corresponding to a tax rate of 20.6 percent (23.0). The lower tax rate is attributable to lower tax in acquired companies.

### Cash flow and financial position

Consolidated net debt including IFRS 16 Leases amounted to SEK 7,627 million (2,950). Consolidated net debt excluding IFRS 16 Leases totalled SEK 5,112 million (2,950) at the end of the period, and SEK 3,455 million (2,631) at the start of the period. Cash flow from operating activities reduced net debt by SEK 529 million. Net debt increased through share buy-backs of SEK 164 million and considerations paid, including contingent considerations, of SEK 5,108 million.

The acquisition of Pöry was fully financed through credit facilities from Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ). Debt financing consisted of a bank loan of EUR 81 million, a bridge facility of EUR 182 million and a bridge facility of SEK 3,644 million. To finance part of the repayment of the debt financing for the acquisition, ÅF issued 6,576,866 new Class B private placement shares on 21 February, generating proceeds of approximately SEK 1,210 million for the company which was subsequently used to reduce the bridge facility in March 2019. During the first quarter, ÅF Pöry had a bond loan of SEK 500 million that matured on 21 March 2019. In the short term, ÅF Pöry AB refinanced the bond loan through existing credit facilities within ÅF Pöry AB's other financing. Furthermore, Pöry redeemed its EUR 30 million hybrid bond on 25 March 2019.

On 27 March, the Board of Directors of ÅF Pöry resolved on a rights issue of approximately SEK 2,777 million. The rights issue was fully subscribed

in April 2019 and ÅF Pöry has subsequently repaid the remaining bridge facility amounting to SEK 2,434 million using proceeds from the rights issue. In June, ÅF Pöry increased its MTN programme and commercial paper programmes to SEK 5,000 million and SEK 2,000 million respectively, and issued bonds within its MTN programme for a total amount of SEK 2,000 million to repay the remaining bridge facility of EUR 182 million.

Consolidated cash and cash equivalents totalled SEK 808 million (200) at the end of the period and unused credit facilities amounted to SEK 1,730 million (1,798).

If Pöry had been consolidated as of 1 January 2018 (combined operations), net debt/EBITDA excluding IFRS 16 impact would have been 2.8.

### Parent company

Parent company operating income for the January–September period totalled SEK 727 million (599) and relates essentially to internal services within the Group. Loss after net financial items was SEK -123 million (23). Cash and cash equivalents totalled SEK 15 million (20) and gross investments in intangible assets and property, plant and equipment totalled SEK 54 million (21).

### Acquisitions and divestments

Three businesses were acquired during the quarter, and they are expected to contribute to sales of approximately SEK 60 million over a full year.

### Number of employees

The average number of FTEs was 14,385 (9,902). The total number of employees at the end of the period was 16,625 (10,844).

### Significant events during the quarter and after the end of the reporting period

During the quarter, ÅF Pöry acquired the remaining 84.2 percent of the shares in AF-Incepal SA. The acquisition complement ÅF Pöry's strong position and expertise within the pulp and paper industry and strengthens the global offering within paper, paper-board and tissue. AF-Incepal has 40 employees in Spain and had net sales of approximately SEK 35 million in 2018. The company was consolidated by ÅF Pöry as of July 2019.

ÅF Pöry acquired CTT Systems' electronics unit in Gustavsberg during the quarter. The acquisition strengthens the company's offering within product development, maintenance and support. CTT Gustavsberg employs ten people and generated sales of SEK 12 million in 2018. The business was consolidated by ÅF Pöry as of September 2019.

ÅF Pöry acquired electrical consulting firm Sonny Svenson Konsult AB in the third quarter. The acquisition is consistent with ÅF Pöry's strategy to expand its offering within property, and strengthens the company's position in the Swedish historic buildings sector. The company has annual sales of SEK 14 million and employs ten people. The business was consolidated by ÅF Pöry as of September 2019.

ÅF Pöry has appointed Juuso Pajunen to the position of CFO and member of Group management. He took up his position in July 2019.

ÅF Pöry has appointed Susan Gustafsson to the position of General Counsel and member of Group management. She took up her position in September 2019.

ÅF Pöry has appointed Roland Lorenz as the new President of the Management Consulting Division and member of Group management. He took up his position in October 2019.

ÅF Pöry has appointed Marie Trogstam as the new Director of Sustainability. She took up her position in October 2019.





### Infrastructure

The Infrastructure Division provides technical solutions for buildings and infrastructure, for example in the areas of road and rail, as well as water and environment. The division also operates within the fields of architecture and design. The division's strengths include its in-depth knowledge of sustainable, high-tech solutions, and its clients are primarily within the property and urban development sectors. The division is led by Malin Frenning and operates in the Nordic region and Central Europe.



### Industrial & Digital Solutions

The Industrial & Digital Solutions Division conducts engineering operations in the field of product development and production systems, as well as IT and defence technology. The Division is active in all industry sectors and works with both private and public clients. The division's technical capabilities encompass project management, industrial design, mechanical product development, automation, quality assurance and digitalisation services for various industries to develop and connect systems and products and create the society of the future. Services encompass the entire value chain and the assignments are project-based or end-to-end solutions for specific functions. The division is led by Robert Larsson and operates primarily in the Nordic region.



### Process Industries

The Process Industries Division provides engineering and consulting services, project management and implementation services to clients in the process industry. Its clients are primarily in the forest, chemical and biorefinery industries, as well as the metal and mining industries. Focus sectors extend from pulp and paper to chemicals and biorefining, metals and mining and other process industries, and the division delivers solutions for both new investment projects and reconstruction of existing plants. The division, led by Nicholas Oksanen, delivers solutions globally and operates primarily in the Nordic region and South America.



### Energy

The Energy Division provides international engineering and consulting services to clients in over 80 countries. The division has expertise in the transmission and distribution of all types of electricity generated from various energy sources, such as water, coal, gas, bio- and waste fuel, nuclear power and renewable energy sources, and holds a leading position in hydro. The division has a high level of technical capability when it comes to complex environmental aspects. Owing to its ability to cover the entire spectrum of power generation as well as the complete investment life-cycle, the division is able to offer its clients comprehensive expertise. The division, led by Richard Pinnock, delivers solutions globally and operates primarily in the Nordic region, Switzerland, Czech Republic and Southeast Asia.



### Management Consulting

The Management Consulting Division provides strategic and operational advisory services across the value chain, underpinned by in-depth expertise and market insights. Core services encompass a wide range of consulting services and include corporate and business strategies; resource, technology and investment strategies; operational and organisational excellence; market insights and modelling, sales and supply chain strategies; M&A and due diligence, as well as innovation management and digitalisation. The services are primarily aimed at the energy sector, the forest industry and bio-based industries. The division is led by Roland Lorenz and has operations in 17 offices across three continents.

# Infrastructure Division

- Net sales for the third quarter totalled SEK 1,738 million (1,280)
- EBITA amounted to SEK 118 million (113) and the EBITA margin was 6.8 percent (8.8)

Demand remains strong in the division's markets and the quarter exhibited stable growth, with the property market segment in particular continuing to display a positive performance. However, profitability was affected negatively by a continued weak development in Denmark and somewhat lower capacity utilisation at the beginning of the quarter. The division has a clear focus on improving efficiency and profitability in those areas of the division that have been affected negatively during the quarter.

## Net sales

Net sales for the third quarter totalled SEK 1,738 million (1,280). Growth was 35.7 percent, of which 5.8 percent was organic. Adjusted for calendar effects, organic growth was 4.2 percent. Total combined growth was 7.0 percent.

Net sales for the January to September period totalled SEK 5,565 million (4,275). Growth was 30.2 percent, of which 7.1 percent was organic. Adjusted for calendar effects, organic growth was 6.8 percent. Total combined growth was 11.4 percent.

## EBITA

EBITA amounted to SEK 118 million (113) and the EBITA margin was 6.8 percent (8.8). EBITA for the January to September period totalled SEK 494 million (452), and the EBITA margin was 8.9 percent (10.6).

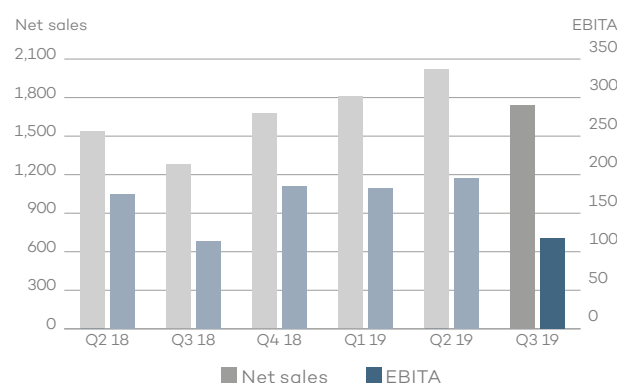
For the combined business, EBITA amounted to SEK 118 million (131) and the EBITA margin was 6.8 percent (8.1). EBITA for the January to September period totalled SEK 512 million (518), and the EBITA margin was 8.8 percent (9.9).

## Market and business development

The Swedish market continues to be strong, particularly within commercial property, where the rate of investment is stable. There is a considerable need to upgrade existing facilities, while there is also an underlying need for new construction.

Switzerland and Norway are persistently good markets where the division is growing with stable profitability. The markets are characterised by continued high investment levels within the public sector, for example within infrastructure and public buildings. The trend in Denmark was weak during the quarter, both as a consequence of projects being completed and due to a degree of uncertainty in the market, which has been affected by the political situation. In the quarter, the division won new assignments within industry, as well as sports facilities and healthcare properties.

## Net sales and EBITA, SEK million



KEY RATIOS <sup>1</sup>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales, SEK million	1,738	1,280	5,565	4,275	5,955
EBITA, SEK million	118	113	494	452	637
EBITA margin, %	6.8	8.8	8.9	10.6	10.7
Average number of full-time employees (FTEs)	5,916	4,465	5,653	4,374	4,445
Total growth, %	35.7	-	30.2	-	-
Structural changes, %	29.2	-	21.8	-	-
Currency, %	0.7	-	1.2	-	-
Organic, %	5.8	-	7.1	-	-
Adjusted/underlying organic growth due to calendar effect, %	4.2	-	6.8	-	-
Combined growth <sup>2</sup> , %	7.0	-	11.4	-	-

The historical figures above have been adjusted based on the organisational changes

<sup>1</sup>Excluding effects of IFRS 16 Leases 2019, which are recognised in the Group-wide item

<sup>2</sup>The figures are presented as though the consolidation of Pöry took place on 1 January 2018. Combined operations are presented on page 24.

ities and healthcare properties. One example is a new sports arena in Uppsala, where the project will continue until 2021.

Demand for transport infrastructure is generally high, and political intentions indicate continued stability in investments. ÅF Pöry won new and extended assignments during the quarter, but capacity utilisation was at the same time affected by weaker capacity utilisation at the beginning of the quarter for certain parts of the Transportation business area.

Demand within the water segment remains healthy, where the need to upgrade existing water treatment plants is driving interest in ÅF Pöry's services, and extensive investments are anticipated in all the division's markets.



# Industrial & Digital Solutions Division

- Net sales for the third quarter totalled SEK 1,204 million (1,229)
- EBITA amounted to SEK 80 million (94) and the EBITA margin was 6.6 percent (7.7)

The division was affected by the slowdown in the automotive industry in the quarter and at the same time noticed delayed investment decisions in the manufacturing industry. Other industry segments are displaying continued healthy demand, for example defence and food & pharma.

## Net sales

Net sales for the third quarter totalled SEK 1,204 million (1,229). Growth was -2.0 percent, of which -2.5 percent was organic. Adjusted for calendar effects, organic growth was -4.0 percent. Organic growth was affected by the decline in sales from automotive industry clients and postponed investment decisions in the manufacturing industry.

Net sales for the January to September period totalled SEK 4,265 million (4,154). Growth was 2.7 percent, of which 1.0 percent was organic. Adjusted for calendar effects, organic growth was 1.0 percent.

## EBITA

EBITA in the third quarter amounted to SEK 80 million (94) and the EBITA margin was 6.6 percent (7.7). The lower margin can be attributed mainly to the automotive industry. EBITA for the January to September period totalled SEK 355 million (375), and the EBITA margin was 8.3 percent (9.0).

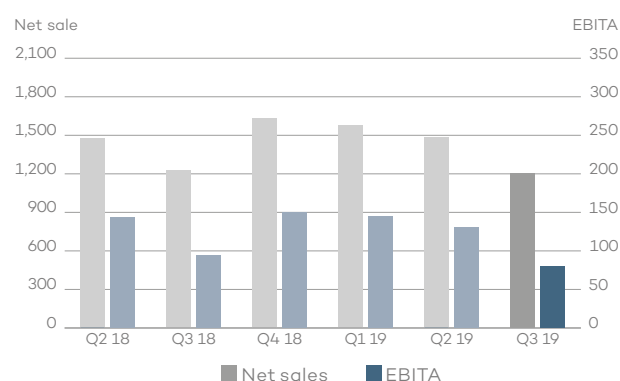
## Market and business development

The quarter continued to be affected by a slowdown in the automotive industry. It was noticed that clients' activity levels increased slightly towards the end of the quarter, boosting demand for product development services, albeit from low levels. In the long term, there continues to be a considerable need to renew product programmes and services to satisfy market expectations for electrical propulsion, as well as connected and autonomous vehicles.

In the manufacturing industry, general economic uncertainty has contributed to an extended decision making processes. Growing global competition along with requirements for continued efficiency improvements make services within digitalisation and automation attractive. For example, ÅF Pöyry has won an order from Søfartsstyrelsen (Danish Maritime Authority), involving the complete replacement of electrical and control equipment for the Danish government's service vessels.

Demand remains strong within food and pharma. ÅF Pöyry has won a contract for complete process solutions for TINE's dairy in Oslo.

## Net sales and EBITA, SEK million



KEY RATIOS <sup>1</sup>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales, SEK million	1,204	1,229	4,265	4,154	5,782
EBITA, SEK million	80	94	355	375	525
EBITA margin, %	6.6	7.7	8.3	9.0	9.1
Average number of full-time employees (FTEs)	3,738	3,782	3,801	3,710	3,748
Total growth, %	-2.0	-	2.7	-	-
Structural changes, %	0.3	-	1.4	-	-
Currency, %	0.2	-	0.2	-	-
Organic, %	-2.5	-	1.0	-	-
Adjusted/underlying organic growth due to calendar effect, %	-4.0	-	1.0	-	-

The historical figures above have been adjusted based on the organisational changes

<sup>1</sup> Excluding effects of IFRS 16 Leases 2019, which are recognised in the Group-wide item

Demand from the Swedish defence has been stable during the period.

The market for product and system development services has been mixed. During the quarter, ÅF Pöyry won a project to develop a telematics platform for a product company.

There was weaker demand in the quarter for services within network infrastructure from telecom operators due to consolidation and cost reduction, while increased interest in 5G solutions was noted.

New technology, new business models and ecosystems are essential for companies' future competitiveness. The combination of industry knowledge and technical expertise makes ÅF Pöyry an attractive digitalisation partner within all sectors.

# Process Industries Division

- Net sales for the third quarter totalled SEK 770 million (170)
- EBITA amounted to SEK 73 million (16) and the EBITA margin was 9.5 percent (9.2)

The division performed well in the third quarter. Persistently strong demand was noted in the Nordics and Latin America in particular. Major investment projects are underway in many regions and the Pulp and Paper business area is performing especially well.

## Net sales

Net sales for the third quarter totalled SEK 770 million (170). Total growth was 352.0 percent, of which 11.4 percent was organic. When adjusted for calendar effects, organic growth amounted to 14.7 percent. Total combined growth was 9.1 percent.

Net sales for the January to September period totalled SEK 2,131 million (589). Total growth was 262.0 percent, of which 10.7 percent was organic. When adjusted for calendar effects, organic growth amounted to 11.5 percent. Total combined growth was 9.1 percent.

## EBITA

EBITA amounted to SEK 73 million (16) and the EBITA margin was 9.5 percent (9.2). The improved profitability was driven by the acquisition of Pöyry and stable demand in all regions. During the January to September period, EBITA was SEK 204 million (58) and the EBITA margin was 9.6 percent (9.9).

For the combined business, EBITA amounted to SEK 73 million (65) and the EBITA margin was 9.5 percent (9.3). EBITA for the January to September period totalled SEK 252 million (222), while the margin was 10.0 percent (9.6).

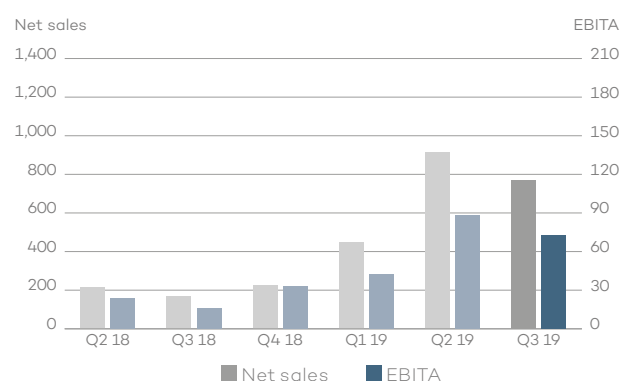
## Market and business development

New investments are being implemented, particularly in pulp, paper and in the transition to paperboard. Investments in pulp/bioprocess mills are in the pipeline, mainly in Latin America, Finland and Russia. The number of transition projects continued to increase, especially in North America. Sustainability and efficiency improvements are a top priority for the pulp and paper sector.

New investments are also being made in the chemical and biorefinery sector with the transition from fossil-based industries to bio-based solutions. Improvements within health and safety are priority areas for companies in the chemical industry, and there is considerable demand for the division's services and solutions.

The metals and mining sector is particularly active in the Nordics, where several major investment projects are underway or in the development phase. Demand for the division's services is also growing in North America and Latin America.

## Net sales and EBITA, SEK million



KEY RATIOS <sup>1</sup>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales, SEK million	770	170	2,131	589	811
EBITA, SEK million	73	16	204	58	91
EBITA margin, %	9.5	9.2	9.6	9.9	11.2
Average number of full-time employees (FTEs)	3,170	672	2,547	669	688
Total growth, %	352.0	-	262.0	-	-
Structural changes, %	340.2	-	250.7	-	-
Currency, %	0.4	-	0.6	-	-
Organic, %	11.4	-	10.7	-	-
Adjusted/underlying organic growth due to calendar effect, %	14.7	-	11.5	-	-
Combined growth <sup>2</sup> , %	9.1	-	9.1	-	-

The historical figures above have been adjusted based on the organisational changes

<sup>1</sup>Excluding effects of IFRS 16 Leases 2019, which are recognised in the Group-wide item.

<sup>2</sup>The figures are presented as though the consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 24.

Digitalisation via ÅF Pöyry's Smart Site concept is developing apace within all sectors.

Pulp manufacturer Rottneros chose ÅF Pöyry as its partner to streamline its production facilities in Rottneros and Vallvik in Sweden. ÅF Pöyry has been tasked with installing the new digital tool, ÅF Pöyry Pulse.

The process industry is looking to use digital solutions to help streamline and improve safety and productivity. Companies are prepared to invest in digital solutions and make changes to their operations.

# Energy Division

- Net sales for the third quarter totalled SEK 761 million (363)
- EBITA amounted to SEK 51 million (15) and the EBITA margin was 6.7 percent (4.2)

In the third quarter, the Energy Division continued to integrate Pöyry's operations and focus on improving efficiency in overlapping businesses. The division performed well in the quarter and experienced stable demand, particularly within the business area Nuclear. There have been some delays in investment decisions, but despite this there are still many opportunities for growth in the energy sector within the entire division.

## Net sales

Net sales for the third quarter totalled SEK 761 million (363). Growth was 109.3 percent, of which -5.4 percent was organic. When adjusted for calendar effects, organic growth amounted to -8.0 percent. Total combined growth was 0.3 percent.

Net sales for the January to September period totalled SEK 2,130 million (1,129). Growth was 88.7 percent, of which -3.2 percent was organic. When adjusted for calendar effects, organic growth amounted to -5.2 percent. Total combined growth was 11.3 percent.

## EBITA

EBITA amounted to SEK 51 million (15) and the EBITA margin was 6.7 percent (4.2). The improved margin was fuelled by the acquisition of Pöyry, well executed projects within the contractor business in the Philippines, and a strong performance in the Nuclear business area in Sweden. During the January to September period, EBITA was SEK 142 million (59) and the EBITA margin was 6.7 percent (5.2).

For the combined business, EBITA amounted to SEK 51 million (46) and the EBITA margin was 6.7 percent (6.1). EBITA for the January to September period totalled SEK 166 million (131), while the margin was 6.9 percent (6.0).

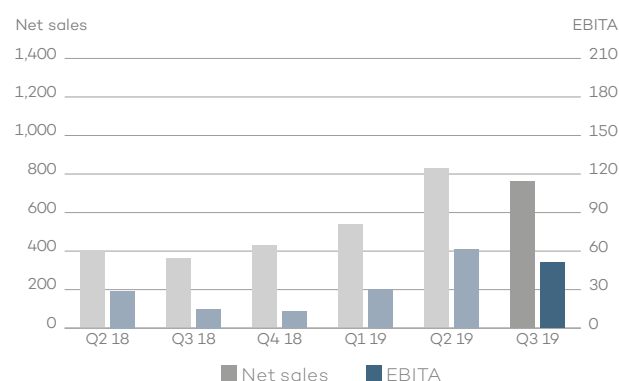
## Market and business development

Ongoing trade negotiations between China and the US are leading to delayed investment decisions in Asia, and when combined with project delays in Europe due to the general economic slowdown, this affected organic growth for the quarter as a whole.

The Hydro business area was affected by project delays, in particular in Asia and Central Europe. Economic uncertainty, primarily due to the ongoing trade negotiations between the US and China, is impacting investment decisions.

The Thermal & Renewables business area experienced a strong trend in the quarter in Central Europe, the Nordics and the Middle East. In Thailand, Thermal was affected by the lack of detailed project planning and other project delays.

## Net sales and EBITA, SEK million



KEY RATIOS <sup>1</sup>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales, SEK million	761	363	2,130	1,129	1,559
EBITA, SEK million	51	15	142	59	72
EBITA margin, %	6.7	4.2	6.7	5.2	4.6
Average number of full-time employees (FTEs)	2,059	960	1,841	985	992
Total growth, %	109.3	-	88.7	-	-
Structural changes, %	112.0	-	89.3	-	-
Currency, %	2.8	-	2.7	-	-
Organic, %	-5.4	-	-3.2	-	-
Adjusted/underlying organic growth due to calendar effect, %	-8.0	-	-5.2	-	-
Combined growth <sup>2</sup> , %	0.3	-	11.3	-	-

The historical figures above have been adjusted based on the organisational changes

<sup>1</sup>Excluding effects of IFRS 16 Leases 2019, which are recognised in the Group-wide item.

<sup>2</sup>The figures are presented as though the consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 24.

Earnings for the Nuclear business area were strong as a whole, particularly in Sweden. The business area won a significant order in Hungary relating to the new construction project, Paks II.

The Transmission & Distribution business area had a weak development in the quarter. Our clients, especially in Norway and Denmark, have delayed their investment decisions in response to greater uncertainty in the market.

In the third quarter of 2018, extensive work was initiated to develop a clearer position for the division. The division implements a global/local business model, which involves streamlining the sales structure, fewer subsidiaries with some projects being discontinued, and shutting down or selling under-performing units. The negative effects on earnings is estimated to SEK 130-150 million in the fourth quarter, of which around 20 percent is expected to have a cash flow impact.



# Management Consulting Division

- Net sales for the third quarter totalled SEK 185 million (-)
- EBITA amounted to SEK 20 million (-) and the EBITA margin was 10.7 percent

The division's key markets have remained consistently stable, and the most important drivers for the industry continue to be strong transaction volumes within all the sectors, as well as the ongoing transition of the energy sector.

## Net sales

Net sales for the third quarter totalled SEK 185 million (-). The merged entity's combined growth was 5.4 percent.

Net sales for the January to September period totalled SEK 457 million (-). Sales received a positive boost from a strong trend in the energy consulting business. Total combined growth was 0.9 percent.

## EBITA

EBITA amounted to SEK 20 million (-) and the EBITA margin was 10.7 percent (-). The margin was affected by the timing of variable payments in ongoing projects. During the January to September period, EBITA was SEK 63 million (-) and the EBITA margin was 13.9 percent (-).

For the combined business, EBITA amounted to SEK 20 million (27) and the EBITA margin was 10.7 percent (15.5). EBITA for the January to September period totalled SEK 75 million (69), while the margin was 13.0 percent (12.2).

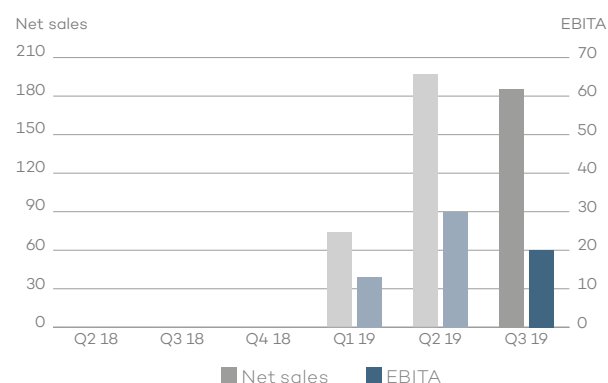
## Market and business development

General demand for services in the core markets remained stable compared with the third quarter of 2018.

The main drivers for the industry continue to be stable transaction volumes in all sectors, as well as the ongoing transition of the energy sector to fulfil the Paris Agreement target of reducing carbon dioxide emissions, and the impact of digitalisation.

In the bioeconomy sector, demand for services within packaging and pulp continues to be healthy in light of changes to purchasing behaviour and general population increases. The market for biofuel and biomaterial is developing, which is generating demand for associated consulting services.

## Net sales and EBITA, SEK million



KEY RATIOS <sup>1</sup>	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales, SEK million	185	-	457	-	-
EBITA, SEK million	20	-	63	-	-
EBITA margin, %	10.7	-	13.9	-	-
Average number of full-time employees (FTEs)	389	-	279	-	-
Total growth, %	-	-	-	-	-
Structural changes, %	-	-	-	-	-
Currency, %	-	-	-	-	-
Organic, %	-	-	-	-	-
Combined growth <sup>2</sup> , %	5.4	-	0.9	-	-

There are no comparative figures for growth in 2019 and 2018, as the division was entirely formed by Pöyry.

<sup>1</sup>Excluding effects of IFRS 16 Leases 2019, which are recognised in the Group-wide item.

<sup>2</sup>The figures are presented as though the consolidation of Pöyry took place on 1 January 2018. Combined operations are presented on page 24.

During the quarter, the division helped Innogy, one of Europe's largest energy companies, with their strategy process. Innogy's goal was to develop a clear picture of the infrastructure markets for energy, water, telecommunications and transport, and to identify long-term business opportunities. Over 20 of ÅF Pöyry's international consulting and engineering experts worked together to devise a plan for the existing and future infrastructure market.

## Risks and uncertainties

The significant risks and uncertainties to which the ÅF Pöry Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified co-workers. In addition, the Group is exposed to several financial risks, such as currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in ÅF Pöry's Annual Report for 2018 and in Pöry PLC's Annual Review for 2018. No significant risks are considered to have arisen since the publication of the annual report. The 2018 Annual Report contains a description of the dispute with Danir regarding an additional purchase consideration in connection with ÅF Pöry's acquisition of Epsilon Holding AB in 2012. The outcome of the arbitration process was announced on 23 May 2019, with the arbitration board ruling in favour of ÅF Pöry. The ruling is consistent with ÅF Pöry's expectations.

## Accounting policies

This report was prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies conform with International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report for 2018 (Note 1), with the addition of the implementation of IFRS 16 Leases as of 2019.

New or revised IFRS standards that came into force in 2019 have not had any material impact on the Group, with the exception of IFRS 16. The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity must apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation. Some disclosures in accordance with IAS 34.16A are found on the pages before the condensed consolidated income statement.

The Group is applying IFRS 16 Leases as of 1 January 2019. IFRS 16 introduces a uniform lease accounting model for lessees. A lessee recognises a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments. ÅF Pöry

applies exemptions for short-term leases and leasing of low-value assets. The interest rate that has been used is set per country and asset class, and as regards the respective contract's lease term.

On 1 January 2019, the Group recognised additional lease liabilities of approximately SEK 1.7 billion (after adjustment for prepayment of leases recognised on 31 December 2018), as well as right-of-use assets of approximately SEK 1.7 billion.

The Group applied the modified retrospective approach. This means that the accumulated effect was recognised as the opening balance at 1 January 2019 without recalculation of comparative figures. Right-of-use assets attributable to previous operating leases have been recognised at the value of the liability on 1 January 2019, with adjustments for advance payments recognised in the balance sheet at 31 December 2018. Existing finance leases recognised in accordance with IAS 17 have been recognised in accordance with IFRS 16 at the amount of their value immediately prior to the transition to the new standard. All effects of IFRS 16 have been allocated to Group-wide.

The Group does not expect the introduction of IFRS 16 to affect its ability to meet the requirements contained in the covenants for the Group. The parent will not apply IFRS 16; it will instead utilise the exception in RFR 2.

## Definitions

Key ratios and alternative performance measures used in this report are defined in ÅF Pöry's Annual Report for 2018 and on ÅF Pöry's website.

## The share

The ÅF Pöry share price at the end of the reporting period was SEK 198.00 (205.40).

A shares	4,290,336
B shares	108,600,211
Total shares	112,890,547
Of which own B shares	703,470
Votes	151,503,571

Shares were converted during the period as per the 2016 staff convertible programme, increasing the number of B shares by 258,125.



# Auditor's Review Report

To ÅF Pöyry AB (publ), corp. ID no 556120-6474

## Introduction

We have reviewed the condensed interim financial information (interim report) of ÅF Pöyry AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible

for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 29 October 2019

KPMG AB

**Joakim Thilstedt**

Authorized Public Accountant

# Condensed consolidated income statement

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018	Oct 2018- Sep 2019
Net sales	4,562	2,995	14,345	10,018	13,975	18,302
Personnel costs	-2,735	-1,717	-8,539	-5,775	-7,996	-10,760
Purchases of services and materials	-1,001	-777	-3,191	-2,490	-3,547	-4,247
Other costs	-357	-193	-1,105	-757	-1,074	-1,422
Other income	15	-59	15	1	0	14
Profit attributable to participations in associates	2	0	3	0	0	1
<b>EBITDA</b>	<b>486</b>	<b>249</b>	<b>1,527</b>	<b>997</b>	<b>1,358</b>	<b>1,888</b>
Depreciation/amortisation and impairment of non-current assets <sup>1)</sup>	-177	-29	-487	-85	-115	-516
<b>EBITA</b>	<b>309</b>	<b>220</b>	<b>1,041</b>	<b>911</b>	<b>1,243</b>	<b>1,372</b>
Acquisition-related items <sup>2)</sup>	-35	-10	-62	-36	-40	-66
<b>Operating profit (EBIT)</b>	<b>274</b>	<b>211</b>	<b>978</b>	<b>875</b>	<b>1,203</b>	<b>1,306</b>
Financial items	-46	-24	-173	-59	-99	-214
<b>Profit after financial items</b>	<b>228</b>	<b>187</b>	<b>805</b>	<b>816</b>	<b>1,103</b>	<b>1,092</b>
Tax	-39	-44	-165	-188	-253	-221
<b>Profit for the period</b>	<b>189</b>	<b>143</b>	<b>640</b>	<b>628</b>	<b>850</b>	<b>871</b>
Attributable to:						
Shareholders in the parent company	188	143	639	630	850	870
Non-controlling interest	1	0	0	-1	0	1
<b>Profit for the period</b>	<b>189</b>	<b>143</b>	<b>640</b>	<b>628</b>	<b>850</b>	<b>871</b>
Basic earnings per share, SEK	1.67	1.84	6.50	8.13	10.98	-
Diluted earnings per share, SEK	1.67	1.83	6.44	7.98	10.76	-
Number of shares outstanding	112,187,077	77,360,672	112,187,077	77,360,672	77,376,703	
Average number of basic shares outstanding	112,401,016	77,431,210	98,402,507	77,406,159	77,396,321	
Average number of diluted shares outstanding	114,337,934	79,905,649	100,749,703	80,007,044	80,021,397	

<sup>1)</sup> Depreciation/amortisation and impairment of non-current assets refers to property, plant and equipment excluding intangible assets related to acquisitions.

<sup>2)</sup> Acquisition-related items are defined as amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains/losses on divestment of companies and operations. See page 22 for further details.

# Statement of consolidated comprehensive income

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
<b>Profit for the period</b>	<b>189</b>	<b>143</b>	<b>640</b>	<b>628</b>	<b>850</b>
<b>Items that have been or will be reclassified to profit or loss</b>					
Change in translation reserve	133	-23	335	139	87
Change in hedging reserve	-60	7	-69	6	2
Change in fair value reserve	-	-	5	-	15
Tax	15	-2	14	-1	0
<b>Items that will not be reclassified to profit or loss</b>					
Pensions	1	1	1	1	-31
Tax	-1	0	0	0	6
<b>Other comprehensive income</b>	<b>88</b>	<b>-17</b>	<b>286</b>	<b>145</b>	<b>79</b>
<b>Comprehensive income for the period</b>	<b>277</b>	<b>126</b>	<b>926</b>	<b>773</b>	<b>929</b>
Attributable to:					
Shareholders in the parent company	276	126	926	774	929
Non-controlling interest	1	0	0	-1	0
<b>Total</b>	<b>277</b>	<b>126</b>	<b>926</b>	<b>773</b>	<b>929</b>

# Condensed consolidated balance sheet

SEK million	30 Sep 2019	30 Sep 2018	Full year 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13,554	7,069	7,166
Property, plant and equipment	595	545	571
Other non-current assets	2,721	24	695
<b>Total non-current assets</b>	<b>16,870</b>	<b>7,638</b>	<b>8,432</b>
<b>Current assets</b>			
Current receivables	6,537	4,126	4,538
Cash and cash equivalents	808	200	239
<b>Total current assets</b>	<b>7,346</b>	<b>4,325</b>	<b>4,776</b>
<b>Total assets</b>	<b>24,215</b>	<b>11,963</b>	<b>13,208</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Attributable to shareholders in parent company	9,450	5,290	5,449
Attributable to non-controlling interest	3	16	16
<b>Total equity</b>	<b>9,454</b>	<b>5,306</b>	<b>5,465</b>
<b>Non-current liabilities</b>			
Provisions	919	332	389
Non-current liabilities	7,772	2,784	3,329
<b>Total non-current liabilities</b>	<b>8,691</b>	<b>3,116</b>	<b>3,718</b>
<b>Current liabilities</b>			
Provisions	64	89	58
Current liabilities	6,006	3,453	3,968
<b>Total current liabilities</b>	<b>6,070</b>	<b>3,541</b>	<b>4,026</b>
<b>Total equity and liabilities</b>	<b>24,215</b>	<b>11,963</b>	<b>13,208</b>

# Condensed statement of change in consolidated equity

SEK million	30 Sep 2019	30 Sep 2018	Full year 2018
<b>Equity at start of period</b>	<b>5,465</b>	<b>4,989</b>	<b>4,987</b>
<b>Comprehensive income for the period</b>	<b>926</b>	<b>773</b>	<b>929</b>
Dividends	-560	-387	-387
Rights issue	3,967	-	-
Conversion of convertible bonds into shares	143	100	103
Value of conversion right	8	10	10
Share buy-backs/sales	-164	-177	-177
Repayment of hybrid bond	-331	-	-
Share savings programmes	-	0	0
<b>Equity at end of period</b>	<b>9,454</b>	<b>5,306</b>	<b>5,465</b>

# Condensed statement of consolidated cash flows (incl. IFRS 16)

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Profit after financial items	228	187	805	817	1,103
Adjustment for items not included in cash flow and other	440	8	637	45	47
Of which IFRS 16 Leases	386	-	386	-	-
Income tax paid	-79	-51	-255	-195	-256
<b>Cash flow from operating activities before changes in working capital</b>	<b>588</b>	<b>144</b>	<b>1,187</b>	<b>666</b>	<b>894</b>
Cash flow from changes in working capital	-17	-31	-272	-150	-21
<b>Cash flow from operating activities</b>	<b>571</b>	<b>112</b>	<b>915</b>	<b>515</b>	<b>874</b>
Cash flow from investing activities	-77	-88	-5,119	-333	-1,153
Cash flow from financing activities	-312	-10	4,783	-195	306
<b>Cash flow for the period</b>	<b>182</b>	<b>15</b>	<b>579</b>	<b>-13</b>	<b>26</b>
Opening cash and cash equivalents	630	187	239	223	223
Exchange difference in cash and cash equivalents	-4	-2	-10	-10	-10
<b>Closing cash and cash equivalents</b>	<b>808</b>	<b>200</b>	<b>808</b>	<b>200</b>	<b>239</b>

# Change in consolidated net debt (excl. IFRS 16)

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Opening balance	5,154	2,825	3,455	2,631	2,631
Cash flow from operating activities	-185	-112	-529	-515	-874
Investments	24	29	127	71	121
Acquisitions and contingent considerations	71	58	5,108	263	374
Dividend	-	-	560	387	387
Share buy-backs/sales	164	177	164	177	177
Acquisition of Pöyry PLC shares	-	-	-	-	657
Rights issue	-	-	-3,967	-	-
Repayment of hybrid bond	-	-	331	-	-
Other	-116	-26	-137	-63	-19
<b>Closing balance</b>	<b>5,112</b>	<b>2,950</b>	<b>5,112</b>	<b>2,950</b>	<b>3,455</b>

# Consolidated net debt (incl. IFRS 16)

SEK million	30 Sep 2019	30 Sep 2018	Full year 2018
Loans and credit facilities	8,126	3,050	3,553
Net pension liability	308	100	141
Cash and cash equivalents	-808	-200	-239
<b>Group</b>	<b>7,627</b>	<b>2,950</b>	<b>3,455</b>

# Consolidated net debt (excl. IFRS 16)

SEK million	30 Sep 2019	30 Sep 2018	Full year 2018
Loans and credit facilities	5,611	3,050	3,553
Net pension liability	308	100	141
Cash and cash equivalents	-808	-200	-239
<b>Group</b>	<b>5,112</b>	<b>2,950</b>	<b>3,455</b>



# Consolidated key ratios<sup>1</sup>

	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Return on equity, %	12.4	17.2	16.1
Return on capital employed, %	9.4	15.2	14.4
Equity ratio, %	39.0	44.4	41.4
Equity per share, SEK	84.24	68.38	70.42
Interest-bearing liabilities, SEK m	8,436	3,150	3,694
Average number of full-time employees (FTEs) <sup>2</sup>	14,385	9,902	10,037

<sup>1</sup>Including IFRS 16 Leases 2019

<sup>2</sup>This key ratio includes ÅF employees and seven months of Pöry employees.

## Items affecting comparability

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Transaction costs	-	-	-44	-	-25
Integration costs	-37	-	-131	-	-
<b>Total</b>	<b>-37</b>	<b>-</b>	<b>-175</b>	<b>-</b>	<b>-25</b>

## Income

### Net sales January–September 2019 according to business model

SEK million	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	Management Consulting	Group-wide/ eliminations	Total Group
Project Business	5,357	1,199	1,273	1,776	417	-159	9,863
Professional Services	208	3,066	858	354	40	-43	4,482
<b>Total</b>	<b>5,565</b>	<b>4,265</b>	<b>2,131</b>	<b>2,130</b>	<b>457</b>	<b>-202</b>	<b>14,345</b>

The Group applies the accounting standard IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. ÅF Pöry's business model is divided into two client offerings: Project Business and Professional Services. Project Business is ÅF Pöry's offering for major projects and end-to-end solutions. In such projects, ÅF Pöry acts as a partner for the client, leading and running the entire project. Professional Services is ÅF Pöry's offering where the client leads and runs the project, while ÅF Pöry provides suitable expertise at the appropriate time.

Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contrac-

tual milestones are reached. Invoicing ordinarily takes place after the income has been recorded, resulting in contract assets. However, ÅF Pöry sometimes receives advance payments or deposits from our clients before the income is recognised, which then results in contract liabilities. In Professional Services, hours spent on a project are ordinarily invoiced at the end of each month. Performance obligations in Project Business are fulfilled over time as the service is provided. Revenue recognition is based on costs, with accumulated costs set in relation to total estimated costs. In Professional Services, revenue is recognised by the amount that the unit is entitled to invoice, in accordance with IFRS 15 B16.

# Quarterly information by division

Net sales (SEK million)	2018					2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	1,457	1,537	1,280	1,680	5,955	1,808	2,020	1,738		
Industrial & Digital Solutions	1,453	1,472	1,229	1,628	5,782	1,578	1,483	1,204		
Process Industries	206	213	170	223	811	447	914	770		
Energy	359	406	363	430	1,559	539	830	761		
Management Consulting	-	-	-	-	-	74	197	185		
Group-wide/eliminations	-59	-20	-48	-5	-132	-56	-50	-96		
<b>Group</b>	<b>3,415</b>	<b>3,608</b>	<b>2,995</b>	<b>3,957</b>	<b>13,975</b>	<b>4,389</b>	<b>5,393</b>	<b>4,562</b>		

EBITA (SEK million)	2018					2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	165	174	113	185	637	182	195	118		
Industrial & Digital Solutions	137	144	94	150	525	145	131	80		
Process Industries	18	24	16	33	91	42	88	73		
Energy	15	29	15	13	72	30	61	51		
Management Consulting	-	-	-	-	-	13	30	20		
Group-wide/eliminations <sup>3)</sup>	-10	-5	-18	-49	-82	-86	-100	-33		
<b>Group</b>	<b>325</b>	<b>366</b>	<b>220</b>	<b>332</b>	<b>1,243</b>	<b>327</b>	<b>405</b>	<b>309</b>		

EBITA margin (%)	2018					2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	11.3	11.4	8.8	11.0	10.7	10.1	9.6	6.8		
Industrial & Digital Solutions	9.4	9.8	7.7	9.2	9.1	9.2	8.8	6.6		
Process Industries	8.8	11.4	9.2	14.7	11.2	9.5	9.6	9.5		
Energy	4.1	7.1	4.2	3.1	4.6	5.7	7.3	6.7		
Management Consulting	-	-	-	-	-	18.1	15.3	10.7		
<b>Group</b>	<b>9.5</b>	<b>10.2</b>	<b>7.4</b>	<b>8.4</b>	<b>8.9</b>	<b>7.5</b>	<b>7.5</b>	<b>6.8</b>		

Average number of full-time employees (FTEs)	2018					2019 <sup>1</sup>				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	4,258	4,395	4,465	4,660	4,445	5,098	5,954	5,916		
Industrial & Digital Solutions	3,616	3,732	3,782	3,863	3,748	3,845	3,825	3,738		
Process Industries	666	668	672	747	688	1,471	3,021	3,170		
Energy	1,002	993	960	1,015	992	1,326	2,146	2,059		
Management Consulting	-	-	-	-	-	112	348	389		
Group functions	143	166	184	160	164	229	268	270		
<b>Group</b>	<b>9,685</b>	<b>9,954</b>	<b>10,063</b>	<b>10,445</b>	<b>10,037</b>	<b>12,081</b>	<b>15,562</b>	<b>15,540</b>		

Number of working days	2018					2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	63	60	65	62	250	63	60	66	61	249
All countries	63	60	65	62	249	63	60	66	61 <sup>2</sup>	249 <sup>2</sup>

<sup>1)</sup> This key ratio includes ÅF employees and seven months of Pöry employees.

<sup>2)</sup> Estimated weighted average.

<sup>3)</sup> Including IFRS 16 Leases 2019, which is recognised under the Group-wide item.

The historical figures above have been adjusted based on the organisational changes implemented on 1 June 2019, involving certain changes among the divisions.

## New divisional structure

Since 22 February 2019, ÅF Pöry's operations are conducted through five divisions: Infrastructure, Industrial & Digital Solutions, Process Industries, Energy and Management Consulting. The divisions offer services to multiple industries and sectors. The divisions create sustainable solutions in the infrastructure, industry and energy sectors, with clients from both the private and public sectors. The

Infrastructure Division is formed by ÅF and Pöry, and provides technical solutions for buildings and infrastructure. The Industrial & Digital Solutions Division is formed by ÅF, and is one of the leading providers of industrial and digital solutions in the Nordics. The Process Industries Division is formed by Pöry as well as ÅF, and the division is world leading within pulp and paper. The Energy Division is also formed by ÅF and Pöry and has a global presence, with operations in 80 countries. The Management Consulting Division is formed by Pöry and provides strategic and operational advisory services across the value chain.

# Acquisition of operations

## The following acquisitions were made during the period

SEK million	Company	Country	Division	Annual net sales	FTEs
<b>Period</b>					
Jan–Mar	Pöry PLC	FI		5,944	4,700
Apr–Jun	-				
Jul–Sep	AF-Incepal S.A.	ES	Process Industries	35	40
Jul–Sep	CTT Systems AB	SE	Industrial & Digital Solutions	12	10
Jul–Sep	Sonny Svenson Konsult AB	SE	Infrastructure	14	10
<b>Total</b>				<b>6,005</b>	<b>4,760</b>

## Acquired companies' net assets on acquisition date

SEK million	Jan–Sep 2019		
	Pöry	Other acquisitions	Total
Intangible assets	57	0	57
Property, plant and equipment	66	1	67
Right-of-use assets	938	-	938
Financial assets	303	0	303
Accounts receivable and other receivables	1,753	29	1,782
Cash and cash equivalents	1,044	16	1,060
Accounts payable, loans and other liabilities	-3,592	-13	-3,604
<b>Net identifiable assets and liabilities</b>	<b>569</b>	<b>34</b>	<b>604</b>
Non-controlling interest	-2	-	-2
Goodwill	4,829	14	4,843
Fair value adjustment, intangible assets	1,304	1	1,305
Fair value adjustment, non-current provisions	-293	0	-294
<b>Purchase consideration</b>	<b>6,407</b>	<b>49</b>	<b>6,456</b>
Transaction costs	69	1	70
Deduct:			
Cash (acquired)	1,044	16	1,060
Estimated contingent consideration	-	6	6
Estimated minority buyout	46	-	46
<b>Net outflow of cash</b>	<b>5,387</b>	<b>27</b>	<b>5,414</b>

In February 2019, ÅF Pöry announced the completion of the acquisition of Pöry PLC. Pöry is an international consultancy and engineering company with services related to energy, the process industry, infrastructure and management consulting.

The table shows the effect of the acquisition on consolidated assets and liabilities. The acquisition analysis is preliminary since fair value has not been determined for all items.

The purchase consideration was higher than the book value of the acquired net assets (equity), and the acquisition analysis resulted in intangible assets. The acquisition of a consulting business primarily involves the acquisition of human capital in the form of employee expertise, which is why most of the intangible assets in the company acquired are attributable to goodwill.

### Goodwill

Goodwill consists mainly of human capital in the form of employee skills and synergy effects. Goodwill is not expected to be tax deductible on acquisition of a company.

### Other intangible assets

Order backlogs and customer relationships were identified and measured in connection with the acquisition of Pöry.

### Acquisition-related costs

Transaction costs are recognised as other external costs in profit or loss. Transaction costs relating to Pöry amounted to SEK 69 million, of which SEK 25 million was expensed in 2018.

### Revenue and profit from acquired company

If the acquisition of Pöry had been completed on 1 January 2018, it would have contributed sales of approximately EUR 580 million and operating profit of approximately EUR 55 million in 2018.

# Change in contingent consideration

SEK million	30 Sep 2019
Opening balance, 1 January 2019	731
Acquisitions for the year	6
Payments	-253
Changes in value recognised in income statement	-88
Adjustment of preliminary acquisition analysis	-7
Discounting	13
Translation differences	10
<b>Closing balance</b>	<b>412</b>

## Measurement of fair value

Contingent considerations are measured at fair value and classified at level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are mainly related to expected EBIT over the next two to three years for the acquired companies. The change in the balance sheet items is recognised in the table.

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2018 Annual Report. Fair values are essentially consistent with carrying amounts.

# Acquisition-related items

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Amortisation and impairment of intangible non-current assets	-62	-11	-150	-30	-41
Revaluation of contingent considerations	27	1	88	-6	2
Divestment of operations	-	-	-	-	-1
<b>Total</b>	<b>-35</b>	<b>-10</b>	<b>-62</b>	<b>-36</b>	<b>-40</b>

# Parent income statement

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Full year 2018
Net sales	166	132	524	431	601
Other operating income	69	59	203	169	230
<b>Operating income</b>	<b>235</b>	<b>191</b>	<b>727</b>	<b>599</b>	<b>831</b>
Personnel costs	-36	-41	-170	-133	-188
Other costs	-197	-159	-606	-484	-678
Depreciation and amortisation	-8	-9	-25	-26	-34
<b>Operating profit/loss</b>	<b>-7</b>	<b>-17</b>	<b>-75</b>	<b>-44</b>	<b>-69</b>
Net financial items	-17	-9	-49	68	753
<b>Profit/loss from financial items</b>	<b>-24</b>	<b>-27</b>	<b>-123</b>	<b>23</b>	<b>684</b>
Appropriations	-	-	-	-	107
<b>Pre-tax profit</b>	<b>-24</b>	<b>-27</b>	<b>-123</b>	<b>23</b>	<b>791</b>
Tax	6	6	34	13	1
<b>Profit for the period</b>	<b>-18</b>	<b>-21</b>	<b>-89</b>	<b>36</b>	<b>792</b>
Other comprehensive income	-6	6	-14	5	17
<b>Comprehensive income for the period</b>	<b>-23</b>	<b>-15</b>	<b>-103</b>	<b>41</b>	<b>808</b>

# Parent balance sheet

SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	32	7	12
Property, plant and equipment	151	115	137
Financial assets	13,253	6,061	6,818
<b>Total non-current assets</b>	<b>13,435</b>	<b>6,183</b>	<b>6,967</b>
<b>Current assets</b>			
Current receivables	2,171	2,044	2,630
Cash and bank balances	15	20	32
<b>Total current assets</b>	<b>2,186</b>	<b>2,064</b>	<b>2,662</b>
<b>Total assets</b>	<b>15,621</b>	<b>8,246</b>	<b>9,629</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	8,332	4,272	5,041
Untaxed reserves	57	136	57
Provisions	120	222	252
Non-current liabilities	5,401	2,235	2,828
Current liabilities	1,712	1,381	1,451
<b>Total equity and liabilities</b>	<b>15,621</b>	<b>8,246</b>	<b>9,629</b>



# Combined operations

The figures are presented as though the consolidation of Pöyry took place on 1 January 2018.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
<b>Net sales, SEK million</b>				
Infrastructure	1,738	1,624	5,811	5,218
Industrial & Digital Solutions	1,204	1,229	4,265	4,154
Process Industries	770	706	2,525	2,315
Energy	761	758	2,412	2,168
Management Consulting	185	176	575	570
Group-wide/eliminations	-96	-94	-208	-260
<b>Group</b>	<b>4,562</b>	<b>4,398</b>	<b>15,380</b>	<b>14,164</b>
<b>EBITA excl. items affecting comparability, SEK million</b>				
Infrastructure	118	131	512	518
Industrial & Digital Solutions	80	94	355	375
Process Industries	73	65	252	222
Energy	51	46	166	131
Management Consulting	20	27	75	69
Group-wide/eliminations <sup>1)</sup>	4	-28	-66	-92
<b>Group</b>	<b>345</b>	<b>335</b>	<b>1,293</b>	<b>1,224</b>
<b>EBITA margin excl. items affecting comparability, %</b>				
Infrastructure	6.8	8.1	8.8	9.9
Industrial & Digital Solutions	6.6	7.7	8.3	9.0
Process Industries	9.5	9.3	10.0	9.6
Energy	6.7	6.1	6.9	6.0
Management Consulting	10.7	15.5	13.0	12.2
<b>Group</b>	<b>7.6</b>	<b>7.6</b>	<b>8.4</b>	<b>8.6</b>

<sup>1)</sup>Including IFRS 16 Leases 2019, which is recognised under the Group-wide item.

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Stockholm, 29 October 2019

ÅF Pöry AB (publ)  
Jonas Gustavsson  
President and CEO

*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 issued for publication through the agency of the contact person set out above on 29 October 2019 at 08.00 CET.*

*All forward-looking statements in this report are based on the company's best assessment 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.*

#### Presentation to investors

Time:	29 October at 10.00 CET.
Webcast:	<a href="http://www.afconsult.com/sv/investor-relations/finansiella-rapporter/">http://www.afconsult.com/sv/investor-relations/finansiella-rapporter/</a>
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#### Calendar

Q4 2019	7 February 2020
Q1 2020	28 April 2020
Q2 2020	14 July 2020
Q3 2020	23 October 2020
Q4 2020	5 February 2021

#### ÅF PÖRY – MAKING FUTURE.

ÅF Pöry is a leading European engineering, design and advisory company. We create solutions to support our customers worldwide to act on sustainability as well as the global trends of urbanisation and digitalisation. We are more than 16,000 devoted experts within the fields of infrastructure, industry and energy operating across the world to create sustainable solutions for the next generation. Making Future.