

# Sweco Capital Markets Day 2023





# Agenda

| Welcome

| Åsa Bergman, President and CEO

| Olof Stålnacke, CFO

Break

| Erwin Malcorps, Belgium

| Ann-Louise Lökholm Klasson, Sweden

| Summary

Lunch

| Site visit

# Åsa Bergman

## President and CEO



# Becoming the European leader

**1889**  
Hugo Theorell founded  
Theorells Ingenjörbyrå

**1958**  
FFNS founded

**1997**  
Sweco  
is formed

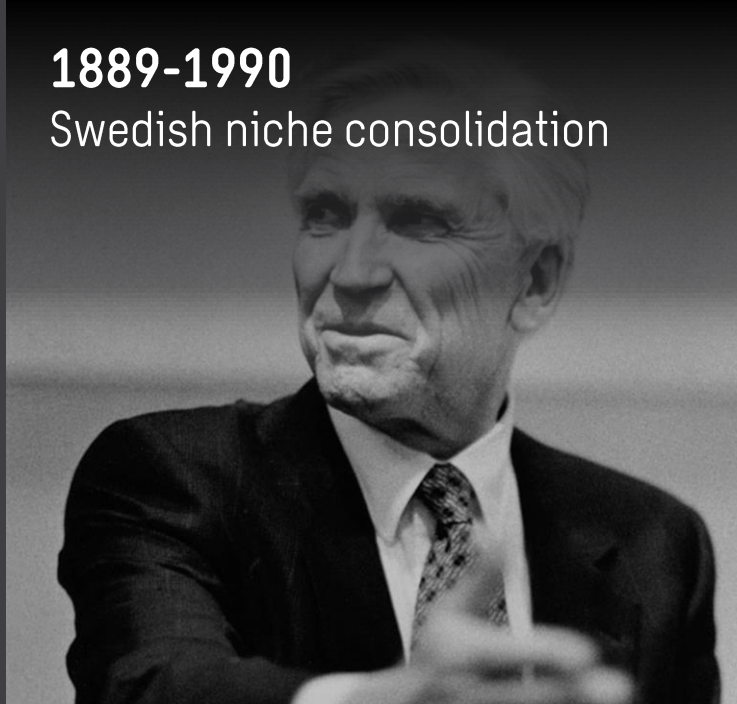
**1998**  
IPO of Sweco

**2015**  
Large Cap on  
Nasdaq Stockholm

**2015**  
Acquisition of  
Grontmij

**1889-1990**

Swedish niche consolidation



**1990-2003**

Establishing full Swedish  
service offering



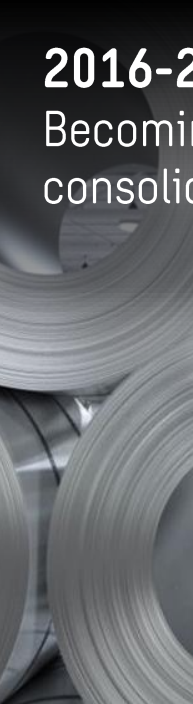
**2003-2016**

From Swedish to Nordic  
market leadership



**2016-2020**

Becoming  
consolidated





# Consolidated market leading position

## 2016 (FY)

#1 in Europe  
8 core markets  
SEK 16.5b Net sales  
SEK 1.5b EBITA  
9.0% EBITA-margin  
14,653 FTE's

## 2023 (LTM Q3 2023)

#1 in Europe  
8 core markets

- SEK 27.5b Net sales, CAGR 8%
- SEK 2.6b EBITA, CAGR 9%
- 9.4% EBITA-margin
- 19,756 FTE's, CAGR 5%





# In the midst of the green transition in Europe



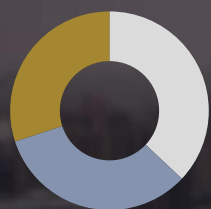


# Sweco today

1,700 teams - 21,000 experts - 120,000 projects

## OPERATIONS IN THREE SEGMENTS

Net sales by segment in 2023, %



- Buildings & Urban areas: 37
- Water, energy & industry: 34
- Transportation infrastructure: 29

## WELL-BALANCED CLIENT PORTFOLIO

Net sales by client category in 2023, %

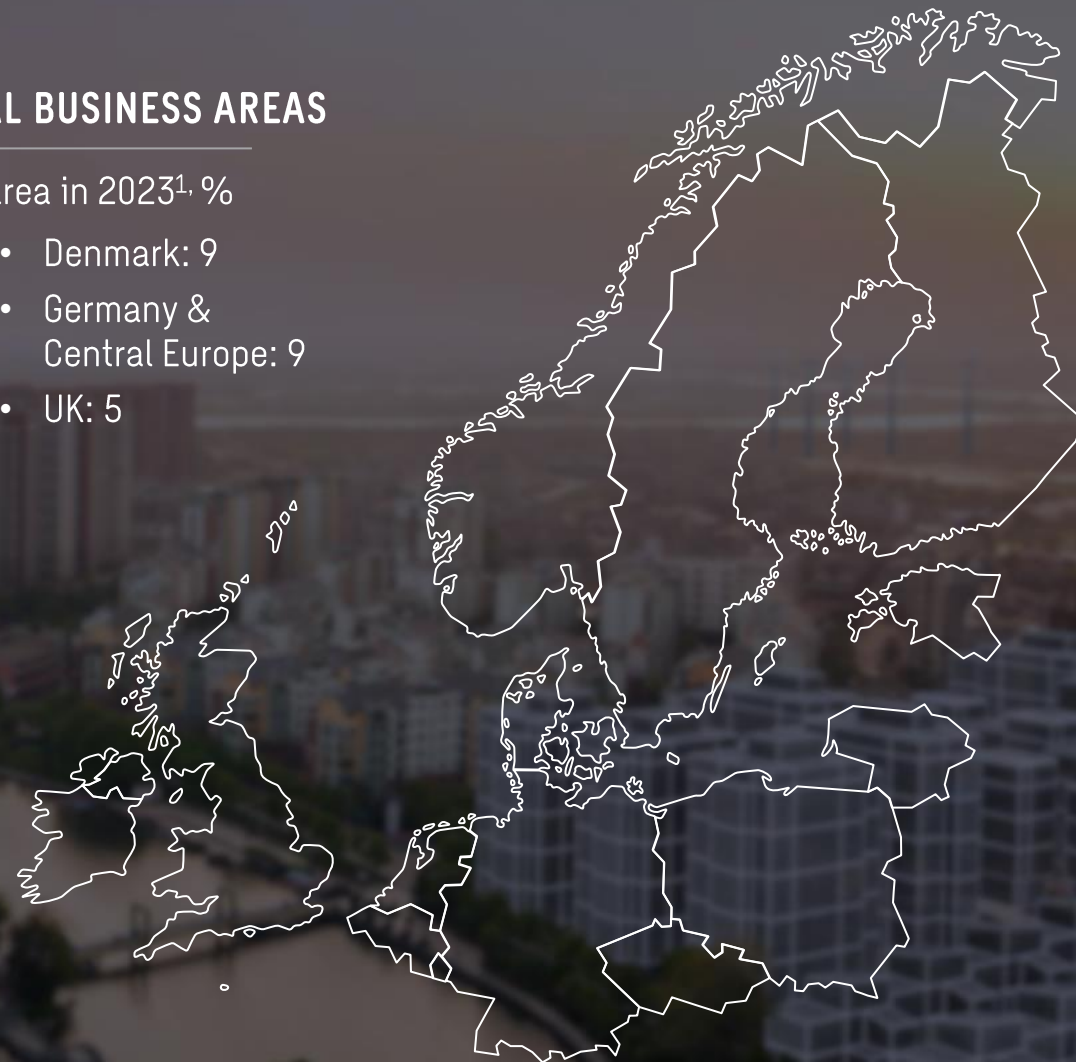


- Public sector: 39
- Private sector: 61

## EIGHT GEOGRAPHICAL BUSINESS AREAS

Net sales by business area in 2023<sup>1</sup>, %

- Sweden: 30
- Norway: 13
- Finland: 13
- Belgium: 12
- Netherlands: 10
- Denmark: 9
- Germany & Central Europe: 9
- UK: 5



# Continuing our journey

## BY SIZE

European market

#1

Geographical business areas

Top 3

in 5 out of 8 markets

■ Sweco top 3

■ Sweco # 4

■ Sweco # 14

## FINANCIAL TARGETS

- 12 % EBITA margin
- Net debt <2.0 x EBITDA
- > 50 % dividend







Sustainability



Digitalisation



Urbanisation &  
demography



Macro &  
geopolitics



# Sustainability approach



SUSTAINABLE DEVELOPMENT GOALS





# Europe's green transition - a key growth driver

## MEGATREND

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Sustainability

## DRIVERS

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Geopolitics

Regulatory &  
political priorities

Consumer demand  
& expectations

Investor  
sentiment

Technical  
development

## OPPORTUNITIES

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Energy transition

**EUR 300b**

RePowerEU investment  
package

Transport transition

**2x**

Europe's high-speed rail  
traffic infrastructure to be  
doubled by 2030

Industrial transition

**EUR 40b**

Deployable capital from  
the EU Innovation Fund  
over the next decade

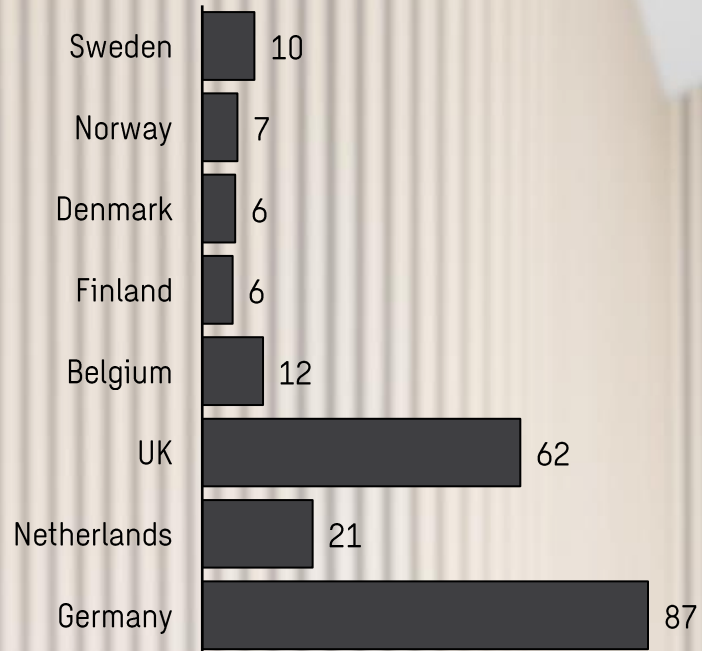
Urban transition

**EUR 580b**

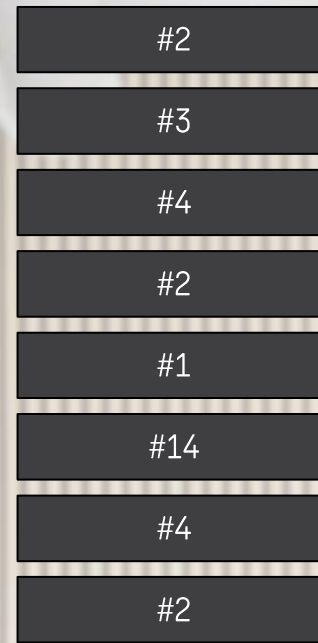
Of EU's budget will be  
allocated to climate-relevant  
actions during the period  
from 2021 to 2027

# Market potential of over EUR 200 billion

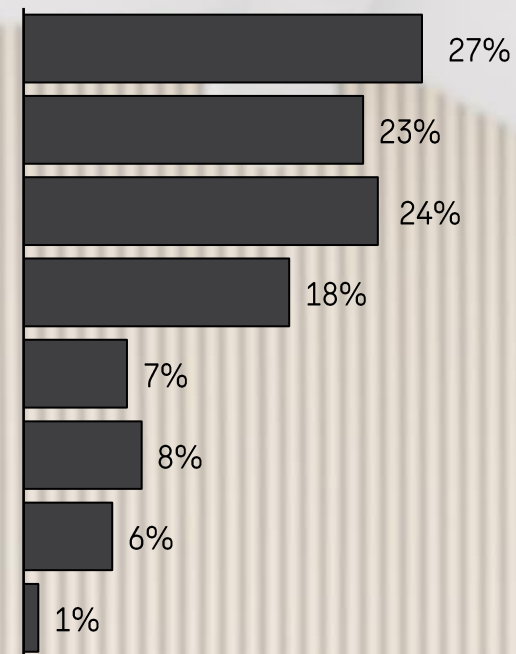
## TOTAL MARKET SIZE ~ EUR 210 Bn



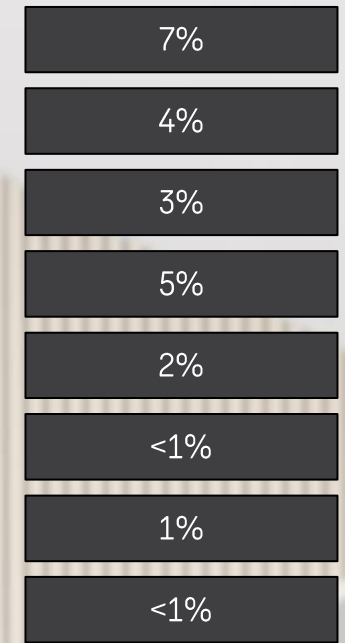
## SWECO'S MARKET POSITION



## MARKET SHARE TOP 5 COMPANIES

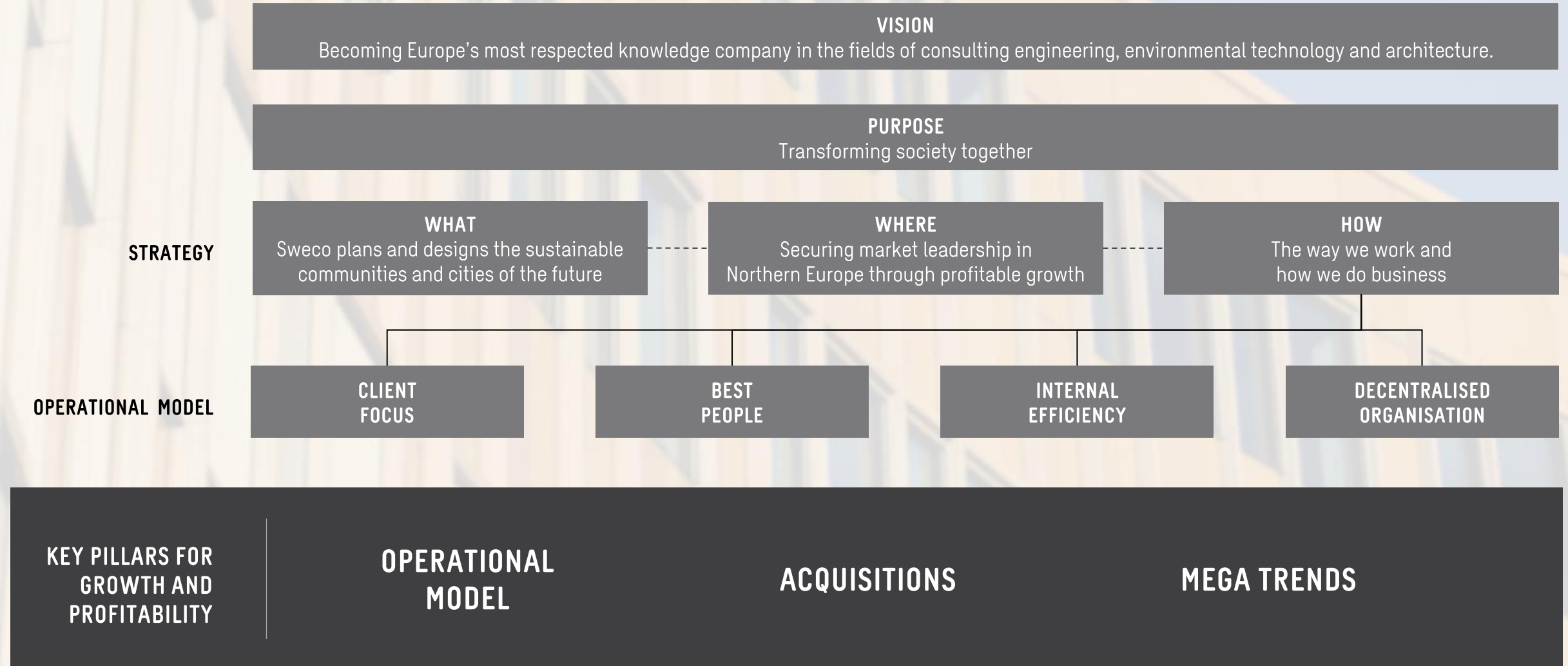


## SWECO'S MARKET SHARE





# Sweco's strategy and key pillars



# A proven operational model

## CLIENT FOCUS

High client satisfaction  
8.7/10 (2022)

## BEST PEOPLE

Effective recruitment and  
talent development  
Strong employer brand

## INTERNAL EFFICIENCY

Implement lean processes and culture of simplicity and  
efficiency in all markets

Constant improvements through new ways of working

## DECENTRALISED ORGANISATION

1,700 teams with P&L  
21,000 experts  
120,000 project

Proximity to clients  
Agile and adaptable organisation  
Diversified portfolio with a  
solid base of small to mid-  
sized projects





# Our main asset: The experts

## BEST PEOPLE

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Our ability to attract, develop and retain the best people is a competitive edge

Strong employer brand, one of the industry's most attractive employers

## COMPANY CULTURE

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Building a culture distinguished by collaboration, personal development and equal opportunities

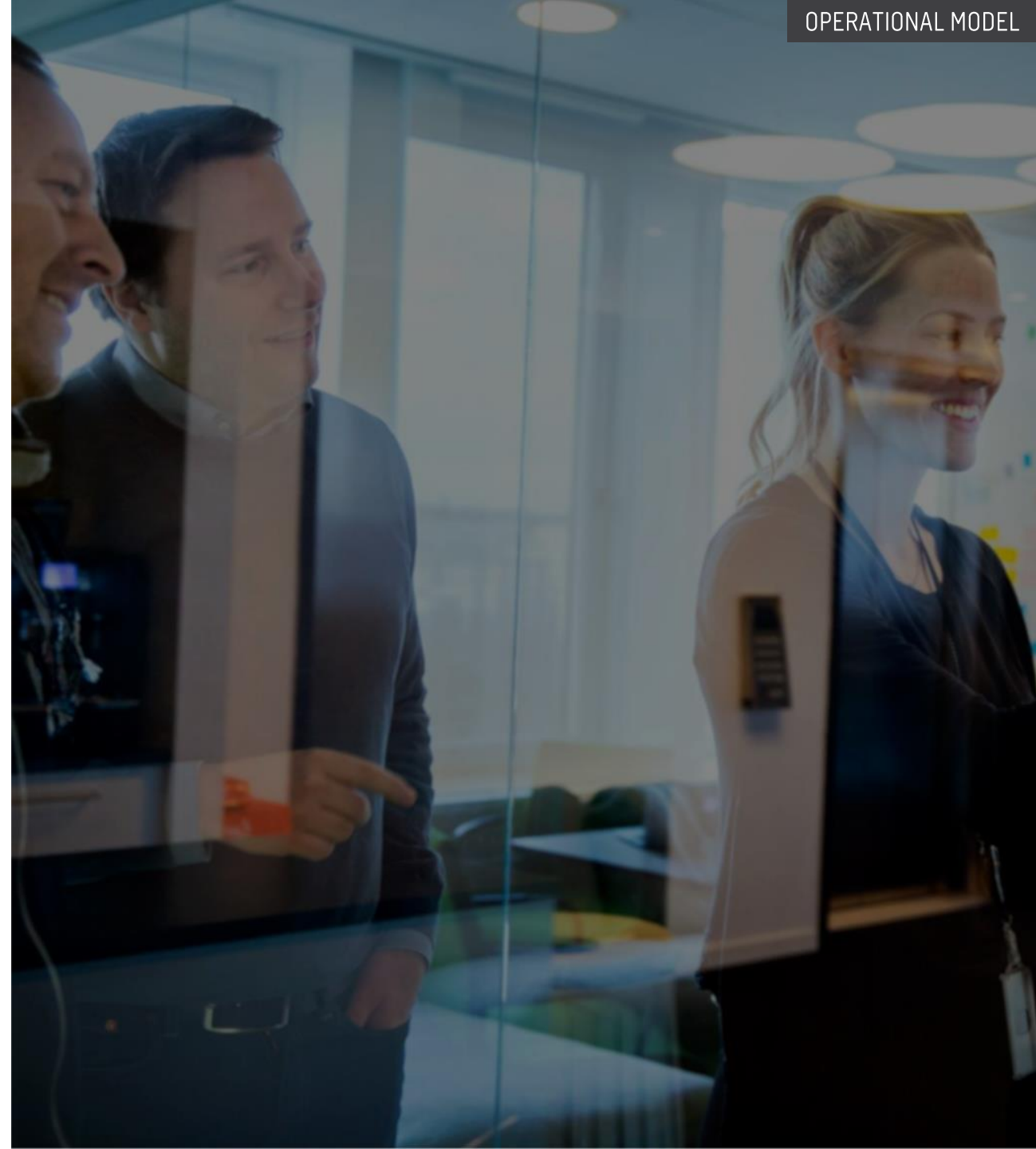
High employee satisfaction, 80 percent recommendation

## INCREASING DEMAND FOR OUR EXPERTISE

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The skill gap – EU green transition and investments will require thousands of engineers

Education of more engineers, reskilling to green and competence mobility between countries



# Focus on profitable growth in all business areas

## BELGIUM, DENMARK AND SWEDEN

	Margin <sup>1</sup>
Belgium:	12,6%
Denmark:	13,7%
Sweden:	11,6%

- Strong market positions
- High internal efficiency
- Positive pricing trend
- Focus on reaching top 3 position in Denmark

## FINLAND, NETHERLANDS AND NORWAY

	Margin <sup>1</sup>
Finland:	8,4%
Netherlands:	9,0%
Norway:	8,2%

- Strong market positions
- Focus on internal efficiency, pricing, and costs
- Focus on reaching top 3 position in the Netherlands

## GERMANY & CENTRAL EUROPE

	Margin <sup>1</sup>
Germany & CE:	4,6%

- Turnaround since 2021, cont'd focus on improvements
- Strengthen market position in attractive segments
- Acquisitions key to capture market opportunities

## THE UK

	Margin <sup>1</sup>
UK	1,9%

- Restructuring measures taken in Q3
- Short-term focus on strong segments
- Long-term journey to top 3



# Acquisitions – an essential part of our growth strategy

## STRATEGY

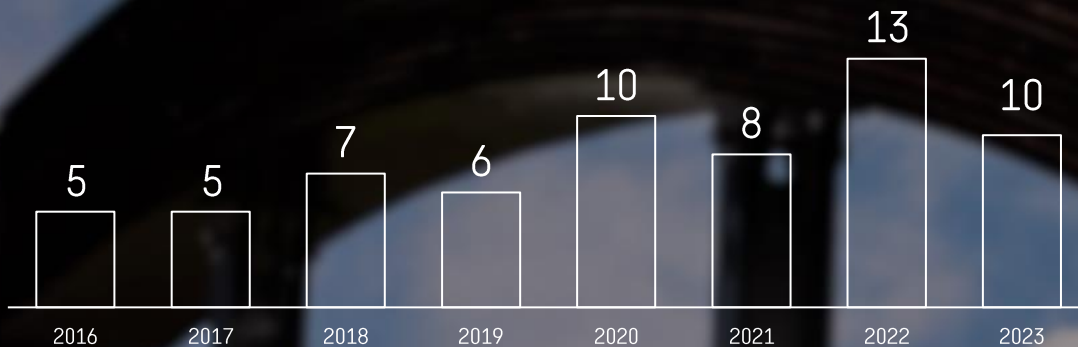
- Strengthen market position geographically and in segments
- Synergies and scale – integrated and operate under one brand

## OUTCOME 2016-2023 Q3

- Strengthened market position through 63 acquisitions – 4,326 new experts – SEK 6.9b in revenue
- Established combined architecture and engineering offering in 7/8 business areas (2/8 in 2016)

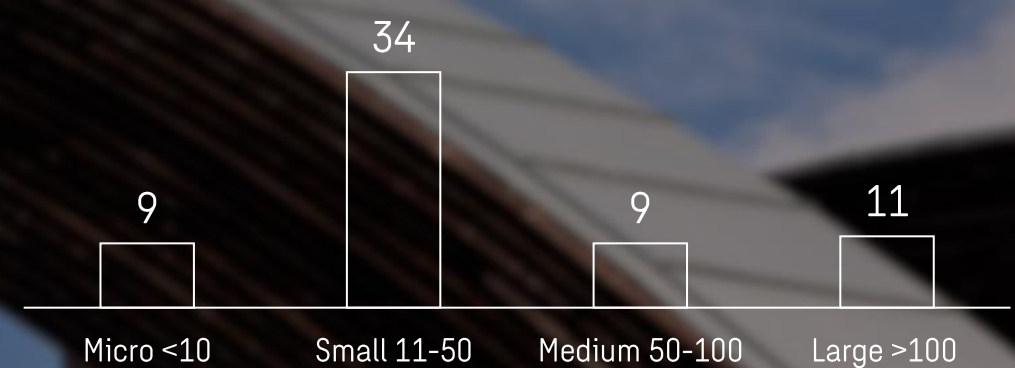
### ACCELERATING M&A PACE

2016-2023 Q3



### WIDE RANGE IN SIZES

2016-2023 Q3. Revenue in SEK



# Positioned for growth

- Current market provides a window of opportunity
- Attractive model for acquisitions
- Strong financial position

## ACQUISITION PIPELINE – TWO ARCHETYPES

### Scale

- Capturing a substantial portion of the market
- Adding new and existing competences

### Niche

- Attaining industry leadership in a niche area
- Adding new competence

2023 Q1-Q3

Acquisitions

10

In annual sales

1,823m

New experts

1,275

Markets

7



# Taking market leadership in attractive growth segments

## ENERGY TRANSITION

**EUR 300b**

RePowerEU investment package.

## TRANSPORT TRANSITION

**2x**

Europe's high-speed rail traffic infrastructure to be doubled by 2030

## INDUSTRIAL TRANSITION

**EUR 40b**

In deployable capital from The Innovation Fund over the next decade

## URBAN TRANSITION

**EUR 580b**

Of EU's budget will be allocated to climate-relevant actions during the period from 2021 to 2027

## SWECO'S OFFERING

Cutting edge competence in energy systems and grid:

- Transmission and distribution
- Wind and solar power
- Hydrogen and energy storage

Leading European consultancy in rail with 6, 000 experts. Multidisciplinary expertise in:

- Mobility and active travel
- Electrification and fossil-free fuels
- Traffic safety
- Climate adaptation of infrastructure

Trusted advisor to some of Europe's most ambitious large-scale industrial projects:

- Decarbonisation incl. CCS
- Industrial circularity
- Energy supply and efficiency
- Battery technology

No.4 architecture consultancy globally, over 1 500 architects:

- Planning, design, construction and circularity in the built environment
- Resilient urban infrastructure
- Nature based solutions

# Olof Stålnacke

CFO



# Q3 highlights

## Q3 2023

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### **Net sales SEK 6,417 million (5,357)**

- Organic growth 9 per cent, adj. for calendar effect
- Acquired growth 6 per cent
- Currency effects 6 per cent

### **EBITA SEK 465 million (382)**

- Operating margin of 7.2 per cent (7.1)
- 41 per cent increase, adj. for calendar effect

### **Net Debt/EBITDA 1.5x (0.9x)**



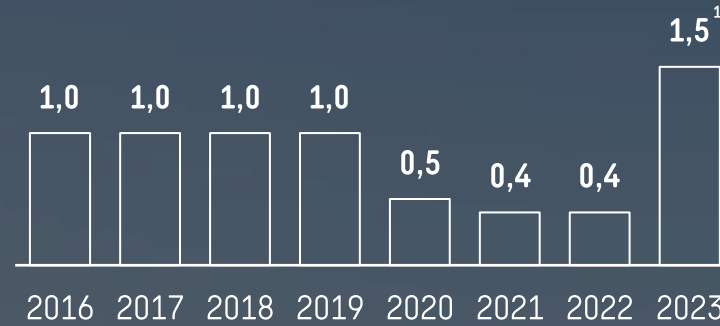
# Operating targets

## FINANCIAL TARGETS

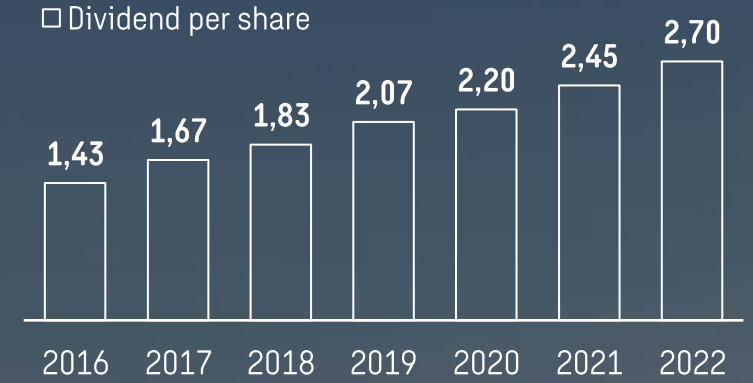
Ebita-margin below 12% target



Net debt/ebitda < 2.0 x EBITDA



Stable increase in dividend > 50%



## SUSTAINABILITY TARGETS

Climate neutral operations by 2040 and halve the carbon dioxide emissions by 2030

40 per cent female employees by 2040

Zero tolerance for bribes, corruption and violations of human rights

## OUTCOME 2022

32,866 tonnes CO2e

35%

0 confirmed cases of corruption or human rights violations

95.5 % employees completed business ethics training

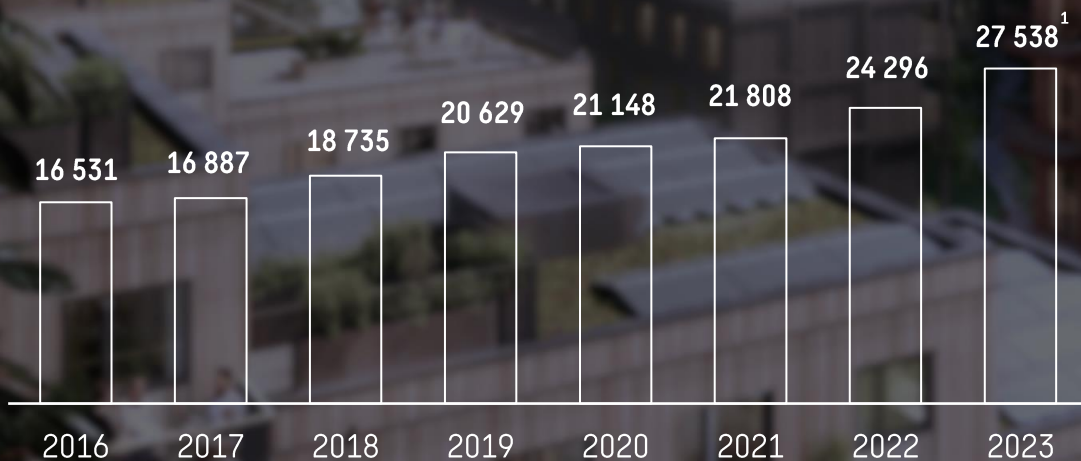


2016-2023

# Financial development

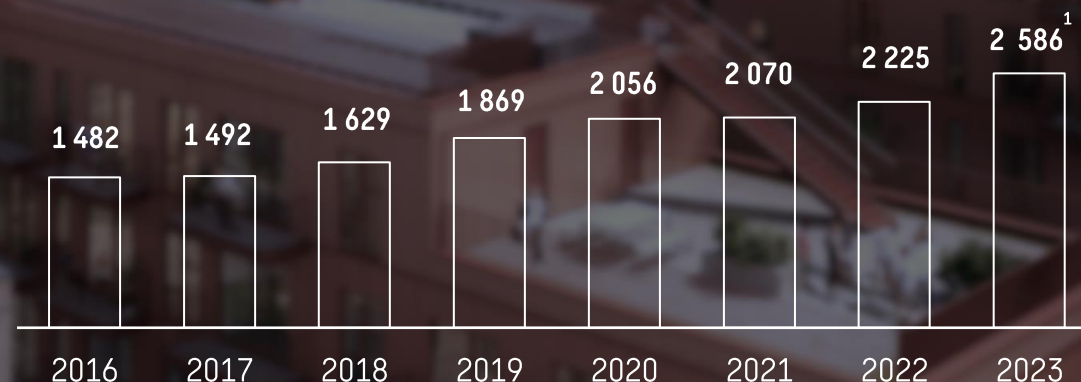
## NET SALES, MSEK

→ CAGR 8%



## EBITA, MSEK

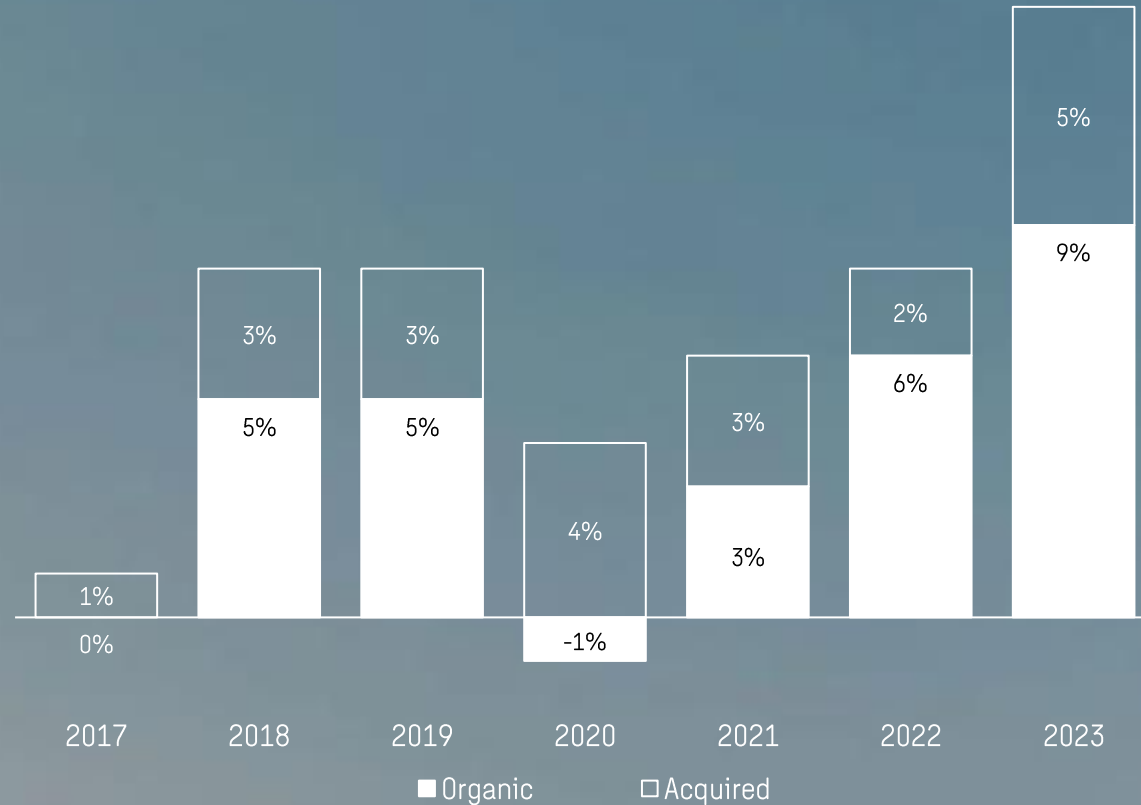
→ CAGR 9%



<sup>1</sup> Q3 2023 LTM

# A combination of organic and acquired growth

## NET SALES GROWTH - ORGANIC AND ACQUIRED



# Sensitivity analysis

**1 % billing ratio**  
= SEK 285 million

**1 % average fee**  
= SEK 221 million

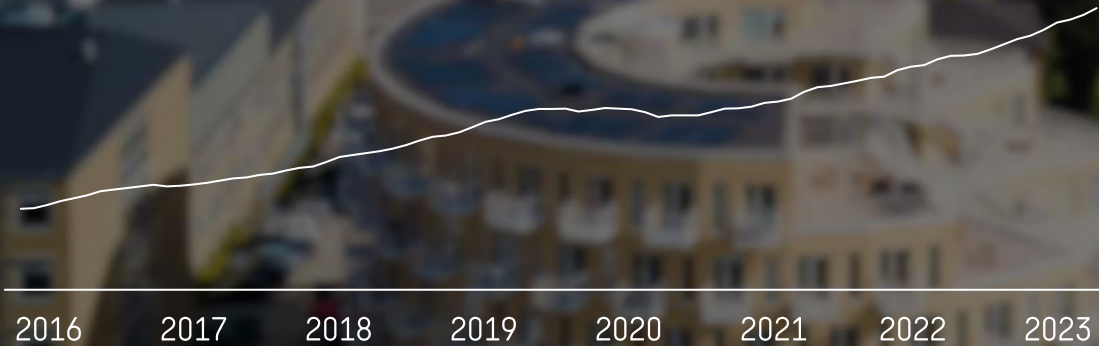
**1 calendar hour**  
= SEK 11 million

**1 % personnel cost**  
= SEK 162 million



# Focus on fees, efficiency and cost control

## PRICE INDEX



## BILLING RATIO



<sup>1</sup> Q3 2023 LTM

# Key steps to increased profitability

## BELGIUM, DENMARK AND SWEDEN

	Net Sales <sup>1</sup>	Margin
Belgium:	3245	12,6%
Denmark:	2636	13,7%
Sweden:	8247	11,6%

- Fine-tune performance
- Over-all high internal efficiency – focus on billing ratio in Sweden
- Positive pricing trend

**51%**<sup>2</sup>

## FINLAND, NETHERLANDS AND NORWAY

	Net Sales <sup>1</sup>	Margin
Finland:	3611	8,4%
Netherlands:	2700	9,0%
Norway:	3513	8,2%

- Focus on internal efficiency, pricing, and costs

**35%**<sup>2</sup>

## GERMANY & CENTRAL EUROPE

	Net Sales <sup>1</sup>	Margin
Germany & CE:	2368	4,6%

- Turn-around since 2021, cont'd focus on improvements
- Acquisitions long-term key to capture market opportunities

**9%**<sup>2</sup>

## THE UK

	Net Sales <sup>1</sup>	Margin
UK	1514	1,9%

- Restructuring measures taken in Q3
- Short-term focus on strong segments
- Long-term journey to top 3

**5%**<sup>2</sup>



# Value creation through acquisitions

- ~500 MSEK acquired EBITA since 2016
- Weighted average EV/EBITA multiple at ~50 % of Sweco's current multiple





# Why invest in Sweco?

## 1 STRONG POSITION IN A GROWING MARKET

Driven by the strong trends in the green transition, urbanisation, and digitalisation

## 2 LONG-TERM GROWTH STRATEGY, ORGANICALLY AND THROUGH ACQUISITIONS

Fundamental growth with the broad economic development, gaining access to segments with rapid growth through acquisitions

## 3 OPERATIONAL MODEL DRIVES PROFITABILITY IMPROVEMENT OVER TIME

Competitive advantage with a platform built to drive operational efficiency and leverage economies of scale

## 4 DIVERSIFIED OPERATIONS THAT CREATE FLEXIBILITY

Well-diversified business mix that offers stability through fluctuations in the economy

## 5 STRONG FINANCIAL POSITION

Excellent position for capturing long-term market opportunities in all market conditions



Focus going forward

Capture market  
opportunities and  
stay agile

Continue  
increasing fees

Cost control  
and efficiency

Execute on  
M&A strategy

# Q&A



# Welcome back at 10.20

# Erwin Malcorps,

Business area president, Sweco Belgium

# Sweco Belgium

- 3,777 clients
- 10,038 ongoing projects
- 2,648 FTE's
- #1 on the Belgian market
- Strong regional presence and decentralised organization
- Large geographical reach with operations in France, Luxembourg, and Vietnam



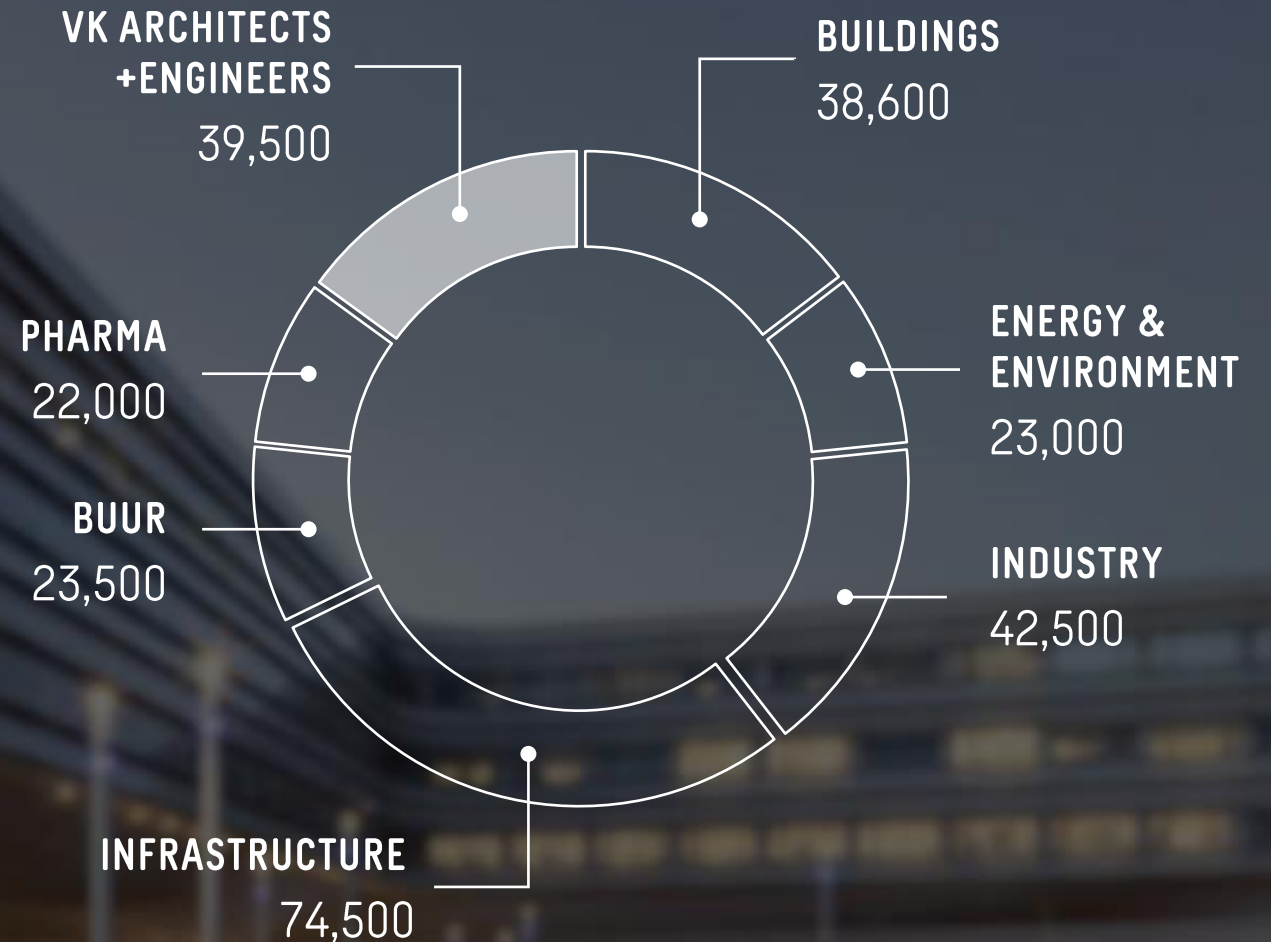


# Portfolio and client markets

Net sales 2023 YTD - October (in kEUR)<sup>1</sup>

## 6 DIVISIONS

Buildings	Infrastructure
Energy & Environment	Industry
Pharma	BUUR



# A journey of rapid growth and transformation

NET SALES, MSEK

→ CAGR 23%

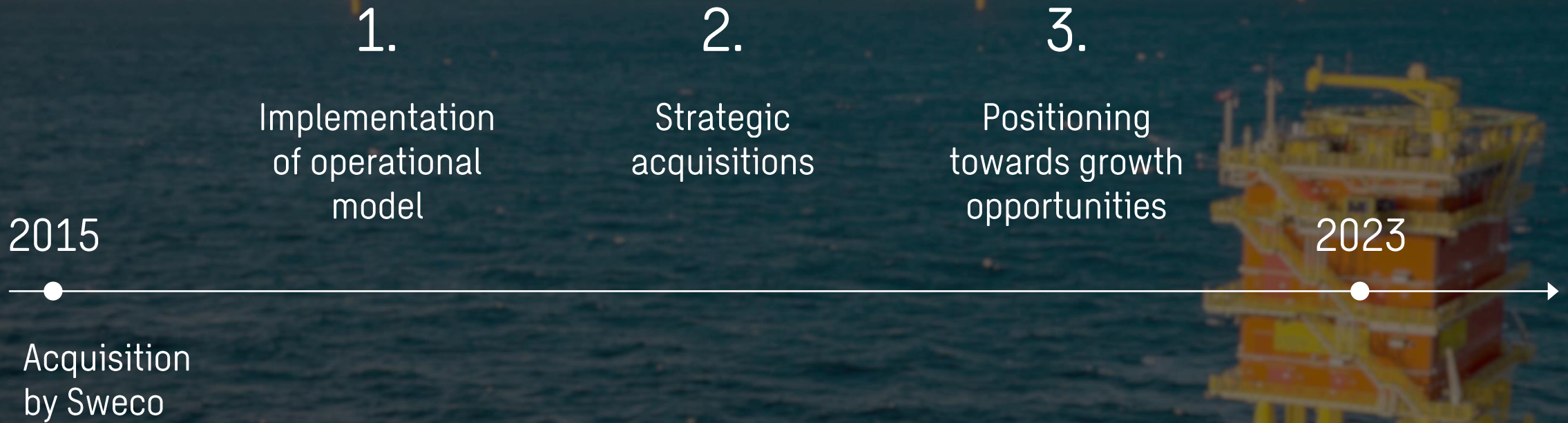


EBITA, MSEK

→ CAGR 36%  
Margin 12.6%



# The key pillars in our journey





# 1. Implementation of Sweco model

## CLIENT FOCUS

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51

NPS Sweco Belgium  
(Rolling 12 months)

Close to clients  
Constant client feedback

## BEST PEOPLE

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4.2/5

Employee retention  
(From internal survey)

Diversified team  
Employee feedback  
Personal development

## INTERNAL EFFICIENCY

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12.6%

Margin

Efficient processes  
Decentralised  
responsibility  
Digitalisation

## DECENTRALISED ORGANISATION

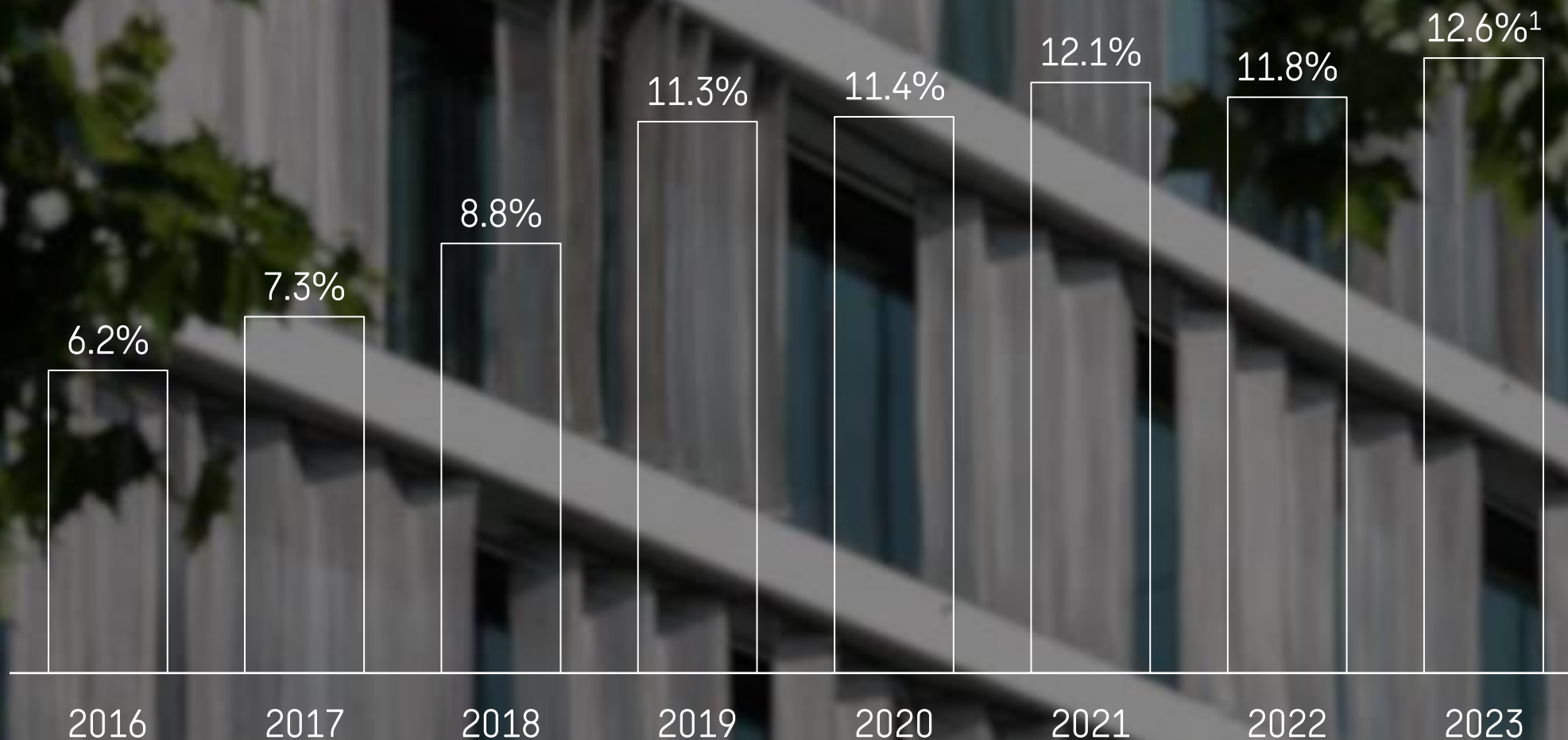
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+245 teams with P&L  
2,648 experts  
10,038 projects

25 offices + 9 offices  
outside Belgium

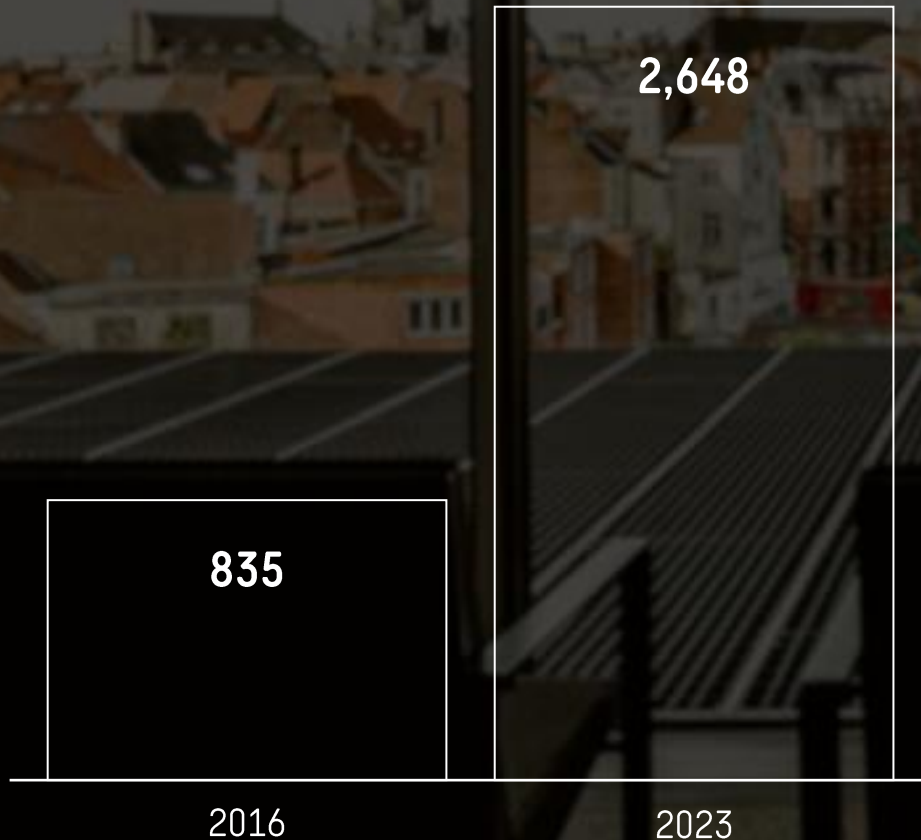
# Becoming a double-digit margin Business Area

EBITA excl. IAC



# Strong increase in employer attractiveness

## GROWTH IN EMPLOYEES



## BRAND AWARENESS





## 2. Acquisitions

- Combination of organic and acquired growth
- Leading to Sweco #1 in Belgium

### Examples acquisitions

- Talboom in 2020
- VENAC in 2022
- Infranea in 2022
- Futureproofed in 2022
- VK architects+engineers in 2023
- FPC Risk in 2023

2017-2023 Q3

Acquisitions

22

In annual sales (SEK)

1,750m

New experts

1,310



**Descriptive Twin** - Collecting and visualising data (Design validation)



# 3. Positioning towards growth opportunities

Climate adaptation

Energy transition

Pharma sector

Digital solutions infrastructure



# Q&A

# Ann-Louise Lökholm Klasson, Business area president, Sweco Sweden

# Sweco Sweden at a glance

- Net sales: SEK 8,247 million. 2023 Q3 LTM
- EBITA Margin 11.6 per cent. 2023 Q3 LTM
- #2 on the Swedish market
- 6,292 FTE's
- 7,000 clients
- 29,000 ongoing projects
- NPS 67
- 50 locations in Sweden



**Buildings**



**Digital Services**



**Architecture**



**Transport Infrastructure**



**Energy & Industry**



**Environment & Planning**



# Combining architecture and engineering

## UNIQUE COMPETENCE MIX

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End-to-end solutions across all project stages

Diversification of projects and segments

## INNOVATION THROUGH COMPLEX CHALLENGES

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Diverse viewpoints and innovative approaches

Competitive edge to solve complex tasks



# Delivering on our financial target

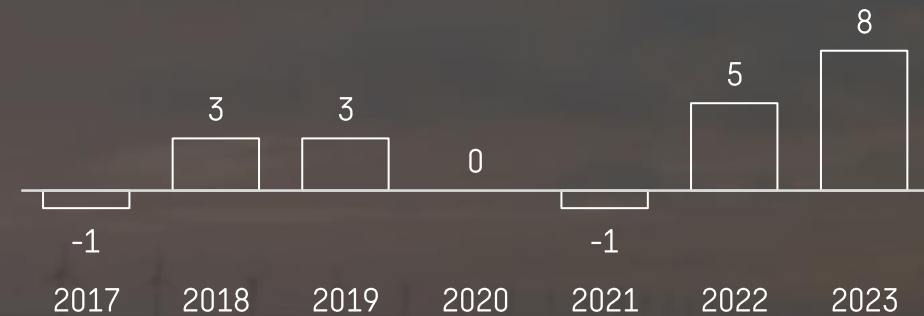
## INDUSTRY LEADING MARGINS

Strong track-record of high profitability  
Improved growth in a mixed market  
A business-minded and efficient culture

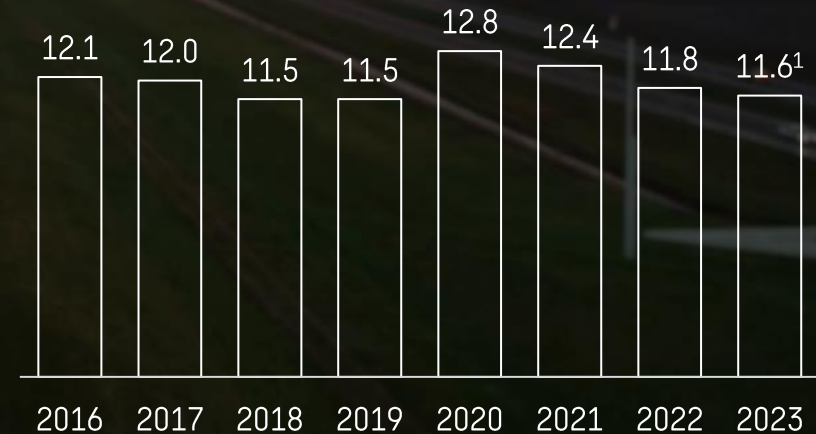
## INITIATIVES TO DELIVER ON TARGET

Improve organisational structure  
Momentum in onboarding  
Maintain cost control

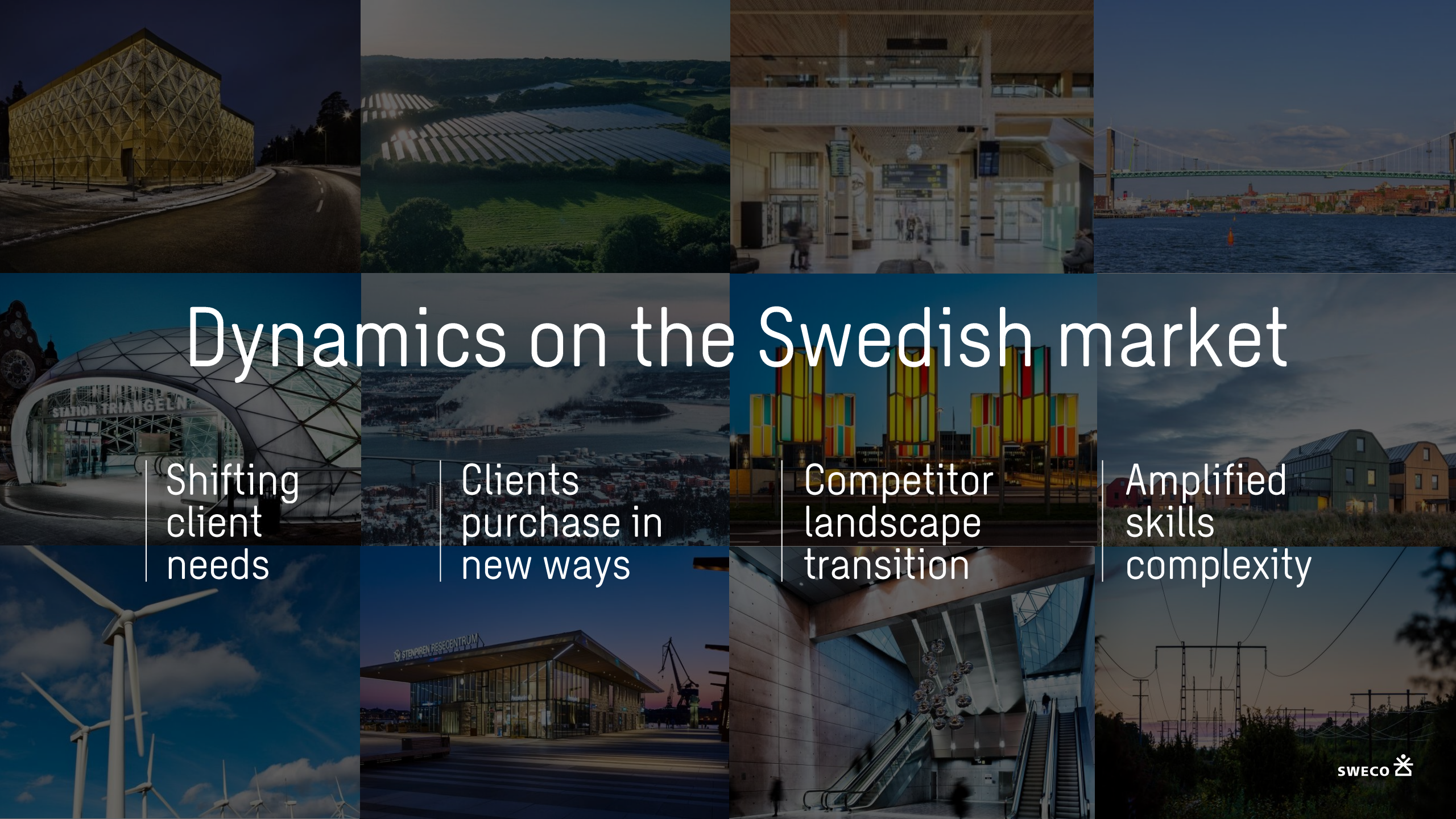
### Sweden, Net sales growth in %



### EBITA







# Dynamics on the Swedish market

Shifting  
client  
needs

Clients  
purchase in  
new ways

Competitor  
landscape  
transition

Amplified  
skills  
complexity



# Strong employer brand

## MSc ENGINEERING

### The Most Attractive Employers of 2023

- 1 Polestar
- 2 Spotify
- 3 IKEA
- 4 Google
- 5 Sweco



# Acquisitions

## TAPPING INTO NEW GROWTH SEGMENTS

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- Petro Team
- Tovatt Architects & Planners
- AdviceU
- Swedish Net Engineering
- Dayspring
- Metria Survey
- Medins





# Growth areas for Sweco Sweden

Energy

Industrial  
transformation

Security

Digital  
solutions

Water

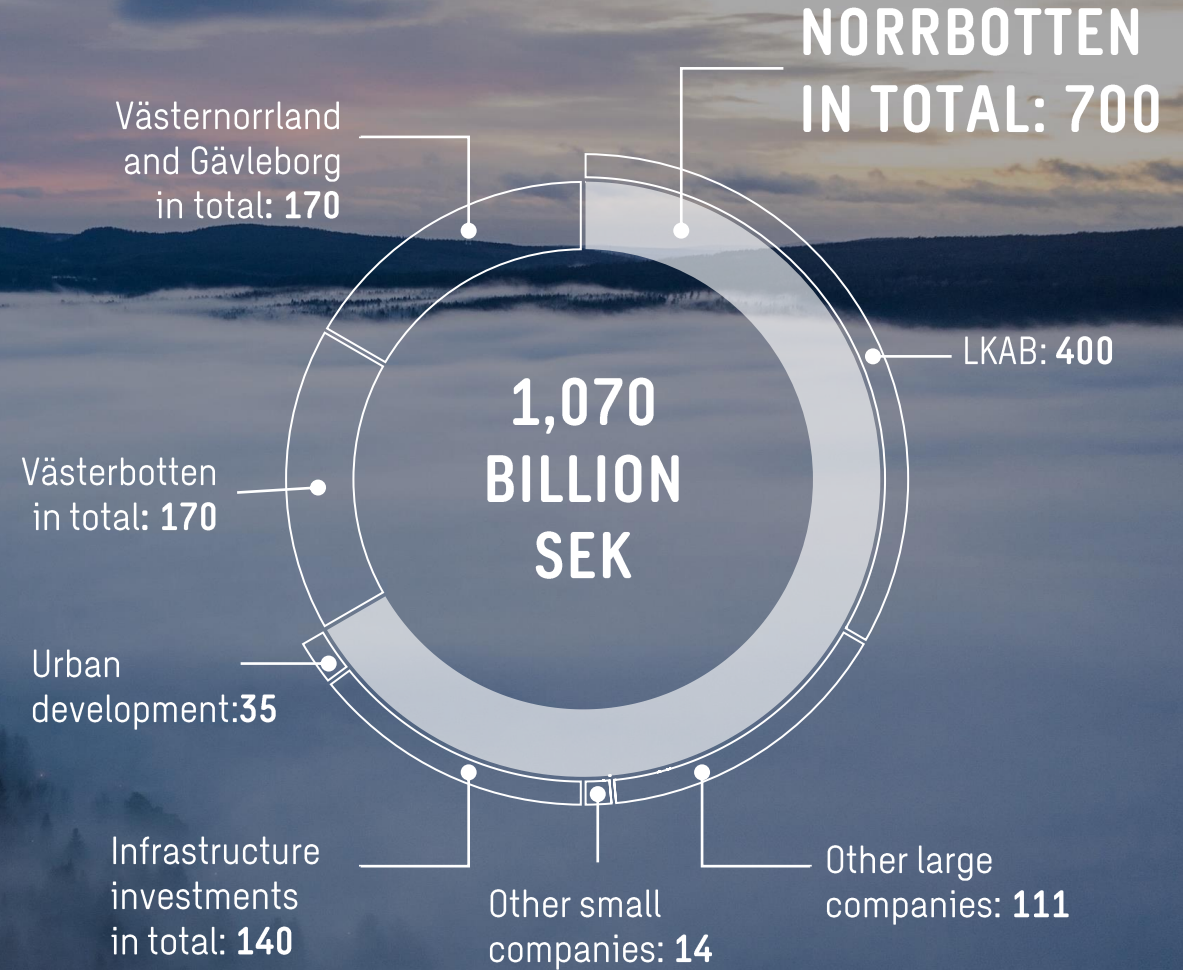
Strategic  
advisory services

Urban  
planning

Circularity



# The green transition in Northern Sweden



Sources: The Swedish government, regional chambre of commerce, the companies mentioned, Dagens Industri

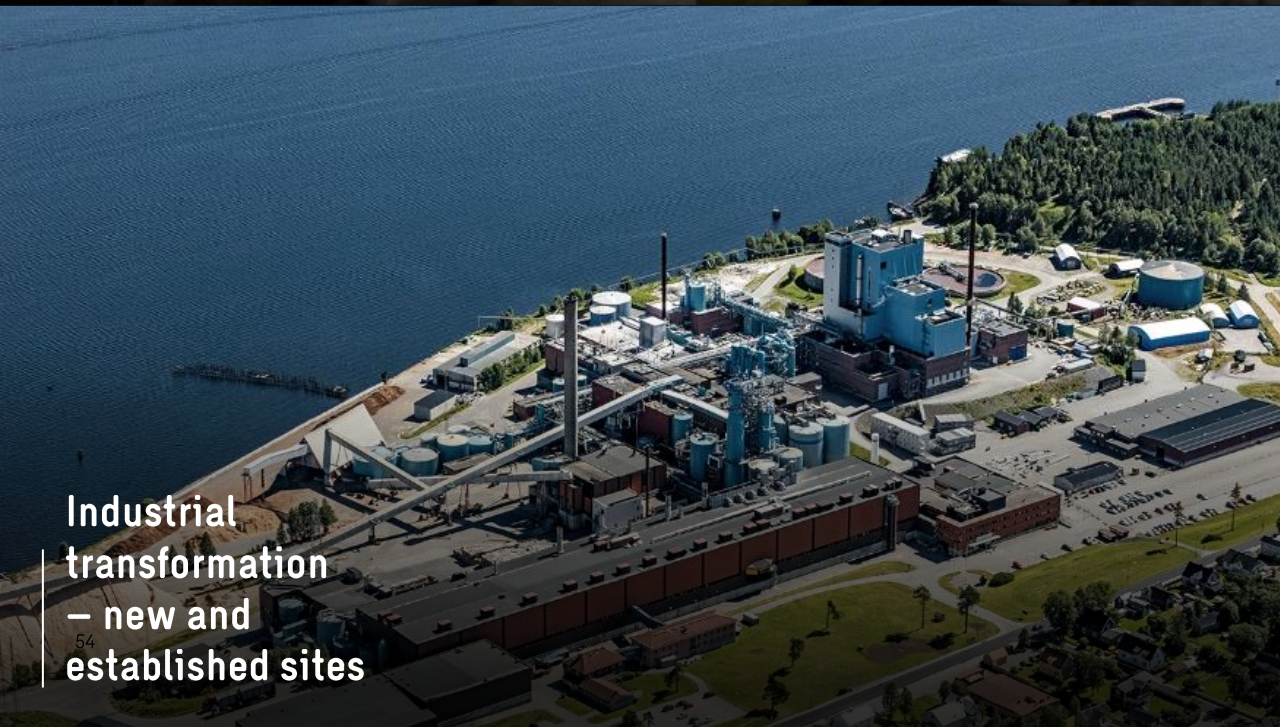


# Sweco's role in the green transition in Northern Sweden

Securing future  
power supply



Urban Planning



Industrial  
transformation  
— new and  
established sites



Critical infrastructure  
for industries and  
growing communities



# Today's site visit

## THE STOCKHOLM METRO

- New 250 MSEK contract
- 11.5 kilometers new rail, 7 new stations
- One of the largest investments ever
- Sweco is a long-term partner in architecture and engineering
- Today's visit: Nacka site



Sweco/Region Stockholm



Sweco/Region Stockholm



# Q&A

# Thank you and summary

- Major market opportunities ahead
- Exceeding index in value delivered over time
- Focus on cost control, efficiency and increasing fees to deliver on financial targets
- Strong financial position and acquisition agenda: Sweco is well-positioned in Europe's green transition