Multiconsult

Multiconsult – investing for growth

Multiconsult ASA (OSE: MULTI)
The robust organic revenue growth observed throughout 2023 has continued in the third quarter and is 8.4 per cent. Increased activity throughout the quarter resulted in a growth in net operating revenues of 11.5 per cent to NOK 977.0 million. A solid order intake has resulted in a robust and diversified order backlog going forward. In the comparable quarter last year, the result was impacted by an income recognition from an insurance settlement of NOK 13.6 million. Multiconsult's third quarter EBITA amounted to NOK 29.2 million, which gives an EBITA for the first nine months of 2023 of NOK 301.1 million. The EBITA margin for the quarter was 3.0 per cent, and 8.8 per cent year to date. The billing ratio came in at 67.8 per cent, influenced by investment in the onboarding and training of new hires and recent graduates.

THIRD QUARTER 2023

- A quarter with a significant increase employees and overall strong growth
- Net operating revenues increased to NOK 977.0 million (876.0), a y-o-y growth of 11.5 per cent. The organic revenue growth for the quarter was 8.4 per cent
- EBITA of NOK 29.2 million (67.8), equal to an EBITA margin of 3.0 per cent (7.7)
    - In the comparable quarter last year, there was an income recognition of NOK 13.6 million from an insurance settlement
    - Net operating revenues and EBITA impacted negatively by NOK 16.6 million from the calendar effect compared with Q3 2022
- Other operating expenses of NOK 137.4 million (121.6)
    - Other opex ratio (ex. IFRS 16) of 19.2 per cent (19.0)
- Strong order intake of NOK 1 349 million (945)
- Billing ratio of 67.8 per cent (68.3), down 0.5pp
- Full-time equivalents (FTE) increased by 8.7 per cent, to 3 469 (3 191)
- Market outlook for Multiconsult's services is still good, but has levelled off

YEAR TO DATE 2023

- Net operating revenues of NOK 3 441.0 million (3 062.6), a y-o-y growth of 12.4 per cent. The organic revenue growth for the period was 11.6 per cent
- EBITA of NOK 301.1 million (311.7), equal to an EBITA margin of 8.8 per cent (10.2)
- Order intake at a high level of NOK 5 495 million (3 636)
- All-time high order backlog of NOK 5 094 million (3 424)
- Other operating expenses of NOK 428.0 million (380.9)
    - Other opex ratio (ex. IFRS 16) of 16.7 per cent (16.9)
- Net profit of NOK 203.7 million (227.4)
- Earnings per share 7.46 (8.30)
- Full-time equivalents (FTE) increased by 6.9 per cent, to 3 340 (3 125)

CO-OWNERSHIP AMONG EMPLOYEES

To encourage even more of our employees to seize the opportunity to become co-owners in Multiconsult we are excited to announce that in connection with this year's share programme we will also offer a limited number of complimentary shares, to all our valued employees. All employees will be given the opportunity to receive 40 complimentary shares in Multiconsult (MULTI) regardless of previous ownership or participation in this years program. In addition, we will enhance communication and training about the annual share programme. This offers an excellent opportunity for all employees to participate in the value creation they so strongly contribute to.

COMMENTS FROM CEO, GRETHE BERGLY:

In the third quarter Multiconsult delivered a quarter with strong growth, and the demand for our services still remains robust, as evidenced by strong sales and a record high order backlog. I am grateful to our skilled and dedicated employees for their contribution, and this quarter would like to extend a warm welcome to all new team members, whether it is in Iterio, LINK Arkitektur, A-lab, Multiconsult Polska or Multiconsult Norge. The increase in net operating revenues is mainly driven by increased capacity and higher billing rates, and the underlying organic growth is strong. The EBITA for the quarter amounted to NOK 29.2 million and is affected by one less calendar day compared to third quarter last year, reflecting an EBITA margin of 3.0 per cent (8.8 per cent YTD). The result in the quarter is impacted by a significant increase in number of employees and an unsatisfactory low billing ratio.

We can look back at another quarter with strong organic growth, continuing the momentum we have maintained so far in 2023. Despite strong sales and an all-time high order backlog, the quarter is characterised by an unsatisfactory low billing ratio of 67.8 per cent. During the quarter we welcomed 225 new employees to the Multiconsult group confirming our standing as a preferred employer and our commitment to invest in the future and organic growth. Among our new employees a large number are recent graduates. The onboarding and training of new hires and in particular recent graduates affects the billing ratio in the short term. The investment in graduates is paramount for further growth and future value creation. Our all-time high order backlog and sales positions us well to win projects in areas of growth and maintain our strong market position.

We see the value in co-ownership among employees through many positive aspects for all stakeholders and we strongly believe that co-ownership strengthens the ties between employees and the affiliation to the company as it increases the general interest in the company's total financial results, growth, and operational performance.

We still experience great demand for our services, even though the market situation varies geographically and between our business areas. We are pleased to report solid order intake during the quarter and further strengthening of our robust and diversified order backlog to NOK 5.1 billion, an increase of 3.1 per cent from the second quarter and 48.8 per cent compared to the end of third quarter last year. Entering a more demanding and mixed marked situation we are mobilising the organisation to ensure a high level of alertness in our marked activities and preparedness for necessary changes to maintain our level of value creation. Where the demand within markets like transportation, energy and industry, as well as energy efficiency, remains strong, some parts of the building and property sectors have slowed down. The strength of our flexible business model allows us to shift resources to areas of growth, positions us well to win projects in these growing markets while maintaining our position in stable markets.

For a full review of comments from our CEO, please refer third quarter result 2023 report.

FINANCIAL REVIEW, THIRD QUARTER 2023:

Net operating revenues amounted to NOK 977.0 million (876.0), an increase of 11.5 per cent compared to the same quarter last year. The organic revenue growth amounted to 8.4 per cent adjusted for calendar effect and acquisition. The increase in net operating revenues was mainly driven by higher capacity, reflected by an increase in full-time equivalents (FTE) by 8.7 per cent. Additionally, higher billing rates made positive contribution to the growth in net operating revenues. The growth in net operating revenues was offset by lower billing ratio of 0.5pp, which came in at 67.8 per cent (68.3). In the comparable quarter last year net operating revenues was impacted by an income recognition from an insurance settlement of NOK 13.6 million.

Operating expenses consist of employee benefit expenses and other operating expenses. Operating expenses increased by 17.5 per cent to NOK 889.8 million (757.3) compared to the same quarter in 2022. Employee benefit expenses increased by 18.3 per cent due to ordinary salary adjustment, increased manning level from acquisitions and significant increase in net recruitment. Other operating expenses increased to NOK 137.4 million (121.6), an increase of 13.0 per cent mainly due to higher office expenditure including office expenses from acquired companies, cost related to a higher manning level, IT-cost and cost increase in general.

EBITDA was NOK 87.2 million (118.7), a decrease of 26.5 per cent compared to the same period last year, reflecting an EBITDA margin of 8.9 per cent (13.5) in the quarter.

EBITA was NOK 29.2 million (67.8), reflecting an EBITA margin of 3.0 per cent (7.7) in the quarter.

Calendar effect. In the third quarter of 2023 there was one less working day compared to the third quarter 2022. This had an estimated negative impact of NOK 16.6 million on net operating revenues and on operating results for the group when comparing the figures.

FINANCIAL REVIEW, YEAR TO DATE 2023:

Net operating revenues increased by 12.4 per cent to NOK 3 441.0 million (3 062.6), when compared to the same period last year. The organic revenue growth amounted to 10.7 per cent adjusted for calendar effect and acquisition. The increase in net operating revenues was mainly driven by higher capacity, reflected by an increase in full-time equivalents (FTE) of by 6.7 per cent and higher billing rates. The growth in net operating revenues was offset by lower billing ratio which came in at 70.4 per cent (70.7).

Operating expenses consist of employee benefit expenses and other operating expenses. Operating expenses increased by 14.4 per cent to NOK 2 973.3 million (2 598.8) compared to the same period last year. Employee benefit expenses increased by 14.8 per cent and amounted to NOK 2 545.3 million (2 217.9), an increase mainly driven by ordinary salary adjustment, increased manning level from acquisitions and net recruitment. Other operating expenses increased by 12.3 per cent to NOK 428.0 million (380.9), mainly due to higher office expenditure including office expenses from acquired companies, cost related to a higher manning level, IT-cost and cost increase in general.

EBITDA was NOK 467.7 million (463.8), a decrease of 0.8 per cent compared to the same period last year, reflecting an EBITDA margin of 13.6 per cent (15.1).

EBITA was NOK 301.1 million (311.7), a decrease of 11.5 per cent y-o-y, reflecting an EBITA margin of 8.8 per cent (10.2).Net operating revenues increased by 12.7 per cent to NOK 2 464.0 million (2 186.6), when compared to the same period last year. The billing rates continued to improve and contributed positively on net operating revenues. Billing ratio came in at 71.5 per cent down 0.1pp. Organic growth in the period was 11.6 per cent, adjusted for calendar effect and acquisition.

OUTLOOK

The market outlook for Multiconsult’s services is still good but has levelled off. Despite this uncertainty, the market outlook remains favourable. There are substantial differences in the market outlook when it comes to certain geographical areas and our business areas, and Multiconsult mobilise to navigate in a more complex environment. The short term pipeline of upcoming projects remains robust, although there is a slight reduction in general market opportunities. Lower investment levels in certain markets are expected to intensify competition and margin pressures. Nevertheless, with a high volume of ongoing projects, a diverse portfolio and a high order backlog, Multiconsult is well-positioned for the future.

For a full review of outlook and report, please refer to our third quarter result 2023 report.

Presentations today 1 November 2023:

Participants are invited to attend the presentations that will be held at our main office: Nedre Skøyen vei 2, Oslo, Norway at 08:30 CET.

The results and the Extended Quarter Presentation will also be presented through a live webcast and be accessed at

https://channel.royalcast.com/landingpage/hegnarmedia/20231101_1/ or through link found at Multiconsult Investor Relation website.

Live webcasts, complete report, presentation and a recording of the webcast will be available on www.multiconsult-ir.com and https://newsweb.oslobors.no/

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