Projektengagemang

Results Reaction	Services	Sweden	25 October 2024

Q3: A difficult period reflecting weak market demand

PE, the architectural consultancy group, reported weaker-than-expected Q3 revenue (-1% vs. SEBE) and underlying LBIT of SEK 7m (SEK 2m below SEBE at LBIT of SEK 4m). These results are driven by an organic sales y/y decline of c. 17% in Q3 (utilisation rates are down 2.7pp y/y to 68.4%), while cost management mitigates. The EBIT deviation corresponds to a mechanical downgrade of 7% to our FY 2024 adjusted EBIT forecasts. Our current mid-point equity value is SEK 17 per share.

Outcome: Weaker-than-expected Q3 results, intensified cost efficiencies ahead

Mid-point valuation summary

Mid-point valuation summary

Mid-point DCF value (SEK)	17.00
Share price (SEK)	11.00
2024E adj. EV/EBIT (x)	12.7
2024E adj. PER (x)	11.6
2024E DPS yield (2025 payout)	3.6

	Low	**High**	**Mid-point**
DCF valuation range (SEK)	14.00	20.00	17.00
Equity potential (%)	**27**	**82**	**55**
2024E adj. EV/EBIT at DCF range (x)	14.7	18.6	16.7
2024E DPS yield (%)	3.6	3.6	3.6
Total return potential	**31**	**85**	**58**

Source: SEB

Q3: Deviation of reported from expected results

Report due:	25 October 2024 at 07.30 CET
Presentation/conf.call:	09.00 CET. Registration details: https://ir.pe.se/en/
SEB Rec:	Corporate Research
SEB DCF mid-point (SEK)	17 (range: 14-20)
Guidance:	n.a.
Source:	SEB, Factset

		Q3/24E		Deviation vs. SEB		Deviation vs. Cons.		Q3/23		Q2/24	
P&Ls (IFRS-16)	**Actual**	**SEB**	**Cons***	**Abs**	**Rel (%)**	**Abs**	**Rel (%)**	**Actual**	**y/y (%)**	**Actual**	**q/q (%)**
Consolidated (SEKm)											
Net revenue	144.5	151.5	152.6	(7.0)	(4.6)	(8.1)	(5.3)	170.4	(15.2)	210.8	(31.5)
Other external expenses	(28.3)	(29.3)	n.a.	1.0	(3.6)	n.a.	n.a.	(32.1)	(12.0)	(36.4)	(22.4)
Personnel costs	(109.3)	(111.2)	n.a.	1.9	(1.7)	n.a.	n.a.	(128.1)	(14.7)	(145.5)	(24.9)
Total opex excl. D&A & PPA	**(137.5)**	**(140.5)**	**(140.3)**	**3.0**	**(2.1)**	**2.8**	**(2.0)**	**(160.2)**	**(14.2)**	**(181.9)**	**24.4**
Associated income	0.0	0.0	n.a.	0.0	n.a.	n.a.	n.a.	0.0	n.a.	0.0	n.a.
EBITDA	**7.0**	**11.0**	**12.3**	**(4.0)**	**(36.6)**	**(5.3)**	**(43.1)**	**10.2**	**(31.6)**	**28.9**	**(75.8)**
D&A	(13.6)	(15.1)	n.a.	1.5	(9.6)	n.a.	n.a.	(32.7)	(58.4)	(13.2)	3.0
of which: PPA & M&A items	0.2	(2.0)	n.a.	2.2	(110.0)	n.a.	n.a.	(2.0)	(110.0)	0.0	n.a.
EBIT (ex. M&A items)	**(6.4)**	**(2.0)**	**n.a.**	**(4.4)**	**(219.5)**	**n.a.**	**n.a.**	**(20.5)**	**(68.7)**	**15.7**	**(140.8)**
EBIT	**(6.6)**	**(4.0)**	**0.2**	**(2.6)**	**(64.9)**	**(6.8)**	**n.a.**	**(22.5)**	**(70.6)**	**15.7**	**(142.0)**
of which: NRIs, total	0.0	0.0	0.0	0.0	n.a.	0.0	n.a.	(15.6)	n.a.	0.0	n.a.
Adj. EBIT (ex. M&A items)	**(6.8)**	**(2.0)**	**n.a.**	**(4.8)**	**(239.4)**	**n.a.**	**n.a.**	**(4.9)**	**39.6**	**15.7**	**(143.3)**
Adj. EBIT	**(6.6)**	**(4.0)**	**0.2**	**(2.6)**	**(64.9)**	**(6.8)**	**n.a.**	**(6.9)**	**(3.9)**	**15.7**	**(142.0)**
Net financials (excl. assoc.)	(2.5)	(3.0)	(2.2)	0.5	(18.1)	(0.3)	11.4	(2.9)	(14.0)	(1.7)	44.1
Pre-tax profit	**(8.9)**	**(7.0)**	**(2.0)**	**(1.9)**	**(27.2)**	**(6.9)**	**345.0**	**(25.3)**	**(64.8)**	**14.0**	**(163.6)**
Total taxes	1.9	1.2	0.4	0.7	58.0	1.5	375.0	5.1	(63.0)	(2.9)	n.a.
After tax profit, reported	**(6.9)**	**(5.8)**	**(1.6)**	**(1.1)**	**(19.1)**	**(5.3)**	**n.a.**	**(20.2)**	**(65.8)**	**11.1**	**(162.2)**
Adjustments, net of tax effect	(0.2)	1.6	n.a.	(1.7)	(110.0)	n.a.	n.a.	14.0	(101.1)	0.0	n.a.
Adjusted after tax profit	**(6.9)**	**(4.2)**	**n.a.**	**(2.7)**	**(64.1)**	**n.a.**	**n.a.**	**(6.2)**	**11.2**	**11.1**	**(162.2)**
EPS, reported	(0.28)	(0.24)	(0.07)	(0.05)	(19.1)	(0.22)	331.3	(0.82)	(65.8)	0.45	(162.2)
EPS, adj	(0.28)	(0.17)	n.a.	(0.11)	(64.1)	n.a.	n.a.	(0.25)	11.2	0.45	(162.2)
No of shares, f.dil (m)	24.6	24.6	24.6	0.0	0.0	0.0	0.0	24.6	0.0	24.6	0.0
KPIs											
No of FTEs, EOP	641	647	n.a.	(6.4)	(1.0)	n.a.	n.a.	757	(15.3)	664	(3.5)
Utilization rate (%)	68.4	70.2	n.a.	(1.8)	n.a.	n.a.	n.a.	70.3	(2.7)	73.0	(6.3)
Calendar effect, y/y (%)	2.1	1.5	n.a.	n.a.	0.5	n.a.	n.a.	(1.5)	3.6	3.5	(1.5)
Other/NRIs, y/y (%)	0.0	0.0	n.a.	n.a.	0.0	n.a.	n.a.	0.0	0.0	0.0	0.0
Organic sales growth, y/y (%)	(17.2)	(12.6)	n.a.	n.a.	(4.6)	n.a.	n.a.	(4.2)	(13.1)	(13.8)	(3.4)
M&A growth, y/y (%)	(0.0)	0.0	n.a.	n.a.	(0.0)	n.a.	n.a.	(0.2)	0.2	0.0	(0.0)
Net revenue growth, y/y (%)	(15.2)	(11.1)	n.a.	n.a.	(4.1)	n.a.	n.a.	(5.9)	(9.3)	(10.3)	(4.9)

Source: SEB

Conference call details: Starts at 09.00 CET - registration details below

https://ir.financialhearings.com/projektengagemang-q3-report-2024/register

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