

# WELCOME!

## AFRY Capital Markets day

24 NOVEMBER 2020

FOCUS OF TODAY:

# Our next growth journey

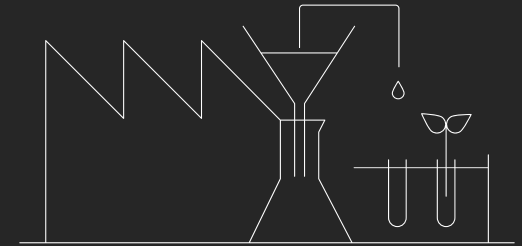
- 1 Drive growth in targeted geographies – organic and acquired
- 2 Target transforming segments that shows secular growth
- 3 AFRY Digital – a new strategic growth platform
- 4 Lead in sustainable solutions to drive impact and growth
- 5 Deliver best in class operations to drive growth and scalability

## TRANSFORMING SEGMENTS

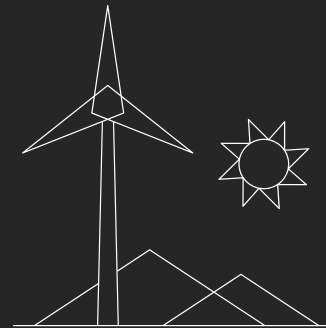
### INFRASTRUCTURE



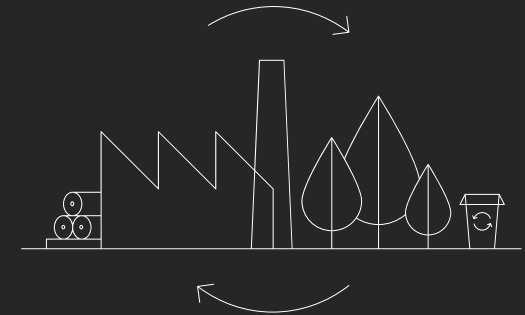
### FOOD & LIFE SCIENCE



### CLEAN ENERGY



### BIOINDUSTRY



CAPITAL MARKETS DAY

# Agenda

13.00

**AFRY Take-off Strategy**  
– The Next Growth Journey  
– Digitalisation  
*Jonas Gustavsson, CEO*

13.35

**Finance and Best in class operation**  
*Juuso Pajunen, CFO*

13.50

**Lead in Sustainability**  
*Marie Trogstam, Head of Sustainability*

14.00

**Break**

14.05

**Transforming Segments:**

**Infrastructure**

*Malin Frenning, Head of Infrastructure*

**Food & Life Science**

*Robert Larsson,  
Head of Industrial & Digital Solutions*

**Bio-Industry and Clean Energy**

*Roland Lorenz, Head of Management Consulting  
Nicolas Oksanen, Head of Process Industries  
Richard Pinnock, Head of Energy*

15.10

**Summary and Questions**  
*Jonas Gustavsson*

15.30

**Closing and pre-booked  
individual interviews**

# Demanding global environment

Climate  
challenge

Geo-political  
uncertainty

Disruptive  
technology shifts

Urbanisation

Ongoing  
pandemic

Economic  
volatility



Sustainability



Digitalisation

# Mitigating Covid-19 crisis

## BUSINESS IMPACT 2020 YTD

- Worse GDP-drop in modern time
- Significant impact on Automotive segment and related supply chain, as well as sectors within infrastructure, e.g. private real estate

## MITIGATION ACTIONS

Transforming way of working – distance, digital

Focus on protecting balance sheet and profitability

Significant cost savings – short term and sustainable

Accelerated repositioning of Energy and Automotive

## UPDATE ON MARKET SITUATION

- Stability in our core segments, incl. Automotive on lower levels
- Ongoing pandemic still causes uncertainties, but many of our clients have adapted to the situation

# Towards a sustainable society

**AFRY is uniquely positioned to take a leading role as an enabler in the sustainability transition as outlined in the EU Taxonomy and the EU Green Deal given our client offering, presence and ambitions**

- EU Green Deal – Investments of EUR1tn over the next decade
- EU Taxonomy – compliance and business opportunity
- Science Based Targets' Initiative 1.5°C - Commitment Letter
- 1.5°C Business Playbook for exponential climate action
- AFRY Code of Conduct




A woman with dark, wavy hair is standing against a wall made of vertical wooden planks. She is wearing a black turtleneck and a dark, belted coat. The background is a warm, golden-brown color, suggesting a sunset or sunrise. The overall mood is professional and inspiring.

OUR MISSION

We accelerate the  
transition towards a  
sustainable society

OUR VISION

# Making Future

A photograph of three people standing outdoors at night. On the left is an older man with thinning hair, wearing a dark jacket. In the center is a woman with long brown hair, wearing a grey coat. On the right is a younger man with a beard and glasses, wearing a dark shirt. They are all looking upwards and to the right. The background shows a building with warm, glowing lights and a dark blue sky.

OUR PEOPLE

Inclusive and diverse teams  
with deep sector knowledge

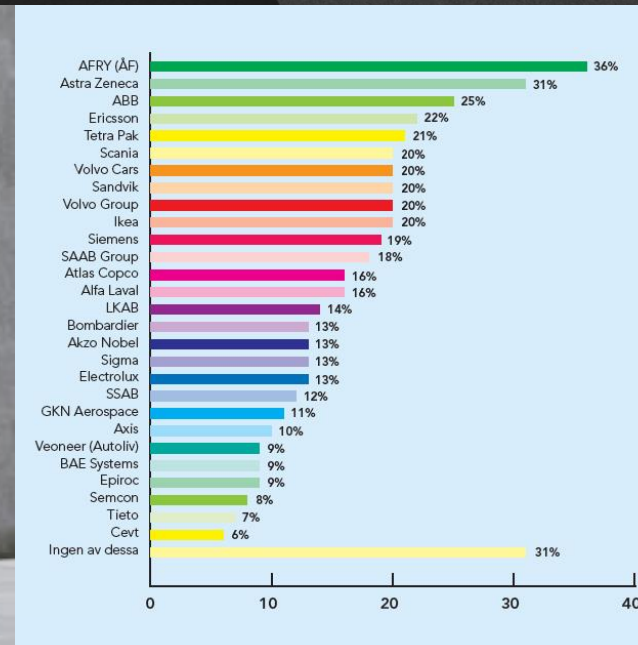
# Attractive employer and strong brand



AFRY on Allbright's  
green list



Academic work  
student survey #8



Most attractive employer  
among researchers



Universum ranking #11

# The growth journey



**1958**

Jaakko Pöyry starts his business

**1895**

The steam boiler association is founded, to prevent accidents

**1986**

Ångpanneföreningen is listed on the Stockholm Stock Exchange

**2008**

Name changed to ÅF

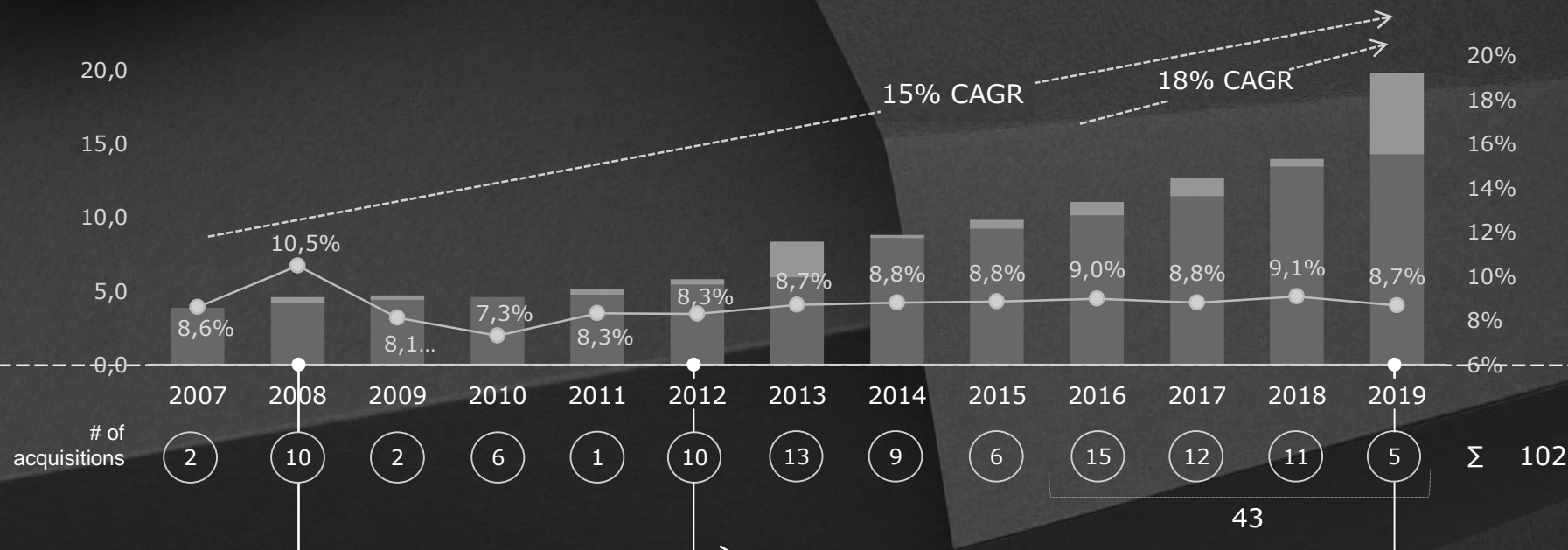


**2012**

Start ramping up Infrastructure and building digital competence

**2019**

Acquisition of Pöyry



# Successful integration of Pöyry

- ✓ New management, organisation and culture - AFRY
- ✓ Cost synergies above target, 218 MSEK vs. 185 MSEK, and base for next step of 120 MSEK
- ✓ Improved project capabilities and international footprint
- ✓ Improved mix and stability in transforming segments
- ✓ Enabling scalable platform –business model enabling local service, and global CAPEX

**Biofuel based plant**  
**Finland**



**Onshore wind**  
**Vietnam**



**Fehmarn Belt**  
**Denmark Germany**



**Board and pulp mill**  
**Finland**



# Successful strategy execution



Net Sales \* (bsek):

**21**

No. of employees:

**17,000**

No. of countries with offices:

**40**

*Note: 2019 numbers*

In the Nordic Market:

**#1**

(2017: #3)

Project sales:

**70%**

(2017: 50%)

Sales in core countries:

**80%**

(2017: 90% SWE)



INFRASTRUCTURE



FOOD & LIFE SCIENCE

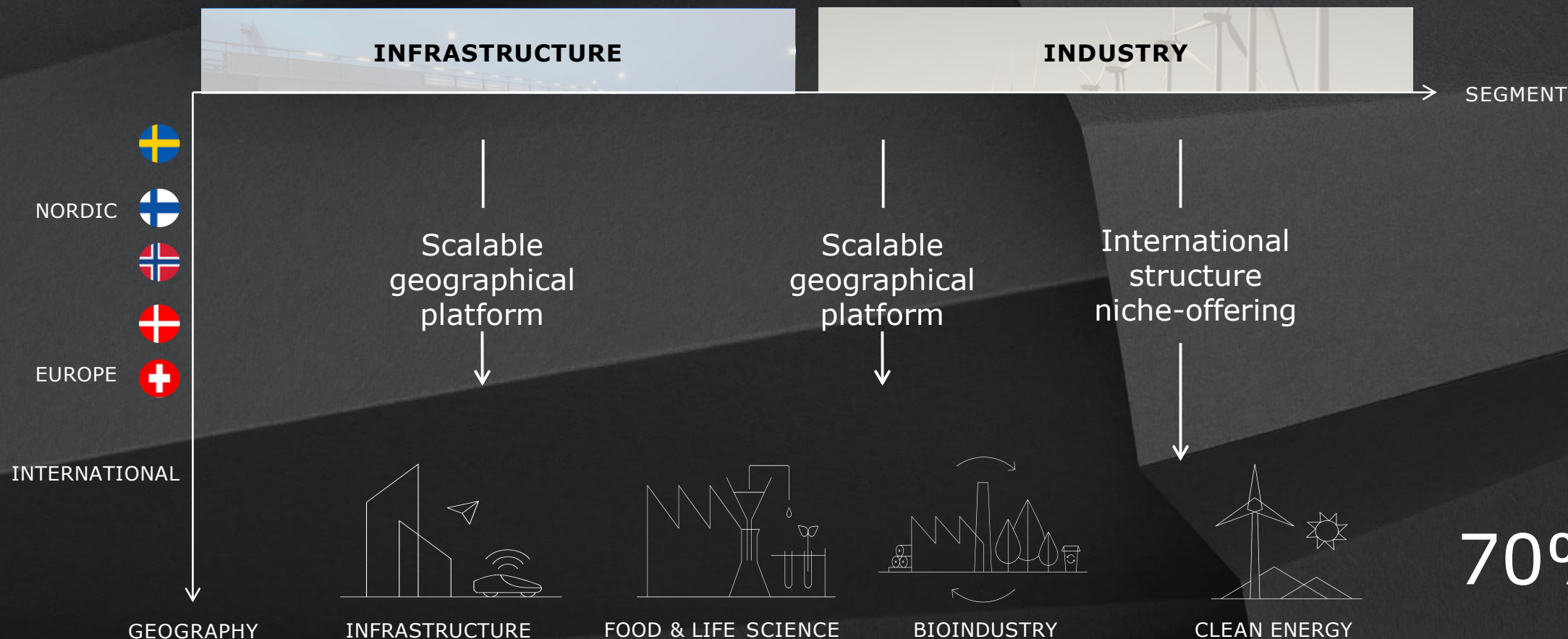


CLEAN ENERGY



BIOINDUSTRY

# Clear segment and geographical structure



OUR AMBITION

A European leader in  
sustainable engineering,  
design and advisory  
with a global reach

# New Strategic framework

## WHO WE ARE →

### OUR VISION

Making Future

### OUR MISSION

We accelerate the transition towards a sustainable society

### OUR VALUES

Brave  
Devoted  
Team players

### OUR PEOPLE

Inclusive and diverse  
teams with deep sector  
knowledge

## OUR AMBITION →

A European leader  
in sustainable  
engineering, design  
and advisory with  
a global reach

## HOW WE GET THERE →

- 1 Drive growth in targeted geographies – organic and acquired
- 2 Target transforming segments that shows secular growth – where we have a strong position in the customer value chains
- 3 Develop AFRY Digital – a new strategic growth platform
- 4 Lead in sustainable solutions to drive impact and growth
- 5 Deliver best in class operations to drive growth and scalability

### INFRASTRUCTURE



### FOOD & LIFE SCIENCE



### CLEAN ENERGY











### BIOINDUSTRY



# Growth in AFRY targeted geographies

## CURRENT POSITION

	 2011	 2018	 AFRY AF PÖYRY 2019
	#2	#1	#1
	-	Limited	#3
	-	Top 10	#7
	Limited	Top 10	Top10
	-	#6	#4

## MARKET

- Market outlook varies between geographies, but in general solid and positive outlook in our core segments across Nordics and Switzerland
  - Infrastructure
  - Bioindustry
  - Clean Energy
  - Food & Life Science

## OUR AMBITION

- Top position in all countries with focus on transforming segments
- Ramping up recruitment and attracting talents – organic growth
- Ramping up M&A-agenda
  - Bolt-on acquisitions
  - Strategic platforms

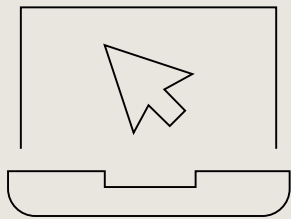
A man with a beard is wearing a VR headset and gesturing with his hand. The scene is dimly lit, with a strong light source from the left illuminating the man's face and the VR headset. The background is dark.

# AFRY Digital

A new strategic platform  
for growth

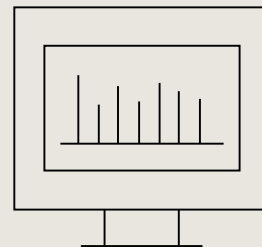
# AFRY Digital - new platform for growth

Today



## **DIGITAL SERVICE OFFERING**

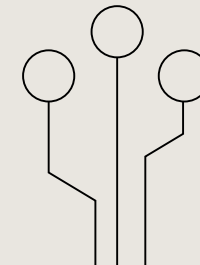
Solid position as supplier of professional service and projects across several sectors



## **STRONG DIGITAL CAPABILITY BASE**

~2000 digital experts across our divisions

Future



## **AFRY DIGITAL**

Accelerate our digital journey with a new strategic platform for growth - across our company

# AFRY Digital ambition

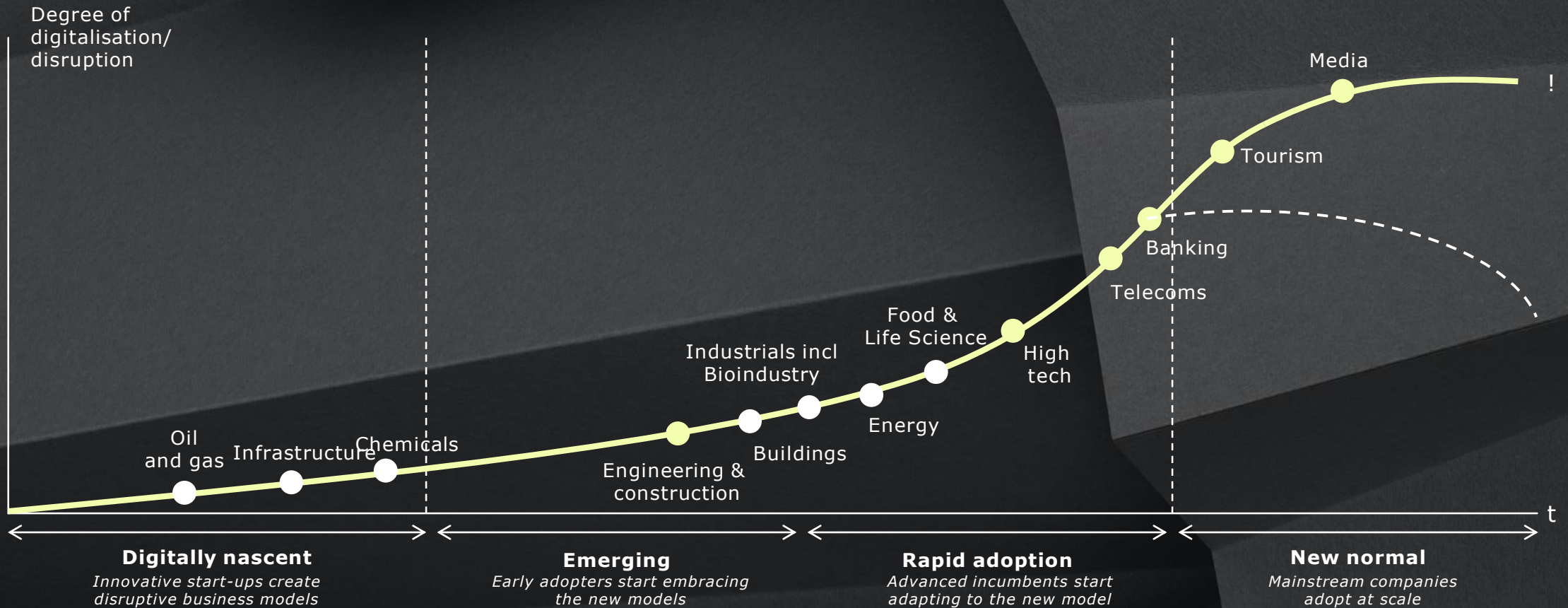
1

A driver of industrial digitalisation and being the best at applying digital in our core sectors

2

Within the next 5 years we target to triple our digital revenue to make up **>20% of group revenue**

# Digital in our core sectors has been lagging behind but is about to take-off rapidly

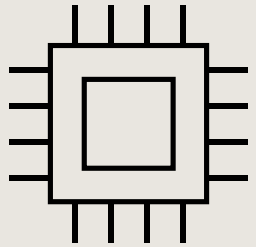


Source: AFRY Management Consulting assessment from various data sources

GO TO HEADER/FOOTER TO CHANGE TEXT

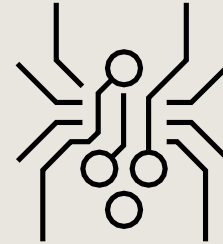
# Four perspective in our digitalisation

1



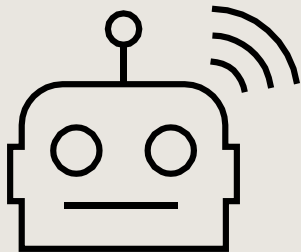
**ACCELERATE PRIORITISED  
DIGITAL OFFERINGS IN CORE  
SECTORS**

2



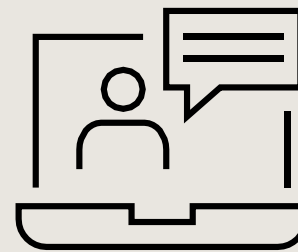
**DRIVE A BROAD DIGITAL  
TRANSFORMATION**

3



**INTERNAL  
DIGITALISATION**

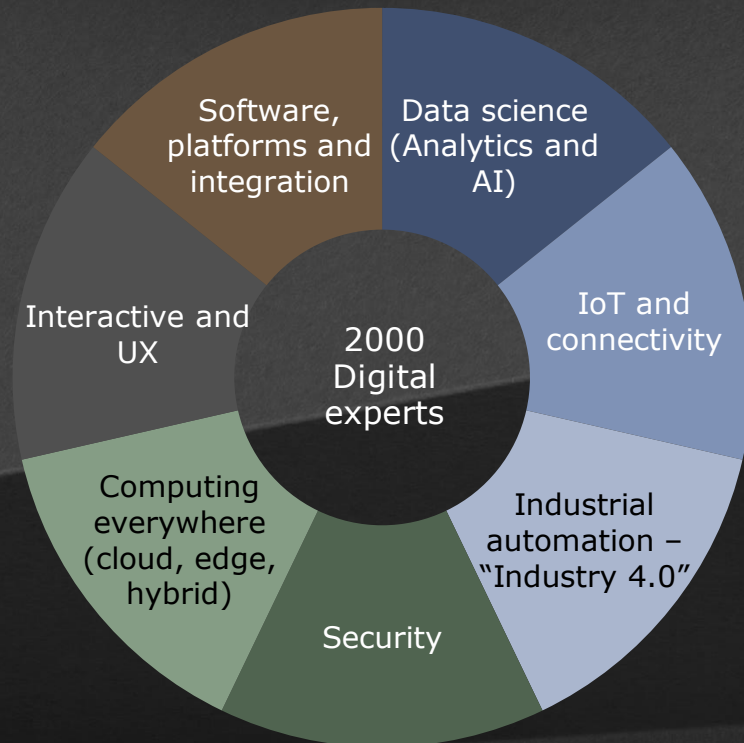
4



**DIGITAL SALES, DELIVERY  
AND COMMERCIAL MODEL**

# Strong digital capability base

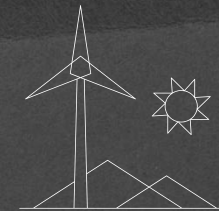
## Digital transformation enablers



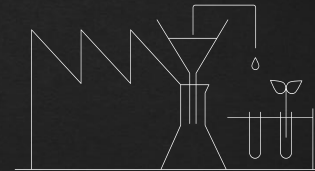
## Transforming segments



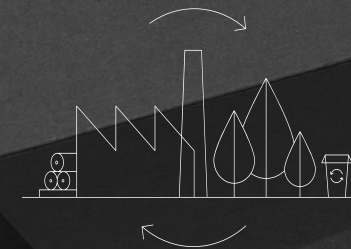
**Infrastructure**  
Buildings  
Transportation



**Clean Energy**  
Networks, Renewables  
Thermal & Heat, Decentral Energy



**Food & Life Science**  
Food  
Life Science



**Bioindustry**  
Biorefining, Pulp, Paper &  
Packaging, Forestry

# Strong growth of sector cross platform solutions within digitalisation

## OPPORTUNITY CATEGORIES OF DIGITAL SOLUTIONS



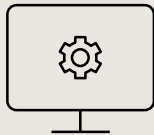
### Digital engineering

Application of digital engineering tools to optimise planning and execution during the CAPEX phase



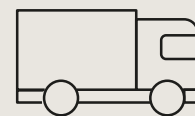
### Digital simulation

Simulation or replication of physical assets to simulate asset behaviour remotely



### Digital operation

Connection of AI and smart sensors to optimise asset operation in real-time



### Digital supply chain

Collection and analysis of data across the entire supply chain to adapt and optimise resources



### Digital E2E optimisation

Collection and analysis of historic data to optimise future asset operation



### Digital analytics

Integration of OT-IT-ET systems to improve information / data exchange and system interaction

# AFRY Digital X

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**AFRY Digital X** to be launched in beginning of 2021 with plan to include 200 employees by mid 2021.

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AFRY Digital X will work integrated with divisions and have the task to:

- **Rapidly scale** our digital offerings, technically
- **Be the engine and facilitator** of innovation and digital transformation
- **Enable systematic investments** in digital areas of our business
- **Function as a common interface** towards the external cross-divisional digital partners
- **Drive systematic M&A** in the digital space

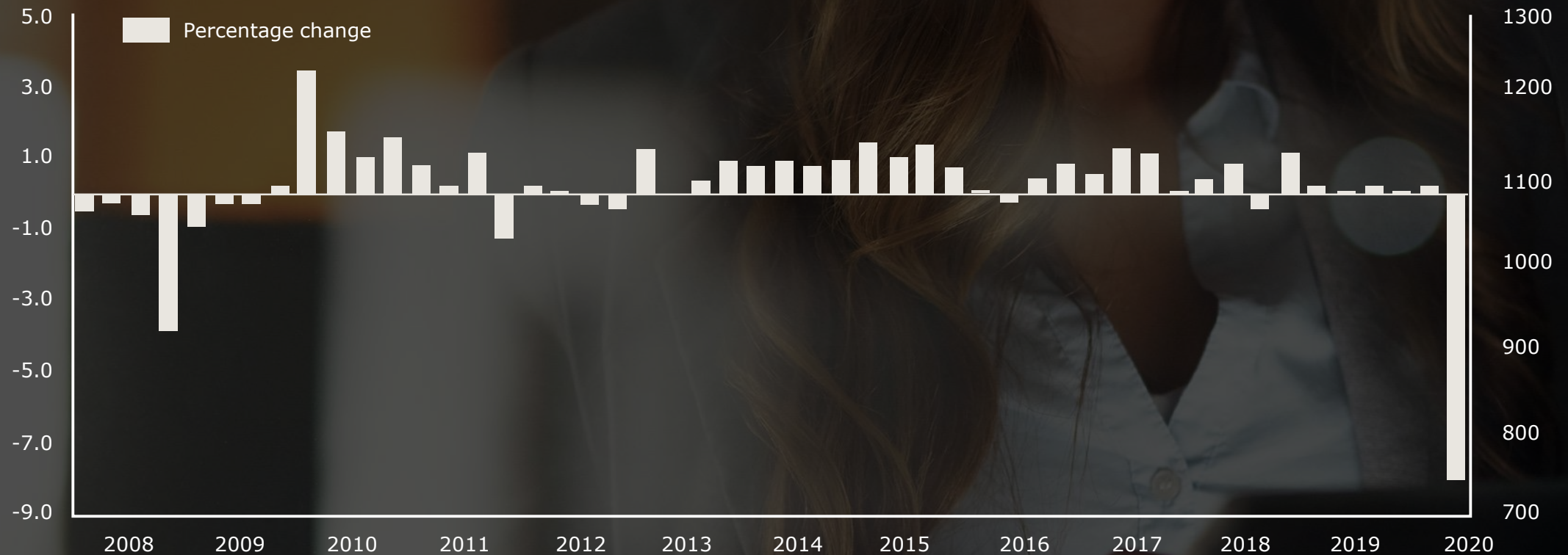
A man with glasses and a goatee, and a woman with long dark hair, are both smiling and looking upwards. They are standing in front of a modern, multi-story building with a glass facade. The lighting suggests it's daytime.

# Financial update and best in class operations

JUUSO PAJUNEN, CFO, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

We are coming from a difficult macroeconomic environment with stable profitability and strengthened balance sheet

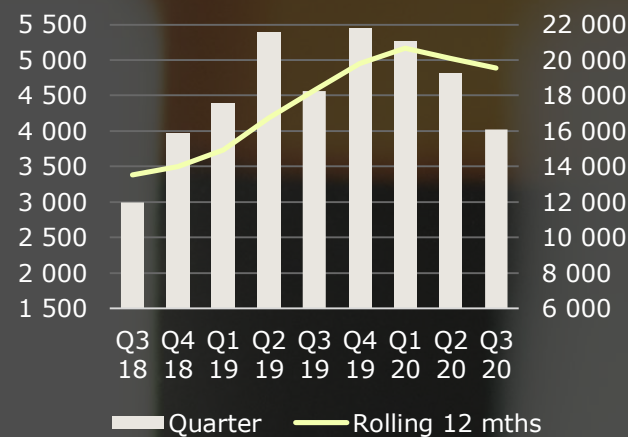
**GDP DEVELOPMENT SWEDEN, (REFERENCE YEAR 2019), BSEK:**



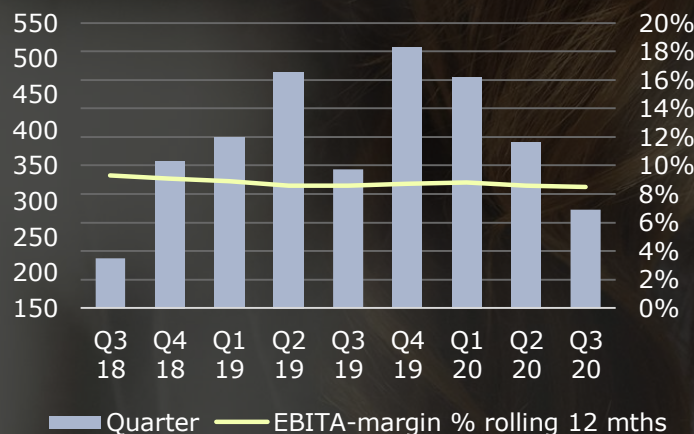
Source: SCB Sweden

We are coming from a difficult macroeconomic environment with stable profitability and strengthened balance sheet

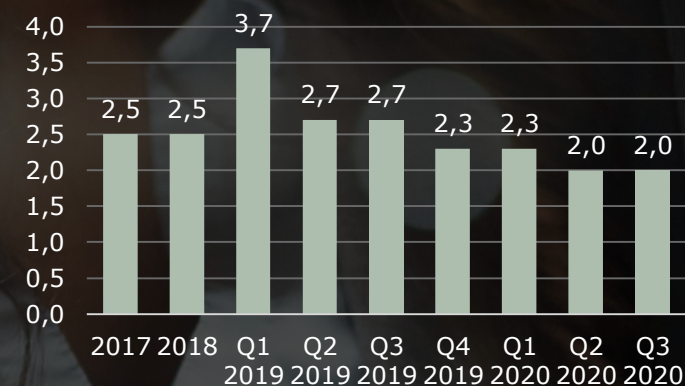
NET SALES, MSEK



ADJ EBITA, MSEK



NET DEBT/EBITDA\*



# Financial targets unchanged

GROWTH

10%

EBITA

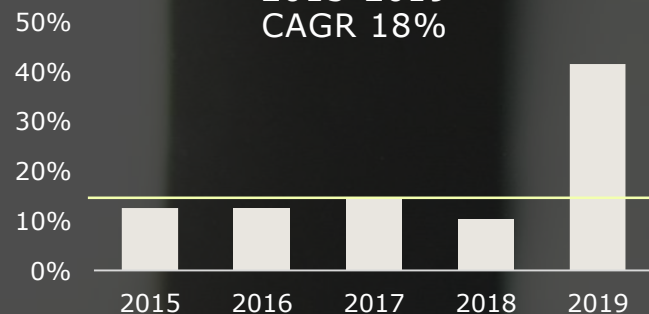
10%

NET DEBT / EBITDA

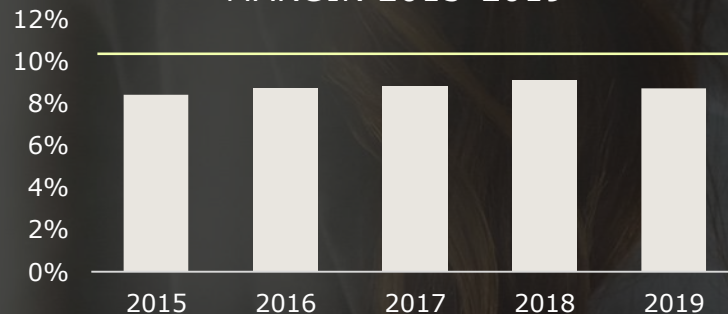
2.5

SALES GROWTH

2015-2019  
CAGR 18%



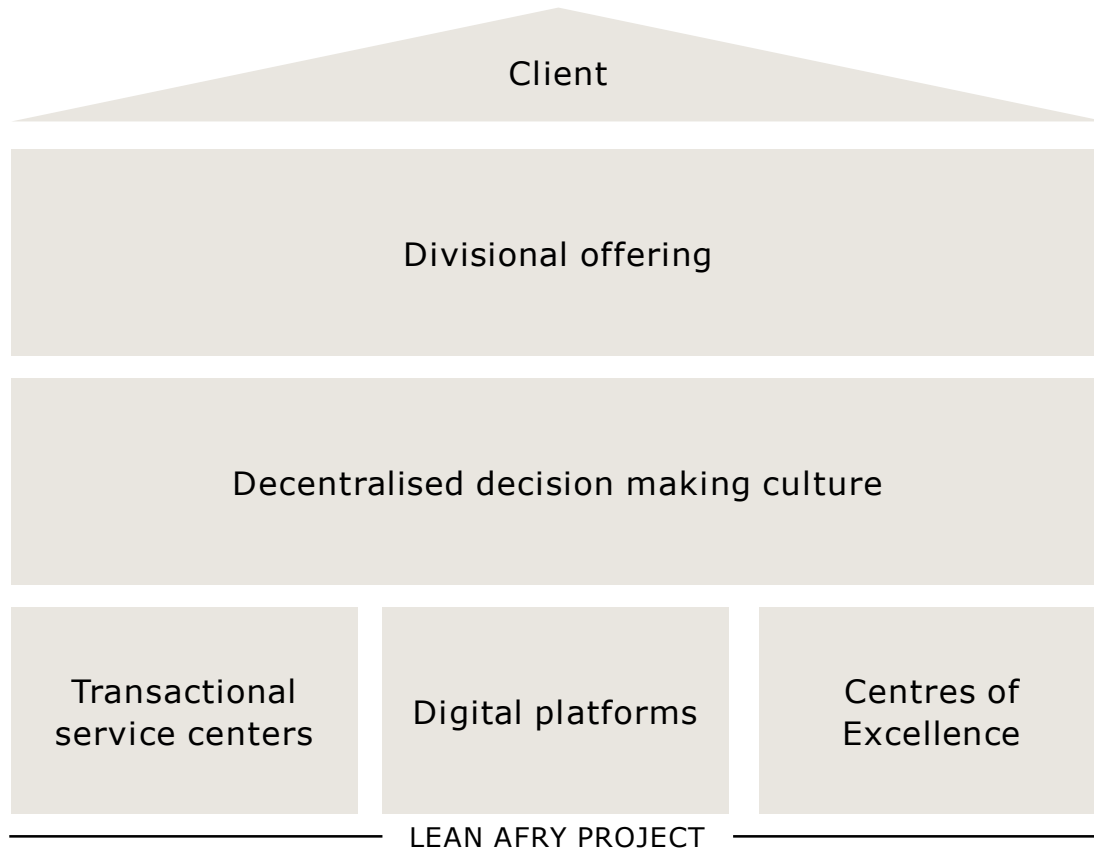
ADJ. EBITA  
MARGIN 2015-2019



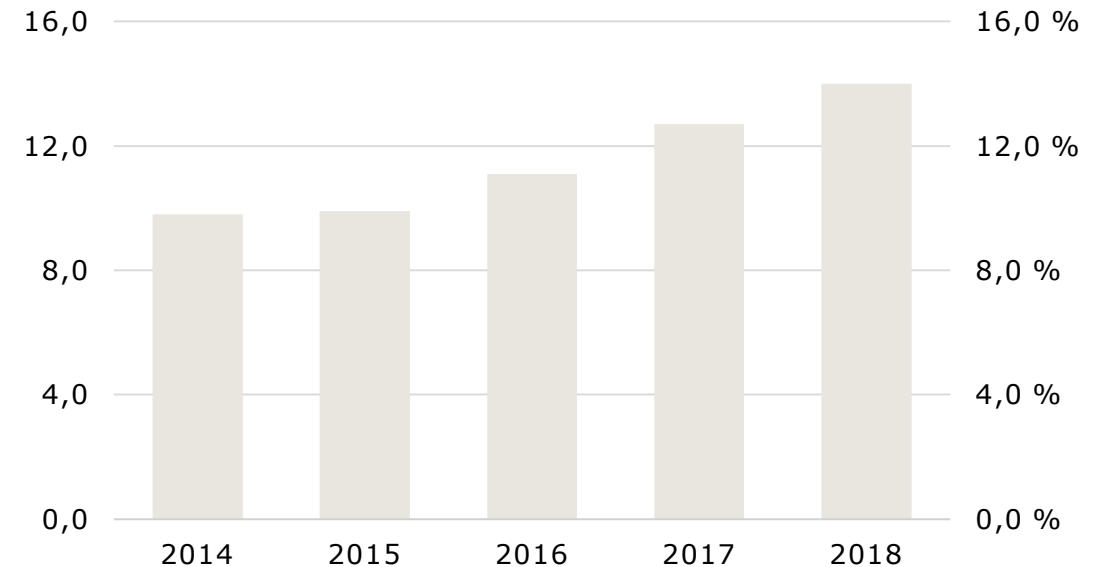
NET DEBT / EBITDA  
Q3 2020\*

2.0

# Lean AFRY- project rebuilding a scalable foundation to our operations



**TARGET OF LEAN AFRY PROJECT IS TO BREAK THE PATTERN OF REVENUE GROWTH WITHOUT MARGIN EXPANSION**



# Creating an efficient and scalable platform

## PHASE 1: INTEGRATION 2018-2019

- Immediate post-merger integration
- Realisation of cost synergies post-merger with a 12m sprint
- Long tail with IT and Facilities
- Closed – successful first steps and total integration savings of 218 MSEK

## PHASE 2: LEAN AFRY 2020-2021

- Efficient transactional service centres
- Leverage of scale in core countries
- On-going – earlier targeted 120 MSEK savings on track while current realisation >150 MSEK

## PHASE 3: ERP BENEFITS 2022-202X

- Driven by ERP enabling new ways of working
  - Removing friction between businesses and improving project margins
  - Back office support
  - Digitalisation and automatisisation
  - Shared culture and language
- On-going – implementation of first wave in 2021

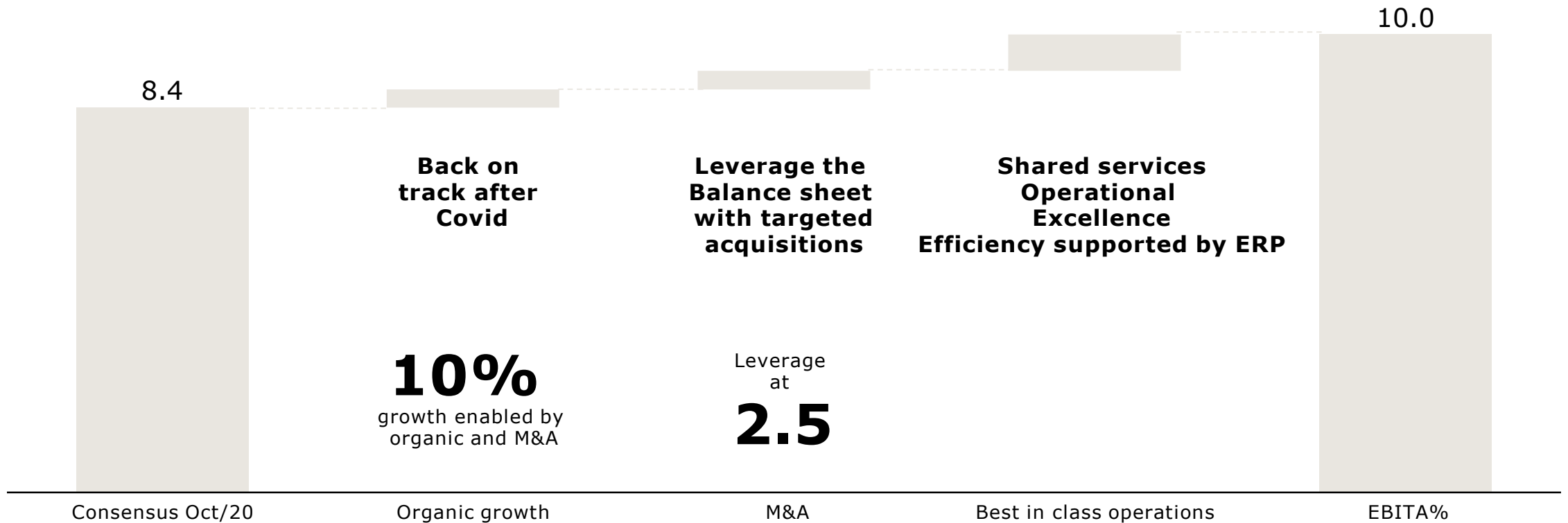
# Given AFRY's global presence in developing economies, we are in good position to expand excellence centres

Already in use:

- Process Industries – Poland, China
- Industrial and digital solutions – India, China
- Energy – Thailand
- Infrastructure – Poland
- Significant potential to increase in all divisions



# Achieving financial targets



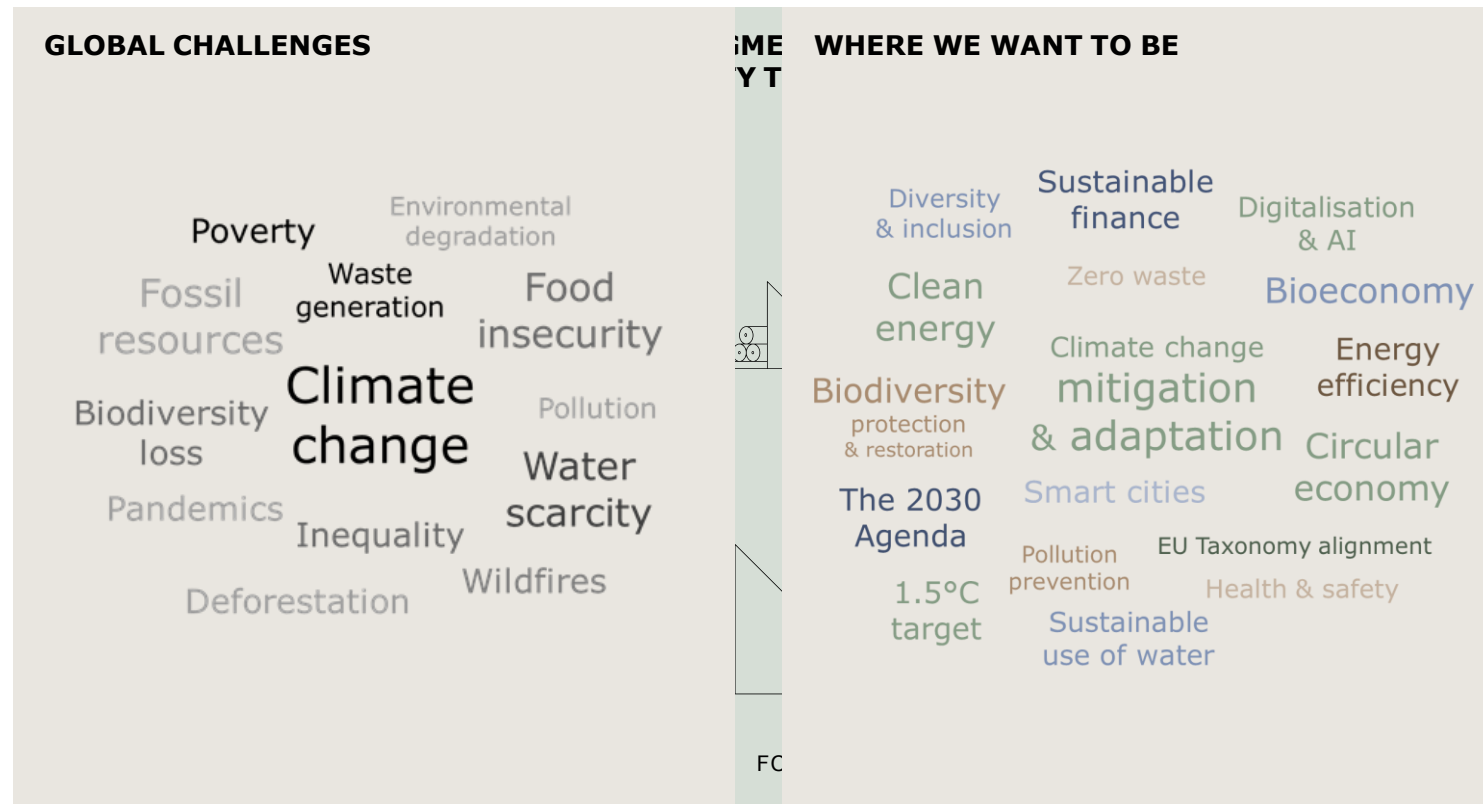
# Making Future

An aerial photograph of a sustainable urban development. In the foreground, a large solar farm with rows of blue photovoltaic panels is situated on a grassy area. A winding canal flows through the site, bordered by lush green vegetation and trees. In the background, a dense residential area with colorful, multi-story townhouses is visible, situated along a larger body of water. A road with a median runs through the center of the development, separating the solar farm from the residential area. The overall scene depicts a harmonious integration of renewable energy, nature, and urban living.

# Sustainability Take-off

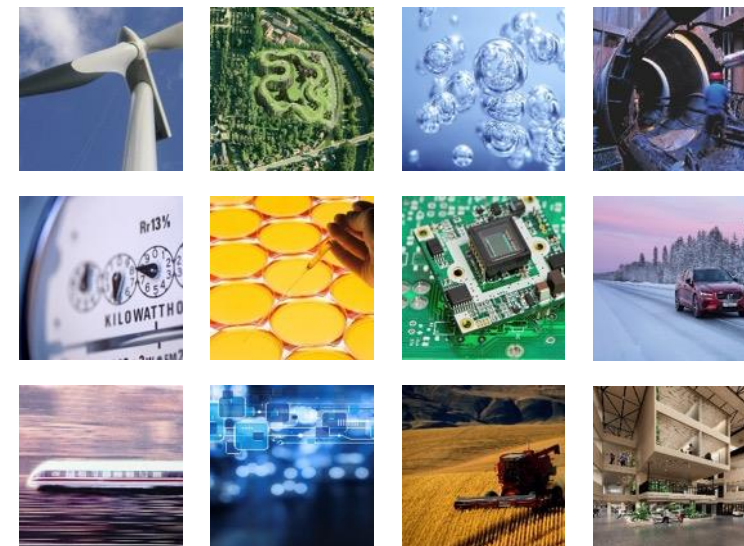
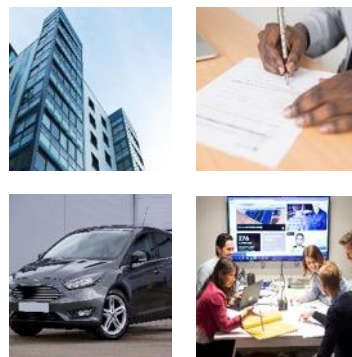
MARIE TROGSTAM, HEAD OF SUSTAINABILITY, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

# We accelerate the transition towards a sustainable society



# Understanding our impact

We increase our net positive impact through sustainable solutions



Increasing positive impact (handprint)

Upstream

Own operations

Downstream

Minimising negative impact (footprint)

# Sustainability framework

## Lead by example

### WALK THE TALK

#### Examples:

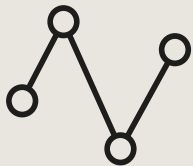
Diversity & inclusion  
Our own climate impact  
Ethics & Compliance

### INTERNAL TARGETS

#### Examples:

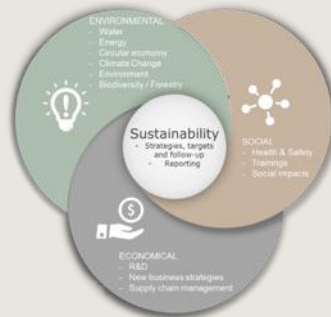
CO<sub>2</sub> emissions per employee cut in half by 2030 and net zero by 2050 at the latest

### MEASURE & FOLLOW UP



## Transforming our company

### SERVICE OFFERING



### TRAINING

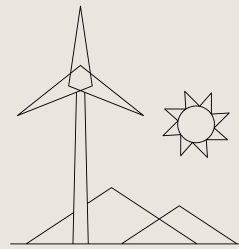


### CRM/ERP

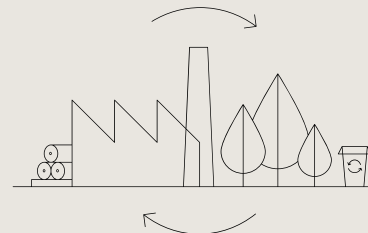


## Accelerating the sustainability transition

### CLEAN ENERGY



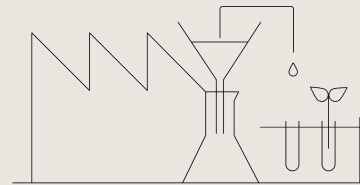
### BIOINDUSTRY



### INFRASTRUCTURE



### FOOD & LIFE SCIENCE



A European leader in sustainable engineering, design and advisory with a global reach

# Strengthening our position as an enabler in the sustainability transition

## Guided by the SDGs

Our strong commitment to the 2030 Agenda, the UN Global Compact and other important frameworks continues.

*Indexes:* MSCI AA, CDP B

**The EU Green Deal and the EU Taxonomy** will support our growth. AFRY is uniquely positioned to take a leading role as an enabler in the sustainability transition as outlined in the EU Taxonomy given our offering, presence and ambitions.

## Climate action

*Own operations:* Aligning our emission target with the 1.5°C ambition and net zero target. AFRY has signed SBTi's 1.5°C Commitment Letter and we are just starting the process of validating our targets.

*Through our solutions:* We help our clients reach their climate targets.

## EU TAXONOMY: SIX ENVIRONMENTAL OBJECTIVES



Climate change mitigation



Climate change adaptation



Sustainable and protection of water and marine resources



Transition to a circular economy













Pollution prevention and control



Protection and restoration of biodiversity and ecosystems

# AFRY as core partner in the sustainability transition

 <p>Supporting partner to 1.5°C Business Playbook</p>	 <p>Government committee for climate action by the business community</p>	 <p>Sustainable stories and client reference cases</p>	 <p>AFRY initiatives for expert dialogues</p>	 <p>AFRY x Gapminder collaboration to identify ignorance and share knowledge</p>
 <p>Participated in HLPF 2020 Planned participation 2021</p>	 <p>Participated at COP25 Planned participation at COP26 (Nov 2021)</p>	 <p>AFRY is a member of the Climate Leadership Coalition</p>	 <p>AFRY is a signatory to Diversity Charter Sweden</p>	 <p>AFRY supports the scaling up of Africa's renewable power</p>



# Making Future

# Infrastructure

MALIN FRENNING, DIVISION INFRASTRUCTURE, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

# Division Infrastructure

We are

**6,000**

employees

We collaborate with

**13,000**

clients

Of which

**>70%**

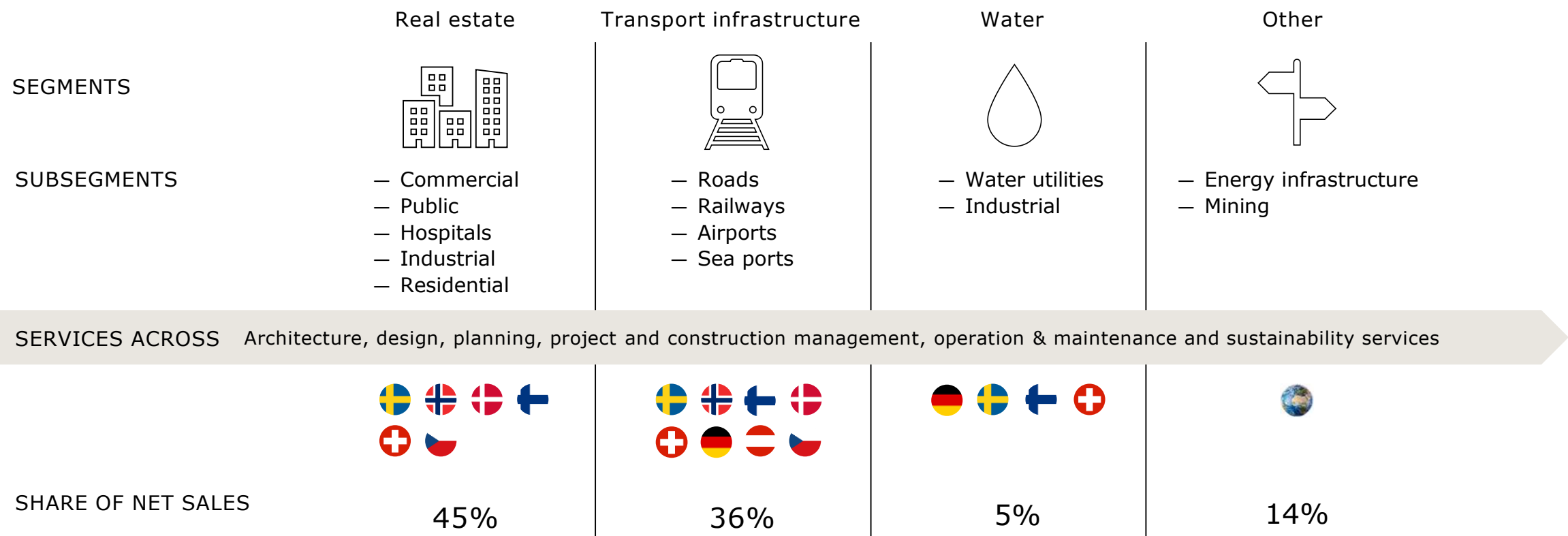
public

Our business is

**>90%**

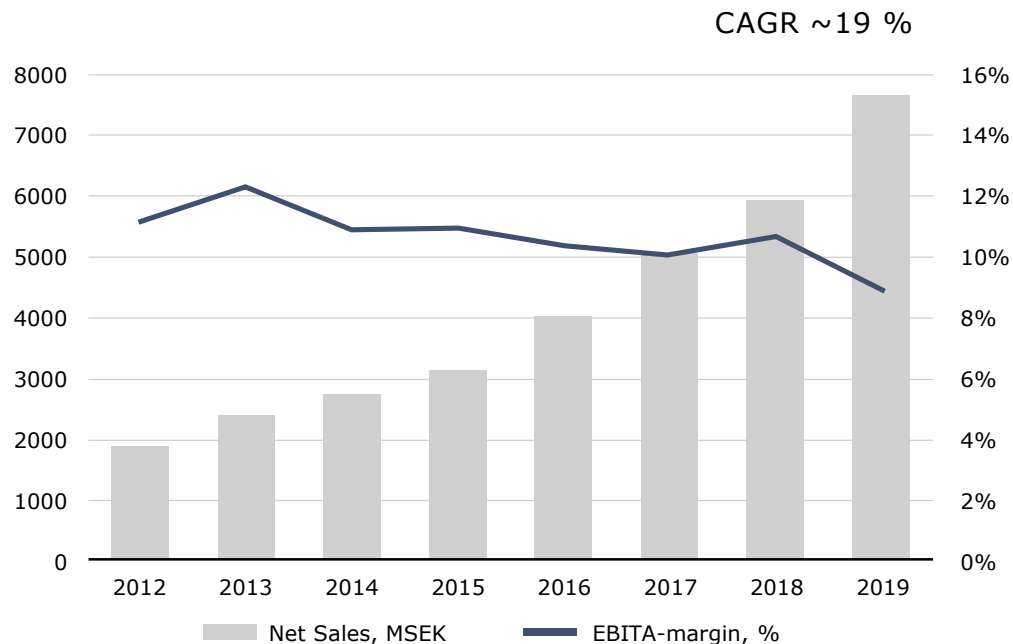
projects

# Main client segments



# A strong growth journey – now #4 in the Nordics within infrastructure

## NET SALES AND EBITA-MARGIN DEVELOPMENT 2012-2019



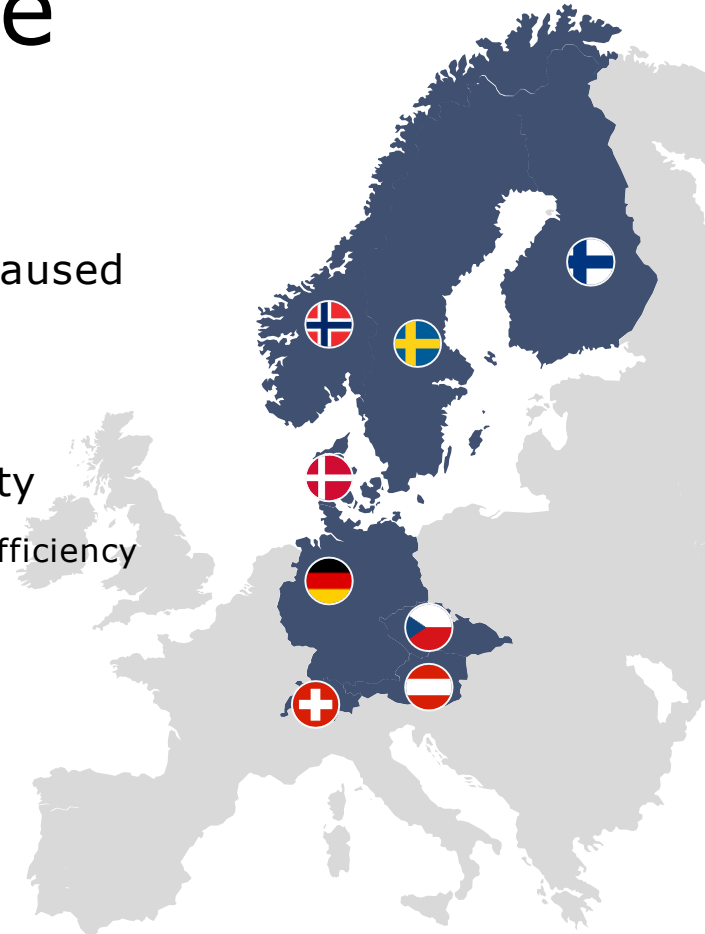
\* 2019 includes Pöyry Infra

## Development 2019





- Integrating Pöyry Infra caused lower margin

## Development 2020

- Stabilising the profitability
  - Focus on productivity and efficiency
  - Review of project portfolio
- Impact of the Covid-19 pandemic in the real estate segment



# Mixed market development 2020

SEGMENT	Market growth*	Comments about market 	Our performance
REAL ESTATE		Negative market development in real estate due to Covid-19 pandemic	Solid performance in par with market
TRANSPORT INFRASTRUCTURE		Transport infrastructure market more resilient	Lower growth in some markets due to needed integration and consolidation
WATER		Water market stable, with healthy underlying demand	Strong development compared to market

\* Source: Euroconstruct Aug 2020. Nordics and Switzerland

# Strategic actions enabling growth in 2021

## OUR STRENGTHS TO BUILD ON

- Strong position in home markets, together with other AFRY divisions
- Strong client relations
- Solid domain knowledge

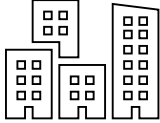





## ACTIONS INITIATED 2020

- ☒ Organic fight back plan initiated
  - ✓ Combine offers across AFRY domains
  - ✓ Diversified customer base
  - ✓ Recruitments
  - ✓ Pricing optimisation
  - ✓ Centres of Excellence
- Active M&A agenda
- Expand service offerings along our clients' asset lifecycle

## STRONG AMBITIONS FOR 2021

- Execute and deliver on agenda for growth (organic and acquired in core countries)
- Broadened offer for our clients, increased share of digital services
- More diversified customer base

# Infrastructure – transforming segment showing secular growth

	Real estate	Transport infrastructure	Water
			
MARKET GROWTH Short & midterm*			
TRENDS	<ul style="list-style-type: none"> <li>– Green focus</li> <li>– Increased e-commerce</li> <li>– Transforming and multi-purpose use</li> </ul>	<ul style="list-style-type: none"> <li>– Holistic view on mobility</li> <li>– Increased investments in rail-borne traffic</li> </ul>	<ul style="list-style-type: none"> <li>– Urbanisation and needs for new water/wastewater solutions</li> <li>– Climate change challenges</li> <li>– Stricter legislation</li> </ul>
OPPORTUNITIES	<ul style="list-style-type: none"> <li>– Buildings for health &amp; education</li> <li>– Renovations (Green Deal)</li> <li>– Logistics buildings</li> <li>– Energy management</li> </ul>	<ul style="list-style-type: none"> <li>– Investments ramping up</li> <li>– Railway, e.g., high-speed rail and underground extensions</li> <li>– Aging infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>– Large public refurbishment investment</li> <li>– Climate change solutions</li> <li>– Investments for renewal (pipes and sewage)</li> </ul>

\*Short term 1 year, midterm 3 years

# Our way ahead within the three major client segments



Real estate

## **FLEXIBILITY IS KEY**

- Continued client value in changing market
- Balance project portfolio (across segments and lifecycle)
- New service areas (e.g. energy and facility management, digitalisation, sustainability)



Transport infrastructure

## **TICKET TO RIDE**

- Diversify portfolio and customer base
- Global selected offers
- Strengthen platform in home markets, special focus Nordics and Switzerland



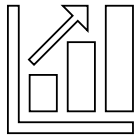
Water

## **ESSENTIAL TO DEVELOPMENT**

- Utilise full AFRY client footprint, e.g. industrial, transport, buildings
- New service areas as global offers
- Geographic expansion

M&A to add expertise, offering coverage and capacity within home markets  
Increase use of Centre of Excellence to enable growth and efficiency

# The growth journey ahead for Infrastructure division



## **WIN MARKET SHARES IN HOME MARKETS**

by implementing strategic initiatives and an active M&A agenda



## **EXPAND SERVICE OFFERINGS**

along our clients' asset lifecycle through digital and sustainable solutions



## **BE AN ATTRACTIVE EMPLOYER**

ensuring diverse and inclusive teams

---

**TOP 3 IN THE NORDICS**  
WHILE IMPROVING OUR POSITION IN ALL HOME MARKETS

# Making Future

# Food & Life Science

ROBERT LARSSON, INDUSTRIAL & DIGITAL SOLUTIONS DIVISION, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

# Strategy adapted, fundamental drivers remain



**5.8 BSEK**

Net Sales 2019

**3500 employees**

Brave devoted team players Q3 2020

**30% projects**

Share of Net Sales 2019

**92% In Sweden**

Share of Net Sales 2019

# Industrial & Digital Solutions Division

## AMBITION



The Nordic leader with a global reach, the partner of choice

## WHAT WE DO/WHERE TO PLAY



Develop clients' future products and services



Design, connect and fine tune clients' manufacturing capabilities



Enhance clients' solutions via digital services

## HOW TO WIN



Market and client intimacy



Efficient, digitalised processes to be effective in both sales and delivery

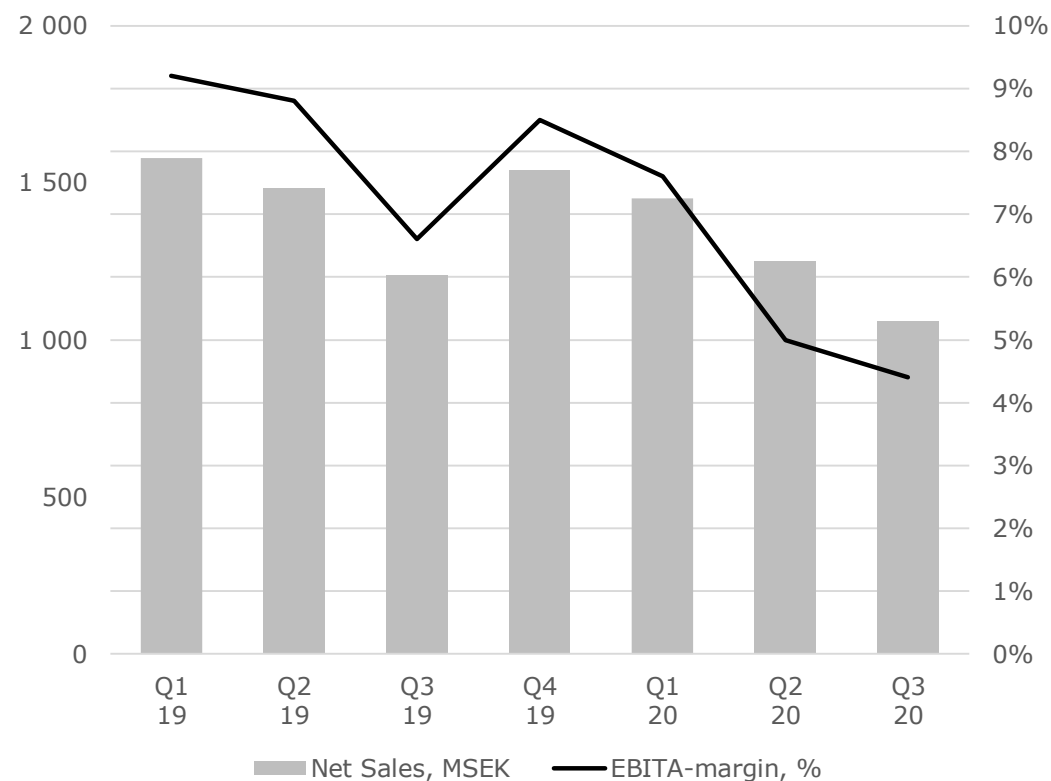


Scale by reusing successful solutions, and innovate together with clients



Engaged and motivated people and an attractive brand

# Shifting business mix, responding to Covid-19



Significant Covid-19 impact

Automotive, Manufacturing sluggish since mid 2019

Repositioning in Automotive accelerated

Shift in business mix, projects now at 40%

Strong growth in Food & Life Science

Recovery seen in Q3, Automotive from low levels

# Opportunities for clients in transforming markets



## AUTOMOTIVE

### TRANSITION INTO A MORE COMPLEX MARKET LANDSCAPE

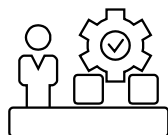
Decarbonisation, electromobility and battery

Connected vehicles and high tech entrance (software)

New types of vehicles

OEM & Tier 1 consolidation

Compliance and regulations



## MANUFACTURING

### INDUSTRY 4.0 PICKING UP PACE IN DAILY OPERATIONS

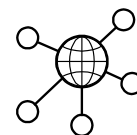
Increased automation & robotisation

Smart products

Continuous productivity improvements

Eco system factor of differentiation

Localisation of supply chains



## TECH, DEFENCE, CIVIL PROTECTION

### EXPANSION INTO NEW SECTORS AND SHIFTS TO 5G

IoT, Cloud, AI, 5G

Increased system complexity and integrations supporting new business model

IT infrastructure, Operators, and consultancy consolidation

Cyber security and geopolitics

Digitalisation leap



## FOOD, LIFE SCIENCE

### LARGER, AGING AND WEALTHIER POPULATION

Sustainable, healthy food, functional food and consumer power

Increasing legal complexity

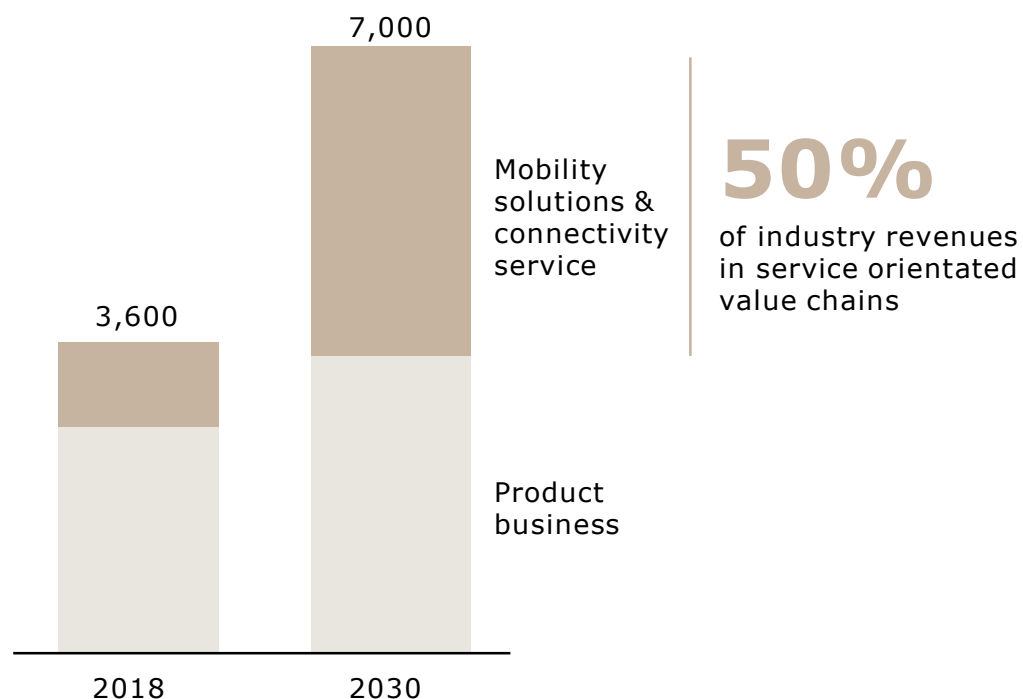
Health care cost increasing

Impact of globalisation and rethink global supply chains

Prepare for the next virus

# Automotive OEMs in rapid transformation

**GLOBAL AUTOMOTIVE REVENUE POOL EUR BN %  
CREATED BY SERVICE-ORIENTATED VALUE CHAINS**



\* Illustration from Business Sweden

Global and technology driven market

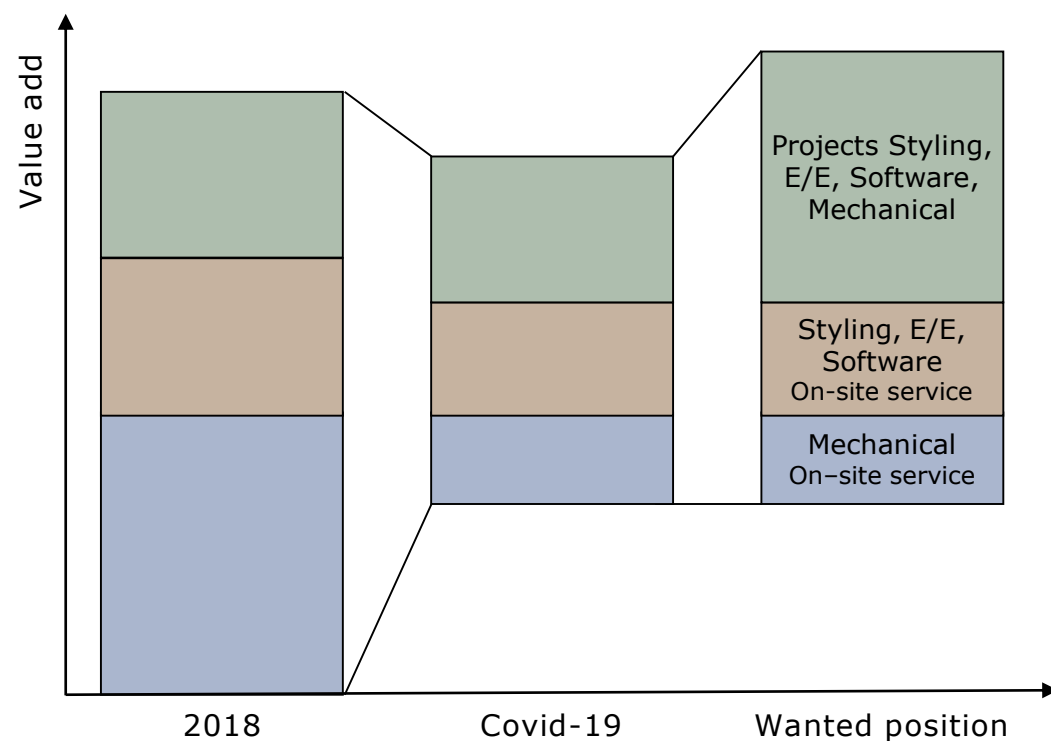
Sizeable, ~20% (pre-Covid) of IT and engineering consulting market in Sweden

## Key drivers:

- Electrified, connected, autonomous vehicles
- Software to dominate product development
- Industry 4.0 (Virtualisation, Digital Twin)

# Shifting AFRY centre of gravity towards software, design and projects

## R&D Services



*Illustrative only*

Leverage design and R&D engineering

From hardware to software

From on-site services to projects

Change in service models supported by agreements with major clients

## CASES

# Client digitalisation readiness and maturity increasing



### **HITACHI ABB POWER GRIDS 5G**

Collaboration AFRY,  
Ericsson and Telia

Production flexibility,  
efficiency and quality



### **ALFA LAVAL NEXT 14.0 STEP**

AFRY Advanced Real  
Digital Twin (RDT),  
based on Siemens SW

Accelerate digital and  
automated production



### **IOT STREAMLINES LOGISTICS**

Leading supplier of  
products for logistics  
and automatic storage

Cloud connected, with  
advanced telematics



### **HOME OF THE FUTURE WITH AI**

Reduce climate  
footprint through AI

Provides feedback and  
nudging



### **INDUSTRIAL CYBER SECURITY**

14.0 drives connecting  
OT with IT

Security built in from  
start, both products  
and plants

# Long term attractive and regulatory defined market



## **MARKET CHARACTERISTICS**

Increasing, aging and wealthier population

Years of stable growth

Digitalisation for efficiency and quality

# Long term attractive and regulatory defined market



## FOOD

Functional food,  
sustainability, plant  
based

Digital consumer  
journey and operations



## PHARMA

Nordic innovation &  
R&D cluster

Digitally enhanced  
products and quality



## MED TECH

International players  
in Nordics

Updated regulations  
and technologies

IoT, data science and  
wearables



## HEALTH

Nordics top spenders

Complexity increases  
in hospital design

eHealth

FOOD & LIFE SCIENCE READY FOR NEXT LEVEL

# Expansion from already strong market presence



AFRY builds  
production line for  
Oatly in Singapore

Source: Oatly



Vistin Pharma  
doubles production



Connectivity for  
global diagnostic  
company



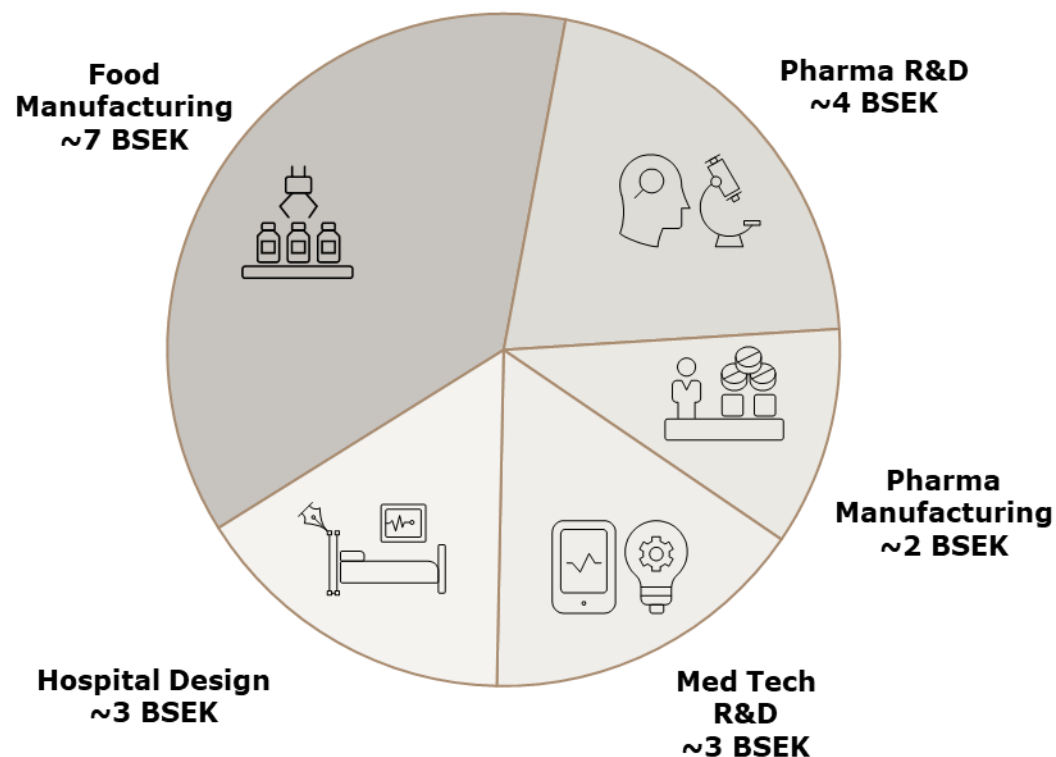
National Norway  
eHealth  
digitalisation



Högsbo Specialist  
Hospital design

# Expansion from already strong market presence

## Adressable market\*



Historic annual market growth ~4%, and favorable outlook forecasted

#1 or #2 position in all segments, built from strong organic growth the last years

Opportunities to accelerate current organic growth to explore full potential

\*) Estimated annual market size in the Nordics by AFRY based on services excluding equipment / hardware

## SUMMARY

# Digitally capable and positioned for growth



Automotive repositioning accelerated

Client digitalisation readiness and maturity increasing

Food & Life Science ready for next level, becoming the largest sector in the division

The Nordic leader with a global reach

# Making Future

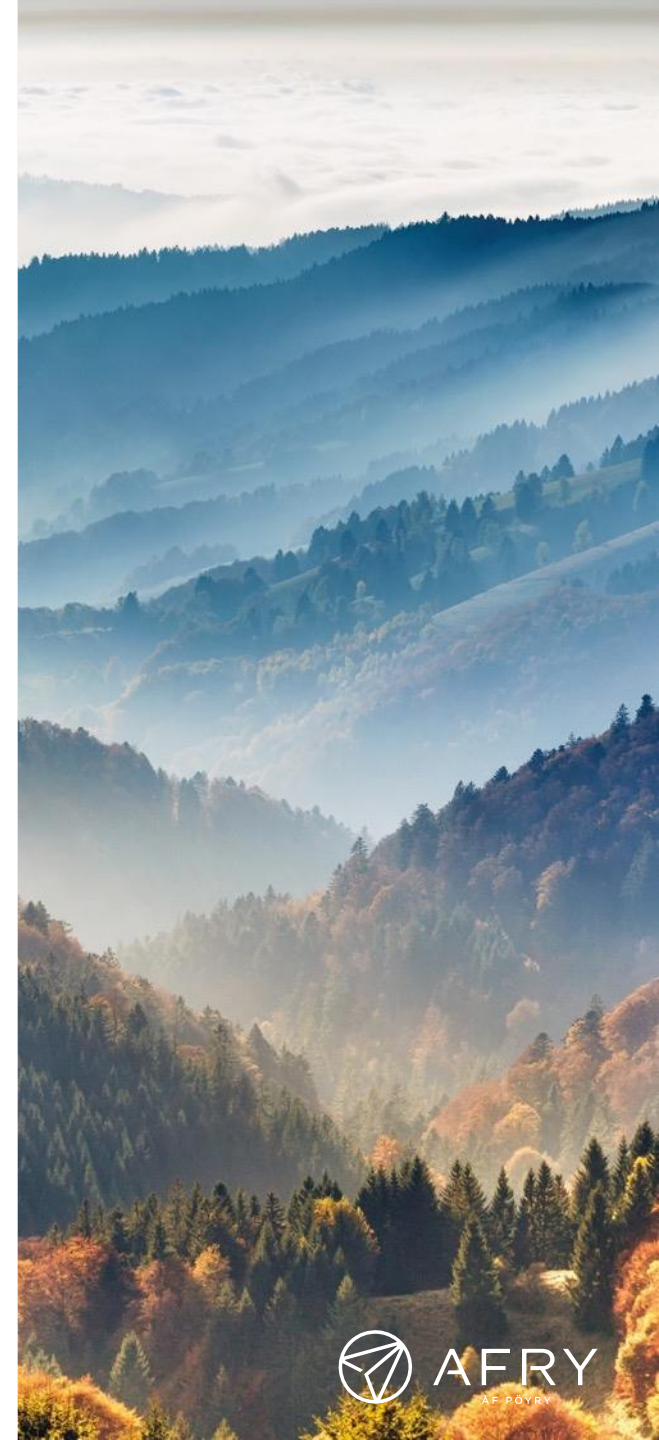
# Bioindustry and Clean Energy at AFRY

ROLAND LORENZ, DIVISION MANAGEMENT CONSULTING, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

# AFRY at the core of the shift to Bioindustry and Clean Energy

- Two global transitions driven by the international sustainability agenda
- AFRY as one-stop-shop for Bioindustry and Clean Energy
  - Management Consulting
  - Engineering and Projects
  - Operations
  - Digital Solutions
- Excellent position already today
  - Team of >4,000 experts in the two sectors in Europe and globally
  - Combined revenue >3.8 BSEK with EBITA-margin of ~10%<sup>1)</sup>
  - Well established relationships with leading companies

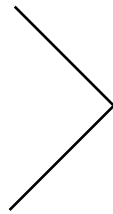
1) 2020 Q3 YTD; combination of relevant parts of Process Industries, Energy and Management Consulting divisions



# Facts underpin tangible growth opportunities in Bioindustry

## DRIVING FACTORS

- Growing sustainability awareness and commitment
- Global shift in demand and products
- Need for green carbon to ensure full decarbonisation
- Resource scarcity

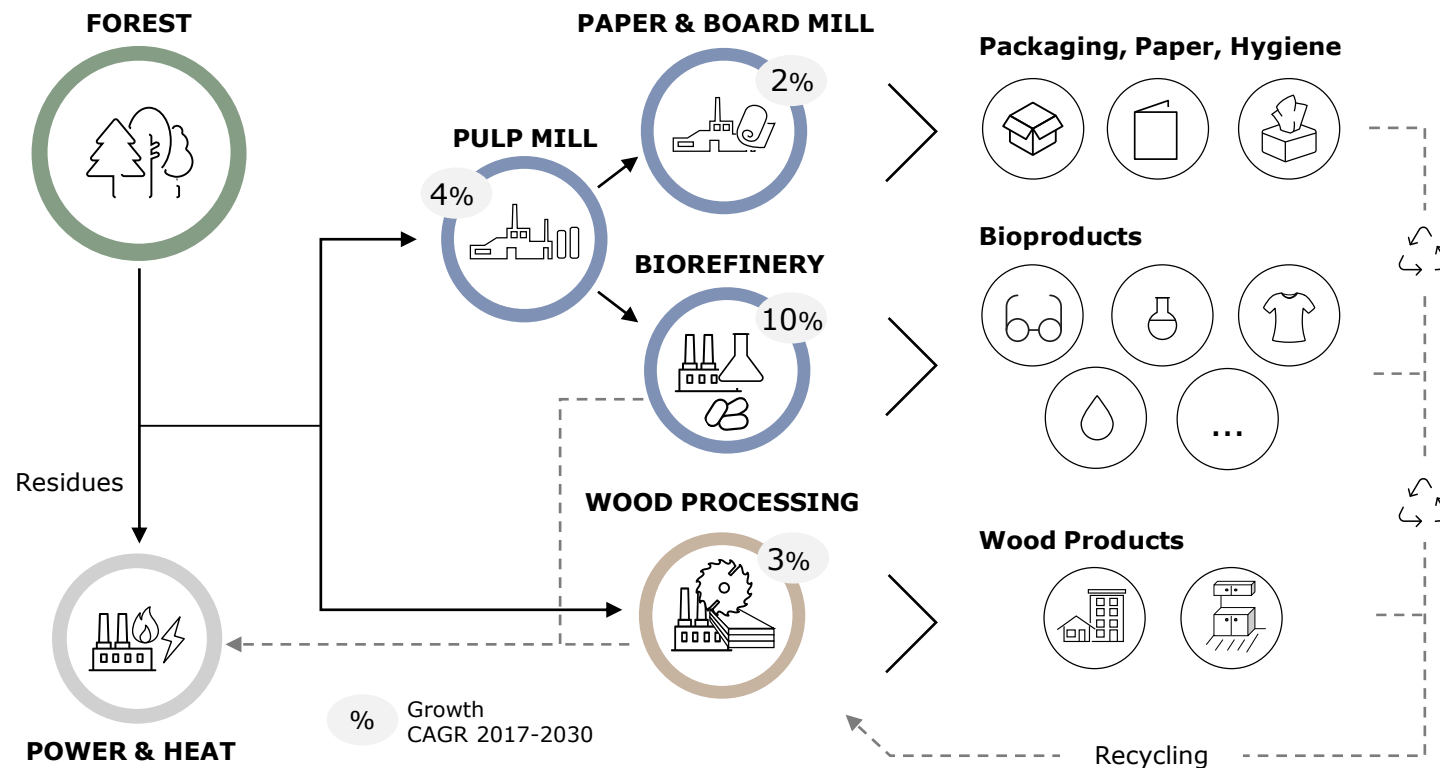


## IMPACT

- Strive to circular bioeconomy i.e. recycling, sustainable packaging, biomaterials and biofuels
- Production new build and replacement to follow demand
- Increasing pressure to improve production efficiency and unlock digital potential



# Growing Bioindustry demands expansion of production capacity

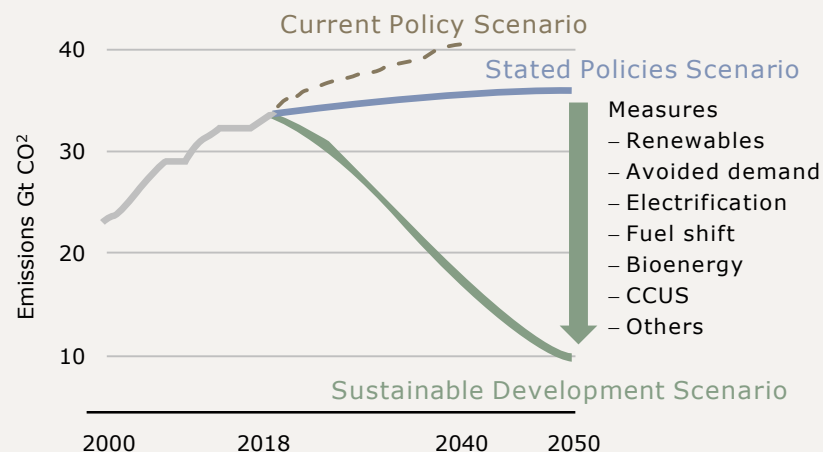


- Bioindustry grows with CAGR of 2.3% to ~8,000 BSEK business by 2030
- In packaging and hygiene steady demand increase of ~1,000 BSEK by 2030
- Biochemicals and biofuels will grow over 210 BSEK business by 2030

# Energy sector is transforming globally towards Clean Energy

## DRIVING FACTORS

- Decarbonisation to mitigate climate change
- Affordable and reliable energy to support economic and social welfare



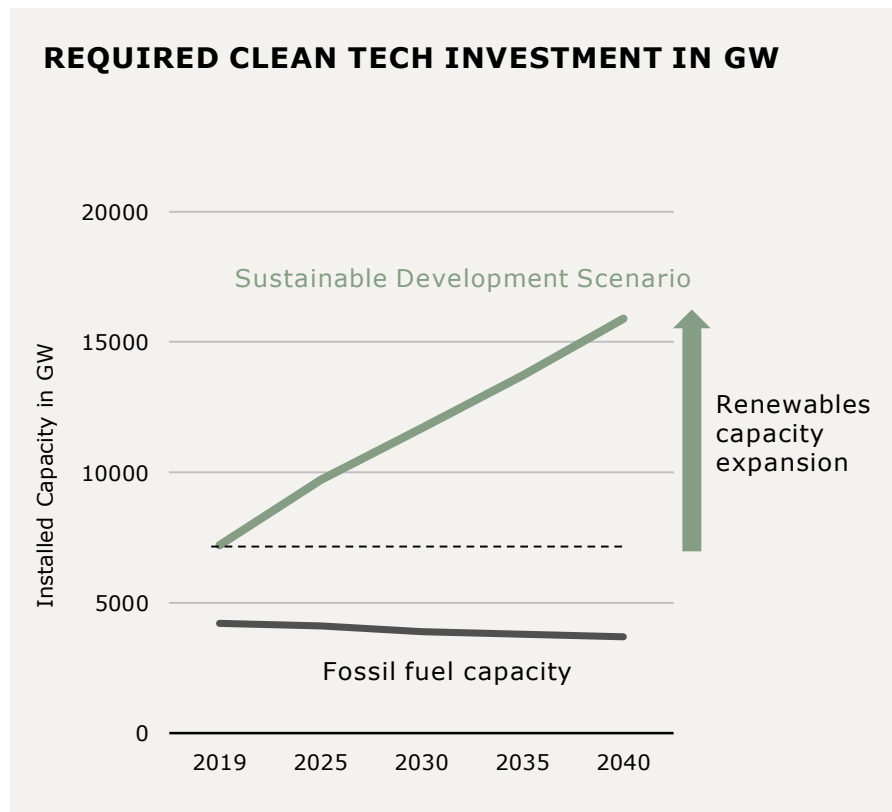
Source: IEA WEO 2019

## IMPACT

- Shift from fossil generation to clean energy
- Required smart grid infrastructure, interconnector and storage
- Need for negative emission contribution from energy sector
- Sector integration driven by electrification and industrial decarbonisation

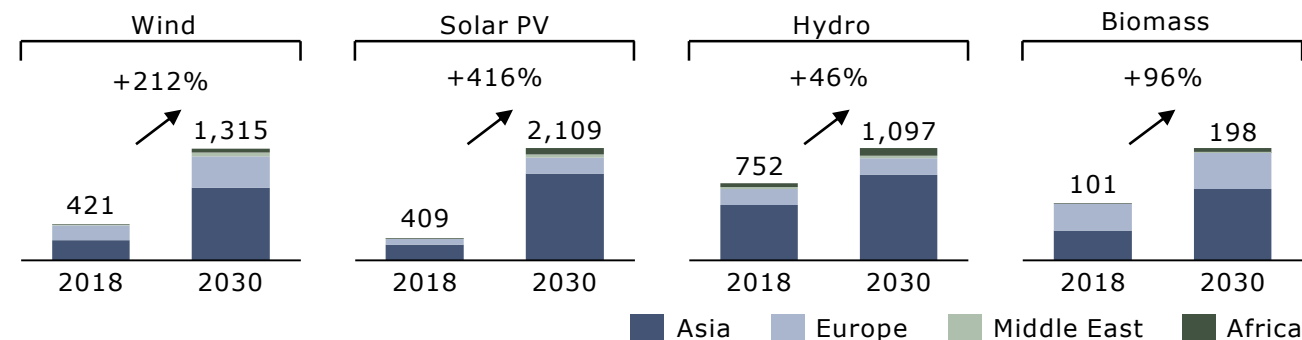


# Energy transition demands huge global investments into Clean Energy technology



Source: IEA WEO 2019, AFRY Analysis

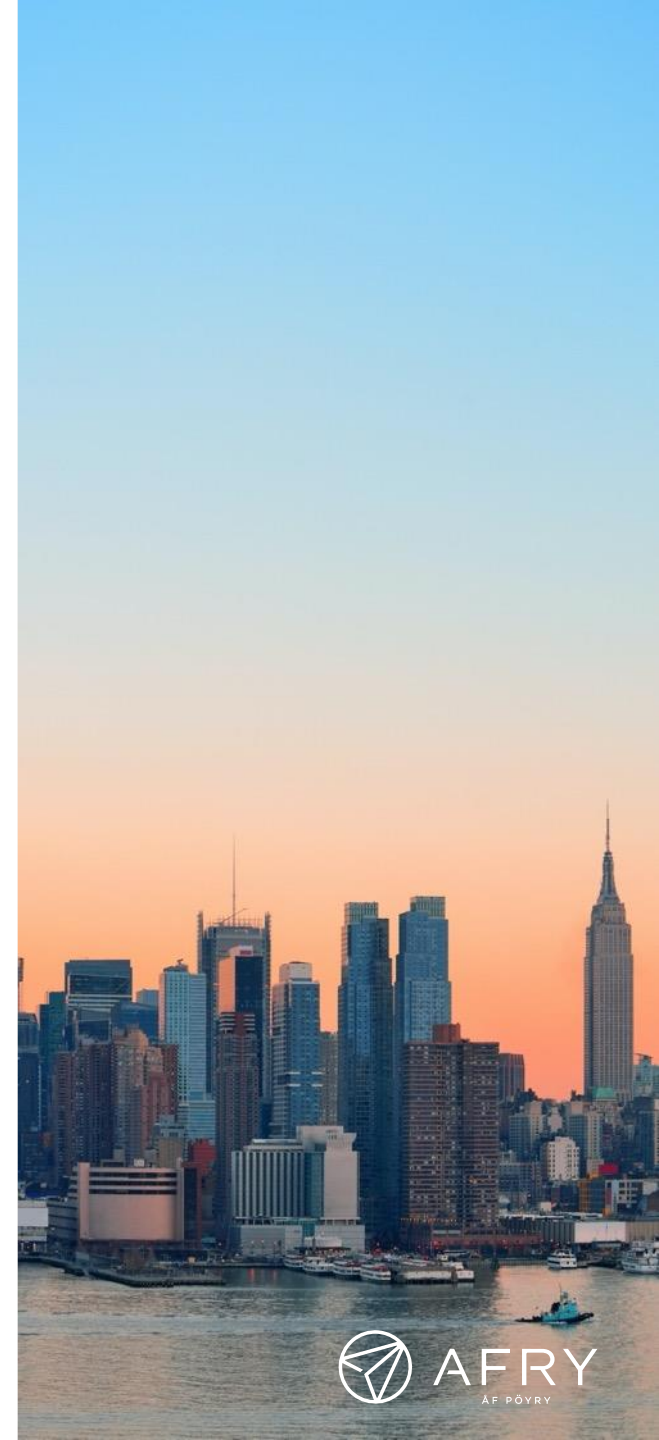
## ADDITIONAL CAPACITY IN GW BY TECHNOLOGY IN AFRY'S MAIN TARGET REGIONS



- Significant investments in renewable capacity required
- 400 GW in Europe by 2030
- 8,000 GW globally by 2040
- ~4,200 BSEK investment in grid infrastructure in Europe by 2030
- Other clean technologies are presenting further growth opportunities (i.e. biomass, hydro, nuclear, CCS, hydrogen)

# Management Consulting supports unique position in both sectors

- More than 450 Management Consultants in Europe and globally
- Deep sector expertise and access to top management level
- Distinctive service offering
  - Forward looking market analysis
  - Strategic advice
  - Operational excellence
  - Transaction support
- Growth even in Covid-19 situation with >10% EBITA



# Making Future

# Bioindustry

NICHOLAS OKSANEN, DIVISION PROCESS INDUSTRIES, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

IN BRIEF

# Global competence supported by local presence

3

BSEK net sales (2019)

10.6%

EBITA-margin (2019)

~3,500

experts

IN BRIEF

# #5 in Industrial processes globally

**STRONG GLOBAL POSITION IN BIOINDUSTRY, STRONG GROWTH IN MINING & METALS**



Bioindustry incl Pulp & Paper



Chemicals (non-petroleum)



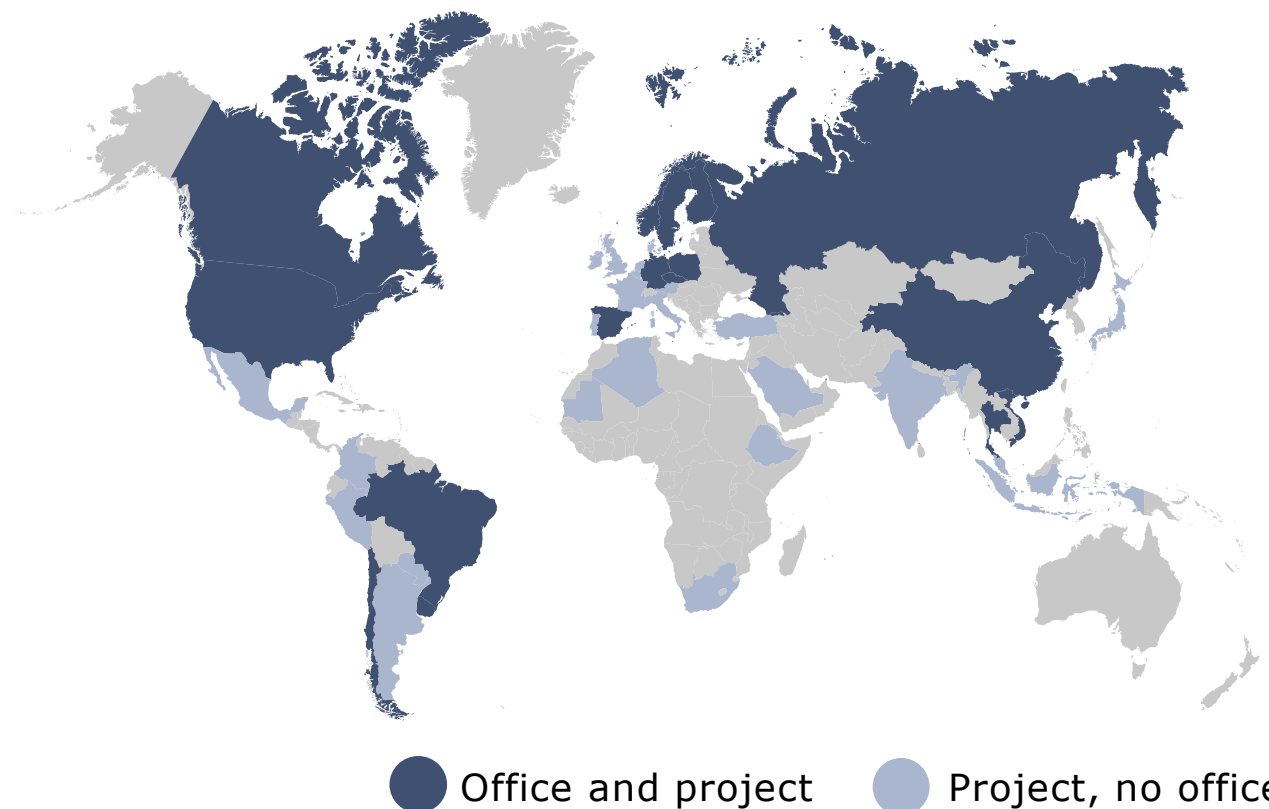
Mining & Metals

IN BRIEF

# Services cover the entire client value chain and lifecycle

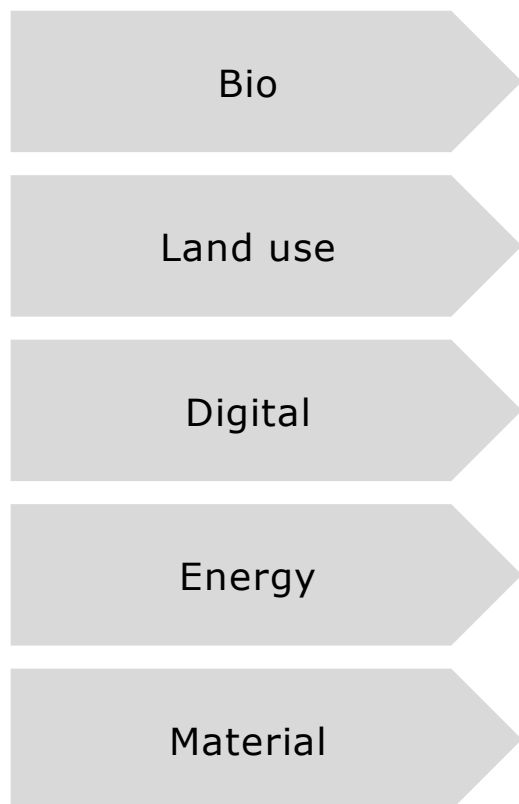
- Technical consulting
- Multi-disciplinary engineering
- Projects (CAPEX and OPEX)
- Operational phase services
- Smart solutions (digitalisation, sustainability incl health & safety, environment, etc.)

## SERVING CLIENTS GLOBALLY

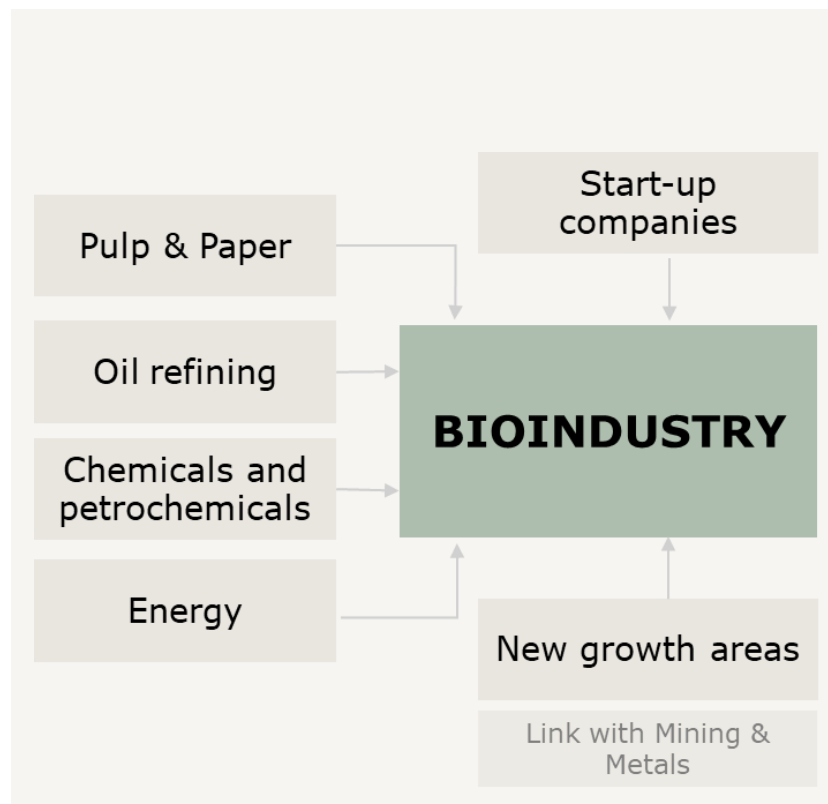


# Bioindustry brings process industry segments together

## INDUSTRY TRANSITION



## CLIENT SEGMENT TRANSITION



## BIOINDUSTRY



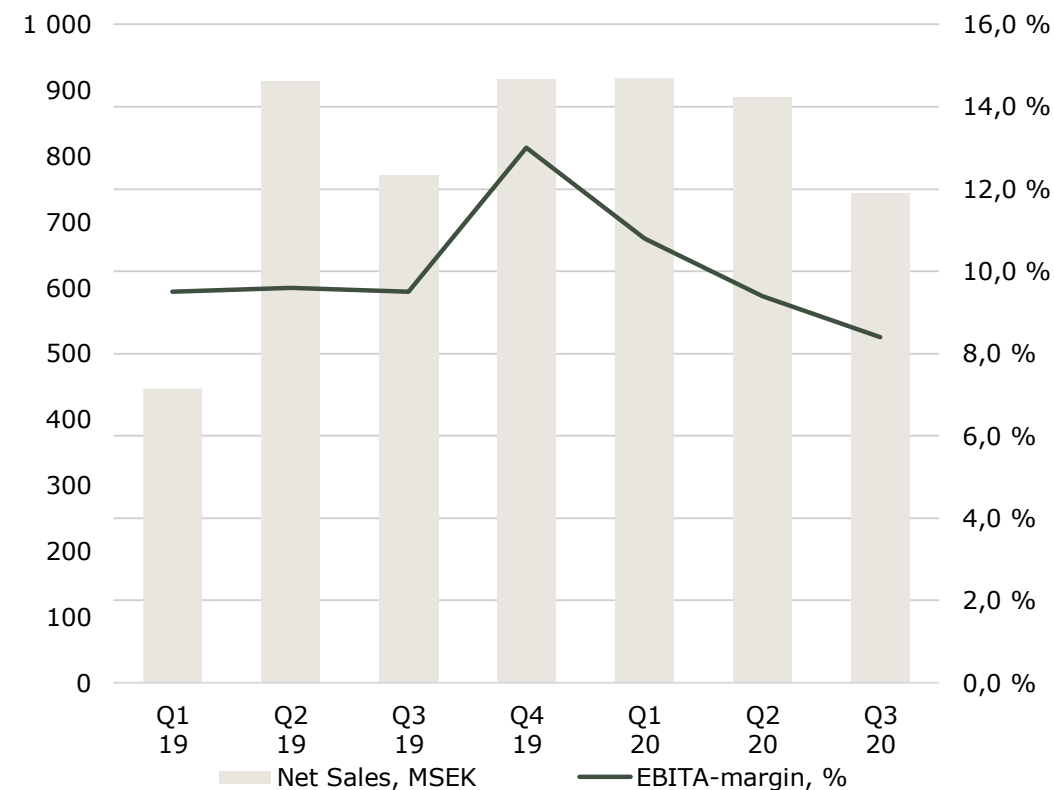
# Stable financial performance

## Growth

- Continued good growth in core markets and major projects implementation continue as planned
- Currency effects had a big impact YTD mainly from Brazil
- Organic growth YTD amounted to 5.3%

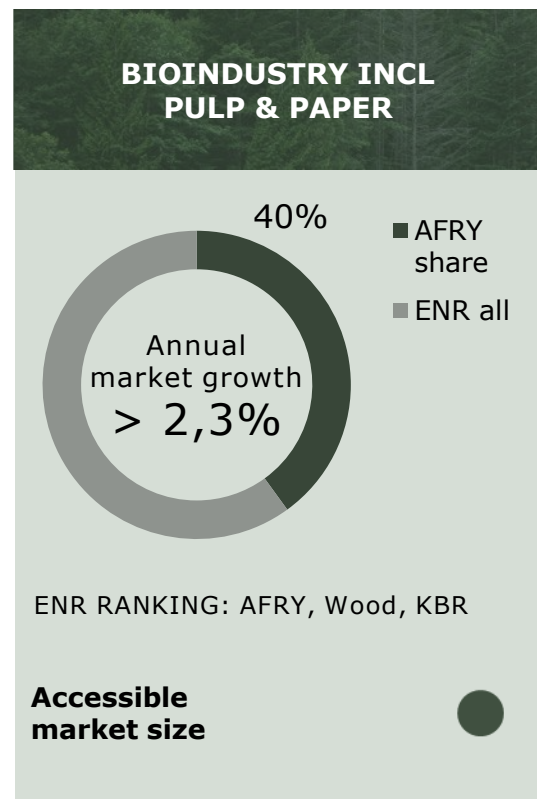
## Profitability

- Profitability on a stable level
- Somewhat impacted by Covid-19 pandemic with longer decision-making processes for new projects
- 2020 expected to be stable

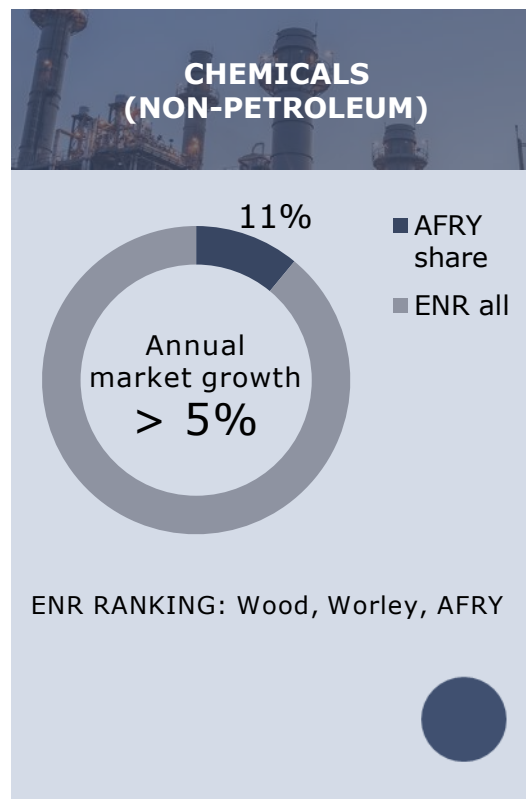


# Great growth opportunities

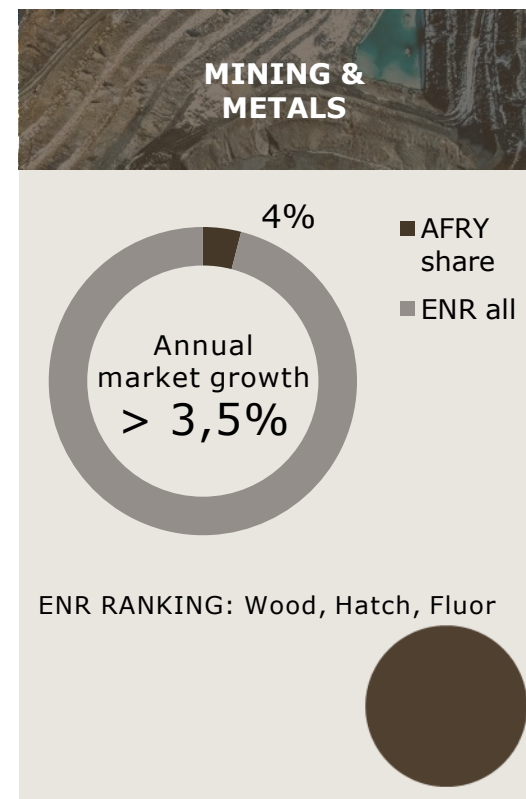
## AFRY SHARE OF THE MARKET SECTOR



X 3,5



X 3



*Note! ENR market share is not showing all accessible markets as smaller and local players are missing from the statistics*

# Key items for profitable growth



**Grow** in Bioindustry, Chemicals (non-petroleum) and Mining & Metals in selected regions organically and by defined M&As



Strengthen organisation efficiency with engaged and motivated **people** and attractive brand

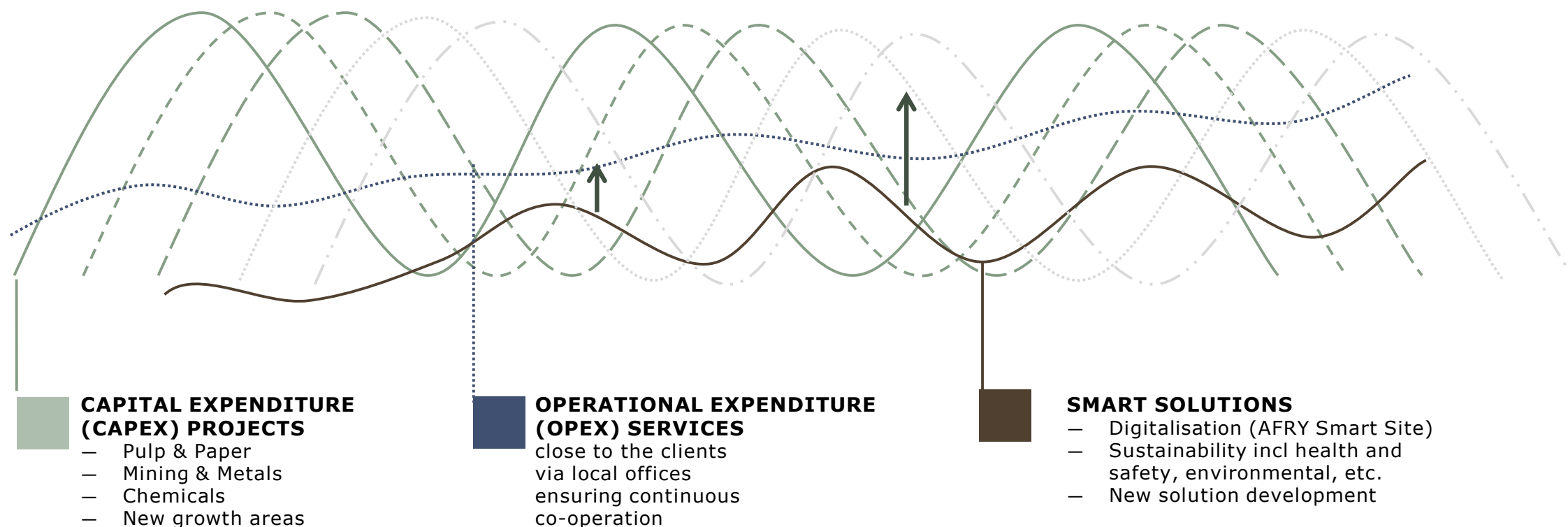


Strengthen the **client** interface through key account management including **all AFRY services**



Move up in the value chain and leverage the knowledge base through **Smart Solutions** (strengthen digital, environment and health & safety position), develop new services and innovate through Research & Development with clients

# Business stability through diversification



# Summary

- **Profitable growth** in Bioindustries, Chemicals and Mining & Metals
- **Stability** through diversification in sectors and both CAPEX and OPEX projects
- **Margin improvement** through increased value by delivering Smart Solutions and utilising offshore excellence centres

## Our sustainability commitment:

We provide sustainable solutions to reduce pulp industry water use >20% to meet our clients' sustainability targets.





# Making Future

# Clean Energy

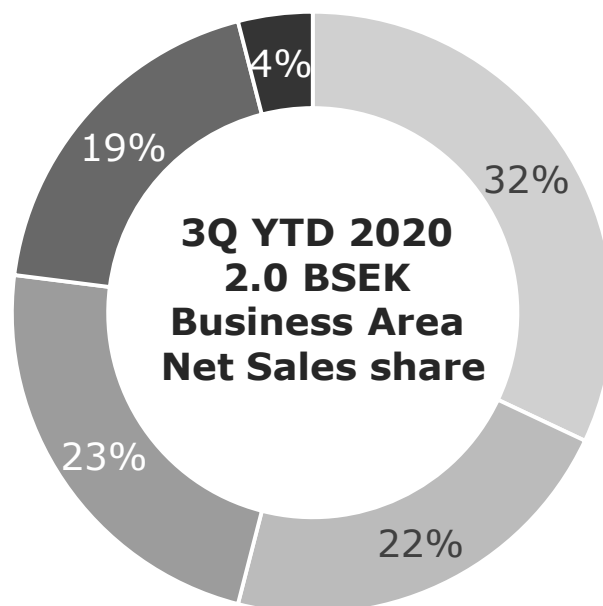
RICHARD PINNOCK, DIVISION ENERGY, CAPITAL MARKETS DAY, 24 NOVEMBER 2020

# Ranked\* #4 globally and well positioned in focus markets

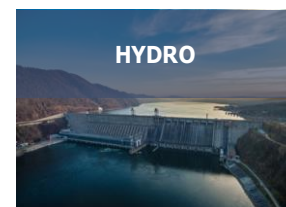
No. of employees: 1,800

Offices in countries: 32

Fixed lump sum projects: 80%



- Global
- Ranked\*\* #5
- ~8% focus market share



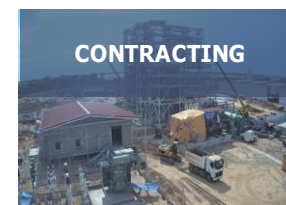
- Global
- Ranked #4
- ~10% focus market share



- Europe, Middle East & Africa
- Ranked #4
- ~9% focus market share



- Europe
- Ranked #5
- ~12% focus market share



- South East Asia and selected countries
- EPC+ on a selected basis

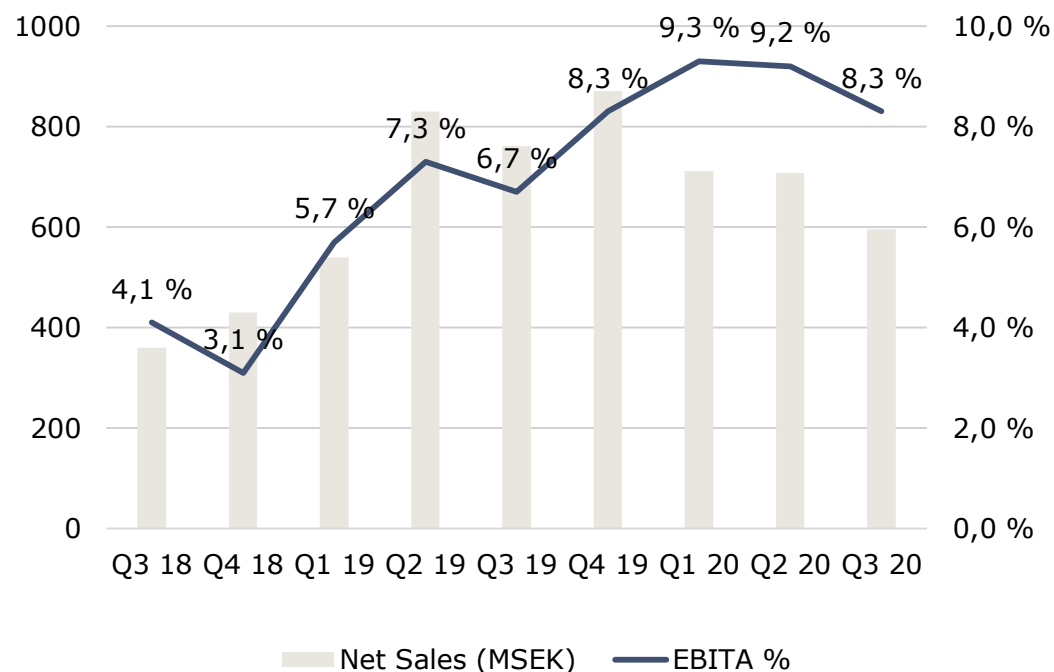
\* According to the ENR Top International Design Firms 2020 Report

\*\* According to the ENR Global Sourcebook 2019 Report

# Profitability improves as repositioning actions shows results

- Repositioning actions
  - Divestments caused Net Sales adjustment
  - EBITA-margin shift into target 8-10% profitability corridor
- No new large EPC+ projects
- Covid-19 pandemic
  - Delays in contract signing processes
  - Delays in project start-ups
  - Travel restriction stopped expert mission works
- Solid order stock and opportunity pipelines in all business areas

**Net Sales and EBITA-margin development**



# Current strategy focused on establishing a strong platform

①



## REPOSITIONING COMPLETE

Specific actions taken with divestments, portfolio clean-ups and office closures

②



## LEAN ORGANISATION

Structural actions driving substantial permanent savings in 2020/21

③

## COVID-19 OPPORTUNITIES

Flexible operations, future growth with less office space

④

## STRATEGIC INITIATIVES

#1 Nordics through Key Account Management  
Increased cross-selling  
Digital & Opex services  
Book2Bill target > 1.2

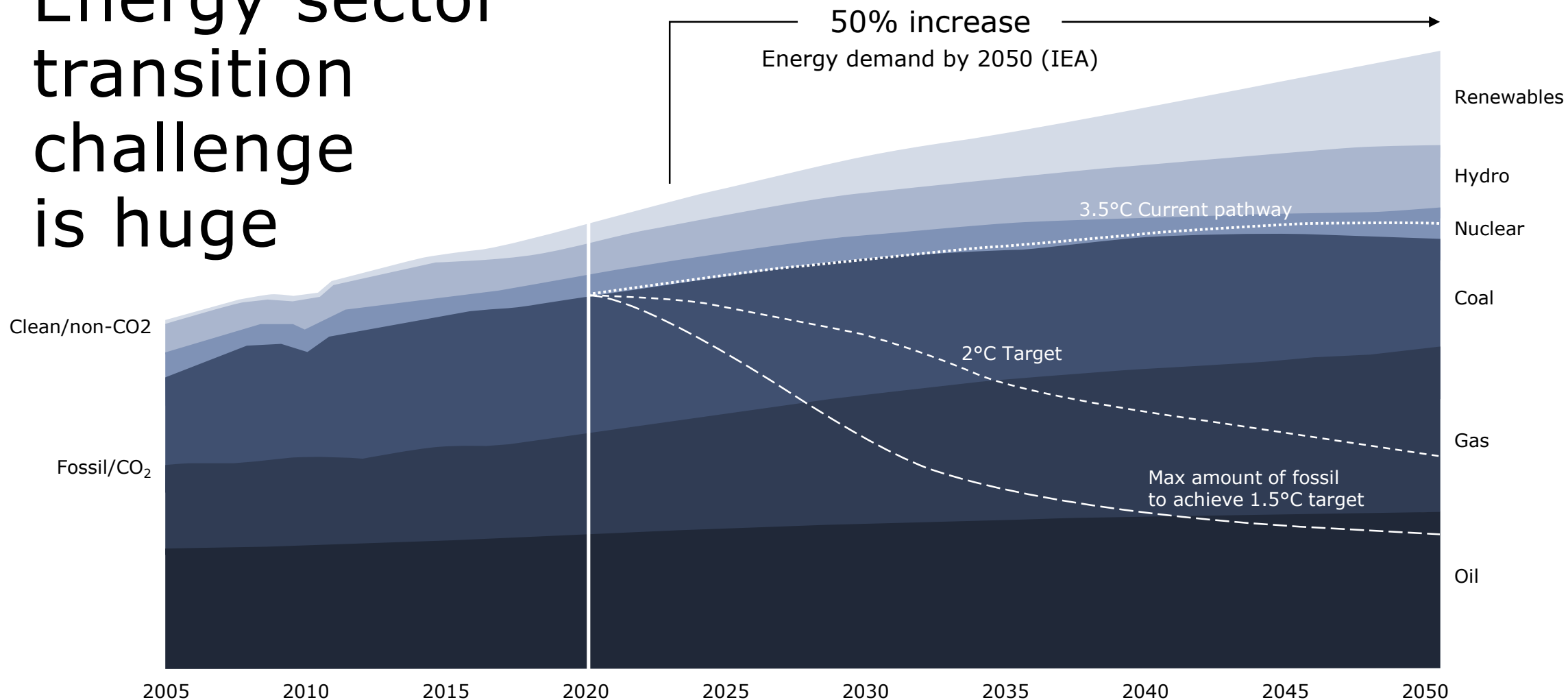
⑤

## PEOPLE

High retention rates  
Comprehensive Project Managers Training program coupled virtual training modules

## TRENDS

# Energy sector transition challenge is huge



Sources: graph: ica.org pathways: McKinsey.com CAGR: IEA New Policies Outlook 2018

# Key growth opportunities

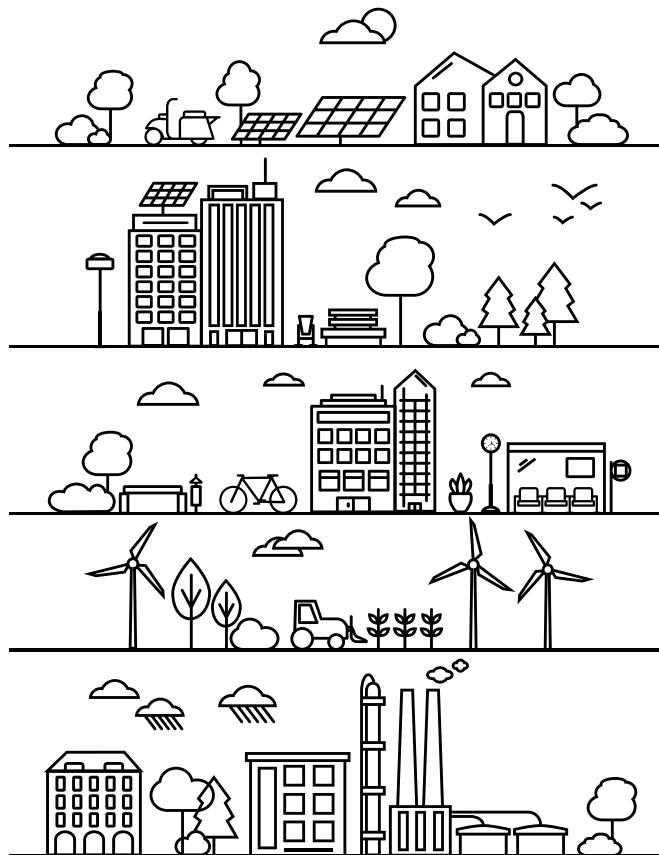
Gas and LNG energy  
transition fuel

Solar and off-shore wind  
substantially increase

Decentralised generation  
increase local inter-connectivity

Bioenergy / Waste-to-Energy  
growing worldwide

New technologies emerging  
e.g. green hydrogen, small  
modular reactors



Future grids need  
to be smart

HVDC\* interconnector  
schemes increasing

Hydro rehabilitation  
& modernisation increasing

Intermittency driving  
pump storage schemes

Nuclear new build growing  
as new comers emerging

POSITION

# Well positioned in the clean energy sector

FITS WELL WITH AFRY'S SUSTAINABILITY COMMITMENT

WEEK  
BUSINESS  
CASE

STRONG  
BUSINESS  
CASE FOR  
AFRY

Hydrogen

Solar PV

Small Modular Reactors

Smart Grids

Carbon Capture & Sequestration

Li-Ion Batteries

On-shore wind

Off-shore wind

HVDC Interconnectors

Waste to Energy

Nuclear

Bioenergy

Hydro

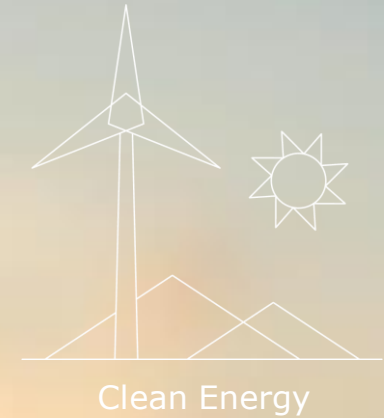
Natural Gas/LNG

New Build Coal

SUSTAINABILITY CONTESTED

# Exit new build coal

- Exit coal new build as of 1 Jan 2021
  - Maintain relations with key clients who are in the middle of their energy transition journey
  - Continue to support their carbon off-set investment programs i.e. gas, biomass conversions, efficiency improvement, carbon capture sequestration (CCS) and renewables
- Existing new build coal portfolio
    - 0.4% of Group Net Sales 3Q YTD 2020
    - Average number of fulltime employees, FTE is 25
    - Order stock until 2023



# Focus on growth to become #3 globally in clean energy

- Become #1 in off-shore wind, hydro pump storage schemes and HVDC interconnector schemes
- Take maximum advantage of the global Waste-to-Energy explosion
- Accelerate digitalisation leveraging on AFRY Digital to increase sales capability for existing products
- Accelerate our opex related services - target to achieve 30% share of revenue by end 2022
- Shift to a flexible operational model - 30% hot seating and resourcing by 2022
- Aim to achieve #3 spot on ENR Ranking by end 2023



Top International Design Firms Ranking  
is the recognised benchmark for the industry



STRATEGIC INTENT

Use our  
European  
leadership to  
accelerate the  
energy transition  
in the developing  
economies



Our presence

STRATEGIC INTENT

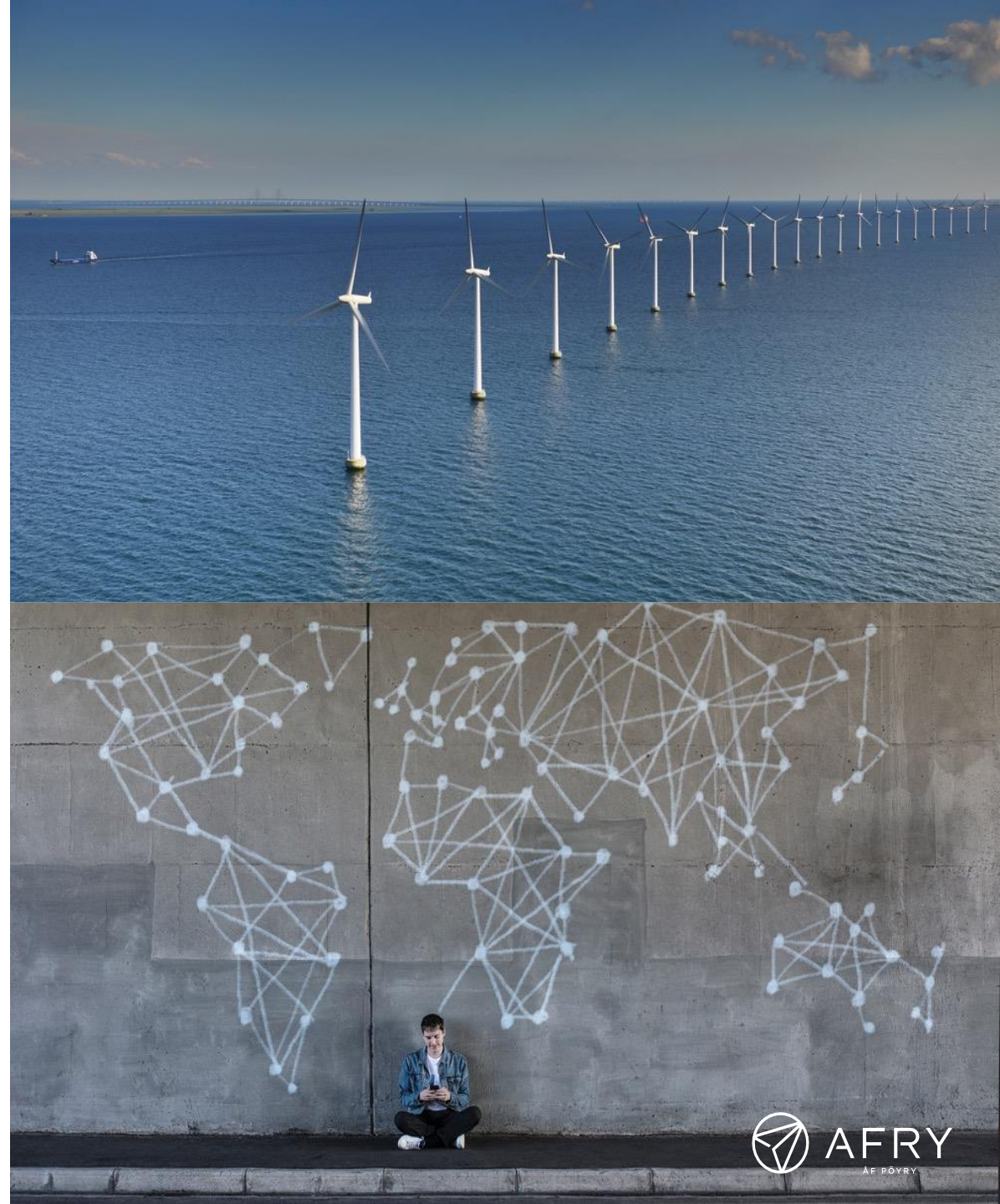
Current pace of  
the global energy  
transition will  
result in growth  
with wet feet



## SUMMARY

# Accelerating profitable growth in clean energy

- Portfolio well positioned in clean energy sector
- Repositioning actions delivered the desired results
- Focus on growth in clean energy sectors - strategic acquisitions
- Exit new build coal
- Solid opportunity pipelines in all business areas
- Strive to accelerate the energy transition in the developing economies





Making Future

# Summary – Take-off Strategy

- 1 Growth in targeted geographies  
– organic and acquired
- 2 Target transforming segments that shows secular growth
- 3 AFRY Digital – a new strategic growth platform
- 4 Lead in sustainable solutions to drive impact and growth
- 5 Deliver best in class operations to drive growth and scalability



- Re-accelerate bolt-on M&A strategy
  - Attract and retain talent for organic growth
  - Strategic M&A platforms
- 
- Infrastructure, Bioindustry, Food & Life Science, Clean Energy
  - Strong position in customer value chains
- 
- Invest to build digitalisation offering in core verticals
  - New business models and recurring revenues
  - Fully leverage our digital competence combined with our deep sector knowledge
- 
- Further strengthen sustainability offering and positioning
  - Competitive differentiator to win more business and attract top talent
- 
- Lean operations and IT systems
  - Offshore excellence centres to scale and access world class capabilities
  - Shared service centres

OUR NEXT GROWTH JOURNEY

# Summary – Take-off Strategy

- New growth strategy
- Financial targets unchanged
- Digital growth platform
- Sustainable savings 2020
- Science Based Targets' Initiative 1.5°C Commitment Letter
- Exiting coal CAPEX as of January 2021

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Financial targets unchanged

GROWTH	EBITA	NET DEBT / EBITDA
10%	10%	2.5

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Digital revenue next 5 years

CURRENT DIGITAL REVENUE	OF GROUP REVENUE
3X	>20%

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Sustainable Cost savings

2019	2020 YTD
218	>150

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# Q&A Session