ANNUAL REPORT
2018

Multiconsult

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PROJECT: **AARHUS UNIVERSITY HOSPITAL**
ILLUSTRATION: **LINK ARKITEKTUR**

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2018 HIGHLIGHTS AND KEY FIGURES

EPC contract with Nye Veier for developing and constructing E6 between Ranheim and Værnes was awarded to Multiconsult in partnership with Acciona Construccion S.A, Leonard Nilsen & Sønner and Acciona Mantenimiento de infrastructuras S.A.

Significant contract with Oslo City Water and Sewage Works Agency (Oslo kommune, vann- og avløpsetaten) was awarded to Multiconsult for all engineering works for new water supply to the city of Oslo. The contract consists of four parts that were up for tender and Multiconsult has been set for all four parts.

Frame agreement with The Norwegian Defence Agency (Forsvarsbygg) awarded to Multiconsult and LINK arkitektur, in partnership with LPO arkitekter for pre design of submarine maintenance facilities and other measures at Haakonsvern.

Significant increase of the new Drammen Hospital contract as options were exercised by Helse Sør-Øst RHF. LINK arkitektur, together with Ratio arkitekter AS and Bølgeblikk AS will work on detailed design and supervision of the construction phase.

Several important road contracts awarded to Multiconsult Polska, such as Northern Krakow S52 Expressway, A1 Motorway between Kamieńsk and Radomsko as well as C-E 65 railway line on the section between Zdunska Wola - Dąbie.

Contract with KfW Development Bank awarded to Multiconsult for GET FiT Zambia, which aim to assist the Zambian government with the implementation of its REFit strategy to increase renewable power generation. KfW Development Bank has also exercised options for the second phase of the contract to Multiconsult.

Multiconsult will deliver engineering services for the roads Riksvei 3 and 25 in Løten and Elverum municipalities in Norway as a subcontractor to Aas Jacobsen for Skanska.

EPC contract for the new Forum building at Aarhus University hospital in Denmark was awarded to KPC, with LINK arkitektur and Sweco as subcontractors for Region Midtjylland and Aarhus University Research Fund.

- On 8 November 2018, Multiconsult presented an update to the capital market announcing a revised strategy towards 2020. The new strategy "GO" has an increased focus on profitability, with new group-wide measures to improve gain and operations.

- On 26 November, Multiconsult held an extraordinary general meeting where Bård Mikkelsen was elected new Chairman of the Board and Simen Lieungh deputy board member.

- **Employee share purchase programme 2018** was successfully completed in November 2018 with participation from 21 % of employees in all subsidiaries.

- **Multiconsult's attractive recruitment position** was confirmed by the annual Universum survey among engineering students and professionals in Norway. In the survey for engineering students, Multiconsult reconfirmed its top spot among consultants and was ranked number three among all companies in Norway. In the survey for seasoned engineering professionals, Multiconsult improved its ranking to second most attractive employer among all companies in Norway. Additionally, the result shows that Multiconsult is the most attractive company within the engineering consultancy industry among both engineering student and professionals.

- **MUST summer internship was successfully completed** with 1 300 applicants for 30 positions.

2018 CONSOLIDATED KEY FIGURES

Amounts in MNOK (except EPS, shares and percentage)	FY 2018	FY 2017	FY 2016
FINANCIAL			
Net Operating revenues	3 334.8	2 977.7	2 604.6
Growth (%)	11.4 %	14.3 %	15.9 %
Reported EBITDA	149.1	164.7	332.8
EBITDA	149.1	164.7	225.5 [1]
EBITDA margin (%)	4.5 %	5.5 %	8.7 % [1]
EBIT	99.0	118.0	182.3 [1]
EBIT margin (%)	3.0 %	4.0 %	7.0 % [1]
Basic earnings per share (NOK)	2.36	3.01	8.15
Average number of shares	26 970 289	26 407 850	26 243 164
Net interest bearing debt (negative is asset)	59.5	134.5	(116.5)
Cash and cash equivalents	138.9	154.3	176.0
OPERATIONAL			
Order intake	4 592.0	3 762.5	3 084.7
Order backlog	2 803.4	2 147.7	1 793.1
Billing ratio (%)	70.2 %	67.0%	69.2%
Employees	2 934	2 851	2 344

[1] Underlying

THIS IS MULTICONSULT

OVERVIEW OF THE BUSINESS

Multiconsult group ("Multiconsult" or "the group") comprises Multiconsult ASA ("the holding company") and all subsidiaries and associated companies.

Business and location

Multiconsult ASA is a Norwegian public limited liability company with its head office in Oslo, Norway. Activities are organised through subsidiaries both in Norway and internationally, as well as project offices managed from Oslo. The group has 39 offices in Norway and abroad and had 2 934 employees as of 31 December 2018, including about 604 employed in wholly owned subsidiaries outside Norway.

Multiconsult is one of Norway's leading specialists in engineering design, consultancy and architecture services. Its business concept is to deliver multidisciplinary consultancy, creating value for customers, shareholders, employees and the group. The group's principal activities involve multidisciplinary consultancy, design, planning, project supervision, project management, geotechnical site surveys, verification and controls in Norway. The group provides engeneering services in Sweden and Poland in addition to architecture services in all three Scandinavian countries.

Revenue model

The group's business model is mainly based on consultancy fee revenues generated from own employees. In certain projects, services are also provided by external consultants ("sub-consultants"). In some projects, several partners have entered into cooperation agreements to bid collectively, where partners recognise their share of revenues. There is a clear definition of responsibility between Multiconsult and the partners or sub consultants. Projects can vary in duration, and long-term projects may extend over a number of years. The scope and duration of the projects are often extended through supplementary contracts and orders.

Long-term, stable customer base

Multiconsult strives to maintain good, long-term customer relations. A majority of the largest customers are stable, long-term customers, who have been placing orders with Multiconsult for many years. The group's ten largest customers in Norway are dominated by solid, public enterprises with established investment plans and limited credit risk.

Strategic platform

At the Capital Market Update in November 2018, Multiconsult presented a revised strategy towards 2020. The new strategy "GO" has an increased focus on improving profitability in order to further develop the Multiconsult group. It represents an unchanged course, but a reduced speed. Hence, the long-term strategic direction of selective expansion in Sweden and Energy international remains. However, execution horizon is postponed until profitability is regained. Until then, profitability, consolidation and operations are prioritised.

GO represents the ambitions of Gain and Operations. The ambition for Gain means being on a profitability level above the peer group average, while the ambition for Operations means strengthened operations and value creation.

GO consists of seven strategic objectives:

1. Regain a normalised profitability level as a basis for further development
2. Take a position as #1 in large profitable EPC/IPD projects in Norway
3. Take a leading position and improved profitability within Transportation
4. Realise profitability and selective growth within Energy in Norway and internationally
5. Further develop our leading position within health care buildings in Scandinavia
6. Enable digital innovation and develop new business models
7. Develop flexible manning solutions that ensure profitability

GAIN GO OPERATIONS

Profitability is the main priority going forward, and Multiconsult has initiated an intensified profitability improvement programme across the group. Development and progress will be monitored continuously and new measures implemented as deemed relevant.

The debt level and dividend policy remain unchanged with respectively 1.5 times NIBD/EBITDA (Net interest bearing debt/Earnings before interest tax depreciation and amortisation) as well as a dividend policy of 50% of net profit.

GO profitability ambition: EBIT-margin above peer group average.

GO revenue growth ambition: in line with market, implying 6-8 % CAGR from 2017.

PROJECT: **METRO BUS TRONDHEIM**
ILLUSTRATION: **MULTICONSULT**

BUSINESS AREAS AND REPORTING STRUCTURE

The group's business is organised in three geographical areas in addition to LINK arkitektur, and comprises the following reporting segments:

- Greater Oslo Area
- Regions Norway
- International
- LINK arkitektur

A description of each is presented under segment information.

In 2018 Multiconsult comprised of seven business areas, which correspond to the group's key market segments and which operate across geographical reporting segments:

- Buildings & Properties
- Industry
- Oil & Gas
- Renewable Energy
- Transportation
- Water & Environment
- Cities & Society

A description of the group's business areas can be found in note 5 on page 64 in this report.

Grethe Bergly
Chief Executive Officer

Photo: Erik Burås / Studio B13

LEAVING OUR MARK

Our vision states that the common denominator in all of our projects is that they shall, without exception, help to improve people's lives, generate growth and promote development. It is by understanding the past that we can make progress, and we will promote sustainable development wherever we are given the opportunity to leave our mark.

It is working with our customers on exciting projects that enables us to deliver on that vision, and we do deliver.

We are:

- Helping to provide a new water supply system for Oslo's residents
- Leading the way in safety-oriented urban development though the concept #SafeCity
- Market leader in hospitals and healthcare facilities in Scandinavia
- Designing some of the biggest transport projects
- Heavily involved in creating the infrastructure of the future, ready for more public transport and self-driving vehicles
- Helping to generate clean energy both in Norway and international.

FOCUSING ON OUR CORE BUSINESS

Projects executed in line with our clients expectations is the very foundation of our business, and our priorities are based on what is needed to win the right projects, and above all on ensuring that those contracts are profitable. Our revised strategy GO (Gain & Operations) signals our intention to focus even more strongly on our core activities: winning and executing projects.

During the past couple of years, we have struggled to maintain a satisfying profitability. This is largely due to falling hourly rates, in addition we have had challenges with projects execution. We have therefore taken steps to restore our profitability to a level that is satisfactory to both financial markets and us.

PROMOTING SUSTAINABILITY

At Multiconsult we aim to be "environmentally friendly in everything we do". We are therefore proud of the contributions we are making on this subject:

- We increase the proportion of BREEAM-certified buildings like the plus-energy kindergarten Kilden in Oslo
- We support clean energy in other parts of the world, through initiatives like GetFit in Uganda and Zambia
- We ensure that new road projects like the Rv3/Rv25 are implemented in a way that is environmentally friendly.
- We recognise the importance of the work done through the research project KLIMA 2050.

In recent years, we have strived to build environmental expertise at all levels of the company, and the fact that we were named "Eco-Lighthouse of the Year 2018" shows how well we have succeeded. This prize is a big inspiration to continue promoting sustainable development and helping to solve the climate, environmental and energy-related challenges facing us, both in Norway and the rest of the world.

VALUED FOR THE "RIGHT" REASONS

Over the course of 2018 our projects won a number of prizes. We won several of them thanks to the way in which we are making use of technology and focusing on sustainability. Both will be vital to the prospect of our business and the rest of the industry, over the coming years. Our ability to combine technology, processes and skilled people in order to produce efficient, high-quality and sustainable outcomes is the key to future economic growth.

> **«Over the past year, many of our highly-skilled employees have received prestigious awards for the work that they have done.»**

The projects keep getting bigger. As a result, the various players of the industry have to work more closely together – and focus on shared goals rather than individual advantages. Our customers will both require and expect us all to cooperate to meet shared goals on a completely different scale than in the past. During the year, we invested significant resources in training our managers and employees to make them even better prepared for the challenges facing the organization. Increasingly larger projects also place greater demands on management and control, as well as excellent interpersonal skills.

OUR MOST VALUABLE RESOURCE: OUR EMPLOYEES

We are a people organisation. Few things pleases me more than seeing talented young engineers make a positive contribution to the whole industry. Over the past year, many of our highly skilled employees have received prestigious awards for the work that they have done. It is always risky to highlight one particular individual, but I feel it is natural to mention Stanislas Merlet, who was voted European Young Consulting Engineer of the Year, making him the very first engineer working in a Norwegian company to win the prestigious prize. This shows that we are managing to attract and develop some of the very finest talents in the industry, and that people are noticing this beyond Norway's borders. Young employees must be given opportunities and responsibility, and we all will profit by being challenged by, and learn from, younger people.

The prizes we have won are evidence of how we are managing to develop our employees through attractive projects. Our project portfolio is one of the main reasons why Multiconsult once again is rated the most attractive employer in our industry by Universum's annual ranking. In 2018, we were rated number one, amongst both students and experienced engineers. In both categories, we were in the top three of all engineering firms in Norway.

DIGITALISATION AND TECHNOLOGY ARE DRIVING CHANGE

The digitalisation of the industry is now really picking up pace. We are embarking on an incredibly exciting journey that will dramatically change how we work. Digitalisation and the use of new technology will streamline some parts of the industry, so we need to realise that we have to find new ways to capitalise on the value that we create for our clients. I am certain that new business models will arise which will require us to take bigger risks than in the past.

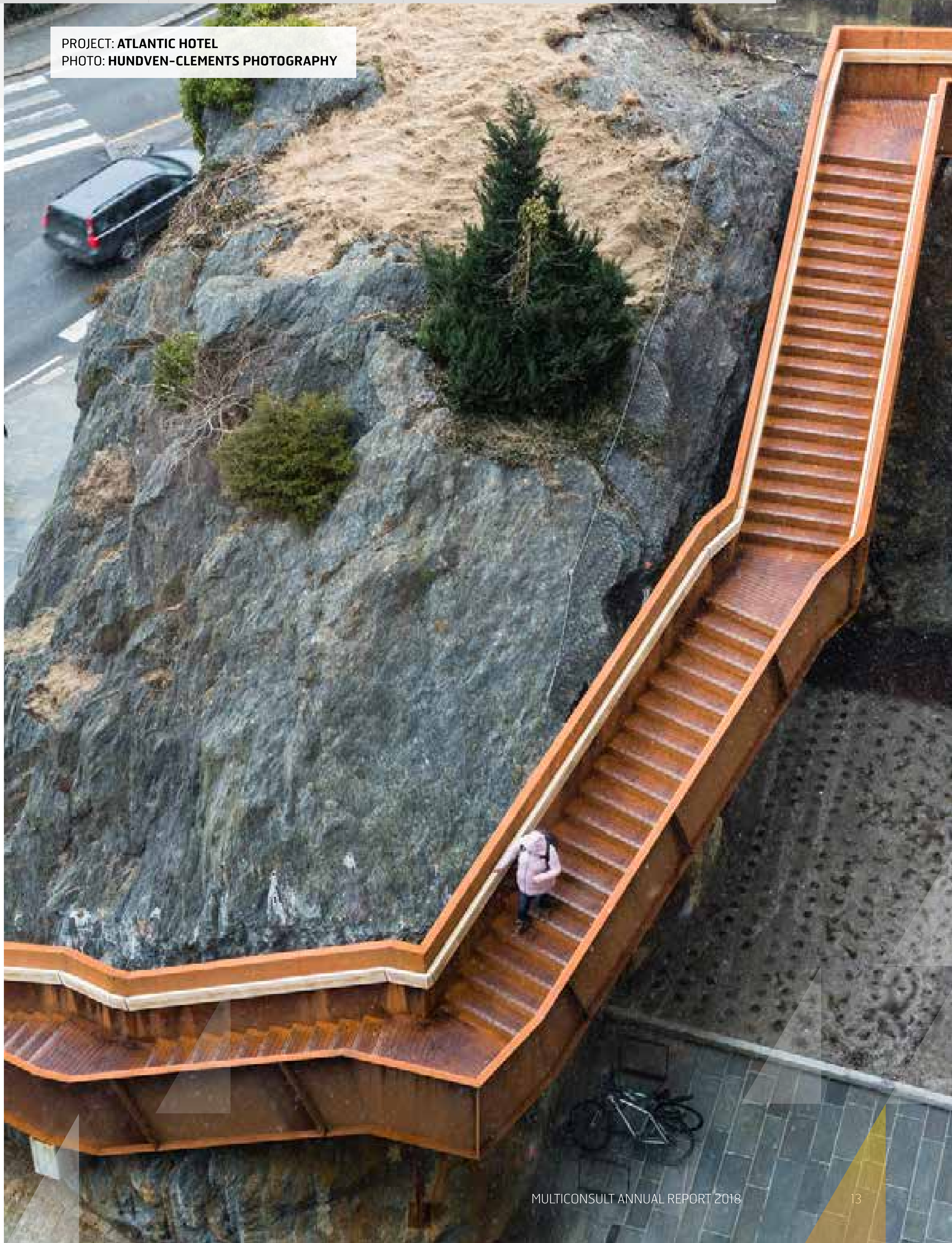
SOLID FOUNDATIONS

Looking ahead I am optimistic about the future, for many reasons: the group as a whole achieved very strong sales last year; we have outstanding employees; we are in a strong position to exploit the benefits of digitalisation; and we have a historically strong order book

My main task and responsibility is ensure the ambition in the GO strategy are realized and to ensure that we mobilise the power and potential of our organisation. Together we shall regain a satisfactory profitability, delivers quality projects and achieve customer satisfaction that we are proud of, both in the short and long term. I am convinced that we also in 2019 will play a role in defining the future for generations to come through our projects and lay the foundation for further growth of Multiconsult ASA.

Grethe Bergly

Grethe Bergly
CEO



PROJECT: **ATLANTIC HOTEL**
PHOTO: **HUNDVEN-CLEMENTS PHOTOGRAPHY**

Photo: Tove Lauluten

KILDEN KINDERGARTEN, OSLO

Complete new 10-group open kindergarten with outdoor areas. Kilden kindergarten was built as a plus-energy building as defined by FutureBuilt. Energy self-sufficiency was one of the key goals of the project. The kindergarten opened in the autumn of 2018.

Kilden kindergarten has a unique architectural design that makes it highly functional and user-friendly. The aim was to retain the built environment of the area, optimise and screen the outdoor play areas, optimise roof surfaces for the installation of solar panels and reuse the footprint of the pre-existing buildings.

The project will be certified as "Excellent" under BREEAM-NOR, and is also a FutureBuilt project. Kilden kindergarten has been nominated for the prize "Building of the year 2018".

FACTS

Project: New Kindergarten
Customer: Omsorgsbygg Oslo KF
Location: Oslo, Norway
Architect: LINK arkitektur AS
Engineering: Multiconsult Norge AS and Erichsen & Horgen
Main contractor: Varden Entreprenør
Period: 2015–2018
Gross Floor Area: 2430 m2

Illustration: CURA-gruppen

NEW DRAMMEN HOSPITAL, BUSKERUD

New hospital in Drammen will be a local hospital in the eastern part of Norway for the municipalities Lier, Drammen, Nedre Eiker, Røyken, Hurum, Sande and Svelvik and area hospital for the whole of Vestre Viken. New hospital in Drammen will be designed to meet the need for specialised health services for a population of approximately 500 500 inhabitants.

The new hospital located at Brakerøya in Drammen will include both mental, health and somatic divisions and the project has a gross area of approximately 121 000 square meters.

FACTS

Project: New Hospital
Customer: Omsorgsbygg Oslo KF
Location: Drammen, Norway
Architect: LINK arkitektur AS, Ratio arkitekter, Bølgeblikk arkitekter
Engineering: Multiconsult Norge AS, Erichsen & Horgen m.fl.
Period: 2018 - 2024/25
Gross Floor Area: 120 000 m2
Environmental aspect: High environmental requirements and goals

Photo: Access Power

GET FIT PROGRAM, ZAMBIA

The main objective of the GET FiT Program is to assist East African nations in pursuing a climate resilient low-carbon development path. As Implementation Consultants for the Program in Zambia, Multiconsult will manage the secretariat and provide comprehensive commercial, technical and administrative support in an effort to realise up to 200 MWs of small- to medium scale renewable projects.

A similar program is started in Uganda Following the success of the GET FiT program in Uganda, the German development bank KfW was looking to tailor the program to the context of Zambia. Multiconsult was awarded the role of Implementation Consultant, a comprehensive role covering everything from policy and regulatory support to tender implementation and construction supervision. The same role as the company held for GET FiT Uganda.

Multiconsult will staff and manage the GET FiT Secretariat in Zambia for up to six years. Further, Multiconsult, in its role in managing the Secretariat, works closely with the authorities and utilities regarding the grid upgrades required to effectively absorb the power to be provided.

FACTS

Project type: Solar, Hydro and Power Systems
Customer: Government of Zambia represented by KfW
Location: Zambia
Implementation Consultant: Multiconsult Norge AS
Period: 2018 - 2024
Gross Floor Area: 100 MW Solar PV, 100 MW Hydro

Illustration: Nye Veier

E6 RANHEIM – VÆRNES, TRØNDELAG

E6 Ranheim-Værnes will be built as a traffic-safe four-lane highway along today's E6 route.

There will be built three tunnels parallel to the existing ones, as well as a new tunnel past Hommelvik. The project also includes eight bridges. The route is planned with a 110 km/h allowed speed limit.

Nye Veier has chosen Acciona Construccion S.A, Leonard Nilsen & Sønner, Acciona Mantenimiento de infrastructuras S.A. and Multiconsult for the EPC contract of approximately NOK 4 billion, developing and constructing the E6 between Ranheim and Værnes. In the design phase, the project is organised as an integrated project delivery (IPL).

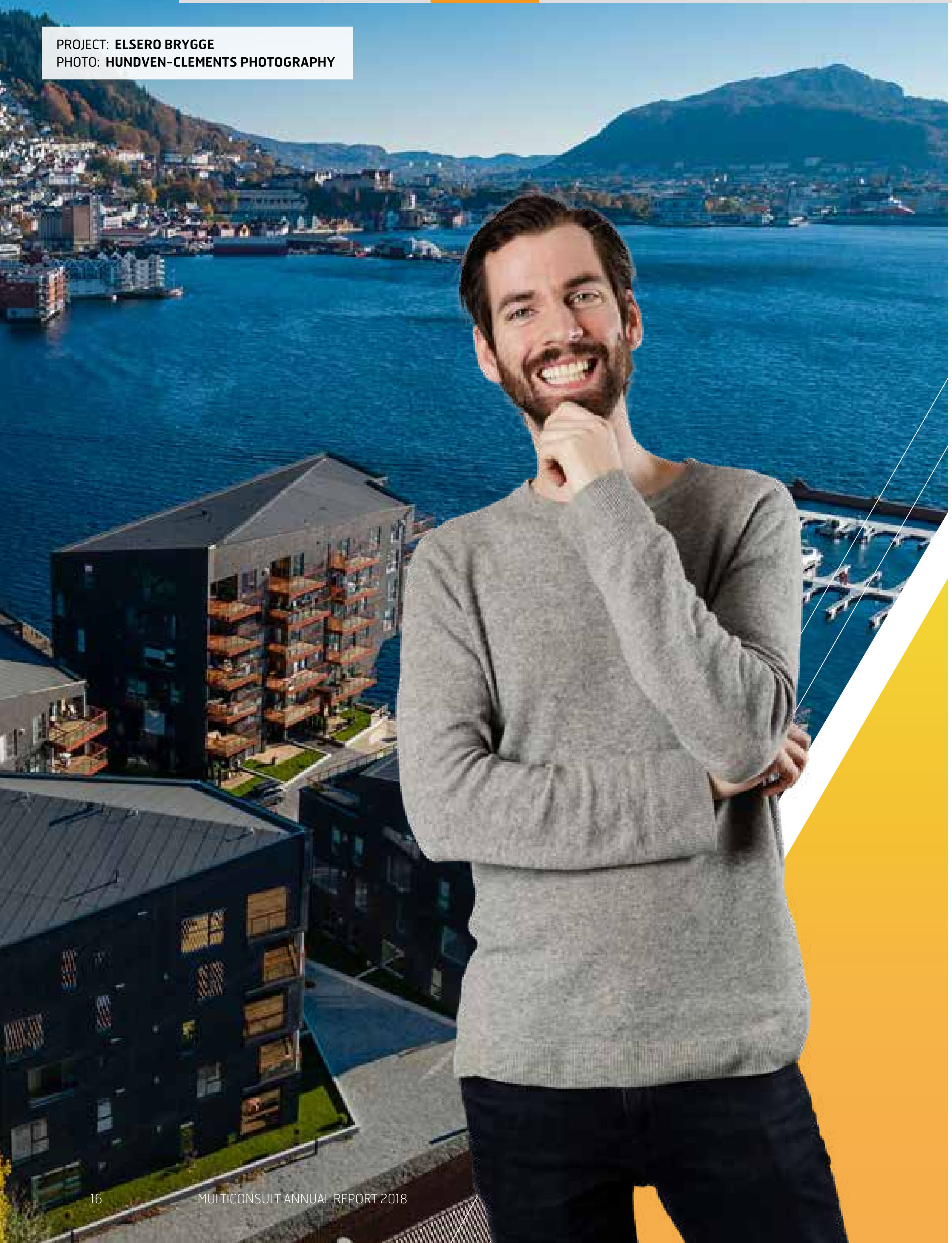
Multiconsult is the only engineering consultant and will deliver new zoning plans as well as detailed design throughout the construction phase.

The project is located in the municipalities Trondheim, Malvik and Stjørdal municipalities in Trøndelag, Norway.

FACTS

Customer: Nye Veier
Location: Trøndelag, Norway
Engineering: Multiconsult Norge AS
Entrepreneur: Acciona Construccion S.A, Leonard Nilsen & Sønner, Acciona Mantenimiento de infrastructuras S.A
Period: 2018 - 2024

PROJECT: **ELSERO BRYGGE**
PHOTO: **HUNDVEN-CLEMENTS PHOTOGRAPHY**



DIRECTORS' REPORT 2018

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GROWTH FROM ACQUISITIONS, BUT CHALLENGING PROFITABILITY REQUIRED REVISED STRATEGY

The Multiconsult group recorded revenue growth in 2018, mainly driven by acquisitions and improved billing ratio. Earnings were reduced by net project write-downs. In line with established dividend policy, the board will propose a dividend of NOK 1.50 per share maintaining the same level as 2017. Revised GO strategy focuses on improving profitability and puts growth on hold.

All amounts in brackets are comparative figures for 2017 unless otherwise specifically stated.

FINANCIAL REVIEW

The following financial review is based on the consolidated financial statements of Multiconsult ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as in the Norwegian accounting legislation.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the group at 31 December.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Consolidated operating revenues in 2018 amounted to NOK 3 908.6 million (NOK 3 375.4 million). Net operating revenues, consisting of operating revenues less project expenses (including sub consultants), amounted to NOK 3 334.8 million (NOK 2 994.4 million). The 11.4 per cent increase in net operating revenues primarily reflects the capacity expansion from acquisitions of the Hjellnes group and Iterio AB as well as an improved billing ratio to 70.2 per cent (68.4 per cent). Growth in revenues was partly offset by rather high net project write-downs of NOK 66.7 million (NOK 28.9 million). There was a calendar effect of one less working day, reducing net operating revenues by approximately NOK 13.5 million compared to 2017.

Operating expenses came to NOK 3 185.7 million (NOK 2 829.7 million). The increase was mainly related to higher employee benefit expenses, which were NOK 2 539.5 million (NOK 2 267.0 million), reflecting increased manning levels related to acquisitions and ordinary salary adjustment. Other operating expenses increased accordingly, including increased provisions for legal claims and business development expenses related to international renewable energy.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 149.1 million (NOK 164.7 million), a decrease of 9.5 per cent compared to previous year.

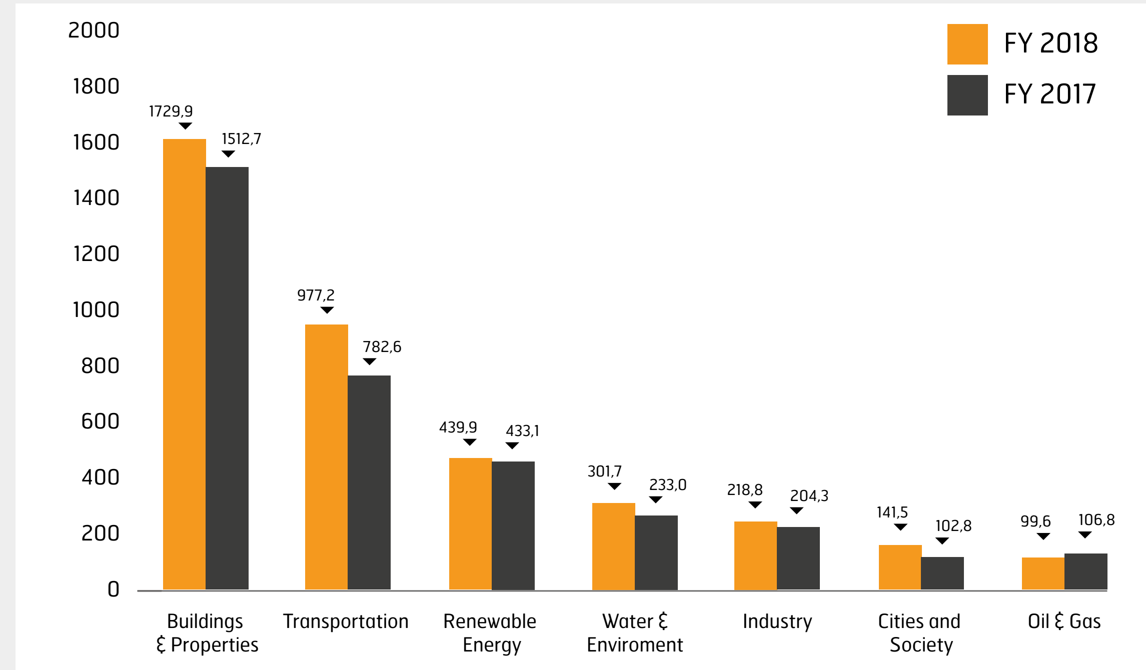
Operating profit (EBIT) for the year was NOK 99.0 million (NOK 118.0 million), reflecting an EBIT margin in 2018 at 3.0 per cent (4.0 per cent).

Results from associated companies and joint ventures contributed NOK 1.7 million in 2018 (NOK 1.2 million), mainly due to improved earnings in Norplan Tanzania.

Net financial expenses amounted to NOK 10.6 million (NOK 11.4 million), reflecting lower interest bearing debt.

OPERATING REVENUES BY BUSINESS AREA

Amounts in MNOK



Profit before income taxes was NOK 90.1 million (NOK 107.7 million). Profit for the period was NOK 63.6 million (NOK 79.5 million).

Other comprehensive income recognised against equity was negative NOK 1.8 million (income NOK 12.7 million), mainly related to currency translation differences in 2018.

KEY PERFORMANCE DRIVERS 2018

Change in capacity includes both net recruitment and effects from M&A transactions and affects revenues accordingly. In 2018 the increase is mainly related to the acquisition of the Hjellnes group.

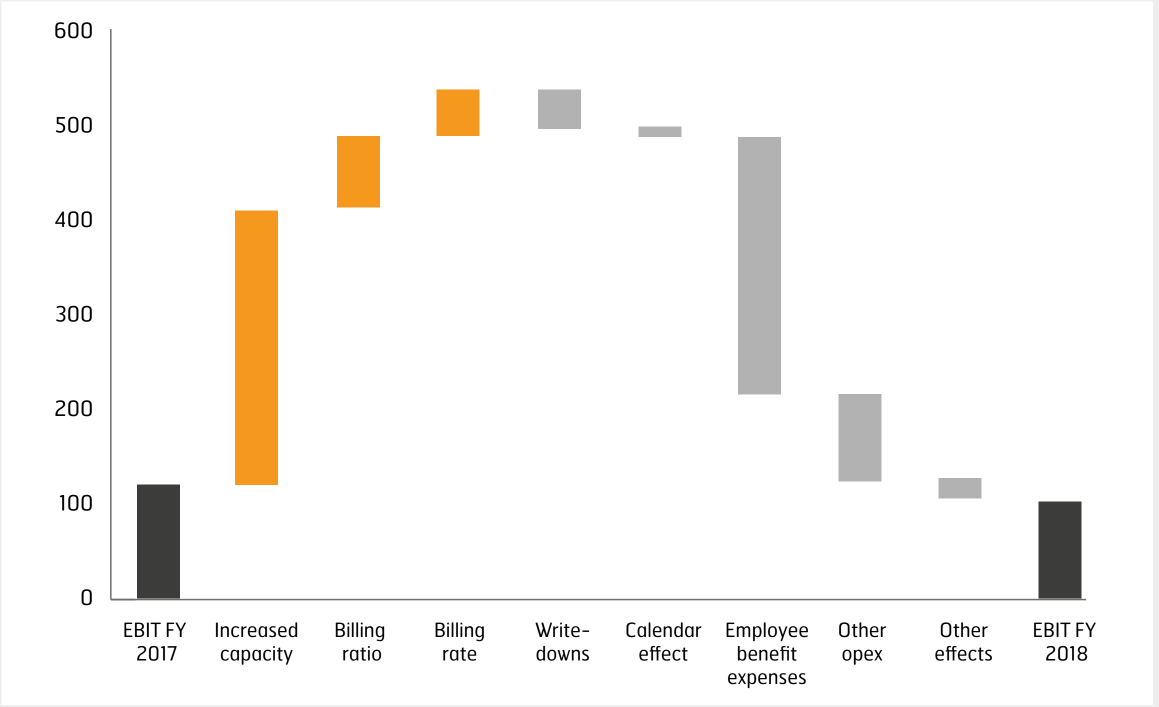
Billing ratio is hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. This is an important driver for revenues. In 2018, the billing ratio improved by 1.8 percentage points to 70.2 per cent. The chart below shows the impact of the improvement on the EBIT for 2018.

Billing rate is the average rate that Multiconsult group charges per hour to the company's customers and has a significant sensitivity on revenues and EBIT. The marked improvement in the average group billing rate in the end of 2018 is a significant part of the representation of the EBIT impact for 2018 in the chart below.

Net project write-downs represent losses or gains resulting from weak or strong project execution. Project deliveries not according to agreements with customers may trigger write-downs/ups. In 2018, net project write-downs represented 2.0 per cent of net operating revenues and reduced both revenues and EBIT by NOK 66.7 million as shown in the chart below. Multiconsult's normal level of net project write-downs should be between 1-2 per cent of net operating revenues.

Calendar effect is a measure of capacity for revenue generation and has a direct impact on revenues and EBIT. When comparing periods for financial results, it is important to be aware of the number of working days in the periods compared. There was one less working day in 2018 compared to 2017, which impacted both net operating revenues and EBIT by NOK 13.5 million.

KEY PERFORMANCE DRIVERS 2018
Amounts in MNOK



FINANCIAL POSITION, FINANCING AND LIQUIDITY

Total non-current assets amounted to NOK 667.6 million (NOK 635.0 million) at 31 December, the increase was driven mainly by higher Deferred tax assets at NOK 44.7 million (NOK 25.6 million) and net investments in software NOK 28.2 million (NOK 19.7 million).

Total current assets amounted to NOK 1 222.3 million (NOK 1 176.1 million), the increase being attributed to higher trade receivables at NOK 666.8 million (NOK 588.4 million) following the growth in operating revenues. Working capital, consisting of receivables less current non-interest bearing debt, amounted to NOK 46.8 million (NOK 132.0 million).

Total shareholders' equity was NOK 593.2 million (NOK 582.1 million) at 31 December, corresponding to an equity ratio of 31.4 per cent (32.1 per cent), mainly affected by dividend payment and profit for the year.

Total liabilities were NOK 1 296.8 million (NOK 1 229.1 million). Total interest bearing debt amounted to NOK 198.4 million (NOK 288.8 million). Net interest bearing debt amounted to NOK 59.5 million (NOK 134.5 million). Multiconsult Norge AS has an overdraft facility of NOK 320.0 million with the group's main bank. The existing loan agreement, overdraft facility and guarantee agreement include a covenant requirement that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times last twelve months EBITDA for the group (NIBD/EBITDA), and an equity ratio of at least 25 per cent, reported quarterly. In December 2018 Multiconsult renegotiated the loan agreement to include a grid on the margin and reduction in fees. A margin grid was also renegotiated for the overdraft facility. The positive effect from these changes will be effective as of January 2019.

CASH FLOW

Net cash flow from operating activities was NOK 207.9 million (NOK 61.6 million). The increase was mainly related to reduced working capital. The improvement in working capital was mainly caused by increased trade payables.

Net cash flow used in investment activities was NOK 61.2 million (NOK 217.4 million), related to ordinary asset replacement. In the same period last year, investments include the acquisition of Iterio AB and the Hjellnes group.

Net cash flow used in financing activities was NOK 161.1 million (negative NOK 126.7 million), reflecting decreased interest bearing debt less ordinary dividend payment.

ORDER BACKLOG AND INTAKE

The order backlog at year-end 2018 was NOK 2 803.4 million (NOK 2 147.7 million), an increase of 30.5 per cent year on year, reflecting strong order intake. In addition, call-offs on an increasing amount of frame agreements, such as Fornebubanen for the municipality of Oslo, submarine maintenance facilities with Forsvarsbygg and safety and RAMS with Bane NOR, will be included in the order backlog when signed.

Order intake in 2018 amounted to NOK 4 259.0 million (NOK 3 754.4 million). New contracts awarded in Norway in 2018 include E6 Ranheim – Værnes, new water supply to the city of Oslo as well as Riksvei 3 and 25. Among new contracts awarded internationally was the Northern Krakow s52 Expressway in Poland, C-E 65 Railway in Poland and the renewable energy GET FiT programme in Zambia, first and second phase. Important add-ons to existing contracts in 2018 were Drammen Hospital, Campus Ås, Tonstad Wind park, New Airbase Ørland, InterCity Østfold, Kamuzu Barrage in Malawi, Devoll Hydropower in Albania and Jurong Rock Caverns in Singapore.

General market conditions with regards to volume were good in 2018, both in Norway and in Multiconsult's international markets. However, the tough competition resulted in a modest increase in market billing rates although a pleasant rise was noted for the Norwegian engineering services towards the end of the year. All business areas except Renewable Energy and Oil & Gas experienced a solid increase in order intake.

The building and property market in Norway during 2018 has been good and stable with strong growth in the healthcare segment. However, there are still some regional variations. Business area Buildings & Properties experienced a strong growth in order intake in 2018.

The Norwegian market for transportation was strong in 2018, mainly based due to launch of many large projects by the newly restructured public entities. There is strong international competition and an increased use of EPC contracts. Multiconsult's business area Transportation experienced a strong growth in order intake in 2018.

The water and environment market was strong in 2018 driven by large need for maintenance and climate adaption needs in water – and sewage infrastructure. A solid increase in order intake in the business area Water & Environment was recorded in 2018, mainly driven by the significant contract with Oslo City Water and Sewerage Works Agency (Oslo Kommune, vann- og avløpsetaten).

In general, 2018 was a good year for Norwegian industry, and the critical export industry enjoyed positive global economic conditions, in addition to a favourable NOK currency development. Multiconsult's business area Industry recorded a growth in order intake year-on-year, driven mainly by metal and aquaculture.

The Cities and Society market in Scandinavia was strong in 2018, driven by high city growth, large investments in urban infrastructure and fast technological development in the mobility sector. Multiconsult's business area Cities & Society successfully took advantage of the market situation and recorded a growth in order intake in 2018.

The oil and gas industry has recovered from the downturn, showing increased demand for engineering services in 2018. Multiconsult's business area Oil & Gas was not able to successfully take advantage of a better market and recorded a decrease in order intake year-on-year.

The engineering consultancy market in the renewable energy sector remained strong in 2018, both in Norway and internationally. However, Multiconsult's business area Renewable Energy recorded a decrease in order intake year-on-year.

PROFITABILITY IMPROVEMENT PROGRAM

In light of the weak results in 2017, the group launched a comprehensive profitability improvement program with the ambition of improving the EBIT margin for 2018 to at least 6 per cent. This program focused on improving operations in the Greater Oslo Area and Regions Norway with priority on improving sales, billing ratio and project execution. The program also includes measures to achieve efficiency gains and general cost reductions.

Regions Norway and the Greater Oslo Area have achieved strong improvement in the billing ratio, each above 3 percentage points and at a satisfactory level of above 70 per cent for the full year. Both segments improved the backlog- and order intake per employee significantly. Project execution in Regions Norway was at an unsatisfactory level with net write-downs at 3.6 per cent of net operating revenues in 2018. Greater Oslo area was at a rather normal level, at 2.1 per cent, but earnings were negatively impacted by the comprehensive reorganisation effective from March 2018 and expenses related to business development activities for international renewable energy. Manning- and cost control kept the workforce at a stable level. Billing rates improved, especially towards the end of the year, but not enough to absorb the increase in operating expenses caused by the annual salary increase. The unsatisfactory level of net project write-downs contributed further to a weak operating result in 2018. As stated in the third quarter 2018, the original ambition of 6 per cent EBIT margin for 2018 was not reached and further improvements are needed.

Multiconsult has therefore intensified the work with the profitability improvement program, including new, group-wide measures for 2019 as presented at Capital Market Update in November 2018. These include measures to improve project execution reduce cost and improve efficiency.

SEGMENT INFORMATION

The group's activities are organised in three geographical segments, Greater Oslo Area, Regions Norway, International, and a segment for LINK arkitektur. Segment revenues and expenses reflect the geographical base of employees, which does not necessarily coincide with the location where the projects have been executed. Overhead expenses such as administrative services, office rent and depreciation are allocated to individual segments.

GREATER OSLO AREA

This segment offers services in seven business areas and comprises the central area of Eastern Norway, with regional offices in Oslo, Fredrikstad and Drammen. Greater Oslo is the largest segment, accounting for 46.3 per cent of group net operating revenues in 2018.

Net operating revenues increased by 18.0 per cent to NOK 1 542.8 million (NOK 1 307.0 million), mainly due to acquisition of the Hjellnes group and higher billing ratio at 70.1 per cent (67.0 per cent). Net write-downs reduced net operating revenues by NOK 32.3 million (NOK 8.0 million). Billing rates increased markedly, contributing positively to the growth in net operating revenues.

EBITDA amounted to NOK 73.3 million (NOK 80.6 million), a decrease of 9.1 per cent. Increased revenue was more than offset by higher employee benefit expenses explained by acquisitions and ordinary salary adjustment. Other operating expenses increased in the period due to increased manning level. Business development costs of approximately NOK 8 million related to the strategic objective for international renewable energy was recorded in operating expenses. In addition, other operating expenses include increased provisions for legal claims. The change in principle for 2018 group overhead allocation reduces other operating expenses by NOK 15.9 million compared to 2017.

EBIT amounted to NOK 57.5 million (NOK 64.6 million) reflecting a 3.7 per cent EBIT margin.

Order intake in 2018 amounted to NOK 2 191.1 million (NOK 1 685.1), an increase of 30.0 per cent from last year. In the same period last year the backlog of Hjellnes group was included as order intake with a positive impact of NOK 153.4 million. Order backlog for the segment at year-end amounted to NOK 1 180.9 million (NOK 878.6 million), up 34.3 per cent year-on-year.

REGIONS NORWAY

This segment offers services in seven business areas and comprises regional offices in Stavanger, Bergen, Trondheim and Tromsø. Regions Norway accounted for 32.3 per cent of group net operating revenues in 2018.

Net operating revenues increased by 4.9 per cent to NOK 1 077.6 million (NOK 1 027.3 million). Higher production from net recruitment and a higher billing ratio at 70.4 per cent (67.3 per cent) drove growth in the period. Net write-downs in the period of NOK 39.3 million (NOK 23.0 million) partly offset growth in revenues. The billing rates showed a marked improvement compared to last year.

EBITDA amounted to NOK 72.7 million (NOK 37.1 million), an increase of 96.0 per cent. Higher revenues were partly offset by increased employee benefit expenses due to ordinary salary adjustments. Other operating expenses were lower compared to last year. The change in principle for 2018 group overhead allocation reduces other operating expenses by NOK 11.5 million compared to 2017.

EBIT amounted to NOK 50.1 million (NOK 13.0 million) reflecting a 4.7 per cent EBIT margin.

Order intake amounted to NOK 1 327.6 million (NOK 976.7 million), an increase of 35.9 per cent from last year. Order backlog for the segment at year-end amounted to NOK 573.3 million (NOK 408.5 million), up 40.3 per cent year on year.

PROJECT: **GET FIT ZAMBIA**
PHOTO: **MULTICONSULT**

INTERNATIONAL

The international segment comprises the subsidiaries Multiconsult UK, Multiconsult Asia, Multiconsult Polska and Iterio AB. Multiconsult UK primarily offers services in the energy sector, while Multiconsult Asia in Singapore concentrates mainly on the oil and gas sector. Multiconsult Polska offers services in the transportation and infrastructure, environment and natural resources, and oil and gas sectors. Iterio AB primarily offers services in the transportation sector within geotechnical, environmental and traffic engineering. The international segment accounted for 6.0 per cent of the group's net operating revenues in 2018.

Net operating revenues in the period increased by 11.9 per cent to NOK 198.9 million (NOK 177.8 million), compared to the same period last year. The growth in net operating revenues was mainly attributed by increased revenues in Iterio AB and Multiconsult Polska. Growth was partly offset by lower project activity in Multiconsult UK and Asia.

EBITDA was NOK 10.0 million (NOK 19.3 million) for the period. Solid operations in Iterio AB and Multiconsult Polska were partly offset by weak results in Multiconsult Asia and Multiconsult UK caused by insufficient project activity.

EBIT amounted to NOK 8.1 million (NOK 17.3 million) reflecting a 4.0 per cent EBIT margin.

Order intake amounted to NOK 361.5 million (NOK 402.4 million), a decrease of 10.1 per cent from previous year, reflecting the acquisition of the backlog of NOK 85.4 million from Iterio AB in the first quarter 2017. There has been solid contribution from Transportation in Multiconsult Polska. Order backlog for the segment at year-end 2018 was NOK 446.0 million (NOK 364.7 million), reflecting an increase of 22.3 per cent year-on-year.

LINK ARKITEKTUR

This segment comprises LINK arkitektur, one of the leading architect firms in Scandinavia, with presence in major cities and regions in Norway, Sweden and Denmark. The company has a strong track record, driven by steady growth based on a solid financial position. LINK arkitektur accounted for 15.4 per cent of the group's net operating revenues in 2018.
Net operating revenues amounted to NOK 513.1 million (NOK 488.8 million), an increase of 5.0 per cent compared to the same period last year, mainly due to net recruitment in Norway and net project write-ups of NOK 7.2 million (NOK 4.7 million). Low project activity in LINK Denmark and LINK Sweden reduced net operating revenues.

EBITDA amounted to NOK 20.5 million (NOK 31.1 million) in the period, a decrease of 34.2 per cent. Improved net operating revenues were notably offset by higher employee benefit expenses as a result of net recruitment as well as higher IT expenses. Manning in Denmark has been reduced to align capacity to the current project portfolio, giving full cost reduction effects from mid fourth quarter 2018.

EBIT amounted to NOK 13.1 million (NOK 25.5 million) reflecting a 2.5 per cent EBIT margin.

Order intake was NOK 706.7 million (NOK 690.2 million), an increase of 2.4 per cent. Order backlog for the segment at year-end amounted to NOK 554.8 million (NOK 360.0 million), an increase of 54.1 per cent compared to previous year.

MARKET OUTLOOK

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances in the future.

The overall market outlook continues to show positive development across all business areas.

Buildings & Properties is expected to maintain stable growth, especially within health care, but with moderate decline in the residential market in certain regions.

The outlook for the architecture market is fairly positive, especially within healthcare buildings in Norway.

Public sector investment, confirmed by the National Budget, is driving a very strong outlook for Transportation within road and rail and several large projects are expected to be assigned in the coming year.

The Renewable Energy market in Norway is expected to remain stable, with growth anticipated in the transmission and wind power sectors. International Renewable Energy markets show a strong pipeline, but increased lead-time for project decisions. Investment in the Industry sector in Norway is expected to increase supported by reports from SSB, but global macroeconomic and political uncertainties may influence the growth.

Demand for our services in the Oil & Gas market has improved and is expected to continue improving going forward.

Within Water & Environment there is stable demand for water and waste infrastructure projects as well as for soil contamination inspections.

The overall competitive landscape has moved towards more Engineering, Procurement and Construction (EPC) contracts, driving new contract structures for the consulting business. The general trend towards more frame agreements is expected to continue especially within large and complex public projects. Strong outlook and pipeline has recently resulted in improved market rates in Norway. However, the cost level for the Norwegian workforce is continuing to create challenges to profitability for the industry in general.

Multiconsult's strong market position, flexible business model and wide service offering provides a sound base for profitable growth, both domestic and international. The purpose of Multiconsult Polska is to provide resources to our Norwegian projects in order to strengthen competitiveness. The top line synergies between Multiconsult and LINK arkitektur are expected to continue to further strengthen the group's value proposition to customers. The integration of Hjellnes group into the Greater Oslo Area is expected to provide top line synergies in the healthcare and transportation sectors.

The order backlog is increasing and provides a strong foundation for growth, supported by valuable frame agreements generated from a broad and robust customer base.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) means to run the business in a responsible and sustainable manner over time, and in a way that contributes to a positive, trust-based relationship between Multiconsult, the group's stakeholders and society as a whole. Multiconsult's CSR report can be found on the group's webpage under www.multiconsult.no and includes the following sections:

- From corporate social responsibility to sustainability
- Decent work and economic growth
- Climate change and the environment
- Good health
- Equal opportunities and gender equality
- Social responsibility partnerships
- Relevant Sustainable goals in projects 2018 - 2020

EMPLOYEES, ORGANISATION AND EQUAL OPPORTUNITIES

Highly educated employees are the main asset for the Multiconsult group as a competence-based business. Employee statistics per 31 December 2018 shows that 2 per cent hold a PhD degree, 59 per cent a Master's degree and 26 per cent a Bachelor's degree, while 13 per cent have other educational backgrounds.

The Multiconsult group had a total work force of 2 934 (2 851) employees per 31 December 2018.

The number of employees has increased by 83 during the year. 73 per cent of all employees are employed by Multiconsult Norge AS and hence the information reported for the main subsidiary is applicable for the group's activity.

At year-end Multiconsult Norge AS had a work force of 2114 (1862) employees. The increase of 252 employees is mainly caused by the acquisition of the Hjellnes group.

Staff turnover was 10.2 (6.0) per cent for the Multiconsult group and 9.6 per cent (5.6 per cent) for Multiconsult Norge AS. The target range is five to ten per cent.

RECRUITMENT POSITION

The Multiconsult group is well positioned to recruit employees with the required educational backgrounds, both in terms of new graduates as well as more experienced candidates.

Within the industry, Multiconsult ranks as the most attractive employer among both students and engineering professionals in the annual surveys conducted by Universum in Norway. Multiconsult does not only hold a strong position as an attractive employer within the industry; in competition with all companies in Norway, the Universum surveys rank Multiconsult as the second most attractive employer for engineering professionals, and third most attractive employer for students.

Close collaboration with selected universities and colleges continued in 2018, with a substantial presence at both career fairs and company presentations. The commitment to provide attractive summer programmes/ jobs was maintained, and feedback from students shows that Multiconsult offers highly attractive summer positions. However, the competition for top talents with technological background and with mind-set and potential to solve tomorrow's digital challenges within the industry has strengthen during 2018, and is expected to be even tougher in 2019.

Of the new employees in Multiconsult Norge AS, 3 per cent have a PhD, 59 per cent a MSc, 25 per cent a BSc, and 13 per cent have other educational backgrounds. 35 per cent of the new recruits during 2018 graduated in 2017 or 2018.

EMPLOYEES AND EXPERTISE

Recruitment capability, employee satisfaction and expertise development are important factors for Multiconsult's long-term success. Multiconsult has a constant need to strengthen its expertise and capacity, both in project and line management. There is strong emphasis on the development of managers, and substantial resources are devoted to this work. During 2018, another large number of employees completed various internal courses and programmes for project managers. In 2018 the top level project managers have been included to the yearly succession review which has resulted in an improved systematic approach for managing the talent pool of project managers within the group. In 2019, the group will include more levels of project managers to the yearly succession review and continue to develop the internal programmes and offer training to existing and potential line- and project managers in order to build both capacity and excellence in the group's management pool.

EMPLOYEE SHARE PURCHASE PROGRAMME

Multiconsult have for four consecutive years offered employees to buy shares in the Multiconsult employee share purchase programme. This stems from the understanding that employee ownership promotes long-term commitment and loyalty to the business ant that these factors influence performance over time. The 2018 programme was completed in the fourth quarter with 21 per cent participation among eligible employees.

WORKING ENVIRONMENT

Multiconsult strives to ensure a healthy and productive work environment for its employees. To make sure that the group efforts address the employees' needs, Multiconsult aims to ensure a high level of employee participation at all levels of the Group. A permanent collaboration committee, comprising of employees` elected representatives and representatives of the Corporate Management, is in place at group level. The committee holds regular meetings, in which management informs of planned actions affecting the working environment and invites the committee members to present their views and engage in discussions. In instances where planned actions have local impact, or otherwise a narrower scope, the group holds meetings at the relevant unit/organisational level.

The board considers the working environment and collaborative relationship with union officials in the group to be positive and constructive.

Multiconsult conducts every second year an employee engagement survey with participants from all of the subsidiaries. The survey was last conducted in 2017 where the results showed that Multiconsult Group continues to score high on both satisfaction & motivation and loyalty to the Group. Benchmarked against both national scores and scores for the business, the results show that Multiconsult has a sound working environment. The survey will be repeated in the autumn of 2019.

SICKNESS ABSENCE, INCIDENTS AND INJURIES

Multiconsult works systematically with HSE management and makes concerted efforts to mitigate health risks and prevent injuries. Dedicated action plans have been established, and followed up closely by both central and regional offices. Multiconsult's working environment committee (AMU Multiconsult Norway) and corporate management receives periodic reports on the activities and progress of group HSE action plans.

Multiconsult arranged its fourth annual HSE-week in October 2017. During the week, several seminars and workshops were available to all employees. The theme for this year's HSE-week was 'A great work environment' and the employees were presented with a range of relevant topics, including "How to cope with work related stress", "The art of work-Life balance" and "Being a good colleague – how to create a great work environment".

Sick leave in Multiconsult Norge AS for 2018 was 3.8 per cent, at the same levels as for 2017 and 2016. All sick leave is monitored and reported. Multiconsult will continue to work towards a goal of 3.3 per cent sick leave in 2019.

The company monitors absence due to injuries caused by work-related accidents or incidents. The key performance indicator (H), which expresses days of absence in relation to the total number of hours worked, was 0.6 in 2018.

EQUAL OPPORTUNITIES

The purpose of Norway's Anti-Discrimination Act is to promote equal opportunities and rights, and to prohibit discrimination on the grounds of gender, ethnicity, skin colour, language, religion or belief. Multiconsult works actively to promote the objectives of the Act in the group.

PROJECT: **RENEWAL OF LINE ON OFOTBANEN**
PHOTO: **DAG NORMAN**

The board and the executive management are conscious of anti-discrimination in recruitment, appointment, pay and customization of working conditions, as well as work on developing appropriate attitudes.

38.5 per cent of the Multiconsult group's 2 887 employees at 31 December 2018 were female and 61.5 per cent were male. The group is working actively to increase the proportion of female employees.

34 per cent of Multiconsult Norge AS's 2114 employees at 31 December 2018 were female and 66 per cent were male. The operational organisation had 33 per cent female staff and 67 per cent male staff. The corresponding proportions for the administrative staff were 52 and 48 per cent respectively. Women accounted for 33 per cent of middle managers. For new recruits in 2017 the distribution was respectively 39 per cent female and 61 per cent male.

Multiconsult wants to be at the forefront of ensuring equal opportunities in the industry and contribute to setting equality matters on the wider social agenda. In 2018 Multiconsult has continued to actively work with the targets for gender demographics within the company towards 2020, both on a group and company level.

Multiconsult aims to be a workplace with no discrimination on the grounds of disability. Active efforts are made to design and customize physical working conditions so that all of the group's facilities may be accessed by all employees. The workplace and jobs are customised on an individual basis for employees or job applicants with disabilities.

1.2 per cent of employees in Multiconsult Norge AS had a native language other than Norwegian as of 31 December 2018, with a total of 15 different languages being represented.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

This section is covered in the Corporate Governance Statement and can be found on page 34 in this annual report.

RISK AND RISK MANAGEMENT

Through its business activities, Multiconsult manages a considerable contract portfolio of engineering, architectural and advisory services that are exposed to a wide variety of risk factors. The group has established a systematic approach to risk management, in particular project risks. Other operational risks are related to Health Safety and Environment (HSE) and are mitigated by contingency plans, continuous training and management focus in the organisation.

PROJECT RISK

The risk of disagreements and legal disputes related to the possible cost of delays and project errors is always present in the consultancy business. Multiconsult has good insurance policies and routines for following up such cases. The company's insurance cover for project liability is mainly based on collective policies for engineering consultancies. This insurance takes the form of standard policies for engineering projects, with an excess of NOK 300 000 per claim and normally with a maximum cover of up to 150 times the Norwegian national insurance base rate (G) – about NOK 14 million. Further details are provided in note 19 to the consolidated financial statements. The largest claim at 31 December 2018 was related to the Prinsensgate 26 project with Stortinget. The legal process is progressing as expected.

CREDIT RISK

Credit risk arises primarily from transactions with customers and from bank deposits. The group's losses on accounts receivable because customers are unable to meet their obligations have been modest for a number of years.

Accounts receivables represent about 30.0 per cent (32.7 per cent) of the group's total assets. The group has routines for assessing the creditworthiness of the customer, and the possible need for bank guarantees or other risk-reducing measures. New customers are subject to credit assessment and approval before credit is granted. Responsibility for credit management is centralised, and routines are incorporated in the group's quality assurance system. As approximately 50 per cent of the revenues in 2018 come from customers in the public sector, credit risk is considered to be limited.

CURRENCY RISK

The group is exposed to currency risk through ongoing projects abroad with fees agreed in foreign currencies. Hedging contracts have been entered into for certain projects to reduce this risk. Currency risk is regarded as modest.

INTEREST RATE RISK

Multiconsult Norge AS has used its credit facility actively during the year, resulting in limited interest bearing debt and low interest rate. Multiconsult ASA has a loan facility with Nordea Bank for NOK 193.5 million. Interest swaps have been entered into to ensure that approximately 50 per cent of interest cost is at fixed rates.

Financial non-current assets relate nearly entirely to investment in associated companies and joint ventures, while current assets consist almost entirely of bank deposits and current receivables. Non-current liabilities consist primarily of non-current interest bearing liabilities and provisions for project claims.

LIQUIDITY RISK

The group's liquidity risk exposure is limited, but with significant short-term variation that requires close monitoring. Cash management is followed on a daily basis with regular short- and long-term forecasting and annual budgets. To moderate liquidity risk and to ensure sufficient freedom of action, Multiconsult Norge AS has an overdraft facility of NOK 320.0 million with the group's main bank.

ACCOUNTING ESTIMATES RISK

Estimates are made for revenue recognition related to hours, costs and progress in projects. The main uncertainty relating to the assessment of contract revenue is associated with the recoverable amount of overruns, change orders, claims and incentives. Although the group has considerable experience in project management and measurement, there is an inherent risk associated with such estimates.

See note 2B for further information on risks related to accounting estimates and policies.

CORPORATE GOVERNANCE

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Multiconsult has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 17 October 2018, may be found at www.nues.no.

The annual statement on corporate governance for 2018 has been approved by the board and can be found on page 34 in this annual report.

GOING CONCERN

The annual accounts have been prepared on a going concern assumption. The board has confirmed that this assumption can be made on the basis of the group's strategy, outlook and budgets.

MULTICONSULT GROUP NET PROFIT

The annual financial statements for Multiconsult group are prepared in accordance with the international accounting standards (IFRS).

Group profit for the period came to NOK 63.6 million.

The board will propose 2018 dividend of NOK 1.50 per share, amounting to a total payment of NOK 40.5 million.

Following an evaluation, the board has concluded that the group will have an equity and liquidity after paying the proposed dividend, which is acceptable in relation to the risks and scope of its activities.

SHARE AND SHAREHOLDER MATTERS

Multiconsult is listed on Oslo Børs, where it trades under the ticker symbol MULTI.

Multiconsult has only one share class, and all shares have equal rights in the company.

The share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

The share had a closing price on 28 December (last day the share was traded in 2018) of NOK 60.60.

The turnover of shares is a measure of traded volumes. On average, 23 300 Multiconsult shares were traded on Oslo Børs every day in 2018, compared to 22 508 in 2017.

As of 31 December 2018, Multiconsult had 2 254 shareholders registered in the VPS, compared to 2 285 shareholders

PROJECT: **SPETALEN SCHOOL**
PHOTO: **HUNDVEN-CLEMENTS PHOTOGRAPHY**

as of 31 December 2017. The shareholders were from 28 different countries across the world.

The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0734338.

DIVIDENDS

Multiconsult has an ambition to distribute annual dividends of at least 50 per cent of its net profit. When deciding the annual dividend level the board of directors will take into consideration expected future cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

The Annual General Meeting on 3 May 2018 resolved payment of ordinary dividends related to the 2017 financial year of NOK 40.5 million to be paid to shareholders registered at this date. This equalled NOK 1.50 per share. The dividend was paid on 25 May 2018.

TOTAL SHAREHOLDER RETURN

Multiconsult's total shareholder return in 2018 was negative 18.11 per cent. Total shareholder return is the return from the share price in addition to the dividend, which is assumed reinvested on the ex-date. It is calculated from the perspective of an investment in NOK, which is considered Multiconsult's functional currency.

SHARE REPURCHASE PROGRAMME

The Annual General Meeting held on 3 May 2018 resolved to authorise the board of directors to acquire own shares with a maximum aggregate nominal value of NOK 1 348 520, equal to 2 697 040 shares. The maximum and the minimum amounts, which may be paid per share, are NOK 250 and NOK 5, respectively. The authorisation is valid until the Annual General Meeting in 2019, however, no longer than to 30 June 2019.

The Board and CEO of Multiconsult ASA
Oslo, 4 April 2019

Bård Mikkelsen Chair of the board	Runar Tyssebotn Director	Kjetil Monssen Ebbesberg Director	Hanne Rønneberg Director
Bo Rikard Appelgren Director	Vibeke Strømme Director	Liv-Kristine Rud Director	Elisabeth Lokshall Director

Grethe Bergly
CEO

PROJECT: **NEW HORTEN HIGHSCHOOL**
ILLUSTRATION: **BRICK VISUAL**

ANNUAL STATEMENT ON CORPORATE GOVERNANCE

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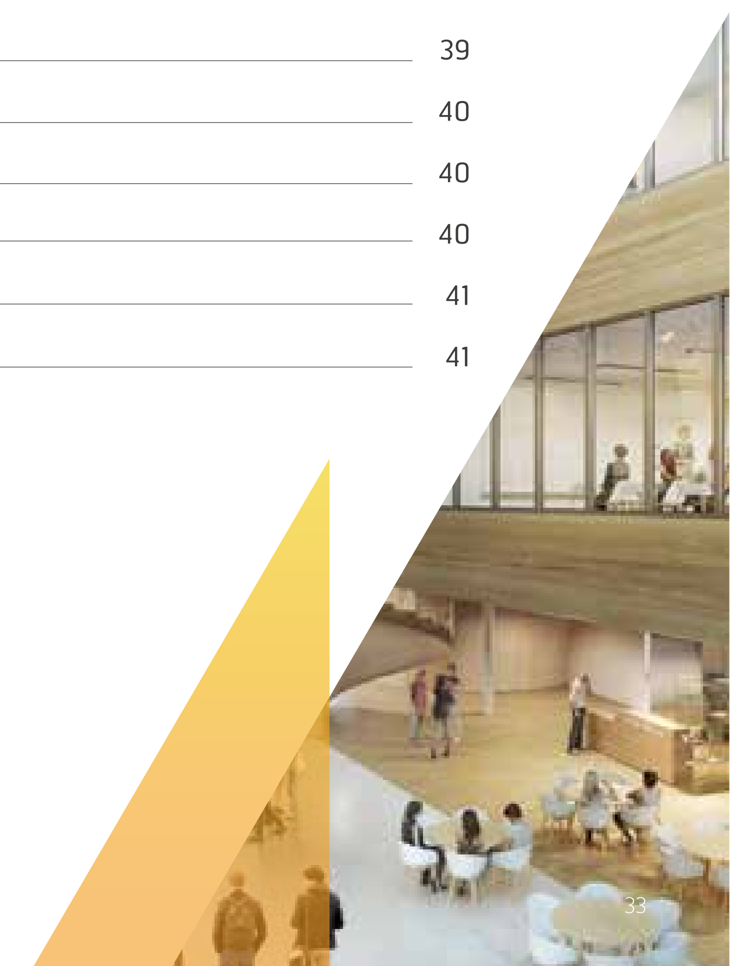

CORPORATE GOVERNANCE

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Multiconsult is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on the continuing obligations of stock exchange listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 17 October 2018, may be found at www.nues.no .

The annual statement on corporate governance for 2018 follows below. The statement was approved by the board of directors on 4 April 2019.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors is committed to build a sound and trust-based relationship between Multiconsult ASA and the company's shareholders, the capital market participants, and other stakeholders.

The group's overall principles for corporate governance is approved by the board of directors and can be found at www.multiconsult-ir.com/corporate-governance.

The group complies with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board, latest edition of 17 October 2018.

The board of directors' annual statement on how Multiconsult has implemented the code is set out below. The presentation covers each section of the code, and deviations from the code, if any, are specified under the relevant section.

2. BUSINESS

Multiconsult's articles of association are available on the group's website.

Article 3 of these articles, the group's business purpose states: "The business activities of the group are to engage in consulting engineering business, property management and other business activities in connection therewith, including ownership in other companies".

Within the framework of its articles of association, Multiconsult has established goals and strategies for its business.

Multiconsult's objectives and strategies are presented in the annual report in section "This is Multiconsult". Risk and risk management is described in the board of directors' report. The "Corporate social responsibility" section in the board of directors' report covers stakeholder considerations in the company's value creation.

3. EQUITY AND DIVIDENDS

EQUITY

As of 31 December 2018, the group had a consolidated equity of NOK 593.2 million, corresponding to an equity ratio of 31.4 per cent.

The board of directors considers that the group has a capital structure that is appropriate for its objectives, strategy and risk profile.

DIVIDENDS

The dividend policy is based on an ambition to distribute at least 50 per cent of the group's net profit annually. When deciding the annual dividend level the board of directors will take into consideration the various aspects of the financing strategy, such as expected cash flows, capital expenditure plans, financing requirements and appropriate financial flexibility.

BOARD MANDATES TO INCREASE THE SHARE CAPITAL

At the Annual General Meeting of the company on 3 May 2018 the board of directors was authorised to increase the share capital of the group by up to NOK 1 348 520. The mandate is restricted to issue shares as consideration in connection with a) acquisitions, b) raise new equity to finance such acquisitions, c) in connection with incentive schemes for the employees in the group or d) in take-over situations. The authorisation is valid until the next ordinary general meeting in 2019, but in no event later than 30 June 2019.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The share capital of Multiconsult ASA is NOK 13 485 197 divided into 26 970 394 shares, each with a nominal value of NOK 0.50.

On 29 November 2018, Multiconsult ASA completed a share buyback programme. The transaction was executed through a reverse Dutch auction in the marked. The planned transaction was open for all shareholders and was announced through a stock marked announcement on 29 November 2018 to ensure equal treatment of all shareholders.

Pursuant to the code, the reasons for waiving the pre-emptive right in connection with a share capital increase must be published in a stock exchange announcement. The board will endeavor to comply with this recommendation if such circumstances should arise.

The board and the executive management are concerned to ensure equal treatment of all the company's shareholders and that transactions with related parties take place on an arm's length basis. Note 22 to the consolidated financial statements provides details about transactions with related parties. Financial relationships related to the directors and executive personnel are described in note 8.

5. SHARES AND NEGOTIABILITY

The company's shares are freely negotiable. The articles of association do not impose any restriction on the negotiability of the shares. There are no restrictions on the purchase or sale of shares by members of the company's management as long as they comply with the rules on insider trading. Each share carries one vote. However, the company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting. This restriction can be removed by the general meeting at any time by a 2/3 majority.

6. GENERAL MEETINGS

NOTICE, REGISTRATION AND PARTICIPATION

The board ensures that its shareholders can attend and participate in the general meeting. The annual general meeting will take place on 25 April 2019. The group's financial calendar is published via Oslo Børs and in the investor relations section of the group's website.

Notice of the general meeting, with sufficiently detailed, comprehensive and specific supporting information is made available on the group's website no later than 21 days prior to the meeting to ensure that all shareholders may form a view on all matters to be considered at the meeting. Shareholders who wish that the attachments are sent by mail can register with the company for this purpose. Shareholders must register their intention to attend by the specified deadline. The deadline for registering attendance is set as close to the meeting as possible, and, pursuant to the articles of association; no sooner than five days in advance of the general meeting.

PROXY FORM, ADVANCE VOTING AND VOTING RESTRICTIONS

Notices with documentation are made available on the group's website immediately after the documentation has been issued as a stock exchange announcement.

Generalmeeting notices provide information on the procedures for attendance and voting, including the use of proxies. Shareholders who cannot attend in person are encouraged to appoint a proxy.

A proxy form, where a proxy has been named, is framed in such a way that the shareholder can specify how the proxy should vote on each issue to be considered. The notices have included information on the right to raise issues for consideration at the general meeting, including the relevant deadlines.

Shareholders may cast a written vote in advance in matters to be discussed at the general meetings of the company. Such votes may also be cast through electronic communication.

The access to cast votes in advance is subject to the presence of a safe method of authenticating the sender. The board of directors decides whether such a method exists before each individual general meeting.

The notice of the general meeting states whether votes in advance are permitted and which guidelines, if any, that have been issued for such voting.

The company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting. This restriction can be removed by the general meeting at any time by a 2/3 majority.

CHAIRING MEETINGS, ELECTIONS, ETC.

General meetings will normally be chaired by the chair person of the board. The board will however evaluate whether it is appropriate to engage an external chair person to chair the meeting.

The group's chair person of the board and chief executive officer are required to attend, and the board of directors encourages that all members are present at the general meetings, in accordance with the instructions for the board.

The nomination committee is encouraged to attend those meetings where the election and remuneration of directors and members of the nomination committee are to be considered. The board of directors requires that the chair person of the nomination committee is present. The group's auditor is present at the Annual General Meeting.

The general meeting is normally invited to vote for a complete shareholder-elected board. As a result, no opportunity has been provided to vote in advance for individual candidates.

Minutes from general meetings are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: MULTI) and in the investor relations section of the group's website.

7. NOMINATION COMMITTEE

The group shall, according to its articles of association, article 6, have a nomination committee consisting of three members. The nomination committee is elected by the general meeting and the members have a period of service for two years unless the general meeting determines otherwise.

In its work, the nomination committee focuses to ensuring that the board functions optimally as a collective body, that the legal requirements for gender representation and the requirements for serving in the Audit Committee are met, and that the directors complement each other in terms of their background and expertise.

The nomination committee's tasks are set out in the articles of association and include to; nominate new board members to the general meeting, propose remuneration to the board members at the general meeting, propose remuneration to the members of the nomination committee, and nominate new members of the nomination committee to the general meeting.

The remuneration of the committee is determined by the general meeting. The general meeting may issue further guidelines for the nomination committee's work.

Pursuant to the code, the composition of the nomination committee must take account of the interests of shareholders in general.

The Annual General Meeting on 3 May 2018 elected Vigdis Almestad and Morten Aagenæs as new members of the nomination committee replacing Nils Erik Forsén, who wanted to resign from the nomination committee, and Martin Mæland, who did not want to be re-elected. Per Horn was re-elected as chair person. The nomination committee comprises of Per Horn (chair person, elected at the Annual General Meeting of 16 April 2015), Vigdis Almestad and Morten Aagenæs. No directors or members of executive management are represented in the nomination committee.

Procedures for shareholders to submit nominations to the nomination committee will be implemented in advance of the Annual General Meeting in 2019. Further details and deadlines for submission will be published on the company's website.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association, the board of directors may comprise seven to nine members. The board currently has five shareholder-elected directors and three employee-elected directors.

Directors and the chair person of the board are currently elected by the general meeting for a one-year term.

The composition of the board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Weight is also given to the board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management. Consideration has also been given to gender representation and independence of directors from the company and its management.

The board of directors does not include executive personnel. All shareholder elected directors are independent of the group's executive management and commercial partners.

Details on background, experience and independence of directors are presented on the group's website. Nine board meetings were held in 2018. Each board member's attendance at board meetings is recorded by the company.

Members of the board are encouraged to own shares. The shareholding of each board member can be found in note 8 to the consolidated financial statements and in the biography of each board member on www.multiconsult-ir.com/corporate-governance/board-of-directors.

9. THE WORK OF THE BOARD OF DIRECTORS

The board of directors has overall responsibility for managing the group and for supervising the chief executive officer and the group's activities.

The board of directors establishes annual plans for its work, with particular emphasis on business objectives, strategy and implementation. The board of directors has established instructions for its own work as well as for the executive management with particular emphasis on clear allocation of responsibilities and duties.

The principal tasks of the board include to determine the group's strategy and to monitor how it is implemented. The work of the board also includes to monitor control functions necessary to ensure acceptable management of the group's assets.

The board appoints the group's chief executive officer. Instructions describing the rules of procedure for the board's work and its consideration of matters, have been adopted by the board. The division of responsibilities between the board and the chief executive officer is specified in more detail in the instructions. The chief executive officer is responsible for the group's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair person of the board.

The board establishes an annual plan for its meetings, and evaluates its work and expertise normally once a year. The annual plan specifies topics for board meetings, including reviewing and following up the group's goals and strategy, budgets, reporting of financial information, the notice for the general meeting with associated documentation, and the board's meeting with the auditor.

The board of directors has elected an audit committee amongst the members of the board of directors. The committee currently comprises of Kjetil Ebbesberg as the chair person and Rikard Appelgren as member. All members of the audit committee are independent of the company.

Pursuant to section 643 of the Norwegian Public Limited Liability Companies Act, the audit committee shall:

- prepare the board of directors' supervision of the group's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the group's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the group's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The board has adopted separate instructions for the audit committee setting out further details on the duties and procedures of the committee.

The group's remuneration committee consists of three members of the board, Bård Mikkelsen as the chair person, Vibeke Strømme and Runar Tyssebotn as members. The members of the remuneration committee are and shall be independent of the group's executive management.

The remuneration committee is an advisory committee to the board. The committee prepares, and recommend matters regarding the remuneration of, and matters pertaining to the group's executive management for the board to consider and decide. The recommendations of the remuneration committee cover all aspects of remuneration to executive management, including but not limited to salaries, allowances, bonuses, long term equity incentive plans and benefits-in-kind.

The board has adopted separate instructions for the remuneration committee setting out further details on the duties, composition and procedures of the committee.

The board evaluates its own work and that of the chief executive officer and reports its evaluations to the nomination committee.

In the event that the chair person of the board is, or has been, personally involved in matters of material character, the board's consideration of such matters will be chaired by another member of the board.

In the event that a member of the board or executive management have material interests in items to be considered by the board of directors, the board member has an obligation to notify the board and the company will be aware of the fact.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The group has in place processes and routines for internal control, including financial reporting, and systems for risk management. During 2018, these processes have been updated to fully comply with the code.

Through its business activities, Multiconsult manages an extensive project contract portfolio of engineering, architectural and advisory services that are exposed to substantial risk factors, such as risk of disagreements or legal disputes with its customers related to possible cost of delays or project errors that are always present in our business.

The organisation comprises of a large number of employees. The group's management model is based on an appropriate delegation of authority, clearly defined market and operating parameters, in addition to effective internal control.

Overall goals and strategies are periodically reviewed and updated. Based on the current strategy, the corporate values and ethical guidelines have been updated. Instructions are established by the board to CEO, who specifies delegation of authority to the CEO and other key roles in the organisation. Risk management processes, in accordance with Committee of Sponsoring Organizations (COSO) framework, are established to identify, evaluate and report risk in a systematic manner for the group's activities with particular focus on project and other operational risks in addition to financial risks.

Financial risk is managed in accordance with the group's financial strategy, which is described under the section "Financial risk and risk management" in the board of directors' report.

The board is responsible for ensuring that the enterprise, financial reporting and asset management are subject to satisfactory controls. Overall policies, governing processes and routines have been established for day-to-day management. The board periodically reviews the company's risk management documentation and the most important risk areas and the internal controls established to mitigate these risks.

FINANCIAL REPORTING

The group has in place processes and routines for internal control over financial reporting. The main principles are transparency, segregation of duties, analytical controls and systematic and thorough management reviews. The periodic review meetings between senior financial and operational management focus on revenue recognition, possible liability costs as well as performance reviews of both financial and operational targets.

Management prepares periodic reports on business and operational developments to the board, which are discussed at board meetings. These reports are based on the results of the review process and include status of key performance indicators, update of market developments, operational issues, financial results and highlights of organisational issues.

Financial position and results are followed up in monthly accounting reports, compared to prior year, budgets and forecasts. Reporting also includes non-financial key performance indicators related to each business area. In addition, management prepares a long term forecast of financial trends, showing profits and cash flow development.

The interim reports and annual financial statements are reviewed by the audit committee in advance of consideration and discussion in the board. Financial risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant issues in the auditor's report, if any, are also reviewed by the board.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration to the board of directors is described in note 8 to the financial statements.

Director's fees are determined by the general meeting on the basis of recommendations from the nomination committee. These recommendations have been based on the board's responsibility, expertise and the complexity of the business. The directors have not been awarded share options or any other form of incentive-based remuneration for the fiscal year 2018.

None of the directors have undertaken any special assignments for the group other than their work on the board. Directors are unable to accept such assignments without approval from the board in each case.

An overview of shares owned by the directors and their close associates is included in note 8 to the consolidated financial statement.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The board has a remuneration committee. Its main responsibilities are evaluation and advice to the board of directors relating to remuneration strategy, main principles and systems for the total remuneration (including bonus) to the CEO and other members of the group executive management. The chief executive officer (CEO) normally participates in the meetings, unless the committee discusses issues relating to the CEO.

Note 8 to the consolidated financial statements describes the group's guidelines for the remuneration of senior executives. This note also provides further details about remuneration in 2018 for group executive management. Presentation of the guidelines takes place at the general meeting in connection with the presentation of the annual report. The guidelines specify the main principles for the group's executive compensation policy. They aim to ensure alignment of the interests of shareholders and group executive management as far as possible.

Total remuneration to the executive management team consists of a fixed element and a variable performance based bonus, a share purchase programme for all employees, plus pension and insurance arrangements.

Fixed remuneration to members of the executive management team consists of base salary (main element) and fringe benefits.

The bonus programme is linked to financial targets, agreed action plans and relevant key performance indicators. Payout of bonus earned is partly in cash and partly in shares. No options have been issued, to employees or elected officers of the group.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The annual general meeting on 3 May 2018 re-elected the following board of directors: Mr Nigel K. Wilson (chair person, 1 year), Mr Kjetil Ebbesberg (director, 1 year) and Ms Vibeke Strømme (director, 1 year). The annual general meeting elected the following as the new shareholder-elected members of the board of directors: Ms Hanne Rønneberg (director, 1 year) and Mr Rikard Appelgren (director, 1 year). No new deputy members were elected.

At the extraordinary general meeting on 26 November 2018, Mr Nigel K. Wilson resigned from the board and Mr Bård Mikkelsen was elected new chairperson of the board. Simen Lieungh was elected deputy board member. Both Mr Mikkelsen and Mr Lieungh were elected until the next ordinary general meeting.

The following changes have taken place in the executive management since 1 January 2018:
On 11 January 2019, CEO Christian Nørgaard Madsen resigned and Lars Opsahl was appointed acting CEO at the same date. Grethe Bergly was appointed new CEO of Multiconsult ASA as of 1 March and Lars Opsahl returned to the position of EVP Regions Norway.

On 7 December 2018, CFO Anne Harris resigned. Hans Jørgen Wibstad was appointed new CFO 25 February 2019 and will begin in his new role 2 May 2019.

On 30 September 2018, EVP Human Resources Elisabeth M. Stene resigned. Ingela Moene was appointed acting EVP HR in the period 1 October to 31 December 2018. Kari Nicolaisen has been appointed EVP Human Resources and Corporate Communication as of 1 April 2019.

13. INFORMATION AND COMMUNICATION

The board has established guidelines for investor communication. Multiconsult's communication with the capital markets is based on the principles of transparency, full disclosure and equality.

CEO, CFO and IRO are responsible for the main dialogue with the investor community, hereunder the company's shareholders.

Information to the stock market is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information considered relevant and significant for valuing the company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via the group's website www.multiconsult.no simultaneously.

Multiconsult holds public presentations in connection with the announcement of quarterly and annual financial results as well as strategic updates. The presentations are also available as live presentations via the internet. Presentation material is made available via Oslo Børs' news site www.newsweb.no and www.multiconsult.no.

Multiconsult gives weight to maintaining an open and ongoing dialogue with the investor community, hereunder frequent meetings with investors, fund managers, analysts and journalists. The company is also present at relevant investor conferences and seminars. All presentations held at such events are made public via www.multiconsult.no.

The guidelines for investor communication states that the company should have limited contact with the investor community and the business press during the last three weeks ahead of its quarterly reporting.

Reporting of financial and other information shall be timely and accurate. The main purpose of this information presents a complete picture of the group's financial results and position as well as articulating the group's long-term goals and potential, including its strategy, value drivers and important risk factors.

The group publishes a financial calendar every year with an overview of the dates of important events, including the general meeting, publication of interim reports and open presentations. This calendar is made available as a stock exchange announcement and on the group's website as soon as it has been approved by the board.

14. TAKEOVERS

The board has established guiding principles for responding to possible takeover bids.

In the event of a takeover bid being made for the company, the board will follow the overriding principle of equality of treatment for all shareholders, and will seek to ensure that the group's business activities are not disrupted unnecessarily. The board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board will not seek to prevent any takeover bid unless it believes that the interests of the group and the shareholders justify such actions. The board will not exercise mandates or pass any resolutions with the intention of obstructing any takeover bid unless this is approved by the general meeting following the announcement of the bid.

If a takeover bid is made, the board will issue a statement in accordance with statutory requirements and the recommendations in the code.

In the event of a takeover bid, the board will obtain a valuation from an independent expert.

Any transaction that is in effect a significant disposal of the group's activities will be submitted to the general meeting for its approval.

15. AUDITOR

The external auditor, Deloitte, annually presents its overall plan for the audit of the group for the audit committee's consideration.

The external auditor's involvement with the board of directors during 2018 related to the following:

- Presented the main features of the audit work.
- Attended board meetings approving the financial statements, reviewing possible significant changes in accounting principles, assessing significant accounting estimates, and considering all possible disagreements between the external auditor and executive management.
- Conducted a review of the group's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the board without the presence of the executive management.
- Confirmed its independence, and provided an overview of non-audit services provided to the group.

During 2018, the external auditor attended six meetings with the audit committee.

Pursuant to the code, the board has established guidelines for the group's management use of the external auditor for non-audit services.

The board reports annually to the annual general meeting on the external auditor's total fees, split between audit and non-audit services. The annual general meeting approves the auditor's fees for the holding company.

DEFINITIONS

Net operating revenues: Operating revenues less sub consultants and disbursements.

EBIT: Earnings before net financial items, results from associates and joint ventures and income tax.

EBIT margin (per cent): EBIT as a percentage of net operating revenues.

EBITDA: EBIT before depreciation, amortisation and impairment.

EBITDA margin (per cent): EBITDA as a percentage of net operating revenues.

Operating expenses: Employee benefit expenses plus other operating expenses.

Net interest bearing debt: Non-current and current interest bearing liabilities deducted cash and cash equivalents.

Order intake: Expected operating revenues on new contracts and confirmed changes to existing contracts. Only group external contracts are included.

Order Backlog: Expected remaining operating revenues on new and existing contracts. Only group external contracts are included. Call-offs on frame agreements are included in the order backlog when signed.

Billing ratio (per cent): Hours recorded on chargeable projects as a percentage of total hours worked (including administrative staff) and employer-paid absence. Billing ratio per segment includes allocated administrative staff.

Employees: Number of employees comprise all staff on payroll including staff on temporarily leave (paid and unpaid), excluding temporary personnel.

DISCLAIMER

This report includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this report.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Multiconsult uses alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the group's underlying financial performance.

ADJUSTED EBITDA AND EBIT – CALENDAR EFFECT

Amounts in MNOK (except percentage)	FY 2018	FY 2017
Net operating revenues	3 334,8	2 994,4
Estimated calendar effect	-13,5	0,0
Adjusted net operating revenues	**3 321,3**	**2 994,4**
Reported employee benefit expenses	*2 539,5*	*2 265,4*
Reported other operating expenses	*646,2*	*564,3*
Operating expenses	**3 185,7**	**2 829,7**
Adjusted EBITDA	**135,6**	**164,7**
Depreciation, amortisation and impairments	50,1	46,8
Adjusted EBIT	**85,5**	**118,0**
Adjusted EBITDA margin (%)	*4,1 %*	*5,5 %*
Adjusted EBIT margin (%)	*2,6 %*	*3,9 %*

Figures show effect on earnings from the corresponding period previous year arising from changes in available working days.

NET INTEREST BEARING DEBT

Amounts in MNOK	FY 2018	FY 2017
Non-current interest bearing liabilities	175,3	195,2
Current interest bearing liabilities	23,2	93,6
Cash and cash equivalents [1]	138,9	154,3
Net interest bearing debt (asset)	**59.5**	**134,5**

[1] Cash equivalents in this table includes restricted cash

EQUITY RATIO GROUP

Amounts in MNOK	31 December 2018	31 December 2017
Equity	593.2	582,1
Total assets	1 890.0	1 811,1
Equity ratio	**31,4 %**	**32,1 %**

The Board and CEO of Multiconsult ASA
Oslo, 4 April 2019

Bård Mikkelsen
Chair of the board

Runar Tyssebotn
Director

Kjetil Monssen Ebbesberg
Director

Hanne Rønneberg
Director

Bo Rikard Appelgren
Director

Vibeke Strømme
Director

Liv-Kristine Rud
Director

Elisabeth Lokshall
Director

Grethe Bergly
CEO

PROJECT: **FOSEN VIND PARK**
PHOTO: **STATKRAFT**

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CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK thousand, except earnings per share	Note	2018	2017[1]
Operating revenues	5, 6	3 908 638	3 375 399
Expenses for sub-contractors and disbursements[1]		573 791	380 986
Net operating revenues[1]		**3 334 848**	**2 994 414**
Employee benefit expenses[1]	9, 12	2 539 494	2 265 379
Other operating expenses[1]	8	646 221	564 291
Operating expenses excluding depreciation and amortisation		**3 185 715**	**2 829 670**
Operating profit before depreciation and amortisation (EBITDA)		**149 133**	**164 744**
Depreciation and amortisation	14, 15	50 130	46 791
Operating profit (EBIT)		**99 003**	**117 953**
Share of profit from associated companies and joint ventures	17	**1 661**	**1 157**
Financial income	10	7 718	2 956
Financial expenses	10	18 297	14 375
Net financial items		**(10 579)**	**(11 419)**
Profit before income taxes		**90 085**	**107 691**
Income tax expenses	11	26 528	28 157
Profit for the period		**63 557**	**79 534**
Attributable to:			
Owners of Multiconsult ASA		63 557	79 534
Earnings per share:			
Basic	24	2.36	3.01
Diluted	24	2.36	3.01

[1] Reclassifications made for 2017, see note 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	2018	2017
Profit for the period		63 557	79 534
Other comprehensive income			
Remeasurement of defined benefit obligations	12	809	(1 452)
Income taxes	11	(178)	334
Total items that will not be reclassified subsequently to profit or loss		**631**	**(1 118)**
Currency translation differences		(2 462)	13 802
Total items that may be reclassified subsequently to profit or loss		**(2 462)**	**13 802**
Total other comprehensive income for the period		**(1 831)**	**12 684**
Total comprehensive income for the period		**61 726**	**92 218**
Attributable to:			
Owners of Multiconsult ASA		61 726	92 218

CONSOLIDATED BALANCE SHEET - ASSETS

Amounts in NOK thousand	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Deferred tax assets	11	44 712	25 610
Intangible assets	14	28 228	19 704
Goodwill	14	449 049	449 942
Property, plant and equipment	15	102 491	99 947
Total non-current non-financial assets		**624 480**	**595 203**
Investments in associated companies and joint ventures	17	12 489	10 809
Assets for reimbursement provisions	20	23 300	22 000
Other non-current financial assets and shares	3	7 352	6 995
Total non-current assets		**667 621**	**635 007**
Current assets			
Trade receivables	3, 6, 13	666 756	588 377
Work in progress	3, 6, 13	343 863	368 447
Other current receivables and prepaid expenses	3, 13	72 854	65 012
Total receivables and prepaid expenses	13	**1 083 473**	**1 021 836**
Cash and cash equivalents	16	**138 872**	**154 291**
Total current assets		**1 222 345**	**1 176 126**
TOTAL ASSETS		**1 889 966**	**1 811 133**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

Amounts in NOK thousand	Note	31.12.2018	31.12.2017[1]
Equity			
Share capital	22	13 486	13 486
Share premium		77 756	77 756
Total paid-in equity		91 242	91 242
Other equity		501 969	490 830
Total shareholders' equity		**593 211**	**582 072**
Non-current liabilities			
Pension obligations	12	6 500	6 667
Deferred tax	11	12 822	13 835
Provisions	20	42 350	29 937
Non-current interest bearing liabilities	3	175 255	195 203
Total non-current liabilities		**236 927**	**245 642**
Current liabilities			
Trade payables[1]		236 492	140 187
Prepaid revenues[1]	6	138 411	136 493
Current tax liabilities	11	32 340	14 610
Public duties payable		327 167	296 266
Current interest bearing liabilities	3	23 162	93 573
Other current liabilities[1]	19	302 257	302 290
Total current liabilities		**1 059 830**	**983 420**
Total liabilities		**1 296 756**	**1 229 062**
TOTAL EQUITY AND LIABILITIES		**1 889 966**	**1 811 133**

[1] Reclassifications made for 2017, see note 1.

The Board and CEO of Multiconsult ASA
Oslo, 4 April 2019

Bård Mikkelsen
Chair of the board

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Director

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Director

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Director

Bo Rikard Appelgren
Director

Vibeke Strømme
Director

Liv-Kristine Rud
Director

Elisabeth Lokshall
Director

Grethe Bergly
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of Multiconsult ASA

Amounts in NOK thousand	Share capital	Treasury shares	Share premium	**Total paid-in capital**	Retained earnings	Remea-surement pensions	Currency translation differences	**Total equity**
31 December 2016	13 125	(1)	13 320	**26 443**	683 309	(201 224)	(1 008)	**507 520**
Dividend	0	0	0	**0**	(78 715)	0	0	**(78 715)**
Share Issue	361	0	64 438	**64 799**	0			**64 799**
Treasury shares	0	1	0	**1**	204	0	0	**205**
Employee share purchase programme	0	0	0	**0**	(3 955)	0	0	**(3 955)**
Comprehensive income	0	0	0	**0**	79 534	(1 118)	13 802	**92 218**
31 December 2017	13 486	(0)	77 758	**91 242**	680 377	(202 342)	12 794	**582 072**
Dividend	0	0	0	0	(40 423)	0	0	**(40 423)**
Treasury shares	0	0	0	0	4	0	0	**4**
Employee share purchase programme	0	0	0	0	(10 168)	0	0	**(10 168)**
Comprehensive income	0	0	0	0	63 557	631	(2 462)	**61 726**
31 December 2018	13 486	(0)	77 758	**91 242**	693 349	(201 713)	10 332	**593 211**

See note 9 for information about treasury shares and employee share purchase programme.

CONSOLIDATED STATEMENT OF CASH FLOWS

+ are cash increasing and - are cash reducing effects *Amounts in NOK thousand*	**Note**	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes		90 085	107 691
Income taxes paid during the period		(24 773)	(37 623)
Depreciation and amortisation	14, 15	50 130	46 791
Results from associated companies and joint ventures		(1 661)	(1 157)
Non cash profit and loss items		993	2 010
Sub total operating activities		**114 774**	**117 712**
Changes in working capital		93 120	(51 756)
Net cash flows from operating activities		**207 894**	**65 956**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net payments on acquisition and sale of property, plant and equipment and intangible assets	14, 15	(61 199)	(46 789)
Proceeds/payments related to equity accounted investments	17	0	339
Net cash effect of business combinations	4	0	(175 257)
Net cash flows from investing activities		**(61 199)**	**(221 707)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Change interest bearing liabilities	3	(90 360)	229 306
Dividends paid	24	(40 423)	(78 715)
Purchase treasury shares (employee share purchase and bonus programme)		(43 841)	(35 030)
Sale treasury shares (employee share purchase and bonus programme)		13 493	11 119
Net cash flows from financing activities		**(161 127)**	**126 680**
Foreign currency effects on cash and cash equivalents		**(987)**	**7 372**
Net change in cash and cash equivalents		(15 419)	(21 699)
Cash and cash equivalents at the beginning of the period[1]	16	154 291	175 990
Cash and cash equivalents at the end of the period[1]	16	**138 872**	**154 291**

[1] Cash and cash equivalents include restricted bank accounts, see note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION AND BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Multiconsult ASA (the company) is a Norwegian Public limited liability company. The shares of the company were listed on Oslo Stock Exchange on 22 May 2015. The company's head office is located in Nedre Skøyen vei 2, 0276 Oslo.

The company and its subsidiaries (Multiconsult group/the group) are among the leading suppliers of consultancy and design services in Norway and the Nordic region. The group has some activity and subsidiaries outside the Nordic region, including subsidiaries Multiconsult Polska, Multiconsult UK and Multiconsult Asia. The principal activities of the group are described in note 5 Segments. These consolidated financial statements were approved by the Board of Directors on 4 April 2019 for adoption by the Annual General Meeting on 25 April 2019.

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU.

RECLASSIFICATIONS

Reclassifications balance sheet

The group has evaluated that prepayments from customers should be disclosed in the balance sheet ("prepaid revenues") instead of previously included within other current liabilities and trade payables, and decided to make a reclassification.

Amounts in NOK thousand	31 December 2017	31 December 2016
Trade payables	165 534	151 903
Restatement to prepaid revenues	25 347	0
Restated trade payables	**140 187**	**151 903**
Other current liabilities	**413 436**	**334 648**
Restatement to prepaid revenues	111 146	96 942
Restated other current liabilities	**302 290**	**237 706**
Restated prepaid revenues	**136 493**	**95 942**

Reclassifications statement of income

In September 2017 a new ERP-system and chart of accounts were implemented. In connection with the implementation, some classifications in the financial statements are changed from other personnel expenses to other operating expenses. Employee benefit expenses and other operating expenses have been restated for 2017 to be comparable with the 2018 classification. In addition, some internal project expenses have in the new ERP system been classified in line with external project as "Expenses for sub consultants and disbursements". These should have been classified as "Other operating expenses". These expenses are reclassified to "Other operating expenses". Operating profit before depreciation and amortisation (EBITDA) is unchanged.

Amounts in NOK thousand	2017
Operating revenues (reported in 2017)	**3 375 399**
Expenses for sub consultants and disbursements (reported in 2017)	397 758
Restatement expenses for sub consultants and disbursements	(16 772)
Restated expenses for sub consultants and disbursements	**380 986**
Restated net operating revenues	**2 994 414**
Employee benefit expenses (reported in 2017)	2 319 810
Restatement employee benefit expenses	(54 431)
Restated employee benefit expenses	**2 265 379**
Other operating expenses (reported in 2017)	493 088
Restatement other operating expenses	71 203
Restated other operating expenses	**564 291**

NOTE 2 A SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared based on the historical cost basis, except for derivatives and pension assets that are measured at fair value, and pension liabilities that are measured at present value. The consolidated financial statements are presented in Norwegian kroner (NOK). Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding, amounts and percentages presented may not add up to the total.

Standards and interpretations and amendments implemented in 2018
IFRS 15 and IFRS 9 were implemented 1 January 2018, see further description below. A number of limited scope amendments and interpretations were also effective as from 1 January 2018, but had no material impact on the group.

IFRS 15 Revenue from Contracts with customers
IFRS 15 Revenue from Contracts with customers was effective from 1 January 2018. The standard introduces a new revenue recognition model that features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue is recognised when a customer obtains control over a good or service, which could be at a point in time or over time.

Implementation of IFRS 15 did not change revenue recognition for the group. This is primarily due to the fact that the group's performance obligations are delivering of services that are recognised as revenue over time in line with the ongoing delivery of the services. Revenue is recognised over time because in the main part of the contracts the service creates an asset with no alternative use to the group and the group has right to payment for performance to date, and in other contracts the customer simultaneously receives and consumes the benefits provided by the group's performance in delivering the services. Progress in satisfaction of a performance obligation is normally estimated as hours incurred as a percentage of expected total hours and milestones in the project. It is continuously evaluated if hours incurred contribute to progress in the project and the total hours expected to be incurred to generate progress. As the main cost and efforts in the satisfaction of the performance obligations are hours incurred, for own employees and subcontractors, the group believes this method provides a faithful depiction of the transfer of the services. The total scope is evaluated on an on-going basis. Costs are recognised as incurred. This is unchanged from the previous revenue recognition policy.

The group has adopted IFRS 15 according to the cumulative retrospective method, to contracts that are not completed contracts at 1 January 2018. For contracts that were modified before 1 January 2018, the group has not retrospectively restated the contracts for those modifications. The group is of the opinion that there was no significant effect of applying these expedients. Comparable figures for 2017 have not been restated. However, the group's assessment is that it would not have had significant effects on the 2017 comparative revenue or expense figures, and has not recognised any effect on equity 1 January 2018.

When implementing IFRS 15, the group has also reviewed its classification of balance sheet items. The group has evaluated that prepayments from customers (prepaid revenues) should be disclosed in the balance sheet instead of previously included within other current liabilities and trade payables, and decided to make a reclassification per 31 December 2017. This is not a restatement to comply with IFRS 15. However, an effect of the restatement is that the balance sheet figures at 31 December 2018 would not be different if IFRS 15 had not been implemented. Consequently, the group does not provide any additional disclosure according to IFRS 15.C8 about the amount by which each financial statement line item is affected by IFRS 15. As revenue recognition policies effectively have not changed, no separate disclosure of the previous revenue recognition policy is provided.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments was effective from 1 January 2018. The standard includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of IFRS 9 shall generally be applied retrospectively, except that the group has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Implementation of IFRS 9 did not have any effect on equity for the group at transition.

IFRS 9 replaced the "incurred loss model" in IAS 39 with an "expected credit loss" (ECL) model. For the group, the new impairment model applies to financial assets measured at amortised cost, which are trade and other receivables, work in progress and cash equivalents. Under IFRS 9, credit losses are generally recognised earlier than under IAS 39, and impairment losses are generally expected to increase and become more volatile. Due to the history with limited realised losses, the group's established policy, procedures and control relating to customer credit risk management and previously applied policy for estimating credit losses, the group has concluded that the loss provision at 1 January 2018 would not have increased under the IFRS 9 loss model, and no additional impairment has been recognised at transition to IFRS 9. See note 3 for further discussion of credit losses.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The Group's financial assets are primarily trade and other receivables, work in progress and cash and cash equivalents. The group has evaluated that these qualify for classification as measured at amortised cost. The group has an immaterial amount of other shares (equity investments) at fair value through profit or loss. The group has also some derivatives that are classified as assets if the fair values are positive.

NOK thousand	**Original classification IAS 39**	**New classification IFRS 9**	**Carrying amount**
Financial assets			
Derivatives	Held-for-trading	Mandatorily at FVTPL	0
Non-current receivables	Loans and receivables	Amortised cost	6 462
Shares and equity instruments	Available for sale	FVTPL	533
Trade receivables	Loans and receivables	Amortised cost	588 377
Work in progress	Loans and receivables	Amortised cost	368 447
Other current receivables	Loans and receivables	Amortised cost	26 461
Cash and cash equivalents	Loans and receivables	Amortised cost	154 291
Total Financial assets			**1 144 505**
Financial liabilities			
Interest bearing loans and borrowings	Other financial liabilities	Amortised cost	288 776
Trade and other payables	Other financial liabilities	Amortised cost	738 742
Derivatives	Held-for-trading	Mandatorily at FVTPL	1 462
Total Financial liabilities			**1 028 981**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 had no significant effect on the group's accounting policies related to financial liabilities and derivative financial instruments. The Group uses derivatives for economic hedges but has not applied hedge accounting under IAS 39 or IFRS 9.

The table above explain original measurement categories under IAS 39 and the new measurement categories under IFRS 9. There was no effect on the carrying amounts of financial assets or liabilities at 1 January 2018 of adopting IFRS 9.

Consolidation principles, investments accounted for in accordance with the equity method and working partnerships
The consolidated financial statements incorporate Multiconsult ASA and companies that Multiconsult ASA (directly or indirectly) control (the group). Control is achieved when the group is exposed or has rights to variable returns from its involvement with a company in which it has invested, and has the ability to use its power to affect its returns from this company. All subsidiaries are 100% owned and there are no non-controlling interests.

The consolidated financial statements have been prepared using uniform accounting policies. All material transactions and balances between group entities have been eliminated.

Shares in subsidiaries are eliminated in the consolidated financial statements in accordance with the acquisition method. This entails that the consideration, as well as the acquired entity's assets and liabilities (with some exceptions as determined by IFRS 3 Business Combinations), are measured at fair value on the date of acquisition, and any excess consideration is classified as goodwill. Historically, it has been considered that most of the consideration in excess of carrying amount of net assets relates to employees, and the excess is therefore recognised as goodwill. Acquisition-related costs are recognised in profit or loss as incurred. There were no business combinations in 2018. Refer to note 4 for more information relating to business combinations in 2017.

Investments in associated companies and joint ventures over which the group exercises significant influence or joint control, are accounted for using the equity method. Refer to note 17 for more information.

The group enters into working partnerships in certain projects where parties collaborate to offer a joint deliverable. Each participant is responsible for, and has rights to the fee from its part of the deliverables (agreements related to project collaboration). The individual parties utilise their resources through the use of employees and sub-contractors. Some of these arrangements are considered to be joint operations within the scope of IFRS 11, and for which the group recognises its share of income and expenses, and its own assets and liabilities. Certain arrangements are not jointly controlled. Such activities are recognised on a line-by-line basis in accordance with the group's share, similar to joint operations. There are no significant differences in the group's accounting for activities in arrangements without limited liability, whether within the scope of IFRS 11 or not.

Foreign currencies
The financial statements of the individual companies in the group are measured in the currency which is predominantly used in the economic environment in which the company operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency and the presentation currency of the parent company.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Currency gains and losses arising on the payment of such transactions and on translation of monetary items in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in profit or loss as financial items.

For companies with a functional currency other than Norwegian kroner, income and expense items are translated based on the average exchange rates, and assets and liabilities are translated using the exchange rates prevailing on the end of the reporting period. Exchange differences are recognised in other comprehensive income.

Revenue
Revenue is generated by delivering consulting services. The group provides a range of services, including multidisciplinary consulting and design, project engineering and management, verification, inspection, supervision and architecture – both in Norway and abroad. See note 5 segments for a more detailed description of services offered within seven business areas.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when a customer obtains control over a good or service, which could be at a point in time or over time. The group's revenue is generated from rendering of services, which is recognised over time.

The group's rendering of services consists of agreements that are either time-based, time-based with a cap, or fixed price. The vast majority of contracts in terms of transaction price are time-based, i.e. the group earns revenue per hour worked. Contracts which are time-based with a cap, or fixed price, are minor compared to the total.

Multiconsult has evaluated that for some of the services, for example construction management and co-ordination, the customer simultaneously receives and consumes the benefits provided by its performance as it performs, and therefore revenue is recognised over time. Other services are to a large extent tailored to the customer and has no alternative use for Multiconsult. The majority of contracts has clauses that secures that Multiconsult has enforceable right to payment for performance completed to date if the customer should terminate a contract for other reasons than failure by Multiconsult to deliver under the contract. Consequently, Multiconsult has determined that the customer controls all the work in progress as the services are provided, and revenue is recognised over time. A few contracts may have deviating contract clauses, but these are immaterial in relation to the group's total revenues.

Progress in satisfaction of a performance obligation is normally estimated as hours incurred as a percentage of expected total hours and milestones in the project. It is continuously evaluated if hours incurred contribute to progress in the project and the total hours expected to be incurred to generate progress. As the main cost and efforts in the satisfaction of the performance obligations are hours incurred, for own employees and subcontractors, the group believes this method provides a faithful depiction of the transfer of the services. The total scope is evaluated on an on-going basis. Costs are recognised as incurred.

Under IFRS 15, revenue shall be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. There are often discussions with the customer in relation to the amount of hours that can be charged to the customer, consequently this is regarded as variable consideration. The company has established processes for ongoing evaluations and estimation of how much revenue can be recognised for each contract, primarily based on expected value, and at 1 January 2018 and 31 December 2018 it has not identified need for additional constraint of accumulated revenues.

When it is probable that a project will incur a loss (remaining total direct costs exceed remaining total revenue), the estimated loss is recognised immediately. Direct costs include predominantly costs for own personnel and sub-contractors. As the group has few projects with fixed price or with a cap, provision for onerous contracts are limited.

Invoices are issued according to contractual terms and are usually payable within 30 days. Invoiced amounts are presented as trade receivables. Un-invoiced amounts (contract assets) are presented as work in progress, and is related to work performed but not billed at the reporting date. Contract liabilities are presented as prepaid revenues. For each contract it is presented a net amount for work in progress or prepaid revenues.

In working partnerships not organised as separate legal entities, and where the group is the project manager with no overall responsibility for the engagement, the group invoices the client and subsequently pays the fee to the other parties for the work performed by them. The group only recognises its own share of revenue and expenses in such arrangements (refer also to the description above).

Revenues are disaggregated on business areas and geography, see notes 5 and 6.

Interest and dividends received
Interest income that reflects the effective return on an asset is recognised as income over the period earned and classified as financial income in the statement of income. Dividends received on investments are recognised as income when the group's right to receive payment has been established. Dividends from investments that are recognised using the equity method are recognised as a reduction of the investment.

Classification of current and non-current items
An asset is classified as current when it is expected to be realised or sold, or to be used in the group's normal operating cycle, or falls due or is expected to be realised within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the group, are held for trading, are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Provisions for obligations and assets for reimbursement are classified as non-current. Derivatives are classified as current.

Property, plant and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation. Cost of acquisition includes costs directly attributable to the acquisition of the fixed asset. Subsequent expenditure is added to the carrying value of the asset or is recognised separately when it is probable that future economic benefits related to the expenditure will flow to the group, and the cost can be measured reliably. The carrying amount related to replace parts is expensed. Other repair and maintenance costs are recognised in profit or loss in the period during which the cost is incurred. Property, plant and equipment are depreciated on a straight-line basis. The cost of acquisition of property, plant and equipment is depreciated to their expected residual value, which in general is estimated to be nil. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and changed if necessary. When the carrying amount of an item of property, plant and equipment is higher than its estimated recoverable amount (the higher of fair value less costs to sell and value in use), the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income. Gains and losses on disposal of property, plant and equipment are recognised in the income statement as the difference between the sales price and the carrying amount.

Intangible assets
Intangible assets consist mainly of standard software, licenses and a new ERP system. Intangible assets are recognised at cost of acquisition less amortization. Intangible assets are amortized on a straight-line basis to an estimated residual value of nil. When the carrying amount of an intangible asset is higher than its estimated recoverable amount, the carrying amount is reduced to the recoverable amount and recognised as impairment in the statement of income.

Goodwill
Goodwill arising upon a business combination is not amortized. Goodwill does not generate cash flows that are independent of other assets or groups of assets, and is allocated to the cash-generating units that are expected to benefit from the synergies of the combination that gave rise to goodwill. Cash-generating units to which goodwill has been allocated are reviewed for impairment on an annual basis, or more frequently if there are indications of impairment. If the recoverable amount of the cash-generating unit is less than its carrying value, the impairment loss is allocated first to reduce the carrying value of goodwill and then to the other assets in the cash-generating unit pro rata based on the carrying amount of each asset in the unit. The carrying value of individual assets is not reduced below nil. An impairment loss recognised for goodwill is not reversed in subsequent periods if the recoverable amount of the cash-generating unit increases. Any impairment is recognised as part of impairment in the statement of income.

Cash-generating units
A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. In order to identify whether cash inflows from an asset (or a group of assets) are independent of cash inflows from other assets (or groups of assets), management assesses various factors, including how operations are monitored, e.g. based on service- or product areas, businesses or geographical areas. Each CGU or group of CGUs to which goodwill has been allocated represent the lowest level in the entity where goodwill is monitored for internal management purposes. The group of CGUs are in all instances no larger than an operating segment as defined in IFRS 8 Operating Segments.

Financial assets and liabilities
The Group adopted IFRS 9 Financial Instruments as from 1 January 2018, see above for further information. In practice there is no change in the measurement or presentation of financial instruments for the group due to implementation of IFRS 9, and no additional information on accounting policies under IAS 39 is provided.

Financial assets
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. All financial assets are recognised initially at fair value, with addition of transaction costs for assets not at FVTPL.

The group's financial assets are primarily cash and cash equivalents, trade and other receivables and work in progress (contract assets). Based on the nature of these assets and how they are managed, the group has evaluated that these qualify for classification as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial assets at fair value through profit or loss consist of derivatives when the fair value is positive.

Impairment of financial assets
The group recognises loss allowances at an amount equal to lifetime Expected Credit losses (ECL) on receivables and work in progress. ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

The group assesses at each reporting date whether financial asset carried at amortised cost are credit impaired. A financial asset is credit impaired if one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit impairment includes the following observable data: significant financial difficulty of the debtor, a breach of contract such as a default or being more than 60 days past due, the restructuring of a receivable by the group on terms that the group would not consider otherwise, or it is probable that the debtor will enter bankruptcy or other financial reorganisation, or the disappearance of an active market for a security because of financial difficulties. See note 3 for a description of recognition of ECLs.

Loss allowances are deducted from the gross carrying amount of the financial asset. The gross carrying amount of a financial asset is written off when the group has not reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Receivables are written off if the customer goes bankrupt, collection by a debt collector has been unsuccessful for a period and in other concrete cases. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities.

Financial liabilities
The group has financial liabilities measured at amortized cost and fair value through profit or loss. Financial liabilities at amortised cost comprise largely trade payable, other current liabilities and interest bearing liabilities. These obligations are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost through using the effective interest method.

Financial liabilities at fair value through profit or loss consist of derivatives. The company uses, to a certain extent, foreign currency forward contracts and interest rate swaps in order to hedge future cash flows. The company does not use hedge accounting. Derivatives are measured at fair value. Gains and losses arising as a result of changes in fair value are recognised in the statement of income as financial income and financial expenses. Derivatives are recognised on a gross basis as liabilities when the fair value is negative, as long as the group does not have a legal right to and intention of settling the contracts on a net basis.

Embedded derivatives
An embedded derivative shall not be separated from the host contract and recognised as a derivative if the economic characteristics and the economic risks of the embedded derivative are closely related to the economic characteristics and the economic risk of the host contract. The company has certain cross border sales contracts in a currency that is not the functional currency of either of the parties to the contract. The company has determined that the currency used in the relevant contracts is a currency frequently used in contracts related to acquisition or disposal of non-financial assets in the economic environment in which the transaction takes place, and has therefore not separated a currency derivative.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, money market funds and other cash equivalents with a maturity of less than three months at the date of acquisition. Bank deposits include restricted bank accounts, see note 16.

Provision for obligations
Provisions for obligations such as restructuring, onerous contracts, project liabilities and legal claims are recognised when the group, as a result of a past event, has an existing legal or constructive obligation, it is probable that the group will be required to settle the obligation, and the amount can be measured reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. The estimate is made based on the actual circumstances related to each individual item.

Provision for project liabilities are measured at the expected cost to settle the obligation. A reimbursement asset is recognised if the company is covered for losses incurred through an insurance company and it is virtually certain that the company will receive compensation. A reimbursement asset reduce the net cost recognised in the statement of income.

Pensions
Subsequent to the termination of Multiconsult ASA's defined benefit plan at the end of 2016, the group has primarily defined contribution pension plans.

For defined contributions plans, the group pays contributions to private, administered insurance plans for pensions on a statutory, contractual or voluntary basis. The group has no additional obligations after the contributions have been paid. Contributions to defined contribution plans are expensed as incurred. LINK arkitektur AB participate in a defined benefit multi-employer plan that is accounted for as a defined contribution plan. The company has no early retirement plans.

Remaining defined benefit pension plans are primarily an individual unfunded agreement in Multiconsult Norge AS and a funded plan in LINK arkitektur AS. Pension obligations for defined benefit plans are estimated on an annual basis by independent actuaries. See note 12.

Income tax
Assets and liabilities related to current tax payable are measured at the amount expected to be received from or paid to the taxation authorities. Deferred tax assets and liabilities are calculated based on the liability method, including all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements, including losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. For investments in subsidiaries, associated companies or joint ventures, deferred tax liabilities are not recognised for taxable temporary differences when the group is able to control the timing of reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Similarly, deferred tax assets are only recognised for such investments if it is probable that the temporary difference will reverse in the foreseeable future and that sufficient taxable income will be available to allow the asset to be recovered.

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be utilized. Tax rates that are enacted or substantially enacted at the end of the reporting period and undiscounted amounts are used. Deferred tax assets and liabilities are recognised net when there is a legal right to offset payable tax assets and liabilities, and the group is able to and intends to settle payable income tax net.

The group considers expenses as tax deductible and income as not taxable based on interpretation of applicable legislation and regulations and when it is considered probable that the treatment will be accepted by the taxation authorities. The group provides for uncertain and contested tax positions based on the expected payment.

The income tax expense for a period consists of income tax payable and deferred tax. Income tax is recognised in profit or loss, except for when it relates to items that are recognised in equity, either directly or through other comprehensive income.

Statement of cash flows
The statement of cash flows has been prepared in accordance with the indirect method. Interest received and paid, and dividends received are reported as part of operating activities. Dividends paid are presented as part of financing activities.

Lease agreements
Lease agreements are classified as finance leases when the terms of the lease transfers substantially all risks and rewards of ownership to the lessee. Other lease arrangements are classified as operating leases. The group has identified only insignificant amounts of finance leases. Lease payments under operating leases are recognised on a straight-line basis in profit or loss over the relevant lease term.

Dividends
Dividends to the company's shareholders are classified as a liability when the dividends proposed have been approved by the Annual General Meeting.

Employee share purchase Programme
Multiconsult ASA has a share purchase programme for employees of the group. Through the share purchase programme the company offers employees of the group shares in Multiconsult ASA with a discount of 20%. Shares purchased by the employees through the programme are subject to a two year lock-in period. Based on independent party calculations according to an option-pricing model ("Black Scholes"), a part of the discount is recognised as employee benefit expense in the statement of income and a part directly to equity. The main part of the discount can be related to reduction in value due to the lock-in period and a loss on an equity transaction. See more details in note 9.

Standards and interpretation not yet effective
At the time of the issue of these financial statements, the following standards and interpretations, which may be relevant for the group, had been issued, but were not yet effective:

IFRS 16 Leases
IFRS 16 Leases will replace IAS 17 and IFRIC 4. The new standard requires lessees to recognise right-of-use assets and liabilities for all leases, with the exception of some leases with lease periods of less than one year or where the underlying assets are of low value. Depreciation, amortisation and impairment losses as well as interest expenses must be recognised in the statement of income. The accounting requirements for lessors are largely unchanged, however a sublease shall be classified as financing or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. The group will implement IFRS 16 on 1 January 2019 using the modified retrospective approach. The group has used the practical expedient to recognise the right- of-use asset at the same amount as the lease liability, and therefore the cumulative effect of adopting IFRS 16 had no effect on equity at 1 January 2019. Comparative information will not be restated. The group plans to apply the practical expedients to not recognise right-of-use assets and liabilities for leases with lease periods of one year or less and where the underlying assets are of low value. Low value has been defined on the basis that the underlying assets, when new, are individually of low value, i.e. office furniture, water dispensers, coffee machines, IT equipment for use by the individual employees, printers and copy machines etc. At transition, the group will use the practical expedients available not to recognise right-of-use assets and liabilities for leases with lease term that ends during 2019.

Multiconsult has two classes of assets that will be reported as right of use assets; buildings (primarily office premises) and cars. There are no difficult evaluations to determine if contracts contain leases. Only lease payments are included in the calculation of the lease liability. Several of the agreements for lease of office premises contain renewal options, and the group has made concrete evaluations of each contract to determine the lease term. See note 18 for further information, including estimated effect of implementation of IFRS 16 and effect on estimated liability of inclusion of renewal options or not utilizing termination options.

Other
A number of limited scope amendments and interpretations have been issued. These amendments and interpretations have been assessed to have no material impact on the group.

Management expects to implement these standards, amendments and interpretations on the aforementioned effective dates, assuming that the standards and interpretations have then been adopted by the EU.

NOTE 2 B SIGNIFICANT JUDGEMENTS IN THE APPLICATION OF GROUP ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires that management makes assessments, estimates and assumptions that impact reported amounts for revenues, expenses, assets and liabilities and presentation of contingent liabilities at the end of the reporting period.

Judgements that management have made as part of the application of the entity's accounting policies and that have the most significant impact on the amounts recognised in the financial statements are as follows:

Business combinations
The company assess on a continuous basis opportunities for strategic acquisitions of businesses within the consultant and advisory market. Historically, it has been considered that most of the consideration in excess of carrying amount of net assets relates to workforce, and the excess is therefore recognised as goodwill. Refer to note 4 for more information about business combinations in 2017, there were none in 2018. Goodwill is not amortised and is tested for impairment on an annual basis, whilst intangible assets will normally be amortised, allocating the cost of acquisition to profit or loss on a systematic basis.

Development costs
The company carries out a range of research and development activities and projects, none of which are individually significant. Refer to note 7 for more information. Some expenses incurred in the development phase of an intangible asset shall be recognised in the balance sheet if specific criteria in IAS 38 have been satisfied. Costs that do not satisfy these criteria are recognised as expenses in the statement of income as incurred and may not be recognised in the balance sheet at a later date. For a consultant and advisory company, it is challenging to make an assessment as to whether development of a service delivery process or service would satisfy the criteria for recognition in the balance sheet. Consequently, there may be development costs that are not recognised as an asset because the company has not demonstrated that the criteria are satisfied at relevant points in time. Historically, the company has expensed all costs as incurred, with the exception of certain software developed for own use.

Sources of ***estimation uncertainty*** with a significant risk of a material adjustment to the carrying amount in the following period:

Revenue
The majority of the projects are charged on hourly basis. In principle, all worked hours shall be paid according to the agreed rate in the contract. Revenue is recognised when the services are rendered. The company makes continuous assessment of the probability that hours worked will be paid, and makes adjustments to recognised revenues as appropriate. The main uncertainty relating to the assessment of contract revenue is associated with work efficiency, change orders, claims, damages and incentives. Even though the company has considerable experience in project management and measurement, there is an inherent risk associated with all these estimates.

Provisions
The group performs a large number of projects which vary in size. When performing a project, defects or damage that arise as a consequence of the deliverable may be discovered and result in a claim against the company. There may be potential defects or damages that have not been reported as a claim to the group, and that the group therefore is not aware of. Furthermore, the time horizon from reporting a case until final settlement may be several years. The size of the settlements may vary considerably. The company performs a thorough review of each claim. Project responsibility cases will give rise to both recognised provisions for liabilities and contingent liabilities that are not recognised as the company has assessed that it is not probable (under 50% probability) that the company will be required to pay compensation. The company has insurance coverage for project responsibilities. The company makes period reviews together with the insurance company. Expected reimbursement from the insurance company related to recognised provisions is recognised if it is virtually certain that the company will receive compensation.

The actual outcomes may differ materially from the estimates used. Refer to note 20 Provisions, disputes and contingent liabilities.

Impairment
Cash-generating units are reviewed for impairment when indicators exists and on an annual basis when it includes goodwill. The estimated recoverable amounts are affected by assumptions in connection with the estimation of future cash flows, as well as the discount rate for the estimation of the present value of the cash flows. Refer to note 14 intangible assets and goodwill for further discussion.

Income tax and indirect tax
The company conducts activities both within and outside Norway. There is a risk that the tax authorities may make assessments that differ from the group with regard to the amount of income tax and indirect tax payable. The group provides for income tax and indirect taxes based on the best estimate of the amounts payable for obligations that are probable, assuming that the group and the tax authorities have access to the same information. The group is not familiar with any significant disagreements upon issue of these consolidated financial statements.

The group has recognised net deferred tax assets in Norway and in Multiconsult Polska. Part of the deferred tax asset in Norway will be utilised by taxable group contributions in the 2018 tax reporting. Realisation of the remaining deferred tax asset requires future profit.

NOTE 3 FINANCIAL RISK MANAGEMENT

The group's exposure to financial risk is primarily related to credit risk, liquidity risk, currency risk and interest risk. The group's pension assets are also exposed to market risk and the present value of gross pension liabilities is affected by the discount rate.

Risk management in the group aims to support value creation in the group and to secure a continuing solid financial platform through visibility and strategic management of both financial and operational risk factors. Operational risk relates mainly to larger projects, which are continuously reviewed by the group management.

a) Credit risk
Credit risk is the risk that customers are not able to settle their payment obligations. Credit risk is considered to be a part of business risk and is reviewed as part of ongoing operations. A large part of the group's activities are within the subsidiary Multiconsult Norge AS, with the sub-group LINK arkitektur as the second largest. Multiconsult Norge AS and LINK arkitektur have established procedures for credit assessment of customers as well as suppliers. The risk that customers do not have the financial ability to settle their obligations is considered to be low. Historically, only minor credit losses on receivables have been realised. The group's clients are to a large extent public sector or well-established companies.

The largest proportion of the group's customers are Norwegian, thus creating a geographical concentration of risk. Of the group's revenues in 2018 approximately half relates to public sector customers and approximately 80% relates to customers in Norway. Multiconsult Norge AS has some large contracts that, to a certain extent, lead to a concentration of risk within a small number of large customers. The group's five and ten largest individual customers comprised approximately 18% and 25%, respectively, of the group's revenues in 2018. The percentages for trade receivables and work in progress for these customers at 31 December 2018 are approximately the same as for revenues. The percentages have been reduced compared to 2017.

The group's maximum credit exposure comprises the carrying amount of receivables, work in progress and cash and cash equivalents. Normal payment terms in Norway are 30 days after invoicing. Non-current receivables comprise limited amounts and have no fixed maturity date. Multiconsult Norge AS assesses that the risk for trade receivable and work in progress not being realised primarily relates to disputes regarding consideration. Multiconsult Norge AS has estimated revenue to be realised and constrained revenue recognition if relevant so that it is highly probable that a significant reversal of revenue per contract will not occur, but the nature of estimates means that changes can occur in either a positive or a negative direction. Multiconsult Norge AS makes individual assessments of trade receivable over a certain size, with a particular focus on those which are more than 60 days overdue. Generally, Multiconsult Norge AS invoices customers continuously for hours worked on the assignments. The assessment of whether revenue has been earned is, in some cases, also performed after the hours have been invoiced, with a reduction of revenues and work in progress or recognition of prepaid revenues (contract liability). To the degree that reduction to revenues have been realised in the form of a credit note, revenues have been reduced, instead of recognizing the adjustment as a realised loss. Realised losses in the table below are therefore related to bankruptcies etc. at customers, and represents actual credit losses.

MATURITIES OF TRADE RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2018

		Maturities of receivables that have not been impaired				
Amounts in NOK thousand	Carrying amount	Not due	0-30 days	30-60 days	60-90 days	>90 days
Trade receivables	676 059	483 452	122 666	9 215	1 389	59 337
Work in progress	343 863	343 863	0	0	0	0
Other current receivables [1]	36 014	36 014	0	0	0	0
Other non-current receivables [2]	5 860	5 860	0	0	0	0
Allowance for losses on receivables	(9 303)	0	0	0	(37)	(9 265)
Total trade and other receivables	**1 052 494**	**869 189**	**122 666**	**9 215**	**1 352**	**50 072**

[1] Other current receivables do not include prepayments, which are not considered financial assets.
[2] Other non-current receivables do not include net pension assets and reimbursement assets.

MATURITIES OF TRADE RECEIVABLE, ACCRUED REVENUES AND OTHER RECEIVABLES AS OF 31 DECEMBER 2017

		Maturities of receivables that have not been impaired					Impaired
Amounts in NOK thousand	Carrying amount	Not due	0-30 days	30-60 days	60-90 days	>90 days	
Trade receivables	600 875	380 740	89 042	28 039	14 598	74 358	14 098
Work in progress	368 447	363 607	1 982	681	259	1 918	0
Other current receivables [1]	26 461	26 461	0	0	0	0	0
Other non-current receivables [2]	6 397	6 397	0	0	0	0	0
Allowance for losses on receivables	(12 498)	0	0	0	0	0	(12 498)
Total trade and other receivables	**989 682**	**777 205**	**91 025**	**28 720**	**14 857**	**76 276**	**1 600**

[1] Other current receivables do not include prepayments, which are not considered financial assets.
[2] Other non-current receivables do not include net pension and reimbursement assets.

CHANGES IN ALLOWANCES FOR LOSSES ON RECEIVABLES DURING THE YEAR ETC

Amounts in NOK thousand	**2018**	**2017**
Opening balance allowance for losses on receivables	12 498	12 392
Increase due to business combinations	0	408
Change in allowances for losses on trade receivable during the year	(3 196)	(301)
Closing balance allowance for losses on receivables	**9 303**	**12 498**
Realised losses in the event of bankruptcy etc.	3 378	1 064
Loss on receivables in the statement of income	183	763

b) Liquidity risk
Liquidity risk is the risk of being unable to settle financial obligations at maturity. Liquidity risk arises if there is no correspondence between the cash flows from the business and the financial obligations. Managing liquidity risk is performed through development of liquidity management strategies, which are operationalized through liquidity budgets and are continuously reviewed. The group's liquidity risk exposure is limited, but with significant short-term variation. Liquidity management is followed up closely through budgets and regular short- and long-term forecasting. Historically, the group has had a surplus liquidity and has continuously paid dividends to the owners. The group's cash flows from operating activities in 2018 and 2017 were positive. The operations in Multiconsult are exposed to normal fluctuations that affect the cash flows during the year. The majority of payments relate to employees and sub-contractors.

Change in interest bearing liabilities in the balance sheet during 2018 and 2017 corresponds to the net amount reported in the cash flow statement.

INTEREST BEARING LIABILITIES 31 DECEMBER

	31.12.2018		31.12.2017		
Amounts in thousand	**NOK**	**Currency**	**NOK**	**Currency**	**Currency**
Multiconsult ASA	193 500	193 500	215 000	215 000	NOK
Multiconsult Norge AS	0	0	70 938	70 938	NOK
Multiconsult Asia	451	71	0	0	SGD
Multiconsult Polska	1 146	495	0	0	PLN
LINK arkitektur AB	1 211	1 248	0	0	SEK
LINK arkitektur A/S	2 109	1 583	2 838	2 279	DKK
Total interest bearing liabilities	**198 417**	**N/A**	**288 776**	**N/A**	**N/A**

At 31 December 2018, Multiconsult ASA has a term loan of remaining NOK 193.5 million. Installment of NOK 21.5 million is due on 1 October 2019, with final repayment in October 2020. In October 2019, Multiconsult may request an extension for one year at the discretion of the bank. Multiconsult Norge AS has an overdraft facility with Nordea Bank with a limit of NOK 320 million as of 31 December 2018, renewed annually and currently with a term until 26 June 2019. At 31 December 2018, no amount was drawn under the overdraft facility (NOK 71 million at 31 December 2017).

The existing loan agreement, overdraft facility and guarantee agreement contain negative pledge and cross default clauses, and limitations in entering into new loan agreements without the consent of Nordea Bank. It includes covenant requirements that puts restrictions on the level of net interest bearing liabilities in the NIBD/EBITDA ratio and require a minimum equity ratio. See section "capital management" below. At 31 March and 30 September 2018, the group was in breach of the loan covenant ratio for NIBD/EBITDA due to reduced profits and increase in working capital in these periods. Nordea Bank granted waivers, and the covenant ratio requirement was increased during 2018 to 2.0. At 31 December 2018, the group was in full compliance with all covenant requirements.

Multiconsult Asia Pte. Ltd. has an uncommitted bank overdraft credit facility of SGD 500 thousand, with a term until 31 may 2019 with the option to extend for one or several periods of 12 months at the discretion of the bank.

Multiconsult UK has an uncommitted bank overdraft agreement of GBP 200 thousand.

LINK arkitektur has a multi-currency cash pool system. The cash pool system includes a short term drawing facility of NOK 17.5 million as of 31 December 2018, of which no amounts were drawn. The bank facilities includes a covenant requirement of a NIBD/EBITDA ratio above 2, measured annually.

The maturities of interest bearing liabilities are disclosed below. All other current financial liabilities, except from derivatives, have maturity within one year.

MATURITY INTEREST BEARING LIABILITIES 31 DECEMBER 2018

		Maturity			
Amounts in NOK thousand	**Carrying amount**	1 year	2 years	> 2 years	Total payments
Interest bearing liabilities	198 417	22 998	172 733	2 686	198 417
Interest on interest bearing liabilities [1]	0	6 654	5 078	109	11 842
Total interest bearing liabilities incl. interest	**198 417**	**29 652**	**177 811**	**2 795**	**210 259**

[1] Calculated using the interest rate as of 1 January 2019

There are no significant restrictions on the company's ability to access or use the group's assets or to settle the group's liabilities, see however restricted cash in note 16.

c) Currency risk
Multiconsult Norge AS is to a certain extent influenced operationally by currency fluctuations, mainly relating to revenues from assignments abroad. The risk relates to the delivery of engineering services from Norway to other countries. Several ongoing foreign assignments have agreed rates in currencies other than NOK, mainly EUR and USD. When a significant currency risk arises, the risk is assessed separately, but so far the risks have only been mitigated to a certain degree through the use of forward contracts. The group had limited amounts of forward currency contracts as of 31 December 2018 and 2017. The company has, to a limited degree, bank accounts, trade receivables and trade payables in foreign currency. When entering into contracts in foreign currency the company evaluates currency risks and the need to secure these risks. The subsidiaries holds monetary items primarily in their functional currency. Changes in currency rates between NOK and foreign currencies may influence the company's statement of income and equity.

The group's operations are primarily run in and from Norway. For accounting purposes, the group is exposed to currency translation risk related to foreign subsidiaries and associated companies, primarily PLN, DKK, SEK and GBP. Currency risk arising from equity in foreign entities is not hedged, and currency changes affect the group's equity through other comprehensive income. The various companies within the group also conduct services abroad, which give rise to currency risk in the separate engagements.

Multiconsult ASA has limited amounts of forward currency contracts for sale of EUR with negative fair value of NOK 79 thousand at 31 December 2018 (2017: negative NOK 298 thousand).

The effect on monetary items from a reasonably possible change in currency rates compared to the separate group entities' functional currency would be insignificant as of 31 December 2018 and 2017.

d) Interest rate risk
The group's operating revenues and cash flows from operating activities are to a limited degree directly affected by interest rate changes. The group's interest risk is related to variable interest on bank accounts and on liabilities. In December 2018 Multiconsult renegotiated the overdraft facility agreement to include a grid on the margin and reduction in provision fee. A grid on the margin was also renegotiated for the term loan. Due to the limited amount of net interest bearing liabilities at 31 December 2018 and 2017, a change in interest rates of half a percentage point would result in insignificant change in annual net interest expense (excluding effect on fair value of interest rate swaps).

Multiconsult ASA has an interest rate swap that exposes it to fair value interest rate risk. At 31 December 2018, NOK 96.75 million is swapped from variable 3 month NIBOR to fixed interest of 1.6% p.a. for four years. The amount of the agreement is reduced by NOK 10.75 million per year, next time in October 2019. At 31 December 2018 the fair value was a loss of NOK 86 thousand (loss of NOK 1.2 million per 31 December 2017). An increase/decrease in 3 month NIBOR of half a percentage point would result in a gain of NOK 1.2 million/loss of NOK 1.4 million (31 December 2017: a gain of NOK 0.6 million/loss of NOK 3 million).

Establishment of the interest rate swap was due to requirements from Nordea Bank.

e) Categories of financial instruments
The group has the following categories of financial instruments:

AS OF 31 DECEMBER 2018

Amounts in NOK thousand	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	533	0	533	533	3
Other non-current receivables	0	5 860	5 860	5 860	N/A
Trade receivables and other current receivables [1]	0	1 046 634	1 046 634	1 046 634	N/A
Cash and cash equivalents	0	138 872	138 872	138 872	N/A
Total assets	**533**	**1 191 366**	**1 191 899**	**1 191 899**	
Estimated fair value	**533**	**1 191 366**	**1 191 899**	**1 191 899**	

Amounts in NOK thousand	FVTPL	Amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Derivatives	165	0	165	165	2
Interest bearing liabilities	0	198 417	198 417	198 417	N/A
Trade payables and other current liabilities [2]	0	865 917	865 917	865 917	N/A
Total liabilities	**165**	**1 064 334**	**1 064 498**	**1 064 498**	
Estimated fair value	**165**	**1 064 334**	**1 064 498**	**1 064 498**	

[1] Prepayments are excluded since this analysis is only required for financial instruments. It also excludes net pension assets and reimbursement assets.
[2] Prepaid revenues and income taxes payable are excluded from trade payable and other liabilities, since this analysis is only required for financial instruments. It also excludes provisions and net pension liabilities.

AS OF 31 DECEMBER 2017

Amounts in NOK thousand	Available for sale	Loans and receivables	Total	Estimated fair value	Level in the fair value hierarchy
ASSETS					
Shares and equity interests	533	0	533	533	3
Other non-current receivables	0	6 462	6 462	6 462	N/A
Accounts receivables and other current receivables [1]	0	983 285	983 285	983 285	N/A
Cash and cash equivalents	0	154 291	154 291	154 291	N/A
Total assets	**533**	**1 143 972**	**1 144 505**	**1 144 505**	
Estimated fair value	**533**	**1 143 972**	**1 144 505**	**1 144 505**	

Amounts in NOK thousand	Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Estimated fair value	Level in the fair value hierarchy
LIABILITIES					
Liabilities					
Derivatives	1 462	0	1 462	1 462	2
Interest bearing liabilities	0	288 776	288 776	288 776	N/A
Accounts payable and other current liabilities [2]	0	738 742	738 742	738 742	N/A
Total liabilities	**1 462**	**1 027 519**	**1 028 981**	**1 028 981**	
Estimated fair value	**1 462**	**1 027 519**	**1 028 981**	**1 028 981**	

[1] Prepayments are excluded since this analysis is only required for financial instruments. It also excludes net pension assets and reimbursement assets.
[2] Prepaid revenues and income taxes payables are excluded from accounts payables and other liabilities, since this analysis is only required for financial instruments. It also excludes provisions and net pension liabilities.

Fair value estimates and the fair value hierarchy
The group measures fair value based on the following hierarchy that reflects the input used in measuring fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable marked data (unobservable inputs).

The net carrying amounts of trade receivables, other receivables, cash and cash equivalents, interest bearing liabilities and trade payable are deemed to approximate fair value. Shares and equity interests that are not listed, have a low value and it is assumed that the carrying amounts approximate fair value. Fair value of derivatives are calculated based on the present value of future cash flows, calculated using interest rate curves, currency exchange rates and currency spreads as of the reporting date.

f) Capital management
The group has followed up its capital structure by securing adequate free liquidity in the form of cash, bank placements and bank overdraft, to be able to continuously service its obligations without significant loan financing, have adequate equity and to have available liquidity. The company at the end of 2017 established a term loan as additional financing. The existing loan agreements include a covenant requirement that net interest bearing liabilities (excluding restricted cash) of the group shall not exceed 2.0 times last twelve months EBITDA for the group (NIBD/EBITDA), and an equity ratio of at least 25%. The NIBD/EBITDA ratio requirement was increased from 1.5 to 2.0 in 2018, and it shall be calculated based on the IFRS accounting policies implemented at that time. This has special relevance in relation to the implementation of IFRS 16 Leases from 1 January 2019, which will increase interest bearing debt significantly, as well as EBITDA, but which shall be excluded in the covenant ratio calculation.

The company has a target level of NIBD/EBITDA ratio below 1.5 (before effect of IFRS 16). The company has a dividend policy of paying at least 50% of the group's profit after tax as annual dividends. The Board of Directors will suggest that the 2019 Annual General Meeting declare a dividend of NOK 1.5 per share based on the 2018 financial results, which approximates 64% of the 2018 annual result.

The management of capital has to take into consideration the dividend policy, loan covenant requirements and having access to free liquidity.

NET INTEREST BEARING LIABILITIES AND EQUITY AS OF 31 DECEMBER AND EBITDA FOR THE YEAR

Amounts in NOK thousand (except percentages)	2018	2017
Cash and cash equivalents	138 872	154 291
Interest bearing liabilities	(198 417)	(288 776)
Net interest bearing liabilities	**(59 545)**	**(134 485)**
Net interest bearing liabilities excluding restricted cash (NIBD)	**(78 377)**	**(179 111)**
EBITDA	**149 133**	**164 743**
NIBD (excl. restricted cash)/EBITDA	**0.53**	**1.1**
Equity	**593 211**	**582 072**
Equity ratio group	**31%**	**32%**

NOTE 4 BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN 2018
There has been no business combinations in 2018.

BUSINESS COMBINATIONS IN 2017

Values at the acquisition date in NOK thousand	Hjellnes Consult AS	Johs Holt AS	Prosjektforum AS	Iterio AB
Current receivables and accrued revenues	63 922	9 102	2 270	19 635
Deferred tax assets	1 131	88	43	0
Property, plant and equipment	4 807	447	141	0
Other assets	149	46	1	0
Cash and cash equivalents	3 197	1 975	1 767	5 090
Total identifiable assets	**73 207**	**11 658**	**4 222**	**24 725**
Non-current interest bearing liabilities	0	0	0	1 187
Other current liabilities	47 117	7 058	2 823	11 262
Total identifiable liabilities	**47 117**	**7 058**	**2 823**	**12 449**
Net identifiable assets	26 090	4 600	1 399	12 276
Goodwill	125 710	27 600	9 098	39 350
Total consideration for the shares	**151 800**	**32 200**	**10 796**	**51 626**
Settled with Multiconsult shares	53 459	11 340	0	0
Cash and cash equivalents	3 197	1 975	1 767	5 090
Net cash paid	**95 144**	**18 885**	**8 729**	**46 536**

On 7 March 2017, Multiconsult ASA acquired all the shares of Iterio AB for NOK 52 million (SEK 55.5 million). The acquisition was settled in cash and financed through Multiconsult's existing credit facilities. Incremental external transaction related costs of NOK 0.5 million, was expensed as part of other operating expenses. Iterio AB is included in the segment International.

The acquisition is a first step towards Multiconsult's strategic objective of developing a multidisciplinary business in Sweden.

Iterio AB are engineering consultants with focus on planning and construction. They are mainly involved with project and design management as well as data coordination. Their core expertise is within geotechnics, environment and traffic and they have a solid customer base. The company was established in 2011 and employs more than 70 engineers across offices in Stockholm, Gothenburg and Malmø. Iterio AB is a valuable addition and a good fit with LINK arkitektur's and Multiconsult group's existing presence and commitment in Sweden and Scandinavia.

The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. Iterio AB is consolidated into the group accounts as of 1 March 2017.

On 13 March 2017, Multiconsult ASA acquired all the shares in Prosjektforum AS for NOK 10.7 million. The acquisition was settled in cash and financed through Multiconsult's existing credit facilities.
Prosjektforum AS expertise is within building and project management services, building control, housing consultancy services, value analysis as well as defining and valuation of damages. The company is located in Sarpsborg. The purchase of Prosjektforum AS will strengthen Multiconsult ASA in the area of value analysis and damages, a specialist field in which they are professional leaders in Norway. Prosjektforum AS is included in the segment Greater Oslo Area.

For a number of years, the company has collaborated with Multiconsult ASA on major due diligence analyses of commercial buildings, as well as assisted in specialised services in geotechnical, electrical and plumbing subjects and entered into various project teams. The companies have collaborated on emergency preparedness planning in connection with major natural damage events in Norway, and are part of the team that will assist the Norwegian Nature Injury Pool with the coordination of preparedness and assessment of major natural accidents.

The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible. Prosjektforum AS is consolidated into the group accounts as of 30 March 2017.

On 25 September 2017, Multiconsult ASA acquired all the shares of Hjellnes Consult AS for NOK 151.8 million. 65 percent of the purchase price was settled with cash and 35 percent was settled with Multiconsult shares. External transaction related costs are expensed as part of other operating expenses of NOK 1.9 million. Hjellnes Consult AS employs more than 230 engineers and is localised in Oslo. In 2016 the company had total revenues of NOK 266.2 million and profit before tax of NOK 12.9 million. Hjellnes Consult AS provides multidisciplinary consulting services and have extensive expertise in buildings, plants, infrastructure and environment. Hjellnes Consult AS is included in the segment Greater Oslo Area.

Multiconsult and Hjellnes Consult AS have been operating in the same industry for a long time and the companies fit well together, both strategically, professionally and culturally. Combining forces increases the interdisciplinary capacity and expertise within the core business areas Buildings & Properties, Transportation, as well as Water & Environment. Multiconsult plans to exploit this to take new market shares and increase the competitiveness of the company's strategic investments in urbanism and healthcare, in line with the company's 3-2-1 GO strategic objectives. The acquisition generated an excess value of NOK 125.7 million. The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible.

Hjellnes Consult AS is consolidated into the group accounts as of 30 September 2017.

On 25 September 2017, Multiconsult ASA acquired all the shares of Johs Holt AS for NOK 32.2 million. 65 percent of the purchase price was settled with cash and 35 percent was settled with Multiconsult shares. External transaction related costs are expensed as part of other operating expenses with NOK 0.4 million. Johs Holt AS has 27 employees. In 2016 the company had total revenues of NOK 35 million and profit before tax of NOK 3.5 million.

Johs Holt AS provides consulting services for all types of bridges and other heavy structures. The acquisition generated an excess value of NOK 27.6 million. Johs Holt AS is included in the segment Greater Oslo area. The excess value is allocated to goodwill and is related to the competence of the staff. Goodwill is not tax deductible.

Johs Holt AS is consolidated into the group accounts as of 30 September 2017.

Impact of the acquisitions on the results of the group
If the business combinations of Hjellnes Consult AS, Johs Holt AS and Iterio AB had been effected at 1 January 2017 the net operating revenue for the group for the year 2017 would have been NOK 3,186.6 million. EBIT would have been NOK 123.1 million and profit for the year would have been NOK 80.9 million. The group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on annualised basis and to provide a reference point for comparison in future periods.

Other acquisitions
On 2 March 2017, Multiconsult ASA acquired 9 employees from Rambøll in Ålesund. The employees has expertise and works within the area of building technology and fire consulting. The purchase price amounts to NOK 0.5 million and is allocated to unfilled orders with NOK 0.1 million and goodwill NOK 0.4 million (tax deductible). Rambøll is included in the group accounts as of 30 March 2017.

On 22 March 2017, Multiconsult ASA acquired the employees in Bomek Consulting. The employees are engineers who delivers technical solutions of process engineering and mechanical buildings. Bomek Consulting is included in the group accounts as of 1 April 2017. The purchase price amounted to NOK 4.9 million and the total purchase price is allocated to goodwill (tax deductible).

On 6 September 2017, Multiconsult Norge AS acquired 3 employees from VVSPlan AS. The expertise is in the area of consulting and engineering within plumbing, energy and environment. The purchase price amounts to NOK 0.9 million and is allocated NOK 0.8 million to goodwill (tax deductible).

NOTE 5 SEGMENTS

The group's business is divided into four reporting segments, three geographical segments and one segment for LINK arkitektur.

1. Greater Oslo Area is represented by the office in Oslo, the regions Østfold (Fredrikstad and Moss) and Buskerud/Vestfold/Telemark (Drammen, Skien and Tønsberg).
2. Regions Norway comprises the regions South (Kristiansand and Grimstad), South West (Stavanger and Egersund), West (Bergen), Middle (Trondheim and Steinkjer) and North (Tromsø, Finnmark and Svalbard).
3. International comprises the companies Multiconsult Polska (Poland), Multiconsult UK (England), Multiconsult Asia (Singapore), Multiconsult Russia and Iterio AB.
4. LINK arkitektur comprises the companies LINK arkitektur AS, LINK arkitektur AB, LINK arkitektur aps and LINK arkitektur A/S.

Segment Greater Oslo Area, Regions Norway and International are organised into geographical divisions and correspond with the internal reporting to the group's chief operating decision maker, the CEO. Assignments are staffed across segments. Revenues and expenses are reported in a segment based on where the employee is based.

The group also reports revenues divided by seven business areas:

1. Buildings & Properties
2. Industry
3. Oil & Gas
4. Renewable energy
5. Transportation
6. Water & Environment
7. City & Society

Buildings & Properties include advisory and engineering at all stages of a construction project for all types of buildings. The business area provides services such as demand- and feasibility studies, sketch pre-project, detailed design and follow-up during the construction period, and real estate consultancy. The focus is on sustainable and long-term solutions. LINK arkitektur is included.

Industry offers complete, interdisciplinary advisory and engineering services in all project phases. Services include investigations, project development, project management, design and procurement, construction with all technical systems, construction management and follow-up, and commissioning.

Oil & Gas provides services throughout the whole value chain, from early phase studies through FEED (Front End Engineering Design) to detailed engineering and delivery for both onshore and offshore projects. Services provided onshore are within terminal and production facilities, facilities and constructions, harbour and marine constructions, underground warehouses, land-based pipelines and landfills, and electrical substations. Services provided offshore are within oil and gas rigs and platforms, concrete marine constructions, modules and structures for rigs and platforms, seabed installations, arctic climate technology for floating and subsea constructions, and noise and vibration measurement amongst others.

Renewable Energy covers the entire project life cycle in hydropower, transmission and distribution, land-based wind power and solar energy. Services provided are from start-up and preliminary studies to detailed design and construction management, commissioning and operational shutdown.

Transportation largely comprises advisory services for planning safe and forward-looking transport systems. The business area covers road, rail, airport, harbour and channel transport systems.

Water & Environment includes services in all phases of the lifetime of a project including inspections, engineering, operation and maintenance, and remediation and demolition. Focus is placed on sustainable development of the environment through advisory services related to Greenhouse gas emissions, flood and mud slide protection, water and drains, blue-green structures and issues related to pollution of air, water and soil.

City & Society includes complex early-stage planning in urban areas. The focus is on creating innovative solutions and contribute to building attractive cities of the future. Mobility, infrastructure, area solutions and real estate development are core markets.

The segments *Greater Oslo Area and Regions Norway* offer services within the whole service spectrum without architecture.

For the segment *International*, Multiconsult UK primarily offers services within Renewable Energy, whilst the company in Poland primarily offers services within the market areas Transportation, Oil & Gas and Water & Environment. Multiconsult Asia and Multiconsult Russia primarily offers services within Oil & Gas.

Not allocated in 2018 consists of administrative staff and shared services, of which the majority is allocated to the business segments. Remaining unallocated costs are considered as shareholder costs. In addition some of the administrative staff participate in external projects which generated some external revenue and project costs.

Expenses for administrative services, rent, depreciation etc. are allocated to the segments. The allocation of expenses is not reported as intercompany revenue and expenses. Assets are not reported internally divided by segments. The information is the same as group management uses to allocate resources and evaluate performance. The accounting policies for the segments are the same as the policies for the group.

Amounts in NOK thousand

YEAR 2018	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues	1 849 609	1 165 255	259 763	632 094	1 917	0	3 908 638
Internal revenues	27 374	0	30 809	33 470	4 482	(96 135)	0
Total operating revenues	1 876 983	1 165 255	290 572	665 564	6 399	(96 135)	3 908 638
Net operating revenues	1 542 766	1 077 567	198 942	513 111	2 462	0	3 334 848
Operating expenses	1 469 492	1 004 890	188 906	492 660	29 766	0	3 185 715
EBITDA	73 273	72 677	10 036	20 450	(27 304)	0	149 133
Depreciation and amortisation	15 781	22 545	1 980	7 368	2 456	0	50 130
EBIT	57 492	50 133	8 056	13 082	(29 760)	0	99 003
Associates and joint ventures	1 271	0	0	390	0	0	1 661
Trade receivables and WIP [2)]	479 965	281 598	108 511	194 325	0	(44 477)	1 019 922
# employees	1 176	854	284	489	131	0	2 934

Amounts in NOK thousand

YEAR 2017	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Eliminations	Total
External revenues [1)]	1 544 298	1 102 266	188 113	553 720	(12 997)	0	3 375 399
Internal revenues	76 551	30 420	37 720	33 773	4 835	(183 300)	0
Total operating revenues	1 620 848	1 132 686	225 834	587 493	(8 162)	(183 300)	3 375 399
Net operating revenues	1 306 957	1 027 303	177 753	488 829	(6 428)	0	2 994 414
Operating expenses	1 226 319	990 216	158 438	457 771	(3 073)	0	2 829 670
EBITDA	80 638	37 087	19 315	31 058	(3 354)	0	164 744
Depreciation and amortisation	16 044	24 085	2 038	5 591	(967)	0	46 791
EBIT	64 594	13 002	17 278	25 467	(2 387)	0	117 953
Associates and joint ventures	1 951	0	(1 055)	261	0	0	1 157
Trade receivables and WIP [2)]	502 815	242 778	90 870	206 312	5 025	(78 478)	969 322
# employees	1 179	841	216	475	140	0	2 851

[1)] External revenues in Regions Norway includes a gain of sold property of NOK 10,7 million.
[2)] Trade receivables and WIP includes trade receivables before provision for loss, and work in progress (accrued revenues).

Amounts in NOK thousand	**2018**	**2017**
REVENUES PER BUSINESS AREA		
Buildings & Properties	1 729 935	1 512 696
Industry	218 849	204 313
Oil & Gas	99 551	106 801
Renewable Energy	439 874	433 116
Transportation	977 215	782 615
Water & Environment	301 737	233 044
City & Society	141 475	102 814
Total	**3 908 638**	**3 375 399**

Amounts in NOK thousand	**2018**	**2017**
REVENUES PER GEOGRAPHY The table below shows revenues distributed by geography, based on the customer's location:		
Norway	3 122 703	2 628 788
Abroad	785 935	746 611
Total	**3 908 638**	3 375 399

Customer location is based on the invoice address.

Of the total non-current assets (goodwill, intangibles, property, plant and equipment and associates) at 31 December 2018, 20 per cent is located or related to companies outside Norway.

No customer contributed 10 per cent or more of revenues in 2018 or 2017.

NOTE 6 REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

All revenue for the group in 2018 is from contracts with customers. Revenue is generated by delivering consulting services. The group provides a range of services, including multidisciplinary consulting and design, project engineering and management, verification, inspection, supervision and architecture – both in Norway and abroad.

DISAGGREGATION FOR REVENUES FROM CONTRACTS WITH CUSTOMERS

Amounts in NOK thousand

YEAR 2018	Greater Oslo Area	Regions Norway	Inter-national	LINK arkitektur	Not allocated	Total
External revenues	1 849 609	1 165 255	259 763	632 094	1 917	**3 908 638**
Revenues per business area						
Buildings & Properties	715 945	424 449	0	586 335	3 206	1 729 935
Industry	71 006	138 550	0	9 293	0	218 849
Oil & Gas	62 828	30 131	6 854	0	(261)	99 551
Renewable Energy	292 407	103 958	43 508	0	0	439 874
Transportation	483 948	308 234	185 034	0	0	977 215
Water & Environment	167 826	109 545	24 367	0	0	301 737
Cities & Society	55 649	50 388	0	36 466	(1 027)	141 475
Total	**1 849 609**	**1 165 255**	**259 763**	**632 094**	**1 917**	**3 908 638**
Revenues per geography[1]						
Norway	1 642 927	1 165 255	0	312 604	1 917	3 122 703
Sweden	13 408	0	121 685	179 004	0	314 097
Denmark	3 589	0	0	140 486	0	144 075
Poland	0	0	112 685	0	0	112 685
All other countries	189 685	0	25 393	0	0	215 078
Total	**1 849 609**	**1 165 255**	**259 763**	**632 094**	**1 917**	**3 908 638**

[1] Revenues distributed by geography is based on the customer's location.

CONTRACT BALANCES

Amounts in NOK thousand	Note	2018	2017
Trade receivables	3, 13	666 756	588 377
Work in progress (contract assets)		343 863	368 447
Prepaid revenues (contract liabilities)		138 411	136 493

Work in progress relate to the group's right to consideration for work completed but not billed at the reporting date. Work in progress are transferred to receivables when the group issues an invoice. Trade receivables has increased due to increased revenues. At 31 December 2017, Multiconsult Norge AS had a high level of trade receivables and work in progress due to implementation of the new ERP system with negative effect on the billing and collection routines for a period. Work in progress has decreased during 2018, primarily because the group has better routines and support from the new ERP system on timely issuing invoices for work performed.

For each contract it is presented a net amount for work in progress or prepaid revenues.

The group has used the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component if the group expects, at contract inception, that the period between transfer of the service and when the customer pays for that service will be one year or less. Approximately half of the prepaid revenues relates to contracts in Multiconsult Polska. Multiconsult Polska has been able to negotiate some long term contracts with prepayments. Multiconsult believes the reason for the prepayments is not providing of finance to Multiconsult, and has consequently not recognised interest expense and offsetting increase in revenues.

Multiconsult estimates that prepaid revenues of NOK 76,575 thousand at 31 December 2017 has been recognised as revenue during 2018.

Order backlog (unaudited)

Order Backlog is revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2018. Options and call-offs on frame agreements are not included in the order backlog before signed and thereby committed. Contracts for an agreed service delivery may include an agreed scope, with fixed price per hour but where the number of hours are not fixed. Multiconsult regards this as variable consideration, and has included the expected number of hours in the order backlog.

The order backlog at 31 December 2018 is estimated to NOK 2,803 million. The timing of the recognition of revenue is uncertain, as it depends on the actual progress in many different project which involves a number of parties. The group has estimated that it may recognise approximately 57% of the order backlog as revenue during 2019, 30% in 2020 and the remaining 13% in the subsequent years.

No consideration from contracts with customers is excluded from the amounts presented in the table above.

NOTE 7 RESEARCH AND DEVELOPMENT

Multiconsult Norge AS performs a number of research and development activities. Based on the definition in IFRS, the company has divided the activities into the following categories:

1. Projects with external funding .

2. Projects with collaborating partners (i.e. SINTEF), Skattefunn, PhD arrangements.

3. Activities related to methodology development, process etc. that the company uses to deliver to customers (product and process development), including these activities in group networks.

Total expenditures for these activities were NOK 7.6 million in 2018 (NOK 11.9 million in 2017), of which NOK 0.6 million was invoiced to customers in 2018 (NOK 0 in 2017). In the income statement, these expenditures have been reduced by government grants (Skattefunn) of NOK 0.7 million in 2018 (NOK 1.3 million in 2017). None of these expenditures have been capitalised.

NOTE 8 OTHER OPERATING EXPENSES

Amounts in NOK thousand	2018	2017
Rental expenses (operating lease)	186 931	148 303
Other real estate expenses	73 452	62 623
Consultants	52 478	66 397
Technical equipment	42 052	8 745
Office expenses, IT	99 218	104 993
Telecommunications services	14 647	13 133
Travel and per diem allowance	65 091	32 408
Marketing	23 085	21 468
Losses on receivables	183	763
Other	89 084	105 460 [1]
Total other operating expenses	**646 221**	**564 291**

[1] Reclassifications made for 2017, see note 1.

AUDITOR
Fees paid to Deloitte AS and affiliated companies, as well as other auditors in subsidiaries:

	2018		2017	
Amounts in NOK thousand	Deloitte	Other	Deloitte	Other
Statutory audit services	3 236	542	2 279	421
Tax advisory services	385	0	222	81
Other assurance services	53	0	330	34
Other non-audit services	56	0	793	63
Total	**3 729**	**542**	**3 624**	**600**

The amounts above are excluding VAT.

NOTE 9 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES ETC.

Amounts in NOK thousand	2018	2017
EMPLOYEE BENEFIT EXPENSES		
Salaries, vacation pay, bonus etc.	2 024 411	1 803 433
Social security tax	293 864	268 846
Pension expenses (see note 12)	170 411	141 892
Other employee benefit expenses	50 807	51 208 [2]
Total employee benefit expenses	**2 539 494**	**2 265 379**
Number of full time employees during the year [1]	2 773	2 516
Number of employees as of 31 December	2 934	2 851

[1] Number of full time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.

[2] Reclassifications made for 2017, see note 1.

Number of full time employees during 2017 includes employees of Prosjektforum AS from 1 April, Iterio AB from 1 March, Hjellnes Consult AS from 1 October and Johs Holt AS from 1 October.

SHARE PURCHASE PROGRAMME AND LOANS TO EMPLOYEES

Multiconsult ASA has a share purchase program (SPP) available to all group employees. The SPP offers employees to buy shares in Multiconsult ASA at a discount of 20%. Shares purchased by the employees through the program are subject to a two- year lock-in period.

The 2018 program took place in November. In total Multiconsult sold 630,689 shares to its employees, which it purchased in the market. The sale was based on a price of NOK 47.21 per share, which is a 20% discount of the volume-weighted average share price of NOK 59.01 per share traded on Oslo Børs in the period 8 November to 14 November 2018. The total sales price reduced with the discount was NOK 29,774,828, of which NOK 13,001,103 was paid in cash and the remaining NOK 16,773,725 as loans granted to the employees, maximum 3/5 G (NOK 58,130 per employee). The outstanding balance of loans per 31 December 2018 was NOK 15,816,879 including loans to the executive management related to their variable performance based bonus scheme. Repayment of loans takes place over 12 months through deduction in salary.

In the 2017 program the employees were allocated 439,740 shares. The total sales price was NOK 28,367,627, of which NOK 11,412,961 was paid in cash and the remaining NOK 16,954,666 as loans granted to the employees. The outstanding balance of loans per 31 December 2017 was NOK 16,064,447, including loans to the executive management related to their variable performance based bonus scheme.

The discount is partially recognised as an expense and partially recognised directly in equity. See accounting policies for further description.

DISCOUNT, EMPLOYEE SHARE PURCHASE PROGRAM

Amounts in NOK thousand	2018	2017
Employee benefit expenses	2 036	1 921
Recognised directly to equity (before tax) [1]	5 407	5 172
Total discount	**7 442**	**7 093**

[1] The discount (before tax) recognised directly to equity may deviate from the total amount (before tax) recognised in the statement of equity if the payments to acquire own shares deviates from the market price for the shares used as basis for calculation of the discount.

There are no unamortised employee benefit expense related to the shares sold.

REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Section 1 describes the guidelines for remuneration in 2019, to be approved by the General Meeting in 2019.

1.1. General guidelines
Remuneration to the group management shall reflect the responsibilities of the CEO and other members of the group management in Multiconsult, considering the complexity of the company, growth and sustainability. The company's remuneration strategy is to offer competitive remuneration, but not to be in the forefront.

Total remuneration to the executive management team is combination of fixed elements and variable performance based bonus. Fixed remuneration consists of base salary, fringe benefits, pension and insurance.

The payout potential in the bonus program is up to a maximum of six months base salary for the CEO and four months for other members of the executive management team. Financial targets, agreed action plans, and relevant KPIs are approved and evaluated by the board. Payout of bonus earned is partly in cash and partly in shares at a 30 per cent discount and a 3-year lock-in period. Furthermore, the executive management team can also take part in the share purchase program for all employees.

No options have been issued to employees or elected officers of the group.

1.2. Pension and insurance arrangements
The group management team is included in the pension and insurance program as other employees in Multiconsult ASA, which is similar to the pension and insurance program in Multiconsult Norge AS. The members of the group management, who until 2017 were members of the defined benefit plan, are in the same way as other affected employees, partly compensated for entering into the defined contribution plan.

1.3 Guidelines for share based remuneration
The board of directors implemented a variable performance based bonus scheme for the group management effective from 2016. Out of the earned bonus, 75% of the bonus is paid in cash and 25% by shares at a 30% discount and a three-year lock-in period. If a member of the management team leaves the company during the lock-in period, the member has to repay the discount pro rata according to accrued and remaining lock-in period. The group management also has an option to buy additional shares at a 30% discount for the amount equal to 25% of the bonus attained. The potential framework in 2018 was not to exceed that which was possible in 2017. Funding of the shares is by cash or by loan from Multiconsult ASA. If the member of the group management leaves the company, repayment of the loan takes place at the last date of employment. Members of the group management participate in the company's general share purchase program for employees, in which they are offered to purchase shares at a discount of 20% with a two-year lock-in period.

2. Remuneration policy during the accounting year
With the exceptions mentioned below, the principles described in section 1 above serves as basis for the remuneration policy during 2018. The bonus program for 2018 had a pay-out potential equal to eight months base salary to the CEO and three to four months for other members of the group management based on targets for financial targets and relevant KPIs.

3. Remuneration to the group management
The tables below show the total remuneration to the group management earned in 2018 and 2017. The CEO has an agreement, which, in the event that he has to resign, gives him the right (unless he has shown gross negligence of his duties according to laws), to receive salary for 12 months in addition to salary in the 6 month notice period. Leif Øie has an agreement, which, in the event that he has to resign, gives him the right (unless he has shown gross negligence of his duties according to laws), to receive salary for 3 months in addition to salary in the 6 month notice period. There are no other agreements for special compensation in the event of resignation, termination or change in the employment or position for other members of group management or board members in 2018 and 2017.

REMUNERATION TO THE GROUP MANAGEMENT 2018

The table below displays the total remuneration to the group management earned in 2018 for the period the persons saved as member of the group management. Presented below is a similar table for year 2017.

At 31 December 2018

Amounts in NOK	Base salary [1]	Salary paid [2]	Other benefits [2]	Bonus earned [3]	Pension	Shares [4]	Loans [5]
CEO Christian Nørgaard Madsen	3 400 000	3 502 896	174 834	265 625	116 928	59 128	66 275
Other members of the group management							
Grethe Bergly [6]	1 860 000	1 504 913	21 036	0	87 696	N/A	N/A
Johan Arntzen [7]	1 475 000	491 667	5 282	19 206	39 031	6 039	0
Lars Opsahl	1 700 000	1 921 406	41 367	66 406	116 928	62 978	64 547
Jörgen Hasselstrøm [8]	1 490 000	1 475 175	131 511	48 503	116 598	5 000	53 285
Leif Øie	1 860 000	1 852 553	30 044	72 656	116 928	9 157	22 361
Ola Dalen	1 490 000	1 679 804	28 431	43 652	116 928	52 406	10 271
Øyvind Holtedahl	1 655 000	1 768 803	76 353	48 486	116 928	26 315	66 198
Anne Harris [9]	1 800 000	1 937 650	93 361	70 313	116 928	15 156	67 091
Elisabeth M. Stene [10]	1 570 000	1 343 978	11 600	0	97 220	N/A	N/A
Ingela Moene [11]	1 104 000	335 984	2 280	0	33 208	N/A	N/A
Total	**19 404 000**	**17 814 828**	**616 099**	**634 847**	**1 075 321**	**236 179**	**363 746**

[1] Annual base salary per 31 December 2018.

[2] Salary is amount paid during the year presented, including holiday pay, car allowance and compensation for entering into new pension plan. Other benefits include all other cash and non-cash benefits received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; housing allowance; per diem allowance; and telecommunication.

[3] Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year.

[4] Shares owned by the members of the group management as of 31 December 2018, with related parties.

[5] Short term loans for purchase of shares through the share purchase program for all employees and incentive program for group management.

[6] Grethe Bergly resigned from Multiconsult group management 30 September 2018. In accordance with the severance pay agreement between Bergly and Multiconsult, Bergly was entitled to retain base salary until 31 March 2019.

[7] Johan Arntzen was appointed acting EVP Greater Oslo Area in September.

[8] Jörgen Hasselström was appointed acting EVP Energy in January before being appointed EVP Energy in June. The earned bonus is equivalent to ten months service.

[9] Anne Harris receives compensation for additional line responsibility for International activity.

[10] Elisabeth M. Stene left the position as EVP HR & Organisational Development end of September 2018.

[11] Ingela Moene was appointed acting EVP HR & Organisational Development in September and was in the position until 31 December 2018.

REMUNERATION TO THE GROUP MANAGEMENT 2017

At 31 December 2017

Amounts in NOK	Base salary [1]	Salary paid [2]	Other benefit [2]	Bonus earned [3]	Pension	Shares [4]	Loans [5]
CEO Christian Nørgaard Madsen [3]	3 200 000	3 240 063	165 507	410 667	114 288	51 122	50 265
Other members of the group management							
Grethe Bergly [7]	1 724 000	1 793 779	124 323	110 623	114 288	24 817	37 373
Ola Dalen [7]	1 450 000	1 476 534	125 147	82 167	114 288	50 666	28 813
Anne Harris [6]	1 720 000	1 875 555	41 670	110 367	114 288	10 673	64 219
Øyvind Holtedahl	1 610 000	1 574 482	156 838	103 308	114 288	21 910	51 013
Lars Opsahl [7]	1 592 000	1 653 188	147 334	90 213	114 288	58 534	50 723
Elisabeth M. Stene	1 500 000	1 492 028	87 386	96 250	114 288	10 284	50 746
Leif Øie	1 785 000	1 803 469	34 743	178 887	114 288	1 334	3 615
Total	**14 581 000**	**14 909 097**	**882 948**	**1 182 482**	**914 304**	**229 340**	**336 767**

[1] Annual base salary per 31 December.

[2] Salary is amount paid during the year presented, including holiday pay. Other benefits include all other cash and non-cash benefits received during the year and includes taxable parts of; insurance premiums; discount on shares purchased; company car; car allowance; per diem allowance; compensation for work abroad; and telecommunication.

[3] Bonus earned is an amount earned in the year presented (excluding holiday pay), and normally paid the subsequent year.

[4] Shares owned by the members of the group management with related parties.

[5] Short term loans for purchase of shares through to the company's share purchase programme for all employees and incentive pro gramme for group management.

[6] Compensation for additional responsibility as EVP International included.

[7] Compensation for change in pension plan included.

4. Remuneration to the board of directors

The board fee is determined by the members' positions. The annual general meeting in 2018 resolved the remuneration for the board members for the period between the annual general meeting in 2018 and the annual general meeting in 2019.

All shareholder elected board members shall acquire shares in Multiconsult ASA corresponding to 20% of the gross board remuneration. The duty is in effect every year a board member is re-elected, until the market value of the shares equals the board remuneration one year. The board members shall maintain such share ownership for the duration of the board period. The duties following this resolution expires following withdrawal by a board member. Only employee board members have loans from the company, and are a part of the company's share purchase program for employees.

Total board fees and remuneration paid for the separate board members are shown in the tables below.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2018

Amounts in NOK	Function	Payment [1]	Loans [2]	Shares [3]
Bård Mikkelsen [4]	Chair, elected by shareholders	42 000	0	5 000
Nigel Wilson [5]	Chair, elected by shareholders	518 333	N/A	N/A
Kjetil M. Ebbesberg	Elected by shareholders	270 000	0	1 000
Vibeke Strømme	Elected by shareholders	262 000	0	4 264
Hanne Rønneberg [6]	Elected by shareholders	157 000	0	720
Rikard Appelgren [6]	Elected by shareholders	157 000	0	15 000
Line Haugen [7]	Elected by shareholders	91 667	N/A	N/A
Arne Fosen [7]	Elected by shareholders	75 000	N/A	N/A
Elisabeth W. Lokshall	Elected by employees	120 000	0	100
Liv-Kristine Rud	Elected by employees	120 000	21 638	500
Runar Tyssebotn	Elected by employees	120 000	53 285	28 875
Simen Lieungh [8]	Deputy member, elected by shareholders	0	0	0
Total		**1 933 000**	**74 923**	**55 459**

[1] Total board fees paid in 2018 was NOK 1,933,000 , including fees to board members that retired from the board in 2018.

[2] Short term loans for purchase of shares through to the company's share purchase program, on the same terms as other employees of the company.

[3] Shares owned by the members of the board at 31.12.2018, including shares owned by the related parties.

[4] Elected as chair at Extraordinary General meeting 26 November 2018.

[5] Resigned as chair at Extraordinary General meeting 26 November 2018.

[6] Elected as member of the board at General meeting 3 May 2018.

[7] Resigned as member of the board at General meeting 3 May 2018.

[8] Elected as deputy member of the board at extraordinary General meeting 26 November 2018.

REMUNERATION PAID TO THE BOARD OF DIRECTORS IN 2017

Amounts in NOK	Function	Payment [1]	Loans [2]	Shares [3]
Nigel Wilson [4]	Chair, elected by shareholders	436 667	0	6 410
Steinar Mejlænder-Larsen [5]	Chair, elected by shareholders	170 000	0	N/A
Arne Fosen	Elected by shareholders	210 000	0	3 205
Line Karin Haugen	Elected by shareholders	260 000	0	3 846
Vibeke Strømme	Elected by shareholders	240 000	0	2 564
Kjetil Monssen Ebbesberg [6]	Elected by shareholders	140 000	0	0
Elisabeth Lokshall	Elected by employees	94 000	0	100
Runar Tyssebotn [7]	Elected by employees	80 000	51 498	25 584
Liv-Kristine Rud [7]	Elected by employees	80 000	0	0
Kari Medby Loland [8]	Deputy member	14 000	0	134
Tove Helene Malvik [5]	Deputy member	10 000	0	N/A
Eirik Westergård Hogstad [8]	Deputy member	0	0	1 618
Kristine Landsnes Augustson [8]	Deputy member	0	0	671
Steinar Sæland	Deputy member	0	0	1 093
Bo Göran Carlson [9]	Deputy member	14 000	N/A	N/A
Ivar Eng [5]	Deputy member	10 000	0	N/A
Total		**1 758 667**	**51 498**	**45 225**

[1] Total board fees paid in 2017 was NOK 1,758 667, including fees to board members that retired from the board in 2017.

[2] Short term loans for purchase of shares through to the company's share purchase program, on the same terms as other employees of the company.

[3] Shares owned by the members of the board at 31.12.2017, including shares owned by the related parties.

[4] Elected as Chair at Annual General meeting in 2017.

[5] Resigned at Annual General meeting in 2017.

[6] Members of the board after the Annual General Meeting in 2017.

[7] Member of the board from 29 August 2017.

[8] Deputy member of the board from 29 August 2017.

[9] Elected by employees at 24 February 2017.

NOTE 10 FINANCIAL ITEMS

Amounts in NOK thousand	2018	2017
Other interest income	647	2 279
Other financial income	7 071	676
Financial income	**7 718**	**2 956**
FINANCIAL EXPENSES		
Other interest expenses	12 151	7 991
Other financial expenses	6 146	6 384
Financial expenses	**18 297**	**14 375**
Net financial items	**(10 579)**	**(11 419)**

Other financial income in 2018 includes NOK 1,298 thousand gain on changes in fair value of derivatives (loss of NOK 1,204 thousand included in other financial expenses in 2017). Currency gains and currency losses are included in other financial income and other financial expenses.

NOTE 11 TAXES

INCOME TAXES

The income tax expense for the year was as follows:

Amounts in NOK thousand	2018	2017
Income taxes payable	42 870	24 233
Net withholding tax after tax credit	1 045	1 437
Regulation of previous years' taxes	1 984	(247)
Change in deferred taxes	(19 945)	2 206
Effect of change in tax rate	573	528
Income tax expenses	**26 528**	**28 157**

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE

Amounts in NOK thousand (except percentages)	2018	2017
Profit before income taxes	**90 085**	**107 690**
Expected income tax based on nominal tax rate in Norway (23%/24%)	20 720	25 846
Tax effect of the following items:		
Non-deductible expenses	833	1 990
Non-taxable income	(281)	(444)
Share of profit from associated companies	(209)	276
Not recognised/reversal of previously not recognised deferred tax assets	(1 717)	(961)
Effect of change in tax rate	573	528
Regulation of previous years' taxes	1 984	(247)
Net withholding tax after tax credit	1 045	1 437
Other items (including currency and effect of deviation foreign vs. Norwegian tax rate)	147	(268)
Income tax expenses	**26 528**	**28 157**
Effective tax rate	29.5%	26.1%

DEFERRED TAX IN THE BALANCE SHEET

Amounts in NOK thousand	31.12.2018	31.12.2017
Deferred tax asset	44 712	25 610
Deferred tax	12 822	13 835
Net deferred tax asset in the balance sheet	**31 890**	**11 775**

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES

Amounts in NOK thousand	31.12.2018	31.12.2017
Non-current assets	2 591	4 616
Current assets	(28 079)	(1 814)
Liabilities and provisions	21 554	(4 848)
Taxable losses carried forward [1]	39 644	14 187
Deferred tax assets not recognised in the balance sheet	(3 821)	(366)
Net deferred tax asset in the balance sheet	**31 890**	**11 775**

[1] The parent company Multiconsult ASA reported a tax loss in 2018, and deferred tax asset of NOK 21,232 thousand is recognised related to this tax loss. It will be utilized by transferring taxable group contribution from Multiconsult Norge AS. This will be done in the tax declaration for 2018, but is subject to the regulation for dividend and is consequently not recognised in the IFRS financial statements for 2018. This also has an opposite effect on tax payable. The group has recognised tax payable related to the profit of Multiconsult Norge AS for 2018. The same amount as deferred tax asset mentioned above, NOK 21,232 thousand, will not be payable after taxable group contribution has been determined by the general meeting in 2019.

Deferred tax assets are recognised based on expected future taxable profits. Taxable losses carried forward mainly relates to Multiconsult ASA (will be utilised with group contribution from Multiconsult Norge AS, with effect for the tax reporting for 2018), LINK arkitektur A/S and Multiconsult Asia. Deferred tax assets in Multiconsult Asia and LINK arkitektur Aps have not been recognised.

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

Amount in NOK thousand	2018	2017
Deferred tax assets 1 January	11 775	14 029
Changes in deferred taxes recognised in the statement of income	19 972	(2 206)
Deferred taxes arising from acquisitions	0	(14)
Effects of changes in tax rate in the statement of income	(579)	(528)
Deferred taxes included in other comprehensive income (related to pensions)	(178)	334
Deferred taxes included in equity [1]	1 244	0
Currency	(344)	161
Deferred tax assets in the balance sheet (net) as of 31 December	**31 890**	**11 775**

[1] Change in deferred taxes recognised in equity is tax on the loss on the share purchase programme recognised to equity. It is recognised in Multiconsult ASA, and has affected deferred tax assets because Multiconsult ASA had a tax loss in 2018 before group contribution, see footnote 1) to the table above.

The tax rate in Norway changed from 23% to 22% with effect from 1 January 2019. The tax rate in Sweden for 2019 has been reduced from 22% to 21.4%.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET

Amounts in NOK thousand	2018	2017
Expensed income taxes payable	(42 870) [1]	(24 233)
Prepaid taxes	9 874	7 124 [2]
Income tax on employee share programme recognised in equity	0 [3]	1 217
Skattefunn (government R&D tax incentive scheme in Norway)	656	1 282
Income tax payable recognised in the balance sheet	**(32 340)** [1]	**(14 610)**

[1] The group has recognised tax payable related to the profit of Multiconsult Norge AS for 2018. NOK 21,232 thousand, will not be payable after taxable group contribution to Multiconsult ASA has been determined by the general meeting in 2019.
[2] Prepaid taxes includes tax from acquisitions.
[3] In 2018, income tax on the employee share purchase programme recognised to equity is included in the change in deferred tax assets.

Due to losses and/or the exemption method, there are no significant temporary differences resulting in deferred taxes on retained earnings in subsidiaries, associated companies or joint ventures.

REMEASUREMENT OF PENSIONS (DEFINED BENEFIT OBLIGATION) AND RELATED TAX EFFECT

Amounts in NOK thousand	Gross	Taxes	Net
31 December 2016	(268 310)	67 087	(201 224)
Change 2017	(1 452)	334	(1 118)
31 December 2017	(269 762)	67 421	(202 342)
Change 2018	809	(178)	631
31 December 2018	(268 953)	67 243	(201 711)

Income tax benefits on the employee share purchase programme has been recognised in equity with NOK 1,953 thousand in 2016, NOK 1,217 thousand in 2017 and NOK 1,244 in 2018, in total NOK 5,425 thousand.

NOTE 12 PENSIONS

The group's Norwegian companies have established pension plans that comply with the requirements in the Act on Mandatory Company Pensions. The group's subsidiaries both in Norway and abroad have defined contribution plans, except for a defined benefit plan in LINK arkitektur AS and Multiconsult Norge AS, and a multiemployer plan in LINK arkitektur AB.

Multiconsult ASA's defined benefit plan was terminated at the end of 2016. All the employees of the parent company and Multiconsult Norge AS are included in the defined contribution plan after the termination. The member of the previous defined benefit plan are partly compensated for entering into the defined contribution plan with an addition to annual salaries.

There were 2,124 active members in the Multiconsult ASA and Multiconsult Norge AS defined contribution plan at the end of 2018 (2017: 1,887). Starting from 1 January 2017, annual contributions to this plan are 5.55% for contribution basis between 1G and 7.1G, and 18% of the contribution basis between 7.1G and 12G. G is a base amount annually approved by the Norwegian parliament and was NOK 96,883 per 31 December 2018.

In addition, Multiconsult Norge AS has individual defined benefit plans that are unfunded, with recognised liabilities of NOK 6,500 thousand at the end of 2018 (2017: NOK 6,667 thousand).

LINK arkitektur AS has a defined benefit plan that is closed, and includes 2 active members and 7 retirees as of 31 December 2018. Other plans in LINK arkitektur group are plans accounted for as contribution plans, with 494 active members at 31.12.2018 (2017: 460). This includes a multiemployer plan in LINK arkitektur AB (ITP 2 plan) which is a defined benefit plan.

For 80 employees (2017: 90) in LINK arkitektur AB the defined benefit pension commitments for retirement and family pensions are secured in the ITP 2 plan through insurance with Alecta. The group has not access to information in order to report its proportional share of the plan's obligations, plan assets and costs, and it is therefore reported as a defined contribution plan. The expected contribution to the plan (premium) in 2019 is NOK 7,549 thousand. The premium paid and expensed in 2018 was NOK 7,142 thousand (2017: NOK 7,480 thousand). The premium is calculated individually and is dependent on factors including salary, previously earned pension and expected remaining service period. The group's share of the total contributions to the plan amounted to 0.043 percent in 2018 (2017: 0.045 percent). The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is below 125 percent or exceeds 155 percent, action should be taken for consolidation level returning to the normal range. At low funding ratio, measures can be to raise the agreed price for new and existing contracts. At high funding ratio a measure may be to reduce premiums. At the end of 2018, the collective funding ratio was 142 percent (2017: 154 percent).

Social security tax is calculated based on the pension plan's net financing and included in the gross pension obligations. Pension expenses include related social security tax.

PENSION EXPENSES

Amounts in NOK thousand	2018	2017
Pension expenses retirement defined benefit plan	499	558
Recognised as financial expenses	(131)	(136)
Pension expenses defined contribution plan	170 043	141 471
Pension expenses in employee benefit expenses (note 9)	**170 411**	**141 892**
Effect of remeasurement of net defined benefit obligations	(809)	1 452

FINANCIAL STATUS DEFINED BENEFIT PLANS

Amounts in NOK thousand	31.12.2018	31.12.2017
Calculated pension obligations (incl. social security tax)	(21 747)	(21 581)
Pension assets (at market value)	16 207	14 980
Pension obligations in the financial statements	**(5 540)**	**(6 601)**
Of which included in Other non-current financial assets and shares	960	66
Of which pension obligations	(6 500)	(6 667)

Due to the immaterial amounts, no further disclosure is provided for the net defined benefit obligations.

NOTE 13 RECEIVABLES, WORK IN PROGRESS AND PREPAID EXPENSES

Amounts in NOK thousand	31.12.2018	31.12.2017
Trade receivables	676 059	600 875
Allowance for credit losses on receivables (see note 3)	(9 303)	(12 498)
Total trade receivables	**666 756**	**588 377**
Work in progress	**343 863**	**368 447**
Prepaid expenses	36 841	38 551
Other	36 014	26 461
Total other current receivables and prepaid expenses	**72 854**	**65 012**
Total receivables, work in progress and prepaid expenses	**1 083 473**	**1 021 836**

NOTE 14 INTANGIBLE ASSETS AND GOODWILL

Amounts in NOK thousand	Software	Goodwill
Acquisition cost 1 January 2017	57 526	315 917
Additions	16 768	0
Additions from business combination	196	207 883
Currency translation differences	556	6 593
Disposals	227	0
Acquisition cost 31 December 2017	**74 819**	**530 393**
Additions	18 052	0
Currency translation differences	(178)	(853)
Disposal	476	0
Acquisition cost 31 December 2018	**92 427**	**529 540**
Accumulated amortisation 1 January 2017	**48 180**	**80 191**
Amortisation for the year	6 835	0
Currency translation differences	327	261
Disposals	227	0
Accumulated amortisation 31 December 2017	**55 115**	**80 452**
Amortisation for the year	9 560	0
Currency translation differences	0	39
Disposals	476	0
Accumulated amortisation 31 December 2018	**64 199**	**80 491**
Carrying amount 1 January 2017	**9 346**	**235 727**
Additions	16 768	0
Additions from business combination	196	207 883
Amortisation for the year	6 835	0
Currency translation differences	229	6 332
Disposals	0	0
Carrying amount 31 December 2017	**19 704**	**449 942**
Additions	18 052	0
Amortisation for the year	9 560	0
Currency translation differences	(178)	(892)
Disposals	0	0
Carrying amount 31 December 2018	**28 228**	**449 049**

Software includes standard software and licenses that are amortised on a straight-line basis over three years. In 2017 a new ERP system has been capitalised, which is amortised straight-line over its estimated useful life of ten years. Assets not completed and ready for its intended use are included in intangible assets with NOK 4,460 thousand at 31 December 2018.

Impairment tests

The group performs an assessment for impairment of goodwill at year end, or more often if there are indicators of impairment. The impairment test is based on identified cash generating units (CGUs) in the group. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are changed if businesses are integrated or there are other organizational changes. In 2018, Hjellnes group (acquired in 2017) is not a separate CGU, but is included in the CGUs Greater Oslo Area and Transportation. CGUs are normally on a lower level than the segment classification and follows regions or separate companies, given that separate financial information is available. However, the largest parts of goodwill are allocated to the segments LINK arkitektur and Greater Oslo Area, as shown in the table below. CGUs identified to assess the value of the group's goodwill in 2018 and 2017 are disclosed in the table below. The carrying amounts of these cash generating units include property, plant and equipment, intangible assets and allocated goodwill. Working capital cannot be split or reasonably allocated to the CGUs, and is not included. Total net working capital was positive at year-end 2018, and with the headroom for each CGU it would not change any conclusions if working capital could be allocated.

GOODWILL SPECIFIED PER CASH GENERATING UNIT:

Amounts in NOK thousand	31.12.2018	31.12.2017	Belongs to segment	Change in 2018
LINK arkitektur	149 078	148 721	LINK arkitektur	357
Hjellnes group	0	153 310	Greater Oslo Area	(153 310)
Greater Oslo Area	131 894	6 183	Greater Oslo Area	125 710
Transportation	27 600	0	Greater Oslo Area	27 600
North	40 817	40 516	Regions Norway	300
West	39 381	39 681	Regions Norway	(300)
Middle	9 166	9 168	Regions Norway	(1)
Fredrikstad	9 098	9 098	Greater Oslo Area	0
Iterio	41 038	42 286	International	(1 248)
MC Polska	978	978	International	0
Total	**449 049**	**449 942**		(892)

The recoverable amount is estimated value in use, based on discounted future cash flows. Future cash flows included in the impairment tests at the end of 2018 are based on Board approved budget for 2019 and the company's strategy plan for the subsequent four years. The budget assumes a higher EBIT margin than realised in 2018, due to measures taken during 2018. The growth in the forecast period of 2020 – 2023 is divided into an estimated growth in revenues, assumed to be in line with expected market development and slightly higher than an estimated increase in costs of 2.5%. Starting from a low profitability level and with a strategy plan to return to an EBIT margin above peer average, the assumed growth in cash flow and profitability is above peer average for the budget and strategy plan period. After the forecast period a terminal value has been calculated, using a moderate growth in cash flow of 1.0%, unchanged from the assumption used in the previous year impairment test.

Reinvestments in property, plant and equipment have been set below depreciation for the first five year and equal to depreciation in the terminal year for the purposes of the analysis. The business is not investment heavy, and the basis for maintaining the capacity for future cash flows is mainly investment in employees, which is reflected in the annual forecasted cash flows from operations. Therefore, EBIT is used as an estimate of cash flows in the terminal period. A calculated income tax has been included to be consistent with use of a post-tax discount rate.

The key assumptions are determined to be the units' ability to deliver as expected in ongoing contracts, win new contracts and/or obtain extensions of existing contracts, and to obtain the assumed billing ratios. Furthermore that the prices achieved in the contracts at least compensate for increased costs, especially employee expenses, thereby achieving an expected EBIT margin. The budget assumes a higher EBIT margin than realised in 2018, due to the profitability improvement programme. The strategy plan is to return to an EBIT margin above peer average.

The discount rate in the analysis is set to 9.1% (2017: 8.3%) after tax based on a calculation of the weighted average cost of capital (WACC). The same discount rate has been used for all cash generating units since the asset beta has been deemed the same in all CGUs and segments that the group operates. The main reason for the increase in WACC is an increase in the risk free rate from the previous year, and a slight increase in the credit risk compared to last year.

The impairment tests have not resulted in any impairment for goodwill, property, plant and equipment or intangible assets related to any of the cash generating units. Management has evaluated that a reasonably possible change in key assumptions would not give rise to impairment at 31 December 2018.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand	Buildings and other real estate	Other machines, plant, fixtures and fittings	Leasehold improvements	Total property, plant and equipment
Acquisition cost 1 January 2016	5 838	294 160	55 524	355 522
Additions	1 869	47 119	3 158	52 146
Additions from business combination	4 807	779	0	5 586
Currency translation differences	165	4 044	512	4 720
Disposals	5 028	46 123	605	51 756
Acquisition cost 31 December 2017	**7 651**	**299 978**	**58 588**	**366 217**
Additions	785	40 128	3 955	44 869
Currency translation differences	(38)	(955)	5	(988)
Disposals	2	8 747	7	8 756
Acquisition cost 31 December 2018	**8 396**	**330 403**	**62 542**	**401 341**
Acc. depreciation 1 Jan. 2017	**4 166**	**224 385**	**40 986**	**269 539**
Depreciation for the year	740	33 181	6 035	39 955
Currency translation differences	61	3 165	713	3 939
Disposals	3 499	43 046	620	47 165
Acc. depreciation 31 December 2017	**1 468**	**217 687**	**47 114**	**266 268**
Depreciation for the year	169	35 942	4 458	40 569
Currency translation differences	(5)	(342)	3	(344)
Disposals	0	7 641	3	7 644
Acc. depreciation 31 December 2018	**1 632**	**245 646**	**51 573**	**298 851**
Carrying amount 1 January 2017	**1 672**	**69 774**	**14 538**	**85 984**
Additions	1 869	47 119	3 158	52 146
Additions from business combination	4 807	779	0	5 586
Depreciation for the year	740	33 181	6 035	39 956
Currency translation differences	103	878	(201)	781
Disposals	1 530	3 077	(15)	4 591
Carrying amount 31 December 2017	**6 182**	**82 291**	**11 474**	**99 947**
Additions	785	40 128	3 955	44 869
Depreciation for the year	169	35 942	4 458	40 569
Currency translation differences	(33)	(613)	2	(644)
Disposals	2	1 106	4	1 112
Carrying amount 31 December 2018	**6 764**	**84 757**	**10 969**	**102 491**

Useful life	10 - 50 years	3 - 8 years	Same as equivalent assets, max leasing period
Depreciation plan	Straight-line	Straight-line	

There have been no significant changes in depreciation period, depreciation method or estimated residual values in 2018 or 2017. Assets not completed and ready for its intended use are included in other machines, plant, fixtures and fittings with NOK 10,209 thousand at 31 December 2018.

NOTE 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of bank deposits and money market funds/ interest funds.

Amounts in NOK thousand	**31.12.2018**	**31.12.2017**
Cash and bank deposits	120 039	109 665
Restricted funds	18 832	44 626
Total cash and cash equivalents	**138 872**	**154 291**

Restricted funds at 31 December 2018 relates to Multiconsult Polska and LINK arkitektur A/S.
Restricted funds in Multiconsult Polska are bank balances of NOK 15.4 million at 31 December 2018 as security for parts of the bank guarantees issued to customers, see note 21. These bank guarantees have terms from 2021 to 2026. LINK arkitektur A/S has a restricted bank account in relation to a dispute, expected to be solved during 2019.

NOTE 17 ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Amounts in NOK thousand	**FPS**	**Concorcio SAM SpA**	**Norplan Tanzania**	**JV Indigo**	**Newplan**	**Norplan**	**Total**
Opening balance 1 January 2017	**1 464**	**250**	**5 928**	**0**	**1 995**	**826**	**10 464**
Investments during the year	0	0	0	2 327	0	0	2 327
Dividends paid in 2017	0	0	(339)	0	0	0	(339)
Share of profit for the year	89	1	828	261	(518)	496	1 157
Disposals	0	0	0	(1 477)	(1 322)	0	(2 799)
Closing balance 31 December 2017	**1 553**	**251**	**6 416**	**2 588**	**0**	**0**	**10 809**
Investments during the year	0	0	0	0	N/A	N/A	0
Dividends paid in 2018	0	0	0	0	N/A	N/A	0
Share of profit for the year	90	(2)	1 176	398	N/A	N/A	1 661
Currency effect	0	0	0	20	N/A	N/A	20
Closing balance 31 December 2018	**1 643**	**249**	**7 592**	**3 006**	**N/A**	**N/A**	**12 489**

None of the joint ventures and associated companies are deemed significant for the group, whether separately or combined. Consequently, no further details are provided.

Project partnership – joint operations
The group has for some projects entered into partnership agreements. Some of these have been assessed as joint operations. Participants work together to deliver a project in cooperation through a common project group. There are no assets in these project groups. Each participant is responsible for delivering the services that it has agreed to deliver, as well as being responsible for its own expenses and having a right to agreed revenues from the services the participant performs. Each participant uses its own assets, and obligations in the operation are limited to parts of the fee that may be held back to cover common costs (for example insurance premiums and travel expenses). One of the parties is typically appointed project manager with specific responsibilities in the project group. The participants have when it is relevant agreed that they are jointly and separately liable for the project deliverables. The main projects that are organised in this manner that are considered joint operations are Campus Ås, Kampflybasen, Tønsberg hospital and Fornebubanen, all in Norway. The group is the project manager, and there is no fixed participating share in these operations. None of these are considered material for the group. In 2018 these projects contributed revenues of NOK 311 million (NOK 162 million in 2017).

NOTE 18 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. Future minimum payments under non-cancellable operating lease agreements, excluding costs for services are shown in the tables below. Lease contracts for low value assets are not included in the table for 2018.

As of 31 December 2018

Amounts in NOK thousand	**Office premises**	**Property, plant and equipment**	**Total**
Due within 1 year	161 588	3 087	165 230
Due more than 1 year, but within 5 years	467 473	5 781	473 578
Due more than 5 years	411 354	0	411 354
Total	**1 040 414**	**8 868**	**1 049 282**

As of 31 December 2017

Amounts in NOK thousand	**Office premises**	**Property, plant and equipment**	**Total**
Due within 1 year	162 465	9 502	171 967
Due more than 1 year, but within 5 years	496 556	5 157	501 713
Due more than 5 years	432 228	268	432 496
Total	**1 091 248**	**14 927**	**1 106 176**

The amounts in the tables are not discounted.

See note 8 Other operating expenses for leasing expenses in 2018 and 2017.

In most agreements, the annual lease payment is index regulated. Future index regulations are not included in the amounts in the tables. Several of the agreements contain renewal options. The main part of the lease arrangements are in Norway, primarily found in Multiconsult Norge AS. Other large lessees are in LINK arkitektur AS and Iterio AB.

There are no significant restrictions imposed through the leasing arrangements regarding distribution of dividends, obtaining additional debt, entering into additional leasing agreements or other arrangements.

ESTIMATED EFFECT OF IMPLEMENTATION OF IFRS 16

See note 2 for further information.
The weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at 1 January 2019 is 4.0%.

Amounts in NOK thousand	**1 January 2019**
Operating lease commitments 31 December 2018 as disclosed in the table above	1 049 282
Discounted using the incremental borrowing rate at 1 January 2019	897 874
Increase due to change in lease payments based index regulation 1 January 2019	29 582
Reduction due to recognition exemptions for short term leases	(16 226)
Increase due to extensions and terminations options	91 477
Lease liability recognised at 1 January 2019 previously operating leases	**1 002 707**
Finance lease liabilities recognised as at 31 December 2018	2 356
Lease liability recognised at 1 January 2019	**1 005 063**

The actual impacts of adopting IFRS 16 at 1 January 2019 may change because the new accounting policies are subject to change until the group presents its first annual financial statements that include the date of initial application.

Other significant committed payment obligations
In addition to the minimum lease payments presented in the table as of 31 December 2018, the group has obligation to pay the lessors for other services related to the lease agreements.

The group does not have any other significant committed minimum payment obligations. The agreements with sub-contractors are mainly such that if an assignment is discontinued, then the obligation to purchase services from the sub-contractors is also discontinued. In some agreements, there may be a minimum period during which the group must pay sub-contractors if an assignment is discontinued.

NOTE 19 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	**31.12.2018**	**31.12.2017**
Salaries payable, holiday pay, bonus etc.	264 077	260 171
Other accrued expenses	6 046	9 711
Other	32 134	32 408
Total other current liabilities	**302 257**	**302 290**

NOTE 20 PROVISIONS, DISPUTES AND CONTINGENT LIABILITIES

The group completes a significant number of assignments during a year. Normally, the group enters into agreements with the customers limiting its responsibilities. During the execution of an assignment, defects or damages as a result of the deliveries may be identified that could lead to claims being made towards the group. When it is probable (over 50%) that a claim will result in outflow of economic resources from the group, a provision for the estimated liability is recognised.

The provisions are presented as liabilities in the balance sheet, while the expected reimbursements from the insurance company related to recognised provisions are presented as a separate asset.

PROJECT RESPONSIBILITY

Amounts in NOK thousand	**31.12.2018**	**31.12.2017**
Gross provisions	42 350	29 937
Assets for reimbursement of provisions	23 300	22 000
Net provisions	**19 050**	**7 937**

The reimbursement from the insurance company is directly linked to the cases and the actual additions, settlements and reversals are estimated and incurred simultaneously. Consequently, the table below present changes in the provisions net of the assets for reimbursement.

Amounts in NOK thousand	**Project responsibility**
Net provisions 1 January 2017	**10 917**
Additions	3 137
Reversals	(4 017)
Utilised	(2 100)
Net provisions 31 December 2017	**7 937**
Additions	14 150
Reversals	(900)
Utilised	(2 137)
Net provisions 31 December 2018	**19 050**

The date for settlement of project responsibility cases is often outside the group's control and it is not possible to make a reliable estimate of settlement dates. The processes are extensive with negotiations with many parties and often results in long legal processes. The time-period from reporting a case to final settlement can take several years. The size of the settlement can vary considerably. The provision related to a claim is calculated on the basis of the expected compensation, own risk deductibles and the claimed amount. As a consequence of the inherent uncertainty in both amount and timing of the settlement, the provision is not discounted.

The company's insurance coverage for project responsibilities is primarily based on a collective agreement for engineering consultants. The insurance coverage is standard for such agreements, with an own risk deductible of NOK 300 thousand per case and normally a maximum coverage of up to 150 G (approximately NOK 14.5 million at 31 December 2018), except where it is determined gross negligence.

The company performs a thorough review of each claim. Project responsibility cases therefore lead to both recognised provisions and contingent liabilities where no provision has been recognised because the group has assessed the probability of an outflow of economic resources from the group to be below 50%.

The increased provisions during 2018 are related to new cases as well as previously received claims. The largest current claim is related to rehabilitation of Prinsens gate 26, The Norwegian Parliament building. Multiconsult deliver multidisciplinary services to the administration of the Norwegian Parliament for the complex rehabilitation project Prinsens gate 26. The project is ongoing and is expected to be completed during 2019. The company received a claim of NOK 125 million from the client on 8 December 2017. In the procedural document (No: "prosesskrift") received 15 January 2019, the claim was increased to NOK 142.5 million. The project is insured through a separate project insurance. Legal negotiation are scheduled to June 2019 in an attempt to reach an agreement between the parties. If no agreement is reached the court proceeding are scheduled to autumn 2019. The provision related to the project is increased from 31 December 2017, and reflects the company's assessment of risk and the nature and scope of its insurance coverage.

NOTE 21 GUARANTEES, PLEDGES AND SECURITIES PROVIDED

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

Amounts in NOK thousand	31.12.2018	31.12.2017
Bank guarantee – guarantees towards customers	55 993	40 707
Bank guarantee – guarantees for other obligations	40 545	41 425
Guarantee – employee tax deductions	134 600	95 000
Parent company guarantees – for associates and joint ventures	3 600	3 600
Parent company guarantees – for subsidiaries	6 567	13 728
Other	0	4 005
Total guarantees	**241 305**	**198 464**

Bank guarantees towards customers are related to assignments where the customer demands security for contract responsibilities. Other bank guarantees are primarily guarantees for rent of premises and for employee tax deductions. At the end of 2017 and during 2018, Johs Holt AS, LINK arkitektur AS, Multiconsult Norge AS and Multiconsult ASA established guarantees for employee tax deductions.

Parent company guarantees towards subsidiaries at 31 December 2018 relates to rent of premises.

In addition, Multiconsult UK has an uncommitted bank overdraft of GBP 200 thousand and an uncommitted guarantee limit of GBP 1 million, with an unlimited all monies guarantee from Multiconsult ASA. No amount is included in the table above at 31 December 2018. The parent company's bank facility agreements with Nordea bank includes a negative pledge clause in relation to new borrowings of the group. Multiconsult ASA has provided a surety in the amount of NOK 600 million towards Nordea Bank, and Multiconsult Norge has pledged trade receivables, inventory and property, plant and equipment, with carrying amounts of NOK 539 million, NOK 0 and NOK 81 million, respectively at 31 December 2018.

LINK arkitektur AS has a multi-currency cash pool agreement. The bank has security, primarily in trade receivables of LINK arkitektur AS, in the amount of NOK 61 million at 31 December 2018 and a guarantee from LINK arkitektur AB.

As of 31 December 2018 and 2017, Multiconsult Norge AS had a guarantee facility of NOK 120 million, of which NOK 44.6 million was drawn (2017: NOK 48.8 million). Multiconsult ASA or any fully owned subsidiary (under surety from Multiconsult ASA) may draw under the guarantee facility. The guarantee facility is renewed annually, but guarantees included in the limit may have a term of up to five years. LINK arkitektur AS also has a bank guarantee facility of NOK 2.5 million for rent of premises.

Multiconsult Polska holds a bank guarantee facility of PLN 27 million (NOK 62 million), under which PLN 17.9 million (NOK 41.5 million) was drawn at 31 December 2018. A cash deposit is required for issued guarantees, and the deposit is held on bank accounts in the name of Multiconsult Polska. This restricted cash amounted to PLN 6.7 million (NOK 15.4 million) at 31 December 2018, included in cash and cash equivalents in the balance sheet (see note 16).

NOTE 22 SHAREHOLDER INFORMATION

The following table shows shareholders owning 1% or more of Multiconsult ASA shares as of 31 December 2018:

	Number of shares	Ownership share
Stiftelsen Multiconsult	5 391 381	20.0 %
Protector Forsikring ASA	2 560 201	9.5 %
Odin Norge	1 986 578	7.4 %
OBOS BBL	1 758 129	6.5 %
Stenshagen Invest AS	1 130 519	4.2 %
Swedbank Robur Småbolagsfond	865 000	3.2 %
Verdipapirfondet Pareto Invest	776 223	2.9 %
VJ Invest AS	520 046	1.9 %
Handelsbank Nordiska Småbolagsfond	401 072	1.5 %
Holberg Norge	350 000	1.3 %
Bkraft Holding AS	286 800	1.1 %
Brekke	272 846	1.0 %
Lindmark	260 590	1.0 %
Varner Equities AS	257 681	1.0 %
Other	9 341 753	37.7 %
Total number of shares	**26 970 394**	**100 %**

Total number of shares are 26,970,394 with par value per share of NOK 0.50. All shares that are part of the parent company's share capital belong to the same share class with the same rights. The company's articles of association sets forth that no shareholder, including such shareholder's close associates, may vote for more than 25 per cent of the shares at the general meeting.

The number of treasury shares (own shares) at the end of 2018 was 0 (2017: 56 shares). During 2018 and 2017, the company purchased own shares that were sold in the employee share purchase programme, see note 9.

The Annual General Meeting held on 3 May 2018 authorised the Board of Directors pursuant to §10-14 (1) of the Public Limited Liability Companies Act to increase the company's share capital by up to NOK 1,348,520 in one or more share issues. The authority may only be used to issue shares as consideration in connection with acquisitions, to finance acquisitions or to issue shares in connection with incentive schemes for the employees of the Multiconsult group. The shareholders' pre-emptive rights under §10-4 of the Public Limited Liability Companies Act may be set aside. The authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the Company, ref. §10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with §13-5 of the Public Limited Liability Companies Act. The authority may also be used in take-over situations, ref. §6-17 (2) of the Securities Trading Act.

The Annual General Meeting held on 3 May 2018 authorised the Board of Directors pursuant to §9-4 of the Public Limited Liability Companies Act to acquire shares in the company ("own shares") on behalf of the company with an aggregate nominal value of up to 1,348,520. If the company disposes of own shares, this amount shall be increased by an amount equal to the nominal value of the shares disposed of. When acquiring own shares the consideration per share may not be less than NOK 5 and not exceed NOK 250. The Board of Directors determines the methods by which own shares can be acquired or disposed of.

Both authorities described above shall remain in force until the Annual General Meeting in 2019, but in no event later than 30 June 2019.

NOTE 23 RELATED PARTIES

The group's related parties are:

Key management personnel, close members of the family of a person and entities that are controlled or jointly controlled by any of these. Key management personnel are defined as the Board of Directors and the group management. See note 9 Employee benefits expenses for information on remuneration for key management personnel and information on share ownership. There were no other transactions with key management personnel in 2018 and 2017.

Stiftelsen Multiconsult had an ownership share of 20.0% at 31 December 2018 (19.8% at 31 December 2017). The company's assessment is that Stiftelsen Multiconsult has significant influence. Multiconsult has recognised revenues from sales to Stiftelsen Multiconsult of NOK 3,132 thousand in 2018 (NOK 2,928 thousand in 2017), and had receivables of NOK 343 thousand as of 31 December 2018 (NOK 336 thousand as of 31 December 2017).

The company and its subsidiaries are also considered related parties. Transactions and balances are eliminated in the consolidated financial statements and are not disclosed in this note for the group. Refer also to note 17 for the parent company.

The group's joint ventures and associated companies. Refer to note 17 Associated companies and joint arrangements for more information on these related parties.

TRANSACTIONS AND BALANCES WITH JOINT VENTURES AND ASSOCIATED COMPANIES

Amounts in NOK thousand	2018	2017
Revenues	41 413	37 212
Expenses	2 083	5 582
Dividends and distributions received	0	847
Receivables	7 935	5 904
Liabilities	152	277
Guarantees provided	3 600	3 600

NOTE 24 EARNINGS PER SHARE AND DIVIDENDS

In 2018 and 2017, there were no potential dilutive effects on earnings that are attributable to owners of Multiconsult ASA or on the number of shares. Basic and diluted earnings per share are therefore the same.

	2018	2017
Profit after tax attributable to owners of Multiconsult ASA (NOK thousand)	63 557	79 534
Weighted average number of shares (excl. treasury shares)	26 970 289	26 407 850
Earnings per share	**2.36**	**3.01**
DIVIDENDS		
Dividends paid to owners of Multiconsult ASA (NOK thousand)	40 423	78 715
Dividends paid per share	**1.50**	**3.00**

Dividends proposed after 31 December 2018 (NOK thousand) [1)]	40 456
Dividends proposed after 31 December 2018 (per share) [1)]	1.50

[1)] Dividends to be adopted by the Annual General Meeting 25 April 2019.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2018 and up to the date these consolidated financial statements have been approved for issue, no events have been identified that require disclosure.

PROJECT: **HUB PORSGRUNN – FEASIBILITY STUDY**
ILLUSTRATION: **LINK ARKITEKTUR**

ANNUAL ACCOUNTS HOLDING COMPANY

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STATEMENT OF INCOME MULTICONSULT ASA

Amounts in NOK thousand	Note	2018	2017
Operating revenues	4	56 937	79 278
Expenses for sub contractors and disbursements		9 104	1 228
Net operating revenues		**47 832**	**78 050**
Employee benefit expenses	5	46 046	46 580
Other operating expenses	6	29 116	27 273
Operating expenses excluding depreciation and amortisation		**75 162**	**73 853**
Operating profit before depreciation and amortisation (EBITDA)		**(27 330)**	**4 196**
Depreciation and amortisation	10, 11	2 661	1 127
Operating profit (EBIT)		**(29 991)**	**3 069**
Financial income	7	3 715	6 035
Group contribution	7	150 000	0
Financial expenses	7	9 055	5 343
Net financial items		**144 660**	**692**
Profit before income taxes		**114 669**	**3 761**
Income tax expenses	8	13 183	1 050
Profit (loss) and comprehensive income for the year		**101 486**	**2 711**
Allocation of the profit (loss) for the year			
Transferred to (from) other equity		61 030	(37 712)
Dividend		40 456	40 423
Total allocated		101 486	2 711

BALANCE SHEET MULTICONSULT ASA

Amounts in NOK thousand	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Deferred tax assets	8	0	356
Intangible assets	10	22 419	10 837
Property, plant and equipment	11	672	1 536
Total non-current non-financial assets		**23 091**	**12 729**
Investments in subsidiaries	13	733 141	733 141
Investments in associates and joint ventures	13	2 082	2 082
Other non-current financial assets	16	59 048	101 364
Total non-current financial assets		**794 271**	**836 587**
Total non-current assets		**817 363**	**849 316**
Current assets			
Trade receivables	9	9 380	38 969
Work in progress	9	52	225
Other current receivables	9	2 777	1 396
Total receivables		**12 209**	**40 590**
Cash and cash equivalents	12	**2 213**	**10 965**
Total current assets		**14 422**	**51 555**
TOTAL ASSETS		**831 785**	**900 871**

BALANCE SHEET MULTICONSULT ASA

Amounts in NOK thousand	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Total paid-in equity		91 244	91 244
Other equity		405 840	343 509
Total equity		**497 084**	**434 753**
Non-current liabilities			
Deferred tax	8	45	0
Non-current interest bearing liabilities	3	172 000	193 500
Total non-current liabilities		**172 045**	**193 500**
Current liabilities			
Trade payables		12 314	12 804
Current tax liabilities	8	0	961
Public duties payable		9 680	7 680
Dividends payable		40 456	40 456
Current interest bearing liabilities	3	21 500	21 500
Other current liabilities	15	78 706	189 217
Total current liabilities		**162 656**	**272 618**
Total liabilities		**334 701**	**466 118**
TOTAL EQUITY AND LIABILITIES		**831 785**	**900 871**

The Board and CEO of Multiconsult ASA
Oslo, 4 April 2019

Bård Mikkelsen
Chair of the board

Runar Tyssebotn
Director

Kjetil Monssen Ebbesberg
Director

Hanne Rønneberg
Director

Bo Rikard Appelgren
Director

Vibeke Strømme
Director

Liv-Kristine Rud
Director

Elisabeth Lokshall
Director

Grethe Bergly
CEO

STATEMENT OF CASH FLOWS MULTICONSULT ASA

Amount in NOK thousand *+ are cash increasing and - are cash reducing effects*	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income taxes		114 669	3 761
Income taxes paid during the period		(942)	(27 377)
Depreciation and amortisation	10,11	2 661	1 127
Employee share purchase programme – non-cash profit and loss item		(5 222)	561
Changes in trade receivables and other receivables		28 382	85 832
Changes in trade payables		(491)	6 834
Group contribution		(150 000)	0
Changes in current liabilities and other adjustments		74 762	(985)
Net cash flows from operating activities		**63 819**	**69 753**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net payments on acquisition and sale of property, plant and equipment and intangible assets	10,11	(12 724)	(6 747)
Proceeds/payments related to equity accounted investments		0	339
Change in loans to subsidiaries and associates		44 923	0
Cash effect of demergers		0	(8 921)
Cash effect of acquisition of shares		0	(170 532)
Net cash flows from investing activities		**32 199**	**(185 861)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase treasury shares		(43 104)	(35 030)
Sale treasury shares		258	294
Dividends paid		(40 423)	(78 715)
Proceeds and payments from borrowings		(21 500)	165 000
Net cash flows from financing activities		**(104 769)**	**51 549**
Net change in cash and cash equivalents		(8 752)	(64 559)
Cash and cash equivalents at 1 January	12	10 965	75 524
Cash and cash equivalents at 31 December	12	**2 213**	**10 965**

STATEMENT OF CHANGES IN EQUITY MULTICONSULT ASA

Amounts in NOK thousand	Share capital	Treasury shares	Share premium	**Total paid-in equity**	Retained earnings	Remeasure-ment pensions	**Total equity**
31 December 2016	**13 125**	**(1)**	**13 320**	**26 444**	**582 891**	**(201 985)**	**407 350**
Treasury shares	0	1	0	**1**	204	0	**205**
Share issue	361	0	64 439	**64 799**	0	0	**64 799**
Employee share purchase programme (net of tax)	0	0	0	**0**	111	0	**111**
Dividend declared	0	0	0	**0**	(40 456)	0	**(40 456)**
Dividend not paid on own shares	0	0	0	**0**	33	0	**33**
Total comprehensive income for the period	0	0	0	**0**	2 711	0	**2 711**
31 December 2017	**13 485**	**0**	**77 759**	**91 244**	**545 494**	**(201 985)**	**434 753**
Tax on demerger of Multiconsult Norge AS [1)]	0	0	0	0	11 468	0	11 468
Treasury shares	0	0	0	0	4	0	4
Employee share purchase programme (net of tax)	0	0	0	0	(10 172)	0	(10 172)
Dividend declared	0	0	0	0	(40 456)	0	(40 456)
Total comprehensive income for the period	0	0	0	0	101 486	0	101 486
31 December 2018	**13 485**	**0**	**77 759**	**91 244**	**607 824**	**(201 985)**	**497 084**

See note 9 to the consolidated financial statements for information about treasury shares and employee share purchase programme.

[1)] Multiconsult Norge AS was demerged from Multiconsult ASA as of 1 January 2017. In this transaction a receivable on Multiconsult Norge AS was established, of which a part was converted to equity in Multiconsult Norge AS at 1 January 2017. The remaining receivable was settled in 2018. It was a deferred tax asset related to the receivable which was not recognised at 31 December 2017. This tax effect has been recognised as an increase in deferred tax assets and corresponding increase in equity at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

The company is the parent in the Multiconsult ASA group. With effect from 1 January 2017, the company demerged its operating activities to Multiconsult Norge AS. Subsequent to the demerger, the company is a holding company and contains parts of the group management and corporate functions. After the demerger, revenues primarily comprise sales of group services to Multiconsult subsidiaries, primarily on a cost-plus basis.

These financial statements were approved by the Board of Directors on 4 April 2019 for adoption by the Annual General Meeting on 25 April 2019.

NOTE 2 BASIS FOR PREPARATION

The group prepares the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Norwegian Accounting Act. References to "IFRS" in these financial statements mean IFRS as adopted by the EU. The company prepares the company financial statements in accordance with the Norwegian Accounting Act and regulation for simplified application of International Financial Reporting Standards (simplified IFRS).

The company's financial statements have been prepared on a historical cost basis, except for derivatives that are measured at fair value. The financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the company. Amounts are rounded to the nearest thousand, unless stated otherwise. As a result of such rounding differences, amounts and percentages may not add up to the total.

Principles for recognition and measurement are in accordance with IFRS and the policies are applied as described in the consolidated financial statements, except as specified in the regulation for simplified IFRS. Furthermore, mergers of subsidiaries are based on the carrying values of the group, and the difference between the carrying value of shares before the merger and the net assets related to the merged subsidiary is recognised in equity. This is because this is a common control transaction. Demergers are based on the carrying values of the company. Comparative figures are not restated. Disclosure requirements are in accordance with the requirements in the Norwegian Accounting Act with additions as specified in the regulation for simplified IFRS. Presentation of the primary financial statements is similar to the group. Options in the regulation for simplified IFRS that have not been applied are not relevant to the company. The option in the regulation for simplified IFRS which the company has utilised in recognition and measurement and which differ from the consolidated financial statements are:

Dividends and group contribution
Dividends and group contributions are recognised in accordance with the Accounting Act, which entails that dividends and group contributions are recognised in the reporting period to which they relate.

Investment in subsidiaries, associated companies and joint ventures
Investment in subsidiaries, associated companies and joint ventures are recognised using the cost method. In accordance with the cost method, the investment is recognised at historical cost less any impairment. Dividends and group contributions are recognised as financial income. Group contributions to subsidiaries are recognised as part of cost of investment.

Standards effective from 1 January 2018
IFRS 9 *Financial instruments* was implemented as of 1 January 2018. There was no effect on classification of financial instruments and the expected credit loss model on the financial statements of the company. It was no effect on equity at 1 January 2018. Comparative figures have not been restated.

IFRS 15 *Revenues from contracts with customers* was implemented as of 1 January 2018. The implementation of IFRS 15 did not change revenue recognition for the company. The company is delivering services to its subsidiaries. The customers simultaneously receive and consume the benefits provided by the company's performance as it performs. The company implemented IFRS 15 according to the cumulative retrospective method, to contracts that were not completed contracts at 1 January 2018. Comparable figures for 2017 has not been restated. However, the group's assessment is that it would not have had effects on the 2017 comparative revenue or expense figures, and there was no effect on equity at 1 January 2018.

Standards not yet effective
IFRS 16 *Leases* will be implemented as of 1 January 2019. The company is charged by Multiconsult Norge AS for use of premises, but there is no explicit agreement related to lease, and the company evaluates that it has no fixed lease payment obligations. Consequently, the company does not expect any significant effect of IFRS 16.

NOTE 3 FINANCIAL RISK MANAGEMENT

Credit risk is primarily related to loans and receivables to subsidiaries and bank deposits. The carrying amount of the company's financial instruments is a reasonable approximation to fair value. The company's credit risk is considered limited. Operational currency risk is limited, but the company has some direct and indirect investments in shares in foreign subsidiaries and associates, for which the fair value will be currency exposed. Change in fair value of these shares is not recognised in the financial statements, unless the shares become impaired. Liquidity risk is primarily related to a bank loan and payables to subsidiaries and dividends. Interest rate risk is primarily related to the bank loan, bank deposits and interest rate swaps.

The company mainly holds receivables and financial liabilities measured at amortised cost. The company also holds some currency and interest rate derivatives that are financial liabilities at fair value through profit or loss. The derivatives are disclosed in note 3 to the consolidated financial statements.

As of 31 December 2018, the company had a term loan from Nordea Bank of NOK 193.5 million, as described in note 3 to the consolidated financial statements, down from NOK 215 million at 31 December 2017. The company has a guarantee for employees' tax deductions amounting to NOK 10 million (NOK 5 million at 31 December 2017). The company has issued sureties (financial guarantees) of in total NOK 600 million at 31 December 2018 and 2017 for Multiconsult Norge AS's liabilities to Nordea Bank, and a guarantee of NOK 3.6 million for a joint venture company of the group.

See the note 3 to the consolidated financial statements for additional information on financial risks.

NOTE 4 OPERATING REVENUES FOR THE PARENT COMPANY

Amounts in NOK thousand	**2018**	**2017**
GEOGRAPHICAL PER CUSTOMER LOCATION		
Norway	53 628	79 278
Outside Norway	3 309	0
Total operating revenues	**56 937**	**79 278**

Revenues comprise primarily sales of group services to Multiconsult subsidiaries on a cost-plus basis.

NOTE 5 EMPLOYEE BENEFIT EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES, PENSIONS ETC.

EMPLOYEE BENEFIT EXPENSES

Amounts in NOK thousand	**2018**	**2017**
Salaries, vacation pay, bonus etc.	37 940	37 210
Social security tax	5 914	5 237
Pension expenses	3 122	3 121
Other employee benefit expenses	4 343	1 012
Reduction to employee benefit expenses related to share purchase programme [2]	(5 273)	N/A
Total employee benefit expenses	**46 046**	**46 580**
Number of full time employees during the year [1]	24	24
Number of employees as of 31 December	26	25

[1] Number of full time employees is calculated as the total number of working hours (including overtime and paid sick leave) divided on normal working hours per full time employee for the period.

[2] See employee share purchase programmes below

Refer to note 9 in the consolidated financial statements for information on remuneration and share ownership related to group management and the Board of Directors, and the share purchase programme.

Multiconsult ASA has established pension plans that comply with the requirements in the Act on Mandatory company pensions. At end of 2018, there was 26 active employees in the contribution plan (25 at the end of 2017). Annual contributions to the plan are 5.55% for contribution basis between 1G and 7.1G, and 18 % of the contribution basis between 7.1G and 12G. G is a base amount annually approved by the Norwegian parliament, and was NOK 96,883 per 31 December 2018.

EMPLOYEE SHARE PURCHASE PROGRAMMES

In 2018, employees of the company were allocated 15,722 shares in the 2018 employee share purchase programme (9,816 shares in 2017). In addition, key management personnel signed up for 11,430 shares (7,248 shares in 2017) in the variable performance based bonus scheme. See note 9 to the consolidated financial statements for further information about the bonus scheme for key management personnel.

The discount is partially recognised as an expense and partially recognised to equity. See accounting policies for the group for further description.

Amounts in NOK thousand	**2018**	**2017**
Employee benefit expenses	51	105
Recognised directly to equity (before tax) [1]	134	248
Total discount employees of Multiconsult ASA	**186**	**353**

In previous years, the subsidiaries recognised part of the discount related to their employees to equity instead of as an employee expense. In 2018, the subsidiaries recognised the total discount as part of their employee expenses, and Multiconsult ASA recognised the part of the discount that for the group shall be recognised directly to equity, with an offsetting effect as a reduction to employee expenses.

Amounts in NOK thousand	2018	2017
Reduction to employee benefit expenses	(5 273)	N/A
Recognised directly to equity (before tax) [1]	5 273	N/A

[1] The amount recognised directly to equity as a discount may deviate from the amount recognised in the statement of equity before tax, if the payments to acquire own shares deviates from the market price for the shares used as basis for calculating the discount.

Employees have been granted loans (maximum 3/5 G, NOK 58 thousand per employee) for the remaining payment for the shares, with outstanding balance at 31 December 2018 of NOK 538 thousand (NOK 624 thousand at 31 December 2017).

NOTE 6 OTHER OPERATING EXPENSES

Amounts in NOK thousand	2018	2017
Rental and other expenses for premises	332	1 244
Consultants	14 417	9 799
Technical equipment	9 360	0
Office expenses, IT	3 401	14 574
Telecommunications services	17	110
Travel and per diem allowance	648	624
Marketing	2 339	607
Losses on receivables	0	0
Gain on sale of fixed assets	(655)	0
Other	(744)	316
Total other operating expenses	**29 116**	**27 273**

AUDITOR
Compensation to Deloitte AS

Amounts in NOK thousand	2018	2017
Statutory audit services	1 036	1 304
Tax advisory services	150	199
Other assurance services	24	269
Other non-audit services	0	743
Total	**1 211**	**2 515**

The amounts above are excluding VAT.

NOTE 7 FINANCIAL ITEMS

Amounts in NOK thousand	2018	2017
Interest income from group companies	2 059	2 980
Other interest income	303	178
Other financial income	55	0
Gains on derivatives	1 298	0
Dividends	0	2 877
Financial income	**3 715**	**6 035**
Group contribution from subsidiaries	**150 000**	**0**
Other interest expenses	7 767	3 076
Losses on derivatives	0	1 204
Other financial expenses	1 288	1 063
Financial expenses	**9 055**	**5 343**
Net financial items	**144 660**	**692**

NOTE 8 INCOME TAXES

THE INCOME TAX EXPENSES IN THE STATEMENT OF INCOME FOR THE YEAR ARE AS FOLLOWS:

Amounts in NOK thousand	2018	2017
Income taxes payable	0	1 247
Net withholding tax after tax credit	89	180
Regulation of previous years' income taxes	(19)	(59)
Changes in deferred taxes	13 116	(334)
Effects from changes in tax rate	(2)	16
Income tax expenses	**13 183**	**1 050**

RECONCILIATION FROM NOMINAL TO ACTUAL TAX RATE:

Amounts in NOK thousand	2018	2017
Profit before income taxes	**114 669**	**3 761**
Expected income tax expenses based on nominal tax rate in Norway (23%/24%)	26 374	903
Tax effect of the following items:		
Non-deductible expenses	10	10
Non-taxable part of group contribution	(13 268)	0
Effect of change in tax rate	(2)	16
Regulation of previous years' income taxes	(19)	(59)
Net withholding tax after tax credit	89	180
Income tax expenses	**13 183**	**1 050**
Effective tax rate	11.5%	27.9 %

SPECIFICATION OF THE TAX EFFECT OF TEMPORARY DIFFERENCES:

Amounts in NOK thousand	2018	2017
Non-current assets	(139)	37
Current assets	0	0
Liabilities and provisions	93	319
Tax losses carried forward	0	0
Deferred tax assets/ (liabilities) in the balance sheet	**(45)**	**356**

RECONCILIATION OF DEFERRED TAX ASSETS IN THE BALANCE SHEET

Amounts in NOK thousand	2018	2017
Deferred tax assets 1 January	356	12 041
Effect of demerger [1]	11 468	(12 002)
Change in deferred taxes recognised in the income statement	(13 116)	334
Effect of changes in tax rate	2	(16)
Change in deferred taxes recognised to equity [2]	1 244	0
Deferred tax assets in the balance sheet (net) as of 31 December	**(45)**	**356**

[1] Multiconsult Norge AS was demerged from Multiconsult ASA as of 1 January 2017. In this transaction, a receivable on Multiconsult Norge AS was established, of which a part was converted to equity in Multiconsult Norge AS at 1 January 2017. The remaining receivable was settled in 2018. It was a deferred tax asset related to the receivable which was not recognised at 31 December 2017. This tax effect has been recognised as an increase in deferred tax assets and corresponding increase in equity at 1 January 2018.

[2] Related to the employee share purchase programme.

RECONCILIATION OF INCOME TAXES PAYABLE IN THE BALANCE SHEET

Amounts in NOK thousand	2018	2017
Expensed income taxes payable	0	(1 247)
Prepaid taxes	0	320
Income tax on employee share purchase programme recognised in equity	0	(35)
Income taxes payable in the balance sheet	**0**	**(961)**

NOTE 9 RECEIVABLES AND PREPAID EXPENSES

Amounts in NOK thousand	31.12.2018	31.12.2017
Trade receivables	9 380	38 969
Allowance for losses	0	0
Total trade receivable	**9 380**	**38 969**
Work in progress	**52**	**225**
Prepaid expenses	2 232	0
Other	545	1 396
Other current receivables	**2 777**	**1 396**

NOTE 10 INTANGIBLE ASSETS AND GOODWILL

Amounts in NOK thousand	**Software**	**Goodwill**
Acquisition cost 1 January 2017	55 055	168 850
Disposal from demerger	55 055	168 850
Additions	11 211	0
Acquisition cost 31 December 2017	**11 211**	**0**
Additions	13 790	0
Acquisition cost 31 December 2018	**25 011**	**0**
Accumulated amortisation 1 January 2017	46 810	79 648
Disposal from demerger	46 810	79 648
Amortisation for the year	374	0
Accumulated amortisation 31 December 2017	**374**	**0**
Amortisation for the year	2 208	0
Accumulated amortisation 31 December 2018	**2 582**	**0**
Carrying amount 1 January 2017	8 245	89 202
Disposal from demerger	8 245	89 202
Additions	11 211	0
Amortisation for the year	374	0
Carrying amount 31 December 2017	**10 837**	**0**
Additions	13 790	0
Amortisation for the year	2 208	0
Carrying amount 31 December 2018	**22 419**	**0**

Carrying amount of software at 31 December 2018 is primarily related to the new ERP system and consolidation system that is amortised straight line over 3 - 10 years. Assets not completed and ready for its intended use are included in intangible assets with NOK 4,460 thousand at 31 December 2018.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand	**Total property, plant and equipment**
Acquisition cost 1 January 2017	332 996
Disposal from demerger	329 200
Additions	938
Disposal	988
Acquisition cost 31 December 2017	**3 746**
Additions	(229)
Disposal	1 558
Acquisition cost 31 December 2018	**1 959**
Accumulated depreciation 1 January 2017	261 630
Disposal from demerger	259 903
Depreciation for the year	753
Disposal	270
Accumulated depreciation 31 December 2017	**2 210**
Depreciation for the year	453
Disposal	1 376
Accumulated depreciation 31 December 2018	**1 287**
Carrying amount 1 January 2017	71 368
Disposal from demerger	69 299
Additions	938
Depreciation for the year	753
Disposal	718
Carrying amount 31 December 2017	**1 536**
Additions	(229)
Depreciation for the year	453
Disposal	182
Carrying amount 31 December 2018	**672**

Estimated useful lives are 3 -8 years.

NOTE 12 CASH AND CASH EQUIVALENTS AND GUARANTEES

Amounts in NOK thousand	31.12.2018	31.12.2017
Total cash and cash equivalents	**2 213**	**10 965**

GUARANTEE OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

Amounts in NOK thousand	31.12.2018	31.12.2017
Bank guarantee - guarantees towards customers	2 149	6 912
Bank guarantee - guarantees for other obligations	26 241	26 601
Guarantee – employees tax deductions	10 000	5 000
Parent company guarantees - for associates and joint ventures	3 600	3 600
Parent company guarantees - for subsidiaries	6 567	13 728
Total guarantees	**48 557**	**55 841**

In addition to the amounts in the table, the company has issued sureties (financial guarantees) of total NOK 600 million for Multiconsult Norge AS's liabilities to Nordea Bank.

NOTE 13 SUBSIDIARIES, ASSOCIATED COMPANIES, JOINT VENTURES

SUBSIDIARIES			At 31 December 2018 and 2017		Carrying amount 31 December	
Amounts in NOK thousand (except percentages)	Acquisition date	Business office	Voting share	Owner-ship share	2018	2017
Multiconsult Norge AS	2017	Oslo, Norway	100%	100%	467 035	300 000
Iterio AB	2017	Stockholm, Sweden	100%	100%	52 606	52 606
Hjellnes Consult AS [1]	2017	Oslo, Norway	100%	100%	N/A	151 800
Johs Holt AS	2017	Oslo, Norway	100%	100%	32 200	32 200
Prosjektforum AS [1]	2017	Sarpsborg, Norway	100%	100%	N/A	10 736
LINK arkitektur AS	2015	Oslo, Norway	100 %	100 %	147 645	147 645
Multiconsult UK Ltd	2012	London, UK	100 %	100 %	3 937	3 937
Multiconsult Asia Pte. Ltd	2013	Singapore	100 %	100 %	933	933
Analyse & Strategi AS [1]	2010	Oslo, Norway	100 %	100 %	N/A	4 499
Multiconsult Polska Z.O.O.	2014	Warzawa, Poland	100 %	100 %	28 641	28 641
LLC Multiconsult Rus	2009	Russia	100 %	100 %	145	145
Total subsidiaries					**733 141**	**733 141**

Merged with Multiconsult Norge AS, with increase in the carrying value of the shares in Multiconsult Norge AS equal to the carrying values of the shares in the merged companies at 1 January 2018.

SUBSIDIARIES OWNED BY SUBSIDIARIES [1]

LINK arkitektur AB	2008	Stockholm, Sweden	100 %	100 %
LINK arkitektur Aps	2013	Copenhagen, Denmark	100 %	100 %
LINK arkitektur A/S	2016	Aarhus, Denmark	100 %	100 %

[1] Subsidiaries of LINK arkitektur AS

There are no significant restrictions on the company's ability to gain access to or use the group's assets and settle the group's obligations, see however note 16 to the group financial statements regarding restricted cash.

ASSOCIATED COMPANIES AND JOINT VENTURES

			At 31 December 2018 and 2017		Carrying amount 31 December	
Amounts in NOK thousand (except percentages)	**Acquisition date**	**Business office**	**Voting share**	**Owner-ship share**	**2018**	**2017**
Norplan Tanzania Ltd	2013	Tanzania	49.0 %	49.0 %	2 050	2 050
Consorcio SAM SpA	2014	Chile	27.5 %	27.5 %	32	32
Total associated companies and joint ventures					**2 082**	**2 082**

NOTE 14 LEASING AND OTHER PAYMENT OBLIGATIONS

Liabilities for operating leases of assets are not recognised in the balance sheet. At 31 December 2018 and 2017, Multiconsult ASA is not party to any lease agreements. The company is charged by Multiconsult Norge AS for use of premises, but there is no explicit agreement related to lease, and the company evaluates that it has no fixed lease or other significant payment obligations.

NOTE 15 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	**31.12.2018**	**31.12.2017**
Salaries payable, vacation pay, bonus etc.	4 325	4 743
Derivatives	165	1 462
Other accrued expenses	3 324	2 676
Current liabilities group companies	70 890	180 335
Total other current liabilities	**78 706**	**189 217**

NOTE 16 NON-CURRENT RECEIVABLES

Amounts in NOK thousand	**31.12.2018**	**31.12.2017**
Loans to subsidiaries	55 265	97 395
Other non-current receivables	3 783	3 969
Total other non-current receivables	**59 048**	**101 364**

NOTE 17 RELATED PARTIES

The Company's related parties are the same as mentioned in note 23 to the consolidated financial statements, in addition to the company's subsidiaries. Refer to note 9 to the consolidated financial statements for information on transactions with and remuneration to key management personnel.

Transactions with joint ventures and associated companies in 2018: sales: NOK 9,268 thousand, purchases: NOK 2,044 thousand, receivables: NOK 6,315 thousand, liabilities: NOK 152 thousand.

TRANSACTIONS AND BALANCES WITH SUBSIDIARIES

	Receivables		Liabilities		Purchases		Sales		Guarantees	
Amounts in NOK thousand	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Total	**64 629**	**136 365**	**76 347**	**186 794**	**11**	**69**	**55 368**	**79 278**	**6 567**	**13 728**

In addition to the amounts in the table above, Multiconsult ASA received dividends of NOK 2,538 thousand from Multiconsult Polska in 2017.

NOTE 18 EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended on 31 December 2018 and up to the date these financial statements have been approved for issue, no events have been identified that require disclosure.

DECLARATION IN ACCORDANCE WITH § 5-5 OF THE SECURITIES TRADING ACT

We confirm that the financial statements for 2018 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the group as a whole. The Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the group as a whole, together with a description of the principal risks and uncertainties that they face.

The Board and CEO of Multiconsult ASA
Oslo, 4 April 2019

Bård Mikkelsen
Chair of the board

Runar Tyssebotn
Director

Kjetil Monssen Ebbesberg
Director

Hanne Rønneberg
Director

Bo Rikard Appelgren
Director

Vibeke Strømme
Director

Liv-Kristine Rud
Director

Elisabeth Lokshall
Director

Grethe Bergly
CEO

AUDITORS' REPORT

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To the General Meeting of Multiconsult ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multiconsult ASA, which comprise:

- The financial statements of the parent company Multiconsult ASA (the Company), which comprise the balance sheet as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Multiconsult ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Timing and accuracy of contract revenue recognition

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments related to the recognition of project revenues, refer to note 2 B in the Group financial statements. IFRS as adopted by the EU require revenue to be recognised in accordance with the percentage completion approach. If it is probable that a project will incur a loss, the estimated loss is recognised immediately. The contracts may span over a number of reporting periods. The amount and timing of revenue to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as: • changes to the original contract terms, • cost overruns, or • scope changes. Given the degree of subjectivity involved in determining costs to complete, there are risks for errors in the calculation of revenue and misstatements in the allocation of revenue between reporting periods.	We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls. We assessed the design and implementation and the operating effectiveness of the internal controls Multiconsult has established related to the timing of revenue recognition. We selected a sample of projects, for which: • we met with management to analyse the projects in detail, • we challenged the key estimates used in the long-term contract accounting calculations, such as costs to complete, key project risks and adherence to billing schedules, • we obtained supporting information and tested the data included in the calculations and management's assumptions for costs to complete, • we tested that estimated losses are properly accounted for, • we tested by sampling that timesheets are properly submitted and accounted for, • we tested that no material revenue adjustments were recognized in January 2019.

Carrying value of goodwill

Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved related to assessments of the carrying value of goodwill, refer to note 2 B and note 14 in the Group financial statements. The carrying value of goodwill amounted to NOK 449 million at 31 December 2018 in the group financial statements. According to IFRS as adopted by the EU, the goodwill is required to be tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of the goodwill is dependent on assumptions about forecast of future cash flows, specifically forecast revenue, operating margin and long-term growth rates along with discount rates. These assumptions are of particular importance due to the level of uncertainties and judgements involved. The outcome of impairment assessments could vary significantly if different assumptions were applied.	We assessed the design and implementation of the controls Multiconsult has established related to assessment of the recoverability of goodwill. We assessed and challenged the reasonableness of management's judgements, in particular: • the cash flow forecast; • the long term growth rate; • and the discount rate used by reference to past performance, externally derived data, forecast for economic factors, and current order book. We evaluated the assumptions and methodologies used, and tested the mathematical integrity of the models.

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Provisions for contract claims	
Key audit matter	How the matter was addressed in the audit
For further information and a description of estimates and judgments involved in provisions for contract claims and related insurance recoverability and recognition of provisions, refer to note 2 B and note 20 in the Group financial statements. Multiconsult performs a thorough review of each claim. This review includes significant judgments related to; • whether the contract claim is valid and is probable to result in a cash outflow, • best estimate for future cash outflow, and • whether a claim is covered by Multiconsult's insurance, either fully or partly. As only claims that are probable to come to a cash outflow are provided for according to IFRS as adopted by the EU and as only virtually certain insurance recoverability are recognized, management's judgements related to determination of likelihood and cash flow estimates can have a significant impact on the financial statements.	We assessed the design and implementation of key controls in Multiconsult's process for assessment of provisioning for contract claims and related insurance recoverability. We participated in management's fourth quarter meeting where all open claims and related best estimates were discussed, and we obtained: • management's schedule for contract claims, which includes the claims assessment and the assessment of insurance recoverability, and tested its completeness by comparing it to correspondence with the Group's legal advisors, • management's explanations for significant movements in the period, which we compared to related assessments from insurers, legal advisors and other relevant sources, if available.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

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of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

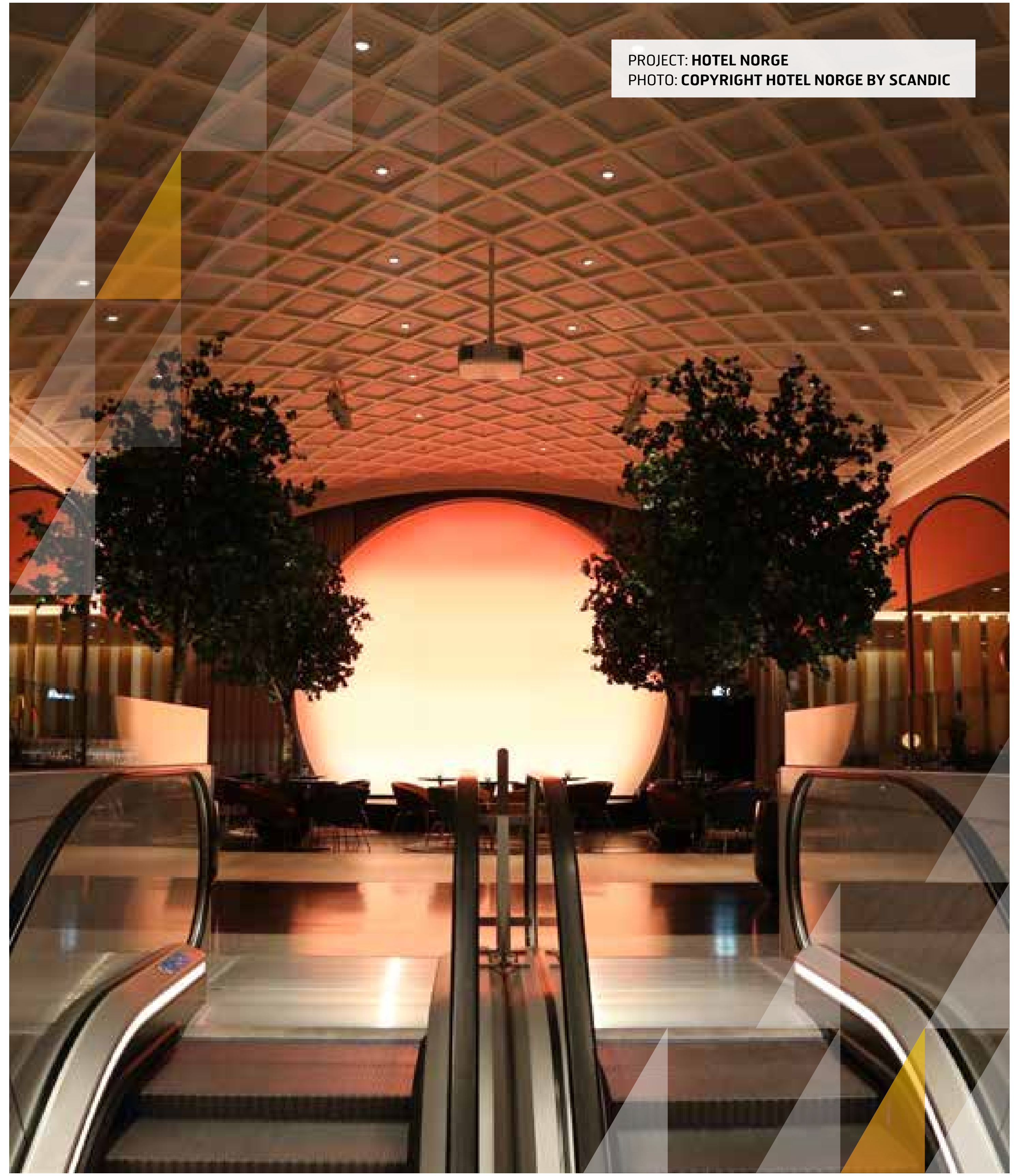
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 4 April 2019
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)



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MANAGEMENT


GRETHE BERGLY
CHIEF EXECUTIVE OFFICER


ANNE HARRIS
EVP
CHIEF FINANCIAL OFFICER


ØYVIND HOLTEDAHL
EVP
MARKET, STRATEGY & INNOVATION


KARI NICOLAISEN
EVP
HR AND COMMUNICATIONS


OLA DALEN
EVP
CORPORATE PROJECTS


LARS OPSAHL
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REGIONS NORWAY


JOHAN ARNTZEN
EVP REGION
GREATER OSLO AREA


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ARCHITECTURE


JÖRGEN HASSELSTRÖM
EVP
ENERGY

BOARD


BÅRD MIKKELSEN
CHAIR OF THE BOARD


RUNAR TYSSEBOTN
DIRECTOR


VIBEKE STRØMME
DIRECTOR


KJETIL MONSSEN EBBESBERG
DIRECTOR


HANNE RØNNEBERG
DIRECTOR


BO RIKARD APPELGREN
DIRECTOR


LIV-KRISTINE RUD
DIRECTOR


ELISABETH LOKSHALL
DIRECTOR

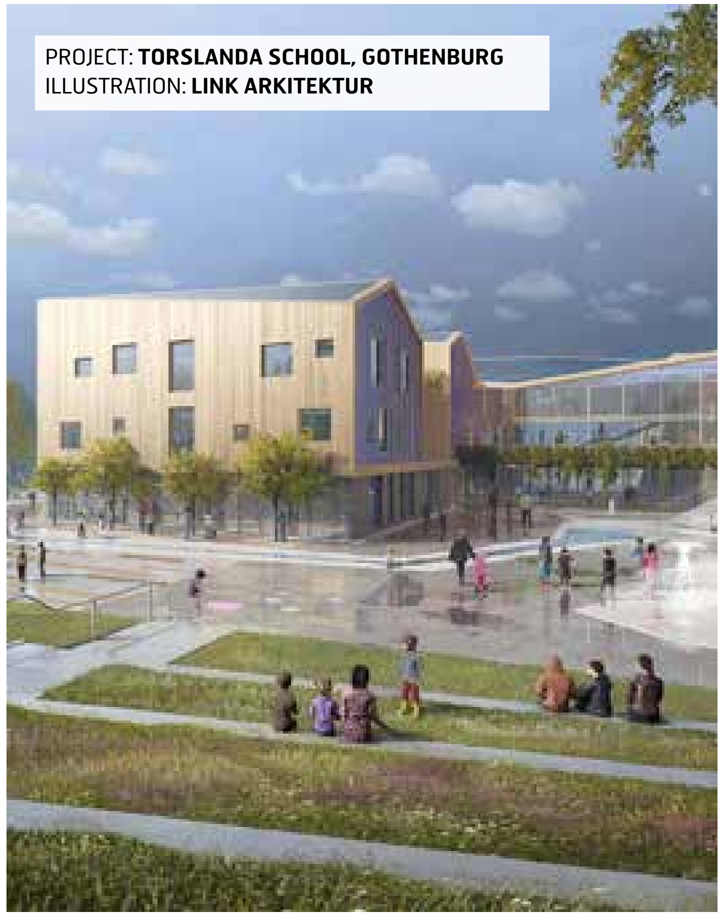
PROJECT: **SPIRALEN DRAMMEN**
ILLUSTRATION: **LINK ARKITEKTUR**

PROJECT: **BJØRNLIEN SCHOOL**
PHOTO: **HUNDVEN-CLEMENTS PHOTOGRAPHY**

PROJECT: **SLUSSEN, STOCKHOLM**
ILLUSTRATION: **DBOX**

PROJECT: **UNITECH RD CENTER**
ILLUSTRATION: **MULTICONSULT**


PROJECT: **FV.109, ØSTFOLD**
ILLUSTRATION: **MULTICONSULT**


PROJECT: **TORSLANDA SCHOOL, GOTHENBURG**
ILLUSTRATION: **LINK ARKITEKTUR**


PROJECT: **REMA SANDNES**
ILLUSTRATION: **REMA NORGE**

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Multiconsult

MILJØMERKET 2041 0672 Merkur Grafisk AS

Design: www.bly.as

Project front cover: New Horten Highschool Illustration: Brick Visual

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