

CONSTI GROUP PLC

Annual General Meeting

6 April 2020



CONSTI

CONSTI GROUP PLC

**ANNUAL GENERAL MEETING
6 APRIL 2020**

CEO Esa Korkeela

CONTENTS

1. A year of changes
2. Figures for FY 2019
3. Consti's strategy



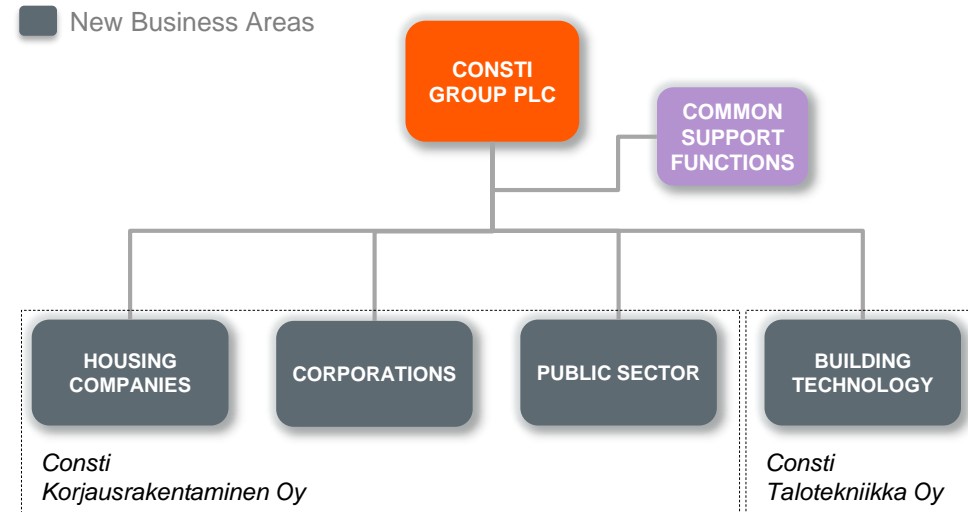
Renewal of organisation structure was completed in 2019

Organisation's customer orientation has improved, management of business has moved closer to production at worksites, while also risk management and agility have improved

RENEWAL OF ORGANISATION STRUCTURE

- Renewal of organisation structure progressed according to plan during 2019
- As a result of renewal, customer benefits have clearly increased
- The initial cost saving target was achieved. Therefore, targeted annual cost savings of EUR 2 million to be fully materialised as of 2020
 - Fixed costs for 2019 decreased year-on-year thanks to the implemented measures
- New legal structure in place as of 31 December 2019
- Target in 2020 will be on reaping the benefits

CONSTI'S NEW ORGANISATION



Actions to improve profitability were continued in 2019

The main focus in 2019 was on implementing the new organisation structure

1

New organisation structure and targeted reorganisations

- New organisation launched in 18 February 2019 → renewal work begins to achieve the targeted benefits
- Changes in legal structure
- Development of internal support functions
- Targeted reorganisations in selected business units

2

Disciplined tendering process

- Group-wide renewal of sales and tendering process
- Development of three-stage project tendering and risk management process
- Stricter internal project approval limits
- Cut out clear no-go projects, where project's delivery method is not in balance with the risks and profit potential of the project

3

Implementation of strategic initiatives (esp. Profitable and competitive operations)

- Implementation of harmonised project management processes
- Implementation of performance management principles on all organisational levels
- Implementation of new project management system throughout the Group
- Enhanced implementation of strategic initiatives in the new organisation structure

CONTENTS

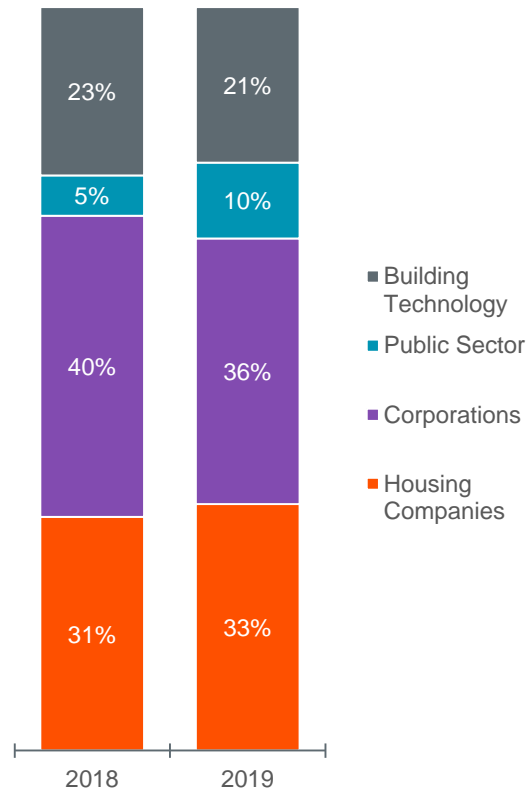
1. A year of changes
2. **Figures for FY 2019**
3. Consti's strategy



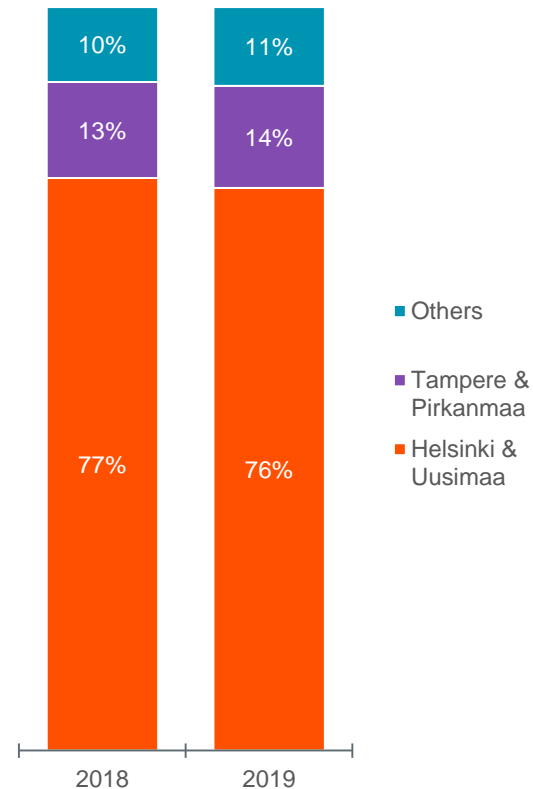
Consti Group's net sales overview 2018-19

Diverse business and customer mix with strong focus on growth centres

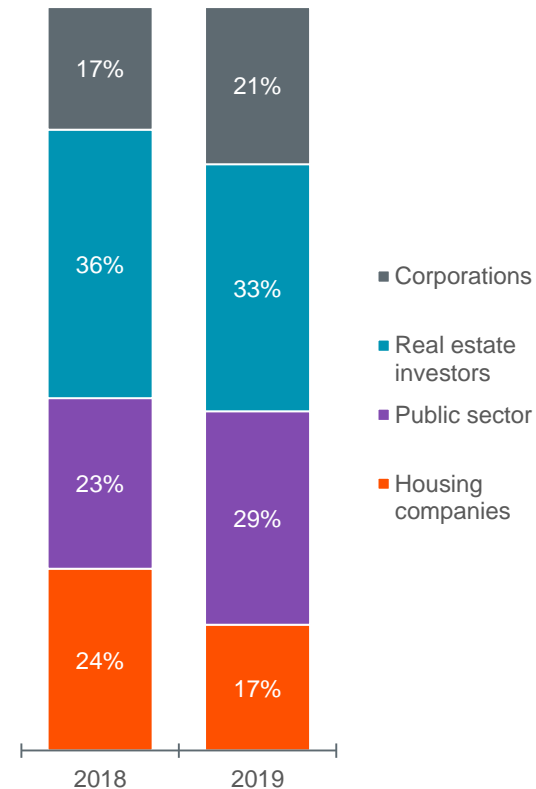
Net sales by business area



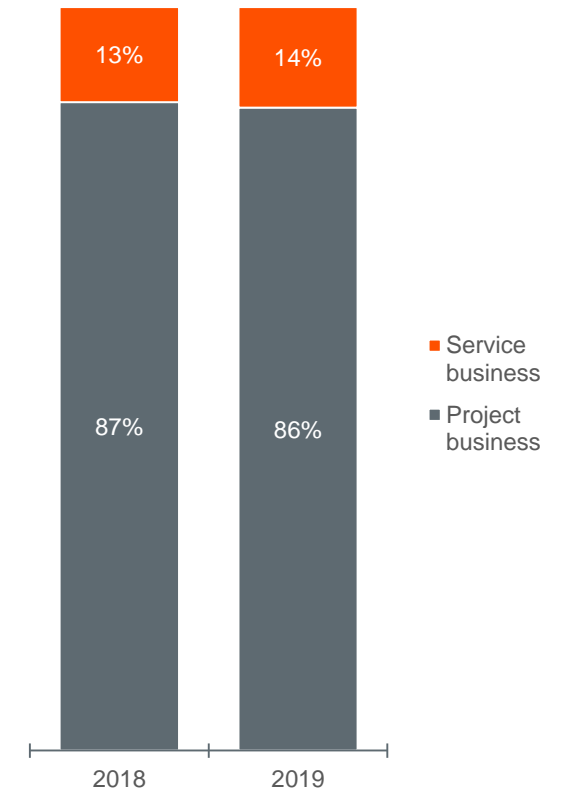
Net sales by geography



Net sales by customer group



Net sales by project / service

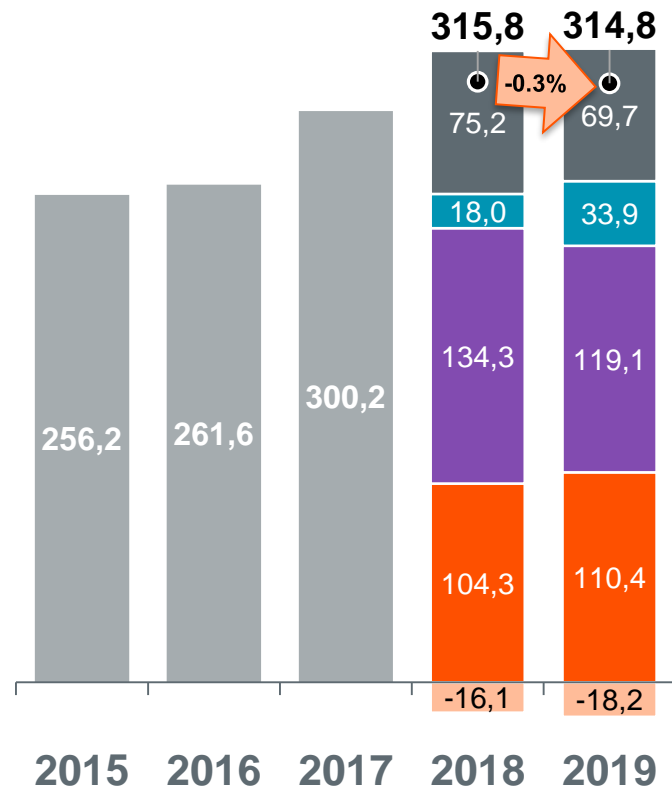


1) Business area splits excluding eliminations

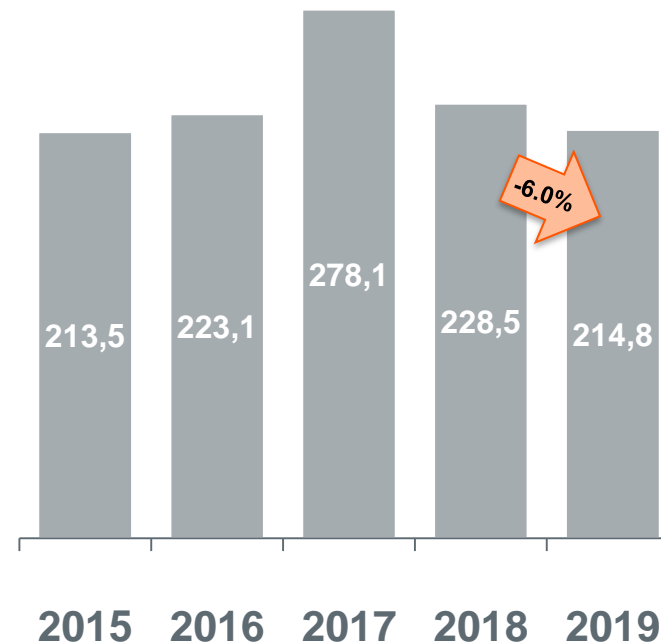
Net sales, order intake and order backlog

Net sales virtually on previous year's level, order intake and order backlog development reflect the group-wide more disciplined bidding procedures

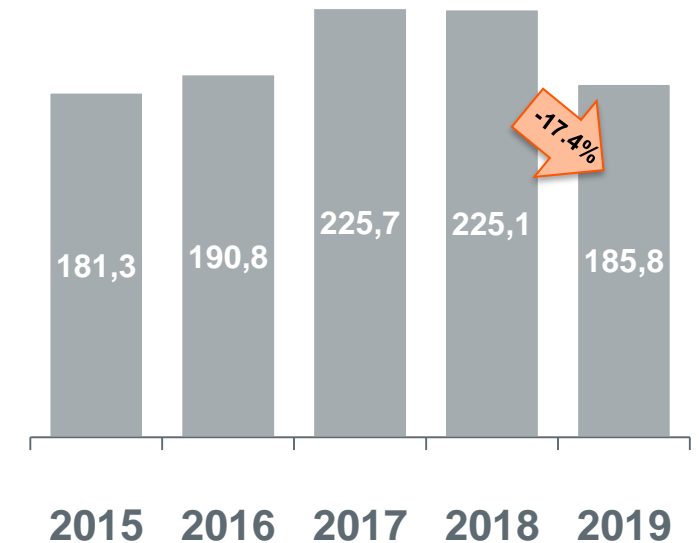
NET SALES (EUR million)



ORDER INTAKE (EUR million)



ORDER BACKLOG (EUR million)

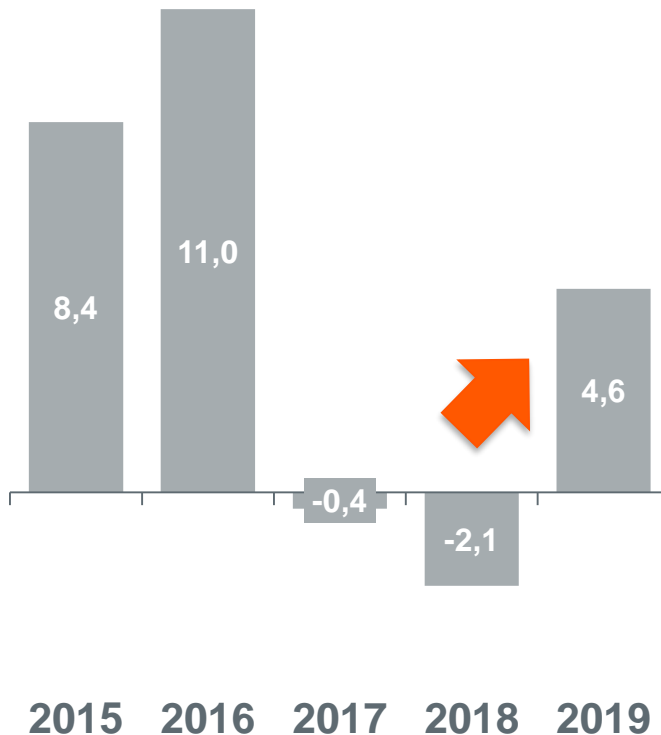


Housing Companies **Corporations** **Public Sector** **Building Technology** **Eliminations** **Group**

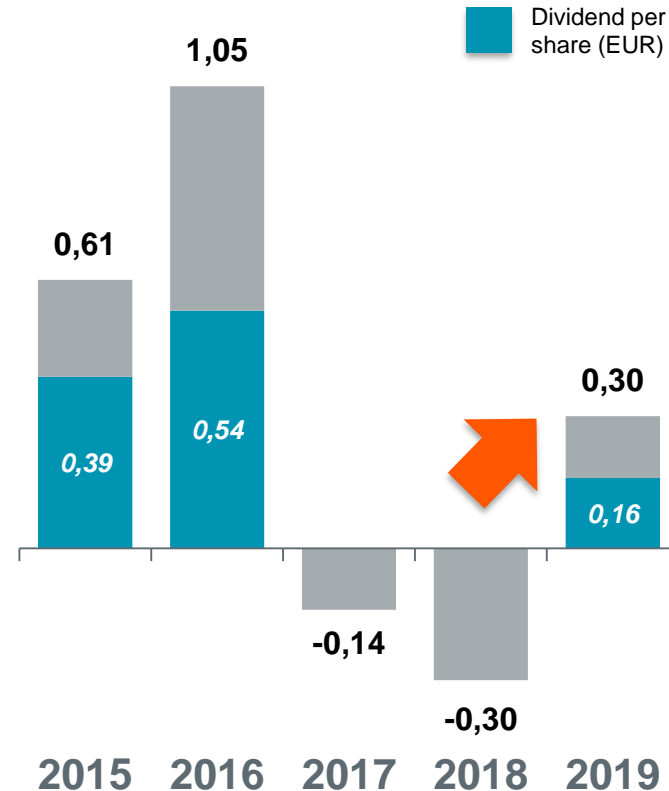
Development of operating result (EBIT) and earnings per share (EPS)

In 2019, profitability improved each quarter towards the end of the year and was clearly better compared to previous year

EBIT (EUR million)



EPS (EUR)



COMMENTS

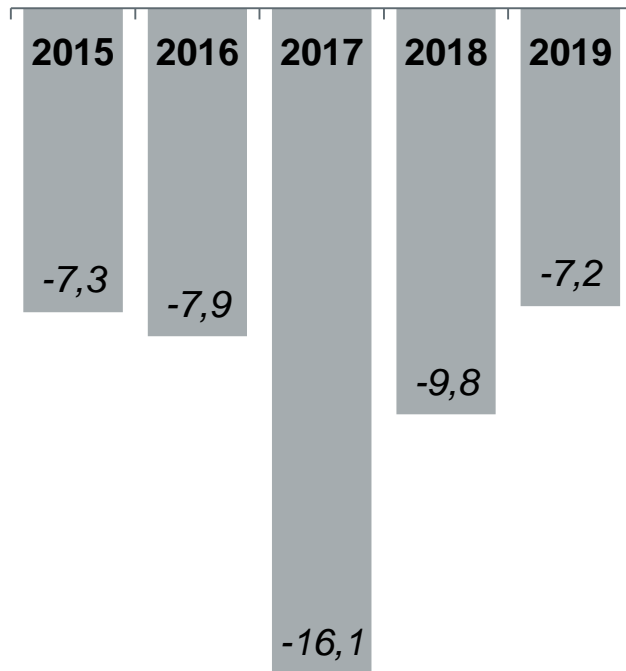
- FY 2019 EBIT amounted to EUR 4.6 (-2.1) million, or 1.5% (-0.7%) of net sales
- EBIT improved quarter by quarter towards the end of the year and was clearly better than in comparison period
- All business areas were profitable in FY 2019
- FY 2019 EPS amounted to EUR 0.30 (-0.30)
- The Board of Directors proposes to the General Meeting that a dividend of EUR 0.16 per share shall be paid for the financial year 1 January – 31 December 2019

Net working capital, cash flow and financial position

Cash flow and financial position improved in 2019

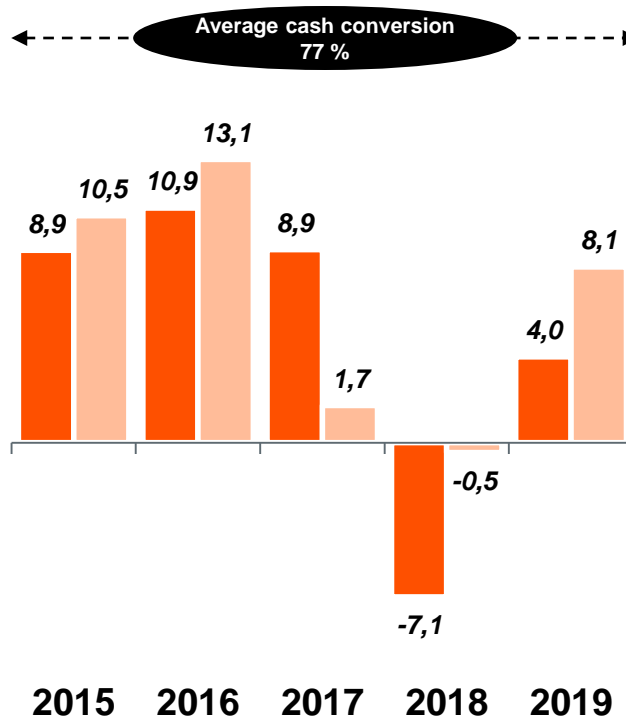
Net working capital

■ Net working capital at year-end (EUR million)



Cash conversion¹⁾

■ Free cash flow (EUR million)
■ EBITDA (EUR million)



Balance sheet KPIs (31 Dec 2019)

64.4%
(83.6%)
Gearing

29.8%
(25.4%)
Equity ratio

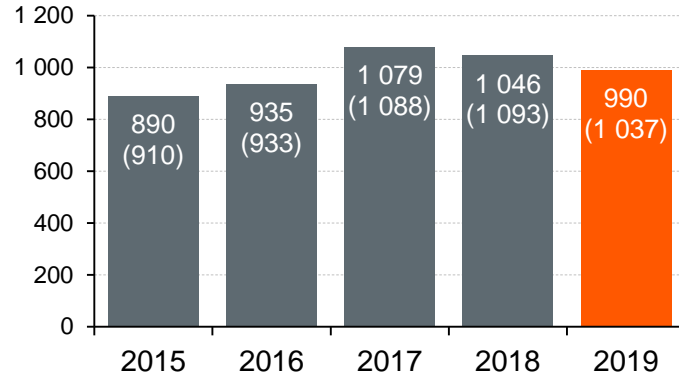
EUR 18.9m
(19.6m)
Net debt

¹⁾ The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial items and taxes, less capital used for purchase of intangible assets and property, plant and equipment

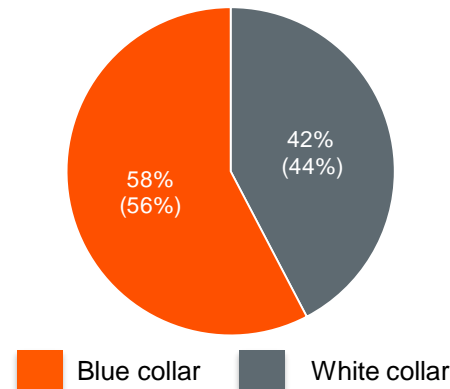
Personnel KPIs 2015-18

Accident rate decreased year-on-year, Consti Group had 990 renovation and building technology professionals at the end of the financial year 2019

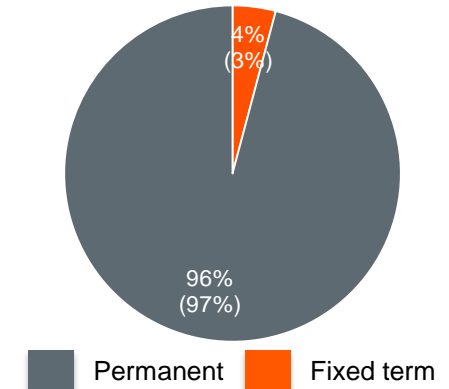
Personnel at year-end
(average)



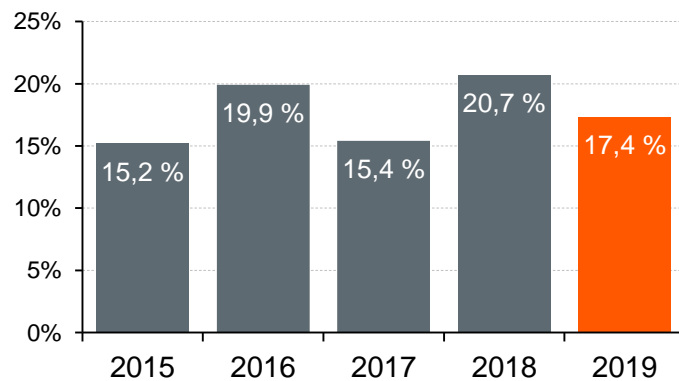
Blue collar / White collar
2019 (2018)



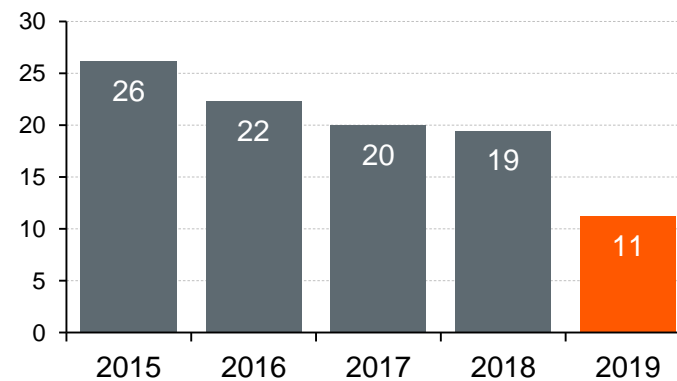
Permanent / Fixed term
2019 (2018)



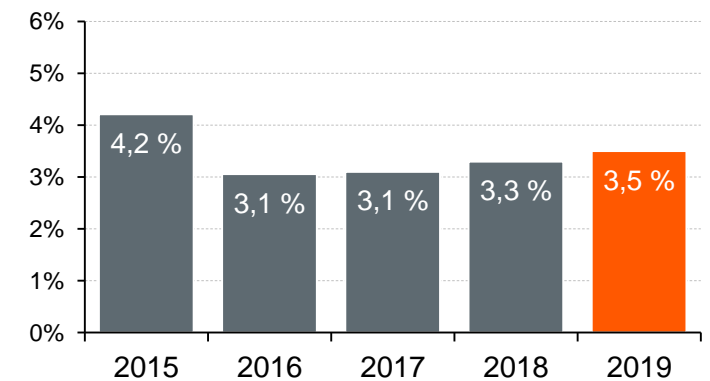
Permanent personnel turnover ratio
(% of employees leaving)



Accident rate
(accidents per million hours worked)



Average absence rate (%)



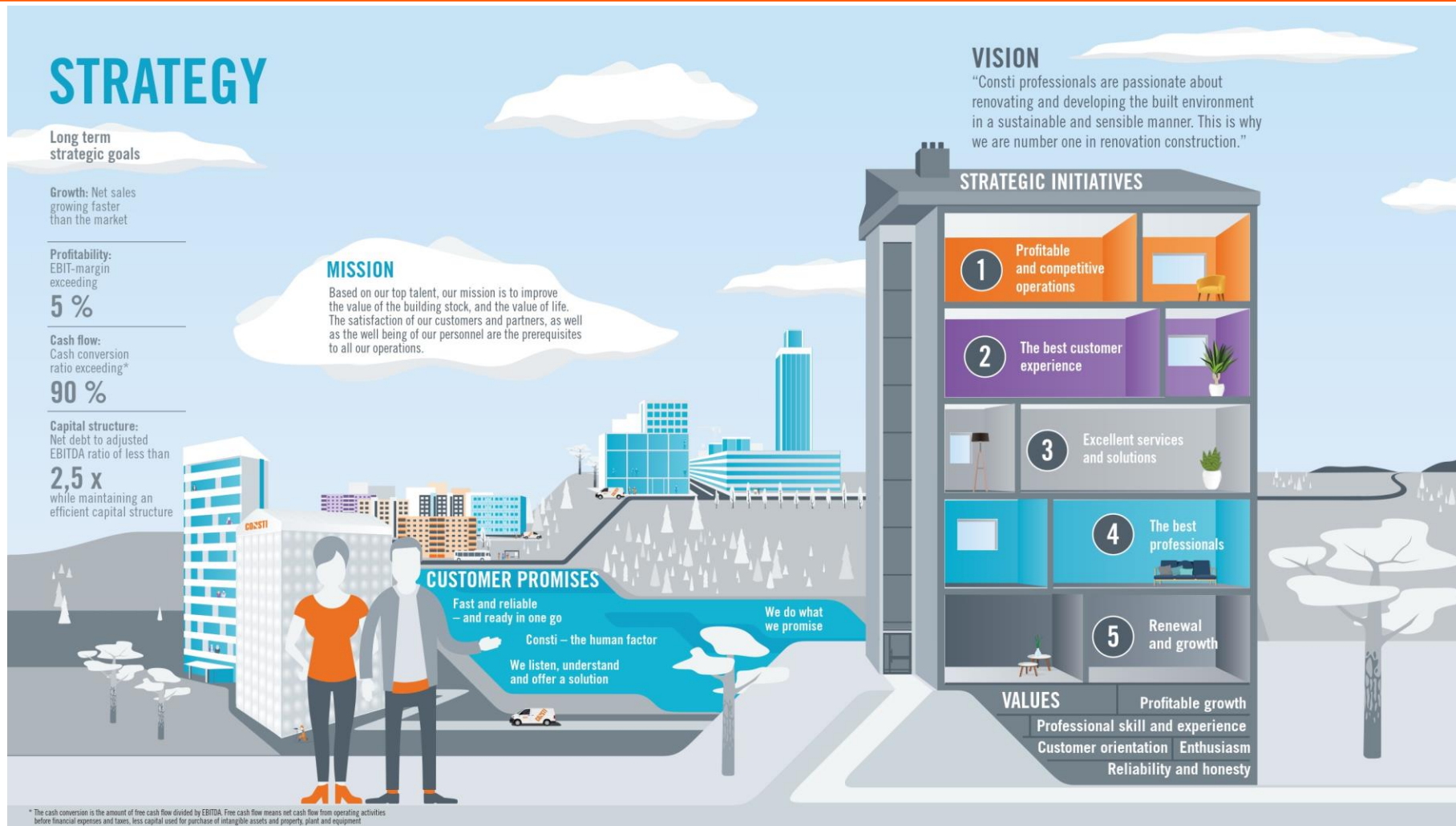
CONTENTS

1. A year of changes
2. Figures for FY 2019
3. **Consti's strategy**



Consti Group's strategy

The renewal of organisation structure carried out in 2019 contributes to implementation of Group strategy going forward



Consti's strategy capitalises on structural growth drivers of renovation

Ageing building stock the single most important growth driver



Ageing building stock



Energy efficiency



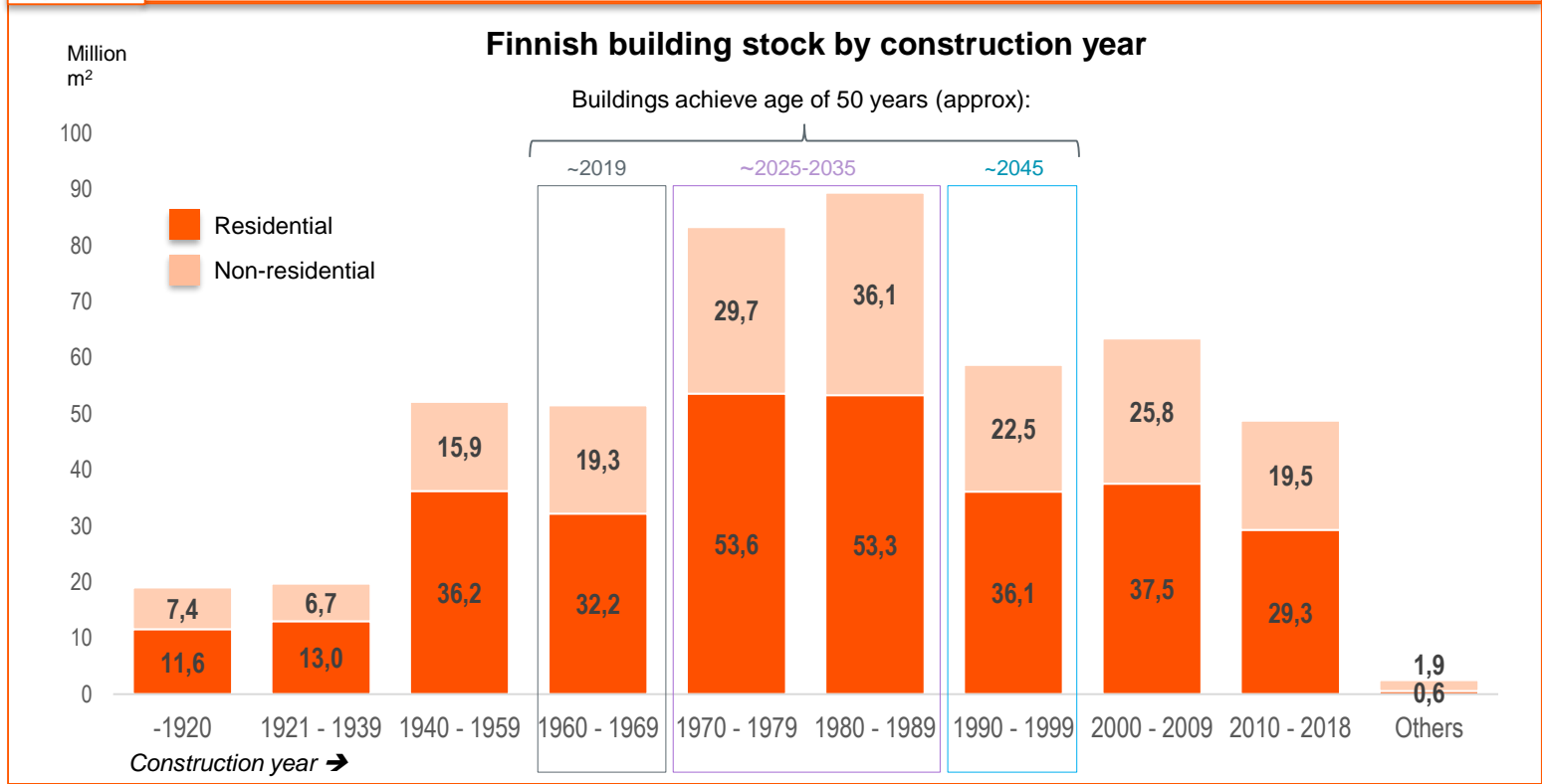
Urbanisation



Modifications of the use of buildings



Increased need for building technology and automation



Source: Statistics Finland, October 2019

Outlook and guidance for 2020

- Before the COVID-19 outbreak the Finnish renovation market was estimated to grow by 1.2% in 2020 (Euroconstruct)
- COVID-19 pandemic:
 - The most significant uncertainties of COVID-19 pandemic for Consti's business are related to availability of personnel, potential infections, availability of materials and regulatory decisions
 - Although uncertainty has increased as a result of COVID-19 pandemic, Consti's worksites are open in all of its areas of operation and thus far the impact of the pandemic on Consti's business has been limited. Renovation market has remained on moderate level in the beginning of 2020
 - Consti has appointed a task force which has already taken comprehensive actions to ensure the health and well-being of its personnel, customers and business partners, as well as the progress of its construction sites and the continuation of the business
 - Consti's task force is monitoring the situation on a daily basis and is ready to take further actions to mitigate potential negative impacts
 - Majority of Consti's operational costs are variable in nature, therefore adjusting to possible changes in business volumes
 - Consti will comment on the impacts of COVID-19 pandemic in more detail in January-March interim report on 29 April 2020
- Guidance for 2020 unchanged: "The Company estimates that its operating result for 2020 will improve compared to 2019."

