

An aerial photograph of a city, likely Helsinki, showing a large building under renovation. The building is covered in white scaffolding and has the word 'CONSTI' written on its side. The surrounding area includes other buildings, streets, and a large body of water in the background. The text 'CONSTI GROUP PLC', 'CARNEGIE CONSTRUCTION SEMINAR', and '23 AUGUST 2017' is overlaid on the top left of the image.

CONSTI GROUP PLC

CARNEGIE CONSTRUCTION SEMINAR

23 AUGUST 2017

CEO Marko Holopainen



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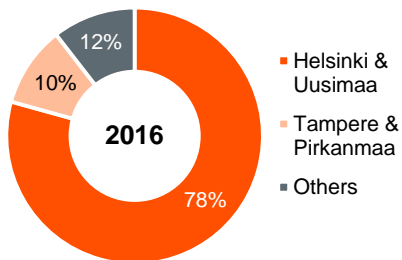
- **Consti in brief**
- H1/2017 highlights in brief
- Market environment and competitive landscape
- Consti's actions to capitalise on market opportunities

Overview of Consti – one of the leading renovation and technical services provider in Finland

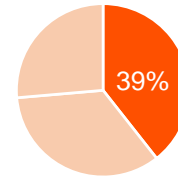
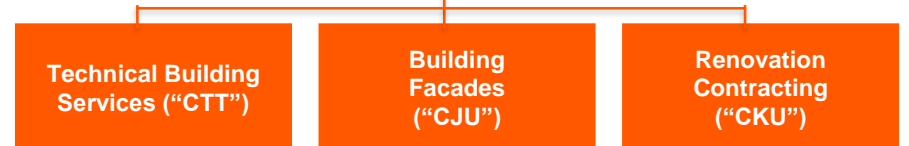
Consti in brief

- Comprehensive service offering covering technical building services, building facades, renovation contracting and maintenance services
- Focused on Finnish growth centres
- Established in 2008, headquartered in Helsinki, Finland, personnel (1165 Jun. 2017)

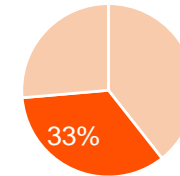
Net sales by geographical area



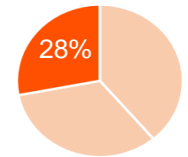
CONSTI



- Pipeline renovations of residential buildings
- Technical installations to non-residential properties and public buildings
- Service & maintenance



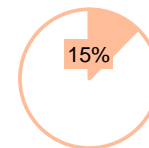
- Renovation of building envelopes (facades, roofs, windows, balconies, etc.)
- Residential and non-r.
- Renovation of rental apartment buildings
- Service & maintenance



- Renovation contracting of non-residential properties and public buildings
- Comprehensive remodelling and overhaul projects
- Service & maintenance

Service business

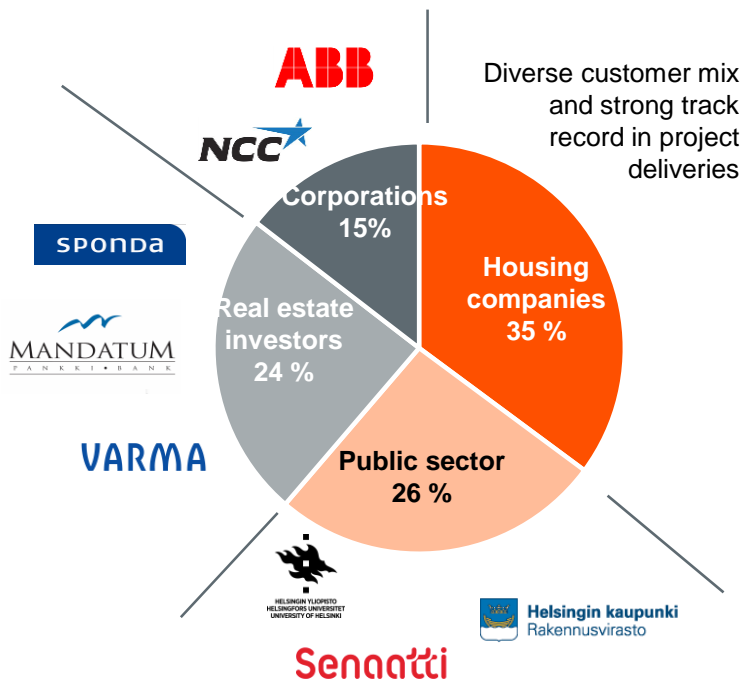
Share of sales 2016



- Wide range of services for HVAC and renovation contracting
- Building facade cleaning and maintenance painting of building exteriors and staircases
- Small-scale building repairs including window repairs, renewal of lobbies, inspection of premises

Diverse customer mix and strong track record in project deliveries

Net sales by customer groups 2016



Net sales realised from one single customer did not exceed 10% of the year's sales.

References 2016

Korkeavuorenkatu 21, Helsinki

- Conversion of a high-value property into apartments
- Facades
- Installation of HVAC systems

Finish Broadcasting Company

- Long term contract of preventive HVAC maintenance and repairs

As Oy Peski, Espoo

- Renewal of HVAC systems for 100 apartments

Kauppakeskus Kaari, Helsinki

- Modernization of a shopping mall, new escalators

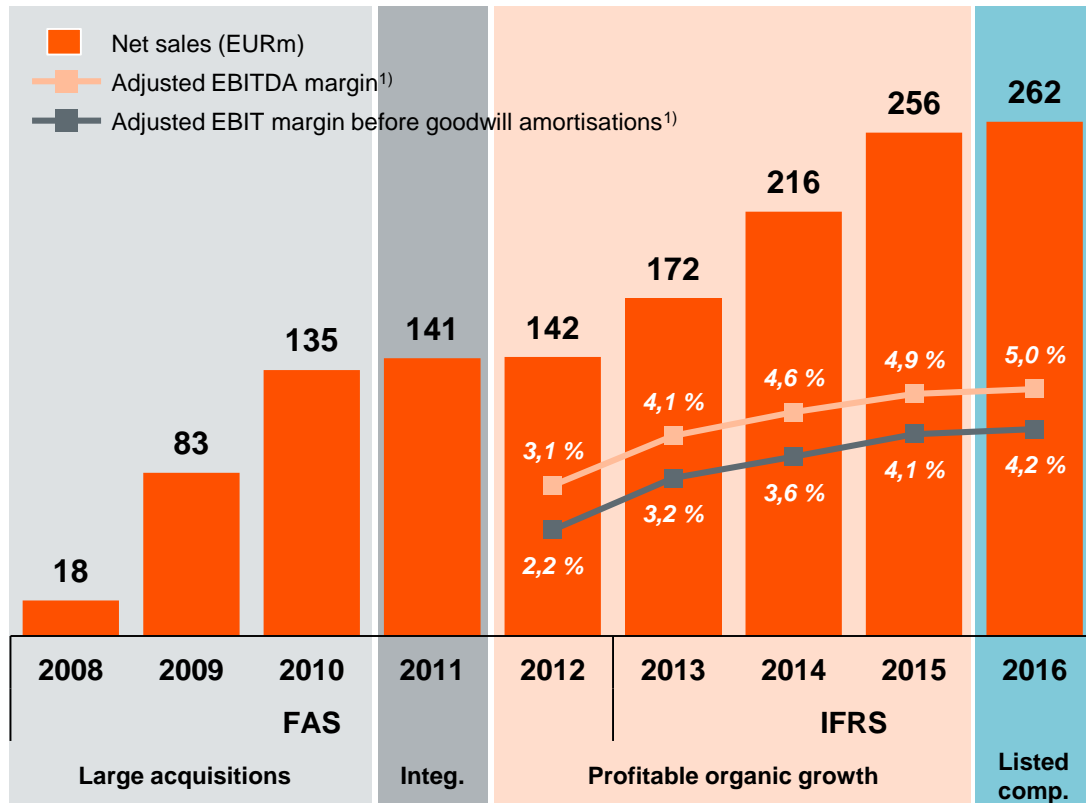
References

- Scandic Park hotel, Hki
- As Oy Risto Ryntie (The best pipeline renovation of 2014)
- KOy Jyrkkälä
- As Oy Merikamppi



Consti's financial year 2016: sales grew and profitability continued to improve

Consti's four development phases since the foundation in 2008



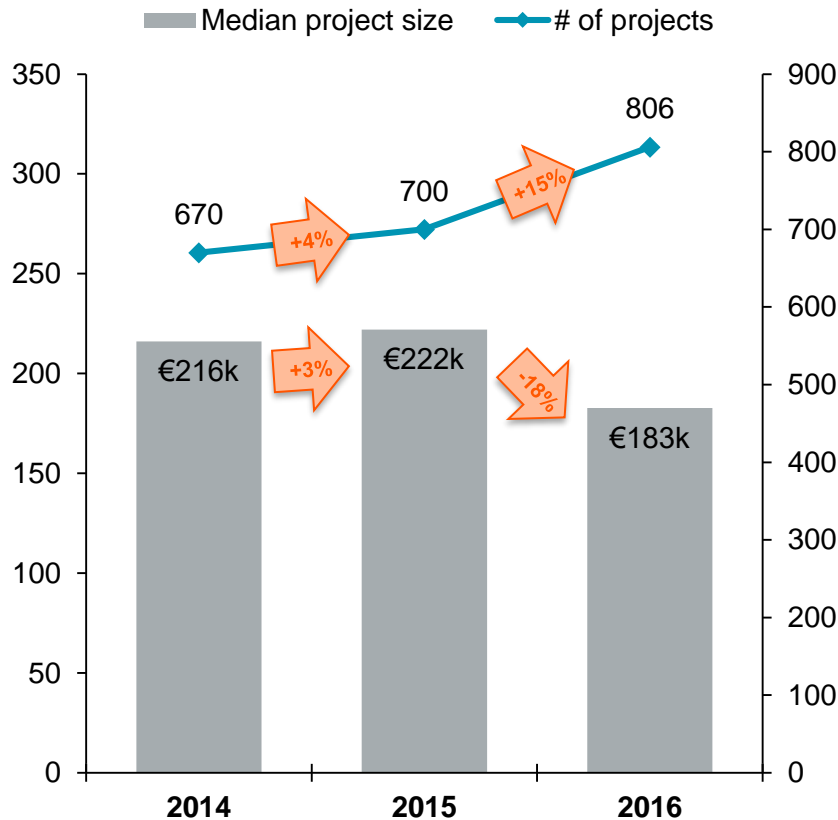
Key actions behind profitable growth

- ✓ Successful integration of acquired businesses
- ✓ Clear strategic focus areas
- ✓ Reorganising business areas and centralising expertise to them
- ✓ Standardisation of operating models and information systems
- ✓ Deepening and systemising risk management
- ✓ Successful project management
- ✓ Management of fixed expenses growth

1) Adjusted figures excluding non-recurring items. Non-recurring items include (i) expenses arising from contemplation of the structural agreements and listing, and (ii) implementation of IFRS

Consti Group's project overview – Dispersed project base with a relatively small median project size

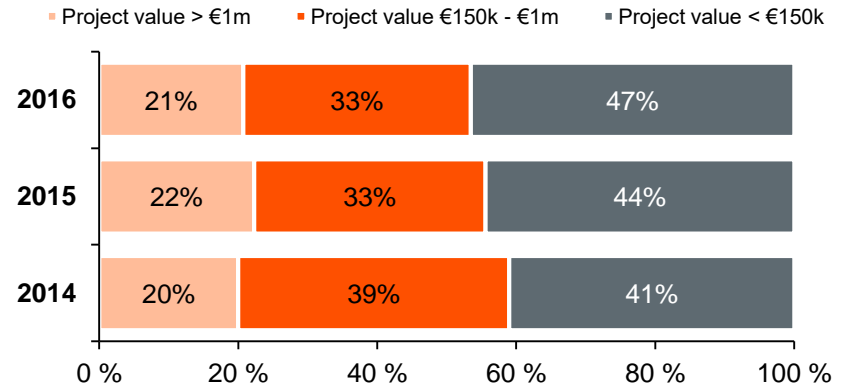
Diversified project base and a fairly small median project size



Comments

- In 2016, the company had 806 projects¹⁾ with a median project size of EUR 183 thousand
- In 2016, net sales was generated from relatively small projects
- Large projects typically realised in net sales over several years
- In 2012-2016, net sales realised during one year from one single project has not exceeded 10% of that year's sales
- 79% of the projects in progress in 2016 were valued at EUR 1 million or below

Project size distribution 2014-2016 (# of projects)



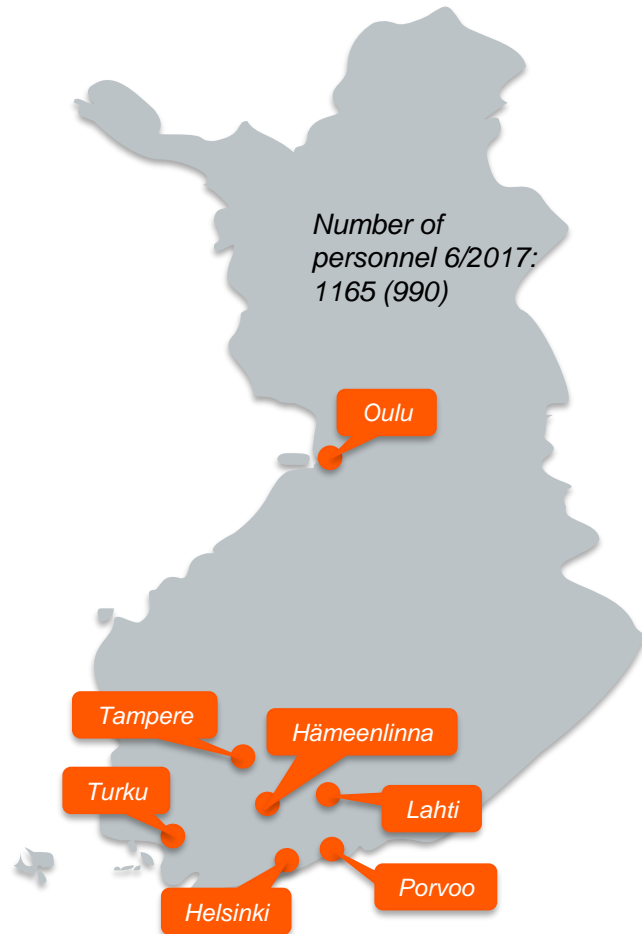
1) Number of projects based on management accounts. Project is qualified if it is accounted for according to the POC method and had realised revenue during the financial year. Total number of work tasks performed is larger (including non-POC)



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Highlights of the first half of 2017: Net sales and order backlog improved

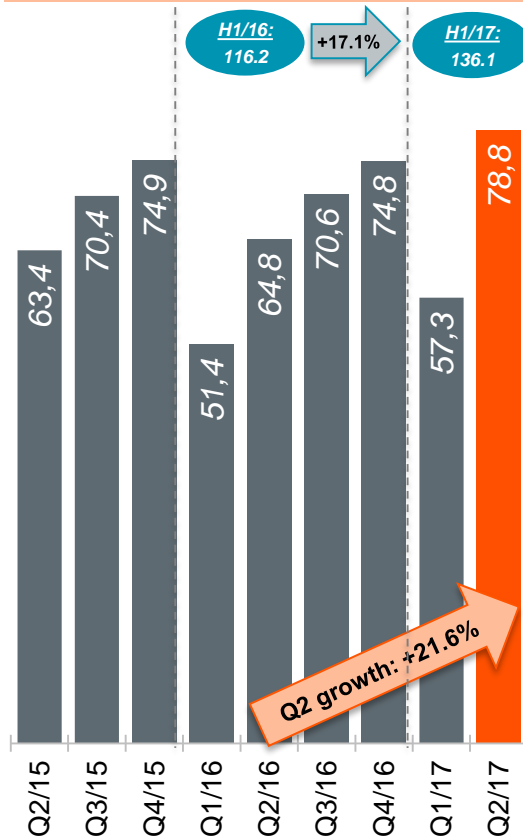


Highlights of 1-6/2017 (y-o-y comparison in brackets)

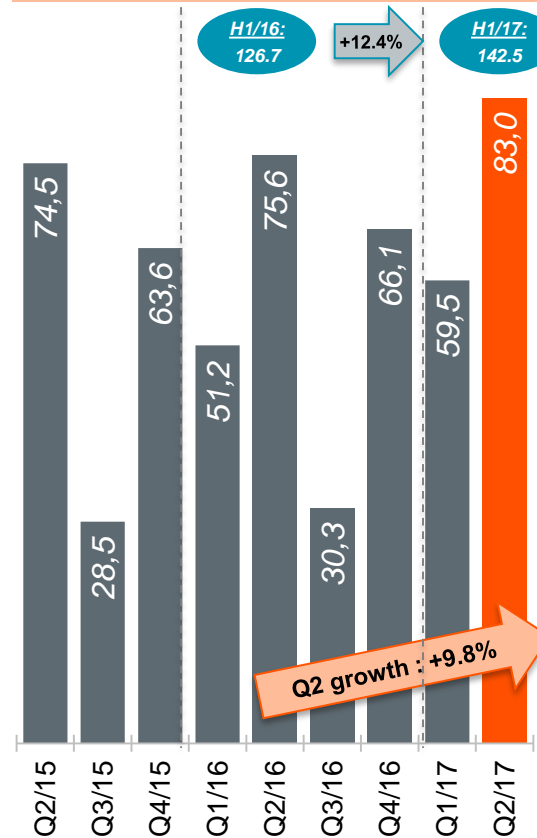
- Net sales EUR 136.1 (116.2) million, growth 17.1%
- EBITDA EUR 4.0 (3.7) million, EBITDA margin 2.9% (3.2%)
- EBIT EUR 3.0 (2.8) million, EBIT margin 2.2 (2.4)%
- Order backlog EUR 227,9 (212,6) million, growth 7.2% compared to previous year and +19.4% compared to year-end 2016
- Free cash flow EUR 3.5 (3.7) million
- Gearing 55.0 (76.1)%
- Net debt EUR 15.5 (17.8) million
- Earnings per share EUR 0.26 (0.24)

Quarterly performance: Net sales, order intake and order backlog improved in H1 2017

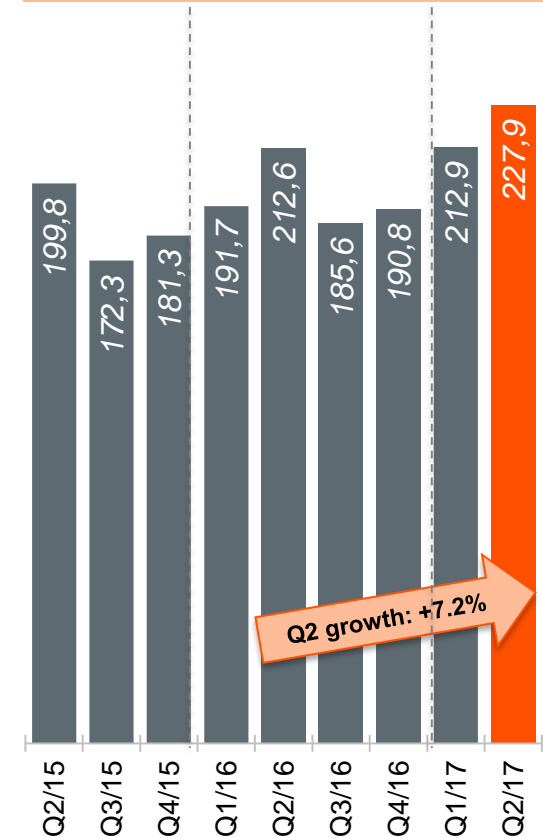
Quarterly net sales (EUR m)



Quarterly order intake (EUR m)

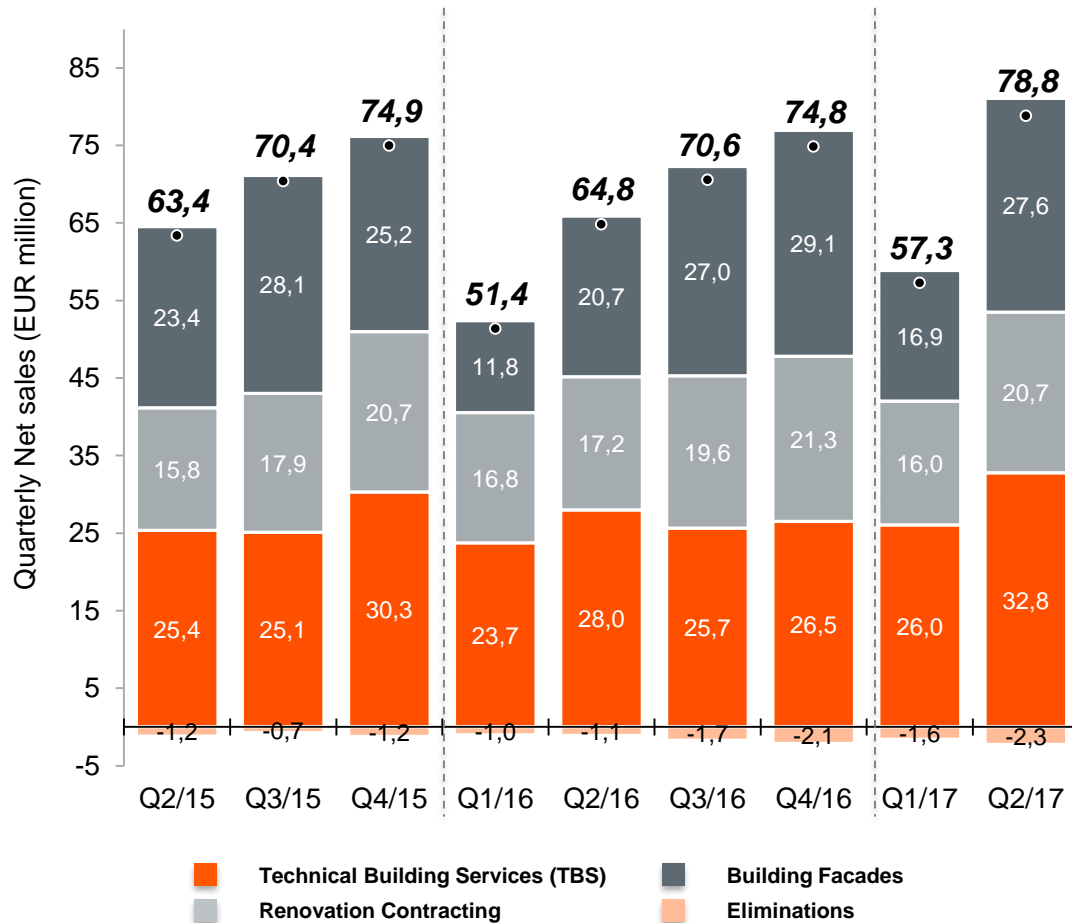


Quarterly order backlog (EUR m)



Quarterly net sales development: First half of 2017 net sales up by 17.1%

Quarterly net sales development Q2/2015 – Q2/2017 (EUR m)



Comments

- Q2/2017 net sales EUR 78.8 (64.8) million
 - y-o-y sales growth 21.6%
 - organic growth 17.6%
- In Technical Building Services, growth of 17.1% mainly from the residential sector and through acquisition
- In Renovation Contracting, growth of 20.6% from Greater Helsinki area
- In Building Facades, growth of 33.1% due to good performance in Greater Helsinki area
- H1/2017 net sales EUR 136.1 (116.2) million
 - y-o-y sales growth 17.1% (EUR 19.9 million)
 - organic growth 13.6% (EUR 15.9 million)
 - acquisition growth 3.5 % (EUR 4.0 million)

Examples of new orders during H1 2017

TECHNICAL BUILDING SERVICES

H1/17 order intake:
EUR 50.9m (-2%)

- **As Oy Vuorilinna** pipeline renovation, Helsinki
- **Tripla parking house** Pasila, Helsinki sub-contract
- **As Oy Merisoukka** pipeline renovation, Helsinki
- **As Oy Hiukkavaara 3 & 5** HVAC-pipeline renovation, Oulu
- **Keilaniemi, Ring 1 tunnel** HVAC, Espoo

RENOVATION CONTRACTING

H1/17 order intake:
EUR 32.1m (+31%)

- **Hoas** amenity renovations for student housing in Helsinki
- **Jumbo** shopping center, Vantaa
- **Heinola city hospital** renovation, Heinola
- **As Oy Riutoja** facades repair contract, Turku
- **Invalid Foundation** modification and repair work, Helsinki

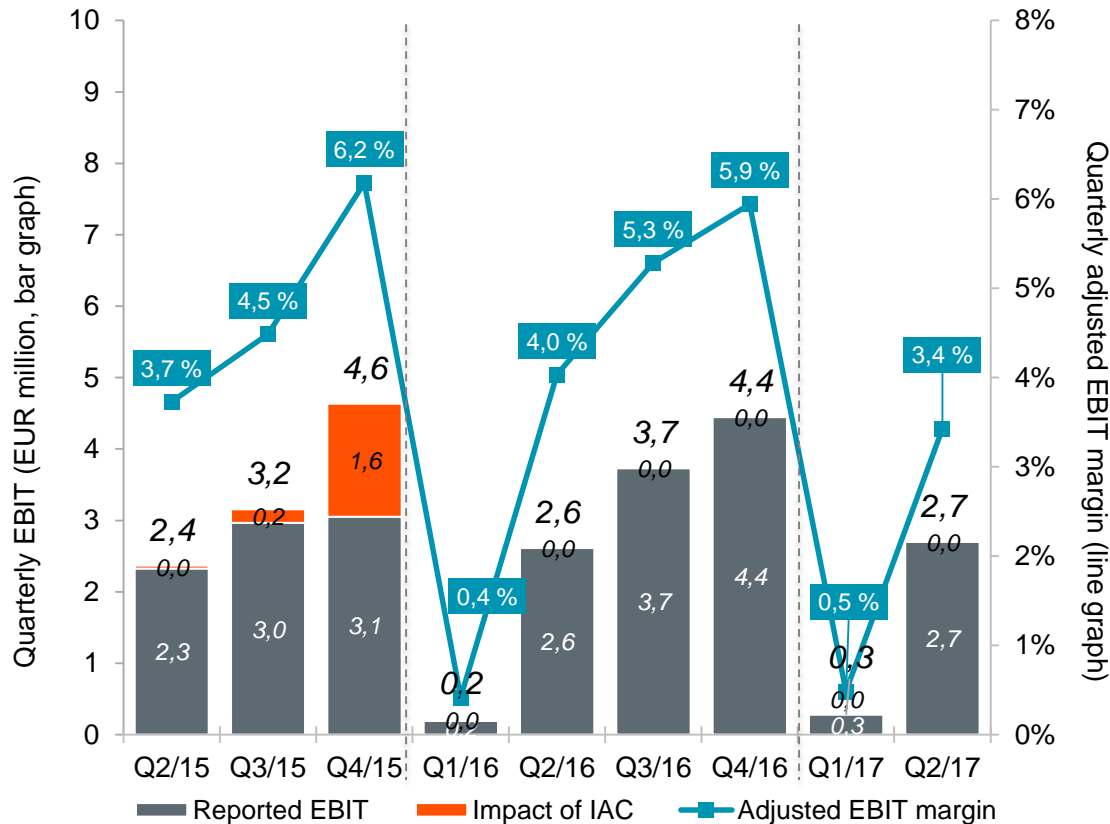
BUILDING FACADES

H1/17 order intake:
EUR 64.7m (+23%)

- **Siilitie 5 / HEKA** Complete façade renovation incl, roofs, windows and balconies for 110 apartments, Helsinki
- **As Oy Kiertotähdentie 4** Comprehensive façade renovation for 9 buildings
- **Koy Helsingin Satamakatu 3** modifications of old office building into rental apartment use, Helsinki
- **Nummi comprehensive school** renovation and modification, Lohja
- **As Oy Porthaninkatu 5** comprehensive facade renovation, Helsinki

Quarterly adjusted EBIT¹ development: Absolute profitability improved in Q2/2017

Quarterly EBIT development Q2/2015 – Q2/2017 (EUR m)



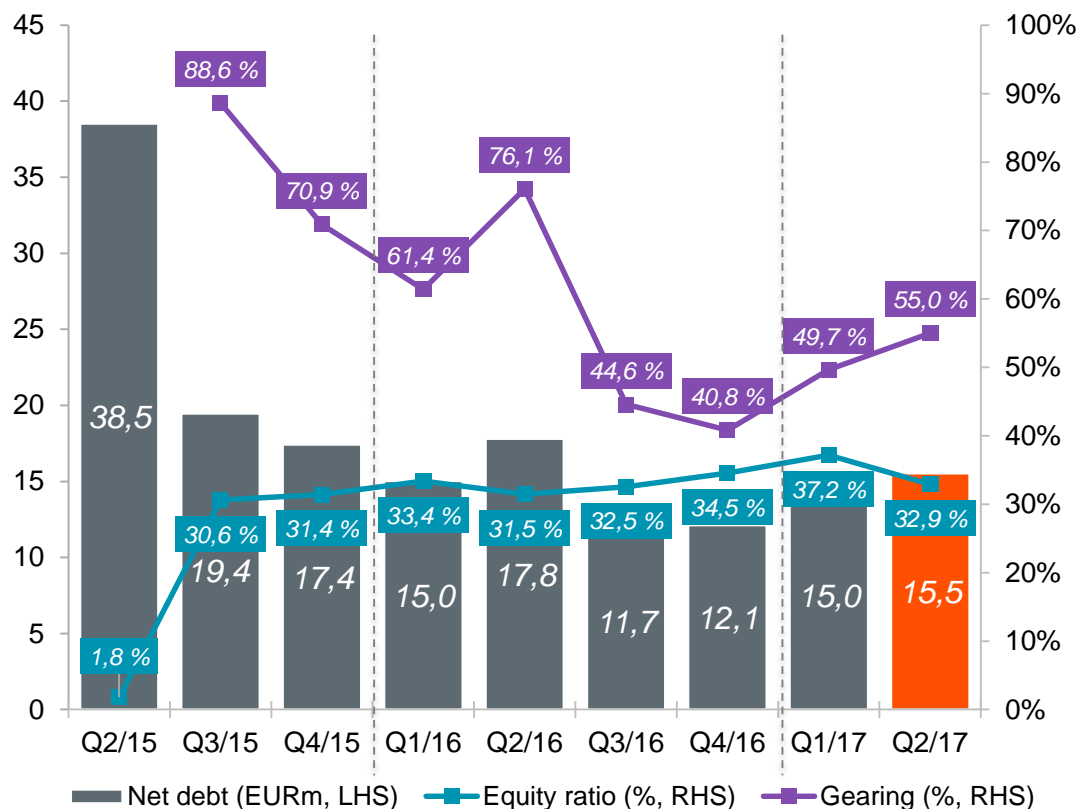
Comments

- Q2/17 EBIT 2.7 (2.6) million, or 3.4% (4.0%) of net sales
- Highest reported quarterly EBIT in history
- Weakening of relative profitability was mainly due to lower profitability in TBS business area
- EBIT and EBIT margin fluctuations are affected by the Group's progress in projects that generate revenue according to the POC method, the starting of new projects and the development of demand for services
- H1/17 adjusted EBIT before IAC¹ EUR 3.0m (2.8m), or 2.2% (2.4%) of net sales
- H1/17 EBIT after IAC EUR 3.0m (2.8m), or 2.2% (2.4%) of net sales
 - In H1/2017, IAC of EUR 0.0m

1) Adjusted EBIT = EBIT before items affecting comparability (IAC)

Quarterly balance sheet structure: Balance sheet remained strong in the second quarter

Quarterly net debt, equity ratio and gearing Q2/2015 – Q2/2017



Comments

- Net debt at EUR 15.5m (17.8m)
- + Strong cash flow in Q2
- Dividends paid
- Equity ratio 32.9% (31.5%)
- Gearing at 55.0% (76.1%)

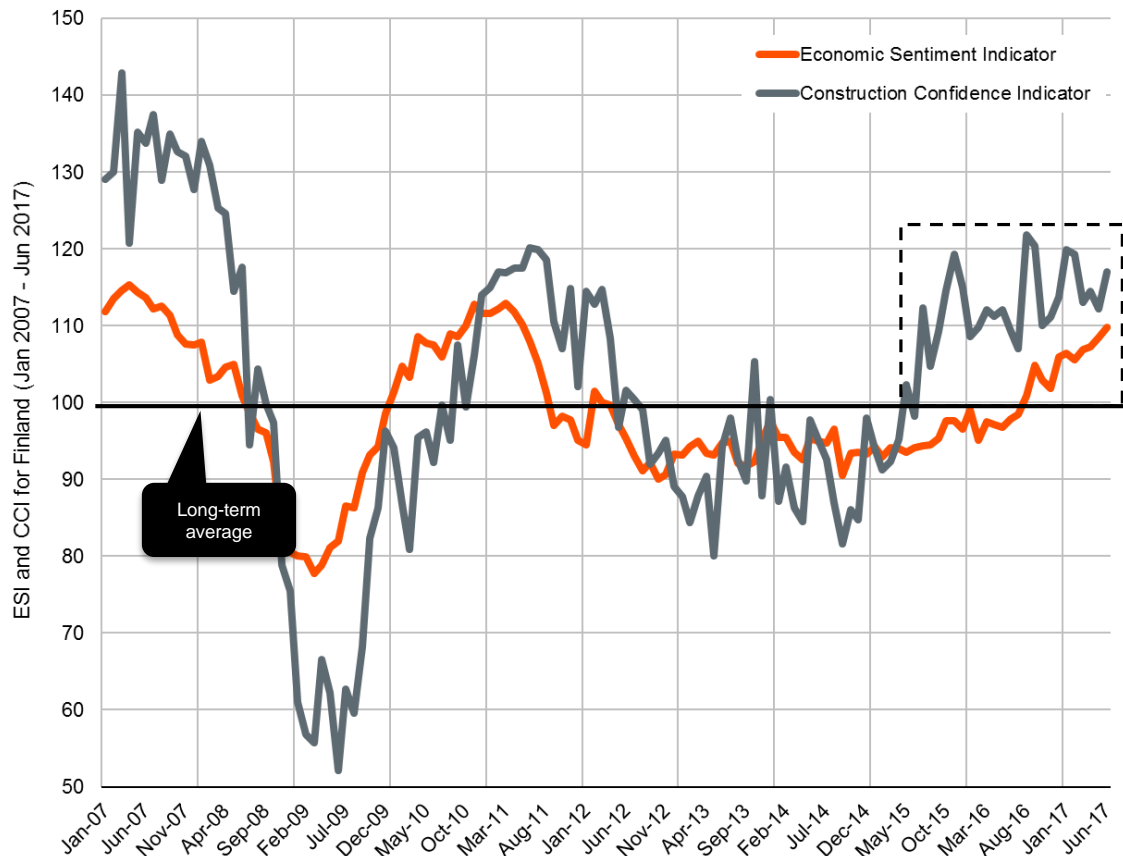


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Lead indicators for Finnish construction suggest a favourable market environment going forward

Economic Sentiment and Construction Confidence / Finland (2007 – 6/2017)



Note: Mean-adjusted figures

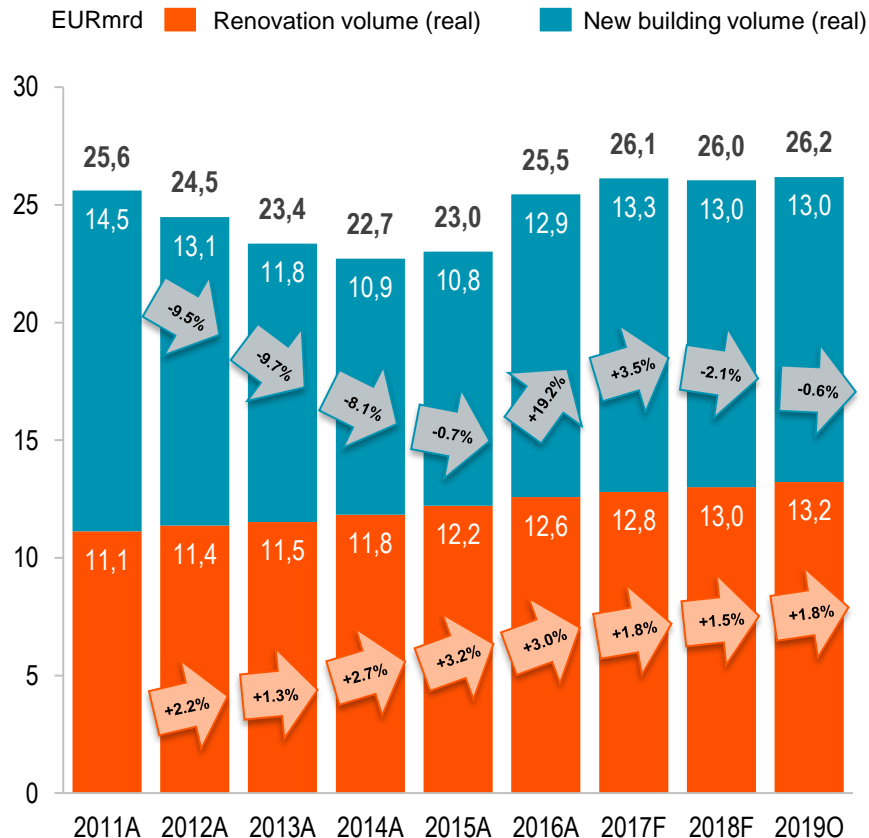
Source: European Commission, June 2017

Comments

- Economic sentiment in Finland rose above the long-term average in August 2016
- Construction confidence surpassed the long-term average level in summer 2015 and has steadily remained above that level

Stable growth in renovation to continue

Finnish new building and renovation market development



**CAGR
2017-19:
+0.2%**

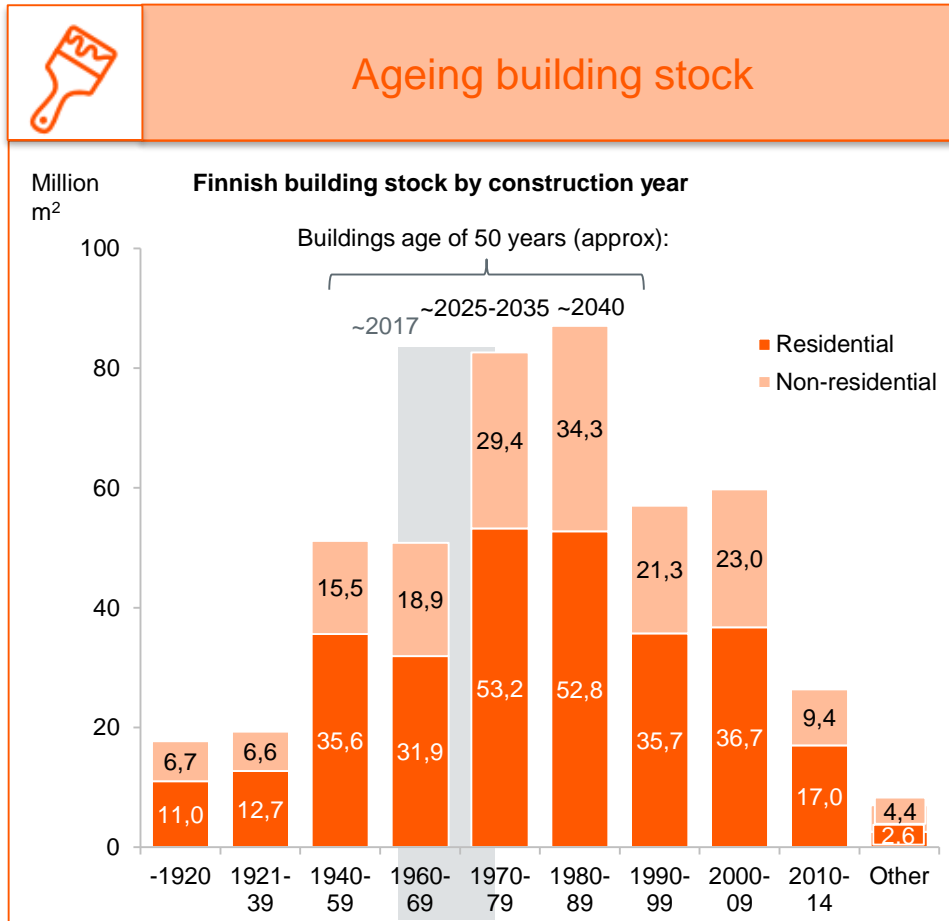
**CAGR
2017-19:
+1.7%**

- The peak of the economic cycle in construction sector in progress.
 - Challenges in availability of building technology and renovation professionals
- Total construction market forecast 2-3% for 2017
- Renovation forecast for 2017: Euroconstruct + 1.8% and CFCI +2.0%
 - 1970s apartments' total renovations, and renovations for saving energy, in public sector schools and hospitals in particular
 - Major refurbishments for office and commercial buildings

Source: Euroconstruct, June 2017

CFCI = The Confederation of Finnish Construction Industries, March 2017

Renovation market growth supported by a number of key structural growth drivers



Source: Statistics Finland

Energy efficiency

Urbanisation

Modifications of the use of buildings

Increased need for building technology and automation

Finnish renovation market of EUR 12bn is concentrated in growth centres and residential properties...

1

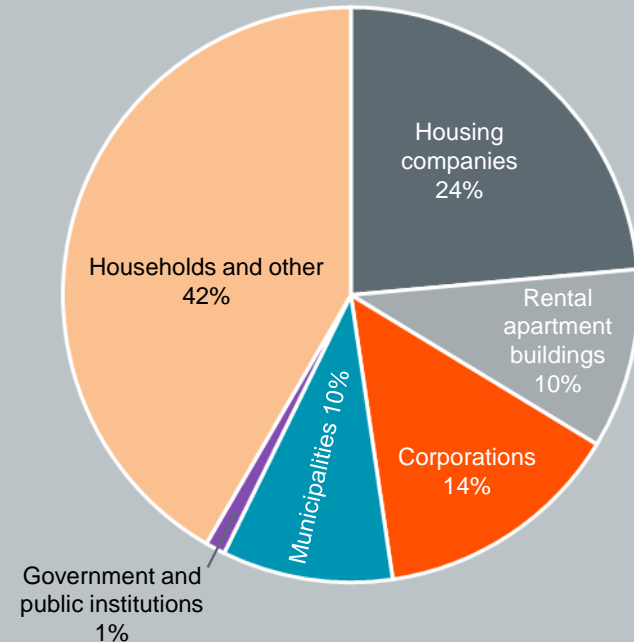
Renovation by geography



Renovation market concentrated in the largest cities and growth centres where majority of building stock is located

2

Renovation by customer group



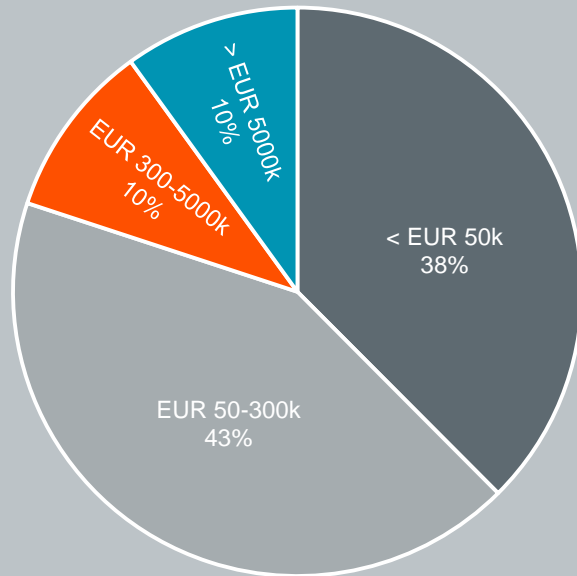
Strongest need for renovation from residential buildings, also stemming from the building stock structure

Source: VTT, February 2017

... and is highly fragmented consisting of relatively small projects and specific building sections

3

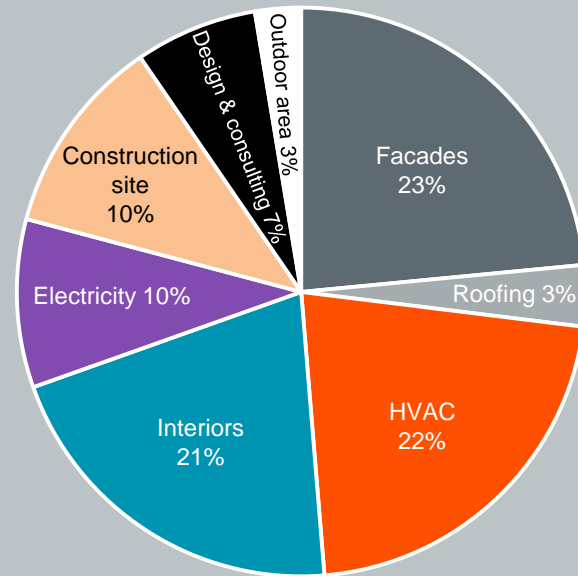
Renovation by project size



Project size is an important dimension in renovation, 80% of all projects < EUR 300k, large projects in a few big cities

4

Renovation by building section

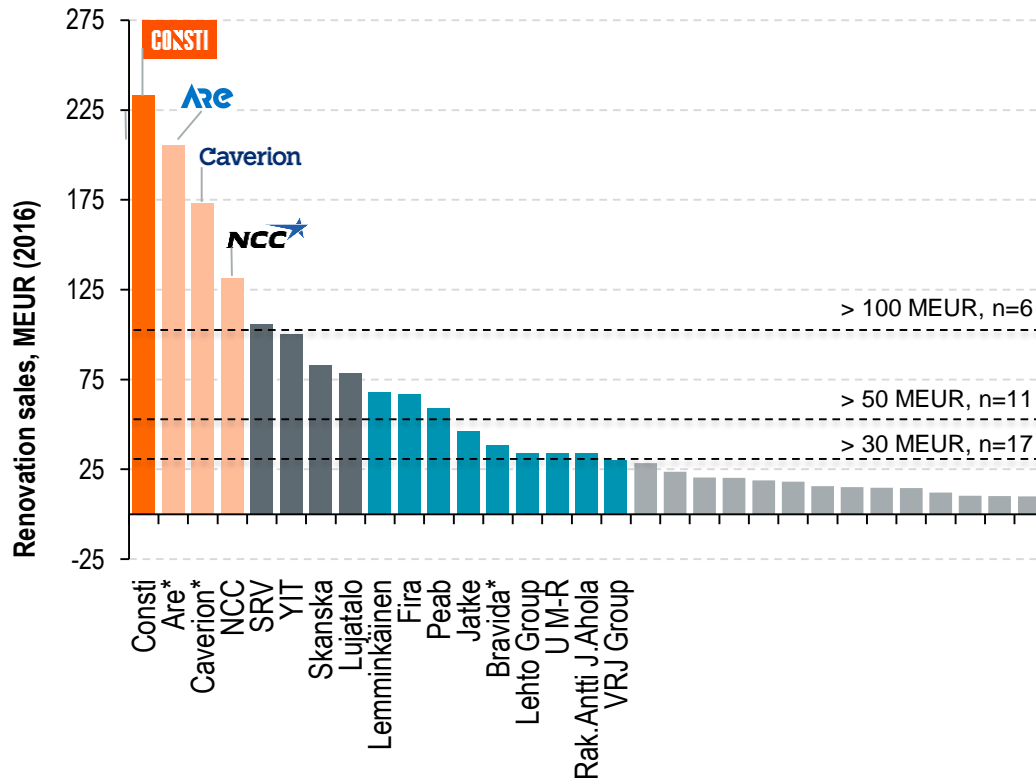


Renovation consists largely of technical building services, facades and building interiors

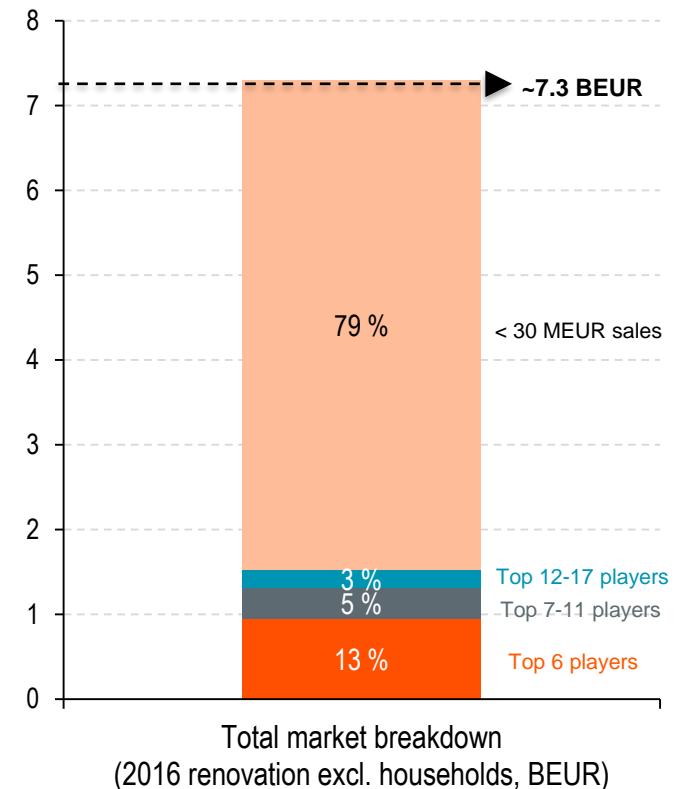
Source: VTT, September 2015

Finnish renovation market highly fragmented with plenty of consolidation potential – Consti was #1 in 2016

Operators in the Finnish renovation market (TBS specialists estimated)



Overall renovation market (excl. households)

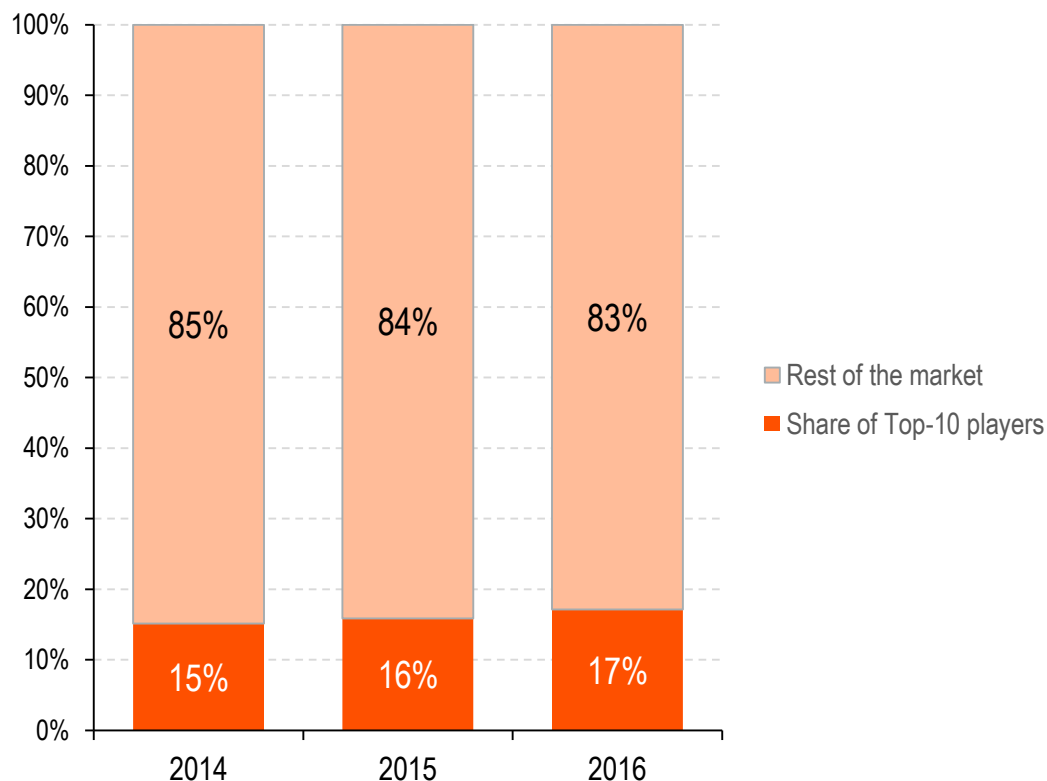


Source: Rakennuslehti, Asiakastiето, Consti analysis

* Technical building services specialists estimated on the basis of total Finnish TBS market split: 55% renovation / 45% new building

Consolidation activity on the Finnish renovation market in recent years

Share of Top-10 operators in the Finnish renovation market



Comments

- Total Finnish renovation market (excl. households) estimated to total approximately EUR 7.3 billion in 2016.
- In recent years, in general, the share of top ten players has increased and consolidation is expected to continue going forward.

Source: Rakennuslehti, Asiakastieto, VTT, Consti analysis



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How is Consti capitalising on the market opportunities?

FINDINGS FROM THE MARKET

- 1 Stable overall renovation growth expected to continue in Finnish renovation market**
- 2 Renovation market consists of numerous small projects largely ignored by bigger companies**
- 3 Renovation consists largely of technical building services, facades and building interiors**
- 4 Stable growth expected to continue in Technical building services renovation market**
- 5 Both renovation and TBS markets offer plenty of consolidation potential, i.e. room to grow**

CONSTI'S ACTIONS

Consti aims at strengthening its position in current locations and also expand to new growth centres

Consti's business model allows also smaller project sizes where customer service, flexibility, agility and smart resourcing are emphasised

Consti has operations in all of the biggest renovation segments → aim to grow in existing expertise areas and complement them with e.g. roof and glass construction

Consti's Technical Building Services unit to be further strengthened with e.g. energy, indoor air, automation and pipeline renovation services

Consti continues to seek growth through acquisitions and hence capitalise on the market's consolidation potential

Consti vision 2021 is goal-oriented

Consti professionals are passionate about renovating and developing the built environment in a sustainable and sensible manner. This is why we are number one in renovation construction.

WHEN WE HAVE ACCOMPLISHED OUR VISION:

Consti is Finland's number one in renovation and complementary construction of houses, commercial real estates and public buildings. Consti can provide all services for repairing and developing buildings throughout the building life cycle.

We are the most profitable company within our industry.

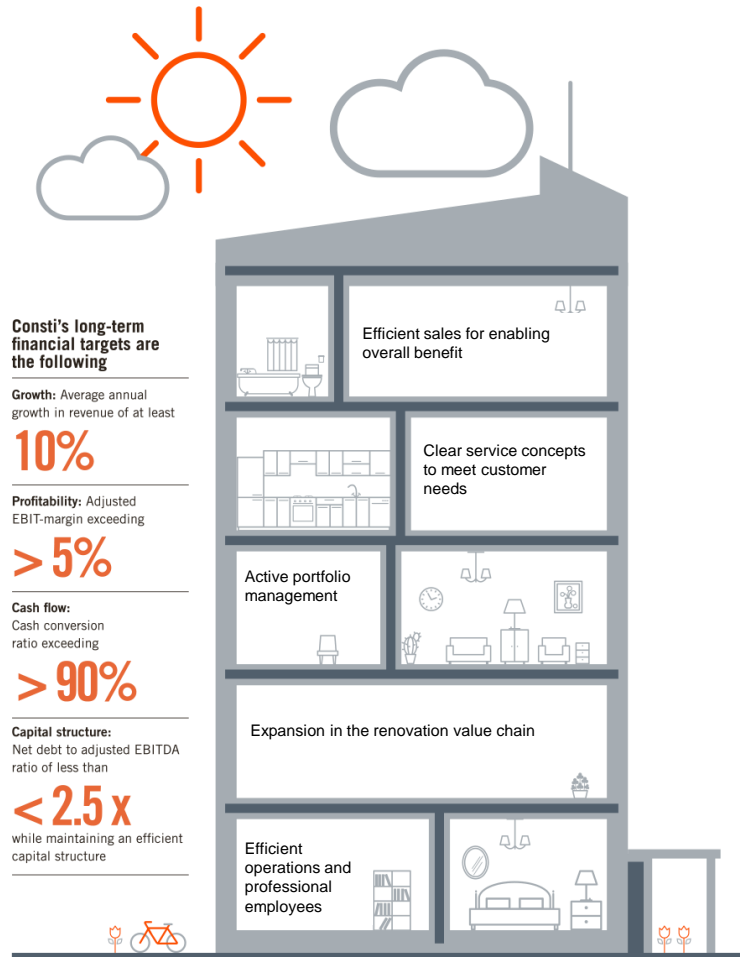
Our professional employees' commitment to continuous improvement guarantees efficient renovation quality. Enthusiastic employees are our most important resource and working at Consti is fun.

Within our industry and general public we are known to have the best and the most notable innovations and we utilise technology for the benefit of our customers and to develop our own activities. Consti exists for the customers. A satisfied customer and end user is the most important indicator for us.

In our opinion, everything need not be reconstructed, as renovating old buildings brings good results. This will save resources of nature and society alike and provide a good foundation for developing national wealth.

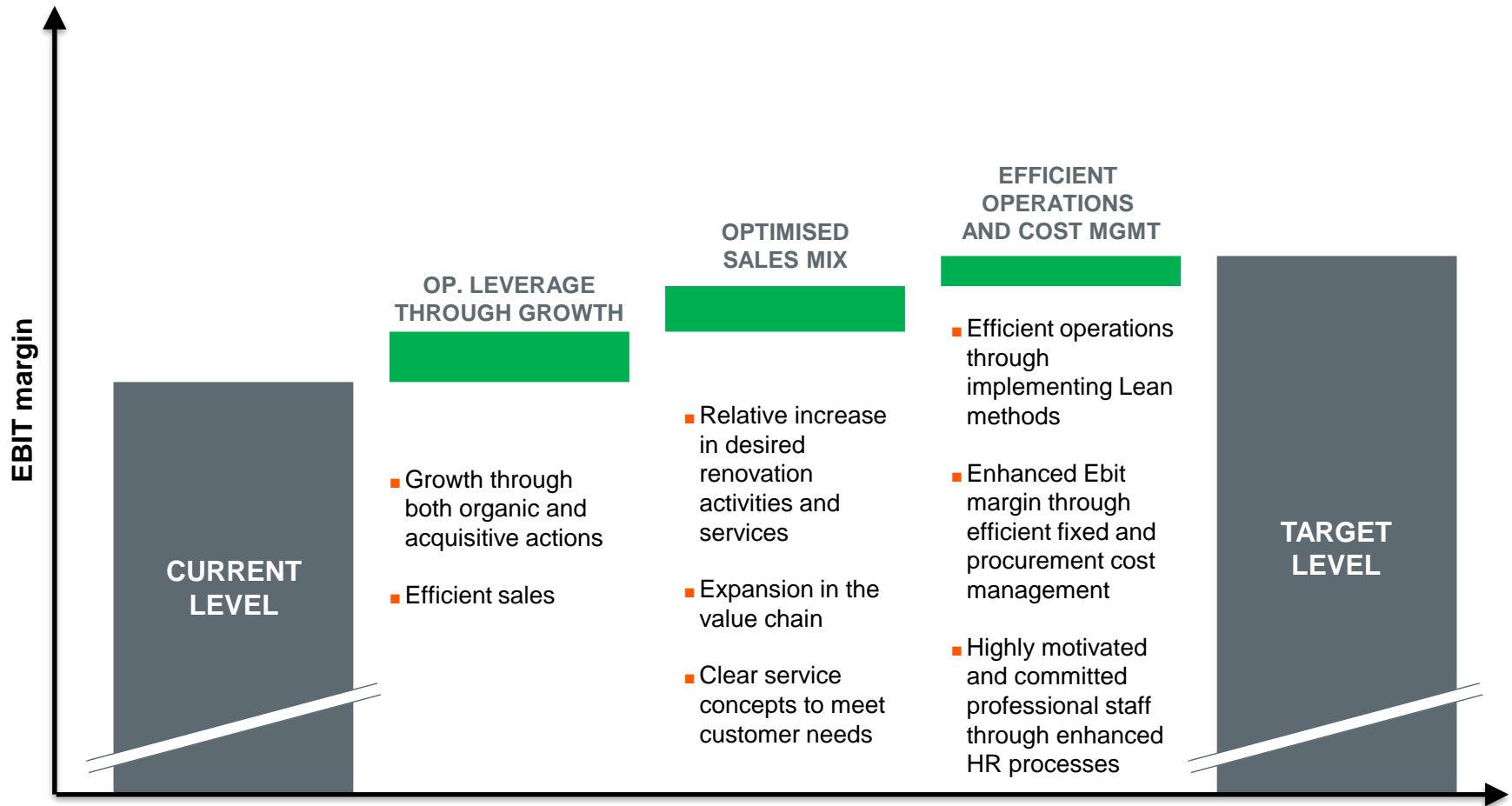
Consti Group's new strategic themes

STRATEGY

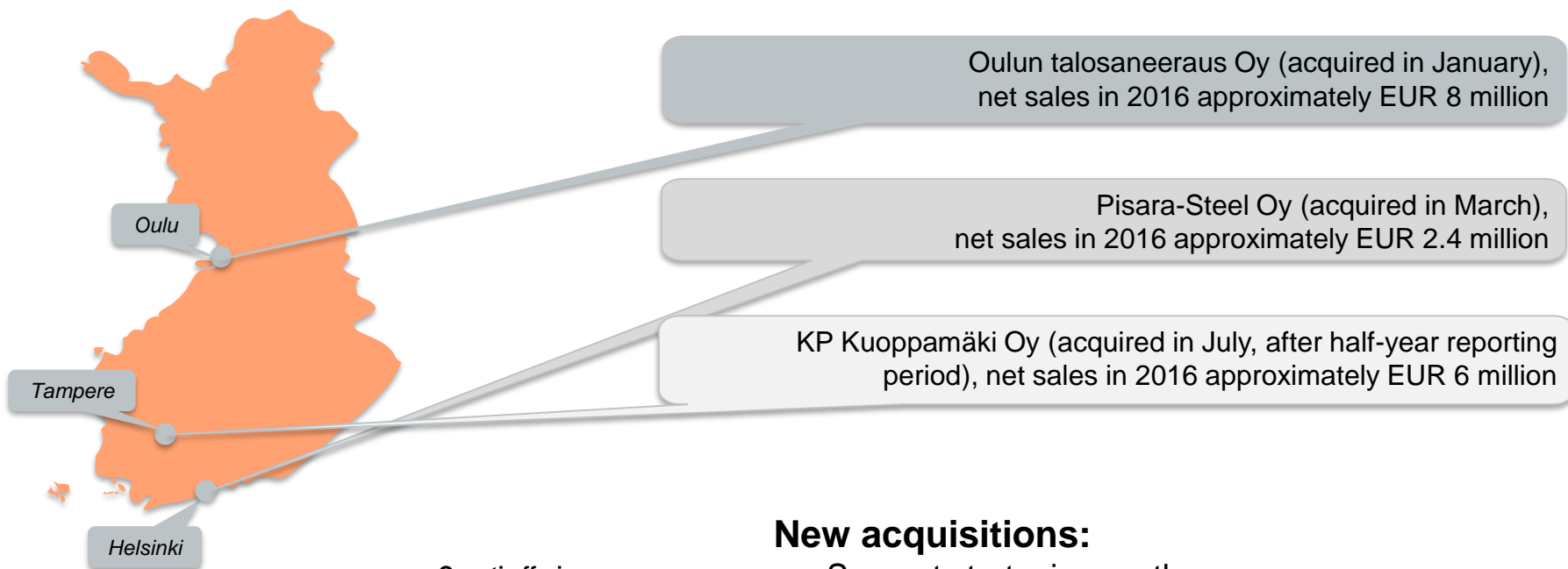


- 1 Best profitability with the most efficient operations**
 - The best lead time and productivity in renovation construction industry
 - Continuous relative decreasing of fixed and procurement costs
 - Systematic development of the business portfolio
- 2 Professional employees who enjoy their work**
 - High level of commitment, job satisfaction and safety
 - Best competences in renovation construction
 - The most attractive place to work
 - Efficient recruitment and career path planning
- 3 Clear service concepts to meet customer needs**
 - Customer specific key products and adequate product selection
 - Active portfolio management
- 4 Efficient sales for enabling overall benefit**
 - Faster customer contact, clear customer promise
 - Sales to a target group from the whole product selection with possible additional sales
 - KAM actions
- 5 Expansion in the renovation value chain**
 - All services of a finished building from renovation to maintenance, from health to energy.
- 6 Strategic growth areas & active seeking of new business**
 - Service, various endeavours based on broader collaboration, geographic growth in Finnish growth centres, pipeline renovations, and promising specialty renovation markets such as balcony, concrete and glass structures
 - Productisation of renovation and maintenance products and services, row houses and small apartment buildings, indoor ventilation and energy solutions
 - Growth through both organic and acquisitive actions

New strategic themes aim for growth and EBIT margin improvement



Acquisitions in 2017: Two acquisitions during the half year reporting period and one acquisition in July 2017

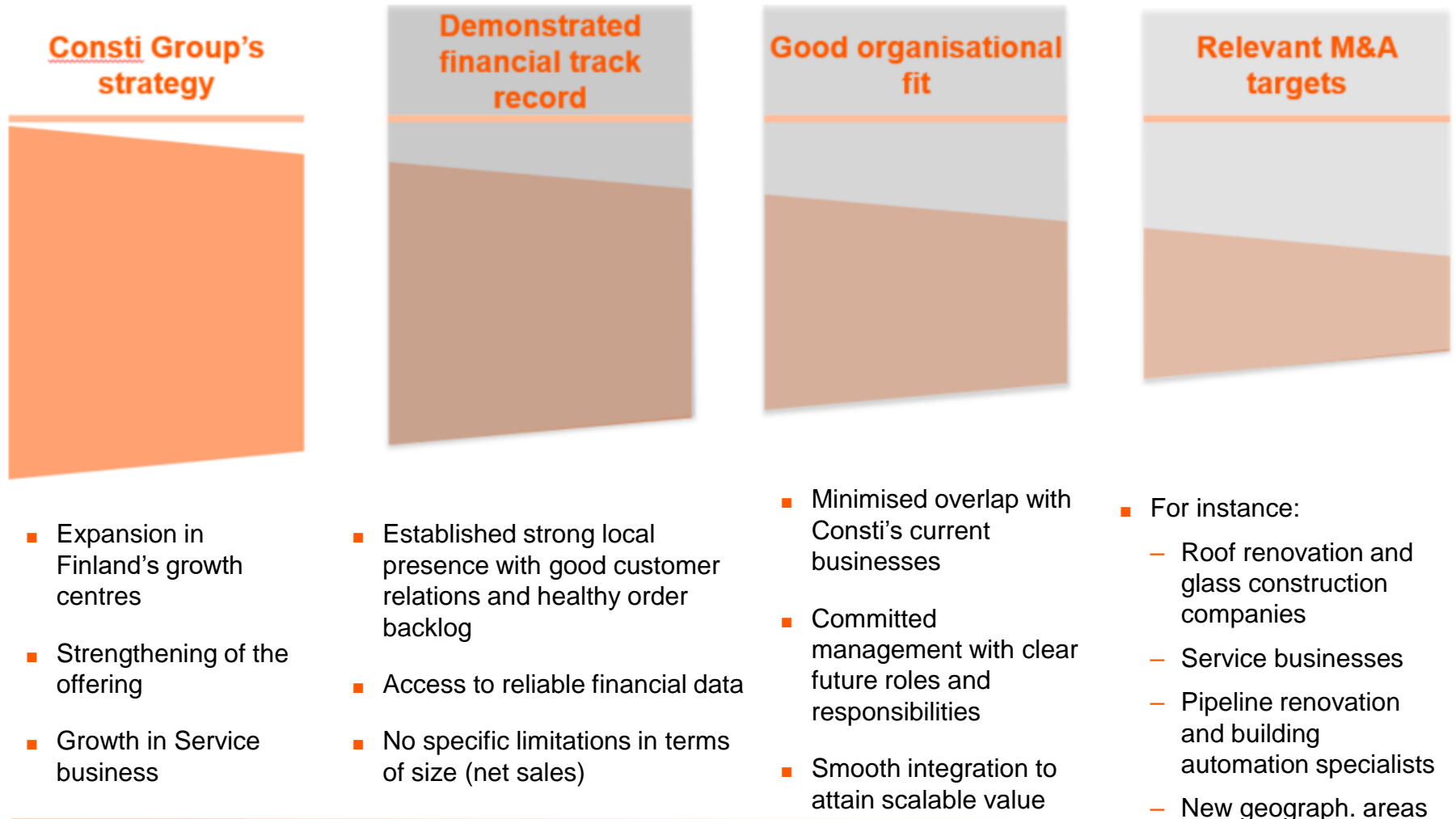


	Consti offering		
	TBS	BF	RC
Oulun Talosaneeraus Oy	✓	-	-
Pisara Steel Oy	-	✓	-
KP Kuoppamäki Oy	-	-	✓

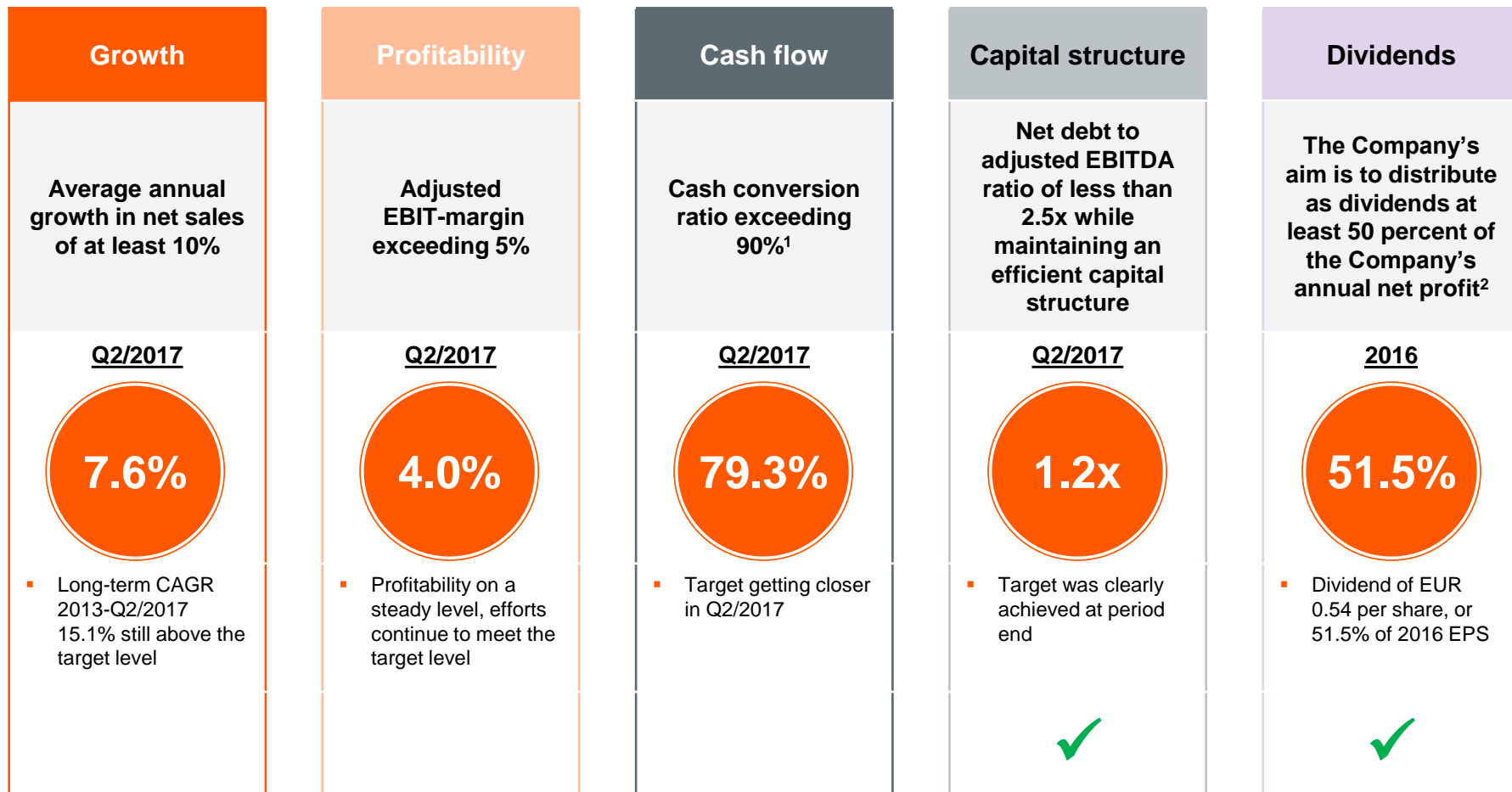
New acquisitions:

- Support strategic growth areas
 - Pipeline renovations
 - Promising specialty renovation markets such as roof renovations
 - Geographic growth
- Strong acquisitions pipeline continues
- Attractive EV/EBITDA multiples

Active screening of M&A candidates to support strategy implementation



Realisation of Consti's long-term financial targets Q2/2017 (rolling 12 months)



1) Cash conversion defined as free cash flow divided by EBITDA. Free cash flow equals operating cash flow before net financial items and taxes less investments in tangible and intangible assets

2) While taking other factors such as financial position, cash flow and growth opportunities into consideration.



CONSTI

CONSTI GROUP PLC
23 AUGUST 2017

**THANK
YOU**

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