

CONSTI GROUP PLC

Annual General Meeting

2 April 2019



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ANNUAL GENERAL MEETING
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CEO Esa Korkeela

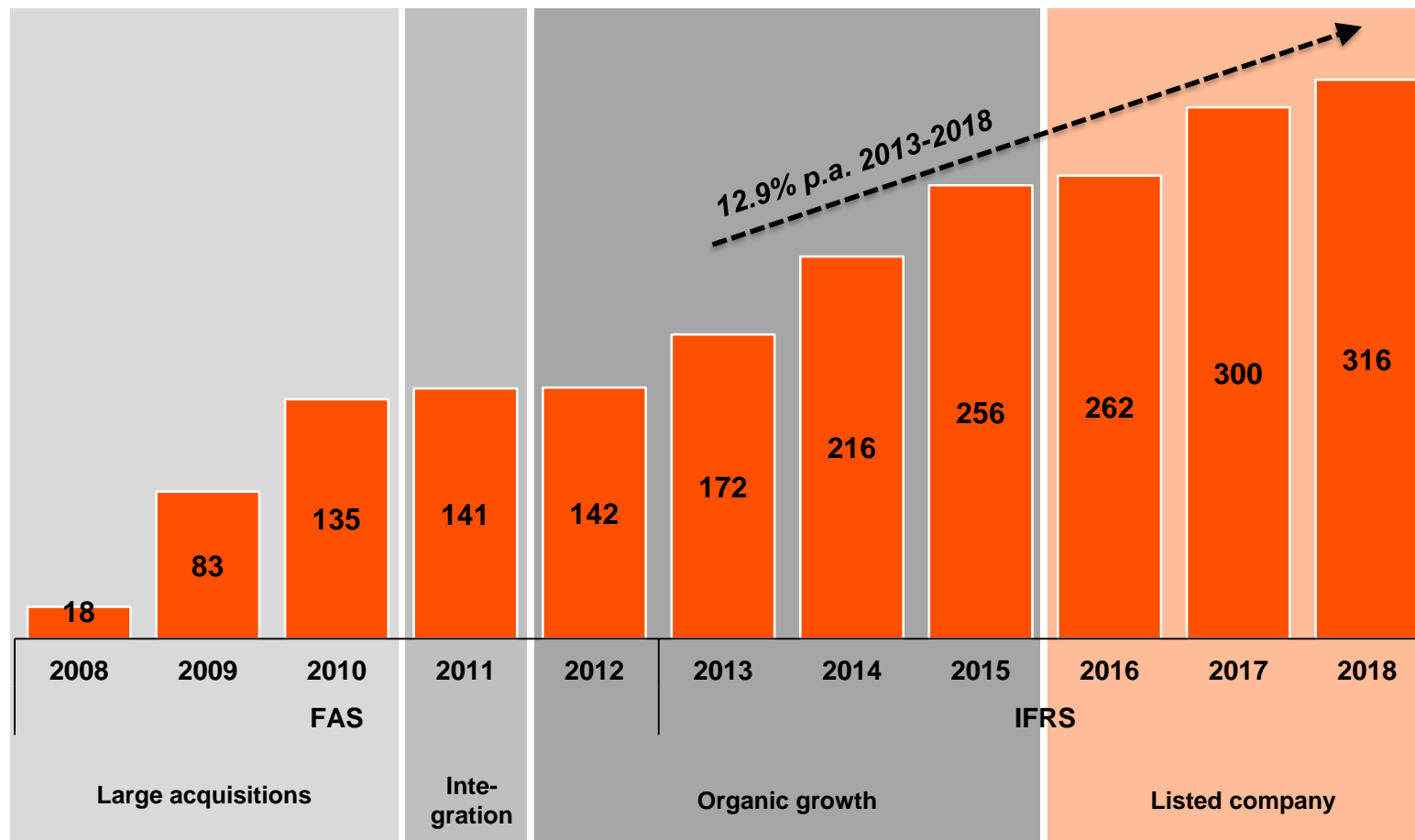
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2. **Consti's year 2018**
3. **Outlook for 2019**



Consti is one of the leading renovation and technical services providers in Finland

Net sales development since the foundation year 2008 (EUR m)



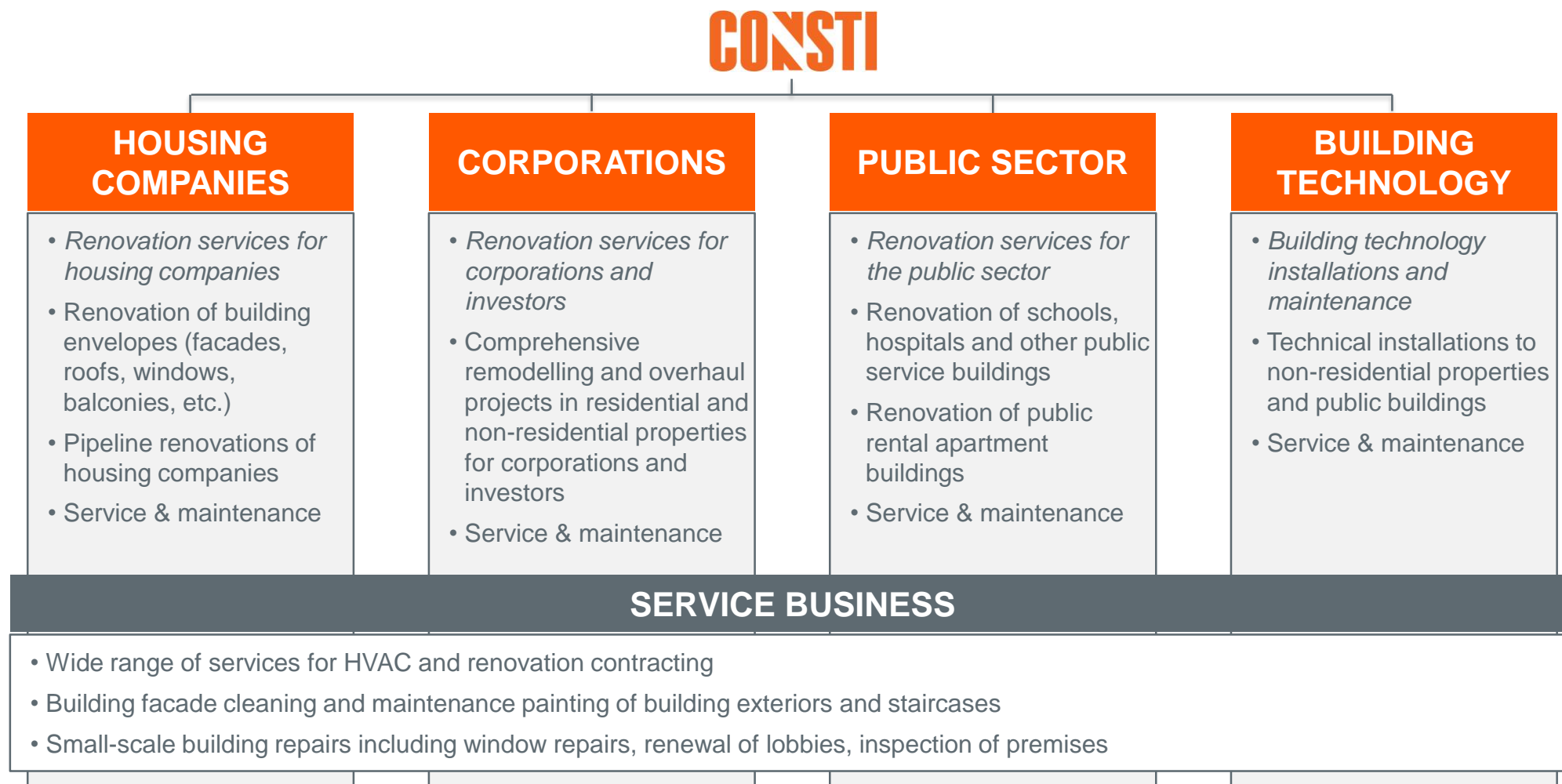
Consti in brief

- Consti is one of Finland's leading companies offering comprehensive building technology, pipeline renovation, renovation contracting, façade renovation and other demanding construction and maintenance services
- Company's business is strongly concentrated in Finland's growth centres
- At the end of 2018, Consti employed 1,046 renovation and building technology professionals



Consti Group consists of four complementary operating segments

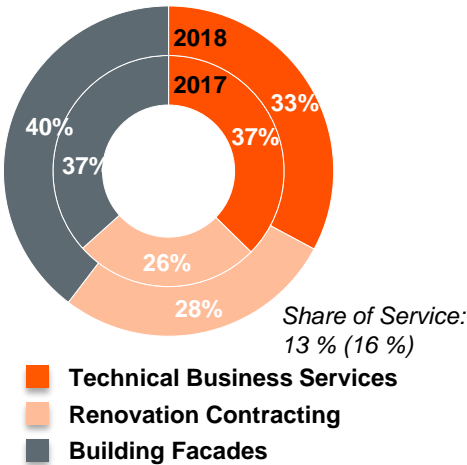
New organisation effective as of 18 February 2019



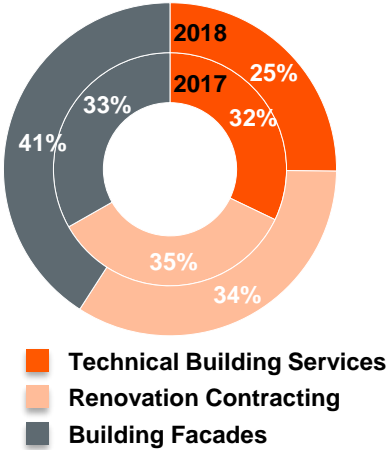
Consti Group's sales and order backlog overview – Diverse business and customer mix with strong focus on growth centres

Net sales
EUR 316m (300m)

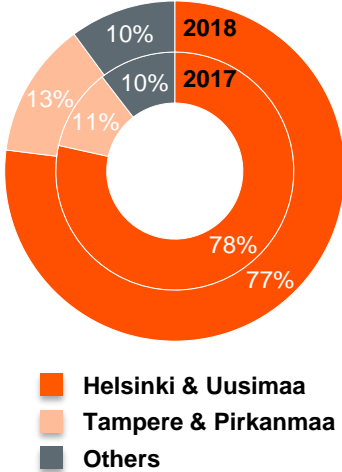
BUSINESS SEGMENTS¹



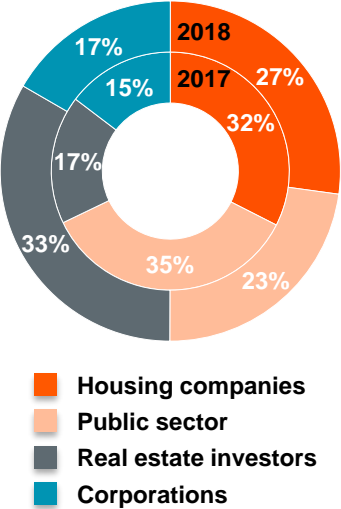
Order backlog
EUR 225m (226m)



GEOGRAPHICAL LOCATIONS



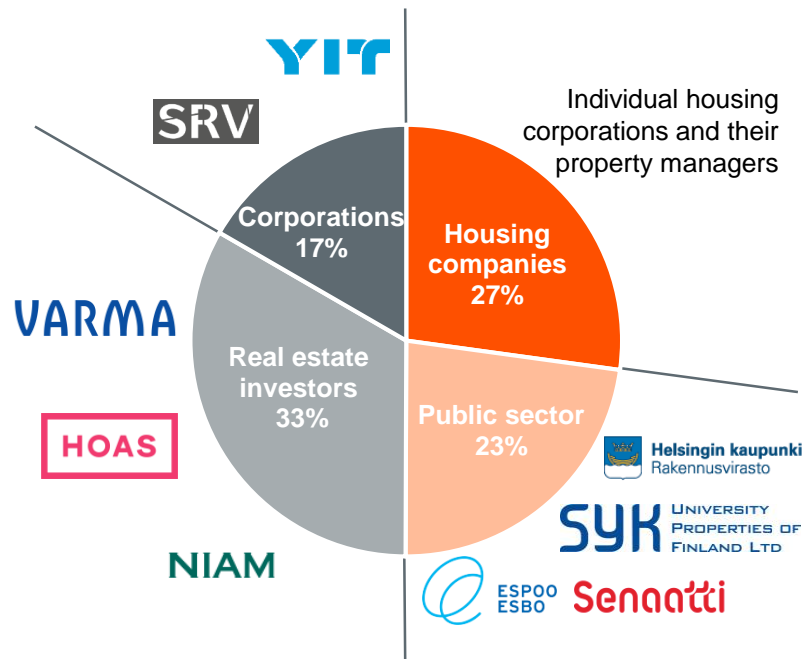
CUSTOMER GROUPS



¹ Business segments split excluding eliminations

Diverse customer and project mix protects against market fluctuations and dependency on single customer

Net sales by customer groups in 2018



Only one customer's net sales slightly exceeded 10% of the total annual sales

Selected recent and ongoing reference projects

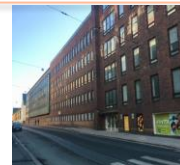
Scandic Hotel Marski, Helsinki

- Complete renovation of the hotel property and renewal of technical building services systems
- Renovation Contracting
- Technical Building Services



KOy Helsingin Satamakatu 3, Helsinki

- Modifications of old office building into rental apartment use
- Building Facades
- Technical Building Services



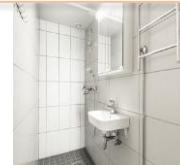
Oy Ässäkeskus Ab and KOy Vallilan toimisto, Helsinki

- Oy Ässäkeskus Ab's facility modifications and repairs to technical building services systems
- KOy Vallila premises complete renovation of three buildings
- Renovation Contracting



HOAS Linnoituskentie 10, Helsinki

- Renovating the bathroom, kitchen and floors using Consti's amenity renovation concept
- Renovation Contracting



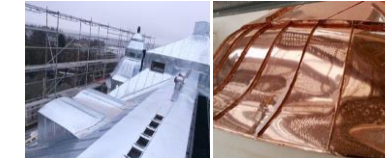
Espoonlahden kirkko, Espoo

- Extensive renovation including ia. Moderatisation of all facilities, renovation of old church roof and its supporting structures
- Renovation Contracting



Bostads Ab Parkgatan 9, Helsinki

- Renewal of facades, sheet metal roof and copper details
- Building Facades



STRATEGY

Long term strategic goals

Growth: Average annual growth in revenue at least

10 %

Profitability: adjusted EBIT-margin exceeding

5 %

Cash flow: Cash conversion ratio exceeding*

90 %

Capital structure: Net debt to adjusted EBITDA ratio of less than

2,5 x while maintaining an efficient capital structure

MISSION

Based on our top talent, our mission is to improve the value of the building stock, and the value of life. The satisfaction of our customers and partners, as well as the well being of our personnel are the prerequisites to all our operations.

CUSTOMER PROMISES

Fast and reliable
— and ready in one go

Consti – the human factor

We listen, understand
and offer a solution

We do what
we promise

VISION

“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.”

THE KEYS TO OUR SUCCESS

1 Profitable and competitive operations

2 The best customer experience

3 Excellent services and solutions

4 The best professionals

5 Renewal and growth

VALUES

Profitable growth

Professional skill and experience

Customer orientation Enthusiasm

Reliability and honesty

* 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 expenses and taxes, less capital used for purchase of intangible assets and property, plant and equipment.

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Consti's year 2018

Net sales grew and majority of projects progressed according to plan, but two demanding building purpose modification projects had a negative impact on profitability

NET SALES:
EUR 315.8m

OPERATING RESULT:
EUR -2.1m



PROJECTS:
874

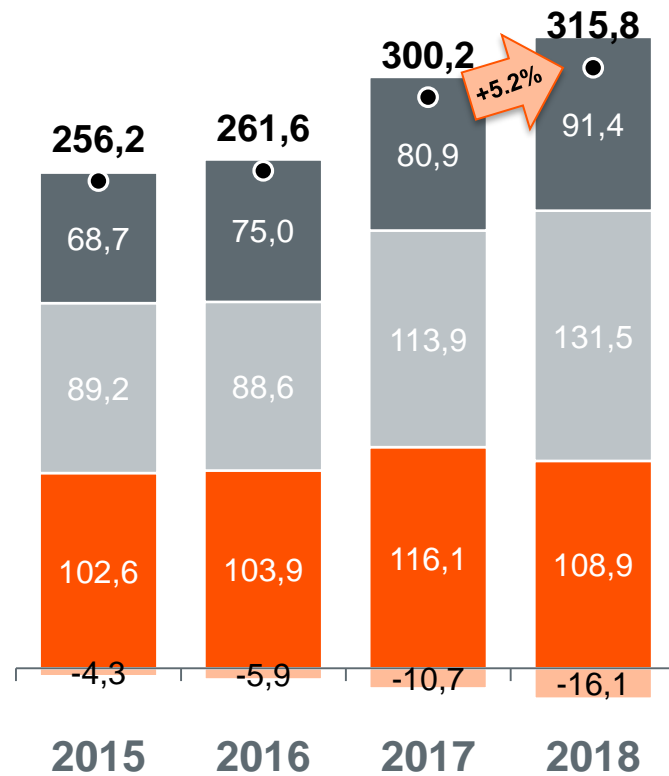
ORD. BACKLOG (31/12):
EUR 225.1m

PERSONNEL (avg.):
1,093

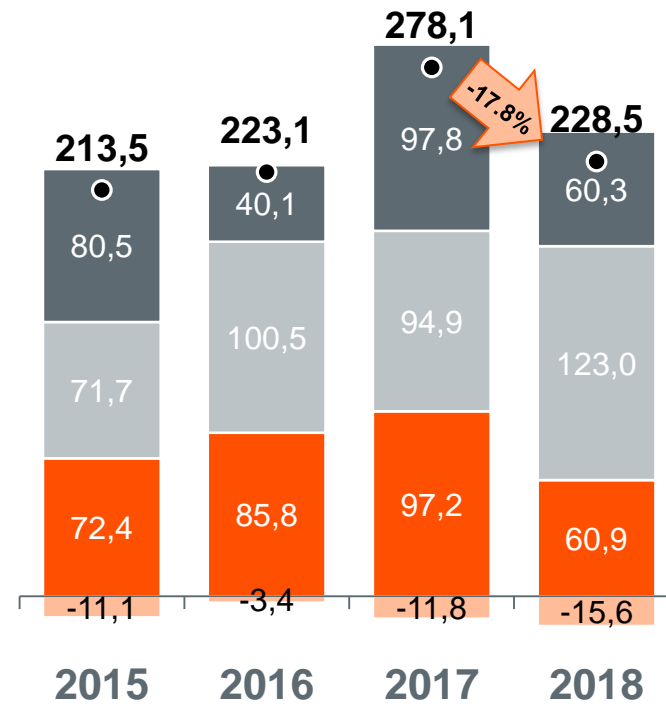
Performance by business segment

Net sales grew by 5.2%, year-end backlog remained at previous year's level

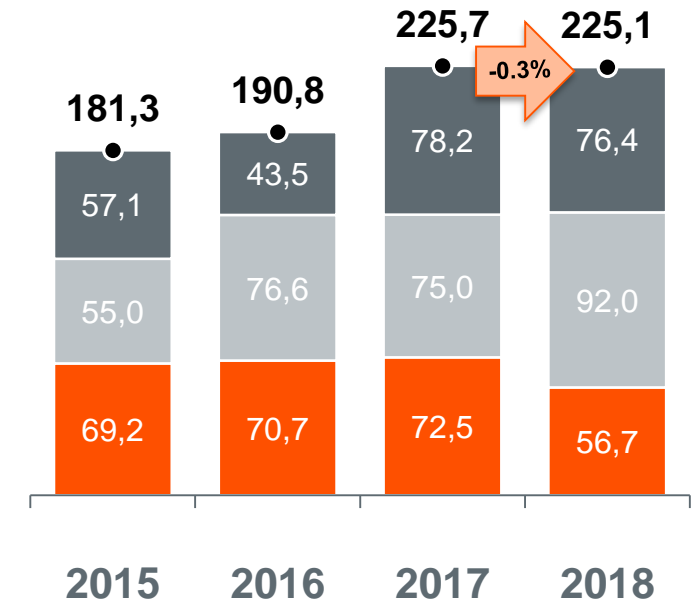
NET SALES (EUR million)



ORDER INTAKE (EUR million)



ORDER BACKLOG (EUR million)

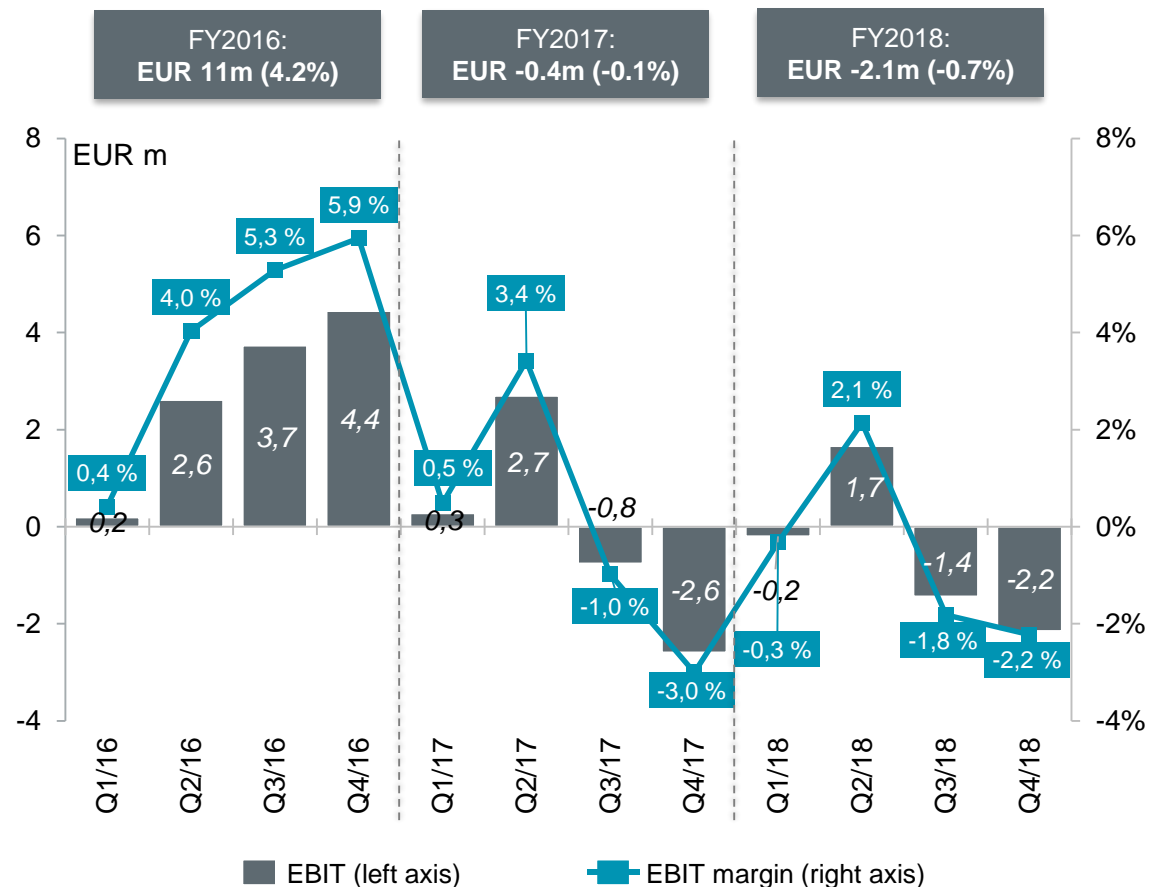


Renovation Contracting
 Building Facades
 Technical Building Services
 Eliminations

EBIT development

2018 EBIT burdened by two demanding building purpose modification projects

EBIT by quarter 2016 – 2018

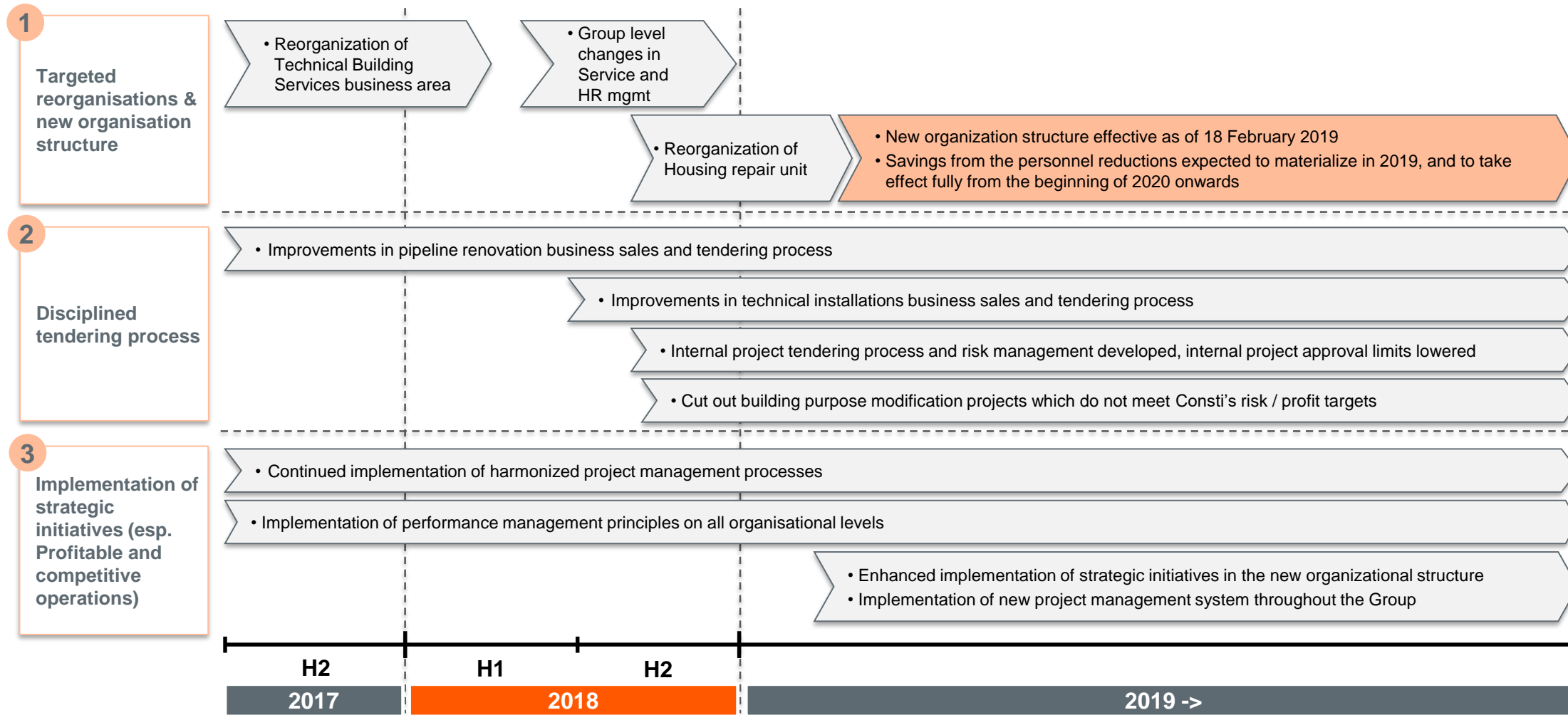


Comments

- January-December EBIT was -2,1 (-0,4) milj. euroa
- EBIT as % of net sales was -0,7 (-0,1) percent
- The result for H1 was weakened by certain projects that were identified as low-margin in late 2017, especially finishing the remaining work on the Hotel St. George project
- During H2 the result was weakened due to weak profitability in project deliveries of the technical installations unit and particularly of the housing repair unit included in Building Facades business area
- EBIT for 2018 was considerably weakened by the negative impact from two demanding building purpose modification projects

Actions to improve profitability ongoing

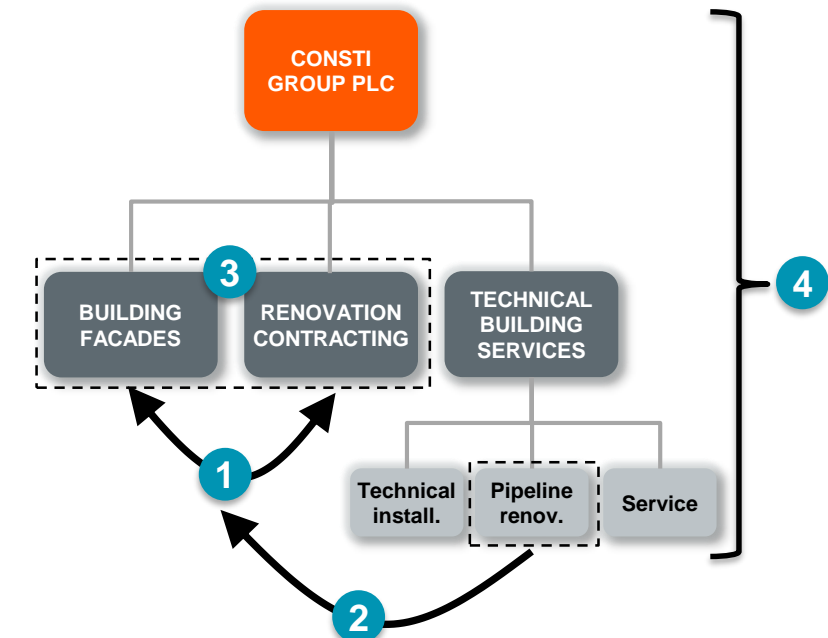
Targeted annual cost savings of EUR 2 million expected to fully materialize in 2020



Consti's new organisation structure and change program

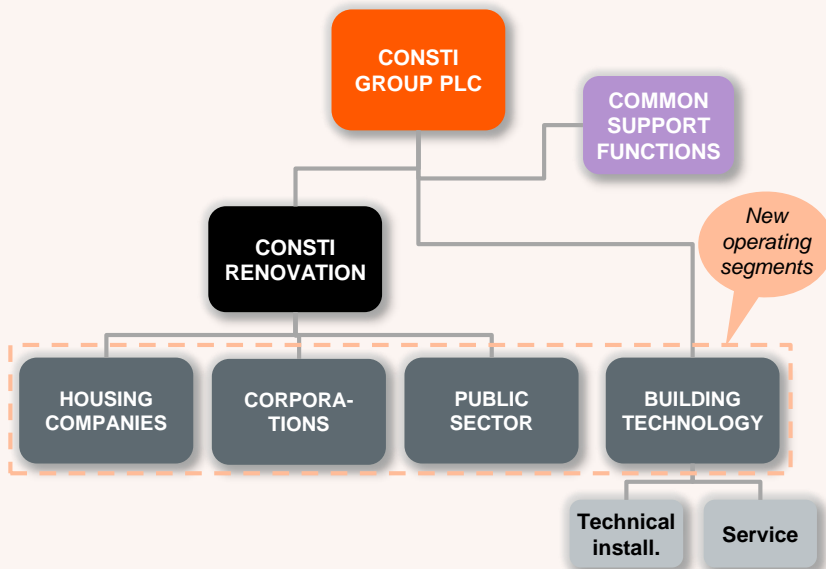
Target to improve profitability and competitiveness going forward

CONSTI'S CURRENT ORGANISATION AND PLANNED CHANGES



- 1 Building Facades and Renovation Contracting will be combined into one business area providing renovation services: Consti Renovation
- 2 Pipeline renovation business will be transferred from Technical Building Services to the new Consti Renovation business area
- 3 Combined renovation services will be re-grouped in accordance with Consti's customer groups, and hence new line organisation created
- 4 Majority of Consti's support functions will be unified in the future

CONSTI'S NEW ORGANISATION AND TARGETED BENEFITS



TARGETED BENEFITS OF THE NEW ORGANISATION AND CHANGE PROGRAM:

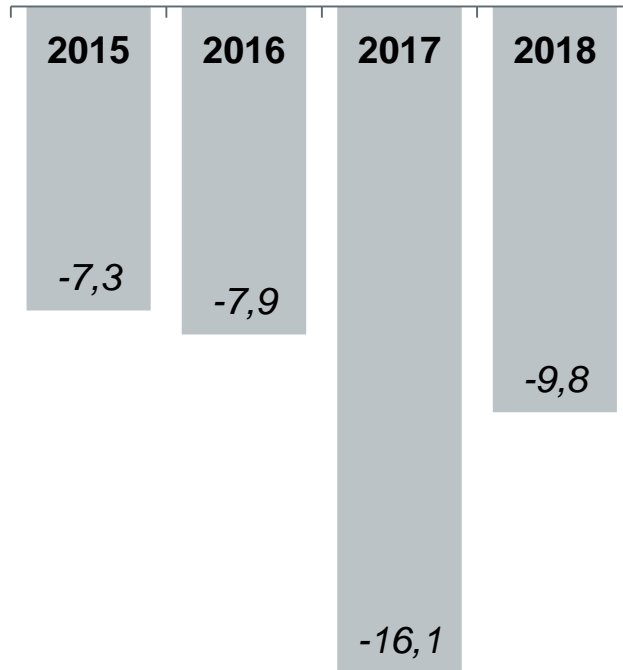
- 1 Enhanced strategy implementation throughout the Group
- 2 New organisation drives customer-centric, effective and efficient operations
- 3 Enables centralisation of expertise and flexibility in resourcing
- 4 Improves risk management and agility of the organisation
- 5 Targeted annual cost savings of EUR ~2m, fully effective as of 2020

Net working capital, cash flow and financial position

Cash flow for 2018 was affected by tied up working capital during the period

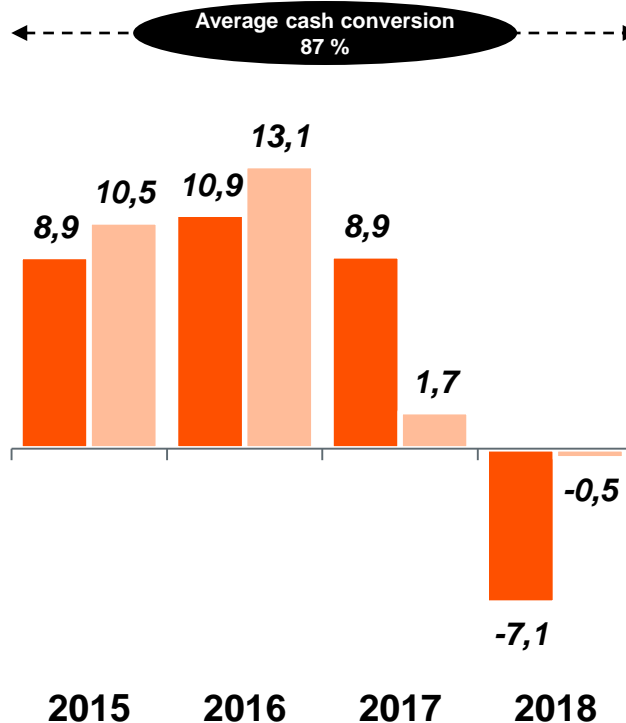
Net working capital

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

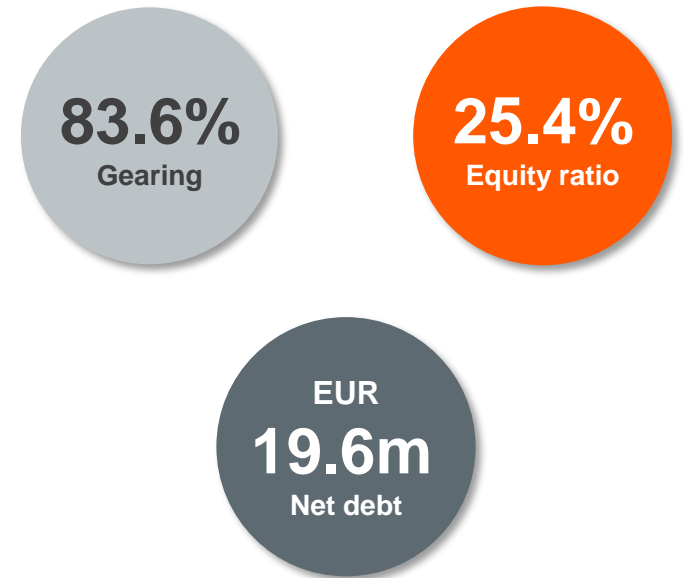


Cash conversion¹⁾

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



Balance sheet KPIs (31 Dec 2018)

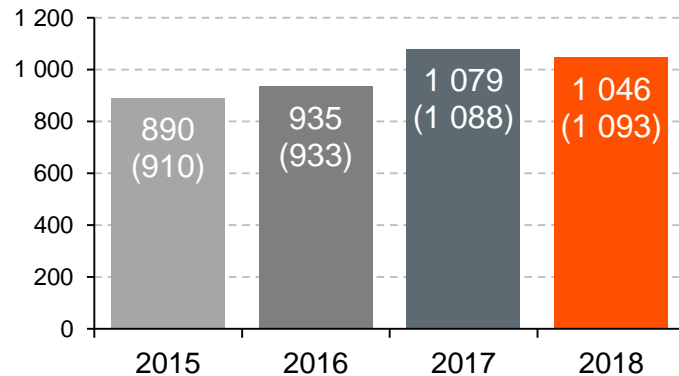


¹⁾ The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial items and taxes, less capital used for purchase of intangible assets and property, plant and equipment

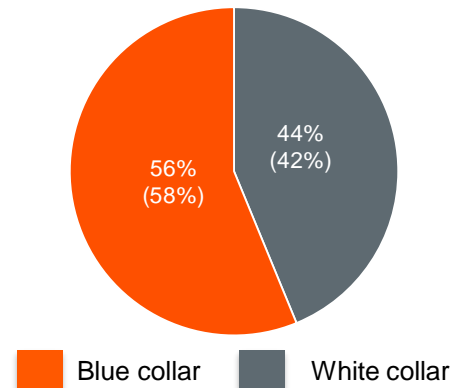
Personnel KPIs 2015-18

Accident rate decreased year-on-year, reorganisations completed in 2018 reflected in the development of headcount as well as personnel turnover

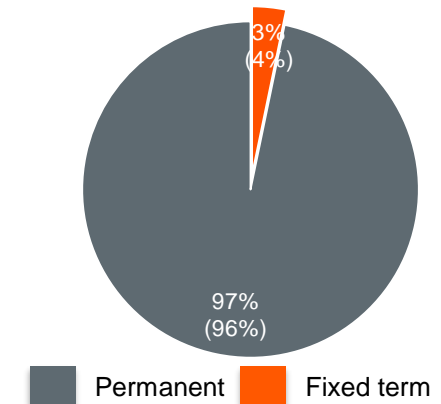
Personnel at year-end
(average)



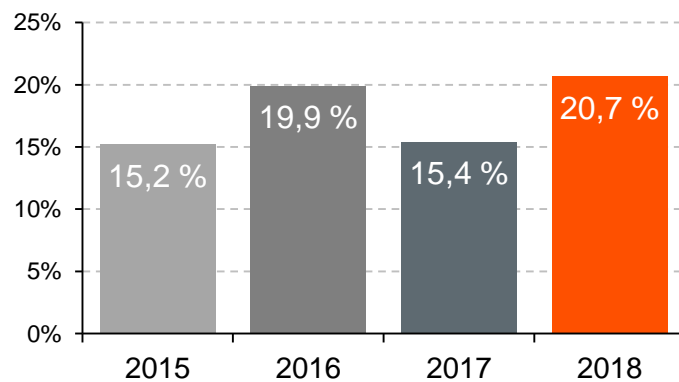
Blue collar / White collar
2018 (2017)



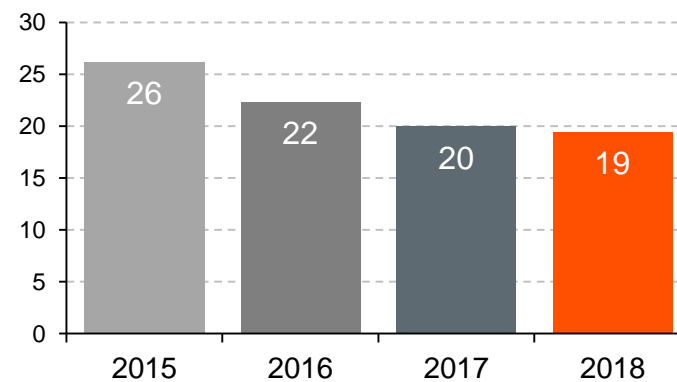
Permanent / Fixed term
2018 (2017)



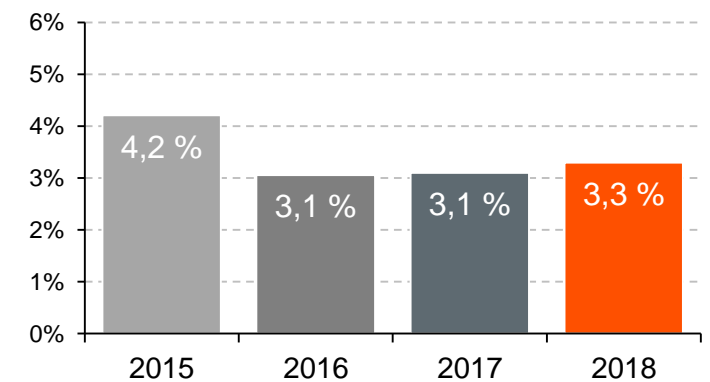
Permanent personnel turnover ratio
(% of employees leaving)



Accident rate
(accidents per million hours worked)



Average absence rate (%)



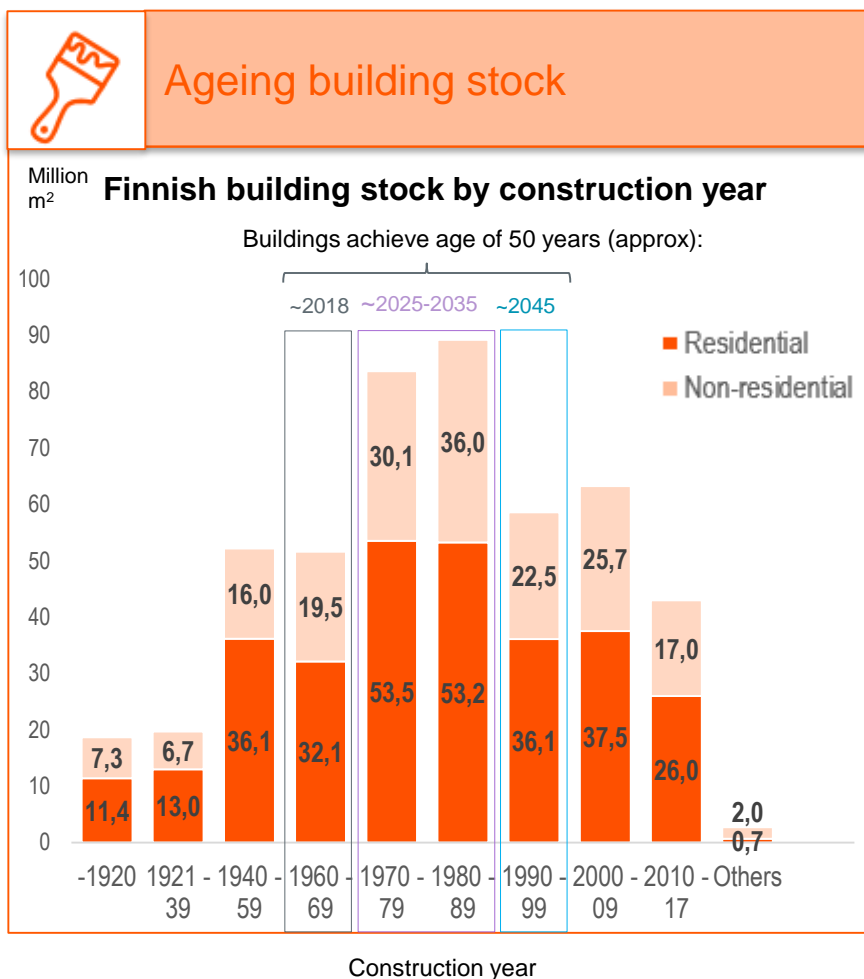
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Renovation market supported by a number of key structural growth drivers

Ageing building stock the single most important growth driver



Source: Statistics Finland



Energy efficiency



Urbanisation and concentration of renovation in growth centers



Modifications of the use of buildings



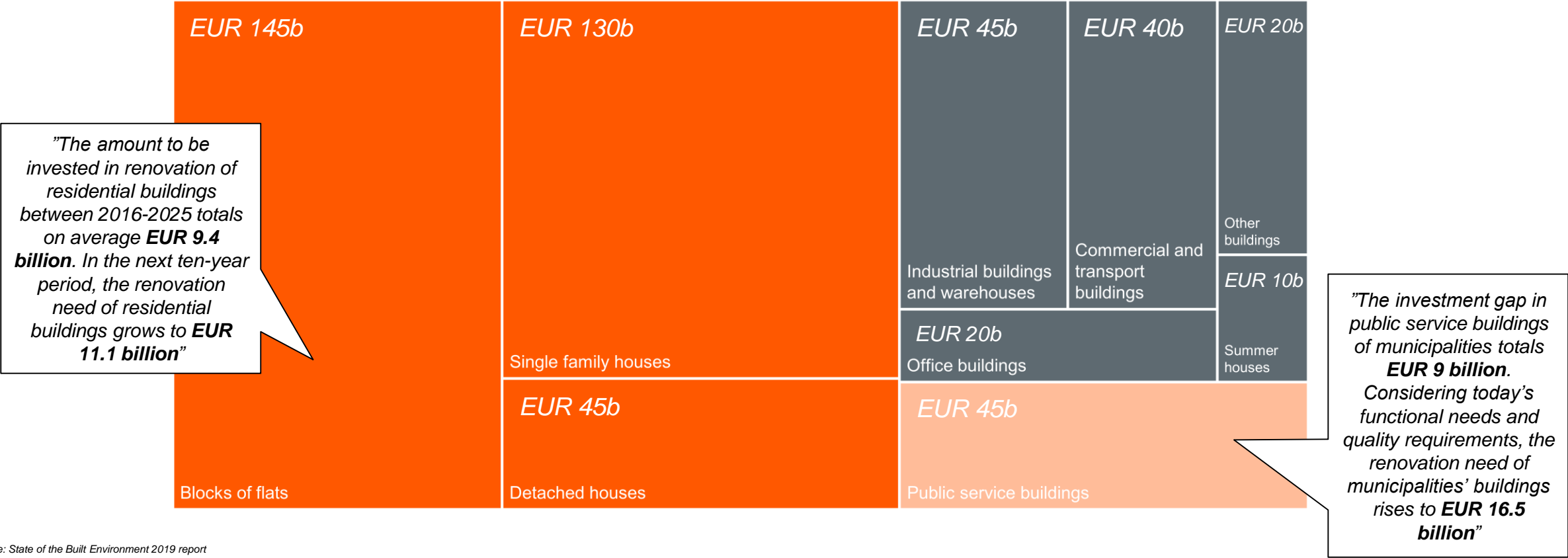
Increased need for building technology and automation

Buildings account for 45 percent of our national wealth

A significant share of building stock consists of residential buildings built in the 1960s–80s not all of which have been renovated

Value of the Finnish building stock (EUR 500 billion)

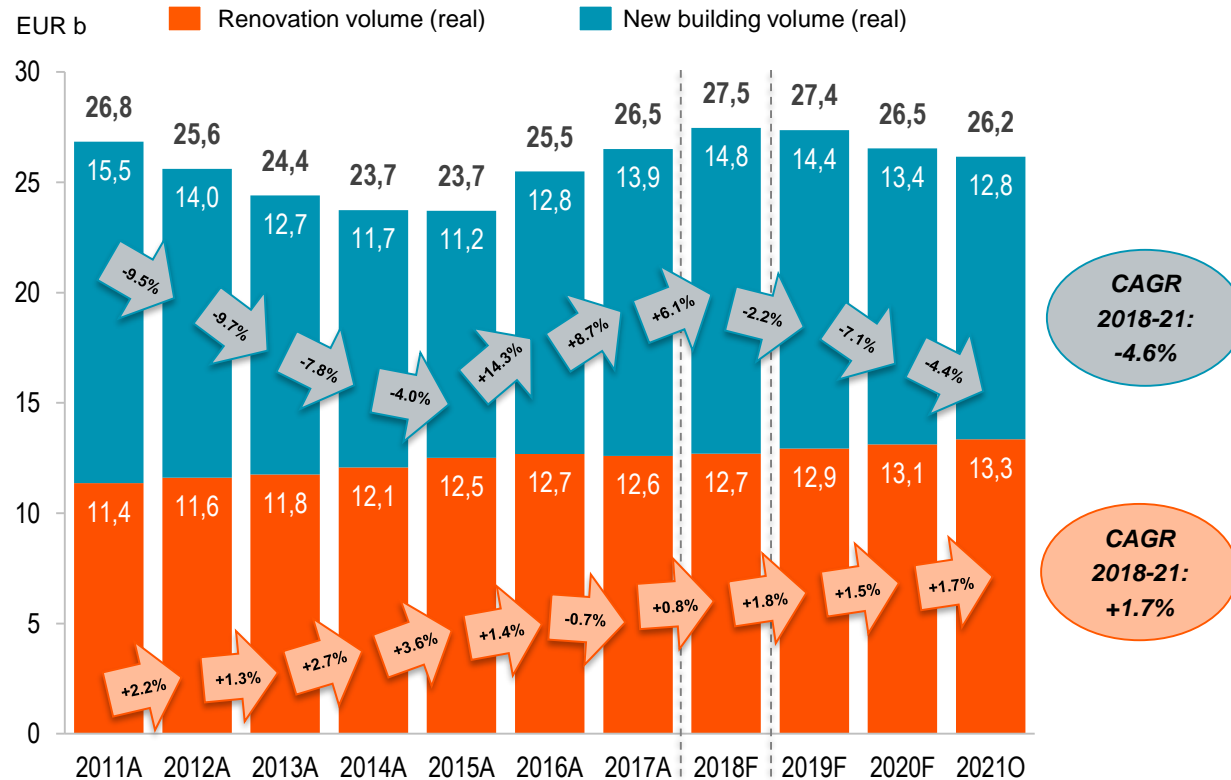
■ Residential buildings ■ Public sector buildings ■ Other buildings



Source: State of the Built Environment 2019 report

Stable growth in renovation expected to continue

Finnish new building and renovation market development 2011 – 2021



Source: Euroconstruct, November 2018

Comments

- The economic cycle in construction still on a high level
 - Challenges in availability of certain sub-contractors
 - Although the volume of construction is still on a high level, recent statistics on the building permits and starts suggest that construction is likely to slow down after a long upswing as the economic growth starts to wane
- The potential decrease in the new building volume is likely to have a two-fold impact on Consti:
 1. As the pressure in the whole construction value chain eases up, the availability and quality of resources improve → contribution to profitability improvement
 2. Competition slightly to increase especially in large renovation projects
- In 2019, growth is expected to be seen in both residential (+2.0%) and non-residential (+1.6%) renovation

Guidance for 2019

“The Company estimates that its operating result for 2019 will improve compared to 2018.”

