

A construction worker wearing a bright orange safety suit with reflective stripes, a red helmet with safety glasses, and black gloves is working on a building facade. The worker is using a long-handled tool with a circular brush head to clean or finish a concrete surface. The worker's suit has the word "CONSTI" printed on the chest. The background shows a complex scaffolding structure against a light-colored building wall.

# CONSTI PLC

## FINANCIAL STATEMENTS

1 JANUARY –  
31 DECEMBER 2023

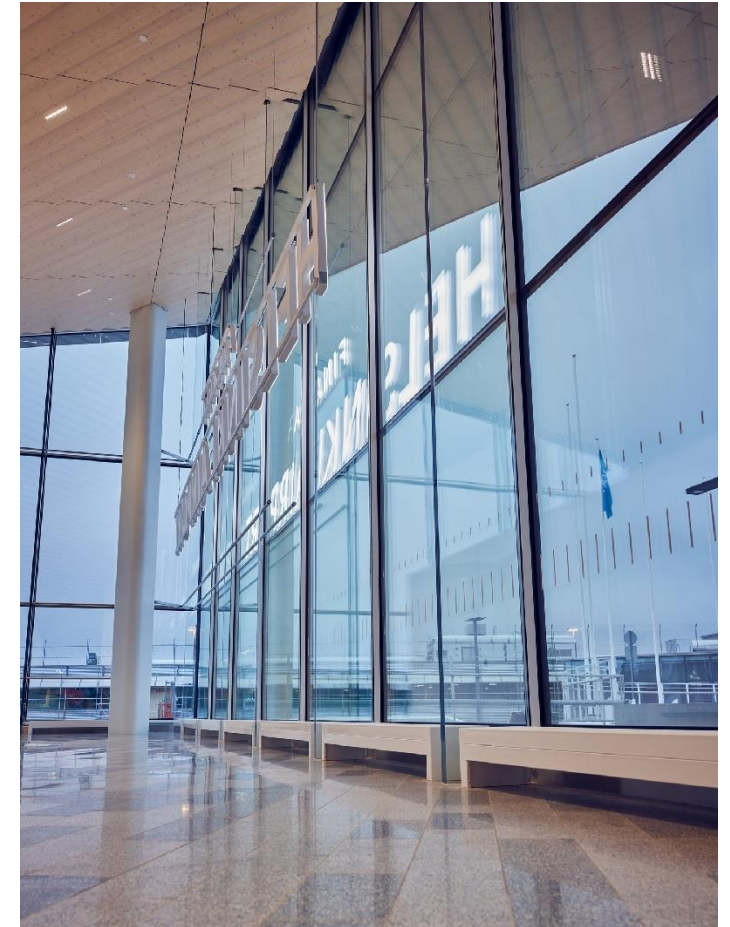
CEO Esa Korkeela  
CFO Joni Sorsanen

**CONSTI**

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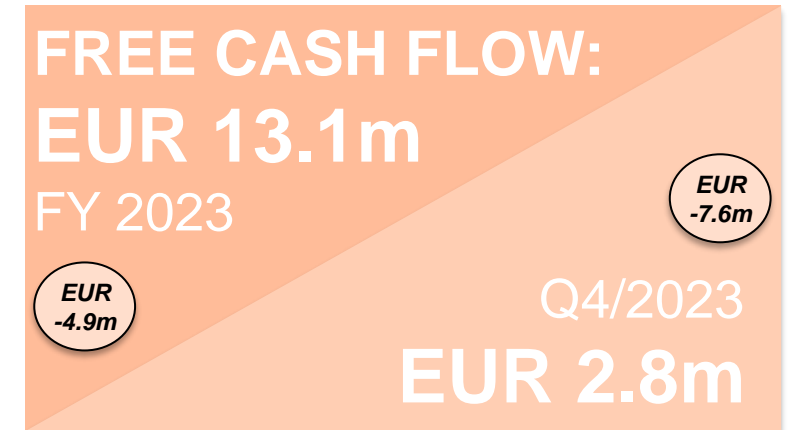
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- 1. Highlights and Group performance**
- 2. Cash flow and financial position**
- 3. Updated strategy 2024-2027**
- 4. Market outlook, guidance and summary**
- 5. Appendix**



# Highlights of FY 2023 and Q4/2023

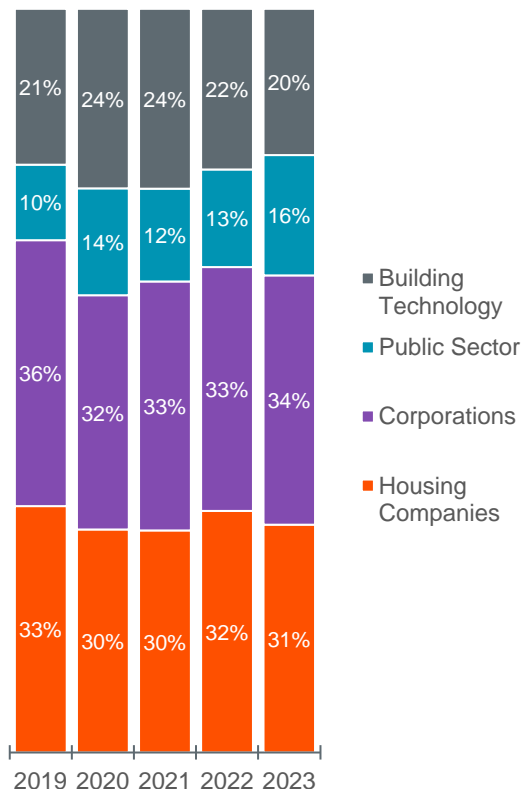
Good financial year in a challenging market



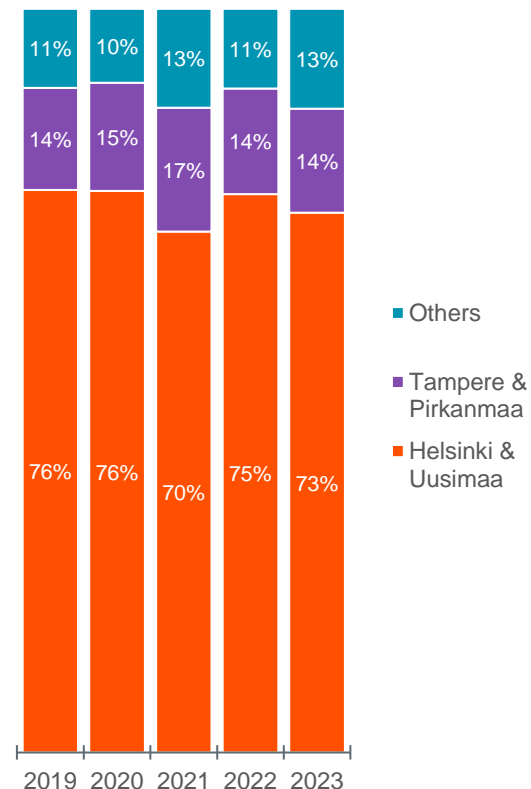
# Consti Group's net sales overview 2019-23

Strongest growth in Public Sector business area, other geographical areas outgrew capital region in 2023. Public sector was the largest customer group in 2023, accounting for ~1/3 of net sales

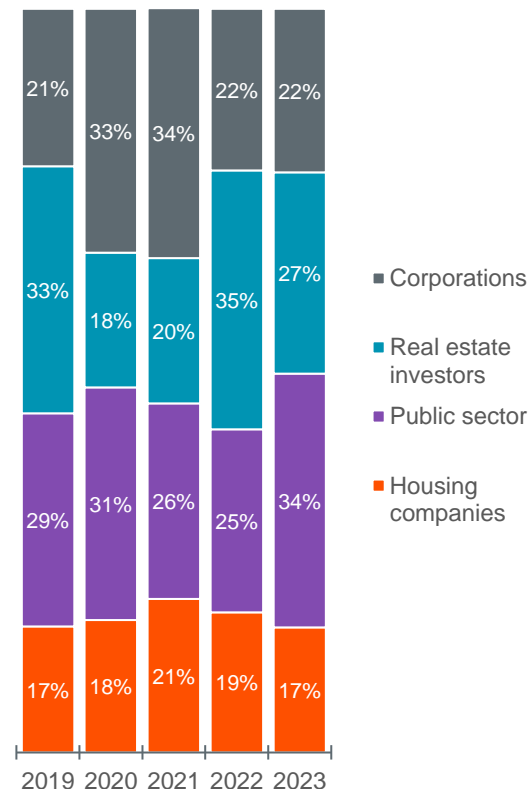
### Net sales by business area



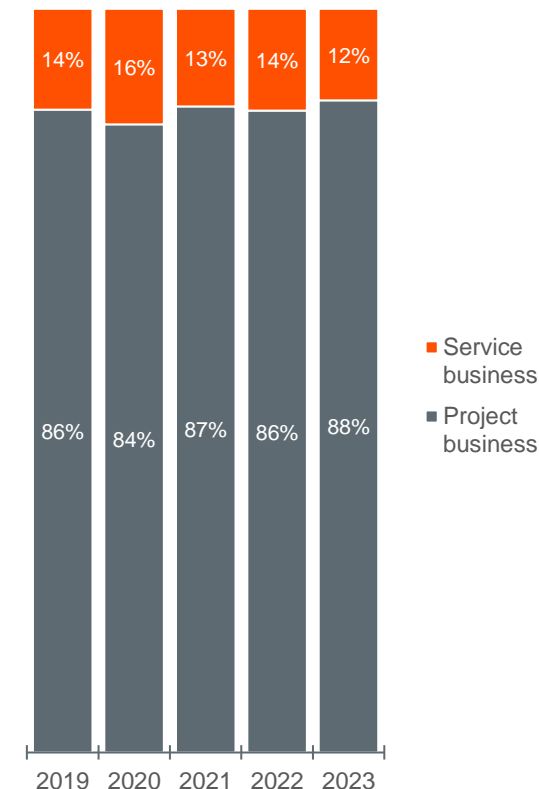
### Net sales by geography



### Net sales by customer group



### Net sales by project / service

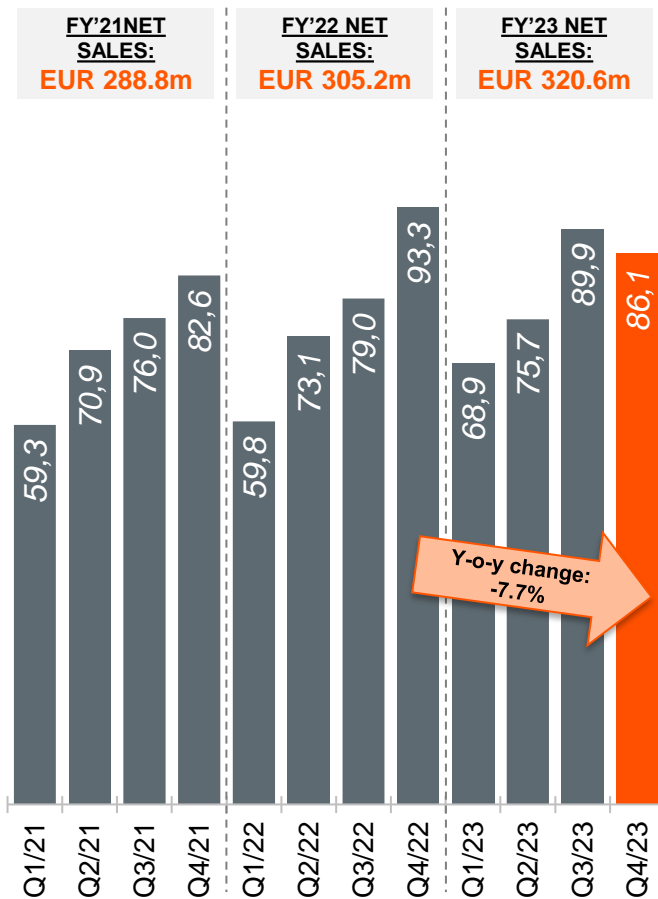


1) Business area splits excluding eliminations

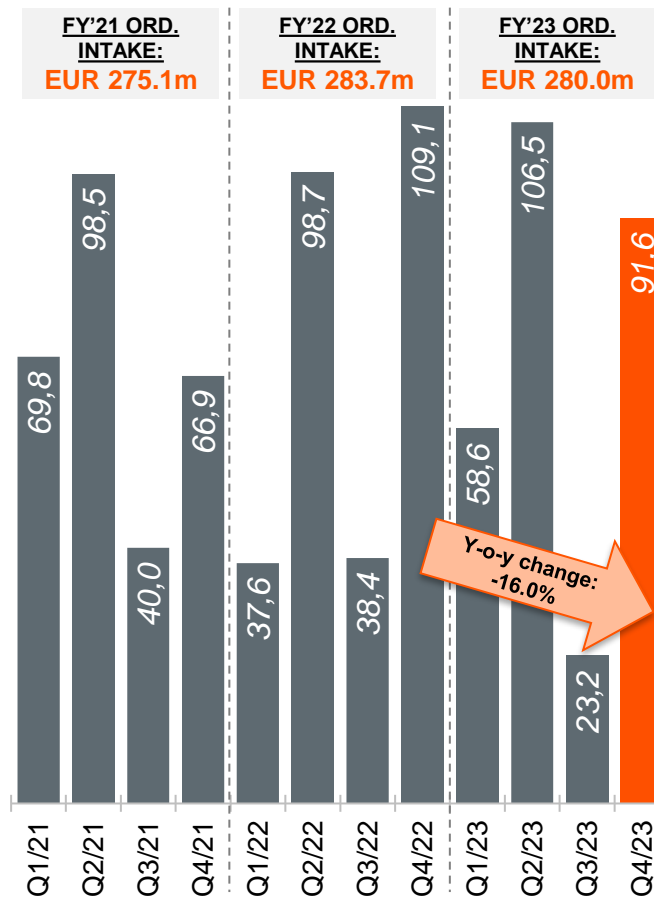
# Quarterly performance overview

Order backlog continued to grow year-on-year, net sales and order intake were on a good level but fell short of the strong comparison period

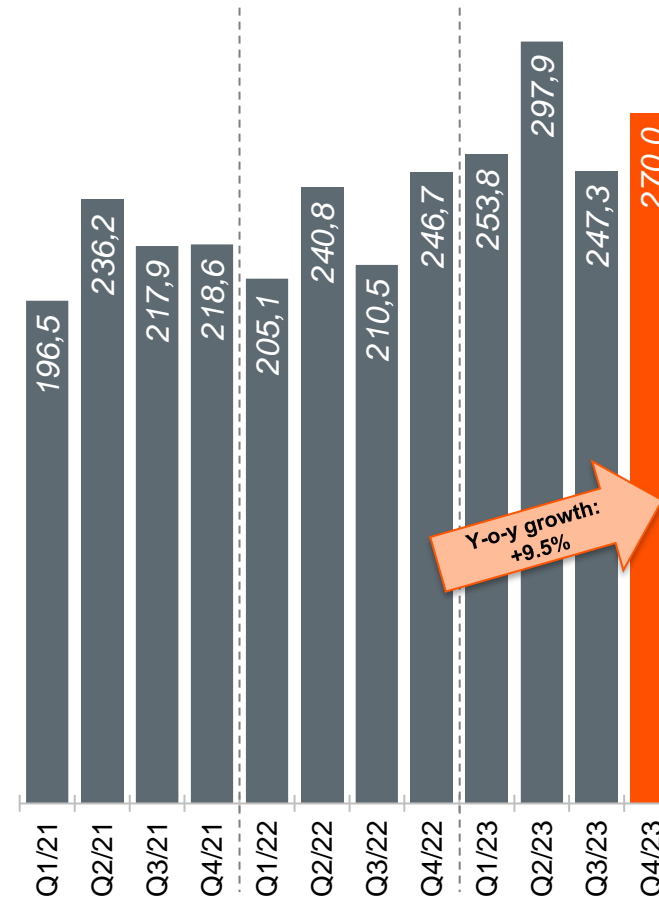
## QUARTERLY NET SALES (EUR m)



## QUARTERLY ORDER INTAKE (EUR m)



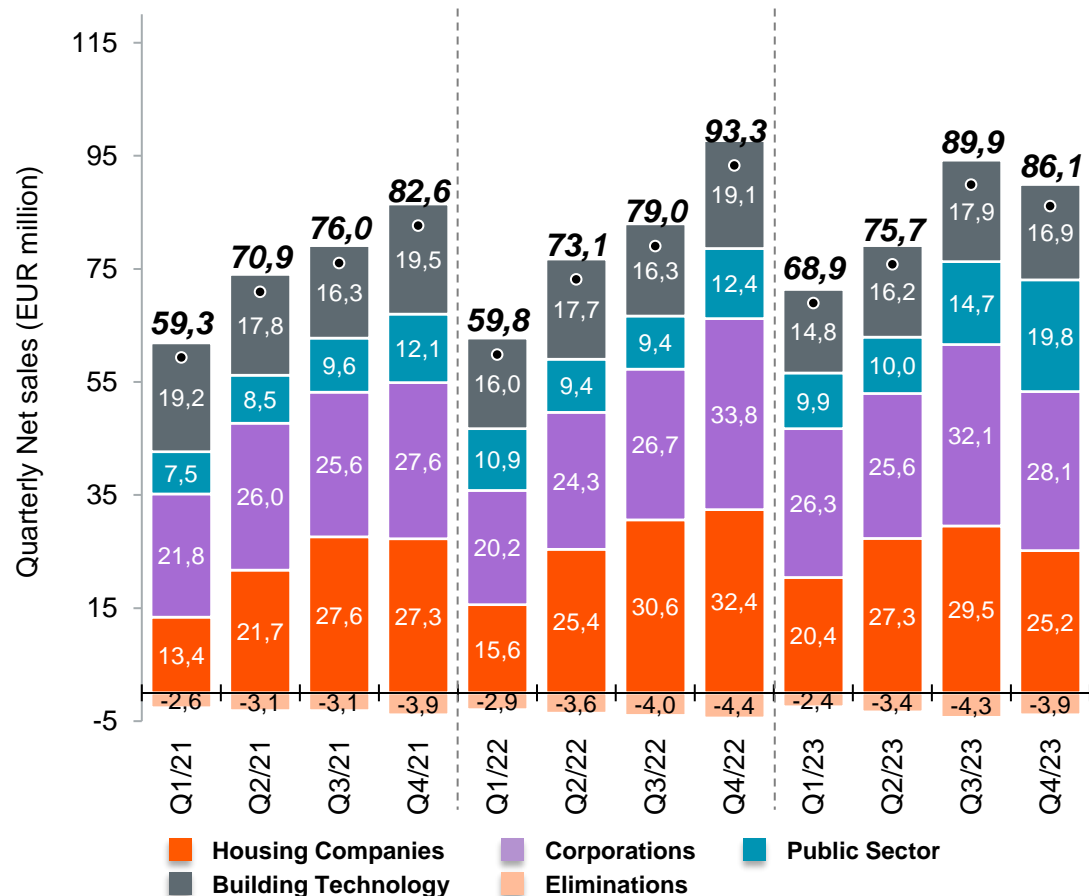
## QUARTERLY ORDER BACKLOG (EUR m)



# Quarterly net sales development

## Q4/2023 net sales amounted to EUR 86.1m

Quarterly net sales development Q1/2021 – Q4/2023 (EUR m)



### Comments

- Q4/2023 net sales EUR 86.1m (93.3m)
  - Year-on-year change -7.7%
  - Housing Companies net sales EUR 25.2m (32.4m)
  - Corporations net sales EUR 28.1m (33.8m)
  - Public Sector net sales EUR 19.8m (12.4m)
  - Building Technology net sales EUR 16.9m (19.1m)
- FY 2023 net sales EUR 320.6m (305.2m)
  - Year-on-year growth 5.0%
  - Housing Companies net sales EUR 102.4m (104.0m) → net sales increased in other areas but decreased in Greater Helsinki area
  - Corporations net sales EUR 112.2m (104.9m) → growth supported by the shopping centre projects
  - Public Sector net sales EUR 54.3m (42.1m) → net sales were increased by the ongoing school projects
  - Building Technology net sales EUR 65.7m (69.1m) → net sales increased in service business but decreased in building technology installations

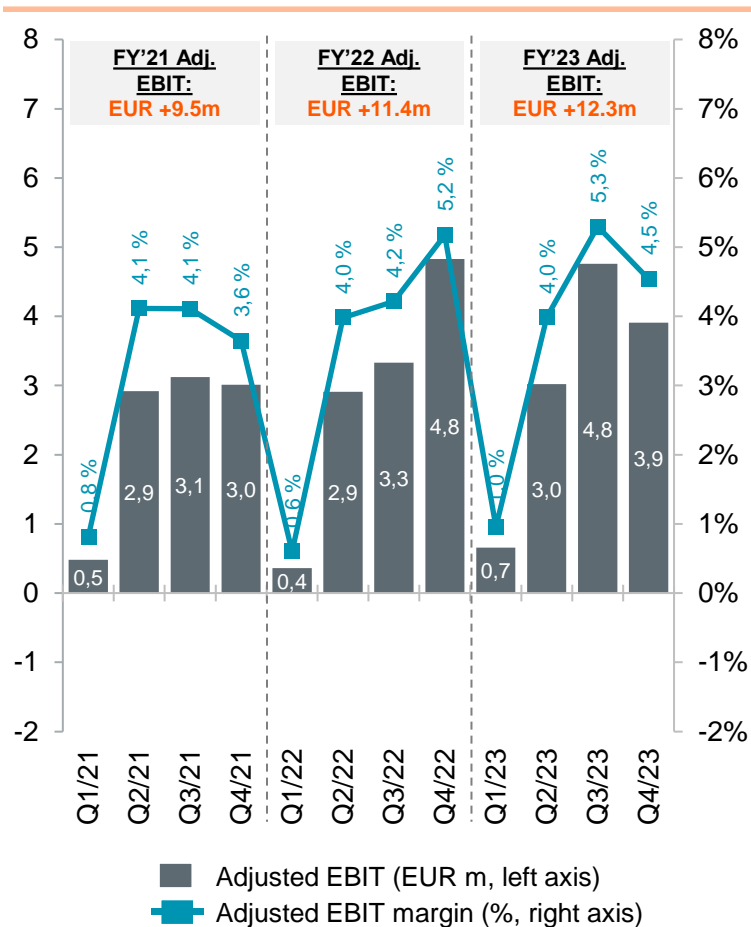
# Quarterly Adjusted EBIT and EBIT development

Full-year EBIT improved and amounted to EUR 12.3m, the highest absolute EBIT in the history of Consti

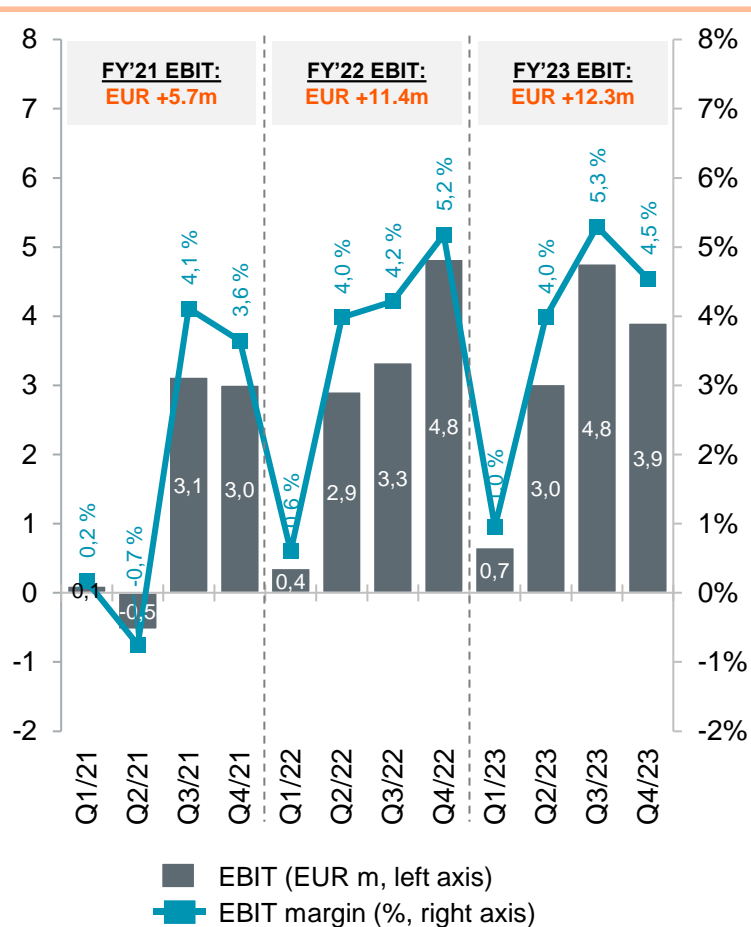
\*Adjusted EBIT = EBIT before items affecting comparability (IAC)

- IAC during the comparison periods 2020 and 2021 = Financial impact of arbitral award received in June 2021 as well as legal cost related to the arbitration proceedings in 2020-21

Quarterly Adjusted EBIT\* development  
Q1/2021 – Q4/2023 (EUR m)



Quarterly EBIT development  
Q1/2021– Q4/2023 (EUR m)



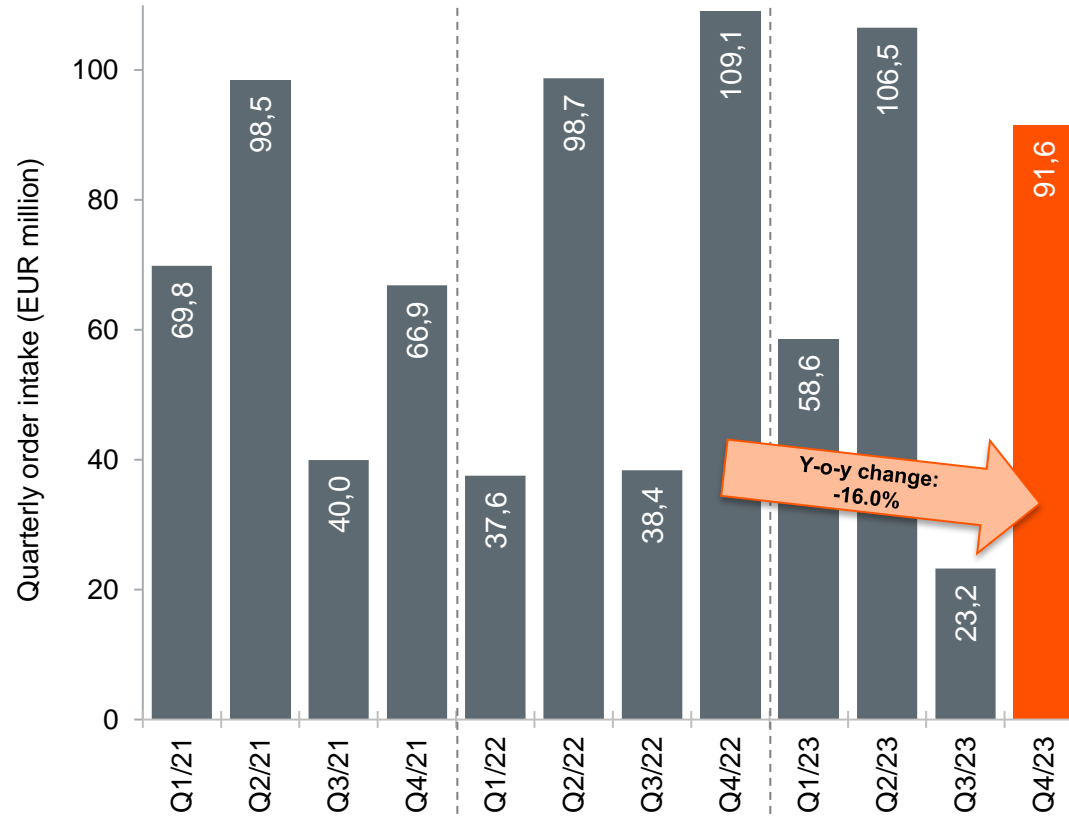
## Comments

- FY 2023 EBIT was EUR 12.3 (11.4) million, or 3.9% (3.7%) of net sales
  - FY 2023 advanced as expected and projects largely progressed as planned
  - The gain recognised on the sale of Consti's property-related relining business at the end of Q3 amounting to approximately EUR 1 million supported the profitability in FY2023
- Q4/2023 EBIT was EUR 3.9 (4.8) million, or 4.5% (5.2%) of net sales
  - Q4 advanced as expected and projects largely progressed as planned
  - Decrease in profitability is largely due to decline in business volumes and partly due to change in business mix year-on-year
  - In addition, fixed costs for Q4 increased due to transaction costs related to acquisition of Sähkö-Huhta Oy in November 2023

# Quarterly order intake development

Q4/2023 order intake EUR 91.6 million (109.1m), falling 16.0% short of strong comparison period

Quarterly order intake development Q1/2021 – Q4/2023 (EUR m)



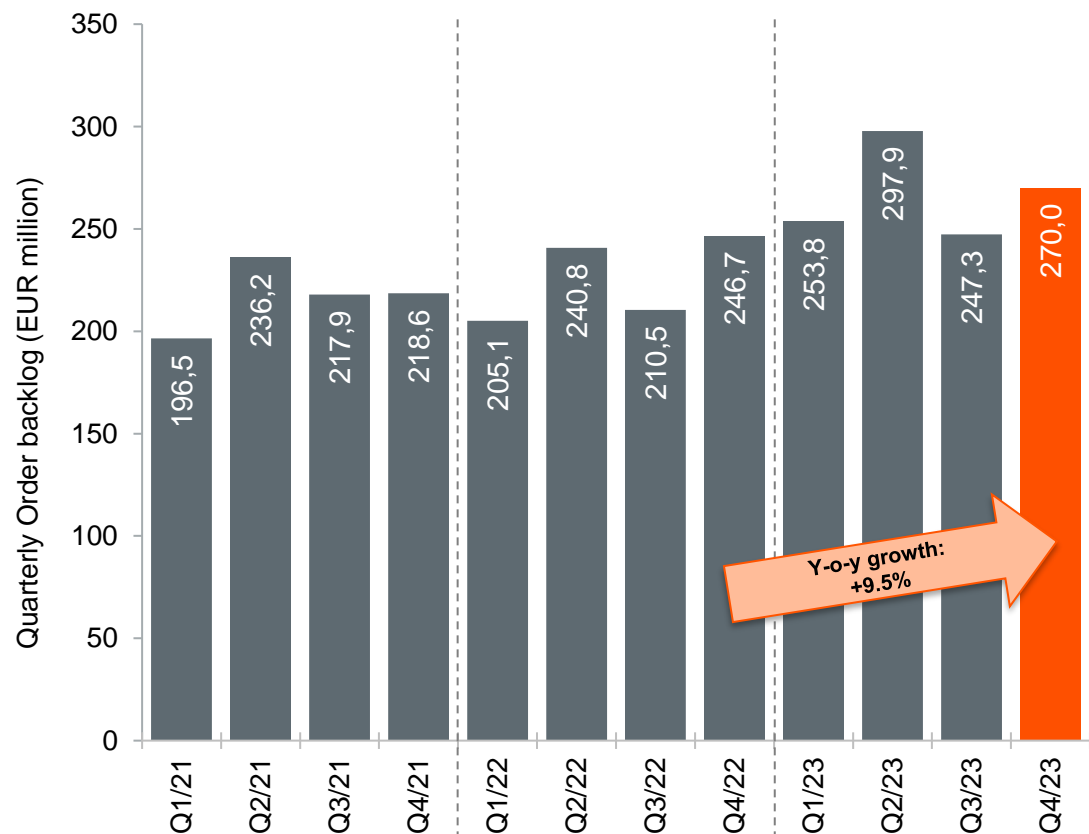
## Comments

- Q4/2023 order intake EUR 91.6m (109.1m)
  - Year-on-year change -16.0%
  - Examples of new orders received in Q4:
    - Pihlajisto primary school, comprehensive renovation of a school in Helsinki
    - The main building of the Laakso Joint Hospital, installation of building technology systems
    - The rest of the order intake for Q4 2023 consists of several small and mid-sized projects in all business areas
- FY 2023 order intake EUR 280.0m (283.7m), change -1.3% year-on-year → virtually on previous year's level

# Quarterly order backlog development

Q4/2023 order backlog at EUR 270.0 million (246.7m), up by 9.5% y-o-y

Quarterly order backlog development Q1/2021 – Q4/2023 (EUR m)



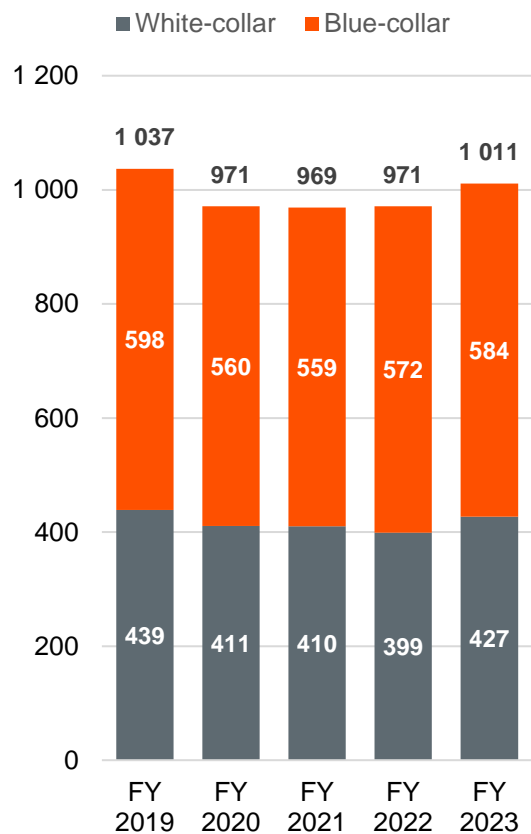
## Comments

- Q4/2023 order backlog at EUR 270.0m (246.7m)
  - Order backlog at year-end 9.5% higher compared to previous year-end
  - Historically the highest year-end order backlog
  - Strong order backlog to support solid performance going forward
  - However, order intake in H1 still plays an important role from the full-year net sales' perspective
  - In absolute terms, a larger share of December 2023 order backlog to be recognised in revenue within the next twelve months compared to December 2022 backlog
  - However, in relative terms the year-end 2023 backlog is more evenly distributed to following years compared to Dec 2022 backlog

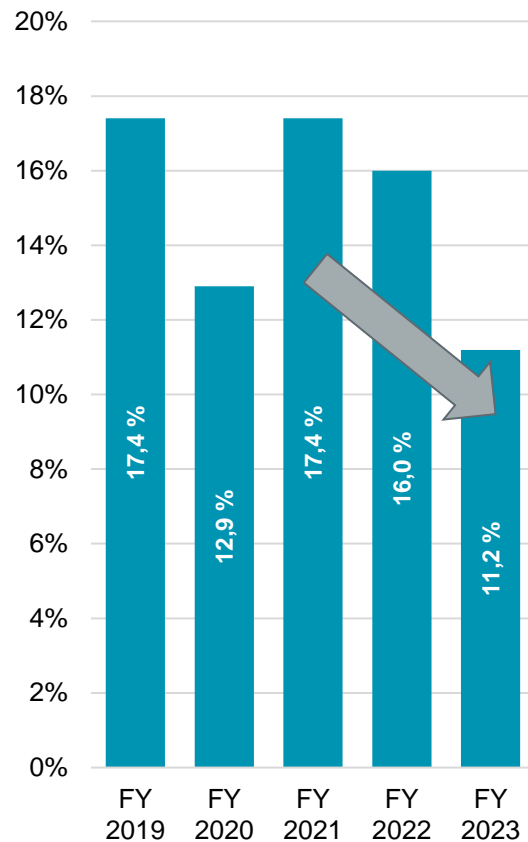
# Number of personnel and other HR KPIs

Personnel increasing along with growing business volumes, positive trend in personnel turnover, absence rate as well as in accident rate. Consti employed 1,008 (975) professionals at year-end

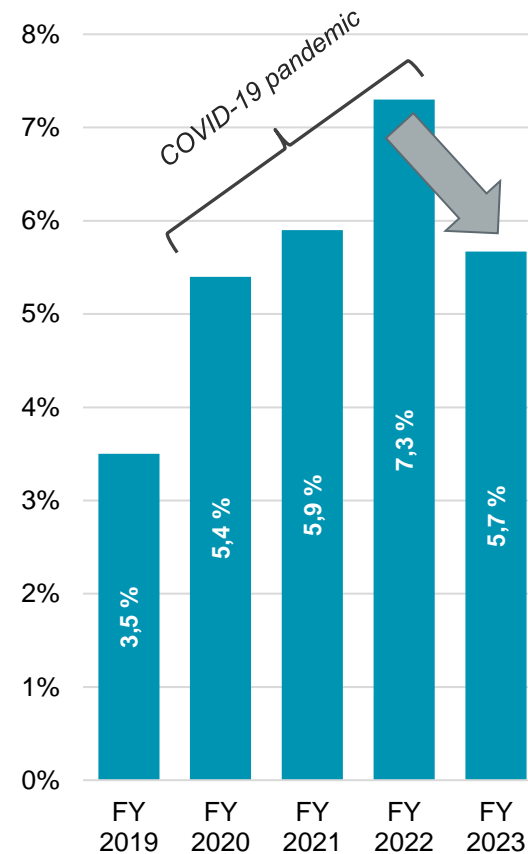
Average number of personnel  
2019 – 2023



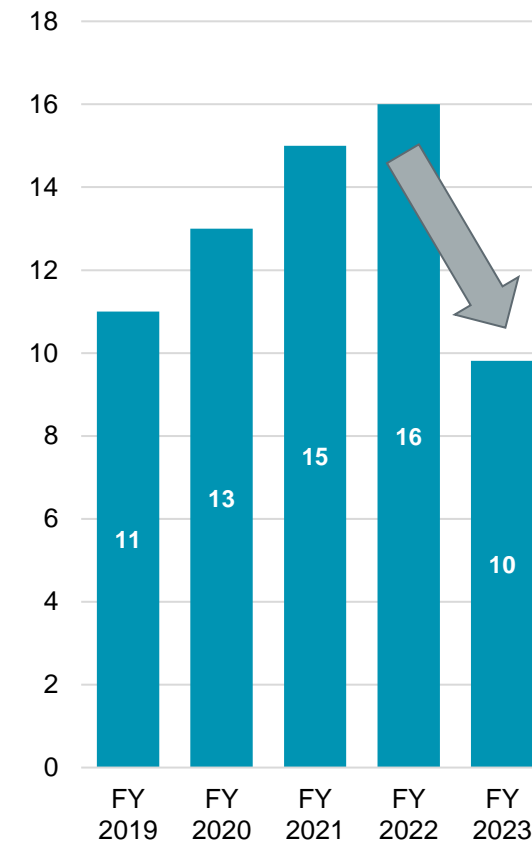
Permanent personnel turnover ratio  
(% of employees leaving)



Average absence rate (%)



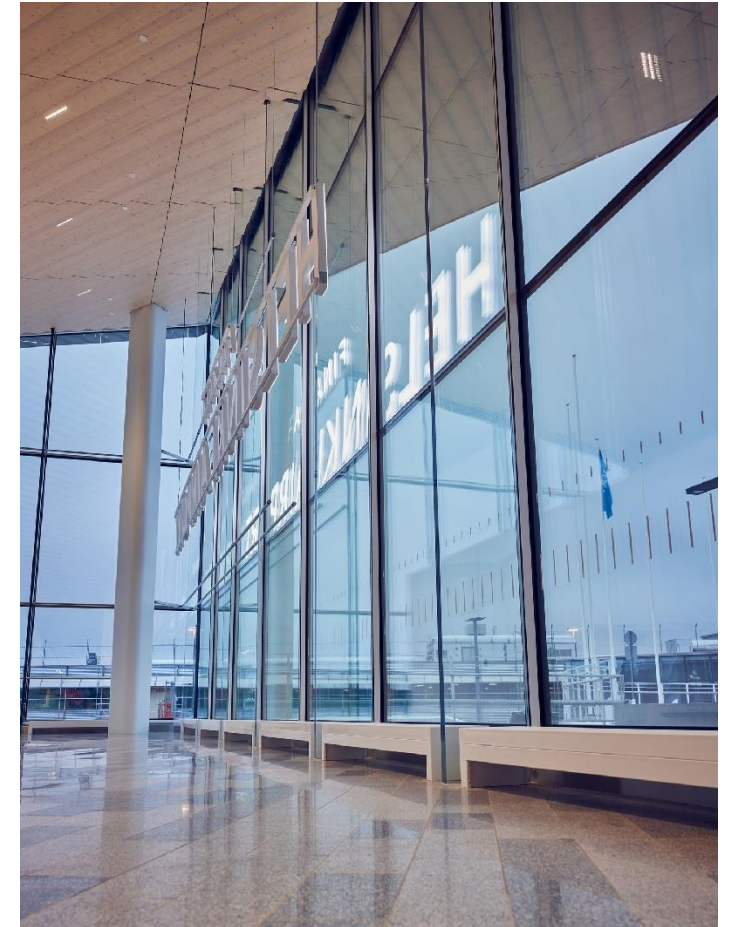
Accident rate / LTIFR  
(accidents per million hours worked)



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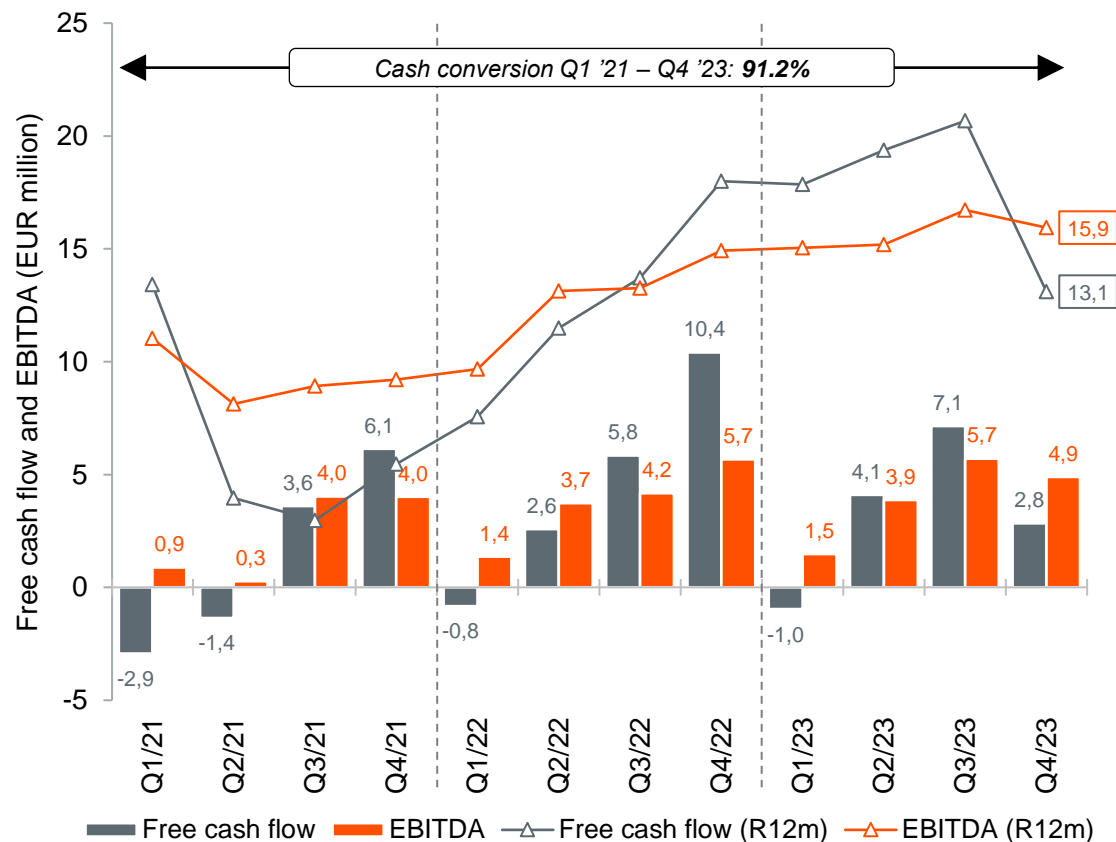
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# Quarterly free cash flow development

FY 2023 free cash flow was EUR 13.1 million

Quarterly free cash flow<sup>1)</sup> and EBITDA Q1/2021 – Q4/2023 (EUR m)



## Comments

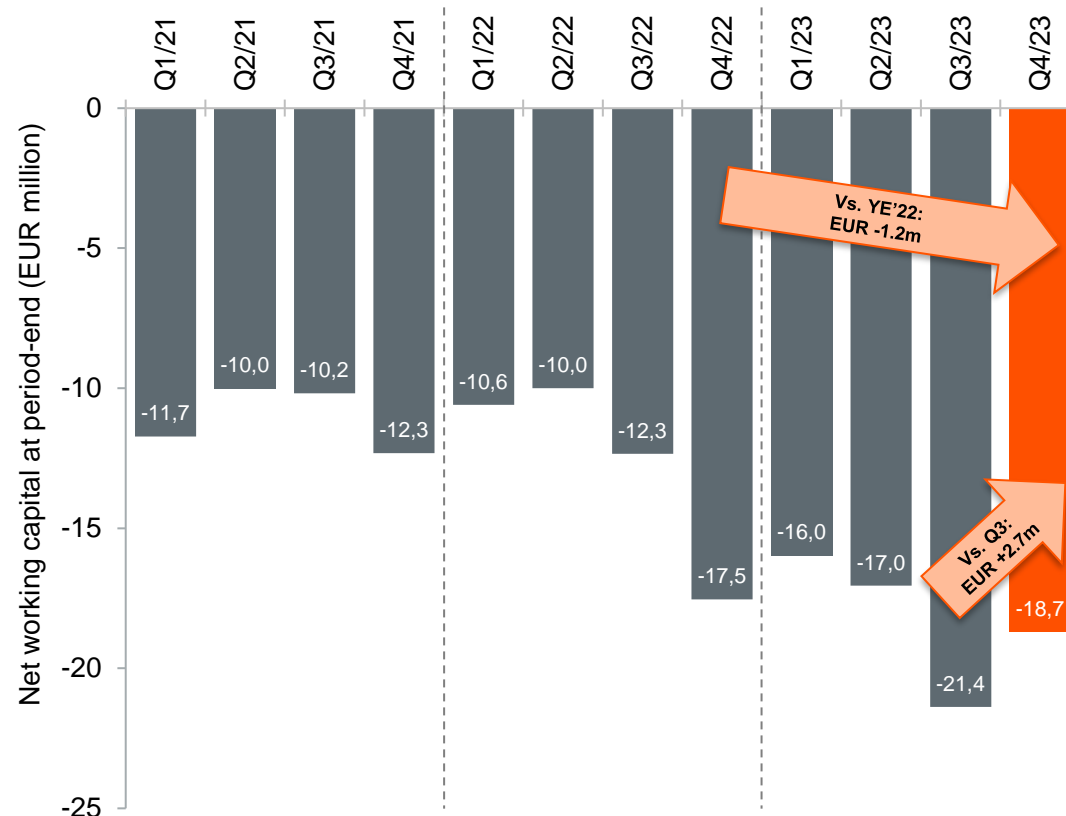
- Q4/2023 free cash flow EUR 2.8m (10.4m)
  - EBITDA amounted to EUR 4.9m (5.7m)
  - Cash flow impact from change in net working capital was EUR -1.9m (4.9m)
  - Cash flow from investments in tangible and intangible assets amounted to EUR -0.4m (-0.4m)
- FY 2023 free cash flow EUR 13.1m (18.0m)
  - EBITDA amounted to EUR 15.9m (14.9m)
  - Cash flow impact from change in net working capital was EUR 0.3m (4.4m)
  - Cash flow from investments in tangible and intangible assets amounted to EUR -2.0m (-1.5m)
- Rolling 12-month cash conversion ratio was 82.2% (120.6%)
- In 2021-2023, Consti's cash conversion ratio totaled 91.2%, meeting the long-term financial target of >90%

<sup>1)</sup> 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

# Quarterly net working capital development

Net working capital at EUR -18.7 million at the end of Q4/2023

Quarterly net working capital<sup>1)</sup> Q1/2021 – Q4/2023 (EUR m)



## Comments

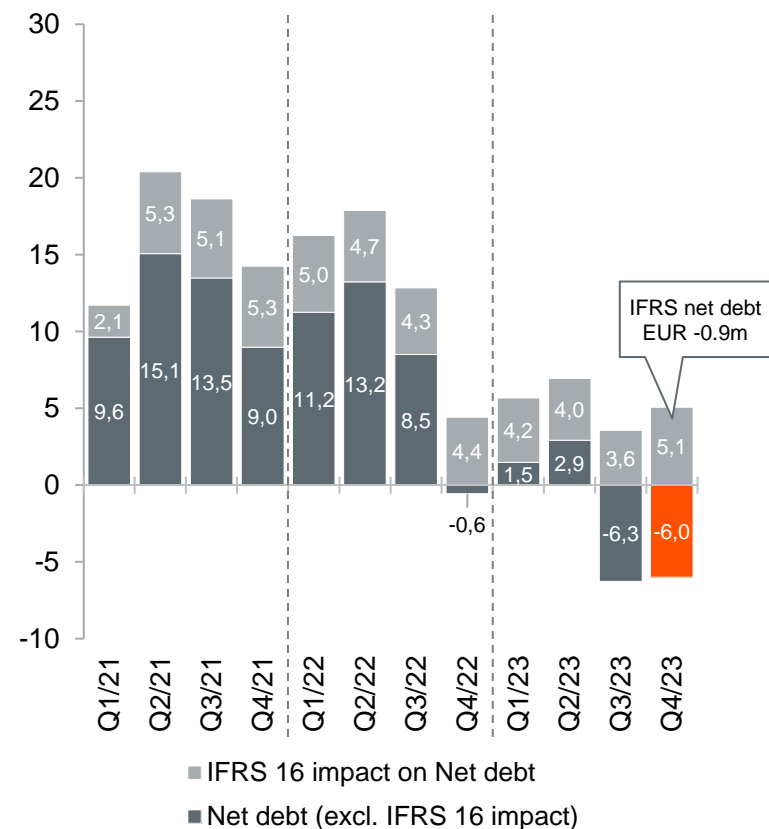
- Net working capital EUR -18.7m (-17.5m) at the end of Q4/2023
  - NWC tied up during Q4/2023 amounted to EUR 2.7m
  - NWC released during FY 2023 amounted to EUR 1.2m
  - Net working capital remained on a good level throughout FY 2023

<sup>1)</sup> Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables – Advances received – Provisions

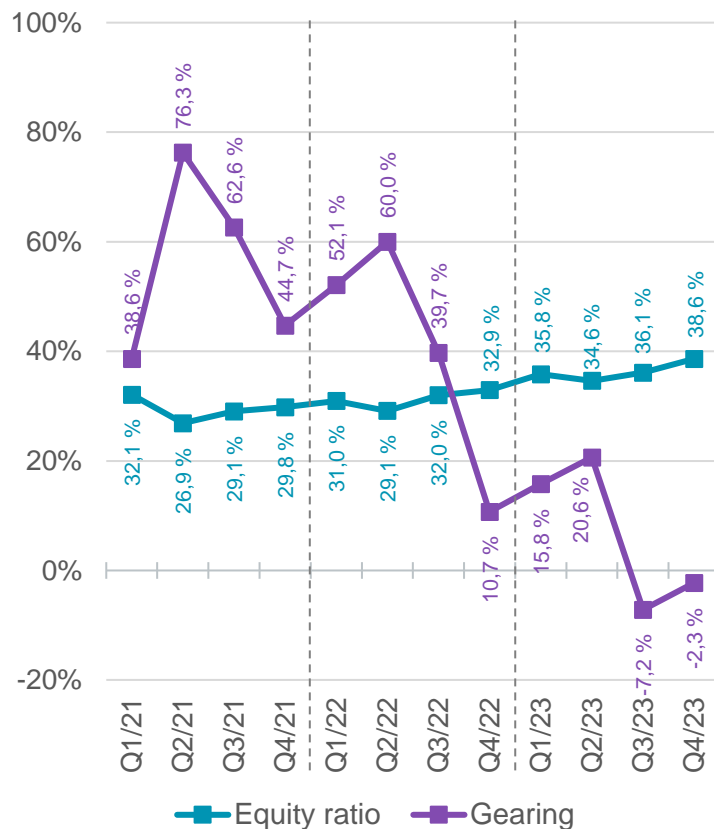
# Quarterly balance sheet structure

Q4 financial position strengthened year-on-year, balance sheet net debt-free at year-end

Quarterly net debt development (EUR m)  
Q1/2021 – Q4/2023



Quarterly equity ratio and gearing development  
Q1/2021 – Q4/2023



## Comments

- Financial position strengthened during FY 2023
  - Balance sheet net debt-free at the end of the year
- Q4/2023 net debt at EUR -0.9m (3.4m), of which EUR 5.1m (4.4m) attributable to IFRS 16 related lease liabilities
  - Net debt excluding IFRS 16 at EUR -6.0m (-0.6m)
- Q4/2023 equity ratio at 38.6% (32.9%)
  - Equity ratio excluding IFRS 16 at 40.7% (34.4%)
- Q4/2023 gearing at -2.3% (10.7%)
  - Gearing excluding IFRS 16 at -14.5% (-1.5%)

1) Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables – Advances received – Provisions

# Maturity distribution of interest-bearing debt (31 December 2023)

Gross interest-bearing debt (excl. IFRS 16) decreased by EUR 5.3 million in FY2023

Maturity profile of interest-bearing debt<sup>1)</sup> as per 31 Dec 2023 (EUR m)



Comments

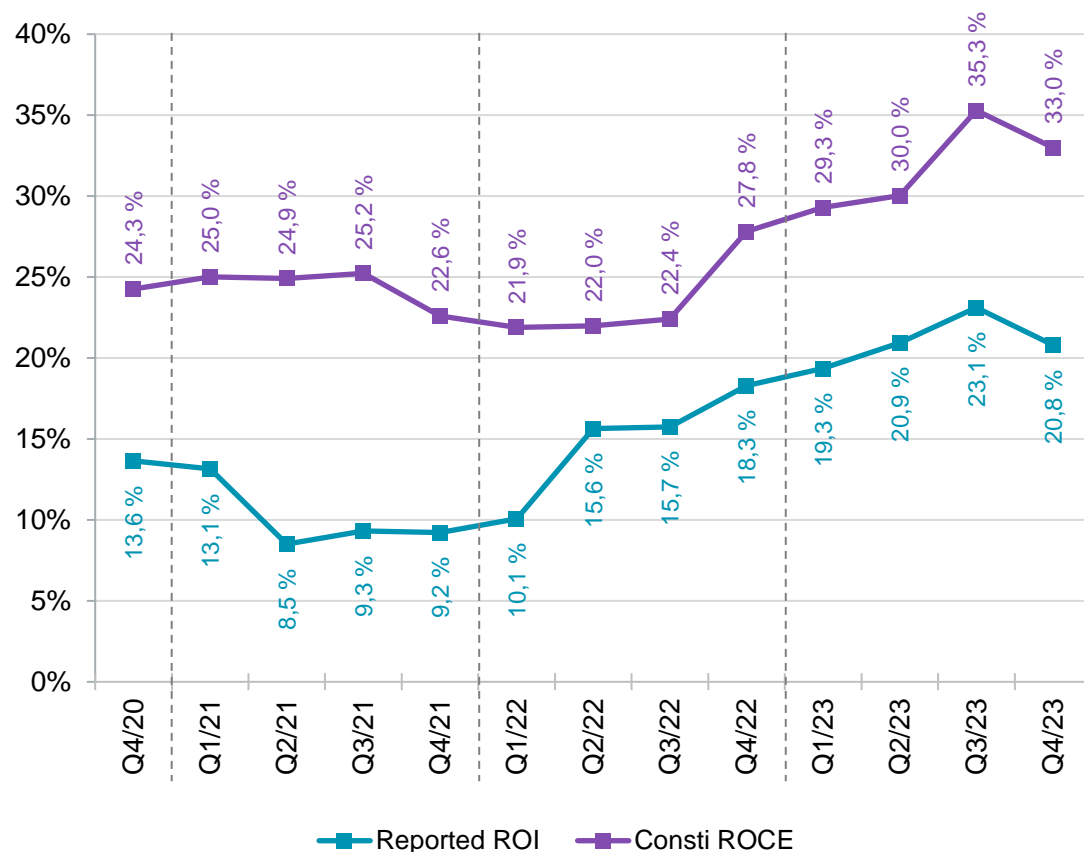
- Consti's gross interest-bearing debt at EUR 15.1 million (excluding IFRS 16) at the end of Q4/2023, reduction of EUR 5.3m year-on-year
- Cash and cash equivalents amounted to EUR 21.0m at year-end
- In addition, Consti has undrawn revolving credit facilities and unused credit limits amounting to EUR 8.0m in total
- Majority of Consti's bank loans have maturity in 2026, i.e. no significant bank loan redemptions in the coming years
  - Loan agreement includes an extension option that allows to extend the maturity of the loan in two phases by a maximum of two years until 2026.
  - Consti exercised the first extension option in May 2022 and the second extension option in April 2023.
  - With the use of the second extension option, the last maturity date of the loan was moved to June 2026.

<sup>1)</sup> Both calculated interest payments and repayments of the principal included in maturity profile values

# Reported ROI<sup>1)</sup> and Consti ROCE<sup>2)</sup>

Return on capital improved as a result of improved profitability and capital efficiency

Reported ROI<sup>1)</sup> and Consti ROCE<sup>2)</sup> Q4/2019 – Q4/2023 (%)



## Comments

- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q4 2023 Consti ROCE totaled 33.0% (27.8%)
  - Q4 2023 R12m EBIT margin 3.9% (3.7%)
  - Q4 2023 R12m average capital efficiency (excluding IFRS 16 related assets) 8.7x (7.5x)
- Q4 2023 Reported ROI totaled 20.8% (18.3%)

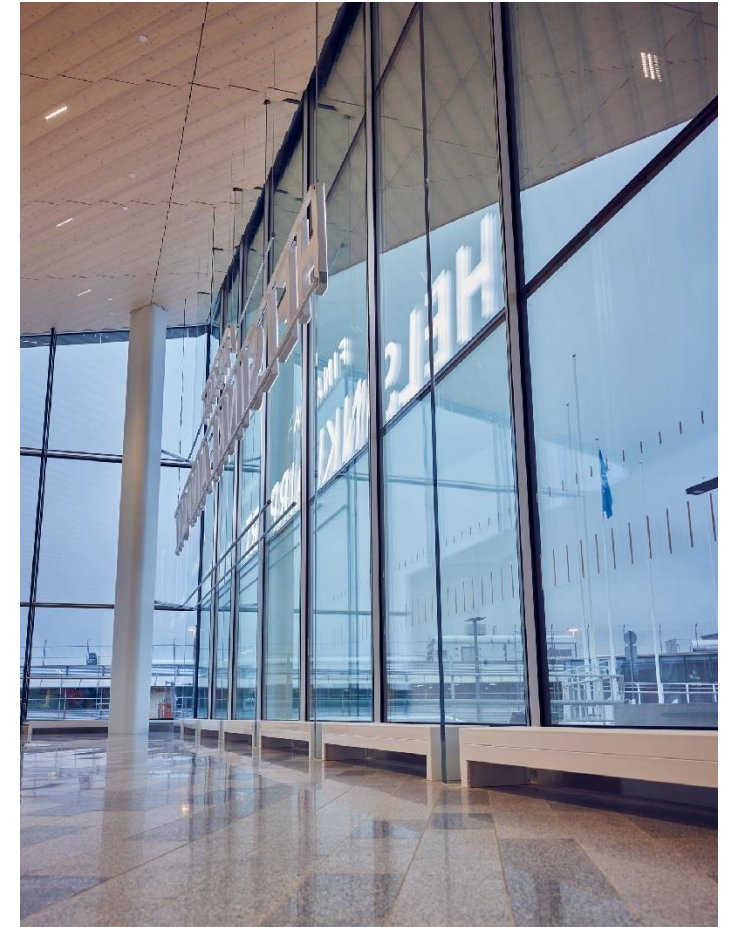
1) Return on investment, ROI (%) = Profit/loss before taxes + interest and other financial expenses (R12m) / Total equity + interest-bearing liabilities (average)

2) Consti ROCE = Adjusted EBIT (R12m) / Capital employed (R12m average), where Capital employed = Tangible and intangible assets (excl. IFRS 16) + Net working capital

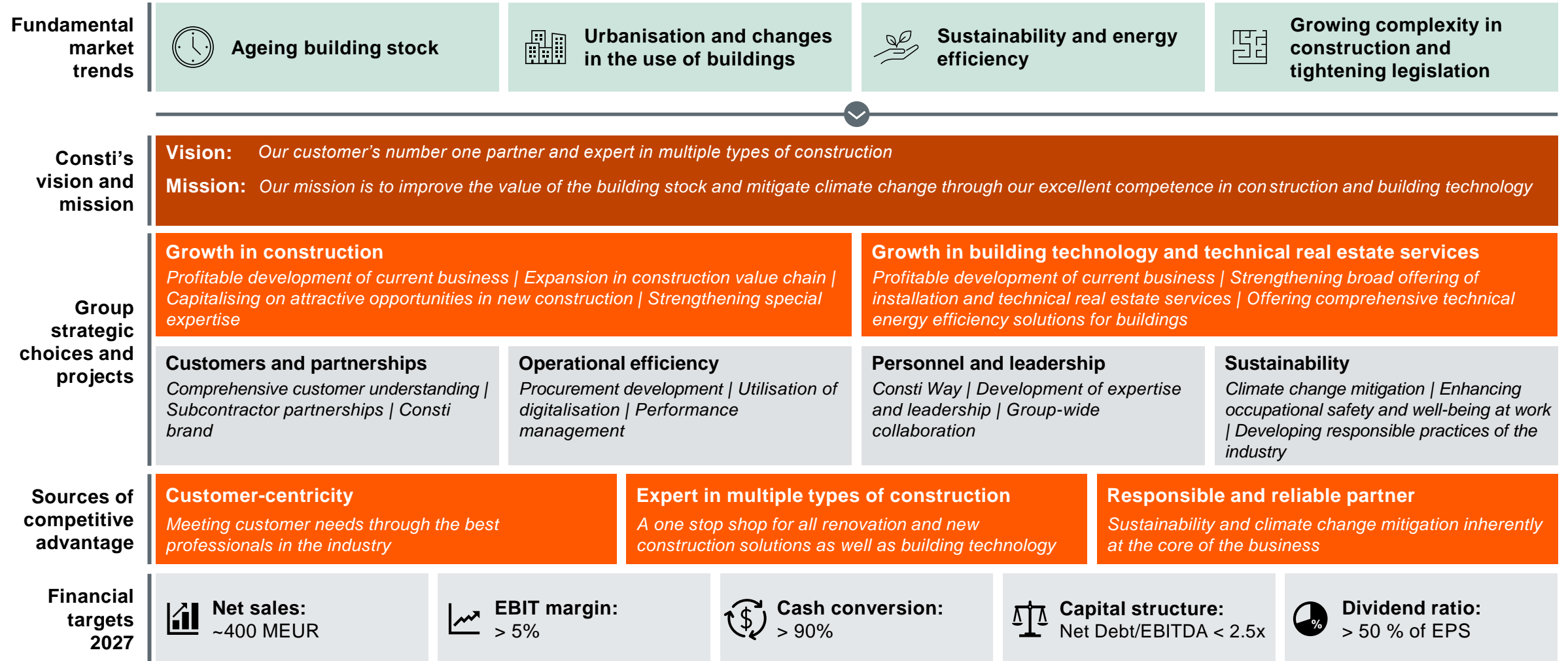
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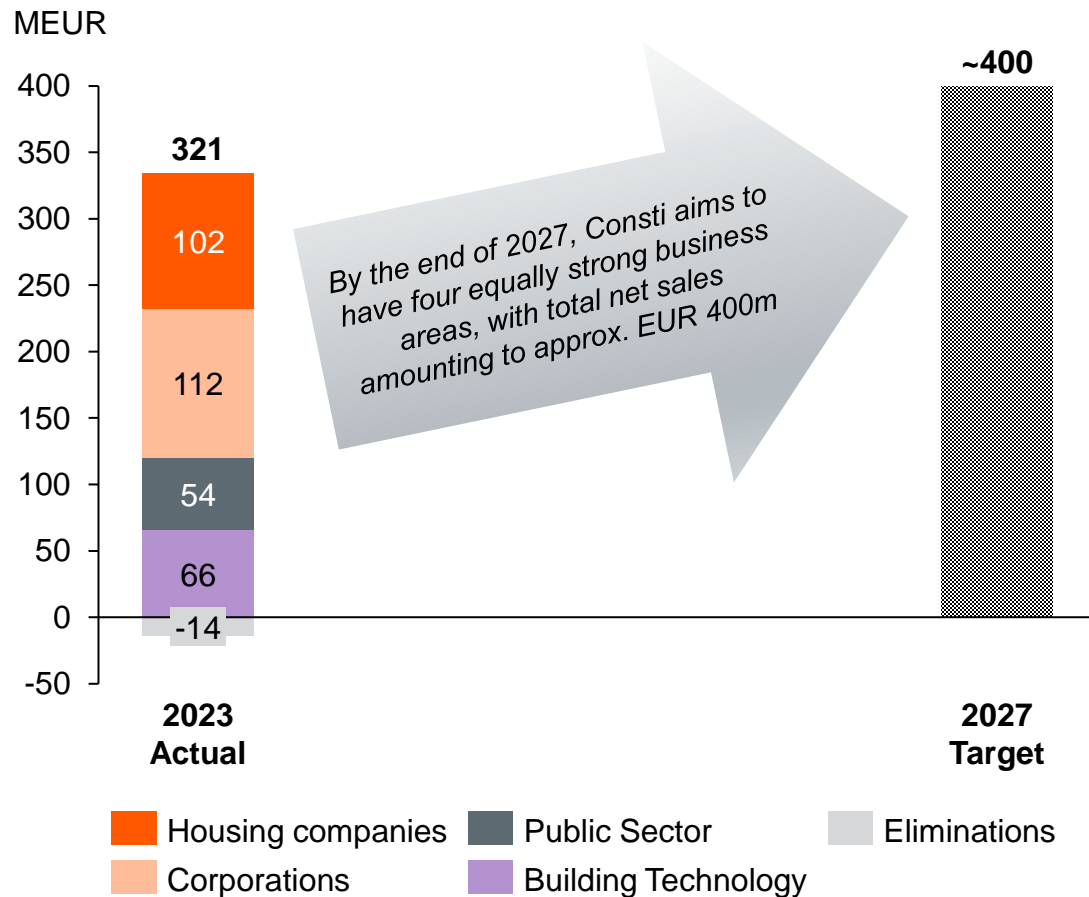
# Consti will grow in construction and building technology by responding to the demand created by the ageing building stock, urbanisation, and climate change



# Group Strategy 2024–2027

The ageing building stock, urbanisation, and climate change to create demand for construction and building technology services going forward

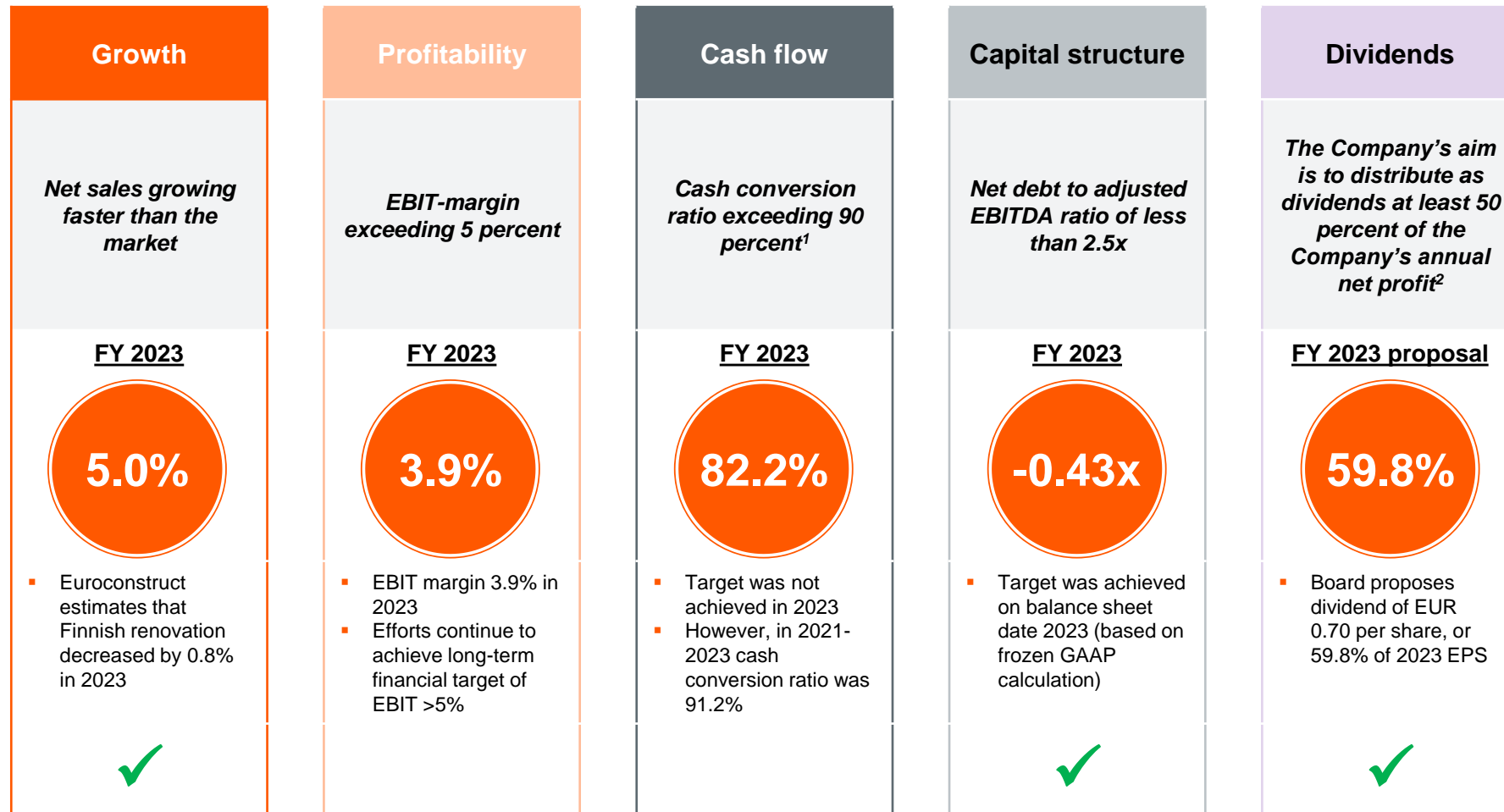
## NET SALES BY BUSINESS AREA, 2023–2027 (illustration)



## HIGHLIGHTS OF THE UPDATED STRATEGY

- Growth in construction based on the development of current business operations (renovation, new construction and special contracting)
- Particular focus on growing in building technology and technical real estate services
- The role of M&A relevant in strengthening expertise in strategically important areas, e.g. special contracting, building technology and expansion in the value chain
- The goal is to further utilise Consti's expertise more extensively throughout the construction value chain – driven by changes in construction legislation and tightening energy efficiency requirements
- In sustainability, Consti focuses on mitigating climate change
  - Climate change mitigation is increasingly becoming the starting point for renovation
  - According to studies, repairing and improving a building produces a smaller carbon footprint in the long term than replacing an existing building with a new building of similar size

# Consti's long-term financial targets intact for the strategy period 2024-2027



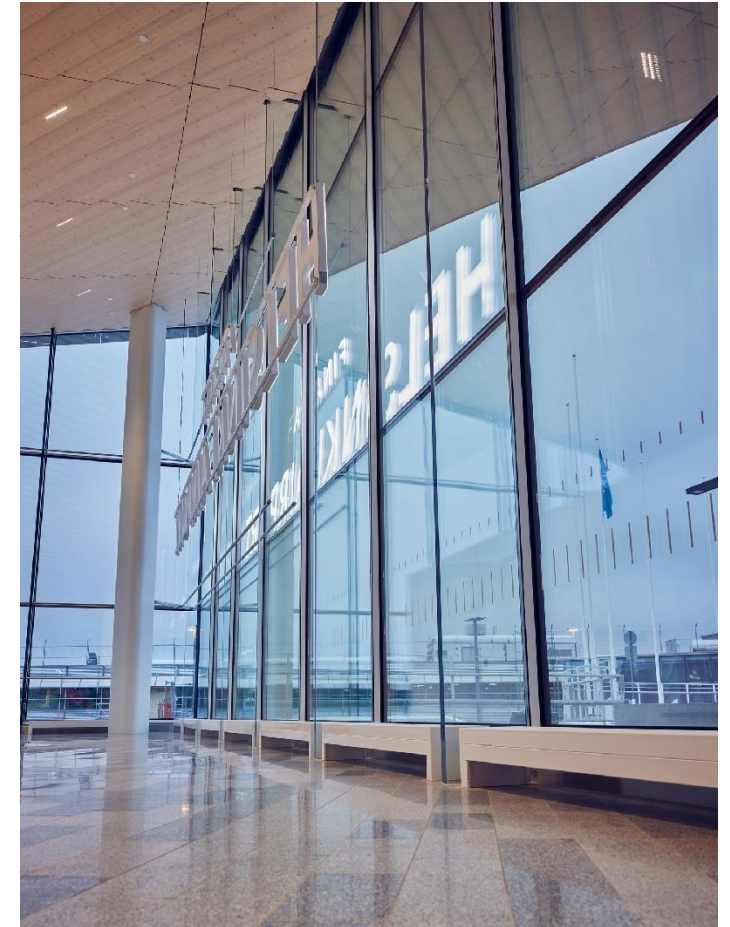
1) Cash conversion defined as free cash flow divided by EBITDA. Free cash flow equals operating cash flow before net financial items and taxes less investments in tangible and intangible assets

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

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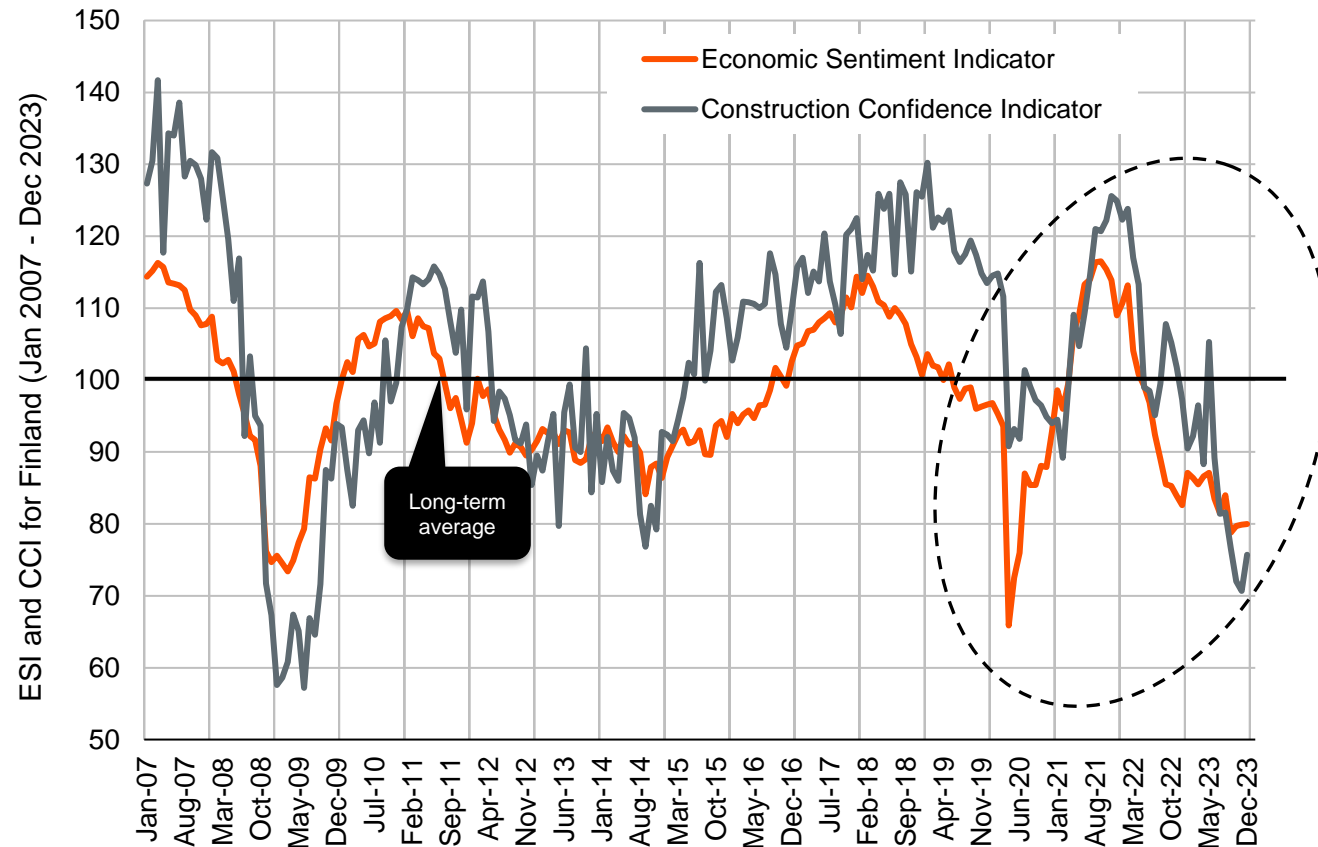
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# Economic sentiment and construction confidence in Finland clearly below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 12/2023)



Note: Mean-adjusted figures

Source: European Commission, September 2023

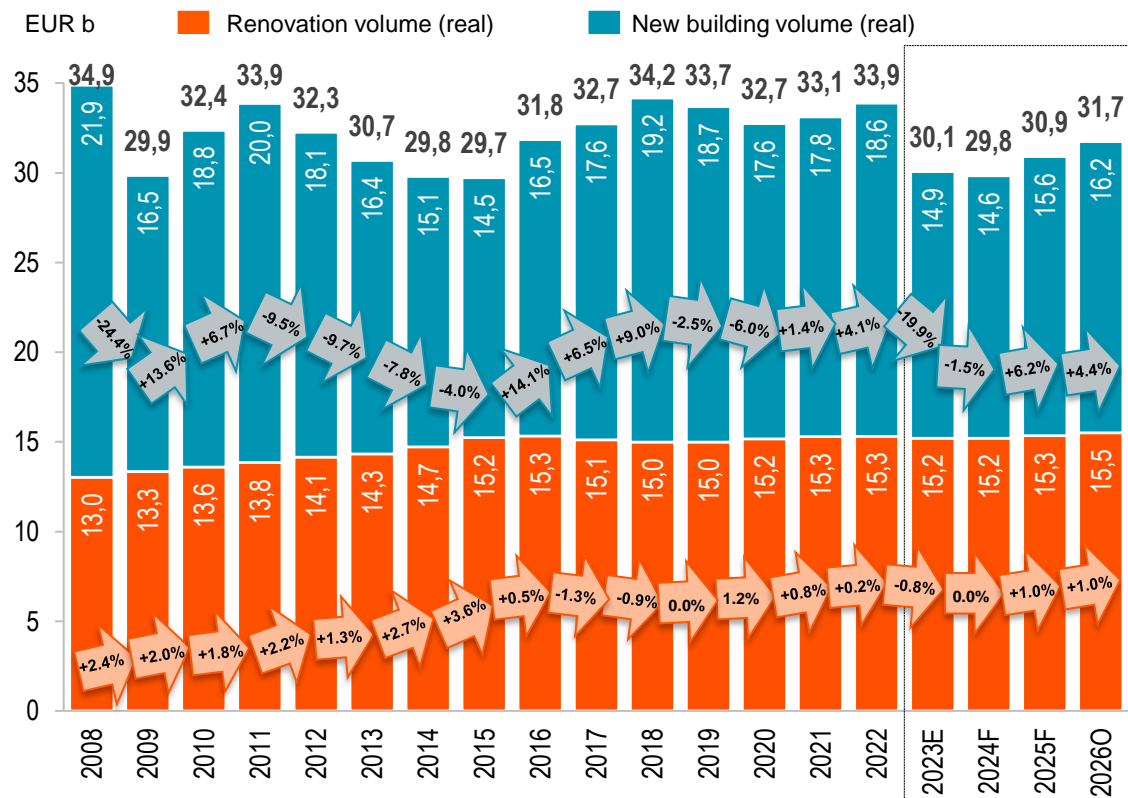
## Comments

- Negative development in the Economic Sentiment Indicator (ESI) during FY 2023
  - ESI clearly below its long-term average level
  - The decrease in ESI since February 2022 has been driven by a deterioration in confidence in all surveyed business sectors (industry, services, consumer, retail trade and construction)
- Construction confidence indicator (CCI) declined clearly during FY 2023
  - CCI clearly below its long-term average level
  - CCI at the end of Nov '23 hit the lowest level since the financial crisis
  - The construction confidence in Finland one of the lowest among the European Union countries

# Renovation growth halted in 2023, while new building declined by 20% y-o-y, renovation market projected to remain stable in 2024

Finnish new building and renovation market development 2008 – 2026

## Comments



**CAGR  
2022-26:  
-3.3%**

**CAGR  
2022-26:  
+0.3%**

- According to Euroconstruct, the value of building renovation amounted to approximately EUR 15.0 billion in 2023, representing approximately 51% of total building volume
- The outlook for construction output (incl. renovation) for 2023 and 2024 has continued to weaken compared to the previous forecasts
- Euroconstruct estimates that renovation declined by approximately 0.8 percent in 2023 and the Confederation of Finnish Construction Industries RT (CFCI) estimates decline of 4 percent
- According to the Euroconstruct's December 2023 report, new building is estimated to decline by 20% in 2023
- Euroconstruct estimates that building renovation will remain stable in 2024 and grow by 1 percent in 2025
- In general, renovation is more needs-oriented and less sensitive to economic cycles than new construction

Source: Euroconstruct, December 2023

Confederation of Finnish Construction Industries RT (CFCI), September 2023

# Outlook and guidance for 2024

- According to forecasts, the renovation market is likely to remain unchanged in 2024. Euroconstruct estimates that the renovation market will remain at the 2023 level in 2024. RT expects a decline of about one percent in renovation.
- Euroconstruct predicts a slight increase in the value of residential building renovation and, correspondingly that the value of other renovation will decrease slightly.
- The construction of new residential buildings is estimated to decrease by 9–15 percent in 2024. Non-residential new construction is predicted to increase by 3–7 percent. Residential construction is expected to return to normal levels in 2025–2026.
- Economic uncertainty continues to pose challenges to the demand outlook for construction and building technology. Visibility for the fiscal year 2024 is limited, and significant improvements are not expected in the first half of 2024.
- Supported by a strong order backlog, Consti aims to maintain solid performance throughout 2024 while focusing on implementing the new strategy.

■ "Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million."



# Summary

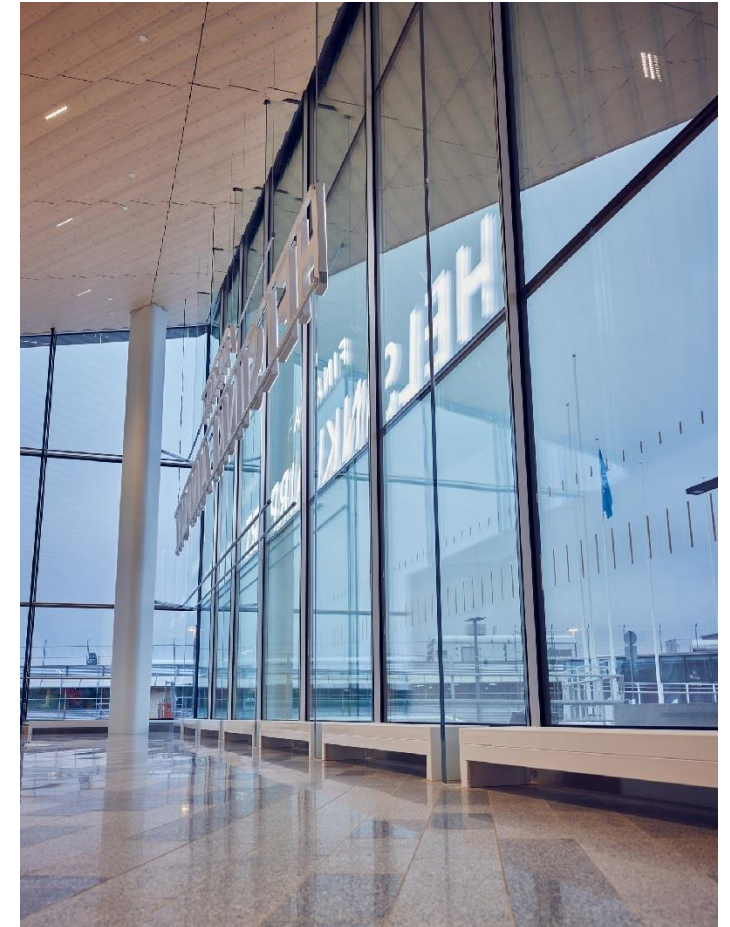
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1. Good financial year in a challenging market, the highest absolute EBIT in the history of Consti Group
2. Net sales and order backlog continued to grow in FY 2023, order intake close to previous year's level
3. The Board of Directors proposes a dividend of EUR 0.70 per share, growing 16.7% year-on-year
4. Updated strategy for 2024-2027: Consti will grow in construction and building technology by responding to the demand created by the ageing building stock, urbanisation, and climate change
5. Economic uncertainty continues to pose challenges to the demand outlook, visibility for the fiscal year 2024 limited
6. Strong order backlog to support solid performance in 2024

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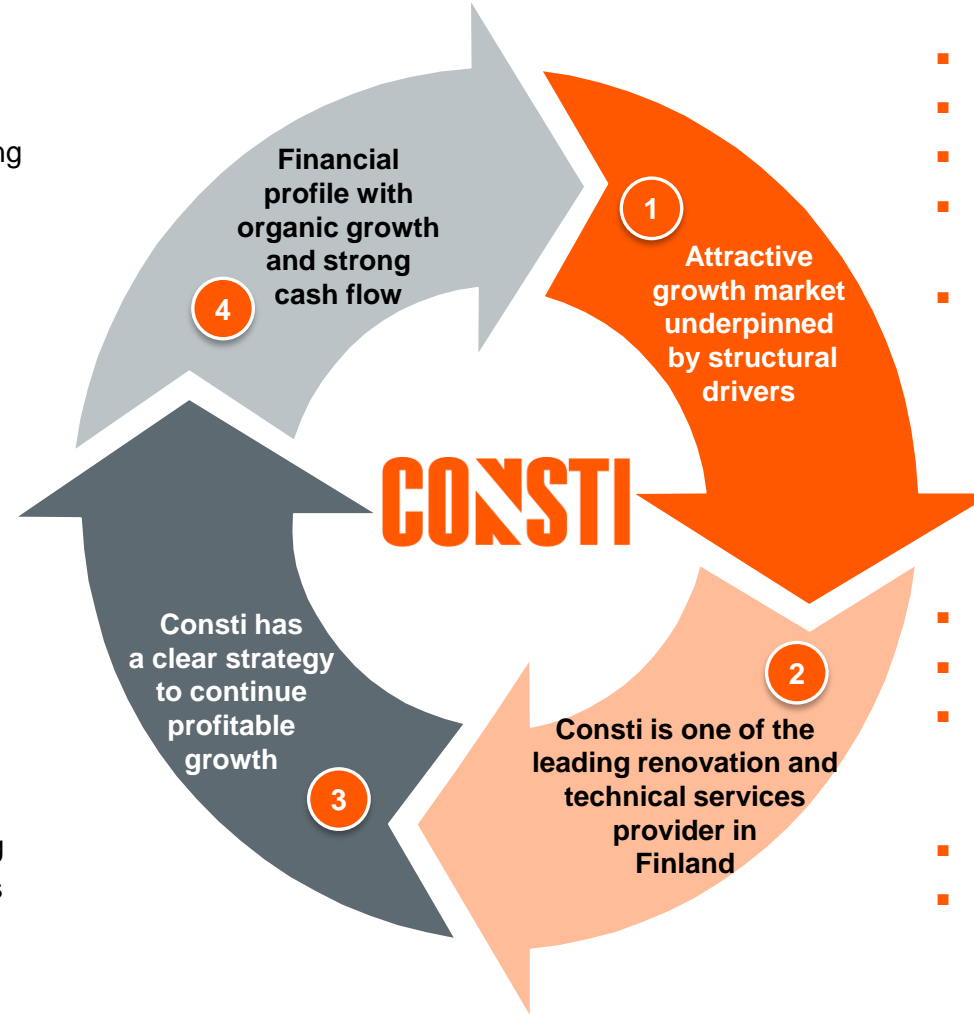
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# Consti as an investment - Key investment highlights

- Steadily improving profitability
- Solid platform for future growth
- Asset-light business model with negative working capital and strong cash flow
- High return on capital employed

- Utilising the full potential of customer-oriented organisational structure
- Growing in existing businesses as well as in attractive new construction projects
- Expanding value created for customers
- Improving production efficiency and maintaining steady level of performance in project deliveries
- Complementary acquisitions



- Aging building stock driving need-based renovation
- Climate change and energy efficiency requirements
- Urbanisation and changes in working methods
- Increased need for building technology and automation
- Fragmented market with limited renovation focused players

- Comprehensive service offering
- Focus on Finnish growth centres
- Diversified customer base including housing companies, corporations, real estate investors and public sector
- Ability to deliver projects of all sizes
- Responsible company creating a clearly positive overall impact on its social and ecological environment



**CONSTI**

**FINANCIAL STATEMENTS**

**1-12/2023**

**CONSTI PLC**

**FY 2023**

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