



# CONSTI GROUP PLC

## FINANCIAL STATEMENTS

1.1.2015 – 31.12.2015

**CEO Marko Holopainen**  
**CFO Esa Korkeela**

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Building renovation specialist | [www.consti.fi](http://www.consti.fi)

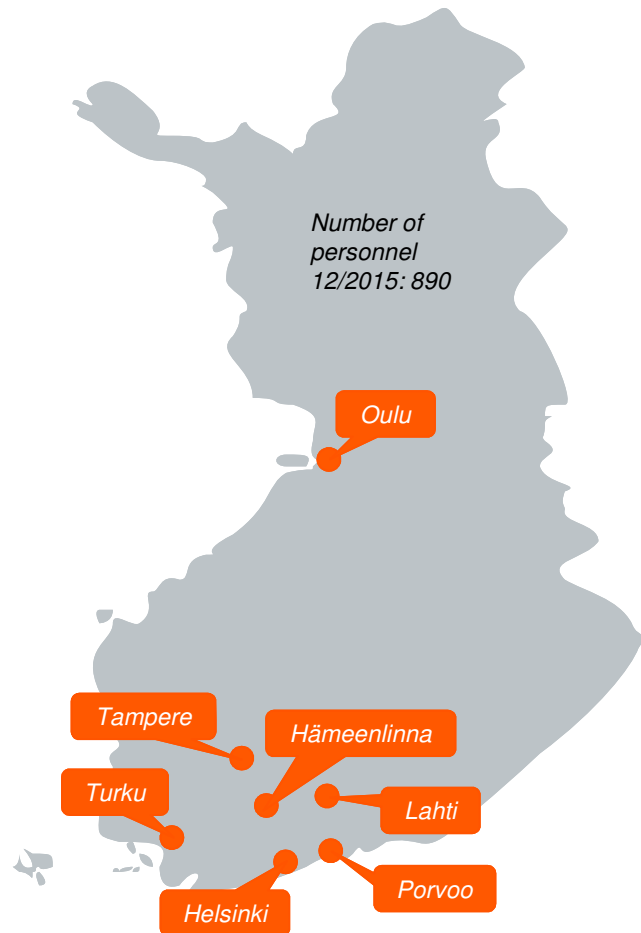
**CONSTI**  
YHTIÖT



## Contents

- Highlights and Group performance
- Cash flow and financial position
- Market outlook and guidance

# Highlights of financial year 2015 – Profitable growth continued



## Highlights of 10-12/2015 (y-o-y comparison in brackets)

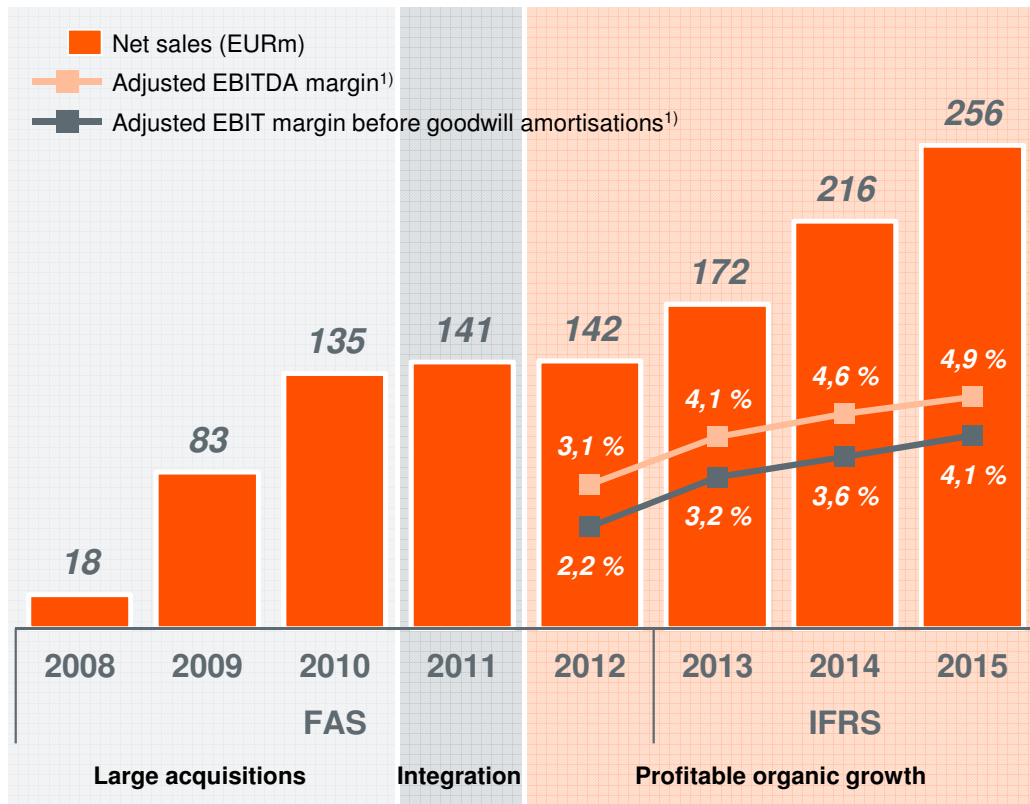
- Net sales EUR 74.9 (69.9) million, growth +7.3%
- EBIT EUR 3.1 (3.1) million, EBIT margin 4.1% (4.4%)
- Adjusted EBIT EUR 4.6 (3.1) million, adjusted EBIT margin 6.2% (4.5%)
- Order backlog EUR 181.3 (163.4) million, up by +10.9%
- Free cash flow EUR 1.8 (6.8) million
- Earnings per share EUR 0.29 (0.32)

## Highlights of 1-12/2015 (y-o-y comparison in brackets)

- Net sales EUR 256.2 (215.9) million, growth +18.6%
- EBIT EUR 8.4 (7.8) million, EBIT margin 3.3% (3.6%)
- Adjusted EBIT EUR 10.5 (7.9) million, adjusted EBIT margin 4.1% (3.6%)
- Free cash flow EUR 8.9 (15.7) million
- Earnings per share EUR 0.61 (0.48)
- **The Board proposes a dividend of EUR 0.39 (0.00) per share**

# Consti's financial year 2015: strong profitable growth continued

## Consti's three development phases since the foundation in 2008

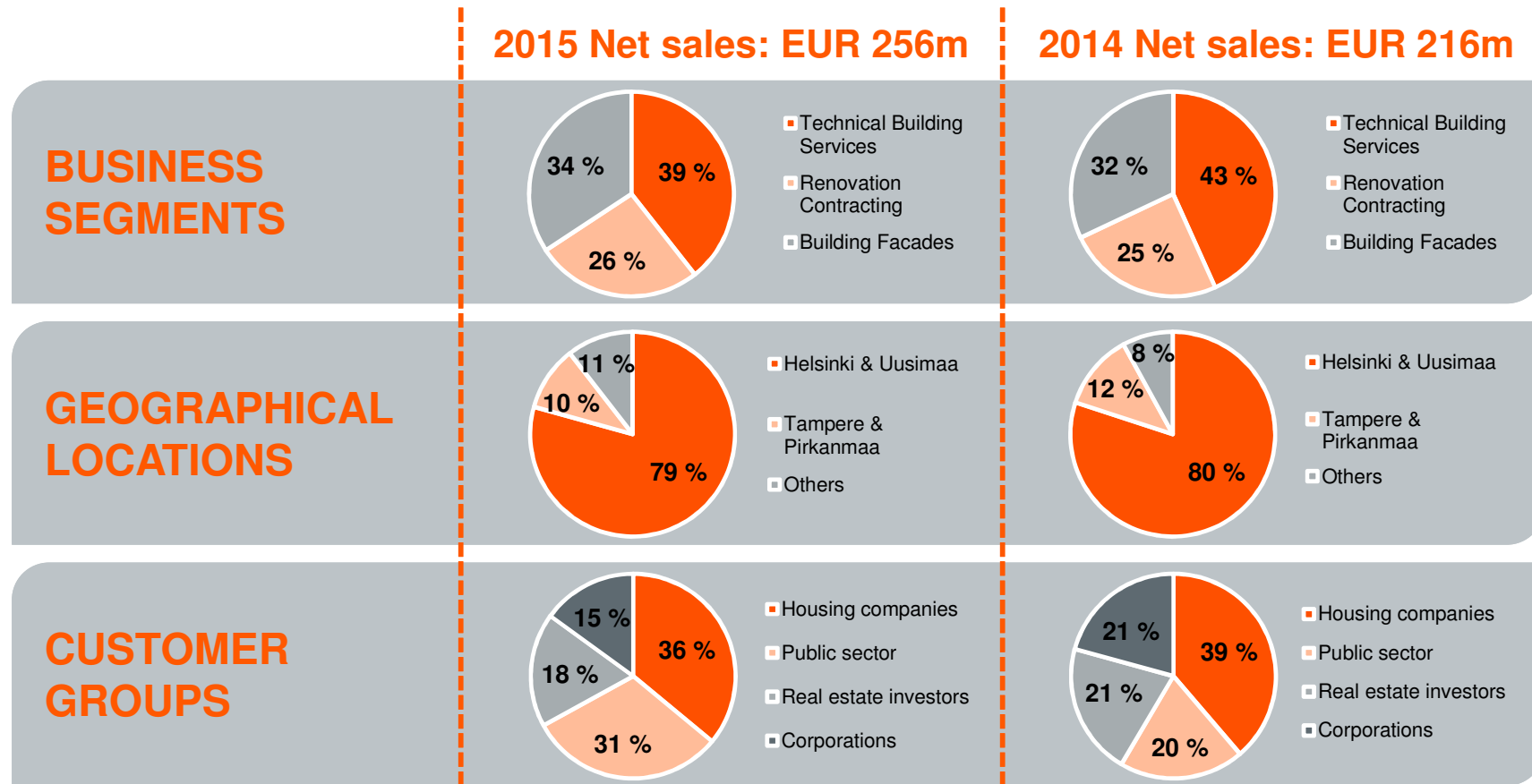


## Key actions taken to drive profitable growth

- ✓ 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 sales overview – Diverse business and customer mix with focus on growth centres



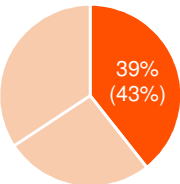
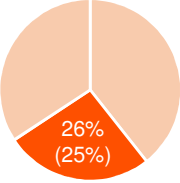
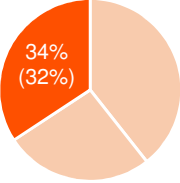
# Realisation of Consti's long-term financial targets in 2015

Growth	Profitability	Cash flow	Capital structure	Dividends
<p><i>Average annual growth in net sales of at least 10%</i></p> <p><b>FY 2015 realisation</b></p> <p><b>+18.6%</b></p> <ul style="list-style-type: none"> <li>Target was achieved, growth from all business areas</li> </ul> <p>✓</p>	<p><i>Adjusted EBIT-margin exceeding 5 percent</i></p> <p><b>FY 2015 realisation</b></p> <p><b>4.1%</b></p> <ul style="list-style-type: none"> <li>Margin has steadily improved, efforts continue to meet the target level</li> </ul>	<p><i>Cash conversion ratio exceeding 90 percent<sup>1</sup></i></p> <p><b>FY 2015 realisation</b></p> <p><b>84.8%</b></p> <ul style="list-style-type: none"> <li>Net working capital was released in 2015. Target was almost achieved</li> </ul>	<p><i>Net debt to adjusted EBITDA ratio of less than 2.5x while maintaining an efficient capital structure</i></p> <p><b>FY 2015 realisation</b></p> <p><b>1.4x</b></p> <ul style="list-style-type: none"> <li>Target was clearly achieved</li> </ul> <p>✓</p>	<p><i>The Company's aim is to distribute as dividends at least 50 percent of the Company's annual net profit<sup>2</sup></i></p> <p><b>FY 2015 realisation</b></p> <p><b>63.8%</b></p> <ul style="list-style-type: none"> <li>Board proposes dividend of EUR 0.39 per share, or 64% of 2015 EPS</li> </ul> <p>✓</p>

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

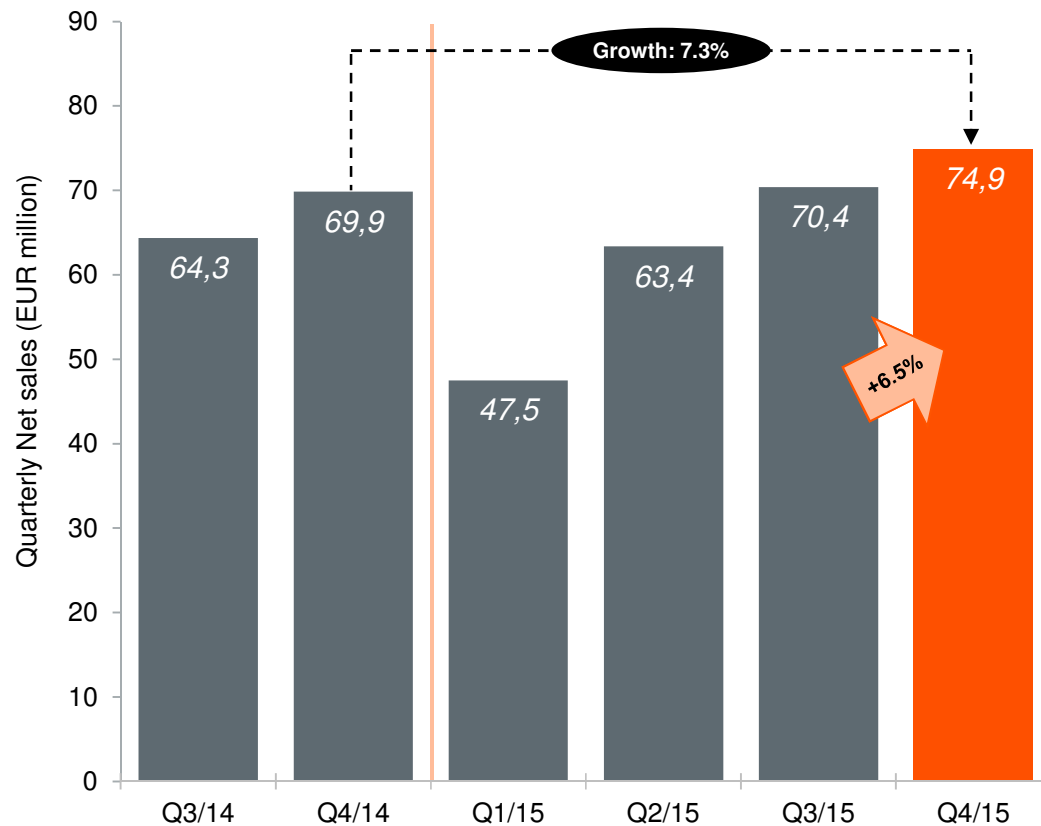
2) While taking other factors such as financial position, cash flow and growth opportunities into consideration. Any dividends to be paid in future years, their amount and the time of payment will depend on the Company's future earnings, financial condition, cash flows, investment needs, solvency and other factors

# Performance by business segment – Strong sales growth attributable to all three business areas

	% of Group sales (YTD)	Key figures (EUR m)	10-12/15	10-12/14	Δ	1-12/15	1-12/14	Δ
<b>Technical Building Services ("CTT")</b>		Net sales	30.3	28.1	+7.9%	102.6	95.4	+7.5%
		Order intake	21.4	27.3	-21.8%	72.4	88.8	-18.5%
		Order backlog	69.2	69.1	+0.1%	69.2	69.1	+0.1%
<b>Renovation Contracting ("CKU")</b>		Net sales	20.7	19.7	+4.8%	68.7	54.5	+26.1%
		Order intake	27.7	12.2	+127.9%	80.5	57.9	+38.9%
		Order backlog	57.1	36.5	+56.2%	57.1	36.5	+56.2%
<b>Building Facades ("CJU")</b>		Net sales	25.2	23.9	+5.4%	89.2	70.5	+26.5%
		Order intake	18.0	12.6	+42.5%	71.7	84.4	-15.0%
		Order backlog	55.0	57.8	-4.8%	55.0	57.8	-4.8%

# Consti quarterly net sales development – Growth continued in the fourth quarter

Quarterly net sales development Q3/2014 – Q4/2015 (EURm)

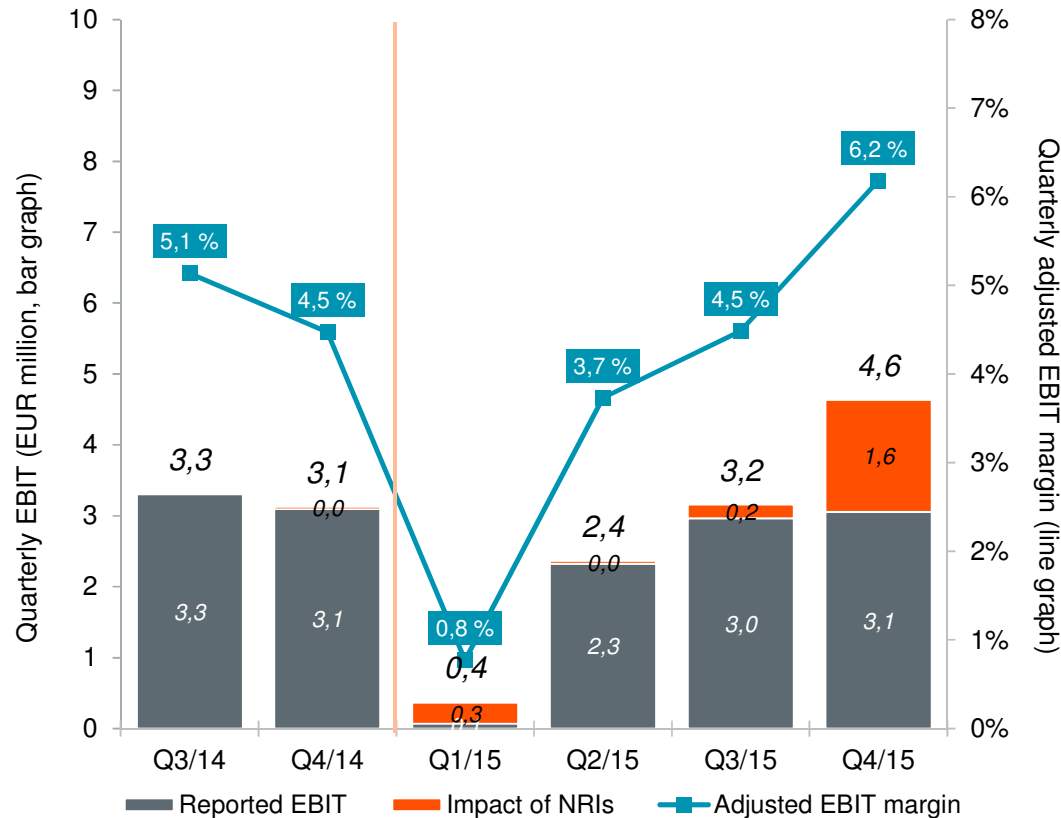


## Comments

- Q4/2015 net sales EUR 74.9m (69.9m), y-o-y sales growth +7.3%
  - Net sales grew in all business areas
- In Q4/2015, net sales were supported by the continuation of mild weather which allowed façade renovations to continue uninterrupted to the end of the year
- In addition, a large number of projects were successfully completed during the end of the year
- 1-12/2015 net sales EUR 256.2m (215.9m), y-o-y sales growth +18.6%

# Consti quarterly EBIT development – Adjusted EBIT<sup>1</sup> and adjusted EBIT margin improved year-on-year

Quarterly EBIT development Q3/2014 – Q4/2015 (EURm)



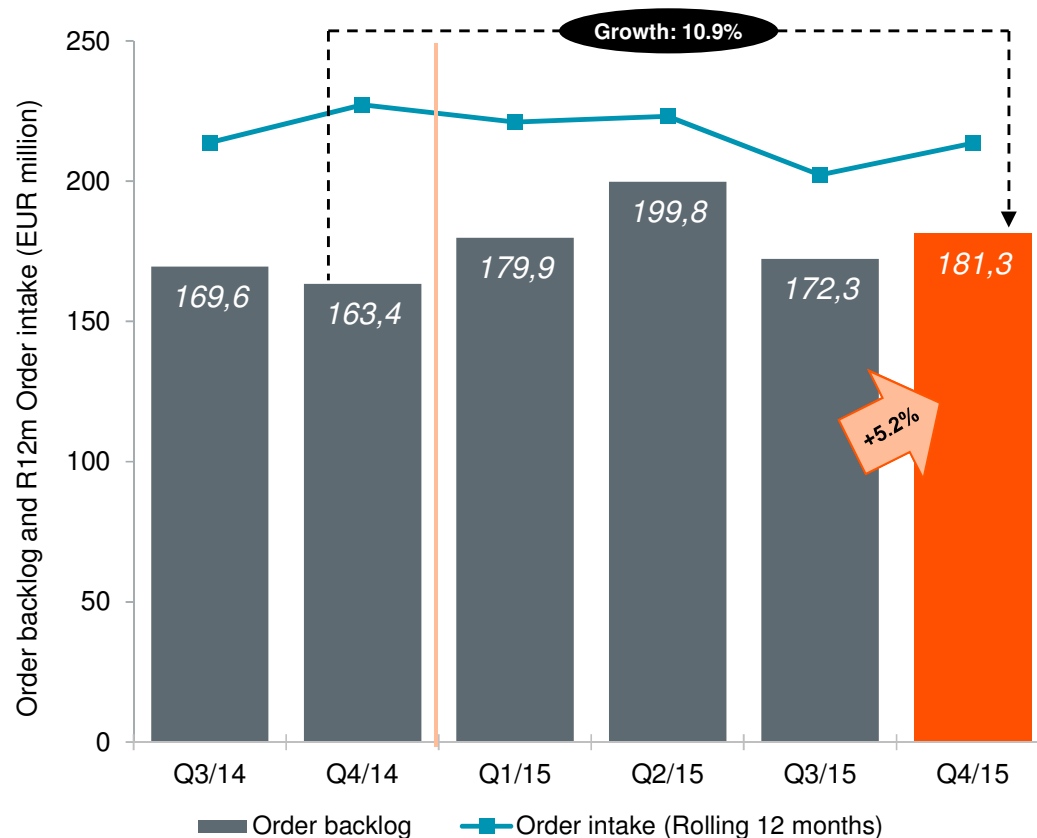
Comments

- Q4/15 adjusted EBIT before non-recurring items improved to EUR 4.6 (3.1) million, or 6.2% (4.5%) of sales
- Q4/15 EBIT after NRIs EUR 3.1 (3.1) million, or 4.1% (4.4%) of sales
  - In Q4/15, non-recurring costs of EUR 1.6m related to planning of structural changes, preparation and execution of the IPO and introduction of IFRS standards
- 1-12/15 adjusted EBIT before non-recurring items improved to EUR 10.5 (7.9) million, or 4.1% (3.6%) of sales
  - In 2015, non-recurring costs of EUR 2.1m related to above-mentioned items

<sup>1</sup>) Adjusted EBIT = EBIT 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 quarterly order backlog and intake development – Backlog up by 10.9% year-on-year

Quarterly order backlog and R12m order intake Q3/2014 – Q4/2015 (EURm)



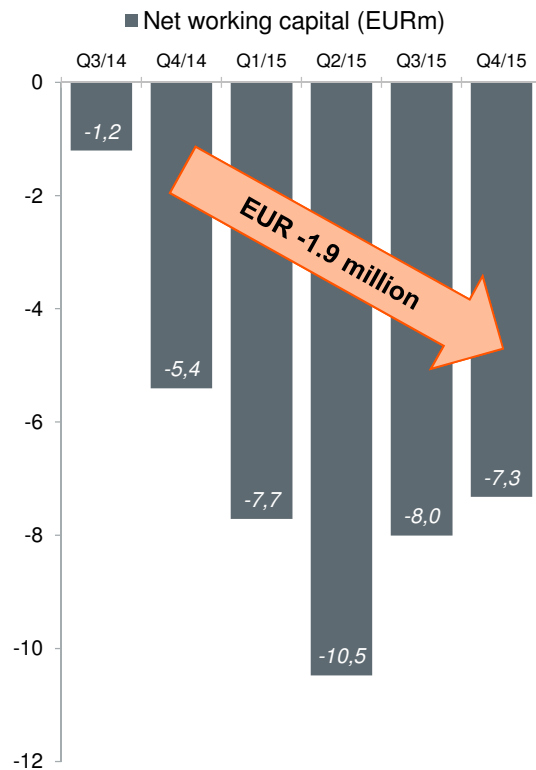
## Comments

- Q4/2015 order backlog at EUR 181.3m (163.4m), y-o-y growth +10.9%
  - Order backlog grew particularly in Renovation Contracting (+56.2% year-on-year)
- Q4/2015 order intake up by 21.6% y-o-y
  - Order intake was especially enhanced by the deal signed with CapMan for the complete renovation of a high-value vintage property in Helsinki into a Kämp Group hotel
- 1-12/2015 order intake decreased by 6.1% y-o-y
  - In the comparison period of 2014 new order intake was increased by the funding for starting renovation projects in residential buildings granted by ARA in 2014

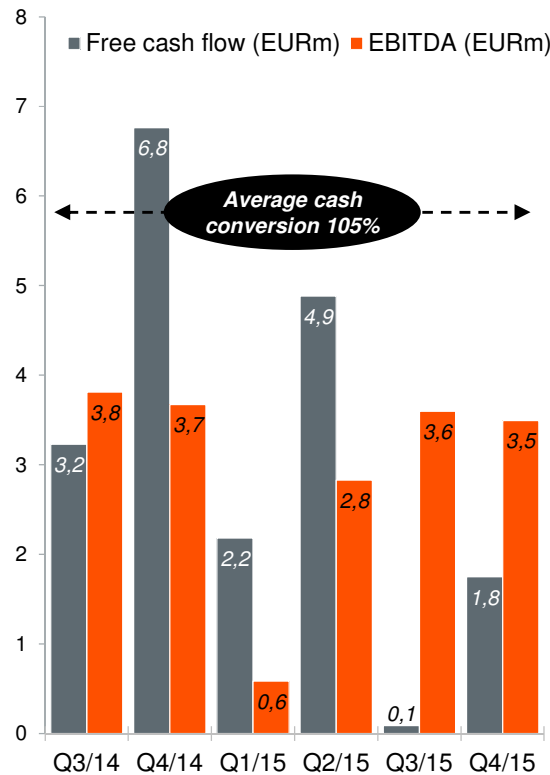
# Cash Flow and Financial Position

# Asset-light business model supporting strong cash conversion, balance sheet continued to strengthen

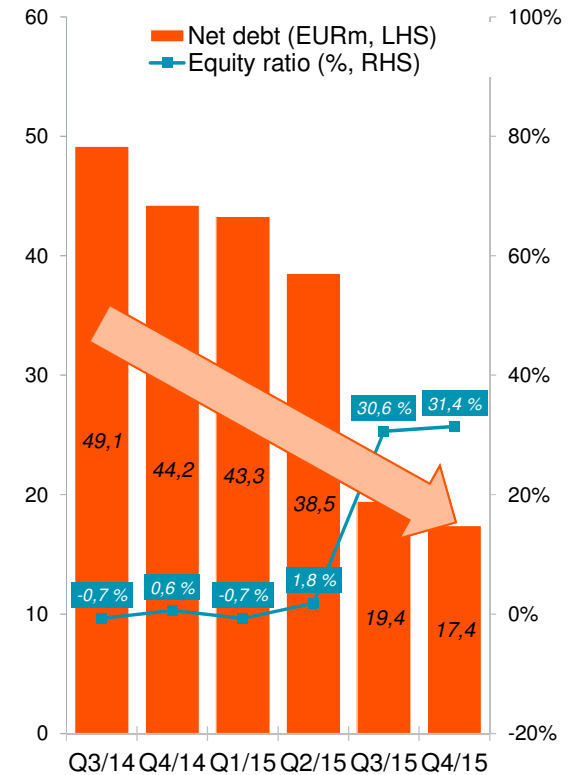
Negative NWC<sup>1)</sup>, Q3/14 – Q4/15



Strong cash conversion<sup>2)</sup>, Q3/14 – Q4/15



Strengthening balance sheet



1) Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables - Provisions; 2) 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

# Significantly decreased financial expenses following refinancing in Q3/2015

## Pro forma financial information Q1-Q4 2015

EURt (1 Jan – 31 Dec)	2015 Q1-Q4 IFRS	2015 Pro forma Q1-Q4 <sup>1)</sup> IFRS
<b>Net sales</b>	<b>256,151</b>	<b>256,151</b>
Other operating income	798	798
Materials and services	-178,072	-178,072
Employee benefit expenses	-51,574	-51,574
Other operating expenses	-16,796	-16,796
<b>EBITDA</b>	<b>10,507</b>	<b>10,507</b>
Depreciation and amortisation	-2,093	-2,093
Goodwill amortisation	0	0
<b>EBIT</b>	<b>8,414</b>	<b>8,414</b>
Total financial income and expenses	-4,360	-1,083
<b>Profit (loss) before income tax</b>	<b>4,054</b>	<b>7,331</b>
Total taxes	-794	-1,449
<b>Profit (loss) for the period</b>	<b>3,260</b>	<b>5,882</b>

EUR 0.77 per  
outstanding share  
as per 31 Dec 2015

## Basis of preparation

- The pro forma financials illustrate Consti's income statement as if the refinancing was completed on 1.1.2015 as opposed to end of September 2015
- Pro forma financial expenses include
  - Interest expenses of current loan agreement
  - Interest instalment payments
  - Expenses related to guaranteed commissions
- Pro forma adjustments do not include adjustments related to non-recurring expenses

■ Significant decrease in financial expenses as a result of refinancing

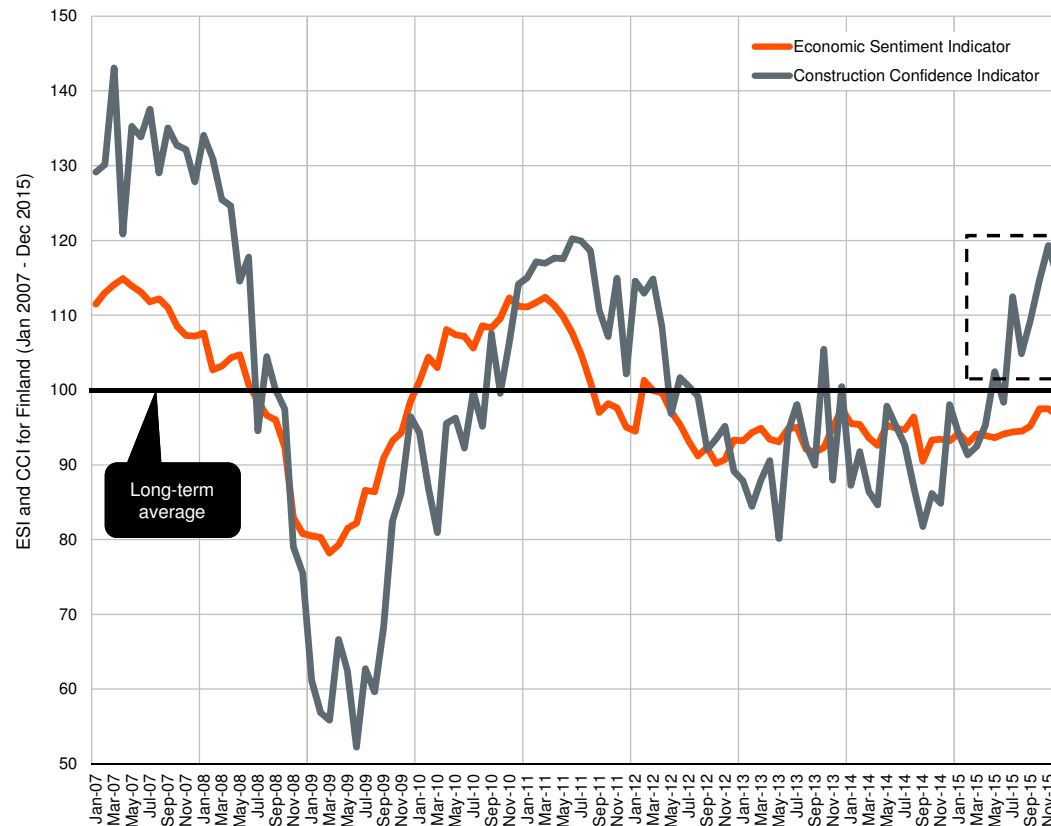
■ Implied income tax rate of 20% for pro forma adjustments

1) This is unaudited pro forma financial information is presented for illustrative purposes only. The unaudited pro forma financial information is based on the impact of changes in capital structure and refinancing of the Company's indebtedness. The unaudited comprehensive pro forma financial statement of the twelve-month period ended on 31 December 2015 has been compiled with the assumption that change in the Company's capital structure and refinancing of its indebtedness would have been realized on 1 January 2015, and, therefore, does not present the actual results of operations of the Company. The unaudited pro forma financial information is not intended to project the results of operations or financial position of the Company at any future date or period.

# Market Outlook and Guidance

# Lead indicators for the Finnish construction suggest a strengthening market environment going forward

Economic Sentiment and Construction Confidence in Finland (2007 – 2015)



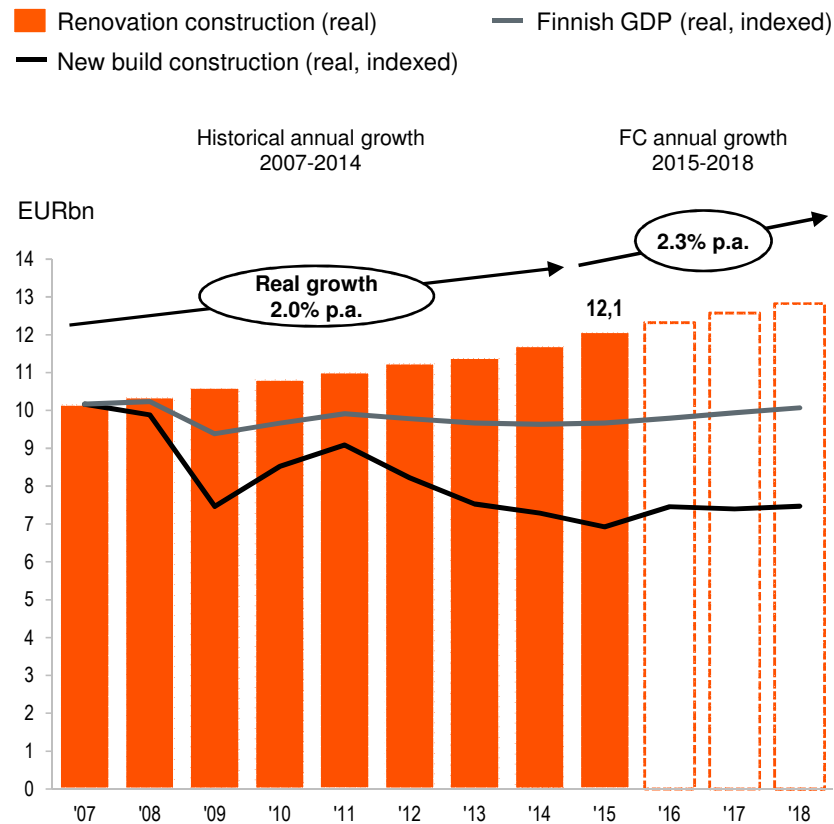
Note: Mean-adjusted figures  
Source: European Commission, January 2015

## Comments

- Economic sentiment in Finland remains still below long-term average, but moderate improvement lately
- Construction confidence has been improving recently, surpassing long-term average level in H2/2015
- Construction market is inherently late-cyclical and should benefit from the improved outlook with a certain delay

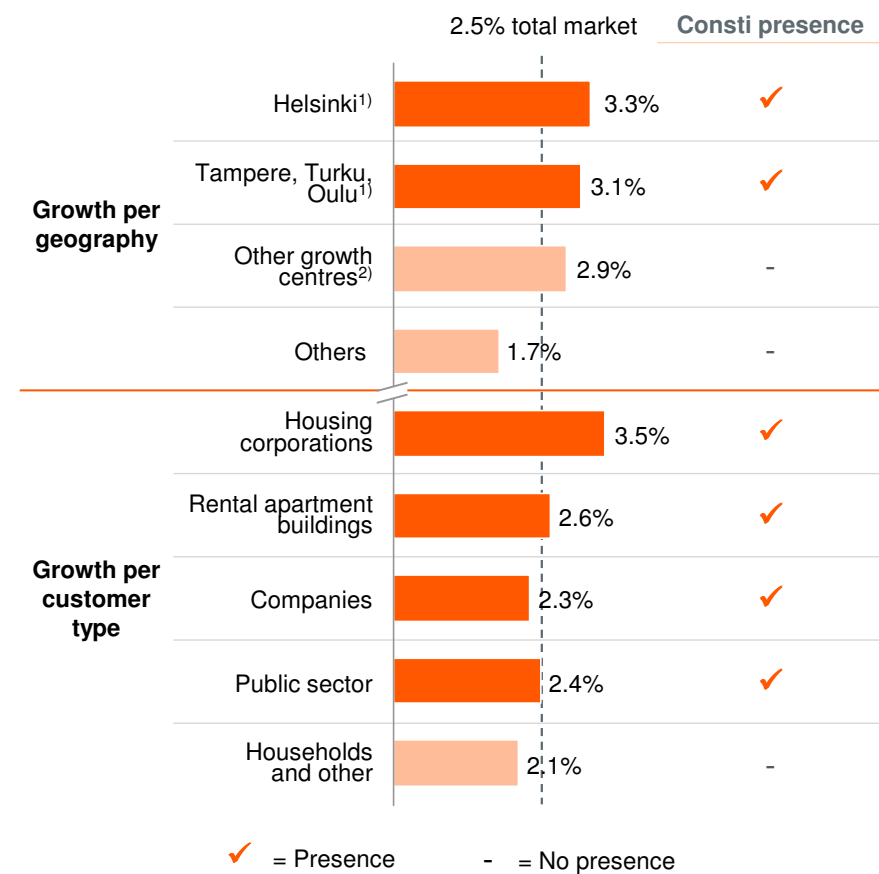
# Renovation market resilient through cycles with Consti's areas seeing above average growth

Finnish renovation market development, 2007-2018E



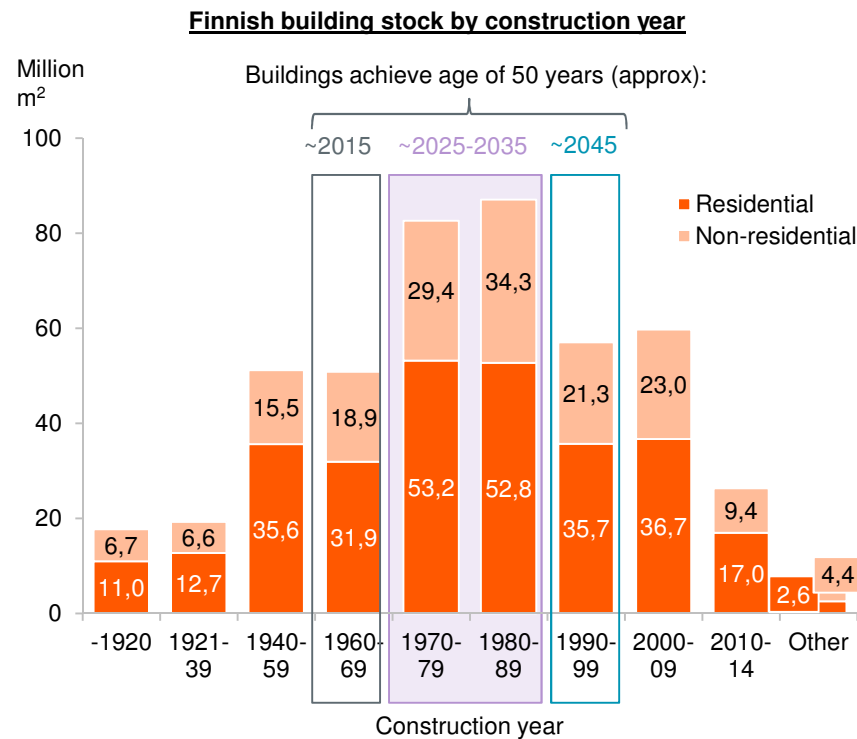
1) Consists of city centres and smaller surrounding regions  
 2) Consists of Jyväskylä, Kuopio, Vaasa and Lappeenranta and surrounding regions  
 Source: Bank of Finland; EuroConstruct, December 2015; Statistics Finland, VTT 2015

Renovation market growth per segment, CAGR 2014-20 (real)



# Ageing building stock is a key structural market growth driver...

## Renovation of 1970-1980s building stock in the pipeline



## Comments

- Almost all of the technical renovation need is expected to be also financially justified in the growth centres where Consti operates<sup>1)</sup>
  - Rural areas will see more demolition/decaying
- Need-based renovation relates particularly to the aging of pipelines, sewers and facades and problems with indoor air quality
  - Consti has a long track record in residential pipeline renovations and building facade renovations
- Residential building renovations expected to grow faster than the general renovation market

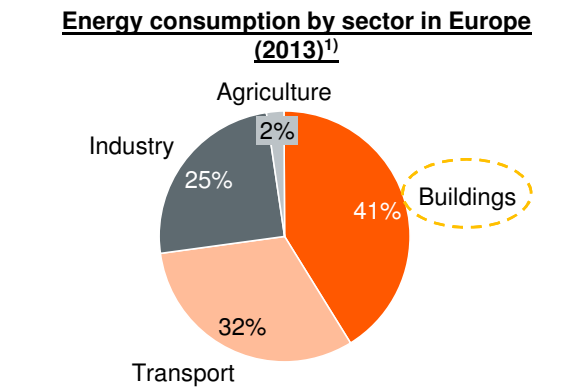
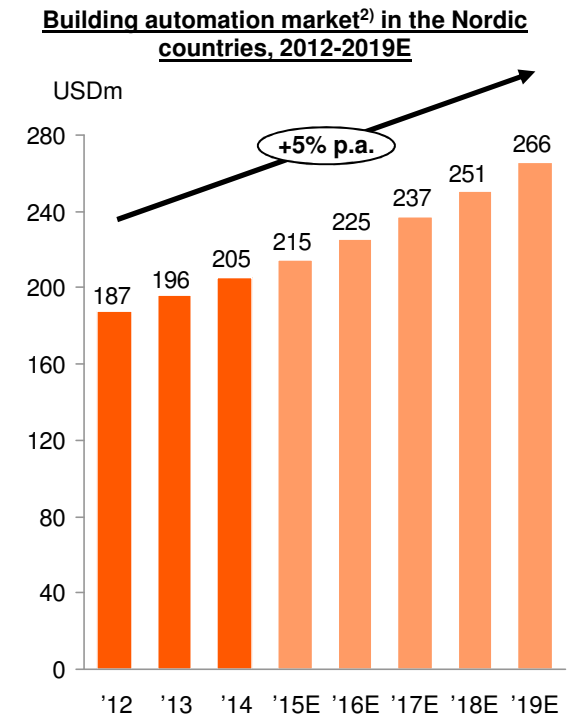
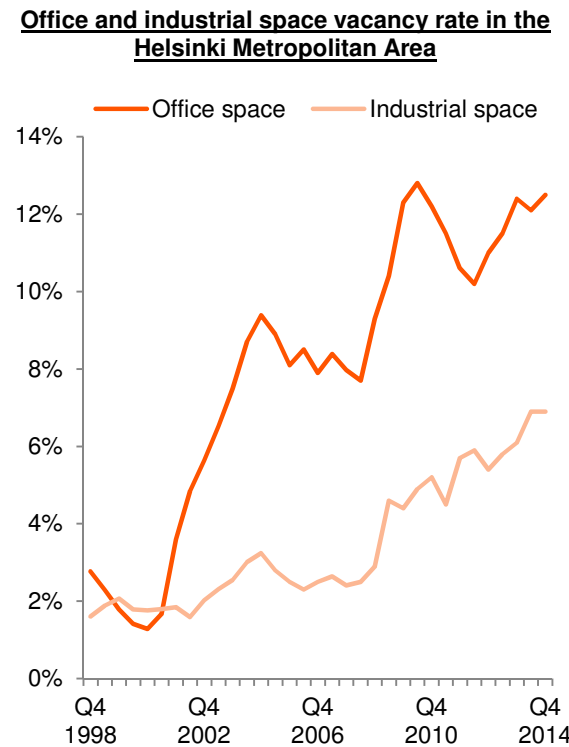
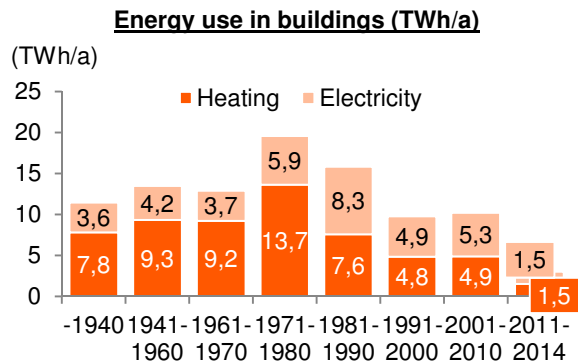
1) According to Pellervo Economic Research PTT (Apr 2015)  
Source: Pellervo Economic Research PTT (Apr 2015), Statistics Finland

# ...further supported by energy efficiency, building purpose modifications and increasing automation

Energy efficiency requirements and awareness translating into energy renovations

Purpose modifications to improve economic yield of building stock

Building technology and automation driving technical renovation market

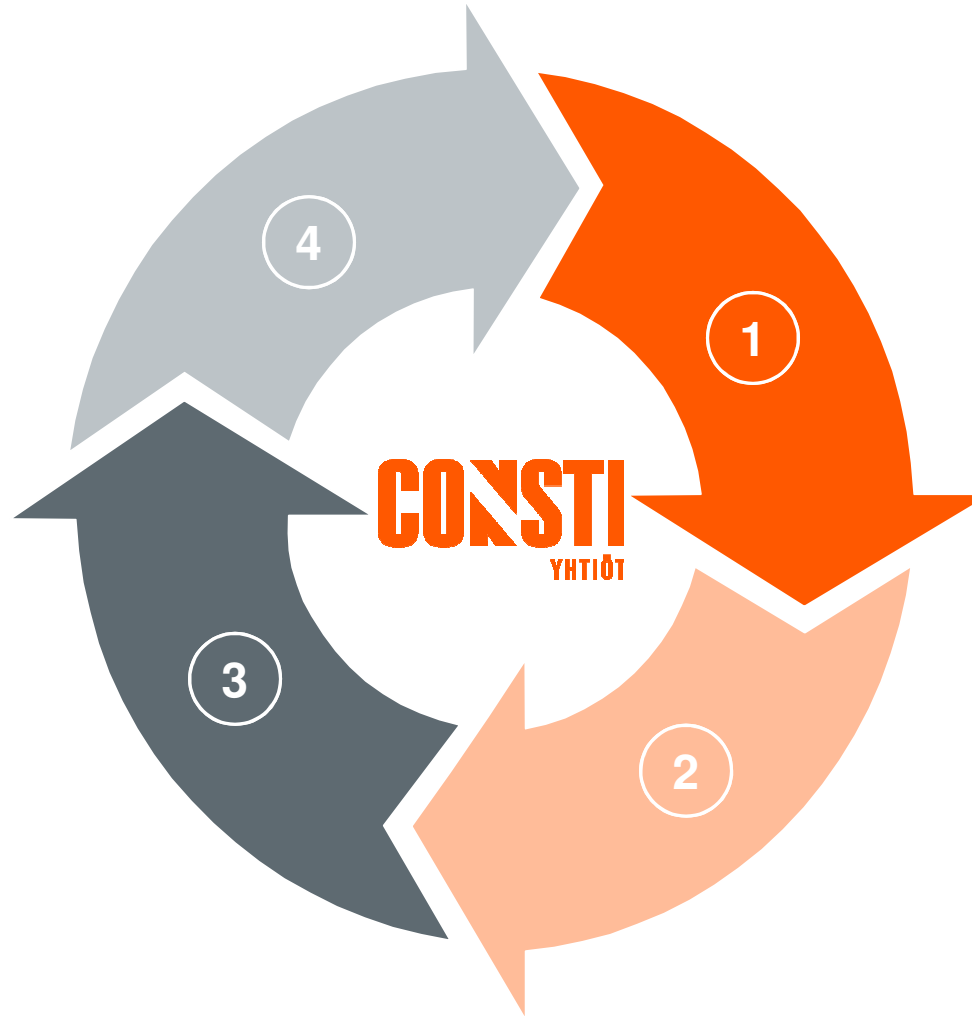


1) Combined data from Odyssee and EuroStat; 2) Defined as revenue from the sale of automation controllers and supervisory software, excluding channel revenue. 2014 base year, real figures  
Source: EuroStat, Odyssee, Ministry of the Environment, Catella, Frost & Sullivan (The European Building Automation Market, May 2015), VTT

# Consti has a clear roadmap to continue profitable growth going forward

- 4** **Maintain and further improve operational excellence**
- Sales mix
  - Project management and procurement
  - Fixed expense control

- 3** **Continue to strengthen customer relationships and innovation leadership**
- Cross-selling across business areas and growth in advanced project types
  - Modern renovation methods and technological innovations



- 1** **Exploit market position and expand full offering to Finland's growth centers**
- Grow in businesses where Consti has long experience and a strong position
  - Acquisitions to support growth

- 2** **Strengthen the offering and continuously grow in Service business**
- Strengthen and complement the service offering with supplementary capabilities
  - Acquisitions to support growth

# Guidance for 2016

*“The Company estimates that its total annual sales for 2016 will grow compared to 2015.”*





**CONSTI**

**FINANCIAL STATEMENTS**

**1-12/2015**

**CONSTI GROUP PLC**

**Q4**

CONSTI GROUP PLC  
HOPEATIE 2  
FI-00440, HELSINKI  
BUSINESS ID 2203605-05  
[WWW.CONSTI.FI](http://WWW.CONSTI.FI)