

A photograph of a modern office interior. The space is bright and airy, featuring large windows on the left side that let in natural light. The office is furnished with glass-walled rooms and a carpeted floor. The ceiling has exposed ductwork and modern lighting fixtures. The overall aesthetic is clean and professional.

CONSTI PLC

HALF-YEAR FINANCIAL REPORT

1 JANUARY –
30 JUNE 2021

CEO Esa Korkeela
CFO Joni Sorsanen

CONSTI

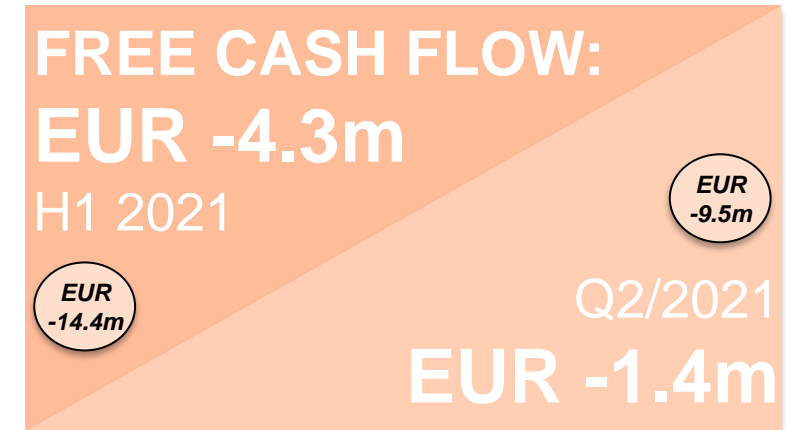
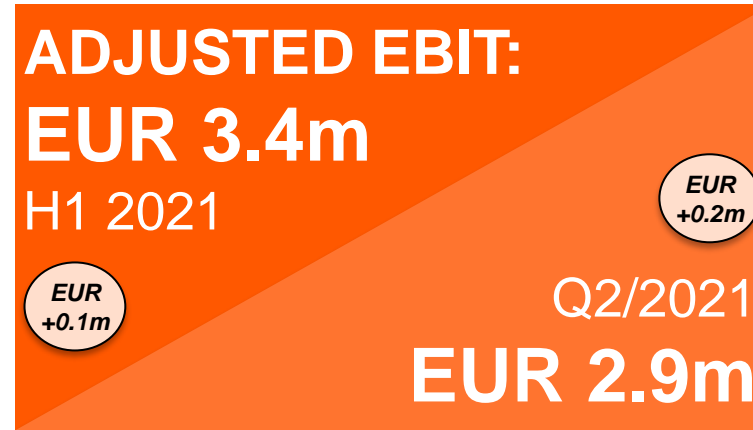
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Highlights of the H1/2021 and Q2/2021

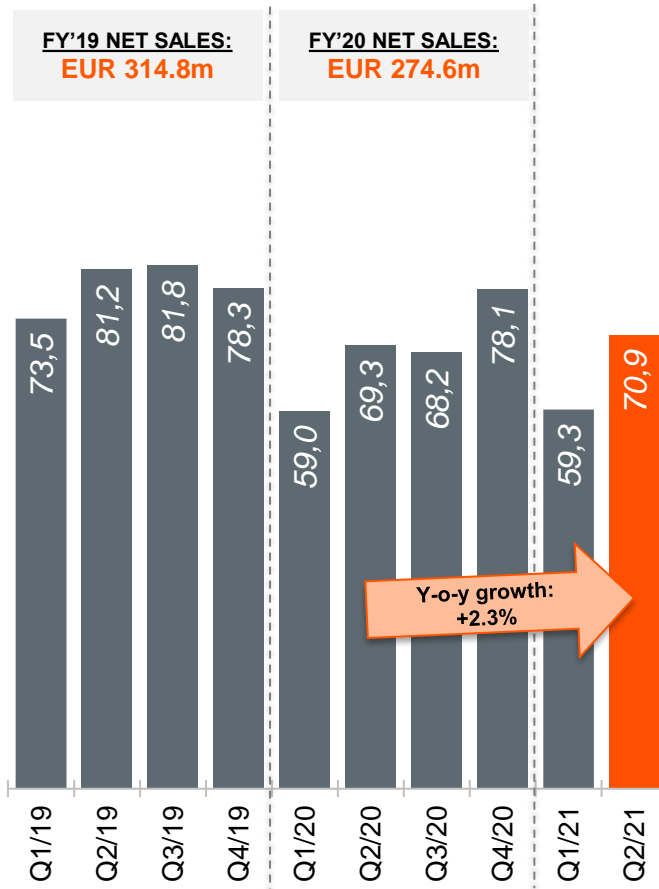
Adjusted EBIT improved, order backlog strengthened



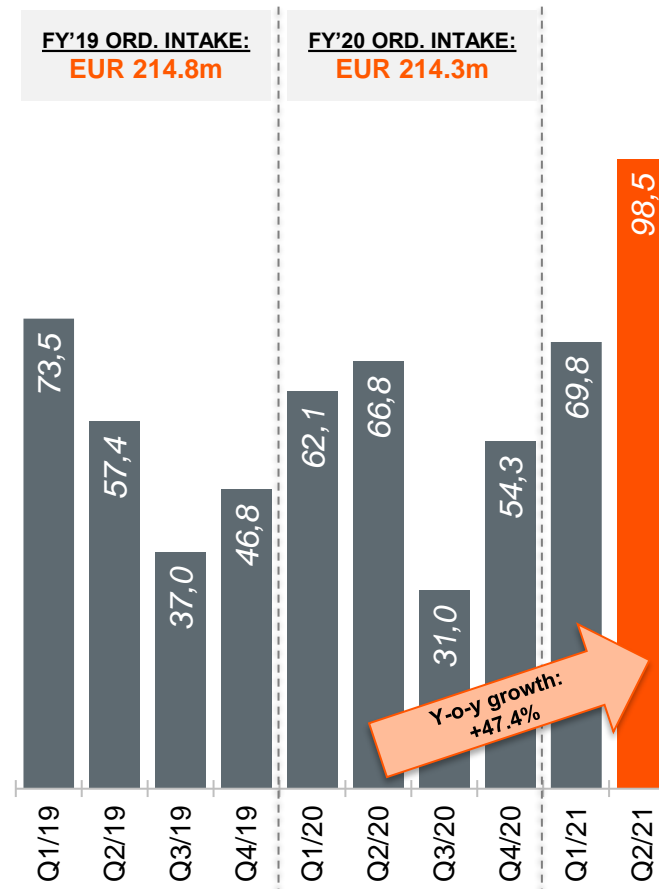
Quarterly performance overview

Net sales, order intake and order backlog grew y-o-y

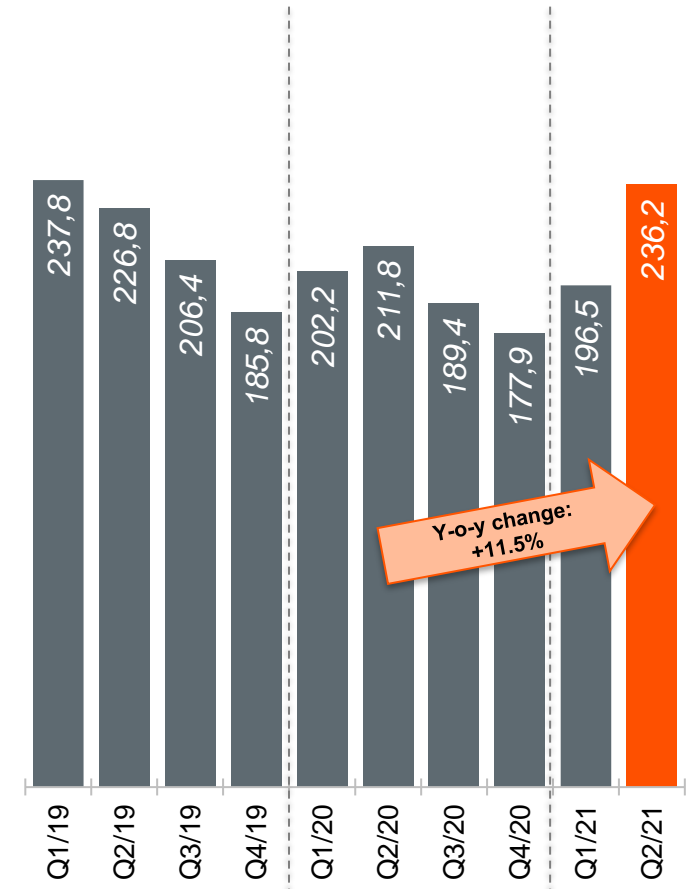
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



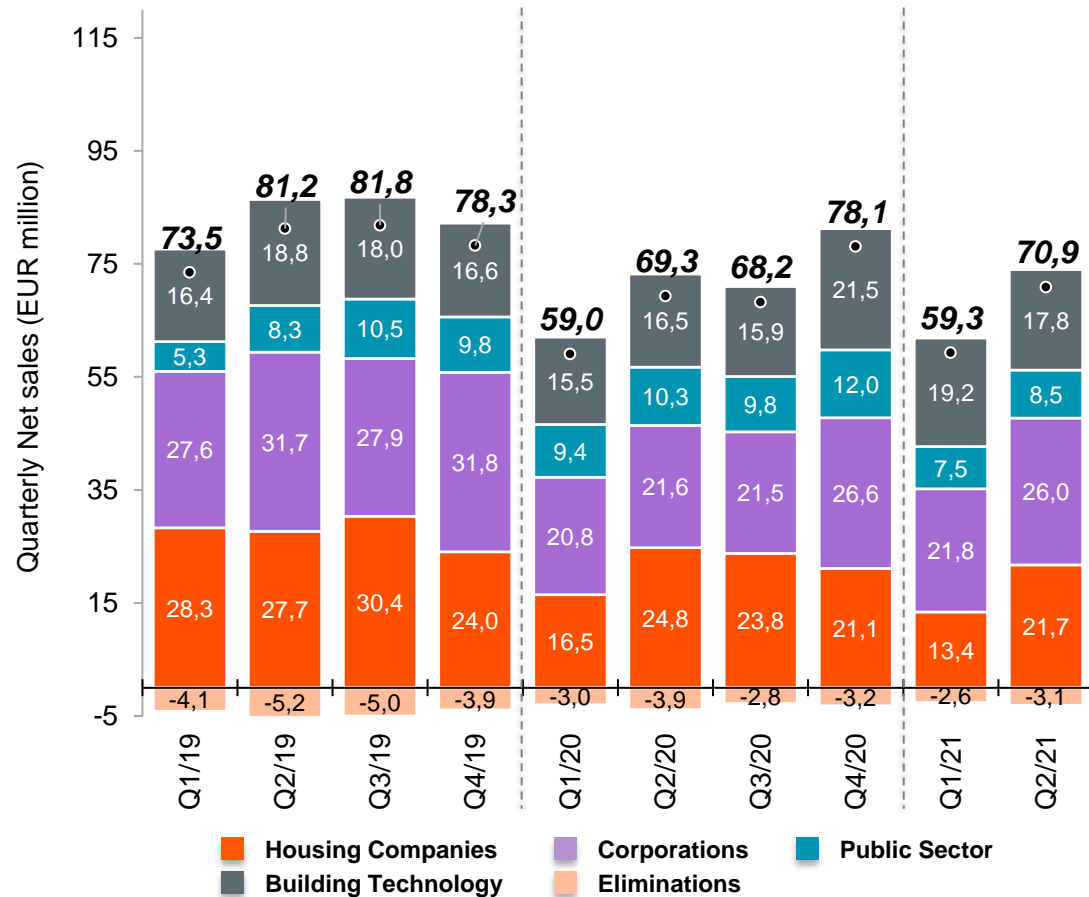
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q2 net sales amounted to EUR 70.9m, growing 2.3% year-on-year

Quarterly net sales development Q1/2019 – Q2/2021 (EUR m)



Comments

- Q2/2021 net sales EUR 70.9m (69.3m)
 - Year-on-year growth 2.3%
 - Housing Companies net sales EUR 21.7m (24.8m) → activity remained at previous year's level in Greater Helsinki area but due to weaker demand than in previous year, decreased in other areas
 - Corporations net sales EUR 26.0m (21.6m) → Net sales grew in all geographical areas
 - Public Sector net sales EUR 8.5m (10.3m)
 - Building Technology net sales EUR 17.8m (16.5m) → Net sales increased mainly due to the volume increase in building technology installations business in Tampere area and in Greater Helsinki area
- H1/2021 net sales EUR 130.2m (128.3m), growth of 1.4%

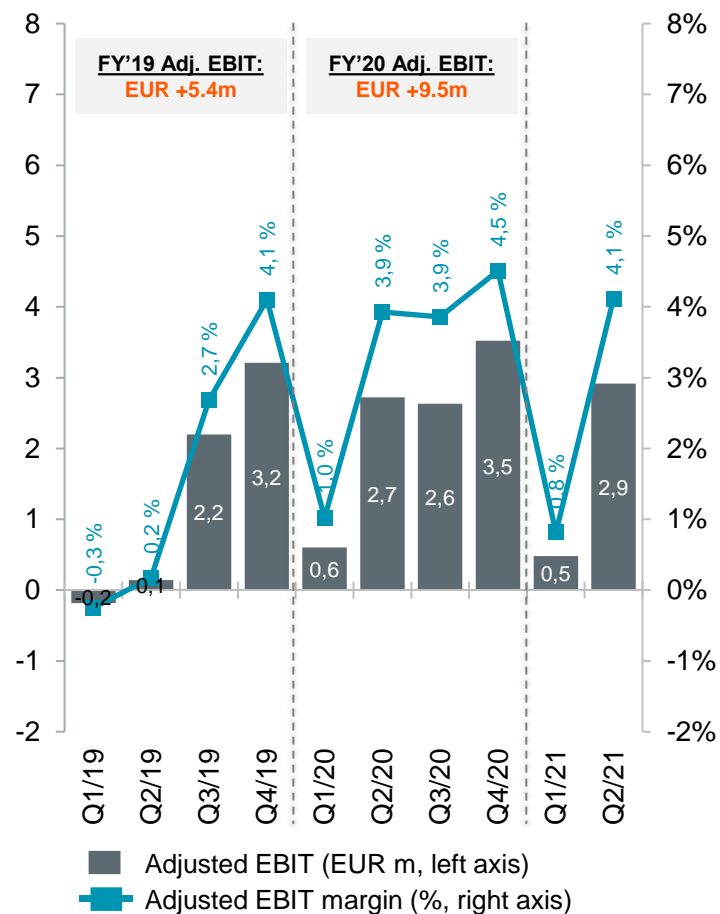
Quarterly Adjusted EBIT and EBIT development

Adjusted EBIT improved, reported EBIT affected by St. George arbitral award

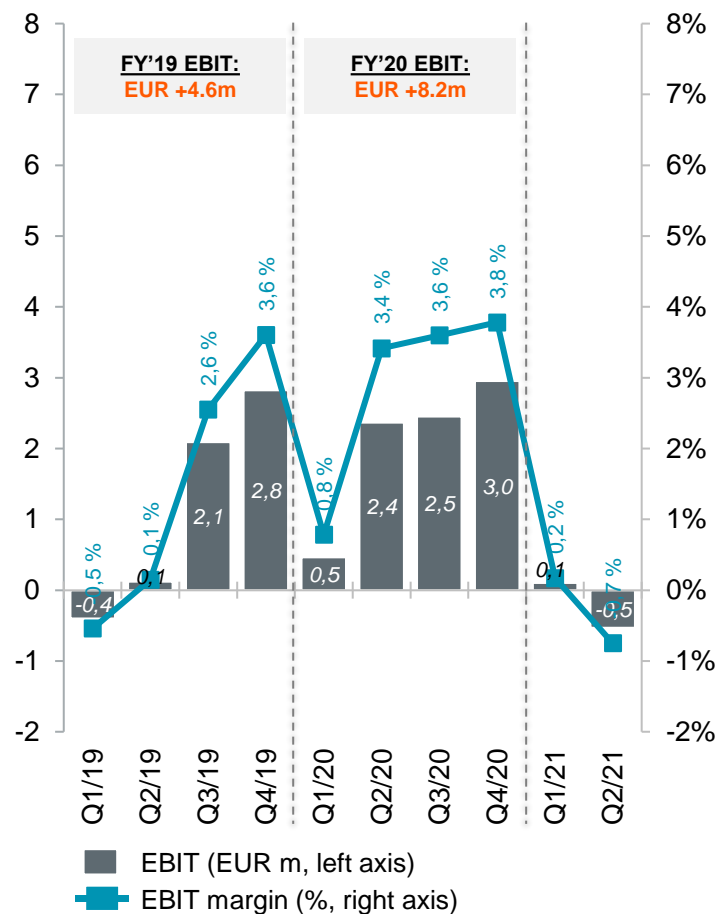
*Adjusted EBIT = EBIT before items affecting comparability (IAC)

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

Quarterly Adjusted EBIT* development
Q1/2019 – Q2/2021 (EUR m)



Quarterly EBIT development
Q1/2019 – Q2/2021 (EUR m)



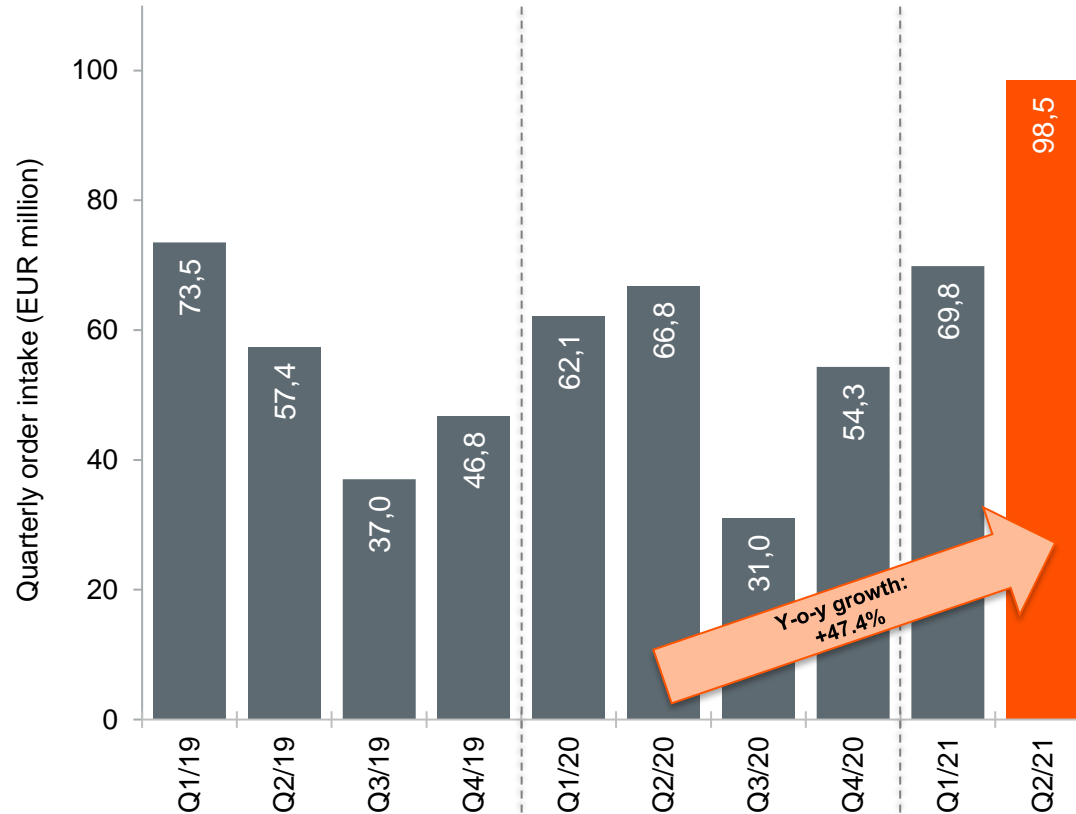
Comments

- Q2 proceeded operationally as expected and projects progressed largely as planned
 - Q2/2021 Adjusted EBIT improved and was EUR 2.9 (2.7) million, or 4.1% (3.9%) of net sales
 - H1/2021 Adjusted EBIT improved and was EUR 3.4 (3.3) million, or 2.6% (2.6%) of net sales
- Reported EBIT impacted by a one-off write-down of EUR 3.4m related to St. George arbitral award
 - Q2/2021 EBIT amounted to EUR -0.5 (2.4) million, or -0.7% (3.4%) of net sales
 - H1/2021 EBIT amounted to EUR -0.4 (2.8) million, or -0.3% (2.2%) of net sales

Quarterly order intake development

Q2/2021 order intake EUR 98.5 million, growth of 47.4% year-on-year

Quarterly order intake development Q1/2019 – Q2/2021 (EUR m)



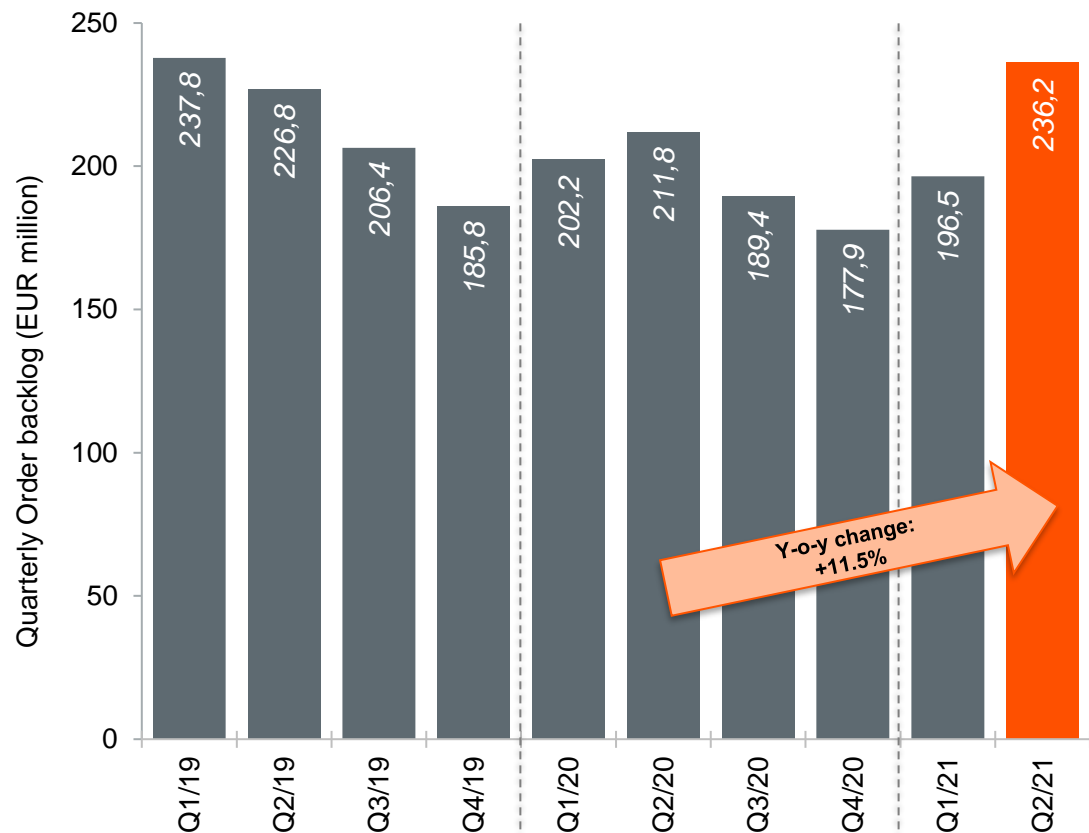
Comments

- Q2/2021 order intake EUR 98.5m (66.8m)
 - Year-on-year growth +47.4%
 - Order intake value during Q2 was increased ia. by Public Sector Business Area's new orders related to new construction services totalling EUR 45 million
 - Examples of new orders received in Q2:
 - Koy Ilmalanrinne 1, construction of two new office buildings in Helsinki
 - Järvenpää School, construction of a new school and sports property in Järvenpää
 - As Oy Kivipadontie 6, plumbing renovation in Helsinki
 - As Oy Helsingin Kokkokalliontie 3, comprehensive renovation of a rental apartment building in Helsinki
 - Arkadiankatu 24, HVAC installations as part of a comprehensive renovation project in Helsinki
- H1/2021 order intake EUR 168.3m (129.0m), growth of 30.5%

Quarterly order backlog development

Q2/2021 order backlog at EUR 236.2 million, growth of 11.5% y-o-y

Quarterly order backlog development Q1/2019 – Q2/2021 (EUR m)



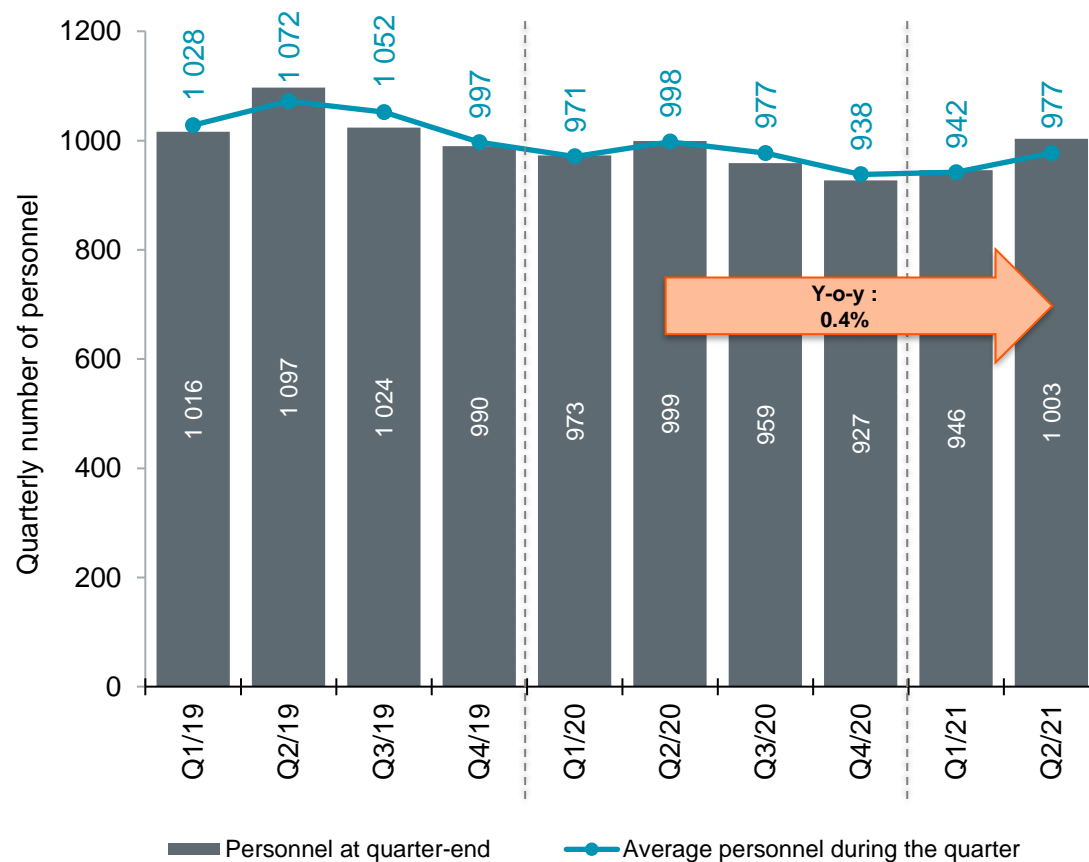
Comments

- Q2/2021 order backlog at EUR 236.2m (211.8m)
 - Year-on-year growth 11.5%
 - Order backlog up by 32.8% compared to the end of the previous financial year
 - In Q2, Public Sector Business Area's new orders related to new construction services totalling EUR 45 million were recognised in the order backlog
 - Larger share of June 2021 order backlog to be recognised within the on-going financial year compared to June 2020 backlog (both in absolute and relative terms)

Quarterly development in number of personnel

Total number of personnel 1,003 at the end of Q2/2021, virtually on last year's level

Quarterly development in number of personnel Q1/2019 – Q2/2021



Comments

- Number of personnel at the end of Q2/2021 1,003 (999), increase of 4
- Average number of personnel during Q2/2021 977 (998), reduction of 21
- Average number of personnel during H1/2021 960 (985), reduction of 25

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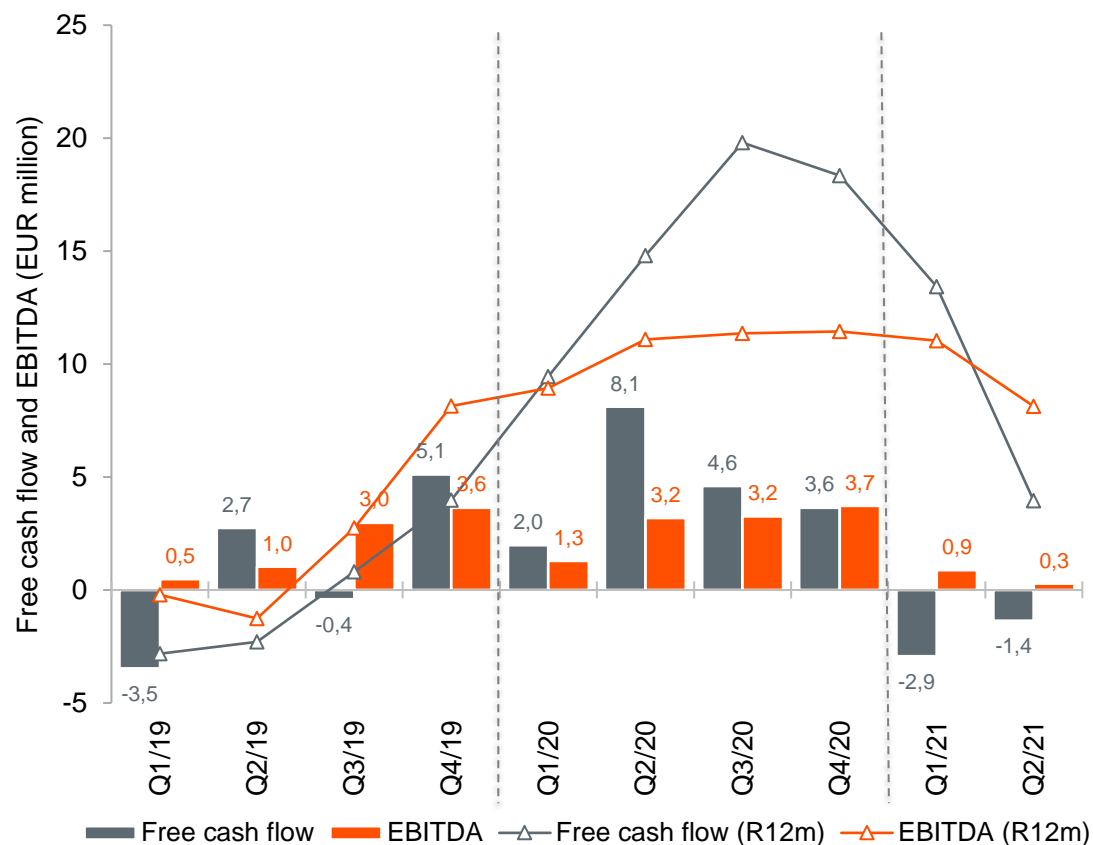
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Quarterly free cash flow development

Q2 free cash flow EUR -1.4 million impacted by change in net working capital

Quarterly free cash flow¹⁾ and EBITDA Q1/2019 – Q2/2021 (EUR m)



Comments

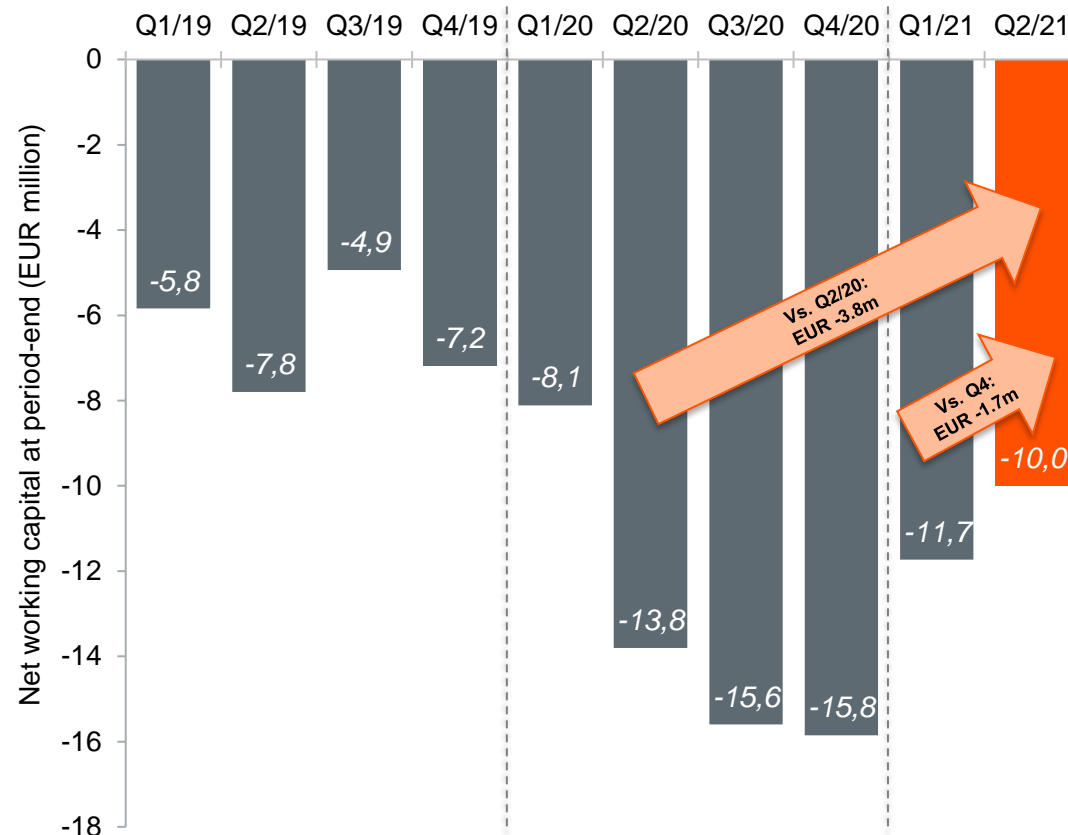
- Q2/2021 free cash flow EUR -1.4m (8.1m)
 - EBITDA amounted to EUR 0.3m (3.2m)
 - Cash flow impact from change in NWC EUR -1.4m (+5.3m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.5m (-0.4m)
- H1/2021 free cash flow EUR -4.3m (10.1m)
 - EBITDA amounted to EUR 1.2m (4.5m)
 - Cash flow impact from change in NWC EUR -5.0m (+6.3m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.7m (-0.7m)
- Rolling 12-month cash conversion ratio 48.6%
- Hotel St. George arbitral award had no cash flow impact in Q2, but will have a positive cash flow impact of EUR 2 million in the third quarter

¹⁾ 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 -10.0 million at the end of Q2/2021

Quarterly net working capital¹⁾ Q1/2019 – Q2/2021 (EUR m)



Comments

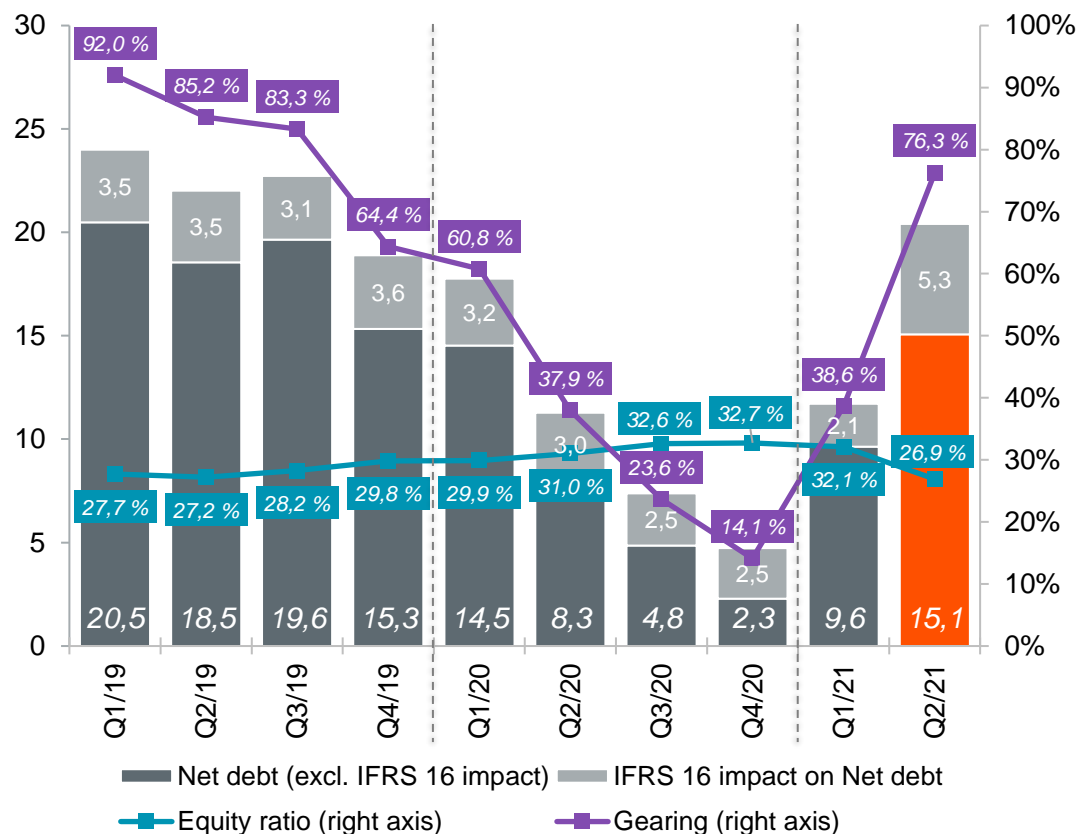
- Net working capital EUR -10.0m (-13.8m) at the end of Q2/2021
 - NWC tied up during Q2/2021 amounted to EUR 1.7m
 - NWC EUR 3.8m higher compared to Q2/2020
 - In H1/2021, NWC affected by a change in financial position of project portfolio
 - Majority of the change is due to a few large renovation projects advancing to handover phase during the period

1) 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

Q2 financial position weakened year-on-year as well as compared to previous quarter

Quarterly net debt, equity ratio and gearing Q1/2019 – Q2/2021



Comments

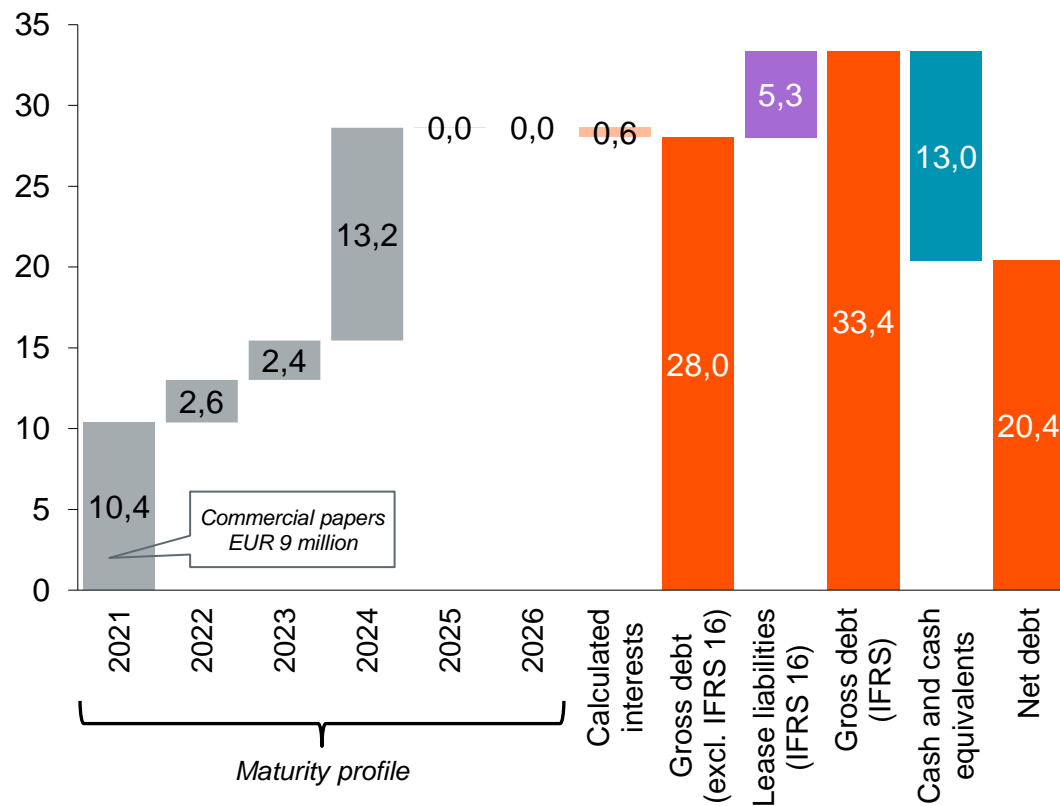
- Financial position as per 30 June 2021 weakened during the second quarter
 - Recognition of new headquarters related ROU asset (IFRS 16)
 - Dividend distribution in April
 - Negative Q2 free cash flow
 - One-off write-down related to St. George
- Q2/2021 net debt at EUR 20.4m (11.3m), of which EUR 5.3m (3.0m) attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR 15.1m (8.3m)
- Q2/2021 equity ratio at 26.9% (31.0%)
 - Equity ratio excluding IFRS 16 at 28.4% (32.0%)
- Q2/2021 gearing at 76.3% (37.9%)
 - Gearing excluding IFRS 16 at 56.1% (27.8%)

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 (30 June 2021)

Consti refinanced its long-term loan in June 2021

Maturity profile of interest-bearing debt¹⁾ as per 30 June 2021 (EUR m)



Comments

- Refinancing of long-term loan in June 2021
 - Previous loan EUR 17.5 million in total, were paid back and EUR 18.0 million of new loan was raised in June
 - Refinancing extended the maturity for at least 3 years
 - New loan agreement includes an extension option → possibility to extend the maturity of the loan by a maximum of 2 years
- Consti's gross interest-bearing debt at EUR 28.0 million (excluding IFRS 16) at the end of Q2/2021
- Cash and cash equivalents amounted to EUR 13.0m at quarter-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 2024 (with extension option in 2026), i.e. no significant bank loan redemptions in the coming years

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

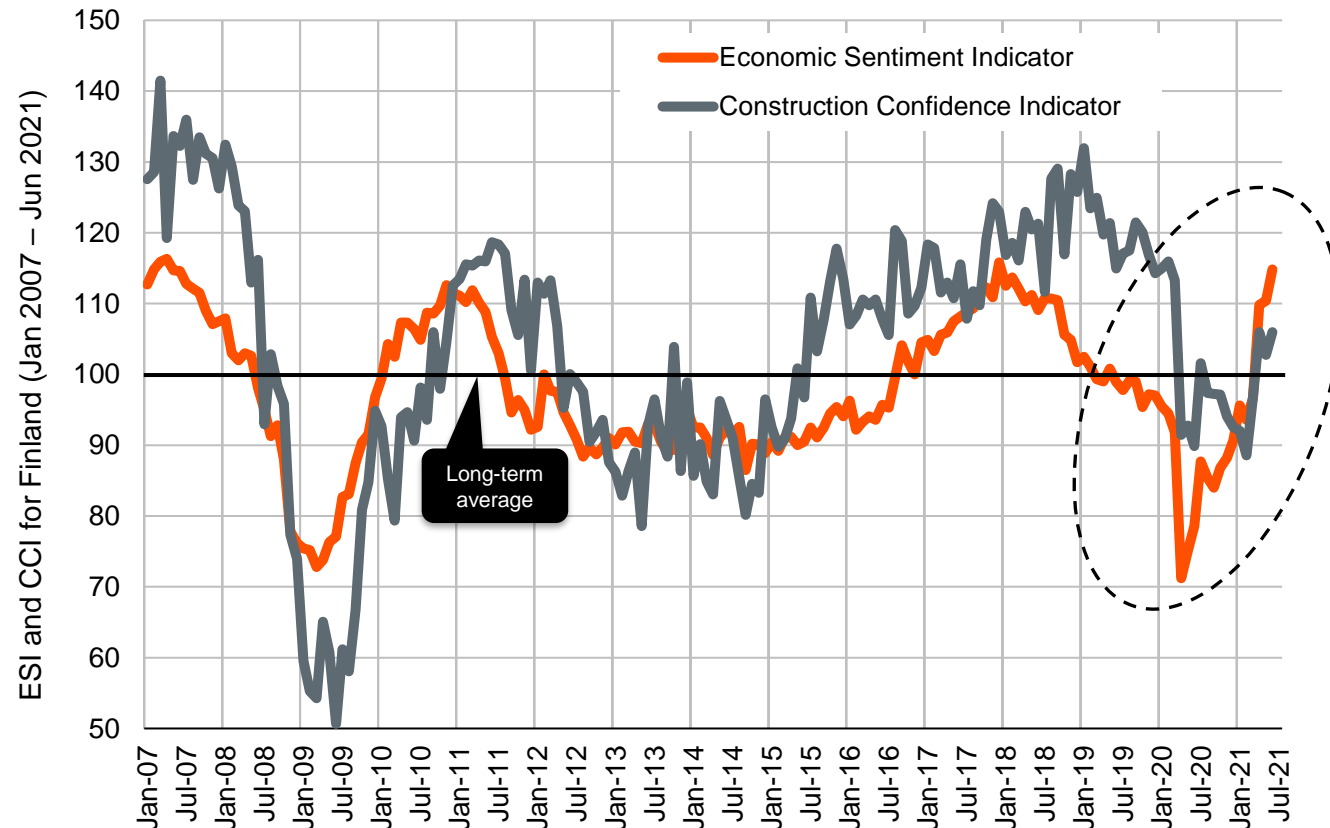
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Economic sentiment and construction confidence in Finland following the development of the pandemic situation

Economic Sentiment and Construction Confidence / Finland (2007 – 6/2021)



Note: Mean-adjusted figures

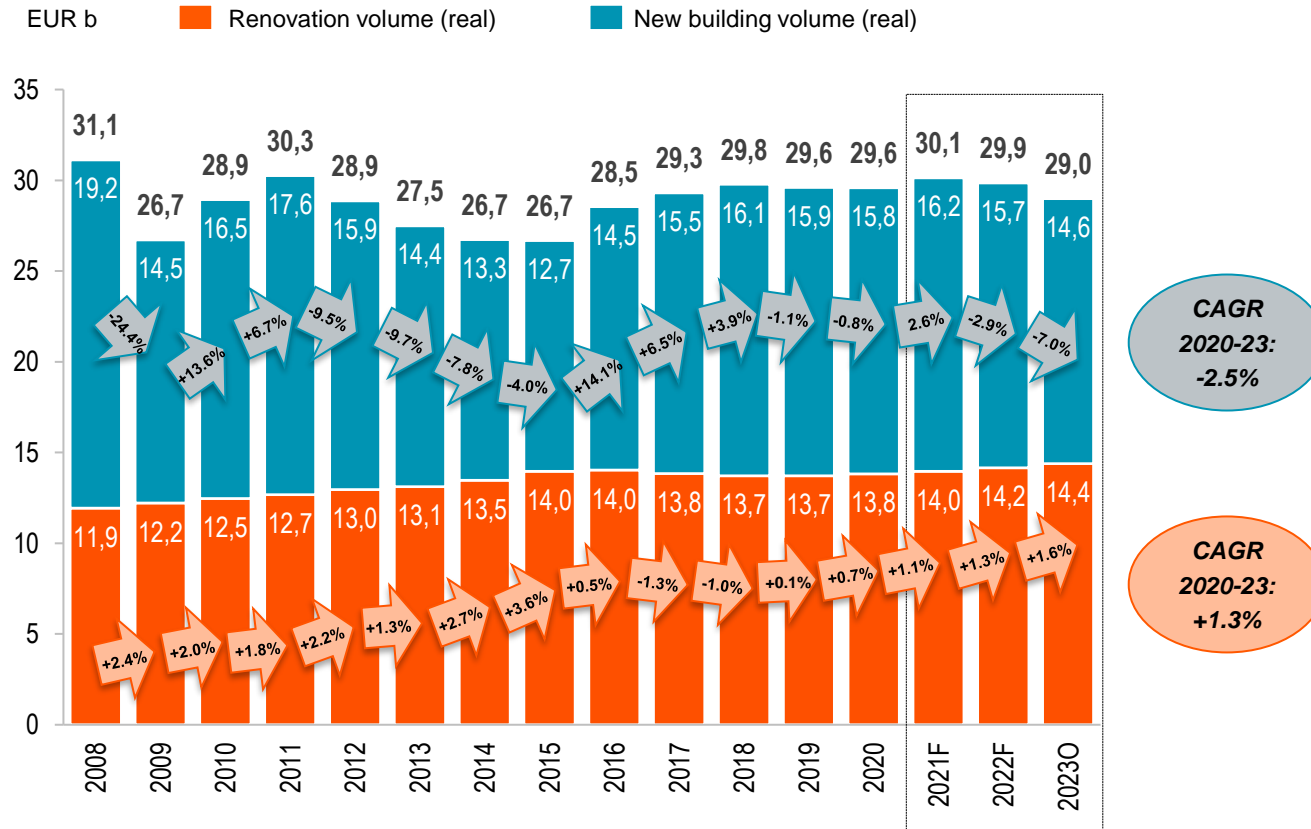
Source: European Commission, July 2021

Comments

- The spread of coronavirus and its accompanying containment measures clearly visible in the development of confidence indicators
- Both construction confidence and economic sentiment deteriorated sharply in April 2020, construction confidence falling clearly below the long-term average within one month
- Since April 2020, both indicators have recovered and weakened following the development of the pandemic situation
- Construction confidence remains below the pre-pandemic level
- At the end of June 2021, both indicators had already surpassed their long-term average levels

Stable growth in renovation expected to continue going forward

Finnish new building and renovation market development 2008 – 2023



Source: Euroconstruct, June 2021

Confederation of Finnish Construction Industries RT (CFCI), March 2021

Comments

- According to Euroconstruct, the value of building renovation amounted to approximately EUR 13.8 billion in 2020, representing approximately 47% of total building volume
- Euroconstruct estimates that renovation will grow by approximately 1.1 percent in 2021. The Confederation of Finnish Construction Industries RT (CFCI) estimates growth of 1.0 percent
- Euroconstruct's latest June 2021 estimates for construction growth in 2021 have clearly improved:
 - Total building market is expected to grow by 1.9% vs. decline of 6.0% estimated in Nov 2020
 - New building market is projected to grow by 2.6% vs. decline of 12.2% estimated in Nov 2020
 - Estimate for renovation growth, however, has remained virtually intact at 1%

Outlook and guidance for 2021

- Although market research institutes expect the renovation market to grow in 2021, new waves of the pandemic continue to cause uncertainty to Consti's operating environment
- The operating environment in H2/2021 will also be affected by the rapid rise in the cost of building materials as well as possible problems related to availability of the materials
 - The increase in the price level and availability of construction materials did not have a significant impact on Consti's business in H1/2021
 - In H2/2021, the impact is estimated to be somewhat larger in those ongoing projects where a rapid increase in material costs has not been sufficiently considered at the tendering phase (depending on the contract model)
- In H2/2021, Consti will concentrate on ensuring the performance of its business and implementing its strategy

- "The Company estimates that its operating result for 2021 will be in the range of EUR 4-8 million.



Summary

1. Q2 Adjusted EBIT improved, operationally Q2 progressed according to expectations
2. Hotel St. George arbitral tribunal's award received in June, having a one-off negative impact on result but no longer burdening future outlook
3. Q2 order intake grew strongly, +47.4% y-o-y, order backlog strengthened to EUR 236.2 million
4. Successful refinancing of long-term loan in June 2021
5. The coronavirus pandemic continues to cause uncertainty, while the rapid rise in the cost of building materials also to have an impact on H2/2021 operating environment
6. Target to continue positive and solid operational development also in the second half of 2021

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CONSTI GROUP STRATEGY 2021–2023

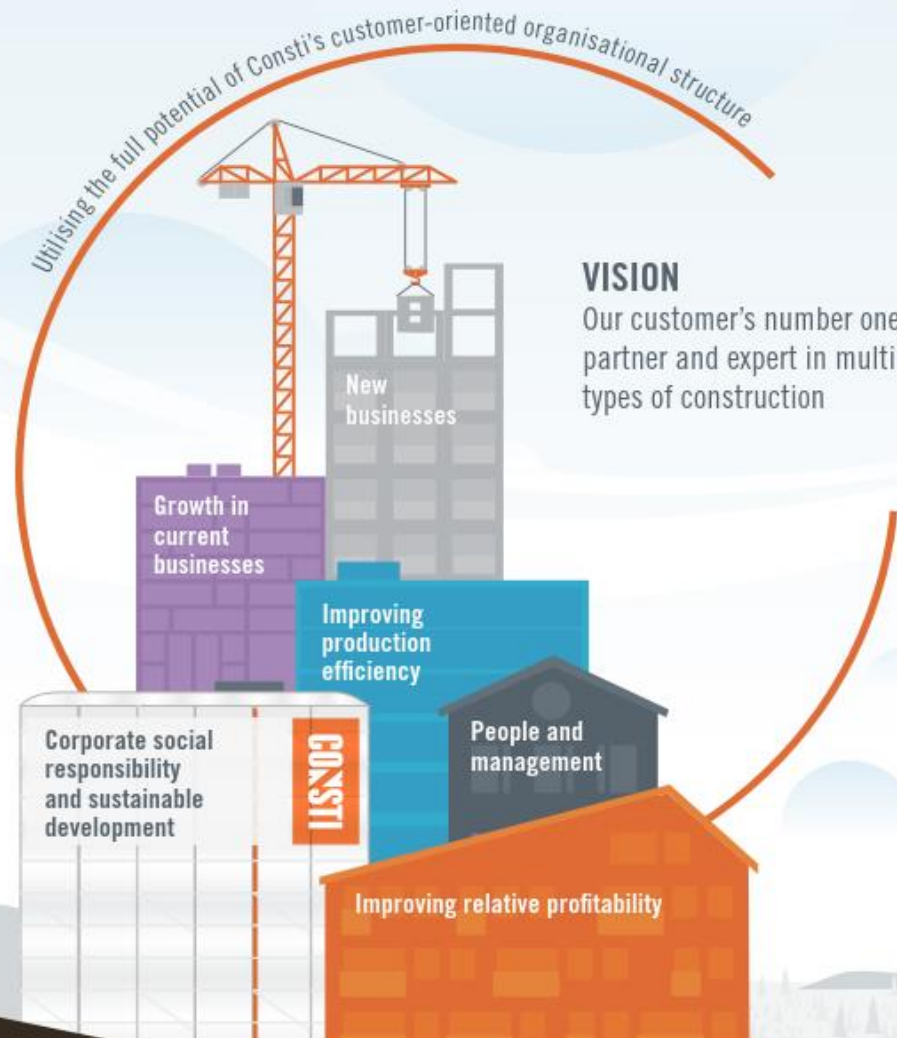
MISSION

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.

Utilising the full potential of Consti's customer-oriented organisational structure

VISION

Our customer's number one partner and expert in multiple types of construction



To realise its vision and goals, Consti has defined the following strategic focus areas:

- 1 **Growth in current business**
 - ▷ controlled and profitable growth in attractive renovation and building technology segments
- 2 **New businesses**
 - ▷ comprehensively answering customer needs by growing in attractive new construction projects
- 3 **Improving relative profitability**
 - ▷ expanding value created for customers and active management of business portfolio
- 4 **Improving production efficiency**
 - ▷ Target to have the industry's most efficient production and a steady level of performance in project deliveries
- 5 **People and management**
 - ▷ supporting profitable growth by investing in the implementation of the Consti Way, expanding competence, adding diversity, and adopting LEAN principles
- 6 **Corporate social responsibility and sustainable development**
 - ▷ concentrating on updated responsibility themes, which are environmentally friendly business, work safety and well-being at work, supply chain and customer satisfaction

Long-term financial goals

Growth: net sales growing faster than the market

Cash flow: Cash conversion ratio exceeding* **>90%**

Profitability: EBIT-margin exceeding **>5%**

Capital structure: Net debt to adjusted EBITDA ratio **<2,5x**

* 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 and for purchase of intangible assets and property, plant and equipment.



CONSTI

WAY

THE CONSTI WAY IS CONSTI PEOPLE'S WAY OF WORKING AND LEADING

CONSTI

We are all aiming at the same goal


The Consti Way is Consti people's way of working and leading.

Consti Way directs its whole personnel towards shared goals. In this, we build on the values that are important to us. The Consti Way is part of our every working day and client meeting. It lives on all our building sites and is felt in every meeting we have. The Consti Way guarantees our high quality and is the basis for our occupational welfare. It means respect and competitiveness. It means professional pride, openness and a pioneer spirit.

We are all Consti people – regardless of our field, skills or position.

We cooperate seamlessly across barriers and walls, and between building sites, in jointly agreed, functional and efficient ways.

We know how we work, we know our strengths and we always work in our clients' best interests.

A man and a woman are looking at a tablet together. The man is wearing a grey cap and a plaid shirt. The woman is wearing a white hard hat, glasses, a black scarf, and an orange safety vest with 'CONSTI' written on it. They are both smiling and looking at the tablet.

*“ We are all Consti people
– regardless of our field,
skills or position.*

CONSTI



CONSTI

HALF-YEAR FINANCIAL REPORT

1-6/2021

CONSTI PLC

H1

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