



CONSTI PLC

**HALF-YEAR
FINANCIAL
REPORT**

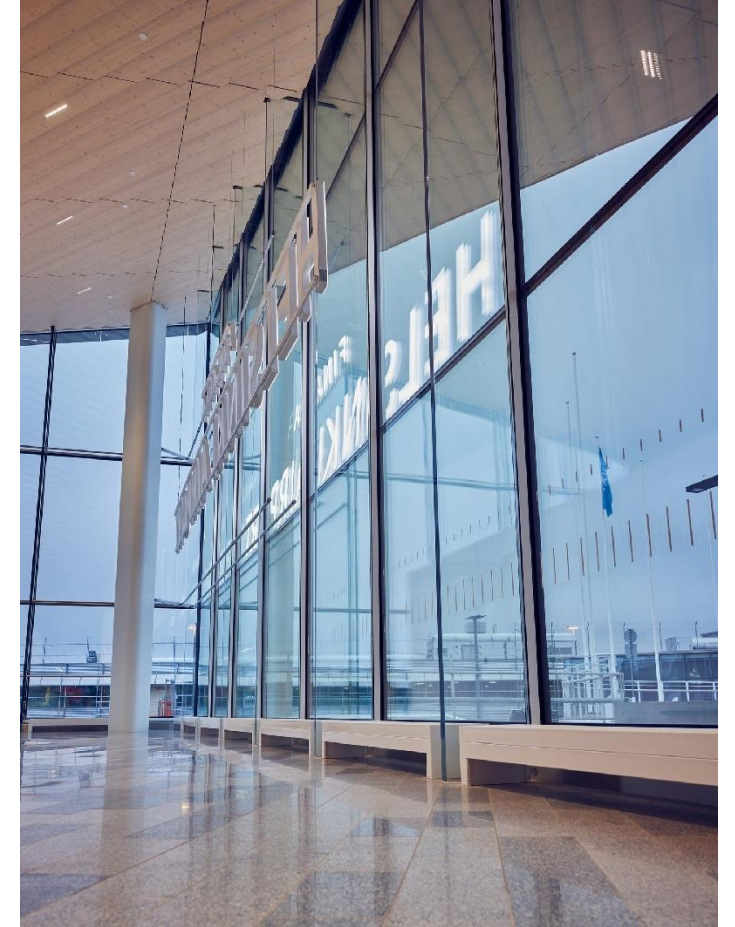
**1 JANUARY –
30 JUNE 2024**

**CEO Esa Korkeela
CFO Anders Löfman**

CONSTI

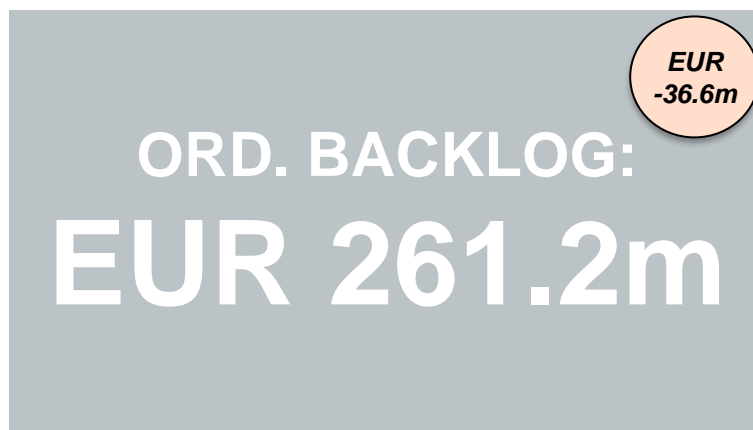
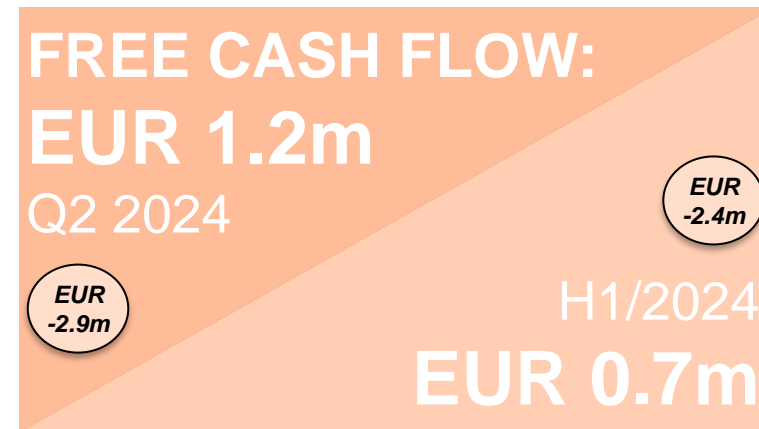
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- 2. Cash flow and financial position**
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Highlights of the Q2/2024 and H1/2024

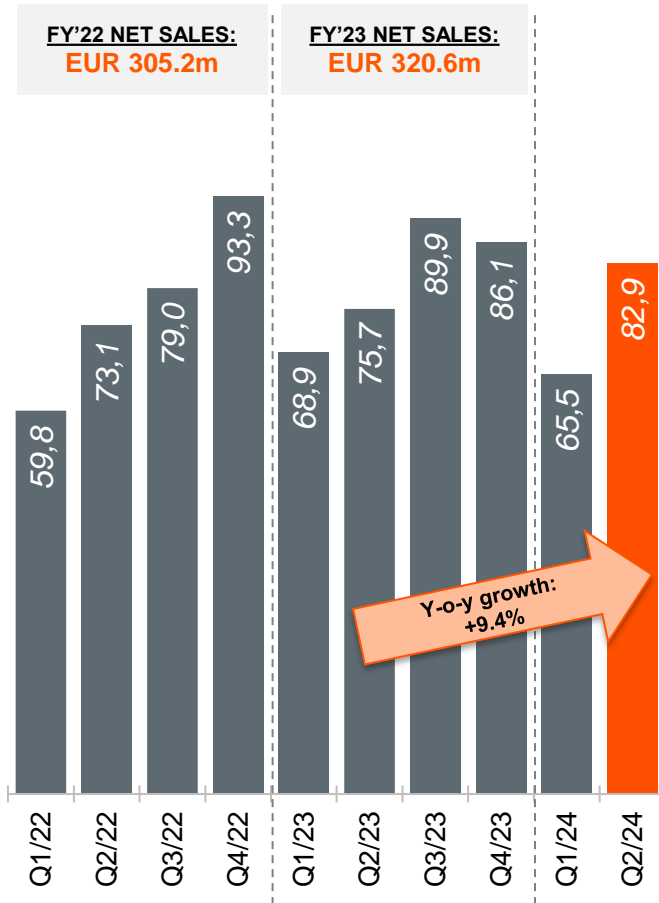
Net sales grew, operating result at par with previous year



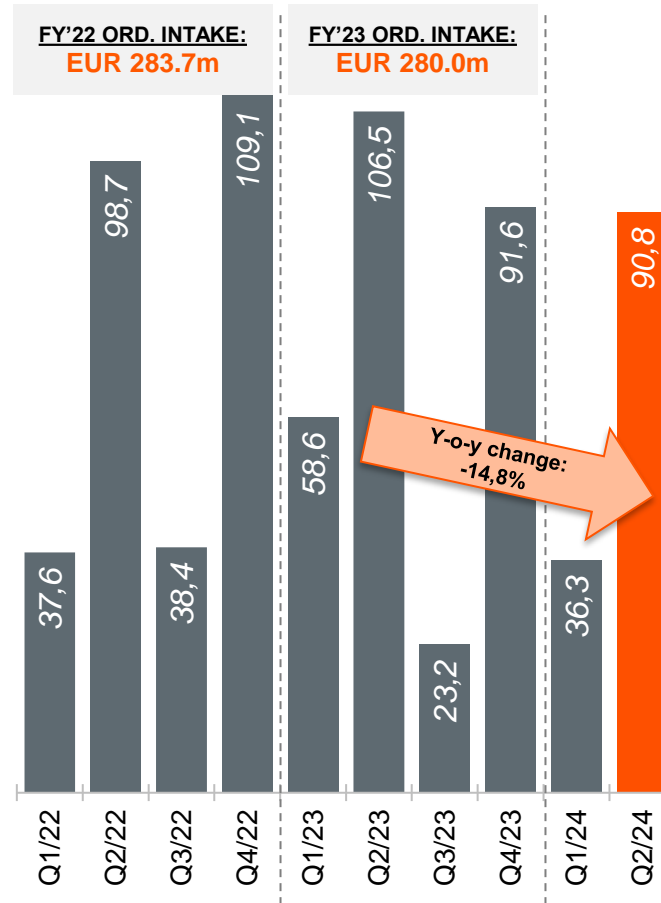
Quarterly performance overview

Net sales increased by 9.4% y-o-y, order intake decreased 14.8% against a strong benchmark period

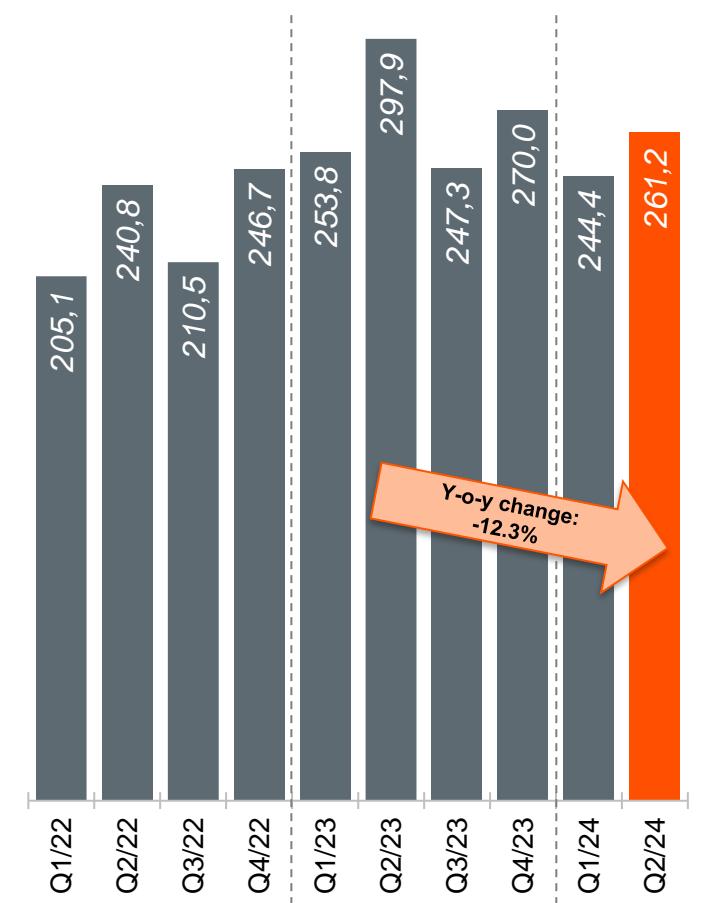
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



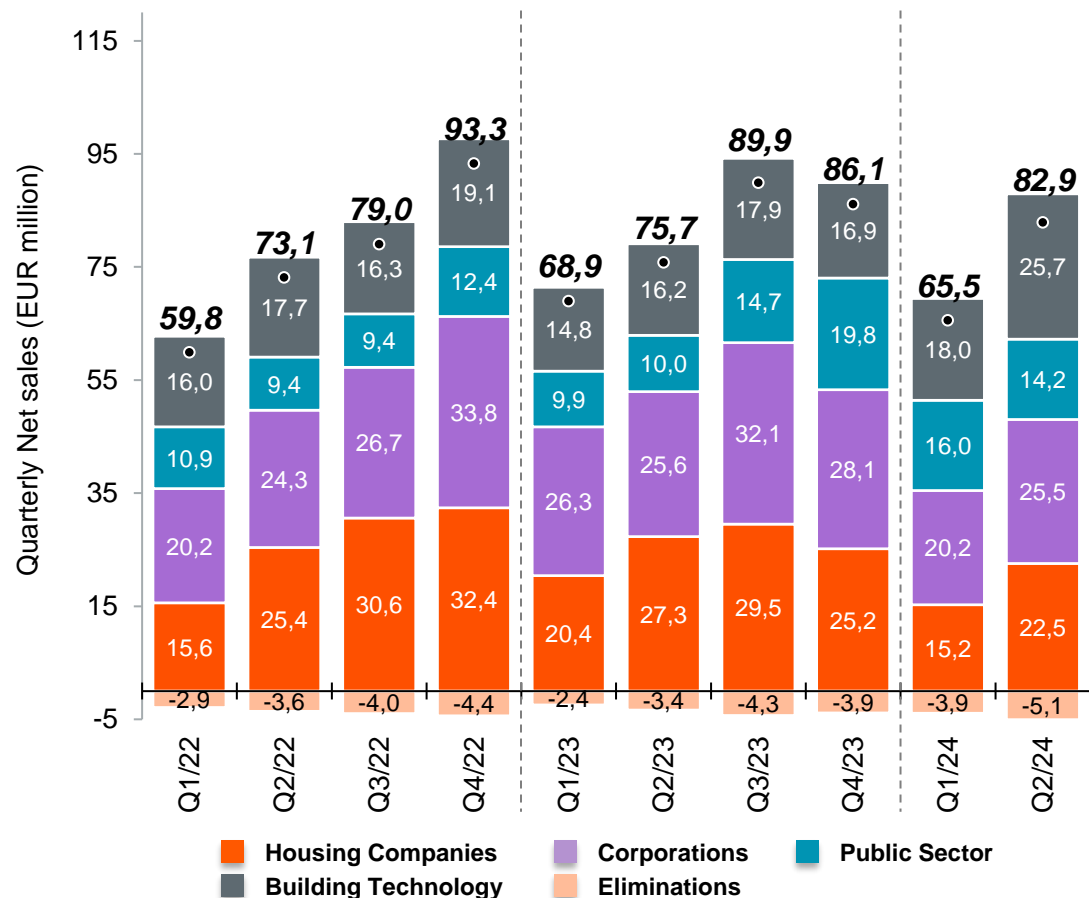
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q2 net sales amounted to EUR 82.9m, growing 9.4% year-on-year

Quarterly net sales development Q1/2022 – Q2/2024 (EUR m)



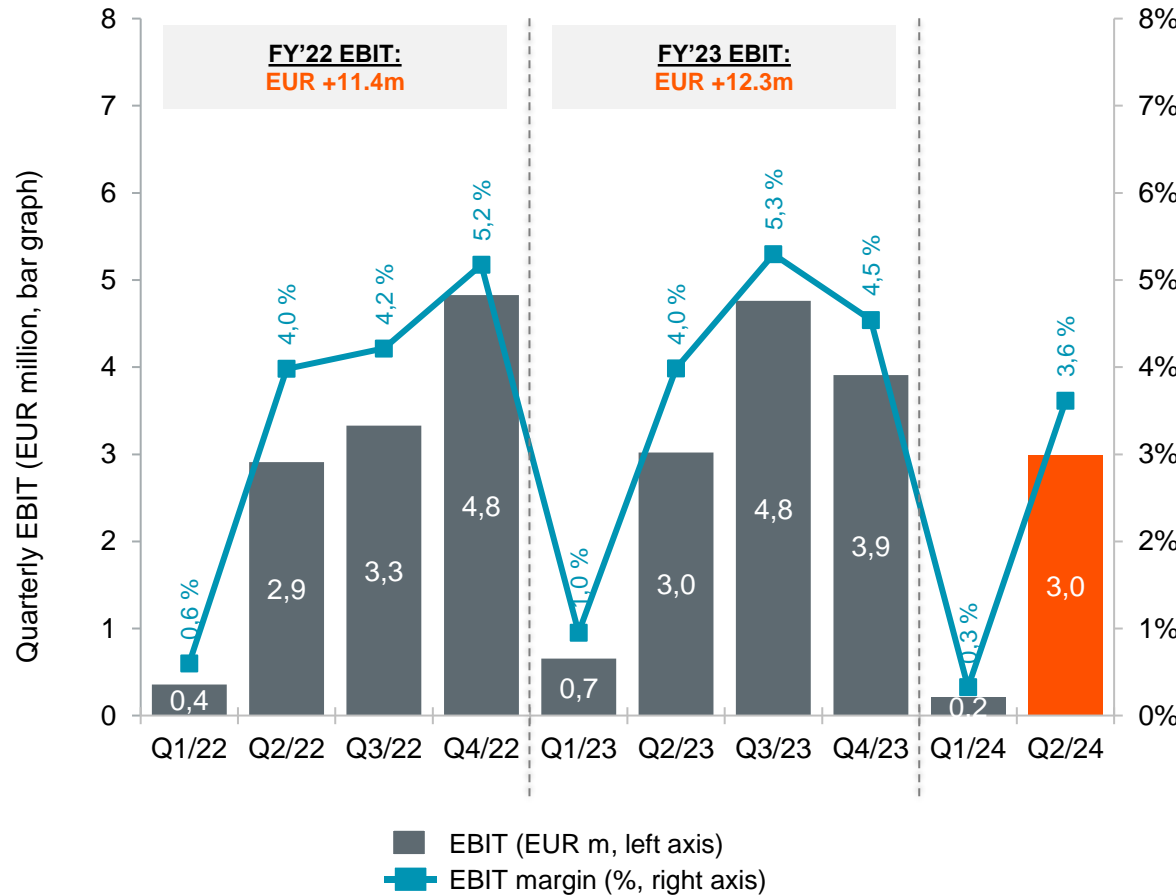
Comments

- Q2/2024 net sales EUR 82.9m (75.7m)
 - Year-on-year growth 9.4%
 - Net sales grew strongly in Building Technology (58.7%) and Public Sector (42.5%) business areas.
 - In Corporations business area net sales remained almost at the previous year's level (-0.6%) and decreased in Housing Companies business area (-17.4%).
 - Building Technology net sales EUR 25.7m (16.2m)
 - Public Sector net sales EUR 14.2m (10.0m)
 - Corporations net sales EUR 25.5m (25.6m)
 - Housing Companies net sales EUR 22.5m (27.3m)
- H1/2024 net sales EUR 148.4m (144.7m), growth of 2.6% year-on-year
 - Building Technology net sales EUR 43.7m (31.0m)
 - Public Sector net sales EUR 30.2m (19.8m)
 - Corporations net sales EUR 45.7m (51.9m)
 - Housing Companies net sales EUR 37.8m (47.7m)

Quarterly EBIT development

Q2 result at par with previous year

Quarterly EBIT development Q1/2022 – Q2/2024 (EUR m)



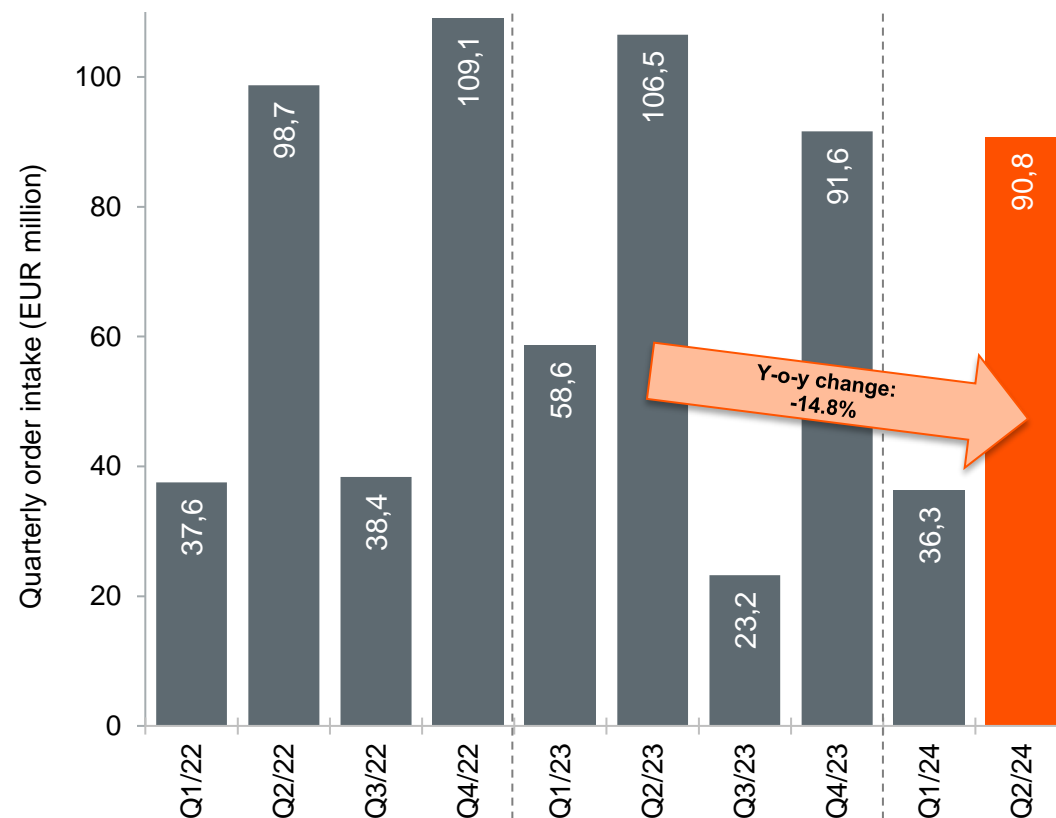
Comments

- Q2/2024 EBIT amounted to EUR 3.0 (3.0) million, or 3.6% (4.0%) of net sales
 - Operationally, the second quarter of the year proceeded as expected, with projects progressing predominantly as planned
 - Profitability remained stable compared to the comparison period
 - Relative profitability in the second quarter was mainly affected by the changes in the relative net sales shares of the business areas year-on-year compared to the corresponding period, and partly by allocation of resources in tendering and negotiation activities to secure the order backlog
- H1/2024 EBIT amounted to EUR 3.2 (3.7) million, or 2.2% (2.5%) of net sales

Quarterly order intake development

Q2/2024 order intake EUR 90.8 million

Quarterly order intake development Q1/2022 – Q2/2024 (EUR m)



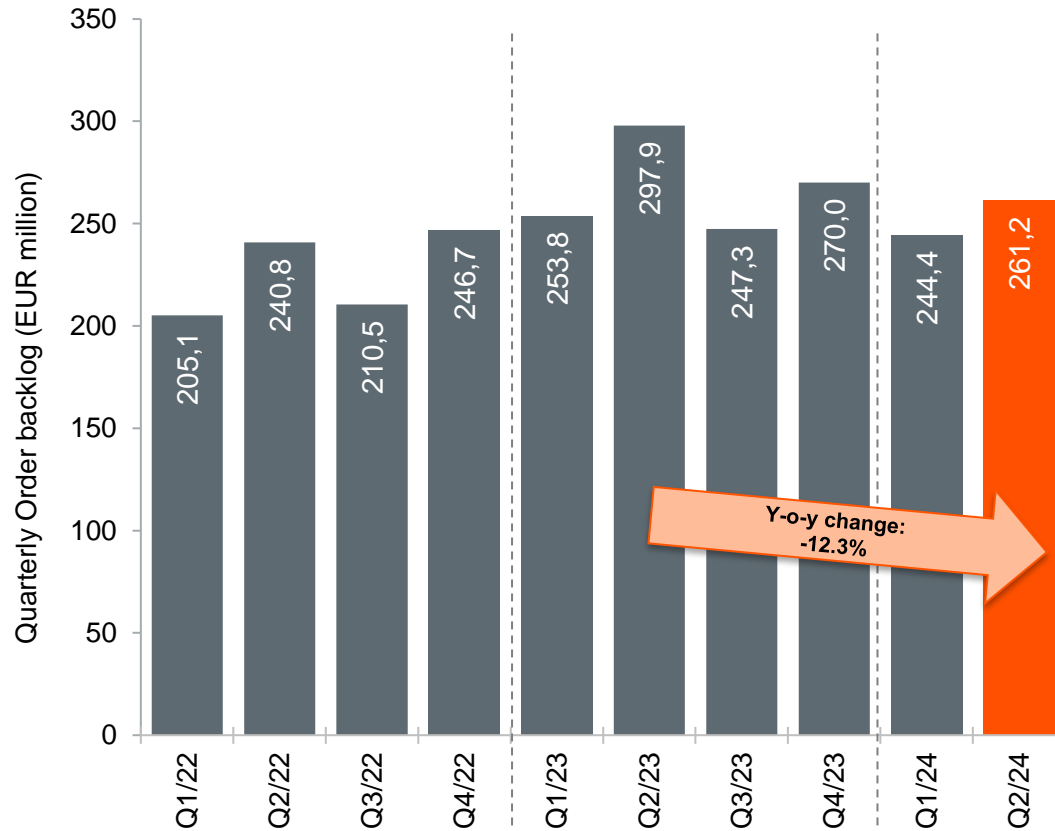
Comments

- Q2/2024 order intake EUR 90.8m (106.5m)
 - Year-on-year change 14.8%
 - Active but disciplined tendering activities were continued in Q2
 - Total amount and quality of Q2 order intake at a good level
 - Intensified competition and weaker demand impacted Q2 order intake and the distribution of order intake between business areas and units was not optimally realised during Q2.
 - The majority of the order intake for Q2 2024 consists of several small and mid-sized projects
- H1/2024 order intake EUR 127.1m (165.2m), change of -23.1% year-on-year

Quarterly order backlog development

Q2/2024 order backlog at EUR 261.2 million

Quarterly order backlog development Q1/2022 – Q2/2024 (EUR m)



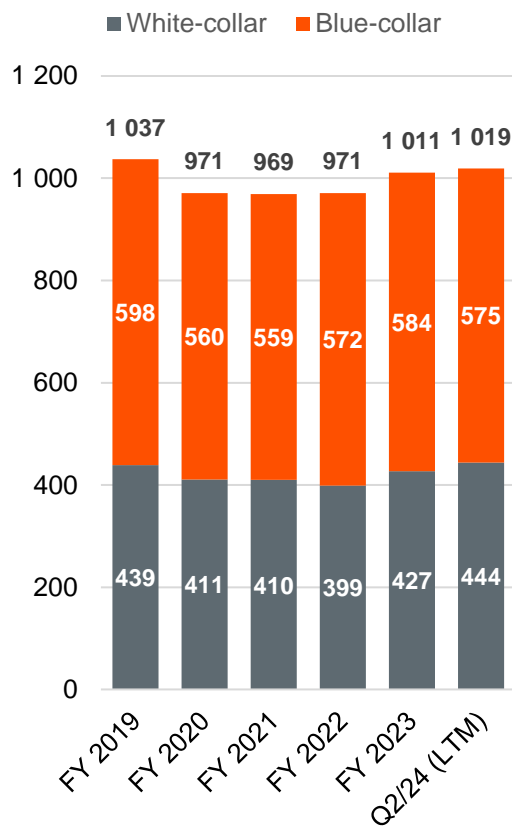
Comments

- Q2/2024 order backlog at EUR 261.2m (297.9m)
 - Year-on-year change -12.3%
 - In absolute terms a slightly smaller share of June 2024 order backlog to be recognised in revenue within the next six months compared to June 2023 backlog

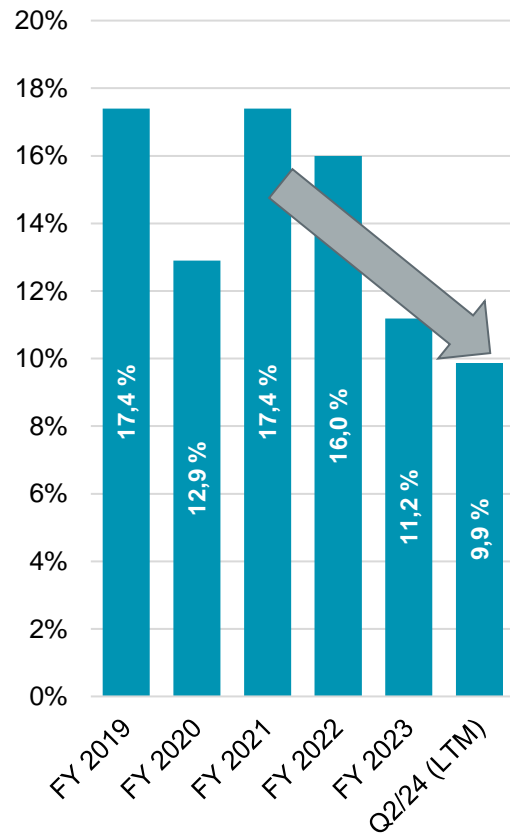
Number of personnel and other HR KPIs

Positive trend in personnel turnover, absence rate as well as in accident rate. Consti employed 1,087 (1,052) professionals at quarter-end

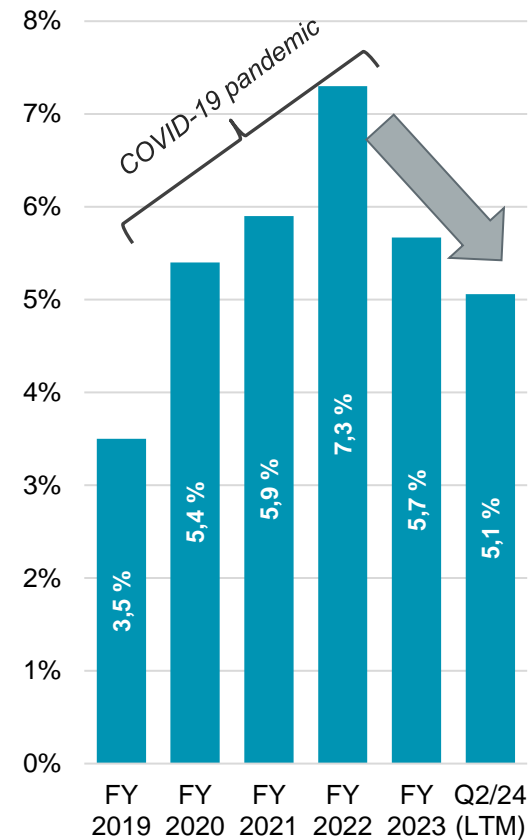
Average number of personnel
2019 – Q2/2024



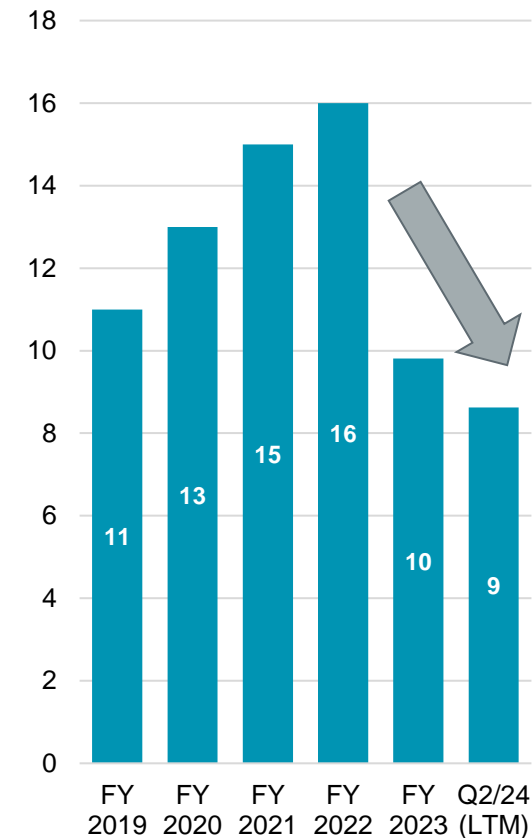
Permanent personnel turnover ratio
(% of employees leaving)



Average absence rate (%)

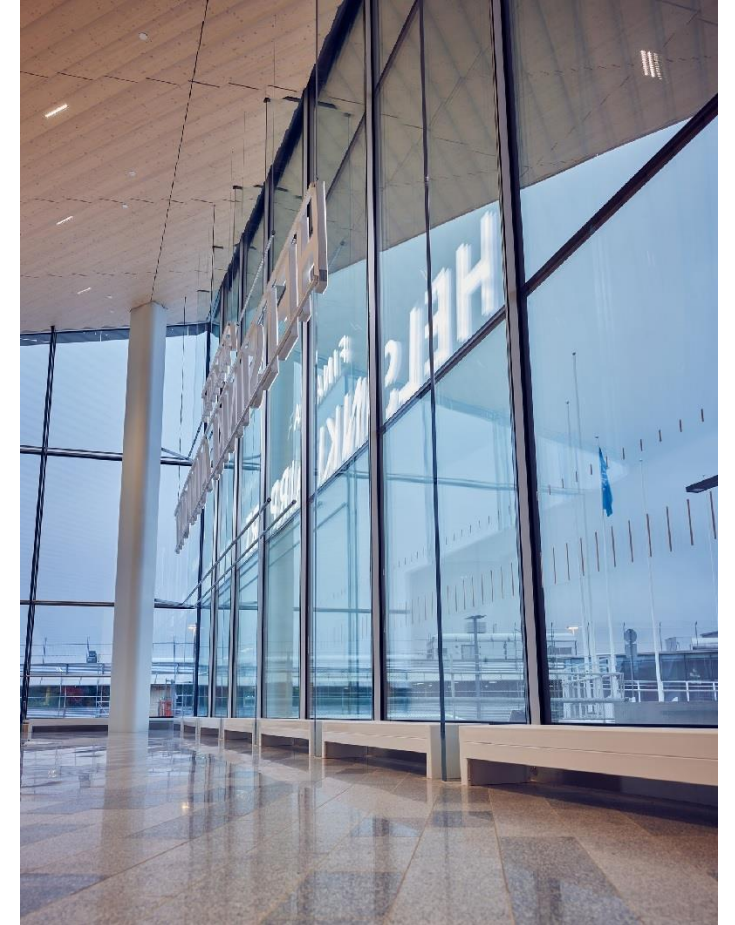


Accident rate / LTIFR
(accidents per million hours worked)



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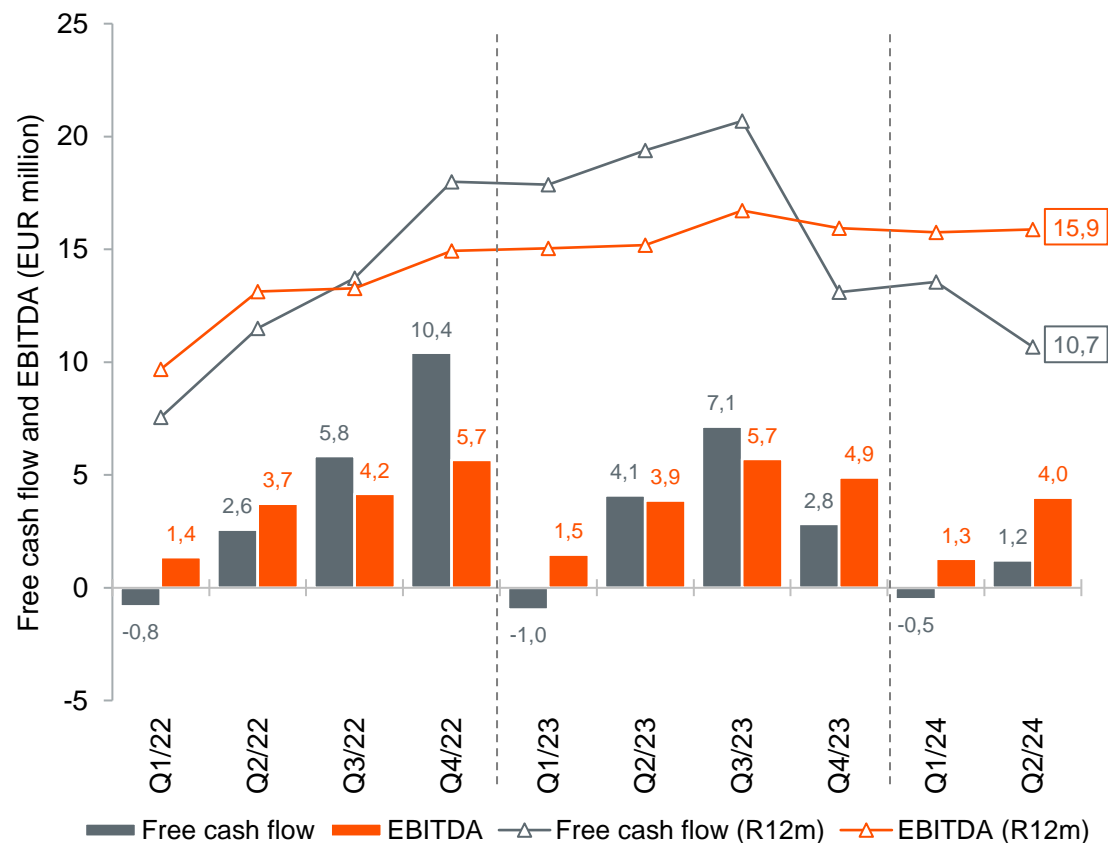
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Quarterly free cash flow development

Q2 2024 free cash flow EUR 1.2 million

Quarterly free cash flow¹⁾ and EBITDA Q1/2022 – Q2/2024 (EUR m)



Comments

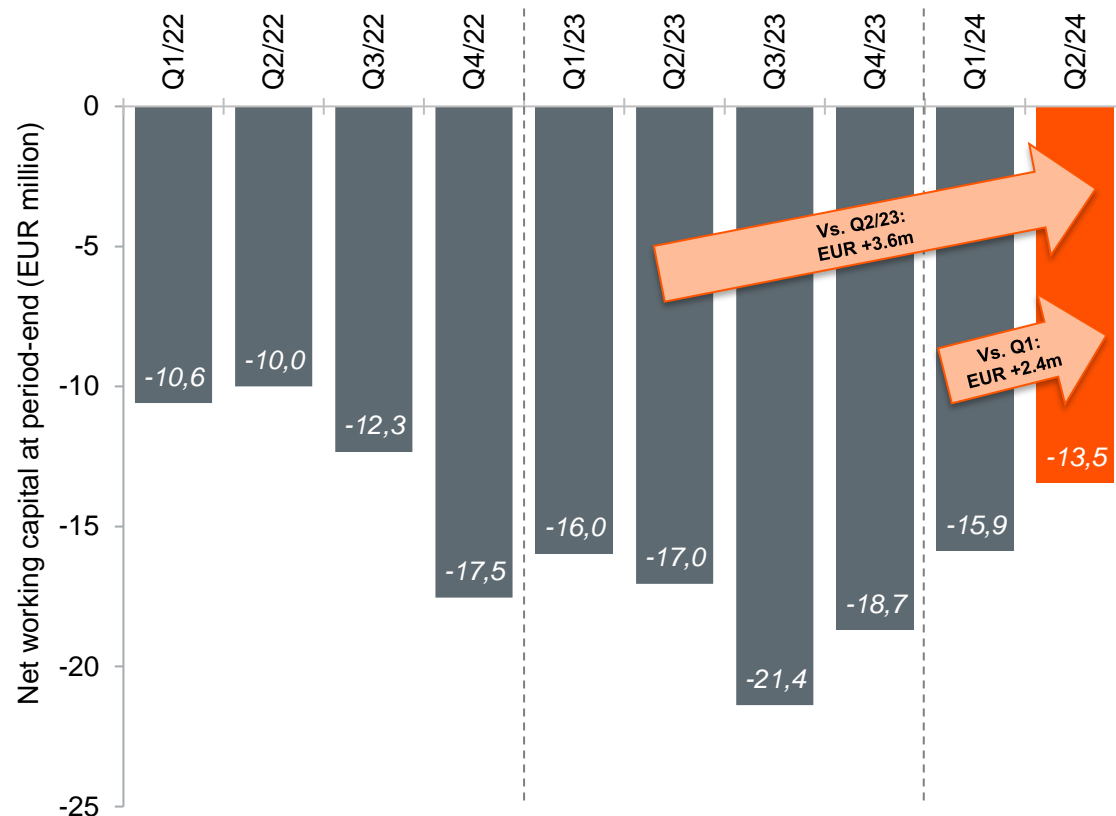
- Q2/2024 free cash flow EUR 1.2m (4.1m)
 - EBITDA amounted to EUR 4.0m (3.9m)
 - Cash flow impact from change in net working capital was EUR -2.6m (+0.7m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.2m (-0.7m)
- H1/2024 free cash flow EUR 0.7m (3.1m)
 - EBITDA amounted to EUR 5.3m (5.3m)
 - Cash flow impact from change in NWC EUR -4.0m (-0.7m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.7m (-1.2m)
- In June 2024, rolling 12-month free cash flow EUR 10.7m and EBITDA EUR 15.9m → R12m cash conversion ratio 67.2%
- In the longer term Q3/2022 – Q2/2024, Consti's cash conversion ratio at 96.7%, meeting the long-term financial target of >90%

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 -13.5 million at the end of Q2/2024

Quarterly net working capital¹⁾ Q1/2022 – Q2/2024 (EUR m)



Comments

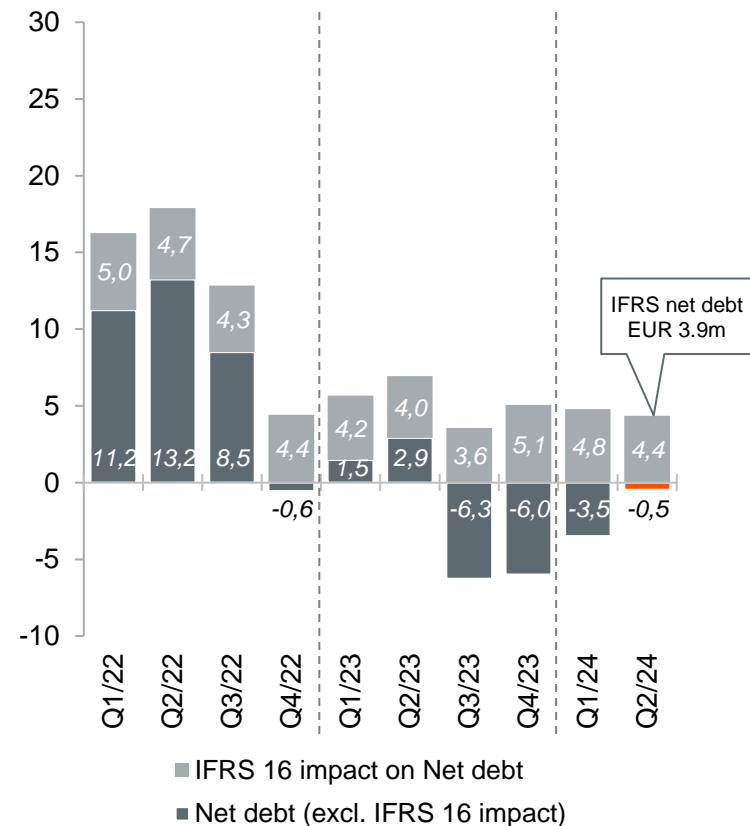
- Net working capital EUR -13.5m (-17.0m) at the end of Q2/2024
 - NWC change during the second quarter amounted to EUR +2.4m (-1.1m)
 - NWC EUR 3.6m higher compared to Q2/2023

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

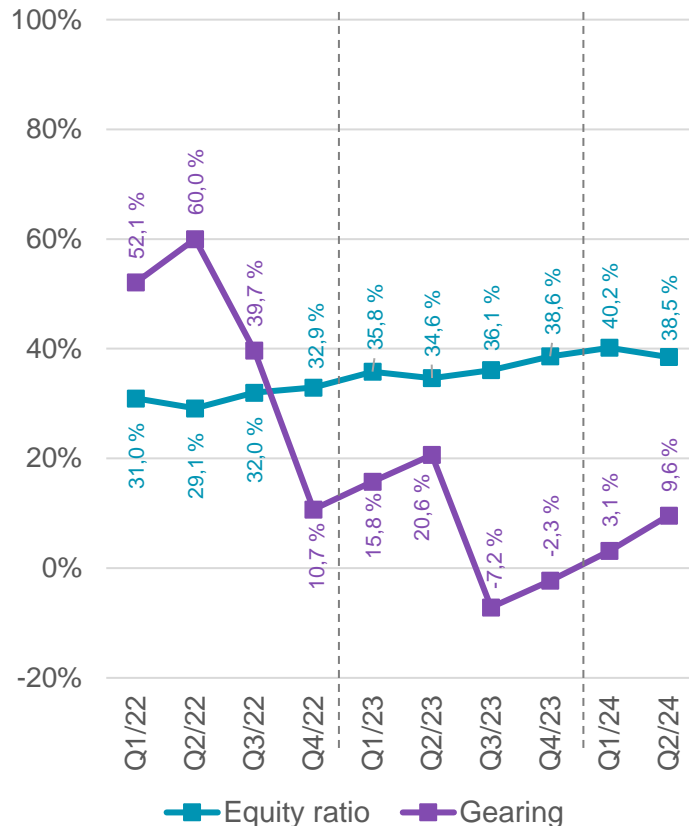
Quarterly balance sheet structure

Financial position remained at a good level at the quarter-end

Quarterly net debt development (EUR m)
Q1/2022 – Q2/2024



Quarterly equity ratio and gearing development
Q1/2022 – Q2/2024



Comments

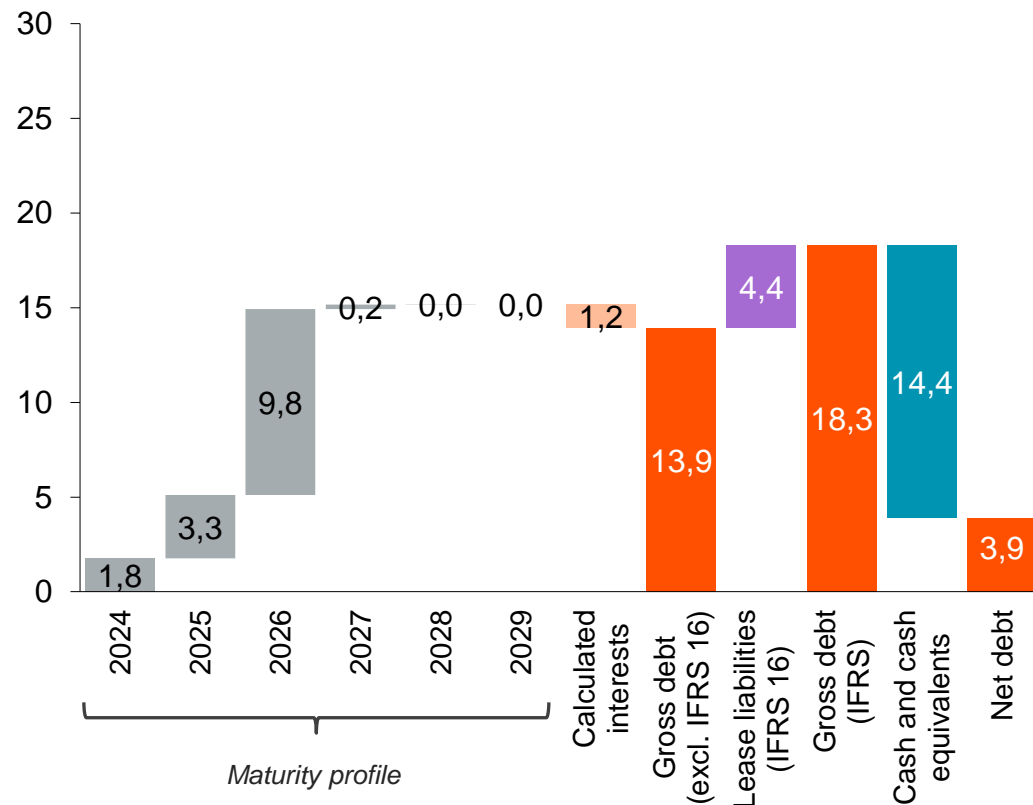
- Q2/2024 net debt at EUR 3.9m (6.9m), of which EUR 4.4m (4.0m) attributable to IFRS 16 related lease liabilities
- Balance sheet net debt-free at quarter-end on a frozen GAAP basis, i.e. excluding IFRS 16 liabilities
 - Net debt excluding IFRS 16 at EUR -0.5m (2.9m)
- Q2/2024 equity ratio at 38.5% (34.6%)
 - Equity ratio excluding IFRS 16 at 40.2% (36.2%)
- Q2/2024 gearing at 9.6% (20.6%)
 - Gearing excluding IFRS 16 at -1.1% (8.6%)

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 2024)

Gross interest-bearing debt (excl. IFRS 16) EUR 13.9m at quarter-end, decrease of EUR 1.9m y-o-y

Maturity profile of interest-bearing debt¹⁾ as per 30 June 2024 (EUR m)



Comments

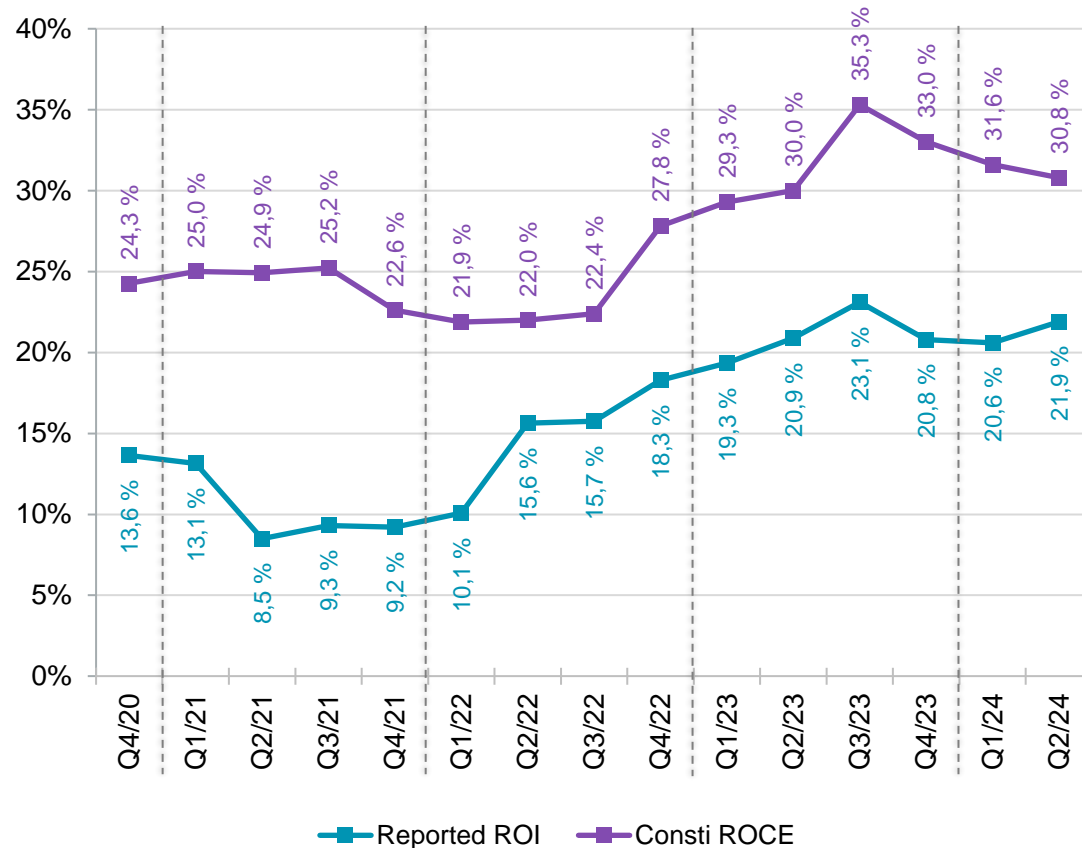
- Consti's gross interest-bearing debt at EUR 13.9 million (excluding IFRS 16) at the end of Q2/2024, reduction of EUR 1.9m year-on-year and reduction of EUR 1.1m during H1 2024
- H1/2024 net finance costs EUR 0.6m (0.5m), increasing slightly year-on-year. H1 net interest costs (excl. IFRS 16) decreased by 13% year-on-year
- Cash and cash equivalents EUR 14.4m 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 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

Reported ROI¹⁾ and Consti ROCE²⁾

Return on capital continues to be on a good level

Reported ROI¹⁾ and Consti ROCE²⁾ Q4/2020 – Q2/2024 (%)



Comments

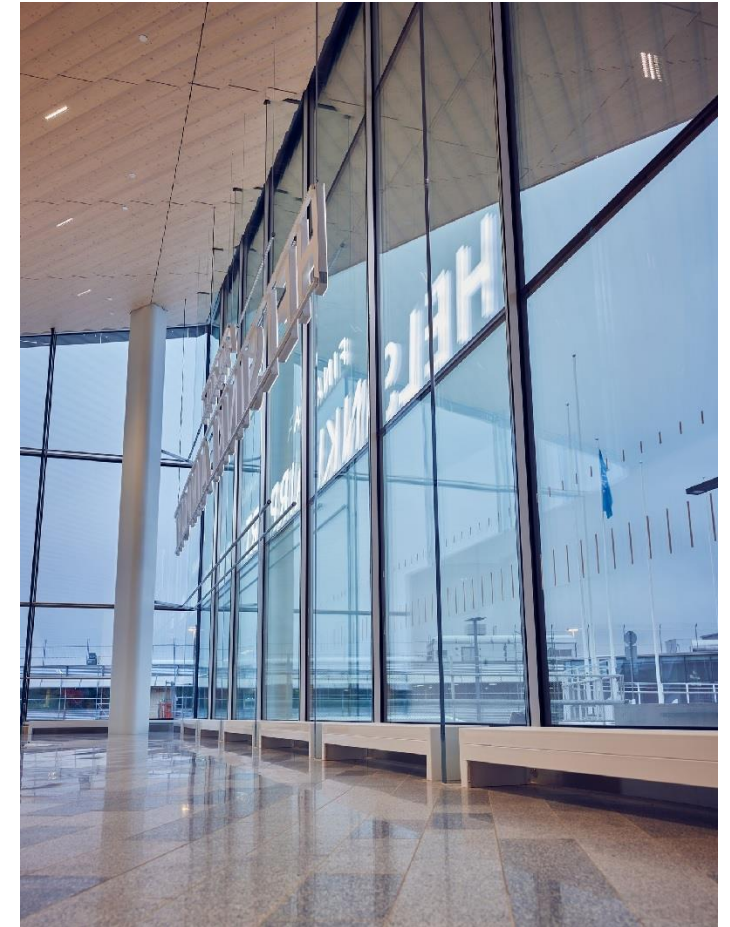
- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q2 2024 Consti ROCE totalled 30.8% (30.0%)
 - Q2 2024 R12m EBIT margin 3.7% (3.7%)
- Q2 2024 Reported ROI totalled 21.9% (20.9%)

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

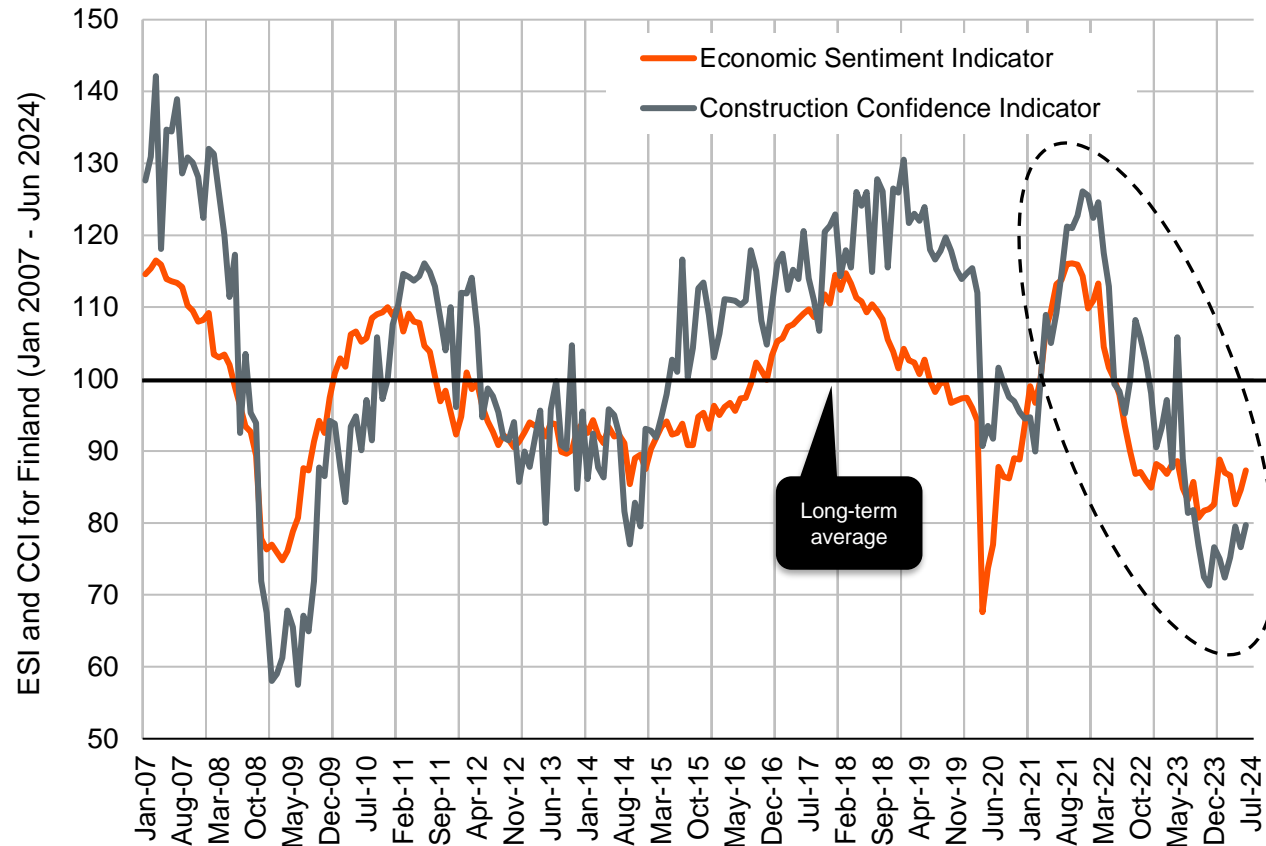
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Economic sentiment and construction confidence in Finland clearly below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 6/2024)



Note: Mean-adjusted figures

Source: European Commission, June 2024

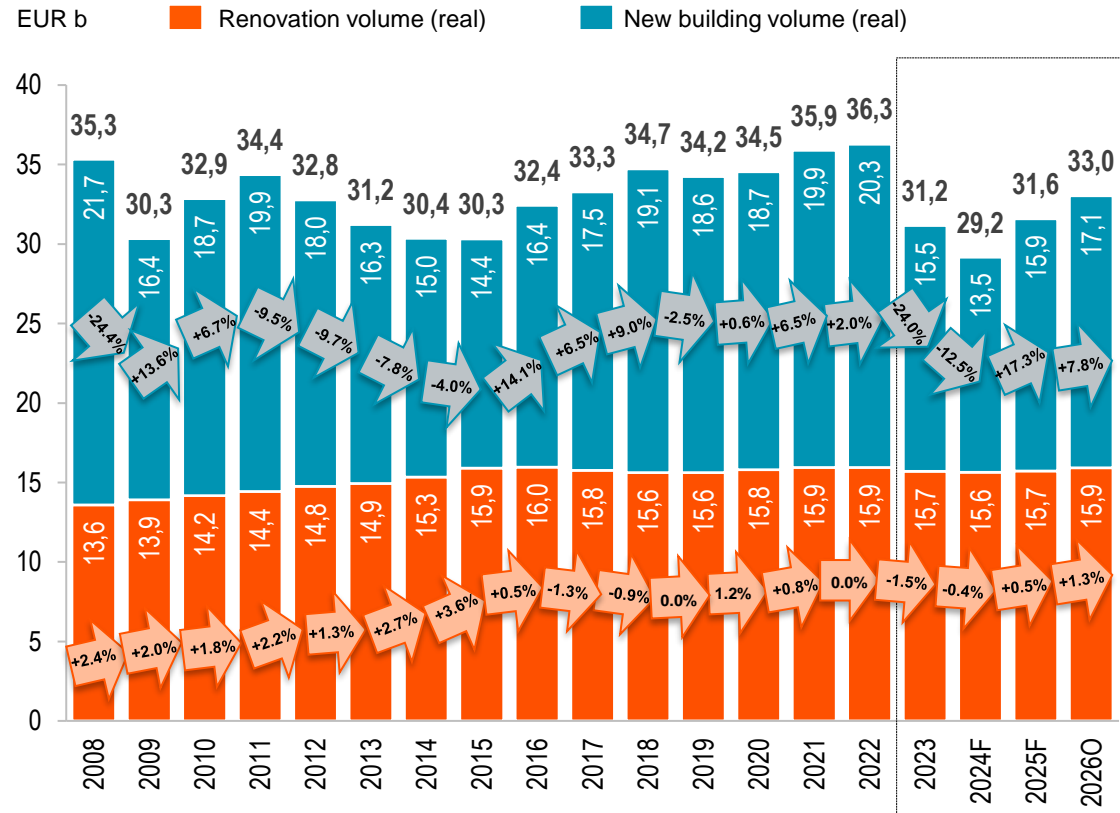
Comments

- Negative development in the Economic Sentiment Indicator (ESI) since 2022
 - 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) still at a low level at the end of Q2/2024
 - 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 volume is projected to decline by 0.4% and new building volume by 12.5% in 2024. In 2025 renovation volume is projected to grow by 0.5% and new building volume by 17.3% (Euroconstruct)

Finnish new building and renovation market development 2008–2026 (Euroconstruct)

Comments



CAGR
2022-26:
-4.2%

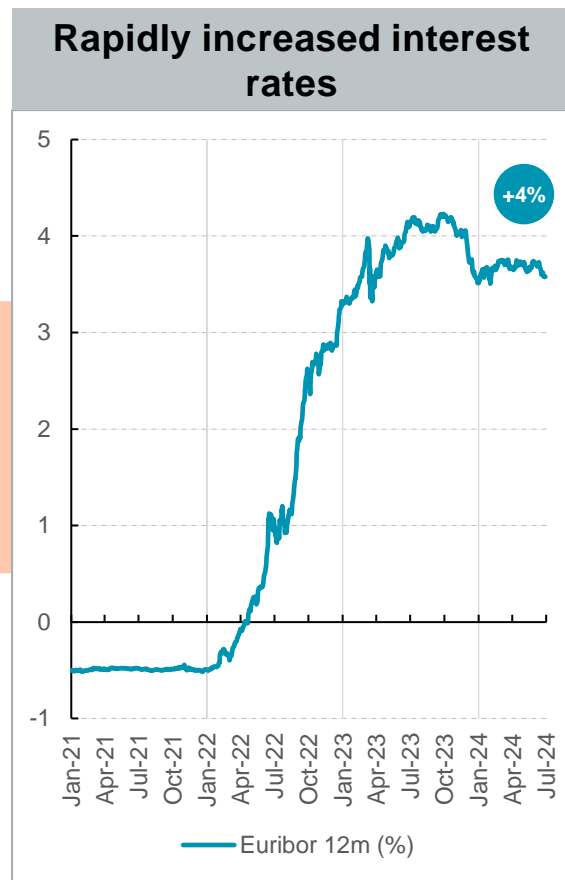
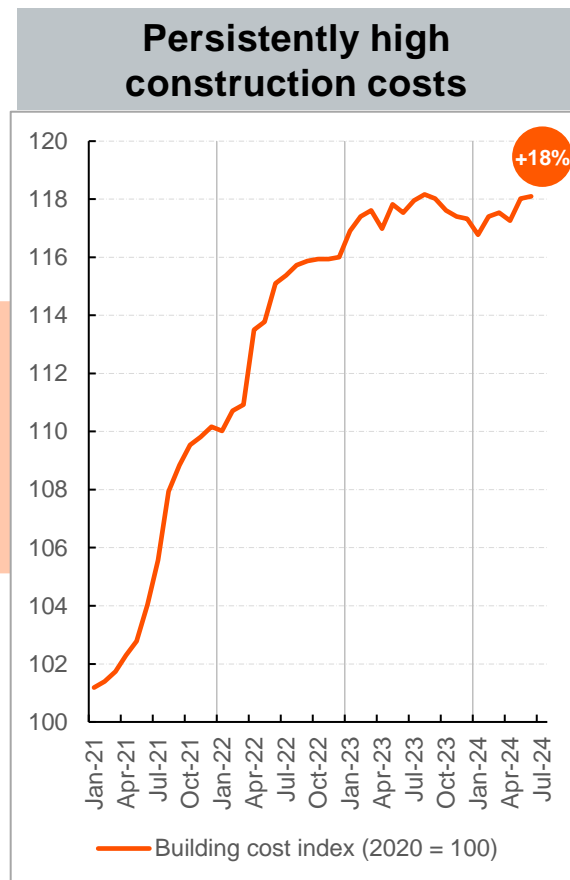
CAGR
2022-26:
0.0%

- Euroconstruct estimates in its June 2024 report that the Building construction output will altogether decline by 6.4 percent in 2024
- Renovation volume is expected to decline by 0.4 percent in 2024 while new building volume is expected to decline by 12.5 percent in 2024 driven by a clear decline of 24.4 percent in new residential construction
- As for the coming years, a growth of 0.5 percent in 2025 and a growth of 1.3 percent in 2026 is expected for the volume of renovation

Source: Euroconstruct, June 2024

Confederation of Finnish Construction Industries RT (CFCI), March 2024

The demand outlook for construction weakened by persistently high construction costs, rapidly increased interest rates and tighter availability of financing



Substantial tightening of banks' credit standards for loans or credit lines to enterprises since 2022

Regulatory changes additional tightening factor

↓

Tighter financing conditions

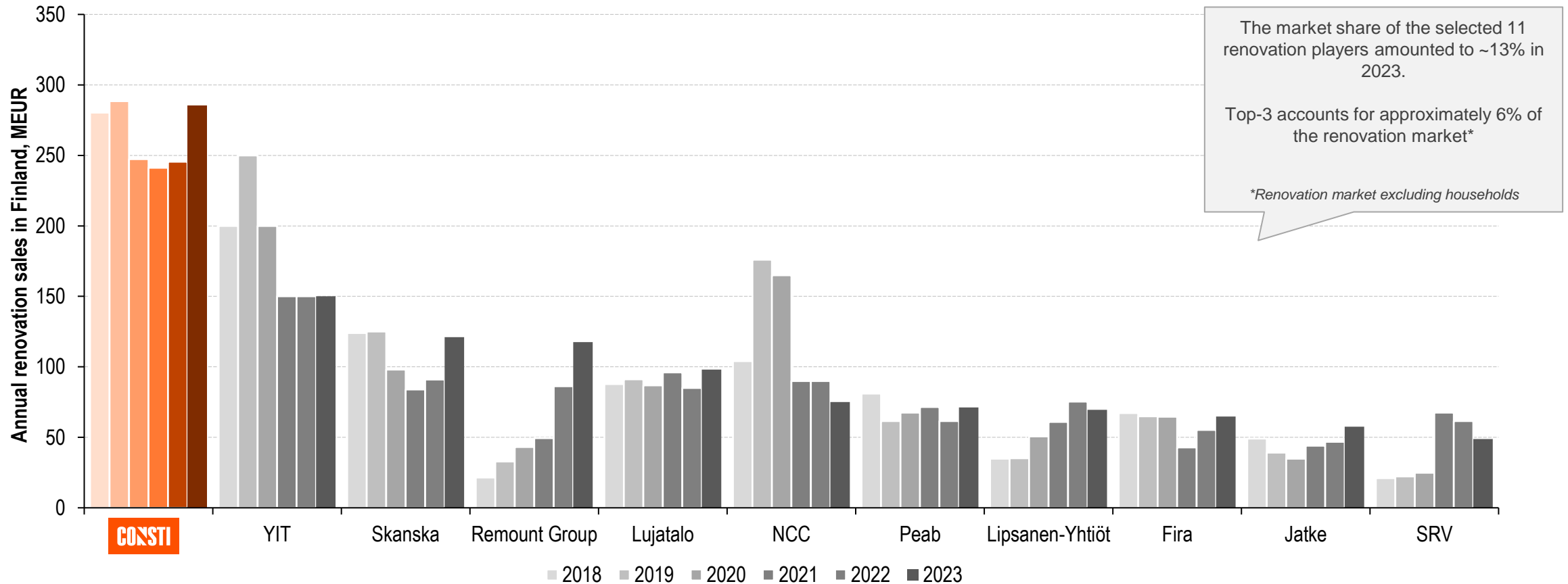
Weak demand outlook for construction

Source: Statistics Finland, Bank of Finland, Confederation of Finnish Construction Industries RT (CFCI)

Net sales development of the Finnish largest renovation players 2018-2023

Consti continues to be the largest renovation player in Finland. The combined net sales of the selected renovation companies grew by 10.6% in 2023

Net sales development of the Finnish largest renovation players 2018-2023 (MEUR)



Source: Rakennuslehti

Outlook and guidance for 2024

- In 2024, the Building construction output in Finland is estimated to decrease by approximately 6.4 percent from the previous year. New construction is predicted to decline by approximately 12.5 percent and renovation by 0.4 percent in 2024.
- Consti anticipates a decline in demand for renovation and building technology services in 2024
 - The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts
 - In the first half of 2024, the readiness of housing companies and the public sector for renovation investments has remained at a reasonable level in Consti's operating areas, but private real estate investment companies have been cautious about initiating new construction projects
- The demand outlook for construction is weakened by persistently high construction costs, rapidly increased interest rates and tighter availability of financing, and Consti does not anticipate significant improvement during the third quarter of the year
- Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog in 2024



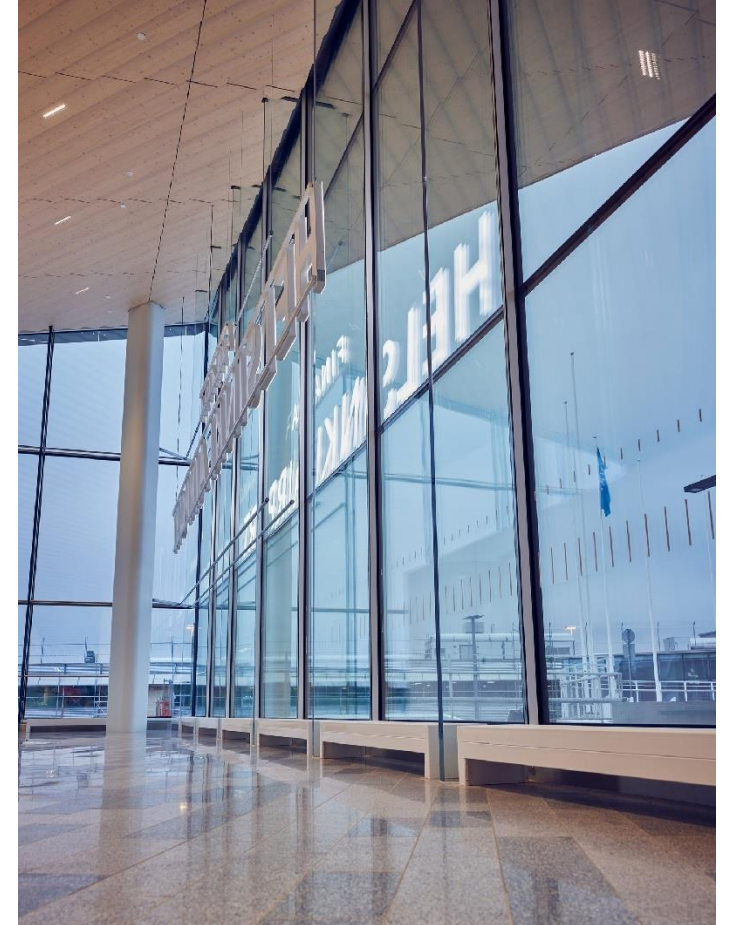
- **”Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million.”**

Summary

1. Net sales grew, operating result at par with previous year in Q2 2024
2. Operationally, Q2 proceeded as expected, with projects progressing predominantly as planned. Profitability remained stable compared to the comparison period.
3. Total amount and quality of Q2 order intake at a good level. Q2 order backlog at EUR 261.2 million.
4. Financial and liquidity positions remained at a good level
5. The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts
6. Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog in 2024

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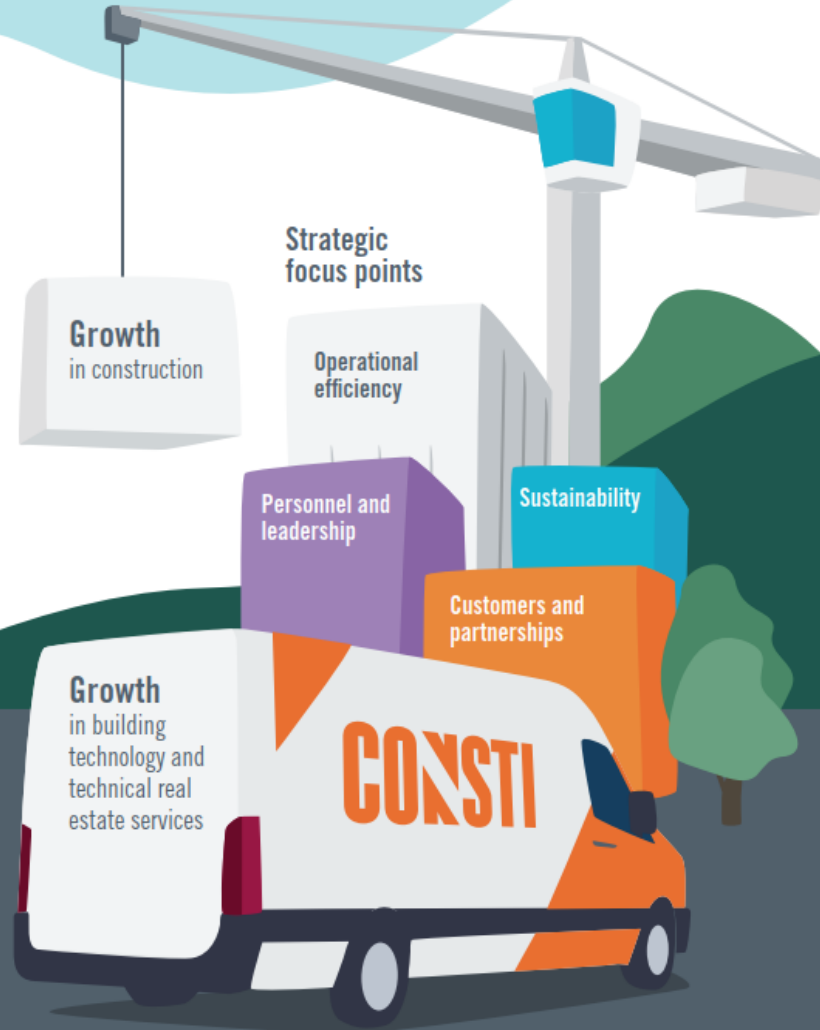
We are growing in construction and building technology by responding to the demand created by aging building stock, urbanisation, and climate change.



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

MISSION

Our mission is to improve the value of the building stock and mitigate climate change through our excellent competence in construction and building technology



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

- 1 **Growth in construction**
 - ▷ Profitable development of current business, expansion in the construction value chain, capitalising on attractive opportunities in new construction, strengthening special expertise
- 2 **Growth in building technology and technical real estate services**
 - ▷ Profitable development of current business, strengthening broad offering of installation and technical real estate services, offering comprehensive technical energy efficiency solutions for buildings
- 3 **Customers and partnerships**
 - ▷ Comprehensive customer understanding, subcontractor partnerships, Consti brand
- 4 **Operational efficiency**
 - ▷ Procurement development, utilisation of digitalization, performance management
- 5 **Personnel and leadership**
 - ▷ Consti Way, development of expertise and leadership, group-wide collaboration
- 6 **Sustainability**
 - ▷ Climate change mitigation, enhancing occupational safety and well-being at work, developing responsible practices of the industry

Results for 2023

Growth: 5.0% | Profitability: EBIT-margin 3.9% | Cash flow: Cash conversion ratio* 82.2% | Capital structure: Net debt to adjusted EBITDA ratio -0.43x

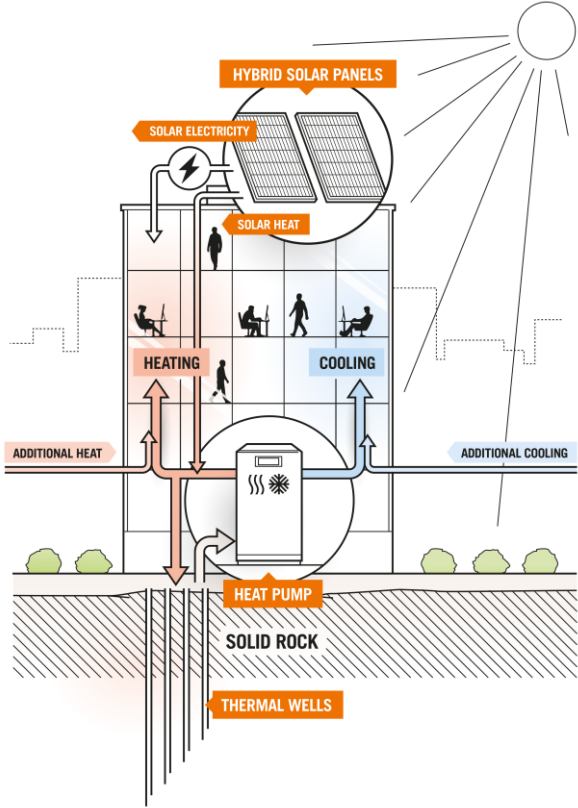
Long-term financial goals

Growth: net sales growing faster than the market | Profitability: EBIT-margin exceeding > 5% | Cash flow: Cash conversion ratio exceeding* > 90% | 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 used for purchase of intangible assets and property, plant and equipment.

Consti's solutions to improve energy efficiency of buildings and to help customers to achieve their climate goals

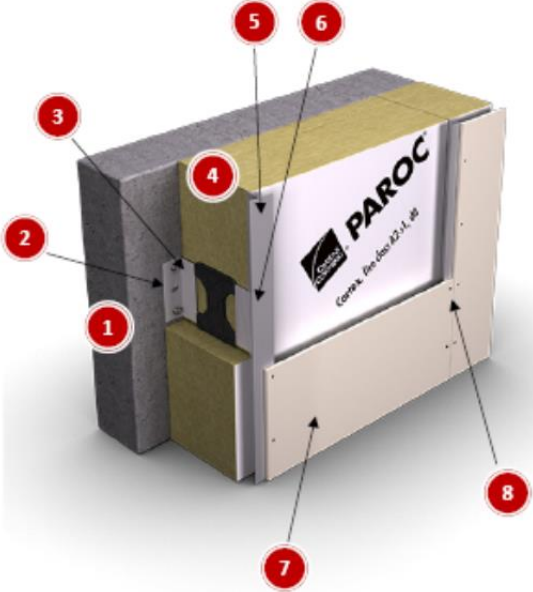
Consti OPTIMI Building technology system



ENERGY SOLUTION OF THE YEAR 2022

- Reduces total energy consumption by up to 50%
- Utilises multiple energy sources: geothermal energy, solar heat and electricity as well as internal waste heat of the building
- Seasonal thermal energy storage
- Developed especially for urban areas
- Suitable for both renovation and new building

VODAVOL Facade solution



VODAVOL™
JULKISIVUJÄRJESTELMÄ

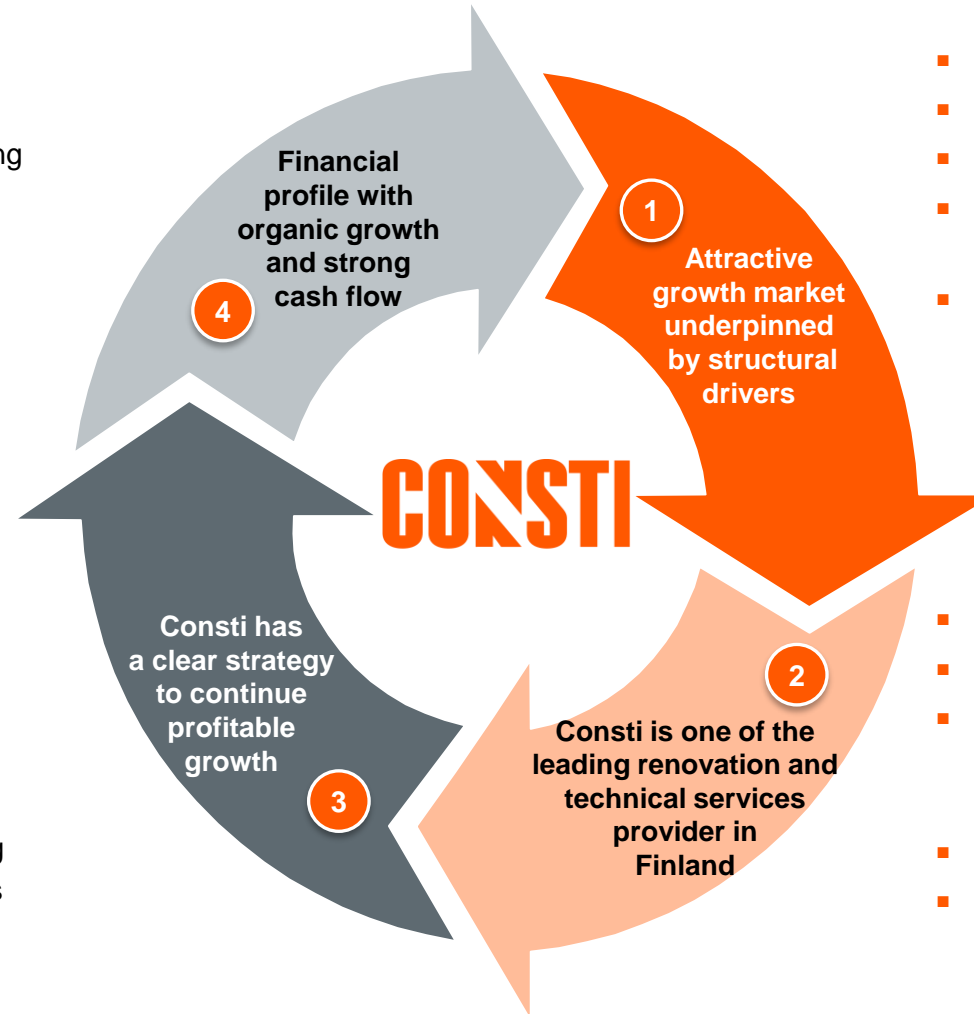
Energy solutions for housing companies



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

HALF-YEAR FINANCIAL REPORT

1-6/2024

CONSTI PLC

H1

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