CONSTI

CONSTI'S INTERIM REPORT JANUARY – SEPTEMBER 2018

26 October 2018 at 8:30 am

NEGATIVE OPERATING RESULT, ORDER BACKLOG GREW

7-9/2018 highlights (comparison figures in parenthesis 7-9/2017):

- Net sales 78.9 (77.8) million euro; growth 1.4 %
- EBITDA -1.0 (-0.2) million euro and EBITDA margin -1.3% (-0.3%)
- Operating profit/loss (EBIT) -1.4 (-0.8) million and EBIT margin -1.8% (-1.0%)
- Order backlog 270.1 (198.8) million euro; growth 35.9%
- Free cash flow -3.5 (2.9) million euro
- Earnings per share -0.17 (-0.10) euro

1–9/2018 highlights (comparison figures in parenthesis 1–9/2017):

- Net sales 219.0 (213.9) million euro; growth 2.4 %
- EBITDA 1.3 (3.8) million euro and EBITDA margin 0.6 % (1.8 %)
- Operating profit (EBIT) 0.0 (2.2) million and EBIT margin 0.0% (1.0%)
- Free cash flow -9.1 (6.4) million euro
- Earnings per share -0.05 (0.16) euro

Guidance on the Group outlook for 2018:

The company estimates that its operating result for 2018 will grow compared to 2017.

KEY FIGURES (EUR 1,000)	7-9/ 2018	7-9/ 2017	Change %	1-9/ 2018	1-9/ 2017	Change %	1-12/ 2017
Net sales	78,942	77,824	1.4 %	218,983	213,903	2.4 %	300,203
EBITDA	-1,030	-214	-382.0 %	1,285	3,764	-65.9 %	1,714
EBITDA margin, %	-1.3 %	-0.3 %		0.6 %	1.8 %		0.6 %
Operating profit/loss (EBIT)	-1,437	-760	-89.0 %	27	2,215	-98.8 %	-375
Operating profit/loss (EBIT) margin, %	-1.8 %	-1.0 %		0.0 %	1.0 %		-0.1 %
Profit/loss for the period	-1,311	-793	-65.3 %	-404	1,220		-1,074
Order backlog				270,072	198,759	35.9 %	225,721
Free cash flow	-3,510	2,852		-9,082	6,354		8,936
Cash conversion, %	n/a	n/a		n/a	168.8 %		521.4 %
Net interest-bearing debt				22,460	13,402	67.6 %	12,070
Gearing, %				88.9 %	48.6 %		47.7 %
Return on investment, ROI %				-5.3 %	14.0 %		-0.7%
Number of personnel at period end				1,104	1,117	-1.2 %	1,079
Earnings per share, undiluted (EUR)	-0.17	-0.10	-64.4 %	-0.05	0.16		-0.14

CEO's Review

”Our net sales for the third quarter grew 1.4 per cent and amounted to 78.9 million euro. The development of net sales was particularly positive in our Renovation Contracting business. However, despite net sales growth, our result in July-September was negative. Our weaker operating result was due to lower-than-expected profitability in project deliveries of the technical installations business included in Technical Building Services business area and the housing repair business included in Building Facades business area. The profitability issues concern a limited number of projects launched in 2016 and early 2017. These projects will be completed this year, with the exception of a few housing repair projects that will be handed over in 2019.

During the reporting period, we continued our activities to improve project performance, maintaining a focus on implementing operating models to improve project steering and monitoring. These actions have been steps in the right direction, and we have seen them have a positive impact on new project deliveries that are underway. However, during the reporting period we had to note that our corrective actions have not yet been fully put into practice in all Consti Group business areas. In order to ensure performance improvement in projects, the whole organisation needs to take a step closer to worksite execution.

During the reporting period, we immediately began targeted actions to restore the performance of low-profitability units. In addition to personnel changes and clarifying responsibilities in the line organisation, we further tightened our tendering criteria. For example, in the future we will no longer take on building purpose modification projects in which the project delivery method is not balanced with the risks and profit potential of the project. Our operating result for January-September 2018 was significantly weakened by two demanding building purpose modification projects, which had a negative impact of EUR 4.0 million on the result. I believe that successfully implementing the ongoing corrective actions will make Consti a stronger and better performing company, in both the short and long term.

The market environment continued to be predominantly good during the third quarter. Between July and September, we received new orders amounting to 39.3 million euro, which is a 28.0 per cent increase on the comparison period. The increase in new orders was particularly strong in facade renovations in the Greater Helsinki area. Thanks to the growth in new order intake, our order backlog in September, 270.1 million euro, was 35.9 per cent larger than in the comparison period. The positive development of our order backlog puts us in a good position to return to a path of profitable growth. At the same time, however, we note that our unresolved risks include a significant disagreement concerning the Hotel St. George construction project. More detailed information on the progress of this dispute has been disclosed during the reporting period. Our estimation is still that this issue will not affect Consti's guidance for 2018.

Our current market and business outlook leads us to believe that demand for renovations and technical building services will remain at a good level towards the end of the year. I expect our strong order backlog and our profitability-improving actions to enhance our performance in the last quarter of the year.”

Operating environment

In Finland, nearly six per cent of GDP is spent on renovations, which is significantly more than the European average. Professional renovation construction amounted to approximately 13.1 million euro in 2017, and its share of the total construction market has increased steadily in recent years. Due to the age of the building stock, growth in Finland has been faster than in the rest of Europe. The ageing building stock will uphold the demand for renovation construction in years to come. As buildings get older, they will need more technical repairs, increasing the demand for, inter alia, pipeline and facade renovations.

The Confederation of Finnish Construction Industries RT (CFCI) estimated in its October review of market conditions that construction will continue to grow this year at almost the same rate as last year. Total building construction in 2018 is forecast to increase by approximately 4 per cent on the previous year. Renovation construction is estimated to increase by 1.5 per cent and new building by 6 per cent compared to 2017.

Residential building renovations in expanding cities are expected to drive most renovation construction growth. Renovation prospects are also improved by the more systematic renovations of public buildings and the conversion of outdated office buildings for new uses when financially justified.

A shortage of skilled labour, however, remains a challenge hindering renovation construction growth. According to CFCI, small apartment buildings have comprised a large proportion of new construction, which has led to more competition between new construction and renovation construction for the same workforce.

Despite the growth challenges, CFCI notes that barometers forecasting the development of housing renovations anticipate a positive trend for next year. In its September review of the current economic situation, the Finnish Association of HPAC Technical Contractors maintained its assessment of the market conditions for construction as good, and set to remain positive until next spring, despite a minor slowdown on the market. The review also mentioned that even if no new projects are started, ongoing projects and order backlogs will provide work well into next year.

The general economic climate has a significantly smaller impact on renovations and technical building services than it does on new construction. The majority of respondents to the Finnish Real Estate Federation's renovation barometer said that the general economic climate does not affect decisions on undertaking renovation projects.

The coming years will see stricter energy efficiency requirements, urbanisation, the need to adapt buildings to new uses, the development of building automation and the ageing population's need for accessible buildings. When these trends are combined with the ageing building stock, we can predict sustained demand for renovations, technical building services and building technology maintenance services.

Group structure

Consti is one of Finland's leading companies focused on renovation and technical building services. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building façade repair and maintenance, and other renovation and technical services for demanding residential, commercial and public properties.

Consti has three business areas: Technical Building Services, Building Façades, and Renovation Contracting. All these also contain Servicing and maintenance services which is not reported as its own business area. Consti however reports its Service operations' net sales per financial year. Consti's Service business includes service contracting as well as technical repair and maintenance services to contract customers.

Business areas are reported in one segment. In addition, Consti reports sales, order backlog and order intake for each business area.

The Group's parent company is Consti Group Plc. The business areas operate in three subsidiaries completely owned by the parent company: Consti Talotekniikka Oy (Technical Building Services), Consti Julkisivut Oy (Building Façades) and Consti Korjausurakointi Oy (Renovation Contracting).

Long term goals

Consti's goal is to grow in the company's current market areas and to broaden the offering of Consti's full services to Finland's growth centres. The company is seeking to accomplish both organic growth and growth through acquisitions.

The company's long-term financial goals are to achieve:

- Annual average net sales growth of at least 10 percent
- Adjusted EBIT margin of over 5 percent
- Cash conversion ratio of over 90 percent
- Net debt and adjusted EBITDA rate of under 2.5 whilst maintaining an efficient capital structure
- The Company's aim is to distribute as dividends at least 50 percent of the Company's annual net profit

Sales, result and order backlog

7-9/2018

Consti Group's July-September net sales grew 1.4 percent and were 78.9 (77.8) million euro. Organic growth for July-September was 0.7 percent. Technical Building Services sales were 25.0 (25.8) million euro, Renovation Contracting sales were 23.8 (21.4) and Building Façades sales were 34.1 (34.1) million euro.

Net sales grew in Renovation Contracting, remained at last year's level in Building Facades and decreased in Technical Building Services. Renovation Contracting net sales grew 11.2 percent. Most growth in Renovation Contracting net sales was from the renovation business in the Greater Helsinki area and Tampere and the acquisition made during the second half of 2017. Building Facades net sales remained at the same level as in comparison period with a growth of 0.1 percent. Technical Building Services net sales decreased 3.0 percent due to the business areas' reorganising which was started towards the end of 2017; as well as taking new operating models into use, and the more disciplined bidding activity applied to pipeline renovation services.

Operating result (EBIT) for July-September was -1.4 (-0.8) million euro. Operating result from net sales was -1.8 (-1.0) percent. Operating result for July-September 2018 was negative due to weaker profitability than expected in project deliveries of technical installations business included in Technical Building Services business area and housing repair business included in Building Facades business area. Profitability was negatively affected by a limited number of projects, launched in 2016 and early 2017, in which margin estimates had to be decreased during the reporting period.

The order backlog at the end of the reporting period grew 35.9 percent and was 270.1 (198.8) million euro. The order backlog increased in Renovation Contracting by 123.0 percent and by 28.1 percent in Building Facades and was close to comparison period's level with change of +0.4% in Technical Building Services. Order intake value during July-September grew 28.0 percent. Order intake increased in Building Facades by 107.1 percent, but decreased by 8.0 percent in Renovation Contracting and by 35.4 percent in Technical Building Services. New order intake grew particularly much in facade renovations in the Greater Helsinki area.

1–9/2018

Consti Group's January-September net sales grew 2.4 percent and were 219.0 (213.9) million euro. In January-September, organic growth was -0.2 percent. Technical Building Services net sales were 78.0 (84.6) million euro, Renovation Contracting net sales were 62.9 (58.1) and Building Façades net sales were 89.0 (78.5) million euro.

Net sales grew in Building Facades and in Renovation Contracting but decreased in Technical Building Services. Building Facades net sales grew 13.4 percent mainly thanks to volume growth in housing repair business included in Building Facades business area. Renovation Contracting net sales grew 8.3 percent. Net sales were positively affected by the acquisitions made during the second half of 2017 as well as growth in Greater Helsinki area's renovation business. Technical Building Services net sales decreased 7.9 percent due to the business areas' reorganising which was started towards the end of 2017; as well as taking new operating models into use, and the more disciplined bidding activity applied to pipeline renovation services.

Operating profit (EBIT) for January-September was 0.0 (2.2) million euro. Operating profit from sales was 0.0 (1.0) percent. Operating result for January-September 2018 was weakened by the execution of the remaining performance obligations from certain already identified low-margin projects and particularly by work on the Hotel St. George project and carrying out its final performance obligations. Since the third quarter, the operating result has also been affected by lower-than-expected profitability in project deliveries of the technical installations business included in Technical Building Services business area and the housing repair business included in Building Facades business area. Operating result for January-September 2018 was significantly weakened by two demanding building purpose modification projects, which had a negative impact of EUR 4.0 million on the result.

The order backlog at the end of the reporting period grew 19.6 percent compared to the end of the previous financial year and was 270.1 million euro. The order intake value during January-September grew 15.9 percent. Orders increased by 47.1 percent in Building Façades and by 16.2 percent in Renovation Contracting but decreased by 20.4 percent in Technical Building Services.

Investments and business combinations

Investments into intangible and tangible assets in July-September were 0.2 (0.6) million euro, which is 0.3 (0.7) percent of the company's net sales. Investments into tangible and intangible assets in January-September were 0.8 (1.1) million euro, which is 0.4 (0.5) percent of net sales. The largest investments were made into property, plant and equipment, which primarily include machinery and equipment purchases.

Investments related to business combinations during July-September were 0.0 (0.7) million euro. In January-September investments related to business combinations were 0.0 (3.4) million euro.

Cash flow and financial position

The operating cash flow in July-September before financing items and taxes was -3.3 (3.4) million euro. Free cash flow, i.e. operating cash flow before financing items and taxes less investments in intangible and tangible assets was -3.5 (2.9) million euro. July-September cash flow was affected by weakened operating result and tied up working capital during the reporting phase. In the comparison period, operating cash flow was positively affected by the change in working capital.

The January-September operating cash flow before financing items and taxes was -8.3 (7.5) million euro. Free cash flow, i.e. operating cash flow before financing items and taxes less investments in intangible and tangible assets was -9.1 (6.4) million euro. The cash flow in January-September was affected by tied up working capital during the reporting phase especially due to the exceptionally low net working capital level in the last quarter of 2017 and tied up working capital in Hotel St. George project included in Renovation Contracting business area.

Consti Group's cash and cash equivalents on 30 September 2018 were 0.7 (8.0) million euro. In addition, the company has undrawn revolving credit facilities amounting to 3.0 million. The Group's interest bearing debts were 23.1 (21.4) million euro. External loans are subject to two financial covenants based on the ratio of the Group's net debt to adjusted EBITDA and gearing. On the balance sheet date, the interest bearing net debt was 22.5 (13.4) million euro and the gearing ratio 88.9 (48.6) percent. On 10 September 2018, Consti Group's financing bank agreed on allowing a violation of covenant at the financial reporting date 30 September 2018 regarding the key figure "net debt's relation to adjusted EBITDA".

The balance sheet total on 30 September 2018 was 110.2 (103.2) million euro. At the end of the reporting period tangible assets in the balance sheet were 3.9 (4.7) million euro. Equity ratio was 28.3 (31.9) percent. Rental liabilities associated with off-balance sheet operational leasing agreements totalled 4.2 (4.8) million euro on 30 September 2018.

MATURITY DISTRIBUTION OF INTEREST-BEARING DEBT (EUR 1,000)	2018	2019	2020	2021	2022	2023-	Total
Bank loans	555	3 196	1 183	1 173	16 588	0	**22 693**
Finance lease liabilities	21	75	50	36	0	0	**182**
Other interest-bearing liabilities	152	497	255	149	39	0	**1 092**
Total	**728**	**3 767**	**1 488**	**1 357**	**16 627**	**0**	**23 967**

Personnel

Consti Group had 1,104 (1,117) employees at the end of the reporting period. The average employee count during January-September was 1,099 (1,085).

At the end of the reporting period 524 (590) employees worked in Technical Building Services, 221 (198) in Renovation Contracting and 350 (321) in the Building Façades business area. The parent company employed 9 (8) people.

PERSONNEL BY SEGMENT AT PERIOD END	9/2018	9/2017	12/2017
Technical Building Services	524	590	566
Renovation Contracting	221	198	201
Building Facades	350	321	304
Parent company	9	8	8
Total Group	**1 104**	**1,117**	**1,079**

Management Team

Consti Group Plc announced 5 July 2018 that the Company is renewing the management model of its Service business by allocating the responsibility of the Service business management to the operating business areas. Therefore, the Service business as a Group level function ceased to exist. Due to the change, Consti Group Plc and its Service Business Director Hannu Kimiläinen jointly agreed that Hannu Kimiläinen leaves his position as Group's Service Business Director immediately. Kimiläinen worked as Service Business Director and as member of Group Management Team since April 2014.

Consti Group Plc announced 26 July 2018 that Turo Turja, born 1967, M.Sc. (Eng.), M.Sc. (Econ), has been appointed as Consti Group Plc's HR Director and a member of the Management Team. Turo Turja joined Consti 13 August 2018 and reports to Esa Korkeela, CEO of Consti Group Plc.

Consti Group Plc's Management Team at the end of the reporting period consisted of CEO Esa Korkeela and the following persons: Joni Sorsanen, CFO; Risto Kivi, Consti Julkisivut Oy's CEO; Jukka Mäkinen, Consti Korjausurakointi Oy's CEO; Pekka Pöykkö, Consti Talotekniikka Oy's CEO; Markku Kalevo, Consti Julkisivut Oy's Bid and Sales Director; Pirkka Lähteinen, Consti Korjausurakointi Oy's Regional Director; Juha Salminen, CDO and Turo Turja, HR Director.

Important events during the reporting period

Consti Group Plc announced 17 August 2018 that its subsidiary Consti Korjausurakointi Oy has initiated arbitration proceedings in accordance with the Arbitration Rules of the Finland Chamber of Commerce against Kiinteistö Oy Yrjönkatu 13, which relates to the construction project for Hotel St. George. This disagreement has arisen between Consti Korjausurakointi Oy and Kiinteistö Oy Yrjönkatu 13 relating to the project management agreement signed on 21 December 2015, which concerns the construction project for Hotel St. George. In addition, the disagreement relates to a so-called rush contract signed on 1 December 2017.

Consti Group Plc announced 19 September 2018 that its subsidiary Consti Korjausurakointi Oy has received a response from Kiinteistö Oy Yrjönkatu 13 with respect to Consti Korjausurakointi Oy's request for the initiation of arbitration proceedings dated 17 August 2018. In its response to the Arbitration Institute of the Finland Chamber of Commerce, Kiinteistö Oy Yrjönkatu 13 has denied claims stated by Consti Korjausurakointi Oy in its request for the initiation of arbitration proceedings, and announced to file a counterclaim against Consti Korjausurakointi Oy in the upcoming arbitration proceedings.

The Annual General Meeting 2018 and Board authorisations

The Annual General Meeting of Shareholders of Consti Group Plc held on 4 April 2018 adopted the Financial Statements and discharged the Members of the Board of Directors and the CEO from liability for the financial year 1 January - 31 December 2017. The Annual General Meeting resolved that no dividend will be paid for the financial year 2017.

The Annual General Meeting resolved that the Board of Directors consists of six members. The members of the Board of Directors, Tapio Hakakari, Antti Korkeela, Erkki Norvio, Niina Rajakoski, Petri Rignell and Pekka Salokangas were re-elected for the following term of office.

Authorised Public Accounting firm Ernst & Young Ltd was elected as the Auditor of the Company and Mikko Rytilahti, Authorised Public Accountant, will act as the Responsible Auditor.

It was resolved that the annual remuneration of the members of the Board of Directors is paid as follows: The Chairman of the Board of Directors is paid EUR 36,000 and members of the Board of Directors are each paid EUR 24,000. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's reasonable invoice.

The Board of Directors was authorised to resolve on the repurchase of a maximum of 580 000 shares in the Company in one or several tranches by using funds in the unrestricted shareholders' equity. The shares may be repurchased for the price formed at the moment of purchase on public trading or for the price otherwise formed on the markets. The own shares may be purchased by deviating from the shareholders' pre-emptive rights (directed repurchase). The shares may be repurchased in order to, for example, carry out the Company's share-based incentive plan. The Board of Directors is authorized to decide on how repurchase is carried out and on all other matters related to the repurchase of shares.

The Board of Directors was authorised to resolve on the share issue and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act in one or several tranches, either against payment or without payment. The aggregate amount of shares to be issued, including the shares to be received based on special rights, shall not exceed 780,000 shares. The Board of the Directors may resolve to issue either new shares or to transfer treasury shares potentially held by the Company. The Board of Directors is authorized to decide on all other matters related to the issuance of shares and special rights, including on a deviation from the shareholders' pre-emptive rights. The authorization is used, for example, to carry out the Company's share-based incentive plan or for other purposes resolved by the Board of Directors.

These authorizations replace previous authorizations of the Board of Directors and they shall be valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2019.

Organising Meeting of the Board of Directors

The Board of Directors elected by the Annual General Meeting of Shareholders of Consti Group Plc on 4 April 2018 held its organising meeting and elected Tapio Hakakari as the Chairman of the Board. The Board of Directors appointed Petri Rignell, Erkki Norvio, Tapio Hakakari and Pekka Salokangas as members of the Nomination and Compensation Committee. The Board of Directors has not established other committees.

Shares and share capital

Consti Group Plc’s share capital on 30 September 2018 was 80,000 euro and the number of shares 7,858,267. Consti Group Plc held 173,031 of these shares. The Company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. Consti Group Plc’s shares are added into the Book-Entry Securities System.

Share based bonus schemes

Consti Group Plc’s Board decided on 15 February 2018 to continue the share-based incentive plan that was set up to engage the Group’s key people in 2016. The plan offers the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses for 2018 into shares. The performance based bonuses altered into shares will be multiplied with a bonus factor determined by the Board before the bonuses are paid. The possible bonus for earnings period 2018 will be paid to participants after a two-year engagement period during 2021, in part as company shares and in part as cash. During earnings period 2018, the plan will include a maximum of approximately 70 key people including the Management Team. For the earning period 2018, the bonuses paid will amount to a maximum of approximately 250 000 Consti Group Plc shares at the share price level of the plan's decision time, including also the cash payment, providing that all of the key people included in the plan decide to participate in it and alter their performance based bonuses entirely into shares.

Trade at Nasdaq Helsinki

Consti Group Plc has been listed in the Helsinki Stock Exchange main list since 15 December 2015. The trade symbol is CONSTI. On the Nordic list Consti Group Plc is classified a small cap company within the Industrials sector. During 1 January – 30 September 2018 Consti Group Plc's lowest share price was EUR 7.74 and the highest EUR 9.52. The share's trade volume weighted average price was EUR 8.60. At the close of the stock day on the last trading day of the reporting period 28 September 2018 the share value was EUR 9.04 and the Company's market value was EUR 71.0 million.

Related-party transactions

There were no significant related-party transactions during the reporting period.

Outlook for 2018

The Confederation of Finnish Construction Industries RT (CFCI) estimates in its October review of business conditions that housing construction will grow in 2018 by approximately 4 percent compared to the previous year. Renovation construction is estimated to grow 1.5 percent and new construction is estimated to grow 6 percent from last year.

In its September review of the current economic situation, the Finnish Association of HPAC Technical Contractors maintained its assessment of the market conditions for construction as good, and set to remain positive until next spring, despite a minor slowdown on the market. The review also mentioned that even if no new projects are started, ongoing projects and order backlogs will provide work well into next year.

Consti estimates that its operating result for 2018 will grow compared to 2017.

Significant risks and risk management

Consti divides risks into strategic and operative risks, financing risks and risks of injury or damage.

Risks pertain to defining and carrying out strategy. Consti's goal is to grow in its central businesses in its current market areas and also expand its full offering to Finland's other growth centres. In addition, we aim to increase maintenance and service contracting work, i.e. our Service business, so it amounts to a larger share of our net sales. Our strategy includes both organic growth and acquisitions. Risks related to acquisitions are managed with careful deal preparation and integration monitoring. Market risks are controlled by actively following the market and adjusting operations as necessary.

Operative risks relate to clients and project operations, personnel, subcontractors, suppliers, legislation and legal claims. Consti has a wide customer base that consists of housing companies, municipalities and other public-sector operators, real estate investors as well as corporations and industrial players. Our broad customer base decreases risks related to both individual projects and the market environment. A substantial part of Consti Group's business comes from tendered projects and services. The Company and its business areas have procedures that determine which tenders Consti participates in and what the decision-making processes regarding these projects are. Consti's jointly agreed upon procedures for internal tender calculation and authorisation for decision-making are also central to tender processes.

Our success depends to a large extent on how well we are able to acquire, motivate and retain professional personnel and upkeep our employees' competence. Personnel turnover risk will be kept at minimum with for example continuous training and by supporting voluntary training. Personnel risks also include possible human errors and misconducts. These risks are managed with careful recruiting, orientation, work supervision and with ethical guidelines created for supervisors. Subcontractor and supplier risks are managed with meticulously made contracts, long-term partnerships and regular assessments of the subcontractor and suppliers' financial position. Changes in building, environmental protection, workforce and work safety legislation as well as taxation and financial reporting all have an impact on Consti's operating possibilities.

Risks relating to legal proceedings are managed with meticulous contract preparation and monitoring, the highest possible work quality, and liability insurance. The Group has ongoing and pending legal cases relating to normal business. It is difficult to predict the outcome of these proceedings, but provisions based on the best possible estimate have been recorded in those cases where such provisions are estimated necessary.

Risks pertaining to injuries or damage include injuries, environmental risks, and ICT risks. Consti strives to follow all applicable regulation aimed at protecting employees, and occupational safety is emphasized in all our actions. The most significant environmental risks are related to environmentally harmful substances, which may be produced for example in deconstruction waste processing, or caused by neglects in end-storage. In addition, operations can cause noise, construction dust and tremor to nearby surroundings. Consti abides by legislation, regulation, permit procedures and authority regulations regarding construction, the materials used in building, storage, recycling, waste disposal and other environmental issues. ICT risk are assessed and managed in cooperation between the Group's ICT function and business areas and together with partners.

Consti Group's business has financial risks. Financial risks include interest rate, credit and liquidity risks as well as risk relating to the realisation of payments from long-term contract and service agreements.

The Group's risks related to market rate fluctuations are due largely to the Group's long-term variable interest rate loans. Consti monitors the sensitivity of its loans to changes in interest rates and the effect such changes would have on the Group's results prior to taxes. Consti's credit risk is related to customers who have unpaid invoices or with whom Consti has long-term contracts as well as counterparties to cash and cash equivalents and derivative agreements. The businesses credit risk is managed for instance with advance payments, front-loaded payment schedules for projects and by examining client backgrounds.

The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and sufficiently long loan periods. The Group's working capital management makes every effort to ensure that it abides to covenants included in interest bearing loans, which in turn determine the capital structure provisions. On 10 September 2018 Consti Group's financing bank agreed on allowing a violation of covenant at the financial reporting date regarding the key figure "net debt's relation to adjusted EBITDA". The financial covenant's degree is continuously monitored and assessed in relation to net debt and EBIT realisations and predictions.

There is a risk that revenue and results of operations from long-term contracts recognised using the percentage-of-completion method and presented by financial year do not necessarily correspond to an even distribution of the final overall result over the contract period. Calculating the total result of a contract involves estimates of the total cost of completing the contract and the progress of the work to be invoiced. If the estimates of the final result of the contract change, the effect of this is reported in the period when the change first became known and could be estimated.

Goodwill is based on management estimates. Goodwill recognised on Consti's balance sheet is not amortised, but it is tested for impairment annually or if necessary more often by the Group.

A detailed description of risks related to Consti and its operating environment and business, as well as the Group's risk management are presented in the Board of Directors' Report published in Consti's annual report 2017. Financial risks and their management is described in detail in note 18 to the financial statements "Financial risk management".

Hotel St. George construction project

Consti Group Plc's subsidiary Consti Korjausurakointi Oy has initiated on 17 August 2018 arbitration proceedings in accordance with the Arbitration Rules of the Finland Chamber of Commerce against Kiinteistö Oy Yrjönkatu 13, which relates to the construction project for Hotel St. George. This disagreement has arisen between Consti Korjausurakointi Oy and Kiinteistö Oy Yrjönkatu 13 relating to the project management agreement signed on 21 December 2015, which concerns the construction project for Hotel St. George. In addition, the disagreement relates to a so-called rush contract signed on 1 December 2017. The construction project for Hotel St. George has been completed and handed over to the client.

Consti Korjausurakointi Oy demands payments from Kiinteistö Oy Yrjönkatu 13 based on the above-mentioned contracts. According to the current estimate, the amount of capital of Consti's settlement requirement would be approximately EUR 15 million. Consti Korjausurakointi Oy has received a response from Kiinteistö Oy Yrjönkatu 13 with respect to Consti Korjausurakointi Oy's request for the initiation of arbitration proceedings dated 17 August 2018. In its response to the Arbitration Institute of the Finland Chamber of Commerce, Kiinteistö Oy Yrjönkatu 13 has denied claims stated by Consti Korjausurakointi Oy in its request for the initiation of arbitration proceedings, and announced to file a counterclaim against Consti Korjausurakointi Oy in the upcoming arbitration proceedings. Kiinteistö Oy Yrjönkatu 13 has tentatively notified to present claims against Consti Korjausurakointi Oy for the amount of capital approximately up to EUR 20 million. The amount does not include VAT. In addition, Kiinteistö Oy Yrjönkatu 13 claims interest payments and compensation for legal expenses from Consti Korjausurakointi Oy. Consti Korjausurakointi Oy considers the claims of Kiinteistö Oy Yrjönkatu 13 to be unfounded.

To the best of its ability, Consti has taken the disagreement into consideration in its financial reporting. According to Consti's current estimate, the matter does not have an effect on the earnings outlook for 2018. In the future, Consti will disclose information on this matter, on the final claims presented and on the relevance of this matter to the company's financial position as necessary in connection with interim reports and by separate releases, as necessary.

Dividend and dividend policy

The Annual General Meeting of Shareholders held on 4 April 2018 resolved that no dividend will be paid for the financial year 2017.

According to the Company dividend policy, its goal is to distribute a minimum of 50 percent of the fiscal year’s profit as dividend, however taking into consideration the Company’s financial position, cash flow and growth opportunities.

Events after the reporting period

Consti Group Plc announced 17 October 2018 that its operating result for July-September 2018 will be negative due to weaker profitability than expected in project deliveries of technical installations business included in Technical Building Services business area and housing repair business included in Building Facades business area. In the release, Consti announced that Group's preliminary net sales for July-September 2018 amounts to EUR 78.9 million and preliminary operating result for July-September 2018 is EUR -1.4 million. In 2017, Consti Group's net sales for July-September amounted to EUR 77.8 million and operating result for July-September was EUR -0.8 million. In addition, Consti announced in the release that the Group's guidance for 2018 remains unchanged. The guidance is: The company estimates that its operating result for 2018 will grow compared to 2017.

INTERIM REPORT 1.1. - 30.9.2018: FINANCIAL TABLES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)	7-9/ 2018	7-9/ 2017	Change %	1-9/ 2018	1-9/ 2017	Change %	1-12/ 2017
Net sales	**78,942**	**77,824**	**1.4 %**	**218,983**	**213,903**	**2.4 %**	**300,203**
Other operating income	111	232	-52.2 %	359	543	-33.9 %	850
Materials and services	-59,971	-58,567	-2.4 %	-157,890	-153,784	-2.7 %	-218,324
Employee benefit expenses	-14,957	-15,031	0.5 %	-45,290	-42,906	-5.6 %	-60,181
Depreciation	-406	-546	25.6 %	-1,258	-1,549	18.8 %	-2,089
Other operating expenses	-5,155	-4,672	-10.3 %	-14,876	-13,992	-6.3 %	-20,834
Operating profit/loss (EBIT)	**-1,437**	**-760**	-89.0 %	**27**	**2,215**	-98.8 %	**-375**
Financial income	11	45	-75.8 %	43	77	-43.6 %	22
Financial expenses	-213	-243	12.3 %	-575	-686	16.3 %	-851
Total financial income and expenses	-202	-198	-2.2 %	-531	-609	12.8 %	-829
Profit/loss before taxes (EBT)	**-1,639**	**-958**	-71.1 %	**-504**	**1,606**		**-1,204**
Total taxes	327	165	98.7 %	101	-386		130
Profit/loss for the period	**-1,311**	**-793**	-65.3 %	**-404**	**1,220**		**-1,074**
Comprehensive income for the period 1)	**-1,311**	**-793**	-65.3 %	**-404**	**1,220**		**-1,074**
Earnings per share attributable to equity holders of parent company							
Earnings per share, undiluted (EUR)	-0.17	-0.10	-64.4 %	-0.05	0.16		-0,14
Earnings per share, diluted (EUR)	-0.17	-0.10	-64.4 %	-0.05	0.16		-0,14

1) The group has no other comprehensive income items.

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CONSOLIDATED BALANCE SHEET (EUR 1,000)	30 Sep 2018	30 Sep 2017	Change %	31 Dec 2017
ASSETS				
Non-current assets				
Property, plant and equipment	3,906	4,720	-17,3 %	4,528
Goodwill	48,604	47,229	2,9 %	48,604
Other intangible assets	231	356	-35,1 %	262
Available-for-sale financial assets	17	17	0,0 %	17
Deferred tax receivables	797	23	3309,0 %	808
Total non-current assets	**53,556**	**52,346**	**2,3 %**	**54,219**
Current assets				
Inventories	632	586	7,9 %	550
Trade and other receivables	55,310	42,329	30,7 %	36,389
Cash and cash equivalents	683	7,965	-91,4 %	9,652
Total current assets	**56,625**	**50,880**	**11,3 %**	**46,591**
TOTAL ASSETS	**110,181**	**103,226**	**6,7 %**	**100,810**
EQUITY AND LIABILITIES				
Equity	**25,259**	**27,585**	-8,4 %	**25,281**
Non-current liabilities				
Interest-bearing liabilities	19,596	19,757	-0,8 %	20,138
Total non-current liabilities	**19,596**	**19,757**	**-0,8 %**	**20,138**
Current liabilities				
Trade and other payables	38,762	36,389	6,5 %	39,325
Advances received	21,019	16,800	25,1 %	12,531
Interest-bearing liabilities	3,548	1,610	120,4 %	1,584
Provisions	1,998	1,086	84,0 %	1,951
Total current liabilities	**65,326**	**55,884**	**16,9 %**	**55,391**
TOTAL EQUITY AND LIABILITIES	**110,181**	**103,226**	**6,7 %**	**100,810**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)	Equity attributable to owners of the parent					
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Total equity
Equity on 31 December 2017	**80**	**28,252**	**-601**	**-2,450**	**25,201**	**25,281**
Changes in accounting principles (IFRS 2)				116	116	**116**
Equity on 1 January 2018	**80**	**28,252**	**-601**	**-2,334**	**25,317**	**25,397**
Total comprehensive income				-404	-404	**-404**
Share-based incentive				266	266	**266**
Transactions with shareholders, total				*266*	*266*	***266***
Equity on 30 September 2018	**80**	**28,252**	**-601**	**-2,472**	**25,179**	**25,259**

Equity on 1 January 2017	**80**	**27,405**	**-446**	**2,604**	**29,563**	**29,643**
Total comprehensive income				1,220	1,220	**1,220**
Dividend distribution				-4,135	-4,135	**-4,135**
Conveyance of own shares		677	73		750	**750**
Share-based incentive				107	107	**107**
Transactions with shareholders, total		*677*	*73*	*-4,028*	*-3,278*	***-3,278***
Equity on 30 September 2017	**80**	**28,082**	**-373**	**-204**	**27,505**	**27,585**

Equity on 1 January 2017	**80**	**27,405**	**-446**	**2,604**	**29,563**	**29,643**
Total comprehensive income				-1,074	-1,074	**-1,074**
Dividend distribution				-4,135	-4,135	**-4,135**
Conveyance of own shares		847	103		950	**950**
Purchase of own shares			-258		-258	**-258**
Share-based incentive				155	155	**155**
Transactions with shareholders, total		*847*	*-155*	*-3,980*	*-3,288*	***-3,288***
Equity on 31 December 2017	**80**	**28,252**	**-601**	**-2,450**	**25,201**	**25,281**

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Cash flows from operating activities					
Operating profit/loss	-1,437	-760	27	2,215	-375
Adjustments:					
Depreciation	406	546	1,258	1,549	2,089
Other adjustments	27	-32	99	-49	-81
Change in working capital	-2,260	3,657	-9,644	3,757	8,742
Operating cash flow before financial and tax items	**-3,263**	**3,411**	**-8,260**	**7,473**	**10,375**
Financial items, net	-202	-198	-531	-609	-829
Taxes paid	-398	-531	-1,161	-976	-679
Net cash flow from operating activities	**-3,863**	**2,682**	**-9,952**	**5,887**	**8,867**
Cash flows from investing activities					
Acquisition of subsidiaries and business operations, net of cash acquired	0	-506	0	-2,605	-3,855
Investments in tangible and intangible assets	-248	-559	-822	-1,119	-1,439
Proceeds from sale of property, plant and equipment	105	496	384	667	847
Net cash flow from investing activities	**-143**	**-570**	**-438**	**-3,057**	**-4,446**
Cash flows from financing activities					
Purchase of own shares	0	0	0	0	-258
Dividend distribution	0	0	0	-4,135	-4,135
Proceeds from long-term liabilities	0	0	0	0	21,000
Payments of long-term liabilities	0	0	-500	0	-20,500
Change in other interest-bearing liabilities	-30	52	1,921	-35	-179
Net cash flow from financing activities	**-30**	**52**	**1,421**	**-4,170**	**-4,072**
Change in cash and cash equivalents	**-4,035**	2,164	**-8,969**	-1,339	348
Cash and cash equivalents at period start	4,718	5,801	9,652	9,304	9,304
Cash and cash equivalents at period end	**683**	**7,965**	**683**	**7,965**	**9,652**

Accounting principles

Consti Group Plc's interim financial report has been prepared for the accounting period of 1.1. - 30.9.2018 according to the IAS 34 Interim Financial reporting principles. Consti has abided by the same accounting principles in its interim financial reporting as in its IFRS financial statement 2017 with the exception of the changes in accounting principles described below. The information presented in the interim financial report are not audited. All figures in these accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure. The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities, and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the values given in interim financial report.

Changes in accounting principles

IFRS 15 Revenue from contracts with customers

Consti Group Plc took the IFRS 15 'Revenue from contracts with customers' standard into use retrospectively adopting the IAS 8 standard from 1 January 2018 onwards. The reporting period 1 January – 31 March 2018 was the first quarter during which the Group abided to regulation in the IFRS 15 standard.

IFRS 15 replaces all standards regarding revenue from contracts with customers, IAS 11 'Construction contracts', and IAS 18 'Revenue and related interpretations'. IFRS 15 establishes a 5-step model on how to account for revenue from contracts with customers. The standard is applied to all contracts made with customers that have commercial value and in which parties involved have performance obligations. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers, and the recognised revenue reflects the compensation that the entity expects to be entitled to in exchange for those goods or services.

The retrospective application of the standard does not have an impact on the Group's reported figures. The Group has not applied practical expedients allowed in implementing the IFRS standard.

1. Project deliveries

Project deliveries form a significant part of Consti's net sales. Project deliveries include building technology, pipeline renovations, renovation contracting, facade renovations, and other demanding renovation contracts and service contracts, which Consti has determined as significant based on both value and duration.

Identifying contracts

IFRS 15 includes criteria for assessing both contract identification and combination. If two or more simultaneous contracts have been made with the same customer or a related party of the customer relating to the same entity, the contracts are combined and handled as if they were one contract.

Combinable contracts have been identified particularly in total building technology deliveries, such as heating, water, ventilation, electricity, and automation instalments. In such cases the contracts are combined either because they are negotiated as one entity with one commercial purpose, or because the services outlined in the contract form one performance obligation.

Contract changes

Changes made in customer contracts do not typically fulfil the IFRS 15 standard's requirements for handling the change as a separate contract. The contract changes are thus handled as part of the total work. The contract changes are combined because the services related to the contract change cannot be separated from the original performance obligation.

Transition to the IFRS 15 standard does not change the manner in which Consti identifies a contract and the way in which contract changes are handled.

Identifying performance obligations

When the contract is made the promised services included in the contract are assessed and the performance obligations to the customer are identified. In Consti's project deliveries, work and material shares cannot be separated. In projects including design responsibility, the design and building phases of the project can be divided into their own performance obligations. In addition, in Consti's total deliveries, it is possible to divide work into performance obligations based on for example separate parts of construction work and building technology.

Transition to the IFRS 15 standard does not change the manner in which Consti identifies performance obligations in customer contracts.

Determining transaction price for performance obligations

The transaction price is the compensation that the Group expects to be entitled to for the provided services. In customer contracts the promised compensation can include fixed or variable monetary compensation or both. The Group's project deliveries are typically priced either as fixed price contracts, target price contracts or as cost + fee contracts.

For variable consideration the Group estimates the compensation to which it is entitled to for delivering the promised services to the customer. In estimating the variable consideration, it is essential that the amount of revenue recognised is limited to an amount in which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when uncertainty associated with the variable consideration is subsequently resolved.

Transaction price is allocated to each performance obligation based on the compensation that the Group expects to be entitled to in exchange for transferring the promised services to the customer.

Transition to the IFRS 15 standard does not change the manner in which Consti determines transaction price or allocates transaction price to each performance obligation. The amount of revenue recognised has included management estimates, and recognition has been based on the management's best estimate on the compensation the Group expects to be entitled.

Revenue recognition

The Group recognises revenue when it fulfils its performance obligation by handing over the promised service to the customer. Consti has analysed that its project deliveries still fulfil requirements for recognising revenue over time. In project deliveries Consti's business is based on work conducted on an asset owned by the customer, in which the customer gains control of the created asset as soon as Consti's performance creates the asset. Revenue recognition occurs gradually as the project advances and the customer gains control of the promised asset.

Transition to the IFRS 15 standard does not change the manner in which Consti recognises revenue or the timing of revenue recognition.

2. Other cost + fee projects and service contracts

Other cost + fee projects and service contracts include small cost + fee based building technology, pipeline renovation, renovation contracting, facade renovations, and other worksite renovation contracts and service contracts. This category also includes technical repair and maintenance services for contract customers.

In other cost + fee projects and service contracts, revenue is recognised when Consti's performance creates an asset and the customer receives and consumes benefits acquired from the performance as the service is delivered.

NET SALES CLASSIFICATION ACCORDING TO IFRS 15 (EUR 1,000)	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
Project deliveries					
Technical Building Services	22,390	20,770	70,372	73,557	103,514
Renovation Contracting	21,859	18,935	57,379	50,900	71,104
Building Facades	33,523	33,015	87,207	75,809	111,398
Parent company and eliminations	-3,998	-3,472	-10,911	-7,334	-10,675
Total project deliveries	**73,774**	**69,249**	**204,047**	**192,932**	**275,340**
Other cost + fee projects and service contracts					
Technical Building Services	2,645	5,040	7,611	11,081	12,592
Renovation Contracting	1,948	2,477	5,525	7,198	9,747
Building Facades	575	1,058	1,800	2,692	2,524
Parent company and eliminations	0	0	0	0	0
Total other cost + fee projects and service contracts	**5,168**	**8,575**	**14,936**	**20,971**	**24,863**
Total net sales	**78,942**	**77,824**	**218,983**	**213,903**	**300,203**

IFRS 9 Financial instruments

IFRS 9 includes requirements regarding the classification and valuation of financial assets, new guidelines for hedge accounting, and a new model for estimating impairment of financial assets which is based on expected credit loss. Consti has not thus far applied hedge accounting and has not yet decided upon starting hedge accounting based on IFRS 9. The main impact of IFRS 9 application is limited to the new expected credit loss model applied to assessing impairment loss for the doubtful accounts receivable. Applying this standard does not, however, have a significant impact on credit loss recognition, because historically impairment of trade receivables at Consti has remained at a low level. Transition to the IFRS 9 standard does not have an impact on Consti's opening balance 2018 figures.

IFRS 2 Share-based payments

Amendments to IFRS 2 mean that share-based payments that are settled net in shares after withholding taxes, and in which the company pays in cash the taxes related to the rewards on behalf of the participants, are accounted for in full as equity-settled arrangements. Consti Group's financial statements 2017 included EUR 0.1 million as short-term liability related to the share paid in cash. Following amendments to the standard this share paid in cash has been adjusted in the opening balance from short-term liabilities to retained earnings.

Evaluation of future effects of new standards and interpretations

IFRS 16 Leases

According to IFRS 16, the lessee is required to recognise assets and liabilities for nearly all leases. There are optional exemptions for short-term leases and leases of low-value items. The most significant impact identified is that Consti will recognise new assets and liabilities, mainly for its operating leases of facilities and vehicles. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities reported under financing expenses. Consti will adopt IFRS 16 on 1 January 2019. Estimate for the impacts of the adoption of IFRS 16 on consolidated financial statements and decision about the transition approach will be done during the last quarter of FY 2018.

Business areas

During the reporting period, Consti Group consisted of three domestic operational segments that support each other: Technical Building Services, Renovation Contracting and Building Façades. Due to the similarity of Consti Group's management structure, the operations and business segments these operational segments are combined for the IFRS 8 segment reporting into one reportable segment, which also includes Group services and other items.

NET SALES BY SEGMENT (EUR 1,000)	7-9/ 2018	7-9/ 2017	Change %	1-9/ 2018	1-9/ 2017	Change %	1-12/ 2017
Technical Building Services	25,034	25,810	-3.0 %	77,983	84,638	-7.9 %	116,106
Renovation Contracting	23,807	21,412	11.2 %	62,904	58,098	8.3 %	80,850
Building Facades	34,099	34,073	0.1 %	89,007	78,501	13.4 %	113,921
Parent company and eliminations	-3,998	-3,472	-15.2 %	-10,911	-7,334	-48.8 %	-10,675
Total Net sales	**78,942**	**77,824**	**1.4 %**	**218,983**	**213,903**	**2.4 %**	**300,203**

ORDER INTAKE BY SEGMENT (EUR 1,000)	7-9/ 2018	7-9/ 2017	Change %	1-9/ 2018	1-9/ 2017	Change %	1-12/ 2017
Technical Building Services	9,266	14,348	-35.4 %	51,908	65,211	-20.4 %	97,180
Renovation Contracting	7,004	7,616	-8.0 %	46,096	39,676	16.2 %	97,827
Building Facades	27,832	13,438	107.1 %	114,968	78,160	47.1 %	94,901
Parent company and eliminations	-4,840	-4,720	-2.5 %	-12,344	-9,891	-24.8 %	-11,832
Total Order intake	**39,263**	**30,682**	**28.0 %**	**200,628**	**173,157**	**15.9 %**	**278,077**

ORDER BACKLOG BY SEGMENT (EUR 1,000)	7-9/ 2018	7-9/ 2017	Change %	1-9/ 2018	1-9/ 2017	Change %	1-12/ 2017
Technical Building Services	70,796	70,500	0.4 %	70,796	70,500	0.4 %	72,500
Renovation Contracting	82,220	36,878	123.0 %	82,220	36,878	123.0 %	78,233
Building Facades	117,056	91,381	28.1 %	117,056	91,381	28.1 %	74,988
Total Order backlog	**270,072**	**198,759**	**35.9 %**	**270,072**	**198,759**	**35.9 %**	**225,721**

Group liabilities

GROUP LIABILITIES (EUR 1,000)	9/2018	9/2017	12/2017
Other liabilities			
Leasing and rental liabilities	4,225	4,769	4,708

Key figures

KEY FIGURES (EUR 1,000)	1-9/2018	1-9/2017	1-12/2017
INCOME STATEMENT			
Net sales	218,983	213,903	300,203
EBITDA	1,285	3,764	1,714
EBITDA margin, %	0.6 %	1.8 %	0.6 %
Operating profit (EBIT)	27	2,215	-375
Operating profit margin, %	0.0 %	1.0 %	-0.1 %
Profit/loss before taxes (EBT)	-504	1,606	-1,204
as % of sales	-0.2 %	0.8 %	-0.4 %
Profit/loss for the period	-404	1,220	-1,074
as % of sales	-0.2 %	0.6 %	-0.4 %
OTHER KEY FIGURES			
Balance sheet total	110,181	103,226	100,810
Net interest-bearing debt	22,460	13,402	12,070
Equity ratio, %	28.3 %	31.9 %	28.6 %
Gearing, %	88.9 %	48.6 %	47.7 %
Return on investment, ROI %	-5.3 %	14.0 %	-0.7%
Free cash flow	-9,082	6,354	8,936
Cash conversion, %	n/a	168.8 %	521.4 %
Order backlog	270,072	198,759	225,721
Order intake	200,628	173,157	278,077
Average number of personnel	1,099	1,085	1,088
Number of personnel at period end	1,104	1,117	1,079
SHARE RELATED KEY FIGURES			
Earnings per share, undiluted (EUR)	-0.05	0.16	-0.14
Earnings per share, diluted (EUR)	-0.05	0.16	-0.14
Shareholders' equity per share (EUR)	3.30	3.60	3.30
Number of shares, end of period	7,858,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,662,216	7,670,154	7,662,216
Average number of outstanding shares	7,662,216	7,656,245	7,660,253

Calculation of key figures

EBITDA =	Operating profit/loss (EBIT) + depreciation, amortisation and impairment	
Net interest-bearing debt =	Interest-bearing liabilities - cash and cash equivalents	
Equity ratio (%) =	Equity Total assets - advances received	X 100
Gearing (%) =	Interest-bearing liabilities - cash and cash equivalents Equity	X 100
Return on investment, ROI (%) =	Profit/loss before taxes + interest and other financial expenses (rolling 12 month) Total equity + interest-bearing liabilities (average)	X 100
Average number of personnel =	The average number of personnel at the end of each calendar month during the period	
Number of personnel at period end =	Number of personnel at the end of period	
Free cash flow =	Net cash flow from operating activities before financial and tax items - investments in intangible and tangible assets	
Cash conversion (%) =	Free cash flow EBITDA	X 100
Earnings per share =	Profit/loss attributable to equity holders of the parent company Weighted average number of shares outstanding during the period	X 100
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC)	
Adjusted operating profit/loss (EBIT) =	Operating profit/loss (EBIT) before items affecting comparability (IAC)	
Order backlog =	At the end of the period the unrecognised amount of construction contracts recognised in accordance with the percentage of completion method, including not started ordered construction contracts, long-term service agreements and the part which has not been invoiced in ordered invoice based projects	
Order intake =	Orders of construction contracts, long-term service agreements and invoice based projects during the period	

Quarterly information

QUARTERLY INFORMATION (EUR 1,000)	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16
Net sales	78,942	77,773	62,267	86,300	77,824	78,811	57,268	74,823	70,554
Other operating income	111	100	148	307	232	168	143	187	435
Materials and services	-59,971	-54,162	-43,757	-64,540	-58,567	-55,468	-39,749	-50,491	-49,423
Employee benefit expenses	-14,957	-15,843	-14,490	-17,275	-15,031	-15,397	-12,479	-14,682	-12,878
Other operating expenses	-5,155	-5,784	-3,937	-6,843	-4,672	-4,908	-4,411	-4,945	-4,167
EBITDA	-1,030	2,084	231	-2,050	-214	3,206	772	4,892	4,521
EBITDA margin, %	-1.3 %	2.7 %	0.4 %	-2.4 %	-0.3 %	4.1 %	1.3 %	6.5 %	6.4 %
Depreciation	-406	-420	-432	-540	-546	-509	-494	-446	-792
Operating profit/loss (EBIT)	-1,437	1,664	-201	-2,590	-760	2,697	278	4,447	3,729
Operating profit/loss margin, %	-1.8 %	2.1 %	-0.3 %	-3.0 %	-1.0 %	3.4 %	0.5 %	5.9 %	5.3 %
Financial income	11	23	9	-55	45	21	11	11	4
Financial expenses	-213	-192	-169	-164	-243	-223	-220	-202	-206
Total financial income and expenses	-202	-169	-160	-220	-198	-202	-209	-192	-202
Profit/loss before taxes (EBT)	-1,639	1,495	-360	-2,810	-958	2,495	69	4,255	3,527
Total taxes	327	-301	74	516	165	-499	-52	-870	-736
Profit/loss for the period	-1,311	1,194	-286	-2,294	-793	1,996	17	3,385	2,791
Balance sheet total	110,181	112,582	98,738	100,810	103,226	101,130	95,197	98,078	97,132
Net interest-bearing debt	22,460	18,455	20,295	12,070	13,402	15,514	15,036	12,097	11,667
Equity ratio, %	28.3 %	29.3 %	30.9 %	28.6 %	31.9 %	32.9 %	37.2 %	34.5 %	32.5 %
Gearing, %	88.9 %	69.7 %	80.5 %	47.7 %	48.6 %	55.0 %	49.7 %	40.8 %	44.6 %
Return on investment, ROI %	-5.3 %	-3.8 %	-1.7 %	-0.7 %	14.0 %	23.7 %	22.8 %	22.7 %	21.2 %
Order backlog	270,072	286,201	250,177	225,721	198,759	227,907	212,910	190,806	185,614
Order intake	39,263	88,678	72,687	104,920	30,682	82,976	59,499	66,059	30,285
Average number of personnel	1,125	1,110	1,061	1,099	1,153	1,108	993	941	956
Number of personnel at period end	1,104	1,153	1,053	1,079	1,117	1,165	1,029	935	931
Earnings per share, undiluted (EUR)	-0.17	0.16	-0.04	-0.30	-0.10	0.26	0.00	0.44	0.37
Number of outstanding shares, end of period	7,662,216	7,662,216	7,662,216	7,662,216	7,670,154	7,657,048	7,657,048	7,620,931	7,614,767
Average number of outstanding shares	7,662,216	7,662,216	7,662,216	7,672,147	7,669,727	7,657,048	7,641,652	7,617,179	7,614,767

Largest shareholders

10 LARGEST SHAREHOLDERS 30 September 2018		Number of shares	% of shares and voting rights
1	Ilmarinen Mutual Pension Insurance Company	780 451	9,93 %
2	Evli Suomi Pienyhtiöt Fund	499 568	6,36 %
3	Danske Invest Suomi Yhteisöosake Fund	425 818	5,42 %
4	Korkeela Esa Sakari	411 600	5,24 %
5	Kivi Risto Juhani	375 300	4,78 %
6	Op-Suomi Pienyhtiöt	307 977	3,92 %
7	Kalevo Markku	297 900	3,79 %
8	Korkeela Antti Petteri	276 894	3,52 %
9	Danske Invest Suomen Parhaat Fund	216 229	2,75 %
10	Aktia Capital Fund	185 850	2,37 %
Ten largest owners, total		**3 777 587**	**48,07 %**
Nominee registered		935 967	11,91 %
Others		3 144 713	40,02 %
Total		**7,858,267**	**100.00 %**

In Helsinki, 26 October 2018

CONSTI GROUP PLC'S BOARD OF DIRECTORS

Press conference

A press conference for analysts, portfolio managers, and media will be arranged 26 October 2018 at 10:00 at Hotel Scandic Simonkenttä's Bulsa conference room at Simonkatu 9, Helsinki. The conference is hosted by CEO Esa Korkeela and CFO Joni Sorsanen.

Financial reporting in 2019

Consti Group Plc's Financial Statements for 2018 will be published 7 February 2019.

The electronic version of the annual report, which includes the full financial statements for 2018, will be published in week 11/2019.

Consti Group Plc's Annual General Meeting for 2019 is scheduled to take place on Tuesday, 2 April 2019 in Helsinki.

Consti Group Plc shall publish three interim reports during 2019:

- Interim report 1-3/2019 published 26 April 2019
- Half-year financial report 1-6/2019 published 26 July 2019
- Interim report 1-9/2019 published 25 October 2019

Further information:

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Distribution

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Key media
www.consti.fi

This communication includes future-oriented statements that are based on Consti's management's current assumptions and issues it is aware of as well as its existing decisions and plans. Although the management believes that the future expectations are well founded, there is no certainty that these expectations will prove to be correct. Thus, the results may significantly deviate from the assumptions included in the future-oriented statements as a result of issues such as changes in the economy, markets competitive conditions, legislation and regulations.