



CONSTI GROUP PLC

INTERIM REPORT

1.1.2016 – 31.3.2016

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CFO Esa Korkeela

Building renovation specialist | www.consti.fi

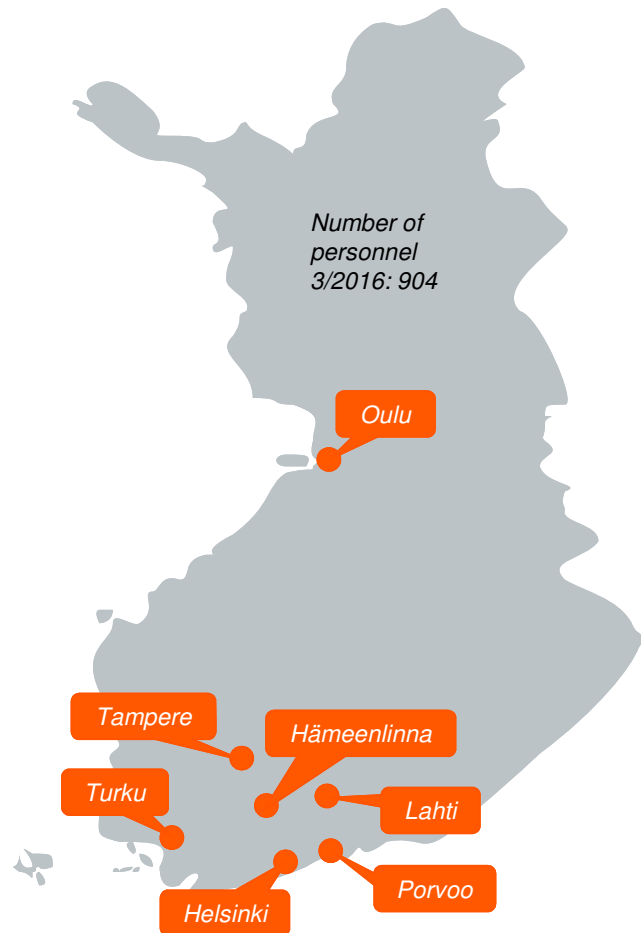
CONSTI
YHTIÖT



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

Highlights of the first quarter of 2016 – Net sales and order backlog continued to grow

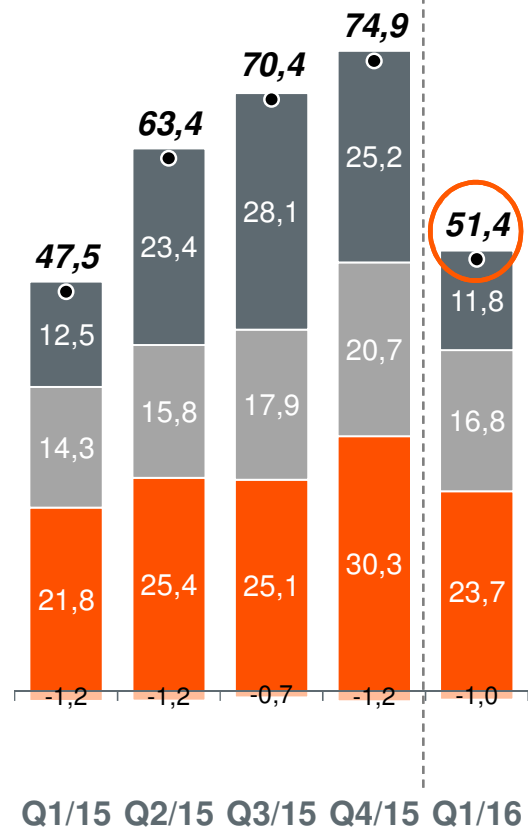


Highlights of 1-3/2016 (y-o-y comparison in brackets)

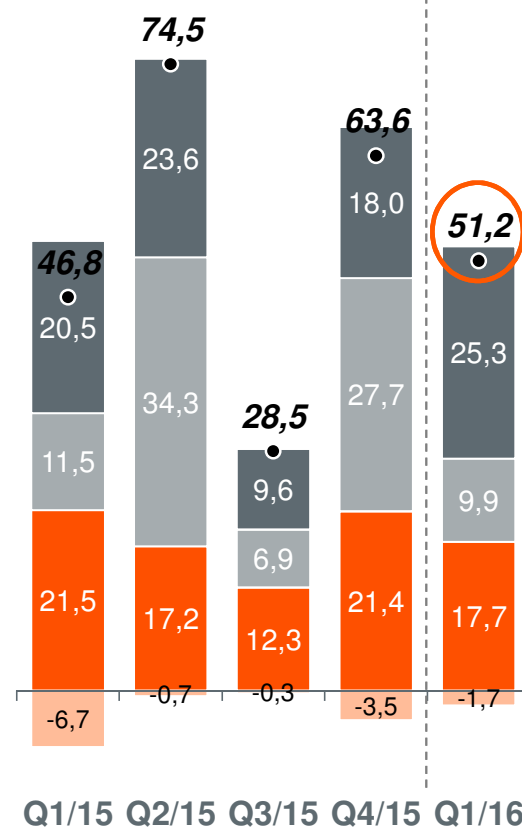
- Net sales EUR 51.4 (47.5) million, growth +8.2%
- EBITDA EUR 0.6 (0.6) million, EBITDA margin 1.2% (1.2%)
- Adjusted EBITDA EUR 0.7 (0.9) million, adjusted EBITDA margin 1.3% (1.9%)
- EBIT EUR 0.2 (0.1) million, EBIT margin 0.4% (0.1%)
- Adjusted EBIT EUR 0.2 (0.4) million, adjusted EBIT margin 0.4% (0.8%)
- Order backlog EUR 191.7 (179.9) million, up by +6.6% year-on-year and +5.7% from year-end 2015
- Free cash flow EUR 3.4 (2.2) million, up by 55.4%
- Net interest-bearing debt EUR 15.0 (43.3) million
- Gearing at 61.4%
- Earnings per share EUR -0.01 (-0.26)

Performance by business segment – Growth in net sales, order intake and order backlog in Q1/2016

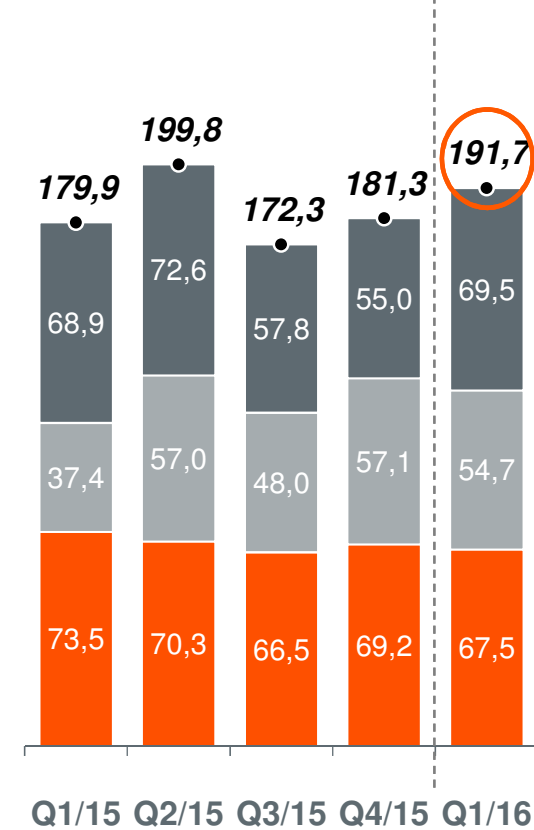
Quarterly net sales (EUR m)



Quarterly order intake (EUR m)



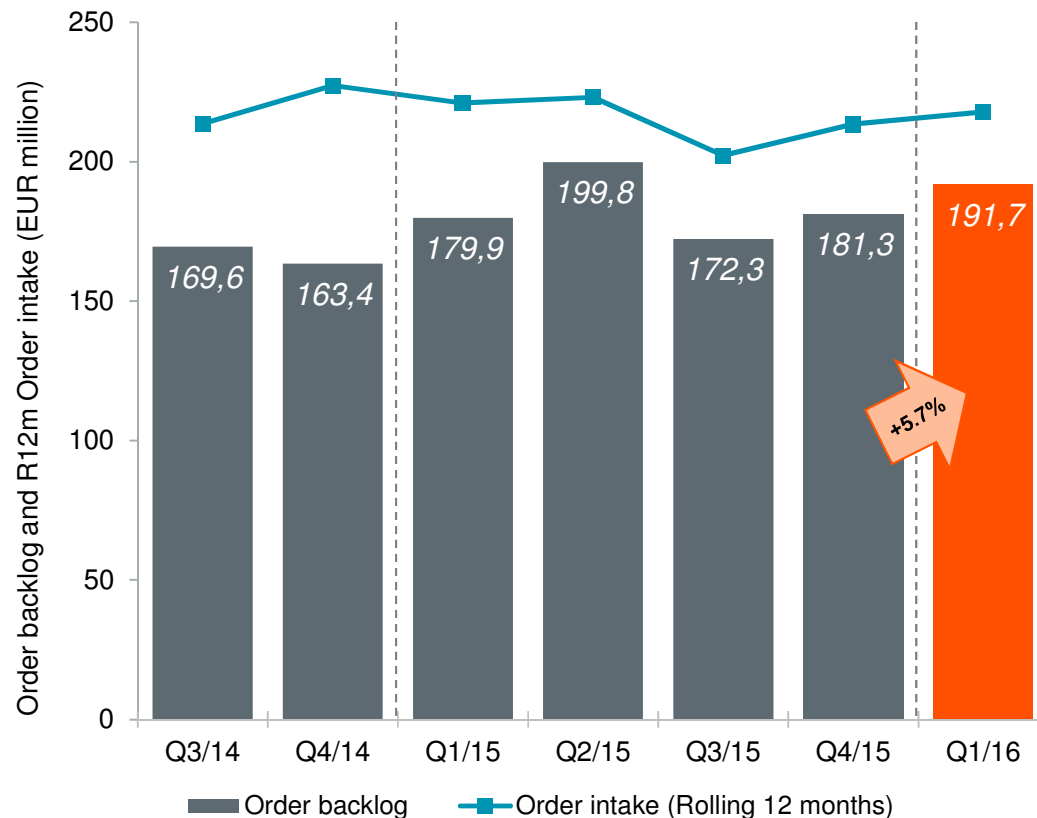
Quarterly order backlog (EUR m)



■ Technical Building Services
 ■ Renovation Contracting
 ■ Building Facades
 ■ Eliminations

Consti quarterly order backlog and intake development – Backlog up by 6.6% y-o-y and +5.7% from year-end 2015

Quarterly order backlog and R12m order intake Q3/2014 – Q1/2016 (EUR m)



Comments

- Q1/2016 order backlog at EUR 191.7m (179.9m), y-o-y growth +6.6%
 - Backlog up by 5.7% from year-end 2015
 - Order backlog grew particularly in Renovation Contracting (+46% year-on-year)
- Q1/2016 order intake up by 9.2% y-o-y
 - Order intake was especially good in Building Facades during the period
 - The amount of tender requests has increased positively in the beginning of the year

Realisation of Consti's long-term financial targets in Q1/2016 (follow-up on a rolling 12-month basis)

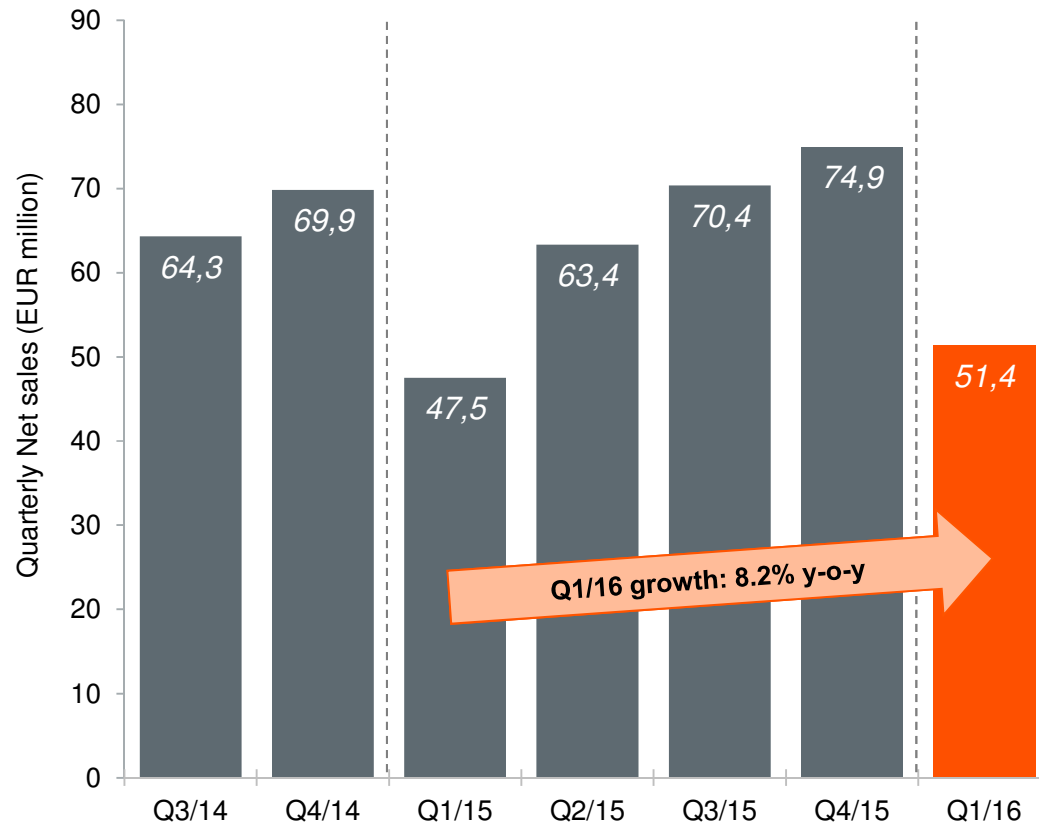
Growth	Profitability	Cash flow	Capital structure	Dividends
<p><i>Average annual growth in net sales of at least 10%</i></p> <p>Q1/2016 realisation</p> <p>+13.1%</p> <ul style="list-style-type: none"> Growth continued in Q1/16, target was achieved on a R12m basis <p>✓</p>	<p><i>Adjusted EBIT-margin exceeding 5 percent</i></p> <p>Q1/2016 realisation</p> <p>4.0%</p> <ul style="list-style-type: none"> Solid margin development in Q1/16, efforts continue to meet the target level <p>✓</p>	<p><i>Cash conversion ratio exceeding 90 percent¹</i></p> <p>Q1/2016 realisation</p> <p>95.9%</p> <ul style="list-style-type: none"> NWC was released in Q1/2016. Target was achieved on a R12m basis <p>✓</p>	<p><i>Net debt to adjusted EBITDA ratio of less than 2.5x while maintaining an efficient capital structure</i></p> <p>Q1/2016 realisation</p> <p>1.2x</p> <ul style="list-style-type: none"> Target was clearly achieved on a rolling 12-month basis <p>✓</p>	<p><i>The Company's aim is to distribute as dividends at least 50 percent of the Company's annual net profit²</i></p> <p>FY 2015 realisation</p> <p>63.8%</p> <ul style="list-style-type: none"> AGM resolved dividend of EUR 0.39 per share, or 64% of 2015 EPS <p>✓</p>

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

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

Consti quarterly net sales development – Growth continued in the first quarter

Quarterly net sales development Q3/2014 – Q1/2016 (EUR m)

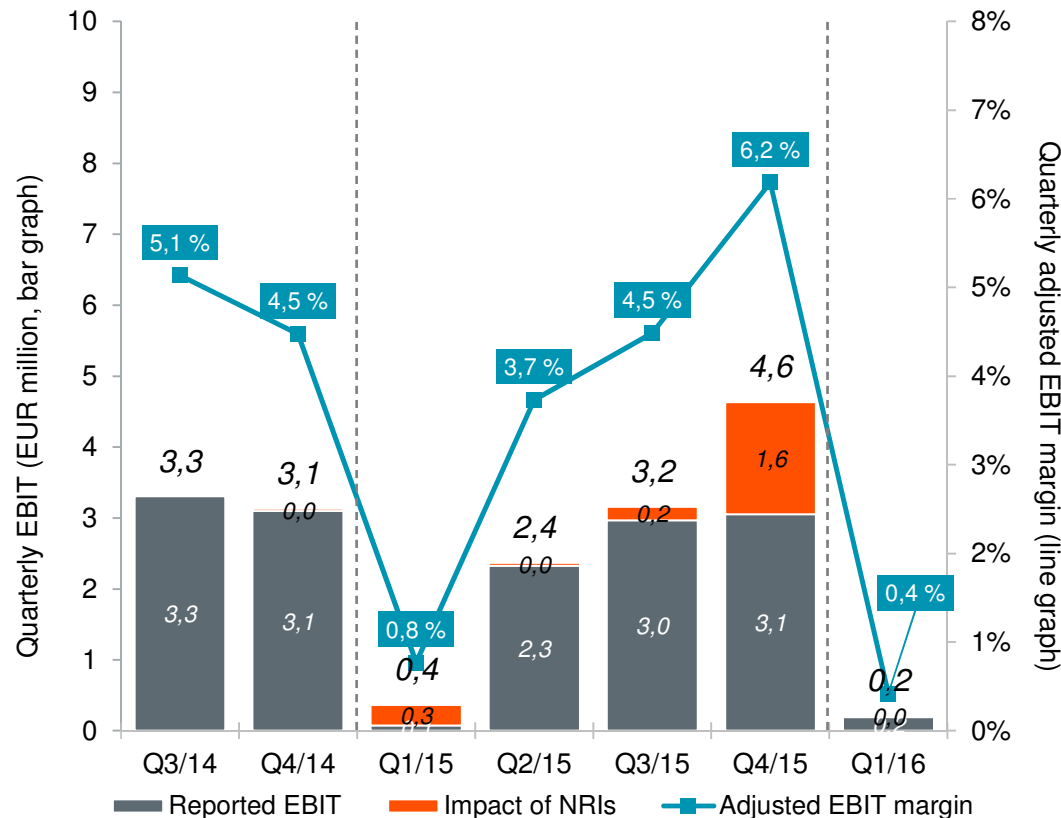


Comments

- Q1/2016 net sales EUR 51.4m (47.5m), y-o-y sales growth +8.2%
 - Net sales growth was strong in Renovation Contracting and Technical Building Services
- In Renovation Contracting, growth of 17.3% thanks to good order intake and order backlog in late 2015. Growth was strong in the Greater Helsinki area as well as in Turku area
- In Technical Building Services, growth of 8.8% supported by good demand in service business and non-residential sector
- In Building Facades, decline of 5.6% in its seasonally slowest quarter

Consti quarterly adjusted EBIT¹ development – Solid development in the seasonally slowest first quarter

Quarterly EBIT development Q3/2014 – Q1/2016 (EUR m)



Comments

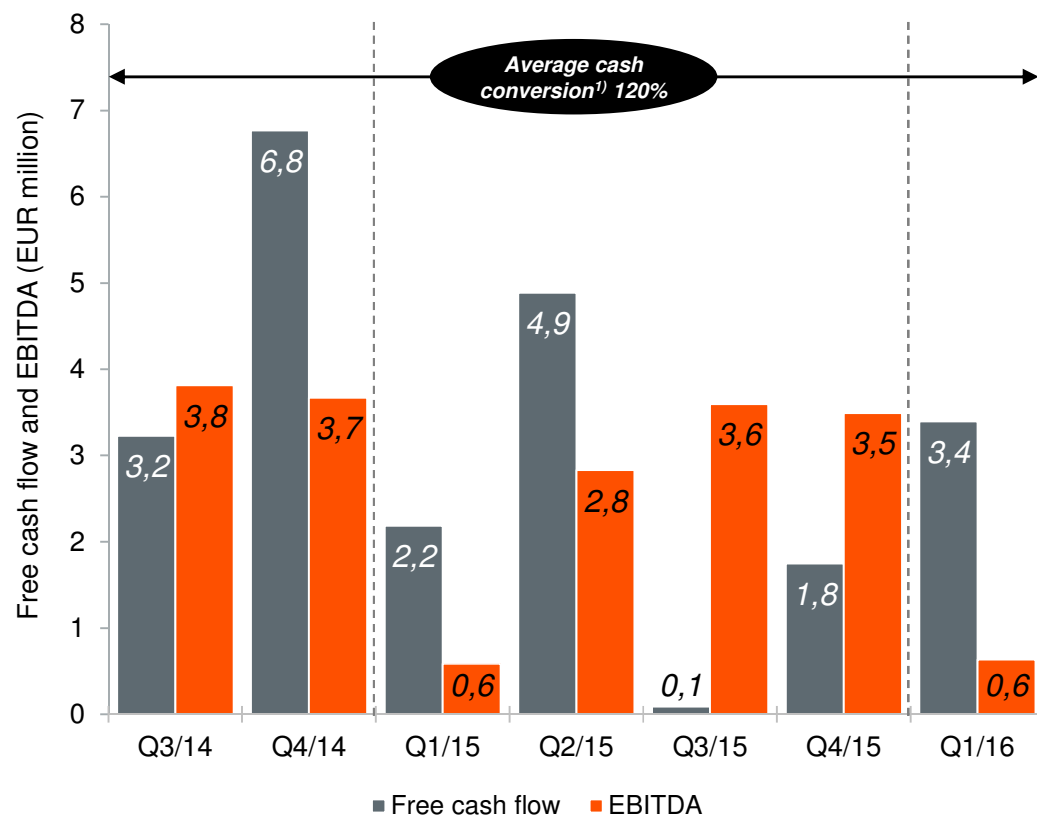
- Q1/16 adjusted EBIT before IAC¹ amounted to EUR 0.2 (0.4) million, or 0.4% (0.8%) of sales
- Q1/16 EBIT after IAC EUR 0.2 (0.1) million, or 0.4% (0.1%) of sales
 - In Q1/16, IAC of EUR 0.02m related to preparation and execution of the IPO
- Consti’s business volumes are typically lowest during the first quarter of the year, when changes in fixed costs reflect more on the result than during other quarters
 - In Q1/16, fixed costs were increased by an acquisition as well as resourcing and investments necessary for operations as a stock-listed company

¹) Adjusted EBIT = EBIT before items affecting comparability (IAC)

Cash Flow and Financial Position

Consti quarterly cash conversion development – Strong free cash flow for the first quarter

Quarterly free cash flow and EBITDA Q3/2014 – Q1/2016 (EUR m)



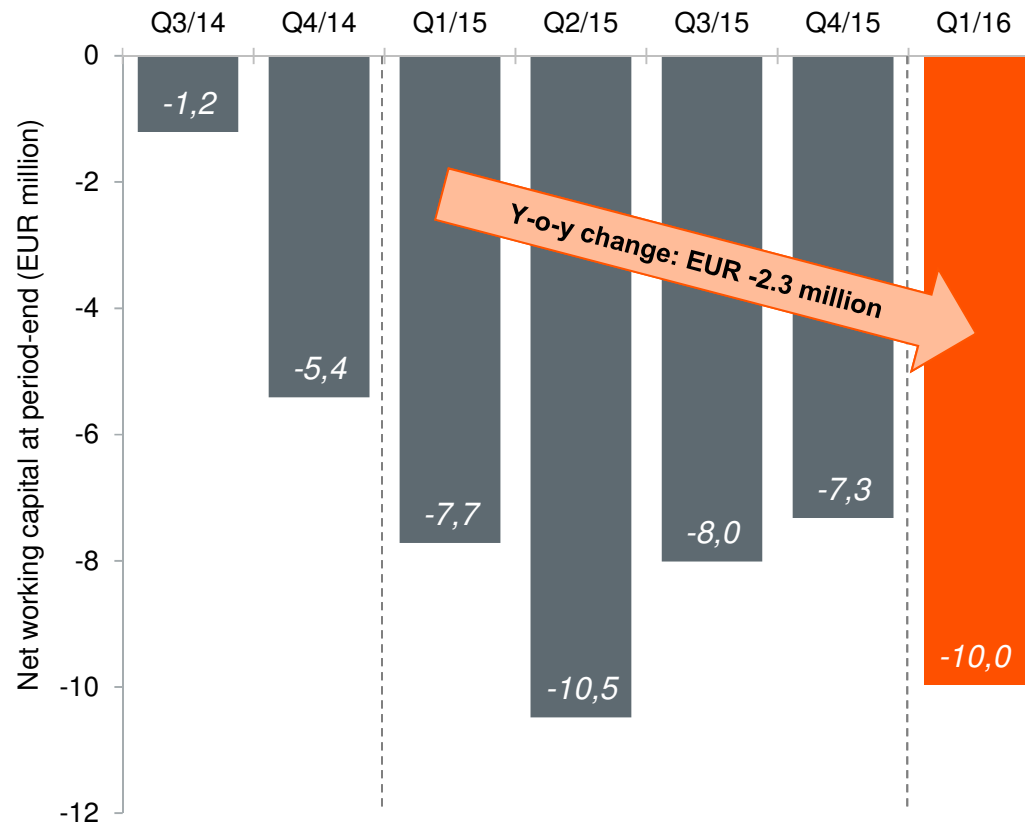
Comments

- Q1/2016 free cash flow amounted to EUR 3.4m (2.2m), up by +55.4% y-o-y
 - Cash conversion ratio of 533% (373%) in the first quarter
 - Cash flow from release of net working capital improved year-on-year
- Average cash conversion ratio of 120% in the period of Q3/2014 - Q1/2016
 - Consti's long-term target to achieve cash conversion ratio in excess of 90 percent

1) 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 items and taxes, less capital used for purchase of intangible assets and property, plant and equipment

Consti quarterly net working capital development – NWC was released in the first quarter

Quarterly net working capital¹⁾ Q3/2014 – Q1/2016 (EUR m)



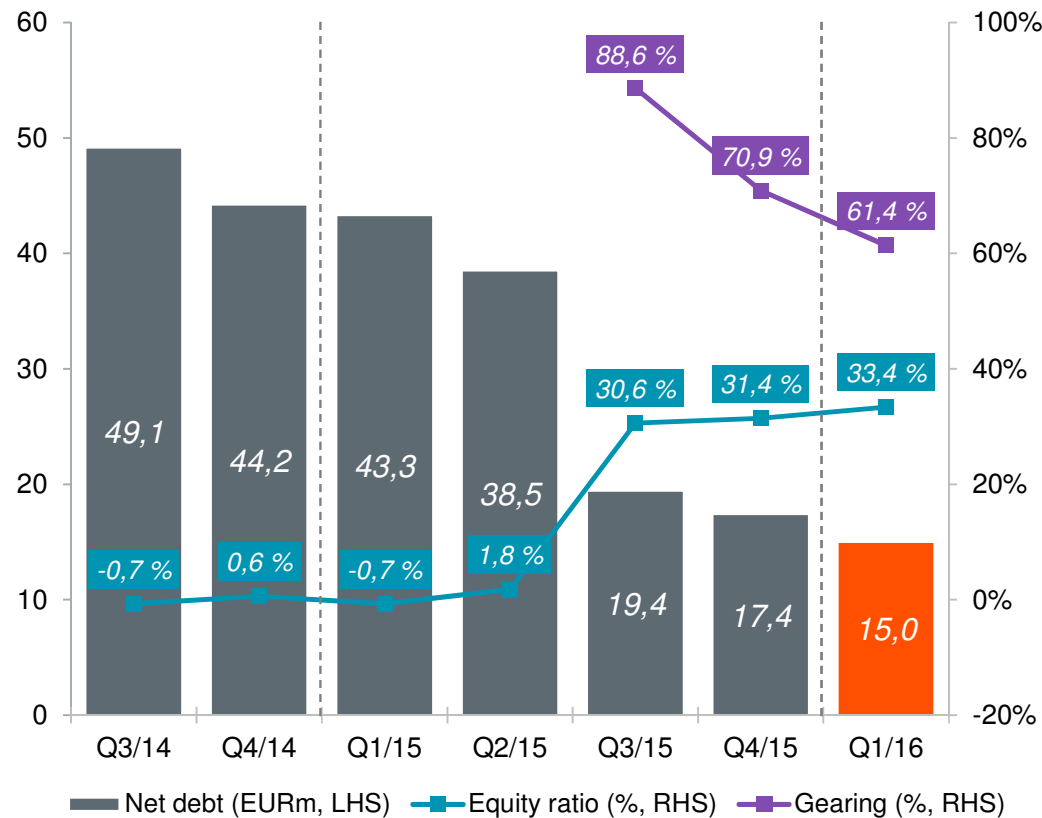
Comments

- Net working capital EUR -10.0m (-7.7m) at the end of Q1/2016
- NWC EUR 2.3m lower compared to end of Q1/2015
- Release of NWC from year-end 2015 EUR 2.6m (2.3m)

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

Consti quarterly balance sheet structure – Balance sheet continued to strengthen in the first quarter

Quarterly net debt, Equity ratio and Gearing Q3/2014 – Q1/2016



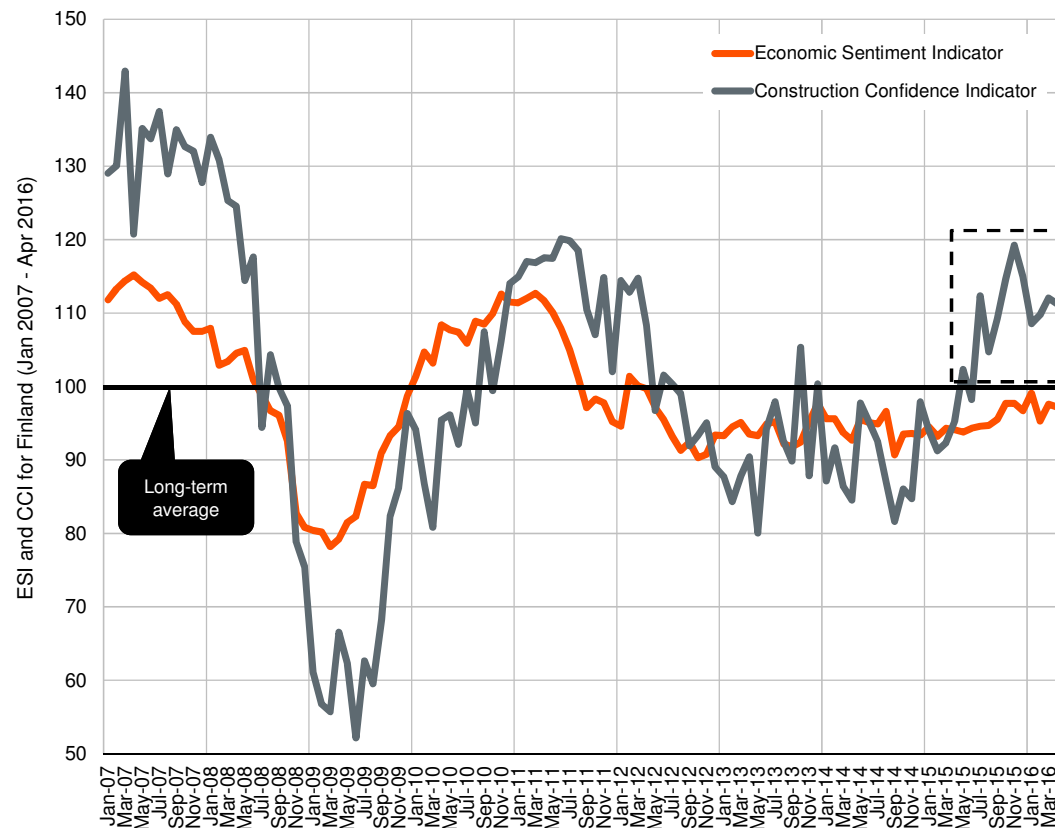
Comments

- Q1/2016 net debt decreased from year-end 2015 and was EUR 15.0m (43.3m)
 - In September 2015, Consti changed its capital structure and refinanced its indebtedness which decreased financing costs in 2015
 - The impact will be seen especially in 2016
- Q1/2016 equity ratio 33.4% (-0.7%)
- Q1/2016 gearing at 61.4%

Market Outlook and Guidance

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

Economic Sentiment and Construction Confidence in Finland (2007 – 4/2016)



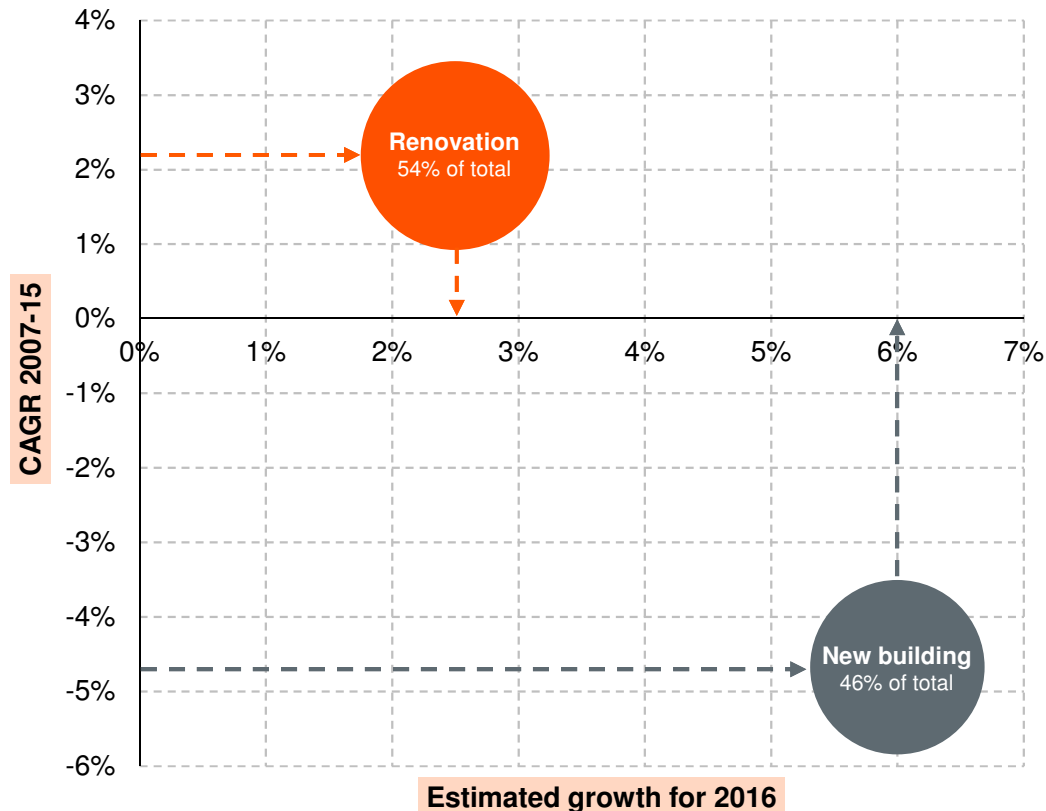
Note: Mean-adjusted figures
Source: European Commission, May 2016

Comments

- Economic sentiment in Finland remains still below long-term average, but moderate improvement since Q2/2015
- Construction confidence has been improving recently, surpassing long-term average level in H2/2015
 - Construction market is inherently late-cyclical and should benefit from the improved outlook with a certain delay
- The Finnish Association of HPAC Technical Contractors estimated in their April review of business conditions that the economic situation should improve for technical building services by autumn

Stable growth in renovation to continue going forward, new building also to return to growth track in 2016

Finnish building market split and growth statistics

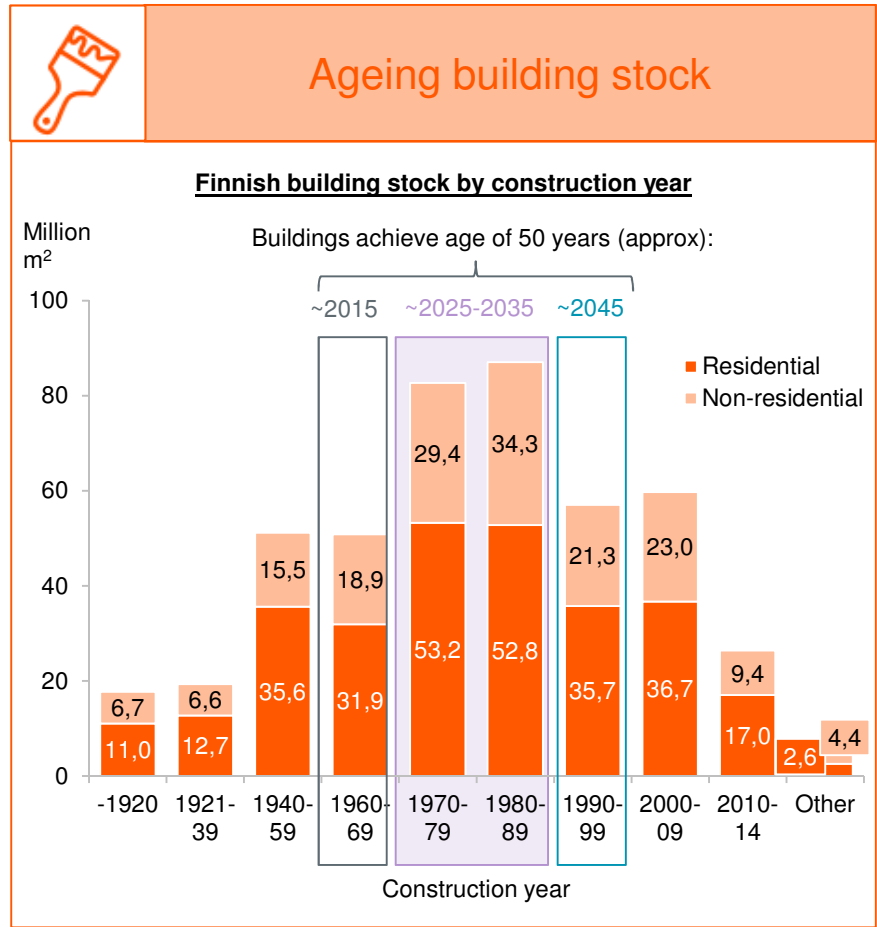


Source: Rakennusteollisuus RT, April 2016 and Euroconstruct, December 2015





Comments

- Stable growth in renovation expected to continue in 2016 at a rate of 2.5%
- Thanks to stable growth in the past, renovation spending exceeded the value of new building for the first time in 2013, and has remained larger since then
- Renovation's share of the total Finnish building market amounted to approximately 54% in 2015
- Improved outlook for new building in 2016 expected to benefit Consti
 - Positive impact on the competitive environment in general
 - New growth opportunities for Technical Building Services → to be materialised with a certain delay
 - For instance, Consti will provide technical building services to REDI project

Renovation market growth supported by a number of key structural growth drivers



Source: Statistics Finland

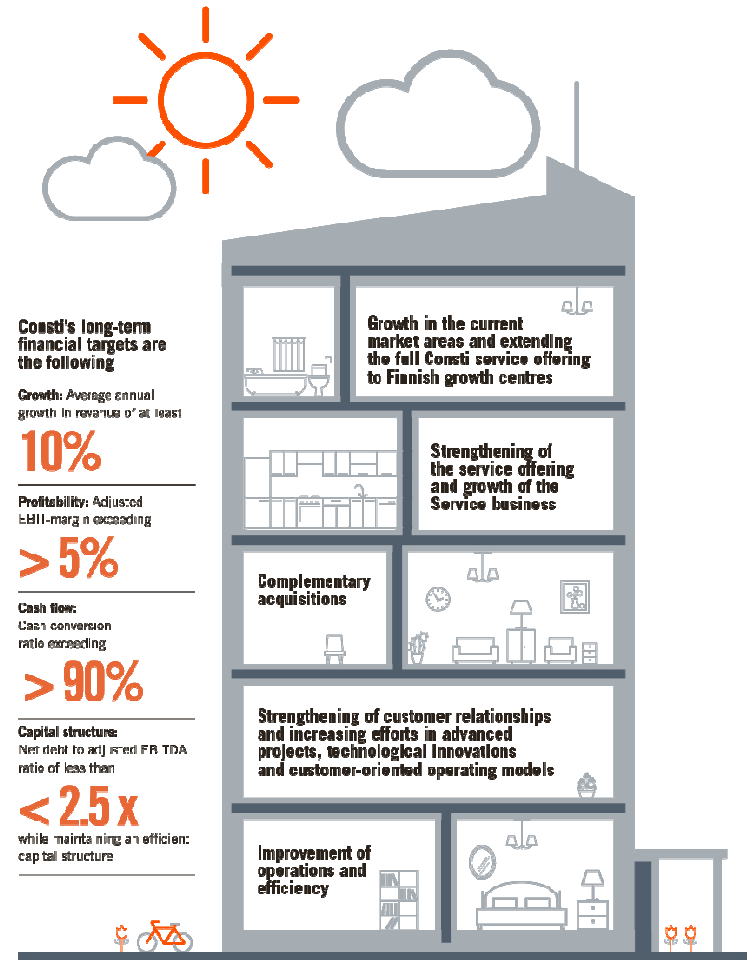
-  Energy efficiency
-  Urbanisation and concentration of renovation in growth centers
-  Modifications of the use of buildings
-  Increased need for building technology and automation

Active screening of M&A candidates - Consti's knock-out criteria used to shortlist potential M&A targets



Consti Group's strategic themes

STRATEGY



- 1 **Exploit market position and expand full offering to Finland's growth centers**
 - Grow in businesses where Consti has long experience and a strong position
 - Expand full offering to the growth centers of Finland
 - Acquisitions to support growth
- 2 **Strengthen the offering and continuously grow in Service business**
 - Strengthen and complement the service offering with supplementary capabilities (building automation, roof renov.)
 - Further grow the service business
 - Acquisitions to support growth
- 3 **Continue to strengthen customer relationships and innovation leadership**
 - Cross-selling across business areas and development of KAM
 - Growth in advanced project types
 - Modern renovation methods and technological innovations
- 4 **Maintain and further improve operational excellence**
 - Development and optimisation of sales mix
 - Project management and procurement
 - Fixed expense control
 - Strengthening of HR operations

Guidance for 2016 reiterated

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





CONSTI

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CONSTI GROUP PLC

Q1

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