

CONSTI GROUP PLC

INTERIM REPORT

1 JANUARY – 31 MARCH 2017

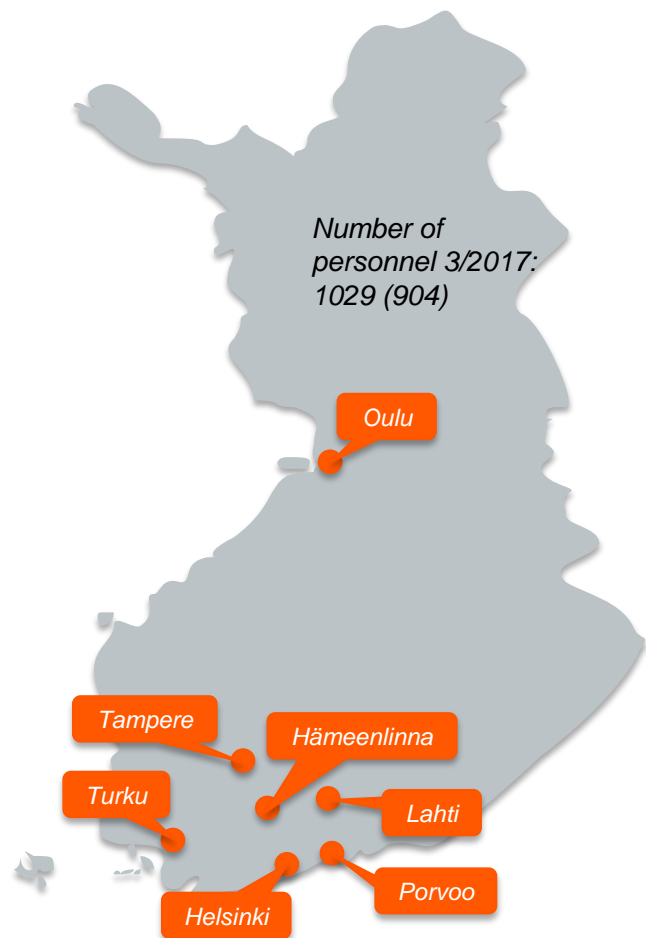
CEO Marko Holopainen
CFO Esa Korkeela



Contents

- Highlights and Group performance
- Result, cash flow and financial position
- Market outlook and guidance

Highlights of the first quarter of 2017: Net sales and order backlog improved



Highlights of 1-3/2017 (y-o-y comparison in brackets)

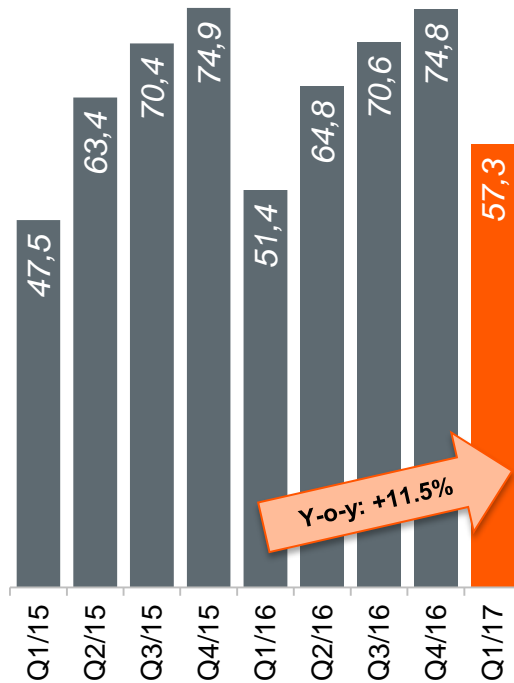
- Net sales EUR 57.3 (51.4) million, growth 11.5%
- EBITDA EUR 0.8 (0.6) million, EBITDA margin 1.3% (1.2%)
- EBIT EUR 0.3 (0.2) million, EBIT margin 0.5 (0.4)%
- Order backlog EUR 212,9 (191,7) million
- Free cash flow EUR -0.5 (3.4) million
- Gearing 49.7 (61.4)%
- Net debt EUR 15.0 (15.0) million
- Earnings per share EUR 0.00 (-0.01)
- Two acquisitions
 - Oulun Talosaneeraus Plc in January (net sales appr. EUR 8 million in 2016) to widen Consti's service offering in Oulu area
 - Pisara-Steel Plc in March (net sales approx. EUR 2 million in 2016) to strengthen Consti's market position especially in roof renovations in Greater Helsinki area

Guidance for 2017 unchanged:

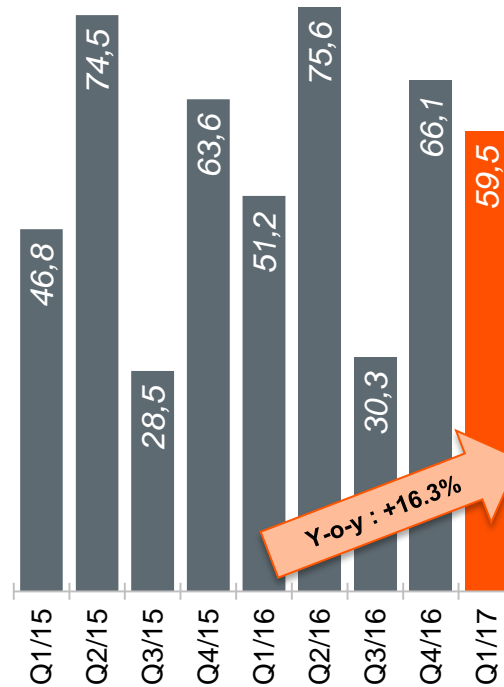
- Consti estimates that its total annual net sales for 2017 will grow compared to 2016.

Quarterly performance: Net sales, order intake and order backlog improved

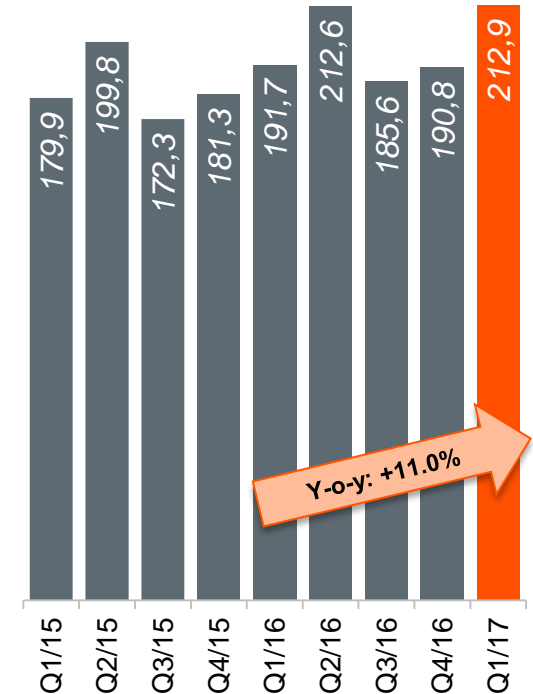
Quarterly net sales (EUR m)



Quarterly order intake (EUR m)

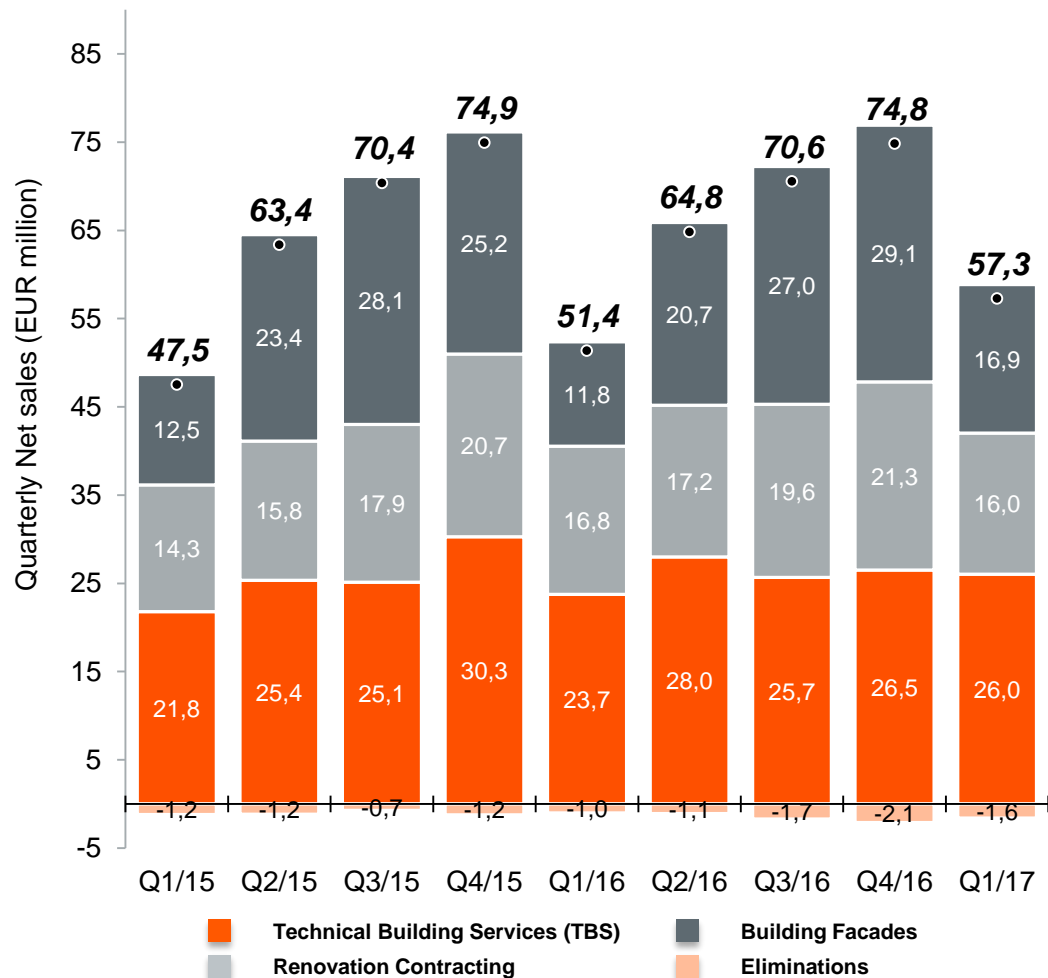


Quarterly order backlog (EUR m)



Quarterly net sales development:

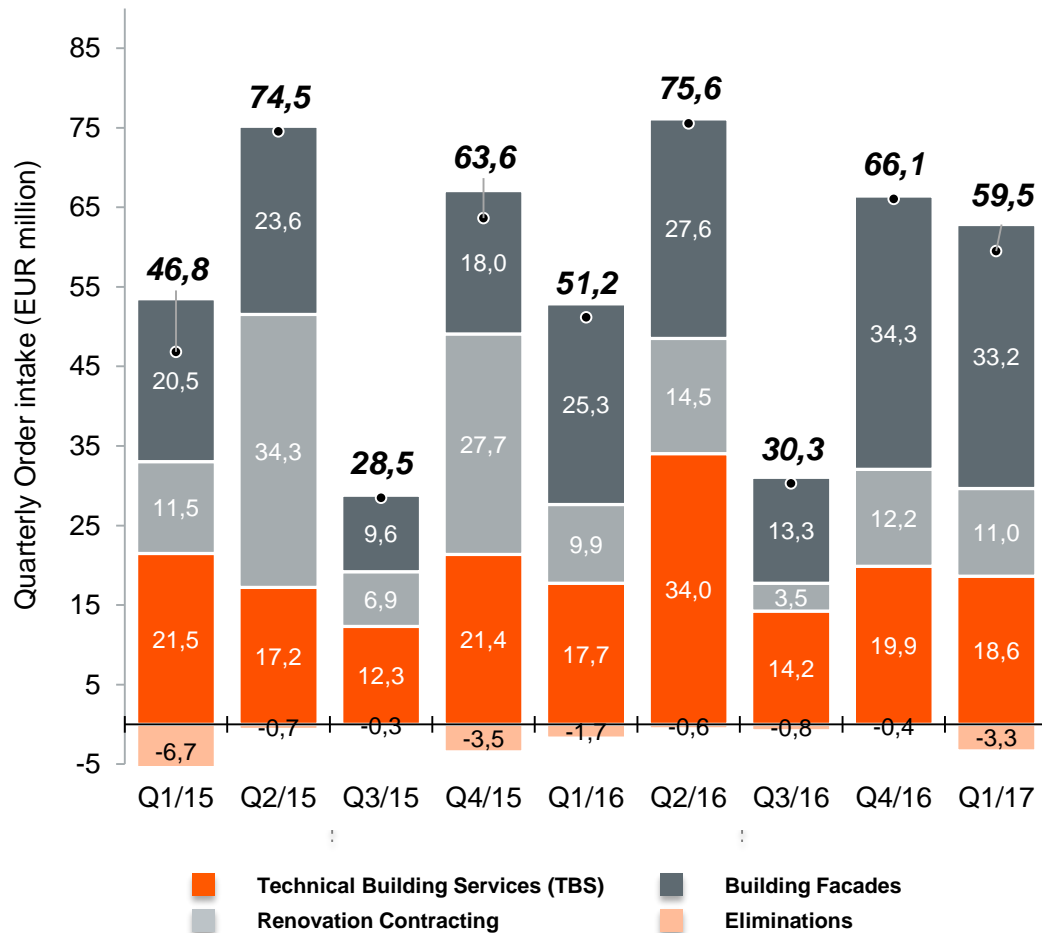
First quarter net sales up by 11.5%



Comments

- Q1/2017 net sales EUR 57.3 (51.4) million
 - y-o-y sales growth 11.5%
 - organic growth 8.7%
- In Technical Building Services, growth of 9.7% from residential sector and through acquisition
- In Renovation Contracting, decrease of 5%
- In Building Facades, growth of 42.5% due to good performance in Greater Helsinki area

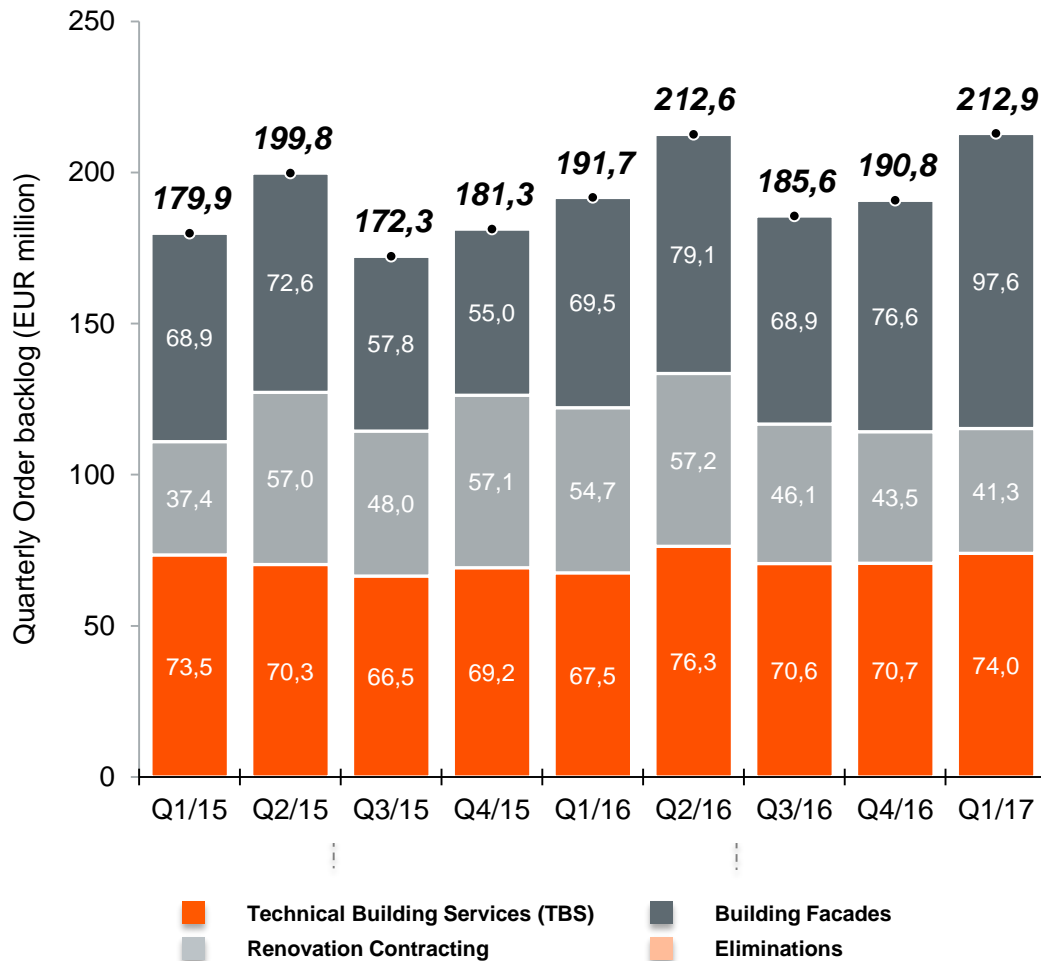
Quarterly order intake development: Order intake up by 16%



Comments

- Q1/2017 order intake EUR 59.5 (51.2) million, up by 16.3% y-o-y
- Order intake growth was strongest in Building Facades (31.4%), growth particularly from rental apartment buildings
- In Renovation Contracting order intake growth 11.5 %
- In TBS, growth (5%) particularly from non-residential sector in Greater Helsinki area

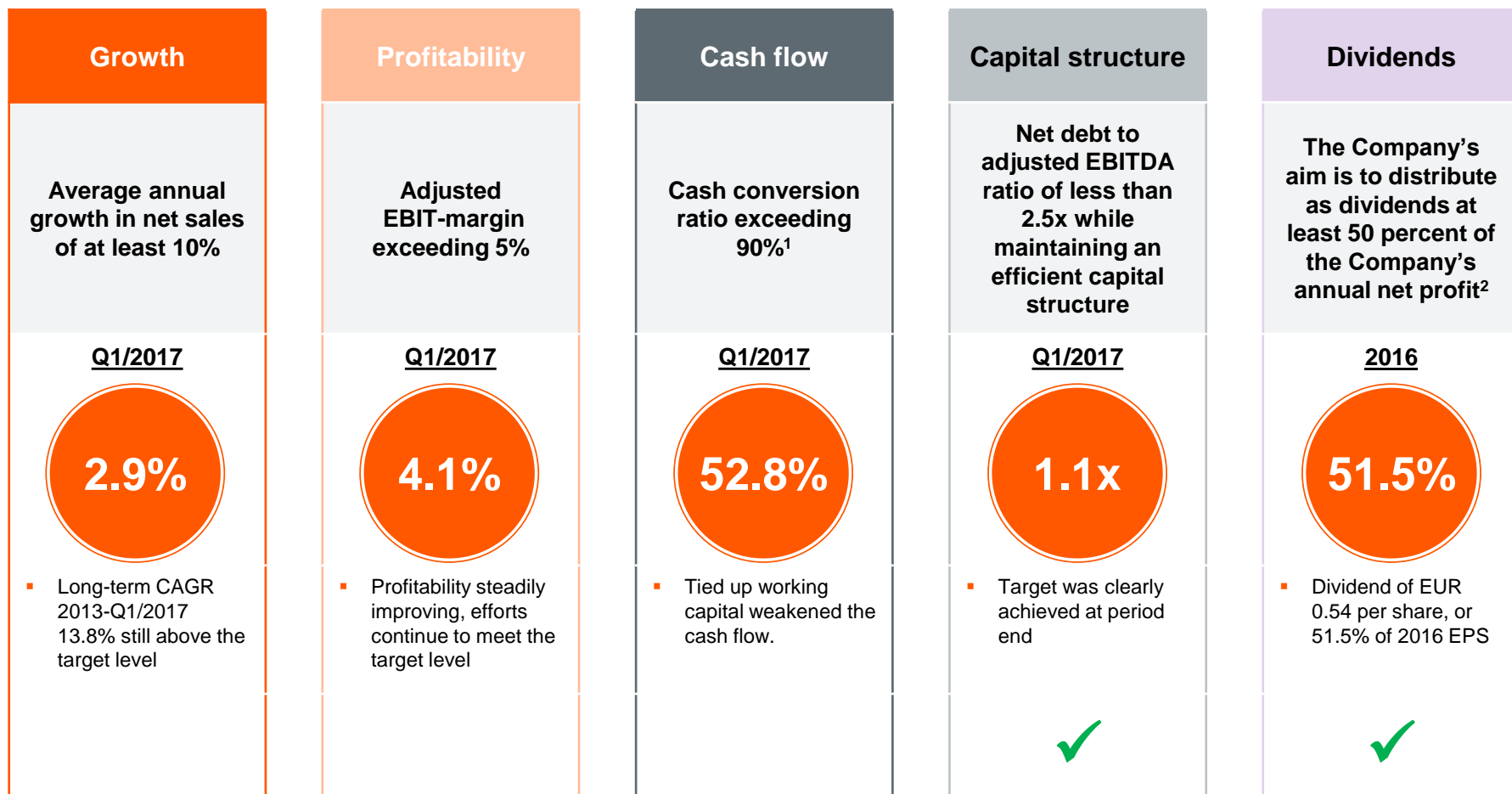
Quarterly order backlog development: Backlog up by 11%



Comments

- Q1/2017 order backlog on a record-high level at EUR 212.9 (191.7) million
- Year-on-year growth 11.0%
- Up by 11.5% from year-end 2016
- Order backlog year-on-year grew in Technical Building Services (9.6%) and Building Facades (40.4%)
- Order backlog in Renovation Contracting decreased (-24.5%)

Realisation of Consti's long-term financial targets Q1/2017 (rolling 12 months)

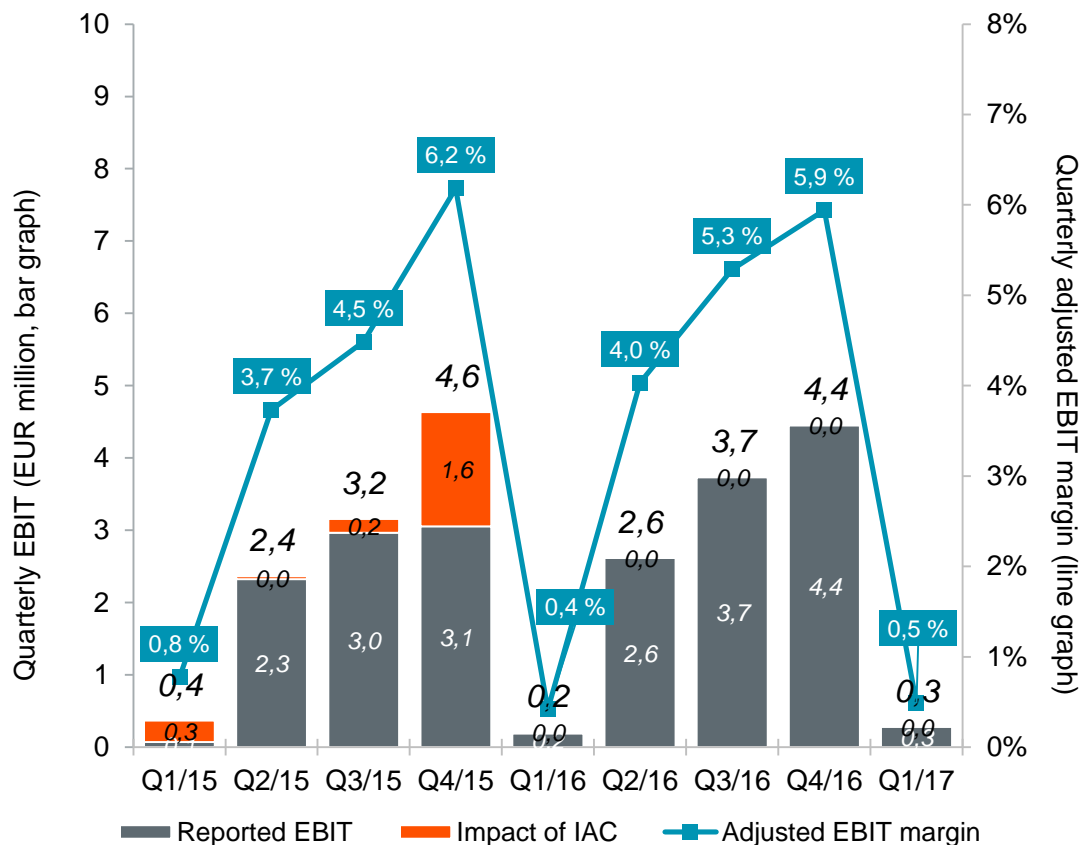


1) Cash conversion defined as free cash flow divided by EBITDA. Free cash flow equals operating cash flow before net financial items and taxes less investments in tangible and intangible assets

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

Result, Cash Flow and Financial Position

Quarterly adjusted EBIT¹ development: Profitability improved y-on-y

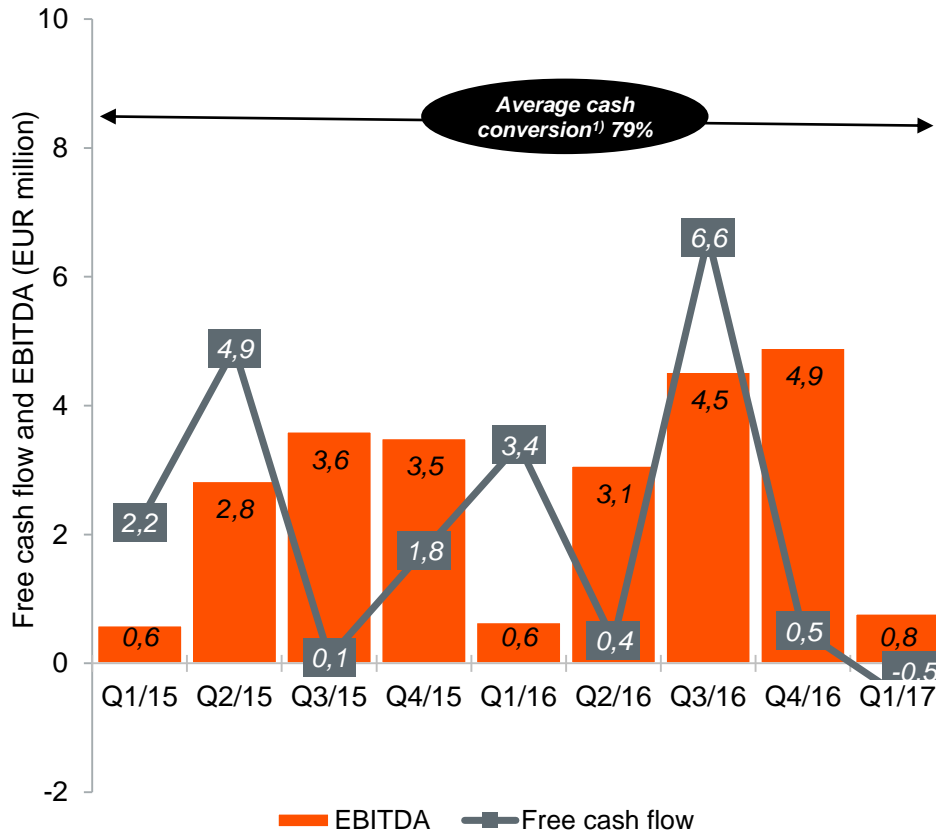


Comments

- Q1/17 EBIT 0.3 (0.2) million, or 0.5% (0.4%) of net sales
- Q1/17 adjusted EBIT before IAC¹ amounted to EUR 0.3 (0.2) million, or 0.5% (0.4%) of net sales
 - In Q1/2017, IAC of EUR 0.0
- EBIT and EBIT margin fluctuations are affected by the Group's progress in projects that generate revenue according to the POC method, the starting of new projects and the development of demand for services
- 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 Q1/2017, fixed costs increased by acquisitions of OTS and Pisara

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

Quarterly cash conversion development: Free cash flow adversely impacted by NWC change

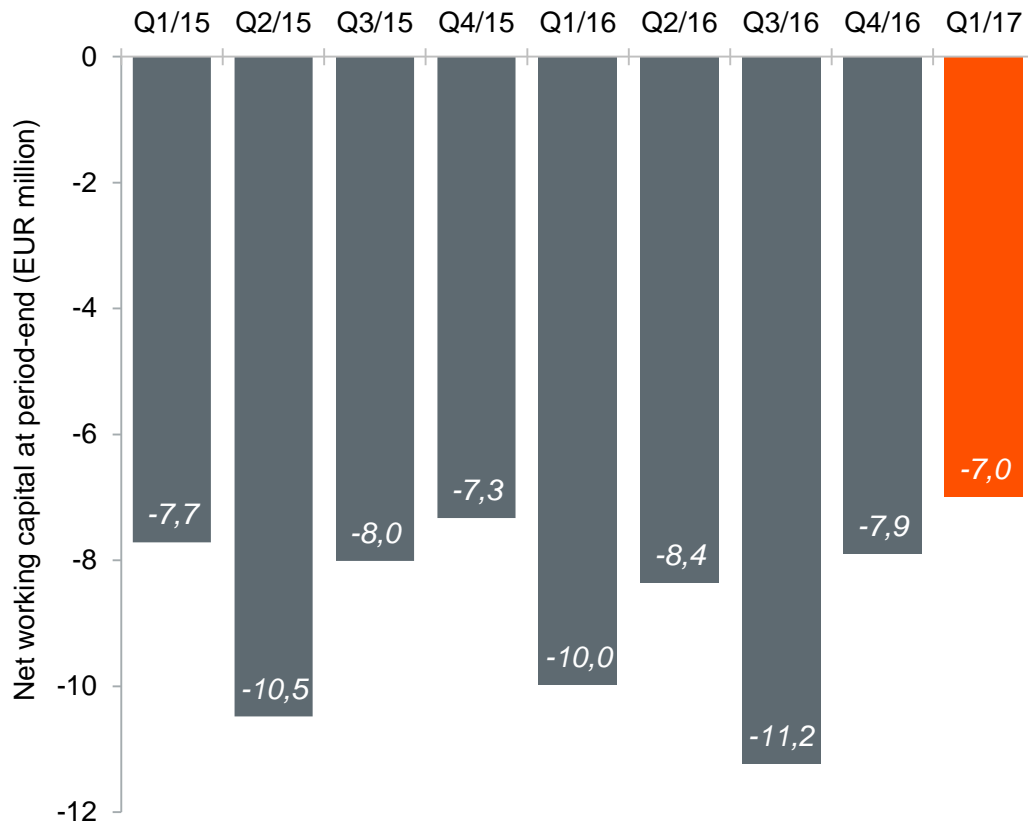


Comments

- Q1/2017 free cash flow EUR -0.5 (3.4) million
 - Cash flow from operating activities was marginally impacted by improved profitability
 - However, cash flow was adversely impacted by NWC tied up during Q1
- Average cash conversion ratio of 79% in the period of Q1/2015 – Q1/2017
 - 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

Quarterly net working capital development: NWC tied up during Q1/2017

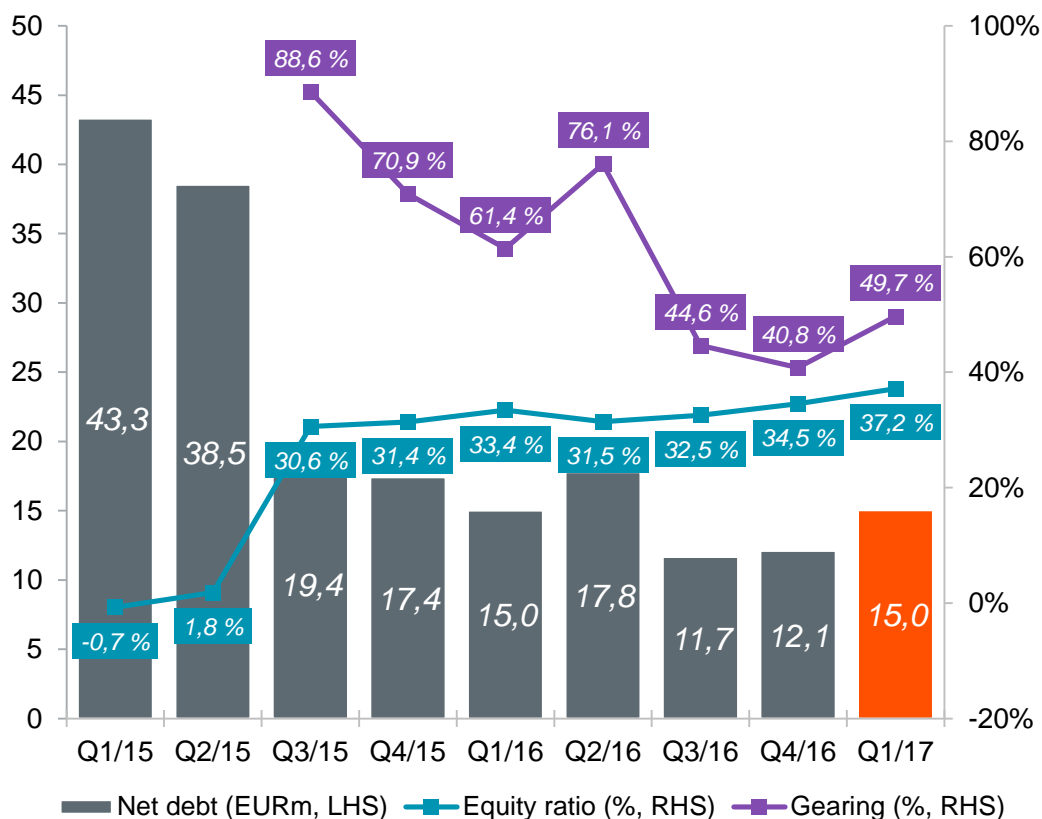


Comments

- Net working capital EUR -7.0m (-10.0m) at the end of Q1/2017
 - NWC EUR 3,0m higher compared to end of Q1/2016, mainly due to working capital tied up in trade and other receivables including NWC tied up in projects y-o-y
- NWC tied up during Q1 from year-end 2016 amounted to EUR 0.9m (-2.6m), due to decrease in trade and other payables and despite NWC release from projects

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

Quarterly balance sheet structure: Balance sheet strengthened, equity ratio and gearing improved

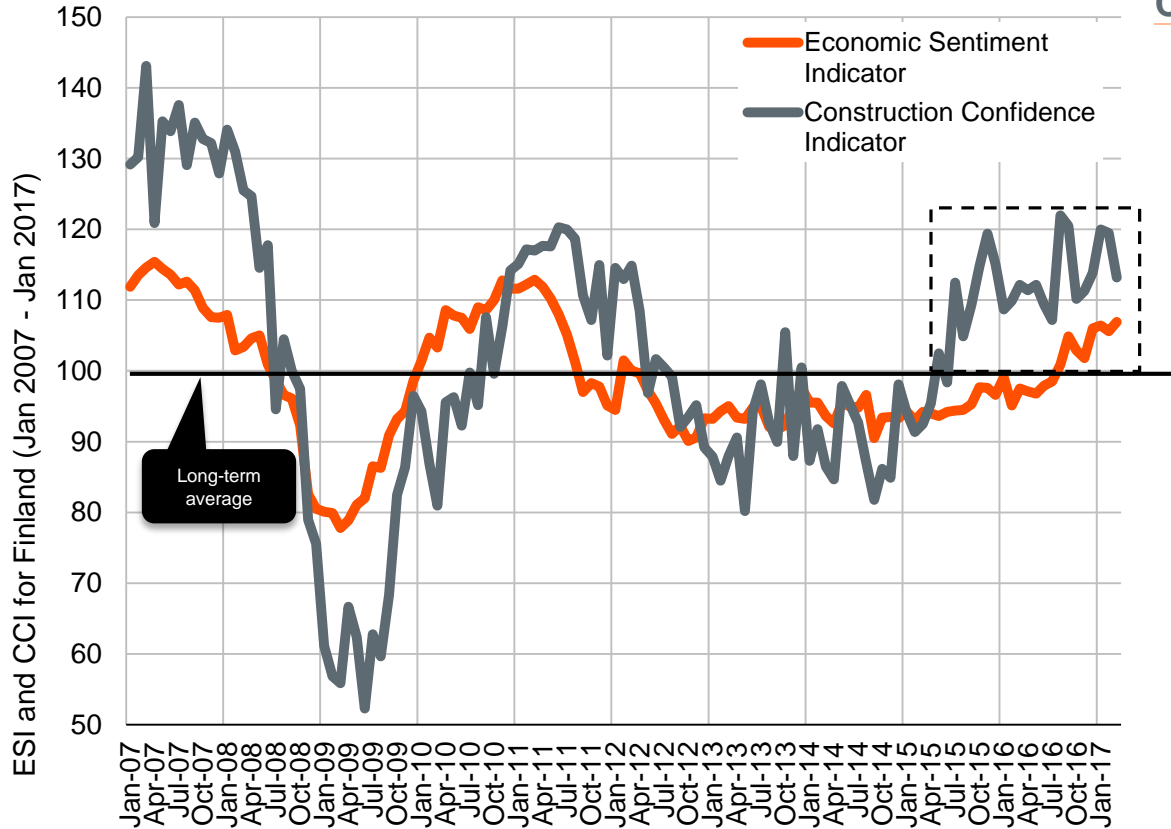


Comments

- Net debt at EUR 15.0m (15.0m)
- Equity ratio 37.2% (33.4%)
- Gearing at 49.7% (61.4%)

Market Outlook and Guidance

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



Comments

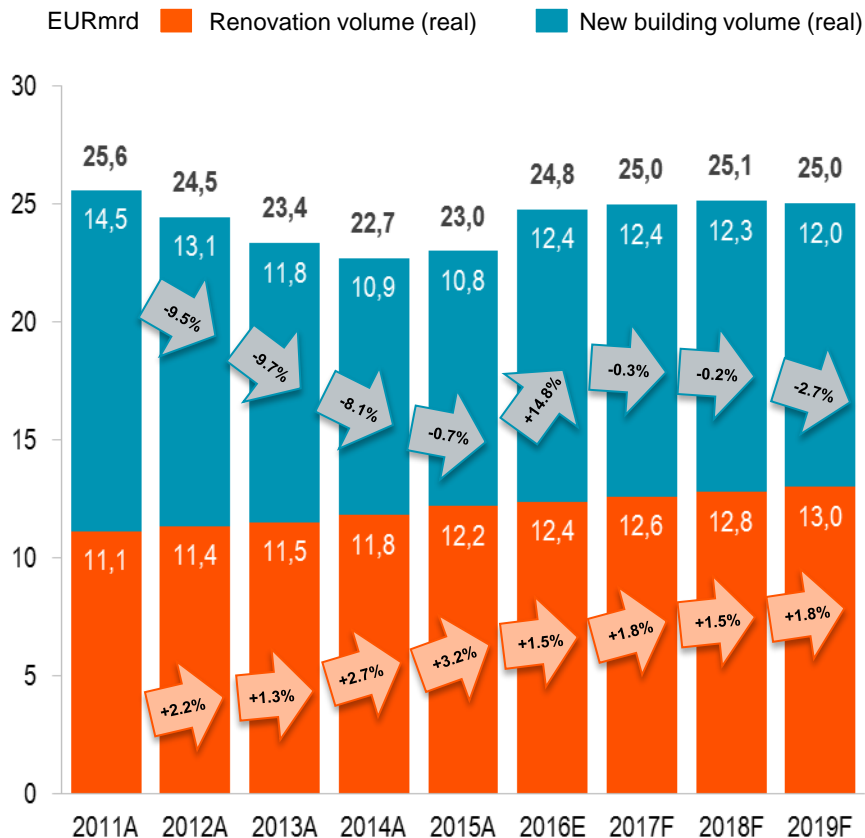
- Economic sentiment in Finland rose above the long-term average in August 2016
- Construction confidence surpassed long-term average level in August 2015 and has steadily remained above that level
- Construction market is inherently late-cyclical and should benefit from the improved outlook with a certain delay

Note: Mean-adjusted figures

Source: European Commission, November 2016

Stable growth in renovation to continue

Finnish new building and renovation market development



**CAGR
2017-19:
-1.1%**

**CAGR
2017-19:
+1.7%**

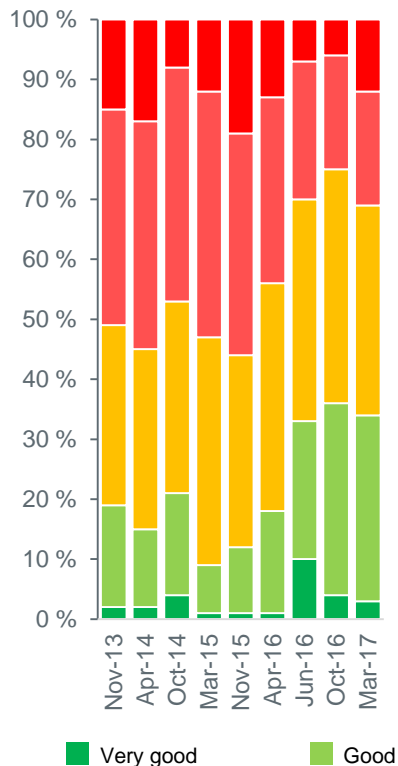
- Pace of renovation growth slowed down slightly in 2016 as a result of the strong increase in new building sector
- However, the renovation needs of existing building stock are believed to sustain steady renovation growth
- Total construction market forecast 2-3% for 2017
- Renovation forecast for 2017: Euroconstruct + 1.7% and CFCI +2.0%
 - 1970's apartments' total renovations, and renovations for saving energy, in public sector schools and hospitals in particular

Source: Euroconstruct, December 2016

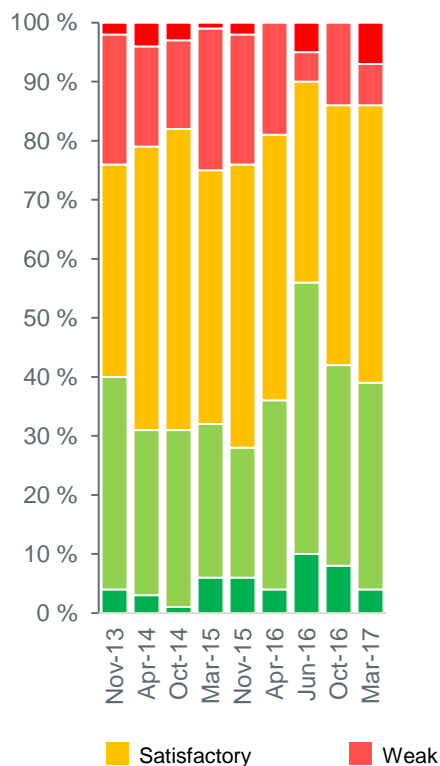
CFCI = The Confederation of Finnish Construction Industries, March 2017

HVAC market estimates

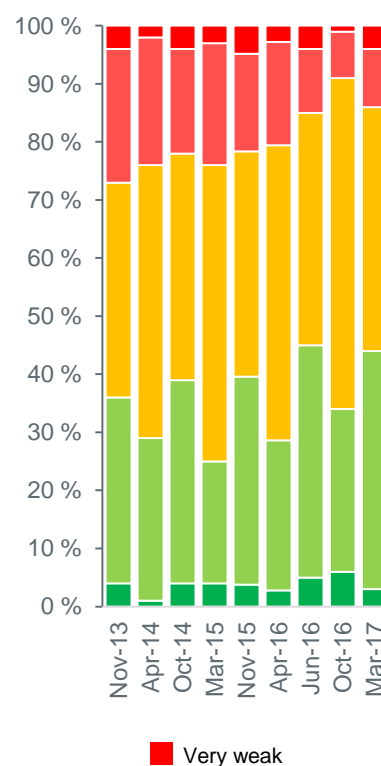
New construction



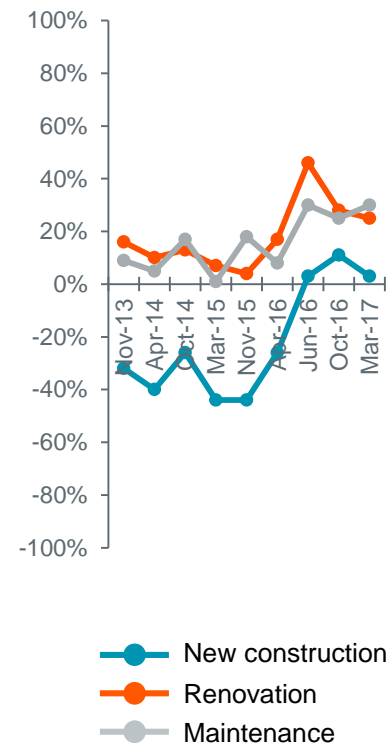
Renovation



Maintenance



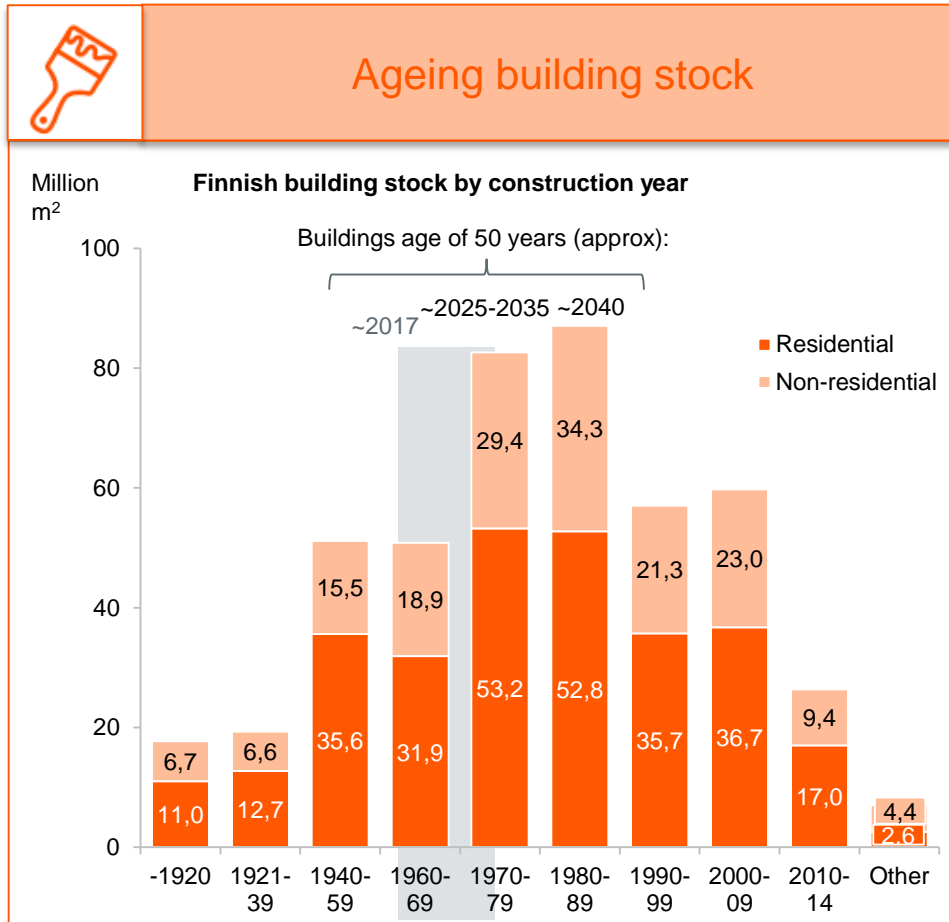
Balanced view *



* Balanced view = Very good + Good - Weak - Very weak

Source: LVI-Tekniset Urakoitsijat LVI-TU ry, Expert of HPAC industry

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



Source: Statistics Finland

Energy efficiency

Urbanisation

Modifications of the use of buildings

Increased need for building technology and automation

Examples of new orders

TECHNICAL BUILDING SERVICES

Q1/17 order intake:
EUR 18.6m (+5%)

- **As Oy Vuorilinna**
pipeline renovation,
Helsinki
- **Tripla parking house**
Pasila, Helsinki
sub-contract

RENOVATION CONTRACTING

Q1/17 order intake:
EUR 11.0m (+11.5%)

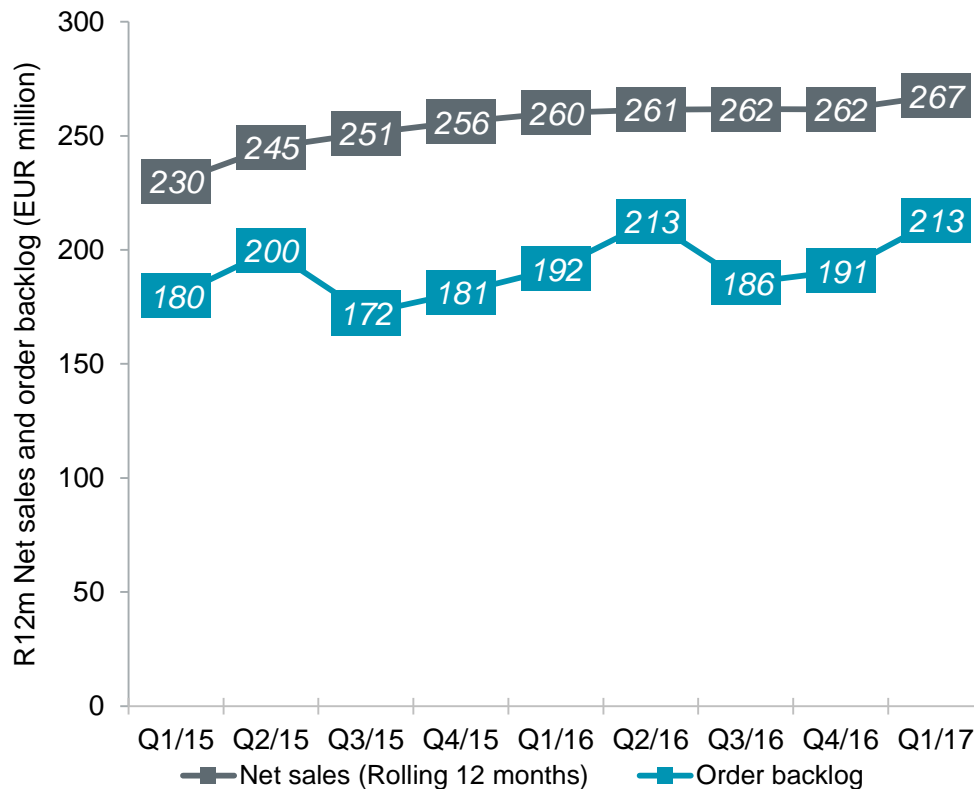
- **Hoas**
amenity renovations
for student housing in
Helsinki
- **Jumbo** shopping
center, Vantaa

BUILDING FACADES

Q1/17 order intake:
EUR 33.2m (+31%)

- **Siilitie 5 / HEKA**
Complete façade
renovation incl, roofs,
windows and balconies for
110 apartments, Helsinki
- **As Oy Kiertotähdentie 4**
Comprehensive façade
renovation for 9 buildings

Strengthening order backlog to support growth going forward

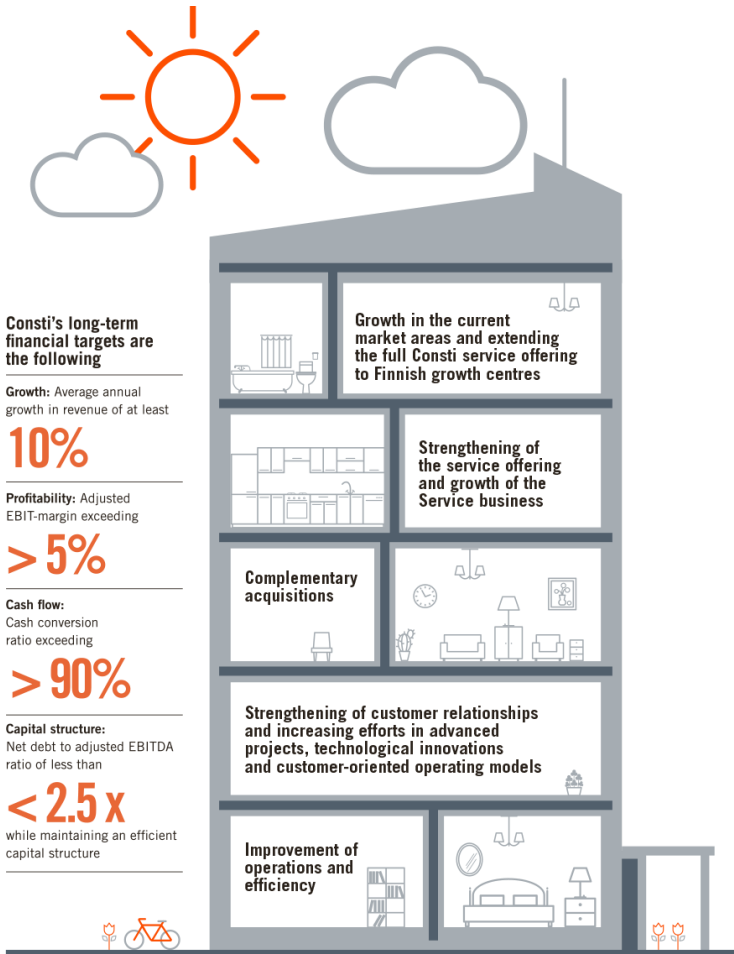


Comments

- Rolling 12-month net sales on a growing path
 - Large ongoing projects are picking up pace
- Strengthening of order backlog to support growth going forward
- Duration of 31 Mar 2017 order backlog (EUR 213m) somewhat shorter compared to backlog on 31 Mar 2016 (EUR 192m)

Consti Group's strategic themes

Preparations for new strategy started



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

Active screening of M&A candidates

Consti Group's strategy

Demonstrated financial track record

Good organisational fit

Relevant M&A targets

$N = X$

$N = X-Y$

$N = X-Y-Z$

$N \sim 50$

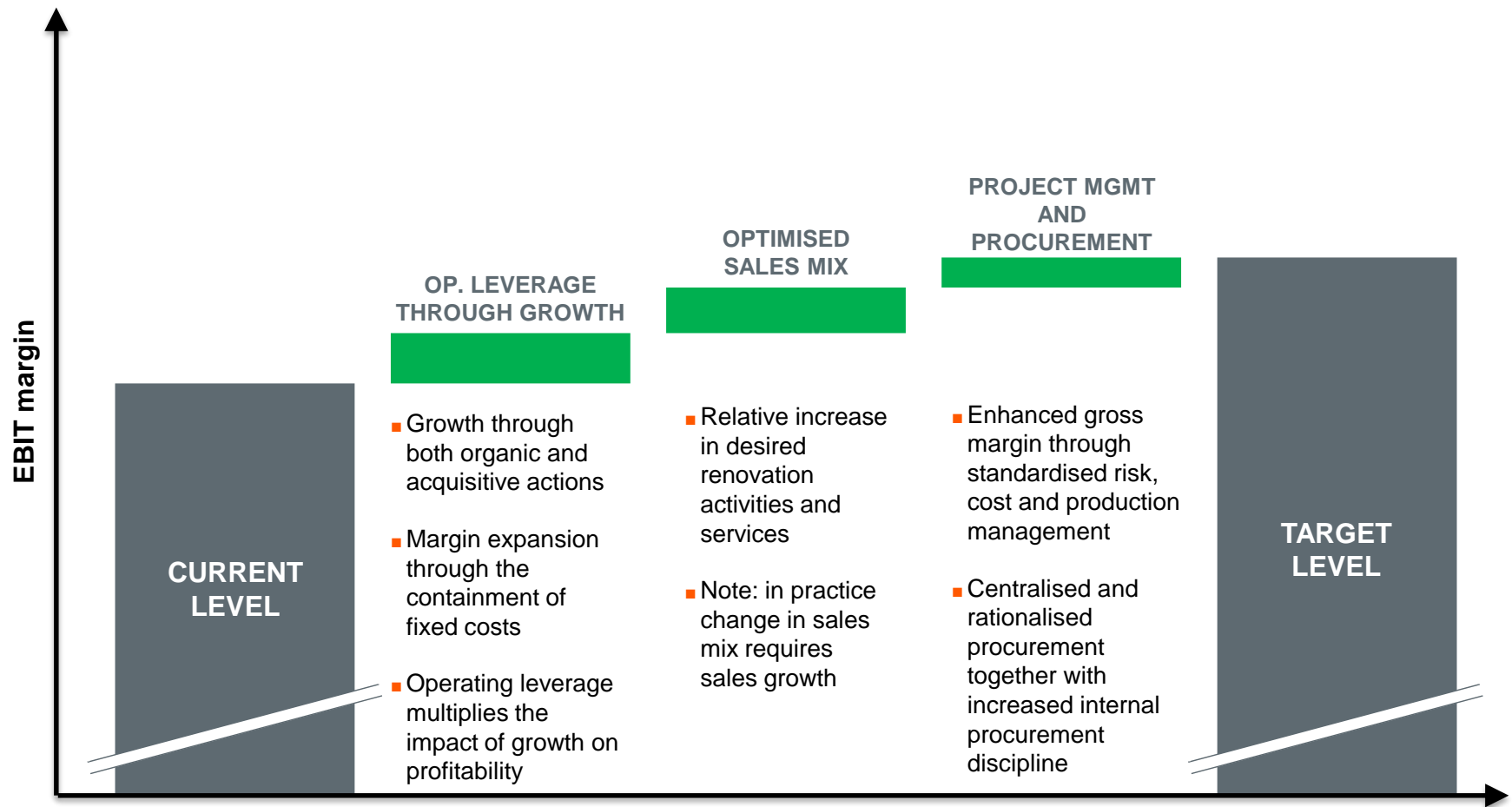
- Expansion in Finland's growth centers
- Strengthening of the offering
- Growth in Service business

- Established strong local presence with good customer relations and healthy order backlog
- Access to reliable financial data
- No specific limitations in terms of size (net sales)

- Minimised overlap with Consti's current businesses
- Committed management with clear future roles and responsibilities
- Smooth integration to attain scalable value

- For instance:
 - Roof renovation and glass construction companies
 - Service businesses
 - Pipeline renovation and building automation specialists
 - New geograph. areas

Improvement to stem from op. leverage through growth and optimised gross margin



Summary

1. Net sales up by 11.5% year-on-year
2. Order intake and order backlog increased year-on-year
3. Profitability improved both in absolute and relative terms
4. Cash flow was adversely impacted by NWC tied up during Q1/2017
5. Steady market growth
6. **FY2017 net sales to grow compared to 2016**