

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

CONSTI PLC

INTERIM REPORT

1 JANUARY –
31 MARCH 2021

CEO Esa Korkeela
CFO Joni Sorsanen

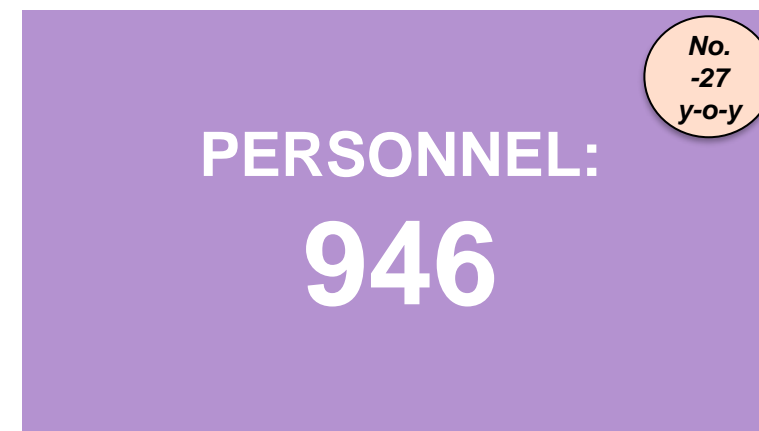
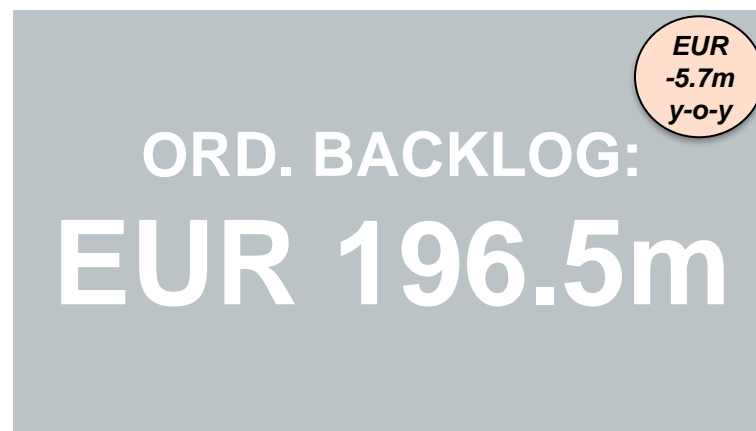
CONTENTS

1. **Highlights and Group performance**
2. Cash flow and financial position
3. Market outlook, guidance and summary
4. Appendix



Highlights of the first quarter of 2021

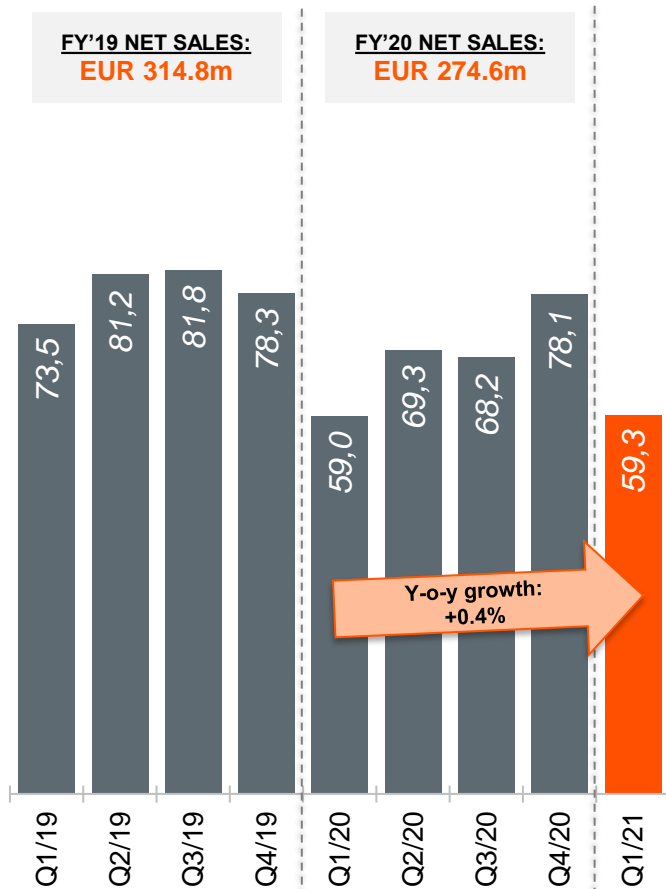
Net sales at par with previous year, order intake increased



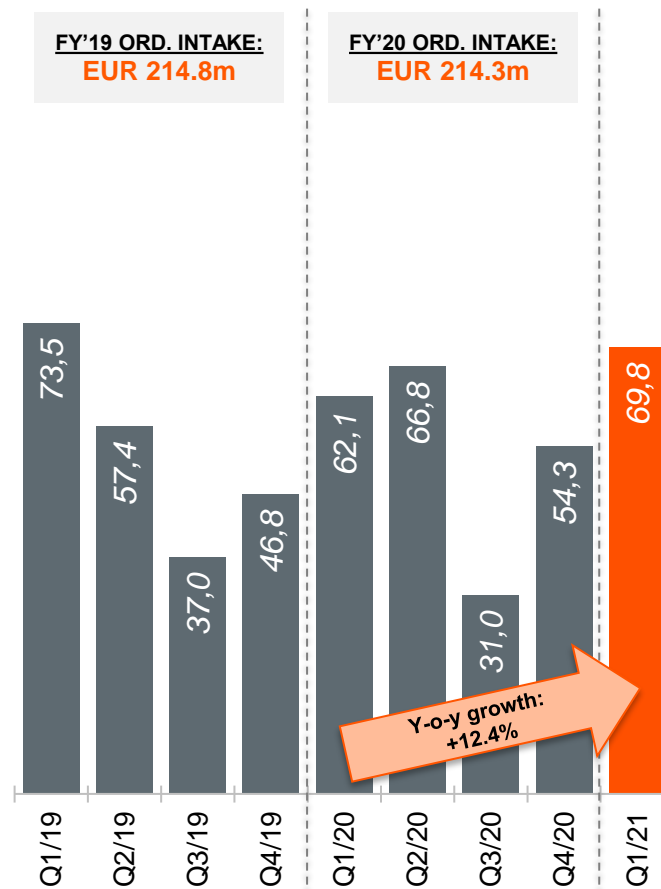
Quarterly performance overview

Q1 net sales in line with previous year while order intake up by 12.4% y-on-y. Order backlog down year-on-year but 10.5% higher than at the end of 2020

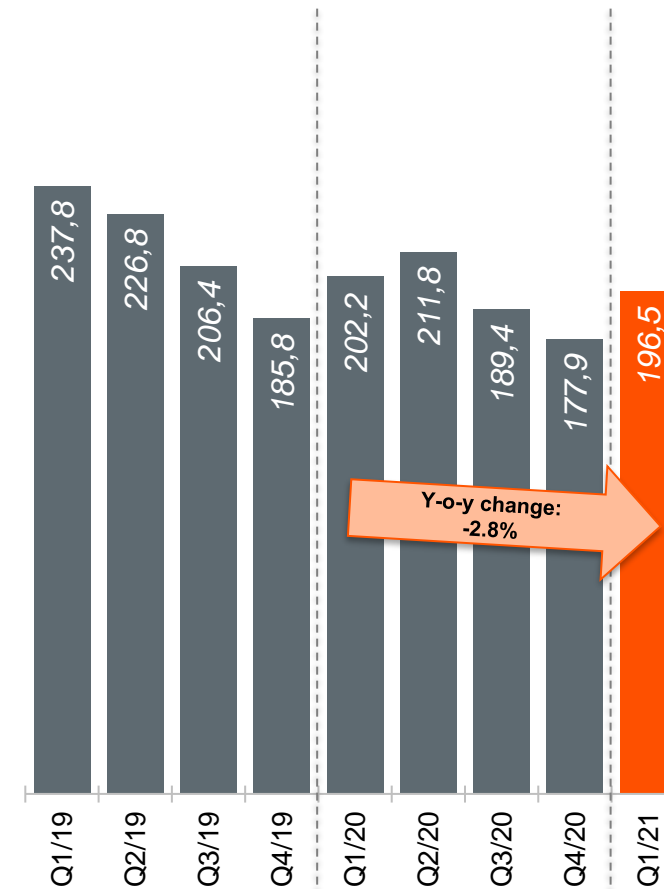
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



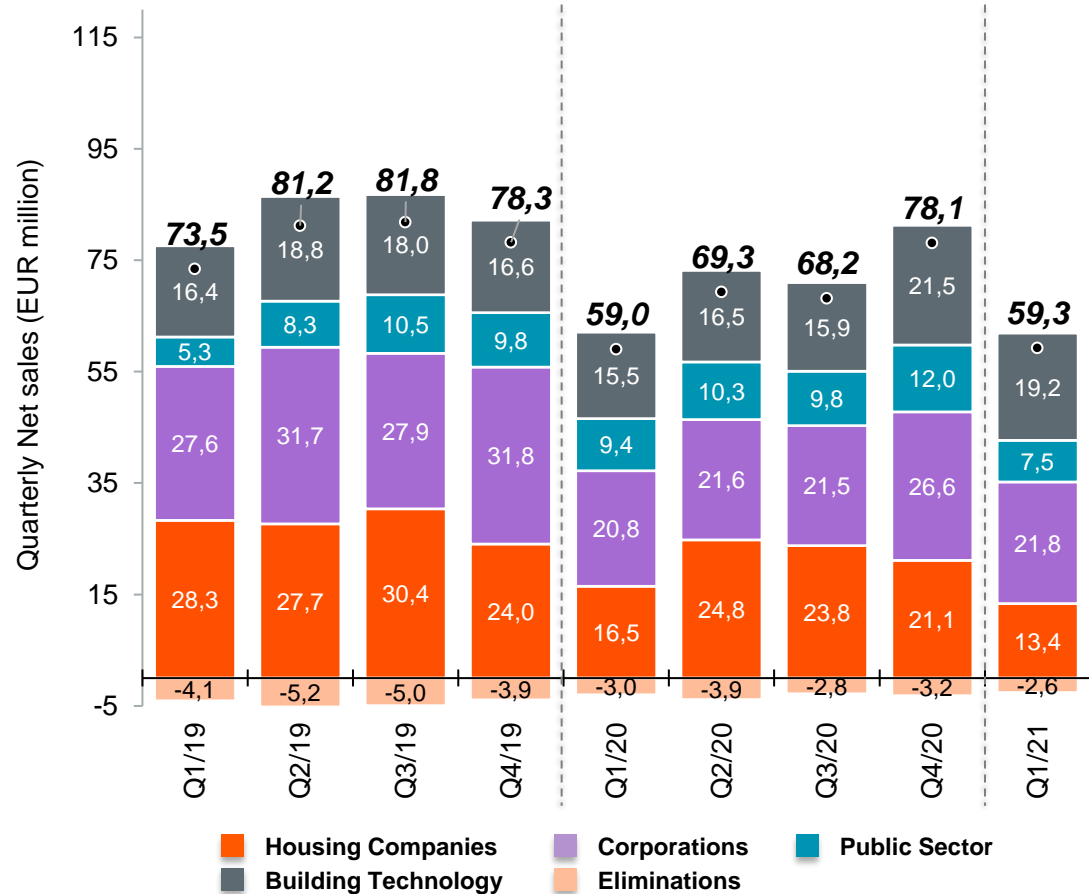
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q1 net sales amounted to EUR 59.3m, growing 0.4% year-on-year

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



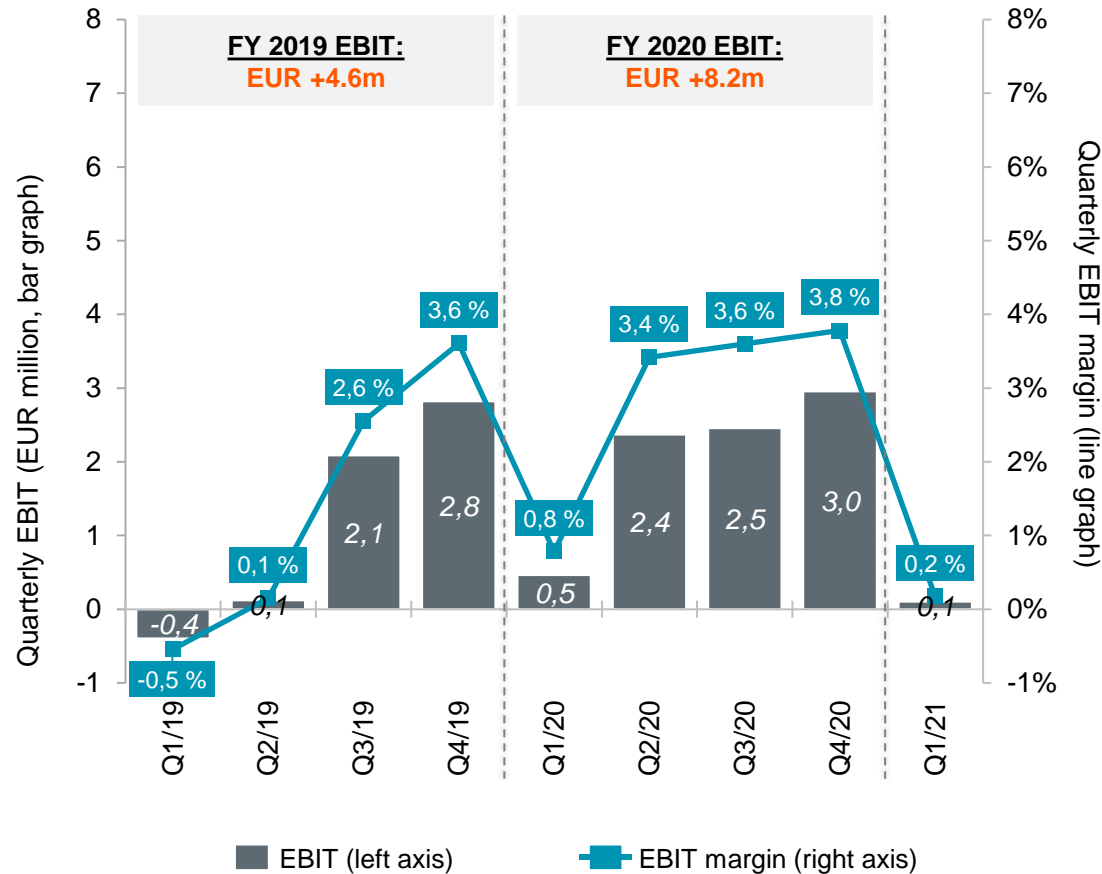
Comments

- Q1/2021 net sales EUR 59.3m (59.0m)
 - Year-on-year growth +0.4%
 - Consti’s business volumes are typically at their lowest levels in the first quarter
 - As for business areas engaged in the construction business, net sales grew in Corporations but decreased in Housing Companies and Public Sector
 - Housing Companies net sales EUR 13.4m (16.5m) → Net sales grew in Greater Helsinki area but due to weaker demand than in previous year, decreased in other areas
 - Corporations net sales EUR 21.8m (20.8m)
 - Public Sector net sales EUR 7.5m (9.4m)
 - Building Technology net sales EUR 19.2m (15.5m) → net sales increased mainly due to the volume increase in building technology installations business in Greater Helsinki area

EBIT development

Q1 EBIT was positive, but weakened slightly compared to the previous year

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



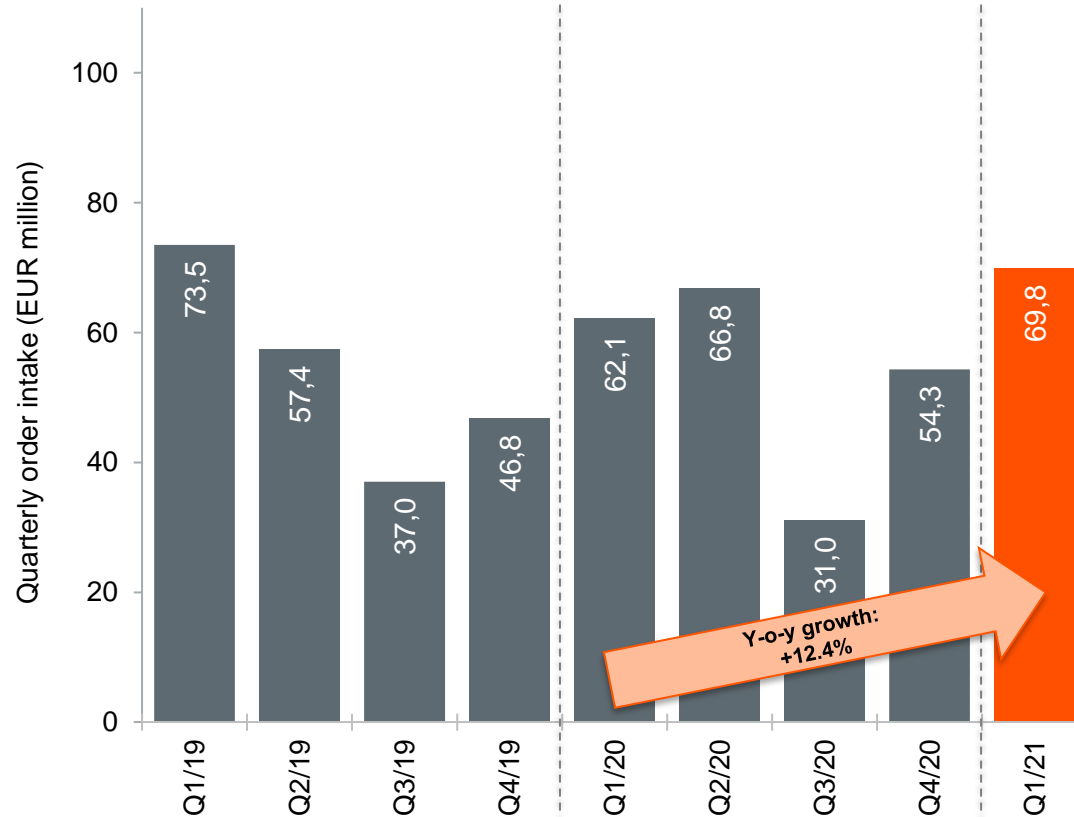
Comments

- Q1/2021 EBIT amounted to EUR 0.1 (0.5) million, or 0.2% (0.8%) of net sales
- Q1 EBIT was profitable, but weakened slightly compared to the previous year
- Consti’s business volumes are typically lowest during the first quarter of the year
 - ➔ Q1 profitability mainly in line with expectations
- Legal costs related to St. George arbitration proceedings totalled EUR 0.4 (0.1) million in the first quarter

Quarterly order intake development

Q1/2021 order intake EUR 69.8 million, growth of 12.4% year-on-year

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



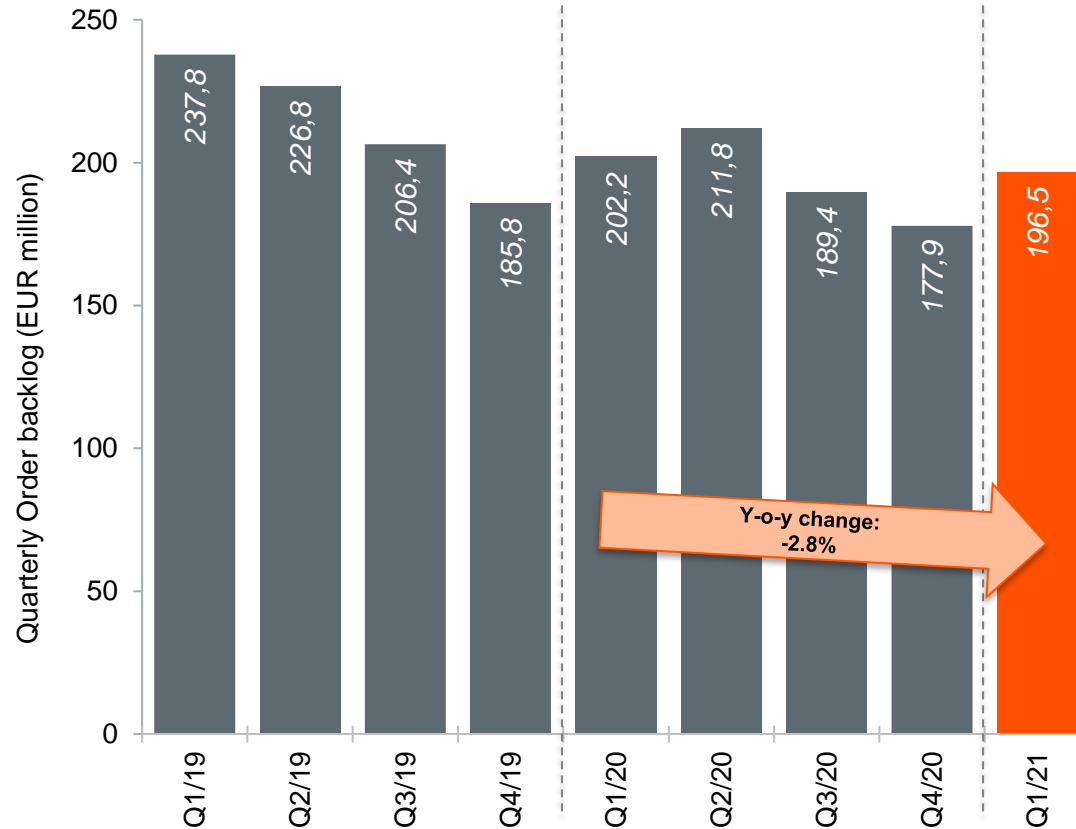
Comments

- Q1/2021 order intake EUR 69.8m (62.1m)
 - Year-on-year growth +12.4%
 - Examples of new orders received in Q1:
 - As Oy Isokontio, facade renovation in Espoo
 - As Oy Helsingin Mäkitorpantie 32, plumbing renovation in Helsinki
 - Koy Vitikka 1, comprehensive renovation of the central police station of Western Uusimaa Police Department in Espoo
 - Casino Tampere, building of Veikkaus' new casino at the UROS LIVE arena
 - Hyvinkää hospital, HVAC installation as part of a comprehensive renovation of a hospital
- Despite COVID-19, Q1 2021 order intake above comparison period

Quarterly order backlog development

Q1/2021 order backlog at EUR 196.5 million, down by 2.8% y-o-y

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



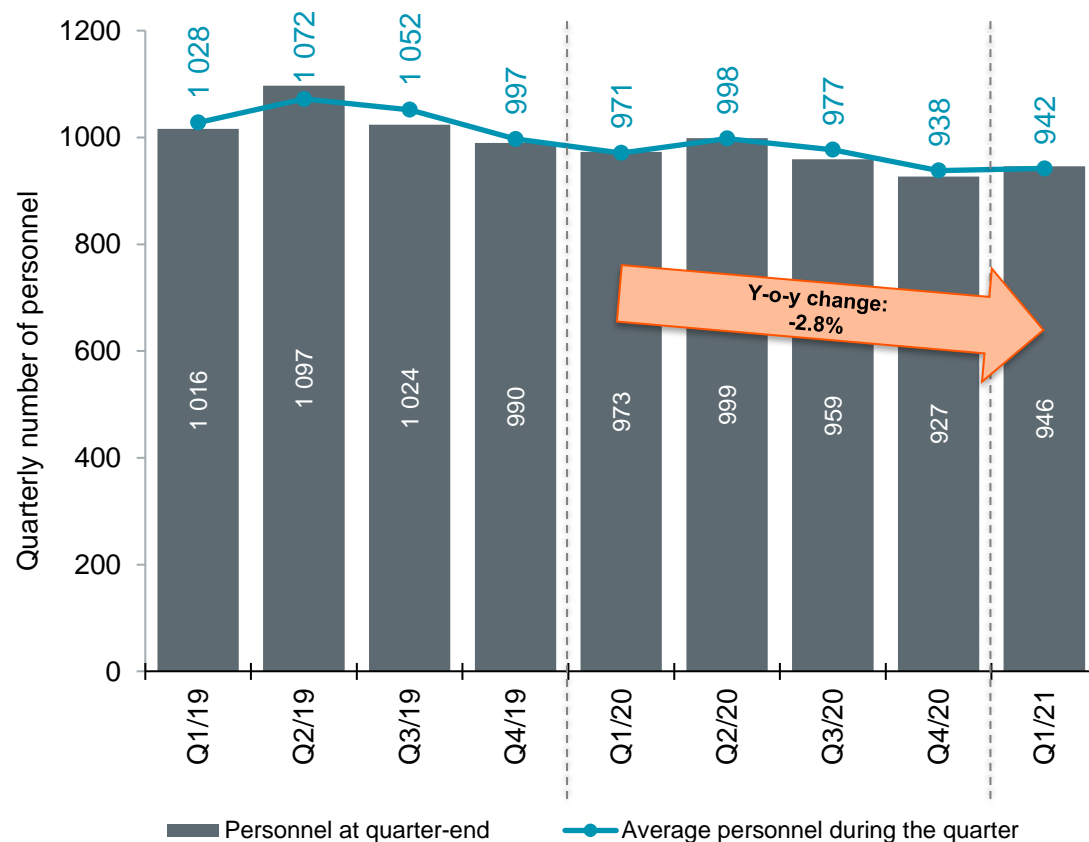
Comments

- Q1/2021 order backlog at EUR 196.5m (202.2m)
 - Year-on-year change -2.8%
 - However, order backlog up by 10.5% compared to the end of the previous financial year
 - Larger share of March 2021 order backlog to be recognised within the on-going financial year compared to March 2020 backlog

Quarterly development in number of personnel

Total number of personnel at the end of Q1/2021 decreased by 27 year-on-year

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



Comments

- Number of personnel at the end of Q1/2021 946 (973), reduction of 27
- Average number of personnel during Q1/2021 942 (971), reduction of 29

CONTENTS

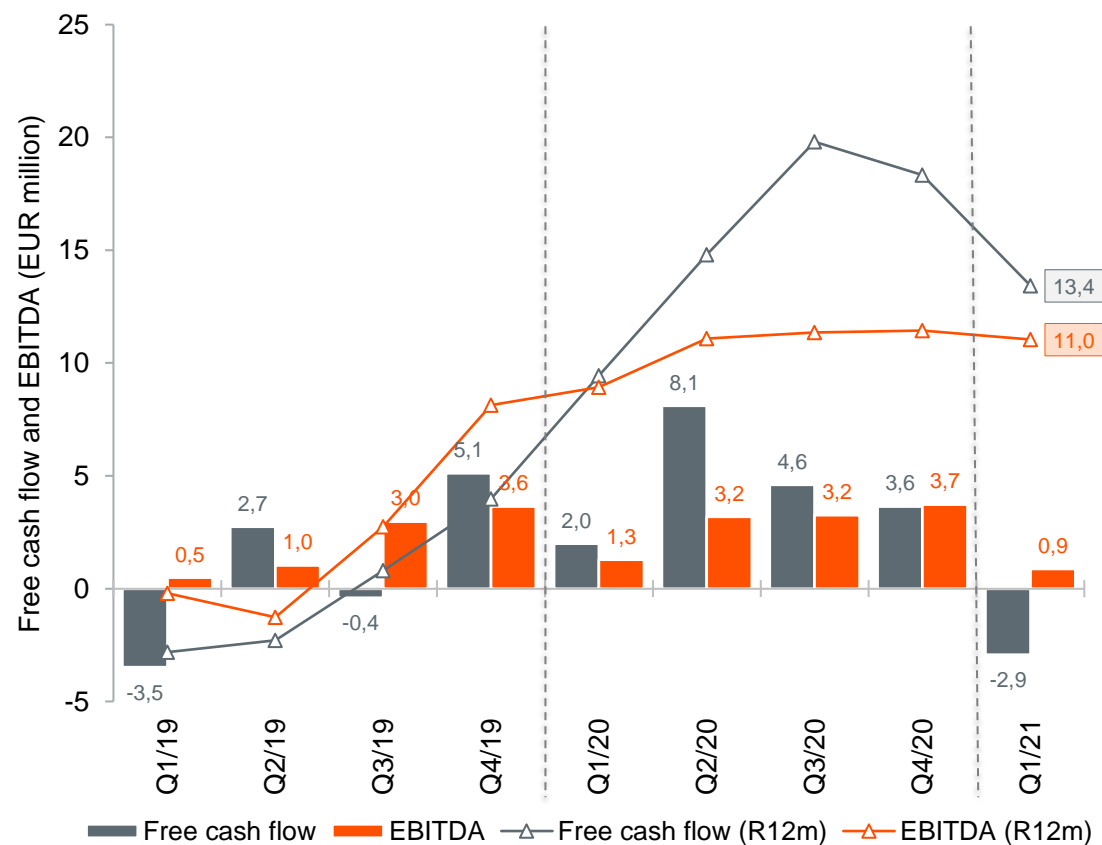
1. Highlights and Group performance
2. **Cash flow and financial position**
3. Market outlook, guidance and summary
4. Appendix



Quarterly free cash flow development

Q1 cash flow negative, impacted by change in working capital

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



Comments

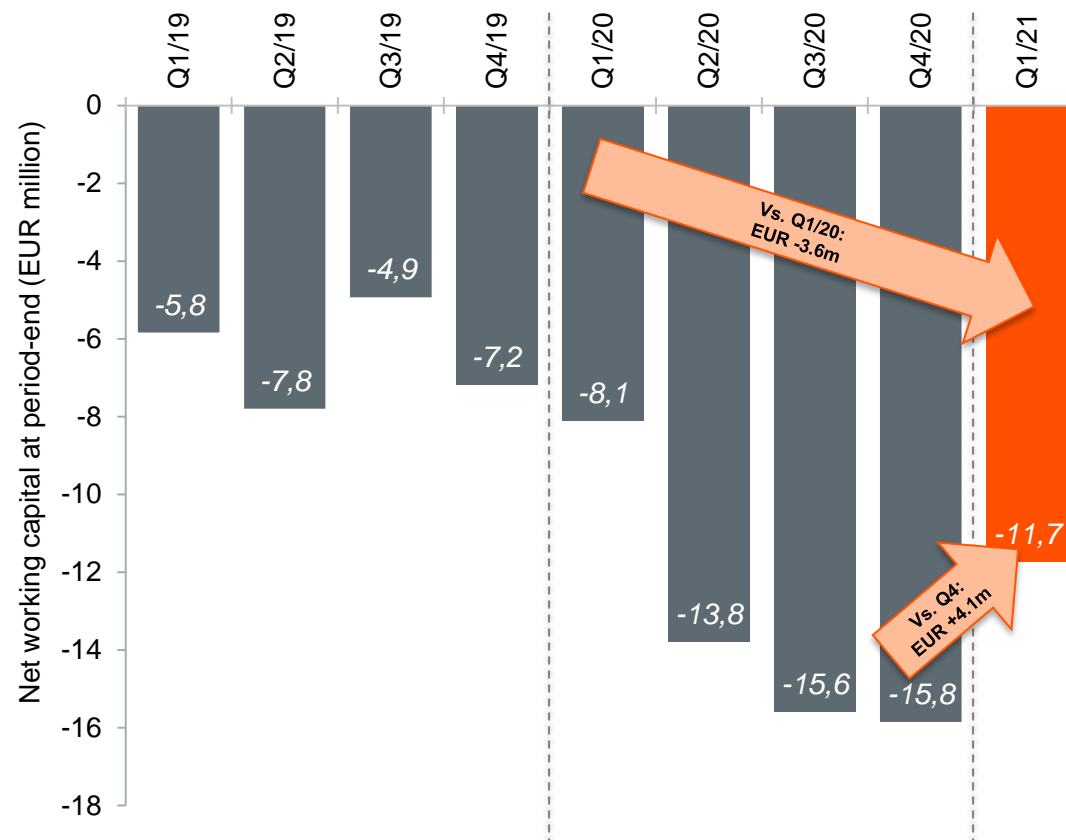
- Q1/2021 free cash flow EUR -2.9m (2.0m)
 - EBITDA amounted to EUR 0.9m (1.3m)
 - Cash flow impact from change in net working capital was EUR -3.6m (+1.0m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.3m (-0.3m)
- Rolling 12-month cash conversion ratio 121.6%, exceeding the Group 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 -11.7 million at the end of Q1/2021

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



Comments

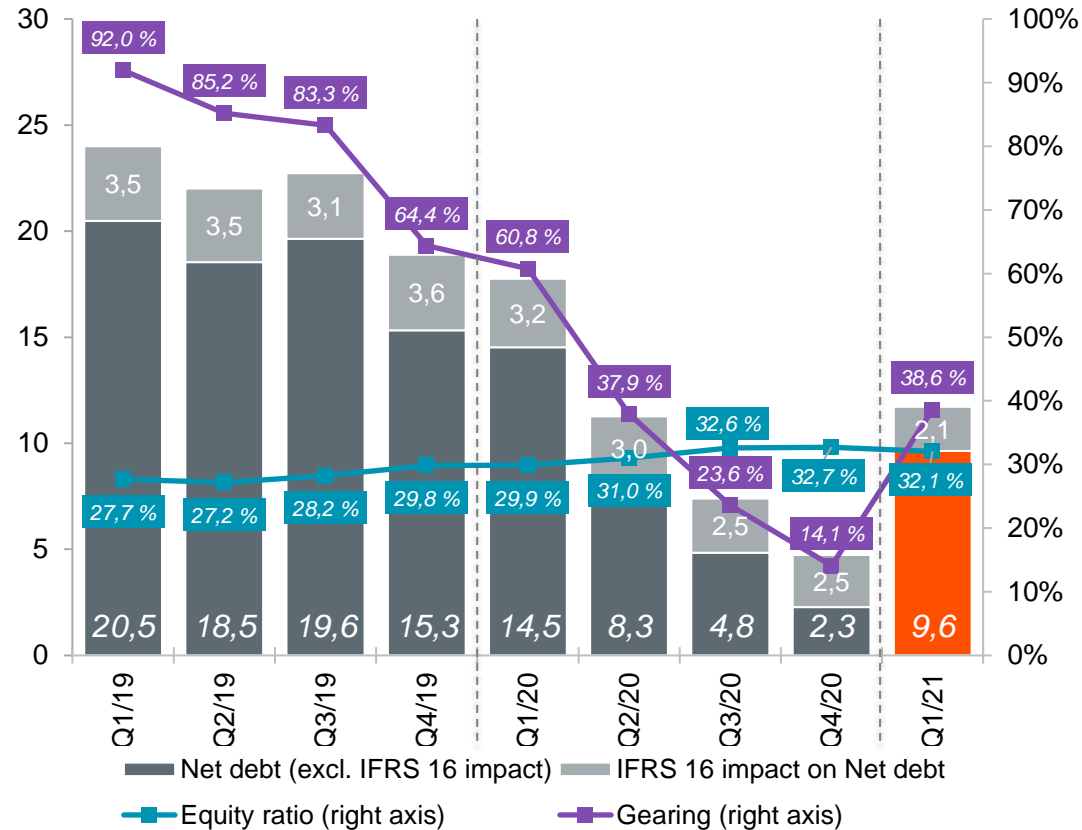
- Net working capital EUR -11.7m (-8.1m) at the end of Q1/2021
 - NWC tied up during Q1/2021 amounted to EUR 4.1m
 - NWC EUR 3.6m lower compared to Q1 2020

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

Q1 financial position strengthened y-o-y but weakened compared to previous quarter due to the redemption of hybrid bond as well as negative Q1 cash flow

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



Comments

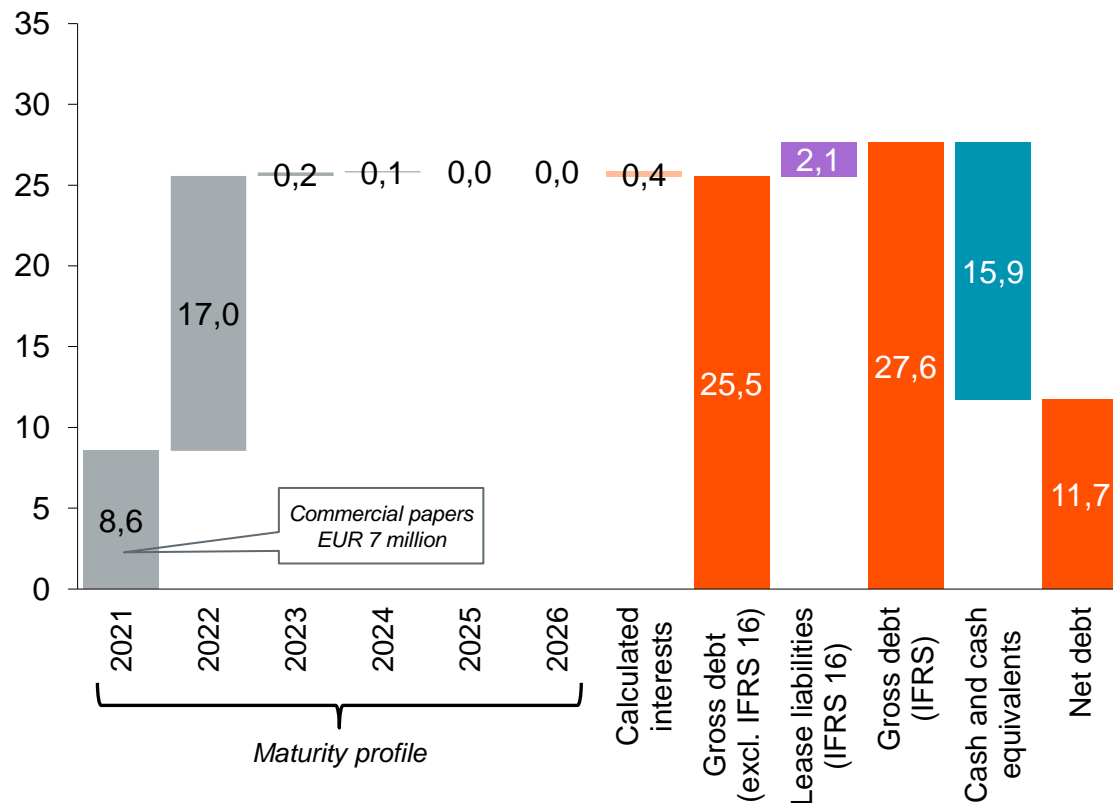
- Financial position as per 31 March 2021 strengthened y-o-y but weakened compared to previous quarter
 - Redemption of hybrid bond at the end of March
 - Negative Q1 cash flow due to change in NWC
- Q1/2021 net debt at EUR 11.7m (17.8m), of which EUR 2.1m (3.2m) attributable to IFRS 16 related lease liabilities
- Q1/2021 equity ratio at 32.1% (29.9%)
 - IFRS 16 decreases Q1/2021 equity ratio by 0.8 (1.0) percentage points
- Q1/2021 gearing at 38.6% (60.8%)
 - IFRS 16 increases Q1/2021 gearing by 6.9 (11.2) percentage points

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 (31 March 2021)

No significant bank loan redemptions in 2021. Hybrid bond was redeemed on 29 March 2021

Maturity profile of interest-bearing debt¹⁾ as per 31 March 2021 (EUR m)



Comments

- Consti's gross interest-bearing debt at EUR 25.5 million (excluding IFRS 16) at the end of Q1/2021
- Cash and cash equivalents amounted to EUR 15.9m 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 2022, i.e. no significant bank loan redemptions in 2021
- Hybrid bond of EUR 3.2m, issued in March 2019, was redeemed in full on 29 March 2021 in accordance with its terms and conditions

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

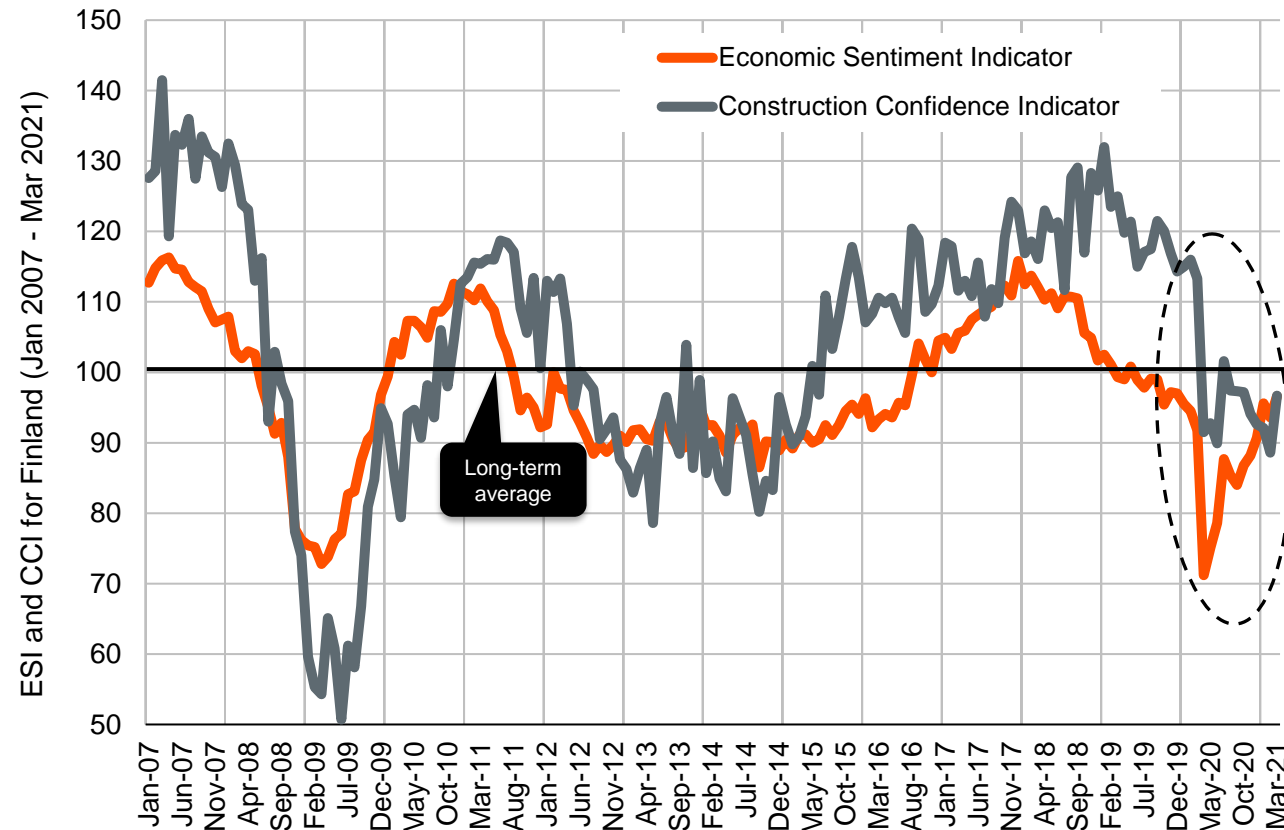
CONTENTS

1. Highlights and Group performance
2. Cash flow and financial position
3. **Market outlook, guidance and summary**
4. Appendix



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

Economic Sentiment and Construction Confidence / Finland (2007 – 3/2021)



Note: Mean-adjusted figures

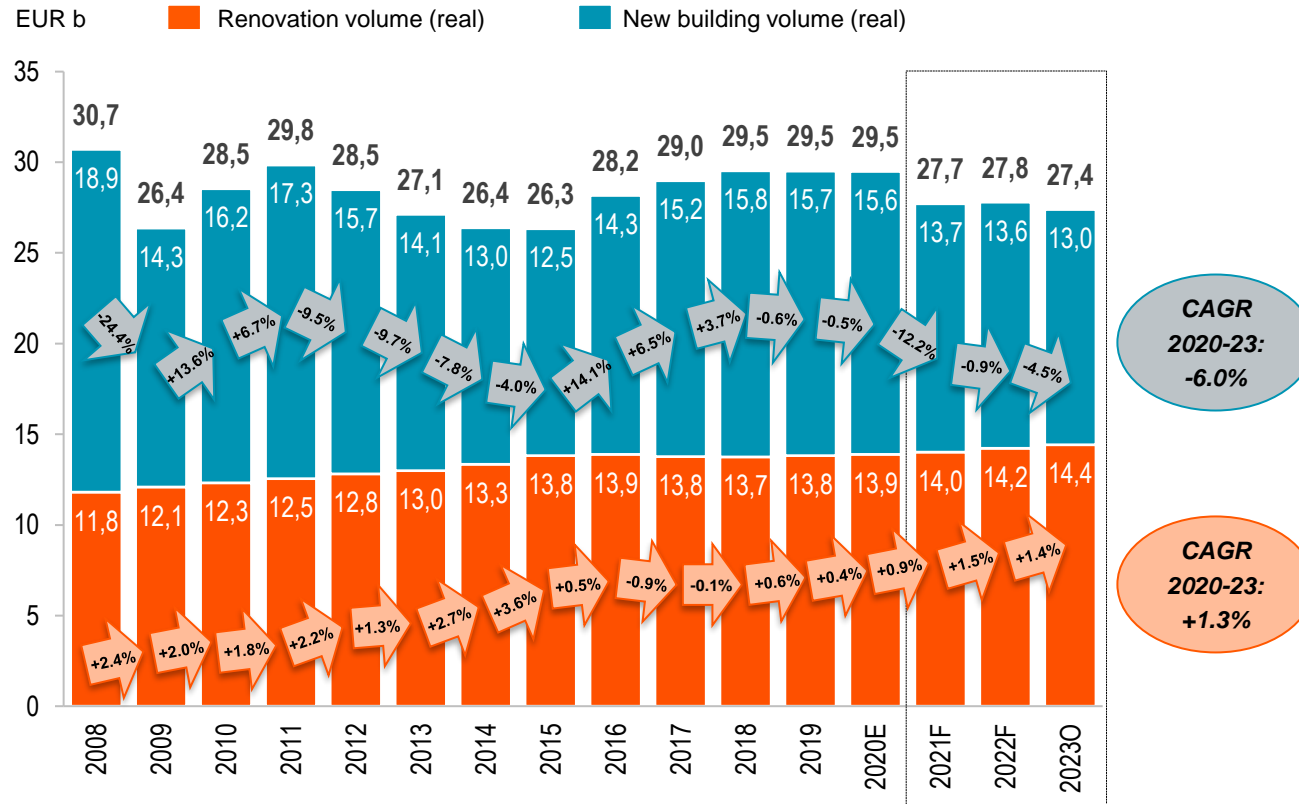
Source: European Commission, April 2021

Comments

- The spread of coronavirus and its accompanying containment measures clearly visible in the development of confidence indicators
- Both construction confidence and economic sentiment deteriorated sharply in April 2020, construction confidence falling clearly below the long-term average within one month
- Since April 2020, both indicators have recovered and weakened following the development of the pandemic situation
- At the end of March 2021, both indicators still remain below long-term average but are slightly above year-end 2020

Stable growth in renovation expected to continue going forward

Finnish new building and renovation market development 2008 – 2023



Source: Euroconstruct, November 2020

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

Comments

- According to Euroconstruct, the value of building renovation amounted to approximately EUR 13.9 billion in 2020, representing approximately 47% of total building volume
- Euroconstruct estimates that renovation grew by approximately 0.4 percent in 2020 and the Confederation of Finnish Construction Industries RT (CFCI) estimates growth of 0.5 percent
- Both renovation and new building have concentrated to large cities in the past years. As economic growth declines, new building is estimated to concentrate even more to growth centres
- According to CFCI's March 2021 report, the construction market is expected to decline approximately 2 percent in 2021 while building renovation is expected to grow by 1 percent in 2021

Coronavirus pandemic (COVID-19)

COMMENTS ON RENOVATION MARKET

- Demand for renovation projects remained at a reasonable level in Q1 despite the pandemic
- Activity in Greater Helsinki area's housing company market is increasing towards a more normal level
- On the other hand, renovation demand for business premises has further weakened particularly in businesses hit hardest by the coronavirus
- Possible continued uncertainty related to renovation of business premises stems from e.g. decreased ability to pay rent, an oversupply of business premises, and unclear impact of corona on consumer behaviour and business premises demand
- Although market research institutes expect the renovation market to grow in 2021, new waves of the pandemic and lockdowns remain possible
- Therefore, the short-term outlook for renovation as well as building technology remain uncertain

IMPACT ON CONSTI

- Coronavirus pandemic (COVID-19) complicated Consti's ability to advance projects according to plans during Q1
- Even though the number of confirmed coronavirus cases and exposures to COVID-19 were at a low level in Q1, the pandemic caused more interruptions at Consti's worksites than in the comparison period
- Despite COVID-19, Q1 2021 order intake grew year-on-year

Outlook and guidance for 2021

- The coronavirus pandemic continues to cause uncertainty to Consti's operating environment
- Although market research institutes expect the renovation market to grow in 2021, new waves of the pandemic and lockdowns remain possible
- The most significant short-term impacts of the corona crisis have to do with both the company's ability to carry out existing projects as well as short-term demand outlook
 - Uncertainty pertaining to handling existing projects relate to workforce availability, possible illnesses, material availability and official regulations
- In 2021, Consti will concentrate on ensuring the performance of its business and implementing its new strategy

■ "The Company estimates that its operating result for 2021 will be in the range of EUR 7-11 million. The range for 2021 profit guidance is wide due to the uncertainties related to the Covid-19 pandemic."



Summary

1. Seasonally low Q1 net sales grew 0.4 percent from comparison period
2. Q1 EBIT was profitable, but weakened slightly compared to the previous year
3. Q1 order intake grew 12.4% from comparison period
4. Demand for renovation projects in Q1 remained at a reasonable level despite the pandemic
5. Coronavirus pandemic continues to cause uncertainty to Consti's operating environment
6. Target to continue delivering solid performance also in 2021

CONTENTS

1. Highlights and Group performance
2. Cash flow and financial position
3. Market outlook, guidance and summary
4. **Appendix**



CONSTI GROUP STRATEGY 2021–2023

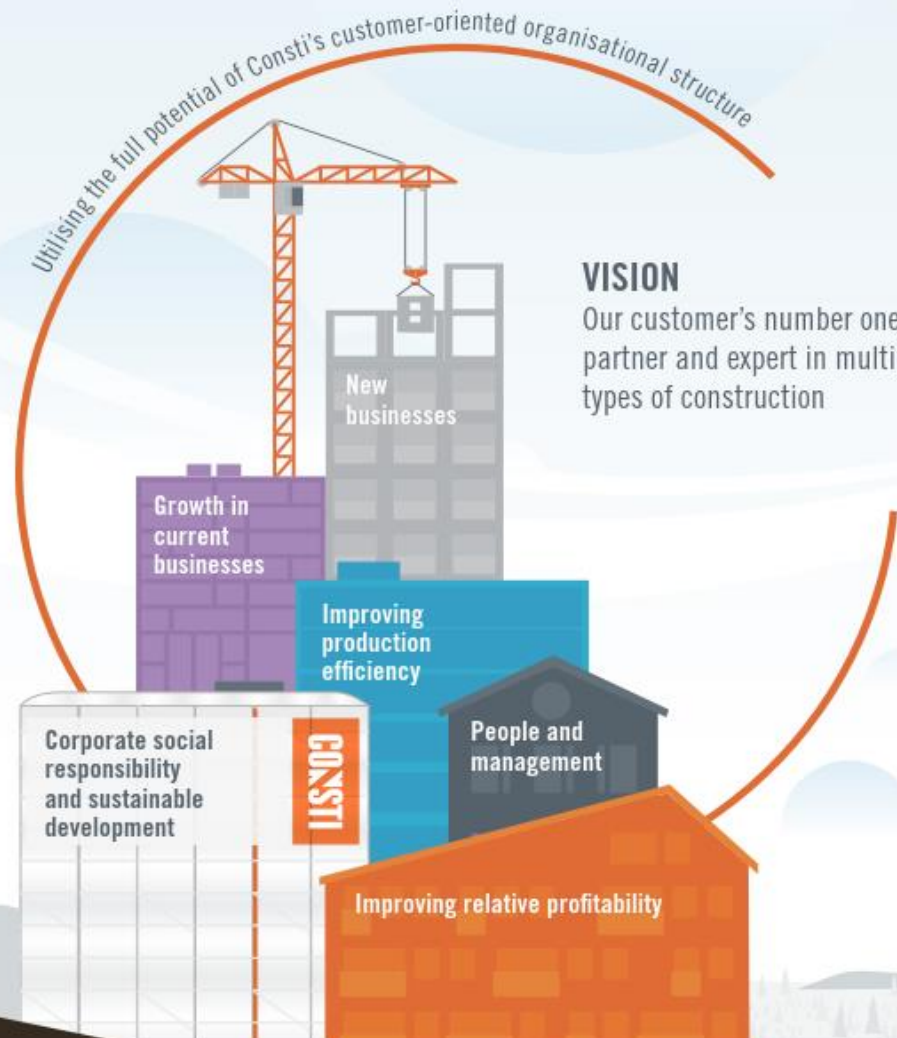
MISSION

Our mission is to improve the value of the building stock, and the value of life. The satisfaction of our customers and partners, as well as the well-being of our personnel are the prerequisites to all our operations.

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

VISION

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



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

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

Long-term financial goals

Growth: net sales growing faster than the market

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

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

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

* The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial expenses and taxes, less capital and for purchase of intangible assets and property, plant and equipment.

A photograph of three people in orange safety vests. A woman in the center is smiling and holding a white mug. Two men are on either side of her, also in safety vests, looking towards her. The background is a blurred outdoor setting.

CONSTI

WAY

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

CONSTI

We are all aiming at the same goal


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

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

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

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

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

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

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

CONSTI



CONSTI

INTERIM REPORT

1-3/2021

CONSTI PLC

Q1

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