 HELSINKI-VANTAA AIRPORT, FINLAND

Carnegie Construction Seminar 2020

Kari Kauniskangas, President and CEO



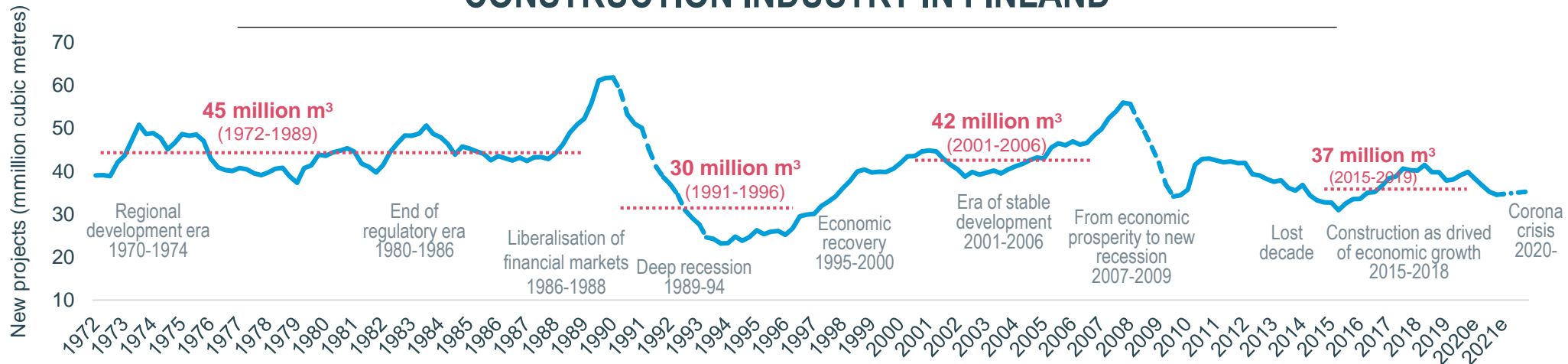
# RT<sup>\*</sup>): National reconstruction still ongoing in Finland, demand for construction industry increasing in coming years

EU revival package expected to focus on construction industry

Industry sector construction projects, worth 5B€, in planning for 2020-2023

New construction needed to reach national climate targets

## CONSTRUCTION INDUSTRY IN FINLAND



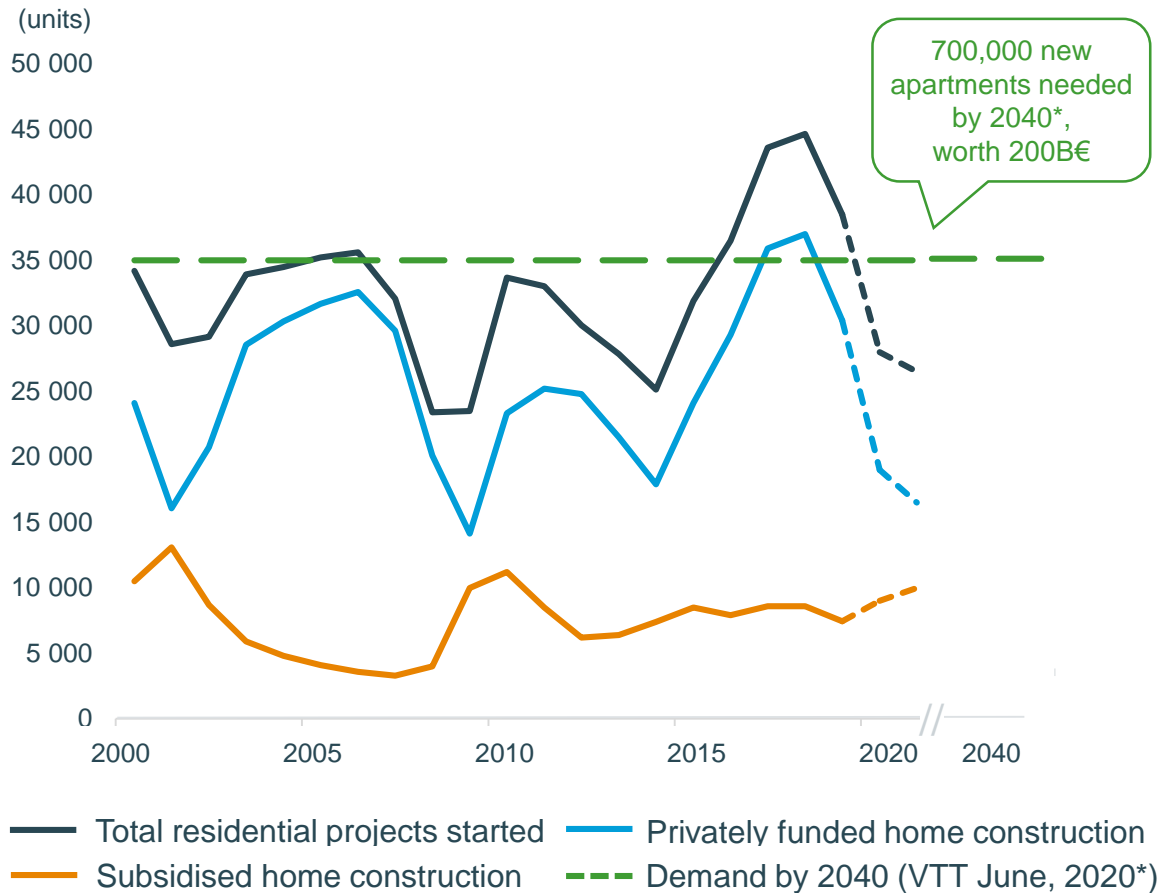
Source: Statistics Finland, RT

<sup>\*</sup>) RT = The Confederation of Finnish Construction Industries RT

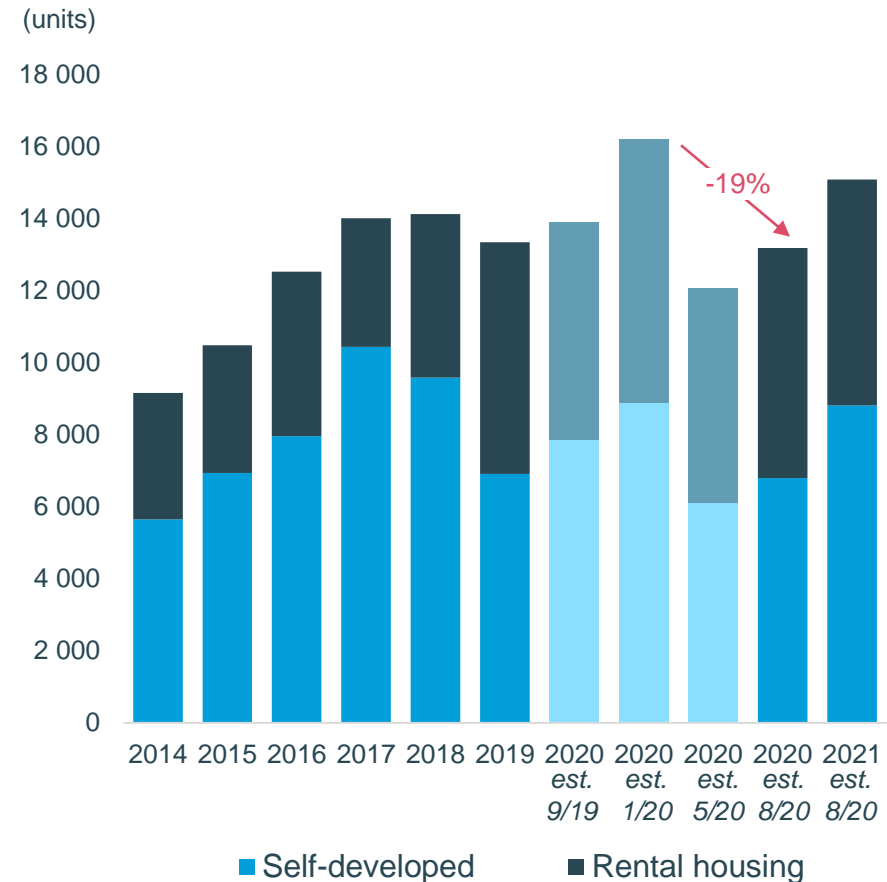


# Start-ups dropped briefly, but demand remains: urbanising Finland needs 35,000 new dwellings every year

## APARTMENT START-UPS (ROLLING 12 MONTHS)



## SELF-DEVELOPED AND RENTAL APARTMENTS START-UPS

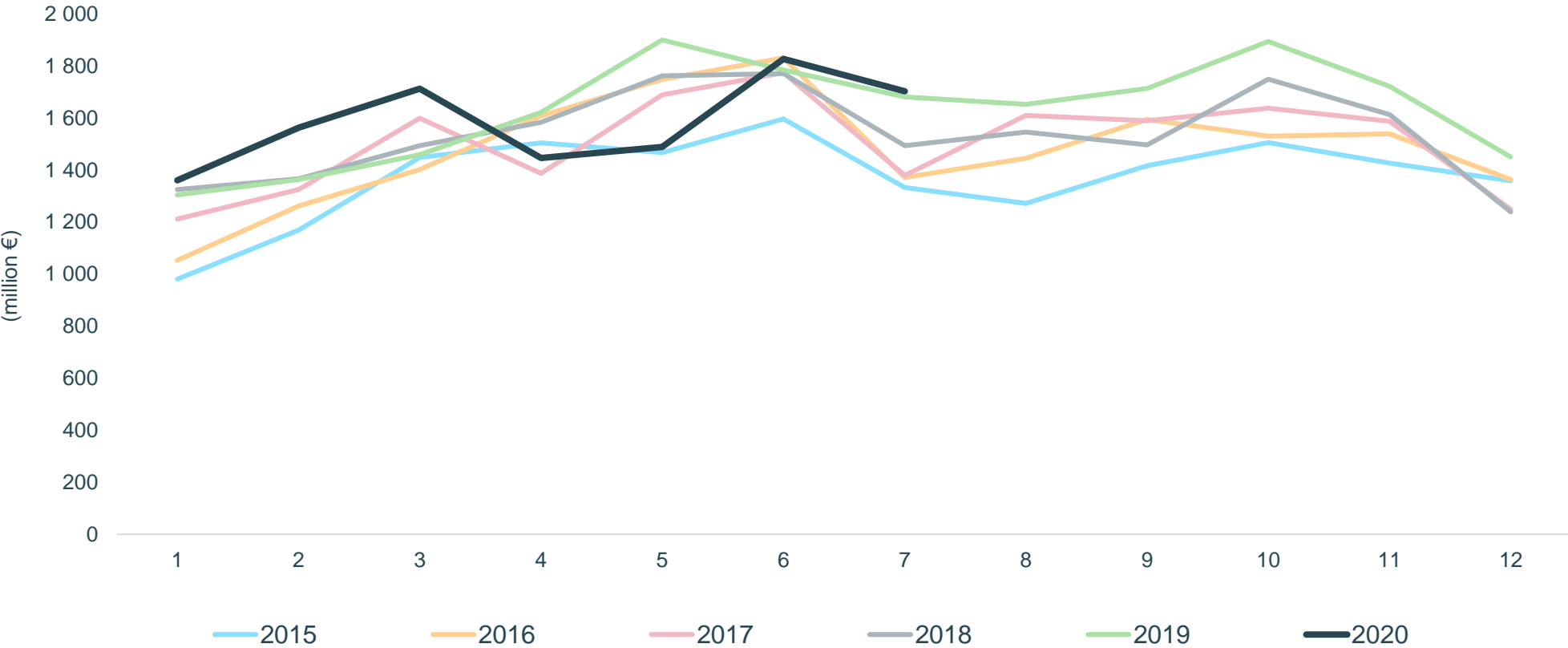


Source: Statistics Finland, building and residential development, ARA, RT, VTT



# Housing loan levels recovered quickly after a short drop

## NEW HOUSING LOANS IN FINLAND



# Uncertainties caused by coronavirus pandemic continue in the market

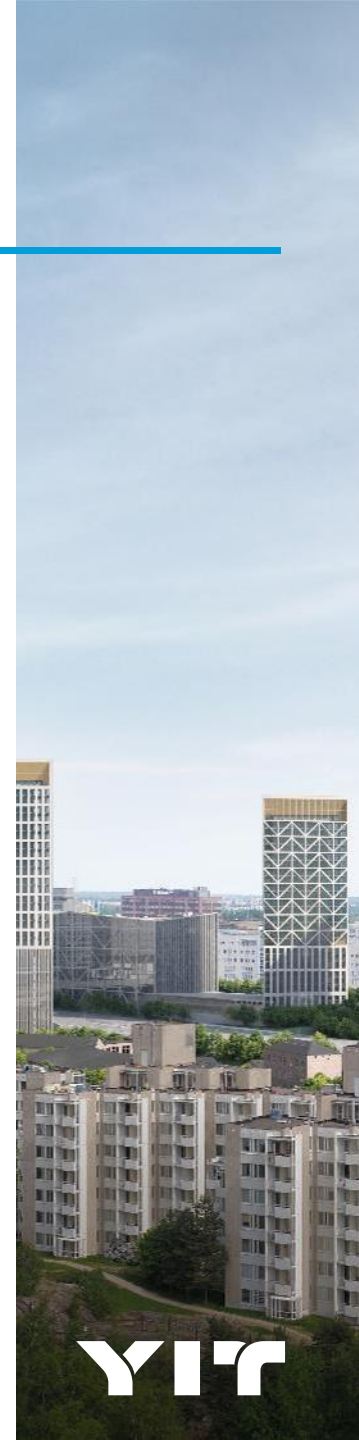
|                            | Housing | Business premises | Infrastructure projects | Partnership properties |
|----------------------------|---------|-------------------|-------------------------|------------------------|
| Finland                    | →       | →                 | →                       | →                      |
| Russia                     | →       |                   |                         |                        |
| Baltic countries           | →       | →                 | →                       | →                      |
| Central European countries | →       | →                 |                         | →                      |
| Sweden                     |         |                   | →                       |                        |
| Norway                     |         |                   | →                       |                        |

## Q2 market situation

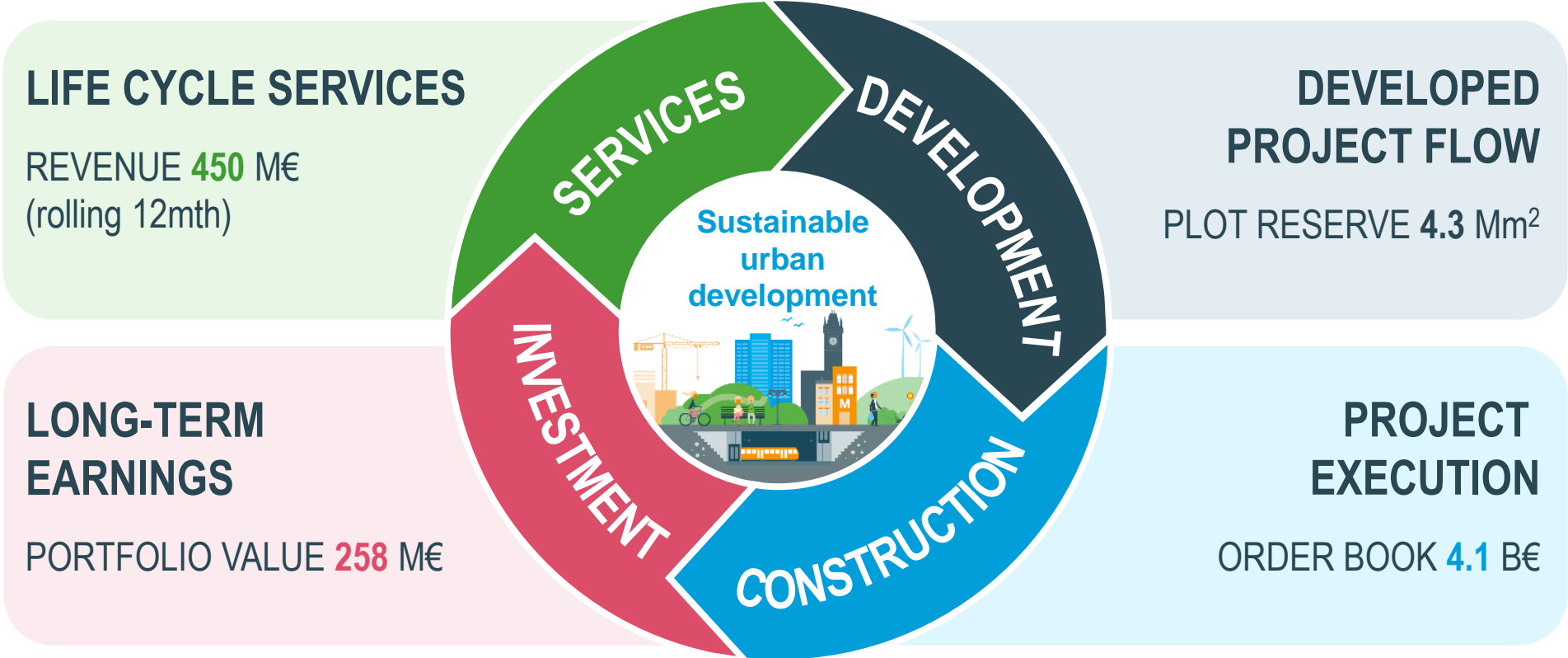
■ Good
 ■ Normal
 ■ Weak

## Market outlook, 12 months

→ Improving
 → Stable
 → Weakening

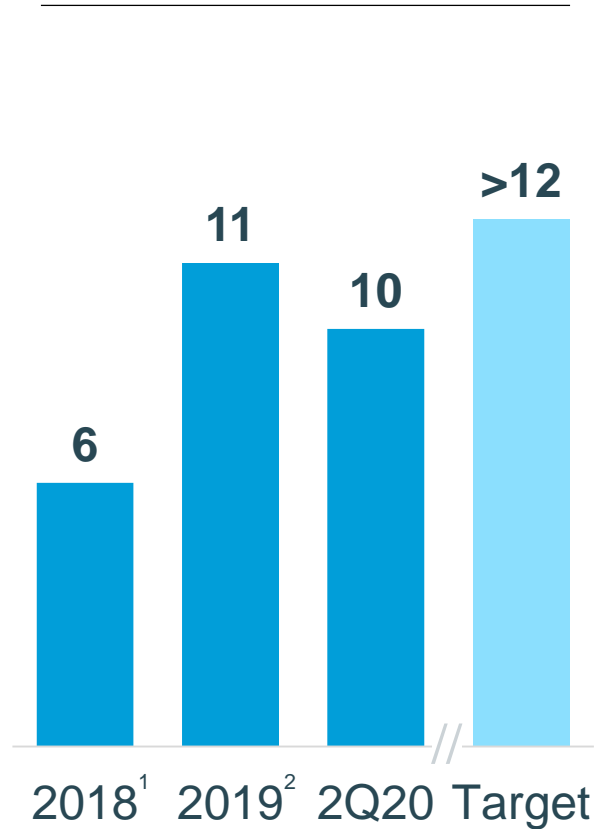


# Sustainable urban development is the core of our business



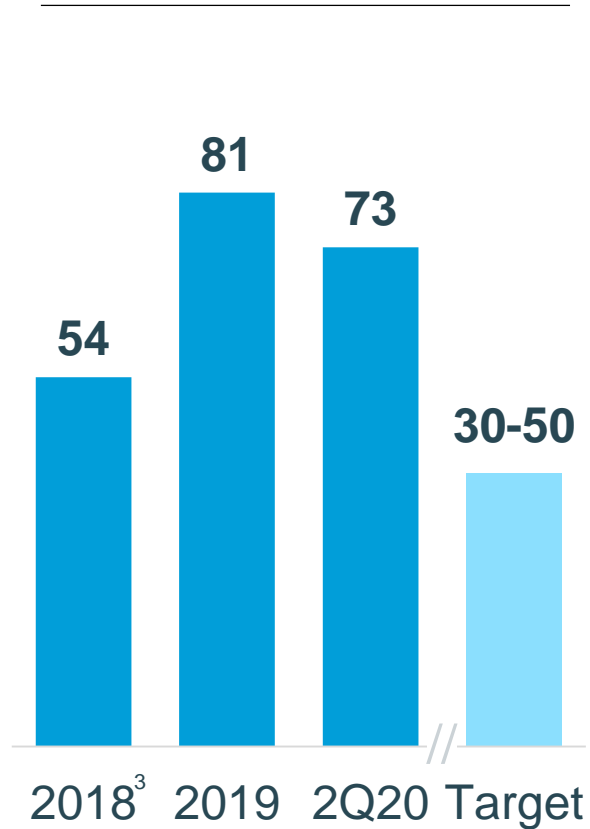
# Strategic financial targets

## ROCE, %



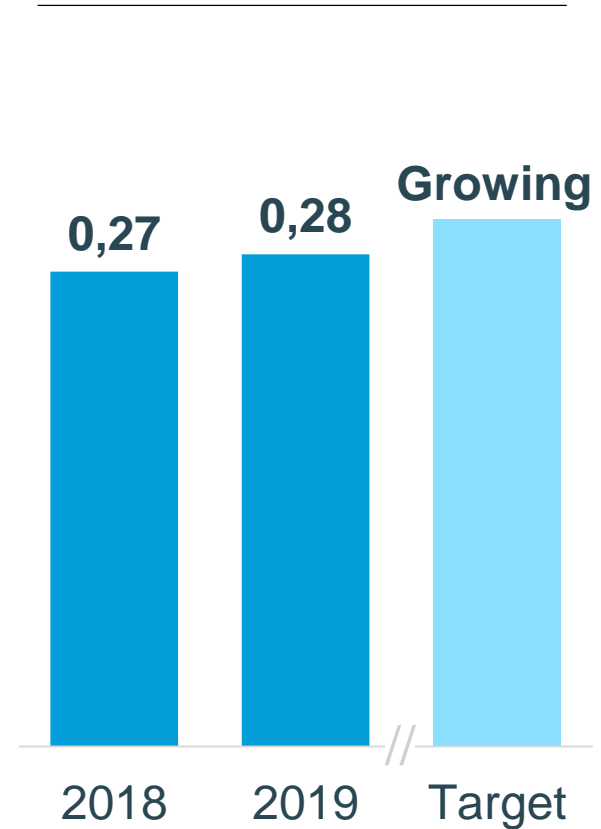
<sup>1</sup>pro forma  
<sup>2</sup>restated

## GEARING, %



<sup>3</sup>not including IFRS16

## DIVIDEND PER SHARE



# Materialised impacts of coronavirus pandemic moderate, uncertainties remain

Q2

## Successful actions

- Speed and flexibility of organisation to adapt operations
- Rapid proactive actions on sites ensuring continuity

## External impacts

- Housing consumer sales dipped and started to recover
- A few temporary shutdowns in sites
- Private investment decisions postponed widely



Q3

- Sites ongoing
- Housing consumer demand revitalising
- First infra stimulus packages in tendering



Q4

- Apartment completion timings uncertain
- Sales rates of projects at completion





# Reasons to invest: Good outlook for coming years

## 1 Potential for improving profitability through internal actions

- Business mix improving
- Turnaround done in low performing segments by the end of 2020

## 2 Solid order book and strong project pipeline

- Order book > €4.1 billion
- Project pipeline promising for several years

## 3 Strong position in the market

- Healthy balance sheet and strong liquidity
- Strong consumer brand supporting housing sales and renting

## 4 Cash flow and growing dividend

- Strategic priorities
- Business and continuity planning

**Together  
we can  
do it.**