

Financial Statements 2019

2019 in brief

Net sales declined,
loss making year

Net sales grew in
Housing, declined in
Business Premises and
Social Care and
Educational Premises

Significant losses from
complete renovation
projects, Swedish
operations and single
social care and school
projects

Financial position
developed positively in
the fourth quarter

Housing sales
developed well, 1 837
apartments sold

Several corrective actions
ongoing, changes already
visible in operations.

Net sales, MEUR

667.7

Change in net sales

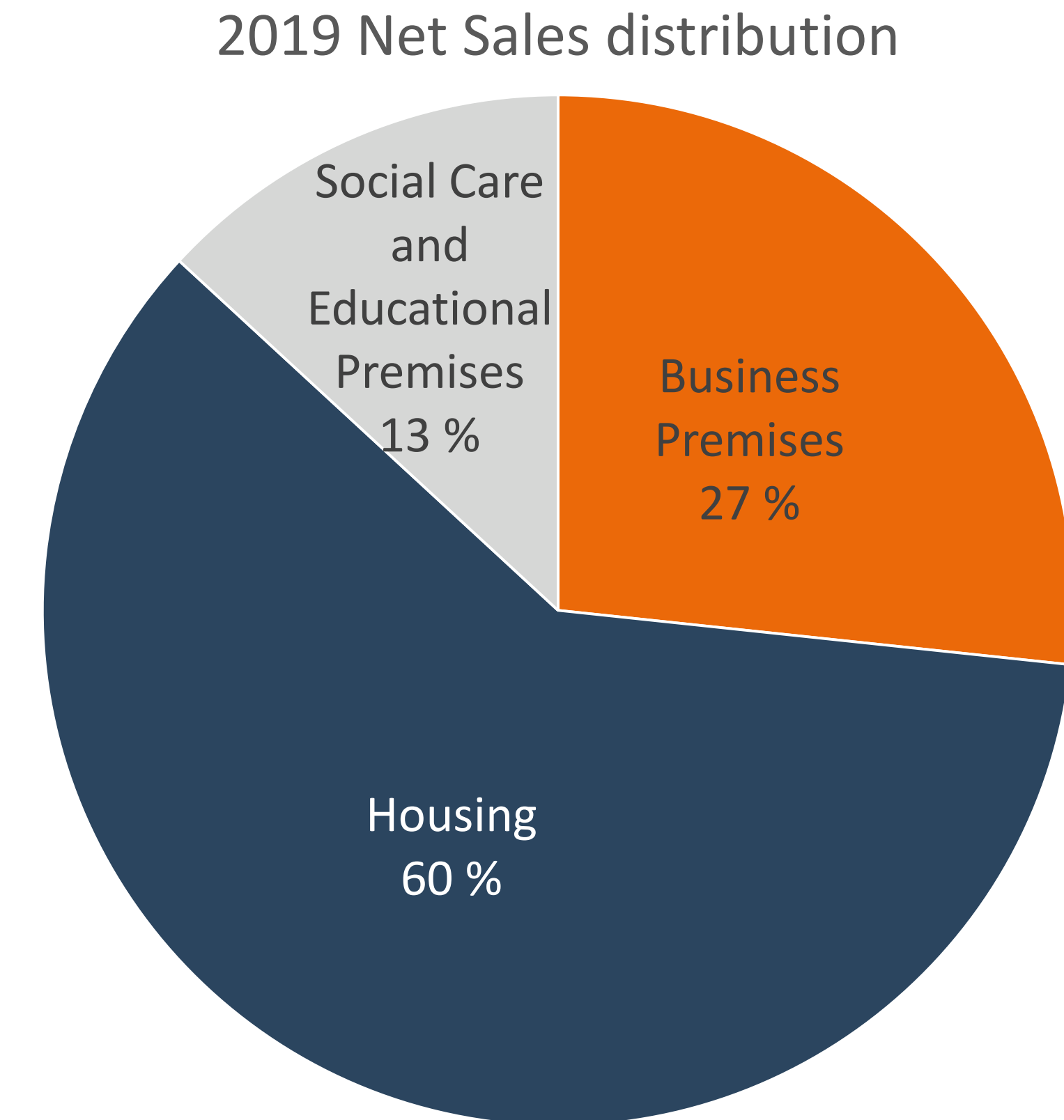
-7.5%

Operating loss of
the net sales

-6.3%

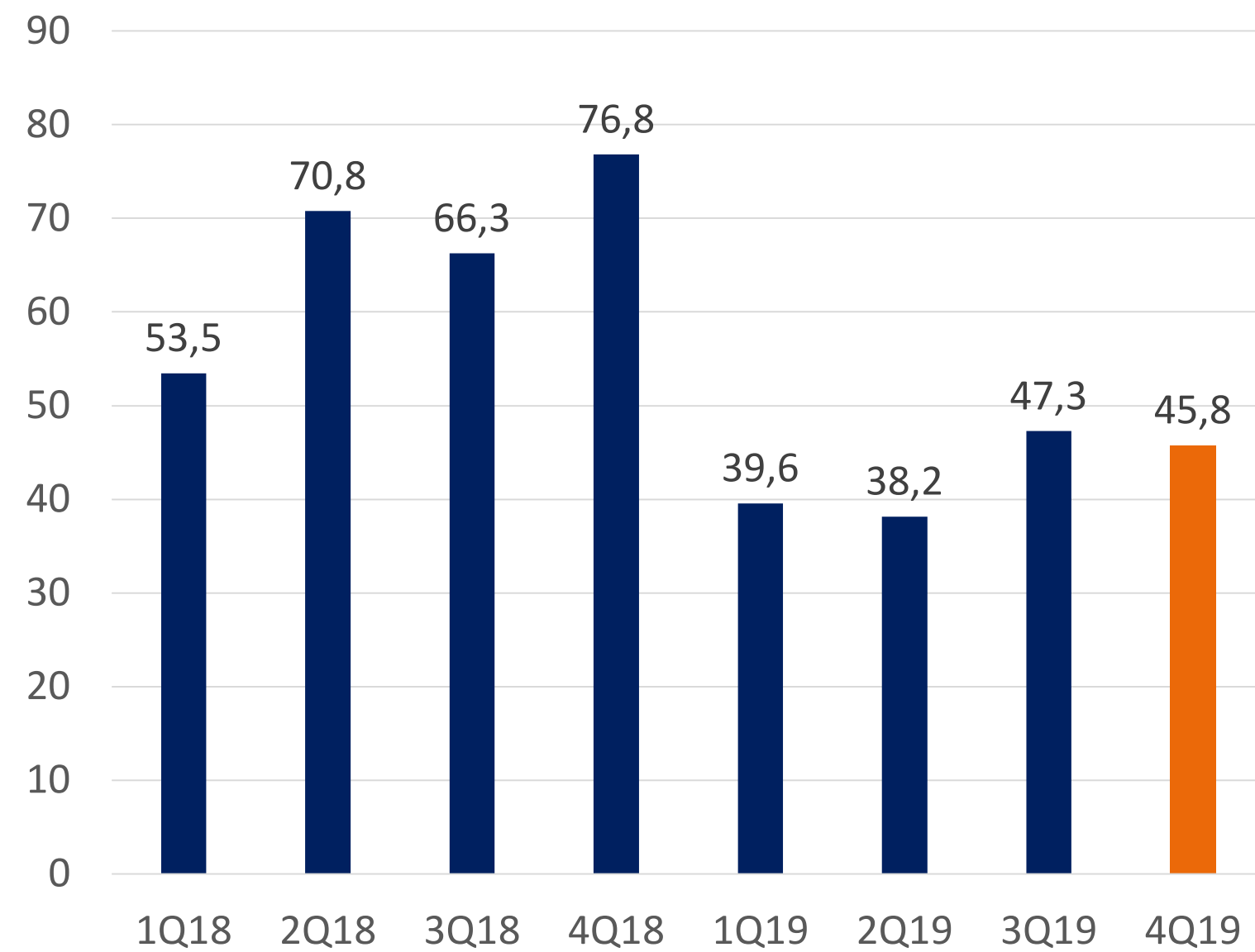
Net sales by service area (EUR million)

Service area	1-12/2019	1-12/2018	Change
Business Premises	170.8	267.3	-36.1%
Housing	409.2	336.3	21.7%
Social Care and Educational Premises	87.7	117.8	-25.6%
TOTAL	667.7	721.5	-7.5%

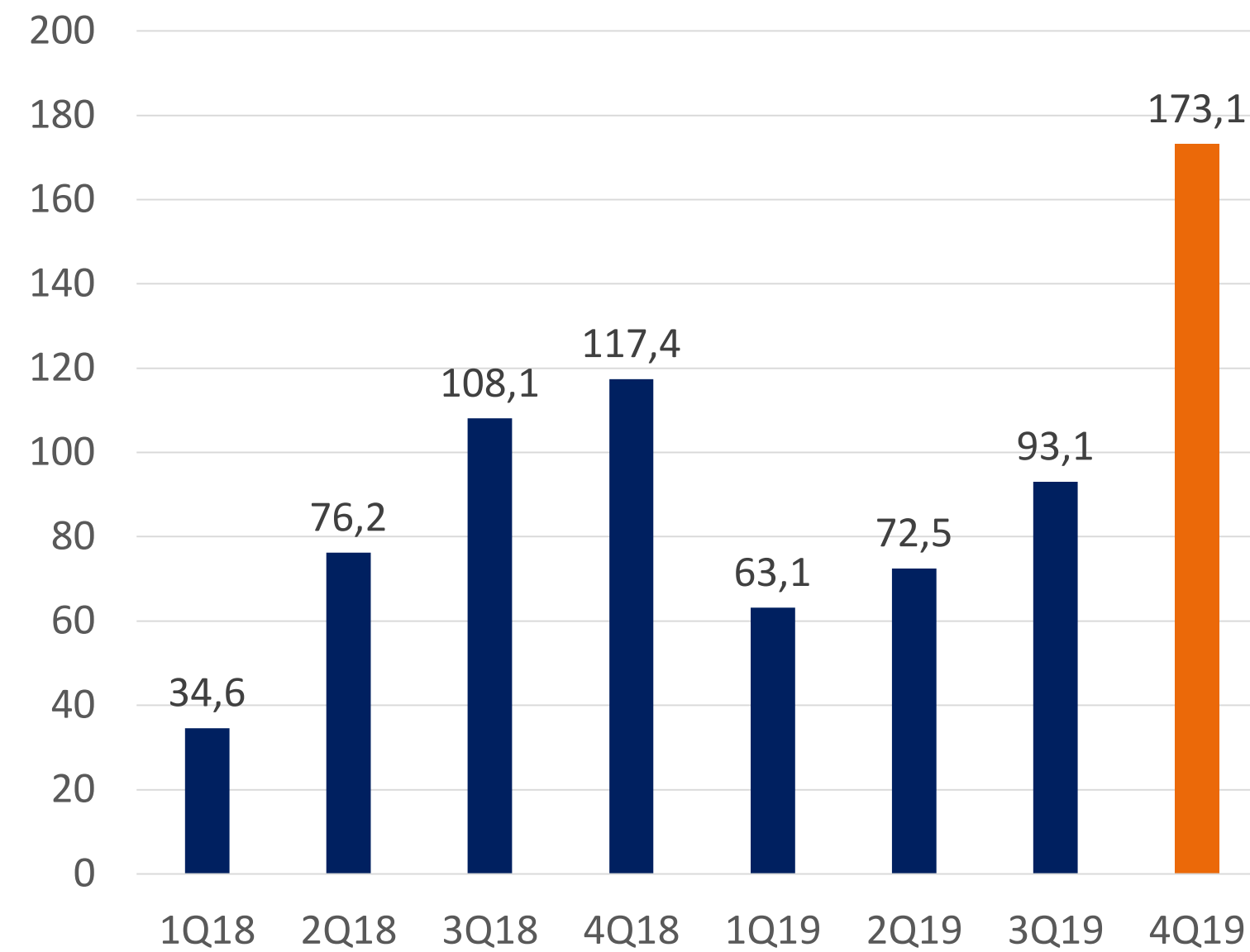


Net sales by quarter and service area, EUR million

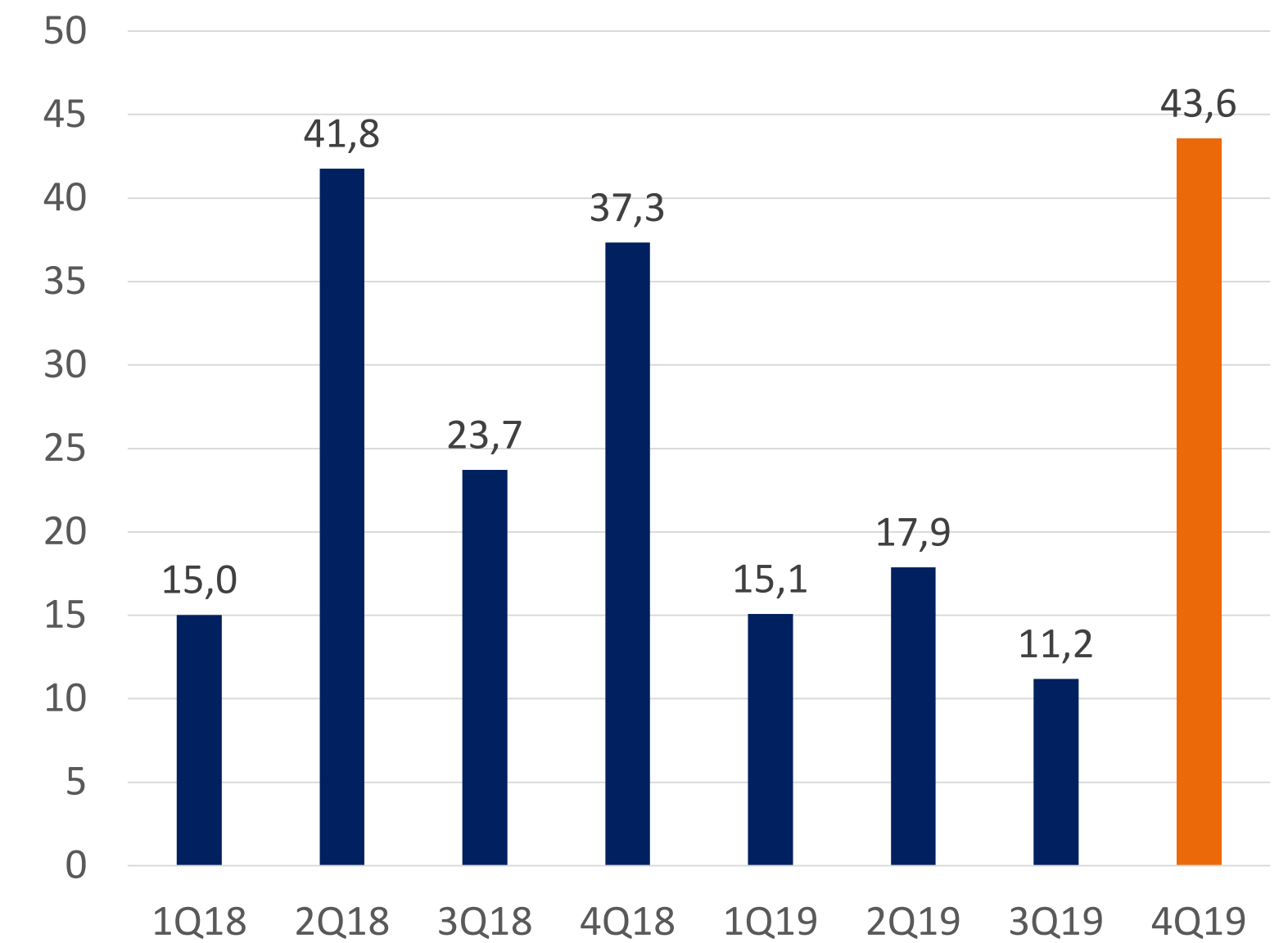
Business Premises



Housing

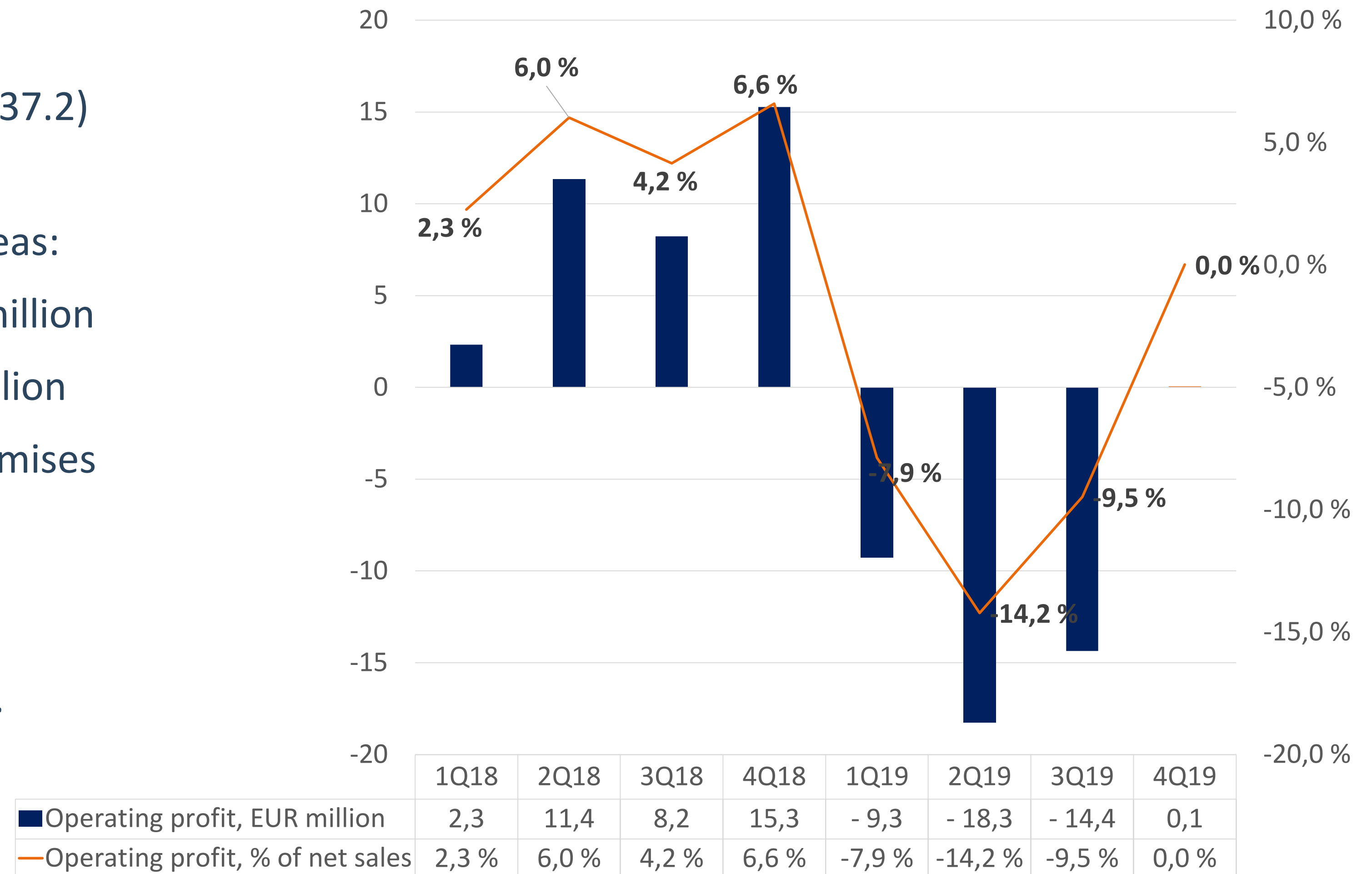


Social Care and Education

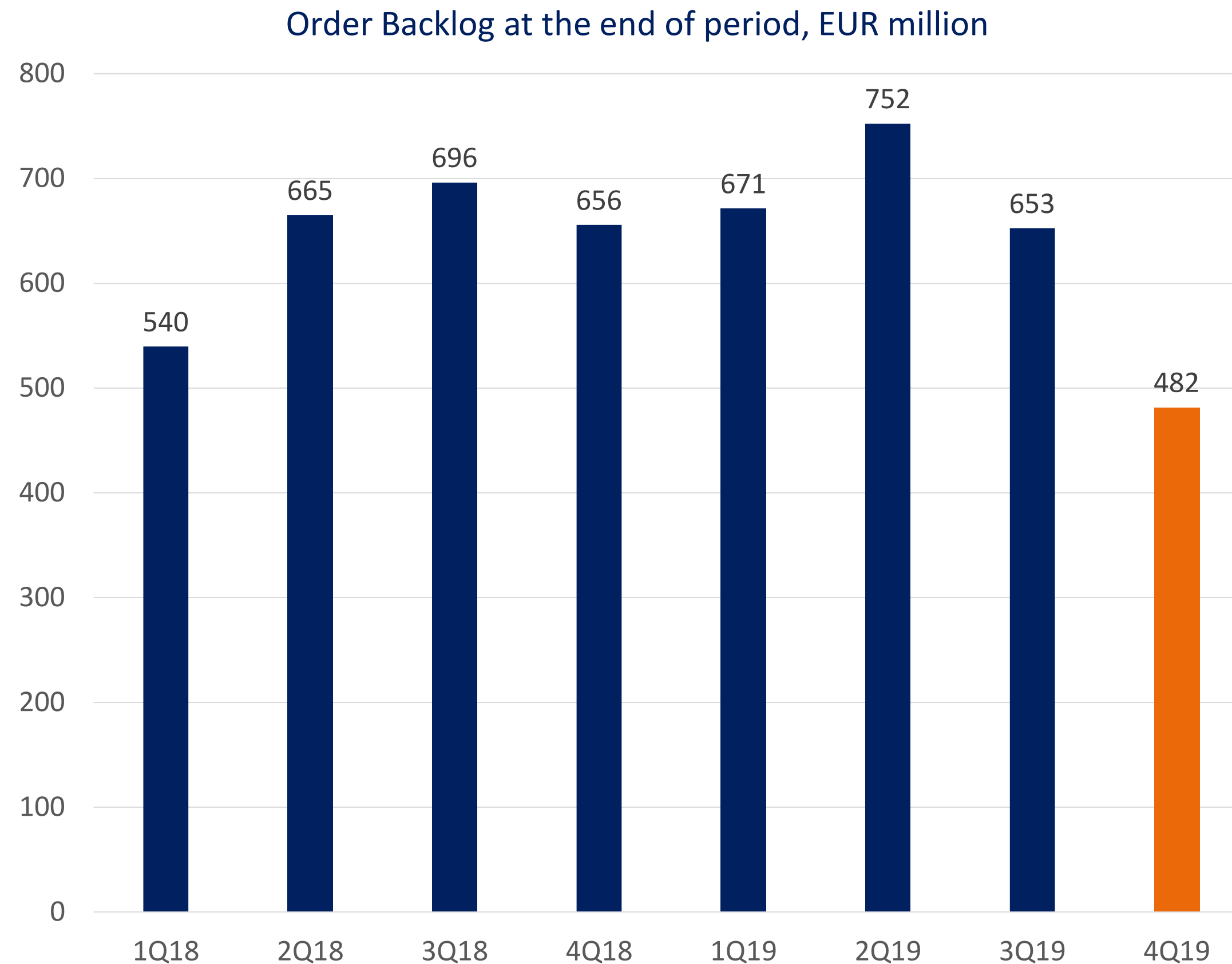


Operating result: three quarters losses, last quarter on zero level

- Q4 Operating profit was 0.1 MEUR
- Full year operating result was -41.8 (37.2) MEUR, -6.3 % (+5.2 %) of net sales
- Operating loss caused from three areas:
 - Complete renovation EUR -31 million
 - Swedish operations EUR -12 million
 - Social Care and Educational Premises EUR -11 million
- Results from Housing and Business Premises Service areas were positive.



Order backlog declined on the second half of year



- Order backlog 12/2019 vs (12/2018):
 - Housing 267 (428) M€
 - Business Premises 185 (168) M€
 - Social Care and Education 29 (60) M€
- Especially on fourth quarter large amount of projects were finished.

Balance sheet

Balance sheet, EUR million	Dec 31, 2019	Dec 31, 2018
Non-current assets	55.8	37.7
Current assets		
Inventories, excluding IFRS 16 assets	210.3	238.2
Inventories, IFRS 16 assets	40.1	
Current receivables	86.3	139.0
Cash and cash equivalents	59.2	53.4
Assets total	451.8	468.3
Equity	112.1	162.4
Financial liabilities	142.4	115.9
Lease liabilities	46.8	-
Advances received	73.2	88.3
Other paybles	77.3	101.8
Equity and liabilities total	451.8	468.3

- Inventories without IFRS 16 items declined especially on fourth quarter when several housing projects were finished
- Cash reserves increased to EUR 59.2 (53.4) million
- Financial liabilities increased to EUR 142.4 (115.9) million

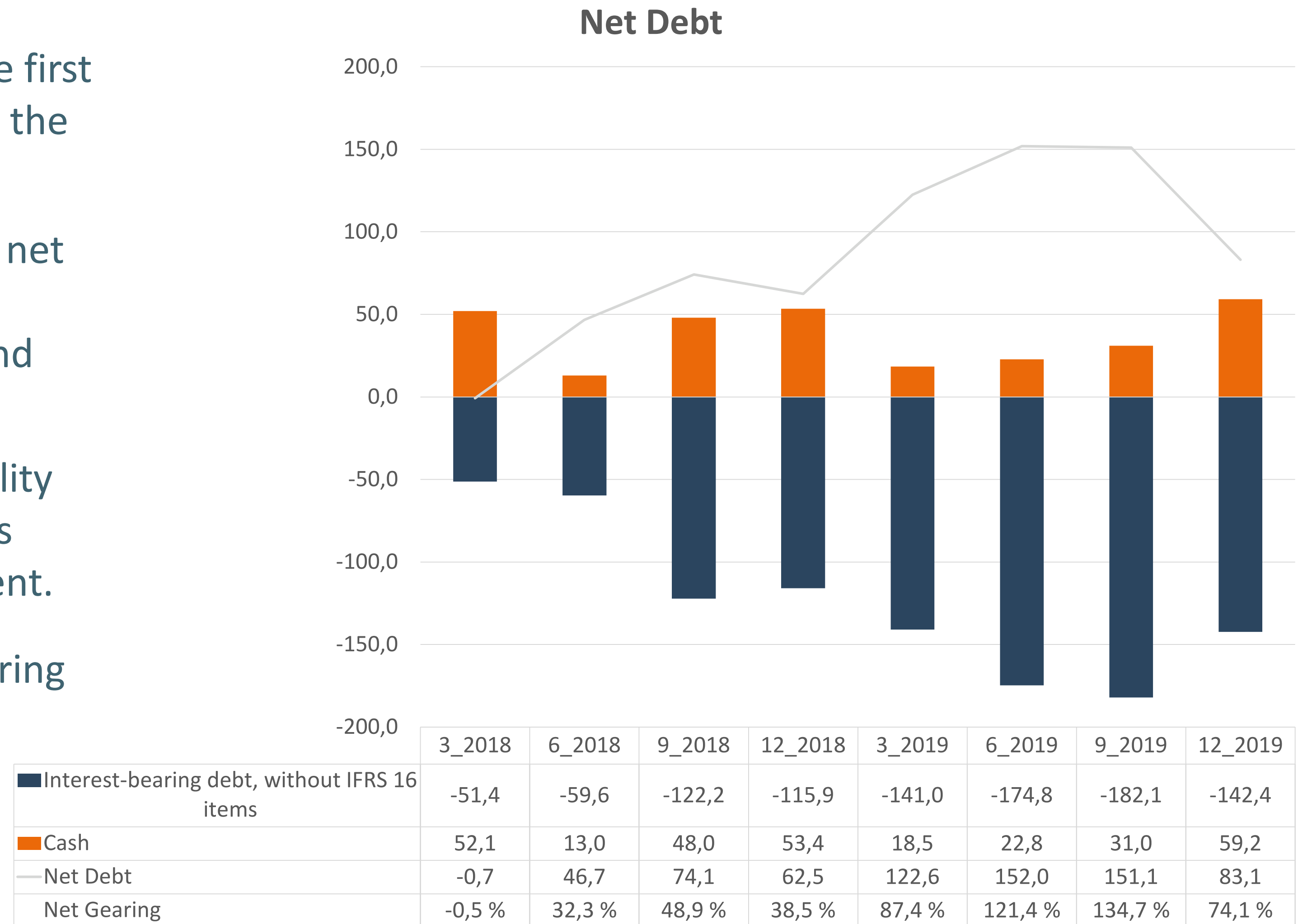
Cash Flow Statement

	1-12 / 2019	1-12 / 2018
Cash Flow Statement, EUR million		
Result for the period + Adjustments to accrual-based items	-34.3	34.5
Change in Net Working Capital	23.2	-52.8
Net cash from Operating Activities	-11.1	-18.3
Net cash from Investing Activities	-6.6	-13.7
Net cash from Financing Activities	23.5	17.5
Change in cash and cash equivalents	5.9	-14.5
Cash and cash equivalents at the beginning of period	53.4	68.0
Cash and cash equivalents at the end of period	59.3	53.5

- Net Working Capital decreased by EUR 23.2 million, This was due to decrease in inventories and receivables.
- Cash flow from investing activities was EUR -6.6 million that is below the level of previous year.
- Net Cash Flow was EUR +5.9 million

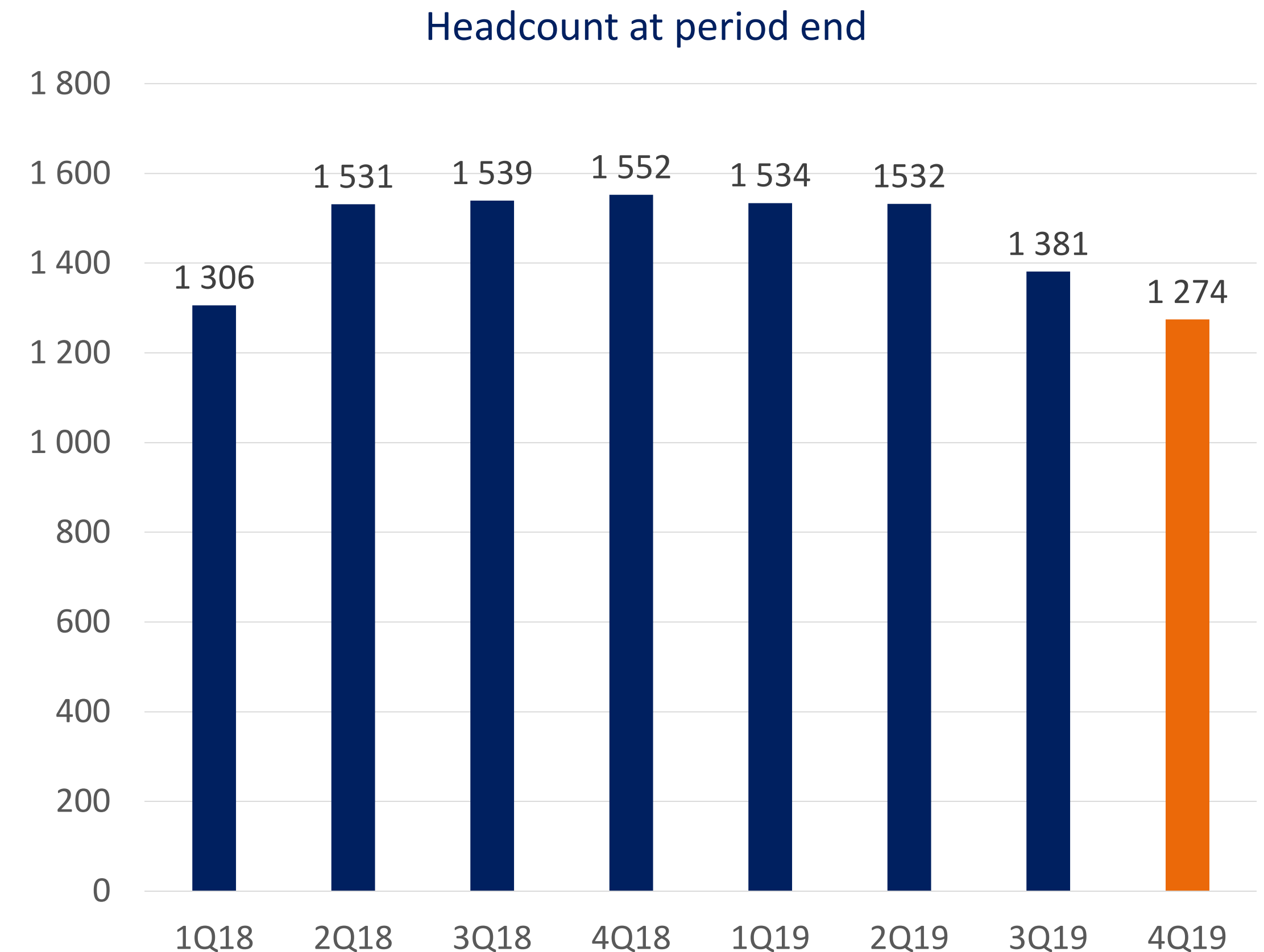
Financial position

- Net Debt increased significantly on the first half of year but declined especially on the last quarter of the year.
 - This was contributed by declined net working capital as big amount of housing projects were finished and care home portfolio was sold.
- Covenants of Eur 75 million credit facility M€:n were re-negotiated and facility is limited to EUR 54 million for the present.
- Cash position developed positively during the year.



Headcount declined

- Headcount was reduced by 278 persons during 2019. Majority of the decrease took place on the second half of the year.
- At the end of year headcount was 1 274.
- During the year company had employee co-operation negotiations. As a result from negotiations part of personnel was temporarily dismissed and given a notice.



Restucturing operations

1

Operational

- Focus on project margin improvement
- Especially improving quality of project preparation before the start of actual construction
- Expected to improve profitability gradually starting from latter part of year 2020

2

Structural

- Lehto plans to condense offering of the Social Care and Educational Premises service area and to merge social care construction into Housing service area and school and daycare construction into Business Premises service area.
- In the selection of the projects special focus is put on strategic fit
- Synergy benefits especially on areas of design, calculation, procurement and production

3

Scaling of personal resources

- Social Care and Educational premises service area is planned to be merged into other service areas
- Streamlining of operations in Housing service area
- Personal cooperation negotiations, max 110 man-year impact

Outlook for 2020

Feb 20, 2020

Lehto estimates that the Group's net sales in 2020 will be approximately 10 % lower than in 2019 and that operating result is positive.

The net sales outlook is based on estimation of decelerating housing market and declining volume in Lehto's school and care home business. Volumes in business premises are estimated to remain at level of previous year.

The operating profit outlook is influenced by ending of loss-making complete renovation projects and other single loss-making projects as well as estimated positive effects of restructuring activities that were started in 2019 and are still being executed, the negotiation phase.

Share performance 2019



- Highest: 5.33 Eur
- Lowest: 1.48 Eur
- Exchange: 45.3 million shares
- Exchange: 120.3 M€
- The Board proposes that dividend is not paid for year 2019

**Innovator
in the construction business**

