

H1 20

Half-Year Financial Report January-June 2020

January - June 2020 in brief

Restructuring
processing well

Operating profit grew
significantly

Net sales grew in
Housing, declined in
Business Premises

The balance sheet and
financial position
stabilised

The order backlog grew
in the Housing and
Business Premises
service areas.

Loss-making projects
completed. The result
was still burdened by
ongoing projects in the
Social Care and
Educational Premises
service area.

Net sales, MEUR

254.5

Change in net sales

3.3%

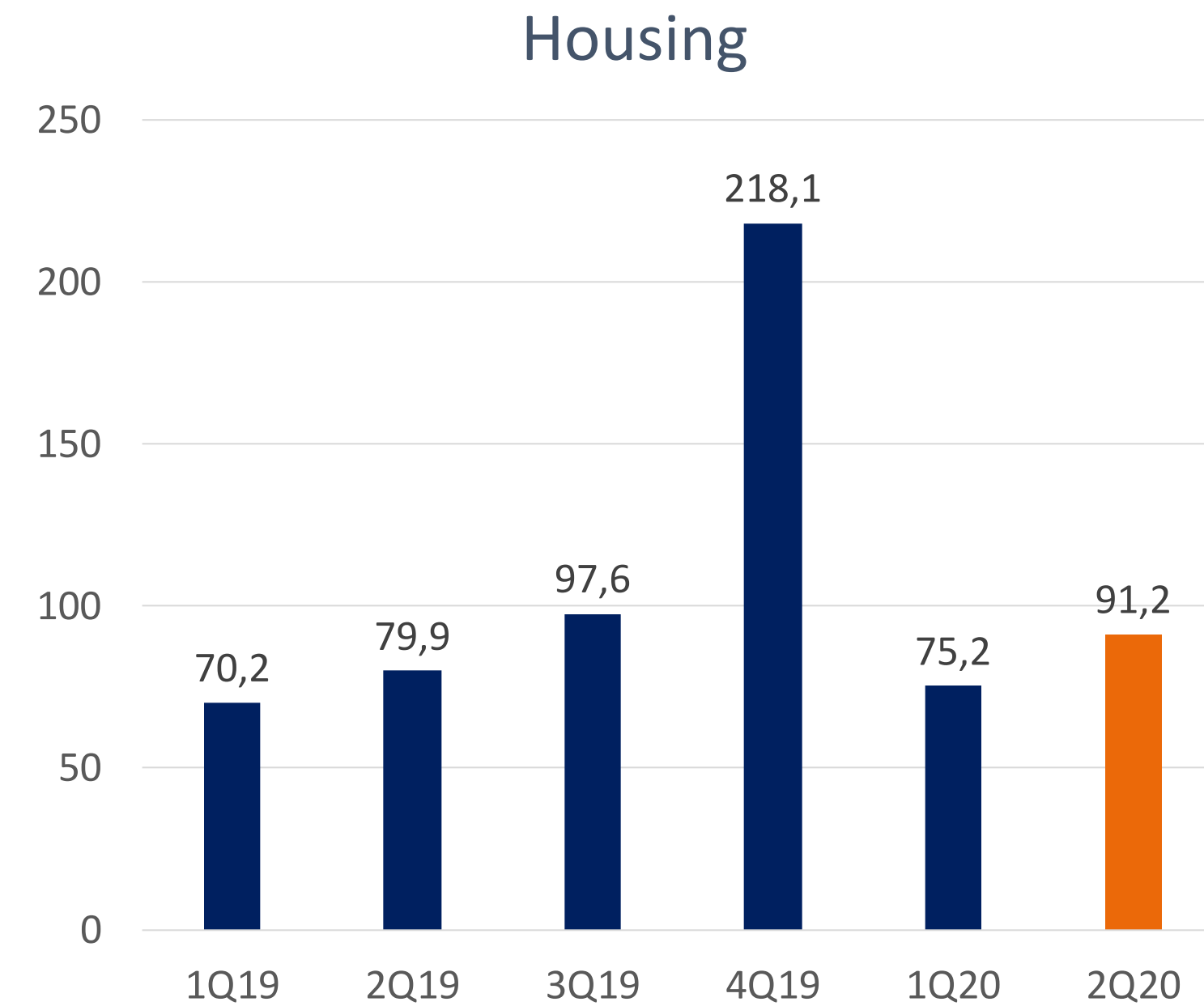
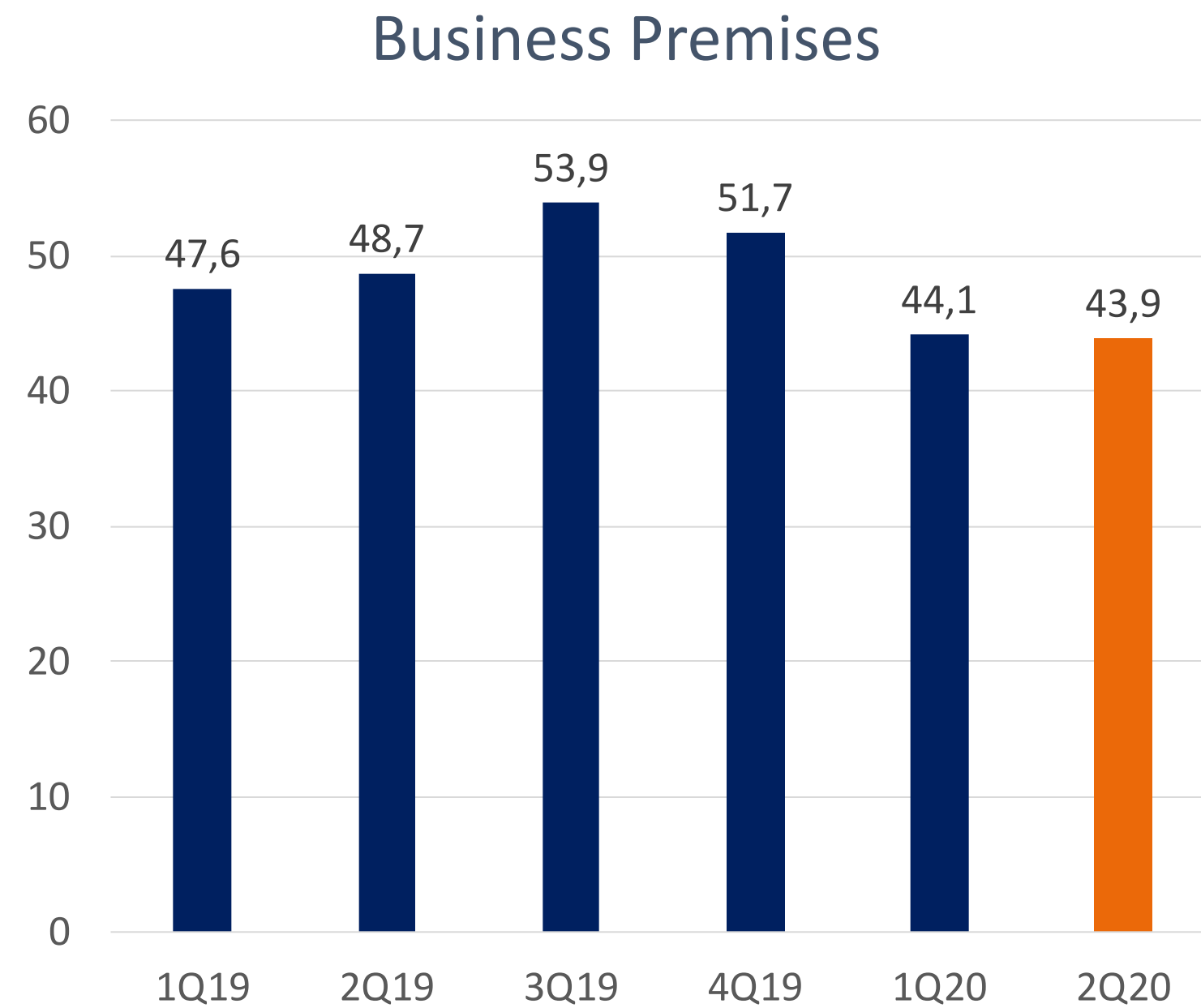
Operating loss of
the net sales

-2.0%

Net sales by service area (EUR million)

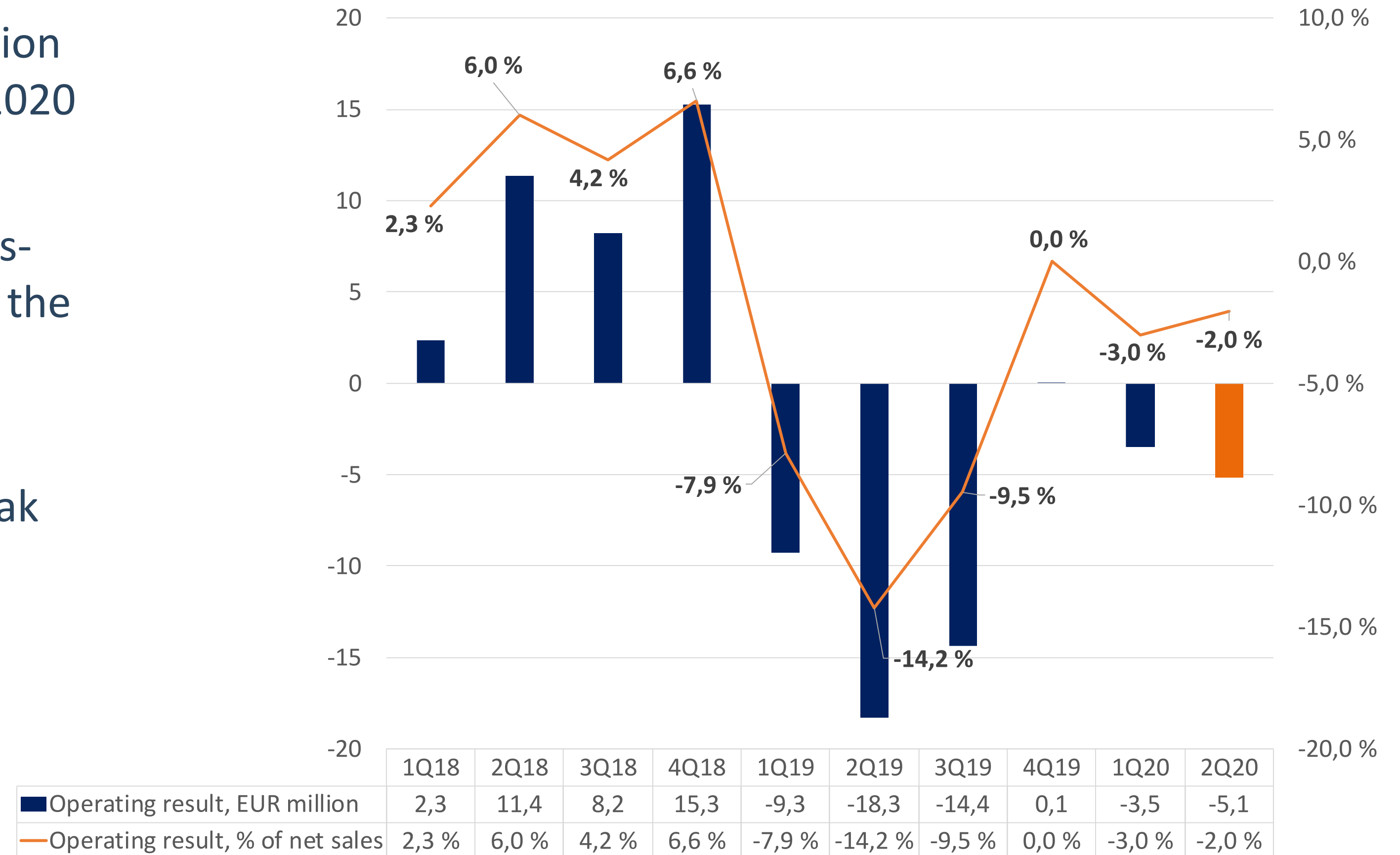
Service area	1–6/2020	1–6/2019	1–12/2019
Business Premises	88.0	96.2	201.8
Housing	166.4	150.1	465.9
TOTAL	254.5	246.3	667.7

Net sales by quarter and service area, EUR million

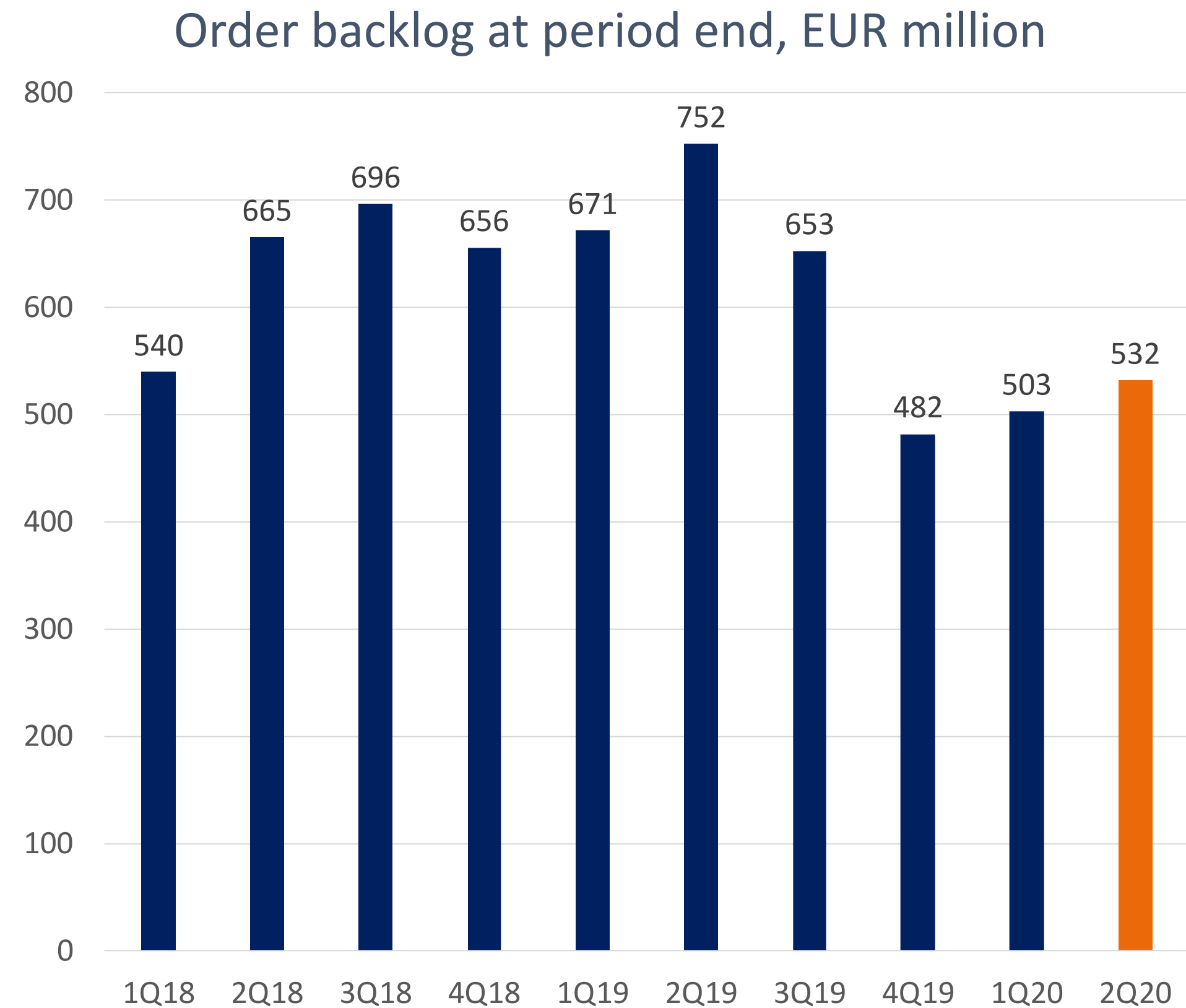


Operating result grew in the second quarter

- The operating loss in 2Q was EUR 1.6 million (operating loss of EUR 3.5 million in 1Q/2020 and EUR 9.3 million in 1Q/2019).
- The completion of the previous year's loss-making projects had a positive impact on the operating result.
- The result was still burdened by ongoing school and healthcare projects with a weak margin, losses in Sweden, and one loss-making complete renovation project.



Order backlog still increased in the second quarter of year



- The order backlog rose to EUR 532 million (EUR 503 million on 31 March 2020, EUR 482 million on 31 December 2019).
- The order backlog increased both in the Housing area and in Business Premises service area.

Balance sheet

Consolidated balance sheet, EUR million	30 June 2020	30 June 2019	31 Dec 2019
Non-current assets	66.9	51.8	55.8
Current assets			
Inventories, excluding IFRS 16 assets	179.7	294.1	210.3
Inventories, IFRS 16 assets	53.5	118.1	40.1
Current receivables	91.0	142.0	86.3
Cash and cash equivalents	45.0	22.8	59.2
Total assets	436.2	628.8	451.8
Equity	105.8	125.2	112.1
Financial liabilities	111.7	174.8	142.4
Lease liabilities	60.0	85.2	46.8
Advances received	91.1	142.8	73.2
Other payables	67.6	100.9	77.3
Total equity and liabilities	436.2	628.8	451.8

- The balance sheet total fell slightly compared with the 2019 closing date.
- Inventories and interest-bearing liabilities decreased.
- Cash and cash equivalents rose to EUR 45.0 million (EUR 59.2)
- Lehto signed a new credit facility agreement on 30 June 2020.

Business Premises

- Net sales decreased by 8.5% year-on-year to EUR 88.0 (96.2) million.
- Fourteen projects were completed during the review period, the largest of which was a commercial building in Vantaa. At the end of the review period, 13 projects were under construction, most notably three hotel projects in the Greater Helsinki area, a logistics centre in Kerava and a Prisma hypermarket in Varkaus.
- Order backlog at the end of the review period increased up to EUR 215.8 million (EUR 210.9 million on 31 December 2019).
- Due to the coronavirus crisis, the start-up of a number of projects was delayed, and contract negotiations on some projects were halted. Projects started up before the crisis have progressed in line with plans and there have been no significant disruptions in their implementation.



Housing

- Net sales grew by 10.9% from the comparison period to EUR 166.4 (150.1) million. Order backlog was EUR 316.1 million (EUR 270.9 million on 31 December 2019).
- During the review period, a total of 1,290 (1,045) housing units were sold, 1,071 in contract projects and 219 in developer contracting projects. 210 of the sold units were related to the DWS portfolio.
- During the review period 774 (933) new housing units were completed. The number of unsold housing units under construction declined and was 298 (1,269).
- A housing complex project in Kalasatama, Helsinki were finalized after the review period. Lehto will build a complex of three housing companies in Kalasatama, comprising a total of five blocks of flats with more than 300 apartments as well as commercial premises. Two of the housing companies have been sold to institutional investors. Lehto will implement the third housing company as a consumer project.
- Pipeline renovation operations remained steady; seven projects were completed during the review period and 11 were in progress at the end.



Swedish operations

- During the review period, the focus of Swedish operations was on completing an ongoing daycare centre project and starting up the construction of wooden blocks of flats.
- Lehto has developed a type of wooden block of flats based on prefabricated space elements.
- Lehto is currently negotiating with customers and financiers on the implementation of the first pilot project.



Outlook for 2020

April 7, 2020

Due to the uncertain business environment, Lehto temporarily withdraws the guidance on 2020 financial outlook given on 20 February 2020.

Due to the prevailing uncertainty, Lehto is not issuing any guidance on its 2020 financial outlook.

Innovator
in the construction business

