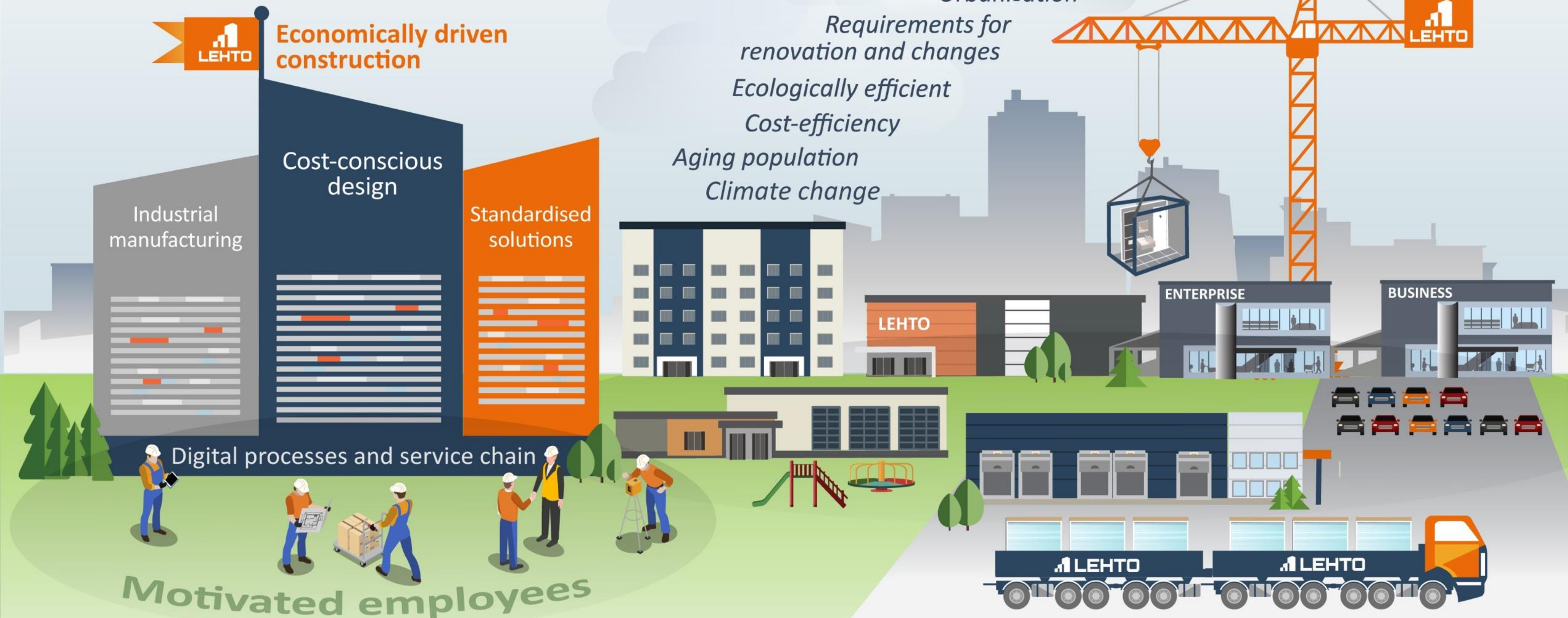


A man with glasses and a blue button-down shirt is holding a tablet. A glowing, semi-transparent 3D architectural model of a building is projected from the tablet. The background features a modern multi-story building with a blue-tinted, futuristic aesthetic. Digital overlays include glowing blue lines, circular patterns, and Wi-Fi symbols, suggesting a smart building or IoT theme.

# Financial Statements 2018



# Innovator in construction business



**Our customer promise: the most desired partner in the market**

- 1 One agreement**
- 2 Fixed price**
- 3 Agreed move-in date**
- 4 Agreed content and quality**



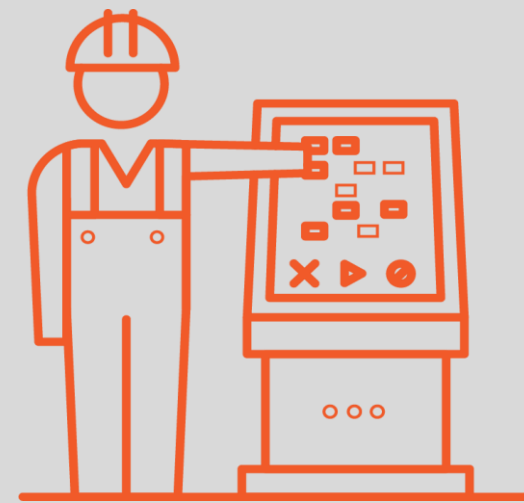
# Economically driven construction

**Cost-conscious design**  
Up to 80 % of construction costs are set already on the design desk.



## Industrial manufacturing

Manufacture in own factories in dry indoor areas guarantees high, uniform quality.



**We improve the productivity in building**



**We take construction work from sites to the factories**

**Cost-conscious design**  
Standardised solutions speed up the design process and completion of the construction site.





# Industrial manufacturing improves productivity



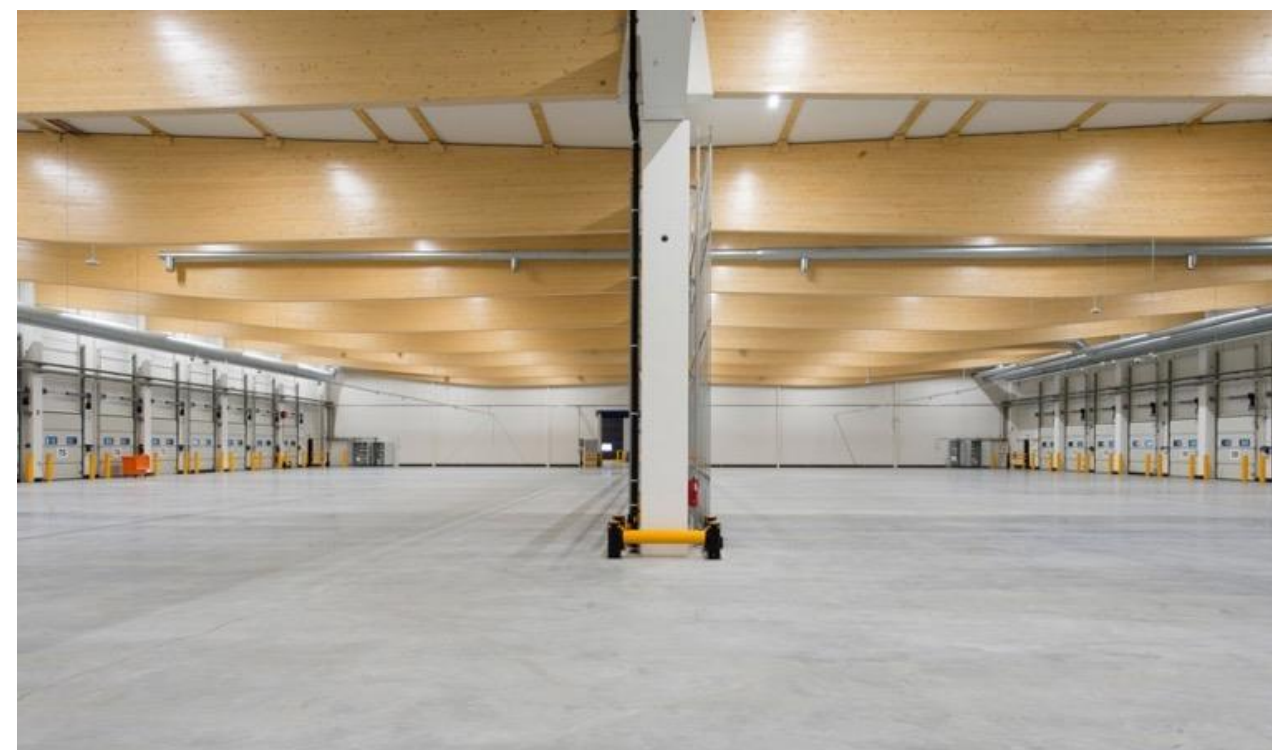
**Apartment elements**



**Combined kitchen and bathroom module**



**Plumbing elements**



**Large roof elements**



**Building technology centers**



# Three service areas



## Housing

- Blocks of flats (Nero)
- Wooden balcony access blocks and terraced houses (Deco)
- Area construction (Optimi)
- Unique old properties (Cosmos)
- Additional construction
- Pipeline renovations



## Business premises

- Shopping centres
- Offices and business premises
- Logistics and storage premises
- Production facilities
- Sports arenas and ice rinks



## Social care and educational premises

- Elderly care homes
- Assisted living facilities
- Schools and day care centres
- Hospital hotels
- Health centres



1.

# Financial statements January – December 2018



# The net sales grew

Net sales 2018

**721.5**

MEUR

Growth in net sales

**20.7%**

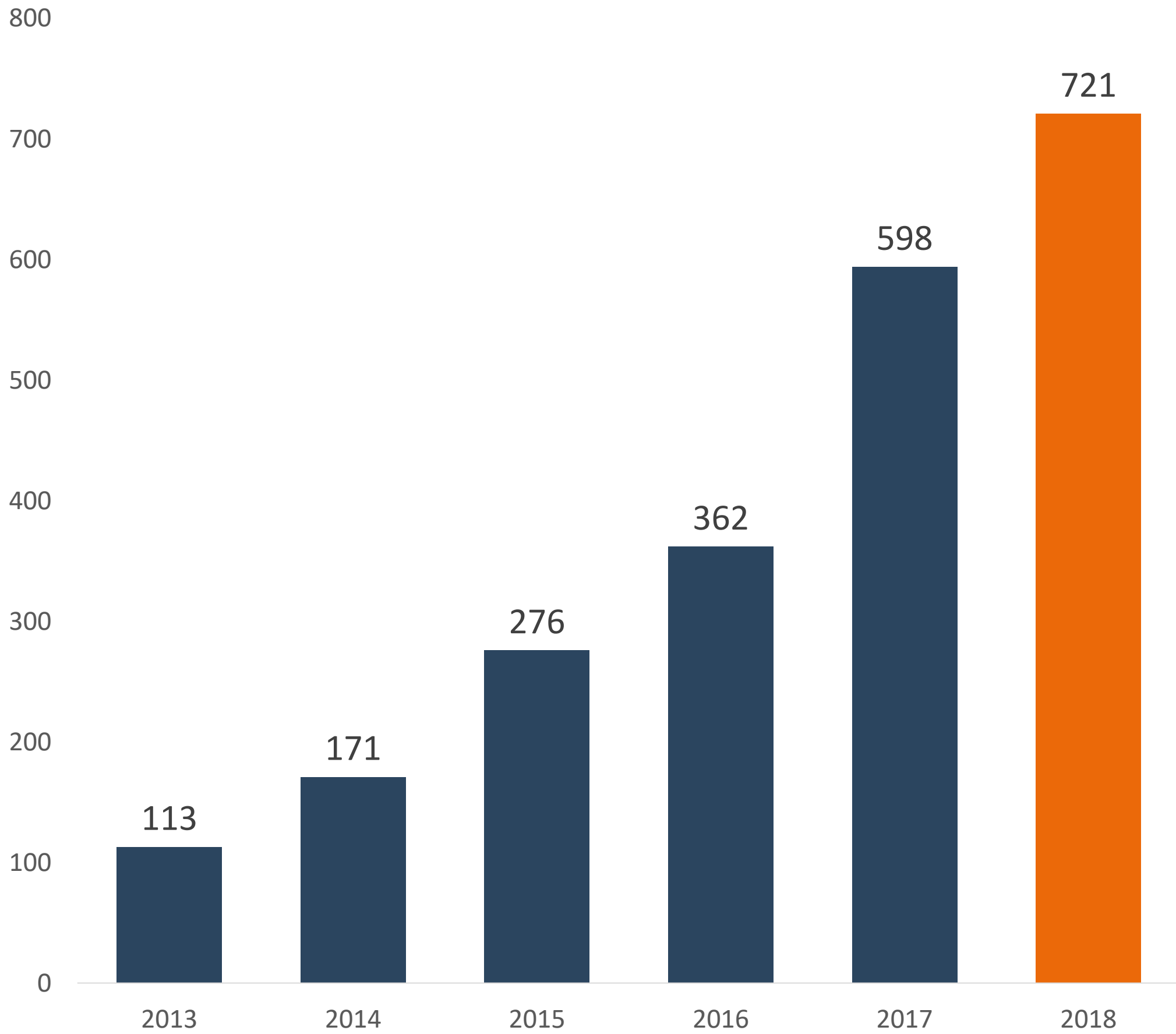
Operating profit 2018

**37.2**

Operating profit of  
net sales

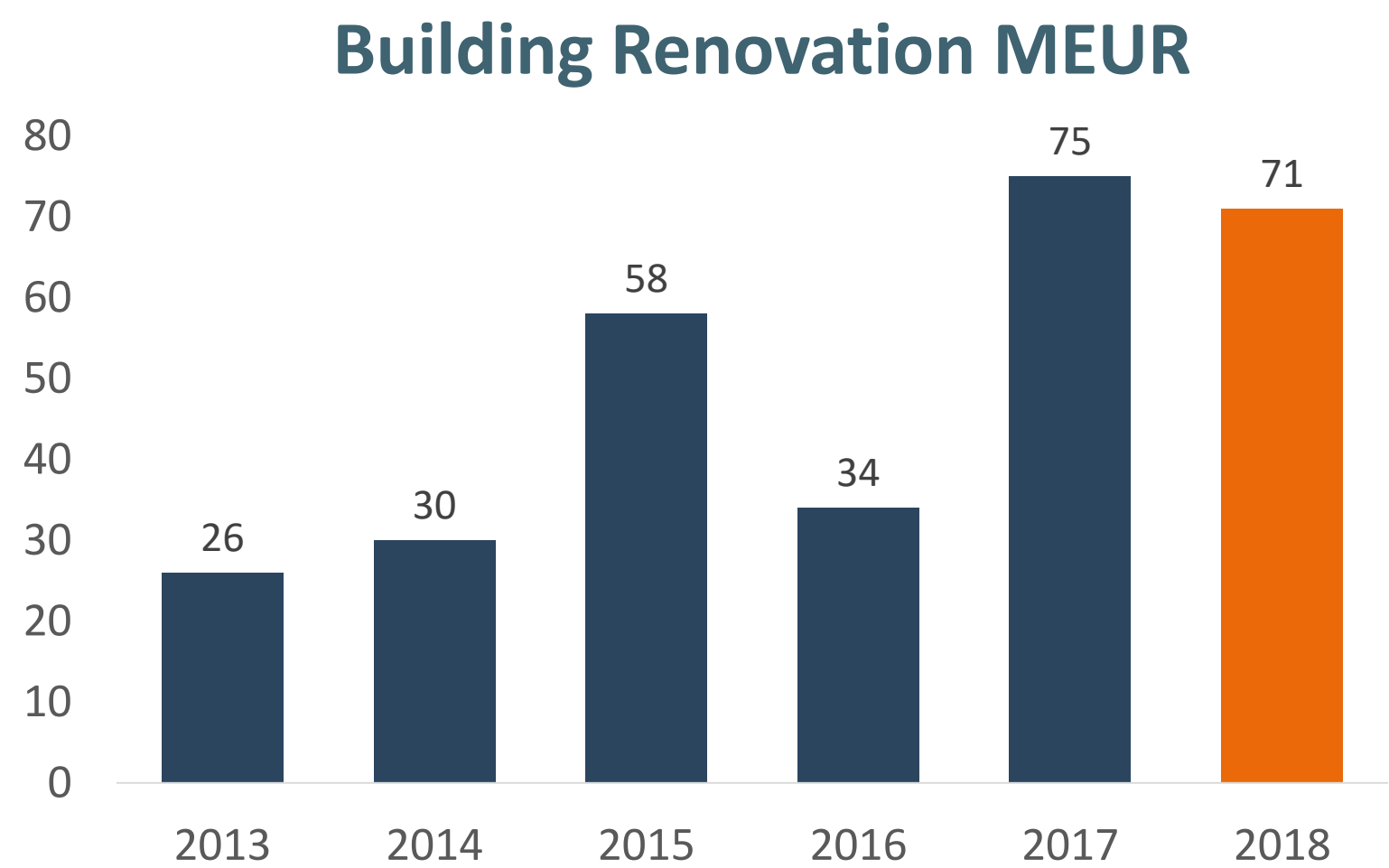
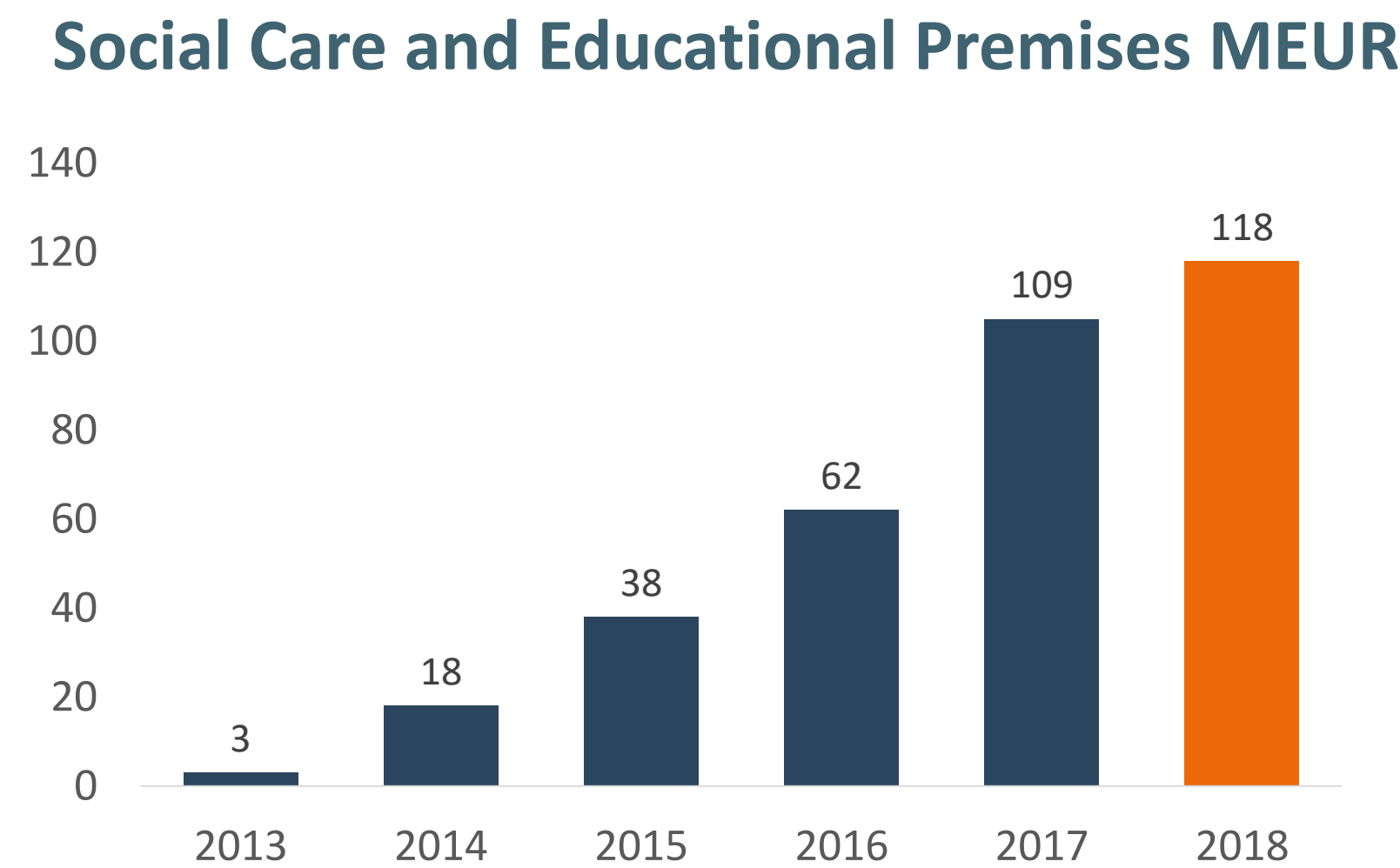
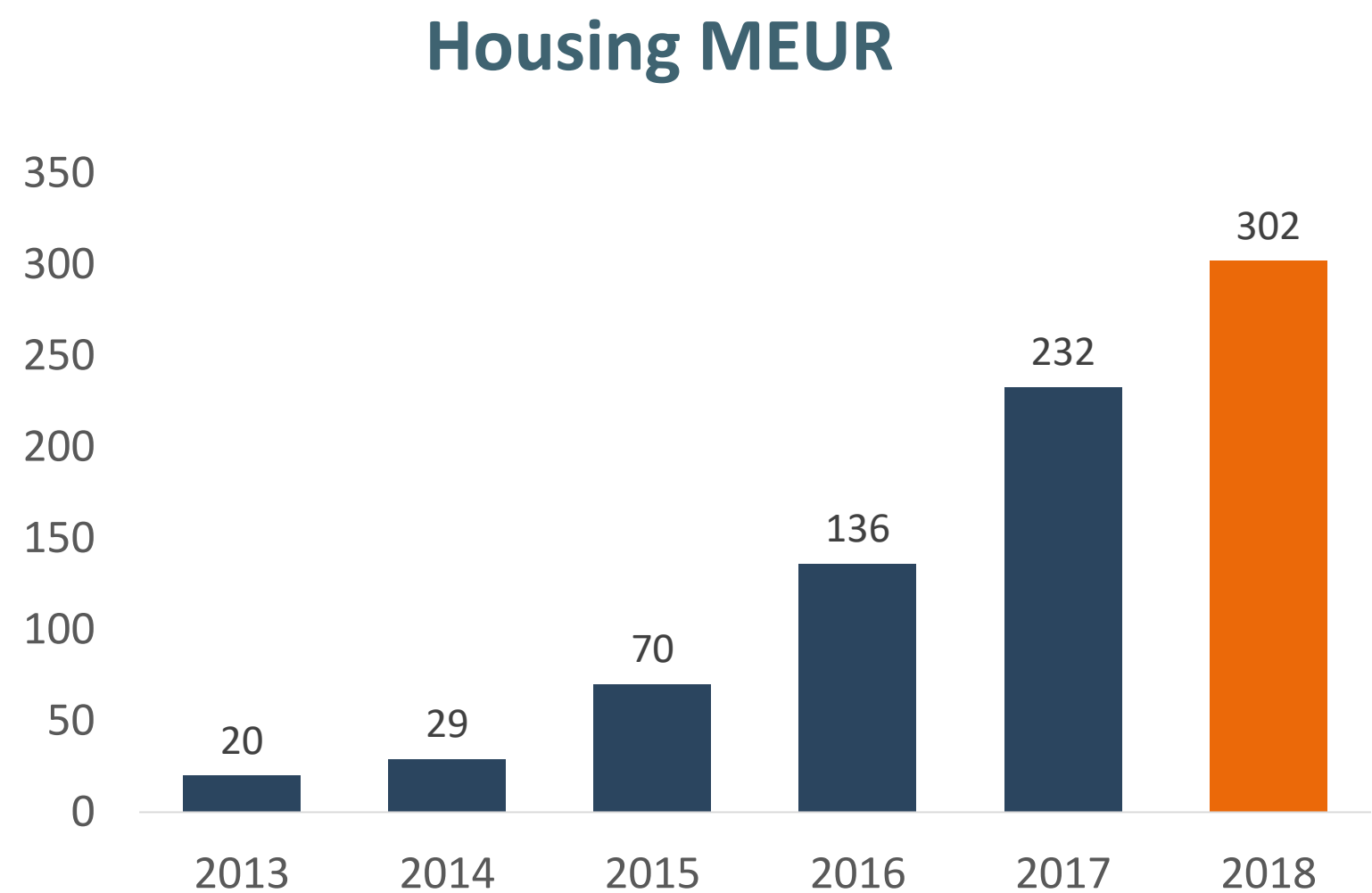
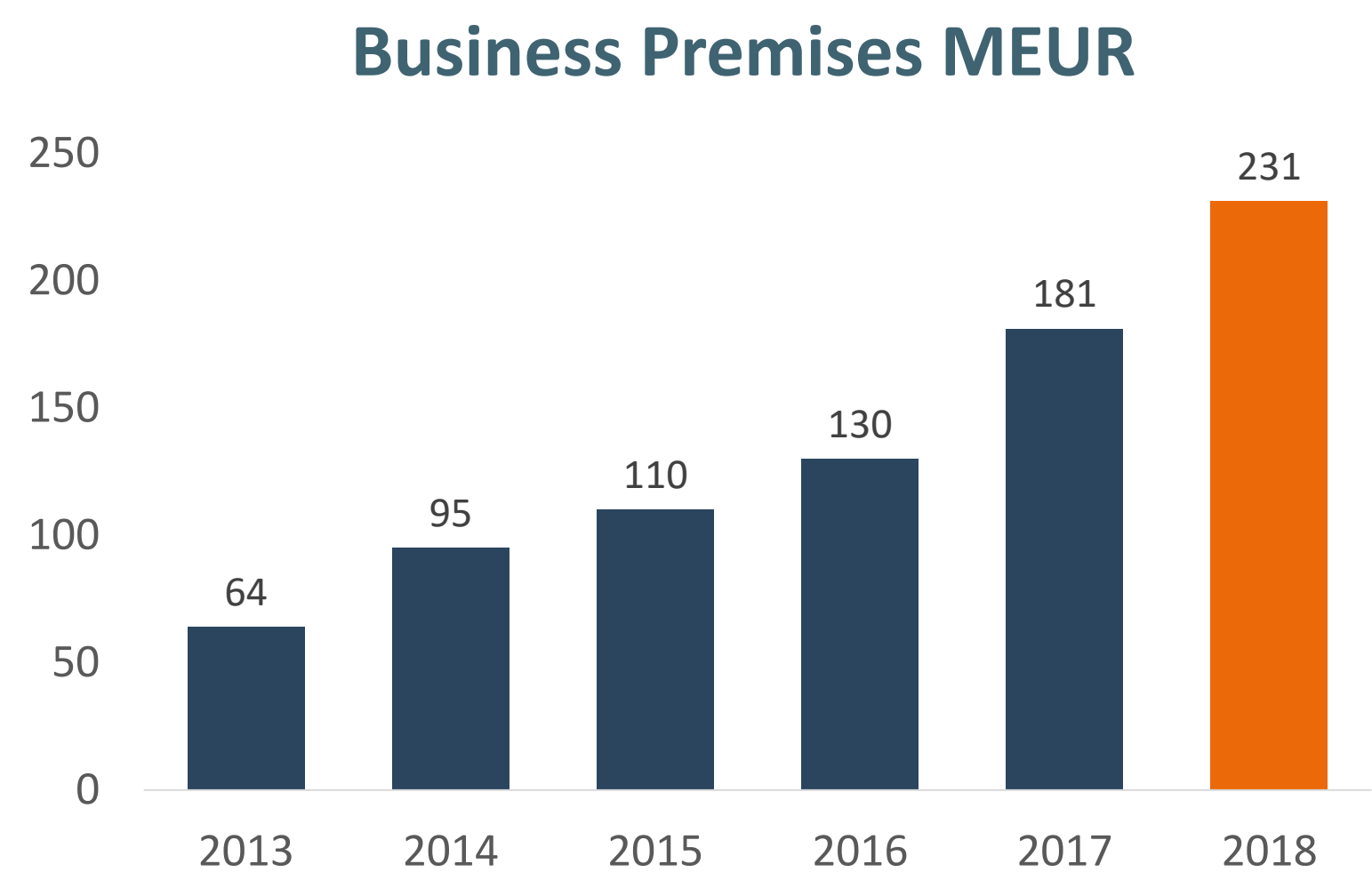
**5.2%**

Net sales MEUR



2017 restated according to IFRS15

# Net sales by service area

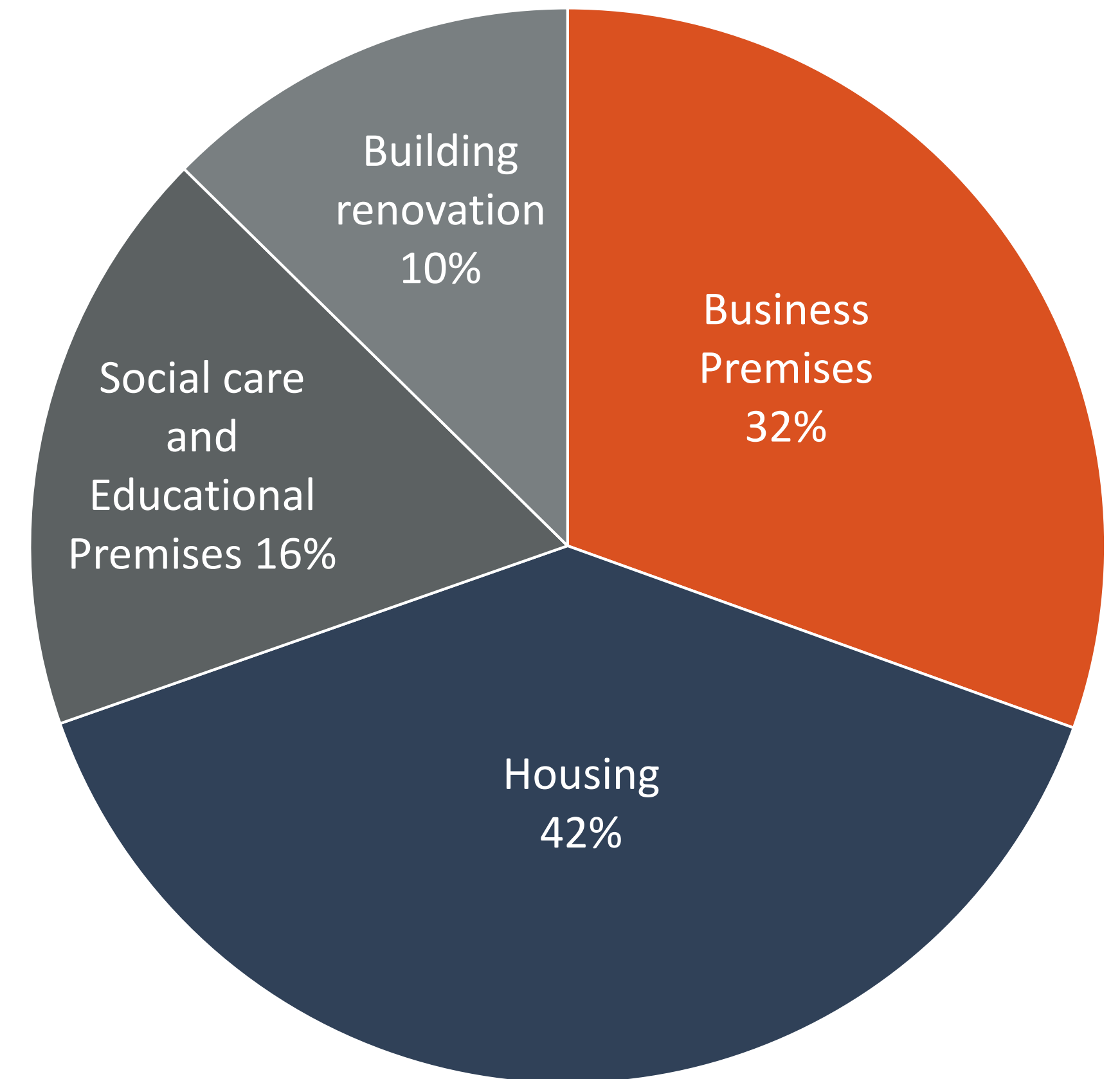




# Distribution of net sales by service area

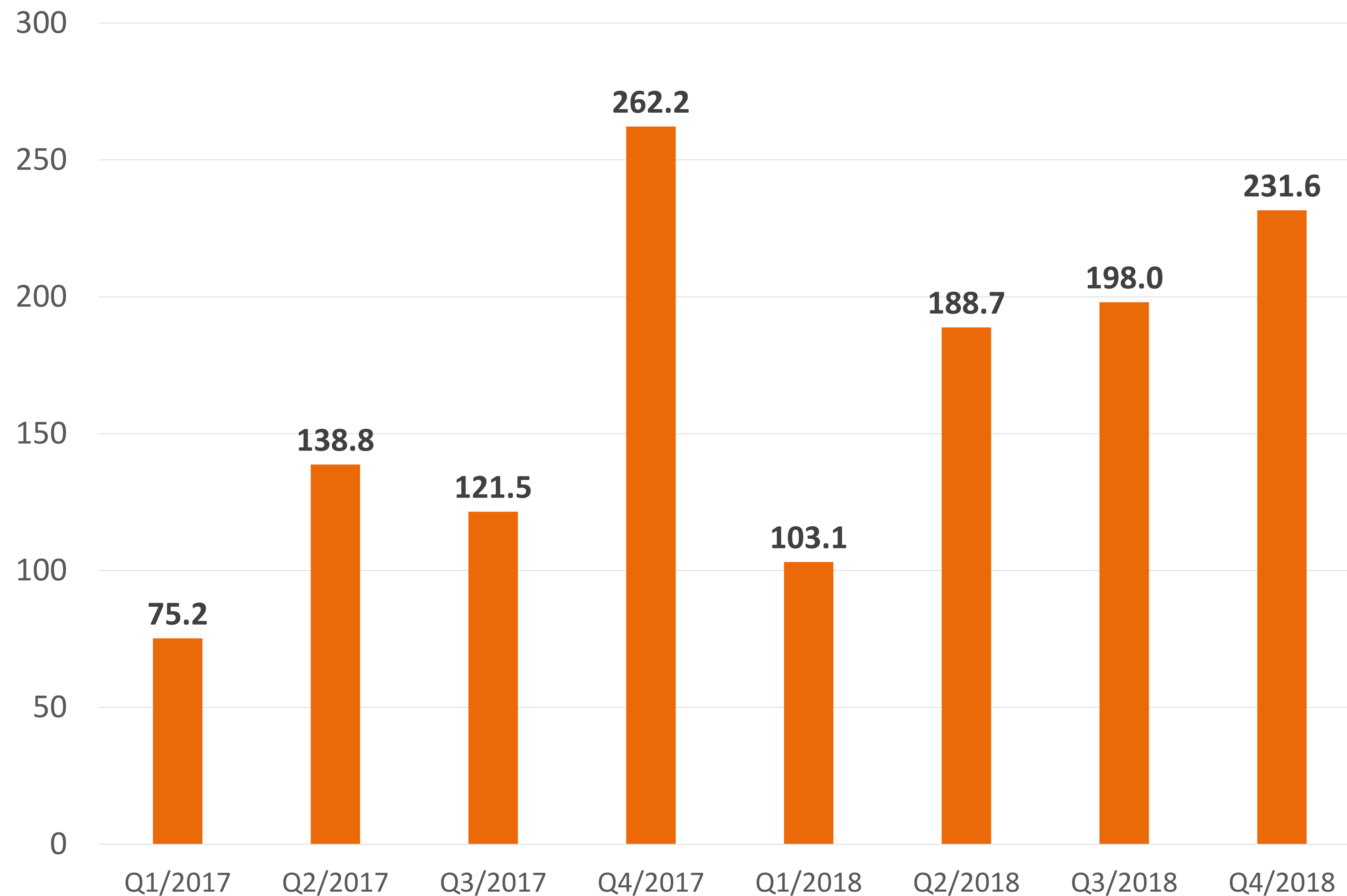
Net sales by service area MEUR	2017	2018	Change
Business Premises	181.2	231.0	27.5%
Housing	232.2	301.5	29.9%
Social Care and Educational Premises	109.1	117.8	8.0%
Building Renovation	75.1	71.1	-5.3%
Total	597.6	721.5	20.7%

Net sales by service area %





# Net sales of Group Q1/2017 – Q4/2018 MEUR

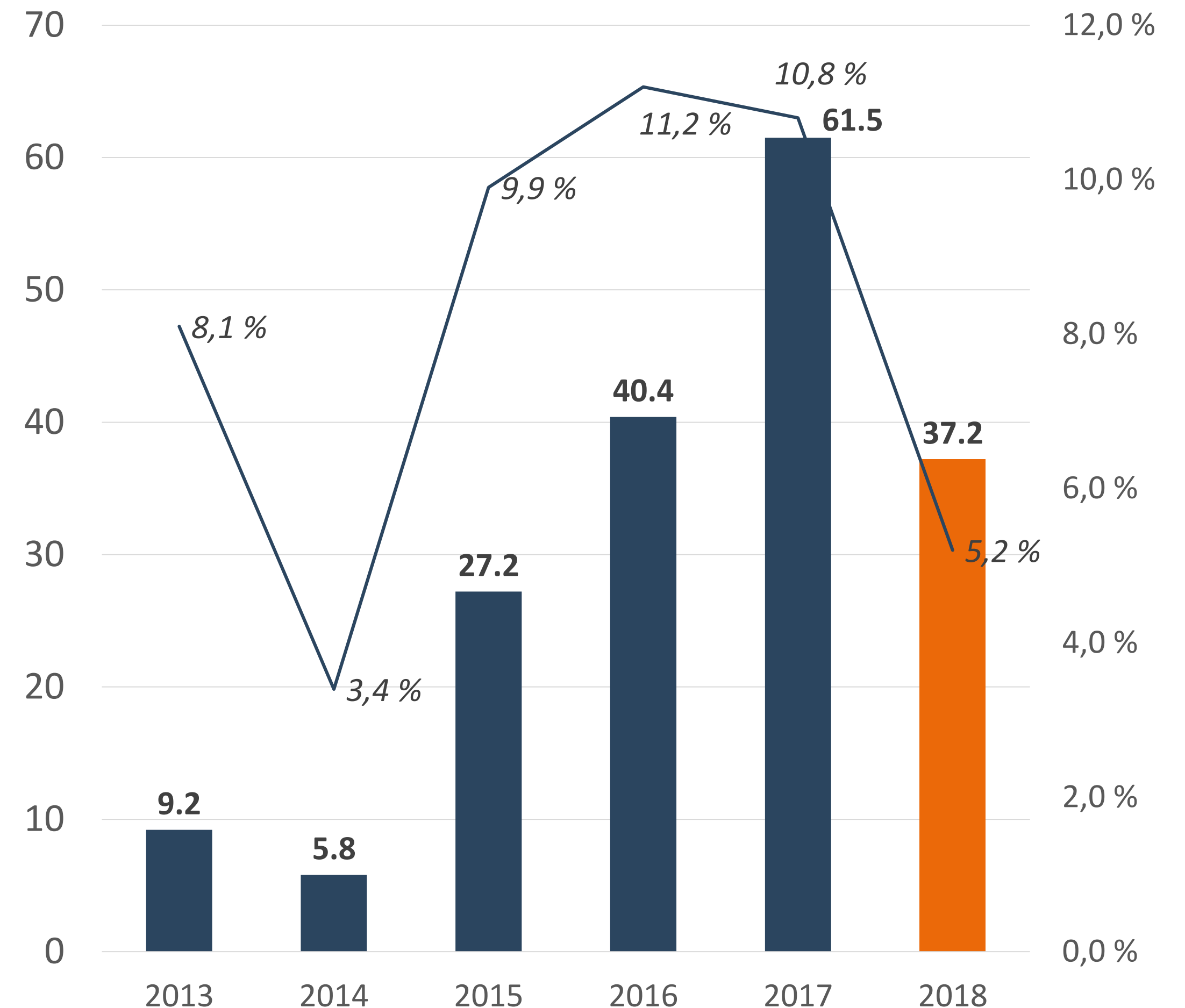




# Operating profit 5.2% of the net sales

- Operating profit was EUR 37.2 million, or 5.2% of net sales.
- The operating result was weakened especially by loss-making complete renovation projects and the weak profitability of social care and education premises projects.
- Complete renovations operations had a negative impact of about EUR 15 million on consolidated operating profit.

Operating profit MEUR and %

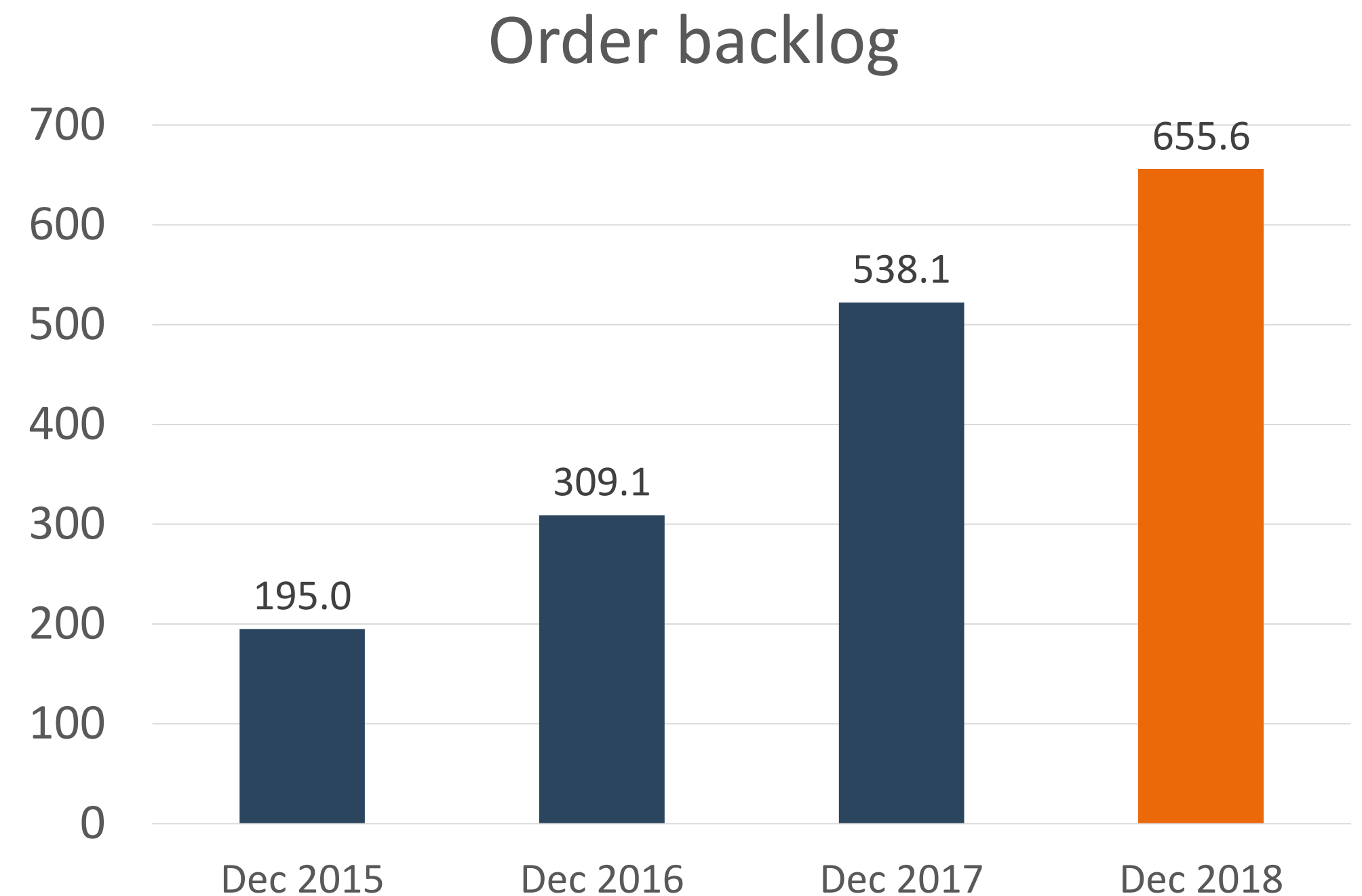




# Order backlog grew

Order backlog grew in other service areas except for Social Care and Educational Premises.

Order backlog, Meur	December 31, 2018	December 31, 2017
Business Premises	134.5	127.3
Housing	365.4	216.9
Social Care and Educational Premises	60.0	100.3
Building Renovation	95.7	93.6
<b>Total</b>	<b>655.6</b>	<b>538.1</b>





# Balance sheet

## CONSOLIDATED BALANCE SHEET, EUR MILLION

31 DEC 2018

31 DEC 2017

Non-current assets	37.7	25.1
Current assets		
Inventories	238.2	132.9
Current receivables	139.0	111.2
Cash and cash equivalents	53.4	68.0
<b>Total assets</b>	<b>468.3</b>	<b>337.2</b>
Equity	162.4	150.7
Financial liabilities	115.9	36.9
Advances received	88.3	69.3
Other payables	101.8	80.2
<b>Total equity and liabilities</b>	<b>468.3</b>	<b>337.2</b>



# Business Premises

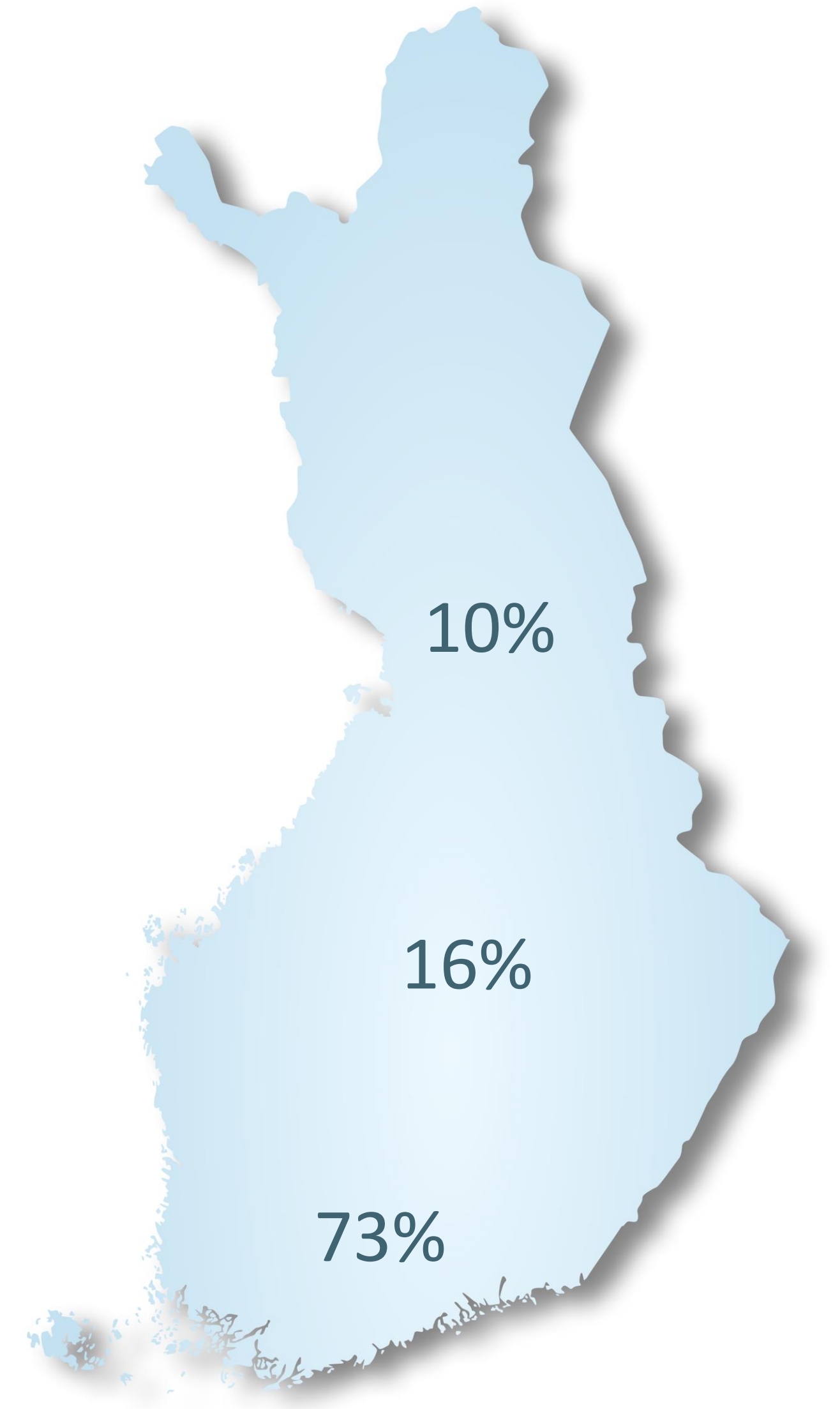
- Net sales grew by 27.5% year-on-year to EUR 231.0 million in 2018.
- A total of 31 projects were completed during the review year, the largest of which were
  - a logistics centre for DSV in Vantaa and
  - an office and hotel building in Tikkurila, Vantaa.
- Turnkey contract with Koy Seinäjoen Ideapark shopping center
- Starting the Hippos2020 project together with a consortium of Lehto Group and Fennia Asset Management Ltd.





# Net sales of Business Premises by areas in Finland (%)

- Southern Finland 73%
- Central Finland 17%
- Northern Finland 10%





# Housing

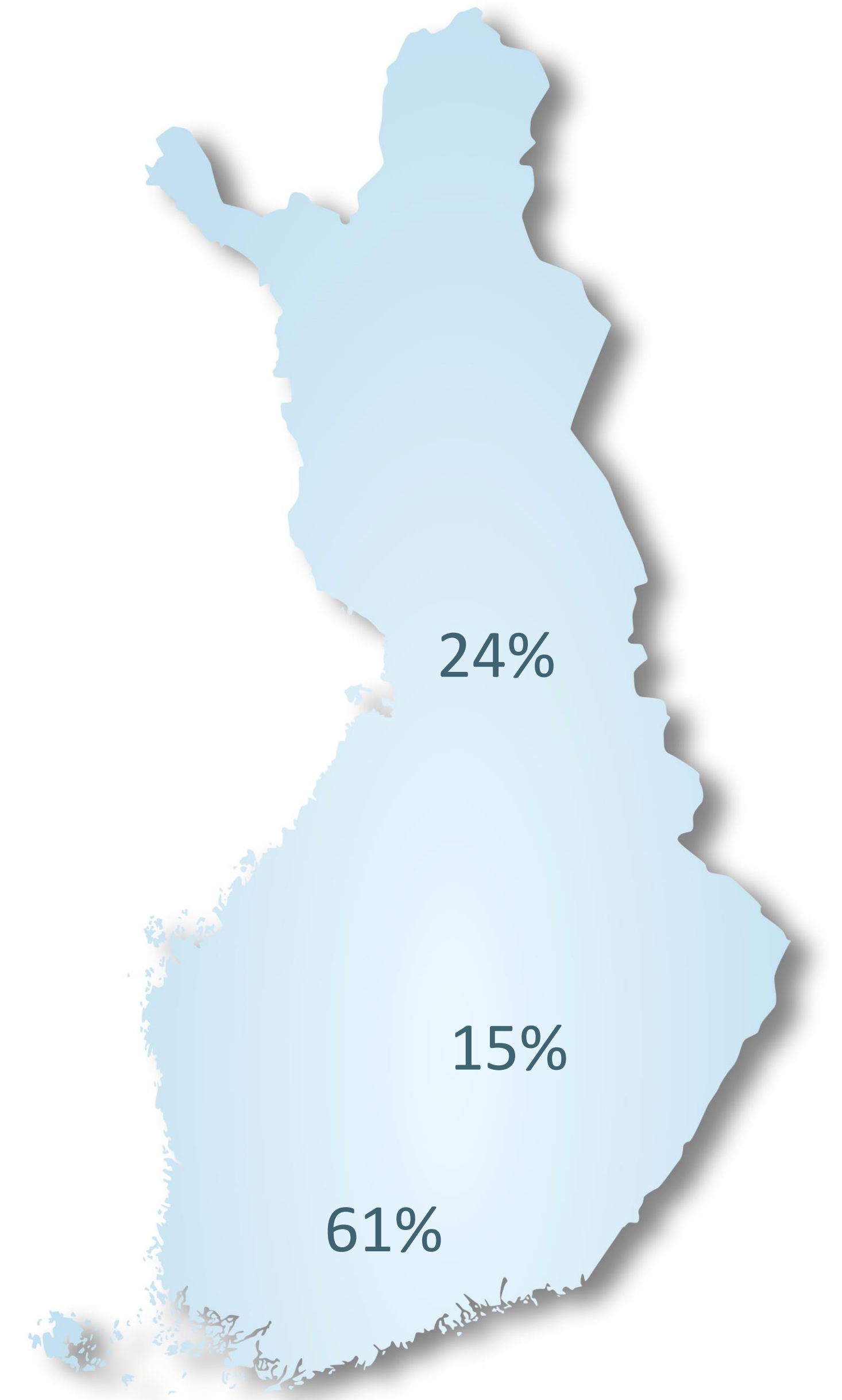
- Net sales in the Housing service area grew by 29.9% to EUR 301.5 million.
- A total of 1,900 apartments were sold in the review period. At the end of the period, 3,229 new apartments were under construction.
- The largest housing construction projects currently in progress are in Kaivoksela, Vantaa and in the centre of Oulu.





# Net sales of Housing by areas in Finland (%)

- Helsinki metropolitan area 61%
- Northern Finland 24%
- Western Finland 15%  
(Hämeenlinna, Jyväskylä, Tampere, Turku)





# Social Care and Educational Premises

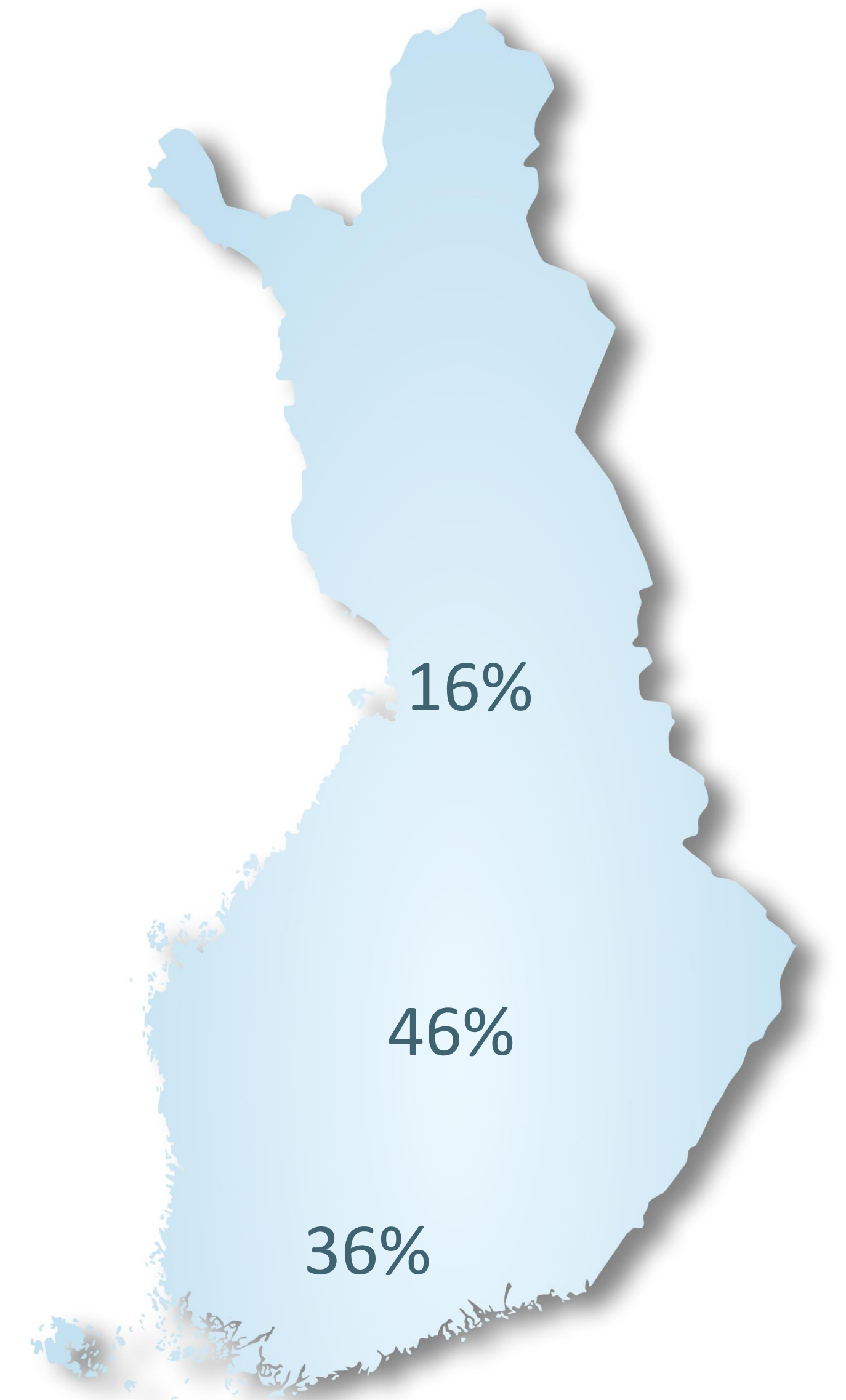
- Net sales grew by 8.0% to EUR 117.8 million.
- During the review year, 28 care home and assisted living units were completed, and 8 were under construction at the end of the year.
- Two daycare centres and one school were completed during the review period.
- At the end of the review period, three schools and one health centre were under construction.





# Net sales of Social Care and Educational Premises by areas in Finland (%)

- Southern Finland 38%
- Central Finland 46%
- Northern Finland 16%





# Building Renovation

- Net sales declined by 5.3% to EUR 71.1 million.
- During the review year were completed
  - two developer-contracted renovation projects
  - two complete renovation projects
  - 16 pipeline renovation contracts in the Helsinki Metropolitan Area
- The complete renovation projects deeply in the red, pipeline renovations profitable
- **Lehto Total** launched in December





# Lehto limits its renovation operations – service area discontinued

- After the end of the financial year, the Building Renovation service area was discontinued and the company decided to limit its renovation operations.
- In the future, new complete renovation projects will only be undertaken selectively on condition that the renovation is related to new construction projects or when it is a significant part of a larger commercial entity.
- Building renovation functions have been merged into other service areas.
  - The pipeline renovation business and further development of the additional floor construction concept have been transferred to the Housing service area.
  - Other complete renovation operations have been transferred to Business Premises.



# Factory Production

- Lehto continued to expand and boost the efficiency of its factory capacity according to the strategy.
  - Lehto acquired the factory operations of Pyhännän Rakennustuote Oy in Hartola. Leased premises with about 20,000 m<sup>2</sup> of floor area.
- A new factory completed in Oulainen (9,000 m<sup>2</sup>).
- At the end of the review year, more than 400 people worked in factory operations.





# Swedish operations

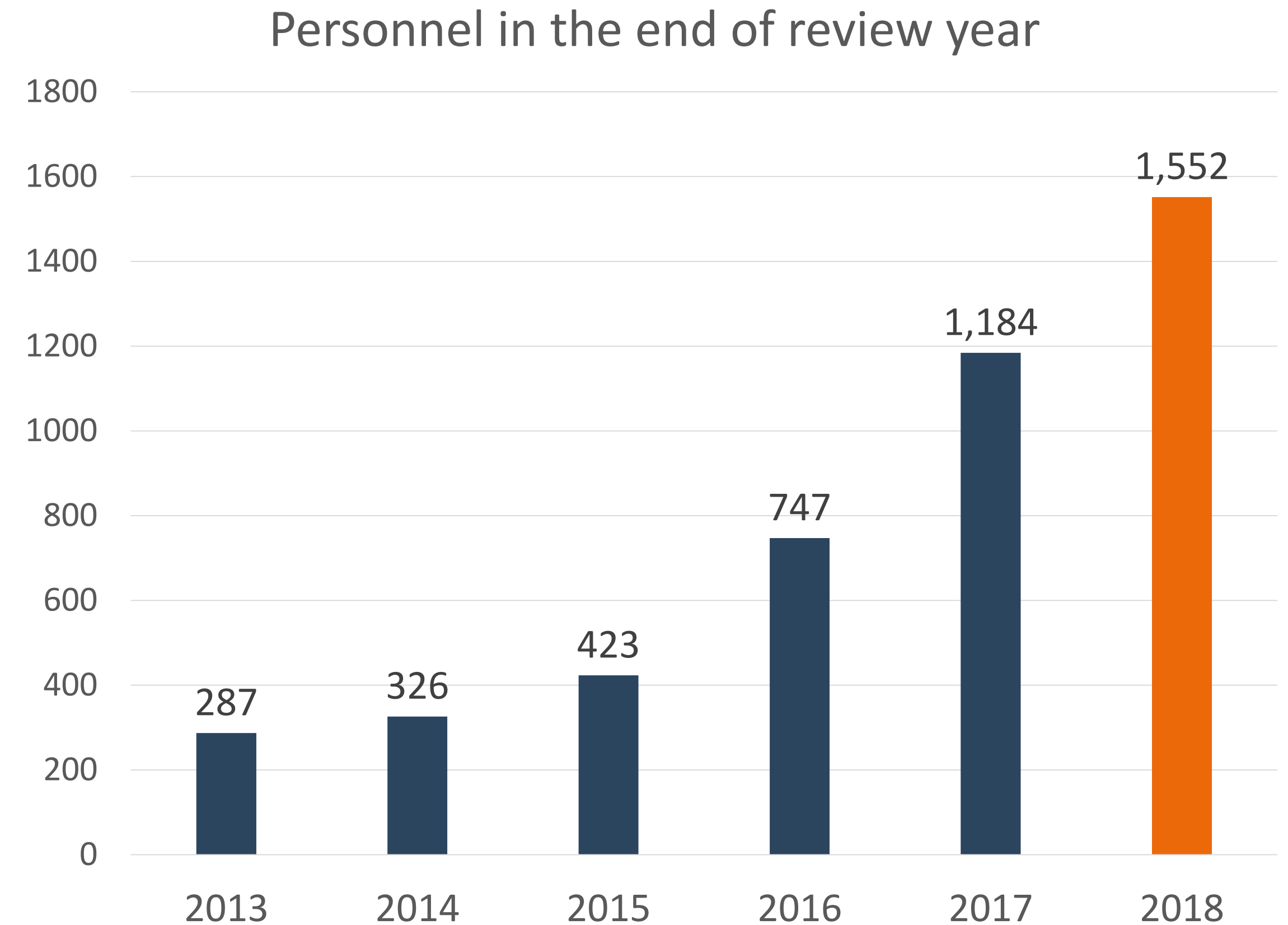
- One business premises project was completed during the financial year and one daycare centre is under construction.
- The unit is also launching its first housing construction project in the Stockholm region.
- Lehto is planning measures to develop business in Sweden.
  - In Lehto's view, there is good demand for prefabricated modular products, especially in the market for affordably priced housing and daycare centres and schools.





# Over 1,500 employees

- Lehto's personnel grew by 368 in 2018.
  - The major share of this increase is due to growth in the Housing service area and factory operations.
- The number of personnel at year end was 1,552.
- About 49% of the Group's personnel are salaried employees and 51% employees working at construction sites.







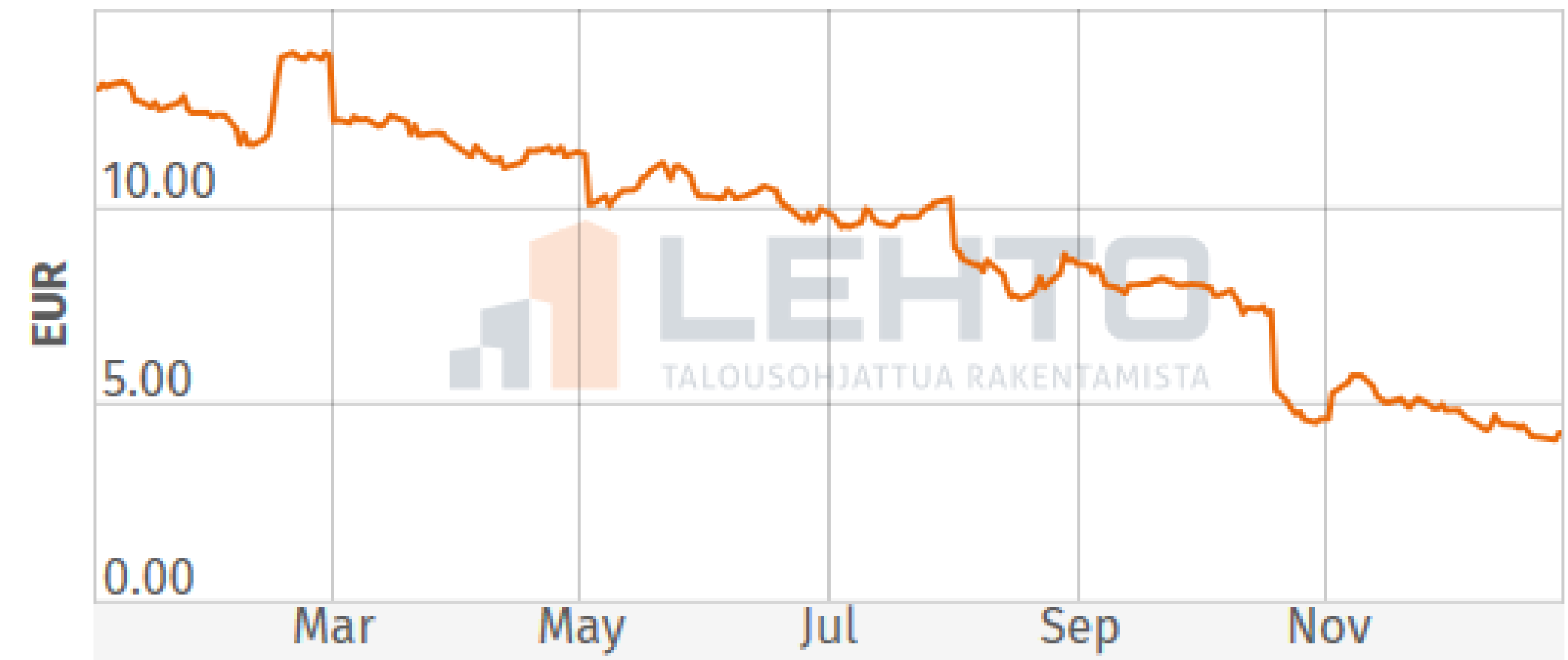
## Outlook for 2019

**Lehto estimates that the Group's net sales for 2019 will be at the level of 2018 (EUR 721.5 million in 2018) and that operating profit will be approximately 5-7% of net sales (5.2% in 2018).**



# Share performance Jan 2 – Dec 28, 2018

High: 14.18 €      Low: 4.02 €      Close: 4.25 €

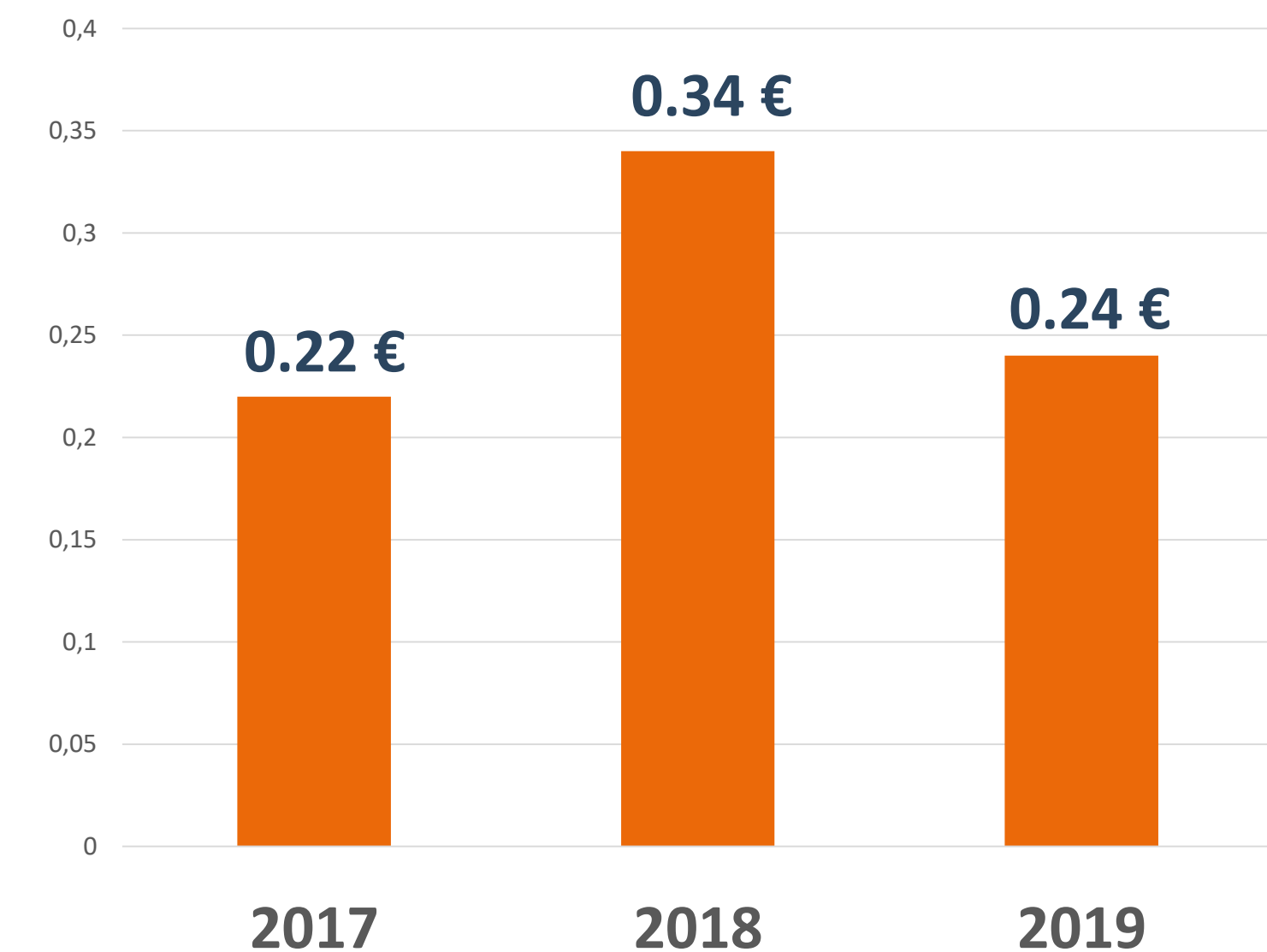




# Dividend

- The Board proposes that the dividend payable on the basis of the balance sheet confirmed for the financial year 1 January - 31 December 2018 is EUR 0.24 (0.34) per share.
- The Board proposes that the dividend payment date be 9 April 2019.

Dividend performance 2017 – 2019 (EUR)





# Strategy period until the year 2020

## Further development of the concept-based operating model

Lehto aims to develop design and building production so that as much as possible of the Group's production is based on standardised solutions.

## Increasing the role of factory production

Our goal is to increase the share of building elements and modules produced in our own factories in construction projects.

## Promoting an operating model that emphasises customer benefits

We aim to further develop our operating model that provides customers with an end-to-end solution that includes all the services required for the completion of a construction project. Through this model, Lehto seeks to attain significant schedule, cost and quality benefits for its customers.

## Internationalisation

Our goal is to expand our operations in the Nordic countries.



# Future of construction

## From sites to the factories

- Efficiency, productivity
- Moisture control

## Digitalising the whole construction chain

### End-to-end –building information model (BIM)

- 3D- models + 4D: costs + 5D: schedules
- Declining the maintenance costs
- Life cycle of building
- Integrated services

## Sustainable building

- Wood building
- Geothermal heating, solar energy
- Sustainability
- Carbon neutral building





Innovator  
in the construction business

