

# DESTIA'S OPERATING RESULT IMPROVED COMPARED TO THE PREVIOUS YEAR

## Destia's Business Review for January–March 2017

### DESTIA'S OPERATING RESULT IMPROVED COMPARED TO THE PREVIOUS YEAR

- Revenue was MEUR 77.3 (83.4).
- The operating result was MEUR -3.4 (-5.7).
- The order book at the end of the first quarter was MEUR 724.2 (738.2).
- The accident frequency, which measures occupational safety, was 11.1 (7.9). Starting from the beginning of 2017, the figure also includes Destia Engineering.
- Destia's revenue and operating profit for 2017 are expected to grow slightly from the previous year.

### President & CEO Hannu Leinonen comments on the reporting period:

"The first three-year period of Destia's strategy, which extends until 2022, was completed in 2016 in a positive atmosphere. In the first quarter of the second operating period, revenue was slightly lower than in the previous year. The first quarter is traditionally characterised by a negative result due to the seasonality of the construction business. The year-on-year improvement in the result was attributable to more successful project management as well as the mild winter conditions across most of Finland. In line with our previously published outlook, we expect Destia's revenue and operating profit to grow slightly from the previous year.

The outlook for infrastructure construction is positive in 2017, although growth will be slower compared to the previous year. Destia's order book developed favourably during the first quarter. Despite a slight loss of market share in road maintenance, Destia still holds more than half of the contracts after recent tendering processes. The railway business continued to grow during the reporting period.

The strengthening of profitability through personnel training and by ensuring the prerequisites for efficient production, for example by digitalising operations, will remain a key theme in Destia's current three-year period, which extends to 2019. We successfully deployed a new ERP system during the reporting period. We made progress in the digitalisation of production by developing new solutions for our sites.

Occupational safety remains the first priority in our operations. Starting from the beginning of the year, our accident frequency, which measures occupational safety, also includes Destia Engineering, a company specialising in demanding foundation and engineer construction, in which Destia acquired a majority stake in spring 2016.

There is a shortage of personnel resources throughout the construction industry, which is also evident in the infrastructure sector. Work during the upcoming construction season will be strongly focused on growing urban regions, particularly Uusimaa, Southwest Finland and Pirkanmaa. We are a significant operator in growth centres, but also comprehensively throughout Finland. We received a record number of summer job applications this spring. When the construction season begins, more than 200 future talents will join our professionals across Finland. We are committed to making the infrastructure sector a safe and attractive employer in the future."

### Revenue and result development

Destia's revenue in the first quarter amounted to MEUR 77.3 (83.4). Maintenance contracts are particularly emphasised in revenue during the winter season. Otherwise the volumes in the reporting period are usually lower than in other quarters due to the seasonality of the construction business.

Other operating income amounted to MEUR 0.7 (0.6) and mainly comprised sales income from fixed assets and rental profit.

The operating result was MEUR -3.4 (-5.7). The result for the period was improved by the winter season being easier and less snowy compared to the previous year. The result for the comparison period was also negatively affected by the overrun costs of one project.

Group net financial costs during the reporting period were down MEUR 0.6 year-on-year and amounted to MEUR 0.3. The decrease in financial costs was attributable to financing arrangements implemented late last year. Income taxes in the reporting period were positive in the amount of MEUR 1.2 (1.9).

The Group's result for the reporting period was MEUR -2.5 (-4.7).

### Decisions of the Annual General Meeting

The Annual General Meeting of Destia Group Plc held on 7 March 2017 confirmed the company's annual accounts and consolidated financial statements for 2016 and discharged the members of the Board of Directors as well as the President & CEO from liability for the accounting period 1 January – 31 December 2016. The General Meeting resolved, in accordance with the Board of Directors' proposal, that no dividend or repayment of capital be paid for the financial year ended on 31 December 2016. The General Meeting resolved also that the accrued interest 1.2 million euros and repayment 1.5 million euros of the hybrid loan from Ahlström Capital Oy as well as the accrued interest 2.5 million euros of earlier converted hybrid loan from AC Infra Oy, total amount 5.2 million euros will be paid to the owners.

Destia Group's Annual General Meeting resolved that the number of Board members is seven. Arto Rätty was re-elected Chair of the Board. Marcus Ahlström, Hans Sohlström and Tero Telaranta were re-elected as Board members. Pasi Koota, Juha Nummi and Arto Pohjonen were elected as new Board members. The Annual General Meeting resolved that the Chair is paid a yearly remuneration fee EUR 50,000 and the members EUR 30,000 per year. No remuneration will be paid to representatives of the Company's shareholder.

The General Meeting elected KPMG Oy Ab as the company's auditor. The auditor with principal responsibility is Virpi Halonen (Authorized Public Accountant). The audit fee will be paid as invoiced and approved.

Destia Group Plc's Board of Directors' organising meeting was held on 7 March 2017. In the meeting the Board of Directors elected Hans Sohlström to

serve as the Vice Chair of the Board. An Audit Committee was established to assist the work of the Board of Directors. Pasi Koota was elected Chair of the Audit Committee, with Marcus Ahlström and Juha Nurmi as members.

Based on the Board's independence evaluation, all members of the Board are independent of the company and the owner with the following exceptions: Arto Rätty is not independent of the Company nor the owner, Pasi Koota, Hans Sohlström and Tero Telaranta are not independent of the owner.

## Guidance for 2017

Destia's revenue and operating profit for 2017 are expected to grow slightly from the previous year.

Vantaa, 26 April 2017

Destia Group Plc

Board of Directors

## More information

President and CEO Hannu Leinonen, tel. +358 20 444 4000 and CFO Pirkko Salminen, tel. +358 50 302 2485

## Financial reporting in 2017

11 August 2017

Half year financial report 1-6/2017

24 October 2017

Business Review 1-9/2017

## GROUP'S KEY FIGURES

### IFRS

MEUR

	1-3/2017	1-3/2016	1-12/2016
Revenue	77.3	83.4	493.2
Change from previous year, %	-7.3	12.2	6.6
Operating result for the period	-3.4	-5.7	14.1
% of revenue	-4.4	-6.8	2.9
Operating result, comparable	-3.4	-5.7	12.5
% of revenue	-4.4	-6.8	2.5
Result for the period	-2.5	-4.7	5.7
% of revenue	-3.2	-5.6	1.2
EBITDA 1)	-1.2	-3.7	22.1
% of revenue	-1.6	-4.5	4.5
Gross investments	1.1	0.7	17.9
% of revenue	1.5	0.8	3.6
Balance sheet total	228.5	240.9	257.1
Equity	74.0	68.2	76.5
Equity ratio, % 2)	36.7	32.8	33.5
Net gearing, % 3)	33.5	42.7	35.3
Interest-bearing liabilities	42.9	67.1	43.0
Return on equity, % 4)	10.5	9.3	7.6
Return on investment, % 5)	14.1	8.8	11.1
Earnings per share, EUR *)	-34.10	-65.14	50.13
Equity per share, EUR	924.46	852.54	956.09
Average personnel	1,480	1,382	1,492
Occupational accidents resulting in absence from work **)	11.1	7.9	5.9
Order book	724.2	738.2	708.0

\*) The profit for the reporting period belonging to the shareholders of the parent company of Destia Group Plc, deducted by the interest on the hybrid loan adjusted for tax, divided based on the weighted average of the shares. Destia Group Plc has 80,000 shares.

\*\*\*) Occupational accidents per one million working hours. Figure from year 2016 covers only Destia Ltd's and Destia Rail Ltd's services.

Formulas:

1) Operating result + depreciation, amortisation and impairment losses. Not IFRS key figure.

EBITDA adjusted by comparable items

2) (Equity/(balance sheet total - advances received))\*100

3) ((Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments/equity)\*100

4) (Result for the period/average equity)\*100

(opening and closing balance)

5) (Result before taxes + interest costs and other financial expenses/(invested capital average)\*100

(balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

All figures have been rounded up or down, so the sums of individual figures may differ from the sums shown.

*The information provided in the report has not been audited.*