

Destia's business review for January–September 2017

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- Revenue was MEUR 339.9 (352.1).
- The comparable operating result was MEUR 10.6 (10.2).
- The Group's result for the period was substantially better than in the previous year, at MEUR 9.3 (6.7).
- The accident frequency, which measures occupational safety, was 9.5 (7.5).
- Destia's revenue for 2017 is expected to be lower than in the previous year, and comparable operating profit is expected to remain at the previous year's level.

Acting President and CEO Arto Pohjonen comments on the reporting period:

"Destia's order book remained reasonably strong during the reporting period, despite the competitive situation, but cumulative revenue declined year on year. The comparable operating profit showed a slight increase from the corresponding period last year.

When I took up my post at the beginning of August, we in the Management Team launched the *Time to Act* programme, which is aimed at sharpening the focus of Destia's strategic development programmes. They concern the development of management culture and internal collaboration, improving our customer orientation and market outlook, the earlier identification of business opportunities and risks, and improving procurement.

Destia has excellent expertise, efficient processes and a well-functioning organisation. Developing these further will support the continued evolution of Destia's strong culture of getting things done. They will help us make Destia number one in the infrastructure sector, and to become even better at listening to our customers.

This view is supported by our personnel survey, which was conducted by an external partner and indicates that Destia looks after its personnel. The scores reflecting employee perceptions of Destia as a whole and as an employer remained good, at 4.11 (4.10). All this provides a solid foundation for a change in management culture, which will contribute to making Destia an even more attractive employer among skillful infrastructure professionals."

Revenue and result development

Destia's revenue during the reporting period amounted to MEUR 339.9 (352.1), and in the third quarter it was MEUR 148.0 (152.0). The decline in revenue was due to the effect of the mild early part of the winter on revenue accrual of certain maintenance contracts. Spring and summertime construction volumes were lower than in the previous year, and this also contributed to the decline.

The comparable operating result was MEUR 10.6 (10.2) for the reporting period, and MEUR 10.3 (11.4) for the third quarter.

The Group's result for the period was substantially better than in the previous year at MEUR 9.3 (6.7).

Litigation and disputes

On 22 September 2017, the Espoo District Court handed down its decision on a dispute between Destia Ltd and Länsimetro Oy regarding the construction contract for the railway section between Keilaniemi and Lauttasaari. Destia and Länsimetro both presented claims against each other during the legal proceedings. The District Court ordered Länsimetro to pay Destia a total of approximately MEUR 2.4 plus interest. Destia, in turn, was ordered to pay a refund to Länsimetro of approximately MEUR 2.6 plus interest, as well as EUR 1,500 based on a fine order. Destia was also ordered to pay Länsimetro compensation for legal costs. Destia has announced its intent to file an appeal with the Court of Appeal regarding the District Court's decision.

Events following the reporting period

On 5 October 2017, the Group announced it will establish a new Special Construction business unit that will become operational on 1 January 2018. The new business unit will consist of Destia Rail, which focuses on railway construction and maintenance, and Destia Engineering, which specialises in demanding foundation and engineer construction, as well as the energy infrastructure, rock construction and aggregates businesses. Annina Peisa was appointed Executive Vice President of the Special Construction business unit and a member of the Management Team. She takes up her post on 2 January 2018.

On 9 October 2017, Tero Kiviniemi was appointed President and CEO of Destia. He will start in his new position next summer, by 1 July 2018 at the latest. Arto Pohjonen will continue to serve as acting President and CEO until Tero Kiviniemi takes up his post.

On 18 October 2017, it was announced that Pirkko Salminen, CFO and member of the Management Team will leave her post in the company the same day. Olli Valtonen was appointed as the acting CFO and member of the Management Team as of 19 October 2017.

Vantaa, 23 October 2017

Destia Group Plc
Board of Directors

More information

Acting President & CEO Arto Pohjonen, tel. +358 20 444 4000

Financial reporting in 2018

Destia will publish its 2017 financial statements bulletin on 7 February 2018.

GROUP'S KEY FIGURES

IFRS

MEUR

	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
Revenue	148.0	152.0	339.9	352.1	493.2
Change from previous year, %	-2.6	-0.1	-3.5	6.1	6.6
Operating result for the period	8.7	11.4	9.0	10.2	14.1
% of revenue	5.9	7.5	2.6	2.9	2.9
Operating result, comparable	10.3	11.4	10.6	10.2	12.5
% of revenue	7.0	7.5	3.1	2.9	2.5
Result for the period	6.9	8.4	9.3	6.7	5.7
% of revenue	4.7	5.5	2.7	1.9	1.2
EBITDA 1)	12.8	14.1	17.5	17.1	22.1
% of revenue	8.7	9.3	5.2	4.8	4.5
Gross investments	1.6	2.3	5.7	14.0	17.9
% of revenue	1.1	1.5	1.7	4.0	3.6
Balance sheet total			256.3	274.8	257.1
Equity			81.1	77.9	76.5
Equity ratio, % 2)			34.7	30.6	33.5
Net gearing, % 3)			47.4	48.6	35.3
Interest-bearing liabilities			47.8	69.7	43.0
Return on equity, % 6)			10.5	13.0	7.6
Return on investment, % 7)			10.5	10.7	11.1
Average personnel			1,579	1,485	1,492
Occupational accidents resulting in absence from work *)			9.5	7.5	5.9

*) Occupational accidents per one million working hours. Since the beginning of the year 2017 the number also covers Destia Engineering.

Formulas:

- 1) Operating result + depreciation, amortisation and impairment losses. Not IFRS key figure.
EBITDA adjusted by comparable items
- 2) $(\text{Equity}/(\text{balance sheet total} - \text{advances received})) \times 100$
- 3) $((\text{Interest-bearing liabilities} - \text{cash and cash equivalents and held-to-maturity investments}/\text{equity}) \times 100$
- 4) $(\text{Result for the period}/\text{average equity}) \times 100$
(opening and closing balance)
- 5) $(\text{Result before taxes} + \text{interest costs and other financial expenses}/(\text{invested capital average})) \times 100$
(balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)