

PRESENTATION

Minttu Vilander

Good morning, welcome to Sitowise's first interim report presentation. My name is Minttu Vilander, and I'm the Head of Communications and Sustainability here at Sitowise.

Here at the studio with me are our CEO, Pekka Eloholma, and CFO, Heidi Karlsson.

After the presentation, you can ask questions in English or in Finnish. You can use the chat box and ask your question there. Just put your name and the question and I will ask it later on. If you wish to ask your questions out loud, you need to call to our conference call. You can find the instructions from the release.

And now, I hand it over to you, Pekka.

Pekka Eloholma

Thank you, Minttu. This is a big day for us. It's our first interim report in our history of our company. And we will start with this slide. As you can see, we have the growth quarter, first quarter this year, and also our order backlog developed to the record level. So, that is a good start for us, to be a listed company, and we will, actually, go through with this agenda together with our CFO Heidi Karlsson.

The Section number 1: that is some recap, what is our vision, and our financial targets in the long term. Let's look them shortly. And then, we are really going in the Section 2, the first quarter: what was our performance in one slide – so-called takeaways. And then, that is the first slide, and after that, we are going into more detail to each topic, which we will raise up there in our takeaway slides. Heidi will then talk about the figures. Then, I will talk about some business highlights in our business areas. And then, last, outlook, and the strategy to go forward. Then, as Minttu said, after the presentation, we have a Q&A session. So, let's go for it.

And as I said, some recaps here, the first, our vision, that this where we are heading to, really important part for us, and that is really that we want to be, and we will develop the company to that direction, that we will be the most responsible partner in developing the prosperous living environment.

And the other recap slide here: the final sale targets what we have set, and I would like to remind here that we have not set and published any guidance for this year because we see that there's still some uncertainty on the marketplace, and we will come to that, then, later on. The financial targets: in the long term, you will see here nothing new there. Growth, we have said that the annual net sales growth, including both organic and acquisitions, is over 10%. The profitability target for us – we'll talk about the



adjusted EBITDA – and there, the target is that our margin will be, at least, on the level, at least 12%.

Then, it comes to the net debt to leverage. Our target here is to keep the net debt under 2.5x EBITDA, and then, the dividend policy for us is that our target is to distribute dividends and that this on the range between 30 and 50% of the net profit.

And then, now let's go for quarter one. As I started with the first slide, a really positive thing was that we see that the market is picking up – that is one thing – and also our sales efforts, they have been delivering good performance. And actually, the output of that is that our order book increased by 12% during the Q1 compared to the Q1 last year. What comes to the net sales, that was a growth cut quarter for us. We increased our net sales – or improved our net sales – by 7%, and that was driven by the acquisitions, and Heidi will talk more about that and a little bit about the organic part or growth inside that later on.

Adjusted EBITA was 11%. Solid performance was expected performance from our side. Heidi will cover that also in more detail in the later section. And then, the leverage part, the net debt to adjusted EBITDA, that declined to 1.4, and as you can see that was 2.8 at the end of quarter one last year.

Then, really a big thing during the quarter one was that we listed our company to NASDAQ Helsinki main list, and that was actually at the end part of the March. Big effort from our side. And then, as you know, the acquisition agenda has always been a big part for us, and we have continued also on that track. And during the quarter one, we made four acquisitions. We will cover that also later in this presentation.

And then last bullet point, not the least one, the customer focus has always been really a key part for us, and we are really delighted now that we can tell and see that our customers said that – or 94 percent of our customer base, of customers – they said that they are really satisfied for our deliveries and performance, what comes to our planning activities, service activities, towards customers; they were satisfied during the COVID-19 pandemic. And also, our NPS improved. I will cover that also later on.

So, these are the key takeaways from our first quarter. And as I said, really a big effort was we got listed during the quarter one. And that was really a successful project. We are now here. That was about two months ago, and really the target for to get listed was that that was supporting our growth strategy more or less in two ways: first, one part is that we are getting more recognition among customers, among investors, and certainly, also, among specialists. That was achieved, and then it is helping, also, our M&A agenda, and we have better access to the capital market, and also, balance sheet is now in – let's say – in better shape. Heidi will talk later about that.

And also, our shareholder base, that was expanding, and we are really proud of that fact, what you see on this slide on the right-hand side, that in this business and for us, especially the committed personnel, committed specialists, motivated specialists are key. And now, actually, we have had a personnel share issue on the listing process, and



we can now tell that after listing, more than half of our personnel are now owners of the company, and that is something that we are really, really proud of.

And now, Heidi will present our figures from quarter one. Heidi, please go on.

Heidi Karlsson

Thank you, Pekka, and also good morning on my behalf. So, when we look at our Q1 financials, they are solid, and they are according to our expectations. Our net sales grew by 7% to 43 million, and our adjusted EBITA was a little bit below €5 million. Our EBITA margin was 11%. And as you can see, it is lower than last year in the corresponding period. But there are clear reasons for this difference.

First of all, in Q1 this year, we had one working day less as we did in the Q1 2020. Secondly, in Q1 this year, we can still see some impacts from the COVID, which was not the case in Q1 2020. And thirdly, although we had a very successful IPO, it did temporarily in March impact our utilisation rate. But taking all these things into account, none of them were unexpected, and, therefore as both Pekka and myself mentioned, there were no surprises to us when it comes to our financials in Q1.

Our net result, our earnings and earnings per share were in Q1 burdened by approximately €2.5 million of IPO costs that we have recorded in our financial expenses. Our cash flow in Q1 was good and our liquidity position remains strong.

Let's next take a closer look at our order book net sales and profitability. Our order book at the end of March is record high: 12% increase compared to Q1 2020, and the 16% increase from the year end. There are two reasons for this development. First of all, we have had very active and successful tendering work ongoing. In addition, there has been the market recovery that started already end of last year. And what is also a big difference compared to last year is the fact that we have been able in Q1 to close also some significant, some large projects, contracts, which wasn't the case last year. And what also makes me content, and I'm pleased with the fact that our order book has been developing strongly in all of our business areas.

Looking at our net sales, a 7% increase in Q1, the increase is driven by the acquisitions as our organic growth was flat in Q1. Looking at the market circumstances, we still think organic growth was on a reasonable level.

When we look at our profitability, I would like to note two things: first of all, is that although our profitability fell a little bit compared to last year, it is still a sector-leading profitability. Secondly, we have to bear in mind the seasonality that we have in our business. When we look at last year, it is not a good example of how our profitability normally is divided over the quarters. Historically, the second half has been the stronger compared to the first half. Last year, COVID really made the quarters very different from what we had experienced in the past.

Looking at this year, we know now we still have, and we will be facing, a little bit of COVID still, as Pekka said, there are some uncertainties still for us. But we know that the IPO, the listing will not impact our utilisation rate moving ahead, and we also expect



the COVID impact to be less, and therefore, our expectation is that this year will look more like in the past that our second half would be better than our first half.

Next, I would like to move on to look at our balance sheet and the impact that the IPO had on it. It was a very positive impact. First of all, our equity due to the IPO increased by close to €40 million, which resulted in a stronger equity ratio. In connection with the IPO, we did a refinancing and our net debt decreased €26 million and also, then, is resulting in decreasing leverage. This, of course, gives us a good platform and we have a strong balance sheet to support our growth strategy.

If one of our objectives was to strengthen our balance sheet, a second objective of the IPO was to broaden our customer base. As Pekka mentioned, we are proud of having more than half of our personnel as our shareholders. Before the IPO, we had, all in all, a little bit more than 200 shareholders. After the IPO, the number of shareholders increased to 9,000 shareholders. And we didn't only get our personnel to become our shareholders; we also are proud when we look at our top ten shareholders, the ten largest ones, Intera still being the biggest shareholder, although, of course, with the IPO, the holding decreased significantly. But when we look at the list of our biggest shareholders, they are well-known institutions, very responsible ones, and we are happy to have the trust of them.

This was what we had to tell about the Group level issues, and now, I would like to hand over to Pekka, who will continue with looking at our business more in depth.

Pekka Eloholma

Here, you see our business areas. We have four business areas. Buildings, engineering and consulting services for the building sector – that is the largest one – and then, the second largest business area for us is the engineering and consulting services for the infrastructure part. And that is about one-third from our revenue from Q1. And then, we have the digital solutions, roughly one-tenth of our revenue, where we are developing the digital application systems software for the built environment and really for the users of the built environment, business-to-business-wise.

And then, the Sweden, and that is now 70% of our revenue was from Q1, and there we have been now active about two years. We have made four acquisitions there, and there's a good position today. We are continued growth, and I'm coming a little bit later to that. And there, in Sweden, we are active in the building, engineering, and now we started also end of last year, our first approach also to the infrastructure part in Sweden.

And then, when we take a look at how our four business areas, how they were performing in terms of net sales in quarter one, that is here, and if you start by the buildings, which was the only business area which didn't have revenue growth. As you can see, the revenue declined with 3%. And the reason for that why there was no growth is actually COVID. And during the last year, there was an impact of COVID was that there was a decrease on volume there in the renovation projects, also the business premises construction that went clearly down. And also, we had some temporary lay-offs in our



building segment, and now, at the end of the quarter one, more or less, we can say that the March, that was the month that the market clearly picked up again, and it looks now quite OK, and order backlog – I will come to that later – is on the high level, and we also caught back our temporary lay-offs earlier than was expected.

The infrastructure part: plus 4% growth in revenue. It's solid demand there on the infrastructure side, and there's nothing special. Performance was good. As expected, digital solutions, nice growth, 30%, as well as in Sweden, 40%/45%. And that is, as you can see now, the most growing business area for us.

If we take some highlights from each business area during the quarter one, and start also here with the building side. As I said, the market started to recover clearly during March, at the end of the Q1. And result from the recovering and also result of our really focused sales marketing efforts, we were able to really get our order book to the all-time highest level. So, that is the good thing. During the quarter one, there were still some delays what comes to the major construction projects, actually, and especially for the engineering and preparation phases, of the early-stage phases of these big projects that caused some delays and that impacted also our performance, and as well, as I said in the start of the first quarter, some still, let's say, low-level activity on the renovation part and also, the business premises. But what we could see, at the end of the Q1, the renovation part was recovering as well as actually the engineering for the public service buildings, and the residents are building segments here that has been active already some time, so no big change there.

And end of last year – that was in December – we acquired Paloässät, which is one of the leading companies in Finland what comes to the fire safety engineering. And now during the quarter one, we have started the integration of Paloässät to Sitowise.

Infrastructure, as I said, solid performance, market is solid, nothing special there. We, also, here, at the infrastructure business area, we were able to increase our order book significantly; it's on the high level. Also, there, market demand is steady, as I said. What we can see what is happening in the market, if we are looking the municipality sector, the infrastructure side, we can see that the size of the deals that is ongoing and no change there, but the municipalities, they are now somehow prolonging the projects. So, the size of the project is stable, let's say, but it takes a little bit longer time, and that is, then, saving costs from their side that we can recognise there. And then, also, here, one acquisition we made during quarter one, and that was on the sustainability area, and the company was Benviroc, which is really a leading company here to monitor, and give that monitoring service for the municipalities, what comes to the sustainability.

Digital Solutions also order book at all-time high level. Really a good thing here. That future looks OK for us. What we have seen here is that there is really, although the built environment totally has been one of the most conservative areas industries to take use of the modern digital solutions and digitalisation, now that has started, and we can now say that the pace here, what comes to the market increase for the digital solution, that is now higher in the built environment solutions than in the other areas on the average,



so that is really a good thing. Market is there, and here we made also acquisitions. We made two acquisitions during the quarter one, and that was the Sweetlakes, where we bought competence on mobility and the cloud area, and then the MSDI, which is then developing the applications for the municipalities to monitor their footprints.

Then Sweden: order backlog increased is also here at the good level. As we all know, the COVID impact, all in all, in Sweden has been much higher than here in Finland. That has impacted there, but having said that, we had still a good growth. What we saw in Sweden during the quarter one that the reason is the COVID, but the output is that the projects are not proceeding, let's say, on the constant pace, the customer projects, so there are every now and then some delays, and that has impacted a little bit, but not much. And here, we made one acquisition during the quarter one, and that was VVS-Kompetens, based in Stockholm and Södertälje. And they are focusing on the technical installation engineering.

So, these were the highlights. And just one thing I would like to mention here is that – which we have said also before – that one really big part of Sitowise approach in the M&A agenda is that we don't have any separate M&A department in the company who then is buying companies and then somehow giving them to the businesses; we have developed the whole process. So, that seems for us to be the best approach is that each business area is responsible for the M&A agenda from the start to the integration, and that means that it is really goal-oriented and also ensures that the integration part will then, in the later stage, go in the smooth way.

Here are some project examples which we got during the Q1. If we start from the left, there's new residents' building. Construction will start in Espoo, and we have here the responsibility to be the structural designer for that building, nine-floor building in Espoo. And one speciality in this building really is that the sustainability has been a big part for us already some time, and you'll remember our vision also. And what we're doing here, on top of the structural engineering, is really, we have delivered the process where we can have, during the construction and also a little bit on the later phase for that building, so small a carbon footprint as possible, and the customer here is Skanska, the construction company, and this is based on the building information models and accounting, the carbon footprint, and this is really a big thing for us.

Then, the second project is coming from our infrastructure part customers, the Finnish Transport and Infrastructure Agency and it's a railway engineering project, One Hour Train to Turku, actually, and here the engineering part is between Espoo and Salo, and we are responsible about one 30-kilometre route in that area.

Then, one project from the digital solutions customer is the same as with this infrastructure project, that is the Finnish Transport and Infrastructure Agency. And what we are here doing is that we are developing a railway information system. This is a supporting system which is dealing a lot with the traffic safety and also the timelines for the maintenance, and has really many interfaces to all, let's say, data there on the railway operation side.



And then, on the right-hand side, example from Sweden, customer is Hemsö. And here our responsibility is to be a structural designer for the nine-floor, wooden building. So, these are the project examples, new projects for us during the Q1.

Then, at the first slide, or third slide in our presentation, I mentioned that the customer focus, and certainly also, the sustainability, they are really a key part for our operation, everyday part of that, and during the Q1, we are really delighted to show the score we got from our customers. And as I said, 94% of our customers were real satisfied for our performance., what comes to the delivering our engineering and consulting services during the COVID pandemic. And this is something we are proud of. Then, also, our customer satisfaction improved by 10%, and the measurement is the Net Promoter score. And the figure is 36.

And then what comes to sustainability. There was an example, as I told already, with some acquisitions there we made which are dealing here with the sustainability. Then, that was the project example of the building engineering, what comes to the monitoring and decreasing the carbon footprint of construction. But also, what comes to our internal performance operation is that we have the Voima-platform where we are operating with all our projects. And here, we now have a new feature which we launched during the quarter one really into use. That is that when we are starting even a small project, that means for every project when we are studying them, we are setting the sustainability targets for that project, and that we are doing together with the customers.

And then, when the project is proceeding, then we can follow how we are achieving the targets. And then, later on, not only talk about them and show them, but really see what we have done, and then, we are getting also later on some important KPIs out of that in this segment.

Already mentioned that we have continued our path there on the acquisition road map. During the quarter one, I said before, we made four acquisitions, three in Finland, one in Sweden. Already I mentioned what they are. The Sweetlakes, that was a digital solution, a software development company focusing on the mobility and the cloud services. V-Kompetens, that is the engineering company in Sweden, Stockholm, Södertälje, focusing on the technical installation part. And then, we had these two Benviroc and MayorsIndicators in Finland, and the area here is the sustainability, and especially for the municipalities in Finland.

So, that was our performance in quarter one, and how we are now going forward. This is our strategy. We are continuing our path and in our strategy, how we are creating value for the future, we have five steps, quite clear. The first one, that is the most important one, and that is focusing on the current operation efficiency. Organic growth. And that means that is the solid platform, then, to make acquisition. If this is not on the right level, then it's not the right way to go for the acquisition. But when that is healthy, and that is the most important part for us, the profitability and also the organic growth a little bit higher than the market. And as Heidi said, our organic growth now was flat during the Q1, but we see that that was higher than the market.



And then, the step number 5, that is, then, when we have the solid and healthy platform we are operating, then, the goal-oriented selected way to go for the acquisitions. That is another part of our value creation has been already all the time, and will be, and that we are using on these parts two, three and four. And the part number 2, the second part, is more or less our building and infrastructure as really the cornerstone operations or business areas for us where we are, then, recognising some areas where we don't have that much competence, what we would like to have: new areas, new services, and here, for example, the Paloässät, the fire safety engineering which we acquired end of last year, is really a good example of that, as well as the sustainability company now, the Benviroc, during quarter one for our infrastructure part.

And then, the topics here, or steps three and four, they are the so-called big growth areas for us. The third is the digital solutions where we see that we have really the unique position today, and to keep that, then we need, besides the organic growth, we need new competencies and also new resources to develop the solutions for the customers. And then, we are going real goal-oriented with the M&A agenda. And as you saw that, we were active there during the Q1.

And then, Sweden. We have now in Sweden, we have 250, roughly 250 specialists in our operation. We have acquired four companies, and the main business area for today, or main area, discipline competence area, has been the structural design for building area. Now, we have entered to the infrastructure part, and we have entered also for the technical installations which was the acquisition we made in quarter one. So, that is the way we are going forward.

And then, we have the last slide here which is, then, how we see the market is now proceeding or developing. In the long term, we see that there are real clear drivers which will take care of the nice growth for our market, need for our services. Demand is increasing in the long term, and here you can see the mega-drivers, the urbanisation, then the renovation backlog, digitalisation and sustainability. And they will take care of that in the long term. The market is growing.

And then, we all know that now we have the pandemic. It's still here, but we can see now that the market is clearly picking up. That is what we see now. And that started clearly at the end of the quarter one. And the impact for us was that there were more, as Heidi said, more effort was really put on the sales work, tendering processes, and that took a little bit, then, hours from our utilisation rate, or decrease that rate, but the output was that our order backlog is now really in the good shape, all-time high.

And then, we still see that there is some uncertainty on the market due to the COVID, and that is mainly that even though there are activity by the customers, there are deals, our order book is really on the good level. We can see that how the engineering and construction projects and engineering, which is our part, as I said before, they are not proceeding in the constant pace. Some are, but some are not. And even though the order back book is on the high level, that is uncertainties there that other projects really proceeding on the expected pace. So, that is the uncertainty what we see.



And with this slide, we will end up with Heidi our presentation here today. And now, we are ready for the Q&A session.

Q&A

Operator

Thank you. If you wish to ask an audio question via phone, please press 01 on your telephone keypad. If you wish to withdraw from your question, you may do so by pressing 02 to cancel. Once again, please press 01 on the telephone keypad if you wish to ask an audio question.

Our first question comes from Olli Koponen from Inderes. Please go ahead.

Olli Koponen

OK. Thank you. I have two questions. First, you explained quite good why the profitability was weaker compared to last year, but your billing ratio also fell almost 2% from the previous year. Can you explain what were the main reasons behind the fall in addition to the effect from the listing process?

Pekka Eloholma

Sorry, can you? You heard that clearly?

Heidi Karlsson

OK, so I think Olli from Inderes was asking why our utilisation rate declined close to two percentage points in Q1, and the main reasons behind it. One was the one that I mentioned was related to the temporary impact from the IPO listing in March. And then, the other fact what we have impacting our utilisation rate is what Pekka mentioned, is that our personnel has put more efforts and more time into the tendering work than previously. And this has taken away time from the billable work.

Pekka Eloholma

One thing added to that is that, as I said during the quarter one, we could see that there were some projects in our order books or in our delivery phase that there were some delays from the project, not from our side, but that impacted our work. And then, we could not continue our delivery on that expected level, and that we could also see from the utilisation rate.



Olli Koponen

OK, that's fair. Just next on the growth side, organic growth was at zero percent, but you said that the market is improving now. Just to clarify, should we expect the organic growth to pick up later this year, and how good of a level, which you say is fair to expect from this market environment?

Pekka Eloholma

It's a really good and hard question. There is uncertainty on the market. Activity is picking up, and as I said, we have also successfully got nicely new orders. But how the market really is then developing throughout the 2021, it's really hard to say. We expect that market will recover now, during the second half of this year. And pretty much then what comes into the organic growth, I think it works that way that, as I said, even though we have a high order backlog, it's then the question that are these projects we are delivering, are they proceeding on the expected level? And if they are not, then, even though we have the high order backlog, that cannot be seen revenue-wise on the same pace. But that is something we don't know. It can be OK, but the uncertainty is just there. That's why it's hard to say that then when you are looking the whole market for the 2021, that what is really the level of growth. It's hard to say. We expect that it will grow, but let's see.

Olli Koponen

OK. Just one question about the competition landscape and how you see it. Have you seen any pattern in pricing environment on those maybe uncertain business areas? And how would you say that the competitive landscape differs now between countries?

Pekka Eloholma

If we start between the countries, if we compare Finland and Sweden, we can see that in Sweden the price pressure is now higher than in Finland. In Finland, we can see some, but in Sweden especially, there on the building engineering site, – what is the right way? – we can recognise that there is some price pressure in Sweden. And then, when we are looking at the infrastructure projects in Sweden, where we entered end of last year, that price level is solid, there is pressure, but we cannot recognise that kind of pressure. And then, when we are coming to Finland, on public tenders, we have recognised some price pressure, but hopefully that will ease up in the near future.

Olli Koponen

OK. And just one last question regarding your seasonality a bit, going backwards and looking at your last year Q2 results, as you also highlighted, they were quite good, and just to understand better the seasonality, whether any specific reasons for that higher profitability. We know that it was in the middle of the Corona pandemic. Did it have any kind of reasonable effects, or what explains these big margin levels?



Pekka Eloholma

I will shortly turn to Heidi with the costs, but before that, one topic there is that during the quarter two last year, let's say, the sales activity stopped. Because we all remember what happened – that was somehow put on hold. And that means that the project we had, we could really focus fully to deliver them as we did. So, that meant that utilisation rate during the quarter two last year was on the exceptionally high level. But then we had also some cost effects there last year in Q2. Heidi, if you can shortly take that?

Heidi Karlsson

Maybe, in addition to what Pekka said, regarding also this impact that our people were working quite heavily on the projects. And here, also, one of the facts that we did see happening in Q2 last year is that when the COVID hit, many of the people cancelled the vacations. So, actually we got a lot more hours to be used for project work last year. And then, on the cost side, we started working remotely in Q2, and there we did get some cost relief regarding that, but that we still are benefiting from. But one thing that is not with us any more is the fact that in Finland, all the companies did get lower pension costs as of beginning of May, going till the end of the year. So, there were two months in Q2 where we had this pension cost relief that did impact positively our profit last year.

Olli Koponen

OK. Thank you very much. That's all from me.

Operator

Thank you. Our next question comes from Matias Rautionmaa from Danske Bank. Please go ahead.

Matias Rautionmaa

Hi. This is Matias Rautionmaa from Danske Bank. Thank you for your presentation. I have a couple of questions still. Could you still help me to understand the utilisation rate? Why did the IPO have an effect on it?

Pekka Eloholma

I can take that. In our business, really the utilisation rate is one of the most important drivers when it comes to the profitability. And that means that the specialist experts which we have, they are fully working for the customers to deliver our engineering services. And now, when we are listed, there were a lot of gatherings and presentations and discussions that why we are getting listed and what that means, and then we had the personal share issue which also took many hours to present that to our people so that it is really understandable and clear and what they should do. So, there were



many, many hours during quarter one which were taking from the productive engineering work. That was the reason.

Matias Rautionmaa

OK. Thank you. That was very helpful. Then, a second question on the building side. Your net sales declined there. Was that fully organic, or was there some acquisition affecting the division?

Heidi Karlsson

In the buildings in Q1, we bought the Paloässät at the end of the year. So, we had some acquired growth in the buildings in Q1 in combination, then, with the negative organic growth.

Matias Rautionmaa

OK, that's clear. Then, one follow-up on the building side. The order book is all-time high now in the segment. What kind of businesses that comes from?

Pekka Eloholma

That is quite, I'd say, the normal business portfolio for us. Let's say half of that is the renovation part and the other half are the new buildings. And then, the new buildings, they are now mainly the residential ones, as I said, still the business premises. Premises buildings, they are the low level now. And then, there are some public services buildings, engineering for these buildings, also. But that is the way. The renovation part or portion of our incoming orders, we can see that that market really has picked up now during the last part of quarter one.

Matias Rautionmaa

OK. Thank you. Then, the last question about your M&A pipeline. How does it look like? Is it likely that you are able to close more deals during this year?

Pekka Eloholma

We are working on that area every day. We are developing the pipeline, and we have there, let's say, targets, or – how do you call them? – companies cases in every stage of our pipeline, which also mean that there are, let's say, on the last level, if we called, concrete discussions. And as you know, we cannot talk anything about them before it's the right time, and let's see, but it's a big part for us and we are working in each business area for that. And the pipeline is, let's say in good shape.

Matias Rautionmaa

OK. Good. Thank you. That was all from my side.



Operator

Thank you. Just as a quick reminder, if you wish to ask an audio question, please press 01 on your telephone keypad. Once again, that's 01 on your telephone keypad if you wish to ask an audio question.

Our next question comes from Johan Dahl from Danske Bank. Please go ahead.

Johan Dahl

Yes, good morning. Just a few quick questions. Did I understand it correctly that this pension relief you talked about was not at all in the first quarter for Sitowise?

Heidi Karlsson

It started in Finland. The pension relief started 1st of May last year and ended last day of December.

Johan Dahl

Great. And what would you say, Heidi? What was the calendar impact on earnings on EBITA in the first quarter, if you just look at it from a year-on-year perspective in euros approximately?

Heidi Karlsson

It is the same as on the net sales as it goes through from the net sales to the earnings, and we're talking about the amount between half a million and 1 million.

Johan Dahl

Gotcha. Can you talk about briefly why you chose to – as I understand that you chose to early finalise these furlough regimes and take in your staff as the billing ratio, for obvious reasons, also, was a bit weak compared to last year. But why did you take that position, and what are your prospects to actually meet the billing ratio comparison here going into the second quarter?

Heidi Karlsson

We ended our furloughs in the building section or business area end of February instead of the originally-planned end of March due to the fact that there was work available for these people. Moving ahead, our expectation is that if our utilisation rate was now on the level of 75, which still is good compared to our peers, but a little bit low for us, so we do, of course, expect our billing utilisation rate to increase in the coming quarters.

Johan Dahl

OK. Do you have a number, Heidi, for the clean interest net in the first quarter?



Heidi Karlsson

In our finance expenses, there are two topics in there in addition to the clean interest expenses, and the first one is the IPO-related cost, which I mentioned, which was about €2.5 million. And those were also as expected, as planned. And then, there was these unrealised foreign exchange losses that were around half a million in the expenses.

Johan Dahl

OK. Thank you. And we can take that offline later, but it would be great to see FTEs for the quarters historically last year. I didn't see that in the report, I think, but that would be great to just get an update on that. Thank you.

Operator

Thank you. There appear to be no further questions registered by phone, so I'll hand over back to the speakers.

Minttu Vilander

Thank you. And now, most of the questions that we have here in the chat were already covered with those questions that we heard before. But just a couple of questions from here about the infrastructure market. Pekka, how do you see, and especially in Finland, are the big projects still going forward or will there be delays in those structure projects that we have?

Pekka Eloholma

They are going forward. It pretty much depends on what you have expected. But we see that not that kind of big delays. Then, there are some projects what we could also read from. For example, Helsingin Sanomat last Sunday, that the Kruunusilta project now will be prolonged. That is one example what I told that the size of the project is more or less there, but it will be prolonged from both sides, from the city centre part, and also from the Laajasalo part, and that these sections will be then delivered, engineered and constructed later.

Minttu Vilander

Thank you. And do you think that from the EU recovery package, do you think that that will boost investments? And will there be any influence in Sitowise's business?

Pekka Eloholma

We believe that in the long run, certainly, but what is the time frame? In the short run, that is really somehow unclear that which part of that package is then impacting our infrastructure projects or area. In the long run, we believe that, certainly. And there is now a big boom, as we all know, in the rail construction.



Minttu Vilander

OK. Thank you. I think that they were all questions here at this point.

Pekka Eloholma

Thank you. Thanks for you all to be here with us, this, our first quarter one interim report. And with these words, we will, then end this presentation. Thanks. Bye-bye.

