

**SITOWISE**

# **On organic growth path**

**SITOWISE GROUP PLC  
INTERIM REPORT Q1/2022  
18 MAY 2022**



# Agenda

1. Key takeaways & financial review
2. Business area highlights & developments
3. The client survey
4. The war in Ukraine
5. The green transition
6. Market outlook & guidance for 2022
7. Q&A



**CEO**  
**Heikki Haasmaa**



**CFO**  
**Heidi Karlsson**

## Heikki Haasmaa started as the new CEO of Sitowise Group as of May 1<sup>st</sup>

- Heikki Haasmaa comes from a position as a Senior Vice President in KONE where he was responsible of KONE's global Maintenance Business. Prior to his latest role, Haasmaa worked in KONE for 19 years in multiple international management roles.
- At Kone, he acquired a good understanding to profitably grow international business, be a forerunner in digitalization and lead an organization of professionals.
- His valuable experience will support Sitowise's efforts to become a significant player in the Nordics during the coming years.



# Q1 in brief: On organic growth path

- Strong growth in net sales, organic growth was high
- Profitability remained on a good level
- The order book at a record level
- Two successful acquisitions
- Customer satisfaction at a good level
- Demand remained strong during the quarter
- The war in Ukraine will increase general uncertainties in the market



# Key figures

EUR million	Q1/2022	Q1/2021	FY/2021
<b>Net sales</b>	<b>49.2</b>	<b>42.8</b>	<b>179.3</b>
<b>Adjusted EBITA</b>	<b>5.2</b>	<b>4.7</b>	<b>21.1</b>
% of net sales	10.6%	11.0%	11.8%
<b>EBITA</b>	3.5	4.1	18.5
<b>Net result</b>	1.1	-0.8	7.9
<b>Cash flow from operating activities before financial items and taxes</b>	<b>7.0</b>	<b>5.2</b>	<b>22.8</b>
<b>Net debt</b>	33.4	30.5	30.9
<b>Net debt/EBITDA, adjusted</b>	<b>1.5x</b>	<b>1.4x</b>	<b>1.4x</b>
<b>Equity ratio, %</b>	47.2%	46.0%	46.0%
<b>Earnings per share (EPS), eur</b>	0.03	-0.02	0.22
<b>Number of personnel, average</b>	2,044	1,910	1,969

## Q1 NET SALES

**15%**

YoY growth

## Q1 ORGANIC GROWTH

**7%**

## Q1 EBITA adj.

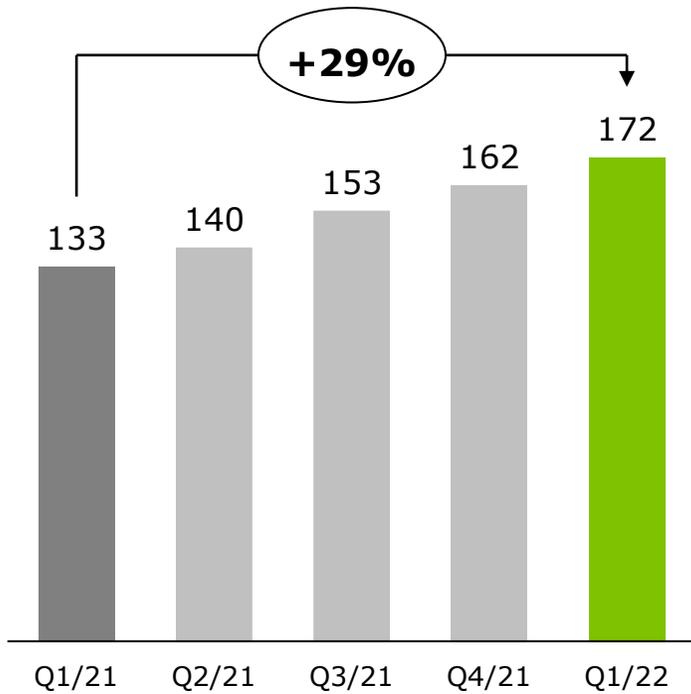
**11%**

YoY growth

# Strong growth in order book and net sales

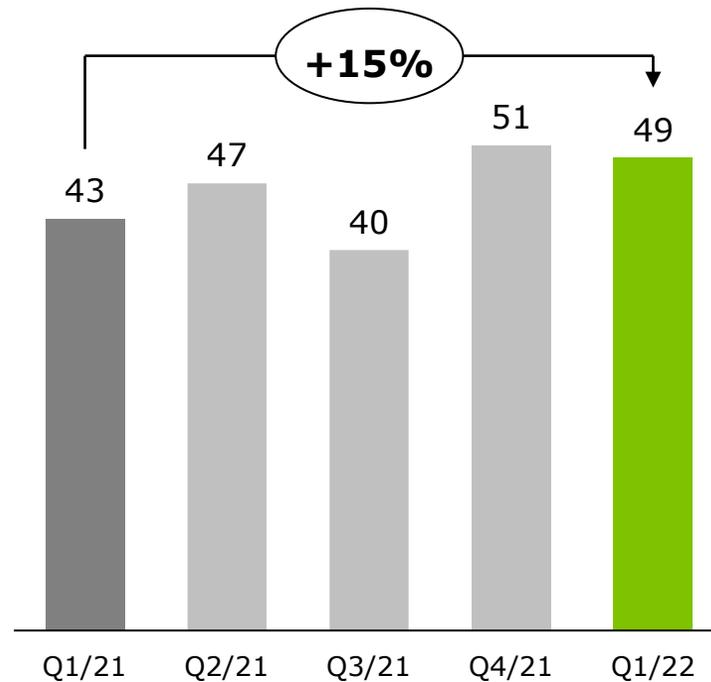
## Order book

EUR million



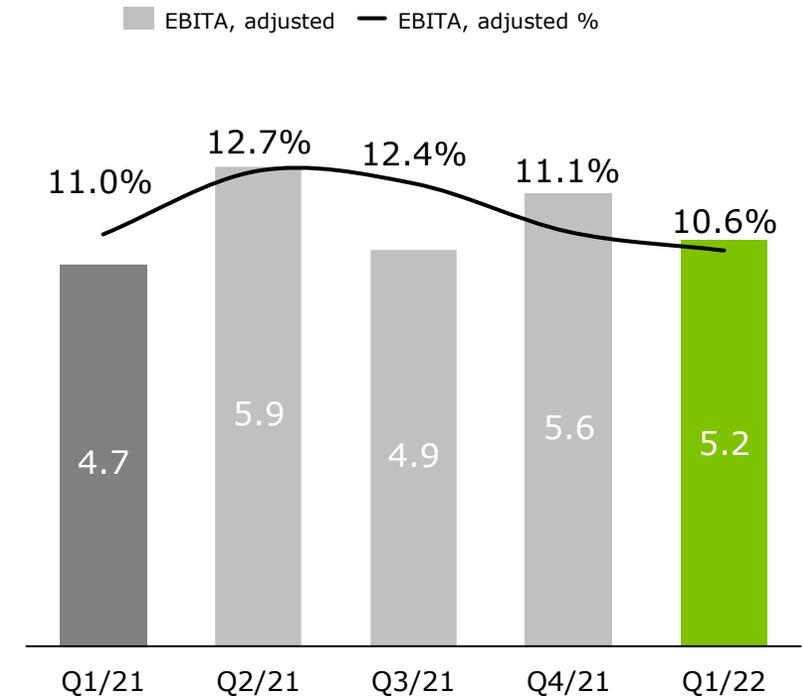
## Net sales

EUR million



## Profitability

EUR million



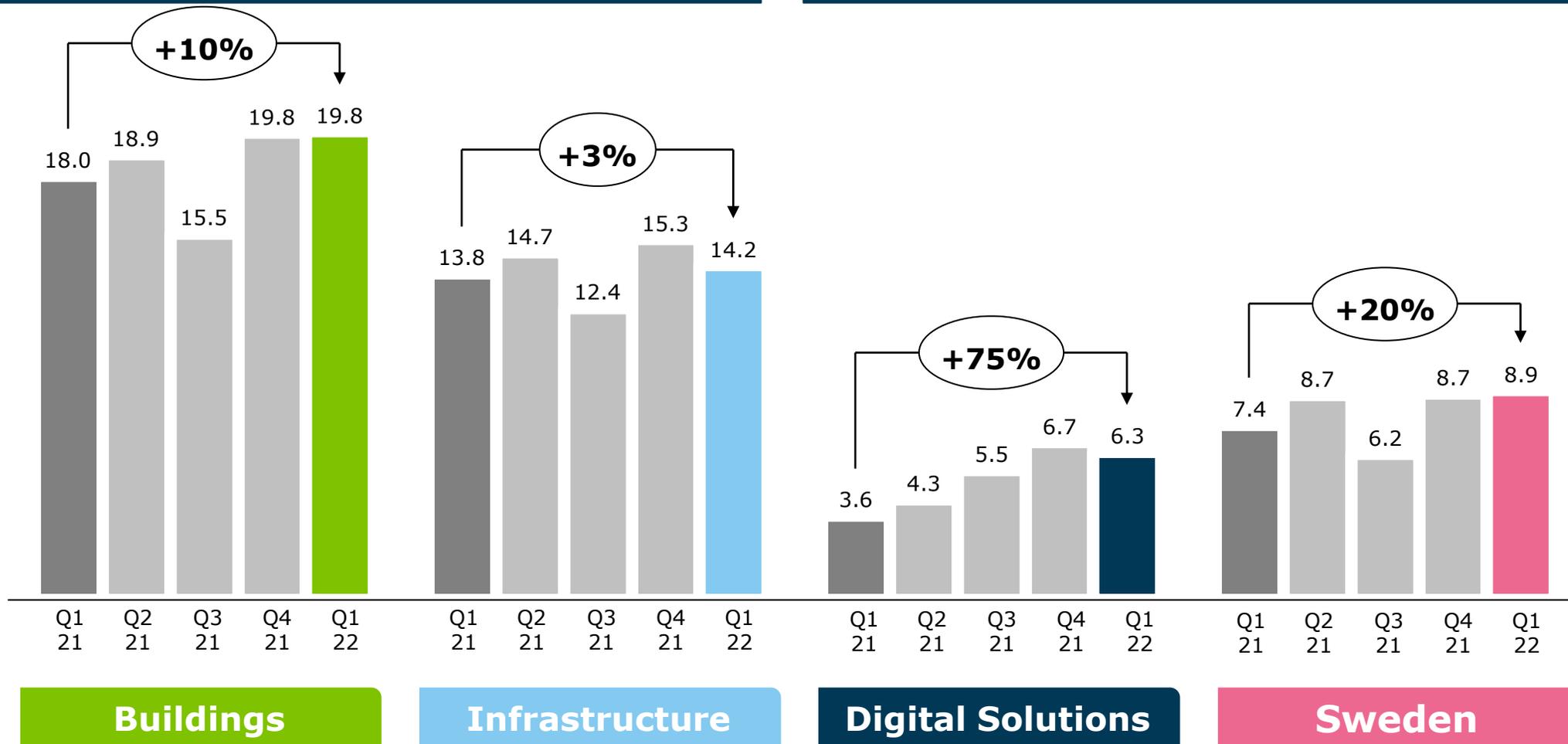
# Strong growth in all business areas



Sitowise's existing strongholds continue to grow



Share of strategic growth businesses increasing

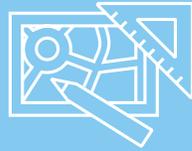


# Business area highlights



## Buildings

- Continued organic growth was driven by the increase in the number of employees and the improvement of operational efficiency.
- The order book grew, supported by strong market demand.
- Significant additional orders in larger existing projects, especially hospital and high-rise construction projects.



## Infrastructure

- Net sales grew faster than the market, and the order book remained strong.
- New medium-sized assignments, e.g. Liminka-Oulu double track, several wind power projects and orders related to improving the resilience of energy networks.
- Completed the acquisition of VRT Finland Oy's 3D construction inspection business



## Digital Solutions

- Growth in net sales was boosted by the acquisitions made in 2021, and organic growth also very strong.
- Sales activity and order book remained good and external recruitment partner was engaged to meet the growing need for resources.
- New projects in the public sector.



## Sweden

- Net sales growth in the Swedish operations was mainly organic.
- Significant new orders related to the new emergency hospital in Västerås and several new projects related to modular prefabricated construction.
- In January, Sitowise announced the acquisition of Mavacon Mark & VA Consult AB, expanding Sitowise's service portfolio in infrastructure design.

# Annual client survey shows clear confidence in Sitowise as a partner

94%

of clients **would reselect Sitowise as their partner.**

32

**Client recommendation score** (Net promoter score, NPS) on a **good level.**

52%

of clients **see Sitowise as a forerunner of the industry.**

# Limited direct impacts from the war in Ukraine

## SHORT-TERM

The direct short-term impact of the war on Sitowise is limited.

### Impacts

- No subsidiaries in or exports to Russia, Belarus and Ukraine
- Write downs related to projects to Russian-owned entities in Q1/2022, primarily impacted Infra business area

### Mitigation

- Sitowise outlined principles regarding projects and subcontracting
- No new projects with Russian-owned entities will be started, on-going projects to be suspended

## MID- AND LONG-TERM

A continuing crisis may increase risks of a slowdown in the construction sector – but creates new opportunities for technical consulting

### Impacts

- Increased cost inflation in construction, energy availability and general uncertainty may affect schedules and new projects
- National budgets are being revisited and revised
- Will create delays but also new opportunities, technical consulting typically more resilient

### Mitigation

- Continued focus on balancing increasing costs with price increases
- Continued focus on growth opportunities

# The crisis has accelerated the green transition



Sitowise aims to be the industry's most responsible partner in developing a prosperous living environment and invests in the development of sustainable services.

## Examples



Carbon footprint minimization



Mass-optimizing logistical material flows



New energy solutions



Optimizing the movement of people and goods



Improving building health



Improving low-emission transport

Sitowise solves urgent problems to enable sustainable urban life: The world of tomorrow is planned today.



# The world of tomorrow is planned today

Thanks to functioning societies, the Nordic countries are pioneers for new solutions. There could also be a wider demand for the expertise we have developed.

## THE CHALLENGE

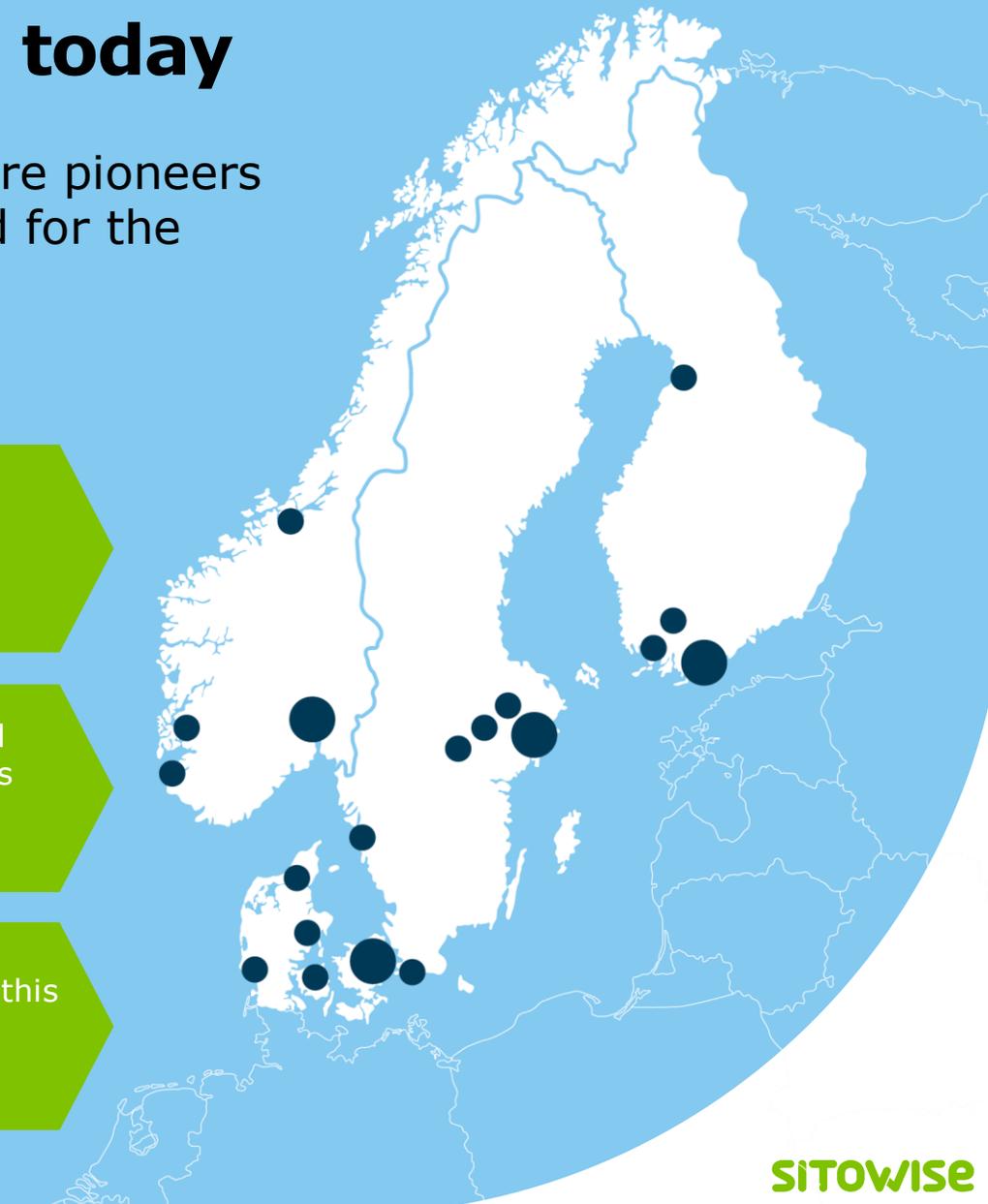
**Hundreds of thousands of new people are expected to move to the largest cities in the Nordic countries within one generation.**

## OUR CONTRIBUTION

Doing this in a sustainable way for the local environment and climate

Making the urban infrastructure and buildings support people's daily lives and local business activities in the best possible way

Planning, creating and maintaining this in a cost-efficient way – combining engineering with IR solutions



# Market outlook

- The stable growth in the demand of design and consulting services to create sustainable societies is supported by megatrends such as urbanization, renovation backlog, sustainability, and digitalization.
- During the first quarter of the year, demand across all our business areas remained strong. However, the uncertainty in the market brought by the war in Ukraine, material availability issues, energy availability challenges, and inflationary pressures could potentially affect the short-term decision-making of Sitowise's clients.

## Guidance for 2022 (unchanged)

Sitowise Group estimates that both net sales and adjusted EBITA in euros will increase compared to 2021.

# Q&A



# Thank you!

- Q2 report will be released on 17 August
- Q3 report will be released on 2 November

**SITOWISE.COM – THE SMART CITY COMPANY**