

# PROFITABILITY HAS IMPROVED FOUR QUARTERS IN A ROW – REVENUE DECREASED

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# SUSTAINABLE PROFITABILITY

- Q3 EBITA increased in euros and was 4.0% of revenue
  - Efficient operations and selectivity of tendering
  - Flexible cost structure
  - Fourth consecutive quarter of EBITA growth
  
- Q3 revenue decreased by 12% year-on-year
  - Decrease in the number of large projects
  - Revenue in Sweden over 10 MEUR
  
- Order backlog 153 MEUR, of which 61 MEUR for this year
  - The won project of Vantaa tram with eastern part will be entered in the order backlog in 2025, if realised
  - Also does not include the implementation phase of the Tampere passenger rail yard or Koskela tram depot
  
- The short outlook for the market has changed from good to neutral since the summer, and competition has intensified in smaller infrastructure projects
  
- Result guidance unchanged: Revenue in 2024 estimated to decline and be in the range of 270–300 MEUR (2023: 320.0 MEUR) and EBITA to increase and be in the range of 8–11 MEUR (2023: 7.8 MEUR).



MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023
Order backlog			153.1	221.8
Revenue	77.6	88.3	200.0	239.8
EBITA, %	4.0 %	3.3 %	3.0 %	2.1 %
Free cash flow from operating activities	5.9	8.0	-3.6	6.4



# THE UPDATED STRATEGY IS REFLECTED IN OUR ACTIONS

## WE MUST:

**1 BE THE BEST PLACE FOR THE BEST INFRASTRUCTURE EXPERTS**



The average number of employees has grown to over 500 – we have succeeded in key recruitments and are growing talent through internships. Foundation construction team started in Gothenburg.

**2 BE THE MOST DESIRABLE INFRASTRUCTURE PARTNER**



Winning the eastern part of the Vantaa tram together with GRK is yet another demonstration of our ability to win large projects and our position as a desired partner in the industry.

**3 BE AMONG THE LEADERS IN ALL OUR BUSINESSES**



Winning the first ever earthworks contract in Sweden and expanding into foundation construction. Investments in the railway business are starting to bear fruit, with three large projects in the rail environment in the development phase.

**4 KEEP OUR PROCESSES AGILE**



The organisation has been strengthened at management team level to correspond to the implementation of large strategic projects. The Swedish administration has also been strengthened to support growth. We are selective and perform tender calculations carefully.



## SUSTAINABLE PROFITABILITY

EBITA margin > 5 % | Annual revenue growth of 5-10 % | Net debt/EBITDA < 2,5



# LARGE PROJECTS START TO TURN TOWARDS THE END...



At the Kirjalansalmi bridge construction site, the bridge superstructure will begin to be completed. The bridge projects in Pargas will continue until summer 2026.



By the end of the summer, five out of ten tunnels had been handed over and another operator continued with track work. The repair work on Bohusbana will be completed by the end of October.



Mieritzinranta will be built in Korkeasaari as part of the Crown Bridges project. For Kreate, the most intense construction phase is almost over. The work will continue until early 2026.

# ... AND MULTIANNUAL PROJECTS ARE IN THE DEVELOPMENT PHASE

RECORDED IN ORDER BACKLOG WHEN MOVING TO THE CONSTRUCTION PHASE



## KOSKELA TRAM DEPOT

In the development phase, Kreate is partner with the main contractor Skanska in terms of railway construction and circular economy.

Development phase: autumn 2023–autumn 2024  
Possible implementation phase: autumn 2024–spring 2028



## TAMPERE PASSENGER RAIL YARD

Alliance model, Kreate the only builder party. Total cost estimate ~ 200 MEUR

The Finnish Transport Infrastructure Agency will make a separate decision on moving to the implementation phase of the project. Construction is estimated to start in spring 2025 and take 4–6 years.



Illustration: city of Vantaa

## EASTERN PART OF VANTAA TRAM

Alliance, ~220 MEUR (incl. planning)  
The developer is a consortium of Kreate and GRK Finland, both with equal shares.

The aim is to start the development phase in autumn 2024, construction after the development phase in 2025 and commercial traffic in 2029.



# SUBDUED MARKET DEVELOPMENT IN THE THIRD QUARTER – INVESTMENT DECISIONS ON HOLD



## INFLATION AND INTEREST RATES

Cost level stable and first policy rate cuts seen. The market expects interest rate cuts to continue throughout next year.



## INDUSTRIAL INVESTMENTS

Industrial companies are willing to invest, but final investment decisions are lacking.



## TRANSPORT INVESTMENTS

The Government has about 3 BEUR transport investment programme – some projects are moving forward in time.

# SHORT MARKET OUTLOOK NEUTRAL, LONG POSITIVE

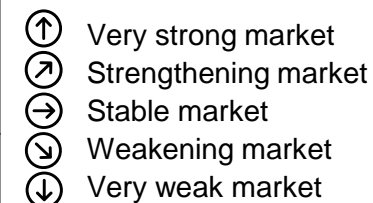
MARKET DEVELOPMENT IN THE THIRD QUARTER WAS NOT IN LINE WITH EXPECTATIONS

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q-ON-Q					< 6-MONTH OUTLOOK*	> 6-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE
	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24			
<b>STRUCTURAL ENGINEERING</b>								
Bridge construction						→	↗	
Foundation and engineering construction						→	→	
Special foundation construction						→	↗	
Circular economy						→	→	
Special infrastructure construction in Sweden						↗	↗	
<b>TRANSPORT INFRASTRUCTURE CONSTRUCTION</b>								
Railway construction						→	↗	
Road and street construction						→	↗	
<b>OVERVIEW</b>						→	↗	

## Market development



## Outlook



\* Source: Kreate Group management estimate



# LONG-TERM OUTLOOK IS POSITIVE



## MILITARY MOBILITY

The need for and importance of rail, road, port and airport infrastructure to the northern and western borders is increasing.



## URBANIZATION

Urbanisation means denser and more challenging construction and more rail traffic.



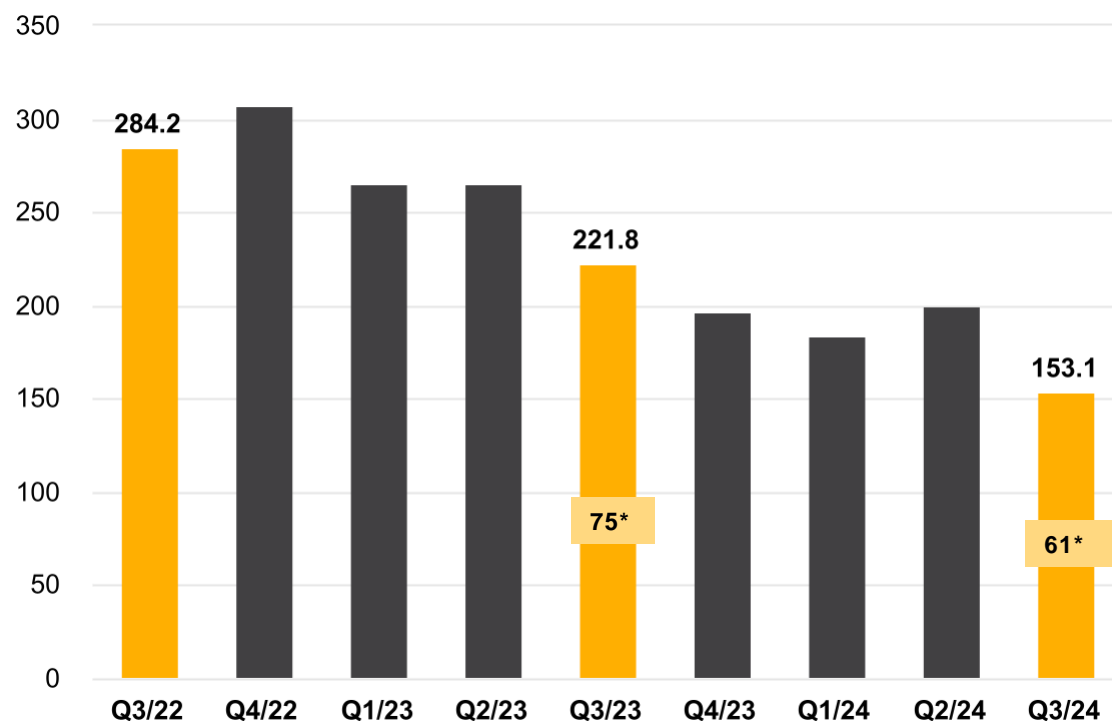
## GREEN TRANSITION

Investment plans amounting to ~ 270 BEUR in the portal of the Confederation of Finnish Industries



# ORDER BACKLOG TEMPORARILY AT A LOWER LEVEL

Order backlog Q3/22 – Q3/24, EUR million



\*Expected to be realised during the financial year

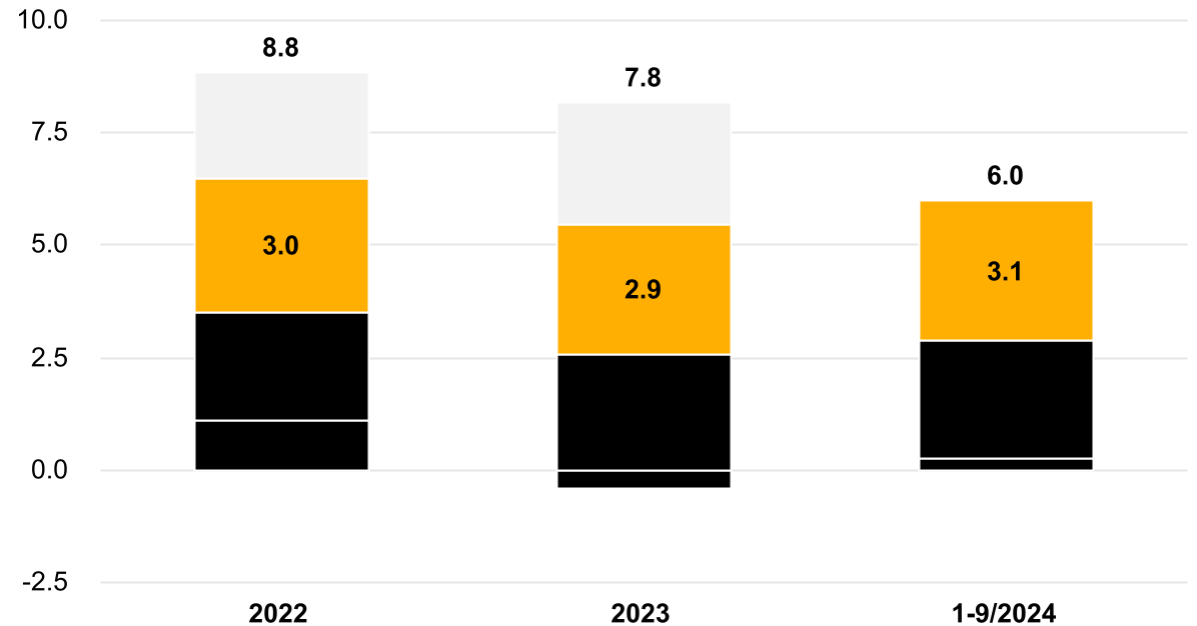
- The order backlog does not include:
  - Eastern part of Vantaa tram (~105 MEUR + possible options approx. EUR 18 million)
  - Tampere passenger rail yard (~200 MEUR)
  - Koskela tram depot
- Order backlog at the end of Q3 EUR 153.1 million
  - Change from the end of June -23.5%
  - Change year-on-year -31.0%
- Of the order backlog, EUR 61 (75) million is estimated to be realised during the current financial year
- In Q3 2024, new projects worth EUR 17.7 million were entered in the order backlog, including railway and metro contracts in Finland and Sweden.
- The order backlog in Sweden at the end of September 2024 was EUR 19.1 million



# FOURTH CONSECUTIVE QUARTER OF EBITA GROWTH

- Q3 EBITA % improved clearly from the comparison period and was 4.0% (3.3%)
  - Growth also in euros: 3.1 (2.9) MEUR
- EBITA-% for January–September improved by 3.0% (2.1%)
  - Growth also in euros: 6.0 (5.1) MEUR
- Fourth consecutive quarter of EBITA growth
  - Selectivity of tendering activities
  - Efficient operational activities
  - Flexible cost structure

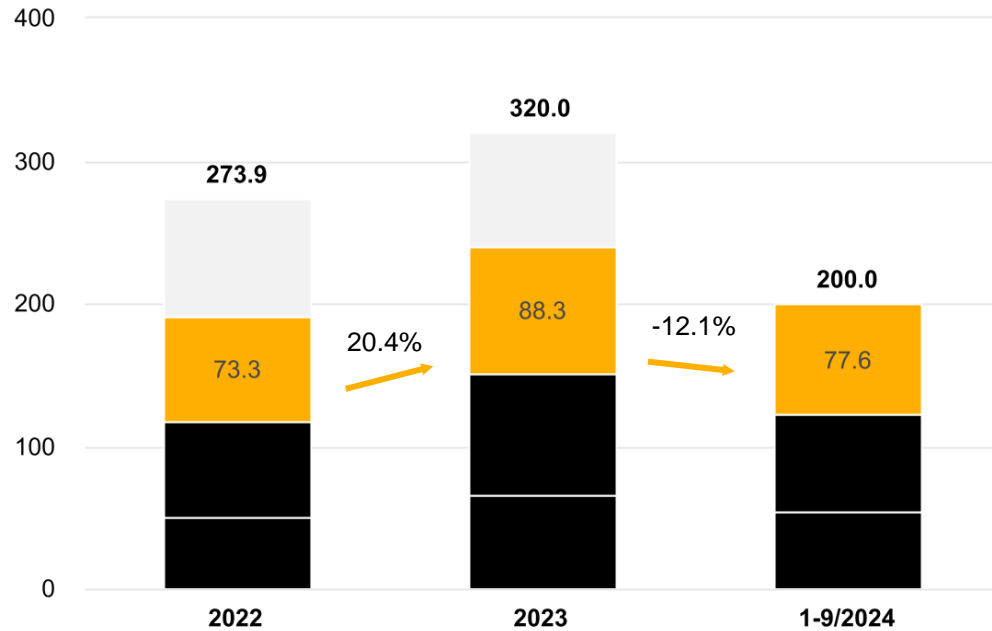
EBITA, EUR million





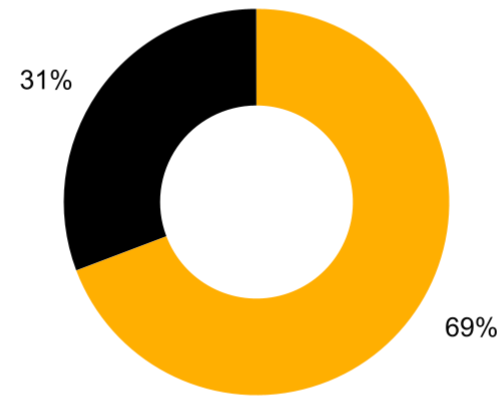
# REVENUE DECREASED – FULL-YEAR GUIDANCE UNCHANGED

Revenue, EUR million

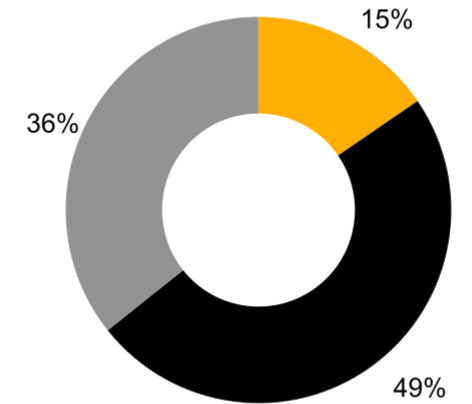


Revenue distribution 1-9/2024

By business function



By customer group



■ Structural engineering 
 ■ Transport infrastructure construction 
 ■ Cities and municipalities 
 ■ Government 
 ■ Private sector

→ change from the same quarter in the previous year



# EVERY FOURTH EURO COMES FROM THE RAIL ENVIRONMENT

CLIMATE TARGETS SET – OWN EMISSIONS RELATIVE TO REVENUE -50% IN 2030

Building with passion	Metrics and target at the end of 2024	Q2 / 2024*	Q3 / 2024*	Q3/24 vs Q2/24	Q3 vs target
Occupational safety and safety culture	• Combined accident frequency – target level to be decided during 2024	10,2	10,8	👎	
	• Occupational safety observations from projects – target 100%	24 %	23 %	👎	✗
	• Occupational safety observations per person – minimum target 6	5,3	5,4	👍	✗
Responsible employer	• Code of conduct trained to personnel – target 100 %	60** %	72 %	👍	✗
Reducing our footprint		Q2 / 2024	Q3 / 2024	Q3/24 vs Q2/24	Q3 vs target
Tackling climate change	• Greenhouse gas emissions (in Finland) – target: scope 1 & 2 emission intensity -50% in 2030 vs 2023	832 tn+68 tn (scope 1+2)	841 tn+34 tn (scope 1+2)		
Increasing our handprint		Q2 / 2024*	Q3 / 2024*	Q3/24 vs Q2/24	Q3 vs target
Sustainable and safe solutions	• Customer NPS – target > 50	72	76	👍	✓
Infrastructure projects supporting megatrends	• Operations on the rail environment in Finland – target > 15 % revenue	23 %	26 %	👍	✓

\* Average, last twelve months \*\*Corrected: The previously reported 74% incorrectly included KFS Finland's training attainments

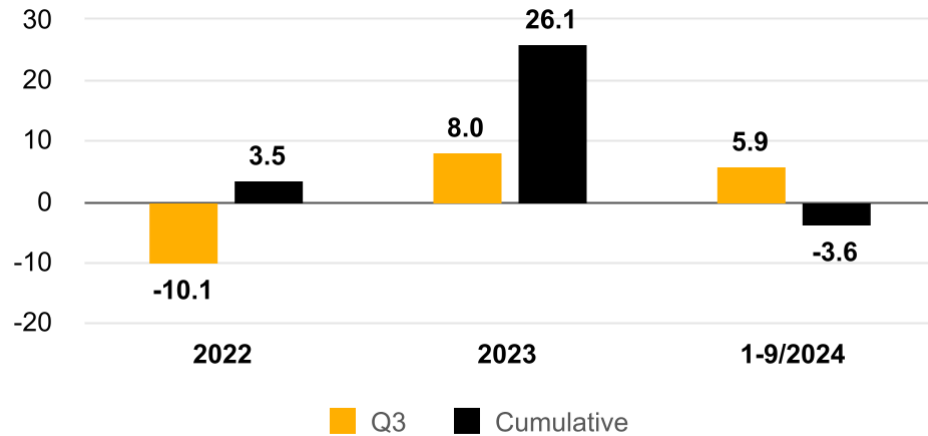
# KEY FIGURES

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023
Order backlog			153.1	221.8
Revenue	77.6	88.3	200.0	239.8
EBITDA	4.7	4.0	10.4	9.1
EBITDA, %	6.1 %	4.6 %	5.2 %	3.8 %
EBITA	3.1	2.9	6.0	5.1
EBITA, %	4.0 %	3.3 %	3.0 %	2.1 %
Operating profit	3.1	2.8	5.9	4.9
Operating profit, %	4.0 %	3.2 %	3.0 %	2.1 %
Result for the period	1.9	1.4	3.0	2.3
Return on capital employed, %			11.5 %	8.8 %
Free cash flow from operating activities	5.9	8.0	-3.6	6.4
Net working capital			-2.1	2.8
Net debt			28.5	32.9
Net debt/EBITDA, rolling 12 months			1.9	2.6
Equity ratio, %			32.1 %	30.0 %
Earnings per share, diluted, €	0.20	0.16	0.30	0.26
Personnel at the end of the period			520	494

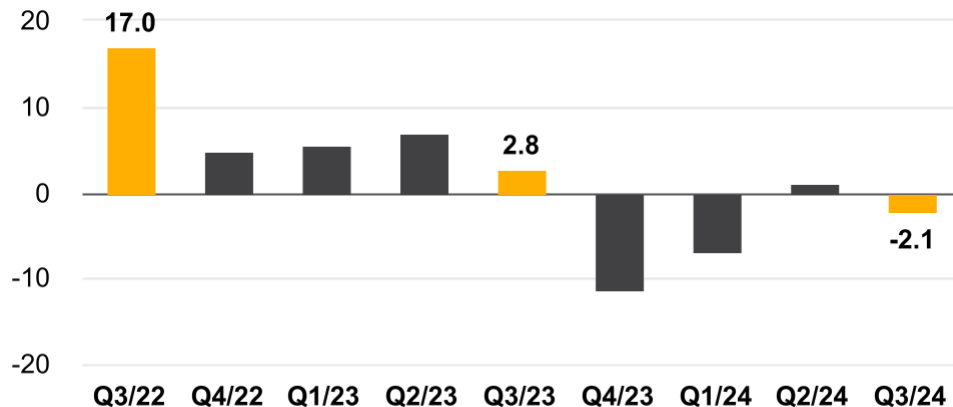


# NET WORKING CAPITAL DEVELOPED POSITIVELY

Free cash flow from operating activities, EUR million



Net working capital, EUR million

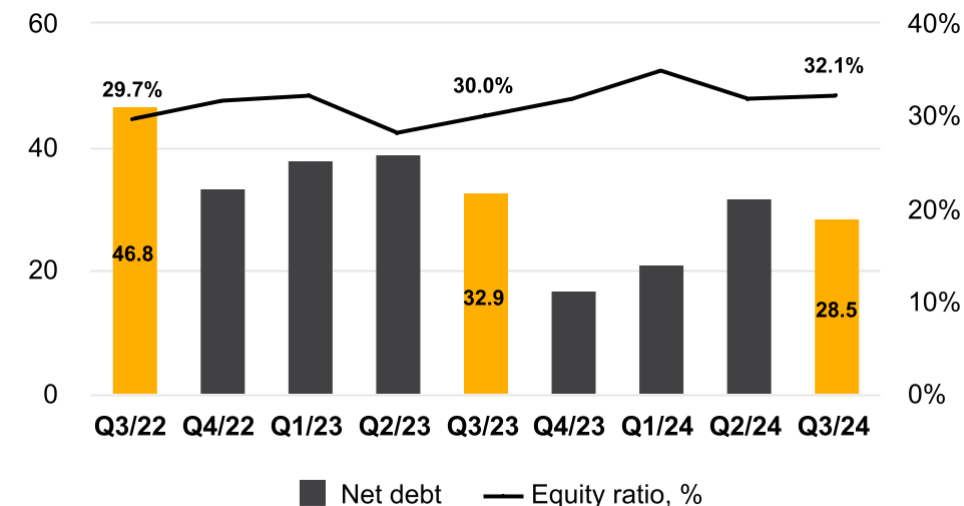


- Q3 Operating cash flow amounted to 5.9 (8.0) MEUR and -3.6 (6.4) MEUR in January–September.
  - The change in net working capital improved cash flow by 3.1 MEUR
  - Net investments in Q3 amounted to 1.2 (0.9) MEUR and 4.0 (5.2) MEUR in January–September
- At the end of September 2024, net working capital stood at EUR -2.1 (2.8) MEUR, which is in line with the company's long-term level 0 target and better than in the corresponding period last year
  - The good level is supported by continuous and systematic work in project liquidity and risk management

# INTEREST-BEARING NET DEBT DECREASED IN THE THRID QUARTER

- Kreate's interest-bearing net debt on 30 September 2024 was EUR 28.5 (30.9.2023: 32.9) million
- The change in working capital is the most significant factor in the decrease in net debt
- Net debt/EBITDA was 1.9 (2.6)
- Interest-bearing debt amounted to EUR 38.6 million on 30 September 2024, of which EUR 6.0 million constituted issued commercial papers
- Equity ratio was 32.1% on 30 September 2024 (30.9.2023: 30.0%)

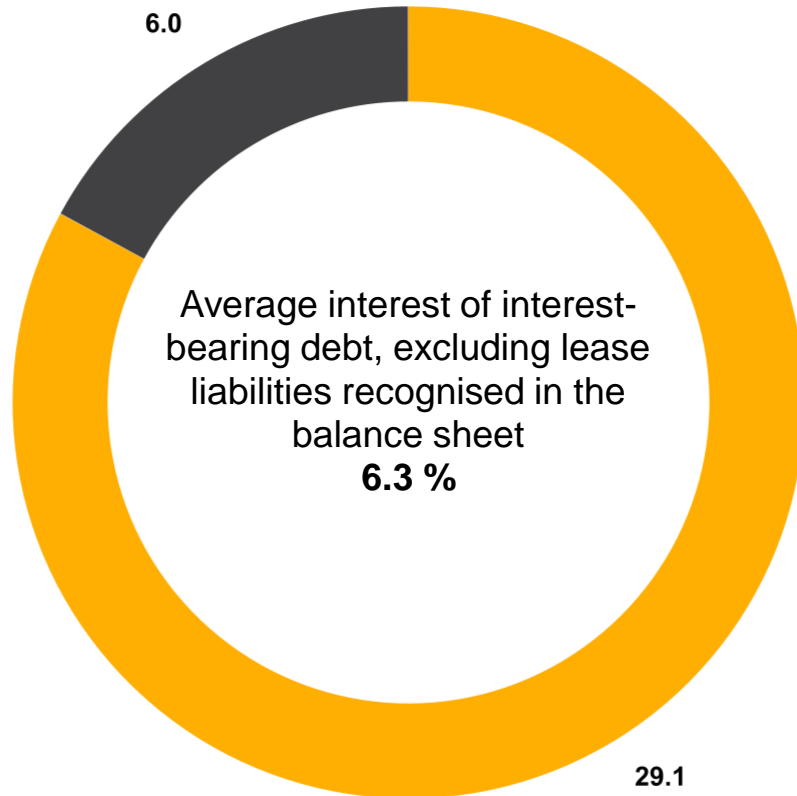
Interest-bearing net debt (EUR million) and equity ratio (%)



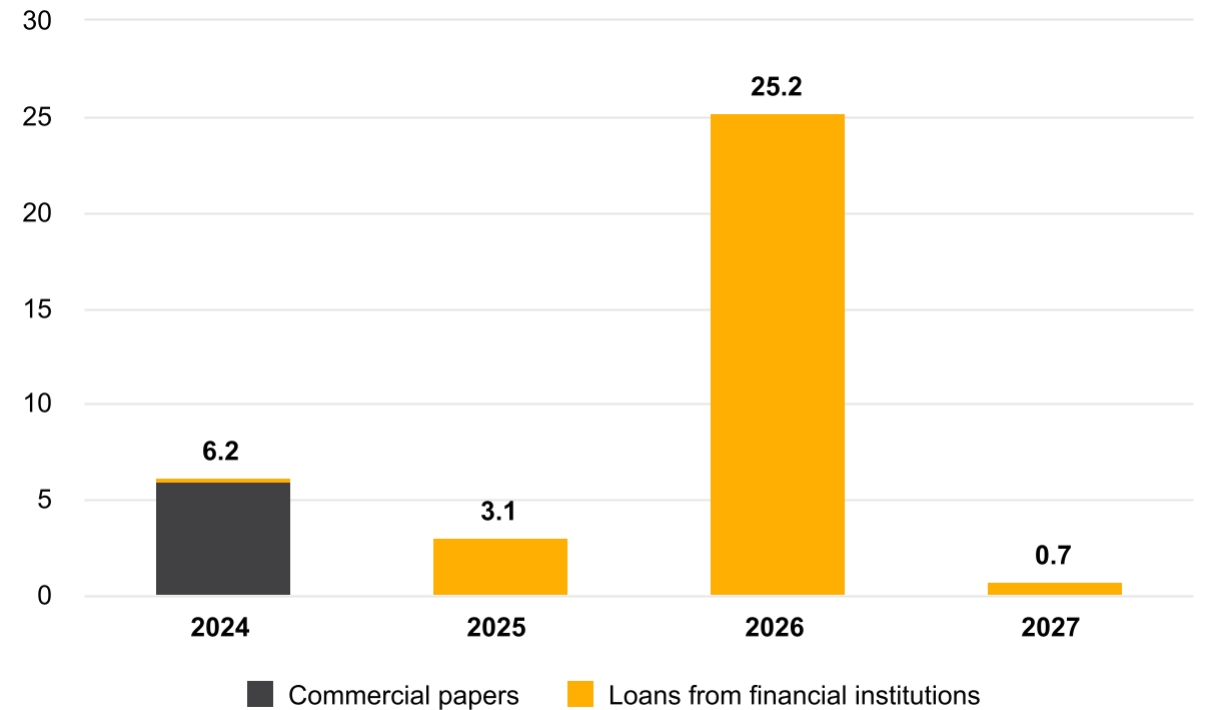


# INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

Loan portfolio on 30 September 2024, EUR million



Repayment schedule for interest-bearing debt on 30 September 2024, EUR million



## RESULT GUIDANCE UNCHANGED

Kreate estimates that its revenue in 2024 will decline and be in the range of EUR 270–300 million (2023: EUR 320.0 million) and EBITA will increase and be in the range of EUR 8–11 million (2023: EUR 7.8 million).

Justifications: The company's guidance is based on the order backlog expected to be realised in 2024 at the turn of the year. The company sees stable continuity in Kreate's characteristic demanding infrastructure construction due to the countercyclical nature of the business, despite the prevailing level of interest rate and cost inflation and the general market outlook. The company offers projects more selectively, which is expected to decrease revenue and improve profitability.

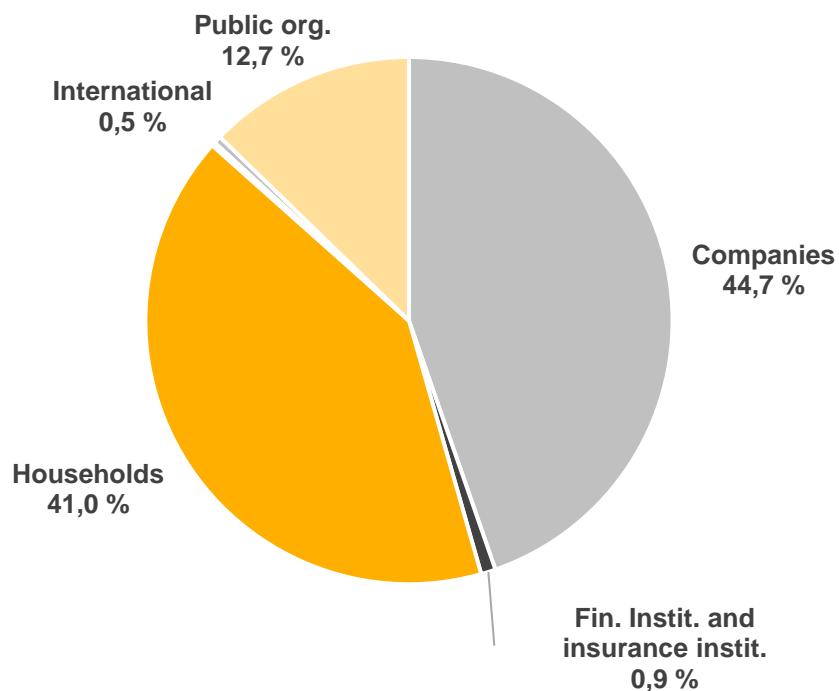




**THE FUTURE IS  
BUILT TODAY**

# KREATE'S SHAREHOLDERS ON 30 SEPTEMBER 2024

## SHAREHOLDERS BY SECTOR



	Shareholder	Shares	% of shares
1	Harjavalta Oy	1 783 689	19,9
2	Tirinom Oy	1 000 000	11,1
3	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	425 000	4,7
4	Valtonen Seppo Timo Johannes	412 101	4,6
5	Keskinäinen työeläkevakuutusyhtiö Varma	359 000	4,0
6	Sr Säästöpankki Pienyhtiöt	350 000	3,9
7	Rantala Sami Kalle Antero	273 534	3,0
8	Inkala Tero Antero	208 396	2,3
9	Keskinäinen Työeläkevakuutusyhtiö Elo	180 000	2,0
10	Eläkevakuutusosakeyhtiö Veritas	175 000	2,0
11	Salminen Juha Petri	160 512	1,8
12	EAI Kreate Holding Oy	129 681	1,4
13	Neva-Aho Ronnie	100 519	1,1
14	Tradeka-Sijoitus Oy	90 261	1,0
15	Kreate Group Oyj	90 000	1,0
16	Prirock Oy	69 908	0,8
17	Kulmala Teuvo Kalle Olavi	67 966	0,8
18	Karjalainen Jarmo Juhani	65 580	0,7
19	Hat Invest Oy	63 588	0,7
20	OP-Henkivakuutus Oy	60 769	0,7
	<b>TOP 20 TOTAL</b>	<b>6 065 504</b>	<b>67,5</b>
	<b>ALL SHARES TOTAL</b>	<b>8 984 772</b>	<b>100,0</b>