

**SITOWISE**

**Net sales  
decreased, stable  
order book during  
the quarter**

**SITOWISE GROUP PLC  
Q1 2024 RESULT PRESENTATION  
8 MAY 2024**



# Agenda

1. Q1 summary and key events
2. Q1 performance
3. Market outlook & guidance for 2024
4. Strategy implementation
5. Q&A



CEO  
**Heikki Haasmaa**



CFO  
**Hanna Masala**

# Q1: Net sales decreased, stable order book during the quarter

- Infra continued to outperform the market, and Infra and Digi defended their profitability successfully.
- **Net sales** down by 8.1%\* to EUR 51.5 (56.0) million, organic growth -8%.
- **Adjusted EBITA** EUR 3.4 (6.6) million. Adjusted EBITA-% 6.6% (11.8%).
- **Operating profit** EUR 2.0 (5.5) million.
- **Cashflow from operating activities** before financial items and taxes EUR 5.0 (5.7) million.
- **Leverage** (net debt / adjusted EBITDA) was 3.8x (2.4x).
- **Order book** stable at EUR 163 million during Q1. Some positive signals in order intake.

# Market offered a few growth opportunities

- The weak macro-economic situation in our home markets impacted clients' investment volumes.
- Excess capacity led to tight pricing both in traditional technical consulting and IT consulting.
- Public sector demand remained stable.
- First positive signals can be seen in the Buildings business, Group's order book was stable quarter-on-quarter.



**State Guest House.** Extensive renovation construction supervision, 2022–2023 (Buildings business area).

# Focus directed to growth sectors

- Growing demand for services related to renewable energy, sustainability and security.
- Sales focus on further diversification of client base in energy and industrial sectors. For example, Suomen Voima's Energy Storage Project Noste (pumped storage hydropower plant).
- Acquisitions expanding our expertise and offering.



**Suomen Voima's Noste-project**, Kemijärvi Illustration of the upper reservoir (Infra business area).  
Photo: Suomen Voima.

# Building our competitive edge

- **New Smart Services:** Planect and CO2 Roadmap sales to start, Smartlas selling well. Digital Solutions made its first deal in Baltics.
- **AI:** Sitowise AI Center of Excellence established, international Hackathon win.
- **Ecosystems:** new partnership with Ponsse for AI-driven harvesting optimization.
- **Maintaining strong client relationships:** a design partnership with YIT, several frame agreements signed. NPS 31 in 2024 client survey.

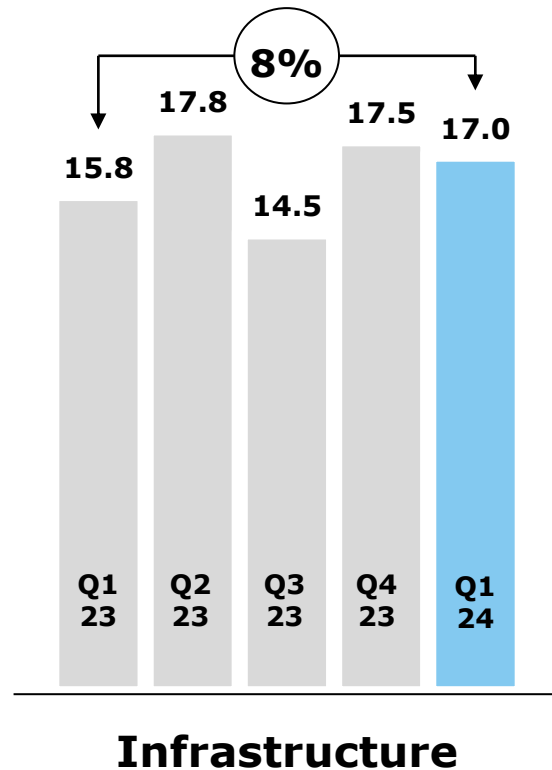
Sitowise is collaborating with Ponsse to explore the potential of artificial intelligence for smarter planning and optimization of loggings (Digital Solutions business area).

# Infra



# Infra continued to outperform the market

Net sales per quarter,  
figures in EUR million



## Factors impacting Q1

- + / - The division of the market into weaker and stronger segments continued:
  - + Strong demand for energy and environmental projects related to the green transition and security critical services
  - Weak demand related to municipal infrastructure design and groundworks for new buildings
- + Strong organic growth and M&A driven growth from recent acquisitions.
- Tight pricing environment and lower utilization rate due to increased time spent on sales.
- Negative calendar effect (-1 working day)
- + Order book increased and is at good level.

## Outlook for 2024

- + As a whole the outlook for Infra remains good.
- +/- Mixed market environment expected to continue
- +/- The materialization of the Government program further delayed with the tendering rounds for the first large projects are expected to start in summer 2024 at the earliest.
- + Positive calendar effect in 2024 (-1 day in Q1, +1 day in both Q2 and Q3 and equal number of days in Q4)

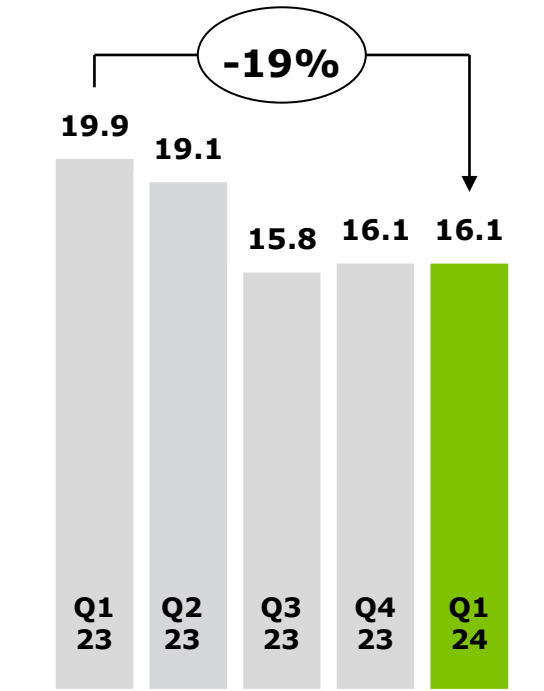


# Buildings



# Still a weak market for Buildings, but with some positive signs in order intake

Net sales per quarter,  
figures in EUR million



## Factors impacting Q1

- The underlying Finnish new construction market continued to be very weak
  - Workload not on an adequate level, tight pricing
- + First results from renewed sales model seen
  - + New projects and clients won in energy and industrial sectors
  - + Order intake up
- Utilization rate down on lower workload, tail-effect from ERP & CRM implementations, and time spent on sales
- Negative calendar effect (-1 working day),
- +/- Order book turned to slight growth but still at a low level

## Outlook for 2024

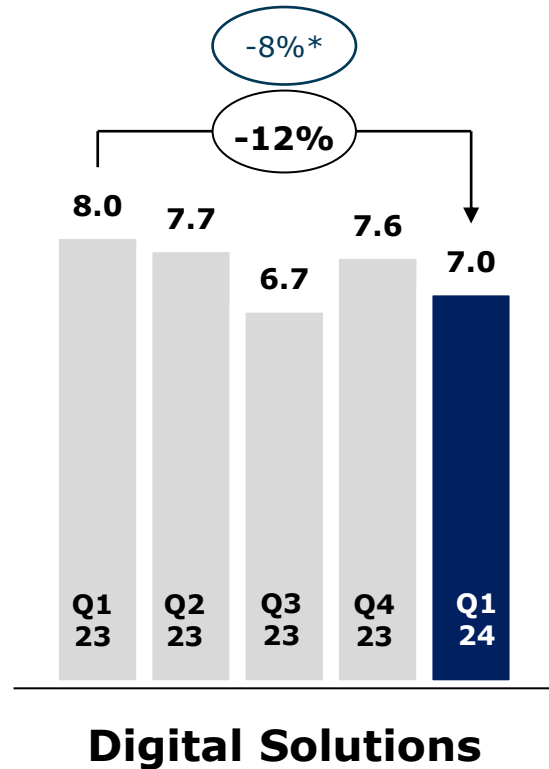
- The first half of 2024 will still be challenging, and the market is expected to show signs of recovery earliest towards the end of 2024.
- Temporary layoffs continue
- + Positive impacts of the completed change negotiations starting to show from in 2024
  - + New organization
  - + Future growth areas identified
- + Renovation construction market showing some signs of picking up
- + Positive calendar effect in 2024 (-1 day in Q1, +1 day in both Q2 and Q3 and equal number of days in Q4)

# Digital Solutions



# Digi's business portfolio helped to outperform competition, continued focus on SaaS/DaaS

**Net sales per quarter,**  
figures in EUR million



## Factors impacting Q1

- +/- Mixed market environment with weakened private sector demand
- + Investments in digital solutions at good level in renewable energy sector and in municipalities
- Investment in private sector down → increased competition and price pressure due to overcapacity in the market
- /+ Growth rate also impacted by the completion of the LeafPoint roll-out in Q3/2023 and changes in re invoicing
- + Good progress in product development & sales, new partnerships
- + Bitcomp merger successfully completed
- Utilization somewhat down
- Negative calendar effect (-1 working day)
- /+ Orderbook down but at a good level

## Outlook for 2024

- + As a whole the outlook for Digital Solutions remains good.
- Growth rate is expected to be moderate due to a more challenging market environment.
- Overcapacity and tight pricing environment in the market continues.
- + Positive calendar effect in 2024 (-1 day in Q1, +1 day in both Q2 and Q3 and equal number of days in Q4)

\* Without the change in the re invoicing of certain subcontracted work, which came into effect in October 2023, and terminated products net sales would have declined by -8 percent.

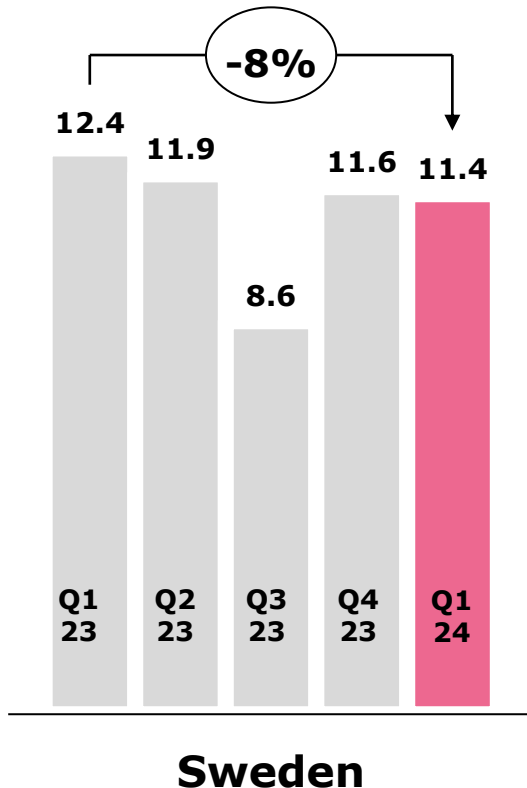
# Sweden



**SITOWISE**

# Anticipated results from the more focused sales efforts in Sweden are yet to be realized

Net sales per quarter,  
figures in EUR million



## Factors impacting Q1

- +/- Mixed market environment
  - + Local infra market growing fast
  - + Stable demand in commercial, industrial, and institutional building projects
  - Local housing market very weak
  - Macro-driven market: high inflation and interest rates visible
- +/- Focus on proactive sales, pricing excellence and diligent project management, but impacts will materialize over a longer period
- +/- Order intake slightly up and order book at satisfactory level at the end of the quarter

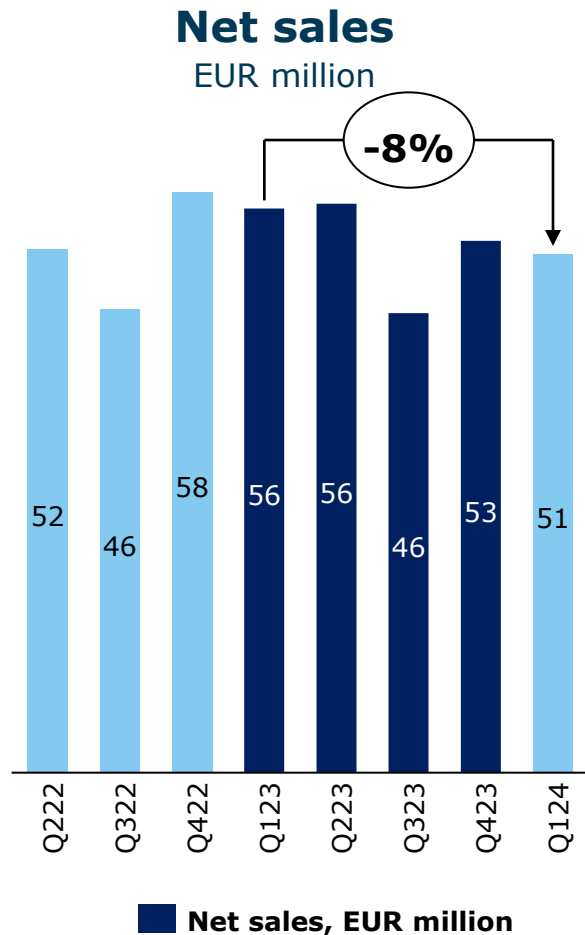
## Outlook for 2024

- +/- Mixed market environment expected to continue
- +/- Continued focus on sales excellence and diligent client work
- + New leadership since 1 May
- +/- Neutral calendar effect in 2024 (-1.5 days in Q1, +1 day in both Q2 and Q3 and -0.5 days Q4)

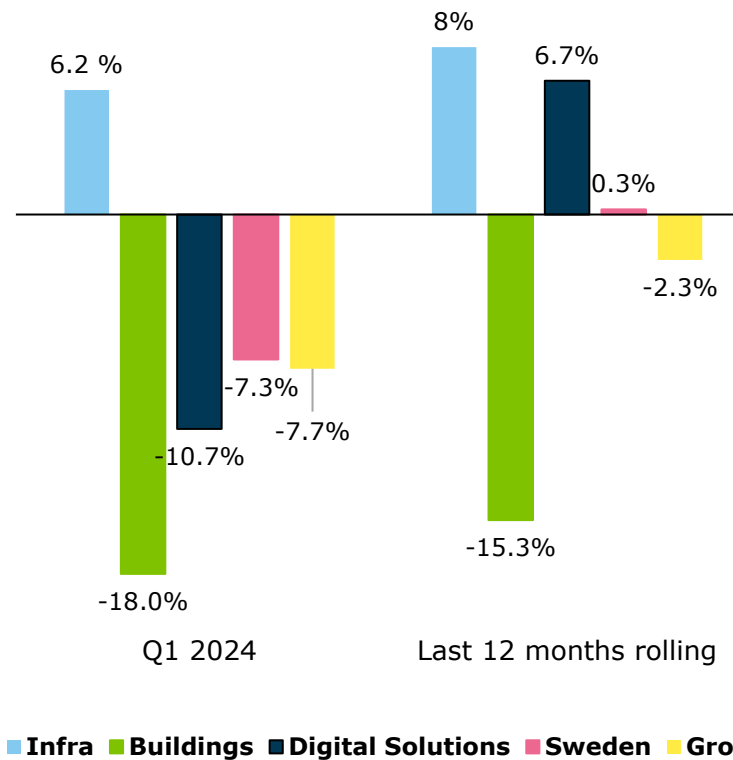


# Group performance

# Net sales down on mixed market environment and lower number of employees



### Adjusted organic growth by business area



### Factors impacting Q1

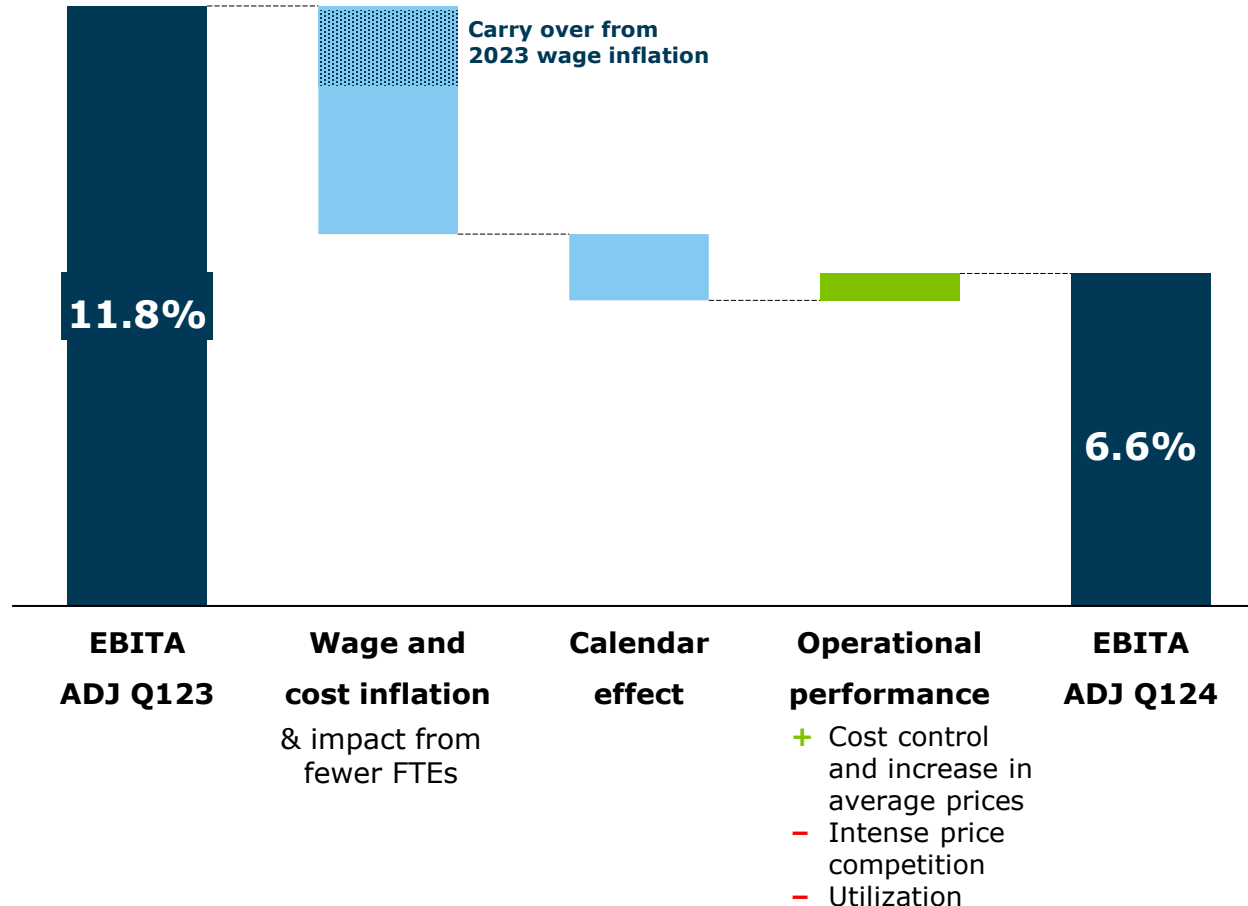
- + Adjusted organic growth clearly ahead of the market in Infra.
- + Public sector demand stable.
- Continued weak market in Buildings, private sector investment down in Digital Solutions. Mixed market in Infra and Sweden.
- Tight pricing environment
- Negative calendar effect and lower FTEs

\* Adjusted organic growth = Growth in net sales excluding acquisitions and divestments adjusted by the number of working days and exchange rate impact



# EBITA margin bridge Q1/23 vs Q1/24

The timing of 2023 wage increases impacted both Q1 2023 and Q1 2024 margins



- Wage impact high due to both 2023 and 2024 increases in February-March 2024
- Negative calendar effect
- Pricing and cost containment have progressed well year-on-year – but wage inflation was higher during Q1. In addition, a clear impact from lower utilization in all business areas

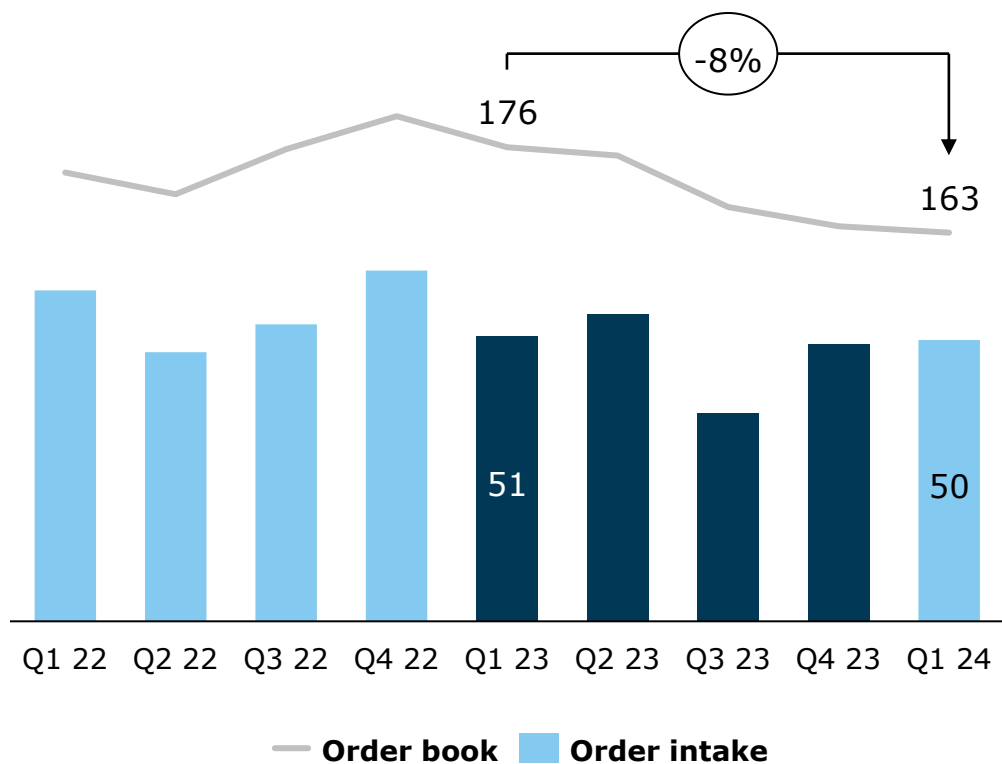
The bridge is based on indicative calculations.

# Order book stable in Q1

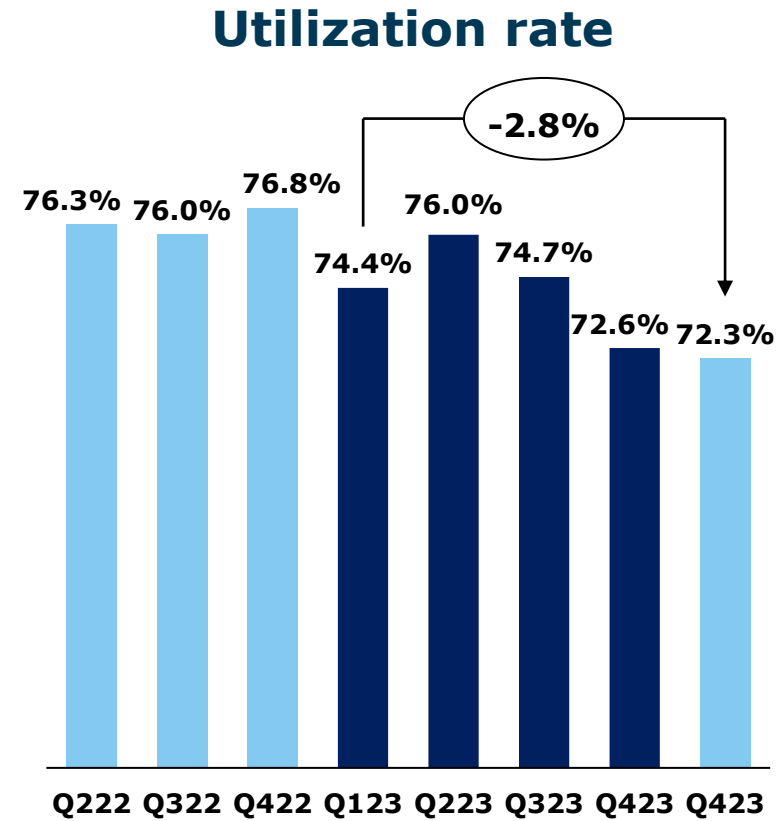
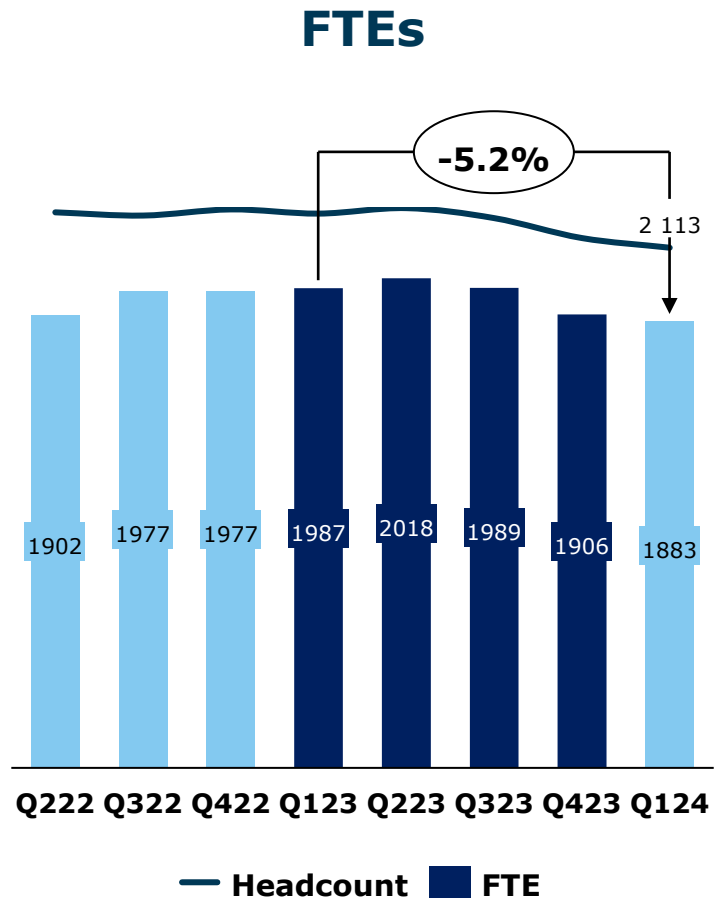
Order intakes up in Infra, Buildings and Sweden for the second consecutive quarter

## Order book and order intake

EUR million



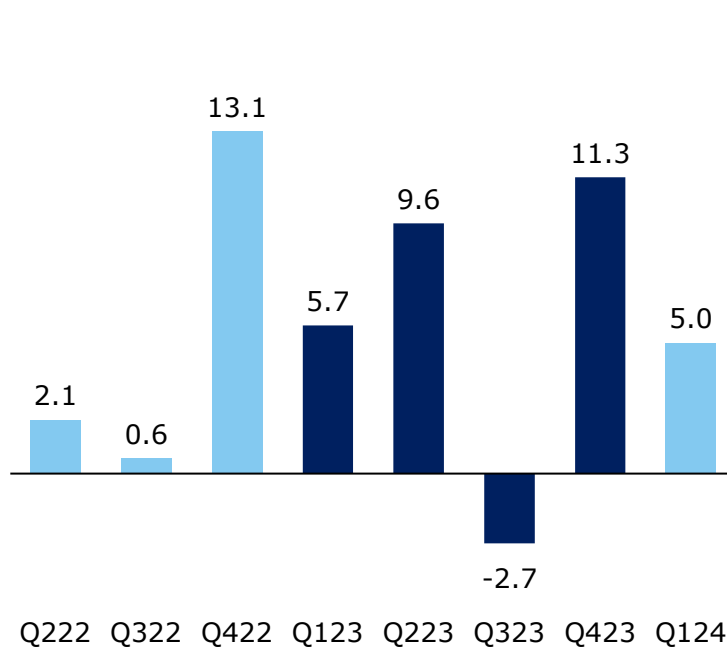
# The utilization rate further pressed by increased time used for sales and learning curve related to the new ERP and CRM systems



# Cash flow at a good level and financial position stable

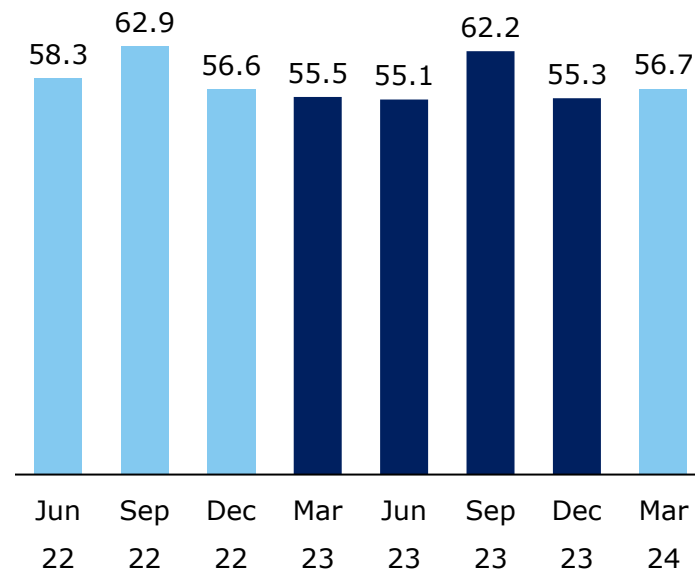
## Cash flow from operating activities

Before financial items and taxes, EUR million



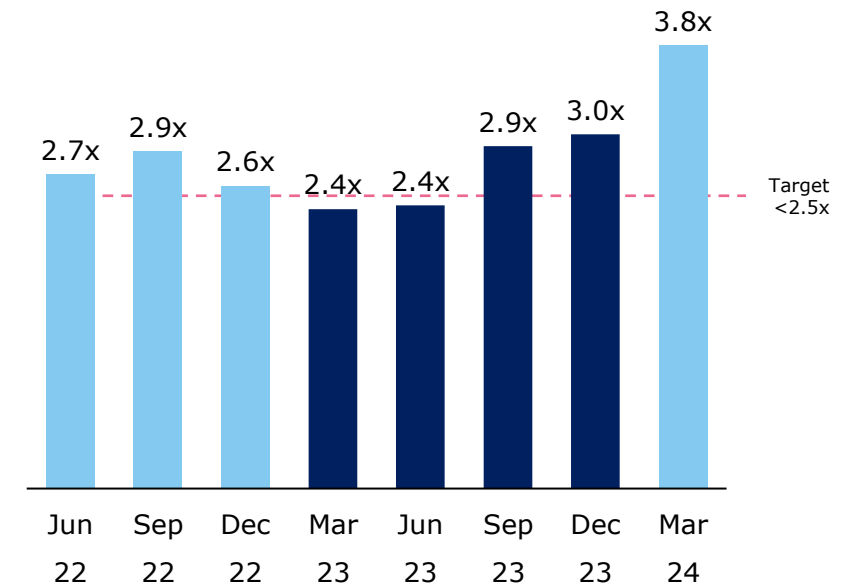
## Net debt

EUR million



## Leverage

Net debt / Adjusted EBITDA (LTM) multiple



- Sitowise has a 100 M€ financing agreement signed with its financiers in 2021 and further extended in February 2023. The agreement is valid until March 2026.
- At the end of March EUR 71 million of the financing agreement was in use (54% were fixed-rate loans and 46% variable-rate loans)

# Q1 2024 performance behind the strong comparison period

EUR million	Q1 2024	Q1 2023	Change	2023
<b>Net sales</b>	51.5	56.0	-8.1 %	210.9
<b>EBITA, adjusted</b>	3.4	6.6	-49.1 %	17.0
% of net sales	6.6 %	11.8 %		8.1 %
<b>EBITA</b>	3.1	6.2	-51.1 %	15.1
<b>Operating profit</b>	2.0	5.5	-64.4 %	11.7
<b>Result for the period</b>	0.5	3.5	-84.4 %	5.5
<b>Cash flow from operating activities before financial items and taxes</b>	5.0	5.7	-11.9 %	23.9
<b>Net debt</b>	56.7	55.5		55.3
<b>Net debt / EBITDA, adjusted</b>	3.8x	2.4x		3.0x
<b>Equity ratio, %</b>	43.6 %	43.6 %		42.9 %
<b>Earnings per share (EPS), EUR</b>	0.02	0.10	-83.3 %	0.16
<b>Dividend per share (DPS), eur</b>				0.00
<b>Number of personnel, average</b>	2 119	2 226	-4.8 %	2 151

Q1 2024 FTEs  
**-4.8%**  
 YoY

2024 NET SALES  
**-8.1%**  
 YoY

Q1 2024  
 ADJUSTED EBITA  
 MARGIN  
**6.6%**

# Our priority in 2024 is to improve our profitability

## FACTORS IMPACTING

- **Market environment:**
  - Continued construction industry weakness, macro-driven slowness in some other parts of the business, and tight price competition
  - Demand for services related to **green transition, security and digitalization of the built environment** is very good
- **Interest rates and inflation**
- Timing of the net sales increase in Sweden

## OUR ACTIONS

<b>1.</b>	<b>Sales and pricing excellence</b>
<b>2.</b>	<b>Cost awareness</b>
<b>3.</b>	<b>Billable project work</b>
<b>4.</b>	<b>Focus on growth sectors:</b> renewable energy, industrial clients and sustainability services
<b>5.</b>	<b>Smartest ways to work</b>

# Wage inflation and higher number of working days y-on-y will impact performance in 2024

## Q2 2024 vs. Q2 2023

- +1 working day in Finland and Sweden
- Annual wage increases of 2.5% in Finland and 3.1 % in Sweden

## Q2-Q4 2024 vs. Q2-Q4 2023

- **Q3:** +1 working day both in Finland and Sweden in Q2
- **Q4:** Equal amount of working days in Finland and -0.5 days in Sweden
- Annual wage increases of 2.5% in Finland and 3.1 % in Sweden

# Outlook for 2024

- The stable long-term growth in the demand for Sitowise's services is supported by megatrends.
- The timing, and the possible consequences of, the anticipated central banks' decisions to lower interest rates will impact market environment in 2024.
- Market environment is expected to remain mixed.
- Key drivers for growth will be increasing demand for services related to green transition, security, and digitalization of the built environment. In Buildings, the first half of the year will still be challenging.
- Other factors impacting include cost inflation, a higher number of working days, EUR/SEK exchange rate and higher interest expenses.

# Guidance 2024

**Sitowise Group's net sales is expected to slightly decline in 2024, driven by the Buildings business decline. Adjusted EBITA margin (%) is expected to be at the 2023 level or above in 2024.**



# Daniel Doeser to lead Sitowise's Swedish operations

## CV

Year of birth: 1971

Education: Mechanical Engineering, Royal Institute of Technology  
Swedish citizen

## Primary career

2019 – 2024 Ramboll Sweden, *Nordic Director*

2016 – 2019 RSM & Co *Managing Director*

2015 – 2016 Askegren & Co, *Managing Director*

1999 – 2016 Ragn-Sells Miljökonsult AB,

several roles incl. *Managing Director*

1997 – 1999 Cederbaum & Doeser, *Owner & Management Consultant*





# Strategy execution



# Sitowise strategy 2025

**We understand our clients**



**We work as one team**



**We trust each other**



**We are open**



**We are brave**



**OUR PURPOSE ›**  
Empowering passionate experts to solve complex challenges.

**OUR VISION ›**  
Redefining smartness in cities



**The most innovative**



**The most sustainable**



**The most efficient**

## **WE WILL FOCUS ON ›**

- Creating new smart services
- Accelerating growth in Sweden
- Expanding our digital solutions business
- Becoming a thought leader in sustainability
- Being the most well-known and desired employer
- Finding the smartest ways to work

# Strategy execution in Q1 2024

## The most **Innovative**

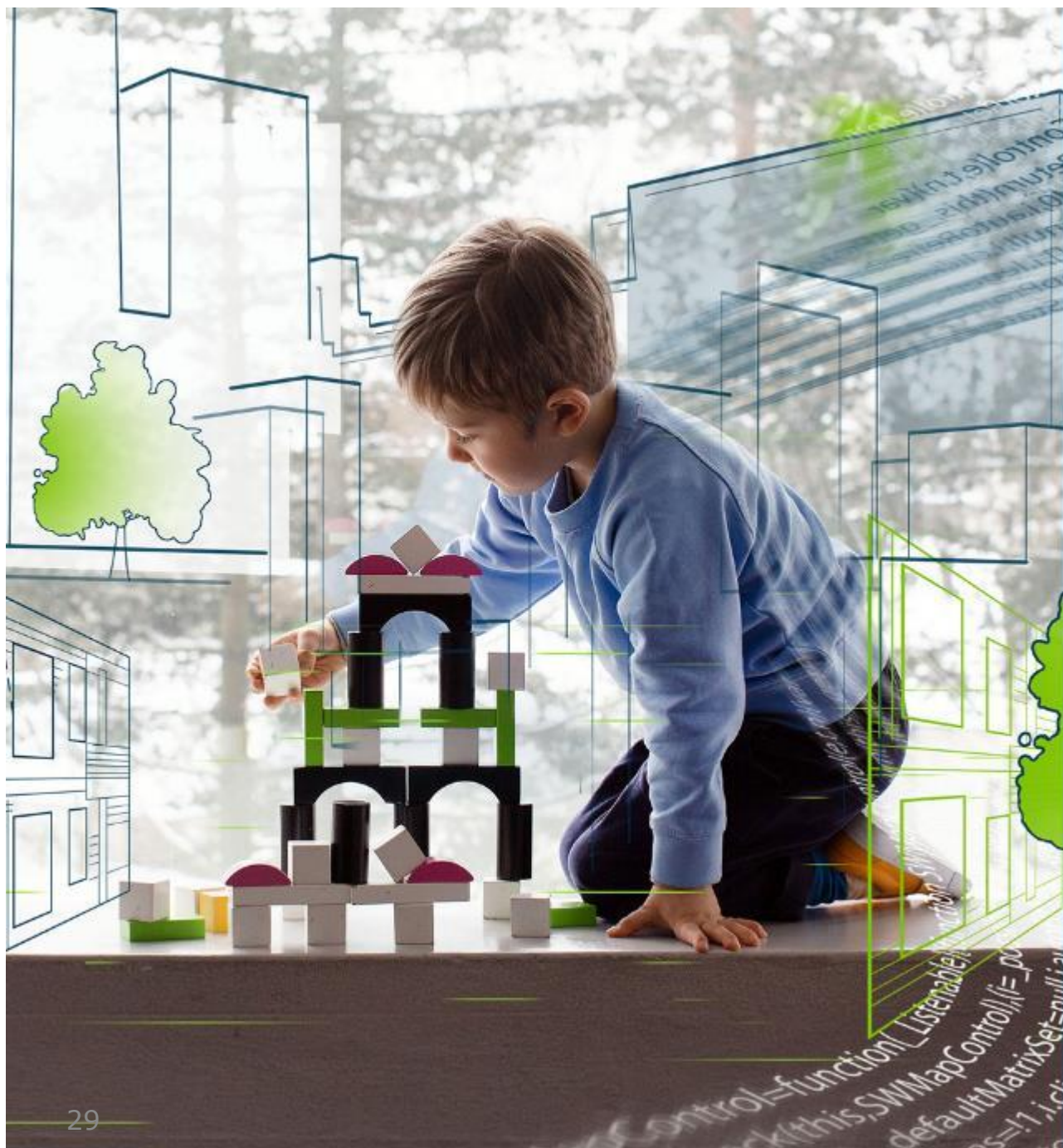
- Good progress in **New Smart Services**:
  - Plannect
  - CO2 Roadmap
  - Smartlas
- Sitowise **AI Center of Excellence** established.
- **International Hackathon win** for an AI solution by the Sitowise Smart City Lab team.

## The most **Sustainable**

- **Sustainability Services**: Development of Sitowise biodiversity offerings in energy and industry sectors.
- **Completing Sitowise's double materiality's analysis.**
- **Commitment to set near-term emission reductions** through the SBTi.

## The most **Efficient**

- Focus on **sales excellence.**
- Experimenting generative AI in smart decision-making and optimizing workflows.
- Continued development of IT and service platforms after implementing new ERP and CRM systems.



**Thank you!**

**Q&A**

**Sitowise Q2 2024 Result  
will be published on 13 August.**

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