

# KREATE

## Kreate's interim report: EBITA increased year-on-year - revenue decreased as expected

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*This release is a summary of Kreate Group's Interim Report January-March 2024. The complete Interim Report is attached, and also available on the company's website at <https://kreate.fi/en/investor/reports/>.*

### January - March in brief

- Order backlog amounted to EUR 183.6 (265.7) million, a decrease of 30.9%
- Revenue decreased compared to the reference period, amounting to EUR 54.4 (65.8) million
- The year-on-year change in revenue was -17.4% (30.5%)
- EBITDA was EUR 1.6 (1.0) million, amounting to 3.0 (1.5) per cent of revenue
- EBITA increased and was EUR 0.3 (-0.4) million, amounting to 0.5 (-0.6) per cent of revenue
- Earnings per share were EUR -0.06 (-0.08)
- Free cash flow from operating activities was EUR -3.1 (-3.3) million
- Interest-bearing net debt was EUR 20.9 (38.0) 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).

### The operating environment of infrastructure construction in brief

- Volume decreased by 5 per cent during 2023
- The volume is expected to decrease by 2% in 2024
- Cost development has calmed down, certain construction costs are even falling
- Public and private customers are now active for new projects in a market suitable for Kreate
- There is a short delay in the start-up of projects, and projects can be launched quickly if necessary
- Long-term outlook bright

### President & CEO Timo Vikström:

"The year 2024 has started in line with our expectations. In January, we provided guidance for full-year 2024 revenue decline and EBITA increase - first-quarter revenue decreased by 17% year-on-year, but despite this, we managed to turn EBITA positive and improve our profitability.

This is now the second consecutive quarter in which we have improved our profitability compared to the comparison period, both in euros and in relative terms. We believe that we have now been able to turn the profitability trend for the better.

Improving profitability with revenue lower than EUR 10 million is a great achievement, and it also reflects our very strong operational work and flexible cost structure. I would like to thank all our approximately 500 experts who have done great work with our projects. In addition to expertise, the impact of stronger risk management and the fact that we pay attention to the right things can also be seen in profit improvement.

The market situation in infrastructure construction is very good – the slowdown in building construction is not visible in Finland. There is activity on all fronts, and there are many projects in calculations and negotiations. Due to the bright market situation, I am not worried about the lower order backlog level than in the comparison period. We are selective in our offerings, and I am confident that we will take ours in this market situation. The order backlog for rock and concrete construction in Sweden is at a high level, and business in Sweden has developed according to plan.

Our revenue and EBITA guidance remain unchanged. Revenue for the full year are estimated to be in the range of EUR 270–300 million and EBITA in the range of EUR 8–11 million. We estimate that revenue will accumulate more strongly in the second half of the year than in the first half of the year compared to the revenue distribution in 2023.

With the new legislation, responsibility work, sustainability issues and reporting will be on the agenda of many listed companies and alongside financial reporting in a completely new way. We are also preparing for the new reporting requirements and at our Annual General Meeting we selected a sustainability reporting assurer. This interim report also includes its own responsibility section for the first time, under which we present quarterly development with regard to selected sustainability targets.

We have largely achieved the objectives of our strategy period ending this year ahead of time, and during the first half of the year we have finalised our strategy update and targets for the coming years. We have today published our long-term financial targets and accordingly target an EBITA margin of over 5 percent, annual revenue growth of 5–10 percent and maintaining net debt to EBITDA below 2.5. Ten-year-old Kreate is in good operational and financial shape, and together with our committed and competent personnel, I believe that we will reach these targets.

We will present our updated strategy at the Capital Markets Day on 6 May (in Finnish only), to which we welcome everyone. In addition to our strategy and financial targets, we will open up our rail business and rock and concrete construction in the Swedish market in more detail.”

## Key figures

EUR million	1-3/2024	1-3/2023	1-12/2023
Order backlog	183.6	265.7	196.3
Revenue	54.4	65.8	320.0
Year-on-year change in revenue, %	-17.4	30.5	16.8
EBITDA	1.6	1.0	14.0
EBITDA, %	3.0	1.5	4.4
EBITA	0.3	-0.4	7.8
EBITA, %	0.5	-0.6	2.4
Operating profit	0.2	-0.4	7.6
Operating profit, %	0.4	-0.7	2.4
Result for the period	-0.6	-0.7	3.9
Capital employed	63.5	79.9	59.6
Return on capital employed, %	11.5	9.9	11.2
Return on equity, %	9.4	10.3	9.1
Net investments in operating activities	-1.0	-3.2	-5.9
Free cash flow from operating activities	-3.1	-3.3	26.1
Net working capital	-7.0	5.6	-11.3
Net debt	20.9	38.0	16.8
Net debt/EBITDA, rolling 12 months	1.4	3.0	1.2

Net debt/EBITDA, rolling 12 months pro forma*		3,1*	
Equity ratio, %	34.9	32.1	31.8
Earnings per share, diluted, €	-0.06	-0.08	0.44
Earnings per share, undiluted, €	-0.06	-0.08	0.44
Dividend per share, €			
Personnel at the end of the period	445	455	472
Personnel on average	447	453	454

\*) The pro forma includes the EBITDA of the acquisition from 1 Apr 2022 to 31 Aug 2022

## Result guidance for 2024 unchanged (published on 31 January 2024)

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.

## Kreate Group's financial reporting

Kreate Group Plc will publish its financial reports in 2024 as follows:

- 16 July 2024 Half Year Financial Report for January–June 2024
- 25 October 2024 Interim Report for January–September 2024

## Webcast event

A live webcast open to all will be held today, 26 April 2024, at 11:00 a.m. The event will be held in Finnish. President & CEO Timo Vikström and Chief Financial Officer Mikko Laine will be presenting at the event. The webcast can be followed live in Finnish at <https://kreate.videosync.fi/q1-2024>. A recording of the webcast will be made available later at <https://kreate.fi/sijoittajille/raportit-ja-esitykset/> and a summary in English will become available at <https://kreate.fi/en/investor/reports/>.

## Invitation to the Capital Markets Day (in Finnish only)

We invite investors, capital market representatives, analysts and media representatives to the Capital Markets Day on Monday 6 May 2024 at 9–11 a.m. EEST. At the event, we will present our updated strategy and financial targets, as well as delve deeper into the railway business and the Swedish infrastructure market. All presentations will be held in Finnish. The event can be followed as a live webcast at <https://kreate.videosync.fi/cmd-2024>. More information and registration instructions can be found on page (in Finnish only) <https://kreate.fi/sijoittajille/paaomamarkkinapaiva-2024/>.

Kreate Group Plc  
Board of Directors

Distribution: Nasdaq Helsinki, key media and [kreate.fi/en](https://kreate.fi/en)

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## **About Kreate Group Oyj**

Kreate Group is one of the leading infrastructure construction companies in Finland. The company offers solutions for bridges, roads and railways, environmental and ground engineering, circular economy and geotechnical needs. As a specialist in demanding projects, Kreate focuses on comprehensive quality and cost-effectiveness. The Group's revenue was EUR 320 million in 2023 and the company has over 450 employees. Kreate Group is listed on Nasdaq Helsinki.

## **Attachments**

- [Download announcement as PDF.pdf](#)
- [Kreate's interim report Q1 2024.pdf](#)