

Lehto updates its operating profit outlook for the year 2018

Lehto Group Plc
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Updated outlook 1 August 2018:

Lehto estimates that the Group's net sales for 2018 will grow by 20-30% from 2017 (EUR 597.6 million in 2017) and operating profit is expected to be approximately 8-9% of net sales (2017: 10.8%). The accrual of net sales and operating profit is expected to be strongly weighted towards the end of the year. The figures for the comparison year 2017 have been adjusted to reflect the accounting principles of the IFRS 15 standard adopted on 1 January 2018.

The decrease in the estimated operating profit is due to lower project margins than previously projected, particularly in the 'Social Care and Educational Premises' and 'Building Renovation' service areas, and the estimated postponement until 2019 of completion of some projects that will be recognised as income upon delivery. In addition, the expansion of factory capacity, group-level development projects and competence maintenance and development have required more investments than expected.

The outlook is based on the information available to the company on the progress of ongoing construction projects and the company's estimate of construction projects to be started and sold in 2018.

The main risks associated with the development of net sales and operating profit are related to the completion of ongoing projects within the estimated timeframe and costs, delays in the start of projects currently in the negotiation phase, the availability of skilled labour, and an increase in the input prices.

The previous outlook, published in the business review for January to March on 3 May 2018, was as follows:

Lehto estimates that the Group's net sales for 2018 will grow by about 20-30% from 2017 (EUR 597.6 million in 2017), and operating profit is expected to be more than 10% of net sales (10.8% in 2017). The accrual of net sales and operating profit is expected to concentrate at the end of the year.

Further information:

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Lehto Group PLC:

Lehto is the fastest growing construction and real estate group. We operate in four service areas: Business Premises, Housing, Social Care and Educational Premises, and Building Renovation. We are the innovator and pioneer of the construction sector. Our economically driven operating model makes construction more profitable, ensures the quality of construction and brings significant time and cost savings to the customer. We employed around 1,300 people (Q1 2018). Our net sales for 2017 amounted to EUR 598 million.