



Company Presentation
CMD 10.1.2019



Program of the Capital Markets Day 2019

- 8:45 **Breakfast**
- 9:00 **Market review, business model and growth strategy of Hoivatilat**
Jussi Karjula, CEO
- Comments from the municipalities' point of view; the role of municipalities now and in the future**
Kari Nenonen, a member of the Board of Directors of Hoivatilat, former Mayor of the City of Vantaa
- Break**
- 10:20 **Building better communities in Finland and Sweden**
Riku Patokoski, Vice President
- Key financial figures and goals for 2019–2021**
Tommi Aarnio, CFO
- Discussion and conclusion**
- Lunch**, Restaurant Kappeli, Eteläesplanadi 1

Today's presenters



Jussi Karjula

CEO & Partner

- CEO since 2010



Kari Nenonen

Board member

- Board member of Hoivatilat since 2018



Riku Patokoski

EVP & Partner

- EVP since 01/2018



Tommi Aarnio

CFO & Partner

- CFO since 2015

Contents

1	Company overview	4
2	Market overview	14
3	Comments from the municipalities' point of view	21
4	Building better communities in Finland and Sweden	28
5	Financial overview	44
6	Largest shareholders and board of directors	51

Appendices

A	Case studies	53
---	--------------	----

Company overview

CMD 10.1.2019
Jussi Karjula, CEO

We develop, finance and lease



Day care centres



Care homes



Service communities



Schools

Our mission:

We create better society and service environments together with our partners.

Quality, cost efficiency, expertise

Public and private
service providers

Investment free

Risk free property
partnership



Hoivatilat has operating model tailored to respond to the market growth

Hoivatilat as an investment

- Unique business model, a service company
- Meaningful for society and innovative operating model
- Strong growing company
- Low risk company: new properties, long lease agreements and 100 % lease maturity
- Transparent operating model: revenue consists of rental income, construction development margin and possible increase in property values
- The company was founded in 2008 and is listed on Nasdaq Helsinki

Example customers

Attendo 


MEHILÄINEN

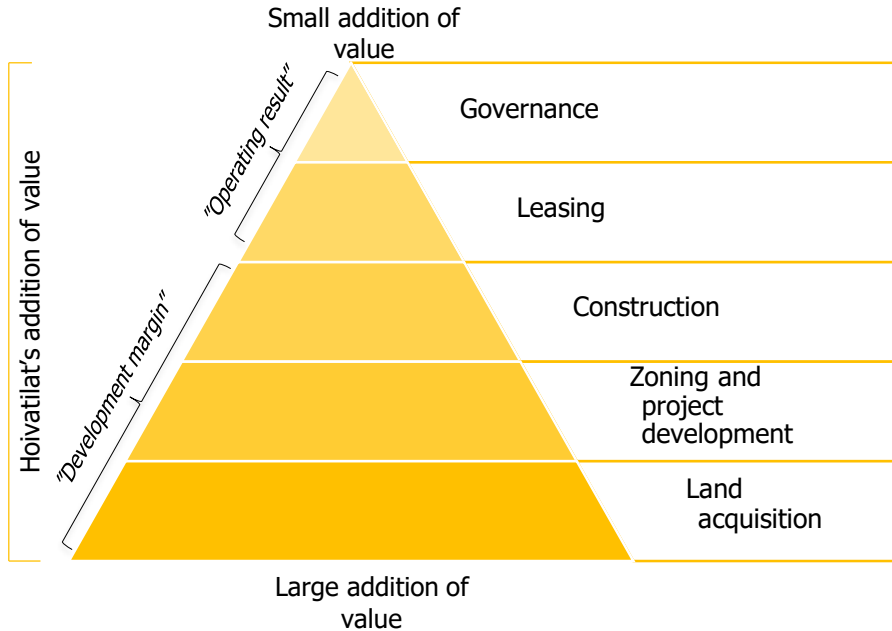

Esperi


YOUNVA
LIKUNTAPÄIVÄKODIT


PILKE
parasita pienelle

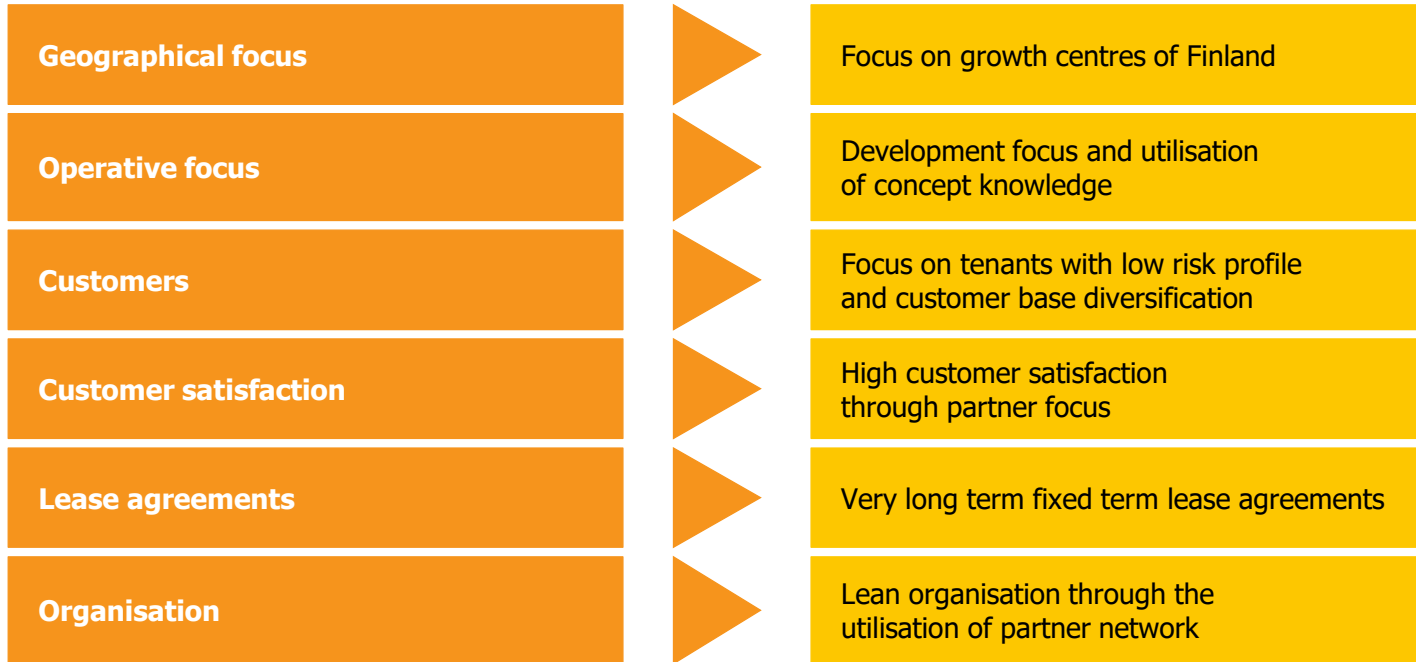

norlandia

We create value by project development and construction

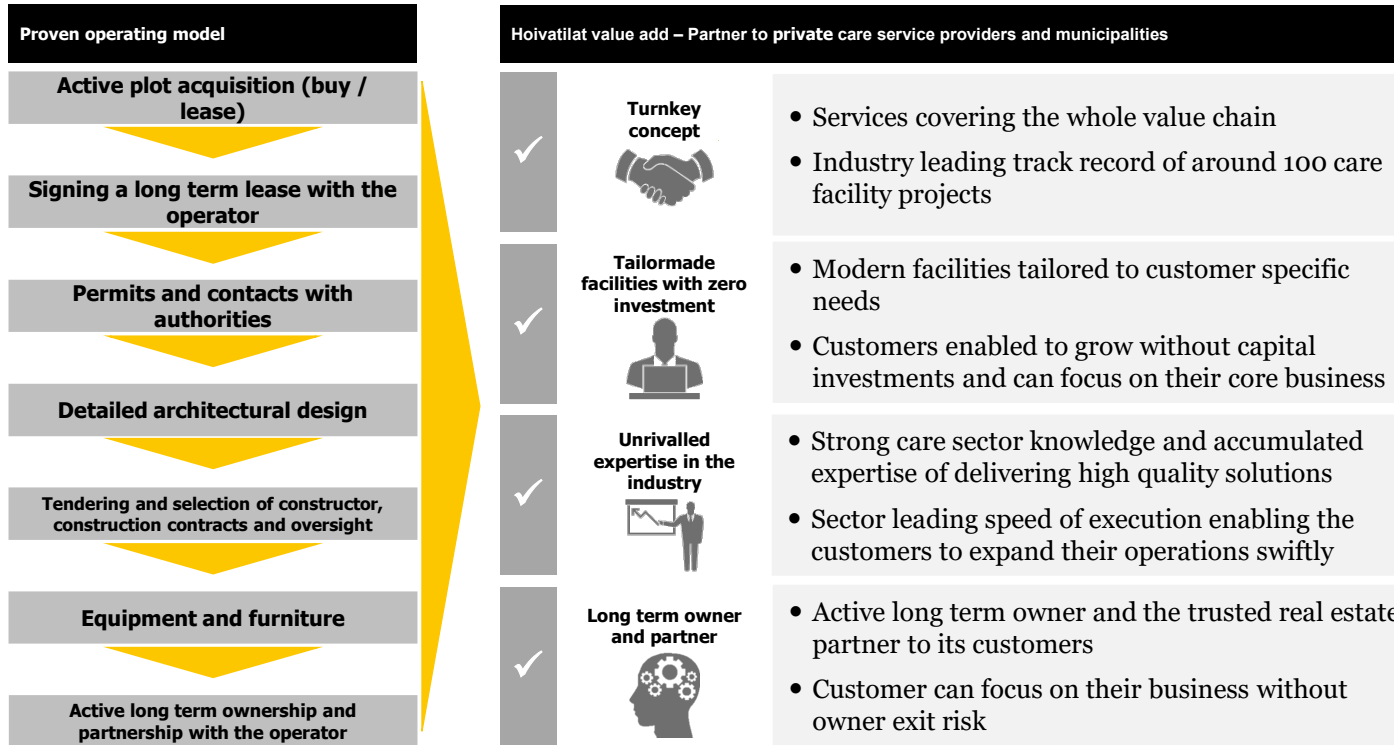


- A great deal of the value is created before the actual construction phase
- Over 10 professionals working in our customer-, project development- and construction team
- Our key competitive advantage is own land acquisition
- Partner for the municipalities
- Guidance and supervision of planning and construction
- Operating result = rental income - expenses
- Profit for the period includes operative result, development gains and fair value changes

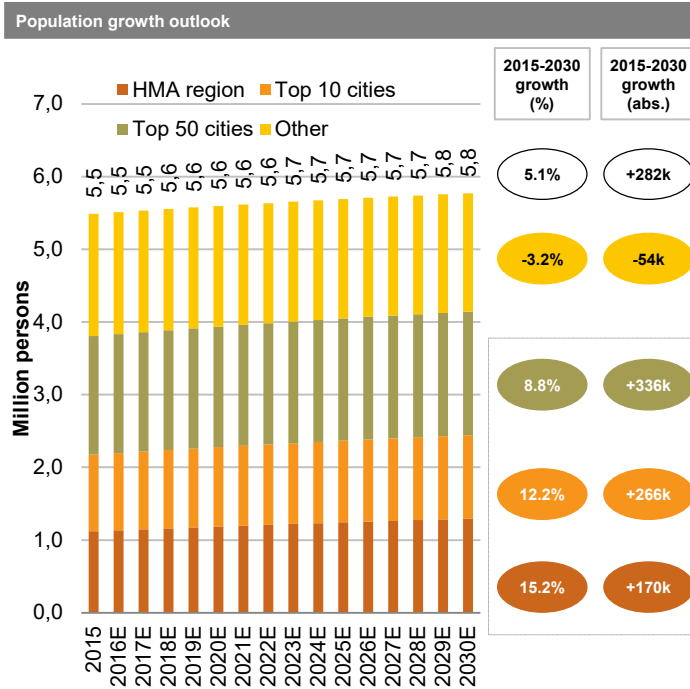
Strategic choices of Hoivatilat result in strong business model and position



Proven operating model for care property investment and development

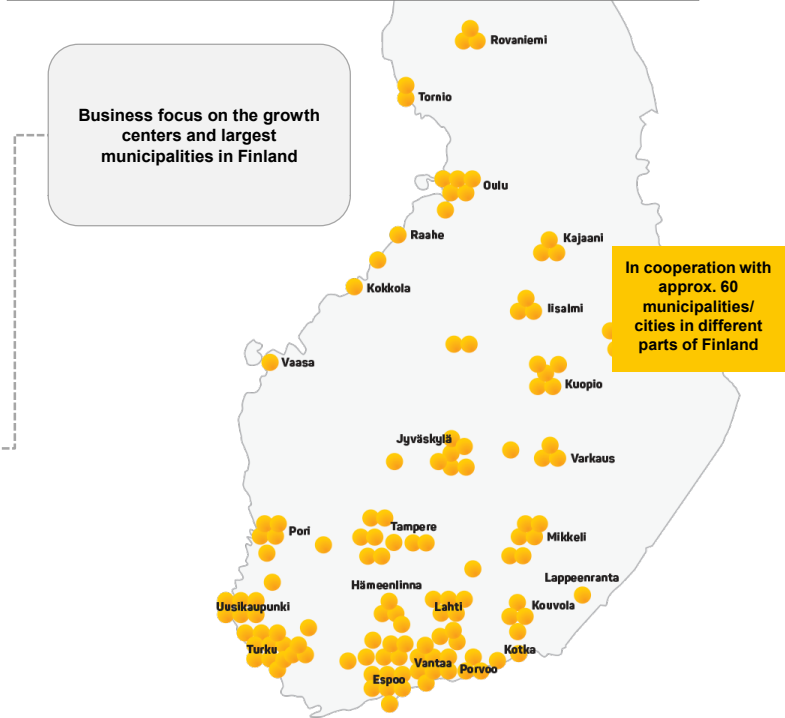


Hoivatilat focuses on the largest and growing areas



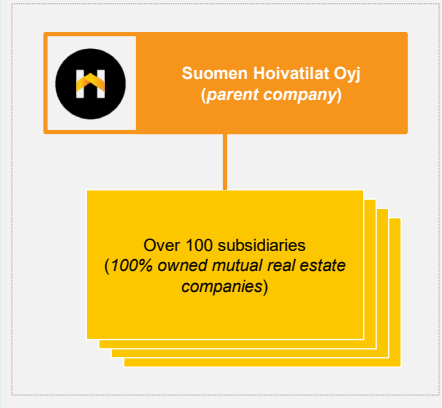
Source: Statistics Finland 2015 population and population forecast (published on 30 Oct 2015)

Overview of property portfolio (as of 30 Sept 2018)



Drivers of operational efficiency and flexibility

Lean organisation structure



- Light and efficient organisational structure
- Hoivatilat employs 18 persons
- Execution of several real estate projects with limited own headcount is enabled by the wide partner network of Hoivatilat

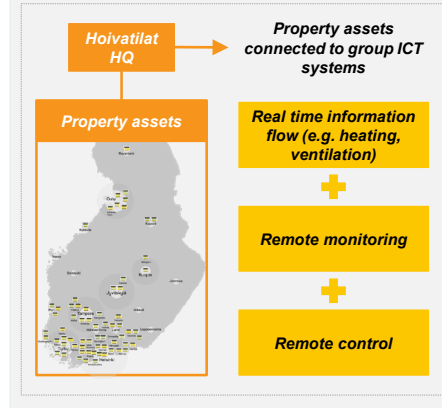
Utilisation of partner network

Responsibilities in Hoivatilat development projects

	Hoivatilat	Partners
Project coordination	✓	
Design	✓	
Planning	✓	
Supervision	✓	
Construction		✓

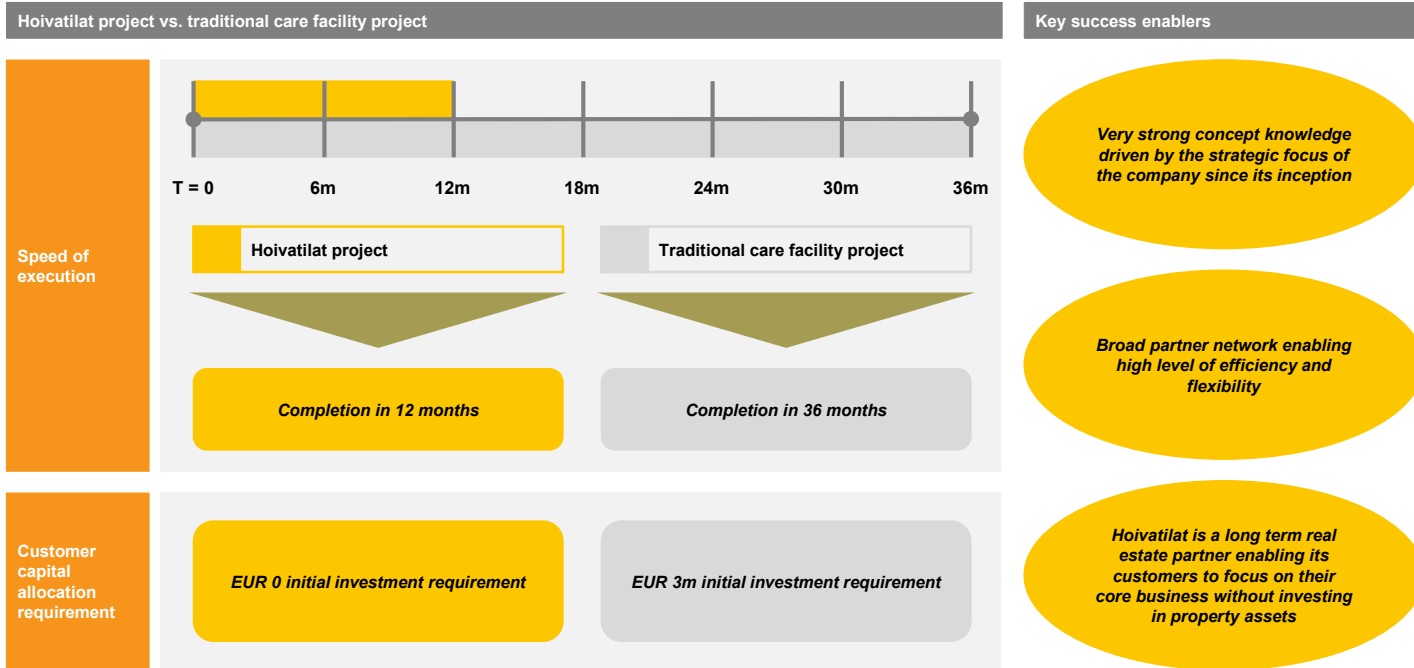
- Hoivatilat is fully engaged in all areas of project execution apart from construction
- Hoivatilat utilises its wide partner network in the execution of real estate projects
- The company controls construction costs through careful (in house) planning as well as tendering of construction companies

Digitalised operations



- Internet-of-Things (IoT) is a key area of Hoivatilat operations
- All Hoivatilat properties are connected to the company's remote monitoring and control system
- As a result, less personnel resources are needed in property management activities

Exceptional project delivery capabilities



Market overview

Unique growth company in rapidly growing Finnish and Swedish care & day care and school property market

Demographic trends are driving change: the population is aging and migrating to cities

Several Structural growth drivers are transforming care and children's day care service market

Strong private sector growth in the care sector service provision

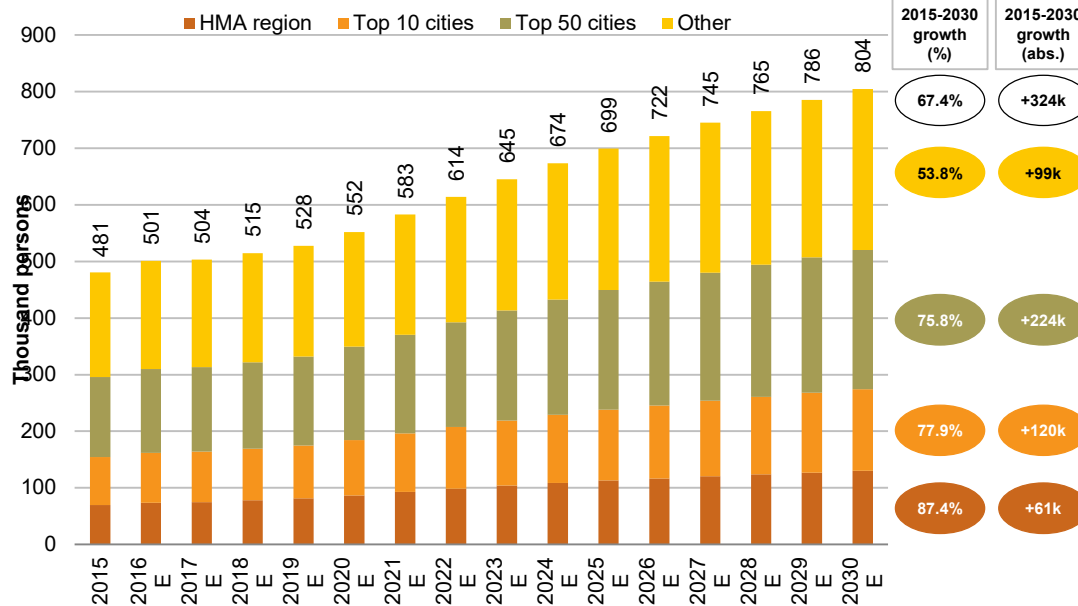
New care & day care properties are very much needed

Hoivatilat has a **proven operating model** to capitalise on **the growth trends** in the care service market

Strong market outlook in elderly care market

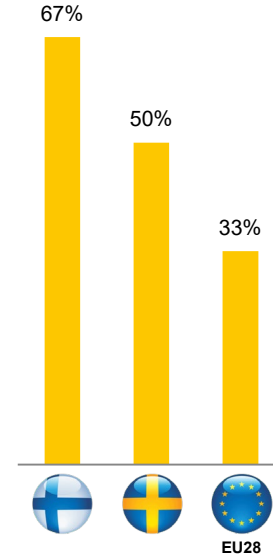
Strong growth expected in elderly population (75+ year olds)

Population growth outlook in Finland (2015-2030E)



International comparison

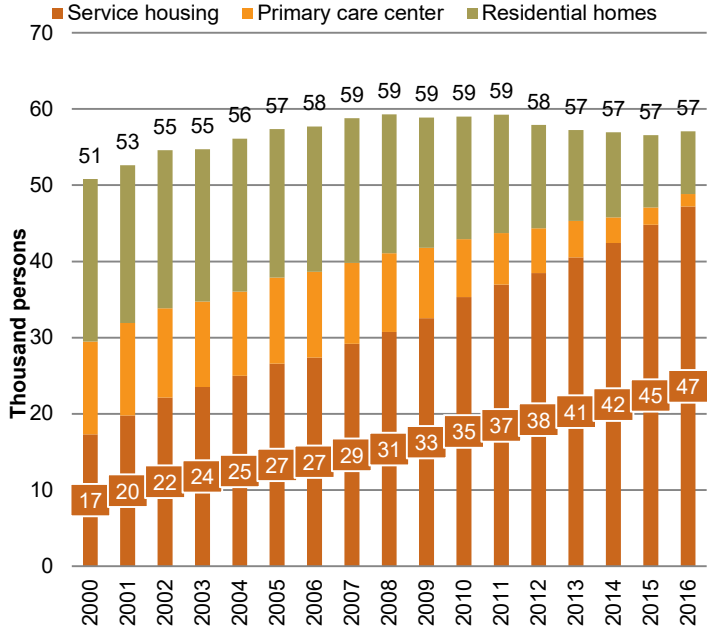
2015-2030E growth in elderly population (75+ year olds)



Source: Statistics Finland 2015 population and population forecast (published on 30 Oct 2015), Eurostat (SWE and EU28 population forecasts as of 8 Dec 2014)

Strong market outlook in elderly care market (cont'd)

Increasing share of service housing & high private sector penetration



Source: SOTKANET (National Institute for Health and Welfare)

Significant nursing home investments expected

Estimated investment needs by 2030

20,000 – 30,000 new beds in service housing needed

The need for care home beds translates nearly 1,000 new care homes

Results in EUR 2-3bn real estate investment needs

2000-2016 growth

12%

2000-2016 CAGR

1%

-61%

-6%

-86%

-12%

173%

6%

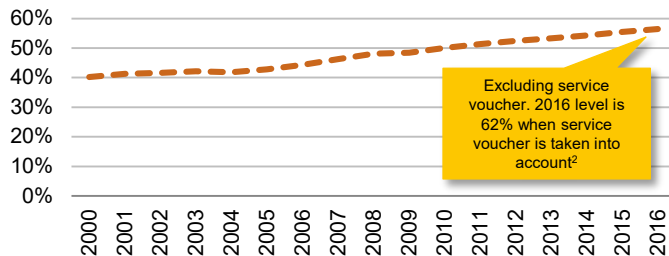
Hoivatilat focuses on service housing operators and predominantly on private sector companies that operate some 50% of the service housing market

Source: Hoivatilat listing prospectus (management estimates)

Structural growth trends in children's day care market

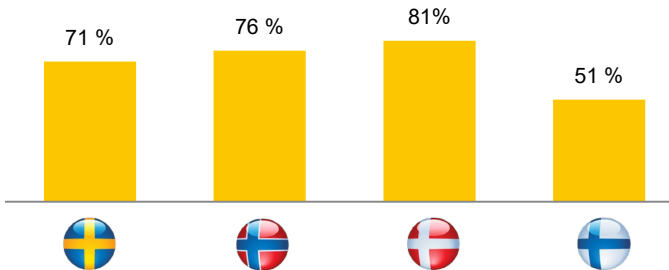
Development of day care enrolment in Finland

% of children in organised day care (1-6 year olds)¹



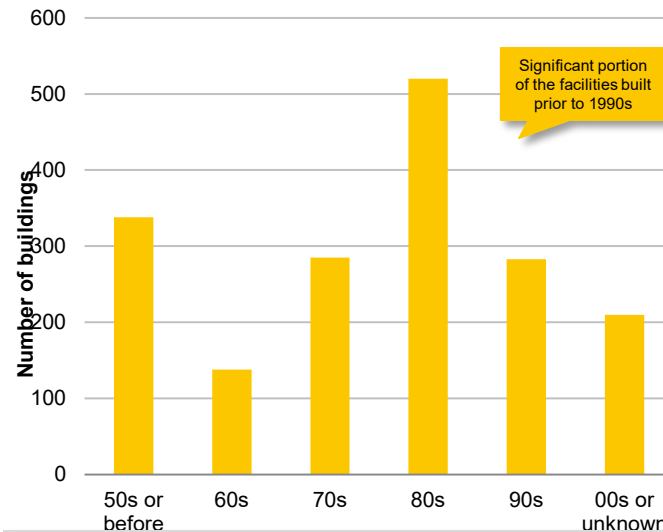
Daycare enrolment in Finland vs. other Nordic countries³

Share of 0-5 year old children in organised day care (2014)



Ageing building stock

Municipalities' day care centres by built year (2005 building stock)



It is estimated that 12-18% of day care and school facilities in Finland suffer from significant humidity and mould damages. The estimated 12-18% share corresponds to some 2.1-3.2 million sqm

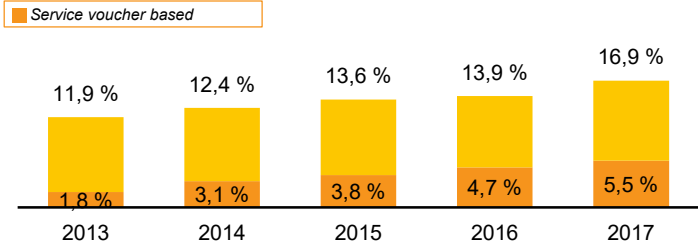
Source: The Association of Finnish Local and Regional Authorities (Kuntien rakennuskanta 2005 report), Audit Committee of the Parliament of Finland (Rakennusten kosteus- ja homeongelmat report published in October 2012)

Structural growth trends in children's day care market (cont'd)

Increasing popularity of service vouchers driving private sector penetration growth

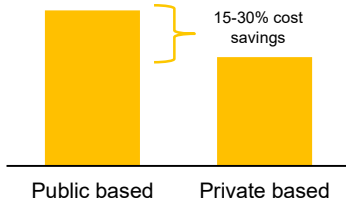
Case study: Voucher penetration growth driving private sector penetration in day care

Estimated share of children in private provider based day care in six largest municipalities in Finland



Cost savings potential driving the growth of voucher based day care

Day care service provision cost per child (illustrative)



Service voucher based private day care service in high quality facilities owned by Hoivatilat offers 15-30% cost savings potential to municipalities without any investment requirements

Source: Kuusikko Working Group (2012-2015 reports), Company press release (on 20 Oct 2016)

Case Kuopion portti

- 65 serviced and assisted living apartments in the centre of Kuopio
- Value of the investment approx. EUR 10 million
- Tenant Attendo
- Long-term lease agreement



Case Lahti

TIMBER DAYCARE CENTRE

- 100 children
- Touhula Varhaiskasvatus
- Log buildings: organic, healthy and ecological



HOIVATILAT

Case Siilinjärvi

ELEMENTARY SCHOOL

- 100 children
- Tenant Siilinjärvi municipality

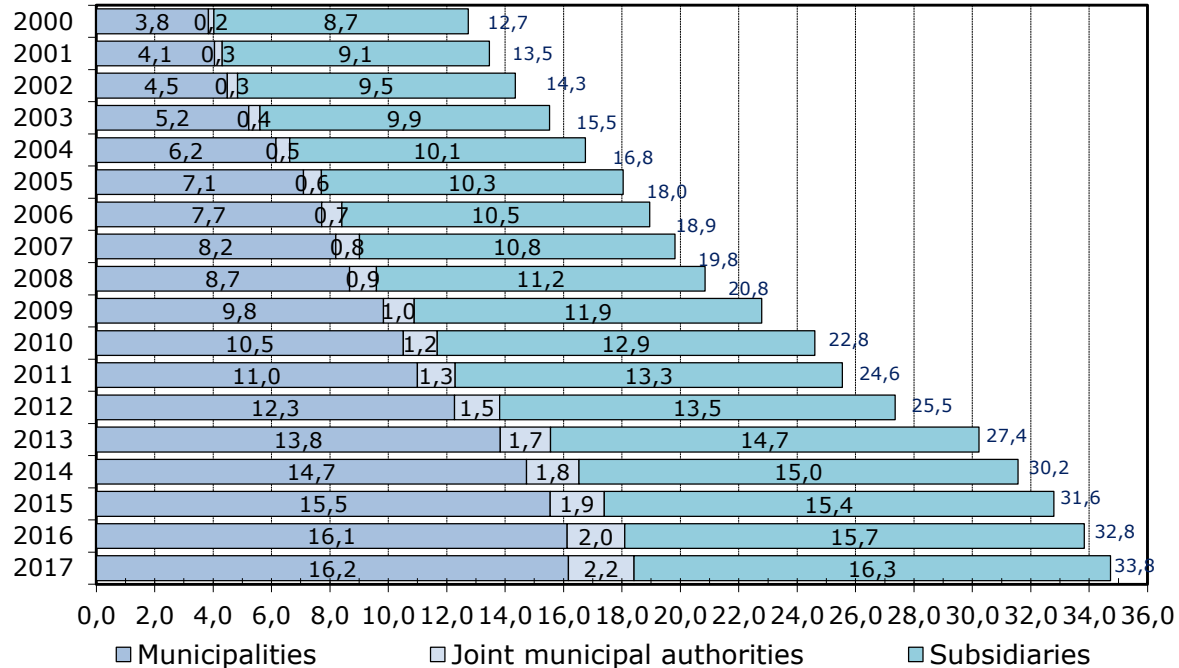


THANK YOU!

Comments from the municipalities' point of view; the role of municipalities now and in the future

**CMD 10.1.2019
Kari Nenonen**

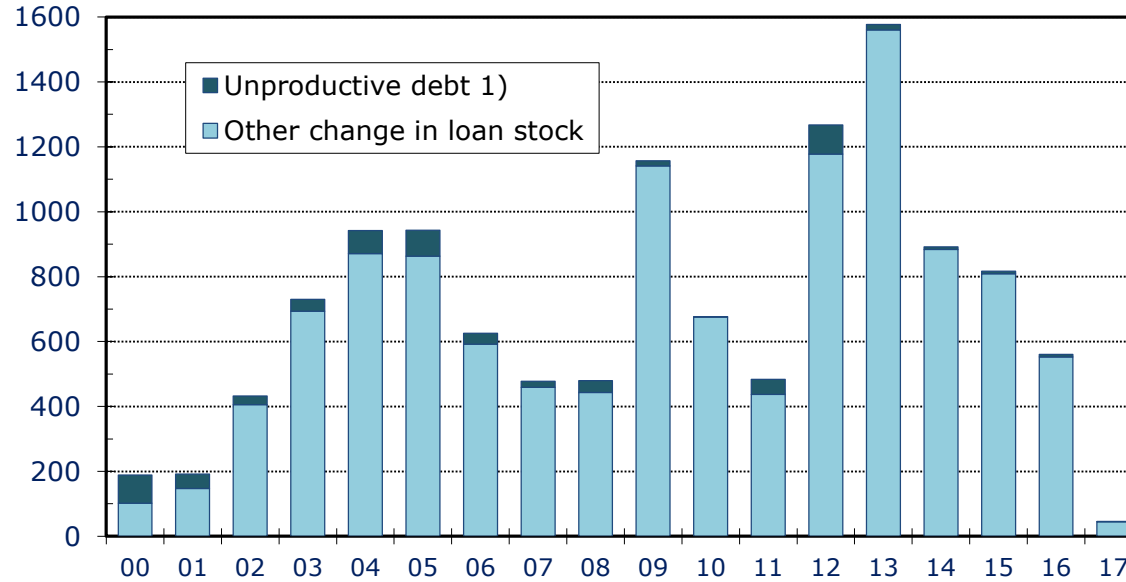
Loan portfolio of municipal groups 2000–2017, MEUR



25 June 2018/mm

Source: Statistics Finland, advance financial statements

Change in loan portfolio of municipalities 2000–2017, MEUR



1) Unproductive debt is the sum of the negative annual margins of the municipalities. Between 2000 and 2017, a total of about EUR 630 million of debt was taken on, which is about 5 percent of the change in the loan portfolio for the period.

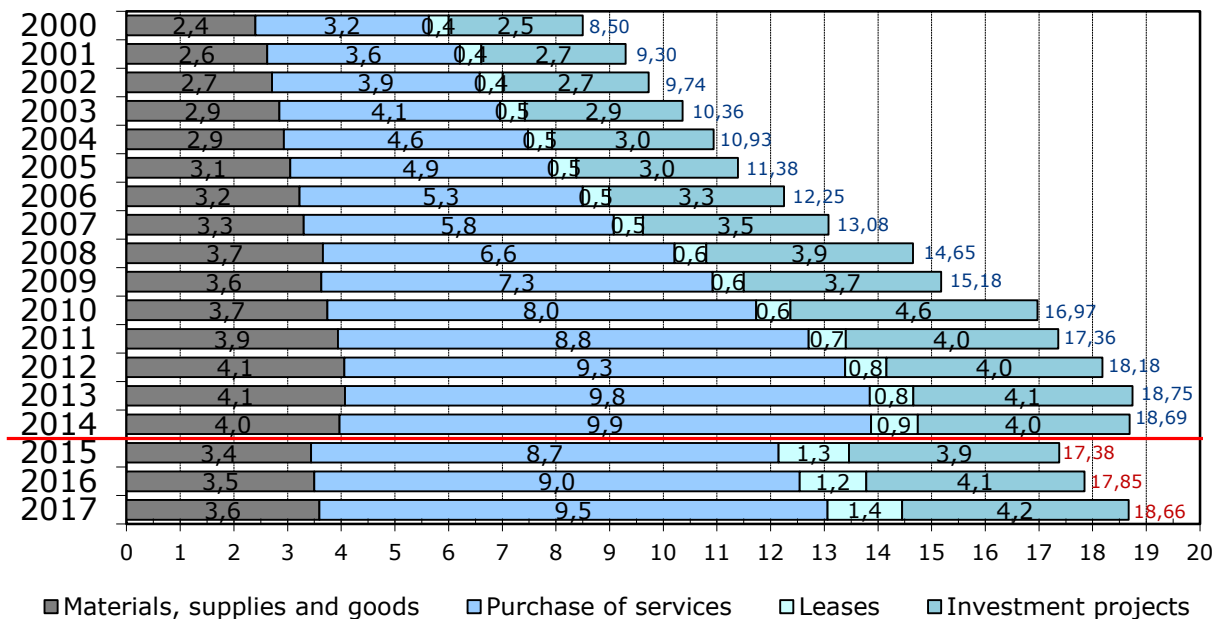
2 October 2018/mm

Source: Statistics Finland

Construction debt in all infrastructure!



Change in purchases of municipalities and joint municipal authorities 2000–2017, BEUR

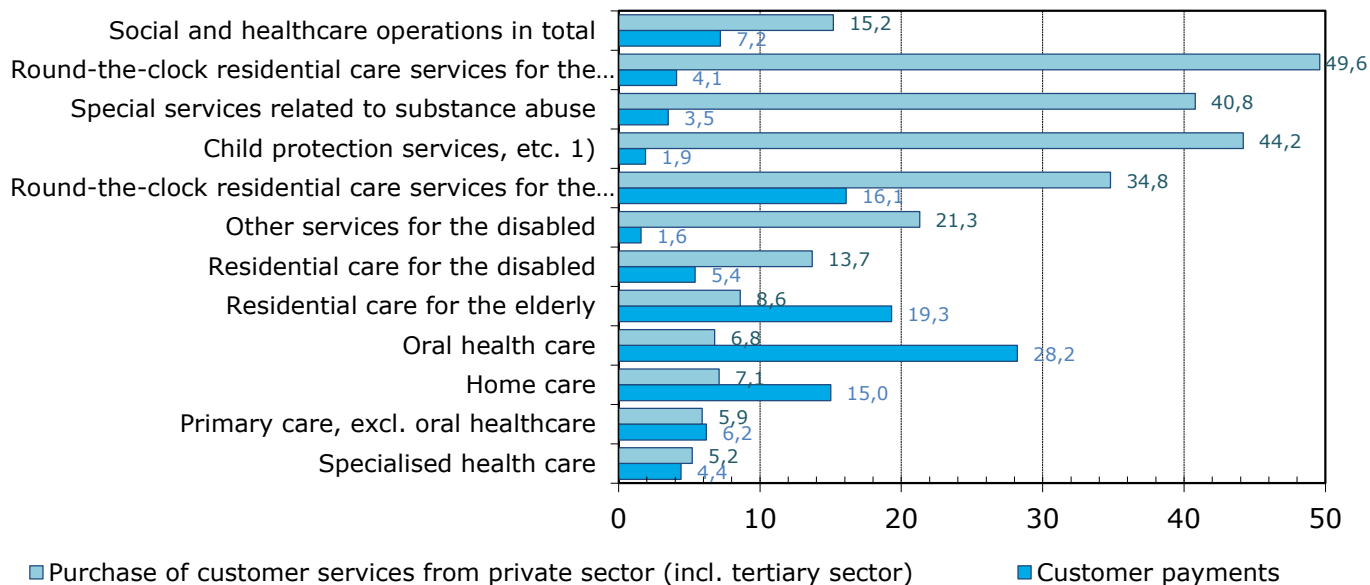


Due to the statistical reforms and incorporation of public service companies, the years 2015 to 2017 are not comparable with previous years

1 November 2018/mm

Source: Association of Finnish Local and Regional Authorities / Statistics Finland

Purchases of customer services from the private sector by municipal and joint municipal authorities,
and customer payments in certain categories of social and health care activities,
share of operating costs in 2017, %



1) Residential and family care provided by child protection services, community care provided by child protection services, other child and family community care services

Thank you!

Building better communities in Finland and Sweden

**CMD 10.1.2019
Riku Patokoski, SVP**

Trends and signals in real estate business

- Cities are growing
- Population is aging
- Ways of living and working are changing (moving, renting, sharing, coworking)
- Importance of location is increasing
- Financial, environmental, and social sustainability is becoming more significant
- Real estate market is becoming more and more international

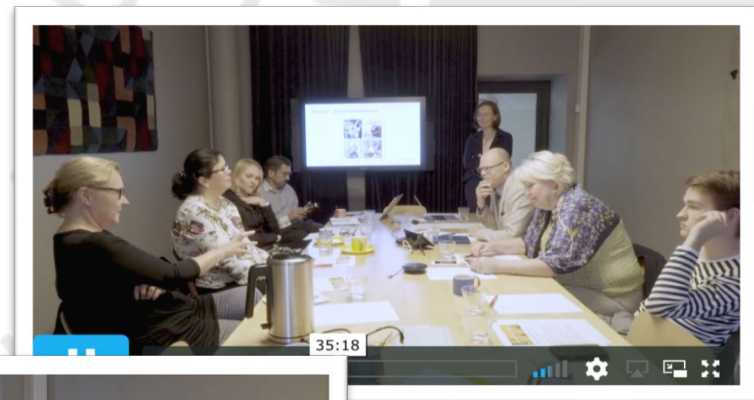
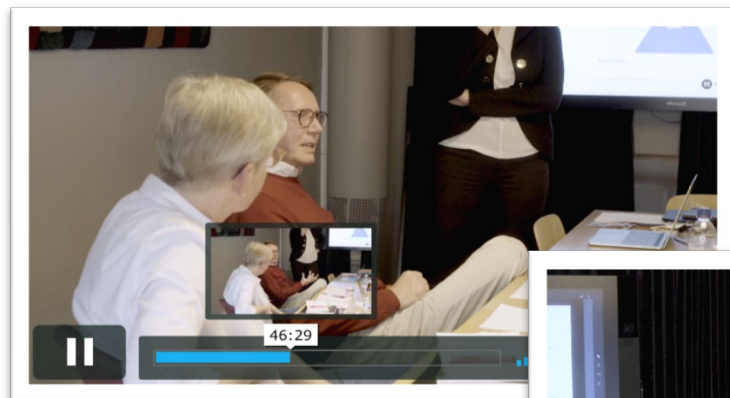


Better communities are about

- Understanding the target groups



Focus groups in August 2018



Better communities are about

- Understanding the target groups
- Cooperation between public and private sectors

Co-creation workshop public and private sector



Better communities are about

- Understanding the target groups
- Cooperation between public and private sectors
- New partnerships
- New ways of urban planing
- Combining housing and services
- Responsible long term ownership

Better communities will always have



smart and rational solutions

(to appeal to your brain)



emotional features

(to touch your senses)



something surprising

(to make you remember)



Better communities to Tuusula 2020

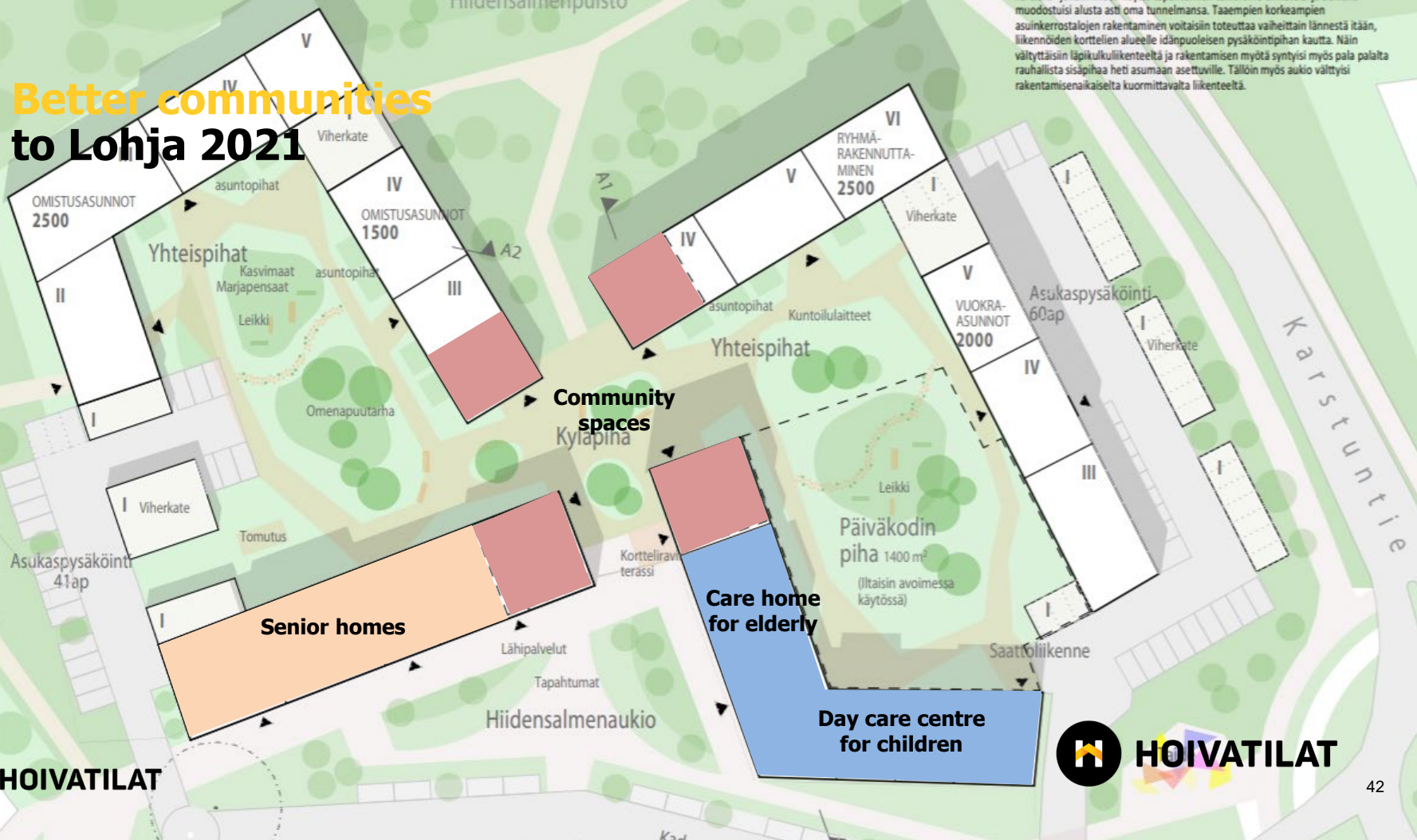


Better communities to Lohja 2021



HOIVATILAT

Better communities to Lohja 2021



korttelit - jolloin niiden käyttö tapahtumien tukitoiloina onnistuisi ja aukioille muodostuisi alusta asti oma tunnelmansa. Taaempien korkeampien asuinkerrostalojen rakentaminen voitaisiin toteuttaa vaiheittain lännestä itään, liikenneiden korttelien alueelle idänpuoleisen pysäköintipihaa kautta. Näin välttyttäisiin läpikululiikenteeltä ja rakentamisen myötä syntyy myös pala palalta rauhallista sisäpihaa heti asumaan asettaville. Tällöin myös aukio välttyisi rakentamisaikaiselta kuormittavalta liikenteeltä.

Sweden - the market

- Similar market conditions compared to Finland with very high potential.
- High demand for preschools, schools, elderly care, and disabled-housing.
- Active competitors in all segments.
 1. Market leaders - Large real estate companies
 2. Residential real estate companies
 3. Smaller, private, and local developers
- Municipalities have major focus on planning new residential areas.
- Lower yields than in Finland for care properties.

Sweden - the strategy

- We are using the same business model: develop, lease, and own
- We are focusing on properties for public use: preschools, schools, elderly care and disabled housing
 - Develop new projects
 - Acquisition of ongoing projects
 - Acquisition of completed buildings
- Focus on land acquisition
- Country director and office in Stockholm in place

Sweden - geographical market area



- Our primary market area is Greater Stockholm Region
- Cities with university or cities with high demand are also interesting.
- Chosen market area to ensure operational and maintenance efficiently.





Thank you!



HOIVATILAT

Financial overview

CMD 10.1.2019
Tommi Aarnio, CFO

Hoivatilat Oyj as of 30 September 2018

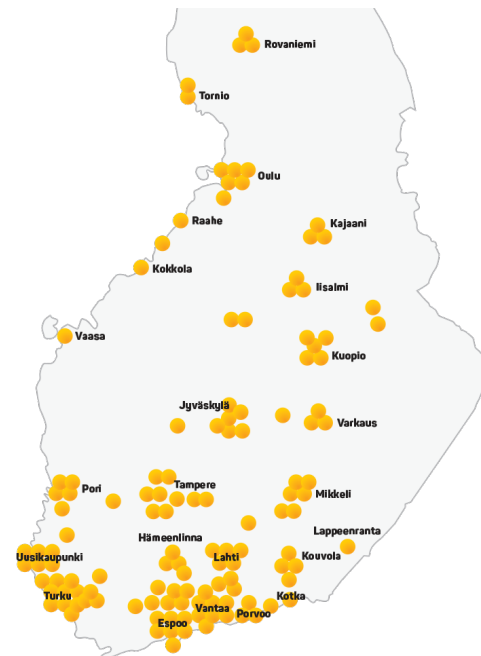


We produce turnkey solutions and lease out

- Daycare centres
- Nursing homes
- Service communities
- Schools

We solve growth-related problems and are an overall partner for

- Municipalities and cities
- Companies in the care sector



12,5 M€
(8,6 M€)

Total revenue 1-9/2018

310 M€
(225 M€)

Portfolio value

100%
(100 %)

Occupancy rate

400 M€
(292 M€)

Value of lease agreement
portfolio

15,0 years
(14,3)

Weighted maturity of
lease agreements



We help our customers



We create value



We are fast and straightforward



We are bold

Outlook

GUIDANCE, TARGETS AND DIVIDEND DISTRIBUTION POLICY

Guidance for 2018*

- Hoivatilat expects its total revenue to be approximately EURM 17 in 2018
- The operating result is estimated to be about 40% of revenue
- The fair value of investment properties at the end of 2018 is estimated to be EURM 330 – 340

Financial targets for 2019–2021

- Annual revenue growth 30% on average
- Operational result at 40 % of revenue on average
- Equity ratio at least 30 % on average. IFRS 16 standard effective from 1.1.2019 is taken into account in equity ratio.

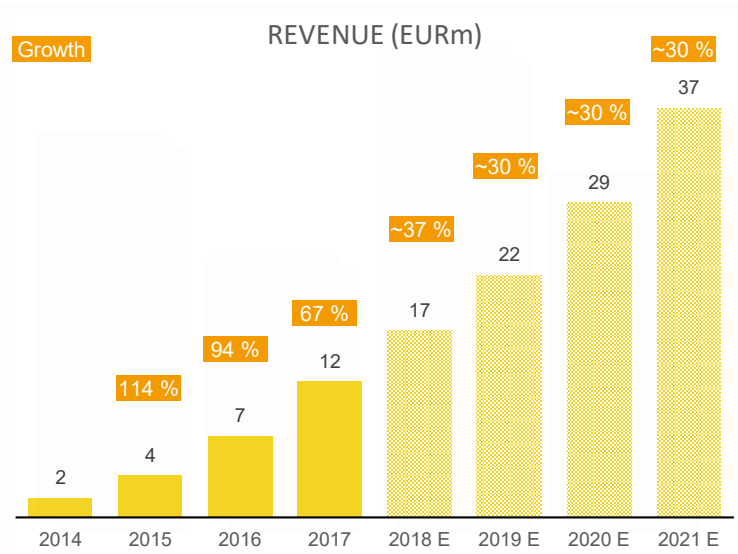
Dividend distribution policy

- Target is to distribute at least 50 % of the operating result as dividends every year

*The guidance is based on the assumption that, during rest of the year 2018, the company will not make any new significant purchases or sales of finished investment properties, and that the market yields used in the valuation of investment properties will remain as they are.

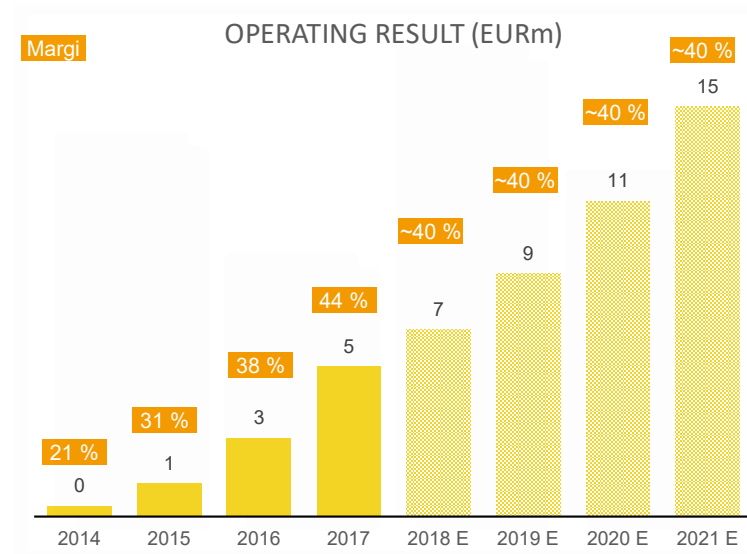
Revenue and operating result

GUIDANCE 2018 AND TARGETS 2019 - 2021



Financial target 1:

“Annual revenue growth 30 per cent on average”

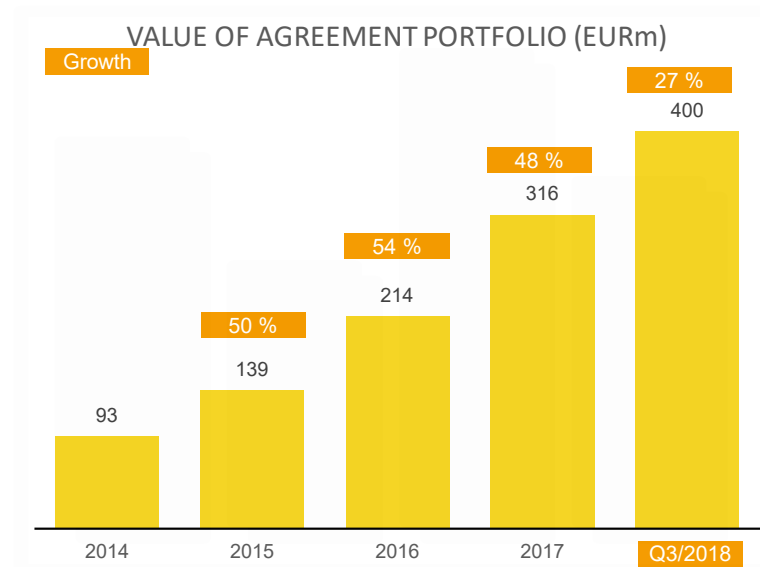
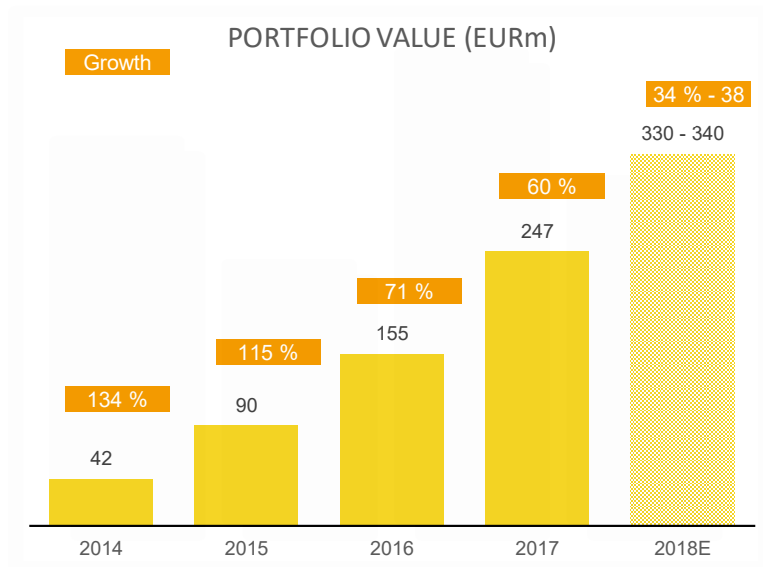


Financial target 2:

“Operating result (“EPRA operating profit”) approximately 40 % of revenue”

Portfolio value and value of lease agreement portfolio

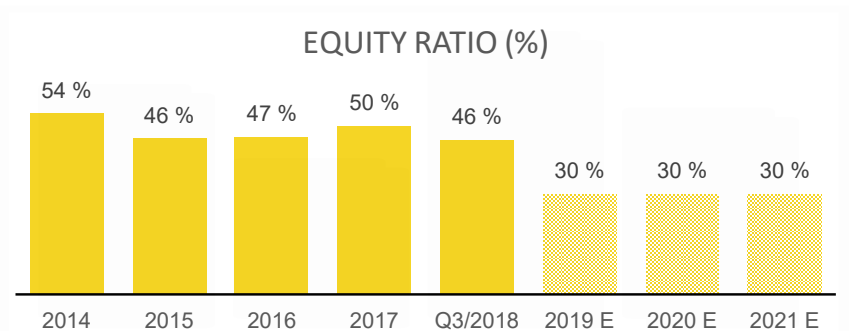
GUIDANCE 2018



Balance sheet and capital structure

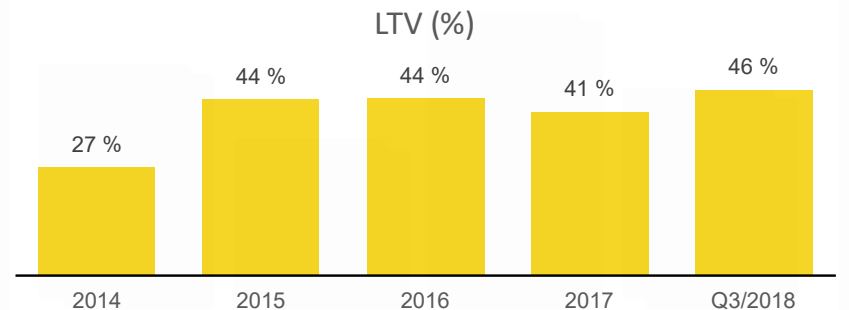
BALANCE SHEET, EQUITY RATIO TARGETS 2019 - 2021 & LTV

Balance sheet (1000 euro)	2017	30.6.2017	30.6.2018
Investment properties	247 066	205 079	301 579
Other long-term assets	47	35	89
Deferred tax assets	378	457	454
Receivables	735	791	1 837
Cash	9 845	12 268	4 516
TOTAL ASSETS	258 071	218 630	308 475
Share capital	80	80	80
Non-restricted equity reserve	69 721	69 721	69 722
Fair value reserve	-157	-121	-609
Profit for the period & previous periods	59 492	48 553	71 720
Shareholders equity total	129 136	118 233	140 913
Bank loans	110 057	85 434	143 690
Deferred tax liabilities	14 430	11 510	17 534
Other short term liabilities	4 448	3 453	6 338
SHAREHOLDERS EQUITY & LIABILITIES	258 071	218 630	308 475



Financial target 3:

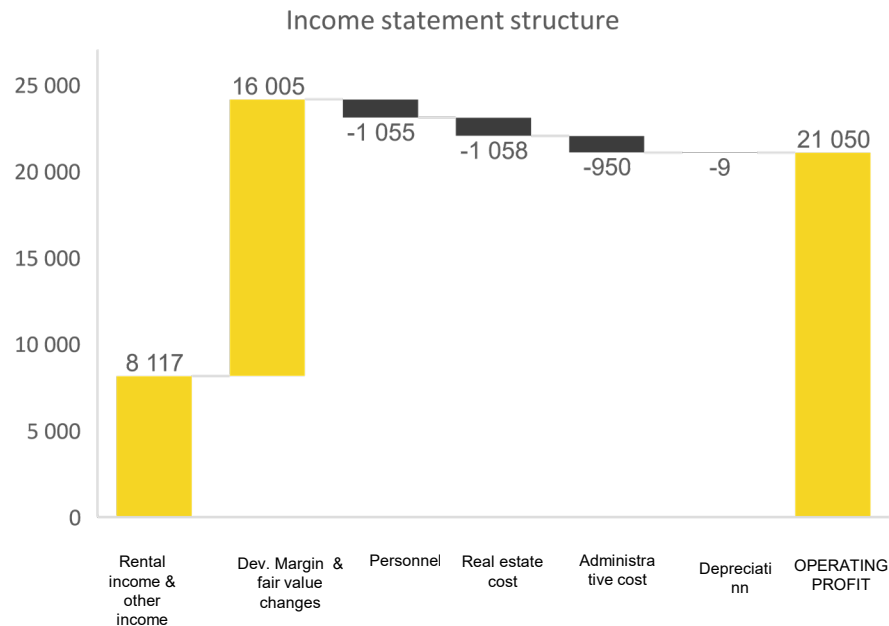
“Equity ratio at least 30 per cent on average”



Overview of group income statement

INCOME STATEMENT & INCOME STATEMENT STRUCTURE

Income statement (1000 euro)	2017	H1/2017	H1/2018
Revenue	12 373	5 315	8 061
Fair value changes	25 086	15 836	16 005
Other operating income	0	0	55
Personnel	-1 885	-854	-1 055
Other operating expenses	-2 247	-1 299	-2 008
Depreciation	-10	-4	-9
Operating profit	33 317	18 994	21 050
Financial income	1	0	0
Financial expenses	-1 400	-614	-1 022
Profit before taxes	31 918	18 380	20 028
Taxes	-6 414	-3 730	-4 071
Profit for the period	25 504	14 650	15 957
ROE	25,0 %	30,4 %	23,6 %



Shareholders

LARGEST SHAREHOLDERS, TOP 20, 31 DEC 2018

No.	Shareholder	Number of shares	% of shares
1	2care Capital Ab (Konstsamfundet & Kusinkapital)	3 767 012	14,8 %
2	Skandinaviska Enskilda Banken AB	3 643 208	14,3 %
3	OP Funds	2 071 769	8,1 %
4	Hintsala Eino	941 439	3,7 %
5	Nordea Bank ABP	937 490	3,7 %
6	Timo Pekkarinen	896 489	3,5 %
7	Milerosa Oy	604 776	2,4 %
8	Veritas Pension Insurance Company Ltd	434 552	1,7 %
9	Hyväri Harri Tapani	432 348	1,7 %
10	Ilmarinen Mutual Pension Insurance Company	428 171	1,7 %
11	Ahola Tuomas Veli	394 244	1,5 %
12	Karjula Jussi Pekka	361 916	1,4 %
13	Kusinkapital Ab	352 137	1,4 %
14	Mevita Invest Oy	288 769	1,1 %
15	OP Life Assurance Company Ltd	282 500	1,1 %
16	Partnera Oy (Nurture Property Holding Oy)	277 500	1,1 %
17	Väisänen Ahti Pekka Olavi	250 000	1,0 %
18	Investment Fund Arvo Finland Value	240 000	0,9 %
19	Misaelma Holding Oy	224 645	0,9 %
20	Pirkko ja Jukka Ruusu Oy	214 676	0,8 %
	Other shareholders	8 395 588	33,0 %
	All shares	25 439 229	100,0 %

Board of Directors

Pertti Huuskonen

CoB since 2011

- Senior adviser at Lunacon Oy, board professional and investor
- CoB of Technopolis during 2008–2012, board member during 2012–2013 and CEO during 1985–2008



Kari Nenonen

Board member since 2018

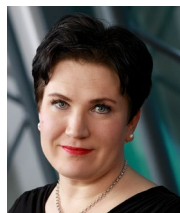
- Mayor of the City of Vantaa during 2012–2018
- CEO at Hospital District of Helsinki and Uusimaa during 2007–2009



Satu Ahlman

Board member since 2017

- CEO of Ahlman & CO Development
- Advisor to over 30 SMEs or third sector service provider operating in the Finnish health and social services sector



Timo Pekkarinen

Board member since 2008

- CEO of Kastelli Group Oy
- CEO of Hoivatilat during 2009–2010



Harri Aho

Board member since 2018

- CDO at LähiTapiola
- CEO at Omasairaala Oy during 2011–2016



Reijo Tauriainen

Board member since 2015

- CFO of Technopolis 2004–2017 and deputy CEO 2009–2017
- Board professional



Case Raahе

DAYCARE CENTRE

- Prefabricated daycare centre in Raahе (~80 km from Oulu)
- 1000 square meters
- 150 children
- Investment approx. 3 meur
- Tenant is City of Raahе / Touhula Varhaiskasvatus
- Construction time ~4 months



Case Pori

DAY CARE CENTRE

- Housing Fair 2018 daycare centre
- Science theme
- 100 children



Case Kouvola

CARE FACILITY FOR ELDERLY PEOPLE

- 60 apartments
(40 sheltered apartments and 20 intensive sheltered rooms)
- 3000 m²



THANK YOU!



SUOMEN HOIVATILAT OYJ

Oulu Lentokatu 2, 90460 Oulunsalo **Helsinki** Bertel Jungin aukio 3, 02600 Espoo
asiakaspalvelu@hoivatilat.fi • www.hoivatilat.fi
tel. +358 207 349 100