



FACILITY SERVICES FINLAND

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Capital Markets Day 8 November 2019

WE IMPROVE THE VALUE OF PROPERTIES AND THE SATISFACTION OF END-USERS

OUR SERVICE LINES

Cleaning and support services

- Office and property cleaning
- Special cleaning services
- Facility support services

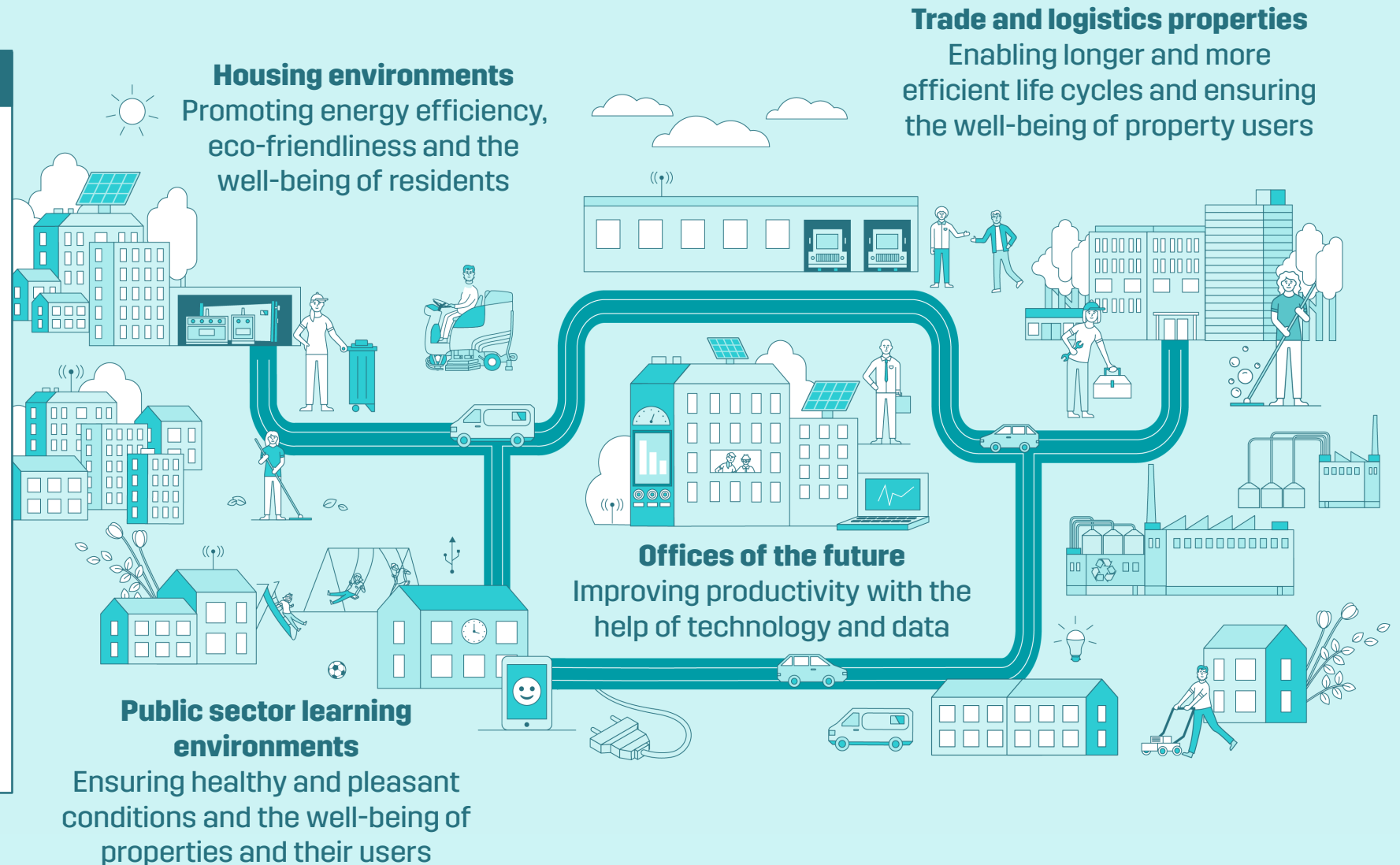
Property maintenance

- Building maintenance
- Outdoors maintenance
- Facility management services

Technical Services

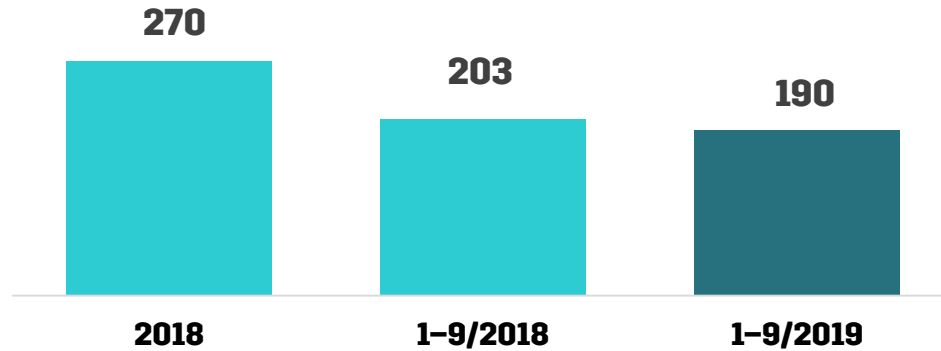
- Technical maintenance
- HVAC services
- Energy management services

EMPLOYEES: 5,200

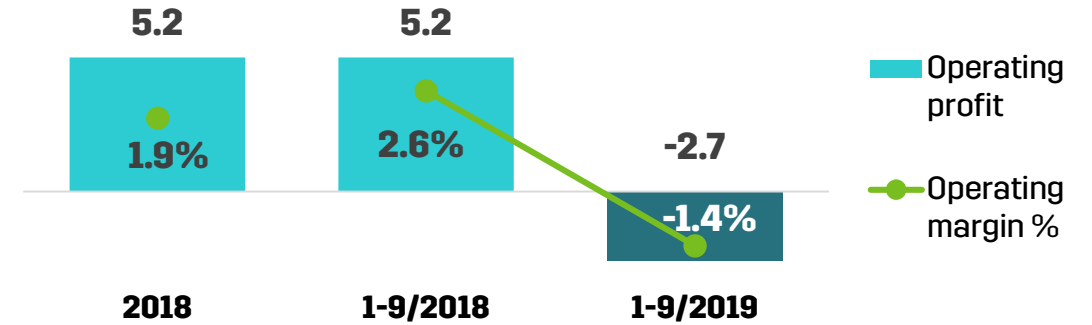


FACILITY SERVICES FINLAND - OUR CURRENT SITUATION

Net sales (EUR million)



Operating profit and margin



Breakdown of sales to customer segments 2018

Offices	28%
Trade and logistics	24%
Industry	19%
Housing	14%
Public sector	8%
Health care	4%
Others	3%

- Net sales maintained on a stable level despite challenging market development
- Operating profit weighed down by a decrease in the contract base and costs related to the implementation of a new operating model in the technical services business
- To challenge the market situation, we have renewed our line organization to better respond to customer and employee experiences
- By focusing our efforts in our key customer segments we will reach a considerably higher profitability level



THE MOST SIGNIFICANT TRENDS IN OUR OPERATING ENVIRONMENT WILL SUPPORT OUR BUSINESS IN THE FUTURE

WEAKENED INDUSTRY PRICE COMPETITIVENESS

Labour costs in the facility services industry have increased at a rate that is about three times faster than the commercial price level – no major changes to this trend are expected



URBANISATION AND DEMOGRAPHIC CHANGE

We will evaluate our competitiveness on a segment-specific basis and focus primarily on growth centres



CHANGING WORKING ENVIRONMENTS – WELL-BEING AND HEALTH ARE EMPHASISED

We will develop user-specific and segment-specific services and reduce the significance of price as the sole competitive factor



DIGITALISATION WILL CHANGE THE BUSINESS

We will react quickly and develop agile digital services and various partnership models to support the improvement of the customer experience in our existing businesses



CHALLENGES RELATED TO THE AVAILABILITY OF SKILLED EMPLOYEES

We will systematically make work more meaningful, improve our employer image and develop various ways of working




Positive impact



Depends on L&T



Negative impact

<p>MAIN MARKET</p> 	<p>RELEVANT MARKET SIZE</p> <p>3-4</p> <p>BEUR</p>
<p>ANNUAL MARKET GROWTH</p> <p>2-4</p> <p>%</p>	<p>L&T'S MARKET POSITION</p> <p>Cleaning and support services #2-3</p> <p>Property maintenance #2-3</p> <p>Technical services #4-6</p>



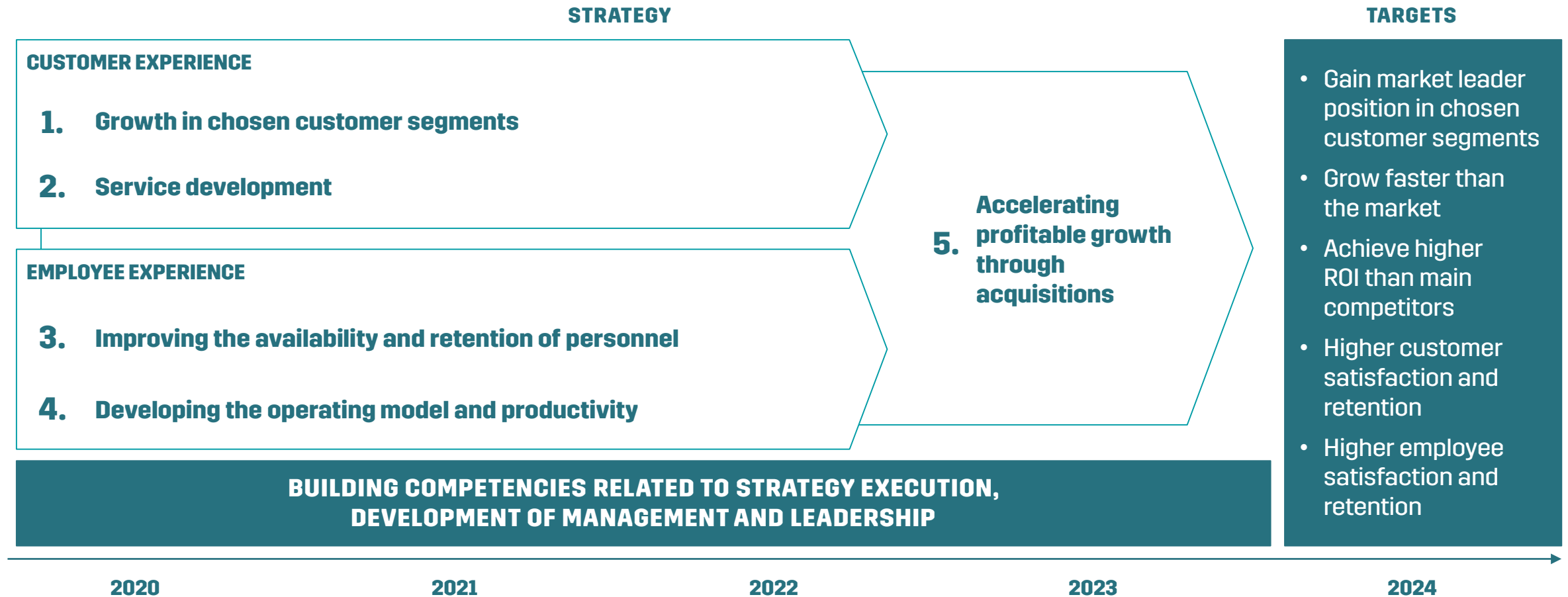


STRATEGIC ACTIONS



THE STRATEGIC PRIORITIES OF FACILITY SERVICES ARE IMPROVING THE CUSTOMER EXPERIENCE AND THE EMPLOYEE EXPERIENCE

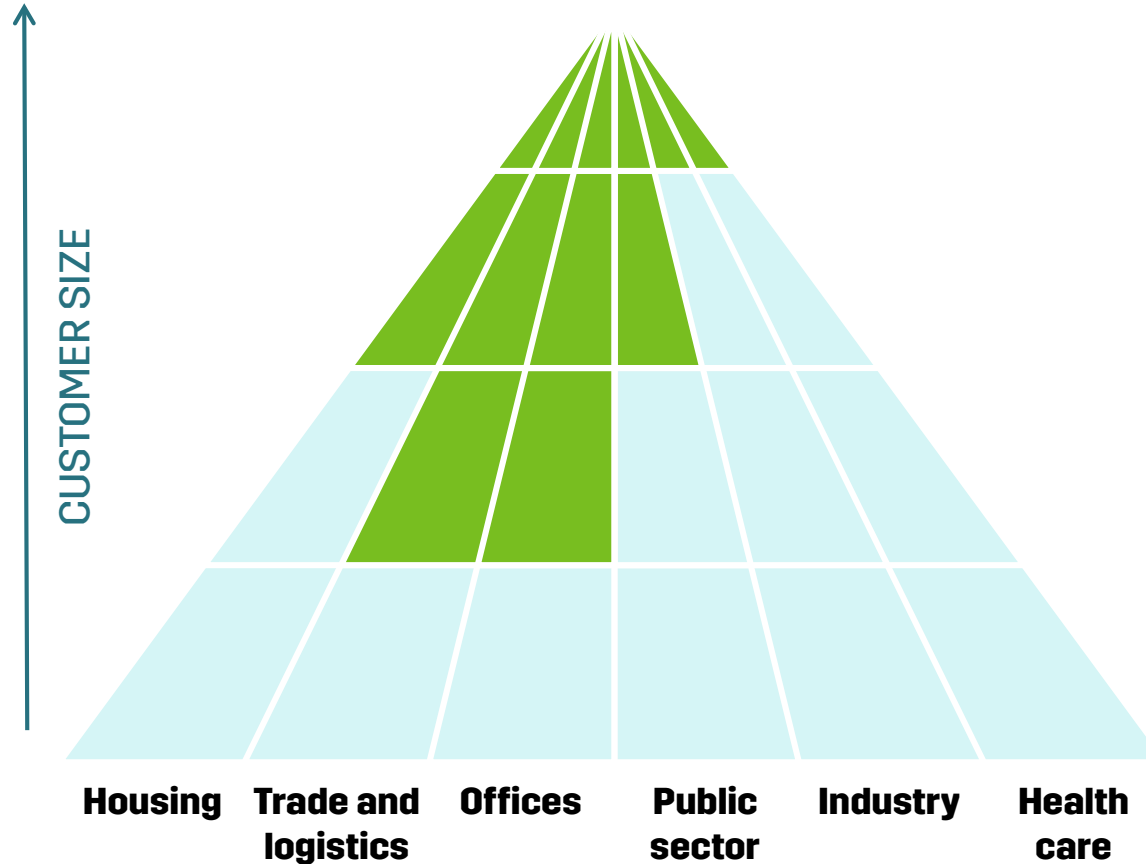
STRATEGY ROAD MAP 2020–2024



PURSuing A MARKET LEADER POSITION IN OUR CHOSEN CUSTOMER SEGMENTS

CRITERIA FOR CUSTOMER SEGMENT CHOICES

- Market growth
- Profitability
- Competitive advantage:
 - Offering
 - NPS
 - Segment expertise
- Compatibility with our operating model



EXAMPLES OF ACTIONS

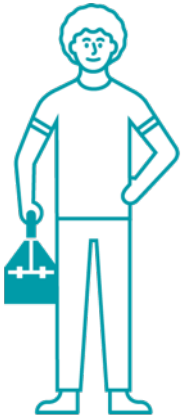
- Developing a harmonised customer management model and implementing it for strategic customers
- Utilisation of our current Talkkari model in Housing and Trade and logistics customer segments
- Digitalisation of facilities for customers in the Offices segment and developing services that improve user satisfaction
- Actively promoting life cycle projects in municipal Public sector customer relationships

CASE EXAMPLE

ENSURING THE BEST POSSIBLE OFFICE WORKING CONDITIONS



SERVICES



- Working environment development (digital, physical and social)
- Facility maintenance
- Office support services

IMPACTS



- Significantly reduced **CO₂-EMISSIONS**,
-20,000 CO₂-eq
- 50% DECREASE IN OPERATING COSTS**
of the facilities
- 30% HIGHER PRODUCTIVITY AND
COMMITMENT** of the customers'
employees

BY DEVELOPING ALL ASPECTS OF THE WORKING ENVIRONMENT TOGETHER WITH OUR OFFICE SEGMENT CUSTOMERS, THE VALUE OF THEIR FACILITIES IS SIGNIFICANTLY IMPROVED

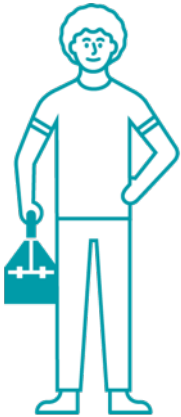


OUR CUSTOMERS

KOJAMO, LUMO RENTAL APARTMENTS IN THE HELSINKI METROPOLITAN AREA



SERVICES



- A caretaker independently manages their appointed site, just like a traditional property caretaker
- All operations are based on demand and a service attitude

IMPACTS



The processing times for maintenance requests **HAVE BEEN HALVED.**



3 new tenant services to make everyday life easier:
KEY COURIER, EASY COLLECTION AND INSTALLATION SERVICE.

THE LUMO CARETAKER SERVICE TOOK CUSTOMER SATISFACTION TO A NEW LEVEL



SUMMARY

WE CREATE MORE VALUE WITH CIRCULAR ECONOMY

Developing services based on the needs
of key customer segments

Improving employee satisfaction by
leadership practices and meaningful work
opportunities

Implementing the strategy in a systematic
and structured way

**THE FACILITY AND
SUPPORT SERVICES
PARTNER THAT IS
THE MOST
RECOMMENDED
BY CUSTOMERS
AND THE MOST
ATTRACTIVE AS
AN EMPLOYER**