



Annual review
2013

2013 in brief

Are's result was profitable in 2013, which reflects the company's success in its customers' projects and in the renewal of its operations.

Are employees did a good job in 2013. Are employees' satisfaction with their work and with Are as an employer also improved, and job satisfaction is at a good level.

Three buildings that use the Are Sensus® system were completed and two were under construction. The buildings completed in 2013 received LEED gold certificates.

The intelligent maintenance service concept was taken into use at several buildings. Customer satisfaction surveys at these buildings indicate that the service provides a high-quality solution for our customers.

Are celebrated its centenary together with its customers, partners and personnel in different parts of Finland.

Group key figures

	2013	2012	2011
Turnover, EUR million	165	173	221
Change, %	-5 %	-22 %	6 %
Invoicing, EUR million	165	177	221
Change, %	-7 %	-20 %	9 %
Operating profit, EUR million	2,5	-5,1	-6,9
% of turnover	1,5 %	-2,9 %	-3,1 %
Return on investment, %	13 %	-25 %	-34 %
Equity ratio, %	35 %	32 %	32 %
Order book on 31 Dec., EUR million	73	68	41
Personnel on 31 Dec.	1235	1251	1683
Business locations	13	14	14

Successful start to second century

2013 went almost according to plan for Are, and the operating result was profitable. Compared with the general performance of the construction and real estate sector, we were in a good position at the turn of the year.

In our business areas, Property Services posted another good result. Building Services Contracting fell short of its targets somewhat despite its excellent profit performance. Operations were most challenging in Russia, where our turnover fell short of our targets. At the beginning of 2014, order books in all business areas were better than they were at the corresponding time one year ago.

We received plenty of positive feedback from our customers during the year. This is very encouraging, as we have worked with our personnel to improve our service significantly. In addition to customer relationships and projects, we also discussed the Are approach and enjoyment of work. I believe that these are among the most important keys to success in addition to our versatile building services expertise.

Best building services technology for our customers

We want to gain an even better understanding of our customers' business. In 2013, we commissioned a major Finnish office space survey in which over 1,000 people evaluated the impact of indoor conditions on their well-being. According to the survey, there is a direct link between office space user satisfaction and building services solutions and services. The results of the survey will help to guide the development of our service business.

2014 was characterised by general market uncertainty. The number of building permits is estimated to remain at 2008–2009 levels throughout Finland. On the other hand, the launching of major work sites in the Helsinki metropolitan area — the West Metro, Ring Rail Line, and Pasila — may even result in regional labour shortages.

We estimate that our turnover will grow moderately in 2014. We work in a high-quality and methodical manner, which allows us to ensure positive development in the profitability of our operations and customer satisfaction.

Last year we celebrated the centenary of the Onvest Group in different parts of Finland. The historic year was memorable in many ways. I would like to thank our customers, partners and owners for the trust they have shown in us. I would especially like to thank all our personnel for their good work during the year.

Heikki Pesu
President and CEO



Service business developed according to plan

The turnover of Property Services totalled EUR 97 million and its result was good. Sales of service agreements performed well and customer satisfaction improved.

Property Services' result has been at a good level for several years now. In 2013, the number of service agreements grew in line with our targets. The quality of our operations became much more uniform throughout Finland.

During the year we adopted the intelligent maintenance service concept, which we have developed in collaboration with our customers. The service is based on an operating model founded on continuous improvement. Our customers benefit from our presence at buildings and regular interaction in the form of cost-effectiveness and an improvement in the satisfaction of office space users.

We implemented several business premises modifications in buildings maintained by us. Our knowledge of these buildings and solid HEPAC know-how enabled us to offer a competitive service package.

During the year approximately 30 people from around Finland acted as internal mentors for other Are employees. Regular training events were held to enhance Are employees' customer service skills, property maintenance skills and occupational safety. We also developed the mobile work supervision system for installers. All Property Services installers will be provided with smartphones in 2014.

In 2014, we will open business locations in Hyvinkää, Lappeenranta and Vaasa in order to be able to serve our customers operating in different parts of Finland more comprehensively. In service development, we will focus especially on solutions related to the customer experience and the quality of operations and energy efficiency.

New service agreements

- Maintenance services for properties in the Mediapolis campus in Tampere, which is owned by Technopolis Plc
- Maintenance services for the Tullintori shopping centre in Tampere
- Maintenance services for LAK - Airport Real Estates Plc properties and a maintenance agreement covering all building services in the Helsinki-Vantaa Airport area.
- Technical maintenance of Tokmanni Group's properties throughout Finland
- Maintenance of cooling systems at R-kiosks throughout Finland
- OxyReduct® fire prevention system for the Serlachius Museum Gösta's art storage facility in Mänttä

Building Services Contracting improved its profit performance

The turnover of Building Services Contracting was EUR 60 million. The result of Building Services Contracting was favourable but remained a minor loss. The development measures implemented over several years have been the right ones.

Building Services Contracting customers made use of various areas of our expertise in different types of properties, which was especially pleasing. Projects were in progress throughout Finland, which meant that the year was more stable for us in nationwide terms.

However, the regional differences in construction and changes in the schedules of certain major projects had a negative impact on our operating profit. These include the delays to the West Metro and Ring Rail Line projects in the Helsinki metropolitan area.

The good performance of the business already began before the beginning of the year under review. In 2013 we improved our performance especially in the financial management of projects and in the management of premises modification. One factor that has helped us to improve our quality of work is that we have been increasingly involved in construction projects from their planning stages.

We complemented the Are Sensus® service concept with an energy consumption simulation application. Project-specific comparison calculations are implemented with a new simulation model developed for the IDA-ICE simulation application. The solution makes it easier to compare the energy and environmental impacts of Are Sensus and alternative building services systems. Are Sensus systems were installed in nearly 30 buildings in 2013. The total floor area of these buildings is over 200,000 square metres.

At the beginning 2014, our order book was at a higher level than it was a year earlier. The importance of building services for construction quality and energy efficiency is constantly rising. Are has the appropriate expertise to meet these requirements.

New agreements

- HEPAC work at new building of Kuopio University Hospital
- HEPAC and electrical work at Kaupinoja surface water treatment plant in Tampere
- Extension of Insta Group Oy's business premises in Tampere
- Electrification work at the Tapiola station of the West Metro line

Completed buildings that use the Are Sensus® system

- Technopolis Plc's buildings in Kuopio, Viestikatu 7, and Jyväskylä, Innova 4
- Sponda Plc's Ruoholahden Ankkuri in Helsinki

These office buildings were granted LEED Gold certification. Are Sensus plays a big part in the buildings' energy efficiency.

Buildings under construction that will use the Are Sensus® system

- University Properties of Finland Ltd's new university building in Jyväskylä
- Futura IV office building in Vaasa

Target is improved profitability

Turnover of ZAO Are in Russia was EUR 8 million, and the result was a loss. The order book for the rest of the year forecasts a more positive result for 2014.

In 2013, our turnover in the St Petersburg region was lower than the previous year because the order book contracted. Operations were adjusted to correspond with the challenging situation.

We actively marketed our services during the year and developed our operations. The most significant maintenance agreement was signed with OOO Neste St. Petersburg to maintain the building services systems of Neste Oil's 31 service stations and head office in the city of St Petersburg.

St Petersburg is one of the most important growth centres in Russia, which is reflected in our expectations. New construction is expected to recover gradually after a number of downbeat years. The existing building stock is also being renewed and building technology is being introduced. Accordingly, property owners will be expected to provide even more building services expertise than previously. These changes will lead to a increase in demand for building services for properties.

Our personnel has shown strong commitment to Are and working at Are. This year, our most important target is to ensure profitable operations as a part of Are Group. The order book at the beginning of the year provides a good basis for this.

100-year-old Are is an esteemed employer

Are employees' good attitude and successful work are reflected in the entire company's result. Employee well-being and confidence in the company were at a good level.

In 2013, Are Group employed around 1,200 people in 13 business locations. The entire personnel participated in many different ways in the development and renewal of our operations. The profitability of work developed favourably throughout Are.

A record number of Are employees, 75 per cent of the entire personnel, responded to the personnel survey. According to the results, Are employees consider their work to be worthwhile. The operations of an employee's own unit, team and supervisor form the cornerstones of job satisfaction. The good results are apparent in the employee turnover rate, which decreased to 6 per cent in 2013.

We value expertise

In 2012-2013, all of our approximately 170 supervisors participated in a supervisor training programme. The programme provided excellent support for their work. In the personnel survey, many supervisors received better feedback than before from employees. In the coming years, the supervisory work of immediate supervisors will remain one of our most important focus areas for development. In business area-specific coaching, we improved our service expertise and our project management skills.

Healthy work communities

Sick leaves have been decreasing in all our personnel groups for several years. In 2013, the rate of sick leave was less than 6 per cent. This was a result of the development of work communities and systematic focus on employee well-being.

Our aim is to have zero accidents in 2020. In 2013, we were unable to reduce minor accidents according to our targets. Therefore, this year we will focus especially on use of personal protective equipment.

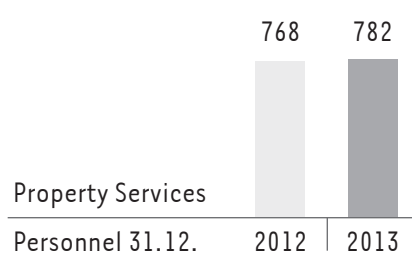
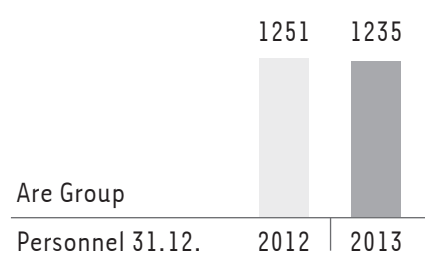
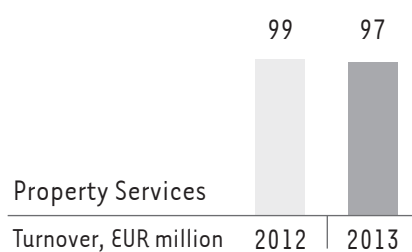
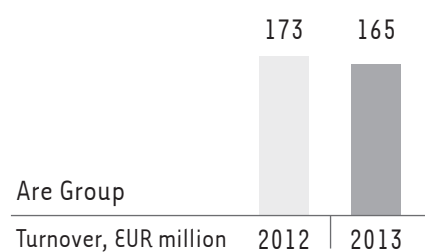
Celebrations and 100 good reasons to work for Are

We celebrated Are's centenary in 2013. Are's employees will have lifelong memories of these joyful celebrations.

We also compiled a list of 100 good reasons to work at Are. The reasons include professional pride, enjoyment of work, and the opportunity to develop and participate. Many people also included the pleasant atmosphere with workmates or a good supervisor in their answers. These responses provide a daily source of satisfaction for the 100-year-old Are, its staff and management.

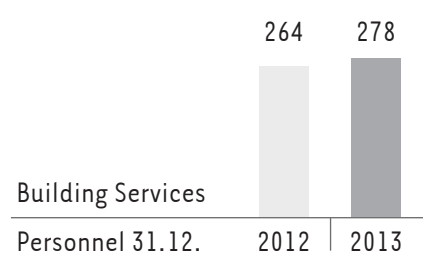
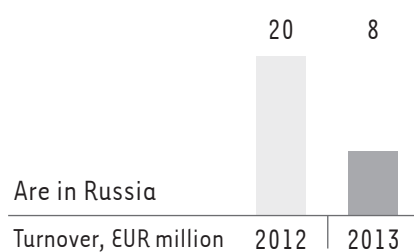
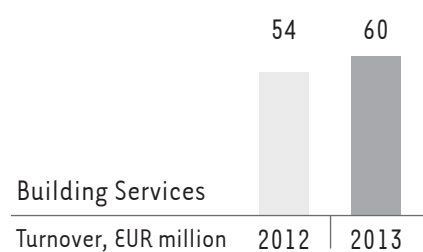
Consolidated profit and loss account

EUR million	2013	2012
Turnover	165,0	173,1
Change in work in progress	-0,5	-0,9
Other operating income	0,1	0,1
Expenses	-160,2	-174,0
Depreciation	-1,8	-3,4
Operating profit	2,5	-5,1
Financial income and expenses	-0,2	-0,2
Profit before extraordinary items	2,3	-5,3
Extraordinary items	0	2,5
Profit before taxes	2,3	-2,8
Direct taxes	-0,9	0,0
Profit/loss for the financial year	1,4	-2,7



Consolidated balance sheet

EUR million	2013	2012
Assets		
Fixed assets	2,1	3,8
Current assets		
Inventories	0,4	1,6
Receivables	44,5	45,1
Liquid funds	1,7	2,2
	48,8	52,7
Liabilities		
Shareholders' equity	16,8	15,9
Obligatory reserves	1,6	2,1
Non-interest-bearing liabilities		
Advances received	1,1	3,1
Other	29,3	31,7
	48,8	52,7
Consolidated cash flow statement		
Cash flow from operations	5,4	4,9
Cash flow from investments	-4,9	-9,6
Cash flow from financing	-0,9	5,7
Change in liquid funds	-0,5	1,0



Management team



From left:

Lauri Leskinen
CEO, ZAO Are
with Are since January 1st 2014

Sari Kulmala
Director, Human Resources
and Communications,
with Are since 2010

Heikki Pesu
CEO, Are Group,
with Are since 2011

Laura Kekarainen
CFO
with Are since 2009

Pepe Perkiö
Business Area Director,
Building Services Contracting,
with Are since 1998

Seppo Korhonen
Business Area Director,
Property Services,
with Are since 2007

Board of Directors



From left:

Teija Andersen
M.Sc. (Agr. & For.), EMBA,
Board member since 2012

Ilkka Koivisto
M.Sc. (Tech.), Director,
Corporate Development,
Onvest Oy,
Board member since 2011

Kimmo Lautanen
M.Sc. (Econ. & Bus. Adm.),
Board member since 2011

Maarit Toivanen-Koivisto
vuorineuvos,
President, and CEO of Onvest Oy,
Board member since 2000,
Board Chairman since 2009

Jouko Ketola
M.Sc. (Tech.),
Industrial Counsellor,
Board member since 2002

Contact information

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REGIONAL OFFICES

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Lahti Väinämöisentie 6, FI-15170 Lahti / P.O. Box 152, FI-15101 Lahti
Oulu Jääsalontie 17, FI-90400 Oulu
Tampere Kuoppamäentie 11, FI-33800 Tampere / P.O.Box 814, FI-33101 Tampere
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Rovaniemi Sipolantie 2, FI-96100 Rovaniemi
Seinäjoki Tehtaantie 6, FI-60100 Seinäjoki / P.O. Box 163, FI-60101 Seinäjoki
Uusimaa Hakakalliontie 7, FI-05460 Hyvinkää (from April 1st 2014)
Vaasa Yrittäjänkatu 17, FI-65380 Vaasa (from April 1st 2014)

SUBSIDIARIES

Airmec Oy Kaivokselantie 9, FI-01610 Vantaa (from April 14th 2014)
Are Lining Oy Kaivokselantie 9, FI-01610 Vantaa / P.O. Box 160, FI-01611 Vantaa

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