



ANNUAL REVIEW 2017

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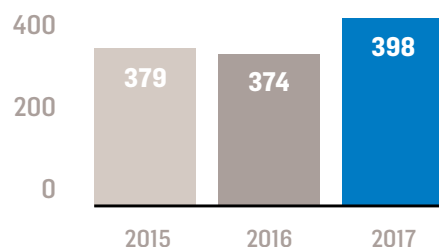


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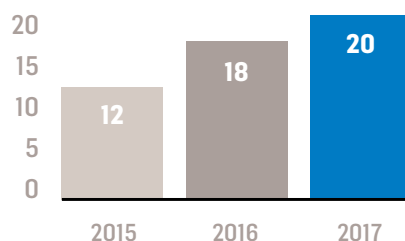
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ARE'S YEAR 2017

Net sales EUR million



EBITDA EUR million



Last year, we continued the strong development of operations and revised our strategy. The focal point of our new strategy is the promise to provide our customers with the best quality of service available in the market and that we will listen to their needs.

Net sales increased and profitability improved

Amidst the tight competition in the building services system industry, we succeeded in increasing our net sales to EUR 398 million. Net sales increased by 6.5% year-on-year. Property services generated 50.4% of net sales, building services contracting 49.6%. Profitability also strengthened, and EBITDA amounted to EUR 20.4 million.

Growth in construction continued

Growth in construction continued in Finland during 2017. The growth was particularly strong in the Helsinki metropolitan area and other growth centres. The positive economic outlook drove new construction, while growth in renovation slowed down slightly. The property services market remained stable. The growth in construction activity was reflected in building services contracting which, however, in an after-sales relationship to construction.

Efficient and local operations

We want to be seen as a regionally strong and unified Are by our customers. So far, Building Services Contracting and Property Services have functioned as two separate business units. At the end of 2017, we moved to a new business structure with three geographical business areas: Southern Finland, Eastern Finland and Western Finland. We provide all of our services for building services systems in the areas of Building services contracting, maintenance, as well as modernisation.

The new structure enables a more customer-oriented operating method: management is simplified, internal information travels faster and we can meet our customers' requirements more quickly and flexibly.

I would like to thank our customers, partners, shareholders and personnel for our success to date.

Heikki Pesu
CEO



CUSTOMER-ORIENTED ARE

The year 2017 saw the launch of a more customer-oriented Are. To meet this objective, we closed our internal cooperation and developed our organisation to enable us to meet our customers' service needs in every stage of a building's life cycle. We provide all of our services for building services systems throughout Finland in the areas of building services contracting, maintenance, as well as modernisation.

All building services system contracting and maintenance under one roof

Smart maintenance identifies and responds to the customer's modernisation needs



Experienced and service-oriented professional in construction services

Modernised building services systems make your property more competitive

READ ABOUT OUR CUSTOMERS

There were several significant contracts during 2017; examples include the modernisation of the HVAC systems of the Helsinki Olympic Stadium and the modernisation of the building services systems of the Otaniemi school centre.

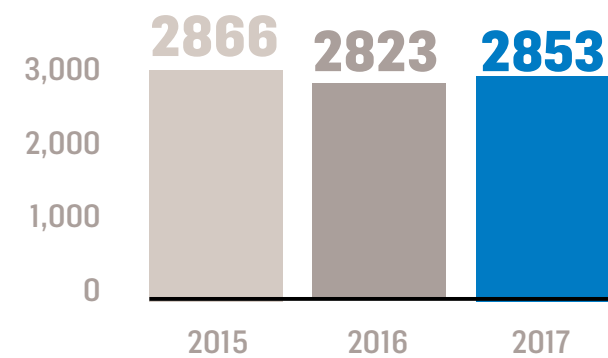
Are's smart building services system Are Sensus® raises the energy efficiency and indoor conditions of properties to the fore. The building services system contract of the Kupittaa campus owned by Turku Technology Properties and two Technopolis office properties and the expansion of Flamingo, Flamingo Wing, were implemented using Sensus.

Regarding maintenance, close cooperation with Citycon continued, and the maintenance and service agreement for Finnish shopping centres was renewed. Moreover, the cooperation with Senate and LAK deepened further with several new properties across Finland being included in the scope of Are's maintenance. The maintenance and servicing of the building services systems of 500 Teboil fuel stations was transferred to Are.





PERSONNEL



Having worked a long career at Are and being awarded manager of the year in 2017, Harri Eloranta is satisfied with his work at Are.

The ability to manage his own work and be trained as required by his tasks contribute, among other things, to his job satisfaction.



PIONEER IN BUILDING SERVICES SYSTEMS

In 2017, we continued to work for the best employer and customer experience and occupational safety. The best possible customer experience, cost leadership and growth also form the foundation of our new strategy, supported by good leadership and the opportunities provided by building digitisation.

Are rewards for zero accidents

Accident frequency rate remained almost on a par with the previous year, not developing according to the objective. Four locations reached exactly zero accidents, while five locations reached the accident frequency rate objective (13). We rewarded the employees in the locations that reached the objective with safety bonuses.

Prediction is the most efficient way of avoiding accidents. Regarding occupational safety, the focus was on preventive safety work and the number of safety observations. We use an electronic service in which employees record their occupational safety observations. Other safety measures include post-accident discussions, actively intervening in safety deviations and safety walks.



Service in blue and white

We became a company member of the Association for Finnish Work,

and our services were granted the Key Flag. The Key Flag helps the customer to choose a Finnish option. Finnish service is authentic, professional and evolving. That's what we at Are want to produce, together with our customers. Services provided by thousands of professionals throughout Finland require a lot of management effort. Information needs to travel quickly, and there needs to be sufficient time for both supervisory work and customer relations. Good service culture requires presence

Satisfied employees create a good customer experience

Committed, healthy and professionally skilled employees are the foundation of our operations. We believe that a good employee experience also results in a good customer experience. Employees stay with Are for a long time. The engagement index measured in the annual personnel survey increased from 63 to 70.

MANAGEMENT BOARD



Heikki Pesu
CEO



Seppo Korhonen
Business Area Director,
Southern Finland



Vesa Hakkarainen
Business Area Director,
Eastern Finland



Jarmo Liimatainen
Business Area Director,
Western Finland



Laura Kekarainen
CFO



Jerri Loikkanen
Strategy Director



Kaisa Tuuliainen
HR Director

BOARD OF DIRECTORS

12/2017



Maarit Toivanen-Koivisto
Honorary Industrial Counsellor,
Member of Board since 2000,
Chairwoman of Board since 2009



Jaakko Aspara
M.Sc. (Tech.), DBA, DA, on the
Board of Directors since 2016



Lasse Heinonen
M.Sc. (Econ. & Bus.Adm.),
CFO, Tieto Group,
Member of Board since 2017



Mika Kalliomaa
DSc (Milit.)
Member of Board since 2017



Timo Kohtamäki
Lic.Sc. (Tech.),
Member of Board since 2015



Ilkka Koivisto
M.Sc. (Tech.),
Member of Board since 2011



Erkka Valkila
Engineer, Member of Board
since 2017

CONTACT DETAILS

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Offices

Helsinki	Fabianinkatu 8, FI-00130 Helsinki
Hyvinkää	Hakakalliontie 7, FI-05460 Hyvinkää / Koneenkatu 8, FI-05830 Hyvinkää
Hämeenlinna	Kantolankatu 7, FI-13110 Hämeenlinna
Joensuu	Parrutie 1, FI-80100 Joensuu
Jyväskylä	Ohjelmakaari 10, FI-40500 Jyväskylä
Kerava	Jäspilänpätkä 18, FI-04250 Kerava
Kokkola	Tervahovintie 2, FI-67101 Kokkola
Kotka	Valajantie 5, FI-48230 Kotka
Kouvola	Kanervistontie 46, FI-45200 Kouvola
Kuopio	Itkonniemenkatu 29 E, FI-70500 Kuopio
Lahti	Väinämöisentie 6, FI-15170 Lahti
Lappeenranta	Moreeninkatu 4, FI-53810 Lappeenranta
Nummela	Kuormakuja 2, Nummela
Oulu	Elektroniikkatie 3-5 1C West, 90590 Oulu

Pori	Kuriirintie 8, FI-28430 Pori
Riihimäki	Teollisuuskatu 28, FI-11100 Riihimäki
Rovaniemi	Koskikatu 27 B 203, FI-96100 Rovaniemi
Seinäjoki	Välkkilänpätkä 7, FI-60120 Seinäjoki
Tampere	Kuoppamäentie 11, FI-33800 Tampere
Turku	Juhana Herttuan puistokatu 21, FI-20100 Turku
Vaasa	Kappelimäentie 240, G2, FI-65370 Vaasa
Valkeakoski	Tehtaankatu 7, FI-37630 Valkeakoski
Ylivieska	Ratakatu 22, FI-84100 Ylivieska
Äänekoski	Yrittäjänkatu 2, FI-44100 Äänekoski

Are in Russia

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