

SATOhome is more than just walls.

Antti Aarnio, President and CEO

FINANCIAL STATEMENT 2020

PRESENTATION MATERIAL 11TH FEB 2021

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CONTENT

- SATO in brief
- Strategy, vision, mission
- SATO's year 2020
- Outlook



SATO IN BRIEF

- Number of SATOhomes **26,800**
- Number of personnel **242**
- Net sales **€303.4 million**
- Investments **€120.6 million**
- Fair value of investment properties **€4.8 billion**
- Operating area
 - **Helsinki Metropolitan Area**, Tampere, Turku, Jyväskylä, Oulu in Finland
 - St. Petersburg in Russia



Megatrends

GLOBALISATION / DIGITALISATION / SUSTAINABILITY

CITIES CHANGE

Vision

IN THRIVING
CITIES
PEOPLE ENJOY
A HIGH LEVEL OF
WELL-BEING

PEOPLE CHANGE

Mission

WE WILL
REVOLUTIONISE
HOUSING –
IT IS MORE THAN
JUST WALLS

HOUSING MUST CHANGE TOO

Strategic development programs

CUSTOMER FIRST / DIGITAL DEVELOPMENT / DIVERSIFIED HOUSING SOLUTIONS

Values

BE BOLD, AIM HIGH / HUMAN TO HUMAN
/ JOY OF SUCCEEDING TOGETHER

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Together with our partners I make sure our houses and yards are cosy. An essential aspect of my work is cooperating with the residents, so they can enjoy their homes wholeheartedly.

Service Manager Maija Saarni



SATOhome is more than just walls.

Successes in exceptional times.

SATO'S YEAR 2020

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#homepositivity

SUCCESSSES

- The savings measures launched regarding the pandemic were reflected in the favourable development of net rental income.
- We recruited new employees and did not have to temporarily lay off personnel due to the pandemic.
- In spring, we launched SATO's Green Finance Framework, followed by our first green bond issued in the fall.
- In 2020, we initiated city planning projects and signed preliminary agreements and letters of intent subject to zoning conditions covering altogether close to 65,000 floor square metres, and we reinforced our housing portfolio with investments valued at EUR 120.6 million.

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Perhaps previously a home had more meaning to people, because they spent more time in one. Putting the pandemic aside, many of us are nowadays more likely to travel and spend time away from home. However, there are always those of us who cherish their homes, and want to have an all-around enjoyable, cosy residence.

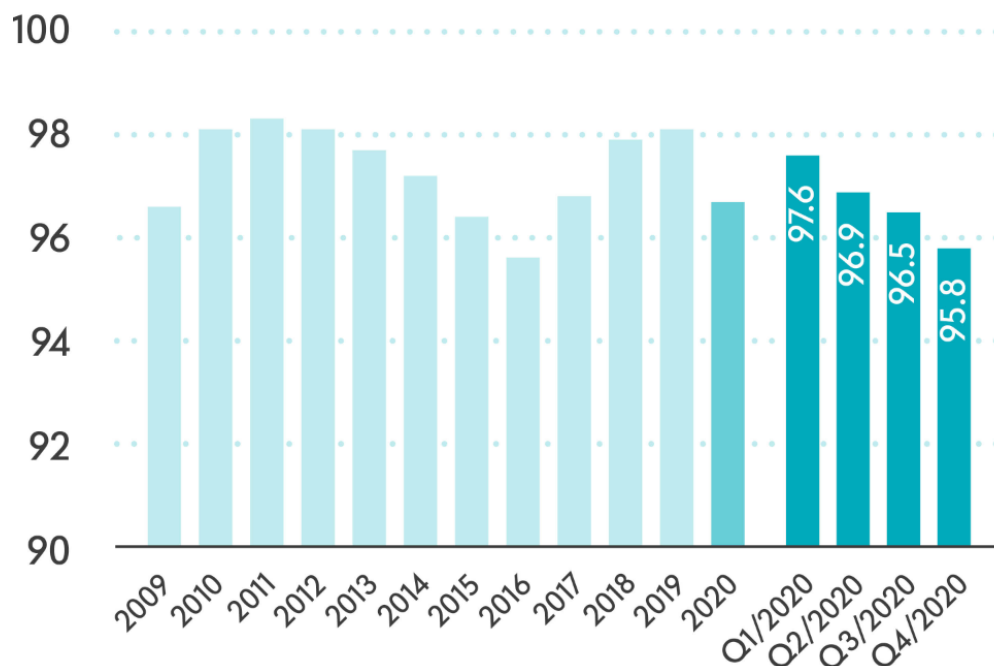
Sales Assistant Birgitta Mellanen



Lower occupancy rate attributed to the pandemic and the increased competition.

OCCUPANCY RATE

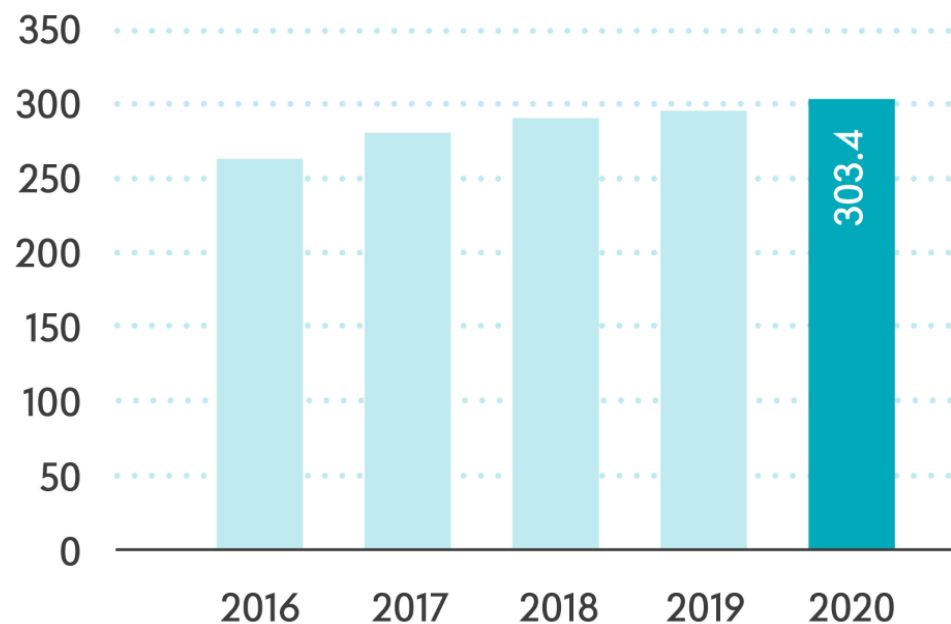
FINANCIAL OCCUPANCY RATE OF RENTAL HOUSING, %



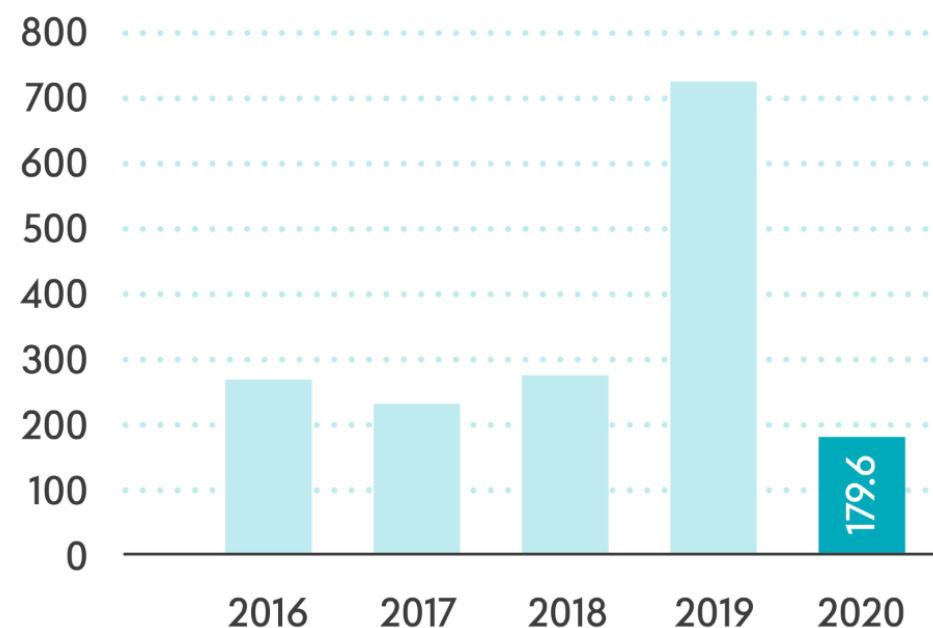
Steady increase of the net sales.

NET SALES AND OPERATING PROFIT

NET SALES, MEUR



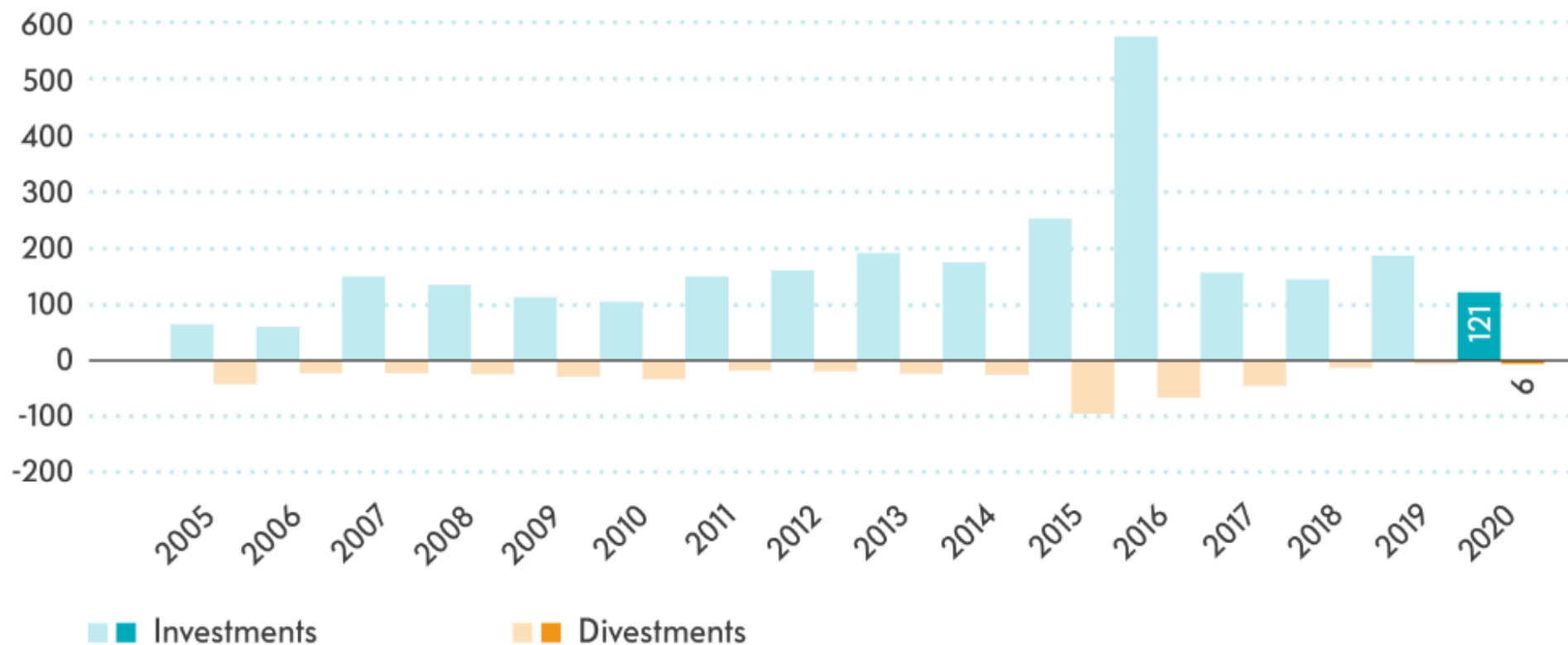
OPERATING PROFIT, MEUR



Increasing and modernising our apartment range.

DEVELOPMENT OF HOUSING ASSETS

HOUSING INVESTMENTS AND DIVESTMENTS, MEUR



I think we are really good at realising our value 'Be bold, aim high' in our daily work. We aim to do more than just the necessary, and we have a shared goal: Everybody wants our customers to be happy.

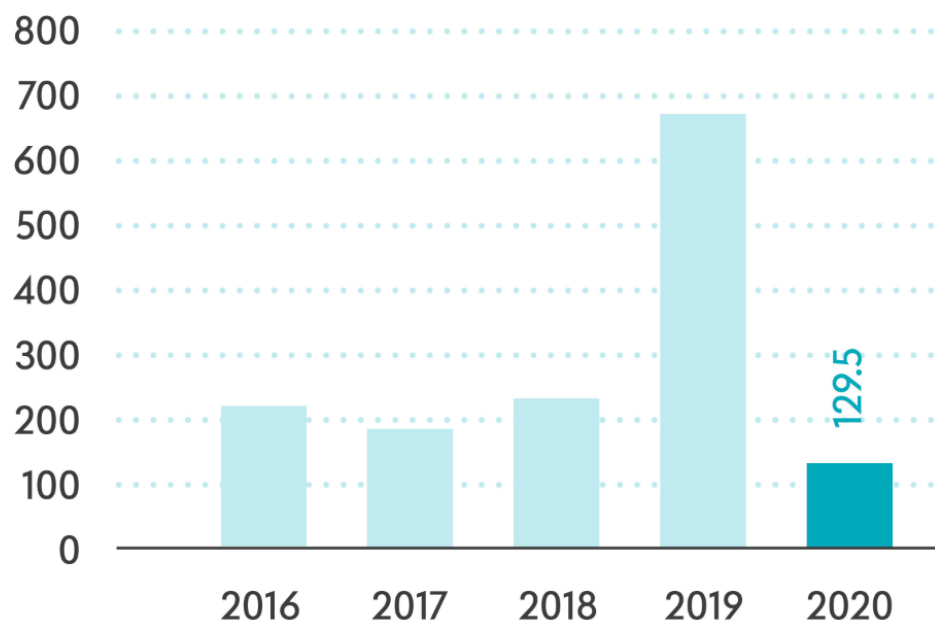
Lawyer Anna Saarinen



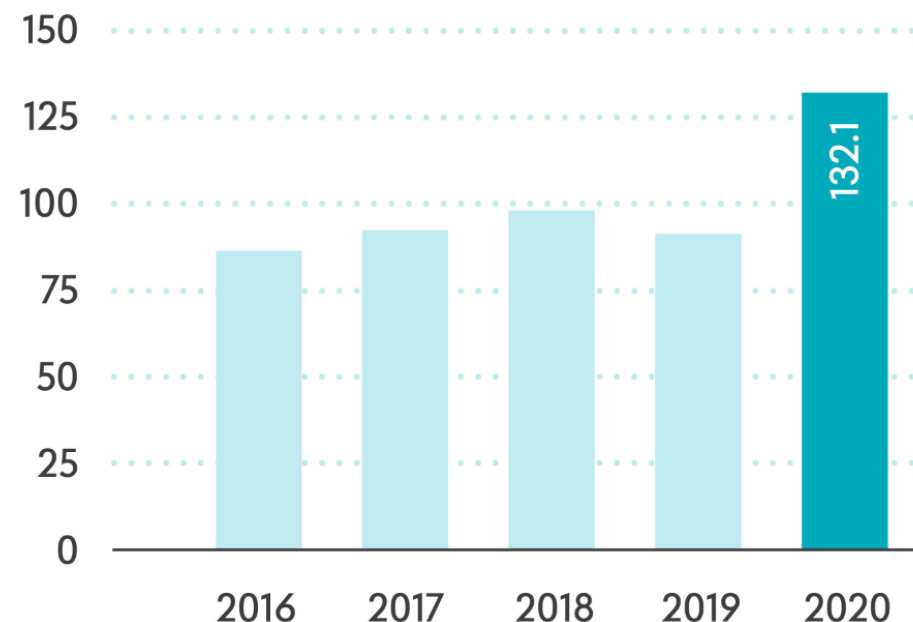
Strong operational cash flow.

PROFIT AND CASH EARNINGS

PROFIT BEFORE TAXES, MEUR



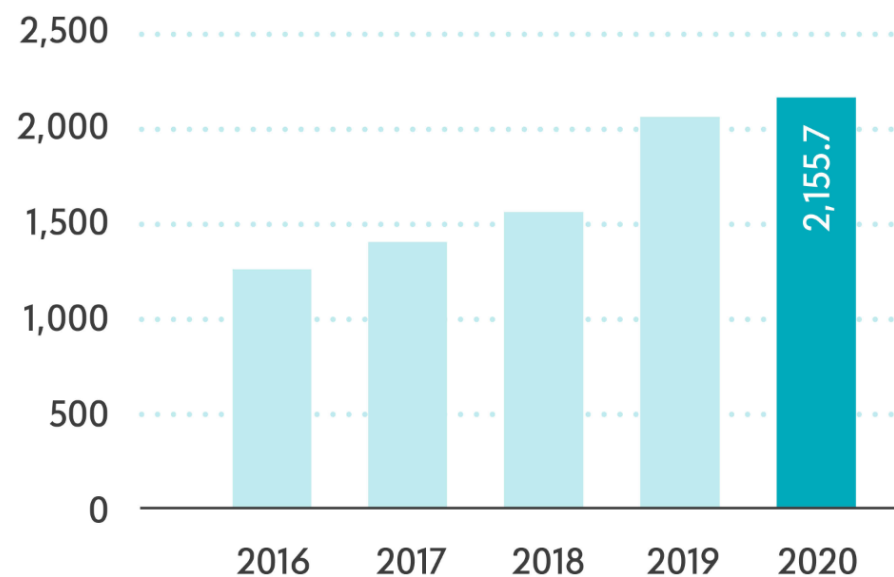
CASH EARNINGS (CE), MEUR



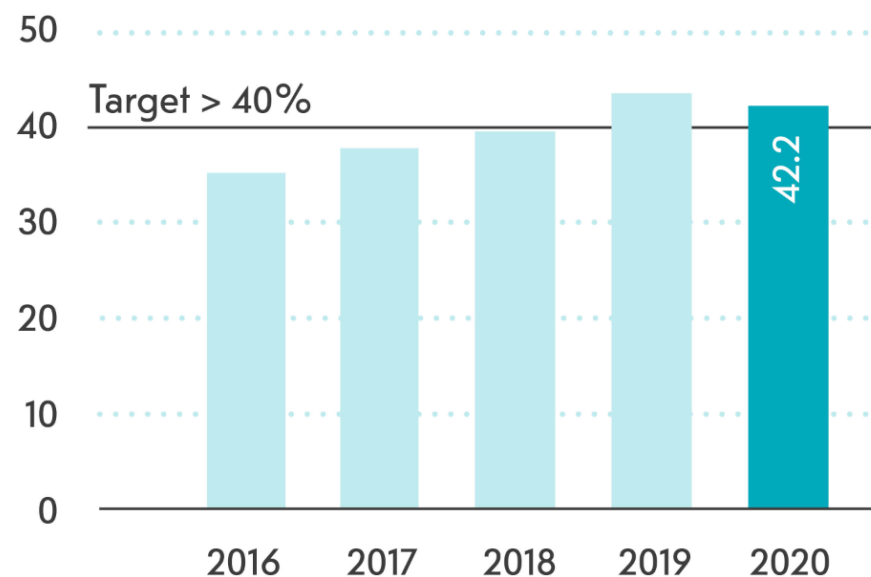
Enables growth.

STRONG EQUITY RATIO

SHAREHOLDERS' EQUITY, MEUR



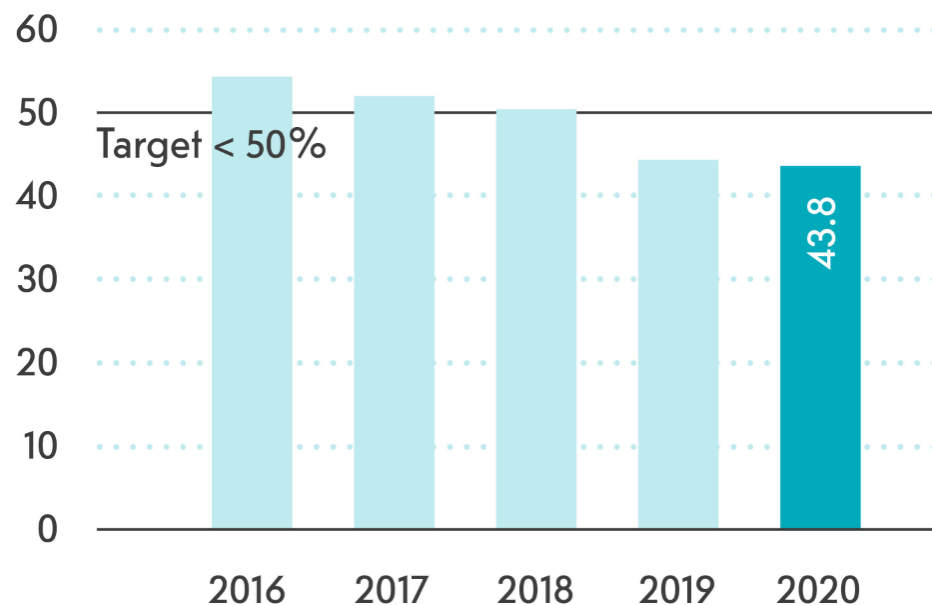
EQUITY RATIO, %



Outcome of persistent work and good result.

SOLVENCY RATIO STRENGTHENED

SOLVENCY RATIO, %



Energy efficient houses, recycling made easy, and offering concrete information, all support sustainable housing. It's been so nice to get feedback from our residents on how they have, say, succeeded to make recycling of biodegradable materials effortless with our tips, even though it seemed too cumbersome before.

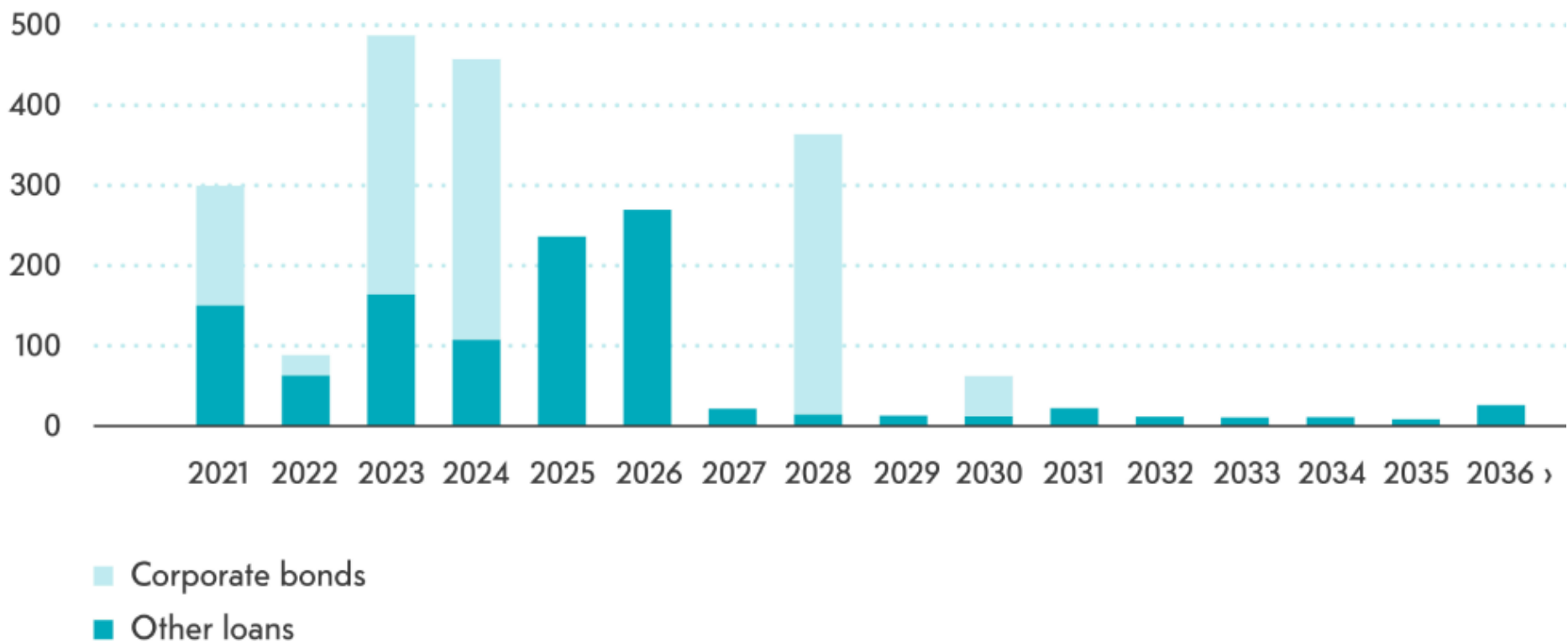
Sustainability Specialist Tiina Lehti



Shifting towards financing structure free of real securities.

BROAD FINANCING BASE

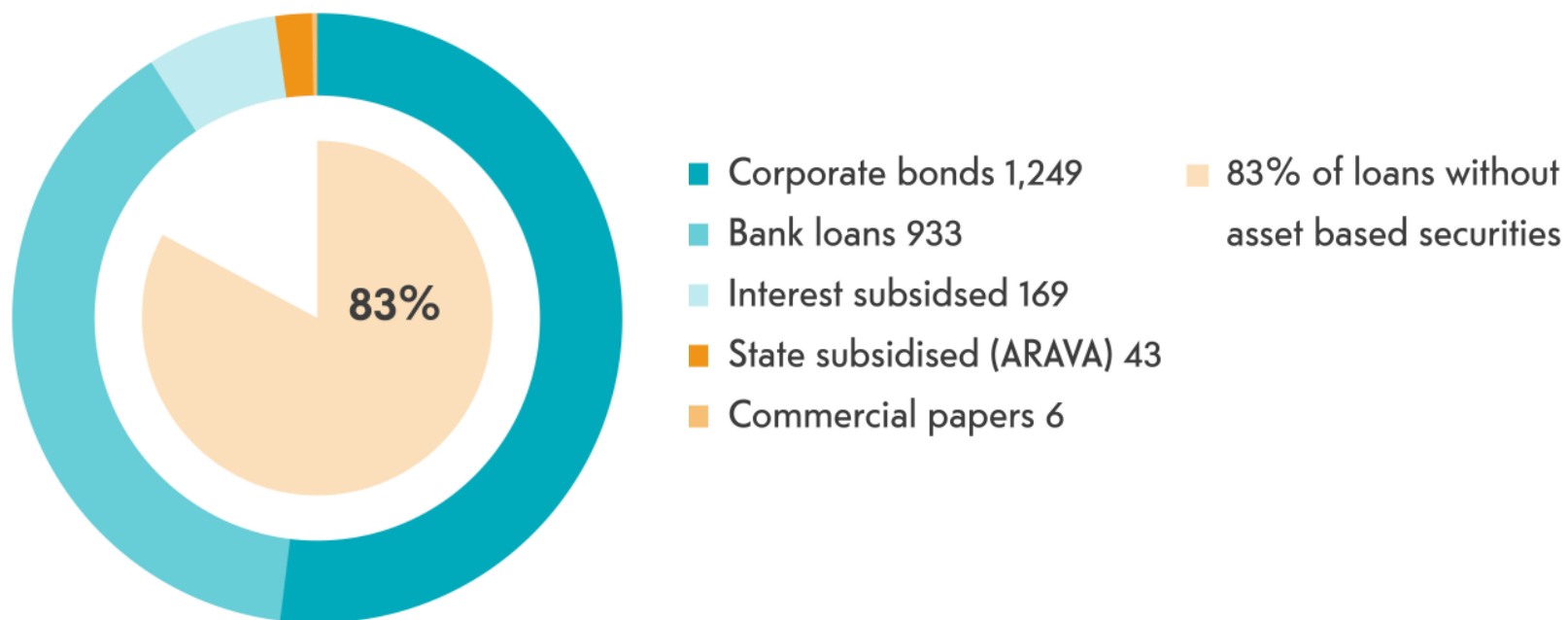
MATURITY PROFILE OF LONG TERM DEBT, MEUR



Interest bearing debt EUR 2,398 million.

BROAD FINANCING BASE

DEBT PORTFOLIO, nominal values 31 Dec 2020
TOTAL MEUR 2,398



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SUMMARY 1 JAN - 31 DEC

- The economic occupancy rate declined in Finland and was 96.7 (98.1)%.
- Net sales stood at €303.4 (295.6) million.
- Net rental income amounted to €220.3 (207.1) million.
- Profit before taxes decreased and was €129.5 (670.5) million.
- The change in the fair value of investment properties included in the result was €-13.0 (552.2) million.
- Housing investments amounted to €120.6 (185.9) million.
- Invested capital was €4 537.2 (4,154.2) million.
- Return on invested capital was 4.1 (18.9) per cent.
- Earnings per share were €1.80 (9.45).
- The Board of Directors proposes to the Annual General Meeting that €0.50 (0.00) per share is paid in dividends.



MAIN SHAREHOLDERS

Balder Finska Ota AB (Fastighets AB Balder)	55.8 %
Stichting Depositary APG Strategic Real Estate Pool	22.6 %
Elo Mutual Pension Insurance Company	12.7 %
The State Pension Fund	4.9 %
Valkila Erkki	0.7 %
Hengityssairauksien tutkimussäätiö	0.4 %
SATO Oyj	0.3 %
Entelä Tuula	0.3 %
Heinonen Erkki	0.3 %
Tradeka-sijoitus Oy	0.2 %
Others (110 shareholders)	1.8 %

On 31 December 2020, SATO had 56,783,067 shares and 120 shareholders registered in the book-entry system. The share turnover rate was 1.88 per cent for the period 1 January – 31 December 2020.



Urbanisation provides good long-term conditions for sustained investments.

OUTLOOK

- In the operating environment, SATO's business activities are mainly affected by urbanisation, housing policies, consumer confidence, the development of purchasing power, the rent and price development for apartments, general competition and interest rates.
- Finland's economy will begin to recover once the uncertainty caused by the pandemic subsides, which is expected to take place in the course of 2021. According to the Bank of Finland's December forecast, Finland's economy will contract by just under 4 per cent in 2020. Economic recovery is expected to begin in the course of 2021, and the GDP is expected to grow by more than 2 per cent during the year. There is, however, major uncertainty in the economic outlook concerning how fast the pandemic can be brought under control. As a consequence of the uncertainty, SATO's economic occupancy rate weakened in 2020 compared to 2019. **SATO's investments to develop digital services and increase its customer presence are expected to have a positive impact on the occupancy rate in the medium term. Interest rates are expected to remain low in 2021, which will have a positive impact on SATO's financing costs.**
- Continuous urbanisation provides good long-term conditions for sustained investments in SATO's main operating areas in Finland. Net migration is expected to represent the largest share of the population increase in SATO's operating areas. **Some 80 per cent of SATO's housing stock is located in the Helsinki metropolitan area, where price development is expected to be more positive than in the rest of Finland.**
- Record-high housing construction will decrease in the coming years as a consequence of a drop in the number of construction permit applications, however with major regional differences.
- In line with its majority shareholder's operating model, SATO Corporation will not publish guidance on its 2021 earnings. The parent company of Balder Finska Ots AB is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.





THANK YOU

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