



LEMMINKÄINEN

## Operating environment 2008

### Finland

- ♦ Effects of the international financial crisis hit the real economy towards the end of the year
- ♦ Onset of downturn in building construction volumes
- ♦ Yield requirements of real estate investors rose; international real estate investors pulled out of the Finnish market
- ♦ Sharp decline in demand for housing
- ♦ Satisfactory market situation in infrastructure construction
- ♦ Brisk demand for technical building services continued throughout the year

### Other countries

- ♦ In Sweden and Norway the national governments increased infrastructure construction appropriations for future years
- ♦ In Sweden, rock engineering continued to be brisk
- ♦ In the Baltic states the market situation was very difficult
- ♦ In Russia, demand for construction collapsed towards the end of the year, and demand for housing declined sharply

## Year 2008 in brief

- ♦ Business volume grew in all of Lemminkäinen's sectors, order book down by a quarter on the previous year.
- ♦ Profit development weakened:
  - ♦ sharp decline in housing sales
  - ♦ poor market situation in the Baltic states
  - ♦ higher input costs in infrastructure construction
  - ♦ weak results of some projects
- ♦ Profit before taxes down 18 % due to increased financing costs:
  - ♦ growth of interest-bearing debt
  - ♦ higher interest rates
  - ♦ exchange rate losses
- ♦ Real estate deals worth EUR 200 million made at the turn of the year in the building construction business sector
- ♦ Settlement with IKEA concerning termination of the Mega shopping centre contract



**Paulig  
Vuosaari**

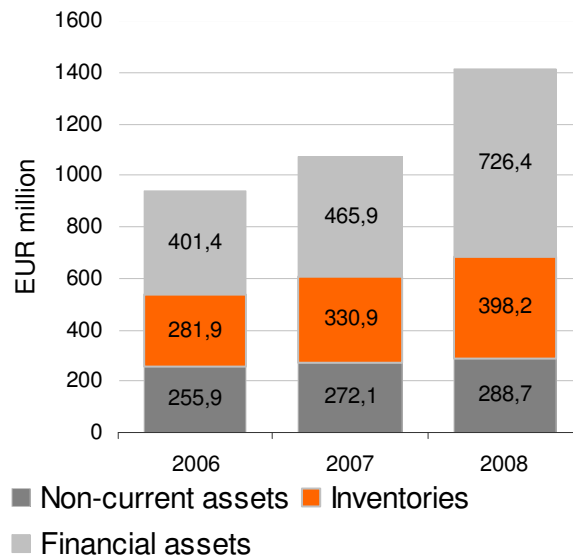
## Key figures

<i>EUR million</i>	<b>1-12/2008</b>	<b>1-12/2007</b>	<b>Change, %</b>
Net sales	<b>2,481.8</b>	2,174.1	14
Operating profit	<b>123.2</b>	127.2	-3
<i>Operating margin, %</i>	<b>5.0 %</b>	5.8 %	
Profit before taxes	<b>91.0</b>	111.2	-18
Order book(31.12.)	<b>1,064.5</b>	1,414.1	-25
Gross investments	<b>60.2</b>	61.4	-2
Earnings per share, EUR	<b>3.28</b>	4.29	-24
Dividend per share, EUR	<b>0.90<sup>1)</sup></b>	1.80	-50
Interest-bearing net debt	<b>336.4</b>	278.5	21
Cash flow from operating activities	<b>24.6</b>	79.6	-69
Personnel, average	<b>9,776</b>	9,201	6

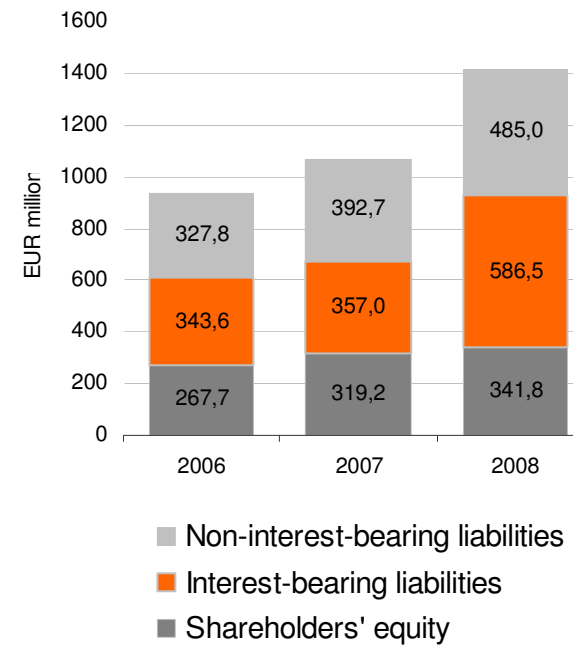
1) Board of Directors' proposal to the AGM

## Balance sheet

**Assets**



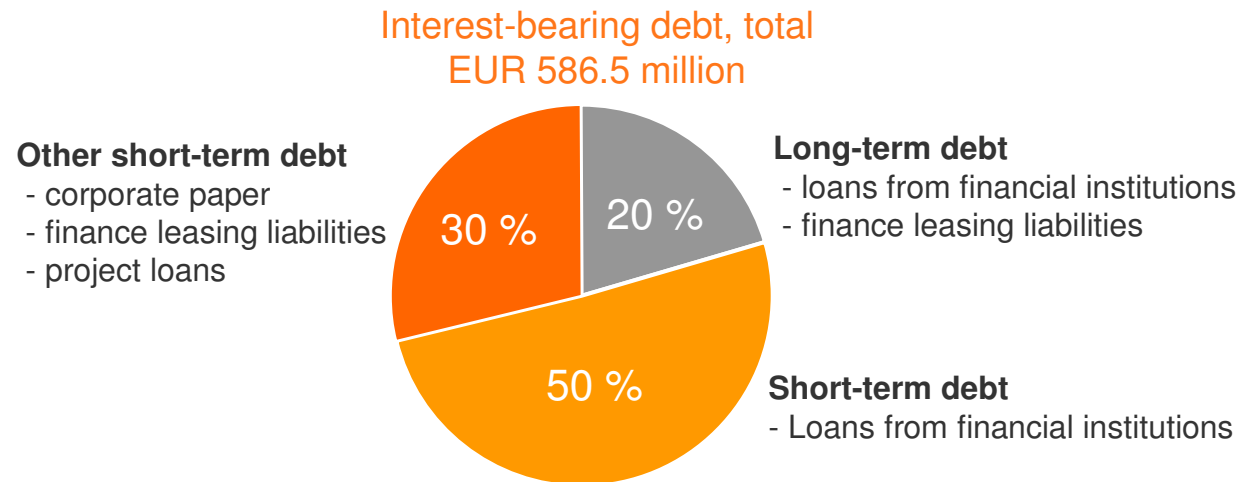
**Equity and liabilities**



### Balance sheet, key figures

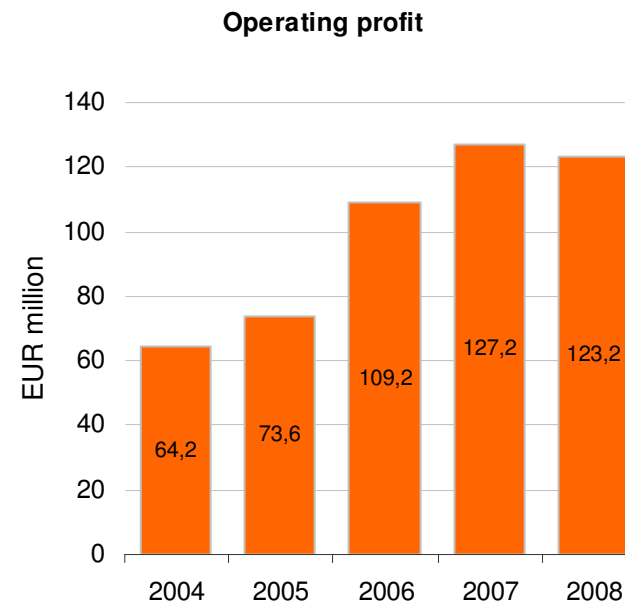
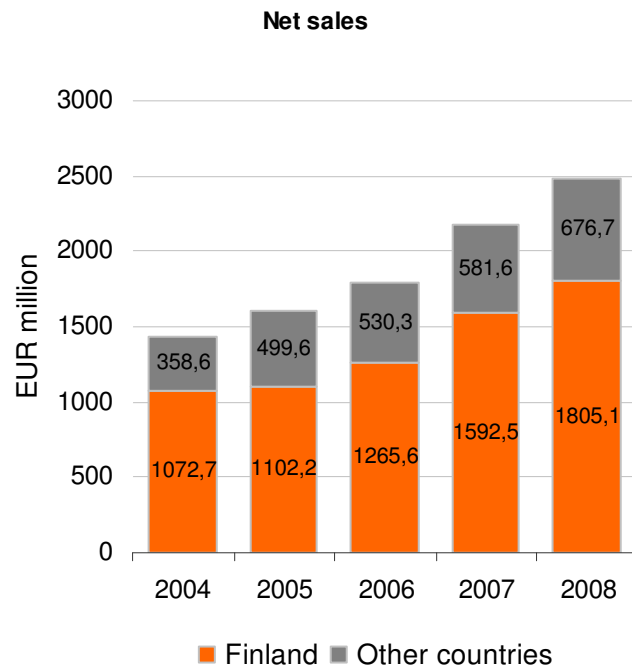
	2008	2007	2006
Return on investment, %	17.7	20.7	20.6
Return on equity, %	19.2	27.5	30.2
Equity ratio, %	26.2	32.7	31.2
Balance sheet total (31.12), EUR million	1 413.3	1 069.0	939.2
Net working capital (31.12), EUR million	411.4	342.7	313.9

## Debt structure



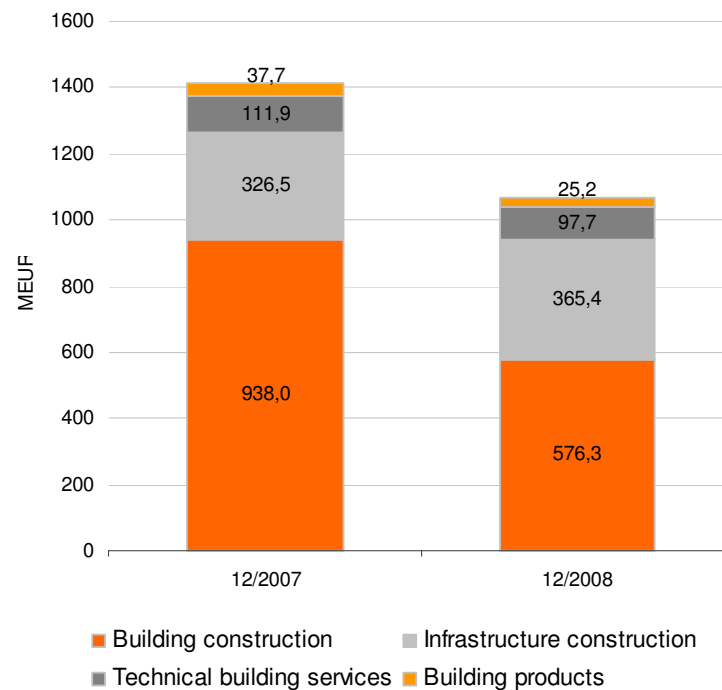
Key figures, (EUR million)	31.12.2008	31.12.2007	Change, %
Interest-bearing debt	586.5	357.0	64
Cash funds	250.1	78.5	219
Interest-bearing net debt	336.4	278.5	21
Net financing expenses	-32.1	-16.0	101
Gearing, %	98.4	87.2	

## Consolidated net sales and operating profit

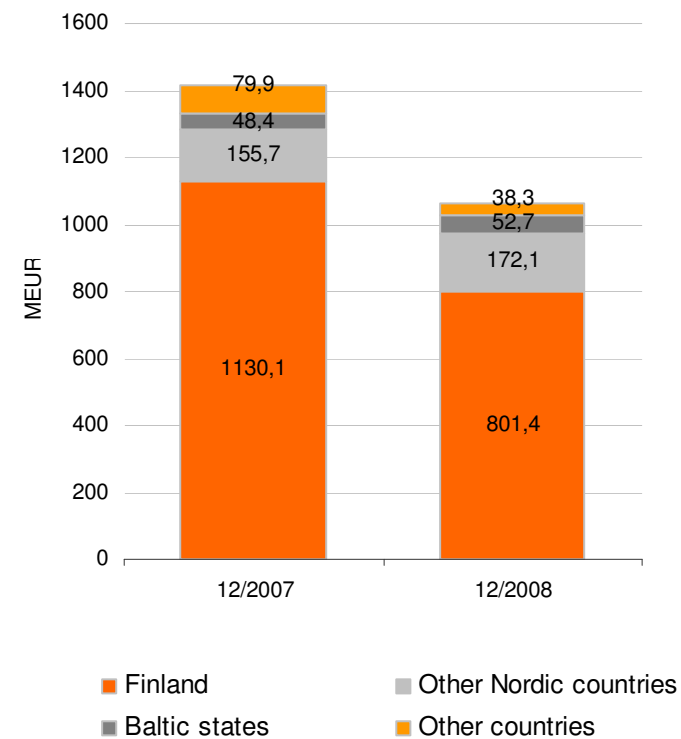


## Order book

Order book by business sector



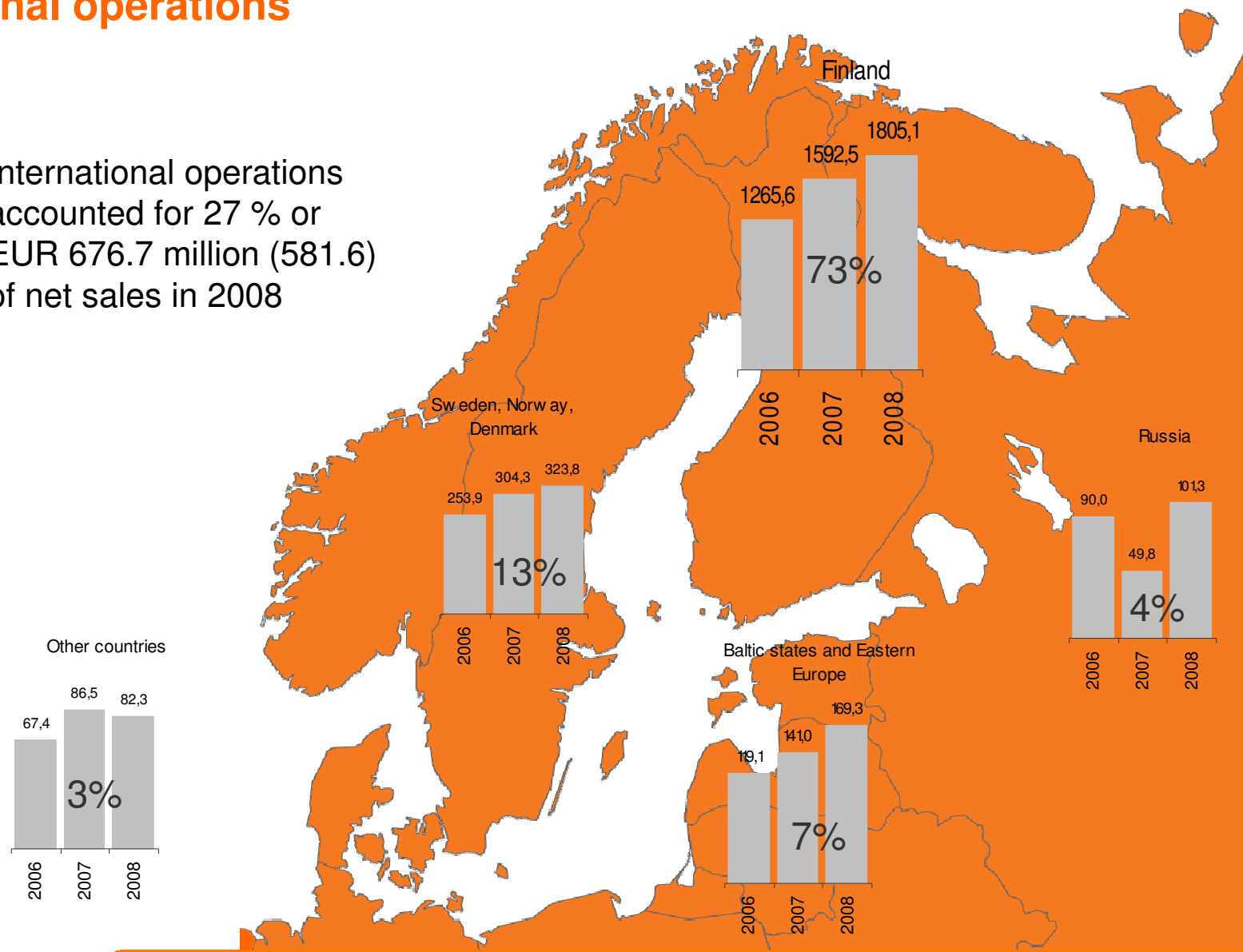
Order book by market area





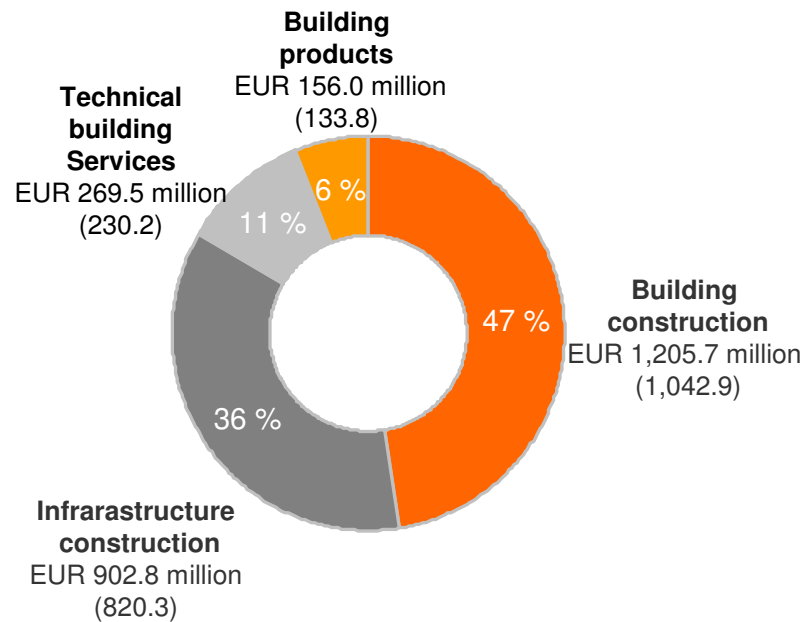
## International operations

International operations accounted for 27 % or EUR 676.7 million (581.6) of net sales in 2008

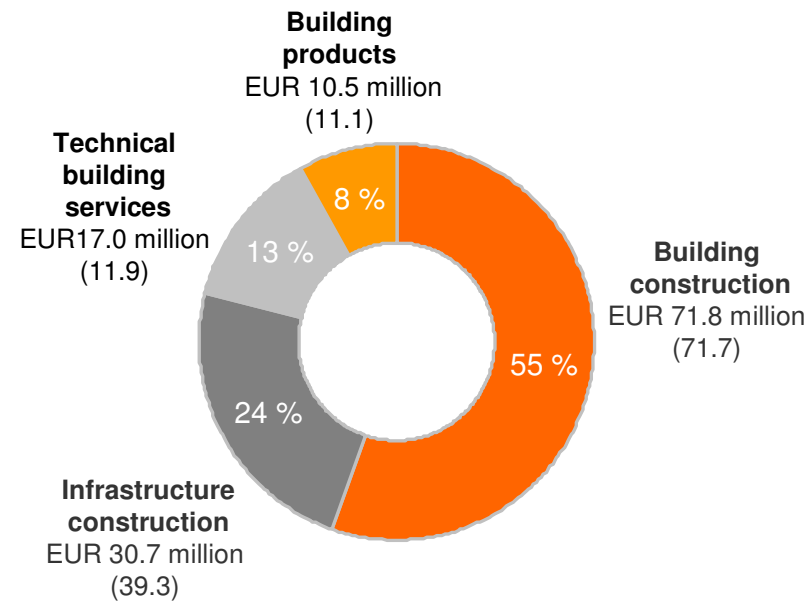


## Net sales and operating profit by business sector

### Net sales 2008

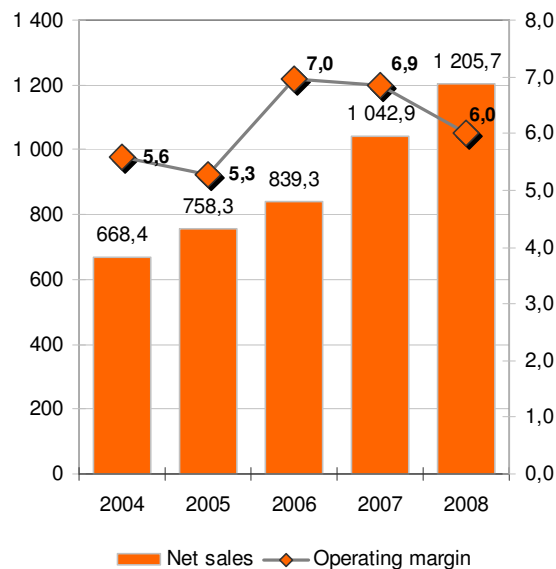


### Operating profit 2008



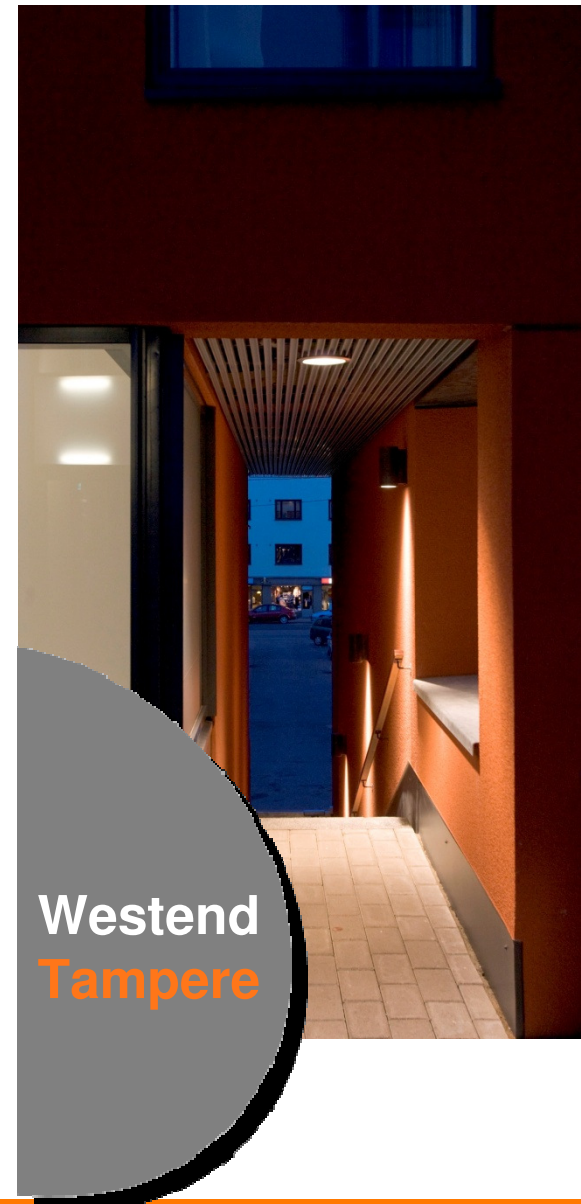
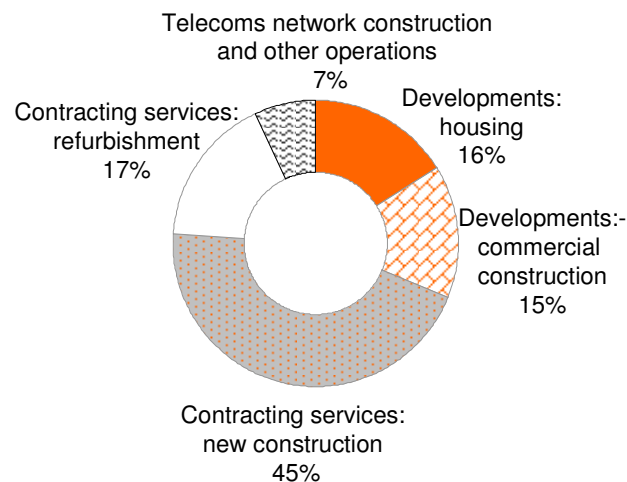
## Building construction

- ♦ Net sales up 16 %, operating profit at previous year's level
- ♦ Year-end order book EUR 576.3 million (938.0)
- ♦ Net sales share of international operations 20% (2007: 19%)
- ♦ Commercial and office construction brisk especially in the first half, demand for housing fell sharply towards the end of the year
- ♦ In Russia, construction work on 264 housing units halted
- ♦ Yield requirements of real estate investors rose and international investors pulled out of the market



2004-2007 figures are pro-forma

Value of production by business area 2008:



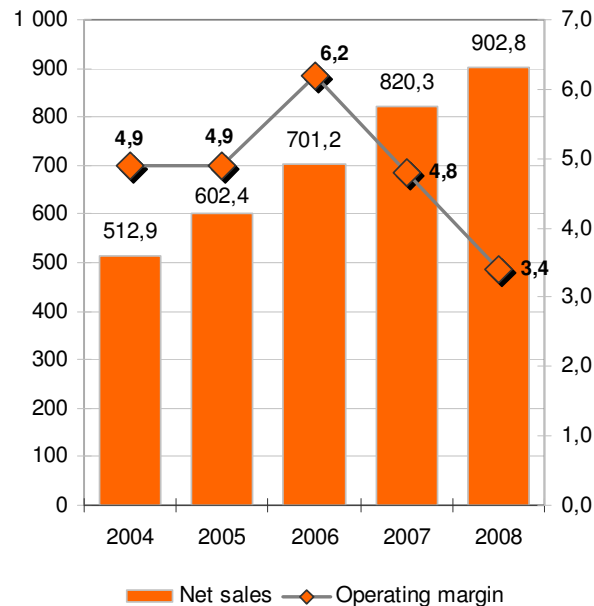
## Lemminkäinen's private-sector housing production

<b>FINLAND</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Housing starts	504	852	1,558
Housing units sold	634	883	1,156
Unsold completed units	496	283	83
Completed	1,030	1,488	1,173
Under construction at year end	587	1,123	1,698
<b>OTHER COUNTRIES</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Housing starts	559	91	
Housing units sold	103	-	
Unsold completed units		-	
Completed		-	
Under construction at year end*	386	91	

\*) In St. Petersburg Lemminkäinen has halted construction work on 264 housing units on the Aleksandria building site

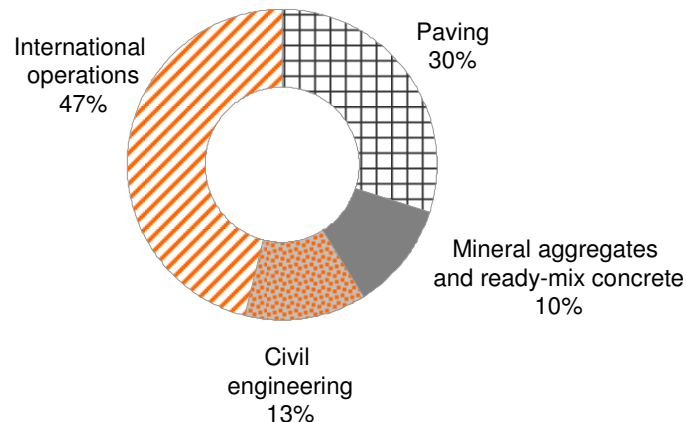
## Infrastructure construction

- ♦ Net sales up 10 %, operating profit down 20 %
- ♦ Year-end order book EUR 365.4 million (326.5)
- ♦ Net sales share of international operations 47% (2007: 45%)
- ♦ Paving and mineral aggregates business in Finland brisk; plenty of deep stabilisation and foundation engineering works
- ♦ Poor market situation in the Baltic states; new tunnel construction contracts in Sweden
- ♦ Stimulus measures aimed at infrastructure construction in Finland, Sweden and Norway



2004-2007 figures are pro-forma

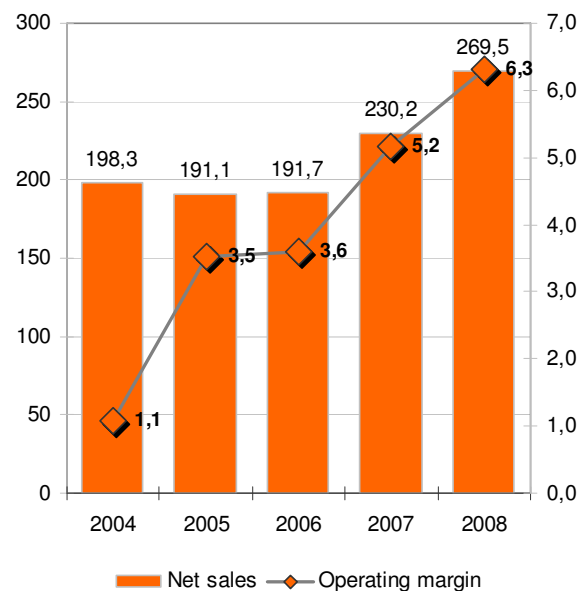
Value of production by business area 2008:



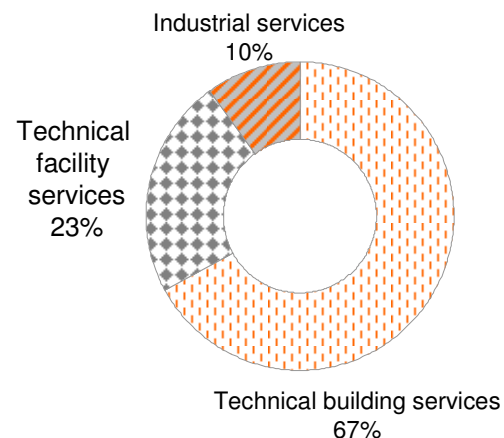
**Service  
tunnel**

## Technical building services

- ♦ Net sales up 17%, operating profit up 44%
- ♦ Year-end order book EUR 97.7 million (111.9)
- ♦ Active commercial and office construction in H1 kept demand for technical building services at a good level all year; clear reduction in the size and number of contracts towards the end of the year.
- ♦ Market situation for servicing and maintenance was good; energy certificates for over 80 properties belonging to Ilmarinen
- ♦ 5 large industrial installation contracts for the years 2008-2010



Value of production by business area 2008:

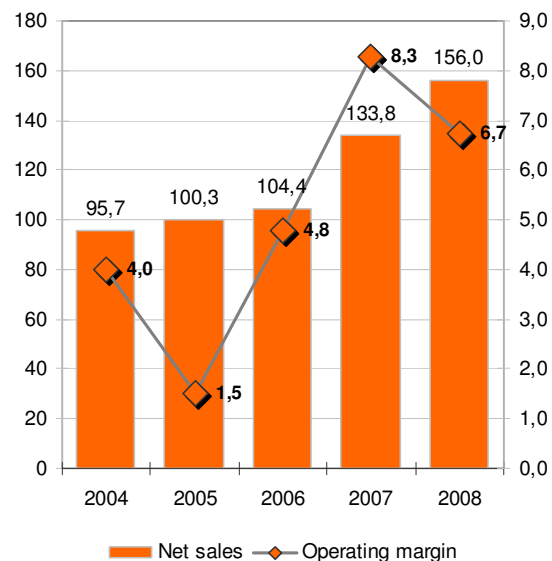


**Technical  
building  
services**  
**St.  
Petersburg**

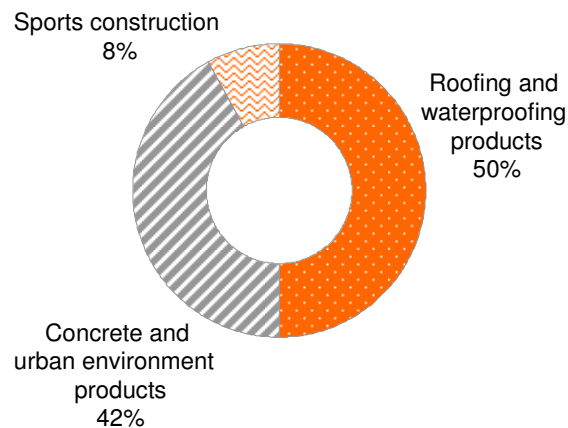


## Building products

- ♦ Net sales up 17 %, operating profit down 5 %
- ♦ Year-end order book EUR 25.2 million (37.7)
- ♦ Volume of contracting in roofing and waterproofing products grew
- ♦ Exports of roofing materials remained at a good level
- ♦ Demand for pre-cast concrete staircase units and wall elements dropped as new building construction declined
- ♦ Market situation for sports and urban environment construction was good



Value of production by business area 2008:



**Roof  
Tahko**

## Outlook for 2009

Volume of new building construction will contract; housing market is not expected to pick up.

Refurbishment contracting will continue to grow steadily.

Government stimulus measures will support infrastructure construction in Finland, Sweden and Norway.

In Russia the uncertain economic situation will keep the volume of construction at a low level; in the Baltic states the market situation will remain weak.

Based on the existing order book and the uncertain market situation, Lemminkäinen expects that its full-year net sales and profit before taxes will fall well short of the 2008 level.



Eiran-  
ranta



## Major shareholders, 31 Dec 2008

Name of shareholder	Shares	% of total stock
Estate of Erkki Pentti	3 673 956	21.58
Olavi Pentti	3 673 953	21.58
Estate of Heikki Pentti	1 906 976	11.20
Timo Pentti	635 660	3.73
Eva Pentti-Kortman	635 660	3.73
Anna Pentti-von Walzel	635 660	3.73
Varma Mutual Pension Insurance Company	508 000	2.98
Odin Finland	209 316	1.23
Tukinvest Oy	201 600	1.18
Swedbank	170 000	1.00
Etera Mutual Pension Insurance Company	158 600	0.93
Aktia Capital Mutual Fund	132 384	0.78
Ilmarinen Mutual Pension Insurance Company	120 000	0.71
Mikko Laakkonen	97 350	0.57
Aktia Secura Mutual Fund	56 600	0.33
Nominee registered	1 427 368	8.39
Other shareholders	2 778 167	16.32
<b>Total</b>	<b>17 021 250</b>	<b>100.00</b>

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**Contact  
information**