



Lemminkäinen Group

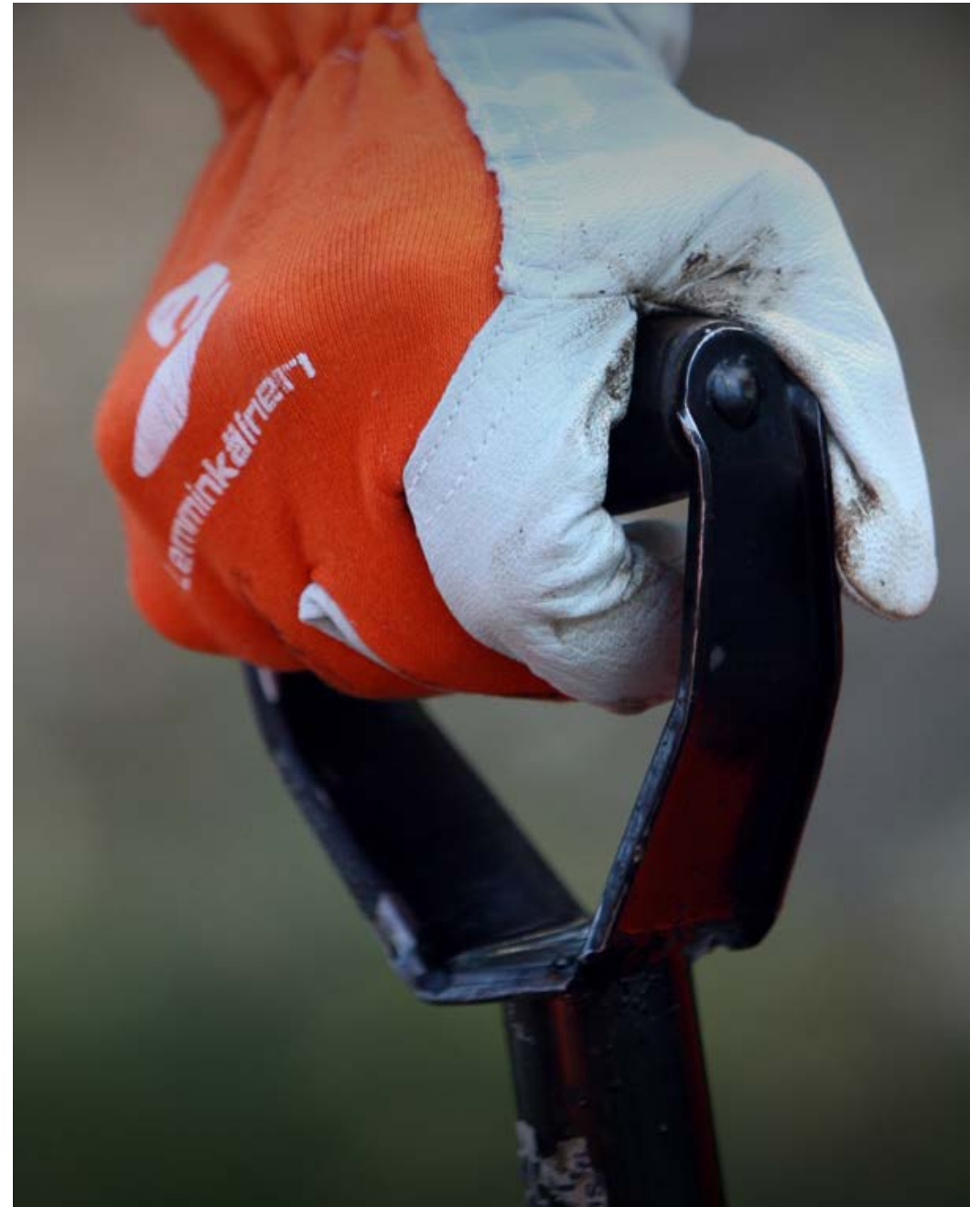
# Financial statements bulletin 2012:

Successful efficiency measures; improved  
profitability and a stronger balance sheet





## Contents

- **Profit for the financial year**
- **Balance sheet and financing**
- **Outlook and guidance**
- **Dividend and shareholders**
- **Business segments**





# Lemminkäinen's four business segments

Market area: Finland				
	International operations	Building construction	Infrastructure construction	Technical building services
				
Net sales (% of Group)	38%	28%	24%	10%
Operating profit (% of Group)	20%	24%	52%	4%
Market position	<p>One of the largest infrastructure constructors in the Nordic countries and in Baltic countries.</p> <p>One of the largest non-Russian players in residential construction in St. Petersburg</p>	#2-4 in residential and non-residential construction in Finland.	Market leader in paving. Strong position in special contracting in infrastructure construction.	#2 in contracting. One of the largest in repair and maintenance services.



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# Profit for the financial year



# 2012 highlights

## Net sales +4 %, pre-tax profit +16%

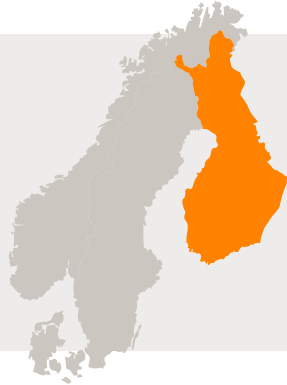
- All Finnish operations improved their competitiveness in a challenging market situation. Infrastructure construction and commercial construction were going strong.
- Efficiency programme progressed as planned, and this was reflected in the result.
- In Sweden, the infrastructure construction was in a good swing. In Norway, the result did not meet expectations and corrective measures were initiated.
- Several road construction and renovation projects in Russia and in Baltic Countries.
- Brisk commercial and industrial construction in St. Petersburg made up the shortfall in residential construction.
- Improved solvency and financial position





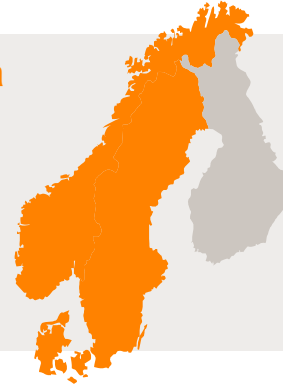
# Operating environment in 2012

## Finland



- Good housing demand
- The total volume of infrastructure construction fell, underground construction was brisk.
- Good demand for repair and maintenance services in Technical Building Services.

## Scandinavia



- Long-term national infrastructure investment programmes in all three countries increased the demand for infrastructure construction.
- Strong infrastructure construction market encouraged new players to enter the market.

## Russia and Baltic countries

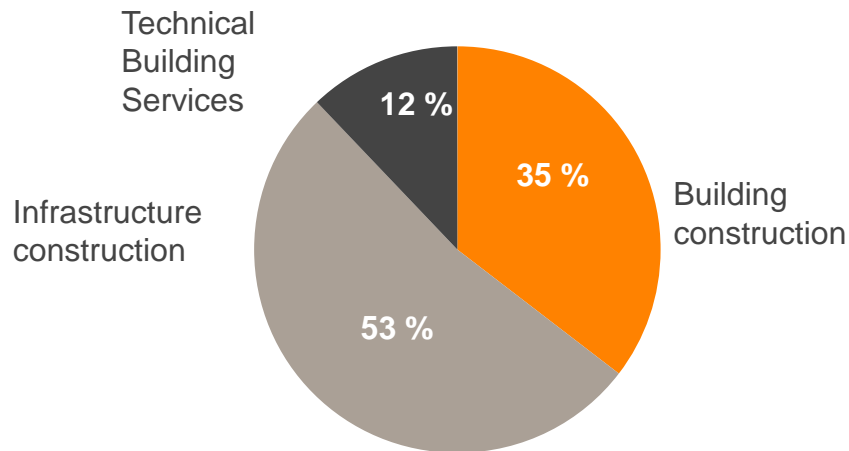


- Housing demand was strong in St. Petersburg; the delays in permit processing slowed the launch of new projects.
- Several road construction and renovation projects in Russia and the Baltic countries.

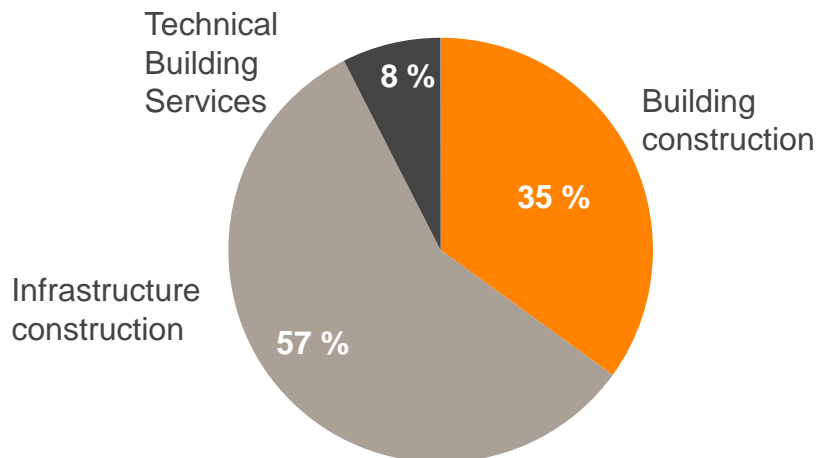


# Infrastructure construction generates 53% of Group's net sales and 57% of operating profit

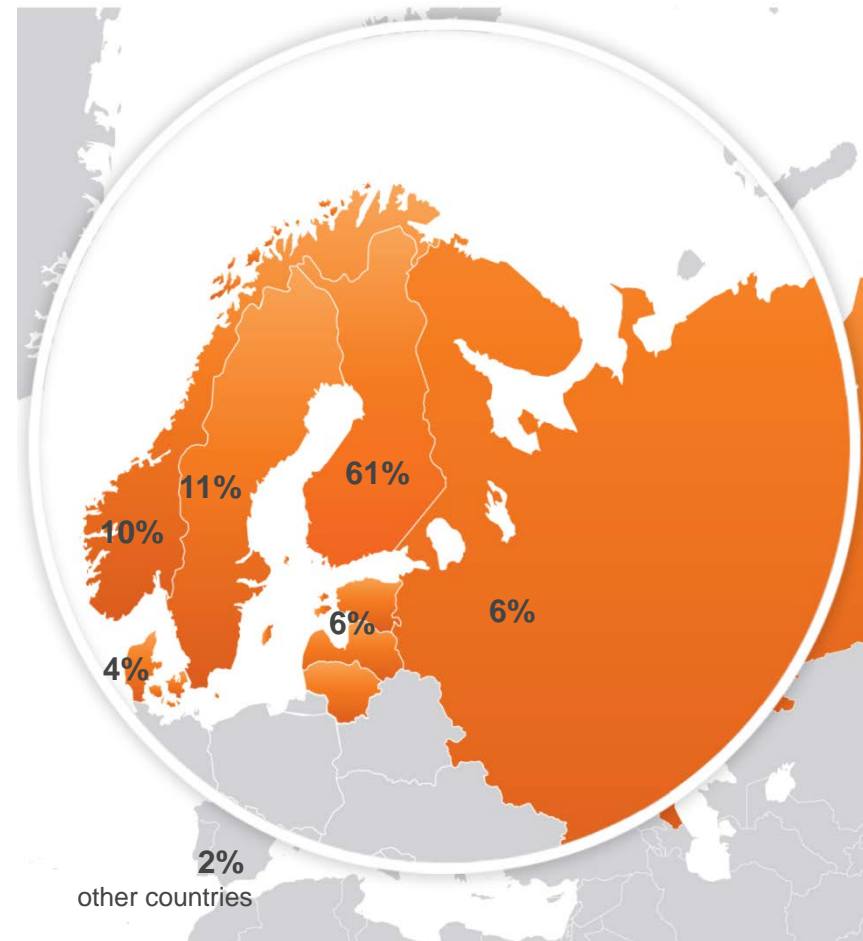
## Net sales by business type



## Operating profit by business type



## Net sales by country





# FY 2012 and Q4/2012 improved on the comparison period

Key figures, EUR million	1-12/2012	1-12/2011	Change 2012 vs. 2011	Q4/2012	Q4/2011	Change Q4/2012 vs. Q4/2011
Net sales	2,267.6	2,183.9	↑	668.6	635.2	↑
Operating profit	50.1	44.0	↑	23.7	7.7	↑
<i>Operating margin, %</i>	2.2	2.0	↑	3.5	1.2	↑
Pre-tax profit	29.0	25.0	↑	14.7	1.4	↑
EPS, EUR	2.04	1.77	↑	0.28	-0.03	↑
Operational cash flow	57.8	-7.1	↑	19.0	-20.8	↑
Order book (end of period)	1,443.9	1,400.4	↑			
Personnel	8,180	8,421				

- 1) Net sales, operating profit and PTP do not include the capital gains on discontinued operations nor the net sales/profit accrued up until the date of the divestment.
- 2) Year 2011 includes EUR 11 million in negative goodwill recognised from an acquisition





# Strategic targets and their realisation in 2012

Target	Target level	Realisation 2012	Realisation 2011	Realisation 2010
Net sales growth	average 10 % <sup>1)</sup>	4 %	19 %	-4 %
Return on investment	18 % <sup>1)</sup>	11 %	11 %	7 %
Equity ratio	over 35 %	38 %	31 %	35 %
Dividend payout	40 % of net profit	27 % <sup>2)</sup>	28 %	over 100

1) By the end of strategic period

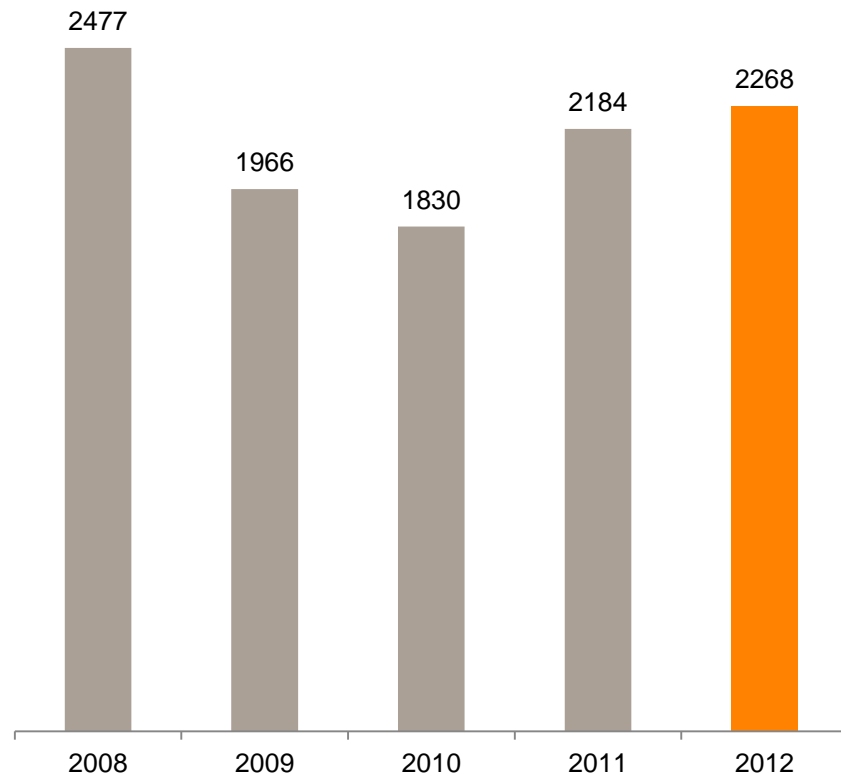
2) Board of Directors' proposal



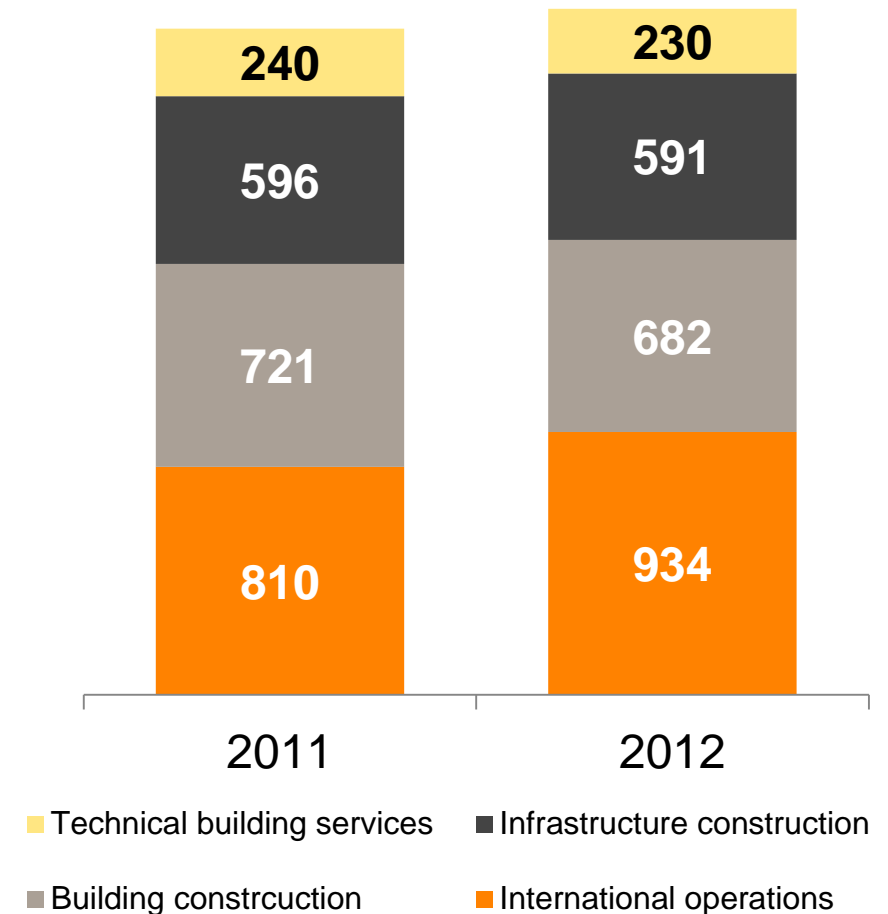


# Challenging market situation and tightened margin requirements kept the net sales on par with 2011

Net sales, EUR million



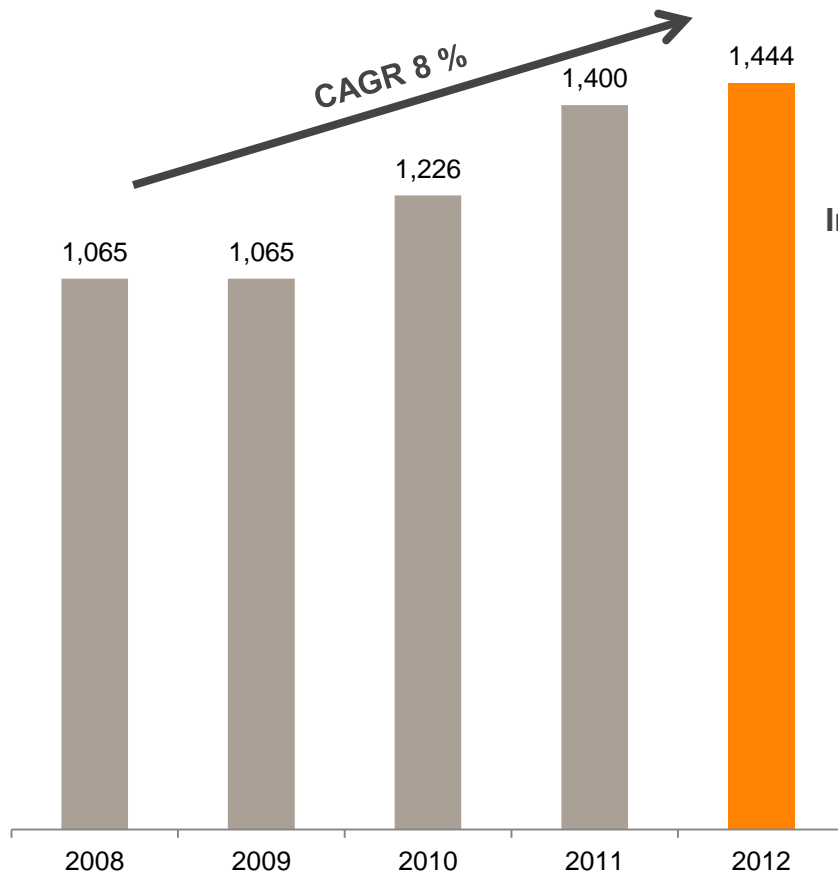
Net sales by business segment, EUR million



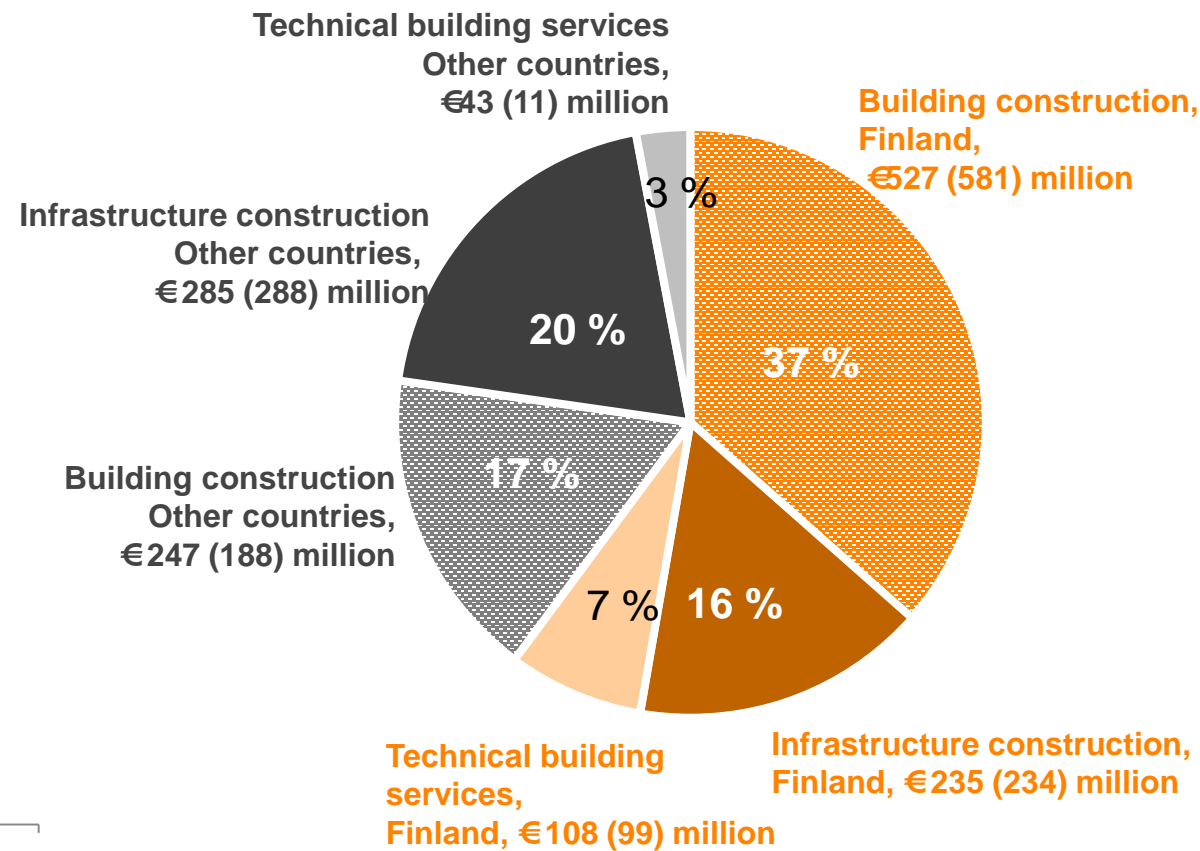


# Growing order book

## Order book, EUR million



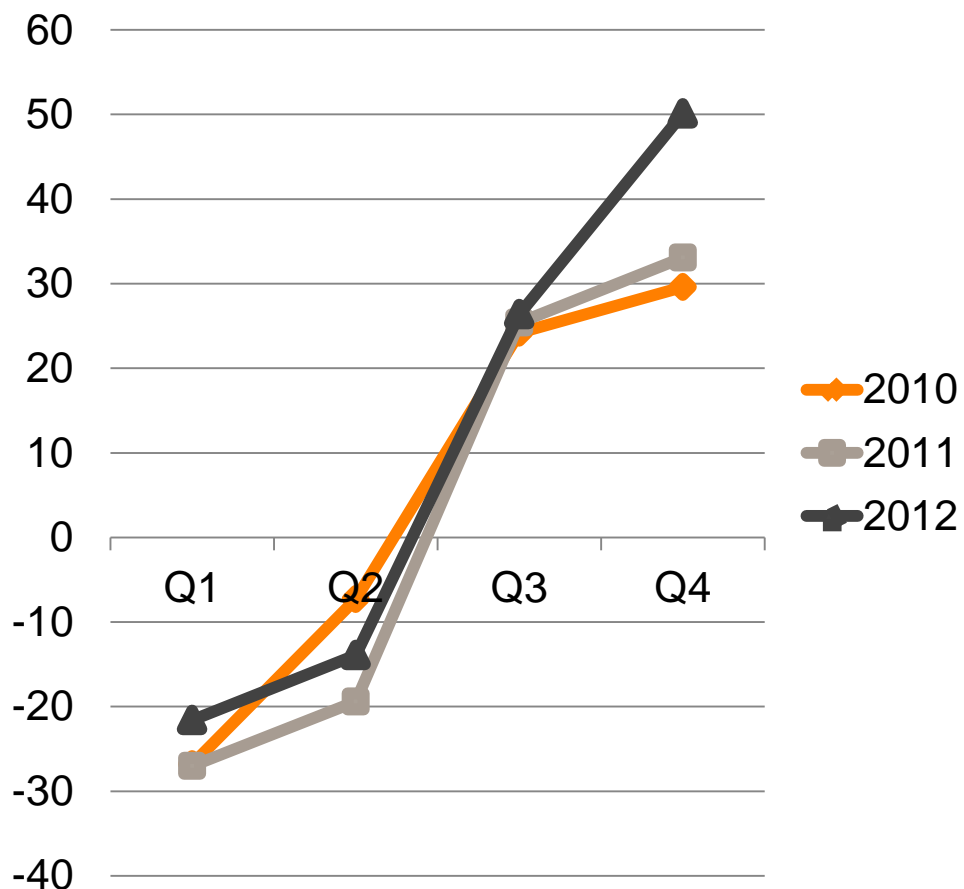
## Order book break-down 31.12.2012 (Finland/ International operations)



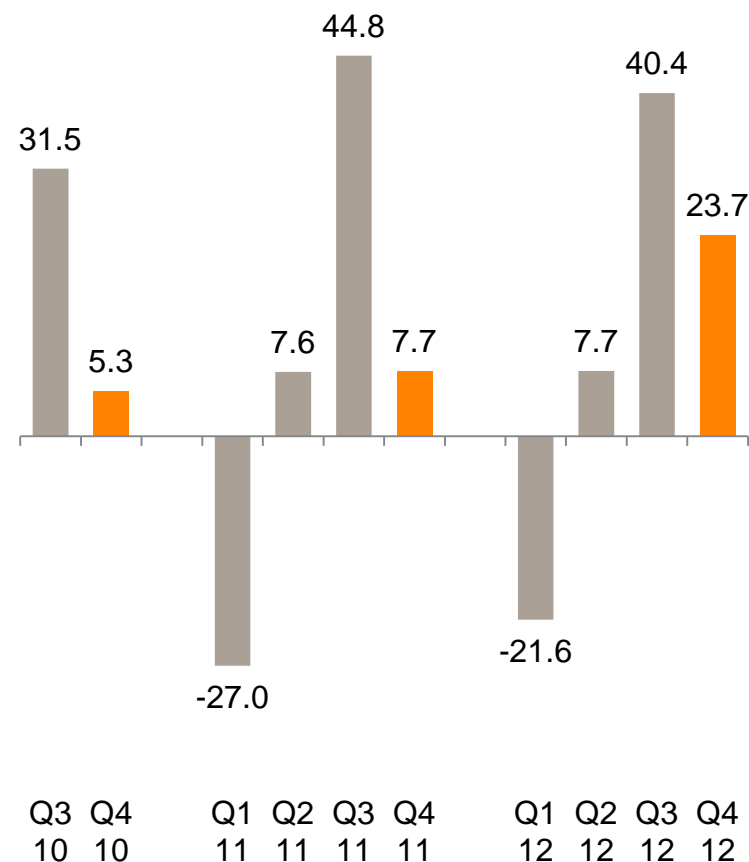


# The impact of the efficiency programme reflected in the earnings from continuing operations

Group cumulative operating profit\*, EUR million



Group operating profit\* by quarter, EUR million

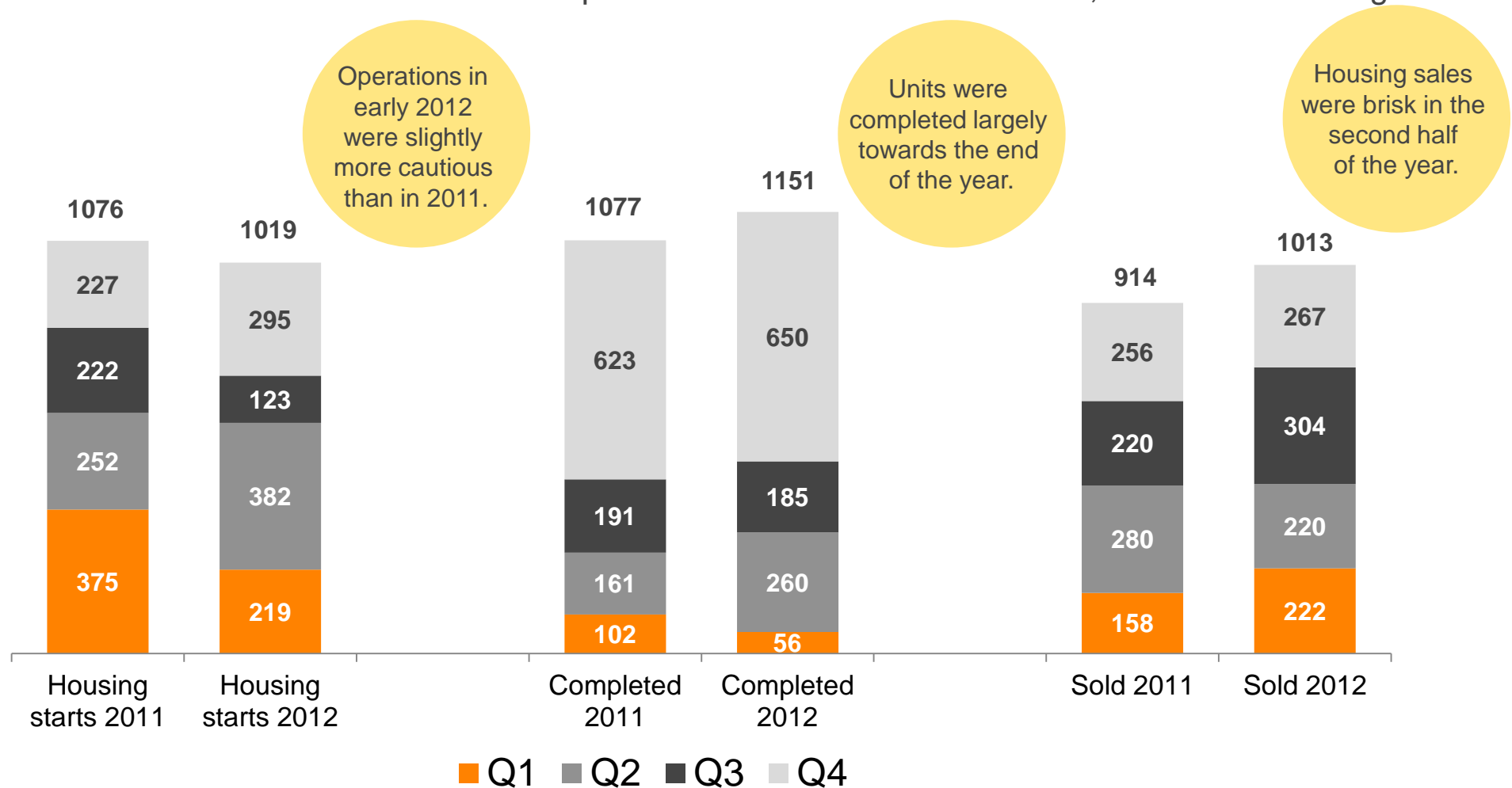


\*) Year 2011 does not include the EUR 11 million in negative goodwill recognised from an acquisition



# Housing sales in Finland remained at a good level for the entire year

Lemminkäinen's residential development and construction in Finland, number of housing units





# Top priorities for 2013 – Towards profitable growth





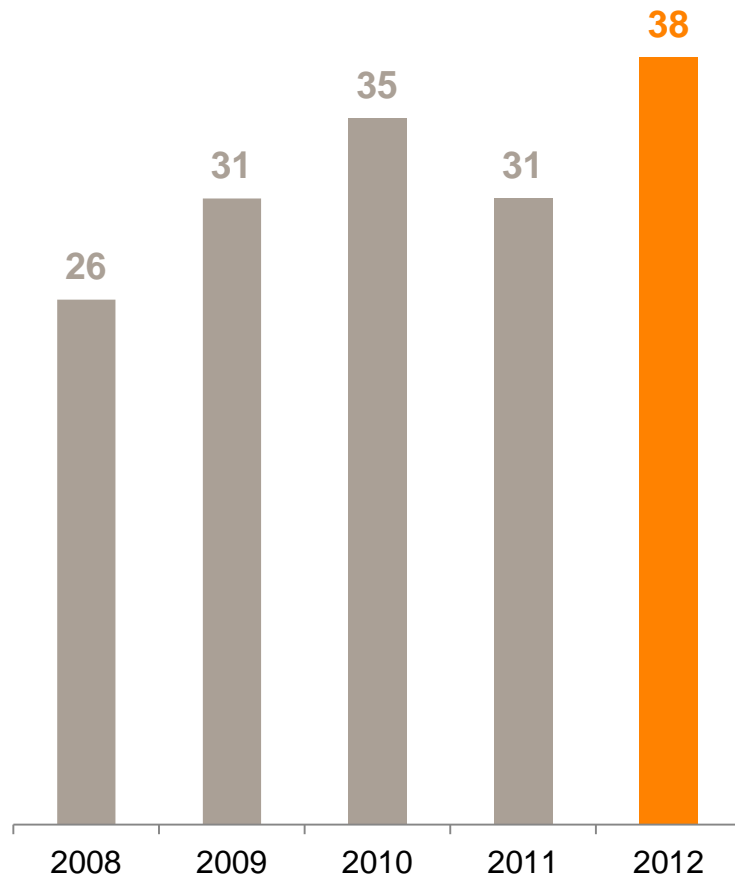
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# Balance sheet and financing

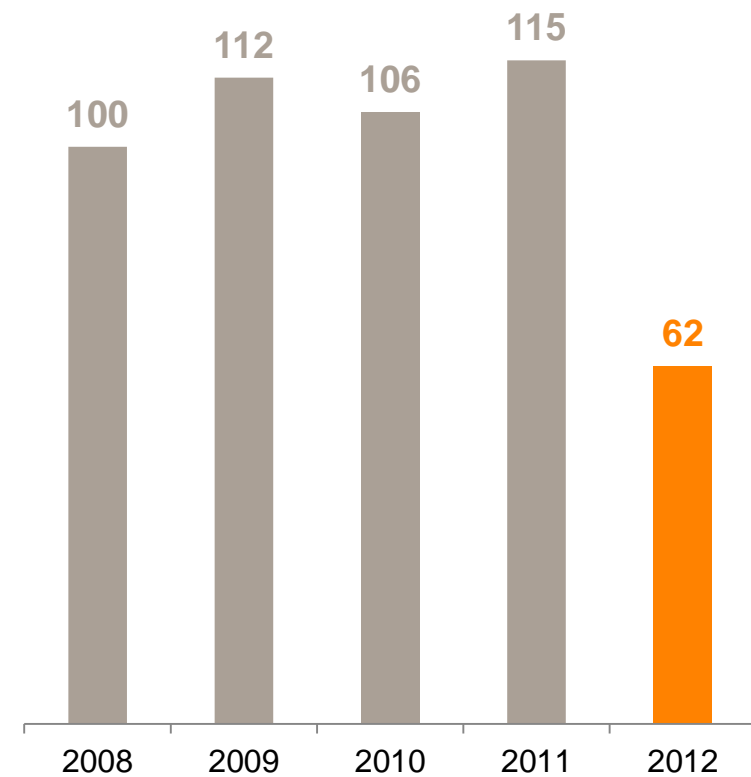


# Improved solvency

Equity ratio, %



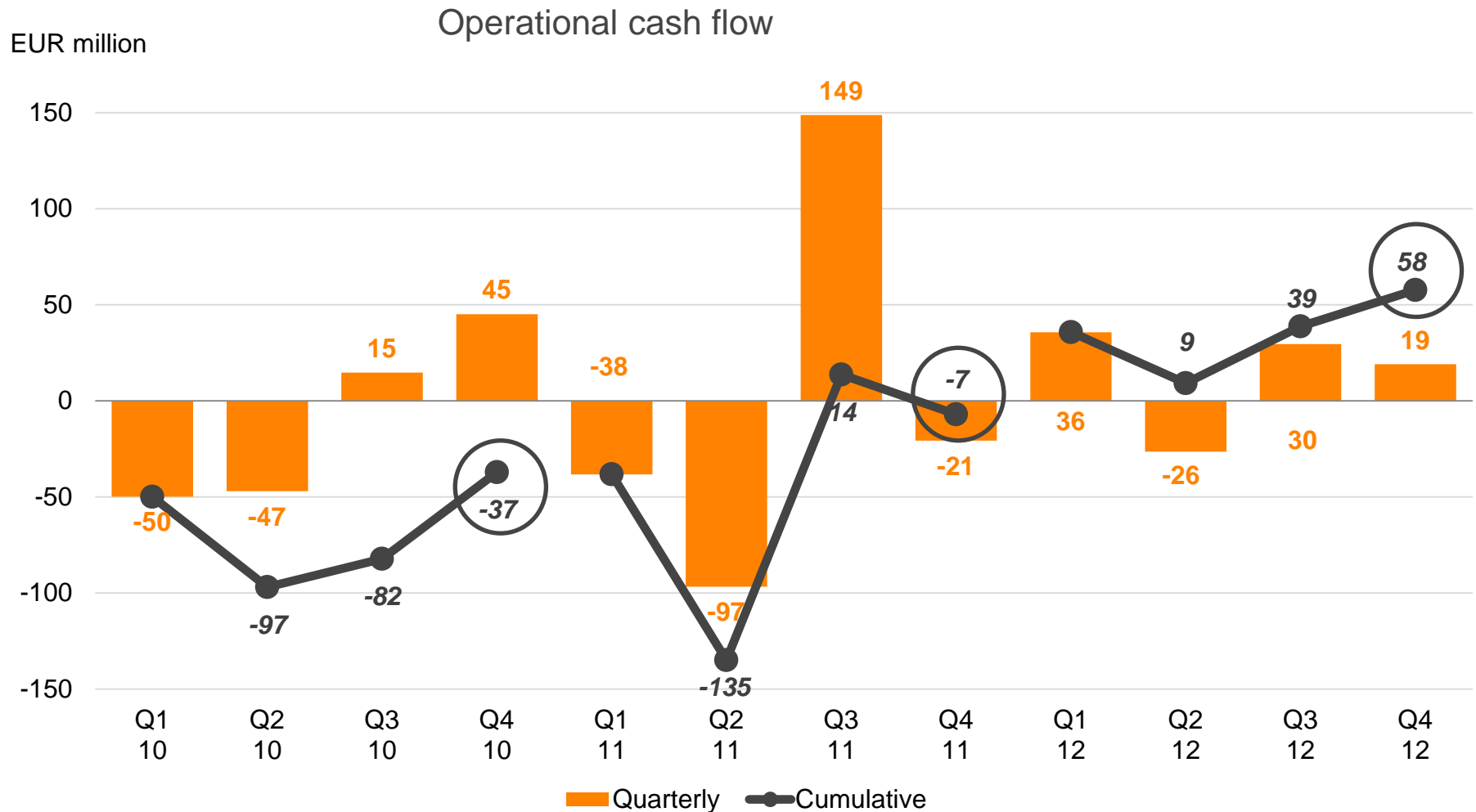
Gearing, %







# Cash flow from operations clearly positive due to the efficiency measures in working capital



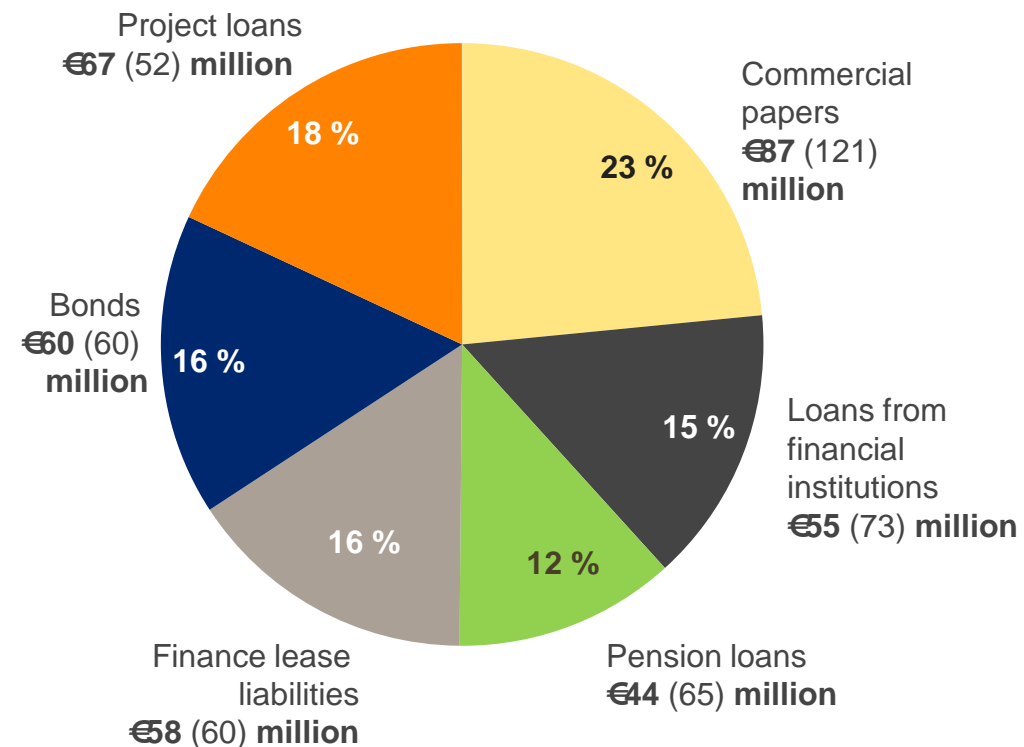


# Versatile and balanced debt portfolio

Interest-bearing debt,  
31 December 2012

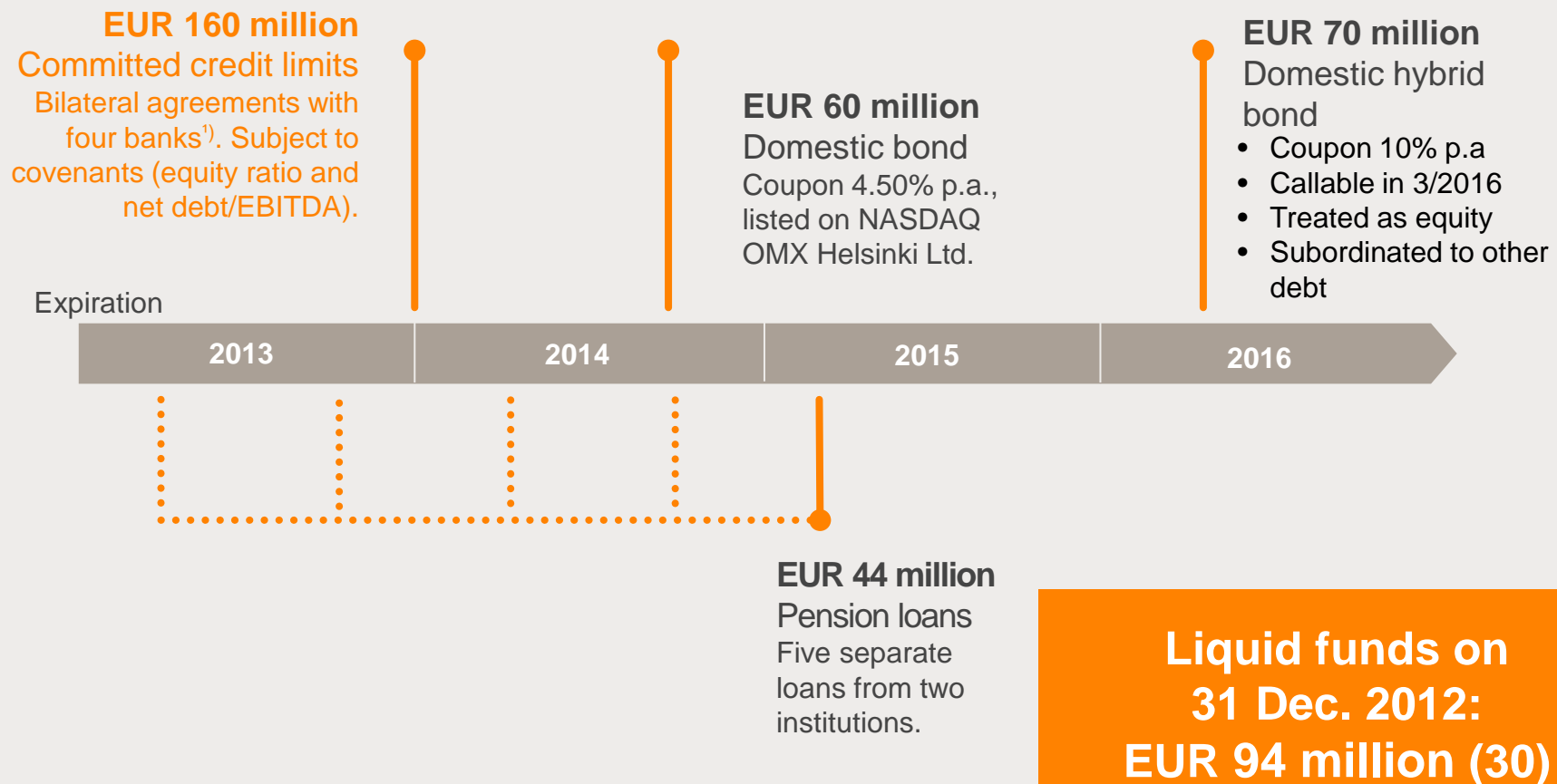
- Interest-bearing debt  
EUR 371 million (432)
  - Long-term EUR 139 million (195)
  - Short-term EUR 232 million (237)
- Interest-bearing net debt  
EUR 277 million (401)
- Of all interest-bearing debt,  
45% (38) with a fixed  
interest rate.
- Average finance expenses  
3.12%.

Debt portfolio,  
31 December 2012





# Financing maturity



1) Nordea Bank, Pohjola Bank, Danske Bank ja Svenska Handelsbanken



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# Outlook and guidance



# Damage claims for Lemminkäinen and other Finnish asphalt companies

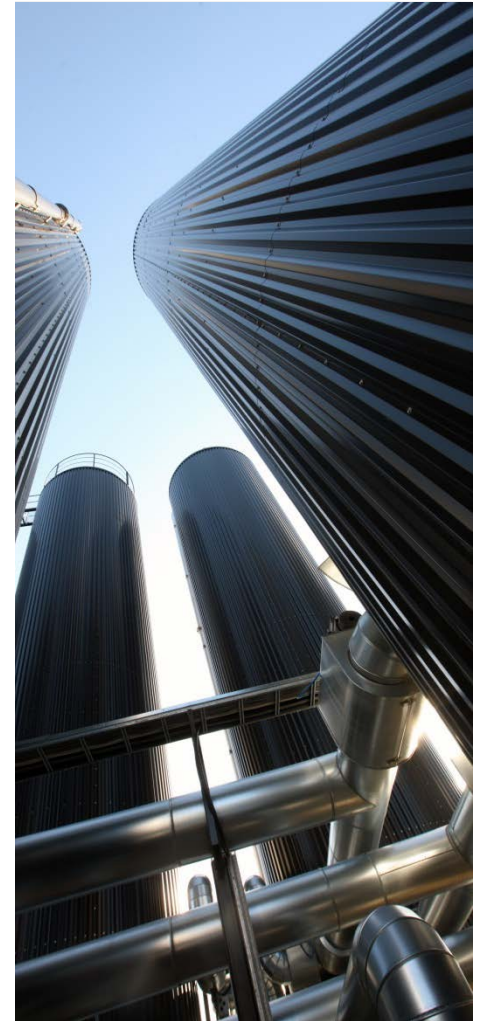
- 39 claims in the main proceeding (EUR 121 million)
- Since Q3/2012, 12 new claims (EUR 6.7 million)
- In total 53 separate claims (EUR 129 million)
- Lemminkäinen's position is that the claims for damages are without foundation  
→ no provisions made

Year	Event
2004	The Finnish Competition Authority proposes an infringement fine of EUR 68 million on Lemminkäinen regarding a suspected asphalt industry cartel in 1994-2002.
2007	Market Court decision: Lemminkäinen to pay EUR 14 million infringement fine.
2009	Supreme Administrative Court decision: Lemminkäinen to pay EUR 68 million infringement fine.
2012	Claims for damages in the District Court. The main proceedings begun in 9/2012.



# Market outlook: Finland

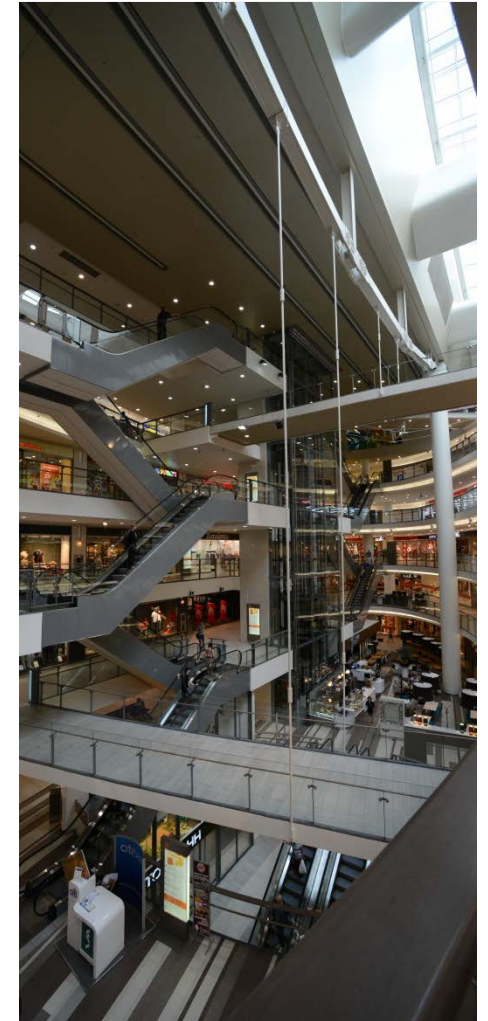
- Housing demand is maintained by internal migration and low interest rates. Tax changes, increased difficulty in obtaining mortgages and uncertainty in jobs may decrease the housing demand.
- Commercial construction is expected to contract further especially outside city centers. Industrial construction will focus on energy production.
- In building construction, the volume of renovation works is expected to exceed the volume of new construction.
- Growth in infrastructure construction is being hindered by slow economic growth and the challenges in public sector finances. Market situation for underground urban construction will remain good.





# Market outlook: Scandinavia, Russia and Baltic countries

- In Sweden, Norway and Denmark investments in the traffic infrastructure and the development of energy production will continue.
- In Russia, residential and infrastructure construction in particular have significant growth potential. The government is planning to invest billions in a multi-year programme to develop the country's infrastructure.
- Potential growth in infrastructure construction in the Baltic countries will be determined by the availability of financing.







# Profit guidance for 2013

Lemminkäinen estimates that its 2013 net sales will remain at the same level as in 2012, and that its operating profit will improve on 2012.

The estimate is based on:

- the ongoing efficiency measures in Finland and in Norway,
- accelerated residential construction in Russia,
- that construction market will not weaken significantly





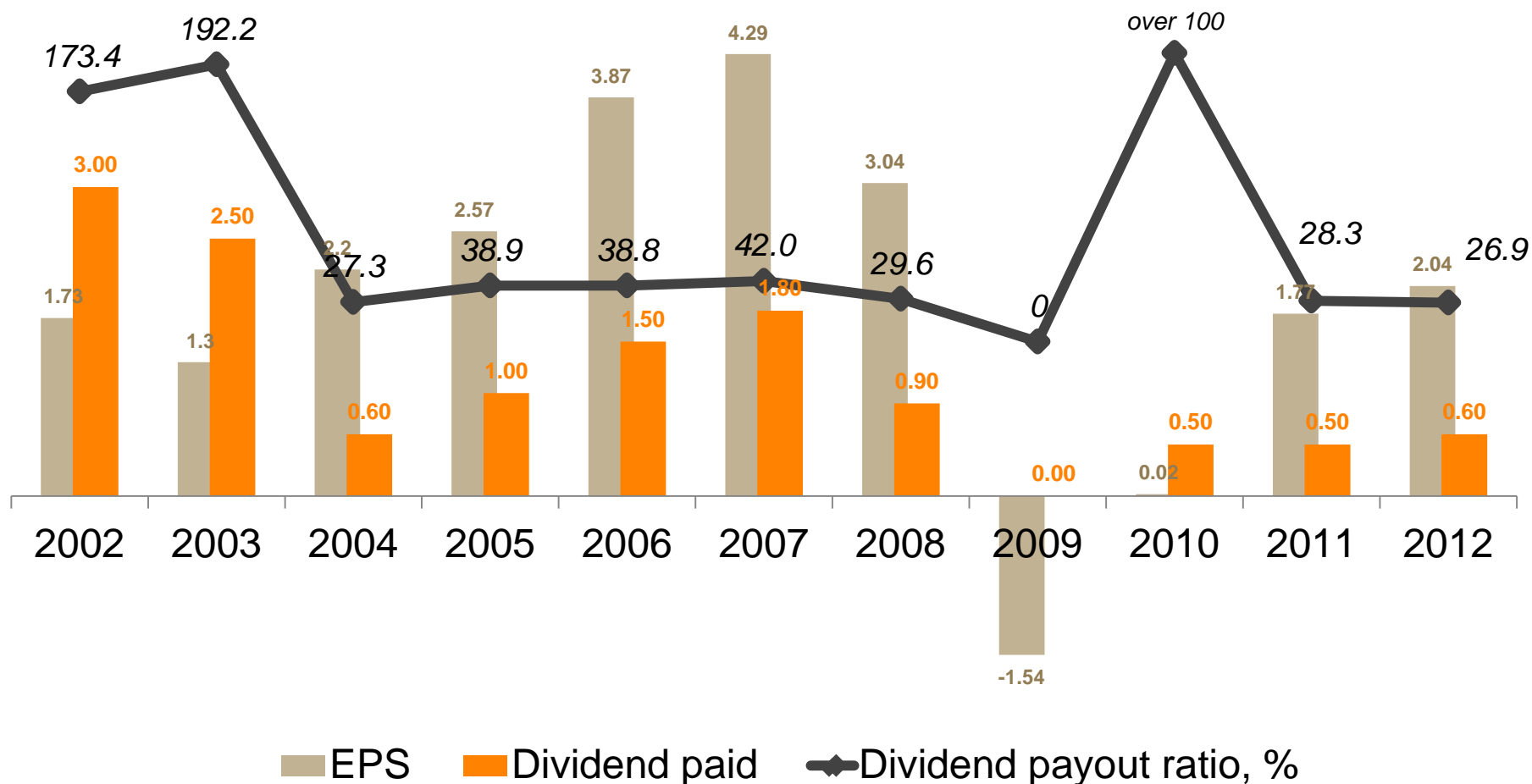
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# Dividend and shareholders



# Dividend policy is to pay dividend of 40% of the result for the financial year

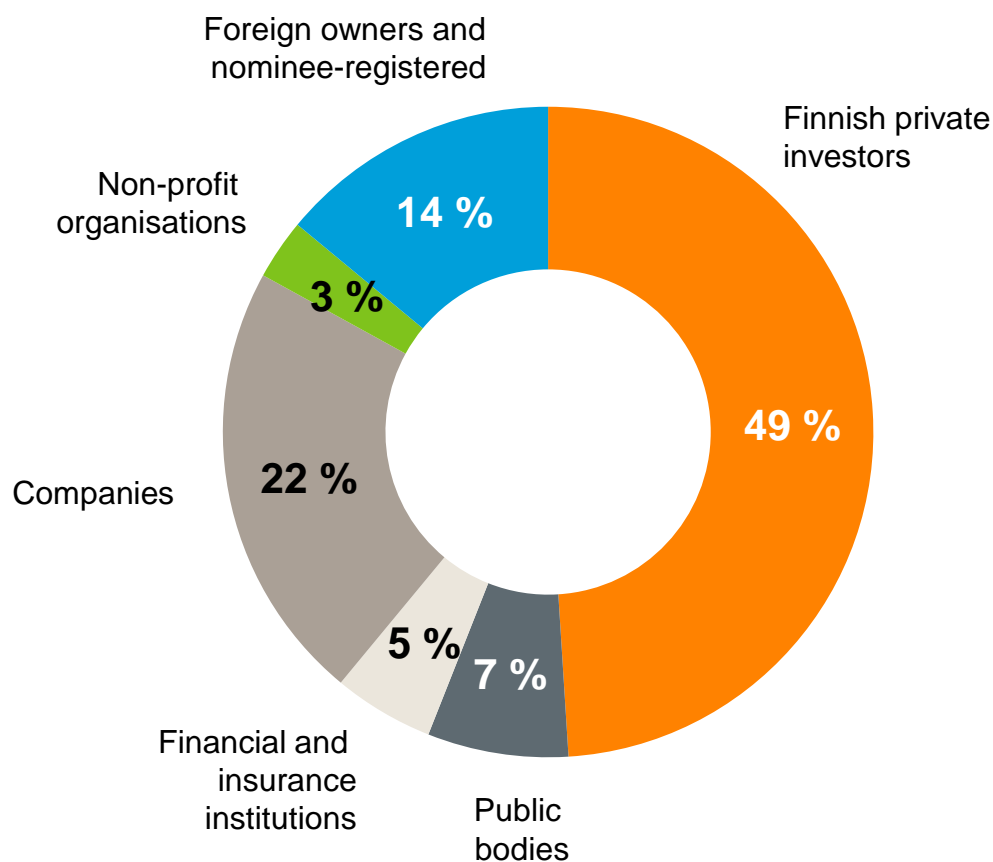
The Boards' proposal for 2012: EUR 0.60 /share





# Ownership distribution and largest shareholders (31 December 2012)

## Ownership distribution



## Largest shareholders

	Number of shares	% of all shares
Pnt Group Oy	3,673,956	18.7 %
Noora Forstén	1,966,073	10.0 %
Heikki Pentti Estate	1,906,976	9.7 %
Olavi Pentti	1,709,473	8.7 %
Varma	823,727	4.2 %
Kristina Pentti-von Walzel	635,660	3.2 %
Eva Pentti-Kortman	635,660	3.2 %
Timo Pentti	635,660	3.2 %
Ilmarinen	345,869	1.8 %
Mandatum Life	283,636	1.4 %
Alfred Berg funds	265,762	1.4 %
Maa- ja vesitekniiikan tuki ry	250,000	1.3 %
Etera	211,007	1.0 %
Nordea funds	199,700	1.0 %
Mikko Laakkonen	160 601	0.8 %
50 largest total	14,952,569	76.1 %
Nominee registered total	2,623,785	13.4 %
Other owners	2,073,822	10.5 %
All shares total	19,650,176	100.0 %



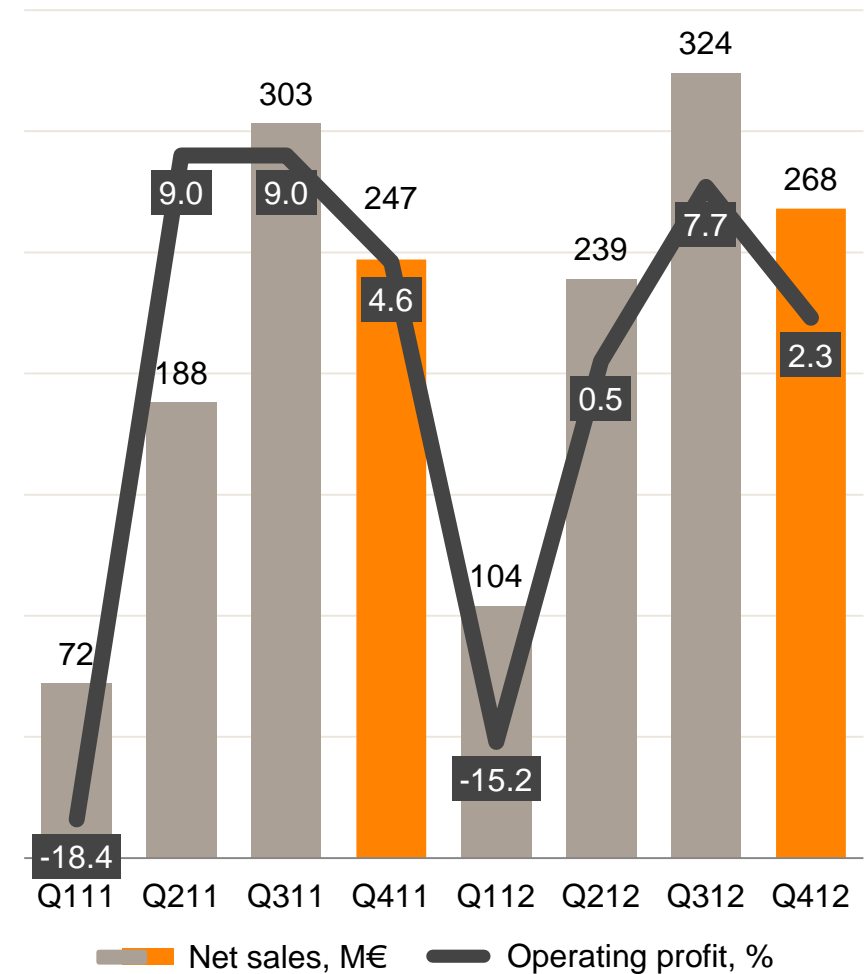
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# Business segments



# International operations

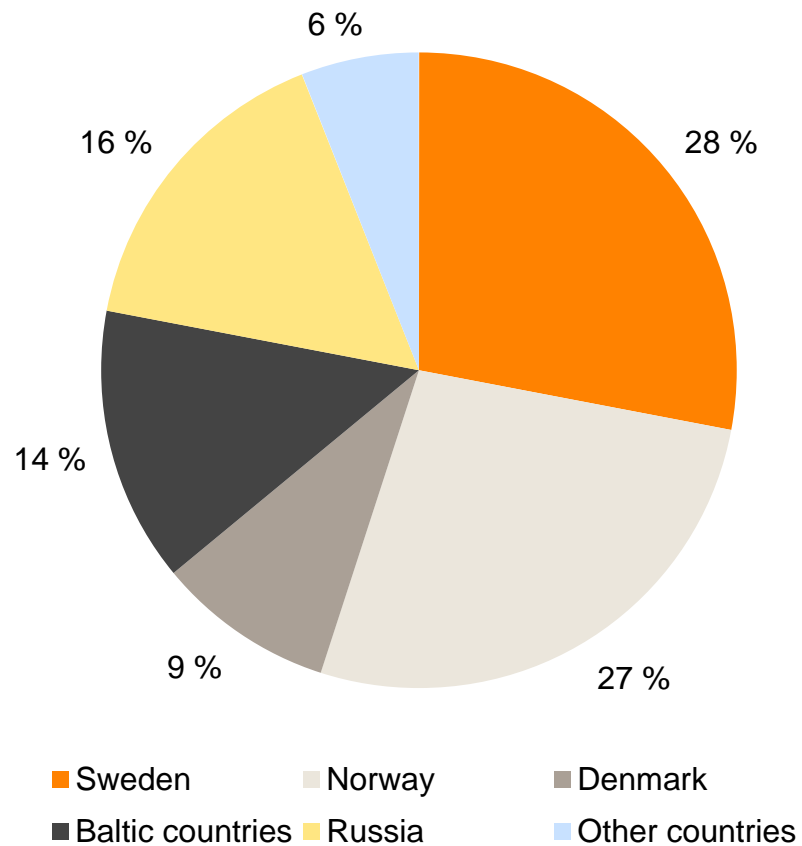
- Profitability of infrastructure operations was good in Sweden, the Baltic countries and Russia.
- Earnings in Norway were disappointing.
- Muted housing construction in Russia was offset by brisk construction of commercial premises and industrial facilities.
- A new plot was acquired in November - the current plot reserves enable the development and construction of 3,200 apartments in St. Petersburg in the next few years.



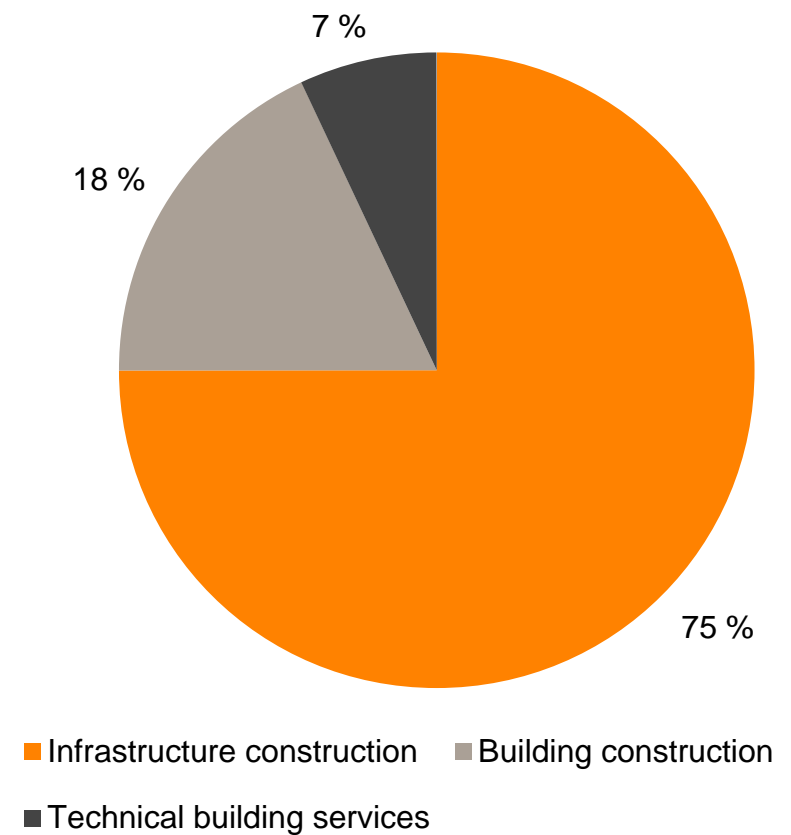


# International operations

Net sales by country,  
2012



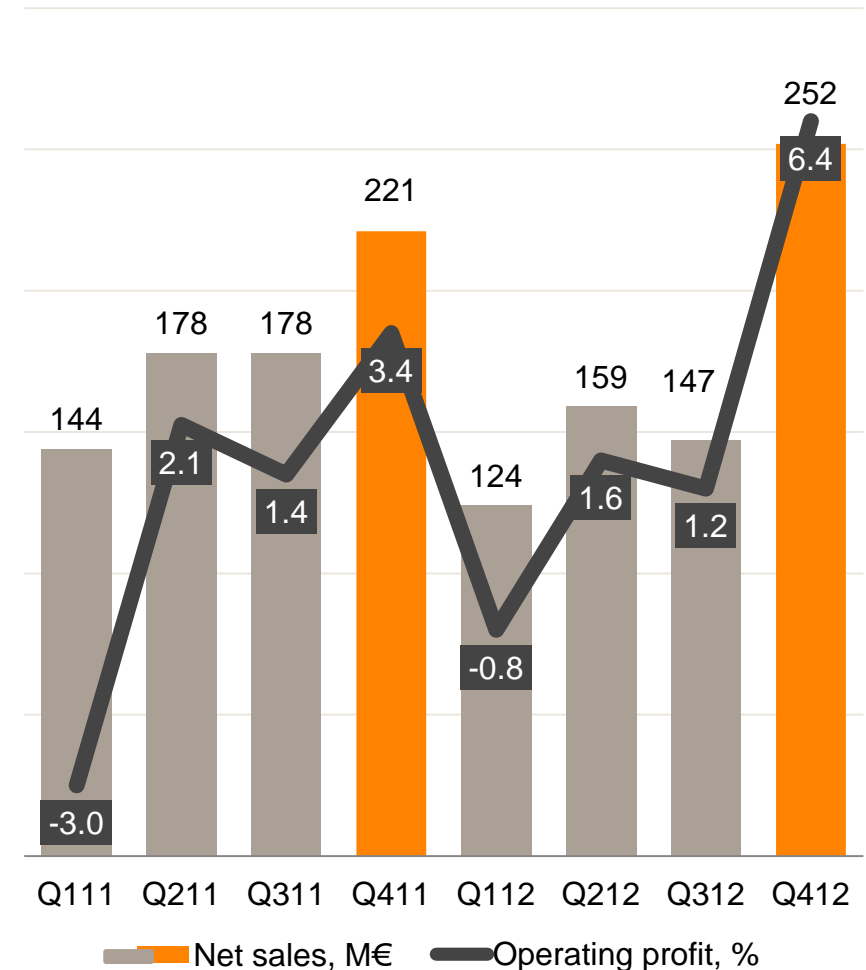
Net sales by business type,  
2012





# Building construction

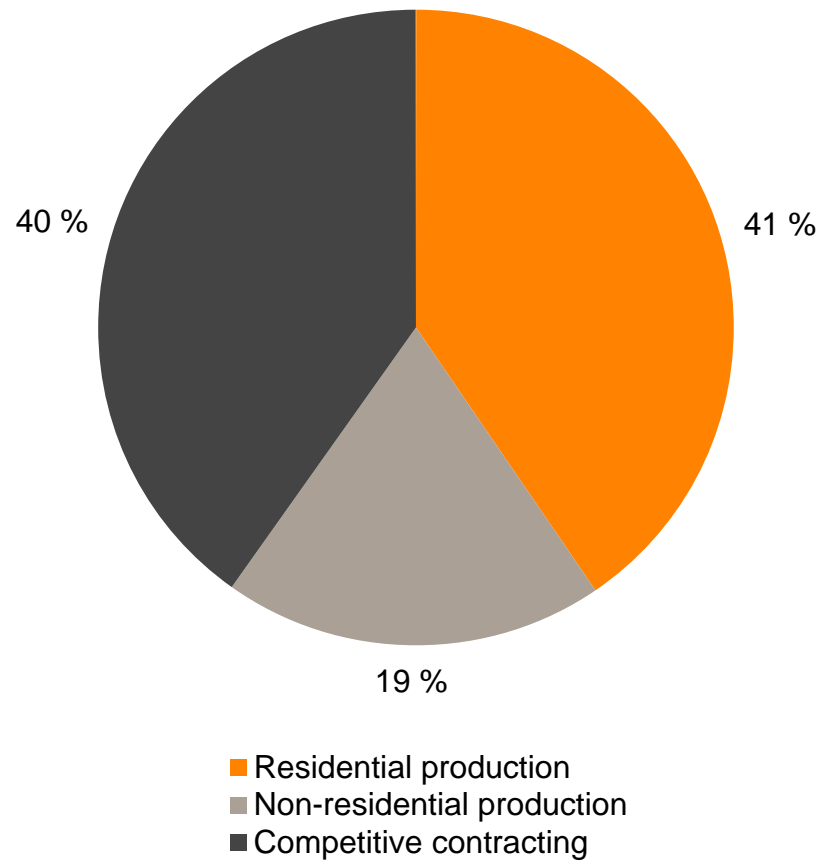
- Good results from the construction of commercial premises in the Helsinki Metropolitan area
- Housing sales were brisk, and 1,013 units of residential development were sold (2011: 914).
- Efficiency-boosting measures were evident in fourth-quarter earnings.
- Profitability requirements were tightened in competitive contracting.
- Shortage of work supervisors was on the rise.





# Building construction

Net sales by business type,  
2012



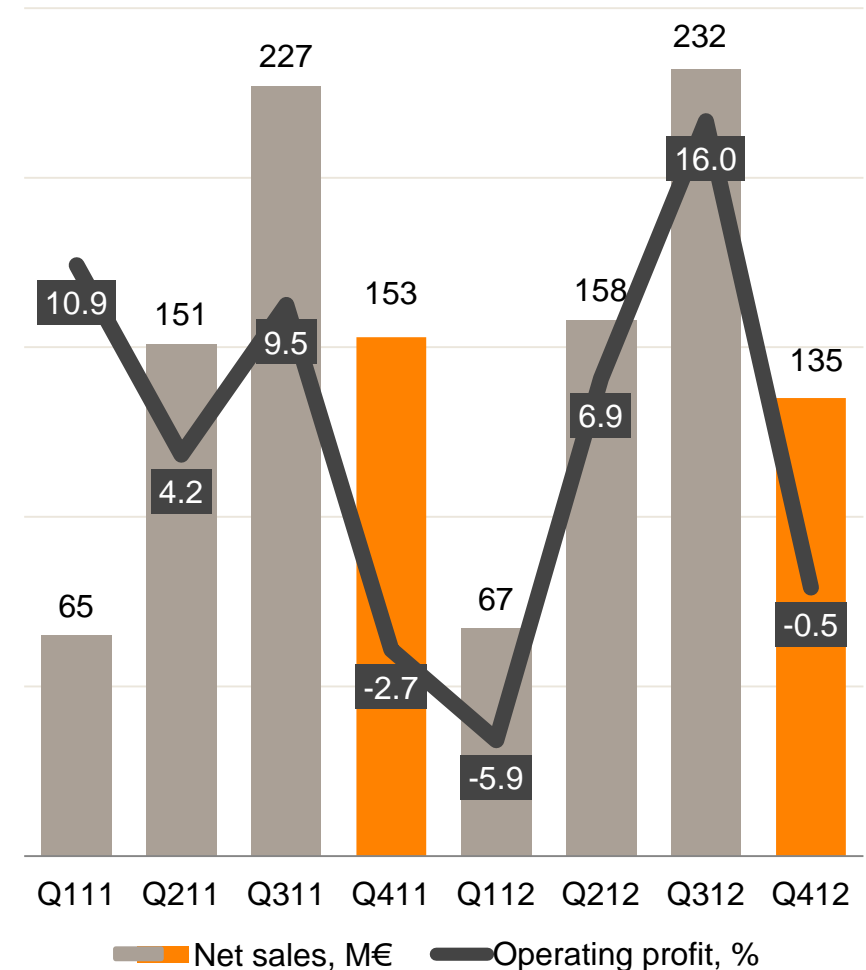
Both residential and non-residential production include our own development and construction, and negotiated contracting





# Infrastructure construction

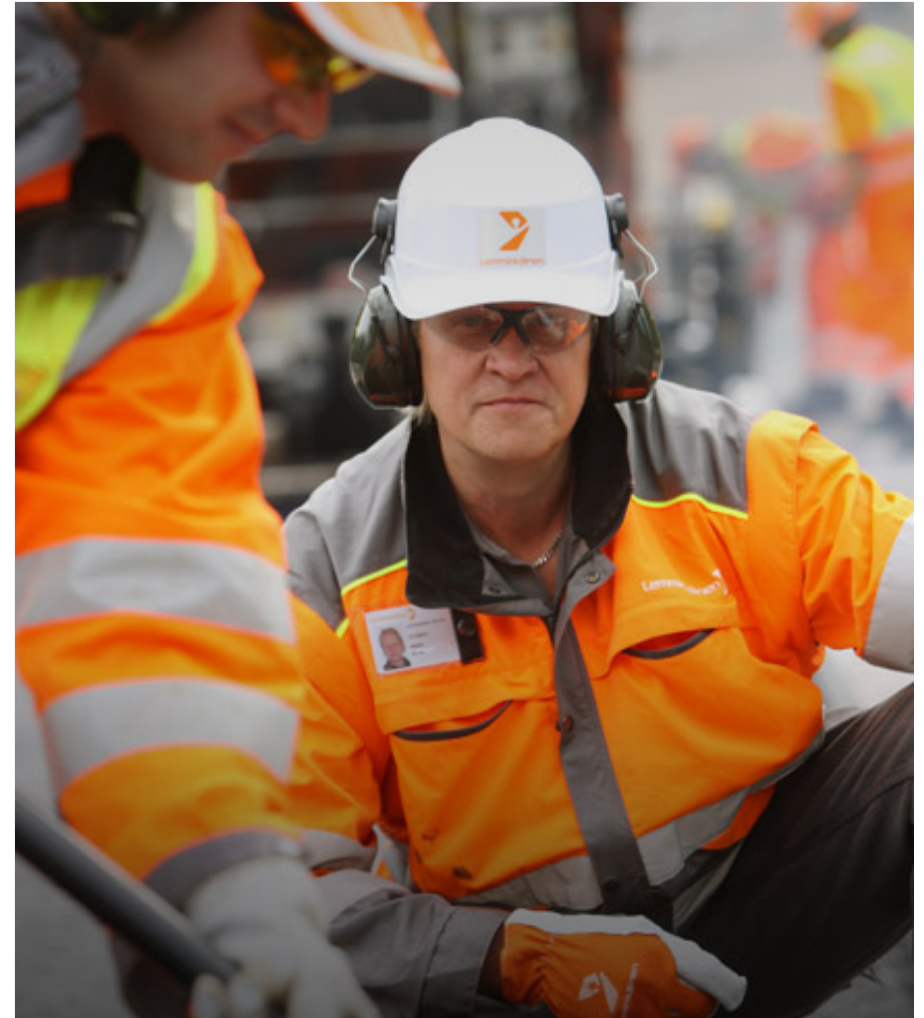
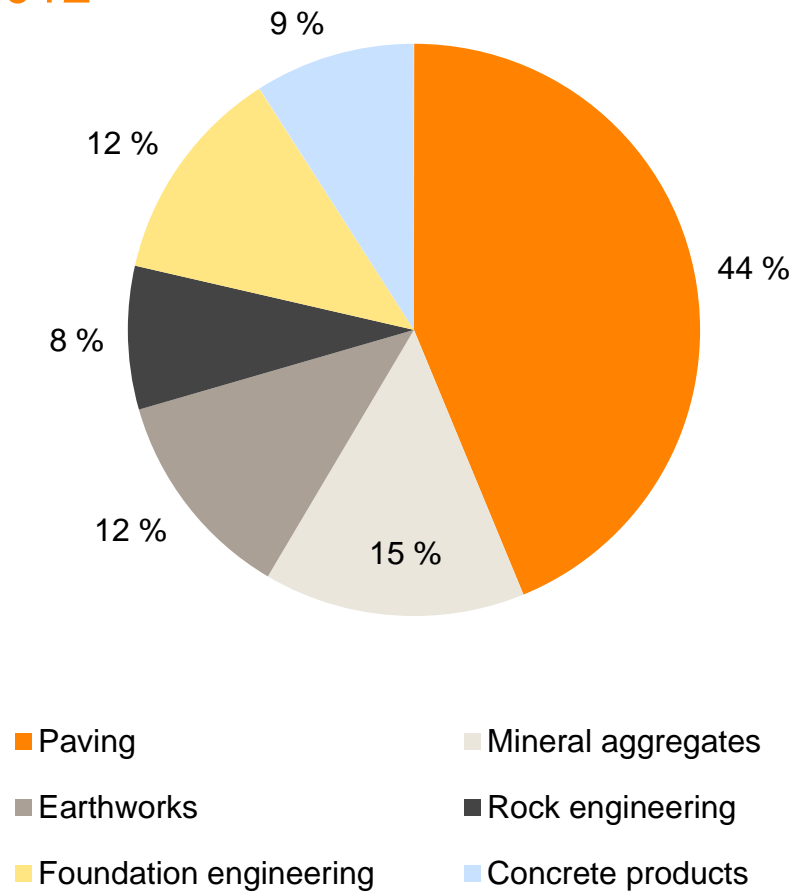
- The efficiency programme improved profitability substantially in all areas of infrastructure construction.
- Earnings from paving operations improved due to lower bitumen prices and the greater use of recycled asphalt.
- Underground facilities and the excavation and interior construction of car parks maintained good demand for special contracting.
- Focus in rock engineering shifted from Finland to Sweden.
- Lemminkäinen Rakennustuotteet Oy (concrete business) was divested in the third quarter.





# Infrastructure construction

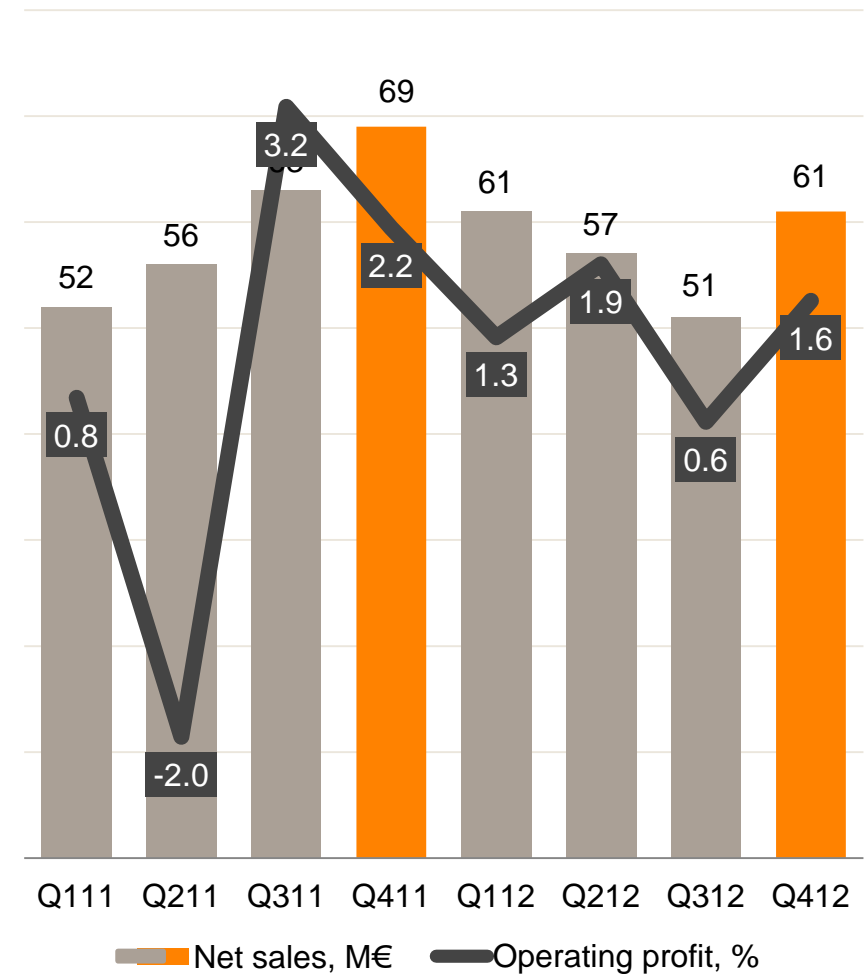
Net sales by business type,  
2012





# Technical building services

- Profitability of contracting improved:
  - Higher efficiency in procurements
  - Process management and monitoring have been improved
- Demand for maintenance services was at a good level: a multi-year repair and maintenance contract was signed with Citycon in the fourth quarter.
- The company is recruiting 100 new professionals to work in the repair and maintenance of technical building services



Lemminkäinen