

Lemminkäinen

Roadshow Stockholm 7.12.2010

CFO Robert Öhman
IR Katri Sundström

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Lemminkäinen in brief

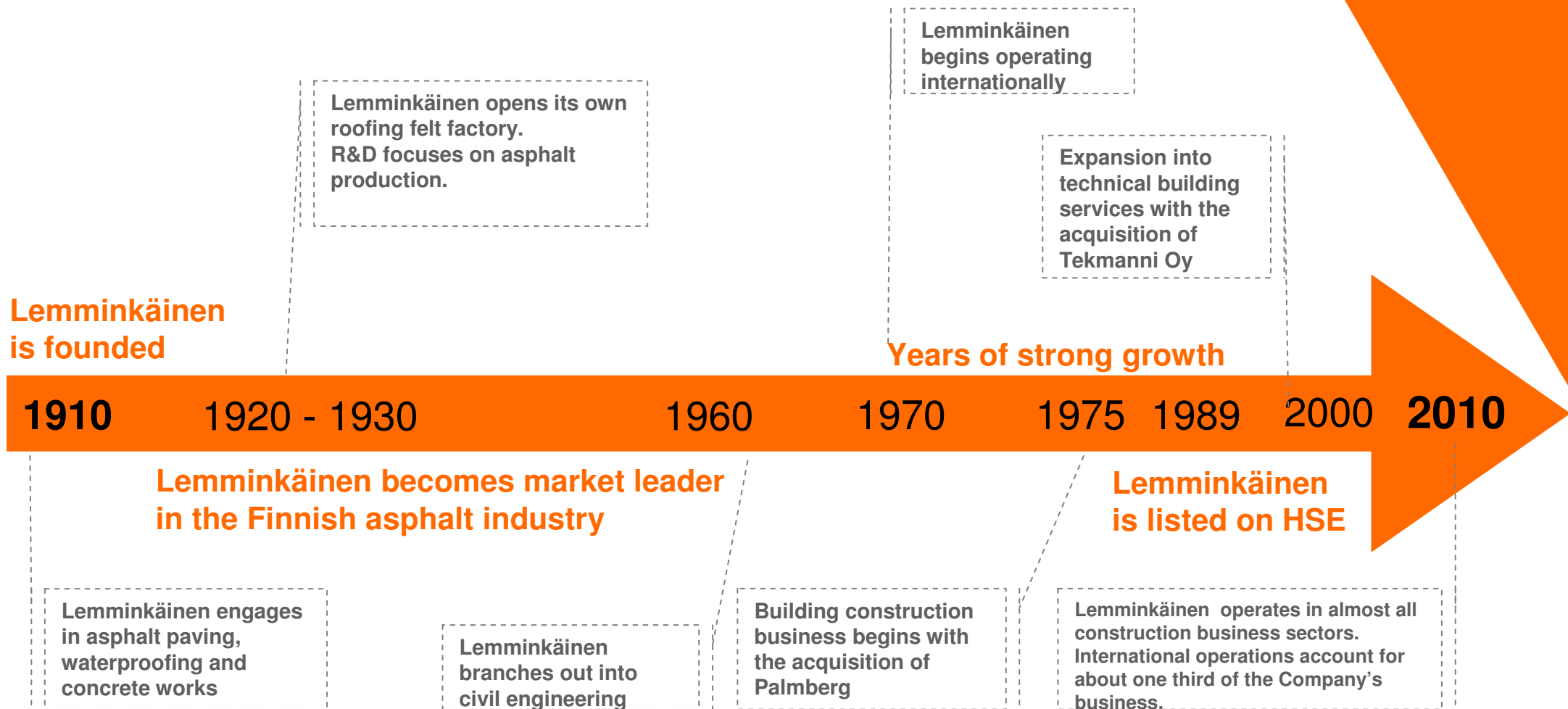
Strategy 2010-2013

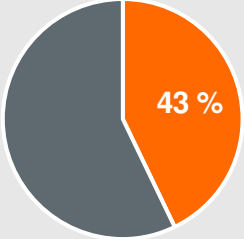
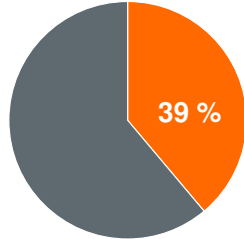
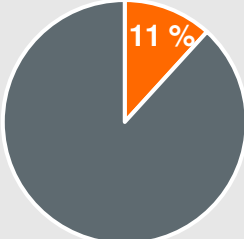
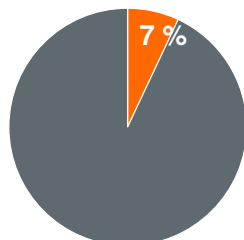
Market outlook

Interim report 1-9/2010



Company history: 100 years of construction



Our businesses		Net sales 2009 (% of Group net sales)
Building Construction	<ul style="list-style-type: none"> Developer contracting Contracting services Renovation construction Project management services and contracting Telecoms network construction 	 <p>43 %</p> <p>EUR 868 million</p>
Infrastructure Construction	<ul style="list-style-type: none"> Paving Mineral aggregates Civil engineering 	 <p>39 %</p> <p>EUR 790 million</p>
Technical Building Services	<ul style="list-style-type: none"> Technical building services contracting Maintenance and servicing 	 <p>11 %</p> <p>EUR 234 million</p>
Building Products	<ul style="list-style-type: none"> Roofing and waterproofing products, contracting and servicing Staircase and facade elements urban environment products, contracting Ready-mix concrete Sports and urban environment construction, special surfacings 	 <p>7 %</p> <p>EUR 133 million</p>

Diversity and strength in the marketplace

- ♦ Lemminkäinen has a leading or significant position in nearly all of its business areas
- ♦ Knowledge of local conditions and understanding of the construction environment are the foundations of Lemminkäinen's business both in Finland and abroad

Finland (73%*):

- One of the biggest building construction contractors
- Market leader in paving, significant infrastructure builder
- Second biggest actor in technical building services
- Market leader in roofing and urban environment contracting

Other Nordic countries (17%*):

- One of the biggest paving contractors in Norway and Denmark
- Notable rock engineering contractor in Sweden

Russia (3%*):

- Housing and project builder

Other countries (3%*):

- Partner of Western industrial companies

Baltic states (4%*):

- One of the biggest infrastructure builders

*) % of Group net sales in 2009

Strategy 2010–2013



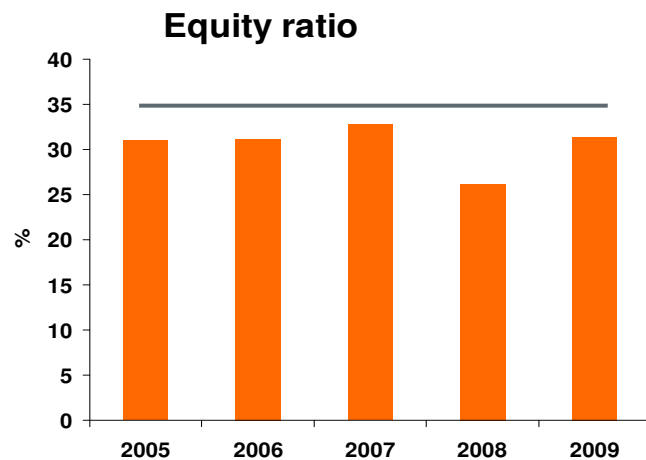
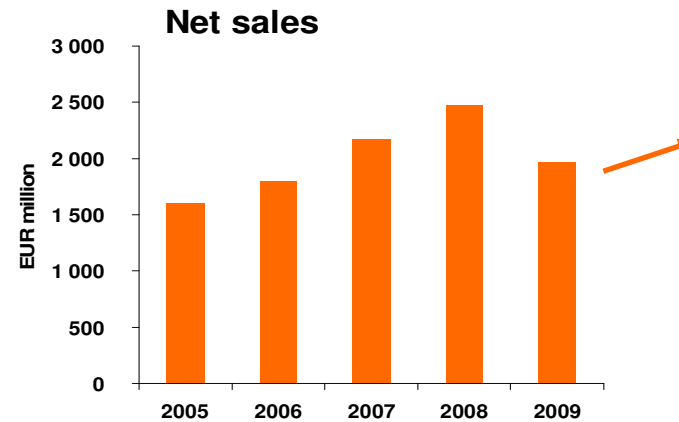
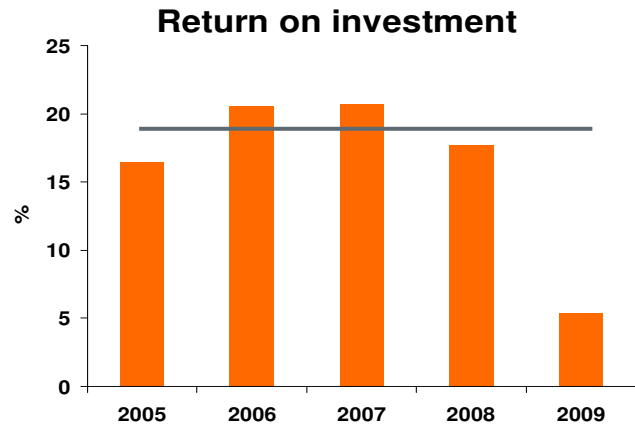
Lemminkäinen's strategic goals 2010-2013

Improvement of the financial position

Business development

One united
Lemminkäinen

Stronger financial position



Return on investment

> 18%

Equity ratio

> 35%

Net sales growth averaging

10%

Dividend distribution target

Lemminkäinen aims for a stable distribution of dividends in which at least 40% of the result for the financial year belonging to the parent company's owners is distributed as dividends

The amount of dividends may, however, be affected by investment needs targeted at company growth or other financing needs



Business development

We are developing our business in areas where

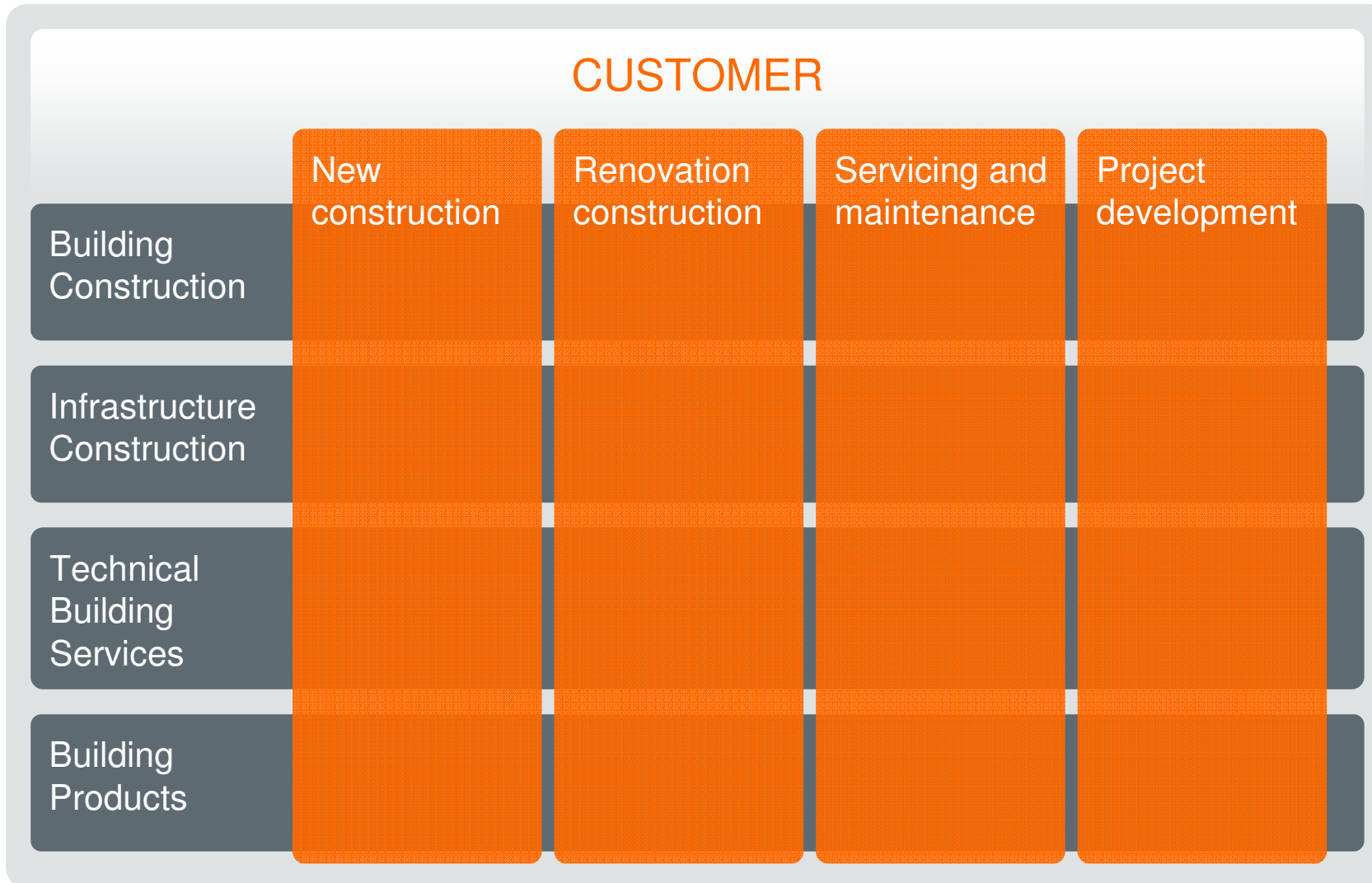
- there is growth potential
- we have an opportunity to achieve a leading market position
- special expertise is required

Such areas include

- renovation construction
- technical building services
- servicing and maintenance
- BIM-based business processes
- housing in Russia
- Nordic infrastructure



Developing business according to customer needs



One united Lemminkäinen

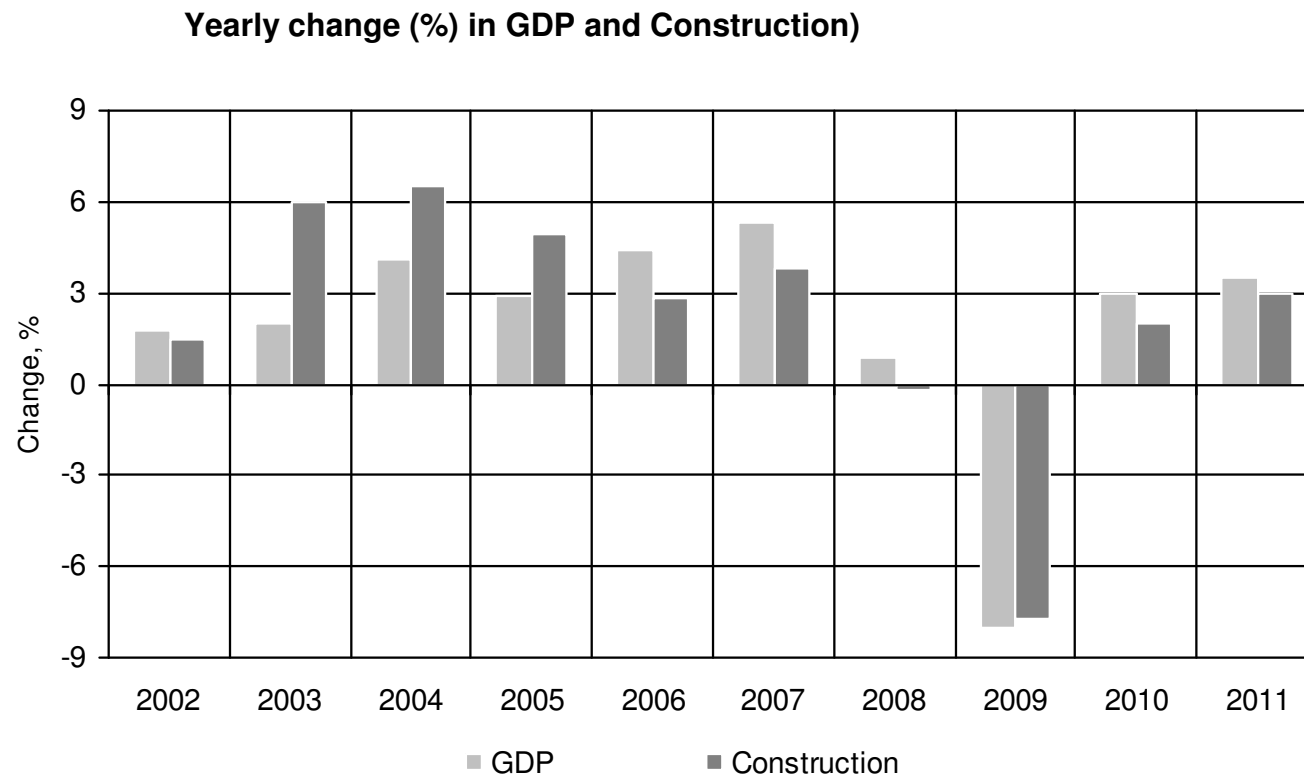
- Building of a common customer base and a customer experience of reliability and responsibility
 - Strong, unified Lemminkäinen brand
- Harmonising and improving the operating models and practices
 - For example, renewal of the operating model for support services
- Streamlining the Group structure and management
 - Mergers and uniformity of company names



Market outlook



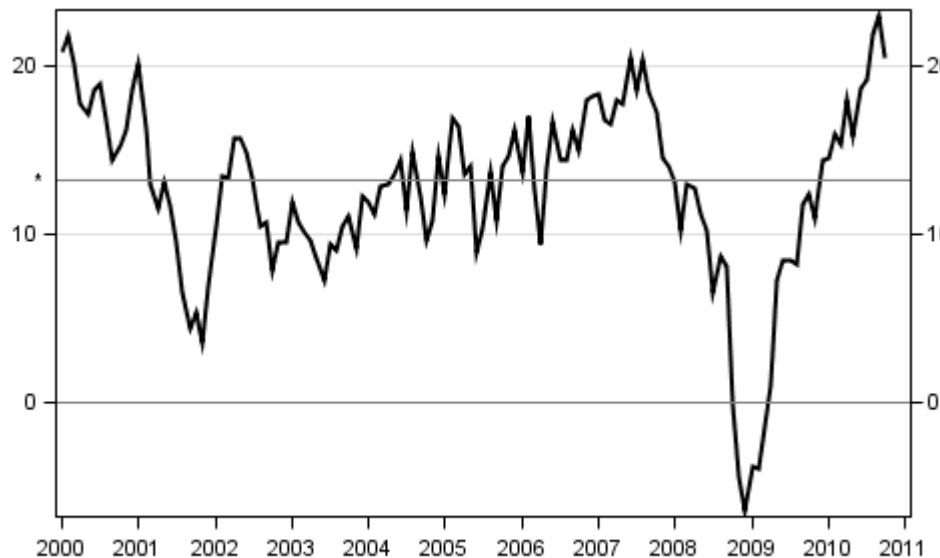
Finnish construction is expected to grow 2 % this year and 3 % in 2011



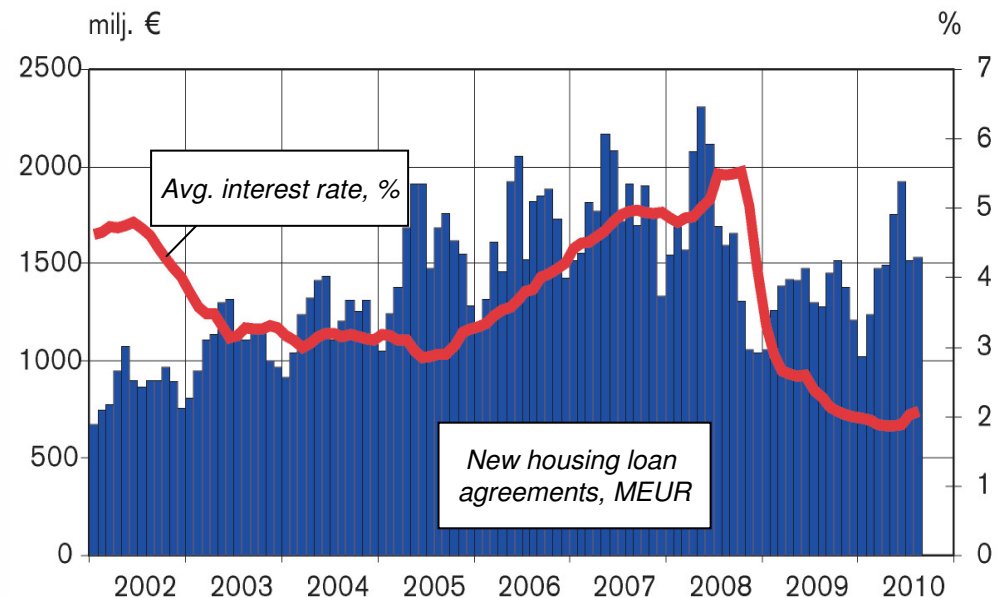
- 31 000 new housing starts
- commercial and office construction has reached its bottom
- civil engineering will contract a bit in 2010 and 2011
- declining unemployment rate (trend)

Improved consumer confidence and low interest rates will sustain good demand for housing in Finland

Consumer confidence indicator



Development of interest rates and new loan agreements



Development of housing production in Finland

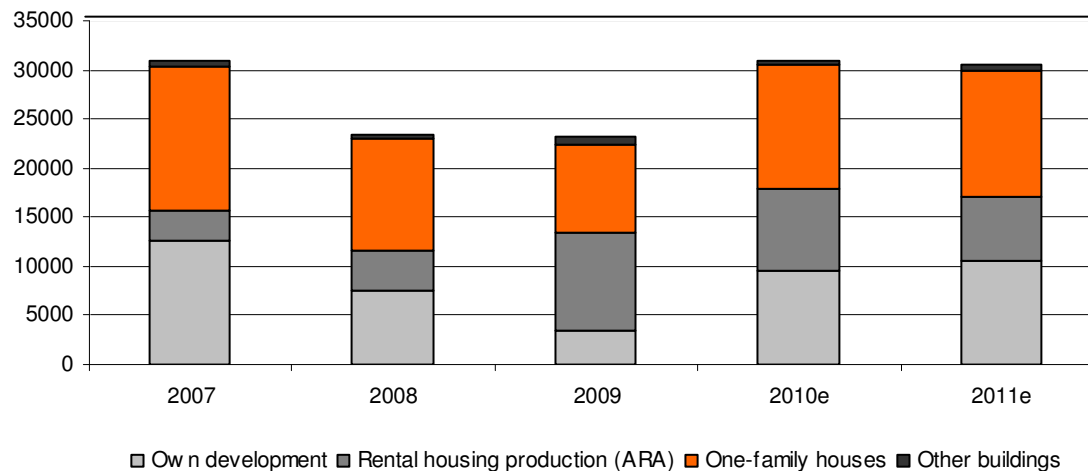
Positive:

- Low interest rates and strong consumer confidence support home-builing / raising a loan
- Increasing population, migration
- Smaller family-sizes, lack of smaller apartments
- Increasing rents
- Lower number of new completed apartments for sale

Negative:

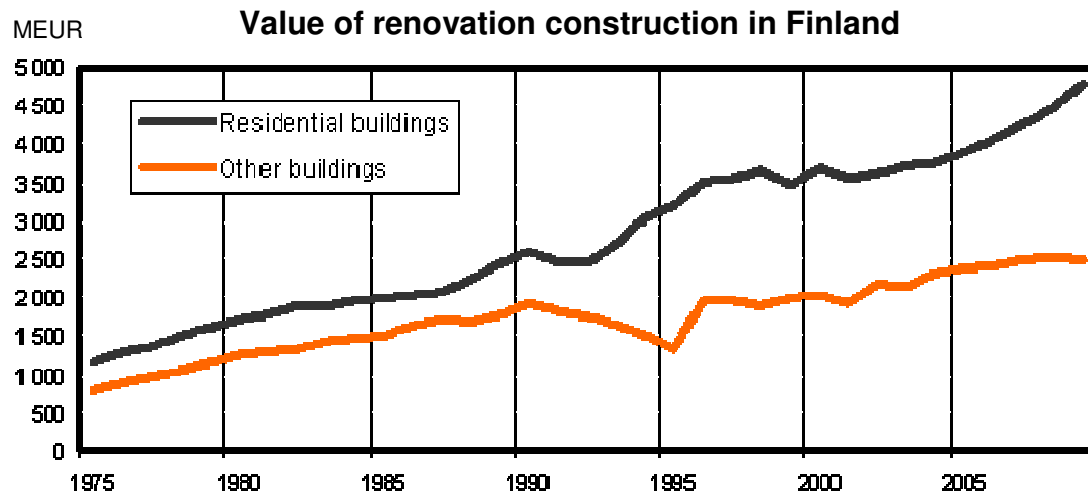
- Threat of rising unemployment and tighten taxation, interest rates will rise at some point

New housing starts in Finland



Yearly need for new housing starts 30000 – 35000 in the long-run (VTT)

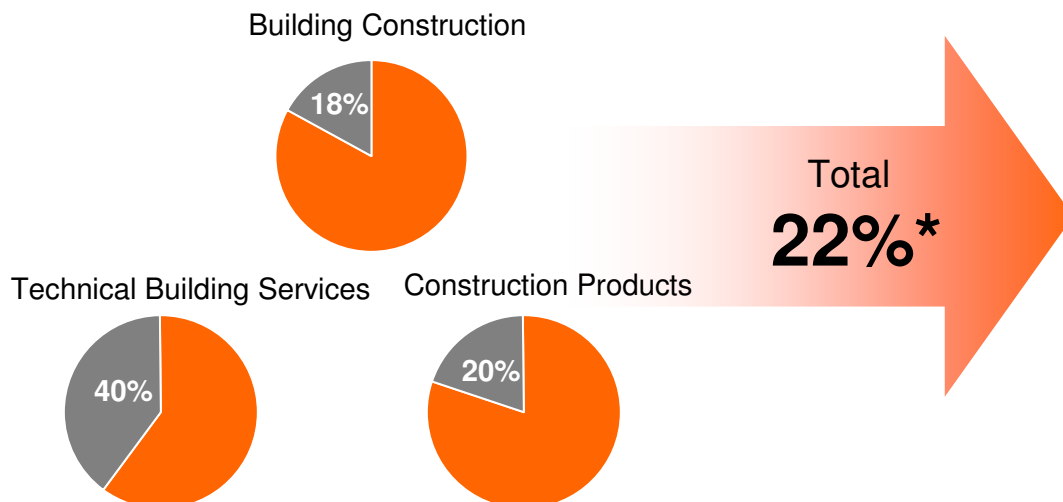
Increase in renovation construction and maintenance



The volume of renovation construction in the near future is estimated to grow approximately 2.5–3.0 % annually.

Sources: CFCI, Statistics Finland

Share of renovation construction of Lemminkäinen Group's* operations



The share of renovation and maintenance and servicing operations was 22 % of Lemminkäinen Group's* total operations in 2009.

► **Efforts are underway to increase this share**

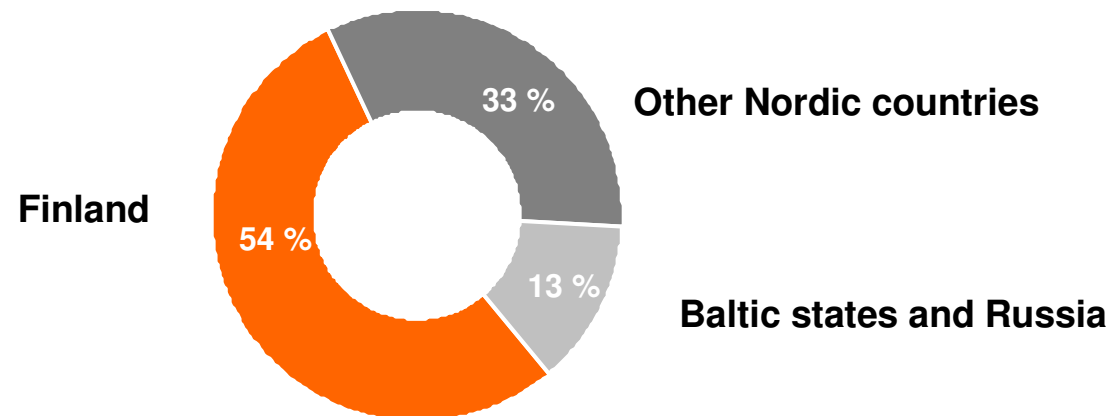
* *excluding infrastructure construction*

Lemminkäinen has strong position in infrastructure markets in Nordic countries

- # 1 or 2 asphalt paving contractor in Finland, Norway and Denmark, one of the biggest in Baltic region
- Notable rock engineering contractor in Sweden
- Finland's most internationalised infrastructure builder

Lemminkäinen aims to strengthen its position in the Nordic infrastructure markets organically and possibly through acquisitions

Net sales of Lemminkäinen Infrastructure construction by country 1–9/2010



Lemminkäinen in Russia

Lemminkäinen's building construction in Russia:

- residential real estate development
- commercial real estate development
- traditional contracting business

Company's strategic objective is to increase the volume of own residential housing in Russia

On-going projects:

Residential construction in St.Petersburg

- Ca. 500 apartment "Aleksandria" (completed in Q3/10, more than 300 units sold)
- Residential development under construction in Ozerki in northern St. Petersburg: over 100 apartments and commercial premises (to be completed in Q4/11)
- Building plot on Vasily Island for construction of ca. 500-apartment building expected to start in 2011 (targeted to be completed in stages Q3/12 and Q3/13)
- 100 apartment Vitebsky object 99% sold

Other projects

- Kaluga industrial park with 135 hectares (ground work started in 2007, first client in 07/10)
- Hermitage repository, Betset factory etc.



Growth in Russian housing markets

- The Russian government has set a goal of increasing living space per person by more than 40% by 2020
 - In addition old housing requires renovation or replacement with new construction
 - The housing markets are estimated to become more middle class and Western
 - Mortgage market is developing
 - Apartment prices are rising
- Main growth driver: increasing share of middle class with improving purchasing power and growing demand for consumption



Interim Report 1-9/2010

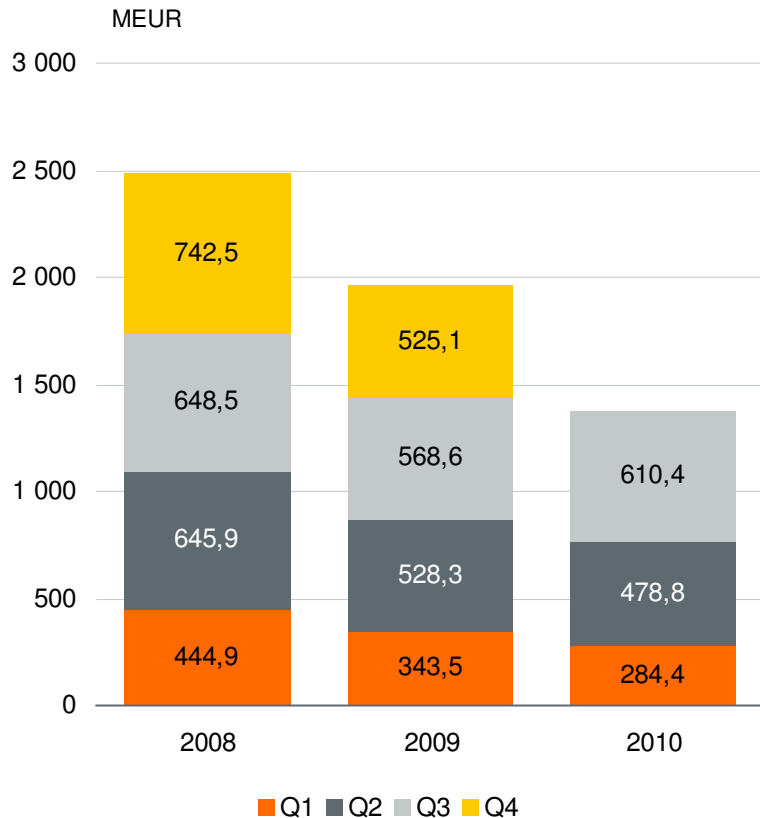


Key points in January-September 2010

- In July-September the net sales grew from last year's comparison period for the first time since the recession in the construction industry
- Order books developed favourably during the review period and Lemminkäinen's order book grew 12% year on year
- Housing sales continued to be brisk both in Finland and in Russia
- Income from housing starts made in the second half of 2009 began to be recognised during the third quarter
- Lemminkäinen acquired a building plot in St. Petersburg on which it is starting to construct approx. 540 housing units. Lemminkäinen also acquired a residential housing development already under construction in the city. It comprises 200 housing units as well as commercial premises
- Exceptional winter increased costs especially in Infrastructure Construction business sector. Operations in Finland achieved reasonable profitability. Operations in the Baltic states were unprofitable
- In Norway Lemminkäinen acquired majority stakes in Asfalt Remix AS (cold milling of asphalt pavement) and Risa Rock AS (tunnel excavation)
- Competition in Technical Building Services continued to be tough
- Demand for pre-cast concrete staircase and facade elements brisk, competition among roofing and urban environment construction contractors intensified
- Lemminkäinen completed a directed share issue to institutional investors and minority interests, which raised a total of EUR 39.5 million
- Lemminkäinen issued a EUR 60 million four-year domestic bond

Consolidated net sales

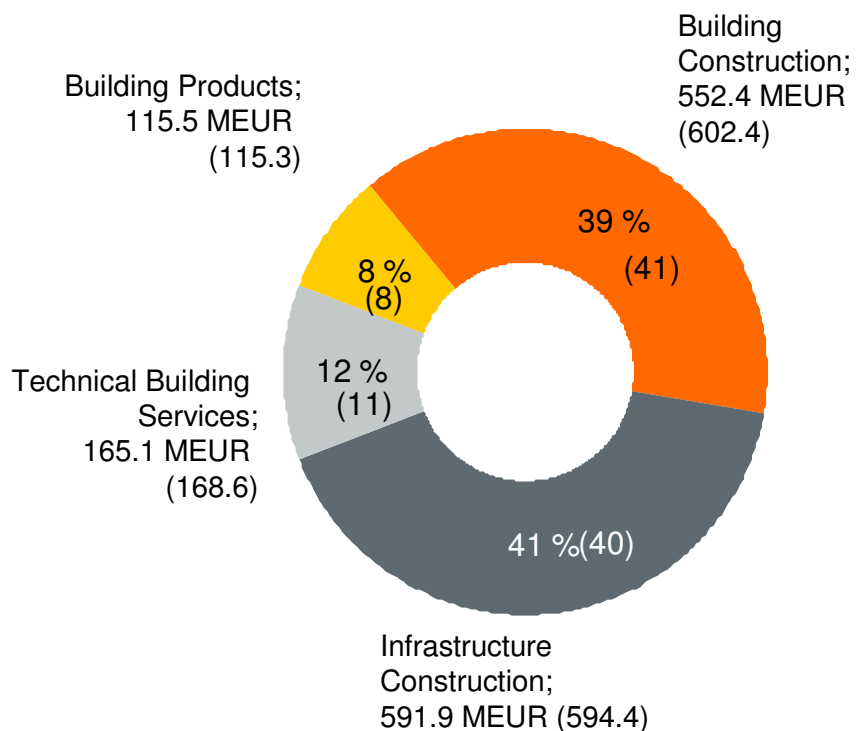
Net sales



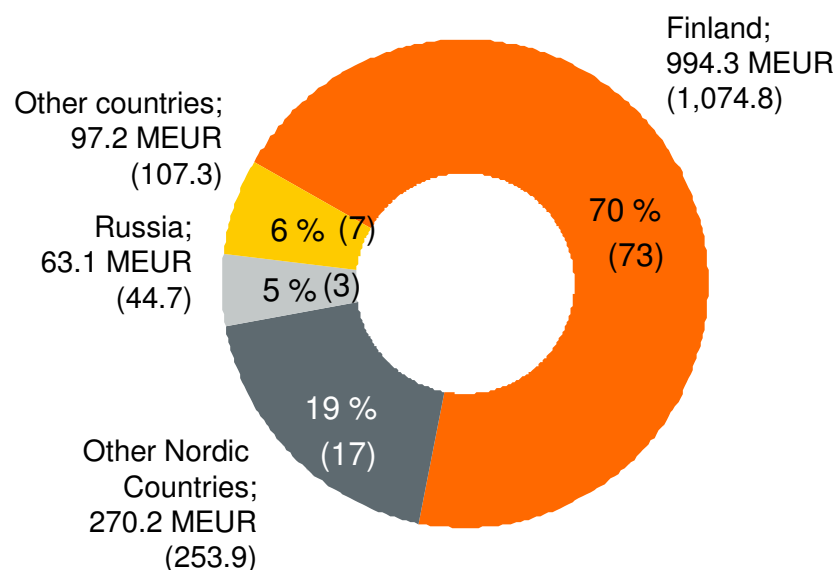
- The net sales of all the business sectors were higher on the corresponding period last year
- Only the net sales of the Building Construction business sector in January-September fell from the year-ago level, net sales of the other business sectors remained at the 2009 level

Net sales

**Net sales by business sector 1-9/2010
(1-9/2009)**



**Business sectors' net sales by region
1-9/2010 (1-9/2009)**

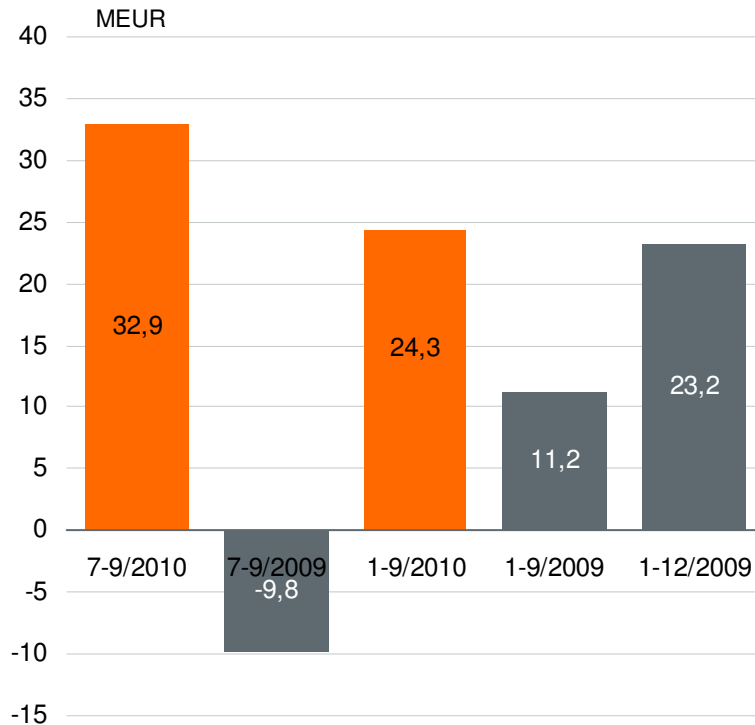


From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The sector-specific comparative figures for 2009 have also been prepared in accordance with the new organisation

Consolidated operating profit

Operating profit



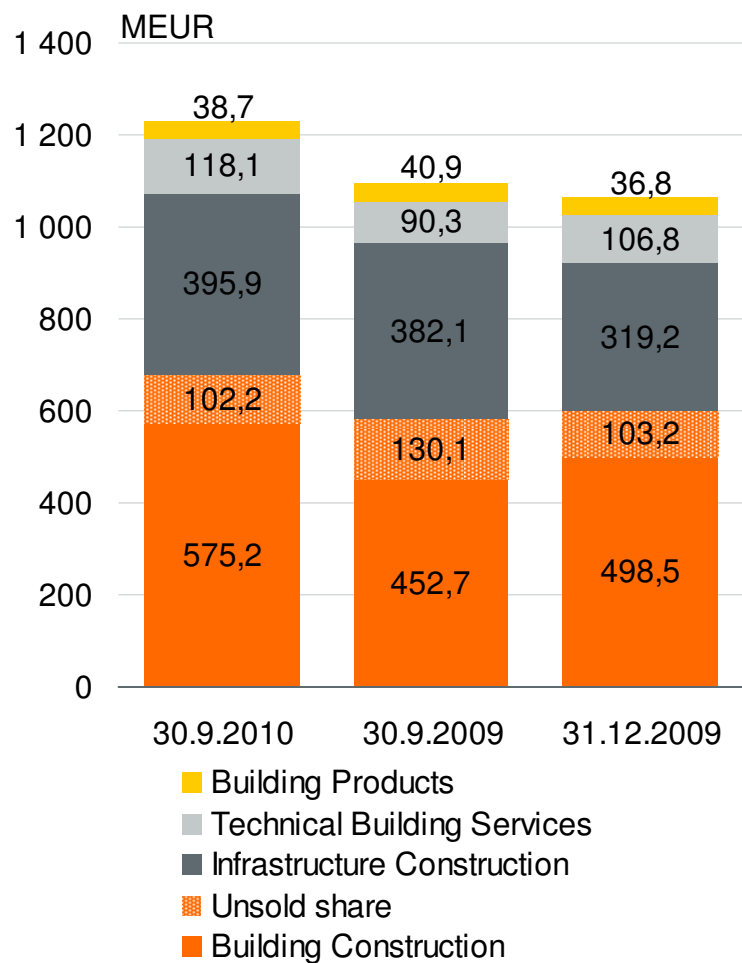
- Housing sales were brisk
- Increased costs and lower-than-expected end-user demand for commercial and office buildings weakened the profitability of building construction
- Exceptional winter increased costs especially in Infrastructure Construction business sector. Operations in Finland achieved reasonable profitability
- In the Baltic states total volumes of infrastructure construction fell and the competition intensified. Operations in the Baltic states were unprofitable
- Intensified competition among Technical Building Services and Building Products
- Non-recurring items stemming from restructuring and business adjustment measures

Key figures

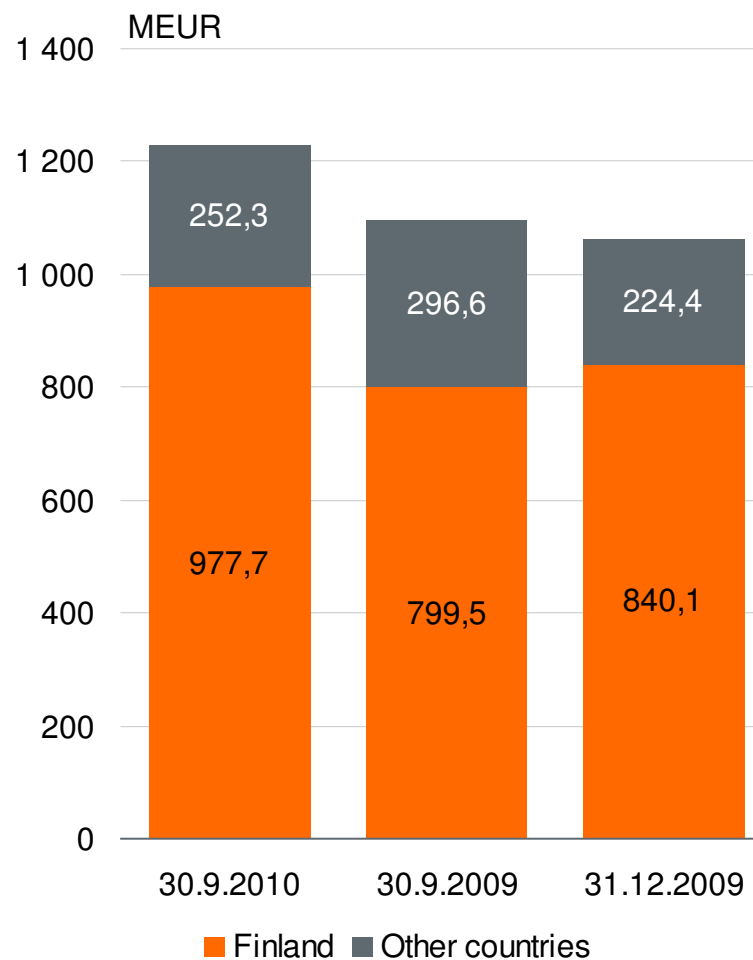
MEUR	7-9/2010	7-9/2009	Change-%	1-9/2010	1-9/2009	Change-%	1-12/2009
Net sales	610.4	568.6	7	1 373.6	1 440.4	-5	1,965.5
Operating profit	32.9	-9.8	Over 100	24.3	11.2	Over 100	23.2
Operating margin, %	5.4	-1.7		1.8	0.8		1.2
Net financing expenses	-6.5	6.3	Over 100	16.9	25.4	-33	33.4
Profit before taxes	26.4	-16.1	Over 100	7.4	-14.2	Over 100	-10.2
Earnings per share, EUR	1.08	-1.41	Over 100	0.15	-1.49	Over 100	-1.54
Gross investments	10.7	13.0	-18	44.5	32.4	37	41.5
Cash flow from operating activities	14.7	67.1	-78	-82.2	-3.5	Over 100	64.2
Interest-bearing net debt (at end of review period)				401.0	387.5	3	324.7

Order book

Order book by business sector



Order book by region



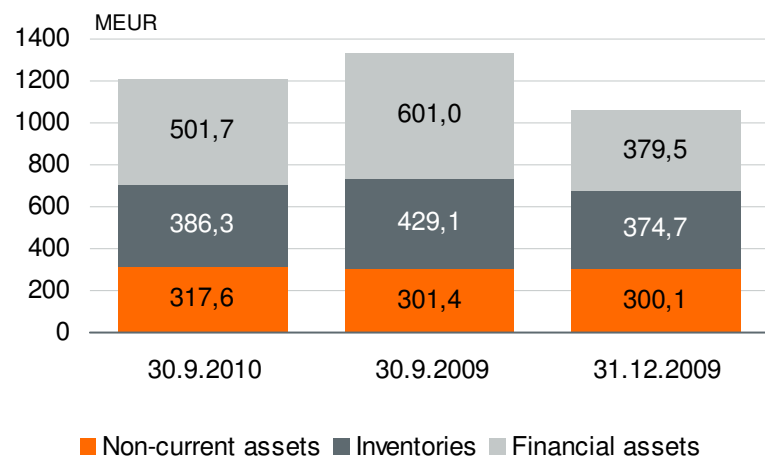
Lemminkäinen's own housing production

FINLAND	1-9/2010	1-6/2010	1-9/2009	1-12/2009
Housing starts	675	323	195	351
Housing units sold	601	397	546	771
Completed units	152	85	519	533
Under construction at end of period	928	643	263	405
of which unsold	382	203	148	193
Unsold completed units	148	179	377	263
RUSSIA	1-9/2010	1-6/2010	1-9/2009	1-12/2009
Housing starts	184	184	0	0
Housing units sold	202	129	81	133
Completed units	498	0	0	104
Under construction at end of period	184	682	323	479
of which unsold	184	453	181	367
Unsold completed units	196	0	0	22

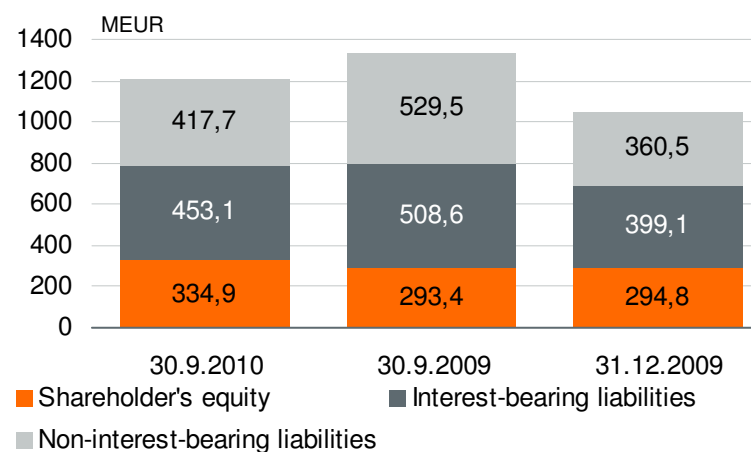
- In addition, 640 (685) contracted housing starts were made in Finland during the review period
- In St. Petersburg, Russia, a housing development of 498 units was completed
- Lemminkäinen is building some 180 apartments and 600 m² of commercial premises in a northern district of St. Petersburg. The development is expected to be completed in autumn 2011. In addition, Lemminkäinen starts construction work on a 540-unit apartment building on an acquired plot in St. Petersburg

Balance sheet

Assets



Shareholders' equity and liabilities

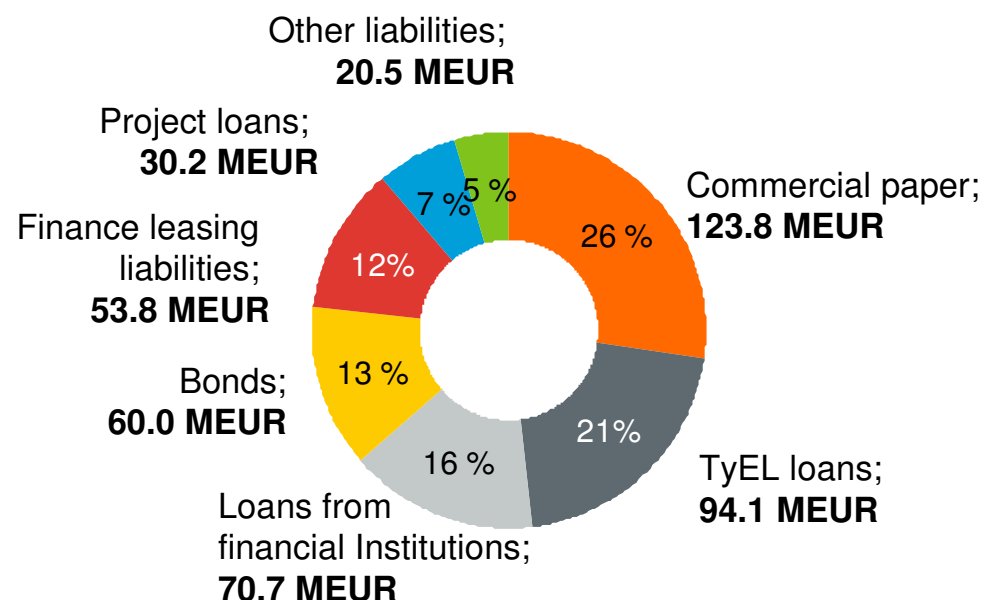


Balance sheet ratios and indicators (MEUR)

	30.9.2010	30.9.2009	31.12.2009
Balance sheet total, EUR million	1,205.7	1,331.5	1,054.4
Return on investment, %	5.1	3.1	5.4
Return on equity, %	1.0	-7.8	-7.5
Equity ratio, %	30.8	24.4	31.0
Net working capital, EUR million	444.1	404.0	343.2

Debt structure

Breakdown of interest-bearing debt (EUR 453.1 million) at 30.9.2010:



Financial indicators (EUR million)

	30.9.2010	30.9.2009	31.12.2009
Interest-bearing debt, of which	453.1	508.6	399.1
- short-term debt	230.9	450.2	108.4
- long-term debt	222.2	58.4	290.7
Cash funds	52.1	121.1	74.4
Net financing expenses	16.9	25.4	33.4
Gearing, %	119.7	132.1	110.2

Strategy implementation 1-9/2010

Stronger financial position

- A directed share issue was executed in the review period, providing the financial leeway necessary to implement strategic projects
- The EUR 60 million domestic bond broadened the financing base and extended the maturity distribution of the debt portfolio

Business development

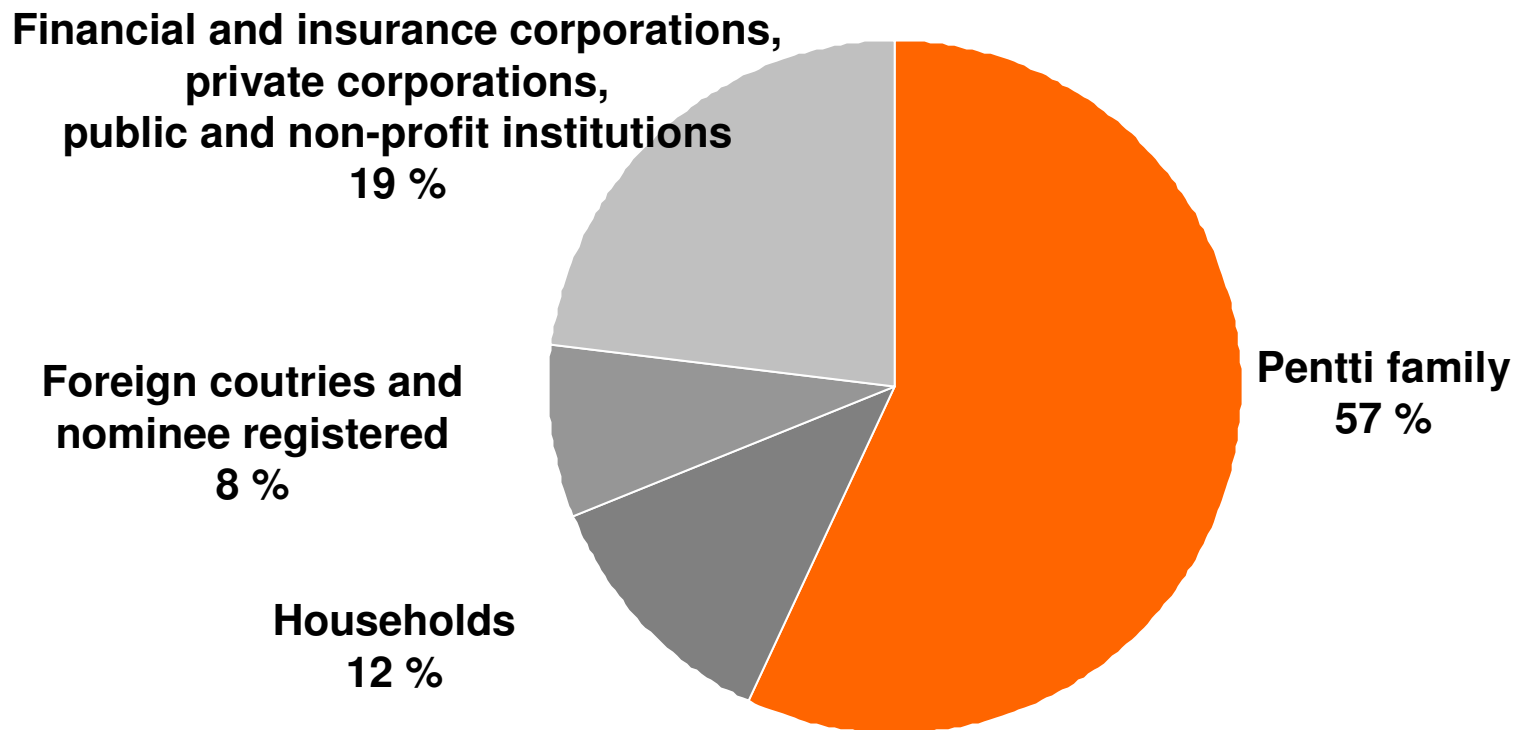
- The acquisition of Asphalt Remix and Risa Rock in Norway will strengthen Lemminkäinen's position in the Nordic infra markets
- Building plot acquisitions in St. Petersburg bring the opportunity to build more 700 housing units
- In Russia the Kaluga industrial park project got underway with a plant investment by Rani Plast

One Lemminkäinen

- Streamlining of the organisational structure by merging over 20 companies during 2010
- Support functions – human resources, financial management, ICT, legal affairs and communications & marketing – are being developed and centralised



Shareholder structure, 31 October 2010



- 19,6 million shares
- 5 076 owners
- Mcap 462 MEUR (03.12.10)

Outlook for 2010

The FY 2010 pre-tax profit is estimated to be positive but below the 2009 profitability level*. FY 2010 net sales are estimated to be at the 2009 level.

- In Finland low interest rates and improved consumer confidence will sustain good demand for housing. Other building construction will remain at a low level
- Demand for renovation construction is expected to grow steadily
- In Russia the housing construction volumes continue to grow stably
- In the Nordic countries and Baltic states, total paving volumes will decline from the 2009 levels
- Major transport projects and the pick-up in mining activity will support demand for infrastructure construction
- Demand for technical building services and building materials is expected to pick up gradually with the recovery of residential construction

**) The comparative figures do not include the infringement fine imposed by SAC.*

