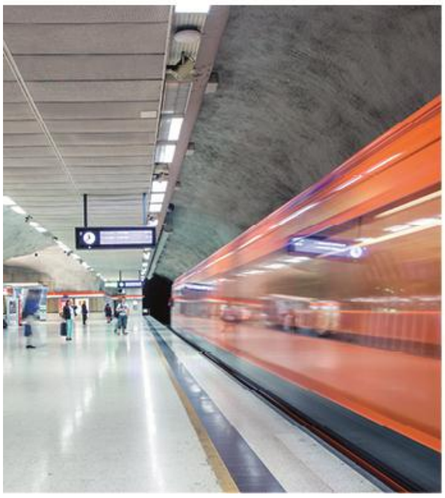
INTERIM REPORT

1 JAN–31 MARCH 2015

Stronger balance sheet and clearly positive cash flow



Lemminkäinen

Lemminkäinen Interim Report 1 Jan–31 March 2015: Stronger balance sheet and clearly positive cash flow

January–March 2015 (1–3/2014)

- Net sales totalled EUR 289.6 million (279.2).
- Order inflow in January–March was EUR 387.4 million (412.8).
- Operating profit was EUR -18.1 million (-17.3), or -6.2% (-6.2) of net sales.
- Profit for the period was EUR -19.6 million (-19.9).
- Earnings per share were EUR -0.96 (-1.04).
- Cash flow from operations totalled EUR 10.7 million (-102.2).
- At the end of review period the order backlog was EUR 1,617.3 million (1,901.2).
- The equity ratio was 37.9% (32.5) and gearing was 50.5% (98.9).
- Operating capital was EUR 554.4 million (691.1).
- Interest-bearing net debt was EUR 198.7 million (364.2).
- The company adopted a new segment structure from the beginning of the year. Lemminkäinen's four business segments are as follows: Paving; Infra projects; Building construction, Finland; and Russian operations.

Key figures, IFRS		1–3/2015	1–3/2014	Change	1–12/2014
Net sales	M€	289.6	279.2	10.4	2,044.5
Paving	M€	64.4	60.0	4.4	907.5
Infra projects	M€	58.9	59.6	-0.7	286.0
Building construction, Finland	M€	131.3	115.9	15.4	539.0
Russian operations	M€	18.6	16.0	2.6	196.1
Other items	M€	16.4	27.7	-11.3	115.9
Operating profit	M€	-18.1	-17.3	-0.8	36.3
Paving	M€	-27.0	-20.1	-6.9	32.2
Infra projects	M€	0.8	1.9	-1.1	7.2
Building construction, Finland	M€	7.3	6.1	1.2	9.3
Russian operations	M€	1.1	-1.4	2.5	19.7
Other items	M€	-0.3	-3.7	3.4	-32.2
Operating margin	%	*-6.2*	*-6.2*		*1.8*
Paving	%	*-41.8*	*-33.5*		*3.5*
Infra projects	%	*1.3*	*3.2*		*2.5*
Building construction, Finland	%	*5.5*	*5.3*		*1.7*
Russian operations	%	*6.0*	*-8.8*		*10.1*
Pre-tax profit	M€	-23.8	-24.5	0.7	-1.7
Profit from continuing operations	M€	-19.6	-20.2	0.6	-5.0
Profit for the period	M€	-19.6	-19.9	0.3	18.1
Earnings per share, continuing operations	€	-0.96	-1.05	0.09	-0.68
Earnings per share for the period	€	-0.96	-1.04	0.08	0.40
Cash flow from operations[1)]	M€	10.7	-102.2	112.9	-54.8

1) 1–3/2014 and 1–12/2014: Cash flow from operations includes EUR 60 million of damages paid related to asphalt cartel.

Key figures, IFRS		31 March 2015	31 March 2014	Change	31 December 2014
Order backlog, continuing operations	M€	1,617.3	1,901.2	-283.9	1,456.1
Operating capital	M€	554.4	691.1	-136.7	590.4
Balance sheet total	M€	1,206.4	1,306.5	-100.1	1,257.8
Interest-bearing net debt	M€	198.7	364.2	-165.5	213.6
Equity ratio[1)]	%	37.9	32.5		37.1
Gearing[2)]	%	50.5	98.9		51.8
Return on investment, rolling 12 months	%	13.2	-5.7		13.5

1) Equity ratio, if hybrid bond was treated as debt: 3/2015: 24.6 %, 3/2014: 20.3 % and 12/2014: 24.6 %.
2) Gearing, if hybrid bond was treated as debt: 3/2015: 132.0 %, 3/2014: 218.7 % and 12/2014: 128.4 %.

Profit guidance for 2015

The profit guidance for 2015 is intact. Lemminkäinen estimates that its net sales in 2015 will not increase as compared to 2014 (EUR 2,044.5 million). Operating profit (IFRS) in 2015 is expected to improve as compared to 2014 (EUR 36.3 million).

President and CEO Casimir Lindholm:

“The operating loss in the first quarter increased from the last year, which is a fact that I cannot be satisfied with”, says **Casimir Lindholm**, Lemminkäinen President and CEO. “In the Paving segment, the profitability was weakened by write-downs related to inventories and declining margins in individual projects. Nevertheless, the year-to-date order book in paving has grown faster than last year in Finland, Sweden and Norway. In addition, the demand for infrastructure construction is still good in our main markets. In 2015, we will continue the measures to improve our operational efficiency and complete the Deliver 2014 cost savings programme. I am confident that the targeted EUR 30 million lower cost structure will clearly be reflected in our full year operational result.”

“In Building construction, Finland, our result was boosted by residential and commercial development in the Helsinki metropolitan area. Due to the uncertain market situation, we have reduced the number of residential start-ups. In Russian operations, our profitability was improved by good housing sales, despite the uncertainties in the operating environment. In March, we decided to withdraw from our role as developer in a planned project in St Petersburg, including approximately 2,000 apartments. The reason for the decision was a too high risk level for Lemminkäinen. Negotiations of alternative ways to carry out the project are ongoing.”

“Our operating capital has decreased clearly compared to last year. Among other measures, we have improved the efficiency of our invoicing, divested non-core assets as well as optimised our residential production according to the market situation and our risk tolerance. The release of capital, together with good housing sales, also resulted in a positive cash flow from operations. A stronger balance sheet and the decreased risk level in individual projects provide us with a solid foundation for developing our business and strengthening our competitive position,” says Lindholm.

Market outlook

In 2015, the total volume of construction in Finland is likely to remain at the 2014 level. The building construction sector is supported by renovation projects. Ongoing and future major infra projects especially in urban growth centres support the market situation in infrastructure construction. The weak economic situation in the public sector is expected to reduce investments in basic road maintenance and further increase the state’s road infrastructure repair backlog. The growing infrastructure market in Scandinavia attracts major Central European construction companies to these countries, which intensifies price competition. In Russia, the economic and political situation remains uncertain and the fluctuation of the rouble increases the instability of the business environment. Prices rise faster than salaries, which weakens consumer purchasing power and may weaken intentions to purchase an apartment. In the Baltic countries, the market situation in infrastructure construction will most likely remain unchanged.

Briefing

A Finnish-language briefing for analysts and the media will be held at 10:00 a.m. on Wednesday, 29 April at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. Lemminkäinen's President and CEO Casimir Lindholm will present the Interim report. Presentation material can be found in Finnish and English at the company's website, www.lemminkainen.com/investors.

Financial reporting in 2015

5 February 2015	Financial statements bulletin 2014
29 April 2015	Interim Report 1 Jan – 31 March 2015
29 July 2015	Interim Report 1 Jan – 30 June 2015
30 October 2015	Interim Report 1 Jan – 30 Sep 2015

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Group performance

Net sales

Net sales by segment		1–3/2015	1–3/2014	Change	1–12/2014
Paving	M€	64.4	60.0	4.4	907.5
Infra projects	M€	58.9	59.6	-0.7	286.0
Building construction, Finland	M€	131.3	115.9	15.4	539.0
Russian operations	M€	18.6	16.0	2.6	196.1
Other operations and eliminations	M€	16.4	27.7	-11.3	115.9
Group, total	M€	289.6	279.2	10.4	2,044.5

The Group's net sales in the first quarter grew by 4% and totalled EUR 289.6 million (279.2). The impact of currency exchange rate changes on the euro-denominated net sales was EUR -11.8 million compared to Q1/2014. In Russia, where housing sales picked up from the comparison period, net sales, adjusted for currency effects, grew by more than 70%. However, the majority of the apartments sold during the review period are estimated to be completed and recognised as revenue in the fourth quarter of the year. Building construction in the Helsinki metropolitan area and major infra projects in Finland also increased the Group's net sales. In rock engineering, net sales decreased especially in Sweden and Norway. Net sales by country during the period were 69% (62) from Finland, 21% (28) from Scandinavia, 7% (6) from Russia and 3% (4) from other countries.

Operating profit

Operating profit by segment IFRS		1–3/2015	1–3/2014	Change	1–12/2014
Paving	M€	-27.0	-20.1	-6.9	32.2
Infra projects	M€	0.8	1.9	-1.1	7.2
Building construction, Finland	M€	7.3	6.1	1.2	9.3
Russian operations	M€	1.1	-1.4	2.5	19.7
Business segments, total	M€	-17.8	-13.5	-4.3	68.5
Other operations	M€	-0.3	-3.7	3.4	-32.2
Group, total	M€	-18.1	-17.3	-0.8	36.3

Operating margin (%) by segment IFRS	1–3/2015	1–3/2014	1–12/2014
Paving	*-41.8%*	*-33.5%*	*3.5%*
Infra projects	*1.3%*	*3.2%*	*2.5%*
Building construction, Finland	*5.5%*	*5.3%*	*1.7%*
Russian operations	*6.0%*	*-8.8%*	*10.1%*
Group, total	*-6.2%*	*-6.2%*	*1.8%*

Operating profit in the first quarter of the year was EUR -18.1 million (-17.3). The profitability was improved by residential development and construction in Russia and in Finland, as well as the release of rent liabilities in commercial projects in the Helsinki metropolitan area. The cost structure was lowered in all business operations due to the Deliver 2014 cost saving programme.

The result of the Paving segment was weakened by write-downs related to inventories and declining margins in individual projects. In Infra projects, the result weakened due to the low volume in rock engineering particularly in Sweden and Norway. The company continues its actions to improve profitability, such as wintertime planning, fleet optimisation as well as the improvement of project and risk management.

Order book

Order book by segment		31 March 2015	31 March 2014	Change	31 March 2015	31 December 2014	Change
Paving	M€	538.5	527.2	11.3	538.5	334.3	204.2
Infra projects	M€	221.5	366.5	-145.0	221.5	214.5	7.0
Building construction, Finland	M€	669.0	556.6	112.4	669.0	687.1	-18.1
Russian operations	M€	79.6	324.5	-244.9	79.6	86.4	-6.8
Other operations	M€	108.8	126.3	-17.5	108.8	133.8	-25.0
Group, total	M€	1,617.3	1,901.2	-283.9	1,617.3	1,456.1	-161.2
- of which unsold	M€	148.9	323.5	-174.6	148.9	188.7	-39.8

The order book at the end of period stood at EUR 1,617.3 million (1,901.2). Of this, 63% is attributable to 2015. The order inflow during the first quarter was EUR 387.4 million (412.8). The changes from the comparison period were mainly due to Russian operations.

In Building construction, Finland, the order book was increased by major contracting projects, such as the renovation of the Parliament Building and the Sibelius Academy in Helsinki as well as the school campus of timber to be built in Pudasjärvi with the PPP model.

In Infra projects, the order book decreased most in rock engineering. However, in Finland and in Sweden, several significant infra projects are about to start and Lemminkäinen will take part in their tendering processes.

In Russia, the order book was decreased by the decline in building construction contracting and the completion of two residential development projects (a total of approximately 550 residential units) in late 2014. During Q1/2015, no new development or contracting projects were launched.

Balance sheet, financing and cash flow

In March, Lemminkäinen agreed on amended terms of its financial agreement, extending the maturity of the existing EUR 185 million revolving credit facility by one year. At the same time, the company’s commitment to strengthen the balance sheet, previously agreed on with the lenders, was reduced to EUR 60 million (previously EUR 100 million). Lemminkäinen will continue the measures to strengthen the balance sheet, through the divestment of non-core businesses and assets, among other measures. The company is also entitled to distributing a maximum of 40% of the net profit for the financial year 2015 as dividends to its shareholders.

Balance sheet, financing and cash flow, IFRS		31 March 2015	31 March 2014	Change	31 March 2015	31 December 2014	Change
Key figures, balance sheet							
Equity ratio[1)]	*%*	*37.9*	*32.5*		*37.9*	*37.1*	
Gearing[2)]	*%*	*50.5*	*98.9*		*50.5*	*51.8*	
Return on investment[3)]	*%*	*13.2*	*-5.7*		*13.2*	*13.5*	
Capital invested	M€	738.8	783.9	-45.1	738.8	760.3	-21.5
Operating capital	M€	554.4	691.1	-136.7	554.4	590.4	-36.0
Net working capital	M€	301.9	378.9	-77.0	301.9	335.1	-33.2
Financial position and liquidity							
Interest-bearing debt	M€	345.1	415.8	-70.7	345.1	347.8	-2.7
- of which long-term liabilities	M€	137.4	46.9	90.5	137.4	139.5	-2.1
- of which short-term liabilities	M€	207.7	368.8	-161.1	207.7	208.3	-0.6
Liquid funds	M€	146.4	51.6	94.8	146.4	134.2	12.2
Interest-bearing net debt	M€	198.7	364.2	165.5	198.7	213.6	-14.9
Committed, unused credit limits	M€	185.0	185.0	0.0	185.0	185.0	0.0
Unused overdraft limits	M€	33.3	51.4	-18.1	33.3	33.2	0.1
Net financial costs[4)]	M€	5.8	7.1	-1.3	5.8	37.9	-32.1
Cash flow							
Cash flow from operations[5)]	M€	10.7	-102.2	112.9	10.7	-54.8	65.5

1) If the hybrid bond were recognised as debt, the equity ratio would be: 3/2015: 24.6%, 3/2014: 20.3% and 12/2014: 24.6%.
2) If the hybrid bond were recognised as debt, gearing would be: 3/2015: 132.0%, 3/2014: 218.7% and 12/2014: 128.4%.
3) Rolling 12 months
4) Cumulative, from the beginning of the year.
5) The 2014 cash flow was impaired by the payment of EUR 60 million in damages related to the asphalt cartel.

January – March 2015 / 31 March 2015

On 31 March 2015, the balance sheet total was EUR 1,206.4 million (1,306.5), of which shareholders' equity accounted for EUR 393.7 million (368.1). Shareholders' equity includes two EUR 70 million hybrid bonds with no maturity dates. The company is entitled to redeem these bonds in 2016 and 2018. The capital structure was strengthened by the rights offering arranged in the autumn of 2014, the divestment of business operations and the improved FY 2014 result. Net working capital was decreased by more efficient invoicing and decrease in inventories.

Interest-bearing debt at the end of the review period amounted to EUR 345.1 million (415.8) and interest-bearing net debt totalled EUR 198.7 million (364.2). Liquid funds, totalled EUR 146.4 million (51.6), increased due to the divestment of business operations and measures related to the strengthening of the capital structure during 2014. Of the company's interest-bearing debt, EUR 119.5 million (85.5) comprises project loans, EUR 99.7 million (60.0) bonds, EUR 72.7 million (178.9) commercial papers, EUR 47.8 million (55.0) finance lease liabilities, and EUR 5.4 million (36.4) other loans. Of all interest-bearing debt, 41% (29) was at a fixed interest rate.

Net financial costs in January–March were EUR 5.8 million (7.1). The interest expenses of the hybrid bonds are not recorded under the finance costs in the income statement; instead, their impact can be seen in the calculation of the earnings per share (Q1/2015: EUR 2.6 million) and in the change in equity (Q1/2015: EUR 5.3 million).

Cash flow from operations in January–March totalled EUR 10.7 million (-102.2). The changes in working capital increased the cash flow from operations. The cash flow for the comparison period (Q1/2014) includes the payment of EUR 60 million in damages related to the asphalt cartel.

Business segments

New reporting structure in 2015

Lemminkäinen changed its reporting structure on 1 January 2015. The earlier Infrastructure construction business segment was divided into two. The paving, mineral aggregates and earthworks businesses were transferred to the new Paving business segment. Foundation engineering, civil engineering and rock engineering constitute the new Infra projects business segment. As of 1 January 2015, the reportable business segments are: Paving; Infra projects; Building Construction, Finland; and Russian operations. The Group's parent company, and other operations and assets unallocated to the segments, such as building construction in Sweden, an associated company engaged in the real estate rental business called Finavo Oy as well as companies managing individual plots and plants mainly outside Finland are reported as part of the Group's other operations.

Paving

Operating environment

In Finland, basic road maintenance investments were cut in 2014, which has further increased the road network repair backlog. However, the lower bitumen price and poor condition of the road network may boost demand for paving this year. Ongoing infra projects in urban growth centres maintain the demand for earthworks and mineral aggregates. In Sweden and Norway, road construction, including renovation projects, keep the market situation good in paving.

Key figures		1–3/2015	1–3/2014	Change	1–12/2014
Net sales	M€	64.4	60.0	4.4	907.5
Operating profit	M€	-27.0	-20.1	-6.9	32.2
% of net sales	*%*	*-41.8*	*-33.5*		*3.5*
Order book at end of period	M€	538.5	527.2	11.3	334.3
Operating capital	M€	252.9	268.7	-15.8	262.1

January–March 2015

The segment's net sales in January–March were EUR 64.4 million (60.0) and operating profit was EUR -27.0 million (-20.1). Net sales by country were 42% (44) from Finland, 49% (42) from Scandinavia and 9% (14) from the Baltic countries.

The result of the segment was weakened by write-downs related to inventories and declining margins in individual projects. In the Baltic countries, the result for the comparison period was improved by an earthworks project in Lithuania, completed at the end of 2014.

At the end of the review period, the segment's order book stood at EUR 538.5 million (527.2). Of this, 71% is attributable to 2015. In paving, the year-to-date order book especially in Finland, Sweden and Norway has grown faster than in 2014.

Infra projects

Operating environment

In Finland, infrastructure construction is supported by ongoing major projects in urban growth centres. The decrease in new building construction has reduced demand for foundation work. In Sweden and Norway, the attractive market situation kept the price competition intense. In the Baltic countries, the market situation remained unchanged.

Key figures		1–3/2015	1–3/2014	Change	1–12/2014
Net sales	M€	58.9	59.6	-0.7	286.0
Operating profit	M€	0.8	1.9	-1.1	7.2
% of net sales	*%*	*1.3*	*3.2*		*2.5*
Order book at end of period	M€	221.5	366.5	-145.0	214.5
Operating capital	M€	-5.4	17.4	-22.8	-0.9

January–March 2015

In January–March, the segment's net sales were EUR 58.9 million (59.6) and operating profit EUR 0.8 million (1.9). Net sales by country were 76% (51) from Finland, 16% (45) from Scandinavia and 8% (4) from the Baltic and other countries.

In Finland, Lemminkäinen's ongoing major infra projects, such as West Metro, the Rantaväylä tunnel project in Tampere and the underground parking facility in Oulu, are proceeding as planned. In Sweden and Norway, the declining volume in rock engineering weakened the profitability in the first quarter. Furthermore, the comparison period (Q1/2014) included individual margin improvements in major projects.

The segment's order book at the end of the period stood at EUR 221.5 million (366.5). Of this, 72% is attributable to 2015. The order book declined the most in rock engineering. In Finland, Sweden and Norway a significant number of new infra projects are about to start this year and Lemminkäinen will take part in their tendering processes.

Building construction, Finland

Operating environment

The market situation in building construction has remained stable; however, there are no signs of recovery yet. The decline in new construction is still compensated by increasing renovation. Housing sales picked up slightly towards the end of the review period. Housing funds are still very active and sales to investors compensate for the slowdown in consumer sales. Commercial construction, especially outside the Helsinki metropolitan area, was on a low level.

Key figures		1–3/2015	1–3/2014	Change	1–12/2014
Net sales	M€	131.3	115.9	15.4	539.0
Operating profit	M€	7.3	6.1	1.2	9.3
% of net sales	*%*	*5.5*	*5.3*		*1.7*
Order book at end of period	M€	669.0	556.6	112.4	687.1
Operating capital	M€	276.9	285.7	-8.8	303.7

January–March 2015

In January–March, the segment's net sales grew by 13% to EUR 131.3 million (115.9). The operating profit improved by 20% and totalled EUR 7.3 million (6.1).

The profitability was improved by residential development and construction as well as EUR 2 million release of rent liabilities in completed commercial projects in Helsinki metropolitan area. Outside urban growth centres, the company continues measures to achieve a lower cost level and capital structure. Major contracting projects proceeded as planned.

Housing sales picked up slightly towards the end of the review period. However, the number of unsold completed apartments increased year-on-year and was 350 (148). Due to market uncertainty, the number of residential development start-ups targeted to consumers has been reduced. In 2015, the volume of residential development and construction will decrease by approximately 30% from 2014, and the completions of apartments will be evenly distributed throughout the year. All completed apartments (development projects) during the review period were located in the Helsinki metropolitan area, whereas apartments that will be completed towards the end of the year will mainly be located outside the Helsinki metropolitan area.

The order book at the end of the period stood at EUR 669.0 million (556.6). Of this, 47% is attributable to 2015. The order book was increased by major contracting projects: renovation of the Parliament Building and the Sibelius Academy in Helsinki, the logistics centre in Sipoo as well as the school campus of timber to be built in Pudasjärvi with the PPP model.

Lemminkäinen's residential production (development projects and negotiated contracting)		1–3/2015	1–3/2014	Change	1–12/2014
Started	units	347	334	13	1,410
- of which development projects	units	196	258	-62	979
Completed	units	200	187	13	1,363
- of which development projects	units	200	103	97	1,088
Sold	units	381	286	95	1,280
- of which development projects	units	230	210	20	849
Sales to investors	*%*	*48*			*47*
Under construction at end of period	units	1,446	1,488	42	1,362
- of which unsold[1)]	units	478	621	-143	522
Unsold completed at end of period	units	350	148	202	336
Land bank, balance sheet value at end of period	M€	97.1	109.3	-12.2	105.4
Started in competitive contracting	units	0	0	0	244

1) at the end of period

Russian operations

Operating environment

In Russia, the economic and political uncertainty continued despite the strengthening of the rouble's external value. In early 2015, the demand for housing remained stable in the comfort class where the majority of housing transactions are financed without mortgages. The declining oil price has not yet been reflected in funding of the state's road projects.

Key figures		1–3/2015	1–3/2014	Change	1–12/2014
Net sales	M€	18.6	16.0	2.6	196.1
Operating profit	M€	1.1	-1.4	2.5	19.7
% of net sales	*%*	*6.0*	*-8.8*		*10.1*
Order book at end of period	M€	79.6	324.5	-244.9	86.4
Operating capital	M€	62.2	88.0	-25.8	68.4

January–March 2015

In January–March, net sales were EUR 18.6 million (16.0) and operating profit was EUR 1.1 million (-1.4). The impact of currency exchange rate changes on the euro-denominated net sales was EUR -8.8 million and on the operating profit EUR -0.5 million compared to the comparison period.

Profitability was improved by residential development and construction. During the first quarter, the number of apartments sold was 160 (Q1/2014: 99 apartments). Of them, 76% were in the Tapiola 2 complex that the company estimates to be completed and recognised as revenue at the end of 2015. At the end of the review period, the number of unsold apartments was 266, of which 17% were completed.

In March, Lemminkäinen announced that it withdraws from its role as developer in a planned project with Lipsanen & Co. Group in St Petersburg, including approximately 2,000 apartments. The decision was impacted by the uncertainties in the operating environment and weakened economic situation in Russia as well as the risk level of the project for Lemminkäinen. The companies are negotiating about alternative ways to carry out the project. The capital tied up in the project at the end of the period was approximately EUR 17 million.

At the end of the period, the segment's order book was EUR 79.6 million (324.5). Of this, 95% is attributable to 2015. The order book was reduced by the completion of two residential development projects at the end of 2014 and the decline in building construction contracting.

Lemminkäinen's residential development projects, Russia		1–3/2015	1–3/2014	Change	1–12/2014
Started	units	0	0	0	0
Completed	units	0	0	0	545
Sold	units	160	99	61	520
Under construction at end of period	units	418	963	-545	418
of which unsold	units	161	758	-597	283
Unsold completed at end of period	units	105	89	16	139

Investments

Gross investments during the review period amounted to EUR 2.8 million (9.2), representing 1.0% (3.3) of the company's net sales. Lemminkäinen's investments were mainly replacement, environmental and safety investments in infrastructure construction. The company continues to implement stricter criteria involving investments and to improve the efficiency of monitoring processes.

Personnel

At the end of the review period, Lemminkäinen employed 4,378 people (5,251). Of this, 1,928 (2,353) were white-collar workers and 2,450 (2,898) were blue-collar workers. The number of personnel has decreased due to personnel negotiations conducted in 2013 and 2014 or other similar measures.

Personnel by business segment, continuing operations		31 March 2015	31 March 2014	Change
Paving	persons	2,056	2,309	-253
Infra projects	persons	391	430	-39
Building construction, Finland	persons	987	1,152	-165
Russian operations	persons	580	804	-224
Parent company and others	persons	364	556	-192
Group, total	persons	4,378	5,251	-873

Personnel by country, continuing operations		31 March 2015	31 March 2014	Change
Finland	persons	2,074	2,637	-563
Sweden, Norway, Denmark	persons	1,071	1,119	-48
Baltic countries	persons	634	630	4
Russia	persons	580	804	-224
Other countries	persons	19	61	-42
Group, total	persons	4,378	5,251	-873

Shares

The company has one share class. Each share carries one vote at a general meeting of shareholders and confers an equal right to a dividend. Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares was 23,219,900 at the end of the review period.

Trading with shares

At the end of review period, the market capitalisation of Lemminkäinen's shares stood at EUR 248.3 million (258.9). The price of Lemminkäinen Corporation's share on the NASDAQ OMX Helsinki was EUR 9.52 (15.20) at the beginning of the review period and EUR 10.70 (13.20) at the end. In addition to the NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. A total of 921,841 shares (257,482) were traded during the review period, of which alternative markets accounted for 8 per cent (17). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Treasury shares

At the end of 2014, Lemminkäinen owned 16,687 of its own shares.

Shareholders

The company had 4,554 shareholders (4,655) at the end of review period. Nominee-registered and non-Finnish shareholders held 13 per cent (13) of all Lemminkäinen Corporation shares and voting rights.

After the review period, Lemminkäinen informed that its significant shareholder, Mr. Olavi Pentti, passed away on 2 April 2015 after a severe illness. Olavi Pentti owned 2,020,285 Lemminkäinen's shares, which corresponds to 8.7% of the company's shares and votes.

Information on company ownership and division by segment and scale, major shareholders, and share ownership of Executive Team members and the Board of Directors is available on the company's website, www.lemminkainen.com/Investors/Owners.

Shareholder agreements

The company is not aware of any agreements between shareholders that would have a significant bearing on the use of ownership rights or voting behaviour at general meetings of shareholders.

Flagging notifications

Lemminkäinen did not receive flagging notifications during the review period.

Resolutions of Annual General Meeting

On 25 March 2015, Lemminkäinen Corporation's Annual General Meeting adopted the company's annual accounts and consolidated financial statements for 2014 and granted the members of the Board of Directors as well as the persons having acted as the President and CEO and the Interim President and CEO discharge from liability. The General Meeting resolved, in accordance with the Board of Directors' proposal, that no dividend be paid for the financial year ended on 31 December 2014.

The General Meeting resolved to authorise the Board of Directors to resolve on the repurchase of the company's own shares. In accordance with the authorisation, the Board of Directors may resolve to repurchase a maximum of 2,321,990 own shares, which corresponds to 10 per cent of all the current shares of the company. The authorisation is effective for a period of 18 months from the resolution of the General Meeting.

In addition, the General Meeting resolved to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or several instalments, either against payment or without payment. The number of shares to be issued, including the shares to be received based on special rights, shall not exceed 4,643,980 shares. The maximum number corresponds to 20 per cent of all the current shares of the company. The Board of Directors may resolve to issue either new shares or own shares possibly held by the company. The authorisation is effective for a period of 18 months from the resolution of the General Meeting.

The General Meeting confirmed the number of members of the Board of Directors as seven. Berndt Brunow, Noora Forstén, Finn Johnsson, Juhani Mäkinen, Kristina Pentti-von Walzel, Heikki Räty and Heppu Pentti were elected as members of the Board. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the company's auditor.

Lemminkäinen Corporation's Board of Directors‘ organising meeting was held on 25 March 2015. The Board re-elected Berndt Brunow as the Chairman and Juhani Mäkinen as the Vice Chairman of the Board.The Board of Directors elected from among its members Heikki Räty to serve as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the HR Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members.

Legal proceedings

Damages related to the asphalt cartel

On 28 November 2013, the District Court of Helsinki issued its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded approximately EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted of damages ordered only to Lemminkäinen, Lemminkäinen’s share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages. This amount was paid by the company in January 2014.

Lemminkäinen has appealed against all 35 decisions, where the plaintiffs’ claims were partly upheld, to the Helsinki Court of Appeal. In Lemminkäinen’s opinion, there are some judicial aspects in the decisions of the District Court, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. The main oral hearing in the Court of Appeal started on 2 March 2015 and is scheduled to last until the beginning of October 2015.

The Finnish state and 22 municipalities have also submitted their appeals to the Helsinki Court of Appeal.

In addition to the claims which the Helsinki District Court has decided on in November 2013, Lemminkäinen has been served summons regarding 21 claims against Lemminkäinen and other asphalt companies for damages. The capital amount of these claims is approximately EUR 26 million. For these claims, Lemminkäinen has made a provision worth EUR 12.6 million.

More information on the asphalt cartel, related damages and related communications can be found on the company's website http://www.lemminkainen.com/Lemminkainen/Investors/Lemminkainen-as-an-investment/Asphalt-cartel-issue/.

Quotas related to the use of recycled asphalt

On 7 December 2014, the prosecutor pressed charges for an environmental offence against Lemminkäinen and two of its employees. The alleged offence is related to the quotas for the amount of recycled asphalt used in asphalt mass production, as defined in the environmental permits of the company's Sammonmäki asphalt plant in Finland. The prosecutor is demanding Lemminkäinen a confiscation of illegal profit of EUR 3.4 million and a corporate fine of at least EUR 120,000.

Lemminkäinen and its employees consider themselves not guilty of the charges presented. The case pertains to the interpretation of a regulation in the environmental permit. Crushing recycled asphalt for using it as raw material for new asphalt is an ecological practice. It reduces the environmental hazards of production when compared to asphalt made of virgin materials. Asphalt mass containing recycled asphalt is of the same quality as asphalt mass made of virgin materials.

The hearing of the case will start at the District Court of Tuusula in May 2015.

Risks and uncertainties

Risk management is an essential part of Lemminkäinen's business operations. It´s main target is to ensure achievement of strategic and operational targets with best possible results including continuity of the operations under changing conditions. Lemminkäinen's risk management is based on the risk management policy approved by the Board of Directors.

Uncertainty in the global economy and financial markets may have a negative effect on Lemminkäinen's operations, performance, financial position and sources of capital. Lemminkäinen's business operations are sensitive to new construction cycles in Finland in particular. The company manages the risk structurally by distributing its business operations throughout Scandinavia, the Baltic countries and Russia. However, changes in management and organisational structure may affect Lemminkäinen's ability to implement its strategy in the changing operating environment.

In Russia, the weakened economic situation and prolonged political uncertainties including major escalation of sanctions between EU and Russia, could have a negative impact in Lemminkäinen's business operations in Russia. In addition, the differing political culture, legislation, its interpretation and procedures of the authorities compared to Finland and the uncertainty and changes of the legal system, administrative procedures and interpretation of law enforcement mechanisms may result in significant risks to Lemminkäinen. In order to manage the risk, Lemminkäinen has increased the efficiency of its housing sales and withdrawed from the planned projects, where the risk level for the company is too high.

In the residential and commercial development and construction projects, Lemminkäinen is exposed to price and sales risks due to the full responsibility over the entire project, starting with plot acquisition. The aim is to actively manage and monitor the valuation risk related to the capital tied up in unsold completed apartments and other assets. Lemminkäinen evaluates new residential development projects by taking the market changes and risks into account. The company starts new housing construction only if a sufficient number of units have been reserved in advance. The requisite number of reserved units varies regionally. The aim is to keep the number of unsold completed apartments as low as possible.

When undertaking commercial development, business premises are usually sold to property investors in the early stage of a construction, thereby reducing sales risks.

Lemminkäinen's financial performance depends on successful permit, contracting and project management, which, among other things, includes risks related to the pricing of the project, effective use of resources, project planning and scheduling, ability to procure raw materials at competitive prices, cost control, management of change requests as well as efficient and timely handling of claims for damages. In addition, legal proceedings related to projects could have a negative impact on the company's financial performance. Lemminkäinen is continually developing its contractual expertise and project management practices during the tender and implementation stage. Project monitoring systems and steering models are being renewed and more attention has been paid to the personnel's competence development. Company emphasises sustainability in the management of its' business operations as well as consistency with legislation and compliance.

The price fluctuation of raw materials may have an impact on financial performance. Lemminkäinen's biggest individual outsourced raw material is bitumen, and its price depends on the world market price of oil. Lemminkäinen manages the bitumen price risk with contractual terms and oil derivatives. In addition, unexpected changes in the weather conditions and business cycles can cause volatility in income generation.

Lemminkäinen's business operations are exposed to financial risks as well as depreciation of tangible and intangible goods. Management of financial risks is based on Lemminkäinen's treasury policy defining the operating principles and responsibilities in financial risk management and funding activities. Lemminkäinen seeks to protect itself from currency exchange risks primarily through operative means and, if necessary, transaction risks are hedged with the aid of foreign currency loans and currency derivatives. The company does not hedge translation risk. In 2014, approximately 40% of Lemminkäinen's net sales were generated in functional currencies other than the euro, the major currencies being the Russian rouble as well as Norwegian krone, Swedish krona and Danish krone.

More information about Lemminkäinen's risks, including a more detailed description of the company's risk management, is presented on the company website. A more detailed account of the financial risks is also provided in the notes to the annual financial statements.

Outlook

In Finland, the total volume of construction is not expected to increase this year. In building construction, renovation grows faster than new construction. Residential construction may still decrease, although housing sales is supported by low interest rates and instalment-free periods offered by banks. Private housing funds buy a large proportion of the new apartments. The focus of demand is on small apartments in city centres. Commercial construction also concentrates on urban growth centres, but the occupancy rates of premises have declined. The public construction, such as schools and hospitals is expected to increase.

The total volume of infrastructure construction is restricted by the insufficient availability of state and municipal funding and the decline in new building construction, which are reflected especially in basic road maintenance and foundation engineering. On the other hand, the extremely poor condition of roads and the decrease in the bitumen price may support demand for paving. There are several major infrastructure projects being planned.

In Norway, Sweden and Denmark, multi-year, state-funded traffic infrastructure development plans are currently underway. These countries are also investing in the development of energy production. Large-scale road and railway projects are being planned around urban growth centres over the coming years, which will increase demand for infrastructure construction especially in Sweden.

In Russia, the declining oil price and lack of investments slow down the country's economic growth, and in addition, the fluctuation of the rouble creates uncertainties in the business environment. Rising inflation weakens consumer purchasing power. The state of Russia tries to maintain demand for housing by subsidising consumer mortgages. In infrastructure construction, numerous state-funded projects to expand and repair road networks are underway or being planned across the country.

In the Baltic countries, the volume of infrastructure construction is estimated to decrease in 2015 but to pick up in 2016. The possible launch of the Rail Baltica traffic project would increase the demand for infrastructure construction market situation in all of the Baltic countries.

Profit guidance for 2015

The profit guidance for 2015 is intact. Lemminkäinen estimates that its net sales in 2015 will not increase as compared to 2014 (EUR 2,044.5 million). Operating profit (IFRS) in 2015 is expected to improve as compared to 2014 (EUR 36.3 million).

Helsinki, 29 April, 2015

LEMMINKÄINEN OYJ
The Board of Directors

TABULATED SECTIONS OF THE INTERIM REPORT

Basis of preparation

The tabulated section of this interim report is presented in a shortened form. Therefore, not all of the requirements of IAS 34 – Interim Financial Reporting have been applied in the preparation of the report. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs. The information contained in the interim report has not been audited.

Deferred tax assets

The company regularly assesses the realisability of its deferred tax assets, and consistent with the prior period end has recorded the deferred tax asset from tax losses to the amount it considers, based on its profit forecasts, to be utilizable in the future. On 31 March 2015 the company had a deferred tax asset amounting to EUR 47.7 million arising primarily from tax losses in Finland and Norway. The company considers that the losses arise from identifiable causes unlikely to recur. Major part of the tax losses in Finland arise from the damages ordered by the District Court related to the asphalt cartel in 2013 and therefore The Finnish tax losses expire mainly in 2023. Norwegian tax losses can be carried forward indefinitely.

Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

Accounting principles

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in the 2014 consolidated financial statements, except for the changes mentioned below.

Operating segments

The company changed its reporting structure on 1 January 2015. The earlier Infrastructure construction operating segment was divided into two new segments. The paving, mineral aggregates and earthworks businesses were transferred to the new Paving operating segment. Foundation engineering, civil engineering and rock engineering constitute the new Infra projects operating segment. As of 1 January 2015, the company's operating segments are: Paving; Infra projects; Building construction, Finland and Russian operations. The Group's parent company, and other operations and assets unallocated to the segments, such as building construction in Sweden, an associated company engaged in the real estate rental business called Finavo Oy as well as companies managing individual plots and plants mainly outside Finland are reported as part of the Group's other operations.

In addition, the company has changed its accounting principles for segment reporting as of 1 January 2015. The company will in the future report to the chief operating decision maker the operating capital for the Group and each segment. The operating capital consists of property, plant and equipment, goodwill, other intangible assets and net working capital. However, the net working capital allocated to the segments excludes accrued personnel expenses and accrued interest, accruals related to derivatives as well as accrued direct and indirect taxes. These figures are reported separately as items unallocated to segments.

New standards and interpretations applied by the company in 2015

There are no IFRSs or IFRIC interpretations adopted by the company for the first time for the financial year which begun on 1 January 2015 that have had an impact on the company's consolidated financial statements.

Standards and interpretations applied by the company after 2015

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing this interim report. None of these is expected to have a significant effect on the consolidated financial statements of the company, except the following set out below:

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017. An EU endorsement is required for the standard to become effective in the EU. The standard specifies how and when to recognise revenue from contracts with customers. The company examines the effects of the standard to the consolidated financial statements.

IFRS 9 Financial Instruments was issued in July 2014 and applies to an annual reporting period beginning on or after 1 January 2018. An EU endorsement is required for the standard to become effective in the EU. The standard will affect, among other things, the recognition of credit losses from financial instruments. According to the standard, credit losses are recorded based on expected losses and therefore they will be recorded earlier. In addition, the standard will affect the classification and measurement of financial assets and liabilities, but this will not have a material impact on the company's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company's consolidated financial statements.

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1) CONSOLIDATED INCOME STATEMENT

EUR mill.	1-3/ 2015	1-3/ 2014	1-12/ 2014
Net sales	**289.6**	**279.2**	**2,044.5**
Other operating income	3.1	2.6	18.3
Change in inventories of finished goods and work in progress	8.1	34.0	14.5
Production for own use	0.1	0.6	1.4
Use of materials and services	233.9	232.5	1,477.5
Employee benefit expenses	54.8	64.1	337.0
Depreciation and amortisation	5.2	6.0	43.2
Impairment			1.3
Other operating expenses	24.2	30.9	184.0
Share of the profit of associates and joint ventures	-0.8	-0.2	0.5
Operating profit	**-18.1**	**-17.3**	**36.3**
Finance costs	13.3	14.2	79.2
Finance income	7.6	7.1	41.3
Profit before taxes	**-23.8**	**-24.5**	**-1.7**
Income taxes	4.2	4.3	-3.3
Profit from continuing operations	**-19.6**	**-20.2**	**-5.0**
Profit from discontinued operations		**0.3**	**23.1**
Profit for the accounting period	**-19.6**	**-19.9**	**18.1**
Profit for the accounting period attributable to			
Equity holders of the parent company	-19.6	-19.8	18.2
Non-controlling interests	-0.1	-0.2	0.0
Basic and diluted earnings per share attributable to equity holders of the parent company			
From continuing operations	-0.96	-1.05	-0.68
From discontinued operations		0.01	1.08
From profit for the accounting period	-0.96	-1.04	0.40

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-3/ 2015	1-3/ 2014	1-12/ 2014
Profit for the accounting period	**-19.6**	**-19.9**	**18.1**
Items that will not be reclassified to profit or loss			
Pension obligations	0.0	0.0	0.0
Items that may be reclassified subsequently to profit or loss			
Translation difference	6.1	-2.5	-18.6
Cash flow hedge		0.0	0.1
Other comprehensive income, total	6.1	-2.5	-18.5
Comprehensive income for the accounting period	**-13.6**	**-22.4**	**-0.4**
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	-13.5	-22.3	-0.3
Non-controlling interests	-0.1	-0.2	0.0
Comprehensive income attributable to equity holders of the parent company arises from			
Continuing operations	-13.5	-22.5	-23.5
Discontinued operations		0.3	23.1

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	3/2015	3/2014	12/2014
ASSETS			
Non-current assets			
Property, plant and equipment	179.4	202.1	181.2
Goodwill	54.4	80.1	53.8
Other intangible assets	18.8	29.8	20.2
Holdings in associates and joint ventures	3.4	8.8	6.9
Available-for-sale financial assets	3.0	3.7	3.2
Deferred tax assets	47.7	45.5	42.0
Other non-current receivables	0.5	2.2	0.5
Total	**307.2**	**372.3**	**307.9**
Current assets			
Inventories	522.2	550.4	524.0
Trade and other receivables	229.3	321.7	290.0
Income tax receivables	1.4	3.3	1.7

Available-for-sale financial assets	25.1	0.0	25.1
Cash and cash equivalents	121.2	51.4	109.1
Total	**899.2**	**926.8**	**949.9**
Assets associated with non-current assets held for sale		7.4	
Total assets	**1,206.4**	**1,306.5**	**1,257.8**
EQUITY AND LIABILITIES			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.7	5.7
Hedging reserve		0.0	
Invested unrestricted equity fund	91.4	63.8	91.4
Hybrid bonds	138.4	138.4	138.4
Translation differences	-15.6	-5.7	-21.7
Retained earnings	159.3	151.3	146.4
Profit for the period	-19.6	-19.8	18.2
Equity attributable to shareholders of the parent company	**393.6**	**367.7**	**412.4**
Non-controlling interests	0.1	0.5	0.1
Total equity	**393.7**	**368.1**	**412.5**
Non-current liabilities			
Interest-bearing liabilities	137.4	46.9	139.5
Deferred tax liabilities	15.3	13.9	15.6
Pension obligations	0.6	0.9	0.6
Provisions	28.7	18.8	27.5
Other liabilities	0.7	3.5	0.8
Total	**182.6**	**84.0**	**183.9**
Current liabilities			
Interest-bearing liabilities	207.7	368.8	208.3
Provisions	10.8	9.3	11.1
Advance payments received	168.4	174.0	145.4
Trade and other payables	242.2	299.3	295.5
Income tax liabilities	0.9	0.8	1.1
Total	**630.0**	**852.3**	**661.4**
Liabilities associated with non-current assets held for sale		2.0	
Total liabilities	**812.7**	**938.3**	**845.3**
Total equity and liabilities	**1,206.4**	**1,306.5**	**1,257.8**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill. Including discontinued operations	1-3/ 2015	1-3/ 2014	1-12/ 2014
Profit before taxes	-23.8	-24.1	21.6
Depreciation and impairment	5.2	6.1	44.7
Other adjustments	-1.7	2.2	-0.2
Cash flows before change in working capital	-20.4	-15.8	66.0
Change in working capital	41.6	-80.7	-95.9
Financial items	-10.3	-4.6	-23.3
Direct taxes paid	-0.2	-1.1	-1.7
Cash flows from operating activities	**10.7**	**-102.2**	**-54.8**
Cash flows provided by investing activities	7.2	32.4	174.4
Cash flows used in investing activities	-2.8	-9.1	-123.9
Cash flows from investing activities	**4.4**	**23.3**	**50.5**
Change in non-current receivables	0.0	-1.5	-0.6
Drawings of loans	29.8	144.5	500.3
Repayments of borrowings	-33.6	-132.7	-533.3
Hybrid bond		69.3	69.3
Dividends paid			-0.1
Rights offering			29.3
Transaction cost from rights offering			-2.0
Cash flow from financing activities	**-3.8**	**79.5**	**62.8**
Change in cash and cash equivalents	**11.3**	**0.6**	**58.5**
Cash and cash equivalents at the beginning of period	109.1	51.1	51.1
Translation difference of cash and cash equivalents	0.9	-0.1	-0.5
Cash and cash equivalents at the end of period	**121.2**	**51.6**	**109.1**

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium account
C = Hedging reserve
D = Invested unrestricted equity fund
E = Hybrid bond
F = Translation difference
G = Retained earnings
H = Parent company shareholders' equity
I = Non-controlling interest
J = Total equity

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2014	**34.0**	**5.7**	**-0.1**	**63.8**	**69.1**	**-3.1**	**154.1**	**323.5**	**0.6**	**324.0**
Profit for the accounting period							-19.8	**-19.8**	-0.2	**-19.9**
Items that will not be reclassified to profit or loss										
Pension obligations							0.0	**0.0**		**0.0**
Items that may be reclassified subsequently to profit or loss										
Translation difference						-2.5		**-2.5**		**-2.5**
Cash flow hedge			0.0					**0.0**		**0.0**
Comprehensive income, total			**0.0**			**-2.5**	**-19.8**	**-22.3**	**-0.2**	**-22.4**
Change in non-controlling interest									0.1	**0.1**
Hybrid bond interests							-2.8	**-2.8**		**-2.8**
Transactions with owners, total							**-2.8**	**-2.8**	**0.1**	**-2.7**
Hybrid bond					69.3			**69.3**		**69.3**
Equity 31.3.2014	**34.0**	**5.7**	**0.0**	**63.8**	**138.4**	**-5.7**	**131.5**	**367.7**	**0.5**	**368.1**

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2014	**34.0**	**5.7**	**-0.1**	**63.8**	**69.1**	**-3.1**	**154.1**	**323.5**	**0.6**	**324.0**
Profit for the accounting period							18.2	**18.2**	0.0	**18.1**
Items that will not be reclassified to profit or loss										
Pension obligations							0.0	**0.0**		**0.0**
Items that may be reclassified subsequently to profit or loss										
Translation difference						-18.6		**-18.6**		**-18.6**
Cash flow hedge			0.1					**0.1**		**0.1**
Comprehensive income, total			**0.1**			**-18.6**	**18.2**	**-0.3**	**0.0**	**-0.4**
Acquisition of shares of non-controlling interest							0.2	**0.2**		**0.2**
Change in non-controlling interest									-0.4	**-0.4**
Shares returned by the company, acquisition of non-controlling interest by share exchange in 2010							0.4	**0.4**		**0.4**
Rights offering				29.3				**29.3**		**29.3**
Transaction cost from rights offering				-1.6				**-1.6**		**-1.6**
Hybrid bond interests							-8.3	**-8.3**		**-8.3**
Transactions with owners, total				**27.7**			**-7.7**	**20.0**	**-0.4**	**19.6**
Hybrid bonds					69.3			**69.3**		**69.3**
Equity 31.12.2014	**34.0**	**5.7**		**91.4**	**138.4**	**-21.7**	**164.5**	**412.4**	**0.1**	**412.5**

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2015	**34.0**	**5.7**		**91.4**	**138.4**	**-21.7**	**164.5**	**412.4**	**0.1**	**412.5**
Profit for the accounting period							-19.6	**-19.6**	-0.1	**-19.6**
Items that will not be reclassified to profit or loss										
Pension obligations							0.0	**0.0**		**0.0**
Items that may be reclassified subsequently to profit or loss										
Translation difference						6.1		**6.1**	0.0	**6.1**
Comprehensive income, total						**6.1**	**-19.6**	**-13.5**	**-0.1**	**-13.6**
Change in non-controlling interest									0.0	**0.0**
Hybrid bond interests							-5.3	**-5.3**		**-5.3**
Transactions with owners, total							**-5.3**	**-5.3**	**0.0**	**-5.3**
Equity 31.3.2015	**34.0**	**5.7**		**91.4**	**138.4**	**-15.6**	**139.7**	**393.6**	**0.1**	**393.7**

6) SEASONALITY OF BUSINESS

Seasonality of certain operations of the company affects the amount and timing of the company's profits.

The working seasons and revenues of paving and mineral aggregates units belonging to the company's Paving segment take place mostly in the second and third quarters of a year. Weather conditions influence the lengths of the paving and mineral aggregates units working seasons, which also affects the amount and timing of the company's profits. In addition, there is some seasonality in the Infra projects segment's foundation engineering due to the timing of building construction projects.

Revenue from own building developments is recognised, for the sold proportion, on completion which causes seasonal fluctuations to the company's profit. The company seeks to offset this fluctuation by launching new own developed housing projects evenly throughout the year in which case the projects will be completed and revenue from them is recognised as evenly as possible throughout the year.

7) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	1-3/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Net sales	**289.6**	**608.3**	**646.4**	**510.5**	**279.2**
Other operating income	3.1	7.9	3.4	4.4	2.6
Change in inventories of finished goods and work in progress	8.1	-89.0	6.1	63.3	34.0
Production for own use	0.1	0.2	0.1	0.5	0.6
Use of materials and services	233.9	353.3	466.4	425.3	232.5
Employee benefit expenses	54.8	88.6	94.4	89.8	64.1
Depreciation and amortisation	5.2	9.9	16.0	11.3	6.0
Impairment		1.3			
Other operating expenses	24.2	74.6	40.8	37.6	30.9
Share of the profit of associates and joint ventures	-0.8	0.4	0.2	0.0	-0.2
Operating profit	**-18.1**	**0.1**	**38.7**	**14.8**	**-17.3**
Finance costs	13.3	32.8	20.4	11.8	14.2
Finance income	7.6	25.0	4.9	4.3	7.1
Profit before taxes	**-23.8**	**-7.7**	**23.2**	**7.3**	**-24.5**
Income taxes	4.2	1.5	-7.1	-2.0	4.3
Profit from continuing operations	**-19.6**	**-6.2**	**16.1**	**5.3**	**-20.2**
Profit from discontinued operations		**-0.1**	**0.1**	**22.9**	**0.3**
Profit for the accounting period	**-19.6**	**-6.3**	**16.2**	**28.2**	**-19.9**
Profit for the accounting period attributable to					
Equity holders of the parent company	-19.6	-6.3	16.1	28.1	-19.8
Non-controlling interests	-0.1	0.0	0.1	0.1	-0.2
Basic earnings per share attributable to equity holders of the parent company					
From continuing operations	-0.96	-0.41	0.62	0.13	-1.05
From discontinued operations		-0.01	0.00	1.11	0.01
From profit for the accounting period	-0.96	-0.42	0.62	1.24	-1.04
Diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	-0.96	-0.41	0.61	0.13	-1.05
From discontinued operations		-0.01	0.00	1.10	0.01
From profit for the accounting period	-0.96	-0.42	0.62	1.23	-1.04

8) SEGMENT INFORMATION

EUR mill.	1-3/ 2015	1-3/ 2014	1-12/ 2014
Net sales, Group	**289.6**	**279.2**	**2,044.5**
Paving	64.4	60.0	907.5
Infra projects	58.9	59.6	286.0
Building construction, Finland	131.3	115.9	539.0
Russian operations	18.6	16.0	196.1
Other operations	22.3	35.5	179.2
Group eliminations	-5.9	-7.9	-63.3
Depreciation and impairment, Group	**5.2**	**6.0**	**44.4**
Paving	2.3	2.8	30.0
Infra projects	1.4	1.5	6.3
Building construction, Finland	0.1	0.1	0.3
Russian operations	0.3	0.3	1.9
Other operations	1.1	1.3	6.1
Operating profit, Group	**-18.1**	**-17.3**	**36.3**
Paving	-27.0	-20.1	32.2
Infra projects	0.8	1.9	7.2
Building construction, Finland	7.3	6.1	9.3
Russian operations	1.1	-1.4	19.7
Other operations	-0.3	-3.7	-32.2
Operating margin, Group, %	***-6.2***	***-6.2***	***1.8***
Paving	*-41.8*	*-33.5*	*3.5*
Infra projects	*1.3*	*3.2*	*2.5*
Building construction, Finland	*5.5*	*5.3*	*1.7*
Russian operations	*6.0*	*-8.8*	*10.1*

EUR mill.	1-3/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Net sales, Group	**289.6**	**608.3**	**646.4**	**510.5**	**279.2**
Paving	64.4	236.2	367.4	243.8	60.0
Infra projects	58.9	73.4	77.4	75.5	59.6
Building construction, Finland	131.3	165.9	121.9	135.2	115.9
Russian operations	18.6	82.0	64.0	34.1	16.0
Other operations	22.3	70.3	32.3	41.0	35.5
Group eliminations	-5.9	-19.6	-16.7	-19.1	-7.9
Depreciation and impairment, Group	**5.2**	**11.2**	**16.0**	**11.3**	**6.0**
Paving	2.3	7.5	11.7	8.0	2.8
Infra projects	1.4	1.6	1.6	1.6	1.5
Building construction, Finland	0.1	0.1	0.1	0.0	0.1
Russian operations	0.3	0.5	0.6	0.5	0.3
Other operations	1.1	1.6	1.9	1.3	1.3
Operating profit, Group	**-18.1**	**0.1**	**38.7**	**14.8**	**-17.3**

Paving	-27.0	5.2	32.8	14.3	-20.1
Infra projects	0.8	1.5	4.1	-0.3	1.9
Building construction, Finland	7.3	-2.9	0.3	5.9	6.1
Russian operations	1.1	10.2	10.6	0.4	-1.4
Other operations	-0.3	-13.9	-9.1	-5.5	-3.7
Operating margin, Group, %	***-6.2***	***0.0***	***6.0***	***2.9***	***-6.2***
Paving	*-41.8*	*2.2*	*8.9*	*5.9*	*-33.5*
Infra projects	*1.3*	*2.1*	*5.3*	*-0.4*	*3.2*
Building construction, Finland	*5.5*	*-1.8*	*0.2*	*4.4*	*5.3*
Russian operations	*6.0*	*12.4*	*16.6*	*1.2*	*-8.8*

OPERATING CAPITAL					
EUR mill.	3/2015	12/2014	9/2014	6/2014	3/2014
Paving	252.9	262.1	277.6	307.0	268.7
Infra projects	-5.4	-0.9	22.6	17.6	17.4
Building construction, Finland	276.9	303.7	283.6	297.9	285.7
Russian operations	62.2	68.4	91.7	93.6	88.0
Other operations	36.7	35.5	51.2	51.4	56.3
Total	**623.2**	**668.8**	**726.7**	**767.5**	**716.1**
Technical building services, Finland (divested on 13 June 2014)					37.0
Items unallocated to segments	-68.8	-78.4	-98.8	-70.5	-62.0
Group total	**554.4**	**590.4**	**627.9**	**697.0**	**691.1**

9) FINANCIAL INDICATORS

	3/2015	3/2014	12/2014
Return on equity, rolling 12 months, % [1)]	4.6	-23.5	4.9
Return on investment, rolling 12 months, % [1)]	13.2	-5.7	13.5
Operating profit, % of net sales	-6.2	-6.2	1.8
Equity ratio, %	37.9	32.5	37.1
Gearing, %	50.5	98.9	51.8
Interest-bearing net liabilities, EUR mill.	198.7	364.2	213.6
Gross investments, EUR mill.	2.8	9.2	30.0
Order book, continuing operations, EUR mill.	1,617.3	1,901.2	1,456.1
- of which orders outside Finland, EUR mill.	562.8	881.2	439.3
Personnel at the end of period, continuing operations	4,378	5,251	4,748
Basic earnings per share, EUR	-0.96	-1,04 [2)]	0.40
Diluted earnings per share, EUR	-0.96	-1,04 [2)]	0.40
Equity per share, EUR	16.96	17,85 [2)]	19.33
Dividend per share, EUR	0.00	0.00	0,00
Dividend per earnings, %	0.0	0.0	0.0
Market capitalisation at the end of period, EUR mill.	248.3	258.9	220.9

Share price at the end of period, EUR	10.70	13.20	9.52
Share trading (NASDAQ OMX Helsinki), 1,000 shares	847	213	1,096
Number of issued shares, total	23,219,900	19,650,176	23,219,900
Number of treasury shares	16,687	34,915	16,687
Weighted average number of shares outstanding	23,203,213	20 601 345 [2)]	21,328,672
Diluted weighted average number of shares outstanding	23,203,213	20 601 345 [2)]	21,328,672

[1)] Includes the effect of discontinued operations
[2)] Includes a retrospective adjustment to the weighted average number of shares due to the rights issue in 2014

10) FAIR VALUES OF FINANCIAL INSTRUMENTS

A = Financial assets and liabilities recognised at fair value through profit and loss
B = Loans and receivables
C = Available-for-sale financial assets
D = Financial liabilities recognised at amortised cost
E = Derivatives subject to hedge accounting

EUR mill.	A	B	C	D	E	CARRYING AMOUNT	FAIR VALUE
31.3.2015							
Non-current financial assets							
Available-for-sale financial assets			3.0			3.0	3.0
Other non-current receivables		0.5				0.5	0.3
Current financial assets							
Trade and other receivables		228.9				228.9	228.9
Derivative assets	0.4					0.4	0.4
Available-for-sale financial assets			25.1			25.1	25.1
Cash and cash equivalents		121.2				121.2	121.2
Financial assets total	**0.4**	**350.6**	**28.1**			**379.1**	**378.9**
Non-current financial liabilities							
Interest-bearing liabilities				137.4		137.4	137.2
Other non-current liabilities				0.7		0.7	0.7
Current financial liabilities							
Interest-bearing liabilities				207.7		207.7	207.7
Trade payables and other financial liabilities [1)]				233.6		233.6	233.6
Derivative liabilities	5.2					5.2	5.2
Financial liabilities total	**5.2**			**579.4**		**584.6**	**584.4**

EUR mill.	A	B	C	D	E	CARRYING AMOUNT	FAIR VALUE
31.3.2014							
Non-current financial assets							
Available-for-sale financial assets			3.7			3.7	3.7
Other non-current receivables		2.2				2.2	2.2
Current financial assets							
Trade and other receivables		327.3				327.3	327.3
Derivative assets	1.9					1.9	1.9
Available-for-sale financial assets			0.0			0.0	0.0
Cash and cash equivalents		51.6				51.6	51.6
Financial assets total	**1.9**	**381.1**	**3.7**			**386.8**	**386.7**
Non-current financial liabilities							
Interest-bearing liabilities				46.9		46.9	46.9
Other non-current liabilities				3.5		3.5	3.5
Current financial liabilities							
Interest-bearing liabilities				368.8		368.8	369.5
Trade payables and other financial liabilities [1)]				284.6		284.6	284.6

Derivative liabilities	3.3		0.0	3.3	3.3
Financial liabilities total	**3.3**	**703.8**	**0.0**	**707.1**	**707.8**

[1)] Trade payables and other financial liabilities do not include statutory obligations or prepayments received, as these are not classified as financial liabilities under IFRS.

For more information on fair value measurement of financial instruments, see Lemminkäinen's Annual report 2014, Note 26 to the consolidated financial statements.

A fair value hierarchy of financial assets and liabilities recognised at fair value

Financial instruments within Level 1 of the hierarchy are traded in active markets hence prices are obtained directly from the efficient markets.
Fair values of instruments within Level 2 are based on observable market inputs and generally accepted valuation methods.
Fair values within Level 3 are not based on observable market data but on quotations provided by brokers and market valuation reports.

EUR mill.	Level 2	Level 3	Total
31.3.2015			
Available-for-sale financial assets			
Equity instruments		3.0	3.0
Money market investments	25.1		25.1
Derivative instruments			
Derivative assets	0.3	0.1	0.4
Derivative liabilities	3.7	1.5	5.2

EUR mill.	Level 2	Level 3	Total
31.3.2014			
Available-for-sale financial assets			
Equity instruments		3.7	3.7
Money market investments	0.0		0.0
Derivative instruments			
Derivative assets	1.9	0.0	1.9
Derivative liabilities	1.8	1.5	3.3

Level 3 reconciliation statement

A = Derivative instruments recognised at fair value through profit and loss

B = Financial assets recognised at fair value through other comprehensive income

EUR mill.	A	B
Opening balance 1.1.2015	-1.7	3.2
Additions		
Disposals		-0.2
Gains and losses recognised through profit or loss, total	0.3	
Fair values 31.3.2015	**-1.4**	**3.0**

11) GUARANTEES AND COMMITMENTS

EUR mill.	3/2015	3/2014	12/2014
Liabilities secured by mortgages			
Loans from financial institutions		1.6	
Chattels mortgages for loans from financial institutions		3.7	
Other collateral for own commitments			
Pledged deposits	0.3	0.0	0.3
Guarantees			
On behalf of associates and joint ventures	13.3	15.4	14.4
On behalf of consortiums and real estate companies	1.8	1.8	1.8
Total	**15.0**	**17.2**	**16.2**
Minimum lease payments of irrevocable lease contracts			
One year or less	9.4	11.2	9.4
Over one year but no more than five years	21.3	25.7	21.2
Over five years	11.6	2.8	12.1
Total	**42.3**	**39.7**	**42.7**
Purchase commitments of investments	3.9	7.4	2.1
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	82.2	125.7	77.2
Fair value	-2.3	0.4	5.7
Interest rate swap contracts			
Nominal value	40.0	45.8	40.0
Fair value	-1.1	-0.4	-1.0
Commodity derivatives			
Volume, MT	25,414	58,958	11,000
Nominal value	7.2	24.1	2.7
Fair value	-1.4	-1.5	-1.8

The fair value of derivative instruments is the gain or loss arising from the settlement of the contract at the market price prevailing on the reporting date.

12) CONTINGENT ASSETS AND LIABILITIES

On 28 November 2013, the District Court of Helsinki issued its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded approximately EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted of damages ordered only to Lemminkäinen, Lemminkäinen's share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages. This amount was paid by the company in January 2014. Lemminkäinen has appealed against all 35 decisions, where the plaintiffs' claims were upheld, to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. The main oral hearing in the Court of Appeal started on 2 March 2015 and is scheduled to last until the beginning of October 2015. The Finnish state and 22 municipalities have also submitted their appeals to the Helsinki Court of Appeal. In addition to the claims decided on by the District Court in November 2013, 21 claims against Lemminkäinen and other asphalt industry companies for damages are waiting for the main proceeding to begin. These damages amount to a total of approximately EUR 26 million and the company has made a EUR 12.6 million provision for them.

In addition, the company has several other individual legal proceedings related to business operations, the outcome of which is uncertain. The company estimates that these legal proceedings will not have a material impact on the company's financial position.