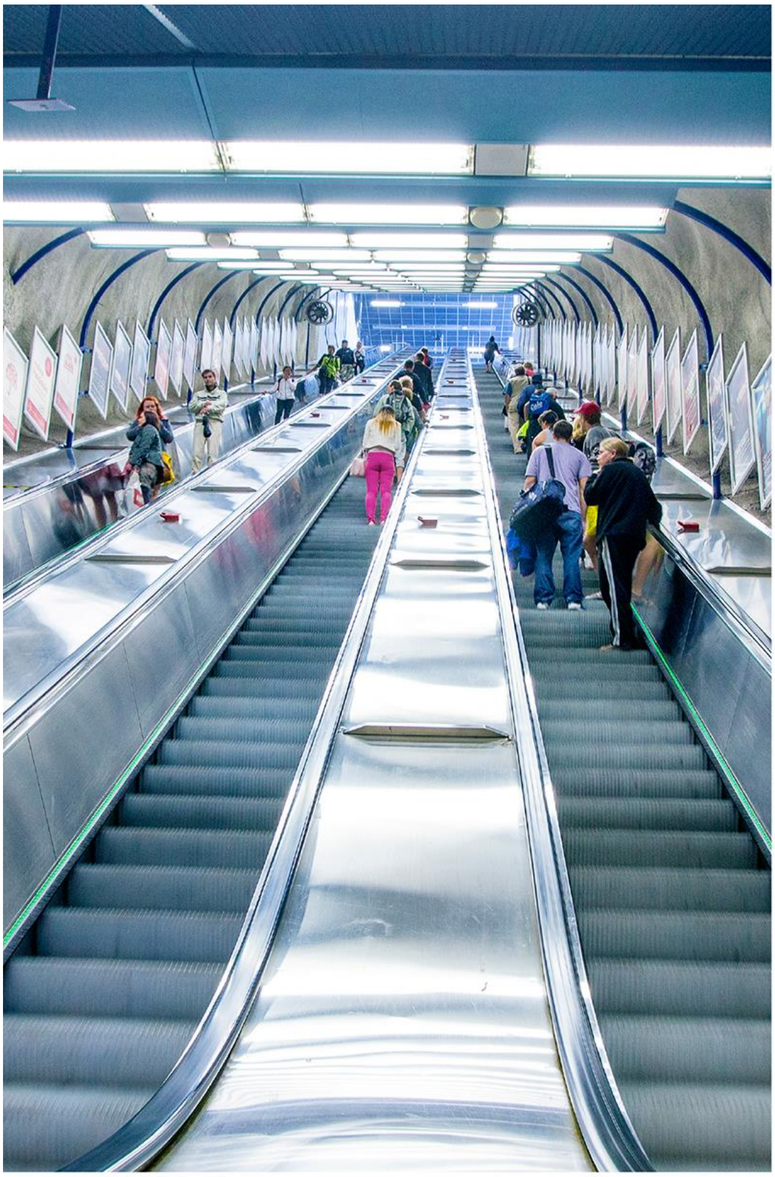
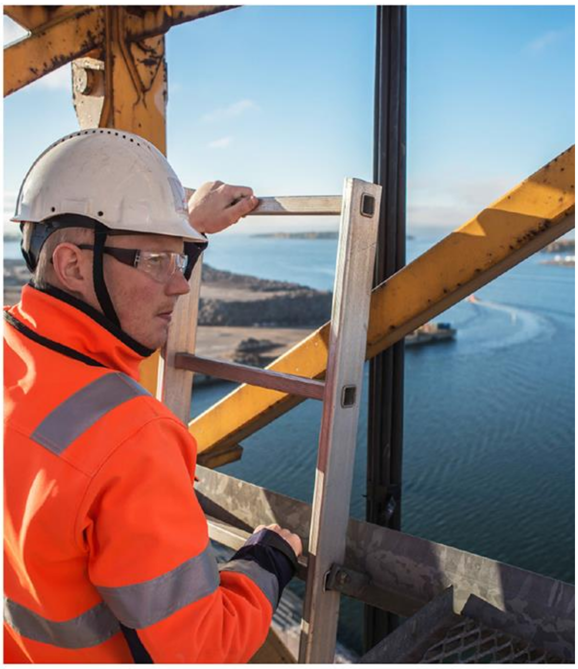
INTERIM REPORT

1 JANUARY –31 MARCH 2016





Lemminkäinen

Lemminkäinen Interim Report
1 January – 31 March 2016

January–March 2016 (1–3/2015)

- Order inflow was EUR 400.5 million (386.2).
- Order book at the end of the period amounted to EUR 1,449.0 million (1,617.3). The comparable order book for 31 March 2015 was EUR 1,338 million[1)].
- Net sales totalled EUR 216.8 million (289.6).
- Operating profit amounted to EUR -31.4 million (-18.1), or -14.5% (-6.2) of net sales.
- Profit for the period was EUR -27.9 million (-19.6).
- Earnings per share were EUR -1.31 (-0.96).
- Cash flow from operating activities totalled EUR -18.4 million (2.5).
- Equity ratio at the end of the review period was 36.0% (37.9) and gearing 61.8% (50.5).
- Interest-bearing net debt at the end of the review period was EUR 186.6 million (198.7).
- During the first quarter, the company carried out the redemption of the outstanding EUR 43 million of the 2012 issued hybrid bond.

1) The company divested the building construction business in Sweden as well as the road maintenance business in Norway during Q3/2015. In addition according to its strategy, the company has not started any new residential development projects in Russia.

Profit guidance for 2016

The profit guidance for 2016 remains intact. Lemminkäinen estimates that its net sales in 2016 will be on the level of EUR 1.8 billion. Operating profit (IFRS) in 2016 is expected to improve as compared to 2015 (EUR 37.3 million).

Key figures, IFRS		1-3/2016	1-3/2015	Change	1-12/2015
Net sales	M€	216.8	289.6	-72.8	1,879.0
Paving	M€	35.8	56.2	-20.4	796.2
Infra projects	M€	61.2	67.1	-5.9	341.4
Building construction, Finland	M€	113.1	131.3	-18.2	537.8
Russian operations	M€	5.8	18.6	-12.8	136.7
Other operations and Group eliminations	M€	0.9	16.4	-15.5	66.8
Operating profit	M€	-31.4	-18.1	-13.3	37.3
Paving	M€	-28.2	-24.7	-3.5	19.8
Infra projects	M€	-0.6	-1.5	0.9	8.9
Building construction, Finland	M€	-0.8	7.3	-8.1	12.9
Russian operations	M€	-0.6	1.1	-1.7	2.9
Other operations	M€	-1.2	-0.3	-0.9	-7.2
Operating margin	%	*-14.5*	*-6.2*		*2.0*
Paving	%	*-78.8*	*-43.9*		*2.5*
Infra projects	%	*-0.9*	*-2.2*		*2.6*
Building construction, Finland	%	*-0.7*	*5.5*		*2.4*
Russian operations	%	*-10.1*	*6.0*		*2.1*
Pre-tax profit	M€	-35.3	-23.8	-11.5	16.7
Profit for the period	M€	-27.9	-19.6	-8.3	7.2
Earnings per share for the period	€	-1.31	-0.96	-0.35	-0.15
Cash flow from operating activities	M€	-18.4	2.5	-20.9	106.6

Key figures, IFRS		31 March 2016	31 March 2015	Change 3/16 vs. 3/15	31 Dec 2015	Change 3/16 vs. 12/15
Order book	M€	1,449.0	1,617.3[1)]	-168.3	1,180.3	268.7
Operating capital	M€	450.4	554.4	-104.0	474.8	-24.4
Balance sheet total	M€	949.6	1,206.4	-256.8	1,035.5	-85.9
Interest-bearing net debt	M€	186.6	198.7	-12.1	126.8	59.8
Equity ratio[2)]	*%*	*36.0*	*37.9*		*40.6*	
Gearing[3)]	*%*	*61.8*	*50.5*		*33.6*	
Return on capital employed, rolling 12 months	*%*	*3.6*	*4.5*		*5.3*	

1) The figures for the comparison year include the building construction business in Sweden and the road maintenance business in Norway, both of which the company divested in Q3/2015.
2) Equity ratio, if hybrid bonds were treated as debt: 3/2016: 27.7%, 3/2015: 24.6% and 12/2015: 28.6%.
3) Gearing, if hybrid bonds were treated as debt: 3/2016: 110.1%, 3/2015: 132.0% and 12/2015: 89.6%.

President and CEO Casimir Lindholm:

“We continued to improve our financial position during the first quarter of 2016,” says Casimir Lindholm, President and CEO. “Our balance sheet has strengthened compared to the year-earlier period. Our operating capital was EUR 450 million, a decrease of over EUR 100 million. In addition, we redeemed fully the outstanding EUR 43 million of our 2012 issued hybrid bond in late March, which will have a positive impact on our earnings per share.”

"Our operating profit weakened from the year-earlier period. In Paving, our challenges in Norway continued. In Infra projects, our operating profit improved. In Building construction, Finland, our year-on-year result declined due to a lower number of completed residential development projects in the Helsinki metropolitan area. This year, the majority of our residential development projects will be completed and recognised towards the end of the year. However, our housing sales both in Finland and Russia were solid. In Russia, the number of unsold completed apartments was 14 at the end of the quarter."

"Our order inflow was strong during the first quarter. In infra projects, we won several new contracts in Finland. The Finnish Government's decisions regarding transport projects are expected to positively influence the outlook for both paving and infra projects in the coming years. Our focus however remains on seeking growth from Sweden and Norway where the market holds a lot of potential as planned infrastructure development programmes extend over governmental election cycles."

"In line with our strategy, we are gradually shifting from balance sheet strengthening to operational efficiency and profitable growth in selected business areas. This year, our focus will be on step by step improving our operational result and competiveness in all our operations while maintaining a moderate risk level."

Briefing

A Finnish-language briefing for analysts and the media will be held at 12:00 noon on Thursday 28 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. The presentation material can be found in Finnish and English at the company's website, www.lemminkainen.com/investors.

Financial reporting in 2016

In 2016, financial reports are published as follows:

4 February 2016	Financial Statements Bulletin 2015
Week 9	Annual Report 2015
28 April 2016	Interim Report 1 Jan – 31 March 2016
28 July 2016	Interim Report 1 Jan – 30 June 2016
27 October 2016	Interim Report 1 Jan – 30 Sep 2016

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Corporate Communications

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Group performance

Net sales

Net sales by segment		1–3/2016	1–3/2015	Change	1–12/2015
Paving	M€	35.8	56.2	-20.4	796.2
Infra projects	M€	61.2	67.1	-5.9	341.4
Building construction, Finland	M€	113.1	131.3	-18.2	537.8
Russian operations	M€	5.8	18.6	-12.8	136.7
Other operations and Group eliminations	M€	0.9	16.4	-15.5	66.8
Group, total	**M€**	**216.8**	**289.6**	**-72.8**	**1,879.0**

January–March 2016 (1–3/2015)

The Group's net sales totalled EUR 216.8 million (289.6). Changes in currency exchange rates had a negative impact of EUR 1.9 million compared to the year-earlier period. Net sales by country were 84% (69) from Finland, 11% (21) from Scandinavia, 3% (7) from Russia and 2% (3) from other countries.

Net sales decreased in all business segments. In Paving, the Q1/2015 figure includes road maintenance business in Norway which the company divested during Q3/2015. In Infra projects, low order inflow during the last quarter in 2015 was reflected in net sales. In Building construction, Finland, the decline in net sales was mainly due to a lower year-on-year number of completed residential development projects in the Helsinki metropolitan area. In Russian operations, lower year-on-year housing sales volumes decreased net sales. The comparison period figures for other operations include the building construction business in Sweden, which the company divested in September 2015.

Operating profit

Operating profit by segment		1–3/2016	1–3/2015	Change	1–12/2015
Paving	M€	-28.2	-24.7	-3.5	19.8
Infra projects	M€	-0.6	-1.5	0.9	8.9
Building construction, Finland	M€	-0.8	7.3	-8.1	12.9
Russian operations	M€	-0.6	1.1	-1.7	2.9
Business segments, total	M€	-30.1	-17.8	-12.3	44.5
Other operations	M€	-1.2	-0.3	-0.9	-7.2
Group, total	**M€**	**-31.4**	**-18.1**	**-13.3**	**37.3**

Operating margin (%) by segment		1-3/2016	1-3/2015	1-12/2015
Paving	%	*-78.8*	*-43.9*	*2.5*
Infra projects	%	*-0.9*	*-2.2*	*2.6*
Building construction, Finland	%	*-0.7*	*5.5*	*2.4*
Russian operations	%	*-10.1*	*6.0*	*2.1*
Group, total	**%**	***-14.5***	***-6.2***	***2.0***

January–March 2016 (1–3/2015)

The Group's operating profit was EUR -31.4 million (-18.1). The operating margin was -14.5% (-6.2). Changes in currency exchange rates had a positive impact of EUR 1.1 million compared to the year-earlier period.

Continuing challenges in Norway and higher maintenance costs resulted in a weaker year-on-year operating profit in Paving. In Infra projects, the operating profit improved year-on-year in Scandinavia and the Baltic countries. In Building construction, Finland, the decline in operating profit was due to a lower year-on-year number of completed residential development projects in the Helsinki metropolitan area. This year, the majority of the company's residential development projects will be completed towards the end of the year. In Russian operations, operating profit decreased year-on-year mainly due to lower housing sales volumes.

Order book

Order book and order inflow

		Order book at the end of period				Order inflow during the period		
		31 March 2016	31 March 2015	Change	31 Dec 2015	1–3/ 2016	1–3/ 2015	Change
Paving	M€	365.5	461.8 [1)]	-96.3	180.3	187.4	204.0	-16.6
Infra projects	M€	282.1	298.2	-16.1	232.5	95.2	61.1	34.1
Building construction, Finland	M€	775.0	669.0	106.0	760.6	97.6	109.6	-12.0
Russian operations	M€	26.4	79.6 [1)]	-53.2	7.0	20.3	2.2	18.1
Other operations	M€		108.8 [1)]	-108.8			9.3	-9.3
Group, total	**M€**	**1,449.0**	**1,617.3 [1)]**	**-168.3**	**1,180.3**	**400.5**	**386.2**	**14.3**
- of which unsold	M€	109.4	148.9	-39.5	156.1			

1) The figures for the comparison year include the building construction in Sweden and the road maintenance business in Norway, both of which the company divested in Q3/2015. In addition according to its strategy, the company has not started any new residential development projects in Russia.

At the end of the quarter, the Group's order book stood at EUR 1,449.0 million (1,617.3). The figures for Q1/2015 include the building construction in Sweden and the road maintenance business in Norway, both of which the company divested in Q3/2015. In addition according to its strategy, the company has not started any new residential development projects in Russia. If building construction in Sweden, road maintenance business in Norway and residential development in Russia were deducted from the 31 March 2015 order book, the comparable figure would be EUR 1,338 million.

The order inflow amounted to EUR 400.5 million (3876.2) in the first quarter. In Paving, new orders include the repair and expansion work at Tallinn Airport. New orders for Infra projects include the earthworks and excavation contract for the Helsinki Olympic Stadium renovation, the construction of the superstructure of the T3 building of the Turku University Hospital as well as the Finnoo station excavation contract for the West Metro in Finland. Building construction, Finland, signed a PPP contract for schools in Kuopio and started three new residential development projects during the quarter. Russian operations' order book includes a new residential construction contract in Sosnovyi Bor.

Balance sheet, financing and cash flow

Balance sheet and financing		31 March 2016	31 March 2015	Change 3/16 vs. 3/15	31 Dec 2015	Change 3/16 vs. 12/15
Key figures, balance sheet						
Equity ratio[1]	%	36.0	37.9		40.6	
Gearing[2]	%	61.8	50.5		33.6	
Return on capital employed, rolling 12 months	%	3.6	4.5		5.3	
Capital employed	M€	590.7	738.8	-148.1	632.3	-41.6
Operating capital	M€	450.4	554.4	-104.0	474.8	-24.4
Net working capital	M€	235.8	301.9	-66.1	258.7	-22.9
Financial position and liquidity						
Interest-bearing debt	M€	289.0	345.1	-56.1	254.7	34.3
- of which long-term liabilities	M€	121.3	137.4	-16.1	123.1	-1.8
- of which short-term liabilities	M€	167.7	207.7	-40.0	131.6	36.1
Liquid funds	M€	102.4	146.4	-44.0	127.9	-25.5
Interest-bearing net debt	M€	186.6	198.7	-12.1	126.8	59.8
Available committed credit limits	M€	185.0	185.0		185.0	
Available overdraft limits	M€	12.3	33.3	-21.0	12.3	

1) Equity ratio, if hybrid bonds were treated as debt: 3/2016: 27.7%, 3/2015: 24.6% and 12/2015: 28.6%.
2) Gearing, if hybrid bonds were treated as debt: 3/2016: 110.1%, 3/2015: 132.0% and 12/2015: 89.6%.

On 31 March 2016, the balance sheet total was EUR 949.6 million (1,206.4), of which shareholders' equity accounted for EUR 301.7 million (393.7). Shareholders' equity includes EUR 69.3 million (138.4) hybrid bonds, issued in 2014, which the company is entitled to redeem in March 2018. During the first quarter, the Group redeemed fully the outstanding EUR 43 million of the 2012 issued hybrid bond, which affected the company's equity ratio and gearing.

The Group's operating capital on 31 March 2016 amounted to EUR 450.4 million (554.4). The decrease is mainly due to lower investments and decline in net working capital. At the end of the quarter, net working capital stood at EUR 235.8 million (301.9). Net working capital has been reduced by decreasing housing start-ups in Russia and Finland, improving invoicing efficiency and improving inventory turnover in the Paving segment. In addition, the divestment of the building construction business in Sweden during Q3/2015 decreased the net working capital.

Interest-bearing debt at the end of the period amounted to EUR 289.0 million (345.1) and interest-bearing net debt totalled EUR 186.6 million (198.7). Long-term interest-bearing debt accounted for 42% (40) of the loan portfolio at the end of the period. Liquid funds totalled EUR 102.4 million (146.4). Of the company's interest-bearing debt, EUR 104.1 million (119.5) comprises borrowings of housing and commercial property companies included in inventory, EUR 99.7 million (99.7) bonds, EUR 49.6 million (72.7) commercial papers, EUR 32.9 million (47.8) finance lease liabilities and EUR 2.7 million (5.4) other financial liabilities. In addition, the company had available committed revolving credit facilities worth EUR 185.0 million (185.0) and overdraft limits worth EUR 12.3 million (33.3) at the end of the period. During the first quarter, the company agreed on amending the terms of its EUR 185 million committed revolving credit facility by extending its maturity and by increasing its amount to EUR 260 million of which EUR 75 million is available when agreed conditions are met. The amended revolving credit facility will mature during the first quarter in 2018. According to the amended agreement, the previous restriction of a maximum of 40 per cent dividend distribution of the Group's net profit has been removed. The removal of the restriction will be applicable starting from the financial year 2016. Of all interest-bearing debt, 48% (41) was at a fixed interest rate.

Net finance costs decreased, amounting to EUR 3.9 million (5.8) in January–March. The finance costs were reduced by lower interest expenses and currency hedging costs. The interest expenses of the hybrid bonds are not recorded under finance costs in the income statement; instead, their impact can be seen in earnings per share and changes in equity.

Cash flow from operating activities amounted to EUR -18.4 million (2.5) in January–March. The lower number of completed residential development projects in Finland and adjusted housing production in Russia had the biggest impact on the decreased cash flow from operating activities for January–March.

Business segments

The reporting structure change in 2016

Along with the strategy review, the Paving segment's project-type business operations in Finland, such as earthworks, were transferred to the Infra projects segment starting from 1 January 2016.

As of the beginning of 2016, the Paving segment includes paving and mineral aggregates businesses and the Infra projects segment consists of rock engineering, earthworks and civil engineering. The reported business segments remain unchanged: Paving; Infra projects; Building construction, Finland; and Russian operations.

Paving

Operating environment

The decrease in paving's unit prices due to the low price of bitumen is expected to increase demand especially in Finland. In Sweden the market is stable but in Norway state investments in paving have declined. In Denmark, cuts in public investments decrease paving volumes. In the Baltic countries, the market situation is stable.

Key figures for the Paving		1–3/2016	1–3/2015 [2]	Change	1–12/2015
Net sales	M€	35.8	56.2	-20.4	796.2
Operating profit	M€	-28.2	-24.7	-3.5	19.8
% of net sales	*%*	*-78.8*	*-43.9*		*2.5*
Order inflow	M€	187.4	204.0	-16.6	500.3
Order book[1]	M€	365.5	461.8	-96.3	180.3
Operating capital[1]	M€	215.9	251.2	-35.3	227.6

1) at the end of the period
2) The figures for the comparison quarter include the road maintenance business in Norway, which the company divested in Q3/2015

January–March 2016 (1–3/2015)

Net sales in January–March totalled EUR 35.8 million (56.2). Net sales by country were 55% (38) from Finland, 34% (53) from Scandinavia and 11% (9) from the Baltic countries. The operating profit decreased year-on-year and was EUR -28.2 million (-24.7). Continuing challenges in Norway and higher maintenance costs resulted in a weaker year-on-year operating profit in paving operations.

Order inflow in January–March was EUR 187.4 million (204.0). New orders include the repair and expansion work at Tallinn Airport. At the end of the quarter, the order book stood at EUR 365.5 million (461.8). The figures for the comparison quarter include the road maintenance business in Norway, which explains the change. Operating capital stood at EUR 215.9 million (251.2).

Infra projects

Operating environment

Urbanisation and investments in energy infrastructure increase the demand for complex infrastructure construction. Especially in Sweden and Norway, the market is strong and there are several major projects ongoing or planned. In Finland, construction is supported by infrastructure construction projects in urban growth centres. In the Baltic countries, the market situation is stable.

Key figures for the Infra projects		1–3/2016	1–3/2015	Change	1–12/2015
Net sales	M€	61.2	67.1	-5.9	341.4
Operating profit	M€	-0.6	-1.5	0.9	8.9
% of net sales	*%*	*-0.9*	*-2.2*		*2.6*
Order inflow	M€	95.2	61.1	34.1	231.8
Order book[1)]	M€	282.1	298.2	-16.1	232.5
Operating capital[1)]	M€	4.2	-3.8	8.0	4.8

1) at the end of the period

January–March 2016 (1–3/2015)

Net sales in January–March totalled EUR 61.2 million (67.1). Net sales by country were 78% (79) from Finland, 18% (14) from Scandinavia, 4% (7) from the Baltic countries and other countries. The operating profit was EUR -0.6 million (-1.5). Low order inflow during Q4/2015 was negatively reflected in Q1/2016 net sales. The operating profit improved year-on-year in Scandinavia and the Baltic countries.

The order inflow in January–March was strong, amounting to EUR 95.2 million (61.1). New orders include the earthworks and excavation contract for the Helsinki Olympic Stadium renovation, the construction of the superstructure of the T3 building of the Turku University Hospital as well as the Finnoo station excavation contract for the West Metro in Finland. At the end of the quarter, the order book stood at EUR 282.1 million (298.2). Operating capital was EUR 4.2 million (-3.8).

Building construction, Finland

Operating environment

The market situation in building construction is stable. Housing demand is focused on small apartments in urban growth centres. Investors are still very active in the market. Individual major projects and public sector works maintained demand for commercial construction.

Key figures for the Building construction, Finland		1–3/2016	1–3/2015	Change	1–12/2015
Net sales	M€	113.1	131.3	-18.2	537.8
Operating profit	M€	-0.8	7.3	-8.1	12.9
% of net sales	*%*	*-0.7*	*5.5*		*2.4*
Order inflow	M€	97.6	109.6	-12.0	569.2
Order book[1)]	M€	775.0	669.0	106.0	760.6
Operating capital[1)]	M€	254.6	276.9	-22.3	274.8

1) at the end of the period

January–March 2016 (1–3/2015)

Net sales in January–March totalled EUR 113.1 million (131.3). The operating profit was EUR -0.8 million (7.3). The decline in net sales and operating profit were due to a lower year-on-year number of completed residential development projects in the Helsinki metropolitan area. Outside the capital region, net sales grew and profitability improved from the comparison period.

Order inflow in January–March was EUR 97.6 million (109.6) including a PPP contract for schools in Kuopio as well as start-ups of three new residential development projects. At the end of the quarter, the order book stood at EUR 775.0 million (669.0).

Housing sales were solid during the first quarter. At the end of the quarter, the number of unsold completed units was 253 (350). Housing sales reduced the operating capital which stood at EUR 254.6 million (276.9) at the end of the quarter.

In 2016, the number of completed residential development projects will be lower than in 2015. The majority of these projects will be completed and recognised towards the end of the year.

Lemminkäinen's residential production (development projects and negotiated contracting)		1–3/2016	1–3/2015	Change	1–12/2015
Started	units	231	347	-116	1,253
- of which development projects	units	123	196	-73	693
Completed	units	150	200	-50	1,236
- of which development projects	units	96	200	-104	859
Sold	units	339	381	-42	1,377
- of which development projects	units	231	230	1	817
Sales to investors	*%*	*39*	*48*		*51*
Under construction at the end of period	units	1,469	1,446	23	1,388
- of which unsold at the end of period	units	386	478	-92	464
Unsold completed at the end of period	units	253	350	-97	283
Land bank, balance sheet value at the end of period	M€	101.2	97.1	4.1	105.3
Started in competitive contracting	units	28	0	28	542

Russian operations

Operating environment

The operating environment in Russia remains uncertain. Declining consumer purchasing power and increased unemployment numbers are reflected in the housing market. Competition in negotiated contracting is intense. Construction and repair projects on major roads maintain demand for paving.

Key figures for the Russian operations		1–3/2016	1–3/2015	Change	1–12/2015
Net sales	M€	5.8	18.6	-12.8	136.7
Operating profit	M€	-0.6	1.1	-1.7	2.9
% of net sales	*%*	*-10.1*	*6.0*		*2.1*
Order inflow	M€	20.3	2.2	18.1	22.8
Order book [1)]	M€	26.4	79.6	-53.2	7.0
Operating capital[1)]	M€	31.0	62.2	-31.2	35.0

1) at the end of the period

January–March 2016 (1–3/2015)

In January–March, net sales totalled EUR 5.8 million (18.6) and the operating profit was EUR -0.6 million (1.1). Changes in currency exchange rates had a negative impact of EUR 0.9 million on net sales and a positive impact of EUR 0.1 million on the operating profit.

Net sales and operating profit decreased year-on-year mainly due to lower housing sales volumes. A total of 37 (160) units were sold in the first quarter. In paving operations, lower costs had a positive impact on the operating profit.

Order inflow was EUR 20.3 million (2.2) including a new residential construction contract in Sosnovyi Bor. At the end of the quarter, the order book stood at EUR 26.4 million (79.6).

At the end of the quarter, the number of unsold units was 14 (105). Solid housing sales have reduced the amount of operating capital, which stood at EUR 31.0 million (62.2).

Lemminkäinen's residential development, Russia		1–3/2016	1–3/2015	Change	1–12/2015
Started	units	0	0	0	0
Completed	units	0	0	0	418
Sold	units	37	160	-123	384
Under construction at the end of period	units	0	418	-418	0
- of which unsold	units	0	161	-161	0
Unsold completed at the end of period	units	14	105	-91	51

Investments

Gross investments amounted to EUR 2.1 million (2.8), representing 1.0% (1.0) of the company's net sales. Investments were mainly replacement investments in Paving and Infra projects. The company has continued to implement stricter decision-making criteria regarding investments and to improve the efficiency of its monitoring processes. This has released capital, particularly in Paving.

Personnel

At the end of the quarter, Lemminkäinen employed 3,903 people (4,378), a decrease of 475 people year-on-year. The number of personnel has decreased due to the divestments of the building construction business in Sweden and the road maintenance business in Norway as well as the adjustment of Lemminkäinen's building construction operations in Russia. Of the personnel at the end of the review period, 1,858 (1,928) were white-collar workers and 2,045 (2,450) were blue-collar workers.

Personnel by business segment		31 March 2016	31 March 2015	Change 3/16 vs. 3/15	31 Dec 2015	Change 3/16 vs. 12/15
Paving	persons	1,934	1,944	-10	2,010	-76
Infra projects	persons	553	503	50	577	-24
Building construction, Finland	persons	967	987	-20	947	20
Russian operations	persons	308	580	-272	405	-97
Parent company and others	persons	141	364	-223	120	21
Group, total	persons	3,903	4,378	-475	4,059	-156

Personnel by country		31 March 2016	31 March 2015	Change 3/16 vs. 3/15	31 Dec 2015	Change 3/16 vs. 12/15
Finland	persons	2,143	2,074	69	2,204	-61
Sweden, Norway, Denmark	persons	803	1,071	-268	804	-1
Baltic countries	persons	635	634	1	625	10
Russia	persons	308	580	-272	405	-97
Other countries	persons	14	19	-5	21	-7
Group, total	persons	3,903	4,378	-475	4,059	-156

Shares and shareholders

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. At the end of the review period, Lemminkäinen owned 16,687 of its own shares, which accounted for 0.07% of all shares.

Trading with shares

On 31 March 2016, the market capitalisation of Lemminkäinen's shares stood at EUR 324.8 million (248.3). The price of Lemminkäinen Corporation's share on the NASDAQ Helsinki Ltd was on 1 January 2016 EUR 13.79 (9.52) and on 31 March 2016 EUR 14.00 (10.70). In addition to the NASDAQ Helsinki Ltd, Lemminkäinen's share is also traded on alternative markets. A total of 425,695 shares (921,841) were traded during January–March 2016, of which alternative markets accounted for 0.7% (8.0). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Shareholders

On 31 March 2016, the company had 4,357 shareholders (4,554). Nominee-registered and non-Finnish shareholders held 12.6 per cent (12.8) of all Lemminkäinen Corporation shares and voting rights. Information on company ownership and division by segment and scale, major shareholders, and share ownership of the 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 quarter.

Resolutions of the AGM and administration

On 22 March 2016, Lemminkäinen Corporation's Annual General Meeting adopted the company's annual accounts and consolidated financial statements for 2015 and granted the members of the Board of Directors and the President and CEO discharge from liability.

Payment of dividend

The General Meeting resolved, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 0.12 per share, i.e. EUR 2.8 million in total. The dividend was paid on 4 April 2016.

Authorisation to repurchase the company's own shares

The General Meeting resolved, in accordance with the Board of Directors' proposal, 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, in one or several instalments, using the unrestricted shareholders' equity of the company, subject to the provisions of the Finnish Companies Act on the maximum amount of own shares in the possession of the company or its subsidiaries.

The Board of Directors may resolve to repurchase shares also in another proportion than in proportion to the holdings of shareholders. The shares shall be purchased in public trading at the prevailing market price. The purchases shall be carried out on Nasdaq Helsinki Ltd. in accordance with its rules and regulations.

The authorisation also includes the right of the Board of Directors to resolve on all other terms and conditions of the repurchase of the shares. The authorisation is proposed to remain effective for a period of 18 months from the resolution of the General Meeting. The previous authorisation granted to the Board of Directors regarding repurchase of own shares expired simultaneously.

Authorisation of the Board of Directors to resolve on a share issue and an issue of special rights

The General Meeting resolved, in accordance with the Board of Directors' proposal, 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 entitles the Board of Directors to resolve on all terms and conditions of the share issue and the issue of special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders. The authorisation may be used for the financing or execution of any acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company or for other purposes as determined by the Board of Directors. The authorisation is in force for a period of 18 months from the resolution of the General Meeting. The previous authorisation, granted to the Board of Directors regarding a share issue and an issue of special rights expired simultaneously.

Board membership and election of the auditor

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 re-elected as members of the Board. Authorised Public Accountants PricewaterhouseCoopers Oy was re-elected to serve as the company's auditor.

Constitutive meeting of the Board of Directors

Lemminkäinen Corporation's Board of Directors held its organising meeting on 22 March 2016. 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

The oral hearing of the legal proceedings concerning the damages which the Helsinki District Court decided on in November 2013 started at the Helsinki Court of Appeal on 2 March 2015 and ended on 1 October 2015. The Court has not yet confirmed the exact time when it will give its verdicts but has preliminary stated that the verdicts will be given during 2016. The decisions could have a significant impact on Lemminkäinen's financial position. In addition, 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 13.2 million. More information 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

The situation has not changed after the publication of the financial statements bulletin on 4 February 2016. On 11 June 2015, the District Court of Tuusula acquitted Lemminkäinen and two of its employees of environmental infraction charges. The alleged offence was 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 demanded a confiscation of illegal profit of EUR 3.4 million and a corporate fine of at least EUR 120,000. The court ruled that neither Lemminkäinen nor the two employees were guilty of an environmental infraction. The prosecutor and the Centre for Economic Development, Transport and the Environment (ELY Centre) have appealed against the decisions of the District Court. The hearing will continue next at the Court of Appeal.

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.

Risks and uncertainties

Risk management is an essential part of Lemminkäinen's business operations; it ensures that the most significant strategic, operative, financial and accident risks are identified, analysed, assessed and managed proactively. Risk management aims to ensure the achievement of the Group's strategic and operational targets with the best possible results, including the continuity of the operations under changing conditions.

Uncertainty in the global economy and financial markets may have a negative effect on Lemminkäinen's operations, performance, financial position and sources of capital. The company's business operations are sensitive to new construction cycles in Finland in particular. Lemminkäinen manages these kinds of risks structurally by distributing its business operations throughout Scandinavia, the Baltic countries and Russia.

Change management, successful recruitment and skilled and motivated personnel play a key role in ensuring that operations are in line with the targets set, yield results and comply with business-related laws and regulations and good business practices. The business segments develop their operating models to increase agility, cost efficiency and operational consistency.

The success of the company's development and business projects is greatly affected by the availability and commitment of competent personnel. In addition, Lemminkäinen's performance improvement requires active upkeep of management systems and change management expertise. The company manages these risks by careful planning, supporting supervisory work and providing training as well as by investing in the competence development of current employees and in increasing their work motivation, whenever possible.

In Russia, the weakened economic situation, the exchange rate fluctuations of the rouble and the prolonged political uncertainty or the significant escalation in the sanctions between the EU and Russia could have a negative effect on the company's business operations. Furthermore, the political culture, legislation, its interpretation and procedures of the authorities in Russia compared to Finland, in addition to the uncertainty of the legal system, administrative procedures and interpretation of law enforcement mechanisms, as well as changes in them, may result in risks. In order to maintain a moderate risk level, the company will not start new development projects in building construction in Russia for the time being.

Legislative and political changes can affect market development and, consequently, the profitability of the company's business operations. Lemminkäinen continuously monitors and analyses its operating environment, invests in the maintenance and implementation of the company's Code of Conduct and Corporate Governance and provides guidelines and training to its employees.

In the residential and commercial development and construction projects, Lemminkäinen is exposed to sales and price risks due to the market situation continuing to be challenging and due to the full responsibility over the entire project, starting with plot acquisition. The company actively manages and monitors the risk related to the capital tied up in unsold completed apartments and other assets. Lemminkäinen takes market changes and risks into account when assessing whether to start new development and construction projects. The company only starts new housing construction if a sufficient number of units have been reserved in advance. The number of unsold completed apartments is kept to a minimum. Commercial development projects are usually sold to property investors in the early stages of construction, thereby reducing risks.

Lemminkäinen's financial performance depends on successful permit, contract and project management, which involves risks related to, for instance, project pricing, use of resources, project planning and scheduling, ability to procure raw materials at competitive prices, cost control, change management as well as handling of claims for damages. In addition, project-related legal proceedings may have a negative effect on the company's financial performance. Lemminkäinen continually develops its contractual expertise and project management practices during the tender and execution stage. In addition, project tracking systems and steering models are being renewed.

Fluctuations in the price of raw materials may have an impact on financial performance. Lemminkäinen's biggest individual outsourced raw material is bitumen, and its price largely depends on the world market price of oil. The company manages the bitumen price risk with contractual terms and derivatives.

Changes in the public demand affect the competitive situation and may cause fluctuations in the income. Changes in weather conditions influence especially the lengths of the Paving segment's paving and mineral aggregates businesses working seasons, which may have an effect on the company's profit and its timing.

In its business operations, Lemminkäinen is exposed to impairment risk of tangible and intangible assets and to financial risks, mainly funding, liquidity, foreign exchange rate, interest rate and credit risks. Management of financial risks is based on Lemminkäinen's treasury policy, which defines the operating principles and division of responsibility in financial risk management and funding activities. External events may also negatively impact the availability of funding, its costs and/or repayment plans. The company seeks to ensure the availability of funding, optimise the use of liquid assets in funding its business operations and to minimise interest and other finance costs. Lemminkäinen protects itself from currency exchange risks primarily through operative means. If necessary, transaction risks are hedged with the aid of foreign currency loans and currency derivatives. In 2015, approximately 34 per cent of the company's net sales were generated in functional currencies other than the euro, the major currencies being the Norwegian, Swedish and Danish kronas as well as the Russian rouble. Lemminkäinen does not hedge translation risk. The translation difference of the company's shareholders' equity is mainly related to the Russian business operations.

Accidents and damage involving IT systems, personnel security and information security may also pose accident risks for the company. Lemminkäinen manages these by making plans for exceptional circumstances. The implementation of new IT systems also involves risks which the company manages through careful planning and training.

More information about the legal proceedings and related claims can be found in this report under Legal proceedings. A more detailed description of the financial risks is provided in the notes to the annual financial statements 2015.

Market outlook

In Finland, the total volume of construction is expected to grow slightly in 2016. Housing production is likely to remain stable and demand for apartments will still be focused on small units in urban growth centres. Sales to investors are expected to remain active. Commercial construction will increase, thanks to individual major projects and public sector works. Renovation is expected to be brisk but its growth will slow down.

The Government's decisions regarding transport projects in the General Government Fiscal Plan improve the outlook for both paving and infra projects. However, the realisation of some projects still requires decisions from city governments and authorities. Construction of transport infrastructure is expected to be stable in 2016. The state's planned investments in basic road maintenance will increase demand for paving somewhat in the next few years. Demand for infra projects is maintained by complex projects in urban growth centres.

In Norway and Sweden, infrastructure construction is boosted by multi-year, state-funded traffic infrastructure development programmes. In both countries, infrastructure construction is expected to grow in 2016. Large-scale road and railway projects are ongoing or planned near urban growth centres in Sweden and Norway, which will increase demand for infra projects. These countries are also investing significantly in the development and renewal of energy production. Demand for paving in Sweden is expected to remain at the 2015 level. In Norway, state investments in paving are showing a decline.

In Denmark, growth in paving is restricted by a decrease in public investments.

In Russia, market uncertainty is likely to continue. The fluctuations in the price of oil are reflected in the currency exchange rate. Rising inflation continues to weaken consumer purchasing power. Construction and repair projects on major roads maintain demand for paving.

In the Baltic countries, the volume of infrastructure construction is estimated to start growing moderately in 2016. The possible launch of the Rail Baltica traffic project would increase the demand for infrastructure construction in all of the Baltic countries.

Profit guidance for 2016

The profit guidance for 2016 remains intact. Lemminkäinen estimates that its net sales in 2016 will be on the level of EUR 1.8 billion. Operating profit (IFRS) in 2016 is expected to improve as compared to 2015 (EUR 37.3 million).

Helsinki, 28 April 2016

LEMMINKÄINEN CORPORATION
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 2015, 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 recoverability 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 2016 the company had a deferred tax asset amounting to EUR 43.9 million arising primarily from tax losses in Finland and Norway. The company considers that major part of the previous years' losses was caused by identified reasons which are 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 these financial statements required 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 2015.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in the 2015 consolidated financial statements, except for the changes mentioned below.

Operating segments

The company changed its reporting structure on 1 January 2016. Along with the strategy review, the Paving segment's project-type business operations in Finland, such as earthworks, was transferred to the Infra projects segment.

The reportable operating segments remain unchanged: Paving; Infra projects; Building construction, Finland; and Russian operations. The comparative figures have changed only in the Paving and Infra projects operating segments. The Group parent company, and other operations and assets unallocated to the segments are reported as part of the Group's other operations.

New standards, interpretations and annual improvements to IFRSs applied by the company in 2016

There are no IFRSs, IFRIC interpretations or annual improvements to IFRSs adopted by the company for the first time for the financial year which begun on 1 January 2016 that have had an impact on the company's consolidated financial statements.

Standards, interpretations and annual improvements to IFRSs applied by the company after 2016

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing this interim report. Of these standards, IFRS 15 and 16 might have a significant effect on the consolidated financial statements of the company.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. The effective date of the standard is a period beginning on or after 1 January 2018. Earlier application is permitted. An EU endorsement is required for the standard to become effective in the EU after which it is allowed to apply the standard. The company will apply the standard from the annual period beginning from 1 January 2018.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 16 Leases was issued in January 2016. The effective date of the standard is a period beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 is applied. An EU endorsement is required for the standard to become effective in the EU after which it is allowed to apply the standard. The standard is applied on lessee's financial statements. All leasing contracts will be capitalized except for low value assets and short term leases. The company will start analysing the effects of the standard to the consolidated financial statements during the coming financial year.

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, IFRIC interpretations or annual improvements to IFRSs that are not yet effective that would be expected to have a material impact on the company's consolidated financial statements.

Financial statements and notes

1) Consolidated income statement
2) Consolidated statement of comprehensive income
3) Consolidated statement of financial position
4) Consolidated cash flow statement
5) Consolidated statement of changes in equity
6) Adjustment to previous periods
7) Seasonality of business
8) Consolidated income statement, quarterly
9) Segment information
10) Financial indicators
11) Fair values of financial instruments
12) Guarantees and commitments
13) Contingent assets and liabilities

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	1-3/ 2016	1-3/ 2015	1-12/ 2015
Net sales	**216.8**	**289.6**	**1,879.0**
Other operating income	1.4	3.1	11.0
Change in inventories of finished goods and work in progress	-5.2	8.1	-81.1
Production for own use	0.0	0.1	0.1
Use of materials and services	158.0	233.9	1,299.6
Employee benefit expenses	51.3	54.8	294.9
Depreciation and amortisation	4.2	5.2	38.0
Impairment			0.4
Other operating expenses	30.0	24.2	140.2
Share of the profit of associates and joint ventures	-0.9	-0.8	1.4
Operating profit	**-31.4**	**-18.1**	**37.3**
Finance income	0,0	0.1	1.4
Finance costs	3.9	5.9	22.0
Profit before taxes	**-35.3**	**-23.8**	**16.7**
Income taxes	7.3	4.2	-9.4
Profit for the accounting period	**-27.9**	**-19.6**	**7.2**
Profit for the accounting period attributable to			
Equity holders of the parent company	-27.9	-19.6	7.2
Non-controlling interests	0.0	-0.1	0.0

Basic and diluted earnings per share attributable to equity holders of the parent company			
From profit for the accounting period	-1.31	-0.96	-0.15

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-3/ 2016	1-3/ 2015	1-12/ 2015
Profit for the accounting period	**-27.9**	**-19.6**	**7.2**
Items that will not be reclassified to profit or loss			
Pension obligations	0.0	0.0	0.3
Items that may be reclassified subsequently to profit or loss			
Translation difference	1.8	6.1	-4.2
Other comprehensive income, total	1.8	6.1	-3.9
Comprehensive income for the accounting period	**-26.1**	**-13.6**	**3.4**
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	-26.1	-13.5	3.4
Non-controlling interests	0.0	-0.1	0.0

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	3/2016	3/2015	12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	148.6	179.4	149.1
Goodwill	53.4	54.4	53.1
Other intangible assets	12.7	18.8	14.0
Holdings in associates and joint ventures	3.9	3.4	4.7
Available-for-sale financial assets	2.7	3.0	2.7
Deferred tax assets	43.9	47.7	36.9
Other non-current receivables	0.5	0.5	0.5
Total	**265.5**	**307.2**	**261.0**
Current assets			
Inventories	394.9	522.2	402.0
Trade and other receivables	184.0	229.3	241.9
Income tax receivables	2.7	1.4	2.7
Available-for-sale financial assets		25.1	
Cash and cash equivalents	102.4	121.2	127.9
Total	**684.1**	**899.2**	**774.5**

Total assets	**949.6**	**1,206.4**	**1,035.5**
EQUITY AND LIABILITIES			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.7	5.7
Invested unrestricted equity fund	91.4	91.4	91.4
Hybrid bonds	69.3	138.4	111.6
Translation differences	-24.0	-15.6	-25.9
Retained earnings	153.2	159.3	153.4
Profit for the period	-27.9	-19.6	7.2
Equity attributable to shareholders of the parent company	**301.7**	**393.6**	**377.6**
Non-controlling interests	0.0	0.1	0.1
Total equity	**301.7**	**393.7**	**377.6**
Non-current liabilities			
Interest-bearing liabilities	121.3	137.4	123.1
Deferred tax liabilities	12.4	15.3	14.7
Pension obligations	0.1	0.6	0.1
Provisions	28.4	28.7	26.6
Other liabilities	0.5	0.7	0.5
Total	**162.7**	**182.6**	164.9
Current liabilities			
Interest-bearing liabilities	167.7	207.7	131.6
Provisions	11.9	10.8	13.1
Advance payments received	111.1	168.4	105.4
Trade and other payables	194.3	242.2	242.1
Income tax liabilities	0.2	0.9	0.8
Total	**485.2**	**630.0**	**492.9**
Total liabilities	**647.9**	**812.7**	**657.8**
Total equity and liabilities	**949.6**	**1,206.4**	**1,035.5**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-3/ 2016	1-3/ 2015	1-12/ 2015
Profit before taxes	-35.3	-23.8	16.7
Depreciation and impairment	4.2	5.2	38.4
Other adjustments	3.6	1.4	48.3
Cash flows before change in working capital	-27.5	-17.2	103.4
Change in working capital	21.2	34.2	41.5

Financial items	-11.1	-14.3	-34.1
Direct taxes paid	-1.0	-0.2	-4.1
Cash flows from operating activities	**-18.4**	**2.5**	**106.6**
Cash flows provided by investing activities	1.0	7.2	39.6
Cash flows used in investing activities	-1.7	-2.8	-11.9
Cash flows from investing activities	**-0.7**	**4.4**	**27.7**
Change in non-current receivables	0.0	0.0	0.1
Drawings of loans	80.8	29.8	112.8
Repayments of borrowings	-44.5	-25.4	-200.7
Repayments of hybrid bond	-42.9		-27.1
Cash flow from financing activities	**-6.6**	**4.4**	**-115.0**
Change in cash and cash equivalents	**-25.6**	**11.3**	**19.4**
Cash and cash equivalents at the beginning of period	127.9	109.1	109.1
Translation difference of cash and cash equivalents	0.1	0.9	-0.5
Cash and cash equivalents at the end of period	**102.4**	**121.2**	**127.9**

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR mill.	A	B	C	D	E	F	G	H	I
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 differences					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 bonds' 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**

EUR mill.	A	B	C	D	E	F	G	H	I
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						7.2	**7.2**	0.0	**7.2**
Items that will not be reclassified to profit or loss									
Pension obligations						0.3	**0.3**		**0.3**
Items that may be reclassified subsequently to profit or loss									
Translation differences					-4.2		**-4.2**		**-4.2**
Comprehensive income, total					**-4.2**	**7.5**	**3.4**	**0.0**	**3.4**
Acquisition of shares of non-controlling interest						-0.2	**-0.2**	-0.1	**-0.3**
Hybrid bonds' interests and costs						-11.2	**-11.2**		**-11.2**
Transactions with owners, total						**-11.5**	**-11.5**	**-0.1**	**-11.5**
Hybrid bonds				-26.7			**-26.7**		**-26.7**
Equity 31.12.2015	**34.0**	**5.7**	**91.4**	**111.6**	**-25.9**	**160.6**	**377.6**	**0.1**	**377.6**

EUR mill.	A	B	C	D	E	F	G	H	I
Equity 1.1.2016	**34.0**	**5.7**	**91.4**	**111.6**	**-25.9**	**160.6**	**377.6**	**0.1**	**377.6**
Profit for the accounting period						-27.9	**-27.9**	0.0	**-27.9**
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 differences					1.8		**1.8**		
Comprehensive income, total					**1.8**	**-27.9**	**-26.1**	**0.0**	**-26.1**
Change in non-controlling interest						0.0	**0.0**	0.0	**0.0**
Hybrid bonds' interests and costs						-4.6	**-4.6**		**-4.6**
Dividend						-2.8	**-2.8**		**-2.8**
Transactions with owners, total						**-7.4**	**-7.4**		**-7.4**
Hybrid bonds				-42.3			**-42.3**		**-42.3**
Equity 31.3.2016	**34.0**	**5.7**	**91.4**	**69.3**	**-24.0**	**125.3**	**301.7**	**0.0**	**301.7**

6) ADJUSTMENT TO PREVIOUS PERIODS

The company adjusted its presentation of financial items by netting the foreign exchange differences and presenting them by their net value either in finance income or finance costs. Adjusted figures give more accurate view of company’s finance income and costs. Earlier the company presented foreign exchange income in finance income and foreign exchange costs in finance costs. This change has no effect on other items on income statement or balance sheet. The effect of adjustment is presented in the tables below.

EUR mill.	1-12/ 2015	Adjustment	Adjusted 1-12/ 2015	1-9/ 2015	Adjustment	Adjusted 1-9/ 2015
Finance income	33.9	-32.5	1.4	27.5	-26.4	1.1
Finance costs	54.5	-32.5	22.0	43.0	-26.4	16.6
Net finance costs	20.6		20.6	15.5		15.5

EUR mill.	1-6/ 2015	Adjustment	Adjusted 1-6/ 2015	1-3/ 2015	Adjustment	Adjusted 1-3/ 2015
Finance income	17.8	-17.5	0.3	7.6	-7.4	0.1
Finance costs	29.0	-17.5	11.5	13.3	-7.4	5.9
Net finance costs	11.2		11.2	5.8		5.8

7) 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.

8) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015
Net sales	**216.8**	**528.5**	**568.8**	**492.1**	**289.6**
Other operating income	1.4	5.0	0.4	2.5	3.1
Change in inventories of finished goods and work in progress	-5.2	-78.5	-0.2	-10.5	8.1
Production for own use	0.0	0.0	0.0	0.0	0.1
Use of materials and services	158.0	312.7	417.9	335.2	233.9
Employee benefit expenses	51.3	76.5	83.9	79.6	54.8
Depreciation and amortisation	4.2	9.2	13.0	10.6	5.2
Impairment		0.4			
Other operating expenses	30.0	37.9	34.6	43.5	24.2
Share of the profit of associates and joint ventures	-0.9	0.6	1.3	0.3	-0.8
Operating profit	**-31.4**	**18.9**	**20.9**	**15.6**	**-18.1**

Finance income	0,0	0.3	0.8	0.2	0.1
Finance costs	3.9	5.4	5.1	5.6	5.9
Profit before taxes	**-35.3**	**13.7**	**16.6**	**10.2**	**-23.8**
Income taxes	7.3	-3.8	-4.6	-5.2	4.2
Profit for the accounting period	**-27.9**	**9.9**	**12.0**	**5.0**	**-19.6**
Profit for the accounting period attributable to					
Equity holders of the parent company	-27.9	9.8	12.0	5.1	-19.6
Non-controlling interests	0.0	0.2	0.0	-0.1	-0.1
Basic and diluted earnings per share attributable to equity holders of the parent company					
From profit for the accounting period	-1.31	0.33	0.43	0.05	-0.96

9) SEGMENT INFORMATION

EUR mill.	1-3/ 2016	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015	1-12/ 2015
Net sales, Group	**216.8**	**528.5**	**568.8**	**492.1**	**289.6**	**1,879.0**
Paving	35.8	180.8	319.5	239.7	56.2	796.2
Infra projects	61.2	99.2	90.4	84.8	67.1	341.4
Building construction, Finland	113.1	176.1	103.4	127.0	131.3	537.8
Russian operations	5.8	70.0	30.7	17.4	18.6	136.7
Other operations	7.0	6.8	33.5	43.5	22.3	106.1
Group eliminations	-6.1	-4.4	-8.7	-20.2	-5.9	-39.2
Depreciation and impairment, Group	**4.2**	**9.6**	**13.0**	**10.6**	**5.2**	**38.4**
Paving	1.7	5.8	9.6	7.1	2.1	24.6
Infra projects	1.1	1.5	1.6	1.5	1.6	6.2
Building construction, Finland	0.0	0.1	0.0	0.1	0.1	0.2
Russian operations	0.1	0.3	0.4	0.4	0.3	1.5
Other operations	1.3	2.0	1.4	1.5	1.1	6.0
Operating profit, Group	**-31.4**	**18.9**	**20.9**	**15.6**	**-18.1**	**37.3**
Paving	-28.2	-2.8	32.4	15.0	-24.7	19.8
Infra projects	-0.6	3.1	2.8	4.6	-1.5	8.9
Building construction, Finland	-0.8	11.4	-2.3	-3.4	7.3	12.9
Russian operations	-0.6	10.9	-10.6	1.4	1.1	2.9
Other operations	-1.2	-3.7	-1.3	-1.9	-0.3	-7.2
Operating margin, Group, %	***-14.5***	***3.6***	***3.7***	***3.2***	***-6.2***	***2.0***
Paving	*-78.8*	*-1.6*	*10.1*	*6.2*	*-43.9*	*2.5*
Infra projects	*-0.9*	*3.1*	*3.0*	*5.4*	*-2.2*	*2.6*
Building construction, Finland	*-0.7*	*6.5*	*-2.2*	*-2.7*	*5.5*	*2.4*

Russian operations	*-10.1*	*15.6*	*-34.5*	*8.1*	*6.0*	*2.1*

OPERATING CAPITAL					
EUR mill.	3/2016	12/2015	9/2015	6/2015	3/2015
Paving	215.9	227.6	252.2	250.2	251.2
Infra projects	4.2	4.8	-9.2	-6.5	-3.8
Building construction, Finland	254.6	274.8	272.0	289.6	276.9
Russian operations	31.0	35.0	32.2	59.4	62.2
Other operations	9.9	8.6	9.4	30.7	36.7
Total	**515.5**	**550.8**	**556.7**	**623.3**	**623.2**
Items unallocated to segments	-65.1	-76.0	-70.6	-76.4	-68.8
Group total	**450.4**	**474.8**	**486.1**	**547.0**	**554.4**

10) FINANCIAL INDICATORS

	3/2016	3/2015	12/2015
Return on equity, rolling 12 months, %	-0.3	4.6	1.8
Return on capital employed, rolling 12 months, %	3.6	4.5	5.3
Operating profit, % of net sales	-14.5	-6.2	2.0
Equity ratio, %	36.0	37.9	40.6
Gearing, %	61.8	50.5	33.6
Interest-bearing net liabilities, EUR mill.	186.6	198.7	126.8
Gross investments, EUR mill.	2.1	2.8	10.3
Order book, EUR mill.	1,449.0	1,617.3	1,180.3
- of which orders outside Finland, EUR mill.	285.4	562.8	127.4
Personnel at the end of period	3,903	4,378	4,059
Basic and diluted earnings per share, EUR	-1.31	-0.96	-0.15
Equity per share, EUR	13.01	16.96	16.28
Dividend per share, EUR			0.12 [1)]
Dividend per earnings, %			38.5
Market capitalisation at the end of period, EUR mill.	324.8	248.3	320.0
Share price at the end of period, EUR	14.00	10.70	13.79
Share trading (Nasdaq Helsinki), 1,000 shares	425	847	2,612
Number of issued shares, total	23,219,900	23,219,900	23,219,900
Number of treasury shares	16,687	16,687	16,687
Weighted average number of shares outstanding	23,193,101	23,203,213	23,192,760
Diluted weighted average number of shares outstanding	23,193,101	23,203,213	23,192,760

[1)] Dividend for the financial year ended on 31 December 2015, resolved by the Annual General Meeting on 22 March 2016.

Lemminkäinen

11) 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

					CARRYING	FAIR
EUR mill.	A	B	C	D	AMOUNT	VALUE
31.3.2016						
Non-current financial assets						
Available-for-sale financial assets			2.7		2.7	2.7
Other non-current receivables		0.5			0.5	0.3
Current financial assets						
Trade and other receivables		182.3			182.3	182.3
Derivative assets	0.3				0.3	0.3
Available-for-sale financial assets					0.0	0.0
Cash and cash equivalents		102.4			102.4	102.4
Financial assets total	**0.3**	**285.2**	**2.7**		**288.1**	**287.9**
Non-current financial liabilities						
Interest-bearing liabilities				121.3	121.3	125.2
Other non-current liabilities				0.5	0.5	0.5
Current financial liabilities						
Interest-bearing liabilities				167.7	167.7	167.7
Trade payables and other financial liabilities [1)]				180.8	180.8	180.8
Derivative liabilities	5.8				5.8	5.8
Financial liabilities total	**5.8**			**470.2**	**476.0**	**479.9**

					CARRYING	FAIR
EUR mill.	A	B	C	D	AMOUNT	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**

[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 2015, 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
31.3.2016			
Available-for-sale financial assets			
Equity instruments		2.7	2.7
Derivative instruments			
Derivative assets	0.0	0.2	0.3
Derivative liabilities	1.7	4.1	5.8

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

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 1.1.2016	-3.7	2.7
Disposals		0.0
Gains and losses recognised through profit or loss, total	-0.2	
Fair values 31.3.2016	**-3.9**	**2.7**

12) GUARANTEES AND COMMITMENTS

EUR mill.	3/2016	3/2015	12/2015
Collateral notes of companies included in inventory [1)]	171.7	204.1	173.4
Pledged deposits			
On own behalf	0.0	0.3	0.0
Guarantees			
On behalf of associates and joint ventures	2.1	13.3	12.4
On behalf of consortiums and real estate companies	0.3	1.8	1.8
On behalf of others [2)]	6.2		10.2
Total	**8.6**	**15.0**	**24.4**
Minimum lease payments of irrevocable lease contracts			
One year or less	11.9	9.4	10.7
Over one year but no more than five years	26.9	21.3	21.1
Over five years	7.7	11.6	8.4
Total	**46.5**	**42.3**	**40.2**
Purchase commitments of investments	5.0	3.9	1.1
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	57.5	82.2	60.2
Fair value	-0.7	-2.3	1.7
Interest rate swap contracts			
Nominal value	40.0	40.0	40.0
Fair value	-1.0	-1.1	-1.0

Commodity derivatives			
Nominal value	13.1	7.2	13.2
Fair value	-3.9	-1.4	-3.9

[1] Collateral notes for companies included in inventories are given for collateral security for their debts.

[2] The guarantees have been granted on behalf of the building construction business in Sweden (Rekab Entreprenad AB) which was divested on 1 September 2015. The acquiring parties have set a counter-commitment for part of these guarantees.

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.

13) 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 oral hearing of the legal proceedings concerning the damages which the Helsinki District Court decided on in November 2013 started at the Helsinki Court of Appeal on 2 March 2015 and ended on 1 October 2015. The Court has not yet confirmed the exact time when it will give its verdicts but has preliminary stated that the verdicts will be given during 2016. 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 13.2 million provision for them.

In addition, the company has 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.