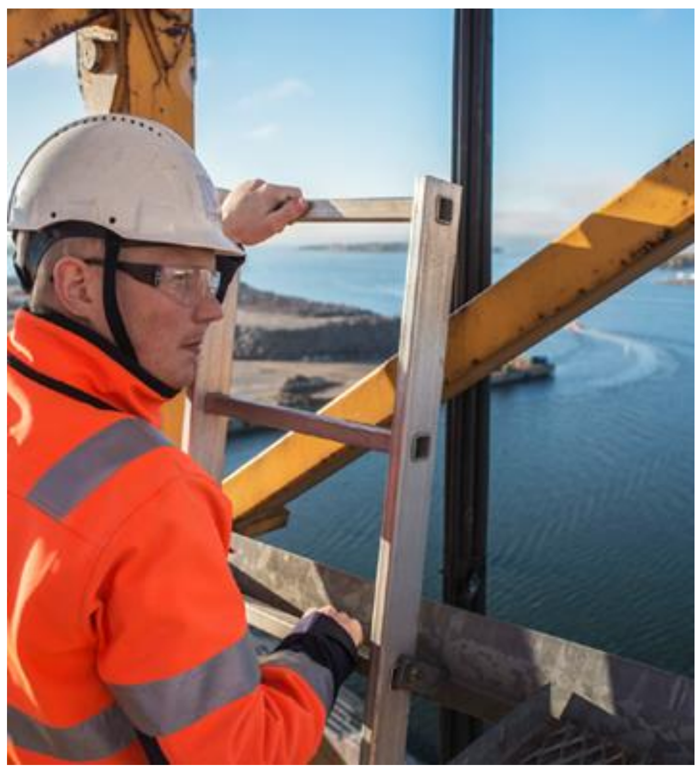
INTERIM REPORT

1 JANUARY – 30 SEPTEMBER 2016



Lemminkäinen

Lemminkäinen Interim Report
1 January – 30 September 2016

July–September 2016 (7–9/2015)

- Order inflow was EUR 351.4 million (312.2).
- Order book at the end of the period amounted to EUR 1,406.6 million (1,268.5).
- Net sales totalled EUR 531.6 million (568.8).
- Operating profit amounted to EUR 42.8 million (20.9), or 8.0 % (3.7) of net sales.
- Profit for the period was EUR 30.7 million (12.0).
- Earnings per share were EUR 1.27 (0.43).
- Cash flow from operating activities totalled EUR 86.0 million (50.1).
- Equity ratio at the end of the review period was 34.3% (35.0) and gearing 23.7% (41.7).
- Interest-bearing net debt at the end of the review period was EUR 82.0 million (154.4).

January–September 2016 (1–9/2015)

- Order inflow was EUR 1,134.7 million (1,121.5).
- Net sales totalled EUR 1,205.4 million (1,350.5).
- Operating profit amounted to EUR 32.6 million (18.4), or 2.7 % (1.4) of net sales.
- Profit for the period was EUR 15.1 million (-2.7).
- Earnings per share were EUR 0.44 (-0.48).
- Cash flow from operating activities totalled EUR 93.2 million (76.2).

Profit guidance for 2016

Lemminkäinen updated its profit guidance for 2016 on 20 October 2016. According to the new profit guidance 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 clearly as compared to 2015 (EUR 37.3 million).

Key figures, IFRS		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Net sales	M€	531.6	568.8	-37.2	1,205.4	1,350.5	-145.1	1,879.0
Paving	M€	317.1	319.5	-2.4	578.3	615.4	-37.1	796.2
Infra projects	M€	77.8	90.4	-12.6	228.5	242.2	-13.7	341.4
Building construction, Finland	M€	131.1	103.4	27.7	385.1	361.7	23.4	537.8
Russian operations	M€	21.4	30.7	-9.3	39.3	66.8	-27.5	136.7
Other operations and Group eliminations	M€	-15.7	24.8	-40.5	-25.8	64.5	-90.3	66.8
Operating profit	M€	42.8	20.9	21.9	32.6	18.4	14.2	37.3
Paving	M€	35.6	32.4	3.2	25.2	22.6	2.6	19.8
Infra projects	M€	2.3	2.8	-0.5	3.3	5.8	-2.5	8.9
Building construction, Finland	M€	3.5	-2.3	5.8	6.5	1.5	5.0	12.9
Russian operations	M€	1.8	-10.6	12.4	0.6	-8.1	8.7	2.9
Other operations	M€	-0.5	-1.3	0.8	-3.0	-3.5	0.5	-7.2
Operating margin	*%*	*8.0*	*3.7*		*2.7*	*1.4*		*2.0*
Paving	*%*	*11.2*	*10.1*		*4.4*	*3.7*		*2.5*
Infra projects	*%*	*3.0*	*3.0*		*1.4*	*2.4*		*2.6*
Building construction, Finland	*%*	*2.7*	*-2.2*		*1.7*	*0.4*		*2.4*
Russian operations	*%*	*8.5*	*-34.5*		*1.5*	*-12.1*		*2.1*
Pre-tax profit	M€	37.9	16.6	21.3	19.0	2.9	16.1	16.7
Profit for the period	M€	30.7	12.0	18.7	15.1	-2.7	17.8	7.2
Earnings per share for the period	€	1.27	0.43	0.84	0.44	-0.48	0.92	-0.15
Cash flow from operating activities	M€	86.0	50.1	35.9	93.2	76.2	17.0	106.6

Key figures, IFRS		30 Sep 2016	30 Sep 2015	Change 9/16 vs 9/15	30 June 2016	Change 9/16 vs 6/16	31 Dec 2015
Order book	M€	1,406.6	1,268.5	138.1	1,495.7	-89.1	1,180.3
Operating capital	M€	394.6	486.1	-91.5	446.4	-51.8	474.8
Balance sheet total	M€	1,156.7	1,235.6	-78.9	1,055.5	101.2	1,035.5
Interest-bearing net debt	M€	82.0	154.4	-72.4	165.2	-83.2	126.8
Equity ratio 1)	%	34.3	35.0		33.8		40.6
Gearing 2)	%	23.7	41.7		52.2		33.6
Return on capital employed, rolling 12 months	%	8.3	2.5		4.6		5.3

1) Equity ratio, if hybrid bonds were treated as debt: 9/2016: 27.4%, 9/2015: 24.5% and 12/2015: 28.6%.
2) Gearing, if hybrid bonds were treated as debt: 9/2016: 54.6%, 9/2015: 102.8% and 12/2015: 89.6%.

President and CEO Casimir Lindholm:

“Our third quarter operating profit improved year-on-year in all business segments except in Infra projects,” says Casimir Lindholm, President and CEO. “Overall the Paving segment has improved its performance. Especially, the measures we have taken to improve the operations in Norway are proceeding as planned. We have identified operational challenges in

Sweden, which we need to address. In Building construction, Finland, housing sales especially in the Helsinki metropolitan area supported the segment's result. In Russian operations, our operating profit last year was weakened by a write-down related to our decision to withdraw from the planned Ilmatar project. In Infra projects, declined margins in individual projects in Sweden and Finland weakened the operating profit."

"Our financial position has strengthened year-on-year. Our operating capital decreased from EUR 486 million to EUR 395 million. The number of unsold completed housing units at the end of September dropped from 304 to 191 units in Building construction, Finland. Our interest-bearing net debt decreased from EUR 154 million to EUR 82 million. In addition, our cash flow from operations during the third quarter was very strong, EUR 86 million."

"Our order book developed positively. In Paving, the order book grew year-on-year even though the fallen price of bitumen has decreased unit prices. In Building construction, Finland, the segment's strong order book was supported by the start-ups of six new residential development projects. In Russia, we won two new negotiated building construction contracts. In Infra projects, the market outlook is positive especially in Scandinavia but our order inflow is still too weak."

"After the review period, the Helsinki Court of Appeal published its decisions regarding the damages related to the asphalt cartel. The Court of Appeal ordered us to pay less damages than the District Court did and we are entitled to receive refunds in total approximately EUR 19 million consisting of capital as well as interest and legal expenses. We are satisfied with the decisions of the Court of Appeal to the extent our appeals were accepted. The reimbursements will be recorded as income in our fourth-quarter result."

"With the support from our solid order book and strong financial position, we continue to improve our operational result and competitiveness in all operations. In addition, we seek profitable growth from infra projects especially in Sweden and Norway, where states continue to invest in long-term urban infrastructure development."

Briefing

A Finnish-language briefing for analysts and the media will be held at 12:00 noon on Thursday 27 October 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		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Paving	M€	317.1	319.5	-2.4	578.3	615.4	-37.1	796.2
Infra projects	M€	77.8	90.4	-12.6	228.5	242.2	-13.7	341.4
Building construction, Finland	M€	131.1	103.4	27.7	385.1	361.7	23.4	537.8
Russian operations	M€	21.4	30.7	-9.3	39.3	66.8	-27.5	136.7
Other operations and Group eliminations	M€	-15.7	24.8	-40.5	-25.8	64.5	-90.3	66.8
Group, total	M€	531.6	568.8	-37.2	1,205.4	1,350.5	-145.1	1,879.0

July-September 2016 (7-9/2015)

The Group's net sales totalled EUR 531.6 million (568.8). Changes in currency exchange rates had a negative impact of EUR 2.8 million compared to the year-earlier period. Split by country was 60% (56) from Finland, 26% (30) from Scandinavia, 4% (5) from Russia and 10% (9) from other countries.

Net sales decreased in all business segments except in Building construction, Finland. In Paving, net sales for Q3/2015 include the divested road maintenance business in Norway. In Infra projects, net sales decreased year-on-year due to lower volumes in earthworks and civil engineering in Finland and the Baltic countries as well as in rock engineering in Norway. In Russian operations, lower year-on-year housing sales volumes decreased. In addition, the Q3/2015 figures for other operations include the building construction business in Sweden, which the company divested in September 2015. In Building construction, Finland, net sales improved due to strong housing sales especially in the Helsinki metropolitan area.

January-September 2016 (1-9/2015)

The Group's net sales totalled EUR 1,205.4 million (1,350.5). Changes in currency exchange rates had a negative impact of EUR 15.1 million compared to the year-earlier period. Split by country was 67% (59) from Finland, 23% (29) from Scandinavia, 3% (5) from Russia and 7% (7) from other countries.

Net sales decreased in all business segments except in Building construction, Finland. In Paving, net sales for 2015 include the divested road maintenance business in Norway. In Infra projects, net sales decreased due to declined volumes in earthworks and civil engineering in Finland. In Russian operations, lower housing sales volumes decreased net sales. In addition, the 2015 figures for other operations include the building construction business in Sweden, which the company divested in September 2015. In Building construction, Finland, net sales improved due to higher volumes in negotiated contracting outside the capital region.

Operating profit

Operating profit by segment		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Paving	M€	35.6	32.4	3.2	25.2	22.6	2.6	19.8
Infra projects	M€	2.3	2.8	-0.5	3.3	5.8	-2.5	8.9
Building construction, Finland	M€	3.5	-2.3	5.8	6.5	1.5	5.0	12.9
Russian operations	M€	1.8	-10.6	12.4	0.6	-8.1	8.7	2.9
Business segments, total	M€	43.2	22.2	21.0	35.6	21.9	13.7	44.5
Other operations	M€	-0.5	-1.3	0.8	-3.0	-3.5	0.5	-7.2
Group, total	M€	42.8	20.9	21.9	32.6	18.4	14.2	37.3

Operating margin by segment		7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Paving	%	11.2	10.1	4.4	3.7	2.5
Infra projects	%	3.0	3.0	1.4	2.4	2.6
Building construction, Finland	%	2.7	-2.2	1.7	0.4	2.4
Russian operations	%	8.5	-34.5	1.5	-12.1	2.1
Group, total	%	8.0	3.7	2.7	1.4	2.0

July-September 2016 (7-9/2015)

The Group's operating profit was EUR 42.8 million (20.9). The operating margin was 8.0% (3.7). Changes in currency exchange rates had a negative impact of EUR 1.1 million compared to the year-earlier period.

Operating profit improved in all business segments except in Infra projects. In Paving, the company's measures to improve the paving operations in Norway are proceeding as planned. In Building construction, Finland, operating profit improved due to strong housing sales especially in the Helsinki metropolitan area. In Russian operations, the Q3/2015 was weakened by a write-down worth EUR 13.2 million related to the company's decision to withdraw from the planned Ilmatar project. Operating profit decreased in Infra projects due to declined margins in individual projects in Sweden as well as in individual earthwork projects in Finland.

January-September 2016 (1-9/2015)

The Group's operating profit was EUR 32.6 million (18.4). The operating margin was 2.7% (1.4). Changes in currency exchange rates had a negative impact of EUR 0.4 million compared to the year-earlier period.

Operating profit improved in all business segments except in Infra projects. In Paving, the figures for 2015 include the divested road maintenance business in Norway. In Building construction, Finland, operating profit improved outside the capital region due to higher volumes in negotiated contracting as well as margin improvements. In Russian operations, the 2015 operating profit was weakened by the write-down mentioned above. In Infra projects, operating profit decreased due to declined margins in individual projects in Sweden as well as in individual earthwork projects in Finland. In addition, the segment's Q2/2015 figure included profit improvements in major projects in Finland and Sweden.

Order book

Order book and order inflow										
		Order book at the end of period			Order inflow during the period					
		30 Sep 2016	30 Sep 2015	Change	7–9/ 2016	7–9/ 2015 1)	Change	1–9/ 2016	1–9/ 2015 1)	Change
Paving	M€	268.5	252.5	16.0	102.5	104.9	-2.4	492.4	434.7	57.7
Infra projects	M€	247.7	308.1	-60.4	30.3	104.2	-73.9	185.9	215.2	-29.3
Building construction, Finland	M€	778.1	633.0	145.1	147.9	95.0	52.9	327.9	358.5	-30.6
Russian operations	M€	112.3	74.9	37.4	70.8	8.1	62.7	128.6	19.7	108.9
Other operations	M€								93.3	-93.3
Group, total	M€	1,406.6	1,268.5	138.1	351.4	312.2	39.2	1,134.7	1,121.5	13.2
of which unsold	M€	128.9	148.0	-19.1						

1) The figures include the road maintenance business in Norway and building construction in Sweden, which the company divested in Q3/2015

At the end of the quarter, the Group's order book stood at EUR 1,406.6 million (1,268.5). The July-September order inflow amounted to EUR 351.4 million (312.2) and January-September order inflow was EUR 1,134.7 million (1,121.5). In Paving, the fallen price of bitumen has decreased unit prices. In Infra projects, new orders include the excavation contract of an underground wastewater treatment plant in Mikkeli, Finland. In Building construction, Finland, order inflow includes six new residential development projects. In addition, the second partial contract of the Finavia's terminal project was recorded in the order book. Russian operations' order inflow includes two new residential construction contracts in the city of St Petersburg.

Balance sheet, financing and cash flow

Balance sheet and financing		30 Sep 2016	30 Sep 2015	Change 9/16 vs 9/15	30 June 2016	Change 9/16 vs 6/16	31 Dec 2015
Key figures, balance sheet							
Equity ratio [1]	%	34.3	35.0		33.8		40.6
Gearing [2]	%	23.7	41.7		52.2		33.6
Return on capital employed, rolling 12 months	%	8.3	2.5		4.6		5.3
Capital employed	M€	620.2	672.2	-52.0	597.5	22.7	632.3
Operating capital	M€	394.6	486.1	-91.5	446.4	-51.8	474.8
Net working capital	M€	188.8	261.8	-73.0	236.9	-48.1	258.7
Financial position and liquidity							
Interest-bearing debt	M€	273.7	301.7	-28.0	281.3	-7.6	254.7
of which long-term liabilities	M€	118.2	127.9	-9.7	119.9	-1.7	123.1
of which short-term liabilities	M€	155.6	173.8	-18.2	161.5	-5.9	131.6
Liquid funds	M€	191.8	147.3	44.5	116.2	75.6	127.9
Interest-bearing net debt	M€	82.0	154.4	-72.4	165.2	-83.2	126.8
Available committed credit limits	M€	185.0	185.0	0.0	185.0	0.0	185.0
Available overdraft limits	M€	12.5	12.2	0.3	12.4	0.1	12.3

1) Equity ratio, if hybrid bonds were treated as debt: 9/2016: 27.4%, 9/2015: 24.5% and 12/2015: 28.6%.
2) Gearing, if hybrid bonds were treated as debt: 9/2016: 54.6%, 9/2015: 102.8% and 12/2015: 89.6%.

On 30 September 2016, the balance sheet total was EUR 1,156.7 million (1,235.6), of which shareholders' equity accounted for EUR 346.5 million (370.5). Shareholders' equity includes EUR 69.3 million (111.6) hybrid bond. The hybrid bond was issued in 2014, and the company is entitled to redeem it in March 2018. During Q1/2016, the Group redeemed fully the outstanding share of the 2012 issued hybrid bond, which affected the company's equity ratio and gearing.

The Group's operating capital on 30 September 2016 amounted to EUR 394.6 million (486.1). The decrease is mainly due to decline in net working capital. At the end of the quarter, net working capital stood at EUR 188.8 million (261.8). Net working capital has been reduced by housing sales in Finland and Russia, improved invoicing efficiency and improved inventory turnover in the Paving segment.

Interest-bearing debt at the end of the period amounted to EUR 273.7 million (301.7) and interest-bearing net debt totalled EUR 82.0 million (154.4). Long-term interest-bearing debt accounted for 43% (42) of the loan portfolio at the end of the period. Liquid funds totalled EUR 191.8 million (147.3). Of the company's interest-bearing debt, EUR 92.5 million (114.8) comprises borrowings of housing and commercial property companies included in inventory, EUR 99.7 million (99.7) bonds, EUR 49.6 million (44.9) commercial papers, EUR 29.7 million (37.9) finance lease liabilities and EUR 2.3 million (4.5) 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 12.5 million (12.2) at the end of the period. Of the loan portfolio, 51% (46) was at a fixed interest rate.

Net finance costs amounted to EUR 4.9 million (4.3) in July–September and EUR 13.6 million (15.5) in January–September. The finance costs in January-September have been mainly reduced by lower 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 equity.

Cash flow from operating activities amounted to EUR 86.0 million (50.1) in July–September and EUR 93.2 million (76.2) in January–September. Strong cash flow from operations in July-September was supported by Paving and housing sales in Building construction, Finland.

Business segments

Paving

Operating environment

The state investments in paving have increased demand in Finland. In Sweden the market is solid and in Norway state investments have stabilised. In Denmark, cuts in public investments have decreased paving volumes. In the Baltic countries, the market situation remains unchanged.

Key figures for Paving		7-9/2016	7-9/2015[2)]	Change	1-9/2016	1-9/2015[2)]	Change	1-12/2015[2)]
Net sales	M€	317.1	319.5	-2.4	578.3	615.4	-37.1	796.2
Operating profit	M€	35.6	32.4	3.2	25.2	22.6	2.6	19.8
% of net sales	*%*	*11.2*	*10.1*		*4.4*	*3.7*		*2.5*
Order inflow	M€	102.5	104.9	-2.4	492.4	434.7	57.7	500.3
Order book [1)]	M€	268.5	252.5	16.0	268.5	252.5	16.0	180.3
Operating capital [1)]	M€	217.1	252.2	-35.1	217.1	252.2	-35.1	227.6

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

July-September 2016 (7-9/2015)

Net sales in July–September totalled EUR 317.1 million (319.5) where of 45% (42) from Finland, 40% (45) from Scandinavia and 15% (13) from the Baltic countries. The figures for Q3/2015 include the divested road maintenance business in Norway. The operating profit was EUR 35.6 million (32.4). The company's measures to improve the paving operations in Norway are proceeding as planned. The company has identified operational challenges in Sweden, which it needs to address.

The order inflow in July–September amounted to EUR 102.5 million (104.9). At the end of the quarter, the order book stood at EUR 268.5 million (252.5).

January-September 2016 (1-9/2015)

Net sales in January–September totalled EUR 578.3 million (615.4) where of 46% (40) from Finland, 40% (47) from Scandinavia and 14% (13) from the Baltic countries. The operating profit was EUR 25.2 million (22.6). The figures for 2015 include the divested road maintenance business in Norway. At the end of the period, the operating capital stood at EUR 217.1 million (252.2).

The total quantity of sold and paved asphalt in January-September amounted to 5.2 million tonnes (5.1).

Infra projects

Operating environment

Urbanisation, industrial investments 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 Sweden the pricing competition in large-scale urban projects is intense as new companies have entered the market. 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 Infra projects		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Net sales	M€	77.8	90.4	-12.6	228.5	242.2	-13.7	341.4
Operating profit	M€	2.3	2.8	-0.5	3.3	5.8	-2.5	8.9
% of net sales	*%*	*3.0*	*3.0*		*1.4*	*2.4*		*2.6*
Order inflow	M€	30.3	104.2	-73.9	185.9	215.2	-29.3	231.8
Order book [1)]	M€	247.7	308.1	-60.4	247.7	308.1	-60.4	232.5
Operating capital [1)]	M€	4.4	-9.2	13.6	4.4	-9.2	13.6	4.8

1) at the end of the period

July-September 2016 (7-9/2015)

Net sales in July–September totalled EUR 77.8 million (90.4) where of 79% (79) from Finland, 17% (14) from Scandinavia, 4% (7) from the Baltic countries and other countries. Net sales decreased year-on-year due to lower volumes in earthworks and civil engineering in Finland and the Baltic countries as well as in rock engineering in Norway. The operating profit was EUR 2.3 million (2.8). The operating profit decreased due to declined margins in individual projects in Sweden as well as in individual earthwork projects in Finland.

The order inflow in July–September amounted to EUR 30.3 million (104.2). New orders include the excavation contract of an underground wastewater treatment plant in Mikkeli in Eastern Finland. At the end of the quarter, the order book stood at EUR 247.7 million (308.1).

January-September 2016 (1-9/2015)

Net sales in January–September totalled EUR 228.5 million (242.2) where of 78% (81) from Finland, 18% (13) from Scandinavia, 4% (6) from the Baltic countries and other countries. Net sales decreased year-on-year due to lower volumes in earthworks and civil engineering in Finland. The operating profit was EUR 3.3 million (5.8). The operating profit decreased due to declined margins in individual projects in Sweden as well as in individual earthwork projects in Finland. In addition, the Q2/2015 figure included profit improvements in major projects in Finland and Sweden. At the end of the period, the operating capital stood at EUR 4.4 million (-9.2).

Building construction, Finland

Operating environment

The overall market situation in building construction is stable. Residential production continued to grow, still focusing on small apartments in urban growth centres. Investors are active in the market, but consumer sales has also picked up. Individual major projects and public sector works maintain demand for commercial construction.

Key figures for Building construction, Finland		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Net sales	M€	131.1	103.4	27.7	385.1	361.7	23.4	537.8
Operating profit	M€	3.5	-2.3	5.8	6.5	1.5	5.0	12.9
% of net sales	*%*	*2.7*	*-2.2*		*1.7*	*0.4*		*2.4*
Order inflow	M€	147.9	95.0	52.9	327.9	358.5	-30.6	569.2
Order book [1)]	M€	778.1	633.0	145.1	778.1	633.0	145.1	760.6
Operating capital [1)]	M€	221.1	272.0	-50.9	221.1	272.0	-50.9	274.8

1) at the end of the period

July-September 2016 (7-9/2015)

Net sales in July–September totalled EUR 131.1 million (103.4). The operating profit was EUR 3.5 million (-2.3). Strong housing sales improved net sales and operating profit especially in the Helsinki metropolitan area. Two residential development projects were completed during Q3 (Q3/2015: three).

Order inflow in July–September was EUR 147.9 million (95.0) including start-ups of six new residential development projects. In addition, the second partial contract of the Finavia’s terminal project was recorded in the order book. At the end of the quarter, the order book stood at EUR 778.1 million (633.0).

January-September 2016 (1-9/2015)

Net sales in January–September totalled EUR 385.1 million (361.7). The operating profit was EUR 6.5 million (1.5). Net sales and operating profit increased from the comparison period outside the capital region due to higher volumes in negotiated contracting as well as margin improvements. Net sales and operating profit declined in the Helsinki metropolitan area due to a lower year-on-year number of completed residential development projects during Q1/2016. The operating profit for 2015 included losses from e.g. non-strategic plot sales and provisions related to warranty repairs, totalling EUR 5 million.

At the end of the quarter, the number of unsold completed units was 191 (304). Housing sales and improved capital efficiency have reduced the operating capital which stood at EUR 221.1 million (272.0) 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 during the last quarter.

Lemminkäinen's residential production (development projects and negotiated contracting)		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Started	units	224	83	141	696	619	77	1,253
of which development projects	units	224	83	141	470	372	98	693
Completed	units	123	216	-93	465	743	-278	1,236
of which development projects	units	76	110	-34	364	504	-140	859
Sold	units	239	136	103	855	807	48	1,377
of which development projects	units	239	136	103	623	560	63	817
Sales to investors	*%*	*23*	*3*		*39*	*41*		*51*
Under construction [1)]	units	1,628	1,237	391	1,628	1,237	391	1,388
of which unsold [1)]	units	403	369	34	403	369	34	464
Unsold completed [1)]	units	191	304	-113	191	304	-113	283
Land bank, balance sheet value [1)]	M€	98.0	105.3	-7.3	98.0	105.3	-7.3	105.3
Started, competitive contracting	units	157	85	72	312	403	-91	542

1) at the end of the period

Russian operations

Operating environment

The operating environment in Russia remains uncertain. In negotiated contracting in building construction, reliability of the contractor has become a competitive advantage. Construction and repair projects on major roads maintain demand for paving.

Key figures for Russian operations		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Net sales	M€	21.4	30.7	-9.3	39.3	66.8	-27.5	136.7
Operating profit	M€	1.8	-10.6	12.4	0.6	-8.1	8.7	2.9
% of net sales	*%*	*8.5*	*-34.5*		*1.5*	*-12.1*		*2.1*
Order inflow	M€	70.8	8.1	62.7	128.6	19.7	108.9	22.8
Order book [1)]	M€	112.3	74.9	37.4	112.3	74.9	37.4	7.0
Operating capital [1)]	M€	31.8	32.2	-0.4	31.8	32.2	-0.4	35.0

1) at the end of the period

July-September 2016 (7-9/2015)

Net sales in July–September totalled EUR 21.4 million (30.7). The operating profit was EUR 1.8 million (-10.6). Changes in currency exchange rates had a negative impact of EUR 1.9 million on net sales and a negative impact of EUR 0.4 million on the operating profit.

Net sales decreased year-on-year due to lower housing sales volumes. A total of 3 (76) development units were sold during the third quarter. In paving operations, net sales and operating profit improved year-on-year due to higher volumes. The operating profit for the comparison period was weakened by a write-down worth EUR 13.2 million related to the company's decision to withdraw from the planned Ilmatar project.

Order inflow was EUR 70.8 million (8.1) including two new residential construction contracts in the city of St Petersburg. At the end of the quarter, the order book stood at EUR 112.3 million (74.9).

January-September 2016 (1-9/2015)

Net sales in January–September totalled EUR 39.3 million (66.8). The operating profit was EUR 0.6 million (-8.1). Changes in currency exchange rates had a negative impact of EUR 5.7 million on net sales and a negative impact of EUR 0.1 million on the operating profit.

Net sales decreased year-on-year due to lower housing sales volumes. According to Lemminkäinen's strategy, the company has not started any new residential development projects in Russia. In paving operations, net sales and operating profit improved year-on-year. In addition, the segment's operating profit for the comparison period was weakened by the write-down mentioned above.

At the end of the period, the number of unsold completed units was 3 (49). Operating capital stood at EUR 31.8 million (32.2).

Lemminkäinen's residential development in Russia		7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	1-12/2015
Started	units	0	0	0	0	0	0	0
Completed	units	0	0	0	0	0	0	418
Sold	units	3	76	-73	48	331	-283	384
Under construction 1)	units	0	418	-418	0	418	-418	0
of which unsold 1)	units	0	46	-46	0	46	-46	0
Unsold completed 1)	units	3	49	-46	3	49	-46	51

1) at the end of the period

Investments

Gross investments in January-September amounted to EUR 11.8 million (6.8), representing 1.0% (0.5) of the company's net sales. Investments were mainly replacement investments in Paving and Infra projects.

Personnel

At the end of the quarter, Lemminkäinen employed 5,328 people (5,197), an increase of 131 people year-on-year. The number of personnel in Building Construction, Finland has increased mainly due to growth in business volumes. In Infra projects, the organisation has been strengthened to support the segment's growth. The seasonality of the paving business can be seen in the number of personnel compared to 31 December 2015. Of the personnel at the end of the review period, 1,964 (1,889) were white-collar workers and 3,364 (3,308) were blue-collar workers.

Personnel by business segment		30 Sep 2016	30 Sep 2015	Change 9/16 vs 9/15	30 June 2016	Change 9/16 vs 6/16	31 Dec 2015
Paving	persons	3,053	3,037	16	3,085	-32	2,010
Infra projects	persons	640	611	29	635	5	577
Building construction, Finland	persons	1,034	958	76	1,087	-53	947
Russian operations	persons	453	464	-11	439	14	405
Parent company and others	persons	148	127	21	145	3	120
Group, total	persons	5,328	5,197	131	5,391	-63	4,059

Personnel by country		30 Sep 2016	30 Sep 2015	Change 9/16 vs 9/15	30 June 2016	Change 9/16 vs 6/16	31 Dec 2015
Finland	persons	2,996	2,880	116	3,067	-71	2,204
Sweden, Norway, Denmark	persons	1,077	1,054	23	1,066	11	804
Baltic countries	persons	793	774	19	808	-15	625
Russia	persons	453	464	-11	439	14	405
Other countries	persons	9	25	-16	11	-2	21
Group, total	persons	5,328	5,197	131	5,391	-63	4,059

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 30 September 2016, the market capitalisation of Lemminkäinen's shares stood at EUR 334.4 million (269.2). The price of Lemminkäinen Corporation's share on the NASDAQ Helsinki Ltd was on 1 January 2016 EUR 13.79 (9.52) and on 30 September 2016 EUR 14.41 (11.60). In addition to the NASDAQ Helsinki Ltd, Lemminkäinen's share is also traded on alternative markets. A total of 938,684 shares (2,160,365) were traded during January–September 2016, of which alternative markets accounted for 4% (7). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Shareholders

On 30 September 2016, the company had 4,278 shareholders (4,535). Nominee-registered and non-Finnish shareholders held 12.8% (12.6) of all Lemminkäinen Corporation shares and voting rights. Information on company ownership and division by segment and scale, major shareholders, and management ownership 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.

Legal proceedings

Damages related to the asphalt cartel

On 20 October 2016, the Court of Appeal of Helsinki gave its decisions in the legal proceedings concerning the damages related to the asphalt cartel. Regarding the 37 claims against Lemminkäinen, Lemminkäinen and other asphalt industry companies are entitled to receive reimbursements in total approximately EUR 20 million (consisting of capital amount of approximately EUR 14 million less as well as interest and legal expenses of approximately EUR 6 million less than according to the decisions of the District Court).

Of these reimbursements, Lemminkäinen is entitled to receive refunds (based on Lemminkäinen's own share and those shares of other defendants that Lemminkäinen has paid) in total approximately EUR 19 million consisting of capital as well as interest and legal expenses. Lemminkäinen will record the reimbursement as income in its fourth-quarter result.

Lemminkäinen has as such deemed the claims for damages unfounded. Lemminkäinen will carefully study the decisions of the Court of Appeal. After this, the company will decide whether there are grounds for requesting leave of appeal from the Supreme Court. Lemminkäinen has 60 days to make such a request to the Supreme Court.

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 13.4 million based on the District Court's decisions. 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 interim report on 28 July 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 in November 2016.

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 and functions 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.

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 single purchased 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 in 2016. Residential construction is expected to grow and demand for apartments will still be focused on small units in urban growth centres. Investor sale is likely to remain active and consumer sales is picking up. Commercial construction will increase, due 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. Infrastructure construction 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 and industrial investments.

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 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 have stabilised.

In Denmark, outlook for paving has deteriorated as public investments are declining.

In Russia, market uncertainty is likely to continue. The fluctuations in the price of oil are reflected in the currency exchange rate. In negotiated contracting in building construction, reliability of the builder has become a competitive advantage. 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 after 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

Lemminkäinen updated its profit guidance for 2016 on 20 October 2016. According to the new profit guidance 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 clearly as compared to 2015 (EUR 37.3 million).

Events after the review period

Damages related to the asphalt cartel

On 20 October 2016, the Court of Appeal of Helsinki gave its decisions in the legal proceedings concerning the damages related to the asphalt cartel. Regarding the 37 claims against Lemminkäinen, Lemminkäinen and other asphalt industry companies are entitled to receive reimbursements in total approximately EUR 20 million (consisting of capital amount of approximately EUR 14 million less as well as interest and legal expenses of approximately EUR 6 million less than according to the decisions of the District Court).

Of these reimbursements, Lemminkäinen is entitled to receive refunds (based on Lemminkäinen's own share and those shares of other defendants that Lemminkäinen has paid) in total approximately EUR 19 million consisting of capital as well as interest and legal expenses.

Lemminkäinen has as such deemed the claims for damages unfounded. Lemminkäinen will carefully study the decisions of the Court of Appeal. After this, the company will decide whether there are grounds for requesting leave of appeal from the Supreme Court. Lemminkäinen has 60 days to make such a request to the Supreme Court.

Helsinki, 27 October 2016

LEMMINKÄINEN CORPORATION
Board of Directors

Tabulated sections of the interim report

Basis of preparation

This interim report has been prepared in accordance with IFRS recognition and measurement principles, although all requirements of IAS 34 - Interim Financial Reporting standard have not been applied. This interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2015. 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 utilisable in the future. On 30 September 2016 the company had a deferred tax asset amounting to EUR 40.6 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 been 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 and amendments to IFRSs applied by the company in 2016

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

Standards, interpretations, annual improvements and amendments 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.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. After this, IASB issued clarifications to the standard in April 2016. 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. According to the current estimate of the company the most significant impacts of the new standard relate to the extensive disclosure requirements.

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. The company will analyse the impacts of the new expected losses model during the current financial year. 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.

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 has started analysing the impacts of the standard to the consolidated financial statements. The standard is expected to have an impact to the consolidated financial statements.

There are no other IFRSs, IFRIC interpretations, annual improvements or amendments 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

EUR mill.	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales	**531.6**	**568.8**	**1,205.4**	**1,350.5**	**1,879.0**
Other operating income	1.7	0.4	7.0	6.0	11.0
Change in inventories of finished goods and work in progress	0.5	-0.2	-10.0	-2.6	-81.1
Production for own use	0.0	0.0	0.1	0.1	0.1
Use of materials and services	362.0	417.9	837.9	987.0	1,299.6
Employee benefit expenses	87.4	83.9	217.6	218.4	294.9
Depreciation and amortisation	11.5	13.0	24.9	28.8	38.0
Impairment					0.4
Other operating expenses	31.3	34.6	90.0	102.3	140.2
Share of the profit of associates and joint ventures	1.2	1.3	0.5	0.8	1.4
Operating profit	**42.8**	**20.9**	**32.6**	**18.4**	**37.3**
Finance income	0.1	0.8	0.3	1.1	1.4
Finance costs	5.0	5.1	13.9	16.6	22.0
Profit before taxes	**37.9**	**16.6**	**19.0**	**2.9**	**16.7**
Income taxes	-7.1	-4.6	-3.9	-5.6	-9.4
Profit for the accounting period	**30.7**	**12.0**	**15.1**	**-2.7**	**7.2**

Profit for the accounting period attributable to					
Equity holders of the parent company	30.7	12.0	15.1	-2.5	7.2
Non-controlling interests	0.0	0.0	0.0	-0.2	0.0
Basic and diluted earnings per share attributable to equity holders of the parent company, euros					
From profit for the accounting period	1.27	0.43	0.44	-0.48	-0.15

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-9/ 2016	1-9/ 2015	1-12/ 2015
Profit for the accounting period	**15.1**	**-2.7**	**7.2**
Items that will not be reclassified to profit or loss			
Pension obligations	0.4	0.0	0.3
Items that may be reclassified subsequently to profit or loss			
Translation difference	5.5	-1.3	-4.2
Other comprehensive income, total	5.9	-1.3	-3.9
Comprehensive income for the accounting period	**21.1**	**-4.0**	**3.4**
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	21.1	-4.1	3.4
Non-controlling interests	0.0	0.2	0.0

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	9/2016	9/2015	12/2015
ASSETS			
Non-current assets			
Property, plant and equipment	139.3	155.0	149.1
Goodwill	53.9	53.3	53.1
Other intangible assets	10.3	15.9	14.0
Investments in associates and joint ventures	4.9	4.2	4.7
Available-for-sale financial assets	2.3	2.8	2.7
Deferred tax assets	40.6	44.6	36.9
Other non-current receivables	0.9	0.5	0.5

Total	**252.3**	**276.4**	**261.0**
Current assets			
Inventories	388.7	477.2	402.0
Trade and other receivables	320.9	332.9	241.9
Income tax receivables	3.0	1.9	2.7
Cash and cash equivalents	191.8	147.3	127.9
Total	**904.4**	**959.3**	**774.5**
Total assets	**1,156.7**	**1,235.6**	**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	111.6	111.6
Translation differences	-20.4	-23.0	-25.9
Retained earnings	151.2	153.3	153.4
Profit for the period	15.1	-2.5	7.2
Equity attributable to shareholders of the parent company	**346.5**	**370.6**	**377.6**
Non-controlling interests	0.0	-0.1	0.1
Total equity	**346.5**	**370.5**	**377.6**
Non-current liabilities			
Interest-bearing liabilities	118.2	127.9	123.1
Deferred tax liabilities	12.3	12.6	14.7
Pension obligations		0.6	0.1
Provisions	28.3	28.3	26.6
Other liabilities	0.3	0.1	0.5
Total	**159.1**	**169.5**	**164.9**
Current liabilities			
Interest-bearing liabilities	155.6	173.8	131.6
Provisions	12.0	13.3	13.1
Advance payments received	145.3	177.7	105.4
Trade and other payables	333.4	325.1	242.1
Income tax liabilities	5.0	5.7	0.8
Total	**651.2**	**695.6**	**492.9**
Total liabilities	**810.2**	**865.1**	**657.8**

Total equity and liabilities	**1,156.7**	**1,235.6**	**1,035.5**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-9/ 2016	1-9/ 2015	1-12/ 2015
Profit before taxes	19.0	2.9	16.7
Depreciation and impairment	24.9	28.8	38.4
Other adjustments	5.3	37.7	48.3
Cash flows before change in working capital	49.2	69.4	103.4
Change in working capital	70.8	42.1	41.5
Financial items	-23.2	-31.3	-34.1
Direct taxes paid	-3.6	-4.0	-4.1
Cash flow from operating activities	**93.2**	**76.2**	**106.6**
Cash flows provided by investing activities	7.9	37.6	39.6
Cash flows used in investing activities	-10.8	-12.9	-11.9
Cash flow from investing activities	**-2.9**	**24.7**	**27.7**
Change in non-current receivables	0.0	0.1	0.1
Drawings of loans	140.8	36.6	112.8
Repayments of borrowings	-122.1	-99.0	-200.7
Repayments of hybrid bond	-42.9		-27.1
Dividends paid	-2.8		
Cash flow from financing activities	**-26.9**	**-62.4**	**-115.0**
Change in cash and cash equivalents	**63.4**	**38.5**	**19.4**
Cash and cash equivalents at the beginning of period	127.9	109.1	109.1
Translation difference of cash and cash equivalents	0.4	-0.3	-0.5
Cash and cash equivalents at the end of period	**191.8**	**147.3**	**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						-2.5	**-2.5**	-0.2	**-2.7**
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					-1.3		**-1.3**	0.0	**-1.3**
Comprehensive income, total					**-1.3**	**-2.5**	**-3.8**	**-0.2**	**-4.0**
Change in non-controlling interest								-0.1	**-0.1**
Hybrid bonds' interests and costs						-11.2	**-11.2**		**-11.2**
Transactions with owners, total						**-11.2**	**-11.2**	**-0.1**	**-11.3**
Hybrid bonds				-26.7			**-26.7**		**-26.7**
Equity 30.9.2015	**34.0**	**5.7**	**91.4**	**111.6**	**-23.0**	**150.8**	**370.6**	**-0.1**	**370.5**

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						15.1	**15.1**	0.0	**15.1**
Items that will not be reclassified to profit or loss									

Pension obligations						0.4	**0.4**		**0.4**
Items that may be reclassified subsequently to profit or loss									
Translation differences					5.5		**5.5**		**5.5**
Comprehensive income, total					**5.5**	**15.6**	**21.1**	**0.0**	**21.1**
Change in non-controlling interest						0.0	**0.0**	0.0	**0.0**
Hybrid bonds' interests and costs						-7.1	**-7.1**		**-7.1**
Dividend						-2.8	**-2.8**		**-2.8**
Transactions with owners, total						**-9.8**	**-9.8**	**0.0**	**-9.9**
Hybrid bonds				-42.3			**-42.3**		**-42.3**
Equity 30.9.2016	**34.0**	**5.7**	**91.4**	**69.3**	**-20.4**	**166.4**	**346.5**	**0.0**	**346.5**

6) ADJUSTMENT TO PREVIOUS PERIODS

In the beginning of 2016 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.

			Adjusted			Adjusted
	1-12/		1-12/	1-9/		1-9/
EUR mill.	2015	Adjustment	2015	2015	Adjustment	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

			Adjusted			Adjusted
	1-6/		1-6/	1-3/		1-3/
EUR mill.	2015	Adjustment	2015	2015	Adjustment	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 company's profit and its timing. Weather conditions influence the lengths of the Paving segment's paving and mineral aggregates businesses working seasons, which affects the company's profit and its timing. The working seasons of these businesses and consequently their profits take place mostly in the second and third quarters. In addition, there may be some seasonality in the Infra projects segment's foundation engineering business due to the timing of building construction projects.

Revenue from residential and non-residential development projects is recognised, for the sold proportion, on completion which causes seasonal fluctuations to the company's profit. The company seeks to balance this fluctuation by launching new developed 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.	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015
Net sales	**531.6**	**457.1**	**216.8**	**528.5**	**568.8**
Other operating income	1.7	3.9	1.4	5.0	0.4
Change in inventories of finished goods and work in progress	0.5	-5.3	-5.2	-78.5	-0.2
Production for own use	0.0	0.0	0.0	0.0	0.0
Use of materials and services	362.0	317.9	158.0	312.7	417.9
Employee benefit expenses	87.4	78.9	51.3	76.5	83.9
Depreciation and amortisation	11.5	9.2	4.2	9.2	13.0
Impairment				0.4	
Other operating expenses	31.3	28.7	30.0	37.9	34.6
Share of the profit of associates and joint ventures	1.2	0.1	-0.9	0.6	1.3
Operating profit	**42.8**	**21.2**	**-31.4**	**18.9**	**20.9**
Finance income	0.1	0.2	0,0	0.3	0.8
Finance costs	5.0	4.9	3.9	5.4	5.1
Profit before taxes	**37.9**	**16.4**	**-35.3**	**13.7**	**16.6**
Income taxes	-7.1	-4.1	7.3	-3.8	-4.6
Profit for the accounting period	**30.7**	**12.3**	**-27.9**	**9.9**	**12.0**
Profit for the accounting period attributable to					
Equity holders of the parent company	30.7	12.3	-27.9	9.8	12.0
Non-controlling interests	0.0	0.0	0.0	0.2	0.0
Basic and diluted earnings per share attributable to equity holders of the parent company, euros					
From profit for the accounting period	1.27	0.48	-1.31	0.33	0.43

9) SEGMENT INFORMATION

EUR mill.	7-9/ 2016	4-6/ 2016	1-3/ 2016	10-12/ 2015	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales, Group	**531.6**	**457.1**	**216.8**	**528.5**	**568.8**	**1,205.4**	**1,350.5**	**1,879.0**
Paving	317.1	225.4	35.8	180.8	319.5	578.3	615.4	796.2
Infra projects	77.8	89.6	61.2	99.2	90.4	228.5	242.2	341.4
Building construction, Finland	131.1	141.0	113.1	176.1	103.4	385.1	361.7	537.8
Russian operations	21.4	12.1	5.8	70.0	30.7	39.3	66.8	136.7
Other operations	6.7	8.0	7.0	6.8	33.5	21.7	99.3	106.1
Group eliminations	-22.4	-19.0	-6.1	-4.4	-8.7	-47.5	-34.8	-39.2
Depreciation and impairment, Group	**11.5**	**9.2**	**4.2**	**9.6**	**13.0**	**24.9**	**28.8**	**38.4**
Paving	8.7	6.6	1.7	5.8	9.6	17.0	18.8	24.6
Infra projects	1.1	1.3	1.1	1.5	1.6	3.6	4.7	6.2
Building construction, Finland	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.2
Russian operations	0.3	0.3	0.1	0.3	0.4	0.7	1.1	1.5
Other operations	1.3	0.9	1.3	2.0	1.4	3.5	4.0	6.0
Operating profit, Group	**42.8**	**21.2**	**-31.4**	**18.9**	**20.9**	**32.6**	**18.4**	**37.3**
Paving	35.6	17.9	-28.2	-2.8	32.4	25.2	22.6	19.8
Infra projects	2.3	1.5	-0.6	3.1	2.8	3.3	5.8	8.9
Building construction, Finland	3.5	3.7	-0.8	11.4	-2.3	6.5	1.5	12.9
Russian operations	1.8	-0.6	-0.6	10.9	-10.6	0.6	-8.1	2.9
Other operations	-0.5	-1.3	-1.2	-3.7	-1.3	-3.0	-3.5	-7.2
Operating margin, Group, %	***8.0***	***4.6***	***-14.5***	***3.6***	***3.7***	***2.7***	**1.4**	**2.0**
Paving	*11.2*	*7.9*	*-78.8*	*-1.6*	*10.1*	*4.4*	*3.7*	*2.5*
Infra projects	*3.0*	*1.7*	*-0.9*	*3.1*	*3.0*	*1.4*	*2.4*	*2.6*
Building construction, Finland	*2.7*	*2.6*	*-0.7*	*6.5*	*-2.2*	*1.7*	*0.4*	*2.4*
Russian operations	*8.5*	*-5.3*	*-10.1*	*15.6*	*-34.5*	*1.5*	*-12.1*	*2.1*

OPERATING CAPITAL EUR mill.	9/2016	6/2016	3/2016	12/2015	9/2015
Paving	217.1	225.5	215.9	227.6	252.2
Infra projects	4.4	9.9	4.2	4.8	-9.2
Building construction, Finland	221.1	246.7	254.6	274.8	272.0
Russian operations	31.8	30.7	31.0	35.0	32.2
Other operations	1.6	6.0	9.9	8.6	9.4
Total	**476.0**	**518.8**	**515.5**	**550.8**	**556.7**
Items unallocated to segments	-81.4	-72.4	-65.1	-76.0	-70.6

Group total	**394.6**	**446.4**	**450.4**	**474.8**	**486.1**

10) FINANCIAL AND SHARE-SPECIFIC INDICATORS

	9/2016	9/2015	12/2015
Return on equity, rolling 12 months, %	6.9	-2.3	1.8
Return on capital emplyed, rolling 12 months, %	8.3	2.5	5.3
Operating profit, % of net sales	2.7	1.4	2.0
Equity ratio, %	34.3	35.0	40.6
Gearing, %	23.7	41.7	33.6
Interest-bearing net liabilities, EUR mill.	82.0	154.4	126.8
Gross investments, EUR mill.	11.8	6.8	10.3
Order book, EUR mill.	1,406.6	1,268.5	1,180.3
- of which orders outside Finland, EUR mill.	310.7	247.3	127.4
Personnel at the end of period	5,328	5,197	4,059
Basic and diluted earnings per share, EUR	0.44	-0.48	-0.15
Equity per share, EUR	14.94	15.98	16.28
Dividend per share, EUR			0,12[1)]
Dividend per earnings, %			38.5
Market capitalisation at the end of period, EUR mill.	334.4	269.2	320.0
Share price at the end of period, EUR	14.41	11.60	13.79
Share trading (Nasdaq Helsinki), 1,000 shares	903	2,018	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	23,193,399	23,192,496	23,192,760
Diluted weighted average number of shares outstanding	23,205,556	23,192,496	23,192,760

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

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

EUR mill.	A	B	C	D	CARRYING AMOUNT	FAIR VALUE
30.9.2016						
Non-current financial assets						
Available-for-sale financial assets			2.3		2.3	2.3

Lemminkäinen

Other non-current receivables [1]		0.5			0.5	0.3
Current financial assets						
Trade and other receivables		318.4			318.4	318.4
Derivative assets	0.5				0.5	0.5
Cash and cash equivalents		191.8			191.8	191.8
Financial assets total	**0.5**	**510.6**	**2.3**		**513.4**	**513.2**
Non-current financial liabilities						
Interest-bearing liabilities				118.2	118.2	124.1
Other non-current liabilities				0.3	0.3	0.3
Current financial liabilities						
Interest-bearing liabilities				155.6	155.6	155.6
Trade payables and other financial liabilities [2]				310.8	310.8	310.8
Derivative liabilities	2.2				2.2	2.2
Financial liabilities total	**2.2**			**584.8**	**587.0**	**592.9**

EUR mill.	A	B	C	D	CARRYING AMOUNT	FAIR VALUE
30.9.2015						
Non-current financial assets						
Available-for-sale financial assets			2.8		2.8	2.8
Other non-current receivables		0.5			0.5	0.3
Current financial assets						
Trade and other receivables		328.3			328.3	328.3
Derivative assets	0.9				0.9	0.9
Cash and cash equivalents		147.3			147.3	147.3
Financial assets total	**0.9**	**476.2**	**2.8**		**480.0**	**479.8**
Non-current financial liabilities						
Interest-bearing liabilities				127.9	127.9	131.9
Other non-current liabilities				0.1	0.1	0.1
Current financial liabilities						
Interest-bearing liabilities				173.8	173.8	173.8
Trade payables and other financial liabilities [2]				303.4	303.4	303.4
Derivative liabilities	4.0				4.0	4.0
Financial liabilities total	**4.0**			**605.2**	**609.2**	**613.2**

[1] Other non-current receivables do not include assets related to pension obligations.

[2)] 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
30.9.2016			
Available-for-sale financial assets			
Equity instruments		2.3	2.3
Derivative instruments			
Derivative assets	0.3	0.2	0.5
Derivative liabilities	1.8	0.4	2.2

EUR mill.	Level 2	Level 3	Total
30.9.2015			
Available-for-sale financial assets			
Equity instruments		2.8	2.8
Derivative instruments			
Derivative assets	0.9	0.0	0.9
Derivative liabilities	1.3	2.7	4.0

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
Additions		0.0
Disposals		0.0
Gains and losses recognised through profit or loss, total	3.6	-0.4
Fair values 30.9.2016	**-0.1**	**2.3**

12) CONTINGENT ASSETS AND LIABILITIES

EUR mill.	9/2016	9/2015	12/2015
Collaterals given by companies included in inventory[1)]	164.4	201.1	173.4
Pledged assets			
On own behalf[2)]	6.2	5.7	5.1
Guarantees			
On behalf of associates and joint ventures	2.0	13.3	12.4
On behalf of consortiums and real estate companies	0.3	1.8	1.8
On behalf of others[3)]	5.4	34.0	10.2
Total	**7.7**	**49.0**	**24.4**
Minimum lease payments of irrevocable lease contracts			
One year or less	13.2	8.9	10.7
Over one year but no more than five years	30.1	19.7	21.1
Over five years	7.3	9.2	8.4
Total	**50.7**	**37.7**	**40.2**
Purchase commitments of investments	3.5	0.4	1.1
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	75.1	91.0	60.2
Fair value	-0.7	0.6	1.7
Interest rate swap contracts			
Nominal value	40.0	40.0	40.0
Fair value	-0.9	-1.0	-1.0
Commodity derivatives			
Nominal value	7.5	8.4	13.2
Fair value	-0.1	-2.7	-3.9

[1)] Collaterals given by companies included in inventories are for collateral security for their debts.
[2)] Includes a retrospective adjustment to comparison period.
[3)] 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.

Litigation

On 20 October 2016, the Helsinki Court of Appeal gave its decisions concerning the damages related to the asphalt cartel. 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 13.4 million based on the District Court's decisions. More information about the legal proceedings and related claims can be found in this report under Legal proceedings.

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.

13) EVENTS AFTER THE REPORTING PERIOD

After the review period, the Helsinki Court of Appeal published on 20 October 2016 its decisions regarding the damages related to the asphalt cartel. Regarding the 37 claims against Lemminkäinen, Lemminkäinen and other asphalt industry companies are entitled to receive reimbursements in total approximately EUR 20 million (consisting of capital amount of approximately EUR 14 million less as well as interest and legal expenses of approximately EUR 6 million less than according to the decisions of the District Court). Of these reimbursements, Lemminkäinen is entitled to receive refunds (based on Lemminkäinen's own share and those shares of other defendants that Lemminkäinen has paid) in total approximately EUR 19 million consisting of capital as well as interest and legal expenses. More information can be found in this report under Events after the review period.