



LEMMINKÄINEN

LEMMINKÄINEN - KONSERNI

Lemminkäinen Corporation

Financial year 2006

Finnish construction markets

Year 2006 and outlook



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- The total volume of construction rose by about 4.5 %
 - *the outlook is still good, although growth is expected to slow down slightly in 2007*
- The housing market remained brisk, 34 500 new housing starts
 - *steady outlook despite the rise in interest rates*
- Commercial construction and office construction remained brisk
 - *growing markets in the Helsinki metropolitan area*
- Civil engineering remained steady
 - *new road construction investments expected in 2008-2009*
 - *the total volume of paving work is not expected to rise, competition remains intense and profitability in the industry weak*

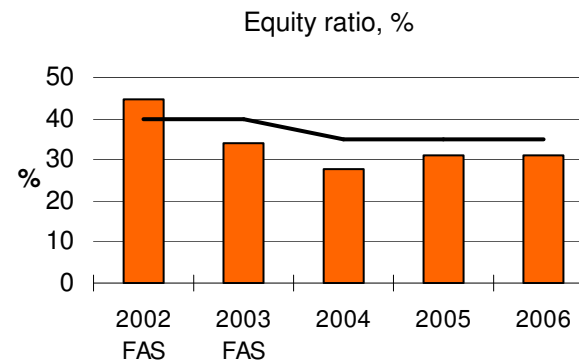
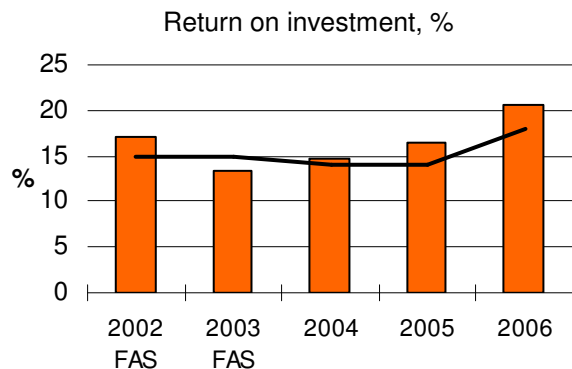
Lemminkäinen's strategy and goals



- The Company's business strategy and strategic target levels were revised on 14.2.2007
- The strategic objectives are *profitable growth* and the *maintenance of good solvency*

Financial target levels:

- Return on investment > 18 %* ; previously 14 % (FAS: 15 %)
- Equity ratio > 35 % ; (FAS: 40 %)



* long-term average

Favourable outlook for 2007



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- Growing asphalt paving markets in the Baltic states and in Russia; in Finland competition will remain intense
- In civil engineering the state of the rock engineering market is likely to remain good, which will boost demand for Lemcon's services
- Building construction is expected to remain brisk, about a half of Lemminkäinen's net sales comes from building construction
- Strong demand for refurbishment contracting and the outsourcing of property-related functions by companies will fuel demand for Tekmanni's technical building and facility services.

Lemminkäinen's strong order book and the positive outlook for the construction market create good prerequisites for the favourable development of the Company's business in 2007.



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Financial statements for 1.1.-31.12.2006



Year 2006: Significant growth in earnings

- Net sales were EUR 1 795.9 million (1 601.7), **growth 12.1 %**
- Operations abroad generated net sales of EUR 530.3 million (499.6), **growth 6.2 %**
- The operating profit was EUR 108.1 million (72.5), **growth 49.1 %**
- The profit before taxes was EUR 94.2 million (65.9), **growth 42.9 %**
- The operating margin was 6.0 % (4.5)
- The return on investment was 20.6 % (16.5)
- The equity ratio was 31.2 % (31.0)
- The Company's order book at the end of the accounting period was EUR 1 326.7 million (1 011.3), **growth 31.2 %**

- Earnings per share were EUR 3.87 (2.57), **growth 50.6 %**
- The Board of Directors proposes a dividend of EUR 1.50 (1.00), **growth 50.0 %**

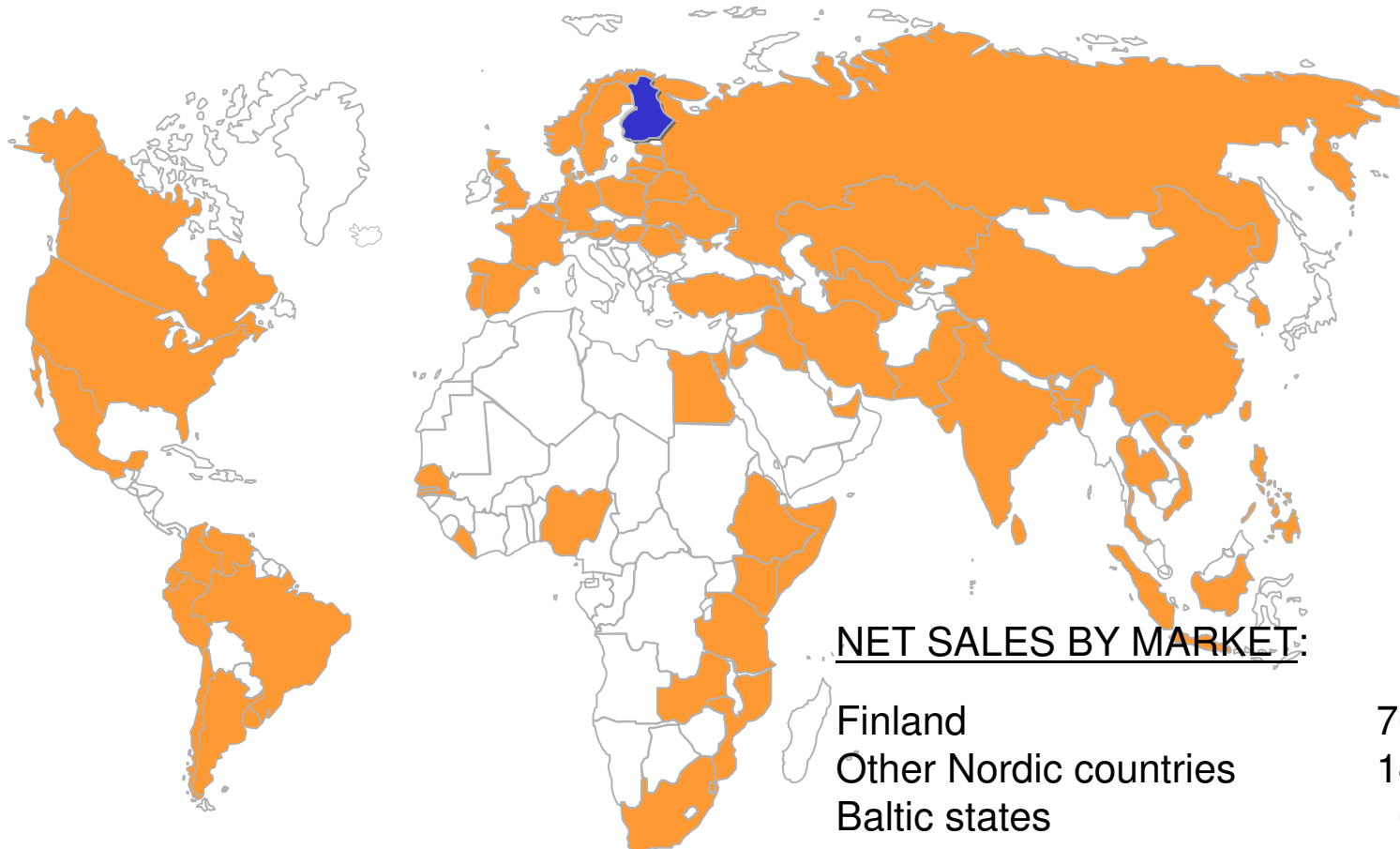
International operations



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International operations accounted for 29.5 % of Lemminkäinen Group's total net sales, and were EUR 530.3 EUR (499.6).



NET SALES BY MARKET:

Finland	70 %
Other Nordic countries	14 %
Baltic states	6 %
Russia and Eastern Europe	6 %
Other countries	4 %

Consolidated income statement 2006



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<i>EUR million</i>	2006	2005	change%
Net sales	1 795,9	1 601,7	12,1
-of which international operations	530,3	499,6	6,1
Operating income and expenses	-1 652,9	-1 495,5	-10,5
Depreciation	-35,0	-34,0	-2,9
Operating profit	108,1	72,5	49,1
<i>% of net sales</i>	<i>6,0</i>	<i>4,5</i>	
Financial income and expenses	-14,9	-7,7	-93,5
Share of the results of affiliated companies	1,1	1,1	0,0
Profit before taxes	94,2	65,9	42,9
Income taxes	-21,3	-17,4	-22,4
Net profit	72,9	48,5	50,3
<i>% of net sales</i>	<i>4,1</i>	<i>3,0</i>	
Distribution of the result			
To shareholders of the parent company	65,8	43,7	50,6
To minority interests	7,1	4,7	51,1
Earnings per share, EUR	3,87	2,57	50,6

Consolidated balance sheet 2006



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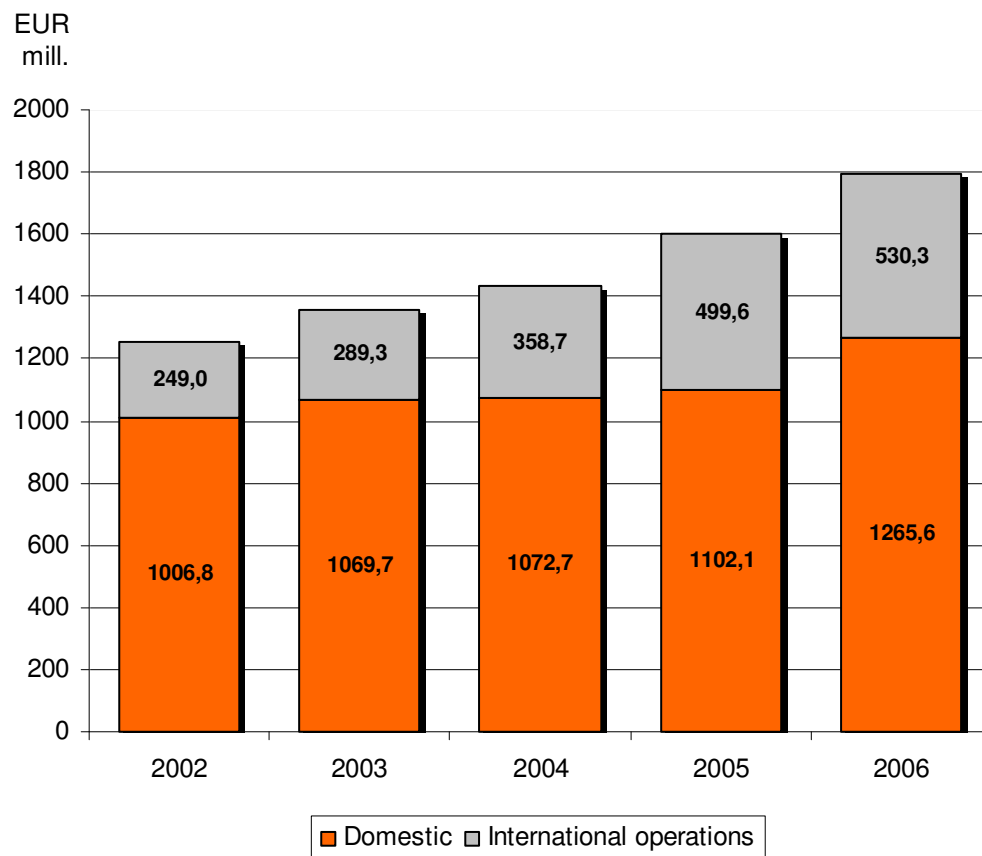
<i>EUR million</i>	12/2006	12/2005
Assets		
Non-current assets	255,9	245,9
Inventories	281,9	223,7
Liquid assets	401,4	305,8
Assets, total	939,2	775,4
Shareholders' equity and liabilities		
Share capital	34,0	34,0
Other shareholders' equity	214,0	166,8
Minority interest	19,7	14,6
Pension liabilities	1,1	1,2
Provisions	7,4	6,4
Non-current liabilities	107,5	125,4
-of which deferred tax liability	14,6	19,4
Current liabilities	555,5	427,0
Shareholders' equity and liabilities, total	939,2	775,4

Group net sales 2002 - 2006



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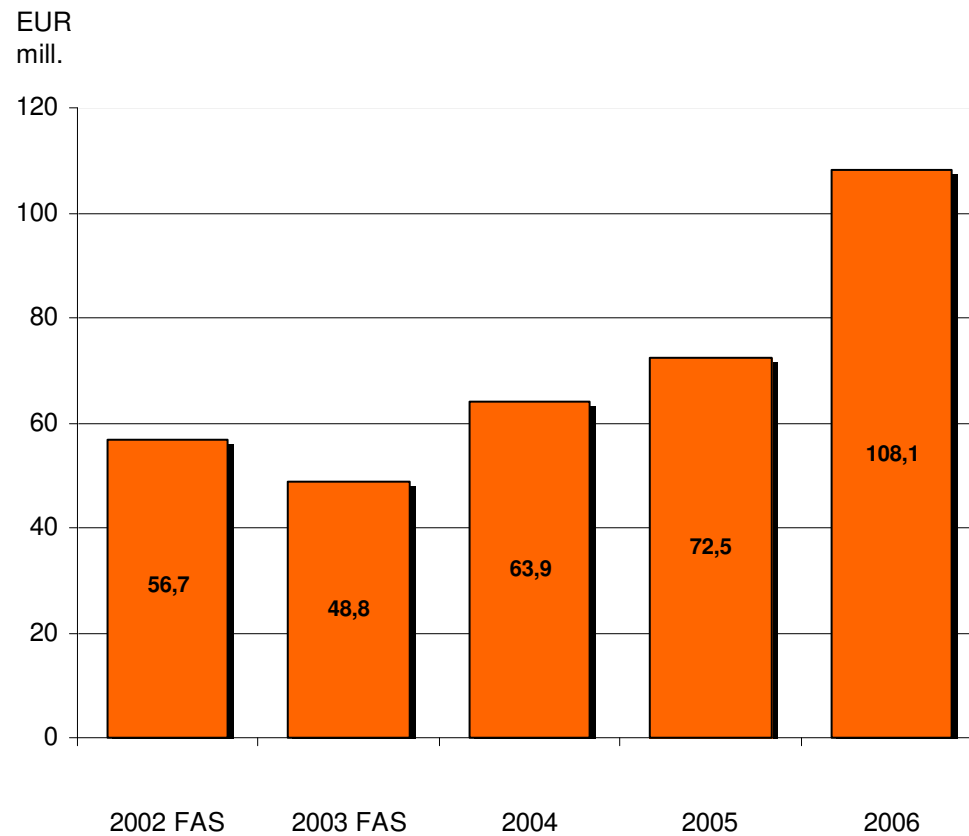


Group operating profit 2002 - 2006



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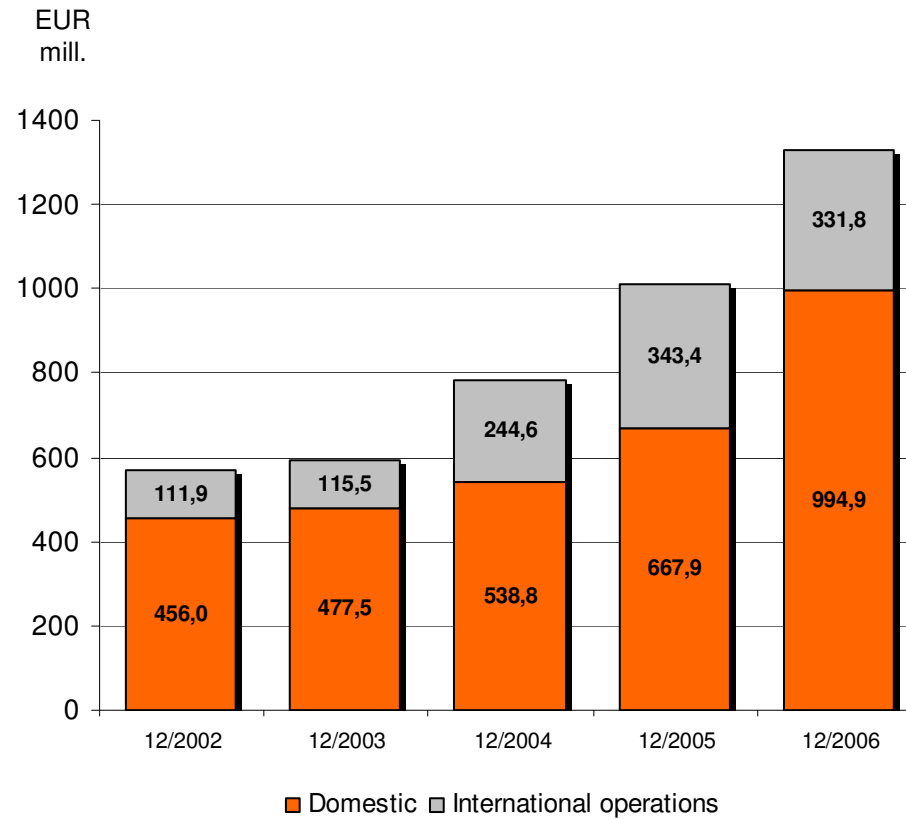


Group order book 2002 - 2006



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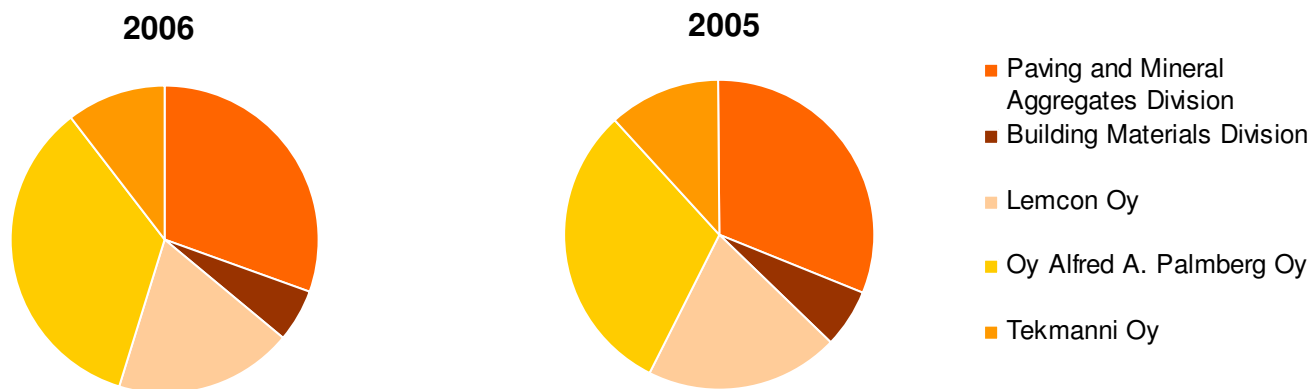
Net sales by business sector



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<i>EUR million</i>	2006	2005	change, %
Paving and Mineral Aggregates Division	559,0	514,7	8,6
Building Materials Division	104,4	100,3	4,1
Lemcon Oy	344,0	328,8	4,6
Oy Alfred A. Palmberg Oy	637,5	517,3	23,2
Tekmanni Oy	191,7	191,1	0,3
Others	-40,7	-50,4	19,2
Lemminkäinen Group	1 795,9	1 601,7	12,1



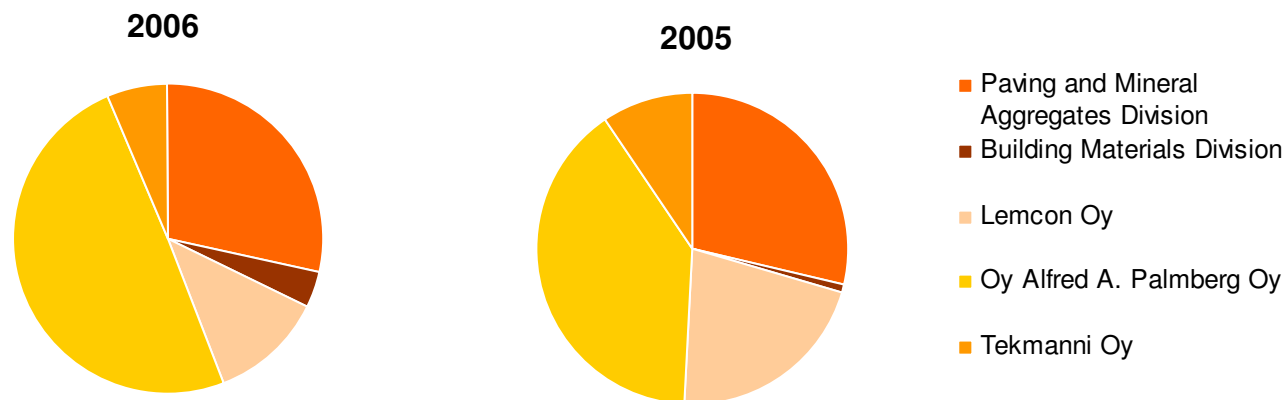
Operating profit by business sector



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<i>EUR million</i>	2006	2005	change, %
Paving and Mineral Aggregates Division	30,3	20,5	47,8
Building Materials Division	4,0	0,6	over 100
Lemcon Oy	12,5	15,3	-18,3
Oy Alfred A. Palmberg Oy	52,4	28,3	85,2
Tekmanni Oy	6,9	6,8	1,5
Others	1,8	1,0	80,0
Lemminkäinen Group	108,1	72,5	49,1



Key figures



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	2006	2005	change, %
Earnings per share, EUR	3,87	2,57	50,6
Equity per share, EUR	14,57	11,80	23,5
Dividend per share, EUR	1,50 ¹⁾	1,00	50,0
Share price at end of the period, EUR	36,10	30,50	18,4
Market capitalisation, EUR mill.	614,5	519,1	18,4
Operating profit, %	6,0	4,5	
Return on investments, %	20,6	16,5	
Return on equity, %	30,2	24,5	
Equity ratio, %	31,2	31,0	
Gearing, %	105,7	102,9	
Gross investments, EUR mill.	48,7	37,4	30,2
Order book, EUR mill.	1 326,7	1 011,3	31,2
-of which foreign orders, EUR mill.	331,8	343,4	-3,4
Average number of employees	8 418	7 912	6,4

**) Board of Directors' proposal to the AGM*

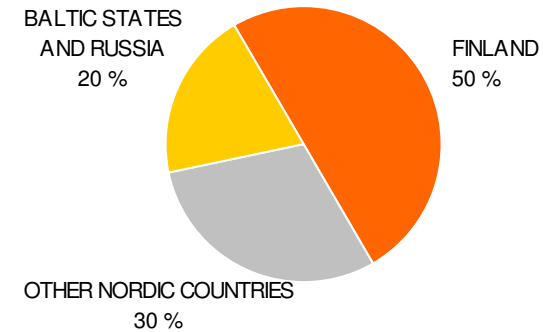
Paving and Mineral Aggregates Division



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NET SALES BY MARKET



<i>EUR mill.</i>	2006	2005	change %	share of company, %
Net sales	559,0	514,7	8,6	31,1
Operating profit	30,3	20,5	47,8	28,1
<i>Operating margin, %</i>	<i>5,4</i>	<i>4,0</i>		
Order book	185,1	130,2	42,2	14,0
Personnel	2 839	2 673	6,2	33,7

Year 2006

- net sales, operating profit and order book all grew
- a total of 5.3 million tonnes (5.5) of asphalt was produced
- the paving season continued until December
- the total volume of paving work declined 10 % in Finland; the price level rose slightly
- the price of bitumen declined
- demand remained strong in the Baltic states
- demand for mineral aggregates and ready-mix concrete remained good

Outlook

- competition in Finland remains intense; the price level remains the same
- paving works in some major road contracts will not be carried out until after 2007
- in the Baltic states demand will remain at good level, but labour shortages and the bureaucracy of EU funding might slow down the pace of production
- in Norway and in Denmark the new governments might spend more on road paving

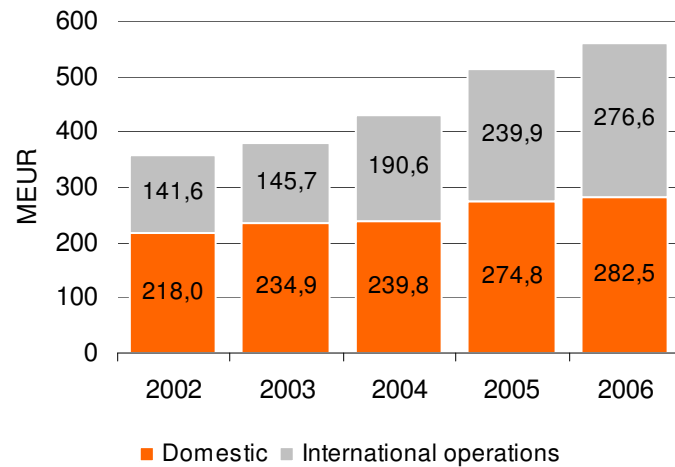
Paving and Mineral Aggregates Division



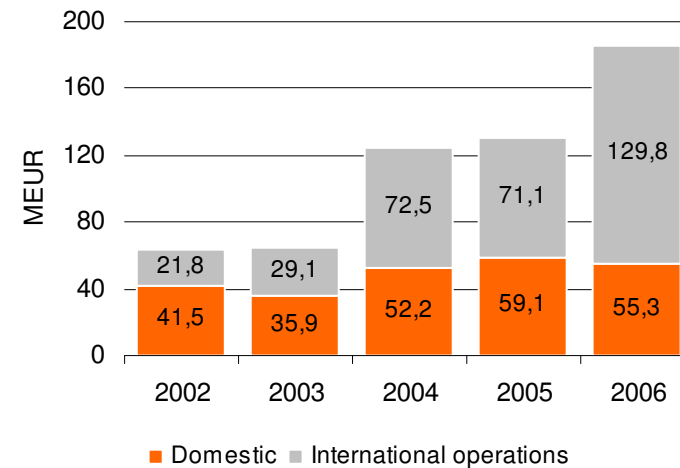
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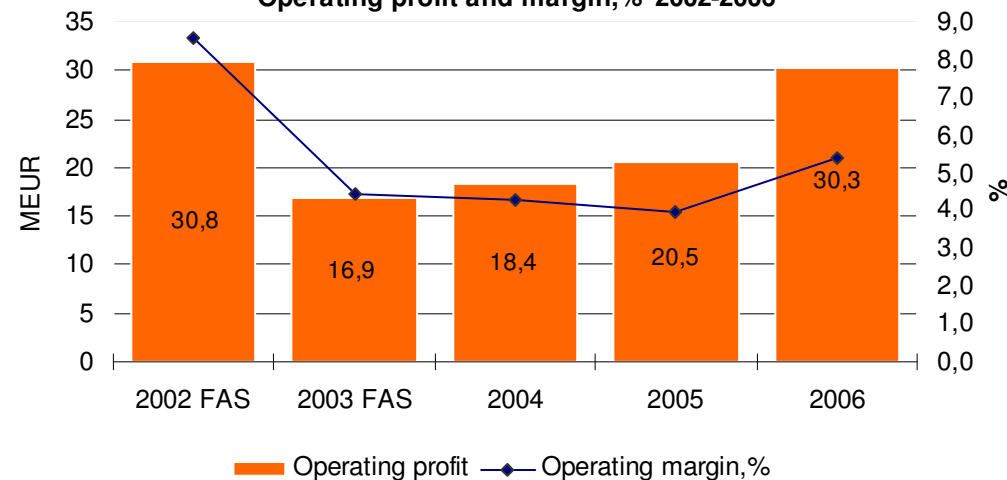
Net sales 2002-2006



Order book 2002-2006



Operating profit and margin, % 2002-2006



Building Materials Division

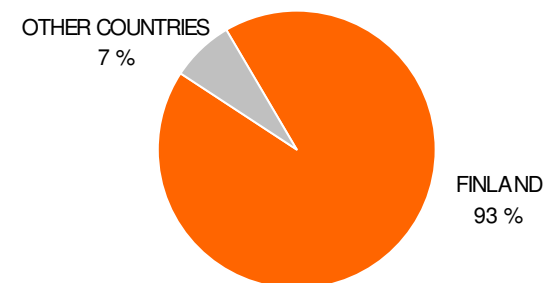


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EUR mill.	2006	2005	change %	share of company, %
Net sales	104,4	100,3	4,1	5,8
Operating profit	4,0	0,6	over 100	3,7
Operating margin, %	3,9	0,6		
Order book	23,4	13,3	75,9	1,8
Personnel	609	617	-1,3	7,2

NET SALES BY MARKET



Year 2006

- marked improvement in profitability
- interventions: product range renewals and the development of business systems
- increased production of precast concrete staircase units
- in roofing contracting the set targets were achieved even though the price level of roofing materials remained low
- demand for urban environment contracting remained good

Outlook

- very positive outlook for 2007
- demand will remain good in roofing contracting
- production of precast concrete staircase units expected to grow

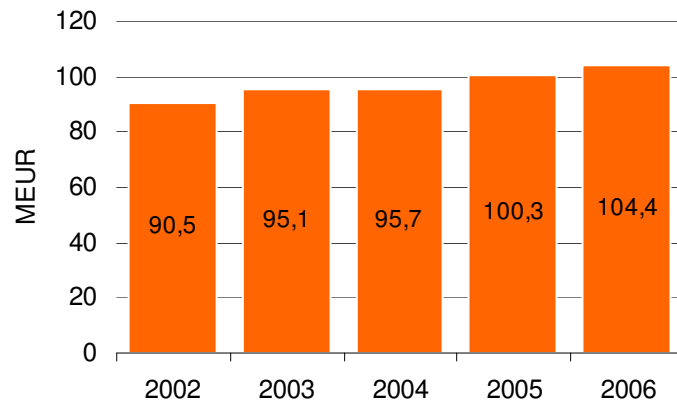
Building Materials Division



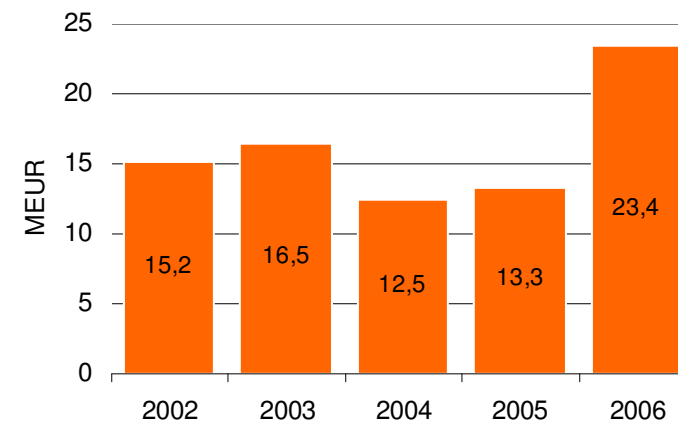
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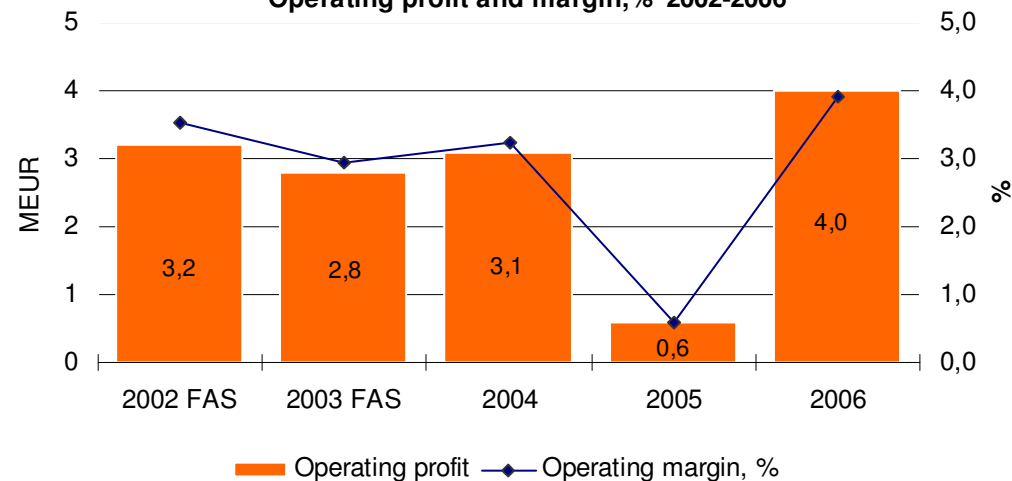
Net sales 2002-2006



Order book 2002-2006



Operating profit and margin, % 2002-2006



Lemcon Ltd.

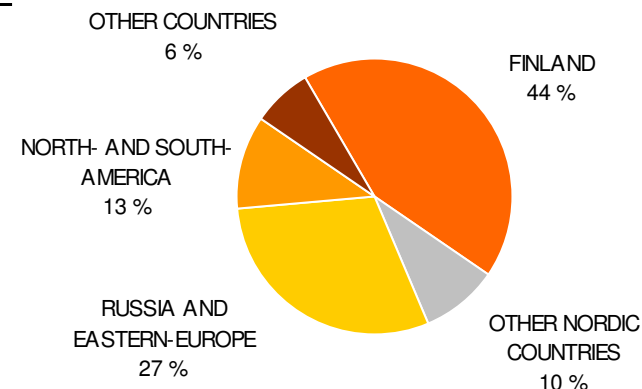


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<i>EUR mill.</i>	2006	2005	change %	share of company, %
Net sales	344,0	328,8	4,6	19,2
Operating profit	12,5	15,3	-18,3	11,6
<i>Operating margin, %</i>	3,6	4,6		
Order book	361,9	439,5	-17,7	27,3
Personnel	993	893	11,2	11,8

NET SALES BY MARKET



Year 2006

- profit slightly down from previous year
- significant growth in Lemcon's infrastructure building operations
- in Sweden the company has firmly established itself as a major rock engineering project contractor
- in Tallinn the company acquired building plots for its own housing production
- in China and Russia Lemcon strives to participate actively in plant building projects of Finnish industry
- Lemcon Networks grew in South America

Outlook

- favourable market outlook in rock engineering in Finland and in Sweden
- commercial construction remains brisk in Finland
- China is the most important country for future investments among Lemcon's present customers
- India, Romania, Bulgaria and Ukraine are expected to generate new business growth in the future

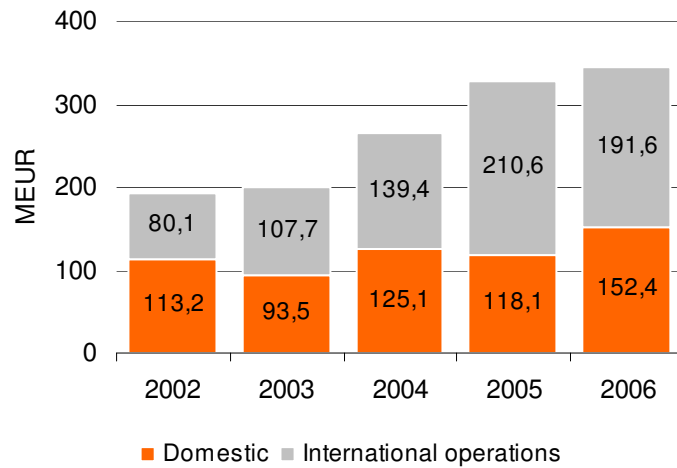
Lemcon Ltd.



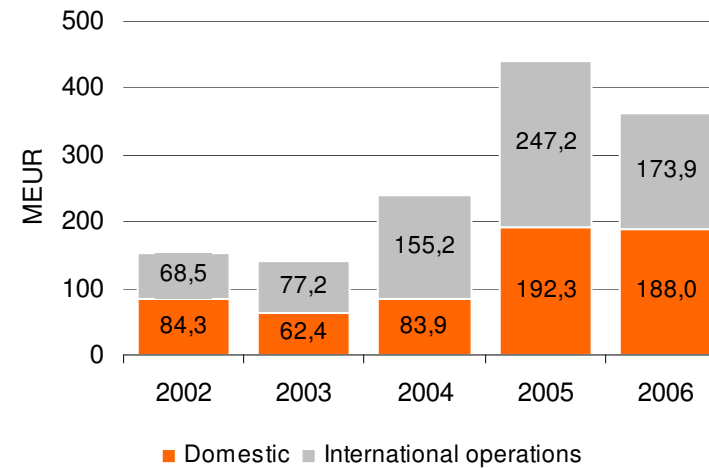
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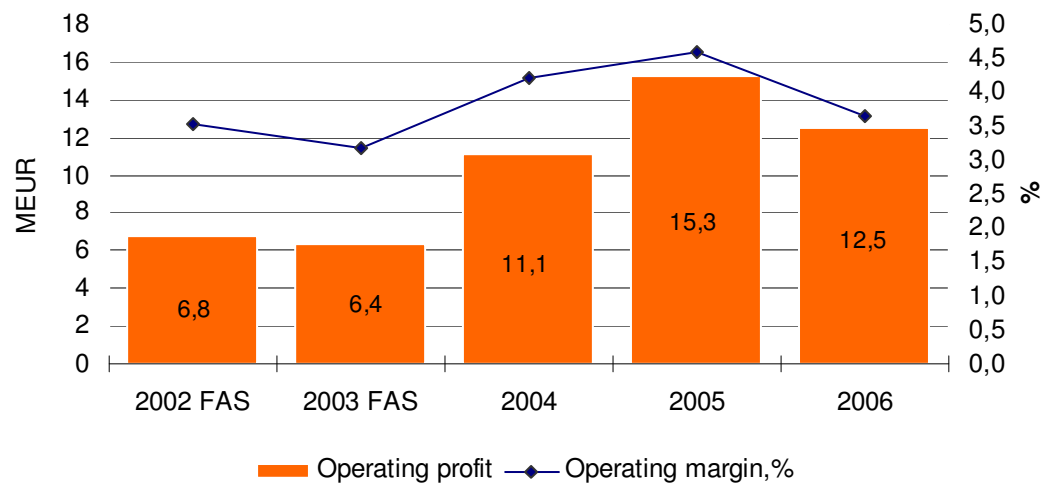
Net sales 2002-2006



Order book 2002-2006



Operating profit and margin,% 2002-2006



Oy Alfred A. Palmberg Ab

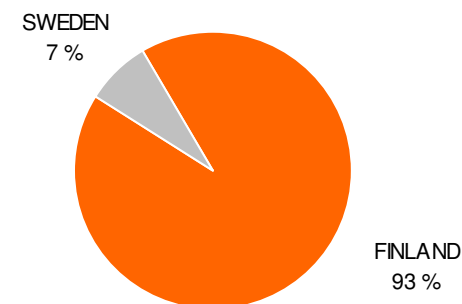
<i>EUR mill.</i>	2006	2005	change %	share of company, %
Net sales	637,5	517,3	23,2	35,5
Operating profit	52,4	28,3	85,2	48,6
<i>Operating margin, %</i>	8,2	5,5		
Order book	681,5	366,9	85,7	51,4
Personnel	2 165	1 984	9,1	25,7



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NET SALES BY MARKET



Year 2006

- net sales and profit before taxes grew over 80 %, order book nearly doubled
- 1 698 (1 313) new private-sector housing starts
- Palmberg's own housing and commercial developments account for about a half of the company's business
- commercial construction remained brisk
- the production of logistics facilities has also increased

Outlook

- bright outlook for building construction in 2007
- the housing market and investments in real estates should remain brisk
- development of Russian trade increases the demand of logistics facilities
- shortage of skilled labour; building plots in larger towns are in short supply

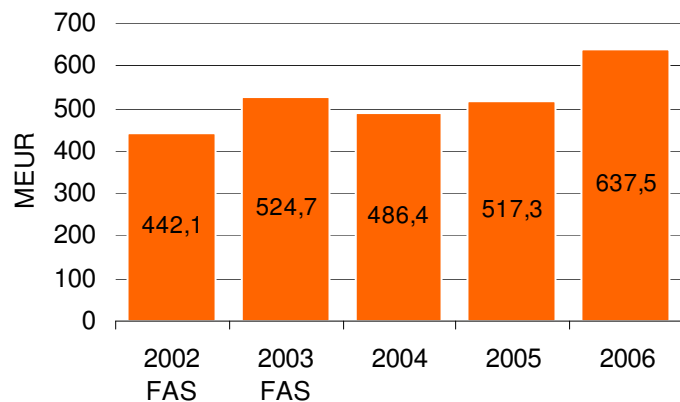
Oy Alfred A. Palmberg Ab



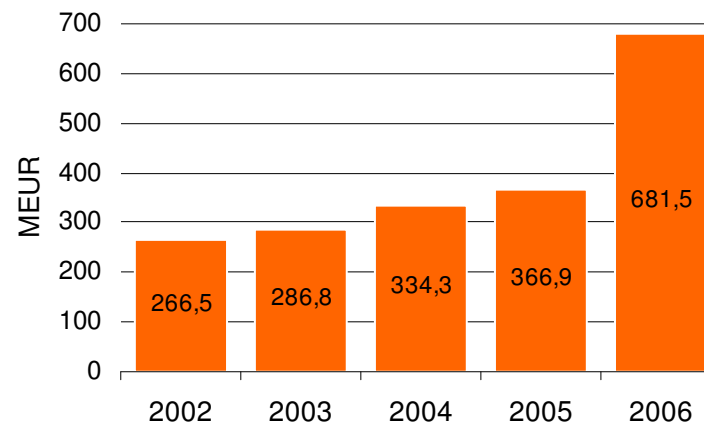
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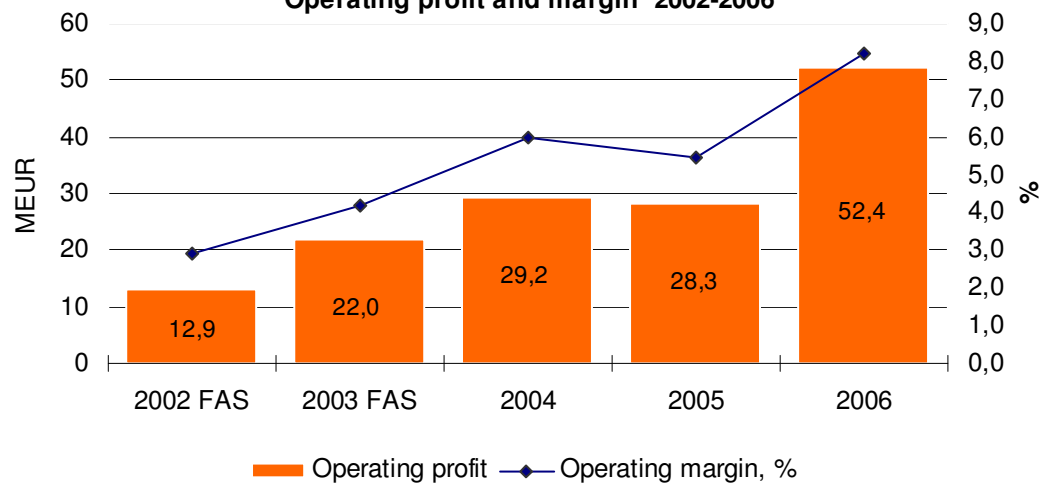
Net sales 2002-2006



Order book 2002-2006



Operating profit and margin 2002-2006



Oy Alfred A. Palmberg Ab

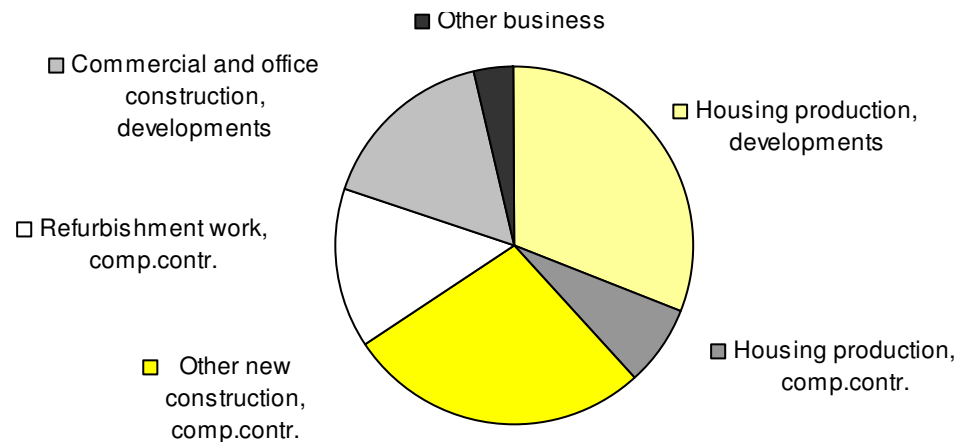


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Production by business area

<i>EUR mill.</i>	2006	2005	change %	share of production, %
DEVELOPMENTS				
Housing	198,4	142,6	39,1	31,1
Commercial and office construction	104,6	54,3	92,6	16,4
Developments total	303,0	196,9	53,9	47,5
COMPETITIVE TENDER CONTRACTING				
Housing	45,6	64,0	-28,8	7,2
Other new construction	173,4	147,1	17,9	27,2
Refurbishment work	92,1	82,6	11,5	14,4
Competitive tender contr. total	311,1	293,7	5,9	48,8
Other business	23,4	26,7	-12,4	3,7
TOTAL PRODUCTION	637,5	517,3	23,2	100,0



Tekmanni Oy

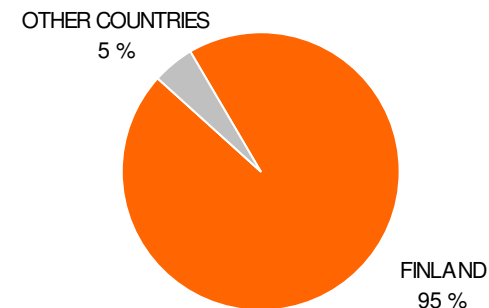
<i>EUR mill.</i>	2006	2005	change %	share of company, %
Net sales	191,7	191,1	0,3	10,7
Operating profit	6,9	6,8	1,5	6,4
<i>Operating margin, %</i>	3,6	3,5		
Order book	74,9	61,5	21,8	5,6
Personnel	1 812	1 745	3,8	21,5



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NET SALES BY MARKET



Year 2006

- the company's performance in the first half of 2006 was adversely impacted by reduced business volume and increased material costs
- outsourcing of property-related functions by companies fuelled demand for the services of Tekmanni Service

Outlook

- growing demand for plumbing modernisation work in apartment buildings
- growing demand especially in Sweden and Great Britain in industrial services

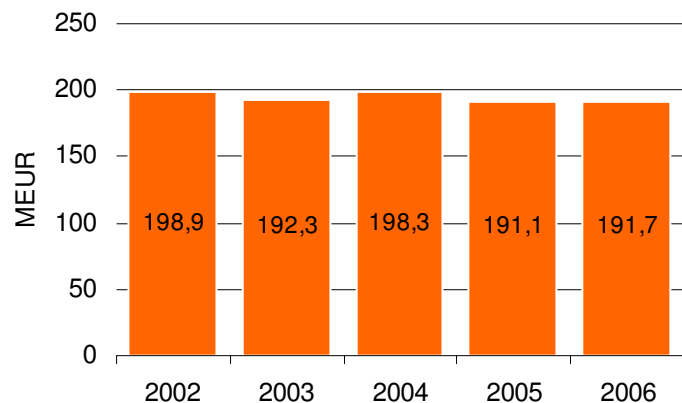
Tekmanni Oy



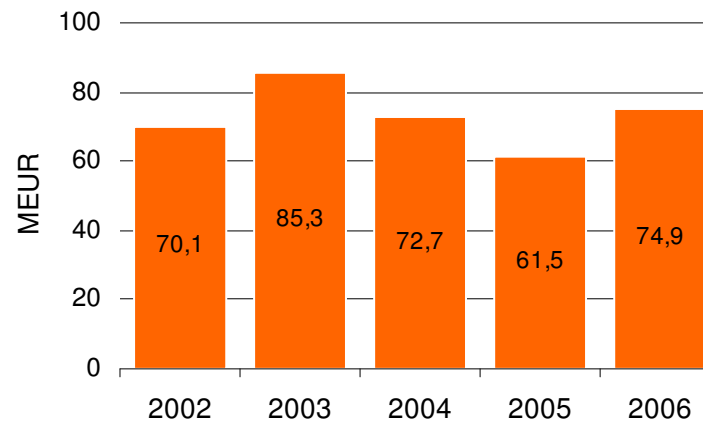
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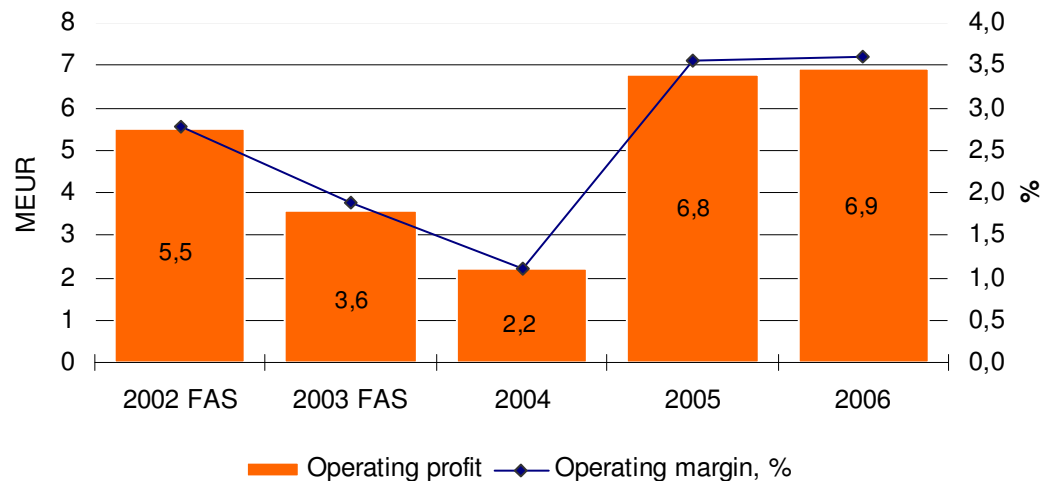
Net sales 2002-2006



Order book 2002-2006



Operating profit and margin, % 2002-2006





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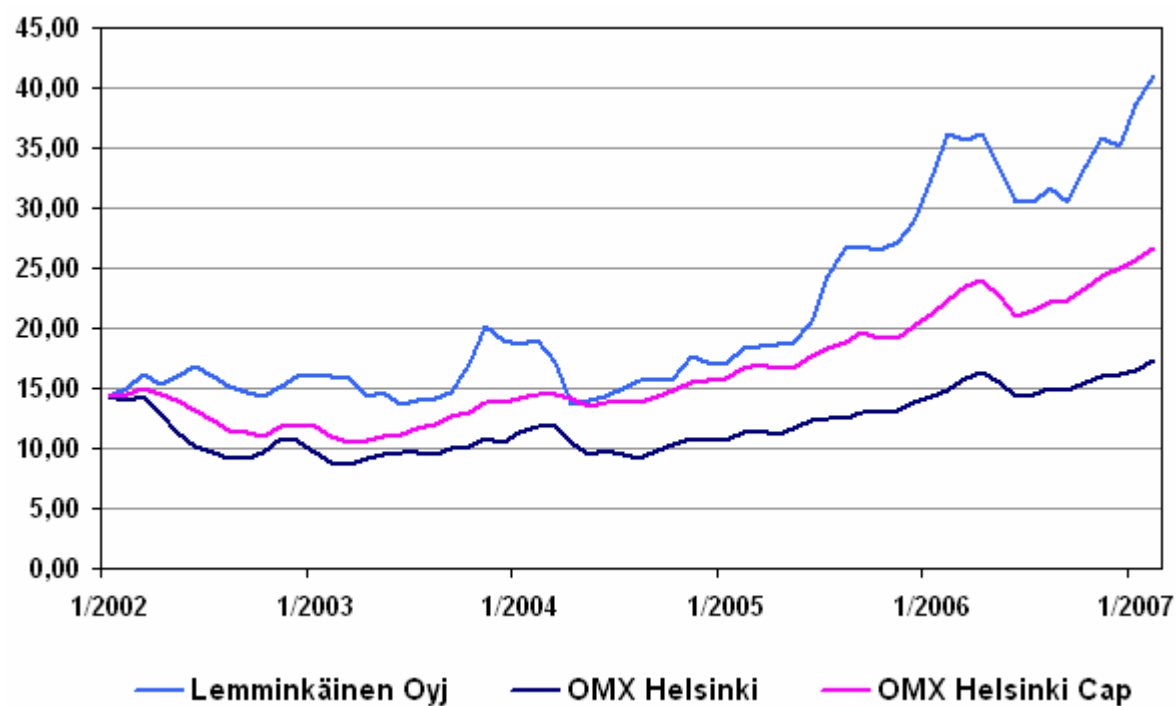
Lemminkäinen share

Share price development 1.1.2002 – 13.2.2007



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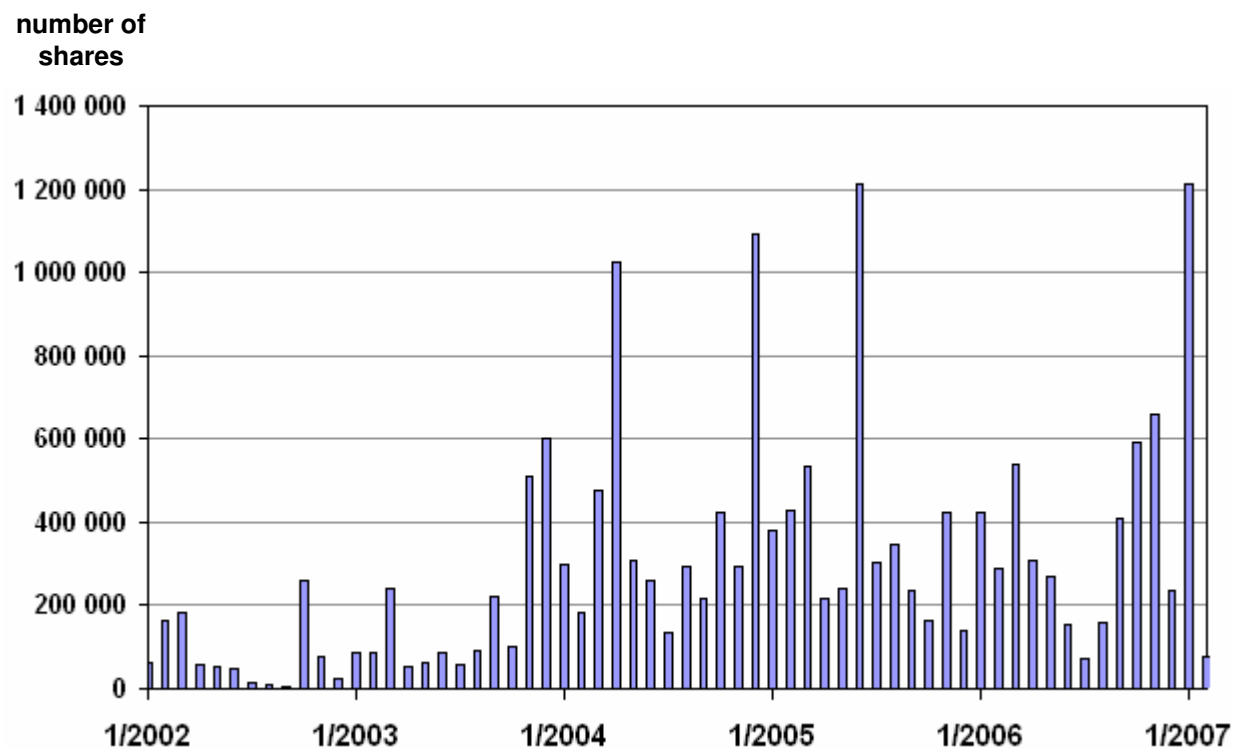


Monthly share turnover 1/2002 – 1/2007



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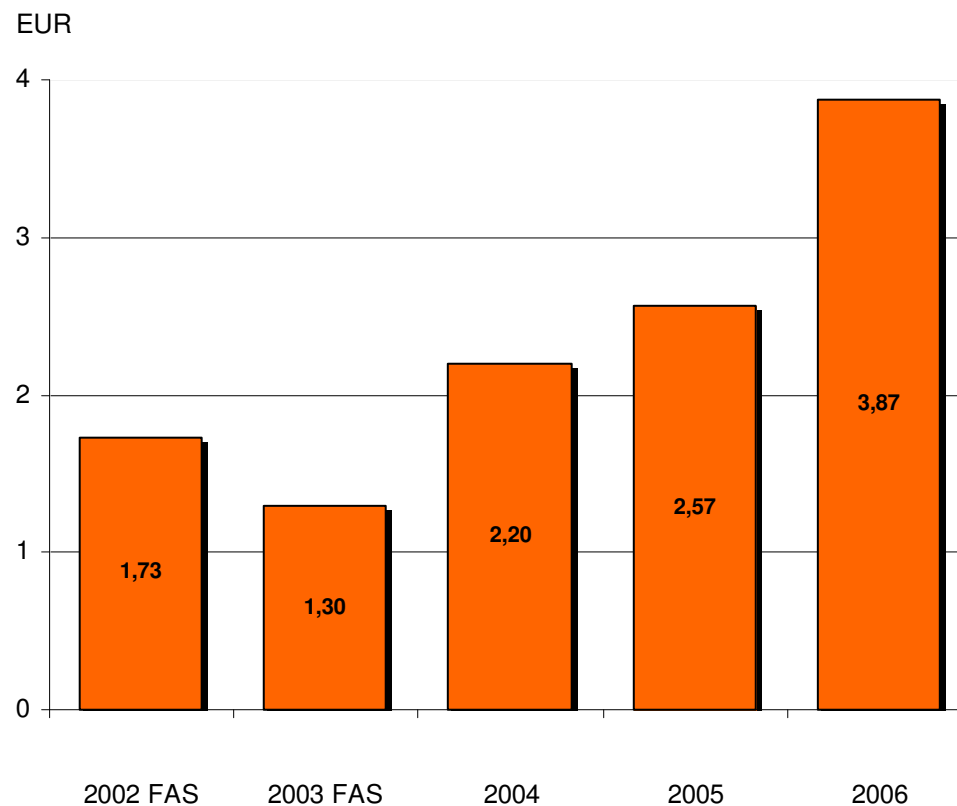


Earnings per share 2002-2006



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Dividend per share, EUR

Dividend to earnings, %

