



Lehto Group Plc

Half year financial report January–June 2016

August 18, 2016

Hannu Lehto, CEO
Veli-Pekka Paloranta, CFO

Innovator in the construction sector



Unique advantages from Economically driven construction

- Cost driven planning and conceptualized solutions to different customer segments
- Own developed and produced modules to achieve cost, time and quality benefits
- Stage of work traditionally performed on the construction site partly transferred to a production site
- Improved efficiency and quality, less complexity on construction sites

Strong entrepreneur minded culture

- Strong competence base and flat organization model
- Decision-making close to the customers
- Continuous improvement of the corporate culture
- Fast reaction, flexibility, ability to provide solutions for customer needs



Company owned by key personnel, over **4,600 owners**

Head office in Kempele, **ten offices in Finland, subsidiary in Sweden**

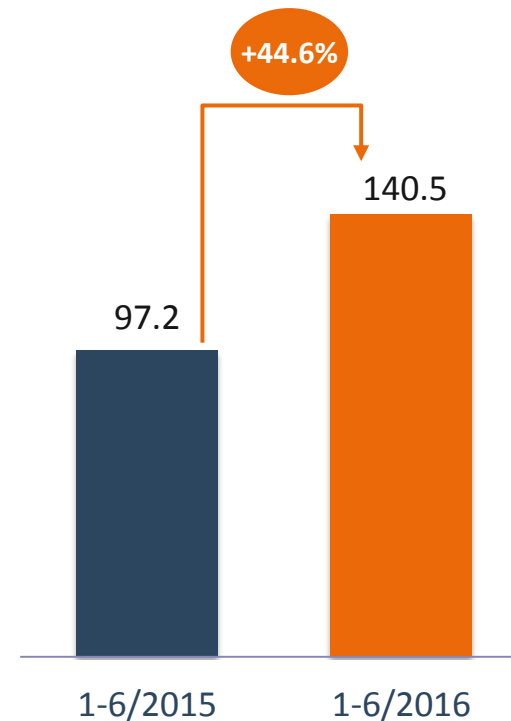
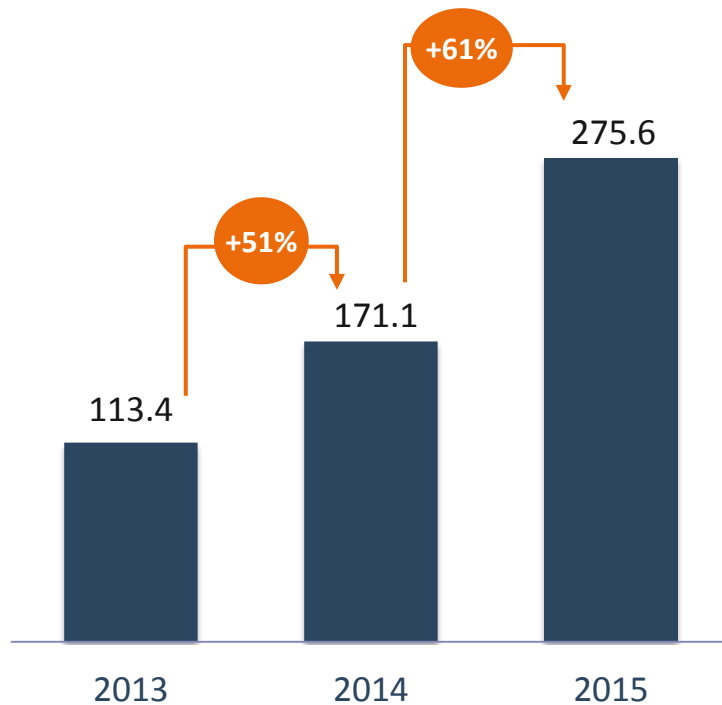
January–June 2016

Net sales growth 45 %, operating profit 9.9 %

- Net sales EUR 140.5 (97.2) million, growth 44.6 %. Net sales growth in all service areas.
- Operating profit EUR 14.0 (6.1) million, operating profit was 9.9 % (6.3 %) of net sales. Operating profit margin at the second quarter was 12.7 % (3.9 %).
- Order backlog at the end of the period EUR 237.2 (184.1) million, growth 29 %.
(December 31, 2015: 195.0).
- During the review period 9 housing projects, 10 business premises and 14 social care and educational premises were finalized.
- We continued our own development of modular solutions and concepts. The new construction components production site under construction in Oulainen reached its rooftop height.

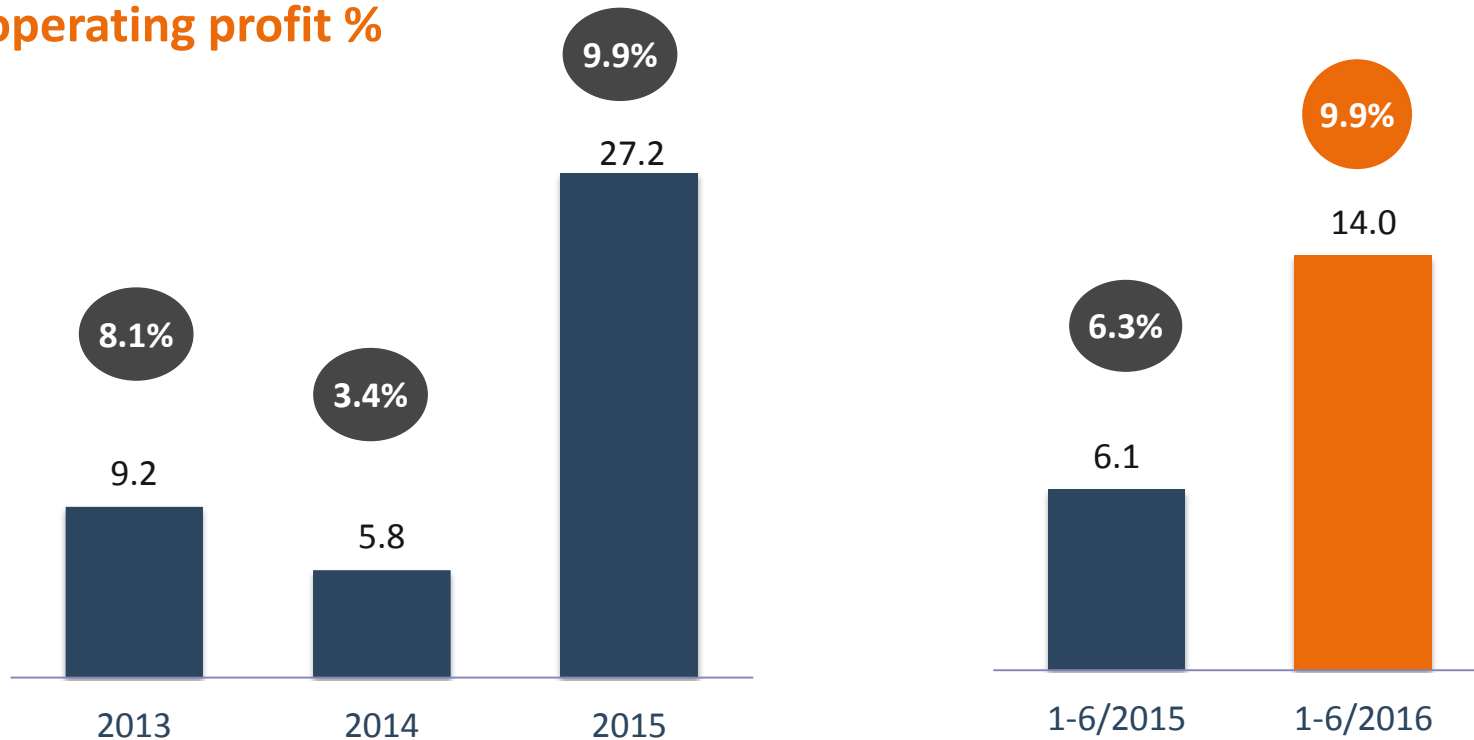
Net sales growth 45 %, growth in all service areas

Net sales development, EUR million



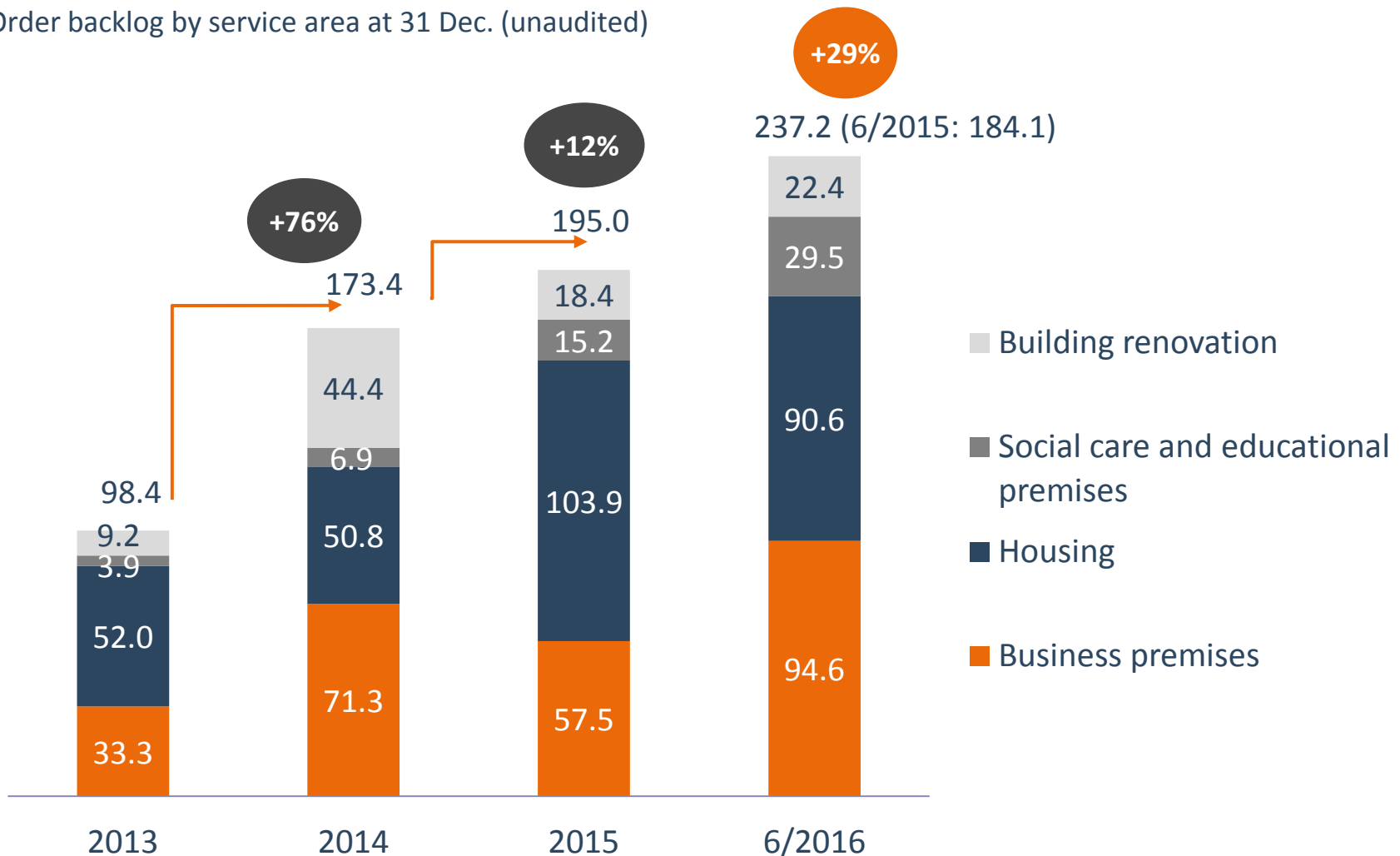
Operating profit was 9.9 % of net sales

Operating profit EUR million
and operating profit %



Order backlog growth 29%

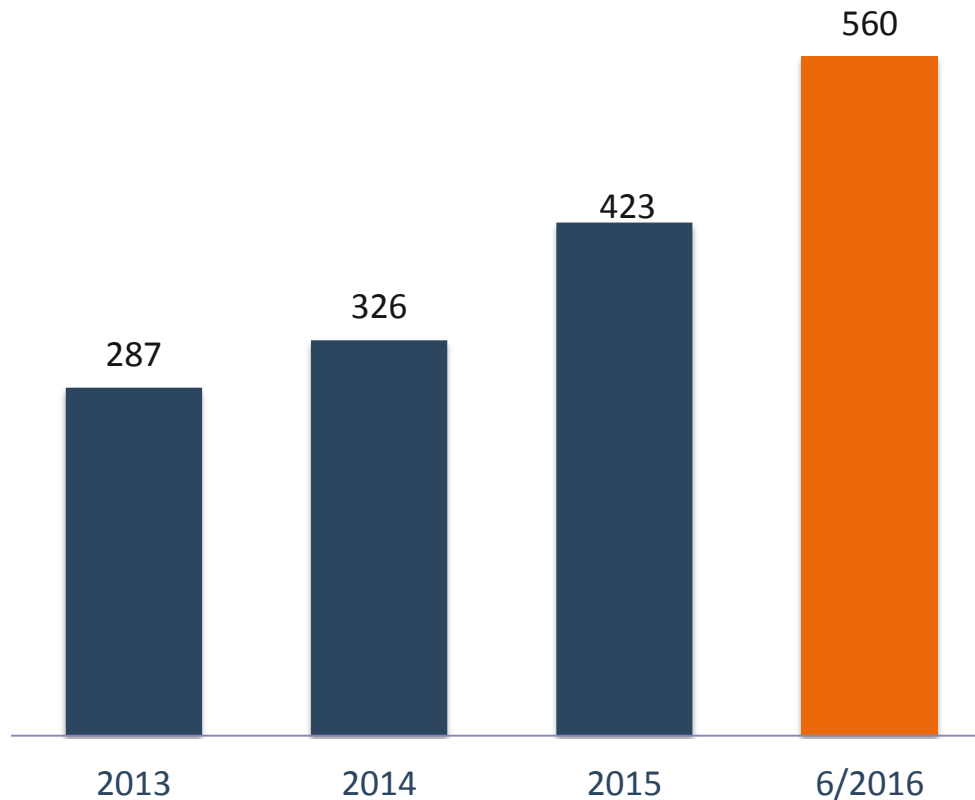
Order backlog by service area at 31 Dec. (unaudited)



Our personnel continues to grow

Growth in construction is reflected in the availability of employees and securing employee capacity

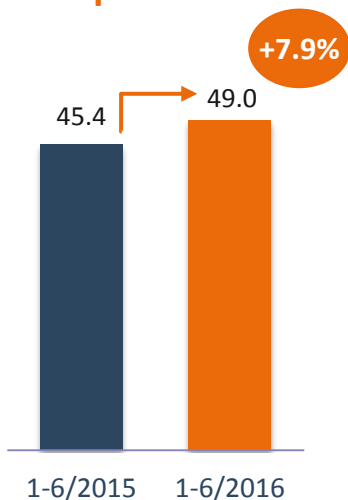
Number of personnel at the end of the period



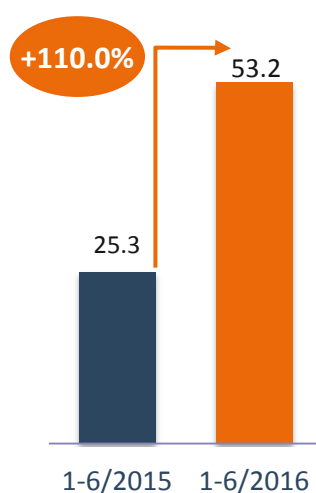
Net sales growth in all service areas

Net sales total EUR 140.5 (97.2), growth 44.6 %

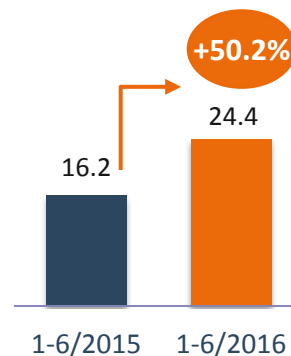
Business premises



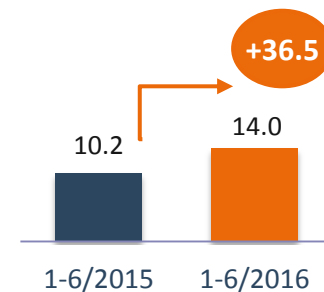
Housing



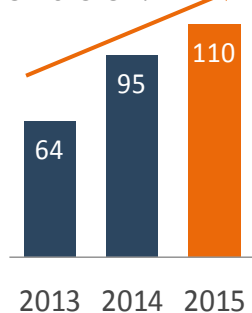
Social care and educational premises



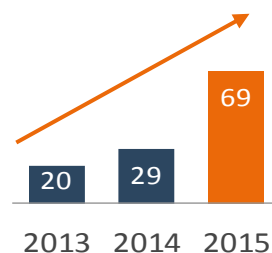
Building renovation



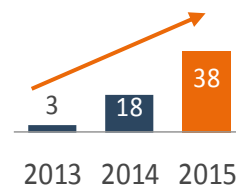
Average annual growth
2013–2015: 31 %



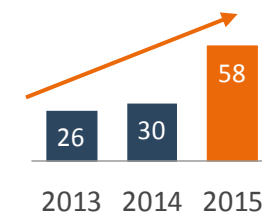
Average annual growth
2013–2015: 86 %



Average annual growth
2013–2015: 244 %

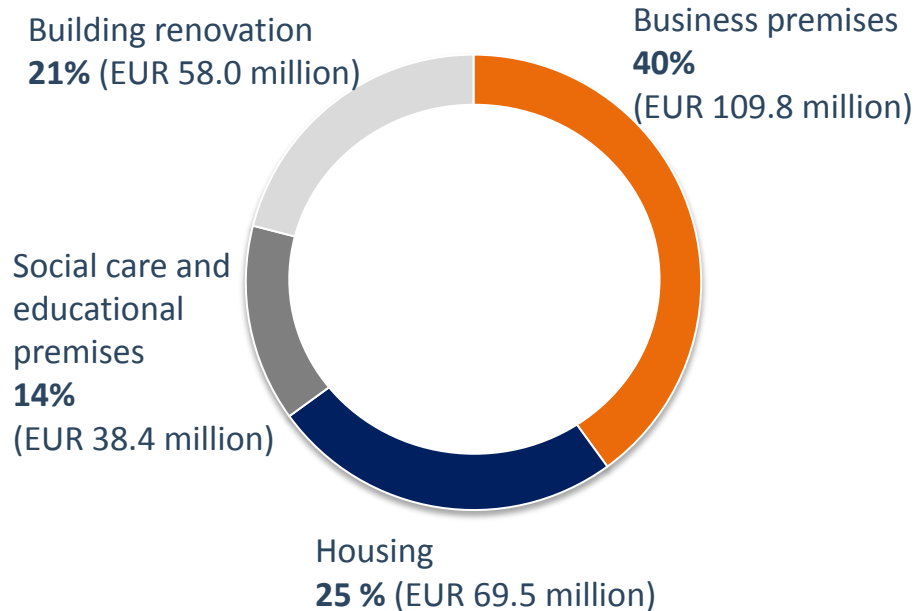


Average annual growth
2013–2015: 50 %

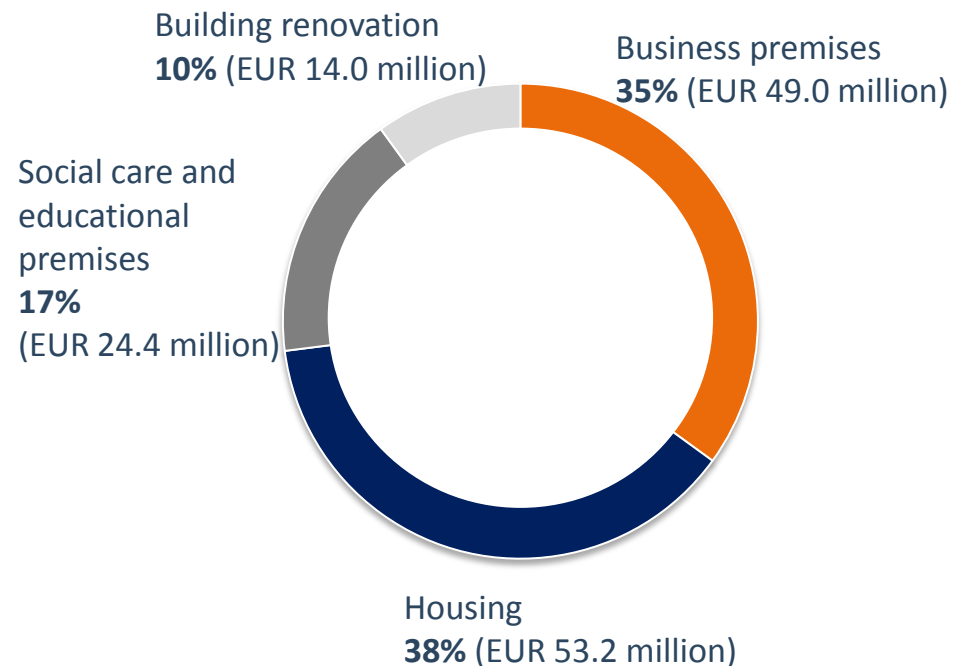


Net sales by service area

Net sales 1–12/2015
EUR 275.6 million

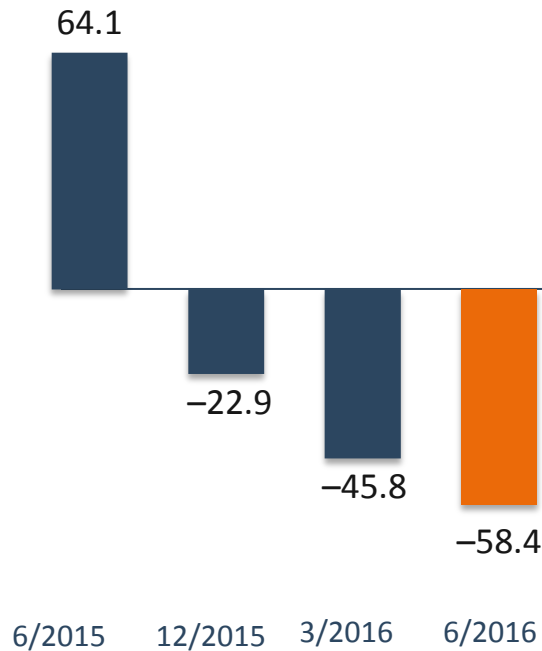


Net sales 1–6/2016
EUR 140.5 million

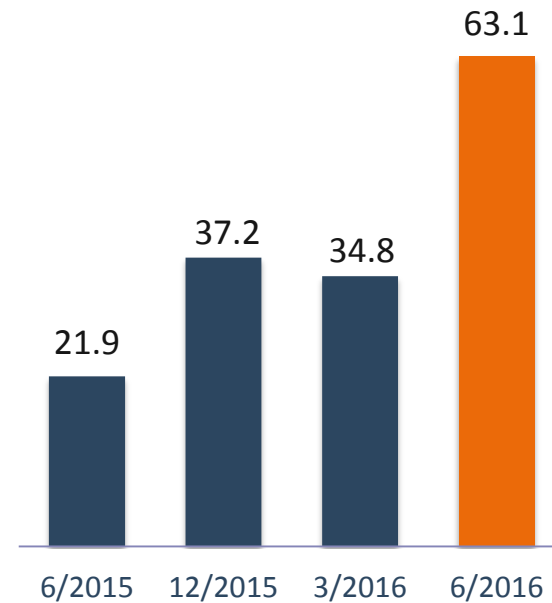


Financial position and balance sheet strengthened further

Net gearing, %



Equity ratio, %



Outlook 2016

For the strategy period 2016–2020, Lehto's target for average annual growth in net sales is around 10–15 %.

It is estimated that growth in net sales in 2016 will be at least in accordance with the average growth target and operating profit will be around 8–10 % of net sales. In the second half-year 2016, net sales and operating profit, in euros, are expected to be higher than in the first half-year.

Key factors affecting net sales and operating profit are the recognition based on delivery of developer contracting housing production, the number of apartments sold, as well as starts and sales of social care and educational premises and other business premises projects.

Financial targets for the strategy period 2016–2020

Growth

Target for average annual growth in net sales around 10–15 per cent. Lehto aims to grow faster than the rest of the sector on average.

Profitability

Target is an average operating profit margin of approximately 10 per cent.

Capital structure

Target is to have an equity ratio of more than 35 per cent.

Dividend policy

Stable dividend policy and aim to distribute annually 30–50 % of net profit, taking into consideration the investments required for business growth.

For more information

Veli-Pekka Paloranta
CFO

+358 400 944 074

veli-pekka.paloranta@lehto.fi

