



Half-Year Financial Report January-June 2017

Innovator in construction sector

**Economically driven
construction**

Factory-made
modules

Planning
control

Standardised
solutions

Best
professionals

Repair and alteration needs
Environmental concerns and energy efficiency
Cost effectiveness
An aging population

Digitalisation
Urbanisation

Profitability

Internationalisation

Growth

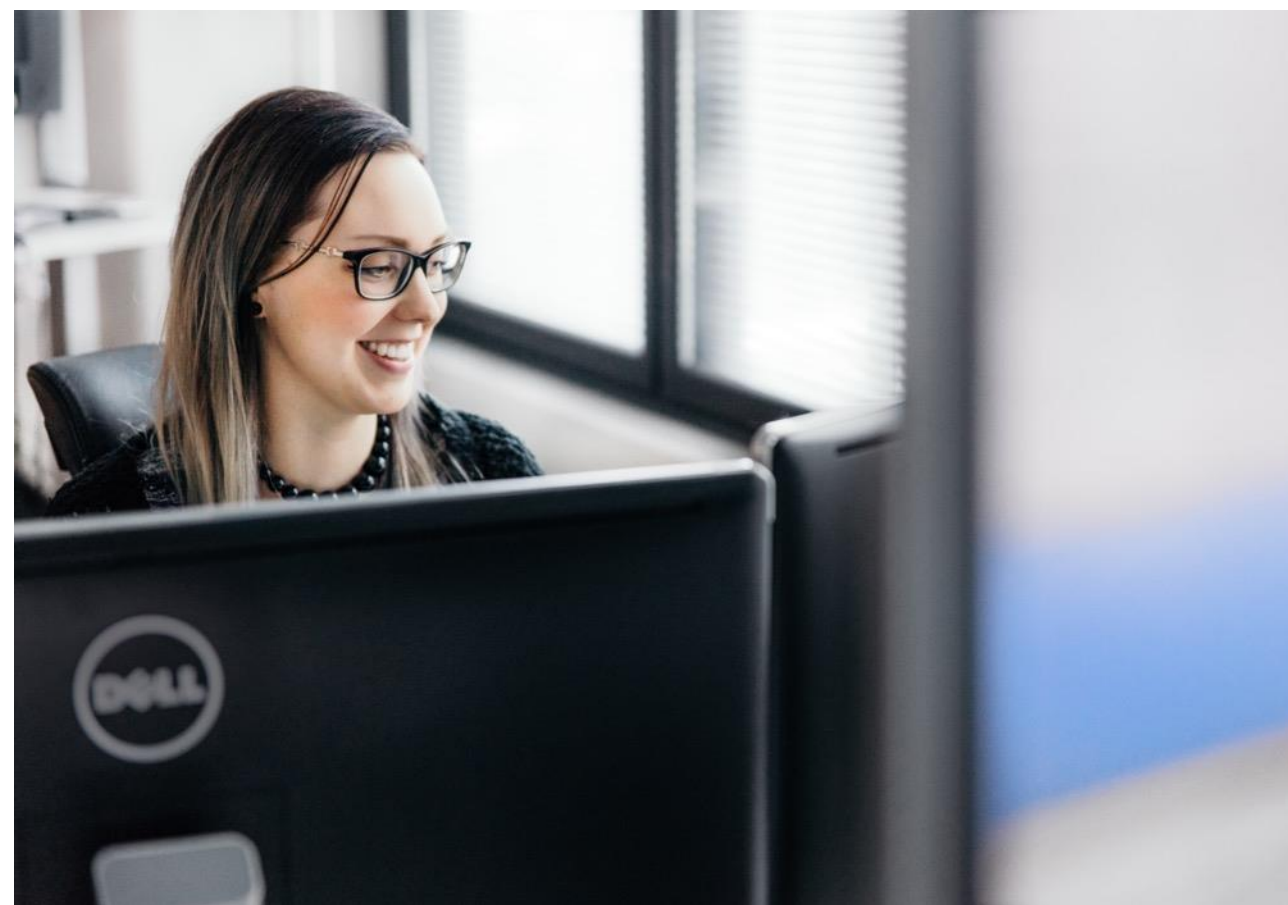
Our customer promise:

1 A single agreement **2** Fixed price

3 Agreed move-in date

4 Agreed content and
quality

The cornerstones of economically driven construction



Cost-conscious building design

Even 80% of construction costs are determined at the design stage



Standardised concepts and construction methods

Standardised solutions speed up the building process and enhance the quality



Factory-made modules and elements

Manufactured in our own facilities in dry factory conditions

Better quality and improved productivity

Our innovations

Kitchen-bathroom module



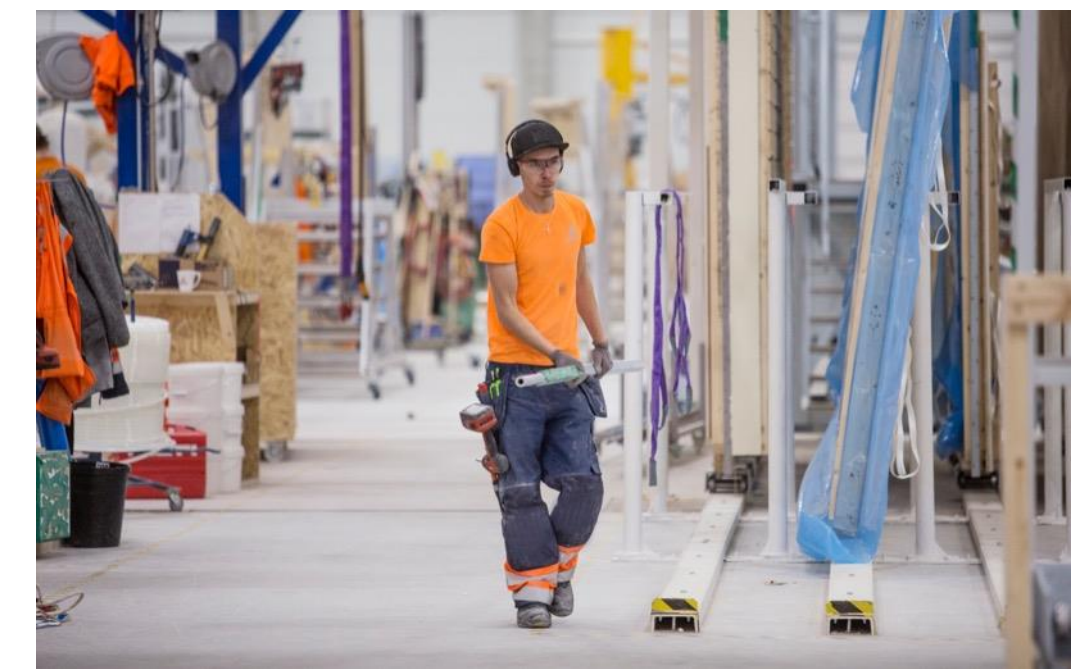
Bathroom renovation element



HVAC control room



Apartment module



Service areas



Business Premises

- Shopping centres
- Business premises
- Logistics premises
- Storage premises
- Production facilities
- Offices



Housing

- Blocks of flats
- Balcony access blocks
- Terraced houses
- Area construction



Social Care and Educational Premises

- Care homes
- Assisted living facilities
- Day care centres
- Schools
- Hospital hotels
- Health centres



Building Renovation

- Residential property development
- Additional construction
- Pipeline renovations
- Bathroom and sauna renovations
- Flat and office renovations
- Demanding roof repairs

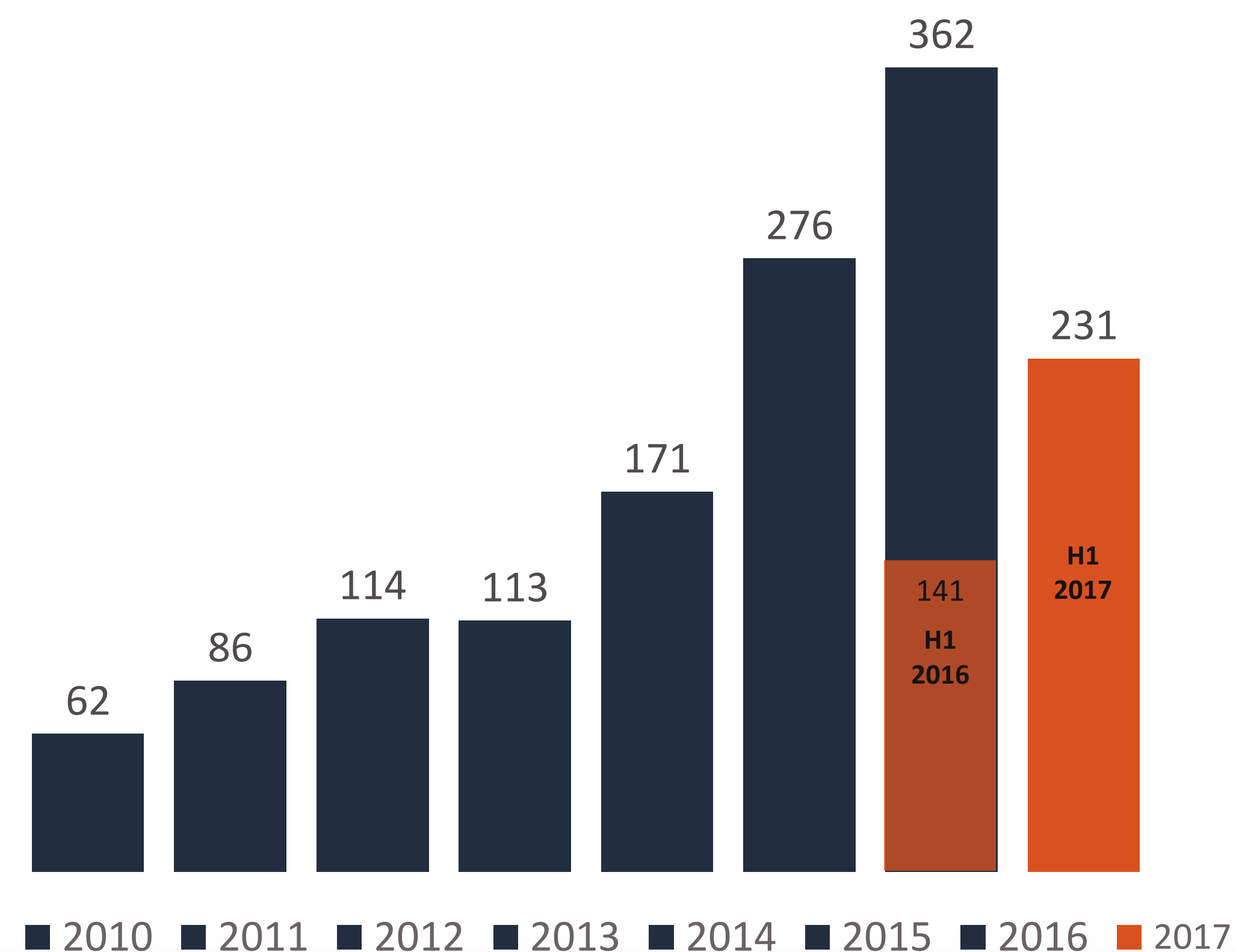
Half-Year Financial Report January-June 2017

Net sales continued strong growth

Growth in net sales
H1 2016 -> H1 2017

64.7 %

Net Sales 2010–2017 (EUR million)



Net Sales by Service Areas

Business Premises

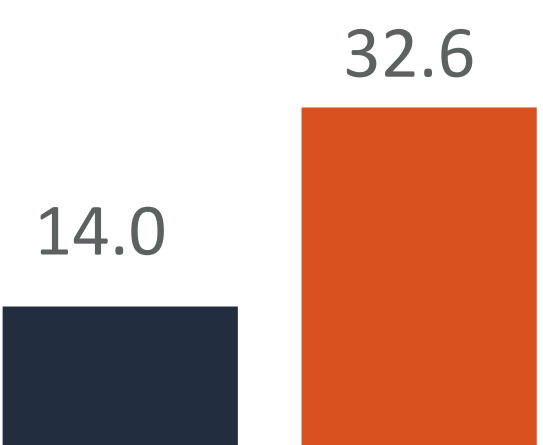
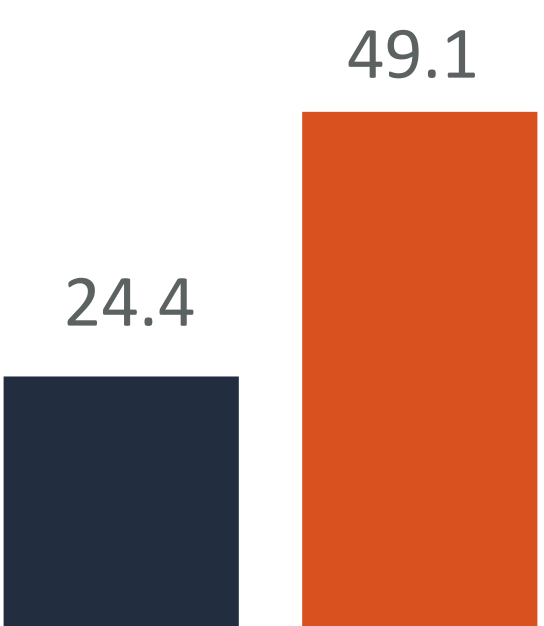
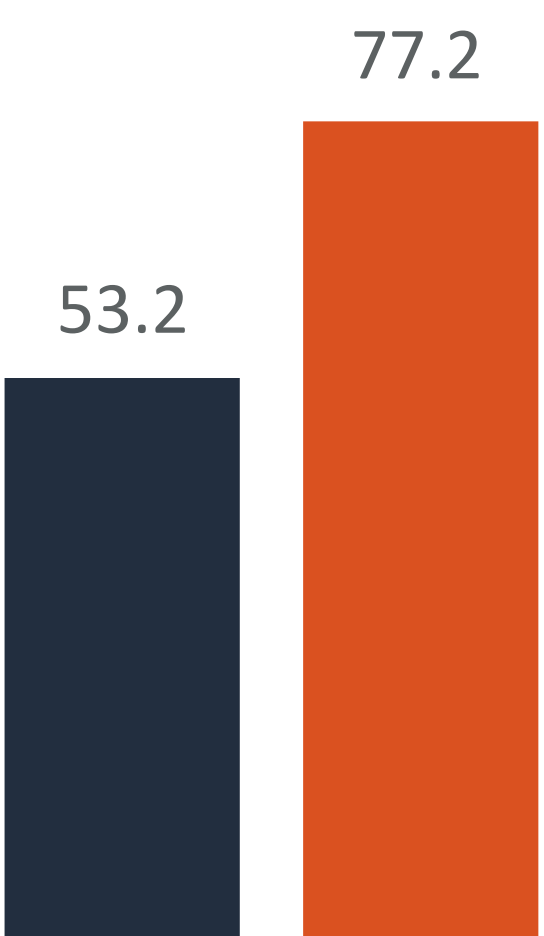
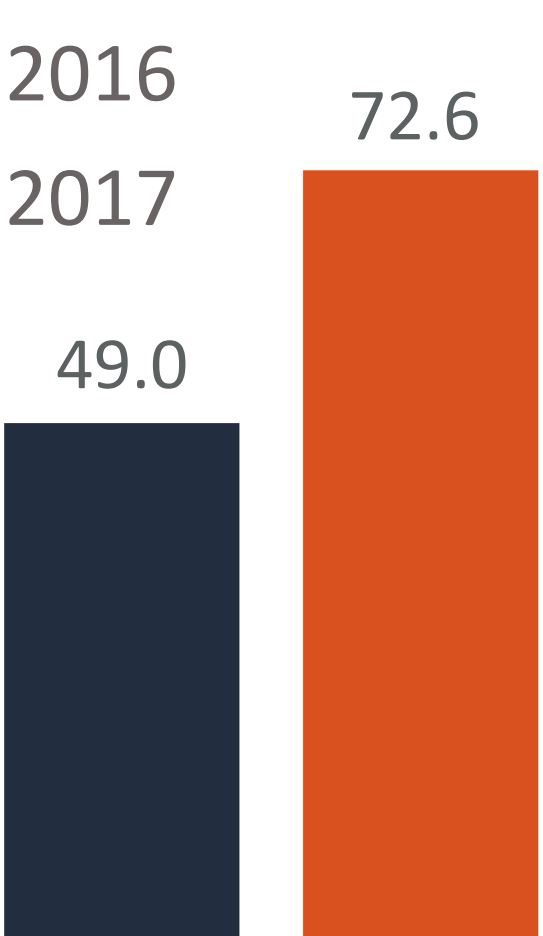
Housing

Social Care and
Educational Premises

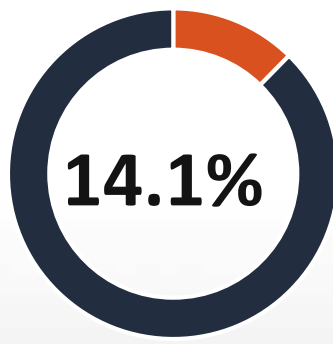
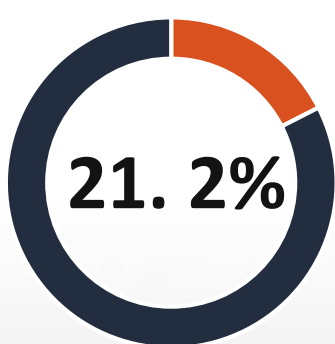
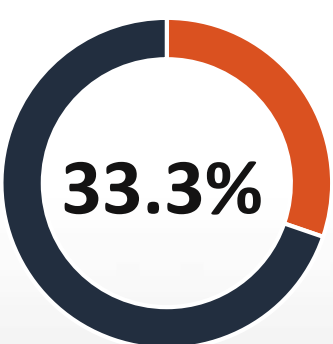
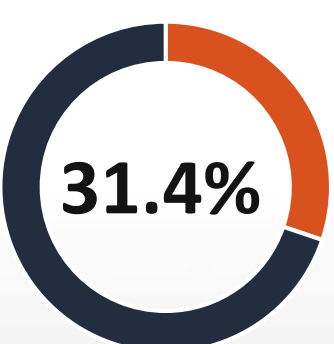
Building Renovation

Net sales, EUR million

■ 1-6 2016
■ 1-6 2017



Share of Lehto's net sales in H1 2017



Business Premises – increased number and size of projects

- Net sales grew by 48.2% in the review period to EUR 72.6 million (EUR 49.0 million)
- The number and size of projects increased.
- 17 completed business premises projects.
- At the end of the review period 17 business premises projects under construction.



Housing – many housing projects under construction

- Net sales grew by 45.1% to EUR 77.2 million (EUR 53.2 million).
- 14 housing projects were completed with a total of 512 apartments.
- 35 housing projects under construction with a total of 1,638 apartments.
- In addition, accommodation premises for 1,000 employees under construction at the Pyhäjoki nuclear power plant construction site.
- Lehto's first design competition win in Hämeenlinna



Social Care and Educational Premises – very strong growth

- Net sales grew by 101.4% from the comparison period to EUR 49.1 million (EUR 24.4 million).
- 12 nursing homes for elderly people and one school were completed.
- 25 nursing homes, two day care centres and one school under construction.
- Investments in the development of school buildings and concepts.
- Winning tender for a school for 450 pupils in the municipality of Liminka.



Building Renovation – strong growth in order backlog

- Net sales grew by 133.7% from the comparison period to EUR 32.6 million (EUR 14.0 million).
- The pipeline renovation business has expanded.
- One completed own developed building renovation project.
- Four developer contracting projects in building renovation underway
- Contract worth EUR 13 million for a project to convert an educational institution into modern apartments in Töölö, Helsinki.
- New building renovation projects confirmed after the end of the review period.



Factory production – production capacity being increased

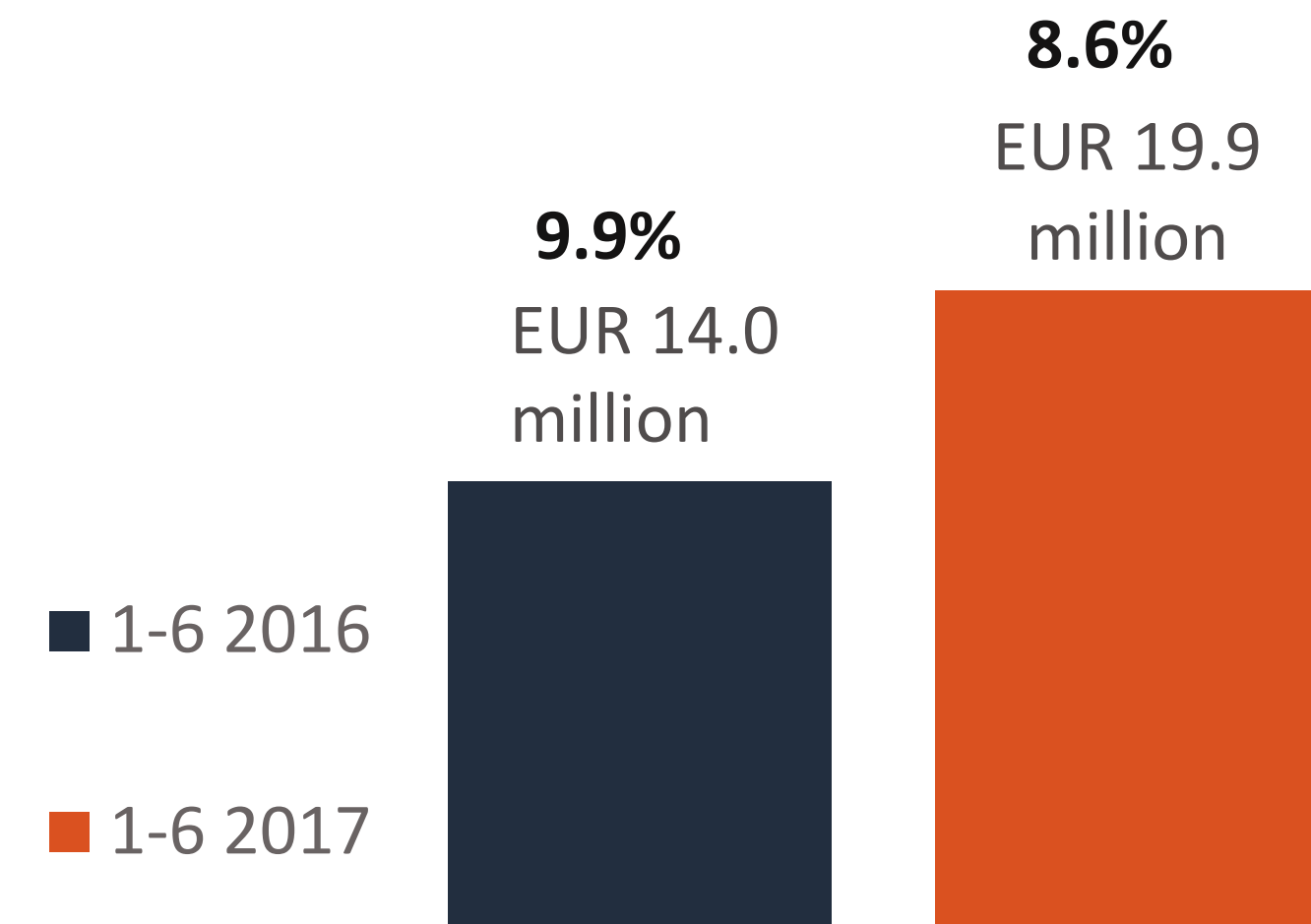
- Factories operating at full capacity.
- Capacity is being continuously increased.
 - New production sites
 - Development of production processes
- In May, Lehto acquired a production facility in Ii to ensure the availability of wall elements; production is already underway.
- Currently seven production facilities.



Operating profit 8.6% of net sales

- Operating profit grew slower than net sales mainly due to:
 - costs related to the expansion of factory capacity,
 - some relatively low-margin projects and
 - plot sales worth EUR 8.0 million at an almost zero margin.
- Most of the operating profit will be accrued in the second half of the year.

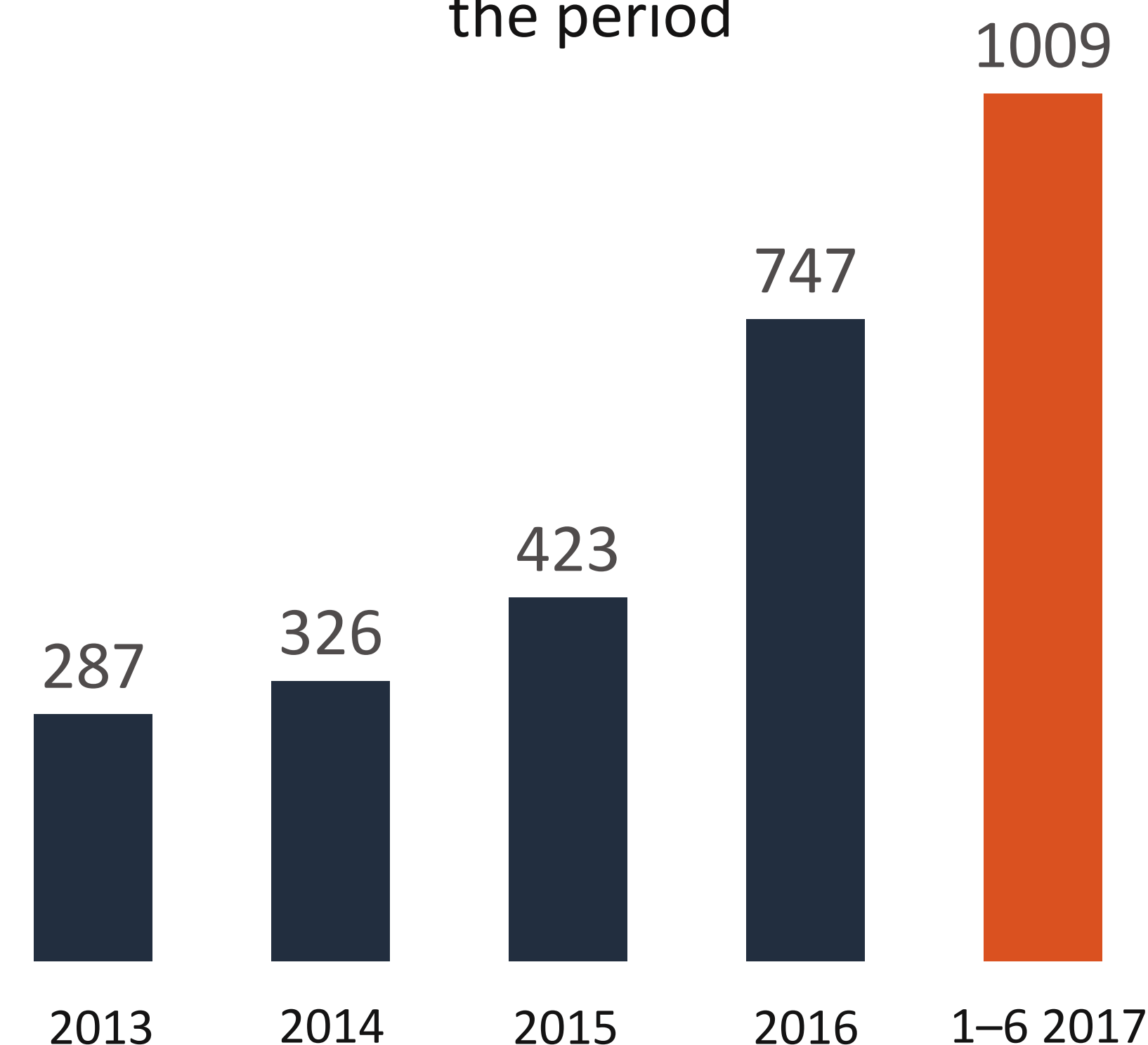
Operating profit and profit margin



Number of personnel exceeded 1,000

- Most of the increase in recruitment was related to the expansion of factory operations and the Housing service area operations.
- Shortage of skilled labour, especially supervisors
- 52% of personnel are salaried employees and 48% work at construction sites.
- Share-based incentive plan applied for approximately 70 key employees.

Number of personnel at the end of the period



Key Figures

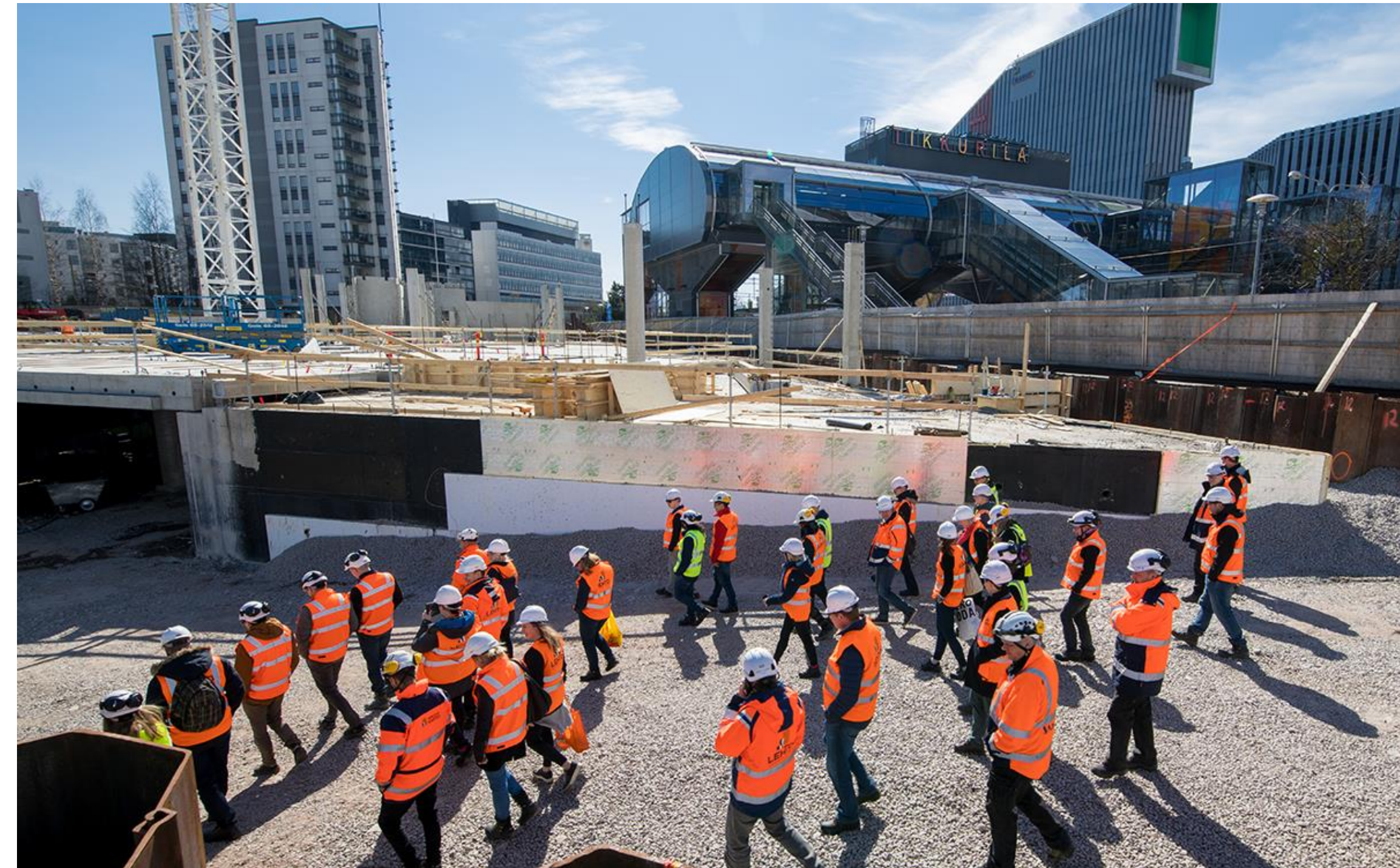
LEHTO GROUP	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Net sales, EUR million	150.8	78.3	231.5	140.5	361.8
Change in net sales, %	92.7%	67.5%	64.7 %	44.6 %	31.3%
Operating profit, EUR million	13.1	10.0	19.9	14.0	40.4
Operating profit, % of net sales	8.7%	12.7%	8.6%	9.9%	11.2%
Profit for the period, EUR million	10.4	8.0	15.7	11.0	31.9
Order backlog at period end, EUR million	465.8	237.2	465.8	237.2	309.1
Earnings per share, EUR	0.18	0.16	0.27	0.22	0.59
Cash and cash equivalents, EUR million	58.5	74.1	58.5	74.1	67.7
Interest-bearing liabilities, EUR million	41.9	18.9	41.9	18.9	16.6
Equity ratio, %	54.7%	63.1%	54.7%	63.1%	60.4%
Net gearing ratio, %	-14.0%	-58.4%	-14.0%	-58.4%	-44.2%

Outlook for 2017

- Lehto updated its financial outlook for 2017 in its stock exchange release of 24 May 2017. The disclosed outlook has remained the same.
- Lehto estimates that the Group's net sales for 2017 will grow by 40-50% compared to 2016 (net sales in 2016: EUR 361.8 million).
- Operating profit is estimated to be above 10% of net sales (2016: 11.2%).

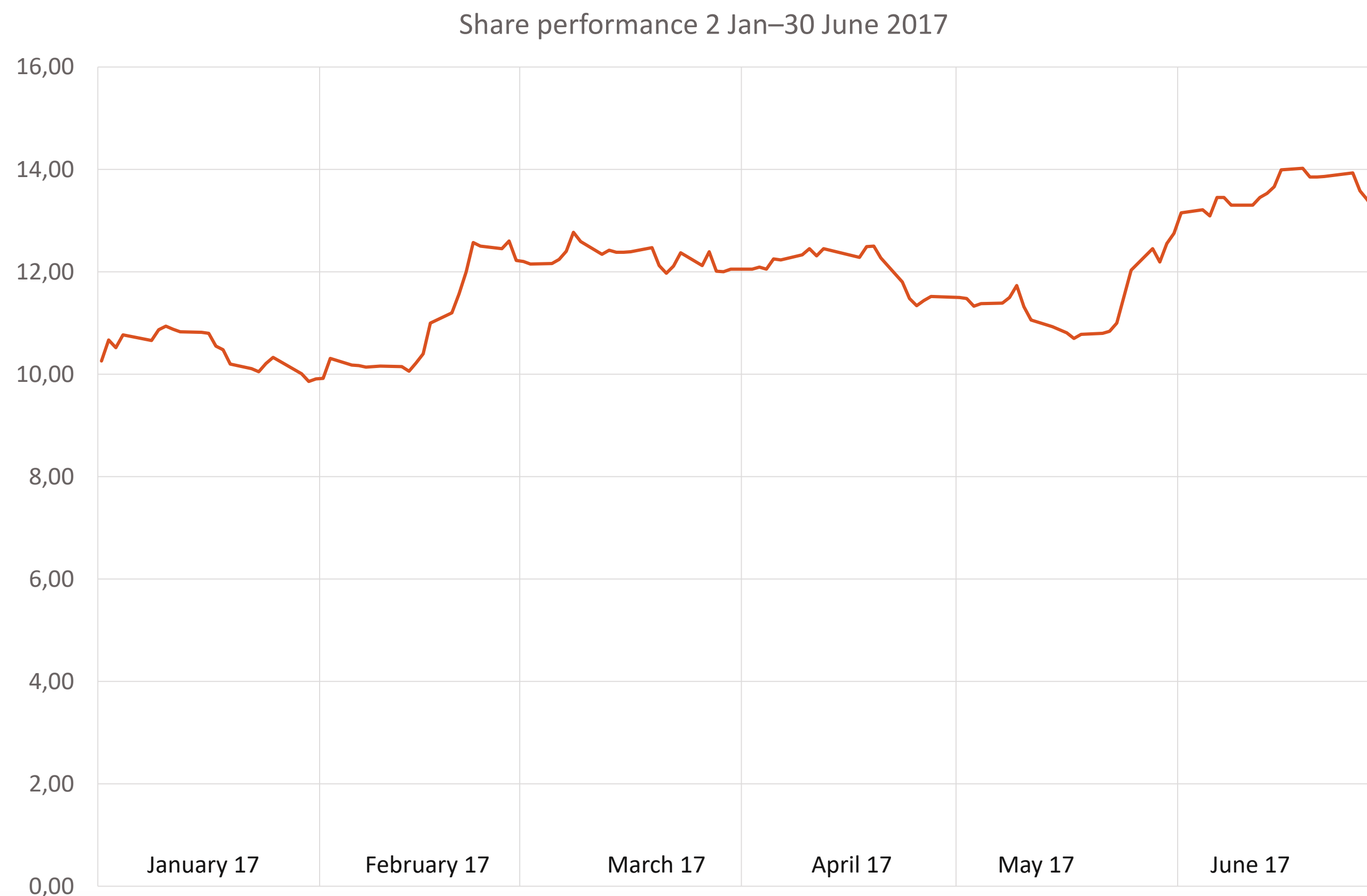
Improving productivity – the core of economically driven construction

- Information modelling development projects will be part of our core operations to ensure high quality and productivity.
- We continuously induct and provide further training for our growing number of employees.
- We are increasing our factory capacity through improving manufacturing processes.
- We pay particular attention to construction planning and scheduling in order to offer our customers continuously improving and more competitive solutions.



Share performance and trading

- Closing price of the share (30 June 2017)
EUR 13.10
- Lowest rate during the review period
EUR 9.79
- Highest rate during the review period
EUR 14.26
- Trading: 10,929,890 shares / EUR 129 million





LEHTO

TALOUSOHJATTUA RAKENTAMISTA