

# Financial statements 2016





# Innovator in construction sector

Economically  
driven construction

Industrial  
manufacturing

Planning  
control

Repetitive  
concept

Best  
professionals

*Needs for renovation and changes  
Ecology and energy efficiency  
Cost-efficiency  
Aging population*

*Digitalization  
Urbanization*

Profitability

Internationalisation

Growth

Our customer promise

- 1 A single agreement
- 2 Fixed price
- 3 Agreed move-in date
- 4 Agreed content and quality



# Economically driven construction



## Strong know-how in cost-conscious planning

80 % of construction costs are determined at the planning stage



## Efficiency in building

Pre-fabrication and standardized design solutions accelerate building process



## Innovative production of elements and components

Manufactured in our own sites, in dry factory conditions

Improving the productivity



# Four 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

# Growth of the service areas

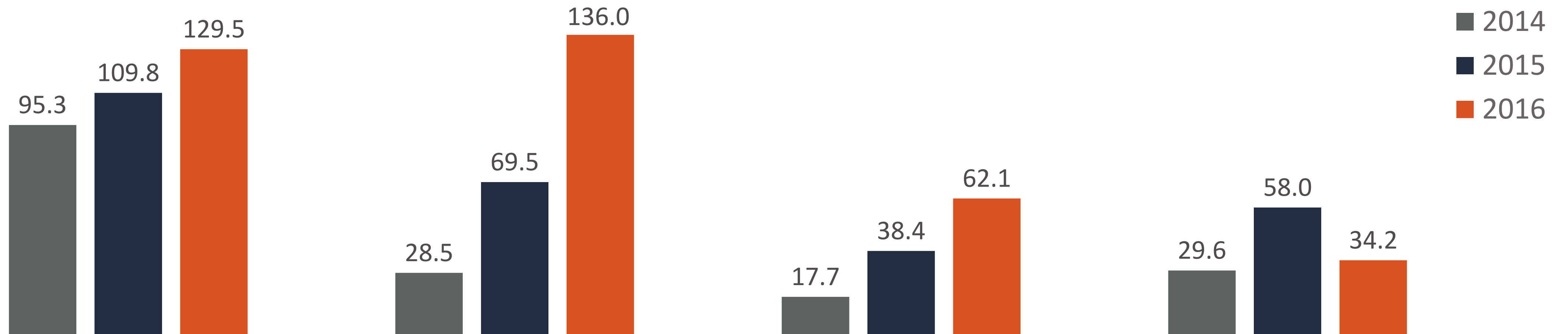
## Business premises

## Housing

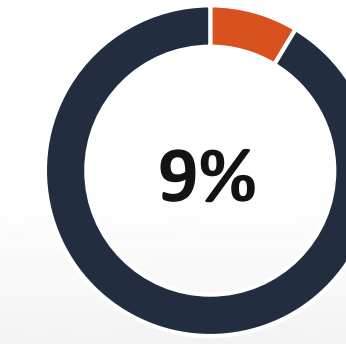
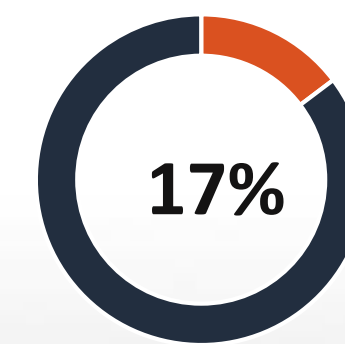
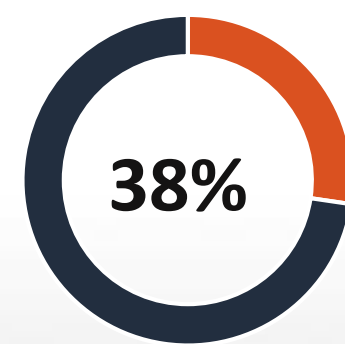
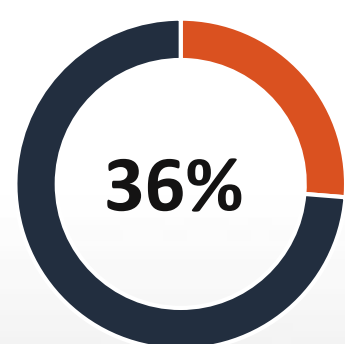
## Social care and educational premises

## Building renovation

Net sales, M€, 2014 - 2016



Share of Lehto's net sales 2016

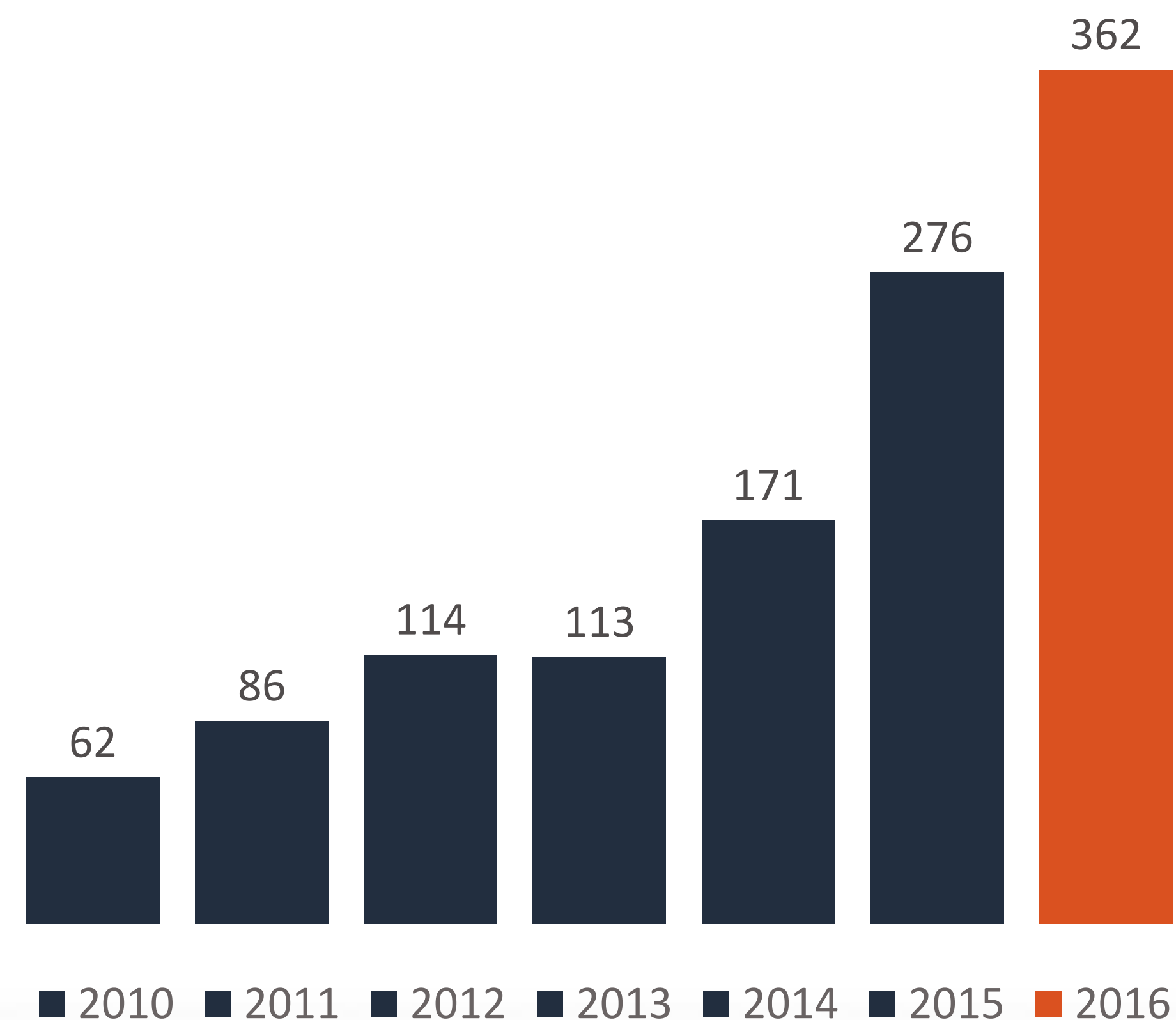


# We grow faster than construction in general

Average annual growth of  
net sales 2014 - 2016

45 %

Consolidated net sales 2010 – 2016 (M€)





# Our innovations

Kitchen-bathroom module



Bathroom elements



HVAC control rooms



Apartment elements



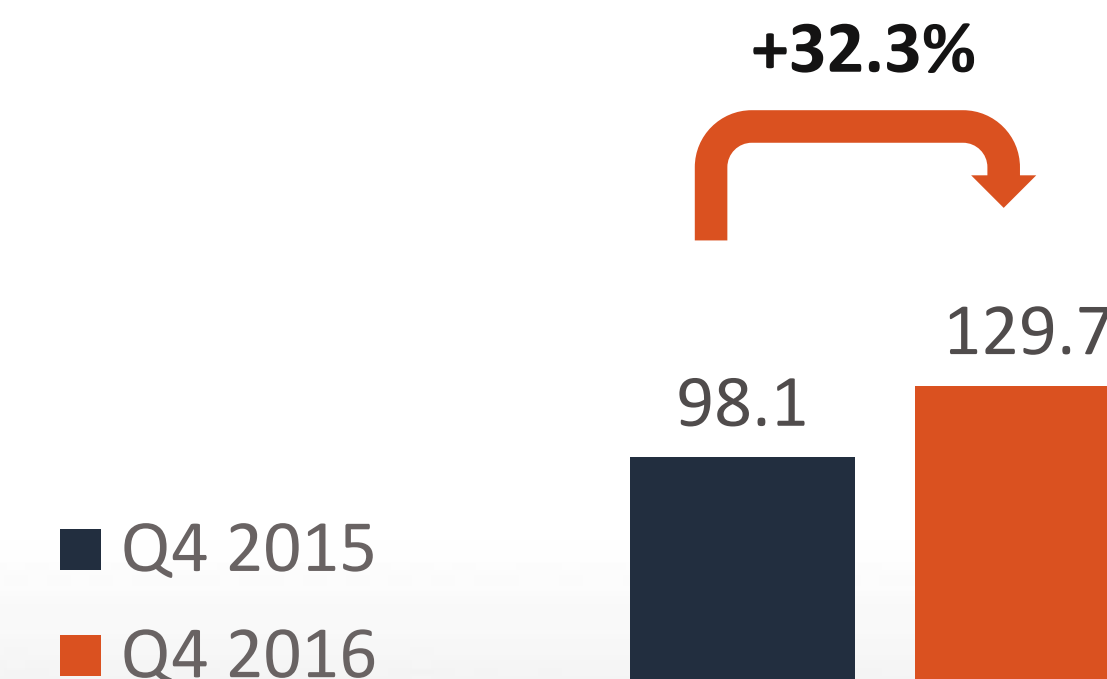
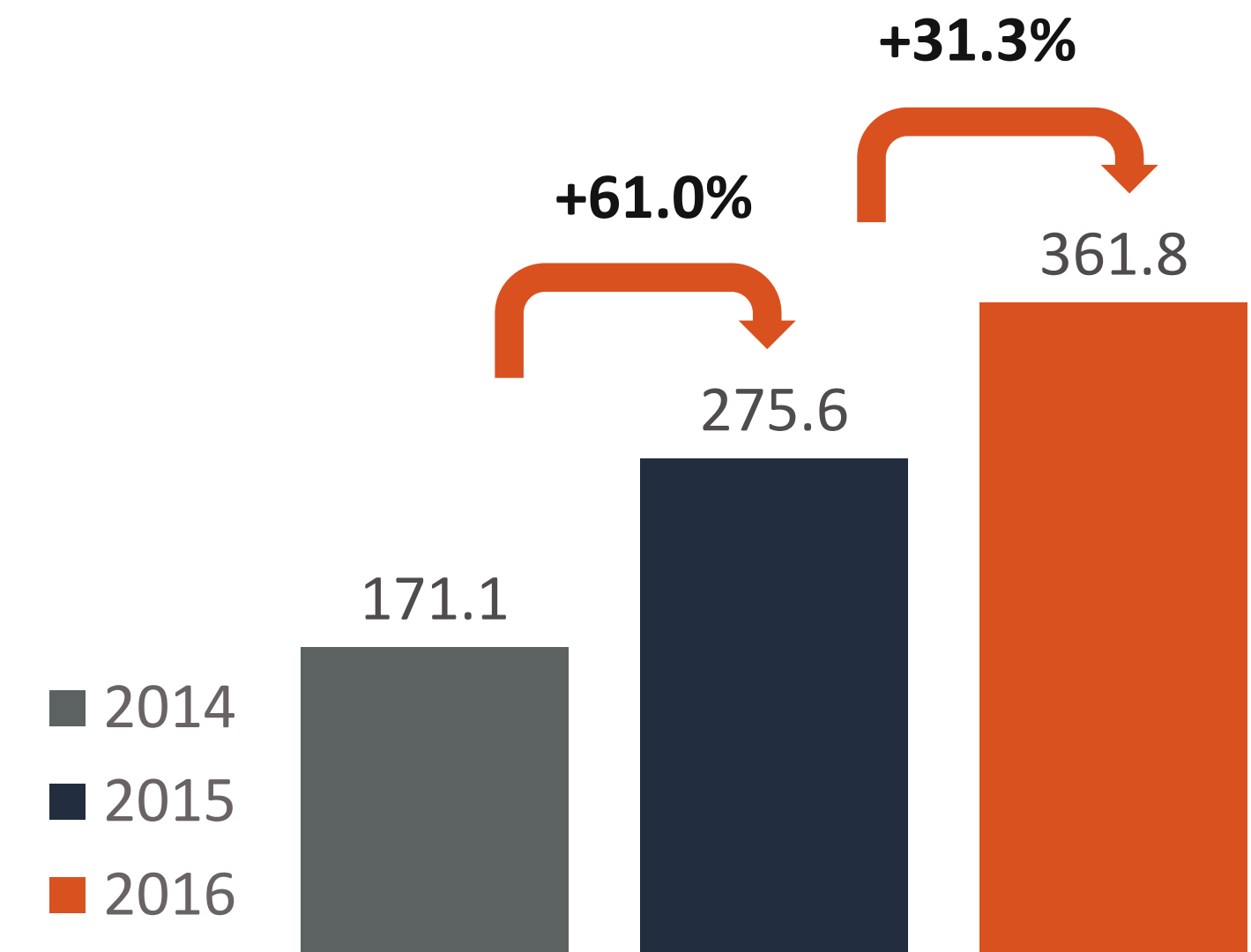
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## Net sales

- The net sales grew in the Business Premises, Housing, and Social Care and Educational Premises service areas but declined in the Building Renovation service area.
- Net sales in all service areas were higher in the second half of the year than **in the first half**.
- The net sales of **the last quarter** were the highest according to the last year.

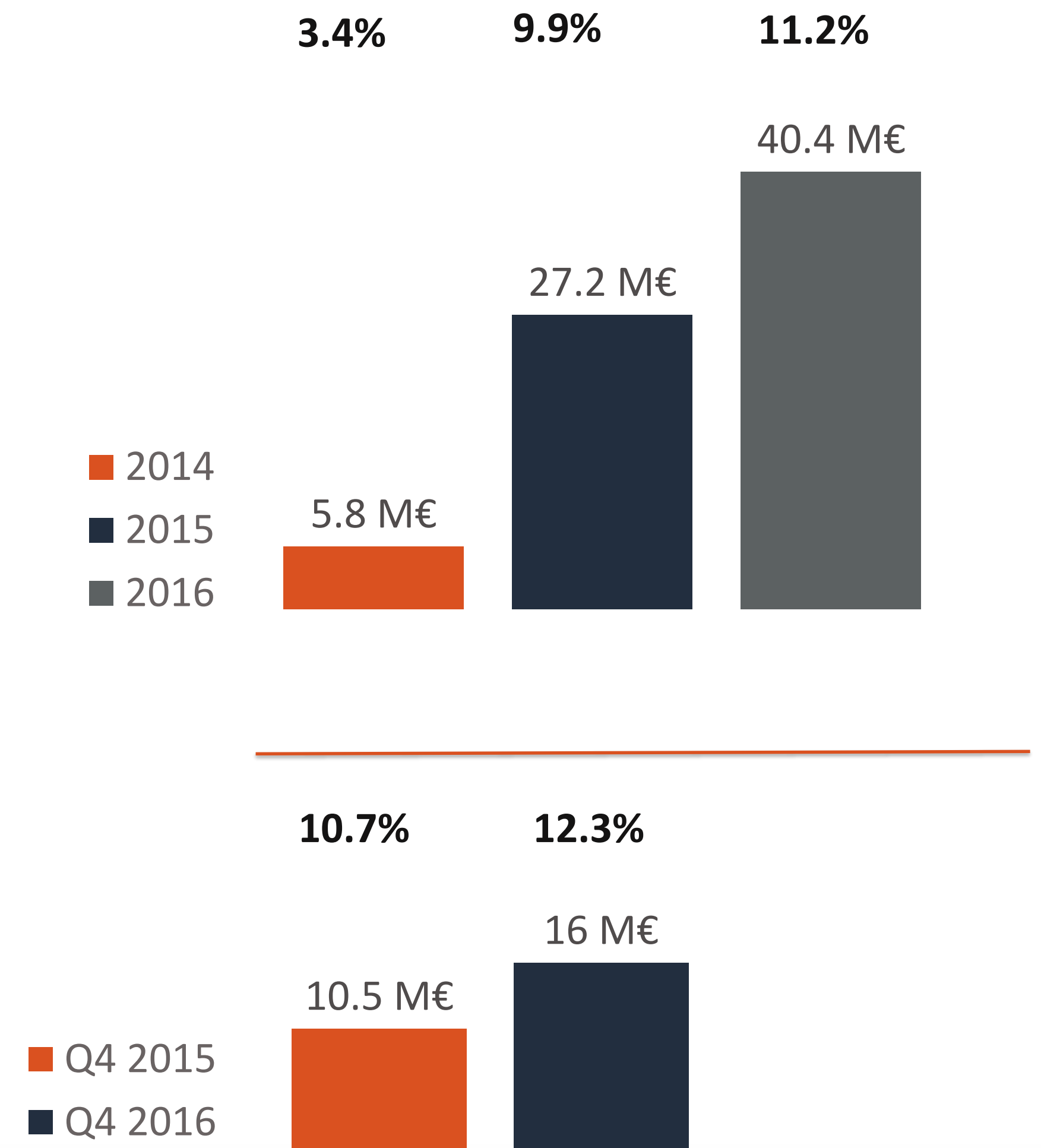
Development of net sales, M€



# Operating profit

- Lehto was able to improve the relative profitability with an operating profit of EUR 40.4 million, or 11.2% of net sales.
- Healthy project margins in the Housing Premises, Business Premises and Social Care and Educational Premises service areas contributed to the good operating profit.

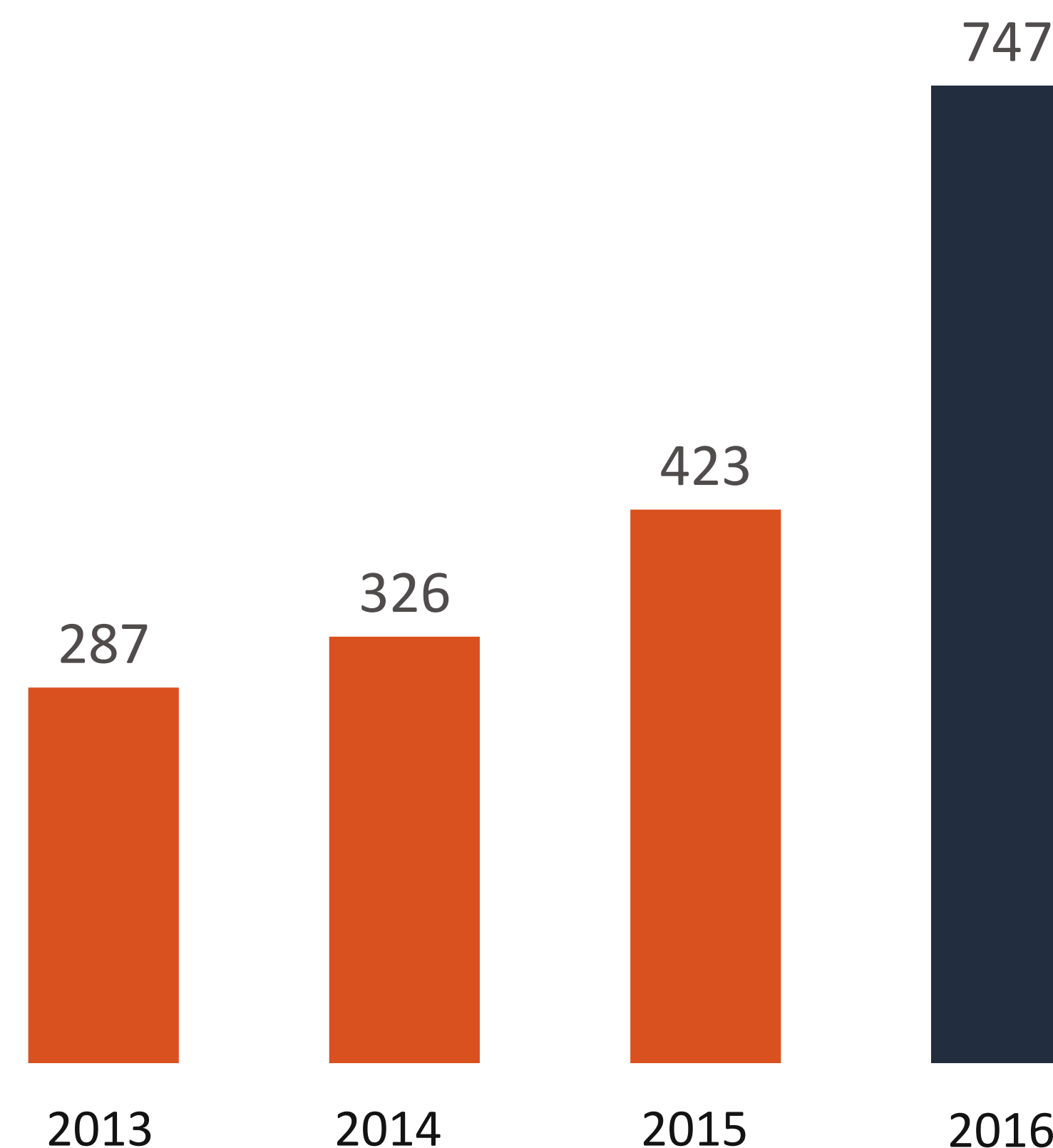
Operating profit (M€) and percents





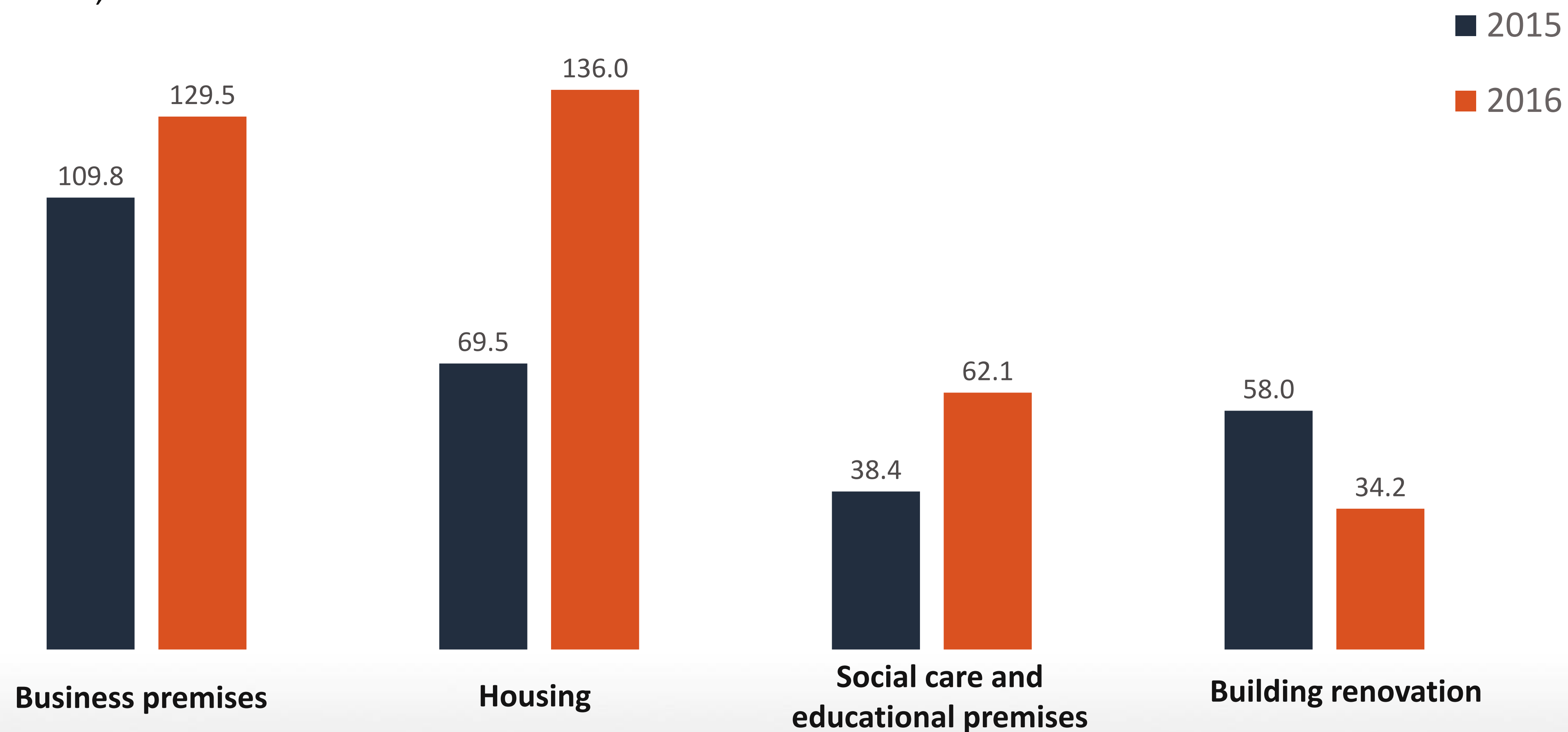
# The number of our personnel shows also the growth

- In June, Lehto launched a comprehensive recruitment campaign to secure its labour supply.
- Most of the recruits related to the ramp-up of the new module factory in Oulainen (about 100 persons in the end of the year)
- The acquisition of Rakennus Oy Wareco brought new employees to the building renovation service area (almost 70 persons).
- The relative proportion of salaried employees and employees working at construction sites remained approximately the same.



# Net sales grew in three areas

Net sales, M€





# Financial development 2016

Lehto Group	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Net sales, EUR million	129.7	98.1	361.8	275.6
Change in net sales, %	32.3%	78.3%	31.3%	61.1%
Operating profit, EUR million	16.0	10.5	40.4	27.2
Operating profit, % of net sales	12.3%	10.7%	11.2%	9.9%
Profit for the period, EUR million	12.6	8.5	31.9	21.2
Order backlog at period end, EUR million	309.1	195.0	309.1	195.0
Earnings per share, EUR *)	0.22	0.23	0.59	0.52
Cash and cash equivalents, EUR million	67.7	24.6	67.7	24.6
Interest-bearing liabilities, EUR million	16.4	17.0	16.4	17.0
Equity ratio, %	60.4%	37.2%	60.4%	37.2%
Net gearing ratio, %	-44,2%	-22.9%	-44,2%	-22.9%

\*) Adjusted average number of shares during the period as denominator.

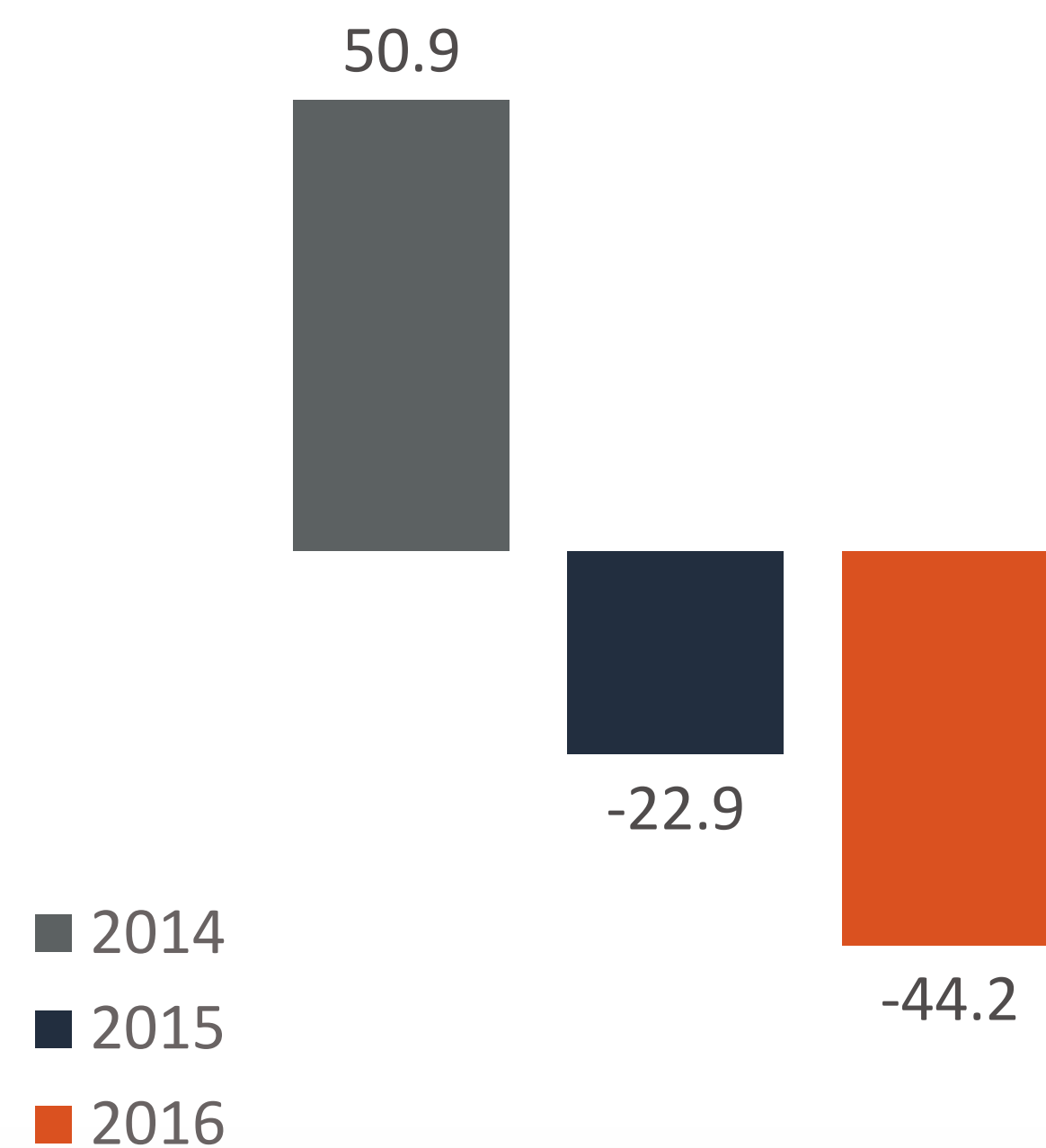
# Balance sheet and financing

Group balance sheet, EUR million	31 Dec 2016	31 Dec 2015
Non-current assets	21.5	14.6
Current assets		
Inventories	77.5	51.3
Current receivables	92.0	47.2
Cash and cash equivalents	67.7	24.6
<b>Total assets</b>	<b>258.7</b>	<b>137.6</b>
Equity	115.6	33.4
Financial liabilities	16.4	17.0
Prepayment received	67.3	47.9
Other payables	59.5	39.3
<b>Total equity and liabilities</b>	<b>258.7</b>	<b>137.6</b>

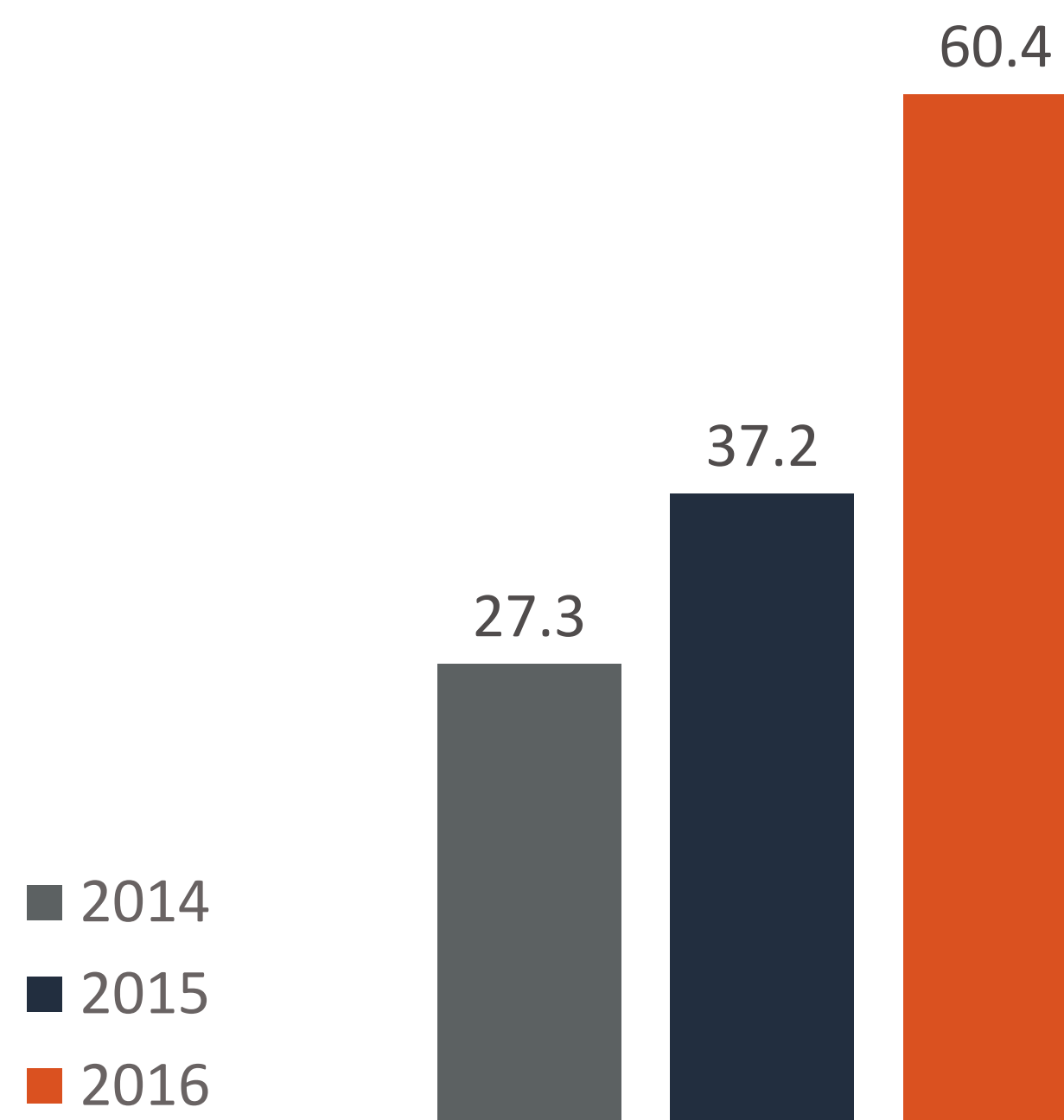


# Balance sheet and financing

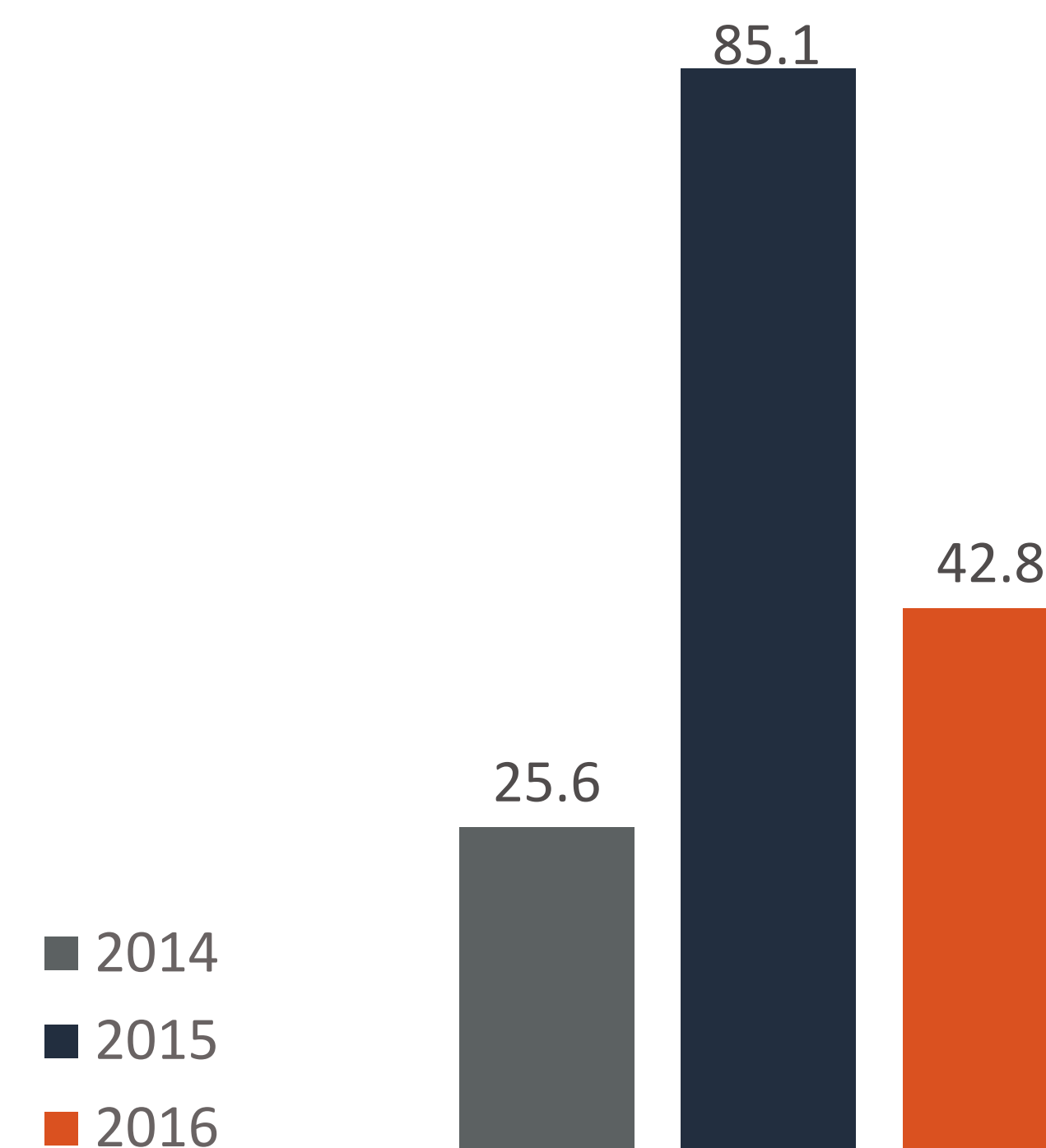
## Net gearing, %



## Equity ratio, %



## Return on equity, %



# Outlook for 2017

## In 2017 Lehto's

- net sales is expected to grow at minimum 30% (31.3% in 2016) and
- operating profit is expected to be above 10% (11.2% in 2016) of the net sales.



# Long-term financial targets

## Modified long-term financial targets:

- Annual growth of net sales 10–20% on average
- Operating profit 10% of net sales on average
- Equity ratio minimum 35%
- Dividend distribution 30-50% of the net profit for the year

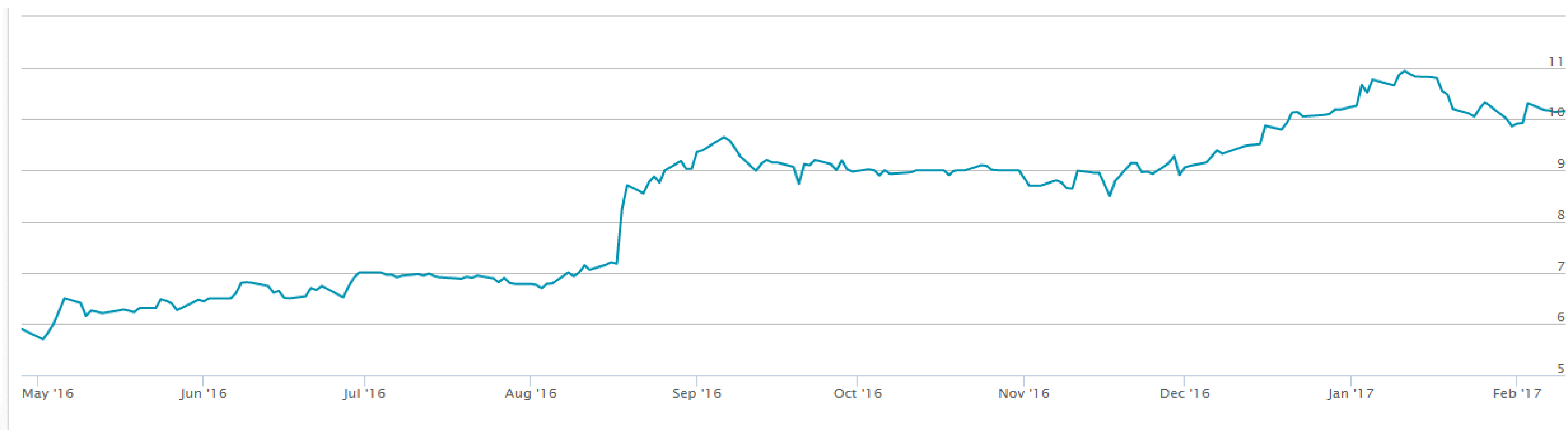
# Proposal for the distribution of profits

- The Board of Directors proposes to the Annual General Meeting that the dividend payable for the financial year 2016 be **EUR 0.22 per share**, totalling EUR 12,815,165.44.
- The dividend shall be paid to shareholders who on the record date for the dividend payment, **13 April 2017**, are recorded in the shareholders' register held by Euroclear Finland Oy.
- The Board of Directors proposes that the dividend payment date be **24 April 2017**.



# Market performance of Lehto's share

- Final subscription price 5,10 €
- Lowest 2016 5,52 €
- Highest 2016 10,19 €





# LEHTO

ECONOMICALLY DRIVEN CONSTRUCTION