

# DESTIA'S INTERIM REPORT

JANUARY – MARCH  
2016



**DESTIA**  
BUILDING THE BIGGER PICTURE

## Destia interim report for January–March 2016

### DESTIA'S REVENUE INCREASED AS INFRASTRUCTURE MARKET RECOVERED

- Revenue increased by 12.2 per cent, to MEUR 83.4 (74.3).
- Operating result was MEUR -5.7 (-4.8).
- The order book increased by 2.9 per cent in comparison to the end of 2015 and stood at MEUR 738.2.
- The development of common operating practices is continuing with training focusing on coaching management practice.
- On 22 March 2016, Destia signed a business deal whereby it acquired the majority interest in ITS-Vahvistus Oy. The transaction was concluded on 1 April 2016.
- Destia's revenue for 2016 is expected to grow, and operating profit is expected to fall short of the previous year.

| Group<br>Key figures (IFRS), MEUR                       | Destia Group<br>1-3/2016 | Destia Group<br>1-3/2015 | Destia Group<br>1-12/2015 |
|---|--------------------------|--------------------------|---------------------------|
| Revenue   | 83.4                     | 74.3                     | 462.8                     |
| Operating result  | -5.7                     | -4.8                     | 12.9                      |
| % of revenue  | -6.8                     | -6.5                     | 2.8                       |
| Result for the period                                   | -4.8                     | -4.5                     | 6.7                       |
| % of revenue  | -5.8                     | -6.1                     | 1.5                       |
| Return on investment, %                                 | 8.8                      | 8.8                      | 9.4                       |
| Earnings per share, EUR                                 | -66.84                   | -63.50                   | 56.14                     |
| Equity ratio, %   | 32.8                     | 31.1                     | 31.2                      |
| Net gearing, %  | 42.7                     | 84.0                     | 32.6                      |
| Average personnel                                       | 1,382                    | 1,407                    | 1,505                     |
| Occupational accidents resulting in absence from work*) | 7.9                      | 6.5                      | 7.6                       |
| Order book at the end of review period                  | 738.2                    | 721.6                    | 717.4                     |

\*) Occupational accidents per one million working hours

#### President & CEO Hannu Leinonen comments on the reporting period:

“The infrastructure market is showing slight signs of recovery after a period of long economic downturn. The decisions made in the government discussion on spending limits on the granting of funding for new road projects also rejuvenated the infrastructure market. Although the competitive situation remains challenging due to intense competition for tenders, overall demand is moderate. During the first quarter, our revenue developed positively. Unfortunately, the operating result falls short of the previous year mainly due to one major ongoing project that was unsuccessful. The development of our order book was positive during the first quarter of the year.

The development of personnel and common operating practices lies at the core of our strategy and we continue to invest strongly in them also during the current year. In addition to coaching management practice trainings, we are also strengthening our operating practices through our ERP project, which offers effective tools to support our operating practices. I am happy to see that our investment in occupational safety has also been noticed outside Destia. Some of our worksites were chosen as last year's safest infrastructure sites. The accident frequency of 7.9 for the first quarter was rather good, although there is always room for improvement in occupational safety.

During the first quarter, we signed a business deal for ITS-Vahvistus Oy, which strengthens our expertise in foundation, engineering and rock construction. In future, we will be able to serve our customers more diversely with demanding infrastructure solutions. The deal supports Destia's service portfolio and helps us to

reach our growth strategy objectives."

## Operating environment

Small signs of recovery were evident in the operating environment of the infrastructure sector and the entire construction sector during the first quarter of the year. The demand is expected to remain moderate, as several new projects are starting up or being put out to tender during the year.

The construction confidence indicator of the Confederation of Finnish Industries (EK) rose in March slightly above the long-term average. The trend has been clearly rising in the last year. EK describes the order book as being slightly negative, and for this reason employment expectations are cautious. Nonetheless, the Finnish construction confidence indicators were slightly above the average for EU countries.

According to the Confederation of Finnish Construction Industries RT (CFCI), construction will clearly grow this year, driven by urbanisation, which will also increase the need for infrastructure construction in growth centres. The total volume of construction is expected to increase by 3-4 per cent. The economic situation in the infrastructure sector is reported to have eased somewhat, although prospects are tempered by a declining trend in new road investments. According to the infrastructure barometer of CFCI and INFRA (the Infra Contractors Association in Finland), the economy of the sector has improved as the spring has progressed and this positive development is expected to continue through the late summer and early autumn.

According to the economic work group for construction appointed by the Ministry of Finance, Raksu, an upturn in construction is clearly visible, as almost all indicators are showing growth or at least some positive development. Raksu forecasts that infrastructure construction will gradually start to increase along with growth in housing construction, although prospects within the sector vary. The civil engineering sector is expected to expand this year by 1–2 per cent. According to Raksu, many traffic investment projects will end during this or next year, but then again many projects started in 2015 are starting up properly only now. The government is also transferring funding to reducing the road repair backlog, which will compensate for projects that are ending. Raksu considers it positive that new projects seem to be being put out to tender and that some projects have also been brought forward.

## Order book and new orders

Destia's order book developed positively despite fierce competition. Destia's order book increased by 2.9 per cent compared to the end of 2015. The order book at the end of March was MEUR 738.2 (721.6), MEUR 16.6 higher than the previous year.

### **The most significant new contracts valued at no less than one million euros and signed during the first quarter:**

- Repair of Harjakoski spillway bridge at Pomarkku, will be completed in October 2016
- Regional maintenance contract of Southeast Lahti in 2016–2021
- Upgrading of Main Road 955 Köngäs–Inari at Kapsajoki bridge at Kittilä, will be completed in July 2017
- Construction contract for Myllysaari underpass bridge in Tampere, will be completed by the end of 2016
- The renovation of Ossauskoski powerplant and regulating spillway bridge at Kemijoki, will be completed in November 2016
- Regional maintenance contract of Raahe–Ylivieska in 2016–2021
- Container wharf extension contract at the Port of Rauma, will be completed by the end of 2017
- Service contract for road lighting and barriers in Western Uusimaa, 2016–2021
- Bridge repair and maintenance contract in Southwest Finland in 2016–2017

During the spring, 12 regional road contracts are also being put out to tender. In the first round of tendering, Destia won all three contracts and will continue as the contractor for the next five years at Ranua, Pietarsaari and Orivesi.

### **Revenue development**

During the first quarter, Destia's revenue was MEUR 83.4 (74.3). Maintenance contracts, especially, are emphasised in revenue in the winter period. Otherwise the volumes in the reporting period are usually lower than in other quarters on account of the seasonal nature of construction.

Other operating income amounted to MEUR 0.6 (0.4). This mainly consisted of sales income from fixed assets and rental profit.

### **Result development**

Operating result was MEUR -5.7 (-4.8). The failure of one major ongoing project weakened the result for the reporting period.

In the reporting period, Group net financial costs were MEUR 0.9 (0.9), which amounted to 0.1 per cent (0.1) of revenue. Income taxes in the reporting period amounted to MEUR 1.8 positive (1.1).

The Group's result for the reporting period was MEUR -4.8 (-4.5).

### **Balance sheet, cash flow and financing**

Total assets on the consolidated balance sheet were MEUR 240.9 (226.9) at the end of the reporting period. Return on investment (ROI) was 8.8 per cent (8.8), equity ratio was 32.8 per cent (31.1), and gearing was 42.7 per cent (84.0).

As a result of successful working capital management, operating cash flow developed well at the end of 2015. In the early part of the year, the development of cash flow continued reasonably well in relation to the comparison period, taking into account seasonal fluctuation. Owing to the seasonality of construction, the demand for working capital is at its greatest in the second and third quarters. The cash flow for the reporting period comprised operating cash flow of MEUR -0.1 (-17.3), investment cash flow of MEUR -2.5 (-2.3) and financial cash flow of MEUR -2.3 (-3.5). Financial cash flow includes the group contribution of MEUR 2.3 paid to Ahlström Capital Oy. For the comparison period, the figures include the amortisation by MEUR 2.0 of hybrid loans in accordance with the decision made at the Annual General Meeting and interest payments of about MEUR 1.5.

The Group's financial position remained good. The financial assets on the balance sheet were MEUR 38.0 (14.6) at the end of the reporting period. Destia's MEUR 150 commercial paper programme and short-term credit limit of MEUR 30.0 were not used. The amount of interest-bearing liabilities remained at the same level as at the end of 2015, and it was MEUR 67.1 at the end of the reporting period. Of all loans, 0.3 per cent was short-term and 99.7 per cent long-term. Interest-bearing net liabilities at the end of the reporting period were MEUR 29.1 (52.3).

The MEUR 65 bond released to institutional investors by Destia Group Plc on 19 June 2014 was listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Oy in June 2015. On 17 June 2015, the Financial Supervisory Authority approved the bond's prospectus. This bond is unsecured and will mature in full in June

2019. The loan coupon has a variable interest rate based on the three-month Euribor rate, and the loan margin is 4.5 per cent. It is hedged in the Group by means of an interest rate swap up to the time of its maturity.

Consolidated shareholders' equity includes equity hybrid loans of MEUR 27 from Ahlström Capital Group, with an interest rate of 10.0 per cent.

## **Shares and share capital**

The registered share capital of Destia Group Plc is EUR 80,000, and the total number of shares is 80,000. The company is 100 per cent owned by AC Infra Oy, which is part of Ahlström Capital Group.

## **Investments and acquisitions**

Destia Group's gross investments during the first quarter of the year totalled MEUR 0.7 (0.4), which amounted to 0.8 per cent (0.6) of revenue. The investments were mainly targeted at the fleet.

On 22 March 2016, Destia signed a business deal whereby it acquired a majority 51 per cent interest in ITS-Vahvistus Oy. The transaction was concluded on 1 April 2016. As a result of the deal, the name of ITS-Vahvistus was changed to Destia Engineering Oy.

## **Personnel**

Destia's average number of personnel during the reporting period was 1,382 (1,407). At the end of March, the number of personnel was 1,384 (1,407), of whom permanent staff totalled 1,293 (1,339) and temporary employees 91 (68). Due to the seasonality of the business, the number of personnel varies during the year and reaches its lowest point in the winter.

Every year, Destia recruits about 150 summer workers and trainees. Interest in Destia as an employer is on the rise: the group received 1,450 applications for summer work from all over Finland, 18 per cent more than last year. Destia offers the students and graduates selected interesting challenges in a safe working environment through the entire infrastructure life cycle, from planning to maintenance.

Human resource development is one of Destia's strategic areas of focus and investment in it continued. In the first quarter, those in supervisor positions participated in OTE training supporting the coaching management approach, with the aim of harmonising and strengthening management culture throughout the group. The Voima project has also progressed to testing the new ERP system. Occupational safety continues to be a key theme, and occupational safety communication in particular is being developed during this year. At the end of the reporting period, accident frequency was 7.9 occupational accidents per one million working hours (6.5).

The bonus scheme for 2016, approved by Destia's Board of Directors and covering all personnel, forms part of Destia's overall staff reward scheme. In 2016, the focus is on growth while maintaining profitability. The bonus scheme brings a supportive, in-house co-operation and strategy enhancing control and reward element to compensation. The target groups for the bonus scheme are the same as last year: 1) personnel working on Destia projects; 2) work supervisors; 3) support function personnel and business unit support personnel; 4) business unit managers, and 5) Executive Vice Presidents.

The company also has a long-term management incentive scheme for 2014–2018. The purpose of the scheme is to commit certain key persons to the company and offer them a competitive bonus scheme.

## Organisational structure and management

In 2016, Destia's organisation comprises four regional business units, Southern Finland, Western Finland, Eastern Finland and Northern Finland, as well as the national Consulting Services business unit and support functions.

The business of the regional business units includes the construction and maintenance of traffic routes, industrial and traffic environments and the complete living environment, as well as the services of the winter maintenance management centre, Kelikeskus. The Southern Finland business unit also includes the Rock Construction business unit, the Eastern Finland business unit includes the Railway Construction and Maintenance business unit, the Western Finland business unit includes the Aggregates business unit and the Northern Finland business unit includes the Fleet business unit. The business of the national Consulting Services business unit comprises planning, road network surveys and international consultancy.

In 2016, five support functions served as support for Destia's business: Economics & Financing, Human Resources (Personnel), Legal Services, Corporate Planning and Business Development and Operational Excellence.

As of 2016, Destia's Management Team comprises President & CEO Hannu Leinonen who serves as Chairman, with the members being HR Director Laura Ahokas, General Counsel Aki Markkola, CFO Pirkko Salminen, and Executive Vice Presidents Timo Vikström, Heidi Erha, Minna Heinonen, Pasi Kailasalo, Marko Vasenius and Seppo Ylitapio, and personnel representative Kimmo Laaksola.

## Decisions of the Annual General Meeting

The Annual General Meeting of Destia Group Plc held on 17 March 2016 confirmed the company's financial statements for 2015 and discharged the President & CEO and members of the Board from liability for the accounting period 1 January – 31 December 2015. The Annual General Meeting decided, in accordance with the proposal by the Board of Directors, that neither dividend nor capital repayment be distributed for the financial period ending 31 December 2015.

The meeting decided that the number of Board members would be seven and elected Arto Räty as Chair of the Board. Marcus Ahlström, Jacob af Forselles, Matti Mantere and Tero Telaranta were re-elected as the members of the Board of Directors. Hans Sohlström and Sebastian Burmeister were elected as new members of the Board of Directors.

The Annual General Meeting elected KPMG Oy Ab (APA) as Destia Group Plc's auditor for the 2016 financial period, with Virpi Halonen (APA) as the auditor with principal responsibility.

At the organising meeting of the Board of Directors, Hans Sohlström was appointed Vice Chair and it was decided that no separate committees would be formed to support the work of the Board.

According to an assessment of the independence of the Board of Directors, Board members Marcus Ahlström and Matti Mantere are independent of the company and its owner, and Sebastian Burmeister, Jacob af Forselles, Hans Sohlström and Tero Telaranta are not independent of the owner. Arto Räty is independent neither of the company nor the owner.

## Litigation and disputes

At the end of 2015, Destia initiated a lawsuit against Länsimetro Oy at Espoo District Court concerning a dispute over contract payments. Länsimetro has issued a countersuit.

## Short-term risks and uncertainties

Destia classifies risks as market and operating environment risks, operational risks, financial risks and damage risks.

Of the market and operating environment risks, fluctuation in the economy and uncertainty in the market situation are particularly causing a significant risk for Destia's business. The competitive situation in Destia's core business areas continues to be fierce. Success in tendering for regional road maintenance contracts as well as large contracts is of paramount importance. New forms of tendering have emerged in the tendering for large public projects, which require a new kind of expertise.

The fluctuation in the price of oil-based commodities causes uncertainty with regard to the profitability of the company. The risk is being prevented by monitoring and assessing the commodity price development, by ensuring key procurements economically from a project perspective, and by hedging the price risks using derivative instruments.

In the management of risks caused by the operating environment, it is essential to focus on the selected business areas, and to ensure the operational cost-efficiency, solidity, as well as the readiness to react in varying situations.

The most significant operational risks concern project management and profitability. Uncertainty is created by the potential fluctuation of input prices and the ability to manage project risks. The key factors in project management are an efficient process from tender calculation to implementation, cost monitoring, ensuring resources and developing project management expertise.

Destia has invested in reliable financial reporting, conveying the essential information, which is a requirement for the identification and assessment of financial risks. The reliability of financial reports is ensured through monitoring and by developing control methods. Risks are also associated with the updating of the Group's ERP system, as part of which the company is carrying out separate risk examination and monitoring.

The Destia subgroup's freedom from net liabilities has significantly reduced financial risks. Financial risks related to the financing of the parent company, Destia Group Plc, are managed in accordance with the treasury policy.

In Destia's damage risk management, the key factors are proactive project management procedures, investments in occupational safety and ensuring adequate insurance cover.

## Events following the reporting period

Destia's business deal by which it acquired a majority interest in ITS-Vahvistus Oy was concluded on 1 April 2016. In 2015, the turnover of ITS-Vahvistus was about MEUR 7.6. The company employs 35 people. The merging of the businesses in terms of bookkeeping is not yet complete and will be accomplished in the second quarter.

Destia strengthened its market position in track maintenance by winning the contract tender for track maintenance area 6, the so-called Savo line. On 19 April 2016, the tender decision was appealed.

By the unanimous decision of Destia Group Plc's shareholder, Marjukka Virkki was appointed a new member of the Board of Directors as of 11 April 2016. Virkki works as Senior Vice President, Country service manager, Finland at ABB Oy, and is independent of the company and its owner.

On 15 April 2016, the district court made a decision in the case concerning the criminal charges pressed against Destia's three employees in December 2015 about environmental offences at the Harjula soil area in Mäntsälä between autumn 2010 and summer 2012. The district court imposed unit fines on the three Destia employees and a corporate fine of EUR 50,000 on Destia and ordered Destia to lose the financial benefit resulting from the offence, some EUR 86,000. The decision is not yet legally binding. Destia will probably appeal the verdict.

This spring, 12 regional road maintenance contracts were tendered for in four rounds. Destia won seven contracts: Ii, Kangasala, Karstula, Orivesi, Pietarsaari, Raasepori and Ranua. All contracts are five years in duration.

## **Outlook for 2016**

For a year now, there have been signs of recovery in the economy of the eurozone. According to various research institutes, the Finnish economy is also expected to grow this year, particularly supported by construction investments. This together with the recovering infrastructure market will also have a positive effect on Destia's future outlook.

On 5 April 2016, the Finnish government published an action programme drafted in the government discussion on spending limits, which includes funding for several key railway and road investments. These together with other infrastructure projects under way will positively impact the development of the whole sector this year and over the following two years. The market situation, however, will continue to be challenging as competition remains fierce with projects started during previous years coming to completion.

Destia's order book, which stretches over several years, provides a sound basis for this year. Based on the normal annual cycle, most of the workload is decided upon during the first half of the year. The measures that have been taken towards improving customer work and project management will help to keep business volumes and cash flow on a good level.

## **Market guidance for 2016**

Destia keeps its guidance published on 11 February 2016 for the year unaltered:

Destia's revenue for 2016 is expected to grow, and operating profit is expected to fall short of the previous year.

Vantaa, 25 April 2016

Destia Group Plc

Board of Directors

**More information**

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**Financial reporting 2016**

Destia will publish its interim reports for January–June on 9 August 2016 and for January–September on 26 October 2016.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF  
 COMPREHENSIVE INCOME

| IFRS   | Destia<br>Group | Destia<br>Group | Destia<br>Group |
|--|-----------------|-----------------|-----------------|
| MEUR   | 1-3/2016        | 1-3/2015        | 1-12/2015       |
| <b>Revenue</b>   | <b>83.4</b>     | <b>74.3</b>     | <b>462.8</b>    |
| Other operating income   | 0.6             | 0.4             | 8.1             |
| Materials and services   | 60.0            | 51.8            | 324.7           |
| Employee related expenses  | 20.1            | 17.9            | 88.2            |
| Depreciations  | 1.9             | 2.2             | 9.1             |
| Other operating expenses   | 7.5             | 7.6             | 36.1            |
| <b>Operating result</b>  | <b>-5.7</b>     | <b>-4.8</b>     | <b>12.9</b>     |
| Financial income   | 0.1             | 0.2             | 0.1             |
| Financial expense  | 1.0             | 1.0             | 4.3             |
| <b>Result before taxes</b>   | <b>-6.6</b>     | <b>-5.7</b>     | <b>8.7</b>      |
| Income taxes   | -1.8            | -1.1            | 1.9             |
| <b>Result for the period</b>   | <b>-4.8</b>     | <b>-4.5</b>     | <b>6.7</b>      |
| <b>Other comprehensive income including tax effects</b>  |                 |                 |                 |
| <b>Items that will not be reclassified to profit or loss</b>                                   |                 |                 |                 |
| Items resulting from remeasurement of the defined benefits-based net liability (or asset item) |                 |                 | 2.0             |
|  |                 |                 | 2.0             |
| <b>Items that may be subsequently reclassified to profit or loss</b>                           |                 |                 |                 |
| Cash flow hedges   | -0.3            | -0.1            | -0.2            |
|  | -0.3            | -0.1            | -0.2            |
| Other comprehensive income net of tax  | -0.3            | -0.1            | 1.8             |
| <b>Comprehensive income for the period, total</b>  | <b>-5.1</b>     | <b>-4.7</b>     | <b>8.5</b>      |

Result for the period and comprehensive income for the period belong to parent company shareholders.

**CONSOLIDATED BALANCE SHEET**
**IFRS**
**MEUR**

| <b>ASSETS</b>  | <b>Destia Group</b><br><b>31.3.2016</b> | <b>Destia Group</b><br><b>31.3.2015</b> | <b>Destia Group</b><br><b>31.12.2015</b> |
|--|---|---|--|
| <b>Non-current assets</b>  |   |   |  |
| Property, plan and equipment                                       | 53.5                                    | 55.1                                    | 54.6                                     |
| Goodwill   | 82.8                                    | 83.2                                    | 82.8                                     |
| Other intangible assets  | 2.0                                     | 1.6                                     | 2.2                                      |
| Financial assets available-for-sale                                | 2.1                                     | 2.1                                     | 2.1                                      |
| Deferred tax assets  | 2.9                                     | 3.6                                     | 2.8                                      |
| <b>Non-current assets, total</b>                                   | <b>143.4</b>                            | <b>145.6</b>                            | <b>144.5</b>                             |
| <b>Current assets</b>  |   |   |  |
| Inventories  | 16.4                                    | 19.9                                    | 17.5                                     |
| Accounts and other receivables                                     | 43.3                                    | 46.8                                    | 61.3                                     |
| Cash and cash equivalents  | 38.0                                    | 14.6                                    | 42.9                                     |
| <b>Current assets, total</b>                                       | <b>97.6</b>                             | <b>81.3</b>                             | <b>121.7</b>                             |
| <b>Assets, total</b>   | <b>240.9</b>                            | <b>226.9</b>                            | <b>266.3</b>                             |
| <b>EQUITY AND LIABILITIES</b>                                      |   |   |  |
| <b>Equity attributable to equity holders of the parent company</b> |   |   |  |
| Share capital  | 0.1                                     | 0.1                                     | 0.1                                      |
| Invested non-restricted equity fund                                | 38.0                                    | 38.0                                    | 38.0                                     |
| Hybrid loans   | 27.0                                    | 27.0                                    | 27.0                                     |
| Other items  | -1.4                                    | -1.0                                    | -1.1                                     |
| Retained earnings  | 4.5                                     | -1.8                                    | 9.3                                      |
| <b>Equity, total</b>   | <b>68.2</b>                             | <b>62.3</b>                             | <b>73.3</b>                              |
| <b>Non-current liabilities</b>                                     |   |   |  |
| Deferred tax liabilities   | 1.2                                     | 0.8                                     | 1.5                                      |
| Pension liabilities  | 0.2                                     | 2.8                                     | 0.2                                      |
| Provisions   | 13.4                                    | 13.7                                    | 13.2                                     |
| Financial liabilities  | 65.4                                    | 64.6                                    | 64.9                                     |
| Other liabilities  | 2.9                                     | 1.1                                     | 2.7                                      |
| <b>Non-current liabilities, total</b>                              | <b>83.1</b>                             | <b>83.0</b>                             | <b>82.5</b>                              |
| <b>Current liabilities</b>   |   |   |  |
| Accounts payable and other liabilities                             | 51.1                                    | 49.5                                    | 73.3                                     |
| Provisions   | 5.5                                     | 5.3                                     | 5.5                                      |
| Financial liabilities  | 0.3                                     | 0.3                                     | 0.4                                      |
| Advances received  | 32.8                                    | 26.5                                    | 31.3                                     |
| <b>Current liabilities, total</b>                                  | <b>89.7</b>                             | <b>81.6</b>                             | <b>110.4</b>                             |
| <b>Equity and liabilities, total</b>                               | <b>240.9</b>                            | <b>226.9</b>                            | <b>266.3</b>                             |

## CONSOLIDATED CASH FLOW STATEMENT

IFRS

MEUR

|   | Destia Group<br>1-3/2016 | Destia Group<br>1-3/2015 | Destia Group<br>1-12/2015 |
|---|--------------------------|--------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                          |                          |                           |
| Cash receipts from customers  | 105.0                    | 84.8                     | 465.8                     |
| Expenses paid to suppliers and personnel  | -103.6                   | -100.3                   | -450.2                    |
| Interest paid   | -0.9                     | -0.8                     | -3.4                      |
| Dividends received  |                          |                          | 0.0                       |
| Interest received   | 0.0                      | 0.0                      | 0.1                       |
| Other financial items   | -0.1                     | -0.1                     | -0.4                      |
| Tax paid  | -0.6                     | -0.9                     | -1.1                      |
| <b>Net operating cash flow</b>  | <b>-0.1</b>              | <b>-17.3</b>             | <b>10.8</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                          |                          |                           |
| Investments in intangible and tangible assets                                     | -2.6                     | -2.4                     | -8.8                      |
| Sale of intangible and tangible assets  | 0.0                      | 0.1                      | 6.8                       |
| Investments in other assets   |                          |                          | -0.4                      |
| Proceeds from the sale of other investments                                       |                          |                          | 0.4                       |
| <b>Net investment cash flow</b>   | <b>-2.5</b>              | <b>-2.3</b>              | <b>-2.1</b>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                          |                          |                           |
| Decrease in non-current financial instrument classified as equity instruments (-) |                          | -2.0                     | -2.0                      |
| Group contributions granted   | -2.3                     |                          |                           |
| Interest and other financial items paid   |                          | -1.5                     | -1.5                      |
| <b>Net financial cash flow</b>  | <b>-2.3</b>              | <b>-3.5</b>              | <b>-3.5</b>               |
| <b>Change in cash and cash equivalents</b>  | <b>-4.9</b>              | <b>-23.1</b>             | <b>5.2</b>                |
| Cash and cash equivalents at the beginning of the period                          | 42.9                     | 37.7                     | 37.7                      |
| <b>Cash and cash equivalents at the end of the period</b>                         | <b>38.0</b>              | <b>14.6</b>              | <b>42.9</b>               |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS

MEUR

### Equity attributable to equity holders of the parent company

| Destia Group   | Share capital | Hedge instrument fund | Invested non-restricted equity fund | Hybrid loans | Translation differences | Retained earnings | Total       |
|--|---------------|-----------------------|-------------------------------------|--------------|-------------------------|-------------------|-------------|
| <b>Equity 1 Jan 2015</b>                                   | 0.1           | -0.9                  | 38.0                                | 29.0         | 0.0                     | 2.5               | <b>68.7</b> |
| <b>Other comprehensive income</b>                          |               |                       |                                     |              |                         |                   |             |
| Result for the period                                      |               |                       |                                     |              |                         | -4.5              | -4.5        |
| Other comprehensive income                                 |               |                       |                                     |              |                         |                   |             |
| Translation differences                                    |               |                       |                                     |              | 0.0                     |                   | 0.0         |
| Cash flow hedges   |               | -0.1                  |                                     |              |                         |                   | -0.1        |
| <b>Comprehensive profit and loss for the period, total</b> |               | <b>-0.1</b>           |                                     |              | <b>0.0</b>              | <b>-4.5</b>       | <b>-4.7</b> |
| <b>Transactions with owner</b>                             |               |                       |                                     |              |                         |                   |             |
| Amortisation of hybrid loan                                |               |                       |                                     | 2.0          |                         |                   | -2.0        |
| Other changes  |               |                       |                                     |              |                         | 0.3               | 0.3         |
| <b>Equity total 31 March 2015</b>                          | <b>0.1</b>    | <b>-1.0</b>           | <b>38.0</b>                         | <b>27.0</b>  | <b>0.0</b>              | <b>-1.8</b>       | <b>62.3</b> |

### Equity attributable to equity holders of the parent company

| Destia Group   | Share capital | Hedge instrument fund | Invested non-restricted equity fund | Hybrid loans | Translation differences | Retained earnings | Total       |
|--|---------------|-----------------------|-------------------------------------|--------------|-------------------------|-------------------|-------------|
| <b>Equity 1 Jan 2016</b>                                   | 0.1           | -1.1                  | 38.0                                | 27.0         | 0.0                     | 9.3               | <b>73.3</b> |
| <b>Other comprehensive income</b>                          |               |                       |                                     |              |                         |                   |             |
| Result for the period                                      |               |                       |                                     |              |                         | -4.8              | -4.8        |
| Other comprehensive income                                 |               |                       |                                     |              |                         |                   |             |
| Translation differences                                    |               |                       |                                     |              | 0.0                     |                   | 0.0         |
| Cash flow hedges   |               | -0.3                  |                                     |              |                         |                   | -0.3        |
| <b>Comprehensive profit and loss for the period, total</b> |               | <b>-0.3</b>           |                                     |              | <b>0.0</b>              | <b>-4.8</b>       | <b>-5.1</b> |
| <b>Transactions with owner</b>                             |               |                       |                                     |              |                         |                   |             |
| Other changes  |               |                       |                                     |              |                         | 0.0               | 0.0         |
| <b>Equity total 31 March 2016</b>                          | <b>0.1</b>    | <b>-1.4</b>           | <b>38.0</b>                         | <b>27.0</b>  | <b>0.0</b>              | <b>4.5</b>        | <b>68.2</b> |

## Notes

This interim report has been prepared in accordance with the IFRS accounting and assessment principles, but not all requirements of the IAS 34 standard have been observed. The interim report should be read together with the 2015 financial statements. The new standards and interpretations adopted on 1 January 2016 have not affected the figures presented for the reporting period.

## CONSOLIDATED INCOME STATEMENT; QUARTERLY FIGURES

| IFRS<br>MEUR                           | Destia Group<br>1-3/2016 | Destia Group<br>10-12/2015 | Destia Group<br>7-9/2015 | Destia Group<br>4-6/2015 | Destia Group<br>1-3/2015 |
|--|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| <b>Revenue</b>                         | 83.4                     | 130.9                      | 152.2                    | 105.3                    | 74.3                     |
| Other operating income                 | 0.6                      | 5.1                        | 2.0                      | 0.6                      | 0.4                      |
| Materials and services                 | 60.0                     | 91.2                       | 110.4                    | 71.3                     | 51.8                     |
| Employee related expenses              | 20.1                     | 26.2                       | 21.7                     | 22.3                     | 17.9                     |
| Depreciations                          | 1.9                      | 2.5                        | 2.2                      | 2.2                      | 2.2                      |
| Other operating expenses               | 7.5                      | 11.0                       | 8.5                      | 9.0                      | 7.6                      |
| <b>Operating result</b>                | <b>-5.7</b>              | <b>5.0</b>                 | <b>11.5</b>              | <b>1.1</b>               | <b>-4.8</b>              |
| Financial income                       | 0.1                      | 0.0                        | 0.0                      | 0.1                      | 0.2                      |
| Financial expense                      | 1.0                      | 1.2                        | 1.1                      | 1.1                      | 1.0                      |
| <b>Result before taxes</b>             | <b>-6.6</b>              | <b>3.8</b>                 | <b>10.4</b>              | <b>0.1</b>               | <b>-5.7</b>              |
| Income taxes                           | -1.8                     | 0.7                        | 2.1                      | 0.3                      | -1.1                     |
| <b>Result for the quarterly period</b> | <b>-4.8</b>              | <b>3.1</b>                 | <b>8.3</b>               | <b>-0.1</b>              | <b>-4.5</b>              |

**CONSOLIDATED BALANCE SHEET; QUARTERLY FIGURES**
**IFRS**

| MEUR   | Destia<br>Group | Destia<br>Group | Destia<br>Group | Destia<br>Group | Destia<br>Group |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31.3.2016       | 31.12.2015      | 30.9.2015       | 30.6.2015       | 31.3.2015       |
| <b>ASSETS</b>  |                 |                 |                 |                 |                 |
| <b>Non-current assets</b>  |                 |                 |                 |                 |                 |
| Property, plan and equipment                                       | 53.5            | 54.6            | 54.1            | 55.5            | 55.1            |
| Goodwill   | 82.8            | 82.8            | 83.2            | 83.2            | 83.2            |
| Other intangible assets  | 2.0             | 2.2             | 1.7             | 1.7             | 1.6             |
| Financial assets available-for-sale                                | 2.1             | 2.1             | 2.1             | 2.1             | 2.1             |
| Deferred tax assets  | 2.9             | 2.8             | 3.6             | 3.6             | 3.6             |
| <b>Non-current assets, total</b>                                   | <b>143.4</b>    | <b>144.5</b>    | <b>144.7</b>    | <b>146.1</b>    | <b>145.6</b>    |
| <b>Current assets</b>  |                 |                 |                 |                 |                 |
| Inventories  | 16.4            | 17.5            | 18.2            | 17.8            | 19.9            |
| Accounts and other receivables                                     | 43.3            | 61.3            | 92.2            | 72.5            | 46.8            |
| Cash and cash equivalents  | 38.0            | 42.9            | 7.7             | 5.7             | 14.6            |
| <b>Current assets, total</b>                                       | <b>97.6</b>     | <b>121.7</b>    | <b>118.0</b>    | <b>96.0</b>     | <b>81.3</b>     |
| <b>Assets, total</b>   | <b>240.9</b>    | <b>266.3</b>    | <b>262.7</b>    | <b>242.0</b>    | <b>226.9</b>    |
| <b>EQUITY AND LIABILITIES</b>                                      |                 |                 |                 |                 |                 |
| <b>Equity attributable to equity holders of the parent company</b> |                 |                 |                 |                 |                 |
| Share capital  | 0.1             | 0.1             | 0.1             | 0.1             | 0.1             |
| Invested non-restricted equity fund                                | 38.0            | 38.0            | 38.0            | 38.0            | 38.0            |
| Hybrid loans   | 27.0            | 27.0            | 27.0            | 27.0            | 27.0            |
| Other items  | -1.4            | -1.1            | -0.9            | -0.7            | -1.0            |
| Retained earnings  | 4.5             | 9.3             | 6.4             | -1.9            | -1.8            |
| <b>Equity, total</b>   | <b>68.2</b>     | <b>73.3</b>     | <b>70.6</b>     | <b>62.5</b>     | <b>62.3</b>     |
| <b>Non-current liabilities</b>                                     |                 |                 |                 |                 |                 |
| Deferred tax liabilities   | 1.2             | 1.5             | 1.1             | 0.9             | 0.8             |
| Pension liabilities  | 0.2             | 0.2             | 2.8             | 2.8             | 2.8             |
| Provisions   | 13.4            | 13.2            | 13.1            | 13.6            | 13.7            |
| Financial liabilities  | 65.4            | 64.9            | 64.6            | 64.2            | 64.6            |
| Other liabilities  | 2.9             | 2.7             | 1.1             | 1.1             | 1.1             |
| <b>Non-current liabilities, total</b>                              | <b>83.1</b>     | <b>82.5</b>     | <b>82.6</b>     | <b>82.6</b>     | <b>83.0</b>     |
| <b>Current liabilities</b>   |                 |                 |                 |                 |                 |
| Accounts payable and other liabilities                             | 51.1            | 73.3            | 82.7            | 65.2            | 49.5            |
| Provisions   | 5.5             | 5.5             | 5.5             | 5.9             | 5.3             |
| Financial liabilities  | 0.3             | 0.4             | 0.3             | 0.2             | 0.3             |
| Advances received  | 32.8            | 31.3            | 20.9            | 25.6            | 26.5            |
| <b>Current liabilities, total</b>                                  | <b>89.7</b>     | <b>110.4</b>    | <b>109.5</b>    | <b>96.9</b>     | <b>81.6</b>     |
| <b>Equity and liabilities, total</b>                               | <b>240.9</b>    | <b>266.3</b>    | <b>262.7</b>    | <b>242.0</b>    | <b>226.9</b>    |

CONSOLIDATED CASH FLOW STATEMENT; QUARTERLY FIGURES  
 IFRS

| MEUR  | Destia<br>Group<br>1-3/2016 | Destia<br>Group<br>10-12/2015 | Destia<br>Group<br>7-9/2015 | Destia<br>Group<br>4-6/2015 | Destia<br>Group<br>1-3/2015 |
|---|-----------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                             |                               |                             |                             |                             |
| Cash receipts from customers  | 105.0                       | 174.9                         | 125.9                       | 80.3                        | 84.8                        |
| Expenses paid to suppliers and personnel  | -103.6                      | -139.8                        | -124.8                      | -85.2                       | -100.3                      |
| Interest paid   | -0.9                        | -0.8                          | -0.8                        | -0.9                        | -0.8                        |
| Dividends received  |                             |                               | 0.0                         | 0.0                         |                             |
| Interest received   | 0.0                         | 0.0                           | 0.0                         | 0.0                         | 0.0                         |
| Other financial items   | -0.1                        | -0.1                          | -0.1                        | -0.1                        | -0.1                        |
| Tax paid  | -0.6                        | 0.0                           | 0.7                         | -0.8                        | -0.9                        |
| <b>Net operating cash flow</b>  | <b>-0.1</b>                 | <b>34.1</b>                   | <b>0.8</b>                  | <b>-6.8</b>                 | <b>-17.3</b>                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                             |                               |                             |                             |                             |
| Investments in intangible and tangible assets                                     | -2.6                        | -3.3                          | -0.7                        | -2.5                        | -2.4                        |
| Sale of intangible and tangible assets  | 0.0                         | 4.3                           | 2.1                         | 0.3                         | 0.1                         |
| Investments in other investments  |                             |                               | -0.4                        |                             |                             |
| Proceeds from the sale of other investments                                       |                             |                               | 0.4                         |                             |                             |
| <b>Net investment cash flow</b>   | <b>-2.5</b>                 | <b>1.0</b>                    | <b>1.3</b>                  | <b>-2.1</b>                 | <b>-2.3</b>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                             |                               |                             |                             |                             |
| Decrease in non-current financial instrument classified as equity instruments (-) |                             |                               |                             |                             | -2.0                        |
| Group contributions granted   | -2.3                        |                               |                             |                             |                             |
| Interests and other financial items paid  |                             |                               |                             |                             | -1.5                        |
| <b>Net financial cash flow</b>  | <b>-2.3</b>                 | <b>0.0</b>                    | <b>0.0</b>                  | <b>0.0</b>                  | <b>-3.5</b>                 |
| <b>Change in cash and cash equivalents</b>  | <b>-4.9</b>                 | <b>35.1</b>                   | <b>2.1</b>                  | <b>-8.9</b>                 | <b>-23.1</b>                |
| Cash and cash equivalents at the beginning of the quarter                         | 42.9                        | 7.7                           | 5.7                         | 14.6                        | 37.7                        |
| Cash and cash equivalents at the end of the quarter                               | 38.0                        | 42.9                          | 7.7                         | 5.7                         | 14.6                        |

**GROUP'S KEY FIGURES**  
**IFRS**

| MEUR  | Destia Group<br>1-3/2016 | Destia Group<br>1-3/2015 | Destia Group<br>1-12/2015 |
|---|--------------------------|--------------------------|---------------------------|
| Revenue   | 83.4                     | 74.3                     | 462.8                     |
| Change from previous year, % *)                               | 12.2                     | 9.8                      | 7.2                       |
| Operating result for the period                               | -5.7                     | -4.8                     | 12.9                      |
| % of revenue  | -6.8                     | -6.5                     | 2.8                       |
| Result for the period   | -4.8                     | -4.5                     | 6.7                       |
| % of revenue  | -5.8                     | -6.1                     | 1.5                       |
| EBITDA 1)   | -3.7                     | -2.6                     | 22.0                      |
| % of revenue  | -4.5                     | -3.5                     | 4.7                       |
| Gross investments   | 0.7                      | 0.4                      | 9.2                       |
| % of revenue  | 0.8                      | 0.6                      | 2.0                       |
| Balance sheet total   | 240.9                    | 226.9                    | 266.3                     |
| Equity  | 68.2                     | 62.3                     | 73.3                      |
| Equity ratio, % 2)  | 32.8                     | 31.1                     | 31.2                      |
| Net gearing, % 3)   | 42.7                     | 84.0                     | 32.6                      |
| Interest-bearing liabilities                                  | 67.1                     | 66.9                     | 66.8                      |
| Current Ratio 4)  | 1.1                      | 1.0                      | 1.1                       |
| Quick Ratio 5)  | 1.2                      | 0.8                      | 1.2                       |
| Return on equity, % 6)  | 9.1                      | 6.4                      | 9.5                       |
| Return on investment, % 7)                                    | 8.8                      | 8.8                      | 9.4                       |
| Earnings per share, EUR **)                                   | -66.84                   | -63.50                   | 56.14                     |
| Equity per share, EUR   | 852.54                   | 778.51                   | 916.21                    |
| Average personnel   | 1,382                    | 1,407                    | 1,505                     |
| Occupational accidents resulting in absence from work<br>***) | 7.9                      | 6.5                      | 7.6                       |
| Order book  | 738.2                    | 721.6                    | 717.4                     |
| Research and development expenses                             | 0.2                      | 0.2                      | 0.9                       |
| % of other operating expenses                                 | 2.2                      | 2.5                      | 2.6                       |

\*) The 2015 revenue change figures have been calculated from the Destia subgroup's figures.

\*\*) The profit for the reporting period belonging to the shareholders of the parent company of Destia Group Plc, deducted by the interest on the hybrid loan adjusted for tax, divided based on the weighted average of the shares. Destia Group Plc has 80,000 shares.

\*\*\*) Occupational accidents per one million working hours.

Formulas:

- 1) Operating result + depreciation, amortisation and impairment losses
- 2) (Equity/(balance sheet total - advances received))\*100
- 3) ((Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments/equity)\*100
- 4) (Inventories + liquid assets) / current liabilities
- 5) Financial assets without receivables from uncompleted contracts/current liabilities without advance payments
- 6) (Result for the period/average equity)\*100  
(opening and closing balance)
- 7) (Result before taxes + interest costs and other financial expenses/(invested capital average)\*100  
(balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

## GROUP'S GUARANTEES AND CONTINGENT LIABILITIES

| IFRS  | Destia Group | Destia Group | Destia Group |
|---|--------------|--------------|--------------|
| MEUR  | 31.3.2016    | 31.3.2015    | 31.12.2015   |
| Business mortgage                                     |              | 39.0         |              |
| Bank guarantees                                       | 75.8         | 79.6         | 94.8         |
| Lease agreements                                      |              |              |              |
| Within one year                                       | 2.9          | 3.0          | 3,0          |
| Within more than one year and less than five years    | 5.2          | 2.3          | 5,4          |
| After more than five years                            | 0.9          | 0.0          | 0,9          |
| Total   | 9.1          | 5.4          | 9,4          |
| Interest liabilities accrued from equity hybrid loans | 3.5          | 0.7          | 2.8          |

## GROUP'S CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

| IFRS  | Destia Group | Destia Group | Destia Group |
|---|--------------|--------------|--------------|
| MEUR  | 31.3.2016    | 31.3.2015    | 31.12.2015   |
| <b>Financial assets</b>                               |              |              |              |
| Financial assets available-for-sale                   |              |              |              |
| Financial assets available-for-sale (level 3)         | 2.1          | 2.1          | 2.1          |
| Financial assets at fair value through profit or loss |              |              |              |
| Current   |              |              |              |
| Accounts and other receivables (level 2)              | 24.3         | 23.0         | 48.6         |
| Cash and cash equivalents (level 2)                   | 38.0         | 14.6         | 42.9         |
| <b>Financial liabilities</b>                          |              |              |              |
| Financial liabilities at fair value                   |              |              |              |
| Interest rate swaps, in hedge accounting (level 2)    | 1.7          | 1.3          | 1.3          |
| Other derivatives, not in hedge accounting (level 2)  | 0.1          | 0.1          | 0.2          |
| Financial liabilities valued at amortized cost        |              |              |              |
| Non-current   |              |              |              |
| Bonds, interest-bearing (level 2)                     | 63.5         | 63.0         | 63.3         |
| Financial lease liability, interest-bearing (level 2) | 0.2          | 0.4          | 0.3          |
| Current   |              |              |              |
| Financial lease liability, interest-bearing (level 2) | 0.2          | 0.2          | 0.2          |
| Accounts payable and other liabilities (level 2)      | 52.8         | 46.0         | 75.2         |

The carrying value equals the fair value. The levels adopted in fair value accounting are:

Level 1: Exchange traded securities with quoted prices in active markets.

Level 2: Fair value determined by observable parameters.

Level 3: Fair value determined by non-observable parameters

**DESTIA GROUP PLC, SHARES AND SHAREHOLDERS SINCE 1 JULY 2014**

| Shareholder                    | Number of shares | %     | Voting right | Share capital EUR |
|--------------------------------|------------------|-------|--------------|-------------------|
| AC Infra Oy (Ahlström Capital) | 80,000           | 100.0 | 1 vote/share | 80,000            |

*All figures have been rounded up or down, so the sums of individual figures may differ from the sums shown.*

*The information provided in the interim report has not been audited.*