DESTIA Q3

INTERIM REPORT

JANUARY-SEPTEMBER 2012

BUILDING THE BIGGER PICTURE

DESTIA GROUP'S INTERIM REPORT FOR JANUARY–SEPTEMBER 2012

January−September 2012

- Revenue increased by 6.9% on the previous year to MEUR 372.7.
- Operating profit was clearly better than the previous year at MEUR 14.4 (3.6).
- Cash flow remained strong despite the premature amortisation of a MEUR 30 loan.
- The comparable order book decreased by 9.9% to MEUR 646.4 (717.1).
- Destia forecasts that the revenue for the full year will remain at the same level as the previous year and that the operating result will be clearly positive.

GROUP'S KEY FIGURES (IFRS), MEUR	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
Revenue, continuing operations	156.2	152.3	372.7	348.5	492.5
Operating profit, continuing operations	10.3	6.9	14.4	3.6	8.4
% of revenue	6.6	4.5	3.9	1.0	1.7
Result for the period, continuing operations	10.9	6.2	12.9	1.9	3.5
% of revenue	7.0	4.1	3.5	0.6	0.7
Result for the period	11.3	5.3	13.2	-7.7	-13.0
Equity ratio, %			36.6	28.3	25.7
Net gearing, %			-1.6	79.5	17.5
Average personnel			1 613	1 854	1813
Order book at the end of period			646.4	717.7	805.1

Operating Environment

With regard to market and cost development in civil engineering, prospects differ between research institutes. The company forecasts that the civil engineering market has been better than last year from a point of view of Destia's range of services, but that the market prospects have deteriorated since the summer. Cost development in the infrastructure sector has also been volatile and it is estimated that the increase in costs is stabilising.

According to VTT Technical Research Centre of Finland, the European financial crisis, the financial deficit in the state budget and the rise in construction input costs are being seen in the infrastructure construction market in the scarcity of finance and in cost-cutting measures. In 2013, the shrinking sectors of infrastructure construction will be the regional construction of new buildings and street, water supply and railway construction. For 2014, it is expected that there will be clear growth in infrastructure construction, when both house building and infrastructure construction for the mining industry pick up. (Infrastructure business trends 2/2012, VTT)

According to a Ministry of Finance working group studying business trends in the construction industry (Rakennusalan suhdanneryhmä), costs in the infrastructure sector have continued to rise, albeit at a slower rate in recent months. According to Statistics Finland, the costs of the civil engineering industry rose 4.9% from September 2011 to September 2012. The annual change in costs varied by sub-index from 2.4% in civil engineering structures to 8.4% in surfacings. The increase in the total index was particularly affected by price increases in materials and a rise in labour costs. Material costs particularly increased because of a rise in the prices of earth and rock material as well as bitumen products and plastic products. (Civil engineering cost index 2012, Statistics Finland, 18 October 2012; Rakennusalan suhdanneryhmä, 28 August 2012)

The employment effect of infrastructure construction varies by area. The greatest demand is focused in the vicinity of population centres and on South and Southeast Finland. As a result of the concentration of major projects, some of the areas are experiencing scarcity in project management resources.

The Ministry of Transport and Communications' 2013 budget contains the major government projects approved for the period 2012−2016 in the government discussion on spending limits. The scale of the programme is €1 billion, and features the following projects significant from Destia's point of view: E18 Hamina−Vaalimaa, E18 Vaalimaa truck waiting area, National Road 3 Tampere−Vaasa (Laihia section), National Road 5 Mikkeli−Juva, National Road 6 Taavetti−Lappeenranta, National Road 8 Turku−Pori, Riihimäki triangular track, upgrading and electrification of the Ylivieska−Iisalmi−Kontiomäki railway section, upgrading of Ring I, increase in capacity of Helsinki−Riihimäki track section, development of Ring III (E18), National Road 22 Oulu−Kajaani, National Road 4 Rovaniemi section, and the upgrading of the Helsinki Railway Yard. (Ministry of Transport and Communications, 8 August 2012.)

Order book and orders received

The Group's comparable order book fell 9.9% and was MEUR 646.4 at the end of September (30 September 2011: 717.7). The margin level of the order book improved in comparison with the previous year.

The change in the comparable order book over the previous year is mainly a result of the round of maintenance contracts in spring 2012, when the value of the order book for contracts won was significantly lower than the value of maintenance contracts received in spring the previous year. Destia has invested in improving profitability, which has affected the winning of projects. As a result of the market situation in construction, it was agreed with SRV at the beginning of the reporting period that the Kalasatama project would be divided into separate sub-projects. Because of this, in the first quarter of 2012 the value of Destia's total order book was reduced by about MEUR 60.

Destia is the contractor for the Sammalisto planning area in Nokia. In addition to street and municipal engineering, the work also includes the construction of an electricity network and fibre optics. The contract began in August and will be completed at the end of November 2013.

Destia is building a water supply line ordered by the City of Salo between Teijo and Vuohensaari. The contract involves the installation of a seawater pressure sewer and water pipeline over a distance of about 13.9 km. The seawater work for this contract began in September, and the project will be fully completed in spring 2014.

Destia carries out the Kalkku water supply contract ordered by Tampereen Vesi. The contract includes the construction of a connecting line and depression embankment as well as quarrying work. The year-long project began in October 2012.

Destia is building the central sports field at Ylitornio. The reconstructed sports field requires, amongst other things, a drying system, sports-field surfacing, a service building and stands for spectators. The work began in September and will run for a year until August 2013.

Revenue

Destia's revenue from continuing operations increased and was MEUR 372.7 (348.5) in the third quarter. The increase over the previous year was 6.9%. Other operating income during the period under review amounted to MEUR 3.3 (5.4).

Result

The operating profit for the report period from continuing operations was MEUR 10.8 greater than the corresponding period the previous year at MEUR 14.4 (3.6). The volume of business has increased, and the profitability of projects has improved. In the first quarter, the profitability of maintenance contracts was encumbered by the exceptional temperature variations during the winter and by the large amount of snow. In the second quarter, profitability was still encumbered by a deterioration in the margin level of railway maintenance contracts. Most of the Group's operating profit was generated in the third quarter, as in previous years.

In March, Destia's Norwegian subsidiary Alpha Veg AS decided to file for bankruptcy, because the company's operations had for a long time been heavily loss-making. The effect on the result of the Norwegian business of MEUR 0.3 (-9.6) is shown in discontinued operations.

The Consolidated Balance Sheet, and Cash Flow

At the end of September, the sum total of the consolidated balance sheet was MEUR 231.6 (256.0). The equity ratio was 36.6% (28.3%), net gearing -1.6% (79.5%) and return on investments 11.2% (-0.5%).

The development of the consolidated cash flow in the reporting period was strongly positive. The net cash flow for January−September 2012 comprised operating cash flow of MEUR 9.6 (-3.1), investment cash flow of MEUR -0.5 (1.9) and financial cash flow of MEUR -30.3 (-6.7). At the end of June, the Group prematurely amortised its MEUR 30 loan. The cancellation of an interest rate swap connected to the loan caused a non-recurring item of MEUR 1.4, which is included in the 'other financial items' section of operating cash flow. The cash and cash equivalents at the end of the report period according to consolidated balance sheet were MEUR 32.5 (18.4). The Group's liquidity is very good.

The Group's interest-bearing liabilities decreased by MEUR 32.8 during the report period to MEUR 31.3 (64.1 on 31 December 2011). Net finance costs increased as a result of the cancellation of the interest rate swap and totalled MEUR 3.0 (2.2), which was 0.8% (0.6%) of revenue. Interest- bearing net liabilities at the end of the report period were MEUR -1.2

(51.1). The Group has MEUR 31.1 of unused account limits, and a commercial paper limit of MEUR 150, which was unused during the report period.

Investments and Company Acquisitions

The total amount of gross investments in the report period was MEUR 4.4 (3.1). The investments were mainly equipment-related ones.

In July, Destia sold to Ykkösasfaltti Oy the asphalt station machinery and equipment located at Maantiekylä in Tuusula.

Personnel

The Group’s average number of personnel during the report period was 1,613 (1,854). At the end of September, the number of personnel was 1,570 (1,794), of which permanent staff totalled 1,435 (1,605) and temporary employees 135 (189). The change from the previous year was a result of previously implemented adjustments in personnel, the transfer of staff in connection with the sale of the asphalting and surfacing business, and Destia’s withdrawal from Northern Norway. Due to the seasonal nature of the business, the number of personnel varies during the year and peaks in the summer. In order to adapt to seasonal fluctuations, negotiations concerning lay-offs for the coming winter have been initiated at the business units.

Near-Term Risks and Uncertainties

The achievement of Destia Group’s strategy and near-term objectives may be negatively affected by significant changes in the economic environment. Public sector demand targeted at infrastructure is stable, but growth cannot be expected in the near future. The competitive situation in core business areas is expected to continue to be fierce. Success in the tenders for major investment projects is important to Destia. The genuine opening to competition of the railway market is a prerequisite for the success of Destia's Railways business.

Among the risks related to normal project business operations, a potential rise in input prices is creating uncertainty in the profitability of projects, which is in turn being affected by the uncertainty about the costs of oil-based commodities. In project operations, risks are also involved in the execution of projects, particularly when they are implemented using new contract methods and technologies and in new fields of business. Weather and other similar factors may also cause risks in the implementation of infrastructure projects. Risks may also stem from a lack of skilled project personnel in areas where projects simultaneously concentrate.

Decisions of the General Meeting

Destia’s Annual General Meeting was held on 27 March 2012. The meeting confirmed the company’s financial statements for 2011 and granted exemption from liability to Board members and the President & CEO for the accounting period 1 January–31 December 2011. The Annual General Meeting decided, in accordance with the proposal of the Board, that no dividends be paid for the accounting period ending 31 December 2011.

The Annual General Meeting selected Deloitte & Touche Ltd (Authorised Public Accountants) as Destia Ltd's auditor for the accounting period 2012, with Tapani Vuopala (APA) as the main responsible auditor.

The Annual General Meeting ratified the total number of Board members as five and reappointed Karri Kaitue as the Chairperson of the Board and Matti Mantere as the Vice Chairperson. Kalevi Alestalo, Senior Financial Counsellor of the Ownership Steering Department at the Prime Minister's Office, was elected as a new member of the Board, and Elina Engman and Solveig Törnroos-Huhtamäki were re-elected to the Board. The Annual General Meeting decided to keep the compensations of the Board members unchanged.

Prospects for 2012

Estimates about the development in the overall infrastructure market vary greatly between research institutes and participants in the sector. The company reckons that the civil engineering market has been better than last year from a point of view of Destia's range of services, but that the market prospects have deteriorated and become more restricted since the summer. Uncertainty related to global and European economic development is also reflected in the decline of demand in the infrastructure sector.

Destia's order book remains at a good level and its margin level has improved. However, market pressures are affecting the order book. During the remainder of the year, revenue development will be affected by some changes to schedules resulting from customers as well as the poorer-than-expected success on the contract market.

Measures aimed at improving profitability are positively affecting the prospects for 2012. The development of the company's cash flow has also been very positive.

It is estimated that Destia Group's revenue for the whole of 2012 will remain at the same level as the previous year and that the operating result will be clearly positive.

Vantaa, 29 October 2012

Destia Ltd

Board of Directors

Further information is provided by: President & CEO Hannu Leinonen, tel. +358 20 444 4000 and Head of Economics and Financing Pirkko Salminen, tel. +358 50 3022 485

Destia Group's financial statements for 2012 shall be published on 15 February 2013.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
IFRS

MEUR	**7-9/2012**	**7-9/2011**	**1-9/2012**	**1-9/2011**	**1-12/2011**
Continuing operations					
Revenue	156.2	152.3	372.7	348.5	492.5
Other operating income	1.4	1.1	3.3	5.4	10.7
Materials and services	113.6	106.0	261.5	237.6	339.1
Employee benefit expenses	20.3	22.9	60.8	65.8	88.1
Depreciations	3.4	4.5	10.3	13.7	17.9
Impairments	0.0	0.5	0.0	0.5	1.2
Goodwill impairment	0.0	0.0	0.0	0.0	1.6
Other operating expenses	10.0	12.6	29.0	32.7	46.9
Operating profit	10.3	6.9	14.4	3.6	8.4
Financial income	0.1	0.0	0.2	0.3	0.7
Financial expenses	0.2	0.8	3.2	2.5	4.3
Result before taxes	10.2	6.1	11.4	1.4	4.8
Income taxes	-0.7	-0.1	-1.5	-0.5	1.3
Result for the period of continuing operations	10.9	6.2	12.9	1.9	3.5
Discontinued operations					
Result for the period of discontinued operations	0.4	-0.9	0.3	-9.6	-16.5
Result for the period	11.3	5.3	13.2	-7.7	-13.0
Other comprehensive income					
Cash flow hedges	-0.4	-2.0	0.4	-1.4	-1.7
Actuarial profit and loss from benefit-based pension arrangements	0.0	0.0	0.0	0.0	1.0
Translation differences	0.0	0.1	0.0	0.0	0.0
Taxes relating to other comprehensive income items	0.1	0.5	-0.1	0.4	0.1
Other comprehensive income, total	-0.3	-1.4	0.3	-1.0	-0.6
Comprehensive income for the period	11.0	3.9	13.5	-8.7	-13.6

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

Earnings per share, EUR	16.63	7.86	19.36	-11.30	-19.12

CONSOLIDATED BALANCE SHEET
IFRS

MEUR	30.9.2012	30.9.2011	31.12.2011
ASSETS			
Non-current assets			
Tangible assets	61,1	85,5	71,8
Goodwill	17,0	20,2	17,0
Other intangible assets	2,3	2,8	2,7
Pension receivable	1,1	0,0	1,1
Available-for-sale financial assets	1,7	1,6	1,7
Other financial assets	0,0	0,1	0,0
Deferred tax assets	7,0	7,2	5,1
Non-current assets, total	90,2	117,4	99,4
Current assets			
Inventories	27,1	27,9	25,4
Accounts and other receivables	81,8	92,3	83,5
Cash and cash equivalents	32,5	18,4	53,7
Current assets, total	141,4	138,6	162,6
Assets, total	231,6	256,0	262,0

	30.9.2012	30.9.2011	31.12.2011
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	17,0	17,0	17,0
Invested unrestricted equity fund	56,4	56,4	56,4
Other items	-0,9	-0,9	-1,2
Retained earnings	0,4	-8,2	-12,8
Equity, total	72,9	64,3	59,4
Non-current liabilities			
Deferred tax liabilities	2,4	3,4	2,4
Pension liabilities		0,2	
Provisions	7,2	8,3	7,6
Financial liabilities	31,1	63,7	63,3
Non-current liabilities, total	40,7	75,6	73,3
Current liabilities			
Accounts payable and other liabilities	70,3	69,6	76,5
Provisions	13,1	10,3	18,5
Financial liabilities	2,0	7,6	3,0
Advances received	32,6	28,6	31,3
Current liabilities, total	118,0	116,1	129,3
Equity and liabilities, total	231,6	256,0	262,0

CONSOLIDATED CASH FLOW STATEMENT
IFRS

MEUR	1-9/2012	1-9/2011	1-12/2011
OPERATING CASH FLOWS			
Cash receipts from customers	364,8	330,4	490,8
Expenses paid to suppliers and personnel	-348,7	-333,1	-460,5
Interests paid	-1,4	-0,8	-2,5
Interests received	0,2	0,3	0,6
Other financial items	-1,7	-0,5	-0,6
Tax paid	-0,5	-0,1	-0,1
Net operating cash flow, continuing operations	12,7	-3,8	27,7
Net operating cash flow, discontinued operations	-3,1	0,7	1,3
Net operating cash flow	9,6	-3,1	29,0
INVESTMENT CASH FLOW			
Investments in intangible and tangible assets	-4,4	-3,1	-4,7
Sale of intangible and tangible assets	3,9	4,8	15,2
Investments in other assets	0,0	0,0	-0,1
Proceeds from the sale of other investments	0,0	0,3	0,3
Net investment cash flow, continuing operations	-0,5	2,0	10,7
Net investment cash flow, discontinued operations	0,0	-0,1	0,0
Net investment cash flow	-0,5	1,9	10,7
FINANCIAL CASH FLOWS			
Decrease in non-current debt (-)	-30,0	0,0	0,0
Increase in short-term financing (+)	0,0	5,4	5,1
Decrease in short-term financing (-)	-0,3	-11,3	-16,4
Repayments of financial leasing liability	0,0	0,0	0,0
Net financial cash flow, continuing operations	-30,3	-5,9	-11,3
Net financial cash flow, discontinued operations	0,0	-0,8	-1,0
Net financial cash flow	-30,3	-6,7	-12,3
Change in cash and cash equivalents	-21,2	-7,9	27,4
Cash and cash equivalents at beginning of reporting period	53,7	26,3	26,3
Cash and cash equivalents at end of reporting period	32,5	18,4	53,7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Equity attributable to equity holders of the parent company					
	Share capital	Hedqe instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2011	17.0	0.1	56.4	-0.1	-0.5	72.9
Other comprehensive income						
Result for the period					-7.7	-7.7
Other comprehensive items:						
Translation differences						
Cash flow hedges		-1.0				-1.0
Comprehensive income for the period, total		-1.0			-7.7	-8.7
Equity total 30 September 2011	17.0	-0.9	56.4	-0.1	-8.2	64.3

	Equity attributable to equity holders of the parent company					
	Share capital	Hedqe instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2012	17.0	-1.2	56.4	0.0	-12.8	59.4
Other comprehensive income						
Result for the period					13.2	13.2
Other comprehensive items:						
Translation differences						
Cash flow hedges		0.3				0.3
Comprehensive income for the period, total		0.3			13.2	13.5
Equity total 30 September 2012	17.0	-0.9	56.4	0.0	0.4	72.9

NOTES TO THE REPORT

This Interim Report has been prepared in line with the IFRS principles of bookkeeping and assessment, but it does not meet all of the requirements of standard IAS 34 (Interim Financial Reporting). The Interim Report should be read together with the accounts for 2011. The new revised standards or interpretations effective as of 1 January 2012 have no bearing on the figures presented for the report period.

GROUP´S KEY FIGURES

MEUR	1-9/2012	1-9/2011	1-12/2011
Revenue, continuing operations	372,7	348,5	492,5
Change from previous year, %	6,9		
Operating profit for the period, continuing operations	14,4	3,6	8,4
% of revenue	3,9	1,0	1,7
Result for the period, continuing operations	12,9	1,9	3,5
% of revenue	3,5	0,6	0,7
Result for the period	13,2	-7,7	-13,0
Gross investments	4,4	3,2	5,2
% of revenue	1,2	0,9	1,1
Balance sheet total	231,6	256,0	262,0
Equity	72,9	64,3	59,4
Equity ratio, % 1)	36,6	28,3	25,7
Net gearing, % 2)	-1,6	79,5	17,5
Interest-bearing liabilities	31,3	69,4	64,1
Current Ratio 3)	1,2	1,2	1,3
Quick Ratio 4)	1,1	0,9	1,3
Return on equity, % 5)	11,9	-4,1	-19,6
Return on investment, % 6)	11,2	-0,5	-5,4
Earnings per share, EUR	19,36	-11,30	-19,12
Equity per share, EUR	107,2	94,5	87,3
Average personnel	1 613	1 854	1 813
Order book	646,4	717,7	805,1
Research and development expenses	1,6	0,5	1,1
% of other operating expenses	5,5	1,5	2,3

Formulas:
1) (Equity/(balance sheet total - advances received))*100
2) ((Interest-bearing liabilities - cash, bank deposits and short-term investments)/equity) *100
3) (Inventories + liquid assets)/current liabilities
4) Financial assets without receivables from uncompleted contracts/current liabilities without advance payments
5) (Result for the period/average equity)*100
(opening and closing balance)
6) (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)

Under points 5 and 6 the result has been converted into yearly result (12 months back).

GROUP´S QUARANTEES AND CONTINGENT LIABILITIES

MEUR	30.9.2012	30.9.2011	31.12.2011
Liabilities with mortgages as collateral			
Loans from financial institutions	0.1	0.1	0.1
Mortgages given	0.4	0.4	0.4
Bank quarantees	87.9	88.0	86.1
Leasing liabilities			
Within one year	2.7	3.8	2.8
Within more than one year and less than five years	4.3	5.1	4.8
Within more than five years	0.1	0.3	0.2

GROUP´S DERIVATIVE CONTRACTS

MEUR	30.9.2012	30.9.2011	31.12.2011
Currency derivatives			
Nominal value	2.1	3.3	3.0
Fair value	-0.1	0.0	0.0
Interest rate derivatives			
Nominal value	30.0	60.0	60.0
Fair value	-1.8	-1.8	-2.1
Commodity derivatives			
Nominal value	1.4	0.9	0.9
Fair value	0.0	0.1	0.0

Nominal values and fair values are presented as net amounts. Fair value is an estimate of the gains or losses that would have been realised if the derivative contracts had been terminated at the balance sheet date.

SHARES AND SHAREHOLDERS

Shareholder	Number of shares	EUR / share	%	Voting right	Share capital EUR
State of Finland	680 000	25	100	1 vote/share	17 000 000

The information provided in the Interim Report has not been audited.