ANNUAL REPORT 2012

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The Jyväskylä southern area contract communicates with road users on Facebook
DESTIA IS A FINNISH infrastructure and construction service company. We build, maintain and design traffic routes, industrial and traffic environments, as well as complete living environments. Our services cover the whole spectrum, from comprehensive overground operations to subterranean construction. Destia’s customer base includes industrial and business companies, cities, municipalities, and government agencies. An extensive network of regional offices ensures that Destia is always close to its customers, both in Finland and the surrounding areas. In 2012, Destia Group’s revenue was over MEUR 500. The Destia Group comprises the parent company Destia Ltd and its subsidiaries. Destia employs about 1,600 people. The company is an expert organisation offering a positive atmosphere and wide-ranging opportunities for experts in the infrastructure industry.

IN 2012, DESTIA’S OPERATIONS WERE DIVIDED into five regional and three operational business units. The regional business units, whose services are infrastructure construction and maintenance, were Southern Finland, Western Finland, South-Western Finland, Eastern Finland and Cap of the North. The operational business units were Railways, Rocks and Consulting Services. Infra Construction includes the construction of traffic routes, industrial and traffic environments and complete living environments; Infra Maintenance includes the maintenance of traffic routes, gravel roads, bridges and the traffic environment as well as the services of the winter maintenance management centre Kelikeskus. The Railways business unit includes maintenance work for railway construction and infrastructure. Rocks deals with aggregates services, rock and mine construction, and Consulting Services with planning, surveying and international consulting.

AT THE BEGINNING OF 2013, DESTIA CONDENSED IT ORGANISATIONAL STRUCTURE into four regional and two operational business units. The regional business units are Southern Finland, Eastern Finland, Western Finland and Northern Finland; the operational business units are Special Construction comprising aggregates services, rock and mine construction, railways and equipment and Consulting Services.

Read more about Destia’s new organisation on page 23.

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<thead>
<tr>
<th>MEUR</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Revenue, continuing operations</td>
<td>507.3</td>
<td>492.5</td>
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<tr>
<td>Operating result, continuing operations</td>
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<tr>
<td>% of revenue</td>
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<td>Profit for the accounting period, continuing operations</td>
<td>11.1</td>
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<td>% of revenue</td>
<td>2.2</td>
<td>0.7</td>
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<td>Return on investment, %</td>
<td>12.5</td>
<td>-5.4</td>
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<td>Equity ratio, %</td>
<td>35.2</td>
<td>25.7</td>
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<tr>
<td>Net gearing, %</td>
<td>-40.5</td>
<td>17.5</td>
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<tr>
<td>Gross capital expenditure, % of revenue</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Number of personnel, average</td>
<td>1,591</td>
<td>1,813</td>
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SUCCESS IN MAJOR PROJECTS

"DURING THE YEAR, WE INVESTED STRONGLY IN THE SKILLS OF OUR PERSONNEL AND IN IMPROVING PROFITABILITY IN LINE WITH STRATEGY."

For Destia, 2012 was a good year. We succeeded in major projects, especially at Main Road 51 at Kirkkonummi and National Road 14 at Savonlinna, both of which were opened to traffic about one year early.

During the year, we invested strongly in the skills of our personnel and in improving profitability in line with strategy. Profitability comes above all from the good financial management of projects and from technical expertise. During the year, these themes were studied by organising large-scale training. The entire line organisation, from work supervisors to heads of units, participated in this training.

Occupational safety has been a key theme, both in training and, above all, in Destia’s operations. Last year, this was supported by introducing an occupational-safety bonus scheme and other measures.

Major investments in automation development

In the infrastructure market, different financing models and forms of contracts are being sought and tried out. We at Destia are very pleased that our main customers, the major players in the public sector, most notably the Finnish Transport Agency, have increasingly been seeking contract models, by which the sector’s businesses can take full advantage of their own technical expertise and innovations.

We see this to be a trend that will improve profitability in the sector. We have made major investments in the development of automation and more in order to be a pioneer in these technologies and technical expertise.

Destia’s order book is clearly at a lower level than last year and, in our view, market opportunities are fewer. Based on our extensive range of services and strong technical expertise, however, we expect that this year Destia’s revenue and operating result will be at the same level as last year.

The year’s main objective to ensure profitability

In 2013, we will continue our strong investment in skills development, conduct training for the entire line organisation, immerse ourselves deeper still in project and financial management issues, continue preparations for recruitment by carrying out even more extensive intern co-operation, and invest in our data systems with the aim of securing the best possible IT support for production.

The main focus of the year will continue to be ensuring profitability in line with the company’s strategic targets, with the said development measures also aimed to achieve this goal.
I would like to thank our customers for the trust they have shown us and for allowing us the opportunity to build the bigger picture with you.

I would also like to thank all Destia employees for their determined work last year and in the years before that. In the wake of the major adaptations and reorganisation of fixed costs in recent years, such a strong demonstration of profit efficiency is a sign that we have the will. With that in mind, it is good to start building the bigger picture.

Hannu Leinonen
President and CEO

Did you know

50% of infrastructure construction is located in Southern Finland. The share for Western Finland is 25%, Northern Finland 13% and Eastern Finland 12%

Source: the Confederation of Finnish Construction Industries (CFCI)
Destia focuses on ensuring the profitability of its core business in Finland, and is strengthening the market position of existing businesses. Destia serves its customers locally using a regional operating model. Destia’s strong technical expertise is ensured by sharing it throughout the organisation and through continuous development work.

In 2013, we continue our strong investment in our skills development and focus even more on project and financial management. We aim to achieve this through the main strategic project of 2013, TahTo training, in which more than 700 Destia employees will take part. TahTo is a training course aimed at managing and improving performance, and the achievement of its targets will be monitored quarterly by auditing, profitability indicators and other means. In 2013, operations will be further developed through longer-term programmes related to the development of the Destia brand, IT systems and the internship programme.

**Strategic choices**

- We focus on ensuring the profitability of core business in Finland. Core business functions are those in which we have clear competitive advantages and a leading market position, or in which we have the basic prerequisites to attain a leading market position.
- We constantly develop our operations, tendering, risk management and the target-driven implementation of projects.
- We serve our clients at the local level so we will be able to respond to their requirements more effectively.
- We implement major building projects using our best resources nationwide.
- With the processes at our disposal, we ensure that all our strong technical know-how and the uniform quality of our service are available for the benefit of our customers.
- In addition to our important government organisation customer relationships (Finnish Transport Agency and Centres for Economic Development, Transport and the Environment), we concentrate on local customer relationships (industrial and municipal customers).
- We invest in performance management and improvement, and we train for production efficiency through our TahTo development programme.

**CONTINUOUS DEVELOPMENT CREATES THE PREREQUISITES FOR PROFITABLE GROWTH**

**IN 2013, WE CONTINUE OUR STRONG INVESTMENT IN OUR SKILLS DEVELOPMENT AND FOCUS EVEN MORE ON PROJECT AND FINANCIAL MANAGEMENT.**
### Mission
Building the Bigger Picture is the foundation of our existence. We at Destia build, maintain and design our living environment so that it is more efficient and safe. We professionally create high-quality solutions and services utilising the latest working methods.

### Vision
By 2015, to be the leading infrastructure service provider in Finland and one of the most profitable.

### Values
Our operations are based on honesty, boldness and skill, and through these we achieve our goals. We are fair to our customers. We create responsible infrastructure solutions with courage and skill, building the bigger picture, piece by piece.

### FINANCIAL TARGETS FOR THE STRATEGIC PERIOD
- Growth in core business areas faster than the average market growth
- Operating profit 4%
- Return on investment 15%
- Equity ratio 35%

### Did you know
In 2011, the market for Finnish construction companies totalled EUR 29.5 billion. Of this, the share for infrastructure construction was 27%, or EUR 8 billion.

Source: CFCI
The key risks connected with strategy implementation are recognised and assessed as part of strategy work, and responsibilities and actions are defined annually in order to manage them. Destia’s risk map contains risk management measures and responsibilities. The implementation of measures and the status of risks are assessed at least half-yearly.

Destia classifies risks as market and operating environment risks, operational risks and accident risks. Many of Destia’s risks are related to projects. Project-based risk management covers all key phases of the project. In each phase, risks are identified, their significance is assessed, and measures, responsibilities and schedules are agreed upon in order to prevent the risks.

**Prevaling market situation creates uncertainty**

Destia’s most significant short-term risks and factors of uncertainty are related to the prevailing market situation. Most financial indicators and forecasts have weakened further in recent times. Public sector investments in infrastructure are declining. Economic uncertainty has also reduced the willingness of the private sector to invest. The scarcity of budgetary appropriations and investments is reflected in the competitive situation of the sector.

The most significant operational risks concern project work. Uncertainty in terms of project profitability is being created by the potential increase in input prices and the ability to manage project risks related to project tender calculation and implementation. Project risk is managed from tendering to implementation through comprehensive risk management procedures, contractual terms, and insurance.

Did you know

The goal of the Confederation of Finnish Construction Industries RT (CFCI) is to bring the number of workplace accidents down to zero by 2020. In 2012, Destia’s Eastern Finland business unit experienced no occupational accidents resulting in a case of absence.

Read more about Destia’s risk management at [www.destia.fi](http://www.destia.fi) and about short-term risks and factors of uncertainty in Destia’s online annual report at [www.annualreport.destia.fi](http://www.annualreport.destia.fi).
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<th>Destia’s procedures to manage risks</th>
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<td><strong>I Market and operating environment risks</strong></td>
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<td>• External strategy-implementation factors of uncertainty</td>
<td>• Risk management policy</td>
<td>• Risk assessment within the strategic process, including processing on the Board of Directors and in the Management Team</td>
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<td>• Strategy updating process</td>
<td>• Risk management procedures decision-making at Group and business unit level</td>
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<td></td>
<td>• Quarterly monitoring of Group and business unit risk status and assessment of measures</td>
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<td>• Risk reporting and processing with results reporting</td>
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<td><strong>II Operating risks</strong></td>
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<tr>
<td>• Project risks: Management of project tendering and project implementation risks</td>
<td>• Order of work</td>
<td>• Operating-system project management, including risk management procedures concerning project work</td>
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<td></td>
<td>• Operating-system procedures from a point of view of tendering and project management</td>
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<td>• Personnel training and coaching</td>
<td>• Monitoring and assessment of operations internal and external assessments</td>
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<td>• Development of project management skills</td>
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<td><strong>III Accident risks</strong></td>
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<tr>
<td>• Sudden and surprising accident risks</td>
<td>• Destia’s insurance programme</td>
<td>• Measures required by the insurance programme and guidelines to safeguard property and responsibilities</td>
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<td>• Crisis instructions</td>
<td>• Risk management procedures based on operating-system project management</td>
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<td><strong>IV Financial risks</strong></td>
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<tr>
<td>• Risk management concerning liquidity, currencies, interest rates, opposite parties, credit and goods</td>
<td>• Financial policy</td>
<td>• Central management of financial solutions by Finance unit</td>
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<tr>
<td></td>
<td>• Order of work</td>
<td>• Harmonised procedures for project finance management</td>
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<tr>
<td></td>
<td></td>
<td>• Quarterly reporting of financial activities to the Board of Directors and Audit Committee</td>
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<tr>
<td></td>
<td></td>
<td>• Internal and external audits monitor Group compliance with financial policy</td>
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STABLE DEMAND IN THE INFRASTRUCTURE MARKET

In 2012, investments in the sector decreased in comparison with the previous year as a result of fixed-price government civil engineering investments. According to a trend assessment by VTT Technical Research Centre of Finland, infrastructure construction contracted by about 2 per cent. In 2012, shrinking sectors included the regional construction of new buildings and street and water supply construction.

Cost rises in civil engineering were rapid in comparison to other price rises. According to Statistics Finland, the costs of the civil engineering industry rose 3.1 per cent from December 2011 to December 2012. It is now felt, however, that cost rises are starting to flatten out.

Economic uncertainty continues both in Finland and elsewhere in Europe. The eurozone crisis is causing uncertainty and weakening the economic operating environment and the availability of finance, and in that infrastructure construction is no exception. The economic conditions of the civil engineering sector are affected by the development of the Finnish national economy, the public sector financial deficit, the high level of costs, and the development in building construction.

Infrastructure creates national competitiveness

Megatrends affecting the operations of companies in the infrastructure sector are urbanisation, climate change,
ageing of the population, and safety. Factors that are important to Finnish companies include efficient transport connections, main roads and the feeder routes that support them. A special challenge for Finland is safeguarding the efficiency of the industrial logistical network, especially that concerning wood supply as the countryside suffers from depopulation.

The growth in population is concentrated on major population centres: the Helsinki metropolitan area, Tampere, Oulu, Jyväskylä, Vaasa and Turku. In civil engineering, growth is greatest in the large urban areas of Southern Finland. Urbanisation and the resulting increasing passenger traffic also increase the need for new roads and streets, both within growth centres and between them. In the public sector, the focus is being shifted towards the construction and maintenance of growth centres and the routes connecting them.

The low volume of repair work in recent decades necessitates the basic improvement of roads and railways. New rail connections are also needed, especially if the planned mining projects come to fruition. Energy distribution networks will be renovated on account of their age and service reliability requirements. Power station projects also need a new trunk line. Infrastructure investments in air and water transport are, on the other hand, predicted to be low. In the commercial premises sector, increase in space utilisation efficiency is reducing the need for new construction. Laborious planning and permit processes are putting the brakes on the construction of wind farms.

In infrastructure construction, the government’s project basket contains both government-led projects and joined undertakings with municipalities up to 2020. Major infrastructure investments will maintain service demand for roads and railways. The Ministry of Transport and Communications’ budget for 2013 contains the major government-term road development projects for 2013–2016 approved in the government discussion on spending limits. The size of the programme is 1.0 billion and includes such projects as E18 Hamina–Vaalimaa, National Road 3 Tampere–Vaasa (at Laihia), National Road 5 Mikkeli–Juva, National Road 8 Turku–Pori, the upgrading and electrification of the Ylivieska–Itäinen–Kontiomäki railway section, the upgrading of Ring Road I, the improvement of Ring Road III (E18), National Road 22 Oulu–Kajaani, and the upgrading of Helsinki Railway Yard.

**Projects controlled by major operators**

Last year saw much corporate restructuring in the sector, some medium-to-large-sized players disappearing from the market. Infrastructure construction service areas remain, however, rather fragmented as a competitive field. Most of those in the sector are relatively small local companies specialising in a single or limited range of services. The entry threshold to the sector is mainly low.

In small and technically simple jobs, Destia’s field of competitors is quite local, but grows to include larger players as the size and level of technical difficulty of projects increase. There are some nationally-operating companies providing a wider range of services. Major infrastructure builder competitors have been aiming for regional markets, and medium-sized companies have in recent years expanded their operations geographically and have got involved in major contracts in the role of main contractor.

International companies have also entered the Finnish infrastructure market, and the use of foreign labour is growing.

It is estimated that the volume of infrastructure construction in 2013 will remain at the same level as the previous year. There will be fewer new major contracts to be won, so competition for them will be fierce. Government investments in infrastructure will decline in the next few years. The budget in deficit is affecting the already scarce financing opportunities for infrastructure construction, in spite of new financing solutions. According to forecasts, the volume of construction will start to increase slightly in 2014.

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**Did you know**

Most infrastructure construction customers are from the private sector (61%), 39% from local authorities and 10% from government. In the private sector, the mining industry, new-build construction and the maintenance of the external areas of buildings employ the most people.

Source: CFCI

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When preparing the operating environment, the following sources have been used: Euroconstruct, the Finnish Transport Agency, the Confederation of Finnish Construction Industries, Statistics Finland, the VTT Technical Research Centre of Finland, and the Finnish Ministry of Finance.
Destia’s strongest area is road maintenance. With new contracts starting up on 1 October 2012, Destia’s market share of all area-wide road-maintenance service contracts is 56 per cent. At year-end, Destia had a total of 47 area-wide contracts. Destia also has about 30 winter maintenance contracts with other customers in various parts of Finland.

Destia has a significant role in major road projects and related engineering construction. Thanks to its diverse range of expertise and strong resources, Destia can carry out large and demanding projects which involve not only construction but also design. In the Railways market, Destia is the second largest company in Finland.

Other strong segments in which Destia has a significant marketing position are surveying, bridge renovation and traffic planning.

Destia’s Aggregates unit serves its customer with a wide range of high quality aggregates. Destia has about 340 soil or aggregates areas.

Destia’s Consulting Services includes designing, surveying and international consulting. Infrastructure design requires expertise not only in traffic and environmental planning but also in various road structures. Successful designs are based on detailed research into traffic, terrain and soil.

A SAFE AND EFFICIENT LIVING ENVIRONMENT OVER THE ENTIRE LIFE CYCLE

In 2011, 520,000 person-years was spent for the good of the built environment. Of that, the infrastructure sector used a total of 9% for road-building, network construction, maintenance, buildings infrastructure work and opening mines.

Source: CFCI

Did you know

In 2011, 520,000 person-years was spent for the good of the built environment. Of that, the infrastructure sector used a total of 9% for road-building, network construction, maintenance, buildings infrastructure work and opening mines.

Source: CFCI
Destia is a Finnish infrastructure and construction service company. We build, maintain and design traffic routes, industrial and traffic environments, but also complete living environments. Our services cover the whole spectrum, from comprehensive overground operations to subterranean construction. Destia’s solutions enable safe and smooth mobility, making the surrounding environment more efficient, piece by piece. Destia’s customer base includes public sector organisation, cities, municipalities, and industrial and commercial companies. An extensive network of regional offices ensures that Destia is always close to its customers in Finland.
FINLAND’S BIGGEST BRIDGE-MOVING PROJECT AT KALASATAMA

Finland’s biggest-ever bridge-moving project took place on the Kalasatama Centre site in July 2012. Construction work stopped the metro traffic for nine days.

The moving of the Kalasatama metro bridge in Helsinki was completed in the afternoon of 17 July. Preparatory work proceeded ahead of schedule so the actual moving of the bridge began at 1 am on the night between Monday and Tuesday. During just a few hours, the bridge was moved 8 metres. The final part of the move was completed in the small hours, with the second stage beginning at about 8:00 am. The total distance that the bridge was moved sideways was 17 metres, aided by eight computer-controlled pressure jacks, which pushed the 2,600-tonne, 130-metre-long and 11-metre-wide bridge along a track to its new position.

“During such work, everything is possible, so the timetable devised in the design phase was not made too tight. The fact that different stages of the work were done simultaneously speeded up the schedule. The actual moving work for the bridge was done by some 40–50 workers,” says Destia Project Director Sami Korhonen.

Destia is a partner of SRV, the main contractor of the Kalasatama Centre. As an infrastructure project management contractor, Destia is responsible for infrastructure design supervision and construction in the project.

Destia builds traffic routes, industrial and traffic environments and complete living environments. Thanks to its well-rounded expertise, wide range of services and long experience, Destia is Finland’s number one provider of infrastructure construction services. Thanks to its diverse range of expertise and strong resources, Destia can carry out large and demanding projects, involving not only construction but also design.

Services
- Road and street construction
- Area-wide and environmental construction
- Earth construction and foundation engineering
- Construction services for water supply
- Construction of energy infrastructure
- Bridge construction and other structural engineering

Customers
- The Finnish Transport Agency
- ELY Centres (Centres for Economic Development, Transport and the Environment)
- State offices
- Local government
- Industrial companies

Key projects in 2012
- Infrastructure work for the Kalasatama Centre, Helsinki
- Main Road 51 Kirkkonummi–Kivenlahti
- Kuokkala Ring Road, Jyväskylä
- Tikkurilantie, Vantaa
- National Road 2 Karkkila–Loukku
- National Road 6 Joensuu Ring Road
- National Road 14 Savonlinna bypass

This is how we construct
Each urban contract different

Gradually, cities and towns have started putting maintenance contracts for streets and parks out to tender to external contractors. For the past four years, Destia has been responsible for the maintenance of green areas and streets in Oulu’s Hintta-Saarela district.

The Hintta-Saarela contract entails not only the summer and winter maintenance of streets and parks but also cleaning work, including the quality control of all work and the preparation of regular work reports for the City of Oulu’s street and park services.

As far as the Laanilanranta and Saarela boat harbours situated in the contract area are concerned, the contract includes the maintenance of parking and boat storage areas and traffic routes in accordance with the street-area maintenance requirements. The greenery work in this residential district can be surprisingly time-consuming, since there are many details, such as groups of bushes, gravel paths, areas of planting, play parks and dog parks, that need to be taken care of. The maintenance area under Destia’s responsibility features many special characteristics. The contract includes both a maintenance contract and private roads.

Rainy summer kept supervisors alert

A summer with plenty of rain kept the subcontractors responsible for green areas busy. This meant that work supervisors needed to be vigilant and able to anticipate upcoming weather conditions, as green areas required plenty of work in year 2012. In late autumn in the Oulu region, Destia was busy maintaining the green areas and drying systems.

Co-operation between Destia and the City of Oulu’s street and park services went well. As a result of feedback, work has improved and problem areas were tackled. In the case of urban contracts, both the customer and the people living in the area give plenty of feedback. All urban contracts are different in nature and require good local knowledge of the area and weather conditions. Doing it yourself is the only way to learn how to best take care of a contract with high quality.

Services

- Area-wide contracts for road and street networks and industrial sites
- Winter maintenance of roads and streets
- Services of the road weather maintenance centre
- Maintenance of gravel roads
- Maintenance of the traffic environment

Customers

- ELY Centres (Centres for Economic Development, Transport and the Environment)
- Local government
- Companies

Key projects in 2012

In 2012, Destia won the following area-wide contracts:
- Heinola
- Kitee
- Kiusaare
- Kokkola
- Lahittu
- Pello
- Sastamala
- Siikalatva

Municipal and industrial customers

- Street and park maintenance, Maaria–Paatrin, City of Turku
- Street and park maintenance, Hintta–Saarela, City of Oulu
- Winter and summer regional maintenance contract for the Municipality of Kangasala
- Regional maintenance contract for the southern districts of the City of Lahti
- Regional maintenance contract for the southern districts of the City of Jyväskylä
- E18 Muurla–Lohja maintenance contract TLY E18
- Maintenance contract for Raahke Steel Works, Rautaruukki Oyj

*In 2012–2013, Destia’s market share of regional road maintenance service contracts put out to tender by the ELY Centres is 56 per cent. The contracts cover about 46,000 km of road and some 2,800 km of pedestrian and bicycle routes. Destia also has about 30 winter maintenance contracts with other customers in various parts of Finland.
Destia’s railway experience ranges from major superstructure and bridge contracts to the replacement of old culverts throughout the life cycle of the track. Destia has at its disposal a wide array of equipment for railway construction, repair and maintenance, developed for various customer needs through innovative product development. Destia provides railway services throughout Finland.

RAILWAYS

Services
• Railway construction
• Railway maintenance

Customers
• The Finnish Transport Agency
• Port agencies and companies

Key projects in 2012
• Ajos Harbour, Kemi
• Northern ore track, Kemi
• Repair of frost damage, Kirkkonummi–Karjaa
• Positioning marks and additional signs for positioning marks (ST), Eastern Finland
• Replacement of sleepers, Savonlinna–Parikkala

Maintenance contracts*)
• Pleksämäki Rauma
• Upper Savo
• Karelian track
• Central Finland

RAILROAD TRAINING CENTRE FOR RAILWAY PROFESSIONALS

Destia’s Railroad Training Centre has trained thousands of people working in the infrastructure sector. More than half the people trained there have come from outside Destia. The Railroad Training Centre offers those specialising in railway construction and track maintenance as well as companies working on roads high-quality, up-to-date and diverse training.

The training centre in Kouvola offers proficiency courses in occupational safety on railways, platform work and security work, as well as proficiency courses for those responsible for railway work. Approved by the Finnish Transport Agency and Finnish Transport Safety Agency Trafi, the Railroad Training Centre can also provide training in railway maintenance-related traffic safety functions.

Destia’s own experts teach at the centre. “They can teach what’s important in a practical way, with the latest information at their disposal. The sector’s safety requirements are changing all the time solely because of new EU directives,” says Development Director Vesa Korpi.

“Some 55 per cent of trainees come from outside Destia. Up to now, about 9,000 people from more than 400 different companies have taken part in courses. These companies have been very different in size and nature. They share, however, a desire to specialise in railway construction and track maintenance projects. Without proficient training, you just can’t do well in projects,” continues Korpi.

Many of the courses at the centre are either one-day theory lectures that include an official test, or courses lasting several days with time spent out in the field. The Railroad Training Centre measures the quality of each course by means of a feedback questionnaire. “Together with the Finnish Transport Agency and other training institutes in the field, we annually look at matters topical from a training perspective, thus improving training content,” says Korpi.

More than half of those trained from outside Destia

Compulsory courses for those responsible for Safety, Platform Work, Security and Track Work attract the most trainees to the centre.

*) Finland’s railway network is divided into 12 maintenance regions. Destia’s track and safety equipment contracts are five years in duration.
November saw the inauguration of the pass made by Destia by blasting the Raisio tunnel. Commissioned some twenty years ago, the rock tunnel was closed for safety reasons in October 2011. For reasons of cost, it was decided to remove the roof of the tunnel rather than repair the crumbling structures.

Over a period of four months, the roof of the tunnel was blasted down, making it open-cut. The canyon transformed into a steep-sided red-grey pass, 20 metres high in places, in the middle of the rock. This contract was exceptionally dangerous and difficult. The blasting work was very demanding, as a group of shops is situated right next to the tunnel and, inside the same rock, there is Elisa’s national centre for international telephone calls. The work was also made challenging by a high-voltage power line running on top of the rock and the district heating pipes, water pipes and various cables installed underground parallel to Kuninkaanväylä.

“The contract was a great success, even though the quarrying work was demanding because of the busy traffic and the proximity of many companies and residential areas,” says Destia’s Work Supervisor Jarkko Kupiainen.

In the contract, some 130,000 cubic metres of rock was quarried and a 500-metre stretch of road built. The former tunnel is located on Kunikaanväylä, which connects to the nearby shopping centre. The 220-metre-long Raisio tunnel, completed in 1992 and always very busy with traffic, was one of Finland’s first and longest road tunnels.

AGGREGATES AND ROCK CONSTRUCTION

Destia’s Aggregates services and Rock Construction include functions concerning soil. Nationwide, Destia has about 340 soil or aggregates areas, from which it extracts a wide range of top-quality soil or aggregates. Rock construction mainly focuses on open-pit mining but, together with its partners Destia also offers services in subterranean construction.

**Did you know**

About 100 million tonnes of aggregates – gravel, sand, crushed rock and crushed stone – are used annually in Finland. With today’s technology, about 10% of the entire demand for aggregates can be replaced with recycled aggregates.

Source: CFCI
This year, Destia piloted a modelling method based on laser beaming in surfacing work. Highly sophisticated construction machinery automation has speeded up the surfacing timetables for Main Road 51, improved the quality and occupational safety, saved costs, and much more.

For a long time now, laser beaming and related positioning technology have been used in traditional earth construction, and in recent years construction machinery automation has also been employed in road construction. One application emerging in this field is surface repair work, where surveys of initial data used as a basis for modelling favour tachymeter measurement. In practice, this means that the measurers must often work on very busy traffic routes. In addition to occupational safety risks, measuring work is also slow, as it must usually be done bit by bit.

Safe and effective

Main Road 51 leaves Helsinki as Länsiväylä and continues through Raasepori to Karjaa. A section of the road between Kirkkonummi and Kivenlahti being widened into a motorway was chosen as the pilot project. In places, this section of road had large depressions resulting from road-bed conditions, which prevented the use of automatic solutions. In practice, levelling out had to be fine-tuned pile by pile and curve by curve.

“The road is also very busy with traffic. Surveying using the traditional tachymeter method would have been dangerous and difficult, with the measurers weaving their way amongst the traffic,” says Destia’s Development Manager Mika Jaakkola.

Partners to Destia’s Infrastructure Measuring unit were Geotrim Oy, Terrasolid Oy and NCC-Roads. Geotrim was responsible for laser beaming and the calibration and testing of construction machinery automation, Terrasolid for the geo-referencing and model design of the surveying materials, and NCC for the actual grinding work.

Jyrki Toivonen of Destia’s Infrastructure Planning unit prepared a repair plan for the road structure and produced initial data about the machinery control model for the 3D grinder. The pilot site was also analysed by a Building Technology research group from the University of Oulu.

In Jaakkola’s opinion, the Main Road 51 pilot project uncovered many benefits, the most significant of which are speed and ease. Thanks to them, this method based on laser beaming and modelling has clear potential for growth in surfacing work.

“This operating model saves costs, materials and working hours. Occupational safety, quality and productivity also improve,” says the Development Manager.
Corporation's operations have a significant impact on society, the environment and other company stakeholders. Destia divides its corporate responsibility into three areas: financial, environmental, and responsibility for people and their safety.

Destia's corporate responsible is evident in company management, operating practices, and communications. Destia's values – to achieve goals fairly, boldly and skillfully – create the foundation for the company’s corporate responsibility and guide its development. Group-level policies on responsibility are defined in our ethical guidelines, in quality assurance, occupational health and safety, environmental and risk management policies and in the human resources strategy. The concrete actions required to achieve this responsibility are extensively described in our working methods, which cover all subsections of Destia's operations.

Destia is constantly developing its responsible operations. Feedback from customer service- and personnel surveys guides and develops our activities. In 2012, Destia reported corporate responsibility in its printed annual report and in the online annual report, which includes the financial statements. In 2013, Destia will particularly focus on improving corporate responsibility reporting and measurement.

Ethical guidelines guiding operations

At the start of 2010, Destia’s renewed ethical guidelines were introduced, and were impressed upon all personnel during the year. In 2012, the business units’ management team studied the ethical rules, and the rules were also dealt with in supervisor project management training. Every year, Destia carries out a Group- and business unit-level risk assessment, and ethical guidelines are dealt with as part of the risk models.

In 2012, compliance with Destia’s ethical guidelines was examined based on an internal inspections, an internal and external audit and other observations. Based on these inspections, a total of 15 observations were made about various points, including financially responsible business operations, compliance with acts and statutes, customer satisfaction, attention to environmental impact, ethical business practices, and occupational safety and well-being. From these observations, actions were defined, the implementation of which will be monitored during this year.

Read more about the implementation of Destia’s corporate responsibility and ethical guidelines at www.destia.fi and in the online annual report at www.annualreport.destia.fi.

Quality and environmental certificates cover a significant part of business

The working practices, guidelines and responsibilities, which are based on Destia’s operating policies, have been assembled in the company’s operational system. Destia has the international ISO 9001 and ISO 14001 quality and environmental certificates. They cover the company's infrastructure construction, infrastructure maintenance, aggregates services and railway business. In 2012, Destia Rail Ltd was awarded the ISO 9001 and ISO 14001 certificates.

Through procedures that are consistent with the quality and environmental certificate requirements, Destia ensures it provides high-quality, environmentally-conscious operations for its customers and stakeholder groups. In addition, Destia’s working practices are in line with the OHSAS 18001 occupational health and safety standard. In its planning and design services, Destia follows the RALA certificate criteria.
SOCIAL RESPONSIBILITY

Destia’s social responsibility extends to all its stakeholder groups. The key areas of the company’s social responsibility are the well-being and safety of its personnel, investment in the skills development, encouragement and occupational well-being of its personnel, and attention to safety aspects in all parts of the service production chains.

In 2012, Destia invested in increasing the skills of its personnel. During the first half of the year, all Destia supervisors took part in project management training in order to form a shared concept of work as a supervisor and the basics of project management. In the autumn, a new personnel system was introduced, which promotes good management.

The results of the annual Group personnel survey improved from last year. In 2012, Destia’s overall grade was 3.63 (3.47) and the assessment of Destia as a whole and as an employer rose to 3.72 (3.59). The response rate also climbed to 72 per cent (62 per cent).

In 2013, support for supervisor and management work continues with performance management training, in which a total of 700 employees will participate. During the year, a new bonus scheme will also be introduced, encouraging great performance by bringing the compensation criteria closer to the employee and the performance of his/her own job. Destia is also investing in student internships in 2013, thus taking responsibility for employing young people in the infrastructure sector.

Striving to become a safe place to work

The construction industry is focusing on investment in occupational safety and the constant development of

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FINANCIAL RESPONSIBILITY

Division of financial benefit by stakeholder group

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Value (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>355.6 (339.1)</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>71.9 (74.2)</td>
</tr>
<tr>
<td><strong>Public sector</strong></td>
<td>0.0 (0.0)</td>
</tr>
<tr>
<td><strong>Investors</strong></td>
<td>3.4 (4.3)</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>7.3 (5.2)</td>
</tr>
</tbody>
</table>

Financial responsibility entails developing and offering services that yield added value to customers, providing jobs, generating financial well-being for a wide range of stakeholders through procurements and investments as well as taking care of taxes and tax-like payments and meeting shareholders’ profit expectations. To meet these expectations, the company’s finances must be on a firm footing and its operations profitable. In 2012, Destia’s equity ratio was 35.2% and revenue from continuing operations MEUR 507.3.

Financial responsibility in the construction industry entails ensuring that customers receive the premises and structures that they need at the agreed price and quality and within the timetable set. Throughout the entire life cycle, the infrastructure created must be able increasingly to meet the changing needs of its users. Satisfying the needs of customers and generating financial well-being require efficient, profitable, competitive and healthy business operations and opportunities for sustained operations.

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Gender distribution at year end 2012

- Women: 14%
- Men: 86%

Group personnel on average 2007–2012

- 2007: 3,000
- 2008: 2,500
- 2009: 2,000
- 2010: 1,500
- 2011: 1,000
- 2012: 500
professional skills. Paying attention to safety in working environments is important, both for the company’s own employees and for all its stakeholders. Safety improvement is a pivotal challenge to the construction field, since it substantially impacts the field’s productivity and its attractiveness as an employer.

Destia’s aim is to be a safe place to work. In 2012, Destia introduced a wealth of measured to improve safety. The purpose of these measures is to help the chain of supervisors in safety work.

In 2012, Destia’s personnel accident frequency – workplace accidents leading to at least one day of absence per one million working hours – was 15.6 (23.2).

Because many Destia projects are carried out in a traffic environment, attention to traffic safety is very important to the company. Efforts are made to ensure occupational safety through correctly planned and implemented site traffic arrangements, increasing vehicular traffic and employee safety. These arrangements may also cover rail traffic. In maintenance services, traffic safety is ensured by working in a professional manner, marking equipment well and carrying out work at the right time.

Destia respects consumers’ rights in all their operations, and Destia observes good construction practice. Destia is in close interaction with those affected by the construction of the built environment. Among others, Destia is a member of the following associations promoting the interests of the construction and infrastructure sectors: The Confederation of Finnish Construction Industries RT, and The Infra Association.

The Finnish Transport Safety Agency Trafi has awarded Destia Rail Ltd with a safety certificate required to conduct railway transport. According to EU legislation, the certificate is also required for all rail traffic contractors that have their own rolling stock.

“Universal tampers and other track construction machinery travelling on the national rail network are subject to the same rules as passenger and freight traffic. The safety certificate is valid throughout the EU area,” says Destia Rail Ltd Development Manager Vesa Korpi.

The certificate is proof that Destia Rail Ltd has introduced a safety management system that conforms to requirements, and that it can conduct business in accordance with this system.

The safety certificate is valid for five years, and compliance with its requirements is constantly monitored.
Destia was highly commended in the ‘Finland’s Best Summer Employer 2012’ competition. The prizes were awarded by a panel of judges from AOVA – the Student Council of Akava – chaired by Minister of Employment Lauri Ihalainen.

Destia took part thanks to Jussi Virolainen, who is studying construction engineering at a university of applied sciences.

“My summer internship progressed logically towards the most challenging tasks, and I never had to solve things alone as I could ask others anything and about anything,” enthused Virolainen.

Jussi Virolainen especially wishes to thank his immediate supervisor, Seppo Rautiainen. Supervisor work was spontaneous, and the supervisor was always very willing to offer guidance to the employees in close interaction.

“As part of ensuring project customer satisfaction, Destia is monitoring the level customer satisfaction towards how it takes care of environmental issues. In 2012, Destia received an average mark of 4.00 (3.82) for its care of environmental and safety matters on a scale of 1–5. By building energy infrastructure and supporting sustainable energy production, travel and transport, Destia also promotes the efforts of its customers and the entire society to reduce the burden on the environment."

Destia was highly commended for this sustained work, by which the company aims to commit students to the company while still studying. Publishing its decision, the panel also highlighted the quality of Destia’s supervisory work.

The prize is awarded annually by a panel of judges looking at proposals on exemplary summer employers. The winner and those highly commended were chosen from a group of 56 entries received from university students. This year, the competition was held for the fifth time.
DESTIA’S ORGANISATION
1 JANUARY 2013

Board of Directors
President and CEO
Hannu Leinonen

Finance
Pirkko Salminen

Southern Finland
Jouni Karjalainen
Road Construction
Engineer Construction
Infra Maintenance

Western Finland
Marko Vasenius
Road Construction
Engineer Construction
Infra Maintenance

Eastern Finland
Pasi Kailasalo
Road Construction
Engineer Construction
Infra Maintenance

Northern Finland
Seppo Ylitapio
Road Construction
Engineer Construction
Infra Maintenance

Special Construction
Minna Heinonen
Rock and Mine Construction
Mineral Aggregates
Railway Construction and Maintenance
Destia Kalusto Oy

Consulting Services
Jukka Raudasoja
Planning and Design
Survey and Analysis
International Consulting

Process, Customer Solutions and Production of Services
Tom Schmidt

Legal Services
Aki Markkola

Human Resources
Laura Ahokas

Communications
Miia Apukka

Purchases

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