

RAAKA-AINEEN KER

- SE VASTA SIISTI JÄTKÄ ON.

LASSILA & TIKANOJA

INTERIM REPORT Q2/2015

Pekka Ojanpää, President and CEO

5 August 2015

L&T[®]

HIGHLIGHTS OF Q2/2015

- Net sales EUR 164.2m (EUR 159.8m) 2.7% (yoy)
 - Net sales grew particularly in Industrial Services, with strong demand especially for process cleaning.
 - Net sales also increased in Environmental Services and Facility Services, mainly due to acquisitions.
 - Net sales of the Renewable Energy Sources declined substantially due to demand being lower than in the comparison period.
 - Organic growth was positive.
- Operating profit EUR 14.4m (EUR 12.9m);
operating profit excl. EO items EUR 14.4m (EUR 13.5m)
 - Profitability improved mainly due to Environmental Services division's recycling business and Industrial Services division's process cleaning business. Profitability also developed favourably in Renewable Energy Sources.
 - Profitability of Facility Services decreased slightly.

HIGHLIGHTS OF 1-6/2015

- Net sales EUR 321.5m (EUR 319.2m) 0.7% (yoy)
 - Net sales grew in Environmental Services and Facility Services, primarily due to acquisitions.
 - Net sales of Renewable Energy Sources decreased due to low demand.
 - In Industrial Services, net sales were on the same level with the comparison period.
- Operating profit EUR 20.9m (EUR 15.1m);
operating profit excl. EO items EUR 21.8m (EUR 20.9m)
 - Operating profit excl. EO items increased in all divisions.
 - In the comparison period, the company's reported operating profit included EUR 5.8 million in non-recurring items.
 - In the first quarter, the company recorded non-recurring restructuring costs of EUR 0.9 million related to the damage repair services business.

KEY FIGURES

	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Net sales, EUR million	164.2	159.8	2.7	321.5	319.2	0.7	639.7
Operating profit excl. EO items, EUR million	14.4	13.5	6.9	21.8	20.9	4.3	53.8
Operating margin excl. EO items, %	8.8	8.4		6.8	6.5		8.4
Operating profit, EUR million	14.4	12.9	11.4	20.9	15.1	38.7	48.5
Profit before tax, EUR million	13.6	12.9	5.2	20.6	-2.6		26.6
Earnings per share, EUR	0.28	0.29	-3.1	0.42	-0.13		0.47
EVA, EUR million	9.5	7.9	19.9	11.2	4.9	127.0	29.1

KEY FIGURES

	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Capital expenditure, EUR million	8.0	11.3	-29.7	17.5	20.3	-13.9	44.7
Depreciation, amortisation and impairment, EUR million	9.9	9.9	0.0	20.0	20.1	-0.6	40.2
Net cash from operating activities, EUR million				37.6	27.3	37.5	79.6
Return on equity (ROE), %				16.4	-5.1		8.7
Return on invested capital (ROI), %				14.5	9.8		15.4
Equity ratio, %				43.4	43.2		46.3
Gearing, %				31.1	42.9		25.2

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, M€

	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Environmental Services	10.8	9.6	12.6	17.3	16.2	6.8	35.9
Industrial Services	2.5	2.0	23.6	2.1	1.9	13.3	7.1
Facility Services	1.8	2.2	-18.8	3.0	2.8	9.7	11.7
Renewable Energy Sources	0.5	0.3	-104.1	1.2	1.1	15.1	1.4
L&T Group	14.4	13.5	6.9	21.8	20.9	4.3	53.8

FINANCIAL TARGETS

Key figure	Target 2018	Actual Q2/15	Actual Q2/14	Actual 2014
Growth, %	5	2.7	-5.4	-4.3
Return on investment (ROI)*, %	20	18.8	16.2	18.1
EBIT (excl. EO items), %	9	8.8	8.4	8.4
Gearing, %	30–80	31.1	42.9	25.2

* Rolling 12 months excl. EO items

ENVIRONMENTAL SERVICES

- Net sales increased particularly in recycling business, mainly due to acquisitions but was also contributed by stronger demand for services in construction sector.
- Net sales decreased in environmental product business due to structural changes.
- Operating profit increased due to the improved profitability of recycling business and good operational efficiency in waste management.
- Profitability was weighed down by maintenance shutdowns at two recycling plants.



EUR million	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Net sales	66.5	64.2	3.7	127.5	125.1	1.9	254.5
Operating profit excl. EO items	10.8	9.6	12.6	17.3	16.2	6.8	35.9
Operating margin excl. EO items	16.3%	15.0%		13.6%	13.0%		14.1%

INDUSTRIAL SERVICES

- Net sales increased mainly due to strong demand for process cleaning services.
- Net sales also increased in hazardous waste management and environmental construction.
- In sewer maintenance, the operating result improved significantly due to previously implemented restructuring measures.
- Profitability also improved in process cleaning due to strong demand.



EUR million	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Net sales	20.8	19.7	5.6	35.7	35.7	-0.1	77.8
Operating profit excl. EO items	2.5	2.0	23.6	2.1	1.9	13.3	7.1
Operating margin excl. EO items	11.9%	10.1%		5.9%	5.2%		9.1%

FACILITY SERVICES

- Technical systems maintenance business continued to grow, supported by organic sales growth and acquisitions.
- Demand increased in property maintenance and cleaning services.
- Profitability declined in cleaning services and property maintenance. In technical systems maintenance, the operating loss was lower than in the comparison period.
- Net sales of damage repair services continued to decline as a result of low number of damage incidents and implementation of restructuring measures. Damage repair services returned to profitability as a result of implementation of restructuring measures.



EUR million	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Net sales	70.1	68.3	2.6	140.7	137.4	2.5	274.7
Operating profit excl. EO items	1.8	2.2	-18.8	3.0	2.8	9.7	11.7
Operating margin excl. EO items	2.5%	3.2%		2.2%	2.0%		4.2%

RENEWABLE ENERGY SOURCES

- Net sales declined mainly due to the short heating season and challenging market situation for biofuels.
- Towards the end of the period demand was stronger than in the comparison period.
- Profitability improved due to good energy content of fuels and strong efficiency of operations.



EUR million	Q2/15	Q2/14	Change %	1-6/15	1-6/14	Change %	2014
Net sales	9.1	10.3	-11.3	22.0	26.1	-15.6	44.2
Operating profit excl. EO items	0.5	0.3	104.1	1.2	1.1	15.1	1.4
Operating margin excl. EO items	5.8%	2.5%		5.6%	4.1%		3.2%

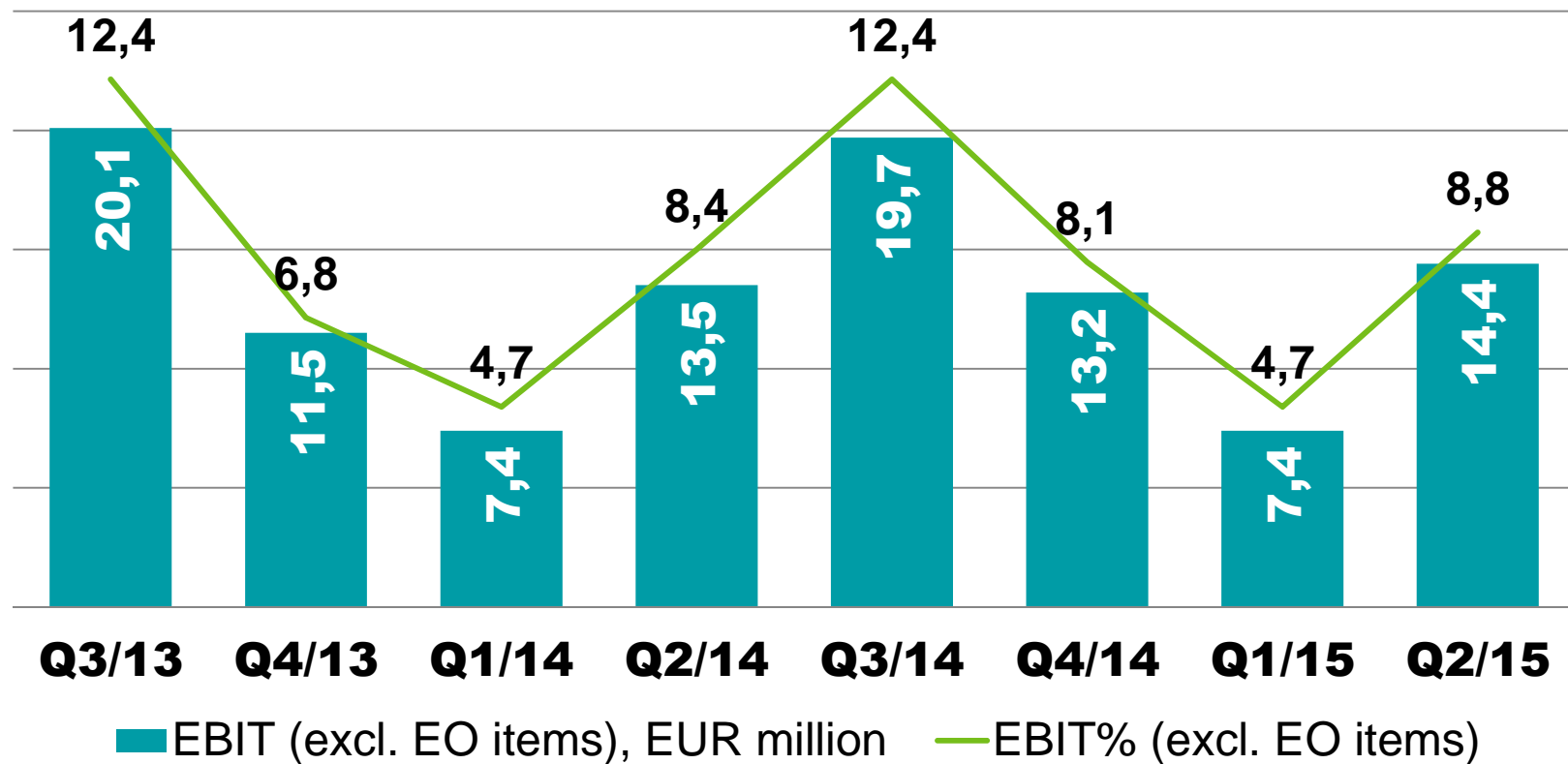
FOCUS ON MARKET POSITION, OPERATIONAL EFFICIENCY AND CASH FLOW

- We continue to focus on strengthening our market position and ensuring profitability and strong cash flow through development of our business operations and by business acquisitions.



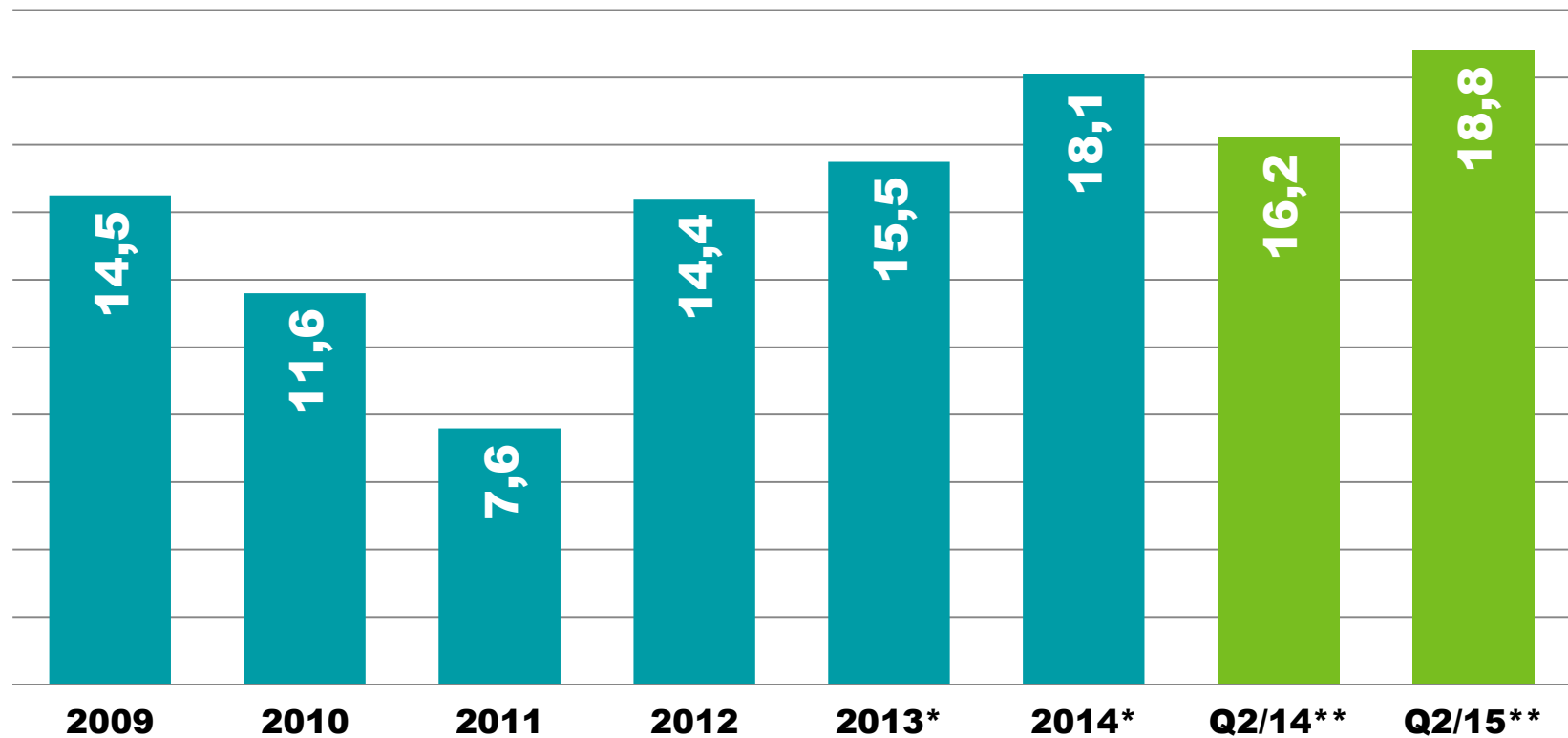
OPERATING PROFIT

- Strategic target: EBIT excl. EO items 9%



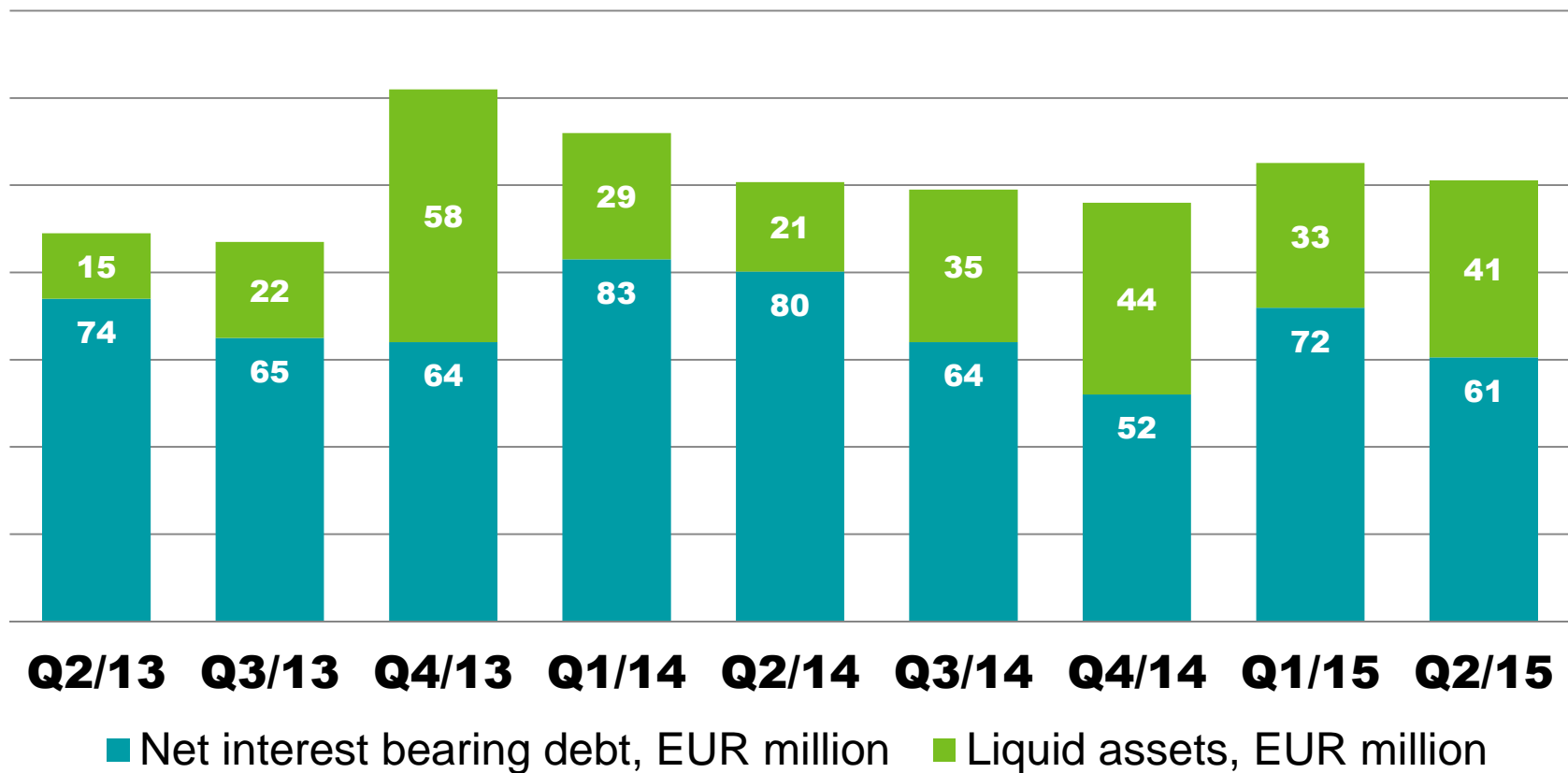
RETURN ON INVESTMENT

- Strategic target: ROI 20%



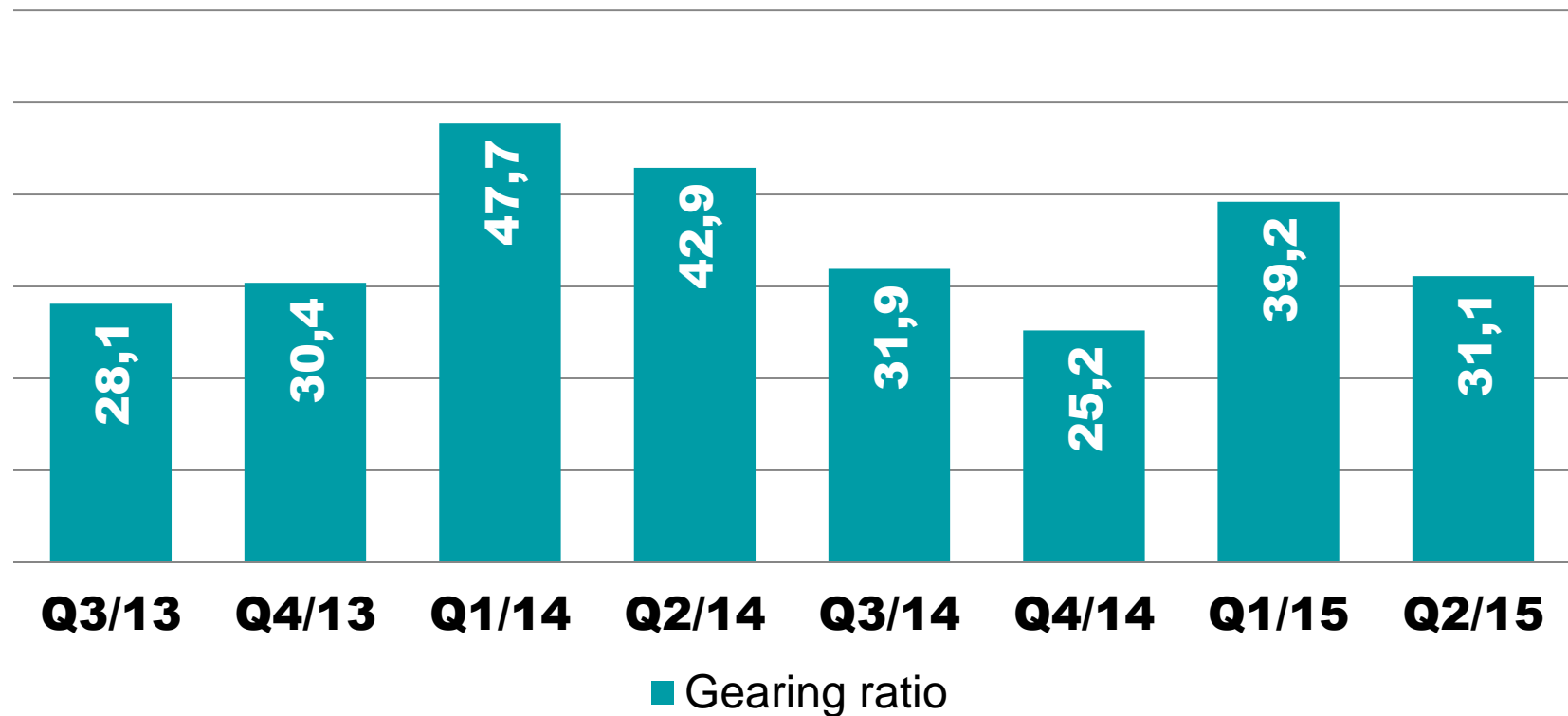
* Excl. EO items ** Rolling 12 months excl.EO items

INTEREST BEARING DEBT

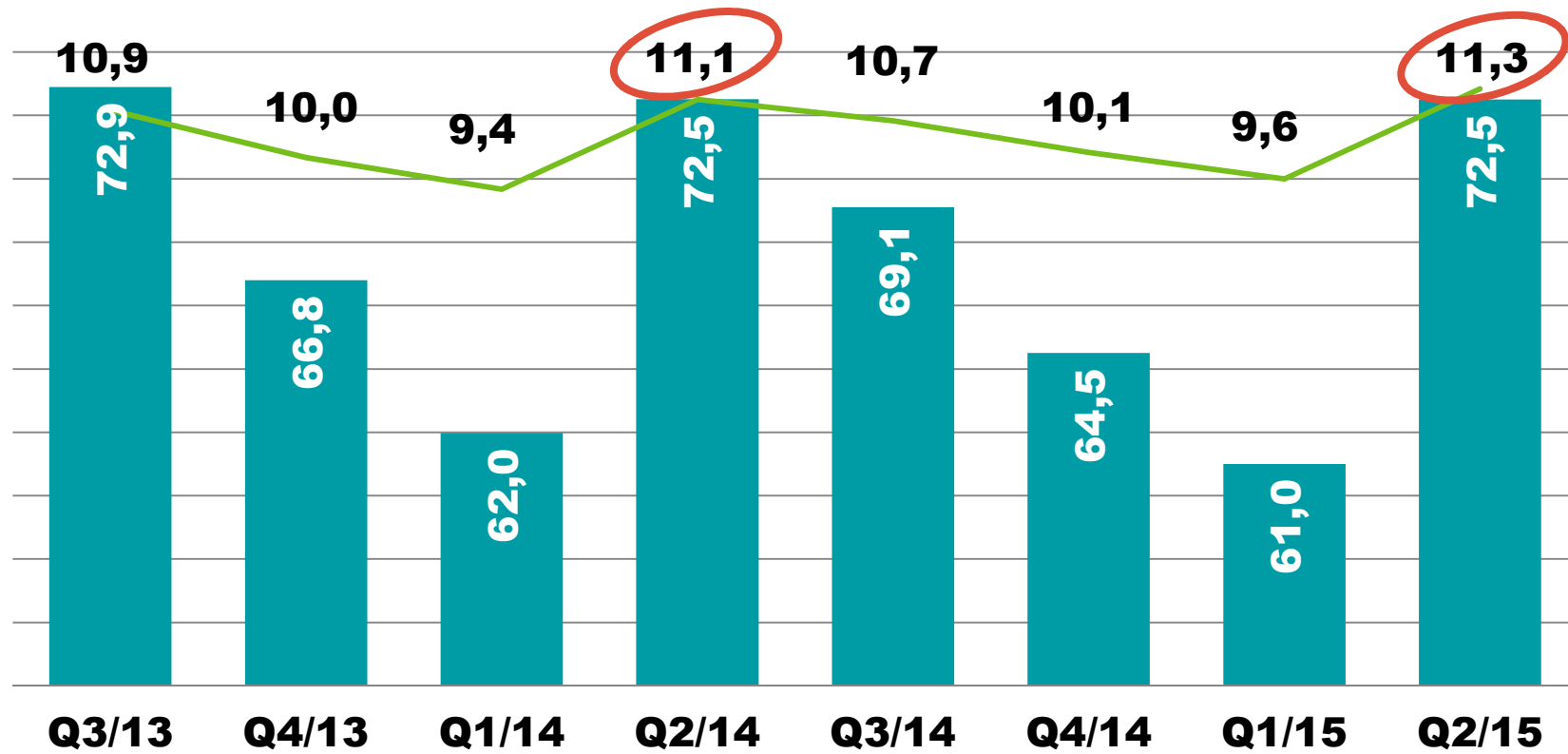


GEARING

- Strategic target: Gearing 30–80%

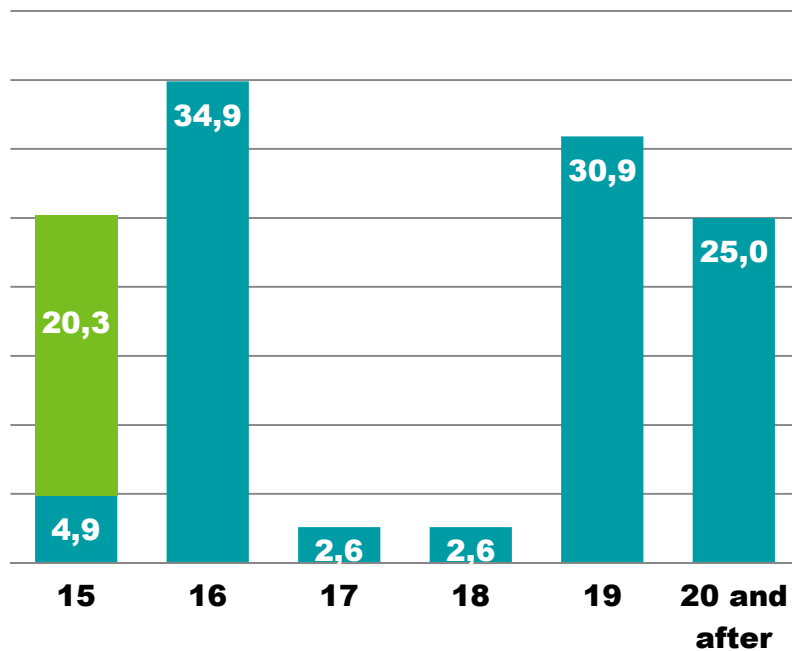


NET WORKING CAPITAL

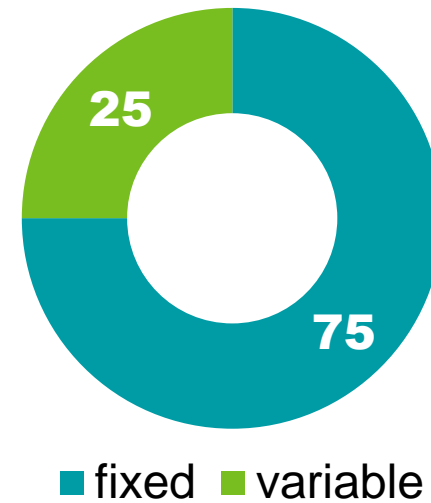


- Net working capital, EUR million
- Net working capital % of net sales (rolling 12 months)

MATURITY STRUCTURE OF LONG-TERM LOANS

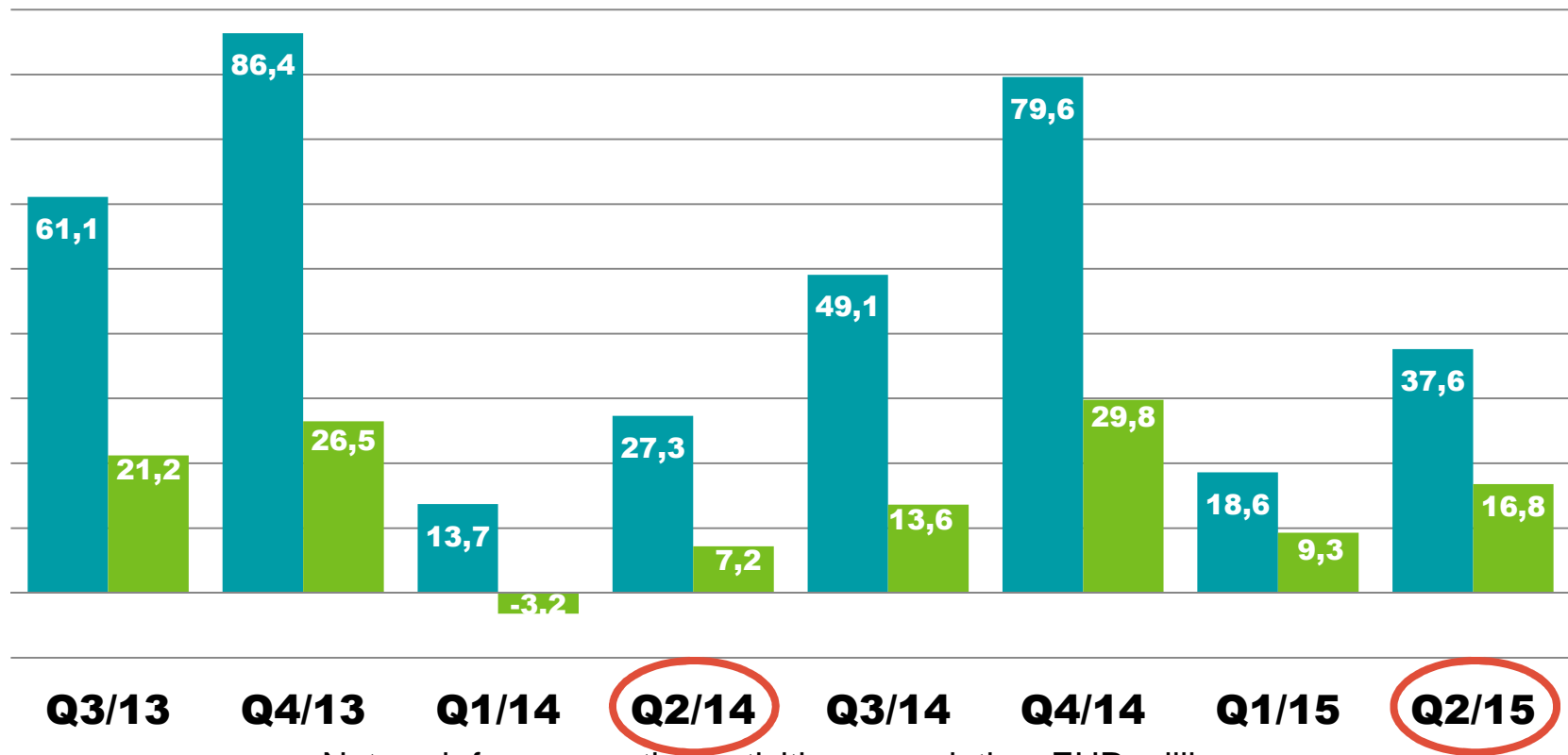


■ Loans, EUR million ■ Repaid, EUR million



Weighted average of effective interest rate 1.5%

CASH FLOW AND INVESTMENTS



- Net cash from operating activities, cumulative, EUR million
- Net cash used in investment activities, cumulative, EUR million

OUTLOOK FOR THE YEAR 2015



Full-year net sales and operating profit excluding non-recurring items in 2015 are expected to remain at the 2014 level.

This estimate was included in the Interim Report Q2/2015 released on 5 August 2015.

CONTACT INFORMATION



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