



# LASSILA & TIKANOJA

Q2 2016

Pekka Ojanpää, President and CEO

3 August 2016



# HIGHLIGHTS OF Q2/2016

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- **Net sales EUR 166.9m (EUR 164.2m) 1,6% (yoy)**  
Net sales grew in Facility Services both organically and due to acquisitions and in Environmental Services due to previous acquisitions. Net sales of Industrial Services were on a par with the comparison period and declined in Renewable Energy Sources due to the weak demand for forest energy.
- **Operating profit EUR 14.1m (EUR 14.4m)**  
Operating profit improved significantly in Facility Services, but was lower than in the comparison period in Environmental Services and Industrial Services. Operating profit of Renewable Energy Sources fell substantially.

# HIGHLIGHTS OF 1-6/2016

- Net sales EUR 327.5m (EUR 321.5m) 1.9% (yoy)

During the first half of the year, net sales grew organically in Industrial Services. Net sales grew organically and due to acquisitions in Facility Services and due to acquisitions in Environmental Services.

Net sales of the Renewable Energy Sources declined year-on-year due to low demand.

- Operating profit EUR 20.9m (EUR 20.9m)

Operating profit improved significantly in Facility Services due to the implemented efficiency improvement measures. Operating profit was lower than in the comparison period in Environmental Services and Industrial Services. Operating profit of Renewable Energy Sources declined substantially.

The operating profit in the comparison period in 2015 was affected by non-recurring restructuring costs of EUR 0.9 million related to the loss-making renovation business that were recognized in the first quarter.

# KEY FIGURES

	Q2/ 16	Q2/ 15	Change %	1-6/ 16	1-6/ 15	Change %	2015
Net sales, EUR million	<b>166.9</b>	164.2	1.6	<b>327.5</b>	321.5	1.9	646.3
Operating profit, EUR million	<b>14.1</b>	14.4	-2.1	<b>20.9</b>	20.9	-0.1	49.9
Operating margin, %	<b>8.4</b>	8.8		<b>6.4</b>	6.5		7.7
Profit before tax, EUR million	<b>13.9</b>	13.6	2.2	<b>20.8</b>	20.6	0.6	47.7
Earnings per share, EUR	<b>0.38</b>	0.28	34.8	<b>0.52</b>	0.42	22.5	0.98
EVA, EUR million	<b>9.1</b>	9.5	-4.7	<b>10.9</b>	11.2	-3.0	30.3

# KEY FIGURES

	Q2/ 16	Q2/ 15	Change %	1-6/ 16	1-6/ 15	Change %	2015
Capital expenditure, EUR million	<b>10.8</b>	8.0	35.9	<b>18.7</b>	17.5	6.9	49.6
Depreciation, amortisation and impairment, EUR million	<b>9.5</b>	9.9	-3.7	<b>19.4</b>	20.0	-2.8	40.0
Net cash from operating activities, EUR million				<b>4.5</b>	37.6	-88.1	89.8
Return on equity (ROE), %				<b>19.5</b>	16.4		18.2
Return on invested capital (ROI), %				<b>14.2</b>	14.5		16.5
Equity ratio, %				<b>44.1</b>	43.4		46.5
Gearing, %				<b>43.9</b>	31.1		19.8
Total number of employees at the end of the period				<b>8,631</b>	8,615		8,085

# OPERATING PROFIT

EUR million	Q2/16	Q2/15	Change %	1-6/16	1-6/15	Change %	2015
Environmental Services	<b>9.2</b>	10.8	-14.8	<b>14.6</b>	17.3	-15.6	35.8
Industrial Services	<b>2.1</b>	2.5	-13.3	<b>1.8</b>	2.1	-12.7	6.8
Facility Services	<b>3.7</b>	1.8	105.7	<b>4.9</b>	2.1	128.5	8.1
Renewable Energy Sources	<b>0.0</b>	0.5	-95.7	<b>0.7</b>	1.2	-44.9	2.1
<b>L&amp;T Group</b>	<b>14.1</b>	14.4	-2.1	<b>20.9</b>	20.9	-0.1	49.9

# FINANCIAL TARGETS

Key figure	Target 2018	Actual Q2/16	Actual Q2/15	Actual 2015
Growth, %	5	<b>1.6</b>	2.7	1.0
Return on investment (ROI)*, %	20	<b>16.4</b>	18.8	17.5
EBIT*, %	9	<b>8.4</b>	8.8	8.1
Gearing, %	0–70	<b>43.9</b>	31.1	19.8

\*2015 rolling 12 months excluding EO items

# ENVIRONMENTAL SERVICES

- Net sales increased mainly due to acquisitions.
- Operating profit of the Environmental Services division was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.



EUR million	Q2/16	Q2/15	Change %	1-6/16	1-6/15	Change %	2015
Net sales	<b>68.2</b>	66.5	2.5	<b>130.0</b>	127.5	2.0	256.5
Operating profit*	<b>9.2</b>	10.8	-14.8	<b>14.6</b>	17.3	-15.6	35.8
Operating margin, %*	<b>13.5</b>	16.3		<b>11.3</b>	13.6		14.0

\* 2015 excluding EO items



# INDUSTRIAL SERVICES

- Net sales increased year-on-year in environmental construction and sewer maintenance, but declined in hazardous waste services and process cleaning.
- Sewer maintenance and environmental construction achieved a year-on-year increase in operating profit.
- Reduced demand for services and lower waste oil prices led to lower operating profit for hazardous waste services. Operating profit declined also in process cleaning.



EUR million	Q2/16	Q2/15	Change %	1-6/16	1-6/15	Change %	2015
Net sales	<b>20.9</b>	20.8	0.3	<b>36.8</b>	35.7	3.2	77.0
Operating profit*	<b>2.1</b>	2.5	-13.3	<b>1.8</b>	2.1	-12.7	6.8
Operating margin, %*	<b>10.3</b>	11.9		<b>5.0</b>	5.9		8.9

\* 2015 excluding EO items

# FACILITY SERVICES

- Net sales grew organically in renovation services and in cleaning, and mainly due to acquisitions in maintenance of technical systems, but declined in property maintenance.
- The maintenance of technical systems business and the renovation business achieved a substantial increase in profitability following efficiency improvement measures implemented over the past year.
- Profitability of the cleaning business was weighed down by intense price competition.



EUR million	Q2/16	Q2/15	Change %	1-6/16	1-6/15	Change %	2015
Net sales	<b>72.8</b>	70.1	3.9	<b>145.0</b>	140.7	3.1	282.9
Operating profit*	<b>3.7</b>	1.8	105.7	<b>4.9</b>	2.1	60.1	8.1
Operating margin, %*	<b>5.1</b>	2.6		<b>3.3</b>	1.5		2.9

\* 2015 excluding EO items  
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# RENEWABLE ENERGY SOURCES

- Net sales were affected by low demand in the raw material market and, in particular, the weak demand for forest energy.
- The low demand on the markets affected the profitability of the business and year-on-year operating profit was significantly lower.



EUR million	Q2/16	Q2/15	Change %	1-6/16	1-6/15	Change %	2015
Net sales	<b>7.0</b>	9.1	-22.6	<b>19.8</b>	22.0	-10.0	39.4
Operating profit*	<b>0.0</b>	0.5	-95.7	<b>0.7</b>	1.2	-44.9	2.1
Operating margin, %*	<b>0.3</b>	5.8		<b>3.4</b>	5.6		5.3

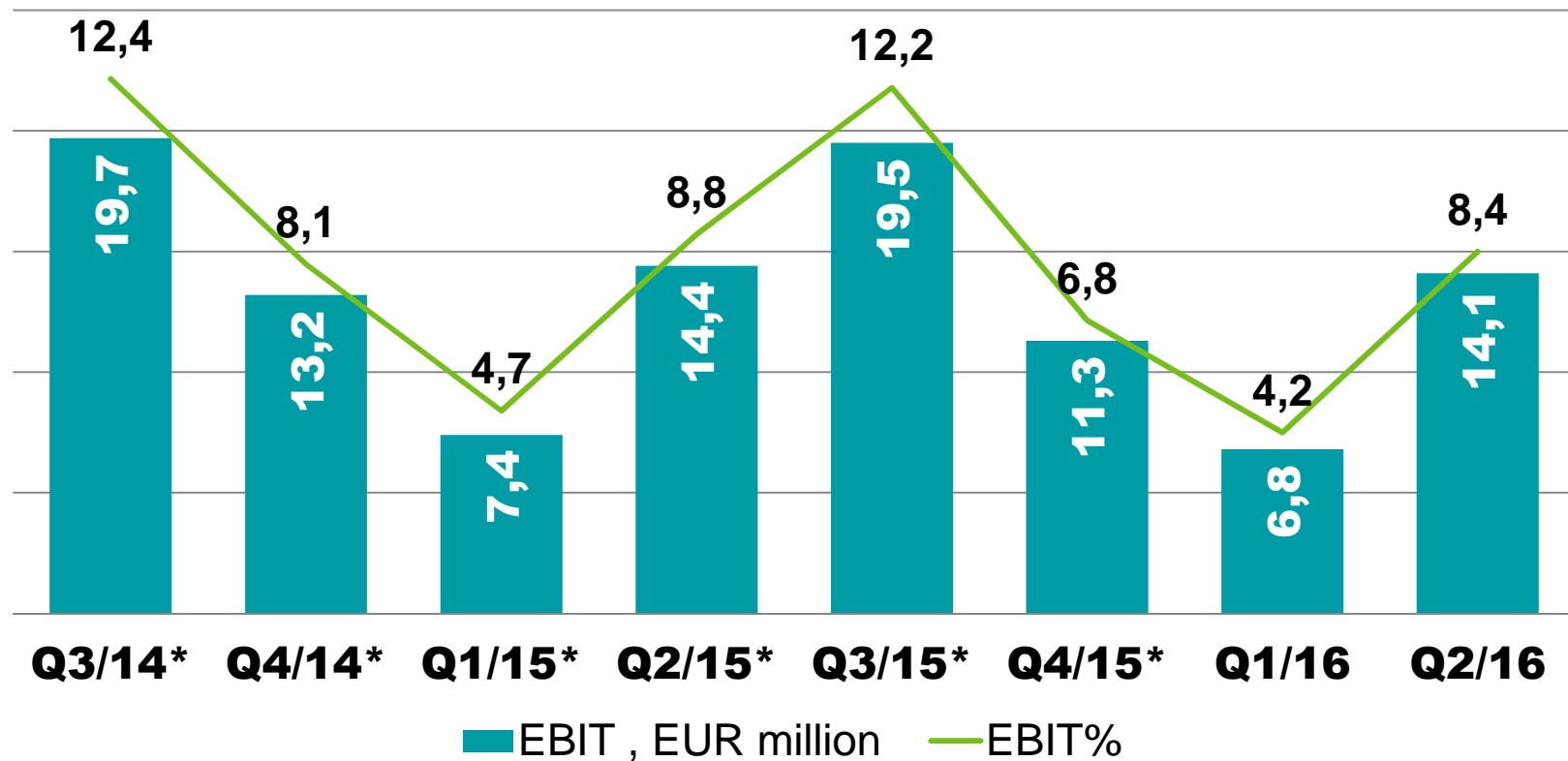
\* 2015 excluding EO items

# 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.

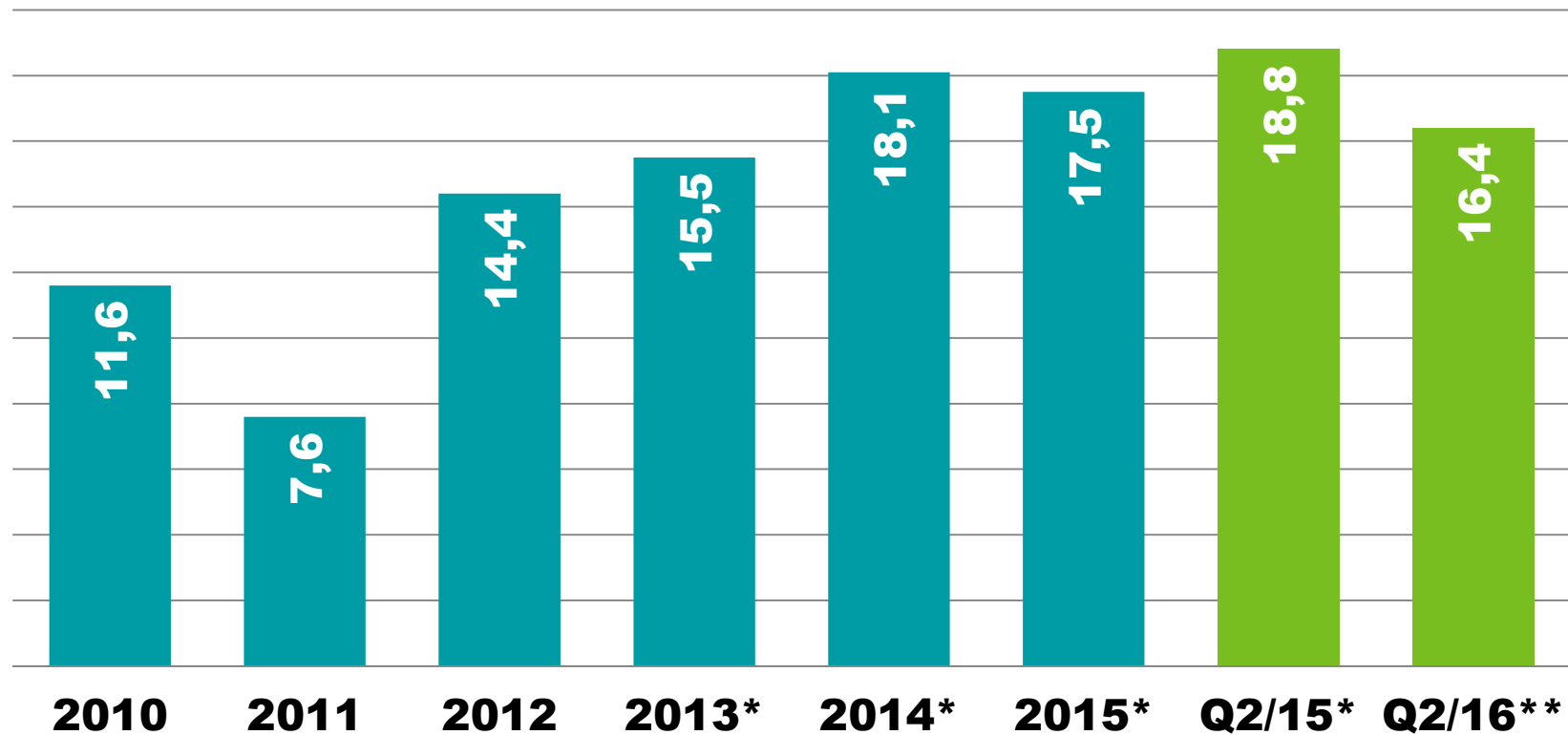
# OPERATING PROFIT



\* excluding EO items

# RETURN ON INVESTMENT

Strategic target: ROI 20%

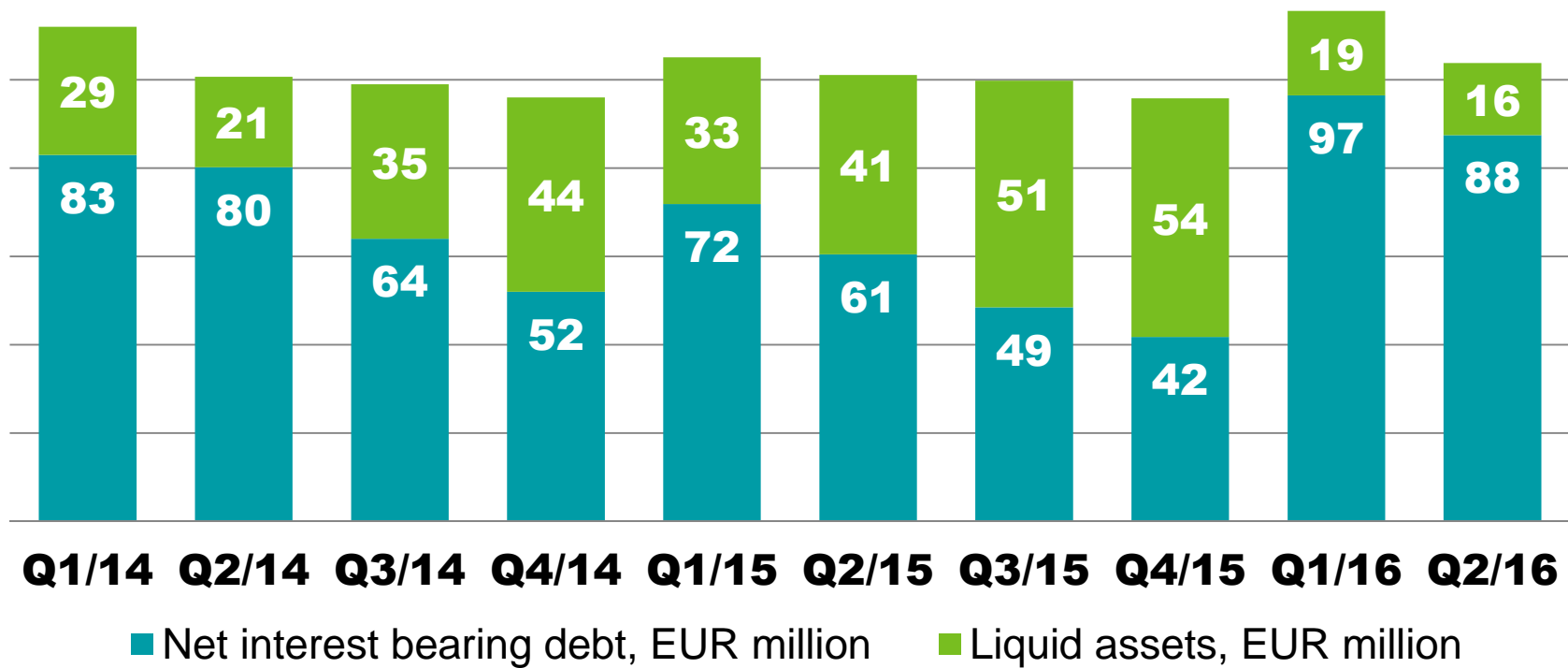


\* Rolling 12 months excluding EO items

\*\* Rolling 12 months

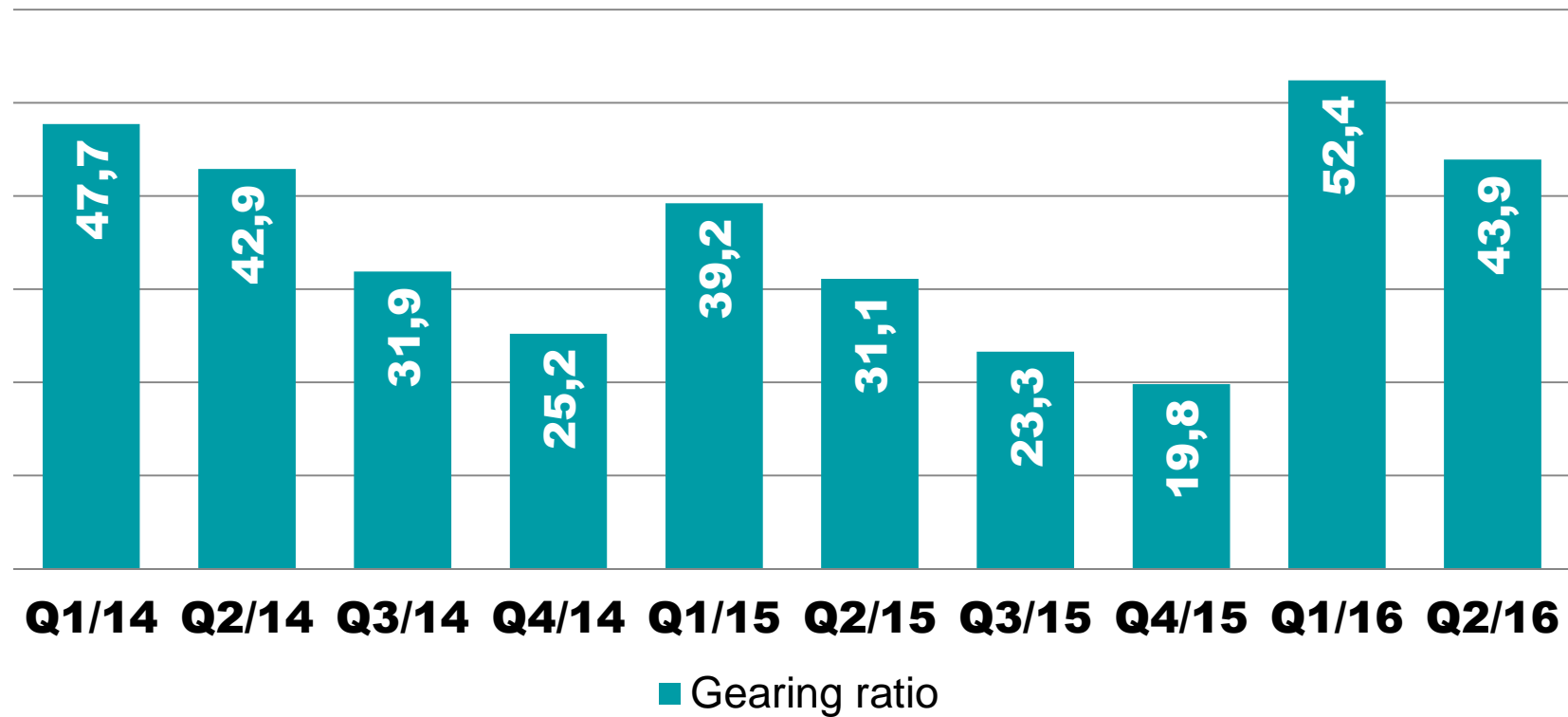
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# INTEREST BEARING DEBT



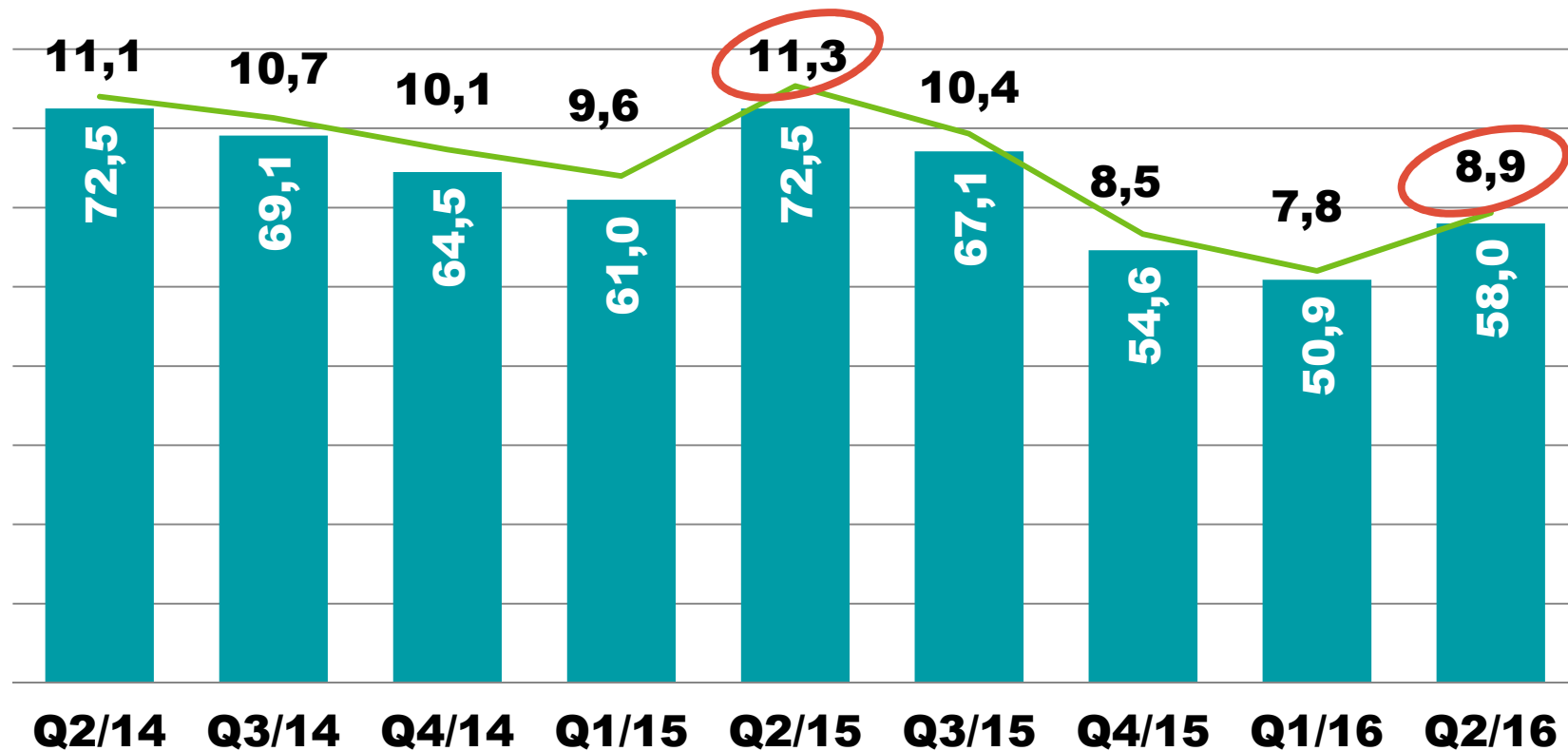
# GEARING

Strategic target: Gearing 0 - 70%





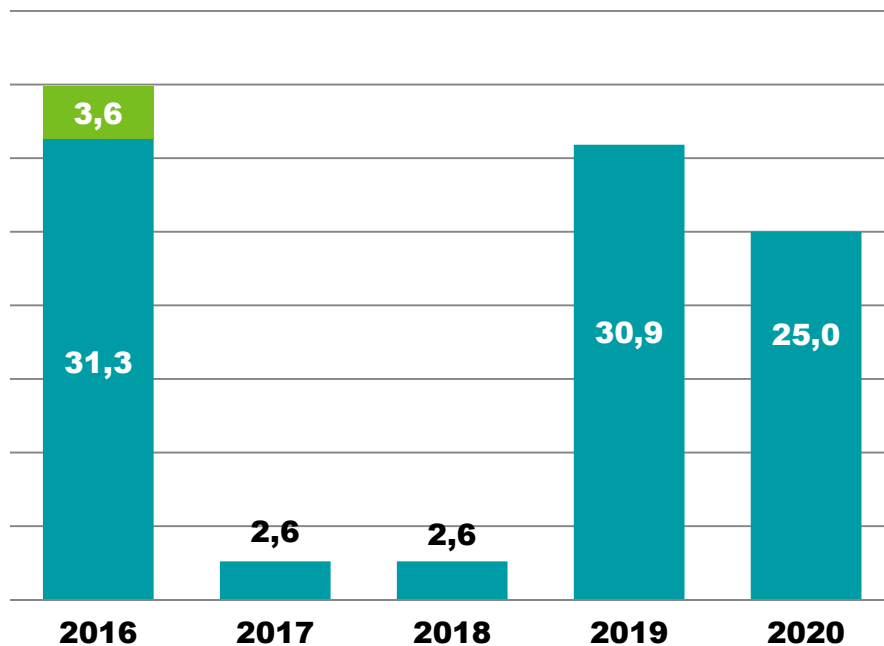
# NET WORKING CAPITAL



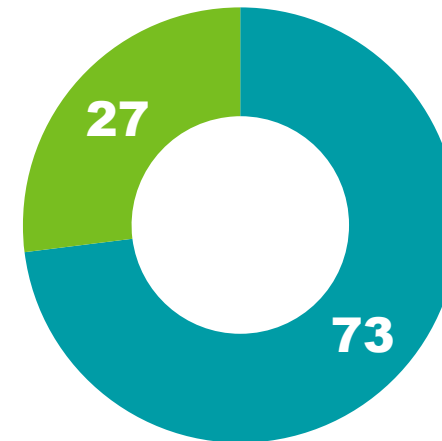
■ Net working capital, EUR million

— Net working capital % of net sales (rolling 12 months)

# MATURITY STRUCTURE OF LONG-TERM LOANS



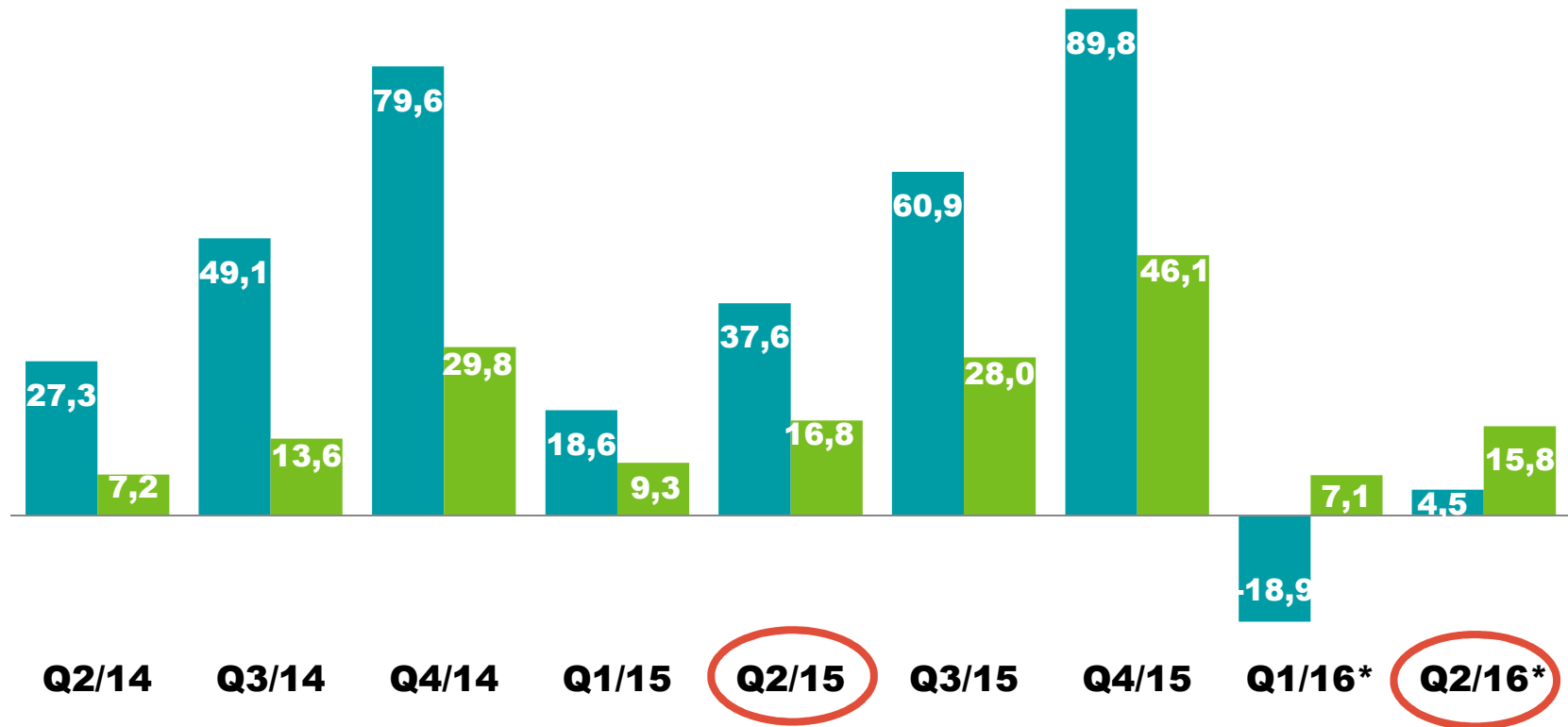
■ Loans, EUR million    ■ Repaid, EUR million



■ fixed    ■ variable

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

\* Includes EUR 52 million in advance payments of employment pension contributions

# OUTLOOK FOR THE YEAR 2016



Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.

This estimate was included in the Half-Year Report released on 3 August 2016.

# CONTACT INFORMATION



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