

LASSILA & TIKANOJA PLC: HALF-YEAR REPORT 1 JANUARY - 30 JUNE 2016

- Net sales for the second quarter increased by 1.6% to EUR 166.9 million (EUR 164.2 million), operating profit was EUR 14.1 million (EUR 14.4 million) and earnings per share EUR 0.38 (EUR 0.28)
- Net sales for January-June increased by 1.9% to EUR 327.5 million (EUR 321.5 million), operating profit was EUR 20.9 million (EUR 20.9 million) and earnings per share EUR 0.52 (EUR 0.42)
- Earnings per share in the second quarter were increased by EUR 0.09 due to the company receiving a legally valid decision concerning the tax deductibility of a debt paid under a guarantee commitment related to L&T Recoil's bankruptcy. Total taxes are reduced by EUR 3.3 million.
- Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly

CEO PEKKA OJANPÄÄ:

"The result for the first half of 2016 was in line with expectations in spite of the business environment remaining challenging, particularly with regard to the demand for, and prices of, recyclable raw materials. Net sales saw organic growth in Facility Services and Industrial Services. Net sales also grew due to strategically targeted acquisitions in Environmental Services and Facility Services. The company's profitability remained at a good level considering the market situation due to previously implemented efficiency improvement measures. In line with our strategy, our focus in the prevailing market climate is on strengthening our market position and ensuring profitability and cash flow."

GROUP NET SALES AND FINANCIAL PERFORMANCE**April - June**

Lassila & Tikanaja's net sales for the second quarter increased by 1.6% to EUR 166.9 million (EUR 164.2 million). Operating profit totalled EUR 14.1 million (EUR 14.4 million). Earnings per share were EUR 0.38 (EUR 0.28).

In the second quarter, net sales grew by 3.9% in Facility Services. Net sales grew both organically and due to acquisitions. Net sales grew by 2.5% in Environmental Services due to previous acquisitions. The net sales of Industrial Services grew by 0.3% and were on a par with the comparison period. The net sales of the Renewable Energy Sources division declined by 22.6% due to the weak demand for energy wood.

Profitability improved significantly in Facility Services. The operating profit of the Environmental Services and Industrial Services divisions was lower than in the comparison period. The operating profit of Renewable Energy Sources declined substantially.

The Group's earnings per share was favourably affected by a legally valid decision handed down by the Administrative Court, according to which the payment of approximately EUR 16.7 million made by the company in 2014 under the L&T Recoil Oy guarantee commitment is tax-deductible. In previous financial reports, the company has treated the payment as a non-tax deductible item due to its tax deductibility not being confirmed. The decision had a favourable impact of EUR 0.09 on earnings per share.

January - June

Lassila & Tikanaja's net sales for January - June increased by 1.9% to EUR 327.5 million (EUR 321.5 million). Operating profit was EUR 20.9 million (EUR 20.9 million), representing 6.4% (6.5%) of net sales. Earnings per share were EUR 0.52 (EUR 0.42).

During the first half of the year, net sales grew by 3.2% in Industrial Services, 3.1% in Facility Services

and 2.0% Environmental Services. The net sales of the Renewable Energy Sources division declined by 10.0% year-on-year due to low demand.

Profitability improved particularly in Facility Services. The operating profit of the Environmental Services and Industrial Services divisions was lower than in the comparison period. The operating profit of Renewable Energy Sources declined substantially.

Impact of new guidance from the European Securities and Markets Authority

The new guidance issued by the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures entered into effect on 3 July 2016. Lassila & Tikanoja presents Alternative Performance Measures in addition to IFRS performance measures in order to illustrate the financial performance of its business operations and to improve comparability between reporting periods. Alternative Performance Measures should not be considered to be replacements for the performance measures defined in the IFRS standards. The new guidance on Alternative Performance Measures has no impact on the company's reporting of performance measures.

The Alternative Performance Measures reported by the company are EVA and cash flow from operating activities per share. The calculation formulas for the performance measures are presented at the end of the half-year report.

Financial summary

	4-6/ 2016	4-6/ 2015	Change	1-6/ 2016	1-6/ 2015	Change	1-12/ 2015
Net sales, EUR million	166.9	164.2	1.6%	327.5	321.5	1.9%	646.3
Operating profit, EUR million	14.1	14.4	-2.1%	20.9	20.9	-0.1%	49.9
Operating margin, %	8.4	8.8		6.4	6.5		7.7
Profit before tax, EUR million	13.9	13.6	2.2%	20.8	20.6	0.6%	47.7
Earnings per share, EUR	0.38	0.28	34.8%	0.52	0.42	22.5%	0.98
EVA, EUR million	9.1	9.5	-4.7%	10.9	11.2	-3.0%	30.3

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

Second quarter

The division's net sales for the second quarter increased by 2.5% to EUR 68.2 million (EUR 66.5 million). The increase in net sales was attributable to acquisitions. Operating profit totalled EUR 9.2 million (EUR 10.8 million).

The 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.

January - June

The Environmental Services division's net sales for the first half of the year increased by 2.0% to EUR 130.0 million (EUR 127.5 million). Operating profit totalled EUR 14.6 million (EUR 17.3 million).

Previously completed acquisitions and stronger demand for services in the construction sector contributed to increased net sales in the recycling business and the division as a whole.

The division's operating profit was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.

Industrial Services

Second quarter

The division's net sales for the second quarter increased by 0.3% to EUR 20.9 million (EUR 20.8 million). Operating profit totalled EUR 2.1 million (EUR 2.5 million).

The net sales of the division's services showed a year-on-year increase in environmental construction and sewer maintenance, but declined in hazardous waste services and process cleaning.

Reduced demand for services led to lower operating profit for hazardous waste services. Operating profit also declined in process cleaning. Sewer maintenance and environmental construction achieved a year-on-year increase in operating profit.

January - June

The Industrial Services division's net sales for January - June increased by 3.2% to EUR 36.8 million (EUR 35.7 million). Operating profit totalled EUR 1.8 million (EUR 2.1 million).

The division's net sales for the first half of the year showed an increase from the comparison period. Net sales increased in all service lines except hazardous waste.

Profitability declined in hazardous waste and process cleaning, but improved in environmental construction and sewer maintenance.

Facility Services

Second quarter

The division's net sales for the second quarter increased by 3.9% to EUR 72.8 million (EUR 70.1 million). Net sales grew both organically and due to acquisitions. Operating profit totalled EUR 3.7 million (EUR 1.8 million).

Net sales grew in renovation services, maintenance of technical systems and cleaning, but declined in property maintenance. Net sales increased in the maintenance of technical systems business due to acquisitions.

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. The profitability of the cleaning business was weighed down by intense price competition.

January - June

The Facility Services division's net sales for January - June increased by 3.1% and amounted to EUR 145.0 million (EUR 140.7 million). Operating profit totalled EUR 4.9 million (EUR 2.1 million).

Net sales grew in renovation services, maintenance of technical systems and cleaning, but declined in property maintenance. Net sales increased in the maintenance of technical systems business due to acquisitions.

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. The profitability of the cleaning business was weighed down by intense price competition.

Renewable Energy Sources

Second quarter

The second quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 22.6% to EUR 7.0 million (EUR 9.1 million). Operating profit was EUR 0.0 million (EUR 0.5 million).

The division's net sales and operating profit were affected by the weak demand for forest energy.

January - June

The net sales of the Renewable Energy Sources division (L&T Biowatti) in January - June were down by 10.0% to EUR 19.8 million (EUR 22.0 million). Operating profit totalled EUR 0.7 million (EUR 1.2 million).

The division's net sales declined mainly due to the short heating season and the challenging market situation for biofuels. Profitability declined year-on-year.

FINANCING

Cash flow from operating activities in the first half of the year was affected by EUR 52 million in advance payments of employment pension contributions. Unlike in the previous year, in 2016 the entire year's contributions were paid in January. In previous years, the payments were made in four instalments. The change in the payment schedule will have no effect on the full-year cash flow.

Cash flow from operating activities amounted to EUR 4.5 million (EUR 37.6 million). A total of EUR 27.2 million in working capital was committed (EUR 1.0 million released), with approximately EUR 23 million of this amount being related to the change in the payment schedule of employment pension contributions.

At the end of the period, interest-bearing liabilities amounted to EUR 103.8 million (EUR 101.1 million).

Net interest-bearing liabilities amounted to EUR 87.5 million (EUR 60.5 million), showing an increase of EUR 45.7 million from the beginning of the year and an increase of EUR 27.0 million from the comparison period.

Net financial expenses in January - June were EUR 0.1 million in the negative (EUR 0.2 million). Net financial expenses were 0.0% (0.1%) of net sales.

The average interest rate on long-term loans (with interest rate hedging) was 1.5% (1.5%). Long-term loans totalling EUR 31.3 million will mature during the remainder of the year.

The equity ratio was 44.1% (43.4%) and the gearing rate was 43.9 (31.1). Liquid assets at the end of the period amounted to EUR 16.3 million (EUR 40.6 million).

Of the EUR 100 million commercial paper programme, EUR 10 million (EUR 0.0 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 17 March 2016 resolved that a dividend of EUR 0.85 per share be paid on the basis of the balance sheet that was adopted for the financial year 2015. The dividend, totalling EUR 32.6 million, was paid to shareholders on 30 March 2016.

CAPITAL EXPENDITURE

Gross capital expenditure in the first half of the year totalled EUR 18.7 million (EUR 17.5 million), consisting primarily of machine and equipment purchases, investments in information systems and acquisitions. Of the significant ongoing information system projects, the deployment of the new ERP system for Facility Services and the first deployments of new financial systems will take place in late 2016 and early 2017.

PERSONNEL

In January - June, the average number of employees converted into full-time equivalents was 6,961 (6,894). At the end of the period, Lassila & Tikanoja had 8,631 (8,615) full-time and part-time employees. Of these, 7,758 (7,716) worked in Finland and 873 (899) in other countries.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in January - June 2016, excluding the shares held by the company in Lassila & Tikanoja plc, was 3,665,544 shares, which is 9.6% (14.6%) of the average number of outstanding shares. The value of trading was EUR 59.4 million (EUR 96.4 million). The highest share price was EUR 18.25 and the lowest EUR 14.37. The closing price was EUR 16.65. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 639.0 million (EUR 595.1 million).

Own shares

At the end of the period, the company held 420,868 of its own shares, representing 1.1% of all shares and votes.

Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437 and the number of outstanding shares is 38,378,006. The average number of shares excluding the shares held by the company was 38,371,974.

Shareholders

At the end of the period, the company had 10,515 (9,915) shareholders. Nominee-registered holdings accounted for 17.3% (18.3%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 17 March 2016 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on the share issue and the issuance of special rights entitling their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The repurchase authorisation is effective for 18 months.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The share issue authorisation is effective for 18 months.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 17 March 2016, adopted the financial statements and consolidated financial statements for 2015 and released the members of the Board of Directors and the President and CEO from liability.

The Annual General Meeting resolved that a dividend of EUR 0.85 per share, totalling EUR 32.6 million, be paid on the basis of the balance sheet adopted for the financial year 2015. It was decided that the dividend be paid on 30 March 2016.

The Annual General Meeting confirmed the number of members of the Board of Directors as six. Heikki Bergholm, Eero Hautaniemi, Laura Lares, Sakari Lassila and Miikka Majjala were re-elected, and Teemu Kangas-Kärki was elected as a new member, to the Board until the end of the following Annual General Meeting.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab named Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange

release on 17 March 2016.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila and Miikka Maijala. At its constitutive meeting after the Annual General Meeting, the Board of Directors elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

Eero Hautaniemi was elected as Chairman and Sakari Lassila and Teemu Kangas-Kärki as members of the Audit Committee. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Miikka Maijala and Laura Lares as members of the committee.

SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 4, CHAPTER 6 OF THE SECURITIES MARKET ACT

On 4 January 2016, the company announced that it had concluded the repurchase of its own shares that was announced on 2 September 2015. The repurchase of the company's own shares began on 15 September 2015 and the repurchase programme ended on 31 December 2015. The final share purchase was realised on 21 December 2015. A total of 253,406 shares were purchased during the repurchase programme. As of the conclusion of the repurchase programme, the company holds a total of 437,721 of its own shares, which corresponds to 1.1% of shares and votes.

On 3 February 2016, the company announced a change to its target range for gearing for the strategy period 2014 - 2018. The new range is 0 - 70 per cent. The previous range was 30 - 80 per cent. The change is based on the company's strong cash flow as well as the need to prepare for potential acquisitions and other capital expenditure.

On 10 June 2016, the company announced that Tutu Wegelius-Lehtonen, Lic.Sc. (Tech.), has been appointed Vice President for Facility Services starting from 1 July 2016, having previously served as L&T's Director, Supply Chain, and as a member of the Group Executive Board since February 2015. Tomi Kontinen, B. Eng. (Logistics), was appointed Wegelius-Lehtonen's successor as Director, Supply Chain, and member of the Group Executive Board, starting from 1 July 2016.

EVENTS AFTER THE REVIEW PERIOD

The company management is not aware of any events of material importance that might have affected the preparation of the half-year report.

NEAR-TERM RISKS AND UNCERTAINTIES

Economic uncertainty may result in significant changes in the secondary raw material markets for Environmental Services and the demand for Facility Services and Industrial Services.

Low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

The company is preparing to deploy new ERP and financial management systems in late 2016 and early 2017. The deployment of the new systems may lead to temporary overlapping costs arising from changes in the operating model, which can have a negative effect on the company's result.

More detailed information on L&T's risks and risk management is available in the 2015 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

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.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY - 30 JUNE 2016

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Net sales	166.9	164.2	327.5	321.5	646.3
Cost of sales	-147.0	-143.6	-294.7	-286.7	-572.0
Gross profit	19.9	20.6	32.8	34.7	74.2
Other operating income	1.7	1.0	2.6	1.4	3.7
Sales and marketing expenses	-3.3	-3.4	-6.7	-6.7	-12.9
Administrative expenses	-3.8	-3.2	-6.8	-6.5	-13.0
Other operating expenses	-0.4	-0.6	-1.0	-2.1	-2.1
Operating profit	14.1	14.4	20.9	20.9	49.9
Financial income	0.4	0.1	0.8	1.1	0.3
Financial expenses	-0.6	-0.8	-0.9	-1.3	-2.5
Profit before tax	13.9	13.6	20.8	20.6	47.7
Income taxes	0.6	-2.8	-0.8	-4.2	-9.7
Profit for the period	14.5	10.8	20.0	16.4	37.9
Attributable to:					
Equity holders of the company	14.5	10.8	20.0	16.4	37.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:					
Earnings per share, EUR	0.38	0.28	0.52	0.42	0.98
Diluted earnings per share, EUR	0.38	0.28	0.52	0.42	0.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Profit for the period	14.5	10.8	20.0	16.4	37.9
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	0.0	0.0	0.0	0.0	0.1
Items not to be recognised through profit or loss, total	0.0	0.0	0.0	0.0	0.1
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.2	0.2	0.2	0.4	0.4
Currency translation differences	-0.1	0.1	-0.1	0.5	0.1
Currency translation differences recognised in profit or loss	-	-	-	0.0	0.0
Currency translation differences, non-controlling interest	0.0	-	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total	0.1	0.2	0.2	1.0	0.4
Total comprehensive income, after tax	14.7	11.1	20.2	17.4	38.4
Attributable to:					
Equity holders of the company	14.6	11.1	20.1	17.4	38.5
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	6/2016	6/2015	12/2015
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	116.5	111.2	113.7
Customer contracts arising from acquisitions	5.6	5.4	5.4
Agreements on prohibition of competition	0.1	0.1	0.2
Other intangible assets arising from business acquisitions	0.6	0.7	0.6
Other intangible assets	18.6	11.7	15.0
	141.5	129.2	134.9
Property, plant and equipment			
Land	5.0	5.1	5.0
Buildings and constructions	39.1	41.8	39.9
Machinery and equipment	104.0	106.2	111.0
Other	0.1	0.1	0.1
Prepayments and construction in progress	6.0	3.7	5.5
	154.2	156.9	161.5
Other non-current assets			
Available-for-sale investments	0.6	0.6	0.6
Finance lease receivables	1.6	2.6	2.1
Deferred tax assets	5.8	2.6	2.4
Other receivables	1.8	2.1	2.0
	9.8	8.0	7.0
Total non-current assets	305.5	294.0	303.4
Current assets			
Inventories	25.0	23.4	23.6
Trade and other receivables	91.3	99.9	84.4
Derivative receivables	0.2	0.1	0.0
Prepayments	25.4	1.7	0.3
Current available-for-sale financial assets	0.0	0.0	5.0
Cash and cash equivalents	16.3	40.6	49.0
Total current assets	158.1	165.7	162.4
Total assets	463.6	459.7	465.8

EQUITY AND LIABILITIES

EUR million	6/2016	6/2015	12/2015
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-3.2	-2.8	-3.4
Invested unrestricted equity reserve	0.4	0.5	0.5
Retained earnings	162.4	161.1	156.8
Profit for the period	20.0	16.4	37.9
	199.0	194.5	211.2
Non-controlling interest	0.2	0.2	0.1
	199.1	194.7	211.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	24.3	24.1	24.9
Retirement benefit obligations	0.9	1.0	0.9
Provisions	4.0	4.2	4.1
Interest-bearing liabilities	60.9	93.7	61.0
Other liabilities	0.3	0.3	0.4
	90.4	123.3	91.2
Current liabilities			
Interest-bearing liabilities	42.8	7.4	34.9
Trade and other payables	127.8	128.3	121.9
Derivative liabilities	0.4	0.6	1.1
Tax liabilities	0.3	2.3	1.4
Provisions	2.6	3.1	3.9
	174.0	141.7	163.2
	264.5	265.0	254.4
Total liabilities	264.5	265.0	254.4
Total equity and liabilities	463.6	459.7	465.8

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-6/2016	1-6/2015	1-12/2015
Cash flows from operating activities			
Profit for the period	20.0	16.4	37.9
Adjustments			
Income taxes	0.8	4.2	9.7
Depreciation and impairment	19.4	20.0	40.0
Financial income and expenses	0.1	0.2	2.2
Other	-1.9	0.1	0.7

Net cash generated from operating activities before change in working capital	38.4	40.9	90.6
Change in working capital			
Change in trade and other receivables	-29.2	-5.7	11.8
Change in inventories	-1.4	-0.9	-1.0
Change in trade and other payables	3.4	7.6	-1.3
Change in working capital	-27.2	1.0	9.5
Interest paid	-0.9	-1.1	-1.7
Interest received	0.1	0.2	0.3
Income taxes	-5.9	-3.4	-8.9
Net cash from operating activities	4.5	37.6	89.8
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.8	-2.5	-6.5
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	0.0	-
Prepayments for Group companies and businesses	-	-	-3.6
Purchases of property, plant and equipment and intangible assets	-15.1	-15.1	-37.6
Proceeds from sale of property, plant and equipment and intangible assets	0.8	0.0	0.0
Purchases of available-for-sale investments	-	0.0	-
Change in other non-current receivables	0.1	0.8	1.7
Dividends received	0.0	0.0	0.0
Net cash used in investing activities	-15.8	-16.8	-46.1
Cash flows from financing activities			
Change in short-term borrowings	9.8	0.0	0.2
Proceeds from long-term borrowings	-	25.0	25.0
Repayments of long-term borrowings	-3.6	-19.9	-25.2
Dividends paid and other asset distribution	-32.6	-29.0	-29.0
Acquisition of own shares	-	-0.4	-4.7
Net cash generated from financing activities	-26.4	-24.2	-33.7
Net change in liquid assets	-37.7	-3.5	10.0
Liquid assets at beginning of period	54.0	44.0	44.0
Effect of changes in foreign exchange rates	0.0	0.1	0.0
Liquid assets at end of period	16.3	40.6	54.0
Liquid assets			
EUR million	1-6/2016	1-6/2015	1-12/2015
Cash and cash equivalents	16.3	40.6	49.0
Available-for-sale financial assets	0.0	0.0	5.0
Total	16.3	40.6	54.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2016	19.4	-2.9	0.0	-0.4	0.5	194.7	211.2	0.1	211.4
Total comprehensive income									
Profit for the period						20.0	20.0	0.0	20.0
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.2			0.2		0.2
Available-for-sale financial assets							0.0		0.0
Currency translation differences		-0.1					-0.1	0.0	0.0
Total comprehensive income	0.0	-0.1	0.0	0.2	0.0	20.0	20.1	0.0	20.2
Transactions with shareholders									
Share-based benefits					0.0	0.3	0.3		0.3
Dividends paid						-32.6	-32.6		-32.6
Dividends returned						0.0	0.0		0.0
Acquisition of own shares							0.0		0.0
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.0	-32.3	-32.3		-32.3
Other changes						-0.1	-0.1		-0.1
Equity on 30 June 2016	19.4	-3.0	0.0	-0.2	0.4	182.3	199.0	0.2	199.1

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2015	19.4	-3.0	0.0	-0.9	0.3	190.3	206.2	0.2	206.3
Total comprehensive income									
Profit for the period						16.4	16.4	0.0	16.4
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.5		-0.1	0.4		0.4
Available-for-sale financial assets							0.0		0.0
Currency translation differences		0.5					0.5	0.0	0.6
Total comprehensive income	0.0	0.5	0.0	0.5	0.0	16.3	17.4	0.0	17.4
Transactions with shareholders									
Share-based benefits					0.1	0.1	0.3		0.3
Dividends paid						-29.0	-29.0		-29.0
Dividends returned						0.0	0.0		0.0
Capital repayment						-0.4	-0.4		-0.4
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.1	-29.2	-29.0		-29.0
Other changes						0.0	0.0		0.0
Equity on 30 June 2015	19.4	-2.4	0.0	-0.4	0.5	177.5	194.5	0.2	194.7

KEY FIGURES

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Earnings per share, EUR	0.38	0.28	0.52	0.42	0.98
Diluted earnings per share, EUR	0.38	0.28	0.52	0.42	0.98
Cash flow from operating activities/share, EUR	0.61	0.49	0.12	0.97	2.33
EVA, EUR million*	9.1	9.5	10.9	11.2	30.3
Gross capital expenditure, EUR million	10.8	8.0	18.7	17.5	49.6
Depreciation, amortisation and impairment, EUR million	9.5	9.9	19.4	20.0	40.0
Equity per share, EUR			5.19	5.04	5.51
Return on equity, % (ROE)			19.5	16.4	18.2
Return on invested capital, ROI, %			14.2	14.5	16.5
Equity ratio, %			44.1	43.4	46.5
Gearing, %			43.9	31.1	19.8
Net interest-bearing liabilities, EUR million			87.5	60.5	41.8
Average number of employees in full-time equivalents			6,961	6,894	7,099
Total number of full-time and part-time employees at end of period			8,631	8,615	8,085
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,372	38,610	38,590
at end of period			38,378	38,615	38,361
average during the period, diluted			38,387	38,622	38,605

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2016 6.56%, 2015 6.51%

ACCOUNTING POLICIES

This half-year report is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The half-year report has been prepared applying the IFRS standards and interpretations in effect on 31 December 2015.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2015.

The information presented in the half-year report has not been audited.

SEGMENT INFORMATION**Net sales**

4-6/2016				4-6/2015			Total net sales, change %
EUR million	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	67.3	0.8	68.2	65.7	0.9	66.5	2.5
Industrial Services	20.4	0.5	20.9	20.3	0.5	20.8	0.3
Facility Services	72.1	0.7	72.8	69.1	1.0	70.1	3.9
Renewable Energy Sources	7.0	0.0	7.0	9.1	0.0	9.1	-22.6
Eliminations		-2.1	-2.1		-2.4	-2.4	
Total	166.9	0.0	166.9	164.2	0.0	164.2	1.6

1-6/2016				1-6/2015			Total net sales, change %
EUR million	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	128.2	1.7	130.0	125.8	1.7	127.5	2.0
Industrial Services	36.0	0.8	36.8	34.7	0.9	35.7	3.2
Facility Services	143.6	1.5	145.0	139.0	1.8	140.7	3.1
Renewable Energy Sources	19.8	0.1	19.8	21.9	0.1	22.0	-10.0
Eliminations		-4.1	-4.1		-4.4	-4.4	
Total	327.5	0.0	327.5	321.5	0.0	321.5	1.9

12/2015			
EUR million	External	Inter-division	Total
Environmental Services	253.1	3.4	256.5
Industrial Services	75.0	2.0	77.0
Facility Services	279.0	4.0	282.9
Renewable Energy Sources	39.2	0.2	39.4
Eliminations		-9.5	-9.5
Total	646.3	0.0	646.3

Operating profit

EUR million	4-6/ 2016	%	4-6/ 2015	%	1-6/ 2016	%	1-6/ 2015	%	12. 2015	%
Environmental Services	9.2	13.5	10.8	16.3	14.6	11.3	17.3	13.6	35.8	14.0
Industrial Services	2.1	10.3	2.5	11.9	1.8	5.0	2.1	5.9	6.8	8.9
Facility Services	3.7	5.1	1.8	2.6	4.9	3.3	2.1	1.5	8.1	2.9
Renewable Energy Sources	0.0	0.3	0.5	5.8	0.7	3.4	1.2	5.6	2.1	5.3
Group administration and other	-1.0		-1.2		-1.1		-1.9		-3.0	
Total	14.1	8.4	14.4	8.8	20.9	6.4	20.9	6.5	49.9	7.7

OTHER SEGMENT INFORMATION

EUR million	1-6/2016	1-6/2015	12/2015
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Assets

Environmental Services	222.3	214.1	214.2
Industrial Services	71.8	74.3	71.4
Facility Services	123.4	102.0	97.6
Renewable Energy Sources	21.3	22.9	23.3
Group administration and other	0.9	1.2	1.0
Unallocated assets	23.9	45.3	58.2
L&T total	463.6	459.7	465.8

Liabilities

Environmental Services	54.6	53.4	52.1
Industrial Services	23.2	23.9	21.9
Facility Services	50.0	51.6	49.8
Renewable Energy Sources	5.9	4.8	4.8
Group administration and other	1.6	2.6	2.1
Unallocated liabilities	129.2	128.7	123.7
L&T total	264.5	265.0	254.4

EUR million	4-6/2016	4-6/2015	1-6/2016	1-6/2015	12/2015
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Capital expenditure

Environmental Services	5.3	3.8	9.4	8.5	24.4
Industrial Services	2.4	1.0	3.3	1.9	7.5
Facility Services	3.1	3.1	5.9	7.0	17.3
Renewable Energy Sources	0.0	0.0	0.1	0.1	0.3
Group administration and other	0.0	0.0	0.0	0.0	0.0
L&T total	10.8	8.0	18.7	17.5	49.6

Depreciation and amortisation

Environmental Services	4.9	5.0	9.9	10.0	19.9
Industrial Services	1.7	1.6	3.3	3.4	6.6
Facility Services	2.9	3.3	6.2	6.5	13.3
Renewable Energy Sources	0.1	0.1	0.1	0.1	0.3
Group administration and other	0.0	0.0	0.0	0.0	0.0
L&T total	9.5	9.9	19.4	20.0	40.0

INCOME STATEMENT BY QUARTER

EUR million	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015
Net sales					
Environmental Services	68.2	61.8	64.2	64.7	66.5
Industrial Services	20.9	15.9	20.3	21.0	20.8
Facility Services	72.8	72.2	71.7	70.5	70.1
Renewable Energy Sources	7.0	12.8	11.7	5.6	9.1
Interdivision net sales	-2.1	-2.1	-2.8	-2.3	-2.4
L&T total	166.9	160.7	165.2	159.6	164.2
Operating profit					
Environmental Services	9.2	5.4	7.4	11.0	10.8
Industrial Services	2.1	-0.3	1.8	2.9	2.5
Facility Services	3.7	1.2	1.0	4.9	1.8
Renewable Energy Sources	0.0	0.7	0.3	0.6	0.5
Group administration and other	-1.0	-0.1	-1.0	-0.1	-1.2
L&T total	14.1	6.8	9.7	19.3	14.4
Operating margin					
Environmental Services	13.5%	8.8%	11.6%	17.0%	16.3%
Industrial Services	10.3%	-2.0%	9.1%	13.7%	11.9%
Facility Services	5.1%	1.6%	1.5%	6.9%	2.6%
Renewable Energy Sources	0.3%	5.1%	2.6%	9.9%	5.8%
L&T total	8.4%	4.2%	5.9%	12.1%	8.8%
Financial income and expenses, net	-0.2	0.1	-1.0	-1.0	-0.8
Profit before tax	13.9	6.9	8.6	18.4	13.6

BUSINESS ACQUISITIONS, COMBINED

Fair value, total EUR million	1-6/2016	1-6/2015	1-12/2015
Intangible assets	1.1	1.4	2.5
Property, plant and equipment	1.8	0.3	1.6
Investments	0.0	0.0	0.0
Receivables	1.7	0.1	1.4
Cash and cash equivalents	2.3	0.8	0.9
Total assets	6.9	2.5	6.4
Interest-bearing liabilities	-		
Other liabilities	1.0	0.3	2.3
Deferred tax liabilities	0.0	0.1	0.3
Total liabilities	1.0	0.4	2.6
Net assets acquired	5.9	2.1	3.8
Total consideration	8.8	3.2	7.4
Goodwill	2.9	1.1	3.6
Effect on cash flow			
Consideration paid in cash	-8.8	-3.2	-7.4
Cash and cash equivalents of the acquired company	2.3	0.8	0.9
Paid in the previous year	3.6	-	-
Unpaid	1.0	-	-
Cash flow from investing activities	-1.8	-2.5	-6.5

CHANGES IN INTANGIBLE ASSETS

EUR million	1-6/2016	1-6/2015	1-12/2015
Carrying amount at beginning of period	134.9	125.7	125.7
Business acquisitions	1.4	2.5	6.0
Other capital expenditure	5.0	3.2	7.9
Disposals	0.1	0.0	0.0
Depreciation and impairment	-2.3	-2.4	-5.0
Transfers between items	2.6	0.0	0.0
Exchange differences	-0.2	0.2	0.2
Carrying amount at end of period	141.5	129.2	134.9

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-6/2016	1-6/2015	1-12/2015
Carrying amount at beginning of period	161.5	162.1	162.1
Business acquisitions	0.8	0.3	4.1
Other capital expenditure	11.4	11.5	31.5
Disposals	-0.3	-0.5	-0.9
Depreciation and impairment	-17.1	-17.6	-35.1
Transfers between items	-2.6	0.0	0.0
Exchange differences	0.5	1.0	-0.2
Carrying amount at end of period	154.2	156.9	161.5

CAPITAL COMMITMENTS

EUR million	1-6/2016	1-6/2015	1-12/2015
Intangible assets	0.1	0.1	-
Property, plant and equipment	8.0	5.7	6.3
Total	8.0	5.8	6.3

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million 30 June 2016	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level
Non-current financial assets								
	Available-for-sale investments		0.6			0.6	0.6	
	Finance lease receivables	1.6				1.6	1.6	3
	Other receivables	1.7				1.7	1.7	2
Current financial assets								
	Available-for-sale investments							
	Trade and other receivables	84.2				84.2	84.2	
	Finance lease receivables	1.0				1.0	1.0	
	Derivative receivables				0.2	0.2	0.2	
	Cash and cash equivalents	16.3				16.3	16.3	
	Total financial assets	104.8	0.6		0.2	105.5	105.5	
Non-current financial liabilities								
	Borrowings			59.6		59.6	59.6	2
	Finance lease payables			1.4		1.4	1.4	
	Other liabilities			0.0		0.0	0.0	
Current financial liabilities								
	Borrowings			42.6		42.6	42.6	
	Finance lease payables			0.2		0.2	0.2	
	Trade and other payables			67.0		67.0	67.0	
	Derivative liabilities				0.4	0.4	0.4	2
	Total financial liabilities			170.8	0.4	171.1	171.1	

EUR million 30 June 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level
Non-current financial assets								
	Available-for-sale investments		0.6			0.6	0.6	3
	Finance lease receivables	1.1				1.1	1.1	2
	Other receivables	2.2				2.2	2.2	
Current financial assets								
	Available-for-sale investments		5.0			5.0	5.0	
	Trade and other receivables	94.2				94.2	94.2	
	Finance lease receivables					0.0		
	Derivative receivables				0.1	0.1		
	Cash and cash equivalents	35.6				35.6	35.6	
	Total financial assets	133.2	5.6		0.1	138.8	138.7	
Non-current financial liabilities								
	Borrowings			93.7		93.7	93.2	2
	Other liabilities			0.0		0.0	0.0	
Current financial liabilities								
	Borrowings			7.4		7.4		
	Trade and other payables			59.0		59.0		
	Derivative liabilities				0.6	0.6	0.6	2
	Total financial liabilities			160.1	0.6	160.7	93.7	

CONTINGENT LIABILITIES

EUR million	6/2016	6/2015	12/2015
Securities for own commitments			
Mortgages on rights of tenancy	0.2	0.2	0.4
Company mortgages	0.8	0.5	1.1
Other securities	0.1	0.2	0.2
Bank guarantees required for environmental permits	10.2	7.9	8.6

Other securities are security deposits.

Operating lease liabilities

EUR million	6/2016	6/2015	12/2015
Maturity not later than one year	7.6	3.1	6.3
Maturity later than one year and not later than five years	11.7	3.7	13.1
Maturity later than five years	4.0	2.0	1.6
Total	23.3	8.7	21.0

Liabilities associated with derivative agreements**Interest rate swaps**

EUR million	6/2016	6/2015	12/2015
Nominal values of interest rate swaps			
Maturity not later than one year	30.8	7.7	34.1
Maturity later than one year and not later than five years	3.6	39.5	4.5
Maturity later than five years	0.0	0.0	0.0
Total	34.4	47.1	38.6
Fair value	-0.3	-0.5	-0.4

The interest rate swaps are used for the hedging of cash flow related to floating rate loans, and hedge accounting under IAS 39 has been applied to them. The hedges have been effective, and the changes in their fair values are shown on the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data on the interim report date.

Commodity derivatives

EUR million	6/2016	6/2015	12/2015
Nominal values of diesel swaps			
Maturity not later than one year	1.2	1.7	1.6
Maturity later than one year and not later than five years	0.0	0.0	0.0
Total	1.2	1.7	1.6
Fair value	0.1	-0.2	-0.6

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IAS 39-compliant hedge accounting is applied to these contracts, and the effective change in fair value is recognised in the hedging reserve within equity.

CALCULATION OF KEY FIGURES

Earnings per share:

profit attributable to equity holders of the parent company / adjusted average basic number of shares

Diluted earnings per share:

profit attributable to equity holders of the parent company / adjusted average diluted number of shares

Cash flows from operating activities/share:

cash flow from operating activities as in the statement of cash flows / adjusted average basic number of shares

EVA:

operating profit - cost calculated on invested capital (average of four quarters)
WACC 2016: 6.56% and 2015: 6.51%

Equity per share:

profit attributable to equity holders of the parent company / adjusted basic number of shares at end of period

Return on equity, % (ROE):

(profit for the period / equity (average)) x 100

Return on invested capital, % (ROI):

(profit before tax + financial expenses) / (total equity and liabilities - non-interest-bearing liabilities (average)) x 100

Equity ratio, %:

equity / (total equity and liabilities - advances received) x 100

Gearing, %:

net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:

interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:

operating profit +/- non-recurring items

Helsinki, 3 August 2016

LASSILA & TIKANOJA PLC

Board of Directors

Pekka Ojanpää

President and CEO

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers focus on their core business and protect the environment. Together, we create well-being and jobs. With operations in Finland, Sweden and Russia, L&T employs 8,000 persons. Net sales in 2015 amounted to EUR 646.3 million. L&T is listed on Nasdaq Helsinki.

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