

Lassila & Tikanoja plc
 Stock exchange release
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Lassila & Tikanoja plc: Half-Year Report 1 January – 30 June 2018

- Net sales for the second quarter were EUR 203.0 million (166.7), operating profit was EUR 12.6 million (10.0) and earnings per share EUR 0.23 (0.19)
- Net sales for January–June increased by 21.8% to EUR 399.4 million (328.0), operating profit was EUR 16.4 million (15.1) and earnings per share EUR 0.29 (0.30)
- Full-year net sales and operating profit in 2018 are expected to increase compared to 2017

CEO PEKKA OJANPÄÄ:

“Lassila & Tikanoja’s net sales for January–June increased by 22% year-on-year, with organic growth exceeding 5%. Operating profit grew by more than 8% year-on-year. Business developed favourably particularly in Facility Services, Technical Services and Industrial Services. In Facility Services, the result of the renovation business improved in particular. In Technical Services, the development of operations in Sweden was especially positive. In Industrial Services, demand remained strong and operating profit improved substantially year-on-year. In Environmental Services, profitability improvement measures had a positive impact on operations and operating profit increased year-on-year in the second quarter. We will continue to strengthen our market position and improve our profitability in accordance with our strategy.”

GROUP NET SALES AND FINANCIAL PERFORMANCE April–June

Lassila & Tikanoja’s net sales for the second quarter amounted to EUR 203.0 million (166.7), up 21.8% year-on-year. The rate of organic growth was 6.0%. Operating profit totalled EUR 12.6 million (10.0), representing 6.2% (6.0) of net sales. Earnings per share were EUR 0.23 (0.19).

Organic growth in net sales was achieved in all divisions, particularly in Industrial Services, Technical Services and Renewable Energy Sources.

Operating profit improved year-on-year in all divisions except Renewable Energy Sources.

January–June

Net sales for January–June increased by 21.8% to EUR 399.4 million (328.0). Operating profit totalled EUR 16.4 million (15.1), representing 4.1% (4.6) of net sales. Earnings per share were EUR 0.29 (0.30).

Net sales grew in all divisions during the first half of the year.

Operating profit increased in Facility Services, Industrial Services and Technical Services.

Financial summary

| | 4–6/2018 | 4–6/2017 | Change | 1–6/2018 | 1–6/2017 | Change | 1–12/2017 |
|--|----------|----------|--------|----------|----------|--------|-----------|
| Net sales, EUR million | 203.0 | 166.7 | 21.8 | 399.4 | 328.0 | 21.8 | 709.5 |
| Operating profit, EUR million | 12.6 | 10.0 | 26.2 | 16.4 | 15.1 | 8.6 | 44.0 |
| Operating margin, % | 6.2 | 6.0 | | 4.1 | 4.6 | | 6.2 |
| Profit before tax, EUR million | 11.1 | 9.3 | 19.7 | 13.9 | 14.4 | -3.6 | 42.5 |
| Earnings per share, EUR | 0.23 | 0.19 | 19.9 | 0.29 | 0.30 | -3.7 | 0.87 |
| Cash flow from operating activities/share, EUR | 0.48 | 0.40 | 19.2 | 0.85 | 0.58 | 46.2 | 1.61 |
| EVA, EUR million | 6.4 | 4.9 | 29.4 | 4.2 | 4.9 | -14.7 | 21.1 |

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

Second quarter

The division's net sales for the second quarter increased to EUR 69.3 million (66.8). Operating profit was EUR 8.4 million (8.3).

New customers in the retail and industrial segments compensated for the impact of municipalisation on operating profit. Profitability improvement measures introduced in the first quarter had a favourable impact on the result.

January–June

The Environmental Services division's net sales for the first half of the year amounted to EUR 132.1 million (129.1). Operating profit was EUR 12.8 million (14.7).

Operating profit was weighed down by the impact of municipalisation as well as fuel costs and subcontracting expenses being higher than in the previous year.

Industrial Services

Second quarter

The division's net sales for the second quarter increased by 11.1% to EUR 26.3 million (23.6). Operating profit was EUR 3.3 million (2.7).

Faster growth than the market average and efficiency of operations boosted operating profit in the hazardous waste management, process cleaning and environmental construction businesses.

January–June

The net sales of the Industrial Services division grew by 9.5% in January–June and amounted to EUR 45.4 million (41.5). Operating profit increased by 47.5% year-on-year and amounted to EUR 3.7 million (2.5).

Net sales and operating profit increased during the first half of the year across all of the division's service lines except for sewer maintenance. The result of the environmental construction business improved substantially year-on-year.

Facility Services

Second quarter

The division's net sales for the second quarter increased by 4.4% to EUR 66.0 million (63.2). Operating profit grew to EUR 1.4 million (0.5).

Net sales increased in all of the division's service lines. Operating profit improved substantially in the renovation business.

January–June

The net sales of the Facility Services division amounted to EUR 131.9 million (126.5) in January–June. Operating profit was EUR 0.9 million (-0.5).

Net sales increased in the property maintenance and renovation businesses. In the cleaning business, net sales and operating profit were reduced by preparations for the deployment of the ERP system.

Technical Services

Second quarter

The division's net sales for the second quarter amounted to EUR 35.6 million (8.6). Operating profit was EUR 0.6 million (-0.1) and operating profit adjusted for purchase price allocation amortisation was EUR 1.2 million (0.0).

Demand for the division's services was strong and operating profit was at a good level, particularly in Sweden. Preparations for the deployment of the new ERP system are continuing in the Technical Services division in Finland.

January–June

The Technical Services division's net sales for January–June totalled EUR 72.0 million (17.0). Operating profit was EUR 1.3 million (0.0) and operating profit adjusted for purchase price allocation amortisation was EUR 2.5 million (0.1).

The rate of organic growth in net sales was 10.5% during the first half of the year. Net sales and operating profit developed particularly favourably in the Technical Services division's Swedish operations.

Renewable Energy Sources

Second quarter

The second quarter net sales of Renewable Energy Sources (L&T Biowatti) increased by 15.5% and amounted to EUR 8.4 million (7.3). Operating profit was EUR -0.3 million (0.2).

Net sales increased in the second quarter thanks to strong demand. Operating profit decreased year-on-year due to higher production costs and the weak energy content of delivered fuels.

January–June

The net sales of the Renewable Energy Sources division totalled EUR 23.1 million (19.4) in January–June. Operating profit was EUR -0.2 million (0.5).

Net sales grew year-on-year thanks to strong demand and new customer accounts. Operating profit was lower than in the comparison period due to higher production costs and the weak energy content of delivered fuels. The energy content of fuels improved towards the end of the period.

FINANCING

Cash flow from operating activities amounted to EUR 32.6 million (22.3) in the first half of the year. A total of EUR 4.3 million in working capital was released. In the comparison period, EUR 6.4 million in working capital was committed.

At the end of the period, interest-bearing liabilities amounted to EUR 166.6 million (111.0).

Net interest-bearing liabilities amounted to EUR 131.8 million (70.8), showing an increase of EUR 13.9 million from the start of the year and EUR 61.0 million from the comparison period due to the acquisition made in Sweden in August 2017.

Net financial expenses in January–June amounted to EUR 2.0 million (0.6). The increase was due to unrealised exchange rate losses and higher debt service costs. Net financial expenses in the comparison period included EUR 0.7 million in positive change in the fair value of currency hedges. Net financial expenses were -0.5% (-0.2) of net sales.

The average interest rate on long-term loans (with interest rate hedging) was 1.1% (1.1). Loans totalling EUR 21.3 million will mature in 2018, including the short-term commercial papers currently in use.

The equity ratio was 35.1% (42.7) and the gearing rate was 70.0 (35.8). Liquid assets at the end of the period amounted to EUR 34.8 million (40.2).

Of the EUR 100.0 million commercial paper programme, EUR 20.0 million (40.0) 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 during the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 15 March 2018 resolved that a dividend of EUR 0.92 per share be paid on the basis of the balance sheet that was adopted for the financial year 2017. The dividend, totalling EUR 35.3 million, was paid to shareholders on 26 March 2018.

CAPITAL EXPENDITURE

Gross capital expenditure in the first half of the year totalled EUR 15.4 million (21.9), consisting primarily of machine and equipment purchases and investments in information systems. Of the significant ongoing information system projects, the deployment of the new ERP system continued in the Technical Services division and in the Facility Services division's cleaning and support services business.

PERSONNEL

In the second quarter, the average number of employees converted into full-time equivalents was 7,646 (6,942). At the end of the period, Lassila & Tikanoja had 9,122 (8,512) full-time and part-time employees. Of these, 7,492 (7,549) worked in Finland and 1,630 (963) in other countries. The amount of personnel increased year-on-year in Sweden due to an acquisition made in August 2017.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in January–June, excluding the shares held by the company in Lassila & Tikanoja plc, was 2,497,008 shares, which is 6.5% (9.0) of the average number of outstanding shares. The value of trading was EUR 48.7 million (64.2). The highest share price was EUR 20.0 and the lowest EUR 15.52. The closing price was EUR 16.46. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 632.2 million (706.9).

Own shares

At the end of the period, the company held 392,952 of its own shares, representing 1.0% 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 38,405,922. The average number of shares excluding the shares held by the company was 38,403,743.

Shareholders

At the end of the period, the company had 12,738 (12,064) shareholders. Nominee-registered holdings accounted for 19.6% (18.6) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 15 March 2018 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 a 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.

BOARD OF DIRECTORS

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

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

KEY EVENTS DURING THE REVIEW PERIOD

On 24 April, the company published key financial figures adjusted according to the IFRS 9 and IFRS 15 standards as well as comparison data for the 2017 financial year according to the new segment structure.

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

Challenges related to the availability of labour may increase production costs and slow down the growth of net sales.

The company is continuing the deployment of a new ERP system. The deployment of the new system

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 Lassila & Tikanoja's risks and risk management is available in the 2017 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

OUTLOOK FOR THE YEAR 2018

Lassila & Tikanoja's net sales and operating profit in 2018 are expected to be above the 2017 levels.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 JUNE 2018

CONSOLIDATED INCOME STATEMENT

| EUR million | 4–6/2018 | 4–6/2017 | 1–6/2018 | 1–6/2017 | 1–12/2017 |
|---|--------------|----------|---------------|----------|-----------|
| Net sales | 203.0 | 166.7 | 399.4 | 328.0 | 709.5 |
| Other operating income | 1.9 | 2.6 | 3.1 | 3.6 | 5.7 |
| Change of inventory | -1.0 | -0.2 | -2.8 | 0.6 | -1.0 |
| Materials and services | -68.6 | -50.2 | -140.8 | -103.7 | -231.9 |
| Employee benefit expenses | -85.5 | -74.4 | -167.0 | -145.0 | -296.9 |
| Other operating expenses | -26.5 | -24.5 | -54.4 | -48.5 | -100.3 |
| Depreciation and impairment | -10.6 | -10.0 | -21.2 | -20.0 | -41.1 |
| Operating profit | 12.6 | 10.0 | 16.4 | 15.1 | 44.0 |
| Financial income and expenses | -1.1 | -0.7 | -2.0 | -0.6 | -1.4 |
| Share of the result of associated companies | -0.3 | 0.0 | -0.4 | 0.0 | -0.1 |
| Profit before tax | 11.1 | 9.3 | 13.9 | 14.4 | 42.5 |
| Income taxes | -2.3 | -2.0 | -2.9 | -3.0 | -8.9 |
| Profit for the period | 8.8 | 7.4 | 11.0 | 11.4 | 33.5 |
| Attributable to: | | | | | |
| Equity holders of the company | 8.8 | 7.4 | 11.0 | 11.4 | 33.5 |
| 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 | 0.23 | 0.19 | 0.29 | 0.30 | 0.87 |
| Diluted earnings per share, EUR | 0.23 | 0.19 | 0.29 | 0.30 | 0.87 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million | 4–6/2018 | 4–6/2017 | 1–6/2018 | 1–6/2017 | 1–12/2017 |
|--|------------|----------|-------------|----------|-----------|
| Profit for the period | 8.8 | 7.4 | 11.0 | 11.4 | 33.5 |
| Items not to be recognised through profit or loss | | | | | |
| Items arising from reassessment 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 | -0.1 | 0.0 | -0.1 | 0.0 | -0.1 |
| Currency translation differences | -1.0 | -0.3 | -4.6 | -0.2 | -2.7 |
| Currency translation differences, non-controlling interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Items potentially to be recognised through profit or loss, total | -1.1 | -0.3 | -4.7 | -0.2 | -2.8 |
| Total comprehensive income, after tax | 7.7 | 7.0 | 6.3 | 11.2 | 30.7 |
| Attributable to: | | | | | |
| Equity holders of the company | 7.7 | 7.1 | 6.3 | 11.2 | 30.7 |
| Non-controlling interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|--------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 146.3 | 117.9 | 150.2 |
| Customer contracts arising from acquisitions | 20.2 | 5.5 | 22.6 |
| Agreements on prohibition of competition | 0.0 | 0.1 | 0.0 |
| Other intangible assets arising from business acquisitions | 0.5 | 0.5 | 0.5 |
| Other intangible assets | 22.9 | 21.9 | 22.9 |
| | 189.8 | 145.9 | 196.3 |
| Property, plant and equipment | | | |
| Land | 5.2 | 5.3 | 5.3 |
| Buildings and constructions | 37.4 | 40.6 | 40.3 |
| Machinery and equipment | 110.6 | 108.5 | 113.0 |
| Other tangible assets | 0.1 | 0.1 | 0.1 |
| Prepayments and construction in progress | 2.2 | 3.2 | 2.0 |
| | 155.5 | 157.7 | 160.5 |
| Other non-current assets | | | |
| Available-for-sale investments | 0.3 | 0.6 | 0.6 |
| Finance lease receivables | 0.1 | 0.6 | 0.3 |
| Deferred tax assets | 3.6 | 5.8 | 6.8 |
| Other receivables | 1.8 | 2.3 | 2.6 |
| | 5.8 | 9.4 | 10.3 |
| Total non-current assets | 351.1 | 313.0 | 367.2 |
| Current assets | | | |
| Inventories | 20.6 | 25.4 | 23.9 |
| Trade and other receivables | 141.6 | 93.9 | 137.6 |
| Derivative receivables | 0.2 | 0.7 | 0.1 |
| Prepayments | 1.4 | 1.8 | 0.5 |

| | | | |
|-----------------------------|--------------|-------|-------|
| Cash and cash equivalents | 34.8 | 40.2 | 48.1 |
| Total current assets | 198.6 | 162.0 | 210.2 |
| Total assets | 549.7 | 474.9 | 577.3 |

| | | | |
|-------------|---------------|---------------|----------------|
| EUR million | 6/2018 | 6/2017 | 12/2017 |
|-------------|---------------|---------------|----------------|

EQUITY AND LIABILITIES

Equity

Equity attributable to equity holders of the parent company

| | | | |
|--------------------------------------|--------------|-------|-------|
| Share capital | 19.4 | 19.4 | 19.4 |
| Other reserves | -10.6 | -3.3 | -5.9 |
| Invested unrestricted equity reserve | 0.6 | 0.6 | 0.6 |
| Retained earnings | 167.7 | 169.7 | 169.7 |
| Profit for the period | 11.0 | 11.4 | 33.5 |
| | 188.1 | 197.8 | 217.2 |
| Non-controlling interest | 0.2 | 0.2 | 0.2 |

| | | | |
|---------------------|--------------|-------|-------|
| Total equity | 188.3 | 197.9 | 217.4 |
|---------------------|--------------|-------|-------|

Liabilities

Non-current liabilities

| | | | |
|--------------------------------|--------------|------|-------|
| Deferred tax liability | 27.9 | 24.0 | 29.2 |
| Retirement benefit obligations | 1.3 | 1.0 | 1.4 |
| Provisions | 4.7 | 4.4 | 5.0 |
| Borrowings | 121.6 | 66.9 | 140.9 |
| Other liabilities | 0.3 | 0.4 | 0.4 |
| | 155.8 | 96.6 | 177.0 |

Current liabilities

| | | | |
|--------------------------|--------------|-------|-------|
| Borrowings | 45.0 | 44.1 | 25.0 |
| Trade and other payables | 159.1 | 134.7 | 155.7 |
| Derivative liabilities | 0.3 | 0.3 | 0.2 |
| Tax liabilities | 0.4 | 0.0 | 0.1 |
| Provisions | 0.8 | 1.3 | 1.9 |
| | 205.7 | 180.3 | 183.0 |

| | | | |
|--------------------------|--------------|-------|-------|
| Total liabilities | 361.4 | 277.0 | 359.9 |
|--------------------------|--------------|-------|-------|

| | | | |
|-------------------------------------|--------------|-------|-------|
| Total equity and liabilities | 549.7 | 474.9 | 577.3 |
|-------------------------------------|--------------|-------|-------|

CONSOLIDATED STATEMENT OF CASH FLOW

| EUR million | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--|--------------|--------------|--------------|
| Cash flow from operating activities | | | |
| Profit for the period | 11.0 | 11.4 | 33.5 |
| Adjustments | | | |
| Income taxes | 2.9 | 3.0 | 9.0 |
| Depreciation and impairment | 21.2 | 20.0 | 41.1 |
| Financial income and expenses | 2.0 | 0.6 | 1.4 |
| Other | -3.0 | -1.2 | 0.3 |
| Net cash generated from operating activities before change in working capital | 34.1 | 33.8 | 85.3 |
| Change in working capital | | | |
| Change in trade and other receivables | -3.3 | -3.3 | -14.6 |
| Change in inventories | 3.3 | -0.5 | 1.0 |
| Change in trade and other payables | 4.3 | -2.6 | 2.8 |
| Change in working capital | 4.3 | -6.4 | -10.8 |
| Interest paid | -1.3 | -1.1 | -2.7 |
| Interest received | 0.3 | 0.9 | 0.5 |
| Income taxes | -4.9 | -5.0 | -10.5 |
| Net cash from operating activities | 32.6 | 22.3 | 61.8 |
| Cash flow from investing activities | | | |
| Acquisition of subsidiaries and businesses, net of cash acquired/adjustment of acquisition price | 1.6 | -2.8 | -67.2 |
| Purchases of property, plant and equipment and intangible assets | -11.7 | -10.1 | -25.5 |
| Proceeds from the sale of property, plant and equipment and intangible assets | 0.6 | 0.0 | 1.7 |
| Investments in associated companies | 0.0 | -0.8 | -0.8 |
| Change in other non-current receivables and investments | 0.6 | 0.2 | -0.3 |
| Net cash used in investing activities | -8.9 | -13.5 | -92.1 |
| Cash flow from financing activities | | | |
| Change in short-term borrowings | - | 39.9 | 18.3 |
| Proceeds from long-term borrowings | - | - | 69.9 |
| Repayments of long-term borrowings | -1.2 | -1.3 | -2.6 |
| Dividends paid | -35.3 | -35.3 | -35.3 |
| Net cash generated from financing activities | -36.6 | 3.3 | 50.3 |
| Net change in liquid assets | -12.9 | 12.1 | 20.0 |
| Liquid assets at beginning of period | 48.1 | 28.2 | 28.2 |
| Effect of changes in foreign exchange rates | -0.4 | -0.1 | -0.1 |
| Liquid assets at end of period | 34.8 | 40.2 | 48.1 |

**CONSOLIDATED
STATEMENT OF
CHANGES IN EQUITY**

| EUR million | Share capital | Currency translation differences | Hedging reserve | Invested unrestricted equity reserve | Retained earnings | Equity attributable to equity holders of the parent company | Non-cont rolling inte rest | Total equity |
|--|---------------|----------------------------------|-----------------|--------------------------------------|-------------------|---|----------------------------|--------------|
| Equity on 1 January 2017 | 19.4 | -3.0 | -0.1 | 0.4 | 206.1 | 222.8 | 0.2 | 223.0 |
| Effect of IFRS 15 adoption | | | | | -1.1 | -1.1 | | -1.1 |
| Adjusted equity on 1 January 2017 | 19.4 | -3.0 | -0.1 | 0.4 | 205.0 | 221.8 | 0.2 | 221.9 |
| Total comprehensive income | | | | | | | | |
| Result for the period | | | | | 11.4 | 11.4 | 0.0 | 11.4 |
| Other comprehensive income items | | -0.2 | 0.0 | 0.0 | 0.0 | -0.2 | 0.0 | -0.2 |
| Total comprehensive income | | -0.2 | 0.0 | | 11.4 | 11.2 | 0.0 | 11.2 |
| Transactions with shareholders | | | | | | | | |
| Share-based benefits | | | | 0.1 | -0.1 | 0.0 | | 0.0 |
| Dividends paid | | | | | -35.3 | -35.3 | | -35.3 |
| Transactions with shareholders, total | | | | 0.1 | -35.4 | -35.3 | | -35.3 |
| Other changes | | | | | 0.1 | 0.1 | | 0.1 |
| Equity on 30 June 2017 | 19.4 | -3.2 | -0.1 | 0.6 | 181.1 | 197.8 | 0.2 | 197.9 |
| Result for the period | | | | | 22.1 | 22.1 | 0.0 | 22.1 |
| Other comprehensive income items | | -2.5 | -0.1 | 0.0 | 0.1 | -2.5 | 0.0 | -2.6 |
| Total comprehensive income | | -2.5 | -0.1 | 0.0 | 22.1 | 19.5 | 0.0 | 19.5 |
| Transactions with shareholders | | | | | | | | |
| Share-based benefits | | | | | 0.0 | 0.0 | | 0.0 |
| Other changes | | | | | 0.0 | 0.0 | | 0.0 |

| | | | | | | | | |
|--|-------------|--------------|-------------|------------|--------------|--------------|------------|--------------|
| Equity on 31 December 2017 | 19.4 | -5.7 | -0.2 | 0.6 | 203.2 | 217.2 | 0.2 | 217.4 |
| Effect of IFRS 9 adoption | | | | | -0.4 | -0.4 | | -0.4 |
| Adjusted equity on 1 January 2018 | 19.4 | -5.7 | -0.2 | 0.6 | 202.8 | 216.9 | 0.2 | 217.1 |
| Total comprehensive income | | | | | | | | |
| Result for the period | | | | | 11.0 | 11.0 | 0.0 | 11.0 |
| Other comprehensive income items | | -4.6 | -0.1 | | 0.0 | -4.7 | 0.0 | -4.7 |
| Total comprehensive income | | -4.6 | -0.1 | | 11.0 | 6.3 | 0.0 | 6.3 |
| Transactions with shareholders | | | | | | | | |
| Share-based benefits | | | | 0.0 | 0.1 | 0.2 | | 0.2 |
| Dividends paid | | | | | -35.3 | -35.3 | | -35.3 |
| Dividends returned | | | | | 0.0 | 0.0 | | 0.0 |
| Transactions with shareholders, total | | | | 0.0 | -35.2 | -35.1 | | -35.1 |
| Other changes | | | | | 0.0 | 0.0 | | 0.0 |
| Equity on 30 June 2018 | 19.4 | -10.4 | -0.3 | 0.6 | 178.7 | 188.1 | 0.2 | 188.3 |

KEY FIGURES

| | 4-6/2018 | 4-6/2017 | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--|-------------|----------|--------------|----------|-----------|
| Earnings per share, EUR | 0.23 | 0.19 | 0.29 | 0.30 | 0.87 |
| Diluted earnings per share, EUR | 0.23 | 0.19 | 0.29 | 0.30 | 0.87 |
| Cash flow from operating activities/share, EUR | 0.48 | 0.40 | 0.85 | 0.58 | 1.61 |
| EVA, EUR million* | 6.4 | 4.9 | 4.2 | 4.9 | 21.1 |
| Adjusted operating profit** | 13.4 | 10.3 | 17.8 | 15.5 | 45.7 |
| Gross capital expenditure, EUR million | 7.2 | 11.0 | 15.4 | 21.9 | 113.2 |
| Depreciation, amortisation and impairment, EUR million | 10.6 | 10.0 | 21.2 | 20.0 | 41.1 |
| Equity per share, EUR | | | 4.90 | 5.15 | 5.66 |
| Return on equity, % (ROE) | | | 10.9 | 10.9 | 15.2 |
| Return on invested capital, % (ROI) | | | 8.8 | 10.6 | 13.3 |
| Equity ratio, % | | | 35.1 | 42.7 | 38.6 |
| Gearing, % | | | 70.0 | 35.8 | 54.2 |
| Net interest-bearing liabilities, EUR million | | | 131.8 | 70.8 | 117.9 |

| | | | |
|--|---------------|--------|--------|
| Average number of employees in full-time equivalents | 7,646 | 6,942 | 7,875 |
| Total number of full-time and part-time employees at end of period | 9,122 | 8,512 | 8,663 |
| Number of outstanding shares adjusted for issues, 1,000 shares average during the period | 38,404 | 38,392 | 38,395 |
| at end of period | 38,406 | 38,398 | 38,398 |
| average during the period, diluted | 38,418 | 38,407 | 38,409 |

* EVA = operating profit - cost calculated on invested capital (average of four quarters), WACC: 2018 6.60%, 2017 6.69%

** Adjusted operating profit = operating profit plus purchase price allocation amortisation

ACCOUNTING POLICIES

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

The half-year report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2017 and the new and amended provisions that entered into force on 1 January 2018.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2017.

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

The comparison figures presented for 2017 have been adjusted in accordance with IFRS 9 and IFRS 15.

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

Changes in segment reporting

On 14 December 2017, Lassila & Tikanoja plc announced a change in segment reporting as of 1 January 2018. In the change, technical services were separated from the Facility Services division to form an independent reporting segment. Lassila & Tikanoja's new structure consists of five reporting segments: Environmental Services, Industrial Services, Facility Services, Technical Services and Renewable Energy Sources. Comparable figures for 2017 were published in a separate release on 24 April 2018.

IFRS 9

IFRS 9 presents revised guidance on the recognition and measurement of financial instruments. This also includes a new accounting model for credit losses that is applied in the determination of impairment recognised on financial assets. The standard's provisions concerning general hedge accounting have also been revised. IFRS 9 also carries forward the guidance on the recognition and derecognition of financial instruments from IAS 39. The company has not applied the standard retroactively. The effect of the application of the standard on Lassila & Tikanoja's equity in the opening balance sheet of 1 January 2018 was EUR -0.4 million.

IFRS 15

IFRS 15 lays down a comprehensive framework for determining when revenue can be recognised and to what extent. In accordance with IFRS 15, an entity shall recognise revenue as a monetary amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question.

IFRS 15 includes a five-step model for recognising revenue from contracts with customers. According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer goods and/or services to a customer. The recognition takes place over time or at a specific point in time, with the passing of control as the key criterion.

The provision of services accounts for a significant share of Lassila & Tikanoja's income flows. Revenue from services is recognised as the services are provided. The company has estimated that control concerning a service is passed over time, as the customer simultaneously receives and consumes the benefit from the company's performance as the entity performs. Thus, the company satisfies the performance obligation and recognises revenue over time in accordance with IFRS 15.

The effects of the IFRS 15 application are related to the Environmental Services' equipment sales (compactors and balers), which represent approximately 0.5% of L&T's net sales.

In accordance with IAS 8, the company applied the standard retrospectively for each previous reporting period it presents, taking into account the practical expedients allowed by IFRS 15. The effect of the application of the standard on Lassila & Tikanoja's equity in the opening balance sheet of 1 January 2018 was EUR -1.3 million.

IFRS 2

The amendments to IFRS 2 Share-based Payment clarify the accounting of certain types of arrangements. They apply to three areas: the measurement of cash-settled payments, share-based payments from which withholding taxes have been deducted, and converting share-based payments from cash-settled payments to equity-settled payments. The amendments have had no impact on Lassila & Tikanoja's figures.

IFRS 16

Lassila & Tikanoja will apply the standard as of 1 January 2019.

The new standard will replace IAS 17 and the related interpretations. IFRS 16 requires lessees to recognise leases as lease payment obligations and related asset items in the balance sheet. Balance sheet entry is very similar to the accounting treatment of finance leases under IAS 17. There are two concessions regarding the recognition of leases in the balance sheet, relating to leases with a short term of 12 months at most, and leases for assets valued at no more than USD 5,000. For lessors, the accounting treatment of leases will remain largely the same as under the current IAS 17. The standard's most significant effect concerns the accounting treatment of operating leases. At the end of the 2017 financial year, the Group had EUR 36.1 million in non-cancellable lease obligations based on operating leases. The more detailed assessment of the effects of the new standard is still underway. The company will apply a non-retrospective transition method.

SEGMENT INFORMATION

NET SALES

| EUR million | 4–6/2018 | | | 4–6/2017 | | | Total net sales, change % |
|--------------------------|--------------|---------------|--------------|----------|---------------|-------|---------------------------|
| | External | Interdivision | Total | External | Interdivision | Total | |
| Environmental Services | 68.6 | 0.8 | 69.3 | 65.9 | 0.9 | 66.8 | 3.8 |
| Industrial Services | 25.5 | 0.7 | 26.3 | 22.7 | 0.9 | 23.6 | 11.1 |
| Facility Services | 65.3 | 0.7 | 66.0 | 62.6 | 0.6 | 63.2 | 4.4 |
| Technical Services | 35.2 | 0.4 | 35.6 | 8.2 | 0.4 | 8.6 | 312.2 |
| Renewable Energy Sources | 8.4 | 0.0 | 8.4 | 7.2 | 0.1 | 7.3 | 15.5 |
| Eliminations | | -2.7 | -2.7 | | -2.9 | -2.9 | |
| Total | 203.0 | | 203.0 | 166.7 | | 166.7 | 21.8 |

| EUR million | 1–6/2018 | | | 1–6/2017 | | | Total net sales, change % |
|--------------------------|--------------|---------------|--------------|----------|---------------|-------|---------------------------|
| | External | Interdivision | Total | External | Interdivision | Total | |
| Environmental Services | 130.5 | 1.6 | 132.1 | 127.4 | 1.7 | 129.1 | 2.4 |
| Industrial Services | 44.2 | 1.2 | 45.4 | 39.8 | 1.7 | 41.5 | 9.5 |
| Facility Services | 130.5 | 1.4 | 131.9 | 125.4 | 1.2 | 126.5 | 4.2 |
| Technical Services | 71.2 | 0.8 | 72.0 | 16.2 | 0.8 | 17.0 | 324.1 |
| Renewable Energy Sources | 23.0 | 0.1 | 23.1 | 19.3 | 0.1 | 19.4 | 19.0 |
| Eliminations | | -5.1 | -5.1 | | -5.5 | -5.5 | |
| Total | 399.4 | | 399.4 | 328.0 | | 328.0 | 21.8 |

| EUR million | 1–12/2017 | | |
|--------------------------|--------------|---------------|--------------|
| | External | Interdivision | Total |
| Environmental Services | 259.2 | 3.5 | 262.8 |
| Industrial Services | 87.4 | 3.3 | 90.7 |
| Facility Services | 258.0 | 2.6 | 260.6 |
| Technical Services | 70.2 | 1.7 | 71.8 |
| Renewable Energy Sources | 34.7 | 0.2 | 34.9 |
| Eliminations | | -11.3 | -11.3 |
| Total | 709.5 | | 709.5 |

**OPERATING
PROFIT**

| EUR million | 4- 6/2018 | % | 4-6/2017 | % | 1-6/2018 | % | 1-6/2017 | % | 1-12/2017 | % |
|--------------------------------|--------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| Environmental Services | 8.4 | 12.1 | 8.3 | 12.4 | 12.8 | 9.7 | 14.7 | 11.4 | 31.6 | 12.0 |
| Industrial Services | 3.3 | 12.4 | 2.7 | 11.3 | 3.7 | 8.1 | 2.5 | 6.0 | 8.7 | 9.6 |
| Facility Services | 1.4 | 2.1 | 0.5 | 0.8 | 0.9 | 0.6 | -0.5 | -0.4 | 5.2 | 2.0 |
| Technical Services | 0.6 | 1.7 | -0.1 | -0.8 | 1.3 | 1.8 | 0.0 | 0.1 | 1.6 | 2.3 |
| Renewable Energy Sources | -0.3 | -3.3 | 0.2 | 2.9 | -0.2 | -0.9 | 0.5 | 2.6 | 0.7 | 2.0 |
| Group administration and other | -0.7 | | -1.5 | | -2.1 | | -2.2 | | -3.9 | |
| Total | 12.6 | 6.2 | 10.0 | 6.0 | 16.4 | 4.1 | 15.1 | 4.6 | 44.0 | 6.2 |

**ADJUSTED
OPERATING
PROFIT**

| EUR million | 4- 6/2018 | % | 4-6/2017 | % | 1-6/2018 | % | 1-6/2017 | % | 1-12/2017 | % |
|--------------------------------|--------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| Environmental Services | 8.5 | 12.3 | 8.4 | 12.6 | 13.1 | 9.9 | 15.0 | 11.6 | 32.2 | 12.3 |
| Industrial Services | 3.3 | 12.5 | 2.7 | 11.4 | 3.7 | 8.2 | 2.5 | 6.1 | 8.8 | 9.7 |
| Facility Services | 1.4 | 2.1 | 0.5 | 0.8 | 0.9 | 0.7 | -0.4 | -0.3 | 5.3 | 2.0 |
| Technical Services | 1.2 | 3.3 | 0.0 | -0.3 | 2.5 | 3.4 | 0.1 | 0.6 | 2.6 | 3.6 |
| Renewable Energy Sources | -0.3 | -3.3 | 0.2 | 2.9 | -0.2 | -0.9 | 0.5 | 2.6 | 0.7 | 2.0 |
| Group administration and other | -0.7 | | -1.5 | | -2.1 | | -2.2 | | -3.9 | |
| Total | 13.4 | 6.6 | 10.3 | 6.2 | 17.8 | 4.5 | 15.5 | 4.7 | 45.7 | 6.4 |

**OTHER SEGMENT
INFORMATION**

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--------------------------------|--------------|--------------|--------------|
| Assets | | | |
| Environmental Services | 221.3 | 220.3 | 218.4 |
| Industrial Services | 74.8 | 72.5 | 74.1 |
| Facility Services | 95.9 | 98.0 | 103.5 |
| Technical Services | 94.5 | 11.7 | 98.8 |
| Renewable Energy Sources | 17.1 | 21.3 | 22.7 |
| Group administration and other | 0.6 | 1.3 | 2.1 |
| Unallocated assets | 45.6 | 49.9 | 57.8 |
| L&T total | 549.7 | 474.9 | 577.3 |

Liabilities

| | | | |
|--------------------------------|--------------|-------|-------|
| Environmental Services | 58.6 | 55.4 | 55.3 |
| Industrial Services | 29.7 | 24.6 | 27.4 |
| Facility Services | 48.7 | 48.5 | 52.2 |
| Technical Services | 18.3 | 4.6 | 15.9 |
| Renewable Energy Sources | 6.1 | 5.9 | 7.6 |
| Group administration and other | 4.0 | 2.1 | 5.3 |
| Unallocated liabilities | 195.9 | 135.7 | 196.2 |
| L&T total | 361.4 | 277.0 | 359.9 |

| EUR million | 4-6/2018 | 4-6/2017 | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Capital expenditure | | | | | |
| Environmental Services | 3.7 | 6.6 | 8.9 | 12.8 | 24.8 |
| Industrial Services | 1.9 | 1.6 | 3.1 | 3.5 | 9.0 |
| Facility Services | 1.0 | 2.8 | 2.5 | 4.9 | 10.1 |
| Technical Services | 0.4 | 0.0 | 0.8 | 0.0 | 68.6 |
| Renewable Energy Sources | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 |
| Group administration and other | 0.1 | 0.0 | 0.0 | 0.5 | 0.4 |
| L&T total | 7.2 | 11.0 | 15.4 | 21.9 | 113.2 |
| Depreciation and amortisation | | | | | |
| Environmental Services | 5.1 | 4.9 | 10.1 | 9.9 | 19.9 |
| Industrial Services | 1.9 | 1.8 | 3.7 | 3.5 | 7.3 |
| Facility Services | 2.7 | 2.9 | 5.4 | 5.8 | 11.3 |
| Technical Services | 1.0 | 0.4 | 1.9 | 0.7 | 2.3 |
| Renewable Energy Sources | 0.1 | 0.1 | 0.1 | 0.2 | 0.3 |
| Group administration and other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| L&T total | 10.6 | 10.0 | 21.2 | 20.0 | 41.1 |

INCOME STATEMENT BY QUARTER

| EUR million | 4- 6/2018 | 1-3/2018 | 10-12/2017 | 7-9/2017 | 4-6/2017 |
|---|--------------|----------|------------|----------|----------|
| Net sales | | | | | |
| Environmental Services | 69.3 | 62.8 | 66.0 | 67.6 | 66.8 |
| Industrial Services | 26.3 | 19.2 | 23.9 | 25.3 | 23.6 |
| Facility Services | 66.0 | 65.8 | 70.2 | 63.9 | 63.2 |
| Technical Services | 35.6 | 36.4 | 38.4 | 16.4 | 8.6 |
| Renewable Energy Sources | 8.4 | 14.7 | 10.7 | 4.8 | 7.3 |
| Interdivision net sales | -2.7 | -2.4 | -3.2 | -2.6 | -2.9 |
| Total | 203.0 | 196.5 | 206.1 | 175.4 | 166.7 |
| Operating profit | | | | | |
| Environmental Services | 8.4 | 4.4 | 6.9 | 10.1 | 8.3 |
| Industrial Services | 3.3 | 0.4 | 2.6 | 3.6 | 2.7 |
| Facility Services | 1.4 | -0.5 | 1.4 | 4.3 | 0.5 |
| Technical Services | 0.6 | 0.7 | 1.2 | 0.4 | -0.1 |
| Renewable Energy Sources | -0.3 | 0.1 | 0.2 | 0.0 | 0.2 |
| Group administration and other | -0.7 | -1.3 | -0.9 | -0.8 | -1.5 |
| Total | 12.6 | 3.7 | 11.4 | 17.6 | 10.0 |
| Adjusted operating profit | | | | | |
| Environmental Services | 8.5 | 4.5 | 7.0 | 10.3 | 8.4 |
| Industrial Services | 3.3 | 0.4 | 2.6 | 3.7 | 2.7 |
| Facility Services | 1.4 | -0.5 | 1.5 | 4.3 | 0.5 |
| Technical Services | 1.2 | 1.3 | 2.0 | 0.5 | 0.0 |
| Renewable Energy Sources | -0.3 | 0.1 | 0.2 | 0.0 | 0.2 |
| Group administration and other | -0.7 | -1.3 | -0.9 | -0.8 | -1.5 |
| Total | 13.4 | 4.5 | 12.4 | 17.8 | 10.3 |
| Operating margin | | | | | |
| Environmental Services | 12.1 | 7.0 | 10.4 | 14.9 | 12.4 |
| Industrial Services | 12.4 | 2.2 | 10.7 | 14.4 | 11.3 |
| Facility Services | 2.1 | -0.8 | 2.0 | 6.7 | 0.8 |
| Technical Services | 1.7 | 1.9 | 3.1 | 2.6 | -0.8 |
| Renewable Energy Sources | -3.3 | 0.5 | 2.1 | -0.7 | 2.9 |
| Total | 6.2 | 1.9 | 5.5 | 10.0 | 6.0 |
| Financial income and expenses, net | -1.1 | -0.9 | -1.3 | 0.5 | -0.7 |
| Share of the result of associated companies | -0.3 | -0.1 | 0.0 | 0.0 | 0.0 |
| Profit before tax | 11.1 | 2.8 | 10.0 | 18.0 | 9.3 |

CLASSIFICATION OF REVENUE

| EUR million | Service delivered over time | Project businesses | 4–6/2018 | | Total net sales | 4–6/2017 | | | | |
|--------------------------|-----------------------------|--------------------|---------------------|------------|-----------------|-----------------------------|--------------------|---------------------|------------|-----------------|
| | | | Revenue from leases | Other | | Service delivered over time | Project businesses | Revenue from leases | Other | Total net sales |
| Environmental Services | 68.9 | | 0.5 | | 69.3 | 66.4 | | 0.3 | | 66.8 |
| Industrial Services | 24.4 | 1.6 | 0.3 | | 26.3 | 22.7 | 0.6 | 0.3 | | 23.6 |
| Facility Services | 57.5 | 8.5 | | | 66.0 | 55.9 | 7.4 | | | 63.2 |
| Technical Services | 34.0 | 1.6 | | | 35.6 | 7.4 | 1.3 | | | 8.7 |
| Renewable Energy Sources | 6.1 | | | 2.4 | 8.4 | 5.3 | | | 2.0 | 7.3 |
| Total | 190.8 | 11.7 | 0.8 | 2.4 | 205.6 | 157.7 | 9.3 | 0.6 | 2.0 | 169.6 |
| Interdivision | | | | | -2.7 | | | | | -2.9 |
| Total external net sales | | | | | 203.0 | | | | | 166.7 |

| EUR million | Service delivered over time | Project businesses | 1–6/2018 | | Total net sales | 1–6/2017 | | | | |
|--------------------------|-----------------------------|--------------------|---------------------|------------|-----------------|-----------------------------|--------------------|---------------------|------------|-----------------|
| | | | Revenue from leases | Other | | Service delivered over time | Project businesses | Revenue from leases | Other | Total net sales |
| Environmental Services | 131.2 | | 0.9 | | 132.1 | 128.4 | | 0.6 | | 129.1 |
| Industrial Services | 42.6 | 2.2 | 0.6 | | 45.4 | 39.7 | 1.2 | 0.6 | | 41.5 |
| Facility Services | 114.1 | 17.7 | | | 131.9 | 111.5 | 15.0 | | | 126.5 |
| Technical Services | 66.7 | 5.3 | | | 72.0 | 15.1 | 1.8 | | | 17.0 |
| Renewable Energy Sources | 16.4 | | | 6.6 | 23.1 | 14.3 | | | 5.1 | 19.4 |
| Total | 371.1 | 25.2 | 1.5 | 6.6 | 404.5 | 309.1 | 18.1 | 1.2 | 5.1 | 333.5 |
| Interdivision | | | | | -5.1 | | | | | -5.5 |
| Total external net sales | | | | | 399.4 | | | | | 328.0 |

| EUR million | Service delivered over time | Project business | 1–12/2017 | | Total net sales |
|------------------------|-----------------------------|------------------|---------------------|-------|-----------------|
| | | | Revenue from leases | Other | |
| Environmental Services | 261.3 | | 1.4 | | 262.8 |

| | | | | | |
|------------------------------|-------|------|-----|-----|-------|
| Industrial Services Facility | 86.4 | 3.1 | 1.1 | | 90.7 |
| Services | 224.5 | 36.2 | | | 260.6 |
| Technical Services | 63.7 | 8.2 | | | 71.8 |
| Renewable Energy Sources | 25.3 | | | 9.6 | 34.9 |
| Total | 661.2 | 47.5 | 2.5 | 9.6 | 720.8 |
| Interdivision | | | | | -11.3 |
| Total external net sales | | | | | 709.5 |

MATCHING THE EVA RESULT TO OPERATING PROFIT

| EUR million | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|---|--------------|----------|-----------|
| Operating profit | 16.4 | 15.1 | 44.0 |
| Invested capital (rolling 12-month quarterly average) | 368.0 | 302.3 | 342.0 |
| Cost calculated on invested capital | -12.1 | -10.1 | -22.9 |
| EVA | 4.2 | 4.9 | 21.1 |

MATCHING ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

| EUR million | 4-6/2018 | 4-6/2017 | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--|-------------|----------|-------------|----------|-----------|
| Operating profit | 12.6 | 10.0 | 16.4 | 15.1 | 44.0 |
| Purchase price allocation amortisation | | | | | |
| Environmental Services | 0.1 | 0.2 | 0.3 | 0.3 | 0.6 |
| Industrial Services | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Facility Services | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Technical Services | 0.6 | 0.0 | 1.2 | 0.1 | 0.9 |
| Adjusted operating profit | 13.4 | 10.3 | 17.8 | 15.5 | 45.7 |

BUSINESS ACQUISITIONS**L&T FM AB**

In the first quarter of 2018, a transaction price refund of SEK 22.8 million was received, which is shown as a positive item in cash flow from investing activities.

Fair value

| EUR million | 1–12/2017 |
|---|--------------|
| Intangible assets | 19.0 |
| Property, plant and equipment | 0.1 |
| Investments | 0.0 |
| Receivables | 32.2 |
| Cash and cash equivalents | 0.8 |
| Total assets | 52.1 |
| Other liabilities | 16.8 |
| Deferred tax liabilities | 4.2 |
| Total liabilities | 21.0 |
| Net assets acquired | 31.2 |
| Total consideration | 64.9 |
| Goodwill | 33.7 |
| Effect on cash flow | |
| Consideration paid in cash | -64.9 |
| Cash and cash equivalents of the acquired company | 0.8 |
| Cash flow from investing activities | -64.1 |

The acquisition of L&T FM AB was completed on 31 August 2017 and the acquired entity has been included in the consolidated financial statements as of 1 September 2017. The IFRS purchase price calculations are not yet final.

OTHER BUSINESS ACQUISITIONS, COMBINED**Fair value, total**

| EUR million | 1–6/2018 | 1–6/2017 | 1–12/2017 |
|-------------------------------|----------|------------|------------|
| Intangible assets | - | 0.6 | 0.6 |
| Property, plant and equipment | - | 1.0 | 1.0 |
| Investments | - | 0.0 | 0.0 |
| Receivables | - | 0.3 | 0.3 |
| Cash and cash equivalents | - | 1.0 | 1.0 |
| Total assets | - | 2.9 | 2.9 |
| Other liabilities | - | 0.3 | 0.3 |
| Deferred tax liabilities | - | 0.0 | 0.0 |
| Total liabilities | - | 0.3 | 0.3 |

| | | | |
|---|---|------|------|
| Net assets acquired | - | 2.6 | 2.6 |
| Total consideration | - | 4.1 | 4.1 |
| Goodwill | - | 1.5 | 1.5 |
| Effect on cash flow | | | |
| Consideration paid in cash | - | -4.1 | -4.1 |
| Cash and cash equivalents of the acquired company | - | 1.0 | 1.0 |
| Unpaid | - | - | 0.2 |
| Cash flow from investing activities | - | -3.2 | -3.0 |

CHANGES IN INTANGIBLE ASSETS

| EUR million | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--|----------|----------|-----------|
| Carrying amount at beginning of period | 196.3 | 143.2 | 143.2 |
| Business acquisitions | 0.0 | 2.2 | 53.0 |
| Other capital expenditure | 2.7 | 3.6 | 7.1 |
| Disposals | -1.6 | 0.0 | 0.0 |
| Depreciation and impairment | -4.2 | -2.9 | -6.6 |
| Transfers between items | 0.0 | 0.0 | 0.0 |
| Exchange differences | -3.4 | -0.1 | -0.3 |
| Carrying amount at end of period | 189.8 | 145.9 | 196.3 |

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million | 1-6/2018 | 1-6/2017 | 1-12/2017 |
|--|----------|----------|-----------|
| Carrying amount at beginning of period | 160.5 | 160.3 | 160.3 |
| Business acquisitions | 0.0 | 0.0 | 1.1 |
| Other capital expenditure | 12.7 | 15.6 | 35.4 |
| Disposals | -0.4 | -0.9 | -1.4 |
| Depreciation and impairment | -17.1 | -17.1 | -34.5 |
| Transfers between items | 0.0 | 0.0 | 0.0 |
| Exchange differences | -0.3 | -0.2 | -0.3 |
| Carrying amount at end of period | 155.5 | 157.6 | 160.5 |

CAPITAL COMMITMENTS

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|-------------------------------|--------|--------|---------|
| Intangible assets | 0.2 | 0.2 | 0.2 |
| Property, plant and equipment | 11.7 | 7.4 | 1.9 |
| Total | 11.9 | 7.6 | 2.1 |

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

| EUR million | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured using the effective interest method | Derivatives under hedge accounting | Carrying amounts by balance sheet item | Fair value hierarchy level |
|--------------|-----------------------------|-------------------------------------|--|------------------------------------|--|----------------------------|
| 30 June 2018 | | | | | | |

Non-current financial assets

| | | | | | | |
|--------------------------------|-----|-----|--|--|-----|---|
| Available-for-sale investments | | 0.3 | | | 0.3 | 3 |
| Finance lease receivables | 0.1 | | | | 0.1 | 2 |
| Other receivables | 1.6 | | | | 1.6 | |

Current financial assets

| | | | | |
|-------------------------------|--------------|------------|------------|--------------|
| Trade and other receivables | 125.9 | | | 125.9 |
| Finance lease receivables | 0.4 | | | 0.4 |
| Derivative receivables | | | 0.2 | 0.2 |
| Cash and cash equivalents | 34.8 | | | 34.8 |
| Total financial assets | 162.8 | 0.3 | 0.2 | 163.3 |

Non-current financial liabilities

| | | | | | |
|------------------------|--|-------|--|-------|---|
| Borrowings | | 104.8 | | 104.8 | 2 |
| Finance lease payables | | 16.8 | | 16.8 | |

Current financial liabilities

| | | | | | |
|------------------------------------|--|--------------|------------|--------------|---|
| Borrowings | | 42.2 | | 42.2 | |
| Finance lease payables | | 2.8 | | 2.8 | |
| Trade and other payables | | 80.2 | | 80.2 | |
| Derivative liabilities | | | 0.3 | 0.3 | 2 |
| Total financial liabilities | | 246.8 | 0.3 | 247.1 | |

The fair values of balance sheet items do not differ significantly from the carrying values of balance sheet items.

| EUR million | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured using the effective interest method | Derivatives under hedge accounting | Carrying amounts by balance sheet item | Fair value hierarchy level |
|--------------|-----------------------------|-------------------------------------|--|------------------------------------|--|----------------------------|
| 30 June 2017 | | | | | | |

Non-current financial assets

| | | | | | | |
|--------------------------------|-----|-----|--|--|-----|---|
| Available-for-sale investments | | 0.6 | | | 0.6 | |
| Finance lease receivables | 0.6 | | | | 0.6 | 3 |
| Other receivables | 1.4 | | | | 1.4 | 2 |

Current financial assets

| | | | | | |
|-------------------------------|--------------|------------|--|------------|--------------|
| Trade and other receivables | 87.0 | | | | 87.0 |
| Finance lease receivables | 0.8 | | | | 0.8 |
| Derivative receivables | | | | 0.7 | 0.7 |
| Cash and cash equivalents | 40.2 | | | | 40.2 |
| Total financial assets | 130.0 | 0.6 | | 0.7 | 131.2 |

Non-current financial liabilities

| | | | |
|--------------------------------------|--------------|------------|--------------|
| Borrowings | 57.0 | 57.0 | 2 |
| Finance lease payables | 9.9 | 9.9 | |
| Other liabilities | 0.1 | 0.1 | |
| Current financial liabilities | | | |
| Borrowings | 42.6 | 42.6 | |
| Finance lease payables | 1.5 | 1.5 | |
| Trade and other payables | 66.5 | 66.5 | |
| Derivative liabilities | | 0.3 | 2 |
| Total financial liabilities | 177.6 | 0.3 | 177.9 |

The fair values of balance sheet items do not differ significantly from the carrying values of balance sheet items.

CONTINGENT LIABILITIES

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|--------|--------|---------|
| Securities for own commitments | | | |
| Mortgages on rights of tenancy | 0.1 | 0.2 | 0.1 |
| Other securities | 0.1 | 0.1 | 0.1 |
| Bank guarantees required for environmental permits | 11.0 | 10.4 | 10.6 |

Other securities are security deposits.

Operating lease liabilities

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|-------------|-------------|-------------|
| Maturity not later than one year | 11.2 | 5.7 | 10.5 |
| Maturity later than one year and not later than five years | 15.6 | 7.3 | 15.1 |
| Maturity later than five years | 10.0 | 3.5 | 10.5 |
| Total | 36.8 | 16.5 | 36.1 |

Liabilities associated with derivative agreements

Currency exchange swaps

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|----------|-------------|----------|
| Nominal values of interest rate swaps | | | |
| Maturity not later than one year | - | 61.6 | - |
| Maturity later than one year and not later than five years | - | - | - |
| Maturity later than five years | - | - | - |
| Total | - | 61.6 | - |
| Fair value | - | 0.7 | - |

Interest rate swaps

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|--------|--------|---------|
| Nominal values of interest rate swaps | | | |
| Maturity not later than one year | 1.8 | 1.8 | 1.8 |
| Maturity later than one year and not later than five years | 0.0 | 1.8 | 0.9 |
| Maturity later than five years | 30.0 | 0.0 | 30.0 |
| Total | 31.8 | 3.6 | 32.7 |
| Fair value | -0.4 | -0.1 | -0.3 |

The interest rate swaps are used for the hedging of cash flow related to floating rate loans, and hedge accounting under IFRS 9 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 balance sheet date.

Commodity derivatives

| EUR million | 6/2018 | 6/2017 | 12/2017 |
|--|--------|--------|---------|
| Nominal values of diesel swaps | | | |
| Maturity not later than one year | 1.3 | 1.3 | 1.2 |
| Maturity later than one year and not later than five years | 0.0 | 0.0 | 0.0 |
| Total | 1.3 | 1.3 | 1.2 |
| Fair value | 0.1 | -0.1 | 0.1 |

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IFRS 9 compliant hedge accounting is applied to these contracts, and the effective change in fair value is recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices on the balance sheet date.

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

EVA:
operating profit - cost calculated on invested capital (average of four quarters)
WACC 2018: 6.60% and 2017: 6.69%

Adjusted operating profit:

operating profit plus purchase price allocation amortisation

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

Helsinki, 31 July 2018

LASSILA & TIKANOJA PLC

Board of Directors

Pekka Ojanpää

President and CEO

Additional information:

Pekka Ojanpää, President and CEO, tel. +358 10 636 2810

Tuomas Mäkipeska, CFO, tel. +358 50 596 1616

Lassila & Tikanoja is a service company that is putting the circular economy into practice. Together with our customers, we keep materials and properties in productive use for as long as possible and we enhance the use of raw materials and energy. We help our customers maintain the value of their properties and materials while protecting the environment. We achieve this by delivering responsible and sustainable service solutions that make the daily lives of our customers easier. L&T operates in Finland, Sweden and Russia. L&T employs 8,700 people. Net sales in 2017 amounted to EUR 709.5 million. L&T is listed on Nasdaq Helsinki.

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