

Lassila & Tikanoja plc  
Stock exchange release  
26 July 2019 at 8:00 a.m.

## **Lassila & Tikanoja plc: Half-Year Report 1 January – 30 June 2019**

Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

- **Net sales for the second quarter were EUR 196.2 million (203.0), operating profit was EUR 16.8 million (12.6) and earnings per share EUR 0.37 (0.23).**
- **Net sales for January–June were EUR 394.9 million (399.4), operating profit was EUR 17.6 million (16.4) and earnings per share EUR 0.38 (0.29).**
- **The decline in net sales in the second quarter was mainly due to the divestment of L&T Korjausrakentaminen Oy, and operating profit increased as a result of the divestment.**

### **Outlook for 2019, updated on 12 July 2019:**

Lassila & Tikanoja's full-year net sales in 2019 are expected to be on par with 2018 and operating profit is expected to be below 2018 level. The outlook does not take into account the impact of the divestment of L&T Korjausrakentaminen Oy.

The sale of the entire share capital of L&T Korjausrakentaminen Oy to Recover Nordic Group was finalised on 30 April 2019. The sale is estimated to have a positive impact of approximately EUR 4.5 million on the Group's operating profit in 2019. L&T Korjausrakentaminen Oy's net sales in 2018 amounted to EUR 35.0 million and its operating profit was EUR 0.7 million.

### **PRESIDENT AND CEO EERO HAUTANIEMI:**

"The net sales of Lassila & Tikanoja's continuing operations were on par with the comparison period in January–June, but operating profit decreased year-on-year. The operating profit of Facility Services Finland was weighed down by a decrease in the contract base and costs related to the implementation of a new operating model in the technical services business.

In the Environmental Services division, operating profit grew thanks to good demand, particularly in the retail and industrial segments. The net sales and operating profit of the Industrial Services division were on par with the previous year. The operating profit of Facility Services Sweden increased year-on-year thanks to strong demand.

Cash flow from the operating activities continued improving in January–June. In the second half of the year, we will focus on establishing the new operating model in Facility Services Finland."

### **GROUP NET SALES AND FINANCIAL PERFORMANCE**

#### **April–June**

Lassila & Tikanoja's net sales for the second quarter amounted to EUR 196.2 million (203.0). Operating profit totalled EUR 16.8 million (12.6), representing 8.6% (6.2) of net sales. Earnings per share were EUR 0.37 (0.23).

The consolidated operating profit increased year-on-year due to the divestment of L&T Korjausrakentaminen Oy. A capital gain of EUR 6.7 million was recognised on the transaction. Taking the other effects of the divestment into account, the transaction had a positive impact of EUR 5.9 million in April–June. The impact on the full financial year is estimated to be approximately EUR 4.5 million. Excluding the effect of the divestment of L&T Korjausrakentaminen Oy, the Group's operating profit in January–June 2019 would have amounted to EUR 10.9 million.

Net sales and operating profit improved year-on-year in Facility Services Sweden. In Environmental Services, net sales were on par with the comparison period, while operating profit increased year-on-year. In Industrial Services, net sales and operating profit were on par with the comparison period. In Facility Services Finland, net sales were on par with the comparison period, but operating profit decreased significantly year-on-year.

### January–June

Net sales in January–June totalled EUR 394.9 million (399.4). Operating profit amounted to EUR 17.6 million (16.4), representing 4.4% (4.1) of net sales. The divestment of L&T Korjausrakentaminen Oy had an effect of EUR 5.9 million on operating profit. Earnings per share were EUR 0.38 (0.29).

A capital gain of EUR 6.7 million was recognised on the divestment of L&T Korjausrakentaminen Oy. Taking the other effects of the divestment into account, the transaction is estimated to have an effect of EUR 4.5 million on the full financial year 2019.

The net sales of the Group's continuing operations were on par with the previous year. Operating profit decreased significantly year-on-year in Facility Services Finland. Operating profit increased year-on-year in Environmental Services and Facility Services Sweden.

### Financial summary

	4–6/2019	4–6/2018	Change %	1–6/2019	1–6/2018	Change %	1– 12/2018
Net sales, EUR million	196.2	203.0	-3.3	394.9	399.4	-1.1	802.2
Operating profit, EUR million	16.8	12.6	33.0	17.6	16.4	7.3	47.6
Operating margin, %	8.6	6.2		4.4	4.1		5.9
EBITDA, EUR million	30.5	23.3	30.8	44.8	37.6	19.3	90.1
EBITDA, %	15.5	11.5		11.4	9.4		11.2
Profit before tax, EUR million	15.8	11.1	42.0	16.2	13.9	16.4	42.7
Earnings per share, EUR	0.37	0.23	59.3	0.38	0.29	31.8	0.89
Cash flow from operating activities/share, EUR	0.50	0.53	-5.3	1.08	0.89	21.1	2.35
EVA, EUR million	10.5	6.4	64.3	5.2	4.2	23.5	24.0

### NET SALES AND OPERATING PROFIT BY DIVISION

#### Environmental Services

##### Second quarter

The division's net sales for the second quarter amounted to EUR 76.8 million (77.4). Operating profit grew by 8.1% year-on-year and amounted to EUR 8.8 million (8.1).

Operating profit increased year-on-year particularly in renewable energy sources and in Russia.

##### January–June

The Environmental Services division's net sales for the first half of the year amounted to EUR 156.4 million (154.4). Operating profit grew by 6.4% to EUR 13.4 million (12.6).

Demand remained good particularly in the retail and industrial segments. Labour and subcontracting costs were increased by a shortage of drivers and the challenging weather conditions during the first quarter. Fuel costs were higher than in the comparison period. Operating profit increased due to the enhanced efficiency of operations and the improved result of the division's Russian operations and the renewable energy sources business.

## Industrial Services

### Second quarter

The division's net sales for the second quarter amounted to EUR 26.2 million (26.3). Operating profit was EUR 3.3 million (3.3).

Demand was at a good level and the second quarter was strong particularly with respect to industrial sites and sewer maintenance services thanks to new customer accounts.

### January–June

The Industrial Services division's net sales for January–June totalled EUR 45.2 million (45.4). Operating profit was on par with the previous year at EUR 3.7 million (3.7).

The slow down of the construction sector was compensated by new customer accounts in industrial sites and the project business, which saw good demand. The challenging weather conditions during the late winter and early spring meant that the profit for the period remained largely unchanged from the previous year.

## Facility Services Finland

### Second quarter

The net sales from the continuing operations of Facility Services Finland amounted to EUR 61.3 million (68.7). The decline in net sales was mainly attributable to the divestment of L&T Korjausrakentaminen Oy. Operating profit was EUR -2.0 million (1.4).

Operating profit declined year-on-year due to the smaller contract portfolio and the costs related to the implementation of a new operating model in the technical services business.

### January–June

The net sales of the Facility Services Finland division totalled EUR 130.8 million (137.3) in January–June. The decline in net sales was mainly attributable to the divestment of L&T Korjausrakentaminen Oy. Operating profit was EUR -5.5 million (0.8).

The operating profit being substantially lower than in the comparison period was mainly due to costs related to the implementation of a new operating model in the technical services business. In the property maintenance business, the high snowfall increased net sales but reduced operating profit in the first quarter. In the cleaning business and in property maintenance, the contract portfolio was lower than in the comparison period, which had a negative impact on net sales as well as operating profit.

## Facility Services Sweden

### Second quarter

The division's net sales for the second quarter amounted to EUR 33.4 million (32.4). Operating profit was EUR 0.8 million (0.6).

The demand for technical services remained strong, particularly in the municipal and hospital sectors.

### January–June

The net sales of Facility Services Sweden amounted to EUR 65.5 million (65.7) during the first half of the year. Operating profit was EUR 1.5 million (1.4).

The demand for technical services increased in the municipal sector in Sweden, but sales growth was slowed by problems related to the availability of labour.

## FINANCING

Cash flow from operating activities amounted to EUR 41.6 million (34.3) in the first half of the year. A total of EUR 11.5 million (4.3) in working capital was released.

Interest-bearing liabilities on the balance sheet were increased by approximately EUR 53.8 million by the entry into force of IFRS 16 at the beginning of 2019. This had a negative effect on the gearing rate as well as the equity ratio. The Group issued a separate release on the effects of the transition on 25 April 2019.

At the end of the period, interest-bearing liabilities amounted to EUR 202.5 million (166.6). Net interest-bearing liabilities totalled EUR 157.6 million (131.8). This represents an increase of EUR 59.7 million from the start of the year and EUR 25.8 million from the comparison period. Net financial expenses in January–June amounted to EUR 1.4 million (2.0). Net financial expenses were 0.3% (0.5%) of net sales.

The average interest rate on long-term loans (with interest rate hedging) was 1.2% (1.1%). Loans totalling EUR 3.0 million will mature in 2019. The average interest rate on long-term loans does not take into account commercial papers or the liabilities reported in accordance with IFRS 16.

The equity ratio was 32.4% (35.1%) and the gearing rate was 83.0% (70.0%). Liquid assets at the end of the period amounted to EUR 44.9 million (34.8). The equity ratio was negatively affected by the entry into force of IFRS 16 at the beginning of 2019.

The EUR 100 million commercial paper programme was entirely unused at the end of the period. EUR 20 million was in use in the comparison 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 14 March 2019 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 2018. The dividend, totalling EUR 35.3 million, was paid to shareholders on 25 March 2019.

## **CAPITAL EXPENDITURE**

Gross capital expenditure in the first half of the year totalled EUR 21.7 million (15.4), consisting primarily of machine and equipment purchases as well as investments in information systems and buildings.

## **PERSONNEL**

In the second quarter, the average number of employees converted into full-time equivalents was 7,122 (7,646). At the end of the period, Lassila & Tikanoja had 9,077 (9,122) full-time and part-time employees. Of these, 7,318 (7,492) worked in Finland and 1,759 (1,630) in other countries.

## **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 3,035,783 shares, which is 7.9% (6.5) of the average number of outstanding shares. The value of trading was EUR 45.2 million (48.7). The highest share price was EUR 16.40 and the lowest EUR 13.28. The closing price was EUR 14.36. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 551.7 million (632.2).

### **Own shares**

At the end of the period, the company held 382,763 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 38,416,111. The average number of shares excluding the shares held by the company was 38,412,522.

### **Shareholders**

At the end of the period, the company had 14,745 (12,739) shareholders. Nominee-registered holdings accounted for 19.4% (19.6) of the total number of shares.

### **Authorisation for the Board of Directors**

The Annual General Meeting held on 14 March 2019 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 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 26 February, the Group announced that it had clarified its segment structure effective from 1 January 2019. Lassila & Tikanoja's new structure consists of four reporting segments: Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden. The Group also announced changes to the Group Executive Board: Tuomas Mäkipeska was appointed as Vice President, Facility Services Finland effective from 26 February 2019. Erik Sundström was appointed as Vice President, Facility Services Sweden and a member of the Group Executive Board. Juha Jaatinen was appointed as acting Group CFO and a member of the Group Executive Board. The Group's General Counsel Sirpa Huopainen was appointed as a member of the Group Executive Board. On 25 February 2019, it was announced that Tutu Wegelius-Lehtonen, who had previously been in charge of the Facility Services division, left the company.

On 15 April, the Group announced it has decided to divest its ownership of L&T Korjausrakentaminen Oy. The new owner of the subsidiary, which operates in the field of damage repair and renovation services, is Recover Nordic Group. The agreement was signed on 12 April 2019.

On 25 April, the company published comparison figures according to the new segment structure for the 2018 financial year as well as an opening balance sheet adjusted to reflect the effects of the adoption of IFRS 16.

On 13 May, the company announced that HR Director and member of the Group Executive Board Kirsi Matero had resigned from Lassila & Tikanoja to pursue new challenges outside the company during the

autumn. Until a new HR Director takes up the post, Director of Corporate Relations and Responsibility Jorma Mikkonen will be in charge of the duties of HR Director in addition to his regular duties.

### **EVENTS AFTER THE REVIEW PERIOD**

On 12 July, the company issued a profit warning and lowered its outlook for 2019. Full-year net sales in 2019 are expected to be on par with 2018 and operating profit is expected to be below 2018 level. The outlook does not take into account the impact of the divestment of L&T Korjausrakentaminen Oy.

### **NEAR-TERM RISKS AND UNCERTAINTIES**

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

A decline in the volume of the construction industry and a slowing down of investment growth may have an unfavourable effect on the Group's operations and business growth and lead to lower profitability. In addition, market price development for emission rights, secondary raw materials or oil products may have a negative impact on the company's business environment.

Temporary additional costs arising from establishing the operating model related to the new ERP system may weigh down the company's result.

More detailed information on Lassila & Tikanoja's risks and risk management is available in the 2018 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

### **OUTLOOK FOR 2019, updated on 12 July 2019**

Lassila & Tikanoja's full-year net sales in 2019 are expected to be on par with 2018 and operating profit is expected to be below 2018 level. The outlook does not take into account the impact of the divestment of L&T Korjausrakentaminen Oy.

#### **Previous outlook for 2019 (26 April 2019):**

All of Lassila & Tikanoja's divisions, except Facility Services Finland, have a good outlook for 2019. The net sales and operating profit of Facility Services Finland are expected to decrease compared to 2018 due to costs related to the implementation of the new operating model and decrease in the division's contract base.

Lassila & Tikanoja's full-year net sales and operating profit in 2019 are expected to be on par with 2018. The outlook does not take into account the impact of the divestment of L&T Korjausrakentaminen Oy.

## CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 JUNE 2019

## CONSOLIDATED INCOME STATEMENT

EUR million	4–6/2019	4–6/2018	1–6/2019	1–6/2018	1–12/2018
<b>Net sales</b>	<b>196.2</b>	203.0	<b>394.9</b>	399.4	802.2
Other operating income	<b>8.2</b>	1.9	<b>9.0</b>	3.1	5.2
Change of inventory	<b>0.3</b>	-1.0	<b>-1.5</b>	-2.8	-2.4
Materials and services	<b>-64.1</b>	-68.6	<b>-138.3</b>	-140.8	-282.0
Employee benefit expenses	<b>-85.1</b>	-85.5	<b>-169.6</b>	-167.0	-324.2
Other operating expenses	<b>-24.9</b>	-26.5	<b>-49.6</b>	-54.4	-108.7
Depreciation and impairment	<b>-13.6</b>	-10.6	<b>-27.3</b>	-21.2	-42.5
<b>Operating profit</b>	<b>16.8</b>	12.6	<b>17.6</b>	16.4	47.6
Financial income and expenses	<b>-1.0</b>	-1.1	<b>-1.4</b>	-2.0	-4.5
Share of the result of associated companies	<b>0.0</b>	-0.3	<b>0.0</b>	-0.4	-0.4
<b>Profit before tax</b>	<b>15.8</b>	11.1	<b>16.2</b>	13.9	42.7
Income taxes	<b>-1.8</b>	-2.3	<b>-1.7</b>	-2.9	-8.7
<b>Profit for the period</b>	<b>14.1</b>	8.8	<b>14.5</b>	11.0	34.1
<b>Attributable to:</b>					
Equity holders of the company	<b>14.1</b>	8.8	<b>14.5</b>	11.0	34.1
Non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0
<b>Earnings per share attributable to equity holders of the parent company:</b>					
Earnings per share, EUR	<b>0.37</b>	0.23	<b>0.38</b>	0.29	0.89
Diluted earnings per share, EUR	<b>0.37</b>	0.23	<b>0.38</b>	0.29	0.89

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4–6/2019	4–6/2018	1–6/2019	1–6/2018	1–12/2018
<b>Profit for the period</b>	<b>14.1</b>	8.8	<b>14.5</b>	11.0	34.1
<b>Items not to be recognised through profit or loss</b>					
Items arising from reassessment of defined benefit plans	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.1
Items not to be recognised through profit or loss, total	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.1

**Items potentially to be recognised through profit or loss**

Hedging reserve, change in fair value	<b>-0.1</b>	-0.1	<b>-0.4</b>	-0.1	-0.1
Currency translation differences	<b>-1.6</b>	-1.0	<b>-1.6</b>	-4.6	-2.7
Currency translation differences, non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0

Items potentially to be recognised through profit or loss, total	<b>-1.7</b>	-1.1	<b>-2.0</b>	-4.7	-2.8
Total comprehensive income, after tax	<b>12.4</b>	7.7	<b>12.6</b>	6.3	31.3

**Attributable to:**

Equity holders of the company	<b>12.4</b>	7.7	<b>12.6</b>	6.3	31.3
Non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	<b>6/2019</b>	<b>6/2018</b>	<b>1–12/2018</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	<b>151.4</b>	146.3	151.5
Customer contracts arising from acquisitions	<b>17.7</b>	20.2	19.2
Agreements on prohibition of competition	<b>0.0</b>	0.0	0.0
Other intangible assets arising from business acquisitions	<b>0.4</b>	0.5	0.5
Other intangible assets	<b>20.8</b>	22.9	22.4
	<b>190.4</b>	189.8	193.6
Property, plant and equipment			
Land	<b>5.9</b>	5.2	5.1
Buildings and constructions	<b>37.3</b>	37.4	35.5
Machinery and equipment	<b>83.4</b>	110.6	110.9
Right-of-use asset	<b>74.6</b>	-	-
Other tangible assets	<b>0.1</b>	0.1	0.1
Prepayments and construction in progress	<b>4.9</b>	2.2	5.2
	<b>206.1</b>	155.5	156.8
Other non-current assets			
Finance lease receivables	<b>0.0</b>	0.1	0.1
Deferred tax assets	<b>3.6</b>	3.6	3.6
Other receivables	<b>1.7</b>	2.1	1.9
	<b>5.3</b>	5.8	5.6
<b>Total non-current assets</b>	<b>401.8</b>	351.1	356.0
<b>Current assets</b>			



Inventories	19.4	20.6	21.0
Trade receivables	80.8	86.2	88.1
Contract assets	36.9	38.9	31.9
Other receivables	16.3	18.1	12.2
Cash and cash equivalents	44.9	34.8	54.3
<b>Total current assets</b>	<b>198.3</b>	198.6	207.5
<b>Total assets</b>	<b>600.2</b>	549.7	563.5

EUR million	6/2019	6/2018	1–12/2018
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## EQUITY AND LIABILITIES

### Equity

Equity attributable to equity holders of the parent company

Share capital	19.4	19.4	19.4
Other reserves	-11.5	-10.6	-9.5
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	166.5	167.7	167.7
Profit for the period	14.5	11.0	34.1
	<b>189.5</b>	188.1	212.2
Non-controlling interest	0.2	0.2	0.2

<b>Total equity</b>	<b>189.7</b>	188.3	212.4
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### Liabilities

Non-current liabilities

Deferred tax liability	27.9	27.9	29.3
Retirement benefit obligations	1.3	1.3	1.4
Provisions	5.4	4.7	4.6
Borrowings	159.2	121.6	144.8
Other liabilities	0.3	0.3	0.5
	<b>194.2</b>	155.8	180.6

Current liabilities

Borrowings	43.3	45.0	7.4
Trade and other payables	172.8	159.8	162.4
Provisions	0.2	0.8	0.7
	<b>216.3</b>	205.7	170.5

<b>Total liabilities</b>	<b>410.4</b>	361.4	351.1
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<b>Total equity and liabilities</b>	<b>600.2</b>	549.7	563.5
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**CONSOLIDATED STATEMENT OF CASH FLOW**

EUR million	1-6/2019	1-6/2018	1-12/2018
<b>Cash flow from operating activities</b>			
Profit for the period	14.5	11.0	34.1
<b>Adjustments</b>			
Income taxes	1.7	2.9	8.7
Depreciation and impairment	27.3	21.2	42.5
Financial income and expenses	1.4	2.0	4.5
Gain on sale of shares	-6.7	-	-
Other	-0.8	-1.3	0.0
Net cash generated from operating activities before change in working capital	37.3	35.9	89.6
Change in working capital			
Change in trade and other receivables	-6.4	-3.3	1.5
Change in inventories	1.6	3.3	3.0
Change in trade and other payables	16.4	4.3	5.4
Change in working capital	11.5	4.3	9.9
Interest paid	-2.0	-1.3	-3.4
Interest received	0.1	0.3	0.4
Income taxes	-5.4	-4.9	-6.4
<b>Net cash from operating activities</b>	<b>41.6</b>	<b>34.3</b>	<b>90.1</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired/adjustment of acquisition price	-0.1	1.6	1.2
Proceeds from sale of subsidiaries and businesses, net of sold cash	11.5	-	-
Purchases of property, plant and equipment and intangible assets	-19.2	-11.7	-29.0
Proceeds from the sale of property, plant and equipment and intangible assets	0.4	0.6	2.2
Investments in associated companies	0.0	0.0	0.0
Change in other non-current receivables and investments	0.3	0.6	0.8
<b>Net cash used in investing activities</b>	<b>-7.1</b>	<b>-8.9</b>	<b>-24.7</b>
<b>Cash flow from financing activities</b>			
Change in short-term borrowings	0.0	-	-22.6
Proceeds from long-term borrowings	-	-	49.6
Repayments of long-term borrowings	-0.9	-1.2	-47.7
Payments of finance lease liabilities	-7.6	-1.7	-2.9
Dividends paid	-35.3	-35.3	-35.3
<b>Net cash generated from financing activities</b>	<b>-43.7</b>	<b>-38.3</b>	<b>-58.9</b>
<b>Net change in liquid assets</b>	<b>-9.3</b>	<b>-12.9</b>	<b>6.6</b>
Liquid assets at beginning of period	54.3	48.1	48.1
Effect of changes in foreign exchange rates	-0.1	-0.4	-0.3

Liquid assets at end of period **44.9** 34.8 54.3

### 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-controlling interest	Total equity
<b>Equity on 1 January 2018</b>	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	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
Transactions with shareholders, total				0.0	-35.2	-35.2		-35.2
Other changes					0.0	0.0		0.0
<b>Equity on 30 June 2018</b>	<b>19.4</b>	<b>-10.4</b>	<b>-0.3</b>	<b>0.6</b>	<b>178.7</b>	<b>188.1</b>	<b>0.2</b>	<b>188.2</b>
Result for the period					23.1	23.1	0.0	23.1
Other comprehensive income items		1.2	-0.1	0.0	0.0	1.1	0.0	1.0
Total comprehensive income		1.2	-0.1	0.0	23.0	24.1	0.0	24.1
Transactions with shareholders								
Share-based benefits					0.0	0.0		0.0
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2018</b>	<b>19.4</b>	<b>-9.1</b>	<b>-0.4</b>	<b>0.6</b>	<b>201.7</b>	<b>212.2</b>	<b>0.2</b>	<b>212.4</b>
Total comprehensive income								
Result for the period					14.5	14.5	0.0	14.5
Other comprehensive income items		-1.6	-0.4		0.0	-2.0	0.0	-2.0

Total comprehensive income	-1.6	-0.4		14.5	12.6	0.0	12.6	
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				-0.1	-0.1		-0.1	
<b>Equity on 30 June 2019</b>	<b>19.4</b>	<b>-10.7</b>	<b>-0.8</b>	<b>0.6</b>	<b>181.0</b>	<b>189.5</b>	<b>0.2</b>	<b>189.7</b>

## KEY FIGURES

	4- 6/2019	4-6/2018	1- 6/2019	1- 6/2018	1- 12/2018
Earnings per share, EUR	<b>0.37</b>	0.23	<b>0.38</b>	0.29	0.89
Diluted earnings per share, EUR	<b>0.37</b>	0.23	<b>0.38</b>	0.29	0.89
Cash flow from operating activities/share, EUR	<b>0.50</b>	0.53	<b>1.08</b>	0.89	2.35
EVA, EUR MILLION*	<b>10.5</b>	6.4	<b>5.2</b>	4.2	24.0
Gross capital expenditure, EUR million	<b>12.4</b>	7.2	<b>21.7</b>	15.4	37.8
Depreciation, amortisation and impairment, EUR million	<b>13.6</b>	10.6	<b>27.3</b>	21.2	42.5
Equity per share, EUR			<b>4.94</b>	4.90	5.53
Return on equity, % (ROE)			<b>14.4</b>	10.8	15.8
Invested capital, EUR million			<b>392.2</b>	354.8	364.5
Return on invested capital, % (ROI)			<b>9.6</b>	8.8	12.7
Equity ratio, %			<b>32.4</b>	35.1	38.6
Gearing, %			<b>83.0</b>	70.0	46.1
Net interest-bearing liabilities, EUR million			<b>157.6</b>	131.8	97.8
Average number of employees in full-time equivalents			<b>7,122</b>	7,646	7,566
Total number of full-time and part-time employees at end of period			<b>9,077</b>	9,122	8,600
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			<b>38,413</b>	38,404	38,405
at end of period			<b>38,416</b>	38,406	38,406
average during the period, diluted			<b>38,427</b>	38,418	38,419

\* EVA = operating profit - cost calculated on invested capital (average of four quarters). WACC: 2019 6.55%, 2018 6.60%

## 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 2018 and the new and amended provisions that entered into force on 1 January 2019.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2018.

The Alternative Performance Measures reported by the company are EVA, cash flow from operating activities per share and EBITDA.

The company reports EBITDA starting from 1 January 2019. EBITDA reflects the profitability of business operations excluding such investments required for growth or maintaining operations that have no cash flow effect. The company no longer reports adjusted operating profit because it does not differ significantly from operating profit.

The calculation formulas for the performance measures are presented at the end of the interim report.

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

### Changes in segment reporting

On 26 February 2019, Lassila & Tikanoja plc announced a change in segment reporting effective from 1 January 2019. Lassila & Tikanoja's new structure consists of four reporting segments: Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden. With this change, Lassila & Tikanoja aims to improve the utilisation of the mutual synergies of the business based on material streams as well as the synergies of the business linked to real estate and country-specific growth opportunities.

In Finland, Technical System Services will be included in the current Facility Services segment. For Sweden, the Technical Services business and cleaning business will be merged into a new reporting segment. Renewable Energy Sources will be merged with the Environmental Services segment. Comparison figures for 2018 were published in a separate release on 25 April 2019.

### Adoption of new and amended standards: IFRS 16 Leases

#### The effects of IFRS 16 adoption on reporting

IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard supersedes the IAS 17 standard and related interpretations. L&T adopted the standard using the modified retrospective method of adoption, in which the cumulative effect of initially applying the standard is recognised at the date of initial application of 1 January 2019 and comparative information is not restated. Lessor accounting remains substantially unchanged compared to the guidance under IAS 17 Leases.

On 25 April 2019, L&T published a stock exchange release on the impact of adoption of IFRS 16 at the date of initial application of 1 January 2019, including a description of the recognition exemptions and the accounting policies and principles applied. This interim report includes a summary of the most relevant accounting principles and impacts of IFRS 16 adoption on L&T's reporting.

L&T leases production and office premises and related land areas, heavy machinery equipment and cars. L&T's lease contracts are mainly operating leases for which the related costs have been recognised as lease expenses in the income statement in accordance with IAS 17 in earlier periods. IFRS 16 changes the accounting treatment for these lease contracts. The standard requires lessees to account for the majority of the lease contracts following a single on-balance sheet model. At the commencement date of the contract, a lessee recognises a lease liability and a corresponding right-of-use asset in the balance sheet. The lease liability is measured at the present value of the remaining

lease payments at that date. In the income statement, instead of lease expense, L&T recognises depreciation on the right-of-use asset and interest expense on the lease liability.

In the transition to IFRS 16, L&T has recognised a lease liability for the leases previously classified as operating leases. The amount of the lease liability recognised at the date of initial application of 1 January 2019 is based on the present value of the remaining lease payments. L&T measures the right-of-use asset at an amount equal to the lease liability, which means that the transition has not had an impact on L&T's equity at the date of initial application.

The impact of the adoption of IFRS 16 on L&T's balance sheet on 1 January 2019 is EUR 53.8 million increasing the amount of right-of-use assets and lease liabilities. As a result, L&T's equity ratio decreased by 3.4 percentage points, gearing decreased by 25.3 percentage points and net interest-bearing liabilities increased by 55.0 per cent. In addition to the balance sheet impact adoption of IFRS 16 will also impact L&T's income statement. From the beginning of 2019, L&T will recognise a depreciation charge in the income statement instead of a lease expense, which will affect operating profit, and an interest expense related to the lease liability, which will increase the amount of finance costs. Due to the change, the operating profit of L&T will be improved.

The adoption of IFRS 16 will also impact the presentation of cash flows. Lease expenditure for leases previously classified as operating leases has been presented in cash flow from operating activities but, after the implementation of IFRS 16, only the interest expense related to the lease liability will be presented in cash flow from operating activities. The rest of the lease payment, i.e. the principal part of the repayment of the lease liability, is presented in cash flow from financing activities. The comparative information has not been restated for cash flow statement either.

### **Accounting principles pursuant to IFRS 16**

At the commencement date of the lease, L&T recognises a lease liability measured at the present value. The lease payments included in the measurement of the lease liability consist of the payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease. L&T determines the present value of the lease payments using the interest rate implicit in the lease if this is readily available. For the majority of L&T's lease contracts, the interest rate implicit in the lease is not readily available and the incremental borrowing rate is used while calculating the present value of the lease payments. L&T has determined the incremental borrowing rates taking into consideration the class of the underlying asset, maturity of the lease contracts and the different economic environments.

L&T recognises a right-of-use asset from a lease contract at the commencement date of the lease, which is the date that the underlying asset is made available for use. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

L&T applies two recognition exemptions included in IFRS 16. L&T does not recognise leases of low-value assets on the balance sheet, but instead L&T recognises an expense on a straight-line basis over the lease term. L&T does not recognise leases with a lease term of 12 months or less from the commencement date on the balance sheet. Lease payments relating to short-term leases are recognised as an expense on a straight-line basis over the lease term.

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease if the use of such option is reasonably certain. L&T makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. L&T has lease contracts relating mainly to real estate and land areas which are valid until further notice. For such contracts, the management evaluates the lease term on a lease-by-lease basis taking into consideration e.g. costs relating to the termination of the lease and the importance of the underlying asset to L&T's operations.

In accordance with the modified retrospective method of adoption, the comparison figures for 2018 have not been restated. The accounting policies pertaining to the comparison figures are in line with the

accounting principles of IAS 17 Leases. These accounting policies are presented in L&T's 2018 financial statements.

**SEGMENT  
INFORMATION**
**NET SALES**

EUR million	4-6/2019			4-6/2018			Total net sales, change %
	External	Interdivision	Total	External	Interdivision	Total	
Environmental Services	76.5	0.4	76.8	76.9	0.5	77.4	-0.8
Industrial Services	25.7	0.5	26.2	25.5	0.7	26.3	-0.2
Facility Services Finland	60.7	0.7	61.3	68.1	0.6	68.7	-10.7
Facility Services Sweden	33.3	0.1	33.4	32.4	0.0	32.4	3.0
Eliminations		-1.6	-1.6		-1.8	-1.8	
<b>Total</b>	<b>196.2</b>		<b>196.2</b>	203.0		203.0	-3.3

EUR million	1-6/2019			1-6/2018			Total net sales, change %
	External	Interdivision	Total	External	Interdivision	Total	
Environmental Services	155.8	0.6	156.4	153.5	0.9	154.4	1.3
Industrial Services	44.3	0.9	45.2	44.2	1.2	45.4	-0.5
Facility Services Finland	129.3	1.5	130.8	136.0	1.3	137.3	-4.7
Facility Services Sweden	65.4	0.1	65.5	65.7	0.0	65.7	-0.3
Eliminations		-3.0	-3.0		-3.4	-3.4	
<b>Total</b>	<b>394.9</b>		<b>394.9</b>	399.4		399.4	-1.1

EUR million	1-12/2018		
	External	Interdivision	Total
Environmental Services	307.5	1.9	309.4
Industrial Services	93.7	2.9	96.5
Facility Services Finland	267.0	2.6	269.6
Facility Services Sweden	134.0	0.0	134.0
Eliminations		-7.3	-7.3
<b>Total</b>	<b>802.2</b>		<b>802.2</b>

**OPERATING  
PROFIT**

EUR million	4-6/2019		4-6/2018		1-6/2019		1-6/2018		1-12/2018	
		%		%		%		%		%
Environmental Services	8.8	11.4	8.1	10.5	13.4	8.6	12.6	8.2	31.6	10.2
Industrial Services	3.3	12.7	3.3	12.4	3.7	8.1	3.7	8.1	10.0	10.4



Facility Services Finland	-2.0	-3.2	1.4	2.0	-5.5	-4.2	0.8	0.6	5.2	1.9
Facility Services Sweden	0.8	2.4	0.6	1.9	1.5	2.3	1.4	2.1	4.2	3.1
Group administration and other	5.9		-0.7		4.5		-2.1		-3.5	
<b>Total</b>	<b>16.8</b>	<b>8.6</b>	12.6	6.2	17.6	4.4	16.4	4.1	47.6	5.9

**EBITDA**

EUR million	4-6/2019	%	4-6/2018	%	1-6/2019	%	1-6/2018	%	1-12/2018	%
Environmental Services	15.0	19.6	13.3	17.1	25.8	16.5	22.8	14.6	52.1	16.8
Industrial Services	5.6	21.5	5.1	19.5	8.2	18.1	7.4	16.3	17.5	18.2
Facility Services Finland	1.4	2.2	4.4	6.4	1.5	1.1	6.8	5.2	17.2	6.4
Facility Services Sweden	2.2	6.7	1.2	3.8	4.4	6.7	2.6	4.0	6.8	5.1
Group administration and other	6.2		-0.7		4.9		-2.1		-3.5	
<b>Total</b>	<b>30.5</b>	<b>15.5</b>	23.3	11.5	44.8	11.4	37.6	9.5	90.1	11.2

**OTHER SEGMENT INFORMATION**

EUR million	6/2019	6/2018	1-12/2018
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**Assets**

Environmental Services	258.3	238.4	237.6
Industrial Services	90.2	74.8	72.8
Facility Services Finland	93.7	96.3	94.3
Facility Services Sweden	95.1	91.8	96.4
Group administration and other	8.5	0.6	0.6
Unallocated assets	54.4	47.8	61.8
<b>L&amp;T total</b>	<b>600.2</b>	549.7	563.5

**Liabilities**

Environmental Services	69.7	64.8	67.6
Industrial Services	34.9	29.7	29.9
Facility Services Finland	51.2	50.2	48.5
Facility Services Sweden	16.1	16.8	17.7
Group administration and other	6.2	4.0	4.7
Unallocated liabilities	232.3	195.9	182.8
<b>L&amp;T total</b>	<b>410.4</b>	361.4	351.1

EUR million	4-6/2019	4-6/2018	1-6/2019	1-6/2018	1-12/2018
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**Capital expenditure**

Environmental Services	6.1	3.7	12.1	9.0	20.7
Industrial Services	5.1	1.9	7.5	3.1	8.4
Facility Services Finland	0.8	1.1	1.7	2.7	7.6
Facility Services Sweden	0.2	0.4	0.4	0.6	1.1
Group administration and other	0.2	0.1	0.1	0.0	0.0
L&T total	12.4	7.2	21.7	15.4	37.8

**Depreciation and amortisation**

Environmental Services	6.3	5.1	12.4	10.3	20.4
Industrial Services	2.3	1.9	4.5	3.7	7.5
Facility Services Finland	3.3	3.0	7.0	6.0	12.0
Facility Services Sweden	1.4	0.6	2.9	1.3	2.6
Group administration and other	0.3	0.0	0.4	0.0	0.0
L&T total	13.6	10.6	27.3	21.2	42.5

**INCOME STATEMENT BY QUARTER**

EUR million	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018
<b>Net sales</b>					
Environmental Services	76.8	79.6	80.3	74.7	77.4
Industrial Services	26.2	19.0	25.2	25.9	26.3
Facility Services Finland	61.3	69.5	66.4	65.9	68.7
Facility Services Sweden	33.4	32.1	36.6	31.6	32.4
Interdivision net sales	-1.6	-1.4	-2.1	-1.8	-1.8
Total	196.2	198.8	206.5	196.3	203.0
<b>Operating profit</b>					
Environmental Services	8.8	4.6	8.3	10.7	8.1
Industrial Services	3.3	0.3	2.6	3.7	3.3
Facility Services Finland	-2.0	-3.5	0.0	4.4	1.4
Facility Services Sweden	0.8	0.7	1.6	1.3	0.6
Group administration and other	5.9	-1.4	-0.9	-0.6	-0.7
Total	16.8	0.7	11.7	19.6	12.6
<b>EBITDA</b>					
Environmental Services	15.0	10.8	13.4	15.8	13.3
Industrial Services	5.6	2.6	4.6	5.6	5.1
Facility Services Finland	1.4	0.1	3.0	7.4	4.4
Facility Services Sweden	2.2	2.2	2.2	1.9	1.2
Group administration and other	6.2	-1.2	-0.9	-0.6	-0.7
Total	30.5	14.4	22.4	30.1	23.3
<b>Operating margin</b>					
Environmental Services	11.4	5.8	10.4	14.3	10.5
Industrial Services	12.7	1.8	10.4	14.4	12.4
Facility Services Finland	-3.2	-5.1	0.0	6.7	2.0
Facility Services Sweden	2.4	2.1	4.3	4.0	1.9
Total	8.6	0.4	5.7	10.0	6.2
<b>EBITDA %</b>					
Environmental Services	19.6	13.5	16.7	21.1	17.1
Industrial Services	21.5	13.5	18.3	21.5	19.5
Facility Services Finland	2.2	0.2	4.5	11.2	6.4

Facility Services Sweden	<b>6.7</b>	6.7	6.1	6.0	3.8
<b>Total</b>	<b>15.5</b>	7.2	10.8	15.3	11.5
Financial income and expenses, net	<b>-1.0</b>	-0.4	-1.0	-1.4	-1.1
Share of the result of associated companies	<b>0.0</b>	0.0	0.0	0.0	-0.3
<b>Profit before tax</b>	<b>15.8</b>	0.4	10.6	18.2	11.1

#### DISAGGREGATION OF REVENUE

4–6/2019, EUR million	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
Environmental Services	54.0			22.2	0.6	76.8
Industrial Services	12.4	11.3	1.3	1.1		26.2
Facility Services Finland	40.3	16.8	4.2			61.3
Facility Services Sweden	14.5	17.8	1.1			33.4
<b>Total</b>	<b>121.3</b>	<b>46.0</b>	<b>6.5</b>	<b>23.3</b>	<b>0.6</b>	<b>197.8</b>
Interdivision						-1.6
<b>Total external net sales</b>						<b>196.2</b>

4–6/2018, EUR million	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
Environmental Services	52.8			24.1	0.6	77.4
Industrial Services	11.3	11.9	1.9	1.1		26.3
Facility Services Finland	42.9	16.7	9.1			68.7
Facility Services Sweden	14.7	16.7	1.0			32.4
<b>Total</b>	<b>121.6</b>	<b>45.4</b>	<b>12.0</b>	<b>25.2</b>	<b>0.6</b>	<b>204.8</b>
Interdivision						-1.8
<b>Total external net sales</b>						<b>202.9</b>

1–6/2019, EUR million	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
Environmental Services	103.2			52.0	1.2	156.4
Industrial Services	21.8	19.3	1.9	2.1		45.2

<b>Facility Services Finland</b>	<b>82.2</b>	<b>32.4</b>	<b>16.2</b>			<b>130.8</b>
<b>Facility Services Sweden</b>	<b>29.2</b>	<b>33.9</b>	<b>2.4</b>			<b>65.5</b>
<b>Total Interdivision</b>	<b>236.5</b>	<b>85.6</b>	<b>20.5</b>	<b>54.1</b>	<b>1.2</b>	<b>397.9</b>
<b>Total external net sales</b>						<b>394.9</b>

1–6/2018, EUR million	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
Environmental Services	100.5			53.0	0.9	154.4
Industrial Services	20.6	20.4	2.2	2.2		45.4
Facility Services Finland	87.5	30.9	18.9			137.3
Facility Services Sweden	29.4	34.2	2.1			65.7
<b>Total Interdivision</b>	<b>238.0</b>	<b>85.5</b>	<b>23.2</b>	<b>55.2</b>	<b>0.9</b>	<b>402.8</b>
<b>Total external net sales</b>						<b>399.4</b>

1–12/2018, EUR million	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
Environmental Services	209.0			98.5	2.0	309.4
Industrial Services	44.5	41.5	5.4	5.1		96.5
Facility Services Finland	168.6	61.5	39.5			269.6
Facility Services Sweden	58.7	69.2	6.1			134.0
<b>Total Interdivision</b>	<b>480.8</b>	<b>172.2</b>	<b>51.0</b>	<b>103.6</b>	<b>2.0</b>	<b>809.5</b>
<b>Total external net sales</b>						<b>802.2</b>

## MATCHING ALTERNATIVE PERFORMANCE MEASURES

### MATCHING THE EVA RESULT TO OPERATING PROFIT

EUR million	1–6/2019	1–6/2018	1–12/2018
<b>Operating profit</b>	<b>17.6</b>	16.4	47.6
Invested capital (rolling 12-month quarterly average)	<b>377.1</b>	368.0	357.7
Cost calculated on invested capital	<b>-12.4</b>	-12.1	-23.6
<b>EVA</b>	<b>5.2</b>	4.2	24.0

## DIVESTED BUSINESSES

On 30 April 2019, L&T sold the entire share capital of L&T Korjausrakentaminen Oy to Recover Nordic Group.

The debt-free price was EUR 13.9 million and the Group recognised a capital gain of EUR 6.7 million on the sale. The gain on the sale is presented under other operating income.

The net sales of L&T Korjausrakentaminen Oy, which was part of Facility Services, amounted to EUR 35.0 million in 2018 and its operating profit was EUR 0.7 million.

EUR million	1-6/2019
Tangible and intangible fixed assets	1.4
Trade and other receivables	7.7
Cash and cash equivalents	1.7
Trade and other payables	-6.0
Net assets	4.8
Effect on cash flow	
Consideration received in cash	13.9
Selling expenses	-0.7
Cash and cash equivalents of the divested company	-1.7
Cash flow from investing activities	11.5

## BUSINESS ACQUISITIONS

### L&T FM AB

The acquisition of L&T FM AB was completed on 31 August 2017.

In the first quarter of 2018, a transaction price refund of EUR 2.2 million was received, which affects cash flow from investing activities by EUR 1.6 million. This is shown in the item "Acquisition of subsidiaries and businesses, net of cash acquired", netted with the acquisition of the 2018 business. In addition, the value of the acquired balance sheet items was adjusted by SEK 34.5 million in the third quarter of 2018. The adjustments are presented as an increase in property, plant and equipment. The IFRS calculation of the acquisition price presented in the financial statements of 31 December 2018 is final.

## OTHER BUSINESS ACQUISITIONS, COMBINED

Fair value, total MEUR	1-6/2019	1-6/2018	1-12/2018
Intangible assets	0.4	-	0.2
Property, plant and equipment	0.2	-	0.1
Investments	0.0	-	-
Receivables	0.1	-	-

Cash and cash equivalents	<b>0.4</b>	-	-
Total assets	<b>1.0</b>	-	0.2
Other liabilities	<b>0.1</b>	-	-
Deferred tax liabilities	<b>0.1</b>	-	-
Total liabilities	<b>0.2</b>	-	-
Net assets acquired	<b>0.9</b>	-	0.2
Total consideration	<b>1.0</b>	-	0.4
Goodwill	<b>0.1</b>	-	0.2
Effect on cash flow			
Consideration paid in cash	<b>-1.0</b>	-	-0.4
Unpaid	<b>0.5</b>	-	0.1
Cash and cash equivalents of the acquired company	<b>0.4</b>	-	-
Cash flow from investing activities	<b>-0.1</b>	-	-0.3

### CHANGES IN INTANGIBLE ASSETS

EUR million	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of period	<b>193.6</b>	196.3	196.3
Business acquisitions	<b>0.5</b>	0.0	3.1
Other capital expenditure	<b>1.5</b>	2.7	5.3
Disposals	<b>0.0</b>	-1.6	0.0
Depreciation and impairment	<b>-4.6</b>	-4.2	-8.6
Transfers between items	<b>0.0</b>	0.0	0.1
Exchange differences	<b>-0.6</b>	-3.4	-2.5
Carrying amount at end of period	<b>190.4</b>	189.8	193.6

The business acquisitions item under changes in intangible assets in the comparison period was due to an adjustment to the L&T FM AB acquisition price calculation and the acquisition of the business operations of Kymen Talopalvelu Oy.

### CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-6/2019	1-6/2018	1-12/2018
Carrying amount at beginning of period	<b>156.8</b>	160.5	160.5
Right-of-use asset IFRS 16	<b>53.8</b>	-	-
Business acquisitions	<b>0.2</b>	0.0	0.1
Other capital expenditure	<b>19.5</b>	12.7	32.2
Disposals	<b>-1.7</b>	-0.4	-1.5
Depreciation and impairment	<b>-22.7</b>	-17.1	-33.9
Transfers between items	<b>0.0</b>	0.0	-0.1
Exchange differences	<b>0.2</b>	-0.3	-0.6
Carrying amount at end of period	<b>206.1</b>	155.5	156.8

Following the entry into force of IFRS 16, operating lease liabilities are included in net interest-bearing liabilities on the balance sheet, increasing them by EUR 53.8 million. Off-balance sheet operating lease liabilities amounted to EUR 36.8 million in the comparison period and EUR 39.0 million at the end of 2018.

The carrying amount of property, plant and equipment includes IFRS 16 items totalling EUR 74.6 million and depreciation in the amount of EUR 8.1 million.

## CAPITAL COMMITMENTS

EUR million	6/2019	6/2018	12/2018
Intangible assets	0.2	0.2	0.2
Property, plant and equipment	14.4	15.5	8.9
Total	14.6	15.7	9.1

## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	30 June 2019	Amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
Finance lease receivables		0.0		0.0	2
Other receivables		1.6		1.6	
<b>Current financial assets</b>					
Trade and other receivables		118.4		118.4	
Finance lease receivables		0.1		0.1	
Derivative receivables			0.0	0.0	
Cash and cash equivalents		44.9		44.9	
Total financial assets		165.1	0.0	165.1	
<b>Non-current financial liabilities</b>					
Borrowings		99.5		99.5	2
Finance lease payables		59.7		59.7	
<b>Current financial liabilities</b>					
Borrowings		28.0		28.0	
Finance lease payables		15.3		15.3	
Trade and other payables		81.8		81.8	
Derivative liabilities			1.0	1.0	2
Total financial liabilities		284.3	1.0	285.3	

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

EUR million	30 June 2018	Amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
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**Non-current financial assets**

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	
<b>Total financial assets</b>	<b>162.8</b>	<b>0.2</b>	<b>163.0</b>	

**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
<b>Total financial liabilities</b>	<b>246.8</b>	<b>0.3</b>	<b>247.1</b>	

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

**CONTINGENT LIABILITIES**

EUR million	6/2019	6/2018	1–12/2018
<b>Securities for own commitments</b>			
Mortgages on rights of tenancy	0.1	0.1	0.1
Other securities	0.1	0.1	0.1
Bank guarantees required for environmental permits	13.5	11.0	10.2

Other securities are security deposits.

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

EUR million	6/2019	6/2018	1–12/2018
Nominal values of interest rate swaps			
Maturity not later than one year	-	1.8	0.9
Maturity later than one year and not later than five years	-	-	-
Maturity later than five years	30.0	30.0	30.0
<b>Total</b>	<b>30.0</b>	<b>31.8</b>	<b>30.9</b>
Fair value	-1.0	-0.4	-0.6



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	6/2019	6/2018	1–12/2018
Nominal values of diesel swaps			
Maturity not later than one year	1.5	1.3	1.6
Maturity later than one year and not later than five years	-	-	-
Total	1.5	1.3	1.6
Fair value	0.0	0.1	0.0

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 2019: 6.55% and 2018: 6.60%

EBITDA: operating profit + depreciation + impairment

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

Invested capital: equity + interest-bearing financial liabilities

Return on invested capital, % (ROI):

(pre-tax profit/loss + financial expenses) / Equity + interest-bearing financial liabilities (average of the beginning of the period and the end of the period) 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, 26 July 2019

LASSILA & TIKANOJA PLC  
Board of Directors

Eero Hautaniemi  
President and CEO

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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. We operate in Finland, Sweden, and Russia. L&T employs 8,600 people. Net sales in 2018 amounted to EUR 802.2 million. L&T is listed on Nasdaq Helsinki.

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