

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 31 MARCH 2013

- **Net sales for the first quarter EUR 167.7 million (EUR 171.3 million)**
- **Operating profit EUR 6.3 million (EUR 4.9 million)**
- **Operating profit excluding non-recurring items EUR 6.8 million (EUR 5.0 million)**
- **Earnings per share EUR 0.12 (EUR 0.07)**
- **Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.**

CEO PEKKA OJANPÄÄ:

“Operating profit excluding non-recurring items was in line with our expectations, and we saw a significant improvement in our cash flow from operating activities. Comparable net sales remained at the previous year’s level. In the first quarter, the efficiency enhancement measures set in our strategy continued, affecting both business operations and working capital. The financial uncertainty affects our business volumes. We will continue to focus on profitability improvement.”

GROUP NET SALES AND FINANCIAL PERFORMANCE

Lassila & Tikanoja’s net sales for the first quarter decreased by 2.1% to EUR 167.7 million (EUR 171.3 million). Operating profit was EUR 6.3 million (EUR 4.9 million), representing 3.8% (2.9%) of net sales, and operating profit excluding non-recurring items was EUR 6.8 million (EUR 5.0 million). Earnings per share were EUR 0.12 (EUR 0.07).

Comparable net sales includes EUR 4.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Operating profit grew by EUR 1.4 million from the comparison period to EUR 6.3 million. Operating profit was reduced by the non-recurring reorganisation costs of EUR 0.5 million (EUR 0.1 million).

Financial summary

	1-3/2013	1-3/2012	Change%	1-12/2012
Net sales, EUR million	167.7	171.3	-2.1	674.0
Operating profit excluding non-recurring items, EUR million*	6.8	5.0	33.7	47.4
Operating profit, EUR million	6.3	4.9	27.7	48.4
Operating margin, %	3.8	2.9		7.2
Profit before tax, EUR million	5.9	4.0	48.3	43.0
Earnings per share, EUR	0.12	0.07	71.4	0.89
EVA, EUR million	0.9	-1.5		24.1

* Breakdown of operating profit excluding non-recurring items is presented below the division reviews.

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

The division’s net sales for the first quarter were down by 8.0% to EUR 60.2 million (EUR 65.5 million). Operating profit totalled EUR 6.2 million (EUR 4.3 million) and operating profit excluding non-recurring items was EUR 6.2 million (EUR 4.3 million).

The division’s net sales fell following the slowdown in construction, which reduced the demand for interchangeable platforms and the construction waste recycling volumes. Meanwhile in waste

management, demand has remained normal. Recycled raw material volumes decreased in the first quarter following a decline in retail sales.

Comparable net sales includes EUR 4.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Profitability improved thanks to efficiency improvement measures taken in 2012.

Industrial Services

The division's net sales for the first quarter totalled EUR 13.7 million (EUR 12.9 million), showing an increase of 6.2%. Operating loss totalled EUR 0.5 million (operating loss EUR 1.3 million) and operating profit excluding non-recurring items was EUR 0.5 million (operating loss EUR 1.3 million).

Healthy demand for process cleaning boosted net sales. The late arrival of spring had a negative effect on the demand for sewer maintenance services and environmental construction in the first quarter.

Although the division recorded a loss, as expected, the loss was smaller than in the comparison period thanks to the healthy profitability in hazardous waste recycling services.

Facility Services

The division's net sales for the first quarter were down by 4.8% to EUR 75.8 million (EUR 79.6 million). Operating profit totalled EUR 0.4 million (EUR 1.6 million) and operating profit excluding non-recurring items was EUR 0.8 million (EUR 1.7 million).

The division's net sales declined from the comparison period due to lower demand for damage repair services.

The decrease in net sales in technical systems services and damage repair services, resulting from the smaller number of damage repair orders than in the comparison period, had a negative impact on the division's profitability. The Facility Services division is currently taking efficiency enhancement measures designed to improve profitability. Profitability of the cleaning business improved from the comparison period.

Renewable Energy Sources

First quarter net sales of Renewable Energy Sources (L&T Biowatti) were up by 23.8% to EUR 21.8 million (EUR 17.6 million). The division recorded an operating profit of EUR 1.0 million (EUR 0.8 million), and an operating profit excluding non-recurring items of EUR 1.0 million (EUR 0.8 million).

There was a significant improvement in the division's net sales from the comparison period, due to increased demand for wood-based fuels.

The increase in operating profit is largely attributed to net sales growth. Meanwhile profitability suffered from the weaker energy content and higher logistics costs.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	1-3/2013	1-3/2012	1-12/2012
Operating profit	6.3	4.9	48.4
Non-recurring items:			
Gain on sale of holding in L&T Recoil Oy			-4.2
Impairment of hazardous waste treatment facilities			0.5
Gain on sale of eco product business			-0.2
Restructuring costs	0.5	0.1	2.9
Operating profit excluding non-recurring items	6.8	5.0	47.4

FINANCING

Cash flows from operating activities amounted to EUR 27.0 million (EUR 8.9 million). As a result of efficiency enhancement measures, a total of EUR 12.9 million in working capital was released (EUR 2.5 million tied up).

At the end of the period, interest-bearing liabilities amounted to EUR 97.4 million (EUR 159.0 million). L&T Recoil accounted for EUR 17.7 million of the interest-bearing liabilities in the reference period. Guarantees of EUR 16.4 million given by Lassila & Tikanoja to other providers of finance for these liabilities are still in force. In addition L&T had receivables from EcoStream Group of EUR 3.3 million.

Net interest-bearing liabilities amounted to EUR 83.6 million, showing an increase of EUR 1.3 million from the beginning of the year and a decrease of EUR 68.7 million from the comparison period.

Net finance costs decreased significantly in the first quarter and amounted to EUR 0.4 million (EUR 1.0 million). Net finance costs were 0.2% (0.6%) of net sales.

The average interest rate on long-term loans (with interest-rate hedging) was 2.2% (3.1%). Long-term loans totalling EUR 23.4 million will mature during the rest of the year.

The equity ratio was 46.3% (39.7%) and the gearing rate 38.9 (75.4). Liquid assets at the end of the period amounted to EUR 13.8 million (EUR 7.8 million).

Of the EUR 100 million commercial paper programme, EUR 16 million (EUR 46 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million, was not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 12 March 2013 resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share was paid for the financial year 2012. The capital repayment, totalling EUR 23.2 million, was paid to the shareholders on 22 March 2013.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 5.9 million (EUR 11.5 million) and was mainly comprised of machine and equipment purchases.

PERSONNEL

In January-March the average number of employees converted into full-time equivalents was 7,938 (8,119). The total number of full-time and part-time employees at the end of the period was 8,988 (9,229). Of them 7,074 (7,257) people worked in Finland and 1,914 (1,972) people in other countries.

SHARE AND SHARE CAPITAL

Traded volume and price

The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in January-March was 1,900,719 which is 4.9% (7.1%) of the average number of outstanding shares. The value of trading was EUR 23.8 million (EUR 31.4 million). The trading price varied between EUR 11.60 and EUR 13.15. The closing price was EUR 12.54. The market capitalisation excluding the shares held by the company was EUR 485.3 million (EUR 426.7 million) at the end of the period.

Own shares

At the beginning of the year the company held 106,810 of its own share and at the end of the period 92,247 shares, representing 0.2% 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 to 38,685,569 shares. The average number of shares excluding the shares held by the company totalled 38,695,703.

Share-based incentive programme 2013

Lassila & Tikanoja plc's Board of Directors decided on 17 December 2012 on a new share-based incentive programme. The programme's earnings period began on 1 January 2013 and ends on 31 December 2013. Potential rewards to be paid for the year 2013 will be based on the EVA result of Lassila & Tikanoja group. Potential rewards will be paid partly as shares and partly in cash. A maximum total of 53,300 Lassila & Tikanoja plc shares may be paid out on the basis of the programme. The programme covers 10 persons.

Shareholders

At the end of the period, the company had 9,759 (9,460) shareholders. Nominee-registered holdings accounted for 16.6% (15.1%) of the total number of shares.

Notifications on major holdings

On 13 March 2013, Nordea Investment Fund Company Finland announced that its holding of the shares and votes in Lassila & Tikanoja plc had risen to 5.5%.

On 10 April 2013, Nordea Investment Fund Company Finland announced that its holding of the shares and votes in Lassila & Tikanoja plc had fallen to 4.98%.

Authorisation for the Board of Directors

The Annual General Meeting held on 12 March 2013 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on the share issue and the issuance of special rights entitling to shares.

The Board of Directors is authorised to purchase a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The repurchase authorisation will be effective for 18 months.

The Board of Directors is authorised to decide on issuance of new shares or shares possibly held by the Company through share issue and/or issuance of option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that by virtue of the authorisation altogether 500,000 shares, which is 1.3% of the total number of shares, may be issued and/or conveyed at the maximum. The share issue authorisation will be effective for 18 months.

RESOLUTIONS BY THE GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 12 March 2013, adopted the financial statements for the financial year 2012 and released the members of the Board of Directors and the Presidents and CEO from liability.

The AGM resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share, as proposed by the Board of Directors, would be paid for the financial year 2012 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 23.2 million, payment date was resolved to be on 22 March 2013.

The Annual General Meeting confirmed the number of the members of the Board of Directors five. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab has announced that it will name Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 12 March 2013.

BOARD OF DIRECTORS

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

From among its members, the Board elected Eero Hautaniemi as Chairman and Sakari Lassila and Miikka Maijala as members of the audit committee. Heikki Bergholm was elected as Chairman of the remuneration committee and Hille Korhonen as member of the committee.

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

In a release published on 25 March 2013, the company announced the comparable figures for 2012 based on the new business structure.

EVENTS AFTER THE PERIOD

In a release published on 9 April 2013, the company announced that as part of EcoStream Oy's capital arrangements, Lassila & Tikanoja plc subscribed for EcoStream Oy shares for a total of EUR 2.0 million on 8 April 2013. The subscription price was EUR 3.00 per share. This subscription was financed through a conversion of Lassila & Tikanoja's remaining sale price receivable from the L&T Recoil Oy divestment, EUR 2.0 million, into EcoStream Oy shares. Consequently, the arrangement had no direct impact on cash flow. Following this arrangement and EcoStream Oy's other capital arrangements, Lassila & Tikanoja's ownership in EcoStream Oy fell to approximately 16.4 per cent.

In connection with the arrangement, Lassila & Tikanoja's Board of Directors decided on a write-down of all shares held by Lassila & Tikanoja plc to EUR 3.00 per share. As a result of this write-down, the company will record an impairment of EUR 5.1 million on EcoStream Oy's shares for the second quarter.

After the write-down, the balance sheet value of the EcoStream shares held by L&T will be approximately EUR 3.6 million.

The impairment will be treated as a non-recurring cost item, with no impact on cash flow.

NEAR-TERM RISKS AND UNCERTAINTIES

Economic uncertainty may cause major changes in the Environmental Services division's secondary raw material markets and in the Industrial Services division's demand.

Uncertainties associated with government subsidies for renewable fuels and with their continuity could affect demand for the Renewable Energy Sources division's services.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2012, in the report of the Board of Directors, and in the consolidated financial statements.

OUTLOOK FOR THE REST OF THE YEAR

Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 MARCH 2013**CONSOLIDATED INCOME STATEMENT**

EUR 1 000	1-3/2013	1-3/2012	Change %	1-12/2012
Net sales	167 721	171 286	-2,1	673 985
Cost of sales	-154 367	-159 711	-3,3	-602 581
Gross profit	13 354	11 575	15,4	71 404
Other operating income	378	548	-31,0	7 708
Selling and marketing costs	-3 640	-4 091	-11,0	-16 745
Administrative expenses	-3 246	-3 008	7,9	-12 090
Other operating expenses	-548	-91	502,2	-1 584
Impairment, non-current assets				-302
Impairment, goodwill and other intangible assets				
Operating profit	6 298	4 933	27,7	48 391
Finance income	179	355	-49,6	860
Finance costs	-587	-1 315	-55,4	-6 256
Profit before tax	5 890	3 973	48,3	42 995
Income tax expense	-1 443	-1 209	19,4	-8 543
Profit for the period	4 447	2 764	60,9	34 452
Attributable to:				
Equity holders of the company	4 451	2 769		34 459
Non-controlling interest	-4	-5		-7
Earnings per share for profit attributable to the equity holders of the company:				
Basic earnings per share, EUR	0.12	0.07		0.89
Diluted earnings per share, EUR	0.12	0.07		0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Profit for the period	4 447	2 764	34 452
Other comprehensive income, after tax			
Items arising from re-measurement of defined benefit plans		-46	-189
Total		-46	-189
Hedging reserve, change in fair value	956	309	1 098
Revaluation reserve			
Gains in the period	-1	3	2
Current available-for-sale financial assets	-1	3	2
Currency translation differences	250	681	627
Currency translation differences, non-controlling interest	4	18	10
Other comprehensive income, after tax	1 209	1 011	1 737
Total comprehensive income, after tax	5 656	3 729	36 000
Attributable to:			
Equity holders of the company	5 657	3 716	35 997
Non-controlling interest	-1	13	3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	3/2013	3/2012	12/2012
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	120 444	119 847	120 189
Customer contracts arising from acquisitions	7 110	9 867	7 880
Agreements on prohibition of competition	1 450	2 918	1 810
Other intangible assets arising from business acquisitions	52	73	57
Other intangible assets	8 332	10 925	8 494
	137 388	143 630	138 430
Property, plant and equipment			
Land	3 848	4 283	3 844
Buildings and constructions	51 499	78 381	52 393
Machinery and equipment	117 753	121 836	121 179
Other	87	85	86
Prepayments and construction in progress	3 467	4 720	2 657
	176 654	209 305	180 159
Other non-current assets			
Available-for-sale investments	7 280	590	7 284
Finance lease receivables	3 630	3 808	3 608
Deferred tax assets	3 511	6 273	3 845
Other receivables	5 991	3 306	2 755
	20 412	13 977	17 492
Total non-current assets	334 454	366 912	336 081
Current assets			
Inventories	23 864	26 916	24 884
Trade and other receivables	98 722	105 079	103 925
Derivative receivables	2 151	405	1 290
Prepayments	3 506	5 690	491
Current available-for-sale financial assets	2 001	1 999	2 499
Cash and cash equivalents	11 775	5 800	12 083
Total current assets	142 019	145 889	145 172
TOTAL ASSETS	476 473	512 801	481 253

EUR 1 000	3/2013	3/2012	12/2012
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the company			
Share capital	19 399	19 399	19 399
Share premium reserve			
Other reserves	463	-1 476	-743
Unrestricted equity reserve	6 109	29 403	29 381
Retained earnings	184 265	150 133	150 233
Profit for the period	4 451	2 769	34 459
	214 687	200 228	232 729
Non-controlling interest	273	284	274
Total equity	214 960	200 512	233 003
Liabilities			
Non-current liabilities			
Deferred tax liabilities	31 118	29 126	31 313
Retirement benefit obligations	888	670	672
Provisions	4 252	2 569	4 304
Borrowings	52 203	88 236	57 961
Other liabilities	904	1 123	942
	89 365	121 724	95 192
Current liabilities			
Borrowings	45 162	70 801	38 915
Trade and other payables	125 563	118 140	112 880
Derivative liabilities	833	1 490	1 129
Tax liabilities	0	14	14
Provisions	590	120	120
	172 148	190 565	153 058
Total liabilities	261 513	312 289	248 250
TOTAL EQUITY AND LIABILITIES	476 473	512 801	481 253

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	3/2013	3/2012	12/2012
Cash flows from operating activities			
Profit for the period	4 447	2 764	34 452
Adjustments			
Income tax expense	1 443	1 209	8 543
Depreciation, amortisation and impairment	10 578	10 826	43 642
Finance income and costs	408	959	5 395
Gain on sale of shares			-4 181
Other	-109	-459	1 603
Net cash generated from operating activities before change in working capital	16 767	15 299	89 454
Change in working capital			
Change in trade and other receivables	-296	-16 993	-10 574
Change in inventories	1 020	1 033	-121
Change in trade and other payables	12 210	13 476	17 096
Change in working capital	12 934	-2 484	6 401
Interest paid	-616	-1 311	-5 070
Interest received	129	257	830
Income tax paid	-2 198	-2 854	-11 127
Net cash from operating activities	27 016	8 907	80 488
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired		-746	-2 498
Proceeds from sale of subsidiaries and businesses, net of sold cash			7 820
Purchases of property, plant and equipment and intangible assets	-4 914	-10 940	-40 659
Proceeds from sale of property, plant and equipment and intangible assets	67	223	2 826
Purchases of available-for-sale investments			
Change in other non-current receivables	30	10	560
Proceeds from sale of available-for-sale investments			
Dividends received			1
Net cash used in investing activities	-4 817	-11 453	-31 950
Cash flows from financing activities			
Change in short-term borrowings	3 999	28 483	-5 781
Proceeds from long-term borrowings			10 200
Repayments of long-term borrowings	-3 849	-5 007	-25 254
Dividends paid and other asset distribution	-23 197	-21 254	-21 254
Repurchase of own shares			
Net cash generated from financing activities	-23 047	2 222	-42 089

EUR 1 000	3/2013	3/2012	12/2012
Net change in liquid assets	-848	-324	6 449
Liquid assets at beginning of period	14 582	8 069	8 069
Effect of changes in foreign exchange rates	42	54	64
Change in fair value of current available-for-sale investments			
Liquid assets at end of period	13 776	7 799	14 582
Liquid assets			
EUR 1 000	3/2013	3/2012	12/2012
Cash and cash equivalents	11 775	5 800	12 083
Available-for-sale financial assets	2 001	1 999	2 499
Total	13 776	7 799	14 582

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Equity at 1.1.2013	19 399	0	-785	2	41	29 381	184 692	232 729	274	233 003
Amendment in IAS19							-189	-189		-189
Equity at 1.1.2013	19 399	0	-785	2	41	29 381	184 503	232 540	274	232 814
Expense recognition of share-based benefits							80	80		80
Capital repayment						-23 272	299	-22 973		-22 973
Total comprehensive income			250	-1	956		4 451	5 657	-1	5 656
Other differences							-617	-617		-617
Equity at 31.3.2013	19 399	0	-535	1	997	6 109	188 716	214 687	273	214 960
Equity at 1.1.2012	19 399	0	-1 412	0	-1 057	50 658	150 085	217 673	271	217 944
Amendment in IAS19							-47	0		0
Expense recognition of share-based benefits							48	48		48
Repurchase of own shares										
Capital repayment						-21 255		-21 255		-21 255
Total comprehensive income			681	3	309		2 769	3 762	13	3 775
Equity at 31.3.2012	19 399	0	-731	3	-748	29 403	152 855	200 228	284	200 512

KEY FIGURES

	1-3/2013	1-3/2012	1-12/2012
Earnings per share, EUR	0.12	0.07	0.89
Earnings per share, diluted, EUR	0.12	0.07	0.89
Cash flows from operating activities per share, EUR	0.70	0.23	2.08
EVA, EUR million	0.9	-1.5	24.1
Capital expenditure, EUR 1000	5 919	11 474	49 385
Depreciation, amortisation and impairment, EUR 1000	10 578	10 826	43 641
Equity per share, EUR	5.55	5.18	6.01
Return on equity, ROE, %	7.9	5.3	15.3
Return on invested capital, ROI, %	8.0	5.9	14.4
Equity ratio, %	46.3	39.7	49.4
Gearing, %	38.9	75.4	35.3
Net interest-bearing liabilities, EUR 1000	83 589	151 239	82 294
Average number of employees in full-time equivalents	7 938	8 119	8 399
Total number of full-time and part-time employees at end of period	8 988	9 229	8 962
Number of outstanding shares adjusted for issues, 1000 shares			
average during the period	38 696	38 686	38 688
at end of period	38 707	38 686	38 692
average during the period, diluted	38 702	38 711	38 701

ACCOUNTING POLICIES

This financial statements release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2012 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2013 have not had an impact on the financial statements:

- IAS 19 (Amendment) Employee Benefits

Key changes: The amendment eliminates the use of the 'corridor' approach. The definition of estimated return on funded defined benefit plan assets will change. Financial cost is determined on the net assets (included in the obligation and in the plan). Impact on statement of financial position on 31 December 2012 and statement of comprehensive income for the period 1 January 2012–31 December 2012 EUR 189 thousand.

- IFRS 13 Fair Value Measurement

The new standard sets out the requirement to determine fair value and to disclose related information in the financial statements; the new standard also includes a definition of fair value. The use of fair value is not extended, but the standard offers guidelines for value definition when another standard requires or permits fair value measurements. IFRS 13 extends the disclosure requirement for assets measured at fair value not included in financial assets. The EU has not yet approved the new standard for application. The new standard is not expected to have a material impact on consolidated financial statements.

- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment includes more extensive disclosure requirements; entities are required to disclose numerical information on financial assets presented in net amount in the statement of financial position, and on financial assets subject to master netting arrangements or similar agreements, even if presented in gross amount in the statement of financial position. The amendment will be adopted for application in the 2013 financial statements. The required disclosures must be presented retrospectively. The amendment has not yet been approved for application in the EU. The amendment does not have a material impact on the consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the

carrying amounts on the balance sheet date for assets and liabilities and the amounts of revenues and expenses. In addition, the management makes judgements when making decisions on application of accounting policies. Actual results may differ from the estimates and assumptions.

The interim report has not been audited.

SEGMENT INFORMATION

Net sales

EUR 1 000	1-3/2013			1-3/2012			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	59 107	1 094	60 201	63 772	1 695	65 467	-8.0
Industrial Services	13 080	650	13 730	12 189	734	12 923	6.2
Facility Services	74 791	1 005	75 796	78 786	834	79 620	-4.8
Renewable Energy Sources	20 743	1 027	21 770	16 539	1 045	17 584	23.8
Eliminations		-3 776	-3 776		-4 308	-4 308	
L&T total	167 721	0	167 721	171 286	0	171 286	-2.1

EUR 1 000	1-12/2012		
	External	Inter-division	Total
Environmental Services	259 791	5 870	265 661
Industrial Services	66 863	3 133	69 996
Facility Services	295 451	4 042	299 493
Renewable Energy Sources	51 880	4 067	55 947
Eliminations		-17 112	-17 112
L&T total	673 985	0	673 985

Operating profit

EUR 1 000	1-3/2013		1-3/2012		1-12/2012	
		%		%		%
Environmental Services	6 224	10.3	4 272	6.5	34 251	12.9
Industrial Services	-519	-3.8	-1 257	-9.7	3 892	5.6
Facility Services	429	0.6	1 596	2.0	12 980	4.3
Renewable Energy Sources	967	4.4	787	4.5	-61	-0.1
Group admin. and other	-803		-465		-2 671	
L&T total	6 298	3.8	4 933	2.9	48 391	7.2
Finance costs, net	-408		-960		-5 396	
Profit before tax	5 890		3 973		42 995	

Other segment information

EUR 1 000	3/2013	3/2012	12/2012
Assets			
Environmental Services	219 678	274 680	228 457
Industrial Services	70 262	73 902	81 573
Facility Services	115 051	112 002	105 718
Renewable Energy Sources	29 721	29 966	30 179
Group admin. and other	15 970	2 057	9 853
Unallocated assets	25 791	20 194	25 473
L&T total	476 473	512 801	481 253
Liabilities			
Environmental Services	45 162	41 674	42 381
Industrial Services	19 524	17 449	18 687
Facility Services	55 180	52 283	50 073
Renewable Energy Sources	10 826	8 592	6 094
Group admin. and other	1 049	1 120	1 378
Unallocated assets	129 772	191 171	129 637
L&T total	261 513	312 289	248 250
EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Capital expenditure			
Environmental Services	2 472	4 281	16 149
Industrial Services	514	1 901	11 272
Facility Services	2 695	5 192	14 727
Renewable Energy Sources	45	97	486
Group admin. and other	193	3	6 751
L&T total	5 919	11 474	49 385
Depreciation and amortisation			
Environmental Services	5 595	6 362	24 690
Industrial Services	1 663	1 644	7 084
Facility Services	3 239	2 748	11 276
Renewable Energy Sources	77	72	281
Group admin. and other	4	0	9
L&T total	10 578	10 826	43 340
Impairment			
Environmental Services			302
L&T total	0	0	302

INCOME STATEMENT BY QUARTER

EUR 1 000	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Net sales					
Environmental Services	60 201	64 670	66 388	69 136	65 467
Industrial Services	13 730	18 770	18 145	20 158	12 923
Facility Services	75 796	74 789	72 708	72 376	79 620
Renewable Energy Sources	21 770	18 287	7 977	12 099	17 584
Group admin. and other					
Inter-division net sales	-3 776	-4 725	-4 002	-4 077	-4 308
L&T total	167 721	171 791	161 216	169 692	171 286
Operating profit					
Environmental Services	6 224	6 592	11 019	12 368	4 272
Industrial Services	-519	1 161	1 789	2 199	-1 257
Facility Services	429	2 516	7 843	1 025	1 596
Renewable Energy Sources	967	269	-384	-733	787
Group admin. and other	-803	-853	-638	-715	-465
L&T total	6 298	9 685	19 629	14 144	4 933
Operating margin					
Environmental Services	10.3	10.2	16.6	17.9	6.5
Industrial Services	-3.8	6.2	9.9	10.9	-9.7
Facility Services	0.6	3.4	10.8	1.4	2.0
Renewable Energy Sources	4.4	1.5	-4.8	-6.1	4.5
L&T total	3.8	5.6	12.2	8.3	2.9
Finance costs, net	-408	-512	-568	-3 356	-960
Profit before tax	5 890	9 173	19 061	10 788	3 973

BUSINESS ACQUISITIONS

In January-March 2013 Lassila & Tikanoja made no business acquisitions.

The accounting policy concerning business combinations is presented in Annual Report under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Carrying amount at beginning of period	138 430	144 489	144 489
Business acquisitions		566	1 110
Other capital expenditure	637	621	2 322
Disposals		-10	-1 957
Amortisation and impairment	-1 842	-2 121	-8 023
Transfers between items			
Exchange differences	163	85	489
Carrying amount at end of period	137 388	143 630	138 430

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Carrying amount at beginning of period	180 159	207 522	207 522
Business acquisitions		515	2 438
Other capital expenditure	5 281	9 772	36 810
Disposals	-135	-199	-31 258
Depreciation and impairment	-8 736	-8 705	-35 619
Transfers between items			
Exchange differences	85	400	266
Carrying amount at end of period	176 654	209 305	180 159

CAPITAL COMMITMENTS

EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Intangible assets			109
Property, plant and equipment	4 895	4 669	1 953
Total	4 895	4 669	2 062

The Group's share of capital commitments 50

RELATED-PARTY TRANSACTIONS

(Joint ventures)

EUR 1 000	1-3/2013	1-3/2012	1-12/2012
Sales		488	939
Other operating income		12	24
Interest income		203	391
Non-current receivables			
Capital loan receivable		25 146	0
Current receivables			
Trade receivables		2 466	0
Loan receivables		1 801	0

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR 1 000	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level under IFRS 7
Non-current financial assets								
Available-for-sale investments			7 280			7 280	7 280	3
Finance lease receivables		3 630				3 630	3 931	
Other receivables		5 990				5 990	5 990	
Current financial assets								
Trade and other receivables		88 865				88 865	88 865	
Derivative receivables	15				2 136	2 151	2 151	2
Available-for-sale financial assets			2 001			2 001	2 001	2
Cash and cash equivalents		11 775				11 775	11 775	
Total financial assets	15	110 260	9 281		2 136	121 692	121 993	
Non-current financial liabilities								
Borrowings				52 204		52 204	52 560	
Other liabilities				605		605	605	
Current financial liabilities								
Borrowings				45 162		45 162		
Trade and other payables				57 938		57 938		
Derivative liabilities					833	833	833	2
Total financial liabilities				155 909	833	156 742	53 998	

CONTINGENT LIABILITIES**Securities for own commitments**

EUR 1 000	3/2013	3/2012	12/2012
Mortgages on rights of tenancy	186	42 186	186
Company mortgages	583	21 460	583
Other securities	180	191	178
Bank guarantees required for environmental permits	8 704	5 140	6 483

Other securities are security deposits.

Off balance sheet liabilities

Lassila & Tikanoja plc has given a guarantee for a share of 50 percent of L&T Recoil Oy's financial liabilities.

The guarantee is valid no later than the maturity date of the liabilities on 31 August 2014.

The financial liabilities of L&T Recoil totalled EUR 32.8 million on 31 March 2013.

Operating lease liabilities

EUR 1 000	3/2013	3/2012	12/2012
Maturity not later than one year	5 212	7 231	5 556
Maturity later than one year and not later than five years	7 460	13 968	8 377
Maturity later than five years	2 226	4 103	2 274
Total	14 899	25 302	16 206

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

EUR 1 000	3/2013	3/2012	12/2012
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	18 514	13 429	14 229
Maturity later than one year and not later than five years	23 140	36 272	28 940
Maturity later than five years	2 727		2 727
Total	44 381	49 701	45 896
Fair value	-833	-1 084	-1 129
Nominal value of interest rate swaps**			
Maturity not later than one year	0	4 000	0
Maturity later than one year and not later than five years	0	19 455	0
Maturity later than five years	0	4 545	0
Total	0	28 000	0
Fair value	0	-174	0

* The interest rate swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data at the balance sheet date.

** Hedge accounting under IAS 39 has not been applied to these interest rate swaps. Changes in fair values have been recognised in finance income and costs.

Commodity derivatives

metric tonnes	3/2013	3/2012	12/2012
Nominal values of diesel swaps			
Maturity not later than one year	4 524	2 544	5 136
Maturity later than one year and not later than five years	0	636	660
Total	4 524	3 180	5 796
Fair value, EUR 1000	193	405	136

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 – compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

Currency forwards

EUR 1 000	3/2013	3/2012	12/2012
Volume of forward contracts			
Maturity not later than one year	512	253	775
Fair value	15	-6	4

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair values have been recognised in finance income and costs.

Cross currency interest rate swaps

EUR 1 000	3/2013	3/2012	12/2012
Maturity of cross currency interest rate swaps under hedge accounting			
Maturity not later than one year	12 800	10 400	12 800
Maturity later than one year and not later than five years	15 867	28 667	16 667
Total	28 667	39 067	29 467
Fair value, EUR 1 000	1 943	-11	1 150

The contracts are used to hedge cash flow related to foreign currency floating rate loans. The changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 1.9 million negative.

CALCULATION OF KEY FIGURES

Earnings per share:

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

Earnings per share, diluted:

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

Cash flows from operating activities/share:

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

EVA:

operating profit - cost calculated on invested capital (average of four quarters)

WACC 2012: 7.1%

WACC 2013: 6.5%

Equity per share:

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

Return on equity, % (ROE):
 $(\text{profit for the period} / \text{equity (average)}) \times 100$

Return on investment, % (ROI):
 $(\text{profit before tax} + \text{finance costs}) / (\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average)}) \times 100$

Equity ratio, %:
 $\text{equity} / (\text{total equity and liabilities} - \text{advances received}) \times 100$

Gearing, %:
 $\text{net interest-bearing liabilities} / \text{equity} \times 100$

Net interest-bearing liabilities:
 $\text{interest-bearing liabilities} - \text{liquid assets}$

Operating profit excluding non-recurring items:
 $\text{operating profit} \pm \text{non-recurring items}$

Helsinki, 23 April 2013

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

For additional information please contact:
Pekka Ojanpää, President and CEO, tel. +358 10 636 2810 or
Timo Leinonen, CFO, tel. +358 400 793 073.

Lassila & Tikanoja is a service company that is transforming the consumer society into an efficient recycling society. In co-operation with our customers we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and to save the environment. Together, we create well-being and jobs. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,000 persons. Net sales in 2012 amounted to EUR 674.0 million. L&T is listed on NASDAQ OMX Helsinki.

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