

**LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 31 MARCH 2014**

- **Net sales for the first quarter EUR 159.4 million (EUR 167.7 million)**
- **Operating profit EUR 2.1 million (EUR 6.3 million), including EUR 6.4 million of non-recurring impairment related to the insolvency of the EcoStream Group.**
- **Operating profit excluding non-recurring items EUR 7.4 million (EUR 6.8 million)**
- **Earnings per share EUR -0.42 (EUR 0.12)**
- **In the first quarter, the company divested its Latvian business operations and recognised a non-recurring capital gain of EUR 1.1 million on the divestment.**
- **Comparable net sales in 2014 are expected to remain at the 2013 level. Operating profit, excluding non-recurring items, is expected to remain at the 2013 level or improve slightly.**

**CEO PEKKA OJANPÄÄ:**

‘Economic uncertainty decreases the demand in the industrial sector and on material flows in the construction and retail sectors. Nevertheless, both Environmental and Industrial Services grew organically. In a challenging operating environment in Facility Services and Renewable Energy Sources, we continued to improve the efficiency of operations. The divestment of the Latvian business operations was part of the streamlining of L&T’s business portfolio. The operating result reported for the first quarter of 2014 was significantly affected by the non-recurring impairment of EUR 6.4 million related to the insolvency of the EcoStream Group. Nevertheless, we were able to improve the Group’s profitability year-on-year.’

**GROUP NET SALES AND FINANCIAL PERFORMANCE**

Lassila & Tikanoja’s net sales for the first quarter decreased by 4.9% to EUR 159.4 million (EUR 167.7 million). Operating profit was EUR 2.1 million (EUR 6.3 million). Operating profit excluding non-recurring items was EUR 7.4 million (EUR 6.8 million), representing 4.7% (4.1%) of net sales. Earnings per share were EUR -0.42 (EUR 0.12).

The operating profit recorded for the first quarter includes EUR 6.4 million of non-recurring costs relating to holdings in EcoStream Oy, which has filed for bankruptcy, and to outstanding receivables from the EcoStream Group and L&T Recoil. In addition, a non-recurring capital gain of EUR 1.1 million was recognised on the Latvian business operations.

Furthermore, the Group’s net profit was affected by the payment of EUR 16.7 million, in accordance with the loan guarantee commitment of to L&T Recoil, recognised in financial expenses. After the entries related to EcoStream Group’s insolvency, the company has no liabilities related to EcoStream Oy and L&T Recoil.

Profitability improved due to the good development of Environmental and Industrial Services.

**Financial summary**

	<b>1–3/2014</b>	<b>1–3/2013</b>	<b>Change%</b>	<b>1–12/2013</b>
Net sales, EUR million	<b>159.4</b>	167.7	-4.9	668.2
Operating profit excluding non-recurring items, EUR million*	<b>7.4</b>	6.8	9.4	51.8
Operating margin excluding non-recurring items, %	<b>4.7</b>	4.1		7.8
Operating profit, EUR million	<b>2.1</b>	6.3	-65.9	33.2
Operating margin, %	<b>1.3</b>	3.8		5.0
Profit before tax, EUR million	<b>-15.5</b>	5.9		30.3
Earnings per share, EUR	<b>-0.42</b>	0.12		0.57
EVA, EUR million	<b>-19.3</b>	0.9		12.4

\* Breakdown is presented below the division reviews.

## **NET SALES AND OPERATING PROFIT BY DIVISION**

### **Environmental Services**

The division's net sales for the first quarter increased by 1.2% to EUR 60.9 million (EUR 60.2 million). Operating profit and operating profit excluding non-recurring items were EUR 6.6 million (EUR 6.2 million).

The division's net sales improved year-on-year both in Finland and internationally as a result of high demand. However, growth was restricted by the decrease in the volume of recyclable material, due to the market conditions.

Profitability developed favourably, thanks to improved operational efficiency.

### **Industrial Services**

The division's net sales for the first quarter totalled EUR 16.0 million (EUR 13.7 million), showing an increase of 16.4%. Operating loss and operating loss excluding non-recurring items were EUR 0.1 million (EUR 0.5 million).

Net sales increased in all of the division's service lines. In particular, demand increased in environmental construction and process cleaning.

The result was in the red, due to the seasonal nature of the business. However, the loss decreased year-on-year, particularly as a result of the good profitability of hazardous waste services.

### **Facility Services**

The division's net sales for the first quarter were down by 8.9% to EUR 69.0 million (EUR 75.8 million). Operating profit totalled EUR 0.6 million (EUR 0.4 million). Operating profit excluding non-recurring items was EUR 0.6 million (EUR 0.8 million).

The division's net sales declined year-on-year, due to business downsizing in Sweden and lower than normal demand for seasonal work in Property Maintenance.

The division's profitability was weakened by the low profitability of damage repair services and property maintenance.

The entire division is undergoing a major reorganisation process in order to adapt operations to the changes in market conditions. This affects the profitability of business. The benefits of the process will gradually start to materialise in the second half of 2014.

### **Renewable Energy Sources**

First quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 27.2% to EUR 15.8 million (EUR 21.8 million). Operating profit and operating profit excluding non-recurring items were EUR 0.8 million (EUR 1.0 million).

The decrease in net sales could mostly be attributed to the very short heating season. This weighted the result. As a result of efficiency improvement measures, relative profitability improved year-on-year.

**BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS**

EUR million	1-3/2014	1-3/2013	1-12/2013
Operating profit	2.1	6.3	33.2
Non-recurring items:			
Gain on sale of L&T Biowatti Oy equipment			-0.5
Impairment of EcoStream Oy shares			5.0
L&T Recoil Oy	6.4		
Divestment of Latvian business operations	-1.1		
Impairment of goodwill in Swedish business operations			7.0
Potential costs of closure of divested land areas			5.0
Discontinuation of the sewer repair business			1.2
Restructuring costs		0.5	1.0
Operating profit excluding non-recurring items	7.4	6.8	51.8

**FINANCING**

Cash flows from operating activities amounted to EUR 13.7 million (EUR 27.0 million). A total of EUR 3.8 million in working capital was released (EUR 12.9 million released).

At the end of the period, interest-bearing liabilities amounted to EUR 112.1 million (EUR 97.4 million).

During the period, the company made a payment of EUR 16.7 million to the financing banks of the bankrupt company L&T Recoil Oy, in accordance with the loan guarantee commitment as announced on 21 March 2014.

Net interest-bearing liabilities amounted to EUR 83.3 million, showing an increase of EUR 18.9 million from the beginning of the year and a decrease of EUR 0.3 million year-on-year.

Net financial expenses in the first quarter amounted to EUR 17.6 million (EUR 0.4 million) Net financial expenses were 11.0% (0.2%) of net sales. The increase in net financial expenses was mostly due to the EUR 16.7 million payment made under the L&T Recoil Oy guarantee commitment. In addition, changes in exchange rates of unhedged loan receivables from foreign subsidiaries had an effect of EUR 0.5 million on the expenses.

The average interest rate on long-term loans (with interest-rate hedging) was 1.7% (2.2%). Long-term loans totalling EUR 16.3 million will mature during the rest of the year.

The equity ratio was 40.1% (46.3%) and the gearing rate was 47.4 (38.9). Liquid assets at the end of the period amounted to EUR 28.7 million (EUR 13.8 million).

Of the EUR 100 million commercial paper programme, EUR 30.0 million (EUR 16.0 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

**DISTRIBUTION OF ASSETS**

The Annual General Meeting held on 19 March 2014 resolved that a dividend of EUR 0.50 per share be paid on the basis of the balance sheet that was adopted for the financial year 2013. The dividend, totalling EUR 19.4 million, was paid to shareholders on 31 March 2014.

**CAPITAL EXPENDITURE**

In the first quarter of 2014, gross capital expenditure totalled EUR 9.0 million (EUR 5.9 million), consisting mainly of machine and equipment purchases.

## PERSONNEL

In the first quarter of the year, the average number of employees converted into full-time equivalents was 7,683 (7,938). At the end of the period, Lassila & Tikanoja had 7,836 (8,988) full-time and part-time employees. Of these, 7,040 (7,074) worked in Finland and 796 (1,914) in other countries.

## SHARE AND SHARE CAPITAL

### Traded volume and price

The volume of trading on NASDAQ OMX Helsinki in January–March 2014, excluding the shares held by the company in Lassila & Tikanoja plc, was 2,065,476 shares, which is 5.3% (4.9%) of the average number of outstanding shares. The value of trading was EUR 29.9 million (EUR 23.8 million). The trading price varied between EUR 13.99 and EUR 15.84. The closing price was EUR 14.50. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 561.2 million (EUR 485.3 million).

### Own shares

At the beginning of the year, the company held 92,246 of its own shares and at the end of the period 51,409, representing 0.1% of all shares and votes.

### Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437 and the number of outstanding shares is 38,747,465. The average number of shares excluding the shares held by the company was 38,717,933.

### Share-based incentive programme 2014

On 18 December 2013, Lassila & Tikanoja plc's Board of Directors decided on a new share-based incentive programme for 2014 as part of the key personnel's incentive and commitment system. The earnings period of the programme began on 1 January 2014 and ends on 31 December 2014. Any rewards to be paid for 2014 will be based on the Group's EVA result. Possible rewards will be paid partly as shares and partly in cash. A maximum of 39,105 Lassila & Tikanoja shares may be paid out under the programme. The programme covers 10 persons.

### Shareholders

At the end of the period, the company had 9,326 (9,759) shareholders. Nominee-registered holdings accounted for 21.3% (16.6%) of the total number of shares.

### Authorisation for the Board of Directors

The Annual General Meeting held on 19 March 2014 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 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 possibly held by the company through a 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 under the authorisation a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The share issue authorisation is effective for 18 months.

## RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 19 March 2014, adopted the financial statements and consolidated financial statements for 2013 and released the members of the Board of Directors and the President and CEO from liability.

The Annual General Meeting resolved that a dividend of EUR 0.50 per share, totalling EUR 19.4 million, be paid on the basis of the balance sheet to be adopted for the financial year 2013. It was decided that the dividend be paid on 31 March 2014.

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

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

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 19 March 2014.

## **BOARD OF DIRECTORS**

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

Eero Hautaniemi was elected as Chairman and Sakari Lassila and Laura Lares as members of the audit committee. Heikki Bergholm was elected as Chairman and Hille Korhonen and Miikka Maijala as members of the remuneration committee.

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

In a release published on 3 March 2014, the company announced that Lassila & Tikanoja and Bioinvest SIA have signed an agreement on the sale of L&T's business operations in Latvia to Bioinvest SIA. In a release published on 13 March 2014, the company announced that the divestment of the business operations has been completed. The total net sales of the divested business operations amount to approximately EUR 16 million, most of which is allocated to the Environmental Services division. As a result of the divestment, approximately 950 employees transferred to Bioinvest.

In a release published on 21 March 2014, the company announced that it had been informed that the financiers of the EcoStream Group had called in a loan granted to L&T Recoil Oy, part of the EcoStream Group. In addition, the company announced that it had received a claim from the financing banks to pay approximately EUR 16.7 million on the basis of a loan guarantee commitment associated with L&T Recoil Oy's loans.

Lassila & Tikanoja's total risk associated with the EcoStream Group, including the above guarantee commitment, is approximately EUR 23.4 million as announced earlier. Of this amount, the above guarantee commitment of approximately EUR 16.7 has an effect on cash flow.

## **EVENTS AFTER THE REVIEW PERIOD**

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

**NEAR-TERM RISKS AND UNCERTAINTIES**

Economic uncertainty may result in major changes in Environmental Services' secondary raw material markets and in demand for Industrial Services.

Uncertainties associated with government subsidies for renewable fuels and with the continuity of such subsidies may affect demand for the services of Renewable Energy Sources.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2013, in the Report of the Board of Directors and in the consolidated financial statements.

**OUTLOOK FOR THE REST OF THE YEAR**

Comparable net sales in 2014 are expected to remain at the 2013 level. Operating profit, excluding non-recurring items, is expected to remain at the 2013 level or improve slightly.

**CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 31 MARCH 2014****CONSOLIDATED INCOME STATEMENT**

EUR million	1–3/2014	1–3/2013	Change%	1–12/ 2013
<b>Net sales</b>	<b>159.4</b>	167.7	-4.9	668.2
Cost of sales	<b>-145.0</b>	-154.4	-6.0	-597.3
<b>Gross profit</b>	<b>14.4</b>	13.4	7.8	70.9
Other operating income	<b>1.7</b>	0.4	361.1	4.3
Sales and marketing expenses	<b>-3.8</b>	-3.6	3.5	-14.5
Administrative expenses	<b>-3.5</b>	-3.2	8.4	-13.0
Other operating expenses	<b>-6.7</b>	-0.5	1,122.8	-2.5
Impairment, property, plant and equipment and other non-current assets				-5.0
Impairment, goodwill and other intangible assets				-7.0
<b>Operating profit</b>	<b>2.1</b>	6.3	-65.9	33.2
Financial income	<b>0.1</b>	0.2	-40.2	0.5
Financial expenses	<b>-17.7</b>	-0.6	2,922.7	-3.4
<b>Profit before tax</b>	<b>-15.5</b>	5.9	-363.0	30.3
Income taxes	<b>-0.9</b>	-1.4	-40.5	-8.1
<b>Profit for the period</b>	<b>-16.3</b>	4.4	-467.6	22.2
<b>Attributable to:</b>				
Equity holders of the company	<b>-16.3</b>	4.5		22.2
Non-controlling interest	<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>-0.42</b>	0.12		0.57
Diluted earnings per share, EUR	<b>-0.42</b>	0.12		0.57

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	1-3/2014	1-3/2013	1-12/2013
<b>Profit for the period</b>	<b>-16.3</b>	4.4	22.2
<b>Items not to be recognised through profit or loss</b>			
Items arising from re-measurement of defined benefit plans			0.1
Items not to be recognised through profit or loss, total			0.1
<b>Items potentially to be recognised through profit or loss</b>			
Hedging reserve, change in fair value	<b>-0.3</b>	1.0	-0.4
Revaluation reserve			
Gains in the period	<b>0.0</b>	0.0	0.0
Current available-for-sale financial assets	<b>0.0</b>	0.0	0.0
Currency translation differences	<b>-0.4</b>	0.3	-0.4
Currency translation differences recognised in profit or loss	<b>0.3</b>	0.0	0.0
Currency translation differences, non-controlling interest	<b>0.0</b>	0.0	0.0
<b>Items potentially to be recognised through profit or loss, total</b>	<b>-0.4</b>	1.2	-0.8
<b>Total comprehensive income, after tax</b>	<b>-16.7</b>	5.7	21.4
<b>Attributable to:</b>			
Equity holders of the company	<b>-16.7</b>	5.7	21.5
Non-controlling interest	<b>0.0</b>	0.0	0.0



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	3/2014	3/2013	12/2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	108.5	120.4	112.8
Customer contracts arising from acquisitions	5.0	7.1	5.1
Agreements on prohibition of competition	0.1	1.5	0.4
Other intangible assets arising from business acquisitions	0.0	0.1	0.0
Other intangible assets	8.0	8.3	8.0
	121.6	137.4	126.3
Property, plant and equipment			
Land	3.4	3.8	3.8
Buildings and constructions	48.1	51.5	49.7
Machinery and equipment	109.9	117.8	115.8
Other	0.1	0.1	0.1
Prepayments and construction in progress	2.4	3.5	2.2
	164.0	176.7	171.5
Other non-current assets			
Holdings in associated companies	0.0		0.0
Available-for-sale investments	0.6	7.3	4.3
Finance lease receivables	3.7	3.6	3.7
Deferred tax assets	2.9	3.5	2.8
Other receivables	2.4	6.0	2.4
	9.5	20.4	13.2
<b>Total non-current assets</b>	<b>295.2</b>	<b>334.5</b>	<b>311.0</b>
<b>Current assets</b>			
Inventories	26.8	23.9	26.1
Trade and other receivables	96.4	98.7	100.0
Derivative receivables	0.0	2.2	0.1
Prepayments	3.6	3.5	0.3
Current available-for-sale financial assets	0.0	2.0	0.0
Cash and cash equivalents	28.7	11.8	58.5
<b>Total current assets</b>	<b>155.5</b>	<b>142.0</b>	<b>185.0</b>
<b>Total assets</b>	<b>450.7</b>	<b>476.5</b>	<b>496.0</b>

EUR million	3/2014	3/2013	12/2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-1.9	0.5	-1.5
Invested unrestricted equity reserve	0.3	6.1	0.3
Retained earnings	174.1	184.3	170.9
Profit for the period	-16.3	4.5	22.2
	<b>175.6</b>	214.7	211.2
Non-controlling interest	0.2	0.3	0.2
<b>Total equity</b>	<b>175.8</b>	215.0	211.5
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liabilities	25.1	31.1	25.8
Retirement benefit obligations	0.8	0.9	0.8
Provisions	6.1	4.3	6.1
Interest-bearing liabilities	65.0	52.2	65.9
Other liabilities	0.5	0.9	0.5
	<b>97.6</b>	89.4	99.0
Current liabilities			
Interest-bearing liabilities	47.0	45.2	57.0
Trade and other payables	121.6	125.6	120.0
Derivative liabilities	0.8	0.8	0.5
Tax liabilities	4.7	0.0	4.7
Provisions	3.2	0.6	3.4
	<b>177.3</b>	172.1	185.5
<b>Total liabilities</b>	<b>274.9</b>	261.5	284.5
<b>Total equity and liabilities</b>	<b>450.7</b>	476.5	496.0

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million	3/2014	3/2013	12/2013
<b>Cash flows from operating activities</b>			
Profit for the period	-16.3	4.4	22.2
<b>Adjustments</b>			
Income taxes	0.9	1.4	8.1
Depreciation, amortisation and impairment	10.2	10.6	54.0
Financial income and expenses	17.6	0.4	2.9
Gain on sale of shares	-1.5	-	0.0
Other	6.5	-0.1	3.8
Net cash generated from operating activities before change in working capital	17.4	16.8	91.0
Change in working capital			
Change in trade and other receivables	-0.7	-0.3	2.8
Change in inventories	-0.7	1.0	-1.2
Change in trade and other payables	0.5	12.2	6.3
Change in working capital	-0.9	12.9	7.9
Interest paid	-0.9	-0.6	-3.6
Interest received	0.1	0.1	0.5
Income taxes	-2.0	-2.2	-9.3
<b>Net cash from operating activities</b>	<b>13.7</b>	<b>27.0</b>	<b>86.4</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired	-2.0		
Proceeds from sale of subsidiaries and businesses, net of sold cash	11.7		
Purchases of property, plant and equipment and intangible assets	-5.9	-4.9	-28.1
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.1	1.2
Change in other non-current receivables	-0.6	0.0	0.4
Dividends received	0.0		0.0
<b>Net cash used in investing activities</b>	<b>3.2</b>	<b>-4.8</b>	<b>-26.5</b>
<b>Cash flows from financing activities</b>			
Change in short-term borrowings	-5.0	4.0	22.9
Proceeds from long-term borrowings			30.0
Repayments of long-term borrowings	-5.6	-3.8	-26.2
Dividends paid and other asset distribution	-19.4	-23.2	-42.5
Guarantee commitments associated with L&T Recoil	-16.7		
<b>Net cash generated from financing activities</b>	<b>-46.6</b>	<b>-23.0</b>	<b>-15.9</b>

EUR million	3/2014	3/2013	12/2013
<b>Net change in liquid assets</b>	<b>-29.7</b>	-0.8	44.1
Liquid assets at beginning of period	<b>58.5</b>	14.6	14.6
Effect of changes in foreign exchange rates	<b>-0.1</b>	0.0	-0.2
<b>Liquid assets at end of period</b>	<b>28.7</b>	13.8	58.5
<b>Liquid assets</b>			
EUR million	3/2014	3/2013	12/2013
Cash and cash equivalents	<b>28.7</b>	11.8	58.5
Available-for-sale financial assets	<b>0.0</b>	2.0	0.0
Total	<b>28.7</b>	13.8	58.5

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
<b>Equity on 1 Jan. 2013</b>	19.4	-0.8	0.0	0.0	29.4	184.5	232.5	0.3	232.8
Total comprehensive income									
Profit for the period						4.5	4.5	0.0	4.5
Items arising from									
remeasurement of defined benefit plans							0.0	0.0	0.0
Hedging reserve, change in fair value				1.0			1.0	0.0	1.0
Available-for-sale financial assets			0.0				0.0	0.0	0.0
Currency translation differences		0.3					0.3	0.0	0.2
Total comprehensive income		0.3	0.0	1.0	0.0	4.5	5.7	0.0	5.7
Transactions with shareholders									
Share-based benefits						0.1	0.1		0.1
Dividends paid									
Dividends returned									
Capital repayment					-23.3	0.3	-23.0		-23.0
Transactions with shareholders, total					-23.3	0.4	-22.9		-22.9
Other changes						-0.6	-0.6		-0.6
<b>Equity on 31 Mar. 2013</b>	19.4	-0.5	0.0	1.0	6.1	188.7	214.7	0.3	215.0

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
<b>Equity on 1 Jan. 2014</b>	19.4	-1.2	0.0	-0.3	0.3	193.1	211.2	0.2	211.5
Total comprehensive income									
Profit for the period						-16.3	-16.3	0.0	-16.3
Items arising from remeasurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				-0.3			-0.3		-0.3
Available-for-sale financial assets							0.0		0.0
Currency translation differences		-0.0					0.0		0.0
Total comprehensive income		0.0	0.0	-0.3	0.0	-16.3	-16.7	0.0	-16.7
Transactions with shareholders									
Share-based benefits						-0.1	-0.1		-0.1
Dividends paid						-19.4	-19.4		-19.4
Transactions with shareholders, total						-19.5	-19.5		-19.5
Other changes						0.5	0.5		0.5
<b>Equity on 31 Mar. 2014</b>	19.4	-1.3	0.0	-0.6	0.3	157.8	175.6	0.2	175.8

**KEY FIGURES**

	<b>1–3/2014</b>	<b>1–3/2013</b>	<b>1–12/2013</b>
Earnings per share, EUR	<b>-0.42</b>	0.12	0.57
Diluted earnings per share, EUR	<b>-0.42</b>	0.12	0.57
Cash flows from operating activities per share, EUR	<b>0.35</b>	0.70	2.23
EVA, EUR million	<b>-3.0</b>	0.9	12.4
Capital expenditure, EUR million	<b>9.0</b>	5.9	32.7
Depreciation, amortisation and impairment, EUR million	<b>10.2</b>	10.6	54.0
Equity per share, EUR	<b>4.53</b>	5.55	5.46
Return on equity, ROE, %	<b>-33.8</b>	7.9	10.0
Return on invested capital, ROI, %	<b>2.9</b>	8.0	10.6
Equity ratio, %	<b>40.1</b>	46.3	43.7
Gearing, %	<b>47.4</b>	38.9	30.4
Net interest-bearing liabilities, EUR million	<b>83.3</b>	83.6	64.4
Average number of employees in full-time equivalents	<b>7,683</b>	7,938	8,267
Total number of full-time and part-time employees at end of period	<b>7,836</b>	8,988	8,847
Number of outstanding shares adjusted for issues, 1,000 shares average during the period	<b>38,718</b>	38,696	38,704
at end of period	<b>38,747</b>	38,707	38,707
average during the period, diluted	<b>38,724</b>	38,702	38,721

**ACCOUNTING POLICIES**

This interim report is in compliance with the IAS 34 (Interim Financial Reporting) standard. The interim report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2013.

From the beginning of 2014, the figures in the interim report tables are presented in millions of euros. The comparison figures have been restated accordingly. The figures are rounded to the nearest 0.1 million euros and, consequently, the sum of individual figures may deviate from the sum total presented.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc, released on 26 February 2014.

The interim report has not been audited.

**SEGMENT INFORMATION****Net sales**

EUR million	1-3/ 2014			1-3/ 2013			Total net sales, change %
	External	Interdivi sion	Total	External	Interdivis ion	Total	
Environmental Services	60.2	0.8	60.9	59.1	1.1	60.2	1.2
Industrial Services	15.5	0.5	16.0	13.1	0.7	13.7	16.4
Facility Services	68.0	1.0	69.0	74.8	1.0	75.8	-8.9
Renewable Energy Sources	15.8	0.1	15.8	20.7	1.0	21.8	-27.2
Eliminations		-2.4	-2.4		-3.8	-3.8	
<b>Total</b>	<b>159.4</b>	<b>0.0</b>	<b>159.4</b>	<b>167.7</b>	<b>0.0</b>	<b>167.7</b>	<b>-4.9</b>

**1-12/  
2013**

EUR million	External	Interdivision	Total
Environmental Services	254.1	3.8	257.9
Industrial Services	72.1	3.4	75.5
Facility Services	287.8	4.7	292.5
Renewable Energy Sources	54.1	3.9	58.0
Eliminations		-15.8	-15.8
<b>Total</b>	<b>668.2</b>	<b>0.0</b>	<b>668.2</b>

**Operating profit**

EUR million	1-3/2014		1-3/2013		1-12/2013	
		%		%		%
Environmental Services	6.6	10.9	6.2	10.3	30.1	11.7
Industrial Services	-0.1	-0.9	-0.5	-3.8	5.2	6.9
Facility Services	0.6	0.8	0.4	0.6	4.4	1.5
Renewable Energy Sources	0.8	5.2	1.0	4.4	1.4	2.5
Group administration and other	-5.7		-0.8		-8.0	
<b>Total</b>	<b>2.1</b>	<b>1.3</b>	<b>6.3</b>	<b>3.8</b>	<b>33.2</b>	<b>5.0</b>
Financial expenses, net	-17.6		-0.4		-2.9	
Profit before tax	-15.5		5.9		30.3	



**OTHER SEGMENT INFORMATION**

EUR million	1-3/2014	1-3/2013	12/2013
<b>Assets</b>			
Environmental Services	207.3	219.7	214.5
Industrial Services	72.9	70.3	70.0
Facility Services	99.0	115.1	103.4
Renewable Energy Sources	30.4	29.7	29.4
Group administration and other	1.3	16.0	7.5
Unallocated assets	39.8	25.8	71.3
L&T total	450.7	476.5	496.0

<b>Liabilities</b>			
Environmental Services	50.2	45.2	51.8
Industrial Services	20.1	19.5	21.5
Facility Services	50.1	55.2	49.6
Renewable Energy Sources	8.1	10.8	5.5
Group administration and other	3.4	1.0	2.1
Unallocated liabilities	143.0	129.8	154.0
L&T total	274.9	261.5	284.5

EUR million	1-3/2014	1-3/2013	1-12/2013
<b>Capital expenditure</b>			
Environmental Services	6.1	2.5	15.7
Industrial Services	1.0	0.5	3.2
Facility Services	1.8	2.7	11.3
Renewable Energy Sources	0.1	0.0	0.3
Group administration and other	0.0	0.2	2.2
L&T total	9.0	5.9	32.7

<b>Depreciation and amortisation</b>			
Environmental Services	5.2	5.6	21.9
Industrial Services	1.6	1.7	6.6
Facility Services	3.3	3.2	13.2
Renewable Energy Sources	0.1	0.1	0.3
Group administration and other	0.0	0.0	0.0
L&T total	10.2	10.6	42.0

<b>Impairment</b>			
Environmental Services			
Industrial Services			
Facility Services			7.0
Renewable Energy Sources			
Group administration and other			5.0
L&T total	0.0	0.0	12.0

**INCOME STATEMENT BY QUARTER**

EUR million	1–3/ 2014	10–12/ 2013	7–9/ 2013	4–6/ 2013	1–3/ 2013
<b>Net sales</b>					
Environmental Services	60.9	65.7	65.4	66.6	60.2
Industrial Services	16.0	20.9	20.9	20.0	13.7
Facility Services	69.0	71.7	71.6	73.4	75.8
Renewable Energy Sources	15.8	15.8	7.4	13.0	21.8
Group administration and other					
Interdivision net sales	-2.4	-4.4	-3.5	-4.1	-3.8
L&T total	159.4	169.7	161.9	168.9	167.7
<b>Operating profit</b>					
Environmental Services	6.6	2.9	11.9	9.1	6.2
Industrial Services	-0.1	1.6	2.3	1.9	-0.5
Facility Services	0.6	-5.6	6.7	2.8	0.4
Renewable Energy Sources	0.8	0.6	-0.2	0.1	1.0
Group administration and other	-5.7	-1.1	-0.7	-5.4	-0.8
L&T total	2.1	-1.6	20.0	8.5	6.3
<b>Operating margin</b>					
Environmental Services	10.9	4.5	18.2	13.6	10.3
Industrial Services	-0.9	7.6	10.9	9.5	-3.8
Facility Services	0.8	-7.8	9.4	3.9	0.6
Renewable Energy Sources	5.2	3.7	-2.7	0.7	4.4
L&T total	1.3	-1.0	12.4	5.0	3.8
Financial expenses, net	-17.6	-0.7	-1.1	-0.6	-0.4
<b>Profit before tax</b>	<b>-15.5</b>	<b>-2.3</b>	<b>18.9</b>	<b>7.9</b>	<b>5.9</b>

**BUSINESS ACQUISITIONS, COMBINED**

Fair value

EUR million	
Intangible assets	<b>0.6</b>
Property, plant and equipment	<b>0.5</b>
Investments	<b>0.0</b>
Receivables	<b>0.4</b>
Cash and cash equivalents	<b>0.8</b>
<b>Total assets</b>	<b>2.2</b>
Interest-bearing liabilities	<b>0.2</b>
Other liabilities	<b>0.5</b>
Deferred tax liabilities	<b>0.1</b>
<b>Total liabilities</b>	<b>0.8</b>
<b>Net assets acquired</b>	<b>1.4</b>
<b>Total consideration</b>	<b>2.8</b>
<b>Goodwill</b>	<b>1.4</b>
Effect on cash flow	
Consideration paid in cash	<b>-2.8</b>
Cash and cash equivalents of the acquired company	<b>0.8</b>
<b>Cash flow from investing activities</b>	<b>-2.0</b>

Environmental Services acquired Paperitiikerit Oy on 1 February 2014 and Joutsan Kuljetus Oy on 1 March 2014.

The accounting policy concerning business combinations is presented under Note 2 of the financial statements and under accounting policies.

**CHANGES IN INTANGIBLE ASSETS**

EUR million	1-3/2014	1-3/2013	1-12/2013
Carrying amount at beginning of period	126.3	138.4	138.4
Business acquisitions	2.0		
Other capital expenditure	0.7	0.6	2.6
Disposals	-5.6		
Amortisation and impairment	-1.6	-1.8	-14.0
Transfers between items			-0.3
Exchange differences	-0.2	0.2	-0.4
Carrying amount at end of period	121.6	137.4	126.3

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	1-3/2014	1-3/2013	1-12/2013
Carrying amount at beginning of period	171.5	180.2	180.2
Business acquisitions	0.5		
Other capital expenditure	5.8	5.3	28.1
Disposals	-4.9	-0.1	-1.3
Depreciation and impairment	-8.6	-8.7	-35.0
Transfers between items			0.3
Exchange differences	-0.4	0.1	-0.8
Carrying amount at end of period	164.0	176.7	171.5

**CAPITAL COMMITMENTS**

EUR million	1-3/2014	1-3/2013	1-12/2013
Intangible assets			
Property, plant and equipment	7.6	4.9	4.0
Total	7.6	4.9	4.0

**FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

EUR million	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
<b>Non-current financial assets</b>								
Available-for-sale investments			0.6			0.6	0.6	3
Finance lease receivables		3.7				3.7	3.8	2
Other receivables		2.1				2.1	2.1	
<b>Current financial assets</b>								
Trade and other receivables		85.1				85.1	85.1	
Derivative receivables								
Cash and cash equivalents		28.7				28.7	28.7	
<b>Total financial assets</b>		<b>119.6</b>	<b>0.6</b>			<b>120.2</b>	<b>120.4</b>	
<b>Non-current financial liabilities</b>								
Borrowings				65.0		65.0	65.1	2
Other liabilities				0.2		0.2	0.2	
<b>Current financial liabilities</b>								
Borrowings				47.0		47.0		
Trade and other payables				57.4		57.4		
Derivative liabilities					0.8	0.8	0.8	2
<b>Total financial liabilities</b>				<b>169.7</b>	<b>0.8</b>	<b>170.5</b>	<b>66.1</b>	

**CONTINGENT LIABILITIES****Securities for own commitments**

EUR million	1-3/2014	1-3/2013	1-12/2013
Mortgages on rights of tenancy	0.2	0.2	0.1
Company mortgages	1.0	0.6	0.6
Other securities	0.2	0.2	0.2
Bank guarantees required for environmental permits	9.5	8.7	9.5

Other securities are security deposits.

**Operating lease liabilities**

EUR million	1-3/2014	1-3/2013	1-12/2013
Maturity not later than one year	4.6	5.2	5.0
Maturity later than one year and not later than five years	3.9	7.5	6.1
Maturity later than five years	2.1	2.2	2.2
Total	10.6	14.9	13.4

**Liabilities associated with derivative agreements****Cross currency interest rate swaps**

EUR million	1-3/2014	1-3/2013	1-12/2013
<b>Maturity of cross currency interest rate swaps under hedge accounting</b>			
Maturity not later than one year	7.2	12.8	7.2
Maturity later than one year and not later than five years	8.7	15.9	9.5
Total	15.9	28.7	16.7
Fair value	-0.1	1.9	0.1

The contracts are used for the hedging of foreign currency loans. The changes in their fair values are shown on the consolidated statement of comprehensive income. On 31 March 2014, the value of foreign currency loans was approximately EUR 0.1 million positive.

**Interest rate swaps**

EUR million	1-3/2014	1-3/2013	1-12/2013
Nominal values of interest rate swaps			
Maturity not later than one year	9.0	18.5	14.0
Maturity later than one year and not later than five years	45.9	23.1	16.7
Maturity later than five years	0.9	2.7	0.9
Total	55.9	0.0	31.7
Fair value	-0.4	-0.8	-0.4

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

**Commodity derivatives**

Metric tonnes	1–3/2014	1–3/2013	1–12/2013
Nominal values of diesel swaps			
Maturity not later than one year	7.4	4.5	9.7
Maturity later than one year and not later than five years	0.8	0.0	0.8
Total	8.3	4.5	10.6
Fair value	-0.3	0.2	-0.1

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

**Currency derivatives**

EUR million	1–3/2014	1–3/2013	1–12/2013
Nominal values of forward contracts			
Maturity not later than one year	0.0	0.5	0.0
Fair value	0.0	0.0	0.0

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair value have been recognised in financial income and expenses.

**CALCULATION OF KEY FIGURES**

Earnings per share:

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

Diluted earnings per share:

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

Cash flows from operating activities/share:

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

EVA:

operating profit - cost calculated on invested capital (average of four quarters)  
WACC 2013: 6.52% and 2014: 6.58%

Equity per share:

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

Return on equity, % (ROE):

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

Return on invested capital, % (ROI):

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

Equity ratio, %:

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

Gearing, %:

net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:

interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:

operating profit +/- non-recurring items

Helsinki, 25 April 2014

LASSILA & TIKANOJA PLC  
Board of Directors

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and protect the environment. Together, we create well-being and jobs. With operations in Finland, Sweden and Russia, L&T employs 8,000 persons. Net sales in 2013 amounted to EUR 668 million. L&T is listed on NASDAQ OMX Helsinki.

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