

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 31 MARCH 2015

- **Net sales for the first quarter EUR 157.3 million (EUR 159.4 million)**
- **Operating profit excluding non-recurring items EUR 7.4 million (EUR 7.4 million)**
- **Operating profit EUR 6.5 million (EUR 2.1 million)**
- **Earnings per share EUR 0.14 (EUR -0.42).**
- **Full-year net sales and operating profit excluding non-recurring items in 2015 are expected to remain at the 2014 level.**

CEO PEKKA OJANPÄÄ:

“The economic recession kept the business environment challenging, which slowed down the growth of business operations. However, net sales were supported by strategically targeted acquisitions and a focus on sales and customer relationships. In spite of the challenging circumstances, profitability remained on the same level with the previous year. Profitability was improved by the successful integration of acquired businesses and good cost control. In line with our strategy, our focus in the prevailing economic situation is on strengthening our market position and ensuring profitability and cash flow through the development of our business operations and by business acquisitions.”

GROUP NET SALES AND FINANCIAL PERFORMANCE
January–March

Lassila & Tikanaja’s net sales for the first quarter decreased by 1.3% to EUR 157.3 million (EUR 159.4 million). Operating profit totalled EUR 6.5 million (EUR 2.1 million). Operating profit excluding non-recurring items was EUR 7.4 million (EUR 7.4 million), representing 4.7% (4.7%) of net sales. Earnings per share were EUR 0.14 (EUR -0.42).

In the first quarter, the company’s net sales declined primarily due to demand in Renewable Energy Sources and Industrial Services being lower than in the comparison period. In Facility Services, net sales increased year-on-year despite weakened demand for damage repair services. In Environmental Services, net sales were on the same level with the comparison period.

In the comparison period, the company’s reported operating profit included EUR 6.4 million in non-recurring costs relating to holdings in EcoStream Oy, which filed for bankruptcy, and to outstanding receivables from the EcoStream Group and L&T Recoil.

Operating profit excluding non-recurring items was on the same level with the comparison period due to the improved profitability of Facility Services. In the first quarter, the company recorded non-recurring restructuring costs of EUR 0.9 million related to the loss-making damage repair services business. The company will continue to adapt the damage repair services business to the weakened market situation.

Financial summary

	1–3/2015	1–3/2014	Change %	1-12/2014
Net sales, EUR million	157.3	159.4	-1.3	639.7
Operating profit excluding non-recurring items, EUR million*	7.4	7.4	-0.4	53.8
Operating margin excluding non-recurring items, %	4.7	4.7		8.4
Operating profit, EUR million	6.5	2.1	202.6	48.5
Operating margin, %	4.1	1.3		7.6
Profit before tax, EUR million	7.0	-15.5		26.6
Earnings per share, EUR	0.14	-0.42		0.47
EVA, EUR million	1.7	-3.0		29.1

* 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 were unchanged from the previous year at EUR 60.9 million (EUR 60.9 million). Operating profit and operating profit excluding non-recurring items were EUR 6.5 million (EUR 6.6 million).

Due to the challenging market situation, the demand for solid recovered fuel (SRF) declined year-on-year, which affected the entire division's net sales. In addition, the net sales of waste management services, recycling services and environmental products declined due to lower demand in Russia and fluctuations in the rouble exchange rate. Nevertheless, net sales remained at the previous year's level due to business acquisitions made by the Group.

The division's profitability remained on the same level with the previous year thanks to a high level of operational efficiency.

Industrial Services

The division's net sales for the first quarter were down by 7.1% to EUR 14.8 million (EUR 16.0 million). Operating loss and operating loss excluding non-recurring items were EUR 0.4 million (EUR 0.1 million).

In Industrial Services, demand in the first quarter is typically low due to seasonality. With the exception of process cleaning, the division's services had lower net sales in the first quarter than in the comparison period. The division's profitability declined particularly due to lower volume in hazardous waste management.

Facility Services

The division's net sales for the first quarter increased by 2.3% to EUR 70.7 million (EUR 69.0 million). Operating profit totalled EUR 0.3 million (EUR 0.6 million). Operating profit excluding non-recurring items was EUR 1.2 million (EUR 0.6 million).

The demand for property maintenance services improved year-on-year, and the maintenance of technical systems saw continued strong growth due to factors such as acquisitions carried out early in the year. The demand for damage repair services continued to decline. The company has closed down unprofitable business locations in the damage repair services business, which affected the entire division's net sales and operating profit.

Business operations and profitability developed favourably in property maintenance and the maintenance of technical systems, as well as in Swedish cleaning operations. The result of Finnish cleaning operations was weighed down by several large-scale customer start-ups.

The profitability of damage repair services weakened. The company will continue to adapt the loss-making damage repair services business to the prevailing market situation. In the first quarter, the company recorded non-recurring restructuring costs of EUR 0.9 million related to the damage repair services business, of which EUR 0.3 million are actual costs incurred in the first quarter and EUR 0.6 million are provisions for future adjustment measures.

Renewable Energy Sources

First quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 18.3% to EUR 12.9 million (EUR 15.8 million). Operating profit and operating profit excluding non-recurring items were EUR 0.7 million (EUR 0.8 million).

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

Profitability remained nearly at the previous year's level due to the implemented efficiency improvement measures.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	1-3/2015	1-3/2014	1-12/2014
Operating profit	6.5	2.1	48.5
Non-recurring items:			
Gain on sale of L&T Biowatti Oy equipment			-0.4
L&T Recoil Oy		6.4	6.4
Divestment of Latvian business operations		-1.1	-1.1
Restructuring costs	0.9		2.0
Other non-recurring items			-1.5
Total non-recurring items	0.9	5.3	5.3
Operating profit excluding non-recurring items	7.4	7.4	53.8

FINANCING

Cash flows from operating activities amounted to EUR 18.6 million (EUR 13.7 million). A total of EUR 3.3 million in working capital was released (EUR 0.9 million committed).

At the end of the period, interest-bearing liabilities amounted to EUR 105.2 million (EUR 112.1 million).

Net interest-bearing liabilities amounted to EUR 71.9 million (EUR 83.3 million), showing an increase of EUR 19.9 million from the beginning of the year and a decrease of EUR 11.4 million year-on-year.

Net financial expenses in the first quarter were positive at EUR 0.5 million (EUR -17.6 million), including EUR 0.9 million in exchange rate gains resulting from changes in the exchange rate of the Russian rouble. Net financial expenses were 0.3% (-11.0%) of net sales. The amount of net financial expenses in the comparison period was primarily due to the EUR 16.7 million payment made under the L&T Recoil Oy guarantee commitment.

The average interest rate on long-term loans (with interest-rate hedging) was 1.6% (1.7%). Long-term loans totalling EUR 23.1 million will mature during the rest of the year.

The equity ratio was 41.9% (40.1%) and the gearing rate was 39.2 (47.4). Liquid assets at the end of the period amounted to EUR 33.2 million (EUR 28.7 million).

Of the EUR 100 million commercial paper programme, EUR 10.0 million (EUR 30.0 million) was in use at the end of the period.

The company issued a EUR 30 million senior unsecured bond in 2014. The bond matures on 15 September 2019 and carries a fixed annual interest rate of 2.125 per cent.

The Group has granted internal loans to its subsidiaries in Russia totalling RUB 270 million (EUR 3.7 million), some of which are hedged against fluctuations in the rouble exchange rate.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 18 March 2015 resolved that a dividend of EUR 0.75 per share be paid on the basis of the balance sheet that was adopted for the financial year 2014. The dividend, totalling EUR 29.0 million, was paid to shareholders on 27 March 2015.

CAPITAL EXPENDITURE

In the first quarter of 2015, gross capital expenditure totalled EUR 9.5 million (EUR 9.0 million), consisting mainly of machine and equipment purchases and small targeted acquisitions.

PERSONNEL

In January–March, the average number of employees converted into full-time equivalents was 6,762 (7,683). At the end of the period, Lassila & Tikanoja had 7,842 (7,836) full-time and part-time employees. Of these, 7,041 (7,040) worked in Finland and 801 (796) in other countries.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in January–March 2015, excluding the shares held by the company in Lassila & Tikanoja plc, was 3,471,056 shares, which is 9.0% (5.3%) of the average number of outstanding shares. The value of trading was EUR 59.3 million (EUR 29.9 million). The highest share price was EUR 18.26 and the lowest EUR 14.54. The closing price was EUR 17.28. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 667.3 million (EUR 561.2 million).

Own shares

At the end of the period, the company held 184,315 of its own shares, representing 0.5% 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 38,614,559. The average number of shares excluding the shares held by the company was 38,610,104.

Shareholders

At the end of the period, the company had 9,958 (9,326) shareholders. Nominee-registered holdings accounted for 19.3% (21.3%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 18 March 2015 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 which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The share issue authorisation is effective for 18 months.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 18 March 2015, adopted the financial statements and consolidated financial statements for 2014 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 0.75 per share, totalling EUR 29.0 million, be paid on the basis of the balance sheet adopted for the financial year 2014. It was decided that the dividend be paid on 27 March 2015.

The Annual General Meeting confirmed the number of members of the Board of Directors as five. Heikki Bergholm, Eero Hautaniemi, Laura Lares, Sakari Lassila and Miikka Maijala were re-elected 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 18 March 2015.

BOARD OF DIRECTORS

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

Eero Hautaniemi was elected as Chairman and Sakari Lassila and Laura Lares as members of the audit committee. Heikki Bergholm was elected as the Chairman of the Remuneration Committee and Miikka Maijala as a member of the committee.

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

On 20 January 2015, the company announced that, according to the preliminary financial statements figures for 2014, the company's net sales are estimated to be approximately EUR 639 million (2013: EUR 668.2 million) and the operating profit excluding non-recurring items is estimated to be EUR 53.8 million (2013: EUR 51.8 million).

Previously, the company had estimated that the 2014 net sales were expected to remain at the 2013 level or slightly below and operating profit excluding non-recurring items would also remain at the 2013 level or slightly below.

EVENTS AFTER THE REVIEW PERIOD

The company's management is not aware of any events of material importance after the balance sheet date that might have affected the preparation of the interim report.

NEAR-TERM RISKS AND UNCERTAINTIES

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

Uncertainties related to government subsidies for renewable fuels and to the continuity of such subsidies may affect demand for the services of Renewable Energy Sources. In addition, low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2014, 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 and operating profit excluding non-recurring items in 2015 are expected to remain at the 2014 level.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 31 MARCH 2015

CONSOLIDATED INCOME STATEMENT

EUR million	1-3/ 2015	1-3/ 2014	1-12/ 2014
Net sales	157.3	159.4	639.7
Cost of sales	-143.1	-145.0	-561.6
Gross profit	14.2	14.4	78.1
Other operating income	0.4	1.7	7.0
Sales and marketing expenses	-3.3	-3.8	-14.2
Administrative expenses	-3.3	-3.5	-12.7
Other operating expenses	-1.5	-6.7	-9.7
Operating profit	6.5	2.1	48.5
Financial income	1.0	0.1	0.4
Financial expenses	-0.5	-17.7	-22.3
Profit before tax	7.0	-15.5	26.6
Income taxes	-1.5	-0.9	-8.4
Profit for the period	5.6	-16.3	18.1
Attributable to:			
Equity holders of the company	5.6	-16.3	18.1
Non-controlling interest	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:			
Earnings per share, EUR	0.14	-0.42	0.47
Diluted earnings per share, EUR	0.14	-0.42	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/ 2015	1-3/ 2014	1-12/ 2014
Profit for the period	5.6	-16.3	18.1
Items not to be recognised through profit or loss			
Items arising from re-measurement of defined benefit plans	-	-	-0.1
Items not to be recognised through profit or loss, total	-	-	-0.1
Items potentially to be recognised through profit or loss			
Hedging reserve, change in fair value	0.2	-0.3	-0.6
Currency translation differences	0.5	-0.4	-2.1
Currency translation differences recognised in profit or loss	0.0	0.3	0.3
Currency translation differences, non-controlling interest	0.0	0.0	-0.1
Items potentially to be recognised through profit or loss, total	0.7	-0.4	-2.4
Total comprehensive income, after tax	6.3	-16.7	15.6
Attributable to:			
Equity holders of the company	6.3	-16.7	15.7
Non-controlling interest	0.0	0.0	-0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	3/2015	3/2014	12/2014
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	110.9	108.5	109.9
Customer contracts arising from acquisitions	5.7	5.0	5.3
Agreements on prohibition of competition	0.1	0.1	0.1
Other intangible assets arising from business acquisitions	0.7	0.0	0.7
Other intangible assets	10.5	8.0	9.7
	127.9	121.6	125.7
Property, plant and equipment			
Land	5.1	3.4	3.3
Buildings and constructions	43.1	48.1	44.3
Machinery and equipment	109.7	109.9	112.2
Other	0.1	0.1	0.1
Prepayments and construction in progress	2.2	2.4	2.2
	160.2	164.0	162.1
Other non-current assets			
Available-for-sale investments	0.6	0.6	0.6
Finance lease receivables	2.9	3.7	3.2
Deferred tax assets	2.8	2.9	2.7
Other receivables	2.2	2.4	2.3
	8.4	9.5	8.7
Total non-current assets	296.5	295.2	296.5
Current assets			
Inventories	23.7	26.8	22.6
Trade and other receivables	93.8	96.4	94.7
Derivative receivables	0.0	0.0	0.1
Prepayments	3.2	3.6	0.5
Current available-for-sale financial assets	0.0	0.0	10.0
Cash and cash equivalents	33.2	28.7	34.0
Total current assets	154.1	155.5	161.8
Total assets	450.5	450.7	458.3

EUR million	3/2015	3/2014	12/2014
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-3.1	-1.9	-3.9
Invested unrestricted equity reserve	0.5	0.3	0.3
Retained earnings	161.0	174.1	172.2
Profit for the period	5.6	-16.3	18.1
	183.4	175.6	206.2
Non-controlling interest	0.2	0.2	0.2
Total equity	183.6	175.8	206.3
Liabilities			
Non-current liabilities			
Deferred tax liability	24.4	25.1	24.7
Retirement benefit obligations	1.0	0.8	1.0
Provisions	4.2	6.1	4.2
Interest-bearing liabilities	70.9	65.0	71.2
Other liabilities	0.3	0.5	0.3
	100.7	97.6	101.4
Current liabilities			
Interest-bearing liabilities	34.3	47.0	24.8
Trade and other payables	126.2	121.6	120.4
Derivative liabilities	0.9	0.8	1.4
Tax liabilities	1.3	4.7	0.7
Provisions	3.5	3.2	3.3
	166.2	177.3	150.7
Total liabilities	266.9	274.9	252.0
Total equity and liabilities	450.5	450.7	458.3

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/2015	1-3/2014	1-12/2014
Cash flows from operating activities			
Profit for the period	5.6	-16.3	18.1
Adjustments			
Income taxes	1.5	0.9	8.4
Deprecation and impairment	10.1	10.2	40.2
Financial income and expenses	-0.5	17.6	21.9
Gain on sale of shares	0.0	-1.5	-1.5
Other	0.5	6.5	1.9
Net cash generated from operating activities before change in working capital	17.1	17.4	89.1
Change in working capital			
Change in trade and other receivables	-1.3	-0.7	-1.4
Change in inventories	-1.2	-0.7	3.6
Change in trade and other payables	5.8	0.5	0.0
Change in working capital	3.3	-0.9	2.2
Interest paid	-0.5	-0.9	-3.0
Interest received	0.1	0.1	0.4
Income taxes	-1.4	-2.0	-9.1
Net cash from operating activities	18.6	13.7	79.6
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.8	-2.0	-9.8
Proceeds from sale of subsidiaries and businesses, net of sold cash	0.0	11.7	13.5
Purchases of property, plant and equipment and intangible assets	-7.8	-5.9	-34.1
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.4
Purchases of available-for-sale investments	0.0	-	-0.2
Change in other non-current receivables	0.3	-0.6	0.3
Dividends received	0.0	0.0	0.0
Net cash used in investing activities	-9.3	3.2	-29.8
Cash flows from financing activities			
Change in short-term borrowings	10.0		-32.2
Proceeds from long-term borrowings	0.0	-5.0	29.9
Repayments of long-term borrowings	-0.8		-24.8
Dividends paid and other asset distribution	-29.0	-5.6	-19.4
Acquisition of own shares	-0.4	-19.4	-1.9
L&T Recoil Oy guarantee commitment	0.0	-16.7	-16.7
Other financing items	0.0	-	0.9
Net cash generated from financing activities	-20.1	-46.6	-64.2
Net change in liquid assets	-10.9	-29.7	-14.4
Liquid assets at beginning of period	44.0	58.5	58.5
Effect of changes in foreign exchange rates	0.1	-0.1	-0.1
Liquid assets at end of period	33.2	28.7	44.0

Liquid assets

EUR million	1-3/2015	1-3/2014	1-12/2014
Cash and cash equivalents	33.2	28.7	34.0
Available-for-sale financial assets	0.0	0.0	10.0
Total	33.2	28.7	44.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2014	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 re-measurement 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	0.0	-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
Dividends returned									
Capital repayment									
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.0	-19.5	-19.5		-19.5
Other changes						0.5	0.5		0.5
Equity on 31 Mar. 2014	19.4	-1.3	0.0	-0.6	0.3	157.8	175.6	0.2	175.8

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2015	19.4	-3.0	0.0	-0.9	0.3	190.3	206.2	0.2	206.3
Total comprehensive income									
Profit for the period						5.6	5.6	0.0	5.6
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.3		-0.1	0.2		0.2
Available-for-sale financial assets							0.0		0.0
Currency translation differences		0.5					0.5	0.0	0.5
Total comprehensive income	0.0	0.5	0.0	0.3	0.0	5.5	6.3	0.0	6.3
Transactions with shareholders									
Share-based benefits					0.1	0.1	0.3		0.3
Dividends paid						-29.0	-29.0		-29.0
Dividends returned							0.0		0.0
Acquisition of own shares						-0.4	-0.4		-0.4
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.1	-29.2	-29.1		-29.1
Other changes						0.0	0.0		0.0
Equity on 31 Mar. 2015	19.4	-2.5	0.0	-0.6	0.5	166.6	183.4	0.2	183.6

KEY FIGURES

	1-3/ 2015	1-3/ 2014	1-12/ 2014
Earnings per share, EUR	0.14	-0.42	0.47
Diluted earnings per share, EUR	0.14	-0.42	0.47
Cash flows from operating activities per share, EUR	0.48	0.35	2.06
EVA, EUR million	1.7	-3.0	29.1
Gross capital expenditure, EUR million	9.5	9.0	44.7
Depreciation, amortisation and impairment, EUR million	10.1	10.2	40.2
Equity per share, EUR	4.75	4.53	5.34
Return on equity (ROE), %	11.4	-33.8	8.7
Return on invested capital, ROI, %	10.2	2.9	15.4
Equity ratio, %	41.9	40.1	46.3
Gearing, %	39.2	47.4	25.2
Net interest-bearing liabilities, EUR million	71.9	83.3	52.0
Average number of employees in full-time equivalents	6,762	7,683	7,257
Total number of full-time and part-time employees at end of period	7,842	7,836	7,830
Number of outstanding shares adjusted for issues, 1,000 shares average during the period	38,610	38,718	38,729
at end of period	38,615	38,747	38,702
average during the period, diluted	38,622	38,724	38,740

ACCOUNTING POLICIES

This financial statements release is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The financial statements release has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2014.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31.12.2014.

The information presented in the interim report has not been audited.

SEGMENT INFORMATION**Net sales**

EUR million	1-3/ 2015			1-3/ 2014			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	60.1	0.8	60.9	60.2	0.8	60.9	0.0
Industrial Services	14.4	0.4	14.8	15.5	0.5	16.0	-7.1
Facility Services	69.9	0.8	70.7	68.0	1.0	69.0	2.3
Renewable Energy Sources	12.9	0.1	12.9	15.8	0.1	15.8	-18.3
Eliminations		-2.1	-2.1		-2.4	-2.4	
Total	157.3	0.0	157.3	159.4	0.0	159.4	-1.3

EUR million	1-12/ 2014		
	External	Inter- division	Total
Environmental Services	250.9	3.7	254.5
Industrial Services	74.3	3.5	77.8
Facility Services	270.6	4.2	274.7
Renewable Energy Sources	44.0	0.2	44.2
Eliminations		-11.6	-11.6
Total	639.7	0.0	639.7

Operating profit

EUR million	1-3/2015		1-3/2014		1-12/2014	
		%		%		%
Environmental Services	6.5	10.7	6.6	11.0	37.3	14.7
Industrial Services	-0.4	-2.5	-0.1	-0.9	6.5	8.4
Facility Services	0.3	0.5	0.6	0.8	10.6	3.9
Renewable Energy Sources	0.7	5.5	0.8	5.2	1.6	3.7
Group administration and other	-0.7		-5.7		-7.6	
Total	6.5	4.1	2.1	1.3	48.5	7.6

OTHER SEGMENT INFORMATION

EUR million	1-3/2015	1-3/2014	1-12/2014
Assets			
Environmental Services	213.8	207.3	212.4
Industrial Services	68.9	72.9	72.6
Facility Services	103.1	99.0	98.8
Renewable Energy Sources	25.3	30.4	24.6
Group administration and other	1.3	1.3	1.1
Unallocated assets	38.1	39.8	48.9
L&T total	450.5	450.7	458.3
Liabilities			
Environmental Services	50.2	50.2	50.5
Industrial Services	20.2	20.1	21.9
Facility Services	52.5	50.1	48.3
Renewable Energy Sources	6.9	8.1	6.2
Group administration and other	4.8	3.4	1.9
Unallocated liabilities	132.4	143.0	123.2
L&T total	266.9	274.9	252.0
Capital expenditure			
Environmental Services	4.7	6.1	26.6
Industrial Services	0.9	1.0	6.6
Facility Services	3.9	1.8	11.3
Renewable Energy Sources	0.0	0.1	0.2
Group administration and other	0.0	0.0	0.0
L&T total	9.5	9.0	44.7
Depreciation and amortisation			
Environmental Services	5.0	5.2	20.1
Industrial Services	1.8	1.6	6.9
Facility Services	3.3	3.3	13.0
Renewable Energy Sources	0.1	0.1	0.2
Group administration and other	0.0	0.0	0.0
L&T total	10.1	10.2	40.2
Impairment			
Environmental Services			
Industrial Services			
Facility Services			
Renewable Energy Sources			
Group administration and other			
L&T total	0.0	0.0	0.0

INCOME STATEMENT BY QUARTER

EUR million	1-3/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Net sales					
Environmental Services	60.9	64.8	64.6	64.2	60.9
Industrial Services	14.8	20.3	21.8	19.7	16.0
Facility Services	70.7	68.8	68.6	68.3	69.0
Renewable Energy Sources	12.9	12.0	6.1	10.3	15.8
Group administration and other					
Interdivision net sales	-2.1	-3.5	-3.1	-2.7	-2.4
L&T total	157.3	162.3	158.1	159.8	159.4
Operating profit					
Environmental Services	6.5	10.8	10.7	9.3	6.6
Industrial Services	-0.4	1.6	3.1	1.9	-0.1
Facility Services	0.3	1.7	6.3	2.1	0.6
Renewable Energy Sources	0.7	1.0	-0.5	0.3	0.8
Group administration and other	-0.7	-1.2	-0.1	-0.6	-5.7
L&T total	6.5	14.0	19.4	12.9	2.1
Operating margin					
Environmental Services	10.7	16.6	16.5	14.4	10.9
Industrial Services	-2.5	8.0	14.2	9.8	-0.9
Facility Services	0.5	2.5	9.1	3.0	0.8
Renewable Energy Sources	5.5	8.7	-8.1	2.5	5.2
L&T total	4.1	8.6	12.3	8.1	1.3
Financial income and expenses, net	0.5	-3.4	-0.9	0.0	-17.6
Profit before tax	7.0	10.6	18.5	12.9	-15.5

BUSINESS ACQUISITIONS, COMBINED

	Fair value
<u>EUR million</u>	
Intangible assets	1.0
Property, plant and equipment	0.2
Investments	0.0
Receivables	0.1
Cash and cash equivalents	0.8
<u>Total assets</u>	<u>2.1</u>
Interest-bearing liabilities	-
Other liabilities	0.3
Deferred tax liabilities	0.1
<u>Total liabilities</u>	<u>0.4</u>
Net assets acquired	1.7
Total consideration	2.6
Goodwill	0.9
Effect on cash flow	
Consideration paid in cash	-2.6
<u>Cash and cash equivalents of the acquired company</u>	<u>0.8</u>
Cash flow from investing activities	-1.8

Facility Services acquired the share capital of the following companies: 2 March 2015 NN-Kiinteistö Oy. In addition, Facility Services acquired the business operations of the following companies: 2 February 2015 Jyväs-Jää Oy.

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	1-3/2015	1-3/2014	1-12/2014
Carrying amount at beginning of period	125.7	126.3	126.3
Business acquisitions	1.9	2.0	6.9
Other capital expenditure	1.4	0.7	4.5
Disposals	0.0	-5.6	-5.6
Deprecation and impairment	-1.2	-1.6	-5.6
Transfers between items	0.0		-0.1
Exchange differences	0.1	-0.2	-0.7
Carrying amount at end of period	127.9	121.6	125.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-3/2015	1-3/2014	1-12/2014
Carrying amount at beginning of period	162.1	171.5	171.5
Business acquisitions	0.2	0.5	3.4
Other capital expenditure	6.0	5.8	29.9
Disposals	-0.3	-4.9	-6.0
Deprecation and impairment	-8.9	-8.6	-34.7
Transfers between items	0.0		0.1
Exchange differences	1.0	-0.4	-2.2
Carrying amount at end of period	160.2	164.0	162.1

CAPITAL COMMITMENTS

EUR million	1-3/2015	1-3/2014	1-12/2014
Intangible assets	0.1		
Property, plant and equipment	7.0	7.6	3.4
Total	7.1	7.6	3.4

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million, 31 March 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level
Non-current financial assets								
Available-for-sale investments			0.6			0.6	0.6	3
Finance lease receivables		2.9				2.9	2.9	2
Other receivables		2.2				2.2	2.2	
Current financial assets								
Trade and other receivables		86.5				86.5	86.5	
Finance lease receivables		1.2				1.2	1.2	
Derivative receivables		0.0				0.0		
Cash and cash equivalents		33.2				33.2	33.2	
Total financial assets	0.0	126.1	0.6	0.0	0.0	126.7	126.6	
Non-current financial liabilities								
Borrowings	70.9			70.9		70.9	70.4	2
Other liabilities				0.0		0.0	0.0	
Current financial liabilities								
Borrowings				34.3		34.3		
Trade and other payables				61.0		61.0		
Derivative liabilities					0.6	0.6		2
Total financial liabilities	70.9			166.1	0.6	166.8	70.4	

EUR million, 31 March 2014	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level
Non-current financial assets								
Available-for-sale investments			0.6			0.6	0.6	3
Finance lease receivables		3.7				3.7	3.8	2
Other receivables		2.1				2.1	2.1	
Current financial assets								
Trade and other receivables		85.1				85.1	85.1	
Finance lease receivables		1.5				1.5	1.5	
Derivative receivables								
Cash and cash equivalents		28.7				28.7	28.7	
Total financial assets		121.1	0.6			121.7	121.8	
Non-current financial liabilities								
Borrowings				65.0		65.0	65.1	2
Other liabilities				0.2		0.2	0.2	
Current financial liabilities								
Borrowings				47.0		47.0		
Trade and other payables				57.4		57.4		
Derivative liabilities					0.8	0.8	0.8	2
Total financial liabilities				169.7	0.8	170.5	66.1	

CONTINGENT LIABILITIES**Securities for own commitments**

EUR million	3/2015	3/2014	12/2014
Mortgages on rights of tenancy	0.2	0.2	0.2
Company mortgages	0.5	1.0	0.5
Other securities	0.2	0.2	0.2
Bank guarantees required for environmental permits	8.4	9.5	8.4

Other securities are security deposits.

Operating lease liabilities

EUR million	3/2015	3/2014	12/2014
Maturity not later than one year	3.6	4.6	2.9
Maturity later than one year and not later than five years	3.8	3.9	2.8
Maturity later than five years	2.0	2.1	2.0
Total	9.4	10.6	7.7

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

EUR million	3/2015	3/2014	12/2014
Maturity of cross currency interest rate swaps under hedge accounting			
Maturity not later than one year		7.2	
Maturity later than one year and not later than five years		8.7	
Total	0.0	15.9	0.0
Fair value		-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.

Interest rate swaps

EUR million	3/2015	3/2014	12/2014
Nominal values of interest rate swaps			
Maturity not later than one year	8.5	9.0	6.4
Maturity later than one year and not later than five years	38.4	45.9	14.2
Maturity later than five years	0.0	0.9	0.0
Total	46.8	55.9	20.5
Fair value	-0.6	-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 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	3/2015	3/2014	12/2014
Nominal values of diesel swaps			
Maturity not later than one year	3.2	7.4	8.3
Maturity later than one year and not later than five years	0.0	0.8	0.0
Total	3.2	8.3	8.3
Fair value, EUR million	-0.2	-0.3	-0.6

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

Currency derivatives

EUR million	3/2015	3/2014	12/2014
Nominal values of forward contracts and currency swaps			
Maturity not later than one year	6.6	0.0	10.9
Fair value	0.0	0.0	-0.1

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 2014: 6.58% and 2015: 6.51%

Equity per share:

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

Return on equity, % (ROE):

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

Return on invested capital, % (ROI):

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

Equity ratio, %:

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

Gearing, %:

net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:
interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:
operating profit +/- non-recurring items

Helsinki, 29 April 2015

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers 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 2014 amounted to EUR 639.7 million L&T is listed on Nasdaq Helsinki.

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