



# LASSILA & TIKANOJA INTERIM REPORT Q3/2014

Pekka Ojanpää, President and CEO  
23 October 2014

L&T

L&T

# HIGHLIGHTS OF Q3/2014

- Q3/2014 net sales EUR 158.1m (EUR 161.9m) -2.3% (yoy)
  - Comparable net sales decreased in the Facility Services and Renewable Energy Sources divisions, but grew in the Environmental Services and Industrial Services divisions.
  - The net sales of the comparison period includes EUR 4.2 million in net sales from the Latvian business operations that were divested on 13 March 2014.
- Q3/2014 operating profit EUR 19.4m (EUR 20.0m);  
operating profit excluding EO items EUR 19.7m (EUR 20.1m)
  - The demand for services of Facility Services division was weaker than in the previous year, as expected.
  - Operating profit excluding non-recurring items was also affected by a write-down of EUR 0.4 million on inventories reported under Renewable Energy Sources, and a non-recurring EUR 0.2 million write-down on inventories of discontinued business operations.
  - Comparable operating profit includes EUR 0.5 million of operating profit generated by the divested Latvian operations.

# HIGHLIGHTS OF 1-9/2014

- 1-9/2014 net sales EUR 477.4m (EUR 498.5m) -4.2% (yoy)
  - Comparable net sales decreased in the Facility Services and Renewable Energy Sources divisions, but grew in the Environmental Services and Industrial Services divisions.
  - The net sales of the comparison period includes EUR 12.2 million in net sales from the Latvian business operations that were divested on 13 March 2014.
- 1-9/2014 operating profit EUR 34.5m (EUR 34.8m);  
operating profit excluding EO items EUR 40.6m (EUR 40.3m)
  - The operating profit includes EUR 6.4 million and the financial expenses EUR 16.7 million of non-recurring costs relating to the bankruptcy of EcoStream Oy.
  - A non-recurring capital gain of EUR 1.1 million was recognised on the Latvian business operations and a write-down of EUR 0.2 million on inventories of discontinued business operations under Renewable Energy Sources.
  - Comparable operating profit includes EUR 0.8 million of operating profit generated by the divested Latvian operations.

# FINANCIAL SUMMARY AND KEY FIGURES

	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Net sales, EUR million	<b>158.1</b>	161.9	-2.3	<b>477.4</b>	498.5	-4.2	<b>668.2</b>
Operating profit excl. EO items, EUR million	<b>19.7</b>	20.1	-2.2	<b>40.6</b>	40.3	0.7	<b>51.8</b>
Operating margin excl. EO items, %	<b>12.4</b>	12.4		<b>8.5</b>	8.1		<b>7.8</b>
Operating profit, EUR million	<b>19.4</b>	20.0	-2.9	<b>34.5</b>	34.8	-0.9	<b>33.2</b>
Profit before tax, EUR million	<b>18.5</b>	18.9	-1.9	<b>16.0</b>	32.7	-51.1	<b>30.3</b>
Earnings per share, EUR	<b>0.39</b>	0.35	10.2	<b>0.25</b>	0.61	-58.1	<b>0.57</b>
EVA, EUR million	<b>14.6</b>	15.0	-2.6	<b>19.5</b>	19.3	1.3	<b>12.4</b>

# FINANCIAL SUMMARY AND KEY FIGURES

	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Capital expenditure (incl. acquisitions), EUR million	<b>7.6</b>	7.1	6.8	<b>27.9</b>	23.7	17.4	<b>32.7</b>
Depreciation, amortisation and impairment, EUR million	<b>10.0</b>	10.4	-4.4	<b>30.1</b>	36.5	-17.7	<b>54.0</b>
Net cash from operating activities, EUR million				<b>49.1</b>	61.1	-19.7	<b>86.4</b>
Return on equity (ROE), %				<b>6.4</b>	13.5		<b>10.0</b>
Return on invested capital (ROI), %				<b>14.6</b>	14.4		<b>10.6</b>
Equity ratio, %				<b>45.6</b>	50.2		<b>43.7</b>
Gearing, %				<b>31.9</b>	28.1		<b>30.4</b>
Total number of employees at the end of the period				<b>7,952</b>	9,017		<b>8,847</b>

# OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, M€

	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Environmental Services	<b>10.6</b>	11.9	-10.4	<b>26.9</b>	27.2	-1.1	<b>35.1</b>
Industrial Services	<b>3.1</b>	2.6	20.1	<b>4.9</b>	4.0	23.9	<b>6.7</b>
Facility Services	<b>6.3</b>	6.7	-7.1	<b>9.0</b>	10.4	-13.3	<b>11.9</b>
Renewable Energy Sources	<b>-0.3</b>	-0.4	31.4	<b>0.8</b>	0.5	52.4	<b>1.1</b>
<b>L&amp;T Group</b>	<b>19.7</b>	20.1	-2.2	<b>40.6</b>	40.3	0.7	<b>51.8</b>

# FINANCIAL TARGETS

Key figure	Target 2018	Actual Q3/2014	Actual Q3/2013
Growth	5%	-2.3%	0.4%
Return on investment (ROI)*	20%	16.6%	16.6%
EBIT% (excl. EO items)	9%	12.4%	12.4%
Gearing	30–80%	31.9%	28.1%

\* Annualised operative

# ENVIRONMENTAL SERVICES

- Comparable net sales increased 3.7% due to successful sales work and a strengthened market position. Demand continued to grow in waste management and Russian operations.
- The net sales of the comparison period includes EUR 3.1 million of net sales from the Latvian business operations that were divested on 13 March 2014.
- The profitability was affected by declining volumes of recyclable materials and construction waste, and the weakened profitability of municipal contracts.



EUR million	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Net sales	<b>64.6</b>	65.4	-1.2	<b>189.7</b>	192.2	-1.3	257.9
Operating profit excl. EO items	<b>10.6</b>	11.9	10.4	<b>26.9</b>	27.2	-1.1	35.1
Operating margin excl. EO items	<b>16.5%</b>	18.2%		<b>14.2%</b>	14.1%		13.6%



# INDUSTRIAL SERVICES

- There was strong demand for the services of process cleaning and hazardous waste management. Net sales decreased in sewer maintenance and environmental construction.
- Operating profit excluding non-recurring items increased substantially after profitability improved across all service lines.



EUR million	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Net sales	<b>21.8</b>	20.9	4.1	<b>57.5</b>	54.7	5.2	75.5
Operating profit excl. EO items	<b>3.1</b>	2.6	20.1	<b>4.9</b>	4.0	23.9	6.7
Operating margin excl. EO items	<b>14.2%</b>	12.3%		<b>8.6%</b>	7.3%		8.9%

# FACILITY SERVICES

- Net sales declined year-on-year, due to business downsizing in Sweden and low demand for damage repair services.
- In addition, net sales was impacted by lower demand for services in the cleaning and property maintenance businesses. Demand for maintenance of technical systems was strong.
- The profitability was decreased by the weaker profitability of cleaning and, in particular, damage repair services. Property maintenance and maintenance of technical systems improved their profitability year-on-year.



EUR million	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Net sales	<b>68.6</b>	71.6	-4.2	<b>206.0</b>	220.8	-6.7	292.5
Operating profit excl. EO items	<b>6.3</b>	6.7	-7.1	<b>9.0</b>	10.4	-13.3	11.9
Operating margin excl. EO items	<b>9.1%</b>	9.4%		<b>4.4%</b>	4.7%		4.1%

# RENEWABLE ENERGY SOURCES

- The decrease in net sales was attributable to the delayed start to the heating season in Northern Finland.
- As a result of efficiency improvement measures, operational efficiency improved year-on-year.
- Operating profit excluding non-recurring items showed a loss due to a write-down of EUR 0.4 million on inventories and a non-recurring EUR 0.2 million write-down on inventories of discontinued business operations. The total write-down for Renewable Energy Sources was EUR 0.7 million.



EUR million	Q3/ 14	Q3/ 13	Change %	1-9/ 14	1-9/ 13	Change %	2013
Net sales	<b>6.1</b>	7.4	-17.3	<b>32.2</b>	42.2	-23.6	58.0
Operating profit excl. EO items	<b>-0.3</b>	-0.4	31.4	<b>0.8</b>	0.5	52.4	1.1
Operating margin excl. EO items	<b>-4.1%</b>	-5.0%		<b>2.5%</b>	1.3%		1.9%

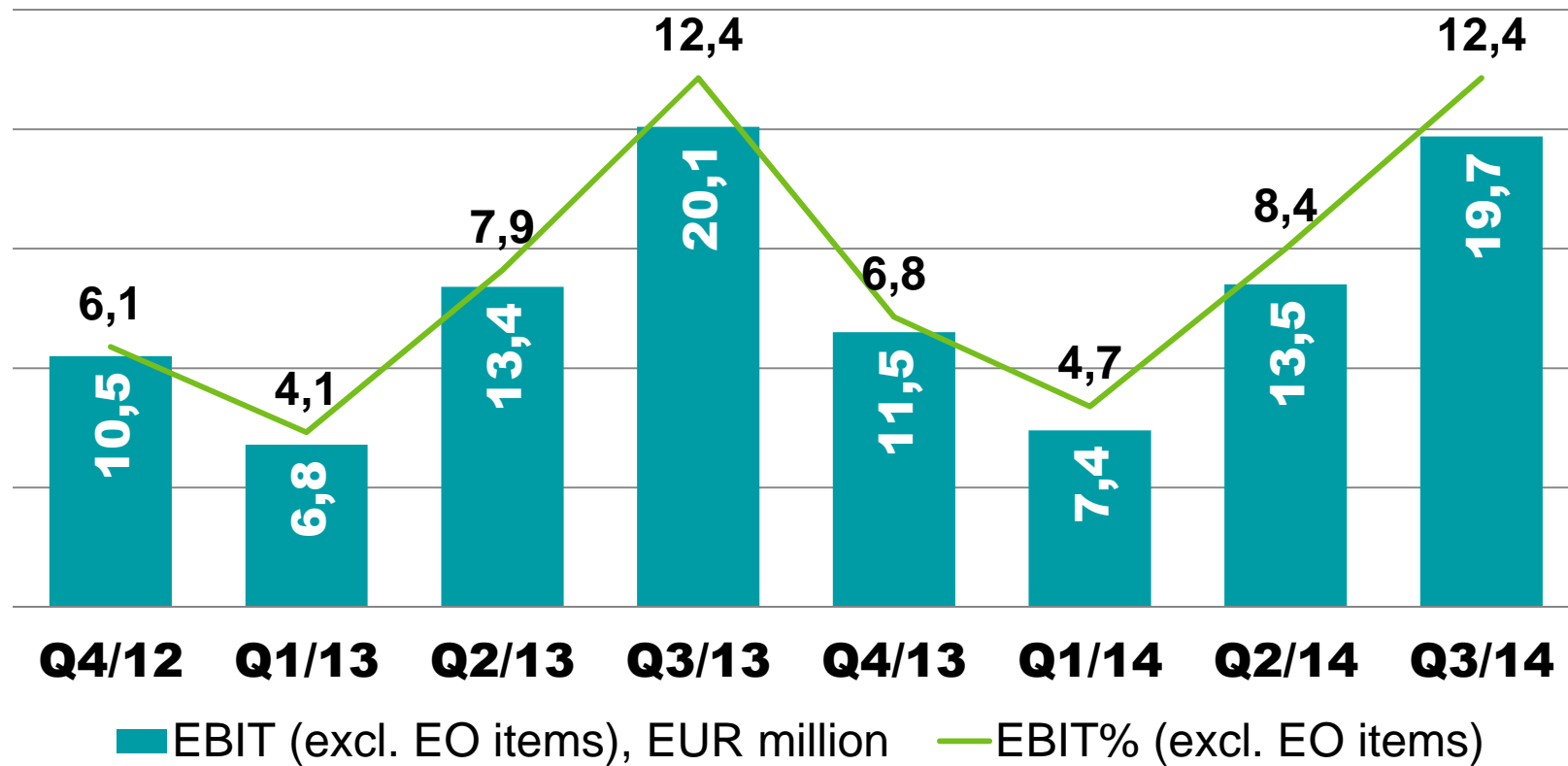
# FOCUS ON MARKET POSITION, OPERATIONAL EFFICIENCY AND CASH FLOW

- We are focusing on reinforcing our market position and maintaining operational efficiency and strong cash flow.



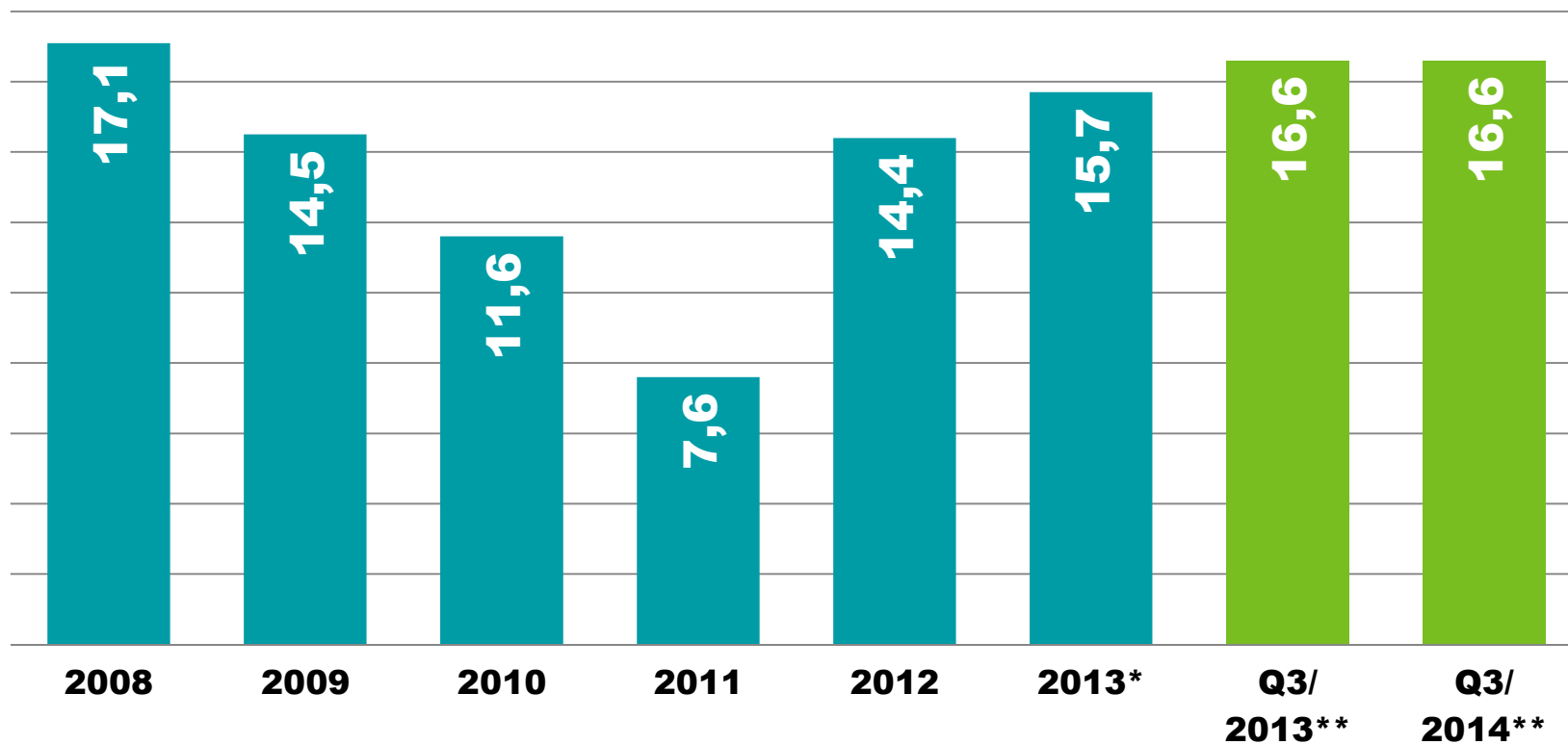
# OPERATING PROFIT

- Strategic target: EBIT excl. EO items 9%



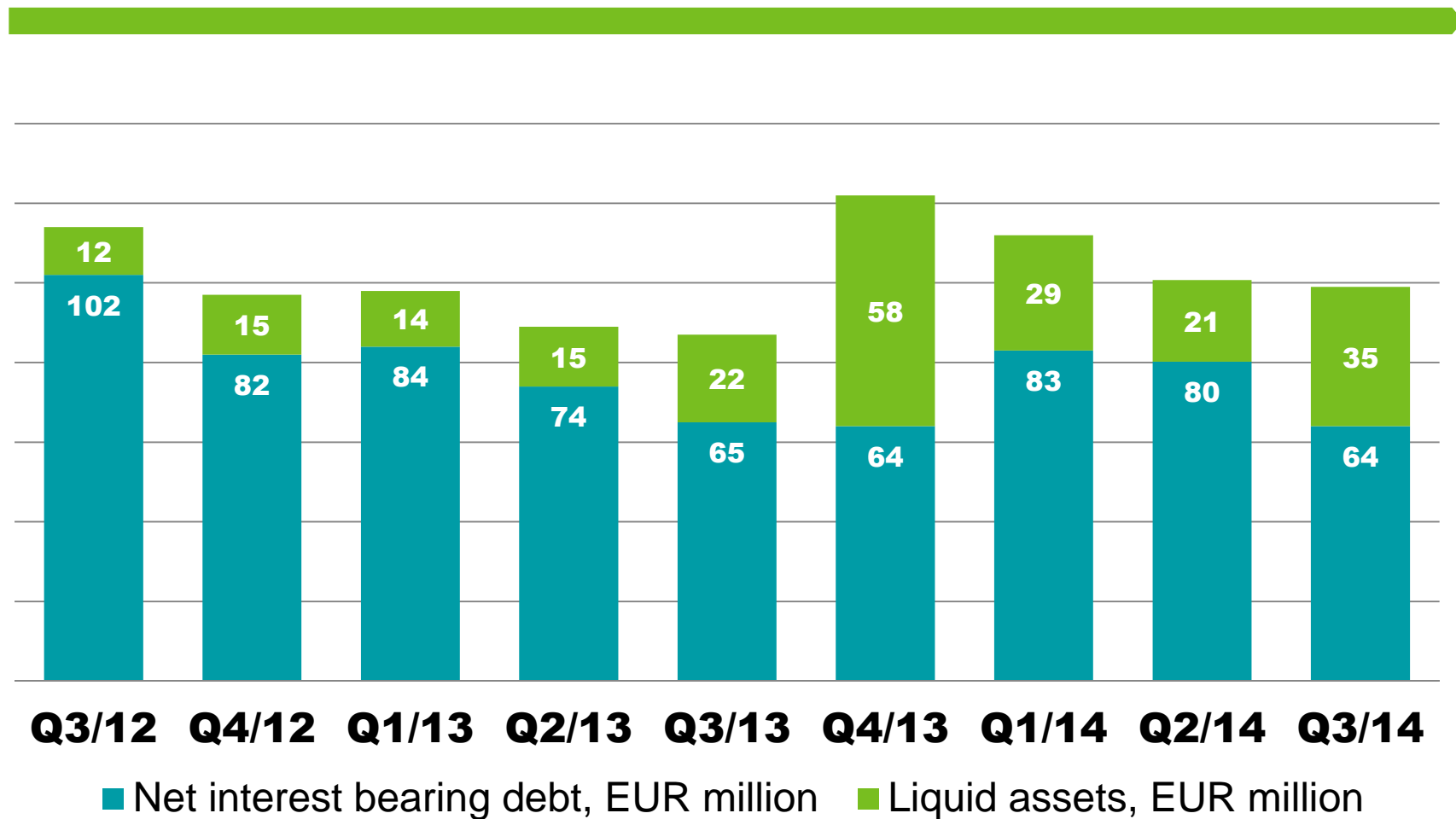
# RETURN ON INVESTMENT

- Strategic target: ROI 20%



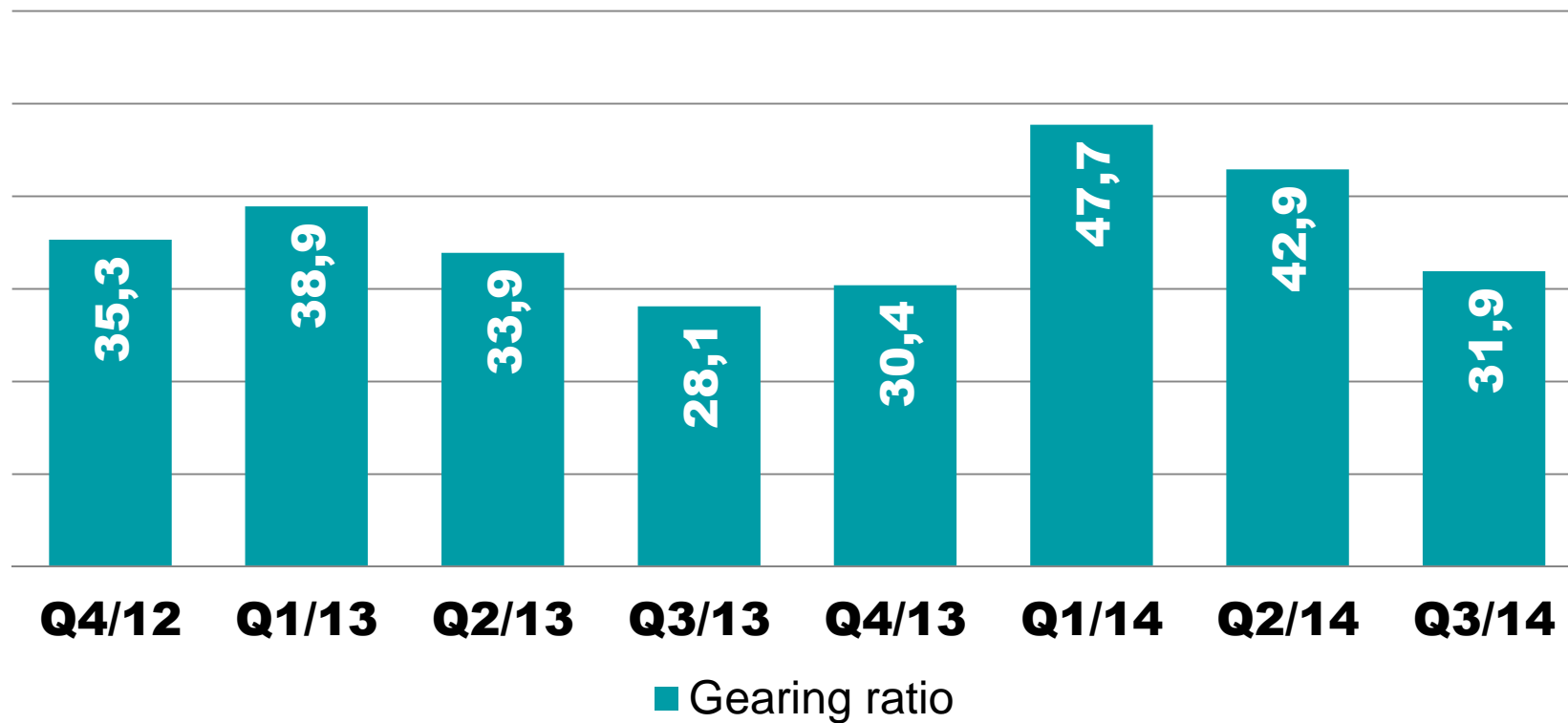
\* Operative \*\* Annualised operative

# INTEREST BEARING DEBT



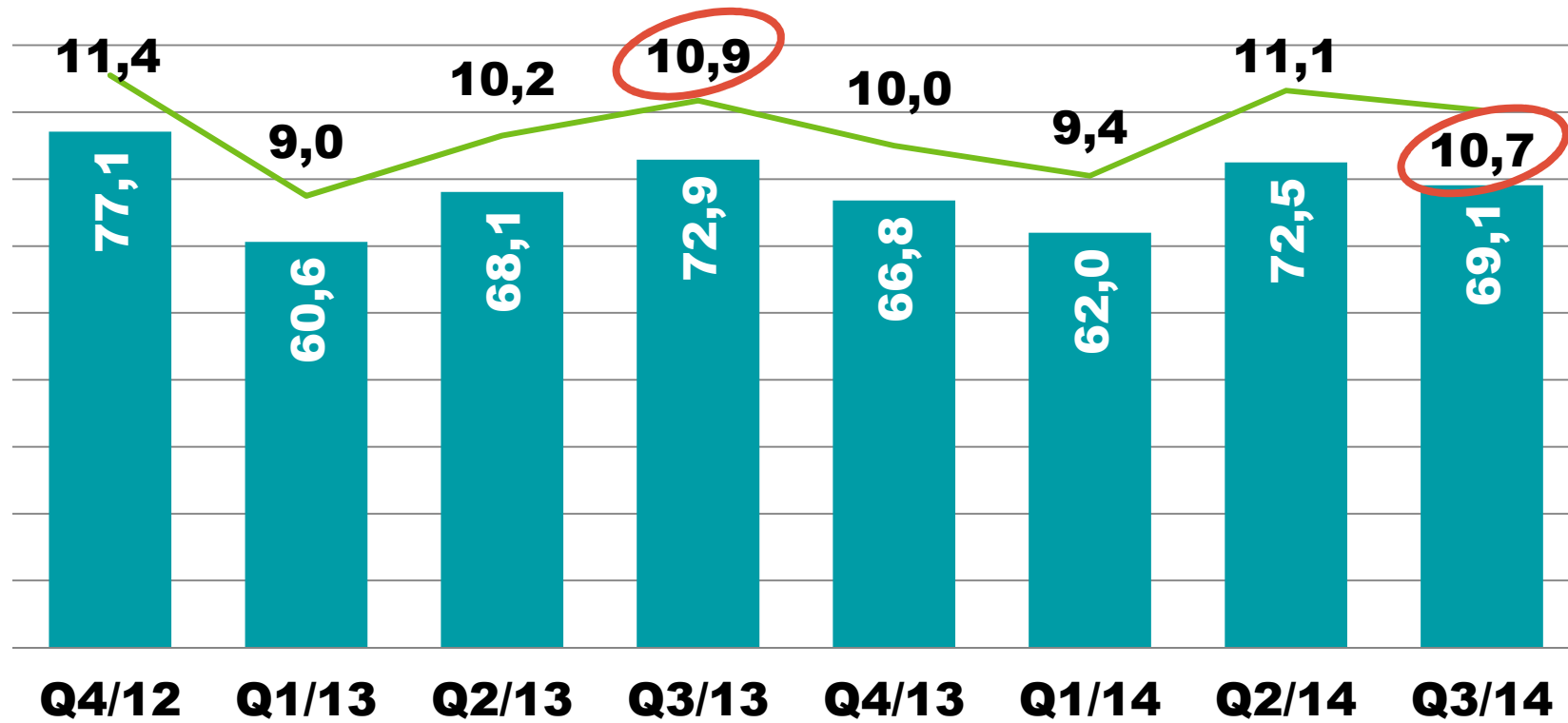
# GEARING

- Strategic target: Gearing 30–80%





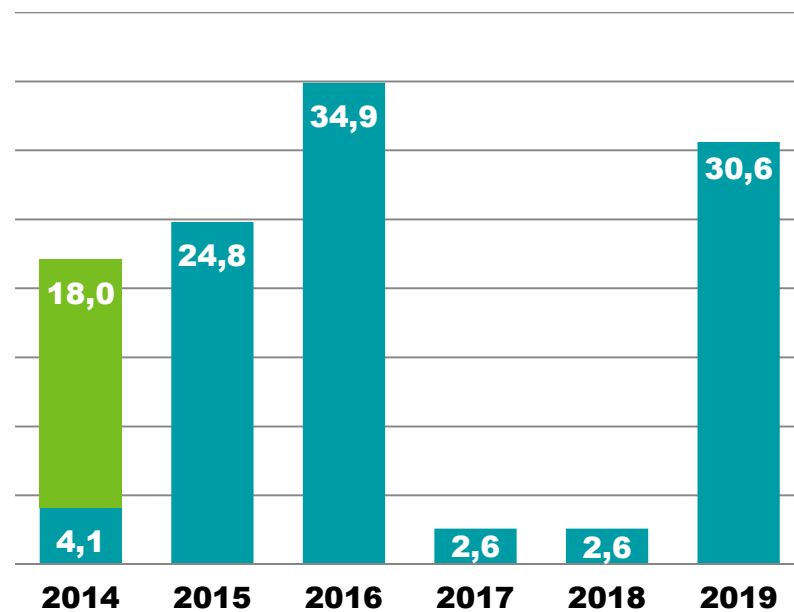
# NET WORKING CAPITAL



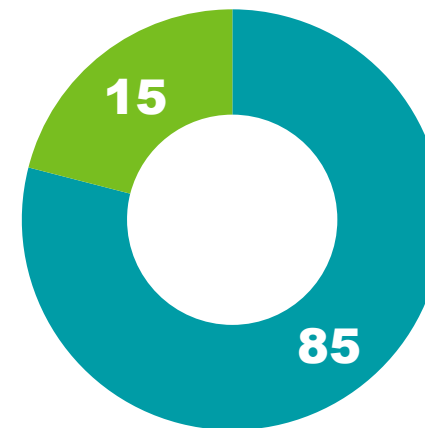
■ Net working capital, EUR million

— Net working capital % of net sales (rolling 12 months)

# MATURITY STRUCTURE OF LONG-TERM LOANS



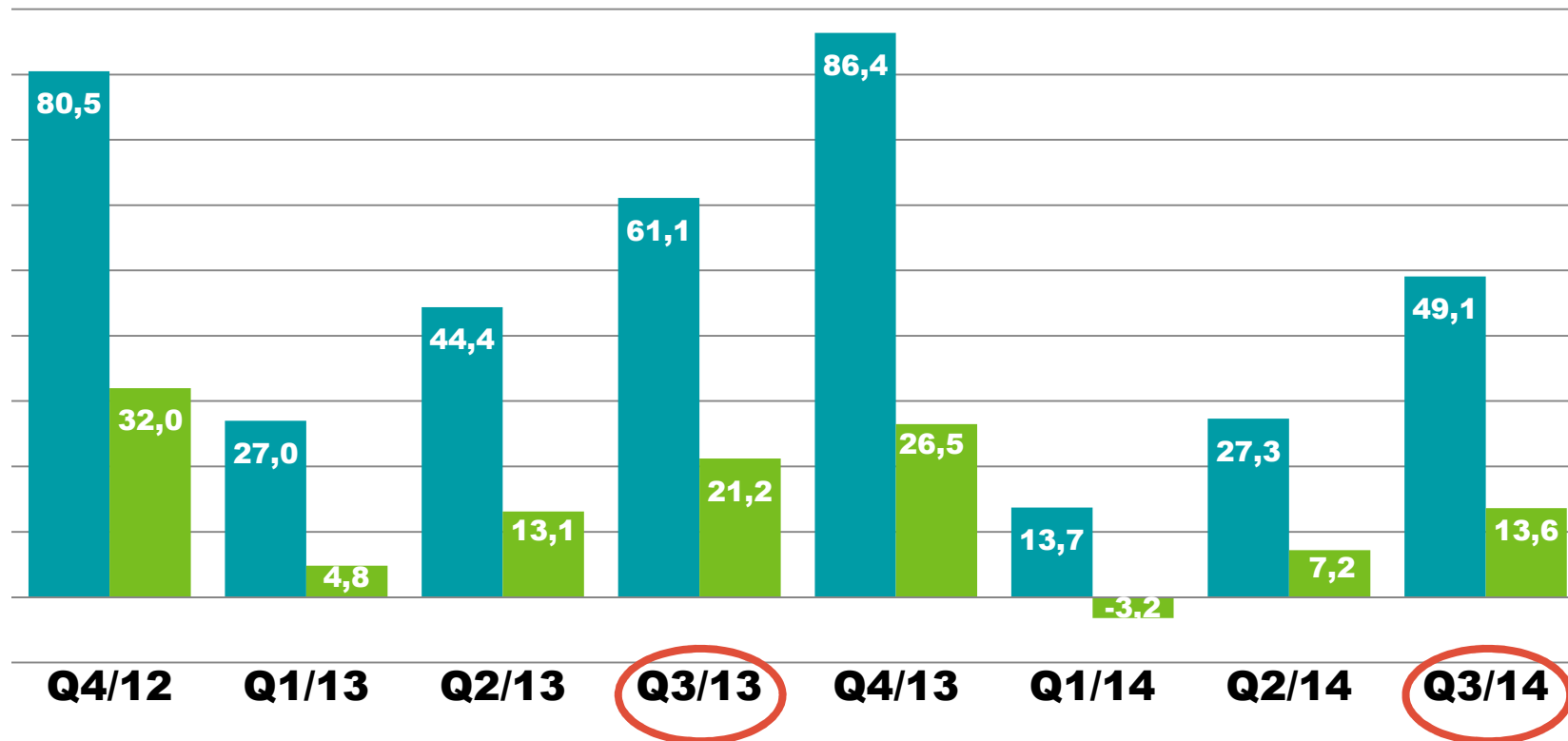
■ Loans, EUR million ■ Repaid, EUR million



■ fixed ■ variable

Weighted average of effective interest rate 1.7%

# CASH FLOW AND INVESTMENTS



- Net cash from operating activities, cumulative, EUR million
- Net cash used in investment activities, cumulative, EUR million

# OUTLOOK FOR THE REST OF THE YEAR

---

Net sales in 2014 are expected to remain at the 2013 level or slightly below. Operating profit excluding non-recurring items is expected to remain at the 2013 level or slightly below.

This estimate was included in the Interim Report Q3/2014 released on 23 October 2014.

# CONTACT INFORMATION



**Pekka Ojanpää, CEO**  
tel. +358 10 636 2810  
pekka.ojanpaa@lassila-tikanoja.fi

**Timo Leinonen, CFO**  
tel. +358 400 793 073  
timo.leinonen@lassila-tikanoja.fi

# APPENDIX



# L&T IN BRIEF

## Net sales by division (2013)



- **Facility Services**..... 43%  
Cleaning and support services, property maintenance, maintenance & technical systems and damage repair services
- **Environmental Services**..... 38%  
Waste management and recycling
- **Industrial Services** ..... 11%  
Environmental construction, process cleaning, sewer maintenance, hazardous waste
- **Renewable Energy Sources**..... 8%  
Forest services

There are about

**8,000** of us

Number of employees in March 2014

**80%**



of employees would recommend L&T as an employer

Our main market area is Finland. In addition, we operate in Sweden and Russia.



We serve over

**200,000**  
customers

Our benefits to customers:



**Energy efficiency**



**Cost efficiency**



**Material efficiency**

Our operations reduce emissions by

**1.5**

Total emissions in Finland: 70 million tonnes

million tonnes per year

We have halved our accident frequency

The number of accidents per million working hours

2013: 18

2012: 31

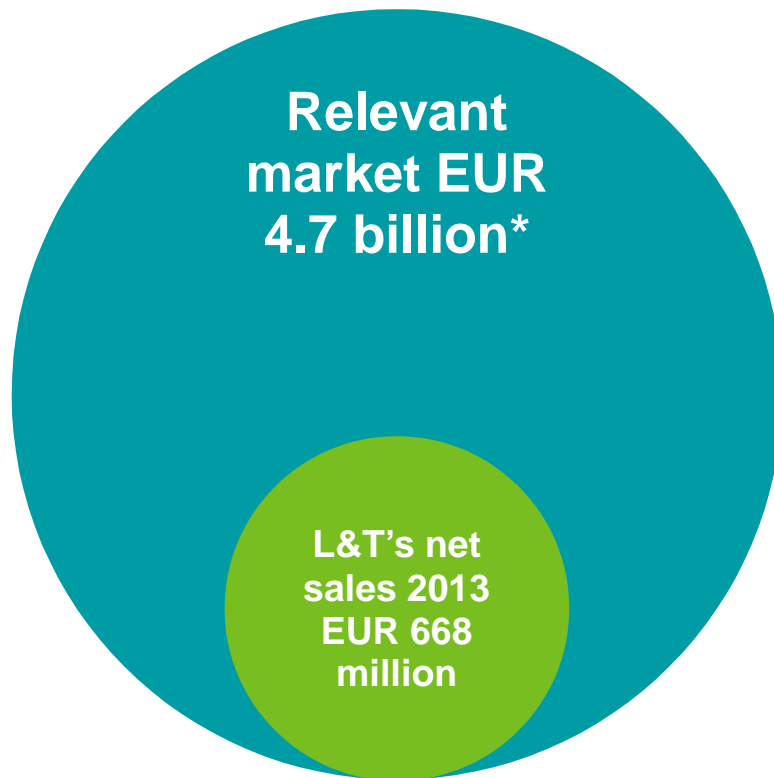
2011: 35



# OPERATING ENVIRONMENT

# L&T'S RELEVANT MARKET OFFERS ROOM FOR GROWTH AND STRENGTHENING OF MARKET POSITION

## Market size and development






- The market is large and offers room for growth as the economy stabilises
- The relevant market is growing at a compound annual rate of ~2% during the strategy period
- Focus on strengthening market positions in core businesses
- A healthy balance sheet enables investments and business acquisitions

*\*Based on L&T's estimate and research data on the size of relevant markets in Finland. Outsourcing potential in municipal sector not included*

# L&T HAS A STRONG MARKET POSITION RANKING IN THE TOP 3 IN ALL CORE BUSINESSES

## Market sizes and L&T's positions

	Relevant market size*	Annual market growth	L&T market position
<b>Environmental Services</b> 	<b>1.2</b> Billion €	<b>1%</b>	<b>1–2</b>
<b>Industrial Services</b> 	<b>0.4</b> Billion €	<b>3%</b>	<b>1–3</b>
<b>Facility Services</b> 	<b>3.1</b> Billion €	<b>2%</b>	<b>2</b>

\* Market positions and sizes based on management estimates, with current business portfolio. Outsourcing potential in municipal sector not included

# OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

## Changes in the operating environment

### Description

National regulation tightens

Importance of services related to energy efficiency increases

European Union sets long-term targets to create a Circular Economy

Retail and media industries' business models are changing

New building construction decreases and switches to renovation in the short term

Industrial manufacturing is not growing, but outsourcing is increasing

### Impact on L&T

Increase in producer responsibility for waste and the ban on the disposal of organic waste in landfills create opportunities in recycling

Demand for energy efficiency services grows, customers' purchasing criteria focus more on optimisation of total property maintenance costs

Conditions to develop new technology and waste management solutions improve

Amount of recyclable fibres diminishes, but e-commerce-related opportunities emerge

In the short term, the amount of construction waste decreases and competition intensifies in renovation

Decreases waste volumes, but brings opportunities in value-added solutions. Outsourcing potential is increasing especially in municipal sector

# WE HAVE LONG TERM GROWTH POTENTIAL DESPITE OF THE ECONOMIC DOWN TURN IN SHORT TERM

## Growth potential during strategy period

Division	Service line	Short term organic growth potential	Long term organic growth potential	Growth potential by acquisitions
Environmental Services	Recycling	+	++	Targeted acquisitions to support market position
	Waste management	+	+	
Facility Services	Property maintenance	+	++	
	Cleaning and support services	+	++	
	Maintenance of technical systems	++++	++++	
	Damage repair services	+	+	
Industrial Services	Process cleaning	+	++	
	Environmental construction	++	++	
	Hazardous waste services	+	+	
	Sewer maintenance	+	++	

# STRATEGY OVERVIEW

**OUR VISION IS TO BE OUR CUSTOMERS' PREFERRED PARTNER IN ENVIRONMENTAL, FACILITY AND INDUSTRIAL SERVICES**

**CIRCULAR ECONOMY**

**PROFITABLE GROWTH**

**CUSTOMER BENEFITS**

**MATERIAL EFFICIENCY**



**FROM A CONSUMER SOCIETY TO A RECYCLING SOCIETY**

**ENERGY EFFICIENCY**



**COST EFFICIENCY**

**STRATEGIC EMPHASES**

Key accounts and sales

Workforce management

Efficient operating model

Customer orientation

**KEY SUCCESS FACTORS**

Cost efficiency

Skilled and sufficient personnel

Uniform and safe corporate culture

**RECYCLING OBJECTIVES BECOME TIGHTER**

**OUT-SOURCING INCREASES**

**SIGNIFICANCE OF CORPORATE RESPONSIBILITY IS EMPHASISED**

**ENERGY EFFICIENCY REQUIREMENTS GROW**

**CENTRAL RAW MATERIALS BECOME MORE EXPENSIVE**

**COMPETITIVENESS OF EUROPE AND FINLAND DECREASES**

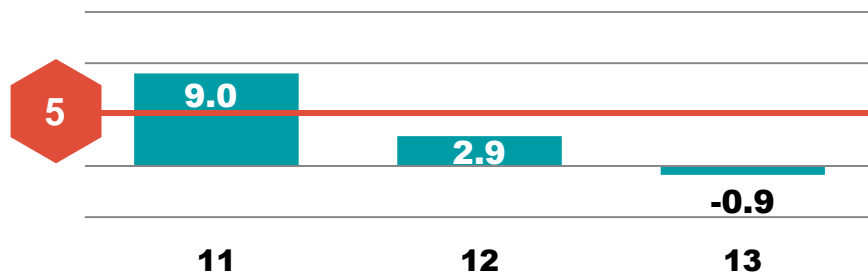
**CLIMATE GETS WARMER**



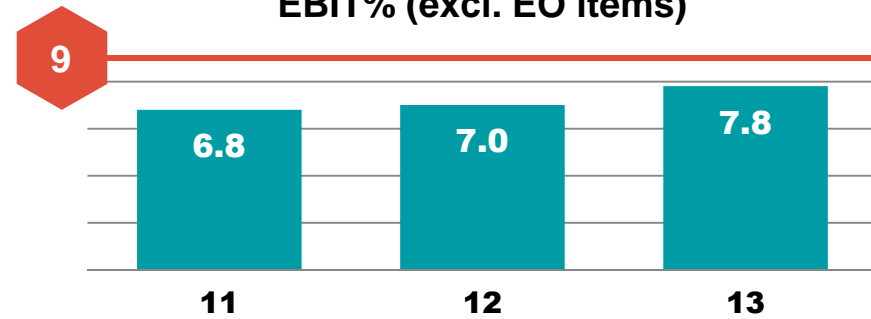
# FINANCIAL TARGETS REMAIN UNCHANGED

## Financial targets

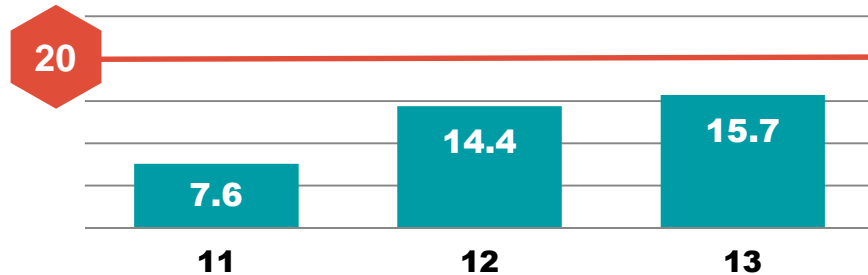
Growth, %



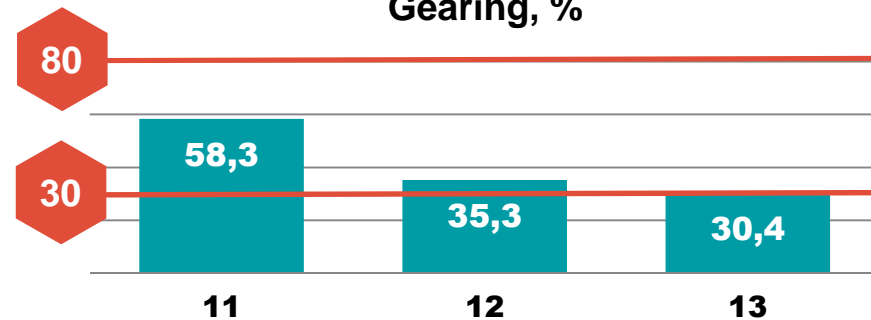
EBIT% (excl. EO items)



ROI, %



Gearing, %





# L&T STRENGTHENS ITS MARKET POSITION WITH FOCUS PROFITABILITY AND CASH FLOW

## Main phases of the strategy

### 2014-2015

#### Profitability and strengthening of market position

##### Main actions:

- Business portfolio rationalisation
- Development of sales and customer management
- Workforce and equipment efficiency improvement
- Bolt on acquisitions in core businesses

### 2016-2017

#### Organic growth and acquisitions

##### Main actions:

- Bolt on acquisitions in core businesses
- Investments in business development
- Building competitive advantage and growth by service digitalisation and professional services

### 2018

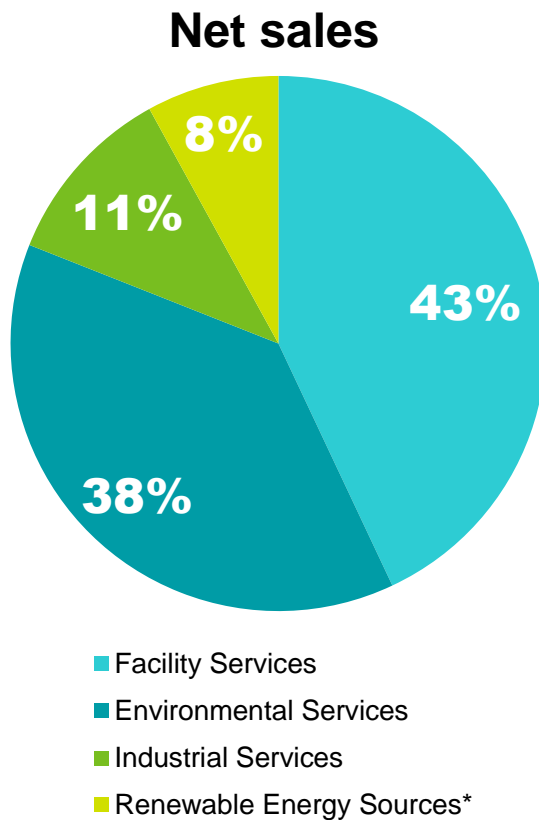
#### Customers' preferred partner in core businesses

##### Strategic target:

- Recognized in improving customers' energy, material and cost efficiency
- The pioneer in work safety and the best employer in the industry
- Systematic management of reputation and responsible business
- Financial and operational resources enable continuous business expansion

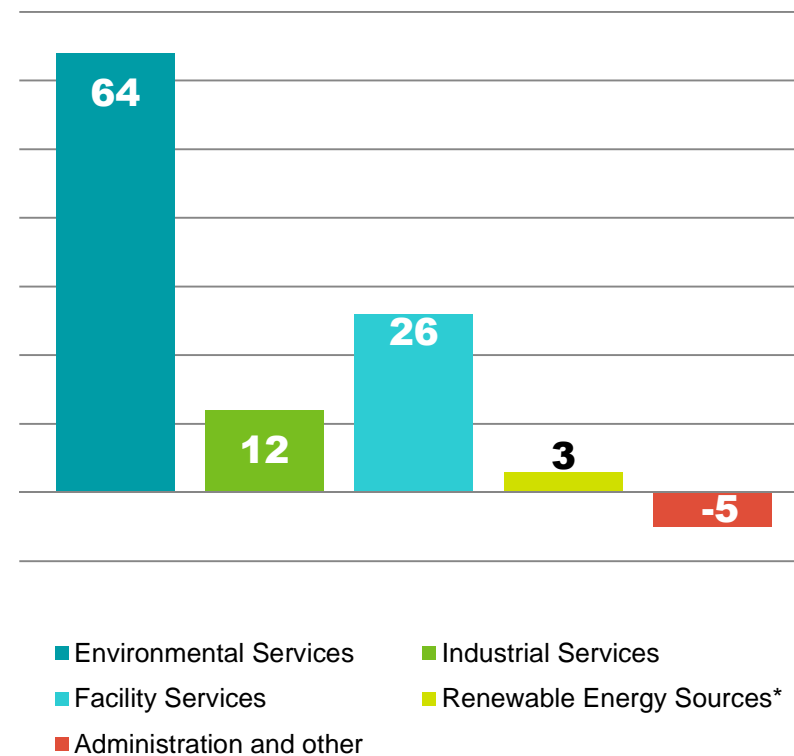
# BUSINESS SEGMENTS

# NET SALES AND OPERATING PROFIT EXCL. EO ITEMS BY DIVISION 1-12/2013



*\*Non-core business*

**Operating profit excl. EO items, % of Group total**



# L&T'S ORGANISATION



# CYCLICALITY OF L&T'S CORE BUSINESS



# ENVIRONMENTAL SERVICES

# L&T IS THE MARKET LEADER IN THE FINNISH WASTE MANAGEMENT MARKET

## Market size and L&T's positions by business lines

	Relevant market size	Annual market growth	L&T market position
<b>Environmental Services</b>	<b>1.2</b> Billion €	<b>1%</b>	<b>1–2</b>
<b>Waste management</b>		<b>~ inflation</b>	<b>1</b>
<b>Recycling</b>		<b>&gt; inflation</b>	<b>1–2</b> depending on material
<b>Subcontracting for municipalities</b>		<b>&lt; inflation</b>	<b>1</b>
<b>Environmental products</b>		<b>~ inflation</b>	<b>1–3</b> depending on product

Market positions and sizes based on management estimates, with current business portfolio.

# OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

## Changes in the operating environment

### Description

Importance of environmental responsibility increases

### Impact on L&T

Demand for environmental services grows, purchasing criteria focus more on environmental responsibility

European Union sets long-term targets to create a Circular Economy

Conditions to develop new technology and waste management solutions improve

Retail and media industries' business models are changing and digitalising

Amount of recyclable papers diminishes, but e-commerce creates more packaging waste

New building construction decreases in the short term

In the short term, the amount of construction waste decreases and competition intensifies

Industrial manufacturing is not growing

Decreases waste volumes, but brings opportunities in value-added solutions



# CHANGES IN LEGISLATION CREATE OPPORTUNITIES FOR DEVELOPING NEW BUSINESS

## Changes in legislation

### Description

**Waste producer responsibility increases**

### Impact on L&T

- A packaging waste collection network, for instance, must be built in Finland, creating new business opportunities in the waste management market

**The ban on the landfill disposal of organic waste**

- Will come into force in 2016 and prohibit the disposal of waste containing organic material in a landfill
- This will bring a large amount of new waste to the recycling market, increasing demand for processing capacity

# ENVIRONMENTAL SERVICES



## ◆ SOCIETY & LEGISLATION

- Landfill disposal of organic waste banned as of 2016
- Packaging waste to be covered by producer responsibility
- Waste taxation amended to support recycling



## ◆ BUSINESS OPERATIONS

Environmental Management



## ◆ CUSTOMERS

- Companies
- Producer associations
- Households
- Public sector

Technical  
collection  
equipment

Maintenance  
services

Collection  
products

Collection  
and  
transport  
services

Treatment  
of recyclable  
material and  
waste

Secondary  
raw material  
sales and final  
treatment  
of waste

# ENVIRONMENTAL SERVICES MAINTAINS HIGH PROFITABILITY AND STRENGTHENS ITS POSITION IN THE ENVIRONMENTAL SERVICES VALUE CHAIN

## Main elements of the strategy

We expand our value chain

- We launch Environmental Management professional services
- We invest in the technical waste management equipment business

We grow within our current value chain

- We strengthen our position in current and new geographical areas in Finland
- We utilise the business opportunities brought about by stricter legislation

We focus on corporate, producer responsibility and household segments

- We increase our market share in the corporate sector by focusing on selected customer segments
- We grow by creating comprehensive solutions for producer responsibility organisations and digital services for household customers

We build competitive advantage by service development and operational efficiency

- We actively develop new services
- We develop operating model to improve operational efficiency

# INDUSTRIAL SERVICES

# L&T HAS A STRONG MARKET POSITION RANKING IN THE TOP 3 IN ALL SERVICE LINES

## Market size and L&T's positions by business lines

	Relevant market size	Annual market growth	L&T market position
<b>Industrial Services</b>	<b>0.4</b> Billion €	<b>3%</b>	<b>2</b>
<b>Industrial process cleaning</b>		<b>&gt; inflation</b>	<b>2</b>
<b>Sewer maintenance services</b>		<b>&gt; inflation</b>	<b>3</b>
<b>Hazardous waste services</b>		<b>&lt; inflation</b>	<b>2</b>
<b>Environmental construction</b>		<b>~ inflation</b>	<b>3</b>

Market positions and sizes based on management estimates, with current business portfolio.

# OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

## Changes in the operating environment

### Description

### Impact on L&T

**Importance of environmental responsibility increases**

Demand for environmental services grows, customers' purchasing criteria focus more on environmental responsibility

**European Union sets long-term targets to create a Circular Economy**

Conditions to develop new technology and waste management solutions improve

**Businesses linked to landfilling are changing**

Ban on the landfill disposal of organic waste creates opportunities in recycling. As incineration increases, the need for ash processing and recycling solutions increase as well

**Industrial manufacturing is not growing**

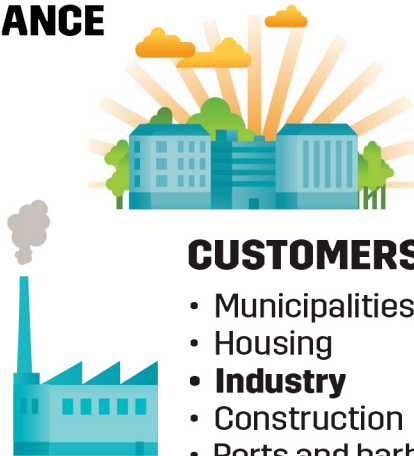
Industrial companies seek cost efficiency by support service outsourcing, which creates opportunities for Industrial services

# INDUSTRIAL SERVICES

• Maintenance

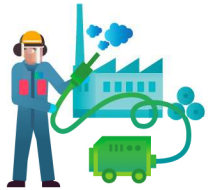
• Collection, treatment and final disposal

## SEWER MAINTENANCE



### CUSTOMERS

- Municipalities
- Housing
- **Industry**
- Construction
- Ports and harbours



## PROCESS CLEANING



## HAZARDOUS WASTE SERVICES



Collection  
and transport  
services

Treatment  
Intermediate  
storage

Final disposal  
Utilisation



## ENVIRONMENTAL CONSTRUCTION

No increase in  
industrial production

Landfill disposal of  
organic waste banned

Increased importance of  
environmental responsibility

# INDUSTRIAL SERVICES FOCUSES ON OPERATIONAL EFFICIENCY AND STRENGTHENING ITS MARKET POSITION

## Main elements of the strategy

### Effective and centralised operating model

Effective and centralised operating model, including nation-wide resource planning and management supported by ICT solutions

### Effective sales and account management

Active and well planned sales efforts and account management combined with segment-oriented responsibilities and growth plans

### Deep integration to selected accounts

Deep integration into selected clients' processes and operating models with a customer-oriented development view

### Growth in industrial customer segment

Industrial customer segment growth in both current and new key accounts by expanding the range of services provided and securing new clients with customer segment specific planning

### Capacity utilisation

Profitability improvement by more efficient capacity utilisation and systematic growth also in small / middle-sized clients by utilising possibilities provided by existing resources



# FACILITY SERVICES

# WE HAVE A STRONG MARKET POSITION RANKING IN THE TOP 2 IN MOST BUSINESSES

## Market size and L&T's positions by business lines

	Relevant market size*	Annual market growth	L&T market position
<b>Facility Services</b>	<b>3.1</b> Billion €	<b>2%</b>	<b>2</b>
<b>Cleaning and facility support s.</b>		<b>&lt; inflation</b>	<b>2</b>
<b>Property maintenance</b>		<b>~ inflation</b>	<b>1</b>
<b>Damage repair services</b>		<b>&gt; inflation</b>	<b>2</b>
<b>Maintenance of technical systems</b>		<b>&gt; inflation</b>	<b>4</b>

\* Market positions and sizes based on management estimates, with current business portfolio. Outsourcing potential in municipal sector not included

# OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

## Changes in the operating environment

### Description

**Industrial manufacturing in Finland is not growing**

### Impact on L&T

Overall industrial manufacturing volume decreases, but outsourcing of non-core functions opens up new opportunities for Facility Services

**Demand for office modifications increases**

Remote work becomes more commonplace, which creates opportunities in providing modern office solutions

**Repair construction volume is growing while new construction remains at low level**

Competition in repair construction intensifies as construction companies seek growth outside their traditional domain

**E-commerce changes requirements for retail property**

Amount of retail property decreases and competition intensifies

**Availability of skilled workforce is a challenge**

Workforce management, employer image and efficient recruitment continue to grow in importance

# CHANGES IN CUSTOMER BEHAVIOUR OPENS UP OPPORTUNITIES FOR FACILITY SERVICES

## Changes in customer behaviour

### Description

Centralisation and professionalisation of service sourcing

### Impact on L&T

Growing requirement for sales competencies and efficiency of operations, also opportunities in providing integrated services

Increased outsourcing of non-core activities in public sector

Business development possibilities in Facility Management and services to the public sector, with growing importance of operational efficiency to cope with price competition

Growing role of technology in Facility Management

Need to grow offering in technological systems maintenance

Need for transparency and reporting

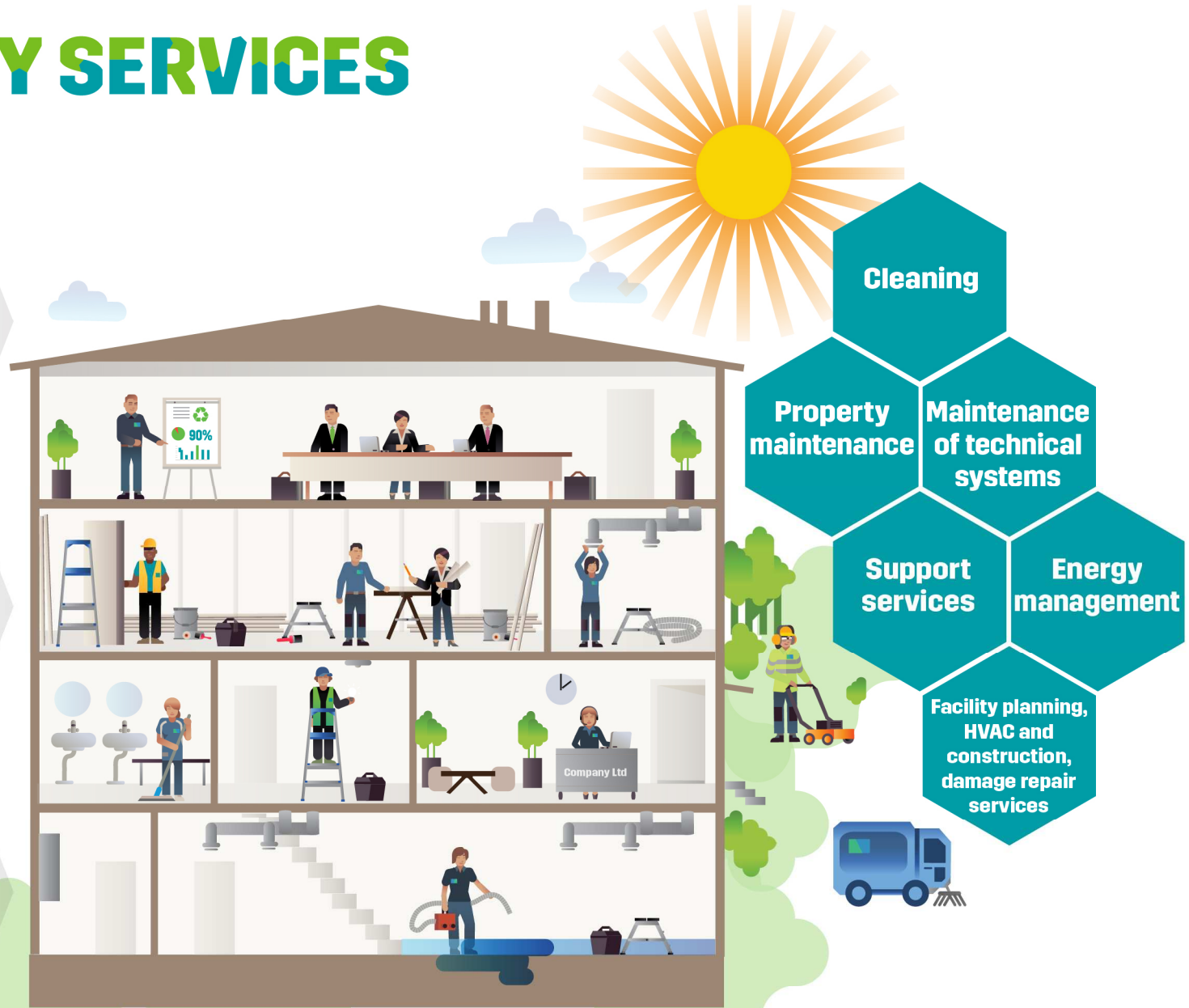
Opportunities for professional services to support our clients

# FACILITY SERVICES

Increasing requirements of reporting and transparency with regard to energy, property and environmental matters

Customers expect cost efficient service packages

As customers focus on their core businesses, the service provider's responsibility for the outcome increases



# FACILITY SERVICES FOCUSES ON OPERATIONAL EFFICIENCY AND SEEKS PROFITABLE GROWTH IN SELECTED BUSINESSES

## Main elements of the strategy

**We improve our competitive advantage by developing our operating model**

- We invest heavily in the development of our operating model
- We harmonise processes and develop workforce management to improve operational efficiency

**We grow business with our current customers through service development**

- We productise current services to improve operational efficiency and create added value with service packages
- We reduce customer relationship terminations through better customer relationship management

**We invest in growth in the maintenance of technical systems**

- We strengthen our service offering in our current operating locations
- We acquire special expertise through targeted business acquisitions, but do not pursue extensive acquisitions in the short term

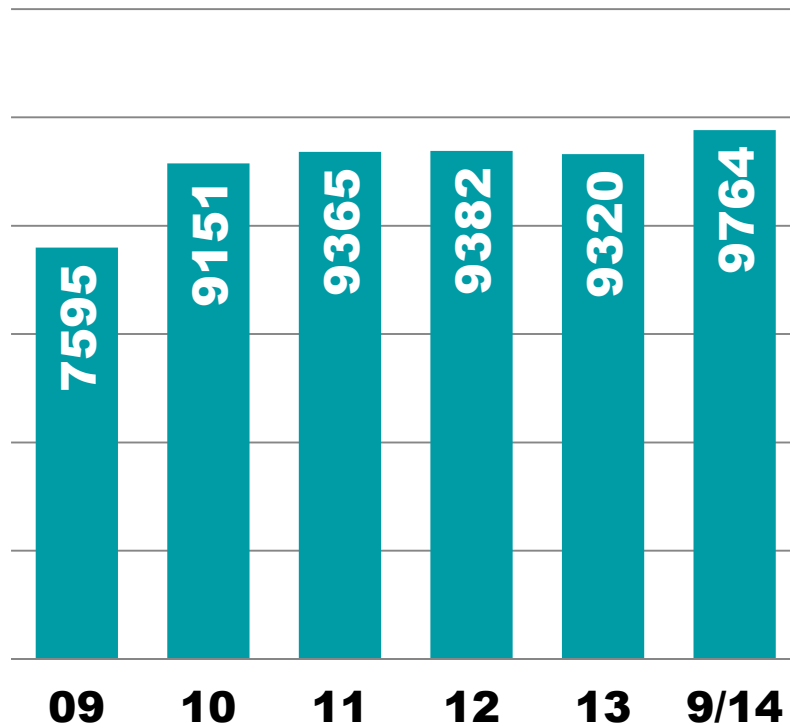
**We expand to professional services in the value chain**

- We productise current expert know-how into professional services
- We utilise professional services also as a sales channel for other Facility Services

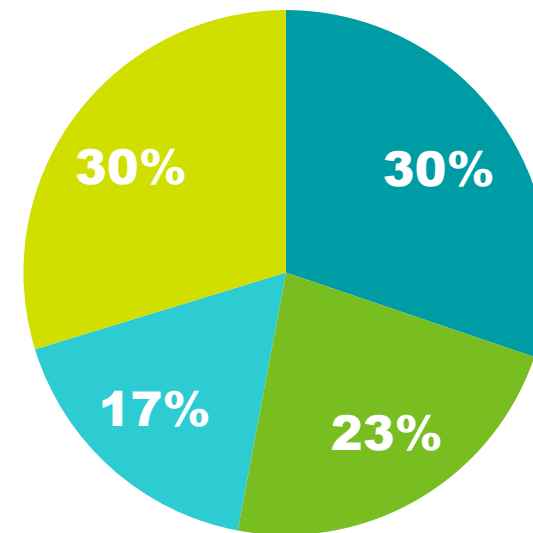
# SHAREHOLDERS

# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



- Households
- Financial and insurance corp.
- Foreign and nominee registered
- Others



# MAJOR SHAREHOLDERS AT 30 SEPTEMBER 2014

Shareholder	Shares	%
Evald and Hilda Nissi Foundation	2 413 584	6.22
Mandatum Life Insurance Company Limited	2 181 238	5.62
Nordea Investment Funds	2 064 736	5.32
Maijala Juhani	1 529 994	3.94
Ilmarinen Mutual Pension Insurance Company	1 362 803	3.51
LähiTapiola Group	831 270	2.14
Bergholm Heikki	824 800	2.13
Maijala Mikko	720 000	1.86
Elo Mutual Pension Insurance Company	614 073	1.58
Varma Mutual Pension Insurance Company	600 690	1.55
Nominee-registered shares	6 565 009	16.92
Number of shares	38 798 874	100.00
Number of shareholders	9 764	

**IT'S EASY TO TRANSFORM A  
KETCHUP BOTTLE INTO FUEL  
OR A TUNA CAN INTO A FORK.  
IT'S MUCH HARDER TO CHANGE  
HOW PEOPLE THINK.**



**WORKING SUSTAINABLY**

