



LASSILA & TIKANOJA

Interim Report Q3

Pekka Ojanpää, President and CEO

26 October 2016



HIGHLIGHTS OF Q3/2016

- Net sales EUR 166.0m (EUR 159.6m) 4,0% (yoy)
Net sales grew both in Facility Services and Environmental Services due to organic growth and previously completed acquisitions. Net sales of Industrial Services grew due to strong demand but declined in Renewable Energy Sources due to weak demand for forest energy.
- Operating profit EUR 19.1m (EUR 19.3m)
Operating profit improved significantly in Facility Services and Industrial Services but was lower than in the comparison period in Environmental Services. Operating profit of Renewable Energy Sources showed a substantial decline.

HIGHLIGHTS OF 1-9/2016

- Net sales EUR 493.5m (EUR 481,1m) 2,6 % (yoy)
Net sales grew year-on-year in Industrial Services, Environmental Services and Facility Services but declined in Renewable Energy Sources.
- Operating profit EUR 39.9m (EUR 40.2m)
Profitability improved significantly in Facility Services and was also higher than in the comparison period in Industrial Services. The operating profit of Environmental Services was lower than in the comparison period and showed a substantial decline in Renewable Energy Sources.

The operating profit in the comparison period in 2015 was affected by non-recurring restructuring costs of EUR 1.0 million related to the loss-making renovation business.

KEY FIGURES

	Q3/ 16	Q3/ 15	Change %	1-9/ 16	1-9/ 15	Change %	2015
Net sales, EUR million	166.0	159.6	4.0	493.5	481.1	2.6	646.3
Operating profit, EUR million	19.1	19.3	-1.2	39.9	40.2	-0.6	49.9
Operating margin, %	11.5	12.1		8.1	8.4		7.7
Profit before tax, EUR million	18.7	18.4	1.7	39.4	39.0	1.1	47.7
Earnings per share, EUR	0.39	0.38	2.5	0.91	0.80	13.1	0.98
Cash flow, operating activities/share, EUR	0.76	1.09	-30.2	0.88	1.58	-44.5	2.33
EVA, EUR million	14.1	14.4	-2.3	24.9	25.6	-2.6	30.3

KEY FIGURES

	Q3/ 16	Q3/ 15	Change %	1-9/ 16	1-9/ 15	Change %	2015
Capital expenditure, EUR million	8.5	13.7	-38.3	27.1	31.2	-13.0	49.6
Depreciation, amortisation and impairment, EUR million	9.5	10.0	-4.8	29.0	30.0	-3.4	40.0
Net cash from operating activities, EUR million				33.6	60.9	-44.8	89.8
Return on equity (ROE), %				21.9	20.0		18.2
Return on invested capital (ROI), %				17.7	17.6		16.5
Equity ratio, %				47.2	45.9		46.5
Gearing, %				30.7	23.3		19.8
Total number of employees at the end of the period				8,198	8,345		8,085

OPERATING PROFIT

EUR million	Q3/16	Q3/15	Change %	1-9/16	1-9/15	Change %	2015
Environmental Services	10.2	11.0	-7.8	24.8	28.4	-12.6	35.8
Industrial Services	3.4	2.9	17.4	5.2	5.0	4.7	6.8
Facility Services	6.1	4.9	23.9	10.9	7.0	55.5	8.1
Renewable Energy Sources	0.1	0.6	-80.5	0.8	1.8	-56.0	2.1
L&T Group	19.1	19.3	-1.2	39.9	40.2	-0.6	49.9

FINANCIAL TARGETS

Key figure	Target 2018	Actual 1-9/16	Actual 1-9/15	Actual 2015
Growth, %	5	2.6	0.8	1.0
Return on investment (ROI)* **, %	20	16.6	18.4	17.5
EBIT**, %	9	8.1	8.6	8.1
Gearing, %	0–70	30.7	23.3	19.8

* Rolling 12 months

** 2015 excluding EO items

ENVIRONMENTAL SERVICES

- The increase in net sales was due to organic growth and previously completed acquisitions.
- Operating profit of the Environmental Services was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.



EUR million	Q3/16	Q3/15	Change %	1-9/16	1-9/15	Change %	2015
Net sales	68.2	64.7	5.4	198.2	192.2	3.1	256.5
Operating profit*	10.2	11.1	-8.6	24.8	28.5	-12.8	36.1
Operating margin*, %	14.9	17.2		12.5	14.8		14.1

* 2015 excluding EO items

INDUSTRIAL SERVICES

- Net sales increased particularly in environmental construction and also in sewer maintenance and process cleaning. Net sales of hazardous waste services decreased.
- Operating profit of environmental construction improved significantly. Sewer maintenance and process cleaning also achieved a year-on-year increase in operating profit. Reduced demand for services led to lower operating profit for hazardous waste services.



EUR million	Q3/16	Q3/15	Change %	1-9/16	1-9/15	Change %	2015
Net sales	23.9	21.0	13.6	60.7	56.7	7.0	77.0
Operating profit*	3.4	2.9	17.4	5.2	5.0	4.7	6.8
Operating margin*, %	14.2	13.7		8.6	8.8		8.9

* 2015 excluding EO items

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FACILITY SERVICES

- Net sales grew organically in renovation services and cleaning, but declined in property maintenance and the maintenance of technical systems.
- The maintenance of technical systems and the renovation business achieved a substantial increase in profitability due to previously implemented efficiency improvement measures and good demand. Profitability of the cleaning business was weighed down by intense price competition.



EUR million	Q3/16	Q3/15	Change %	1-9/16	1-9/15	Change %	2015
Net sales	71.5	70.5	1.3	216.5	211.3	2.5	282.9
Operating profit*	6.1	5.0	22.6	10.9	8.0	36.8	10.5
Operating margin*, %	8.5	7.0		5.0	3.8		3.7

* 2015 excluding EO items
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RENEWABLE ENERGY SOURCES

- Net sales and profitability declined due to the low demand in the raw material market and, in particular, the weak demand for forest energy. Net sales were also affected by the oversupply of biofuels and alternative fuels.



EUR million	Q3/16	Q3/15	Change %	1-9/16	1-9/15	Change %	2015
Net sales	5.3	5.6	-4.6	25.2	27.6	-8.9	39.4
Operating profit*	0.1	0.6	-80.5	0.8	1.8	-56.0	2.1
Operating margin*, %	2.0	9.9		3.1	6.5		5.3

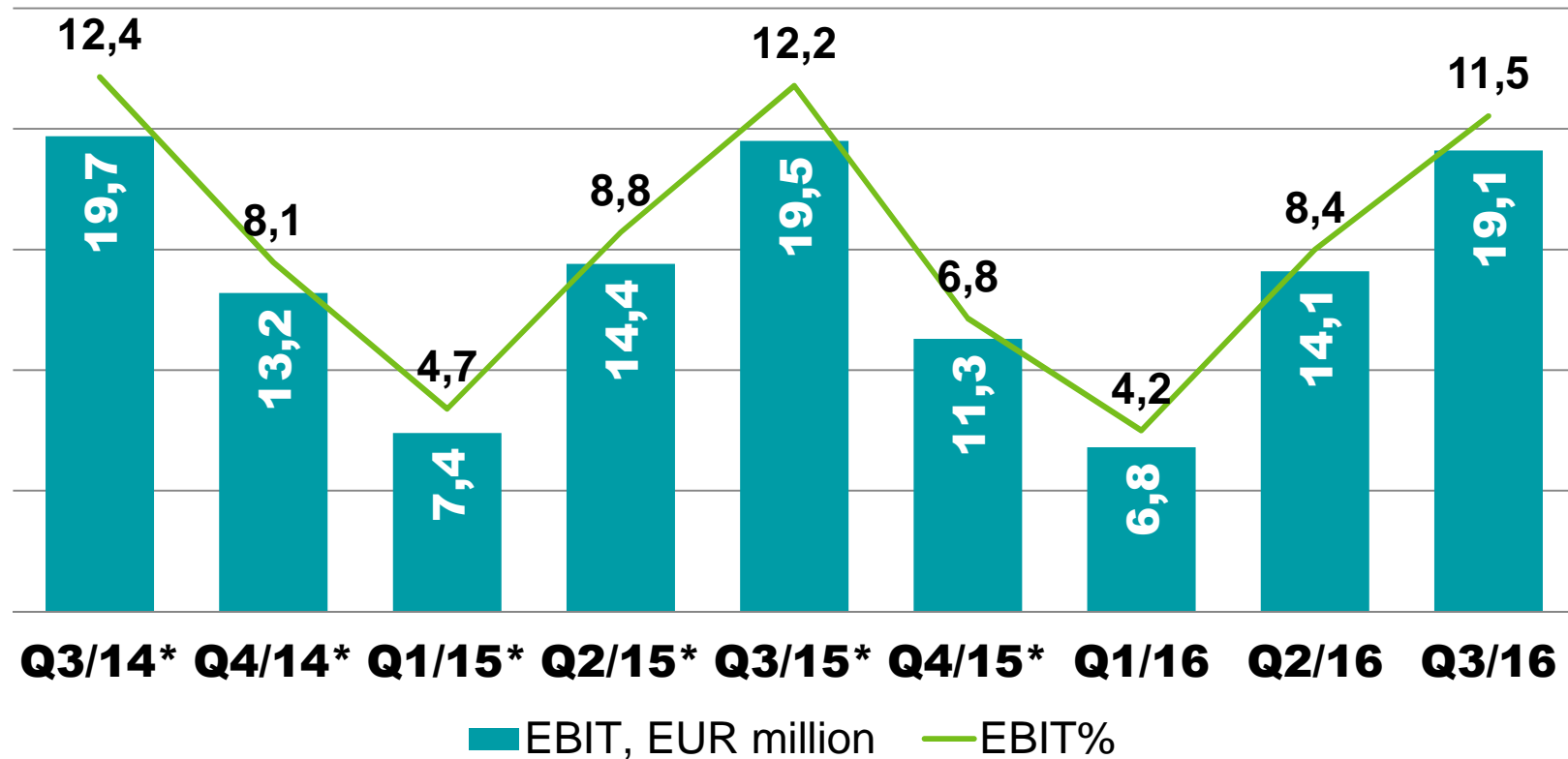
* 2015 excluding EO items

FOCUS ON MARKET POSITION, OPERATIONAL EFFICIENCY AND CASH FLOW



We continue to focus on strengthening our market position and ensuring profitability and strong cash flow through development of our business operations and by business acquisitions.

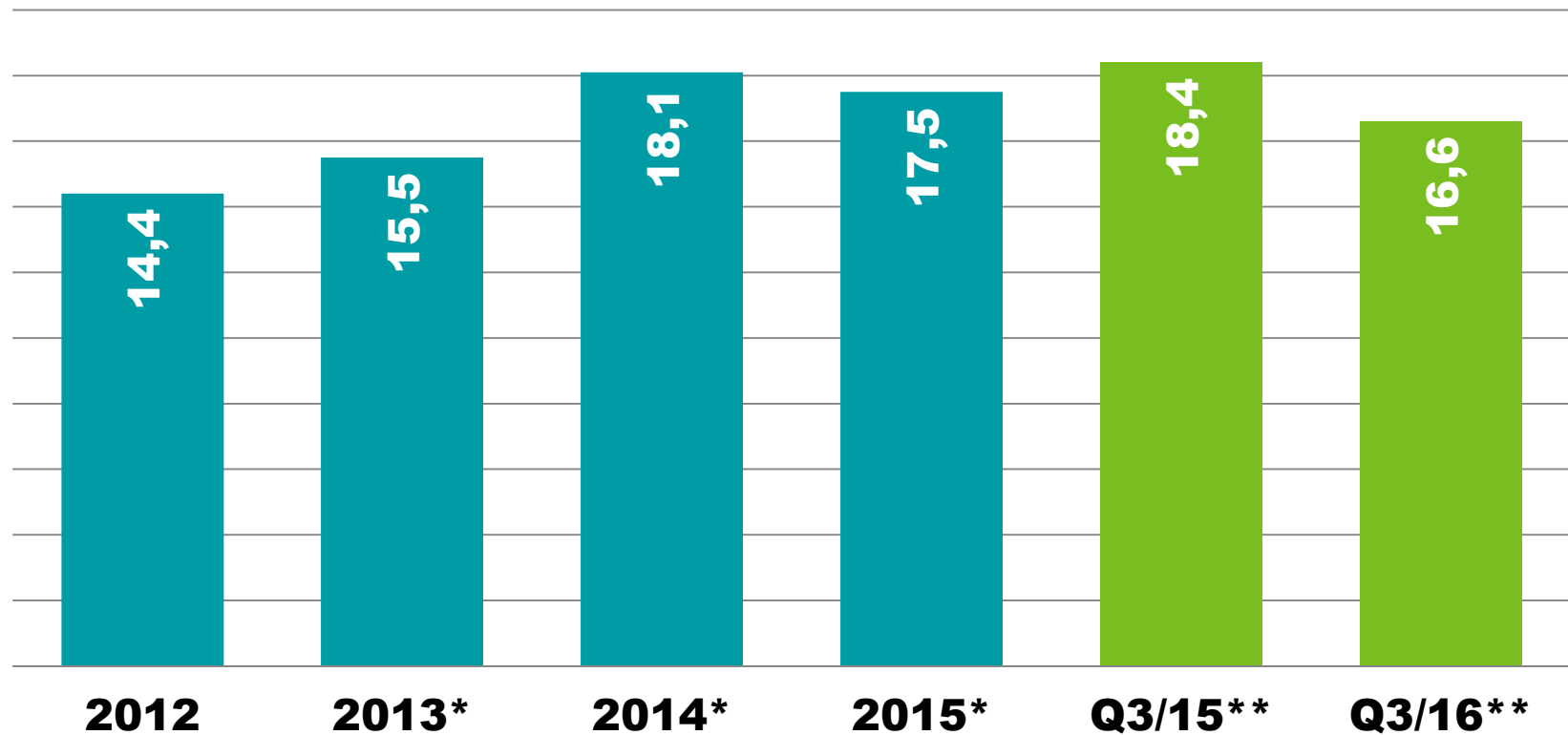
OPERATING PROFIT



* excluding EO items

RETURN ON INVESTMENT

Strategic target: ROI 20%

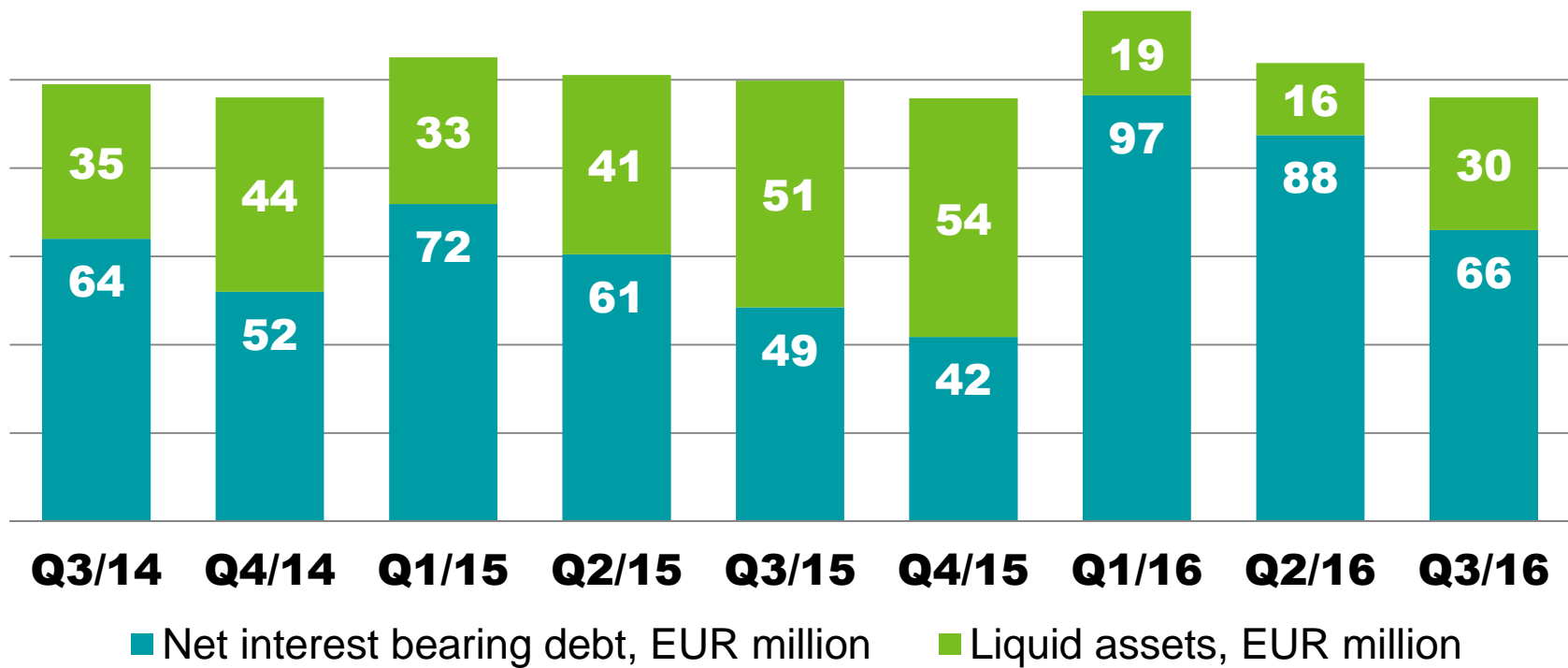


* Rolling 12 months excluding EO items

** Rolling 12 months

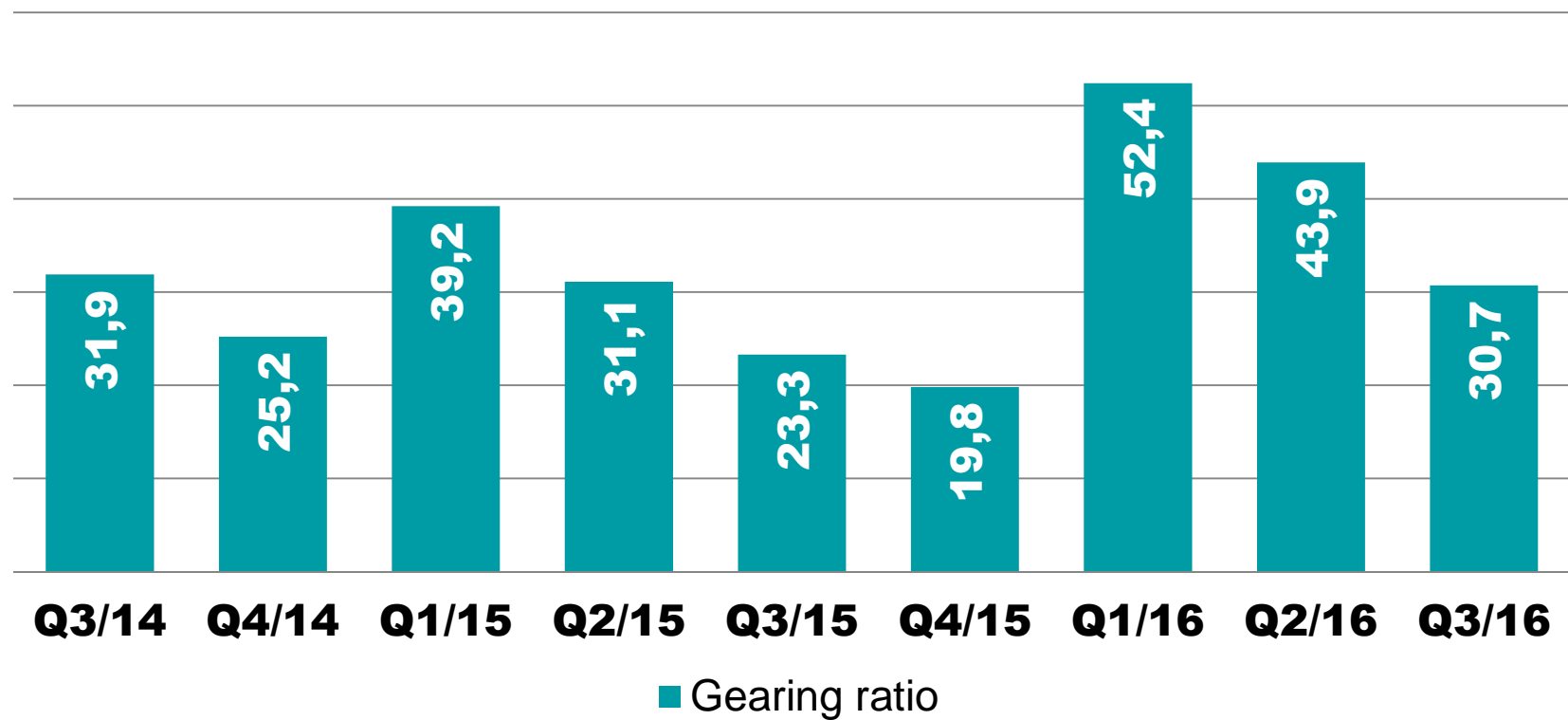
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INTEREST BEARING DEBT

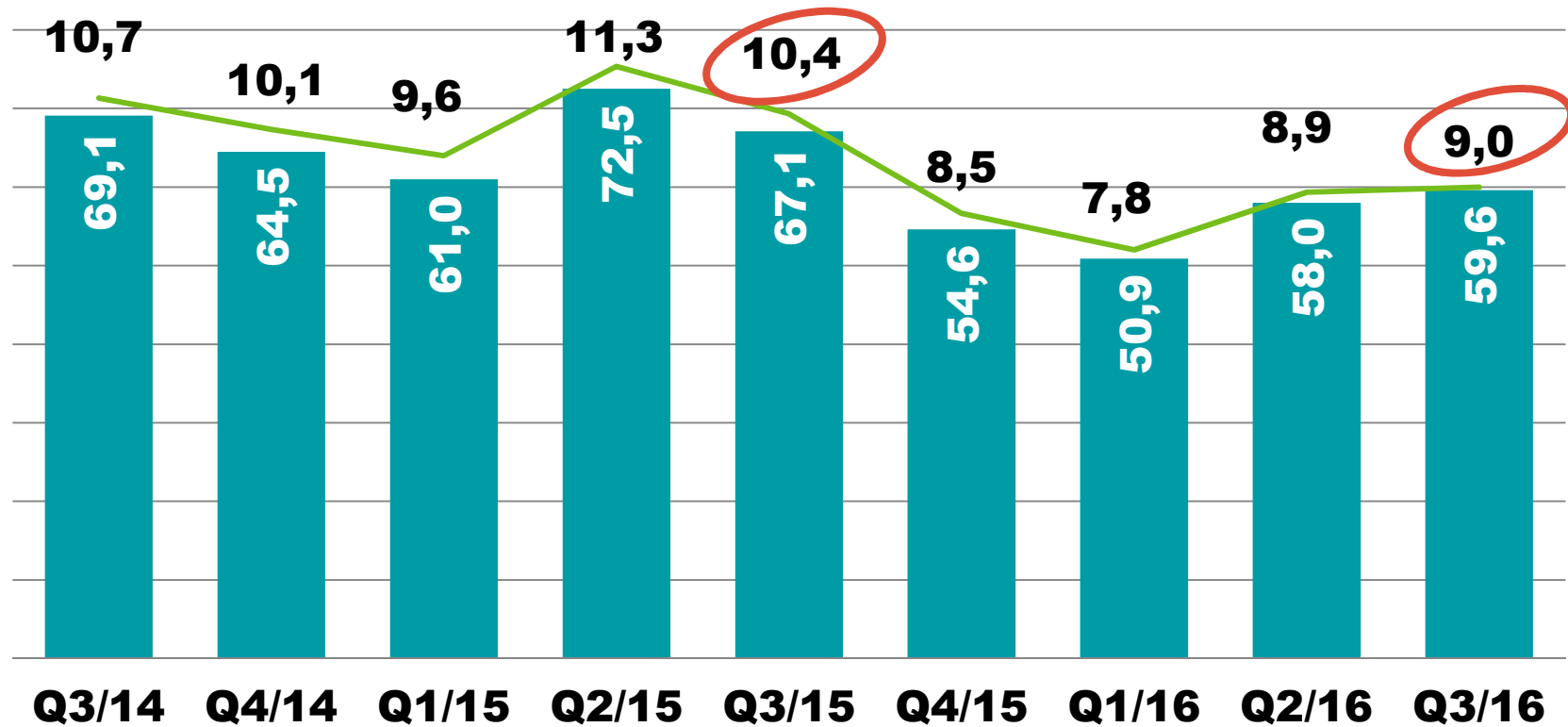


GEARING

Strategic target: Gearing 0 - 70%



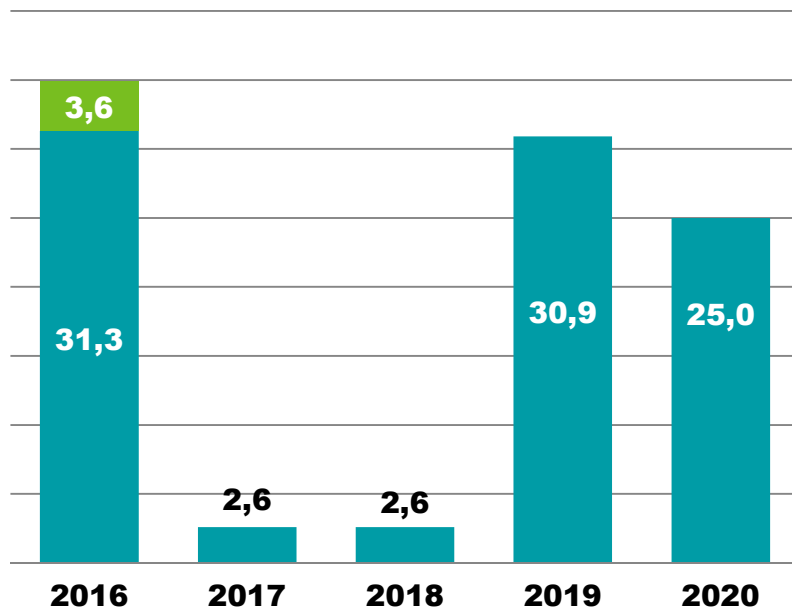
NET WORKING CAPITAL



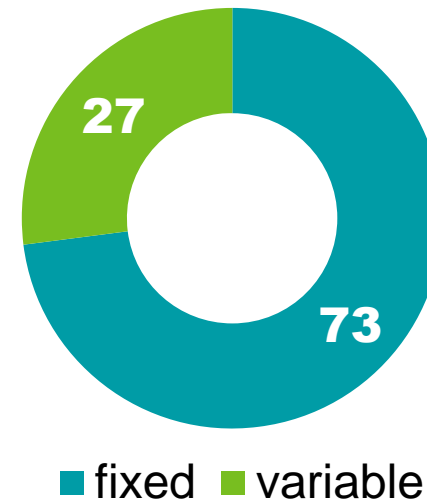
■ Net working capital, EUR million

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

MATURITY STRUCTURE OF LONG-TERM LOANS

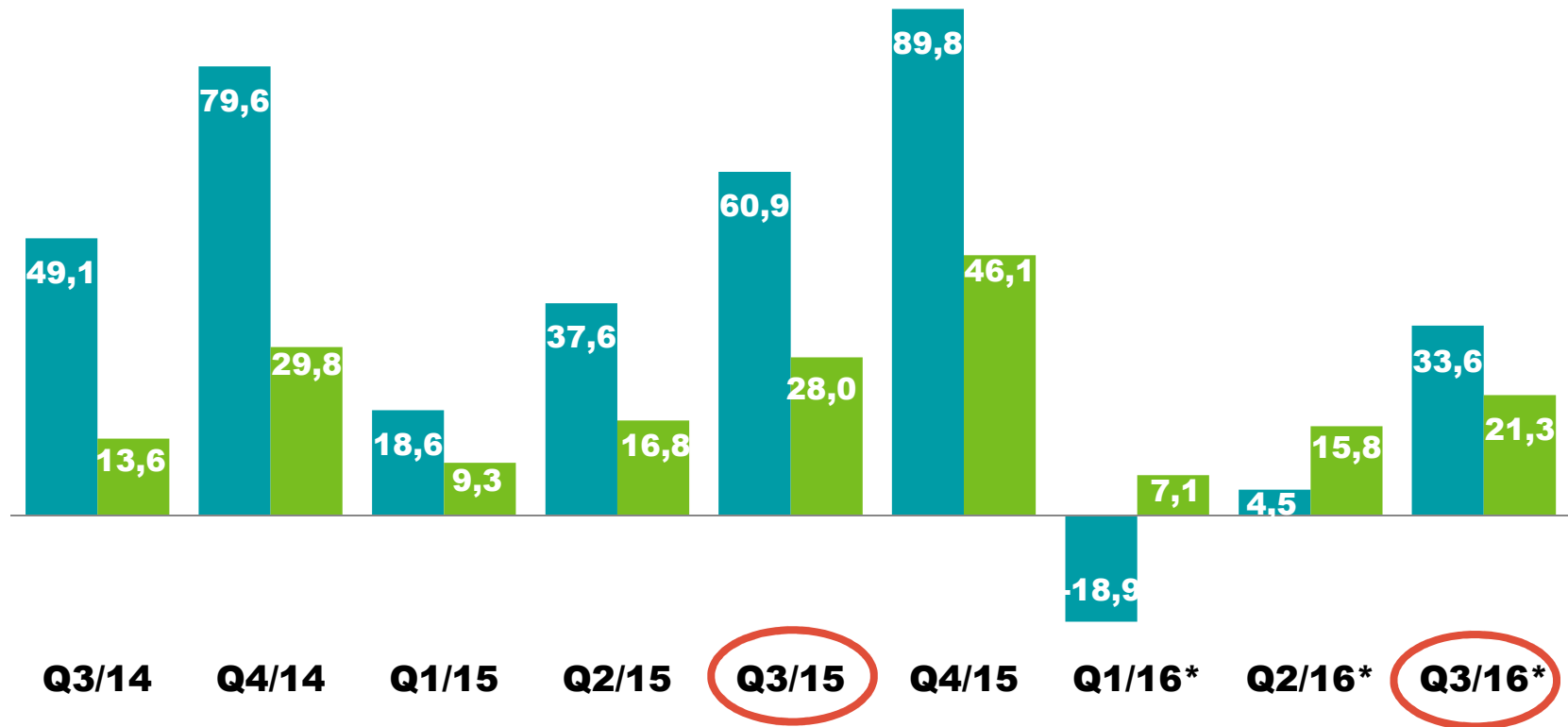


■ Loans, EUR million ■ Repaid, EUR million



Weighted average of effective interest rate 1.6%

CASH FLOW AND INVESTMENTS



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

* Includes EUR 52 million in advance payments of employment pension contributions

OUTLOOK FOR THE YEAR 2016



Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.

This estimate was included in the Interim Report released on 26 October 2016.

CONTACT INFORMATION

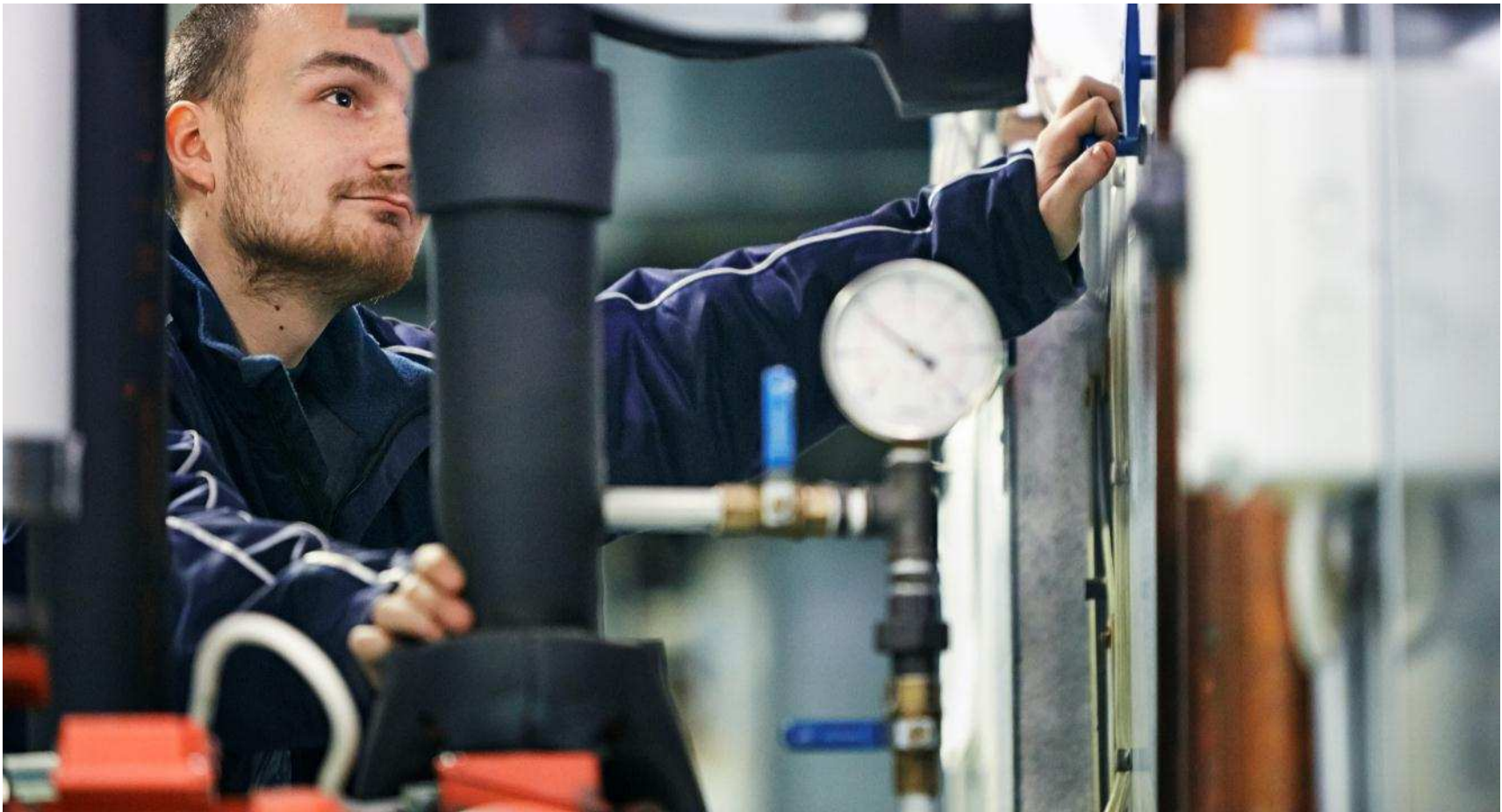


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APPENDIX



L&T IN BRIEF

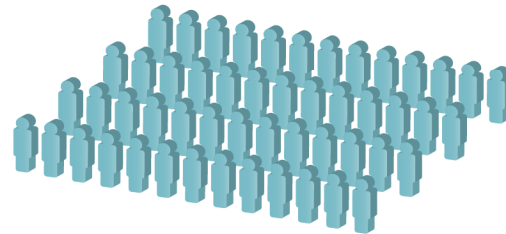
L&T IN 2015

Net sales by division



Facility Services	43%
Cleaning and support services, property maintenance, maintenance of technical systems and renovation business	
Environmental Services	39%
Waste management, recycling services and environmental management	
Industrial Services	12%
Environmental construction, process cleaning, sewer maintenance services and hazardous waste management	
Renewable Energy Sources	6%
Forest services	

MARKETS SERVED: OUR MAIN MARKET IS FINLAND. WE ALSO OPERATE IN SWEDEN AND RUSSIA.



THERE ARE ABOUT **8,000** of us.
74% of our personnel would recommend L&T as a workplace.

OUR CUSTOMER BENEFITS



Energy efficiency



Cost efficiency

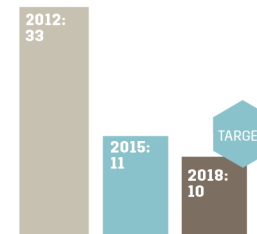


Material efficiency

We serve over **200,000** customers.

Approximately **50,000** business customers, plus public sector customers and households.

WE HAVE REDUCED OUR ACCIDENT FREQUENCY IN FINLAND TO ONE THIRD OF WHAT IT WAS 3 YEARS AGO.



This is roughly equal to the total emissions generated by traffic in the Helsinki metropolitan area.

OUR SICKNESS-RELATED ABSENCE RATE IS

5.2%

This is a commendable achievement in a physically strenuous industry.

OUR AVERAGE AGE OF RETIREMENT IN FINLAND IS

63.1

years. This is two years higher than the average retirement age in Finland (61.1 years).

WE WERE ABLE TO RECYCLE

53%

of our customers' waste. That is significantly higher than Finland's average recycling rate 33%.

OUR RECOVERY RATE IS

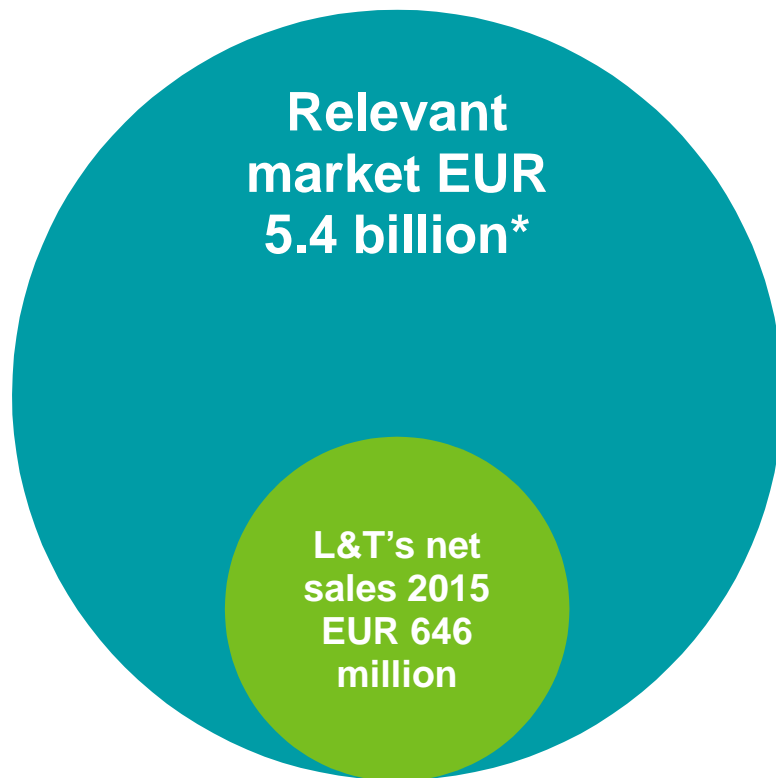
92%

which means that only 8% of our customers' waste ended up in landfills.

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 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

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

Market sizes and L&T's positions

	Relevant market size*	Annual market growth	L&T market position
Environmental Services	1.2 Billion €	1%	1–2
Industrial Services	0.4 Billion €	3%	1–3
Facility Services	3.4 Billion €	2%	2
Renewable Energy Sources	0.5 Billion €	5%	3–4

* 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	+++	+++	
	Renovation services	+	+	
Industrial Services	Process cleaning	+	++	
	Environmental construction	++	++	
	Hazardous waste services	+	+	
	Sewer maintenance	+	++	
Renewable Energy Sources		++	++	

STRATEGY OVERVIEW

OUR VISION IS TO BE OUR CUSTOMERS' PREFERRED PARTNER

CIRCULAR AND BIOECONOMY

PROFITABLE GROWTH

CUSTOMER BENEFITS

MATERIAL EFFICIENCY



ENERGY EFFICIENCY



COST EFFICIENCY

STRATEGIC EMPHASES

Customer and employee experience | Workforce management | Efficient operating model

Customer orientation

KEY SUCCESS FACTORS

Cost efficiency

Skilled and sufficient personnel

Uniform and safe corporate culture

WORLD DIGITALISES

OUT-SOURCING INCREASES

SIGNIFICANCE OF CORPORATE RESPONSIBILITY IS EMPHASISED



RECYCLING AND ENERGY OBJECTIVES BECOME TIGHTER

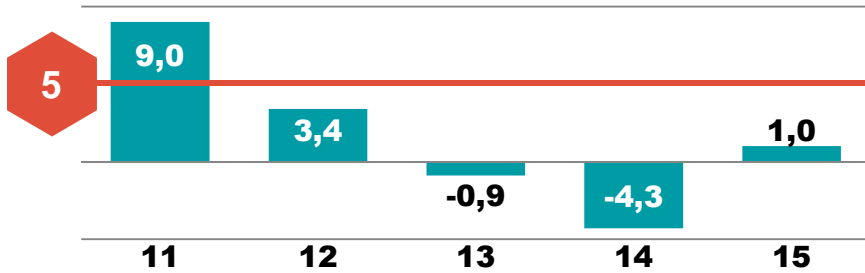
CENTRAL RAW MATERIALS BECOME MORE EXPENSIVE

COMPETITIVENESS OF EUROPE AND FINLAND DECREASES

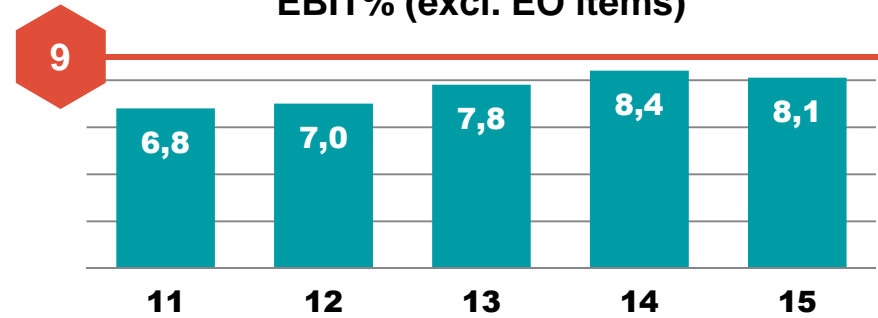
CLIMATE GETS WARMER

FINANCIAL TARGETS

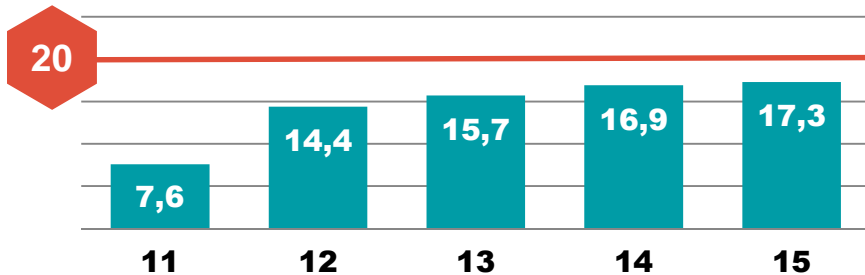
Growth, %



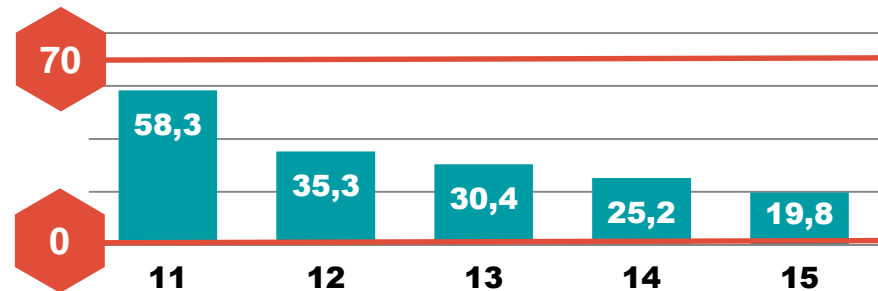
EBIT% (excl. EO items)



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 our businesses

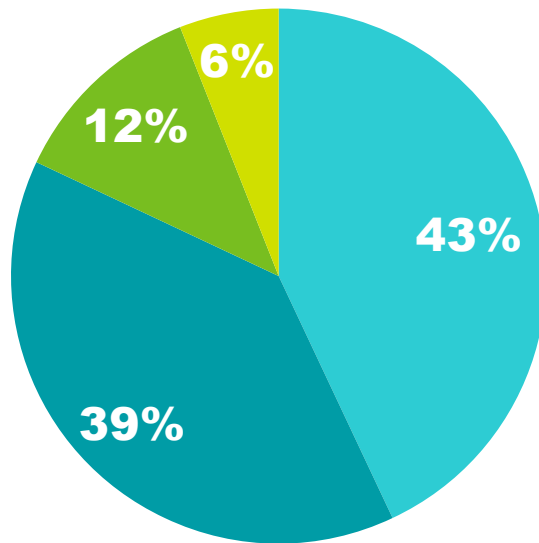
Strategic target:

- 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

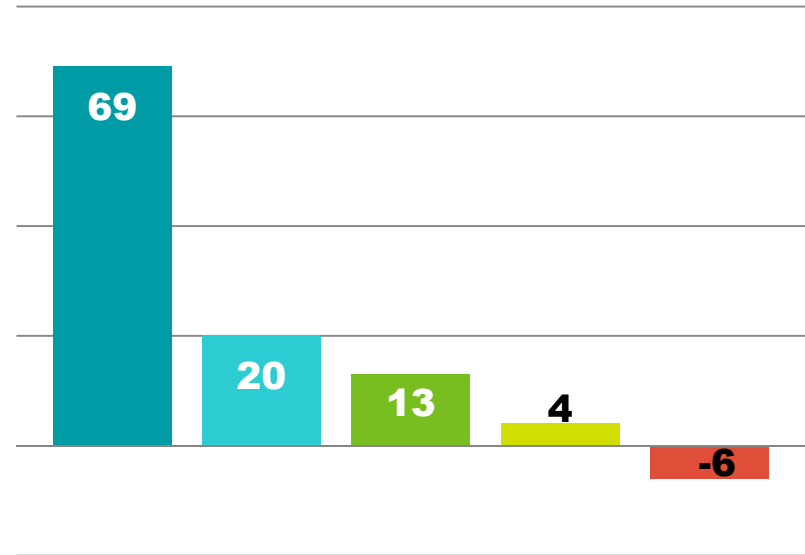
NET SALES AND OPERATING PROFIT EXCL. EO ITEMS BY DIVISION 2015

Net sales



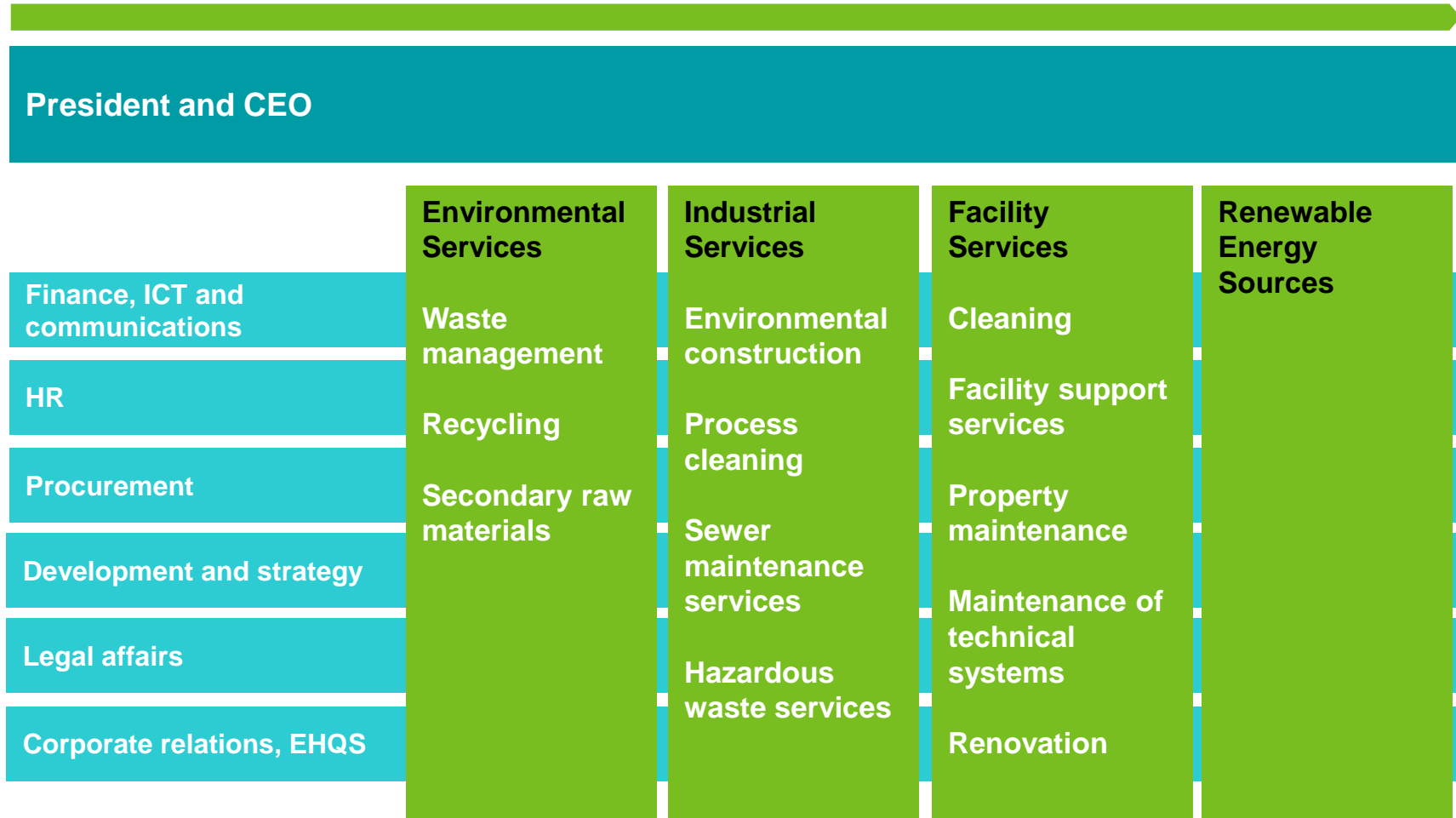
- Facility Services
- Environmental Services
- Industrial Services
- Renewable Energy Sources

Operating profit, % of Group total



- Environmental Services
- Facility Services
- Industrial Services
- Renewable Energy Sources
- Administration and other

L&T'S ORGANISATION



CYCLICALITY OF L&T'S 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
Environmental Services	1.2 Billion €	1%	1–2
Waste management		~ inflation	1
Recycling		> inflation	1–2 depending on material
Subcontracting for municipalities		~ inflation	1
Environmental products		~ inflation	1–2 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
Industrial Services	0.4 Billion €	3%	2
Industrial process cleaning		~ inflation	2
Sewer maintenance services		> inflation	3
Hazardous waste services		< inflation	2
Environmental construction		~ inflation	3

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
Facility Services	3.4 Billion €	2%	2
Cleaning and facility support s.		< inflation	2
Property maintenance		~ inflation	1
Renovation services		~ inflation	2
Maintenance of technical systems		> inflation	4

* 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

Demand for office modifications increases

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

E-commerce changes requirements for retail property

Availability of skilled workforce is a challenge

Impact on L&T

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

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

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

Amount of retail property decreases and competition intensifies

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

Impact on L&T

Centralisation and professionalisation of service sourcing

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



Cleaning

Property maintenance

Maintenance of technical systems

Support services

Energy management

Facility planning, HVAC and construction, damage repair services

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

RENEWABLE ENERGY SOURCES

WE HAVE A STRONG MARKET POSITION IN RENEWABLE ENERGY SOURCES

Market size and L&T's position

	Relevant market size*	Annual market growth	L&T market position
Renewable Energy Sources	0.5 Billion €	5%	3-4

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

OPERATING ENVIRONMENT CHANGES SUPPORT THE BUSINESS

Changes in the operating environment

Description

Impact on L&T

New investments in wood processing industry and the use of wood biomass in other industrial sectors

Demand for wood biomass will increase. Using only 80% of the sustainable felling potential will secure sufficient raw materials.

The goal of carbon-free, clean and renewable energy recorded in the current Government Programme

The conditions for developing bioenergy business will improve.

Climate goals become tighter

Climate goals will have a positive effect on our business, because it helps to cut down the use of fossil fuels and reduce carbon dioxide emissions.

RENEWABLE ENERGY SOURCES

VISION

We will become the most competent and efficient operator in the field and double our net sales by 2020



Competent supply chain improves efficiency



New growth in biofuel deliveries to power plants



New business in operating power plants



FOREST SERVICES

- Private forest owners
- Small forest service and harvesting companies
- Municipalities, parishes and forest co-owners

RAW MATERIAL SUPPLIES

- Power plants
- Forest industry
- Farms, landscapers, municipalities and businesses

THE FOCUS OF THE CURRENT STRATEGY ON COST EFFICIENCY AND PROFITABILITY HAS YIELDED RESULTS.

Main elements of the strategy

Clarifying the customer and product portfolio and improving the efficiency of procurement

Procurement will be geographically centralised and the product portfolio updated on the basis of demand. The focus will be on improving profitability.

Making the production chain more efficient

Improved production management will make production more cost-efficient and increase energy content. Production chains of forest energy will be optimised for each major client.

Reducing tied up capital

We will enhance our stock management with updated procurement methods and, for example, by planning our stock locations so that they are near the customer.

THE OPERATING ENVIRONMENT IS CHANGING EVERYWHERE BECAUSE OF DIGITALISATION

L&T'S DIGITAL MISSION



**Pioneering
operating
environment
change**



**Ensuring our
market position
in the future**



**Customer-
oriented growth
into new service
industries**

OUR DIGITAL SERVICES



RAKSANAPPI

Easy and seamless way to order interchangeable containers to construction sites and track orders on any mobile platform.



HÄVIKKIMESTARI

Mobile app to manage food waste in catering restaurants by using lean methodology. Offered as an app combined with consulting services.



KIMPPANOUTO.FI

Service for households and small companies to get rid of old furniture, home appliances and other unnecessary goods. All material is forwarded to recycling.

WORKING SUSTAINABLY

RESPONSIBLE WAY FORWARD



Responsible business operations and services

- A profitable company and investment
- Responsible code of conduct
- Responsible business services



Responsible supply chain

- Responsible procurement and partnerships
- Favouring products that save the environment



Environmental responsibility

- Recycling and material recovery
- Reducing emissions and energy consumption
- Responsibility of own operations



Active stakeholder relations

- Active interaction
- Promoting the circular economy
- Customer satisfaction



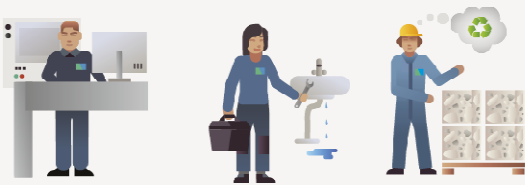
Responsibility for personnel

- Work ability management
- Occupational safety
- Employee satisfaction

CUSTOMER BENEFITS

ENERGY EFFICIENCY

Always correct and safe conditions



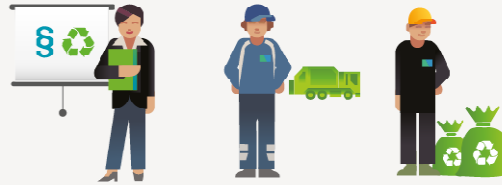
Energy control centre and reporting

Actions taken by maintenance personnel

Renewable energy sources and recovered fuels

MATERIAL EFFICIENCY

Maximising recycling



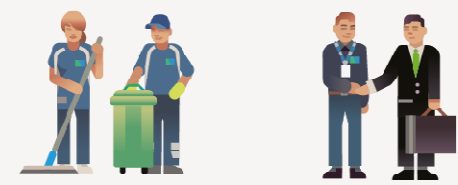
Environmental management

Comprehensive environmental management solutions

Secondary raw materials

COST EFFICIENCY

Always correct and competent resources



Outsourcing support services

Service production management, follow-up and reporting

L&T improves properties' energy efficiency with actions that decrease energy costs by up to

20 percent.

At the same time, the value of the property can increase by 10 percent.

The recovery rate of our customers' usual waste is up to

100 percent.

96 percent of waste processed at L&T plants is reused.

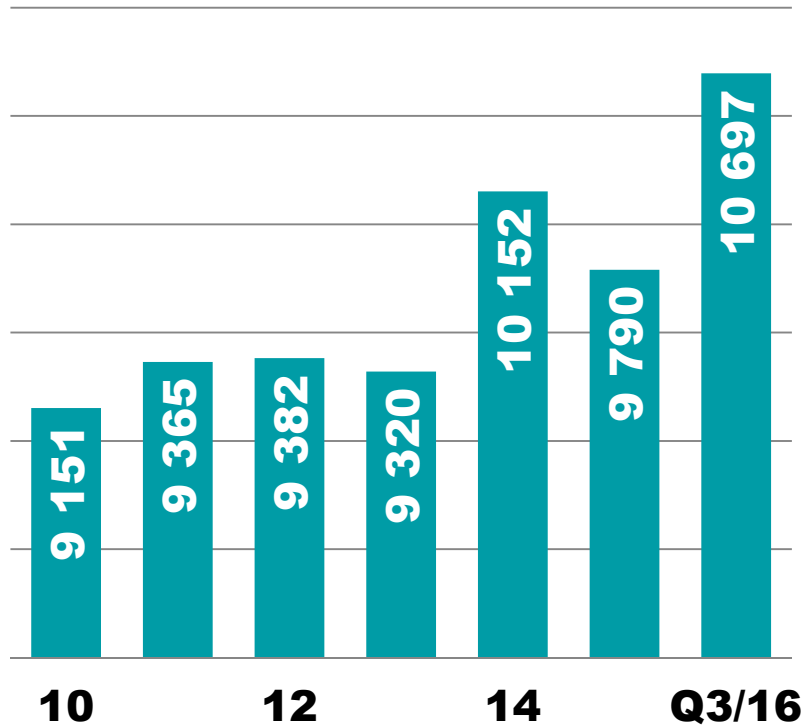
Our common goal-setting and careful planning of work enable cost savings of up to

20 percent.

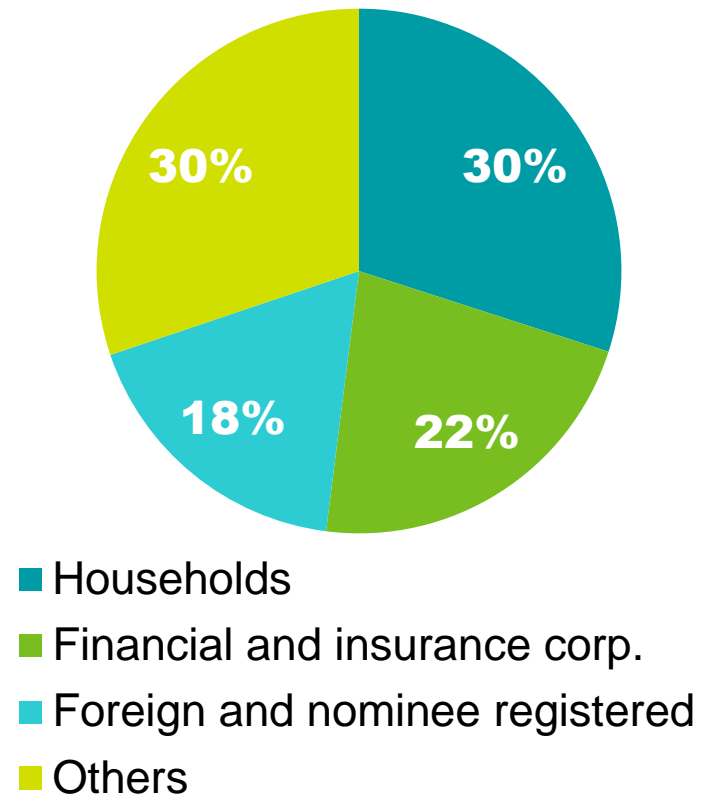
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS AT 30 SEPTEMBER 2016

Shareholder	Shares	%
Evald and Hilda Nissi Foundation	2,413,584	6.22
Nordea Investment Funds	2,346,904	6.05
Mandatum Life Insurance Company Limited	2,311,238	5.96
Maijala Juhani	1,529,994	3.94
Elo Mutual Pension Insurance Company	1,229,073	3.17
Ilmarinen Mutual Pension Insurance Company	934,836	2.41
Bergholm Heikki	827,050	2.13
Evli Investment Funds	802,376	2.07
Maijala Mikko	720,000	1.86
The State Pension Fund	562,000	1.45
Nominee-registered shares	6,822,337	17.58
Number of shares	38,798,874	100.00
Number of shareholders	10,697	

**MAKING THE WORLD A BETTER
PLACE TAKES A LOT OF WORK.
FORTUNATELY IT IS PRECISELY
WHAT WE DO.**

L&T IS CHANGING THE UNSUSTAINABLE CONSUMER
SOCIETY INTO AN EFFICIENT RECYCLING SOCIETY.
WE DO THIS BY IMPROVING OUR CUSTOMERS' ENERGY,
MATERIAL AND COST EFFICIENCY.



WORKING SUSTAINABLY

