

**LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2016**

- Net sales for the third quarter increased by 4.0% to EUR 166.0 million (EUR 159.6 million), operating profit was EUR 19.1 million (EUR 19.3 million) and earnings per share EUR 0.39 (EUR 0.38)
- Net sales for January–September increased by 2.6% to EUR 493.5 million (EUR 481.1 million), operating profit was EUR 39.9 million (EUR 40.2 million) and earnings per share EUR 0.91 (EUR 0.80)
- Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly

**CEO PEKKA OJANPÄÄ:**

“Lassila & Tikanaja’s result for January–September was in line with our expectations. The demand for, and prices of, recyclable raw materials and solid recovered fuels are still below the long-term averages and the situation is not expected to change in the short run. The price competition of services, particularly cleaning, remained intense.

Net sales grew both organically and due to strategically targeted acquisitions. The company’s profitability remained at a good level due to previously implemented efficiency improvement measures. In line with our strategy, our focus remains on strengthening our market position and ensuring profitability and cash flow. We will continue to improve the efficiency of our operations in order to respond to the changing business environment and to ensure our future competitiveness.

**GROUP NET SALES AND FINANCIAL PERFORMANCE****Third quarter**

Lassila & Tikanaja’s net sales for the third quarter increased by 4.0% to EUR 166.0 million (EUR 159.6 million). Operating profit totalled EUR 19.1 million (EUR 19.3 million). Earnings per share were EUR 0.39 (EUR 0.38).

Third quarter net sales grew by 1.3% in Facility Services and 5.4% in Environmental Services. Net sales grew both organically and due to acquisitions. The net sales of Industrial Services grew by 13.6% due to strong demand. The net sales of the Renewable Energy Sources division declined by 4.6% due to the weak demand for energy wood.

Operating profit improved significantly in Facility Services and Industrial Services. The operating profit of Environmental Services was lower than in the comparison period and the operating profit of Renewable Energy Sources showed a substantial decline.

**January–September**

Net sales for January–September increased by 2.6% to EUR 493.5 million (EUR 481.1 million). Operating profit was EUR 39.9 million (EUR 40.2 million), representing 8.1% (8.4%) of net sales. Earnings per share were EUR 0.91 (EUR 0.80).

During the first three quarters of the year, net sales grew by 7.0% year-on-year in Industrial Services, 3.1% in Environmental Services and 2.5% in Facility Services. The net sales of the Renewable Energy Sources division declined by 8.9% year-on-year due to the low demand for wood-based fuels.

Profitability improved particularly 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. The operating profit of Renewable Energy Sources showed a substantial decline.

The Group’s earnings per share was favourably affected in the second quarter by a legally valid decision handed down by the Administrative Court, according to which the payment of approximately EUR 16.7 million made by the company in 2014 under the L&T Recoil Oy guarantee commitment is tax-deductible.

In previous financial reports, the company has treated the payment as a non-tax deductible item due to its tax deductibility not being confirmed. The decision had a favourable impact of EUR 0.09 on earnings per share.

### Impact of new guidance from the European Securities and Markets Authority

The new guidance issued by the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures entered into effect on 3 July 2016. Lassila & Tikanoja presents Alternative Performance Measures in addition to IFRS performance measures in order to illustrate the financial performance of its business operations and to improve comparability between reporting periods. Alternative Performance Measures should not be considered to be replacements for the performance measures defined in the IFRS standards. The new guidance on Alternative Performance Measures has no impact on the company's reporting of performance measures.

The Alternative Performance Measures reported by the company are EVA and cash flow from operating activities per share. The calculation formulas for the performance measures are presented at the end of the interim report.

### Financial summary

|  | <b>7-9/<br/>2016</b> | <b>7-9/<br/>2015</b> | <b>Change</b> | <b>1-9/<br/>2016</b> | <b>1-9/<br/>2015</b> | <b>Change</b> | <b>1-12/<br/>2015</b> |
|--|----------------------|----------------------|---------------|----------------------|----------------------|---------------|-----------------------|
| Net sales, EUR million                         | <b>166.0</b>         | 159.6                | 4.0%          | <b>493.5</b>         | 481.1                | 2.6%          | 646.3                 |
| Operating profit, EUR million                  | <b>19.1</b>          | 19.3                 | -1.2%         | <b>39.9</b>          | 40.2                 | -0.6%         | 49.9                  |
| Operating margin, %                            | <b>11.5</b>          | 12.1                 |               | <b>8.1</b>           | 8.4                  |               | 7.7                   |
| Profit before tax, EUR million                 | <b>18.7</b>          | 18.4                 | 1.7%          | <b>39.4</b>          | 39.0                 | 1.1%          | 47.7                  |
| Earnings per share, EUR                        | <b>0.39</b>          | 0.38                 | 2.5%          | <b>0.91</b>          | 0.80                 | 13.1%         | 0.98                  |
| Cash flow from operating activities/share, EUR | <b>0.76</b>          | 1.09                 | -30.2%        | <b>0.88</b>          | 1.58                 | -44.5%        | 2.33                  |
| EVA, EUR million                               | <b>14.1</b>          | 14.4                 | -2.3%         | <b>24.9</b>          | 25.6                 | -2.6%         | 30.3                  |

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### Third quarter

The Environmental Services division's net sales for the third quarter increased by 5.4% to EUR 68.2 million (EUR 64.7 million). The increase in net sales was due to acquisitions and organic growth. Operating profit totalled EUR 10.2 million (EUR 11.0 million).

The operating profit of Environmental Services was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.

#### January–September

The division's net sales for the first three quarters increased by 3.1% to EUR 198.2 million (EUR 192.2 million). Operating profit totalled EUR 24.8 million (EUR 28.4 million).

Previously completed acquisitions and stronger demand for waste management and in the construction sector in particular increased the division's net sales.

The division's operating profit was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.

## **Industrial Services**

### **Third quarter**

The Industrial Services division's net sales for the third quarter increased by 13.6% to EUR 23.9 million (EUR 21.0 million). Operating profit totalled EUR 3.4 million (EUR 2.9 million).

The net sales of the division's services increased year-on-year particularly in environmental construction, and net sales also grew in sewer maintenance and process cleaning. The net sales of hazardous waste services decreased.

The 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.

### **January–September**

The division's net sales for January–September increased by 7.0% and amounted to EUR 60.7 million (EUR 56.7 million). Operating profit totalled EUR 5.2 million (EUR 5.0 million).

The division's net sales showed an increase from the comparison period. Net sales increased in all service lines except hazardous waste.

Profitability improved particularly in environmental construction and also in sewer maintenance, but declined in process cleaning and hazardous waste services.

## **Facility Services**

### **Third quarter**

The Facility Services division's net sales for the third quarter increased by 1.3% to EUR 71.5 million (EUR 70.5 million). Net sales grew both organically and due to acquisitions. Operating profit was EUR 6.1 million (EUR 4.9 million).

Net sales grew in renovation services and cleaning, but declined in property maintenance and the maintenance of technical systems.

The maintenance of technical systems business, the renovation business and the property maintenance business achieved a substantial increase in profitability following efficiency improvement measures implemented last year. The operating profit of the cleaning business declined year-on-year.

### **January–September**

The division's net sales for January–September increased by 2.5% and amounted to EUR 216.5 million (EUR 211.3 million). Operating profit totalled EUR 10.9 million (EUR 7.0 million).

Net sales grew in renovation services, maintenance of technical systems and cleaning, but declined in property maintenance. Net sales increased in the maintenance of technical systems business due to acquisitions.

The maintenance of technical systems business and the renovation business achieved a substantial increase in profitability following efficiency improvement measures implemented over the past year. Operating profit also increased in the cleaning business and the property maintenance business.

## **Renewable Energy Sources**

### **Third quarter**

The third quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 4.6% to EUR 5.3 million (EUR 5.6 million). The operating profit was EUR 0.1 million (EUR 0.6 million).

The division's net sales and operating profit were affected by the low demand for forest energy.

### **January–September**

The net sales of the Renewable Energy Sources division) in January–September were down by 8.9% to EUR 25.2 million (EUR 27.6 million). Operating profit totalled EUR 0.8 million (EUR 1.8 million).

The division's net sales declined mainly due to the short heating season and the oversupply of biofuels and alternative fuels. Profitability declined year-on-year.

### **FINANCING**

Cash flow from operating activities in the beginning of the year was affected by EUR 52 million in advance payments of employment pension contributions. Unlike in the previous year, in 2016 the entire year's contributions were paid in January. In previous years, the payments have been made in four instalments. The change in the payment schedule will have no effect on the full-year cash flow.

Cash flow from operating activities amounted to EUR 33.6 million (EUR 60.9 million). A total of EUR 23.0 million in working capital was committed (EUR 3.4 million), with approximately EUR 10 million of this amount being related to the change in the payment schedule of employment pension contributions, and the remainder mainly consisting of increased trade receivables.

At the end of the period, interest-bearing liabilities amounted to EUR 95.6 million (EUR 99.9 million).

Net interest-bearing liabilities amounted to EUR 65.7 million (EUR 48.5 million), showing an increase of EUR 23.9 million from the beginning of the year and an increase of EUR 17.1 million from the comparison period.

Net financial expenses in January–September were EUR 0.5 million in the negative (EUR 1.2 million in the negative). Net financial expenses were 0.1% (0.2%) of net sales and they included EUR 0.7 million in exchange rate gains arising from the appreciation of the Russian rouble.

The average interest rate on long-term loans (with interest rate hedging) was 1.6% (1.5%). Long-term loans totalling EUR 31.7 million will mature during the remainder of the year.

The equity ratio was 47.2% (45.9%) and the gearing rate was 30.7 (23.3). Liquid assets at the end of the period amounted to EUR 30.0 million (EUR 51.3 million).

The EUR 100 million commercial paper programme was unused at the end of the period (EUR 0.0 million). A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

### **DISTRIBUTION OF ASSETS**

The Annual General Meeting held on 17 March 2016 resolved that a dividend of EUR 0.85 per share be paid on the basis of the balance sheet that was adopted for the financial year 2015. The dividend, totalling EUR 32.6 million, was paid to shareholders on 30 March 2016.

### **CAPITAL EXPENDITURE**

Gross capital expenditure in the first three quarters of the year totalled EUR 27.1 million (EUR 31.2 million), consisting primarily of machine and equipment purchases, investments in information systems and acquisitions. Of the significant ongoing information system projects, the deployment of the new ERP system for Facility Services and the first deployments of new financial systems will take place in late 2016 and early 2017.

## PERSONNEL

In January–September, the average number of employees converted into full-time equivalents was 7,278 (7,234). At the end of the period, Lassila & Tikanoja had 8,198 (8,345) full-time and part-time employees. Of these, 7,291 (7,462) worked in Finland and 907 (883) in other countries.

## SHARES AND SHARE CAPITAL

### Traded volume and price

The volume of trading on Nasdaq Helsinki in January–September 2016, excluding the shares held by the company in Lassila & Tikanoja plc, was 5,024,703 shares, which is 13.1% (21.0%) of the average number of outstanding shares. The value of trading was EUR 82.6 million (EUR 138.6 million). The highest share price was EUR 18.25 and the lowest EUR 14.37. The closing price was EUR 17.25. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 662.0 million (EUR 693.5 million).

### Own shares

At the end of the review period, the company held 420,868 of its own shares, representing 1.1% of all shares and votes.

### Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437 and the number of outstanding shares is 38,378,006. The average number of shares excluding the shares held by the company was 38,371,974.

### Shareholders

At the end of the period, the company had 10,697 (9,795) shareholders. Nominee-registered holdings accounted for 17.6% (22.0%) of the total number of shares.

### Authorisation for the Board of Directors

The Annual General Meeting held on 17 March 2016 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 their holders 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 17 March 2016, adopted the financial statements and consolidated financial statements for 2015 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 0.85 per share, totalling EUR 32.6 million, be paid on the basis of the balance sheet adopted for the financial year 2015. It was decided that the dividend be paid on 30 March 2016.

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

General Meeting.

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

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 17 March 2016.

## **BOARD OF DIRECTORS**

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, Teemu Kangas-Kärki, 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 Teemu Kangas-Kärki as members of the Audit Committee. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Miikka Maijala and Laura Lares as members of the committee.

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

On 4 January 2016, the company announced that it had concluded the repurchase of its own shares that was announced on 2 September 2015. The repurchase of the company's own shares began on 15 September 2015 and the repurchase programme ended on 31 December 2015. The final share purchase was realised on 21 December 2015. A total of 253,406 shares were purchased during the repurchase programme. As of the conclusion of the repurchase programme, the company holds a total of 437,721 of its own shares, which corresponds to 1.1% of shares and votes.

On 3 February 2016, the company announced a change to its target range for gearing for the strategy period 2014–2018. The new range is 0–70 per cent. The previous range was 30–80 per cent. The change is based on the company's strong cash flow as well as the need to prepare for potential acquisitions and other capital expenditure.

On 10 June 2016, the company announced that Tutu Wegelius-Lehtonen, Lic.Sc. (Tech.), has been appointed Vice President for Facility Services starting from 1 July 2016, having previously served as L&T's Director, Supply Chain, and as a member of the Group Executive Board since February 2015. Tomi Kontinen, B. Eng. (Logistics), was appointed Wegelius-Lehtonen's successor as Director, Supply Chain, and member of the Group Executive Board, starting from 1 July 2016.

## **EVENTS AFTER THE REVIEW PERIOD**

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

## **NEAR-TERM RISKS AND UNCERTAINTIES**

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

Low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

The company is preparing to deploy new ERP and financial management systems in late 2016 and in 2017. The deployment of the new systems may lead to temporary overlapping costs arising from changes in the operating model, which can have a negative effect on the company's result.

More detailed information on Lassila & Tikanoja's risks and risk management is available in the 2015 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

#### **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.

## CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2016

## CONSOLIDATED INCOME STATEMENT

| EUR million   | 7–9/2016      | 7–9/2015 | 1–9/2016      | 1–9/2015 | 1–12/2015 |
|---|---------------|----------|---------------|----------|-----------|
| <b>Net sales</b>  | <b>166.0</b>  | 159.6    | <b>493.5</b>  | 481.1    | 646.3     |
| Cost of sales   | <b>-141.1</b> | -135.7   | <b>-435.8</b> | -422.4   | -572.0    |
| <b>Gross profit</b>   | <b>24.9</b>   | 24.0     | <b>57.7</b>   | 58.7     | 74.2      |
| Other operating income  | <b>0.6</b>    | 0.6      | <b>3.2</b>    | 2.0      | 3.7       |
| Sales and marketing expenses  | <b>-2.6</b>   | -2.9     | <b>-9.3</b>   | -9.6     | -12.9     |
| Administrative expenses   | <b>-3.2</b>   | -2.8     | <b>-10.0</b>  | -9.3     | -13.0     |
| Other operating expenses  | <b>-0.6</b>   | 0.5      | <b>-1.6</b>   | -1.6     | -2.1      |
| <b>Operating profit</b>   | <b>19.1</b>   | 19.3     | <b>39.9</b>   | 40.2     | 49.9      |
| Financial income  | <b>0.1</b>    | 0.1      | <b>0.9</b>    | 0.9      | 0.3       |
| Financial expenses  | <b>-0.5</b>   | -1.0     | <b>-1.4</b>   | -2.1     | -2.5      |
| <b>Profit before tax</b>  | <b>18.7</b>   | 18.4     | <b>39.4</b>   | 39.0     | 47.7      |
| Income taxes  | <b>-3.7</b>   | -3.7     | <b>-4.5</b>   | -7.9     | -9.7      |
| <b>Profit for the period</b>  | <b>14.9</b>   | 14.7     | <b>34.9</b>   | 31.1     | 37.9      |
| <b>Attributable to:</b>   |               |          |               |          |           |
| Equity holders of the company   | <b>14.9</b>   | 14.7     | <b>34.9</b>   | 31.1     | 37.9      |
| Non-controlling interest  | <b>0.0</b>    | 0.0      | <b>0.0</b>    | 0.0      | 0.0       |
| <b>Earnings per share attributable to equity holders of the parent company:</b> |               |          |               |          |           |
| Earnings per share, EUR   | <b>0.39</b>   | 0.38     | <b>0.91</b>   | 0.80     | 0.98      |
| Diluted earnings per share, EUR   | <b>0.39</b>   | 0.38     | <b>0.91</b>   | 0.80     | 0.98      |



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| EUR million  | 7–9/2016    | 7–9/2015 | 1–9/2016    | 1–9/2015 | 1–12/2015 |
|--|-------------|----------|-------------|----------|-----------|
| <b>Profit for the period</b>                                     | <b>14.9</b> | 14.7     | <b>34.9</b> | 31.1     | 37.9      |
| <b>Items not to be recognised through profit or loss</b>         |             |          |             |          |           |
| Items arising from re-measurement of defined benefit plans       | <b>0.0</b>  | 0.0      | <b>0.0</b>  | 0.0      | 0.1       |
| Items not to be recognised through profit or loss, total         | <b>0.0</b>  | 0.0      | <b>0.0</b>  | 0.0      | 0.1       |
| <b>Items potentially to be recognised through profit or loss</b> |             |          |             |          |           |
| Hedging reserve, change in fair value                            | <b>0.1</b>  | 0.2      | <b>0.3</b>  | 0.4      | 0.4       |
| Currency translation differences                                 | <b>-0.3</b> | -0.5     | <b>-0.4</b> | 0.0      | 0.1       |
| Currency translation differences recognised in profit or loss    | <b>0.0</b>  |          | <b>0.0</b>  | 0.0      | 0.0       |
| Currency translation differences, non-controlling interest       | <b>0.0</b>  | 0.0      | <b>0.0</b>  | 0.0      | 0.0       |
| Items potentially to be recognised through profit or loss, total | <b>-0.2</b> | -0.3     | <b>0.0</b>  | 0.4      | 0.4       |
| Total comprehensive income, after tax                            | <b>14.7</b> | 14.3     | <b>34.9</b> | 31.5     | 38.4      |
| <b>Attributable to:</b>  |             |          |             |          |           |
| Equity holders of the company                                    | <b>14.7</b> | 14.3     | <b>34.9</b> | 31.4     | 38.5      |
| Non-controlling interest   | <b>0.0</b>  | 0.0      | <b>0.0</b>  | 0.0      | 0.0       |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| EUR million  | 9/2016       | 9/2015 | 12/2015 |
|--|--------------|--------|---------|
| <b>ASSETS</b>  |              |        |         |
| <b>Non-current assets</b>                                  |              |        |         |
| Intangible assets  |              |        |         |
| Goodwill   | 116.4        | 113.4  | 113.7   |
| Customer contracts arising from acquisitions               | 5.4          | 5.7    | 5.4     |
| Agreements on prohibition of competition                   | 0.1          | 0.2    | 0.2     |
| Other intangible assets arising from business acquisitions | 0.6          | 0.6    | 0.6     |
| Other intangible assets                                    | 19.6         | 12.6   | 15.0    |
|  | <b>142.2</b> | 132.5  | 134.9   |
| Property, plant and equipment                              |              |        |         |
| Land   | 5.0          | 5.0    | 5.0     |
| Buildings and constructions                                | 40.3         | 41.0   | 39.9    |
| Machinery and equipment                                    | 102.2        | 105.6  | 111.0   |
| Other  | 0.1          | 0.1    | 0.1     |
| Prepayments and construction in progress                   | 4.7          | 4.2    | 5.5     |
|  | <b>152.3</b> | 155.9  | 161.5   |
| Other non-current assets                                   |              |        |         |
| Available-for-sale investments                             | 0.6          | 0.6    | 0.6     |
| Finance lease receivables                                  | 1.4          | 2.3    | 2.1     |
| Deferred tax assets  | 5.5          | 2.5    | 2.4     |
| Other receivables  | 1.8          | 2.1    | 2.0     |
|  | <b>9.3</b>   | 7.4    | 7.0     |
| <b>Total non-current assets</b>                            | <b>303.7</b> | 295.8  | 303.4   |
| <b>Current assets</b>                                      |              |        |         |
| Inventories  | 26.3         | 26.1   | 23.6    |
| Trade and other receivables                                | 95.3         | 92.6   | 84.4    |
| Derivative receivables                                     | 0.1          | 0.0    | 0.0     |
| Prepayments  | 10.7         | 1.1    | 0.3     |
| Current available-for-sale financial assets                | 0.0          | 0.0    | 5.0     |
| Cash and cash equivalents                                  | 30.0         | 51.3   | 49.0    |
| <b>Total current assets</b>                                | <b>162.3</b> | 171.1  | 162.4   |
| <b>Total assets</b>  | <b>466.0</b> | 467.0  | 465.8   |

**EQUITY AND LIABILITIES**

| EUR million   | 9/2016       | 9/2015 | 12/2015 |
|---|--------------|--------|---------|
| <b>Equity</b>   |              |        |         |
| Equity attributable to equity holders of the parent company |              |        |         |
| Share capital   | 19.4         | 19.4   | 19.4    |
| Other reserves  | -3.4         | -3.4   | -3.4    |
| Invested unrestricted equity reserve                        | 0.4          | 0.5    | 0.5     |
| Retained earnings   | 162.6        | 161.0  | 156.8   |
| Profit for the period                                       | 34.9         | 31.1   | 37.9    |
|   | <b>213.9</b> | 208.5  | 211.2   |
| Non-controlling interest                                    | 0.2          | 0.2    | 0.1     |
|   | <b>214.1</b> | 208.7  | 211.4   |
| <b>Liabilities</b>  |              |        |         |
| Non-current liabilities                                     |              |        |         |
| Deferred tax liabilities                                    | 24.3         | 24.2   | 24.9    |
| Retirement benefit obligations                              | 0.9          | 1.0    | 0.9     |
| Provisions  | 4.4          | 4.1    | 4.1     |
| Interest-bearing liabilities                                | 62.7         | 92.2   | 61.0    |
| Other liabilities   | 0.3          | 0.3    | 0.4     |
|   | <b>92.5</b>  | 122.0  | 91.2    |
| Current liabilities   |              |        |         |
| Interest-bearing liabilities                                | 33.0         | 7.7    | 34.9    |
| Trade and other payables                                    | 122.7        | 120.7  | 121.9   |
| Derivative liabilities                                      | 0.2          | 0.9    | 1.1     |
| Tax liabilities   | 1.5          | 4.3    | 1.4     |
| Provisions  | 1.9          | 2.8    | 3.9     |
|   | <b>159.4</b> | 136.3  | 163.2   |
| <b>Total liabilities</b>                                    | <b>251.9</b> | 258.3  | 254.4   |
| <b>Total equity and liabilities</b>                         | <b>466.0</b> | 467.0  | 465.8   |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

| EUR million   | 1–9/<br>2016 | 1–9/<br>2015 | 1–12/<br>2015 |
|---|--------------|--------------|---------------|
| <b>Cash flows from operating activities</b>                                   |              |              |               |
| Profit for the period   | 34.9         | 31.1         | 37.9          |
| <b>Adjustments</b>  |              |              |               |
| Income taxes  | 4.5          | 7.9          | 9.7           |
| Depreciation and impairment   | 29.0         | 30.0         | 40.0          |
| Financial income and expenses   | 0.5          | 1.2          | 2.2           |
| Gain on sale of shares  | 0.0          | 0.0          | 0.0           |
| Other   | -2.8         | -0.1         | 0.7           |
| Net cash generated from operating activities before change in working capital | 66.1         | 70.1         | 90.6          |
| Change in working capital   |              |              |               |
| Change in trade and other receivables   | -18.2        | 2.9          | 11.8          |
| Change in inventories   | -2.7         | -3.5         | -1.0          |
| Change in trade and other payables  | -2.1         | -2.8         | -1.3          |
| Change in working capital   | -23.0        | -3.4         | 9.5           |
| Interest paid   | -1.4         | -1.1         | -1.7          |
| Interest received   | 0.2          | 0.2          | 0.3           |
| Income taxes  | -8.2         | -4.9         | -8.9          |
| <b>Net cash from operating activities</b>                                     | <b>33.6</b>  | <b>60.9</b>  | <b>89.8</b>   |
| <b>Cash flows from investing activities</b>                                   |              |              |               |
| Acquisition of subsidiaries and businesses, net of cash acquired              | -1.8         | -5.9         | -6.5          |
| Proceeds from sale of subsidiaries and businesses, net of sold cash           | -            | -            | -             |
| Prepayments for Group companies and businesses                                | -            | -            | -3.6          |
| Purchases of property, plant and equipment and intangible assets              | -20.6        | -23.4        | -37.6         |
| Proceeds from sale of property, plant and equipment and intangible assets     | 0.8          | 0.0          | 0.0           |
| Purchases of available-for-sale investments                                   | -            | 0.0          | -             |
| Change in other non-current receivables                                       | 0.2          | 1.3          | 1.7           |
| Dividends received  | 0.0          | 0.0          | 0.0           |
| <b>Net cash used in investing activities</b>                                  | <b>-21.3</b> | <b>-28.0</b> | <b>-46.1</b>  |
| <b>Cash flows from financing activities</b>                                   |              |              |               |
| Change in short-term borrowings   | -0.2         | 0.0          | 0.2           |
| Proceeds from long-term borrowings  | -            | 25.0         | 25.0          |
| Repayments of long-term borrowings  | -3.5         | -21.2        | -25.2         |
| Dividends paid and other asset distribution                                   | -32.6        | -29.0        | -29.0         |
| Acquisition of own shares   | -            | -0.4         | -4.7          |
| L&T Recoil Oy guarantee commitment  | -            | -            | -             |
| Other financing items   | -            | 0.0          | 0.0           |

|   |                      |                      |                       |
|---|----------------------|----------------------|-----------------------|
| <b>Net cash generated from financing activities</b> | <b>-36.4</b>         | -25.6                | -33.7                 |
| <b>Net change in liquid assets</b>                  | <b>-24.0</b>         | 7.4                  | 10.0                  |
| Liquid assets at beginning of period                | <b>54.0</b>          | 44.0                 | 44.0                  |
| Effect of changes in foreign exchange rates         | <b>-0.1</b>          | 0.0                  | 0.0                   |
| <b>Liquid assets at end of period</b>               | <b>30.0</b>          | 51.3                 | 54.0                  |
| <b>Liquid assets</b>                                |                      |                      |                       |
| EUR million   | <b>1-9/<br/>2016</b> | <b>1-9/<br/>2015</b> | <b>1-12/<br/>2015</b> |
| Cash and cash equivalents                           | <b>30.0</b>          | 51.3                 | 49.0                  |
| Available-for-sale financial assets                 | <b>0.0</b>           | 0.0                  | 5.0                   |
| Total   | <b>30.0</b>          | 51.3                 | 54.0                  |

### 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. 2016                                      | 19.4          | -2.9                             | 0.0                 | -0.4            | 0.5                                  | 194.7             | 211.2   | 0.1                      | 211.4        |
| Total comprehensive income                                 |               |                                  |                     |                 |                                      |                   |   |                          |              |
| Profit for the period                                      |               |                                  |                     |                 |                                      | 34.9              | 34.9  | 0.0                      | 34.9         |
| 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                           |               | -0.4                             |                     |                 |                                      |                   | -0.4  | 0.0                      | -0.3         |
| Total comprehensive income                                 |               | -0.4                             |                     | 0.3             |                                      | 34.9              | 34.9  | 0.0                      | 34.9         |
| Transactions with shareholders                             |               |                                  |                     |                 |                                      |                   |   |                          |              |
| Share-based benefits                                       |               |                                  |                     |                 | 0.0                                  | 0.4               | 0.4   |                          | 0.4          |
| Dividends paid   |               |                                  |                     |                 |                                      | -32.6             | -32.6   |                          | -32.6        |
| Dividends returned   |               |                                  |                     |                 |                                      | 0.0               | 0.0   |                          | 0.0          |
| Acquisition of own shares                                  |               |                                  |                     |                 |                                      |                   | 0.0   |                          | 0.0          |
| Transactions with shareholders, total                      |               |                                  |                     |                 | 0.0                                  | -32.2             | -32.2   |                          | -32.2        |
| Other changes  |               |                                  |                     |                 |                                      | 0.1               | 0.1   |                          | 0.1          |
| <b>Equity on 30 Sep. 2016</b>                              | <b>19.4</b>   | <b>-3.3</b>                      | <b>0.0</b>          | <b>-0.1</b>     | <b>0.4</b>                           | <b>197.5</b>      | <b>213.9</b>  | <b>0.2</b>               | <b>214.1</b> |

| EUR million  | Share capital | Currency translation differences | Revaluation reserve | Hedging reserve | Invested un-restricted 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                                      |               |                                  |                     |                 |                                       | 31.1              | 31.1  | 0.0                      | 31.1         |
| Items arising from re-measurement of defined benefit plans |               |                                  |                     |                 |                                       |                   | 0.0   |                          | 0.0          |
| Hedging reserve, change in fair value                      |               |                                  |                     | 0.5             |                                       | -0.1              | 0.4   |                          | 0.4          |
| Available-for-sale financial assets                        |               |                                  |                     |                 |                                       |                   | 0.0   |                          | 0.0          |
| Currency translation differences                           |               | 0.0                              |                     |                 |                                       |                   | 0.0   | 0.0                      | 0.0          |
| Total comprehensive income                                 |               | 0.0                              |                     | 0.5             |                                       | 31.0              | 31.4  | 0.0                      | 31.5         |
| Transactions with shareholders                             |               |                                  |                     |                 |                                       |                   |   |                          |              |
| Share-based benefits                                       |               |                                  |                     |                 | 0.1                                   | 0.2               | 0.3   |                          | 0.3          |
| Dividends paid   |               |                                  |                     |                 |                                       | -29.0             | -29.0   |                          | -29.0        |
| Dividends returned   |               |                                  |                     |                 |                                       | 0.0               | 0.0   |                          | 0.0          |
| Capital repayment  |               |                                  |                     |                 |                                       | -0.8              | -0.5  |                          | -0.5         |
| Transactions with shareholders, total                      |               |                                  |                     |                 | 0.1                                   | -29.5             | -29.4   |                          | -29.4        |
| Other changes  |               |                                  |                     |                 |                                       | 0.3               | 0.3   |                          | 0.3          |
| <b>Equity on 30 Sep. 2015</b>                              | <b>19.4</b>   | <b>-3.0</b>                      | <b>0.0</b>          | <b>-0.4</b>     | <b>0.5</b>                            | <b>192.1</b>      | <b>208.5</b>  | <b>0.2</b>               | <b>208.7</b> |

**KEY FIGURES**

|  | 7-9/2016    | 7-9/2015 | 1-9/2016      | 1-9/2015 | 1-12/2015 |
|--|-------------|----------|---------------|----------|-----------|
| Earnings per share, EUR  | <b>0.39</b> | 0.38     | <b>0.91</b>   | 0.80     | 0.98      |
| Diluted earnings per share, EUR                                    | <b>0.39</b> | 0.38     | <b>0.91</b>   | 0.80     | 0.98      |
| Cash flow from operating activities/share, EUR                     | <b>0.76</b> | 1.09     | <b>0.88</b>   | 1.58     | 2.33      |
| EVA, EUR million*  | <b>14.1</b> | 14.4     | <b>24.9</b>   | 25.6     | 30.3      |
| Gross capital expenditure, EUR million                             | <b>8.5</b>  | 13.7     | <b>27.1</b>   | 31.2     | 49.6      |
| Depreciation, amortisation and impairment, EUR million             | <b>9.5</b>  | 10.0     | <b>29.0</b>   | 30.0     | 40.0      |
| Equity per share, EUR  |             |          | <b>5.58</b>   | 5.41     | 5.51      |
| Return on equity, % (ROE)  |             |          | <b>21.9</b>   | 20.0     | 18.2      |
| Return on invested capital, ROI, %                                 |             |          | <b>17.7</b>   | 17.6     | 16.5      |
| Equity ratio, %  |             |          | <b>47.2</b>   | 45.9     | 46.5      |
| Gearing, %   |             |          | <b>30.7</b>   | 23.3     | 19.8      |
| Net interest-bearing liabilities, EUR million                      |             |          | <b>65.7</b>   | 48.5     | 41.8      |
| Average number of employees in full-time equivalents               |             |          | <b>7,278</b>  | 7,234    | 7,099     |
| Total number of full-time and part-time employees at end of period |             |          | <b>8,198</b>  | 8,345    | 8,085     |
| Number of outstanding shares adjusted for issues, 1,000 shares     |             |          |               |          |           |
| average during the period  |             |          | <b>38,374</b> | 38,610   | 38,590    |
| at end of period   |             |          | <b>38,378</b> | 38,592   | 38,361    |
| average during the period, diluted                                 |             |          | <b>38,389</b> | 38,613   | 38,605    |

\* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2016 6.56%, 2015 6.51%

**ACCOUNTING POLICIES**

This interim report is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The interim report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2015.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanaja plc dated 31 December 2015.

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



## SEGMENT INFORMATION

### Net sales

| EUR million              | 7-9/2016     |                |              | 7-9/2015     |                |              | Total net sales, change % |
|--------------------------|--------------|----------------|--------------|--------------|----------------|--------------|---------------------------|
|                          | External     | Inter-division | Total        | External     | Inter-division | Total        |                           |
| Environmental Services   | 67.5         | 0.8            | 68.2         | 64.1         | 0.7            | 64.7         | 5.4                       |
| Industrial Services      | 22.5         | 1.4            | 23.9         | 20.6         | 0.4            | 21.0         | 13.6                      |
| Facility Services        | 70.8         | 0.7            | 71.5         | 69.4         | 1.1            | 70.5         | 1.3                       |
| Renewable Energy Sources | 5.3          | 0.0            | 5.3          | 5.5          | 0.0            | 5.6          | -4.6                      |
| Eliminations             |              | -2.9           | -2.9         |              | -2.3           | -2.3         |                           |
| <b>Total</b>             | <b>166.0</b> | <b>0.0</b>     | <b>166.0</b> | <b>159.6</b> | <b>0.0</b>     | <b>159.6</b> | <b>4.0</b>                |

  

| EUR million              | 1-9/2016     |                |              | 1-9/2015     |                |              | Total net sales, change % |
|--------------------------|--------------|----------------|--------------|--------------|----------------|--------------|---------------------------|
|                          | External     | Inter-division | Total        | External     | Inter-division | Total        |                           |
| Environmental Services   | 195.7        | 2.5            | 198.2        | 189.9        | 2.4            | 192.2        | 3.1                       |
| Industrial Services      | 58.4         | 2.3            | 60.7         | 55.4         | 1.3            | 56.7         | 7.0                       |
| Facility Services        | 214.3        | 2.2            | 216.5        | 208.4        | 2.9            | 211.3        | 2.5                       |
| Renewable Energy Sources | 25.1         | 0.1            | 25.2         | 27.5         | 0.1            | 27.6         | -8.9                      |
| Eliminations             |              | -7.1           | -7.1         |              | -6.7           | -6.7         |                           |
| <b>Total</b>             | <b>493.5</b> | <b>0.0</b>     | <b>493.5</b> | <b>481.1</b> | <b>0.0</b>     | <b>481.1</b> | <b>2.6</b>                |

  

| EUR million              | 1-12/2015    |                |              |
|--------------------------|--------------|----------------|--------------|
|                          | External     | Inter-division | Total        |
| Environmental Services   | 253.1        | 3.4            | 256.5        |
| Industrial Services      | 75.0         | 2.0            | 77.0         |
| Facility Services        | 279.0        | 4.0            | 282.9        |
| Renewable Energy Sources | 39.2         | 0.2            | 39.4         |
| Eliminations             |              | -9.5           | -9.5         |
| <b>Total</b>             | <b>646.3</b> | <b>0.0</b>     | <b>646.3</b> |

### Operating profit

| EUR million            | 7-9/2016 |      | 7-9/2015 |      | 1-9/2016 |      | 1-9/2015 |      | 1-12/2015 |      |
|------------------------|----------|------|----------|------|----------|------|----------|------|-----------|------|
|                        |          | %    |          | %    |          | %    |          | %    |           | %    |
| Environmental Services | 10.2     | 14.9 | 11.0     | 17.0 | 24.8     | 12.5 | 28.4     | 14.8 | 35.8      | 14.0 |
| Industrial Services    | 3.4      | 14.2 | 2.9      | 13.7 | 5.2      | 8.6  | 5.0      | 8.8  | 6.8       | 8.9  |
| Facility Services      | 6.1      | 8.5  | 4.9      | 6.9  | 10.9     | 5.0  | 7.0      | 3.3  | 8.1       | 2.9  |

|                                |             |      |      |      |             |     |      |     |      |     |
|--------------------------------|-------------|------|------|------|-------------|-----|------|-----|------|-----|
| Renewable Energy Sources       | <b>0.1</b>  | 2.0  | 0.6  | 9.9  | <b>0.8</b>  | 3.1 | 1.8  | 6.5 | 2.1  | 5.3 |
| Group administration and other | <b>-0.7</b> |      | -0.1 |      | <b>-1.8</b> |     | -2.0 |     | -3.0 |     |
| Total                          | <b>19.1</b> | 11.5 | 19.3 | 12.1 | <b>39.9</b> | 8.1 | 40.2 | 8.4 | 49.9 | 7.7 |

**OTHER SEGMENT INFORMATION**

|             |               |               |                |
|-------------|---------------|---------------|----------------|
| EUR million | <b>9/2016</b> | <b>9/2015</b> | <b>12/2015</b> |
|-------------|---------------|---------------|----------------|

**Assets**

|                                |              |       |       |
|--------------------------------|--------------|-------|-------|
| Environmental Services         | <b>219.1</b> | 208.1 | 214.2 |
| Industrial Services            | <b>72.2</b>  | 73.6  | 71.4  |
| Facility Services              | <b>113.5</b> | 102.3 | 97.6  |
| Renewable Energy Sources       | <b>23.2</b>  | 24.2  | 23.3  |
| Group administration and other | <b>0.8</b>   | 1.1   | 1.0   |
| Unallocated assets             | <b>37.2</b>  | 57.7  | 58.2  |
| L&T total                      | <b>466.0</b> | 467.0 | 465.8 |

**Liabilities**

|                                |              |       |       |
|--------------------------------|--------------|-------|-------|
| Environmental Services         | <b>52.9</b>  | 50.0  | 52.1  |
| Industrial Services            | <b>23.9</b>  | 22.4  | 21.9  |
| Facility Services              | <b>45.4</b>  | 48.2  | 49.8  |
| Renewable Energy Sources       | <b>6.5</b>   | 6.0   | 4.8   |
| Group administration and other | <b>1.4</b>   | 1.9   | 2.1   |
| Unallocated liabilities        | <b>121.8</b> | 129.8 | 123.7 |
| L&T total                      | <b>251.9</b> | 258.3 | 254.4 |

|             |                 |                 |                 |                 |                  |
|-------------|-----------------|-----------------|-----------------|-----------------|------------------|
| EUR million | <b>7-9/2016</b> | <b>7-9/2015</b> | <b>1-9/2016</b> | <b>1-9/2015</b> | <b>1-12/2015</b> |
|-------------|-----------------|-----------------|-----------------|-----------------|------------------|

**Capital expenditure**

|                                |            |      |      |      |      |
|--------------------------------|------------|------|------|------|------|
| Environmental Services         | <b>4.0</b> | 5.8  | 13.4 | 14.3 | 24.4 |
| Industrial Services            | <b>2.1</b> | 2.8  | 5.5  | 4.7  | 7.5  |
| Facility Services              | <b>2.1</b> | 5.0  | 8.0  | 12.0 | 17.3 |
| Renewable Energy Sources       | <b>0.2</b> | 0.1  | 0.3  | 0.2  | 0.3  |
| Group administration and other | <b>0.0</b> | 0.0  | 0.0  | 0.0  | 0.0  |
| L&T total                      | <b>8.5</b> | 13.7 | 27.1 | 31.2 | 49.6 |

**Depreciation and amortisation**

|                                |            |      |      |      |      |
|--------------------------------|------------|------|------|------|------|
| Environmental Services         | <b>4.9</b> | 5.0  | 14.8 | 14.9 | 19.9 |
| Industrial Services            | <b>1.7</b> | 1.6  | 4.9  | 5.0  | 6.6  |
| Facility Services              | <b>2.9</b> | 3.3  | 9.1  | 9.9  | 13.3 |
| Renewable Energy Sources       | <b>0.1</b> | 0.1  | 0.2  | 0.2  | 0.3  |
| Group administration and other | <b>0.0</b> | 0.0  | 0.0  | 0.0  | 0.0  |
| L&T total                      | <b>9.5</b> | 10.0 | 29.0 | 30.0 | 40.0 |

**INCOME STATEMENT BY QUARTER**

| EUR million                        | 7-9/2016    | 4-6/2016    | 1-3/2016   | 10-12/2015 | 7-9/2015    |
|------------------------------------|-------------|-------------|------------|------------|-------------|
| <b>Net sales</b>                   |             |             |            |            |             |
| Environmental Services             | 68.2        | 68.2        | 61.8       | 64.2       | 64.7        |
| Industrial Services                | 23.9        | 20.9        | 15.9       | 20.3       | 21.0        |
| Facility Services                  | 71.5        | 72.8        | 72.2       | 71.7       | 70.5        |
| Renewable Energy Sources           | 5.3         | 7.0         | 12.8       | 11.7       | 5.6         |
| Interdivision net sales            | -2.9        | -2.1        | -2.1       | -2.8       | -2.3        |
| L&T total                          | 166.0       | 166.9       | 160.7      | 165.2      | 159.6       |
| <b>Operating profit</b>            |             |             |            |            |             |
| Environmental Services             | 10.2        | 9.2         | 5.4        | 7.4        | 11.0        |
| Industrial Services                | 3.4         | 2.1         | -0.3       | 1.8        | 2.9         |
| Facility Services                  | 6.1         | 3.7         | 1.2        | 1.0        | 4.9         |
| Renewable Energy Sources           | 0.1         | 0.0         | 0.7        | 0.3        | 0.6         |
| Group administration and other     | -0.7        | -1.0        | -0.1       | -1.0       | -0.1        |
| L&T total                          | 19.1        | 14.1        | 6.8        | 9.7        | 19.3        |
| <b>Operating margin</b>            |             |             |            |            |             |
| Environmental Services             | 14.9        | 13.5        | 8.8        | 11.6       | 17.0        |
| Industrial Services                | 14.2        | 10.3        | -2.0       | 9.1        | 13.7        |
| Facility Services                  | 8.5         | 5.1         | 1.6        | 1.5        | 6.9         |
| Renewable Energy Sources           | 2.0         | 0.3         | 5.1        | 2.6        | 9.9         |
| L&T total                          | 11.5        | 8.4         | 4.2        | 5.9        | 12.1        |
| Financial income and expenses, net | -0.4        | -0.2        | 0.1        | -1.0       | -1.0        |
| <b>Profit before tax</b>           | <b>18.7</b> | <b>13.9</b> | <b>6.9</b> | <b>8.6</b> | <b>18.4</b> |

**BUSINESS ACQUISITIONS, COMBINED**

| <b>Fair value, total<br/>EUR million</b>          | <b>9/2016</b> | <b>9/2015</b> | <b>12/2015</b> |
|---|---------------|---------------|----------------|
| Intangible assets                                 | <b>1.1</b>    | 2.3           | 2.5            |
| Property, plant and equipment                     | <b>1.8</b>    | 1.2           | 1.6            |
| Investments                                       | <b>0.0</b>    | 0.0           | 0.0            |
| Receivables                                       | <b>1.7</b>    | 1.4           | 1.4            |
| Cash and cash equivalents                         | <b>2.3</b>    | 0.9           | 0.9            |
| Total assets                                      | <b>6.9</b>    | 5.9           | 6.4            |
| Other liabilities                                 | <b>1.0</b>    | 2.3           | 2.3            |
| Deferred tax liabilities                          | <b>0.0</b>    | 0.3           | 0.3            |
| Total liabilities                                 | <b>1.0</b>    | 8.5           | 2.6            |
| Net assets acquired                               | <b>5.9</b>    | 3.3           | 3.8            |
| Total consideration                               | <b>8.8</b>    | 6.8           | 7.4            |
| Goodwill  | <b>2.9</b>    | 3.5           | 3.6            |
| Effect on cash flow                               |               |               |                |
| Consideration paid in cash                        | <b>-8.8</b>   | -6.8          | -7.4           |
| Cash and cash equivalents of the acquired company | <b>2.3</b>    | 0.9           | 0.9            |
| Paid in the previous year                         | <b>3.6</b>    | -             | -              |
| Unpaid  | <b>1.0</b>    | -             | -              |
| Cash flow from investing activities               | <b>-1.8</b>   | -5.9          | -6.5           |

**CHANGES IN INTANGIBLE ASSETS**

| EUR million                            | 1-9/2016 | 1-9/2015 | 1-12/2015 |
|--|----------|----------|-----------|
| Carrying amount at beginning of period | 134.9    | 125.7    | 125.7     |
| Business acquisitions                  | 1.4      | 5.8      | 6.0       |
| Other capital expenditure              | 6.9      | 4.8      | 7.9       |
| Disposals                              | 0.2      | 0.0      | 0.0       |
| Depreciation and impairment            | -3.4     | -3.7     | -5.0      |
| Transfers between items                | 2.6      | 0.0      | 0.0       |
| Exchange differences                   | -0.4     | 0.0      | 0.2       |
| Carrying amount at end of period       | 142.2    | 132.5    | 134.9     |

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

| EUR million                            | 1-9/2016 | 1-9/2015 | 1-12/2015 |
|--|----------|----------|-----------|
| Carrying amount at beginning of period | 161.5    | 162.1    | 162.1     |
| Business acquisitions                  | 0.8      | 0.5      | 4.1       |
| Other capital expenditure              | 18.0     | 20.1     | 31.5      |
| Disposals                              | -0.5     | -0.8     | -0.9      |
| Depreciation and impairment            | -25.6    | -26.3    | -35.1     |
| Transfers between items                | -2.6     | 0.0      | 0.0       |
| Exchange differences                   | 0.6      | 0.2      | -0.2      |
| Carrying amount at end of period       | 152.3    | 155.9    | 161.5     |

**CAPITAL COMMITMENTS**

| EUR million                   | 1-9/2016 | 1-9/2015 | 1-12/2015 |
|-------------------------------|----------|----------|-----------|
| Intangible assets             | 0.1      | -        | -         |
| Property, plant and equipment | 9.9      | 8.2      | 6.3       |
| Total                         | 9.9      | 8.2      | 6.3       |

## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

| EUR million                              | Financial assets and liabilities at fair value through profit or loss | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortised cost | Derivatives under hedge accounting | Carrying amounts by balance sheet item | Fair values by balance sheet item | Fair value hierarchy level |
|--|---|-----------------------------|-------------------------------------|--|------------------------------------|--|-----------------------------------|----------------------------|
| <b>30 September 2016</b>                 |   |                             |                                     |  |                                    |  |                                   |                            |
| <b>Non-current financial assets</b>      |   |                             |                                     |  |                                    |  |                                   |                            |
| Available-for-sale investments           |   |                             | 0.6                                 |  |                                    | 0.6                                    | 0.6                               |                            |
| Finance lease receivables                |   | 1.4                         |                                     |  |                                    | 1.4                                    | 1.4                               | 3                          |
| Other receivables                        |   | 1.6                         |                                     |  |                                    | 1.6                                    | 1.6                               | 2                          |
| <b>Current financial assets</b>          |   |                             |                                     |  |                                    |  |                                   |                            |
| Available-for-sale investments           |   |                             |                                     |  |                                    |  |                                   |                            |
| Trade and other receivables              |   | 88.4                        |                                     |  |                                    | 88.4                                   | 88.4                              |                            |
| Finance lease receivables                |   | 1.0                         |                                     |  |                                    | 1.0                                    | 1.0                               |                            |
| Derivative receivables                   |   |                             |                                     |  | 0.1                                | 0.1                                    | 0.1                               |                            |
| Cash and cash equivalents                |   | 30.0                        |                                     |  |                                    | 30.0                                   | 30.0                              |                            |
| <b>Total financial assets</b>            |   | <b>122.2</b>                | <b>0.6</b>                          |  | <b>0.1</b>                         | <b>122.9</b>                           | <b>122.9</b>                      |                            |
| <b>Non-current financial liabilities</b> |   |                             |                                     |  |                                    |  |                                   |                            |
| Borrowings                               |   |                             |                                     | 59.6   |                                    | 59.6                                   | 59.6                              | 2                          |
| Finance lease payables                   |   |                             |                                     | 3.1  |                                    | 3.1                                    | 3.1                               |                            |
| Other liabilities                        |   |                             |                                     | 0.0  |                                    | 0.0                                    | 0.0                               |                            |
| <b>Current financial liabilities</b>     |   |                             |                                     |  |                                    |  |                                   |                            |
| Borrowings                               |   |                             |                                     | 32.6   |                                    | 32.6                                   | 32.6                              |                            |
| Finance lease payables                   |   |                             |                                     | 0.4  |                                    | 0.4                                    | 0.4                               |                            |
| Trade and other payables                 |   |                             |                                     | 68.7   |                                    | 68.7                                   | 68.7                              |                            |
| Derivative liabilities                   |   |                             |                                     |  | 0.2                                | 0.2                                    | 0.2                               | 2                          |
| <b>Total financial liabilities</b>       |   |                             |                                     | <b>164.4</b>                                     | <b>0.2</b>                         | <b>164.6</b>                           | <b>164.6</b>                      |                            |

| EUR million                              | Financial assets and liabilities at fair value through profit or loss | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortised cost | Derivatives under hedge accounting | Carrying amounts by balance sheet item | Fair values by balance sheet item | Fair value hierarchy level |
|--|---|-----------------------------|-------------------------------------|--|------------------------------------|--|-----------------------------------|----------------------------|
| <b>30 September 2015</b>                 |   |                             |                                     |  |                                    |  |                                   |                            |
| <b>Non-current financial assets</b>      |   |                             |                                     |  |                                    |  |                                   |                            |
| Available-for-sale investments           |   |                             | 0.6                                 |  |                                    | 0.6                                    | 0.6                               | 3                          |
| Finance lease receivables                |   | 2.3                         |                                     |  |                                    | 2.3                                    | 2.3                               | 2                          |
| Other receivables                        |   | 1.9                         |                                     |  |                                    | 1.9                                    | 1.9                               |                            |
| <b>Current financial assets</b>          |   |                             |                                     |  |                                    |  |                                   |                            |
| Available-for-sale financial assets      |   |                             |                                     |  |                                    |  |                                   |                            |
| Trade and other receivables              |   | 86.5                        |                                     |  |                                    | 86.5                                   | 86.5                              |                            |
| Finance lease receivables                |   |                             |                                     |  |                                    |  |                                   |                            |
| Derivative receivables                   |   |                             |                                     |  |                                    |  |                                   |                            |
| Cash and cash equivalents                |   | 51.3                        |                                     |  |                                    | 51.3                                   | 51.3                              |                            |
| <b>Total financial assets</b>            |   | <b>142.0</b>                | <b>0.6</b>                          |  |                                    | <b>142.6</b>                           | <b>142.6</b>                      |                            |
| <b>Non-current financial liabilities</b> |   |                             |                                     |  |                                    |  |                                   |                            |
| Borrowings                               |   |                             |                                     | 92.2   |                                    | 92.2                                   | 91.5                              | 2                          |
| Other liabilities                        |   |                             |                                     | 0.1  |                                    | 0.1                                    | 0.1                               |                            |
| <b>Current financial liabilities</b>     |   |                             |                                     |  |                                    |  |                                   |                            |
| Borrowings                               |   |                             |                                     | 7.7  |                                    | 7.7                                    | 7.7                               |                            |
| Trade and other payables                 |   |                             |                                     | 55.6   |                                    | 55.6                                   | 55.6                              |                            |
| Derivative liabilities                   |   |                             |                                     |  | 0.9                                | 0.9                                    | 0.9                               | 2                          |
| <b>Total financial liabilities</b>       |   |                             |                                     | <b>155.6</b>                                     | <b>0.9</b>                         | <b>156.4</b>                           | <b>155.7</b>                      |                            |

**CONTINGENT LIABILITIES**

| EUR million  | 9/2016 | 9/2015 | 12/2015 |
|--|--------|--------|---------|
| <b>Securities for own commitments</b>              |        |        |         |
| Mortgages on rights of tenancy                     | 0.2    | 0.4    | 0.4     |
| Company mortgages                                  | -      | 1.1    | 1.1     |
| Other securities                                   | 0.1    | 0.2    | 0.2     |
| Bank guarantees required for environmental permits | 12.4   | 7.6    | 8.6     |

Other securities are security deposits.

**Operating lease liabilities**

| EUR million  | 9/2016 | 9/2015 | 12/2015 |
|--|--------|--------|---------|
| Maturity not later than one year                           | 7.3    | 4.1    | 6.3     |
| Maturity later than one year and not later than five years | 11.0   | 7.7    | 13.1    |
| Maturity later than five years                             | 3.9    | 2.0    | 1.6     |
| Total  | 22.2   | 13.7   | 21.0    |

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

| EUR million  | 9/2016 | 9/2015 | 12/2015 |
|--|--------|--------|---------|
| Nominal values of interest rate swaps                      |        |        |         |
| Maturity not later than one year                           | 31.8   | 6.9    | 34.1    |
| Maturity later than one year and not later than five years | 3.6    | 35.5   | 4.5     |
| Maturity later than five years                             | 0.0    | 0.0    | 0.0     |
| Total  | 35.5   | 42.3   | 38.6    |
| Fair value   | -0.2   | -0.5   | -0.4    |

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

**Commodity derivatives**

| EUR million  | 9/2016 | 9/2015 | 12/2015 |
|--|--------|--------|---------|
| Nominal values of diesel swaps                             |        |        |         |
| Maturity not later than one year                           | 1.2    | 1.7    | 1.6     |
| Maturity later than one year and not later than five years | 0.0    | 0.0    | 0.0     |
| Total  | 1.2    | 1.7    | 1.6     |
| Fair value   | 0.1    | -0.4   | -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.

### **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 2016: 6.56% 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, 26 October 2016

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 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 2015 amounted to EUR 646.3 million. L&T is listed on Nasdaq Helsinki.

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