

Lassila & Tikanoja plc  
 Stock exchange release  
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## Lassila & Tikanoja plc: Interim Report 1 January – 30 September 2018

- Net sales for the third quarter were EUR 196.3 million (175.4), operating profit was EUR 19.6 million (17.6) and earnings per share EUR 0.37 (0.35)
- Net sales for January–September increased by 18.3% to EUR 595.7 million (503.4), operating profit was EUR 35.9 million (32.6) and earnings per share EUR 0.66 (0.65)
- Full-year net sales and operating profit in 2018 are expected to increase compared to 2017

### CEO PEKKA OJANPÄÄ:

“The positive development of Lassila & Tikanoja’s business continued in the third quarter. Net sales and operating profit grew by over 11% compared to the previous year. Net sales and operating profit grew year-on-year in Environmental Services, Industrial Services, Technical Services and Renewable Energy Sources. In the Facility Services division, operating profit increased in the renovation business and the property maintenance business, but the net sales and operating profit of the cleaning business were decreased by ERP system deployment phase. The Technical Services division’s business has developed well in both Sweden and Finland. Cash flow has also improved significantly during the year. We will continue to focus on strengthening our market position and improving our profitability in accordance with our strategy.”

### GROUP NET SALES AND FINANCIAL PERFORMANCE

#### July–September

Lassila & Tikanoja’s net sales for the third quarter amounted to EUR 196.3 million (175.4), up 11.9% year-on-year. The rate of organic growth was 2.8%. Operating profit totalled EUR 19.6 million (17.6), representing 10.0% (10.0) of net sales. Earnings per share were EUR 0.37 (0.35).

Organic growth in net sales was achieved in all divisions except Facility Services. Organic growth was particularly strong in Technical Systems, Renewable Energy Sources and Environmental Services.

Operating profit increased year-on-year in all divisions except Facility Services.

#### January–September

Net sales for January–September increased by 18.3% to EUR 595.7 million (503.4). Operating profit totalled EUR 35.9 million (32.6), representing 6.0% (6.5) of net sales. Earnings per share were EUR 0.66 (0.65).

Growth in net sales was achieved in all divisions in January–September. Operating profit increased in Industrial Services, Facility Services and Technical Services.

### Financial summary

	7–9/2018	7–9/2017	Change	1–9/2018	1–9/2017	Change	1–12/2017
Net sales, EUR million	196.3	175.4	11.9	595.7	503.4	18.3	709.5
Operating profit, EUR million	19.6	17.6	11.4	35.9	32.6	10.1	44.0
Operating margin, %	10.0	10.0		6.0	6.5		6.2
Profit before tax, EUR million	18.2	18.0	0.7	32.1	32.5	-1.2	42.5
Earnings per share, EUR	0.37	0.35	6.2	0.66	0.65	1.7	0.87

Cash flow from operating activities/share, EUR	0.47	0.35	31.7	1.32	0.93	40.7	1.61
EVA, EUR million	13.8	11.7	17.7	18.0	16.6	8.1	21.1

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### July–September

The division's net sales for the third quarter increased by 2.9% to EUR 69.6 million (67.6). Operating profit was EUR 10.6 million (10.1).

Operating profit and net sales increased year-on-year. Higher subcontracting costs and fuel prices led to increased costs, but new customers and profitability improvement measures compensated for the impact of the higher costs.

#### January–September

The division's net sales for January–September amounted to EUR 201.7 million (196.7). Operating profit was EUR 23.4 million (24.8).

Operating profit was decreased by increased waste processing costs as well as higher fuel costs and subcontracting expenses compared to the previous year.

### Industrial Services

#### July–September

The division's net sales for the third quarter grew to EUR 25.9 million (25.3). Operating profit was EUR 3.7 million (3.6).

Net sales increased particularly in the environmental construction business. The division's net sales and operating profit grew thanks to strong demand.

#### January–September

The Industrial Services division's net sales for January–September increased by 6.7% and amounted to EUR 71.3 million (66.8). Operating profit grew by 20.8% year-on-year and amounted to EUR 7.4 million (6.1).

Net sales grew thanks to new customers and strong demand. The increase in operating profit was attributable to improved operational efficiency and better project management.

### Facility Services

#### July–September

The division's net sales for the third quarter were EUR 63.2 million (63.9). Operating profit was EUR 4.1 million (4.3).

Net sales and operating profit increased year-on-year in the property maintenance business and the renovation business. The net sales and operating profit of the cleaning business were decreased by ERP system deployment phase.

#### January–September

The Facility Services division's net sales for January–September amounted to EUR 195.1 million (190.5). Operating profit grew by 31.5% year-on-year and amounted to EUR 5.0 million (3.8).

Net sales increased year-on-year in the renovation and property maintenance businesses. The net sales and the operating profit of the cleaning business was decreased by ERP system deployment phase.

## Technical Services

### July–September

The division's net sales for the third quarter were EUR 34.8 million (16.4). The increase was mainly attributable to an acquisition made in Sweden. Operating profit was EUR 1.6 million (0.4) and adjusted operating profit was EUR 2.1 million (0.5).

Net sales and operating profit developed well in both Sweden and Finland.

### January–September

Technical Services division's net sales for January–September amounted to EUR 106.8 million (33.4). Operating profit was EUR 2.9 million (0.5) and adjusted operating profit was EUR 4.6 million (0.6).

The demand for the division's services remained strong and the integration of L&T FM has continued as planned. The deployment of the new ERP system is progressing according to plan in the division's Finnish operations.

## Renewable Energy Sources

### July–September

The third quarter net sales of Renewable Energy Sources (L&T Biowatti) increased by 15.2% and amounted to EUR 5.5 million (4.8). Operating profit was EUR 0.1 million (0.0).

Net sales and operating profit increased year-on-year. Delivery volumes and the energy content of fuels were at a good level.

### January–September

The net sales of the Renewable Energy Sources division totalled EUR 28.6 million (24.2) in January–September. Operating profit was EUR -0.1 million (0.5).

Net sales grew year-on-year thanks to strong demand and new customer accounts. Operating profit was lower than in the comparison period due to higher production costs and the weak energy content of fuels delivered in the first half of the year.

## FINANCING

Cash flow from operating activities amounted to EUR 50.5 million (35.9) in January–September. A total of EUR 4.8 million in working capital was committed (EUR 17.3 million).

At the end of the period, interest-bearing liabilities amounted to EUR 149.7 million (165.0).

In September Lassila & Tikanoja plc issued senior unsecured notes in the amount of 50 million euros. The notes are due 2023. The funds were used for partial redemption of the Company's outstanding EUR 30 million notes due 2019 and for repayment of an EUR 20 million loan provided by Danske Bank A/S.

Net interest-bearing liabilities amounted to EUR 119.1 million (133.1), showing an increase of EUR 1.3 million from the start of the year and a decrease of EUR 14.0 million from the comparison period. Net financial expenses in January–September amounted to EUR 3.4 million (0.1). Net financial expenses were 0.6% (0.0) of net sales. Net financial expenses in the comparison period were substantially reduced by exchange rate gains realised from currency hedging related to the L&T FM acquisition.

The average interest rate on long-term loans (with interest rate hedging) was 1.2% (1.0). Loans totalling EUR 1.3 million will mature during the remainder of 2018.

The equity ratio was 38.5% (39.1) and the gearing rate was 58.5 (63.3). Liquid assets at the end of the period amounted to EUR 30.6 million (31.9).

The EUR 100 million commercial paper programme was entirely unused at the end of the period. EUR

20 million was in use in the comparison period. A committed limit totalling EUR 30.0 million was not in use, as was the case during the comparison period.

## **DISTRIBUTION OF ASSETS**

The Annual General Meeting held on 15 March 2018 resolved that a dividend of EUR 0.92 per share be paid on the basis of the balance sheet that was adopted for the financial year 2017. The dividend, totalling EUR 35.3 million, was paid to shareholders on 26 March 2018.

## **CAPITAL EXPENDITURE**

Gross capital expenditure in January–September totalled EUR 21.6 million (97.3), consisting primarily of machine and equipment purchases and investments in information systems. The most significant investment in the comparison period was the acquisition of L&T FM AB. Of the significant ongoing information system projects, the deployment of the new ERP system continued in the Technical Services division and in the Facility Services division's cleaning and support services business.

## **PERSONNEL**

In the third quarter, the average number of employees converted into full-time equivalents was 7,841 (7,848). At the end of the period, Lassila & Tikanoja had 8,467 (8,892) full-time and part-time employees. Of these, 6,863 (7,328) worked in Finland and 1,604 (1,564) in other countries.

## **SHARES AND SHARE CAPITAL**

### **Traded volume and price**

The volume of trading on Nasdaq Helsinki in January–September, excluding the shares held by the company in Lassila & Tikanoja plc, was 3,434,500 shares, which is 8.9% (11.8) of the average number of outstanding shares. The value of trading was EUR 59.5 million (84.8). The highest share price was EUR 20.0 and the lowest EUR 15.52. The closing price was EUR 16.20. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 622.2 million (695.0).

### **Own shares**

At the end of the period, the company held 392,952 of its own shares, representing 1.0% 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 38,405,922. The average number of shares excluding the shares held by the company was 38,404,478.

### **Shareholders**

At the end of the period, the company had 12,786 (12,050) shareholders. Nominee-registered holdings accounted for 19.8% (19.7) of the total number of shares.

### **Authorisation for the Board of Directors**

The Annual General Meeting held on 15 March 2018 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 a 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.

## **BOARD OF DIRECTORS**

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

Sakari Lassila was elected as the Chairman of the Audit Committee and Teemu Kangas-Kärki and Laura Tarkka as members. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Laura Lares and Miikka Maijala as members.

## **KEY EVENTS DURING THE REVIEW PERIOD**

On 3 August, Lassila & Tikanoja announced a change in the company's President and CEO. Pekka Ojanpää will leave his post as the company's President and CEO on 3 February 2019 at the latest to become the President and CEO of Suominen Corporation.

On 31 August, Lassila & Tikanoja announced it is considering the issuance of new fixed rate notes. The company also announced a voluntary tender offer for its outstanding notes maturing in 2019.

On 7 September, the company announced the issuance of EUR 50 million notes due 2023.

On 12 September, the company announced the final tender offer results of the 2019 notes. The aggregate nominal amount of the 2019 notes validly tendered by the noteholders for purchase pursuant to the tender offer was EUR 27,000,000.

On 17 September, the company published the listing prospectus of its EUR 50 million notes. The new notes mature on 17 September 2023, bear fixed annual interest at the rate of 1.250% and have an issue price of 99.534%.

## **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**

Challenges related to the availability of labour may increase production costs and slow down the growth of net sales.

The company is continuing the deployment of a new ERP system. The deployment phase of the new system 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 2017 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

## **OUTLOOK FOR THE YEAR 2018**

Lassila & Tikanoja's net sales and operating profit in 2018 are expected to be above the 2017 levels.

## CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2018

## CONSOLIDATED INCOME STATEMENT

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
<b>Net sales</b>	<b>196.3</b>	175.4	<b>595.7</b>	503.4	709.5
Other operating income	<b>0.9</b>	0.9	<b>4.0</b>	4.4	5.7
Change of inventory	<b>1.4</b>	1.0	<b>-1.4</b>	1.6	-1.0
Materials and services	<b>-67.9</b>	-55.2	<b>-208.7</b>	-158.8	-231.9
Employee benefit expenses	<b>-76.4</b>	-71.2	<b>-243.4</b>	-216.2	-296.9
Other operating expenses	<b>-24.1</b>	-23.2	<b>-78.5</b>	-71.7	-100.3
Depreciation and impairment	<b>-10.5</b>	-10.1	<b>-31.8</b>	-30.1	-41.1
<b>Operating profit</b>	<b>19.6</b>	17.6	<b>35.9</b>	32.6	44.0
Financial income and expenses	<b>-1.4</b>	0.5	<b>-3.4</b>	-0.1	-1.4
Share of the result of associated companies	<b>0.0</b>	0.0	<b>-0.4</b>	-0.1	-0.1
<b>Profit before tax</b>	<b>18.2</b>	18.0	<b>32.1</b>	32.5	42.5
Income taxes	<b>-3.8</b>	-4.5	<b>-6.7</b>	-7.5	-8.9
<b>Profit for the period</b>	<b>14.4</b>	13.5	<b>25.4</b>	25.0	33.5
<b>Attributable to:</b>					
Equity holders of the company	<b>14.4</b>	13.5	<b>25.4</b>	25.0	33.5
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>0.37</b>	0.35	<b>0.66</b>	0.65	0.87
Diluted earnings per share, EUR	<b>0.37</b>	0.35	<b>0.66</b>	0.65	0.87

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
<b>Profit for the period</b>	<b>14.4</b>	13.5	<b>25.4</b>	25.0	33.5
<b>Items not to be recognised through profit or loss</b>					
Items arising from reassessment 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>	0.1	<b>0.0</b>	0.0	-0.1
Currency translation differences	<b>0.9</b>	-1.2	<b>-3.7</b>	-1.4	-2.7
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>1.0</b>	-1.2	<b>-3.7</b>	-1.4	-2.8
Total comprehensive income, after tax	<b>15.4</b>	12.4	<b>21.7</b>	23.6	30.7
<b>Attributable to:</b>					
Equity holders of the company	<b>15.4</b>	12.4	<b>21.7</b>	23.6	30.7
Non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	<b>9/2018</b>	<b>9/2017</b>	<b>12/2017</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	<b>150.1</b>	165.6	150.2
Customer contracts arising from acquisitions	<b>19.7</b>	5.3	22.6
Agreements on prohibition of competition	<b>0.0</b>	0.1	0.0
Other intangible assets arising from business acquisitions	<b>0.5</b>	0.5	0.5
Other intangible assets	<b>22.5</b>	22.3	22.9
	<b>192.8</b>	193.8	196.3
Property, plant and equipment			
Land	<b>5.1</b>	5.3	5.3
Buildings and constructions	<b>36.1</b>	40.7	40.3
Machinery and equipment	<b>107.7</b>	110.2	113.0
Other tangible assets	<b>0.1</b>	0.1	0.1
Prepayments and construction in progress	<b>2.9</b>	2.5	2.0
	<b>151.9</b>	158.8	160.5
Other non-current assets			
Available-for-sale investments	<b>0.3</b>	0.6	0.6
Finance lease receivables	<b>0.0</b>	0.4	0.3
Deferred tax assets	<b>3.3</b>	5.7	6.8
Other receivables	<b>1.7</b>	2.8	2.6
	<b>5.4</b>	9.5	10.3
<b>Total non-current assets</b>	<b>350.0</b>	362.0	367.2
<b>Current assets</b>			

Inventories	22.1	26.8	23.9
Trade and other receivables	137.2	130.8	137.6
Derivative receivables	0.1	0.0	0.1
Prepayments	2.4	1.1	0.5
Cash and cash equivalents	30.6	31.9	48.1
<b>Total current assets</b>	<b>192.4</b>	190.7	210.2
<b>Total assets</b>	<b>542.5</b>	552.7	577.3

EUR million	9/2018	9/2017	12/2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-9.6	-4.5	-5.9
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	167.7	169.6	169.7
Profit for the period	25.4	25.0	33.5
	<b>203.5</b>	210.1	217.2
Non-controlling interest	0.2	0.2	0.2
<b>Total equity</b>	<b>203.6</b>	210.3	217.4
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liability	27.7	25.1	29.2
Retirement benefit obligations	1.3	1.5	1.4
Provisions	4.5	4.7	5.0
Borrowings	141.6	140.4	140.9
Other liabilities	0.3	0.4	0.4
	<b>175.5</b>	172.1	177.0
Current liabilities			
Borrowings	8.1	24.7	25.0
Trade and other payables	154.4	144.5	155.7
Derivative liabilities	0.2	0.1	0.2
Tax liabilities	0.3	0.1	0.1
Provisions	0.4	1.0	1.9
	<b>163.4</b>	170.3	183.0
<b>Total liabilities</b>	<b>338.8</b>	342.4	359.9
<b>Total equity and liabilities</b>	<b>542.5</b>	552.7	577.3



**CONSOLIDATED STATEMENT OF CASH FLOW**

EUR million	1–9/2018	1–9/2017	1–12/2017
<b>Cash flow from operating activities</b>			
Profit for the period	25.4	25.0	33.5
<b>Adjustments</b>			
Income taxes	6.7	7.5	9.0
Depreciation and impairment	31.8	30.1	41.1
Financial income and expenses	3.4	0.1	1.4
Other	-3.0	0.2	0.3
Net cash generated from operating activities before change in working capital	64.3	62.9	85.3
Change in working capital			
Change in trade and other receivables	-3.7	-8.4	-14.6
Change in inventories	1.8	-1.9	1.0
Change in trade and other payables	-2.9	-7.0	2.8
Change in working capital	-4.8	-17.3	-10.8
Interest paid	-2.5	-1.8	-2.7
Interest received	0.4	0.3	0.5
Income taxes	-6.9	-8.2	-10.5
<b>Net cash from operating activities</b>	<b>50.5</b>	<b>35.9</b>	<b>61.8</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired/adjustment of acquisition price	1.6	-67.2	-67.2
Purchases of property, plant and equipment and intangible assets	-17.3	-17.3	-25.5
Proceeds from the sale of property, plant and equipment and intangible assets	1.2	0.0	1.7
Investments in associated companies	0.0	-0.8	-0.8
Change in other non-current receivables and investments	0.7	-0.3	-0.3
<b>Net cash used in investing activities</b>	<b>-13.8</b>	<b>-85.5</b>	<b>-92.1</b>
<b>Cash flow from financing activities</b>			
Change in short-term borrowings	-20.0	19.9	18.3
Proceeds from long-term borrowings	49.6	70.0	69.9
Repayments of long-term borrowings	-48.3	-1.3	-2.6
Dividends paid	-35.3	-35.3	-35.3
<b>Net cash generated from financing activities</b>	<b>-54.0</b>	<b>53.3</b>	<b>50.3</b>
<b>Net change in liquid assets</b>	<b>-17.2</b>	<b>3.7</b>	<b>20.0</b>
Liquid assets at beginning of period	48.1	28.2	28.2
Effect of changes in foreign exchange rates	-0.3	0.0	-0.1
<b>Liquid assets at end of period</b>	<b>30.6</b>	<b>31.9</b>	<b>48.1</b>



Share-based benefits					0.0	0.0		0.0
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2017</b>	<b>19.4</b>	<b>-5.7</b>	<b>-0.2</b>	<b>0.6</b>	<b>203.2</b>	<b>217.2</b>	<b>0.2</b>	<b>217.4</b>
Effect of IFRS 9 adoption					-0.4	-0.4		-0.4
<b>Adjusted equity on 1 January 2018</b>	<b>19.4</b>	<b>-5.7</b>	<b>-0.2</b>	<b>0.6</b>	<b>202.8</b>	<b>216.9</b>	<b>0.2</b>	<b>217.1</b>
Total comprehensive income								
Result for the period					25.4	25.4	0.0	25.4
Other comprehensive income items		-3.7	0.0		0.0	-3.7	0.0	-3.7
Total comprehensive income		-3.7	0.0		25.4	21.7	0.0	21.7
Transactions with shareholders								
Share-based benefits				0.0	0.1	0.2		0.2
Dividends paid					-35.3	-35.3		-35.3
Transactions with shareholders, total				0.0	-35.2	-35.1		-35.1
Other changes					0.0	0.0		0.0
<b>Equity on 30 September 2018</b>	<b>19.4</b>	<b>-9.4</b>	<b>-0.2</b>	<b>0.6</b>	<b>193.1</b>	<b>203.5</b>	<b>0.2</b>	<b>203.6</b>

**KEY FIGURES**

	<b>7-9/2018</b>	<b>7-9/2017</b>	<b>1-9/2018</b>	<b>1-9/2017</b>	<b>1-12/2017</b>
Earnings per share, EUR	<b>0.37</b>	0.35	<b>0.66</b>	0.65	0.87
Diluted earnings per share, EUR	<b>0.37</b>	0.35	<b>0.66</b>	0.65	0.87
Cash flow from operating activities/share, EUR	<b>0.47</b>	0.35	<b>1.32</b>	0.93	1.61
EVA, EUR million*	<b>13.8</b>	11.7	<b>18.0</b>	16.6	21.1
Adjusted operating profit, MEUR**	<b>20.3</b>	17.8	<b>38.1</b>	33.3	45.7
Gross capital expenditure, EUR million	<b>6.2</b>	75.4	<b>21.6</b>	97.3	113.2
Depreciation, amortisation and impairment, EUR million	<b>10.5</b>	10.1	<b>31.8</b>	30.1	41.1
Equity per share, EUR			<b>5.30</b>	5.48	5.66
Return on equity, % (ROE)			<b>16.1</b>	15.4	15.2
Return on invested capital, % (ROI)			<b>13.0</b>	13.7	13.3
Equity ratio, %			<b>38.5</b>	39.1	38.6
Gearing, %			<b>58.5</b>	63.3	54.2
Net interest-bearing liabilities, EUR million			<b>119.1</b>	133.1	117.9
Average number of employees in full-time equivalents			<b>7,841</b>	7,848	7,875
Total number of full-time and part-time employees at end of period			<b>8,467</b>	8,892	8,663
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			<b>38,404</b>	38,394	38,395
at end of period			<b>38,406</b>	38,398	38,398
average during the period, diluted			<b>38,419</b>	38,409	38,409

\* EVA = operating profit - cost calculated on invested capital (average of four quarters), WACC: 2018 6.60%, 2017 6.69%

\*\* Adjusted operating profit = operating profit plus purchase price allocation amortisation

## ACCOUNTING POLICIES

This interim report complies 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 2017 and the new and amended provisions that entered into force on 1 January 2018.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2017.

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

The comparison figures for 2017 have been adjusted in accordance with IFRS 9 and IFRS 15.

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

### Changes in segment reporting

On 14 December 2017, Lassila & Tikanoja plc announced a change in segment reporting as of 1 January 2018. In the change, technical services were separated from the Facility Services division to form an independent reporting segment. Lassila & Tikanoja's new structure consists of five reporting segments: Environmental Services, Industrial Services, Facility Services, Technical Services and Renewable Energy Sources. Comparable figures for 2017 were published in a separate release on 24 April 2018.

### IFRS 9

IFRS 9 presents revised guidance on the recognition and measurement of financial instruments. This also includes a new accounting model for credit losses that is applied in the determination of impairment recognised on financial assets. The standard's provisions concerning general hedge accounting have also been revised. IFRS 9 also carries forward the guidance on the recognition and derecognition of financial instruments from IAS 39. The company has not applied the standard retroactively. The effect of the application of the standard on Lassila & Tikanoja's equity in the opening balance sheet of 1 January 2018 was EUR -0.4 million.

### IFRS 15

IFRS 15 lays down a comprehensive framework for determining when revenue can be recognised and to what extent. In accordance with IFRS 15, an entity shall recognise revenue as a monetary amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question.

IFRS 15 includes a five-step model for recognising revenue from contracts with customers. According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer goods and/or services to a customer. The recognition takes place over time or at a specific point in time, with the passing of control as the key criterion.

The provision of services accounts for a significant share of Lassila & Tikanoja's income flows. Revenue from services is recognised as the services are provided. The company has estimated that control concerning a service is passed over time, as the customer simultaneously receives and consumes the benefit from the company's performance as the entity performs. Thus, the company satisfies the performance obligation and recognises revenue over time in accordance with IFRS 15.

The effects of the IFRS 15 application are related to the Environmental Services' equipment sales (compactors and balers), which represent approximately 0.5% of L&T's net sales.

In accordance with IAS 8, the company applied the standard retrospectively for each previous reporting period it presents, taking into account the practical expedients allowed by IFRS 15. The effect of the application of the standard on Lassila & Tikanoja's equity in the opening balance sheet of 1 January 2018 was EUR -1.3 million.

## **IFRS 2**

The amendments to IFRS 2 Share-based Payment clarify the accounting of certain types of arrangements. They apply to three areas: the measurement of cash-settled payments, share-based payments from which withholding taxes have been deducted, and converting share-based payments from cash-settled payments to equity-settled payments. The amendments have had no impact on Lassila & Tikanoja's figures.

## **IFRS 16**

Lassila & Tikanoja will apply the standard as of 1 January 2019.

The new standard will replace IAS 17 and the related interpretations. IFRS 16 requires lessees to recognise leases as lease payment obligations and related asset items in the balance sheet. Balance sheet entry is very similar to the accounting treatment of finance leases under IAS 17. There are two concessions regarding the recognition of leases in the balance sheet, relating to leases with a short term of 12 months at most, and leases for assets valued at no more than USD 5,000. For lessors, the accounting treatment of leases will remain largely the same as under the current IAS 17. The standard's most significant effect concerns the accounting treatment of operating leases. At the end of the 2017 financial year, the Group had EUR 36.1 million in non-cancellable lease obligations based on operating leases. The more detailed assessment of the effects of the new standard is still underway. The company will apply a non-retrospective transition method.

**SEGMENT  
INFORMATION**
**NET SALES**

EUR million	7-9/2018			7-9/2017			Total net sales, change %
	External	Interdivision	Total	External	Interdivision	Total	
Environmental Services	69.0	0.6	69.6	66.9	0.7	67.6	2.9
Industrial Services	25.0	0.9	25.9	24.6	0.8	25.3	2.2
Facility Services	62.6	0.6	63.2	63.1	0.8	63.9	-1.1
Technical Services	34.4	0.4	34.8	16.1	0.3	16.4	111.8
Renewable Energy Sources	5.4	0.0	5.5	4.7	0.0	4.8	15.2
Eliminations		-2.6	-2.6		-2.6	-2.6	
<b>Total</b>	<b>196.3</b>		<b>196.3</b>	175.4		175.4	11.9

EUR million	1-9/2018			1-9/2017			Total net sales, change %
	External	Interdivision	Total	External	Interdivision	Total	
Environmental Services	199.5	2.2	201.7	194.3	2.4	196.7	2.5
Industrial Services	69.2	2.1	71.3	64.3	2.5	66.8	6.7
Facility Services	193.1	2.0	195.1	188.5	2.0	190.5	2.4
Technical Services	105.5	1.2	106.8	32.2	1.1	33.4	219.7
Renewable Energy Sources	28.5	0.1	28.6	24.0	0.1	24.2	18.3
Eliminations		-7.7	-7.7		-8.1	-8.1	
<b>Total</b>	<b>595.7</b>		<b>595.7</b>	503.4		503.4	18.3

EUR million	1-12/2017		
	External	Interdivision	Total
Environmental Services	259.2	3.5	262.8
Industrial Services	87.4	3.3	90.7
Facility Services	258.0	2.6	260.6
Technical Services	70.2	1.7	71.8
Renewable Energy Sources	34.7	0.2	34.9
Eliminations		-11.3	-11.3
<b>Total</b>	<b>709.5</b>		<b>709.5</b>

**OPERATING  
PROFIT**

EUR million	7-9/ 2018	%	7-9/ 2017	%	1-9/ 2018	%	1-9/ 2017	%	1-12/ 2017	%
Environmental Services	<b>10.6</b>	<b>15.2</b>	10.1	14.9	<b>23.4</b>	<b>11.6</b>	24.8	12.6	31.6	12.0
Industrial Services	<b>3.7</b>	<b>14.4</b>	3.6	14.4	<b>7.4</b>	<b>10.4</b>	6.1	9.2	8.7	9.6
Facility Services	<b>4.1</b>	<b>6.5</b>	4.3	6.7	<b>5.0</b>	<b>2.5</b>	3.8	2.0	5.2	2.0
Technical Services	<b>1.6</b>	<b>4.5</b>	0.4	2.6	<b>2.9</b>	<b>2.7</b>	0.5	1.4	1.6	2.3
Renewable Energy Sources	<b>0.1</b>	<b>2.6</b>	0.0	-0.7	<b>-0.1</b>	<b>-0.2</b>	0.5	2.0	0.7	2.0
Group administration and other	<b>-0.6</b>		-0.8		<b>-2.6</b>		-3.0		-3.9	
<b>Total</b>	<b>19.6</b>	<b>10.0</b>	17.6	10.0	<b>35.9</b>	<b>6.0</b>	32.6	6.5	44.0	6.2

**ADJUSTED  
OPERATING  
PROFIT**

EUR million	7-9/ 2018	%	7-9/ 2017	%	1-9/ 2018	%	1-9/ 2017	%	1-12/ 2017	%
Environmental Services	<b>10.7</b>	<b>15.3</b>	10.3	15.2	<b>23.7</b>	<b>11.8</b>	25.2	12.8	32.2	12.3
Industrial Services	<b>3.8</b>	<b>14.5</b>	3.7	14.5	<b>7.5</b>	<b>10.5</b>	6.2	9.3	8.8	9.7
Facility Services	<b>4.1</b>	<b>6.5</b>	4.3	6.7	<b>5.0</b>	<b>2.6</b>	3.8	2.0	5.3	2.0
Technical Services	<b>2.1</b>	<b>6.1</b>	0.5	2.9	<b>4.6</b>	<b>4.3</b>	0.6	1.7	2.6	3.6
Renewable Energy Sources	<b>0.1</b>	<b>2.6</b>	0.0	-0.7	<b>-0.1</b>	<b>-0.2</b>	0.5	2.0	0.7	2.0
Group administration and other	<b>-0.6</b>		-0.8		<b>-2.6</b>		-3.0		-3.9	
<b>Total</b>	<b>20.3</b>	<b>10.3</b>	17.8	10.1	<b>38.1</b>	<b>6.4</b>	33.3	6.6	45.7	6.4

**OTHER  
SEGMENT  
INFORMATION**

EUR million	9/2018	9/2017	12/2017
<b>Assets</b>			
Environmental Services	<b>217.3</b>	221.5	218.4
Industrial Services	<b>76.0</b>	75.6	74.1
Facility Services	<b>92.9</b>	98.6	103.5



Technical Services	95.7	91.3	98.8
Renewable Energy Sources	20.0	23.3	22.7
Group administration and other	0.5	1.7	2.1
Unallocated assets	40.0	40.7	57.8
<b>L&amp;T total</b>	<b>542.5</b>	<b>552.7</b>	<b>577.3</b>

<b>Liabilities</b>			
Environmental Services	58.3	54.3	55.3
Industrial Services	28.6	26.4	27.4
Facility Services	45.4	45.3	52.2
Technical Services	17.4	14.9	15.9
Renewable Energy Sources	7.1	7.4	7.6
Group administration and other	3.9	3.7	5.3
Unallocated liabilities	178.1	190.4	196.2
<b>L&amp;T total</b>	<b>338.8</b>	<b>342.4</b>	<b>359.9</b>

EUR million	<b>7-9/ 2018</b>	<b>7-9/ 2017</b>	<b>1-9/ 2018</b>	<b>1-9/ 2017</b>	<b>1-12/ 2017</b>
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<b>Capital expenditure</b>					
Environmental Services	3.4	6.9	12.4	19.7	24.8
Industrial Services	1.5	2.1	4.6	5.6	9.0
Facility Services	0.9	1.5	3.4	6.4	10.1
Technical Services	0.3	65.0	1.1	65.0	68.6
Renewable Energy Sources	0.0	0.0	0.1	0.2	0.2
Group administration and other	-	0.0	0.0	0.4	0.4
<b>L&amp;T total</b>	<b>6.2</b>	<b>75.4</b>	<b>21.6</b>	<b>97.3</b>	<b>113.2</b>

<b>Depreciation and amortisation</b>					
Environmental Services	5.0	5.0	15.1	14.9	19.9
Industrial Services	1.8	1.8	5.5	5.3	7.3
Facility Services	2.7	2.8	8.0	8.6	11.3
Technical Services	1.0	0.4	2.9	1.1	2.3

Renewable Energy Sources Group	<b>0.1</b>	0.1	<b>0.2</b>	0.2	0.3
administration and other	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0
L&T total	<b>10.5</b>	10.1	<b>31.8</b>	30.1	41.1

**INCOME STATEMENT BY QUARTER**

EUR million	<b>7-9/2018</b>	<b>4-6/2018</b>	<b>1-3/2018</b>	<b>10-12/2017</b>	<b>7-9/2017</b>
<b>Net sales</b>					
Environmental Services	<b>69.6</b>	69.3	62.8	66.0	67.6
Industrial Services	<b>25.9</b>	26.3	19.2	23.9	25.3
Facility Services	<b>63.2</b>	66.0	65.8	70.2	63.9
Technical Services	<b>34.8</b>	35.6	36.4	38.4	16.4
Renewable Energy Sources	<b>5.5</b>	8.4	14.7	10.7	4.8
Interdivision net sales	<b>-2.6</b>	-2.7	-2.4	-3.2	-2.6
Total	<b>196.3</b>	203.0	196.5	206.1	175.4
<b>Operating profit</b>					
Environmental Services	<b>10.6</b>	8.4	4.4	6.9	10.1
Industrial Services	<b>3.7</b>	3.3	0.4	2.6	3.6
Facility Services	<b>4.1</b>	1.4	-0.5	1.4	4.3
Technical Services	<b>1.6</b>	0.6	0.7	1.2	0.4
Renewable Energy Sources	<b>0.1</b>	-0.3	0.1	0.2	0.0
Group administration and other	<b>-0.6</b>	-0.7	-1.3	-0.9	-0.8
Total	<b>19.6</b>	12.6	3.7	11.4	17.6
<b>Adjusted operating profit</b>					
Environmental Services	<b>10.7</b>	8.5	4.5	7.0	10.3
Industrial Services	<b>3.8</b>	3.3	0.4	2.6	3.7
Facility Services	<b>4.1</b>	1.4	-0.5	1.5	4.3
Technical Services	<b>2.1</b>	1.2	1.3	2.0	0.5
Renewable Energy Sources	<b>0.1</b>	-0.3	0.1	0.2	0.0
Group administration and other	<b>-0.6</b>	-0.7	-1.3	-0.9	-0.8
Total	<b>20.3</b>	13.4	4.5	12.4	17.8
<b>Operating margin</b>					
Environmental Services	<b>15.2</b>	12.1	7.0	10.4	14.9
Industrial Services	<b>14.4</b>	12.4	2.2	10.7	14.4
Facility Services	<b>6.5</b>	2.1	-0.8	2.0	6.7
Technical Services	<b>4.5</b>	1.7	1.9	3.1	2.6
Renewable Energy Sources	<b>2.6</b>	-3.3	0.5	2.1	-0.7
Total	<b>10.0</b>	6.2	1.9	5.5	10.0
Financial income and expenses, net	<b>-1.4</b>	-1.1	-0.9	-1.3	0.5
Share of the result of associated companies	<b>0.0</b>	-0.3	-0.1	0.0	0.0
<b>Profit before tax</b>	<b>18.2</b>	11.1	2.8	10.0	18.0

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REVENU  
E**

EUR million	7–9/2018					7–9/2017				
	Service delivered over time	Proj ect busi nes s	Revenue from leases	Oth er	Total net sales	Servi ce deliv ered over time	Proj ect busi ness	Revenue from leases	Othe r	Total net sales
Environm ental Services	69.2		0.4		69.6	67.3		0.4		67.6
Industrial Services Facility	24.6	1.0	0.3		25.9	23.6	1.4	0.3		25.3
Services Technical	54.5	8.7			63.2	56.2	7.7			63.9
Services Renewabl e Energy Sources	32.7	2.1			34.8	16.3	0.1			16.4
	4.5			1.0	5.5	3.5			1.3	4.8
Total Interdivisi on					198.9	166.9	9.2	0.7	1.3	178.1
					-2.6					-2.6
Total external net sales					196.3					175.4
EUR million	1–9/2018					1–9/2017				
	Service delivered over time	Proj ect busi nes s	Revenue from leases	Oth er	Total net sales	Servi ce deliv ered over time	Proj ect busi ness	Revenue from leases	Othe r	Total net sales
Environm ental Services	200.4		1.3		201.7	195.7		1.0		196.7
Industrial Services Facility	67.2	3.2	0.9		71.3	63.3	2.7	0.8		66.8
Services Technical	168.7	26.4			195.1	167.8	22.7			190.5
Services Renewabl e Energy Sources	99.4	7.4			106.8	31.5	1.9			33.4
	21.0			7.6	28.6	17.8			6.4	24.2
Total Interdivisi on	556.6	37.0	2.2	7.6	603.4	476.0	27.3	1.9	6.4	511.5
					-7.7					-8.1
Total external net sales					595.7					503.4

1–12/2017					
EUR million	Service delivered over time	Project business	Revenue from leases	Other	Total net sales
Environmental Services	261.3		1.4		262.8
Industrial Services	86.4	3.1	1.1		90.7
Facility Services	224.5	36.2			260.6
Technical Services	63.7	8.2			71.8
Renewable Energy Sources	25.3			9.6	34.9
<b>Total</b>	<b>661.2</b>	<b>47.5</b>	<b>2.5</b>	<b>9.6</b>	<b>720.8</b>
Interdivision					-11.3
<b>Total external net sales</b>					<b>709.5</b>

#### ALTERNATIVE PERFORMANCE MEASURES

#### MATCHING THE EVA RESULT TO OPERATING PROFIT

EUR million	1–9/2018	1–9/2017	1–12/2017
<b>Operating profit</b>	<b>35.9</b>	32.6	44.0
Invested capital (rolling 12-month quarterly average)	<b>362.5</b>	318.7	342.0
Cost calculated on invested capital	<b>-17.9</b>	-16.0	-22.9
<b>EVA</b>	<b>18.0</b>	16.6	21.1

#### MATCHING ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

EUR million	7–9/2018	7–9/2017	1–9/2018	1–9/2017	1–12/2017
<b>Operating profit</b>	<b>19.6</b>	17.6	<b>35.9</b>	32.6	44.0
Purchase price allocation amortisation					
Environmental Services	<b>0.1</b>	0.2	<b>0.4</b>	0.4	0.6
Industrial Services	<b>0.0</b>	0.0	<b>0.1</b>	0.1	0.1
Facility Services	<b>0.0</b>	0.0	<b>0.0</b>	0.1	0.1
Technical Services	<b>0.6</b>	0.0	<b>1.7</b>	0.1	0.9
<b>Adjusted operating profit</b>	<b>20.3</b>	17.8	<b>38.1</b>	33.3	45.7

**BUSINESS ACQUISITIONS****L&T FM AB**

In the first quarter of 2018, a transaction price refund of EUR 2.2 million was received, which affects cash flow from investing activities by EUR 1.6 million. In addition, the value of the acquired balance sheet items was adjusted by SEK 34.5 million in the third quarter. The adjustments are presented as an increase in property, plant and equipment.

**Fair value**

EUR million	1–9/2018	1–12/2017
Intangible assets	19.0	19.0
Property, plant and equipment	0.1	0.1
Investments	0.0	0.0
Receivables	28.6	32.2
Cash and cash equivalents	0.8	0.8
<b>Total assets</b>	<b>48.5</b>	<b>52.1</b>
Other liabilities	16.8	16.8
Deferred tax liabilities	4.2	4.2
<b>Total liabilities</b>	<b>21.0</b>	<b>21.0</b>
<b>Net assets acquired</b>	<b>27.5</b>	<b>31.2</b>
Total consideration	63.4	64.9
Goodwill	35.8	33.7
Effect on cash flow		
Consideration paid in cash	-63.4	-64.9
Cash and cash equivalents of the acquired company	0.8	0.8
<b>Cash flow from investing activities</b>	<b>-62.6</b>	<b>-64.1</b>

The acquisition of L&T FM AB was completed on 31 August 2017 and the acquired entity has been included in the consolidated financial statements as of 1 September 2017 based on the preliminary acquisition price calculation. The IFRS calculation of the acquisition price is not presented for the comparison period 1–9/2017 due to the short period of time between the finalisation of the transaction and the Q3 Interim Report. The IFRS calculation of the acquisition price on 30 September 2018 is final.

**OTHER BUSINESS ACQUISITIONS, COMBINED****Fair value, total**

EUR million	1– 9/2018	1– 9/2017	1– 12/2017
Intangible assets	-	0.6	0.6
Property, plant and equipment	-	1.0	1.0
Investments	-	0.0	0.0
Receivables	-	0.3	0.3
Cash and cash equivalents	-	1.0	1.0
<b>Total assets</b>	<b>-</b>	<b>2.9</b>	<b>2.9</b>

Other liabilities	-	0.3	0.3
Deferred tax liabilities	-	0.0	0.0
<b>Total liabilities</b>	-	<b>0.3</b>	<b>0.3</b>
Net assets acquired	-	2.6	2.6
Total consideration	-	4.1	4.1
Goodwill	-	1.5	1.5
Effect on cash flow			
Consideration paid in cash	-	-4.1	-4.1
Cash and cash equivalents of the acquired company	-	1.0	1.0
Unpaid	-	-	0.2
<b>Cash flow from investing activities</b>	-	<b>-3.2</b>	<b>-3.0</b>

### CHANGES IN INTANGIBLE ASSETS

EUR million	1-9/2018	1-9/2017	1-12/2017
Carrying amount at beginning of period	<b>196.3</b>	143.2	143.2
Business acquisitions	<b>1.8</b>	49.9	53.0
Other capital expenditure	<b>3.8</b>	5.1	7.1
Disposals	-	0.0	0.0
Depreciation and impairment	<b>-6.3</b>	-4.4	-6.6
Transfers between items	<b>0.0</b>	0.0	0.0
Exchange differences	<b>-2.8</b>	-0.1	-0.3
<b>Carrying amount at end of period</b>	<b>192.8</b>	193.8	196.3

The business acquisitions item under changes in intangible assets for the period 1-9/2018 is due to an adjustment to the L&T FM AB acquisition price calculation.

### CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-9/2018	1-9/2017	1-12/2017
Carrying amount at beginning of period	<b>160.5</b>	160.3	160.3
Business acquisitions	-	0.1	1.1
Other capital expenditure	<b>17.8</b>	25.5	35.4
Disposals	<b>-0.6</b>	-1.1	-1.4
Depreciation and impairment	<b>-25.4</b>	-25.7	-34.5
Transfers between items	<b>0.0</b>	0.0	0.0
Exchange differences	<b>-0.4</b>	-0.3	-0.3
<b>Carrying amount at end of period</b>	<b>151.9</b>	158.8	160.5

### CAPITAL COMMITMENTS

EUR million	9/2018	9/2017	12/2017
Intangible assets	<b>0.2</b>	0.2	0.2

Property, plant and equipment	<b>18.6</b>	7.6	1.9
Total	<b>18.8</b>	7.8	2.1

### FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million 30 September 2018	Loans and other receivable s	Available- for-sale financial assets	Financial liabilities measured using the effective interest method	Derivative s under hedge accountin g	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>						
Available-for-sale investments		0.3			0.3	3
Finance lease receivables	0.0				0.0	2
Other receivables	1.5				1.5	
<b>Current financial assets</b>						
Trade and other receivables	123.3				123.3	
Finance lease receivables	0.4				0.4	
Derivative receivables				0.1	0.1	
Cash and cash equivalents	30.6				30.6	
Total financial assets	155.7	0.3		0.1	156.2	
<b>Non-current financial liabilities</b>						
Borrowings			124.4		124.4	2
Finance lease payables			17.2		17.2	
<b>Current financial liabilities</b>						
Borrowings			2.2		2.2	
Finance lease payables			3.0		3.0	
Trade and other payables			80.2		80.2	
Derivative liabilities				0.2	0.2	2
Total financial liabilities			226.9	0.2	227.2	

The fair values of balance sheet items do not differ significantly from the carrying values of balance sheet items.

EUR million 30 September 2017	Loans and other receivable s	Available- for-sale financial assets	Financial liabilities measured using the effective interest method	Derivative s under hedge accountin g	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>						
Available-for-sale investments		0.6			0.6	3
Finance lease receivables	0.4				0.4	2
Other receivables	1.3				1.3	
<b>Current financial assets</b>						
Trade and other receivables	121.7				121.7	
Finance lease receivables	0.7				0.7	
Derivative receivables				0.0	0.0	
Cash and cash equivalents	31.9				31.9	
Total financial assets	156.0	0.6		0.0	156.6	
<b>Non-current financial liabilities</b>						
Borrowings			126.9		126.9	2
Finance lease payables			13.5		13.5	
Other liabilities			0.2		0.2	
<b>Current financial liabilities</b>						
Borrowings			22.6		22.6	
Finance lease payables			2.1		2.1	
Trade and other payables			72.0		72.0	
Derivative liabilities				0.1	0.1	2
Total financial liabilities			237.1	0.1	237.2	

The fair values of balance sheet items do not differ significantly from the carrying values of balance sheet items.



**CONTINGENT LIABILITIES**

EUR million	9/2018	9/2017	12/2017
<b>Securities for own commitments</b>			
Mortgages on rights of tenancy	0.1	0.2	0.1
Other securities	0.1	0.1	0.1
Bank guarantees required for environmental permits	10.7	10.4	10.6
Other securities are security deposits.			
<b>Operating lease liabilities</b>			
EUR million	9/2018	9/2017	12/2017
Maturity not later than one year	11.7	9.6	10.5
Maturity later than one year and not later than five years	18.7	13.0	15.1
Maturity later than five years	9.4	3.9	10.5
Total	39.8	26.6	36.1

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

EUR million	9/2018	9/2017	12/2017
Nominal values of interest rate swaps			
Maturity not later than one year	1.8	1.8	1.8
Maturity later than one year and not later than five years	-	1.8	0.9
Maturity later than five years	30.0	0.0	30.0
Total	31.8	3.6	32.7
Fair value	-0.3	-0.1	-0.3

The interest rate swaps are used for the hedging of cash flow related to floating rate loans, and hedge accounting under IFRS 9 has been applied to them. The hedges have been effective, and the changes in their fair values are shown on the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data on the balance sheet date.

**Commodity derivatives**

EUR million	9/2018	9/2017	12/2017
Nominal values of diesel swaps			
Maturity not later than one year	1.5	1.4	1.2
Maturity later than one year and not later than five years	-	0.0	0.0

Total	<b>1.5</b>	1.4	1.2
Fair value	<b>0.1</b>	0.0	0.1

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IFRS 9 compliant hedge accounting is applied to these contracts, and the effective change in fair value is recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices on the balance sheet date.

## 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 flow from operating activities/share:

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

EVA:

operating profit - cost calculated on invested capital (average of four quarters)

WACC 2018: 6.60% and 2017: 6.69%

Adjusted operating profit:

operating profit plus purchase price allocation amortisation

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

Helsinki, 25 October 2018

LASSILA & TIKANOJA PLC

Board of Directors

Pekka Ojanpää

President and CEO

Additional information:

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Lassila & Tikanoja is a service company that is putting the circular economy into practice. Together with our customers, we keep materials and properties in productive use for as long as possible and we enhance the use of raw materials and energy. We help our customers maintain the value of their

properties and materials while protecting the environment. We achieve this by delivering responsible and sustainable service solutions that make the daily lives of our customers easier. We operate in Finland, Sweden, and Russia. L&T employs 8,700 people. Net sales in 2017 amounted to EUR 709.5 million. L&T is listed on Nasdaq Helsinki.

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