



LASSILA & TIKANOJA

Q1 2016

Pekka Ojanpää, President and CEO

27 April 2016



HIGHLIGHTS OF Q1/2016

- Net sales EUR 160.7m (EUR 157.3m) 2,1% (yoy)
 - Net sales grew organically in Industrial Services and through acquisitions in Facility Services and Environmental Services.
 - Net sales decreased slightly in Renewable Energy Sources.
- Operating profit EUR 6.8m (EUR 6.5m)
 - Operating profit improved in Facility Services and Industrial Services and declined in Environmental Services.
 - The operating profit of Renewable Energy Sources was unchanged from the comparison period.
 - The operating profit in the comparison period in 2015 was affected by non-recurring restructuring costs of EUR 0.9 million related to the loss-making renovation business that were recognised in the first quarter.

KEY FIGURES

	Q1/16	Q1/15	Change%	2015
Net sales, EUR million	160.7	157.3	2.1	646.3
Operating profit, EUR million	6.8	6.5	4.4	49.9
Operating margin, %	4.2	4.1		7.7
Profit before tax, EUR million	6.9	7.0	-2.5	47.7
Earnings per share, EUR	0.14	0.14	-1.4	0.98
EVA, EUR million	1.8	1.7	5.9	30.3

KEY FIGURES

	Q1/16	Q1/15	Change%	2015
Capital expenditure, EUR million	7.9	9.5	-17.3	49.6
Depreciation, amortisation and impairment, EUR million	9.9	10.1	-1.8	40.0
Net cash from operating activities, EUR million	-18.9	18.6	-201.6	89.8
Return on equity (ROE), %	11.0	11.4		18.2
Return on invested capital (ROI), %	9.4	10.2		16.5
Equity ratio, %	40.0	41.9		46.5
Gearing, %	52.4	39.2		19.8
Total number of employees at the end of the period	8,034	7,842		8,085

OPERATING PROFIT

EUR million	Q1/16	Q1/15	Change%	2015
Environmental Services	5.4	6.5	-16.9	35.8
Industrial Services	-0.3	-0.4	16.8	6.8
Facility Services	1.2	0.3	252.8	8.1
Renewable Energy Sources	0.7	0.7	-7.3	2.1
L&T Group	6.8	6.5	4.4	49.9

FINANCIAL TARGETS

Key figure	Target 2018	Actual Q1/2016	Actual Q1/15	Actual 2015
Growth, %	5	2.1	-1.3	1.0
Return on investment (ROI)*, %	20	16.5	18.6	17.5
EBIT*, %	9	4.2	4.7	8.1
Gearing, %	0–70	52.4	39.2	19.8

*2015 rolling 12 months excluding EO items

ENVIRONMENTAL SERVICES

- Increase in net sales was due to acquisitions.
- Operating profit of Environmental Services division was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.
- Net sales decreased slightly in operations in Russia. Operating profit improved year-on-year.



EUR million	Q1/16	Q1/15	Change%	2015
Net sales	61.8	60.9	1.4	256.5
Operating profit*	5.4	6.5	-16.9	35.8
Operating margin*	8.8%	10.7%		14.0%

* 2015 excluding EO items

INDUSTRIAL SERVICES

- Net sales grew particularly in process cleaning and, with the exception of hazardous waste services, were higher than in the comparison period across all service lines.
- Reduced demand for services led to lower operating profit for hazardous waste services.
- Operating profit improved in process cleaning and sewer maintenance.
- Operating profit of environmental construction was unchanged from the comparison period.



EUR million	Q1/16	Q1/15	Change%	2015
Net sales	15.9	14.8	7.2	77.0
Operating profit*	-0.3	-0.4	16.8	6.8
Operating margin*	-2.0%	-2.5%		8.9%

* 2015 excluding EO items

FACILITY SERVICES

- Net sales grew in cleaning and renovation services but declined in property maintenance. Net sales increased in maintenance of technical systems business due to acquisitions.
- Profitability increased significantly in maintenance of technical systems and renovation businesses due to efficiency improvement measures implemented last year.
- Profitability of cleaning business was weighted down by intense price competition.
- A non-recurring restructuring cost of EUR 0.9 million was recorded for Q1/15.



EUR million	Q1/16	Q1/15	Change%	2015
Net sales	72.2	70.7	2.2	282.9
Operating profit*	1.2	1.2	-5.9	10.5
Operating margin*	1.6%	1.8%		3.7%

* 2015 excluding EO items

RENEWABLE ENERGY SOURCES

- The division's net sales was influenced by the demand for forest energy being weaker than in the previous year.
- Operating profit remained unchanged year-on-year due to more efficient operations.



EUR million	Q1/16	Q1/15	Change%	2015
Net sales	12.8	12.9	-1.1	39.4
Operating profit*	0.7	0.7	-7.3	2.1
Operating margin*	5.1%	5.5%		5.3%

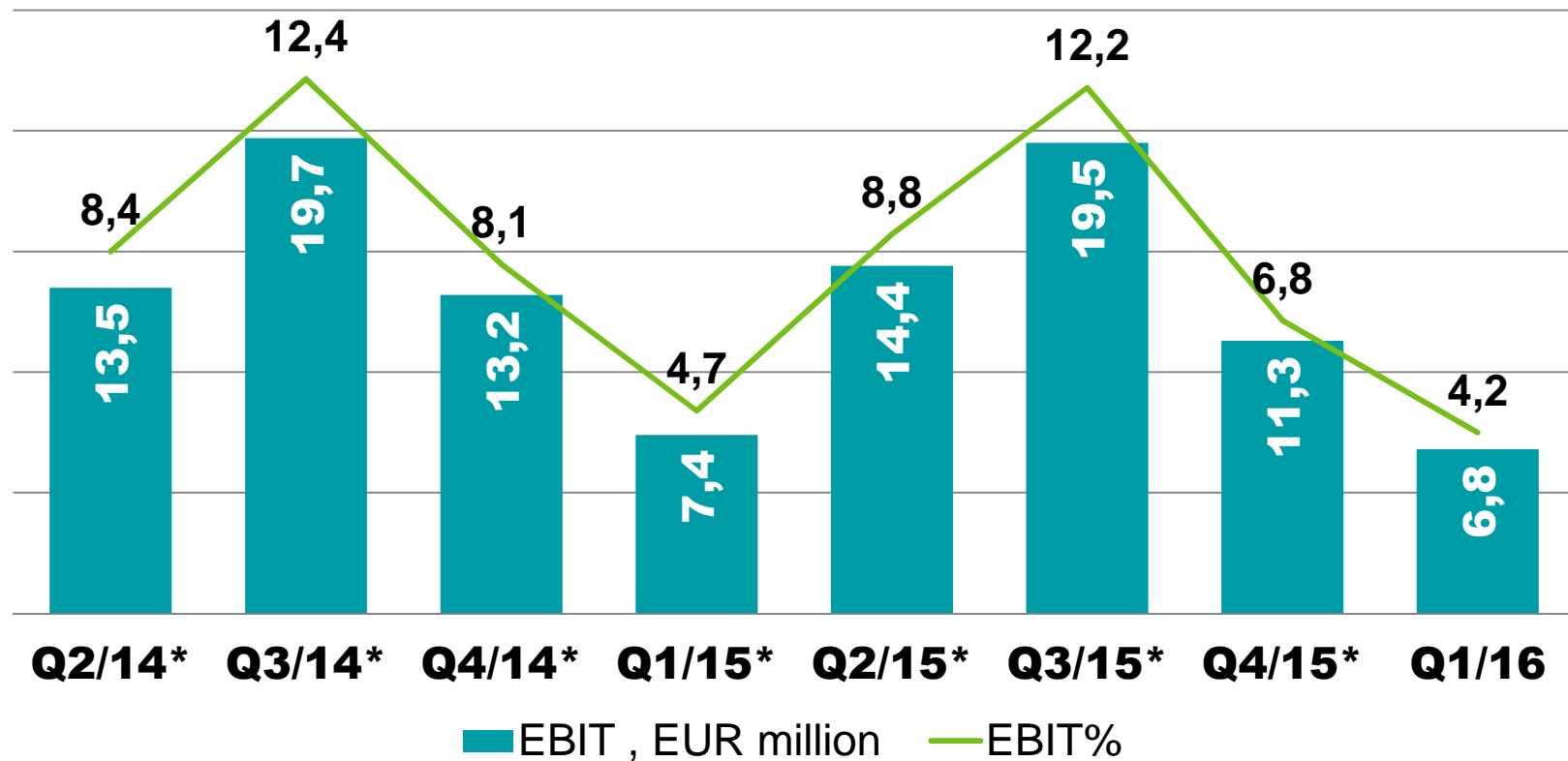
* 2015 excluding EO items

FOCUS ON MARKET POSITION, OPERATIONAL EFFICIENCY AND CASH FLOW



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

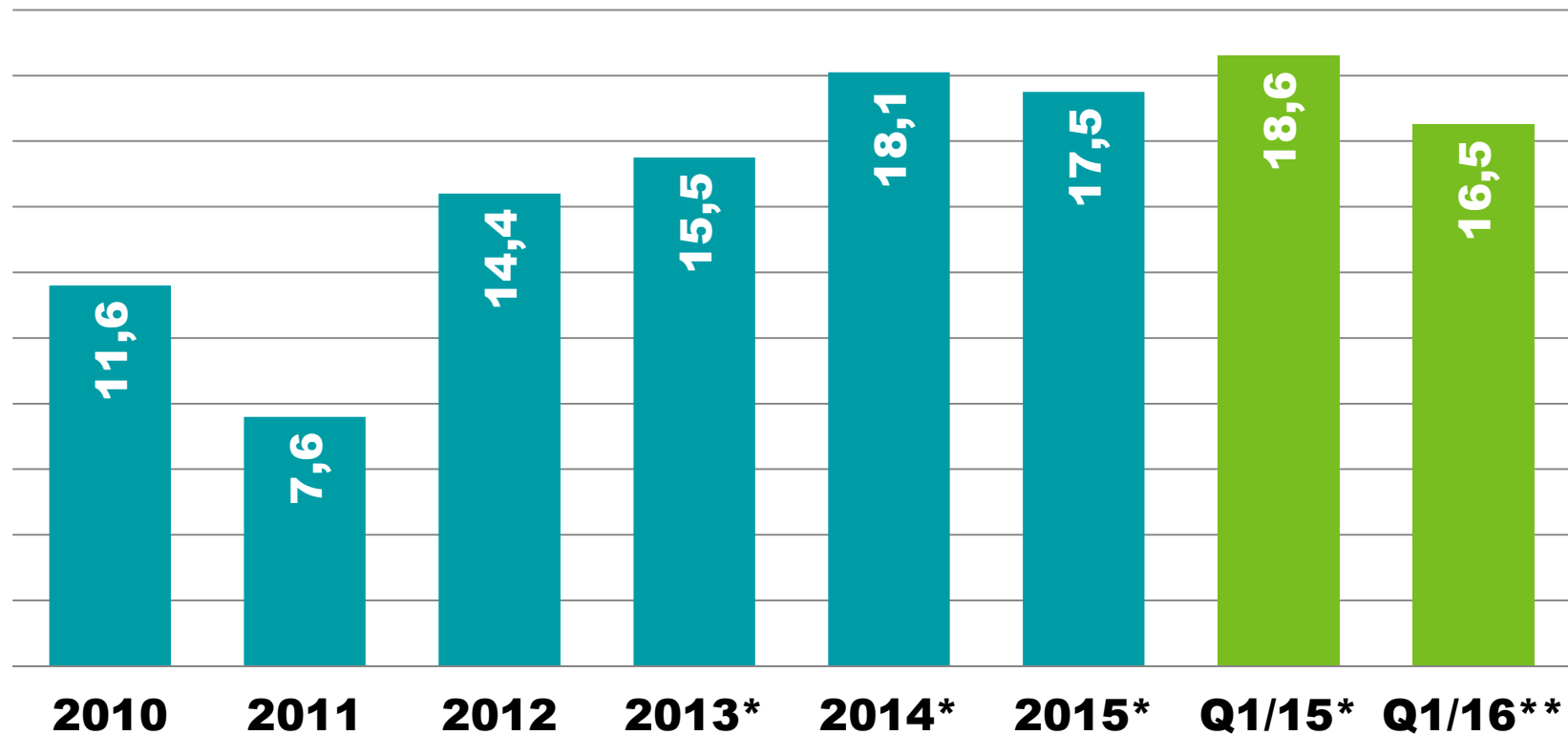
OPERATING PROFIT



* excluding EO items

RETURN ON INVESTMENT

Strategic target: ROI 20%

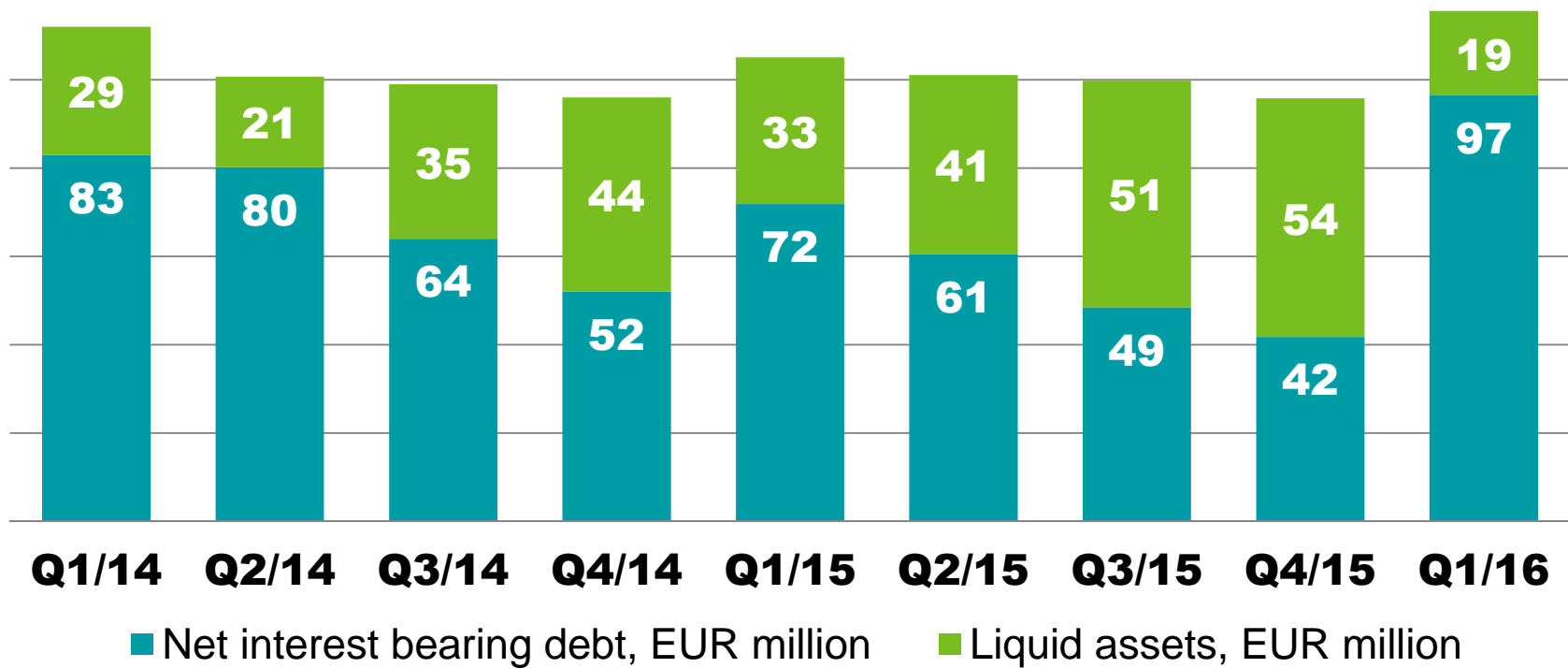


* Rolling 12 months excluding EO items

** Rolling 12 months

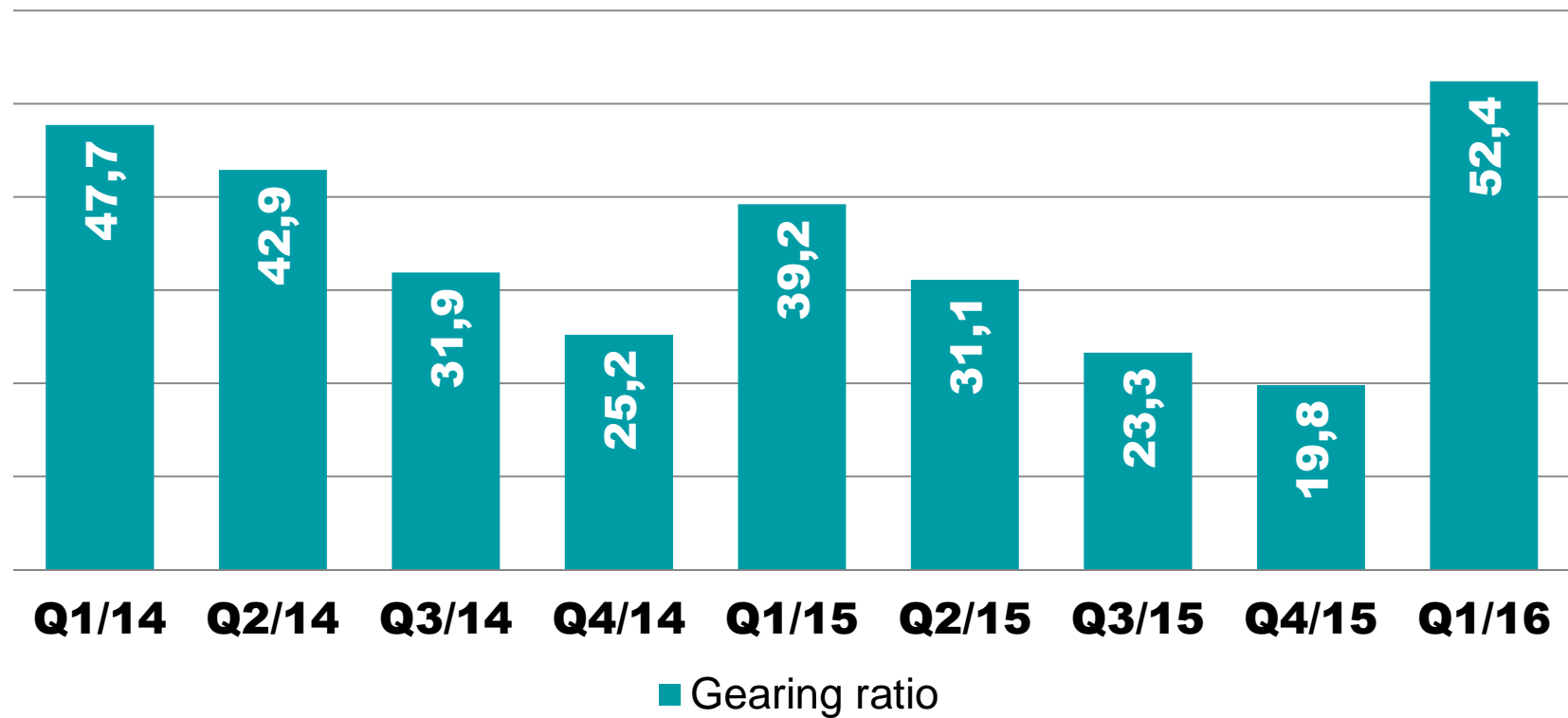
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INTEREST BEARING DEBT

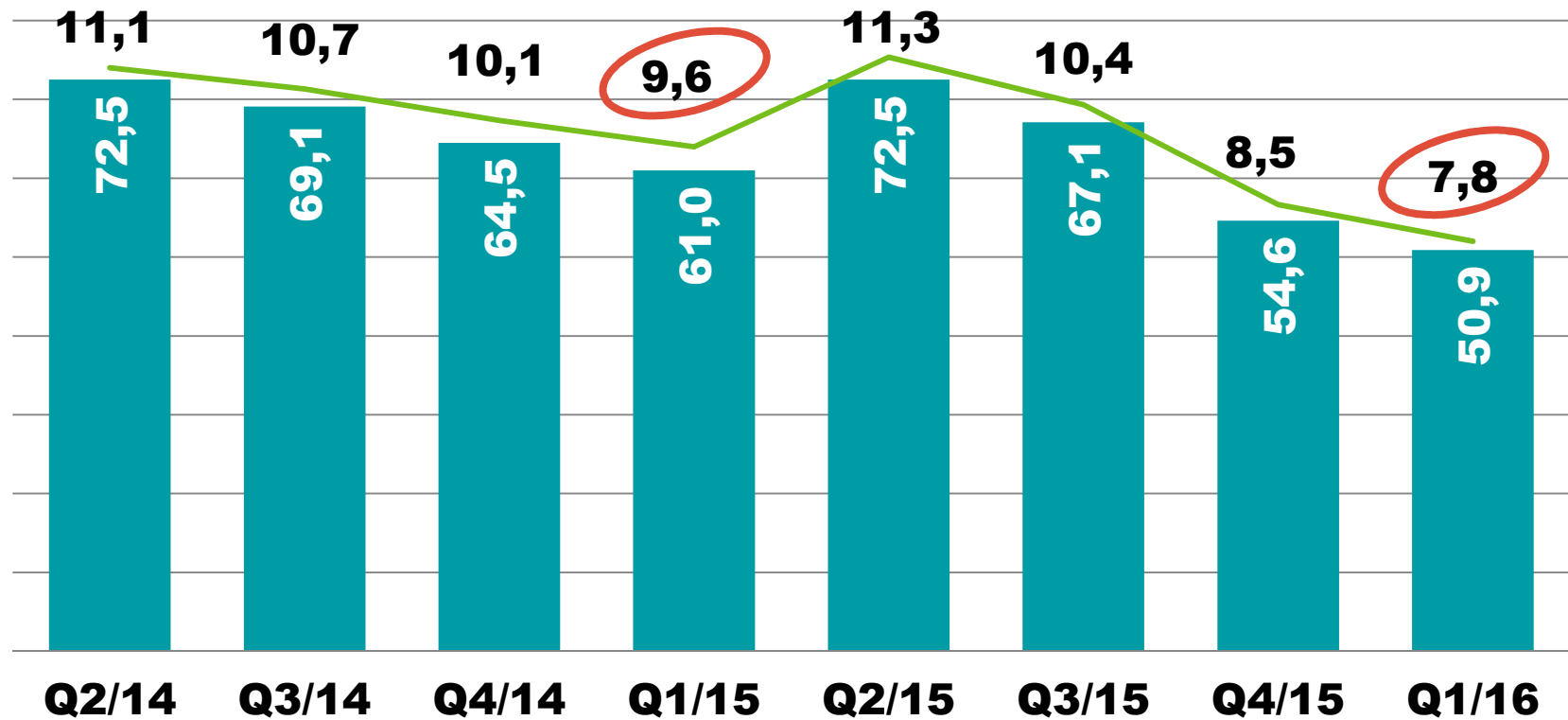


GEARING

Strategic target: Gearing 0 - 70%



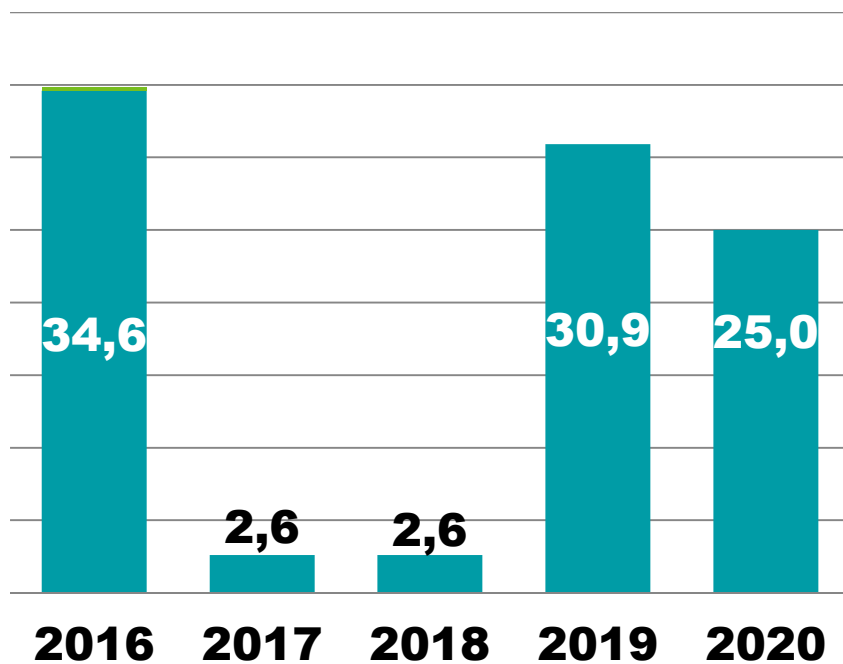
NET WORKING CAPITAL



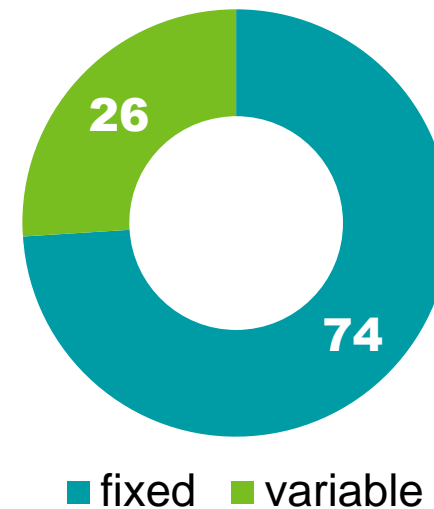
■ Net working capital, EUR million

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

MATURITY STRUCTURE OF LONG-TERM LOANS

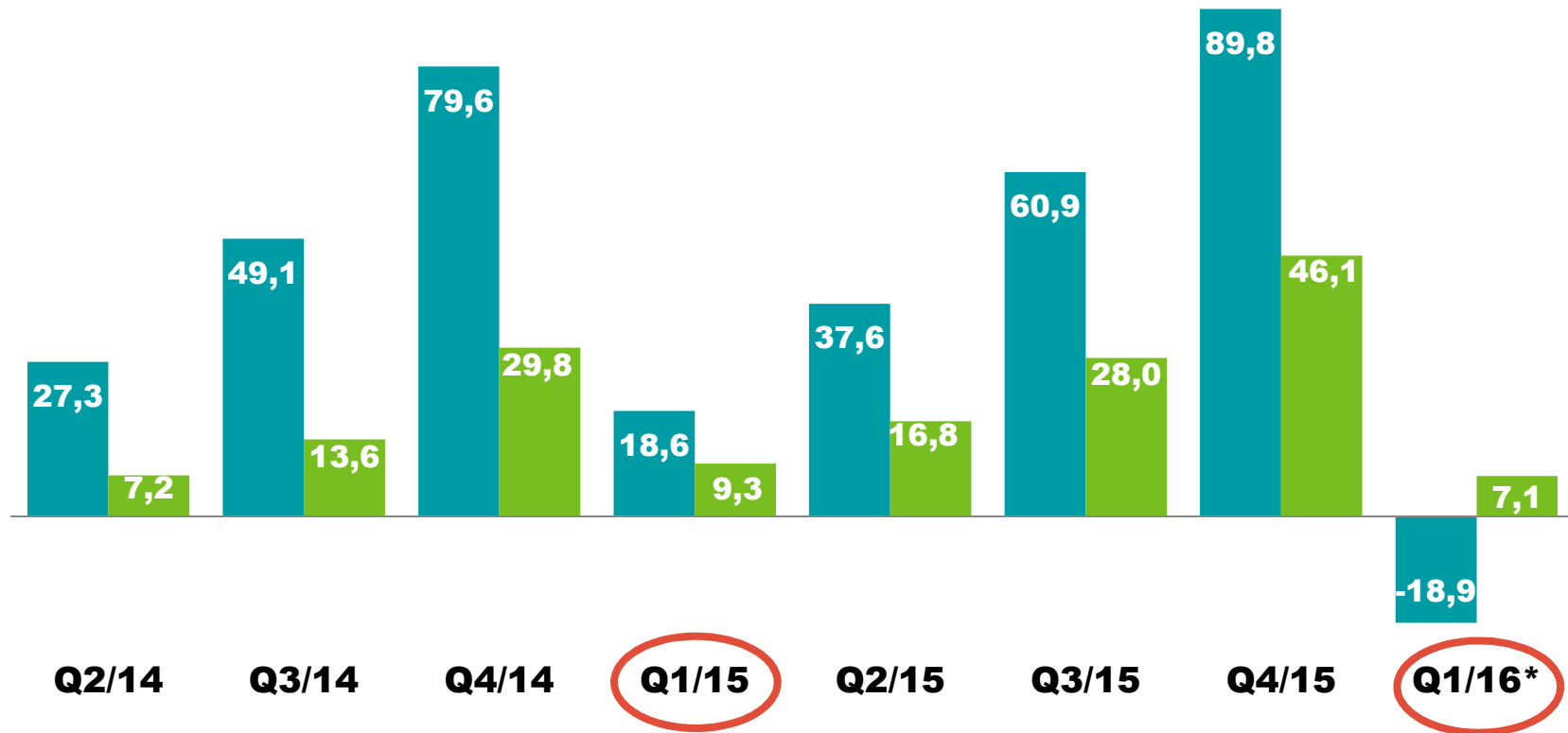


■ Repaid, EUR million
■ Loans, EUR million



Weighted average of effective interest rate 1.5%

CASH FLOW AND INVESTMENTS



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

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

OUTLOOK FOR THE YEAR 2016



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

This estimate was included in the Financial Statements Release for 2015 released on 3 February 2016.

CONTACT INFORMATION



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