



LASSILA & TIKANOJA

INTERIM REPORT Q1 2020

Eero Hautaniemi, President and CEO

Valtteri Palin, CFO

28 April 2020

Q1 2020

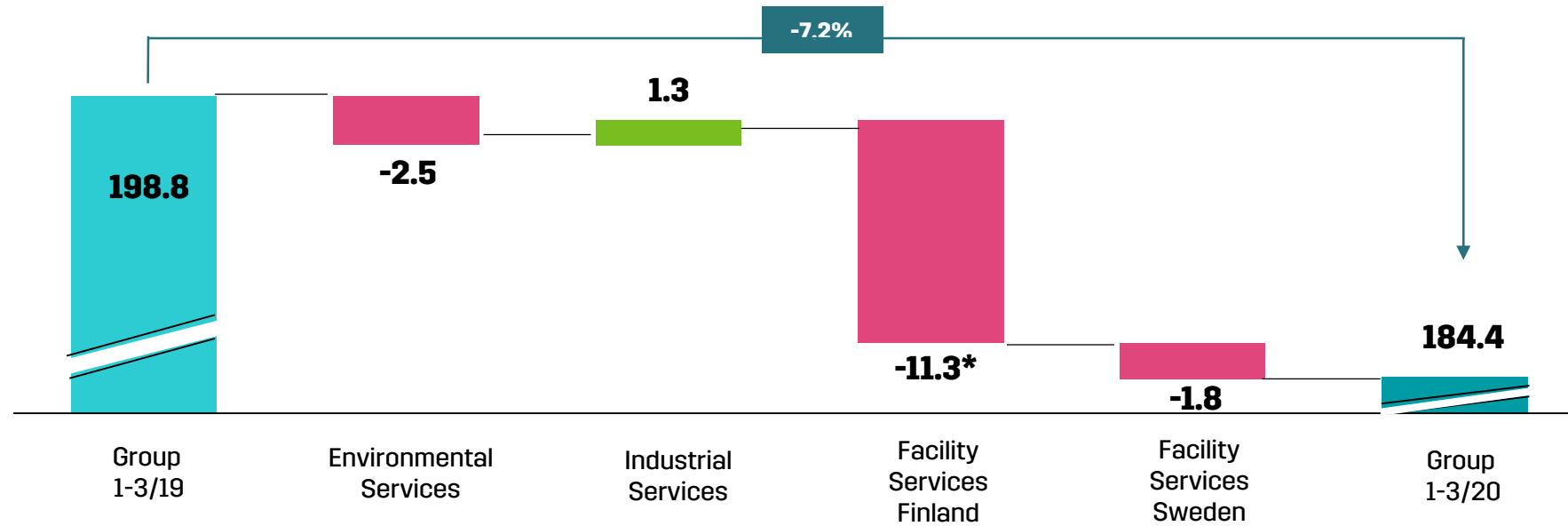
HIGHLIGHTS

- ◆ There was a clear improvement in operating profit during the first quarter compared to Q1 2019. Operating profit in business operations improved due to the better performance in Facility Services Finland.
- ◆ L&T's net cash flow was on a good level in Q1 2020 and liquidity position remained strong.
- ◆ L&T has prepared for the uncertainty and lower demand caused by the coronavirus epidemic by engaging in comprehensive contingency planning.
- ◆ The discontinuation of Russian operations will be executed in 2020.



Q1 2020

NET SALES



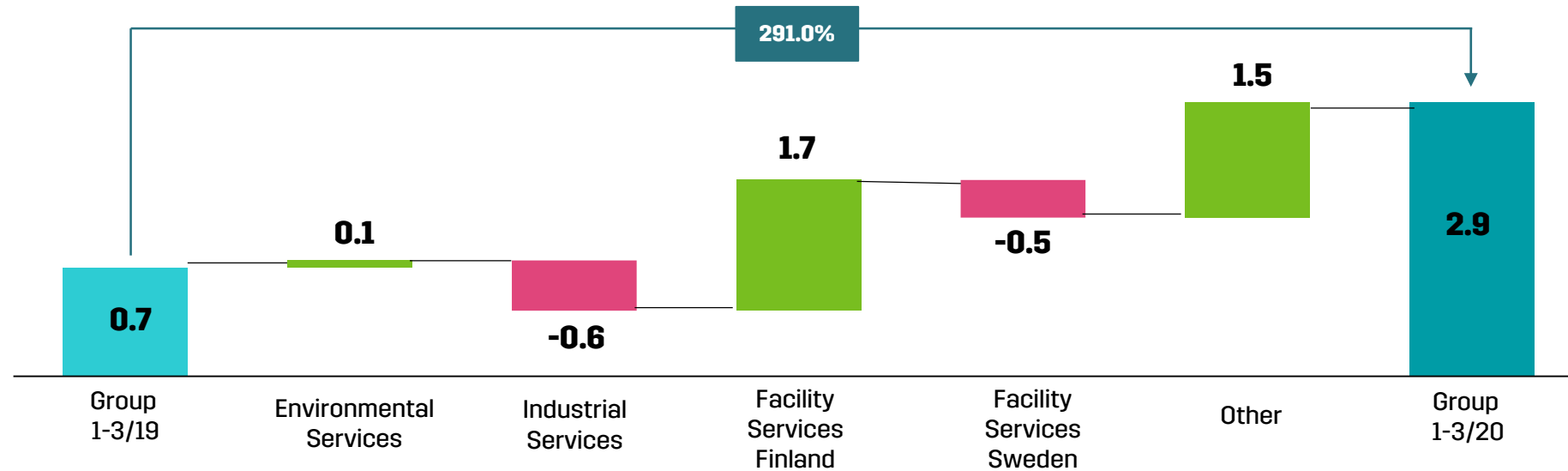
EUR million	Q1/20	Q1/19	Change%	2019
Environmental Services	77.1	79.6	-3.1	311.2
Industrial Services	20.2	19.0	6.7	98.9
Facility Services Finland	58.2	69.5	-16.2	249.1
Facility Services Sweden	30.3	32.1	-5.6	131.8
L&T Group	184.4	198.8	-7.2	784.3

*Decline in net sales is due to the sale of L&T Korjausrakentaminen Oy (Q2/2019)



Q1 2020

OPERATING PROFIT



EUR million	Q1/20	Q1/19	Change%	2019
Environmental Services	4.7	4.6	2.1	32.8
Industrial Services	-0.3	0.3	-192.9	9.9
Facility Services Finland	-1.8	-3.5	47.8	-4.1
Facility Services Sweden	0.2	0.7	-70.5	3.8
Other	0.1	-1.4		2.5*
L&T Group	2.9	0.7	291.0	45.0

*Includes gain on sale of Korjausrakentaminen Oy

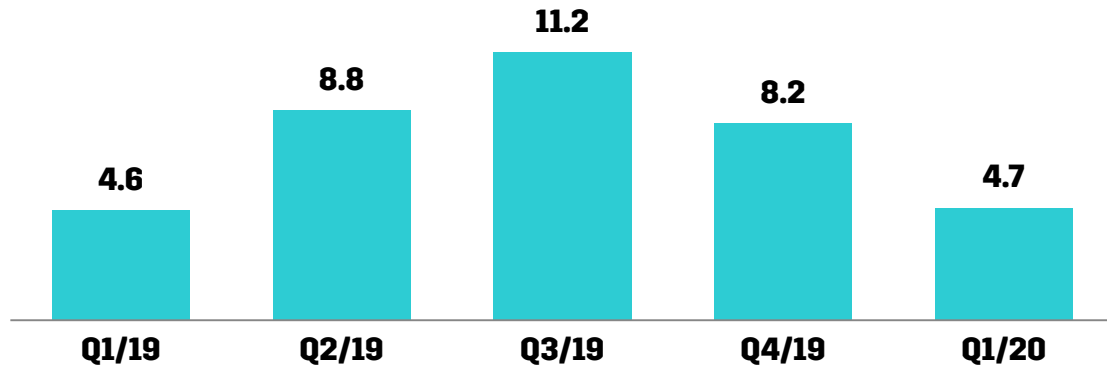


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OPERATING PROFIT BY DIVISION

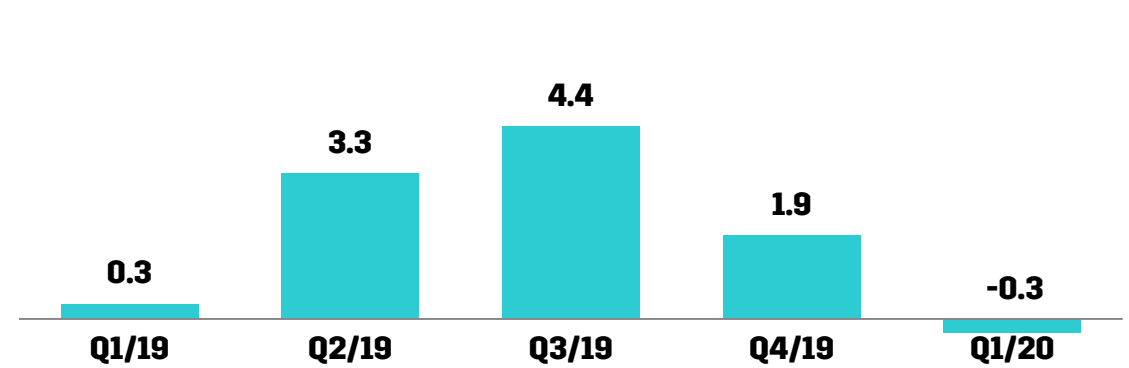
ENVIRONMENTAL SERVICES

EBIT, EUR million



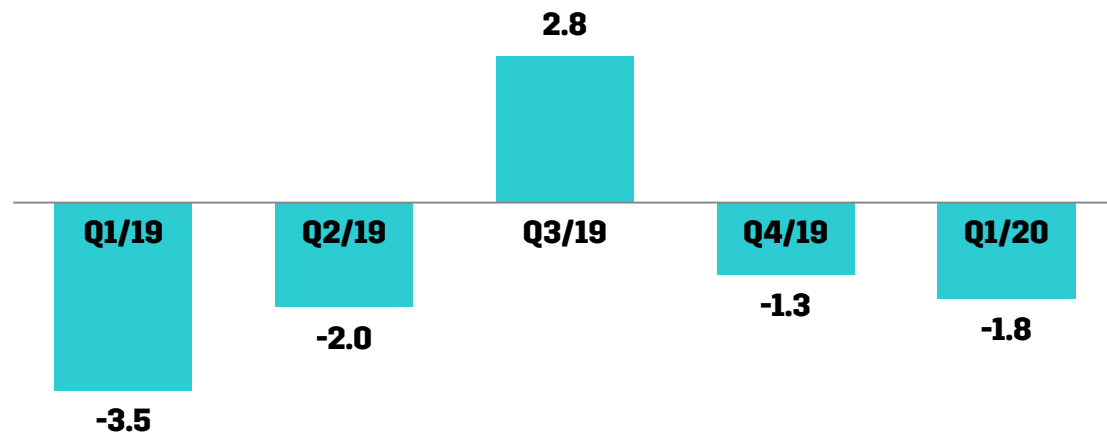
INDUSTRIAL SERVICES

EBIT, EUR million



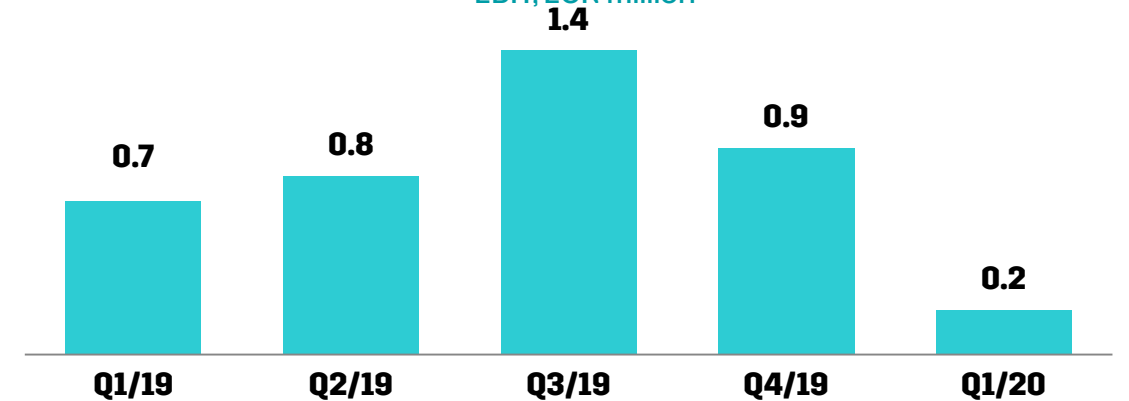
FACILITY SERVICES FINLAND

EBIT, EUR million



FACILITY SERVICES SWEDEN

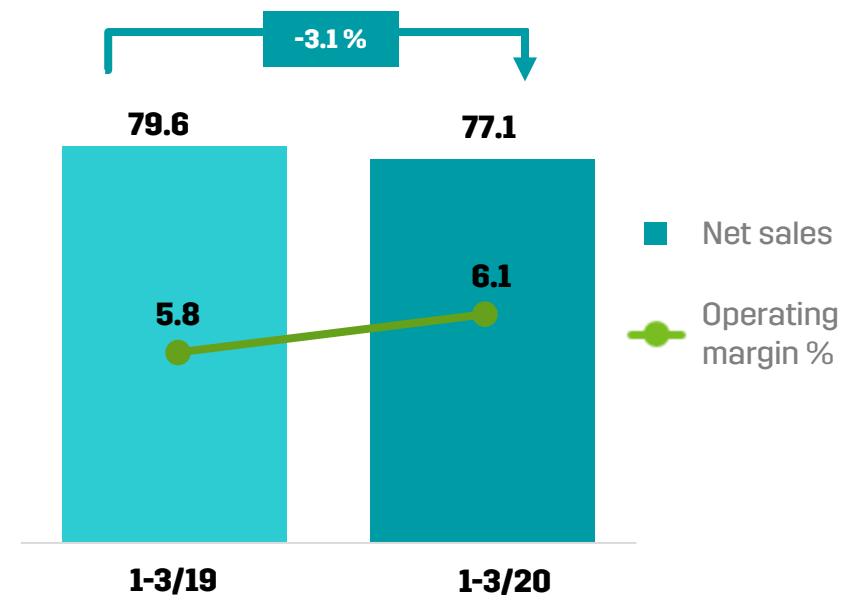
EBIT, EUR million



ENVIRONMENTAL SERVICES

- ◆ Demand remained at a good level
- ◆ In the market for recycled raw materials especially the prices of paperboard and cardboard continued to decline which contributed to the decrease in net sales

EUR million	Q1/20	Q1/19	Change%	2019
Net sales	77.1	79.6	-3.1	311.2
EBITDA	11.2	10.8	4.5	58.0
Operating profit	4.7	4.6	2.1	32.8
Operating margin, %	6.1	5.8		10.5

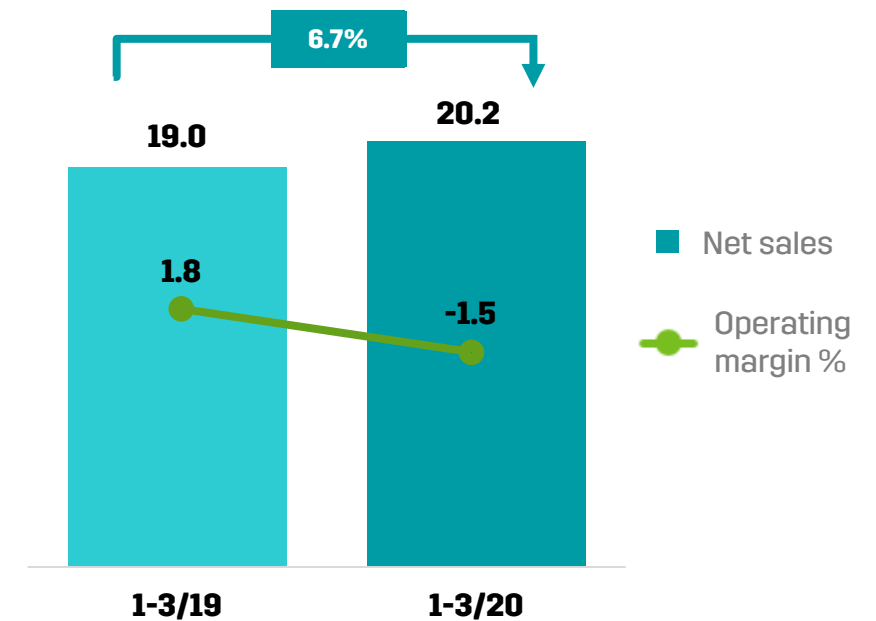


INDUSTRIAL SERVICES



- Net sales grew due to new customer agreements for continuing services
- The decrease in operating profit was attributable to start-up costs related to new agreements and difficulties arising from industrial actions. Also the coronavirus epidemic affected negatively at the end of the quarter

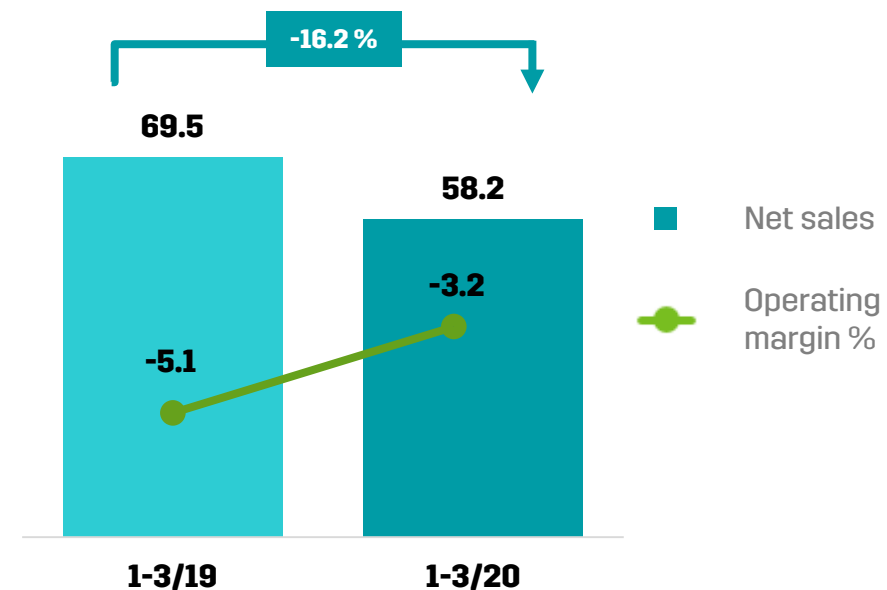
EUR million	Q1/20	Q1/19	Change%	2019
Net sales	20.2	19.0	6.7	98.9
EBITDA	2.2	2.6	-13.6	19.1
Operating profit	-0.3	0.3	-192.9	9.9
Operating margin, %	-1.5	1.8		10.1



FACILITY SERVICES FINLAND

- The decline in net sales was mainly due to the divestment of L&T Korjausrakentaminen Oy, which took place in April 2019. The winter's low snowfall also reduced net sales and subcontracting
- Operating profit improved substantially year-on-year in all business lines

EUR million	Q1/20	Q1/19	Change%	2019
Net sales*	58.2	69.5	-16.2	249.1
EBITDA	1.2	0.1	850.8	9.4
Operating profit	-1.8	-3.5	47.8	-4.1
Operating margin, %	-3.2	-5.1		-1.6

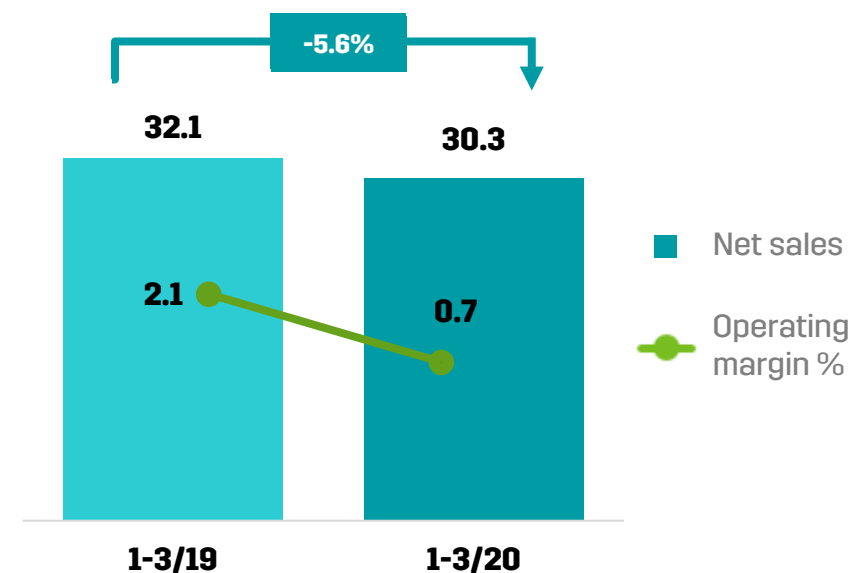


*The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy.

FACILITY SERVICES SWEDEN

- Due to the coronavirus epidemic higher-than-usual sickness rate increased the subcontracting costs. There was also negative impact on order volume in additional sales
- Exchange rate differences had negative impact to net sales and operating profit

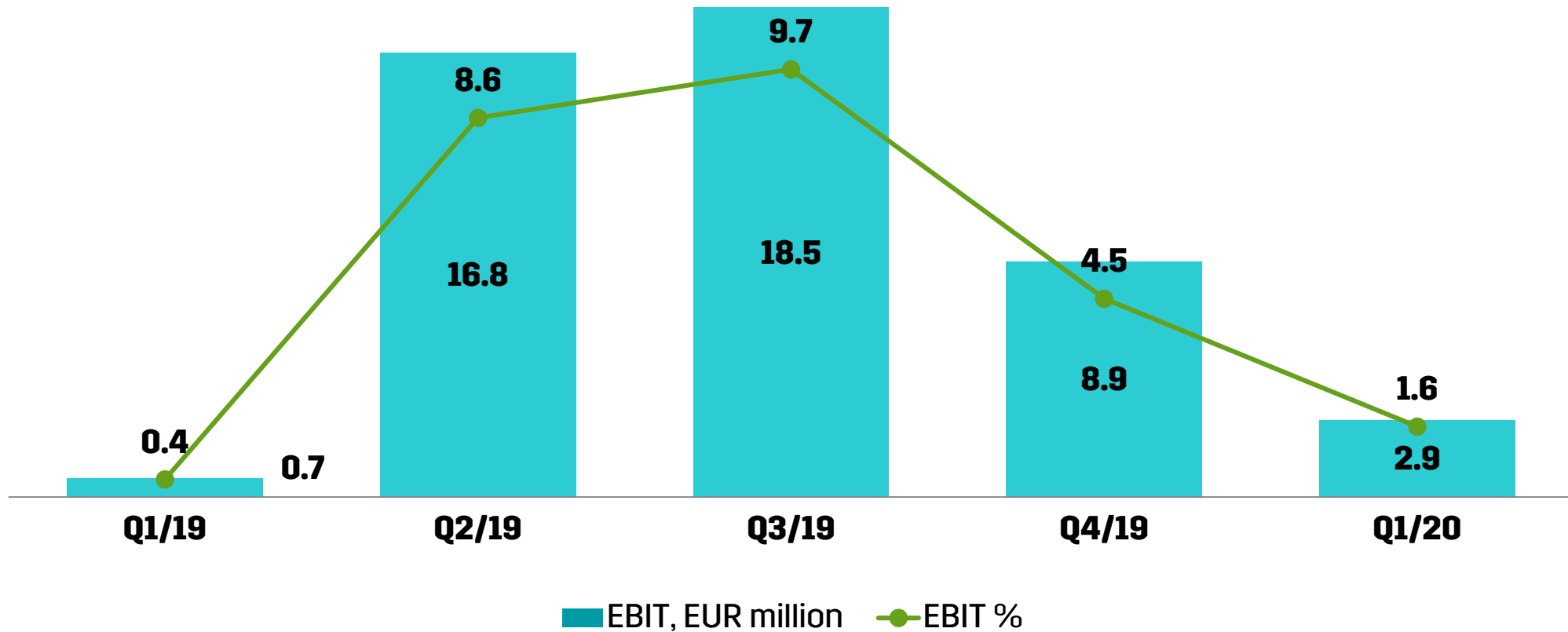
EUR million	Q1/20	Q1/19	Change%	2019
Net sales	30.3	32.1	-5.6	131.8
EBITDA	1.5	2.2	-31.2	9.4
Operating profit	0.2	0.7	-70.5	3.8
Operating margin, %	0.7	2.1		2.9



OPERATING PROFIT



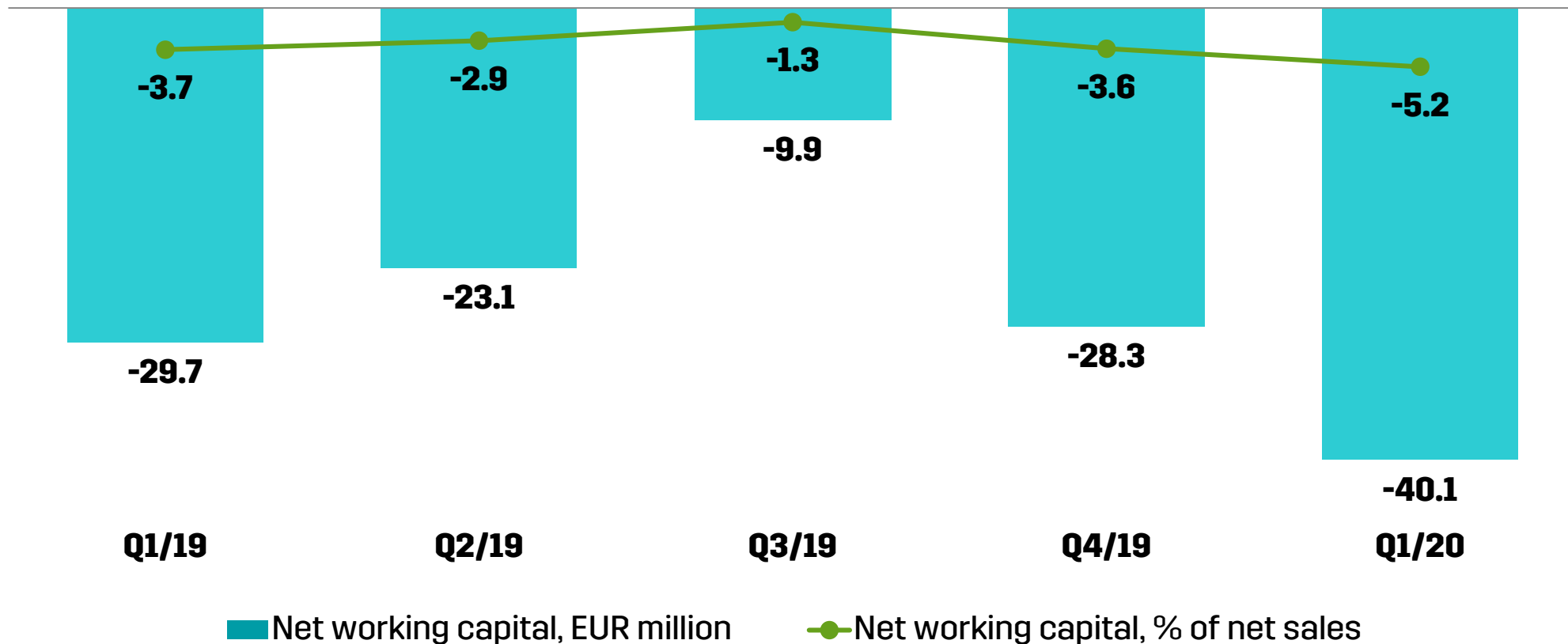
- ◆ The improvement of Q1 operating profit was mainly due to the increase of Facility Services Finland's operating profit EUR 1.7 million compared to Q1 2019



Q1 2020

NET WORKING CAPITAL

◆ Ongoing measures for improving the efficiency of working capital management

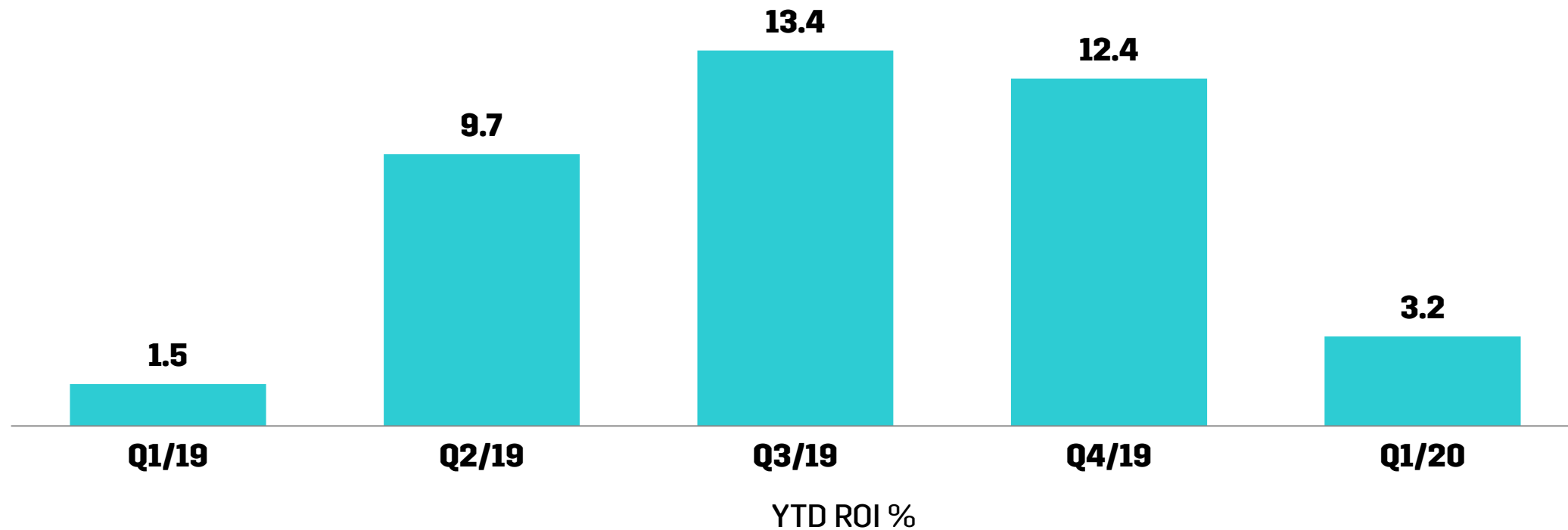


Q1 2020

RETURN ON INVESTMENT



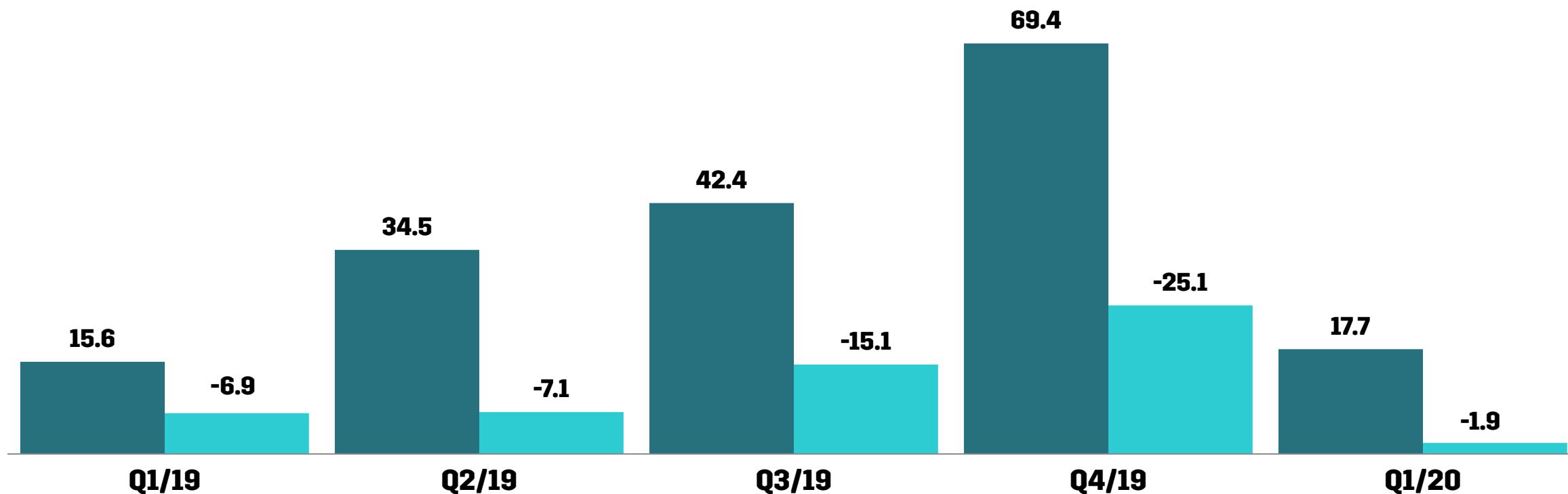
- Q1 ROI % improved due to the decrease of capital employed and the improvement of operating profit



CASH FLOW AND INVESTMENTS



◆ Cash flow remained on a good level. The sale of real estate improved the cash flow of investments



■ Net cash from operating activities after investments, EUR million

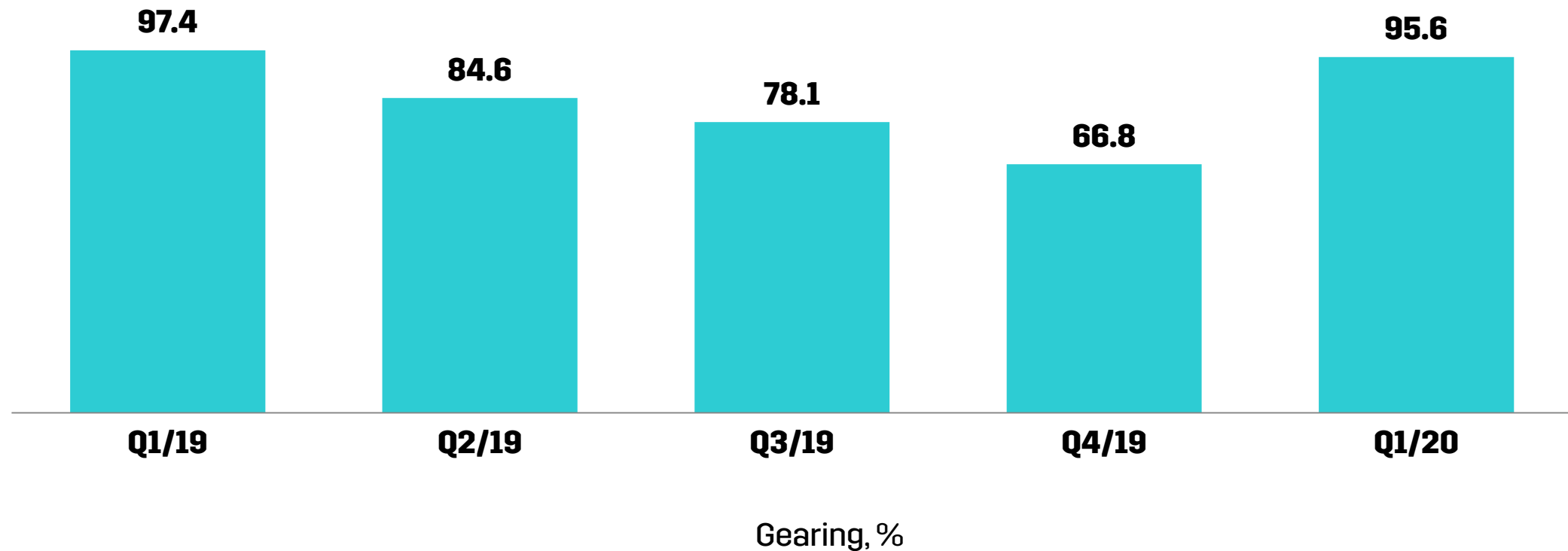
■ Net cash used in investment activities, cumulative, EUR million



Q1 2020

GEARING

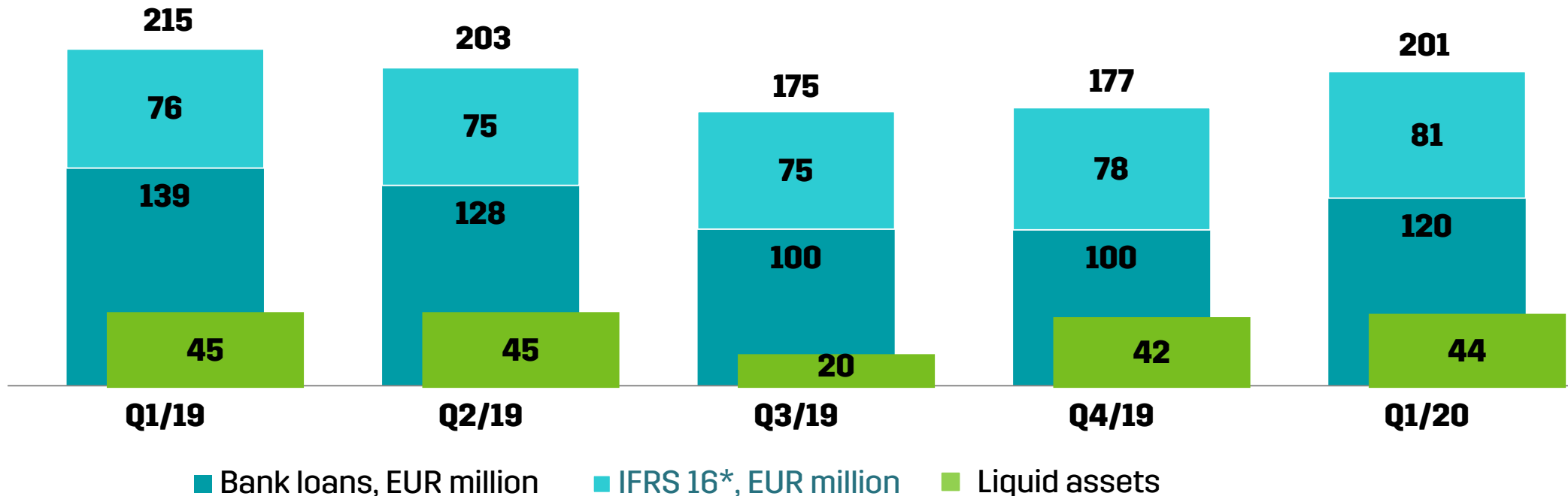
- ◆ Repurchasing of own shares and negative translation differences decreased the equity and impacted the change in gearing compared in Q1 2019



Q1 2020

INTEREST BEARING DEBT AND LIQUIDITY

- ◆ L&T strengthened liquidity by emitting 20 EUR million of commercial papers
- ◆ New revolving credit facility of EUR 30 million was signed in April



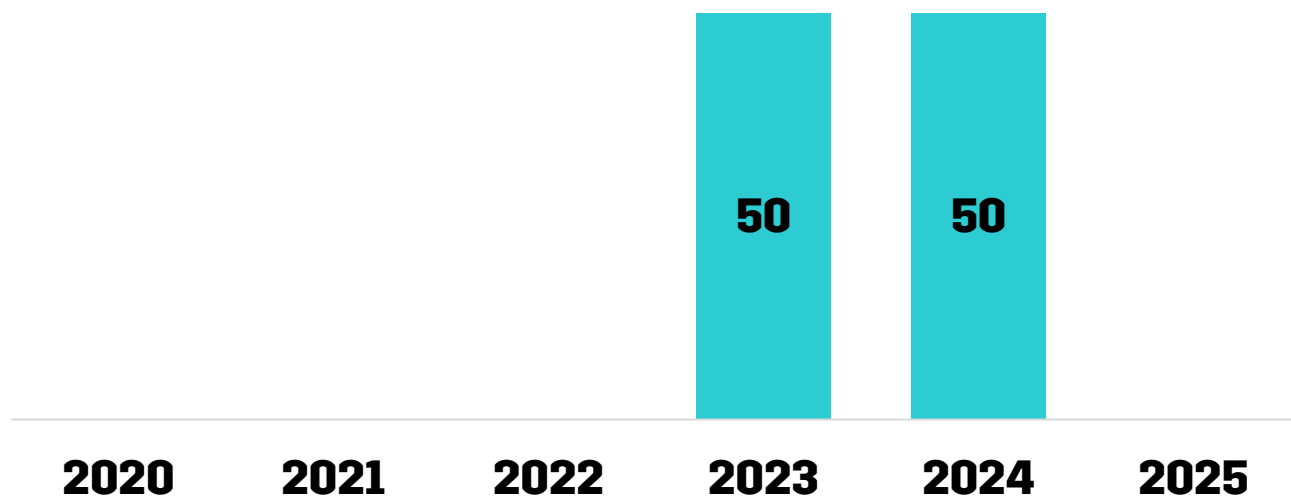
*Including heavy leases



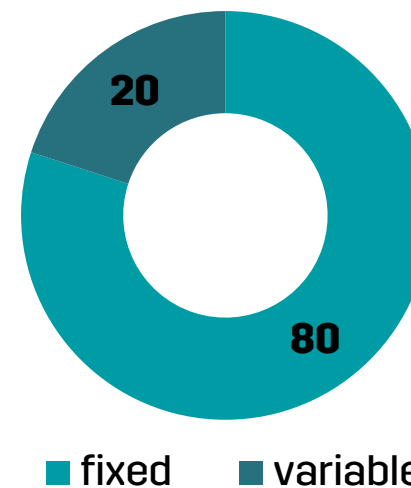
MATURITY STRUCTURE OF LOANS

◆ No loan repayments until 2023

Loans, EUR million



Loans do not include commercial papers



Weighted average of effective interest rate 1.3 %

Q1 2020

OUTLOOK FOR THE YEAR 2020

Updated outlook 24.4.2020:

Full-year net sales for 2020 are expected to decrease year-on-year and operating profit is estimated to be EUR 30–40 million (40.5) excluding loss related to the discontinuation of Russian operations.

Previous outlook:

Net sales in 2020 are expected to be on par with 2019 and operating profit is expected to increase compared to 2019 (EUR 40.5 million). The effect of the divestment of L&T Korjausrakentaminen Oy, EUR 4.5 million, has been deducted from the operating profit for the comparison period, which was EUR 45.0 million.

CONTACTS



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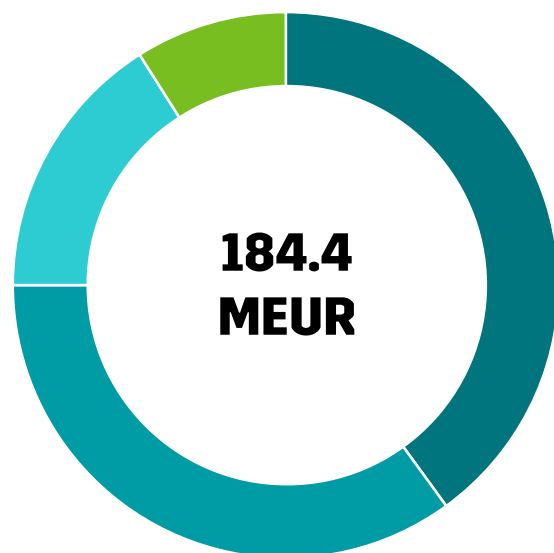
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Q1 2020

KEY FIGURES

NET SALES Q1/20



- Environmental Services **42%**
- Facility Services Finland **32%**
- Facility Services Sweden **16%**
- Industrial Services **11%**

	Q1/20	Q1/19	Change%	2019
Net sales, EUR million	184.4	198.8	-7.2	784.3
EBITDA, EUR million	20.4	14.4	42.1	99.4
Operating profit, EUR million	2.9	0.7	291.0	45.0
Operating margin, %	1.6	0.4		5.7
EVA, EUR million	-3.4	-5.2	35.4	19.8
Earnings per share, EUR	0.00	0.01	-89.9	0.90

Q1 2020

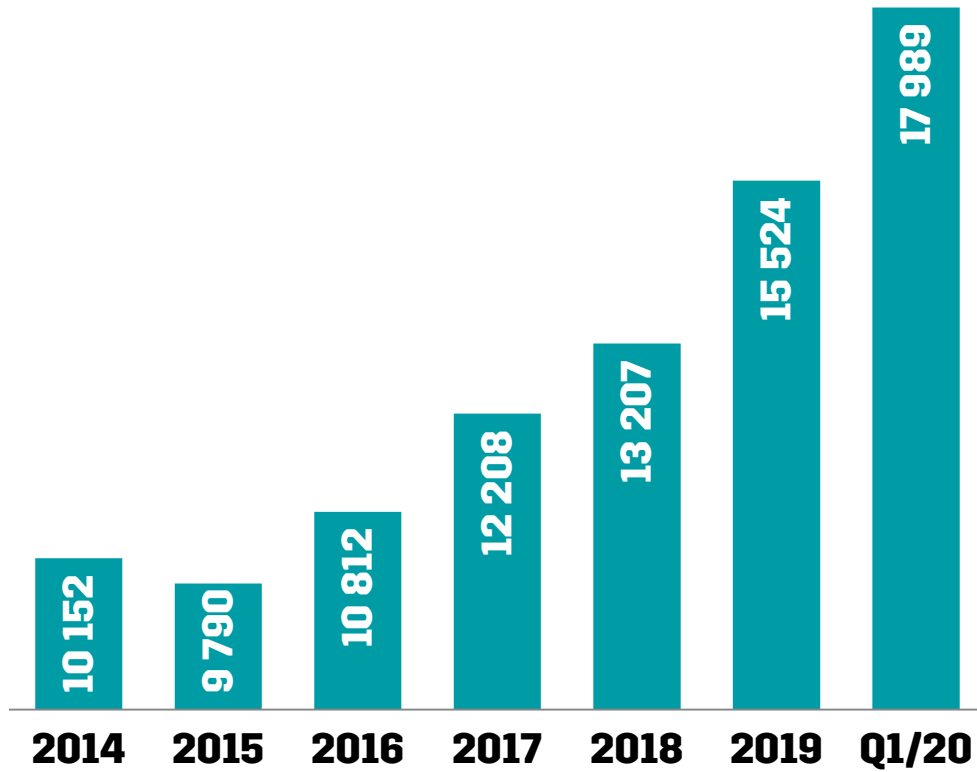
KEY FIGURES

	Q1/20	Q1/19	Change%	2019
Capital expenditure, EUR million	9.0	9.3	-4.0	46.1
Depreciation, amortisation and impairment, EUR million	17.6	13.6	28.7	54.4
Net cash from operating activities, EUR million	19.6	22.4	-12.9	94.5
Return on equity (ROE), %	0.1	1.0		16.8
Return on investment (ROI), %	3.2	1.5		12.4
Equity ratio, %	29.3	29.6		35.6
Gearing, %	95.6	97.4		66.8
Total number of employees at the end of the period	8,306	8,728		8,207

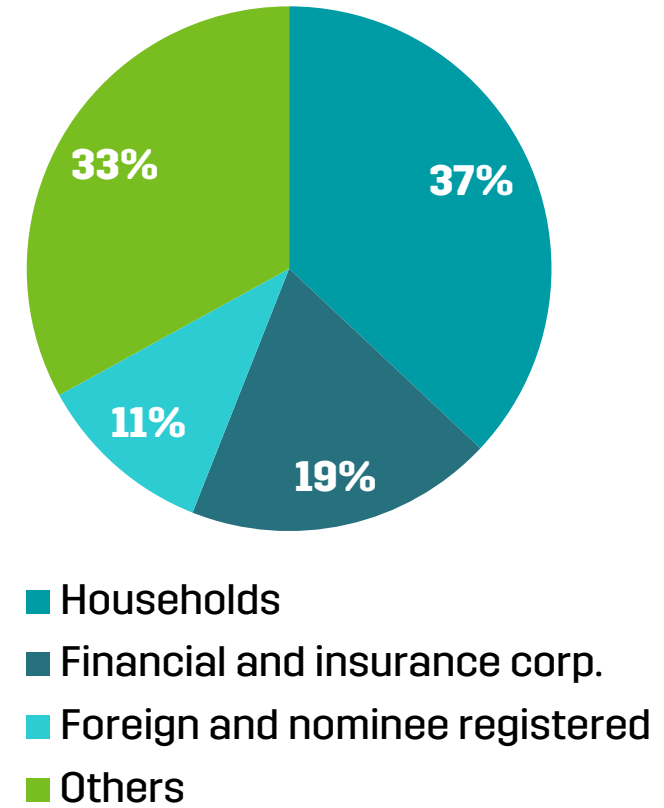
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS AT 31 MARCH 2020

Shareholder	Shares	%
Mandatum Life Insurance Company Limited	2,970,574	7.66
Evald ja Hilda Nissin Foundation	2,413,584	6.22
Nordea Investment Funds	1,732,198	4.47
Maijala Juhani	1,529,994	3.94
Elo Mutual Pension Insurance Company	1,072,133	2.76
Stiftelsen för Åbo Akademi	1,066,282	2.75
Ilmarinen Mutual Pension Insurance Company	1,024,836	2.64
Varma Mutual Pension Insurance Company	879,791	2.27
Bergholm Heikki	833,451	2.15
Maijala Mikko	720,000	1.86

Ownership structure / sector	Shares	%
Nominee-registered shares	4,028,332	10.38
Number of shares	38,798,874	100.00
Number of shareholders	17,989	

APPENDIX

KEY FIGURES

	1-3/2020	1-3/2019	1-12/2019
Earnings per share, EUR	0.00	0.01	0.90
Diluted earnings per share, EUR	0.00	0.01	0.90
Cash flow from operating activities/share, EUR	0.51	0.58	2.46
EVA, EUR million*	-3.4	-5.2	19.8
Gross capital expenditure, EUR million	9.0	9.3	46.1
Depreciation, amortisation and impairment, EUR million	17.6	13.6	54.4
Equity per share, EUR	4.31	4.53	5.33
Return on equity (ROE), %	0.1	1.0	16.8
Invested capital, EUR million	364.7	388.5	380.5
Return on invested capital (ROI), %	3.2	1.5	12.4
Equity ratio, %	29.3	29.6	35.6
Gearing, %	95.6	97.4	66.8
Net interest-bearing liabilities, EUR million	156.9	169.3	135.6
Average number of employees in full-time equivalents	7 237	7 234	7 308
Total number of full-time and part-time employees at end of period	8 306	8 728	8 207
Number of outstanding shares adjusted for issues, 1,000 shares			
average during the period	38 086	38 409	38 354
at end of period	38 105	38 416	38 094
average during the period, diluted	38 093	38 423	38 368

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2020 6.64%, 2019 6.55%

CONSOLIDATED INCOME STATEMENT

MEUR	1-3/2020	1-3/2019	1-12/2019
Net sales	184.4	198.8	784.3
Other operating income	7.5	0.8	10.6
Change of inventory	1.8	-1.8	0.3
Materials and services	-66.7	-74.2	-270.4
Employee benefit expenses	-81.1	-84.5	-327.1
Other operating expenses	-25.5	-24.7	-98.3
Depreciation and impairment	-17.6	-13.6	-54.4
Operating profit	2.9	0.7	45.0
Financial income and expenses	-2.8	-0.4	-3.0
Share of the result of associated companies	0.0	0.0	0.0
Profit before tax	0.1	0.4	42.0
Income taxes	0.0	0.1	-7.3
Profit for the period	0.0	0.5	34.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	3/2020	3/2019	12/2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	149.9	151.9	151.9
Other intangible assets *)	30.4	40.2	36.2
	180.2	192.2	188.0
Property, plant and equipment *)	127.3	128.9	129.5
Right-of-use asset	80.1	76.0	4.2
	207.4	204.9	206.7
Other non-current assets *)			
Finance lease receivables	0.0	0.0	0.0
Deferred tax assets	4.7	4.5	4.6
Other receivables	1.3	1.6	1.4
	6.0	6.2	6.0
Total non-current assets	393.7	403.3	400.7
Current assets			
Inventories	23.2	19.1	21.5
Trade receivables *)	70.5	73.8	84.2
Contract assets	27.5	34.1	22.0
Other receivables *)	15.6	14.5	13.4
Non-current asset held for sale	-	10.7	-
Cash and cash equivalents	43.7	45.3	41.8
Total current assets	180.5	197.6	182.9
Total assets	574.2	600.8	583.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	3/2020	3/2019	12/2019
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-14.5	-9.8	-10.4
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings *)	158.4	163.0	158.6
Profit for the period	0.0	0.5	34.7
	164.0	173.7	202.8
Non-controlling interest	0.1	0.2	0.2
Total equity	164.1	173.9	203.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	28.1	28.2	29.2
Retirement benefit obligations	1.3	1.3	1.3
Provisions	5.4	4.6	5.4
Financial liabilities	164.0	187.0	161.6
Other liabilities	0.3	0.6	0.3
	199.1	221.7	197.8
Current liabilities			
Financial liabilities	36.5	27.6	15.8
Trade and other payables	172.4	169.1	165.3
Non-current asset held for sale	-	6.5	-
Provisions *)	2.1	2.0	1.7
	211.0	205.3	182.8
Total liabilities	410.1	426.9	380.6
Total equity and liabilities	574.2	600.8	583.6

*) The balance sheet values for the comparison period have been adjusted due to prior period errors. More information on this is provided in the section Correction of prior period errors under accounting principles.



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