



LASSILA & TIKANOJA INTERIM REPORT Q3 2020

Eero Hautaniemi, President and CEO

Valtteri Palin, CFO

27 October 2020

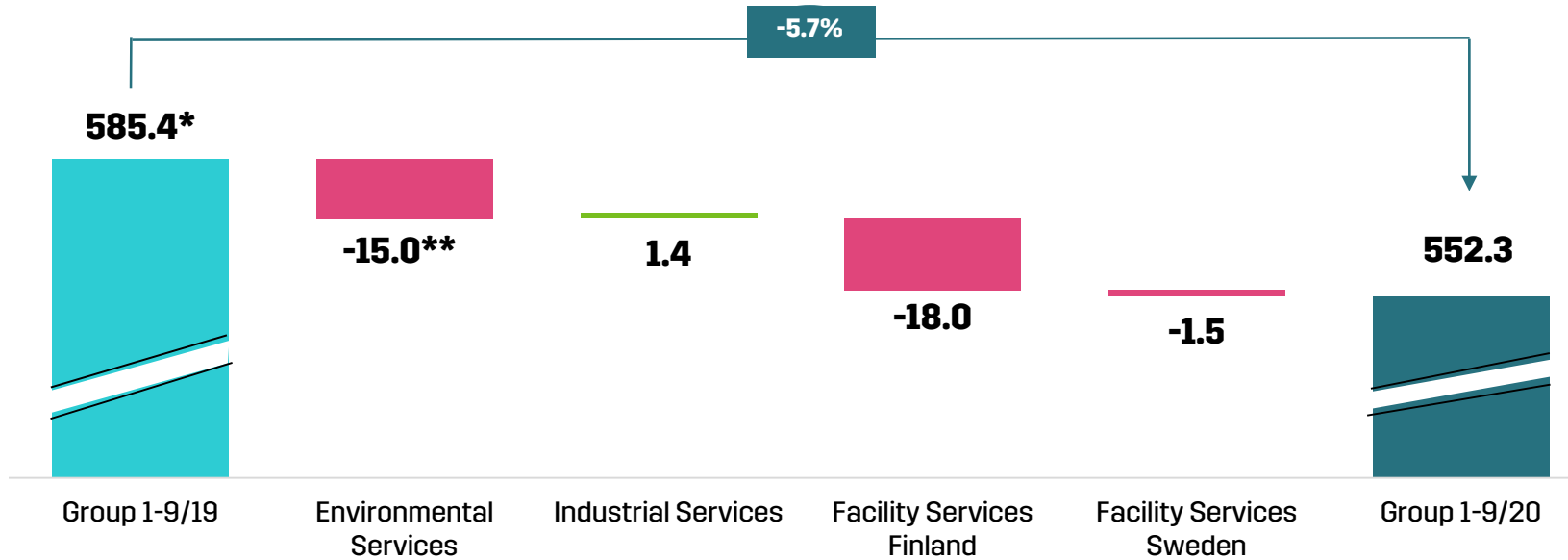


HIGHLIGHTS

- ◆ The coronavirus pandemic continued to affect all divisions. Decisive actions limited the business impacts.
- ◆ Adjusted operating profit was EUR 17.5 million (19.3) in July–September and EUR 29.0 million (31.0) in January–September.
- ◆ Lassila & Tikanoja changed its guidance for 2020 October 23, 2020.
 - ◆ Full-year net sales for 2020 are expected to decrease year-on-year and adjusted operating profit is estimated to be EUR 35–43 million (40.5).
- ◆ Customer satisfaction was at an all-time high in the August-September NPS survey in all divisions.



NET SALES



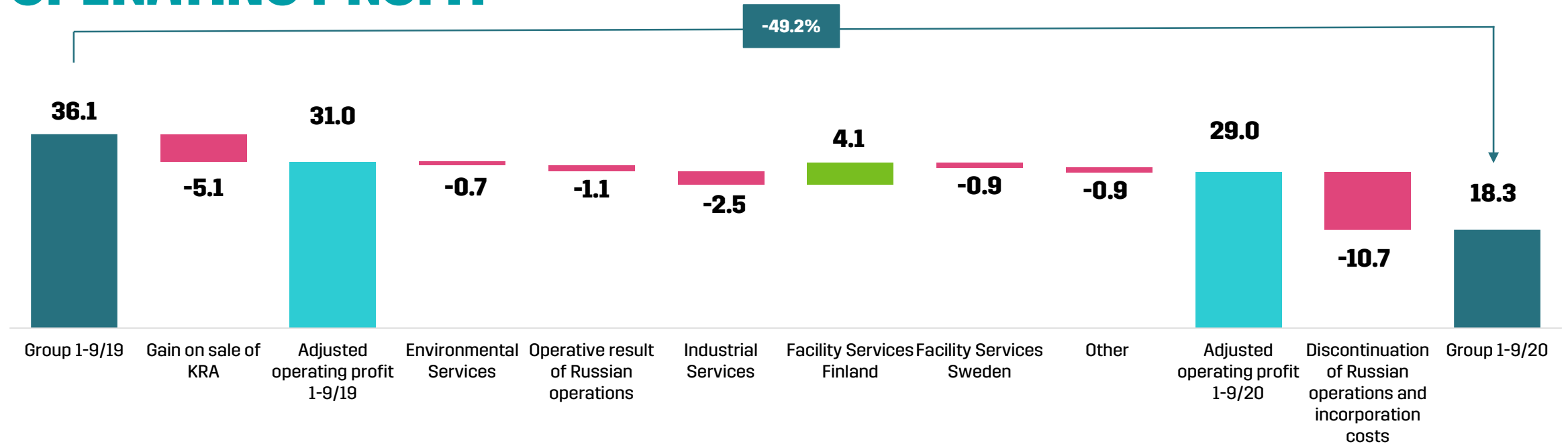
MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Environmental Services	67.5	75.0	-10.1	216.5	231.5	-6.5	311.2
Industrial Services	30.6	27.7	10.5	74.2	72.8	1.9	98.9
Facility Services Finland	56.9	59.0	-3.6	171.7	189.8	-9.5	249.1
Facility Services Sweden	31.5	30.5	3.3	94.5	96.0	-1.5	131.8
L&T Group	184.8	190.5	-3.0	552.3	585.4	-5.7	784.3

*Includes 12.4 MEUR net sales of divested business L&T Korjausrakentaminen Oy (Q2/2019)

** Includes 4.4 MEUR net sales of discontinued Russian operations (Q2/2020)




OPERATING PROFIT



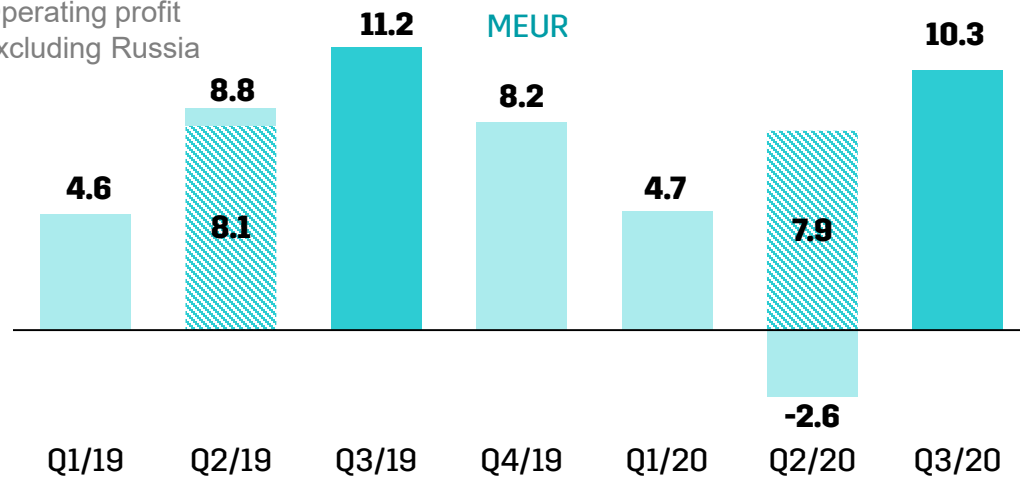
MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Environmental Services	10.3	11.2	-7.8	12.4	24.6	-49.5	32.8
Industrial Services	4.5	4.4	3.2	5.6	8.0	-30.9	9.9
Facility Services Finland	3.6	2.8	29.0	1.3	-2.7	148.7	-4.1
Facility Services Sweden	1.5	1.4	8.8	2.0	2.9	-30.0	3.8
Other	-2.3	-1.2	-3.0	-3.0	3.3		2.5
L&T Group	17.6	18.5	-4.8	18.3	36.1	-49.2	45.0
Adjusted operating profit	17.5	19.3	-9.5	29.0	31.0	-6.2	40.5



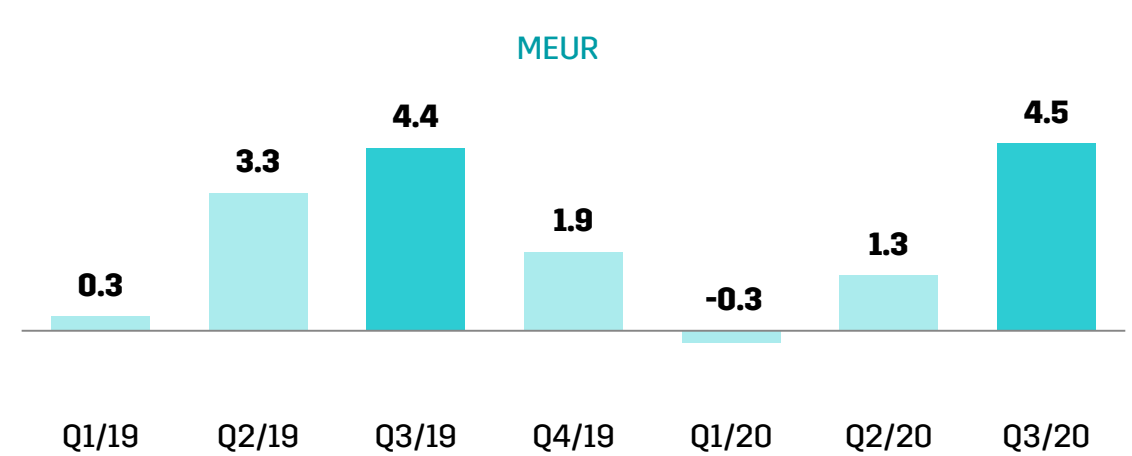
OPERATING PROFIT BY DIVISION

 Operating profit excluding Russia

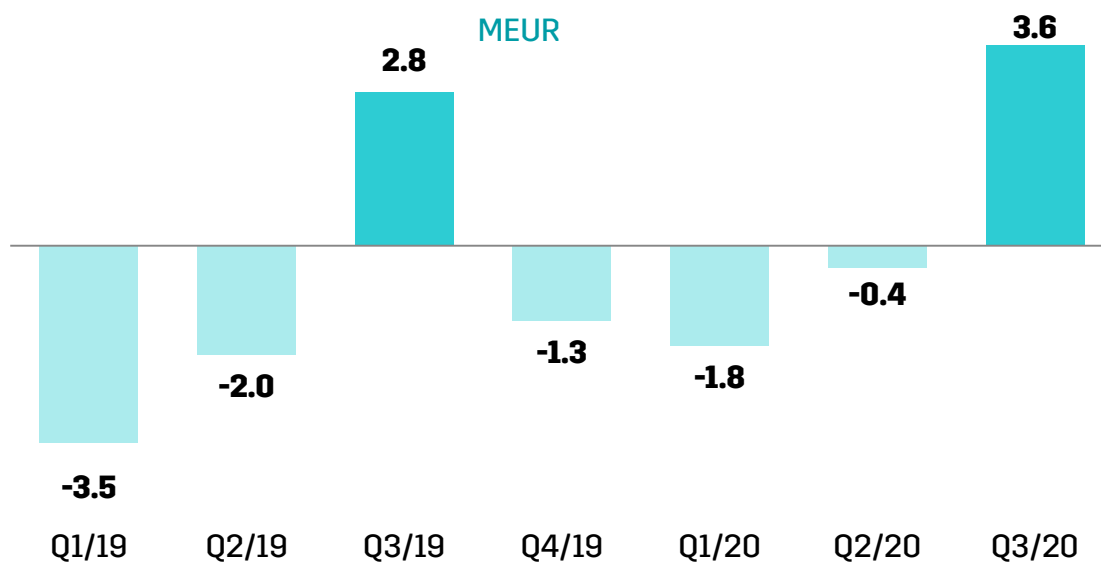
ENVIRONMENTAL SERVICES



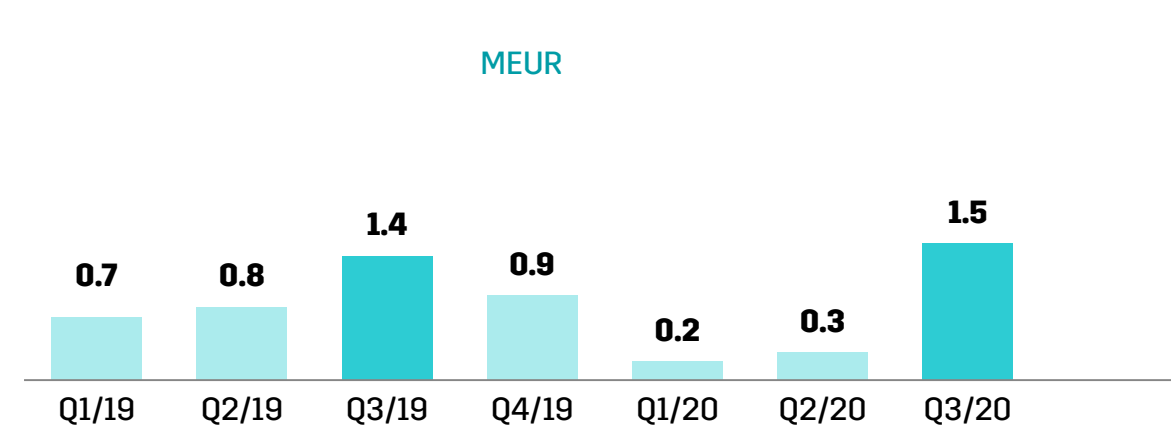
INDUSTRIAL SERVICES



FACILITY SERVICES FINLAND



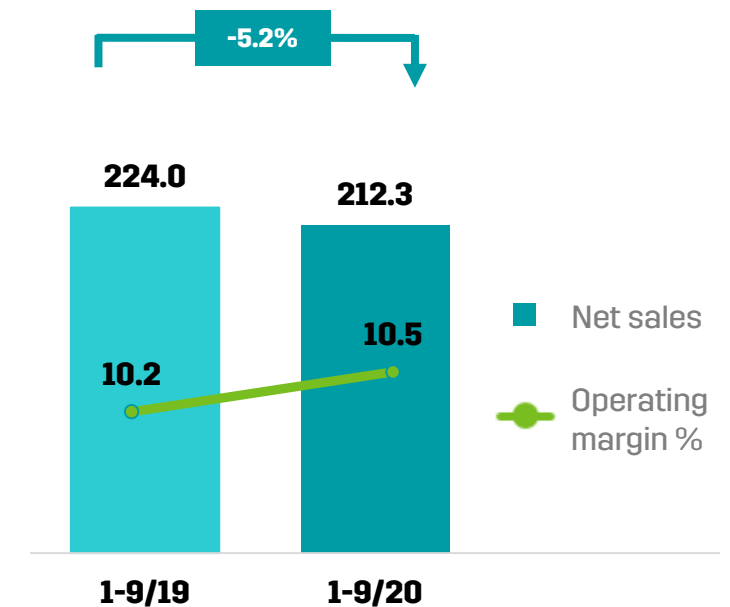
FACILITY SERVICES SWEDEN



ENVIRONMENTAL SERVICES EXCL. RUSSIAN OPERATIONS

Profitability at a good level despite lower demand and prices for secondary raw materials

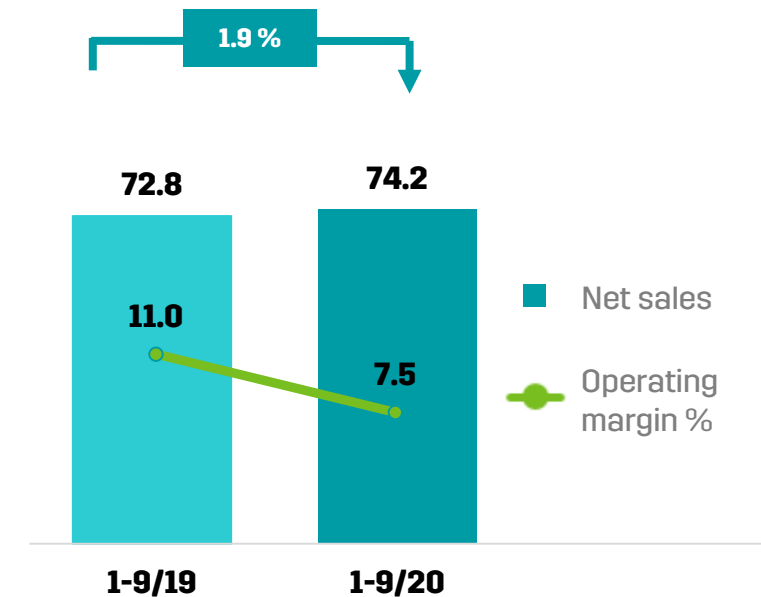
MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Net sales	67.7	72.3	-6.5	212.3	224.0	-5.2	300.9
EBITDA	16.2	16.6	-2.5	40.8	40.9	-0.2	54.7
Operating profit	10.0	10.5	-5.1	22.2	22.8	-2.9	30.5
Operating margin, %	14.8	14.5		10.5	10.2		10.1



INDUSTRIAL SERVICES

Operating profit improved due to postponed maintenance breaks starting, new customer agreements and efficient planning of operations

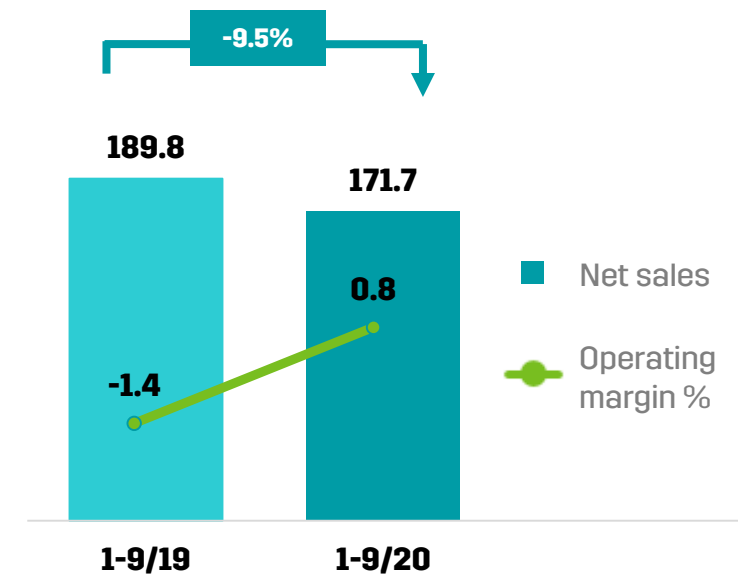
MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Net sales	30.6	27.7	10.5	74.2	72.8	1.9	98.9
EBITDA	6.9	6.6	4.6	12.9	14.8	-13.1	19.1
Operating profit	4.5	4.4	3.2	5.6	8.0	-30.9	9.9
Operating margin, %	14.8	15.9		7.5	11.0		10.1



FACILITY SERVICES FINLAND

Successful sales and service production strengthened the operating profit and market position

MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Net sales*	56.9	59.0	-3.6	171.7	189.8	-9.5	249.1
EBITDA	6.5	6.1	7.1	10.4	7.6	37.2	9.4
Operating profit	3.6	2.8	29.0	1.3	-2.7	148.7	-4.1
Operating margin, %	6.3	4.7		0.8	-1.4		-1.6

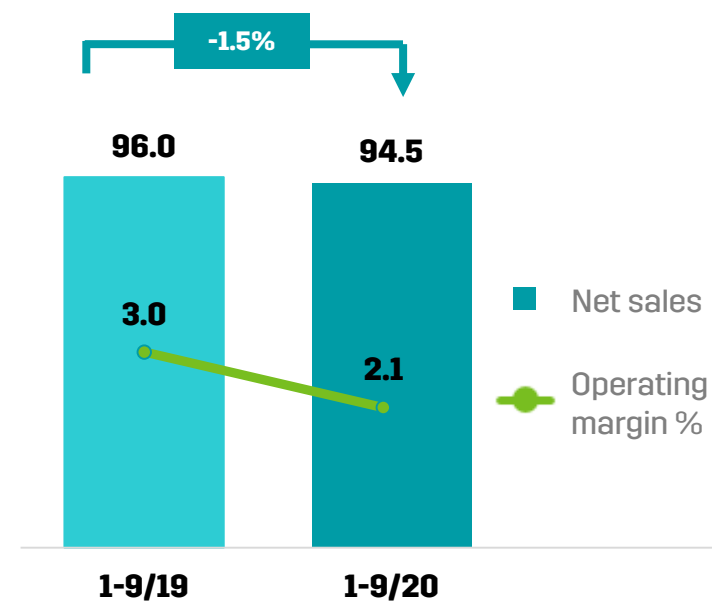


*The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy in April 2019

FACILITY SERVICES SWEDEN

Stable result due to successful planning and adjustment of operations

MEUR	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Net sales	31.5	30.5	3.3	94.5	96.0	-1.5	131.8
EBITDA	2.7	2.7	-1.8	5.6	7.1	-20.9	9.4
Operating profit	1.5	1.4	8.8	2.0	2.9	-30.0	3.8
Operating margin, %	4.7	4.5		2.1	3.0		2.9



SUSTAINABILITY HIGHLIGHTS FROM Q3



Customer satisfaction (NPS) improved by

13 points



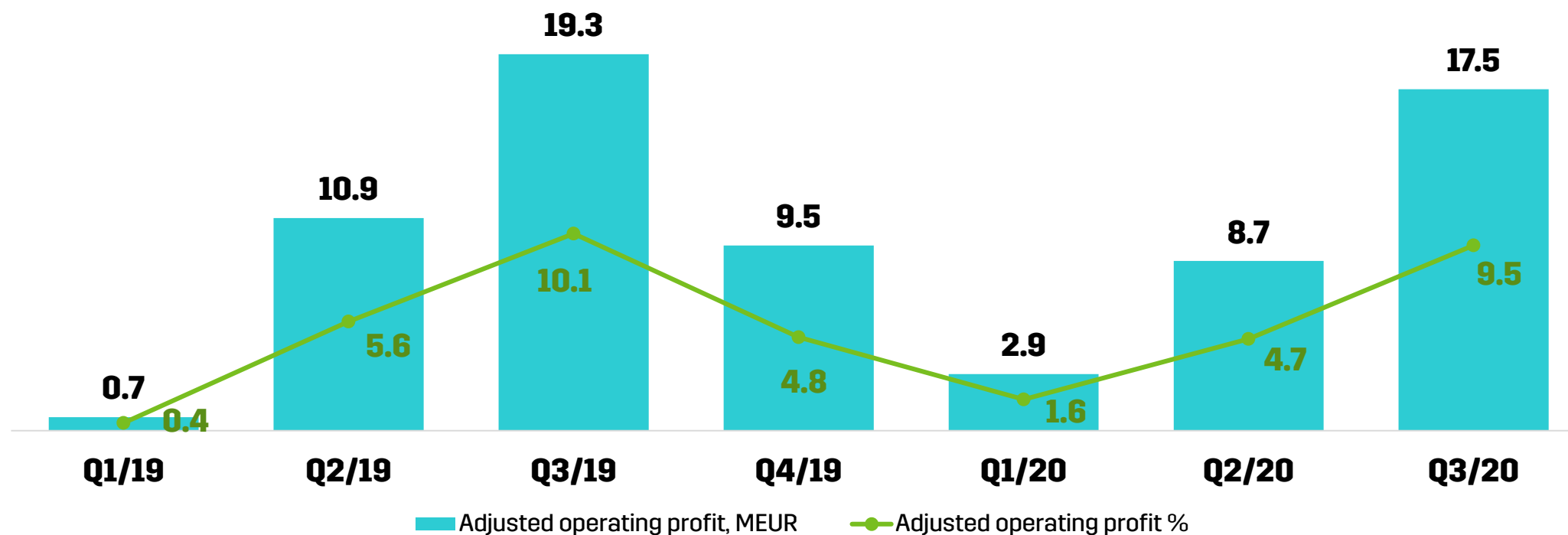
L&T's **reputation** among the general public **all time high** in the T-Media Reputation & Trust survey



Over **80%** of our employees would recommend L&T as an employer



ADJUSTED OPERATING PROFIT

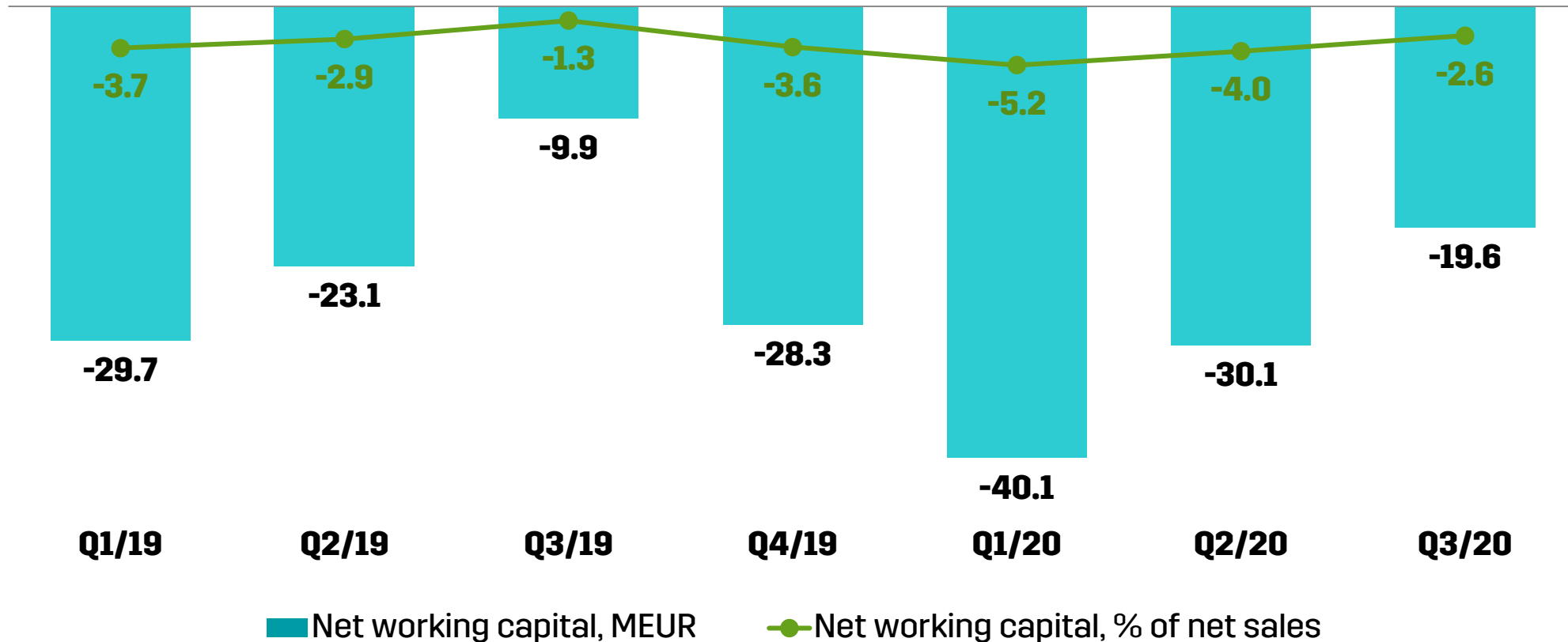


Adjusted operating profit was introduced as a new alternative performance measure in September 2020. Year-on-year adjusted operating profit excludes substantial costs arising from business restructuring EUR 0.3 million, gains and losses from divestments (EUR 5.1 million) and costs arising from the discontinuation of businesses EUR 10.4 million.



NET WORKING CAPITAL

Net working capital improved from the comparison period



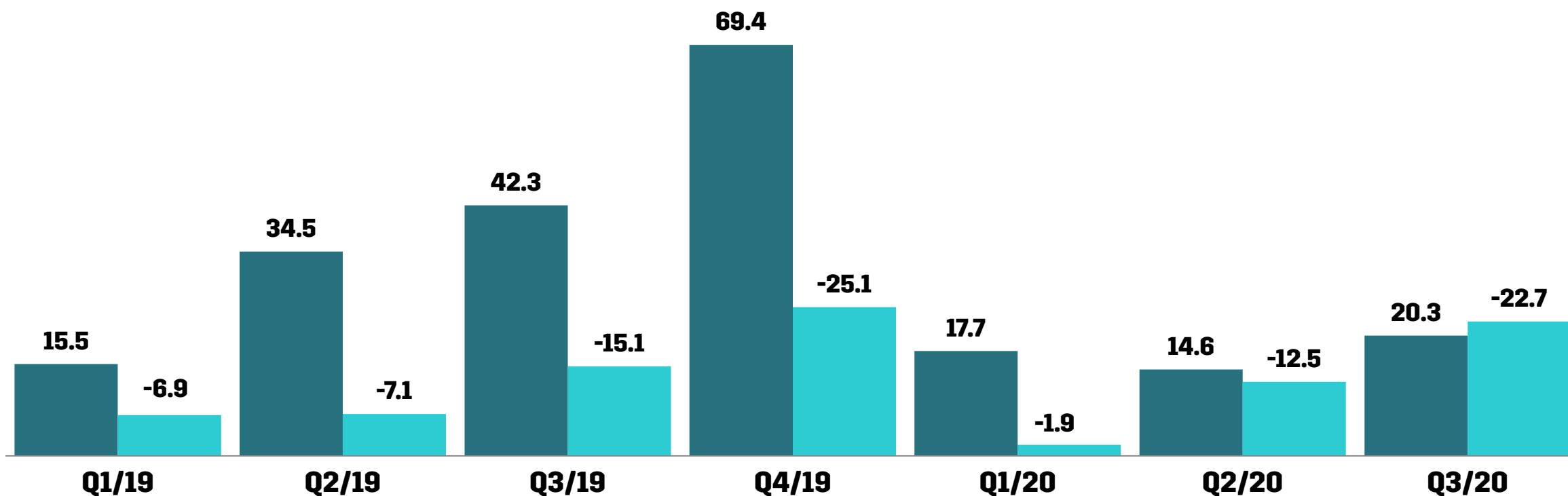
Q3 2020

KEY FIGURES

	Q3/20	Q3/19	Change%	1-9/20	1-9/19	Change%	2019
Capital expenditure, MEUR	10.9	11.5	-5.5	32.8	33.2	-1.1	46.1
Depreciation, amortisation and impairment, MEUR	12.8	13.6	-6.3	43.3	40.9	6.0	54.4
Net cash from operating activities after investments, MEUR				20.3	42.3	-52.1	69.4
Return on equity (ROE), %				7.9	18.6		16.8
Invested capital, EUR million				372.5	374.1		380.5
Return on investment (ROI), %				6.6	13.4		12.4
Equity ratio, %				32.2	35.9		35.6
Gearing, %				89.3	78.1		66.8
Total number of employees at the end of the period				8,440	8,414		8,207



CASH FLOW AND INVESTMENTS



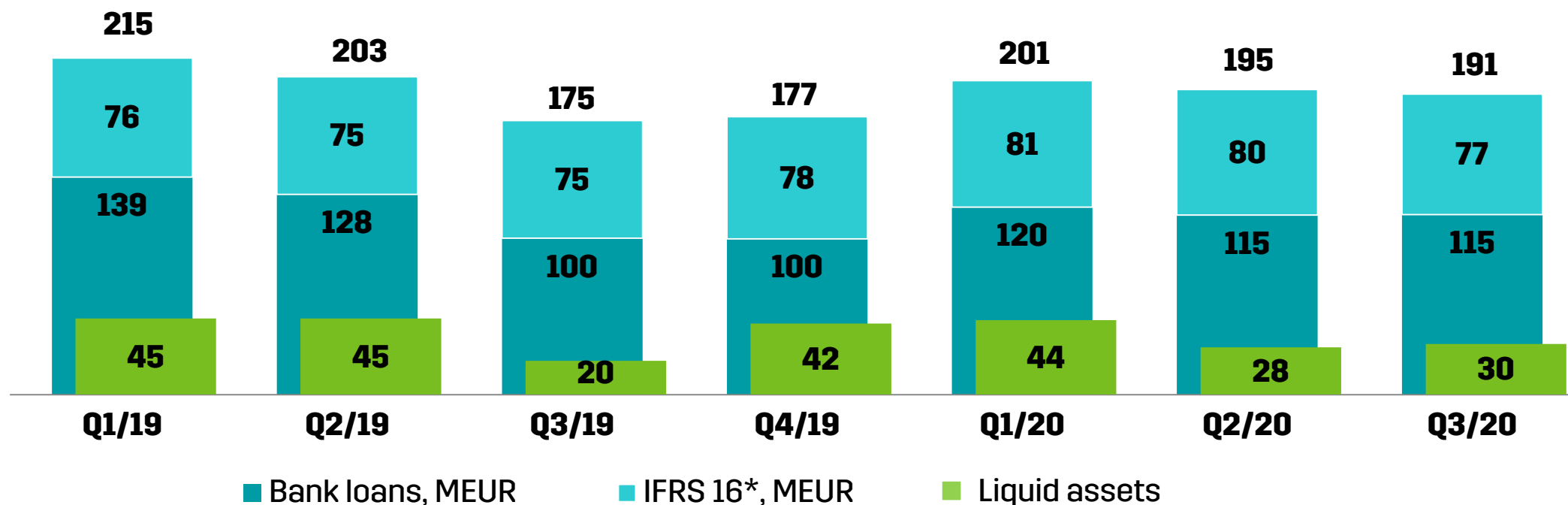
■ Net cash from operating activities after investments YTD, MEUR

■ Net cash used in investment activities YTD, MEUR



INTEREST BEARING DEBT AND LIQUIDITY

Solid liquidity position



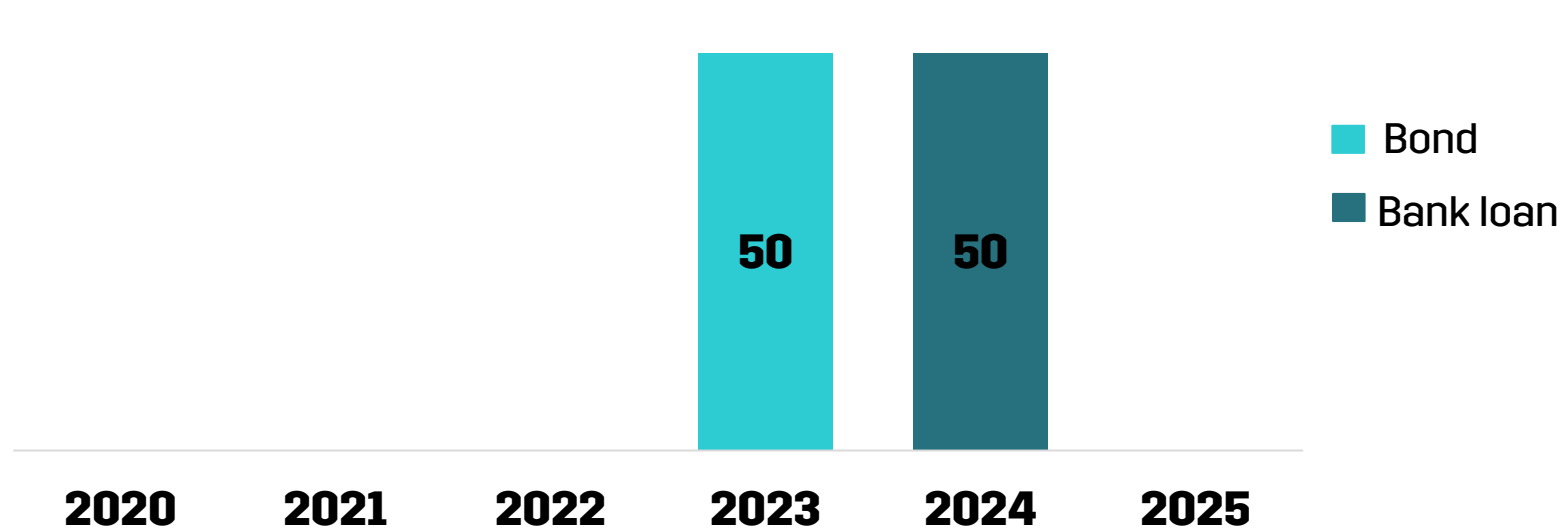
*Including heavy leases



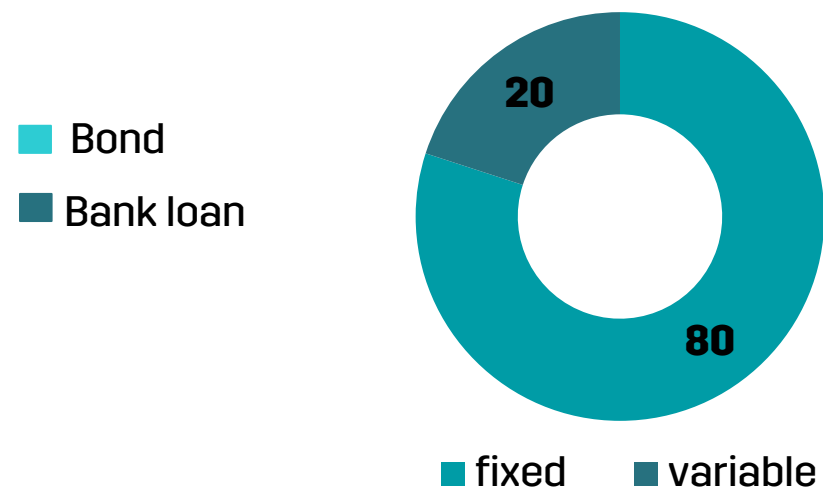
MATURITY STRUCTURE OF LOANS

No loan repayments until 2023

Loans, MEUR



Loans do not include commercial papers



Weighted average of effective interest rate 1.3 %

OUTLOOK FOR THE YEAR 2020

Updated outlook 23.10.2020:

Full-year net sales for 2020 are expected to decrease year-on-year and adjusted operating profit is estimated to be EUR 35–43 million (40.5).

Previous outlook:

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.

CONTACTS



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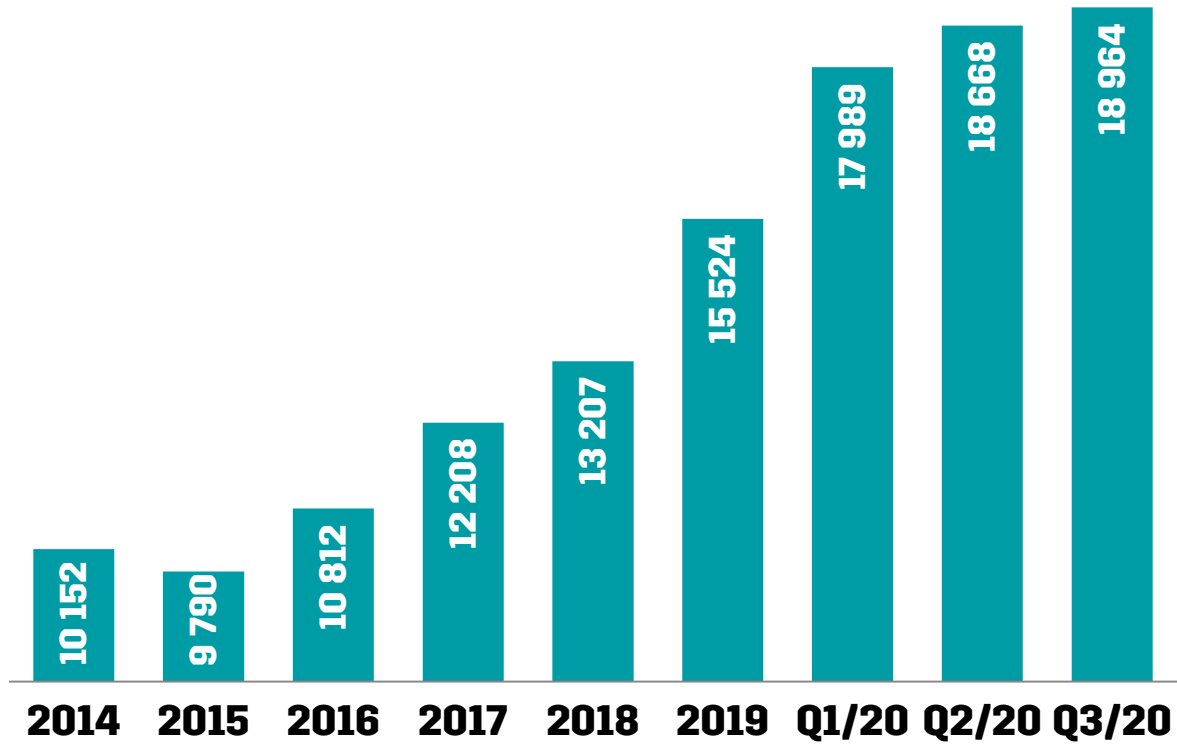
valtteri.palin@lassila-tikanoja.fi



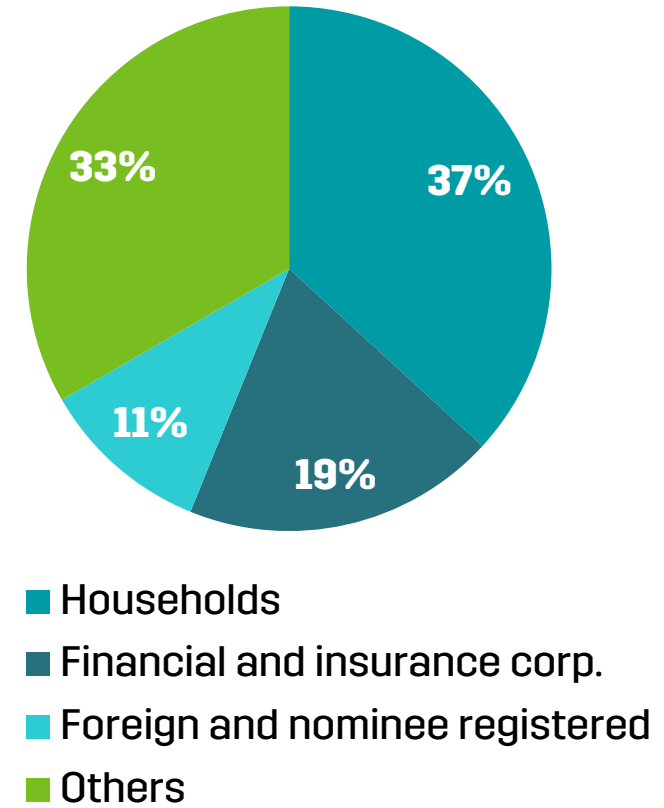
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS AT 30 SEPTEMBER 2020

Shareholder	Shares	%
Mandatum Life Insurance Company Limited	2,963,087	7.64
Evald ja Hilda Nissin Foundation	2,413,584	6.22
Nordea Investment Funds	1,952,960	5.03
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
Bergholm Heikki	833,451	2.15
Varma Mutual Pension Insurance Company	729,791	1.88
Maijala Mikko	720,000	1.86

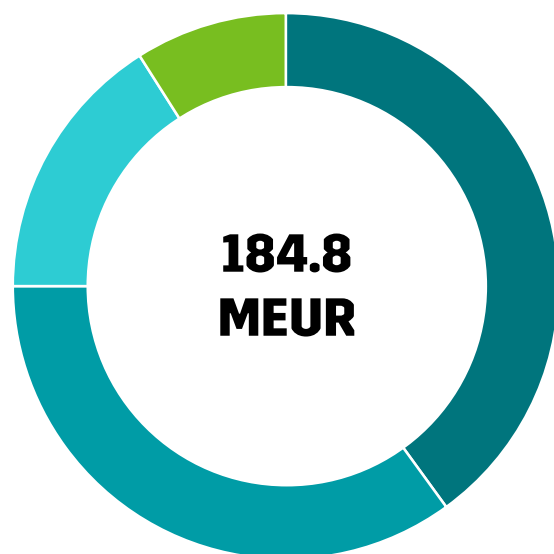
Ownership structure / sector	Shares	%
Nominee-registered shares	4,033,086	10.40
Number of shares	38,798,874	100.00
Number of shareholders	18,964	

APPENDIX

Q3 2020

KEY FIGURES

NET SALES Q3/20



- Environmental Services **39%**
- Facility Services Finland **31%**
- Facility Services Sweden **17%**
- Industrial Services **13%**

	Q3/20	Q3/19	Change%	1-9/2020	1-9/2019	Change%	2019
Net sales, MEUR	184.8	190.5	-3.0	552.3	585.4	-5.7	784.3
EBITDA, MEUR	30.4	32.1	-5.4	61.7	77.0	-19.9	99.4
Operating profit, MEUR	17.6	18.5	-4.8	18.3	36.1	-49.2	45.0
Operating margin, %	9.5	9.7		3.3	6.2		5.7
EVA, MEUR	11.5	12.1	-5.0	-0.1	17.4	-100.6	19.8
Earnings per share, EUR	0.37	0.36	2.3	0.30	0.74	-59.5	0.90



KEY FIGURES

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Diluted earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Cash flow from operating activities/share, EUR	0.42	0.41	1.13	1.50	2.48
EVA, MEUR *	11.5	12.1	-0.1	17.4	19.8
Adjusted operating profit, MEUR**	17.5	19.3	29.0	31.0	40.5
Gross capital expenditure, MEUR	10.9	11.5	32.8	33.2	46.1
Depreciation, amortisation and impairment, MEUR	12.8	13.6	43.3	40.9	54.4
Equity per share, EUR			4.75	5.18	5.33
Return on equity (ROE), %			7.9	18.6	16.8
Invested capital, MEUR			372.5	374.1	380.5
Return on Invested capital (ROI), %			6.6	13.4	12.4
Equity ratio, %			32.2	35.9	35.6
Gearing, %			89.3	78.1	68.8
Net interest-bearing liabilities, MEUR			161.7	155.4	135.6
Average number of employees in full-time equivalents			7,249	7,365	7,308
Total number of full-time and part-time employees at end of period			8,440	8,414	8,207
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,102	38,412	38,354
at end of period			38,105	38,377	38,094
average during the period, diluted			38,112	38,426	38,368

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

** Adjusted operating profit = operating profit adjusted +/- non-recurring items

CONSOLIDATED INCOME STATEMENT

MEUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	184.8	190.5	552.3	585.4	784.3
Other operating income	0.5	0.5	8.6	9.5	10.6
Change of inventory	3.0	2.1	8.8	0.6	0.3
Materials and services	-61.2	-62.4	-192.2	-200.8	-270.4
Employee benefit expenses	-74.9	-75.9	-235.0	-245.5	-327.1
Other operating expenses	-21.7	-22.6	-80.8	-72.2	-98.3
Depreciation and impairment	-12.8	-13.6	-43.3	-40.9	-54.4
Operating profit	17.6	18.5	18.3	36.1	45.0
Financial income and expenses	-1.0	-0.9	-4.1	-2.3	-3.0
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
Profit before tax	16.7	17.6	14.2	33.8	42.0
Income taxes	-2.7	-3.6	-2.9	-5.3	-7.3
Profit for the period	14.0	14.0	11.3	28.5	34.7
Attributable to:					
Equity holders of the company	14.1	13.9	11.4	28.5	34.7
Non-controlling interest	-0.1	0.0	-0.1	0.0	0.0
Earnings per share attributable to equity holders of the parent company:					
Earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Diluted earnings per share, EUR	0.37	0.36	0.30	0.74	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2020	9/2019	12/2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	152.1	151.0	151.9
Other intangible assets *)	28.5	37.2	36.2
	180.6	188.3	188.0
Property, plant and equipment *)	130.9	130.0	129.5
Right-of-use asset	75.5	75.0	4.2
	206.5	205.0	206.7
Other non-current assets *)			
Finance lease receivables	-	0.0	-
Deferred tax assets	4.3	4.4	4.6
Other receivables	1.3	1.3	1.4
	5.6	5.8	6.0
Total non-current assets	392.7	399.1	400.7
Current assets			
Inventories	30.8	21.8	21.5
Trade receivables *)	72.1	74.2	84.2
Contract assets	32.8	40.9	22.0
Other receivables *)	15.7	13.5	13.4
Cash and cash equivalents	29.8	19.7	41.8
	181.1	170.1	182.9
Total current assets	181.1	170.1	182.9
Total assets	573.8	569.2	583.6

MEUR	9/2020	9/2019	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	-8.7	-12.3	-10.4
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings *)	158.4	162.6	158.6
Profit for the period	11.4	28.5	34.7
	181.1	198.7	202.8
Non-controlling interest	-	0.2	0.2
	181.1	198.9	203.0
Total equity	181.1	198.9	203.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	26.0	27.8	29.2
Retirement benefit obligations	1.3	1.3	1.3
Provisions	5.4	5.4	5.4
Financial liabilities	159.7	159.8	161.6
Other liabilities	0.3	0.3	0.3
	192.7	194.7	197.8
Current liabilities			
Financial liabilities	31.7	15.3	15.8
Trade and other payables	166.1	158.9	165.3
Provisions *)	2.2	1.4	1.7
	200.0	175.6	182.8
Total liabilities	392.7	370.3	380.6
Total equity and liabilities	573.8	569.2	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.



Employed by tomorrow.