

# LASSILA & TIKANOJA INTERIM REPORT Q3 2021

Eero Hautaniemi, President & CEO  
Valtteri Palin, CFO  
26 October 2021





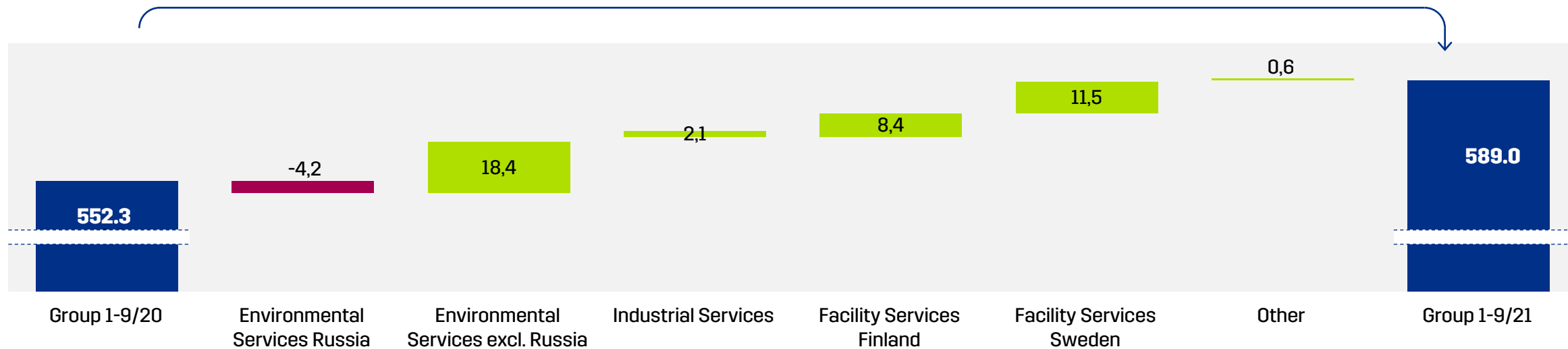
# IN FOCUS

## Q3 2021

- Net sales grew by 7.4% to EUR 198.4 million (184.8) in July–September
- Strong result in Environmental Services and Industrial Services despite higher costs of service production
- In Facility Services Finland, measures to simplify the organization and improve cost efficiency were started in the property maintenance and technical services business lines in August
  - Target is to achieve cost savings of EUR 3 million starting in 2022

# NET SALES

6.3%

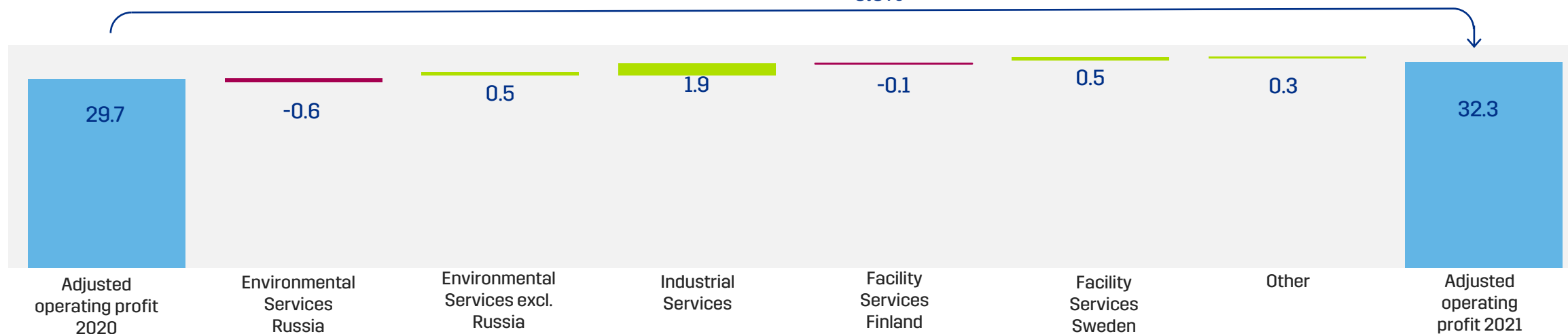


MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Environmental Services	77.2	67.5	14.5	230.7	216.5	6.5	289.4
Industrial Services	29.8	30.6	-2.4	76.4	74.2	2.9	101.8
Facility Services Finland	59.9	56.9	5.3	180.1	171.7	4.9	232.3
Facility Services Sweden	32.7	31.5	4.0	106.0	94.5	12.1	134.5
L&T Group	198.4	184.8	7.4	589.0	552.3	6.6	751.9



# ADJUSTED OPERATING PROFIT

8.5%



MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Environmental Services, excl. Russia	10.3	10.0	3.4	22.7	22.2	2.3	28.4
Industrial Services	4.1	4.5	-10.6	7.5	5.6	34.4	7.1
Facility Services Finland	2.9	3.6	-18.0	1.2	1.3	-10.2	3.2
Facility Services Sweden	1.5	1.5	-1.3	2.5	2.0	26.1	3.5
Other*	-0.3	-2.1	87.2	-1.6	-1.4	-16.5	-2.5
Adjusted operating profit	18.5	17.5	5.6	32.3	29.7	8.5	39.7
Adjustments **	-0.5	0.2	-408.5	0.0	-11.4	100.0	-11.5
L&T Group operating profit	18.0	17.6	2.0	32.3	18.3	76.3	28.2



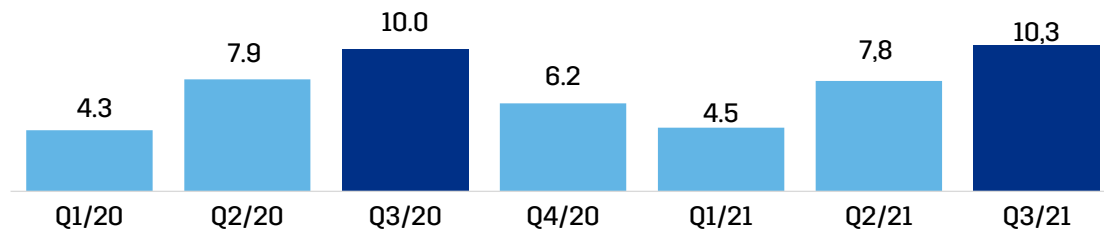
\* Includes operative result of Russian operations (1-9/2020)

\*\* Includes -9.8 MEUR operating profit of discontinued Russian operations (1-9/2020)

# OPERATING PROFIT BY DIVISION

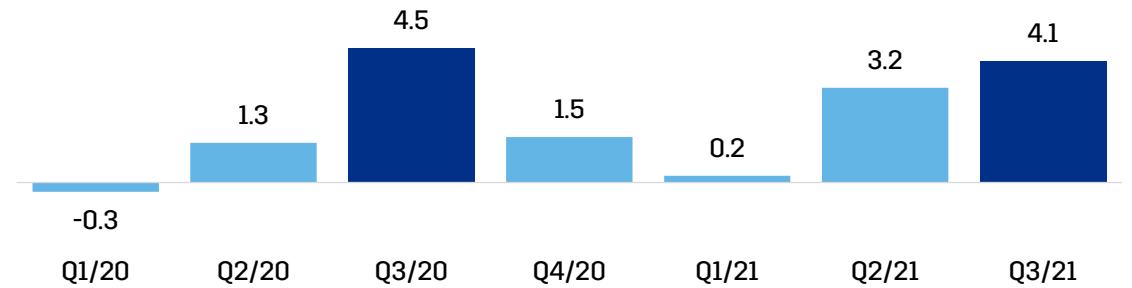
## ENVIRONMENTAL SERVICES excl. Russia

MEUR



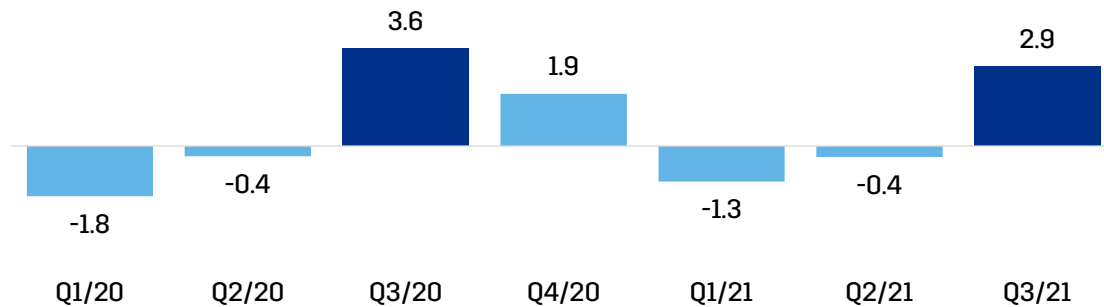
## INDUSTRIAL SERVICES

MEUR



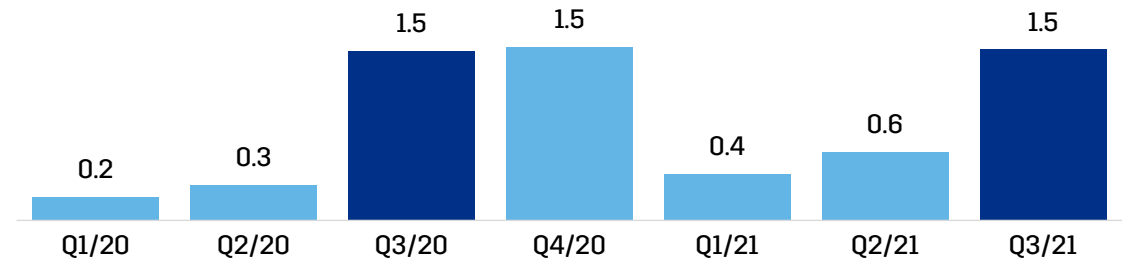
## FACILITY SERVICES FINLAND

MEUR



## FACILITY SERVICES SWEDEN

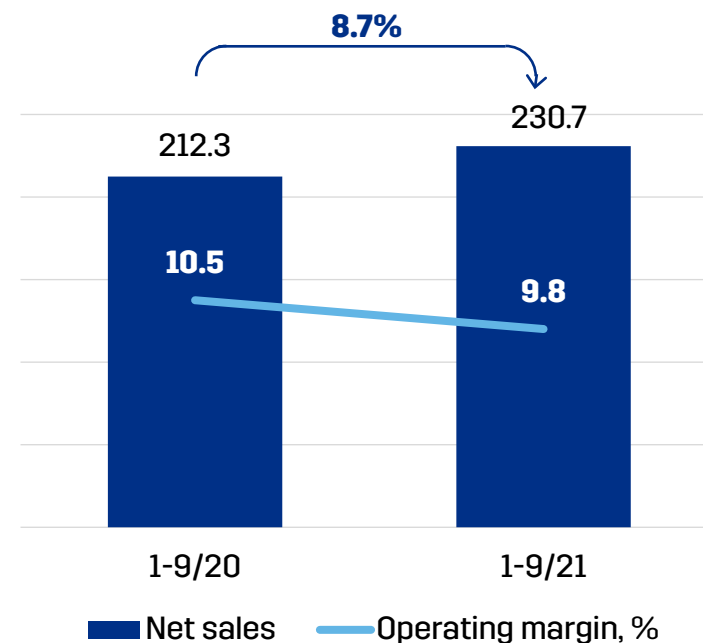
MEUR



# ENVIRONMENTAL SERVICES EXCL. RUSSIA

- Organic growth strengthened. Demand for separately ordered services and recycled raw materials returned to pre-pandemic level
- Production costs were higher due to increased fuel prices

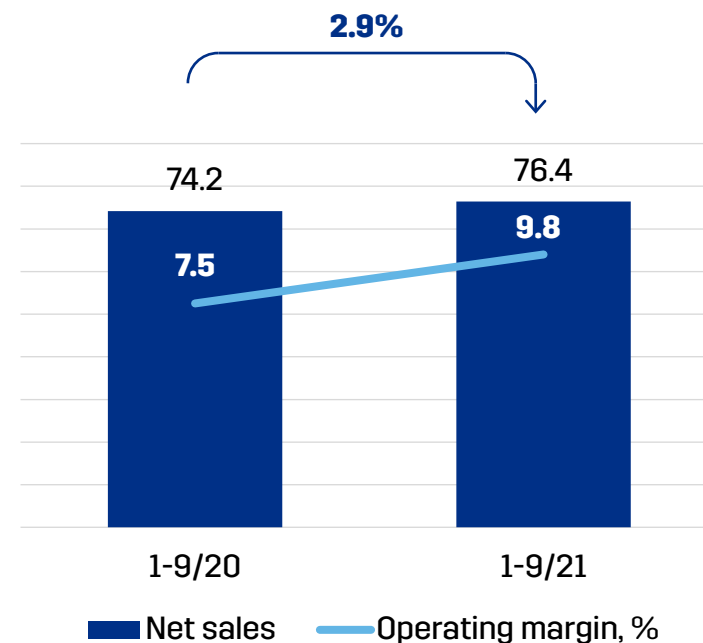
MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Net sales	<b>77.2</b>	67.7	14.2	<b>230.7</b>	212.3	8.7	285.3
EBITDA	<b>17.2</b>	16.2	6.0	<b>42.9</b>	40.8	5.1	53.5
Operating profit	<b>10.3</b>	10.0	3.4	<b>22.7</b>	22.2	2.3	28.4
Operating margin, %	<b>13.4</b>	14.8		<b>9.8</b>	10.5		10.0



# INDUSTRIAL SERVICES

- Market position strengthened in the hazardous waste and process cleaning businesses
- Overlapping annual maintenance breaks increased production costs

MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Net sales	<b>29.8</b>	30.6	-2.4	<b>76.4</b>	74.2	2.9	101.8
EBITDA	<b>6.4</b>	6.9	-7.5	<b>14.3</b>	12.9	11.1	17.3
Operating profit	<b>4.1</b>	4.5	-10.6	<b>7.5</b>	5.6	34.4	7.1
Operating margin, %	<b>13.6</b>	14.8		<b>9.8</b>	7.5		7.0

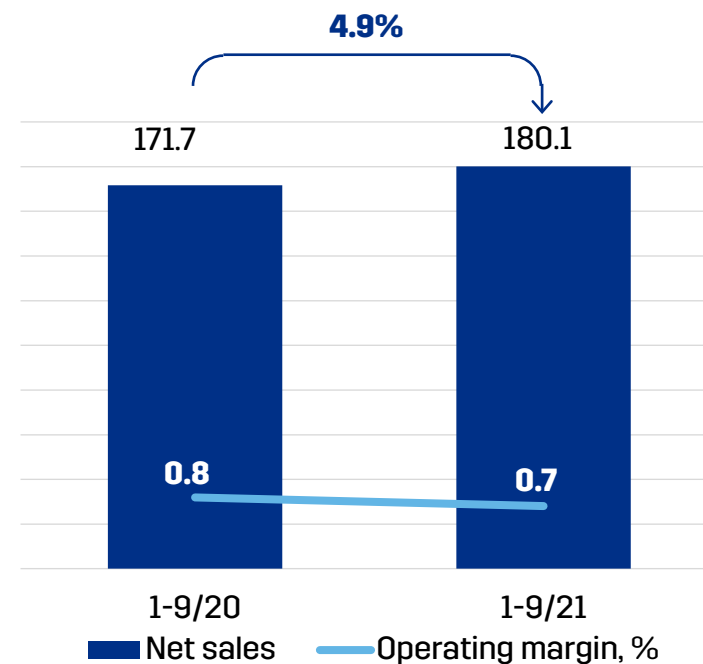


# FACILITY SERVICES FINLAND



- Strong performance in the cleaning business line
- Organisational restructuring and cost efficiency improvements started in the property maintenance and technical services business lines due to poor performance

MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Net sales	<b>59.9</b>	56.9	5.3	<b>180.1</b>	171.7	4.9	232.3
EBITDA	<b>5.2</b>	6.5	-20.1	<b>8.2</b>	10.4	-21.3	13.5
Operating profit	<b>2.9</b>	3.6	-18.0	<b>1.2</b>	1.3	-10.2	3.2
Operating margin, %	<b>4.9</b>	6.3		<b>0.7</b>	0.8		1.4



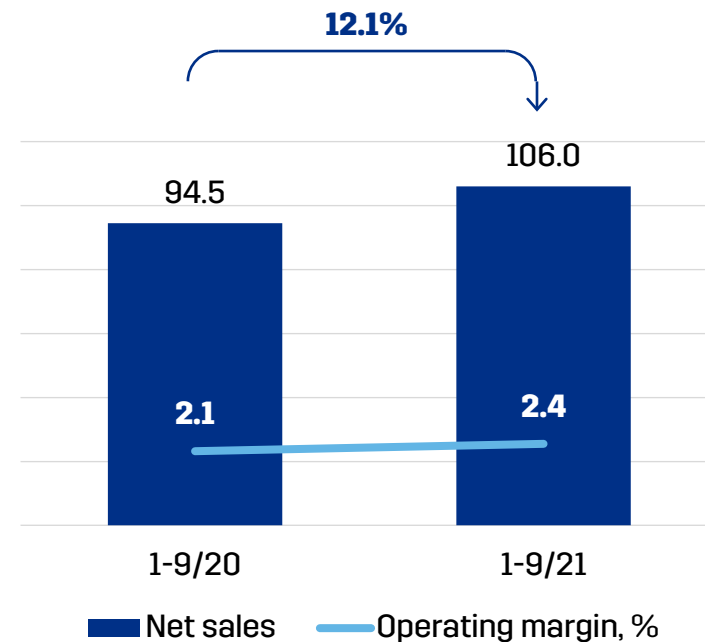


# FACILITY SERVICES SWEDEN



- The impact of the pandemic declined and the division's market share grew in the hospital segment
- Additional services sales were still on a lower level in some customer segments

MEUR	Q3/21	Q3/20	Change%	1-9/21	1-9/20	Change%	2020
Net sales	<b>32.7</b>	31.5	4.0	<b>106.0</b>	94.5	12.1	134.5
EBITDA	<b>3.1</b>	2.7	14.4	<b>7.1</b>	5.6	26.3	8.4
Operating profit	<b>1.5</b>	1.5	-1.3	<b>2.5</b>	2.0	26.1	3.5
Operating margin, %	<b>4.5</b>	4.7		<b>2.4</b>	2.1		2.6



# SUSTAINABILITY HIGHLIGHTS

## L&T's reputation score in T-Media Reputation study to all-time high of 3.53

- Responsibility and products & services categories with highest score

## Preparations for returning to more normal way of working started

- Active dialogue with different employee groups about developing L&T's way of working

## In Sweden 50 new electric services vans & increased use of HVO

- Carbon footprint intensity was (gCO<sub>2</sub>e/km) 763 (target 2024: 712)
- L&T's carbon handprint equals the carbon footprint of 72 912 Finns annually

L&T NON-FINANCIAL  
STRATEGIC TARGETS  
2019–2024

**Service  
promotion**  
NPS index > 25

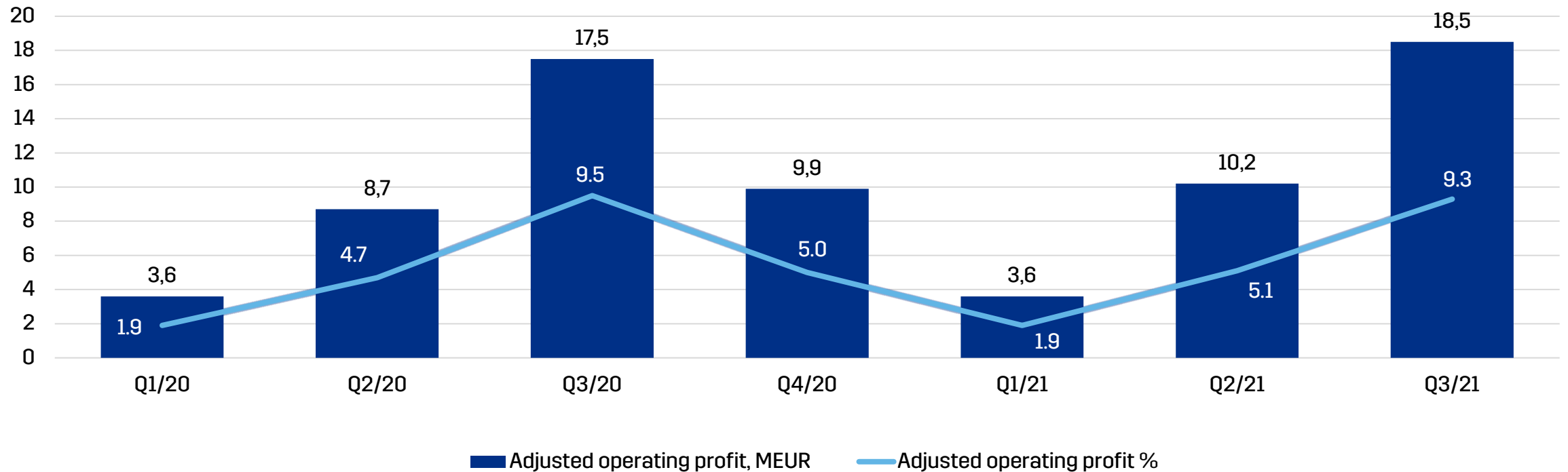
**Employee  
recommendation**  
> 80%

**Positive environmental impact**  
Carbon handprint growth > Net sales  
growth  
Carbon footprint -50% by 2030 from  
2018

# GROUP SUSTAINABILITY PERFORMANCE Q1-Q3/2021

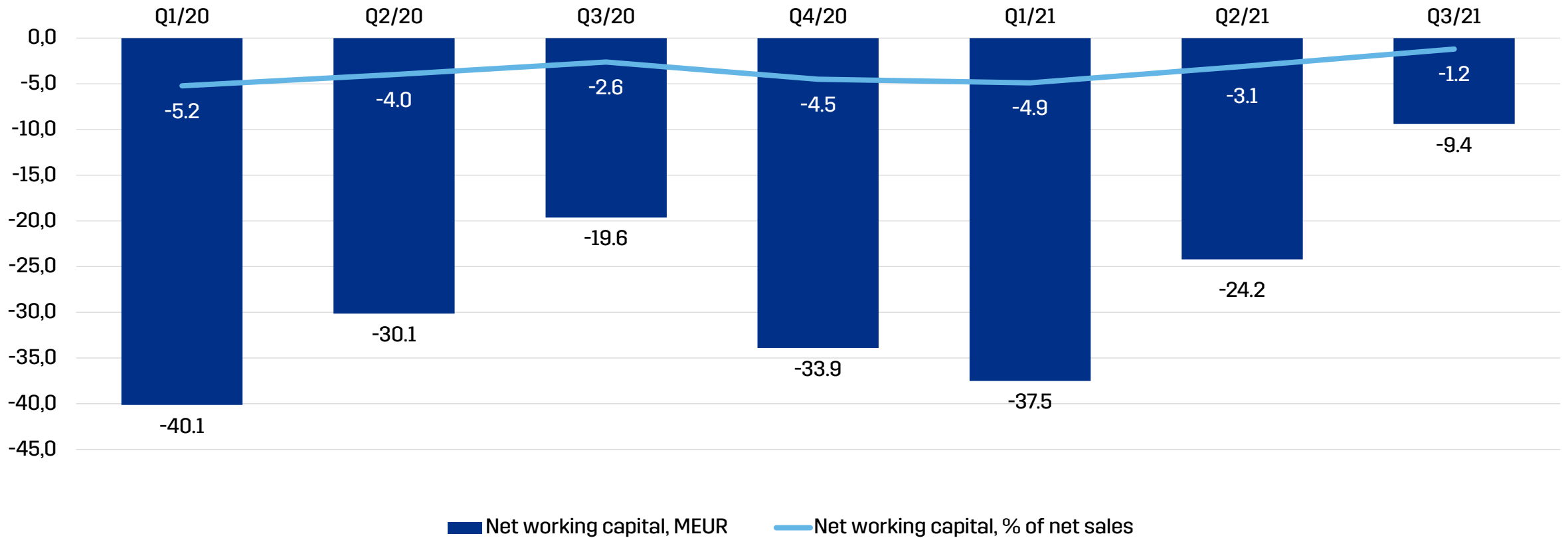
L&T Group	2018	2019	2020	Q1-Q3/2021	Target 2024	Target 2030	Reporting cycle
Recycling rate (%)	54.2	54.8	58.6	<b>59</b>	60	70	Biannually
Carbon footprint (tCO2e)	47 400	43 100	36 700	<b>27 700</b>			Quarterly
Carbon footprint intensity (gCO2e/km)	952	867	818	<b>763</b>	712	476	Quarterly
Carbon handprint (tCO2)	1 187 000	1 172 100	1 231 700	<b>751 000</b>	growth faster than net sales		Quarterly
TRIF	25	23	24	<b>23</b>	20	15	Quarterly
Occupational health rate (%)	40	42	50	<b>55</b>	45	48	Quarterly
Sickness rate (%)	5.0	5.0	4.7	<b>4.7</b>	4.5	4	Quarterly
Average retirement age	63.2	63.1	63.5	-	64	65	Annually
Employee recommendation rate (%)	72	73	82	<b>83</b>	>80	>90	Biannually

# ADJUSTED OPERATING PROFIT



Adjusted operating profit was introduced as an alternative performance measure in September 2020. Year-on-year adjusted operating profit excludes substantial costs arising from business restructuring (EUR 0.6 million) and acquisition (EUR 1.3 million), and gains and losses from divestments ( EUR -1.9 million).

# NET WORKING CAPITAL

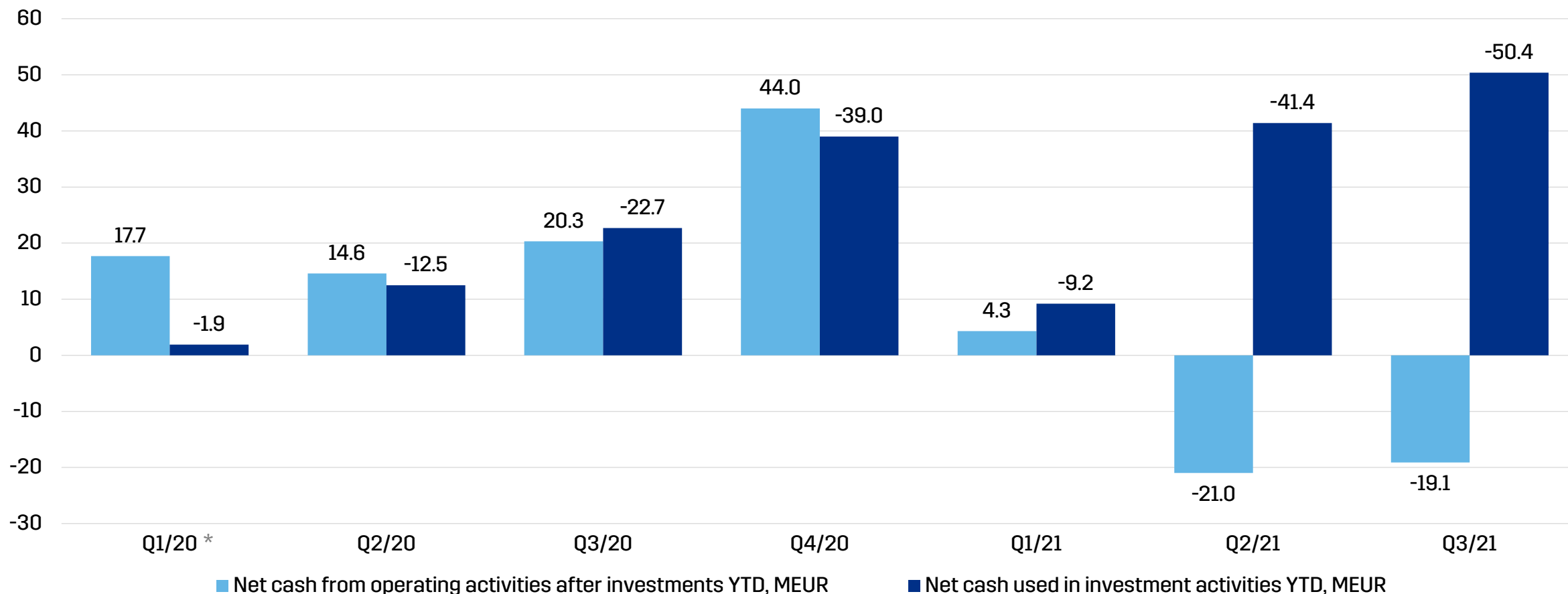


# KEY FIGURES

	Q3/21	Q3/20	Change %	1-9/21	1-9/20	Change %	2020
Capital expenditure, MEUR	<b>13.8</b>	10.9	27.4	<b>54.0</b>	32.8	64.6	48.2
Depreciation, amortisation and impairment, MEUR	<b>13.4</b>	12.8	5.3	<b>39.7</b>	43.3	-8.5	57.0
Net cash flow from operating activities after investments, MEUR				<b>-19.1</b>	20.3	-194.3	44.0
Return on equity (ROE), %				<b>16.5</b>	7.9		9.6
Invested capital, EUR million				<b>410.0</b>	372.5		379.2
Return on investment (ROI), %				<b>10.9</b>	6.6		7.5
Equity ratio, %				<b>33.1</b>	32.2		33.0
Gearing, %				<b>92.6</b>	89.3		70.9
Total number of employees at the end of the period				<b>8,729</b>	8,440		8,139

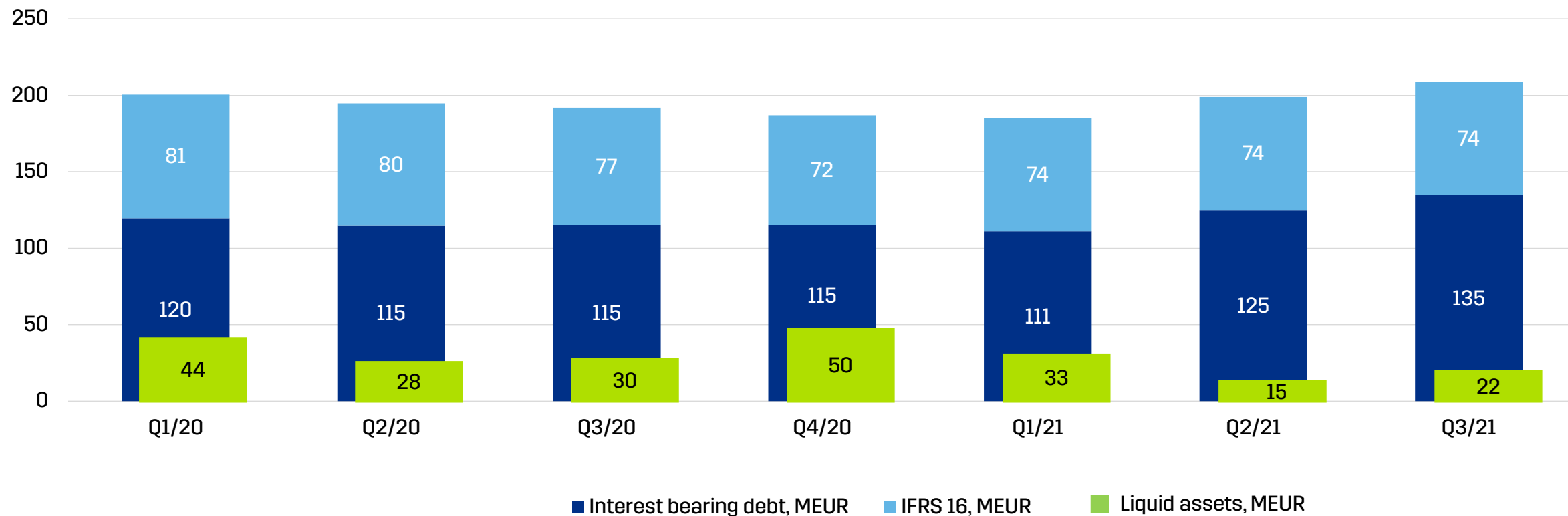
# NET CASH FLOW AND NET INVESTMENTS

- Share of acquisitions was EUR 23 million in 2021



# INTEREST BEARING DEBT AND LIQUIDITY

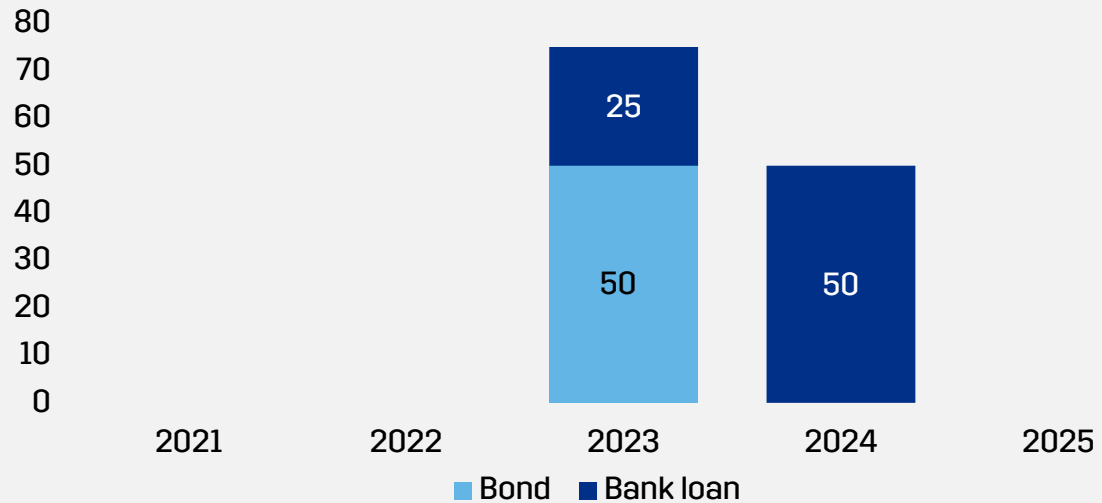
- Acquisitions were financed by EUR 25 million bank loan





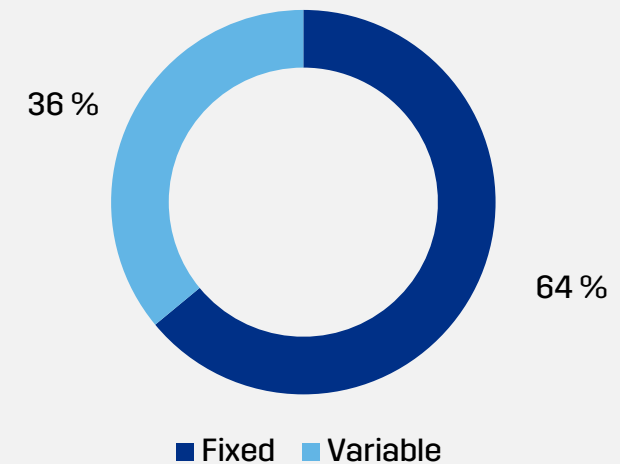
# MATURITY STRUCTURE OF LOANS

Loans, MEUR



Loans do not include commercial papers

Weighted average of effective interest rate 1.1 %





# OUTLOOK FOR 2021

27 July 2021

Net sales in 2021 are estimated to grow and adjusted operating profit is estimated to be at the same level or better compared to the previous year

# CONTACTS



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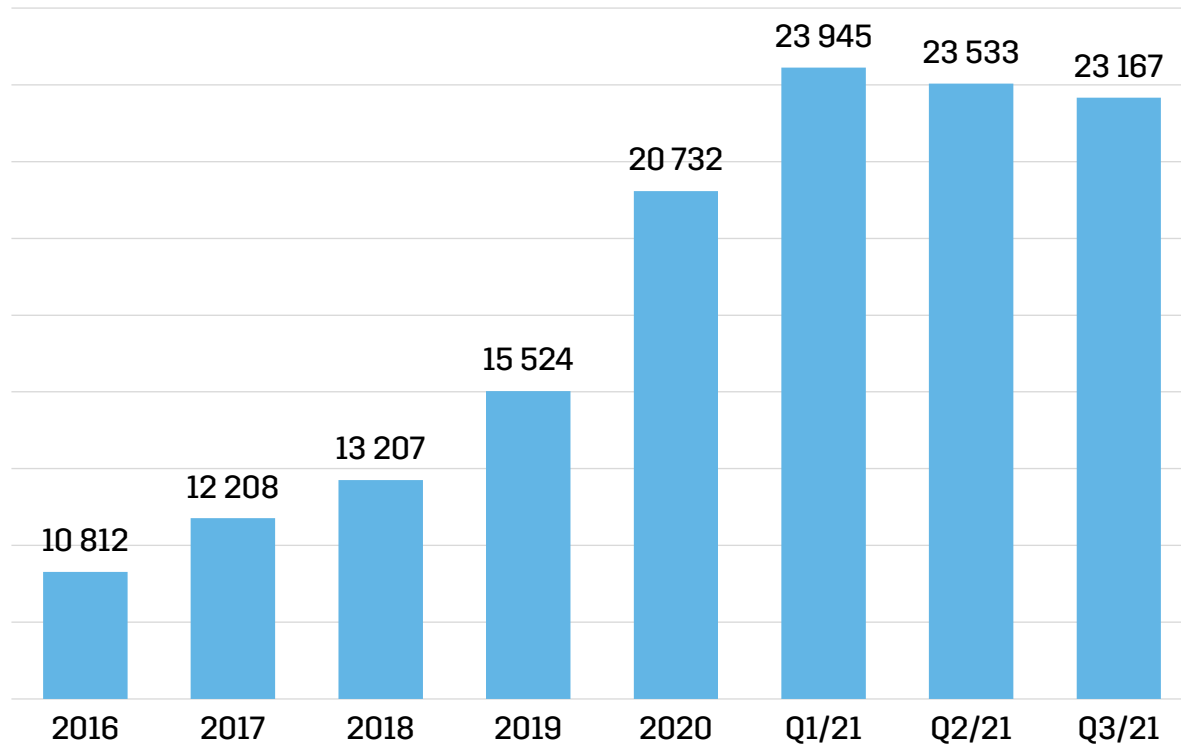


# SHAREHOLDERS

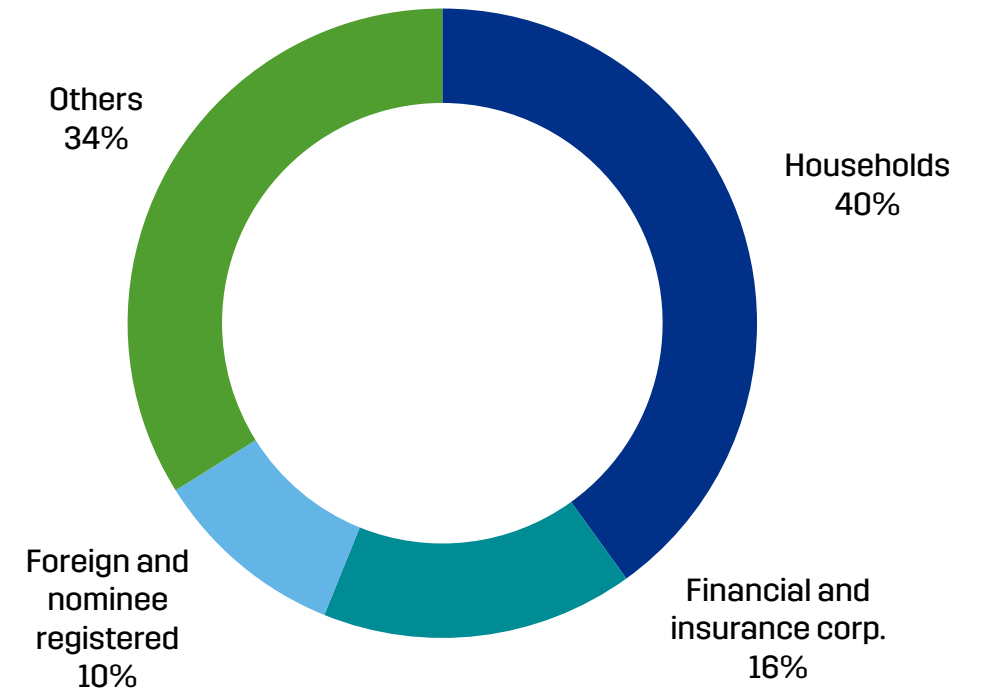


# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



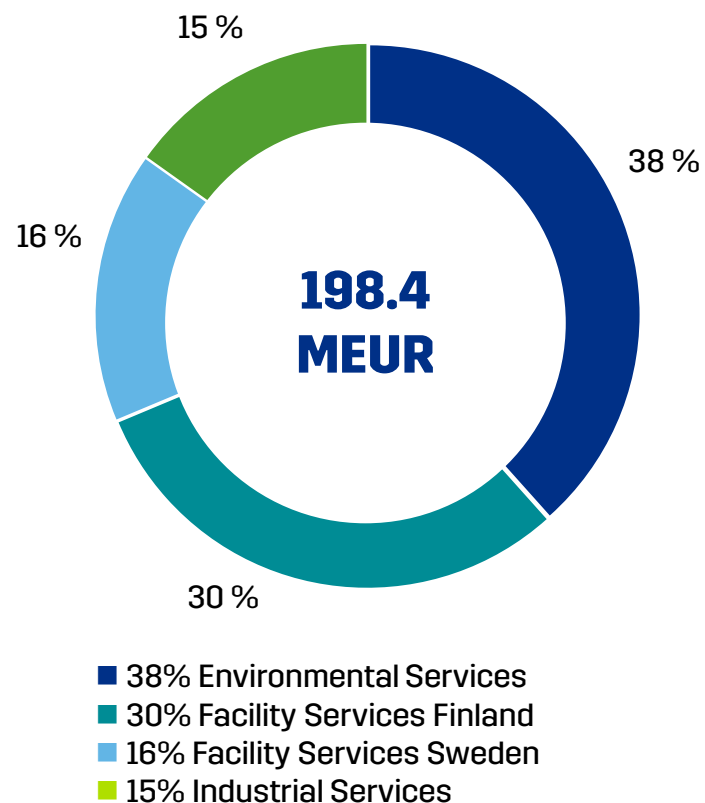
# MAJOR SHAREHOLDERS ON 30 SEPTEMBER 2021

<b>Shareholder</b>	<b>Shares</b>	<b>%</b>
Mandatum Life Insurance Company Limited	3,027,242	<b>7.80</b>
Evald and Hilda Nissi's Foundation	2,613,133	<b>6.74</b>
Nordea Funds Ltd	1,663,781	<b>4.29</b>
Maijala Juhani	1,529,994	<b>3.94</b>
Åbo Akademi University Foundation	1,066,282	<b>2.75</b>
Elo Mutual Pension Insurance Company	1,052,133	<b>2.71</b>
Ilmarinen Mutual Pension Insurance Company	1,024,836	<b>2.64</b>
Bergholm Heikki	835,178	<b>2.15</b>
Varma Mutual Pension Insurance Company	729,791	<b>1.88</b>
Maijala Mikko	720,000	<b>1.86</b>
<b>Ownership structure / sector</b>	<b>Shares</b>	<b>%</b>
Nominee-registered shares	3,512,742	<b>9.05</b>
Number of shares	38,798,874	<b>100.00</b>
Number of shareholders	23,167	

# APPENDIX

# KEY FIGURES

## NET SALES Q3/2021



	Q3/21	Q3/20	Change%	1-9/2021	1-9/2020	Change%	2020
Net sales, MEUR	<b>198.4</b>	184.8	7.4	<b>589.0</b>	552.3	6.6	751.9
EBITDA, MEUR	<b>31.4</b>	30.4	3.4	<b>71.9</b>	61.7	16.7	85.2
Operating profit, MEUR	<b>18.0</b>	17.6	2.0	<b>32.3</b>	18.3	76.3	28.2
Operating margin, %	<b>9.1</b>	9.5		<b>5.5</b>	3.3		3.8
EVA, MEUR	<b>11.2</b>	11.5	-2.6	<b>12.9</b>	-0.1		3.7
Earnings per share, EUR	<b>0.37</b>	0.37	-1.3	<b>0.64</b>	0.30	113.2	0.50



## CONSOLIDATED INCOME STATEMENT

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Net sales</b>	198.4	184.8	589.0	552.3	751.9
Other operating income	0.5	0.5	2.3	8.6	9.3
Change of inventory	2.5	3.0	1.7	8.8	8.7
Materials and services	-64.9	-61.2	-200.7	-192.2	-263.9
Employee benefit expenses	-81.8	-74.9	-252.9	-235.0	-315.1
Other operating expenses	-23.1	-21.7	-67.5	-80.8	-105.6
Depreciation, amortisation and impairment	-13.4	-12.8	-39.7	-43.3	-57.0
<b>Operating profit</b>	18.0	17.6	32.3	18.3	28.2
Financial income and expenses	-0.8	-1.0	-2.5	-4.1	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	17.1	16.7	29.8	14.2	23.3
Income taxes	-3.2	-2.7	-5.4	-2.9	-4.3
<b>Profit for the period</b>	14.0	14.0	24.4	11.3	19.0
<b>Attributable to:</b>					
Equity holders of the company	14.0	14.1	24.4	11.4	19.1
Non-controlling interest	-	-0.1	-	-0.1	-0.1
<b>Earnings per share attributable to equity holders of the parent company:</b>					
Earnings per share, EUR	0.37	0.37	0.64	0.30	0.50
Diluted earnings per share, EUR	0.37	0.37	0.64	0.30	0.50

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2021	9/2020	12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	172.1	152.1	154.0
Other intangible assets	34.2	28.5	28.9
	206.3	180.6	182.9
Property, plant and equipment	145.8	130.9	139.8
Right-of-use asset	74.2	75.5	70.9
	220.0	206.5	210.7
Other non-current assets			
Deferred tax assets	5.7	4.3	4.5
Other receivables	14	13	13
	7.1	5.6	5.8
<b>Total non-current assets</b>	<b>433.4</b>	<b>392.7</b>	<b>399.4</b>
<b>Current assets</b>			
Inventories	34.5	30.8	30.7
Trade receivables	82.3	72.1	82.9
Contract assets	34.5	32.8	19.4
Income tax receivables	3.0	4.1	3.1
Other receivables	10.7	11.6	10.9
Cash and cash equivalents	22.4	29.8	50.2
<b>Total current assets</b>	<b>187.4</b>	<b>181.1</b>	<b>197.2</b>
<b>Total assets</b>	<b>620.8</b>	<b>573.8</b>	<b>596.6</b>

MEUR	9/2021	9/2020	12/2020
<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	-5.7	-8.7	-5.0
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	186.8	169.8	177.5
<b>Total equity</b>	<b>201.2</b>	<b>181.1</b>	<b>192.6</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	28.7	26.0	28.3
Retirement benefit obligations	1.3	1.3	1.4
Provisions	6.8	5.4	7.1
Financial liabilities	179.9	159.7	155.4
Other liabilities	0.2	0.3	0.1
	217.0	192.7	192.3
<b>Current liabilities</b>			
Financial liabilities	28.9	31.7	31.3
Trade and other payables	171.1	166.1	177.7
Income tax liabilities	0.0	0.0	0.3
Provisions	2.6	2.2	2.4
	202.6	200.0	211.8
<b>Total liabilities</b>	<b>419.6</b>	<b>392.7</b>	<b>404.0</b>
<b>Total equity and liabilities</b>	<b>620.8</b>	<b>573.8</b>	<b>596.6</b>

# **CIRCULAR ECONOMY – MADE REAL**