



Join L&T's
Capital Markets Day
on November 23rd!

LASSILA & TIKANOJA INTERIM REPORT Q3 2023

Eero Hautaniemi, President & CEO

Valtteri Palin, CFO

26 October 2023

IN FOCUS IN Q3

- Solid performance in all divisions despite challenging business cycle
- Adjusted operating profit was EUR 31.8 million (31.3) January-September
- Net cash flow from operating activities after investments per share in January-September was strong at EUR 0.74 (0.03) as was L&T's financial position
- L&T announced October 25, 2023 that the Group has completed a strategy review and decided to focus on its circular economy businesses, in addition the company initiates an evaluation of strategic alternatives for Facility Services Finland and Facility Services Sweden



NET SALES

-5.2% (Organic growth 0.3%)



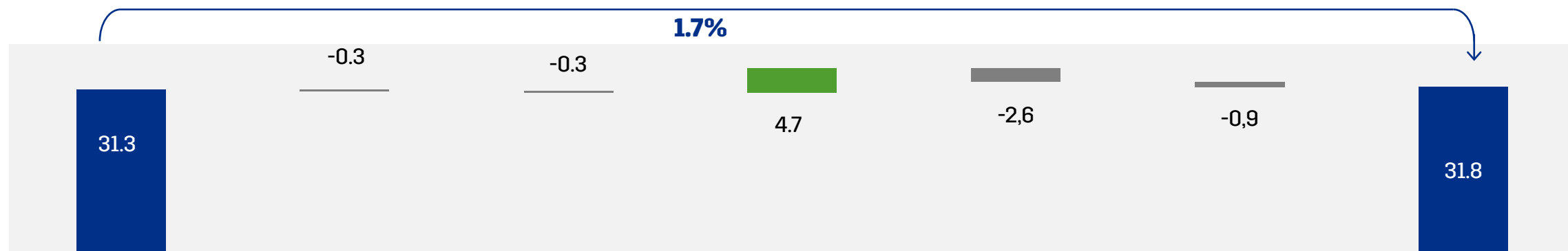
MEUR	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Environmental Services*	74.1	75.0	-1.2	214.8	216.0	-0.6	287.1
Industrial Services	39.0	38.9	0.3	103.1	95.7	7.7	132.0
Facility Services Finland	58.8	60.2	-2.4	188.6	191.7	-1.8	256.3
Facility Services Sweden	30.3	31.9	-4.7	98.7	100.7	-2.0	140.4
L&T Group	200.9	204.4	-1.7	601.2	634.0	-5.2	844.1

*Environmental Services net sales excluding the renewable energy sources business

**Renewable energy sources business change Q3 2023 vs. Q3 2022



ADJUSTED OPERATING PROFIT

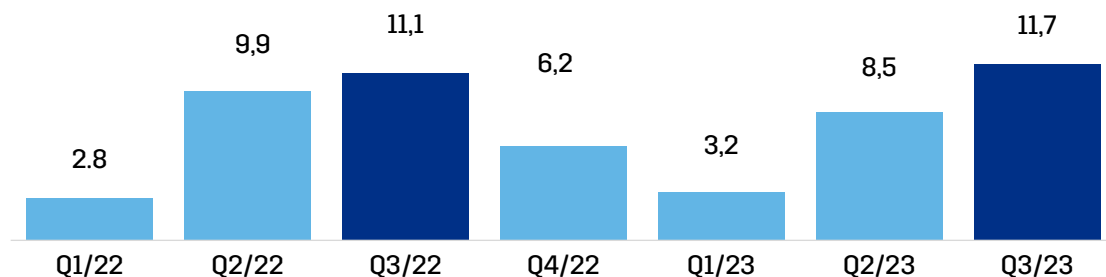


	Adjusted operating profit 1-9/2022	Environmental Services	Industrial Services	Facility Services Finland	Facility Services Sweden	Other	Adjusted operating profit 1-9/2023	
MEUR		Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Environmental Services*		11.7	11.1	5.1	23.5	23.8	-1.5	30.0
Industrial Services		6.1	7.0	-11.9	10.2	10.4	-2.7	13.6
Facility Services Finland		3.2	2.0	56.3	3.4	-1.3		-0.5
Facility Services Sweden		0.2	0.2	-5.5	-2.8	-0.1		0.4
Other		0.0	-0.1		-2.4	-1.8		-2.8
Renewable energy sources		-	-		-	0.3		0.3
Adjusted operating profit		21.2	20.3	4.7	31.8	31.3	1.7	40.9

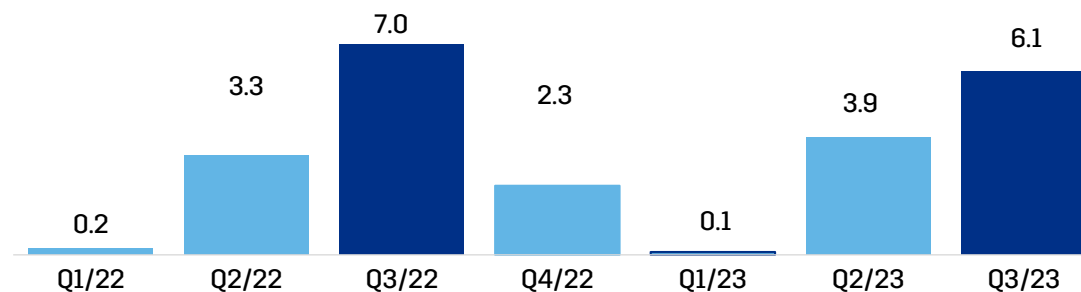


OPERATING PROFIT BY DIVISION

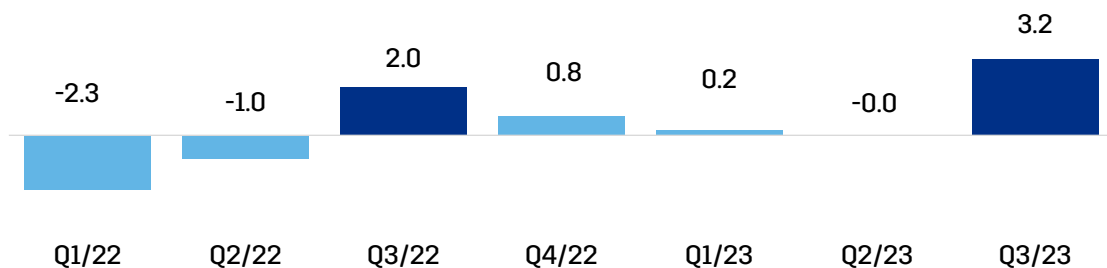
ENVIRONMENTAL SERVICES excl. renewable energy sources MEUR



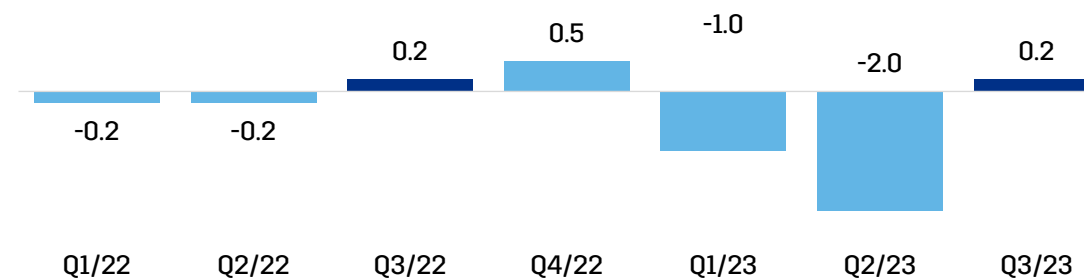
INDUSTRIAL SERVICES MEUR



FACILITY SERVICES FINLAND MEUR



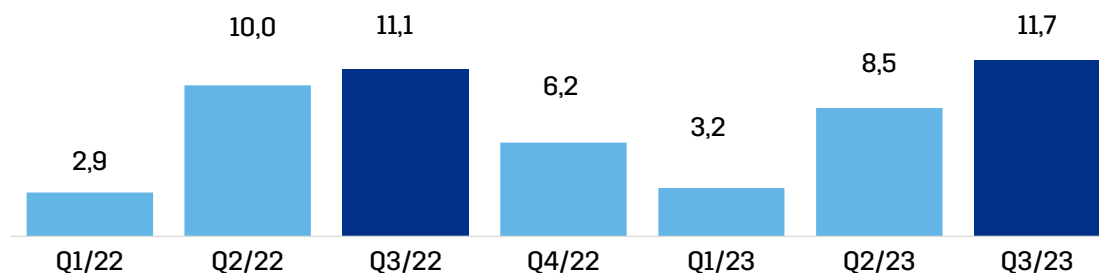
FACILITY SERVICES SWEDEN MEUR



OPERATING PROFIT BY DIVISION

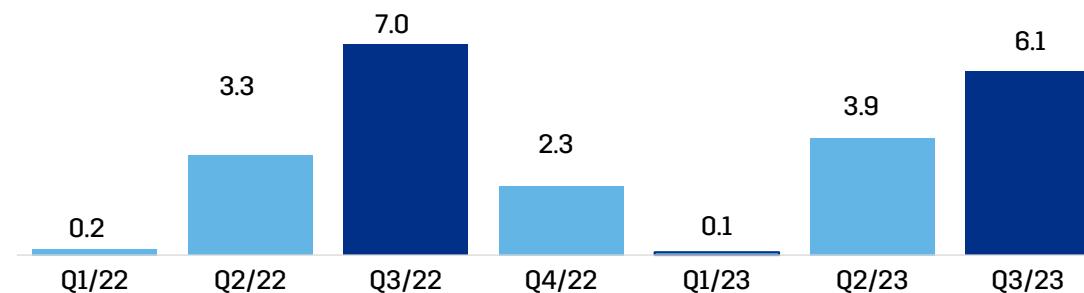
ENVIRONMENTAL SERVICES

MEUR



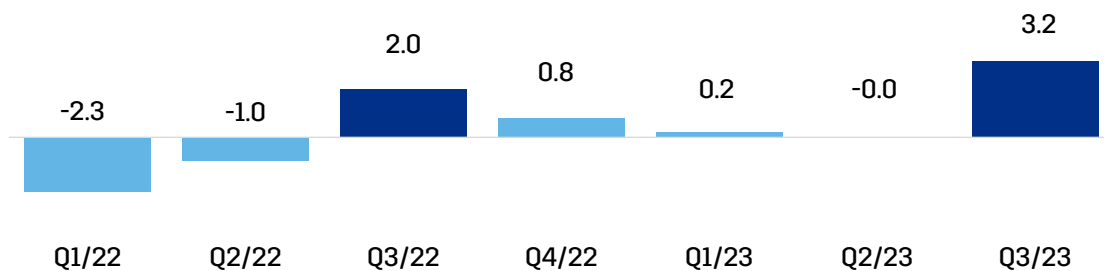
INDUSTRIAL SERVICES

MEUR



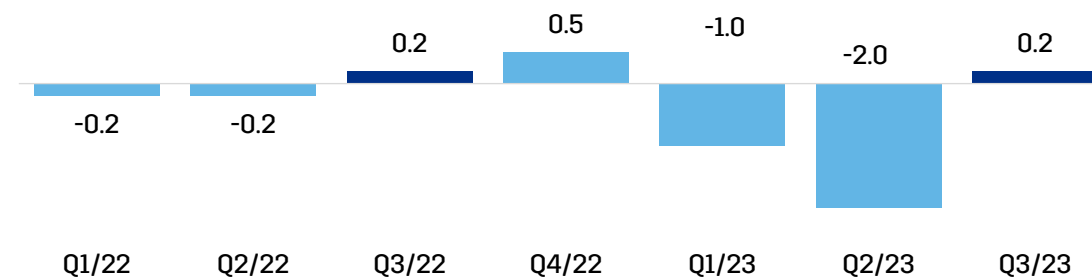
FACILITY SERVICES FINLAND

MEUR



FACILITY SERVICES SWEDEN

MEUR

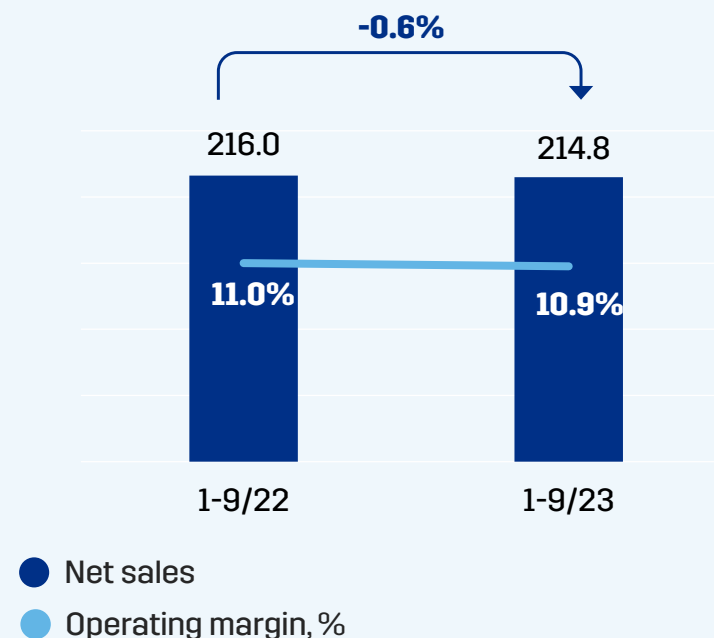


ENVIRONMENTAL SERVICES

EXCL. RENEWABLE ENERGY SOURCES

- The number of B2B and producer responsibility organization customers increased thanks to active sales efforts
- Market share in municipal contracts for waste management strengthened
- The division improved the efficiency of its operations in response to cost inflation

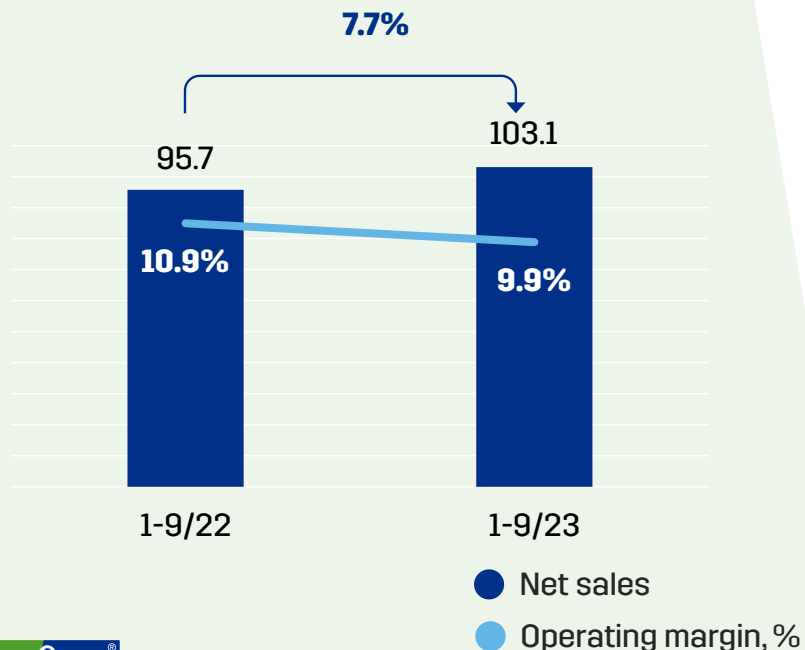
MEUR	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Net sales	74.1	75.0	-1.2	214.8	216.0	-0.6	287.1
EBITDA	20.7	17.9	15.7	46.7	44.2	5.6	56.9
Operating profit	11.7	11.1	5.1	23.5	23.8	-1.5	30.0
Operating margin, %	15.8	14.9		10.9	11.0		10.4





INDUSTRIAL SERVICES

- The hazardous waste and environmental construction businesses saw strong demand despite slight decline from the high comparison period
- Resourcing of annual maintenance breaks succeeded well

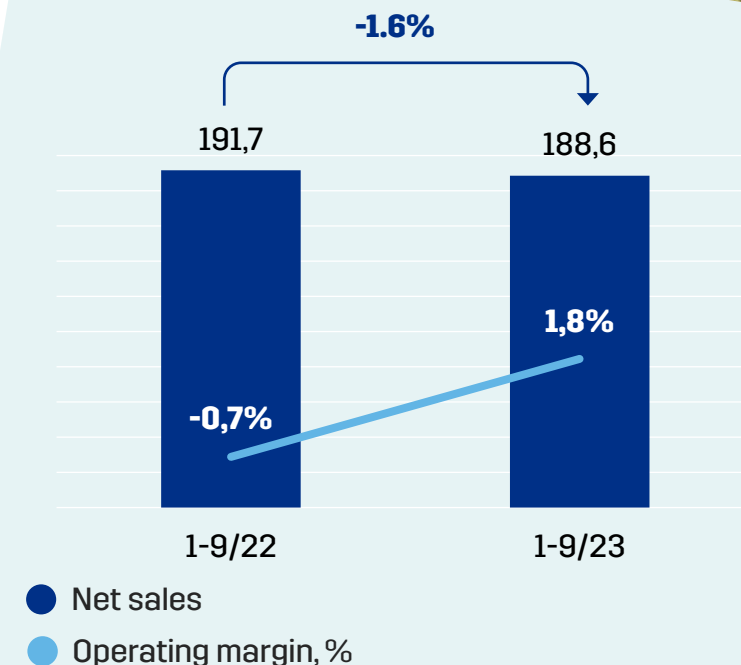


MEUR	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Net sales	39.0	38.9	0.3	103.1	95.7	7.7	132.0
EBITDA	9.3	10.2	-8.8	19.7	19.4	1.4	25.0
Adjusted operating profit	6.1	7.0	-11.9	10.2	10.4	-2.7	13.6
Adjusted operating margin, %	15.7	17.9		9.9	10.9		10.3

FACILITY SERVICES FINLAND

- The measures started in the latter half of 2022 to streamline the cost structure and improve operational efficiency continued successfully

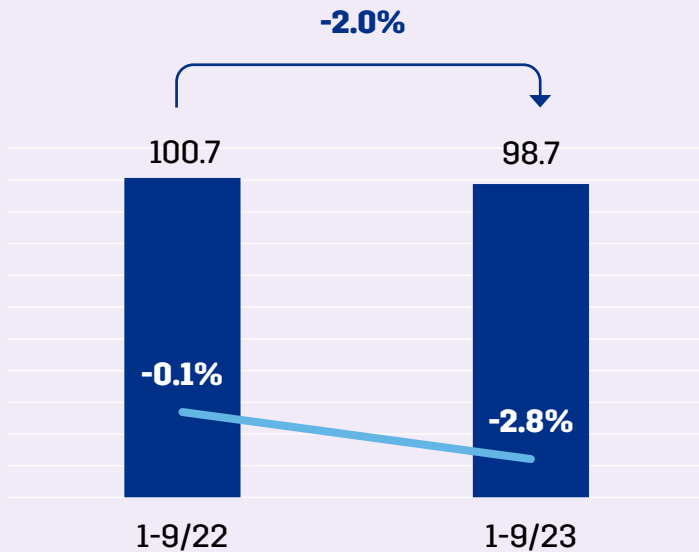
MEUR	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Net sales	58.8	60.2	-2.4	188.6	191.7	-1.6	256.3
EBITDA	5.1	4.3	19.1	9.7	5.5	76.0	8.5
Operating profit	3.2	2.0	56.3	3.4	-1.3		-0.5
Operating margin, %	5.4	3.4		1.8	-0.7		-0.2





FACILITY SERVICES SWEDEN

- The division has a programme ongoing to simplify operating models and adapt them to the changed business environment. The results of the programme started to realise in the third quarter



● Net sales
● Operating margin, %

MEUR	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Net sales	30.3	31.9	-4.7	98.7	100.7	-2.0	140.4
EBITDA	1.4	1.6	-8.9	0.9	4.6	-80.7	6.3
Operating profit*	0.2	0.2	-5.5	-2.8	-0.1		0.4
Operating margin, %	0.7	0.7		-2.8	-0.1		0.3

*Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 0.5 million (0.7) in Q3 2023 and EUR -1.9 million (1.4) in January-September 2023

EVALUATION OF STRATEGIC ALTERNATIVES FOR FACILITY SERVICES FINLAND AND SWEDEN STARTS

- Lassila & Tikanoja announced October 25 that the Group has completed a strategy review and decided to focus on its circular economy businesses
 - Environmental services and Industrial services divisions will seek growth especially by focusing on business opportunities related to circular economy of materials
 - The company initiates an evaluation of strategic alternatives for Facility Services Finland and Facility Services Sweden
 - All potential options will be considered, including a potential sale of the business areas
- L&T will organize a Capital Markets Day event on November 23, 2023 to present the revised strategy. For more information, go to lt.fi/cmd2023



SUSTAINABILITY HIGHLIGHTS Q1-Q3/2023

Large industrial soil remediation project completed in Pirkanmaa

- The area can now be used to build a residential area

Employee sickness rate 4.9, is on the same level as during the years before the COVID-19

L&T's CO2 emissions from own operations continued to decrease due to increased use of biofuels and changes in driving style

L&T NON-FINANCIAL
STRATEGIC TARGETS
2022–2026

**Service
promotion**
NPS index > 50

**Employee
recommendation eNPS**
> 50

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

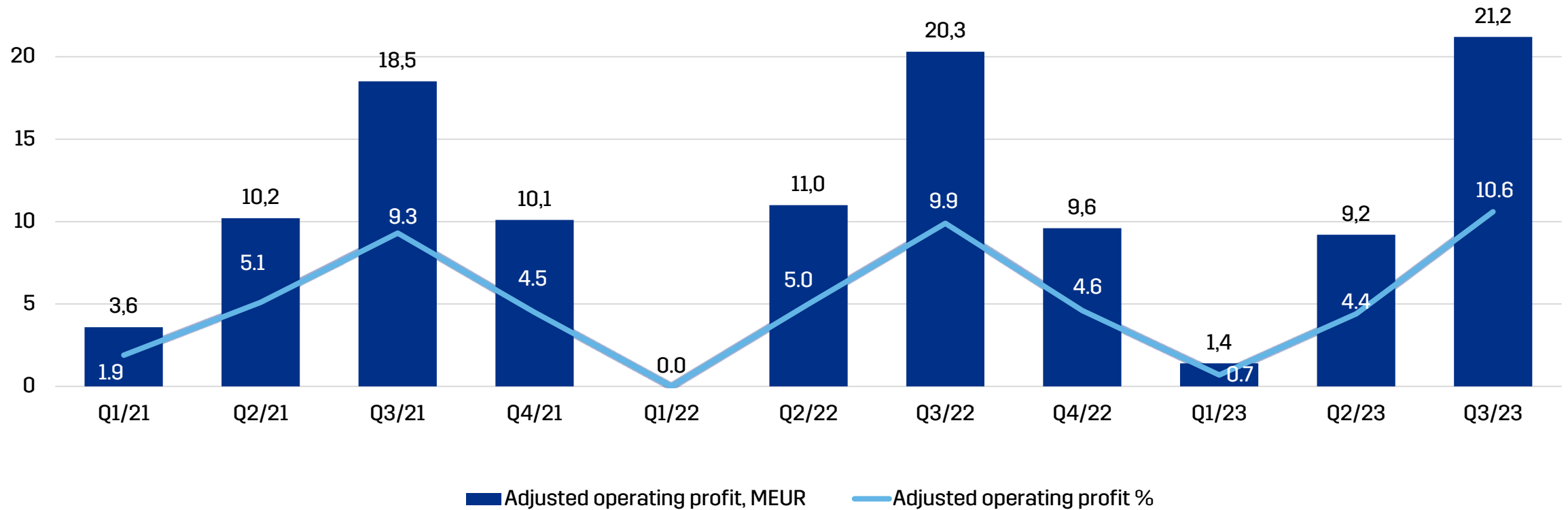


SUSTAINABILITY SCORE CARD Q1-Q3/2023

L&T	2018	2019	2020	2021	2022	Q1-Q3/2023	Q1-Q3/2022	Target 2023	Target 2026	Target 2030
CARBON FOOTPRINT (tCO2-ekv)	47,400	43,100	36,700	37,800	34,200	23,400	26,000	32,900		24,400
EMISSION INTENSITY (gCO2-ekv/km)	952	867	818	771	677	608	710	723	712	476
CARBON HANDPRINT (MCO2-ekv)	-569.2	-526.6	-506.8	-524.9	-534.5	-339.2	-397			
TRIF	25	23	24	24	23	23	23	22	19	15
OCCUPATIONAL HEALTH RATE (%)	40	42	50	44.3	40	48	47	50	57	60
SICK LEAVE (%) (FI)	5.0	5.0	4.7	5.1	5.6	4.9	5.5	4.8	4.3	4

- The fuel distribution obligation in Finland was adjusted in 2022 by reducing the biofuel component by 7.5 percentage points. Statistics Finland published the updated fuel classification data later in spring 2023, and they have been taken into account in the emission calculations in this report.

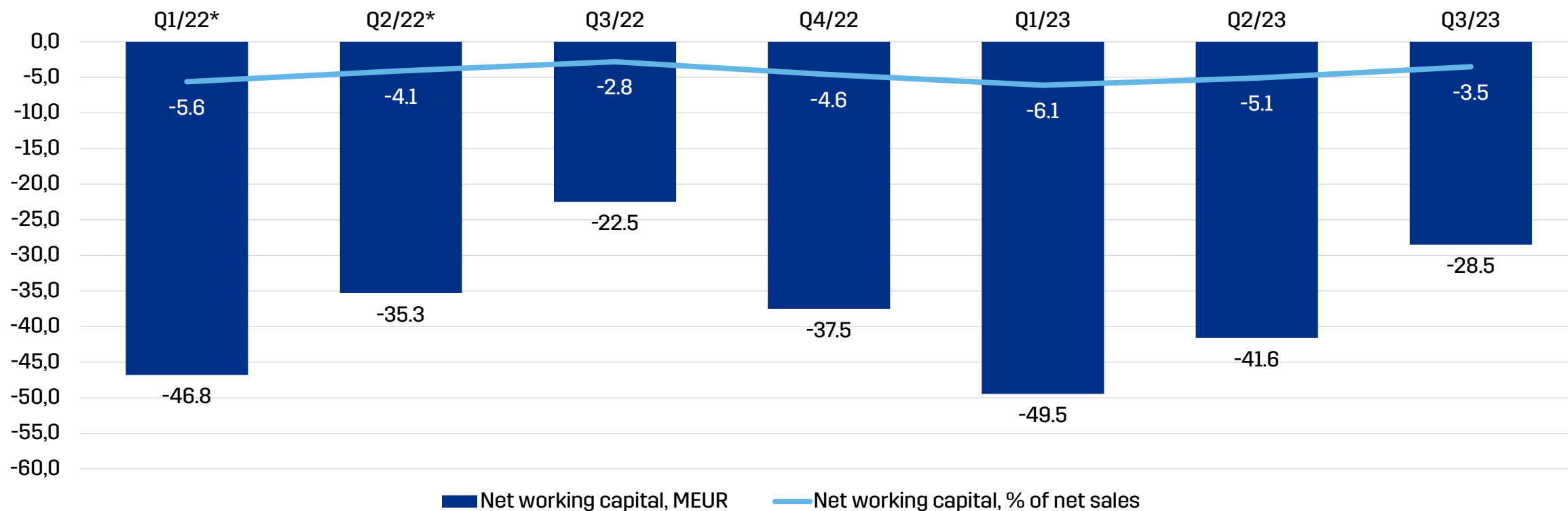
ADJUSTED OPERATING PROFIT



KEY FIGURES

	Q3/23	Q3/22	Change %	1-9/23	1-9/22	Change %	2022
Capital expenditure, MEUR	14.2	10.1	41.0	46.0	45.8	0.4	58.2
Share of business acquisitions in capital expenditure, MEUR				-	21.8		21.5
Depreciation, amortisation and impairment, MEUR	15.6	13.9	12.0	43.6	41.8	4.3	55.4
Return on equity (ROE), %				14.9	12.9		14.6
Capital employed, EUR million				425.1	440.1		437.2
Return on capital employed (ROCE), %				11.7	9.4		10.4
Earnings per share, EUR	0.41	0.38	6.8	0.65	0.53	22.7	0.83
Net cash flow from operating activities after investments per share, EUR	0.23	0.15	49.7	0.74	0.03		1.08
Equity ratio, %				35.8	33.2		34.3
Gearing, %				77.9	95.0		75.9
Total number of employees at the end of the period				8,540	8,637		8,371

NET WORKING CAPITAL



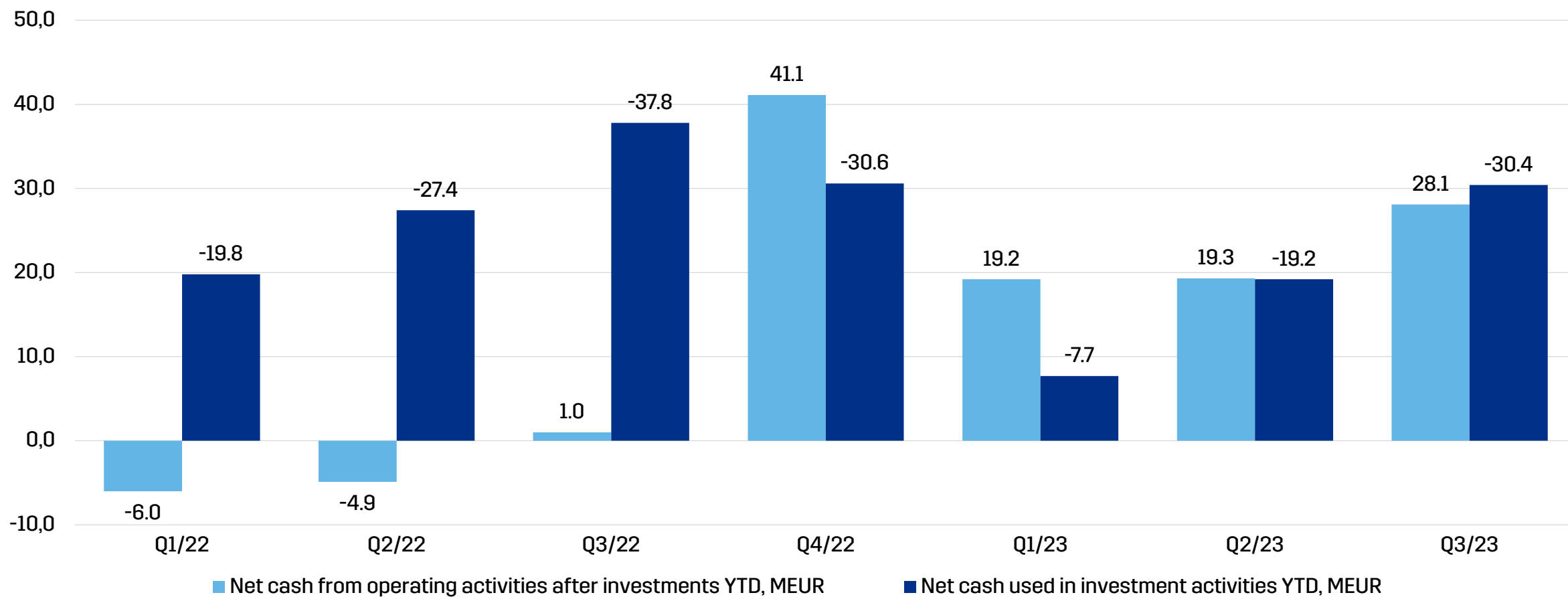
Net working capital = Current assets - income tax receivables - cash and cash equivalents - other non-current liabilities excluding deferred consideration - current trade and other payables

Net working capital, % of net sales = Net working capital / 12 month rolling net sales * 100

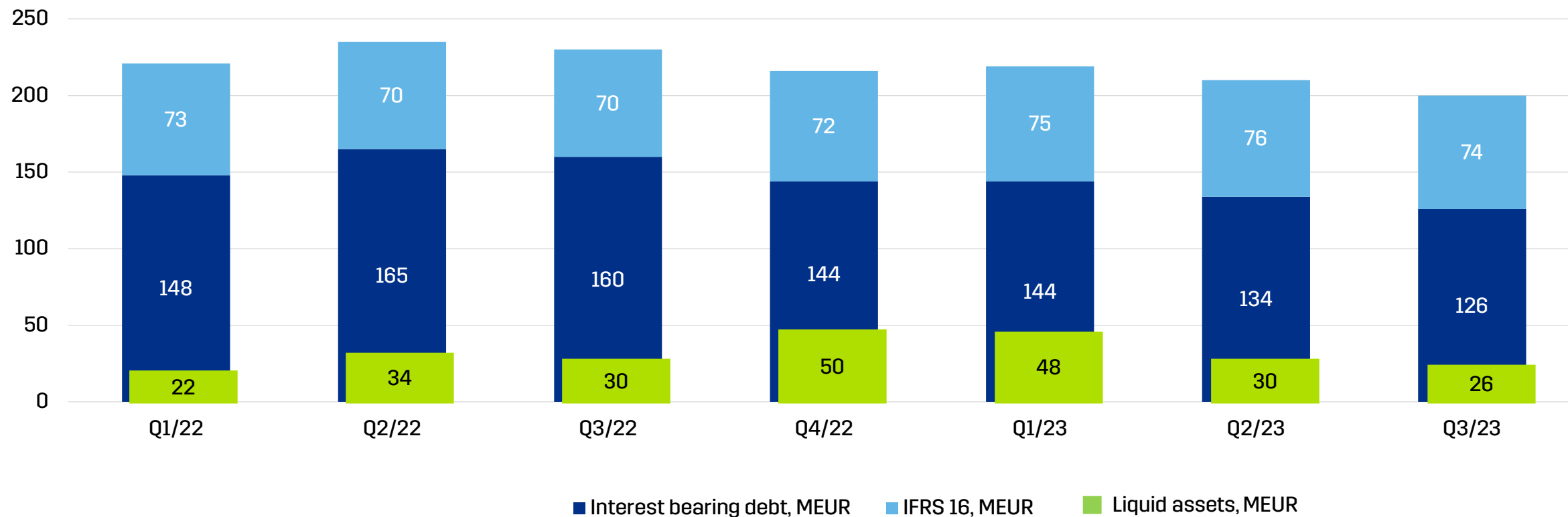
* Includes the renewable energy sources business



NET CASH FLOW AND NET INVESTMENTS



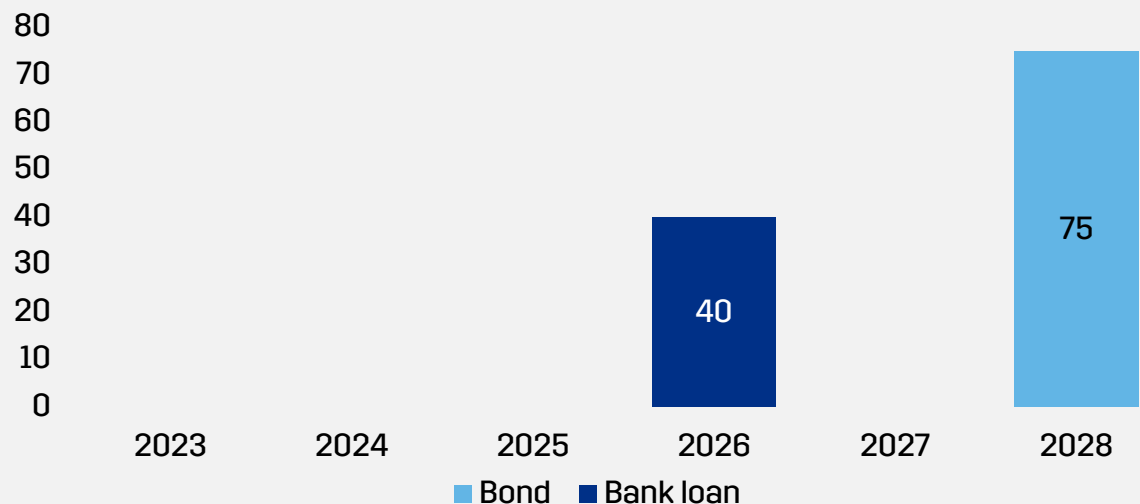
INTEREST BEARING DEBT AND LIQUIDITY



MATURITY STRUCTURE OF LOANS

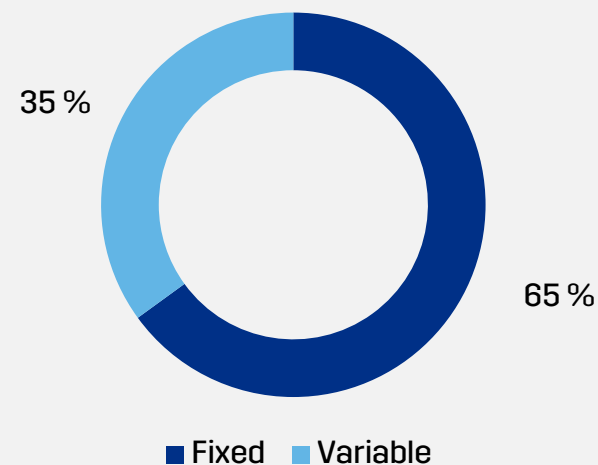
L&T has repaid the remaining amount of EUR 17.7 million of the bond issued in 2018 and reduced its bank loan by EUR 10.0 million in connection with the refinancing.

Loans, MEUR



Loans do not include commercial papers

Weighted average of effective interest rate 4.0%
(2.5%)





OUTLOOK FOR 2023

Net sales and adjusted operating profit in 2023 are estimated to be at the same level as in the previous year even though the comparison period includes net sales from the Renewable energy sources business in the amount of EUR 35.4 million.

L&T will organise a Capital Markets Day event
on November 23, 2023.

For more information, go to lt.fi/cmd2023

CONTACTS



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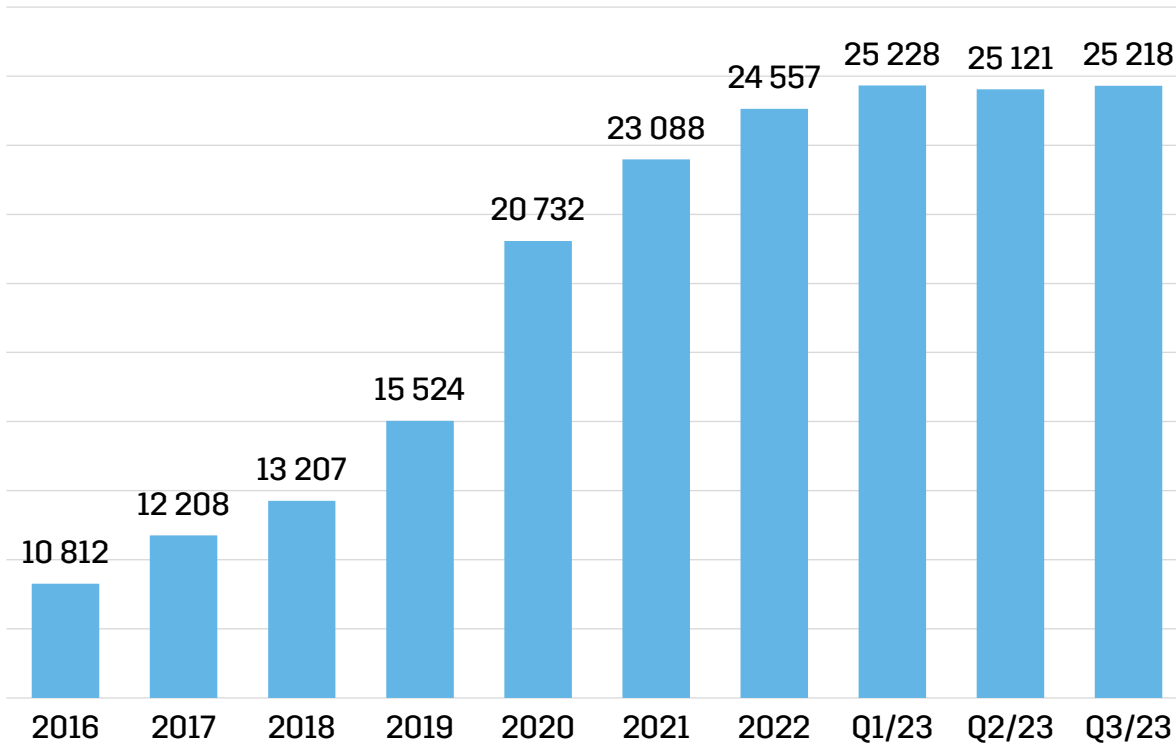


SHAREHOLDERS

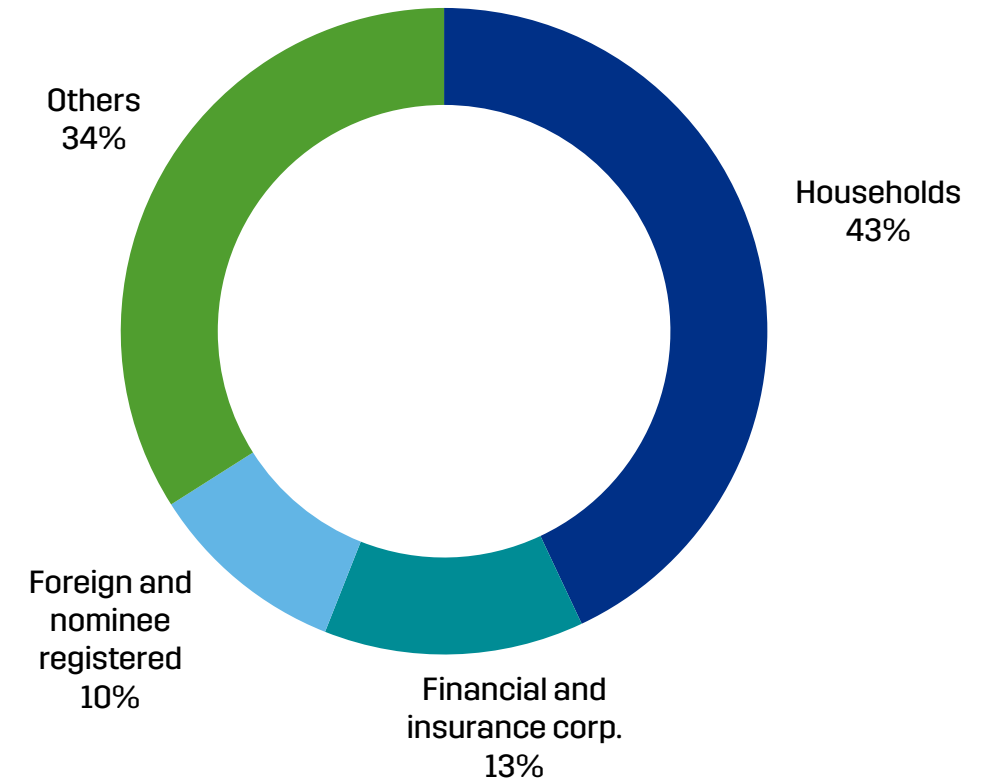


SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS ON 30 SEPTEMBER 2023

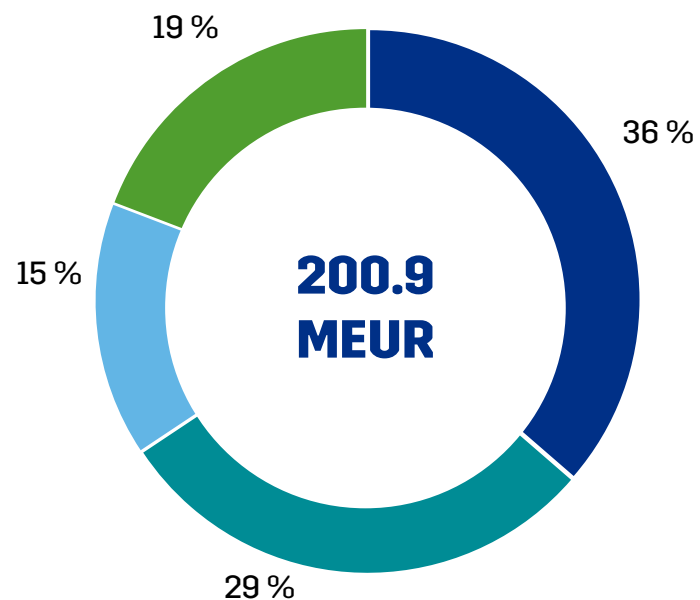
Shareholder	Shares	%
Evald and Hilda Nissi's Foundation	3,496,487	9.01
Nordea Funds Ltd	1,683,941	4.34
Mandatum Life Insurance Company Limited	1,634,918	4.21
Maijala Juhani	1,529,994	3.94
Åbo Akademi University Foundation	1,066,282	2.75
Bergholm Heikki	875,000	2.26
Ilmarinen Mutual Pension Insurance Company	790,000	2.04
Varma Mutual Pension Insurance Company	729,791	1.88
Maijala Mikko	720,000	1.86
Lassila & Tikanoja Oyj	644,772	1.66
Ownership structure / sector	Shares	%
Nominee-registered shares	3,688,914	9.51
Number of shares	38,798,874	100.00
Number of shareholders	25,218	



APPENDIX

KEY FIGURES

NET SALES Q3/2023



- 36% Environmental Services
- 29% Facility Services Finland
- 15% Facility Services Sweden
- 19% Industrial Services

	Q3/23	Q3/22	Change%	1-9/23	1-9/22	Change%	2022
Net sales, MEUR	200.9	204.4	-1.7	601.2	634.0	-5.2	844.1
EBITDA, MEUR	36.7	34.1	7.6	75.3	71.8	4.9	98.3
Operating profit, MEUR	21.1	20.2	4.6	31.7	30.0	5.7	42.9
Operating margin, %	10.5	9.9		5.3	4.7		5.1
Earnings per share, EUR	0.41	0.38	6.8	0.65	0.53	22.7	0.83

Consolidated income statement

MEUR	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Net sales	200.9	204.4	601.2	634.0	844.1
Other operating income	2.6	0.5	4.3	2.0	8.7
Materials and services	-57.7	-62.0	-182.8	-215.8	-286.7
Employee benefit expenses	-84.4	-83.2	-264.0	-264.3	-353.1
Other operating expenses	-24.8	-25.7	-83.5	-84.0	-114.7
Depreciation, amortisation and impairment	-15.6	-13.9	-43.6	-41.8	-55.4
Operating profit	21.1	20.2	31.7	30.0	42.9
Financial income	0.4	0.1	2.3	0.2	0.4
Financial expenses	-2.2	-1.6	-6.4	-4.2	-6.0
Exchange rate differences (net)	0.0	-0.1	-0.1	-0.2	-0.2
Financial income and expenses	-1.8	-1.6	-4.2	-4.2	-5.8
Share of the result of associated companies and joint ventures	0.3	-0.2	2.5	-0.2	0.7
Result before taxes	19.6	18.4	30.0	25.6	37.8
Income taxes	-3.9	-3.8	-5.1	-5.3	-6.3
Result for the period	15.6	14.6	24.9	20.3	31.5
Attributable to:					
Equity holders of the company	15.6	14.6	24.9	20.3	31.5
Earnings per share attributable to the equity holders of the parent company:					
Earnings per share, EUR	0.41	0.38	0.65	0.53	0.83
Diluted earnings per share, EUR	0.41	0.38	0.65	0.53	0.83

Consolidated statement of financial position

MEUR	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	179.2	181.6	180.7
Other intangible assets	36.1	35.8	36.5
	215.3	217.4	217.2
Tangible assets	161.5	156.8	155.3
Right-of-use assets	72.9	68.8	71.2
	234.3	225.6	226.6
Other non-current assets			
Shares in associated companies and joint ventures	16.5	6.2	14.0
Other shares and holdings	0.2	0.2	0.2
Loan receivables from joint ventures	-	19.0	-
Deferred tax assets	4.1	3.1	1.9
Other receivables	1.6	1.9	1.9
	22.4	30.5	17.9
Total non-current assets	472.0	473.5	461.7
Current assets			
Inventories	8.2	6.9	7.8
Trade receivables	83.8	79.6	91.0
Contract assets	41.4	43.9	30.8
Income tax receivables	3.5	4.8	8.7
Other receivables	9.4	11.3	11.0
Cash and cash equivalents	25.6	29.7	49.5
	172.0	176.2	198.8
Total current assets	172.0	176.2	198.8
Total assets	644.0	649.7	660.5

MEUR	30 Sep 2023	30 Sep 2022	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-14.0	-9.2	-10.6
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	218.4	199.7	211.0
Total equity	224.5	210.5	220.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	28.0	27.1	28.1
Retirement benefit obligations	1.2	1.5	1.2
Provisions	7.2	8.0	7.4
Financial liabilities	167.9	176.2	177.5
Other liabilities	12.6	12.5	13.3
	216.9	225.3	227.5
Current liabilities			
Financial liabilities	32.6	53.4	39.3
Trade and other payables	164.3	156.8	170.5
Income tax liabilities	5.1	1.5	1.0
Provisions	0.6	2.2	1.7
	202.6	213.8	212.6
Total liabilities	419.5	439.2	440.1
Total equity and liabilities	644.0	649.7	660.5

CIRCULAR ECONOMY - MADE REAL