



LASSILA & TIKANOJA HALF-YEAR REPORT 2020

Eero Hautaniemi, President and CEO

Valtteri Palin, CFO

28 July 2020

HIGHLIGHTS

- ◆ The decisive actions taken by the Group limited the business impacts of the coronavirus pandemic
- ◆ Operating profit excluding Russian operations and the divestment of L&T Korjausrakentaminen was EUR 8.3 million (10.3) in April–June and EUR 10.8 million (10.6) in January–June
- ◆ The operating profit of Facility Services Finland improved significantly year-on-year due to successful operational excellence and efficiency measures

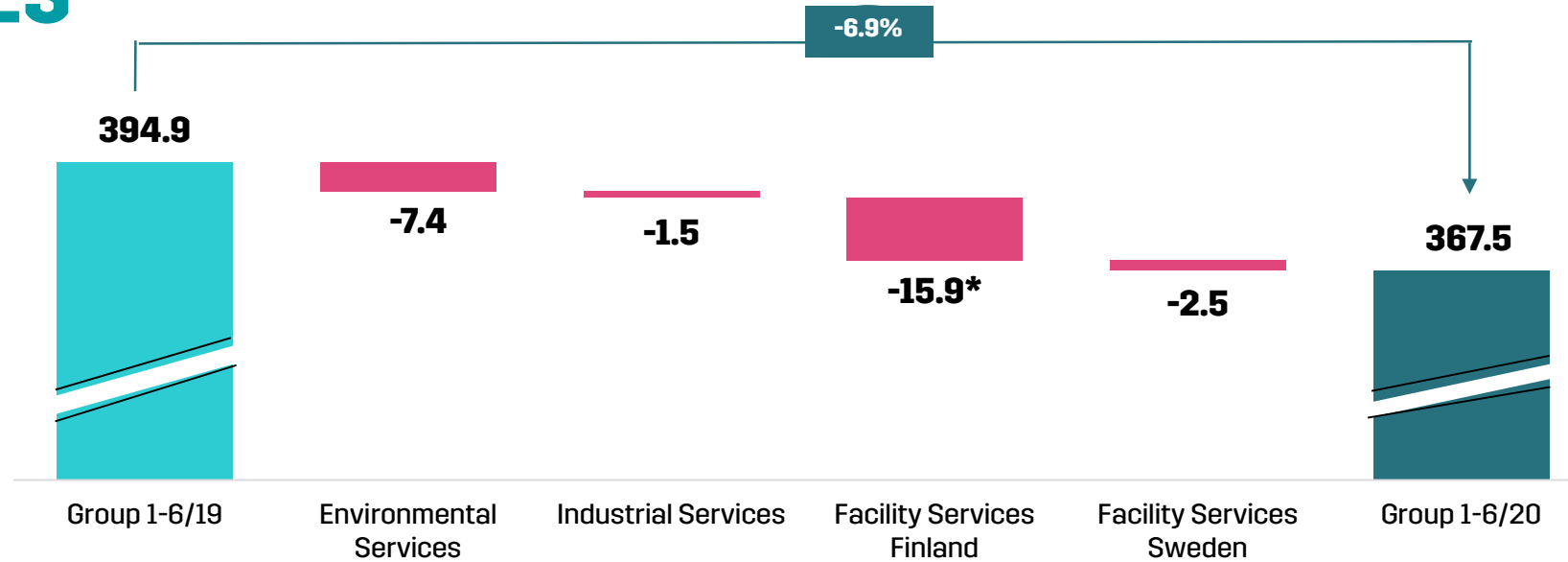


IMPACT OF CORONA PANDEMIC ON L&T

MAJORITY OF SALES GENERATED FROM SERVICES ESSENTIAL FOR SOCIETY EVEN DURING PANDEMIC

- ◆ The pandemic had negative impacts on all business segments. The negative effects during H1 are estimated approx. EUR 12 million on net sales and approx. EUR 4.5 million on operating profit
 - ◆ Temporary lowering of pension insurance contributions had a EUR 0.9 million positive impact on the result in H1 (May–June)
- ◆ **Environmental Services'** service volume declined. The decline in volume from corporate customers was off-set by an increase in e-commerce packaging volumes. Demand remained at the normal level in the household segment
- ◆ **Industrial Services** faced substantial and unpredictable fluctuations in demand. Customers adjusted their production and postponed maintenance breaks to later in the year
- ◆ **Facility Services Finland** met lower demand due to restrictions imposed by the authorities as well as production restrictions implemented by customers themselves
- ◆ **Facility Services Sweden** saw the caution grow amongst customers which resulted in the substantial decline in additional sales

NET SALES

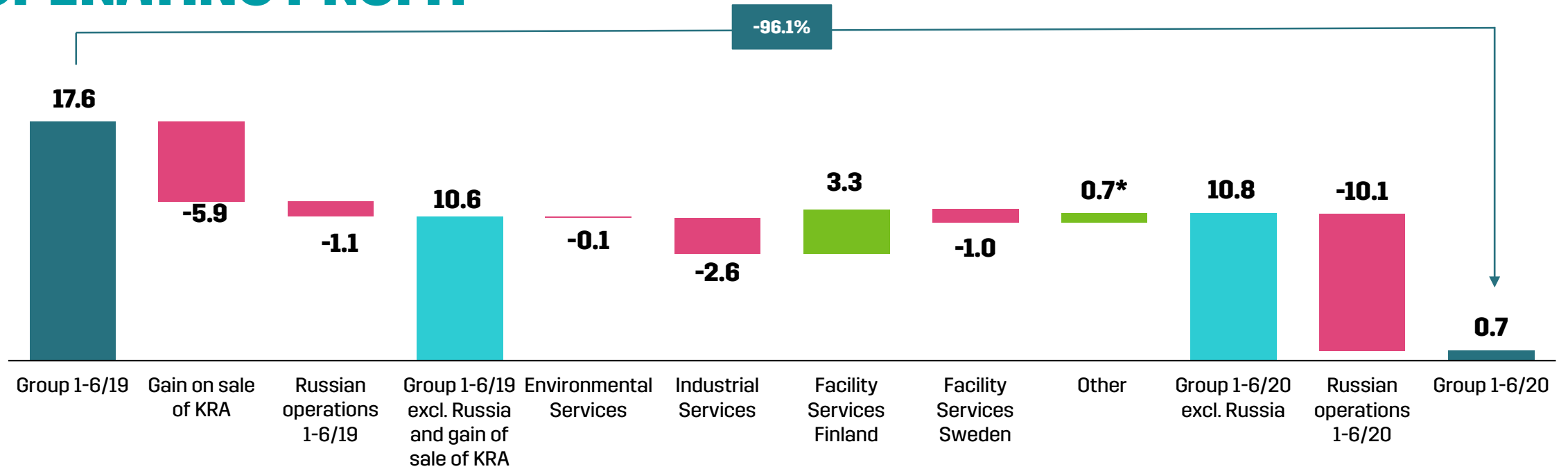


MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Environmental Services	71.9	76.8	-6.4	149.0	156.4	-4.7	311.2
Industrial Services	23.4	26.2	-10.6	43.7	45.2	-3.3	98.9
Facility Services Finland	56.7	61.3	-7.6	114.9	130.8	-12.2	249.1
Facility Services Sweden	32.7	33.4	-1.9	63.1	65.5	-3.8	131.8
L&T Group	183.2	196.2	-6.6	367.5	394.9	-6.9	784.3

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



OPERATING PROFIT




MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Environmental Services	-2.6	8.8	-129.8	2.1	13.4	-84.4	32.8
Industrial Services	1.3	3.3	-59.7	1.0	3.7	-72.0	9.9
Facility Services Finland	-0.4	-2.0	80.6	-2.2	-5.5	59.5	-4.1
Facility Services Sweden	0.3	0.8	-61.3	0.5	1.5	-65.6	3.8
Other	-0.8	5.9	-61.3	-0.7	4.5	-65.6	2.5
L&T Group	-2.2	16.8	-113.1	0.7	17.6	-96.1	45.0

*Excludes gain on sale of Korjausrakentaminen Oy

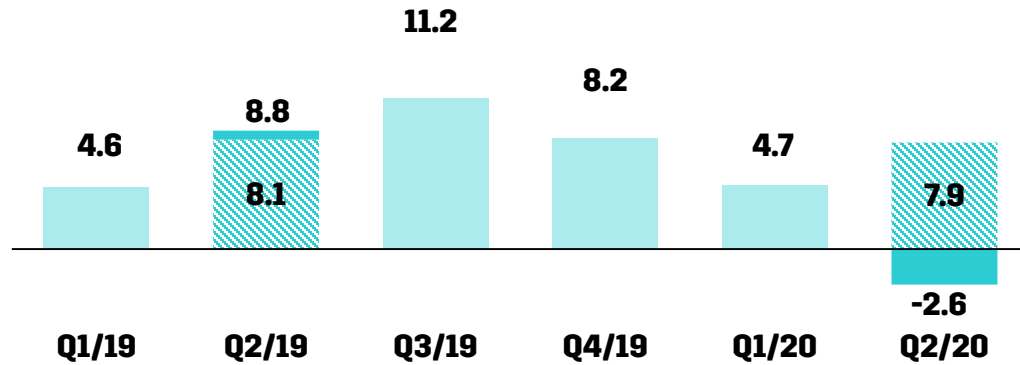


OPERATING PROFIT BY DIVISION

 Operating profit excluding Russia

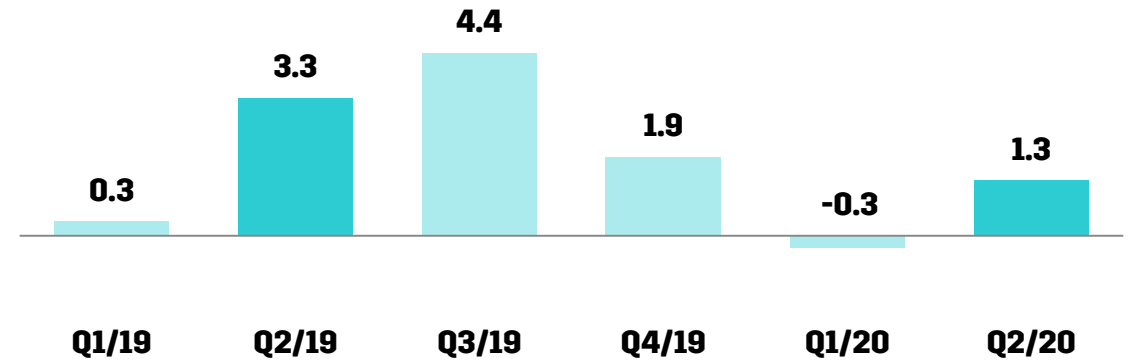
ENVIRONMENTAL SERVICES

EBIT, MEUR



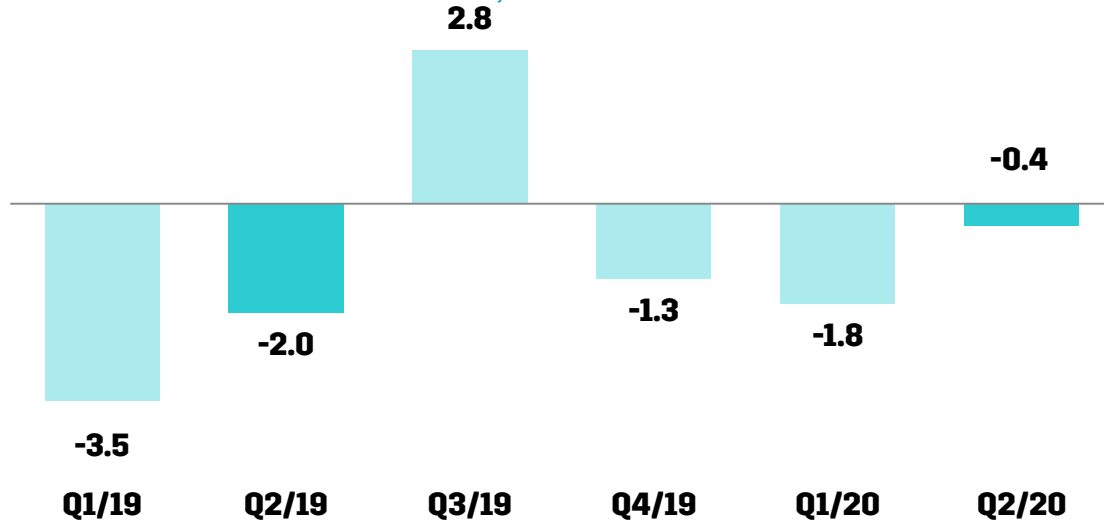
INDUSTRIAL SERVICES

EBIT, MEUR



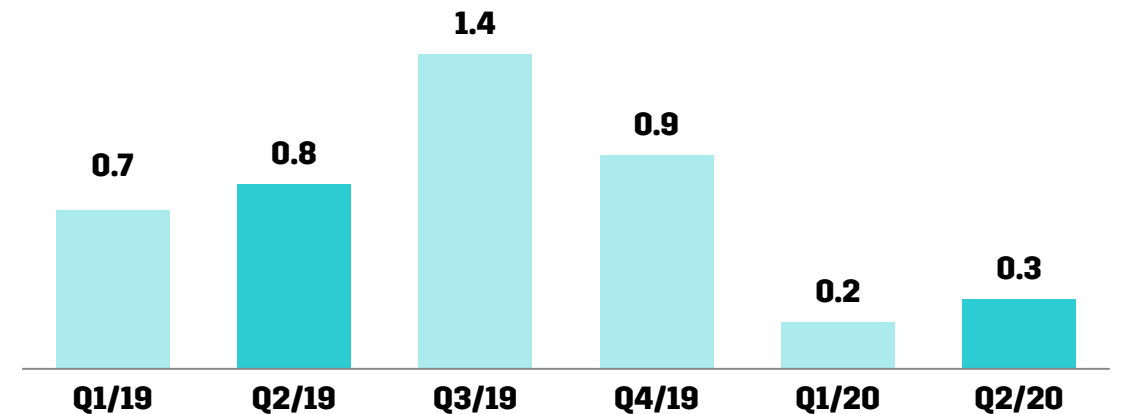
FACILITY SERVICES FINLAND

EBIT, MEUR



FACILITY SERVICES SWEDEN

EBIT, MEUR

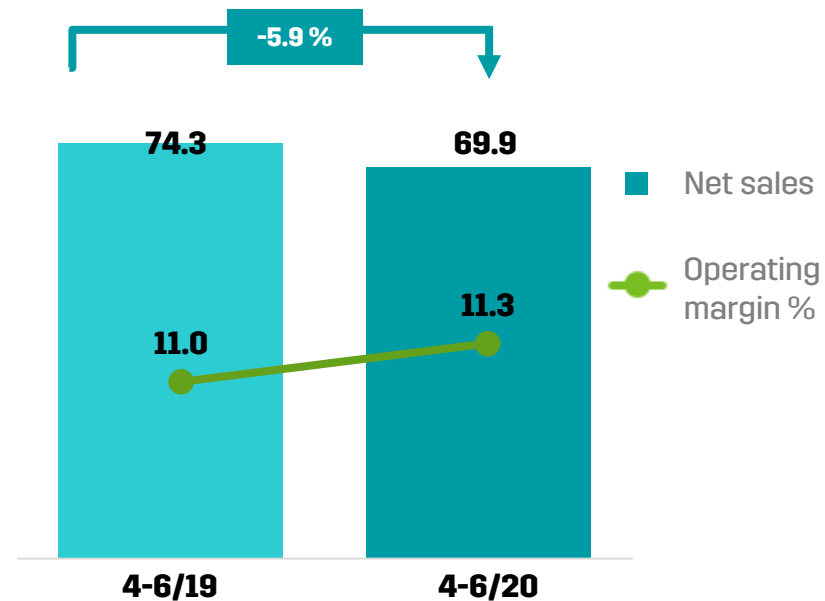


ENVIRONMENTAL SERVICES EXCL. RUSSIAN OPERATIONS

DIGITAL SERVICE CHANNELS AND METHODS ENABLED CONTINUATION OF SERVICES AND THE STARTING OF NEW ONES

- Decreased prices and volumes of secondary raw materials reduced net sales and operating profit
- Service demand improved towards the end of Q2 and is expected to gradually return to normal during H2

MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Net sales	69.9	74.3	-5.9	144.6	151.6	-4.6	300.9
EBITDA	14.0	14.1	-0.9	24.6	24.3	1.4	54.7
Operating profit	7.9	8.1	-2.9	12.2	12.3	-1.0	30.5
Operating margin, %	11.3	11.0		8.4	8.1		10.1



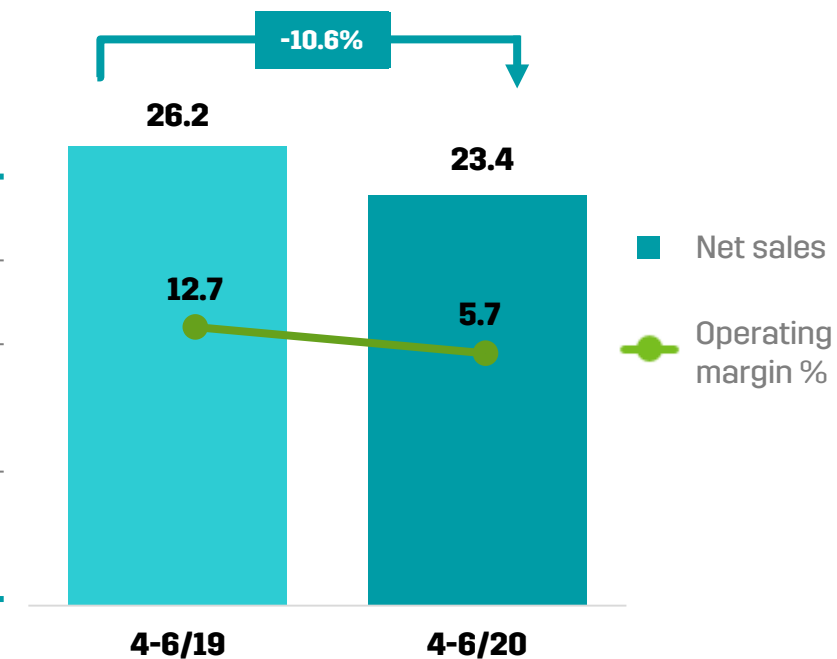
INDUSTRIAL SERVICES

MAJOR FLUCTUATIONS IN DEMAND MADE FORECASTING LABOR AND EQUIPMENT NEEDS CHALLENGING



- Production adjustments and the postponement of maintenance breaks by customers to H2 had a negative effect on net sales and operating profit
- Market position strengthened thanks to new customer agreements, and demand is expected to return to normal during H2

MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Net sales	23.4	26.2	-10.6	43.7	45.2	-3.3	98.9
EBITDA	3.7	5.6	-33.7	6.0	8.2	-27.4	19.1
Operating profit	1.3	3.3	-59.7	1.0	3.7	-72.0	9.9
Operating margin, %	5.7	12.7		2.3	8.1		10.1

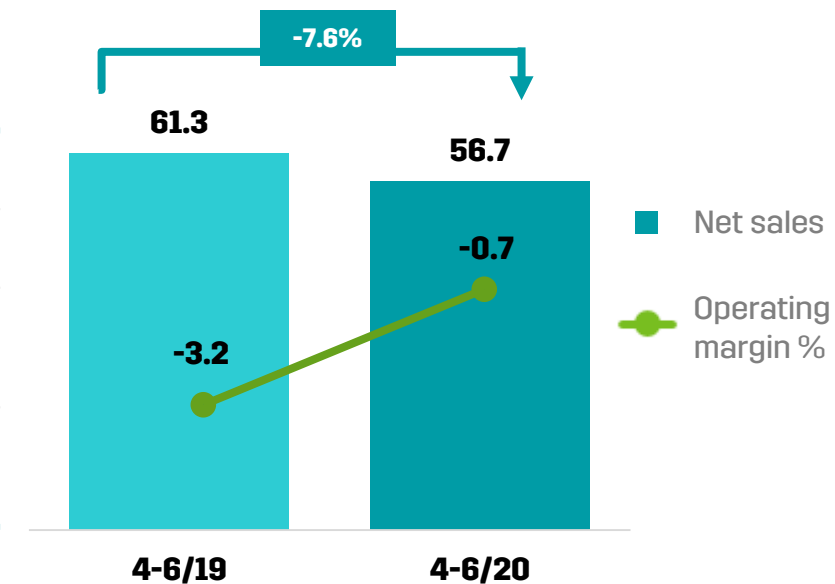


FACILITY SERVICES FINLAND

SUCCESSFUL SALES AND SERVICE DEVELOPMENT COMPENSATED FOR THE EFFECTS OF THE PANDEMIC

- Operating profit improved substantially in all service branches thanks to efficiency improvement measures
- Strengthening of the market position gives the division a good starting point for H2

MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Net sales*	56.7	61.3	-7.6	114.9	130.8	-12.2	249.1
EBITDA	2.7	1.4	97.1	3.9	1.5	160.0	9.4
Operating profit	-0.4	-2.0	80.6	-2.2	-5.5	59.5	-4.1
Operating margin, %	-0.7	-3.2		-1.9	-4.2		-1.6



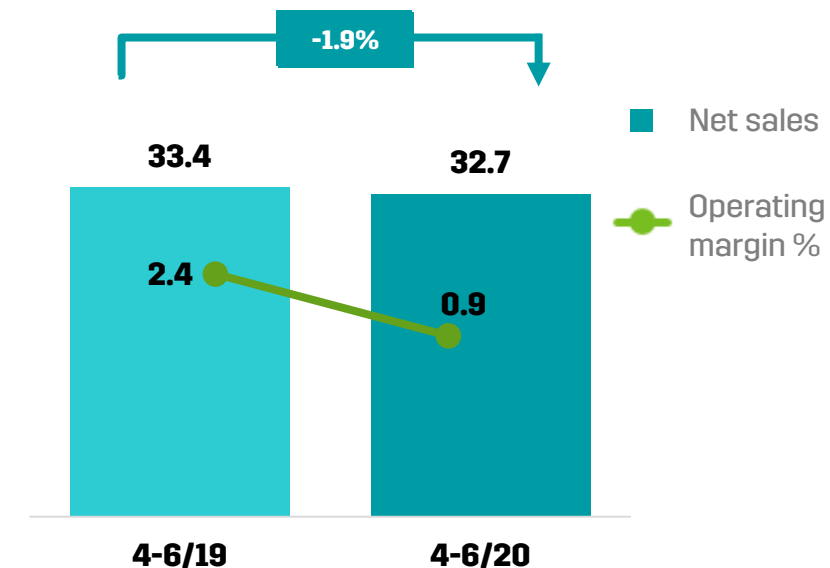
*The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy in April 2019

FACILITY SERVICES SWEDEN

REDUCED ADDITIONAL SALES AND CAUTION AMONGST CUSTOMERS HAD A NEGATIVE IMPACT

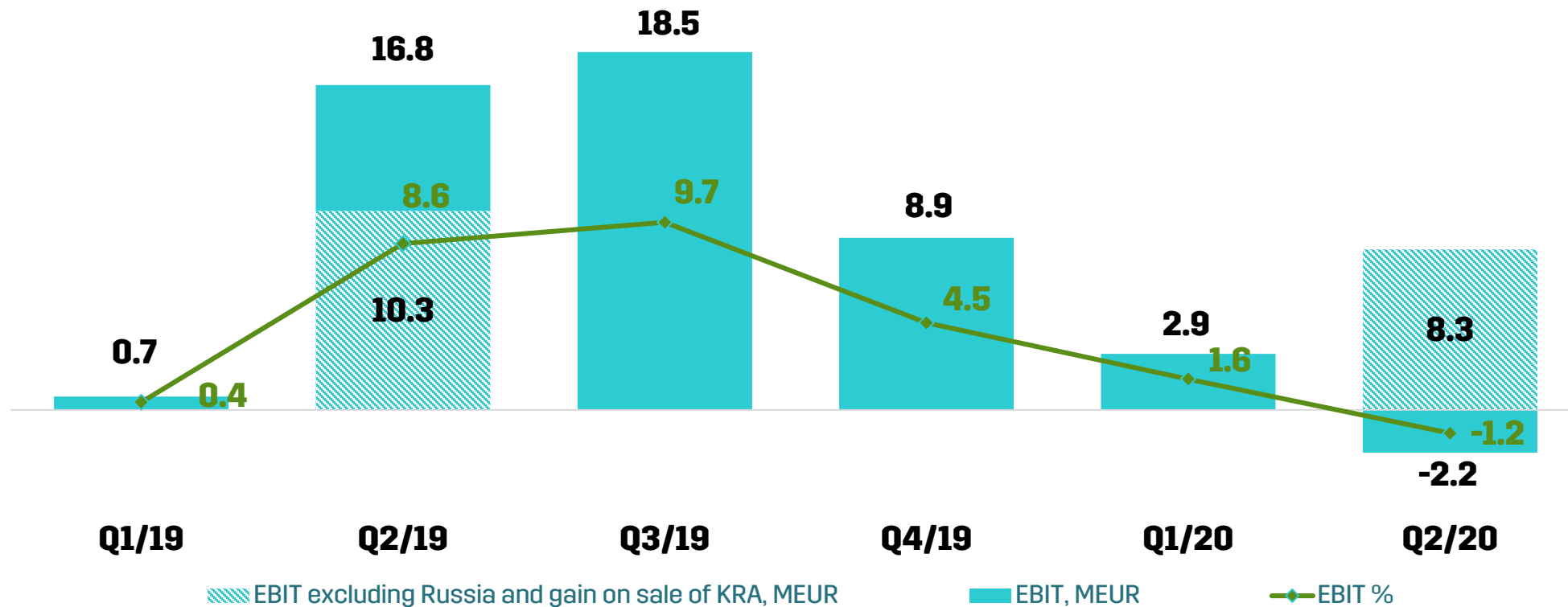
- Reduced additional sales, high sickness rate and the resulting increase in subcontracting costs reduced operating profit. The Swedish state's support measures partially compensated for the impacts of the pandemic starting from the beginning of May
- The pandemic will continue to have a negative impact on the business during the whole of 2020

MEUR	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Net sales	32.7	33.4	-1.9	63.1	65.5	-3.8	131.8
EBITDA	1.5	2.2	-34.1	3.0	4.4	-32.7	9.4
Operating profit	0.3	0.8	-61.3	0.5	1.5	-65.6	3.8
Operating margin, %	0.9	2.4		0.8	2.3		2.9



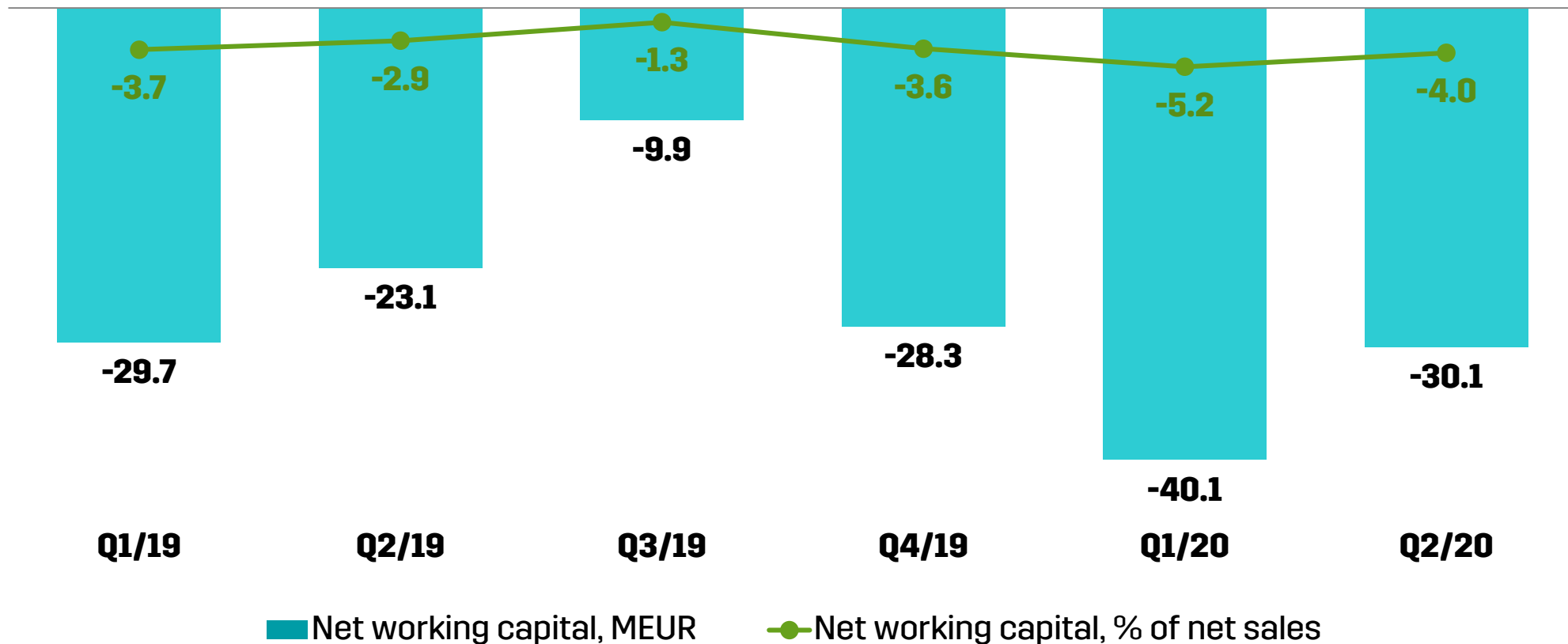
OPERATING PROFIT

The Group's operating profit in April–June, excluding Russian operations and the divestment of L&T Korjausrakentaminen, was EUR 8.3 million (10.3) and EUR 10.8 million (10.6) in January–June



NET WORKING CAPITAL

Net working capital on a par with the comparison period



■ Net working capital, MEUR

● Net working capital, % of net sales



H1 2020

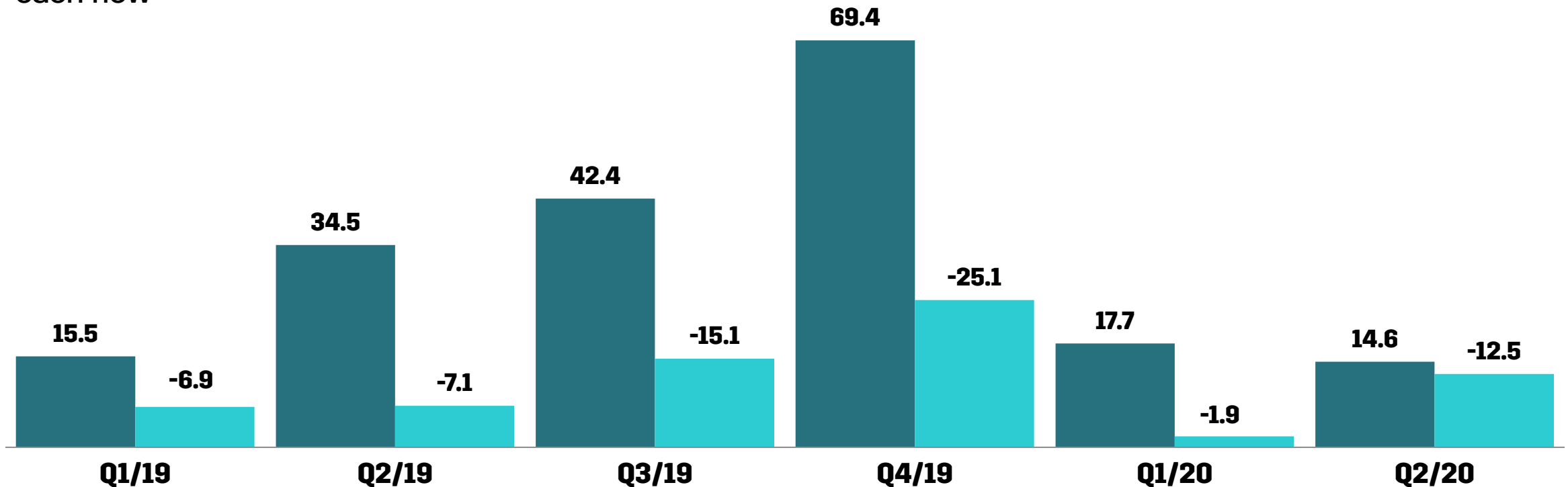
KEY FIGURES

	Q2/20	Q2/19	Change%	1-6/20	1-6/19	Change%	2019
Capital expenditure, MEUR	13.0	12.4	5.2	22.0	21.7	1.2	46.1
Depreciation, amortisation and impairment, MEUR	13.0	13.6	-4.6	30.6	27.3	12.1	54.4
Net cash from operating activities after investments, MEUR				14.6	34.5	-57.5	69.4
Return on equity (ROE), %				-3.0	14.7		16.8
Invested capital, EUR million				362.2	388.8		380.5
Return on investment (ROI), %				0.5	9.7		12.4
Equity ratio, %				30.5	31.9		35.6
Gearing, %				99.4	84.6		66.8
Total number of employees at the end of the period				8,501	9,077		8,207



CASH FLOW AND INVESTMENTS

Timing of pension payments and planned increase of inventories in renewable energy sources affected the cash flow



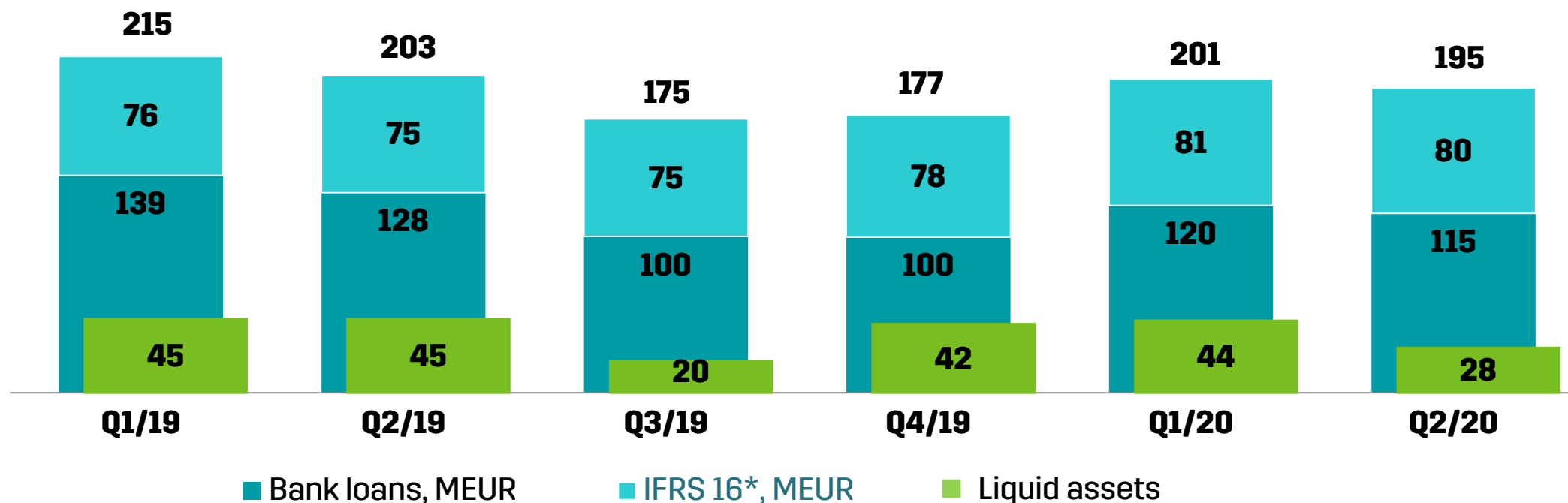
■ Net cash from operating activities after investments, MEUR

■ Net cash used in investment activities, cumulative, MEUR



INTEREST BEARING DEBT AND LIQUIDITY

New revolving credit facility of EUR 30 million was signed in April



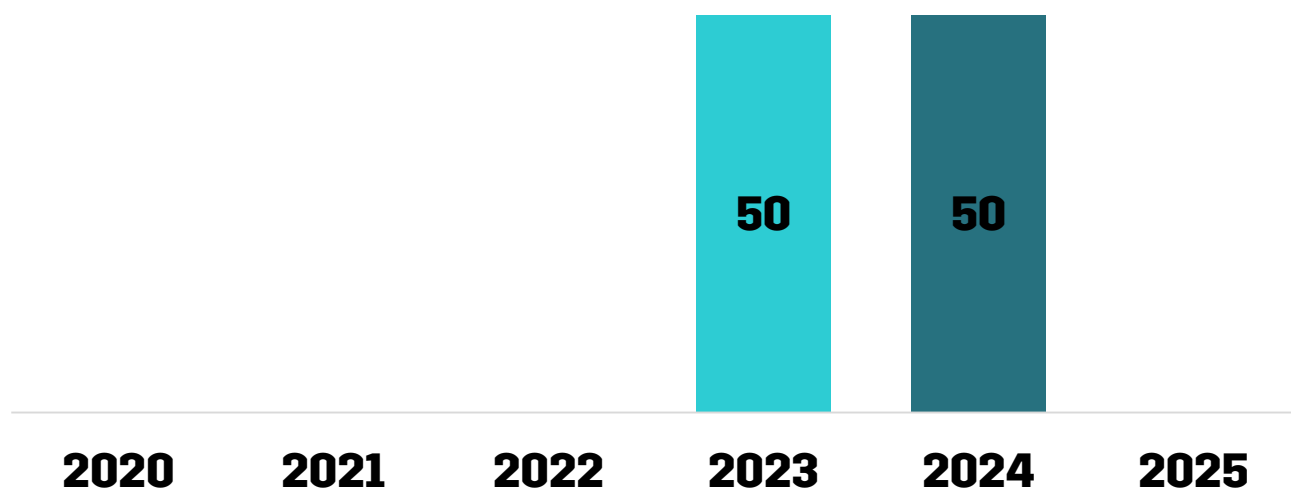
*Including heavy leases



MATURITY STRUCTURE OF LOANS

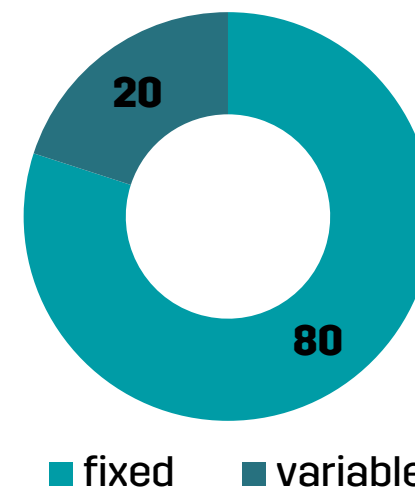
No loan repayments until 2023

Loans, MEUR



Loans do not include commercial papers

■ Bond
■ Bank loan



Weighted average of effective interest rate 1.3 %

FOCUS AREAS IN H2

- ◆ Operational excellence and operating performance improvements in Environmental Services and Facility Services Finland continue
- ◆ Support for customers returning to more normal working practices with disinfection and cleaning services
- ◆ Continued focus on work safety; working methods and personal protective equipment for employees working at customer sites



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 a 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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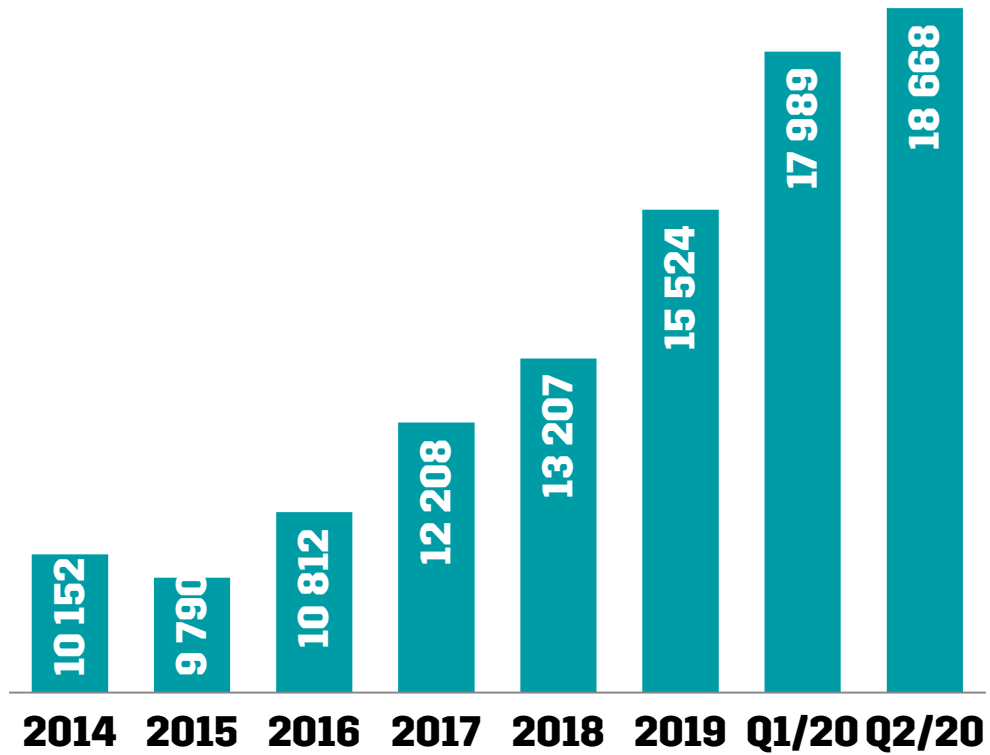
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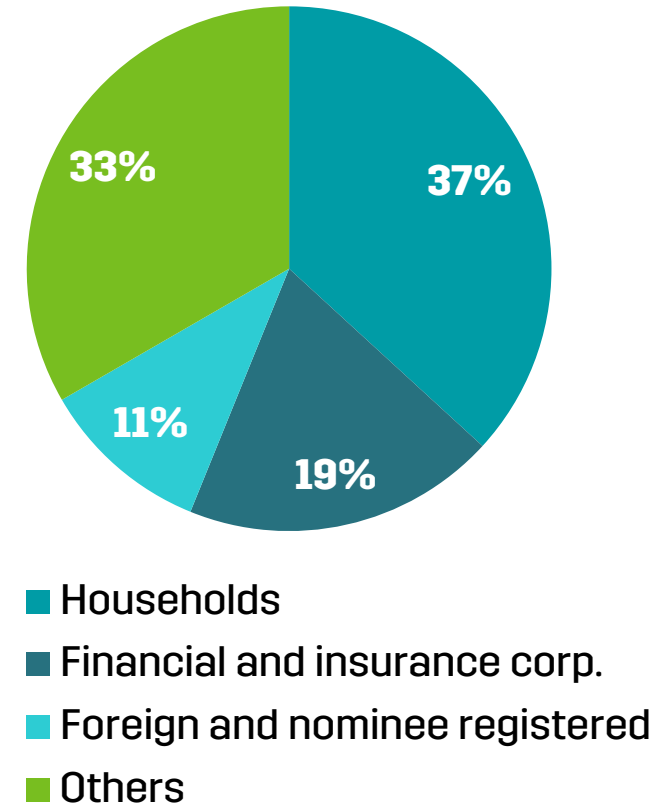
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS AT 30 JUNE 2020

Shareholder	Shares	%
Mandatum Life Insurance Company Limited	2,970,302	7.66
Evald ja Hilda Nissin Foundation	2,413,584	6.22
Nordea Investment Funds	1,726,515	4.45
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

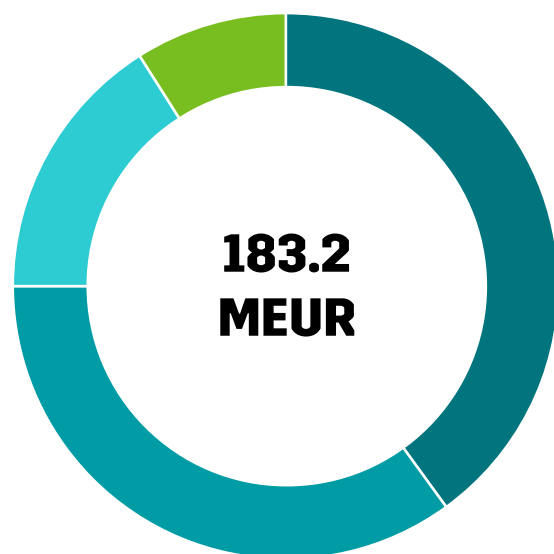
Ownership structure / sector	Shares	%
Nominee-registered shares	3,925,153	10.12
Number of shares	38,798,874	100.00
Number of shareholders	18,668	

APPENDIX

Q2 2020

KEY FIGURES

NET SALES Q2/20



- Environmental Services **41%**
- Facility Services Finland **31%**
- Facility Services Sweden **17%**
- Industrial Services **12%**

	Q2/20	Q2/19	Change%	1-6/2020	1-6/2019	Change%	2019
Net sales, MEUR	183.2	196.2	-6.6	367.5	394.9	-6.9	784.3
EBITDA, MEUR	10.8	30.5	-64.5	31.3	44.8	-30.3	99.4
Operating profit, MEUR	-2.2	16.8	-113.1	0.7	17.6	-96.1	45.0
Operating margin, %	-1.2	8.6		0.2	4.4		5.7
EVA, MEUR	-8.2	10.5	-178.2	-11.6	5.3	-318.7	19.8
Earnings per share, EUR	-0.07	0.37	-119.8	-0.07	0.38	-118.8	0.90



KEY FIGURES

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Earnings per share, EUR	-0.07	0.37	-0.07	0.38	0.90
Diluted earnings per share, EUR	-0.07	0.37	-0.07	0.38	0.90
Cash flow from operating activities/share, EUR	0.20	0.50	0.71	1.08	2.46
EVA, MEUR *	-8.2	10.5	-11.6	5.3	19.8
Gross capital expenditure, MEUR	13.0	12.4	22.0	21.7	46.1
Depreciation, amortisation and impairment, MEUR	13.0	13.6	30.6	27.3	54.4
Equity per share, EUR			4.40	4.85	5.33
Return on equity (ROE), %			-3.0	14.7	16.8
Invested capital, MEUR			362.4	388.8	380.5
Return on invested capital (ROI), %			0.5	9.7	12.4
Equity ratio, %			30.5	31.9	35.6
Gearing, %			99.4	84.6	66.8
Net interest-bearing liabilities, MEUR			166.5	157.6	135.6
Average number of employees in full-time equivalents			7 132	7 122	7 308
Total number of full-time and part-time employees at end of period			8 501	9 077	8 207
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38 101	38 413	38 354
at end of period			38 105	38 416	38 094
average during the period, diluted			38 109	38 427	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	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	183.2	196.2	367.5	394.9	784.3
Other operating income	0.6	8.2	8.1	9.0	10.6
Change of inventory	4.0	0.3	5.8	-15	0.3
Materials and services	-64.3	-64.1	-131.0	-138.3	-270.4
Employee benefit expenses	-79.0	-85.1	-160.1	-169.6	-327.1
Other operating expenses	-33.6	-24.9	-59.1	-49.6	-98.3
Depreciation and impairment	-13.0	-13.6	-30.6	-27.3	-54.4
Operating profit	-2.2	16.8	0.7	17.6	45.0
Financial income and expenses	-0.3	-1.0	-3.1	-1.4	-3.0
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
Profit before tax	-2.5	15.8	-2.5	16.2	42.0
Income taxes	-0.3	-1.8	-0.3	-1.7	-7.3
Profit for the period	-2.8	14.1	-2.7	14.5	34.7
Attributable to:					
Equity holders of the company	-2.8	14.1	-2.7	14.5	34.7
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:					
Earnings per share, EUR	-0.07	0.37	-0.07	0.38	0.90
Diluted earnings per share, EUR	-0.07	0.37	-0.07	0.38	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	6/2020	6/2019	12/2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	152.3	151.4	151.9
Other intangible assets *)	30.2	38.9	36.2
	182.5	190.3	188.0
Property, plant and equipment *)	126.9	129.9	129.5
Right-of-use asset	79.3	74.6	4.2
	206.3	204.5	206.7
Other non-current assets *)			
Finance lease receivables	0.0	0.0	0.0
Deferred tax assets	4.4	4.5	4.6
Other receivables	1.3	1.5	1.4
	5.7	6.0	6.0
Total non-current assets	394.4	400.9	400.7
Current assets			
Inventories	27.4	19.4	21.5
Trade receivables *)	63.6	79.8	84.2
Contract assets	30.5	36.9	22.0
Other receivables *)	16.8	16.1	13.4
Cash and cash equivalents	28.3	44.9	41.8
Total current assets	166.6	197.1	182.9
Total assets	561.0	598.0	583.6

MEUR	6/2020	6/2019	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	-8.3	-11.5	-10.4
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings *)	158.4	163.0	158.6
Profit for the period	-2.7	14.5	34.7
	167.4	186.1	202.8
Non-controlling interest	0.1	0.2	0.2
Total equity	167.5	186.3	203.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	26.7	27.9	29.2
Retirement benefit obligations	1.3	1.3	1.3
Provisions	5.4	5.4	5.4
Financial liabilities	163.1	159.2	161.6
Other liabilities	0.3	0.3	0.3
	196.8	194.2	197.8
Current liabilities			
Financial liabilities	31.7	43.3	15.8
Trade and other payables	162.7	172.8	165.3
Provisions *)	2.2	1.5	1.7
	196.6	217.6	182.8
Total liabilities	393.4	411.7	380.6
Total equity and liabilities	561.0	598.0	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.