



# LASSILA & TIKANOJA HALF-YEAR REPORT 2021

Eero Hautaniemi, President & CEO  
Valtteri Palin, CFO  
27 July 2021





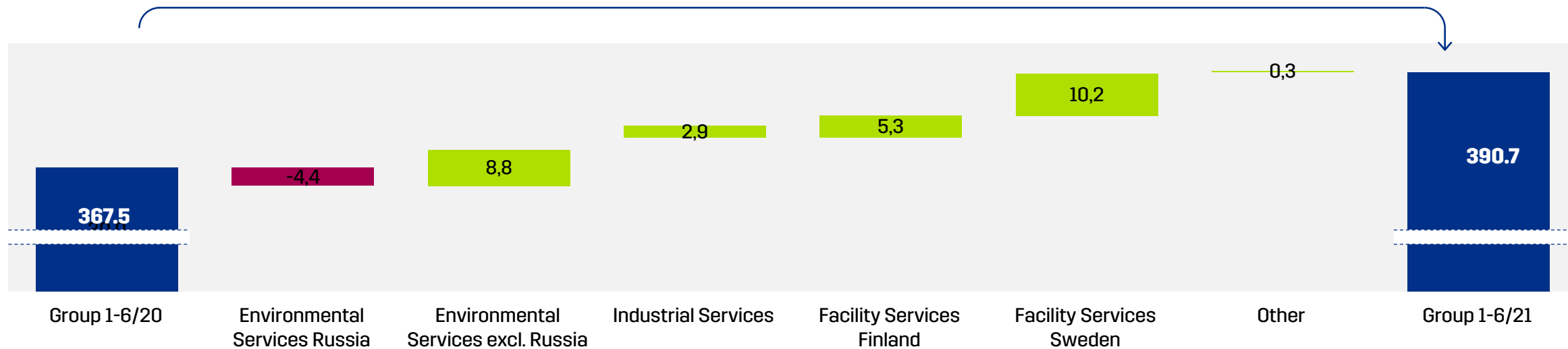
# HIGHLIGHTS

H1 2021

- Net sales grew by 6.3 %, mainly organically to EUR 390.7 million (367.5) in January–June
- Three business acquisitions strengthened our position in Environmental Services and Facility Services Finland. Acquisitions support our target of 5 % growth in net sales annually
- In Q2 material volumes started to recover and the price levels for secondary raw materials grew. Strong demand in industrial customers

# NET SALES

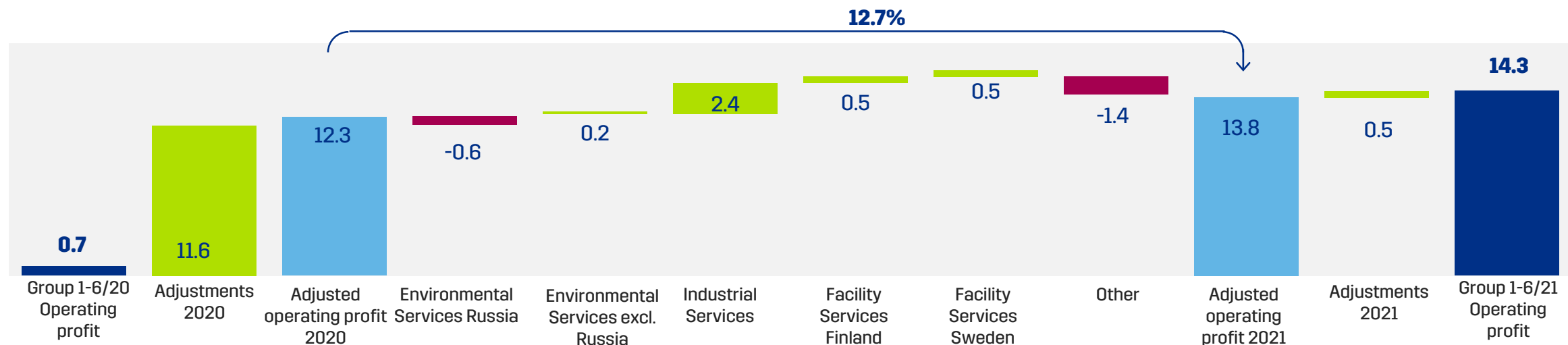
6.3%



MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Environmental Services	77.2	71.9	7.4	153.4	149.0	2.9	289.4
Industrial Services	26.9	23.4	14.8	46.5	43.7	6.6	101.8
Facility Services Finland	59.0	56.7	4.1	120.2	114.9	4.7	232.3
Facility Services Sweden	37.1	32.7	13.3	73.3	63.1	16.2	134.5
L&T Group	198.6	183.2	8.5	390.7	367.5	6.3	751.9



# ADJUSTED OPERATING PROFIT



MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Environmental Services, excl. Russia	7.8	7.9	-0.8	12.4	12.2	1.4	28.4
Industrial Services	3.2	1.3	138.9	3.4	1.0	233.8	7.1
Facility Services Finland	-0.4	-0.4	-10.0	-1.7	-2.2	22.6	3.2
Facility Services Sweden	0.6	0.3	107.4	1.1	0.5	105.3	3.5
Other*	-1.0	-0.4	-121.8	-1.3	0.7	-278.8	-2.5
Adjusted operating profit	10.2	8.7	17.6	13.8	12.3	12.7	39.7
Adjustments **	0.4	-10.9	103.3	0.5	-11.6	104.1	-11.5
L&T Group operating profit	10.6	-2.2	580.1	14.3	0.7	2,002.1	28.2



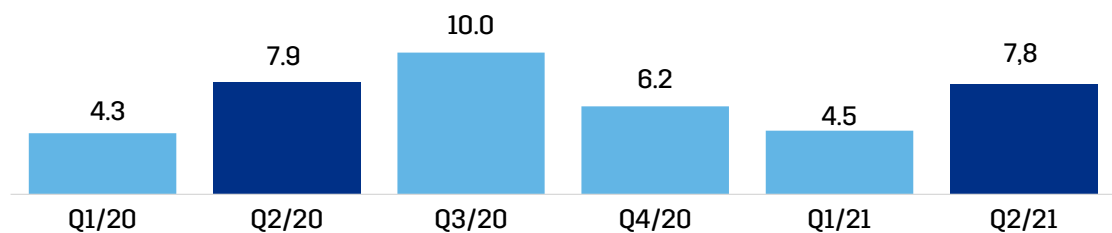
\* Includes operative result of Russian operations (1-6/2020)

\*\* Includes -10.1 MEUR operating profit of discontinued Russian operations (1-6/2020)

# OPERATING PROFIT BY DIVISION

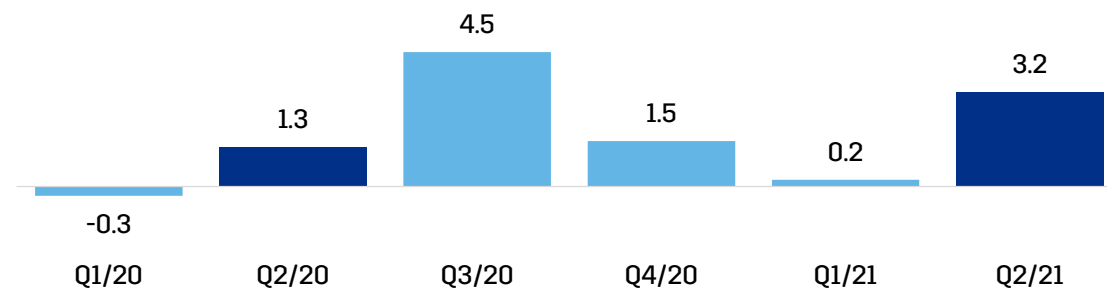
## ENVIRONMENTAL SERVICES excl. Russia

MEUR



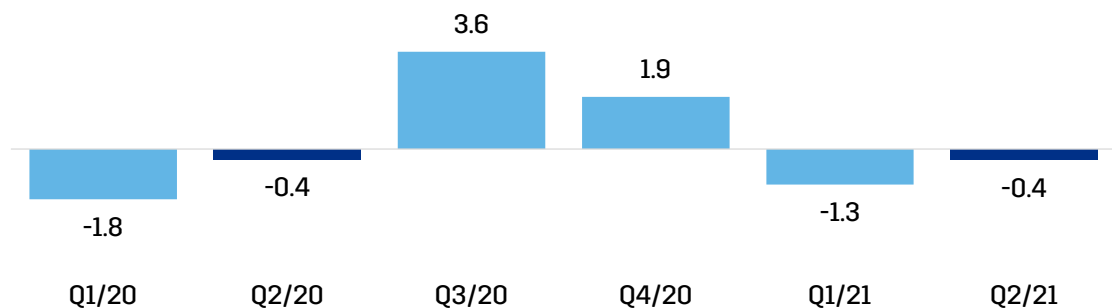
## INDUSTRIAL SERVICES

MEUR



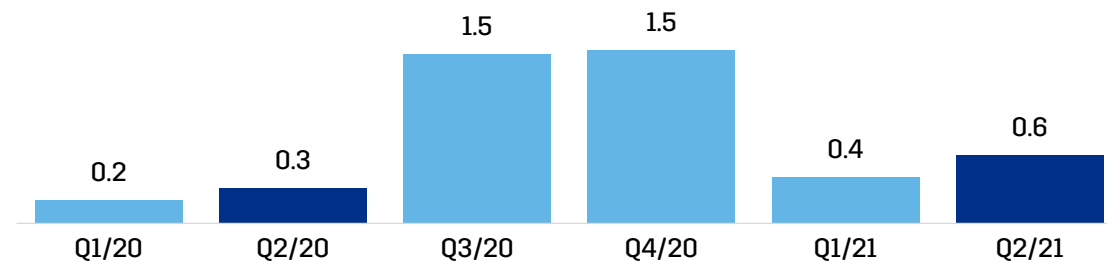
## FACILITY SERVICES FINLAND

MEUR



## FACILITY SERVICES SWEDEN

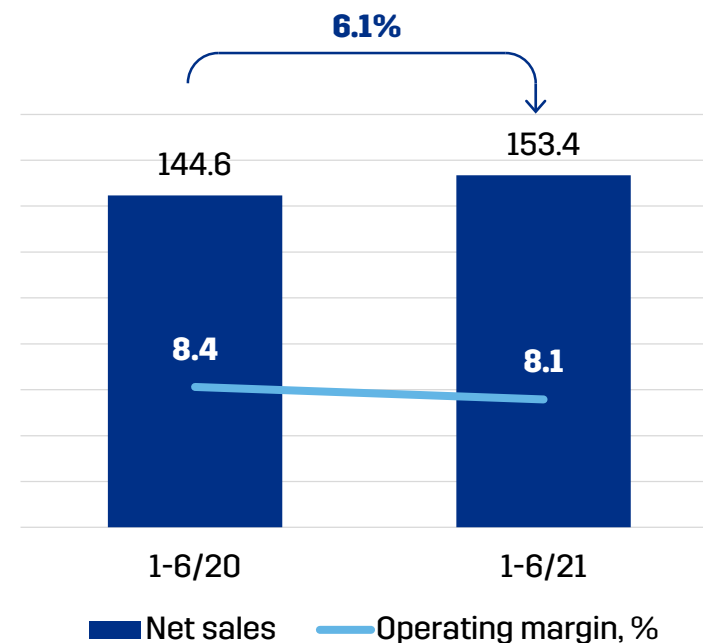
MEUR



# ENVIRONMENTAL SERVICES EXCL. RUSSIA

- Demand and material volumes started to recover and the price levels for secondary raw materials continued to recover
- We strengthened our position with the SME customers with the acquisition of Sihvari Oy

MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Net sales	<b>77.2</b>	69.9	10.5	<b>153.4</b>	144.6	6.1	285.3
EBITDA	<b>14.8</b>	14.0	5.3	<b>25.7</b>	24.6	4.5	53.5
Operating profit	<b>7.8</b>	7.9	-0.8	<b>12.4</b>	12.2	1.4	28.4
Operating margin, %	<b>10.2</b>	11.3		<b>8.1</b>	8.4		10.0



# THE NEW WASTE ACT INTO FORCE IN FINLAND IN JULY

- The new legislation introduces more ambitious recycling targets, which will increase the separate collection of waste fractions and boost the recycling business
- A larger role for municipalities in collecting packaging materials and biowaste from residential properties
  - Waste collection from residential properties was little over 10 % of Environmental Services net sales in 2020
- The changes outlined in the Waste Act will take effect gradually by the end of 2025
- The new waste act does not affect the operations or outlook of L&T in 2021. Our strategy remains unchanged. We continue to focus on business customers and strengthen our position in the SME market

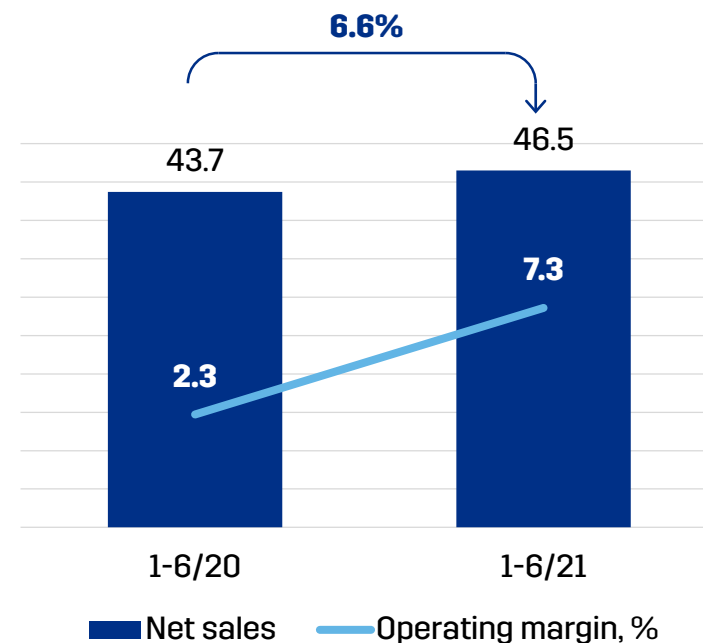


# INDUSTRIAL SERVICES



- Strong service demand. Market share in industrial customer segment increased, especially in metal industry customers
- Profitability improved due to successful execution of annual maintenance breaks

MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Net sales	<b>26.9</b>	23.4	14.8	<b>46.5</b>	43.7	6.6	101.8
EBITDA	<b>5.4</b>	3.7	44.7	<b>7.9</b>	6.0	32.8	17.3
Operating profit	<b>3.2</b>	1.3	138.9	<b>3.4</b>	1.0	233.8	7.1
Operating margin, %	<b>11.9</b>	5.7		<b>7.3</b>	2.3		7.0



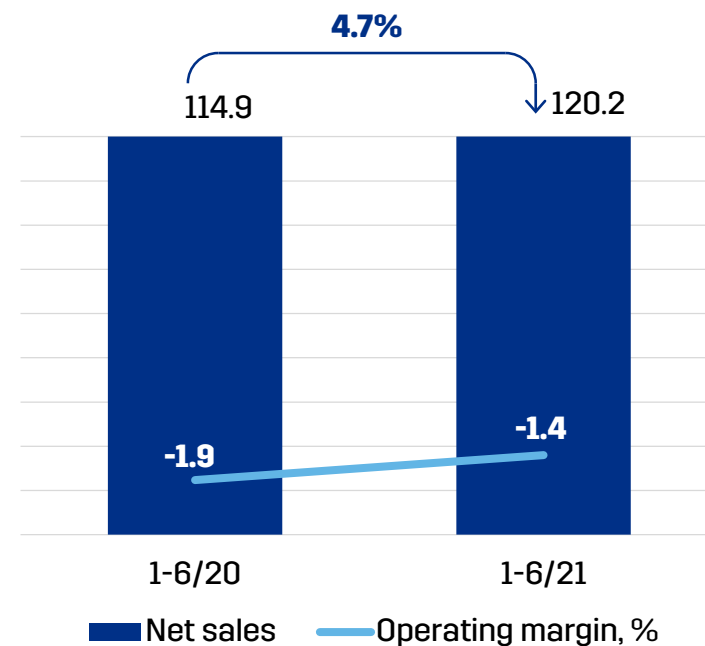


# FACILITY SERVICES FINLAND



- Strong performance in cleaning, challenges continued in property maintenance and technical services
- Acquisition of Serveco Oy and Spectra Oy strengthened our position in food hygiene and retail segments

MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Net sales	<b>59.0</b>	56.7	4.1	<b>120.2</b>	114.9	4.7	232.3
EBITDA	<b>1.9</b>	2.7	-28.8	<b>3.0</b>	3.9	-23.2	13.5
Operating profit	<b>-0.4</b>	-0.4	-10.0	<b>-1.7</b>	-2.2	22.6	3.2
Operating margin, %	<b>-0.7</b>	-0.7		<b>-1.4</b>	-1.9		1.4

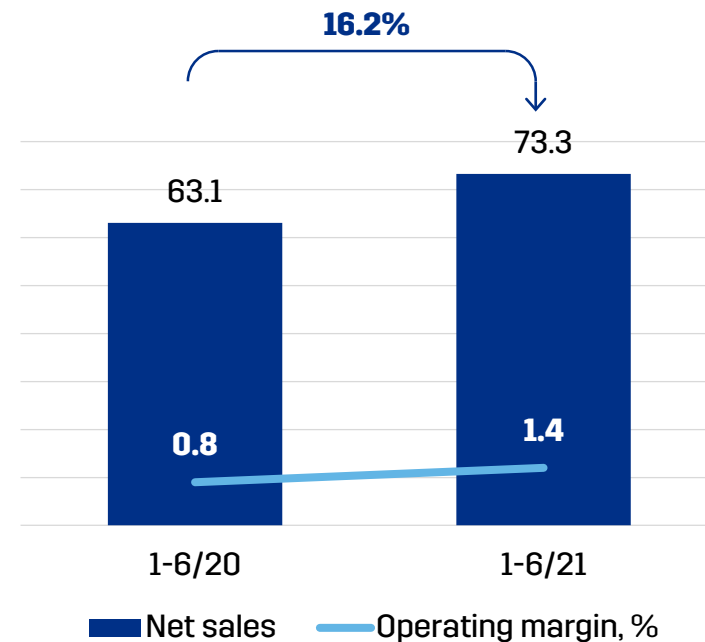


# FACILITY SERVICES SWEDEN



- Operating profit grew due to successful sales and improved efficiency
- The impact of the pandemic on the division was smaller during Q2 and the employee sickness rate normalised

MEUR	Q2/21	Q2/20	Change%	1-6/21	1-6/20	Change%	2020
Net sales	<b>37.1</b>	32.7	13.3	<b>73.3</b>	63.1	16.2	134.5
EBITDA	<b>2.3</b>	1.5	58.6	<b>4.1</b>	3.0	36.9	8.4
Operating profit	<b>0.6</b>	0.3	107.4	<b>1.1</b>	0.5	105.3	3.5
Operating margin, %	<b>1.7</b>	0.9		<b>1.4</b>	0.8		2.6



# PERFORMANCE AGAINST STRATEGIC TARGETS

	Indicator	2020	1-6/2021	Target 2024
Financial targets	Growth in net sales, %	-4.1%	<b>6.3%</b>	5%
	Return on investment, % (ROI)	7.5%	<b>7.5%</b>	15%
	Gearing, %	70.9%	<b>97.9%</b>	Less than 125%
	Net Promoter Score	2/4 divisions on target	<b>Target exceeded</b>	> 25
Social target	Employee recommendation rate (%)	82	<b>83</b>	> 80
Environmental targets	Carbon footprint intensity (gCO2e/km)	818	<b>782</b>	712
	Carbon handprint (tCO2)	1 231 700	<b>579.000</b>	Growth faster than net sales

# SUSTAINABILITY HIGHLIGHTS

## Customer satisfaction to all-time high and exceeded the target level

- All divisions in Finland reached an all-time high Net Promoter Score

## Employee recommendation rate to all-time high with 83%

- Improved score for manager performance in employee satisfaction survey

## Recycling rate 59% for customer materials

- Carbon footprint intensity was (gCO<sub>2</sub>e/km) 782 (target 2024: 712)
  - New biogas vehicles & increased use of HVO
- Platinum status in EcoVadis sustainability rating

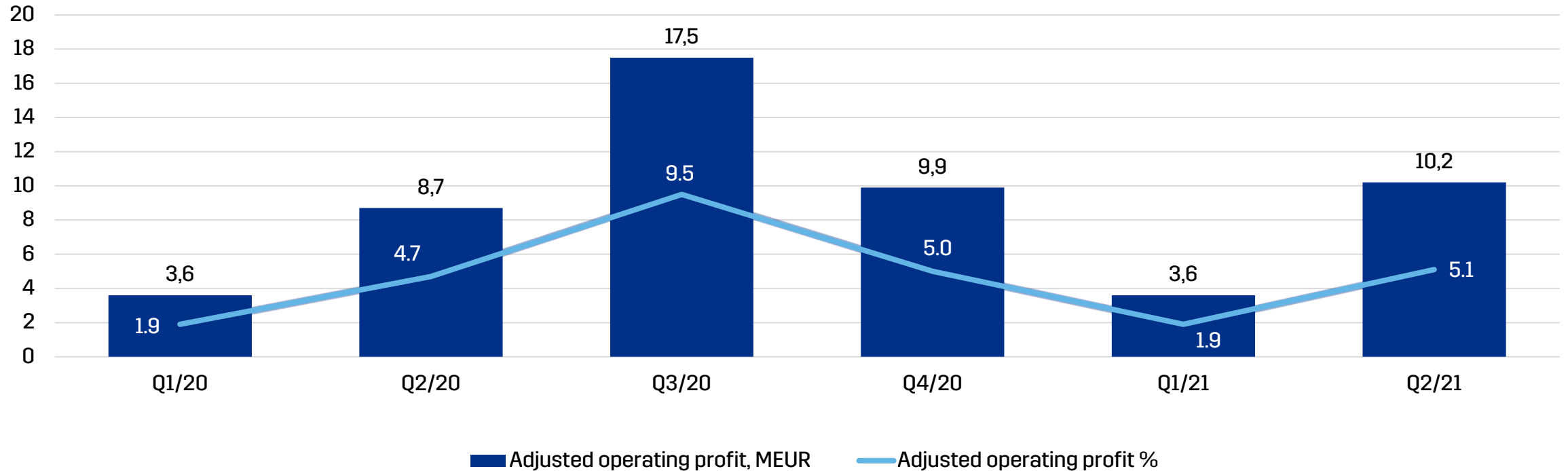
L&T NON-FINANCIAL  
STRATEGIC TARGETS  
2019–2024

**Service  
promotion**  
NPS index > 25

**Employee  
recommendation**  
> 80%

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

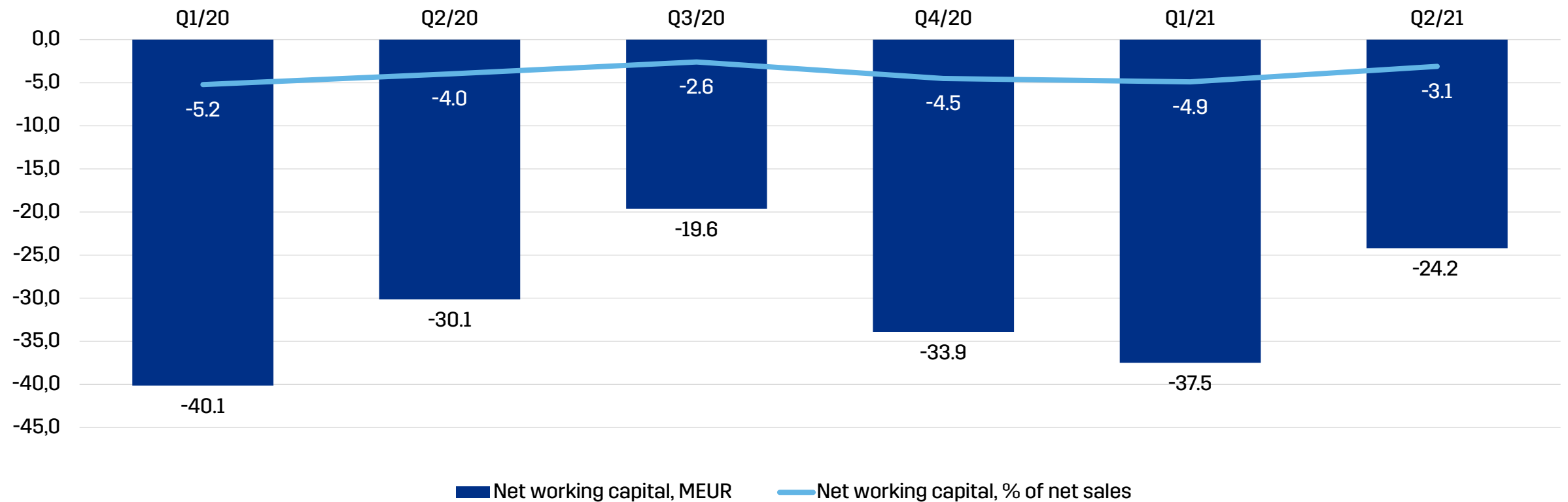
# ADJUSTED OPERATING PROFIT



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 0.6 million), and gains and losses from divestments ( EUR -1.7 million).

# NET WORKING CAPITAL

- Inventories grew in renewable energy sources by EUR 4 million year-on-year, as planned

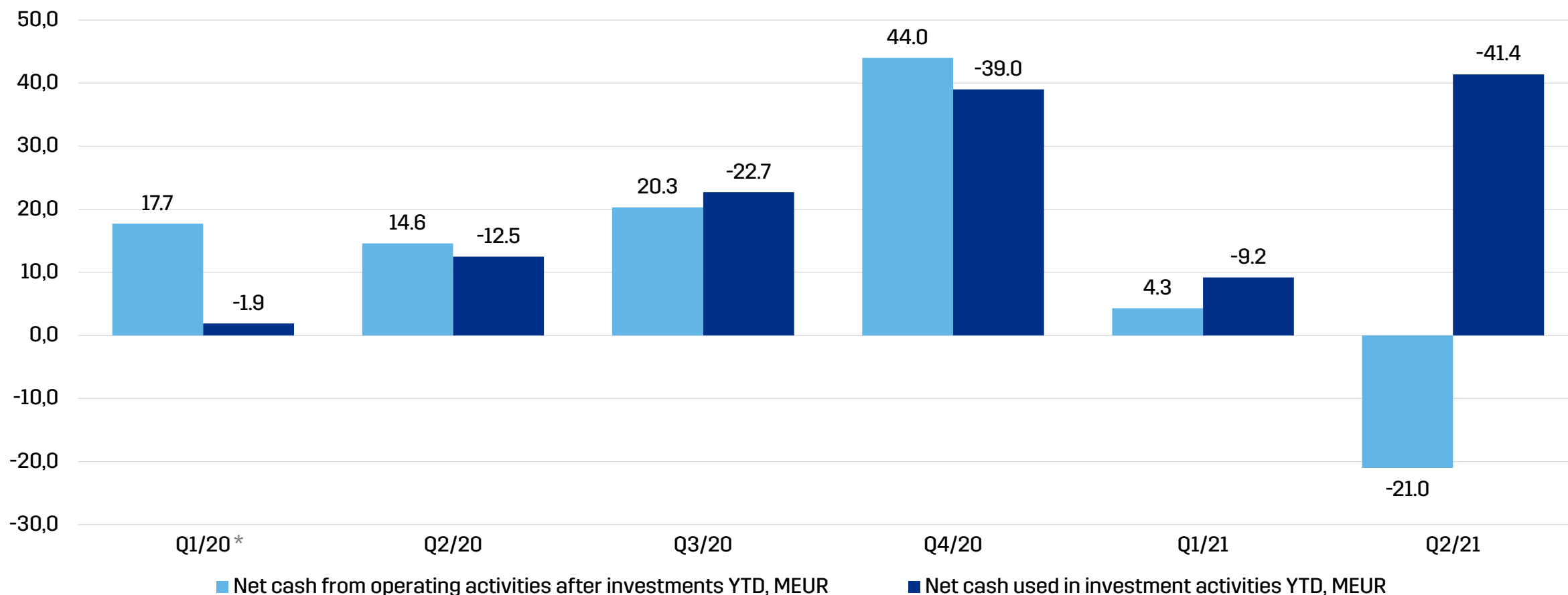


# KEY FIGURES

	Q2/21	Q2/20	Change %	1-6/21	1-6/20	Change %	2020
Capital expenditure, MEUR	<b>30.8</b>	13.0	136.1	<b>40.2</b>	22.0	82.9	48.2
Depreciation, amortisation and impairment, MEUR	<b>13.5</b>	13.0	3.8	<b>26.2</b>	30.6	-14.3	57.0
Net cash flow from operating activities after investments, MEUR				<b>-21.0</b>	14.6	-243.8	44.0
Return on equity (ROE), %				<b>11.0</b>	-2.9		9.6
Invested capital, EUR million				<b>386.1</b>	362.4		379.2
Return on investment (ROI), %				<b>7.5</b>	0.5		7.5
Equity ratio, %				<b>31.8</b>	30.5		33.0
Gearing, %				<b>97.9</b>	99.4		70.9
Total number of employees at the end of the period				<b>8,737</b>	8 501		8,139

# NET CASH FLOW AND NET INVESTMENTS

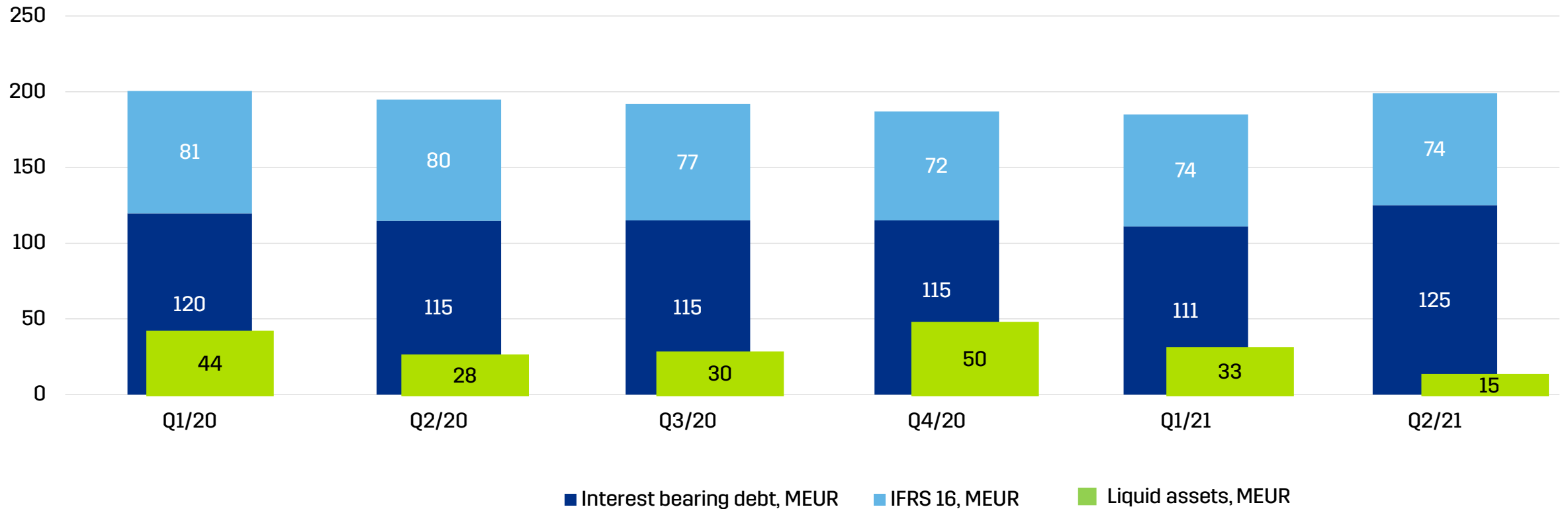
- Share of acquisitions was EUR 22 million in Q2/2021





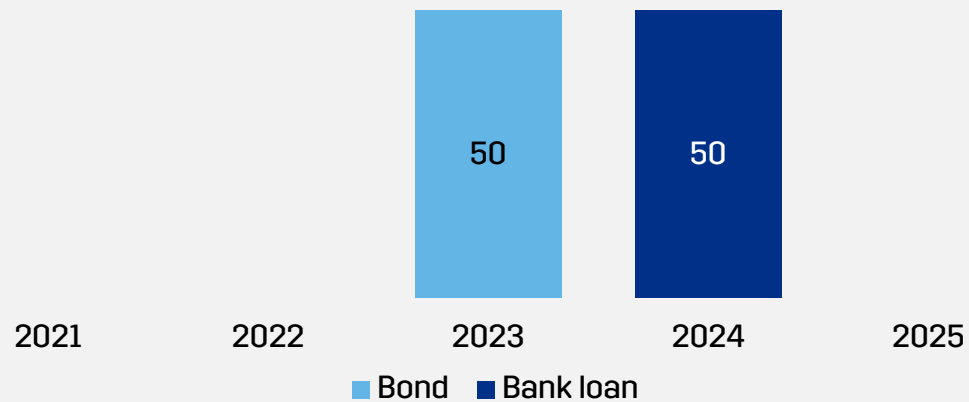
# INTEREST BEARING DEBT AND LIQUIDITY

- Acquisition were financed by commercial papers



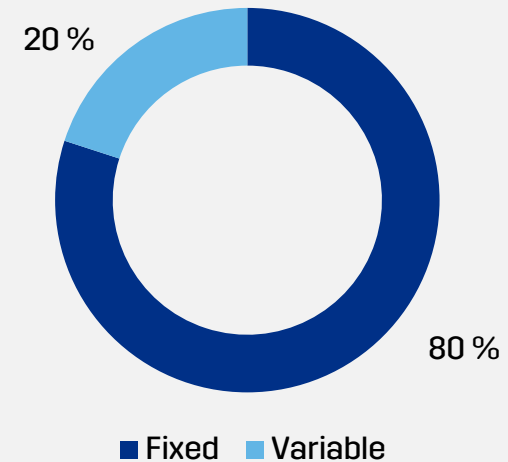
# MATURITY STRUCTURE OF LOANS

Loans, MEUR



Loans do not include commercial papers

Weighted average of effective interest rate 1.3 %





# OUTLOOK FOR 2021

*Updated 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.

*Previous outlook (28 January 2021):*

Full-year net sales for 2021 are expected to remain at the same level and adjusted operating profit is estimated to remain at the same level or improve

# CONTACTS



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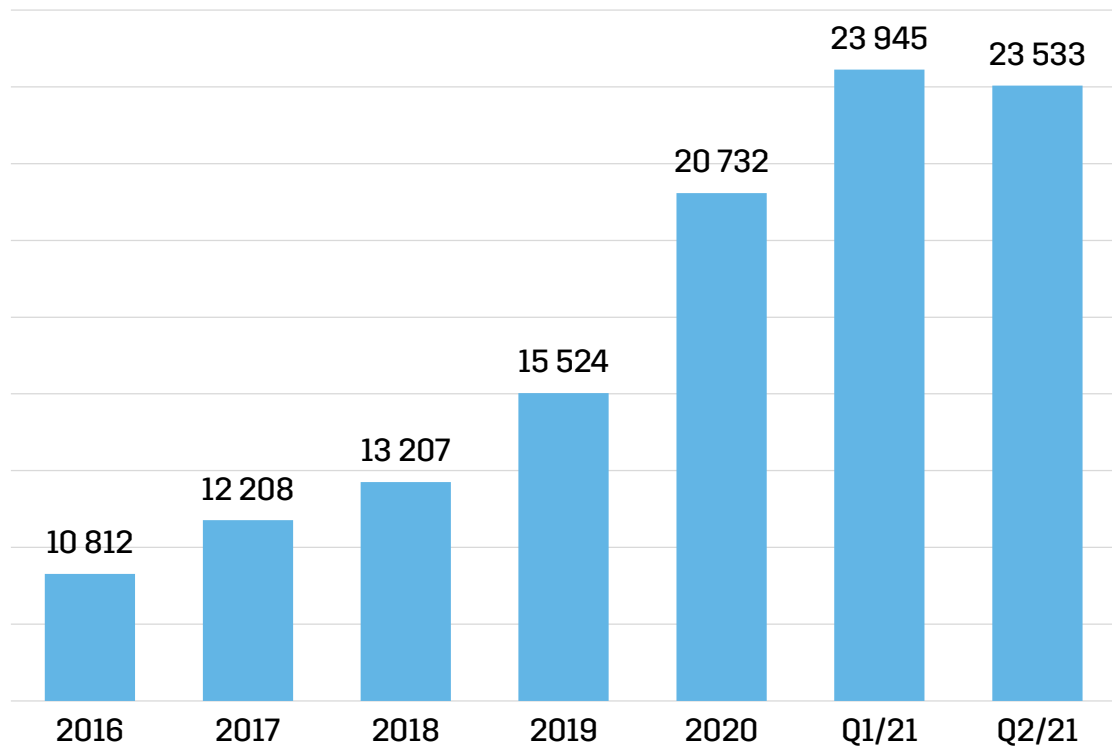


# SHAREHOLDERS

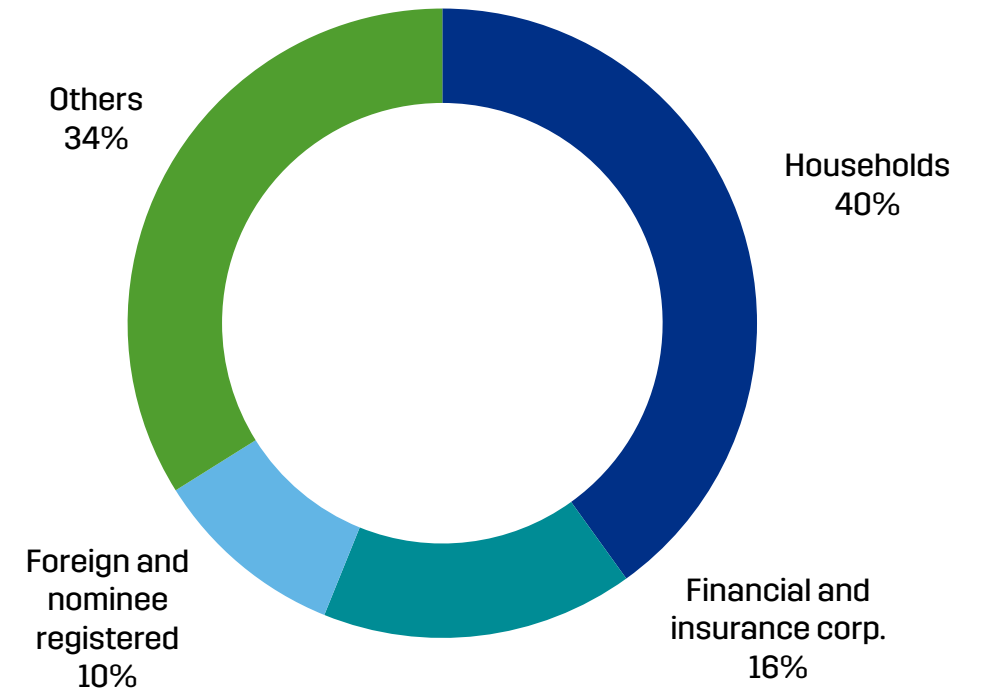


# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



# MAJOR SHAREHOLDERS ON 30 JUNE 2021

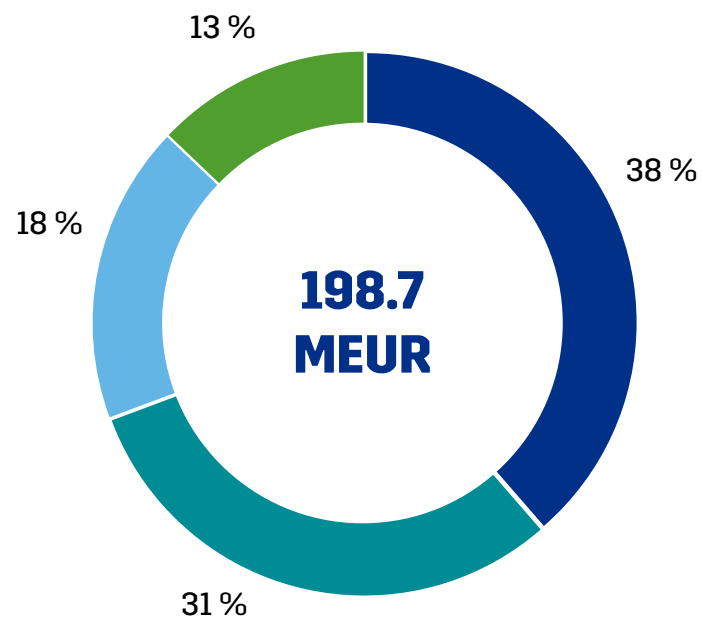
<b>Shareholder</b>	<b>Shares</b>	<b>%</b>
Mandatum Life Insurance Company Limited	3,028,110	<b>7.81</b>
Evald and Hilda Nissi's Foundation	2,413,584	<b>6.22</b>
Nordea Funds Ltd	1,666,751	<b>4.30</b>
Maijala Juhani	1,529,994	<b>3.94</b>
Åbo Akademi University Foundation	1,066,282	<b>2.75</b>
Elo Mutual 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	3,599,518	<b>9.28</b>
Number of shares	38,798,874	<b>100.00</b>
Number of shareholders	23,533	

# APPENDIX



# KEY FIGURES

## NET SALES Q2/2021



- 38% Environmental Services
- 31% Facility Services Finland
- 18% Facility Services Sweden
- 13% Industrial Services

	Q2/21	Q2/20	Change%	1-6/2021	1-6/2020	Change%	2020
Net sales, MEUR	<b>198.7</b>	183.2	8.5	<b>390.7</b>	367.5	6.3	751.9
EBITDA, MEUR	<b>24.1</b>	10.8	122.5	<b>40.5</b>	31.3	29.5	85.2
Operating profit, MEUR	<b>10.6</b>	-2.2	580.1	<b>14.3</b>	0.7	2,002.1	28.2
Operating margin, %	<b>5.3</b>	-1.2		<b>3.7</b>	0.2		3.8
EVA, MEUR	<b>4.2</b>	-8.2	150.5	<b>1.7</b>	-11.6	114.5	3.7
Earnings per share, EUR	<b>0.21</b>	-0.07	383.4	<b>0.27</b>	-0.07	483.6	0.50

## CONSOLIDATED INCOME STATEMENT

MEUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Net sales</b>	198.7	183.2	390.7	367.5	751.9
Other operating income	1.2	0.6	1.8	8.1	9.3
Change of inventory	-1.0	4.0	-0.7	5.8	8.7
Materials and services	-64.0	-64.3	-135.8	-131.0	-263.9
Employee benefit expenses	-88.2	-79.0	-171.1	-160.1	-315.1
Other operating expenses	-22.6	-33.6	-44.3	-59.1	-105.6
Depreciation and impairment	-13.5	-13.0	-26.2	-30.6	-57.0
<b>Operating profit</b>	10.6	-2.2	14.3	0.7	28.2
Financial income and expenses	-1.1	-0.3	-1.6	-3.1	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	9.5	-2.5	12.7	-2.5	23.3
Income taxes	-1.7	-0.3	-2.3	-0.3	-4.3
<b>Profit for the period</b>	7.8	-2.8	10.4	-2.7	19.0
<b>Attributable to:</b>					
Equity holders of the company	7.8	-2.8	10.4	-2.7	19.1
Non-controlling interest	0.0	0.0	0.0	0.0	-0.1
<b>Earnings per share attributable to equity holders of the parent company:</b>					
Earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50
Diluted earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	6/2021	6/2020	12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	167.1	152.3	154.0
Other intangible assets	34.6	30.2	28.9
	201.7	182.5	182.9
Property, plant and equipment	145.0	126.9	139.8
Right-of-use asset	73.9	79.3	8.9
	218.9	206.3	210.7
Other non-current assets			
Deferred tax assets	5.7	4.4	4.5
Other receivables	1.4	1.3	1.3
	7.1	5.7	5.8
<b>Total non-current assets</b>	<b>427.7</b>	<b>394.4</b>	<b>399.4</b>
<b>Current assets</b>			
Inventories	31.5	27.4	30.7
Trade receivables	78.0	63.6	82.9
Contract assets	29.2	30.5	19.4
Other receivables	19.8	16.8	14.0
Cash and cash equivalents	14.9	28.3	50.2
<b>Total current assets</b>	<b>173.4</b>	<b>166.6</b>	<b>197.2</b>
<b>Total assets</b>	<b>601.1</b>	<b>561.0</b>	<b>596.6</b>

MEUR	6/2021	6/2020	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	-5.3	-8.3	-5.0
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	172.8	155.7	177.5
	187.5	167.4	192.6
Non-controlling interest	0.0	0.1	0.0
<b>Total equity</b>	<b>187.5</b>	<b>167.5</b>	<b>192.6</b>
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liabilities	28.3	26.7	28.3
Retirement benefit obligations	1.3	1.3	1.4
Provisions	7.0	5.4	7.1
Financial liabilities	155.3	163.1	155.4
Other liabilities	0.1	0.3	0.1
	192.1	196.8	192.3
Current liabilities			
Financial liabilities	43.3	31.7	31.3
Trade and other payables	175.1	162.7	178.0
Provisions	3.0	2.2	2.4
	221.4	196.6	211.8
<b>Total liabilities</b>	<b>413.6</b>	<b>393.4</b>	<b>404.0</b>
<b>Total equity and liabilities</b>	<b>601.1</b>	<b>561.0</b>	<b>596.6</b>

# **CIRCULAR ECONOMY – MADE REAL**