



LASSILA & TIKANOJA HALF-YEAR FINANCIAL REPORT 2022

Eero Hautaniemi, President & CEO

Valtteri Palin, CFO

22 July 2022





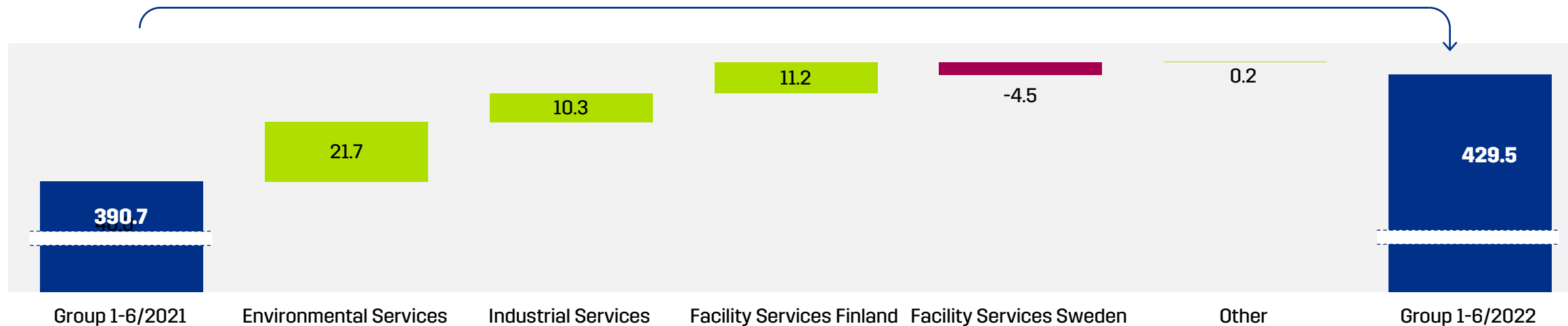
IN FOCUS

Q2 2022

- Net sales grew by 10.3% to EUR 219.1 million (198.7)
 - Organic growth was 5.6%
- Adjusted operating profit was EUR 11.0 million (10.2)
- In Environmental Services and Industrial Services, the higher fuel prices were successfully passed on to customer prices in February–April
- Increased fuel prices, inflation and sickness-related absences caused by the COVID-19 had a negative impact on profitability, especially in Facility Services

NET SALES

9.9% (Organic growth 5.4%)

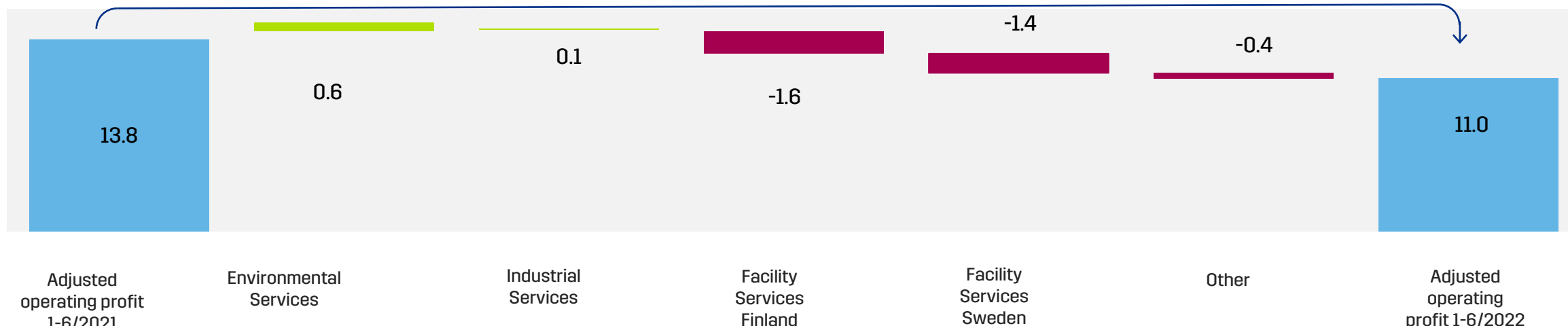


MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Environmental Services	87.8	77.2	13.7	175.1	153.4	14.2	320.5
Industrial Services	33.7	26.9	25.4	56.8	46.5	22.0	105.1
Facility Services Finland	63.2	59.0	7.0	131.4	120.2	9.4	243.1
Facility Services Sweden	35.9	37.1	-3.2	68.8	73.3	-6.1	149.8
L&T Group	219.1	198.7	10.3	429.5	390.7	9.9	812.5



ADJUSTED OPERATING PROFIT

-20.1%



MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Environmental Services	10.0	7.8	28.0	12.9	12.4	4.5	29.8
Industrial Services	3.3	3.2	2.5	3.5	3.4	1.9	9.2
Facility Services Finland	-1.0	-0.4	-150.2	-3.3	-1.7	-94.2	1.8
Facility Services Sweden	-0.2	0.6	-125.5	-0.4	1.1	-133.7	3.9
Other	-1.1	-1.0	-1.1	-1.7	-1.3	-27.9	-2.2
Adjusted operating profit	11.0	10.2	8.1	11.0	13.8	-20.1	42.4

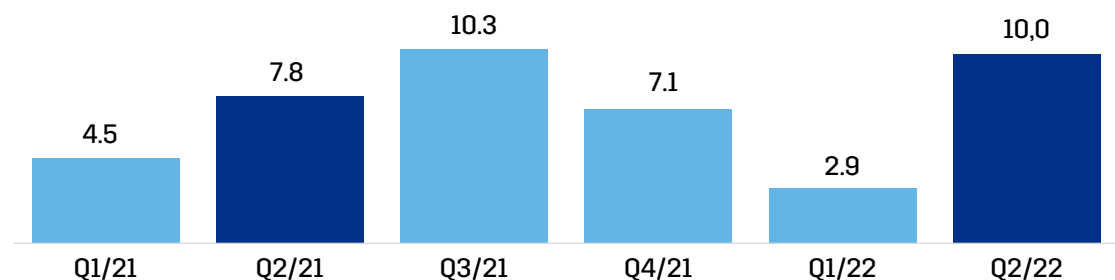
The cost impact of COVID-19 and fuel prices was EUR 5.2 million in Q1/2022.



OPERATING PROFIT BY DIVISION

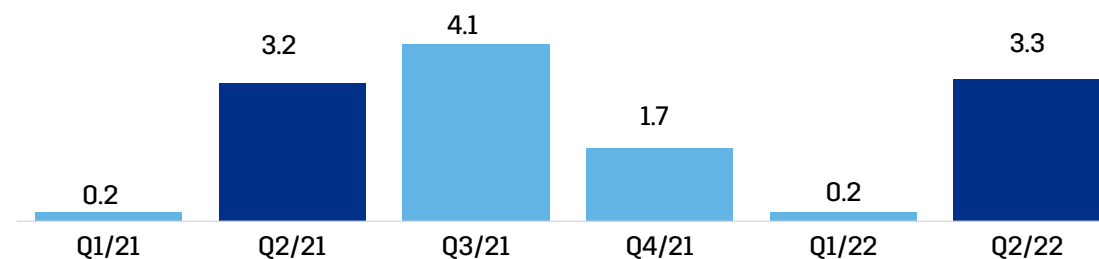
ENVIRONMENTAL SERVICES

MEUR



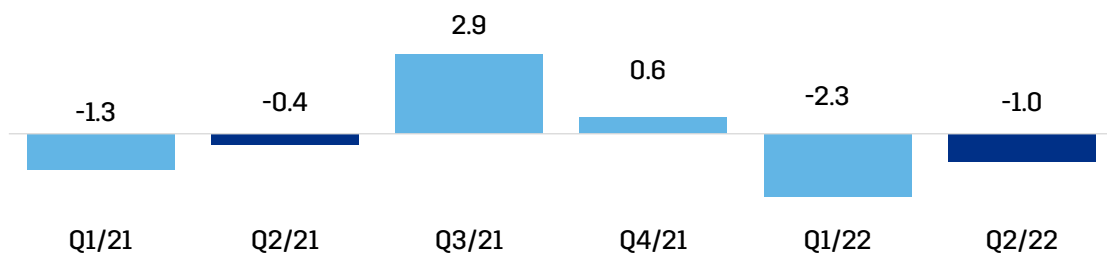
INDUSTRIAL SERVICES

MEUR



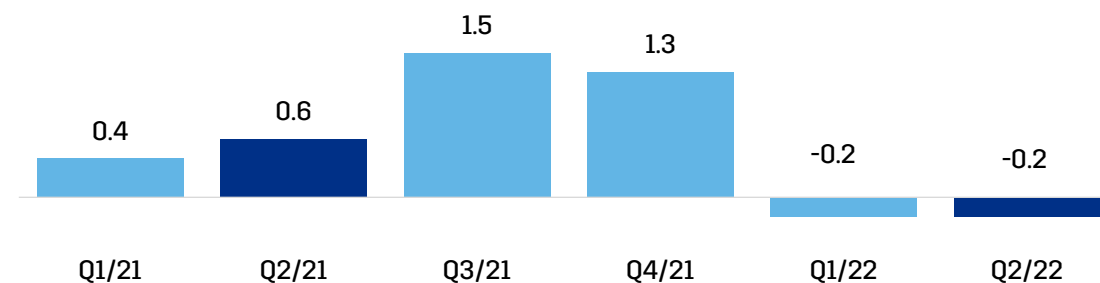
FACILITY SERVICES FINLAND

MEUR



FACILITY SERVICES SWEDEN

MEUR

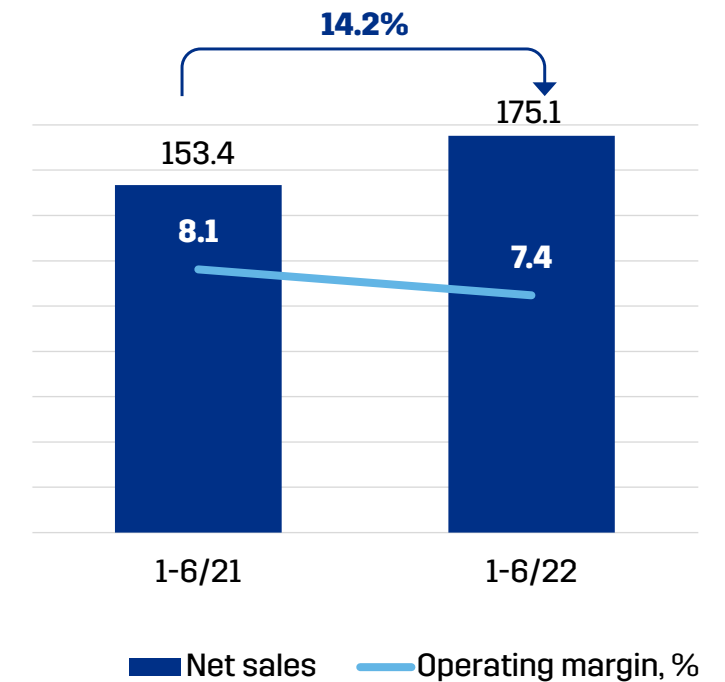


ENVIRONMENTAL SERVICES



- The number of B2B customers and waste volumes continued to grow
- The price level and demand for recycled raw materials remained solid
- The higher fuel costs were successfully passed on to customer prices in February–April

MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Net sales	87.8	77.2	13.7	175.1	153.4	14.2	320.5
EBITDA	16.8	14.8	14.0	26.5	25.7	3.2	56.5
Operating profit	10.0	7.8	28.0	12.9	12.4	4.5	29.8
Operating margin, %	11.4	10.2		7.4	8.1		9.3

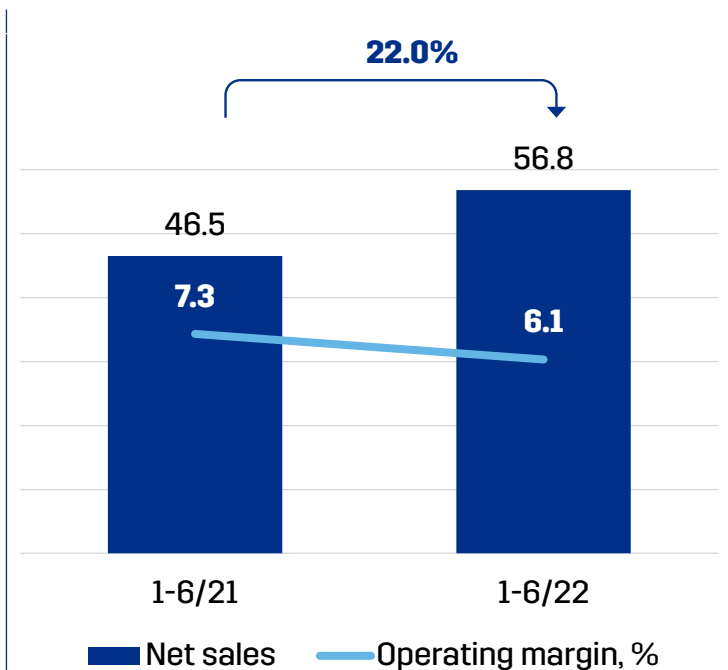


INDUSTRIAL SERVICES



- The demand for hazardous waste services was strong and several new soil decontamination projects begun
- Changes in the timing of annual maintenance breaks made resource allocation challenging
- The higher fuel costs were successfully passed on to customer prices in February–April

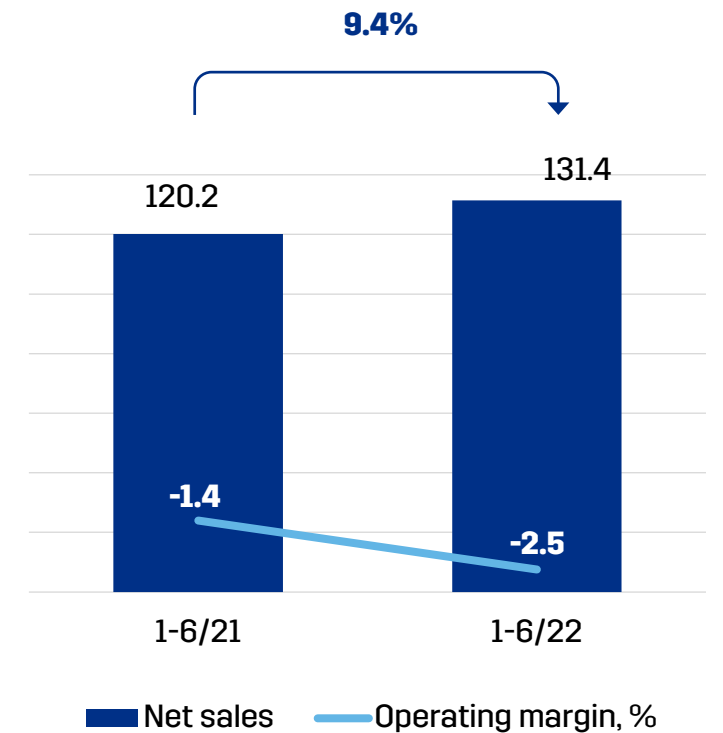
MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Net sales	33.7	26.9	25.4	56.8	46.5	22.0	105.1
EBITDA	6.3	5.4	16.9	9.3	7.9	17.2	18.6
Operating profit	3.3	3.2	2.5	3.5	3.4	1.9	9.2
Operating margin, %	9.7	11.9		6.1	7.3		8.7



FACILITY SERVICES FINLAND

- The availability of labour declined, and employee turnover increased. Sickness rate remained high due to the COVID-19 pandemic
- In property maintenance, the higher fuel prices and general cost inflation increased the production costs
- The increased production costs could not be fully passed on to customer prices. Measures to increase prices and control costs continue in H2

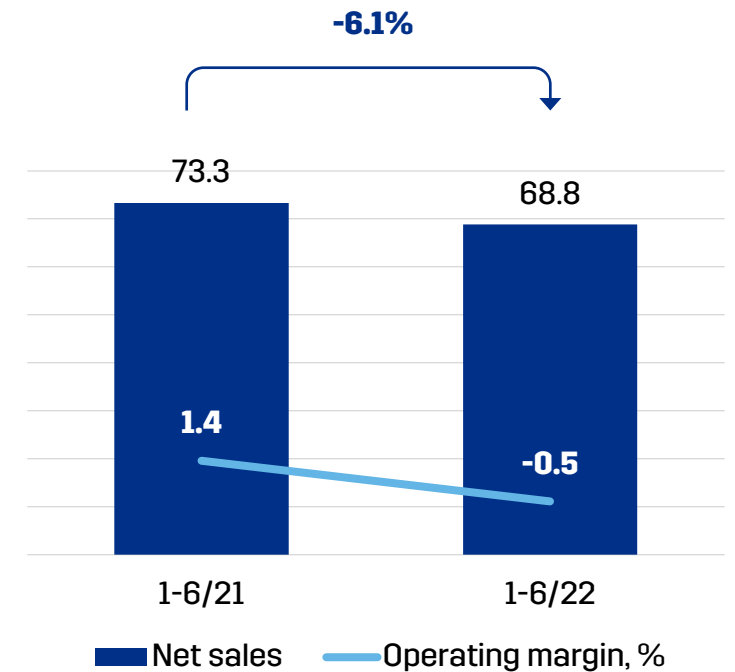
MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Net sales	63.2	59.0	7.0	131.4	120.2	9.4	243.1
EBITDA	1.2	1.9	-36.5	1.2	3.0	-59.5	11.0
Operating profit	-1.0	-0.4	-150.2	-3.3	-1.7	-94.2	1.8
Operating margin, %	-1.7	-0.7		-2.5	-1.4		0.7



FACILITY SERVICES SWEDEN

- Higher fuel prices and inflation increased production costs. Customer contracts are primarily based on fixed prices and the higher production costs could not be passed on to customers in the short term
- Measures to control costs started in Q2 and will continue in H2

MEUR	Q2/22	Q2/21	Change%	1-6/22	1-6/21	Change%	2021
Net sales	35.9	37.1	-3.2	68.8	73.3	-6.1	149.8
EBITDA	1.5	2.3	-35.4	3.0	4.1	-26.3	10.4
Operating profit	-0.2	0.6	-125.5	-0.4	1.1	-133.7	3.9
Operating margin, %	-0.5	1.7		-0.5	1.4		2.6



SUSTAINABILITY HIGHLIGHTS IN Q2

Landscaping projects for turning lawns into meadows for e.g. Kesko and Neste to strengthen biodiversity

L&T has been able to provide jobs for some 30 Ukrainian refugees in Finland together with Staffpoint

L&T launched a Sustainability-Linked Bond Framework and issued new fixed rate notes under it

L&T NON-FINANCIAL STRATEGIC TARGETS 2022–2026

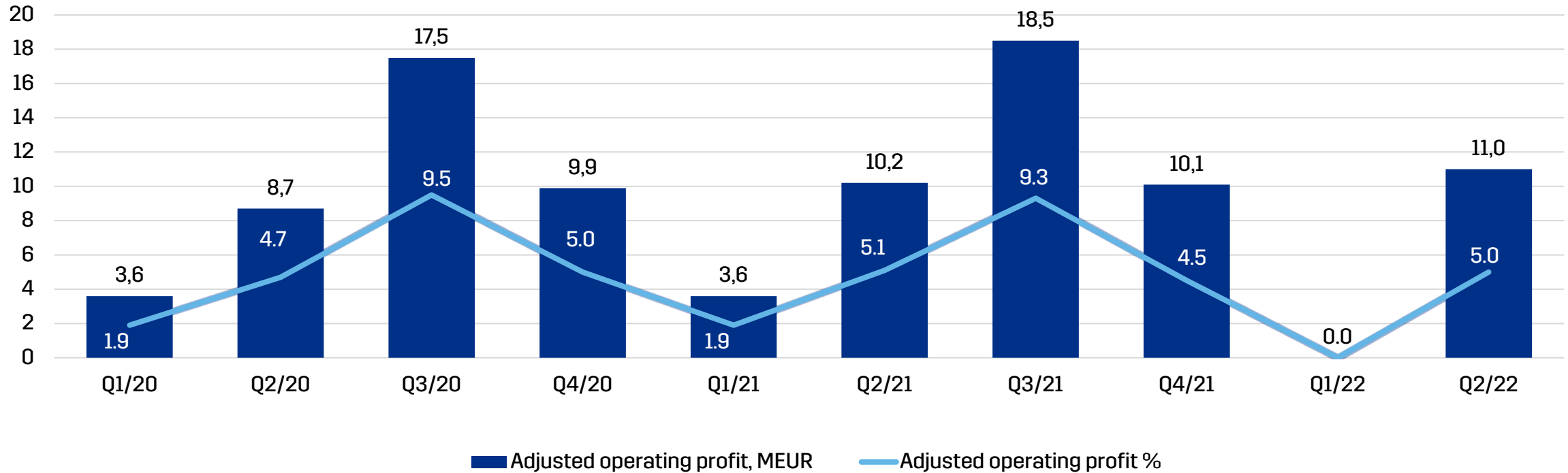
Service promotion
NPS index > 50

Employee recommendation eNPS
> 50

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



ADJUSTED OPERATING PROFIT



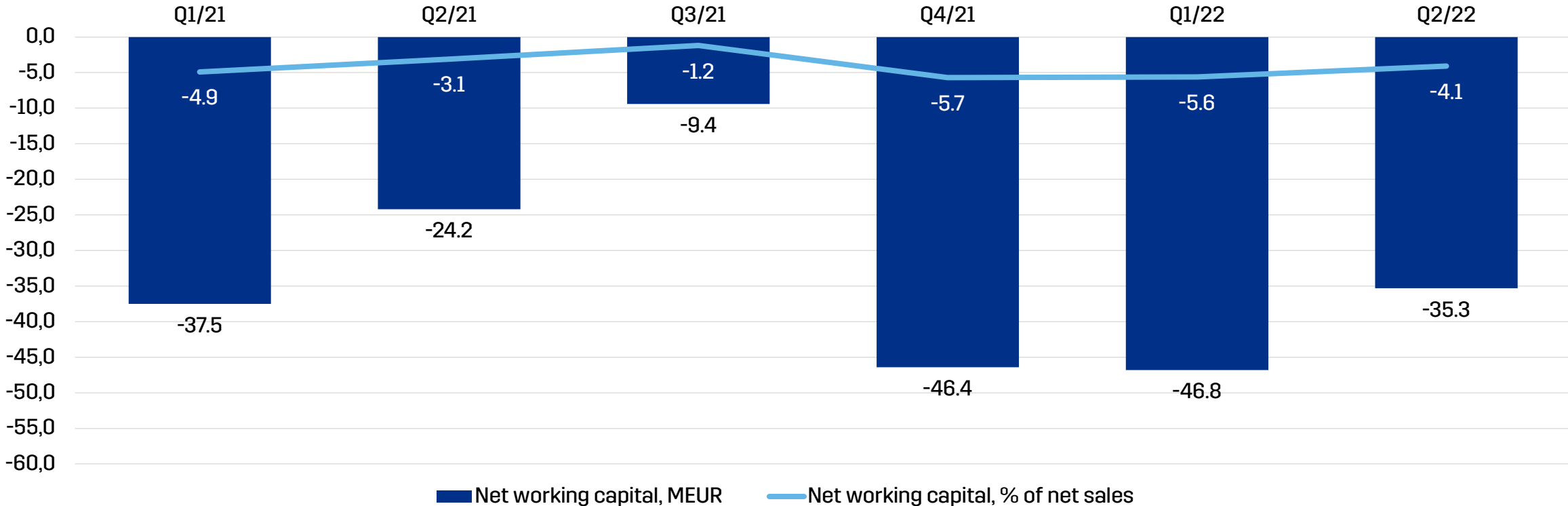
The cost impact of COVID-19 and fuel prices was EUR 5.2 million in Q1/2022.

KEY FIGURES

	Q2/22	Q2/21	Change %	1-6/22	1-6/21	Change %	2021
Capital expenditure, MEUR	7.2	30.8	-76.6	35.7	40.2	-11.2	72.3
Share of business acquisitions in capital expenditure, MEUR				20.5	21.4	-3.9	31.0
Depreciation, amortisation and impairment, MEUR	14.1	13.5	4.2	27.9	26.2	6.3	52.9
Net cash flow from operating activities after investments, MEUR				-4.9	-21.0	76.8	1.7
Share of business acquisitions in investing activities, MEUR				-13.2	-18.3	-27.7	-23.2
Return on equity (ROE), %				5.6	11.0		17.1
Invested capital, EUR million				431.3	386.1		406.0
Return on investment (ROI), %				4.7	7.5		10.8
Equity ratio, %				30.1	31.8		33.7
Gearing, %				102.4	97.9		79.4
Total number of employees at the end of the period				9,099	8,737		8,171

NET WORKING CAPITAL

- Renewable energy sources business line was re-classified as an assets held for sale and that improved the net working capital by EUR 21 million in Q4

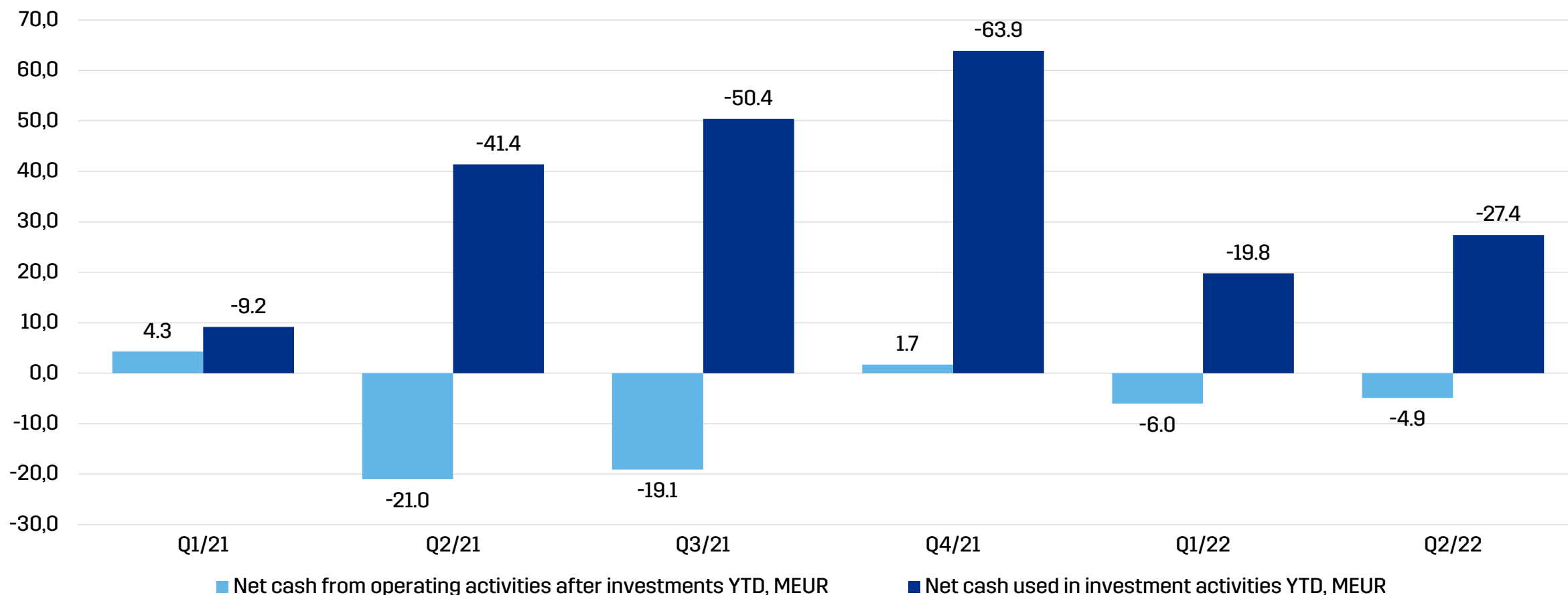


Net working capital = Current assets - income tax receivables - cash and cash equivalents - other non-current liabilities excluding deferred consideration- current trade and other payables
 Net working capital, % of net sales = Net working capital / 12 month rolling net sales * 100



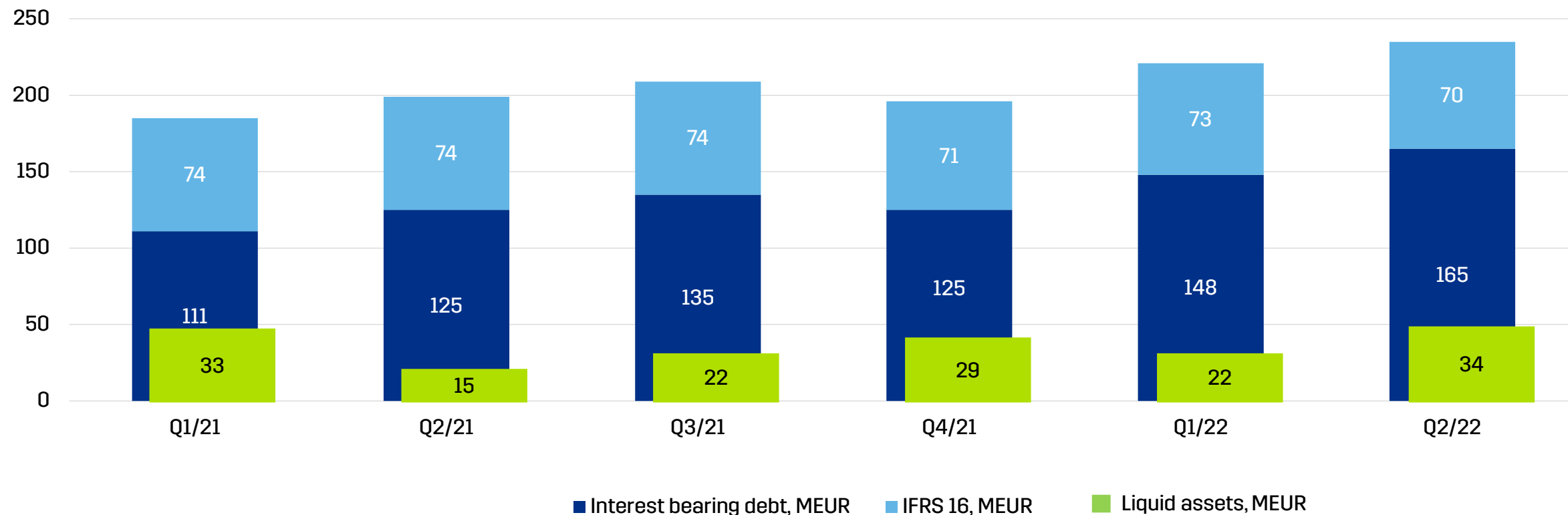
NET CASH FLOW AND NET INVESTMENTS

- Acquisitions were EUR 21.0 million (EUR 21.0 million) in H1 cash flow



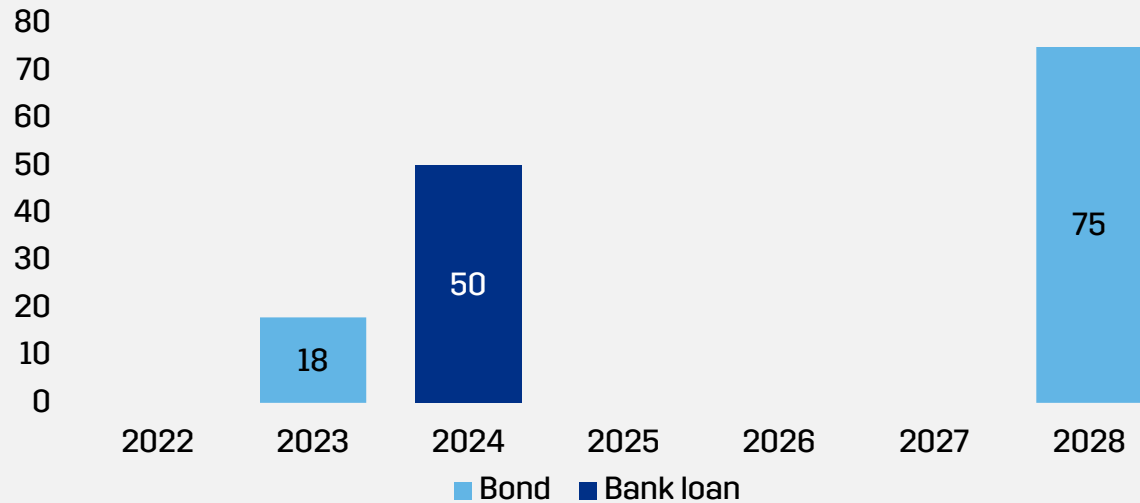
INTEREST BEARING DEBT AND LIQUIDITY

- Senior unsecured sustainability-linked notes were issued in the amount of EUR 75 million. The new notes will mature in Q2 2028 and bear fixed annual interest at the rate of 3.375 per cent



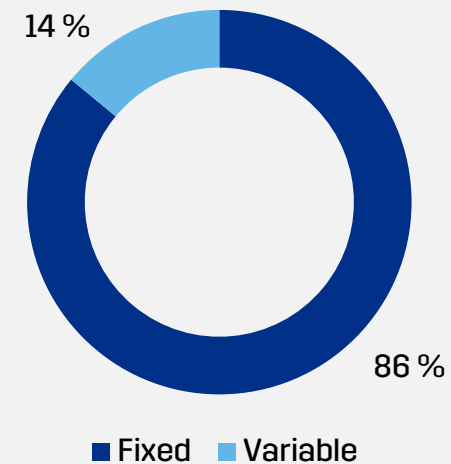
MATURITY STRUCTURE OF LOANS

Loans, MEUR



Loans do not include commercial papers

Weighted average of effective interest rate 2.4% (1.1%)





OUTLOOK FOR 2022

Net sales and adjusted operating profit in 2022 are estimated to be at the same level as in the previous year.

Starting from 1 July 2022 the renewable energy sources business will no longer be consolidated to the Group net sales. The renewable energy sources business was merged with Neova Oy's corresponding business and was given the name Laania Plc. The net sales of the business in January-June were EUR 35.4 million.

CONTACTS



Eero Hautaniemi, CEO

+358 10 636 2810

eero.hautaniemi@lassila-tikanoja.fi



Valtteri Palin, CFO

+358 40 734 7749

valtteri.palin@lassila-tikanoja.fi

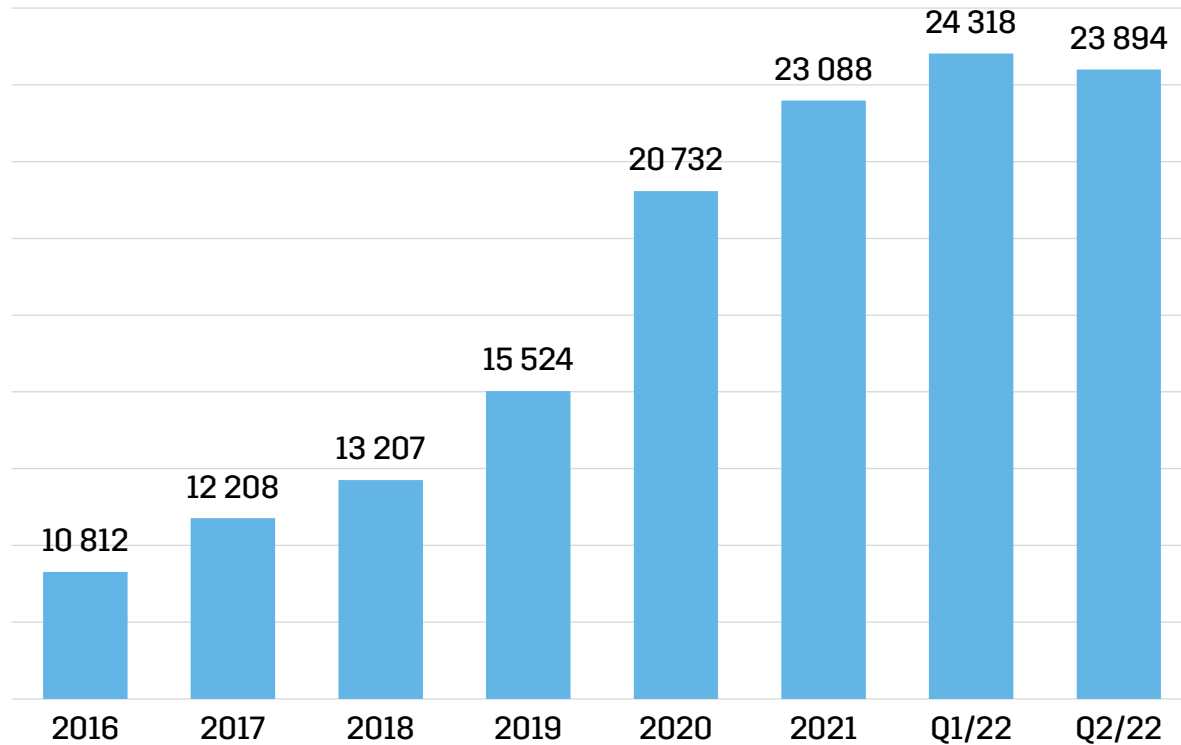


SHAREHOLDERS

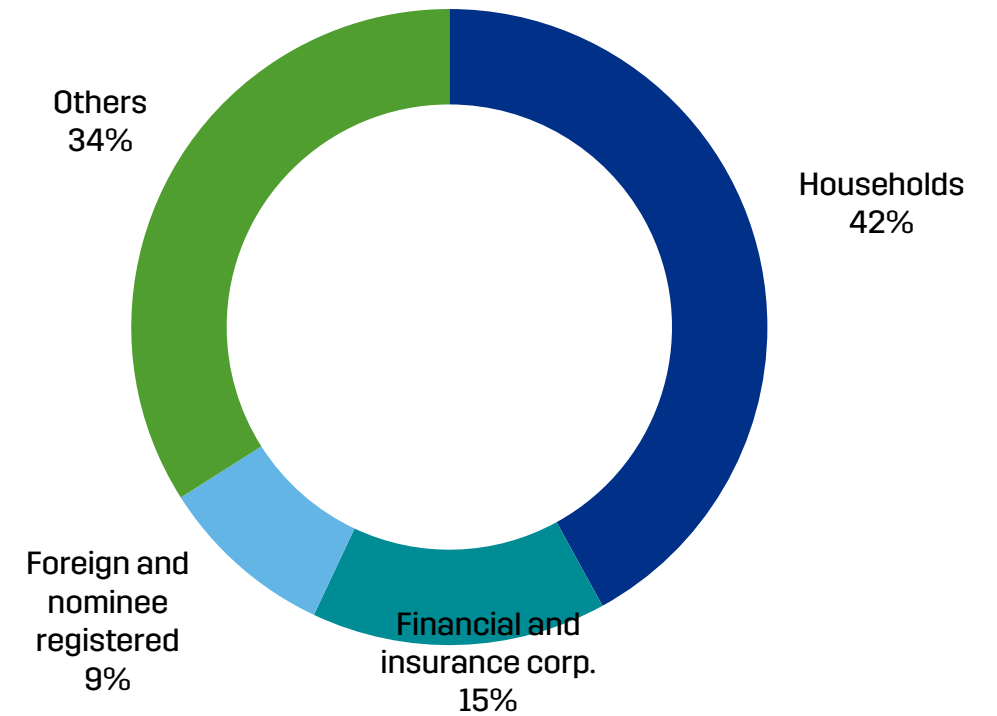


SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



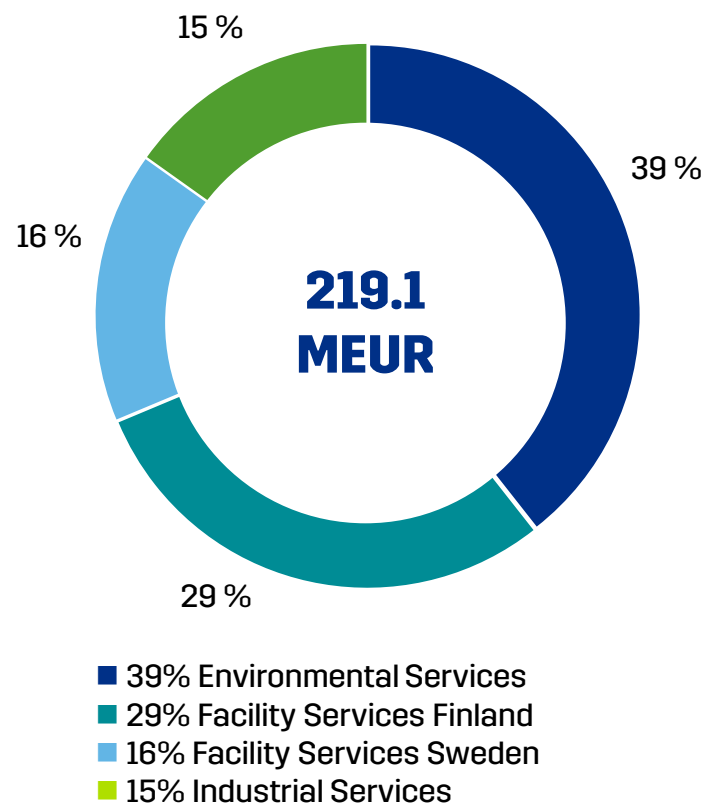
MAJOR SHAREHOLDERS ON 30 JUNE 2022

Shareholder	Shares	%
Evald and Hilda Nissi's Foundation	3,146,487	8.11
Mandatum Life Insurance Company Limited	3,029,147	7.81
Nordea Funds Ltd	1,737,437	4.48
Maijala Juhani	1,529,994	3.94
Åbo Akademi University Foundation	1,066,282	2.75
Bergholm Heikki	855,000	2.20
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	653,256	1.68
Ownership structure / sector	Shares	%
Nominee-registered shares	3,158,574	8.14
Number of shares	38,798,874	100.00
Number of shareholders	23,894	

APPENDIX

KEY FIGURES

NET SALES Q2/2022



	Q2/22	Q2/21	Change%	1-6/2022	1-6/2021	Change%	2021
Net sales, MEUR	219.1	198.7	10.3	429.5	390.7	9.9	812.5
EBITDA, MEUR	24.2	24.1	0.4	37.7	40.5	-6.9	95.1
Operating profit, MEUR	10.1	10.6	-4.3	9.8	14.3	-31.2	42.2
Operating margin, %	4.6	5.3		2.3	3.7		5.2
EVA, MEUR	3.1	4.2	-26.7	-3.9	1.7	-332.5	15.9
Earnings per share, EUR	0.17	0.21	-17.8	0.15	0.27	-45.4	0.90

Consolidated income statement

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net sales	219.1	198.7	429.5	390.7	812.5
Other operating income	0.9	1.2	1.4	1.8	3.8
Materials and services	-72.5	-64.9	-153.8	-136.5	-282.5
Employee benefit expenses	-92.4	-88.2	-181.1	-171.1	-342.6
Other operating expenses	-30.9	-22.6	-58.4	-44.3	-95.9
Depreciation, amortisation and impairment	-14.1	-13.5	-27.9	-26.2	-52.9
Operating profit	10.1	10.6	9.8	14.3	42.2
Financial income	0.0	0.0	0.0	0.1	0.3
Financial expenses	-1.6	-0.9	-2.6	-1.7	-3.8
Exchange rate differences (net)	-0.1	-0.2	-0.1	0.0	0.3
Financial income and expenses	-1.7	-1.1	-2.7	-1.6	-3.3
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
Result before taxes	8.4	9.5	7.2	12.7	39.0
Income taxes	-2.0	-1.7	-1.5	-2.3	-4.6
Result for the period	6.4	7.8	5.7	10.4	34.4
Attributable to:					
Equity holders of the company	6.4	7.8	5.7	10.4	34.4
Earnings per share attributable to the equity holders of the parent company:					
Earnings per share, EUR	0.17	0.21	0.15	0.27	0.90
Diluted earnings per share, EUR	0.17	0.21	0.15	0.27	0.90

Consolidated statement of financial position

MEUR	6/2022	6/2021	12/2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	180.7	169.1	172.1
Other intangible assets	36.5	32.6	32.5
	217.2	201.7	204.6
Tangible assets	156.5	145.0	153.0
Right-of-use assets	69.0	73.9	69.8
	225.5	218.9	222.8
Other non-current assets			
Deferred tax assets	6.5	5.7	5.6
Other receivables	2.1	1.4	2.2
	8.7	7.1	7.8
Total non-current assets	451.3	427.7	435.2
Current assets			
Inventories	6.6	31.5	5.9
Trade receivables	89.8	78.0	86.8
Contract assets	33.4	29.2	22.8
Income tax receivables	5.8	3.7	7.3
Other receivables	11.1	16.1	10.4
Cash and cash equivalents	33.6	14.9	28.6
	180.4	173.4	161.8
Assets classified as held for sale	31.7	-	38.3
Total current assets	212.1	173.4	200.0
Total assets	663.5	601.1	635.3

MEUR	6/2022	6/2021	12/2021
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-8.6	-5.3	-8.3
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	185.0	172.8	196.7
Total equity	196.5	187.5	210.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30.8	28.3	30.2
Retirement benefit obligations	1.5	1.3	1.4
Provisions	8.1	7.0	8.1
Financial liabilities	194.2	155.3	175.8
Other liabilities	3.6	0.1	0.1
	238.2	192.1	215.5
Current liabilities			
Financial liabilities	40.6	43.3	19.9
Trade and other payables	176.2	175.1	172.3
Income tax liabilities	1.1	-	3.3
Provisions	2.3	3.0	2.7
	220.3	221.4	198.1
Liabilities related to assets classified as held for sale	8.5	-	11.2
Total liabilities	466.9	413.6	424.9
Total equity and liabilities	663.5	601.1	635.3

CIRCULAR ECONOMY – MADE REAL