



# LASSILA & TIKANOJA HALF-YEAR FINANCIAL REPORT 2023

Eero Hautaniemi, President & CEO

Valtteri Palin, CFO

26 July 2023

# IN FOCUS IN Q2

- Net sales were EUR 207.5 million (219.1)
  - Net sales excluding the renewable energy sources business was on a par with the comparison period
- Adjusted operating profit was EUR 9.2 million (11.0)
- Facility Services Finland continued the positive development of its performance and Industrial services had a strong second quarter
- Net cash flow from operating activities after investments per share in January-June was strong at EUR 0.51 (-0.13) as was L&T's financial position



# NET SALES

**-6.8%** (Organic growth 1.3%)



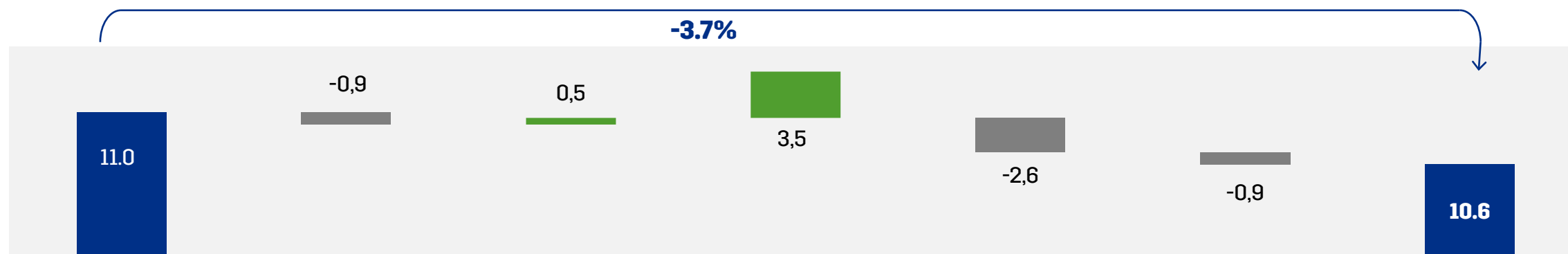
MEUR	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Environmental Services*	<b>74.4</b>	76.0	-2.0	<b>140.7</b>	141.0	-0.2	<b>287.1</b>
Industrial Services	<b>38.0</b>	33.7	12.7	<b>64.1</b>	56.8	12.8	<b>132.0</b>
Facility Services Finland	<b>62.7</b>	63.2	-0.7	<b>129.8</b>	131.4	-1.2	<b>256.3</b>
Facility Services Sweden	<b>33.8</b>	35.9	-5.8	<b>68.3</b>	68.8	-0.7	<b>140.4</b>
L&T Group	<b>207.5</b>	219.1	-5.3	<b>400.2</b>	429.5	-6.8	<b>844.1</b>

\*Environmental Services net sales excluding the renewable energy sources business

\*\*Renewable energy sources business change Q2 2023 vs. Q2 2022



# ADJUSTED OPERATING PROFIT

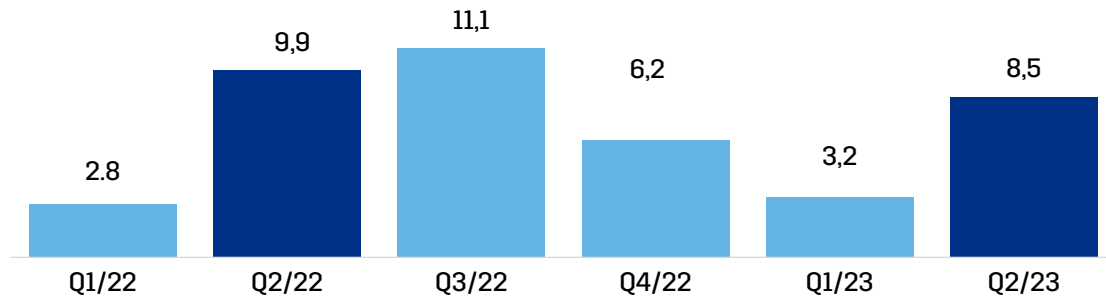


	Adjusted operating profit 1-6/2022	Environmental Services	Industrial Services	Facility Services Finland	Facility Services Sweden	Other	Adjusted operating profit 1-6/2023	
<b>MEUR</b>		<b>Q2/23</b>	<b>Q2/22</b>	<b>Change%</b>	<b>1-6/23</b>	<b>1-6/22</b>	<b>Change%</b>	<b>2022</b>
Environmental Services*		<b>8.5</b>	9.9	-13.7	<b>11.8</b>	12.7	-7.2	<b>30.0</b>
Industrial Services		<b>3.9</b>	3.3	19.2	<b>4.0</b>	3.5	15.7	<b>13.6</b>
Facility Services Finland		<b>-0.0</b>	-1.0		<b>0.2</b>	-3.3		<b>-0.5</b>
Facility Services Sweden		<b>-2.0</b>	-0.2		<b>-3.0</b>	-0.4		<b>0.4</b>
Other		<b>-1.3</b>	-1.1		<b>-2.4</b>	-1.7		<b>-2.8</b>
Renewable energy sources		-	0.1		-	0.3		<b>0.3</b>
<b>Adjusted operating profit</b>		<b>9.2</b>	11.0	-16.8	<b>10.6</b>	11.0	-3.7	<b>40.9</b>

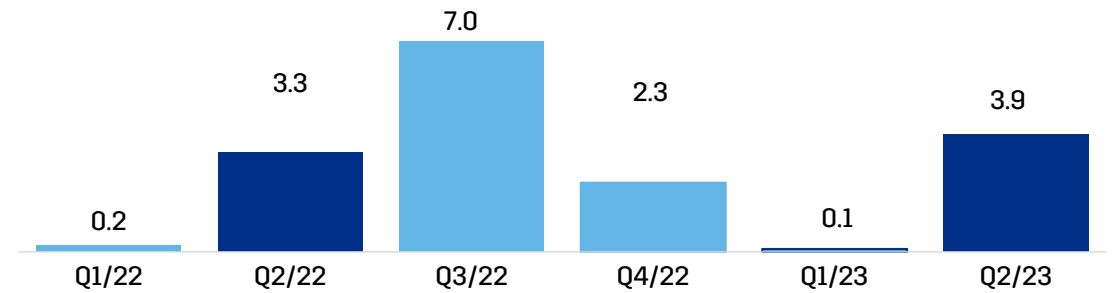


# OPERATING PROFIT BY DIVISION

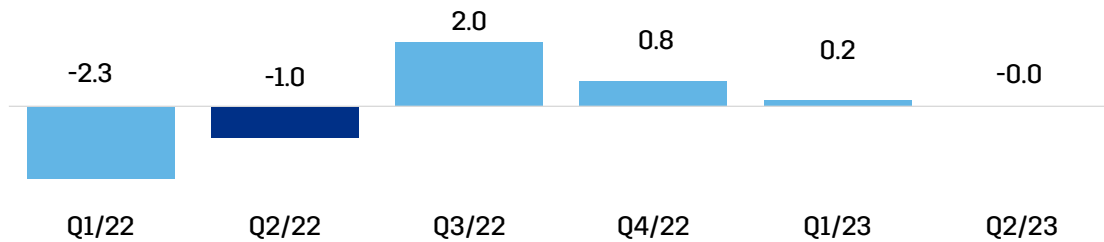
## ENVIRONMENTAL SERVICES excl. renewable energy sources MEUR



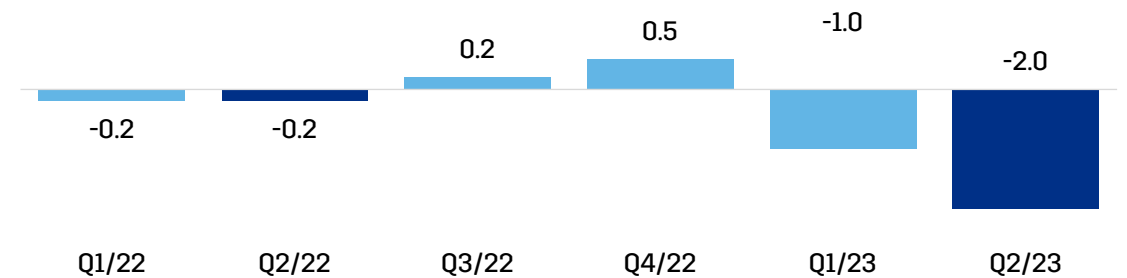
## INDUSTRIAL SERVICES MEUR



## FACILITY SERVICES FINLAND MEUR



## FACILITY SERVICES SWEDEN MEUR

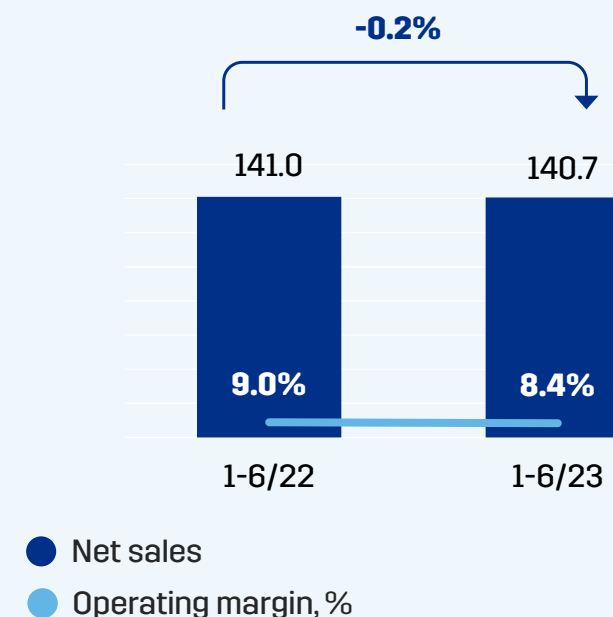


# ENVIRONMENTAL SERVICES

EXCL. RENEWABLE ENERGY SOURCES

- The number of B2B and producer responsibility organization customers increased thanks to active sales efforts
- Demand and prices of recycled raw materials remained low
- New collective agreement increased personnel expenses in the second quarter
- ICT systems renewal project under way, which will also include the deployment of a new ERP system

MEUR	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Net sales	<b>74.4</b>	76.0	-2.0	<b>140.7</b>	141.0	-0.2	<b>287.1</b>
EBITDA	<b>15.7</b>	16.7	-6.2	<b>26.0</b>	26.3	-1.2	<b>56.9</b>
Operating profit	<b>8.5</b>	9.9	-13.7	<b>11.8</b>	12.7	-7.2	<b>30.0</b>
Operating margin, %	<b>11.5</b>	13.0		<b>8.4</b>	9.0		<b>10.4</b>



# FINLAND'S NEW GOVERNMENT PROGRAMME PROMOTES CIRCULAR ECONOMY

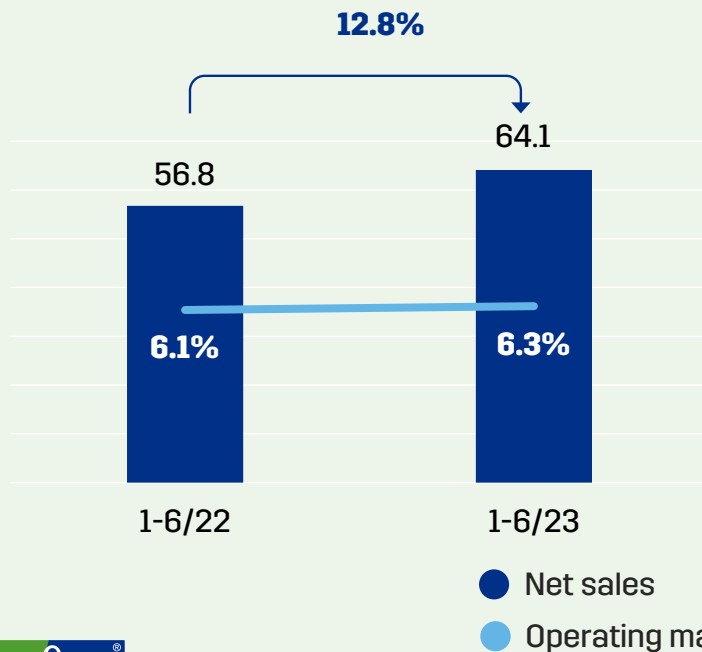
- The role of municipalities in waste management is specified to be limited to household waste, and the activities of municipal companies in waste markets are to be more regulated than before
- The development of well-functioning markets for recycled raw materials for different uses and increasing the share of recycled materials used
- Environmental permit processes streamlined by combining Regional State Administrative Agencies (AVI) and Centres for Economic Development, Transport and the Environment (ELY centres)





# INDUSTRIAL SERVICES

- The hazardous waste business saw strong demand
- In the environmental construction business demand remained high and new customer projects were started



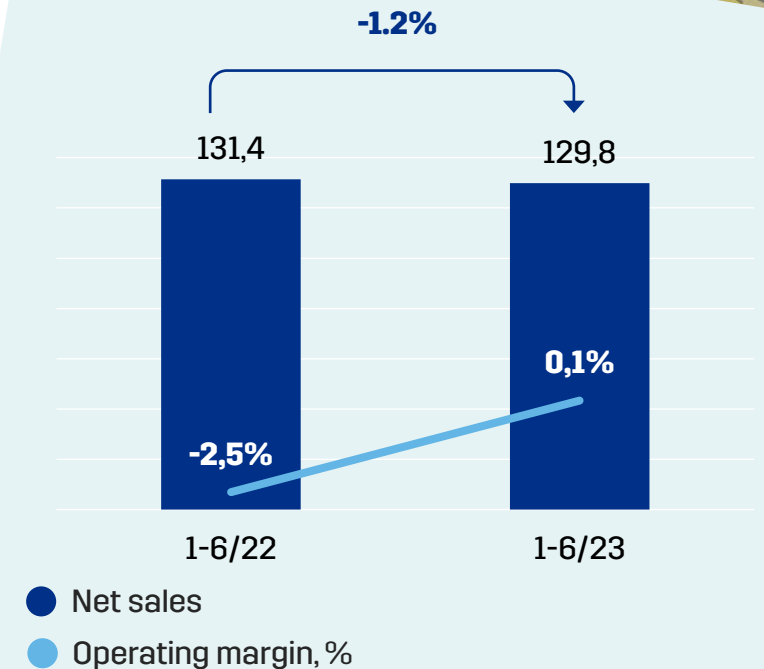
MEUR	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Net sales	<b>38.0</b>	33.7	12.7	<b>64.1</b>	56.8	12.8	<b>132.0</b>
EBITDA	<b>7.1</b>	6.3	13.2	<b>10.4</b>	9.3	12.5	<b>25.0</b>
Adjusted operating profit	<b>3.9</b>	3.3	19.2	<b>4.0</b>	3.5	15.7	<b>13.6</b>
Adjusted operating margin, %	<b>10.3</b>	9.7		<b>6.3</b>	6.1		<b>10.3</b>



# FACILITY SERVICES FINLAND

- The measures taken in the latter half of 2022 to streamline the cost structure continued
- The increase in costs caused by the wage-related decisions reached in collective bargaining processes will be compensated by operational efficiency improvements and price increases by the end of the year

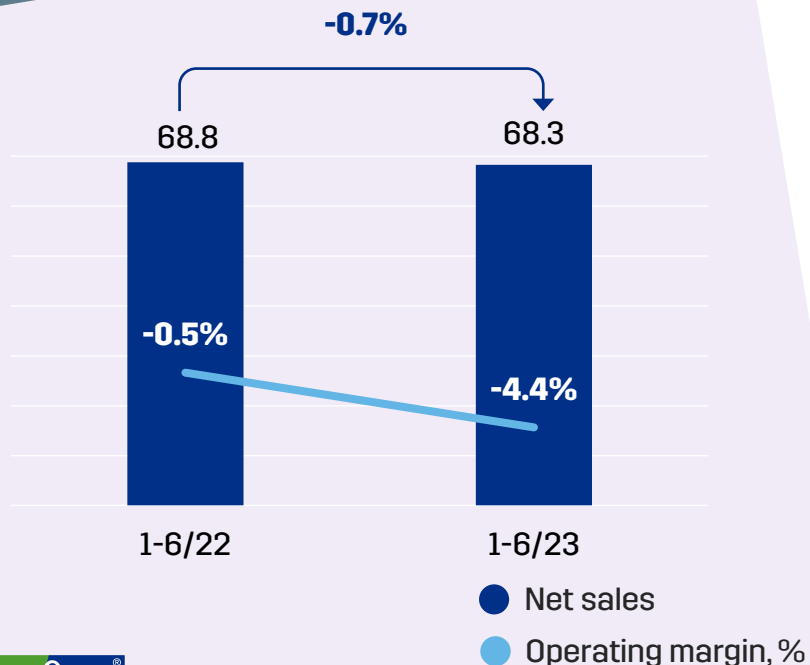
MEUR	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Net sales	<b>62.7</b>	63.2	-0.7	<b>129.8</b>	131.4	-1.2	<b>256.3</b>
EBITDA	<b>2.1</b>	1.2	75.5	<b>4.6</b>	1.2		<b>8.5</b>
Operating profit	<b>-0.0</b>	-1.0		<b>0.2</b>	-3.3		<b>-0.5</b>
Operating margin, %	<b>0.0</b>	-1.7		<b>0.1</b>	-2.5		<b>-0.2</b>





# FACILITY SERVICES SWEDEN

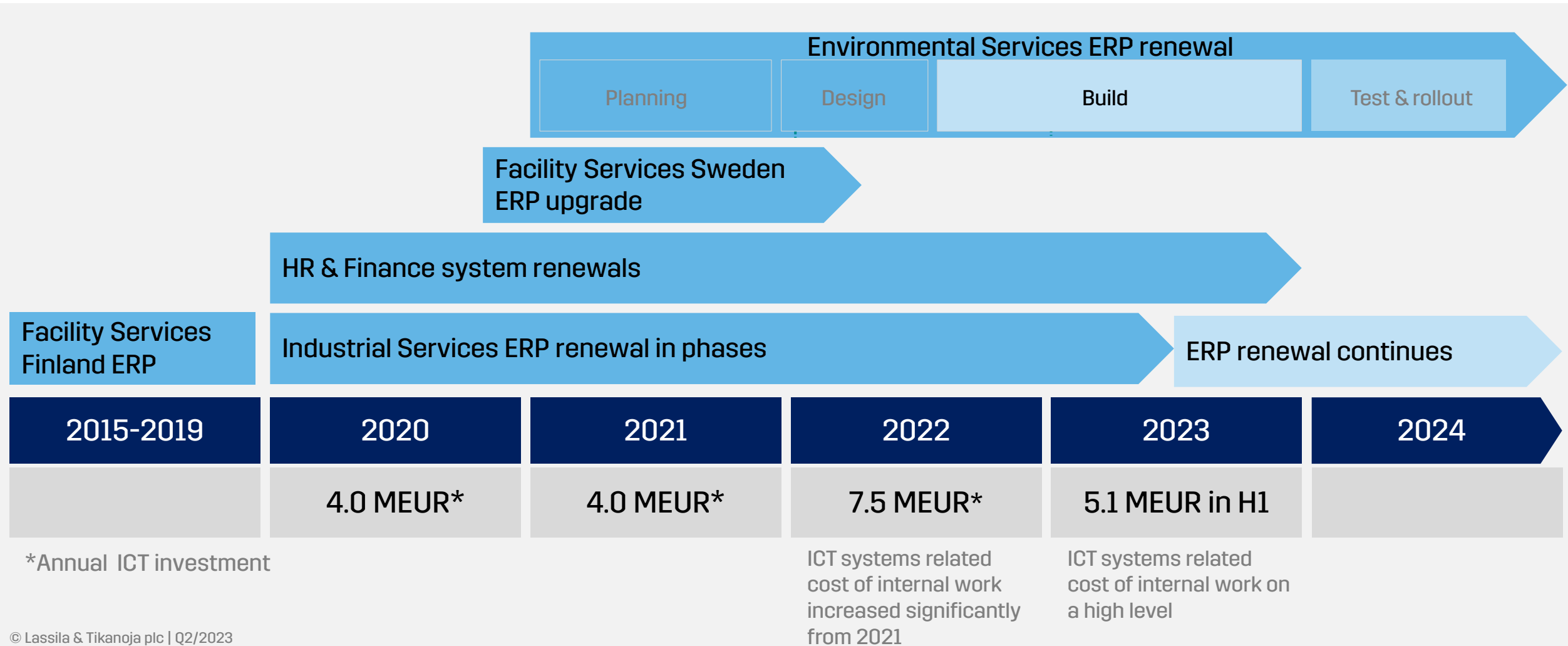
- Customer agreements in the Swedish business are mostly fixed-price contracts, and the increased production costs could not be passed on to customers
- The division has a programme ongoing to simplify operating models and adapt them to the changed business environment. The results of the programme are expected to realise by the end of year 2024



MEUR	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Net sales	<b>33.8</b>	35.9	-5.8	<b>68.3</b>	68.8	-0.7	<b>140.4</b>
EBITDA	<b>-0.8</b>	1.5		<b>-0.5</b>	3.0		<b>6.3</b>
Operating profit*	<b>-2.0</b>	-0.2		<b>-3.0</b>	-0.4		<b>0.4</b>
Operating margin, %	<b>-5.8</b>	-0.5		<b>-4.4</b>	-0.5		<b>0.3</b>

\*Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -1.7 million (0.4) in Q2 2023 and EUR -2.4 million (0.7) in January-June 2023

# SOLID ROADMAP FOR ICT SOLUTION RENEWAL TO MODERNISE END-OF-LIFE SYSTEMS



# SUSTAINABILITY HIGHLIGHTS Q2/2023

## Circular economy roadmaps created for several industrial customers

- E.g. Valmet automotive's Uusikaupunki car factory aims to be a circular economy benchmark in its industry

## Good development in occupational safety

- Safety culture trainings ongoing – All L&T employees will be trained

## L&T's CO2 emissions from own operations decreased in H1 due to increased use of biofuels and changes in driving style

- Good progress especially in Industrial Services

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 H1/2023

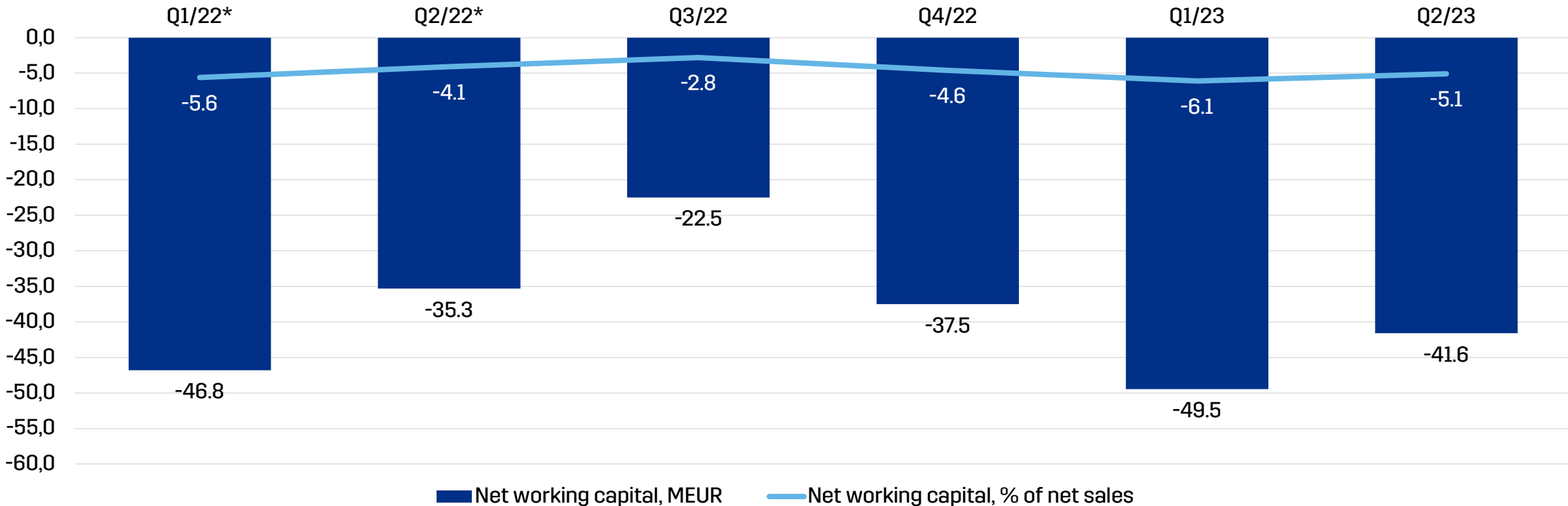
- The fuel distribution obligation in Finland was adjusted in 2022 by reducing the biofuel component by 7.5 percentage points. Statistics Finland published the updated fuel classification data later in spring 2023, and they have been taken into account in the emission calculations in this report.

<b>L&amp;T</b>	2018	2019	2020	2021	2022	<b>H1/2023</b>	H1/2022	Target 2023	Target 2026	Target 2030
<b>RECYCLING RATE (%)</b>	54.2	54.8	58.6	58.4	59.4	57.2	57.4	59.5	65	70
<b>CARBON FOOTPRINT (tCO<sub>2</sub>-ekv)</b>	47,400	43,100	36,700	37,800	34,200	15,200	17,000	32,900		24,400
<b>EMISSION INTENSITY (gCO<sub>2</sub>-ekv/km)</b>	952	867	818	771	677	595	732	723	712	476
<b>CARBON HANDPRINT (MCO<sub>2</sub>-ekv)</b>	-569.2	-526.6	-506.8	-524.9	-534.5	-230.8	-269.9			
<b>TRIF</b>	25	23	24	24	23	22	24	22	19	15
<b>OCCUPATIONAL HEALTH RATE (%)</b>	40	42	50	44.3	40	54	51	50	57	60
<b>SICK LEAVE (%) (FI)</b>	5.0	5.0	4.7	5.1	5.6	5.3	5.8	4.8	4.3	4

# KEY FIGURES

	Q2/23	Q2/22	Change %	1-6/23	1-6/22	Change %	2022
Capital expenditure, MEUR	<b>17.9</b>	7.2	148.7	<b>31.8</b>	35.7	-11.1	<b>58.2</b>
Share of business acquisitions in capital expenditure, MEUR				-	20.5		<b>21.5</b>
Depreciation, amortisation and impairment, MEUR	<b>14.0</b>	14.1	-0.6	<b>28.0</b>	27.9	0.4	<b>55.4</b>
Return on equity (ROE), %				<b>8.7</b>	5.6		<b>14.6</b>
Capital employed, EUR million				<b>416.9</b>	431.3		<b>437.2</b>
Return on capital employed (ROCE), %				<b>11.5</b>	9.3		<b>10.4</b>
Earnings per share, EUR	<b>0.21</b>	0.17	26.3	<b>0.24</b>	0.15	63.8	<b>0.83</b>
Net cash flow from operating activities after investments per share, EUR	<b>0.00</b>	0.03	-83.2	<b>0.51</b>	-0.13		<b>1.08</b>
Equity ratio, %				<b>33.4</b>	30.6		<b>34.3</b>
Gearing, %				<b>86.7</b>	102.4		<b>75.9</b>
Total number of employees at the end of the period				<b>9,124</b>	9,099		<b>8,371</b>

# NET WORKING CAPITAL



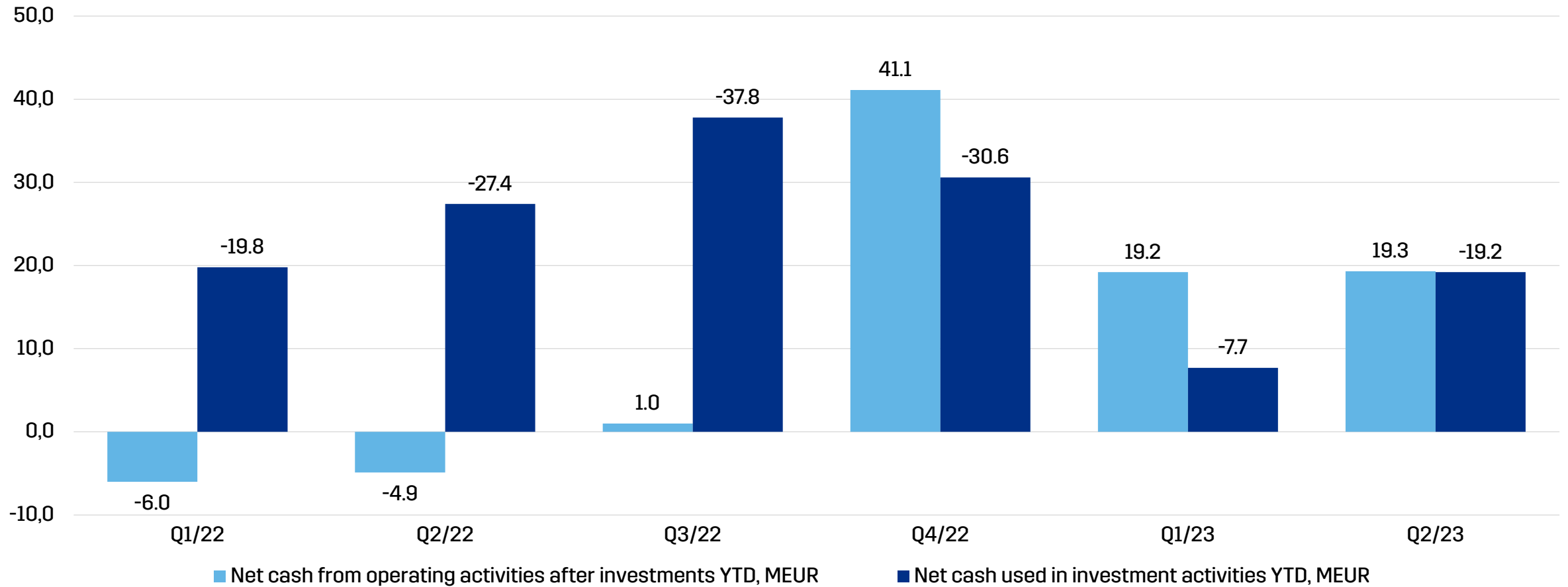
Net working capital = Current assets - income tax receivables - cash and cash equivalents - other non-current liabilities excluding deferred consideration - current trade and other payables

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

\* Includes the renewable energy sources business

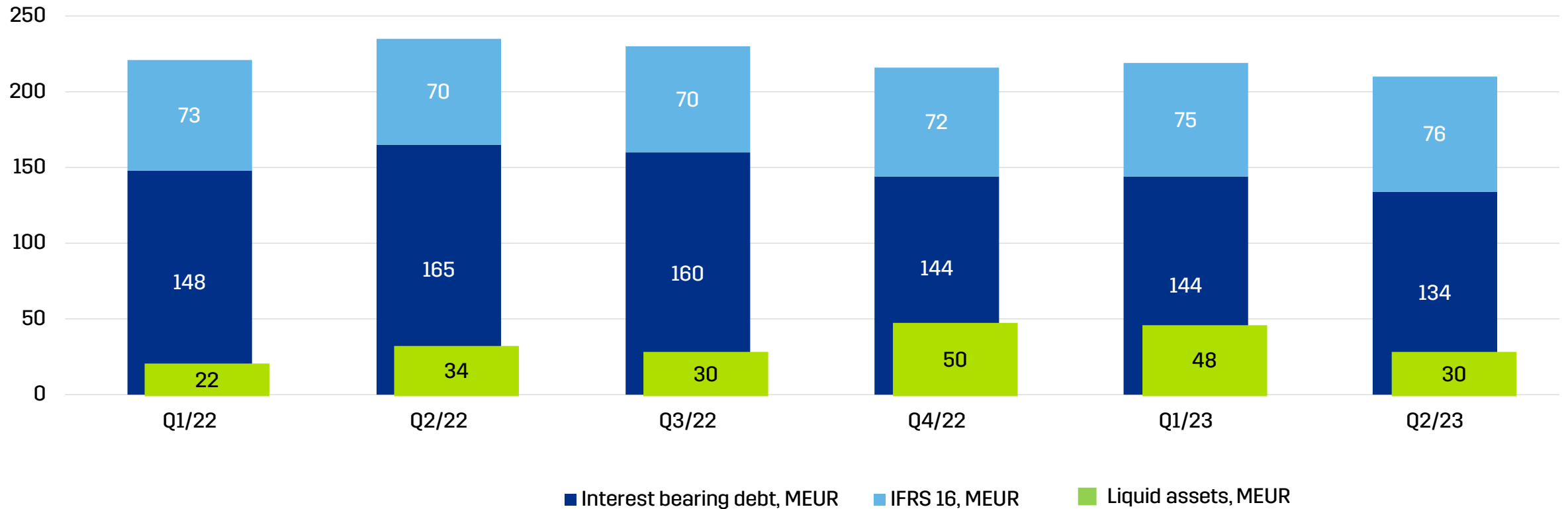


# NET CASH FLOW AND NET INVESTMENTS



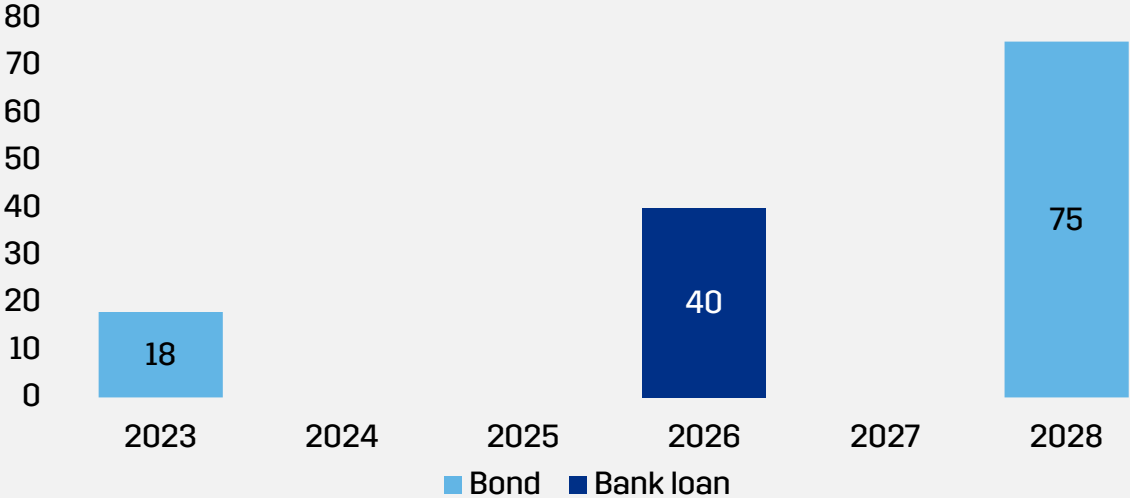


# INTEREST BEARING DEBT AND LIQUIDITY



# MATURITY STRUCTURE OF LOANS

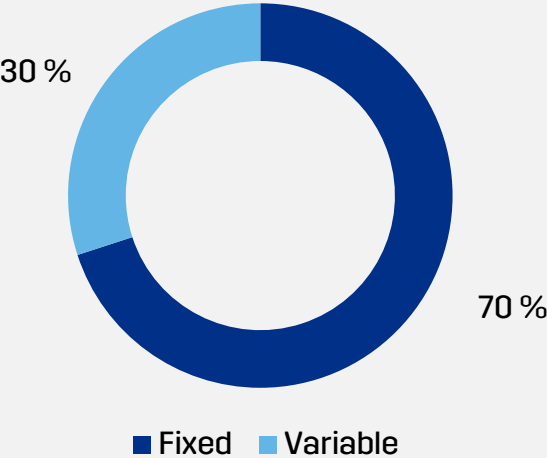
Loans, MEUR



L&T will repay in total EUR 28 million of interest bearing debt during the year 2023

Loans do not include commercial papers

Weighted average of effective interest rate 3.4% (2.4%)





## **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.

# CONTACTS



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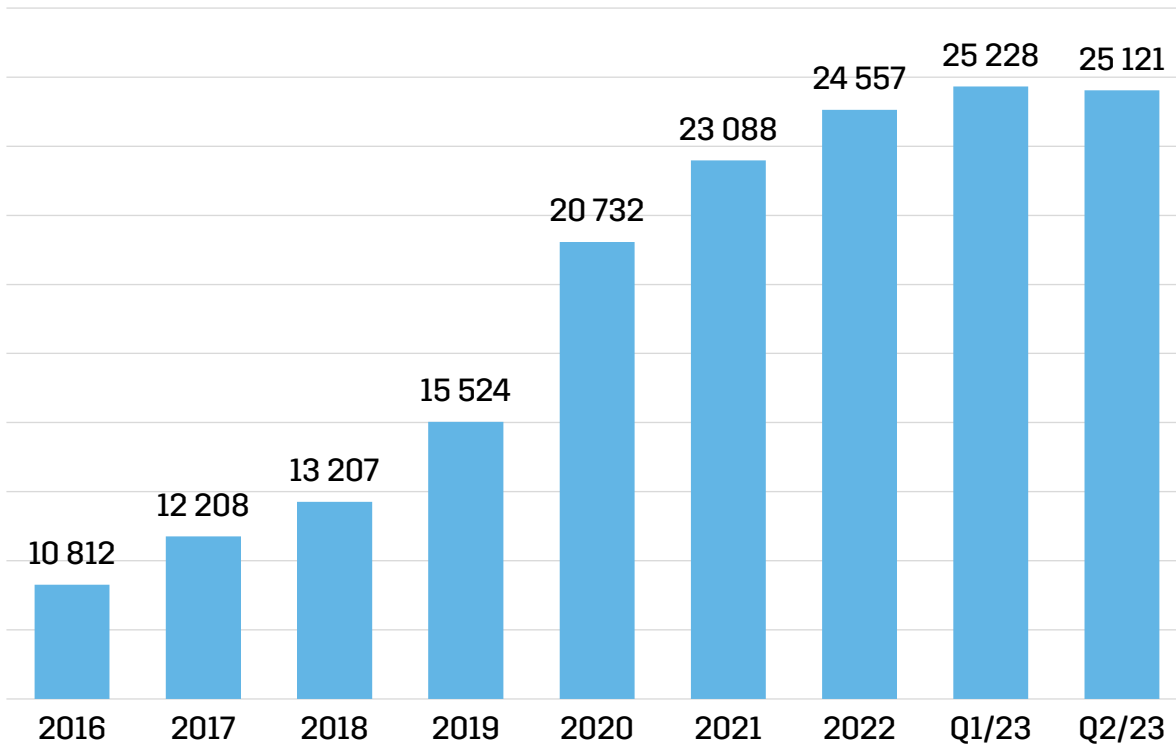


# SHAREHOLDERS

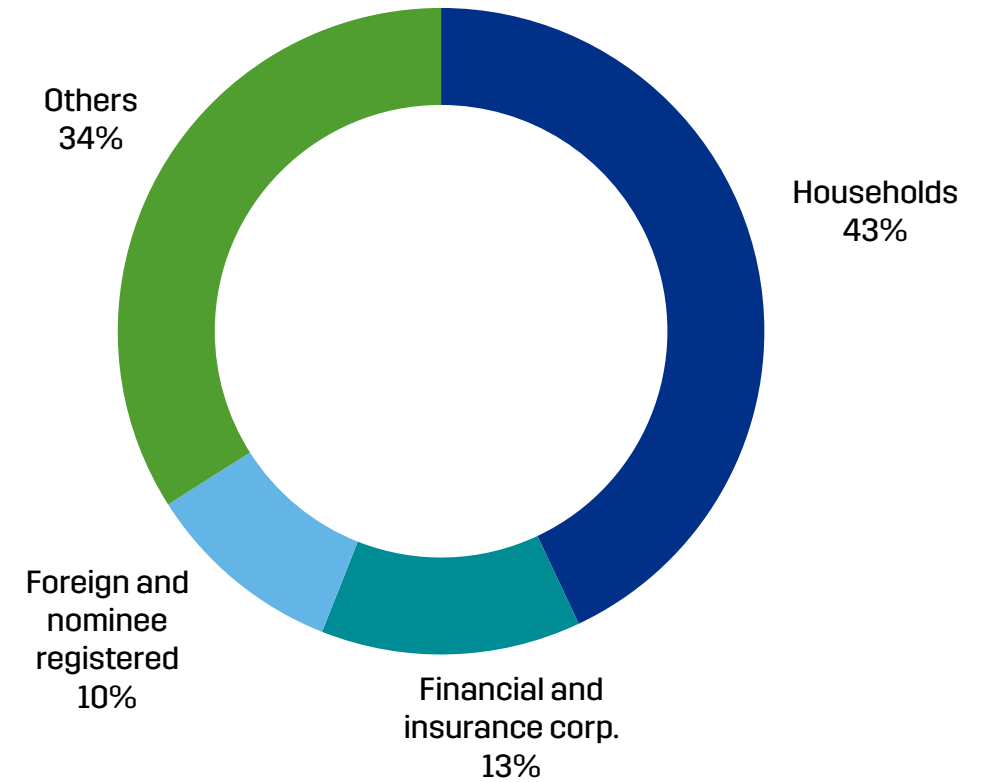


# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



# MAJOR SHAREHOLDERS ON 30 JUNE 2023

Shareholder	Shares	%
Evald and Hilda Nissi's Foundation	3,496,487	9.01
Mandatum Life Insurance Company Limited	1,805,483	4.65
Nordea Funds Ltd	1,681,319	4.33
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	3,608,783	9.30
Number of shares	38,798,874	100.00
Number of shareholders	25,121	

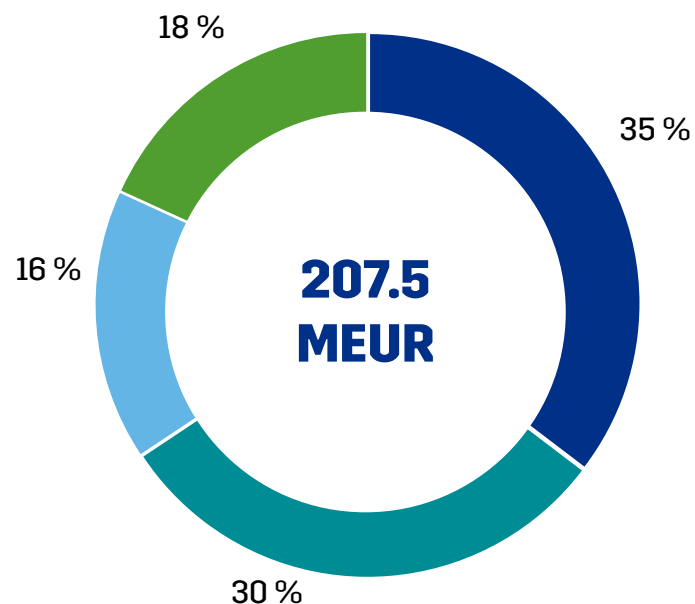


# APPENDIX



# KEY FIGURES

## NET SALES Q2/2023



- 35% Environmental Services
- 30% Facility Services Finland
- 16% Facility Services Sweden
- 18% Industrial Services

	Q2/23	Q2/22	Change%	1-6/23	1-6/22	Change%	2022
Net sales, MEUR	<b>207.5</b>	219.1	-5.3	<b>400.2</b>	429.5	-6.8	844.1
EBITDA, MEUR	<b>23.2</b>	24.2	-4.2	<b>38.6</b>	37.7	2.4	98.3
Operating profit, MEUR	<b>9.2</b>	10.1	-9.2	<b>10.6</b>	9.8	8.1	42.9
Operating margin, %	<b>4.4</b>	4.6		<b>2.7</b>	2.3		5.1
Earnings per share, EUR	<b>0.21</b>	0.17	26.3	<b>0.24</b>	0.15	63.8	0.83

## Consolidated income statement

MEUR	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
<b>Net sales</b>	207.5	219.1	400.2	429.5	844.1
Other operating income	0.9	0.9	1.8	1.4	8.7
Materials and services	-62.7	-72.5	-125.1	-153.8	-286.7
Employee benefit expenses	-92.8	-92.4	-179.6	-181.1	-353.1
Other operating expenses	-29.7	-30.9	-58.7	-58.4	-114.7
Depreciation, amortisation and impairment	-14.0	-14.1	-28.0	-27.9	-55.4
<b>Operating profit</b>	9.2	10.1	10.6	9.8	42.9
Financial income	1.4	0.0	1.9	0.0	0.4
Financial expenses	-2.1	-1.6	-4.1	-2.6	-6.0
Exchange rate differences (net)	-0.0	-0.1	-0.1	-0.1	-0.2
Financial income and expenses	-0.7	-1.7	-2.3	-2.7	-5.8
Share of the result of associated companies and joint ventures	0.7	0.0	2.2	0.0	0.7
<b>Result before taxes</b>	9.1	8.4	10.5	7.2	37.8
Income taxes	-1.0	-2.0	-1.2	-1.5	-6.3
<b>Result for the period</b>	8.1	6.4	9.3	5.7	31.5
<b>Attributable to:</b>					
Equity holders of the company	8.1	6.4	9.3	5.7	31.5
<b>Earnings per share attributable to the equity holders of the parent company:</b>					
Earnings per share, EUR	0.21	0.17	0.24	0.15	0.83
Diluted earnings per share, EUR	0.21	0.17	0.24	0.15	0.83

## Consolidated statement of financial position

MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	178.3	180.7	180.7
Other intangible assets	37.4	36.5	36.5
	215.7	217.2	217.2
Tangible assets	157.6	156.5	155.3
Right-of-use assets	74.3	69.0	71.2
	231.9	225.5	226.6
Other non-current assets			
Shares in associated companies and joint ventures	16.2	0.0	14.0
Other shares and holdings	0.2	0.3	0.2
Deferred tax assets	3.3	2.9	1.9
Other receivables	1.6	1.8	1.9
	21.4	5.0	17.9
<b>Total non-current assets</b>	469.0	447.6	461.7
<b>Current assets</b>			
Inventories	8.7	6.6	7.8
Trade receivables	80.5	89.8	91.0
Contract assets	39.9	33.4	30.8
Income tax receivables	3.0	5.8	8.7
Other receivables	8.2	11.1	11.0
Cash and cash equivalents	29.9	33.6	49.5
	170.2	180.4	198.8
Assets classified as held for sale	-	31.7	-
<b>Total current assets</b>	170.2	212.1	198.8
<b>Total assets</b>	639.2	659.8	660.5

MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-15.4	-8.6	-10.6
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	202.7	185.0	211.0
<b>Total equity</b>	207.3	196.5	220.4
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	27.2	27.1	28.1
Retirement benefit obligations	1.2	1.5	1.2
Provisions	7.2	8.1	7.4
Financial liabilities	169.8	194.2	177.5
Other liabilities	12.6	10.8	13.3
	218.0	241.7	227.5
<b>Current liabilities</b>			
Financial liabilities	39.8	40.6	39.3
Trade and other payables	171.7	169.0	170.5
Income tax liabilities	1.6	1.1	1.0
Provisions	0.8	2.3	1.7
	213.9	213.1	212.6
Liabilities related to assets classified as held for sale	-	8.5	-
<b>Total liabilities</b>	431.9	463.2	440.1
<b>Total equity and liabilities</b>	639.2	659.8	660.5

# **CIRCULAR ECONOMY - MADE REAL**