

# ENVIRONMENTAL SERVICES

**PETRI SALERMO**  
SENIOR VICE PRESIDENT





# ENVIRONMENTAL SERVICES

WE MAKE CIRCULAR  
**ECONOMY A REALITY**



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# BIGGEST RECYCLING AND WASTE MANAGEMENT OPERATOR IN FINLAND

## SERVICES

### Waste management

- Consulting and advisory services
- Waste containers, compactors and bins
- Waste management and logistics

### Recycling and processing

- Pre-treatment
- Storage
- Recycling and processing
- Secondary raw materials

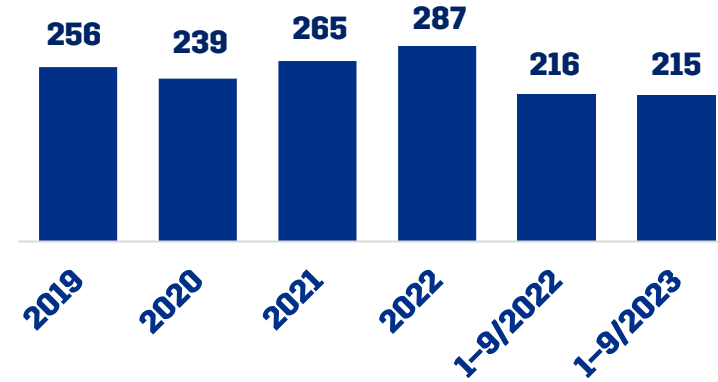


## Operations in Finland

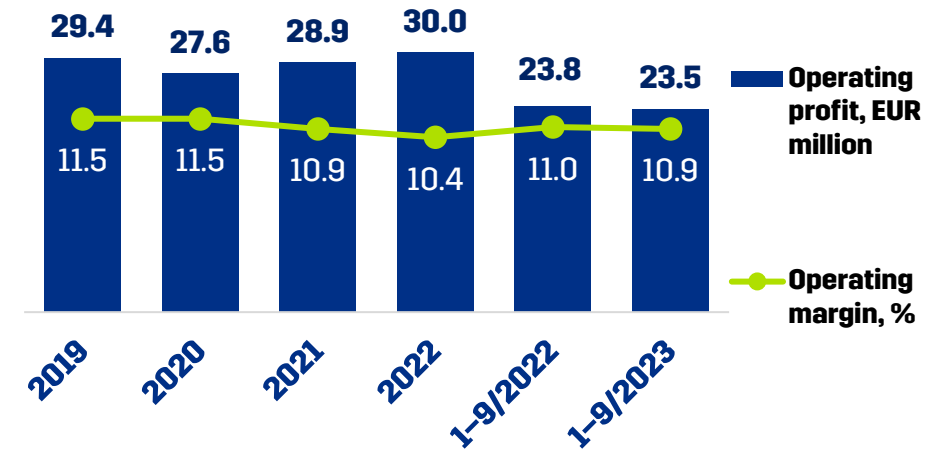
- Extensive network of waste terminals
- Plastics refinery and other processing sites



## Net sales (MEUR)



## Operating profit and margin



# TIGHTENING ENVIRONMENTAL REGULATION CREATES NEW OPPORTUNITIES



	WASTE MANAGEMENT	MATERIAL PROCESSING
L&T POSITION IN CURRENT MARKET	#1	#1-2*
RELEVANT MARKET SIZE (BEUR)	0.7	1.1
ANNUAL MARKET GROWTH	0-3%	3->5%**

\*#1 in current processing markets, \*\*Varies in different streams

Source: L&T management estimate



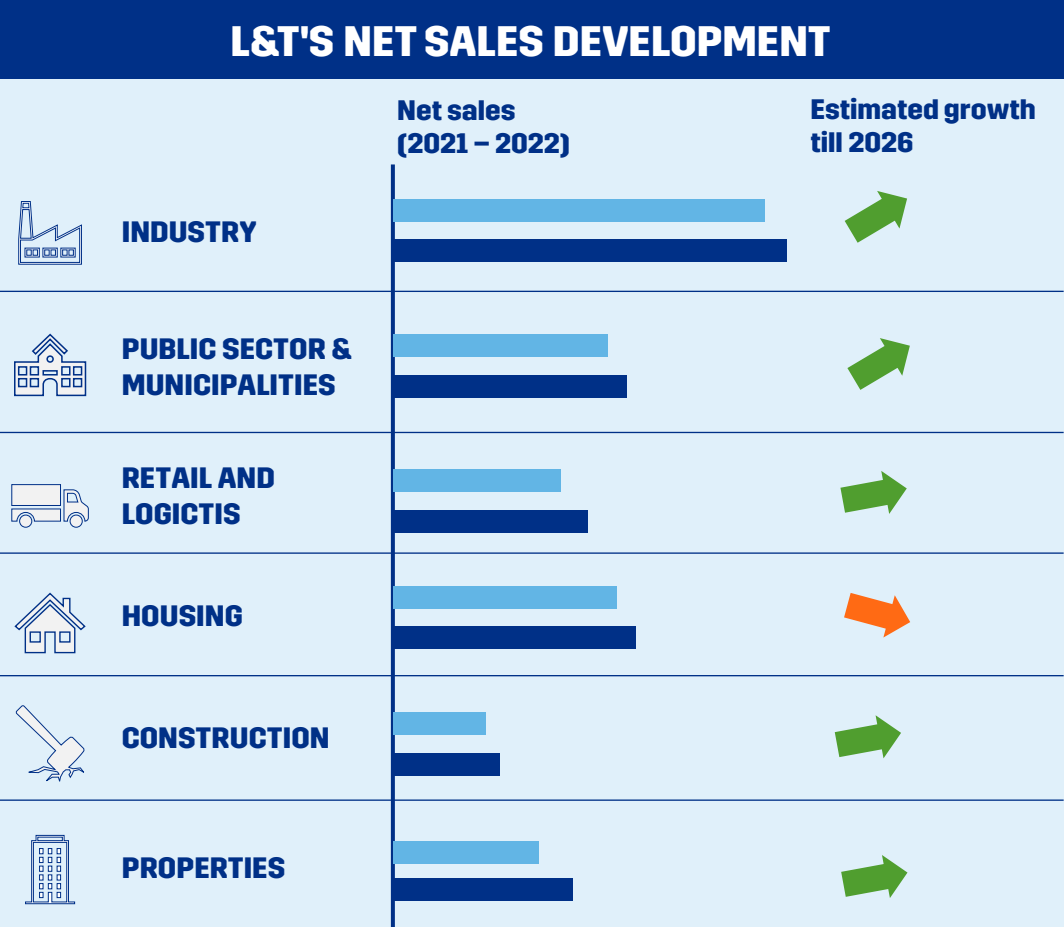
## Tailwinds

- Increasing demand for recycling services and expertise due to ambitious recycling targets
- Growing requirements for waste management and recycling operators
- Emerging dynamic material markets and accelerating demand for secondary materials
- Closer integration into material chains and increasing value of waste
- Processing heterogenous and demanding fractions into higher value raw materials with evolving technologies

## Headwinds

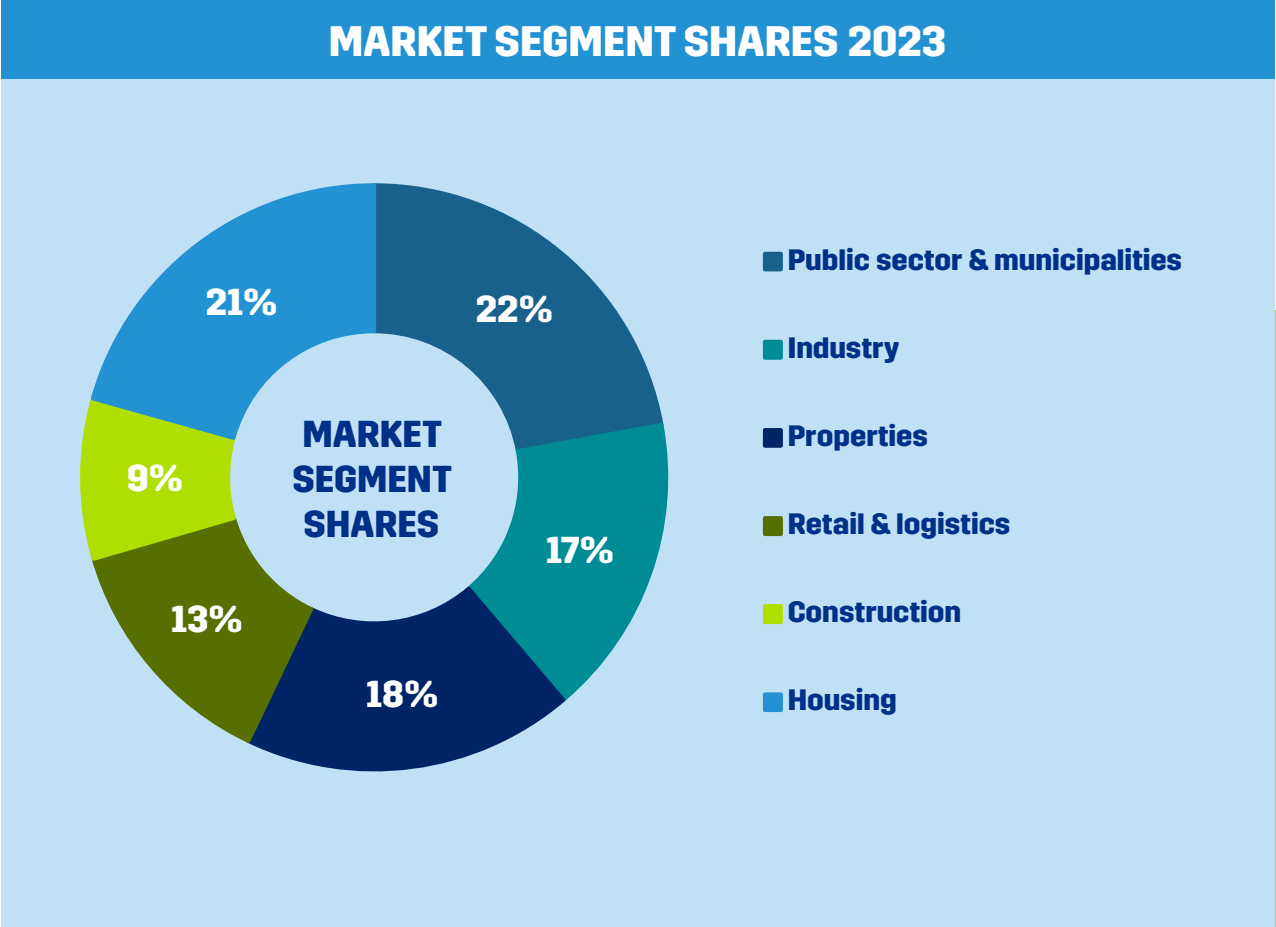
- Increasing role of municipalities in waste management

# MARKET LEADER IN KEY CUSTOMER SEGMENTS



Illustrative image

■ 2021 ■ 2022



Source: L&T management estimate



# L&T HAS A STRONG MARKET POSITION IN THE VALUE CHAIN



**COLLECTION**



**PRE-TREATMENT**



**PROCESSING & SECONDARY RAW MATERIALS**



**Remeo**

**STENA**  
RECYCLING

**Sortera**

**urbaser**  
making circularity real

**KULJETUS RINKIOY**

**VEIKKO LEHTI**

- **Municipal companies**
- **Over 100 local contractors**

**Remeo**

**STENA**  
RECYCLING

**Sortera**

**urbaser**  
making circularity real

**KULJETUS RINKIOY**

**fortum**

**STENA**  
RECYCLING

**fortum**

**CIRCULATION**

**Gasum**

- **Many specialised operators**

Source: L&T management



# STRONG CUSTOMER RELATIONSHIPS FORM A SOLID FOUNDATION FOR DEVELOPING A VALUE CHAIN BUSINESS

COLLECTION



**COLLECTION**

**PRE-TREATMENT**

**PROCESSING & SECONDARY RAW MATERIALS**

**B2B streams**



**Effective new customer acquisition and maximising contract values**

**Household and municipal streams**



**Top of market customer experience**

**Producer responsibility**

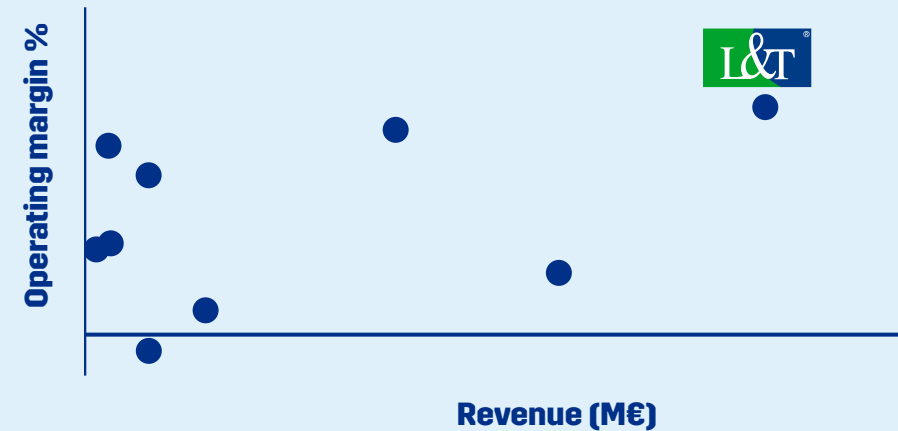


**Competitiveness from managing the whole chain**



**The most comprehensive service portfolio in the market**

## COMPETITIVE SITUATION IN WASTE MANAGEMENT



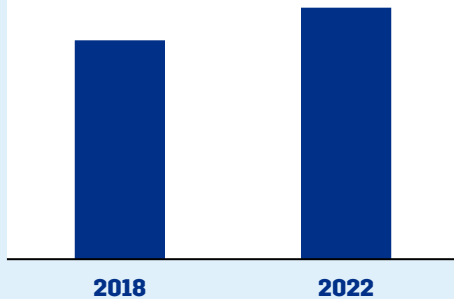
Renewable energy sources excluded, illustrative image





# STRONG PRESENCE IN THE B2B WASTE MARKET

## L&T B2B SALES



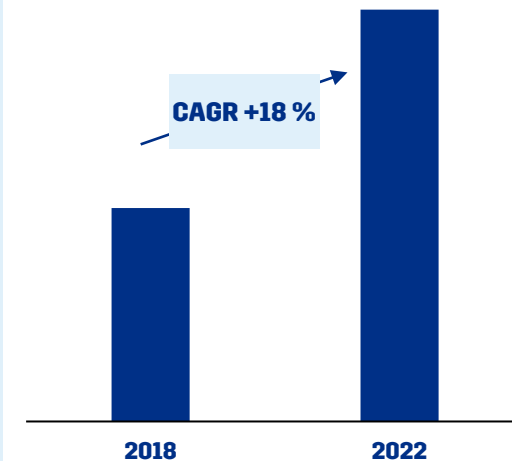
Top of market customer experience

L&T NPS 2018-2023

**24** > **40**  
2018 2023

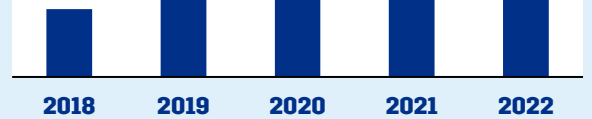
Strong focus on environmental management concepts, capabilities and consulting

## GROWTH OF ENVIRONMENTAL CONSULTING SERVICES

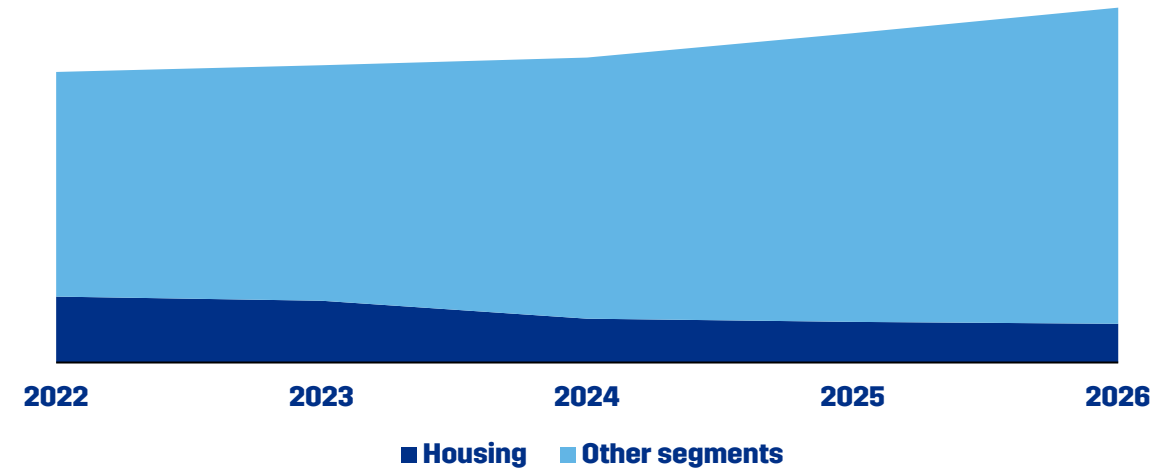


Best customer-facing digital solutions on the market

## SHARE OF DIGITAL ORDERS (SIGNED IN)



## SERVICE BUSINESS DEVELOPMENT IN B2B AND HOUSING\*



Source: L&T management



\*Based on management and market estimates, not a forecast



Our customer:

# VALMET AUTOMOTIVE



# DEVELOPING NEW CAPABILITIES AND VERTICALLY INTEGRATING EXISTING ASSETS ENABLE MOVING FORWARD IN THE CHAIN



COLLECTION



PRE-TREATMENT



PROCESSING & SECONDARY RAW MATERIALS



**New material handling services for a broader portfolio of secondary raw materials**



**Expanding pre-treatment and storing services**



**Integration into industrial processes**



**Broader capability portfolio for processing secondary raw materials**



**Partner networks**

# NATIONWIDE NETWORK ALLOWS EXPANSION TO NEW STREAMS

Processing site network is supported by an extensive network of terminals with handling, storing and logistics operations

## KERAVA MATERIAL PROCESSING SITE

HANDLING

PROCESSING

Streams  
e.g.



## JYVÄSKYLÄ MATERIAL PROCESSING SITE

HANDLING

PROCESSING

Streams  
e.g.



## TURKU MATERIAL PROCESSING SITE

HANDLING

PROCESSING

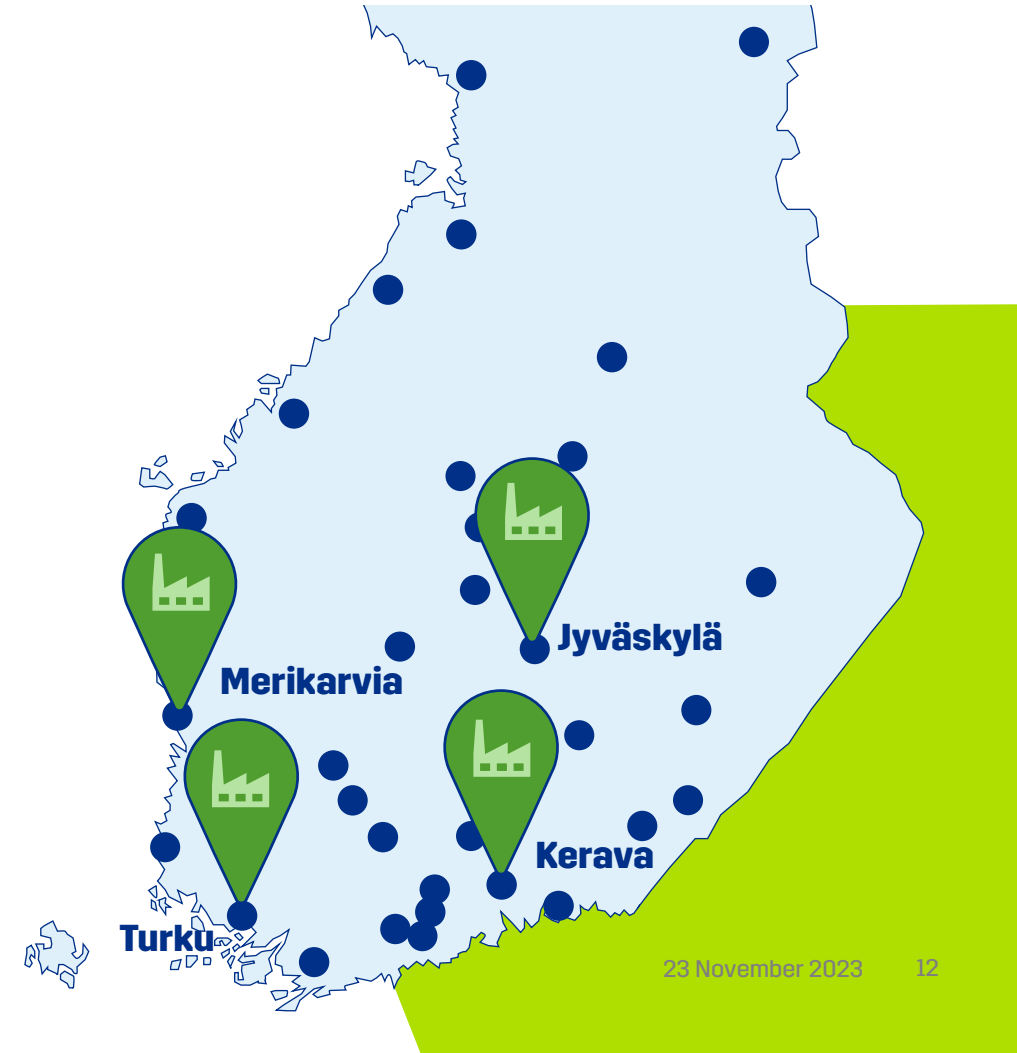
Streams  
e.g.



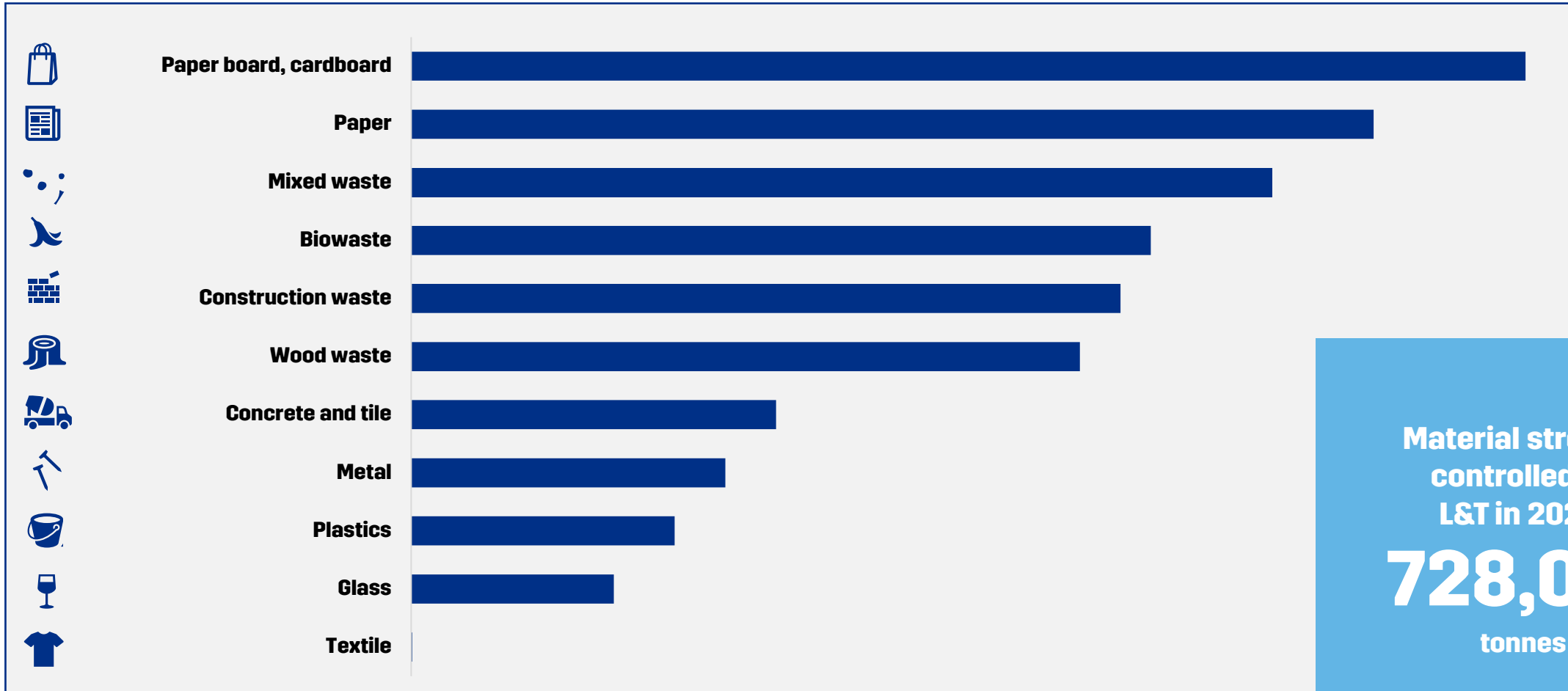
## MERIKARVIA PLASTICS REFINERY

HANDLING

PROCESSING



# TODAY L&T MANAGES AN EXTENSIVE PORTFOLIO OF WASTE STREAMS WITH DIFFERING VALUE POTENTIAL



Material streams controlled by L&T in 2022:  
**728,000**  
tonnes

List of streams managed by L&T not exhaustive



# TOWARDS A RECYCLING RATE OF OVER 70%

## SITUATION IN 2022

CUSTOMERS'  
RECYCLING RATE

**59.4%**

## TARGET 2030

CUSTOMERS'  
RECYCLING RATE

**70%**



MATERIALS RECYCLED WITH CUSTOMERS

**over 430,000**

tonnes in 2022

MATERIALS COLLECTED FROM CUSTOMERS

**728,000**

tonnes in 2022

# SEVERAL MATERIAL STREAMS STILL IN NEED OF CIRCULAR ECONOMY SOLUTION

MATERIAL STREAM	Examples of secondary raw materials	Customer segments: current and potential	Market size
<b>PLASTIC</b>	Plastic granule Pyrolysis oil	<ul style="list-style-type: none"> <li>• Plastic industry</li> <li>• Petrochemical &amp; chemical industry</li> </ul>	<b>0.2-0.4 Mt</b>
<b>WOOD WASTE*</b>	Wood chip Biochar	<ul style="list-style-type: none"> <li>• Chipboard makers and composite production</li> <li>• Environmental construction</li> </ul>	<b>0.4-0.5 Mt</b>
<b>PAPER &amp; CARDBOARD</b>	Recovered cardboard & paper	<ul style="list-style-type: none"> <li>• Paper and board industry</li> <li>• Insulation production</li> </ul>	<b>0.5-1.0 Mt</b>
<b>BIOWASTE</b>	Soil conditioners & nutrients Biogas	<ul style="list-style-type: none"> <li>• Environmental construction &amp; planting</li> <li>• Agriculture</li> <li>• Energy use</li> </ul>	<b>0.8-1.0 Mt</b>
<b>CONCRETE &amp; TILE</b>	Recycled aggregates	<ul style="list-style-type: none"> <li>• Construction industry</li> </ul>	<b>1.0-1.5 Mt</b>
<b>METAL</b>	Recycled metal	<ul style="list-style-type: none"> <li>• Metal industry &amp; foundries</li> </ul>	<b>0.9-1.3 Mt</b>
<b>TEXTILE</b>	Recycled fibre	<ul style="list-style-type: none"> <li>• Textile industry</li> <li>• Furniture industry</li> <li>• Composite production</li> </ul>	<b>0.07-0.09 Mt</b>

\*Does not include industrial side streams or wood waste from forestry

Sources: L&T management, ministry of Environment, SYKE, Statistics Finland, VTT, Ministry of Economic Affairs and Employment



# FOCUS ON MATERIAL STREAMS BEST SUITED TO L&T

MATERIAL STREAMS WITH MATERIAL PROCESSING GROWTH POTENTIAL			
CRITERIA FOR DEVELOPMENT	Growing customer demand and value-added for pre-treatment or processing		
	Secured material availability and sufficient volumes		
	Ability to leverage existing capabilities and availability of new ones		
	Technical maturity and evidence of commercial scalability		
CAPABILITY BUILDING	PARTNERSHIPS	ORGANIC INVESTMENTS	SELECTIVE ACQUISITIONS

**MATERIAL STREAMS WITH GROWTH POTENTIAL**

- Plastics
- Wood waste
- Metals

**MATERIALS WHERE L&T IS ALREADY A TOP OF MARKET PLAYER**

- Paperboard
- Cardboard
- Paper





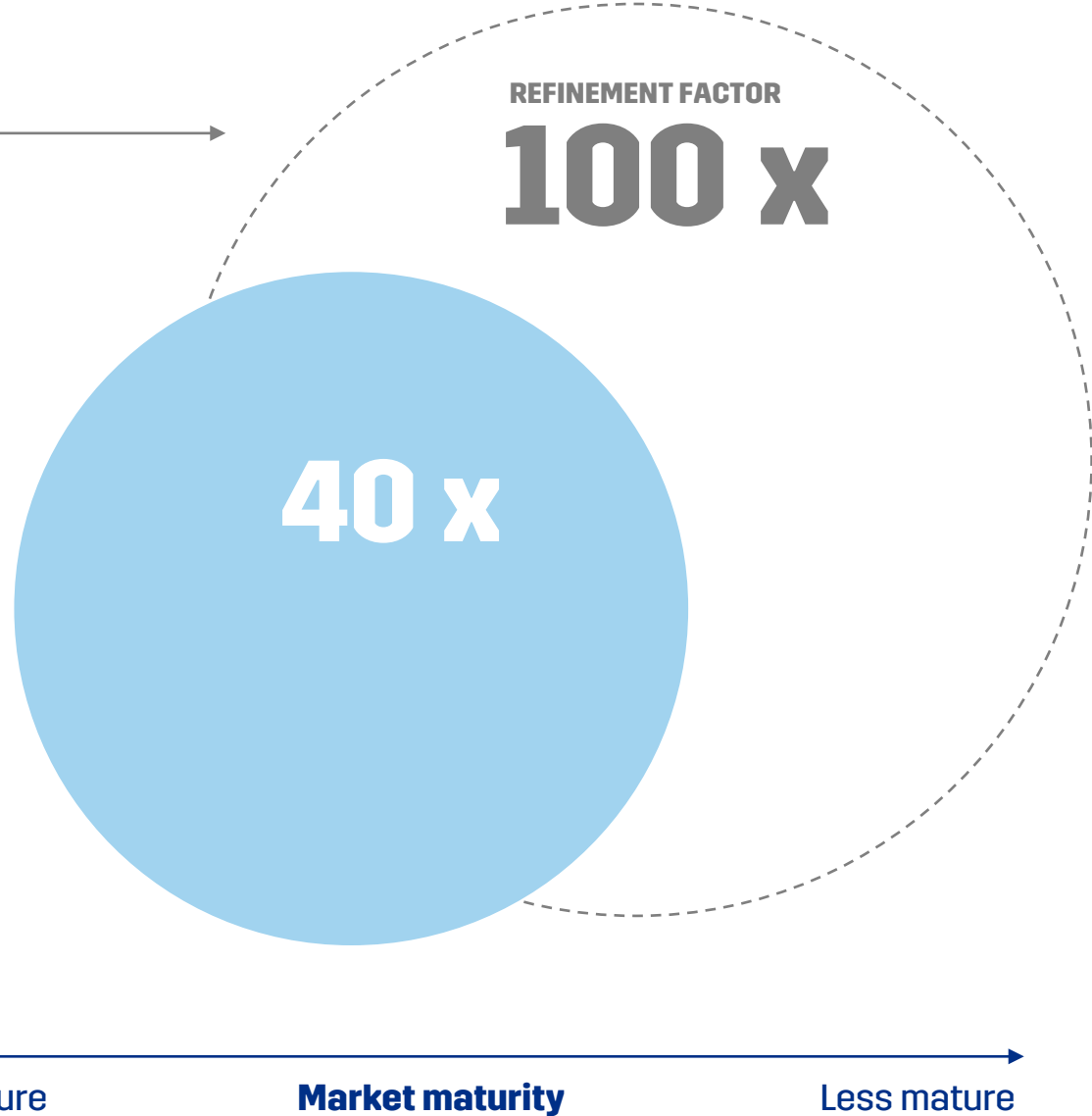
# PLASTICS OFFER OPPORTUNITIES TO GROW L&T'S POSITION IN MECHANICAL PRE-TREATMENT AND RECYCLING



Recycled hydrocarbons for producing plastic  
Chemical recycling process

Plastic granule  
Mechanical recycling process

Waste-to-energy



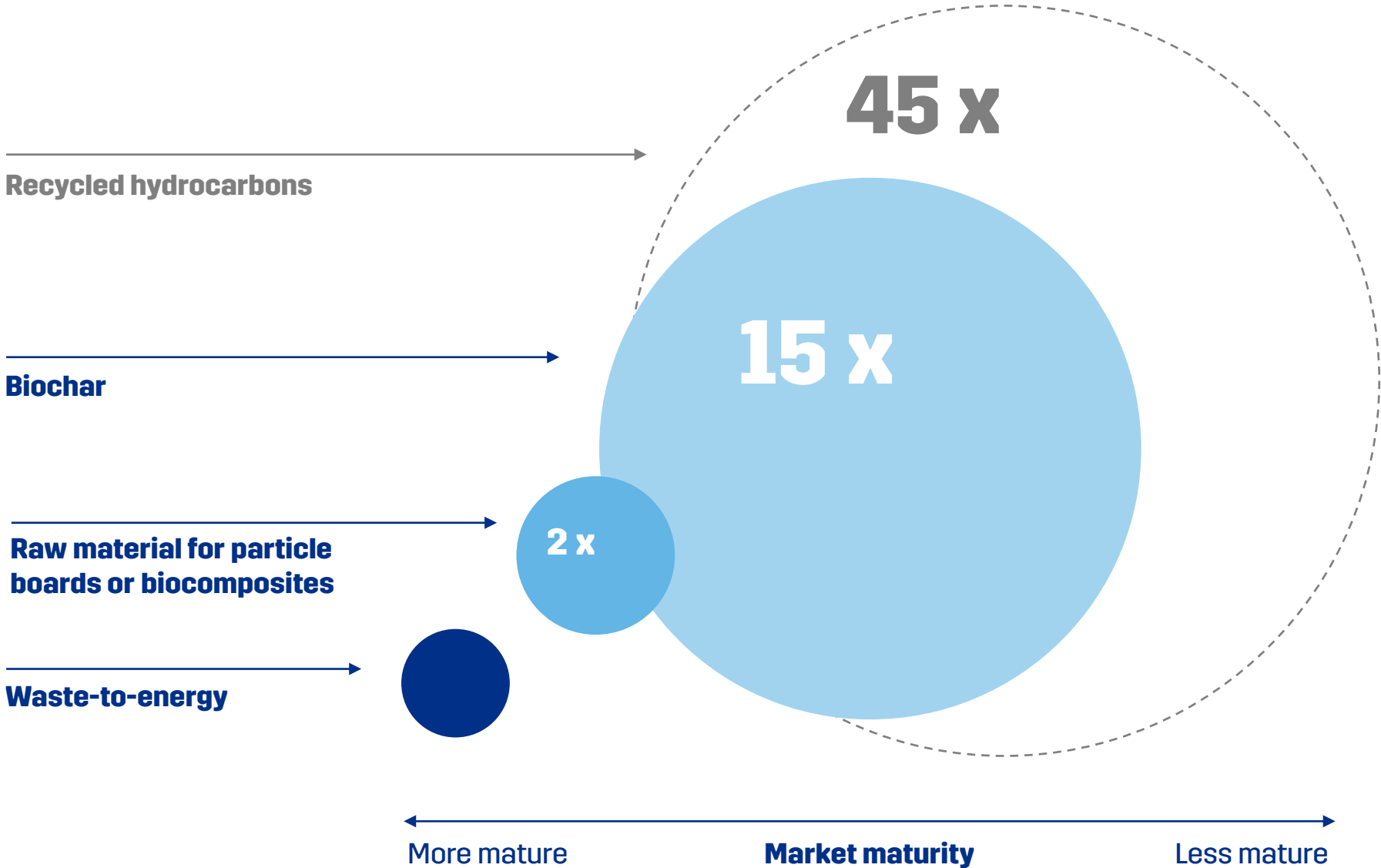
-  Recycling targets and blending obligations
-  Efficient separate collection and sorting – volumes quite steady
-  Both mechanical and chemical treatment needed
-  Chemical treatment technology yet to be commercially scaled for waste



# RECYCLING POTENTIAL IN WOOD WASTE STILL LARGELY UNTAPPED



-  Construction industry 70% recycling target
-  Volume connected to construction
-  Advanced recycling technologies yet to be commercially scaled for waste

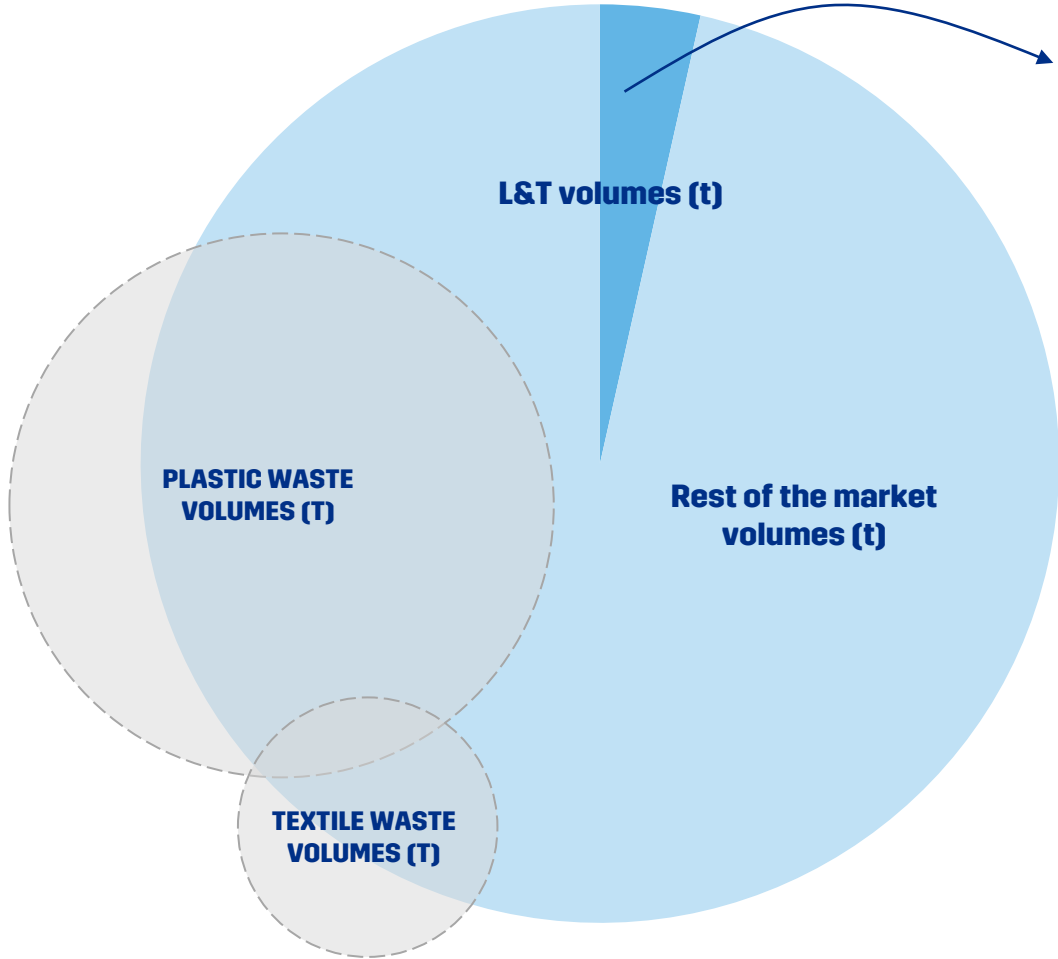


# METAL RECYCLING IS A LARGE MARKET WITH HEFTY GROWTH POTENTIAL



- The metal recycling market is a mature market with expected demand growth from sustainable metal production
- Value creation potential in ability to increase material yield and in the longer-term recovery of higher value metals

METAL WASTE VOLUMES (T)



**Current: COLLECTION**

- Commercial activity in target segments and reception
- Synergies to remediation services

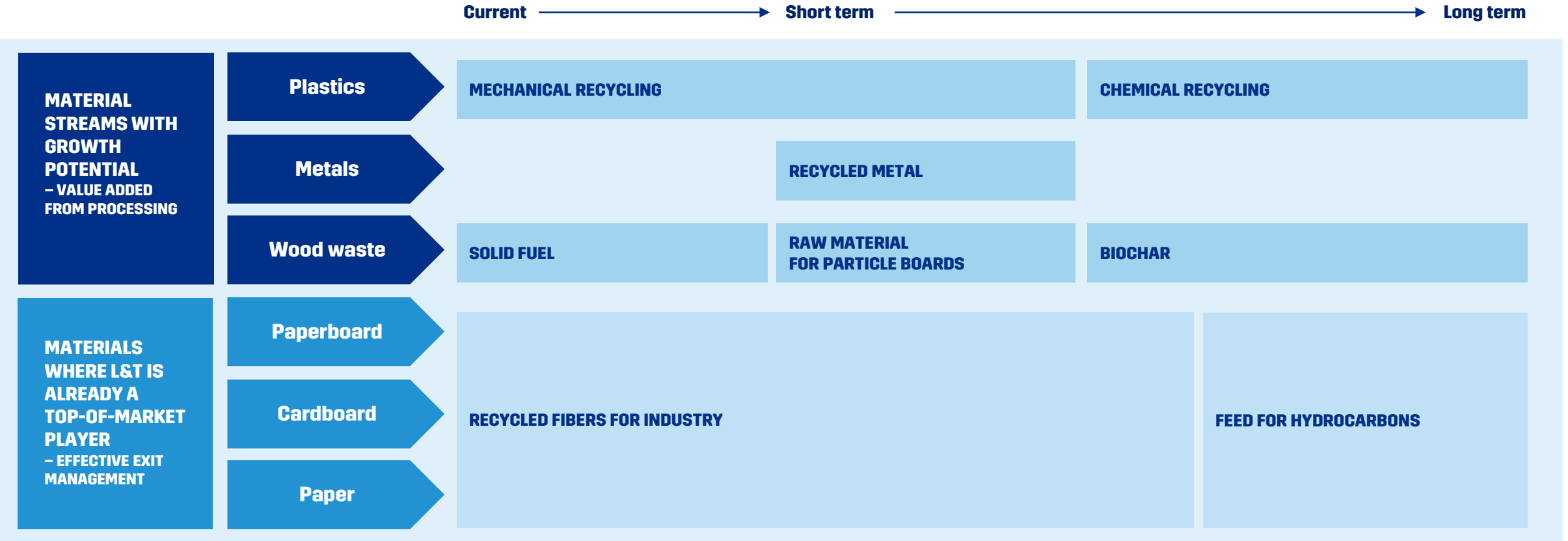


**Future potential: PRE-TREATMENT**

- Efficient separation and sorting



# KEY MATERIAL STREAMS OFFER POTENTIAL IN THE SHORT AND LONG TERM



# SUMMARY

## SERVICE BUSINESS

- Market leader with a proven ability to grow and improve performance in the commercial segment
- Nationwide network of terminals and treatment centres
- Ownership of the market's largest material portfolio and significant volumes in individual streams

**L&T has a unique position and a solid platform for building material value chain business**

## MATERIAL PROCESSING

- Growing customer demand for recycling solutions and closing the loop
- L&T has long experience in mechanical treatment of materials and raw material sales
- Several opportunities for increasing material value – focus on the near- and longer-term opportunities
- Organic and inorganic investments in material processing capabilities and facilities

**Unlocking the potential by building on strengths and responding to market demand**



**THANK YOU**



