



MAINTAINING FINANCIAL STABILITY

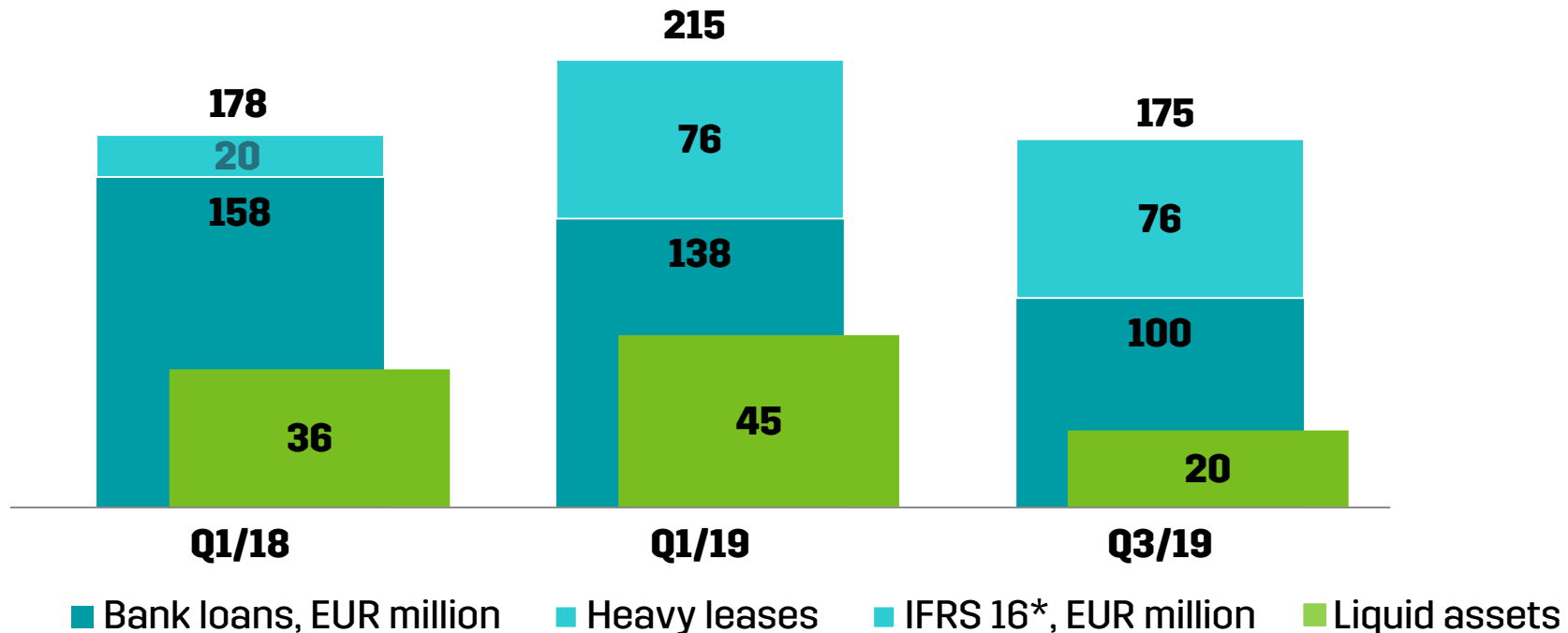
Valtteri Palin, CFO

Capital Markets Day 8 November 2019

INTEREST-BEARING DEBT AND CASH ASSETS

UNDERLYING DECREASE IN INTEREST BEARING DEBT IS MASKED BY IFRS 16 EFFECT

- ◆ Interest-bearing debt increased mainly due to IFRS 16 adoption from the beginning of 2019. The change increased debt on the balance sheet by EUR 53.8 million from 1 January 2019.
- ◆ The IFRS 16 had a negative impact on the equity ratio and return on invested capital.
- ◆ A share repurchase programme was initiated in September 2019 and it will continue until the end of the year.



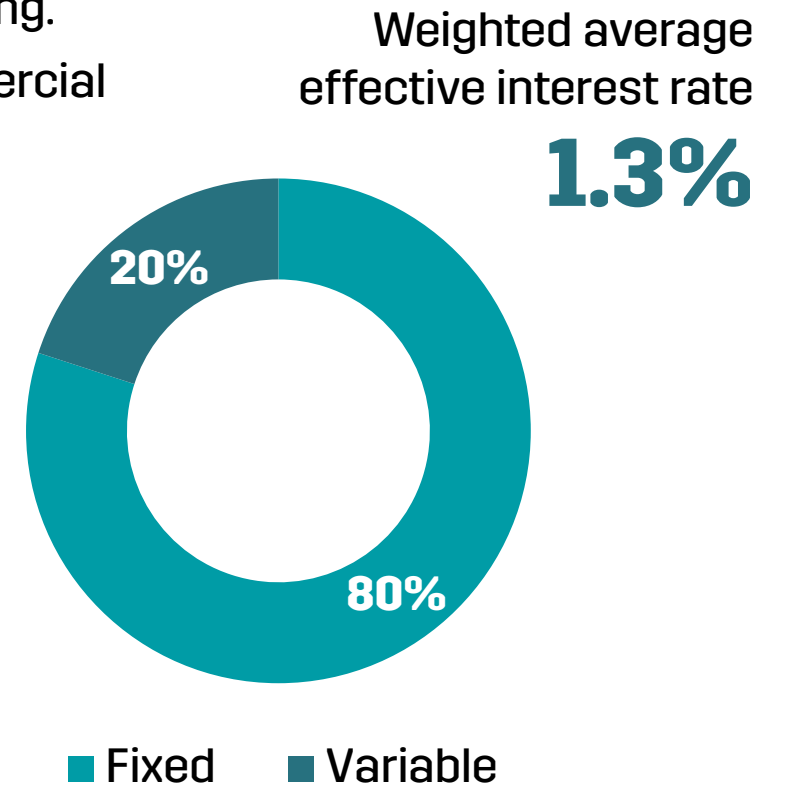
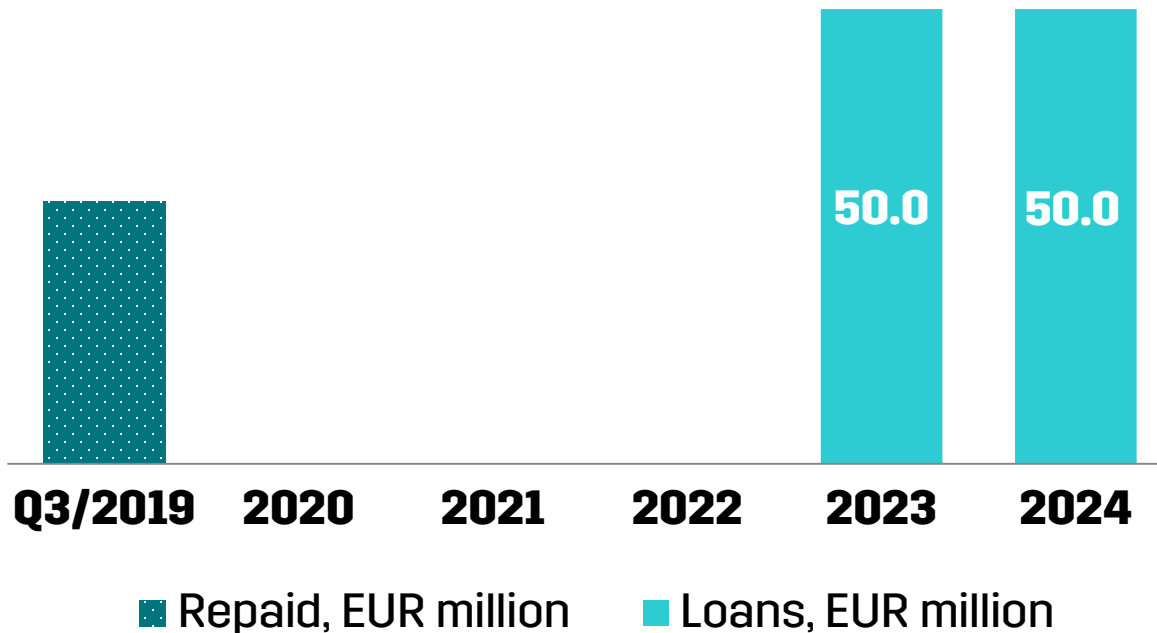
*Including heavy leases



L&T'S DEBT PORTFOLIO AND LOAN MATURITY STRUCTURE

L&T HAS A STRONG FINANCING POSITION

- Repaid loans totalled EUR 28.9 million in Q3/2019. EUR 25 million of the repaid amount was originally due in 2020.
- Bonds and bank loans are currently the foundation of our debt financing.
- The tools used for short-term liquidity management are mainly commercial paper and account credit limits.

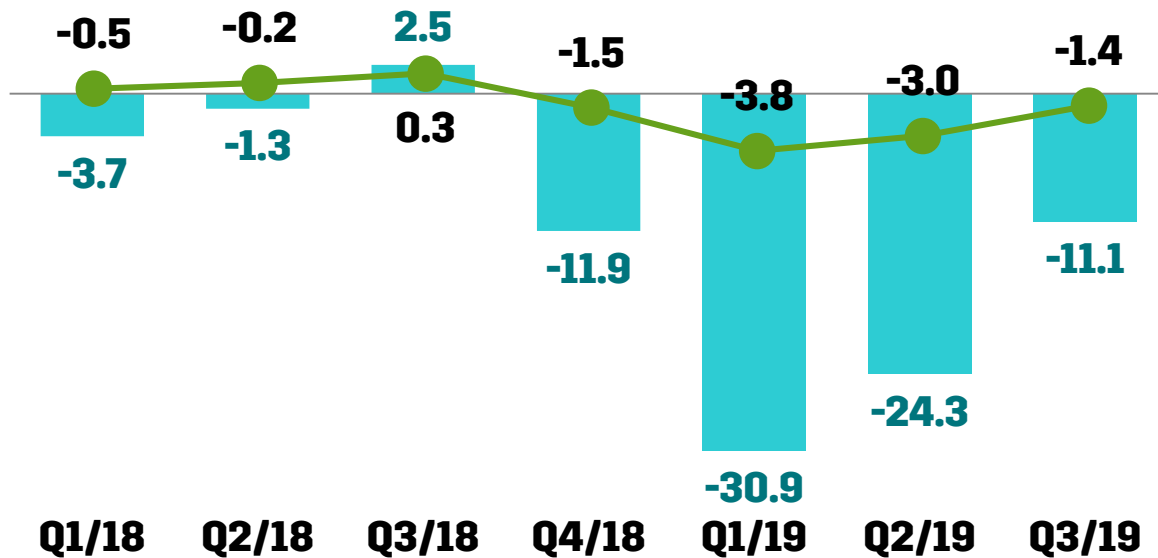


NET WORKING CAPITAL AND INVESTED CAPITAL

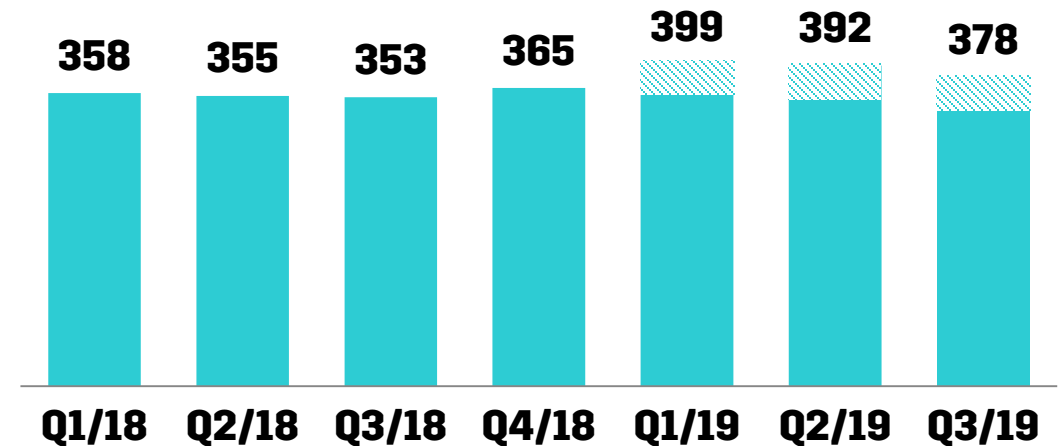
CAPITAL EFFICIENCY IS ON A GOOD LEVEL AND HAS IMPROVED

- A programme to increase the efficiency of working capital was launched at the beginning of 2018.
- The improved management of working capital has also helped reduce the company's interest-bearing debt.
- The measures have an impact on key figures, such as the return on invested capital, equity ratio and EPS.

Net working capital



Invested capital



■ Net working capital, EUR million — Net working capital % of net sales

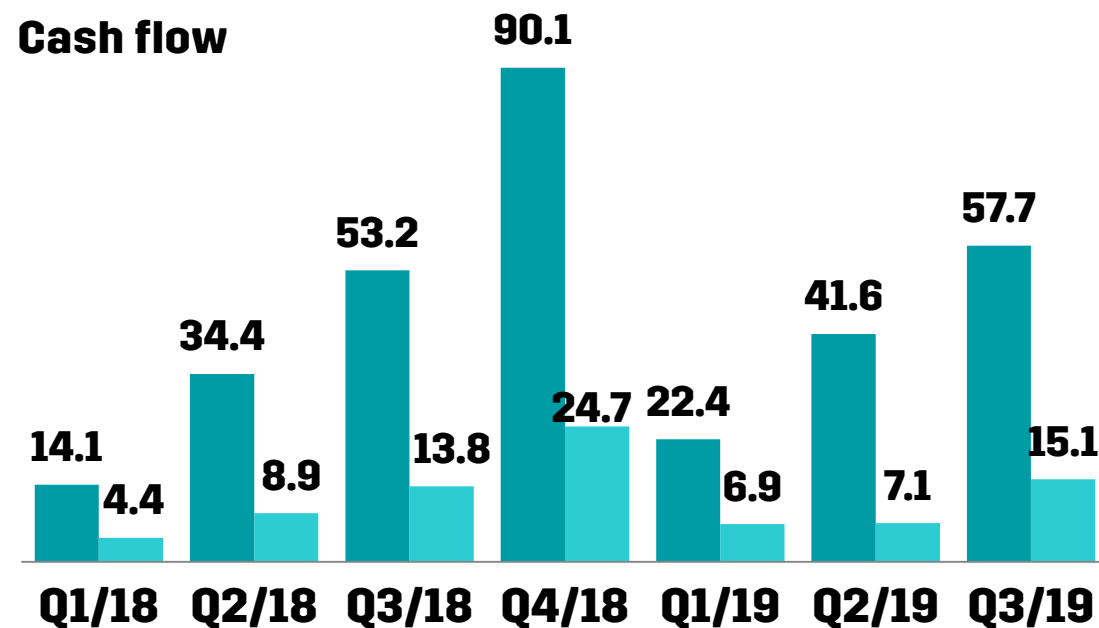
■ Invested capital, EUR million ▨ IFRS 16 impact



STABLE CASH FLOW AND A STRONG BALANCE SHEET PROVIDE THE ABILITY TO GROW INORGANICALLY AS WELL

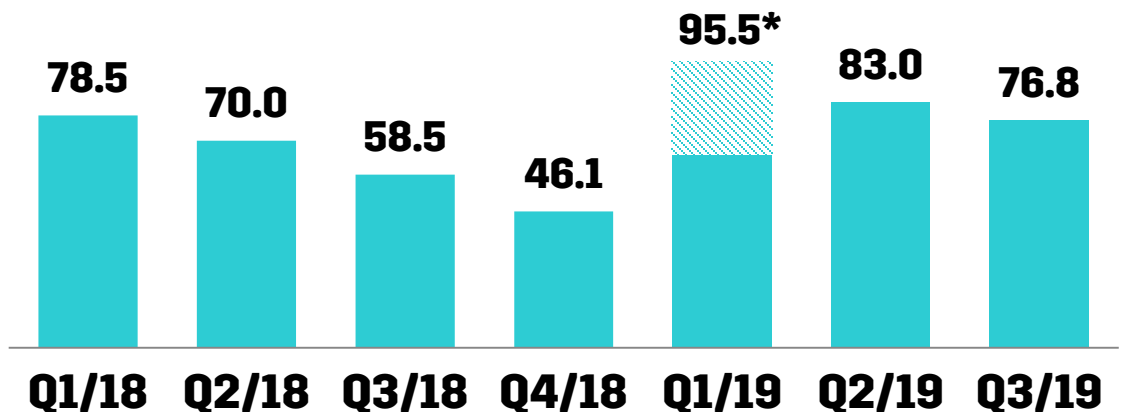
- L&T's strong balance sheet and financing position also enable inorganic growth
- We are actively assessing potential acquisition targets in Finland and Sweden
- The company has the ability to carry out acquisitions of significant size

Cash flow



■ Net cash from operating activities, cumulative, EUR million
■ Net cash used in investment activities, cumulative, EUR million

Gearing, %






*IFRS 16 impact 35.3



FINANCIAL TARGETS

NEW LONG-TERM FINANCIAL TARGETS AIM FOR PROFITABLE GROWTH

Financial target	2018*	Q3/2019*	Status	Target level 2024
Growth, %	13.1	-3.0**		5%
Return on investment, %	12.7	13.2		15%
Gearing, %	46.1	76.8		Below 125%

- L&T's Board of Directors approved the company's updated strategy and long-term financial targets in October 2019.
- L&T aims to grow organically and through acquisitions.
- In addition to improving profitability, the company will optimise the amount of invested capital.
- The company increased its gearing target under the new strategy to enable additional investments.

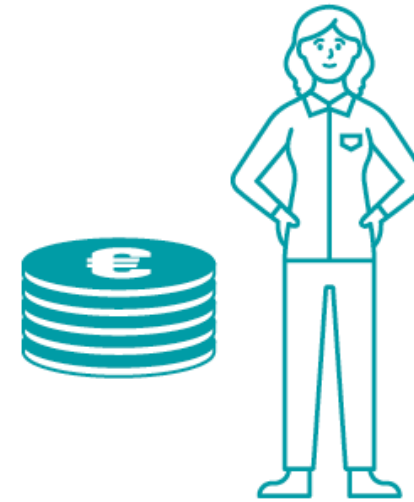
* The figures are not directly comparable due to IFRS 16

** The decline in net sales is mainly due to the divestment of L&T Korjausrakentaminen Oy.

DIVIDEND HISTORY

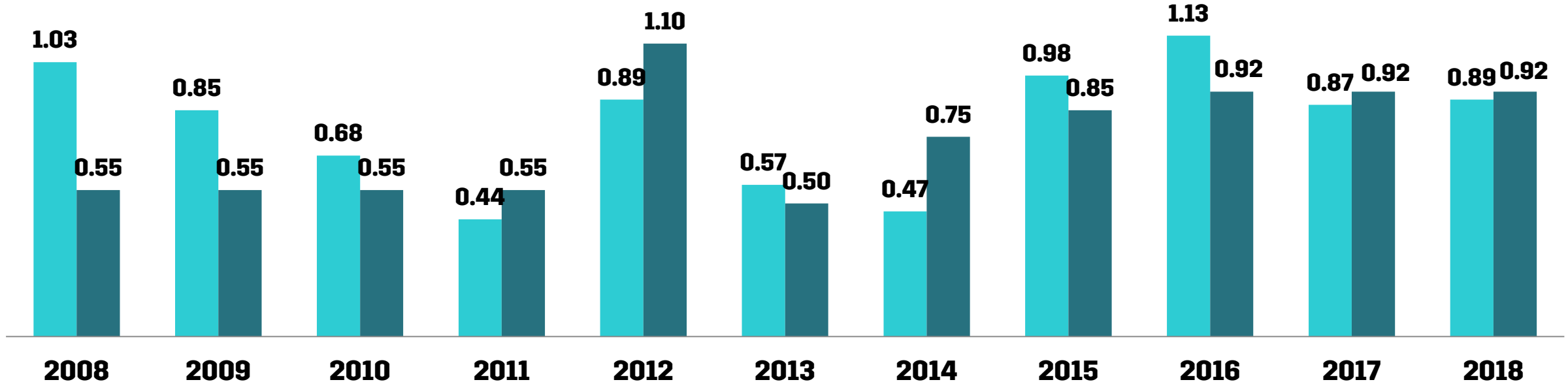
L&T CONTINUES TO PROVIDE STABLE DIVIDENDS

The amount of dividend is tied to the results for the financial year. Profits not considered necessary to ensure the healthy development of L&T will be distributed to shareholders.



5.9%

In 2018, L&T's dividend yield was nearly one percentage point higher than among Finnish listed companies on average



■ EPS

■ Dividends, including additional dividends and capital repayments

IFRS 15 Standard was applied retrospectively from 1 January 2018 onwards. Data from the financial year 2017 has been adjusted according to the new standard.



WE CREATE MORE VALUE WITH THE CIRCULAR ECONOMY

We develop our service portfolio so that we can be the best circular economy partner for our customers and help them reach their sustainability goals

With our stable cash flow and strong balance sheet, we have a good capability to accelerate our growth by inorganic means as well

OUR MISSION IS TO MAKE THE CIRCULAR ECONOMY A REALITY