



L&T
LAPSI VOI NÄHDÄ TYHJÄSSÄ
PAHVILAATIKOSSA VAIKKA
AVARUUSALUKSEN.
MEILLÄ ON TAIPUMUS SAMAAN.

LASSILA & TIKANOJA

RESULT REPORT Q4 AND 2019

Eero Hautaniemi, President and CEO

Valtteri Palin, CFO

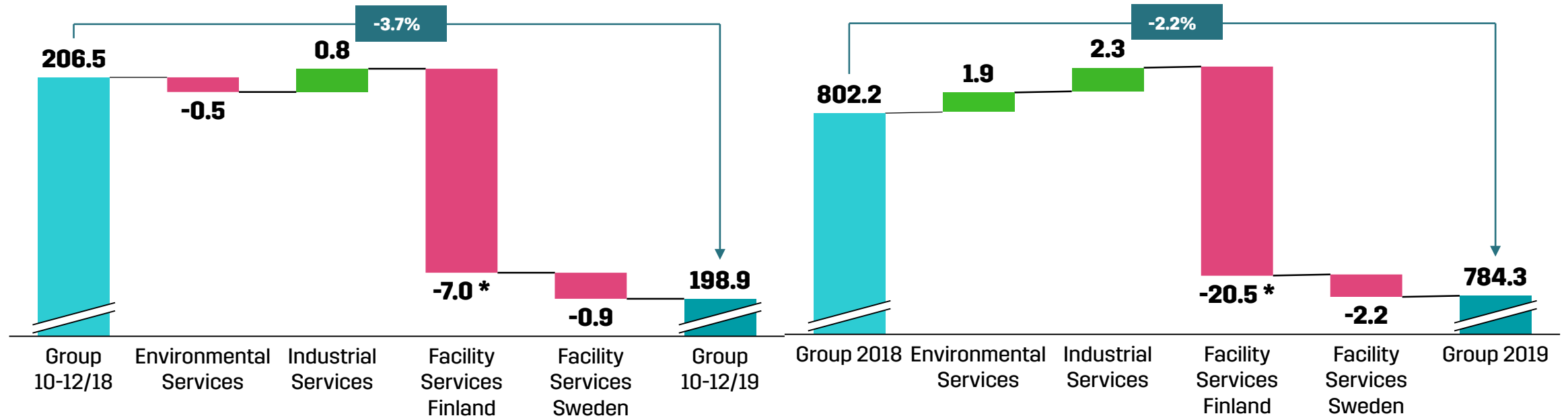
29 January 2020

HIGHLIGHTS

- During the year 2019, structural reforms were implemented with the aim of promoting the execution of strategy and strengthening L&T's market position in its core businesses. The result is expected to improve in 2020.
- Net sales and operating profit decreased from the comparison period. The decline in net sales in the fourth quarter and the year 2019 as a whole was due to the divestment of L&T Korjausrakentaminen Oy. Operating profit declined due to the significantly weaker result of Facility Services Finland.
- In Environmental Services, demand remained good and operating profit increased due to the enhanced efficiency of operations and the improved result of the renewable energy sources business.
- L&T's strategy was updated in autumn 2019, at which time new targets were set for the strategy period 2019–2024. As new strategic targets, L&T monitors customer satisfaction, employee satisfaction, carbon footprint and carbon handprint.



Q4 AND FY2019 NET SALES



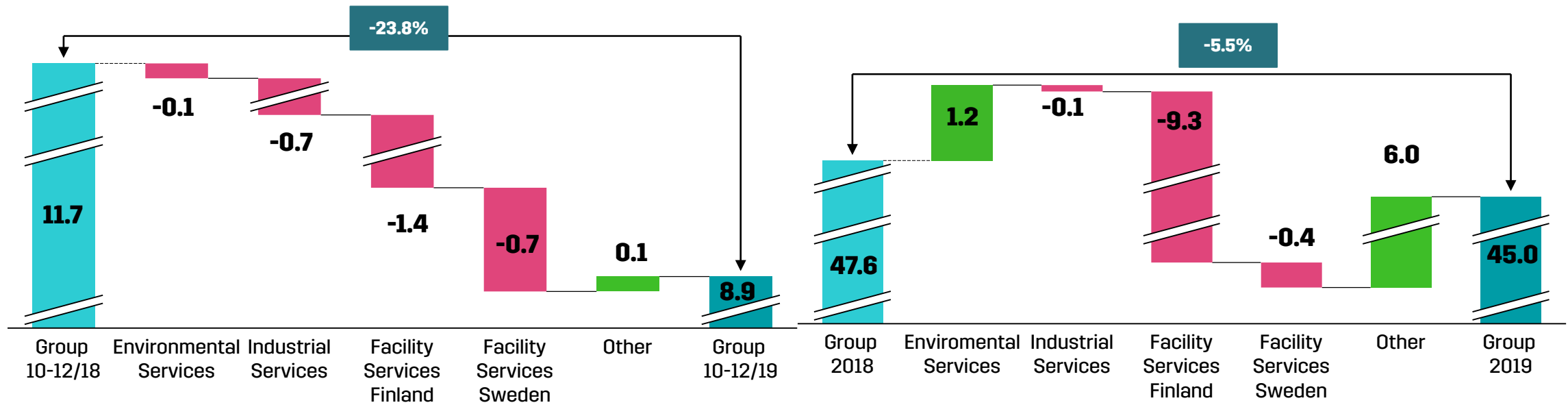
EUR million	Q4/19	Q4/18	Change%	2019	2018	Change%
Environmental Services	79.8	80.3	-0.6	311.2	309.4	0.6
Industrial Services	26.0	25.2	3.0	98.9	96.5	2.4
Facility Services Finland	59.4	66.4	-10.6	249.1	269.6	-7.6
Facility Services Sweden	35.8	36.6	-2.4	131.8	134.0	-1.7
L&T Group	198.9	206.5	-3.7	784.3	802.2	-2.2

*Decline in net sales is due to the sale of L&T Korjausrakentaminen Oy



Q4 AND FY2019

OPERATING PROFIT



EUR million	Q4/19	Q4/18	Change%	2019	2018	Change%
Environmental Services	8.2	8.3	-1.0	32.8	31.6	3.8
Industrial Services	1.9	2.6	-27.7	9.9	10.0	-0.9
Facility Services Finland	-1.3	0.0	-	-4.1	5.2	-177.9
Facility Services Sweden	0.9	1.6	-41.7	3.8	4.2	-10.1
Other	-0.8	-0.9	-	2.5*	-3.5	-
L&T Group	8.9	11.7	-23.8	45.0	47.6	-5.5

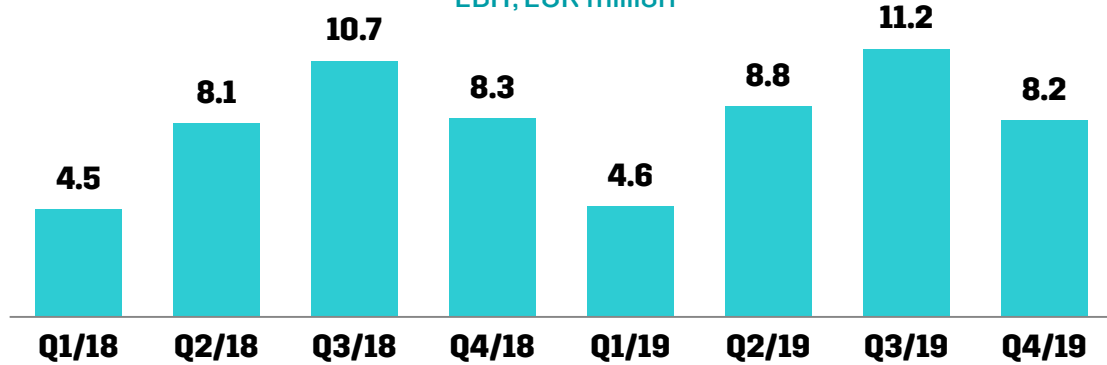
*Includes gain on sale of Korjausrakentaminen Oy



OPERATING PROFIT BY DIVISION

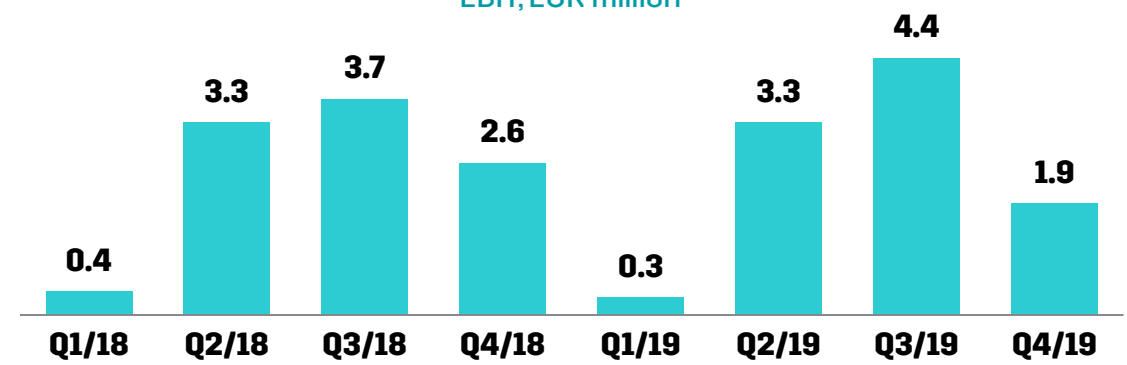
ENVIRONMENTAL SERVICES

EBIT, EUR million



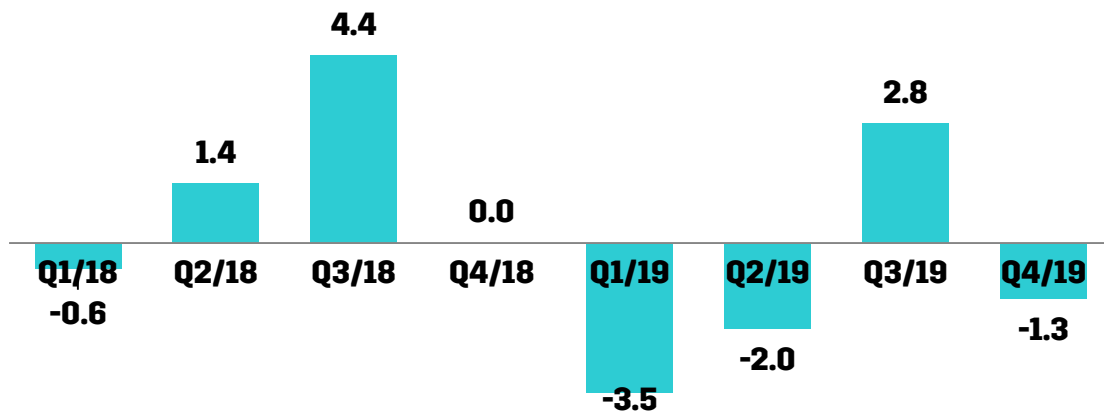
INDUSTRIAL SERVICES

EBIT, EUR million



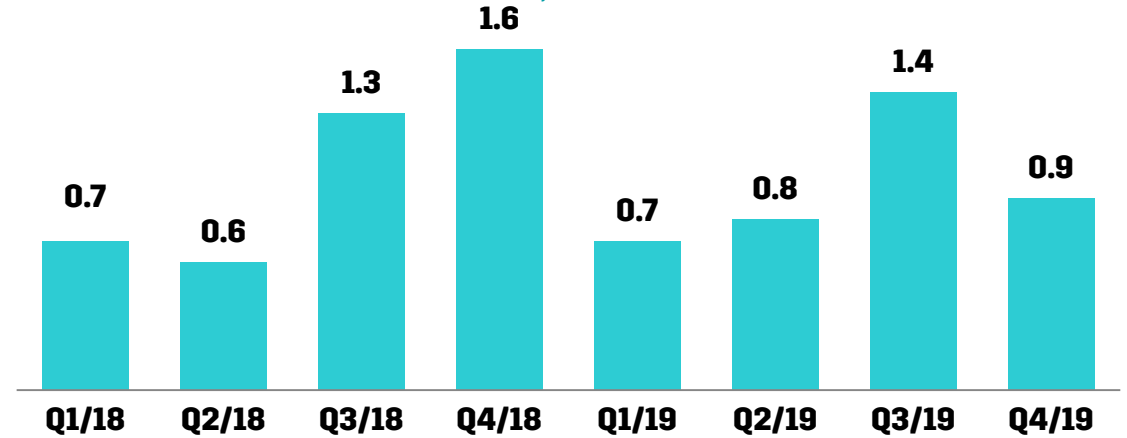
FACILITY SERVICES FINLAND

EBIT, EUR million



FACILITY SERVICES SWEDEN

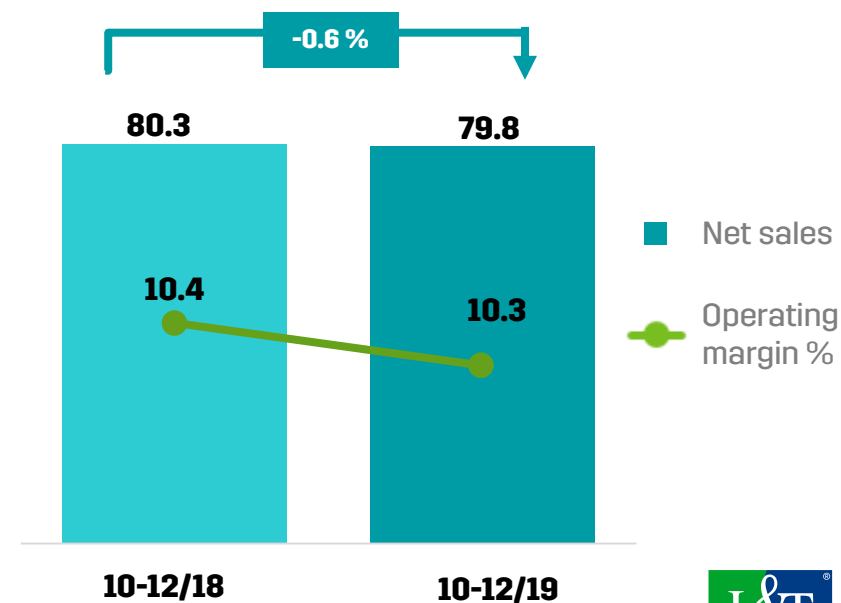
EBIT, EUR million



ENVIRONMENTAL SERVICES

- Net sales decreased slightly year-on-year due to the lower prices of recycled raw materials, such as fibres and metals. Operating profit was unchanged from the comparison period due to measures taken to enhance the efficiency of production operations.
- Demand remained good particularly in the retail and industrial segments. Operating profit increased due to the enhanced efficiency of operations and the improved result of the renewable energy sources business.

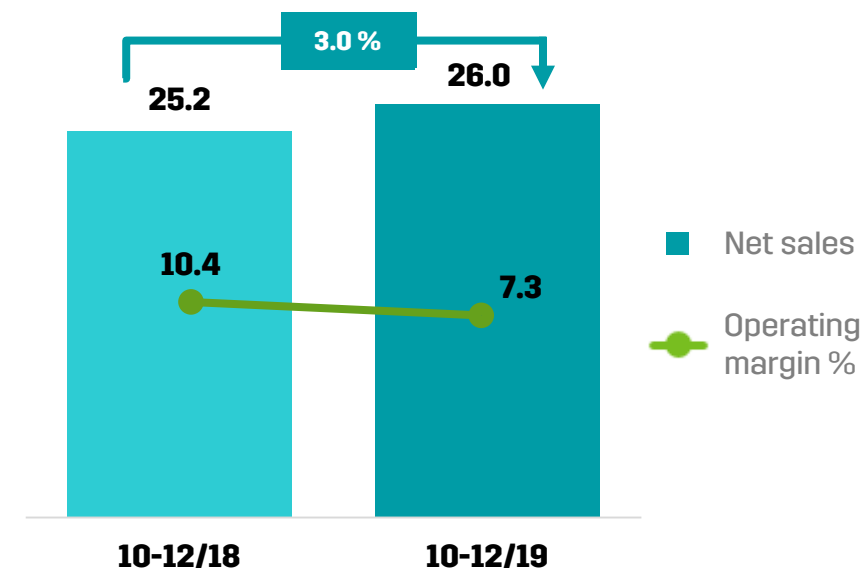
EUR million	Q4/19	Q4/18	Change %	2019	2018	Change %
Net sales	79.8	80.3	-0.6	311.2	309.4	0.6
EBITDA	14.6	13.4	8.8	58.0	52.1	11.4
Operating profit	8.2	8.3	-1.0	32.8	31.6	3.8
Operating margin, %	10.3	10.4		10.5	10.2	



INDUSTRIAL SERVICES

- Net sales increased due to growth in the project business and sewer maintenance services during the last quarter. The decline in operating profit was attributable to industrial action, the postponement of annual maintenance services and a decline in industrial demand due to the weaker market conditions.
- The demand for services was strong almost throughout the year. The slowing down of the construction sector was compensated by the increased project business and new customer accounts in industrial sites. The division's profitability remained at a good level.

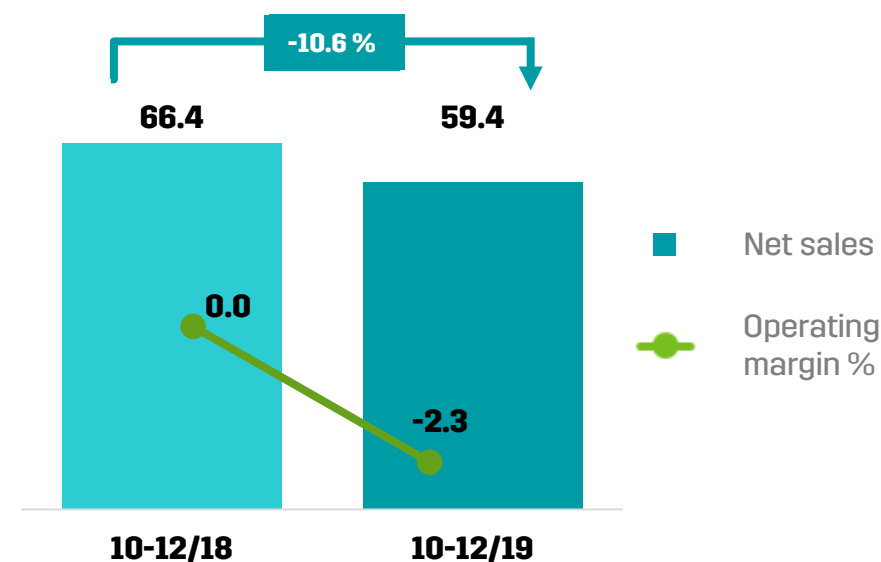
EUR million	Q4/19	Q4/18	Change %	2019	2018	Change %
Net sales	26.0	25.2	3.0	98.9	96.5	2.4
EBITDA	4.3	4.6	-6.4	19.1	17.5	9.0
Operating profit	1.9	2.6	-27.7	9.9	10.0	-0.9
Operating margin, %	7.3	10.4		10.1	10.4	



FACILITY SERVICES FINLAND

- The cleaning business developed favourably thanks to new customer accounts and improved productivity during the last quarter.
- The substantial year-on-year decline in operating profit was mainly due to costs related to the implementation of a new operating model in the technical services business, the contract portfolio of the property maintenance business being lower than in the comparison period as well as costs associated with the efficiency improvement and restructuring programme implemented in the fourth quarter.

EUR million	Q4/19	Q4/18	Change %	2019	2018	Change %
Net sales*	59.4	66.4	-10.6	249.1	269.6	-7.6
EBITDA	1.8	3.0	-40.8	9.4	17.2	-45.5
Operating profit	-1.3	0.0	-	-4.1	5.2	-177.9
Operating margin, %	-2.3	0.0		-1.6	1.9	

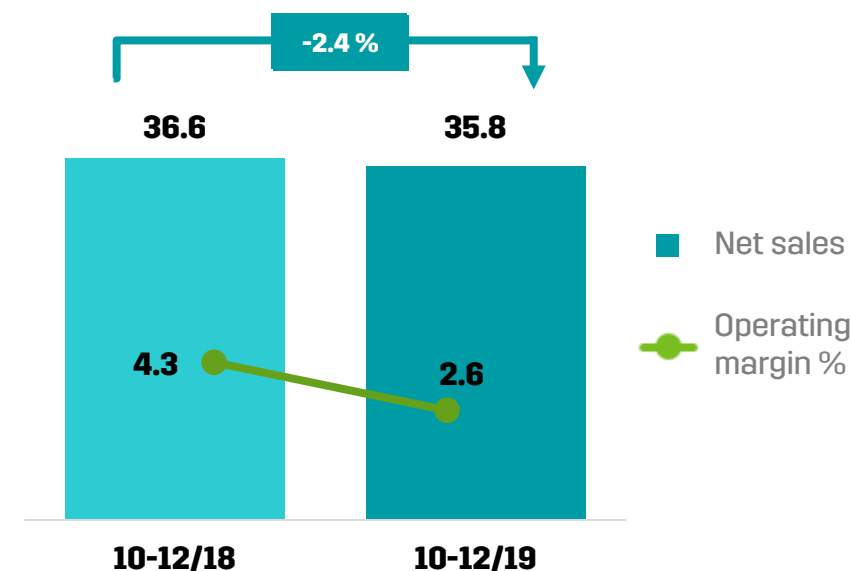


*The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy.

FACILITY SERVICES SWEDEN

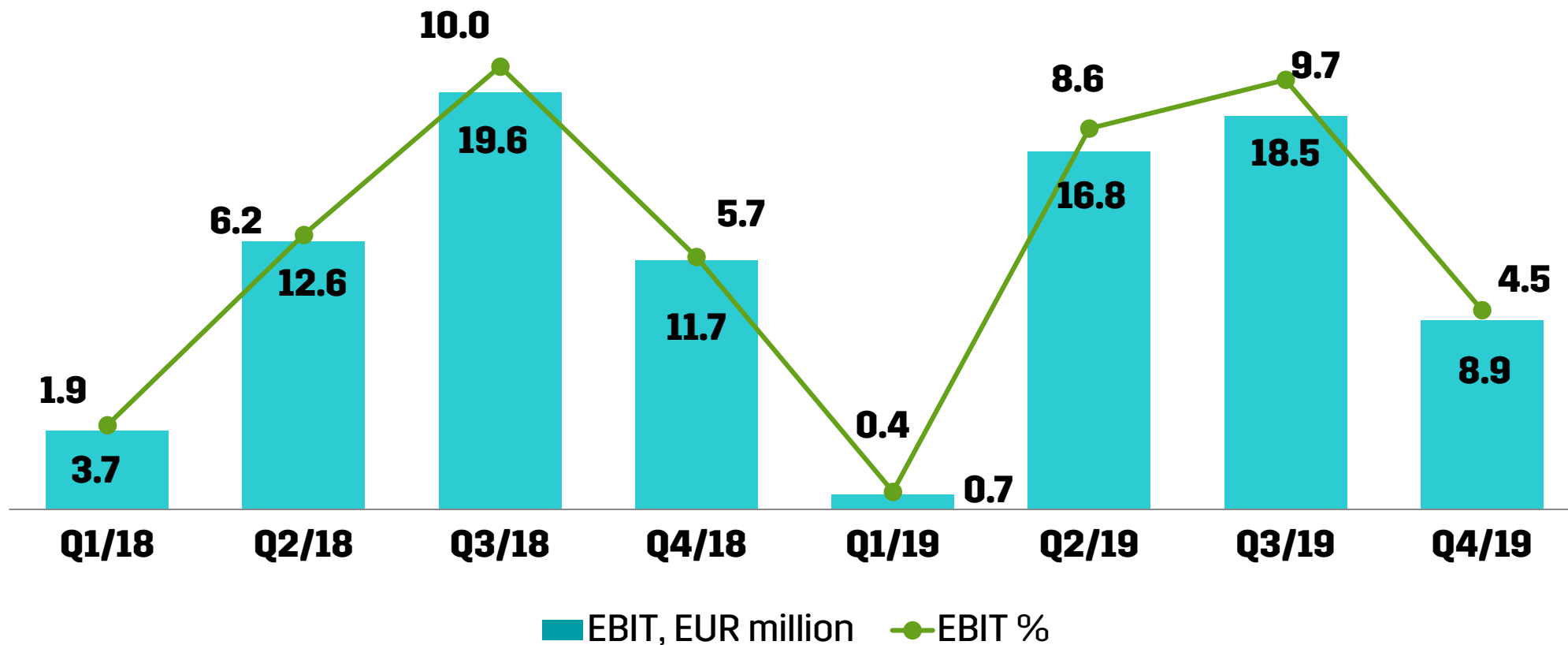
- In 2019, the demand for technical services increased, but sales growth was slowed by problems related to the availability of labour. Facility Services Sweden implemented organisational reforms and a cost savings programme in the fourth quarter.
- Measured in SEK, the operating profit of the technical services business in Sweden was on par with the comparison period, while the operating profit of the cleaning business declined year-on-year.

EUR million	Q4/19	Q4/18	Change %	2019	2018	Change %
Net sales	35.8	36.6	-2.4	131.8	134.0	-1.7
EBITDA	2.3	2.2	1.3	9.4	6.8	38.7
Operating profit	0.9	1.6	-41.7	3.8	4.2	-10.1
Operating margin, %	2.6	4.3		2.9	3.1	



OPERATING PROFIT

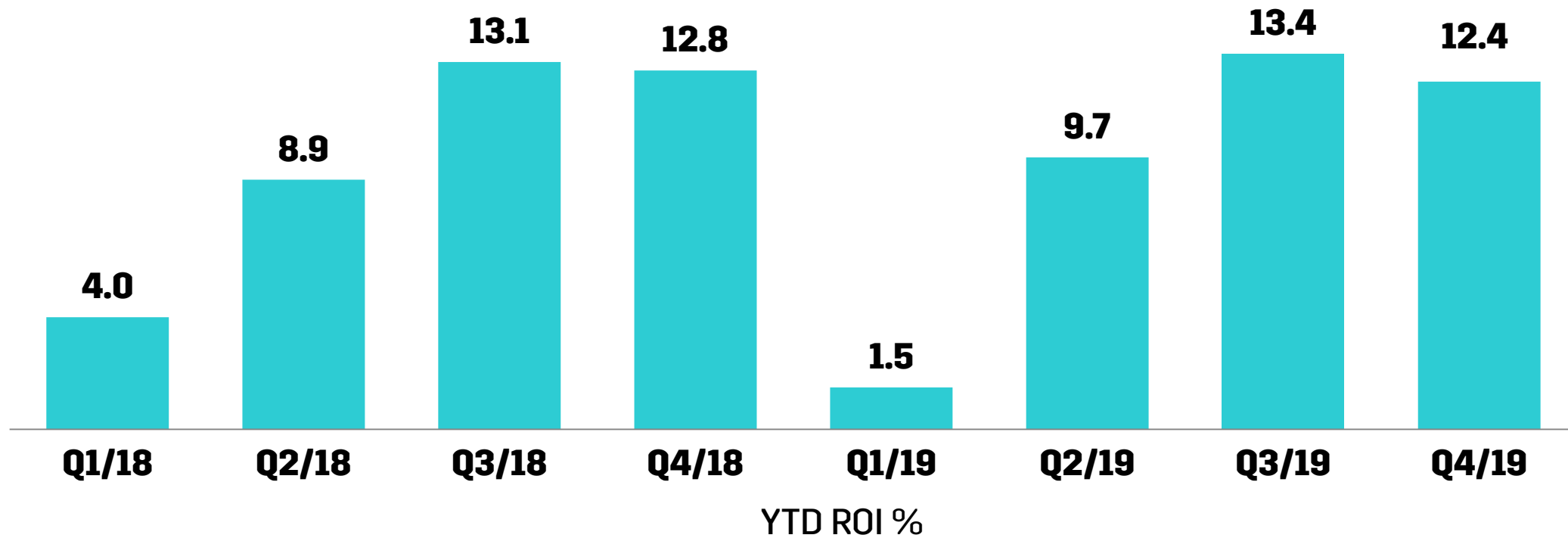
The sale of L&T Korjausrakentaminen Oy had an EUR 4.5 million positive impact on the Group's operating profit in Q2/2019.



RETURN ON INVESTMENT



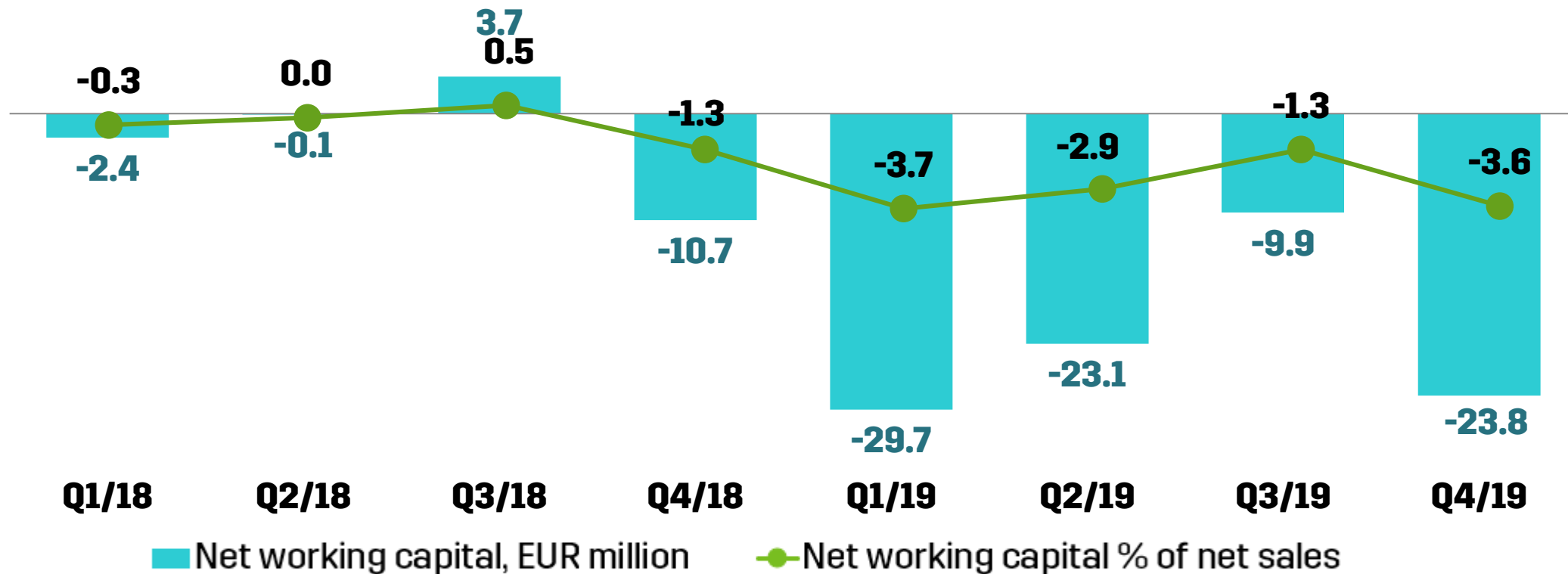
The return on investment decreased year-on-year due to IFRS 16. IFRS 16 increased opening balance sheet debt by EUR 53.8 million.



Q4 AND FY2019

NET WORKING CAPITAL

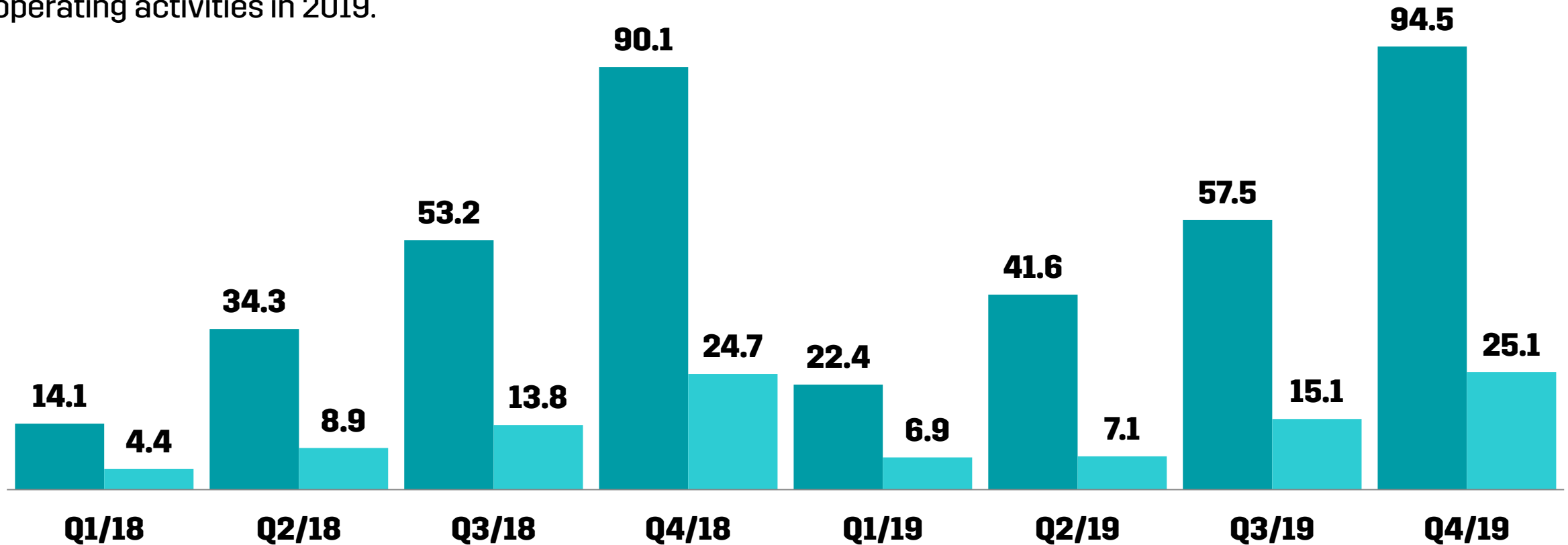
Measures for improving the efficiency of working capital management were started in the beginning of year 2018.



CASH FLOW AND INVESTMENTS



Net cash flow from operating activities was strong in 2019. IFRS 16 had EUR 12.1 million positive impact to operating activities in 2019.



■ Net cash from operating activities, cumulative, EUR million

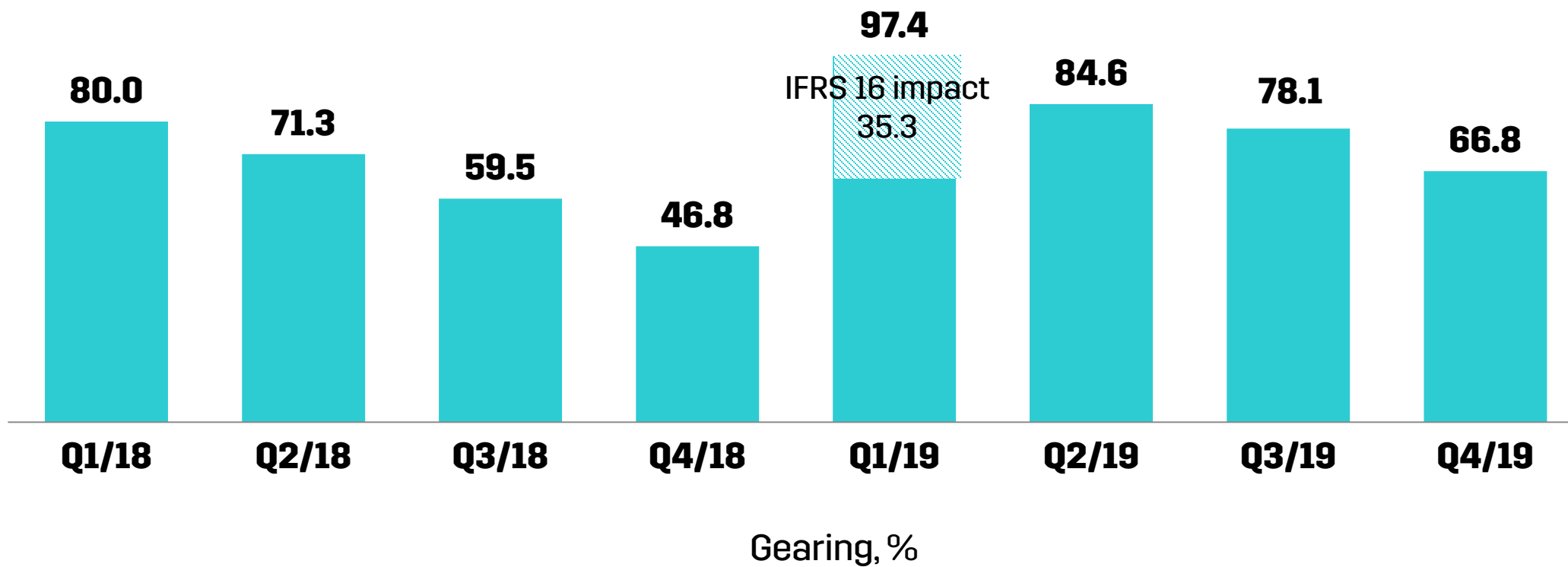
■ Net cash used in investment activities, cumulative, EUR million



GEARING

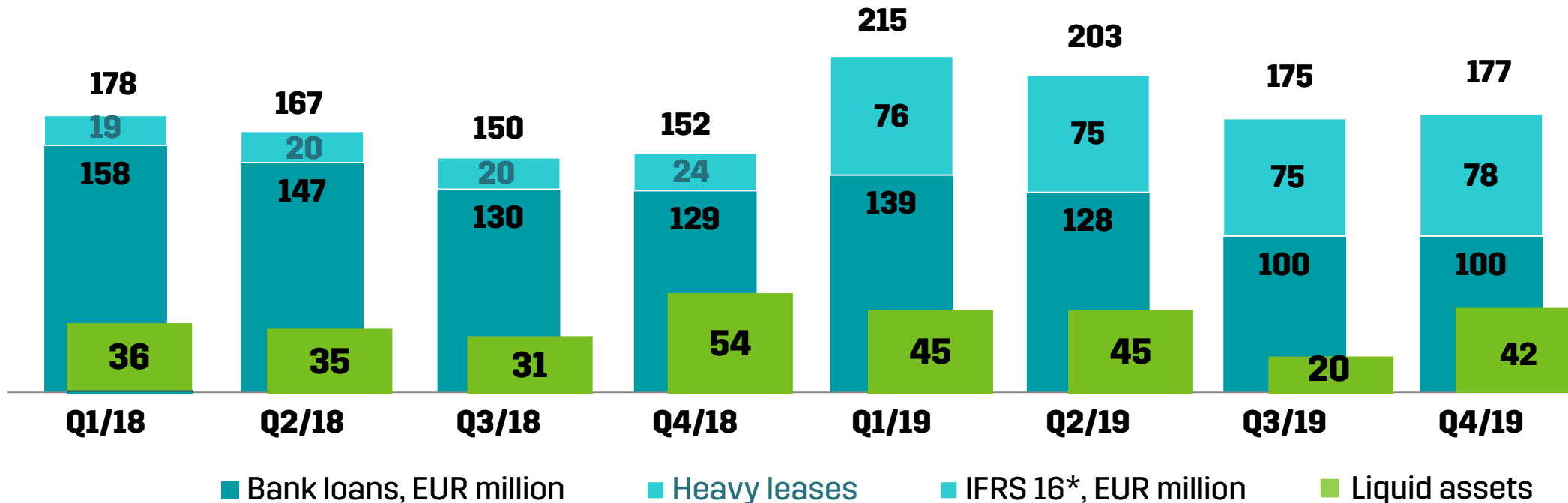


Gearing % increased from the comparison period mainly due to IFRS 16.



INTEREST BEARING DEBT

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.

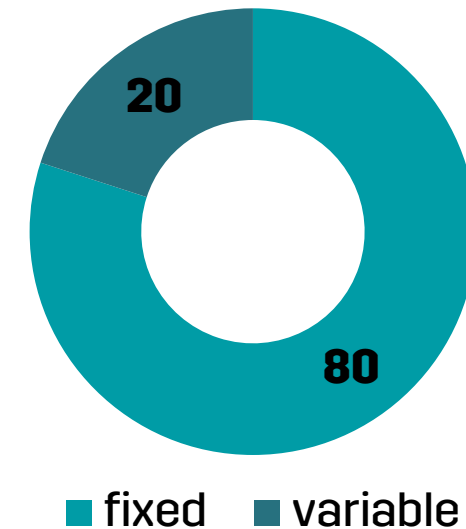
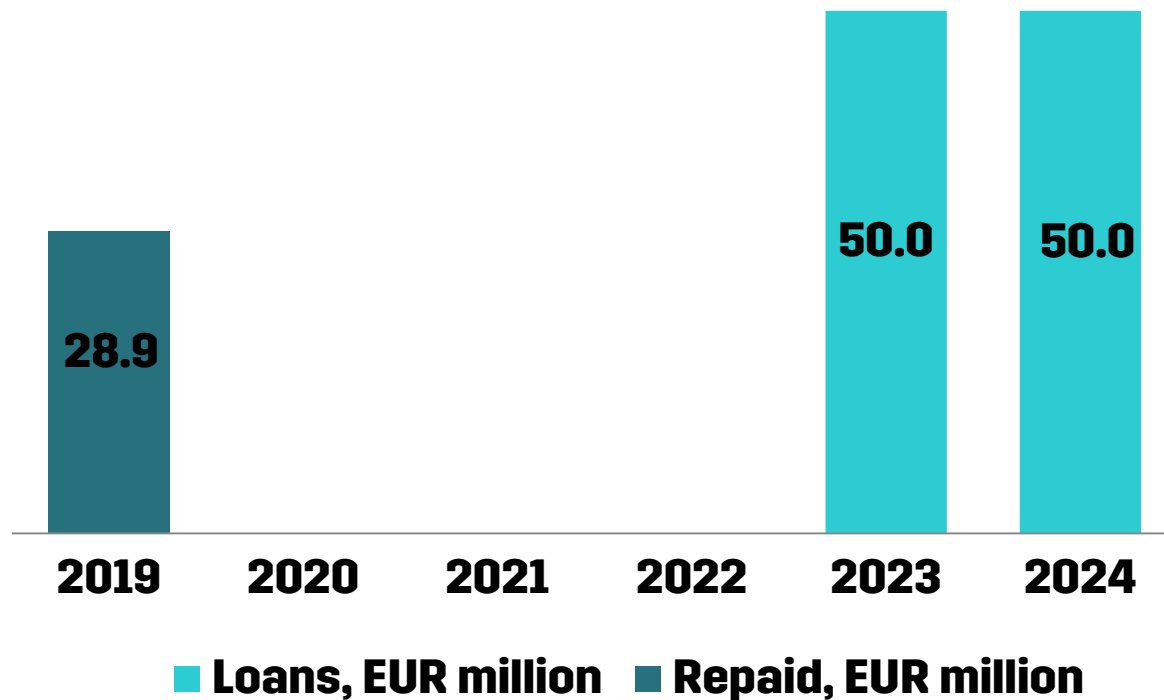


*Including heavy leases



MATURITY STRUCTURE OF LOANS

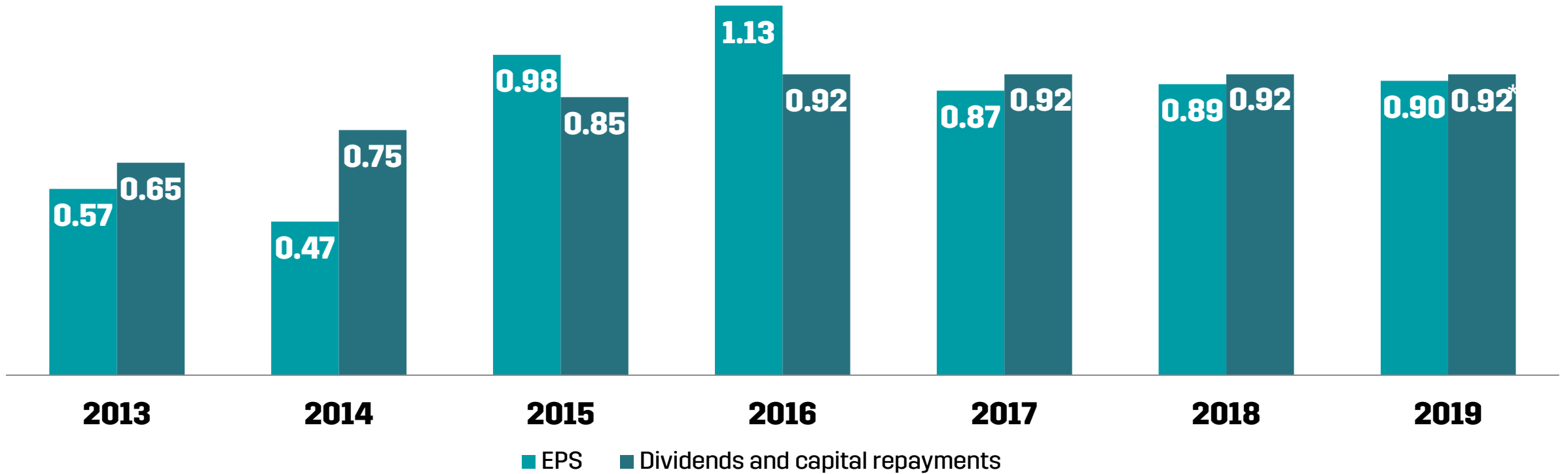
Repaid loans totalled EUR 28.9 million on Q4 2019. EUR 25 million of the repaid amount was originally due on 2020. Loans do not include commercial papers.



Weighted average of effective interest rate 1.3 %

DIVIDEND AND DIVIDEND POLICY

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. The Board of Directors proposes a dividend of EUR 0.92 per share.



*Proposal by the Board of Directors



OUTLOOK FOR THE YEAR 2020

Net sales in 2020 are expected to be on par with 2019 and operating profit is expected to increase compared to 2019 (EUR 40.5 million). The effect of the divestment of L&T Korjausrakentaminen Oy, EUR 4.5 million, has been deducted from the operating profit for the comparison period, which was EUR 45.0 million.

CONTACTS



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Q4 2019

KEY FIGURES

NET SALES



Environmental Services **39%**
 Facility Services Finland **31%**
 Facility Services Sweden **17%**
 Industrial Services **12%**

	Q4/19	Q4/18	Change %	2019	2018	Change %
Net sales, EUR million	198.9	206.5	-3.7	784.3	802.2	-2.2
EBITDA	22.4	22.4	0.2	99.4	90.1	10.4
Operating profit, EUR million	8.9	11.7	-23.8	45.0	47.6	-5.5
Operating margin, %	4.5	5.7		5.7	5.9	
EVA, EUR million	2.4	6.1	-60.3	19.8	24.2	-18.2
Earnings per share, EUR	0.16	0.23	-27.8	0.90	0.89	2.0

Q4 2019

KEY FIGURES

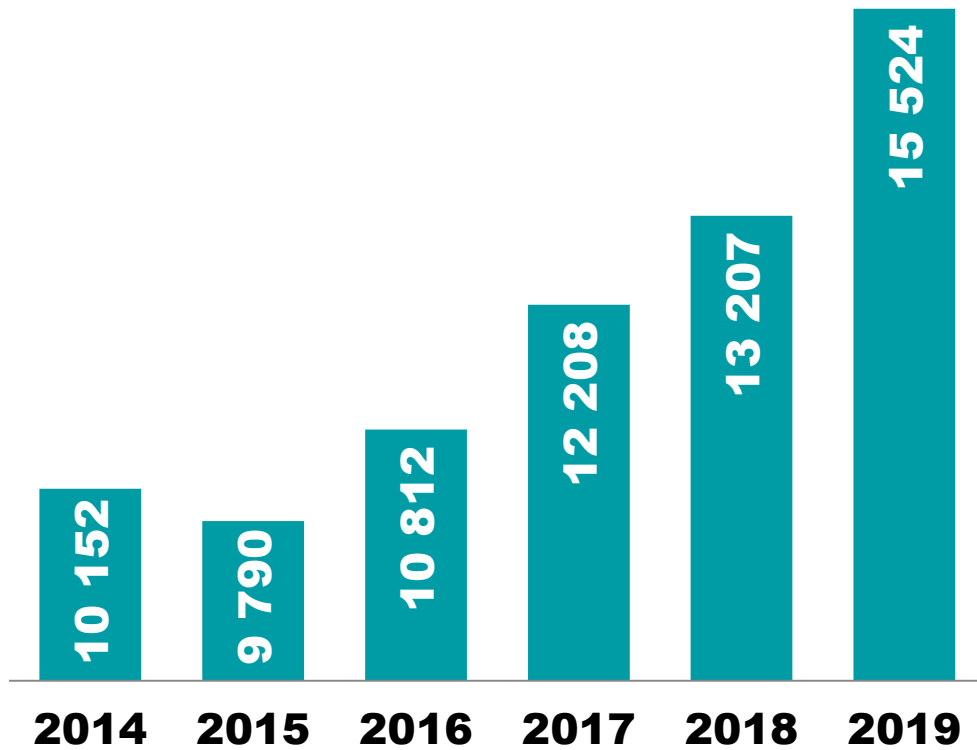
	Q4/19	Q4/18	Change %	2019	2018	Change %
Capital expenditure, EUR million	12.9	16.2	-20.3	46.1	37.8	22.1
Depreciation, amortisation and impairment, EUR million	13.5	10.7	26.3	54.4	42.5	28.2
Net cash from operating activities, EUR million				94.5	90.1	4.8
Return on equity (ROE), %				16.8	16.1	
Return on investment (ROI), %				12.4	12.8	
Equity ratio, %				35.6	38.1	
Gearing, %				66.8	46.8	
Total number of employees at the end of the period				8 207	8 600	



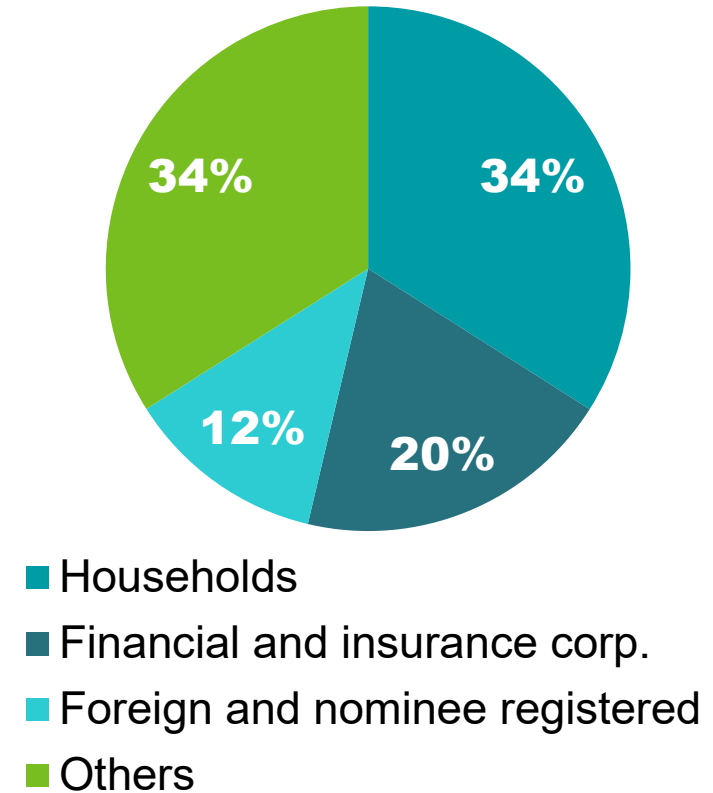
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



MAJOR SHAREHOLDERS AT 31 DECEMBER 2019

Shareholder	Shares	%
Mandatum Life Insurance Company Limited	2,963,934	7.64
Evald ja Hilda Nissin Foundation	2,413,584	6.22
Nordea Investment Funds	1,725,752	4.45
Maijala Juhani	1,529,994	3.94
Elo Mutual Pension Insurance Company	1,425,375	3.67
Stiftelsen för Åbo Akademi	1,066,282	2.75
Ilmarinen Mutual Pension Insurance Company	1,024,836	2.64
Bergholm Heikki	831,116	2.14
Maijala Mikko	720,000	1.86
Lassila & Tikanoja Oyj	704,408	1.82

Ownership structure / sector	Shares	%
Nominee-registered shares	4,648,434	11.98
Number of shares	38,798,874	100.00
Number of shareholders	15,525	

According to Kaboutor Management LLC's notification, its holding in Lassila & Tikanoja increased to 7.53 % and 2,923,238 shares (nominee-registered). Stock exchange release on the change in shareholding was published on 4 July 2017.

APPENDIX

KEY FIGURES

	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Earnings per share, EUR	0.16	0.23	0.90	0.89
Diluted earnings per share, EUR	0.16	0.23	0.90	0.89
Cash flow from operating activities/share, EUR	0.97	0.96	2.46	2.35
EVA, EUR million*	2.4	6.1	19.8	24.2
Gross capital expenditure, EUR million	12.9	16.2	46.1	37.8
Depreciation, amortisation and impairment, EUR million	13.5	10.7	54.4	42.5
Equity per share, EUR			5.33	5.44
Dividend/share, EUR**			0.92	0.92
Dividend/earnings, %			101.7	103.7
Effective dividend yield, %			5.8	6.1
P/E ratio			17.4	16.9
Return on equity (ROE), %			16.8	16.1
Invested capital, EUR million			380.5	361.1
Return on invested capital (ROI), %			12.4	12.8
Equity ratio, %			35.6	38.1
Gearing, %			66.8	46.8
Net interest-bearing liabilities, EUR million			135.6	97.8
Average number of employees in full-time equivalents			7 308	7 566
Total number of full-time and part-time employees at end of period			8 207	8 600
Number of outstanding shares adjusted for issues, 1,000 shares				
average during the period			38 354	38 405
at end of period			38 094	38 406
average during the period, diluted			38 368	38 419

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2019 6,55 %, 2018 6,60 %

** Proposal by the Board of Directors 2019

CONSOLIDATED INCOME STATEMENT

MEUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
Net sales	198.9	206.5	784.3	802.2
Other operating income	1.2	1.2	10.6	5.2
Change of inventory	-0.3	-1.0	0.3	-2.4
Materials and services	-69.6	-73.3	-270.4	-282.0
Employee benefit expenses	-81.6	-80.8	-327.1	-324.2
Other operating expenses	-26.1	-30.3	-98.3	-108.7
Depreciation and impairment	-13.5	-10.7	-54.4	-42.5
Operating profit	8.9	11.7	45.0	47.6
Financial income and expenses	-0.7	-1.0	-3.0	-4.5
Share of the result of associated companies	0.0	0.0	0.0	-0.4
Profit before tax	8.2	10.6	42.0	42.7
Income taxes	-2.0	-2.0	-7.3	-8.7
Profit for the period	6.2	8.7	34.7	34.1

MEUR	12/2019	12/2018
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	151.9	151.5
Customer contracts arising from acquisitions	16.4	19.2
Agreements on prohibition of competition	0.0	0.0
Other intangible assets arising from business acquisitions	0.4	0.5
Other intangible assets *)	19.3	22.3
	188.0	193.5
Property, plant and equipment *)		
Land	5.8	5.1
Buildings and constructions	34.4	34.1
Machinery and equipment	85.1	110.7
Other tangible assets	0.1	0.1
Prepayments and construction in progress	4.2	5.2
Right-of-use asset	77.2	-
	206.7	155.2
Other non-current assets *)		
Finance lease receivables	0.0	0.1
Deferred tax assets	4.6	4.4
Other receivables	1.4	1.8
	6.0	6.3
Total non-current assets	400.7	355.0
Current assets		
Inventories	21.5	21.0
Trade receivables *)	84.2	87.1
Contract assets	22.0	31.9
Other receivables *)	13.4	12.0
Cash and cash equivalents	41.8	54.3
	182.9	206.3
Total current assets	182.9	206.3
Total assets	583.6	561.3

MEUR	12/2019	12/2018
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-10.4	-9.5
Invested unrestricted equity reserve	0.6	0.6
Retained earnings *)	158.6	164.2
Profit for the period	34.7	34.1
	202.8	208.8
Non-controlling interest	0.2	0.2
	203.0	208.9
Total equity	203.0	208.9
Liabilities		
Non-current liabilities		
Deferred tax liabilities	29.2	29.3
Retirement benefit obligations	1.3	1.4
Provisions	5.4	4.6
Financial liabilities	161.6	144.8
Other liabilities	0.3	0.5
	197.8	180.6
Current liabilities		
Financial liabilities	15.8	7.4
Trade and other payables	165.3	162.4
Provisions *)	1.7	2.0
	182.8	171.8
Total liabilities	380.6	352.4
Total equity and liabilities	583.6	561.3

*) The balance sheet values for the comparison period have been adjusted due to prior period errors. More information on this is provided in the section Correction of prior period errors under accounting principles.



Employed by tomorrow.