



# LASSILA & TIKANOJA RESULT PRESENTATION 2022

Eero Hautaniemi, President & CEO

Valtteri Palin, CFO

9 February 2023





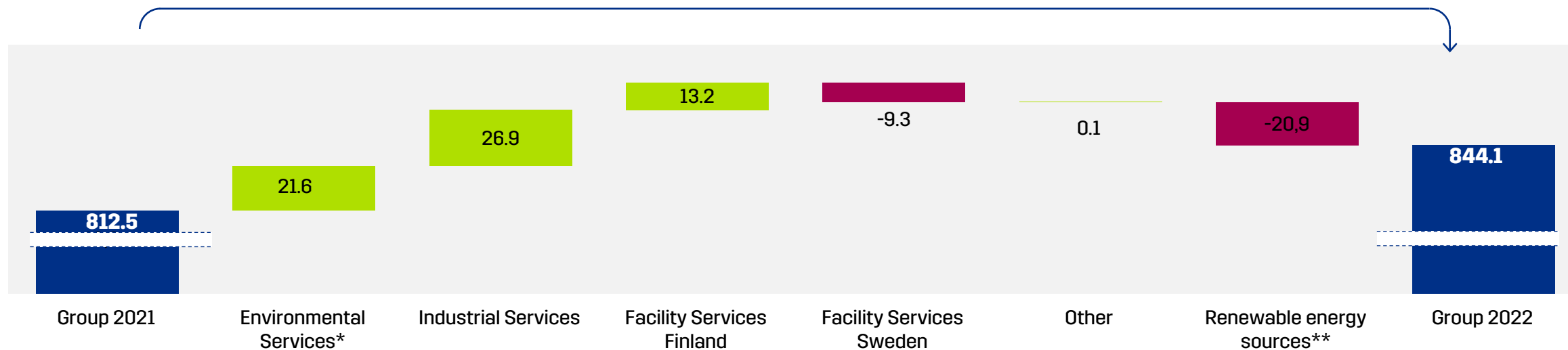
## IN FOCUS

### 2022

- Net sales were EUR 844.1 million (812.5)
- Adjusted operating profit was EUR 40.9 million (42.4)
- Net cash flow from operating activities after investments per share was EUR 1.08 (0.05)
- Strong year in circular economy businesses Environmental Services and Industrial Services
- In Facility Services in Finland and Sweden, the higher general cost level had a negative effect on profitability
- Dividend proposal EUR 0.47 per share

# NET SALES

3.9% (Organic growth 3.7%)



MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Environmental Services*	71.1	71.2	-0.1	287.1	265.5	8.1
Industrial Services	36.3	28.7	26.4	132.0	105.1	25.6
Facility Services Finland	64.6	63.0	2.6	256.3	243.1	5.4
Facility Services Sweden	39.8	43.8	-9.1	140.4	149.8	-6.2
L&T Group	210.1	223.5	-6.0	844.1	812.5	3.9

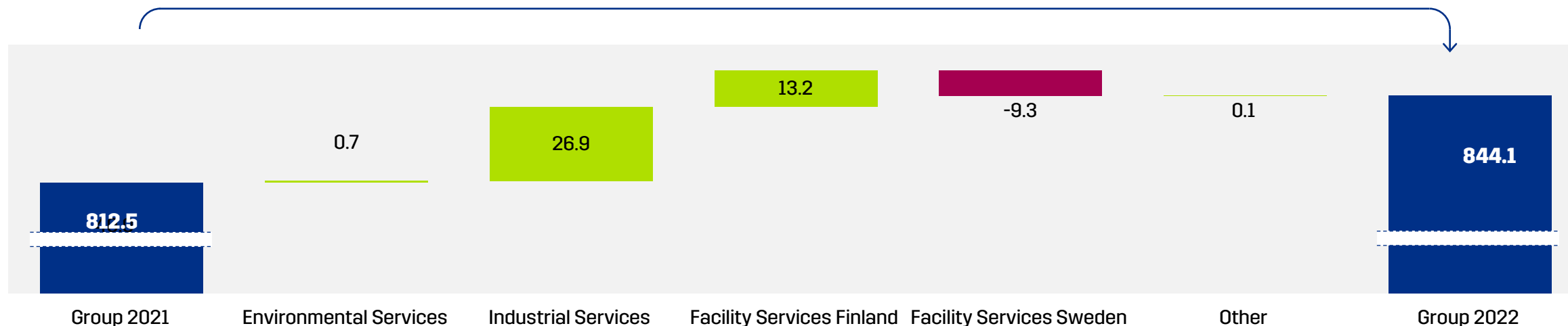
\*Environmental Services net sales excluding the renewable energy sources

\*\*Renewable energy sources change Q2 2022 vs. 2021



# NET SALES

3.9% (Organic growth 3.7%)

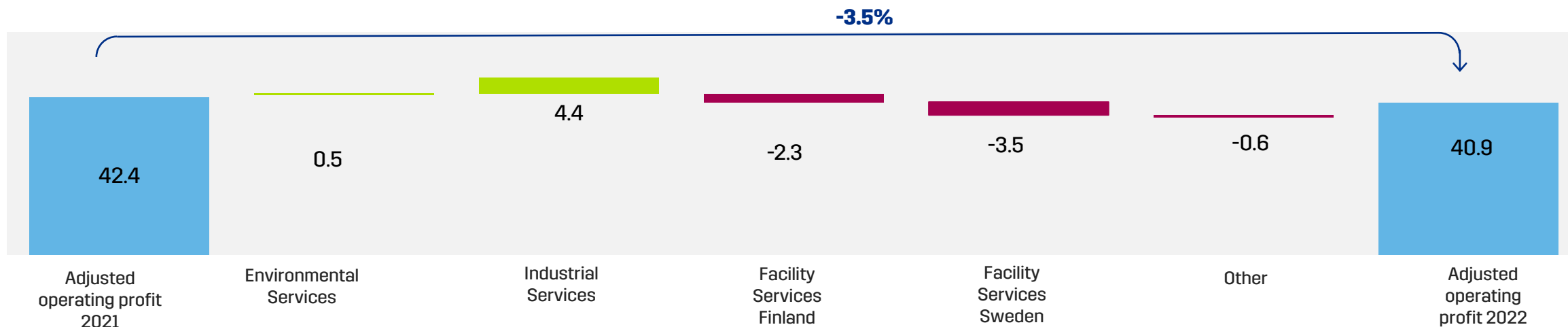


MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Environmental Services	71.1	89.9*	-20.9	321.2	320.5*	0.2
Industrial Services	36.3	28.7	26.4	132.0	105.1	25.6
Facility Services Finland	64.6	63.0	2.6	256.3	243.1	5.4
Facility Services Sweden	39.8	43.8	-9.1	140.4	149.8	-6.2
L&T Group	210.1	223.5	-6.0	844.1	812.5	3.9

\*Environmental Services Net sales excluding renewable energy sources in year 2022 were EUR 287.1 million (265.5), and in Q4 EUR 71.1 million (71.2)



# ADJUSTED OPERATING PROFIT

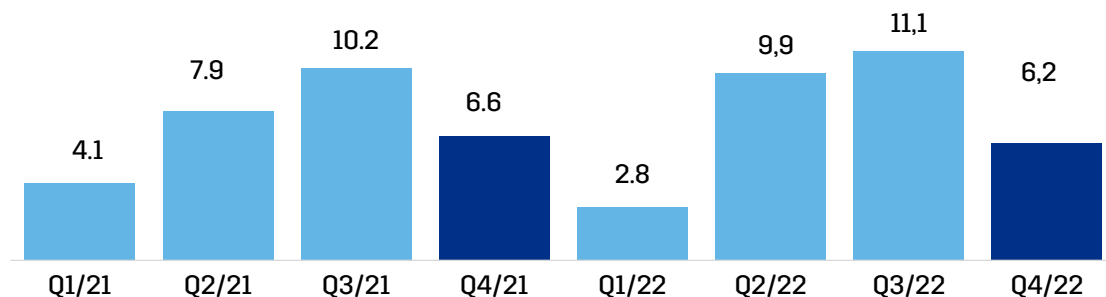


MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Environmental Services*	<b>6.2</b>	6.6	-6.1	<b>30.0</b>	28.9	3.9
Industrial Services	<b>3.1</b>	1.7	83.8	<b>13.6</b>	9.2	48.0
Facility Services Finland	<b>0.8</b>	0.6	29.5	<b>-0.5</b>	1.8	-129.0
Facility Services Sweden	<b>0.5</b>	1.3	-60.8	<b>0.4</b>	3.9	-89.8
Other	<b>-1.0</b>	-0.6		<b>-2.8</b>	-2.2	
Renewable energy sources	<b>0.0</b>	0.5		<b>0.3</b>	0.9	
Adjusted operating profit	<b>9.6</b>	10.1	-5.1	<b>40.9</b>	42.4	-3.5

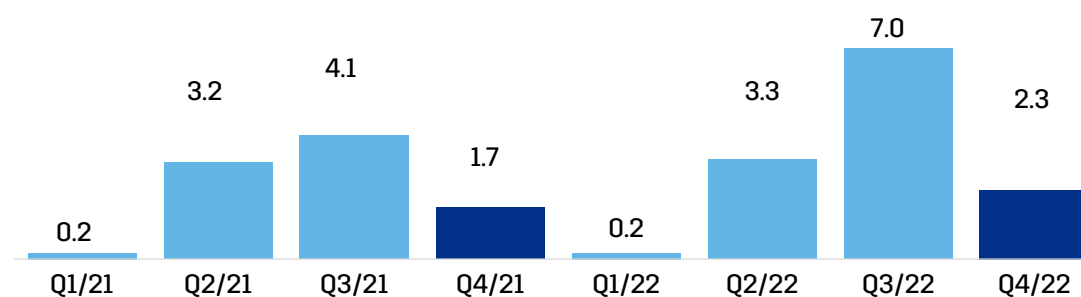
\*Environmental Services operating profit excluding the renewable energy sources

# OPERATING PROFIT BY DIVISION

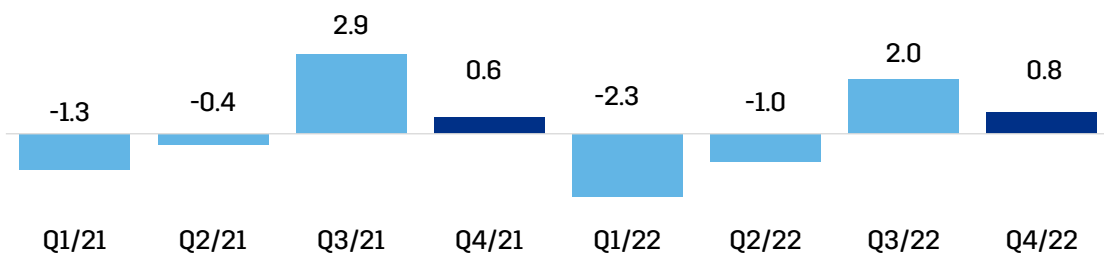
## ENVIRONMENTAL SERVICES excl. renewable energy sources MEUR



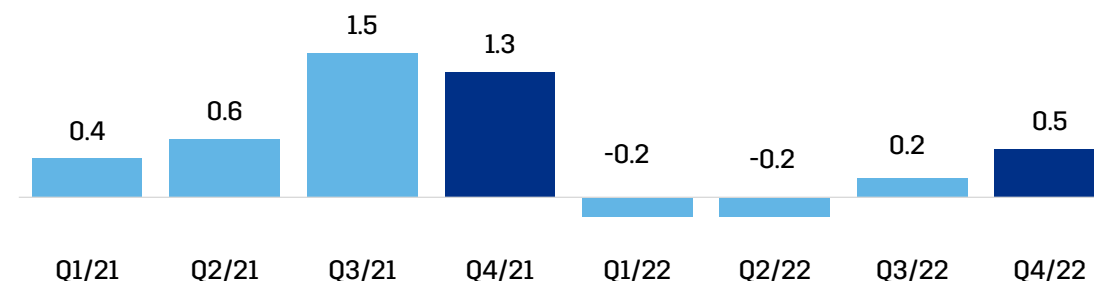
## INDUSTRIAL SERVICES MEUR



## FACILITY SERVICES FINLAND MEUR



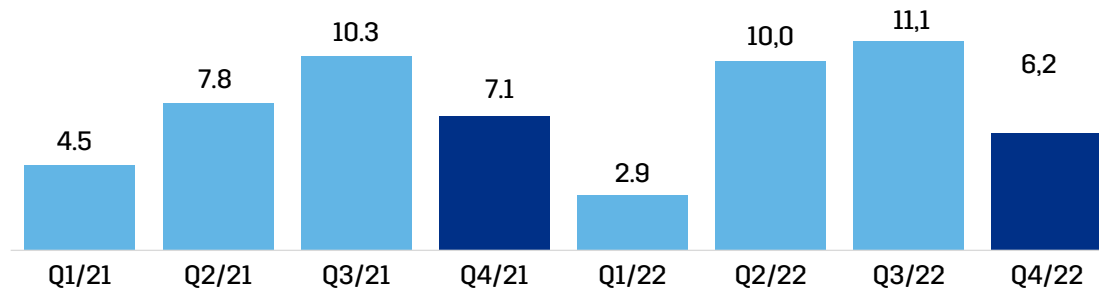
## FACILITY SERVICES SWEDEN MEUR



# OPERATING PROFIT BY DIVISION

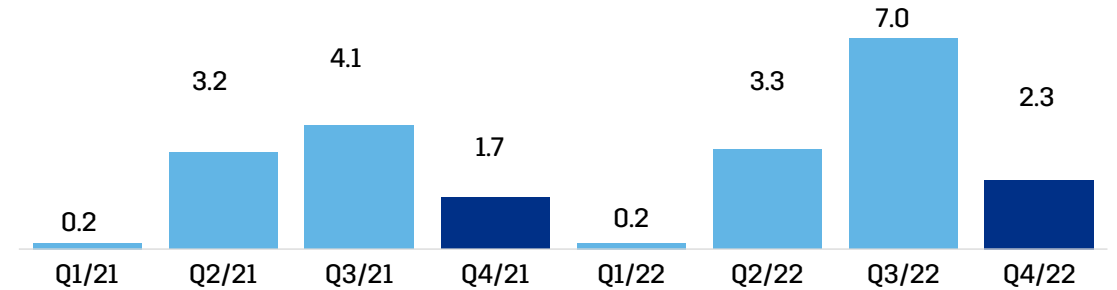
## ENVIRONMENTAL SERVICES

MEUR



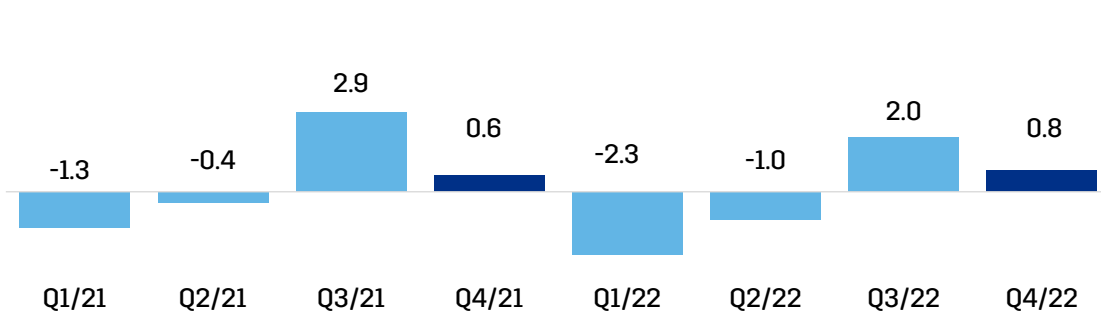
## INDUSTRIAL SERVICES

MEUR



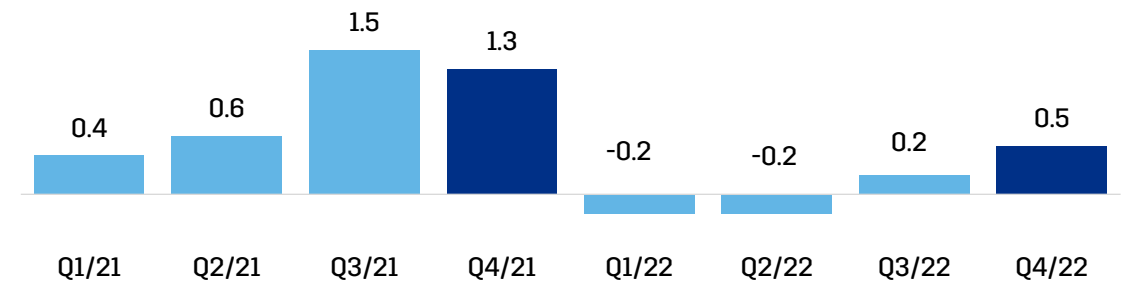
## FACILITY SERVICES FINLAND

MEUR



## FACILITY SERVICES SWEDEN

MEUR



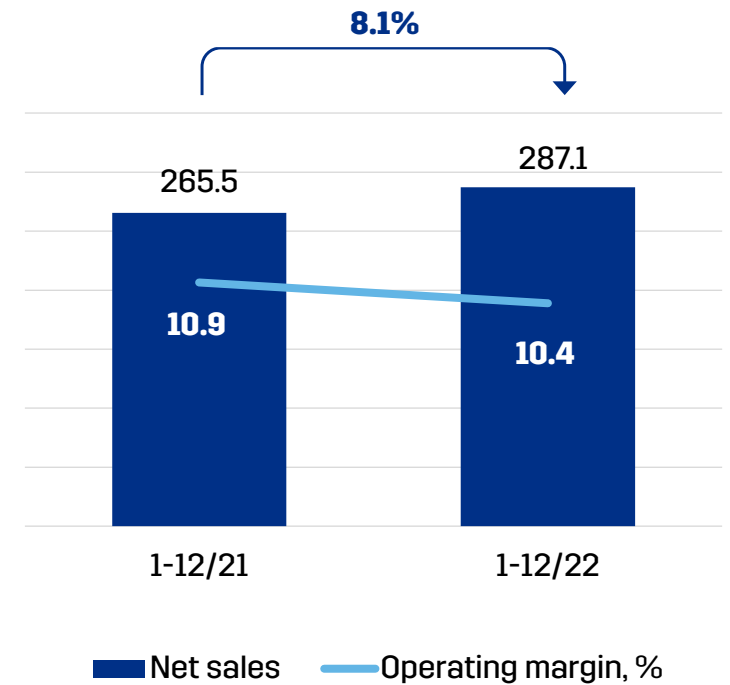
# ENVIRONMENTAL SERVICES

EXCL. RENEWABLE ENERGY SOURCES



- Growth in 2022 derived from B2B customers and producer responsibility organisations. For example, Suomen Pakkaustuottajat Oy chose L&T as its recycling partner for consumer plastic packaging waste
- The prices of recycled raw materials stabilised and the prices of recycled cardboard and paperboard began to decrease in Q4

MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales	<b>71.1</b>	71.2	-0.1	<b>287.1</b>	265.5	8.1
EBITDA	<b>12.7</b>	13.2	-3.7	<b>56.9</b>	55.5	2.5
Operating profit	<b>6.2</b>	6.6	-6.1	<b>30.0</b>	28.9	3.9
Operating margin, %	<b>8.7</b>	9.2		<b>10.4</b>	10.9	

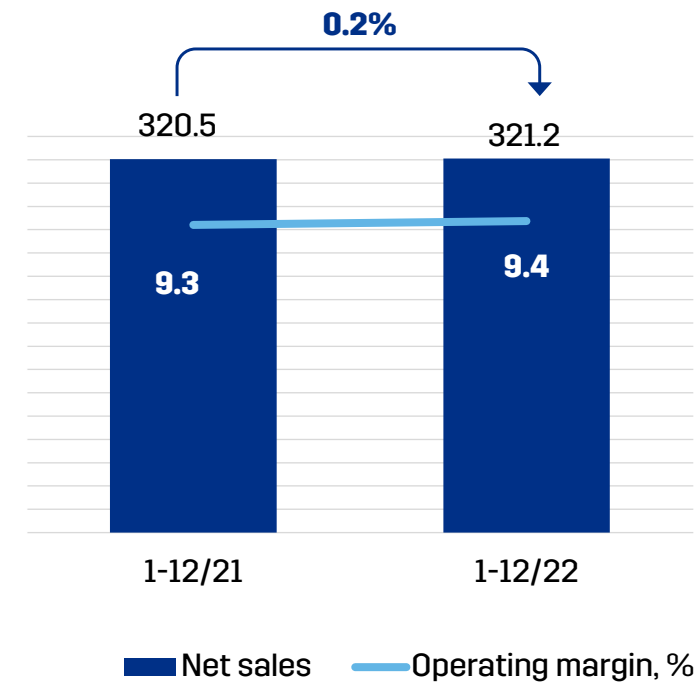




# ENVIRONMENTAL SERVICES



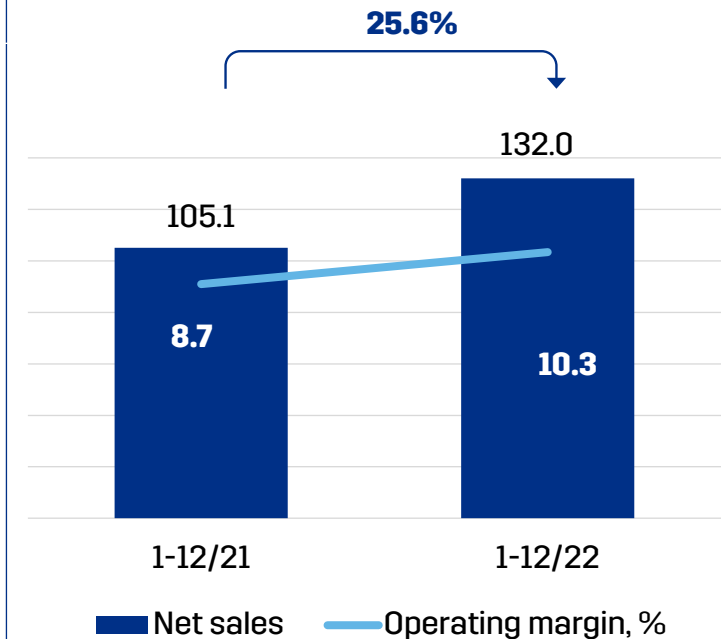
MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales	<b>71.1</b>	89.9	-20.9	<b>321.2</b>	320.5	0.2
EBITDA	<b>12.7</b>	13.6	-6.9	<b>57.1</b>	56.5	1.1
Operating profit	<b>6.2</b>	7.1	-13.0	<b>30.3</b>	29.8	1.6
Operating margin, %	<b>8.7</b>	7.9		<b>9.4</b>	9.3	



# INDUSTRIAL SERVICES

- The demand for hazardous waste services was strong
- Several demanding soil decontamination projects ongoing, new material treatment center opened in Pori specialising in industrial side streams
- Integration of the Swedish process cleaning business continued, several successful industrial water treatment projects

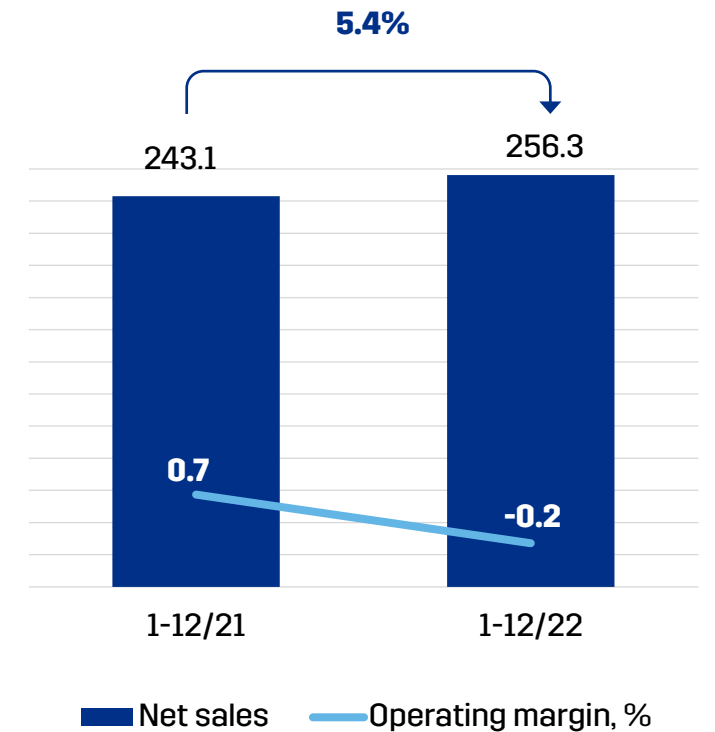
MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales	<b>36.3</b>	28.7	26.4	<b>132.0</b>	105.1	25.6
EBITDA	<b>5.6</b>	4.3	30.3	<b>25.0</b>	18.6	34.6
Adjusted operating profit	<b>3.1</b>	1.7	83.8	<b>13.6</b>	9.2	48.0
Adjusted operating margin, %	<b>8.6</b>	5.9		<b>10.3</b>	8.7	



# FACILITY SERVICES FINLAND

- The labour market remained challenging and employee turnover was at a high level. High level of sickness-related absences in Q1 and Q4
- The general cost inflation increased the production costs, and they could not be fully passed on to customer prices, especially in property maintenance
- Measures to reduce costs and improve profitability continued throughout the year

MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales	<b>64.6</b>	63.0	2.6	<b>256.3</b>	243.1	5.4
EBITDA	<b>3.0</b>	2.7	9.9	<b>8.5</b>	11.0	-22.1
Operating profit	<b>0.8</b>	0.6	29.5	<b>-0.5</b>	1.8	-129.0
Operating margin, %	<b>1.2</b>	1.0		<b>-0.2</b>	0.7	

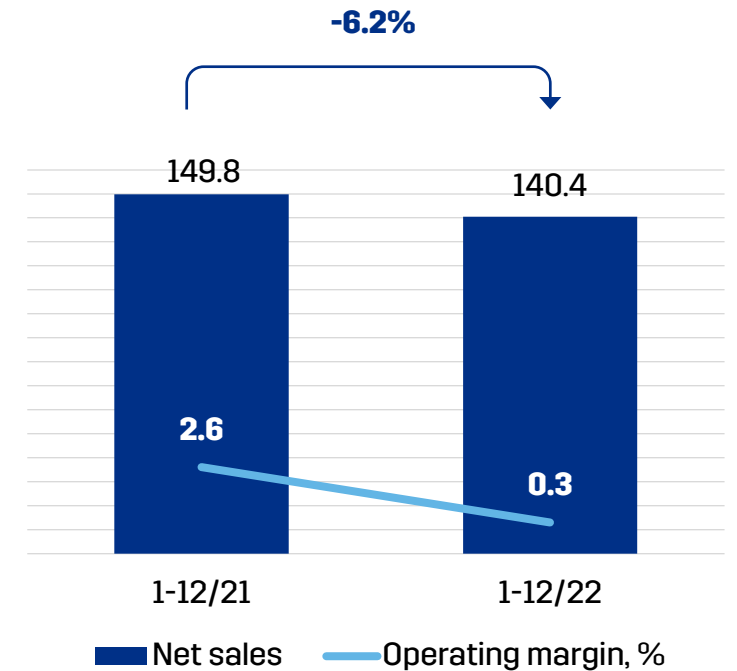


# FACILITY SERVICES SWEDEN

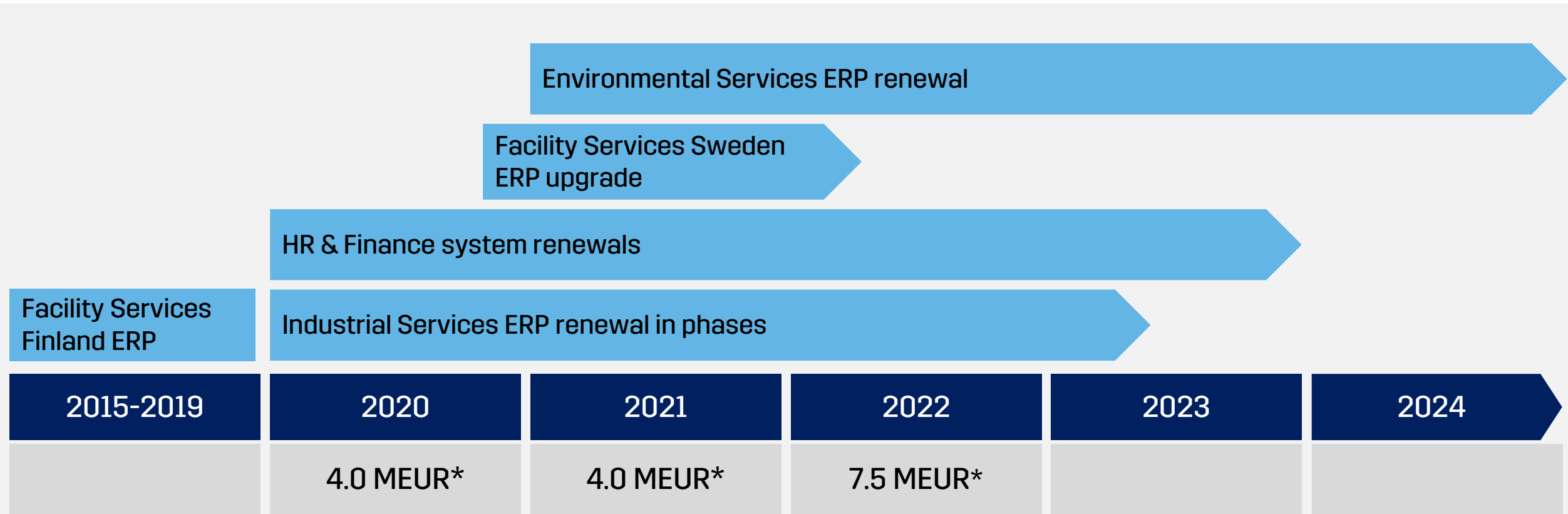
- The general cost inflation increased production costs and they could not be fully passed on to customer prices
- High level of sickness-related absences, especially in Q1
- Measures to reduce costs and simplify the way of working continued

MEUR	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales	<b>39.8</b>	43.8	-9.1	<b>140.4</b>	149.8	-6.2
EBITDA	<b>1.8</b>	3.2	-45.5	<b>6.3</b>	10.4	-39.0
Operating profit*	<b>0.5</b>	1.3	-60.8	<b>0.4</b>	3.9	-89.8
Operating margin, %	<b>1.3</b>	3.1		<b>0.3</b>	2.6	

\*Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 2.2 million (6.0) in 2022



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



\*Annual ICT investment

ICT systems related cost of internal work increased significantly from 2021

# SUSTAINABILITY HIGHLIGHTS 2022

**The producer responsibility organization, Suomen Pakkaustuottajat, chose L&T as its recycling partner for consumer plastic packaging waste**

- The agreement covers ~20.000 tonnes of waste

**Safety culture trainings for all employees started**

- The trainings focus on attitudes and behaviors that make a difference in taking safety performance to a new level

**Recycling rate improved to 59.4 % (58.4)**

- Pilot project with SRV and Stark where wood from construction site is reused as material

L&T NON-FINANCIAL  
STRATEGIC TARGETS  
2022–2026

**Service  
promotion**  
NPS index > 50

**Employee  
recommendation eNPS**  
> 50

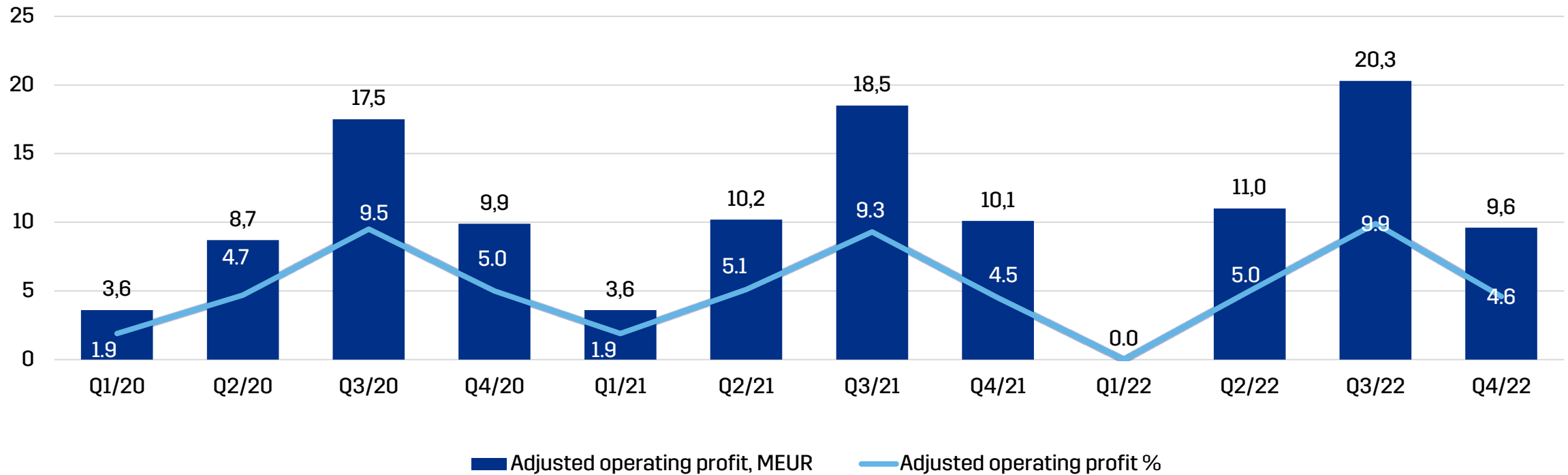
**Positive environmental impact**  
Carbon handprint growth > Net sales  
growth  
Carbon footprint -50% by 2030 from  
2018

# SUSTAINABILITY SCORE CARD 2022

- The renewable fuel distribution obligation in Finland was reduced by 7.5 percentage points in July. The change significantly increases transport emissions in Finland and will also have a negative impact on L&T's transport emissions in 2022
- The carbon handprint of the renewable energy sources business will no longer be reported as part of L&T Group

<b>L&amp;T</b>	2018	2019	2020	2021	<b>2022</b>	Target 2022	Target 2026	Target 2030
<b>CARBON FOOTPRINT (tCO2-ekv)</b>	47 400	43 100	36 700	37 800	31 700			
<b>EMISSION INTENSITY (gCO2-ekv/km)</b>	952	867	818	771	646	748	594	476
<b>CARBON HANDPRINT (tCO2-ekv)</b>	1 187 000	1 172 000	1 231 000	1 104 000	534 500			
<b>RECYCLING RATE (%)</b>	54.2	54.8	58.6	58.4	59,4	59.5	65	70
<b>TRIF</b>	25	23	24	24	23	23	19	15
<b>OCCUPATIONAL HEALTH RATE (%)</b>	40	42	50	44.3	40	50	57	60
<b>SICK LEAVE (%)</b>	5.0	5.0	4.7	5.1	5.6	4.6	4.3	4

# ADJUSTED OPERATING PROFIT



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





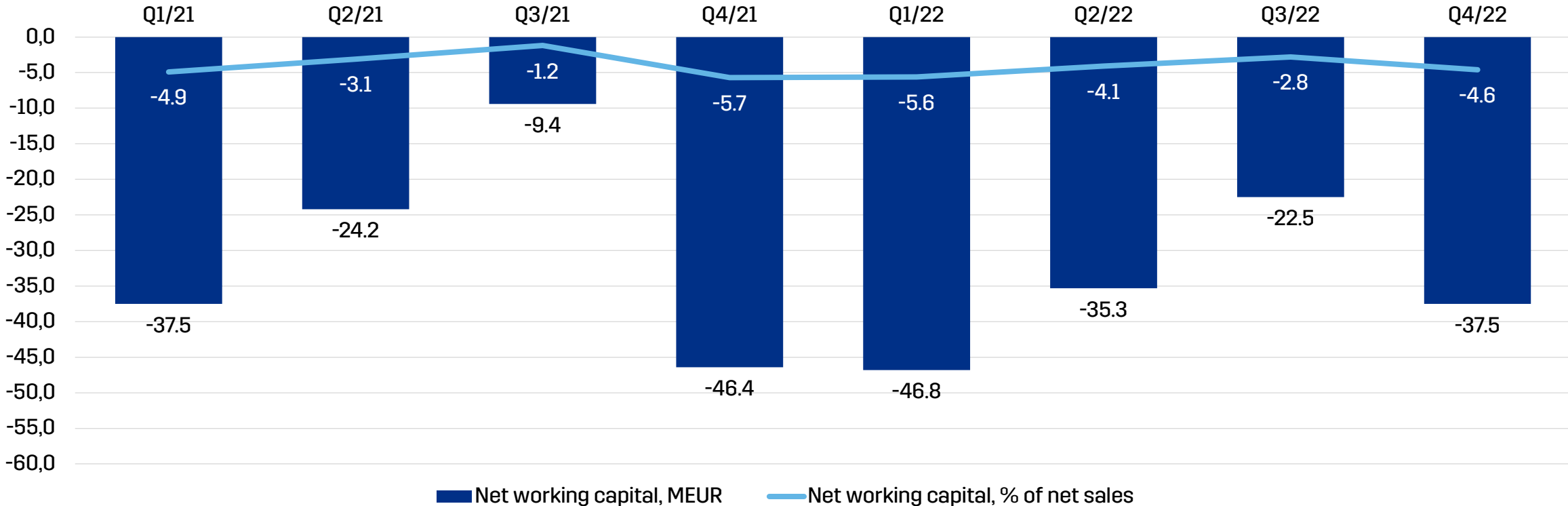
# KEY FIGURES

	Q4/22	Q4/21	Change %	2022	2021	Change %
Capital expenditure, MEUR	<b>12.4</b>	18.3	-32.2	<b>58.2</b>	72.3	-19.5
Share of business acquisitions in capital expenditure, MEUR				<b>21.5</b>	31.0	-30.8
Depreciation, amortisation and impairment, MEUR	<b>13.6</b>	13.3	2.2	<b>55.4</b>	52.9	4.6
Return on equity (ROE), %				<b>14.6</b>	17.1	
Capital employed, EUR million				<b>437.2</b>	406.0	
Return on capital employed (ROCE), %				<b>10.4</b>	10.8	
Earnings per share, EUR	<b>0.29</b>	0.26	11.9	<b>0.83</b>	0.90	-8.3
Net cash flow from operating activities after investments per share, EUR	<b>1.05</b>	0.55		<b>1.08</b>	0.05	
Dividend/share, EUR*				<b>0.47</b>	0.46	
Equity ratio, %				<b>34.3</b>	34.2	
Gearing, %				<b>75.9</b>	79.4	
Total number of employees at the end of the period				<b>8,371</b>	8,171	

\* 2022 proposal by the Board of Directors

# NET WORKING CAPITAL

- Renewable energy sources business was re-classified as an assets held for sale and that improved the net working capital by EUR 21 million in Q4/2021

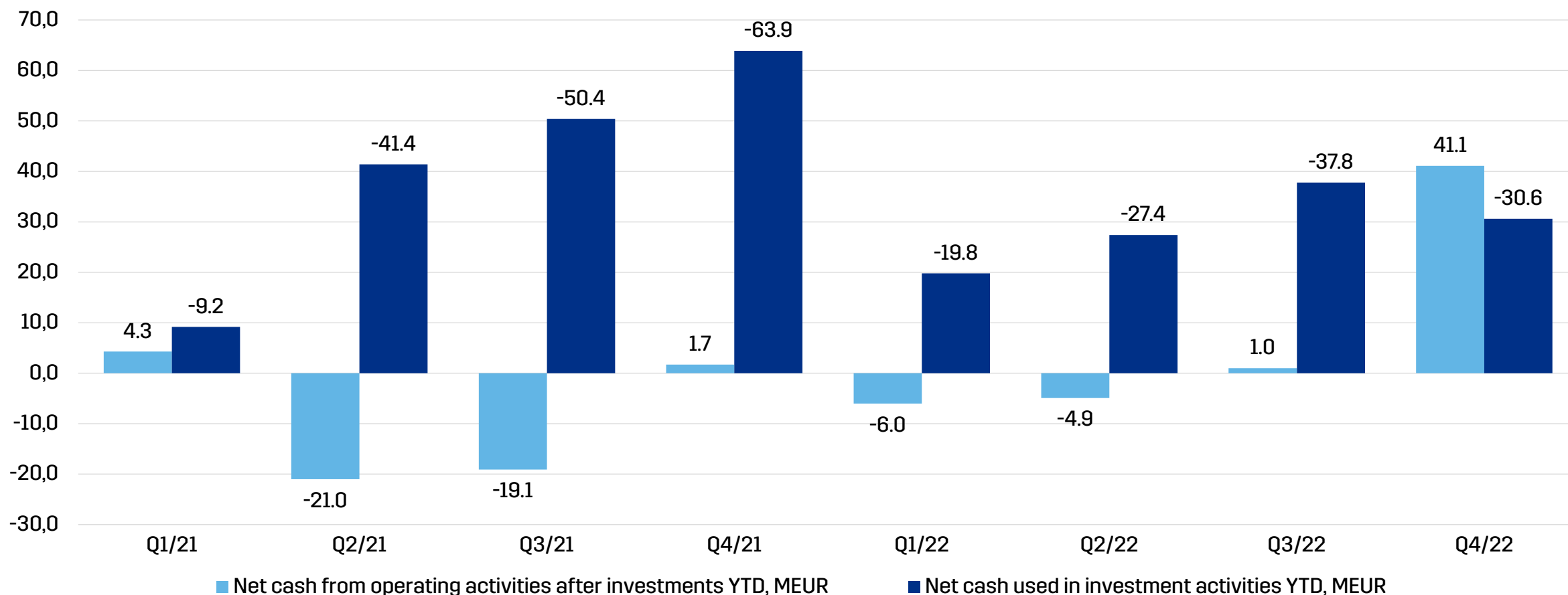


Net working capital = Current assets - income tax receivables - cash and cash equivalents - other non-current liabilities excluding deferred consideration- current trade and other payables  
 Net working capital, % of net sales = Net working capital / 12 month rolling net sales \* 100

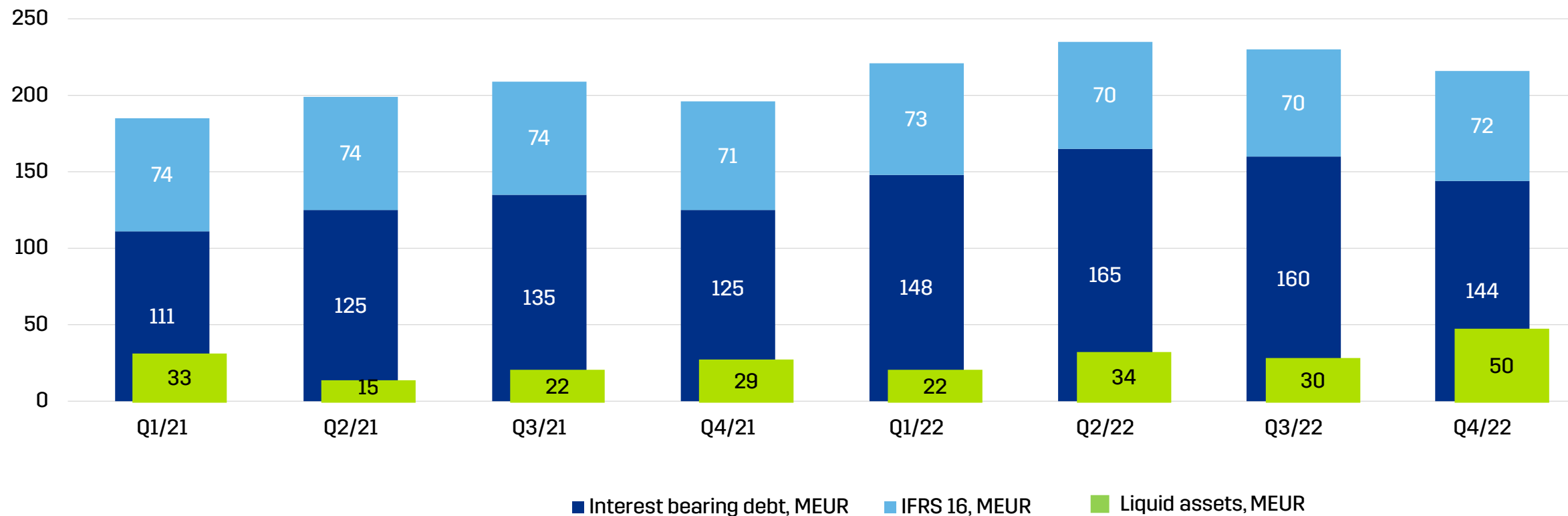


# NET CASH FLOW AND NET INVESTMENTS

- Acquisitions were EUR 13.0 million (EUR 23.0 million) in YTD cash flow
- In Q4, EUR 16.4 million capital was released related to forming Laania Oy joint venture with Neova

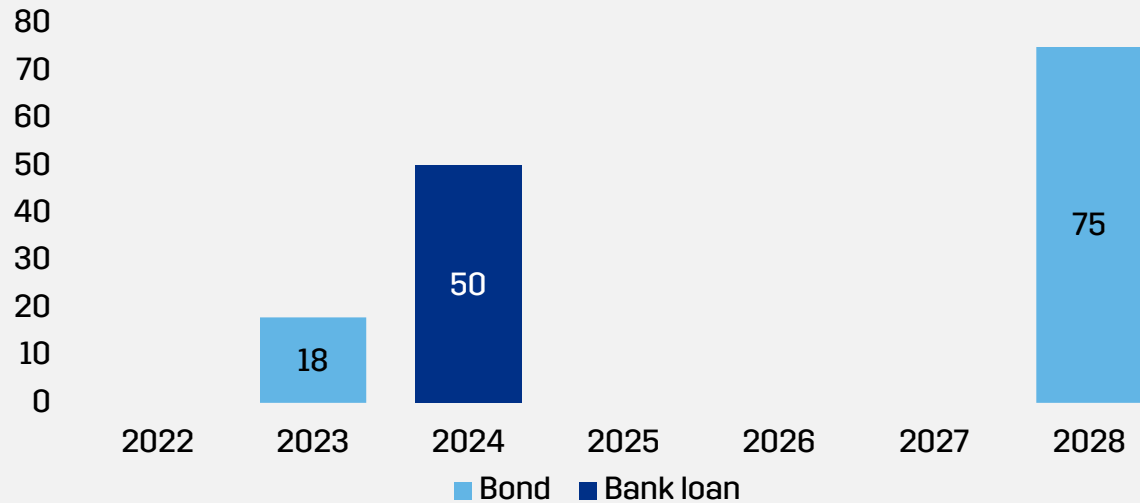


# INTEREST BEARING DEBT AND LIQUIDITY



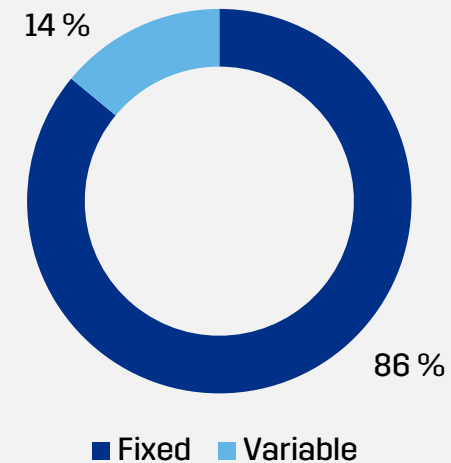
# MATURITY STRUCTURE OF LOANS

Loans, MEUR



Loans do not include commercial papers

Weighted average of effective interest rate 2.5% (1.1%)





## **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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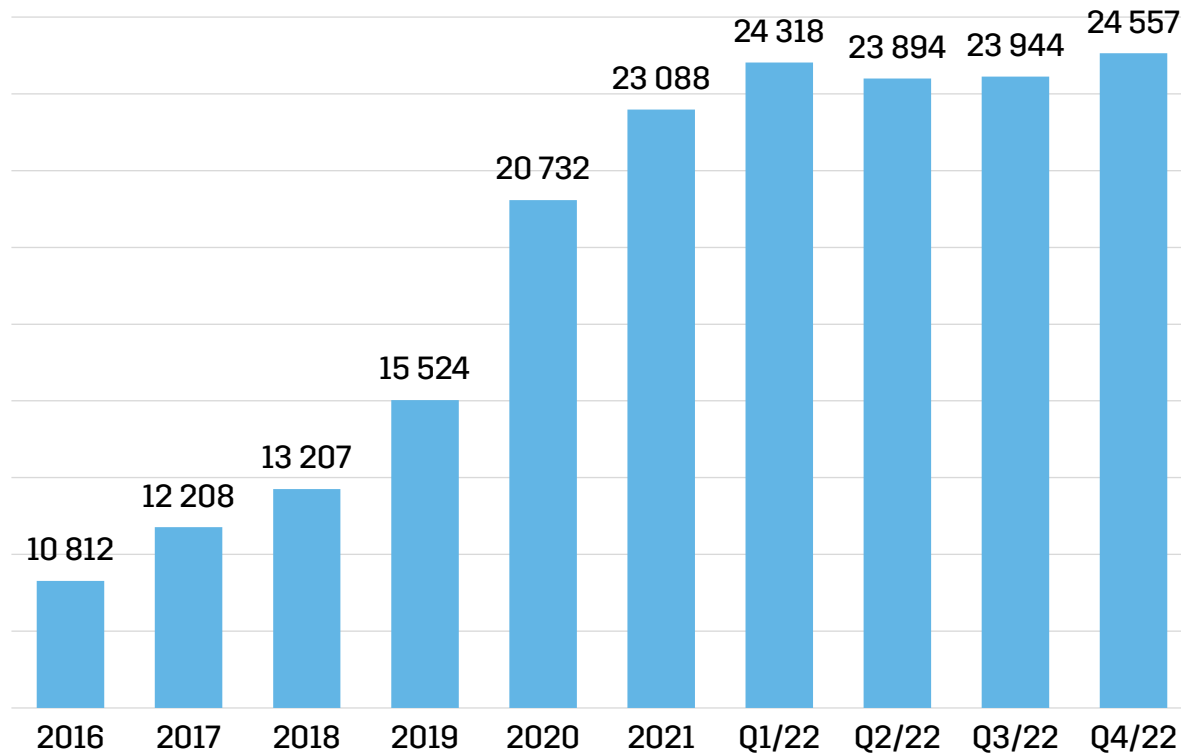
# SHAREHOLDERS



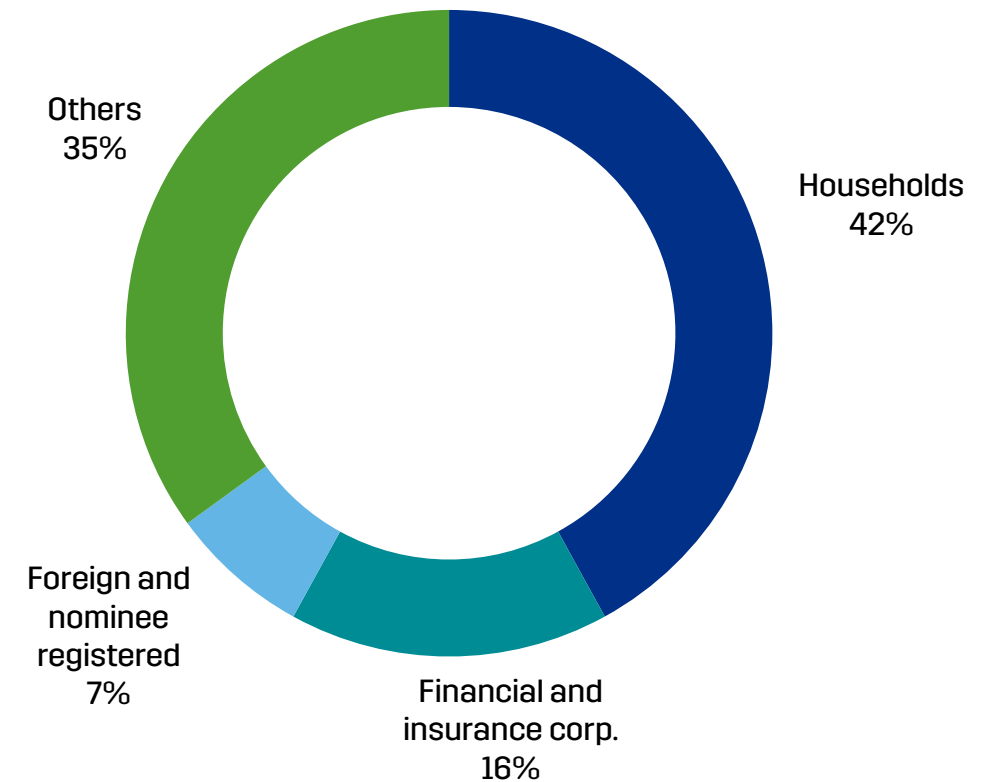


# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



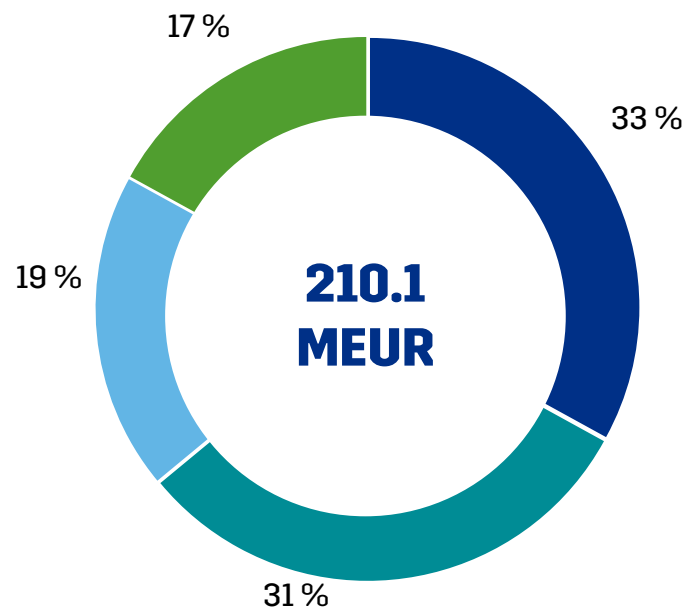
# MAJOR SHAREHOLDERS ON 31 DECEMBER 2022

Shareholder	Shares	%
Evald and Hilda Nissi's Foundation	3,346,487	<b>8.63</b>
Mandatum Life Insurance Company Limited	3,028,547	<b>7.81</b>
Nordea Funds Ltd	1,706,466	<b>4.40</b>
Maijala Juhani	1,529,994	<b>3.94</b>
Åbo Akademi University Foundation	1,066,282	<b>2.75</b>
Bergholm Heikki	875,000	<b>2.26</b>
Ilmarinen Mutual Pension Insurance Company	790,000	<b>2.04</b>
Varma Mutual Pension Insurance Company	729,791	<b>1.88</b>
Maijala Mikko	720,000	<b>1.86</b>
Lassila & Tikanoja Oyj	653,256	<b>1.68</b>
Ownership structure / sector	Shares	%
Nominee-registered shares	2,722,603	<b>7.02</b>
Number of shares	38,798,874	<b>100.00</b>
Number of shareholders	24,557	

# APPENDIX

# KEY FIGURES

## NET SALES Q4/2022



- 33% Environmental Services
- 31% Facility Services Finland
- 19% Facility Services Sweden
- 17% Industrial Services

	Q4/22	Q4/21	Change%	2022	2021	Change%
Net sales, MEUR	<b>210.1</b>	223.5	-6.0	844.1	812.5	3.9
EBITDA, MEUR	<b>26.5</b>	23.2	14.2	98.3	95.1	3.3
Operating profit, MEUR	<b>12.9</b>	9.9	30.2	42.9	42.2	1.7
Operating margin, %	<b>6.2</b>	4.4		5.1	5.2	
EVA, MEUR	<b>5.4</b>	3.0	79.4	14.5	15.9	-9.2
Earnings per share, EUR	<b>0.29</b>	0.26	11.9	0.83	0.90	-8.3

## Consolidated income statement

MEUR	10-12/2022	10-12/2021	1-12/2022	1-12/2021
<b>Net sales</b>	210.1	223.5	844.1	812.5
Other operating income	6.7	1.5	8.7	3.8
Materials and services	-70.9	-83.5	-286.7	-282.5
Employee benefit expenses	-88.7	-89.7	-353.1	-342.6
Other operating expenses	-30.7	-28.5	-114.7	-95.9
Depreciation, amortisation and impairment	-13.6	-13.3	-55.4	-52.9
<b>Operating profit</b>	12.9	9.9	42.9	42.2
Financial income	0.2	0.2	0.4	0.3
Financial expenses	-1.8	-1.2	-6.0	-3.8
Exchange rate differences (net)	-0.0	0.1	-0.2	0.3
Financial income and expenses	-1.6	-0.8	-5.8	-3.3
Share of the result of associated companies and joint ventures	0.9	0.0	0.7	0.0
<b>Result before taxes</b>	12.2	9.1	37.8	39.0
Income taxes	-1.0	0.8	-6.3	-4.6
<b>Result for the period</b>	11.2	10.0	31.5	34.4
<b>Attributable to:</b>				
Equity holders of the company	11.2	10.0	31.5	34.4
<b>Earnings per share attributable to the equity holders of the parent company:</b>				
Earnings per share, EUR	0.29	0.26	0.83	0.90
Diluted earnings per share, EUR	0.29	0.26	0.83	0.90

## Consolidated statement of financial position

MEUR	12/2022	12/2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	180.7	172.1
Other intangible assets	36.5	32.5
	217.2	204.6
Tangible assets	155.3	153.0
Right-of-use assets	71.2	69.8
	226.6	222.8
Other non-current assets		
Shares in associated companies and joint ventures	14.0	0.0
Other shares and holdings	0.2	0.2
Deferred tax assets	1.9	2.7
Other receivables	1.9	2.0
	17.9	4.9
<b>Total non-current assets</b>	461.7	432.3
<b>Current assets</b>		
Inventories	7.8	5.9
Trade receivables	91.0	86.8
Contract assets	30.8	22.8
Income tax receivables	8.7	7.3
Other receivables	11.0	10.4
Cash and cash equivalents	49.5	28.6
	198.8	161.8
Assets classified as held for sale	-	38.3
<b>Total current assets</b>	198.8	200.0
<b>Total assets</b>	660.5	632.3

MEUR	12/2022	12/2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to the equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-10.6	-6.3
Invested unrestricted equity reserve	0.6	0.6
Retained earnings	211.0	196.7
<b>Total equity</b>	220.4	210.4
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	28.1	27.2
Retirement benefit obligations	1.2	1.4
Provisions	7.4	8.1
Financial liabilities	177.5	175.8
Other liabilities	13.3	7.5
	227.5	220.0
<b>Current liabilities</b>		
Financial liabilities	39.3	19.9
Trade and other payables	170.5	164.9
Income tax liabilities	1.0	3.3
Provisions	1.7	2.7
	212.6	190.8
Liabilities related to assets classified as held for sale	-	11.2
<b>Total liabilities</b>	440.1	422.0
<b>Total equity and liabilities</b>	660.5	632.3

# **CIRCULAR ECONOMY - MADE REAL**