

**LASSILA & TIKANOJA PLC: FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2013**

- **Net sales for the final quarter EUR 169.7 million (EUR 171.8 million); operating loss EUR 1.6 million (operating profit EUR 9.7 million); operating profit excluding non-recurring items EUR 11.5 million (EUR 10.5 million); earnings per share EUR -0.03 (EUR 0.18)**
- **Full-year net sales EUR 668.2 million (EUR 674.0 million); operating profit EUR 33.2 million (EUR 48.4 million); operating profit excluding non-recurring items EUR 51.8 million (EUR 47.4 million); earnings per share EUR 0.57 (EUR 0.89)**
- **Full-year net sales in 2014 are expected to remain at the 2013 level. Operating profit, excluding non-recurring items, is expected to remain at the 2013 level or improve slightly.**
- **The Board of Directors proposes a dividend of EUR 0.50 per share.**

**CEO PEKKA OJANPÄÄ:**

"We are following our strategy and are now close to completing restructuring and efficiency enhancement measures, which caused non-recurring costs last year. Financial uncertainty is continuing to have an impact on demand in the industrial sector and on material flows in the construction and retail sectors. This will hold back net sales growth. Nevertheless, we were able to improve our profitability during the year and to generate a strong cash flow."

**GROUP NET SALES AND FINANCIAL PERFORMANCE****Final quarter**

Lassila & Tikanoja's net sales for the final quarter decreased by 1.2% to EUR 169.7 million (EUR 171.8 million). Operating loss was EUR 1.6 million (operating profit EUR 9.7 million), and operating profit excluding non-recurring items was EUR 11.5 million (EUR 10.5 million), representing 6.8% (6.1%) of net sales. Earnings per share were EUR -0.03 (EUR 0.18).

Operating loss for the final quarter includes the following non-recurring costs: EUR 7.0 million impairment of goodwill in Swedish business operations and EUR 1.2 million associated with the discontinuation of the sewer repair business.

During 2013, L&T reviewed the risks associated with major land areas currently and previously in its use. Following the risk review process, the company recorded a non-recurring provision of EUR 5.0 million for the potential costs of closure of land areas divested during previous financial periods.

Fixed cost management and efficiency enhancement measures improved profitability in all business segments.

**Year 2013**

Lassila & Tikanoja's net sales for the year 2013 amounted to EUR 668.2 million (EUR 674.0 million); a decrease of 0.9%. Operating profit was EUR 33.2 million (EUR 48.4 million), and operating profit excluding non-recurring items was EUR 51.8 million (EUR 47.4 million), representing 7.8% (7.0%) of net sales. Earnings per share were EUR 0.57 (EUR 0.89).

Comparable net sales includes EUR 8.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business. Comparable operating net sales, excluding non-recurring items, increased by 0.2%.

Factors contributing to the decrease in operating profit included the EUR 1.0 million non-recurring reorganisation costs (EUR 2.9 million), EUR 5.0 million impairment on EcoStream Oy's shares, EUR 7.0 million impairment of goodwill in Swedish business operations, a EUR 5.0 million provision associated with land areas divested in previous financial periods, and costs of EUR 1.2 million recorded for the discontinuation of the sewer repair business. A sales gain of EUR 4.2 million on the divestment of L&T Recoil shares improved the reported operating profit in the comparison period.

**Financial summary**

	<b>10-12/ 2013</b>	<b>10-12/ 2012</b>	<b>Change %</b>	<b>1-12/ 2013</b>	<b>1-12/ 2012</b>	<b>Change %</b>
Net sales, EUR million	<b>169.7</b>	171.8	-1.2	<b>668.2</b>	674.0	-0.9
Operating profit excluding non-recurring items, EUR million*	<b>11.5</b>	10.5	9.4	<b>51.8</b>	47.4	9.3
Operating margin excluding non-recurring items, %	<b>6.8</b>	6.1		<b>7.8</b>	7.0	
Operating profit, EUR million	<b>-1.6</b>	9.7		<b>33.2</b>	48.4	-31.4
Operating margin, %	<b>-1.0</b>	5.6		<b>5.0</b>	7.2	
Profit before tax, EUR million	<b>-2.3</b>	9.2		<b>30.3</b>	43.0	-29.5
Earnings per share, EUR	<b>-0.03</b>	0.18		<b>0.57</b>	0.89	-36.0
Dividend / capital repayment per share, EUR				<b>0.50**</b>	0.60	-16.7
Additional dividend and capital repayment per share, EUR					0.50	
EVA, EUR million	<b>-4.9</b>	3.9		<b>12.4</b>	24.1	-48.5

\* Breakdown of operating profit excluding non-recurring items is presented below the division reviews.

\*\* Proposal by the Board of Directors

**NET SALES AND FINANCIAL PERFORMANCE BY DIVISION****Environmental Services****Final quarter**

The division's net sales for the final quarter increased by 1.6% to EUR 65.7 million (EUR 64.7 million). Operating profit totalled EUR 2.9 million (EUR 6.6 million) and operating profit excluding non-recurring items was EUR 7.9 million (EUR 6.6 million).

Profitability developed favourably in the final quarter, due to greater operational efficiency.

**Year 2013**

The Environmental Services division's net sales for 2013 amounted to EUR 257.9 million (EUR 265.7 million), showing a decrease of 2.9%. Operating profit totalled EUR 30.1 million (EUR 34.3 million) and operating profit excluding non-recurring items was EUR 35.1 million (EUR 30.6 million).

Comparable net sales includes EUR 8.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Operational efficiency improvement contributed to the increase in operating profit.

**Industrial Services****Final quarter**

The division's net sales for the final quarter totalled EUR 20.9 million (EUR 18.8 million), showing an increase of 11.1%. Operating profit totalled EUR 1.6 million (EUR 1.2 million) and operating profit excluding non-recurring items was EUR 2.7 million (EUR 1.3 million).

The division's net sales improved, primarily as a result of the increase in net sales in environmental construction. Operating profit excluding non-recurring items rose due to efficiency improvement measures and effective cost control.

**Year 2013**

The division's net sales for 2013 totalled EUR 75.5 million (EUR 70.0 million), showing an increase of 7.9%. Operating profit totalled EUR 5.2 million (EUR 3.9 million) and operating profit excluding non-recurring items was EUR 6.7 million (EUR 4.4 million).

Net sales grew following an increase in demand for process cleaning. Demand for sewer maintenance services and environmental construction was modest at the start of the year, but improved during the second half.

Hazardous waste services enjoyed healthy demand and strong profitability throughout the review period.

## **Facility Services**

### **Final quarter**

The division's net sales for the final quarter were down by 4.1% to EUR 71.7 million (EUR 74.8 million). Operating loss totalled EUR 5.6 million (operating profit EUR 2.5 million) and operating profit excluding non-recurring items was EUR 1.4 million (EUR 3.1 million).

The major restructuring process being deployed in the division continues to burden business profitability.

The division's net sales fell from the comparison period, due to business downsizing in Sweden and reduced demand for property maintenance services in the final quarter.

### **Year 2013**

The division's net sales for the year 2013 were down by 2.3% to EUR 292.5 million (EUR 299.5 million). Operating profit totalled EUR 4.4 million (EUR 13.0 million) and operating profit excluding non-recurring items was EUR 11.9 million (EUR 14.7 million).

The division's net sales fell from the comparison period, due to business downsizing in Sweden and reduced demand for property maintenance services in the second half of the year.

Costs incurred from the expansion of technical systems services had a negative effect on profitability, as did the weak profitability of damage repair services.

The Facility Services division implemented efficiency enhancement measures to improve its profitability. The benefits of these measures will materialise during 2014. Profitability improved in the cleaning business, particularly in Sweden.

The entire division is currently engaged in a major restructuring and reorganisation process, the purpose of which is to adapt operations to the changes in market conditions, especially in Cleaning and Property Maintenance.

## **Renewable Energy Sources**

### **Final quarter**

Final quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 13.5% to EUR 15.8 million (EUR 18.3 million). The division recorded an operating profit and operating profit excluding non-recurring items of EUR 0.6 million (EUR 0.3 million).

The decline in net sales could be attributed to business downsizing in Eastern Finland and the late start of the heating season.

### **Year 2013**

Full-year net sales of Renewable Energy Sources (L&T Biowatti) were up by 3.7% to EUR 58.0 million (EUR 55.9 million). Operating profit amounted to EUR 1.4 million (operating loss EUR 0.1 million), and operating profit excluding non-recurring items was EUR 1.1 million (EUR 0.1 million).

The division's net sales improved from the comparison period, due to strong demand for wood-based fuels.

In the first half, profitability suffered from the weaker energy content of fuels and higher logistics costs. Meanwhile, net sales growth and the efficiency improvement measures taken improved the operating profit.

**BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS**

EUR million	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
Operating profit	-1.6	9.7	33.2	48.4
Non-recurring items:				
Gain on sale of L&T Biowatti Oy equipment	-0.1		-0.5	
Impairment of EcoStream Oy shares			5.0	
Gain on sale of holding in L&T Recoil Oy				-4.2
Impairment of hazardous waste treatment facilities		0.2		0.5
Gain on sale of eco product business		-0.2		-0.2
Impairment of goodwill in Swedish business operations	7.0		7.0	
Potential costs of closure of land areas divested	5.0		5.0	
Discontinuation of the sewer repair business	1.2		1.2	
Restructuring costs		0.8	1.0	2.9
Operating profit excluding non-recurring items	11.5	10.5	51.8	47.4

**FINANCING**

Cash flows from operating activities amounted to EUR 86.4 million (EUR 80.5 million). A total of EUR 7.9 million in working capital was released (EUR 6.4 million released).

At the end of the period, interest-bearing liabilities amounted to EUR 122.8 million (EUR 96.9 million). In the final quarter, the company took out long-term loans in the amount of EUR 30.0 million to balance the maturity of its interest-bearing liabilities. Guarantees of EUR 16.4 million associated with L&T Recoil to other providers of finance are still in force. In addition, L&T has receivables of EUR 3.3 million from EcoStream Group.

Net interest-bearing liabilities amounted to EUR 64.4 million, showing a decrease of EUR 17.9 million from the beginning of the year and EUR 0.9 million in the final quarter.

Net financial expenses in 2013 amounted to EUR 2.9 million (EUR 5.4 million). Net financial expenses were 0.4% (0.8%) of net sales. The amount of repaid loans and the expiry of high-interest interest rate swaps contributed to the decrease in net financial expenses. Costs in the comparison period included a write-down of EUR 2.0 million on the receivables from a subordinated loan from Recoil Oy.

The average interest rate on long-term loans (with interest-rate hedging) was 1.7% (2.2%). Long-term loans totalling EUR 22.1 million will mature during the year 2014.

The equity ratio was 43.7% (49.4%) and the gearing rate 30.4 (35.3). Liquid assets at the end of the period amounted to EUR 58.5 million (EUR 14.6 million).

Of the EUR 100 million commercial paper programme, EUR 35.0 million (EUR 12.0 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

**DISTRIBUTION OF ASSETS**

The Annual General Meeting held on 12 March 2013 resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share was paid for the financial year 2012. The capital repayment, totalling EUR 23.2 million, was paid to the shareholders on 22 March 2013.

The Extraordinary General Meeting held on 18 November 2013, resolved that an extra dividend of EUR 0.35 per share as well as an additional capital repayment of EUR 0.15 per share will be distributed to

shareholders in addition to already paid capital repayment of EUR 0.60 per share decided by the Annual General Meeting on 12 March 2013. Thus, the cumulative amount of the extra dividend and the additional capital repayment will be EUR 0.50 per share. The extra dividend and capital repayment, totalling EUR 18.1 million, was paid to the shareholders on 28 November 2013.

## **CAPITAL EXPENDITURE**

In 2013, gross capital expenditure totalled EUR 32.7 million (EUR 49.4 million) and was mainly comprised of machine and equipment purchases.

## **PERSONNEL**

In 2013, the average number of employees converted into full-time equivalents was 8,267 (8,399). The total number of full-time and part-time employees at the end of the period was 8,847 (8,962). Of them 7,088 (7,035) people worked in Finland and 1,759 (1,927) people in other countries.

## **PROPOSAL FOR THE DISTRIBUTION OF ASSETS**

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amount to EUR 86,373,918.28 with the operating profit for the period representing EUR 14,210,767.64. There were no substantial changes in the financial standing of the company after the end of the period, and the solvency test referred to in Chapter 13, section 2 of the Companies Act does not affect the amount of distributable assets.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

The dividend is paid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 24 March 2014. The Board proposes to the Annual General Meeting that the dividend be paid on 31 March 2014.

No dividend shall be paid on shares held by the company on the record date of 24 March 2014.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 38,706,627, which means the total amount of the dividend would be EUR 19,353,313.50.

Earnings per share amounted to EUR 0.57. The proposed dividend is 87.7% of the earnings per share.

## **SHARE AND SHARE CAPITAL**

### **Traded volume and price**

The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in 2013 was 7,206,872 which is 18.7% (25.8%) of the average number of outstanding shares. The value of trading was EUR 99.5 million (EUR 105.1 million). The trading price varied between EUR 11.60 and EUR 15.59. The closing price was EUR 15.23. The market capitalisation excluding the shares held by the company was EUR 589.5 million (EUR 450.4 million) at the end of the period.

### **Own shares**

At the end of the period the company held 92,247 of its own shares, representing 0.2% of all shares and votes.

### **Share capital and number of shares**

The company's registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,706,627 shares. The average number of shares excluding the shares held by the company totalled 38,703,933.

### **Shareholders**

At the end of the period, the company had 9,320 (9,382) shareholders. Nominee-registered holdings accounted for 21.7% (17.2%) of the total number of shares.

### **Authorisation for the Board of Directors**

The Annual General Meeting held on 12 March 2013 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on the share issue and the issuance of special rights entitling to shares.

The Board of Directors is authorised to purchase a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The repurchase authorisation will be effective for 18 months.

The Board of Directors is authorised to decide on issuance of new shares or shares possibly held by the Company through share issue and/or issuance of option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that by virtue of the authorisation altogether 500,000 shares, which is 1.3% of the total number of shares, may be issued and/or conveyed at the maximum. The share issue authorisation will be effective for 18 months.

## **RESOLUTIONS BY THE GENERAL MEETINGS**

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 12 March 2013, adopted the financial statements for the financial year 2012 and released the members of the Board of Directors and the President and CEO from liability.

The AGM resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share, as proposed by the Board of Directors, was paid for the financial year 2012 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 23.2 million, payment date was on 22 March 2013.

The AGM confirmed the number of the members of the Board of Directors five. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Majjala.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab named Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 12 March 2013.

The Extraordinary General Meeting held on 18 November 2013, resolved that an extra dividend and an additional capital repayment be paid. The extra dividend of EUR 0.35 per share as well as an additional capital repayment of EUR 0.15 per share was distributed to the shareholders. The extra dividend and capital repayment, totalling EUR 18.1 million, was paid on 28 November 2013.

## **BOARD OF DIRECTORS**

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Majjala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

From among its members, the Board elected Eero Hautaniemi as Chairman and Sakari Lassila and Miikka Maijala as members of the audit committee. Heikki Bergholm was elected as Chairman of the remuneration committee and Hille Korhonen as member of the committee.

## **SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 4, CHAPTER 6 OF THE SECURITIES MARKETS ACT**

In a release published on 25 March 2013, the company announced the comparable figures for 2012 based on the new business structure.

In a release published on 9 April 2013, the company announced that as part of EcoStream Oy's capital arrangements, Lassila & Tikanoja plc subscribed for EcoStream Oy shares for a total of EUR 2.0 million on 8 April 2013. The subscription price was EUR 3.00 per share. This subscription was financed through a conversion of Lassila & Tikanoja's remaining sale price receivable from the L&T Recoil Oy divestment, EUR 2.0 million, into EcoStream Oy shares. Consequently, the arrangement had no direct impact on cash flow. Following this arrangement and EcoStream Oy's other capital arrangements, Lassila & Tikanoja's ownership in EcoStream Oy fell to approximately 16.4 per cent.

In connection with the arrangement, Lassila & Tikanoja's Board of Directors decided on a write-down of all shares held by Lassila & Tikanoja plc to EUR 3.00 per share. As a result of this write-down, the company will record an impairment of EUR 5.1 million on EcoStream Oy's shares for the second quarter.

After the write-down, the balance sheet value of the EcoStream shares held by L&T will be approximately EUR 3.6 million.

The impairment will be treated as a non-recurring cost item, with no impact on cash flow.

In a release published on 1 July 2013, the company announced that the consideration of charges relating to L&T's overtime investigation was complete. The police investigation and the consideration of charges were aimed at the overtime work of 25 of L&T's property maintenance employees. On the basis of the consideration of charges, the District Prosecutor for Helsinki has decided to press charges against 21 former and current management staff at Lassila & Tikanoja, including Pekka Ojanpää, President and CEO since 1 November 2011.

In a release published on 23 September 2013, in conjunction with the Capital Markets Day, the company announced that its financial targets for the year 2016 remain unchanged. The theme of the Capital Markets Day was: "L&T moving from re-structuring to profitable growth".

In a release published on 19 December 2013, the company announced that it recognises a total of EUR 7.0 million in impairment of goodwill in its Swedish business operations in the fourth quarter. In the Group, the impairment is allocated to the Facility Services division. The impairment is due to the decrease in yield expectations in Swedish operations, particularly in the Öst-Göta region. After the impairment loss, the amount of goodwill remaining in the Group's balance sheet totals about EUR 3.5 million in relation to Swedish operations.

## **EVENTS AFTER THE BALANCE SHEET DATE**

The company's management is not aware of any events of material importance after the balance sheet date, which might have affected the preparation of the financial statements.

## **NEAR-TERM RISKS AND UNCERTAINTIES**

Economic uncertainty may cause major changes in the Environmental Services division's secondary raw material markets and in the demand for Industrial Services.

Uncertainties associated with government subsidies for renewable fuels and with their continuity could affect demand for the Renewable Energy Sources division's services.

L&T's total risks in the EcoStream Group amount to EUR 23.3 million, and if the risks materialised, there would be an impact on cash flow of approximately EUR 16.4 million. The EUR 16.4 million guarantee given by L&T to other financiers on L&T Recoil Oy's bank loans is still in effect. Furthermore, L&T has outstanding receivables from the EcoStream Group totalling EUR 3.3 million, and holds EcoStream Oy shares worth EUR 3.6 million.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2012, in the report of the Board of Directors, and in the consolidated financial statements.

#### **OUTLOOK FOR THE YEAR 2014**

Full-year net sales in 2014 are expected to remain at the 2013 level. Operating profit, excluding non-recurring items, is expected to remain at the 2013 level or improve slightly.



**CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 DECEMBER 2013****CONSOLIDATED INCOME STATEMENT**

EUR 1 000	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
<b>Net sales</b>	<b>169 705</b>	171 791	<b>668 217</b>	673 985
Cost of sales	<b>-157 135</b>	-155 876	<b>-597 288</b>	-602 581
<b>Gross profit</b>	<b>12 569</b>	15 915	<b>70 929</b>	71 404
Other operating income	<b>1 328</b>	1 535	<b>4 280</b>	7 708
Sales and marketing expenses	<b>-3 968</b>	-4 329	<b>-14 503</b>	-16 745
Administrative expenses	<b>-3 700</b>	-2 927	<b>-12 985</b>	-12 090
Other operating expenses	<b>-845</b>	-509	<b>-2 512</b>	-1 584
Impairment, property, plant and equipment and other non-current assets	<b>0</b>		<b>-5 027</b>	-302
Impairment, goodwill and other intangible assets	<b>-7 000</b>		<b>-7 000</b>	
<b>Operating profit</b>	<b>-1 616</b>	9 685	<b>33 182</b>	48 391
Financial income	<b>197</b>	102	<b>529</b>	860
Financial expenses	<b>-922</b>	-614	<b>-3 385</b>	-6 256
<b>Profit before tax</b>	<b>-2 341</b>	9 173	<b>30 327</b>	42 995
Income taxes	<b>1 003</b>	-2 117	<b>-8 144</b>	-8 543
<b>Profit for the period</b>	<b>-1 338</b>	7 056	<b>22 183</b>	34 452
<b>Attributable to:</b>				
Equity holders of the company	<b>-1 339</b>	7 055	<b>22 185</b>	34 459
Non-controlling interest	<b>0</b>	1	<b>-3</b>	-7
<b>Earnings per share attributable to equity holders of the parent company:</b>				
Basic earnings per share, EUR	<b>-0.03</b>	0.18	<b>0.57</b>	0.89
Diluted earnings per share, EUR	<b>-0.03</b>	0.18	<b>0.57</b>	0.89

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR 1 000	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
<b>Profit for the period</b>	<b>-1 338</b>	7 056	<b>22 183</b>	34 452
<b>Items not to be recognised through profit or loss</b>				
Items arising from re-measurement of defined benefit plans	<b>67</b>	-189	<b>67</b>	-189
Items not to be recognised through profit or loss, total	<b>67</b>	-189	<b>67</b>	-189
<b>Items potentially to be recognised through profit or loss</b>				
Hedging reserve, change in fair value	<b>-487</b>	-700	<b>-368</b>	1 098
Revaluation reserve				
Gains in the period	<b>0</b>	1	<b>-2</b>	2
Current available-for-sale financial assets	<b>0</b>	1	<b>-2</b>	2
Currency translation differences	<b>-238</b>	-141	<b>-427</b>	627
Currency translation differences, non-controlling interest	<b>-9</b>	-1	<b>-31</b>	10
<b>Items potentially to be recognised through profit or loss, total</b>	<b>-734</b>	-841	<b>-828</b>	1 737
<b>Total comprehensive income, after tax</b>	<b>-2 005</b>	6 026	<b>21 422</b>	36 000
<b>Attributable to:</b>				
Equity holders of the company	<b>-1 995</b>	6 026	<b>21 456</b>	35 997
Non-controlling interest	<b>-9</b>	0	<b>-34</b>	3

**TAX EFFECTS OF COMPONENTS OF OTHER COMPREHENSIVE INCOME**

EUR 1 000	Before tax	31.12.2013 Tax expense/ benefit	After tax	Before tax	31.12.2012 Tax expense/ benefit	After tax
Hedging reserve, change in fair value	<b>-458</b>	<b>91</b>	<b>-368</b>	1 454	-356	1 098
Revaluation reserve						
Current available-for-sale financial assets	<b>-3</b>	<b>1</b>	<b>-2</b>	2		2
Currency translation differences	<b>-427</b>		<b>-427</b>	694	-67	627
Currency translation differences non-controlling interest	<b>-31</b>		<b>-31</b>	10		10
Components of other comprehensive income	<b>-919</b>	<b>91</b>	<b>-828</b>	2 160	-423	1 737

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR 1 000	12/2013	12/2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	112 818	120 189
Customer contracts arising from acquisitions	5 071	7 880
Agreements on prohibition of competition	397	1 810
Other intangible assets arising from business acquisitions	36	57
Other intangible assets	7 993	8 494
	<b>126 315</b>	<b>138 430</b>
Property, plant and equipment		
Land	3 750	3 844
Buildings and constructions	49 744	52 393
Machinery and equipment	115 797	121 179
Other	85	86
Prepayments and construction in progress	2 157	2 657
	<b>171 533</b>	<b>180 159</b>
Other non-current assets		
Available-for-sale investments	4 251	7 284
Finance lease receivables	3 685	3 608
Deferred tax assets	2 847	3 845
Other receivables	2 389	2 755
	<b>13 174</b>	<b>17 492</b>
<b>Total non-current assets</b>	<b>311 021</b>	<b>336 081</b>
<b>Current assets</b>		
Inventories	26 097	24 884
Trade and other receivables	99 979	103 925
Derivative receivables	84	1 290
Prepayments	335	491
Current available-for-sale financial assets	0	2 499
Cash and cash equivalents	58 474	12 083
<b>Total current assets</b>	<b>184 969</b>	<b>145 172</b>
<b>TOTAL ASSETS</b>	<b>495 990</b>	<b>481 253</b>

EUR 1 000	12/2013	12/2012
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to equity holders of the company		
Share capital	19 399	19 399
Other reserves	-1 539	-743
Unrestricted equity reserve	297	29 381
Retained earnings	170 876	150 233
Profit for the period	22 185	34 459
	<b>211 218</b>	232 729
Non-controlling interest	240	274
<b>Total equity</b>	<b>211 458</b>	233 003
<b>Liabilities</b>		
Non-current liabilities		
Deferred tax liabilities	25 809	31 313
Retirement benefit obligations	777	672
Provisions	6 085	4 304
Interest-bearing liabilities	65 852	57 961
Other liabilities	500	942
	<b>99 023</b>	95 192
Current liabilities		
Interest-bearing liabilities	56 991	38 915
Trade and other payables	119 954	112 880
Derivative liabilities	501	1 129
Tax liabilities	4 666	14
Provisions	3 397	120
	<b>185 509</b>	153 058
<b>Total liabilities</b>	<b>284 532</b>	248 250
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>495 990</b>	481 253

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR 1 000	12/2013	12/2012
<b>Cash flows from operating activities</b>		
Profit for the period	22 183	34 452
<b>Adjustments</b>		
Income taxes	8 144	8 543
Depreciation, amortisation and impairment	54 003	43 642
Financial income and expenses	2 856	5 395
Gain on sale of shares	0	-4 181
Other	3 787	1 603
Net cash generated from operating activities before change in working capital	90 973	89 454
Change in working capital		
Change in trade and other receivables	2 800	-10 574
Change in inventories	-1 204	-121
Change in trade and other payables	6 261	17 096
Change in working capital	7 857	6 401
Interest paid	-3 647	-5 070
Interest received	534	830
Income taxes	-9 271	-11 127
<b>Net cash from operating activities</b>	<b>86 446</b>	<b>80 488</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries and businesses, net of cash acquired		-2 498
Proceeds from sale of subsidiaries and businesses, net of sold cash		7 820
Purchases of property, plant and equipment and intangible assets	-28 062	-40 659
Proceeds from sale of property, plant and equipment and intangible assets	1 206	2 826
Change in other non-current receivables	367	560
Dividends received	1	1
<b>Net cash used in investing activities</b>	<b>-26 488</b>	<b>-31 950</b>
<b>Cash flows from financing activities</b>		
Change in short-term borrowings	22 899	-5 781
Proceeds from long-term borrowings	30 000	10 200
Repayments of long-term borrowings	-26 249	-25 254
Dividends paid and other asset distribution	-42 521	-21 254
<b>Net cash generated from financing activities</b>	<b>-15 871</b>	<b>-42 089</b>

EUR 1 000	12/2013	12/2012
<b>Net change in liquid assets</b>	<b>44 087</b>	6 449
Liquid assets at beginning of period	<b>14 582</b>	8 069
Effect of changes in foreign exchange rates	<b>-195</b>	64
<b>Liquid assets at end of period</b>	<b>58 474</b>	14 582
<b>Liquid assets</b>		
EUR 1 000	12/2013	12/2012
Cash and cash equivalents	<b>58 474</b>	12 083
Available-for-sale financial assets		2 499
Total	<b>58 474</b>	14 582

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR 1 000	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
<b>Equity at 1.1.2012</b>	19 399	-1 412	0	-1 057	50 658	150 085	217 673	271	217 944
Amendment in IAS19						93	93		93
<b>Adjusted equity 1.1.2012</b>	19 399	-1 412	0	-1 057	50 658	150 178	217 766	271	218 037
Total comprehensive income									
Profit for the period						34 459	34 459	-7	34 452
Items arising from re-measurement of defined benefit plans						-189	-189		-189
Hedging reserve, change in fair value				1 098			1 098		1 098
Current available-for-sale financial assets			2				2		2
Currency translation differences		627					627	10	637
Total comprehensive income		627	2	1 098		34 270	35 997	3	36 000
Transactions with shareholders									
Share-based benefits						125	125		125
Capital repayment					-21 277	22	-21 255		-21 255
Transactions with shareholders, total					-21 277	147	-21 130		-21 130
Other changes						96	96		96
<b>Equity at 31.12.2012</b>	19 399	-785	2	41	29 381	184 692	232 729	274	233 003

EUR 1 000	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
<b>Equity at 1.1.2013</b>	19 399	-785	2	41	29 381	184 692	232 729	274	233 003
Amendment in IAS19						-189	-189		-189
<b>Adjusted equity at 1.1.2013</b>	19 399	-785	2	41	29 381	184 503	232 540	274	232 814
Total comprehensive income									
Profit for the period						22 185	22 185	-3	22 183
Items arising from re-measurement of defined benefit plans						67	67		67
Hedging reserve, change in fair value				-368			-368		-368
Current available-for-sale financial assets			-2				-2		-2
Currency translation differences		-427					-427	-31	-458
Total comprehensive income		-427	-2	-368		22 252	21 456	-34	21 422
Transactions with shareholders									
Share-based benefits					-57	444	387		387
Dividends paid						-13 547	-13 547		-13 547
Dividends returned						22	22		22
Capital repayment					-29 027		-29 027		-29 027
Transactions with shareholders, total					-29 084	-13 081	-42 165		-42 165
Other changes						-613	-613		-613
<b>Equity at 31.12.2013</b>	19 399	-1 212	0	-327	297	193 061	211 218	240	211 458



**KEY FIGURES**

	<b>10-12/ 2013</b>	<b>10-12/ 2012</b>	<b>1-12/ 2013</b>	<b>1-12/ 2012</b>
Earnings per share, EUR	<b>-0.03</b>	0.18	<b>0.57</b>	0.89
Earnings per share, diluted, EUR	<b>-0.03</b>	0.18	<b>0.57</b>	0.89
Cash flows from operating activities per share, EUR	<b>0.65</b>	0.79	<b>2.23</b>	2.08
EVA, EUR million	<b>-4.9</b>	3.9	<b>12.4</b>	24.1
Capital expenditure, EUR 1000	<b>8 944</b>	13 120	<b>32 668</b>	49 385
Depreciation, amortisation and impairment, EUR 1000	<b>17 458</b>	10 762	<b>54 003</b>	43 642
Equity per share, EUR			<b>5.46</b>	6.01
Dividend / share, EUR			<b>0.50*</b>	0.35
Dividend / earnings, %			<b>87.23*</b>	39.31
Dividend yield, %			<b>3.3*</b>	3.01
Capital repayment / share, EUR				0.75
Capital repayment / earnings, %				84.24
Capital repayment yield, %				6.4
P/E ratio			<b>26.6</b>	13.1
Return on equity, ROE, %			<b>10.0</b>	15.3
Return on invested capital, ROI, %			<b>10.6</b>	14.4
Equity ratio, %			<b>43.7</b>	49.4
Gearing, %			<b>30.4</b>	35.3
Net interest-bearing liabilities, EUR 1000			<b>64 369</b>	82 294
Average number of employees in full-time equivalents			<b>8 267</b>	8 399
Total number of full-time and part-time employees at end of period			<b>8 847</b>	8 962
Number of outstanding shares adjusted for issues, 1000 shares				
average during the period			<b>38 704</b>	38 688
at end of period			<b>38 707</b>	38 692
average during the period, diluted			<b>38 721</b>	38 701

\* Proposal by the Board of Directors

**ACCOUNTING POLICIES**

This financial statements release is in compliance with IAS 34 standard. The financial statements release has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2013.

The figures are presented as thousands of euros. All figures have been rounded and, consequently, the sum of individual figures may deviate from the sum total presented.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc, which will be released on 26 February 2014.

The interim report has not been audited.

**SEGMENT INFORMATION****Net sales**

EUR 1 000	10-12/ 2013			10-12/ 2012			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	64 466	1 229	65 695	62 936	1 734	64 670	1.6
Industrial Services	20 214	647	20 861	18 065	705	18 770	11.1
Facility Services	70 161	1 545	71 706	73 527	1 262	74 789	-4.1
Renewable Energy Sources	14 864	954	15 819	17 263	1 024	18 287	-13.5
Eliminations		-4 375	-4 375		-4 725	-4 725	
L&T total	169 705	0	169 705	171 791	0	171 791	-1.2

EUR 1 000	1-12/2013			1-12/2012			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	254 119	3 807	257 926	259 791	5 870	265 661	-2.9
Industrial Services	72 141	3 385	75 526	66 863	3 133	69 996	7.9
Facility Services	287 842	4 700	292 542	295 451	4 042	299 493	-2.3
Renewable Energy Sources	54 115	3 894	58 010	51 880	4 067	55 947	3.7
Eliminations		-15 786	-15 786		-17 112	-17 112	
L&T total	668 217	0	668 217	673 985	0	673 985	-0.9

**Operating profit**

EUR 1 000	10-12/ 2013		10-12/ 2012		1-12/ 2013		1-12/ 2012	
		%		%		%		%
Environmental Services	2 921	4.4	6 592	10.2	30 092	11.7	34 251	12.9
Industrial Services	1 573	7.5	1 161	6.2	5 230	6.9	3 892	5.6
Facility Services	-5 560	-7.8	2 516	3.4	4 444	1.5	12 980	4.3
Renewable Energy Sources	590	3.7	269	1.5	1 448	2.5	-61	-0.1
Group admin. and other	-1 140		-853		-8 032		-2 671	
L&T total	-1 616	-1.0	9 685	5.6	33 182	5.0	48 391	7.2
Financial expenses, net	-725		-512		-2 856		-5 396	
Profit before tax	-2 341		9 173		30 327		42 995	

**Other segment information**

EUR 1 000	12/2013		12/2012	
<b>Assets</b>				
Environmental Services	214 465		228 457	
Industrial Services	69 954		81 573	
Facility Services	103 358		105 718	
Renewable Energy Sources	29 417		30 179	
Group admin. and other	7 481		9 853	
Unallocated assets	71 314		25 473	
L&T total	495 990		481 253	
<b>Liabilities</b>				
Environmental Services	51 810		42 381	
Industrial Services	21 506		18 687	
Facility Services	49 646		50 073	
Renewable Energy Sources	5 463		6 094	
Group admin. and other	2 091		1 378	
Unallocated assets	154 016		129 637	
L&T total	284 532		248 250	
EUR 1 000	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
<b>Capital expenditure</b>				
Environmental Services	4 443	5 120	15 702	16 149
Industrial Services	864	4 857	3 163	11 272
Facility Services	3 435	3 030	11 295	14 727
Renewable Energy Sources	97	113	265	486
Group admin. and other	106	0	2 244	6 751
L&T total	8 944	13 120	32 668	49 385
<b>Depreciation and amortisation</b>				
Environmental Services	5 411	5 905	21 883	24 690
Industrial Services	1 643	1 910	6 638	7 084
Facility Services	3 344	2 873	13 169	11 276
Renewable Energy Sources	60	70	273	281
Group admin. and other	1	4	14	9
L&T total	10 458	10 762	41 976	43 340
<b>Impairment</b>				
Environmental Services				302
Facility Services	7 000		7 000	
Group admin. and other			5 027	
L&T total	7 000	0	12 027	302

**INCOME STATEMENT BY QUARTER**

EUR 1 000	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
<b>Net sales</b>								
Environmental Services	65 695	65 433	66 597	60 201	64 670	66 388	69 136	65 467
Industrial Services	20 861	20 933	20 002	13 730	18 770	18 145	20 158	12 923
Facility Services	71 706	71 645	73 395	75 796	74 789	72 708	72 376	79 620
Renewable Energy Sources	15 819	7 430	12 991	21 770	18 287	7 977	12 099	17 584
Group admin. and other								
Inter-division net sales	-4 375	-3 532	-4 103	-3 776	-4 725	-4 002	-4 077	-4 308
<b>L&amp;T total</b>	<b>169 705</b>	161 909	168 882	167 721	171 791	161 216	169 692	171 286
<b>Operating profit</b>								
Environmental Services	2 921	11 888	9 059	6 224	6 592	11 019	12 368	4 272
Industrial Services	1 573	2 281	1 895	-519	1 161	1 789	2 199	-1 257
Facility Services	-5 560	6 745	2 830	429	2 516	7 843	1 025	1 596
Renewable Energy Sources	590	-203	94	967	269	-384	-733	787
Group admin. and other	-1 140	-692	-5 397	-803	-853	-638	-715	-465
<b>L&amp;T total</b>	<b>-1 616</b>	20 019	8 481	6 298	9 685	19 629	14 144	4 933
<b>Operating margin</b>								
Environmental Services	4.4	18.2	13.6	10.3	10.2	16.6	17.9	6.5
Industrial Services	7.5	10.9	9.5	-3.8	6.2	9.9	10.9	-9.7
Facility Services	-7.8	9.4	3.9	0.6	3.4	10.8	1.4	2.0
Renewable Energy Sources	3.7	-2.7	0.7	4.4	1.5	-4.8	-6.1	4.5
<b>L&amp;T total</b>	<b>-1.0</b>	12.4	5.0	3.8	5.6	12.2	8.3	2.9
Financial expenses, net	-725	-1 132	-590	-408	-512	-568	-3 356	-960
<b>Profit before tax</b>	<b>-2 341</b>	18 887	7 891	5 890	9 173	19 061	10 788	3 973

**BUSINESS ACQUISITIONS**

In 2013, Lassila & Tikanoja made no business acquisitions.

The accounting policy concerning business combinations is presented under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

**CHANGES IN INTANGIBLE ASSETS**

EUR 1 000	1-12/2013	1-12/2012
Carrying amount at beginning of period	138 430	144 489
Business acquisitions		1 110
Other capital expenditure	2 597	2 322
Disposals		-1 957
Amortisation and impairment	-13 959	-8 023
Transfers between items	-329	
Exchange differences	-424	489
Carrying amount at end of period	126 315	138 430

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR 1 000	1-12/2013	1-12/2012
Carrying amount at beginning of period	180 159	207 522
Business acquisitions		2 438
Other capital expenditure	28 065	36 810
Disposals	-1 254	-31 258
Depreciation and impairment	-35 016	-35 619
Transfers between items	329	
Exchange differences	-751	266
Carrying amount at end of period	171 533	180 159

**CAPITAL COMMITMENTS**

EUR 1 000	1-12/2013	1-12/2012
Intangible assets	0	109
Property, plant and equipment	4 043	1 953
Total	4 043	2 062

**RELATED-PARTY TRANSACTIONS**

(Joint ventures and L&amp;T sickness fund)

EUR 1 000	1-12/2013	1-12/2012
Sales	0	939
Other operating income		24
Interest income	0	391

The support paid by the parent company to L&T sickness fund was EUR 786 thousand (2012: EUR 780 thousand).

**FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

EUR 1 000	Financia l assets and liabilities at fair value through profit or loss	Loans and other receivables	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level under IFRS 13		
								Level 1	Level 2	Level 3
<b>Non-current financial assets</b>										
	Available-for-sale investments		4 251			4 251	4 251			4251
	Finance lease receivables	3 685				3 685	3 865			
	Other receivables	2 388				2 388	2 388			
<b>Current financial assets</b>										
	Trade and other receivables	85 280				85 280	85 280			
	Derivative receivables				84	84	84		84	
	Available-for-sale financial assets									
	Cash and cash equivalents	58 474				58 474	58 474			
	<b>Total financial assets</b>	149 827	4 251	0	84	154 162	154 342			
<b>Non-current financial liabilities</b>										
	Borrowings			65 852		65 852	65 950			
	Other liabilities			197		197	197			
<b>Current financial liabilities</b>										
	Borrowings			56 991		56 991				
	Trade and other payables			57 373		57 373				
	Derivative liabilities				501	501	501		501	
	<b>Total financial liabilities</b>			180 414	501	180 915	66 649			

**CONTINGENT LIABILITIES****Securities for own commitments**

EUR 1 000	12/2013	12/2012
Mortgages on rights of tenancy	102	186
Company mortgages	565	583
Other securities	163	178
Bank guarantees required for environmental permits	9 511	6 483

Other securities are security deposits.

**Off balance sheet liabilities**

Lassila & Tikanoja plc has given a guarantee for a share of 50 percent of L&T Recoil Oy's financial liabilities.

The guarantee is valid no later than the maturity date of the liabilities on 31 August 2014.

The financial liabilities of L&T Recoil totalled EUR 32.8 million on 31 December 2013.

**Operating lease liabilities**

EUR 1 000	12/2013	12/2012
Maturity not later than one year	4 996	5 556
Maturity later than one year and not later than five years	6 137	8 377
Maturity later than five years	2 232	2 274
Total	13 365	16 206

**Liabilities associated with derivative agreements****Interest rate swaps**

EUR 1 000	12/2013	12/2012
Nominal values of interest rate and currency swaps*		
Maturity not later than one year	14 018	14 229
Maturity later than one year and not later than five years	16 739	28 940
Maturity later than five years	909	2 727
Total	31 666	45 896
Fair value	-428	-1 129

\* The interest rate swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data at the balance sheet date.

**Commodity derivatives**

metric tonnes	12/2013	12/2012
Nominal values of diesel swaps		
Maturity not later than one year	9 735	5 136
Maturity later than one year and not later than five years	825	660
Total	10 560	5 796
Fair value, EUR 1000	-73	136

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 – compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

**Currency forwards**

EUR 1 000	12/2013	12/2012
Volume of forward contracts		
Maturity not later than one year	0	775
Fair value	0	4

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair values have been recognised in financial income and expenses.

**Cross currency interest rate swaps**

EUR 1 000	12/2013	12/2012
<b>Maturity of cross currency interest rate swaps under hedge accounting</b>		
Maturity not later than one year	7 200	12 800
Maturity later than one year and not later than five years	9 467	16 667
Total	16 667	29 467
Fair value, EUR 1 000	79	1 150

The contracts are used to hedge cash flow related to foreign currency floating rate loans. The changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was approximately EUR 0.1 million negative.

**CALCULATION OF KEY FIGURES**

Earnings per share:

profit attributable to equity holders of the parent company / adjusted average basic number of shares

Earnings per share, diluted:

profit attributable to equity holders of the parent company / adjusted average diluted number of shares

Cash flows from operating activities/share:

cash flow from operating activities as in the statement of cash flows / adjusted average number of shares

EVA:

operating profit - cost calculated on invested capital (average of four quarters)

WACC 2012: 7.1%

WACC 2013: 6.5%

Equity per share:

equity attributable to equity holders of the parent company / adjusted basic number of shares at end of period



Return on equity, % (ROE):  
(profit for the period / equity (average)) x 100

Return on investment, % (ROI):  
(profit before tax + financial expenses) / (total equity and liabilities - non-interest-bearing liabilities (average)) x 100

Equity ratio, %:  
equity / (total equity and liabilities - advances received) x 100

Gearing, %:  
net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:  
interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:  
operating profit +/- non-recurring items

Helsinki, 4 February 2014

LASSILA & TIKANOJA PLC  
Board of Directors

Pekka Ojanpää  
President and CEO

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Lassila & Tikanoja is a service company that is transforming the consumer society into an efficient recycling society. In co-operation with our customers we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and to save the environment. Together, we create well-being and jobs. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,000 persons. Net sales in 2013 amounted to EUR 668 million. L&T is listed on NASDAQ OMX Helsinki.

Distribution:  
NASDAQ OMX Helsinki  
Major media  
[www.lassila-tikanoja.com](http://www.lassila-tikanoja.com)