

LASSILA & TIKANOJA PLC: FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2015

- **Net sales for the final quarter EUR 165.2 million (EUR 162.3 million); operating profit EUR 9.7 million (EUR 14.0 million); operating profit excluding non-recurring items EUR 11.3 million (EUR 13.2 million); earnings per share EUR 0.18 (EUR 0.21)**
- **Full-year net sales EUR 646.3 million (EUR 639.7 million); operating profit EUR 49.9 million (EUR 48.5 million); operating profit excluding non-recurring items EUR 52.5 million (EUR 53.8 million); earnings per share EUR 0.98 (EUR 0.47)**
- **Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.**
- **The Board of Directors proposes a dividend of EUR 0.85 per share.**

CEO PEKKA OJANPÄÄ:

“The economic recession and challenging market situation slowed down the development of our business throughout the year. Nevertheless, our net sales increased, primarily due to strategically targeted acquisitions. Operating profit excluding non-recurring items decreased slightly from the previous year, mainly due to the weak development of the Facility Services division’s result. The development of the Facility Services division’s profitability has been substantially below our expectations, and we will continue to implement measures to improve the efficiency of its operations. Our other divisions achieved a good result in 2015, considering the market situation. In addition, our cash flow from operating activities was strong. Economic growth in Finland is expected to remain slow in 2016. In the prevailing economic climate, our focus remains on strengthening our market position and ensuring profitability and cash flow through the development of our business operations and by targeted business acquisitions”.

GROUP NET SALES AND FINANCIAL PERFORMANCE**October–December**

Lassila & Tikanaja’s net sales for the final quarter increased by 1.8% year-on-year, to EUR 165.2 million (EUR 162.3 million). Operating profit was EUR 9.7 million (EUR 14.0 million). Operating profit excluding non-recurring items was EUR 11.3 million (EUR 13.2 million), representing 6.8% (8.1%) of net sales. Earnings per share were EUR 0.18 (EUR 0.21).

In the final quarter, net sales grew particularly in Facility Services due to acquisitions. Net sales also grew slightly in Industrial Services. In Environmental Services and Renewable Energy Sources, however, net sales decreased due to lower service demand and the lower prices of secondary raw materials.

The decline in the Group’s operating profit excluding non-recurring items was mainly attributable to the weaker result of the Environmental Services division, which was due to the lower volumes of recyclable materials as well as the lower market prices of secondary raw materials. Operating profit excluding non-recurring items also decreased in other divisions.

The final quarter’s operating profit was reduced by restructuring costs of EUR 1.6 million, primarily in Facility Services.

Year 2015

Lassila & Tikanaja’s net sales for 2015 increased by 1.0% year-on-year, to EUR 646.3 million (EUR 639.7 million). Operating profit was EUR 49.9 million (EUR 48.5 million). Operating profit excluding non-recurring items was EUR 52.5 million (EUR 53.8 million), representing 8.1% (8.4%) of net sales. Earnings per share were EUR 0.98 (EUR 0.47).

Net sales grew in Facility Services and Environmental Services, primarily due to acquisitions. The net sales of Industrial Services and Renewable Energy Sources decreased due to lower service demand.

Operating profit excluding non-recurring items decreased from the previous year, primarily due to the weak development of the Facility Services division's result. Operating profit excluding non-recurring items also decreased in Industrial Services. Operating profit excluding non-recurring items increased significantly in Renewable Energy Sources and slightly in Environmental Services.

Financial summary

	10-12/ 2015	10-12/ 2014	Change %	1-12/ 2015	1-12/ 2014	Change %
Net sales, EUR million	165.2	162.3	1.8	646.3	639.7	1.0
Operating profit excluding non-recurring items, EUR million	11.3	13.2	-14.6	52.5	53.8	-2.3
Operating margin excluding non-recurring items, %	6.8	8.1		8.1	8.4	
Operating profit, EUR million	9.7	14.0	-30.8	49.9	48.5	2.9
Operating margin, %	5.9	8.6		7.7	7.6	
Profit before tax, EUR million	8.6	10.6	-18.6	47.7	26.6	79.2
Earnings per share, EUR	0.18	0.21	-16.9	0.98	0.47	109.7
Dividend/share, EUR				0.85**	0.75	13.3
EVA, EUR million	4.7	9.5	-50.2	30.3	29.1	4.1

* Breakdown is presented below the division reviews.

** Proposal by the Board of Directors

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

October-December

The division's net sales for the final quarter decreased by 0.9% to EUR 64.2 million (EUR 64.8 million). Operating profit was EUR 7.4 million (EUR 10.8 million) and operating profit excluding non-recurring items was EUR 7.6 million (EUR 9.0 million).

The factors contributing to the division's decreased net sales were the lower demand and price of services produced for municipal waste management companies. The demand for waste management and recycling services also declined in Russia. In the environmental products business, net sales decreased due to the discontinuation of certain products.

The Environmental Services division's operating profit excluding non-recurring items decreased due to the lower volume of recyclable materials at recycling plants and the decreased market prices of secondary raw materials.

Year 2015

The Environmental Services division's net sales for 2015 amounted to EUR 256.5 million (EUR 254.5 million), showing an increase of 0.8%. Operating profit was EUR 35.8 million (EUR 37.3 million) and operating profit excluding non-recurring items was EUR 36.1 million (EUR 35.9 million).

The division's full-year net sales increased primarily due to acquisitions. Net sales decreased in Russia due to lower demand and the depreciation of the rouble. In the environmental products business, net sales decreased due to the discontinuation of certain products.

The division's operating profit excluding non-recurring items was slightly better than in the comparison period. The profitability of the recycling business improved early in the year but, towards the end of the review period, operating profit was decreased by the lower volume of recyclable materials at recycling plants and the decreased market prices of secondary raw materials. The division's profitability was also weighed down by additional maintenance shutdowns in the second quarter at the recycling plants in Turku and Kerava, which resulted in lower waste processing volumes at the two plants.

Industrial Services

October–December

The division's net sales for the final quarter increased by 0.2% to EUR 20.3 million (EUR 20.3 million). Operating profit was EUR 1.8 million (EUR 1.6 million) and operating profit excluding non-recurring items was EUR 1.8 million (EUR 2.1 million).

The demand for process cleaning services was very strong in the final quarter, which supported the net sales of the division as a whole. Demand also grew year-on-year in sewer maintenance services.

The demand for hazardous waste services and the price of waste oil remained at a low level, which had a negative impact on net sales and operating profit. Profitability also declined in environmental construction. In sewer maintenance, the operating result improved significantly due to previously implemented adaptation measures. Profitability improved in process cleaning due to strong demand.

Year 2015

The Industrial Services division's net sales for 2015 amounted to EUR 77.0 million (EUR 77.8 million), showing a decrease of 1.0%. Operating profit was EUR 6.8 million (EUR 6.5 million) and operating profit excluding non-recurring items was EUR 6.8 million (EUR 7.1 million).

The division's net sales were weighed down by the low demand for hazardous waste management in the second half of the year. In sewer maintenance, net sales decreased due to the closure of unprofitable units. The demand for process cleaning services remained strong almost throughout the year, and net sales also grew in environmental construction.

The division's operating profit excluding non-recurring items was reduced by the low demand for hazardous waste management and the low price of waste oil. The operating result of the sewer maintenance business improved significantly due to adaptation measures implemented earlier in the year. Profitability also improved in process cleaning due to strong demand.

Facility Services

October–December

The division's net sales for the final quarter increased by 4.3% to EUR 71.7 million (EUR 68.8 million). Operating profit was EUR 1.0 million (EUR 1.7 million). Operating profit excluding non-recurring items was EUR 2.5 million (EUR 2.6 million).

The technical systems maintenance business saw continued strong growth supported by organic sales growth and acquisitions made earlier in the year. The operating profit of technical systems maintenance nevertheless showed a loss, which had a negative impact on the division's operating profit.

Service demand grew in cleaning and property maintenance. The net sales of the renovation business (previously referred to as damage repair services) continued to decline as a result of the low number of damage incidents and the implementation of adaptation measures.

The profitability of property maintenance improved significantly year-on-year, and the operating loss of the renovation business was reduced due to restructuring measures. The division's operating profit was reduced by the loss recorded by the maintenance of technical systems business as well as the weaker profitability of cleaning services.

The final quarter's operating profit was reduced by restructuring costs of EUR 1.5 million.

Year 2015

The Facility Services division's net sales for 2015 grew by 3.0% to EUR 282.9 million (EUR 274.7 million). Operating profit was EUR 8.1 million (EUR 10.6 million). Operating profit excluding non-recurring items was EUR 10.5 million (EUR 11.7 million).

Demand improved from the comparison period in the property maintenance and cleaning businesses, but the net sales of cleaning services in Sweden declined. The technical systems maintenance business saw strong growth throughout the year, supported by organic sales growth and acquisitions. The operating profit of technical systems maintenance nevertheless showed a loss. Profitability also declined in the cleaning business, with the result negatively affected by start-up costs related to several major customer relationships as well as the weaker profitability of the cleaning business in Sweden. Profitability improved significantly in property maintenance.

In the renovation business, demand declined throughout the year. The Group closed down unprofitable business locations in the first half of the year, which affected the entire division's net sales and operating profit. The adaptation measures significantly reduced the operating loss excluding non-recurring items.

Renewable Energy Sources

October–December

Final quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 1.8% to EUR 11.7 million (EUR 12.0 million). Operating profit was EUR 0.3 million (EUR 1.0 million) and operating profit excluding non-recurring items was EUR 0.3 million (EUR 0.6 million).

The division's net sales declined due to the low demand for biofuels and lower electricity prices. Operating profit was negatively affected by impairment recognised on the inventory of raw material in the final quarter.

Year 2015

The net sales of Renewable Energy Sources (L&T Biowatti) in 2015 declined by 10.9% to EUR 39.4 million (EUR 44.2 million). Operating profit was EUR 2.1 million (EUR 1.6 million) and operating profit excluding non-recurring items was EUR 2.1 million (EUR 1.4 million).

The division's net sales declined mainly due to the low demand for biofuels, which resulted from the short heating season. Net sales were also decreased by the continued refocusing of business operations on selected geographic areas in line with strategy. Profitability improved significantly due to efficiency improvement measures and the good energy content of fuels.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	10–12/2015	10–12/2014	1–12/2015	1–12/2014
Operating profit	9.7	14.0	49.9	48.5
Non-recurring items:				
Gain on sale of L&T Biowatti Oy equipment		-0.4		-0.4
L&T Recoil Oy				6.4
Divestment of Latvian business operations				-1.1
Restructuring costs	1.6	1.4	2.6	2.0
Other non-recurring items		-1.8	0.1	-1.5
Total non-recurring items	1.6	-0.8	2.7	5.3
Operating profit excluding non-recurring items	11.3	13.2	52.5	53.8

FINANCING

Cash flow from operating activities increased to EUR 89.8 million (EUR 79.6 million) due to the release of working capital. A total of EUR 9.5 million in working capital was released (EUR 2.2 million released).

At the end of the period, interest-bearing liabilities amounted to EUR 95.8 million (EUR 96.0 million).

Net interest-bearing liabilities amounted to EUR 41.8 million (EUR 52.0 million), showing a decrease of EUR 6.3 million from the previous quarter and a decrease of EUR 10.2 million from the comparison period.

Net financial expenses in 2015 amounted to EUR 2.2 million (EUR 21.9 million). Net financial expenses were 0.3% (3.4%) of net sales. The amount of net financial expenses in the comparison period was primarily due to the EUR 16.7 million payment made under the L&T Recoil Oy guarantee commitment and exchange rate fluctuations that affected the Group's internal loans denominated in foreign currencies.

The average interest rate on long-term loans (with interest rate hedging) was 1.5% (1.7%). Long-term loans totalling EUR 34.9 million will mature in 2016.

The equity ratio was 46.5% (46.3%) and the gearing rate was 19.8 (25.2). Liquid assets at the end of the period amounted to EUR 54.0 million (EUR 44.0 million).

Of the EUR 100 million commercial paper programme, EUR 0 (EUR 0) 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 18 March 2015 resolved that a dividend of EUR 0.75 per share be paid on the basis of the balance sheet that was adopted for the financial year 2014. The dividend, totalling EUR 29.0 million, was paid to shareholders on 27 March 2015.

CAPITAL EXPENDITURE

In 2015, gross capital expenditure totalled EUR 49.6 million (EUR 44.7 million), consisting primarily of machine and equipment purchases as well as acquisitions.

PERSONNEL

In 2015, the average number of employees converted into full-time equivalents was 7,099 (7,257). At the end of the period, Lassila & Tikanoja had 8,085 (7,830) full-time and part-time employees. Of these, 7,192 (7,076) worked in Finland and 893 (754) in other countries.

PROPOSAL FOR THE DISTRIBUTION OF ASSETS

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amounts to EUR 97,547,601.44, with the operating profit for the period representing EUR 51,410,401.98. 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 0.85 per share be paid for the financial year 2015.

The dividend is paid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 21 March 2016. The Board proposes to the Annual General Meeting that the dividend be paid on 30 March 2016.

No dividend shall be paid on shares held by the company on the record date of 21 March 2016.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 38,361,153, which means the total amount of the dividend would be EUR 32,606,980.05.

Earnings per share amounted to EUR 0.98. The proposed dividend, EUR 0.85 per share, is 86.5% of the earnings per share.

L&T's online Annual Report, which includes the report by the Board of Directors and the financial statements for 2015, will be published in the week starting on 22 February 2016 at www.lassila-tikanoja.fi/annualreport2015.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in 2015, excluding the shares held by the company in Lassila & Tikanoja plc, was 10,014,840 shares, which is 26.0% (26.3%) of the average number of outstanding shares. The value of trading was EUR 172.4 million (EUR 145.2 million). The highest share price was EUR 18.74 and the lowest EUR 14.54. The closing price was EUR 18.12. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 695.1 million (EUR 584.7 million).

Own shares

At the end of the period, the company held 437,721 of its own shares, representing 1.1% of all shares and votes. The company started a programme on 15 September 2015 to repurchase its own shares. The programme ended on 31 December 2015. The company acquired a total of 253,406 of its own shares during the programme.

Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437 and the number of outstanding shares is 38,361,153. The average number of shares excluding the shares held by the company was 38,589,658.

Shareholders

At the end of the period, the company had 9,790 (10,152) shareholders. Nominee-registered holdings accounted for 21.6% (17.9%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 18 March 2015 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 their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The repurchase authorisation is effective for 18 months. At the end of the financial year, the unused portion of the repurchase authorisation amounted to 1,746,594 shares.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The share issue authorisation is effective for 18 months.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 18 March 2015, adopted the financial statements and consolidated financial statements for 2014 and released the members of the Board of Directors and the President and CEO from liability.

The Annual General Meeting resolved that a dividend of EUR 0.75 per share, totalling EUR 29.0 million, be paid on the basis of the balance sheet adopted for the financial year 2014. It was decided that the dividend be paid on 27 March 2015.

The Annual General Meeting confirmed the number of members of the Board of Directors as five. Heikki Bergholm, Eero Hautaniemi, Laura Lares, Sakari Lassila and Miikka Maijala were re-elected to the Board until the end of the following Annual General Meeting.

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 18 March 2015.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, Laura Lares, Sakari Lassila and Miikka Maijala. At its constitutive meeting after the Annual General Meeting, the Board of Directors elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

Eero Hautaniemi was elected as Chairman and Sakari Lassila and Laura Lares as members of the Audit Committee. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Miikka Maijala as a member of the committee.

SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 4, CHAPTER 6 OF THE SECURITIES MARKET ACT

On 20 January 2015, the company announced that, according to the preliminary financial statements figures for 2014, the company's net sales are estimated to be approximately EUR 639 million (2013: EUR 668.2 million) and the operating profit excluding non-recurring items is estimated to be EUR 53.8 million (2013: EUR 51.8 million).

Previously, the company had estimated that the 2014 net sales were expected to remain at the 2013 level or slightly below and operating profit excluding non-recurring items would also remain at the 2013 level or slightly below.

On 27 May 2015, the company announced that Jorma Mikkonen, Lassila & Tikanoja plc's Director, Corporate Relations and Responsibility, has been appointed as a member of the company's Group Executive Board starting from 1 June 2015. Mikkonen's responsibilities include corporate relations, EHSQ, communications and corporate safety.

On 2 September 2015, the company announced that the Board of Directors has approved the Group's updated strategy as part of its annual strategy work and that, going forward, the Renewable Energy Sources division will be included in L&T's core businesses. The company also announced that its Board of Directors has resolved to exercise the authorisation by the Annual General Meeting on 18 March 2015 to repurchase a maximum of 500,000 of the company's own shares, which corresponds to approximately 1.3% of the total number of issued shares.

On 16 November 2015, the company announced that Petri Myllyniemi, Vice President of Facility Services and a member of the Group Executive Board, would leave the company on 30 November 2015. President and CEO Pekka Ojanpää assumed responsibility for the Facility Services division until further notice.

EVENTS AFTER THE REVIEW PERIOD

On 4 January 2016, the company announced that it has concluded the repurchase of its own shares that was announced on 2 September 2015. The repurchase of the company's own shares began on 15 September 2015 and the repurchase programme ended on 31 December 2015. The final share purchase was realised on 21 December 2015. A total of 253,406 shares were purchased during the repurchase programme. As of the conclusion of the repurchase programme, the company holds a total of 437,721 of its own shares, which corresponds to 1.1% of shares and votes.

The company's management is not aware of any events of material importance after the review period that might have affected the preparation of the financial statements release.

NEAR-TERM RISKS AND UNCERTAINTIES

Economic uncertainty may result in significant changes in the secondary raw material markets for Environmental Services and the demand for Facility Services and Industrial Services.

Low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

More detailed information on L&T's risks and risk management is available in the 2015 Annual Report, which will be published on 25 February, and in the Report of the Board of Directors and the consolidated financial statements.

OUTLOOK FOR THE YEAR 2016

Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2015**CONSOLIDATED INCOME STATEMENT**

EUR million	10–12/2015	10–12/2014	1–12/2015	1–12/2014
Net sales	165.2	162.3	646.3	639.7
Cost of sales	-149.7	-142.8	-572.0	-561.6
Gross profit	15.5	19.5	74.2	78.1
Other operating income	1.7	3.7	3.7	7.0
Sales and marketing expenses	-3.3	-3.7	-12.9	-14.2
Administrative expenses	-3.7	-3.6	-13.0	-12.7
Other operating expenses	-0.5	-2.0	-2.1	-9.7
Operating profit	9.7	14.0	49.9	48.5
Financial income	0.1	0.1	0.3	0.4
Financial expenses	-1.1	-3.5	-2.5	-22.3
Profit before tax	8.6	10.6	47.7	26.6
Income taxes	-1.8	-2.3	-9.7	-8.4
Profit for the period	6.8	8.3	37.9	18.1
Attributable to:				
Equity holders of the company	6.8	8.3	37.9	18.1
Non-controlling interest	0.0	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:				
Earnings per share, EUR	0.18	0.21	0.98	0.47
Diluted earnings per share, EUR	0.18	0.21	0.98	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/ 2015	10-12/ 2014	1-12/ 2015	1-12/ 2014
Profit for the period	6.8	8.3	37.9	18.1
Items not to be recognised through profit or loss				
Items arising from re-measurement of defined benefit plans	0.1	-0.1	0.1	-0.1
Items not to be recognised through profit or loss, total	0.1	-0.1	0.1	-0.1
Items potentially to be recognised through profit or loss				
Hedging reserve, change in fair value	0.0	-0.2	0.4	-0.6
Currency translation differences	0.1	-1.4	0.1	-2.1
Currency translation differences recognised in profit or loss	0.0	0.0	0.0	0.3
Currency translation differences, non-controlling interest	0.0	-0.1	0.0	-0.1
Items potentially to be recognised through profit or loss, total	0.1	-1.7	0.4	-2.4
Total comprehensive income, after tax	7.0	6.5	38.4	15.6
Attributable to:				
Equity holders of the company	7.0	6.6	38.5	15.7
Non-controlling interest	0.0	-0.1	0.0	-0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	12/2015	12/2014
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	113.7	109.9
Customer contracts arising from acquisitions	5.4	5.3
Agreements on prohibition of competition	0.2	0.1
Other intangible assets arising from business acquisitions	0.6	0.7
Other intangible assets	15.0	9.7
	134.9	125.7
Property, plant and equipment		
Land	5.0	3.3
Buildings and constructions	39.9	44.3
Machinery and equipment	111.0	112.2
Other	0.1	0.1
Prepayments and construction in progress	5.5	2.2
	161.5	162.1
Other non-current assets		
Available-for-sale investments	0.6	0.6
Finance lease receivables	2.1	3.2
Deferred tax assets	2.4	2.7
Other receivables	2.0	2.3
	7.0	8.7
Total non-current assets	303.4	296.5
Current assets		
Inventories	23.6	22.6
Trade and other receivables	84.4	94.7
Derivative receivables	0.0	0.1
Prepayments	0.3	0.5
Current available-for-sale financial assets	5.0	10.0
Cash and cash equivalents	49.0	34.0
Total current assets	162.4	161.8
Total assets	465.8	458.3

EUR million	12/2015	12/2014
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-3.4	-3.9
Invested unrestricted equity reserve	0.5	0.3
Retained earnings	156.8	172.2
Profit for the period	37.9	18.1
	211.2	206.2
Non-controlling interest	0.1	0.2
	211.4	206.3
Liabilities		
Non-current liabilities		
Deferred tax liabilities	24.9	24.7
Retirement benefit obligations	0.9	1.0
Provisions	4.1	4.2
Interest-bearing liabilities	61.0	71.2
Other liabilities	0.4	0.3
	91.2	101.4
Current liabilities		
Interest-bearing liabilities	34.9	24.8
Trade and other payables	121.9	120.4
Derivative liabilities	1.1	1.4
Tax liabilities	1.4	0.7
Provisions	3.9	3.3
	163.2	150.7
Total liabilities	254.4	252.0
Total equity and liabilities	465.8	458.3

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1–12/ 2015	1–12/ 2014
Cash flows from operating activities		
Profit for the period	37.9	18.1
Adjustments		
Income taxes	9.7	8.4
Depreciation and impairment	40.0	40.2
Financial income and expenses	2.2	21.9
Gain on sale of shares	0.0	-1.5
Other	0.7	1.9
Net cash generated from operating activities before change in working capital	90.6	89.1
Change in working capital		
Change in trade and other receivables	11.8	-1.4
Change in inventories	-1.0	3.6
Change in trade and other payables	-1.3	0.0
Change in working capital	9.5	2.2
Interest paid	-1.7	-3.0
Interest received	0.3	0.4
Income taxes	-8.9	-9.1
Net cash from operating activities	89.8	79.6
Cash flows from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	-6.5	-9.8
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	13.5
Prepayments for Group companies and businesses	-3.6	-
Purchases of property, plant and equipment and intangible assets	-37.6	-34.1
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.4
Purchases of available-for-sale investments	-	-0.2
Change in other non-current receivables	1.7	0.3
Dividends received	0.0	0.0
Net cash used in investing activities	-46.1	-29.8
Cash flows from financing activities		
Change in short-term borrowings	0.2	-32.2
Proceeds from long-term borrowings	25.0	29.9
Repayments of long-term borrowings	-25.2	-24.8
Dividends paid and other asset distribution	-29.0	-19.4
Acquisition of own shares	-4.7	-1.9
L&T Recoil Oy guarantee commitment	-	-16.7
Other financing items	0.0	0.9
Net cash generated from financing activities	-33.7	-64.2
Net change in liquid assets	10.0	-14.4
Liquid assets at beginning of period	44.0	58.5
Effect of changes in foreign exchange rates	0.0	-0.1
Liquid assets at end of period	54.0	44.0

Liquid assets

EUR million	1–12/2015	1–12/2014
Cash and cash equivalents	49.0	34.0
Available-for-sale financial assets	5.0	10.0
Total	54.0	44.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2014	19.4	-1.2	0.0	-0.3	0.3	193.1	211.2	0.2	211.5
Total comprehensive income									
Profit for the period						18.1	18.1	0.0	18.1
Items arising from re-measurement of defined benefit plans						-0.1	-0.1		-0.1
Hedging reserve, change in fair value				-0.6			-0.6		-0.6
Available-for-sale financial assets							0.0		0.0
Currency translation differences		-1.8					-1.8	-0.1	-1.9
Total comprehensive income		-1.8		-0.6		18.0	15.7	-0.1	15.6
Transactions with shareholders									
Share-based benefits					0.0	0.5	0.5		0.5
Dividends paid						-19.4	-19.4		-19.4
Dividends returned						0.0	0.0		0.0
Capital repayment						-1.9	-1.9		-1.9
Transactions with shareholders, total					0.0	-20.8	-20.7		-20.7
Other changes						0.0	0.0		0.0
Equity on 31 Dec. 2014	19.4	-3.0	0.0	-0.9	0.3	190.3	206.2	0.2	206.3

EUR million	Share capital	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
Equity on 1 Jan. 2015	19.4	-3.0	0.0	-0.9	0.3	190.3	206.2	0.2	206.3
Total comprehensive income									
Profit for the period						37.9	37.9	0.0	37.9
Items arising from re-measurement of defined benefit plans						0.1	0.1		0.1
Hedging reserve, change in fair value				0.5		-0.1	0.4		0.4
Available-for-sale financial assets							0.0		0.0
Currency translation differences		0.1				0.0	0.1	0.0	0.1
Total comprehensive income		0.1		0.5		37.9	38.5	0.0	38.4
Transactions with shareholders									
Share-based benefits					0.1	0.2	0.3		0.3
Dividends paid						-29.0	-29.0		-29.0
Dividends returned						0.0	0.0		0.0
Acquisition of own shares						-4.7	-4.7		-4.7
Transactions with shareholders, total					0.1	-33.5	-33.4		-33.4
Other changes						0.0	0.0		0.0
Equity on 31 Dec. 2015	19.4	-2.9	0.0	-0.4	0.5	194.7	211.2	0.1	211.4

KEY FIGURES

	10-12/ 2015	10-12/ 2014	1-12/2015	1-12/2014
Earnings per share, EUR	0.18	0.21	0.98	0.47
Diluted earnings per share, EUR	0.18	0.21	0.98	0.47
Cash flow from operating activities/share, EUR	0.75	0.79	2.33	2.06
EVA, EUR million*	4.7	9.5	30.3	29.1
Gross capital expenditure, EUR million	18.4	16.8	49.6	44.7
Depreciation, amortisation and impairment, EUR million	10.0	10.2	40.0	40.2
Equity per share, EUR			5.51	5.34
Dividend/share, EUR			0,85**	0.75
Dividend/earnings, %			86,5**	160.0
Effective dividend yield, %			4,7**	5.0
P/E ratio			18.40	32.32
Return on equity, % (ROE)			18.2	8.7
Return on invested capital, ROI, %			16.5	15.4
Equity ratio, %			46.5	46.3
Gearing, %			19.8	25.2
Net interest-bearing liabilities, EUR million			41.8	52.0
Average number of employees in full-time equivalents			7,099	7,257
Total number of full-time and part-time employees at end of period			8,085	7,830
Number of outstanding shares adjusted for issues, 1,000 shares				
average during the period			38,590	38,729
at end of period			38,361	38,702
average during the period, diluted			38,605	38,740

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2015 6.51%, 2014 6.58%

** Proposal by the Board of Directors

ACCOUNTING POLICIES

This financial statements release is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The financial statements release has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2015.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31.12.2015.

The information presented in the financial statements release has not been audited.

SEGMENT INFORMATION**Net sales**

EUR million	10-12/ 2015			10-12/ 2014			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	63.2	1.0	64.2	63.6	1.2	64.8	-0.9
Industrial Services	19.7	0.6	20.3	19.1	1.1	20.3	0.2
Facility Services	70.6	1.1	71.7	67.6	1.1	68.8	4.3
Renewable Energy Sources	11.7	0.0	11.7	11.9	0.1	12.0	-1.8
Eliminations		-2.8	-2.8		-3.5	-3.5	
Total	165.2	0.0	165.2	162.3	0.0	162.3	1.8

EUR million	1-12/2015			1-12/2014			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	253.1	3.4	256.5	250.9	3.7	254.5	0.8
Industrial Services	75.0	2.0	77.0	74.3	3.5	77.8	-1.0
Facility Services	279.0	4.0	282.9	270.6	4.2	274.7	3.0
Renewable Energy Sources	39.2	0.2	39.4	44.0	0.2	44.2	-10.9
Eliminations		-9.5	-9.5		-11.6	-11.6	
Total	646.3	0.0	646.3	639.7	0.0	639.7	1.0

Operating profit

EUR million	10-12/ 2015		10-12/ 2014		1-12/ 2015		1-12/ 2014	
		%		%		%		%
Environmental Services	7.4	11.6	10.8	16.6	35.8	14.0	37.3	14.7
Industrial Services	1.8	9.1	1.6	8.0	6.8	8.9	6.5	8.4
Facility Services	1.0	1.5	1.7	2.5	8.1	2.9	10.6	3.9
Renewable Energy Sources	0.3	2.6	1.0	8.7	2.1	5.3	1.6	3.7
Group administration and other	-1.0		-1.2		-3.0		-7.6	
Total	9.7	5.9	14.0	8.6	49.9	7.7	48.5	7.6

OTHER SEGMENT INFORMATION

EUR million	1-12/2015	1-12/2014
Assets		
Environmental Services	214.2	212.4
Industrial Services	71.4	72.6
Facility Services	97.6	98.8
Renewable Energy Sources	23.3	24.6
Group administration and other	1.0	1.1
Unallocated assets	58.2	48.9
L&T total	465.8	458.3

Liabilities		
Environmental Services	52.1	50.5
Industrial Services	21.9	21.9
Facility Services	49.8	48.3
Renewable Energy Sources	4.8	6.2
Group administration and other	2.1	1.9
Unallocated liabilities	123.7	123.2
L&T total	254.4	252.0

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Capital expenditure				
Environmental Services	10.1	11.6	24.4	26.6
Industrial Services	2.9	1.8	7.5	6.6
Facility Services	5.3	3.4	17.3	11.3
Renewable Energy Sources	0.1	0.0	0.3	0.2
Group administration and other	0.0	0.0	0.0	0.0
L&T total	18.4	16.8	49.6	44.7

Depreciation and amortisation				
Environmental Services	5.0	4.9	19.9	20.1
Industrial Services	1.6	2.0	6.6	6.9
Facility Services	3.4	3.2	13.3	13.0
Renewable Energy Sources	0.1	0.1	0.3	0.2
Group administration and other	0.0	0.0	0.0	0.0
L&T total	10.0	10.2	40.0	40.2

INCOME STATEMENT BY QUARTER

EUR million	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014
Net sales					
Environmental Services	64.2	64.7	66.5	60.9	64.8
Industrial Services	20.3	21.0	20.8	14.8	20.3
Facility Services	71.7	70.5	70.1	70.7	68.8
Renewable Energy Sources	11.7	5.6	9.1	12.9	12.0
Interdivision net sales	-2.8	-2.3	-2.4	-2.1	-3.5
L&T total	165.2	159.6	164.2	157.3	162.3
Operating profit					
Environmental Services	7.4	11.0	10.8	6.5	10.8
Industrial Services	1.8	2.9	2.5	-0.4	1.6
Facility Services	1.0	4.9	1.8	0.3	1.7
Renewable Energy Sources	0.3	0.6	0.5	0.7	1.0
Group administration and other	-1.0	-0.1	-1.2	-0.7	-1.2
L&T total	9.7	19.3	14.4	6.5	14.0
Operating margin					
Environmental Services	11.6	17.0	16.3	10.7	16.6
Industrial Services	9.1	13.7	11.9	-2.5	8.0
Facility Services	1.5	6.9	2.6	0.5	2.5
Renewable Energy Sources	2.6	9.9	5.8	5.5	8.7
L&T total	5.9	12.1	8.8	4.1	8.6
Financial income and expenses, net	-1.0	-1.0	-0.8	0.5	-3.4
Profit before tax	8.6	18.4	13.6	7.0	10.6

BUSINESS ACQUISITIONS, COMBINED

	1–12/2015	1–12/2014
	Fair value, total	Fair value, total
EUR million		
Intangible assets	2.5	3.5
Property, plant and equipment	1.6	3.5
Investments	0.0	0.0
Receivables	1.4	0.4
Cash and cash equivalents	0.9	0.8
Total assets	6.4	8.1
Interest-bearing liabilities		0.2
Other liabilities	2.3	0.5
Deferred tax liabilities	0.3	0.1
Total liabilities	2.6	0.8
Net assets acquired	3.8	7.3
Total consideration	7.4	10.6
Goodwill	3.6	3.3
Effect on cash flow		
Consideration paid in cash	-7.4	-10.6
Cash and cash equivalents of the acquired company	0.9	0.8
Cash flow from investing activities	-6.5	-9.8

Facility Services acquired the share capital of the following companies: 2 March 2015 NN-Kiinteistötyö Oy, 3 August 2015 Lakeuden Kylmäkeskus Oy. Environmental Services acquired the share capital of the following companies: 1 July 2015 Kuljetus J Hirvonen Oy.

Facility Services acquired the business operations of the following companies: 2 February 2015 Jyväskylä Oy, 1 June 2015 CEUS Oy's building automation business, 3 June 2015 HH-kiinteistöpalvelut Oy. On 1 June 2015, Environmental Services acquired the waste management business operations of Kiinteistö- ja jätehuolto Vuorinen.

On 1 December 2015, Environmental Services acquired the business operations of the Kuopio-based Puijon Kiinteistöhuolto Oy.

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

On 1 January 2016, L&T acquired the entire share capital of Huurinainen Oy, a company specialising in waste management and sewer maintenance, as well as the business operations of JPM-Kuljetus Oy. Part of the transaction prices for the two acquisitions was paid in advance in 2015. These payments are not included in the above table "Business acquisitions, combined" because the initial accounting processes for the business combinations have not been completed yet.

CHANGES IN INTANGIBLE ASSETS

EUR million	1–12/2015	1–12/2014
Carrying amount at beginning of period	125.7	126.3
Business acquisitions	6.0	6.9
Other capital expenditure	7.9	4.5
Disposals	0.0	-5.6
Depreciation and impairment	-5.0	-5.6
Transfers between items	0.0	-0.1
Exchange differences	0.2	-0.7
Carrying amount at end of period	134.9	125.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1–12/2015	1–12/2014
Carrying amount at beginning of period	162.1	171.5
Business acquisitions	4.1	3.4
Other capital expenditure	31.5	29.9
Disposals	-0.9	-6.0
Depreciation and impairment	-35.1	-34.7
Transfers between items	0.0	0.1
Exchange differences	-0.2	-2.2
Carrying amount at end of period	161.5	162.1

CAPITAL COMMITMENTS

EUR million	1–12/2015	1–12/2014
Intangible assets	-	-
Property, plant and equipment	6.3	3.4
Total	6.3	3.4

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million 31 December 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivable s	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Derivative s under hedge accountin g	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level
Non-current financial assets								
Available-for-sale investments			0.6			0.6		3
Finance lease receivables		2.1				2.1	2.1	2
Other receivables		1.8				1.8		
Current financial assets								
Available-for-sale investments			5.0			5.0		2
Trade and other receivables		78.8				78.8	78.8	
Derivative receivables					0.0	0.0		
Cash and cash equivalents		49.0				49.0	49.0	
Total financial assets		131.7	5.6		0.0	137.3	129.9	
Non-current financial liabilities								
Borrowings				61.0		61.0	61.1	2
Other liabilities				0.1		0.1		
Current financial liabilities								
Borrowings				34.9		34.9	34.9	
Trade and other payables				57.6		57.6	57.6	
Derivative liabilities					1.1	1.1		2
Total financial liabilities				153.5	1.1	154.6	153.6	

EUR million	31	Financial 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
Non-current financial assets									
				0.6			0.6		3
			3.2				3.2	3.2	2
			2.3				2.3		
Current financial assets									
				4.0			4.0		2
			93.1				93.1		
		0.1					0.1		
			34.0				34.0		
		0.1	132.6	4.6			137.3	3.2	
Non-current financial liabilities									
					71.2		71.2	71.6	2
					0.0		0.0		
Current financial liabilities									
					24.8		24.8		
					57.7		57.7		
		0.1				1.2	1.3		2
		0.1			153.7	1.2	155.0	71.6	

CONTINGENT LIABILITIES

EUR million	12/2015	12/2014
Securities for own commitments		
Mortgages on rights of tenancy	0.4	0.2
Company mortgages	1.1	0.5
Other securities	0.2	0.2
Bank guarantees required for environmental permits	8.6	8.4

Other securities are security deposits.

Operating lease liabilities

EUR million	12/2015	12/2014
Maturity not later than one year	6.3	2.9
Maturity later than one year and not later than five years	13.1	2.8
Maturity later than five years	1.6	2.0
Total	21.0	7.7

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

EUR million	12/2015	12/2014
Nominal values of interest rate swaps		
Maturity not later than one year	34.1	6.4
Maturity later than one year and not later than five years	4.5	14.2
Maturity later than five years	0.0	0.0
Total	38.6	20.5
Fair value	-0.4	-0.6

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

Commodity derivatives

EUR million	12/2015	12/2014
Nominal values of diesel swaps		
Maturity not later than one year	1.6	1.9
Maturity later than one year and not later than five years	0	0
Total	1.6	1.9
Fair value, EUR million	-0.6	-0.6

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

Currency derivatives

EUR million	12/2015	12/2014
Nominal values of forward contracts and currency swaps		
Maturity not later than one year	-	10.9
Fair value	-	-0.1

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

CALCULATION OF KEY FIGURES

Earnings per share:

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

Diluted earnings per share:

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 basic number of shares

EVA:

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

WACC 2014: 6.58% and 2015: 6.51%

Equity per share:

profit 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 invested capital, % (ROI):

$(\text{profit before tax} + \text{financial expenses}) / (\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average)}) \times 100$

Equity ratio, %:
 $\text{equity} / (\text{total equity and liabilities} - \text{advances received}) \times 100$

Gearing, %:
 $\text{net interest-bearing liabilities} / \text{equity} \times 100$

Net interest-bearing liabilities:
 $\text{interest-bearing liabilities} - \text{liquid assets}$

Operating profit excluding non-recurring items:
 $\text{operating profit} +/- \text{non-recurring items}$

Helsinki, 3 February 2016

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja is a service company that is transforming 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 focus on their core business and protect the environment. Together, we create well-being and jobs. With operations in Finland, Sweden and Russia, L&T employs 8,000 persons. Net sales in 2015 amounted to EUR 646.3 million. L&T is listed on Nasdaq Helsinki.

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