

Lassila & Tikanoja plc  
Stock exchange release  
29 January 2020 at 8:00 a.m.

## Lassila & Tikanoja plc: Financial Statements 1 January–31 December 2019

Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

- Net sales for the final quarter were EUR 198.9 million (206.5), operating profit was EUR 8.9 million (11.7) and earnings per share EUR 0.16 (0.23).
- Full-year net sales were EUR 784.3 million (802.2), operating profit was EUR 45.0 million (47.6) and earnings per share EUR 0.90 (0.89).
- The decline in net sales in the fourth quarter and the year 2019 as a whole was due to the divestment of L&T Korjausrakentaminen Oy.
- Operating profit declined in the fourth quarter and for the full year due to the significantly weaker result of Facility Services Finland.
- The Board of Directors proposes a dividend of EUR 0.92 per share.

### Outlook for the year 2020

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

### PRESIDENT AND CEO EERO HAUTANIEMI:

“Net sales for 2019 decreased by 2.2% year-on-year, while operating profit decreased by 5.5%. The decline in net sales was due to the divestment of Korjausrakentaminen Oy, and the operating profit declined due to the significantly weaker result of Facility Services Finland.

In Environmental Services, demand remained good and operating profit increased due to the enhanced efficiency of operations and the improved result of the renewable energy sources business. In Industrial Services, the growth of the project business and new customer accounts in industrial sites compensated for the slowing down of the construction industry. However, operating profit was weighed down by industrial action among our customers in manufacturing industries during the latter part of the year, and a decrease in demand. The profitability of Facility Services Finland was significantly lower than in the previous year. In particular, costs related to the implementation of a new operating model in the technical services business weakened the full-year operating profit. Cash flow from operating activities was strong at EUR 94.5 million (90.1).

L&T's strategy was updated in autumn 2019, at which time we also set new targets for the strategy period 2019–2024. The new strategy coincides with a period of time in which we must find solutions to major societal challenges related to combating climate change and the adequacy of virgin natural resources. As new strategic targets, we are monitoring customer satisfaction, employee satisfaction, our carbon footprint and our carbon handprint. In our operations, we pay particular attention to our carbon handprint, which refers to the positive climate impact of our business.

We implemented structural reforms in 2019 with the aim of promoting the execution of our strategy and strengthening our market position in our core businesses. We divested our renovation and damage repair services businesses and integrated the technical services business into the Facility Services division. In accordance with our strategy, we will incorporate our businesses as separate legal entities in 2020.

Our focus during the year was on improving the company's profitability, the customer experience and the employee experience. We developed new service solutions to promote the circular economy, such as the Merikarvia plastic recycling plant, to ensure future growth.

The company's result in 2019 was not satisfactory. Nevertheless, the changes made during the year provide a strong foundation for the implementation of the new strategy, and I look forward to 2020 with confidence."

## GROUP NET SALES AND FINANCIAL PERFORMANCE

### October–December

Lassila & Tikanoja's net sales for the fourth quarter amounted to EUR 198.9 million (206.5). Operating profit was EUR 8.9 million (11.7), representing 4.5% (5.7) of net sales. Earnings per share were EUR 0.16 (0.23).

In Environmental Services, net sales declined and operating profit was nearly on par with the comparison period. In Industrial Services, net sales grew while operating profit declined. In Facility Services Finland and Facility Services Sweden, net sales and operating profit decreased year-on-year.

### Year 2019

Net sales for the financial year 2019 decreased by 2.2% to EUR 784.3 million (802.2). Operating profit was EUR 45.0 million (47.6), representing 5.7% (5.9) of net sales. Earnings per share were EUR 0.90 (0.89).

A capital gain of EUR 7.0 million was recognised on the divestment of the shares in L&T Korjausrakentaminen Oy. Taking the other impacts of the divestment into account, the transaction had an effect of EUR 4.5 million on operating profit for the financial year.

### Financial summary

	10–12/2019	10–12/2018	Change %	1–12/2019	1–12/2018	Change %
Net sales, EUR million	<b>198.9</b>	206.5	-3.7	<b>784.3</b>	802.2	-2.2
Operating profit, EUR million	<b>8.9</b>	11.7	-23.8	<b>45.0</b>	47.6	-5.5
Operating margin, %	<b>4.5</b>	5.7		<b>5.7</b>	5.9	
EBITDA, EUR million	<b>22.4</b>	22.4	0.2	<b>99.4</b>	90.1	10.4
EBITDA, %	<b>11.3</b>	10.8		<b>12.7</b>	11.2	
Profit before tax, EUR million	<b>8.2</b>	10.6	-23.6	<b>42.0</b>	42.7	-1.8
Earnings per share, EUR	<b>0.16</b>	0.23	-27.8	<b>0.90</b>	0.89	2.0
Cash flow from operating activities/share, EUR	<b>0.97</b>	0.96	0.8	<b>2.46</b>	2.35	4.9
EVA, EUR million	<b>2.4</b>	6.1	-60.3	<b>19.8</b>	24.2	-18.2

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### October–December

The division's net sales for the final quarter were EUR 79.8 million (80.3). Operating profit remained nearly on par with the comparison period at EUR 8.2 million (8.3).

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

#### Year 2019

The Environmental Services division's net sales for 2019 amounted to EUR 311.2 million (309.4). Operating profit grew by 3.8% to EUR 32.8 million (31.6).

Demand remained good particularly in the retail and industrial segments. Labour and subcontracting costs were increased by a shortage of drivers and the challenging weather conditions during the first quarter. Nevertheless, operating profit increased due to the enhanced efficiency of operations and the improved result of the renewable energy sources business.

### Industrial Services

#### October–December

The division's net sales for the final quarter grew to EUR 26.0 million (25.2). Operating profit declined year-on-year and amounted to EUR 1.9 million (2.6).

Net sales increased due to growth in the project business and sewer maintenance services. The decline in operating profit was attributable to industrial action, the postponement of annual maintenance services and a decline in industrial demand due to the weaker market conditions.

#### Year 2019

The Industrial Services division's net sales amounted to EUR 98.9 million (96.5). Operating profit was EUR 9.9 million (10.0).

The demand for services was strong almost throughout the year. In the latter part of the year, industrial demand was affected by the increased uncertainty in the world economy as well as industrial action. The slowing down of the construction sector was compensated by the increased project business and new customer accounts in industrial sites. The division's profitability remained at a good level.

### Facility Services Finland

#### October–December

The division's net sales amounted to EUR 59.4 million (66.4). The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy.

Operating profit was EUR -1.3 million (0.0). The year-on-year decline in operating profit was due to the implementation of a new operating model in the technical services business as well as costs associated with the efficiency improvement and restructuring programme implemented in the fourth quarter across the division. The cleaning business developed favourably thanks to new customer accounts and improved productivity.

**Year 2019**

The Facility Services Finland division's net sales for the full year totalled EUR 249.1 million (269.6). The decline in net sales was due to the divestment of L&T Korjausrakentaminen Oy. Operating profit was EUR -4.1 million (5.2) excluding the effect of the divestment of L&T Korjausrakentaminen Oy.

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

**Facility Services Sweden****October–December**

The division's net sales for the final quarter were EUR 35.8 million (36.6). Operating profit was EUR 0.9 million (1.6).

Cost saving measures in the health care and municipal sectors had a negative impact on part of the Swedish market for technical services. Facility Services Sweden implemented organisational reforms and a cost savings programme in the fourth quarter.

**Year 2019**

The Facility Services Sweden division's net sales for 2019 amounted to EUR 131.8 million (134.0). Operating profit was EUR 3.8 million (4.2). Measured in SEK, net sales increased by 1.1%.

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

**FINANCING**

In 2019, cash flow from operating activities amounted to EUR 94.5 million (90.1). A total of EUR 14.2 million in working capital was released (EUR 9.9 million released).

Interest-bearing liabilities on the balance sheet were increased by approximately EUR 53.8 million by the entry into force of IFRS 16 at the beginning of 2019. This had a negative effect on the gearing rate as well as the equity ratio. The Group issued a separate release on the effects of the transition on 25 April 2019.

At the end of the year, interest-bearing liabilities amounted to EUR 177.4 million (152.2). Net interest-bearing liabilities totalled EUR 135.6 million (97.8). Net interest-bearing liabilities increased by EUR 37.8 million year-on-year due to the entry into force of IFRS 16. Loans totalling EUR 3.9 million matured in 2019. In August 2019, the Group made an early repayment of a loan of EUR 25 million that was originally set to mature in 2020. The average interest rate on long-term loans excluding IFRS 16 liabilities, with interest rate hedging, was 1.3% (1.2).

Net financial expenses in 2019 amounted to EUR -3.0 million (-4.5). The entry into force of IFRS 16 increased financial expenses, while exchange rate fluctuations reduced them. Net financial expenses were 0.4% (0.6%) of net sales.

The equity ratio was 35.6% (38.1) and the gearing rate was 66.8% (46.8). Liquid assets at the end of the year amounted to EUR 41.8 million (54.3). The equity ratio was negatively affected by the entry into force of IFRS 16 at the beginning of 2019.

## DISTRIBUTION OF ASSETS

The Annual General Meeting held on 14 March 2019 resolved that a dividend of EUR 0.92 per share be paid on the basis of the balance sheet that was adopted for the financial year 2018. The dividend, totalling EUR 35.3 million, was paid to shareholders on 25 March 2019.

## CAPITAL EXPENDITURE

Gross capital expenditure for 2019 totalled EUR 46.1 million (37.8), consisting primarily of machine and equipment purchases as well as investments in information systems and buildings.

## PERSONNEL

In the fourth quarter, the average number of employees converted into full-time equivalents was 7,308 (7,566). At the end of the period, Lassila & Tikanoja had 8,207 (8,600) full-time and part-time employees. Of these, 6,479 (6,871) worked in Finland and 1,728 (1,729) in other countries.

## PROPOSAL FOR THE DISTRIBUTION OF ASSETS

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amounts to EUR 89,944,979.49, with the operating profit for the period representing EUR 28,156,635.13 of this total. 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 0.92 per share be paid for the financial year 2019. The dividend is paid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 16 March 2020. The Board proposes to the Annual General Meeting that the dividend be paid on 23 March 2020.

No dividend shall be paid on shares held by the company on the record date of 16 March 2020.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 38,094,466, which means the total amount of the dividend would be EUR 35,046,908.72. Earnings per share amounted to EUR 0.90. The proposed dividend, EUR 0.92 per share, is 101.7% of the earnings per share.

L&T's Annual Report, which includes the report by the Board of Directors and the financial statements for 2019, will be published in week 8 at [www.lt.fi/annualreport2019](http://www.lt.fi/annualreport2019).

## SHARES AND SHARE CAPITAL

### Traded volume and price

The volume of trading on Nasdaq Helsinki in 2019, excluding the shares held by the company in Lassila & Tikanoja plc, was 8,172,082 shares, which is 21.3% (13.0) of the average number of outstanding shares. The value of trading was EUR 122.3 million (83.8). The highest share price was EUR 16.40 and the lowest EUR 12.92. The closing price was EUR 15.74. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 599.6 million (574.6).

### Own shares

At the end of the period, the company held 704,408 of its own shares, representing 1.8% 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 is 38,094,466. The average number of shares excluding the shares held by the company was

38,354,267.

## Shareholders

At the end of the period, the company had 15,524 (13,207) shareholders. Nominee-registered holdings accounted for 12.0% (19.5) of the total number of shares.

## Authorisations for the Board of Directors

The Annual General Meeting held on 14 March 2019 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 a 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.

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 authorisation is effective for 18 months.

## RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 14 March 2019, adopted the financial statements and consolidated financial statements for 2018 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 0.92 per share, totalling EUR 35.3 million, be paid on the basis of the balance sheet adopted for the financial year 2018. It was decided that the dividend be paid on 25 March 2019.

The Annual General Meeting confirmed the number of members of the Board of Directors as six. Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Miikka Maijala and Laura Tarkka 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 Leenakaisa Winberg, Authorised Public Accountant, as its principal auditor.

The Annual General Meeting resolved to amend Articles 6, 13, 4 and 12 of the company's Articles of Association. Following the amendment, Article 6 reads as follows: *"An Authorised Public Accountants Organisation shall be elected as the Company's auditor. The auditor shall designate an Authorised Public Accountant having principal responsibility. The term of the auditor shall be the financial year of the Company and the duties of the auditor expire at the end of the first Annual General Meeting of Shareholders following the election."* At the same time, Article 13, Point 9, concerning matters to be handled by the Annual General Meeting, was amended to correspond to the new wording of Article 6. Furthermore, Article 4 of the Articles of Association was amended so that the following provision concerning the upper age limit of the members of the Board of Directors was removed: *"No person who is 70 years of age or older can be elected to the Board of Directors"*, and Article 12 was amended so that the following provision concerning voting limitation was removed: *"At the General Meeting of Shareholders, no shareholder may cast more than one fifth (1/5) of the total number of votes represented at the General Meeting of Shareholders."*

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 14 March 2019.

## BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Miikka Majjala and Laura Tarkka. At its constitutive meeting after the Annual General Meeting, the Board of Directors elected Heikki Bergholm as Chairman of the Board and Sakari Lassila as Vice Chairman.

Sakari Lassila was elected as the Chairman of the Audit Committee and Teemu Kangas-Kärki and Laura Tarkka as members. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Laura Lares and Miikka Majjala as members.

## LASSILA & TIKANOJA PLC'S UPDATED STRATEGY AND LONG-TERM FINANCIAL TARGETS

In October, Lassila & Tikanoja plc's Board of Directors approved the company's updated strategy and targets for the strategy period 2019-2024. The new strategy coincides with a period of time in which we must find solutions to important questions related to sustainability and combating climate change. With the updated strategy, *Creating More Value with the Circular Economy*, Lassila & Tikanoja contributes to finding solutions to these questions.

The company's strategy is to support the customers' responsibility, create excellent customer experiences and develop the best services in the industry. The company brings new solutions for the circular economy to help combat climate change and promote social responsibility in society through employment. The company aims for rapid growth in businesses that promote sustainable development with its unique competence in the circular economy. The company pursues organic growth and invests in the markets of the future.

Financial targets:

Indicator	Target
Growth in net sales (%)	5%
Return on investment, % (ROI)	15%
Gearing, %	Less than 125%

The following long-term responsibility and stakeholder targets will be pursued alongside the financial targets:

Indicator	Target
Net Promoter Score	> 25
Employee recommendation (%)	> 80%
Carbon footprint	-50% by the year 2030 in relation to the year 2018
Carbon handprint	Grows faster than organic net sales

The realisation of the long-term responsibility and stakeholder targets will be monitored as part of the company's annual reporting starting from 2020.

Lassila & Tikanoja does not consider the long-term financial targets as market guidance for any year.

## KEY EVENTS DURING THE REVIEW PERIOD

On 26 February, the Group announced that it had clarified its segment structure effective from 1 January 2019. Lassila & Tikanoja's new structure consists of four reporting segments: Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden. The Group also announced changes to the Group Executive Board: Tuomas Mäkipeska was appointed as Vice President, Facility Services Finland effective from 26 February 2019. Erik Sundström was appointed as Vice President, Facility Services Sweden and a member of the Group Executive Board. Juha Jaatinen was appointed as acting Group CFO and a member of the Group Executive Board. The Group's General Counsel Sirpa Huopalainen was also appointed as a member of the Group Executive Board. On 25 February 2019, it

was announced that Tutu Wegelius-Lehtonen, who had previously been in charge of the Facility Services division, had left the company.

On 15 April, the Group announced it has decided to divest its ownership of L&T Korjausrakentaminen Oy. The new owner of the subsidiary, which operates in the field of damage repair and renovation services, is Recover Nordic Group. The agreement was signed on 12 April 2019.

On 25 April, the company published comparison figures according to the new segment structure for the 2018 financial year as well as an opening balance sheet adjusted to reflect the effects of the adoption of IFRS 16.

On 13 May, the company announced that HR Director and member of the Group Executive Board Kirsi Matero had resigned from Lassila & Tikanoja to pursue new challenges outside the company during the autumn. Until a new HR Director takes up the post, Director of Corporate Relations and Responsibility Jorma Mikkonen will be in charge of the duties of HR Director in addition to his regular duties.

On 12 July, the company issued a profit warning and lowered its outlook for 2019. Full-year net sales in 2019 are expected to be on par with 2018 and operating profit is expected to be below 2018 level. The outlook does not take into account the impact of the divestment of L&T Korjausrakentaminen Oy.

On 26 July, Valtteri Palin, M.Sc. (Econ.), was appointed Chief Financial Officer and member of the Group Executive Board of Lassila & Tikanoja plc effective from 1 August 2019. Juha Jaatinen, who served as acting CFO, left the company on 31 July 2019 as planned.

On 10 September, based on the authorisation granted by the Annual General Meeting of 14 March 2019, the Board of Directors of Lassila & Tikanoja plc resolved to start repurchasing the company's own shares. The maximum amount of shares to be repurchased is 600,000 shares, which corresponds to approximately 1.5 per cent of the total number of issued shares. The maximum amount allocated to repurchasing the shares is EUR 9 million.

On 1 October 2019, the company announced that Master of Laws (trained at the bench) Hilppa Rautpalo has been appointed as the Director of Human Resources and as a member of the Group Executive Board.

On 24 October, the company announced that the Board of Directors has approved the company's updated strategy and targets for the strategy period 2019–2024. Long-term sustainability and stakeholder targets were also highlighted alongside the financial targets. The targets will be monitored as part of the company's annual reporting starting from 2020.

## **EVENTS AFTER THE REVIEW PERIOD**

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**

Challenges related to the availability of labour may increase production costs and slow down the growth of net sales.

Labour market disturbances in manufacturing industries may affect Lassila & Tikanoja's net sales and profitability.

A decline in the volume of the construction industry and a slowing down of investment growth may have an unfavourable effect on the Group's operations and business growth and lead to lower profitability. In addition, market price development for emission rights, secondary raw materials or oil products may have a negative impact on the company's business environment.



Temporary additional costs arising from establishing the operating model related to the new ERP system may weigh down on the company's result.

More detailed information on Lassila & Tikanoja's risks and risk management will be provided in the 2019 Annual Report and in the Report of the Board of Directors and the consolidated financial statements.

### **Outlook for the year 2020**

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

**KEY FIGURES**

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

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

\*\* Proposal by the Board of Directors 2019

**CONSOLIDATED INCOME STATEMENT**

MEUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Net sales</b>	<b>198.9</b>	206.5	<b>784.3</b>	802.2
Other operating income	<b>1.2</b>	1.2	<b>10.6</b>	5.2
Change of inventory	<b>-0.3</b>	-1.0	<b>0.3</b>	-2.4
Materials and services	<b>-69.6</b>	-73.3	<b>-270.4</b>	-282.0
Employee benefit expenses	<b>-81.6</b>	-80.8	<b>-327.1</b>	-324.2
Other operating expenses	<b>-26.1</b>	-30.3	<b>-98.3</b>	-108.7
Depreciation and impairment	<b>-13.5</b>	-10.7	<b>-54.4</b>	-42.5
<b>Operating profit</b>	<b>8.9</b>	11.7	<b>45.0</b>	47.6
Financial income and expenses	<b>-0.7</b>	-1.0	<b>-3.0</b>	-4.5
Share of the result of associated companies	<b>0.0</b>	0.0	<b>0.0</b>	-0.4
<b>Profit before tax</b>	<b>8.2</b>	10.6	<b>42.0</b>	42.7
Income taxes	<b>-2.0</b>	-2.0	<b>-7.3</b>	-8.7
<b>Profit for the period</b>	<b>6.2</b>	8.7	<b>34.7</b>	34.1
<b>Attributable to:</b>				
Equity holders of the company	<b>6.2</b>	8.7	<b>34.7</b>	34.1
Non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0
<b>Earnings per share attributable to equity holders of the parent company:</b>				
Earnings per share, EUR	<b>0.16</b>	0.23	<b>0.90</b>	0.89
Diluted earnings per share, EUR	<b>0.16</b>	0.23	<b>0.90</b>	0.89

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

MEUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Profit for the period</b>	<b>6.2</b>	8.7	<b>34.7</b>	34.1
<b>Items not to be recognised through profit or loss</b>				
Items arising from re-measurement of defined benefit plans	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Items not to be recognised through profit or loss, total	<b>0.0</b>	0.0	<b>0.0</b>	0.0
<b>Items potentially to be recognised through profit or loss</b>				
Hedging reserve, change in fair value	<b>0.1</b>	-0.2	<b>-0.3</b>	-0.2
Currency translation differences	<b>1.8</b>	0.3	<b>-0.6</b>	-3.4
Currency translation differences, non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Items potentially to be recognised through profit or loss, total	<b>1.9</b>	0.1	<b>-0.9</b>	-3.6
Total comprehensive income, after tax	<b>8.1</b>	8.8	<b>33.8</b>	30.4
<b>Attributable to:</b>				
Equity holders of the company	<b>8.1</b>	8.8	<b>33.8</b>	30.4
Non-controlling interest	<b>0.0</b>	0.0	<b>0.0</b>	0.0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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

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

**LASSILA & TIKANOJA****CONSOLIDATED STATEMENT OF CASH FLOW**

MEUR	1-12/2019	1-12/2018
<b>Cash flow from operating activities</b>		
Profit for the period	34,7	34,1
<b>Adjustments</b>		
Income taxes	7,3	8,7
Depreciation and impairment	54,4	42,5
Financial income and expenses	3,0	4,5
Gain on sale of shares	-7,0	-
Other	0,6	0,0
Net cash generated from operating activities before change in working capital	93,0	89,6
Change in working capital		
Change in trade and other receivables	7,3	1,5
Change in inventories	-0,5	3,0
Change in trade and other payables	7,4	5,4
Change in working capital	14,2	9,9
Interest paid	-3,9	-3,4
Interest received	0,2	0,4
Income taxes	-9,1	-6,4
<b>Net cash from operating activities</b>	<b>94,5</b>	<b>90,1</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries and businesses, net of cash acquired	-0,4	1,2
Proceeds from sale of subsidiaries and businesses, net of sold cash	11,8	-
Purchases of property, plant and equipment and intangible assets	-37,6	-29,0
Proceeds from the sale of property, plant and equipment and intangible assets	0,7	2,2
Investments in associated companies	0,0	0,0
Change in other non-current receivables	0,4	0,8
<b>Net cash used in investing activities</b>	<b>-25,1</b>	<b>-24,7</b>
<b>Cash flow from financing activities</b>		
Change in short-term borrowings	-	-22,6
Proceeds from long-term borrowings	-	49,6
Repayments of long-term borrowings	-28,8	-47,7
Repayments of lease liabilities	-13,3	-2,9
Dividends paid	-35,3	-35,3
Acquisition of own shares	-4,5	-
<b>Net cash generated from financing activities</b>	<b>-81,9</b>	<b>-58,9</b>
<b>Net change in liquid assets</b>	<b>-12,5</b>	<b>6,6</b>
Liquid assets at beginning of period	54,3	48,1
Effect of changes in foreign exchange rates	0,0	-0,3
<b>Liquid assets at end of period</b>	<b>41,8</b>	<b>54,3</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Currency translation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
<b>Equity on 1 January 2018</b>	19.4	-5.7	-0.2	0.6	202.8	216.9	0.2	217.1
Adjustment to previous financial periods *)					-3.4	-3.4		-3.4
<b>Adjusted Equity on 1 January 2018</b>	19.4	-5.7	-0.2	0.6	199.4	213.4	0.2	213.6
Total comprehensive income								
Result for the period					34.1	34.1	0.0	34.1
Other comprehensive income items		-3.4	-0.2	0.0	0.0	-3.6	0.0	-3.7
Total comprehensive income		-3.4	-0.2		34.0	30.4	0.0	30.4
Transactions with shareholders								
Share-based benefits				0.0	0.2	0.2		0.2
Dividends paid					-35.3	-35.3		-35.3
Returned dividend					0.0	0.0		0.0
Transactions with shareholders, total				0.0	-35.2	-35.1		-35.1
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2018</b>	<b>19.4</b>	<b>-9.1</b>	<b>-0.4</b>	<b>0.6</b>	<b>198.3</b>	<b>208.8</b>	<b>0.2</b>	<b>208.9</b>
Total comprehensive income								
Result for the period					34.7	34.7	0.0	34.7
Other comprehensive income items		-0.6	-0.3		0.0	-0.9	0.0	-0.9
Total comprehensive income		-0.6	-0.3		34.7	33.8	0.0	33.8
Transactions with shareholders								
Share-based benefits				0.0	0.1	0.1		0.1
Dividends paid					-35.3	-35.3		-35.3
Returned dividend					0.0	0.0		0.0
Acquisition of own shares					-4.5	-4.5		-4.5
Transactions with shareholders, total				0.0	-39.7	-39.6		-39.6
Other changes					-0.1	-0.1		-0.1
<b>Equity on 31 December 2019</b>	<b>19.4</b>	<b>-9.7</b>	<b>-0.7</b>	<b>0.6</b>	<b>193.2</b>	<b>202.8</b>	<b>0.2</b>	<b>203.0</b>

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



## 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 2018 and the new and amended provisions that entered into force on 1 January 2019.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2019.

The Alternative Performance Measures reported by the company are EVA, cash flow from operating activities per share and EBITDA.

The company reports EBITDA starting from 1 January 2019. EBITDA reflects the profitability of business operations excluding such investments required for growth or maintaining operations that have no cash flow effect. The company no longer reports adjusted operating profit because it does not differ significantly from operating profit.

The calculation formulas for the performance measures are presented at the end of the financial statements release.

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

### Changes in segment reporting

On 26 February 2019, Lassila & Tikanoja plc announced a change in segment reporting effective from 1 January 2019. Lassila & Tikanoja's new structure consists of four reporting segments: Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden. With this change, Lassila & Tikanoja aims to improve the utilisation of the mutual synergies of the business based on material streams as well as the synergies of the business linked to real estate and country-specific growth opportunities.

In Finland, Technical System Services will be included in the current Facility Services segment. For Sweden, the Technical Services business and cleaning business will be merged into a new reporting segment. Renewable Energy Sources will be merged with the Environmental Services segment. Comparison figures for 2018 were published in a separate release on 25 April 2019.

### Correction of prior period errors

During the financial year, the company evaluated its financial management processes and observed certain development areas related to the effectiveness of processes. Corrective measures have been taken with regard to these observations. In connection with this, information pertaining to the valuation of certain balance sheet items was observed that, in the view of the management, should have influenced the valuation of the balance sheet items in question in periods preceding the periods presented in the financial statements. The Group's management found that, for the items in question, the IAS 8.5 definition of prior period errors is fulfilled and, as a result, the management has decided to present the adjustments related to the valuation of the balance sheet items in question as corrections of errors by restating the starting balances of assets, liabilities and equity for the earliest period presented in the financial statements.

The correction of prior period errors consists of impairment recognised on non-current assets totalling EUR 1.8 million, a provision for uncertain trade receivables and advance payments amounting to EUR 1.2 million and a provision for accident compensation payments amounting to EUR 1.3 million. Furthermore, a deferred tax asset of EUR 0.9 million is recognised in non-current assets in relation to the correction of the errors. The net effect on the starting balance of equity on 1 January 2018 is therefore EUR 3.4 million. The key figures and the tables in the release have been adjusted accordingly for the comparison year 2018.

### Adoption of new and amended standards: IFRS 16 Leases

IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard

supersedes the IAS 17 standard and related interpretations. L&T adopted the standard using the modified retrospective method of adoption, in which the cumulative effect of initially applying the standard is recognised at the date of initial application of 1 January 2019 and comparative information is not restated. Lessor accounting remains substantially unchanged compared to the guidance under IAS 17 Leases.

On 25 April 2019, L&T published a stock exchange release on the impact of adoption of IFRS 16 at the date of initial application, including a description of the recognition exemptions and the accounting policies and principles applied. The stock exchange release includes the key accounting principles and the changes to L&T's reporting arising from the transition.

The impact of the adoption of IFRS 16 on the balance sheet on 1 January 2019 is EUR 53.8 million increasing the amount of right-of-use assets and lease liabilities. From the beginning of 2019, L&T will recognise a depreciation charge in the income statement instead of a lease expense, which will affect operating profit, and an interest expense related to the lease liability, which will increase the amount of finance costs. Due to the change, the operating profit of L&T will be improved.

The adoption of IFRS 16 will also impact the presentation of cash flows. Lease expenditure for leases previously classified as operating leases has been presented in cash flow from operating activities but, after the implementation of IFRS 16, only the interest expense related to the lease liability will be presented in cash flow from operating activities. The rest of the lease payment, i.e. the principal part of the repayment of the lease liability, is presented in cash flow from financing activities. The comparative information has not been restated for cash flow statement either.

In accordance with the modified retrospective method of adoption, the comparison figures for 2018 have not been restated. The accounting policies pertaining to the comparison figures are in line with the accounting principles of IAS 17 Leases. These accounting policies are presented in L&T's 2018 financial statements.

## SEGMENT INFORMATION

## NET SALES

MEUR	10-12/2019			10-12/2018			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	79.0	0.7	79.8	79.6	0.7	80.3	-0.6
Industrial Services	25.3	0.7	26.0	24.5	0.7	25.2	3.0
Facility Services Finland	58.8	0.6	59.4	65.8	0.6	66.4	-10.6
Facility Services Sweden	35.8	0.0	35.8	36.6	0.0	36.6	-2.4
Eliminations		-2.0	-2.0		-2.1	-2.1	
<b>Total</b>	<b>198.9</b>		<b>198.9</b>	<b>206.5</b>		<b>206.5</b>	<b>-3.7</b>

  

MEUR	1-12/2019			1-12/2018			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	309.4	1.8	311.2	307.5	1.9	309.4	0.6
Industrial Services	96.7	2.1	98.9	93.7	2.9	96.5	2.4
Facility Services Finland	246.4	2.7	249.1	267.0	2.6	269.6	-7.6
Facility Services Sweden	131.8	0.0	131.8	134.0	0.0	134.0	-1.7
Eliminations		-6.7	-6.7		-7.3	-7.3	
<b>Total</b>	<b>784.3</b>		<b>784.3</b>	<b>802.2</b>		<b>802.2</b>	<b>-2.2</b>

## OPERATING PROFIT

MEUR	10-12/2019		10-12/2018		1-12/2019		1-12/2018	
		%		%		%		%
Environmental Services	8.2	10.3	8.3	10.4	32.8	10.5	31.6	10.2
Industrial Services	1.9	7.3	2.6	10.4	9.9	10.1	10.0	10.4
Facility Services Finland	-1.3	-2.3	0.0	0.0	-4.1	-1.6	5.2	1.9
Facility Services Sweden	0.9	2.6	1.6	4.3	3.8	2.9	4.2	3.1
Group administration and other *)	-0.8		-0.9		2.5		-3.5	
<b>Total</b>	<b>8.9</b>	<b>4.5</b>	<b>11.7</b>	<b>5.7</b>	<b>45.0</b>	<b>5.7</b>	<b>47.6</b>	<b>5.9</b>

## EBITDA

MEUR	10-12/2019		10-12/2018		1-12/2019		1-12/2018	
		%		%		%		%
Environmental Services	14.6	18.3	13.4	16.7	58.0	18.6	52.1	16.8
Industrial Services	4.3	16.6	4.6	18.3	19.1	19.3	17.5	18.2
Facility Services Finland	1.8	3.0	3.0	4.5	9.4	3.8	17.2	6.4
Facility Services Sweden	2.3	6.3	2.2	6.1	9.4	7.1	6.8	5.1
Group administration and other *)	-0.5		-0.9		3.6		-3.5	
<b>Total</b>	<b>22.4</b>	<b>11.3</b>	<b>22.4</b>	<b>10.8</b>	<b>99.4</b>	<b>12.7</b>	<b>90.1</b>	<b>11.2</b>

## OTHER SEGMENT INFORMATION

MEUR	12/2019	12/2018
<b>Assets</b>		
Environmental Services	263.8	237.6
Industrial Services	86.8	72.8
Facility Services Finland	82.5	94.3
Facility Services Sweden	92.4	96.4
Group administration and other	7.1	0.6
Unallocated assets (**)	51.1	59.6
<b>L&amp;T total</b>	<b>583.6</b>	<b>561.3</b>
<b>Liabilities</b>		
Environmental Services	68.4	67.6
Industrial Services	33.3	29.9
Facility Services Finland	47.7	48.5
Facility Services Sweden	16.0	17.7
Group administration and other	7.4	4.7
Unallocated liabilities (**)	207.7	184.1
<b>L&amp;T total</b>	<b>380.6</b>	<b>352.4</b>

MEUR	10-12/2019	10-12/2018	1-12/2019	1-12/2018
<b>Capital expenditure</b>				
Environmental Services	8.2	8.3	28.2	20.7
Industrial Services	2.2	3.8	12.3	8.4
Facility Services Finland	2.3	3.8	4.7	7.6
Facility Services Sweden	0.2	0.4	0.8	1.1
Group administration and other	0.1	0.0	0.2	0.0
<b>L&amp;T total</b>	<b>12.9</b>	<b>16.2</b>	<b>46.1</b>	<b>37.8</b>
<b>Depreciation and amortisation</b>				
Environmental Services	6.4	5.1	25.2	20.4
Industrial Services	2.4	2.0	9.2	7.5
Facility Services Finland	3.1	3.0	13.5	12.0
Facility Services Sweden	1.3	0.6	5.6	2.6
Group administration and other	0.3	0.0	1.0	0.0
<b>L&amp;T total</b>	<b>13.5</b>	<b>10.7</b>	<b>54.4</b>	<b>42.5</b>

\*) Group administration and other includes a capital gain of EUR 7.0 million recognized in the second quarter of 2019 on the divestment of L&T Korjausrakentaminen Oy. Taking the other effects of the divestment into account, the transaction had an effect of EUR 4.5 million on the full financial year 2019.

\*\*) The balance sheet values for the comparison period have been adjusted due to prior period errors. The adjustments have not been allocated to business segments because they are immaterial on a segment-specific basis. More information on this is provided in the section "Correction of prior period errors" under accounting principles.

**INCOME STATEMENT BY QUARTER**

MEUR	10-12/2019	7-9/2019	4-6/2019	1-3/2019	10-12/2018
<b>Net sales</b>					
Environmental Services	79.8	75.0	76.8	79.6	80.3
Industrial Services	26.0	27.7	26.2	19.0	25.2
Facility Services Finland	59.4	59.0	61.3	69.5	66.4
Facility Services Sweden	35.8	30.5	33.4	32.1	36.6
Inter-division net sales	-2.0	-1.7	-1.6	-1.4	-2.1
<b>Total</b>	<b>198.9</b>	<b>190.5</b>	<b>196.2</b>	<b>198.8</b>	<b>206.5</b>
<b>Operating profit</b>					
Environmental Services	8.2	11.2	8.8	4.6	8.3
Industrial Services	1.9	4.4	3.3	0.3	2.6
Facility Services Finland	-1.3	2.8	-2.0	-3.5	0.0
Facility Services Sweden	0.9	1.4	0.8	0.7	1.6
Group administration and other	-0.8	-1.2	5.9	-1.4	-0.9
<b>Total</b>	<b>8.9</b>	<b>18.5</b>	<b>16.8</b>	<b>0.7</b>	<b>11.7</b>
<b>EBITDA</b>					
Environmental Services	14.6	17.6	15.0	10.8	13.4
Industrial Services	4.3	6.6	5.6	2.6	4.6
Facility Services Finland	1.8	6.1	1.4	0.1	3.0
Facility Services Sweden	2.3	2.7	2.2	2.2	2.2
Group administration and other	-0.5	-0.9	6.2	-1.2	-0.9
<b>Total</b>	<b>22.4</b>	<b>32.1</b>	<b>30.5</b>	<b>14.4</b>	<b>22.4</b>
<b>Operating margin</b>					
Environmental Services	10.3	14.9	11.4	5.8	10.4
Industrial Services	7.3	15.9	12.7	1.8	10.4
Facility Services Finland	-2.3	4.7	-3.2	-5.1	0.0
Facility Services Sweden	2.6	4.5	2.4	2.1	4.3
<b>Total</b>	<b>4.5</b>	<b>9.7</b>	<b>8.6</b>	<b>0.4</b>	<b>5.7</b>
<b>EBITDA margin</b>					
Environmental Services	18.3	23.4	19.6	13.5	16.7
Industrial Services	16.6	23.9	21.5	13.5	18.3
Facility Services Finland	3.0	10.4	2.2	0.2	4.5
Facility Services Sweden	6.3	8.9	6.7	6.7	6.1
<b>Total</b>	<b>11.3</b>	<b>16.9</b>	<b>15.5</b>	<b>7.2</b>	<b>10.8</b>
Financial income and expenses, net	-0.7	-0.9	-1.0	-0.4	-1.0
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	<b>8.2</b>	<b>17.6</b>	<b>15.8</b>	<b>0.4</b>	<b>10.6</b>

## DISAGGREGATION OF REVENUE

	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
<b>10-12/2019, MEUR</b>						
Environmental Services	53.4			25.7	0.6	79.8
Industrial Services	12.3	10.8	2.2	0.7		26.0
Facility Services Finland	41.0	18.1	0.2			59.4
Facility Services Sweden	5.0	30.7	0.0			35.8
<b>Total</b>	<b>111.7</b>	<b>59.7</b>	<b>2.5</b>	<b>26.4</b>	<b>0.6</b>	<b>200.9</b>
Interdivision						-2.0
External net sales						198.9

	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
<b>10-12/2018, MEUR</b>						
Environmental Services	55.3			24.3	0.6	80.3
Industrial Services	10.7	10.7	2.2	1.6		25.2
Facility Services Finland	40.7	15.1	10.6			66.4
Facility Services Sweden	15.0	19.3	2.4			36.6
<b>Total</b>	<b>121.7</b>	<b>45.1</b>	<b>15.2</b>	<b>26.0</b>	<b>0.6</b>	<b>208.6</b>
Interdivision						-2.1
External net sales						206.5

	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
<b>1-12/2019, MEUR</b>						
Environmental Services	212.0			96.8	2.4	311.2
Industrial Services	47.0	42.0	6.0	3.8		98.9
Facility Services Finland	162.7	68.6	17.8			249.1
Facility Services Sweden	48.1	80.1	3.6			131.8
<b>Total</b>	<b>469.8</b>	<b>190.7</b>	<b>27.4</b>	<b>100.6</b>	<b>2.4</b>	<b>791.0</b>
Interdivision						-6.7
External net sales						784.3

	Revenue recognised over time			Revenue recognised at a point in time	Rent	Total net sales
	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	
<b>1-12/2018, MEUR</b>						
Environmental Services	209.0			98.5	2.0	309.4
Industrial Services	44.5	41.5	5.4	5.1		96.5
Facility Services Finland	168.6	61.5	39.5			269.6
Facility Services Sweden	58.7	69.2	6.1			134.0
<b>Total</b>	<b>480.8</b>	<b>172.2</b>	<b>51.0</b>	<b>103.6</b>	<b>2.0</b>	<b>809.5</b>
Interdivision						-7.3
External net sales						802.2

**BUSINESS ACQUISITIONS****L&T FM AB**

The acquisition of L&T FM AB was completed on 31 August 2017. In the first quarter of 2018, a transaction price refund of EUR 2.2 million was received, which affects cash flow from investing activities by EUR 1.6 million. This is shown in the item "Acquisition of subsidiaries and businesses, net of cash acquired", netted with the acquisition of the 2018 business. In addition, the value of the acquired balance sheet items was adjusted by SEK 34.5 million in the third quarter of 2018. The adjustments are presented as an increase in property, plant and equipment. The IFRS calculation of the acquisition price presented in the financial statements of 31 December 2018 is final.

<b>Fair value</b>	
EUR million	<b>1-12/2018</b>
Intangible assets	19.0
Property, plant and equipment	0.1
Investments	0.0
Receivables	27.5
Cash and cash equivalents	0.8
<b>Total assets</b>	<b>47.5</b>
Other liabilities	16.8
Deferred tax liabilities	3.9
<b>Total liabilities</b>	<b>20.7</b>
<b>Net assets acquired</b>	<b>26.8</b>
Total consideration	63.4
Goodwill	36.6
Effect on cash flow	
Consideration paid in cash	-63.4
Cash and cash equivalents of the acquired company	0.8
Unpaid	-
<b>Cash flow from investing activities</b>	<b>-62.6</b>

**OTHER BUSINESS ACQUISITIONS, COMBINED**

<b>Fair value, total</b>		
MEUR	<b>1-12/2019</b>	<b>1-12/2018</b>
Intangible assets	0.4	0.2
Property, plant and equipment	0.2	0.1
Investments	0.0	-
Receivables	0.1	-
Cash and cash equivalents	0.4	-
<b>Total assets</b>	<b>1.0</b>	<b>0.2</b>
Other liabilities	0.1	-
Deferred tax liabilities	0.1	-
<b>Total liabilities</b>	<b>0.2</b>	<b>-</b>
<b>Net assets acquired</b>	<b>0.9</b>	<b>0.2</b>
Total consideration	1.0	0.4
Goodwill	0.1	0.2
Effect on cash flow		
Consideration paid in cash	-1.0	-0.4
Unpaid	0.2	0.1
Cash and cash equivalents of the acquired company	0.4	-
<b>Cash flow from investing activities</b>	<b>-0.4</b>	<b>-0.3</b>

**DIVESTED BUSINESSES**

On 30 April 2019, L&T sold the entire share capital of L&T Korjausrakentaminen Oy to Recover Nordic Group.

The debt-free price was EUR 13.9 million and the Group recognised a capital gain of EUR 7.0 million on the sale. The gain on the sale is presented under other operating income.

The net sales of L&T Korjausrakentaminen Oy, which was part of Facility Services, amounted to EUR 35.0 million in 2018 and its operating profit was EUR 0.7 million.

The Group had no divested businesses during the comparison period.

MEUR	<b>1-12/2019</b>
Tangible and intangible fixed assets	1.4
Trade and other receivables	7.7
Cash and cash equivalents	1.7
Trade and other payables	-6.0
Net assets	4.8
Effect on cash flow	
Consideration received in cash	13.9
Selling expenses	-0.4
Cash and cash equivalents of the divested company	-1.7
Cash flow from investing activities	11.8

**CHANGES IN INTANGIBLE ASSETS**

MEUR	1-12/2019	1-12/2018
Carrying amount at beginning of period	193.5	196.2
Business acquisitions	0.5	3.1
Other capital expenditure	3.5	5.3
Disposals	-0.1	0.0
Depreciation, amortisation and impairment	-9.4	-8.6
Transfers between items	0.0	0.1
Exchange differences	0.0	-2.5
Carrying amount at end of period	188.0	193.5

The business acquisitions item under changes in intangible assets for the comparison year is due to an adjustment to the L&T FM AB acquisition price calculation and the acquisition of the business operations of Kymen Talopalvelu Oy.

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

MEUR	1-12/2019	1-12/2018
Carrying amount at beginning of period	155.2	159.0
Right-of-use asset IFRS 16	53.8	-
Business acquisitions	0.2	0.1
Other capital expenditure	44.2	32.2
Disposals	-1.9	-1.5
Depreciation, amortisation and impairment	-45.1	-33.9
Transfers between items	0.0	-0.1
Exchange differences	0.3	-0.6
Carrying amount at end of period	206.7	155.2

In transition to IFRS 16, operating and other lease liabilities are included in net interest-bearing liabilities on the balance sheet, increasing them by EUR 53.8 million. Off-balance sheet operating lease liabilities amounted to EUR 39.0 million at the end of 2018.

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 77.2 million and depreciation in the amount of EUR 16.4 million.



**CAPITAL COMMITMENTS**

MEUR	12/2019	12/2018
Intangible assets	2.2	0.2
Property, plant and equipment	7.5	8.9
<b>Total</b>	<b>9.7</b>	<b>9.1</b>

**ALTERNATIVE PERFORMANCE MEASURES****MATCHING THE EVA RESULT TO OPERATING PROFIT**

MEUR	1-12/2019	1-12/2018
<b>Operating profit</b>	<b>45.0</b>	47.6
Invested capital (rolling 12-month quarterly average)	<b>384.6</b>	354.3
Cost calculated on invested capital	<b>-25.2</b>	-23.4
<b>EVA</b>	<b>19.8</b>	24.2

**FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

MEUR 31 December 2019	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>				
Finance lease receivables	-		-	2
Other receivables	1.4		1.4	
<b>Current financial assets</b>				
Trade and other receivables	106.8		106.8	
Finance lease receivables	0.0		0.0	
Derivative receivables		0.0	0.0	
Cash and cash equivalents	41.8		41.8	
Total financial assets	150.0	0.0	150.0	
<b>Non-current financial liabilities</b>				
Borrowings	99.6		99.6	2
Lease liabilities	62.0		62.0	
<b>Current financial liabilities</b>				
Borrowings	0.0		0.0	
Lease liabilities	15.8		15.8	
Trade and other payables	80.7		80.7	
Derivative liabilities		0.9	0.9	2
Total financial liabilities	258.2	0.9	259.0	

Finance lease payables have been changed to lease liabilities due to the adoption of IFRS 16.

MEUR 31 December 2018	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>				
Finance lease receivables	0.1		0.1	2
Other receivables	1.9		1.9	
<b>Current financial assets</b>				
Trade and other receivables	119.8		119.8	
Finance lease receivables	0.2		0.2	
Derivative receivables		0.0	0.0	
Cash and cash equivalents	54.3		54.3	
Total financial assets	176.3	0.0	176.3	
<b>Non-current financial liabilities</b>				
Borrowings	124.5		124.5	2
Finance lease payables	20.3		20.3	
<b>Current financial liabilities</b>				
Borrowings	3.9		3.9	
Finance lease payables	3.5		3.5	
Trade and other payables	87.0		87.0	
Derivative liabilities		0.5	0.5	2
Total financial liabilities	239.2	0.5	239.7	

The fair values of balance sheet items do not differ significantly from the carrying values of balance sheet items.

**CONTINGENT LIABILITIES**

MEUR	12/2019	12/2018
<b>Securities for own commitments</b>		
Mortgages on rights of tenancy	0.1	0.1
Other securities	0.1	0.1
Bank guarantees required for environmental permits	11.1	10.3

Other securities are security deposits.

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

MEUR	12/2019	12/2018
Nominal values of interest rate swaps		
Maturity not later than one year	-	0.9
Maturity later than one year and not later than five years	30.0	-
Maturity later than five years	-	30.0
Total	30.0	30.9
Fair value	-1.0	-0.6

The interest rate swaps are used for the hedging of cash flow related to floating rate loans, and hedge accounting under IFRS 9 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

**Commodity derivatives**

MEUR	12/2019	12/2018
Nominal values of diesel swaps		
Maturity not later than one year	1.3	1.6
Maturity later than one year and not later than five years	-	-
Total	1.3	1.6
Fair value	0.0	0.0

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IFRS 9 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. During the financial period 2019 the Group decided to no longer hedge of future diesel oil purchases.

**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 flow from operating activities/share:

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

EVA:

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

WACC 2019: 6.55% and 2018: 6.60%

EBITDA: operating profit + depreciation + impairment

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

Invested capital: equity + interest-bearing financial liabilities

Return on invested capital, % (ROI):

(pre-tax profit/loss + financial expenses) / Equity + interest-bearing financial liabilities (average of the beginning of the period and the end of the period) 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

Helsinki, 29 January 2020

LASSILA & TIKANOJA PLC

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Lassila & Tikanoja is a service company that is putting the circular economy into practice. Together with our customers, we keep materials and properties in productive use for as long as possible and we enhance the use of raw materials and energy. We help our customers maintain the value of their properties and materials while protecting the environment. We achieve this by delivering responsible and sustainable service solutions that make the daily lives of our customers easier. We operate in Finland, Sweden, and Russia. L&T employs 8,600 people. Net sales in 2018 amounted to EUR 802.2 million. L&T is listed on Nasdaq Helsinki.

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