

# LASSILA & TIKANOJA RESULT REPORT Q4 AND 2021

Eero Hautaniemi, President & CEO

Valtteri Palin, CFO

27 January 2022





## **IN FOCUS**

### **Q4 & FY 2021**

- Net sales grew by 8.1% to EUR 812.5 million (751.9) in 2021
  - In October-December net sales grew by 12% to EUR 223.5 million (199.6)
- Adjusted operating profit was EUR 42.4 million (39.7) in 2021. Earnings per share were EUR 0.90 (0.50)
- Strong result in Environmental Services and Industrial Services despite higher cost of service production

# FOCUS AREAS



**GROWTH IN L&T'S  
CORE BUSINESSES**



**CUSTOMERS' BEST  
SUSTAINABILITY PARTNER**

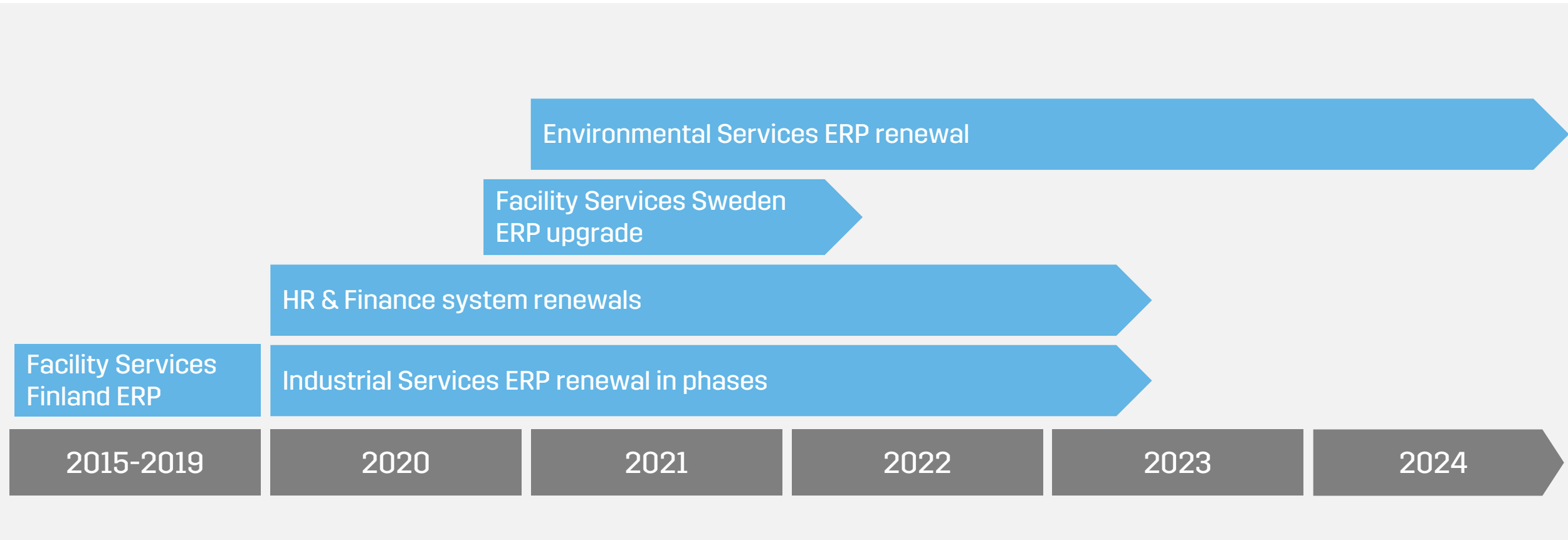


**EXCELLENT WORKPLACE  
FOR THE BEST EXPERTS**

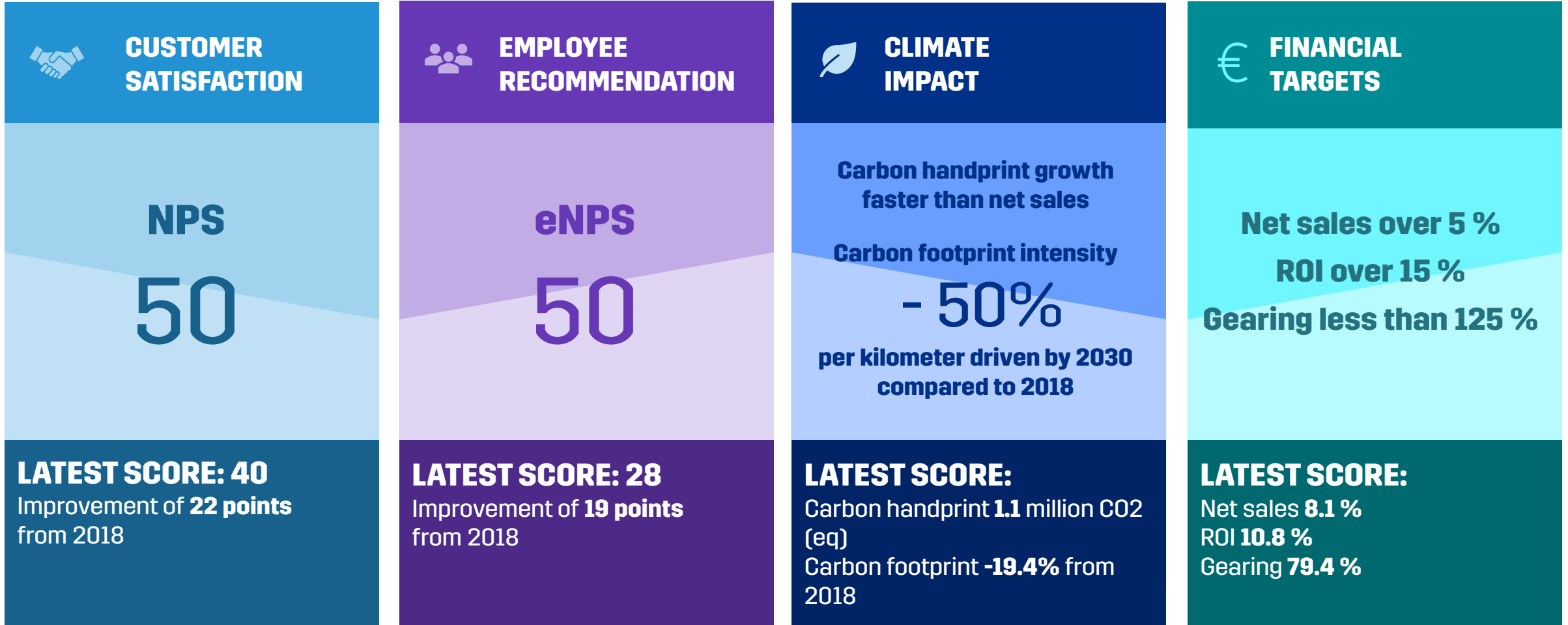


**EFFICIENT AND RENEWED  
OPERATING MODEL**

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

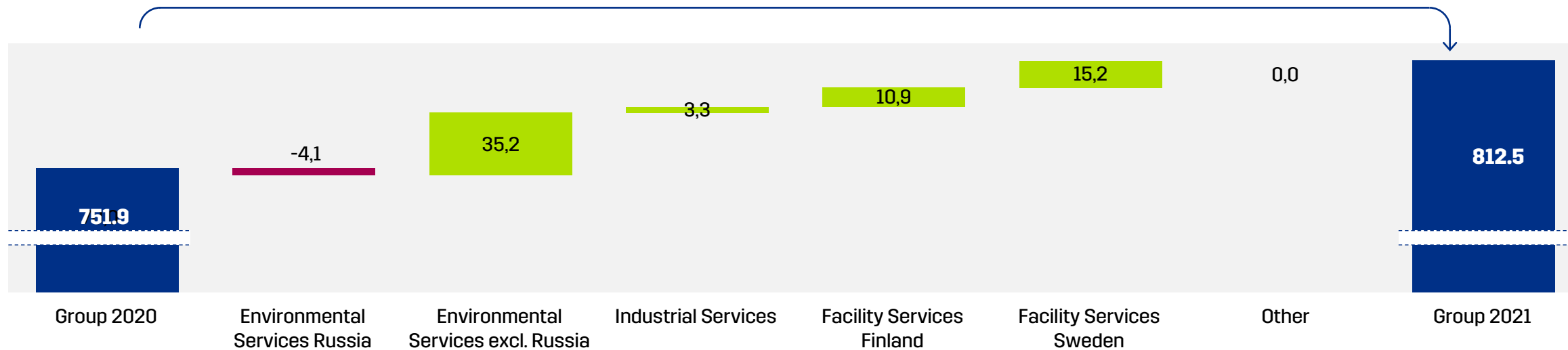


# LONG-TERM TARGETS FOR PERIOD 2022-2026



# NET SALES

8.1% (Organic growth 6.6%)

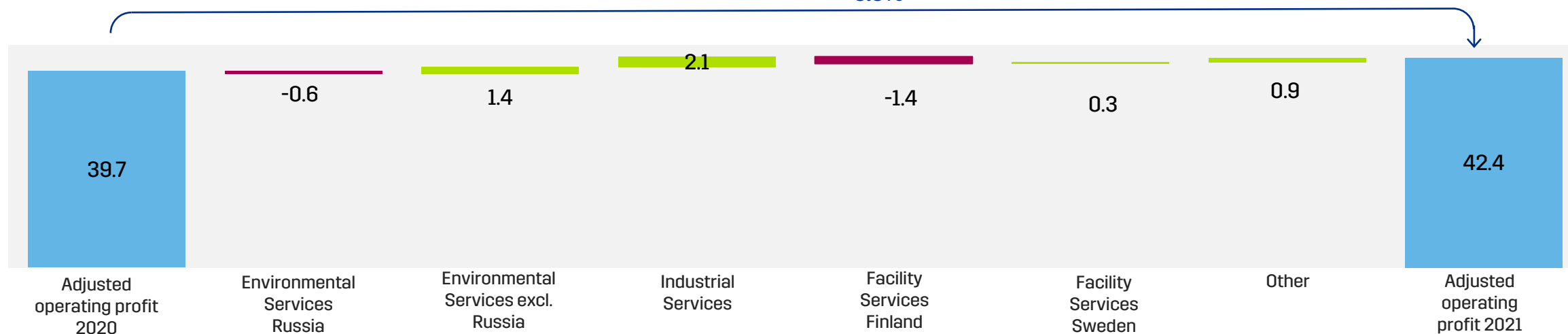


MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Environmental Services	89.9	72.9	23.3	320.5	289.4	10.8
Industrial Services	28.7	27.6	4.2	105.1	101.8	3.2
Facility Services Finland	63.0	60.5	4.1	243.1	232.3	4.7
Facility Services Sweden	43.8	40.0	9.4	149.8	134.5	11.3
L&T Group	223.5	199.6	12.0	812.5	751.9	8.1



# ADJUSTED OPERATING PROFIT

6.9%



MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Environmental Services, excl. Russia	7.1	6.2	13.9	29.8	28.4	4.8
Industrial Services	1.7	1.5	10.7	9.2	7.1	29.3
Facility Services Finland	0.6	1.9	-68.0	1.8	3.2	-43.7
Facility Services Sweden	1.3	1.5	-12.0	3.9	3.5	9.6
Other*	-0.6	-1.2	51.1	-2.2	-2.5	12.4
Adjusted operating profit **	10.1	9.9	1.9	42.4	39.7	6.9
Adjustments ***	-0.2	0.0		-0.2	-11.5	
L&T Group operating profit	9.9	9.9	0.2	42.2	28.2	49.5



\* Includes operative result of Russian operations (1-12/2020)

\*\* Includes EUR 1.0 million negative change according to the accounting principles for SaaS cloud services

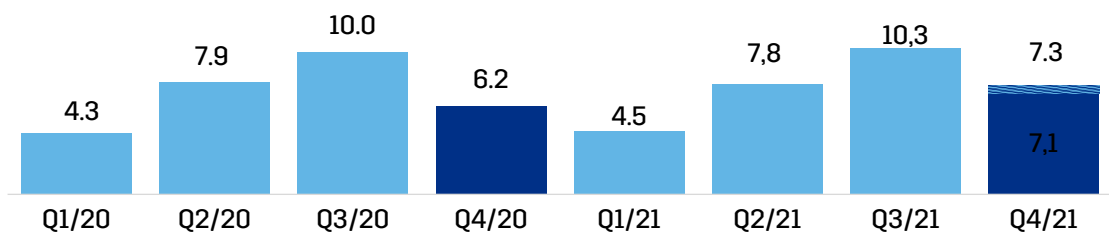
\*\*\* Includes -8.4 MEUR operating profit of discontinued Russian operations (1-12/2020)

# OPERATING PROFIT BY DIVISION

## ENVIRONMENTAL SERVICES excl. Russia

MEUR

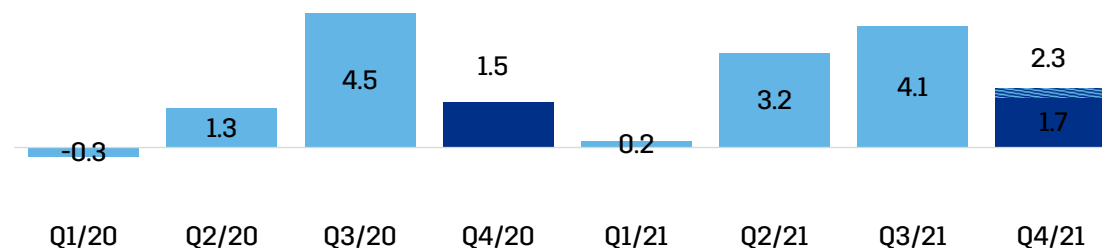
Saas cloud services



## INDUSTRIAL SERVICES

MEUR

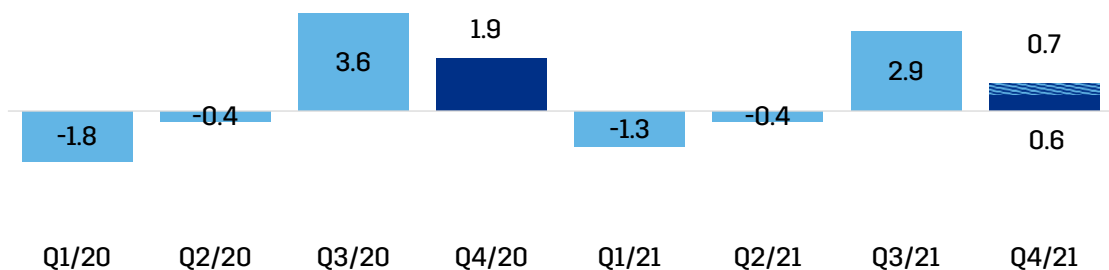
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## FACILITY SERVICES FINLAND

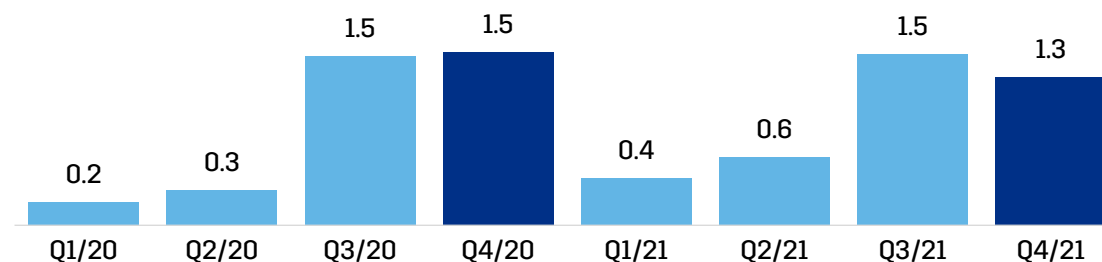
MEUR

Saas cloud services



## FACILITY SERVICES SWEDEN

MEUR

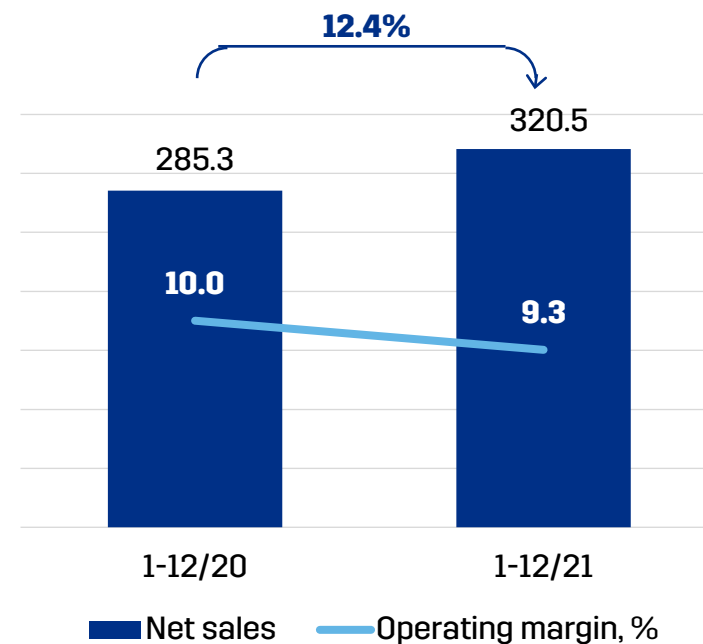




# ENVIRONMENTAL SERVICES EXCL. RUSSIA

- Strong growth in net sales. Demand for separately ordered services and recycled raw materials returned to pre-pandemic levels during Q3
- Production costs were higher due to increased fuel prices

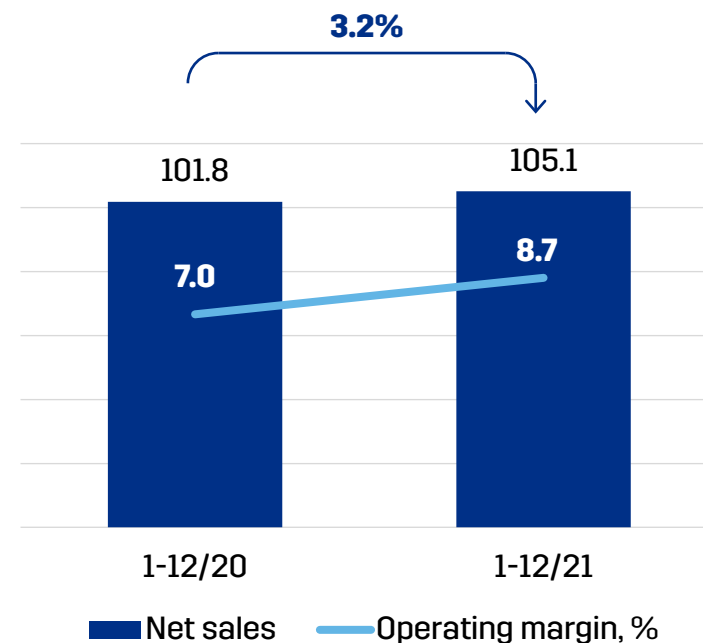
MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Net sales	<b>89.9</b>	73.0	23.1	<b>320.5</b>	285.3	12.4
EBITDA	<b>13.6</b>	12.7	7.3	<b>56.5</b>	53.5	5.6
Operating profit	<b>7.1</b>	6.2	13.9	<b>29.8</b>	28.4	4.8
Operating margin, %	<b>7.9</b>	8.5		<b>9.3</b>	10.0	



# INDUSTRIAL SERVICES

- Market position strengthened in the hazardous waste and process cleaning businesses. In hazardous waste material volumes returned to pre-pandemic level during the year
- Overlapping annual maintenance breaks and fuel prices increased production costs

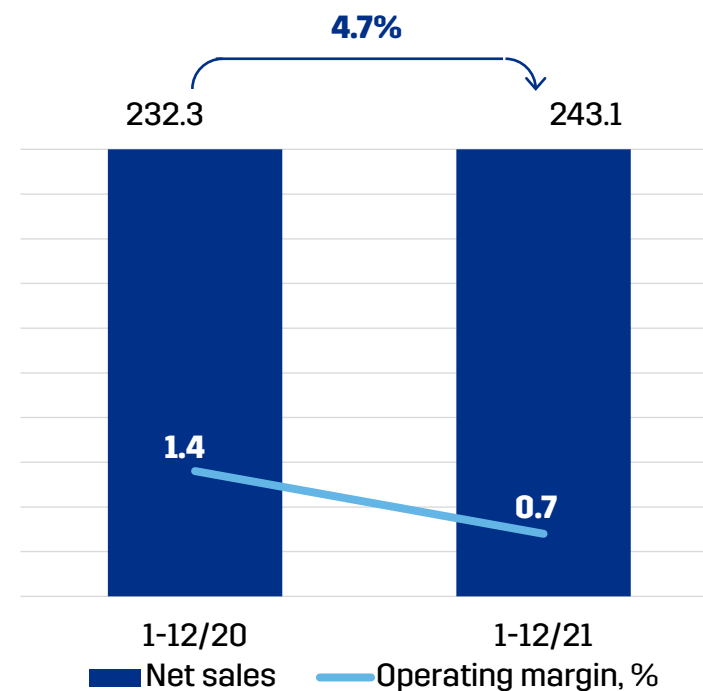
MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Net sales	<b>28.7</b>	27.6	4.2	<b>105.1</b>	101.8	3.2
EBITDA	<b>4.3</b>	4.4	-2.9	<b>18.6</b>	17.3	7.6
Operating profit	<b>1.7</b>	1.5	10.7	<b>9.2</b>	7.1	29.3
Operating margin, %	<b>5.9</b>	5.6		<b>8.7</b>	7.0	



# FACILITY SERVICES FINLAND

- Strong performance in the cleaning business line
- Organisational restructuring and cost-efficiency improvements were successfully carried out in the property maintenance and technical services business lines due to poor performance. Targeted savings for 2022 are at least EUR 3 million
- In the comparison period temporary pension cost reduction was EUR 2.1 million

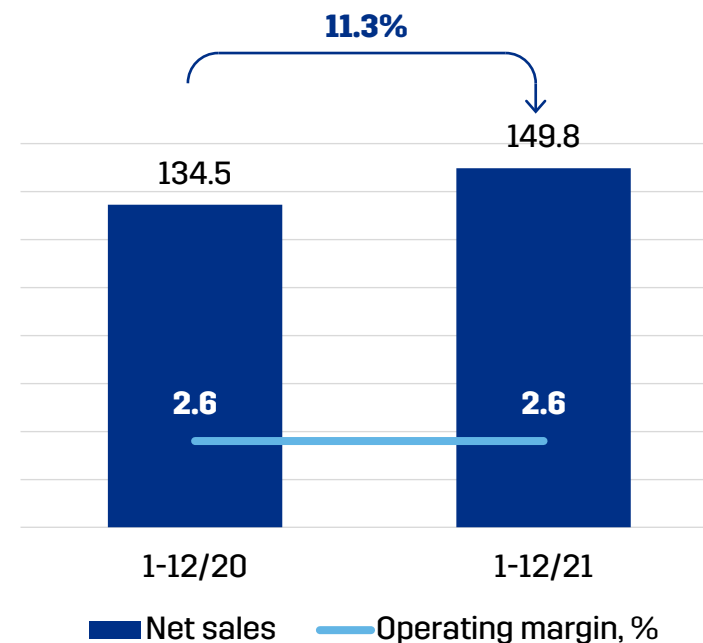
MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Net sales	<b>63.0</b>	60.5	4.1	<b>243.1</b>	232.3	4.7
EBITDA	<b>2.7</b>	3.1	-11.6	<b>11.0</b>	13.5	-18.8
Operating profit	<b>0.6</b>	1.9	-68.0	<b>1.8</b>	3.2	-43.7
Operating margin, %	<b>1.0</b>	3.1		<b>0.7</b>	1.4	



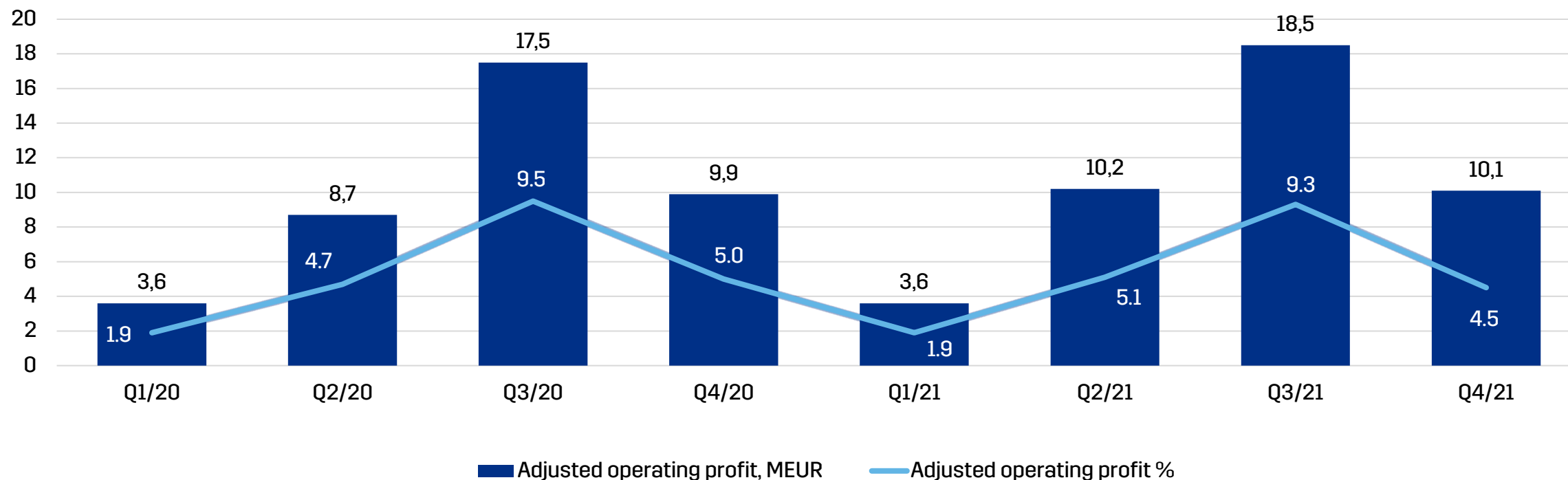
# FACILITY SERVICES SWEDEN

- The impact of the pandemic declined throughout the year
- Market share grew in the hospital segment with a new customer agreement in Q4
- Additional services sales were on a lower level in some customer segments

MEUR	Q4/21	Q4/20	Change%	2021	2020	Change%
Net sales	<b>43.8</b>	40.0	9.4	<b>149.8</b>	134.5	11.3
EBITDA	<b>3.2</b>	2.7	17.8	<b>10.4</b>	8.4	23.5
Operating profit	<b>1.3</b>	1.5	-12.0	<b>3.9</b>	3.5	9.6
Operating margin, %	<b>3.1</b>	3.8		<b>2.6</b>	2.6	



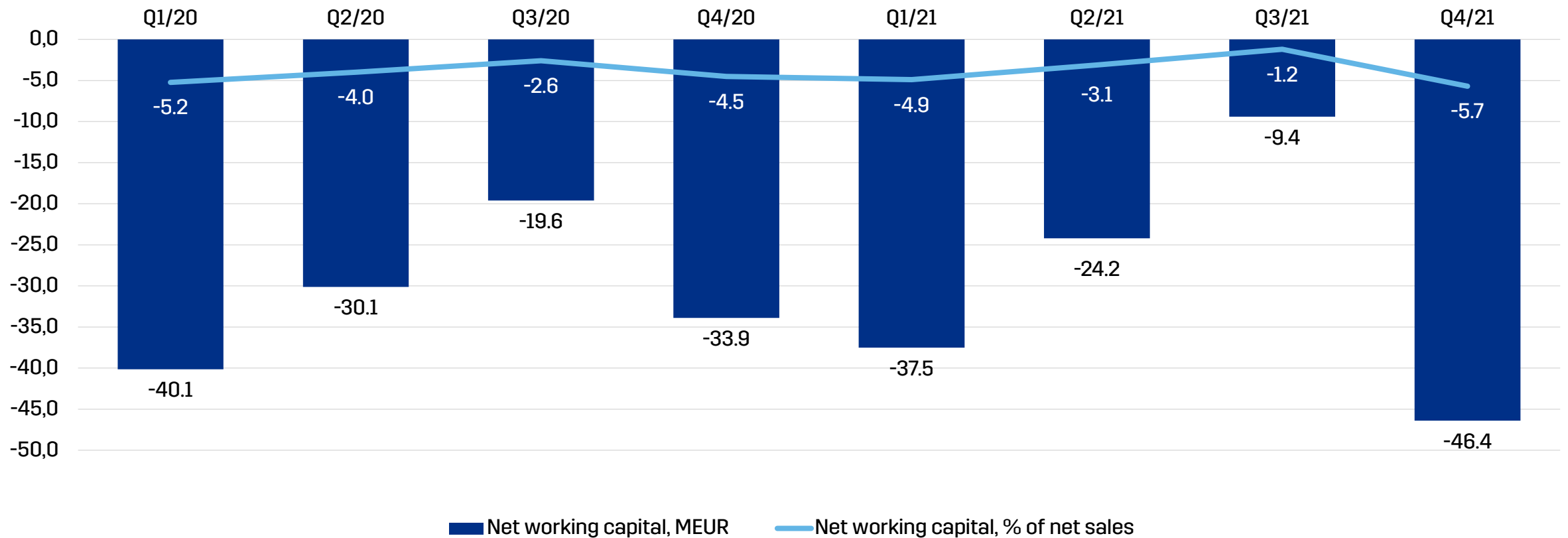
# ADJUSTED OPERATING PROFIT



In the comparison period, operating profit was improved by the temporary lowering of pension insurance contributions which had a positive impact of approximately EUR 3.8 million in 2020. The change in the accounting policy for information system cloud services in the financial year 2021 due to IFRIC's agenda decision had a negative impact of EUR 1.0 million on the result for the last quarter.

# NET WORKING CAPITAL

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

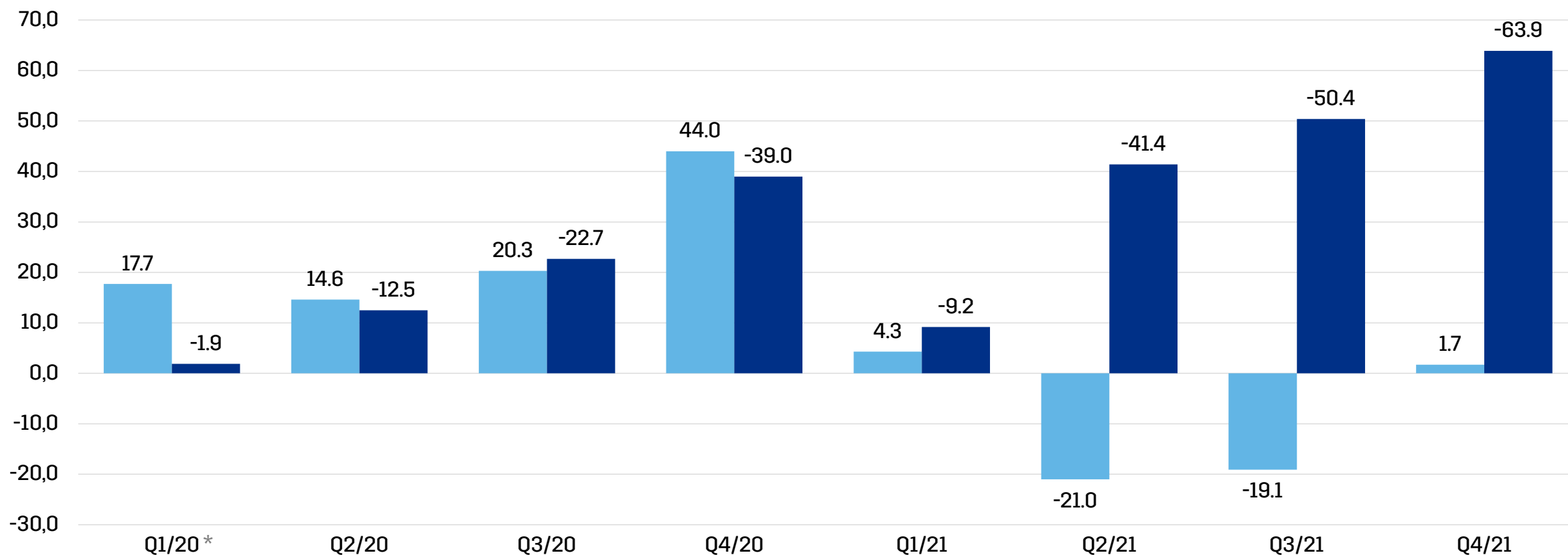


# KEY FIGURES

	Q4/21	Q4/20	Change %	2021	2020	Change %
Capital expenditure, MEUR	<b>18.3</b>	15.4	18.7	<b>72.3</b>	48.2	49.9
Depreciation, amortisation and impairment, MEUR	<b>13.3</b>	13.6	-2.4	<b>52.9</b>	57.0	-7.1
Net cash flow from operating activities after investments, MEUR				<b>1.7</b>	44.0	-96.1
Return on equity (ROE), %				<b>17.1</b>	9.6	
Invested capital, EUR million				<b>406.0</b>	379.2	
Return on investment (ROI), %				<b>10.8</b>	7.5	
Equity ratio, %				<b>33.7</b>	33.0	
Gearing, %				<b>79.4</b>	70.9	
Total number of employees at the end of the period				<b>8,171</b>	8,139	

# NET CASH FLOW AND NET INVESTMENTS

- Share of acquisitions was EUR 23 million in cash flow in 2021



■ Net cash from operating activities after investments YTD, MEUR

■ Net cash used in investment activities YTD, MEUR

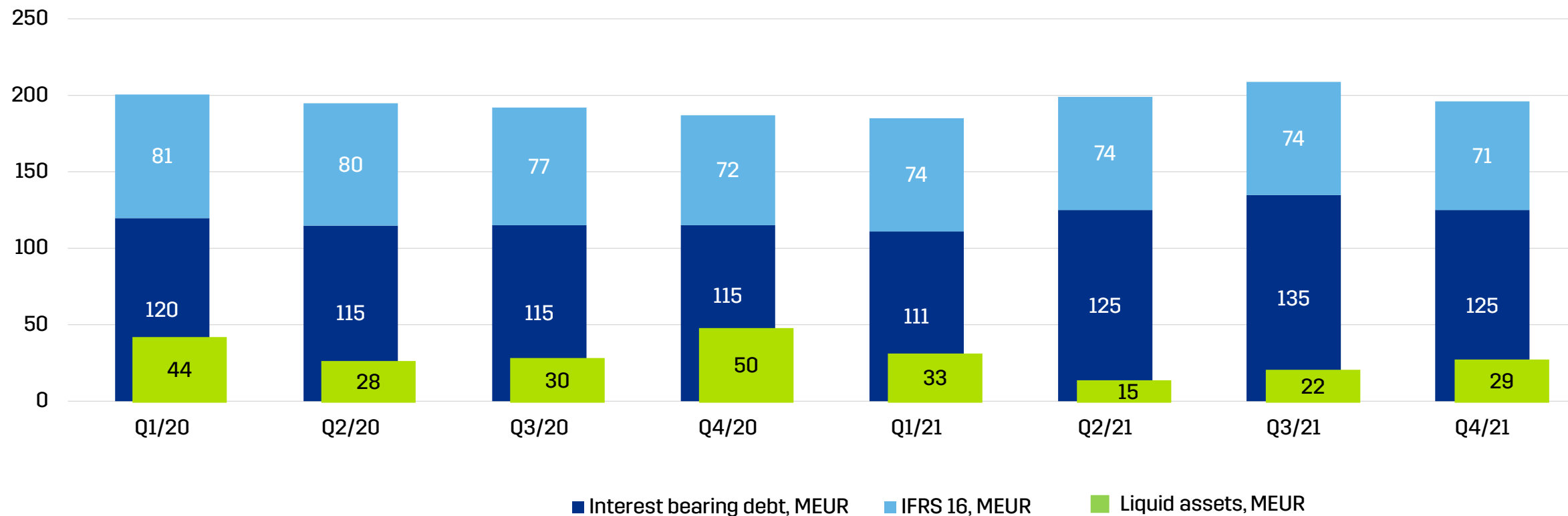
\*Includes sale of property





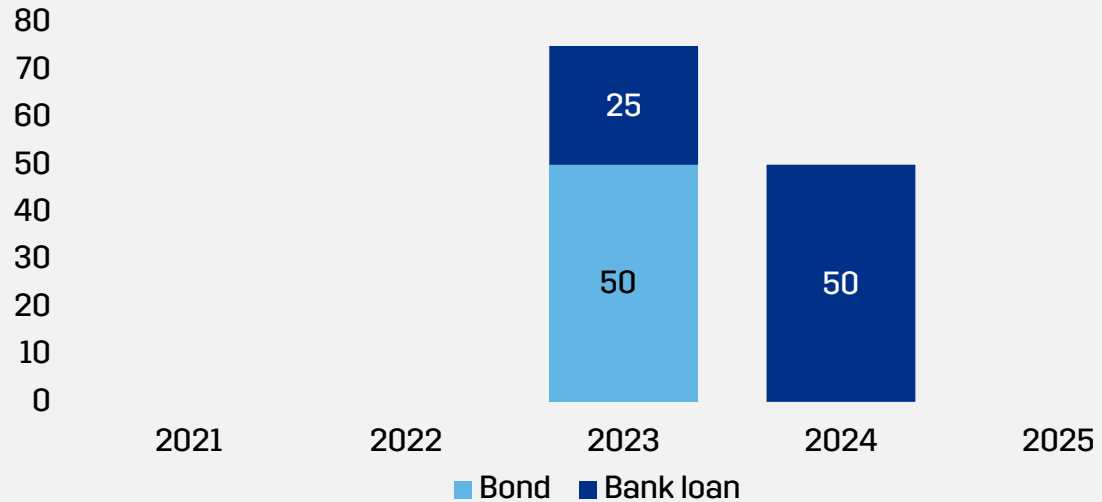
# INTEREST BEARING DEBT AND LIQUIDITY

- Acquisitions were financed by EUR 25 million bank loan



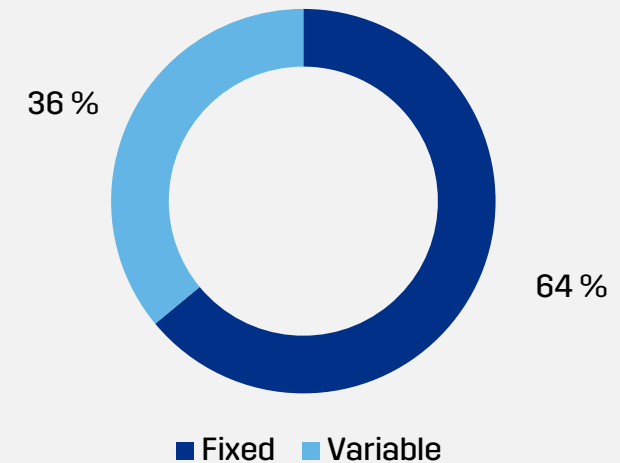
# MATURITY STRUCTURE OF LOANS

Loans, MEUR



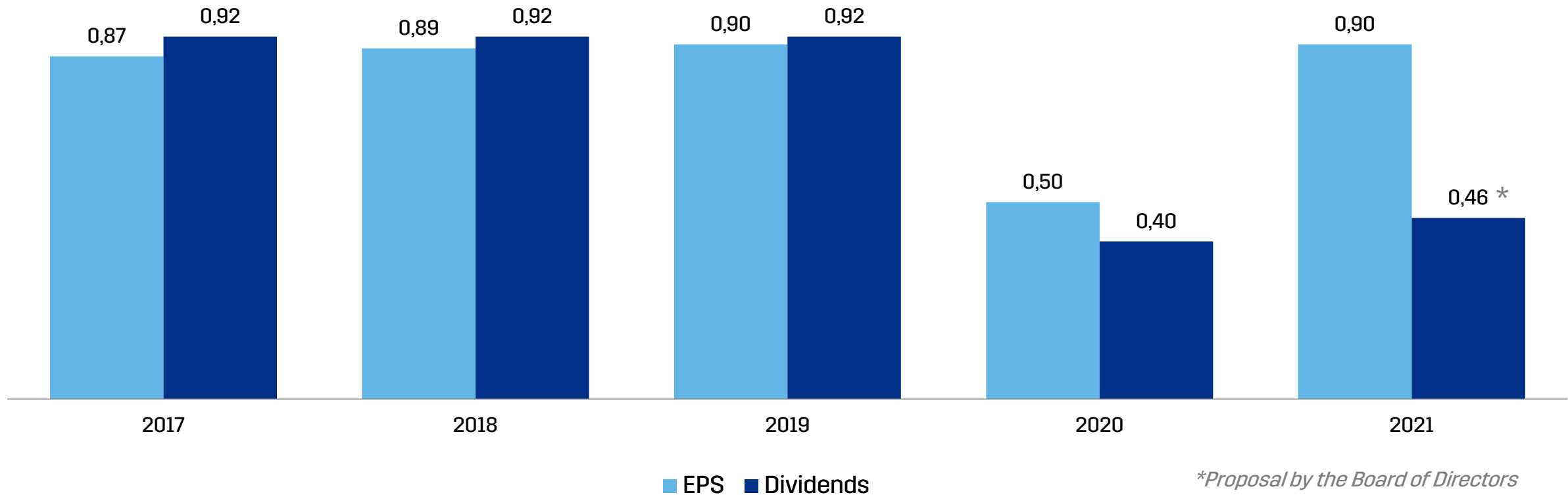
Loans do not include commercial papers

Weighted average of effective interest rate 1.1 %



# DIVIDEND

Effective dividend yield was 3.4%





## **OUTLOOK FOR 2022**

The company estimates that the impact of the Omicron variant of COVID-19 will have a negative effect on the Group's result in the first quarter, as customer sites reduce their operations due to the government restrictions and increased sickness-related absence of personnel.

Net sales and adjusted operating profit in 2022 are estimated to be at the same level as in the previous year.

# CONTACTS



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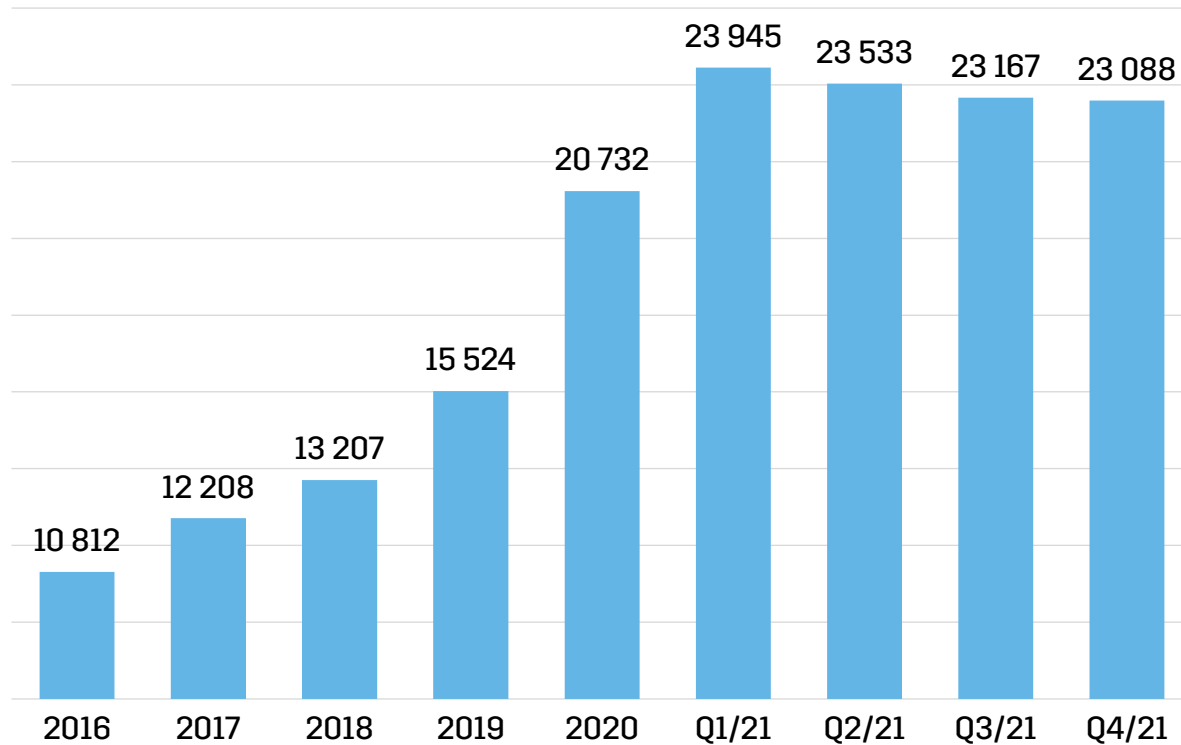


# SHAREHOLDERS

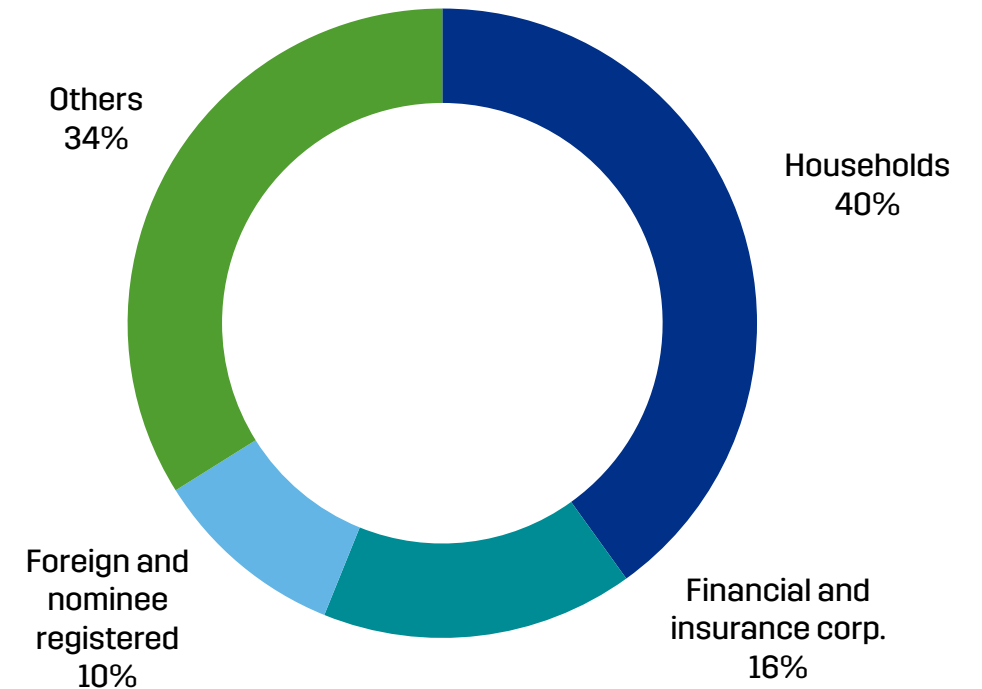


# SHAREHOLDER STRUCTURE

## Number of shareholders



## Shareholder structure



# MAJOR SHAREHOLDERS ON 31 DECEMBER 2021

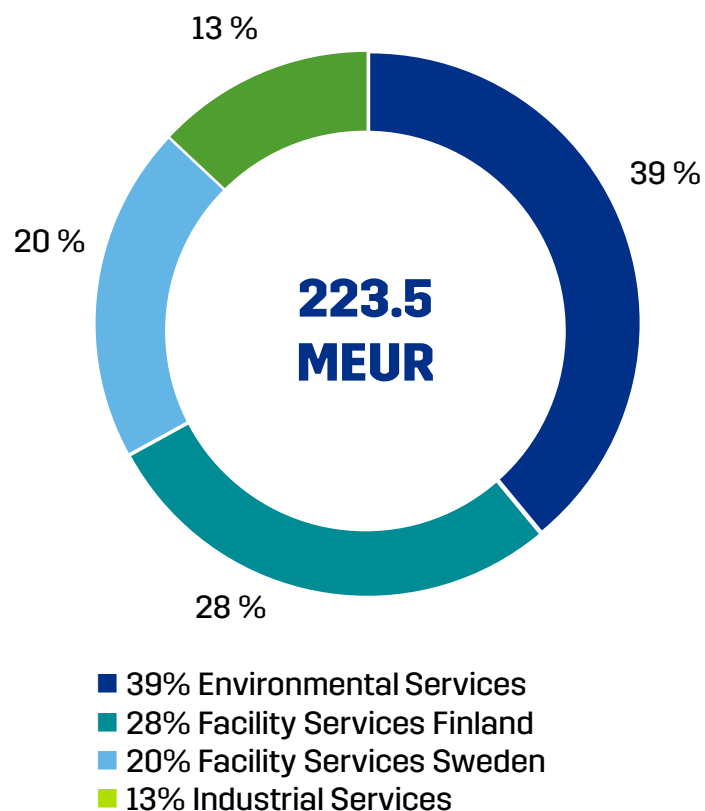
<b>Shareholder</b>	<b>Shares</b>	<b>%</b>
Mandatum Life Insurance Company Limited	3,023,997	<b>7.79</b>
Evald and Hilda Nissi's Foundation	2,613,133	<b>6.74</b>
Nordea Funds Ltd	1,668,735	<b>4.30</b>
Maijala Juhani	1,529,994	<b>3.94</b>
Åbo Akademi University Foundation	1,066,282	<b>2.75</b>
Elo Mutual Pension Insurance Company	1,052,133	<b>2.71</b>
Ilmarinen Mutual Pension Insurance Company	1,024,836	<b>2.64</b>
Bergholm Heikki	835,178	<b>2.15</b>
Varma Mutual Pension Insurance Company	729,791	<b>1.88</b>
Maijala Mikko	720,000	<b>1.86</b>
<b>Ownership structure / sector</b>	<b>Shares</b>	<b>%</b>
Nominee-registered shares	3,723,180	<b>9.60</b>
Number of shares	38,798,874	<b>100.00</b>
Number of shareholders	23,088	



# APPENDIX

# KEY FIGURES

## NET SALES Q4/2021



	Q4/21	Q4/20	Change%	2021	2020	Change%
Net sales, MEUR	<b>223.5</b>	196.6	12.0	<b>812.5</b>	751.9	8.1
EBITDA, MEUR	<b>23.2</b>	23.5	-1.3	<b>95.1</b>	85.2	11.7
Operating profit, MEUR	<b>9.9</b>	9.9	0.2	<b>42.2</b>	28.2	49.5
Operating margin, %	<b>4.4</b>	5.0		<b>5.2</b>	3.8	
EVA, MEUR	<b>3.0</b>	3.8	-20.3	<b>15.9</b>	3.7	332.4
Earnings per share, EUR	<b>0.26</b>	0.20	30.0	<b>0.90</b>	0.50	79.8

## CONSOLIDATED INCOME STATEMENT

MEUR	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Net sales</b>	223.5	199.6	812.5	751.9
Other operating income	1.5	0.7	3.8	9.3
Change in inventory	-2.6	-0.1	-0.9	8.7
Materials and services	-80.9	-71.7	-281.7	-263.9
Employee benefit expenses	-89.7	-80.1	-342.6	-315.1
Other operating expenses	-28.5	-24.8	-95.9	-105.6
Depreciation, amortisation and impairment	-13.3	-13.6	-52.9	-57.0
<b>Operating profit</b>	9.9	9.9	42.2	28.2
Financial income and expenses	-0.8	-0.8	-3.3	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0
<b>Result before taxes</b>	9.1	9.1	39.0	23.3
Income taxes	0.8	-1.4	-4.6	-4.3
<b>Result for the period</b>	10.0	7.7	34.4	19.0
<b>Attributable to:</b>				
Equity holders of the company	10.0	7.7	34.4	19.1
Non-controlling interest	-	0.0	-	-0.1
<b>Earnings per share attributable to equity holders of the parent company:</b>				
Earnings per share, EUR	0.26	0.20	0.90	0.50
Diluted earnings per share, EUR	0.26	0.20	0.90	0.50

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	12/2021	12/2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	172.1	154.0
Other intangible assets	32.5	28.9
	204.6	182.9
Property, plant and equipment	153.0	139.8
Right-of-use assets	69.8	70.9
	222.8	210.7
Other non-current assets		
Deferred tax assets	5.6	4.5
Other receivables	2.2	1.3
	7.8	5.8
<b>Total non-current assets</b>	<b>435.2</b>	<b>399.4</b>
<b>Current assets</b>		
Inventories	5.9	30.7
Trade receivables	86.8	82.9
Contract assets	22.8	19.4
Income tax receivables	7.3	3.1
Other receivables	10.4	10.9
Cash and cash equivalents	28.6	50.2
	161.8	197.2
Assets classified as held for sale	38.3	-
<b>Total current assets</b>	<b>200.0</b>	<b>197.2</b>
<b>Total assets</b>	<b>635.3</b>	<b>596.6</b>

MEUR	12/2021	12/2020
<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	-6.3	-5.0
Invested unrestricted equity reserve	0.6	0.6
Retained earnings	196.7	177.5
<b>Total equity</b>	<b>210.4</b>	<b>192.6</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	30.2	28.3
Retirement benefit obligations	1.4	1.4
Provisions	8.1	7.1
Financial liabilities	175.8	155.4
Other liabilities	0.1	0.1
	215.5	192.3
<b>Current liabilities</b>		
Financial liabilities	19.9	31.3
Trade and other payables	172.3	177.7
Income tax liabilities	3.3	0.3
Provisions	2.7	2.4
	198.1	211.8
Liabilities classified as held for sale	11.2	-
<b>Total liabilities</b>	<b>424.9</b>	<b>404.0</b>
<b>Total equity and liabilities</b>	<b>635.3</b>	<b>596.6</b>

# **CIRCULAR ECONOMY – MADE REAL**