



Lassila & Tikanoja plc  
Stock exchange release  
27 October 2020 at 8:00 a.m.

## Lassila & Tikanoja plc: Interim Report 1 January–30 September 2020

### GOOD PERFORMANCE IN DIFFICULT CIRCUMSTANCES

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

- Net sales for the third quarter were EUR 184.8 million (190.5), operating profit was EUR 17.6 million (18.5) and adjusted operating profit was EUR 17.5 million (19.3)\*. Earnings per share were EUR 0.37 (0.36).
- Net sales for January–September was EUR 552.3 million (585.4), operating profit was EUR 18.3 million (36.1) and adjusted operating profit was EUR 29.0 million (31.0)\*. Earnings per share were EUR 0.30 (0.74). Operating profit and earnings per share were negatively affected by costs of EUR 10.4 million recognised in relation to the discontinuation of Russian operations as well as an increase in exchange differences. Exchange differences amounted to EUR -1.3 million (0.6).
- The decrease in net sales was attributable to the Q2/2019 divestment of the L&T Korjausrakentaminen business, which is included in the figures for the comparison period, and the coronavirus pandemic.

\*In September 2020, Lassila & Tikanoja began to use adjusted operating profit as a new alternative performance measure. The reporting of adjusted operating profit is aimed at improving comparability between reporting periods. Adjusted operating profit excludes substantial costs arising from business restructuring, gains and losses from divestments and costs arising from the discontinuation of businesses.

### Outlook, updated 23 October 2020

Full-year net sales for 2020 are expected to decrease year-on-year and adjusted operating profit is estimated to be EUR 35–43 million (40.5).

### PRESIDENT AND CEO EERO HAUTANIEMI:

“Our business environment has been exceptional and challenging this year. COVID-19 has affected all of our businesses and the demand for services has been difficult to predict at times. We have had to adjust our service production in response to the constantly changing situation. Anticipating customer needs has required us to be active in our approach, and we have been successful in this respect in light of the circumstances. We have developed new disinfection service solutions to improve the hygiene and safety of our customers, which has helped compensate for the decline in service volumes. Our active work with our customers has also been reflected in our results. Our customer Net Promoter Score (NPS) rose by 13 points to reach a record-high level in our recent measurement. A particularly pleasing aspect of this increase was that the results improved in all of our divisions.

We have also paid special attention to ensuring safe and healthy working conditions for our employees. We have been able to ensure the availability of adequate personal protective equipment and appropriate operating guidelines and instructions as the circumstances have changed. Sickness-related absences have remained on par with the comparison period and the number of COVID-19 infections has been very low.

In these exceptional circumstances, we have continued to execute our strategy in accordance with our plans and our development and investment projects have progressed as planned. Our financial position has remained strong throughout the year. I am especially pleased about the positive development of Facility Services Finland. The division has substantially improved its profit performance, which is an excellent achievement under the prevailing circumstances. With regard to the Group's profit performance, it is also important that the annual maintenance breaks in the industry sector that were postponed by customers earlier in the year were carried out as planned in the third quarter.

Our business environment is currently characterised by a large number of uncertainties that shape our markets. Nevertheless, we have learned to operate in "the new normal" created by the COVID-19 pandemic, which puts us in a good position to strengthen our market share in all of our divisions."

## **GROUP NET SALES AND FINANCIAL PERFORMANCE**

### **July–September**

Lassila & Tikanoja's net sales for the third quarter amounted to EUR 184.8 million (190.5), down 3.0% year-on-year. Operating profit was EUR 17.6 million (18.5), or 9.5% (9.7%) of net sales, and adjusted operating profit was EUR 17.5 million (19.3), or 9.5% (10.1%) of net sales. Earnings per share were EUR 0.37 (0.36).

The decrease in net sales and operating profit was mainly attributable to the decline in demand caused by the coronavirus pandemic. The profit impact of the coronavirus pandemic is reduced by the temporary lowering of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which had an impact of approximately EUR 1.4 million in the third quarter, as well as lower fuel prices.

In Environmental Services, net sales and operating profit decreased year-on-year. In Facility Services Finland, net sales declined but operating profit improved substantially year-on-year. In Industrial Services and Facility Services Sweden, net sales and operating profit increased year-on-year.

### **January–September**

Net sales for January–September amounted to EUR 552.3 million (585.4), down 5.7% year-on-year. Operating profit was EUR 18.3 million (36.1), or 3.3% (6.2%) of net sales, and adjusted operating profit was EUR 29.0 million (31.0), or 5.3% (5.3%) of net sales. Earnings per share were EUR 0.30 (0.74).

The difference between operating profit and adjusted operating profit in January–September 2020 is attributable to the costs of EUR 10.4 million recognised during the review period in relation to the discontinuation of Russian operations and costs of EUR 0.3 million arising from the incorporation of the Group's divisions effective from 1 January 2021. The costs arising from the incorporation of the Group's divisions are related to the plan announced in connection with the financial statements release in January 2020 to incorporate the businesses as separate legal entities. The difference between operating profit and adjusted operating profit in the comparison period is attributable to the EUR 5.1 million effect of the sale of L&T Korjausrakentaminen.

The negative effects of the decline in demand caused by the coronavirus pandemic are estimated to have been approximately EUR 19 million on the Group's net sales and approximately EUR 4.6 million on operating profit after the Group's adjustment measures and the temporary lowering of pension insurance contributions. The profit impact of the coronavirus pandemic is reduced by the temporary lowering of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which had a positive impact of approximately EUR 2.3 million, as well as lower fuel prices.

The Group's operating profit was improved by a gain of EUR 5.7 million recognised in the first quarter on the sale of property included in property, plant and equipment. In addition, non-recurring costs arising from the impairment of fixed assets, for example, were recognised in the total amount of EUR 4.8 million in the first quarter and EUR 0.6 million in the third quarter. The non-recurring items had a positive net effect of EUR 0.3 million on the Group's operating profit. The items in question are not included in the figures of the business segments. Net profit was negatively affected by the depreciation of the Russian rouble and Swedish krona. Exchange differences amounted to EUR -1.3 million (0.6).

The decrease in operating profit was also attributable to costs of EUR 10.4 million arising from the impairment of balance sheet items in relation to the discontinuation of Russian operations. The discontinuation of Russian operations will have a negative impact of EUR 7.9 million on the Group's equity. The decrease in operating profit was also attributable to the EUR 5.1 million positive profit impact from the sale of L&T Korjausrakentaminen recognised in the comparison period.

In Environmental Services, net sales decreased year-on-year and operating profit declined significantly due to costs of EUR 10.4 million recognised in relation to the discontinuation of Russian operations. The adjusted operating profit of Environmental Services decreased slightly year-on-year. In Facility Services Finland, net sales declined but operating profit improved substantially year-on-year. In Industrial Services, net sales grew while operating profit decreased year-on-year. In Facility Services Sweden, net sales and operating profit decreased year-on-year.

## Financial summary

	7-9/2020	7-9/2019	Change %	1-9/2020	1-9/2019	Change %	2019
Net sales, EUR million	184.8	190.5	-3.0	552.3	585.4	-5.7	784.3
Operating profit, EUR million	17.6	18.5	-4.8	18.3	36.1	-49.2	45.0
Operating margin, %	9.5	9.7		3.3	6.2		5.7
Adjusted operating profit, EUR million	17.5	19.3	-9.5	29.0	31.0	-6.2	40.5
Adjusted operating margin, %	9.5	10.1		5.3	5.3		5.2
EBITDA, EUR million	30.4	32.1	-5.4	61.7	77.0	-19.9	99.4
EBITDA, %	16.4	16.9		11.2	13.2		12.7
Profit before tax, EUR million	16.7	17.6	-5.3	14.2	33.8	-58.0	42.0
Earnings per share, EUR	0.37	0.36	2.3	0.30	0.74	-59.5	0.90
Cash flow from operating activities/share, EUR	0.42	0.41	1.0	1.13	1.50	-24.5	2.46
EVA, EUR million	11.5	12.1	-5.0	-0.1	17.4	-100.6	19.8
Return on equity (ROE), %				7.9	18.6		16.8
Invested capital, EUR million				372.5	374.1		380.5
Return on invested capital (ROI), %				6.6	13.4		12.4
Equity ratio, %				32.2	35.9		35.6
Gearing, %				89.3	78.1		66.8

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### July-September

The division's net sales for the third quarter decreased to EUR 67.5 million (75.0). Operating profit declined year-on-year to EUR 10.3 million (11.2). Excluding Russia, the operating profit of Environmental Services in the third quarter declined year-on-year to EUR 10.0 million (10.5).

### **January–September**

The Environmental Services division's net sales decreased to EUR 216.5 million (231.5). The decline in net sales was attributable to the decrease in demand caused by the COVID-19 pandemic and the discontinuation of Russian operations. Operating profit declined to EUR 12.4 million (24.6) due to costs of EUR 10.4 million recognised in relation to the discontinuation of Russian operations. Excluding Russia, the operating profit of Environmental Services declined year-on-year to EUR 22.2 million (22.8).

The net sales of the Environmental Services division were reduced by the decreased prices of recycled raw materials – particularly fibres, plastic and metals – compared to the reference period. Nevertheless, the division's profitability remained at a good level. The COVID-19 pandemic continued to lower the operating volumes of customer companies and, consequently, the demand for services in the second and third quarter.

### **Industrial Services**

#### **July–September**

The division's net sales for the third quarter grew to EUR 30.6 million (27.7). Operating profit improved year-on-year and amounted to EUR 4.5 million (4.4).

#### **January–September**

The Industrial Services division's net sales increased to EUR 74.2 million (72.8). Operating profit declined year-on-year to EUR 5.6 million (8.0).

The net sales of Industrial Services decreased during the first half of the year but subsequently began to grow in the third quarter due to new customer agreements and the provision of annual maintenance breaks that were postponed earlier in the year. Operating profit improved in the third quarter thanks to demand growth and the successful planning of operations, in spite of fluctuations in demand and the decreased prices of secondary raw materials.

### **Facility Services Finland**

#### **July–September**

The division's net sales for the third quarter decreased to EUR 56.9 million (59.0). Operating profit improved substantially year-on-year and amounted to EUR 3.6 million (2.8).

#### **January–September**

The net sales of Facility Services Finland decreased to EUR 171.7 million (189.8). Operating profit improved substantially year-on-year to EUR 1.3 million (-2.7).

The decline in the net sales of Facility Services Finland was due to the divestment of L&T Korjausrakentaminen during the comparison period and the impact of the COVID-19 pandemic. Demand declined the most in the technical systems maintenance business. The segment's operating profit improved substantially year-on-year thanks to a significant improvement in customer cooperation and cost adjustments. Successful sales and service production strengthened the operating profit and market position of the cleaning services business.

### **Facility Services Sweden**

#### **July–September**

The division's net sales for the third quarter increased to EUR 31.5 million (30.5). Operating profit improved year-on-year and amounted to EUR 1.5 million (1.4).

## January–September

The net sales of Facility Services Sweden amounted to EUR 94.5 million (96.0). Operating profit declined year-on-year to EUR 2.0 million (2.9).

The effects of the COVID-19 pandemic were the most obvious in March–May. Operating profit during the review period was weighed down by a substantially higher-than-usual sickness rate and the resulting increase in subcontracting costs on the one hand and the reduced additional sales orders of certain customer accounts on the other hand. The Swedish state's support measures for businesses partially compensated for the impacts of the COVID-19 pandemic starting from the beginning of May. The substantial decline in additional sales orders and caution amongst customers nevertheless had a negative impact on business operations. The negative impacts of the pandemic decreased in the third quarter, with net sales and operating profit both being slightly higher than in the comparison period.

## FINANCING

Net cash flow from operating activities amounted to EUR 20.3 million (42.3). A total of EUR 12.4 million in working capital was committed (EUR 1.5 million committed), most of which related to an increase in inventories based on contracts related to renewable energy sources. Cash flow during the review period was improved by the sale of property included in property, plant and equipment and reduced by a planned EUR 9.4 million increase in inventories. Cash flow in the comparison period was increased by the sale of L&T Korjausrakentaminen Oy.

At the end of the period, interest-bearing liabilities amounted to EUR 191.4 million (175.2). Net interest-bearing liabilities totalled EUR 161.7 million (155.4). The average interest rate on long-term loans excluding IFRS 16 liabilities, with interest rate hedging, was 1.3% (1.3).

Of the EUR 100.0 million commercial paper programme, EUR 15.0 million (0.0) was in use at the end of the period. A committed credit limit totalling EUR 30.0 million was not in use, as was the case in the comparison period. The Group renewed the credit limit during the review period. The newly signed credit facility will mature in the second quarter of 2022.

Net financial expenses amounted to EUR 4.1 million (2.3). Exchange rate changes accounted for EUR 1.3 million (-0.6) of net financial expenses. Net financial expenses were 0.7% (0.4%) of net sales. The exchange rate changes were caused by the depreciation of the Russian rouble and Swedish krona.

The equity ratio was 32.2% (35.9%) and the gearing rate was 89.3% (78.1%). Liquid assets at the end of the period amounted to EUR 29.8 million (19.7). The company has taken measures to ensure its liquidity in response to the coronavirus pandemic. Overdue trade receivables and credit losses have not increased during the pandemic.

## DISTRIBUTION OF ASSETS

The Annual General Meeting held on 12 March 2020 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 2019. The dividend, totalling EUR 35.0 million, was paid to shareholders on 23 March 2020.

## CAPITAL EXPENDITURE

Gross capital expenditure totalled EUR 32.8 million (33.2), consisting primarily of machine and equipment purchases as well as investments in information systems and buildings. During the

review period, we invested in the construction of strategically important final disposal locations and critically evaluated replacement investments due to the market uncertainty caused by the coronavirus pandemic.

## **PERSONNEL**

During the period under review, the average number of employees converted into full-time equivalents was 7,249 (7,365). At the end of the period, L&T had 8,440 (8,414) full-time and part-time employees. Of these, 6,930 (6,662) worked in Finland and 1,510 (1,752) in other countries.

The year 2020 has been exceptional due to the coronavirus pandemic also for L&T's personnel. The Group has been able to ensure the provision of personal protective equipment for employees under all circumstances. In September, L&T also purchased 17,000 non-disposable face masks to improve the safety of employees during commutes and in their free time. Employee well-being has been supported in a number of ways, including a dedicated coronavirus helpline and digital discussion services that help employees cope with the mental strain caused by the situation.

In March, the Group held negotiations concerning temporary layoffs in its Finnish operations pursuant to Chapter 8 of the Act on Co-operation within Undertakings. The temporary layoffs caused by the impact of the coronavirus pandemic and agreed upon in the negotiations were implemented by the end of September. Following the negotiations, employees from the Group's Finnish operations have been temporarily laid off. At the end of the review period, the total number of laid-off employees throughout the Group was approximately 250.

## **SHARES AND SHARE CAPITAL**

### **Traded volume and price**

The volume of trading during the first three quarters of the year, was 9.1 million shares, which is 24.0% (10.6%) of the average number of outstanding shares. The value of trading was EUR 123.8 million (58.9). The highest share price was EUR 16.76 and the lowest EUR 10.06. The closing price was EUR 12.96. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 493.8 million (520.4).

### **Own shares**

At the end of the period, the company held 693,589 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 38,105,285. The average number of shares excluding the shares held by the company was 38,102,222.

### **Shareholders**

At the end of the period, the company had 18,964 (15,085) shareholders. Nominee-registered holdings accounted for 10.4% (18.3%) of the total number of shares.

## **Authorisations for the Board of Directors**

The Annual General Meeting held on 12 March 2020 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 12 March 2020, adopted the financial statements and consolidated financial statements for 2019 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 35.0 million, be paid on the basis of the balance sheet adopted for the financial year 2019. It was decided that the dividend be paid on 23 March 2020.

The Annual General Meeting confirmed the number of members of the Board of Directors as seven. 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, and Pasi Tolppanen was elected as a new member.

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 establish a permanent Shareholders' Nomination Board. The Nomination Board shall be responsible for preparing and presenting proposals covering the remuneration and number of members of the Company's Board of Directors as well as proposals on the members of the Board of Directors to the Annual General Meeting and, where needed, to an Extraordinary General Meeting. The Nomination Board shall also be responsible for identifying successors to existing Board members.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 12 March 2020.

## **BOARD OF DIRECTORS**

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Miikka Maijala, Laura Tarkka and Pasi Tolppanen. 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 Pasi Tolppanen as members. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Laura Lares, Miikka Majjala and Laura Tarkka as members.

## **KEY EVENTS DURING THE REVIEW PERIOD**

On 8 April, the Group announced that it has signed a new revolving credit facility of EUR 30 million. The revolving credit facility will mature in the second quarter of 2022. The agreement includes a one-year extension option. The agreement was signed with Danske Bank.

On 24 April, the company issued a profit warning, lowered its outlook for 2020 and announced the discontinuation of Russian operations. According to the updated outlook, full-year net sales for 2020 are expected to decrease year-on-year and operating profit is estimated to be EUR 30–40 million (40.5) excluding loss related to the discontinuation of Russian operations.

On 25 September, the Group announced that Lassila & Tikanoja plc's three largest shareholders (a group of shareholders, Mandatum Life Insurance Company Limited and the Evald ja Hilda Nissin Säätiö foundation) have appointed their representatives to Lassila & Tikanoja plc's Nomination Board. The Chairman of Lassila & Tikanoja plc's Board of Directors, Heikki Bergholm, acts as the fourth member of the Nomination Board. The Nomination Board prepares proposals on the members of the Board of Directors and on the remuneration paid to them for the next Annual General Meeting.

## **EVENTS AFTER THE REVIEW PERIOD**

On 23 October, the Group issued a profit warning and announced that it is increasing the previously issued range of operating profit and changing the outlook to use adjusted operating profit instead of operating profit, as previously. According to the updated outlook, full-year net sales for 2020 are expected to decrease year-on-year and adjusted operating profit is estimated to be EUR 35–43 million (40.5).

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

The measures and recommendations issued by the authorities to restrict the COVID-19 pandemic and the resulting customer-specific production restrictions and adjustment measures are expected to cause disruptions in service production throughout the remainder of the year. This is expected to be most apparent in separately ordered services, such as the maintenance of technical systems and process cleaning.

The economic uncertainty caused by COVID-19 has been reflected in the demand for industrial services and made it difficult to predict. Industrial customers postponed maintenance breaks from the spring to later in the year but, for the time being, they have been carried out at the planned scale. If maintenance breaks were to be cancelled or postponed to next year, this would affect the demand for, and result of, process cleaning services.

The decline in industrial volume caused by COVID-19, the general economic uncertainty and the import restrictions imposed by China on recyclable materials have reduced the demand for, and prices of, key secondary raw materials. This market disruption is expected to continue next year, and it is anticipated to have an impact on the net sales and profitability of the Environmental Services division.



Decreasing oil prices reduce our fuel costs but, at the same time, they have a negative effect on the prices of oil-based secondary raw materials, such as recycled plastic and regenerated lubricants. However, the net effect of the lower oil price is positive at the Group level.

In the long term, challenges associated with the availability of labour may restrict business growth and elevate production costs.

The company has several ERP system renewal projects under way. Temporary additional costs arising from system deployments and establishing the operating model may weigh down the company's result.

In June, a draft tax audit by the Large Taxpayers Office proposed that approximately EUR 1.1 million in waste tax would be payable by L&T for 2018. Based on the response submitted by the Group, the tax authorities have lowered the amount to approximately EUR 0.2 million. The Group considers the tax authorities' interpretation to still be erroneous and the matter remains under review.

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

#### **Outlook for 2020, updated on 23 October 2020**

Full-year net sales for 2020 are expected to decrease year-on-year and adjusted operating profit is estimated to be EUR 35–43 million (40.5).

#### **Previous outlook for 2020, issued on 24 April 2020**

Full-year net sales for 2020 are expected to decrease year-on-year and operating profit is estimated to be EUR 30–40 million (40.5) excluding loss related to the discontinuation of Russian operations.

LASSILA & TIKANOJA PLC

Board of Directors  
Eero Hautaniemi  
President and CEO

## KEY FIGURES

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Diluted earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Cash flow from operating activities/share, EUR	0.42	0.41	1.13	1.50	2.46
EVA, MEUR *	11.5	12.1	-0.1	17.4	19.8
Adjusted operating profit, MEUR**	17.5	19.3	29.0	31.0	40.5
Gross capital expenditure, MEUR	10.9	11.5	32.8	33.2	46.1
Depreciation, amortisation and impairment, MEUR	12.8	13.6	43.3	40.9	54.4
Equity per share, EUR			4.75	5.18	5.33
Return on equity (ROE), %			7.9	18.6	16.8
Invested capital, MEUR			372.5	374.1	380.5
Return on invested capital (ROI), %			6.6	13.4	12.4
Equity ratio, %			32.2	35.9	35.6
Gearing, %			89.3	78.1	66.8
Net interest-bearing liabilities, MEUR			161.7	155.4	135.6
Average number of employees in full-time equivalents			7,249	7,365	7,308
Total number of full-time and part-time employees at end of period			8,440	8,414	8,207
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,102	38,412	38,354
at end of period			38,105	38,377	38,094
average during the period, diluted			38,112	38,426	38,368

\* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2020 6.64%, 2019 6.55%

\*\* Adjusted operating profit = operating profit +/- non-recurring items

## CONSOLIDATED INCOME STATEMENT

MEUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Net sales</b>	184.8	190.5	552.3	585.4	784.3
Other operating income	0.5	0.5	8.6	9.5	10.6
Change of inventory	3.0	2.1	8.8	0.6	0.3
Materials and services	-61.2	-62.4	-192.2	-200.8	-270.4
Employee benefit expenses	-74.9	-75.9	-235.0	-245.5	-327.1
Other operating expenses	-21.7	-22.6	-80.8	-72.2	-98.3
Depreciation and impairment	-12.8	-13.6	-43.3	-40.9	-54.4
<b>Operating profit</b>	17.6	18.5	18.3	36.1	45.0
Financial income and expenses	-1.0	-0.9	-4.1	-2.3	-3.0
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	16.7	17.6	14.2	33.8	42.0
Income taxes	-2.7	-3.6	-2.9	-5.3	-7.3
<b>Profit for the period</b>	14.0	14.0	11.3	28.5	34.7
<b>Attributable to:</b>					
Equity holders of the company	14.1	13.9	11.4	28.5	34.7
Non-controlling interest	-0.1	0.0	-0.1	0.0	0.0
<b>Earnings per share attributable to equity holders of the parent company:</b>					
Earnings per share, EUR	0.37	0.36	0.30	0.74	0.90
Diluted earnings per share, EUR	0.37	0.36	0.30	0.74	0.90

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Profit for the period</b>	14.0	14.0	11.3	28.5	34.7
<b>Items not to be recognised through profit or loss</b>					
Items arising from re-measurement of defined benefit plans	0.0	0.0	0.0	0.0	0.0
Items not to be recognised through profit or loss, total	0.0	0.0	0.0	0.0	0.0
<b>Items potentially to be recognised through profit or loss</b>					
Hedging reserve, change in fair value	0.0	-0.1	0.0	-0.4	-0.3
Currency translation differences	-0.5	-0.8	-0.9	-2.4	-0.6
Currency translation differences recognized through profit and loss	0.0		2.6		-
Currency translation differences, non-controlling interest	0.0	0.0	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total	-0.4	-0.9	1.7	-2.8	-0.9
Total comprehensive income, after tax	13.6	13.1	13.0	25.7	33.8
<b>Attributable to:</b>					
Equity holders of the company	13.7	13.1	13.1	25.6	33.8
Non-controlling interest	-0.1	0.0	-0.1	0.0	0.0

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2020	9/2019	12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	152.1	151.0	151.9
Other intangible assets *)	28.5	37.2	36.2
	180.6	188.3	188.0
Property, plant and equipment *)	130.9	130.0	129.5
Right-of-use asset	75.5	75.0	4.2
	206.5	205.0	206.7
Other non-current assets *)			
Finance lease receivables	-	0.0	-
Deferred tax assets	4.3	4.4	4.6
Other receivables	1.3	1.3	1.4
	5.6	5.8	6.0
<b>Total non-current assets</b>	<b>392.7</b>	<b>399.1</b>	<b>400.7</b>
<b>Current assets</b>			
Inventories	30.8	21.8	21.5
Trade receivables *)	72.1	74.2	84.2
Contract assets	32.8	40.9	22.0
Other receivables *)	15.7	13.5	13.4
Cash and cash equivalents	29.8	19.7	41.8
<b>Total current assets</b>	<b>181.1</b>	<b>170.1</b>	<b>182.9</b>
<b>Total assets</b>	<b>573.8</b>	<b>569.2</b>	<b>583.6</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2020	9/2019	12/2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-8.7	-12.3	-10.4
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings *)	158.4	162.6	158.6
Profit for the period	11.4	28.5	34.7
	181.1	198.7	202.8
Non-controlling interest	-	0.2	0.2
	181.1	198.9	203.0
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liabilities	26.0	27.8	29.2
Retirement benefit obligations	1.3	1.3	1.3
Provisions	5.4	5.4	5.4
Financial liabilities	159.7	159.8	161.6
Other liabilities	0.3	0.3	0.3
	192.7	194.7	197.8
Current liabilities			
Financial liabilities	31.7	15.3	15.8
Trade and other payables	166.1	158.9	165.3
Provisions *)	2.2	1.4	1.7
	200.0	175.6	182.8
<b>Total liabilities</b>	<b>392.7</b>	<b>370.3</b>	<b>380.6</b>
<b>Total equity and liabilities</b>	<b>573.8</b>	<b>569.2</b>	<b>583.6</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.

## CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	1-9/2020	1-9/2019	1-12/2019
<b>Cash flow from operating activities</b>			
Profit for the period	11.3	28.5	34.7
<b>Adjustments</b>			
Income taxes	2.9	5.3	7.3
Depreciation and impairment	43.3	40.9	54.4
Financial income and expenses	4.4	2.3	3.0
Gain on sale of shares	10.4	-6.7	-7.0
Impact of the discontinuation of Russian operations	-5.7	-	-
Other	-1.6	-0.6	0.6
Net cash generated from operating activities before change in working capital	65.1	69.7	93.0
Change in working capital			
Change in trade and other receivables	-3.7	-3.6	7.3
Change in inventories	-9.4	-0.8	-0.5
Change in trade and other payables	0.7	3.0	7.4
Change in working capital	-12.4	-1.5	14.2
Interest paid	-3.1	-3.0	-3.9
Interest received	0.2	0.1	0.2
Income taxes	-6.9	-7.9	-9.1
<b>Net cash from operating activities</b>	43.0	57.5	94.5
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.5	-0.4	-0.4
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	11.5	11.8
Purchases of property, plant and equipment and intangible assets	-28.6	-27.2	-37.6
Proceeds from the sale of property, plant and equipment and intangible assets	7.3	0.5	0.7
Investments in associated companies	0.0	0.0	0.0
Change in other non-current receivables	0.1	0.5	0.4
<b>Net cash used in investing activities</b>	-22.7	-15.1	-25.1
<b>Net cash from operating and investing activities</b>	20.3	42.3	69.4
<b>Cash flow from financing activities</b>			
Proceeds from short-term borrowings	35.1	10.0	-
Repayments of short-term borrowings	-20.0	-13.0	-
Repayments of long-term borrowings	0.1	-26.7	-28.8
Repayments of lease liabilities	-12.2	-11.2	-13.3
Dividends paid	-35.0	-35.3	-35.3
Acquisition of own shares	-	-0.5	-4.5
<b>Net cash generated from financing activities</b>	-32.1	-76.7	-81.9
<b>Net change in liquid assets</b>	-11.8	-34.4	-12.5
Liquid assets at beginning of period	41.8	54.3	54.3
Effect of changes in foreign exchange rates	-0.3	-0.2	0.0
<b>Liquid assets at end of period</b>	29.8	19.7	41.8

**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 2019</b>	19.4	-9.1	-0.4	0.6	198.3	208.8	0.2	208.9
Total comprehensive income								
Result for the period					28.5	28.5	0.0	28.5
Other comprehensive income items		-2.4	-0.4	0.0	0.0	-2.8	0.0	-2.8
Total comprehensive income		-2.4	-0.4		28.5	25.6	0.0	25.7
Transactions with shareholders								
Share-based benefits				0.0	0.1	0.2		0.2
Dividends paid					-35.3	-35.3		-35.3
Returned dividend					0.0	0.0	0.0	0.0
Acquisition of own shares					-0.5	-0.5	0.0	-0.5
Transactions with shareholders, total				0.0	-35.7	-35.7		-35.7
Other changes					0.0	0.0		0.0
<b>Equity on 30 September 2019</b>	19.4	-11.5	-0.8	0.6	191.0	198.7	0.2	198.9
Result for the period					6.2	6.2	0.0	6.2
Other comprehensive income items		1.8	0.1	0.0	0.0	1.9	0.0	1.9
Total comprehensive income		1.8	0.1	0.0	6.2	8.1	0.0	8.1
Transactions with shareholders								
Share-based benefits					0.0	0.0		0.0
Acquisition of own shares					-4.0	-4.0		-4.0
Transactions with shareholders, total					-4.0	-4.0	0.0	-4.0
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2019</b>	19.4	-9.7	-0.7	0.6	193.3	202.8	0.2	203.0
Total comprehensive income								
Result for the period					11.4	11.4	-0.1	11.3
Other comprehensive income items		1.7	0.0		0.0	1.7	0.0	1.6
Total comprehensive income		1.7	0.0		11.4	13.1	-0.2	12.9
Transactions with shareholders								
Share-based benefits				0.0	0.2	0.2		0.2
Dividends paid					-35.0	-35.0		-35.0
Returned dividend					0.0	0.0		0.0
Transactions with shareholders, total				0.0	-34.9	-34.9		-34.9
Other changes					0.0	0.0		0.0
<b>Equity on 30 September 2020</b>	19.4	-8.1	-0.7	0.6	169.8	181.1	0.0	181.1

\* ) 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 interim report complies with the IAS 34 (Interim Financial Reporting) standard.

The interim report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2019 and the new and amended provisions that entered into force on 1 January 2020.

The Alternative Performance Measures reported by the company are EVA, cash flow from operating activities per share and EBITDA. Adjusted operating profit was introduced as a new alternative performance measure in September 2020.

The calculation formulas for the performance measures are presented at the end of the interim report.

The information presented in the interim report has not been audited.

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

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 period.

## THE IMPACT OF THE DISCONTINUATION OF RUSSIAN OPERATIONS ON THE CONSOLIDATED BALANCE SHEET

On 24 April 2020, Lassila & Tikanoja issued a stock exchange release to announce that its Russian operations will be discontinued within 2020. Due to waste management reforms introduced by the Russian state in 2019, the company's operating area in Russia was allocated to two operators. In April 2020, the company was informed that one of the two operators will start operating waste logistics in the area, which will reduce Lassila & Tikanoja's net sales in Russia by more than half by the beginning of September.

In connection with the decision to discontinue the Group's business in Russia, the management assessed that the value of the balance sheet items in Russia has been materially reduced to the extent that the liquidation of the assets will only cover the liabilities of the Russian subsidiaries. Based on this assessment, the company recognised a write-down of EUR 8.0 million on the balance sheet items in question. In addition, the cumulative exchange difference of EUR -2.6 million associated with the Russian operations has been recognised through profit or loss in its entirety because, following the impairment of balance sheet items and the measures required to discontinue the business, the effect of the remaining operations has been judged to be immaterial for the Group.

A further provision of EUR 0.3 million has been recognised with regard to the costs of discontinuing the operations and presented in current provisions on the balance sheet. The costs of the discontinuation, totalling EUR 10.8 million, have been recognised in other operating expenses in the income statement. In the third quarter the costs related to the discontinuation were revised by EUR +0.5 million.

### Effect of the write-down on the result for the financial period

#### MEUR

Original write-down	-10.8
Change	0.5
Write-down 1-9/2020	-10.3

#### MEUR

#### Write-down 6/2020

<b>Non-current assets</b>	
Intangible assets	-0.1
Property, plant and equipment	-3.2
Other non-current assets	-0.3
<b>Current assets</b>	
Inventories	-0.2
Trade receivables	-3.3
Other receivables	-0.9
Cash and cash equivalents	
<b>Total assets</b>	<b>-8.0</b>
<b>Equity</b>	
Other reserves	2.6
Profit for the period	-10.8
<b>Liabilities</b>	
Non-current liabilities	
Deferred tax liabilities	0.0
Current liabilities	
Trade and other payables	
Provisions	0.3
<b>Total liabilities</b>	<b>0.3</b>
<b>Total equity and liabilities</b>	<b>-8.0</b>

## SEGMENT INFORMATION

### Net sales

MEUR	7-9/2020	7-9/2019	Change %	1-9/2020	1-9/2019	Change %	1-12/2019
Environmental Services	67.5	75.0	-10.1	216.5	231.5	-6.5	311.2
Industrial Services	30.6	27.7	10.5	74.2	72.8	1.9	98.9
Facility Services Finland	56.9	59.0	-3.6	171.7	189.8	-9.5	249.1
Facility Services Sweden	31.5	30.5	3.3	94.5	96.0	-1.5	131.8
Eliminations	-1.6	-1.7	-6.0	-4.7	-4.7	0.5	-6.7
<b>Total</b>	<b>184.8</b>	<b>190.5</b>	<b>-3.0</b>	<b>552.3</b>	<b>585.4</b>	<b>-5.7</b>	<b>784.3</b>

### Operating profit

MEUR	7-9/2020	%	7-9/2019	%	1-9/2020	%	1-9/2019	%	1-12/2019	%
Environmental Services	10.3	15.3	11.2	14.9	12.4	5.7	24.6	10.6	32.8	10.5
Industrial Services	4.5	14.8	4.4	15.9	5.6	7.5	8.0	11.0	9.9	10.1
Facility Services Finland	3.6	6.3	2.8	4.7	1.3	0.8	-2.7	-1.4	-4.1	-1.6
Facility Services Sweden	1.5	4.7	1.4	4.5	2.0	2.1	2.9	3.0	3.8	2.9
Group administration and other *)	-2.3		-1.2		-3.0		3.3		2.5	
<b>Total</b>	<b>17.6</b>	<b>9.5</b>	<b>18.5</b>	<b>9.7</b>	<b>18.3</b>	<b>3.3</b>	<b>36.1</b>	<b>6.2</b>	<b>45.0</b>	<b>5.7</b>

### EBITDA

MEUR	7-9/2020	%	7-9/2019	%	1-9/2020	%	1-9/2019	%	1-12/2019	%
Environmental Services	16.5	24.5	17.6	23.4	31.5	14.6	43.4	18.7	58.0	18.6
Industrial Services	6.9	22.6	6.6	23.9	12.9	17.3	14.8	20.3	19.1	19.3
Facility Services Finland	6.5	11.5	6.1	10.4	10.4	6.1	7.6	4.0	9.4	3.8
Facility Services Sweden	2.7	8.5	2.7	8.9	5.6	6.0	7.1	7.4	9.4	7.1
Group administration and other *)	-2.3		-0.9		1.2		4.1		3.6	
<b>Total</b>	<b>30.4</b>	<b>16.4</b>	<b>32.1</b>	<b>16.9</b>	<b>61.7</b>	<b>11.2</b>	<b>77.0</b>	<b>13.2</b>	<b>99.4</b>	<b>12.7</b>

### Other segment information

MEUR	9/2020	9/2019	12/2019
<b>Assets</b>			
Environmental Services	267.0	265.3	263.8
Industrial Services	103.5	91.7	86.8
Facility Services Finland	77.8	87.9	82.5
Facility Services Sweden	85.3	90.9	92.4
Group administration and other	1.3	7.8	7.1
Unallocated assets **)	38.8	27.7	51.1
<b>Total</b>	<b>573.8</b>	<b>571.3</b>	<b>583.6</b>
<b>Liabilities</b>			
Environmental Services	73.3	68.9	68.4
Industrial Services	36.8	34.0	33.3
Facility Services Finland	44.9	42.8	47.7
Facility Services Sweden	14.9	13.3	16.0
Group administration and other	5.0	5.8	7.4
Unallocated liabilities **)	217.8	204.2	207.7
<b>Total</b>	<b>392.7</b>	<b>369.0</b>	<b>380.6</b>

MEUR	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Capital expenditure</b>					
Environmental Services	5.0	8.0	18.0	20.1	28.2
Industrial Services	5.0	2.6	12.9	10.1	12.3
Facility Services Finland	0.6	0.7	1.7	2.3	4.7
Facility Services Sweden	0.1	0.2	0.9	0.6	0.8
Group administration and other	0.1	0.1	-0.6	0.1	0.2
<b>Total</b>	<b>10.9</b>	<b>11.5</b>	<b>32.8</b>	<b>33.2</b>	<b>46.1</b>
<b>Depreciation and amortisation</b>					
Environmental Services	6.2	6.4	19.1	18.8	25.2
Industrial Services	2.4	2.2	7.3	6.8	9.2
Facility Services Finland	3.0	3.3	9.1	10.3	13.5
Facility Services Sweden	1.2	1.4	3.6	4.3	5.6
Group administration and other ***)	0.0	0.3	4.2	0.8	1.0
<b>Total</b>	<b>12.8</b>	<b>13.6</b>	<b>43.3</b>	<b>40.9</b>	<b>54.4</b>

\*) Group administration and other includes a capital gain of EUR 5.7 million recognized in the first quarter of the financial year 2020 due to the sale of property. 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.

\*\*\*) Group administration and other includes impairments of EUR 4.1 million recognized in the first quarter of the financial year 2020.

## SEGMENT INFORMATION BY QUARTER

MEUR	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019
<b>Net sales</b>					
Environmental Services	67.5	71.9	77.1	79.8	75.0
Industrial Services	30.6	23.4	20.2	26.0	27.7
Facility Services Finland	56.9	56.7	58.2	59.4	59.0
Facility Services Sweden	31.5	32.7	30.3	35.8	30.5
Inter-division net sales	-1.6	-1.6	-1.5	-2.0	-1.7
<b>Total</b>	<b>184.8</b>	<b>183.2</b>	<b>184.4</b>	<b>198.9</b>	<b>190.5</b>
<b>Operating profit</b>					
Environmental Services	10.3	-2.6	4.7	8.2	11.2
Industrial Services	4.5	1.3	-0.3	1.9	4.4
Facility Services Finland	3.6	-0.4	-1.8	-1.3	2.8
Facility Services Sweden	1.5	0.3	0.2	0.9	1.4
Group administration and other	-2.3	-0.8	0.1	-0.8	-1.2
<b>Total</b>	<b>17.6</b>	<b>-2.2</b>	<b>2.9</b>	<b>8.9</b>	<b>18.5</b>
<b>EBITDA</b>					
Environmental Services	16.5	3.8	11.2	14.6	17.6
Industrial Services	6.9	3.7	2.2	4.3	6.6
Facility Services Finland	6.5	2.7	1.2	1.8	6.1
Facility Services Sweden	2.7	1.5	1.5	2.3	2.7
Group administration and other	-2.3	-0.8	4.3	-0.5	-0.9
<b>Total</b>	<b>30.4</b>	<b>10.8</b>	<b>20.4</b>	<b>22.4</b>	<b>32.1</b>
<b>Operating margin</b>					
Environmental Services	15.3	-3.6	6.1	10.3	14.9
Industrial Services	14.8	5.7	-1.5	7.3	15.9
Facility Services Finland	6.3	-0.7	-3.2	-2.3	4.7
Facility Services Sweden	4.7	0.9	0.7	2.6	4.5
<b>Total</b>	<b>9.5</b>	<b>-1.2</b>	<b>1.6</b>	<b>4.5</b>	<b>9.7</b>
<b>EBITDA margin</b>					
Environmental Services	24.5	5.2	14.6	18.3	23.4
Industrial Services	22.6	15.9	11.0	16.6	23.9
Facility Services Finland	11.5	4.8	2.0	3.0	10.4
Facility Services Sweden	8.5	4.5	4.9	6.3	8.9
<b>Total</b>	<b>16.4</b>	<b>5.9</b>	<b>11.1</b>	<b>11.3</b>	<b>16.9</b>

## DISAGGREGATION OF REVENUE

Net sales consist of services for which revenue is recognised over time, products for which revenue is recognised at a point in time as well as lease income.

Services for which revenue is recognised over time include sales revenue from long-term service agreements, separately ordered services and the project business.

Services for which revenue is recognised at a point in time include revenue from the sale of equipment and materials.

7-9/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	50.5			16.2	0.7	67.4
Industrial Services	11.6	14.9	3.4	0.7		30.6
Facility Services Finland	38.9	16.0	2.0			56.9
Facility Services Sweden	5.2	24.2	2.0			31.5
Total	106.2	55.1	7.4	16.9	0.7	186.3
Interdivision						-1.6
External net sales, total						184.8

7-9/2019, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	55.3			19.1	0.6	75.0
Industrial Services	12.9	12.0	1.8	1.0		27.7
Facility Services Finland	39.4	18.1	1.4			59.0
Facility Services Sweden	13.9	15.4	1.1			30.5
Total	121.5	45.5	4.4	20.1	0.6	192.1
Interdivision						-1.7
External net sales, total						190.5

1-9/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	150.5			63.8	2.2	216.5
Industrial Services	32.4	34.6	5.4	1.9		74.3
Facility Services Finland	120.5	45.5	5.7			171.7
Facility Services Sweden	25.5	65.6	3.4			94.5
Total	328.9	145.8	14.4	65.7	2.2	557.0
Interdivision						-4.7
External net sales, total						552.3

1-9/2019, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	158.6			71.1	1.8	231.5
Industrial Services	34.7	31.2	3.8	3.1		72.8
Facility Services Finland	121.7	50.5	17.6			189.8
Facility Services Sweden	43.1	49.3	3.6			96.0
Total	358.0	131.1	24.9	74.2	1.8	590.1
Interdivision						-4.7
External net sales, total						585.4

1-12/2019, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
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
Total	469.8	190.7	27.4	100.6	2.4	791.0
Interdivision						-6.7
External net sales, total						784.3

## BUSINESS ACQUISITIONS

### OTHER BUSINESS ACQUISITIONS, COMBINED

Fair value total, MEUR	1-9/2020	1-9/2019	1-12/2019
Intangible assets	0.4	0.4	0.4
Property, plant and equipment	0.8	0.2	0.2
Investments	0.0	0.0	0.0
Receivables	0.6	0.1	0.1
Cash and cash equivalents	0.1	0.4	0.4
<b>Total assets</b>	<b>1.8</b>	<b>1.0</b>	<b>1.0</b>
Other liabilities	1.0	0.1	0.1
Deferred tax liabilities	0.0	0.1	0.1
<b>Total liabilities</b>	<b>1.0</b>	<b>0.2</b>	<b>0.2</b>
<b>Net assets acquired</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>
Total consideration	1.6	1.0	1.0
Goodwill	0.8	0.1	0.1
Effect on cash flow			
Consideration paid in cash	-1.6	-1.0	-1.0
Unpaid	-	0.3	0.2
Cash and cash equivalents of the acquired company	0.1	0.4	0.4
<b>Cash flow from investing activities</b>	<b>-1.5</b>	<b>-0.4</b>	<b>-0.4</b>

### DIVESTED BUSINESSES

During the previous financial year, 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.

MEUR	1-9/2020	1-9/2019	1-12/2019
Tangible and intangible fixed assets	-	1.4	1.4
Trade and other receivables	-	7.7	7.7
Cash and cash equivalents	-	1.7	1.7
Trade and other payables	-	-6.0	-6.0
<b>Net assets</b>	<b>-</b>	<b>4.8</b>	<b>4.8</b>
Effect on cash flow			
Consideration received in cash	-	13.9	13.9
Selling expenses	-	-0.7	-0.4
Cash and cash equivalents of the divested company	-	-1.7	-1.7
<b>Cash flow from investing activities</b>	<b>-</b>	<b>11.5</b>	<b>11.8</b>

## CHANGES IN INTANGIBLE ASSETS

MEUR	1-9/2020	1-9/2019	1-12/2019
Carrying amount at beginning of period	188.0	193.5	193.5
Business acquisitions	1.0	0.5	0.5
Other capital expenditure	3.1	2.5	3.5
Disposals	-0.9	0.0	-0.1
Depreciation, amortisation and impairment	-10.1	-7.0	-9.4
Transfers between items	0.0	0.0	0.0
Exchange differences	-0.6	-1.2	0.0
Carrying amount at end of period	180.6	188.3	188.0

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

MEUR	1-9/2020	1-9/2019	1-12/2019
Carrying amount at beginning of period	206.7	155.2	155.2
Right-of-use asset IFRS 16	-	53.8	53.8
Business acquisitions	1.0	0.2	0.2
Other capital expenditure	38.7	30.0	44.2
Disposals	-6.1	-0.5	-1.9
Depreciation, amortisation and impairment	-33.3	-33.9	-45.1
Transfers between items	0.0	0.0	0.0
Exchange differences	-0.5	0.2	0.3
Carrying amount at end of period	206.5	205.0	206.7

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 75.5 million (75.0) and depreciation in the amount of EUR 13.0 million (12.2).

## CAPITAL COMMITMENTS

MEUR	9/2020	9/2019	12/2019
Intangible assets	2.5	2.2	2.2
Property, plant and equipment	9.0	12.4	7.5
<b>Total</b>	<b>11.5</b>	<b>14.6</b>	<b>9.7</b>

## ALTERNATIVE PERFORMANCE MEASURES

### MATCHING THE EVA RESULT TO OPERATING PROFIT

MEUR	1-9/2020	1-9/2019	1-12/2019
<b>Operating profit</b>	<b>18.3</b>	<b>36.1</b>	<b>45.0</b>
Invested capital (rolling 12-month quarterly average)	370.0	379.8	384.6
Cost calculated on invested capital	-18.4	-18.7	-25.2
<b>EVA</b>	<b>-0.1</b>	<b>17.4</b>	<b>19.8</b>

### MATCHING THE ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	1-9/2020	1-9/2019	1-12/2019
<b>Operating profit</b>	<b>18.3</b>	<b>36.1</b>	<b>45.0</b>
Non-recurring items:			
- costs arising from the discontinuation of business	-10.4	-	-
- costs arising from business restructuring	-0.3	-	-
- gains or losses arising from divestments	0.0	5.1	4.5
<b>ADJUSTED OPERATING PROFIT</b>	<b>29.0</b>	<b>31.0</b>	<b>40.5</b>



## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

MEUR	9/2020	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
		-		-	2
		1.3		1.3	
<b>Current financial assets</b>					
		105.3		105.3	
		-		-	
			-	-	
		29.8		29.8	
		136.3	-	136.3	
<b>Non-current financial liabilities</b>					
		99.7		99.7	2
		60.0		60.0	
<b>Current financial liabilities</b>					
		15.0		15.0	
		16.6		16.6	
		78.0		78.0	
			0.8	0.8	2
		269.2	0.8	270.1	

MEUR	9/2019	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
		-	-		2
		1.4		1.4	
<b>Current financial assets</b>					
		115.6		115.6	
		0.1		0.1	
			0.0	0.0	
		19.7		19.7	
		136.8	0.0	136.8	
<b>Non-current financial liabilities</b>					
		99.6		99.6	2
		60.3		60.3	
<b>Current financial liabilities</b>					
		0.0		0.0	
		15.3		15.3	
		73.7		73.7	
			1.0	1.0	2
		248.9	1.0	249.9	

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

## CONTINGENT LIABILITIES

MEUR	9/2020	9/2019	12/2019
<b>Securities for own commitments</b>			
Mortgages on rights of tenancy	0.1	0.1	0.1
Other securities	0.0	0.1	0.1
Bank guarantees required for environmental permits	12.4	12.7	11.1

Other securities are security deposits.

The Large Taxpayers Office proposes in an audit report that EUR 0.2 million in waste tax would be payable for 2018. The company's view is that the tax authorities' proposal is unfounded. The matter is still under review.

### Liabilities associated with derivative agreements

#### Interest rate swaps

MEUR	9/2020	9/2019	12/2019
Nominal values of interest rate swaps			
Maturity not later than one year	-	-	-
Maturity later than one year and not later than five years	30.0	-	30.0
Maturity later than five years	-	30.0	-
Total	30.0	30.0	30.0
Fair value	-0.9	-1.1	-1.0

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 the market data on the balance sheet date.

#### Commodity derivatives

MEUR	9/2020	9/2019	12/2019
Nominal values of diesel swaps			
Maturity not later than one year	-	1.5	0.6
Maturity later than one year and not later than five years	-	-	-
Total	-	1.5	0.6
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 comparison 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 2020: 6.64% and 2019: 6.55%

Adjusted operating profit: operating profit +/- non-recurring items

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, 27 October 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 8,200 people. Net sales in 2019 amounted to EUR 784.3 million. L&T is listed on Nasdaq Helsinki.

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