



Lassila & Tikanoja plc
Stock exchange release
28 January 2021 at 08:00 a.m.

Lassila & Tikanoja plc: Financial Statements 1 January–31 December 2020

GOOD PERFORMANCE IN EXCEPTIONAL CIRCUMSTANCES

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

- Net sales for the final quarter were EUR 199.6 million (198.9), operating profit was EUR 9.9 million (8.9) and adjusted operating profit was EUR 9.9 million (9.5)*. Earnings per share were EUR 0.20 (0.16).
- Net sales for 2020 were EUR 751.9 million (784.3), operating profit was EUR 28.2 million (45.0) and adjusted operating profit was EUR 39.0 million (40.5)*. Earnings per share were EUR 0.50 (0.90). Operating profit and earnings per share were negatively affected by costs of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. Earnings per share were also affected by an increase in exchange differences. Exchange differences amounted to EUR -1.4 million (0.7).
- The decrease in net sales was attributable to the divestment of the L&T Korjausrakentaminen business in the second quarter of last year, included in the figures for the comparison period, and the coronavirus pandemic.
- The Board of Directors proposes a dividend of EUR 0.40 per share.

*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 for the year 2021

Net sales in 2021 are estimated to be at the same level and adjusted operating profit at the same level or better compared to the previous year.

PRESIDENT AND CEO EERO HAUTANIEMI:

“The COVID-19 pandemic had a negative impact on all businesses. Service demand was unpredictable and, in separately ordered services in particular, our volumes were substantially lower than in the comparison period throughout the year. However, there were substantial segment specific differences. Lassila & Tikanoja’s adjusted operating profit of EUR 39.0 million (40.5) in 2020 can be considered quite satisfactory, considering the exceptional nature of the year. We estimated that the negative impact of the COVID-19 pandemic on our operating profit was approximately EUR 6 million, even when pension insurance contributions were temporarily reduced by EUR 3.8 million and we carried out significant adjustment measures.

We had to adapt our service production to the constantly changing situation. Anticipating customer needs required us to be active in our approach, and we were successful in this respect in light of the circumstances. We developed new service solutions to improve the hygiene safety of our customers, which helped compensate for the decline in service volumes.

Special attention was paid to ensuring safe and healthy working conditions for our employees. We were able to ensure the availability of personal protective equipment and up-to-date operating guidelines and instructions as the circumstances changed. Sickness-related absences decreased from the comparison period and there have been rather few COVID-19 infections in view of the circumstances.

Our customer and employee experience ratings improved significantly. The climate impact of our own operations, i.e. our carbon footprint, decreased, while the emissions reduced through our operations, i.e. our carbon handprint, increased. In a reputation survey for the general public, Lassila & Tikanoja's reputation rose to a record high level.

In 2019, we carried out an organisational reform that was completed with the incorporation of our businesses effective from the beginning of 2021. The model demonstrated its strength also in the exceptional circumstances caused by the COVID-19 pandemic. We were able to continue to implement our development and investment projects, that support our strategy, as planned. Our financial position remained strong throughout the year.

Our business environment is currently characterised by a large number of uncertainties that shape our markets. However, we have learned to operate in "the new normal" shaped by the COVID-19 pandemic, which puts us in a good position to strengthen our market share in all of our businesses. The work we did in 2020 provides a strong foundation for the continued implementation of our strategy and I look forward to 2021 with confidence."

GROUP NET SALES AND FINANCIAL PERFORMANCE

October–December

Lassila & Tikanoja's net sales for the final quarter amounted to EUR 199.6 million (198.9), up 0.3% year-on-year. Operating profit was EUR 9.9 million (8.9), representing 5.0% (4.5) of net sales. Adjusted operating profit was EUR 9.9 million (9.5), representing 5.0% (4.8) of net sales. Earnings per share were EUR 0.20 (0.16).

Net sales increased in all businesses except Environmental Services. The increase in operating profit was mainly due to the improved result of Facility Services in Finland. The negative profit impact of the COVID-19 pandemic was mitigated by the temporary reduction 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 final quarter.

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

Year 2020

Net sales for 2020 amounted to EUR 751.9 million (784.3), down 4.1% year-on-year. Operating profit was EUR 28.2 million (45.0), representing 3.8% (5.7) of net sales. Adjusted operating profit was EUR 39.0 million (40.5), representing 5.2% (5.2) of net sales. Earnings per share were EUR 0.50 (0.90).

The difference between operating profit and adjusted operating profit in 2020 consists of the cost effect of EUR 9.0 million recognised in relation to the discontinuation of Russian operations and costs of EUR 1.7 million arising from the incorporation of business divisions. The costs arising from

the incorporation of the business divisions are due to Lassila & Tikanoja plc's decision to incorporate the divisions as separate legal entities as of 1 January 2021. The difference between operating profit and adjusted operating profit in the comparison period consists of the EUR 4.5 million positive profit impact of the sale of L&T Korjausrakentaminen Oy.

The impact of COVID-19 on net sales is estimated to have been approximately EUR 23 million negative and on operating profit approximately EUR 6 million negative. The negative profit impact of the COVID-19 pandemic was mitigated by active adjustment measures, the temporary reduction of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which was implemented as a COVID-19 recovery measure and had a positive impact of approximately EUR 3.8 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 4.1 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 1.0 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 -1.4 million (0.7).

The decrease in operating profit was also attributable to a cost effect of EUR 9.0 million arising from the impairment of balance sheet items in relation to the discontinuation of operations in Russia. The discontinuation of Russian operations will have a negative impact of EUR 6.5 million on the Group's equity. The decrease in operating profit compared to comparison period was also attributable to the EUR 4.5 million positive profit impact from the sale of L&T Korjausrakentaminen Oy recognised in 2019.

In Environmental Services, net sales decreased year-on-year and operating profit declined significantly due to cost effect of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. The adjusted operating profit of Environmental Services decreased year-on-year. In Facility Services Finland, net sales declined but operating profit improved significantly year-on-year. In Industrial Services, net sales grew while operating profit decreased year-on-year. In Facility Services Sweden, net sales increased while operating profit declined year-on-year.

Financial summary

	10-12/2020	10-12/2019	Change %	1-12/2020	1-12/2019	Change %
Net sales, EUR million	199.6	198.9	0.3	751.9	784.3	-4.1
Operating profit, EUR million	9.9	8.9	11.4	28.2	45.0	-37.2
Operating margin, %	5.0	4.5		3.8	5.7	
Adjusted operating profit, EUR million	9.9	9.5	4.2	39.0	40.5	-3.8
Adjusted operating margin, %	5.0	4.8		5.2	5.2	
EBITDA, EUR million	23.5	22.4	4.8	85.2	99.4	-14.3
EBITDA, %	11.8	11.3		11.3	12.7	
Profit before tax, EUR million	9.1	8.2	11.2	23.3	42.0	-44.5
Earnings per share, EUR	0.20	0.16	23.8	0.50	0.90	-44.5
Cash flow from operating activities/share, EUR	1.05	0.97	7.9	2.18	2.46	-11.5
EVA, EUR million	3.8	2.4	56.3	3.7	19.8	-81.4
Return on equity (ROE), %				9.6	16.8	
Invested capital, EUR million				379.2	380.5	

Return on invested capital (ROI), %		7.5	12.4
Equity ratio, %		33.0	35.6
Gearing, %		70.9	66.8

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

October–December

The division's net sales for the final quarter were EUR 72.9 million (79.8). Operating profit declined year-on-year to EUR 7.6 million (8.2). The COVID-19 pandemic continued to lower the operating volumes of customer companies and, consequently, the demand for services in the final quarter.

Year 2020

Net sales of Environmental Services decreased to EUR 289.4 million (311.2). The decline in net sales was attributable to the lower volumes and prices of recycled raw materials, the decrease in demand caused by the COVID-19 pandemic and the discontinuation of Russian operations. Operating profit declined to EUR 20.0 million (32.8) due to the cost effect of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. Excluding Russia, the operating profit of Environmental Services declined to EUR 28.4 million (30.5). However, profitability remained at a good level due to active adjustment measures and improved productivity. Digital service use saw strong growth.

Industrial Services

October–December

The division's net sales for the final quarter grew to EUR 27.6 million (26.0). Operating profit declined year-on-year to EUR 1.5 million (1.9). The annual industrial maintenance work postponed from the beginning of the year was carried out to the planned extent, but at lower profitability. Operating profit was also weighed down by the decline in the price of recycled raw materials compared to the reference period.

Year 2020

Net sales of Industrial Services increased to EUR 101.8 million (98.9). Operating profit declined to EUR 7.1 million (9.9).

In Industrial Services, demand for services fluctuated heavily and was difficult to predict throughout the year. Scheduled maintenance breaks were postponed to the latter part of the year due to COVID-19, which weakened net sales and financial performance of the first part of the year. Fluctuating demand and lower prices for recycled raw materials reduced operating profit from the comparison period.

In the second half of the year, the division's net sales increased due to new customer agreements and annual maintenance projects postponed from the first half of the year, and operating profit was at the previous year's level.

Facility Services Finland

October–December

The division's net sales for the final quarter grew to EUR 60.5 million (59.4). Operating profit improved substantially and amounted to EUR 1.9 million (-1.3).

The net sales of Facility Services Finland increased, especially in the cleaning business, thanks to the growth of the contract portfolio and the successful sales of additional services. Operating profit clearly increased in all service branches due to adjustment measures and improved operational efficiency and quality.

Year 2020

The net sales of Facility Services Finland decreased to EUR 232.3 million (249.1). Operating profit improved substantially and amounted to EUR 3.2 million (-4.1).

The operating profit of Facility Services Finland improved significantly due to improved operational efficiency and quality. Operating profit increased in all service branches, especially in the cleaning business. The COVID-19 pandemic weakened demand in all service branches, especially in the maintenance of technical systems. However, Facility Services Finland was able to take advantage of the opportunities created by COVID-19 and adapt its operations to the lower demand conditions resulting from the pandemic. Employee and customer satisfaction improved significantly, rising to record levels.

Facility Services Sweden

October–December

In Facility Services Sweden, net sales and operating profit in the final quarter improved substantially year-on-year. Net sales grew to EUR 40.0 million (35.8). Operating profit improved to EUR 1.5 million (0.9).

The second wave of the COVID-19 pandemic hit Sweden very hard and sickness-related absences increased. Nevertheless, net sales and operating profit clearly improved due to successful sales work.

Year 2020

Net sales of Facility Services Sweden grew to EUR 134.5 million (131.8). Operating profit declined to EUR 3.5 million (3.8).

The result of Facility Services Sweden is good considering the difficult COVID-19 situation in Sweden. The impact of the pandemic was visible throughout the year. Operating profit during the review period was weighed down by a higher-than-usual sickness rate and the resulting increase in subcontracting costs, on the one hand, and the reduced orders of part of the customer base, on the other hand. The Swedish state's support measures for businesses slightly compensated for the impacts of the COVID-19 pandemic starting from the beginning of May.

FINANCING

Net cash flow from operating and investing activities amounted to EUR 44.0 million (69.4). Working capital was released by EUR 2.1 million (14.2). Cash flow was reduced by an increase of EUR 9.2 million in inventories that was primarily due to the strengthening of the contract portfolio

in Renewable Energy Sources. Cash flow during the review period was improved by the sale of property included in property, plant and equipment. Cash flow in the comparison period in 2019 was increased by the sale of L&T Korjausrakentaminen Oy.

At the end of the period, interest-bearing liabilities amounted to EUR 186.7 million (177.4). Net interest-bearing liabilities totalled EUR 136.5 million (135.6). 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 million commercial paper programme, EUR 15.0 million (0.0) was in use at the end of the year. 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 in 2020 amounted to EUR 4.9 million (3.0). Exchange rate changes accounted for EUR -1.4 million (0.7) of net financial expenses. Net financial expenses were 0.7% (0.4%) of net sales. The exchange rate changes were caused by changes in the exchange rates of the Russian rouble and Swedish krona.

The equity ratio was 33.0% (35.6) and the gearing rate was 70.9% (66.8). Liquid assets at the end of the period amounted to EUR 50.2 million (41.8). The company has taken measures to ensure its liquidity in response to the COVID-19 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 million, was paid to shareholders on 23 March 2020.

CAPITAL EXPENDITURE

Gross capital expenditure for 2020 totalled EUR 48.2 million (46.1), consisting primarily of machine and equipment purchases as well as investments in information systems and buildings. During the review period, L&T also invested in the construction of strategically important final disposal locations.

PERSONNEL

In the final quarter, the average number of employees converted into full-time equivalents was 7,197 (7,308). At the end of the period, L&T had 8,139 (8,207) full-time and part-time employees. Of these, 6,673 (6,479) worked in Finland and 1,466 (1,728) in other countries.

The year 2020 was exceptional due to the COVID-19 pandemic for the entire personnel. To ensure healthy and safe working conditions, occupational safety guidelines were actively updated to meet the changing pandemic situation. The value of L&T's orders of personal protective equipment during the year was EUR 1.2 million higher than in the comparison period. L&T ordered 750,000 face masks and a total of 1.8 million pieces of various protective equipment to prevent COVID-19 infections. The sickness rate of personnel in Finland remained low and even decreased year-on-year. In Sweden, the more severe epidemiological situation substantially increased the sickness rate.

Employee well-being was also supported in a number of ways, including a dedicated COVID-19 helpline and digital chat services that help employees cope with the situation psychologically. Remote working was increased in line with the authorities' recommendations and the company's guidelines were revised to include regional mask recommendations and meeting restrictions.

The Group held negotiations concerning operations in Finland pursuant to the Act on Co-operation within Undertakings during the year as customers suspended or reduced their operations in response to COVID-19. At the end of the review period, the total number of temporarily laid-off employees throughout the Group was approximately 130.

However, in these exceptional circumstances, employee satisfaction increased in all businesses and the employee promoter score rose to a record high of 82% (73).

PROPOSAL FOR THE DISTRIBUTION OF ASSETS

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amounts to EUR 69,045,502.61, with the operating profit for the period representing EUR 14,002,740.00 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 0.40 per share be paid for the financial year 2020. The dividend is paid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 22 March 2021. The Board proposes to the Annual General Meeting that the dividend be paid on 29 March 2021.

No dividend shall be paid on shares held by the company on the record date of 22 March 2021.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 38,105,285, which means the total amount of the dividend would be EUR 15 242 114,00. Earnings per share amounted to EUR 0.50. The proposed dividend, EUR 0.40 per share, is 79.7% of the earnings per share.

Lassila & Tikanoja's Annual Report, which includes the report by the Board of Directors and the financial statements for 2020, will be published in week 8 at www.lt.fi/en.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading during the year 2020 was 12.3 million shares, which is 32.2% (21.3) of the average number of outstanding shares. The value of trading was EUR 166.1 million (122.3). The highest share price was EUR 16.76 and the lowest EUR 10.06. The closing price was EUR 15.06. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 573.9 million (599.6).

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 38,102,992.

Shareholders

At the end of the period, the company had 20,731 (15,524) shareholders. Nominee-registered holdings accounted for 10.1% (19.5) 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 Maijala 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.

On 23 October, the company issued a profit warning and increased its guidance for 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).

On 27 October, the company announced that it would streamline its group structure through incorporation. Lassila & Tikanoja plc has decided to incorporate its three divisions as separate limited liability companies. The incorporation will be carried out as a business transfer pursuant to Section 52d of the Act on the Taxation of Business Income. The newly established companies will start their operations on 1 January 2021. The aim of the incorporation is to streamline Lassila & Tikanoja's group structure.

On 10 December, the company announced a change in the Shareholders' Nomination Board. Mikko Maijala has resigned as Chairman of the Lassila & Tikanoja plc Nomination Board and the Nomination Board has chosen Patrick Lapveteläinen as its new Chairman.

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

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 during 2021. 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.

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 in 2021, 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 increase production costs.

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

More detailed information on Lassila & Tikanoja's risks and risk management will be provided in the 2020 Annual Report and in the Report of the Board of Directors and the consolidated financial statements.

Outlook for the year 2021

Net sales in 2021 are estimated to be at the same level and adjusted operating profit at the same level or better compared to the previous year.

LASSILA & TIKANOJA PLC

Board of Directors
Eero Hautaniemi
President and CEO

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KEY FIGURES

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Earnings per share, EUR	0.20	0.16	0.50	0.90
Diluted earnings per share, EUR	0.20	0.16	0.50	0.90
Cash flow from operating activities/share, EUR	1.05	0.97	2.18	2.46
EVA, MEUR *	3.8	2.4	3.7	19.8
Adjusted operating profit, MEUR**	9.9	9.5	39.0	40.5
Gross capital expenditure, MEUR	15.4	12.9	48.2	46.1
Depreciation, amortisation and impairment, MEUR	13.6	13.5	57.0	54.4
Equity per share, EUR			5.05	5.33
Dividend/share, EUR***			0.40	0.92
Dividend/earnings, %			79.7	101.7
Effective dividend yield, %			2.7	5.8
P/E ratio			30.0	17.4
Return on equity (ROE), %			9.6	16.8
Invested capital, MEUR			379.2	380.5
Return on invested capital (ROI), %			7.5	12.4
Equity ratio, %			33.0	35.6
Gearing, %			70.9	66.8
Net interest-bearing liabilities, MEUR			136.5	135.6
Average number of employees in full-time equivalents			7,197	7,308
Total number of full-time and part-time employees at end of period			8,139	8,207
Number of outstanding shares adjusted for issues, 1,000 shares				
average during the period			38,103	38,354
at end of period			38,105	38,094
average during the period, diluted			38,118	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 +/- items affecting comparability

*** Proposal by the Board of Directors 2020

CONSOLIDATED INCOME STATEMENT

MEUR	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales	199.6	198.9	751.9	784.3
Other operating income	0.7	1.2	9.3	10.6
Change of inventory	-0.1	-0.3	8.7	0.3
Materials and services	-71.7	-69.6	-263.9	-270.4
Employee benefit expenses	-80.1	-81.6	-315.1	-327.1
Other operating expenses	-24.8	-26.1	-105.6	-98.3
Depreciation and impairment	-13.6	-13.5	-57.0	-54.4
Operating profit	9.9	8.9	28.2	45.0
Financial income and expenses	-0.8	-0.7	-4.9	-3.0
Share of the result of associated companies	0.0	0.0	0.0	0.0
Profit before tax	9.1	8.2	23.3	42.0
Income taxes	-1.4	-2.0	-4.3	-7.3
Profit for the period	7.7	6.2	19.0	34.7
Attributable to:				
Equity holders of the company	7.7	6.2	19.1	34.7
Non-controlling interest	0.0	0.0	-0.1	0.0
Earnings per share attributable to equity holders of the parent company:				
Earnings per share, EUR	0.20	0.16	0.50	0.90
Diluted earnings per share, EUR	0.20	0.16	0.50	0.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Profit for the period	7.7	6.2	19.0	34.7
Items not to be recognised through profit or loss				
Items arising from re-measurement of defined benefit plans	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
Items potentially to be recognised through profit or loss				
Hedging reserve, change in fair value	0.0	0.1	0.1	-0.3
Currency translation differences	3.8	1.8	2.9	-0.6
Currency translation differences recognized through profit and loss	0.0	-	2.6	-
Currency translation differences, non-controlling interest	0.0	0.0	-0.1	0.0
Items potentially to be recognised through profit or loss, total	3.8	1.9	5.4	-0.9
Total comprehensive income, after tax	11.4	8.1	24.4	33.8
Attributable to:				
Equity holders of the company	11.5	8.1	24.6	33.8
Non-controlling interest	-0.1	0.0	-0.2	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	12/2020	12/2019
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	154.0	151.9
Other intangible assets	28.9	36.2
	182.9	188.0
Property, plant and equipment	139.8	129.5
Right-of-use asset	70.9	77.2
	210.7	206.7
Other non-current assets		
Deferred tax assets	4.5	4.6
Other receivables	1.3	1.4
	5.8	6.0
Total non-current assets	399.4	400.7
Current assets		
Inventories	30.7	21.5
Trade receivables	82.9	84.2
Contract assets	19.4	22.0
Other receivables	14.0	13.4
Cash and cash equivalents	50.2	41.8
	197.2	182.9
Total current assets	197.2	182.9
Total assets	596.6	583.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	12/2020	12/2019
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-5.0	-10.4
Invested unrestricted equity reserve	0.6	0.6
Retained earnings	177.5	193.2
	192.6	202.8
Non-controlling interest	-	0.2
Total equity	192.6	203.0
Liabilities		
Non-current liabilities		
Deferred tax liabilities	28.3	29.2
Retirement benefit obligations	1.4	1.3
Provisions	7.1	5.4
Financial liabilities	155.4	161.6
Other liabilities	0.1	0.3
	192.3	197.8
Current liabilities		
Financial liabilities	31.3	15.8
Trade and other payables	178.0	165.3
Provisions	2.4	1.7
	211.8	182.8
Total liabilities	404.0	380.6
Total equity and liabilities	596.6	583.6

CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	1-12/2020	1-12/2019
Cash flow from operating activities		
Profit for the period	19.0	34.7
Adjustments		
Income taxes	4.3	7.3
Depreciation and impairment	57.0	54.4
Financial income and expenses	4.9	3.0
Gain on sale of property	-5.7	-7.0
Impact of the discontinuation of Russian operations	8.9	-
Other	0.7	0.6
Net cash generated from operating activities before change in working capital	89.0	93.0
Change in working capital		
Change in trade and other receivables	0.6	7.3
Change in inventories	-9.2	-0.5
Change in trade and other payables	10.7	7.4
Change in working capital	2.1	14.2
Interest paid	-3.9	-3.9
Interest received	0.4	0.2
Income taxes	-4.5	-9.1
Net cash from operating activities	83.0	94.5
Cash flow from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	-1.6	-0.4
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	11.8
Purchases of property, plant and equipment and intangible assets	-45.0	-37.6
Proceeds from the sale of property, plant and equipment and intangible assets	7.5	0.7
Investments in associated companies	0.0	0.0
Change in other non-current receivables	0.1	0.4
Net cash used in investing activities	-39.0	-25.1
Net cash from operating and investing activities	44.0	69.4
Cash flow from financing activities		
Proceeds from short-term borrowings	35.0	-
Repayments of short-term borrowings	-20.0	-
Repayments of long-term borrowings	0.1	-28.8
Repayments of lease liabilities	-16.2	-13.3
Dividends paid	-35.0	-35.3
Acquisition of own shares	-	-4.5
Net cash generated from financing activities	-36.2	-81.9
Net change in liquid assets	7.8	-12.5
Liquid assets at beginning of period	41.8	54.3
Effect of changes in foreign exchange rates	0.6	0.0
Liquid assets at end of period	50.2	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
Equity on 1 January 2019	19.4	-9.1	-0.4	0.6	198.3	208.8	0.2	208.9
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	0.0	-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	0.0
Acquisition of own shares					-4.5	-4.5	0.0	-4.5
Transactions with shareholders, total				0.0	-39.7	-39.6		-39.6
Other changes					0.0	0.0		0.0
Equity on 31 December 2019	19.4	-9.7	-0.7	0.6	193.2	202.8	0.2	203.0
Total comprehensive income								
Result for the period					19.1	19.1	-0.1	19.0
Other comprehensive income items		5.4	0.1		0.0	5.4	-0.1	5.4
Total comprehensive income		5.4	0.1		19.1	24.6	-0.2	24.4
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
Equity on 31 December 2020	19.4	-4.3	-0.7	0.6	177.5	192.6	-	192.6

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 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 financial statements release.

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

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2020.

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 had materially reduced to the extent that the liquidation of the assets would 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 as at 30 June 2020. In addition, the cumulative exchange difference of EUR -2.6 million associated with the Russian operations was 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 was 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, is recognised in other operating expenses in the income statement. In final two quarters the costs related to the discontinuation were revised by EUR +1.9 million.

On the balance sheet date, the discontinuation of the Russian operations is still in process. The management estimates that the process is finalized during the financial year 2021.

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

MEUR

Original write-down	-10.8
Change	1.9
Write-down 1-12/2020	-8.9

MEUR

Write-down 6/2020

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

THE EFFECTS OF THE CORONAVIRUS PANDEMIC ON FINANCIAL REPORTING

The company's management has closely monitored the effects of the coronavirus pandemic and evaluated its potential effects on forecasts and the valuation of balance sheet items. Based on the management's monitoring and evaluation activities, the effects of the COVID-19 pandemic have been found to be moderate and short-term, affecting the current financial year. According to the current information, the effects of the pandemic have not led to a need to adjust the company's long-term forecasts.

Based on the sensitivity analysis conducted as part of goodwill impairment testing in the final quarter of the financial year 2020, the value-in-use relative to the carrying amount was exceeded by 50 per cent for all cash-generating units. Based on the company's assessment, provided that future cash flow forecasts remain unchanged, no change in the central assumptions that would be considered as somewhat likely could result in the accounting value of a cash-generating unit exceeding the value-in-use. The analysis of the current financial impacts of the COVID-19 pandemic suggests that they do not affect the future cash flow forecasts used in testing calculations.

The monitoring of the lease portfolio has not indicated pandemic-related changes in the size or duration of the portfolio. Consequently, the remeasurement of the right-of-use asset item has not been considered necessary.

The company has monitored customer receivables on a weekly basis during the COVID-19 pandemic. The pandemic has not resulted in an increase in overdue customer receivables and the analysis of the maturity distribution of receivables has not indicated a negative effect on receivables turnover. Consequently, the company has not found it necessary to change the definition principles concerning provisions for expected credit losses.

The company's financial position is good and, based on the current information, the coronavirus pandemic is not expected to have a negative impact on the financial position. The company signed an agreement on a new binding credit limit of EUR 30 million in the second quarter to further strengthen its good liquidity.

SEGMENT INFORMATION

Net sales

MEUR	10-12/2020	10-12/2019	Change %	1-12/2020	1-12/2019	Change %
Environmental Services	72.9	79.8	-8.6	289.4	311.2	-7.0
Industrial Services	27.6	26.0	6.1	101.8	98.9	3.0
Facility Services Finland	60.5	59.4	1.9	232.3	249.1	-6.8
Facility Services Sweden	40.0	35.8	11.8	134.5	131.8	2.1
Eliminations	-1.4	-2.0	-28.4	-6.1	-6.7	-8.3
Total	199.6	198.9	0.3	751.9	784.3	-4.1

Operating profit

MEUR	10-12/2020	%	10-12/2019	%	1-12/2020	%	1-12/2019	%
Environmental Services	7.6	10.5	8.2	10.3	20.0	6.9	32.8	10.5
Industrial Services	1.5	5.6	1.9	7.3	7.1	7.0	9.9	10.1
Facility Services Finland	1.9	3.2	-1.3	-2.3	3.2	1.4	-4.1	-1.6
Facility Services Sweden	1.5	3.8	0.9	2.6	3.5	2.6	3.8	2.9
Group administration and other *)	-2.7		-0.8		-5.6		2.5	
Total	9.9	5.0	8.9	4.5	28.2	3.8	45.0	5.7

EBITDA

MEUR	10-12/2020	%	10-12/2019	%	1-12/2020	%	1-12/2019	%
Environmental Services	14.1	19.3	14.6	18.3	45.6	15.8	58.0	18.6
Industrial Services	4.4	15.9	4.3	16.6	17.3	17.0	19.1	19.3
Facility Services Finland	3.1	5.1	1.8	3.0	13.5	5.8	9.4	3.8
Facility Services Sweden	2.7	6.8	2.3	6.3	8.4	6.2	9.4	7.1
Group administration and other *)	-0.8		-0.5		0.4		3.6	
Total	23.5	11.8	22.4	11.3	85.2	11.3	99.4	12.7

Other segment information

MEUR	12/2020	12/2019
Assets		
Environmental Services	264.9	263.8
Industrial Services	101.8	86.8
Facility Services Finland	79.8	82.5
Facility Services Sweden	91.4	92.4
Group administration and other	0.2	7.1
Unallocated assets	58.6	51.1
Total	596.6	583.6
Liabilities		
Environmental Services	72.3	68.4
Industrial Services	36.0	33.3
Facility Services Finland	50.3	47.7
Facility Services Sweden	20.0	16.0
Group administration and other	8.6	7.4
Unallocated liabilities	216.7	207.7
Total	404.0	380.6

MEUR	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Capital expenditure				
Environmental Services	5.7	8.2	23.7	28.2
Industrial Services	4.5	2.2	17.4	12.3
Facility Services Finland	3.4	2.3	5.1	4.7
Facility Services Sweden	0.6	0.2	1.5	0.8
Group administration and other	1.3	0.1	0.6	0.2
Total	15.4	12.9	48.2	46.1
Depreciation and amortisation				
Environmental Services	6.5	6.4	25.6	25.2
Industrial Services	2.9	2.4	10.2	9.2
Facility Services Finland	1.2	3.1	10.3	13.5
Facility Services Sweden	1.2	1.3	4.9	5.6
Group administration and other **)	1.9	0.3	6.1	1.0
Total	13.6	13.5	57.0	54.4

*) 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.

**) Group administration and other includes impairments of EUR 4.1 million recognized in the first quarter of the financial year 2020 and EUR 0.6 million recognized in the third quarter.

SEGMENT INFORMATION BY QUARTER

MEUR	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019
Net sales					
Environmental Services	72.9	67.5	71.9	77.1	79.8
Industrial Services	27.6	30.6	23.4	20.2	26.0
Facility Services Finland	60.5	56.9	56.7	58.2	59.4
Facility Services Sweden	40.0	31.5	32.7	30.3	35.8
Inter-division net sales	-1.4	-1.6	-1.6	-1.5	-2.0
Total	199.6	184.8	183.2	184.4	198.9
Operating profit					
Environmental Services	7.6	10.3	-2.6	4.7	8.2
Industrial Services	1.5	4.5	1.3	-0.3	1.9
Facility Services Finland	1.9	3.6	-0.4	-1.8	-1.3
Facility Services Sweden	1.5	1.5	0.3	0.2	0.9
Group administration and other	-2.7	-2.3	-0.8	0.1	-0.8
Total	9.9	17.6	-2.2	2.9	8.9
EBITDA					
Environmental Services	14.1	16.5	3.8	11.2	14.6
Industrial Services	4.4	6.9	3.7	2.2	4.3
Facility Services Finland	3.1	6.5	2.7	1.2	1.8
Facility Services Sweden	2.7	2.7	1.5	1.5	2.3
Group administration and other	-0.8	-2.3	-0.8	4.3	-0.5
Total	23.5	30.4	10.8	20.4	22.4
Operating margin					
Environmental Services	10.5	15.3	-3.6	6.1	10.3
Industrial Services	5.6	14.8	5.7	-1.5	7.3
Facility Services Finland	3.2	6.3	-0.7	-3.2	-2.3
Facility Services Sweden	3.8	4.7	0.9	0.7	2.6
Total	5.0	9.5	-1.2	1.6	4.5
EBITDA margin					
Environmental Services	19.3	24.5	5.2	14.6	18.3
Industrial Services	15.9	22.6	15.9	11.0	16.6
Facility Services Finland	5.1	11.5	4.8	2.0	3.0
Facility Services Sweden	6.8	8.5	4.5	4.9	6.3
Total	11.8	16.4	5.9	11.1	11.3

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.

10-12/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	48.7			23.4	0.8	72.9
Industrial Services	12.2	12.4	2.2	0.9		27.6
Facility Services Finland	40.8	19.2	0.5			60.5
Facility Services Sweden	15.9	21.9	2.2			40.0
Total	117.6	53.5	4.9	24.3	0.8	201.0
Interdivision						-1.4
External net sales, total						199.6

10-12/2019, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
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
Total	111.7	59.7	2.5	26.4	0.6	200.9
Interdivision						-2.0
External net sales, total						198.9

1-12/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	199.3			87.1	3.0	289.4
Industrial Services	44.6	47.0	7.5	2.7		101.8
Facility Services Finland	161.5	64.7	6.0			232.3
Facility Services Sweden	61.5	67.4	5.6			134.5
Total	467.0	179.1	19.1	89.8	3.0	758.0
Interdivision						-6.1
External net sales, total						751.9

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

BUSINESS ACQUISITIONS, COMBINED

Fair value total, MEUR	1-12/2020	1-12/2019
Intangible assets	0.5	0.4
Property, plant and equipment	0.9	0.2
Investments	0.0	0.0
Receivables	0.6	0.1
Cash and cash equivalents	0.1	0.4
Total assets	2.1	1.0
Other liabilities	1.0	0.1
Deferred tax liabilities	0.0	0.1
Total liabilities	1.0	0.2
Net assets acquired	1.0	0.9
Total consideration	1.7	1.0
Goodwill	0.7	0.1
Effect on cash flow		
Consideration paid in cash	-1.7	-1.0
Unpaid	0.0	0.2
Cash and cash equivalents of the acquired company	0.1	0.4
Cash flow from investing activities	-1.6	-0.4

The figures for acquired businesses are stated in aggregate, as none of them is of material importance when considered separately.

DIVESTED BUSINESSES

The Group had no divested businesses during the financial period.

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	1-12/2020	1-12/2019
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	1-12/2020	1-12/2019
Carrying amount at beginning of period	188.0	193.5
Business acquisitions	1.1	0.5
Other capital expenditure	5.3	3.5
Disposals	-0.9	-0.1
Depreciation, amortisation and impairment	-12.6	-9.4
Transfers between items	0.0	0.0
Exchange differences	1.9	0.0
Carrying amount at end of period	182.9	188.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

MEUR	1-12/2020	1-12/2019
Carrying amount at beginning of period	206.7	155.2
Right-of-use asset IFRS 16	-	53.8
Business acquisitions	0.9	0.2
Other capital expenditure	57.1	44.2
Disposals	-9.2	-1.9
Depreciation, amortisation and impairment	-44.4	-45.1
Transfers between items	0.0	0.0
Exchange differences	-0.4	0.3
Carrying amount at end of period	210.7	206.7

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 70.9 million (77.2) and depreciation in the amount of EUR 17.3 million (16.4).

CAPITAL COMMITMENTS

MEUR	12/2020	12/2019
Intangible assets	3.2	2.2
Property, plant and equipment	10.1	7.5
Total	13.4	9.7

ALTERNATIVE PERFORMANCE MEASURES

MATCHING THE EVA RESULT TO OPERATING PROFIT

MEUR	1-12/2020	1-12/2019
Operating profit	28.2	45.0
Invested capital (rolling 12-month quarterly average)	369.7	384.6
Cost calculated on invested capital	-24.5	-25.2
EVA	3.7	19.8

MATCHING THE ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	1-12/2020	1-12/2019
Operating profit	28.2	45.0
Items affecting comparability:		
- costs arising from the discontinuation of business	9.0	-
- costs arising from business restructuring	1.7	-
- gains or losses arising from divestments	0.0	-4.5
ADJUSTED OPERATING PROFIT	39.0	40.5

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

MEUR	12/2020	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets					
		1.3		1.3	
Current financial assets					
		104.0		104.0	
		-		-	
		-	-	-	
		50.2		50.2	
		155.5	-	155.5	
Non-current financial liabilities					
		99.7		99.7	2
		55.7		55.7	
Current financial liabilities					
		15.0		15.0	2
		16.3		16.3	
		86.8		86.8	
			0.8	0.8	2
		273.5	0.8	274.3	

MEUR	12/2019	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets					
		1.4		1.4	
Current financial assets					
		106.8		106.8	
		0.0		0.0	
			0.0	0.0	
		41.8		41.8	
		150.0	0.0	150.0	
Non-current financial liabilities					
		99.6		99.6	2
		62.0		62.0	
Current financial liabilities					
		-		-	
		15.8		15.8	
		80.7		80.7	
			0.9	0.9	2
		258.2	0.9	259.0	

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

CONTINGENT LIABILITIES

MEUR	12/2020	12/2019
Securities for own commitments		
Mortgages on rights of tenancy	0.1	0.1
Other securities	0.0	0.1
Bank guarantees required for environmental permits	12.4	11.1
Other bank guarantees	10.6	8.4

Other securities are security deposits.

Liabilities associated with derivative agreements

Interest rate swaps

MEUR	12/2020	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	-	-
Total	30.0	30.0
Fair value	-0.9	-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	12/2020	12/2019
Nominal values of diesel swaps		
Maturity not later than one year	-	0.6
Maturity later than one year and not later than five years	-	-
Total	-	0.6
Fair value	-	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 +/- items affecting comparability

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, 28 January 2021

LASSILA & TIKANOJA PLC
Board of Directors

Eero Hautaniemi
President and CEO

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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 and Sweden. L&T employs 8,100 people. Net sales in 2020 amounted to EUR 751.9 million. L&T is listed on Nasdaq Helsinki.

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