

Lassila & Tikanoja plc
 Stock exchange release
 27 April 2017 at 8:00 a.m.

Lassila & Tikanoja plc: Interim Report 1 January – 31 March 2017

- Net sales for the first quarter were EUR 161.9 million (EUR 160.7 million)
- Operating profit was EUR 5.1 million (EUR 6.8 million)
- Earnings per share were EUR 0.11 (EUR 0.14)
- Full-year net sales and operating profit in 2017 are expected to remain at the 2016 level

CEO PEKKA OJANPÄÄ:

"Lassila & Tikanoja's result for the first quarter was weaker than in the previous year. Environmental Services business developed well. Also Industrial Services grew and improved their profitability year-on-year. These were not sufficient to compensate for the weaker result of Facility Services and Renewable Energy Sources. The weaker result of Facility Services was due to the poor result of the renovation business. Also property maintenance result was less than in the comparison period. The profitability of the Renewable Energy Sources division was affected by the low demand for forest energy. In line with our strategy, our focus in 2017 remains on strengthening our market position and ensuring profitability and cash flow.

GROUP NET SALES AND FINANCIAL PERFORMANCE

January–March

Lassila & Tikanoja's net sales for the first quarter increased by 0.8% to EUR 161.9 million (EUR 160.7 million). Operating profit totalled EUR 5.1 million (EUR 6.8 million), representing 3.2% (4.2%) of net sales. Earnings per share were EUR 0.11 (EUR 0.14).

Net sales grew in Environmental Services and Industrial Services, but decreased year-on-year in Facility Services and Renewable Energy Sources.

Operating profit improved in Environmental Services and Industrial Services. The profitability of Renewable Energy Sources and Facility Services declined year-on-year.

Financial summary

	1–3/ 2017	1–3/ 2016	Change	1–12/ 2016
Net sales, EUR million	161.9	160.7	0.8%	661.8
Operating profit, EUR million	5.1	6.8	-24.5%	50.5
Operating margin, %	3.2	4.2		7.6
Profit before tax, EUR million	5.2	6.9	-24.0%	50.1
Earnings per share, EUR	0.11	0.14	-24.0%	1.13
Cash flow from operating activities/share, EUR	0.18	-0.49	136.0%	1.99
EVA, EUR million	0.1	1.8	-95.2%	30.7

NET SALES AND OPERATING PROFIT BY DIVISION

January–March

Environmental Services

The division's net sales saw organic growth of 1.7% in the first quarter and amounted to EUR 62.9 million (EUR 61.8 million). Operating profit totalled EUR 5.9 million (EUR 5.4 million). The Environmental Services division's operating profit was boosted by improvements in production efficiency and growth in net sales.

Industrial Services

The division's net sales for the first quarter increased by 12.2% to EUR 17.9 million (EUR 15.9 million). Operating profit was EUR -0.2 million (EUR -0.3 million).

Net sales grew across all of the division's service lines, particularly in environmental construction and hazardous waste management.

The operating loss was reduced by the improved profitability of hazardous waste management. The profitability of the process cleaning business was unchanged from the comparison period. Profitability declined in sewer maintenance and environmental construction.

Facility Services

The division's net sales for the first quarter were down by 1.1% to EUR 71.4 million (EUR 72.2 million). Operating profit totalled EUR -0.3 million (EUR 1.2 million).

Net sales grew in renovation but declined in cleaning, property maintenance and the maintenance of technical systems.

The operating profit of the cleaning business grew year-on-year due to previously implemented efficiency improvement measures. The operating profit of the division's other service lines declined. The decrease in profitability was mainly caused by the weak result of the renovation business. The result of the property maintenance business was weighed down by the deployment of a new ERP system in the Facility Services division.

Renewable Energy Sources

The first quarter net sales of Renewable Energy Sources (L&T Biowatti) decreased by 5.3% to EUR 12.1 million (EUR 12.8 million). Operating profit totalled EUR 0.3 million (EUR 0.7 million).

The year-on-year decline in the division's net sales and operating profit was caused by the weak demand for forest energy and the low price of competing fuels.

FINANCING

Cash flow from operating activities amounted to EUR 6.8 million (-18.9). A total of EUR 4.4 million in working capital was committed (EUR 31.9 million committed). The negative cash flow from operating activities in the comparison period was due to the use of a different payment practice for employment pension contributions in 2016.

At the end of the period, interest-bearing liabilities amounted to EUR 109.7 million (EUR 115.6 million).

Net interest-bearing liabilities amounted to EUR 72.5 million (EUR 96.5 million), showing an increase of EUR 33.8 million from the beginning of the year and a decrease of EUR 24.0 million from the comparison period.

Net financial expenses in the first quarter amounted to EUR 0.1 million (EUR 0.1 million) Net financial expenses were 0.0% (0.0%) of net sales.

The average interest rate on long-term loans (with interest rate hedging) was 1.1% (1.5%). Loans totalling EUR 42.6 million will mature in 2017, including the short-term commercial papers currently in use.

The equity ratio was 42.3% (40.0%) and the gearing rate was 37.8 (52.4). Liquid assets at the end of the period amounted to EUR 37.2 million (EUR 19.1 million).

Of the EUR 100 million commercial paper programme, EUR 40 million (EUR 20.0 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 16 March 2017 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 2016. The dividend, totalling EUR 35.3 million, was paid to shareholders on 27 March 2017.

CAPITAL EXPENDITURE

Gross capital expenditure in the first quarter of 2017 totalled EUR 10.2 million (EUR 7.9 million), consisting primarily of machine and equipment purchases, investments in information systems and acquisitions. Of the significant ongoing information system projects, the deployment of the new ERP system for Facility Services and the first deployments of new financial systems took place in late 2016 and early 2017.

PERSONNEL

In the first quarter, the average number of employees converted into full-time equivalents was 6,807 (6,891). At the end of the period, Lassila & Tikanoja had 7,959 (8,034) full-time and part-time employees. Of these, 7,028 (7,168) worked in Finland and 931 (866) in other countries.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in the first quarter, excluding the shares held by the company in Lassila & Tikanoja plc, was 1,651,281 shares, which is 4.3% (4.4%) of the average number of outstanding shares. The value of trading was EUR 31.6 million (EUR 27.5 million). The highest share price was EUR 20.89 and the lowest EUR 17.86. The closing price was EUR 18.39. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 706.1 million (EUR 613.7 million).

Own shares

At the end of the period, the company held 400,862 of its own shares, representing 1.0% 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 38,398,012. The average number of shares excluding the shares held by the company was 38,385,613.

Shareholders

At the end of the period, the company had 11,895 (10,413) shareholders. Nominee-registered holdings accounted for 17.1% (19.9%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 16 March 2017 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 share issue authorisation is effective for 18 months.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 16 March 2017, adopted the financial statements and consolidated financial statements for 2016 and released the members of the Board of Directors and the President and CEO from liability.

The Annual General Meeting resolved that a dividend of EUR 0.92 per share, totalling EUR 35.3 million, be paid on the basis of the balance sheet adopted for the financial year 2016. It was decided that the dividend be paid on 27 March 2017.

The Annual General Meeting confirmed the number of members of the Board of Directors as six. Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila and Miikka Majjala were re-elected, and Laura Tarkka was elected as a new member, to the Board until the end of the following Annual General Meeting.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab named Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 16 March 2017.

BOARD OF DIRECTORS

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

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

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

On 21 April 2017, the company announced that, starting from the interim report for January–March 2017, it will report its results through an income statement categorised by expense type. The stock exchange release presented cumulative quarterly comparison data by expense type for 2016 in accordance with the new income statement scheme. Previously, the company has used an income statement categorised by operation type in its reporting. The change has no impact on the Group's segment reporting. The presentation method was changed to correspond to the income statement scheme used in the management's reporting.

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 interim report.

NEAR-TERM RISKS AND UNCERTAINTIES

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

Fluctuations in the prices of fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

The deployment of the company's new ERP system, which began last year, will continue in 2017 and 2018. The deployment of the new system may lead to temporary costs arising from changes in the operating model, which can have a negative effect on the company's result.

More detailed information on Lassila & Tikanoja's risks and risk management is available in the 2016 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

OUTLOOK FOR THE YEAR 2017

Full-year net sales and operating profit in 2017 are expected to remain at the 2016 level.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 31 MARCH 2017**CONSOLIDATED INCOME STATEMENT**

EUR million	1–3/2017	1–3/2016	1–12/2016
Net sales	161.9	160.7	661.8
Other operating income	0.9	0.9	4.8
Change of inventory	0.8	-0.1	1.1
Materials and services	-54.1	-50.3	-206.3
Employee benefit expenses	-70.6	-71.6	-280.8
Other operating expenses	-24.0	-22.9	-91.4
Depreciation and impairment	-9.9	-9.9	-38.8
Operating profit	5.1	6.8	50.5
Financial income and expenses	0.1	0.1	-0.4
Profit before tax	5.2	6.9	50.1
Income taxes	-1.1	-1.4	-6.7
Profit for the period	4.1	5.5	43.4
Attributable to:			
Equity holders of the company	4.1	5.5	43.4
Non-controlling interest	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:			
Earnings per share, EUR	0.11	0.14	1.13
Diluted earnings per share, EUR	0.11	0.14	1.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1–3/2017	1–3/2016	1–12/2016
Profit for the period	4.1	5.5	43.4
Items not to be recognised through profit or loss			
Items arising from re-measurement of defined benefit plans	0.0	0.0	0.0
Items not to be recognised through profit or loss, total	0.0	0.0	0.0
Items potentially to be recognised through profit or loss			
Hedging reserve, change in fair value	-0.1	0.0	0.4
Currency translation differences	0.1	0.0	-0.1
Currency translation differences, non-controlling interest	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total	0.1	0.1	0.3
Total comprehensive income, after tax	4.2	5.5	43.7
Attributable to:			
Equity holders of the company	4.2	5.5	43.7
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	3/2017	3/2016	12/2016
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	117.2	116.6	116.5
Customer contracts arising from acquisitions	5.4	5.8	5.2
Agreements on prohibition of competition	0.1	0.2	0.1
Other intangible assets arising from business acquisitions	0.6	0.6	0.6
Other intangible assets	21.4	16.9	20.8
	144.7	140.0	143.2
Property, plant and equipment			
Land	5.3	5.0	5.3
Buildings and constructions	39.4	39.6	40.7
Machinery and equipment	103.1	103.7	104.8
Other	0.1	0.1	0.1
Prepayments and construction in progress	6.7	5.9	5.3
	154.7	154.3	156.1
Other non-current assets			
Available-for-sale investments	0.6	0.6	0.6
Finance lease receivables	0.9	1.8	1.2
Deferred tax assets	5.5	2.3	5.5
Other receivables	2.5	1.9	1.7
	9.4	6.6	9.0
Total non-current assets	308.7	301.0	308.3

Current assets

Inventories	25.8	23.5	24.9
Trade and other receivables	90.9	88.1	90.5
Derivative receivables	0.1	0.0	0.3
Prepayments	3.4	41.1	0.6
Current available-for-sale financial assets	0.0	0.0	0.0
Cash and cash equivalents	37.2	19.1	28.2
Total current assets	157.4	171.9	144.5
Total assets	466.1	472.9	452.8

EQUITY AND LIABILITIES

EUR million	3/2017	3/2016	12/2016
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-3.0	-3.3	-3.1
Invested unrestricted equity reserve	0.6	0.4	0.4
Retained earnings	170.7	162.1	162.7
Profit for the period	4.1	5.5	43.4
	191.8	184.1	222.8
Non-controlling interest	0.2	0.1	0.2
Total equity	192.0	184.3	223.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	24.0	24.5	24.8
Retirement benefit obligations	1.0	0.9	1.0
Provisions	4.8	4.1	4.8
Borrowings	66.0	60.8	63.5
Other liabilities	0.4	0.4	0.3
	96.2	90.7	94.3
Current liabilities			
Borrowings	43.7	54.8	3.4
Trade and other payables	133.2	137.9	129.9
Derivative liabilities	0.1	0.8	0.1
Tax liabilities	0.0	1.3	0.1
Provisions	0.8	3.1	2.0
	177.9	197.9	135.5
Total liabilities	274.1	288.6	229.8
Total equity and liabilities	466.1	472.9	452.8

CONSOLIDATED STATEMENT OF CASH FLOW

EUR million	1-3/2017	1-3/2016	1-12/2016
Cash flow from operating activities			
Profit for the period	4.1	5.5	43.4
Adjustments			
Income taxes	1.1	1.4	6.7
Depreciation and impairment	9.9	9.9	38.8
Financial income and expenses	-0.1	-0.1	0.4
Gain on sale of shares	0.0	0.0	0.0
Other	-0.9	-1.2	-2.1
Net cash generated from operating activities before change in working capital	14.1	15.5	87.2
Change in working capital			
Change in trade and other receivables	-1.6	-42.1	-2.5
Change in inventories	-0.9	0.1	-1.4
Change in trade and other payables	-1.9	10.1	6.6
Change in working capital	-4.4	-31.9	2.7
Interest paid	-0.6	-0.3	-2.0
Interest received	0.2	0.1	0.3
Income taxes	-2.5	-2.3	-11.7
Net cash from operating activities	6.8	-18.9	76.4
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-0.6	-1.8	-1.8
Purchases of property, plant and equipment and intangible assets	-5.3	-5.7	-33.9
Proceeds from sale of property, plant and equipment and intangible assets	-	0.0	0.8
Purchases of available-for-sale investments	-0.8	-	-
Change in other non-current receivables	0.1	0.4	0.2
Dividends received	-	0.0	0.0
Net cash used in investing activities	-6.6	-7.1	-34.6
Cash flow from financing activities			
Change in short-term borrowings	39.9	20.0	-0.2
Repayments of long-term borrowings	-	-0.3	-34.8
Dividends paid	-31.1	-28.7	-32.6
Other financing items	0.0	0.0	-
Net cash generated from financing activities	8.8	-9.0	-67.6
Net change in liquid assets	9.0	-35.0	-25.9
Liquid assets at beginning of period	28.2	54.0	54.0
Effect of changes in foreign exchange rates	0.0	0.0	0.0
Liquid assets at end of period	37.2	19.1	28.2

Liquid assets

EUR million	3/2017	3/2016	12/2016
Cash and cash equivalents	37.2	19.1	28.2
Available-for-sale financial assets	0.0	0.0	0.0
Total	37.2	19.1	28.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	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 Jan. 2017	19.4	-3.0	-0.1	0.4	206.1	222.8	0.2	223.0
Total comprehensive income								
Profit for the period					4.1	4.1	0.0	4.1
Items arising from re-measurement of defined benefit plans					0.0	0.0		0.0
Hedging reserve, change in fair value			-0.1			-0.1		-0.1
Currency translation differences		0.1			0.0	0.1	0.0	0.1
Total comprehensive income	0.0	0.1	-0.1	0.0	4.1	4.2	0.0	4.2
Transactions with shareholders								
Share-based benefits				0.1	-0.1	0.0		0.0
Dividends paid					-35.3	-35.3		-35.3
Dividends returned					0.0	0.0		0.0
Transactions with shareholders, total	0.0	0.0	0.0	0.1	-35.5	-35.3		-35.3
Other changes					0.1	0.1		0.1
Equity on 31 Mar. 2017	19.4	-2.9	-0.1	0.6	174.8	191.8	0.2	192.0

EUR million	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 Jan. 2016	19.4	-2.9	-0.4	0.5	194.7	211.2	0.1	211.4
Total comprehensive income								
Profit for the period					5.5	5.5	0.0	5.5
Items arising from remeasurement of defined benefit plans						0.0		0.0
Hedging reserve, change in fair value			0.0			0.0		0.0
Currency translation differences		0.0				0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	5.5	5.5	0.0	5.5
Transactions with shareholders								
Share-based benefits				0.0	0.2	0.2		0.2
Dividends paid					-32.6	-32.6		-32.6
Dividends returned						0.0		0.0
Transactions with shareholders, total	0.0	0.0	0.0	0.0	-32.4	-32.5		-32.5
Other changes					-0.2	-0.2		-0.2
Equity on 31 Mar. 2016	19.4	-2.9	-0.4	0.4	167.6	184.1	0.1	184.3

KEY FIGURES

	1-3/2017	1-3/2016	1-12/2016
Earnings per share, EUR	0.11	0.14	1.13
Diluted earnings per share, EUR	0.11	0.14	1.13
Cash flow from operating activities/share, EUR	0.18	-0.49	1.99
EVA, EUR million*	0.1	1.8	30.7
Gross capital expenditure, EUR million	10.2	7.9	41.6
Depreciation, amortisation and impairment, EUR million	9.9	9.9	38.8
Equity per share, EUR	5.00	4.80	5.81
Return on equity, % (ROE)	8.0	11.0	20.0
Return on invested capital, % (ROI)	7.8	9.4	17.4
Equity ratio, %	42.3	40.0	50.4
Gearing, %	37.8	52.4	17.3
Net interest-bearing liabilities, EUR million	72.5	96.5	38.7
Average number of employees in full-time equivalents	6,807	6,891	7,199
Total number of full-time and part-time employees at end of period	7,959	8,034	7,931

Number of outstanding shares adjusted for issues, 1,000 shares

average during the period	38,386	38,366	38,375
at end of period	38,398	38,378	38,378
average during the period, diluted	38,400	38,381	38,390

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2017 6.69%, 2016 6.56%

ACCOUNTING POLICIES

This interim report is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The interim report has been prepared with application of the current IFRS standards and interpretations presented in the financial statements dated 31 December 2016. Amendments to IFRS standards that have entered into force thereafter have also been applied. Such amendments to IFRS standards have not had a material effect on the interim report.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2016.

The Alternative Performance Measures reported by the company are EVA and cash flow from operating activities per share. The calculation formulas for the performance measures are presented at the end of the financial statements release.

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

SEGMENT INFORMATION

Net sales

EUR million	1-3/2017			1-3/2016			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	62.1	0.8	62.9	60.9	0.9	61.8	1.7
Industrial Services	17.1	0.8	17.9	15.6	0.3	15.9	12.2
Facility Services	70.7	0.8	71.4	71.4	0.8	72.2	-1.1
Renewable Energy Sources	12.1	0.0	12.1	12.8	0.0	12.8	-5.3
Eliminations		-2.3	-2.3		-2.1	-2.1	
Total	161.9	0.0	161.9	160.7	0.0	160.7	0.8

EUR million	1-12/2016		
	External	Inter-division	Total
Environmental Services	261.2	3.6	264.8
Industrial Services	78.7	3.4	82.1
Facility Services	285.3	2.9	288.3
Renewable Energy Sources	36.6	0.2	36.8
Eliminations		-10.1	-10.1
Total	661.8	0.0	661.8

Operating profit

EUR million	1–3/2017	%	1–3/2016	%	1– 12/2016	%
Environmental Services	5.9	9.4	5.4	8.8	31.3	11.8
Industrial Services	-0.2	-1.1	-0.3	-2.0	7.8	9.5
Facility Services	-0.3	-0.4	1.2	1.6	13.5	4.7
Renewable Energy Sources	0.3	2.4	0.7	5.1	1.5	4.1
Group administration and other	-0.6		-0.1		-3.7	
Total	5.1	3.2	6.8	4.2	50.5	7.6

OTHER SEGMENT INFORMATION

EUR million	3/2017	3/2016	12/2016
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Assets

Environmental Services	255.0	222.9	215.4
Industrial Services	57.2	71.5	69.5
Facility Services	71.6	130.4	97.2
Renewable Energy Sources	24.5	23.7	23.5
Group administration and other	12.3	0.8	11.1
Unallocated assets	45.6	23.6	36.0
L&T total	466.1	472.9	452.8

Liabilities

Environmental Services	63.0	56.3	54.7
Industrial Services	20.4	22.0	22.4
Facility Services	36.9	53.2	46.9
Renewable Energy Sources	9.6	8.9	7.0
Group administration and other	10.0	5.5	6.6
Unallocated liabilities	134.3	142.7	92.2
L&T total	274.1	288.6	229.8

EUR million	1–3/2017	1–3/2016	1–12/2016
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Capital expenditure

Environmental Services	7.2	4.2	18.5
Industrial Services	1.6	0.9	8.2
Facility Services	0.9	2.7	14.5
Renewable Energy Sources	0.1	0.0	0.3
Group administration and other	0.5	0.0	0.0
L&T total	10.2	7.9	41.6

Depreciation and amortisation

Environmental Services	4.8	5.0	19.6
Industrial Services	1.7	1.6	6.7
Facility Services	3.3	3.2	12.2
Renewable Energy Sources	0.1	0.1	0.3
Group administration and other	0.0	0.0	0.0
L&T total	9.9	9.9	38.8

INCOME STATEMENT BY QUARTER

EUR million	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Net sales					
Environmental Services	62.9	66.5	68.2	68.2	61.8
Industrial Services	17.9	21.4	23.9	20.9	15.9
Facility Services	71.4	71.8	71.5	72.8	72.2
Renewable Energy Sources	12.1	11.6	5.3	7.0	12.8
Interdivision net sales	-2.3	-3.0	-2.9	-2.1	-2.1
L&T total	161.9	168.3	166.0	166.9	160.7
Operating profit					
Environmental Services	5.9	6.5	10.2	9.2	5.4
Industrial Services	-0.2	2.6	3.4	2.1	-0.3
Facility Services	-0.3	2.6	6.1	3.7	1.2
Renewable Energy Sources	0.3	0.7	0.1	0.0	0.7
Group administration and other	-0.6	-1.8	-0.7	-1.0	-0.1
L&T total	5.1	10.5	19.1	14.1	6.8
Operating margin					
Environmental Services	9.4	9.7	14.9	13.5	8.8
Industrial Services	-1.1	11.9	14.2	10.3	-2.0
Facility Services	-0.4	3.6	8.5	5.1	1.6
Renewable Energy Sources	2.4	6.2	2.0	0.3	5.1
L&T total	3.2	6.2	11.5	8.4	4.2
Financial income and expenses, net	0.1	0.1	-0.4	-0.2	0.1
Profit before tax	5.2	10.6	18.7	13.9	6.9

MATCHING EVA RESULT TO OPERATING PROFIT

EUR million	1-3/2017	1-3/2016	1-12/2016
Operating profit	5.1	6.8	50.5
Invested capital (rolling 12-month quarterly average)	301.1	302.9	300.6
Cost calculated on invested capital	-5.0	-5.0	-19.7
EVA	0.1	1.8	30.7

BUSINESS ACQUISITIONS, COMBINED

Fair value, total EUR million	1-3/2017	1-3/2016	1-12/2016
Intangible assets	0.4	1.0	1.1
Property, plant and equipment	0.3	1.8	1.8
Investments	0.0	0.0	0.0
Receivables	0.3	2.4	1.7
Cash and cash equivalents	1.0	0.0	2.3
Total assets	2.0	5.1	6.9
Other liabilities	0.3	1.0	1.0
Deferred tax liabilities	0.0	0.0	0.0
Total liabilities	0.3	1.0	1.0
Net assets acquired	1.7	4.1	5.9
Total consideration	2.4	8.8	8.8
Goodwill	0.7	4.7	2.9
Effect on cash flow			
Consideration paid in cash	-2.4	-8.8	-8.8
Cash and cash equivalents of the acquired company	1.0	0.0	2.3
Paid in the previous year	-	-	3.6
Unpaid	-	-	1.0
Cash flow from investing activities	-1.4	-8.8	-1.8

CHANGES IN INTANGIBLE ASSETS

EUR million	1-3/2017	1-3/2016	1-12/2016
Carrying amount at beginning of period	143.2	134.9	134.9
Business acquisitions	1.1	1.4	1.4
Other capital expenditure	1.9	2.5	9.2
Disposals	0.0	0.0	0.2
Depreciation and impairment	-1.4	-1.3	-4.8
Transfers between items	0.0	2.6	2.7
Exchange differences	0.0	0.0	-0.4
Carrying amount at end of period	144.7	140.0	143.2

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-3/2017	1-3/2016	1-12/2016
Carrying amount at beginning of period	156.1	161.5	161.5
Business acquisitions	0.0	0.8	0.8
Other capital expenditure	6.8	3.2	30.2
Disposals	-0.1	-0.2	-0.7
Depreciation and impairment	-8.5	-8.6	-34.0
Transfers between items	0.0	-2.6	-2.7
Exchange differences	0.3	0.2	1.0
Carrying amount at end of period	154.7	154.3	156.1

CAPITAL COMMITMENTS

EUR million	1–3/2017	1–3/2016	12/2016
Intangible assets	0.2	0.1	0.1
Property, plant and equipment	9.9	4.6	7.2
Total	10.1	4.7	7.3

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million 31 March 2017	Loans and other receiv ables	Available- for-sale financial assets	Financial liabilities measured at effective interest method	Deriva tives under hedge accountin g	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets						
Available-for-sale investments		0.6			0.6	
Finance lease receivables	0.9				0.9	3
Other receivables	1.5				1.5	2
Current financial assets						
Trade and other receivables	81.5				81.5	
Finance lease receivables	0.9				0.9	
Derivative receivables				0.1	0.1	
Cash and cash equivalents	37.2				37.2	
Total financial assets	122.0	0.6		0.1	122.6	
Non-current financial liabilities						
Borrowings			58.3		58.3	2
Finance lease payables			7.7		7.7	
Other liabilities			0.1		0.1	
Current financial liabilities						
Borrowings			42.6		42.6	
Finance lease payables			1.1		1.1	
Trade and other payables			68.6		68.6	
Derivative liabilities				0.1	0.1	2
Total financial liabilities			178.5	0.1	178.7	

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

EUR million 31 March 2016	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at effective interest method	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets						
Available-for-sale investments		0.6			0.6	3
Finance lease receivables	1.8				1.8	2
Other receivables	1.7				1.7	
Current financial assets						
Trade and other receivables	81.2				81.2	
Finance lease receivables	1.1				1.1	
Derivative receivables				0.0	0.0	
Cash and cash equivalents	19.1				19.1	
Total financial assets	104.8	0.6		0.0	105.4	
Non-current financial liabilities						
Borrowings			60.8		60.8	2
Finance lease receivables					0.0	
Other liabilities			0.2		0.2	
Current financial liabilities						
Borrowings			54.8		54.8	
Finance lease payables					0.0	
Trade and other payables			75.1		75.1	
Derivative liabilities				0.8	0.8	2
Total financial liabilities			190.9	0.8	191.7	

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

CONTINGENT LIABILITIES

EUR million	3/2017	3/2016	12/2016
Securities for own commitments			
Mortgages on rights of tenancy	0.2	0.4	0.2
Company mortgages	-	1.1	-
Other securities	0.1	0.1	0.1
Bank guarantees required for environmental permits	10.0	8.0	10.9

Other securities are security deposits.

Operating lease liabilities

EUR million	3/2017	3/2016	12/2016
Maturity not later than one year	6.0	7.4	7.4
Maturity later than one year and not later than five years	9.8	16.5	11.4
Maturity later than five years	3.9	2.8	4.0
Total	19.8	26.8	22.7

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

EUR million	3/2017	3/2016	12/2016
Nominal values of interest rate swaps			
Maturity not later than one year	1.8	33.8	1.8
Maturity later than one year and not later than five years	2.7	4.5	2.7
Maturity later than five years	0.0	0.0	0.0
Total	4.5	38.4	4.5
Fair value	-0.1	-0.4	-0.1

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

Commodity derivatives

EUR million	3/2017	3/2016	12/2016
Nominal values of diesel swaps			
Maturity not later than one year	1.2	1.4	1.3
Maturity later than one year and not later than five years	0.0	0.0	0.0
Total	1.2	1.4	1.3
Fair value	0.0	-0.3	0.3

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IAS 39-compliant hedge accounting is applied to these contracts, and the effective change in fair value is recognised in the hedging reserve within equity.

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 2017: 6.69% and 2016: 6.56%

Equity per share:
profit attributable to equity holders of the parent company / adjusted basic
number of shares at end of period

Return on equity, % (ROE):
(profit for the period / equity (average)) x 100

Return on invested capital, % (ROI):
(profit before tax + financial expenses) / (total equity and liabilities - non-interest-bearing liabilities
(average)) 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 April 2017

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President and CEO

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and protect the environment. Together, we create well-being and jobs. With operations in Finland, Sweden and Russia, L&T employs 8,000 persons. Net sales in 2016 amounted to EUR 661.8 million. L&T is listed on Nasdaq Helsinki.

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