

**LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2013**

- **Net sales for the third quarter EUR 161.9 million (EUR 161.2 million); operating profit EUR 20.0 million (EUR 19.6 million); operating profit excluding non-recurring items EUR 20.1 million (EUR 19.7 million); earnings per share EUR 0.35 (EUR 0.40)**
- **Net sales for January–September EUR 498.5 million (EUR 502.2 million); operating profit EUR 34.8 million (EUR 38.7 million); operating profit excluding non-recurring items EUR 40.3 million (EUR 36.9 million); earnings per share EUR 0.61 (EUR 0.71)**
- **Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.**

**CEO PEKKA OJANPÄÄ:**

"In the third quarter, we were again able to improve our profitability from the comparison period and to generate a strong cash flow. Profitability was at a healthy level, particularly in Environmental Services. Financial uncertainty is continuing to have an impact on demand in the industrial sector and on material flows in the construction and retail sectors. This will hold back net sales growth."

**GROUP NET SALES AND FINANCIAL PERFORMANCE****Third quarter**

Lassila & Tikanaja's net sales for the third quarter increased by 0.4% to EUR 161.9 million (EUR 161.2 million). Operating profit was EUR 20.0 million (EUR 19.6 million), and operating profit excluding non-recurring items was EUR 20.1 million (EUR 19.7 million), representing 12.4% (12.2%) of net sales. Earnings per share were EUR 0.35 (EUR 0.40).

Profitability developed favourably in the third quarter, especially in Environmental Services and Industrial Services. Fixed cost management and efficiency enhancement measures taken across the Group supported the profitability.

Comparable net sales includes EUR 0.7 million of net sales generated by the divested parts of the eco product business.

**January-September**

Lassila & Tikanaja's net sales for January–September amounted to EUR 498.5 million (EUR 502.2 million); a decrease of 0.7%. Operating profit was EUR 34.8 million (EUR 38.7 million), and operating profit excluding non-recurring items was EUR 40.3 million (EUR 36.9 million), representing 8.1% (7.3%) of net sales. Earnings per share were EUR 0.61 (EUR 0.71).

Comparable net sales includes EUR 8.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

The non-recurring reorganisation costs of EUR 1.0 million (EUR 2.1 million) and the EUR 5.0 million impairment on EcoStream Oy's shares had a negative impact on operating profit. A sales gain of EUR 4.2 million on the divestment of L&T Recoil shares improved the reported operating profit in the comparison period.

**Financial summary**

	<b>7-9/ 2013</b>	<b>7-9/ 2012</b>	<b>Change %</b>	<b>1-9/ 2013</b>	<b>1-9/ 2012</b>	<b>Change %</b>	<b>1-12/ 2012</b>
Net sales, EUR million	<b>161.9</b>	161.2	0.4	<b>498.5</b>	502.2	-0.7	674.0
Operating profit excluding non-recurring items, EUR million*	<b>20.1</b>	19.7	2.3	<b>40.3</b>	36.9	9.2	47.4
Operating margin excluding non-recurring items, %	<b>12.4</b>	12.2		<b>8.1</b>	7.3		7.0
Operating profit, EUR million	<b>20.0</b>	19.6	2.0	<b>34.8</b>	38.7	-10.1	48.4
Operating margin, %	<b>12.4</b>	12.2		<b>7.0</b>	7.7		7.2
Profit before tax, EUR million	<b>18.9</b>	19.1	-0.9	<b>32.7</b>	33.8	-3.4	43.0
Earnings per share, EUR	<b>0.35</b>	0.40	-12.5	<b>0.61</b>	0.71	-14.1	0.89
EVA, EUR million	<b>15.0</b>	13.8	8.7	<b>19.3</b>	20.2	-4.5	24.1

\* Breakdown of operating profit excluding non-recurring items is presented below the division reviews.

**NET SALES AND FINANCIAL PERFORMANCE BY DIVISION****Environmental Services****Third quarter**

The division's net sales for the third quarter were down by 1.4% to EUR 65.4 million (EUR 66.4 million). Operating profit totalled EUR 11.9 million (EUR 11.0 million) and operating profit excluding non-recurring items was EUR 11.9 million (EUR 11.1 million).

Profitability developed favourably in the third quarter, thanks to a strict fixed cost management and greater operational efficiency.

Comparable net sales includes EUR 0.7 million worth of net sales generated by the divested parts of the eco product business.

**January-September**

The Environmental Services division's net sales for January–September amounted to EUR 192.2 million (EUR 201.0 million), showing a decrease of 4.4%. Operating profit totalled EUR 27.2 million (EUR 27.7 million) and operating profit excluding non-recurring items was EUR 27.2 million (EUR 24.0 million).

Comparable net sales includes EUR 8.0 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Comparable net sales remained at the comparison period's level, even though the recycling material volume declined following the slowdown in the building and retail trade sectors. Net sales growth could be attributed to new customer contracts and positive developments in the waste management business.

Efficiency enhancement and cost control measures contributed to the increase in operating profit.

**Industrial Services****Third quarter**

The division's net sales for the third quarter totalled EUR 20.9 million (EUR 18.1 million), showing an increase of 15.4%. Operating profit totalled EUR 2.3 million (EUR 1.8 million) and operating profit excluding non-recurring items was EUR 2.6 million (EUR 1.8 million).

The division's net sales grew, primarily as a result of the increase in net sales in environmental construction. Operating profit excluding non-recurring items rose thanks to efficiency enhancement measures and effective cost control.

**January-September**

The division's net sales for January-September totalled EUR 54.7 million (EUR 51.2 million), showing an increase of 6.7%. Operating profit totalled EUR 3.7 million (EUR 2.7 million) and operating profit excluding non-recurring items was EUR 4.0 million (EUR 3.1 million).

Net sales grew following an increase in demand for process cleaning. Demand for sewer maintenance services and environmental construction was modest at the start of the year, but improved during the summer and early autumn.

Hazardous waste services enjoyed healthy demand and strong profitability throughout the review period.

**Facility Services****Third quarter**

The division's net sales for the third quarter were down by 1.5% to EUR 71.6 million (EUR 72.7 million). Operating profit totalled EUR 6.7 million (EUR 7.8 million) and operating profit excluding non-recurring items was EUR 6.7 million (EUR 7.8 million).

The major restructuring process being deployed in the division continues to affect business profitability.

**January-September**

The division's net sales for January-September were down by 1.7% to EUR 220.8 million (EUR 224.7 million). Operating profit totalled EUR 10.0 million (EUR 10.5 million) and operating profit excluding non-recurring items was EUR 10.4 million (EUR 11.7 million).

The division's net sales declined from the comparison period, due to reduced demand for damage repair services and business downsizing in Sweden.

Costs incurred from the expansion of technical systems services had a negative effect on profitability, as did weak demand for damage repair services in the first half.

The Facility Services division implemented efficiency enhancement measures to improve its profitability. Profitability improved in the cleaning business, particularly in Sweden.

The entire business segment is currently going through a major restructuring process to adapt operations to the changes in market conditions, especially in cleaning and property maintenance.

**Renewable Energy Sources****Third quarter**

Third quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 6.9% to EUR 7.4 million (EUR 8.0 million). The division recorded an operating loss of EUR 0.2 million (operating loss EUR 0.4 million), and an operating loss excluding non-recurring items of EUR 0.4 million (operating loss EUR 0.4 million).

The decline in net sales can be largely attributed to business downsizing in Eastern Finland.

**January-September**

January-September net sales of Renewable Energy Sources (L&T Biowatti) were up by 12.0% to EUR 42.2 million (EUR 37.7 million). Operating profit amounted to EUR 0.9 million (operating loss EUR 0.3 million), and operating profit excluding non-recurring items was EUR 0.5 million (operating loss EUR 0.2 million).

There was a significant improvement in the division's net sales from the comparison period, due to strong demand for wood-based fuels.

In the first half, profitability suffered from the weaker energy content of fuels and higher logistics costs. Meanwhile, net sales growth and the efficiency improvement measures taken improved the operating profit.

**BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS**

EUR million	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
Operating profit	20.0	19.6	34.8	38.7	48.4
Non-recurring items:					
Gain on sale of L&T Biowatti Oy equipment	-0.2		-0.5		
Impairment of EcoStream Oy shares			5.0		
Gain on sale of holding in L&T Recoil Oy				-4.2	-4.2
Impairment of hazardous waste treatment facilities				0.3	0.5
Gain on sale of eco product business					-0.2
Restructuring costs	0.3	0.1	1.0	2.1	2.9
Operating profit excluding non-recurring items	20.1	19.7	40.3	36.9	47.4

**FINANCING**

Cash flows from operating activities amounted to EUR 61.1 million (EUR 49.7 million). A total of EUR 0.5 million in working capital was tied up (EUR 6.4 million tied up).

At the end of the period, interest-bearing liabilities amounted to EUR 87.4 million (EUR 114.0 million). L&T Recoil accounted for EUR 17.7 million of the interest-bearing liabilities in the reference period. Guarantees of EUR 16.4 million given by Lassila & Tikanoja to other providers of finance for these liabilities are still in force. In addition L&T had receivables from EcoStream Group of EUR 3.3 million.

Net interest-bearing liabilities amounted to EUR 65.3 million, showing a decrease of EUR 17.0 million from the beginning of the year and EUR 37.0 million from the comparison period.

Net finance costs in January-September amounted to EUR 2.1 million (EUR 4.9 million). Net finance costs were 0.4% (1.0%) of net sales. Net financial costs decreased, largely due to the EUR 2.0 million write-down on receivables from a subordinated loan in the comparison period.

The average interest rate on long-term loans (with interest-rate hedging) was 2.2% (2.4%). Long-term loans totalling EUR 10.1 million will mature during the rest of the year.

The equity ratio was 50.2% (47.5%) and the gearing rate 28.1 (45.1). Liquid assets at the end of the period amounted to EUR 22.1 million (EUR 11.7 million).

Of the EUR 100 million commercial paper programme, EUR 20.0 million (EUR 22.0 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 12 March 2013 resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share was paid for the financial year 2012. The capital repayment, totalling EUR 23.2 million, was paid to the shareholders on 22 March 2013.

**CAPITAL EXPENDITURE**

Capital expenditure for January-September totalled EUR 23.7 million (EUR 36.3 million) and was mainly comprised of machine and equipment purchases.

## PERSONNEL

In January-September the average number of employees converted into full-time equivalents was 8,298 (8,504). The total number of full-time and part-time employees at the end of the period was 9,017 (9,101). Of them 7,133 (7,078) people worked in Finland and 1,884 (2,023) people in other countries.

## SHARE AND SHARE CAPITAL

### Traded volume and price

The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in January-September was 5,428,265 which is 14.0% (20.6%) of the average number of outstanding shares. The value of trading was EUR 72.8 million (EUR 82.4 million). The trading price varied between EUR 11.60 and EUR 15.25. The closing price was EUR 15.08. The market capitalisation excluding the shares held by the company was EUR 583.7 million (EUR 410.1 million) at the end of the period.

### Own shares

At the end of the period the company held 92,247 of its own share shares, representing 0.2% 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 to 38,706,627 shares. The average number of shares excluding the shares held by the company totalled 38,703,026.

### Share-based incentive programme 2013

Lassila & Tikanoja plc's Board of Directors decided on 17 December 2012 on a new share-based incentive programme. The programme's earnings period began on 1 January 2013 and ends on 31 December 2013. Potential rewards to be paid for the year 2013 will be based on the EVA result of Lassila & Tikanoja group. Potential rewards will be paid partly as shares and partly in cash. A maximum total of 53,300 Lassila & Tikanoja plc shares may be paid out on the basis of the programme. The programme covers 10 persons.

### Shareholders

At the end of the period, the company had 9,204 (9,411) shareholders. Nominee-registered holdings accounted for 19.6% (16.7%) of the total number of shares.

### Authorisation for the Board of Directors

The Annual General Meeting held on 12 March 2013 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 the share issue and the issuance of special rights entitling to shares.

The Board of Directors is authorised to purchase a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The repurchase authorisation will be effective for 18 months.

The Board of Directors is authorised to decide on issuance of new shares or shares possibly held by the Company through share issue and/or issuance of option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that by virtue of the authorisation altogether 500,000 shares, which is 1.3% of the total number of shares, may be issued and/or conveyed at the maximum. The share issue authorisation will be effective for 18 months.

## RESOLUTIONS BY THE GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 12 March 2013, adopted the financial statements for the financial year 2012 and released the members of the Board of Directors and the President and CEO from liability.

The AGM resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share, as proposed by the Board of Directors, was paid for the financial year 2012 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 23.2 million, payment date was on 22 March 2013.

The Annual General Meeting confirmed the number of the members of the Board of Directors five. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala.

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 12 March 2013.

## **BOARD OF DIRECTORS**

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

From among its members, the Board elected Eero Hautaniemi as Chairman and Sakari Lassila and Miikka Maijala as members of the audit committee. Heikki Bergholm was elected as Chairman of the remuneration committee and Hille Korhonen as member of the committee.

## **SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 4, CHAPTER 6 OF THE SECURITIES MARKETS ACT**

In a release published on 25 March 2013, the company announced the comparable figures for 2012 based on the new business structure.

In a release published on 9 April 2013, the company announced that as part of EcoStream Oy's capital arrangements, Lassila & Tikanoja plc subscribed for EcoStream Oy shares for a total of EUR 2.0 million on 8 April 2013. The subscription price was EUR 3.00 per share. This subscription was financed through a conversion of Lassila & Tikanoja's remaining sale price receivable from the L&T Recoil Oy divestment, EUR 2.0 million, into EcoStream Oy shares. Consequently, the arrangement had no direct impact on cash flow. Following this arrangement and EcoStream Oy's other capital arrangements, Lassila & Tikanoja's ownership in EcoStream Oy fell to approximately 16.4 per cent.

In connection with the arrangement, Lassila & Tikanoja's Board of Directors decided on a write-down of all shares held by Lassila & Tikanoja plc to EUR 3.00 per share. As a result of this write-down, the company will record an impairment of EUR 5.1 million on EcoStream Oy's shares for the second quarter.

After the write-down, the balance sheet value of the EcoStream shares held by L&T will be approximately EUR 3.6 million.

The impairment will be treated as a non-recurring cost item, with no impact on cash flow.

In a release published on 1 July 2013, the company announced that the consideration of charges relating to L&T's overtime investigation was complete. The police investigation and the consideration of charges were aimed at the overtime work of 25 of L&T's property maintenance employees. On the basis of the consideration of charges, the District Prosecutor for Helsinki has decided to press charges against 21 former and current management staff at Lassila & Tikanoja, including Pekka Ojanpää, President and CEO since 1 November 2011.

In a release published on 23 September 2013, in conjunction with the Capital Markets Day, the company announced that its financial targets for the year 2016 remain unchanged. The theme of the Capital Markets Day was: "L&T moving from re-structuring to profitable growth".

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

Economic uncertainty may cause major changes in the Environmental Services division's secondary raw material markets and in the Industrial Services division's demand.

Uncertainties associated with government subsidies for renewable fuels and with their continuity could affect demand for the Renewable Energy Sources division's services.

L&T's liabilities in EcoStream Group amount to EUR 23.3 million, of which EUR 16.4 million have an impact on cash flow. The EUR 16.4 million guarantee given by L&T to other financiers on L&T Recoil Oy's bank loans is still in effect. Furthermore, L&T has outstanding receivables from the EcoStream Group totalling EUR 3.3 million, and holds EcoStream Oy shares worth EUR 3.6 million.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2012, in the report of the Board of Directors, and in the consolidated financial statements.

#### **OUTLOOK FOR THE REST OF THE YEAR**

Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.

**CONDENSED FINANCIAL STATEMENTS 1 JANUARY–30 SEPTEMBER 2013****CONSOLIDATED INCOME STATEMENT**

EUR 1 000	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
<b>Net sales</b>	<b>161 909</b>	161 216	<b>498 512</b>	502 194	673 985
Cost of sales	<b>-136 298</b>	-135 695	<b>-440 153</b>	-446 705	-602 581
<b>Gross profit</b>	<b>25 611</b>	25 521	<b>58 359</b>	55 489	71 404
Other operating income	<b>1 206</b>	614	<b>2 952</b>	6 173	7 708
Selling and marketing costs	<b>-3 130</b>	-3 380	<b>-10 534</b>	-12 416	-16 745
Administrative expenses	<b>-3 048</b>	-2 747	<b>-9 285</b>	-9 163	-12 090
Other operating expenses	<b>-620</b>	-379	<b>-1 667</b>	-1 075	-1 584
Impairment, non-current assets	<b>0</b>		<b>-5 027</b>	-302	-302
Impairment, goodwill and other intangible assets					
<b>Operating profit</b>	<b>20 019</b>	19 629	<b>34 798</b>	38 706	48 391
Finance income	<b>102</b>	255	<b>333</b>	758	860
Finance costs	<b>-1 234</b>	-823	<b>-2 463</b>	-5 642	-6 256
<b>Profit before tax</b>	<b>18 887</b>	19 061	<b>32 668</b>	33 822	42 995
Income tax expense	<b>-5 297</b>	-3 770	<b>-9 147</b>	-6 426	-8 543
<b>Profit for the period</b>	<b>13 590</b>	15 291	<b>23 521</b>	27 396	34 452
<b>Attributable to:</b>					
Equity holders of the company	<b>13 589</b>	15 293	<b>23 524</b>	27 404	34 459
Non-controlling interest	<b>1</b>	-2	<b>-3</b>	-8	-7
<b>Earnings per share for profit attributable to the equity holders of the company:</b>					
Basic earnings per share, EUR	<b>0.35</b>	0.40	<b>0.61</b>	0.71	0.89
Diluted earnings per share, EUR	<b>0.35</b>	0.40	<b>0.61</b>	0.71	0.89



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR 1 000	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
<b>Profit for the period</b>	<b>13 590</b>	15 291	<b>23 521</b>	27 396	34 452
<b>Items not to be recognised through profit or loss</b>					
Items arising from re-measurement of defined benefit plans					-189
Items not to be recognised through profit or loss, total	<b>0</b>	0	<b>0</b>	0	-189
<b>Items potentially to be recognised through profit or loss</b>					
Hedging reserve, change in fair value	<b>375</b>	1 141	<b>119</b>	1 798	1 098
Revaluation reserve					
Gains in the period	<b>0</b>	-2	<b>-1</b>	1	2
Current available-for-sale financial assets	<b>0</b>	-2	<b>-2</b>	1	2
Currency translation differences	<b>642</b>	688	<b>-189</b>	768	627
Currency translation differences, non-controlling interest	<b>-6</b>	8	<b>-22</b>	11	10
<b>Items potentially to be recognised through profit or loss, total</b>	<b>1 011</b>	1 835	<b>-94</b>	2 578	1 737
<b>Total comprehensive income, after tax</b>	<b>14 601</b>	17 126	<b>23 426</b>	29 974	36 000
<b>Attributable to:</b>					
Equity holders of the company	<b>14 605</b>	17 120	<b>23 451</b>	29 971	35 997
Non-controlling interest	<b>-5</b>	6	<b>-25</b>	3	3

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR 1 000	9/2013	9/2012	12/2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	120 057	120 212	120 189
Customer contracts arising from acquisitions	5 733	8 241	7 880
Agreements on prohibition of competition	727	2 181	1 810
Other intangible assets arising from business acquisitions	41	62	57
Other intangible assets	7 958	8 590	8 494
	<b>134 516</b>	139 286	138 430
Property, plant and equipment			
Land	3 738	4 140	3 844
Buildings and constructions	49 889	47 579	52 393
Machinery and equipment	115 568	120 953	121 179
Other	86	87	86
Prepayments and construction in progress	3 601	5 893	2 657
	<b>172 882</b>	178 652	180 159
Other non-current assets			
Available-for-sale investments	4 253	7 293	7 284
Finance lease receivables	3 746	3 706	3 608
Deferred tax assets	2 719	3 537	3 845
Other receivables	5 744	2 853	2 755
	<b>16 462</b>	17 389	17 492
<b>Total non-current assets</b>	<b>323 860</b>	335 327	336 081
<b>Current assets</b>			
Inventories	29 326	29 696	24 884
Trade and other receivables	97 358	106 048	103 925
Derivative receivables	717	356	1 290
Prepayments	2 016	2 841	491
Current available-for-sale financial assets	0	2 400	2 499
Cash and cash equivalents	22 094	9 326	12 083
<b>Total current assets</b>	<b>151 511</b>	150 667	145 172
<b>TOTAL ASSETS</b>	<b>475 371</b>	485 994	481 253

EUR 1 000	9/2013	9/2012	12/2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the company			
Share capital	19 399	19 399	19 399
Share premium reserve			
Other reserves	-816	98	-743
Unrestricted equity reserve	6 103	29 381	29 381
Retained earnings	184 273	150 227	150 233
Profit for the period	23 524	27 404	34 459
	<b>232 483</b>	226 509	232 729
Non-controlling interest	249	274	274
<b>Total equity</b>	<b>232 732</b>	226 783	233 003
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liabilities	31 116	30 586	31 313
Retirement benefit obligations	899	665	672
Provisions	4 068	2 835	4 304
Borrowings	39 898	67 575	57 961
Other liabilities	858	970	942
	<b>76 839</b>	102 631	95 192
Current liabilities			
Borrowings	47 493	46 431	38 915
Trade and other payables	117 689	110 321	112 880
Derivative liabilities	491	-482	1 129
Tax liabilities	2	14	14
Provisions	125	296	120
	<b>165 800</b>	156 580	153 058
<b>Total liabilities</b>	<b>242 639</b>	259 211	248 250
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>475 371</b>	485 994	481 253

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR 1 000	9/2013	9/2012	12/2012
<b>Cash flows from operating activities</b>			
Profit for the period	23 521	27 396	34 452
<b>Adjustments</b>			
Income tax expense	9 147	6 426	8 543
Depreciation, amortisation and impairment	36 545	32 880	43 642
Finance income and costs	2 130	4 883	5 395
Gain on sale of shares	-1 066	-4 181	-4 181
Other	-575	-235	1 603
Net cash generated from operating activities before change in working capital	69 702	67 169	89 454
Change in working capital			
Change in trade and other receivables	849	-16 635	-10 574
Change in inventories	-4 436	-4 934	-121
Change in trade and other payables	4 097	15 137	17 096
Change in working capital	510	-6 432	6 401
Interest paid	-2 461	-3 529	-5 070
Interest received	340	686	830
Income tax paid	-6 985	-8 151	-11 127
<b>Net cash from operating activities</b>	<b>61 106</b>	<b>49 743</b>	<b>80 488</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired		-807	-2 498
Proceeds from sale of subsidiaries and businesses, net of sold cash		7 820	7 820
Purchases of property, plant and equipment and intangible assets	-19 318	-29 021	-40 659
Proceeds from sale of property, plant and equipment and intangible assets	1 066	519	2 826
Purchases of available-for-sale investments			
Change in other non-current receivables	-2 988	462	560
Proceeds from sale of available-for-sale investments			
Dividends received	1	1	1
<b>Net cash used in investing activities</b>	<b>-21 239</b>	<b>-21 026</b>	<b>-31 950</b>
<b>Cash flows from financing activities</b>			
Change in short-term borrowings	8 002	4 133	-5 781
Proceeds from long-term borrowings		10 200	10 200
Repayments of long-term borrowings	-17 052	-18 202	-25 254
Dividends paid and other asset distribution	-23 197	-21 254	-21 254
Repurchase of own shares			
<b>Net cash generated from financing activities</b>	<b>-32 247</b>	<b>-25 123</b>	<b>-42 089</b>

EUR 1 000	9/2013	9/2012	12/2012
<b>Net change in liquid assets</b>	<b>7 620</b>	3 594	6 449
Liquid assets at beginning of period	<b>14 582</b>	8 069	8 069
Effect of changes in foreign exchange rates	<b>-108</b>	63	64
Change in fair value of current available-for-sale investments			
<b>Liquid assets at end of period</b>	<b>22 094</b>	11 726	14 582
<b>Liquid assets</b>			
EUR 1 000	9/2013	9/2012	12/2012
Cash and cash equivalents	<b>22 094</b>	9 326	12 083
Available-for-sale financial assets		2 400	2 499
Total	<b>22 094</b>	11 726	14 582

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR 1 000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
<b>Equity at 1.1.2013</b>	<b>19 399</b>	<b>0</b>	<b>-785</b>	<b>2</b>	<b>41</b>	<b>29 381</b>	<b>184 692</b>	<b>232 729</b>	<b>274</b>	<b>233 003</b>
Amendment in IAS19							-189	-189		-189
<b>Equity at 1.1.2013</b>	<b>19 399</b>	<b>0</b>	<b>-785</b>	<b>2</b>	<b>41</b>	<b>29 381</b>	<b>184 503</b>	<b>232 540</b>	<b>274</b>	<b>232 814</b>
Expense recognition of share-based benefits						-57	-530	-587		-587
Capital repayment						-23 221	299	-22 922		-22 922
Total comprehensive income			-189	-2	118		23 524	23 451	-25	23 426
Other differences							1	1		1
<b>Equity at 30.9.2013</b>	<b>19 399</b>	<b>0</b>	<b>-974</b>	<b>0</b>	<b>159</b>	<b>6 103</b>	<b>207 797</b>	<b>232 483</b>	<b>249</b>	<b>232 732</b>
<b>Equity at 1.1.2012</b>	<b>19 399</b>	<b>0</b>	<b>-1 412</b>	<b>0</b>	<b>-1 057</b>	<b>50 658</b>	<b>150 085</b>	<b>217 673</b>	<b>271</b>	<b>217 944</b>
Amendment in IAS19							93	93		93
Expense recognition of share-based benefits							120	120		120
Capital repayment						-21 277	22	-21 255		-21 255
Total comprehensive income			768	1	1 798		27 404	29 971	3	29 974
<b>Equity at 30.9.2012</b>	<b>19 399</b>	<b>0</b>	<b>-644</b>	<b>1</b>	<b>741</b>	<b>29 381</b>	<b>177 724</b>	<b>226 602</b>	<b>274</b>	<b>226 876</b>

**KEY FIGURES**

	<b>7-9/ 2013</b>	<b>7-9/ 2012</b>	<b>1-9/ 2013</b>	<b>1-9/ 2012</b>	<b>1-12/ 2012</b>
Earnings per share, EUR	<b>0.35</b>	0.40	<b>0.61</b>	0.71	0.89
Earnings per share, diluted, EUR	<b>0.35</b>	0.40	<b>0.61</b>	0.71	0.89
Cash flows from operating activities per share, EUR	<b>0.43</b>	0.47	<b>1.58</b>	1.29	2.08
EVA, EUR million	<b>15.0</b>	13.8	<b>19.3</b>	20.2	24.1
Capital expenditure, EUR 1000	<b>7 068</b>	8 432	<b>23 724</b>	36 265	49 385
Depreciation, amortisation and impairment, EUR 1000	<b>10 427</b>	10 757	<b>36 545</b>	32 880	43 641
Equity per share, EUR			<b>6.01</b>	5.85	6.01
Return on equity, ROE, %			<b>13.5</b>	16.4	15.3
Return on invested capital, ROI, %			<b>14.4</b>	15.2	14.4
Equity ratio, %			<b>50.2</b>	47.5	49.4
Gearing, %			<b>28.1</b>	45.1	35.3
Net interest-bearing liabilities, EUR 1000			<b>65 297</b>	102 281	82 294
Average number of employees in full-time equivalents			<b>8 298</b>	8 504	8 399
Total number of full-time and part-time employees at end of period			<b>9 017</b>	9 101	8 962
Number of outstanding shares adjusted for issues, 1000 shares					
average during the period			<b>38 703</b>	38 687	38 688
at end of period			<b>38 707</b>	38 692	38 692
average during the period, diluted			<b>38 729</b>	38 689	38 701

**ACCOUNTING POLICIES**

This interim report release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2012 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2013 have not had an impact on the financial statements:

- IAS 19 (Amendment) Employee Benefits

Key changes: The amendment eliminates the use of the 'corridor' approach. The definition of estimated return on funded defined benefit plan assets will change. Financial cost is determined on the net assets (included in the obligation and in the plan). Impact on statement of financial position on 31 December 2012 and statement of comprehensive income for the period 1 January 2012–31 December 2012 EUR 189 thousand.

- IFRS 13 Fair Value Measurement

The new standard sets out the requirement to determine fair value and to disclose related information in the financial statements; the new standard also includes a definition of fair value. The use of fair value is not extended, but the standard offers guidelines for value definition when another standard requires or permits fair value measurements. IFRS 13 extends the disclosure requirement for assets measured at fair value not included in financial assets. The EU has not yet approved the new standard for application. The new standard is not expected to have a material impact on consolidated financial statements.

- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment includes more extensive disclosure requirements; entities are required to disclose numerical information on financial assets presented in net amount in the statement of financial position, and on financial assets subject to master netting arrangements or similar agreements, even if presented

in gross amount in the statement of financial position. The amendment will be adopted for application in the 2013 financial statements. The required disclosures must be presented retrospectively. The amendment has not yet been approved for application in the EU. The amendment does not have a material impact on the consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the carrying amounts on the balance sheet date for assets and liabilities and the amounts of revenues and expenses. In addition, the management makes judgements when making decisions on application of accounting policies. Actual results may differ from the estimates and assumptions.

The interim report has not been audited.

## SEGMENT INFORMATION

### Net sales

EUR 1 000	7-9/2013			7-9/2012			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	64 852	581	65 433	65 312	1 076	66 388	-1.4
Industrial Services	19 939	994	20 933	17 221	924	18 145	15.4
Facility Services	70 581	1 064	71 645	71 702	1 006	72 708	-1.5
Renewable Energy Sources	6 537	893	7 430	6 981	996	7 977	-6.9
Eliminations		-3 532	-3 532		-4 002	-4 002	
L&T total	161 909	0	161 909	161 216	0	161 216	0.4

EUR 1 000	1-9/2013			1-9/2012			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	189 653	2 578	192 231	196 855	4 136	200 991	-4.4
Industrial Services	51 927	2 738	54 665	48 798	2 428	51 226	6.7
Facility Services	217 681	3 155	220 836	221 924	2 780	224 704	-1.7
Renewable Energy Sources	39 251	2 940	42 191	34 617	3 043	37 660	12.0
Eliminations		-11 411	-11 411		-12 387	-12 387	
L&T total	498 512	0	498 512	502 194	0	502 194	-0.7

EUR 1 000	1-12/2012		
	External	Inter-division	Total
Environmental Services	259 791	5 870	265 661
Industrial Services	66 863	3 133	69 996
Facility Services	295 451	4 042	299 493
Renewable Energy Sources	51 880	4 067	55 947
Eliminations		-17 112	-17 112
L&T total	673 985	0	673 985



**Operating profit**

EUR 1 000	<b>7-9/ 2013</b>	%	<b>7-9/ 2012</b>	%	<b>1-9/ 2013</b>	%	<b>1-9/ 2012</b>	%	<b>1-12/ 2012</b>	%
Environmental Services	<b>11 888</b>	18.2	11 019	16.6	<b>27 171</b>	14.1	27 659	13.8	34 251	12.9
Industrial Services	<b>2 281</b>	10.9	1 789	9.9	<b>3 657</b>	6.7	2 731	5.3	3 892	5.6
Facility Services	<b>6 745</b>	9.4	7 843	10.8	<b>10 004</b>	4.5	10 464	4.7	12 980	4.3
Renewable Energy Sources	<b>-203</b>	-2.7	-384	-4.8	<b>858</b>	2.0	-330	-0.9	-61	-0.1
Group admin. and other	<b>-692</b>		-638		<b>-6 892</b>		-1 818		-2 671	
L&T total	<b>20 019</b>	12.4	19 629	12.2	<b>34 798</b>	7.0	38 706	7.7	48 391	7.2
Finance costs, net	<b>-1 132</b>		-568		<b>-2 130</b>		-4 884		-5 396	
Profit before tax	<b>18 887</b>		19 061		<b>32 668</b>		33 822		42 995	

**Other segment information**

EUR 1 000	9/2013		9/2012		12/2012
<b>Assets</b>					
Environmental Services	217 333		235 573		228 457
Industrial Services	74 203		81 507		81 573
Facility Services	112 483		108 542		105 718
Renewable Energy Sources	30 811		30 565		30 179
Group admin. and other	7 477		9 847		9 853
Unallocated assets	33 064		19 960		25 473
L&T total	475 371		485 994		481 253
<b>Liabilities</b>					
Environmental Services	45 954		42 914		42 381
Industrial Services	21 381		17 771		18 687
Facility Services	47 274		45 902		50 073
Renewable Energy Sources	7 397		6 662		6 094
Group admin. and other	1 349		1 424		1 378
Unallocated assets	119 284		144 538		129 637
L&T total	242 639		259 211		248 250
EUR 1 000	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
<b>Capital expenditure</b>					
Environmental Services	3 902	2 974	11 259	11 029	16 149
Industrial Services	714	1 916	2 299	6 415	11 272
Facility Services	2 319	3 455	7 860	11 697	14 727
Renewable Energy Sources	86	43	168	373	486
Group admin. and other	47	44	2 138	6 751	6 751
L&T total	7 068	8 432	23 724	36 265	49 385
<b>Depreciation and amortisation</b>					
Environmental Services	5 413	5 987	16 472	18 785	24 690
Industrial Services	1 648	1 854	4 995	5 174	7 084
Facility Services	3 299	2 842	9 825	8 403	11 276
Renewable Energy Sources	61	73	213	211	281
Group admin. and other	6	1	13	5	9
L&T total	10 427	10 757	31 518	32 578	43 340
<b>Impairment</b>					
Environmental Services				302	302
Group admin. and other			5 027		
L&T total	0	0	5 027	302	302

**INCOME STATEMENT BY QUARTER**

EUR 1 000	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
<b>Net sales</b>							
Environmental Services	65 433	66 597	60 201	64 670	66 388	69 136	65 467
Industrial Services	20 933	20 002	13 730	18 770	18 145	20 158	12 923
Facility Services	71 645	73 395	75 796	74 789	72 708	72 376	79 620
Renewable Energy Sources	7 430	12 991	21 770	18 287	7 977	12 099	17 584
Group admin. and other							
Inter-division net sales	-3 532	-4 103	-3 776	-4 725	-4 002	-4 077	-4 308
<b>L&amp;T total</b>	<b>161 909</b>	168 882	167 721	171 791	161 216	169 692	171 286
<b>Operating profit</b>							
Environmental Services	11 888	9 059	6 224	6 592	11 019	12 368	4 272
Industrial Services	2 281	1 895	-519	1 161	1 789	2 199	-1 257
Facility Services	6 745	2 830	429	2 516	7 843	1 025	1 596
Renewable Energy Sources	-203	94	967	269	-384	-733	787
Group admin. and other	-692	-5 397	-803	-853	-638	-715	-465
<b>L&amp;T total</b>	<b>20 019</b>	8 481	6 298	9 685	19 629	14 144	4 933
<b>Operating margin</b>							
Environmental Services	18.2	13.6	10.3	10.2	16.6	17.9	6.5
Industrial Services	10.9	9.5	-3.8	6.2	9.9	10.9	-9.7
Facility Services	9.4	3.9	0.6	3.4	10.8	1.4	2.0
Renewable Energy Sources	-2.7	0.7	4.4	1.5	-4.8	-6.1	4.5
<b>L&amp;T total</b>	<b>12.4</b>	5.0	3.8	5.6	12.2	8.3	2.9
Finance costs, net	-1 132	-590	-408	-512	-568	-3 356	-960
<b>Profit before tax</b>	<b>18 887</b>	7 891	5 890	9 173	19 061	10 788	3 973

**BUSINESS ACQUISITIONS**

In January-September 2013 Lassila & Tikanoja made no business acquisitions.

The accounting policy concerning business combinations is presented in Annual Report under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

**CHANGES IN INTANGIBLE ASSETS**

EUR 1 000	1-9/2013	1-9/2012	1-12/2012
Carrying amount at beginning of period	<b>138 430</b>	144 489	144 489
Business acquisitions		433	1 110
Other capital expenditure	<b>1 853</b>	1 556	2 322
Disposals		-1 685	-1 957
Amortisation and impairment	<b>-5 283</b>	-6 193	-8 023
Transfers between items			
Exchange differences	<b>-484</b>	686	489
Carrying amount at end of period	<b>134 516</b>	139 286	138 430

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR 1 000	1-9/2013	1-9/2012	1-12/2012
Carrying amount at beginning of period	<b>180 159</b>	207 522	207 522
Business acquisitions		515	2 438
Other capital expenditure	<b>19 870</b>	27 056	36 810
Disposals	<b>-688</b>	-30 078	-31 258
Depreciation and impairment	<b>-26 235</b>	-26 687	-35 619
Transfers between items			
Exchange differences	<b>-224</b>	324	266
Carrying amount at end of period	<b>172 882</b>	178 652	180 159

**CAPITAL COMMITMENTS**

EUR 1 000	1-9/2013	1-9/2012	1-12/2012
Intangible assets	<b>0</b>	0	109
Property, plant and equipment	<b>5 101</b>	4 836	1 953
Total	<b>5 101</b>	4 836	2 062

The Group's share of capital commitments

**RELATED-PARTY TRANSACTIONS**

(Joint ventures)

EUR 1 000	1-9/2013	1-9/2012	1-12/2012
Sales		939	939
Other operating income			24
Interest income		24	391
Non-current receivables		391	
Capital loan receivable			0
Current receivables		0	
Trade receivables			0
Loan receivables		0	0

**FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

EUR 1 000	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level under IFRS 7
<b>Non-current financial assets</b>								
			4 251			4 251	4 251	3
		3 746				3 746	3 930	
		5 743				5 743	5 743	
<b>Current financial assets</b>								
		78 493				78 493	78 493	
					716	716	716	2
								2
		22 093				22 093	22 093	
<b>Total financial assets</b>		<b>110 075</b>	<b>4 251</b>	<b>0</b>	<b>716</b>	<b>115 042</b>	<b>115 226</b>	
<b>Non-current financial liabilities</b>								
				39 898		39 898	40 060	
				540		540	540	
<b>Current financial liabilities</b>								
				47 494		47 494		
				54 454		54 454		
					491	491	491	2
<b>Total financial liabilities</b>				<b>142 386</b>	<b>491</b>	<b>142 877</b>	<b>41 091</b>	

**CONTINGENT LIABILITIES****Securities for own commitments**

EUR 1 000	9/2013	9/2012	12/2012
Mortgages on rights of tenancy	186	186	186
Company mortgages	583	460	583
Other securities	180	187	178
Bank guarantees required for environmental permits	8 712	6 255	6 483

Other securities are security deposits.

**Off balance sheet liabilities**

Lassila & Tikanoja plc has given a guarantee for a share of 50 percent of L&T Recoil Oy's financial liabilities.

The guarantee is valid no later than the maturity date of the liabilities on 31 August 2014.

The financial liabilities of L&T Recoil totalled EUR 32.8 million on 30 September 2013.

**Operating lease liabilities**

EUR 1 000	9/2013	9/2012	12/2012
Maturity not later than one year	4 946	6 117	5 556
Maturity later than one year and not later than five years	5 599	8 678	8 377
Maturity later than five years	2 146	2 387	2 274
Total	12 691	17 182	16 206

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

EUR 1 000	9/2013	9/2012	12/2012
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	17 109		14 229
Maturity later than one year and not later than five years	19 539		28 940
Maturity later than five years	1 818		2 727
Total	38 466	0	45 896
Fair value	-491		-1 129
Nominal value of interest rate swaps**			
Maturity not later than one year		4 000	0
Maturity later than one year and not later than five years		12 000	0
Maturity later than five years			0
Total	0	16 000	0
Fair value		-223	0

\* The interest rate swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data at the balance sheet date.

\*\* Hedge accounting under IAS 39 has not been applied to these interest rate swaps. Changes in fair values have been recognised in finance income and costs.

**Commodity derivatives**

metric tonnes	9/2013	9/2012	12/2012
Nominal values of diesel swaps			
Maturity not later than one year	4524	3 816	5 136
Maturity later than one year and not later than five years	0	636	660
Total	4 524	4 452	5 796
Fair value, EUR 1000	16	356	136

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 – compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

**Currency forwards**

EUR 1 000	9/2013	9/2012	12/2012
Volume of forward contracts			
Maturity not later than one year	0	1 099	775
Fair value	0	-6	4

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair values have been recognised in finance income and costs.

**Cross currency interest rate swaps**

EUR 1 000	9/2013	9/2012	12/2012
<b>Maturity of cross currency interest rate swaps under hedge accounting</b>			
Maturity not later than one year	11 200	12 444	12 800
Maturity later than one year and not later than five years	12 267	31 082	16 667
Total	23 467	43 526	29 467
Fair value, EUR 1 000	700	712	1 150

The contracts are used to hedge cash flow related to foreign currency floating rate loans. The changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.7 million negative.

**CALCULATION OF KEY FIGURES**

Earnings per share:

profit attributable to equity holders of the parent company / adjusted average basic number of shares

Earnings per share, diluted:

profit attributable to equity holders of the parent company / adjusted average diluted number of shares

Cash flows from operating activities/share:

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

EVA:

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

WACC 2012: 7.1%

WACC 2013: 6.5%

Equity per share:

equity attributable to equity holders of the parent company / adjusted basic number of shares at end of period

Return on equity, % (ROE):  
 $(\text{profit for the period} / \text{equity (average)}) \times 100$

Return on investment, % (ROI):  
 $(\text{profit before tax} + \text{finance costs}) / (\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average)}) \times 100$

Equity ratio, %:  
 $\text{equity} / (\text{total equity and liabilities} - \text{advances received}) \times 100$

Gearing, %:  
 $\text{net interest-bearing liabilities} / \text{equity} \times 100$

Net interest-bearing liabilities:  
 $\text{interest-bearing liabilities} - \text{liquid assets}$

Operating profit excluding non-recurring items:  
 $\text{operating profit} \pm \text{non-recurring items}$

Helsinki, 22 October 2013

LASSILA & TIKANOJA PLC  
Board of Directors

Pekka Ojanpää  
President and CEO

For additional information please contact:  
Pekka Ojanpää, President and CEO, tel. +358 10 636 2810 or  
Timo Leinonen, CFO, tel. +358 400 793 073.

Lassila & Tikanoja is a service company that is transforming the 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 to save the environment. Together, we create well-being and jobs. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,000 persons. Net sales in 2012 amounted to EUR 674.0 million. L&T is listed on NASDAQ OMX Helsinki.

Distribution:  
NASDAQ OMX Helsinki  
Major media  
[www.lassila-tikanoja.com](http://www.lassila-tikanoja.com)