



# LASSILA & TIKANOJA

Financial Statements 2015  
Pekka Ojanpää, President and CEO  
3 February 2016



# HIGHLIGHTS OF Q4/2015

- Net sales EUR 165.2m (EUR 162.3m) 1,8% (yoy)
  - Net sales grew particularly in Facility Services due to acquisitions and slightly in Industrial Services also.
  - Net sales decreased in Environmental Services and Renewable Energy Sources due to lower service demand and the lower prices of secondary raw materials.
- Operating profit EUR 9.7m (EUR 14.0m);  
operating profit excl. EO items EUR 11.3m (EUR 13.2m)
  - The decline in operating profit excl. EO items was mainly due to the weaker result of Environmental Services division, which was attributable to lower volumes of recyclable materials as well as the lower market prices of secondary raw materials.
  - Operating profit was reduced by restructuring costs of EUR 1.6 million, primarily in Facility Services.

# HIGHLIGHTS OF 2015

- Net sales EUR 646.3m (EUR 639.7m) 1.0% (yoy)
  - Net sales grew in Facility Services and Environmental Services, primarily due to acquisitions.
  - Net sales of Industrial Services and Renewable Energy Sources decreased due to lower service demand.
- Operating profit EUR 49.9m (EUR 48.5m);  
operating profit excl. EO items EUR 52.5m (EUR 53.8m)
  - Operating profit excl. EO items decreased slightly from the previous year, primarily due to weak development of Facility Services' result.
  - Operating profit excl. EO items also decreased slightly in Industrial Services but increased significantly in Renewable Energy Sources and slightly in Environmental Services.
  - Cash flow from operating activities was strong.
- Accident frequency improved to a record low level.

# KEY FIGURES

	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales, EUR million	<b>165.2</b>	162.3	1.8	<b>646.3</b>	639.7	1.0
Operating profit excl. EO items. EUR million	<b>11.3</b>	13.2	-14.6	<b>52.5</b>	53.8	-2.3
Operating margin excl. EO items. %	<b>6.8</b>	8.1		<b>8.1</b>	8.4	
Operating profit, EUR million	<b>9.7</b>	14.0	-30.8	<b>49.9</b>	48.5	2.9
Profit before tax, EUR million	<b>8.6</b>	10.6	-18.6	<b>47.7</b>	26.6	79.2
Earnings per share, EUR	<b>0.18</b>	0.21	-16.9	<b>0.98</b>	0.47	109.7
Dividend per share, EUR				<b>0.85*</b>	0.75	13.3
EVA, EUR million	<b>4.7</b>	9.5	-50.2	<b>30.3</b>	29.1	4.1

\* Proposal by the Board of Directors

# KEY FIGURES

	Q4/15	Q4/14	Change %	2015	2014	Change %
Capital expenditure, EUR million	<b>18.4</b>	16.8	9.3	<b>49.6</b>	44.7	10.9
Depreciation, amortisation and impairment, EUR million	<b>10.0</b>	10.2	-1.2	<b>40.0</b>	40.2	-0.5
Net cash from operating activities, EUR million				<b>89.8</b>	79.6	12.8
Return on equity (ROE), %				<b>18.2</b>	8.7	
Return on invested capital (ROI), %				<b>16.5</b>	15.4	
Equity ratio, %				<b>46.5</b>	46.3	
Gearing, %				<b>19.8</b>	25.2	

# OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, M€

	Q4/15	Q4/14	Change %	2015	2014	Change %
Environmental Services	<b>7.6</b>	9.0	-16.0	<b>36.1</b>	35.9	0.4
Industrial Services	<b>1.8</b>	2.1	-12.7	<b>6.8</b>	7.1	-3.1
Facility Services	<b>2.5</b>	2.6	-5.1	<b>10.5</b>	11.7	-10.1
Renewable Energy Sources	<b>0.3</b>	0.6	-50,4	<b>2.1</b>	1.4	46.8
<b>L&amp;T Group</b>	<b>11.3</b>	13.2	-14.5	<b>52.5</b>	53.8	-2.3

# FINANCIAL TARGETS

Key figure	Target 2018	Actual 2015	Actual 2014	Actual 2013
Growth, %	5	<b>1.0</b>	-4.3	-0.9
Return on investment (ROI)*, %	20	<b>17.3</b>	16.9	15.7
EBIT (excl. EO items), %	9	<b>8.1</b>	8.4	7.8
Gearing, %	0–70	<b>19.8</b>	25.2	30.4

\* Excl. EO items

- SER 3 February 2016: The Board of Directors of Lassila & Tikanoja plc has decided to change its target range for gearing for the strategy period 2014 - 2018. The new range is 0 - 70 per cent. The previous range was 30 - 80 per cent. The change is based on the company's strong cash flow as well as the need to prepare for potential acquisitions and other capital expenditure.

# ENVIRONMENTAL SERVICES

- Full-year net sales increased primarily due to acquisitions.
- In the final quarter net sales decreased due to lower demand and price of services produced for municipal waste management companies.
- In the environmental products business, net sales decreased due to the discontinuation of certain products.
- The demand for waste management and recycling services also declined in Russia.
- Operating profit excl. EO items increased slightly due to the improved profitability of the recycling business early in the year.
- At the end of the year, operating profit was decreased by the lower volume of recyclable materials and the decreased market prices of secondary raw materials.



EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	<b>64.2</b>	64.8	-0.9	<b>256.5</b>	254.5	0.8
Operating profit excl. EO items	<b>7.6</b>	9.0	-16.0	<b>36.1</b>	35.9	0.4
Operating margin excl. EO items	<b>11.8%</b>	14.0%		<b>14.1%</b>	14.1%	



# INDUSTRIAL SERVICES

- Demand for process cleaning services remained strong almost throughout the year. Especially in the final quarter strong demand for process cleaning services supported the net sales and profitability of the whole division.
- Demand grew in sewer maintenance services in the final quarter but full-year net sales decreased due to the closure of unprofitable units. Operating result of the business improved significantly due to restructuring measures.
- In environmental construction net sales remained on previous years' level but the profitability declined both in the final quarter and in 2015.
- Demand for hazardous waste services and the price of waste oil remained at a low level in the second half of the year, which had a negative impact on net sales and operating profit.



EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	<b>20.3</b>	20.3	0.2	<b>77.0</b>	77.8	-1.0
Operating profit excl. EO items	<b>1.8</b>	2.1	-12.7	<b>6.8</b>	7.1	-3.1
Operating margin excl. EO items	<b>9.1%</b>	10.4%		<b>8.9%</b>	9.1%	

# FACILITY SERVICES

- Technical systems maintenance business saw strong growth supported by organic sales growth and acquisitions, but the business recorded a loss both in the final quarter and in 2015.
- Service demand grew in cleaning and property maintenance. Also profitability of property maintenance improved significantly year-on-year.
- In the cleaning business, profitability was negatively affected by start-up costs related to several new contracts as well as the weaker profitability of the cleaning business in Sweden.
- Net sales of the renovation business declined as a result of the low number of damage incidents and the implementation of restructuring measures, which significantly reduced operating loss of the business.
- In the final quarter, operating profit was reduced by restructuring costs of EUR 1.5 million.



EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	71.7	68.8	4.3	282.9	274.7	3.0
Operating profit excl. EO items	2.5	2.6	-5.1	10.5	11.7	-10.1
Operating margin excl. EO items	3.5%	3.8%		3.7%	4.2%	

# RENEWABLE ENERGY SOURCES

- Due to short heating seasons, demand for biofuels remained on a low level throughout the year.
- Full-year net sales were also decreased by the continued refocusing of business operations on selected geographic areas.
- Full-year profitability improved significantly due to efficiency improvement measures and the good energy content of fuels. In the final quarter, operating profit was negatively affected by impairment recognised on the inventory of raw materials.



EUR million	Q4/15	Q4/14	Change %	2015	2014	Change %
Net sales	11.7	12.0	-1.8	39.4	44.2	-10.9
Operating profit excl. EO items	0.3	0.6	-50.4	2.1	1.4	46.8
Operating margin excl. EO items	2.6%	5.1%		5.3%	3.2%	

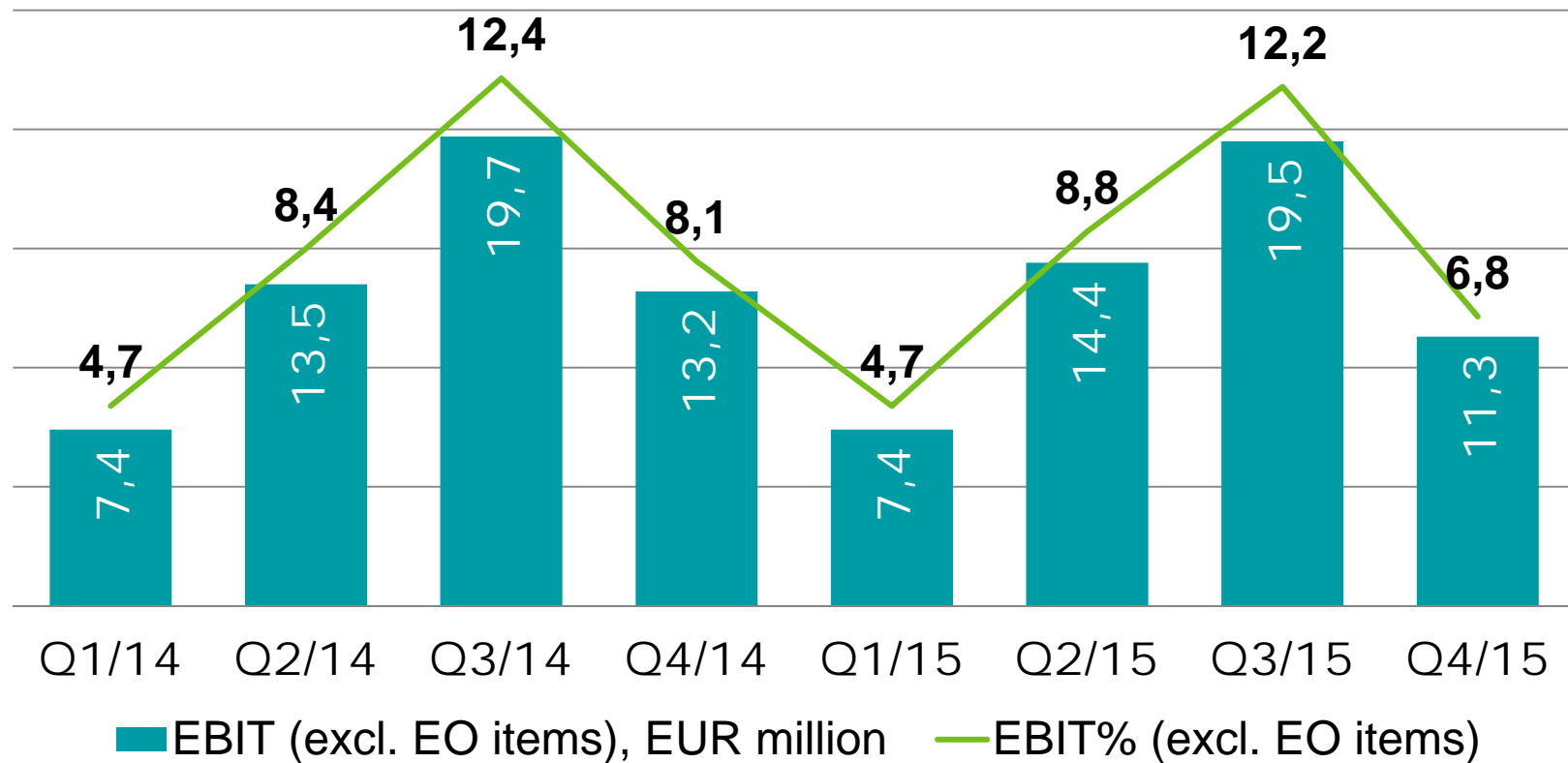
# FOCUS ON MARKET POSITION, OPERATIONAL EFFICIENCY AND CASH FLOW

- We continue to focus on strengthening our market position and ensuring profitability and strong cash flow through development of our business operations and by business acquisitions.



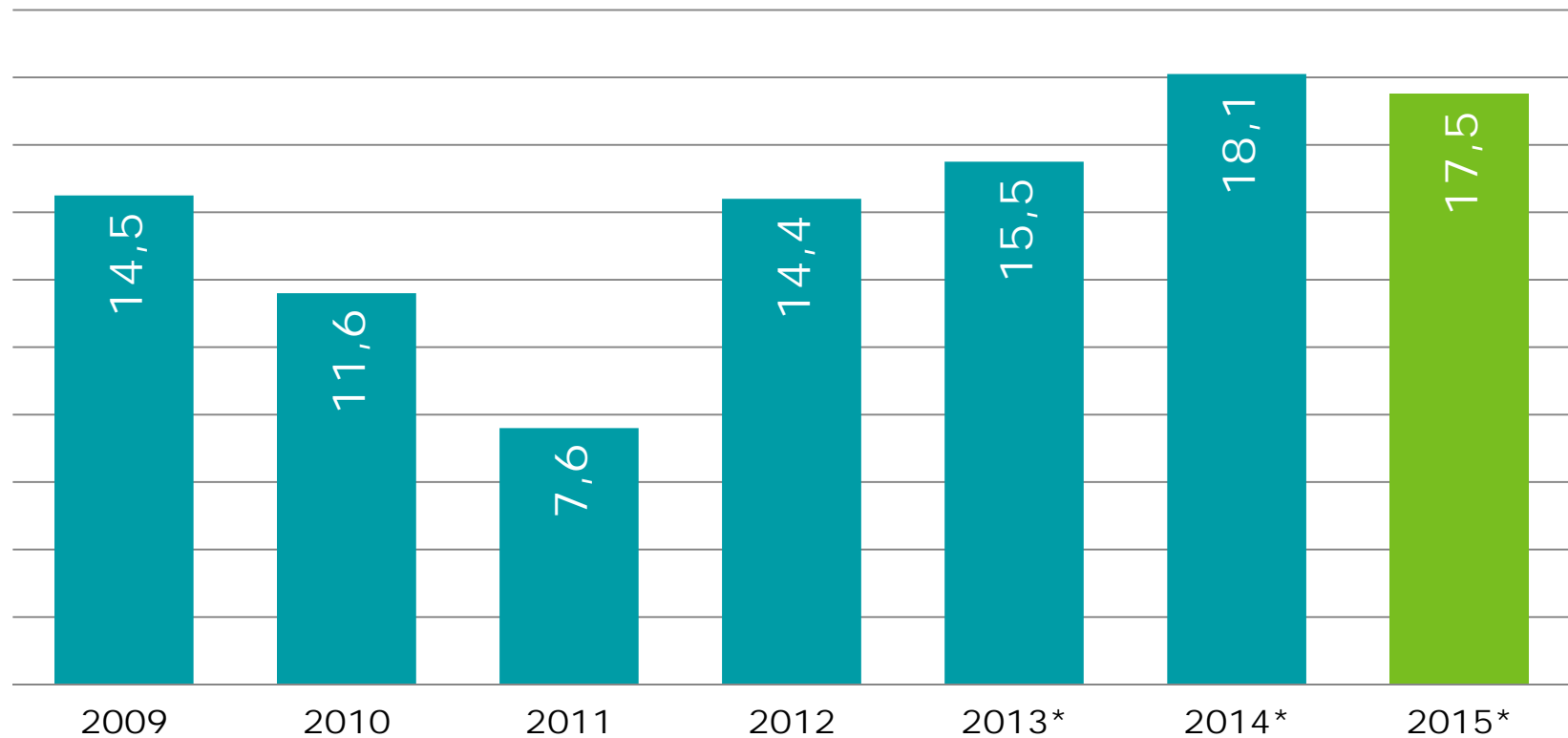
# OPERATING PROFIT

- Strategic target: EBIT excl. EO items 9%



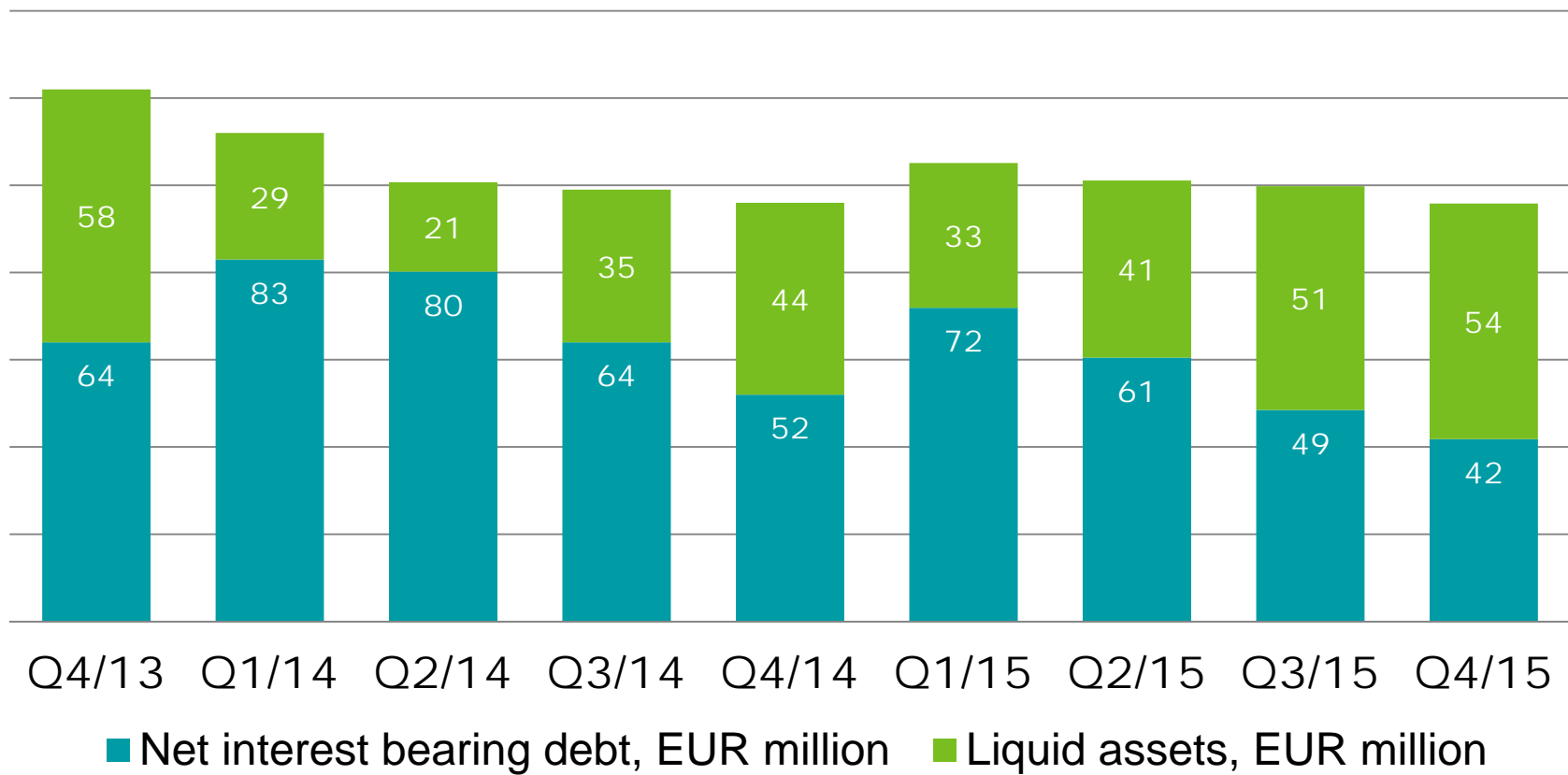
# RETURN ON INVESTMENT

- Strategic target: ROI 20%



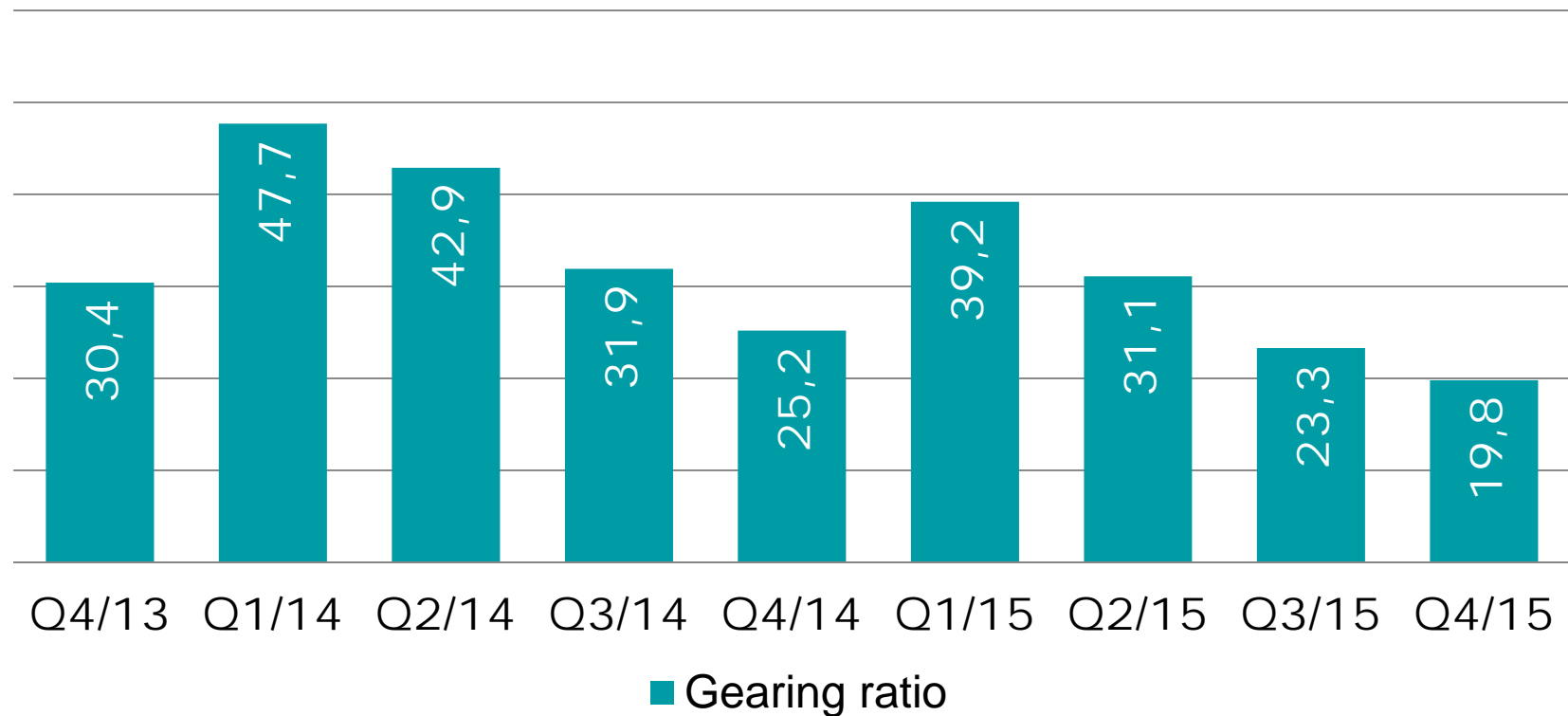
\* Rolling 12 months excl. EO items

# INTEREST BEARING DEBT



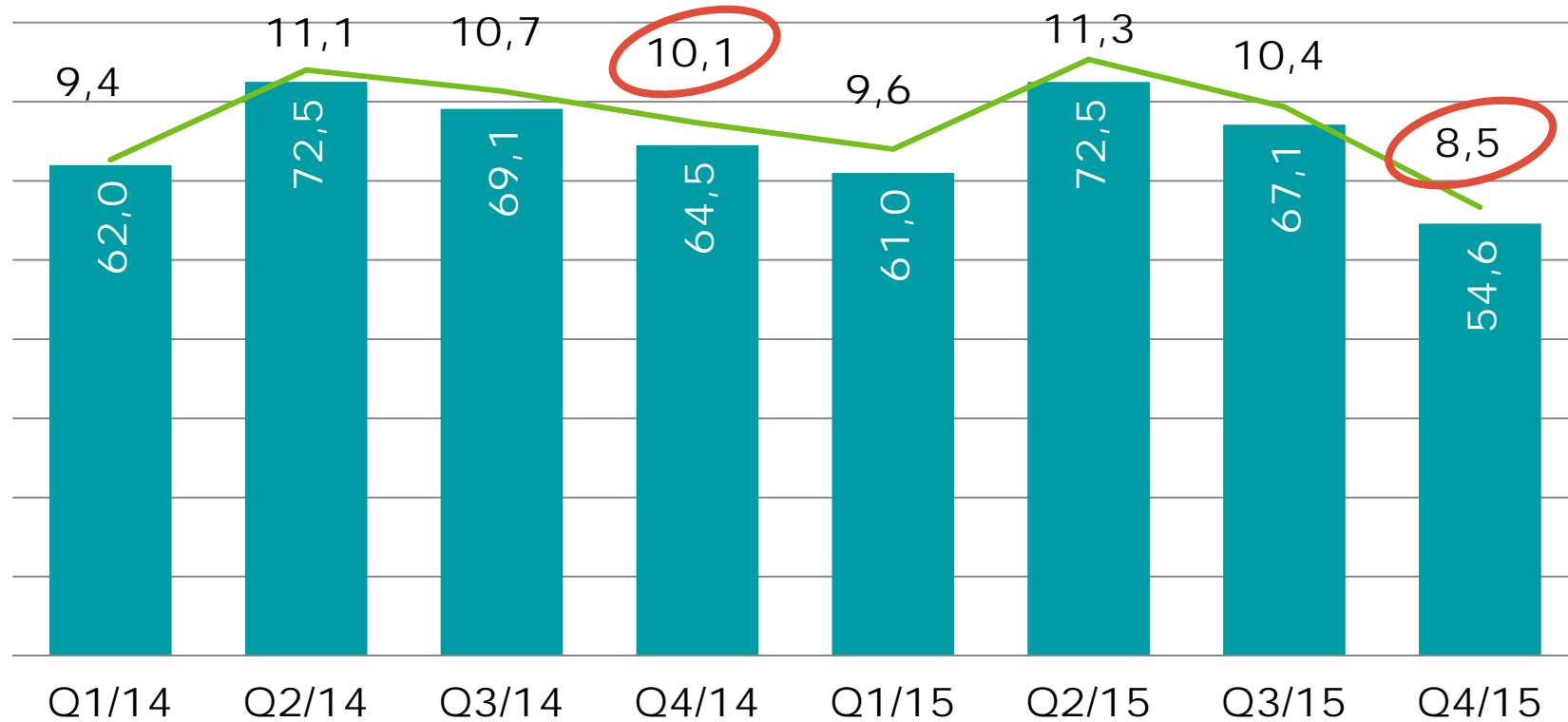
# GEARING

- Strategic target: Gearing 0–70%





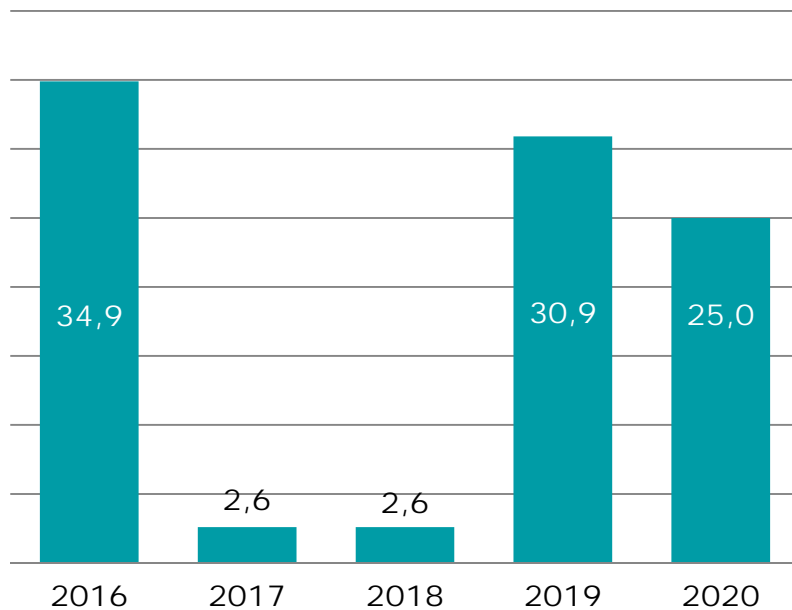
# NET WORKING CAPITAL



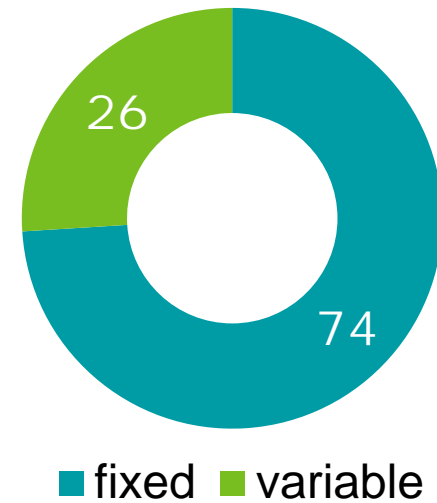
■ Net working capital, EUR million

— Net working capital % of net sales (rolling 12 months)

# MATURITY STRUCTURE OF LONG-TERM LOANS

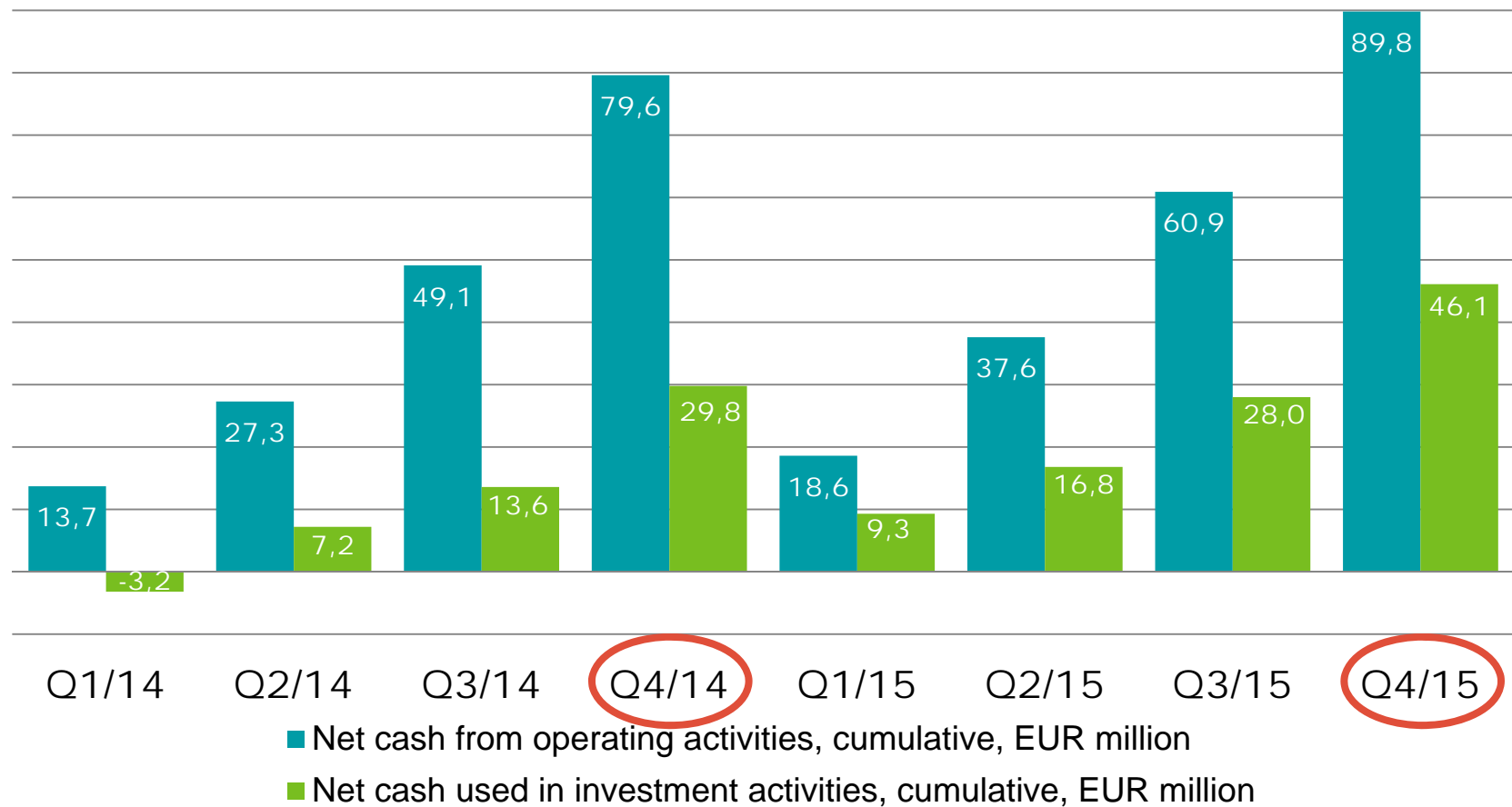


■ Loans, EUR million ■ Repaid, EUR million



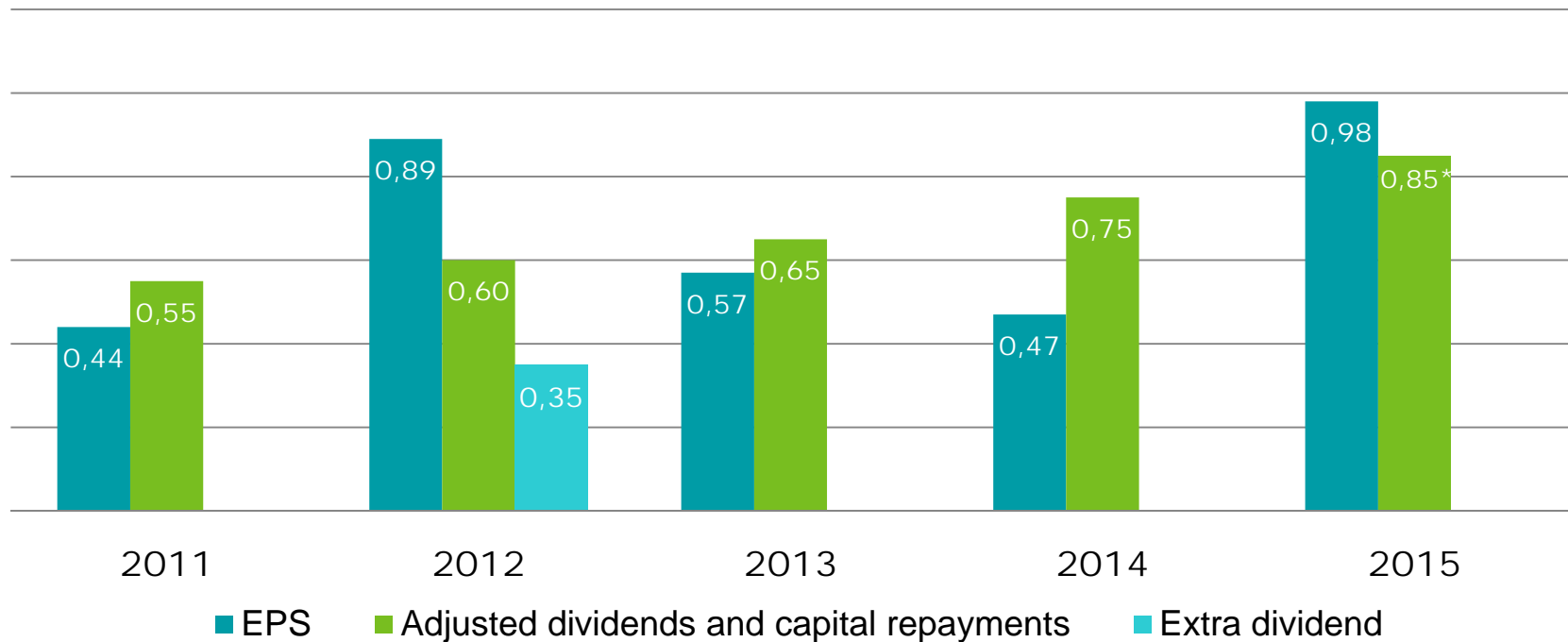
Weighted average of effective interest rate 1.5%

# CASH FLOW AND INVESTMENTS



# DIVIDEND AND DIVIDEND POLICY

- The amount of dividend is tied to the results for the financial year. Profits not considered necessary to ensure the healthy development of the Company will be distributed to shareholders.
- The Board of Directors proposes a dividend of EUR 0.85 per share.



\* Proposal by the Board of Directors

# OUTLOOK FOR THE YEAR 2016



Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.

This estimate was included in the Financial Statements Release for 2015 released on 3 February 2016.

# CONTACT INFORMATION



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**IT'S EASY TO TRANSFORM A  
KETCHUP BOTTLE INTO FUEL  
OR A TUNA CAN INTO A FORK.  
IT'S MUCH HARDER TO CHANGE  
HOW PEOPLE THINK.**



**WORKING SUSTAINABLY**

