

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 JUNE 2014

- **Net sales for the second quarter EUR 159.8 million (EUR 168.9 million); operating profit EUR 12.9 million (EUR 8.5 million); operating profit excluding non-recurring items EUR 13.5 million (EUR 13.4 million); earnings per share EUR 0.29 (EUR 0.14)**
- **Net sales for January–June EUR 319.2 million (EUR 336.6 million); operating profit EUR 15.1 million (EUR 14.8 million); operating profit excluding non-recurring items EUR 20.9 million (EUR 20.2 million); earnings per share EUR -0.13 (EUR 0.26)**
- **Lassila & Tikanoja’s net sales in 2014 are expected to remain at the 2013 level or slightly below. Operating profit excluding non-recurring items is expected to remain at the 2013 level or slightly below.**

CEO PEKKA OJANPÄÄ:

“Economic recession still decreases demand in the industrial sector and material flows in the construction and retail sectors and has a negative impact on the demand for the services in the Facility Services division. Thanks to operational efficiency, the Environmental Services division’s comparable net sales and profitability improved in the first months of the year. In Industrial Services, too, we were able to grow and improve profitability during the first half of the year. In Facility Services and Renewable Energy Sources, we continued to improve the efficiency of operations in a challenging operating environment. We were able to improve the Group’s profitability year-on-year. However, due to lower demand, it will not be possible to accumulate similar net sales and operating profit during the second half of the year as we did last year.”

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

Lassila & Tikanoja’s net sales for the second quarter decreased by 5.4% year-on-year, to EUR 159.8 million (EUR 168.9 million). Operating profit was EUR 12.9 million (EUR 8.5 million). Operating profit excluding non-recurring items was EUR 13.5 million (EUR 13.4 million), representing 8.4% (7.9%) of net sales. Earnings per share were EUR 0.29 (EUR 0.14).

During the second quarter, comparable net sales decreased in the Facility Services and Renewable Energy Sources divisions and remained at the 2013 level in the Environmental Services and Industrial Services divisions.

The net sales of the comparison period includes EUR 4.1 million of net sales from the Latvian business operations that were divested during the first quarter of 2014 as well as EUR 0.3 million of operating profit. Most of net sales is allocated to the Environmental Services division.

Operating profit excluding non-recurring items was at the 2013 level. During the second quarter, there were EUR 0.5 million of non-recurring expenses, mainly related to the restructuring of the customer service function.

January–June

Lassila & Tikanoja’s net sales for January–June amounted to EUR 319.2 million (EUR 336.6 million), a decrease of 5.2% year-on-year. Operating profit was EUR 15.1 million (EUR 14.8 million). Operating profit excluding non-recurring items was EUR 20.9 million (EUR 20.2 million), representing 6.5% (6.0%) of net sales. Earnings per share were EUR -0.13 (EUR 0.26).

During the first half of the year, comparable net sales decreased in the Facility Services and Renewable Energy Sources divisions and remained at the 2013 level in the Environmental Services. In the Industrial Services division net sales increased year-on-year.

The net sales of the comparison period includes EUR 5.4 million of net sales from the Latvian business operations that were divested on 13 March 2014 as well as EUR 0.3 million of operating profit. The 2013 net sales of the company includes EUR 16.6 million of net sales from the Latvian business operations as well as EUR 1.3 million of operating profit, most of which is allocated to the Environmental Services division.

The operating profit recorded for January–June includes EUR 6.4 million of non-recurring costs relating to holdings in EcoStream Oy, which has filed for bankruptcy, and to outstanding receivables from the EcoStream Group and L&T Recoil. In addition, a non-recurring capital gain of EUR 1.1 million was recognised on the Latvian business operations.

Furthermore, the Group's net profit was affected by the EUR 16.7 million payment made under the L&T Recoil guarantee commitment and recognised in financial expenses. After the entries related to EcoStream Group's insolvency, the company has no liabilities related to EcoStream Oy and L&T Recoil.

Financial summary

	4-6/ 2014	4-6/ 2013	Change %	1-6/ 2014	1-6/ 2013	Change %	1-12/ 2013
Net sales, EUR million	159.8	168.9	-5.4	319.2	336.6	-5.2	668.2
Operating profit excluding non-recurring items, EUR million*	13.5	13.4	0.8	20.9	20.2	3.8	51.8
Operating margin excluding non-recurring items, %	8.4	7.9		6.5	6.0		7.8
Operating profit, EUR million	12.9	8.5	52.1	15.1	14.8	1.8	33.2
Operating margin, %	8.1	5.0		4.7	4.4		5.0
Profit before tax, EUR million	12.9	7.9	63.9	-2.6	13.8	-118.5	30.3
Earnings per share, EUR	0.29	0.14	104.4	-0.13	0.26	-151.5	0.57
EVA, EUR million	7.9	3.4	136.2	4.9	4.3	15.7	12.4

* Breakdown is presented below the division reviews.

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

Second quarter

The division's net sales for the second quarter decreased by 3.7% to EUR 64.2 million (EUR 66.6 million). Comparable net sales increased by 0.9% to EUR 64.2 million. Operating profit totalled EUR 9.3 million (EUR 9.1 million) and operating profit excluding non-recurring items was EUR 9.6 million (EUR 9.1 million).

Demand in the recycling business was reduced by the decrease in the volume of recyclable materials, due to the market conditions. Demand developed favourably in waste management and Russian operations.

The net sales of the comparison period includes EUR 3.0 million of net sales from the Latvian business operations that were divested during the first quarter of 2014.

Profitability improved due to operational efficiency measures.

January–June

The Environmental Services division's net sales for January–June amounted to EUR 125.1 million (EUR 126.8 million), showing a decrease of 1.4%. Comparable net sales increased by 1.6% to EUR 123.0

million. Operating profit totalled EUR 15.9 million (EUR 15.3 million) and operating profit excluding non-recurring items was EUR 16.2 million (EUR 15.3 million).

Demand in the recycling business was affected negatively by the decrease in the volume of recyclable materials, due to the market conditions. Demand developed favourably in waste management and Russian operations.

The net sales of the comparison period includes EUR 3.9 million of net sales from the Latvian business operations that were divested on 13 March 2014.

Profitability developed favourably, thanks to improved operational efficiency.

Industrial Services

Second quarter

The division's net sales for the second quarter totalled EUR 19.7 million (EUR 20.0 million), showing a decrease of 1.5%. Operating profit totalled EUR 1.9 million (EUR 1.9 million) and operating profit excluding non-recurring items was EUR 2.0 million (EUR 1.9 million).

Demand for process cleaning was strong. In all other service lines the net sales was slightly below the 2013 level.

Operating profit excluding non-recurring items improved slightly, particularly as a result of the good profitability of hazardous waste services.

January–June

The Industrial Services division's net sales for January–June totalled EUR 35.7 million (EUR 33.7 million), showing an increase of 5.8%. Operating profit totalled EUR 1.8 million (EUR 1.4 million) and operating profit excluding non-recurring items was EUR 1.9 million (EUR 1.4 million).

Net sales increased in all of the division's service lines, first and foremost thanks to good demand in the first quarter.

The division was able to improve the profitability of its operations as a result of efficiency improvement measures and increasing volume.

Facility Services

Second quarter

The division's net sales for the second quarter were down by 6.9% to EUR 68.3 million (EUR 73.4 million). Operating profit totalled EUR 2.1 million (EUR 2.8 million). Operating profit excluding non-recurring items was EUR 2.2 million (EUR 2.9 million).

The division's net sales declined year-on-year, due to business downsizing in Sweden and low demand for damage repair services. In addition, net sales was impacted by weaker demand for services in the cleaning and property maintenance businesses.

The profitability of the division was weakened by lower demand for services in the cleaning and property maintenance businesses and by the weak profitability of damage repair services. Property maintenance was able to improve its profitability year-on-year.

January–June

The Facility Services division's net sales for January–June decreased by 7.9% to EUR 137.4 million (EUR 149.2 million). Operating profit totalled EUR 2.6 million (EUR 3.3 million). Operating profit excluding non-recurring items was EUR 2.8 million (EUR 3.7 million).

The division's net sales declined year-on-year, due to business downsizing in Sweden and lower than normal demand for seasonal work in property maintenance during the first months of the year.

The profitability of the division was weakened by lower demand for services in the cleaning and property maintenance businesses and by the weak profitability of damage repair services.

Demand for the services of the division has declined, which has decreased both the net sales and the profitability of the division. The entire division is undergoing a major reorganisation process in order to adapt operations to the changes in market conditions. This affects the profitability of business. The benefits of the process will gradually start to materialise in the second half of 2014.

Renewable Energy Sources

Second quarter

Second quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 21.1% to EUR 10.3 million (EUR 13.0 million). Operating profit totalled EUR 0.3 million (EUR 0.1 million) and operating profit excluding non-recurring items was EUR 0.3 million (operating loss EUR 0.1 million).

The decrease in net sales could mostly be attributed to the short heating season and the downsizing of operations in Eastern Finland. As a result of efficiency improvement measures, profitability improved year-on-year.

January–June

January–June net sales of Renewable Energy Sources (L&T Biowatti) were down by 24.9% to EUR 26.1 million (EUR 34.8 million). Operating profit totalled EUR 1.1 million (EUR 1.1 million) and operating profit excluding non-recurring items was EUR 1.1 million (EUR 0.9 million).

The decrease in net sales could mostly be attributed to the short heating season and the downsizing of operations in Eastern Finland. As a result of efficiency improvement measures, relative profitability improved year-on-year.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	4–6/ 2014	4–6/ 2013	1–6/ 2014	1–6/ 2013	1–12/ 2013
Operating profit	12.9	8.5	15.1	14.8	33.2
Non-recurring items:					
Gain on sale of L&T Biowatti Oy equipment		-0.3		-0.3	-0.5
Impairment of EcoStream Oy shares		5.0		5.0	5.0
L&T Recoil Oy			6.4		
Divestment of Latvian business operations			-1.1		
Impairment of goodwill in Swedish business operations					7.0
Potential costs of closure of divested land areas					5.0
Discontinuation of the sewer renovation business					1.2
Restructuring costs	0.5	0.2	0.5	0.7	1.0
Operating profit excluding non-recurring items	13.5	13.4	20.9	20.2	51.8

FINANCING

Cash flows from operating activities amounted to EUR 27.3 million (EUR 44.4 million). A total of EUR 6.8 million in working capital was committed (EUR 9.7 million released). The principal reason behind working capital commitment was the increase in trade receivables.

At the end of the period, interest-bearing liabilities amounted to EUR 100.7 million (EUR 89.0 million).

Net interest-bearing liabilities amounted to EUR 80.2 million, showing an increase of EUR 15.8 million from the beginning of the year and an increase of EUR 6.3 million year-on-year.

Net financial expenses in January–June amounted to EUR 17.6 million (EUR 1.0 million). Net financial expenses were 5.5% (0.3%) of net sales. The increase in net financial expenses was mostly due to the EUR 16.7 million payment made under the L&T Recoil Oy guarantee commitment.

The average interest rate on long-term loans (with interest-rate hedging) was 1.7% (2.2%). Long-term loans totalling EUR 4.9 million will mature during the rest of the year.

The equity ratio was 43.2% (47.3%) and the gearing rate was 42.9 (33.9). Liquid assets at the end of the period amounted to EUR 20.5 million (EUR 15.1 million).

Of the EUR 100 million commercial paper programme, EUR 30.0 million (EUR 15.0 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 19 March 2014 resolved that a dividend of EUR 0.50 per share be paid on the basis of the balance sheet that was adopted for the financial year 2013. The dividend, totalling EUR 19.4 million, was paid to shareholders on 31 March 2014.

CAPITAL EXPENDITURE

In January–June 2014, gross capital expenditure totalled EUR 20.3 million (EUR 16.7 million), consisting mainly of machine and equipment purchases and small targeted acquisitions.

PERSONNEL

In January–June, the average number of employees converted into full-time equivalents was 7,658 (8,002). At the end of the period, Lassila & Tikanoja had 8,451 (9,567) full-time and part-time employees. Of these, 7,610 (7,689) worked in Finland and 841 (1,965) in other countries. The number of employees working in other countries was mainly decreased by the divestment of the Latvian business operations.

SHARE AND SHARE CAPITAL

Traded volume and price

The volume of trading on NASDAQ OMX Helsinki in January–June 2014, excluding the shares held by the company in Lassila & Tikanoja plc, was 4,581,862 shares, which is 11.8% (9.8%) of the average number of outstanding shares. The value of trading was EUR 66.3 million (EUR 49.5 million). The trading price varied between EUR 13.77 and EUR 15.84. The closing price was EUR 15.05. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 583.1 million (EUR 518.7 million).

Own shares

At the end of the period, the company held 51,409 of its own shares, representing 0.1% 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 38,747,465. The average number of shares excluding the shares held by the company was 38,732,811.

Share-based incentive programme 2014

On 18 December 2013, Lassila & Tikanoja plc's Board of Directors decided on a new share-based incentive programme for 2014 as part of the key personnel's incentive and commitment system. The earnings period of the programme began on 1 January 2014 and ends on 31 December 2014. Any rewards to be paid for 2014 will be based on the Group's EVA result. Possible rewards will be paid partly as shares and partly in cash. A maximum of 39,105 Lassila & Tikanoja plc shares may be paid out under the programme. The programme covers 10 persons.

Shareholders

At the end of the period, the company had 9,645 (9,485) shareholders. Nominee-registered holdings accounted for 18.3% (17.9%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 19 March 2014 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 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 possibly held by the company through a 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 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 19 March 2014, adopted the financial statements and consolidated financial statements for 2013 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 0.50 per share, totalling EUR 19.4 million, be paid on the basis of the balance sheet to be adopted for the financial year 2013. It was decided that the dividend be paid on 31 March 2014.

The Annual General Meeting confirmed the number of members of the Board of Directors as six. Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala were re-elected and Laura Lares was elected as a new member to the Board until the end of the following Annual General Meeting.

KPGM 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 19 March 2014.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Laura Lares, Sakari Lassila and Miikka Maijala. At its organising meeting held after the Annual General Meeting, the Board of Directors elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

Eero Hautaniemi was elected as Chairman and Sakari Lassila and Laura Lares as members of the audit committee. Heikki Bergholm was elected as Chairman and Hille Korhonen and Miikka Majjala as members of the remuneration committee.

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

In a release published on 3 March 2014, the company announced that Lassila & Tikanoja and Bioinvest SIA have signed an agreement on the sale of L&T's business operations in Latvia to Bioinvest SIA. In a release published on 13 March 2014, the company announced that the divestment of the business operations had been completed. The total net sales of the divested business operations amount to approximately EUR 16 million, most of which is allocated to the Environmental Services division. As a result of the divestment, approximately 950 employees transferred to Bioinvest.

In a release published on 21 March 2014, the company announced that it had been informed that the financiers of the EcoStream Group had called in a loan granted to L&T Recoil Oy, part of the EcoStream Group. In addition, the company announced that it had received a claim from the financing banks to pay approximately EUR 16.7 million on the basis of a loan guarantee commitment associated with L&T Recoil Oy's loans.

Lassila & Tikanoja's total risk associated with the EcoStream Group, including the above guarantee commitment, is approximately EUR 23.4 million as announced earlier. Of this amount, the above guarantee commitment of approximately EUR 16.7 million has an effect on cash flow.

On 30 April 2014, the company announced that it had received information according to which the District Prosecutor for Helsinki had decided to drop the charges against the company's President and CEO Pekka Ojanpää and eight other current and former members of Lassila & Tikanoja's management staff who were accused of offences related to occupational health and safety and working hours legislation. The corporate fine and claim for advantage received remained in force against the company.

EVENTS AFTER THE REVIEW PERIOD

On 3 July 2014, the company published a press release announcing that the Helsinki District Court has exonerated Lassila & Tikanoja from summary penal orders related to overtime work offences. The corporate fine claim presented by the prosecutor was dropped and the Finnish State was obligated to compensate the company for the legal costs of the case. According to the Court, the guidelines and monitoring systems of the company have been adequate and the safety or health of the employees had not been jeopardised.

The District Court considered five of the company's current or former supervisors to be guilty of offences related to working hours legislation. Three of them were sentenced to pay 8–15 unit fines and two were left without a sentence by reason of the triviality of the criminal act.

On 1 August 2014, the company announced a change to its outlook. Lassila & Tikanoja's net sales in 2014 are expected to remain at the 2013 level or slightly below. Operating profit excluding non-recurring items is expected to remain at the 2013 level or slightly below.

Previously, the company estimated that comparable net sales in 2014 would remain at the 2013 level and operating profit excluding non-recurring items would remain at the 2013 level or improve slightly.

NEAR-TERM RISKS AND UNCERTAINTIES

Economic uncertainty may result in major changes in Environmental Services' secondary raw material markets and in demand for Facility Services and Industrial Services.

Uncertainties associated with government subsidies for renewable fuels and with the continuity of such subsidies may affect demand for the services of Renewable Energy Sources.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2013, in the Report of the Board of Directors and in the consolidated financial statements.

OUTLOOK FOR THE REST OF THE YEAR

Lassila & Tikanoja's net sales in 2014 are expected to remain at the 2013 level or slightly below. Operating profit excluding non-recurring items is expected to remain at the 2013 level or slightly below.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 JUNE 2014

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/ 2014	4-6/ 2013	1-6/ 2014	1-6/ 2013	1-12/ 2013
Net sales	159.8	168.9	319.2	336.6	668.2
Cost of sales	-140.5	-149.5	-285.6	-303.9	-597.3
Gross profit	19.2	19.4	33.6	32.7	70.9
Other operating income	1.0	1.4	2.8	1.7	4.3
Sales and marketing expenses	-3.7	-3.8	-7.5	-7.4	-14.5
Administrative expenses	-3.1	-3.0	-6.7	-6.2	-13.0
Other operating expenses	-0.5	-0.5	-7.2	-1.0	-2.5
Impairment, property, plant and equipment and other non-current assets	-	-5.0	-	-5.0	-5.0
Impairment, goodwill and other intangible assets	-	-	-	-	-7.0
Operating profit	12.9	8.5	15.1	14.8	33.2
Financial income	0.1	0.1	0.2	0.2	0.5
Financial expenses	-0.1	-0.7	-17.8	-1.2	-3.4
Profit before tax	12.9	7.9	-2.6	13.8	30.3
Income taxes	-1.7	-2.4	-2.6	-3.8	-8.1
Profit for the period	11.2	5.5	-5.1	9.9	22.2
Attributable to:					
Equity holders of the company	11.2	5.5	-5.1	9.9	22.2
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:					
Earnings per share, EUR	0.29	0.14	-0.13	0.26	0.57
Diluted earnings per share, EUR	0.29	0.14	-0.13	0.26	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/ 2014	4-6/ 2013	1-6/ 2014	1-6/ 2013	1-12/ 2013
Profit for the period	11.2	5.5	-5.1	9.9	22.2
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	-	-	-	-	0.1
Items not to be recognised through profit or loss, total	-	-	-	-	0.1
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.0	-1.2	-0.3	-0.3	-0.4
Revaluation reserve					
Current available-for-sale financial assets					
Gains in the period	0.0	0.0	0.0	0.0	0.0
Current available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Currency translation differences	-0.1	-1.1	-0.5	-0.8	-0.4
Currency translation differences recognised in profit or loss	0.0	0.0	0.3	0.0	0.0
Currency translation differences, non-controlling interest	0.0	0.0	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total	-0.1	-2.3	-0.4	-1.1	-0.8
Total comprehensive income, after tax	11.1	3.2	-5.5	8.8	21.4
Attributable to:					
Equity holders of the company	11.1	3.2	-5.5	8.8	21.5
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	6/2014	6/2013	12/2013
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	108.2	119.9	112.8
Customer contracts arising from acquisitions	4.3	6.4	5.1
Agreements on prohibition of competition	0.1	1.1	0.4
Other intangible assets arising from business acquisitions	0.0	0.0	0.0
Other intangible assets	8.6	8.6	8.0
	121.2	136.0	126.3
Property, plant and equipment			
Land	3.4	3.7	3.8
Buildings and constructions	47.2	50.0	49.7
Machinery and equipment	111.6	116.7	115.8
Other	0.1	0.1	0.1
Prepayments and construction in progress	3.2	4.4	2.2
	165.4	174.9	171.5
Other non-current assets			
Holdings in associated companies	0.0	-	0.0
Available-for-sale investments	0.6	4.3	4.3
Finance lease receivables	3.7	3.6	3.7
Deferred tax assets	2.9	3.4	2.8
Other receivables	2.3	5.8	2.4
	9.6	17.1	13.2
Total non-current assets	296.2	328.0	311.0
Current assets			
Inventories	24.7	26.0	26.1
Trade and other receivables	101.9	101.0	100.0
Derivative receivables	0.0	0.4	0.1
Prepayments	2.1	1.8	0.3
Cash and cash equivalents	20.5	15.1	58.5
Total current assets	149.2	144.3	185.0
Total assets	445.4	472.3	496.0

EUR million	6/2014	6/2013	12/2013
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-1.9	-1.8	-1.5
Invested unrestricted equity reserve	0.3	6.1	0.3
Retained earnings	174.2	184.2	170.9
Profit for the period	-5.1	9.9	22.2
	186.8	217.8	211.2
Non-controlling interest	0.2	0.3	0.2
Total equity	187.1	218.1	211.5
Liabilities			
Non-current liabilities			
Deferred tax liabilities	24.0	30.6	25.8
Retirement benefit obligations	0.8	0.9	0.8
Provisions	6.1	4.2	6.1
Interest-bearing liabilities	45.9	46.7	65.9
Other liabilities	0.5	0.9	0.5
	77.4	83.3	99.0
Current liabilities			
Interest-bearing liabilities	54.7	42.3	57.0
Trade and other payables	122.1	127.6	120.0
Derivative liabilities	0.7	0.7	0.5
Tax liabilities	0.0	0.0	4.7
Provisions	3.4	0.3	3.4
	181.0	170.9	185.5
Total liabilities	258.4	254.3	284.5
Total equity and liabilities	445.4	472.3	496.0

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	6/2014	6/2013	12/2013
Cash flows from operating activities			
Profit for the period	-5.1	9.9	22.2
Adjustments			
Income taxes	2.6	3.9	8.1
Depreciation, amortisation and impairment	20.1	26.1	54.0
Financial income and expenses	17.6	1.0	2.9
Gain on sale of shares	-1.5	-	0.0
Other	6.4	-0.6	3.8
Net cash generated from operating activities before change in working capital	40.0	40.3	91.0
Change in working capital			
Change in trade and other receivables	-9.3	-3.6	2.8
Change in inventories	1.4	-1.2	-1.2
Change in trade and other payables	1.0	14.5	6.3
Change in working capital	-6.8	9.7	7.9
Interest paid	-0.9	-1.3	-3.6
Interest received	0.2	0.2	0.5
Income taxes	-5.1	-4.6	-9.3
Net cash from operating activities	27.3	44.4	86.4
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-2.0	-	-
Proceeds from sale of subsidiaries and businesses, net of sold cash	11.7	-	-
Purchases of property, plant and equipment and intangible assets	-16.4	-14.1	-28.1
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.8	1.2
Purchases of available-for-sale investments	-	-	-
Change in other non-current receivables	-0.5	0.2	0.4
Proceeds from sale of available-for-sale investments	-	-	-
Dividends received	0.0	-	0.0
Net cash used in investing activities	-7.2	-13.1	-26.5
Cash flows from financing activities			
Change in short-term borrowings	-5.0	3.0	22.9
Proceeds from long-term borrowings	-	-	30.0
Repayments of long-term borrowings	-17.2	-10.4	-26.2
Dividends paid and other asset distribution	-19.4	-23.2	-42.5
Other financing items	-16.7	-	-
Repurchase of own shares	-	-	0.0
Net cash generated from financing activities	-58.2	-30.6	-15.9

EUR million	6/2014	6/2013	12/2013
Net change in liquid assets	-38.0	0.6	44.1
Liquid assets at beginning of period	58.5	14.6	14.6
Effect of changes in foreign exchange rates	0.0	-0.1	-0.2
Liquid assets at end of period	20.5	15.1	58.5
Liquid assets			
EUR million	6/2014	6/2013	12/2013
Cash and cash equivalents	20.5	15.1	58.5
Available-for-sale financial assets	0.0	0.0	0.0
Total	20.5	15.1	58.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation differences	Revaluation reserve	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. 2013	19.4	-0.8	0.0	0.0	29.4	184.5	232.5	0.3	232.8
Total comprehensive income									
Profit for the period						9.9	9.9	0.0	9.9
Items arising from re-measurement of defined benefit plans							0.0	0.0	0.0
Hedging reserve, change in fair value				-0.3			-0.3	0.0	-0.3
Available-for-sale financial assets			0.0				0.0	0.0	0.0
Currency translation differences		-0.8					-0.8	0.0	-0.8
Total comprehensive income	0.0	-0.8	0.0	-0.3	0.0	9.9	8.8	0.0	8.8
Transactions with shareholders									
Share-based benefits						0.0	0.0		0.0
Dividends paid									
Dividends returned									
Capital repayment					-23.3	0.3	-23.0		-23.0
Transactions with shareholders, total	0.0	0.0	0.0	0.0	-23.3	0.3	-23.0	0.0	-23.0
Other changes						-0.6	-0.6	0.0	-0.6
Equity on 30 June 2013	19.4	-1.6	0.0	-0.2	6.1	194.2	217.8	0.3	218.1

EUR million	Share capital	Currency translation differences	Revaluation reserve	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. 2014	19.4	-1.2	0.0	-0.3	0.3	193.1	211.2	0.2	211.5
Total comprehensive income									
Profit for the period						-5.1	-5.1	0.0	-5.1
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				-0.3			-0.3		-0.3
Available-for-sale financial assets							0.0		0.0
Currency translation differences		-0.1					-0.1		-0.1
Total comprehensive income	0.0	-0.1	0.0	-0.3	0.0	-5.1	-5.5	0.0	-5.5
Transactions with shareholders									
Share-based benefits					0.0	-0.1	-0.1		-0.1
Dividends paid						-19.4	-19.4		-19.4
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.0	-19.5	-19.4		-19.4
Other changes						0.5	0.5		0.5
Equity on 30 June 2014	19.4	-1.3	0.0	-0.6	0.3	169.0	186.8	0.2	187.1

KEY FIGURES

	4–6/ 2014	4–6/ 2013	1–6/ 2014	1–6/ 2013	1–12/ 2013
Earnings per share, EUR	0.29	0.14	-0.13	0.26	0.57
Diluted earnings per share, EUR	0.29	0.14	-0.13	0.26	0.57
Cash flows from operating activities per share, EUR	0.35	0.45	0.71	1.15	2.23
EVA, EUR million	7.9	3.4	4.9	4.3	12.4
Capital expenditure, EUR million	11.3	10.7	20.3	16.7	32.7
Depreciation, amortisation and impairment, EUR million	9.9	15.5	20.1	26.1	54.0
Equity per share, EUR			4.83	5.63	5.46
Return on equity, ROE, %			-5.1	8.8	10.0
Return on invested capital, ROI, %			9.8	9.4	10.6
Equity ratio, %			43.2	47.3	43.7
Gearing, %			42.9	33.9	30.4
Net interest-bearing liabilities, EUR million			80.2	73.9	64.4
Average number of employees in full-time equivalents			7,658	8,002	8,267
Total number of full-time and part-time employees at end of period			8,451	9,567	8,847
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,733	38,701	38,704
at end of period			38,747	38,707	38,707
average during the period, diluted			38,744	38,710	38,721

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 IFRS standards and interpretations in effect on 31 December 2013, with the exception of changes to IFRS standards listed below.

From the beginning of 2014, the figures in the interim report tables are presented in millions of euros. The comparison figures have been restated accordingly. The figures are rounded to the nearest 0.1 million euros and, consequently, the sum of individual figures may deviate from the sum total presented.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc, released on 26 February 2014.

The Group observes the following IAS/IFRS standards and interpretations that came into effect or were amended on 1 January 2014:

- IFRS 10 Consolidated Financial Statements and its amendments
- IFRS 11 Joint Arrangements and its amendments
- IFRS 12 Disclosure of Interests in Other Entities and its amendments
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRIC 21 Levies

The amended standards and interpretations did not have a material impact on the reported result or financial position.

The interim report has not been audited.

SEGMENT INFORMATION

Net sales

EUR million	4-6/ 2014			4-6/ 2013			Total net sales, change %
	External	Interdivi sion	Total	External	Interdivis ion	Total	
Environmental Services	63.1	1.0	64.2	65.7	0.9	66.6	-3.7
Industrial Services	19.2	0.5	19.7	18.9	1.1	20.0	-1.5
Facility Services	67.3	1.1	68.3	72.3	1.1	73.4	-6.9
Renewable Energy Sources	10.2	0.1	10.3	12.0	1.0	13.0	-21.1
Eliminations		-2.7	-2.7		-4.1	-4.1	
Total	159.8	0.0	159.8	168.9	0.0	168.9	-5.4

EUR million	1-6/ 2014			1-6/ 2013			Total net sales, change %
	External	Interdivi sion	Total	External	Interdivis ion	Total	
Environmental Services	123.3	1.8	125.1	124.8	2.0	126.8	-1.4
Industrial Services	34.7	1.0	35.7	32.0	1.7	33.7	5.8
Facility Services	135.3	2.1	137.4	147.1	2.1	149.2	-7.9
Renewable Energy Sources	26.0	0.1	26.1	32.7	2.0	34.8	-24.9
Eliminations		-5.0	-5.0		-7.9	-7.9	
Total	319.2	0.0	319.2	336.6	0.0	336.6	-5.2

1-12/
2013

EUR million	External	Interdivision	Total
Environmental Services	254.1	3.8	257.9
Industrial Services	72.1	3.4	75.5
Facility Services	287.8	4.7	292.5
Renewable Energy Sources	54.1	3.9	58.0
Eliminations		-15.8	-15.8
Total	668.2	0.0	668.2

Operating profit

EUR million	4-6/ 2014	%	4-6/ 2013	%	1-6/ 2014	%	1-6/ 2013	%	1-12/ 2013	%
Environmental Services	9.3	14.4	9.1	13.6	15.9	12.7	15.3	12.1	30.1	11.7
Industrial Services	1.9	9.8	1.9	9.5	1.8	5.0	1.4	4.1	5.2	6.9
Facility Services	2.1	3.0	2.8	3.9	2.6	1.9	3.3	2.2	4.4	1.5
Renewable Energy Sources	0.3	2.5	0.1	0.7	1.1	4.1	1.1	3.1	1.4	2.5
Group administration and other	-0.6	22.7	-5.4		-6.3		-6.2	4.4	-8.0	
Total	12.9	8.1	8.5	5.0	15.1	4.7	14.8		33.2	5.0
Financial expenses, net	0.0		-0.6		-17.6		-1.0		-2.9	
Profit before tax	12.9		7.9		-2.6		13.8		30.3	

OTHER SEGMENT INFORMATION

EUR million	6/2014	6/2013	12/2013
Assets			
Environmental Services	211.4	220.8	214.5
Industrial Services	77.0	74.8	70.0
Facility Services	102.8	114.2	103.4
Renewable Energy Sources	25.9	26.7	29.4
Group administration and other	1.2	10.8	7.5
Unallocated assets	27.1	25.1	71.3
L&T total	445.4	472.3	496.0
Liabilities			
Environmental Services	54.0	51.4	51.8
Industrial Services	21.5	22.2	21.5
Facility Services	49.5	51.8	49.6
Renewable Energy Sources	6.5	7.3	5.5
Group administration and other	1.4	1.1	2.1
Unallocated liabilities	125.6	120.6	154.0
L&T total	258.4	254.3	284.5

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Capital expenditure					
Environmental Services	4.7	4.9	10.8	7.4	15.7
Industrial Services	2.6	1.1	3.6	1.6	3.2
Facility Services	4.0	2.8	5.8	5.5	11.3
Renewable Energy Sources	0.0	0.0	0.1	0.1	0.3
Group administration and other	0.0	1.9	0.0	2.1	2.2
L&T total	11.3	10.7	20.3	16.7	32.7
Depreciation and amortisation					
Environmental Services	5.0	5.5	10.3	11.1	21.9
Industrial Services	1.6	1.7	3.2	3.3	6.6
Facility Services	3.2	3.3	6.5	6.5	13.2
Renewable Energy Sources	0.1	0.1	0.1	0.2	0.3
Group administration and other	0.0	0.0	0.0	0.0	0.0
L&T total	9.9	10.5	20.1	21.1	42.0
Impairment					
Environmental Services					
Industrial Services					
Facility Services					7.0
Renewable Energy Sources					
Group administration and other		5.0		5.0	5.0
L&T total	0.0	5.0	0.0	5.0	12.0

INCOME STATEMENT BY QUARTER

EUR million	4–6/ 2014	1–3/ 2014	10–12/ 2013	7–9/ 2013	4–6/ 2013
Net sales					
Environmental Services	64.2	60.9	65.7	65.4	66.6
Industrial Services	19.7	16.0	20.9	20.9	20.0
Facility Services	68.3	69.0	71.7	71.6	73.4
Renewable Energy Sources	10.3	15.8	15.8	7.4	13.0
Group administration and other					
Interdivision net sales	-2.7	-2.4	-4.4	-3.5	-4.1
L&T total	159.8	159.4	169.7	161.9	168.9
Operating profit					
Environmental Services	9.3	6.6	2.9	11.9	9.1
Industrial Services	1.9	-0.1	1.6	2.3	1.9
Facility Services	2.1	0.6	-5.6	6.7	2.8
Renewable Energy Sources	0.3	0.8	0.6	-0.2	0.1
Group administration and other	-0.6	-5.7	-1.1	-0.7	-5.4
L&T total	12.9	2.1	-1.6	20.0	8.5
Operating margin					
Environmental Services	14.4	10.9	4.5	18.2	13.6
Industrial Services	9.8	-0.9	7.6	10.9	9.5
Facility Services	3.0	0.8	-7.8	9.4	3.9
Renewable Energy Sources	2.5	5.2	3.7	-2.7	0.7
L&T total	8.1	1.3	-1.0	12.4	5.0
Financial income and expenses, net	0.0	-17.6	-0.7	-1.1	-0.6
Profit before tax	12.9	-15.5	-2.3	18.9	7.9

BUSINESS ACQUISITIONS, COMBINED**Fair value**

EUR million	
Intangible assets	0.6
Property, plant and equipment	0.5
Investments	0.0
Receivables	0.4
Cash and cash equivalents	0.8
Total assets	2.2
Interest-bearing liabilities	0.2
Other liabilities	0.5
Deferred tax liabilities	0.1
Total liabilities	0.8
Net assets acquired	1.4
Total consideration	2.8
Goodwill	1.4
Effect on cash flow	
Consideration paid in cash	-2.8
Cash and cash equivalents of the acquired company	0.8
Cash flow from investing activities	-2.0

Environmental Services acquired Paperitiikerit Oy on 1 February 2014 and Joutsan Kuljetus Oy on 1 March 2014.

The accounting policy concerning business combinations is presented under Note 2 of the financial statements and under accounting policies.

CHANGES IN INTANGIBLE ASSETS

EUR million	1-6/2014	1-6/2013	1-12/2013
Carrying amount at beginning of period	126.3	138.4	138.4
Business acquisitions	1.7		
Other capital expenditure	2.3	1.5	2.6
Disposals	-5.6		
Amortisation and impairment	-3.0	-3.6	-14.0
Transfers between items			-0.3
Exchange differences	-0.4	-0.3	-0.4
Carrying amount at end of period	121.2	136.0	126.3

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-6/2014	1-6/2013	1-12/2013
Carrying amount at beginning of period	171.5	180.2	180.2
Business acquisitions	0.5		
Other capital expenditure	15.8	13.2	28.1
Disposals	-5.4	-0.5	-1.3
Deprecation and impairment	-17.1	-17.5	-35.0
Transfers between items			0.3
Exchange differences	0.0	-0.4	-0.8
Carrying amount at end of period	165.4	174.9	171.5

CAPITAL COMMITMENTS

EUR million	6/2014	6/2013	12/2013
Intangible assets			
Property, plant and equipment	13.7	4.3	4.0
Total	13.7	4.3	4.0

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	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
Non-current financial assets								
Available-for-sale investments			0.6			0.6	0.6	3
Finance lease receivables		3.7				3.7	3.9	2
Other receivables		2.3				2.3	2.3	
Current financial assets								
Trade and other receivables		95.6				95.6	95.6	
Derivative receivables								
Cash and cash equivalents		20.5				20.5	20.5	
Total financial assets		122.1	0.6	0.0	0.0	122.7	122.8	
Non-current financial liabilities								
Borrowings	45.9			45.9		45.9	46.0	2
Other liabilities				0.2		0.2	0.2	
Current financial liabilities								
Borrowings				54.7		54.7		
Trade and other payables				59.6		59.6		
Derivative liabilities					0.7	0.7	0.7	2
Total financial liabilities				160.4	0.7	161.1	46.9	

CONTINGENT LIABILITIES**Securities for own commitments**

EUR million	6/2014	6/2013	12/2013
Mortgages on rights of tenancy	0.2	0.2	0.1
Company mortgages	1.0	0.6	0.6
Other securities	0.2	0.2	0.2
Bank guarantees required for environmental permits	9.8	8.7	9.5

Other securities are security deposits.

Operating lease liabilities

EUR million	6/2014	6/2013	12/2013
Maturity not later than one year	4.0	5.1	5.0
Maturity later than one year and not later than five years	3.5	6.7	6.1
Maturity later than five years	2.0	2.2	2.2
Total	9.6	14.0	13.4

Liabilities associated with derivative agreements**Cross currency interest rate swaps**

EUR million	6/2014	6/2013	12/2013
Maturity of cross currency interest rate swaps under hedge accounting			
Maturity not later than one year	0.0	11.2	7.2
Maturity later than one year and not later than five years	0.0	13.1	9.5
Total	0.0	24.3	16.7
Fair value		0.4	0.1

Foreign currency loans hedged with swaps have been converted into euro-denominated loans.

Interest rate swaps

EUR million	6/2014	6/2013	12/2013
Nominal values of interest rate swaps			
Maturity not later than one year	9.0	17.8	14.0
Maturity later than one year and not later than five years	43.1	20.3	16.7
Maturity later than five years	0.0	1.8	0.9
Total	52.1	40.0	31.7
Fair value	-0.7	-0.6	-0.4

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 on the balance sheet date.

Commodity derivatives

Metric tonnes	6/2014	6/2013	12/2013
Nominal values of diesel swaps			
Maturity not later than one year	5.8	4.5	9.7
Maturity later than one year and not later than five years	0.0	0.0	0.8
Total	5.8	4.5	10.6
Fair value	-0.1	0.0	-0.1

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. The fair values of commodity derivatives are based on market prices on the balance sheet date.

Currency derivatives

EUR million	6/2014	6/2013	12/2013
Nominal values of forward contracts			
Maturity not later than one year	0.0	0.0	0.0
Fair value	0.0	0.0	0.0

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair value have been recognised in financial income and expenses.

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 flows from operating activities/share:

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

EVA:

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

WACC 2013: 6.52% and 2014: 6.58%

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

Operating profit excluding non-recurring items:
operating profit +/- non-recurring items

Helsinki, 6 August 2014

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
Timo Leinonen, CFO, tel. +358 400 793 073

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 2013 amounted to EUR 668.2 million. L&T is listed on NASDAQ OMX Helsinki.

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Major media
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