

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 31 MARCH 2016

- Net sales for the first quarter EUR 160.7 million (EUR 157.3 million)
- Operating profit EUR 6.8 million (EUR 6.5 million)
- Earnings per share EUR 0.14 (EUR 0.14).
- Full-year net sales and operating profit in 2016 are expected to remain at the 2015 level or improve slightly.

CEO PEKKA OJANPÄÄ:

“The economic recession kept the business environment challenging. Nevertheless, our net sales increased, primarily due to strategically targeted acquisitions. The company’s profitability remained at a good level considering the market situation due to previously implemented efficiency improvement measures. In line with our strategy, our focus in the prevailing economic climate is on strengthening our market position and ensuring profitability and cash flow.”

GROUP NET SALES AND FINANCIAL PERFORMANCE

January–March

Lassila & Tikanoja’s net sales for the first quarter increased by 2.1% to EUR 160.7 million (EUR 157.3 million). Operating profit totalled EUR 6.8 million (EUR 6.5 million). The result of the comparison period was weighed down by restructuring costs of EUR 0.9 million. Earnings per share were EUR 0.14 (EUR 0.14).

In the first quarter, net sales grew organically in Industrial Services and through acquisitions in Facility Services and Environmental Services. Net sales decreased slightly in Renewable Energy Sources.

Operating profit improved in Facility Services and Industrial Services and declined in Environmental Services. The operating profit of Renewable Energy Sources was unchanged from the comparison period.

The operating profit in the comparison period in 2015 was affected by non-recurring restructuring costs of EUR 0.9 million related to the loss-making renovation business (formerly the damage repair services business) that were recognised in the first quarter.

Financial summary

	1–3/2016	1–3/2015	Change %	1–12/ 2015
Net sales, EUR million	160.7	157.3	2.1	646.3
Operating profit, EUR million	6.8	6.5	4.4	49.9
Operating margin, %	4.2	4.1		7.7
Profit before tax, EUR million	6.9	7.0	-2.5	47.7
Earnings per share, EUR	0.14	0.14	-1.4	0.98
EVA, EUR million	1.8	1.7	5.9	30.3

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

The division’s net sales for the first quarter increased by 1.4% to EUR 61.8 million (EUR 60.9 million). The increase in net sales was due to acquisitions. Operating profit totalled EUR 5.4 million (EUR 6.5 million).

The operating profit of the Environmental Services division was decreased by the lower volume of recyclable materials at recycling plants and the continued low market prices of secondary raw materials.

Net sales decreased slightly in operations in Russia. Operating profit improved year-on-year.

Industrial Services

The division's net sales for the first quarter increased by 7.2% to EUR 15.9 million (EUR 14.8 million). Operating profit was EUR -0.3 million (EUR -0.4 million).

The net sales of the division's services grew particularly in process cleaning and, with the exception of hazardous waste services, were higher than in the comparison period across all service lines.

Reduced demand for services led to lower operating profit for hazardous waste services. Operating profit improved in process cleaning and sewer maintenance. The operating profit of environmental construction was unchanged from the comparison period.

Facility Services

The division's net sales for the first quarter increased by 2.2% to EUR 72.2 million (EUR 70.7 million). The growth in net sales was primarily due to acquisitions. Operating profit totalled EUR 1.2 million (EUR 0.3 million). The operating profit in the comparison period in 2015 was affected by non-recurring restructuring costs of EUR 0.9 million related to the loss-making renovation business (formerly the damage repair services business) that were recognised in the first quarter.

Net sales grew in cleaning and renovation services but declined in property maintenance. Net sales increased in the maintenance of technical systems business due to acquisitions.

The maintenance of technical systems and renovation businesses achieved a substantial increase in profitability following efficiency improvement measures implemented last year. The positive development of the result of the renovation business was also supported by the demand for services being higher than in the comparison period.

The profitability of the cleaning business was weighed down by intense price competition. The business in Sweden was similar to the previous year.

Renewable Energy Sources

The first quarter net sales of Renewable Energy Sources (L&T Biowatti) decreased by 1.1% to EUR 12.8 million (EUR 12.9 million). Operating profit totalled EUR 0.7 million (EUR 0.7 million).

The division's net sales was influenced particularly by the demand for forest energy being weaker than in the previous year. Nevertheless, operating profit remained unchanged year-on-year due to the more efficient operations.

FINANCING

Cash flow from operating activities in the first quarter was affected by EUR 52 million in advance payments of employment pension contributions. Unlike in the previous year, in 2016 the entire year's contributions were paid in January. In previous years, the payments have been made in four instalments. The change in the payment schedule will have no effect on the full-year cash flow.

Cash flow from operating activities amounted to EUR -18.9 million (EUR 18.6 million). A total of EUR 31.9 million in working capital was committed (EUR 3.3 million released).

At the end of the period, interest-bearing liabilities amounted to EUR 115.6 million (EUR 105.2 million).

Net interest-bearing liabilities amounted to EUR 96.5 million (EUR 71.9 million), showing an increase of EUR 54.7 million from the beginning of the year and an increase of EUR 24.6 million from the comparison period.

Net financial expenses in the first quarter were positive, amounting to EUR 0.1 million (EUR 0.5 million). Net financial expenses were 0.0% (0.3%) of net sales.

The average interest rate on long-term loans (with interest rate hedging) was 1.5% (1.6%). Long-term loans totalling EUR 34.6 million will mature in 2016.

The equity ratio was 40.0% (41.9%) and the gearing rate was 52.4 (39.2). Liquid assets at the end of the period amounted to EUR 19.1 million (EUR 33.2 million).

Of the EUR 100 million commercial paper programme, EUR 20 million (EUR 10.0 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 17 March 2016 resolved that a dividend of EUR 0.85 per share be paid on the basis of the balance sheet that was adopted for the financial year 2015. The dividend, totalling EUR 32.6 million, was paid to shareholders on 30 March 2016.

CAPITAL EXPENDITURE

Gross capital expenditure in the first quarter of 2016 totalled EUR 7.9 million (EUR 9.5 million), consisting primarily of machine and equipment purchases, investments in information systems and acquisitions. Of the significant ongoing information system projects, the deployment of the new ERP system for Facility Services and the first deployments of new financial systems will take place in late 2016 and early 2017.

PERSONNEL

In the first quarter, the average number of employees converted into full-time equivalents was 6,891 (6,762). At the end of the period, Lassila & Tikanoja had 8,034 (7,842) full-time and part-time employees. Of these, 7,168 (7,041) worked in Finland and 866 (801) in other countries.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in January–March 2016, excluding the shares held by the company in Lassila & Tikanoja plc, was 1,702,567 shares, which is 4.4% (9.0%) of the average number of outstanding shares. The value of trading was EUR 27.5 million (EUR 59.3 million). The highest share price was EUR 18.25 and the lowest EUR 14.56. The closing price was EUR 15.99. At the end of the period, the market capitalisation excluding the shares held by the company was EUR 613.7 million (EUR 667.3 million).

Own shares

At the end of the period, the company held 420,868 of its own shares, representing 1.1% 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 38,378,006. The average number of shares excluding the shares held by the company was 38,365,943.

Shareholders

At the end of the period, the company had 10,413 (9,958) shareholders. Nominee-registered holdings accounted for 19.9% (19.3%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 17 March 2016 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 their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The repurchase authorisation is effective for 18 months.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The share issue authorisation is effective for 18 months.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting, which was held on 17 March 2016, adopted the financial statements and consolidated financial statements for 2015 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 0.85 per share, totalling EUR 32.6 million, be paid on the basis of the balance sheet adopted for the financial year 2015. It was decided that the dividend be paid on 30 March 2016.

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

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

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 17 March 2016.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila and Miikka Maijala. At its constitutive meeting 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 Teemu Kangas-Kärki as members of the Audit Committee. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Miikka Maijala and Laura Lares as members of the committee.

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

On 4 January 2016, the company announced that it had concluded the repurchase of its own shares that was announced on 2 September 2015. The repurchase of the company's own shares began on 15 September 2015 and the repurchase programme ended on 31 December 2015. The final share purchase was realised on 21 December 2015. A total of 253,406 shares were purchased during the repurchase programme. As of the conclusion of the repurchase programme, the company holds a total of 437,721 of its own shares, which corresponds to 1.1% of shares and votes.

On 3 February 2016, the company announced a change to 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.

NEAR-TERM RISKS AND UNCERTAINTIES

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

Low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

The company is preparing to deploy new ERP and financial management systems in late 2016 and early 2017. The deployment of the new systems may lead to temporary overlapping costs arising from changes in the operating model, which can have a negative effect on the company's result.

More detailed information on L&T's risks and risk management is available in the 2015 Annual Report, and in the Report of the Board of Directors and the consolidated financial statements.

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.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 31 MARCH 2016**CONSOLIDATED INCOME STATEMENT**

EUR million	1–3/2016	1–3/2015	1-12/2015
Net sales	160.7	157.3	646.3
Cost of sales	-147.7	-143.1	-572.0
Gross profit	12.9	14.2	74.2
Other operating income	0.9	0.4	3.7
Sales and marketing expenses	-3.4	-3.3	-12.9
Administrative expenses	-3.0	-3.3	-13.0
Other operating expenses	-0.6	-1.5	-2.1
Operating profit	6.8	6.5	49.9
Financial income	0.4	1.0	0.3
Financial expenses	-0.3	-0.5	-2.5
Profit before tax	6.9	7.0	47.7
Income taxes	-1.4	-1.5	-9.7
Profit for the period	5.5	5.6	37.9
Attributable to:			
Equity holders of the company	5.5	5.6	37.9
Non-controlling interest	0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company:			
Earnings per share, EUR	0.14	0.14	0.98
Diluted earnings per share, EUR	0.14	0.14	0.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/2016	1-3/2015	1-12/2015
Profit for the period	5.5	5.6	37.9
Items not to be recognised through profit or loss			
Items arising from re-measurement of defined benefit plans	0.0	-	0.1
Items not to be recognised through profit or loss, total	0.0	-	0.1
Items potentially to be recognised through profit or loss			
Hedging reserve, change in fair value	0.0	0.2	0.4
Currency translation differences	0.0	0.5	0.1
Currency translation differences recognised in profit or loss	0.0	0.0	0.0
Currency translation differences, non-controlling interest	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total	0.1	0.7	0.4
Total comprehensive income, after tax	5.5	6.3	38.4
Attributable to:			
Equity holders of the company	5.5	6.3	38.5
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	3/2016	3/2015	12/2015
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	116.6	110.9	113.7
Customer contracts arising from acquisitions	5.8	5.7	5.4
Agreements on prohibition of competition	0.2	0.1	0.2
Other intangible assets arising from business acquisitions	0.6	0.7	0.6
Other intangible assets	16.9	10.5	15.0
	140.0	127.9	134.9
Property, plant and equipment			
Land	5.0	5.1	5.0
Buildings and constructions	39.6	43.1	39.9
Machinery and equipment	103.7	109.7	111.0
Other	0.1	0.1	0.1
Prepayments and construction in progress	5.9	2.2	5.5
	154.3	160.2	161.5
Other non-current assets			
Available-for-sale investments	0.6	0.6	0.6
Finance lease receivables	1.8	2.9	2.1
Deferred tax assets	2.3	2.8	2.4
Other receivables	1.9	2.2	2.0
	6.6	8.4	7.0
Total non-current assets	301.0	296.5	303.4
Current assets			
Inventories	23.5	23.7	23.6
Trade and other receivables	88.1	93.8	84.4
Derivative receivables	0.0	0.0	0.0
Prepayments	41.1	3.2	0.3
Current available-for-sale financial assets	0.0	0.0	5.0
Cash and cash equivalents	19.1	33.2	49.0
Total current assets	171.9	154.1	162.4
Total assets	472.9	450.5	465.8

EQUITY AND LIABILITIES

EUR million	3/2016	3/2015	12/2015
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-3.3	-3.1	-3.4
Invested unrestricted equity reserve	0.4	0.5	0.5
Retained earnings	162.1	161.0	156.8
Profit for the period	5.5	5.6	37.9
	184.1	183.4	211.2
Non-controlling interest	0.1	0.2	0.1
	184.3	183.6	211.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	24.5	24.4	24.9
Retirement benefit obligations	0.9	1.0	0.9
Provisions	4.1	4.2	4.1
Interest-bearing liabilities	60.8	70.9	61.0
Other liabilities	0.4	0.3	0.4
	90.7	100.7	91.2
Current liabilities			
Interest-bearing liabilities	54.8	34.3	34.9
Trade and other payables	137.9	126.2	121.9
Derivative liabilities	0.8	0.9	1.1
Tax liabilities	1.3	1.3	1.4
Provisions	3.1	3.5	3.9
	197.9	166.2	163.2
	288.6	266.9	254.4
Total liabilities	288.6	266.9	254.4
Total equity and liabilities	472.9	450.5	465.8

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/2016	1-3/2015	1-12/2015
Cash flows from operating activities			
Profit for the period	5.5	5.6	37.9
Adjustments			
Income taxes	1.4	1.5	9.7
Depreciation and impairment	9.9	10.1	40.0
Financial income and expenses	-0.1	-0.5	2.2
Gain on sale of shares	0.0	0.0	0.0
Other	-1.2	0.5	0.7
Net cash generated from operating activities before change in working capital	15.5	17.1	90.6

Change in working capital			
Change in trade and other receivables	-42.1	-1.3	11.8
Change in inventories	0.1	-1.2	-1.0
Change in trade and other payables	10.1	5.8	-1.3
Change in working capital	-31.9	3.3	9.5
Interest paid	-0.3	-0.5	-1.7
Interest received	0.1	0.1	0.3
Income taxes	-2.3	-1.4	-8.9
Net cash from operating activities	-18.9	18.6	89.8
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.8	-1.8	-6.5
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	0.0	-
Prepayments for Group companies and businesses	-	-	-3.6
Purchases of property, plant and equipment and intangible assets	-5.7	-7.8	-37.6
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.0
Purchases of available-for-sale investments	-	0.0	-
Change in other non-current receivables	0.4	0.3	1.7
Dividends received	0.0	0.0	0.0
Net cash used in investing activities	-7.1	-9.3	-46.1
Cash flows from financing activities			
Change in short-term borrowings	20.0	10.0	0.2
Proceeds from long-term borrowings	-	0.0	25.0
Repayments of long-term borrowings	-0.3	-0.8	-25.2
Dividends paid and other asset distribution	-28.7	-29.0	-29.0
Acquisition of own shares	-	-0.4	-4.7
L&T Recoil Oy guarantee commitment	-	0.0	-
Other financing items	0.0	0.0	0.0
Net cash generated from financing activities	-9.0	-20.1	-33.7
Net change in liquid assets	-35.0	-10.9	10.0
Liquid assets at beginning of period	54.0	44.0	44.0
Effect of changes in foreign exchange rates	0.0	0.1	0.0
Liquid assets at end of period	19.1	33.2	54.0
Liquid assets			
EUR million	1-3/2016	1-3/2015	1-12/2015
Cash and cash equivalents	19.1	33.2	49.0
Available-for-sale financial assets	0.0	0.0	5.0
Total	19.1	33.2	54.0

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. 2015	19.4	-3.0	0.0	-0.9	0.3	190.3	206.2	0.2	206.3
Total comprehensive income									
Profit for the period						5.6	5.6	0.0	5.6
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.3		-0.1	0.2		0.2
Available-for-sale financial assets							0.0		0.0
Currency translation differences		0.5					0.5	0.0	0.5
Total comprehensive income		0.5		0.3		5.5	6.3	0.0	6.3
Transactions with shareholders									
Share-based benefits					0.1	0.1	0.3		0.3
Dividends paid						-29.0	-29.0		-29.0
Dividends returned							0.0		0.0
Capital repayment						-0.4	-0.4		-0.4
Transactions with shareholders, total					0.1	-29.2	-29.1		-29.1
Other changes						0.0	0.0		0.0
Equity on 31 Mar. 2015	19.4	-2.5	0.0	-0.6	0.5	166.6	183.4	0.2	183.6

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. 2016	19.4	-2.9	0.0	-0.4	0.5	194.7	211.2	0.1	211.4
Total comprehensive income									
Profit for the period						5.5	5.5	0.0	5.5
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.0			0.0		0.0
Available-for-sale financial assets							0.0		0.0
Currency translation differences		0.0					0.0	0.0	0.0
Total comprehensive income		0.0		0.0		5.5	5.5	0.0	5.5
Transactions with shareholders									
Share-based benefits					0.0	0.2	0.2		0.2
Dividends paid						-32.6	-32.6		-32.6
Dividends returned							-		-
Acquisition of own shares							-		-
Transactions with shareholders, total					0.0	-32.4	-32.5		-32.5
Other changes						-0.2	-0.2		-0.2
Equity on 31 Mar. 2016	19.4	-2.9	0.0	-0.4	0.4	167.6	184.1	0.1	184.2

KEY FIGURES

	1-3/2016	1-3/2015	1-12/2015
Earnings per share, EUR	0.14	0.14	0.98
Diluted earnings per share, EUR	0.14	0.14	0.98
Cash flow from operating activities/share, EUR	0.18	0.48	2.33
EVA, EUR million	1.8	1.7	30.3
Gross capital expenditure, EUR million	7.9	9.5	49.6
Depreciation, amortisation and impairment, EUR million	9.9	10.1	40.0
Equity per share, EUR	4.80	4.75	5.51
Return on equity, % (ROE)	11.0	11.4	18.2
Return on invested capital, ROI, %	9.4	10.2	16.5
Equity ratio, %	40.0	41.9	46.5
Gearing, %	52.4	39.2	19.8
Net interest-bearing liabilities, EUR million	96.5	71.9	41.8
Average number of employees in full-time equivalents	6,891	6,762	7,099
Total number of full-time and part-time employees at end of period	8,034	7,842	8,085
Number of outstanding shares adjusted for issues, 1,000 shares			
average during the period	38,366	38,610	38,590
at end of period	38,378	38,615	38,361
average during the period, diluted	38,381	38,622	38,605

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 2015.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2015.

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

SEGMENT INFORMATION**Net sales**

EUR million	1-3/2016			1-3/2015			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	60.9	0.9	61.8	60.1	0.8	60.9	1.4
Industrial Services	15.6	0.3	15.9	14.4	0.4	14.8	7.2
Facility Services	71.4	0.8	72.2	69.9	0.8	70.7	2.2
Renewable Energy Sources	12.8	0.0	12.8	12.9	0.1	12.9	-1.1
Eliminations		-2.1	-2.1		-2.1	-2.1	
Total	160.7	0.0	160.7	157.3	0.0	157.3	2.1

EUR million	12/2015		
	External	Inter-division	Total
Environmental Services	253.1	3.4	256.5
Industrial Services	75.0	2.0	77.0
Facility Services	279.0	4.0	282.9
Renewable Energy Sources	39.2	0.2	39.4
Eliminations		-9.5	-9.5
Total	646.3	0.0	646.3

Operating profit

EUR million	1-3/2016		1-3/2015		12/2015	
		%		%		%
Environmental Services	5.4	8.8	6.5	10.7	35.8	14.0
Industrial Services	-0.3	-2.0	-0.4	-2.5	6.8	8.9
Facility Services	1.2	1.6	0.3	0.5	8.1	2.9
Renewable Energy Sources	0.7	5.1	0.7	5.5	2.1	5.3
Group administration and other	-0.1		-0.7		-3.0	
Total	6.8	4.2	6.5	4.1	49.9	7.7

OTHER SEGMENT INFORMATION

EUR million	1-3/2016	1-3/2015	12/2015
Assets			
Environmental Services	222.9	213.8	214.2
Industrial Services	71.5	68.9	71.4
Facility Services	130.4	103.1	97.6
Renewable Energy Sources	23.7	25.3	23.3
Group administration and other	0.8	1.3	1.0
Unallocated assets	23.6	38.1	58.2
L&T total	472.9	450.5	465.8
Liabilities			
Environmental Services	56.3	50.2	52.1
Industrial Services	22.0	20.2	21.9
Facility Services	53.2	52.5	49.8
Renewable Energy Sources	8.9	6.9	4.8
Group administration and other	5.5	4.8	2.1
Unallocated liabilities	142.7	132.4	123.7
L&T total	288.6	266.9	254.4
Capital expenditure			
Environmental Services	4.2	4.7	24.4
Industrial Services	0.9	0.9	7.5
Facility Services	2.7	3.9	17.3
Renewable Energy Sources	0.0	0.0	0.3
Group administration and other	0.0	0.0	0.0
L&T total	7.9	9.5	49.6
Depreciation and amortisation			
Environmental Services	5.0	5.0	19.9
Industrial Services	1.6	1.8	6.6
Facility Services	3.2	3.3	13.3
Renewable Energy Sources	0.1	0.1	0.3
Group administration and other	0.0	0.0	0.0
L&T total	9.9	10.1	40.0

INCOME STATEMENT BY QUARTER

EUR million	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Net sales					
Environmental Services	61.8	64.2	64.7	66.5	60.9
Industrial Services	15.9	20.3	21.0	20.8	14.8
Facility Services	72.2	71.7	70.5	70.1	70.7
Renewable Energy Sources	12.8	11.7	5.6	9.1	12.9
Interdivision net sales	-2.1	-2.8	-2.3	-2.4	-2.1
L&T total	160.7	165.2	159.6	164.2	157.3
Operating profit					
Environmental Services	5.4	7.4	11.0	10.8	6.5
Industrial Services	-0.3	1.8	2.9	2.5	-0.4
Facility Services	1.2	1.0	4.9	1.8	0.3
Renewable Energy Sources	0.7	0.3	0.6	0.5	0.7
Group administration and other	-0.1	-1.0	-0.1	-1.2	-0.7
L&T total	6.8	9.7	19.3	14.4	6.5
Operating margin					
Environmental Services	8.8	11.6	17.0	16.3	10.7
Industrial Services	-2.0	9.1	13.7	11.9	-2.5
Facility Services	1.6	1.5	6.9	2.6	0.5
Renewable Energy Sources	5.1	2.6	9.9	5.8	5.5
L&T total	4.2	5.9	12.1	8.8	4.1
Financial income and expenses, net	0.1	-1.0	-1.0	-0.8	0.5
Profit before tax	6.9	8.6	18.4	13.6	7.0

BUSINESS ACQUISITIONS, COMBINED

EUR million	1-3/2016 Fair value	1-3/2015 Fair value	1-12/2015 Fair value
Intangible assets	1.0	1.0	2.5
Property, plant and equipment	1.8	0.2	1.6
Investments	0.0	0.0	0.0
Receivables	2.4	0.1	1.4
Cash and cash equivalents	0.0	0.8	0.9
Total assets	5.1	2.1	6.4
Interest-bearing liabilities	-	-	-
Other liabilities	1.0	0.3	2.3
Deferred tax liabilities	0.0	0.1	0.3
Total liabilities	1.0	0.4	2.6
Net assets acquired	4.1	1.7	3.8
Total consideration	8.8	2.6	7.4
Goodwill	4.7	0.9	3.6
Effect on cash flow			
Consideration paid in cash	-8.8	-2.6	-7.4
Cash and cash equivalents of the acquired company	0.0	0.8	0.9
Cash flow from investing activities	-8.8	-1.8	-6.5

CHANGES IN INTANGIBLE ASSETS

EUR million	1-3/2016	1-3/2015	1-12/2015
Carrying amount at beginning of period	134.9	125.7	125.7
Business acquisitions	1.4	1.9	6.0
Other capital expenditure	2.5	1.4	7.9
Disposals	0.0	0.0	0.0
Depreciation and impairment	-1.3	-1.2	-5.0
Transfers between items	2.6	0.0	0.0
Exchange differences	0.0	0.1	0.2
Carrying amount at end of period	140.0	127.9	134.9

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-3/2016	1-3/2015	1-12/2015
Carrying amount at beginning of period	161.5	162.1	162.1
Business acquisitions	0.8	0.2	4.1
Other capital expenditure	3.2	6.0	31.5
Disposals	-0.2	-0.3	-0.9
Depreciation and impairment	-8.6	-8.9	-35.1
Transfers between items	-2.6	0.0	0.0
Exchange differences	0.2	1.0	-0.2
Carrying amount at end of period	154.3	160.2	161.5

CAPITAL COMMITMENTS

EUR million	1-3/2016	1-3/2015	1-12/2015
Intangible assets	0.1	0.1	-
Property, plant and equipment	4.6	7.0	6.3
Total	4.7	7.1	6.3

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million	31	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									
				0.6			0.6	0.6	3
			1.8				1.8	1.8	2
			1.7				1.7	1.7	
Current financial assets									
							1.1	1.1	
			81.2				81.2	81.2	
						0.0	0.0	0.0	
			19.1				19.1	19.1	
			104.8	0.6		0.0	105.4	105.4	
Non-current financial liabilities									
					60.8		60.8	60.8	2
					0.2		0.2	0.2	
Current financial liabilities									
					54.8		54.8	54.8	
					75.1		75.1	75.1	
						0.8	0.8	0.8	2
					190.9	0.8	191.7	191.7	

EUR million	31	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									
				0.6			0.6	0.6	3
			2.9				2.9	2.9	2
			2.2				2.2	2.2	
Current financial assets									
			86.5				86.5	86.5	
			1.2				1.2	1.2	
			0.0				0.0		
			33.2				33.2	33.2	
		0.0	126.1	0.6			126.7	126.6	
Non-current financial liabilities									
		70.9			70.9		70.9	70.4	2
					0.0		0.0	0.0	
Current financial liabilities									
					34.3		34.3		
					61.0		61.0		
						0.6	0.6		2
		70.9			166.1	0.6	166.8	70.4	

CONTINGENT LIABILITIES

EUR million	3/2016	3/2015	12/2015
Securities for own commitments			
Mortgages on rights of tenancy	0.4	0.2	0.4
Company mortgages	1.1	0.5	1.1
Other securities	0.1	0.2	0.2
Bank guarantees required for environmental permits	8.0	8.4	8.6

Other securities are security deposits.

Operating lease liabilities

EUR million	3/2016	3/2015	12/2015
Maturity not later than one year	7.4	3.6	6.3
Maturity later than one year and not later than five years	16.5	3.8	13.1
Maturity later than five years	2.8	2.0	1.6
Total	26.8	9.4	21.0

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

EUR million	3/2016	3/2015	12/2015
Nominal values of interest rate swaps			
Maturity not later than one year	33.8	8.5	34.1
Maturity later than one year and not later than five years	4.5	38.4	4.5
Maturity later than five years	0.0	0.0	0.0
Total	38.4	46.8	38.6
Fair value	-0.4	-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 interim report date.

Commodity derivatives

EUR million	3/2016	3/2015	12/2015
Nominal values of diesel swaps			
Maturity not later than one year	1.4	3.2	1.6
Maturity later than one year and not later than five years	0.0	0.0	0.0
Total	1.4	3.2	1.6
Fair value	-0.3	-0.2	-0.6

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.

Currency derivatives

EUR million	3/2016	3/2015	12/2015
Nominal values of forward contracts and currency swaps			
Maturity not later than one year	-	6.6	-
Fair value	-	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 2016: 6.56% and 2015: 6.51%

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, 27 April 2016

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers 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 2015 amounted to EUR 646.3 million. L&T is listed on Nasdaq Helsinki.

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