

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2015

- Net sales for the third quarter EUR 159.6 million (EUR 158.1 million); operating profit EUR 19.3 million (EUR 19.4 million); operating profit excluding non-recurring items EUR 19.5 million (EUR 19.7 million); earnings per share EUR 0.38 (EUR 0.39)
- Net sales for January–September EUR 481.1 million (EUR 477.4 million); operating profit EUR 40.2 million (EUR 34.5 million); operating profit excluding non-recurring items EUR 41.2 million (EUR 40.6 million); earnings per share EUR 0.80 (EUR 0.25)
- Full-year net sales and operating profit excluding non-recurring items in 2015 are expected to remain at the 2014 level.

CEO PEKKA OJANPÄÄ:

“The economic recession has slowed down the development of the business throughout the year, and during the summer the market situation again took a turn for the worse. In spite of this, our net sales increased, primarily due to strategically targeted acquisitions. Profitability in the third quarter was at the same level as in the corresponding period last year. Profitability was supported by good cost control. The development of the Facility Services division's profitability has been substantially below our expectations, and we will continue to implement restructuring measures. In line with our strategy, our focus in the prevailing economic situation is on strengthening our market position and ensuring profitability and cash flow through the development of our business operations and by business acquisitions.”

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

Lassila & Tikanaja's net sales for the third quarter increased by 0.9% to EUR 159.6 million (EUR 158.1 million). Operating profit totalled EUR 19.3 million (EUR 19.4 million). Operating profit excluding non-recurring items was EUR 19.5 million (EUR 19.7 million), representing 12.2% (12.4%) of net sales. Earnings per share were EUR 0.38 (EUR 0.39).

In the third quarter, net sales grew particularly in Facility Services due to acquisitions. Net sales also grew slightly in Environmental Services, also due to acquisitions. Net sales declined in Industrial Services and Renewable Energy Sources.

Operating profit excluding non-recurring items improved in Environmental Services due to acquisitions and good operational efficiency. The favourable profitability development of Renewable Energy Sources continued due to the good energy content of the division's fuels. In Facility Services, operating profit excluding non-recurring items declined due to the loss-making result of the technical systems maintenance business and the lower profitability of cleaning services. In Industrial Services, profitability was weakened by the low demand for hazardous waste management services, as well as the lower price of waste oil.

January–September

Lassila & Tikanaja's net sales for January–September amounted to EUR 481.1 million (EUR 477.4 million), an increase of 0.8%. Operating profit totalled EUR 40.2 million (EUR 34.5 million). Operating profit excluding non-recurring items was EUR 41.2 million (EUR 40.6 million), representing 8.6% (8.5%) of net sales. Earnings per share were EUR 0.80 (EUR 0.25).

Net sales grew in Facility Services and Environmental Services, primarily due to acquisitions. The net sales of the Industrial Services and Renewable Energy Sources divisions decreased due to lower demand.

In the comparison period, the company's reported operating profit included EUR 6.1 million in non-recurring items.

Operating profit excluding non-recurring items increased in all divisions except Facility Services. The Group recognised non-recurring restructuring costs of EUR 1.0 million related to the damage repair services business. The company continued to adapt the damage repair services business to the weakened market situation.

Financial summary

	7-9/ 2015	7-9/ 2014	Change %	1-9/ 2015	1-9/ 2014	Change %	1-12/ 2014
Net sales, EUR million	159.6	158.1	0.9	481.1	477.4	0.8	639.7
Operating profit excluding non-recurring items, EUR million*	19.5	19.7	-1.1	41.2	40.6	1.6	53.8
Operating margin excluding non-recurring items, %	12.2	12.4		8.6	8.5		8.4
Operating profit, EUR million	19.3	19.4	-0.6	40.2	34.5	16.5	48.5
Operating margin, %	12.1	12.3		8.4	7.2		7.6
Profit before tax, EUR million	18.4	18.5	-0.9	39.0	16.0	144.3	26.6
Earnings per share, EUR	0.38	0.39	-1.8	0.80	0.25	215.9	0.47
EVA, EUR million	14.4	14.6	-1.4	25.6	19.5	31.3	29.1

* Breakdown is presented below the division reviews.

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

Third quarter

The division's net sales for the third quarter increased by 0.2% to EUR 64.7 million (EUR 64.6 million). Operating profit was EUR 11.0 million (EUR 10.7 million) and operating profit excluding non-recurring items was EUR 11.1 million (EUR 10.6 million).

The division's net sales increased in waste management and the recycling business, mainly due to acquisitions. Lower demand in Russia for waste management, recycling services and environmental products, as well as fluctuations in the rouble exchange rate had a negative effect on net sales. In the environmental product business, net sales decreased due to structural changes implemented in line with strategy.

The division's operating profit excluding non-recurring items improved due to good operational efficiency and profits from acquired businesses. Operating profit was weighed down by the lower volume of recyclable materials in recycling plants and the lower price of secondary raw materials.

January–September

The Environmental Services division's net sales for January–September increased by 1.3% and amounted to EUR 192.2 million (EUR 189.7 million). Operating profit was EUR 28.4 million (EUR 26.5 million) and operating profit excluding non-recurring items was EUR 28.5 million (EUR 26.9 million).

The division's net sales increased in waste management and the recycling business, mainly due to acquisitions. Net sales in Russia decreased due to lower demand and fluctuations in the rouble exchange rate. In the environmental products business, net sales decreased due to the discontinuation of certain products.

Profitability was weighed down by additional maintenance shutdowns in the second quarter at the recycling plants in Turku and Kerava, which resulted in lower waste processing volumes at the two plants. The division's operating profit nevertheless increased thanks to the improved profitability of the recycling business in the first half of the year but, towards the end of the review period, operating profit was negatively impacted by the lower volume of recyclable materials at the recycling plants and the lower price of secondary raw materials.

Industrial Services

Third quarter

The division's net sales for the third quarter were down by 3.5% to EUR 21.0 million (EUR 21.8 million). Operating profit and operating profit excluding non-recurring items were EUR 2.9 million (EUR 3.1 million).

The low demand for hazardous waste management and sewer maintenance services had a negative impact on the division's net sales. In sewer maintenance, net sales decreased also due to the closure of unprofitable units. The demand for process cleaning services remained strong in the third quarter, and net sales also grew in environmental construction.

The low demand for hazardous waste management services and the low price of waste oil had a negative effect on operating profit. In sewer maintenance, the operating result improved significantly thanks to previously implemented restructuring measures. Profitability improved in process cleaning due to strong demand.

January–September

The Industrial Services division's net sales for January–September amounted to EUR 56.7 million (EUR 57.5 million), showing a decrease of 1.4%. Operating profit and operating profit excluding non-recurring items were EUR 5.0 million (EUR 4.9 million).

The division's net sales were weighed down by the low demand for hazardous waste management in the third quarter. In sewer maintenance, net sales decreased due to the closure of unprofitable units. Demand for process cleaning was strong in the second and third quarters, and net sales also grew in environmental construction.

The operating result of the sewer maintenance business improved significantly due to restructuring measures implemented during the first half of the year. Profitability also improved in process cleaning due to strong demand. The low demand for hazardous waste management services and the low price of waste oil had a negative impact on operating profit.

Facility Services

Third quarter

The division's net sales for the third quarter increased by 2.8% to EUR 70.5 million (EUR 68.6 million). Operating profit totalled EUR 4.9 million (EUR 6.3 million). Operating profit excluding non-recurring items was EUR 5.0 million (EUR 6.3 million).

The technical systems maintenance business saw continued strong growth supported by organic sales growth and acquisitions, but the business nevertheless recorded a loss.

Service demand increased in the property maintenance and cleaning businesses. The net sales of the damage repair services business continued to decline as a result of the low number of damage incidents and the implementation of restructuring measures.

Profitability declined in cleaning services and property maintenance. The result of the cleaning business was weighed down by several large-scale customer start-ups. The operating loss of the damage repair services business was significantly reduced due to restructuring measures implemented by the Group.

January–September

The Facility Services division's net sales for January–September increased by 2.6% and amounted to EUR 211.3 million (EUR 206.0 million). Operating profit totalled EUR 7.0 million (EUR 8.9 million). Operating profit excluding non-recurring items was EUR 8.0 million (EUR 9.0 million).

Demand improved from the comparison period in the property maintenance and cleaning businesses. The net sales of the cleaning business in Sweden declined. The technical systems maintenance business saw continued strong growth supported by organic sales growth and acquisitions, but the business nevertheless recorded a loss. Profitability also declined in cleaning services and property maintenance. The result of the cleaning business was weighed down by several large-scale customer start-ups and the slightly weaker profitability of Swedish operations.

Demand continued to decline in damage repair services. The Group closed down unprofitable business locations in the first half of the year, which affected the entire division's net sales and operating profit. The restructuring measures significantly reduced the operating loss excluding non-recurring items.

The company will continue to adapt the damage repair services business to the prevailing market situation. The Group recognised non-recurring restructuring costs of EUR 1.0 million related to the damage repair services business.

Renewable Energy Sources

Third quarter

Third quarter net sales of Renewable Energy Sources (L&T Biowatti) were down by 9.0% to EUR 5.6 million (EUR 6.1 million). Operating profit totalled EUR 0.6 million (operating loss EUR 0.5 million) and operating profit excluding non-recurring items was EUR 0.6 million (operating loss EUR 0.3 million).

The division's net sales declined mainly due to the low demand for biofuels. The division's profitability improved due to the good energy content of its fuels and the measures taken to improve operational efficiency.

January–September

The net sales of Renewable Energy Sources (L&T Biowatti) in January–September were down by 14.3% to EUR 27.6 million (EUR 32.2 million). Operating profit totalled EUR 1.8 million (EUR 0.6 million) and operating profit excluding non-recurring items was EUR 1.8 million (EUR 0.8 million).

The division's net sales declined mainly due to the low demand for biofuels, which resulted from the short heating season. Net sales were also decreased by the continued refocusing of business operations on selected geographic areas in line with strategy. Profitability improved due to efficiency improvement measures and the good energy content of fuels.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Operating profit	19.3	19.4	40.2	34.5	48.5
Non-recurring items:					
Gain on sale of L&T Biowatti Oy equipment					-0.4
L&T Recoil Oy				6.4	6.4
Divestment of Latvian business operations				-1.1	-1.1
Restructuring costs	0.1		1.0	0.5	2.0
Other non-recurring items	0.1	0.2	0.1	0.2	-1.5
Total non-recurring items	0.1	0.2	1.0	6.1	5.3
Operating profit excluding non-recurring items	19.5	19.7	41.2	40.6	53.8

FINANCING

Cash flows from operating activities amounted to EUR 60.9 million (EUR 49.1 million). A total of EUR 3.4 million in working capital was committed (EUR 9.4 million).

At the end of the period, interest-bearing liabilities amounted to EUR 99.9 million (EUR 99.6 million).

Net interest-bearing liabilities amounted to EUR 48.5 million (EUR 64.3 million), showing a decrease of EUR 3.5 million from the beginning of the year and a decrease of EUR 15.8 million from the comparison period.

Net financial expenses in January–September amounted to EUR 1.2 million (EUR 18.5 million). Net financial expenses were 0.2% (3.9%) of net sales. The amount of net financial expenses in the comparison period was primarily due to the EUR 16.7 million payment made under the L&T Recoil Oy guarantee commitment and exchange rate fluctuations that affected the Group's internal loans denominated in foreign currencies.

The average interest rate on long-term loans (with interest rate hedging) was 1.5% (1.7%). Long-term loans totalling EUR 4.1 million will mature during the rest of the year.

The equity ratio was 45.9% (45.6%) and the gearing rate was 23.3 (31.9). Liquid assets at the end of the period amounted to EUR 51.3 million (EUR 35.3 million).

Of the EUR 100 million commercial paper programme, EUR 0 (EUR 0) 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.

The company issued a EUR 30 million senior unsecured bond in 2014. The bond matures on 15 September 2019 and carries a fixed annual interest rate of 2.125 per cent.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 18 March 2015 resolved that a dividend of EUR 0.75 per share be paid on the basis of the balance sheet that was adopted for the financial year 2014. The dividend, totalling EUR 29.0 million, was paid to shareholders on 27 March 2015.

CAPITAL EXPENDITURE

In January–September, gross capital expenditure totalled EUR 31.2 million (EUR 27.9 million), consisting mainly of machine and equipment purchases and targeted acquisitions.

PERSONNEL

In January–September, the average number of employees converted into full-time equivalents was 7,234 (7,386). At the end of the period, Lassila & Tikanoja had 8,345 (7,952) full-time and part-time employees. Of these, 7,462 (7,161) worked in Finland and 883 (791) in other countries.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading on Nasdaq Helsinki in January–September 2015, excluding the shares held by the company in Lassila & Tikanoja plc, was 8,090,895 shares, which is 21.0% (17.8%) of the average number of outstanding shares. The value of trading was EUR 138.6 million (EUR 98.1 million). The highest share price was EUR 18.74 and the lowest EUR 14.54. The closing price was EUR 17.97. At the

end of the period, the market capitalisation excluding the shares held by the company was EUR 693.5 million (EUR 517.7 million).

Own shares

At the end of the period, the company held 207,329 of its own shares, representing 0.5% of all shares and votes. The company started a programme on 15 September 2015 to repurchase its own shares.

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 38,591,545. The average number of shares excluding the shares held by the company was 38,612,874.

Shareholders

At the end of the period, the company had 9,795 (9,764) shareholders. Nominee-registered holdings accounted for 22.0% (16.9%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 18 March 2015 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 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 18 March 2015, adopted the financial statements and consolidated financial statements for 2014 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 0.75 per share, totalling EUR 29.0 million, be paid on the basis of the balance sheet adopted for the financial year 2014. It was decided that the dividend be paid on 27 March 2015.

The Annual General Meeting confirmed the number of members of the Board of Directors as five. Heikki Bergholm, Eero Hautaniemi, Laura Lares, Sakari Lassila and Miikka Maijala were re-elected 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 18 March 2015.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Eero Hautaniemi, 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 Laura Lares as members of the Audit Committee. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Miikka Majjala as a member of the committee.

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

On 20 January 2015, the company announced that, according to the preliminary financial statements figures for 2014, the company's net sales are estimated to be approximately EUR 639 million (2013: EUR 668.2 million) and the operating profit excluding non-recurring items is estimated to be EUR 53.8 million (2013: EUR 51.8 million).

Previously, the company had estimated that the 2014 net sales were expected to remain at the 2013 level or slightly below and operating profit excluding non-recurring items would also remain at the 2013 level or slightly below.

On 27 May 2015, the company announced that Jorma Mikkonen, Lassila & Tikanoja plc's Director, Corporate Relations and Responsibility, has been appointed as a member of the company's Group Executive Board starting from 1 June 2015. Mikkonen's responsibilities include corporate relations, EHSQ, communications and corporate safety.

On 2 September 2015, the company announced that the Board of Directors has approved the Group's updated strategy as part of its annual strategy work and that, going forward, the Renewable Energy Sources division will be included in L&T's core businesses. The company also announced that its Board of Directors has resolved to exercise the authorisation by the Annual General Meeting on 18 March 2015 to repurchase a maximum of 500,000 of the company's own shares, which corresponds to approximately 1.3% of the total number of issued shares.

EVENTS AFTER THE REVIEW PERIOD

The company management is not aware of any events of material importance that might have affected the preparation of the interim report.

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.

Uncertainties related to government subsidies for renewable fuels and to the continuity of such subsidies may affect demand for the services of Renewable Energy Sources. In addition, low prices for fossil fuels may affect the demand of the recovered and renewable fuels produced by the company.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2014, 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 and operating profit excluding non-recurring items in 2015 are expected to remain at the 2014 level.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2015**CONSOLIDATED INCOME STATEMENT**

EUR million	7-9/ 2015	7-9/ 2014	1-9/ 2015	1-9/ 2014	1-12/ 2014
Net sales	159.6	158.1	481.1	477.4	639.7
Cost of sales	-135.7	-133.2	-422.4	-418.8	-561.6
Gross profit	24.0	24.9	58.7	58.6	78.1
Other operating income	0.6	0.5	2.0	3.3	7.0
Sales and marketing expenses	-2.9	-3.0	-9.6	-10.5	-14.2
Administrative expenses	-2.8	-2.5	-9.3	-9.1	-12.7
Other operating expenses	0.5	-0.5	-1.6	-7.7	-9.7
Impairment, property, plant and equipment and other non-current assets	0.0	0.0	0.0	0.0	0.0
Impairment, goodwill and other intangible assets	0.0	0.0	0.0	0.0	0.0
Operating profit	19.3	19.4	40.2	34.5	48.5
Financial income	0.1	0.1	0.9	0.3	0.4
Financial expenses	-1.0	-1.0	-2.1	-18.8	-22.3
Profit before tax	18.4	18.5	39.0	16.0	26.6
Income taxes	-3.7	-3.5	-7.9	-6.1	-8.4
Profit for the period	14.7	15.0	31.1	9.9	18.1
Attributable to:					
Equity holders of the company	14.7	15.0	31.1	9.9	18.1
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	0.38	0.39	0.80	0.25	0.47
Diluted earnings per share, EUR	0.38	0.39	0.80	0.25	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/2015	7-9/2014	1-9/2015	1-9/2014	12/2014
Profit for the period	14.7	15.0	31.1	9.9	18.1
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	0.0	0.0	0.0	0.0	-0.1
Items not to be recognised through profit or loss, total	0.0	0.0	0.0	0.0	-0.1
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.2	-0.1	0.4	-0.4	-0.6
Currency translation differences	-0.5	-0.2	0.0	-0.7	-2.1
Currency translation differences recognised in profit or loss	0.0	0.0	0.0	0.3	0.3
Currency translation differences, non-controlling interest	0.0	0.0	0.0	0.0	-0.1
Items potentially to be recognised through profit or loss, total	-0.4	-0.4	0.4	-0.8	-2.4
Total comprehensive income, after tax	14.3	14.6	31.5	9.1	15.6
Attributable to:					
Equity holders of the company	14.3	14.6	31.4	9.1	15.7
Non-controlling interest	0.0	0.0	0.0	0.0	-0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	9/2015	9/2014	12/2014
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	113.4	108.2	109.9
Customer contracts arising from acquisitions	5.7	3.7	5.3
Agreements on prohibition of competition	0.2	0.0	0.1
Other intangible assets arising from business acquisitions	0.6	0.0	0.7
Other intangible assets	12.6	8.8	9.7
	132.5	120.7	125.7
Property, plant and equipment			
Land	5.0	3.4	3.3
Buildings and constructions	41.0	46.0	44.3
Machinery and equipment	105.6	109.9	112.2
Other	0.1	0.1	0.1
Prepayments and construction in progress	4.2	3.5	2.2
	155.9	162.8	162.1
Other non-current assets			
Available-for-sale investments	0.6	0.6	0.6
Finance lease receivables	2.3	3.4	3.2
Deferred tax assets	2.5	2.9	2.7
Other receivables	2.1	2.0	2.3
	7.4	8.9	8.7
Total non-current assets	295.8	292.5	296.5
Current assets			
Inventories	26.1	24.1	22.6
Trade and other receivables	92.6	101.3	94.7
Derivative receivables	0.0	0.0	0.1
Prepayments	1.1	2.3	0.5
Current available-for-sale financial assets	0.0	0.0	10.0
Cash and cash equivalents	51.3	35.3	34.0
Total current assets	171.1	163.1	161.8
Total assets	467.0	455.6	458.3

EUR million	9/2015	9/2014	12/2014
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-3.4	-2.3	-3.9
Invested unrestricted equity reserve	0.5	0.3	0.3
Retained earnings	161.0	174.2	172.2
Profit for the period	31.1	9.9	18.1
	208.5	201.5	206.2
Non-controlling interest	0.2	0.2	0.2
Total equity	208.7	201.7	206.3
Liabilities			
Non-current liabilities			
Deferred tax liability	24.2	24.1	24.7
Retirement benefit obligations	1.0	0.8	1.0
Provisions	4.1	6.1	4.2
Interest-bearing liabilities	92.2	74.8	71.2
Other liabilities	0.3	0.5	0.3
	122.0	106.4	101.4
Current liabilities			
Interest-bearing liabilities	7.7	24.8	24.8
Trade and other payables	120.7	119.0	120.4
Derivative liabilities	0.9	0.9	1.4
Tax liabilities	4.3	1.1	0.7
Provisions	2.8	1.7	3.3
	136.3	147.5	150.7
Total liabilities	258.3	253.9	252.0
Total equity and liabilities	467.0	455.6	458.3

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1- 9/2015	1- 9/2014	1- 12/2014
Cash flows from operating activities			
Profit for the period	31.1	9.9	18.1
Adjustments			
Income taxes	7.9	6.1	8.4
Depreciation and impairment	30.0	30.1	40.2
Financial income and expenses	1.2	18.5	21.9
Gain on sale of shares	0.0	-1.5	-1.5
Other	-0.1	4.2	1.9
Net cash generated from operating activities before change in working capital	70.1	67.3	89.1
Change in working capital			
Change in trade and other receivables	2.9	-9.8	-1.4
Change in inventories	-3.5	2.0	3.6
Change in trade and other payables	-2.8	-1.7	0.0
Change in working capital	-3.4	-9.4	2.2
Interest paid	-1.1	-2.0	-3.0
Interest received	0.2	0.3	0.4
Income taxes	-4.9	-7.1	-9.1
Net cash from operating activities	60.9	49.1	79.6
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-5.9	-2.0	-9.8
Proceeds from sale of subsidiaries and businesses, net of sold cash	0.0	11.7	13.5
Purchases of property, plant and equipment and intangible assets	-23.4	-23.4	-34.1
Proceeds from sale of property, plant and equipment and intangible assets	0.0	0.0	0.4
Purchases of available-for-sale investments	0.0	-	-0.2
Change in other non-current receivables	1.3	0.0	0.3
Dividends received	0.0	0.0	0.0
Net cash used in investing activities	-28.0	-13.6	-29.8
Cash flows from financing activities			
Change in short-term borrowings	0.0	-34.9	-32.2
Proceeds from long-term borrowings	25.0	29.9	29.9
Repayments of long-term borrowings	-21.2	-17.6	-24.8
Dividends paid and other asset distribution	-29.0	-19.4	-19.4
Acquisition of own shares	-0.4		-1.9
L&T Recoil Oy guarantee commitment	0.0		-16.7
Other financing items	0.0	-16.7	0.9
Net cash generated from financing activities	-25.6	-58.6	-64.2
Net change in liquid assets	7.4	-23.2	-14.4
Liquid assets at beginning of period	44.0	58.5	58.5
Effect of changes in foreign exchange rates	0.0	0.0	-0.1
Liquid assets at end of period	51.3	35.3	44.0

Liquid assets

EUR million	1-9/2015	1-9/2014	1-12/2014
Cash and cash equivalents	51.3	35.3	34.0
Available-for-sale financial assets	0.0	0.0	10.0
Total	51.3	35.3	44.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation difference	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						9.9	9.9	0.0	9.9
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				-0.4			-0.4		-0.4
Available-for-sale financial assets							0.0		0.0
Currency translation differences		-0.4					-0.4		-0.4
Total comprehensive income	0.0	-0.4	0.0	-0.4	0.0	9.9	9.1	0.0	9.1
Transactions with shareholders									
Share-based benefits					0.0	-0.1	0.0		0.0
Dividends paid						-19.4	-19.4		-19.4
Dividends returned									
Capital repayment									
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.0	-19.5	-19.4		-19.4
Other changes						0.6	0.6		0.6
Equity on 30 Sep. 2014	19.4	-1.6	0.0	-0.7	0.3	184.1	201.5	0.2	201.7

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						31.1	31.1	0.0	31.1
Items arising from re-measurement of defined benefit plans							0.0		0.0
Hedging reserve, change in fair value				0.5		-0.1	0.4		0.4
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	0.0	0.5	0.0	31.0	31.4	0.0	31.5
Transactions with shareholders									
Share-based benefits					0.1	0.2	0.3		0.3
Dividends paid						-29.0	-29.0		-29.0
Dividends returned						0.0	0.0		0.0
Acquisition of own shares						-0.8	-0.5		-0.5
Transactions with shareholders, total	0.0	0.0	0.0	0.0	0.1	-29.5	-29.4		-29.4
Other changes						0.3	0.3		0.3
Equity on 30 Sep. 2015	19.4	-3.0	0.0	-0.4	0.5	192.1	208.5	0.2	208.7

KEY FIGURES

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Earnings per share, EUR	0.38	0.39	0.80	0.25	0.47
Diluted earnings per share, EUR	0.38	0.39	0.80	0.25	0.47
Cash flows from operating activities per share, EUR	1.09	0.56	1.58	1.27	2.06
EVA, EUR million*	14.4	14.6	25.6	19.5	29.1
Gross capital expenditure, EUR million	13.7	7.6	31.2	27.9	44.7
Depreciation, amortisation and impairment, EUR million	10.0	10.0	30.0	30.1	40.2
Equity per share, EUR			5.41	5.21	5.34
Return on equity (ROE), %			20.0	6.4	8.7
Return on invested capital, ROI, %			17.6	14.6	15.4
Equity ratio, %			45.9	45.6	46.3
Gearing, %			23.3	31.9	25.2
Net interest-bearing liabilities, EUR million			48.5	64.3	52.0
Average number of employees in full-time equivalents			7,234	7,386	7,257
Total number of full-time and part-time employees at end of period			8,345	7,952	7,830
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,610	38,738	38,729
at end of period			38,592	38,747	38,702
average during the period, diluted			38,613	38,749	38,740

* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2015 6.51%, 2014 6.58%

ACCOUNTING POLICIES

This financial statements release is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The financial statements release has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2014.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc dated 31 December 2014.

The interim report has not been audited.

SEGMENT INFORMATION**Net sales**

7-9/2015				7-9/2014			Total net sales, change %
EUR million	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	64.1	0.7	64.7	64.0	0.7	64.6	0.2
Industrial Services	20.6	0.4	21.0	20.4	1.4	21.8	-3.5
Facility Services	69.4	1.1	70.5	67.7	1.0	68.6	2.8
Renewable Energy Sources	5.5	0.0	5.6	6.1	0.0	6.1	-9.0
Eliminations		-2.3	-2.3		-3.1	-3.1	
Total	159.6	0.0	159.6	158.1	0.0	158.1	0.9

1-9/2015				1-9/2014			Total net sales, change %
EUR million	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	189.9	2.4	192.2	187.2	2.5	189.7	1.3
Industrial Services	55.4	1.3	56.7	55.1	2.4	57.5	-1.4
Facility Services	208.4	2.9	211.3	202.9	3.1	206.0	2.6
Renewable Energy Sources	27.5	0.1	27.6	32.1	0.2	32.2	-14.3
Eliminations		-6.7	-6.7		-8.1	-8.1	
Total	481.1	0.0	481.1	477.4	0.0	477.4	0.8

12/2014			
EUR million	External	Inter-division	Total
Environmental Services	250.9	3.7	254.5
Industrial Services	74.3	3.5	77.8
Facility Services	270.6	4.2	274.7
Renewable Energy Sources	44.0	0.2	44.2
Eliminations		-11.6	-11.6
Total	639.7	0.0	639.7

Operating profit

EUR million	7-9/ 2015	%	7-9/ 2014	%	1-9/ 2015	%	1-9/ 2014	%	12/ 2014	%
Environmental Services	11.0	17.0	10.7	16.5	28.4	14.8	26.5	14.0	37.3	14.7
Industrial Services	2.9	13.7	3.1	14.2	5.0	8.8	4.9	8.5	6.5	8.4
Facility Services	4.9	6.9	6.3	9.1	7.0	3.3	8.9	4.3	10.6	3.9
Renewable Energy Sources	0.6	9.9	-0.5	-8.1	1.8	6.5	0.6	1.8	1.6	3.7
Group administration and other	-0.1		-0.1		-2.0		-6.4		-7.6	
Total	19.3	12.1	19.4	12.3	40.2	8.4	15.1	7.2	48.5	7.6

OTHER SEGMENT INFORMATION

EUR million			1-9/2015	1-9/2014	12/2014
Assets					
Environmental Services			208.1	208.7	212.4
Industrial Services			73.6	78.2	72.6
Facility Services			102.3	102.2	98.8
Renewable Energy Sources			24.2	24.8	24.6
Group administration and other			1.1	1.3	1.1
Unallocated assets			57.7	40.4	48.9
L&T total			467.0	455.6	458.3
Liabilities					
Environmental Services			50.0	50.5	50.5
Industrial Services			22.4	23.7	21.9
Facility Services			48.2	45.2	48.3
Renewable Energy Sources			6.0	7.1	6.2
Group administration and other			1.9	1.4	1.9
Unallocated liabilities			129.8	126.0	123.2
L&T total			258.3	253.9	252.0
EUR million	7-9/2015	7-9/2014	1-9/2015	1-9/2014	12/2014
Capital expenditure					
Environmental Services	5.8	4.2	14.3	15.0	26.6
Industrial Services	2.8	1.3	4.7	4.9	6.6
Facility Services	5.0	2.1	12.0	7.9	11.3
Renewable Energy Sources	0.1	0.0	0.2	0.1	0.2
Group administration and other	0.0	0.0	0.0	0.0	0.0
L&T total	13.7	7.6	31.2	27.9	44.7
Depreciation and amortisation					
Environmental Services	5.0	5.0	14.9	15.2	20.1
Industrial Services	1.6	1.7	5.0	4.9	6.9
Facility Services	3.3	3.2	9.9	9.7	13.0
Renewable Energy Sources	0.1	0.1	0.2	0.2	0.2
Group administration and other	0.0	0.0	0.0	0.0	0.0
L&T total	10.0	10.0	30.0	30.1	40.2
Impairment					
Environmental Services					
Industrial Services					
Facility Services					
Renewable Energy Sources					
Group administration and other					
L&T total	0.0	0.0	0.0	0.0	0.0

INCOME STATEMENT BY QUARTER

EUR million	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014
Net sales					
Environmental Services	64.7	66.5	60.9	64.8	64.6
Industrial Services	21.0	20.8	14.8	20.3	21.8
Facility Services	70.5	70.1	70.7	68.8	68.6
Renewable Energy Sources	5.6	9.1	12.9	12.0	6.1
Group administration and other					
Interdivision net sales	-2.3	-2.4	-2.1	-3.5	-3.1
L&T total	159.6	164.2	157.3	162.3	158.1
Operating profit					
Environmental Services	11.0	10.8	6.5	10.8	10.7
Industrial Services	2.9	2.5	-0.4	1.6	3.1
Facility Services	4.9	1.8	0.3	1.7	6.3
Renewable Energy Sources	0.6	0.5	0.7	1.0	-0.5
Group administration and other	-0.1	-1.2	-0.7	-1.2	-0.1
L&T total	19.3	14.4	6.5	14.0	19.4
Operating margin					
Environmental Services	17.0	16.3	10.7	16.6	16.5
Industrial Services	13.7	11.9	-2.5	8.0	14.2
Facility Services	6.9	2.6	0.5	2.5	9.1
Renewable Energy Sources	9.9	5.8	5.5	8.7	-8.1
L&T total	12.1	8.8	4.1	8.6	12.3
Financial income and expenses, net	-1.0	-0.8	0.5	-3.4	-0.9
Profit before tax	18.4	13.6	7.0	10.6	18.5

BUSINESS ACQUISITIONS, COMBINED

	1-9/2015	1-9/2014	1-12/2014
	Fair value, total	Fair value, total	Fair value, total
EUR million			
Intangible assets	2.3	0.6	3.5
Property, plant and equipment	1.2	0.5	3.5
Investments	0.0	0.0	0.0
Receivables	1.4	0.4	0.4
Cash and cash equivalents	0.9	0.8	0.8
Total assets	5.9	2.2	8.1
Interest-bearing liabilities		0.2	0.2
Other liabilities	2.3	0.5	0.5
Deferred tax liabilities	0.3	0.1	0.1
Total liabilities	8.5	0.8	0.8
Net assets acquired	3.3	1.4	7.3
Total consideration	6.8	2.8	10.6
Goodwill	3.5	1.4	3.3
Effect on cash flow			
Consideration paid in cash	-6.8	-2.8	-10.6
Cash and cash equivalents of the acquired company	0.9	0.8	0.8
Cash flow from investing activities	-5.9	-2.0	-9.8

Facility Services acquired the share capital of the following companies: 2 March 2015 NN-Kiinteistötyö Oy, 3 August 2015 Lakeuden Kylmäkeskus Oy. Environmental Services acquired the share capital of the following companies: 1 July 2015 Kuljetus J Hirvonen Oy.

Facility Services acquired the business operations of the following companies: 2 February 2015 Jyväskylä Oy, 1 June 2015 CEUS Oy's building automation business, 3 June 2015 HH-kiinteistöpalvelut Oy. On 1 June 2015, Environmental Services acquired the waste management business operations of Kiinteistö- ja jätehuolto Vuorinen.

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	1-9/2015	1-9/2014	1-12/2014
Carrying amount at beginning of period	125.7	126.3	126.3
Business acquisitions	5.8	1.9	6.9
Other capital expenditure	4.8	3.0	4.5
Disposals	0.0	-5.6	-5.6
Depreciation and impairment	-3.7	-4.4	-5.6
Transfers between items	0.0	-0.1	-0.1
Exchange differences	0.0	-0.4	-0.7
Carrying amount at end of period	132.5	120.7	125.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	1-9/2015	1-9/2014	1-12/2014
Carrying amount at beginning of period	162.1	171.5	171.5
Business acquisitions	0.5	0.5	3.4
Other capital expenditure	20.1	22.4	29.9
Disposals	-0.8	-5.6	-6.0
Depreciation and impairment	-26.3	-25.7	-34.7
Transfers between items	0.0	0.1	0.1
Exchange differences	0.2	-0.4	-2.2
Carrying amount at end of period	155.9	162.8	162.1

CAPITAL COMMITMENTS

EUR million	1-9/2015	1-9/2014	1-12/2014
Intangible assets	-	-	-
Property, plant and equipment	8.2	3.7	3.4
Total	8.2	3.7	3.4

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR million 30 Sep. 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivable s	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Derivative s under hedge accountin g	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		2.3				2.3	2.3	2
Other receivables		1.9				1.9	1.9	
Current financial assets								
Available-for-sale financial assets								
Trade and other receivables		86.5				86.5	86.5	
Derivative receivables								
Cash and cash equivalents		51.3				51.3	51.3	
Total financial assets		142.0	0.6	0.0	0.0	142.6	142.6	
Non-current financial liabilities								
Borrowings				92.2		92.2	91.5	2
Other liabilities				0.1		0.1	0.1	
Current financial liabilities								
Borrowings				7.7		7.7	7.7	
Trade and other payables				55.6		55.6	55.6	
Derivative liabilities					0.9	0.9	0.9	2
Total financial liabilities				155.6	0.9	156.4	155.7	

EUR million, 30 Sep. 2015	Financial assets and liabilities at fair value through profit or loss	Loans and other receivable s	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Derivative s under hedge accountin g	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		3.4				3.4	3.4	2
Other receivables		2.0				2.0	2.0	
Current financial assets								
Trade and other receivables		96.2				96.2	96.2	
Derivative receivables								
Cash and cash equivalents		35.3				35.3	35.3	
Total financial assets		137.0	0.6			137.6	137.6	
Non-current financial liabilities								
Borrowings				74.8		74.8	0.1	2
Other liabilities				0.2		0.2	0.2	
Current financial liabilities								
Borrowings				24.8		24.8		
Trade and other payables				60.0		60.0		
Derivative liabilities					0.7	0.7	0.7	2
Total financial liabilities				159.8	0.7	160.5	1.0	

CONTINGENT LIABILITIES

EUR million	9/2015	9/2014	12/2014
Securities for own commitments			
Mortgages on rights of tenancy	0.4	0.2	0.2
Company mortgages	1.1	0.9	0.5
Other securities	0.2	0.2	0.2
Bank guarantees required for environmental permits	7.6	8.1	8.4

Other securities are security deposits.

Operating lease liabilities

EUR million	9/2015	9/2014	12/2014
Maturity not later than one year	4.1	3.9	2.9
Maturity later than one year and not later than five years	7.7	3.6	2.8
Maturity later than five years	2.0	2.0	2.0
Total	13.7	9.6	7.7

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

EUR million	9/2015	9/2014	12/2014
Nominal values of interest rate swaps			
Maturity not later than one year	6.9	9.0	6.4
Maturity later than one year and not later than five years	35.5	42.3	14.2
Maturity later than five years	0.0	0.0	0.0
Total	42.4	51.4	20.5
Fair value	-0.5	-0.7	-0.6

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	9/2015	9/2014	12/2014
Nominal values of diesel swaps			
Maturity not later than one year	3,404	3,300	8,300
Maturity later than one year and not later than five years	0	0	0
Total	3,404	3,300	8,300
Fair value, EUR million	-0.4	-0.1	-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. The fair values of commodity derivatives are based on market prices on the balance sheet date.

Currency derivatives

EUR million	9/2015	9/2014	12/2014
Nominal values of forward contracts and currency swaps			
Maturity not later than one year	-	-	10.9
Fair value	-	-	-0.1

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 2014: 6.58% 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):

$$\frac{(\text{profit before tax} + \text{financial expenses})}{(\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average)})} \times 100$$

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

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

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, 28 October 2015

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja is a service company that is transforming consumer society into an efficient recycling society. In co-operation with our customers, we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and protect the environment. Together, we create well-being and jobs. With operations in Finland, Sweden and Russia, L&T employs 8,000 persons. Net sales in 2014 amounted to EUR 639.7 million. L&T is listed on Nasdaq Helsinki.

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