



Lassila & Tikanoja plc

29 July 2008

Jari Sarjo, President and CEO

Highlights of Q208

- Net sales EUR 154.4m (EUR 138.8m) +11.2% (yoy)
 - Organic growth continued being 9.6% (yoy)
- Operating profit EUR 10.2m (EUR 12.0m); operating profit excluding non-recurring and imputed items EUR 11.3m (EUR 13.8m)
 - Increase in general cost level and rapid rise in transport fuel prices burdened the profitability in all divisions; will be transferred to sales prices with a delay
 - Changes in fair values of oil derivatives burdened the result by EUR 1.1m (EUR 0.5m)

Highlights of Q208

Environmental Services; Operating profit EUR 8.2m (EUR 8.1m)

- Rapid fuel price hikes burdened the performance of waste management.
→ offsetting price increases with a delay
- Recycling services suffered still from higher purchase prices in certain waste materials.
- L&T Biowatti improved its performance from previous year thanks to higher heating value of biofuels delivered.
- Operations in Russia and Latvia developed positively.

Highlights of Q208

Property and Office Support Services; operating profit EUR 1.2m (EUR 1.7m)

- Organic growth continued
- Higher than expected cost inflation burdened the result
→ price increases were not completely offsetting
- Extensive action programme underway in Sweden

Industrial Services; operating profit EUR 1.2m (EUR 2.6m)

- Rapid fluctuation in demand continued and adapting production to the changes remained difficult
- Changes in fair values of oil derivatives burdened operating profit by EUR 1.1 million (EUR 0.5 million)

Current issues

- Main emphasis on improving profitability
- Investments in wood pellet production and expanding recycling capacity continue as planned
- Geographical expansion in Russia continues
- L&T Recoil's re-refinery is under construction with expected completion by the end of the year

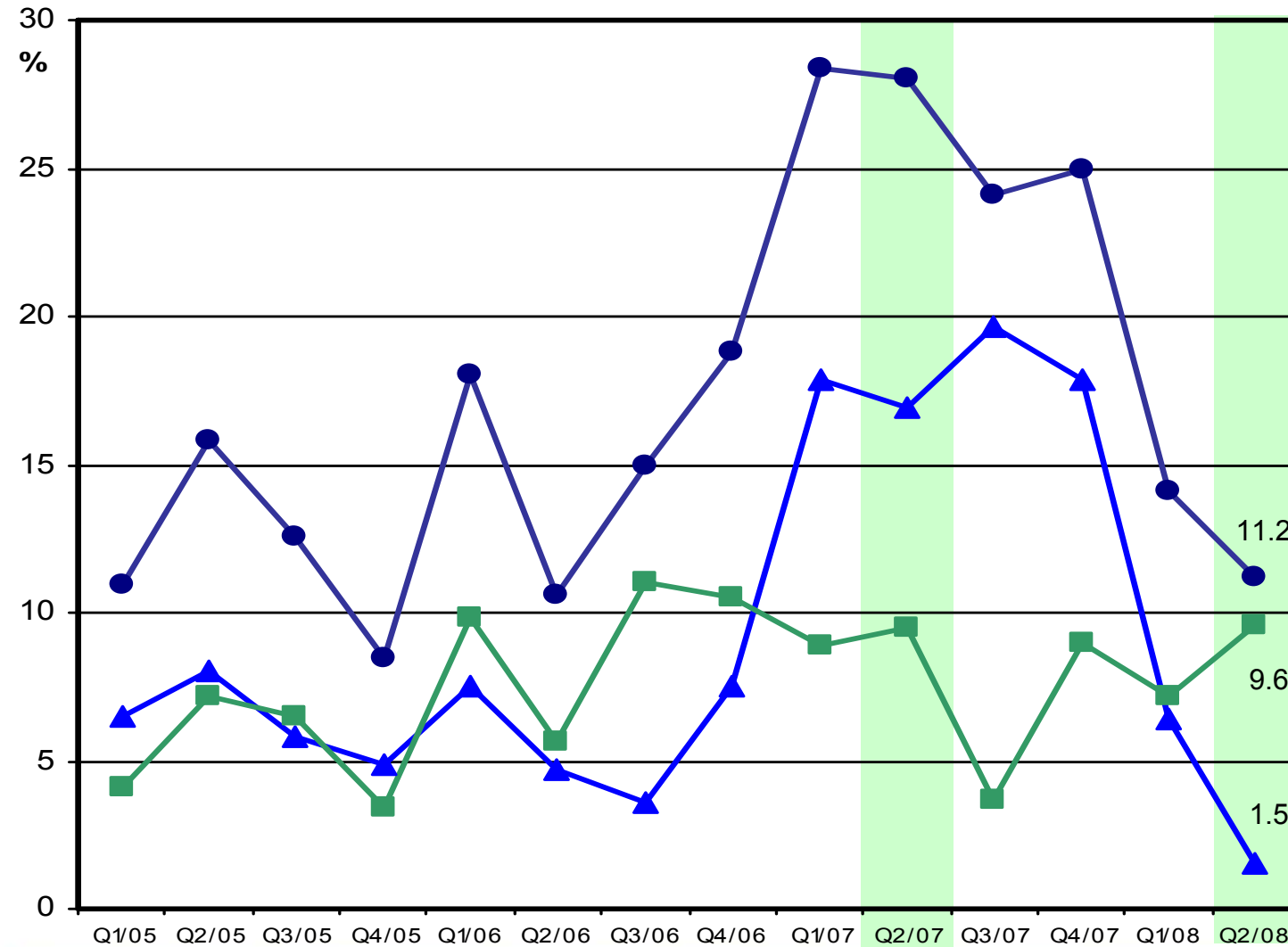
Financial summary

	Q208	Q207	Change %	Q1-Q4/ 2007
Net sales, EUR million	154.4	138.8	11.2	554.6
Operating profit excluding non-recurring and imputed items, EUR million	11.3	13.8	-18.1	54.3
Operating profit, EUR million	10.2	12.0	-15.3	48.8
Operating margin, %	6.6	8.7		8.8
Profit before taxes, EUR million	9.2	11.1	-17.2	44.5
Earnings per share, EUR	0.17	0.20	-15.0	0.83
EVA, EUR million	2.8	6.0	-53.3	23.0

Net sales by division

EUR million	H108	H107	Change %
Environmental Services	152.1	137.1	10.9
Property and Office Support Services	112.7	97.4	15.7
Industrial Services	39.4	35.7	10.4
Group administration and other	0	0	
Inter-division net sales	-2.5	-2.4	
L&T total	301.7	267.9	12.6

Growth in net sales 2005 - 2008



	2007	2006	2005
Total	27.2%	15.5%	11.9%
Acquisitions	18.3%	5.8%	6.3%
Organic	7.5%	9.2%	5.3%

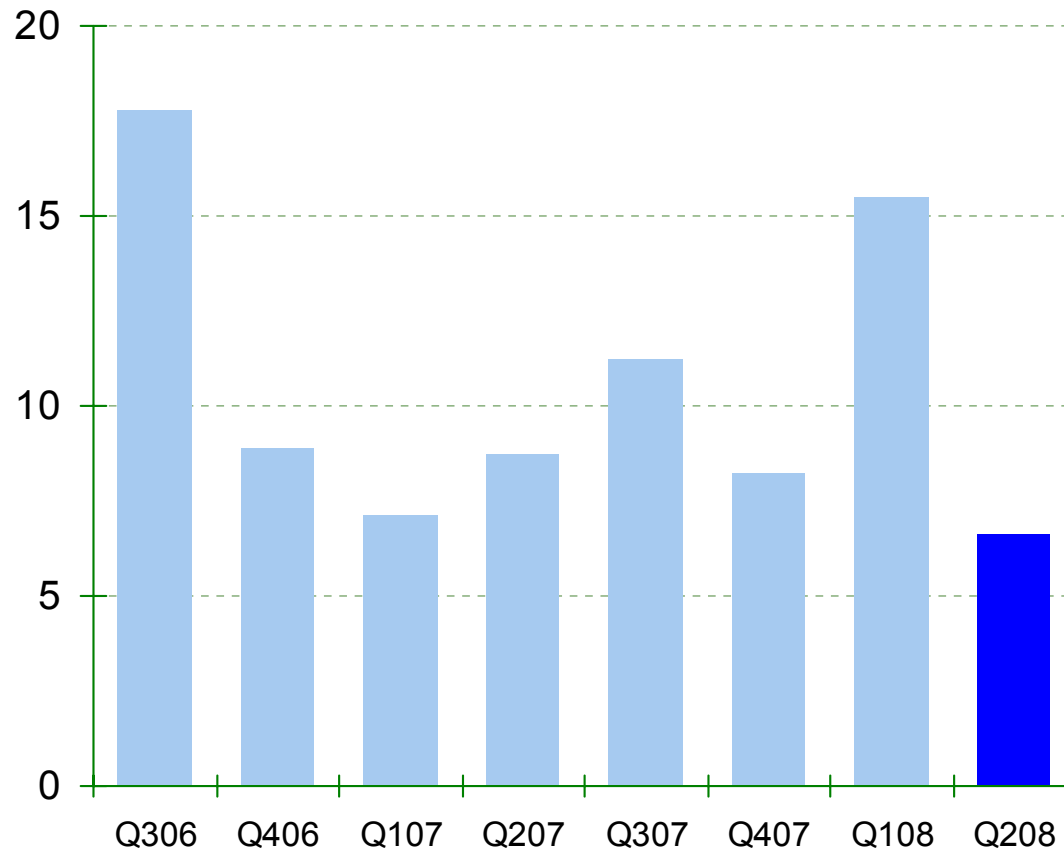
Earnings by division

EUR million	H108	H107	Change %
Environmental Services	16.6	16.9	-1.8
Property and Office Support Services	2.8	2.8	-0.4
Industrial Services	0.3	2.5	-88.4
Group administration and other	13.4	-0.9	
Total operating profit	33.0	21.2	55.8
Operating margin	10.9	7.9	

Key figures

	Q208	Q207	H108	H107	2007
Earnings per share, EUR	0.17	0.20	0.68	0.35	0.83
EVA, EUR million	2.8	6.0	18.6	9.6	23.0
Capital expenditure, EUR million	17.3	17.5	31.4	64.7	93.2
Depreciation and amortisation, EUR million	9.4	8.1	18.6	15.8	33.4
Return on equity, % (ROE)			26.8	15.9	17.0
Return on invested capital, % (ROI)			21.4	16.1	17.6
Equity ratio, %			44.5	42.2	46.6
Gearing, %			57.7	61.2	42.7
Total number of full-time and part-time employees at end of period			10,087	9,486	9,387

Operating margin by quarter



Operating margin by division

Quarterly figures

	Q208	Q108	Q1- Q407	Q407	Q307	Q207	Q107	Q1- Q406	Q406	Q306
Environmental Services	10.6	11.2	12.5	11.2	14.3	11.3	13.4	16.0	13.2	19.1
Property and Office Support Services	2.0	2.9	5.4	7.3	8.1	3.5	2.2	5.2	2.6	11.7
Industrial Services	5.3	-5.1	6.3	0.9	10.7	13.3	-0.9	14.0	16.6	20.2
L&T total	6.6	15.5	8.8	8.2	11.2	8.7	7.1	11.5	8.9	17.8

Prospects for the rest of the year 2008 (1)

The demand outlook in Lassila & Tikanoja's markets remain mostly good but the adaptation of the costs and transferring the cost increases to sales prices will impose challenges.

Full-year net sales are expected to increase by approximately 10 per cent. The operating profit excluding non-recurring and imputed items is expected to be somewhat lower than in the previous year. However, the capital gain from Ekokem shares will improve earnings.

The demand for Environmental Services is expected to remain good. Increasing the capacity of recycling plants and landfills will continue, as well as geographical expansion in Russia. During the rest of the year, L&T Biowatti will continue to invest in strengthening its procurement organisation and collection equipment for forest processed chips, as well as start the production of wood pellets. A potential slowdown in new construction may be reflected in the intake volumes of recycling plants. Environmental Services' operating profit is expected to remain at the same level as in the previous year.

Prospects for the rest of the year 2008 (2)

The market outlook for Property and Office Support Services remains good even though the competitive situation is expected to remain challenging and margins are expected to remain tight. Costs in Finland are increased through pay rises and increases in social security costs and transport fuel prices. The division's international operations are expected to improve their performance but still remain in the red. The operating profit from Property and Office Support Services is expected to fall somewhat short of the previous year's level.

The market outlook for Industrial Services remains mostly positive; however, uncertainties in the forest industry will be reflected in services produced by the division. Rapid fluctuations in demand are expected to continue towards the end of the year. The L&T Recoil re-refinery is expected to be completed at the end of the year. The operating profit from Industrial Services is expected to fall short of the previous year's level.

Investments will be lower than in the previous year. The main emphasis will be on profitability improvement.