



Lassila & Tikanoja plc
27 July 2010
Jari Sarjo, President and CEO

Highlights of Q210

Net sales

Net sales EUR 149.0m (EUR 147.1m) +1.3% (yoy)

Net sales increased thanks to a great amount of commissioned assignments in property maintenance.

Operating profit

Operating profit EUR 8.8m (EUR 14.9m); operating profit excluding non-recurring items EUR 11.8m (EUR 14.8m)

Profitability was burdened by a weak demand of wood-based biofuels of L&T Biowatti.

EO items: a restructuring cost of EUR 3.0m due to the discontinuance of wood pellet business of L&T Biowatti

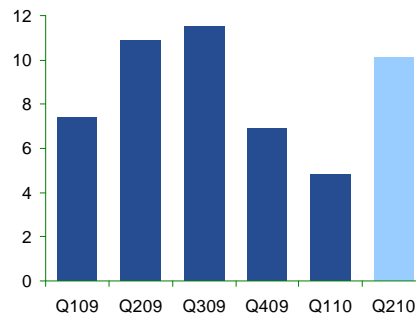
Environmental Services:

Waste volumes and demand of secondary raw material picking up

Net sales
EUR 75.6m (EUR 74.1m)

Operating profit
EUR 10.1m (EUR 10.9m)

Operating profit excl.
non-recurring items



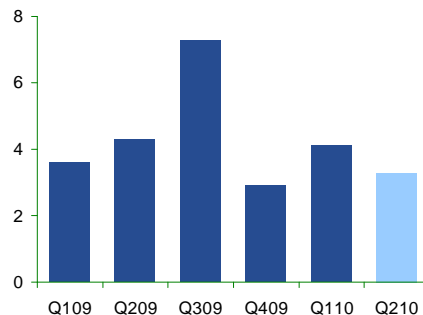
- Waste volumes and demand and prices of secondary raw materials continued recovering.
- New agreements were signed with industrial clients.
- L&T Recoil's operational reliability improved but the result was negative.
- Profitability of operations outside Finland remained on the previous year's level.

Property and Office Support Services: Great work load in property maintenance continued

Net sales
EUR 63.7m (EUR 60.5m)

Operating profit
EUR 3.3m (EUR 4.3m)

Operating profit excl.
non-recurring items



- Increase in net sales originated from success in additional sales and great work load in property maintenance.
- Profitability still on a good level, even though the increase in subcontracting costs eroded the result from the previous year.
- Net sales of operations abroad remained on a par with previous year. Success in new sales in Sweden.
- Result of operations abroad was still slightly negative.

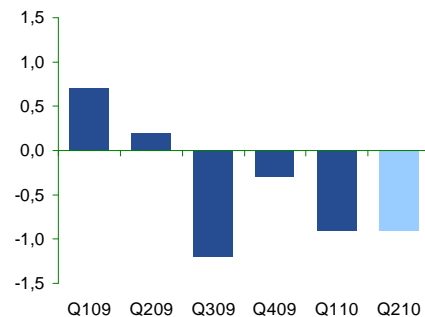
Renewable Energy Sources: Markets of wood-based biofuels remain challenging

Net sales
EUR 12.1m (EUR 14.7m)

Operating profit
EUR -3.9m (EUR -0.3m)

- Net sales decreased due to weak demand of wood-based biofuels.
- Competitiveness of biofuels weakened due to low prices of fossil fuels and emission rights.
- EO items: The wood pellet business was discontinued resulting in non-recurring costs of EUR 3.0m.

Operating profit excl.
non-recurring items



Current issues

L&T Recoil

- The time given to the transaction, on which L&T sells its 50% holding in L&T Recoil to JV partner EcoStream, has been extended.
- The transaction is intended to be completed by the end of September 2010, on condition that, among others, the financing and the share issue needed by EcoStream for the transaction will be completed.
- The assets and liabilities of L&T Recoil have been presented as available-for-sale assets and related liabilities.

Kerava recycling plant's investment programme

- A new combined recycling plant for construction waste and trade and industrial waste will be completed in Kerava during H2/2010, resulting in a marked increase in the recovery rate of the waste processed at the Kerava plant.

Financial summary

	Q210	Q209	Change %	Q1-Q4/ 2009
Net sales, EUR million	149.0	147.1	1.3	582.3
Operating profit excl. EO items, EUR million	11.8	14.8	-20.2	51.3
Operating profit, EUR million	8.8	14.9	-41.1	50.3
Operating margin, %	5.9	10.1		8.6
Profit before taxes, EUR million	7.8	13.6	-42.5	45.0
Earnings per share, EUR	0.14	0.26	-46.2	0.85
EVA, EUR million	1.2	6.4		16.5

Net sales by division

EUR million	Q210	Q209	Change %
Environmental Services	75.6	74.1	2.0
Property and Office Support Services	63.7	60.5	5.3
Renewable Energy Sources	12.1	14.7	-17.7
Inter-division net sales	-2.4	-2.2	
L&T total	149.0	147.1	1.3

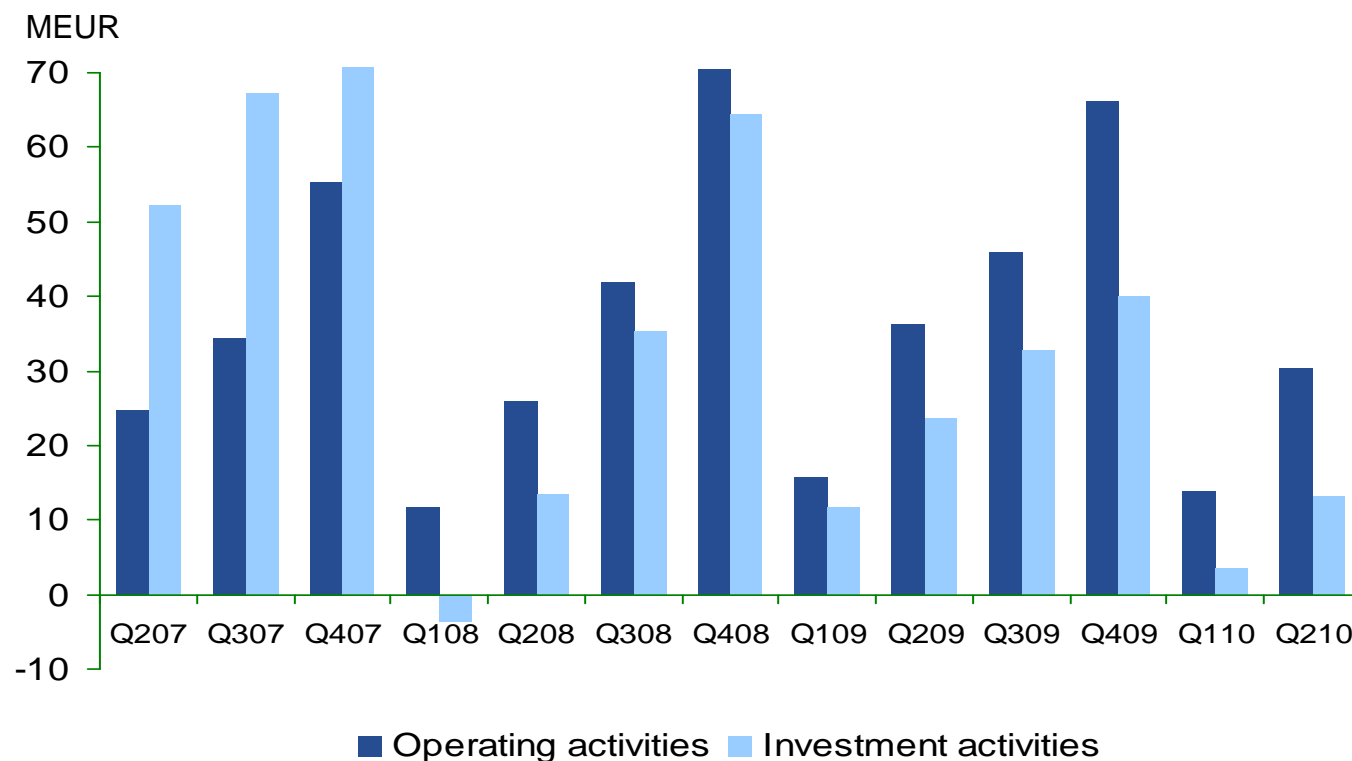
Operating profit by division

EUR million	Q210	Q209	Change %
Environmental Services	10.1	10.9	-7.4
Property and Office Support Services	3.3	4.3	-23.3
Renewable Energy Sources	-3.9	-0.3	
Group administration and other	-0.8	-0.1	
Total operating profit	8.8	14.9	-41.1
Operating margin, %	5.9	10.1	

Key figures

	Q210	Q209	H110	H109	2009
Earnings per share, EUR	0.14	0.26	0.25	0.42	0.85
EVA, EUR million	1.2	6.4	0.1	8.4	16.5
Capital expenditure, EUR million	10.6	12.2	16.1	24.5	44.9
Depreciation, amortisation and impairment, EUR million	12.7	9.9	23.0	19.8	40.3
Return on equity, % (ROE)			9.3	15.9	15.7
Return on invested capital, % (ROI)			9.1	14.6	14.5
Equity ratio, %			43.8	41.6	44.1
Gearing, %			47.5	64.9	53.5
Total number of full-time and part-time employees at end of period			9,420	9,524	8,743

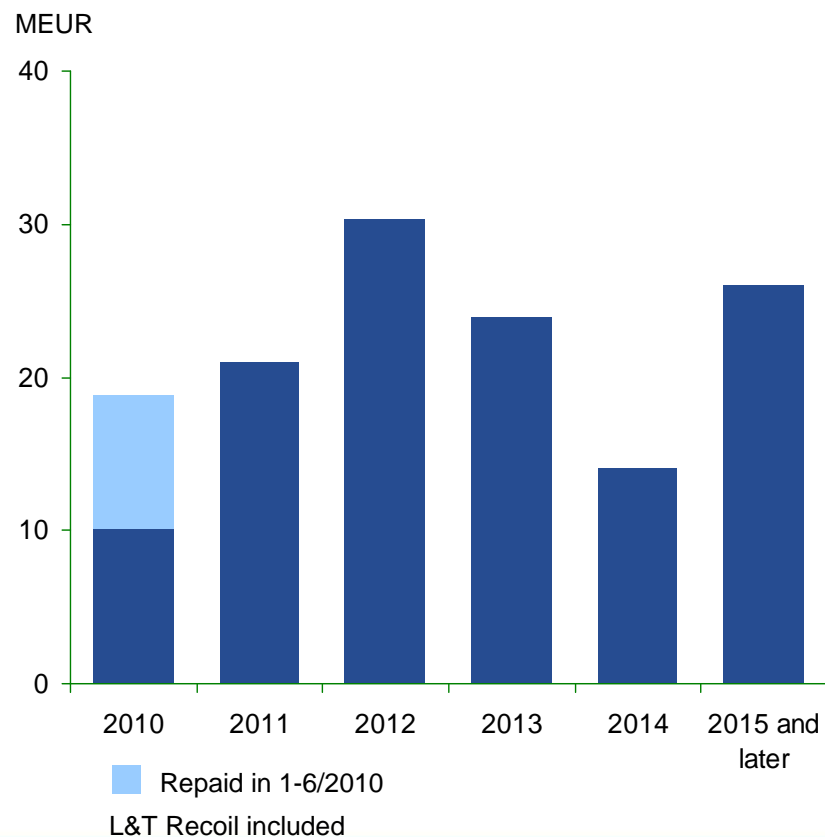
Operating cash flow, cumulative



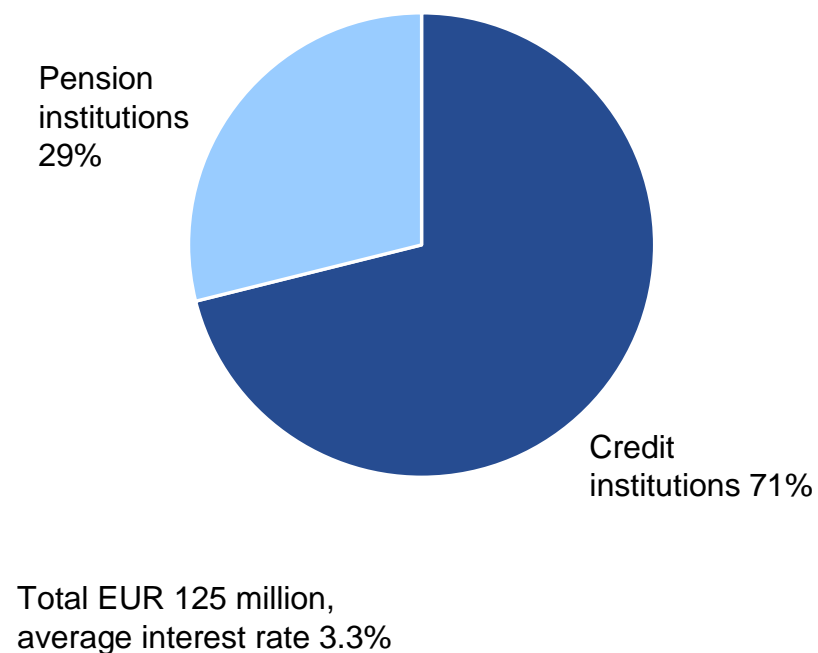
- Operating cash flow was EUR 30.4m (EUR 36.2m)
- EUR 2.1 million was released from the working capital (EUR 2.6 million tied up)

Long-term loans

Maturity structure of long-term loans 30 June 2010

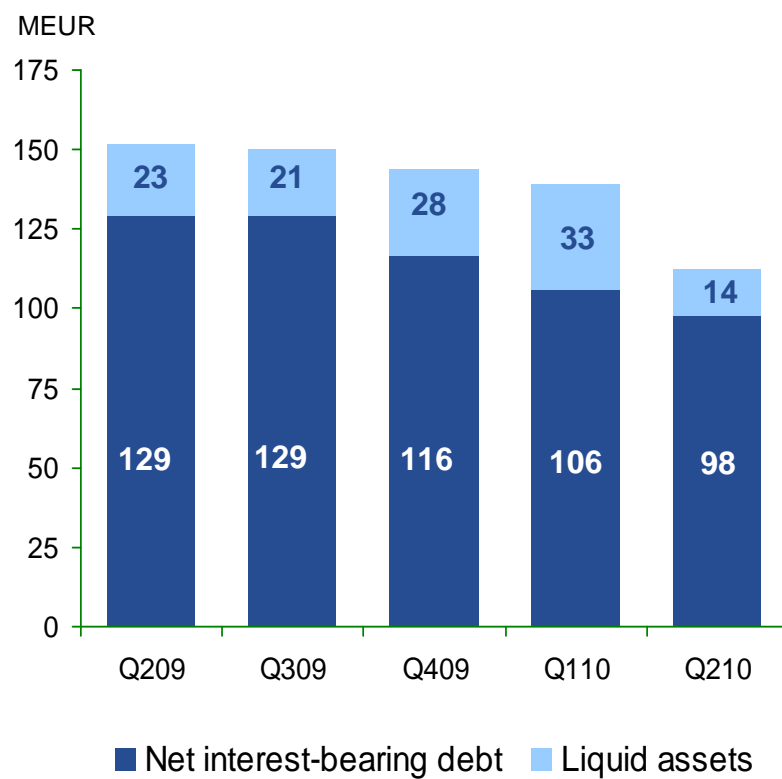


Long-term loan portfolio 30 June 2010

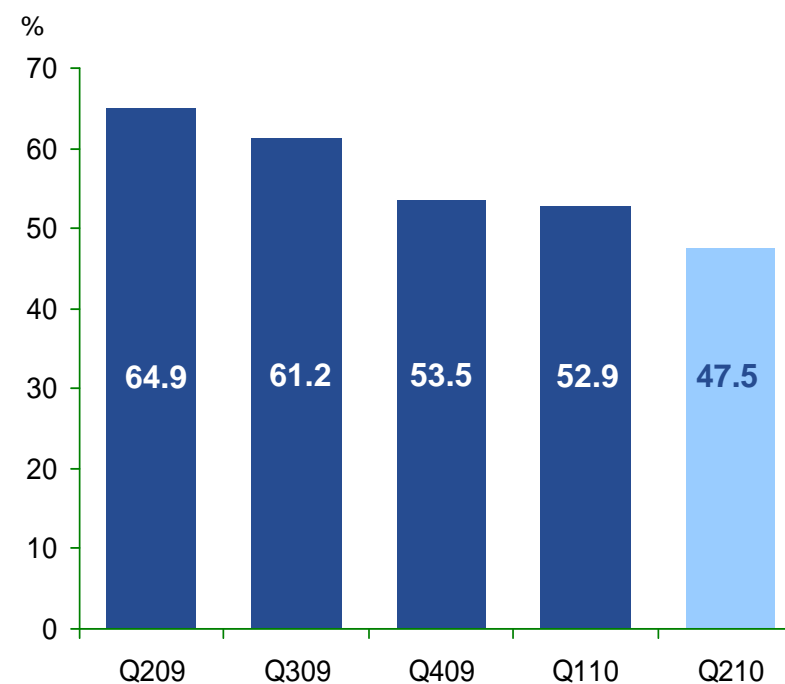


Financial position

Interest-bearing debt



Gearing ratio



Prospects for the rest of the year

In the Environmental Services division, the market outlook for waste management and recycling services for the rest of the year has improved. Waste volumes are expected to grow. The demand for secondary raw materials and the market prices are expected to recover moderately. In light of the rising operating rates in the industry, it is fair to assume that the demand for hazardous waste and process cleaning services will grow.

An approximately one-month maintenance shut-down at the joint venture L&T Recoil's plant scheduled to start in August will improve the plant's reliability and raise the degree of processing. The plant was not yet in operation in the second half last year, and the joint venture recorded significant losses.

The markets for Property and Office Support Services are expected to remain unchanged towards the year-end. However, in the current economic conditions the competitive situation will remain fierce.

The demand for L&T Biowatti's wood-based fuels is estimated to remain weak. Furthermore, low prices of emission rights and fossil fuels will undermine the competitiveness of renewable fuels. While the planned government support measures to increase the use of renewable fuels are expected to have a positive impact in the long term, they will not affect this year's performance.

Full-year net sales and operating profit excluding non-recurring items are expected to remain at the same level as in 2009.

This estimate was included in the Interim Report Q2 released on 27 July 2010.