



Lassila & Tikanoja

Q2/2011

26 July 2011

Ville Rantala

President and CEO (acting)

L&T®

Highlights of Q2/11

Net sales

- Net sales EUR 162.2m (EUR 149.0m) +8.8% (yoy)
- Increase in net sales in all divisions except Renewable Energy Sources; half of the growth was organic
- Demand for Environmental Services increased and work load in Property Maintenance remained good.

Operating profit

- Operating profit EUR 8.9m (EUR 8.8m); operating profit excluding non-recurring items EUR 9.7m (EUR 11.8m)
- Profitability was undermined by a temporary rise in disposal costs and an increase in the traffic fuel prices.
- A non-scheduled maintenance shutdown at JV L&T Recoil's plant also eroded profitability.

Acquisitions

- Acquisition activity continued: eight acquisitions during the quarter



Environmental Services: Good organic growth, rising costs burdening the performance

Net sales

EUR 83.5m (EUR 75.6m)

Operating profit excl. EO items

EUR 9.2m (EUR 10.1m)

- Increase in net sales originated from growing waste volumes and maintenance shutdown-related work.
- Price level of secondary raw materials remained good and volumes rose from the comparison period.
- Profitability was undermined by rising costs of waste transportation and final disposal as well as by a non-scheduled shutdown of JV L&T Recoil.

Cleaning and Office Support Services: Net sales growing thanks to acquisitions

Net sales

EUR 40.8m (EUR 35.7m)

Operating profit excl. EO items

EUR 1.2m (EUR 2.2m)

- Net sales grew thanks to acquisitions in Finland and Sweden.
- Sales of commissioned assignments proceeded as planned.
- Profitability was eroded by integration costs originated from acquisitions and rise in the general cost level.
- Sales prices will be increased during H2 due to the rise in cost level.

Property Maintenance: Net sales of all services growing

Net sales

EUR 30.9m (EUR 28.1m)

Operating profit excl. EO items

EUR 0.8m (EUR 1.1m)

- Good work load in damage repair services and in technical maintenance continued to boost the net sales.
- Increased production costs eroded profitability.
- Sales prices will be increased during H2 due to the rise in cost level.

Renewable Energy Sources: Tough competition continues

Net sales

EUR 9.6m (EUR 12.1m)

Operating profit excl. EO items

EUR -1.3m (EUR -0.9m)

- Intense competition decreased net sales.
- Increase in collection and logistics costs undermined profitability.
- New delivery agreements were signed for future heating seasons and reorganisational measures were taken to cut fixed costs.



Financial summary

	Q211	Q210	Change %	2010
Net sales, EUR million	162.2	149.0	8.8	598.2
Operating profit excl. EO items, EUR million	9.7	11.8	-17.5	45.5
Operating profit, EUR million	8.9	8.8	1.2	40.2
Operating margin, %	5.5	5.9		6.7
Profit before tax, EUR million	7.7	7.8	-1.8	36.0
Earnings per share, EUR *	0.19	0.14	35.7	0.68
EVA, EUR million	1.9	1.2	58.3	10.1

* The income tax rate for the quarter decreased following the Administrative Court's decision on the tax deductibility of dissolution loss write-off; as a result, EUR 1.6 million of deferred tax liabilities were recognised as income. Consequently, earnings per share improved by EUR 0.04 per share.



Net sales by division

EUR million	Q211	Q210	Change %
Environmental Services	83.5	75.6	10.5
Cleaning and Office Support Services	40.8	35.7	14.2
Property Maintenance	30.9	28.1	9.9
Renewable Energy Sources	9.6	12.1	-20.6
Inter-division net sales	-2.6	-2.5	
L&T total	162.2	149.0	8.8

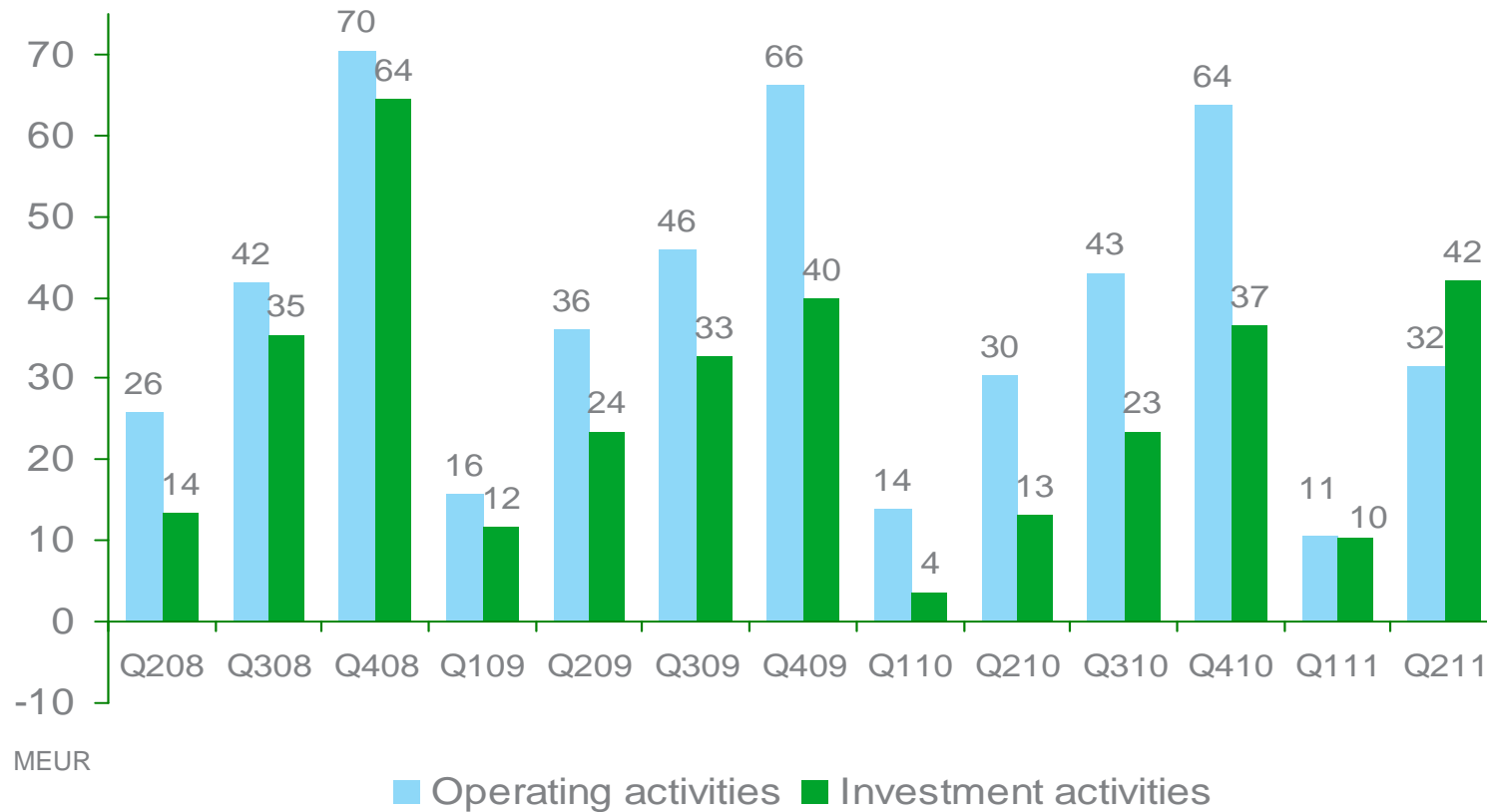
Operating profit by division

EUR million	Q211	Q210	Change %
Environmental Services	9.2	10.1	-9.3
Cleaning and Office Support Services	1.0	2.2	-54.9
Property Maintenance	0.8	1.1	-28.5
Renewable Energy Sources	-1.3	-3.9	66.0
Group administration and other	-0.8	-0.8	
Total operating profit	8.9	8.8	1.2
Operating margin, %	5.5	5.9	

Key figures

	Q211	Q210	H111	H110	2010
Earnings per share, EUR	0.19	0.14	0.29	0.25	0.68
EVA, EUR million	1.9	1.2	1.7	0.1	10.1
Capital expenditure, EUR million	32.2	10.6	45.1	16.1	39.3
Depreciation, amortisation and impairment, EUR million	11.3	12.7	21.8	23.0	43.9
Return on equity, % (ROE)			10.3	9.3	11.9
Return on invested capital, % (ROI)			8.9	9.1	11.6
Equity ratio, %			42.0	43.8	46.5
Gearing, %			67.6	47.5	50.3
Total number of full-time and part-time employees at end of period			10,389	9,420	8,732

Operating cash flow, cumulative

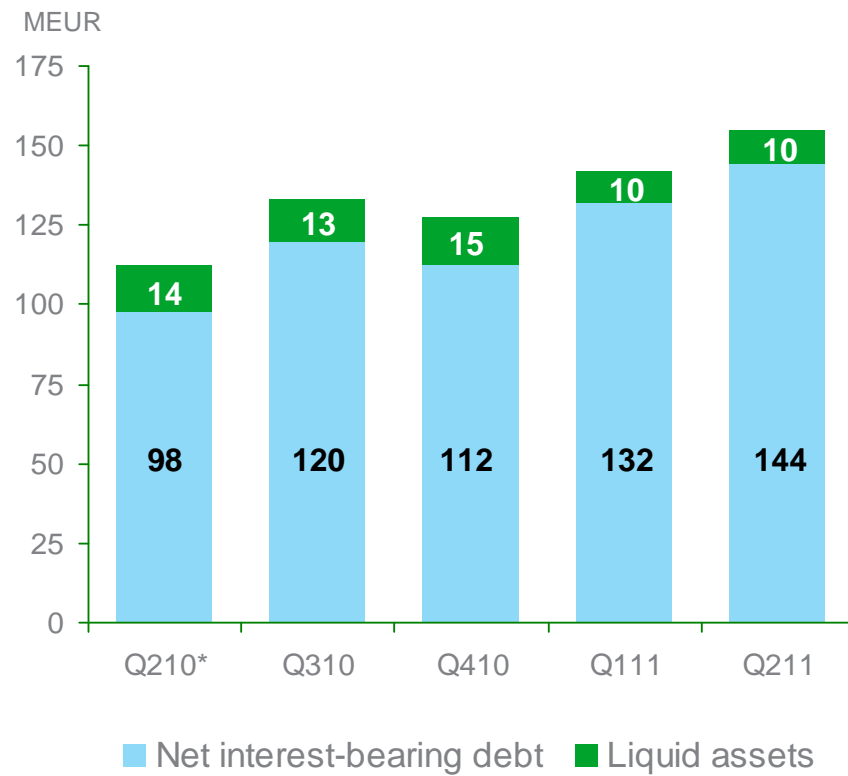


- Operating cash flow was EUR 31.5m (EUR 30.4m)
- EUR 3.2m was released from the working capital (EUR 2.1m)



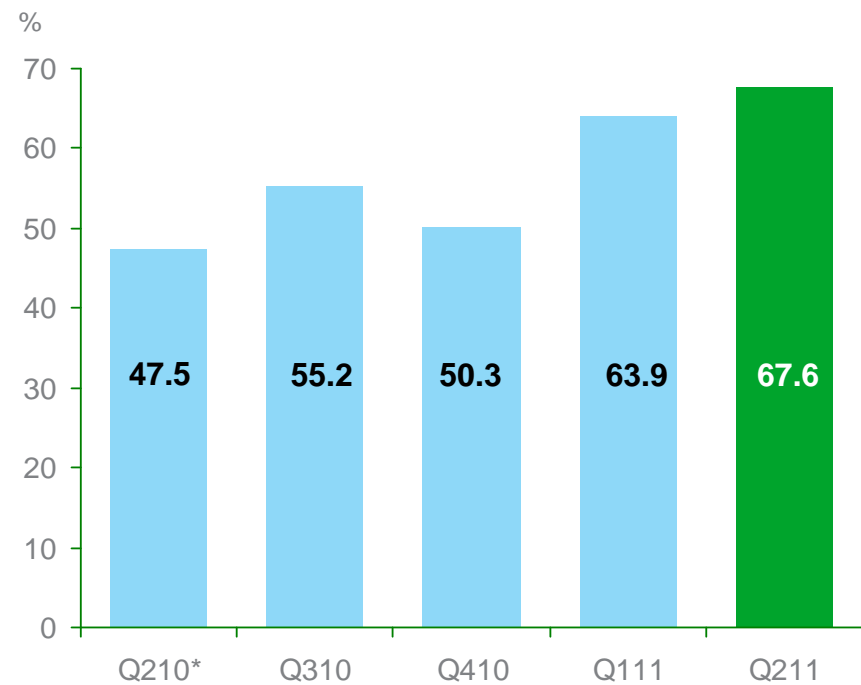
Financial position

Interest-bearing debt



* Q210: excluding L&T Recoil

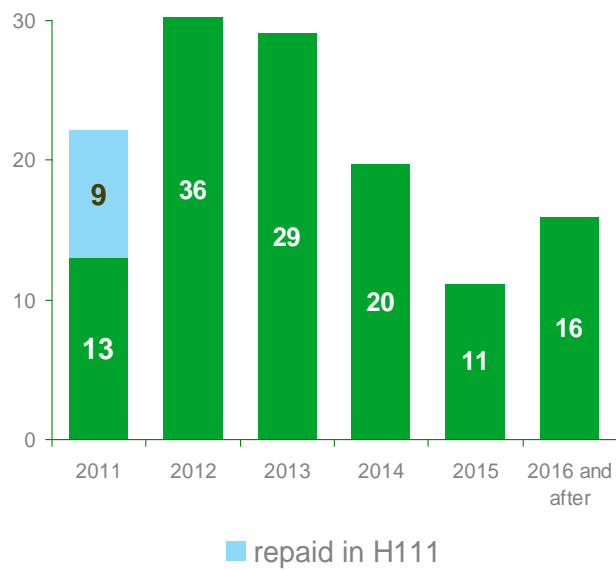
Gearing ratio



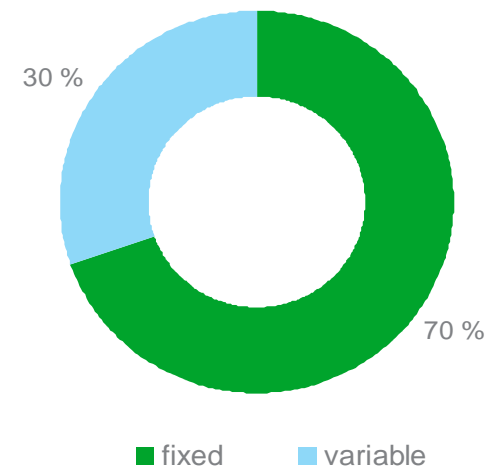
Long-term loans 30 June 2011

Maturity structure of long-term loans

MEUR



Long-term loan portfolio



Total EUR 154.5 million
 Weighted average of effective
 interest rate 3.1%



Prospects for the rest of the year

In the Environmental Services division, the outlook for the remainder of the year is largely stable. The secondary raw material price development and the operational reliability of L&T Recoil's plant after the maintenance shutdown in September will affect the division's profitability. In response to the rise in costs, the division will implement price increases.

The markets for Cleaning and Office Support Services and for Property Maintenance are expected to grow slowly. In response to the rise in costs, the divisions will implement price increases.

The demand for L&T Biowatti's wood-based fuels is expected to strengthen. A dynamic electricity generation subsidy for wood-based fuels was introduced at the beginning of July.

Full-year net sales will grow slightly from 2010 and operating profit excluding non-recurring items is expected to remain at the 2010 level.

