



Lassila & Tikanoja Q1/2011

27 April 2011

Jari Sarjo, President and CEO



Highlights of Q1/11

Net sales

- Net sales EUR 159.5m (EUR 153.9m) +3.6% (yoy)
- Increase in net sales originated from Environmental Services and Property Maintenance.
- Sales of wood-based biofuels suffered from a suspension in the payment of power plants' electricity production subsidy.

Operating profit

- Operating profit EUR 6.5m (EUR 6.6m); operating profit excluding non-recurring items EUR 6.8m (EUR 7.8m)
- High salary, subcontracting and repair costs as well as the increase in the price of diesel oil and price competition eroded profitability.
- JV L&T Recoil improved its operating profit clearly.

Acquisitions

- Acquisition activity picking up again. Five small acquisitions during the quarter.



Environmental Services: Difficult winter conditions burdened the performance

Net sales

EUR 72.4m (EUR 64.6m)

Operating profit excl. EO items

EUR 4.2m (EUR 4.8m)

- Increase in net sales originated from waste management and JV L&T Recoil.
- Prices of secondary raw materials rose significantly from the comparison period.
- Profitability was undermined by lower-than-expected operating rates of recycling plants and increased salary, subcontracting, repair and diesel costs.
- L&T Recoil's operating rate improved and operating profit was slightly positive.

Cleaning and Office Support Services: Net sales at the previous year's level

Net sales

EUR 34.9m (EUR 34.7m)

Operating profit excl. EO items

EUR 1.5m (EUR 1.2m)

- Net sales of domestic operations at the previous year's level.
- Start-up costs of new projects eroded the profitability.
- Positive trend in new sales in Sweden continued.
- On 1 April 2011, L&T acquired Hansalaiset Group.

Property Maintenance: Good work load boosted the net sales

Net sales

EUR 38.9m (EUR 36.9m)

Operating profit excl. EO items

EUR 1.9m (EUR 2.9m)

- Good work load in damage repair services and in technical maintenance boosted the net sales.
- Difficult winter conditions increased costs of subcontracting and overtime work.
- The profitability of snow-related commissioned assignments was eroded by price competition.

Renewable Energy Sources: Suspension in the electricity production subsidy

Net sales

EUR 16.0m (EUR 20.1m)

Operating profit excl. EO items

EUR -0.4m (EUR -0.9m)

- Suspension in the payment of government support for power plants weakened the demand for wood-based biofuels.
- Payment of the subsidy recommenced at the end of the period.
- A reorganisation programme aiming at improving the competitiveness of the division is underway.

Financial summary

	Q111	Q110	Change %	2010
Net sales, EUR million	159.5	153.9	3.6	598.2
Operating profit excl. EO items, EUR million	6.8	7.8	-13.3	45.5
Operating profit, EUR million	6.5	6.6	-2.6	40.2
Operating margin, %	4.1	4.3		6.7
Profit before tax, EUR million	5.4	5.6	-3.3	36.0
Earnings per share, EUR	0.10	0.11	-9.1	0.68
EVA, EUR million	-0.2	-1.1		10.1

Net sales by division

EUR million	Q111	Q110	Change %
Environmental Services	72.4	64.6	12.1
Cleaning and Office Support Services	34.9	34.7	0.5
Property Maintenance	38.9	36.9	5.6
Renewable Energy Sources	16.0	20.1	-20.4
Inter-division net sales	-2.8	-2.4	
L&T total	159.5	153.9	3.6

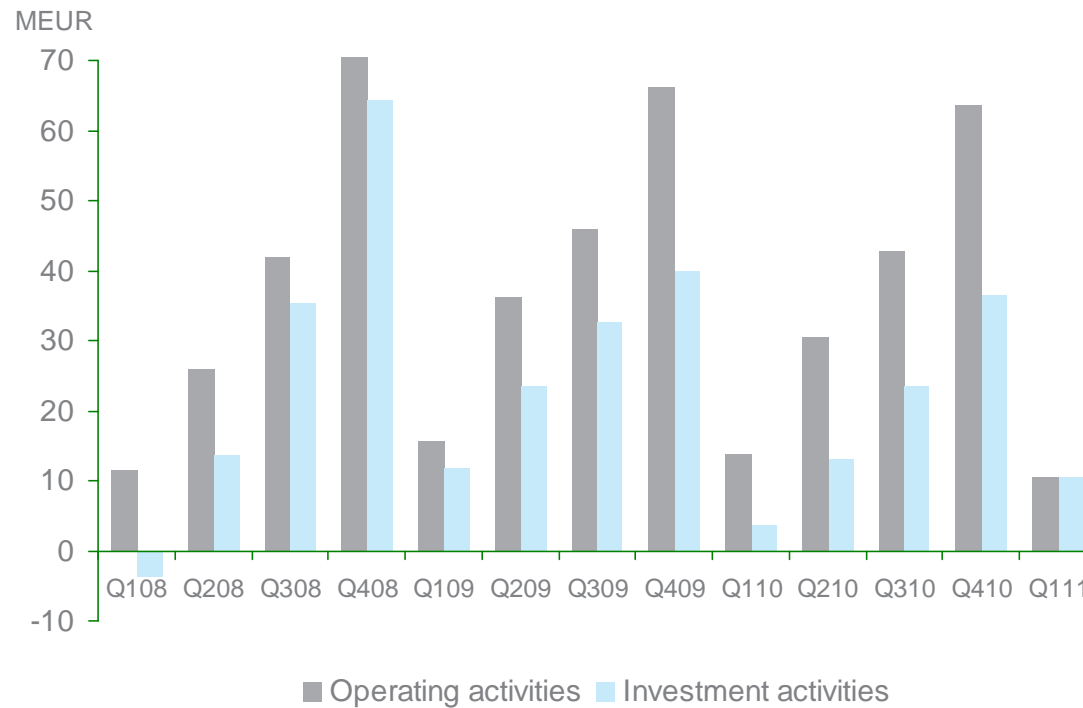
Operating profit by division

EUR million	Q111	Q110	Change %
Environmental Services	4.2	4.4	-5.5
Cleaning and Office Support Services	1.5	1.0	42.2
Property Maintenance	1.9	2.8	-31.9
Renewable Energy Sources	-0.7	-0.9	24.3
Group administration and other	-0.4	-0.8	
Total operating profit	6.5	6.6	-2.6
Operating margin, %	4.1	4.3	

Key figures

	Q111	Q110	2010	2009
Earnings per share, EUR	0.10	0.11	0.68	0.85
EVA, EUR million	-0.2	-1.1	10.1	16.5
Capital expenditure, EUR million	12.9	5.5	39.3	44.9
Depreciation, amortisation and impairment, EUR million	10.6	10.3	43.9	40.3
Return on equity, % (ROE)	7.4	7.9	11.9	15.7
Return on invested capital, % (ROI)	7.7	8.0	11.6	14.5
Equity ratio, %	42.4	40.3	46.5	44.1
Gearing, %	63.9	52.9	50.3	53.5
Total number of full-time and part-time employees at end of period	8,725	8,599	8,732	8,743

Operating cash flow, cumulative

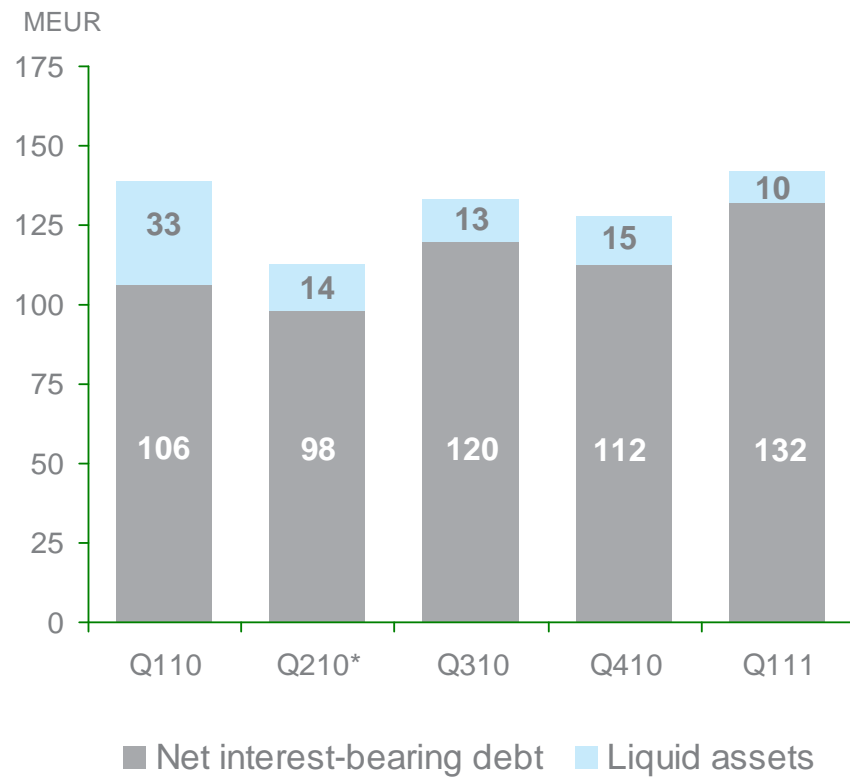


- Operating cash flow was EUR 10.5m (EUR 13.9m)
- EUR 1.9m was tied up in the working capital (EUR 0.4m)



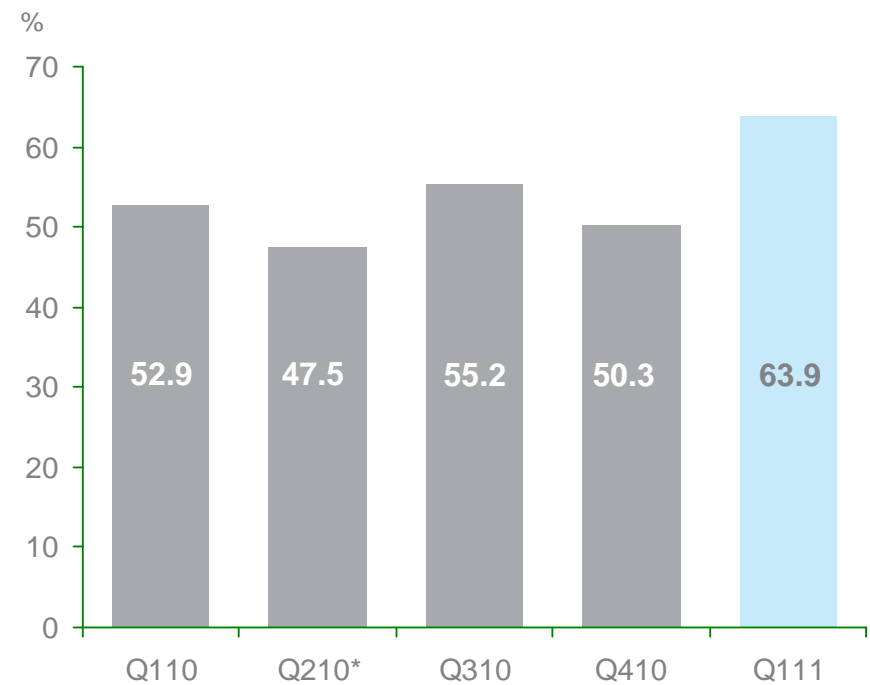
Financial position

Interest-bearing debt



* Q210: excluding L&T Recoil

Gearing ratio





Prospects for the rest of the year

Higher operating rates in the industry will increase waste volumes and the demand for process cleaning and polluted soil and materials utilisation. Higher prices of secondary raw materials and a rise in waste tax improve the outlook for the recycling business.

The production reliability of L&T Recoil's facility will affect the Environmental Services division's profitability. Raising the operating rate of the facility and improving the supply of base oil continue to be the key priorities.

The markets for Cleaning and Office Support Services and for Property Maintenance are expected to remain challenging, and the fierce price competition is expected to continue.

The demand for L&T Biowatti's wood-based fuels is expected to strengthen. The government support measures targeting renewable fuels will have a positive effect on the demand for wood-based fuels and on their price level in the second half.

The net sales will grow more than estimated previously due to the acquisitions.

Full-year net sales will grow slightly from 2010 and operating profit excluding non-recurring items is expected to remain at the 2010 level. Previous estimate: Net sales and operating profit excluding non-recurring items in 2011 are expected to remain at the 2010 level.

