



# Lassila & Tikanoja

Q1 / 2012

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## Highlights of Q1/2012

Net sales EUR 171.3m (EUR 159.5m) +7.4% (yoy)

- Net sales increased mainly due to acquisitions made in 2011

Operating profit EUR 4.9m (EUR 6.5m);  
Operating profit excluding EO items EUR 5.0m (EUR 6.8m)

- Fuel, repair and overtime costs were higher than on the comparison period and pressured the operating profit
- Operating profit decreased also due to declining profitability in international operations
- Profitability improved in Renewable Energy Sources due to smaller depreciation and a trimmer cost structure

# Financial summary and key figures

	<b>Q1/12</b>	Q1/11	Change %	2011	2010
Net sales, EUR million	<b>171.3</b>	159.5	7.4	652.1	598.2
Operating profit excl. EO items, EUR million	<b>5.0</b>	6.8	-26.5	44.3	45.5
Operating margin excl. EO items	<b>2.9%</b>	4.3%		6.8%	7.6%
Operating profit, EUR million	<b>4.9</b>	6.5	-23.7	25.6	40.2
Profit before tax, EUR million	<b>4.0</b>	5.4	-26.4	21.0	36.0
Earnings per share, EUR	<b>0.07</b>	0.10	-30.0	0.44	0.68
EVA, EUR million	<b>-1.5</b>	-0.2		-2.2	10.1
Capital expenditure, EUR million	<b>11.5</b>	12.9		70.6	39.3
Depreciation, amortisation and impairment, EUR million	<b>10.8</b>	10.6		61.5	43.9
Return on equity, % (ROE)	<b>5.3</b>	7.4		7.7	11.9
Return on invested capital, %	<b>5.9</b>	7.7		7.6	11.6
Equity ratio, %	<b>39.7</b>	42.4		44.5	46.5
Gearing, %	<b>75.4</b>	63.9		58.3	50.3
Total number of employees at end of period	<b>9,229</b>	8,725		9,357	8,732

## Environmental Services

- Net sales grew mainly due to increase in waste management – half of the growth was organic
- Higher fuel and repair costs and weaker performance in international operations pressured the profitability compared to comparison period
- The cost inflation can be transferred to service prices during 2012
- The loss of JV L&T Recoil increased



EUR million	Q1/12	Q1/11	Change %	2011
Net sales	77.0	72.4	6.3	325.9
Operating profit excl. EO items	3.0	4.2	-28.6	34.0
Operating margin excl. EO items	3.9%	5.8%		10.4%

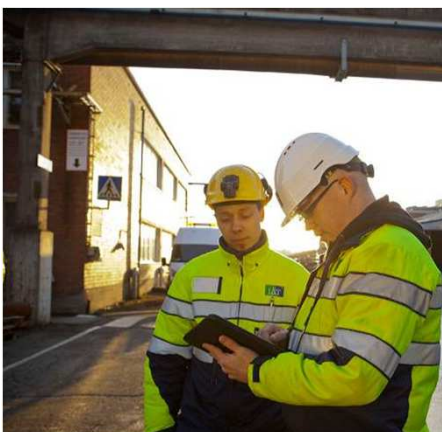
## Cleaning and Office Support Services



- Net sales increased due to acquisitions made in spring 2011
- Division's operating profit declined because of loss making operations in Sweden
- Reorganisation of the Swedish operations and a savings programme launched in April

EUR million	Q1/12	Q1/11	Change %	2011
Net sales	<b>39.3</b>	34.9	12.8	157.3
Operating profit excl. EO items	<b>1.0</b>	1.5	-33.3	7.5
Operating margin excl. EO items	<b>2.5%</b>	4.3%		4.8%

## Property Maintenance



- Increase in net sales originated mainly from expansion of the damage repair service network
- Profitability was pressured by tighter price competition and higher subcontracting and overtime costs

EUR million	Q1/12	Q1/11	Change %	2011
Net sales	40.3	38.9	3.5	134.6
Operating profit excl. EO items	0.8	1.9	-57.9	8.2
Operating margin excl. EO items	2.0%	4.9%		6.1%

## Renewable Energy Sources

- Higher new sales supported net sales
- In the comparison period, demand for wood-based fuels was pressured by a suspension in the payment of electricity production subsidy to power plants
- Profitability improved due to smaller depreciation and a trimmer cost structure

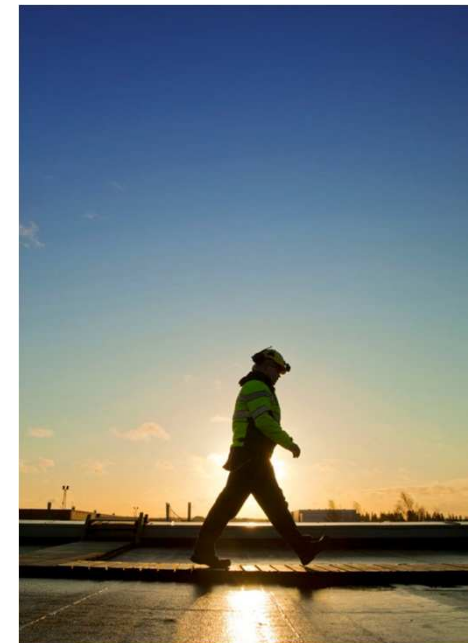


EUR million	Q1/12	Q1/11	Change %	2011
Net sales	17.6	16.0	9.8	45.4
Operating profit excl. EO items	0.8	-0.4		-3.8
Operating margin excl. EO items	4.5%	-2.5%		-8.4%



## New efficiency enhancement programme launched to improve profitability

- Programme was launched to improve profitability and adapt operations and costs to the market environment
- Programme improves the profitability at least by EUR 4m annually, over half of this in 2012
- As a consequence of the programme, L&T will record approximately EUR 1.0 million in non-recurring adjustment costs for Q2/2012



# Short-term agenda: Accelerating the measures to improve profitability

**Improving profitability in all divisions**

**Focus on  
operational efficiency**

key projects:  
logistics and fixed asset  
optimisation, sourcing

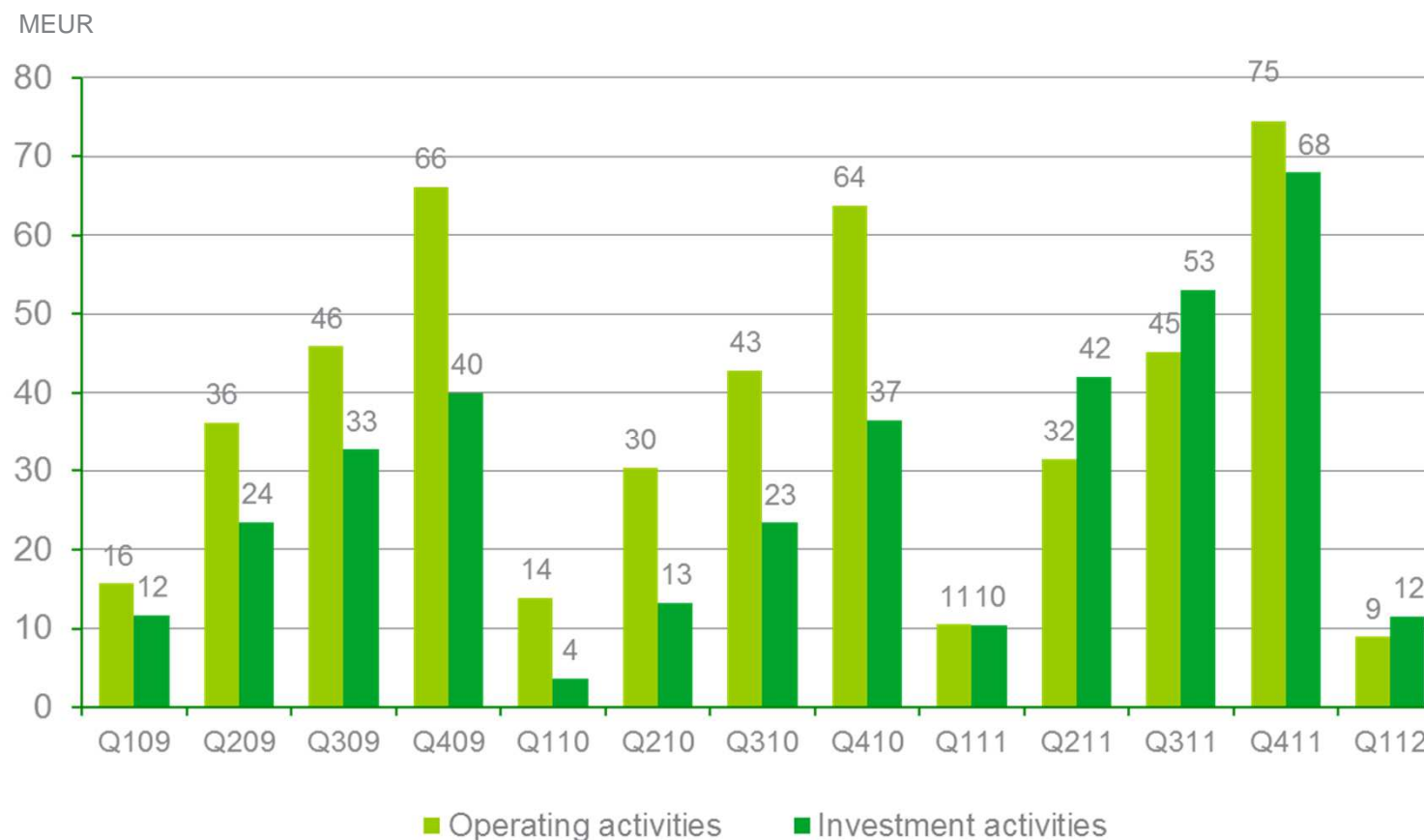
**Enhancing cash flow/  
working capital**

increased attention to  
AR/AP turnover and  
inventory optimisation

**L&T's strategy, operations and structures  
will be re-examined in 2012**



# Operating cash flow, cumulative

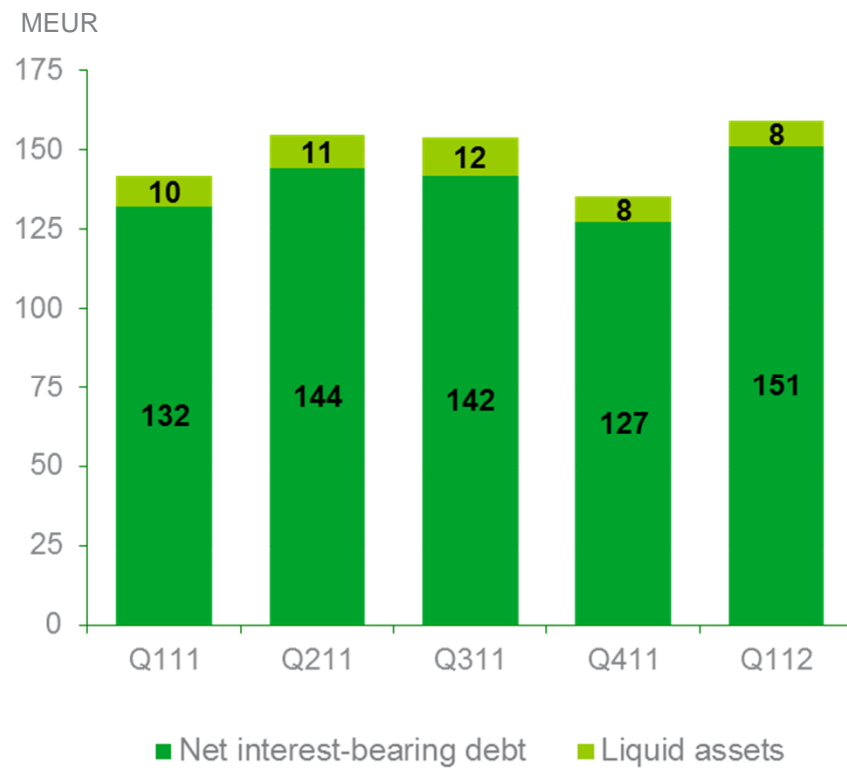


- Operating cash flow was EUR 8.9m (EUR 10.5m)
- EUR 2.5m was tied up to the working capital (EUR 1.9m)

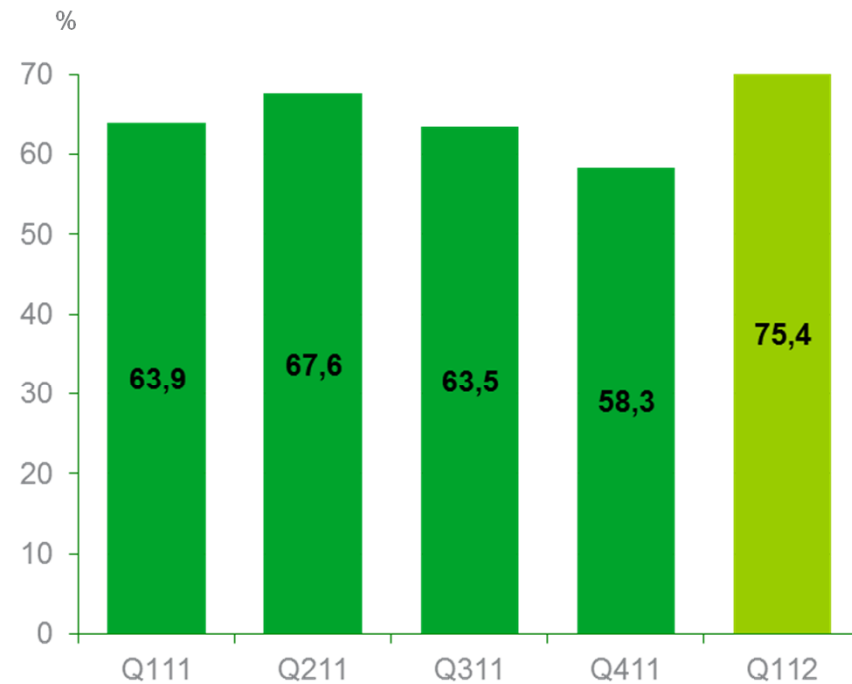


# Financial position

Interest-bearing debt



Gearing ratio

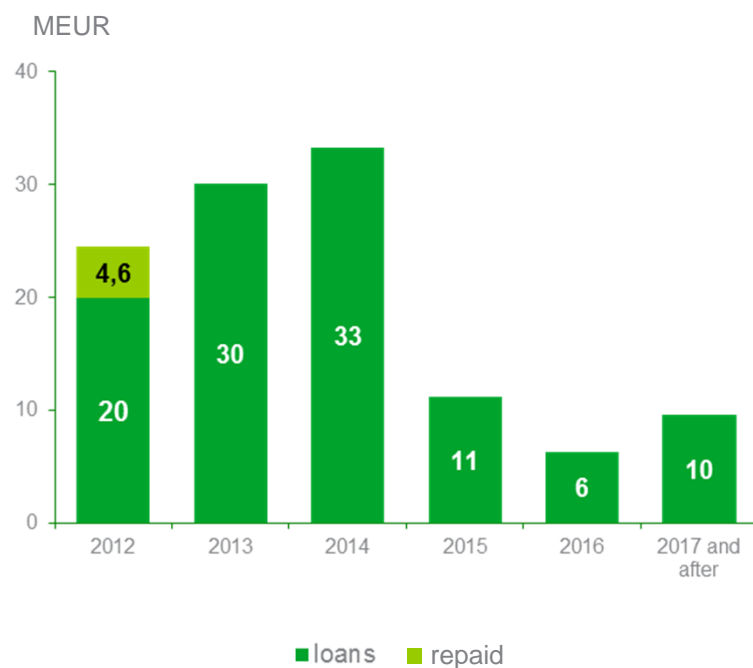


The capital repayment, totalling EUR 21.3 million, was paid on 27 March 2012.

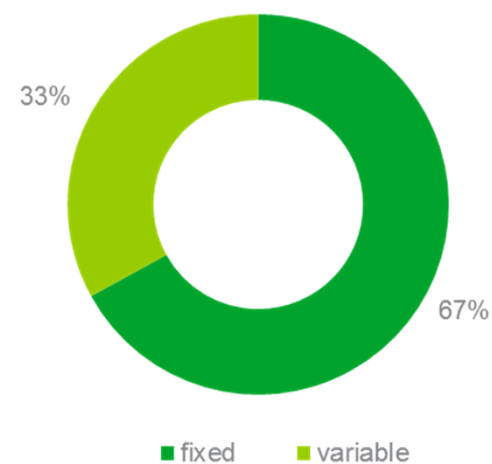


# Stable maturity structure of long-term loans

Maturity structure of long-term loans



Long-term loan portfolio



Weighted average of effective interest rate 3.1%



## Outlook for the rest of the year

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable, but any weakening in demand for industrial services and in new construction may give a reason to make operational adjustments. Secondary raw material price developments and the operational reliability of L&T Recoil's plant in particular will affect the division's profitability.

The business environment for Cleaning and Office Support Services and Property Maintenance is expected to remain stable, though price competition is expected to remain tough.

Demand for L&T Biowatti's wood-based fuels is expected to grow slightly from the comparison period, and the division's profitability is likely to improve.

Full-year net sales in 2012 are expected remain at the 2011 level. Operating profit excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.



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