



LASSILA & TIKANOJA INTERIM REPORT Q1/2014

Pekka Ojanpää, President and CEO
28 April 2014



HIGHLIGHTS OF Q1/2014

- Q1/2014 net sales EUR 159.4m (EUR 167.7m) -4.9% (yoy)
 - Economic uncertainty decreases the demand in the industrial sector and on material flows in the construction and retail sectors.
 - Nevertheless, both Environmental and Industrial Services grew organically.
 - The net sales decreased in Facility Services and Renewable Energy Sources.
- Q1/2014 operating profit EUR 2.1m (EUR 6.3m); operating profit excluding EO items EUR 7.4m (EUR 6.8m)
 - The operating profit includes EUR 6.4 million and the financial expenses EUR 16.7 million of non-recurring costs relating to the bankruptcy of EcoStream Oy.
 - A non-recurring capital gain of EUR 1.1 million was recognised on the Latvian business operations.
 - Profitability improved due to the good development of Environmental and Industrial Services.

FINANCIAL SUMMARY AND KEY FIGURES

	Q1/14	Q1/13	Change%	2013	2012
Net sales, EUR million	159.4	167.7	-4.9	668.2	674.0
Operating profit excl. EO items, EUR million	7.4	6.8	9.4	51.8	47.4
Operating margin excl. EO items, %	4.7	4.1		7.8	7.0
Operating profit, EUR million	2.1	6.3	-65.9	33.2	48.4
Profit before tax, EUR million	-15.5	5.9		30.3	43.0
Earnings per share, EUR	-0.42	0.12		0.57	0.89
EVA, EUR million	-3.0	0.9		12.4	24.1

FINANCIAL SUMMARY AND KEY FIGURES

	Q1/14	Q1/13	Change%	2013	2012
Capital expenditure (incl. acquisitions), EUR million	9.0	5.9	52.0	32.7	49.4
Depreciation, amortisation and impairment, EUR million	10.2	10.6	-3.5	54.0	43.6
Net cash from operating activities, EUR million	13.7	27.0	-49.3	86.4	80.5
Return on equity (ROE), %	-33.8	7.9		10.0	15.3
Return on invested capital (ROI), %	2.9	8.0		10.6	14.4
Equity ratio, %	40.1	46.3		43.7	49.4
Gearing, %	47.4	38.9		30.4	35.3
Total number of employees at the end of the period	7,836	8,988		8,847	8,962

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, M€

	Q1/14	Q1/13	Change%	2013	2012
Environmental Services	6.6	6.2	6.6	35.1	30.6
Industrial Services	-0.1	-0.5	69.5	6.7	4.4
Facility Services	0.6	0.8	-29.0	11.9	14.7
Renewable Energy Sources	0.8	1.0	-21.0	1.1	0.1
L&T Group	7.4	6.8	9.4	51.8	47.4

FINANCIAL TARGETS

Key figure	Target 2016	Actual Q1/2014	Actual Q1/2013
Organic growth	>5%	-4.4%	0.1%
Return on investment (ROI)*	20%	9.1%	8.1%
Operating profit**	9%	4.7%	4.0%
Gearing	30–80%	47.4%	38.9%

* Annualised operative ** Operative

ENVIRONMENTAL SERVICES

- The division's net sales improved year-on-year both in Finland and internationally as a result of improved demand.
- Growth was restricted by the decrease in the volume of recyclable materials, due to the market conditions.
- Profitability developed favourably, due to improved operational efficiency.



EUR million	Q1/14	Q1/13	Change%	2013
Net sales	60.9	60.2	1.2	257.9
Operating profit excl. EO items	6.6	6.2	6.6	35.1
Operating margin excl. EO items	10.9%	10.3%		13.6%

INDUSTRIAL SERVICES

- Net sales increased in all of the division's service lines. In particular, demand increased in environmental construction and process cleaning.
- The loss decreased year-on-year, particularly as a result of the good profitability of hazardous waste services.



EUR million	Q1/14	Q1/13	Change%	2013
Net sales	16.0	13.7	16.4	75.5
Operating profit excl. EO items	-0.1	-0.5	69.5	6.7
Operating margin excl. EO items	-0.9%	-3.5%		8.9%

FACILITY SERVICES

- Net sales declined due to business downsizing in Sweden and lower than normal demand for seasonal work in property maintenance.
- Profitability was weakened by the low profitability of damage repair services and property maintenance.
- The entire division is undergoing a major reorganisation process in order to adapt operations to the changes in market conditions. This affects the profitability.



EUR million	Q1/14	Q1/13	Change%	2013
Net sales	69.0	75.8	-8.9	292.5
Operating profit excl. EO items	0.6	0.8	-29.0	11.9
Operating margin excl. EO items	0.8%	1.1%		4.1%

RENEWABLE ENERGY SOURCES

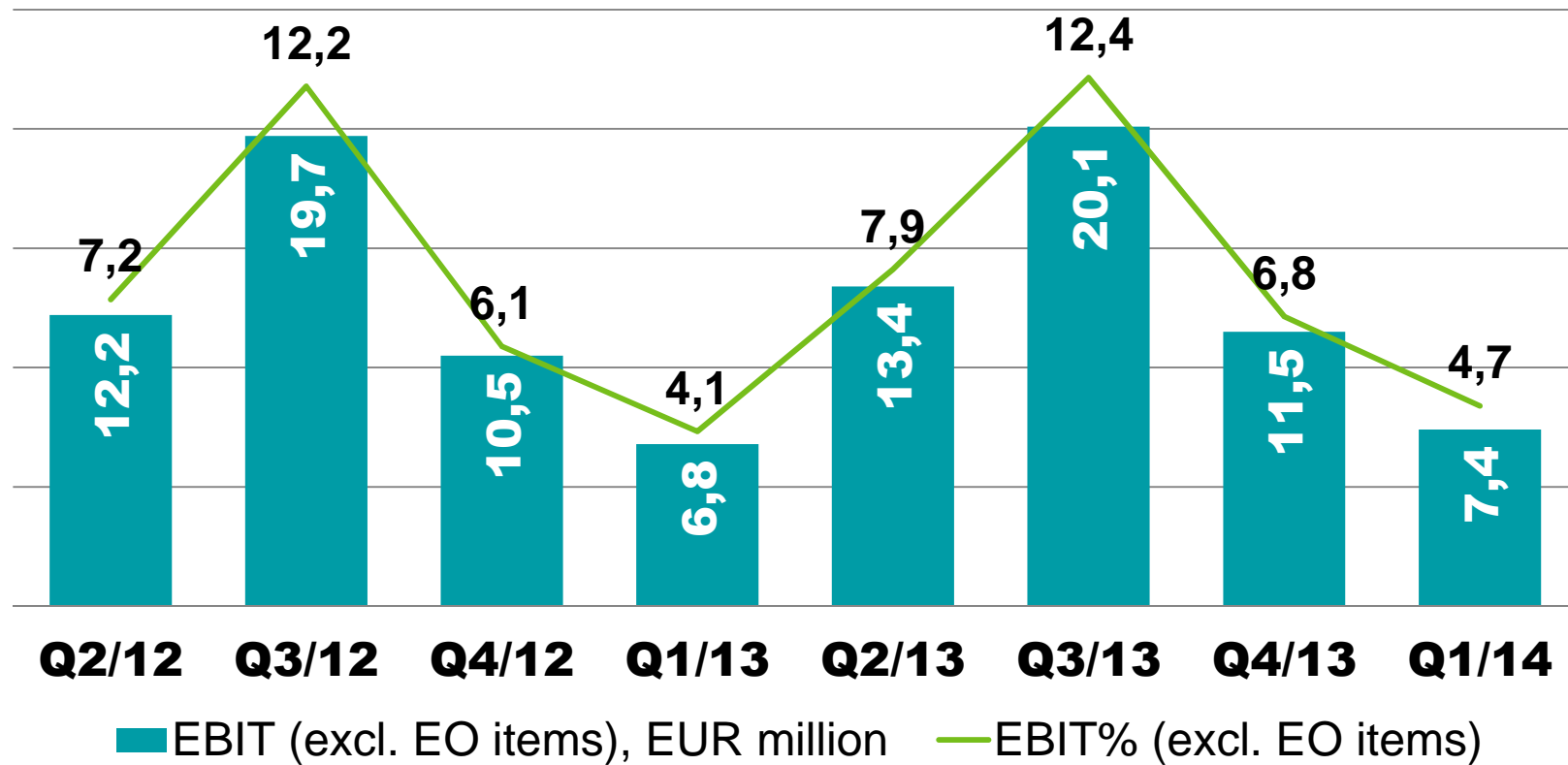
- The short heating season affected both sales and profitability.
- As a result of efficiency improvement measures, relative profitability improved year-on-year.



EUR million	Q1/14	Q1/13	Change%	2013
Net sales	15.8	21.8	-27.2	58.0
Operating profit excl. EO items	0.8	1.0	-21.0	1.1
Operating margin excl. EO items	5.2%	4.8%		1.9%

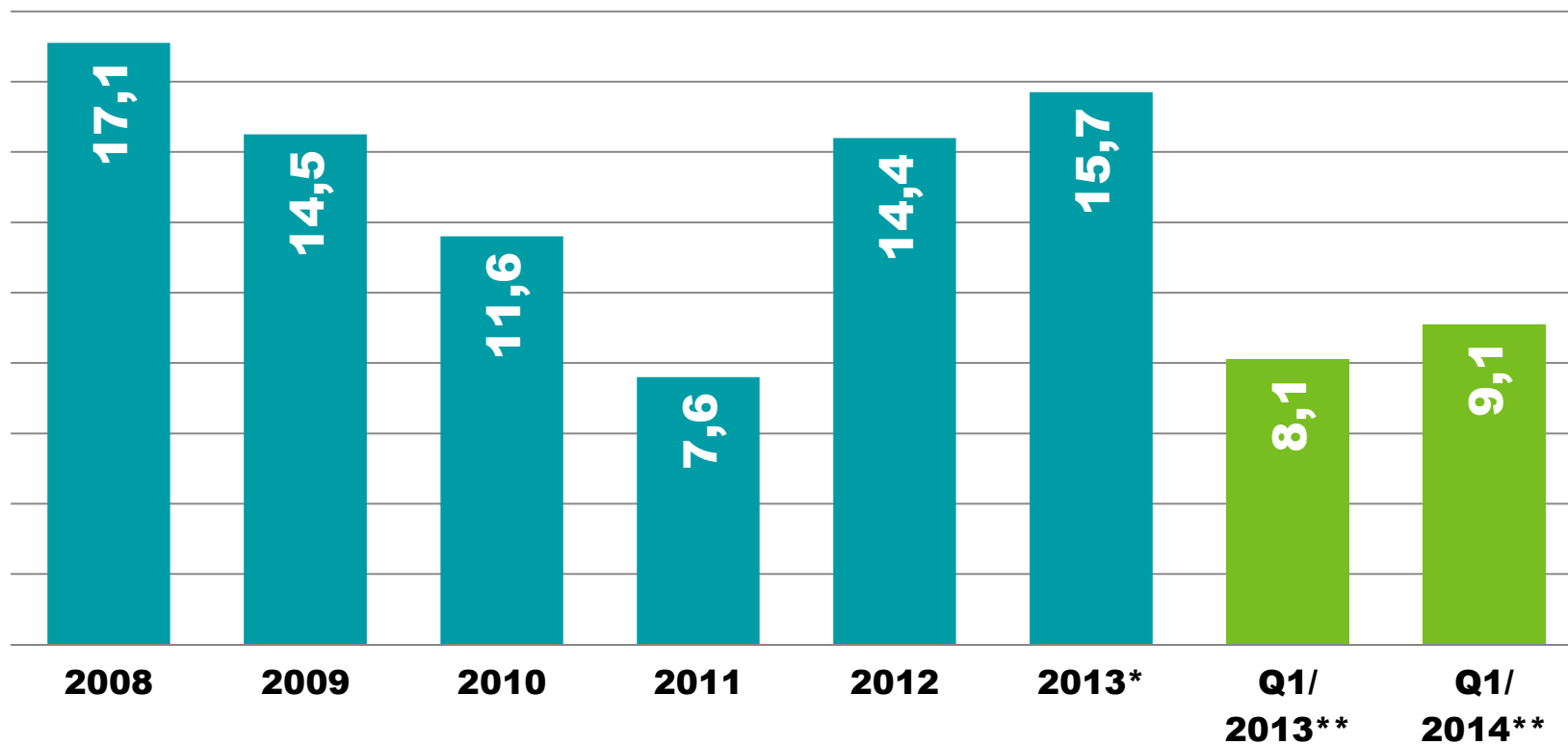
OPERATING PROFIT

- Strategic target: EBIT 9%



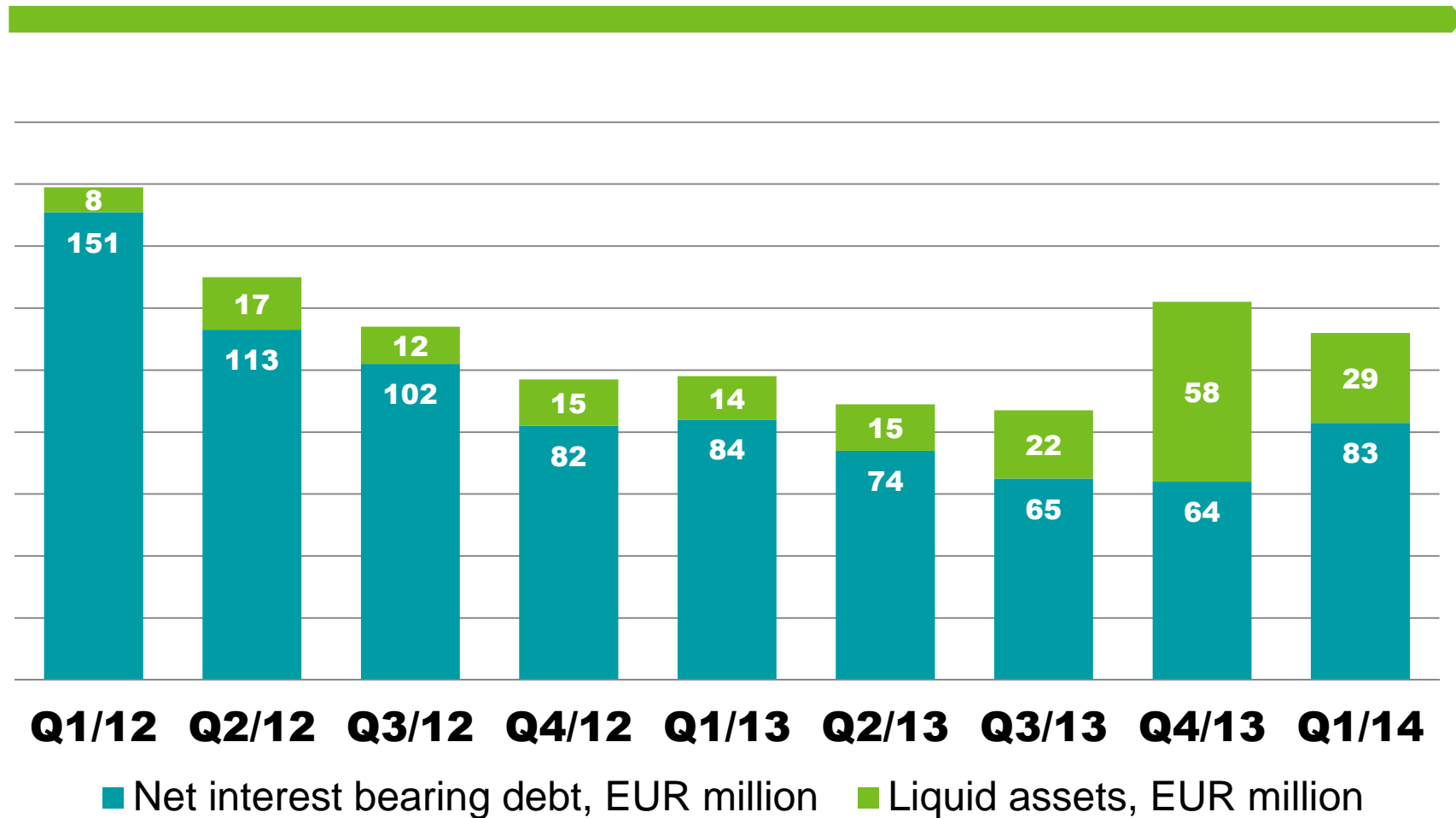
RETURN ON INVESTMENT

- Strategic target: ROI 20%



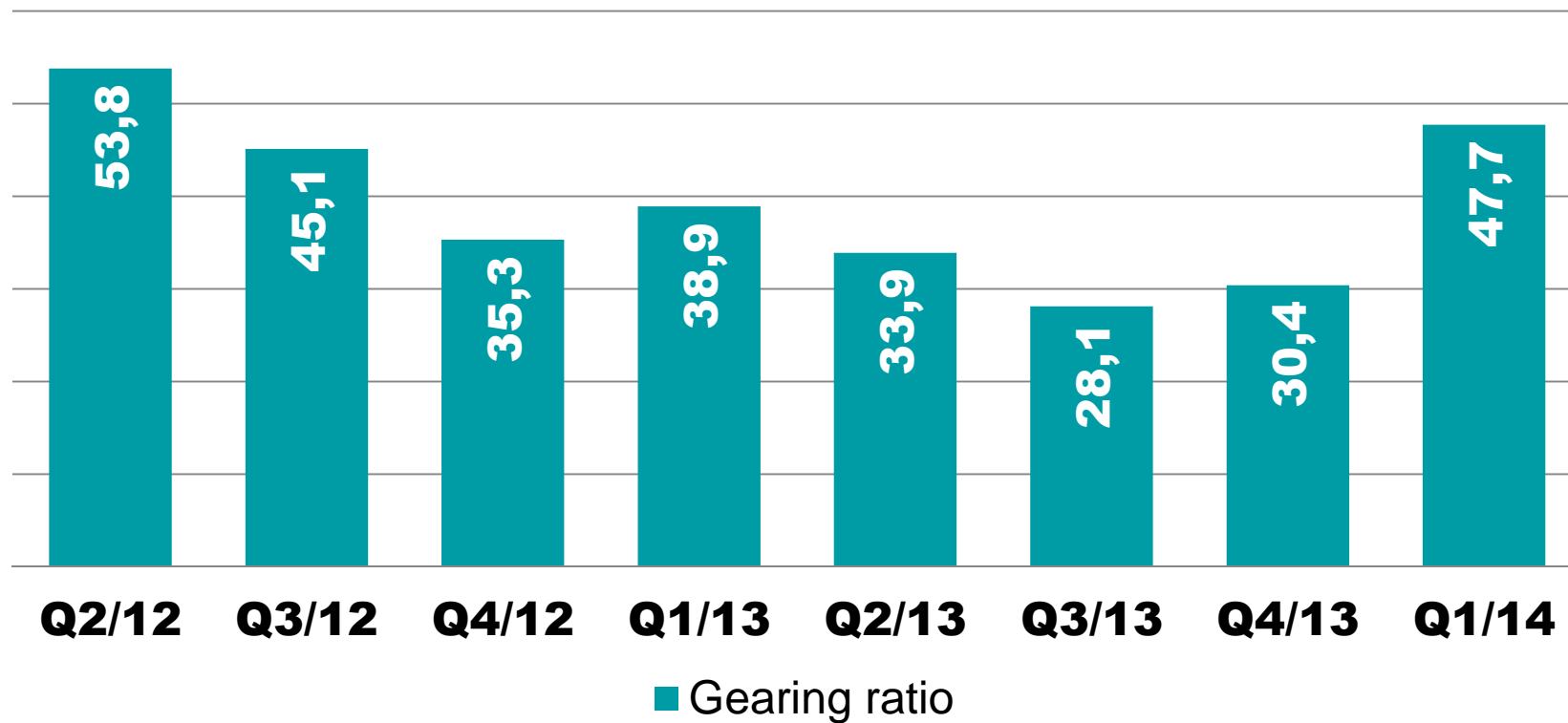
* Operative ** Annualised operative

INTEREST BEARING DEBT

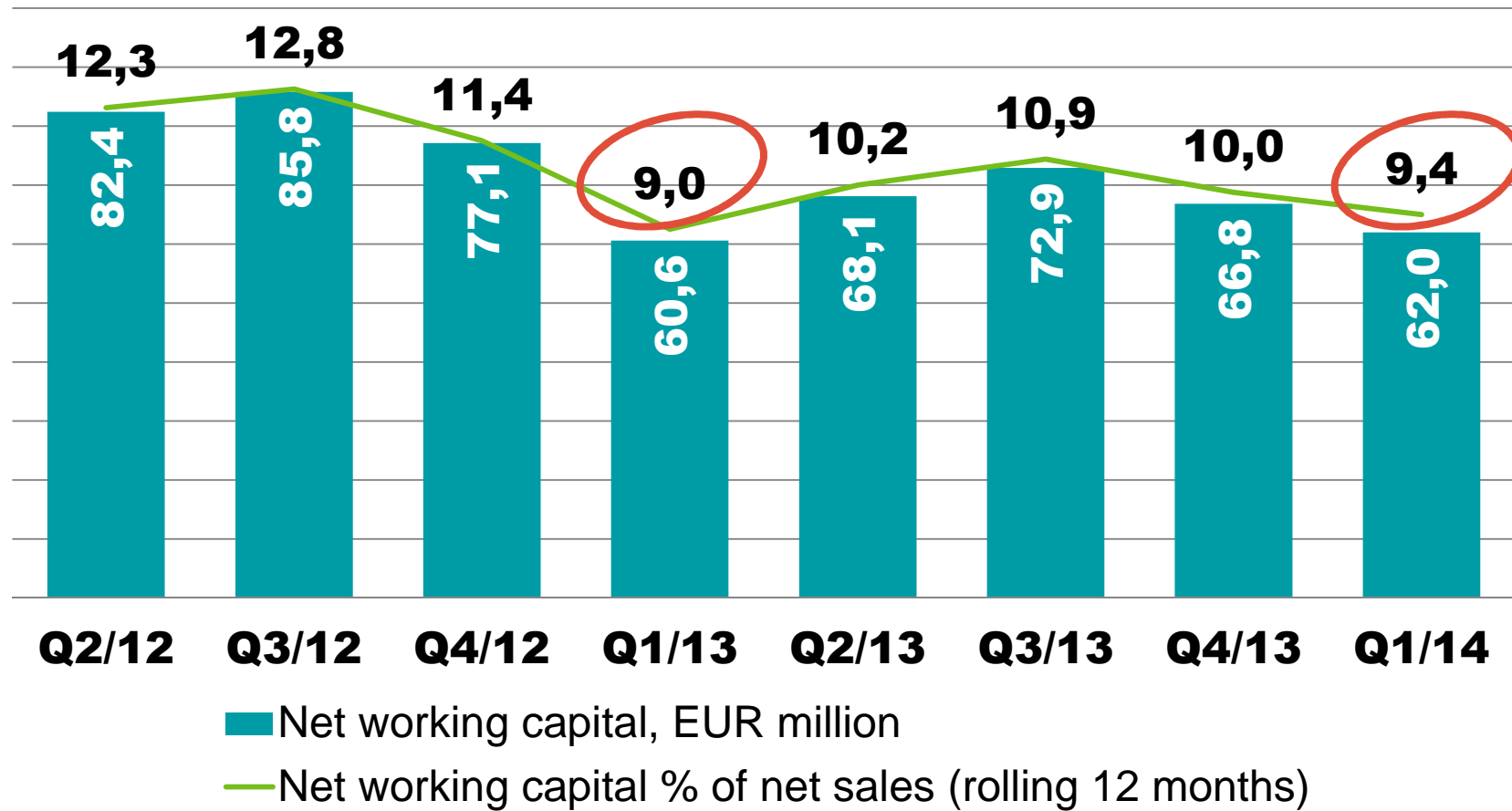


GEARING

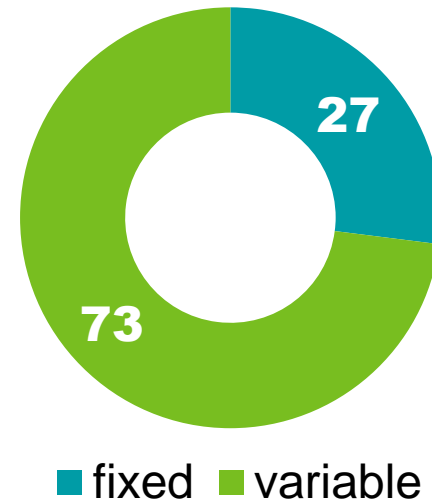
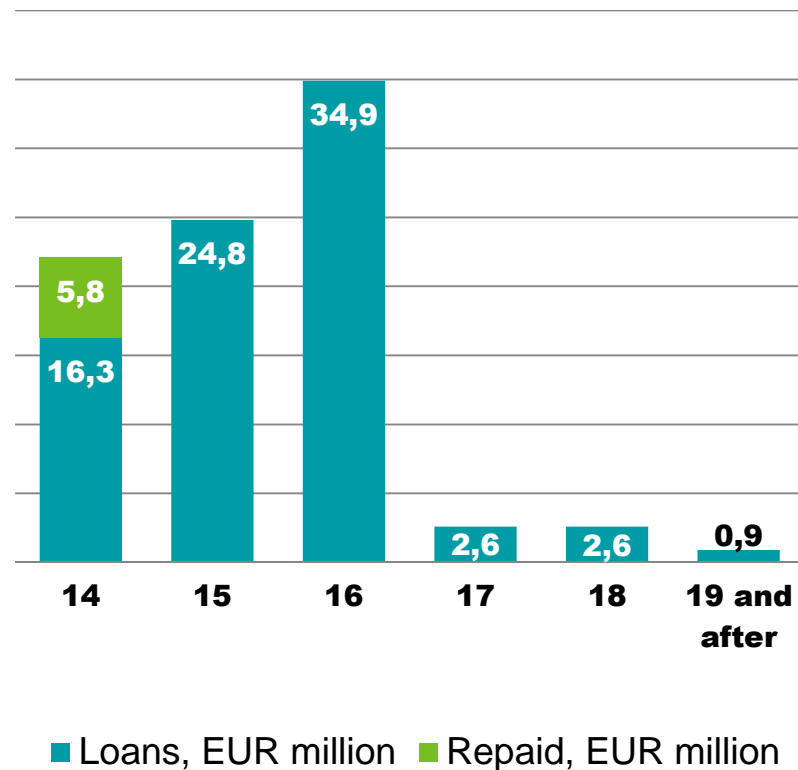
- Strategic target: Gearing 30–80%



NET WORKING CAPITAL

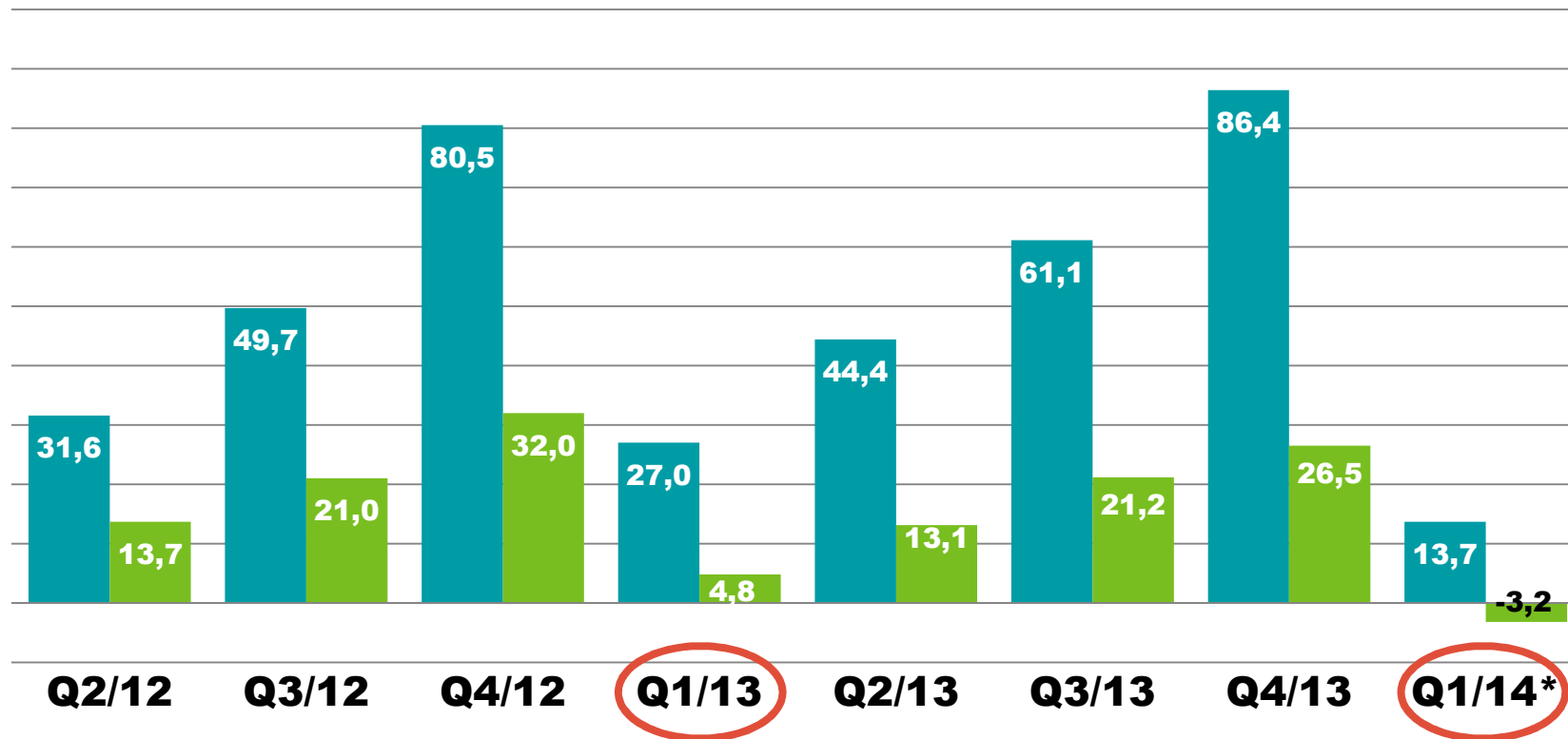


MATURITY STRUCTURE OF LONG-TERM LOANS



Weighted average of effective interest rate 1.7%

CASH FLOW AND INVESTMENTS



- Net cash from operating activities, cumulative, EUR million
- Net cash used in investment activities, cumulative, EUR million

* Incl. cash flow from divestment of Latvian operations

OUTLOOK FOR THE REST OF THE YEAR

Comparable net sales in 2014 are expected to remain at the 2013 level. Operating profit, excluding non-recurring items, is expected to remain at the 2013 level or improve slightly.

This estimate was included in the Interim Report Q1/2014 released on 25 April 2014.

CONTACT INFORMATION



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APPENDIX



L&T BRIEFLY

Net sales by division (2013)



- Facility Services.....43%
Cleaning and support services, property maintenance, maintenance & technical systems and damage repair services
- Environmental Services.....38%
Waste management and recycling
- Industrial Services11%
Environmental construction, process cleaning, sewer maintenance, hazardous waste
- Renewable Energy Sources.....8%
Forest services

There are about

8,000 of us

Number of employees
in March 2014

80%



of employees would recommend L&T as an employer

Our main market area is Finland. In addition, we operate in Sweden and Russia.



We serve over

200,000 customers

Our benefits to customers:



Energy efficiency



Cost efficiency



Material efficiency

Our operations reduce emissions by

1.5

Total emissions in Finland: 70 million tonnes

million tonnes per year

We have halved our accident frequency

The number of accidents per million working hours

2013: 17

2012: 31

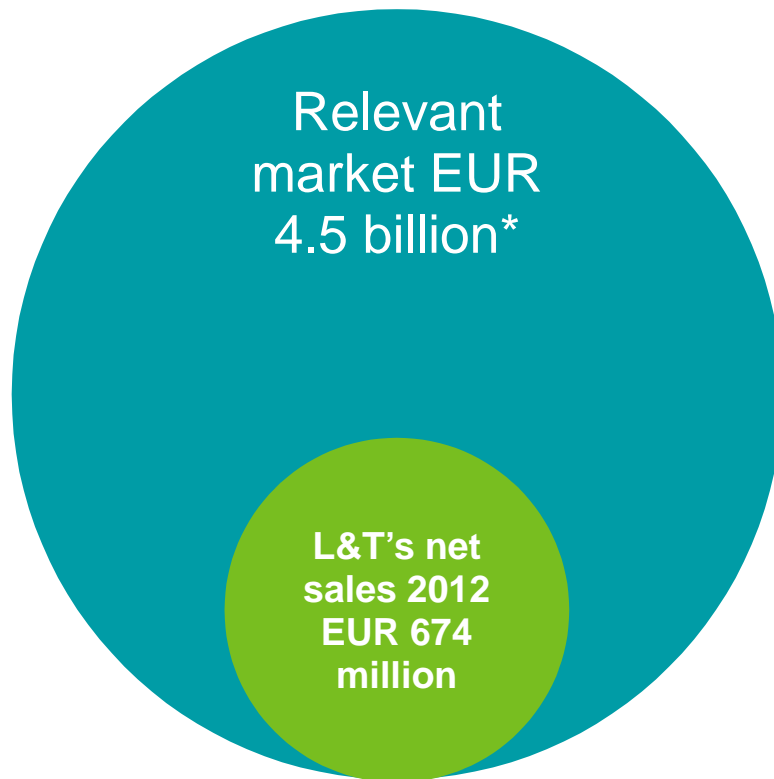
2011: 35

OPERATING ENVIRONMENT

OPERATING ENVIRONMENT AND CHANGES IN CUSTOMER BEHAVIOUR

Change in operating environment	Effect on L&T	Change in customer behaviour	Effect on L&T
Ban on the landfill disposal of organic waste	+	More professional procurement functions	+/-
Municipalisation of household waste management	+/-	Expectations for wider service offerings	+
Increased mass incineration of waste	+/-	Increasing outsourcing in insurance companies and in municipalities	+
Decline in available workforce	-	More technical property maintenance	+

STRONG GROWTH POTENTIAL IN CORE BUSINESSES



- The relevant market is growing at compound annual rate of ~3%.
- Focus on organic growth remains.
- Healthy balance sheet enable business acquisitions.

**Based on L&T's estimate and research data on the size of relevant markets in Finland*

STRONG AND STABLE MARKET POSITION IN CORE BUSINESSES

Environmental Services

- No. 1–2*
- Relevant market EUR 1.2 billion
- Market growth: 2-3% annually

Industrial Services

- No. 1–3*
- Relevant market EUR 0.35 billion
- Market growth: 4% annually

Facility Services

- No. 2*
- Relevant market EUR 3.0 billion
- Market growth: 3% annually

*Market positions and sizes based on management estimate
In current businesses

GROWTH POTENTIAL DURING STRATEGY PERIOD

Division	Service line	Organic growth potential	Acquisitions
Environmental Services	Recycling	High	Targeted acquisitions to expand within the value chain and geographically
	Waste management	Low	
Facility Services	Property maintenance	Moderate	Targeted acquisitions to expand service offering and geographically
	Cleaning and support services	Moderate	
	Maintenance of technical systems	High	
	Damage repair services	High	
Industrial Services	Process cleaning	Moderate	
	Environmental construction	High	
	Sewer maintenance	Moderate	

STRATEGY OVERVIEW

MANY PEOPLE
— ONE L&T



OUR VISION

We are our customers' preferred partner in environmental, industrial and facility services

STRATEGIC PROGRAMMES 2014

- Sales and account management
- Development of customer service
- Workforce management
- Development of leadership skills
- Enhancement of supply chain



KEY SUCCESS FACTORS

- Profitable growth in core businesses
- Customer orientation
- Skilled and sufficient personnel
- Cost efficiency
- Uniform corporate and positive safety culture

FROM A CONSUMER SOCIETY
TO A RECYCLING SOCIETY

X DEPLETION OF
KEY RAW MATERIALS

X FINLAND AND EUROPE
LOSING THEIR
COMPETITIVE
STRENGTH

X GLOBAL
WARMING

L&T'S VISION AND MISSION

OUR VISION:
We are the customer's preferred partner in environmental, industrial and facility services.

OUR MISSION:
We will make your environment a better place to live and work.



TRANSITION FROM RE-STRUCTURING TO PROFITABLE GROWTH

2012-2013

Focus and cost efficiency,
investment in organic growth

Key actions:

- New management and organisation structures
- Development of procurement and logistics
- Enhancement of working capital management
- Development of sales operations and more extensive service packages
- Resource and labour cost management

Strategy
evolution

2014-2016

Growth and scalability in core
businesses

Key actions:

- Organic growth and expansion utilising existing service network
- Offering larger service packages to expand customer accounts
- Centralised supply chain management
- Focused acquisitions in core businesses

FINANCIAL TARGETS

Key figure	Target 2016
Organic growth	>5%
Return on investment (ROI)	20%
Operating profit	9%
Gearing	30–80%

BUSINESS SEGMENTS

NET SALES BY DIVISION

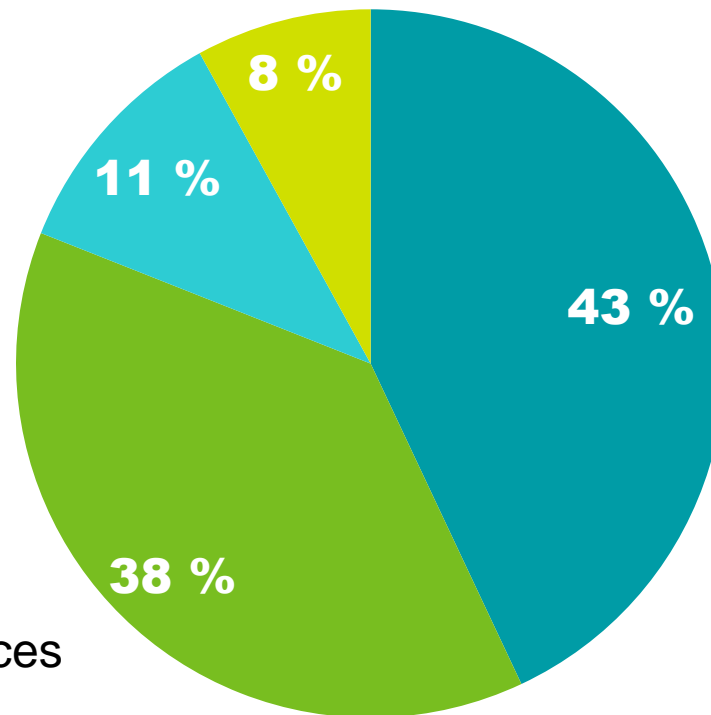


Renewable Energy Sources*

Industrial Services

Facility Services

Environmental Services



**Non-core business*

L&T'S ORGANISATION



ENVIRONMENTAL SERVICES

WE MANAGE THE VALUE CHAIN WITH EXCEPTIONALLY STRONG RESOURCES



600 trucks

24 plants and terminals



200 000 customers

Personnel 1 250

L&T IS MARKET LEADER IN FINNISH WASTE MANAGEMENT MARKET

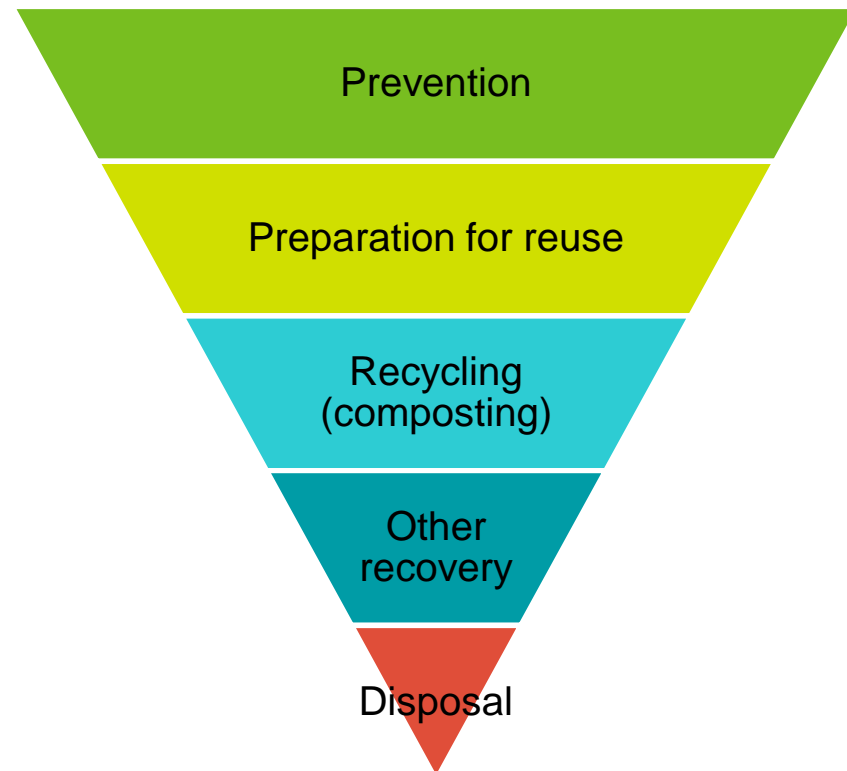
Environmental Services in total	<ul style="list-style-type: none">• No. 1 – 2• Relevant market EUR 1.2 billion• Market growth: 2-3 % annually
Subcontractor for municipalities	<ul style="list-style-type: none">• No. 1• Relevant market EUR 0.1 billion• Market growth: below inflation rate
Waste management	<ul style="list-style-type: none">• No. 1• Relevant market EUR 0.65 billion• Market growth: inflation rate
Recycling (fibres, plastic & glass)	<ul style="list-style-type: none">• No. 1 or 2 depending on material• Relevant market EUR 0.35 billion• Market growth: above inflation rate
Environmental products	<ul style="list-style-type: none">• No. 1 – 3 depending on product• Relevant market EUR 0.1 billion• Market growth: inflation rate

Market positions and sizes are based on management estimates

GROWTH POTENTIAL IN RECYCLING

- Recycling offers growth potential in spite of the decline in the total amount of waste. The total waste amount is not predicted to grow.
 - Scarcity of raw materials and their rising prices
 - Growing consumption and rising prices of energy
- Regulation supports recycling and the creation of new forms of services. Waste management is highly regulated.
 - EU regulation prefers recycling and reusing materials over landfilling
 - The attitudes of Finns support the implementation of regulations. Attitudes towards recycling are positive but Finland is lagging behind its recycling targets
 - More demands on companies' environmental responsibility

EU's Waste Hierarchy



EVER-STRICTER ENVIRONMENTAL NORMS SUPPORT RECYCLING

- **2008** The European Parliament adopted the proposed Waste Directive
- **2012** The new Finnish Waste Act entered into force on 1 May 2012
- **2013** The waste tax rose to EUR 50 per tonne
- **2013** The material-specific recycling targets for municipal waste were specified
- **2013** Emissions trade tightened
- **2015-16** Full producer responsibility for packaging waste will be transferred from the municipalities to the producer organisations
- **2016** Ban on the landfill disposal of organic waste will enter into force
- **2016** Under the Waste Decree, no less than 50% of municipal waste must be recycled
- **2016** In the nationwide waste plan, the target is that less than 20% of municipal waste is landfilled
- **2020** Under the Waste Decree, at least 70% of construction/demolition waste must be recycled

MARKET DEVELOPMENT AND L&T'S ACTIONS

Market changes and utilising them

- Largest fleet provides sufficient capacity for waste collection
- An extensive network of plants that can process growing material flows
- Proactively offering new processing solutions instead of landfill processing
- Strong know-how and experience of the producer organisations

Utilising internal capabilities & current market position

- Expanding our role and coverage in the waste management value chain
- New business opportunities in the environmental business and expansion into new locations
- Good platform for bolt on acquisitions

INDUSTRIAL SERVICES

INTEGRATING INTO OUR CUSTOMERS' PROCESSES

Personnel 550



Trucks 200



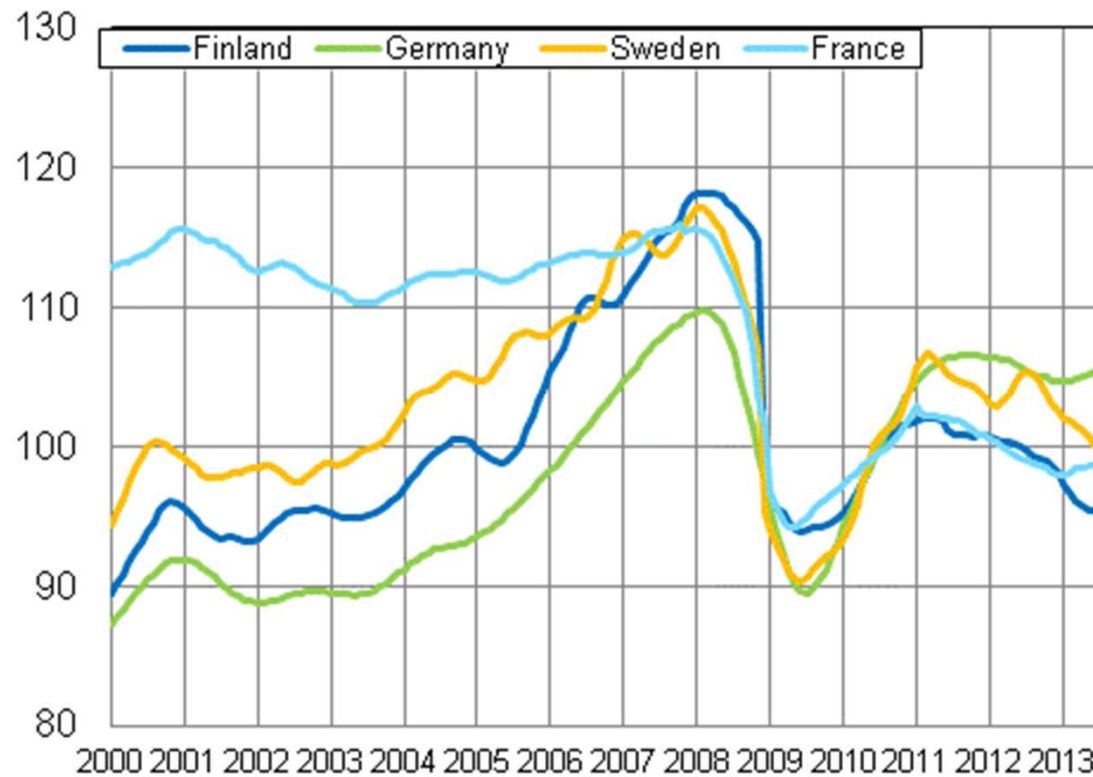
Customers 7 500

STRONG MARKET POSITION IN ALL SERVICE LINES

Industrial Services in total	<ul style="list-style-type: none">• No. 2• Relevant market EUR 0.3 billion• Market growth: 4% annually
Industrial process cleaning	<ul style="list-style-type: none">• No. 1• Relevant market EUR 0.1 billion• Market growth: inflation rate
Sewer maintenance services	<ul style="list-style-type: none">• No. 2• Relevant market EUR 0.1 billion• Market growth: above inflation rate
Hazardous waste services	<ul style="list-style-type: none">• No. 2• Relevant market EUR 65 million• Market growth: inflation rate
Environmental construction	<ul style="list-style-type: none">• No. 2• Relevant market EUR 80 million• Market growth: above inflation rate

Market positions and sizes based on management estimate

TREND OF INDUSTRIAL OUTPUT 2000–2013



Source: Statistics Finland

MARKET DEVELOPMENT AND L&T'S ACTIONS

Market development

L&T's actions

Tightening environmental legislation: opening new business in industrial waste streams

- Utilising Total Waste Management concept to boost our position in environmental construction
- Expanding current reuse and final waste disposal network
- Offering solutions for the mining industry
- Improving our market position in hazardous waste through our country wide terminal network

Outsourcing non-core operations to central service providers

- Centralised labour and fleet management to improve resource allocation and utilisation rates
- An efficient, centrally directed sales organisation enables L&T to achieve growth in its total offering for industrial customers

MARKET DEVELOPMENT AND L&T'S ACTIONS

Market development

L&T's actions

Demand for sewer maintenance will increase as the infrastructure ages

- Strengthening sales of sewer maintenance services
- Utilising cross sales
- Improving operational efficiency to enhance competitiveness
- Leveraging scale by increasing municipal sewer maintenance business

Industry will not grow in Finland, which could lead to a tougher competitive environment

- Group focus on major customers and cross selling
- Integration into the customer's core processes
- With our current equipment, we can also offer new services to new customers

FACILITY SERVICES

FACILITY SERVICES CREATES GOOD WORKING CONDITIONS

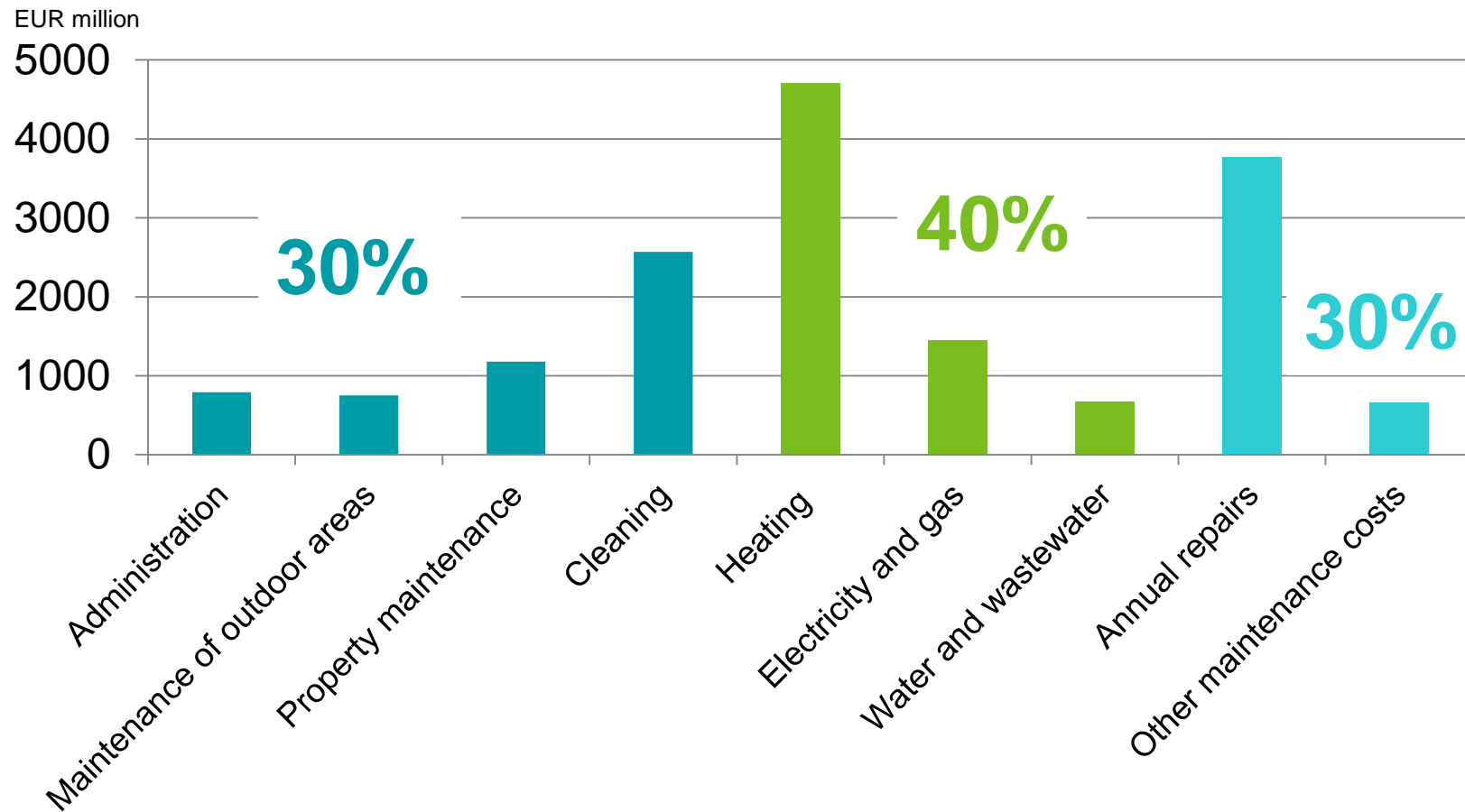


MARKETS AND L&T'S MARKET POSITION

Facility Services in total	<ul style="list-style-type: none">• No. 2• Relevant market EUR 3.0 billion• Market growth: 3 % annually
Cleaning and facility support services	<ul style="list-style-type: none">• No. 2• Relevant market EUR 1.0 billion• Market growth: inflation rate
Property maintenance	<ul style="list-style-type: none">• No. 1• Relevant market EUR 0.8 billion• Market growth: inflation rate
Damage repair services	<ul style="list-style-type: none">• No. 2• Relevant market EUR 0.2 billion• Market growth: above inflation rate
Maintenance of technical systems	<ul style="list-style-type: none">• No. 5• Relevant market EUR 1.0 billion• Market growth: above inflation rate

Market positions and sizes based on management estimate

MAINTENANCE OF THE BUILDING STOCK: EUR 16.5 BILLION IN 2013



Source: VRK/RHR and VTT on the basis of data from Statistics Finland

MARKET DEVELOPMENT AND L&T'S ACTIONS

Market development

L&T's actions

Customers will change the way they buy services, favouring service packages

- Focusing on large customer accounts, harnessing the potential of cross-sales and support services
- Offering bundled facility services
- Operational efficiency
- Offering technical system services in new localities

Greater technical complexity of properties, rising energy prices and growing environmental awareness

- Focus on eco-maintenance
- An energy control center established
- Offering technical system services in new localities
- Increasing expertise in technical systems

MARKET DEVELOPMENT AND L&T'S ACTIONS

Market development

L&T's actions

Outsourcing is becoming more common among companies and in the public sector

- Centralisation of sales
- Proactive operations in the municipal sector
- Focus on support services

Significance of office premises is on the rise

- Services for modifying premises have been launched
- Organisation has been clarified to improve customer care
- Focus on technical systems

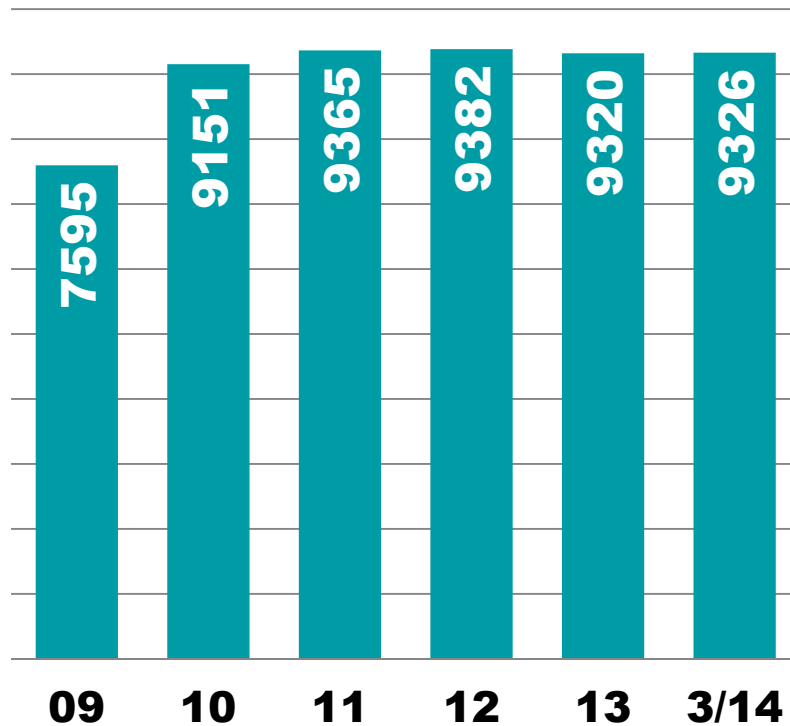
Growth in the number and value of damages

- Harnessing large partnerships with insurance companies
- Developing expertise in special damage repair services
- Cross-use of resources across the businesses

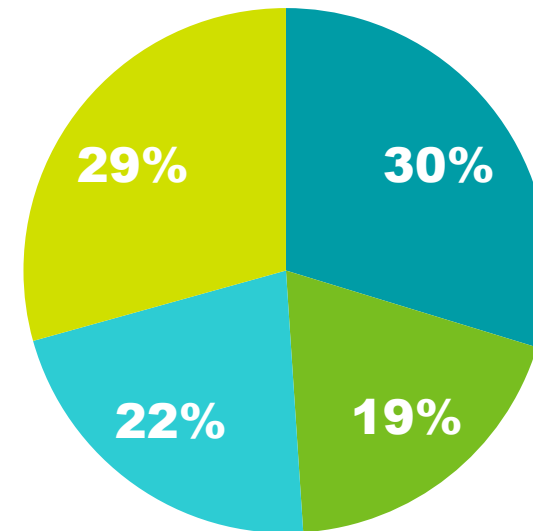
SHAREHOLDERS

SHAREHOLDER STRUCTURE

Number of shareholders



Shareholder structure



- Households
- Financial and insurance corp.
- Foreign and nominee registered
- Others

MAJOR SHAREHOLDERS AT 31 MARCH 2014

Shareholder	Shares	%
Evald and Hilda Nissi Foundation	2 413 584	6.22
Mandatum Life Insurance Company Limited	2 181 238	5.62
Nordea Investment Funds	1 906 075	4.91
Maijala Juhani	1 529 994	3.94
Ilmarinen Mutual Pension Insurance Company	1 362 803	3.51
LähiTapiola Group	876 270	2.26
Bergholm Heikki	812 539	2.09
Maijala Mikko	720 000	1.86
Elo Mutual Pension Insurance Company	614 073	1.58
Danske Investment Funds	601 633	1.55
Nominee-registered shares	8 257 450	21.28
Number of shares	38 798 874	100.00
Number of shareholders	9 326	

**IT'S EASY TO TRANSFORM A
KETCHUP BOTTLE INTO FUEL
OR A TUNA CAN INTO A FORK.
IT'S MUCH HARDER TO CHANGE**

HOW PEOPLE THINK.



WORKING SUSTAINABLY

