

# Lassila & Tikanoja

Q2 / 2012

24 July 2012

Pekka Ojanpää, President and CEO





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## Highlights of Q2/2012

Net sales EUR 169.7m (EUR 162.2m) 4.6% (yoy)

- Net sales grew in all divisions apart from Cleaning and Office Support Services.
- The growth was primarily organic.

Operating profit EUR 14.1m (EUR 8.9m);  
Operating profit excluding EO items EUR 12.1m (EUR 9.7m)

- Profitability improved due to volume growth in Environmental Services and good performance in shutdown-related work in industry sector.
- The loss of JV L&T Recoil and Renewable Energy Sources decreased.



# Financial summary and key figures

	Q2/12	Q2/11	Change %	1-6/12	1-6/11	Change %	2011
Net sales, EUR million	<b>169.7</b>	162.2	4.6	<b>341.0</b>	321.7	6.0	652.1
Operating profit excl. EO items, EUR million	<b>12.1</b>	9.7	24.7	<b>17.2</b>	16.5	4.2	44.3
Operating margin excl. EO items	<b>7.1%</b>	6.0%		<b>5.0%</b>	5.1%		6.8%
Operating profit, EUR million	<b>14.1</b>	8.9	59.6	<b>19.1</b>	15.3	24.5	25.6
Profit before tax, EUR million	<b>10.8</b>	7.7	40.2	<b>14.8</b>	13.1	12.7	21.0
Earnings per share, EUR	<b>0.24</b>	0.19	26.3	<b>0.31</b>	0.29	6.9	0.44
EVA, EUR million	<b>7.9</b>	1.9	315.8	<b>6.4</b>	1.7	276.5	-2.2
Capital expenditure, EUR million	<b>16.4</b>	32.2		<b>27.8</b>	45.1		70.6
Depreciation, amortisation and impairment, EUR million	<b>11.3</b>	11.3		<b>22.1</b>	21.8		61.5
Return on equity, % (ROE)				<b>11.3</b>	10.3		7.7
Return on invested capital, %				<b>11.3</b>	8.9		7.6
Equity ratio, %				<b>43.3</b>	42.0		44.5
Gearing, %				<b>53.8</b>	67.6		58.3
Total number of employees at end of period				<b>9,817</b>	10,389		9,357

## Environmental Services

- Net sales increased due to strong demand for waste management, recycling and process cleaning services.
- Profitability improved due to volume growth in waste management and recycling services and good performance in shutdown-related work in the industry sector.
- At the end of the period L&T sold its holding in JV L&T Recoil.



EUR million	Q2/12	Q2/11	Change %	1-6/12	1-6/11	Change %	2011
Net sales	<b>88.1</b>	83.5	5.5	<b>165.1</b>	156.0	5.9	325.9
Operating profit excl. EO items	<b>11.2</b>	9.2	22.3	<b>14.2</b>	13.4	6.6	34.0
Operating margin excl. EO items	<b>12.7%</b>	11.0%		<b>8.6%</b>	8.6%		10.4%

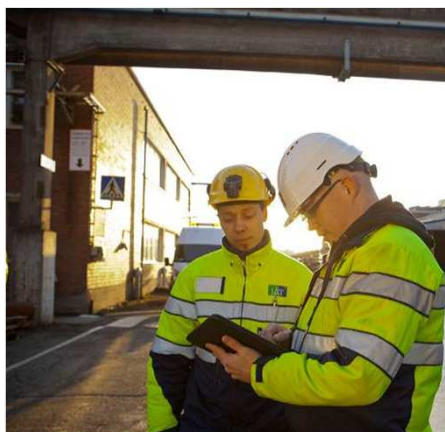
# Cleaning and Office Support Services



- Net sales decreased slightly, although sales of the commissioned assignments developed as expected.
- The increase in profitability in Finland attributed to integration costs that weighted the comparison period.
- Results from international operations remained negative due to loss-making operations in Sweden.

EUR million	Q2/12	Q2/11	Change %	1-6/12	1-6/11	Change %	2011
Net sales	40.7	40.8	-0.3	80.0	75.6	5.7	157.3
Operating profit excl. EO items	1.2	1.2	-0.1	2.2	2.7	-18.8	7.5
Operating margin excl. EO items	3.0%	3.0%		2.7%	3.6%		4.7%

## Property Maintenance



- Net sales increased slightly due to growth in the work load in damage repair services.
- Profitability reached previous year's level due to efficiency enhancement measures and tighter sub-contracting cost control.

EUR million	Q2/12	Q2/11	Change %	1-6/12	1-6/11	Change %	2011
Net sales	<b>31.7</b>	30.9	2.7	<b>72.0</b>	69.8	3.1	134.6
Operating profit excl. EO items	<b>0.9</b>	0.8	13.4	<b>1.6</b>	2.7	-39.2	8.2
Operating margin excl. EO items	<b>2.8%</b>	2.5%		<b>2.3%</b>	3.8%		6.1%

## Renewable Energy Sources

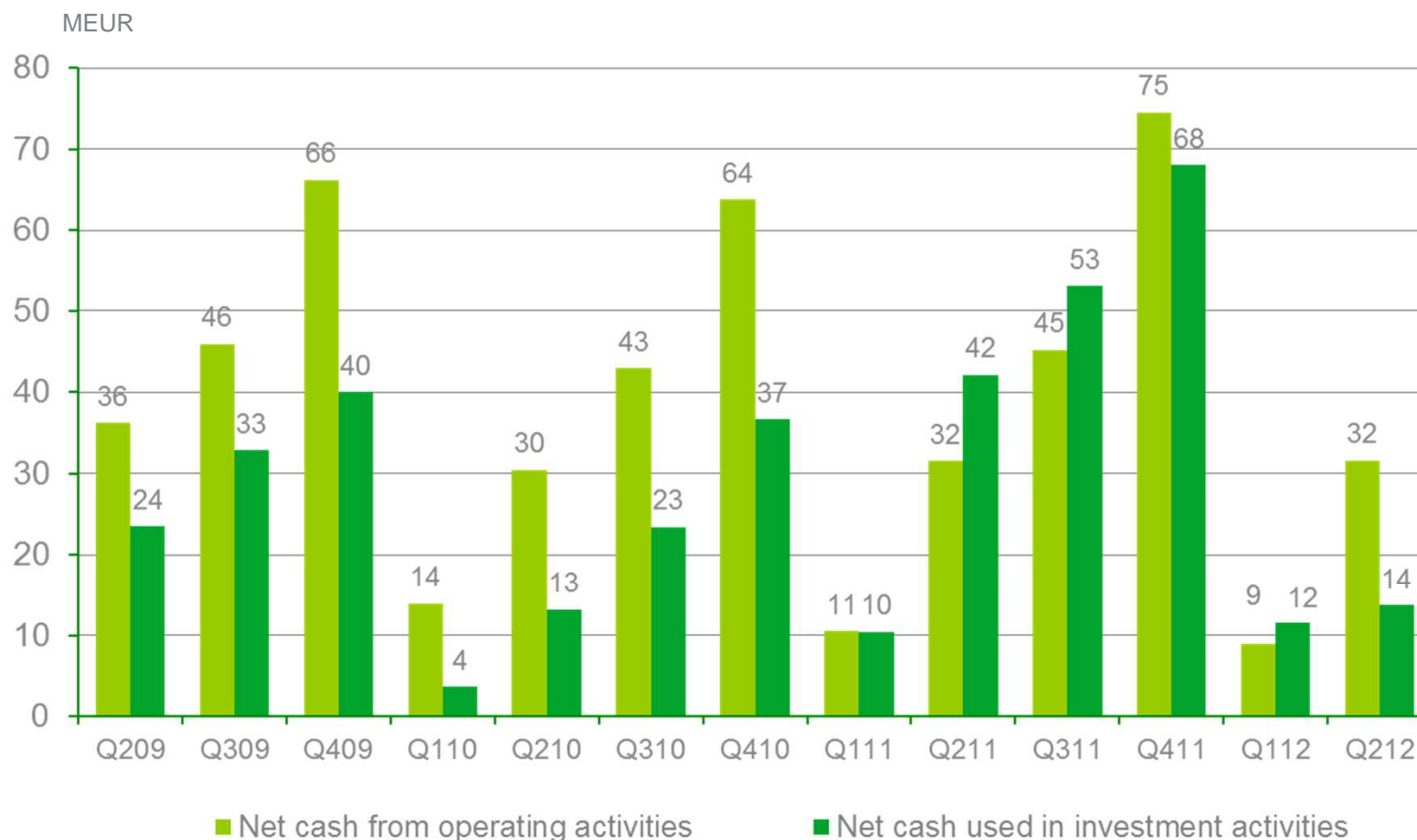
- The marked increase in net sales was thanks to stronger demand for wood-based fuels.
- The operating loss was halved mainly due to volume growth and smaller depreciation.
- The profitability was burdened by weak energy content.



EUR million	Q2/12	Q2/11	Change %	1-6/12	1-6/11	Change %	2011
Net sales	12.1	9.6	26.0	29.7	25.6	15.9	45.4
Operating profit excl. EO items	-0.6	-1.3	-51.1	0.2	-1.6		-3.8
Operating margin excl. EO items	-5.1%	-13.2%		0.6%	-6.3%		-8.4%



# Operating cash flow, cumulative

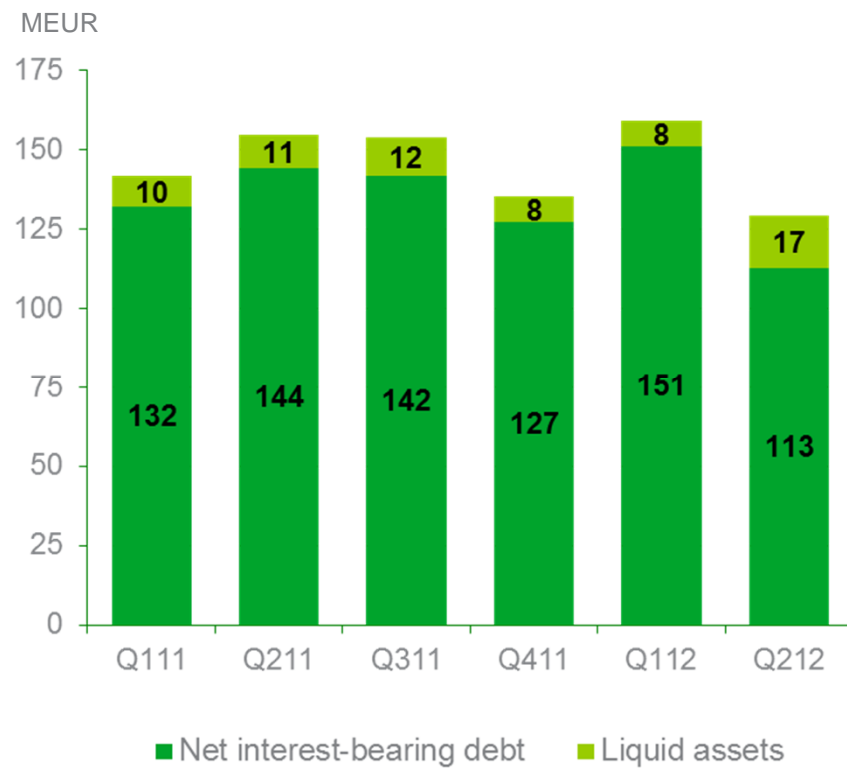


- Operating cash flow was EUR 31.6m (EUR 31.5m)
- EUR 2.4m was released from the working capital (EUR 3.2m)

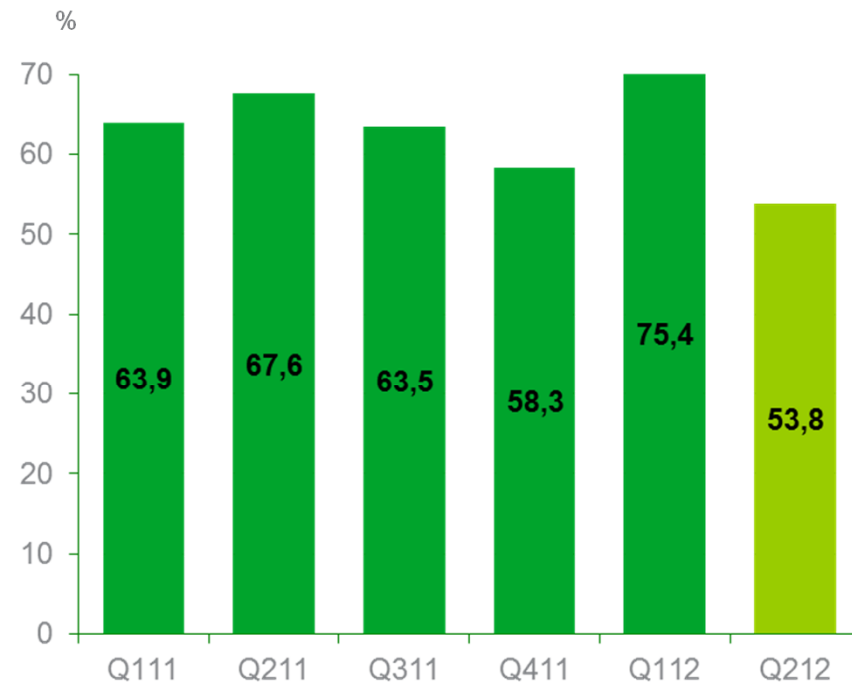


# Financial position

Interest-bearing debt



Gearing ratio

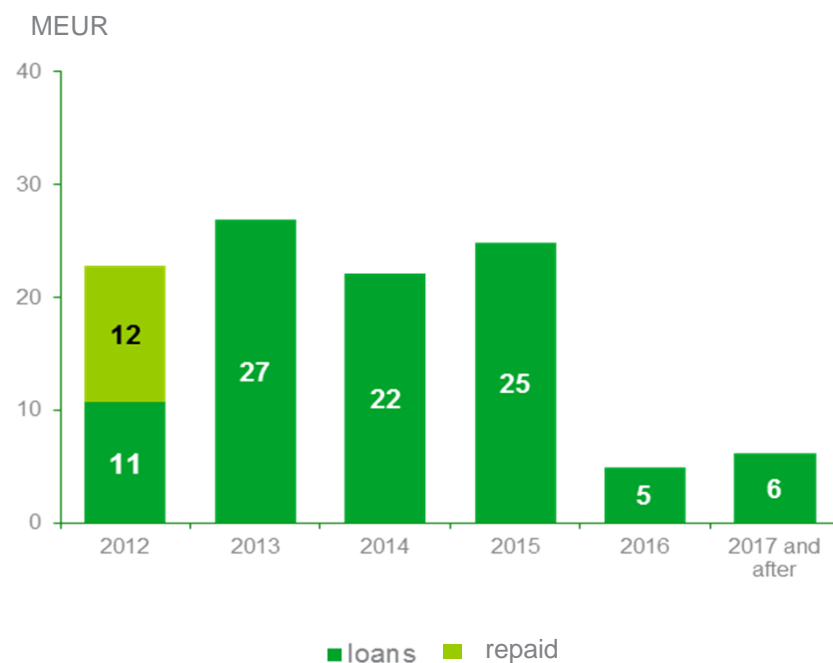


The capital repayment, totalling EUR 21.3 million, was paid on 27 March 2012.

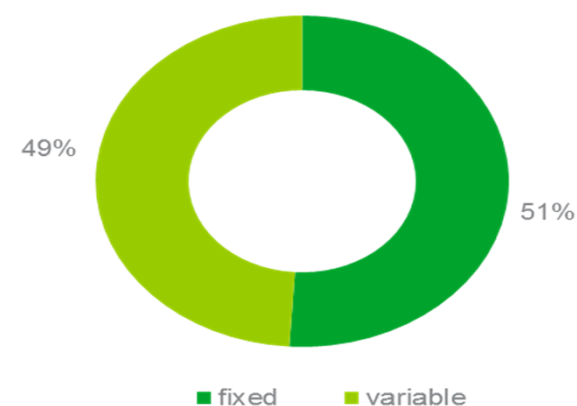


# Stable maturity structure of long-term loans

Maturity structure of long-term loans



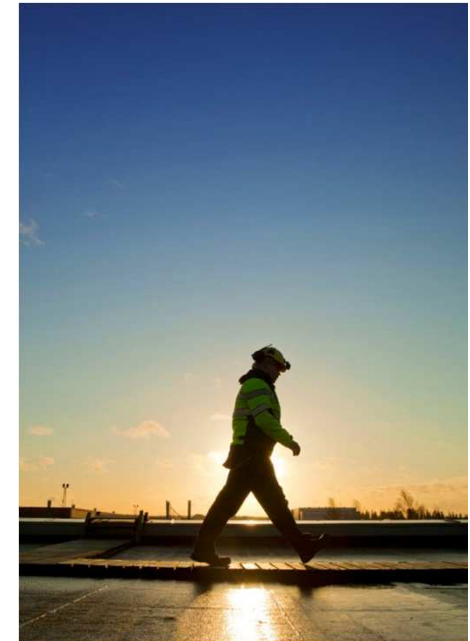
Long-term loan portfolio



Weighted average of effective interest rate 2.5%

## Current issues

- Implementation of the key projects (logistics, working capital, sourcing) continues.
- Strategy process now in the final phase; results will be published in September.
- Capital Markets Day on 14 September 2012.





## Outlook for the rest of the year

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable, but any changes in demand for industrial services may complicate operational adjustments.

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

Demand for Renewable Energy Sources' (L&T Biowatti) wood-based fuels is expected to pick up from the comparison period, and the more effective cost structure should result in profitability improvement.

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



## Contact information

**Pekka Ojanpää, CEO**

tel. +358 10 636 2810

pekka.ojanpaa@lassila-tikanoja.fi

**Ville Rantala, CFO**

tel. +358 50 385 1442

ville.rantala@lassila-tikanoja.fi

**Keijo Keränen, Head of Treasury & IR**

tel. +358 50 385 6957

keijo.keranen@lassila-tikanoja.fi

