



Lassila & Tikanoja Q3/2011
25 October 2011
Ville Rantala, President and CEO (acting)




Highlights of Q3/11

Net sales

- Net sales EUR 163.5m (EUR 143.8m) +13.7% (yoy)
- Increase in net sales in all divisions except Renewable Energy Sources; half of the growth was organic
- Growing waste and recycling volumes and healthy workload in Property Maintenance increased demand.

Operating profit

- Operating profit EUR 18.2m (EUR 16.3m); operating profit excluding non-recurring items EUR 18.2m (EUR 16.8m)
- Profitability improved thanks to increased demand for Environmental Services and Property Maintenance and cost cuts of Renewable Energy Sources.
- JV L&T Recoil was able to reduce its losses.



Environmental Services: Growing waste volumes and good demand for secondary raw materials

Net sales

EUR 85.9m (EUR 75.8m)

Operating profit excl. EO items

EUR 12.3m (EUR 10.9m)

- Increase in net sales originated from growing waste volumes and healthy demand for secondary raw materials as well as their positive price development.
- Prices of secondary raw materials began to decline towards the end of the period.
- Profitability improved due to volume growth, price hikes and reduced losses of JV L&T Recoil.
- A scheduled maintenance shutdown at the L&T Recoil plant kept production at a standstill for a month.

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

Net sales

EUR 41.5m (EUR 35.7m)

Operating profit excl. EO items

EUR 3.7m (EUR 4.3m)

- Net sales grew thanks to acquisitions made in Finland and Sweden during H1.
- Commissioned assignments sold well.
- Profitability was eroded by integration costs originated from acquisitions during H1, price competition and higher production costs.
- Sales prices were increased in response to the rise in costs.

Property Maintenance: Net sales of all services growing

Net sales

EUR 31.3m (EUR 26.9m)

Operating profit excl. EO items

EUR 3.6m (EUR 3.3m)

- Increase in demand originated from successful sales efforts in technical maintenance and strong workload in damage repair services.
- Operating profit improved slightly, although the rise in production costs eroded profitability.
- Sales prices were increased to offset higher costs.

Renewable Energy Sources: Tough competition continues

Net sales

EUR 7.2m (EUR 7.6m)

Operating profit excl. EO items

EUR -1.1m (EUR -1.4m)

- Intense competition decreased net sales and warm autumn and extended maintenance shutdowns at power plants restricted demand.
- Operating loss decreased thanks to fixed cost cuts.
- Profitability was eroded by higher subcontracting costs and a credit loss of EUR 0.2 million.
- New contracts were signed for future heating seasons.

Financial summary

	Q311	Q310	Change %	2010
Net sales, EUR million	163.5	143.8	13.7	598.2
Operating profit excl. EO items, EUR million	18.2	16.8	8.3	45.5
Operating profit, EUR million	18.2	16.3	11.7	40.2
Operating margin, %	11.1	11.3		6.7
Profit before tax, EUR million	16.9	15.0	12.7	36.0
Earnings per share, EUR	0.32	0.28	14.3	0.68
EVA, EUR million	11.0	8.8	25.0	10.1

Net sales by division

EUR million	Q311	Q310	Change %
Environmental Services	85.9	75.8	13.3
Cleaning and Office Support Services	41.5	35.7	16.5
Property Maintenance	31.3	26.9	16.3
Renewable Energy Sources	7.2	7.6	-5.3
Inter-division net sales	-2.5	-2.2	
L&T total	163.5	143.8	13.7

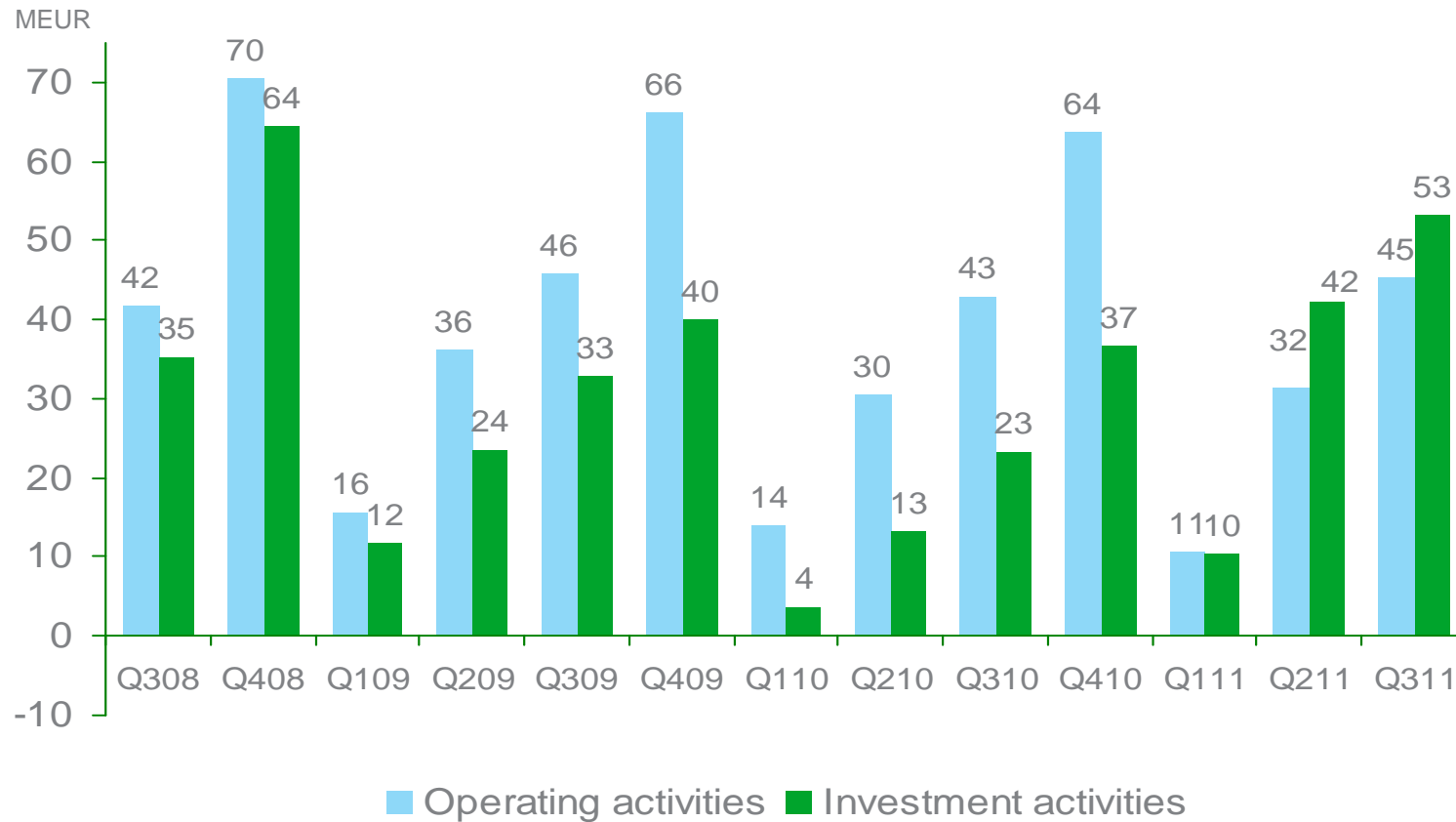
Operating profit by division

EUR million	Q311	Q310	Change %
Environmental Services	12.3	10.9	12.6
Cleaning and Office Support Services	3.7	4.1	-9.1
Property Maintenance	3.6	3.3	9.8
Renewable Energy Sources	-1.1	-1.4	24.2
Group administration and other	-0.3	-0.6	
Total operating profit	18.2	16.3	11.7
Operating margin, %	11.1	11.3	

Key figures

	Q311	Q310	Q1-Q3 11	Q1-Q3 10	2010
Earnings per share, EUR	0.32	0.28	0.62	0.54	0.68
EVA, EUR million	11.0	8.8	12.7	8.9	10.1
Capital expenditure, EUR million	10.6	10.8	55.7	26.9	39.3
Depreciation, amortisation and impairment, EUR million	11.3	10.6	33.2	33.6	43.9
Return on equity, % (ROE)			14.2	12.8	11.9
Return on invested capital, % (ROI)			12.6	12.1	11.6
Equity ratio, %			43.4	45.6	46.5
Gearing, %			63.5	55.2	50.3
Total number of full-time and part-time employees at end of period			9,648	8,550	8,732

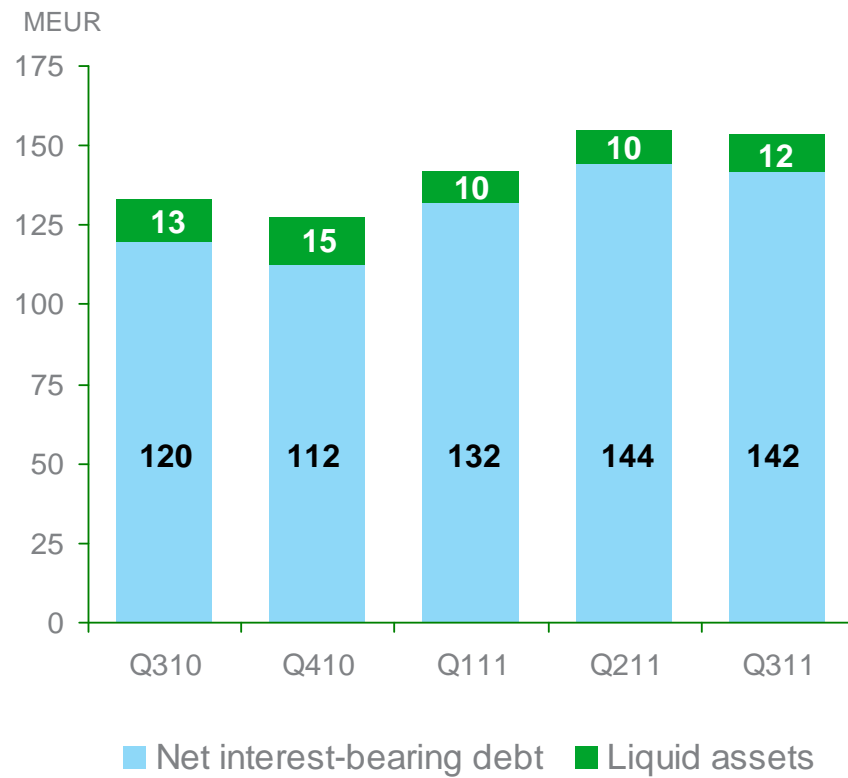
Operating cash flow, cumulative



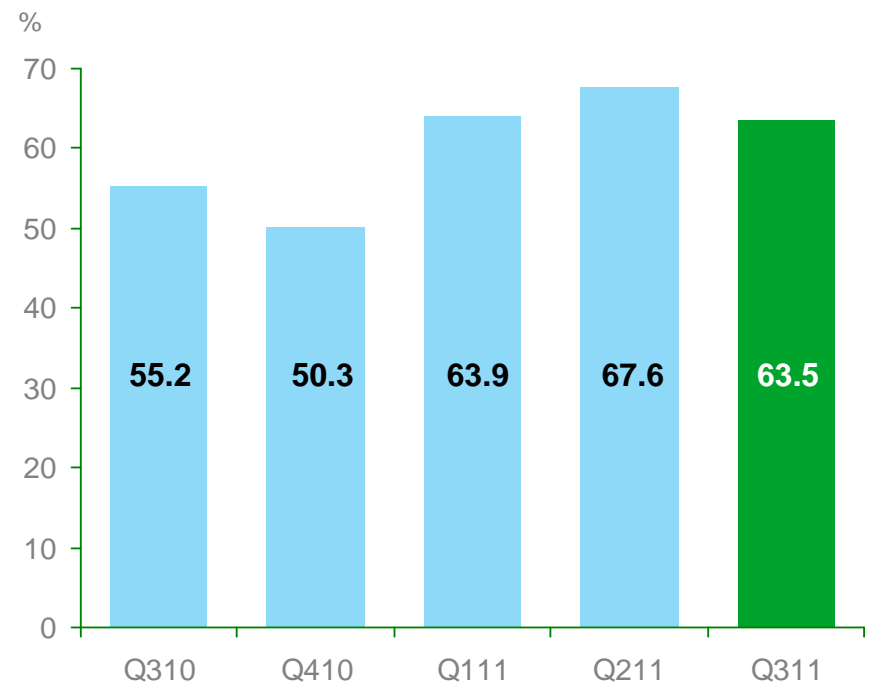
- Operating cash flow was EUR 45.2m (EUR 42.9m)
- EUR 9.4m was tied up in the working capital (EUR 8.2m)

Financial position

Interest-bearing debt

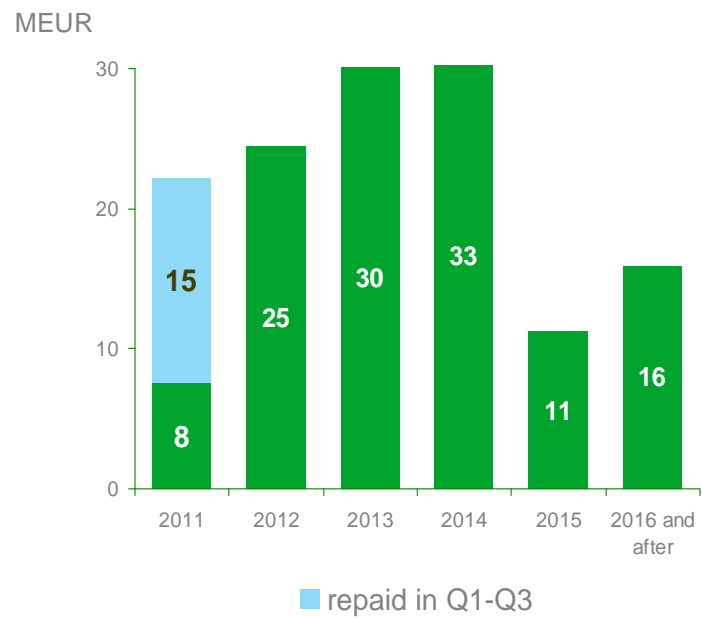


Gearing ratio

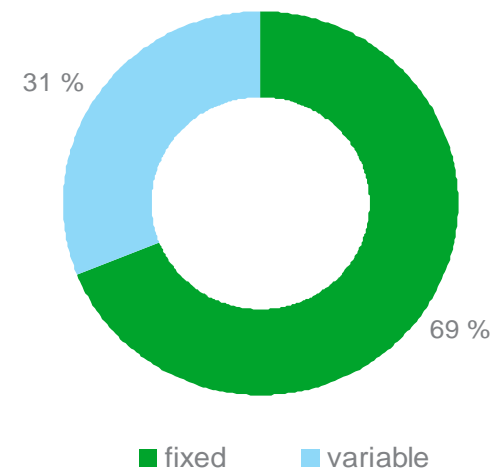


Long-term loans 30 September 2011

Maturity structure of long-term loans



Long-term loan portfolio



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 will affect the division's profitability for the remainder of the year.

The outlook for Cleaning and Office Support Services and for Property Maintenance is stable for the remainder of the year.

Demand for L&T Biowatti's wood-based fuels is expected to reach the comparison period's level.

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