



Stable financial position of L&T enables strategy execution

Ville Rantala, Capital Markets Day, 14 September 2012





Cyclicality of L&T's core business





New financial targets

Key figure

Target 2016

Organic growth

>5%

Return on Investment (ROI) %

20%

Operating profit

9%

Gearing

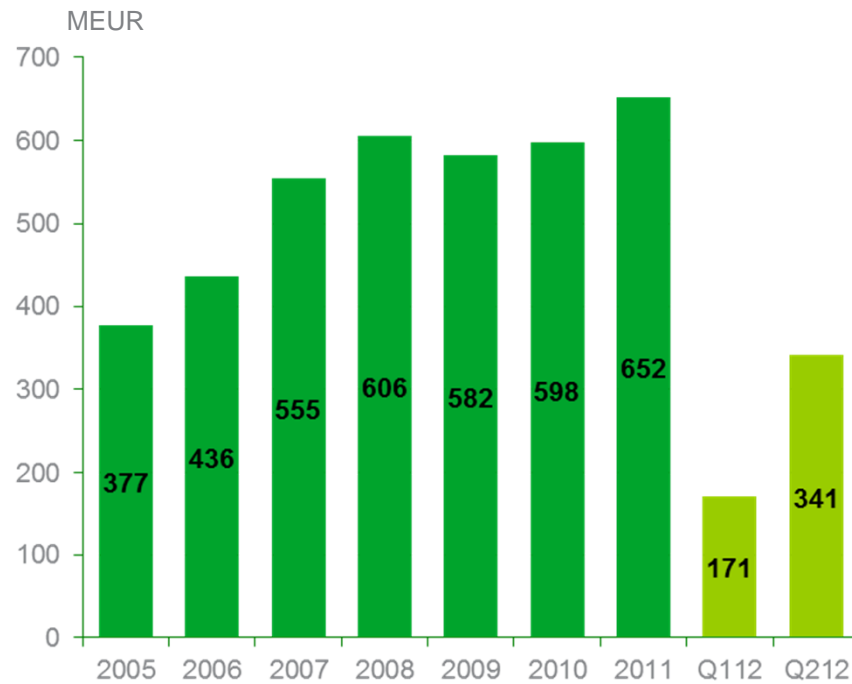
30-80%



Net sales and organic growth 2005-2012

Strategic target:
> 5%

Net sales



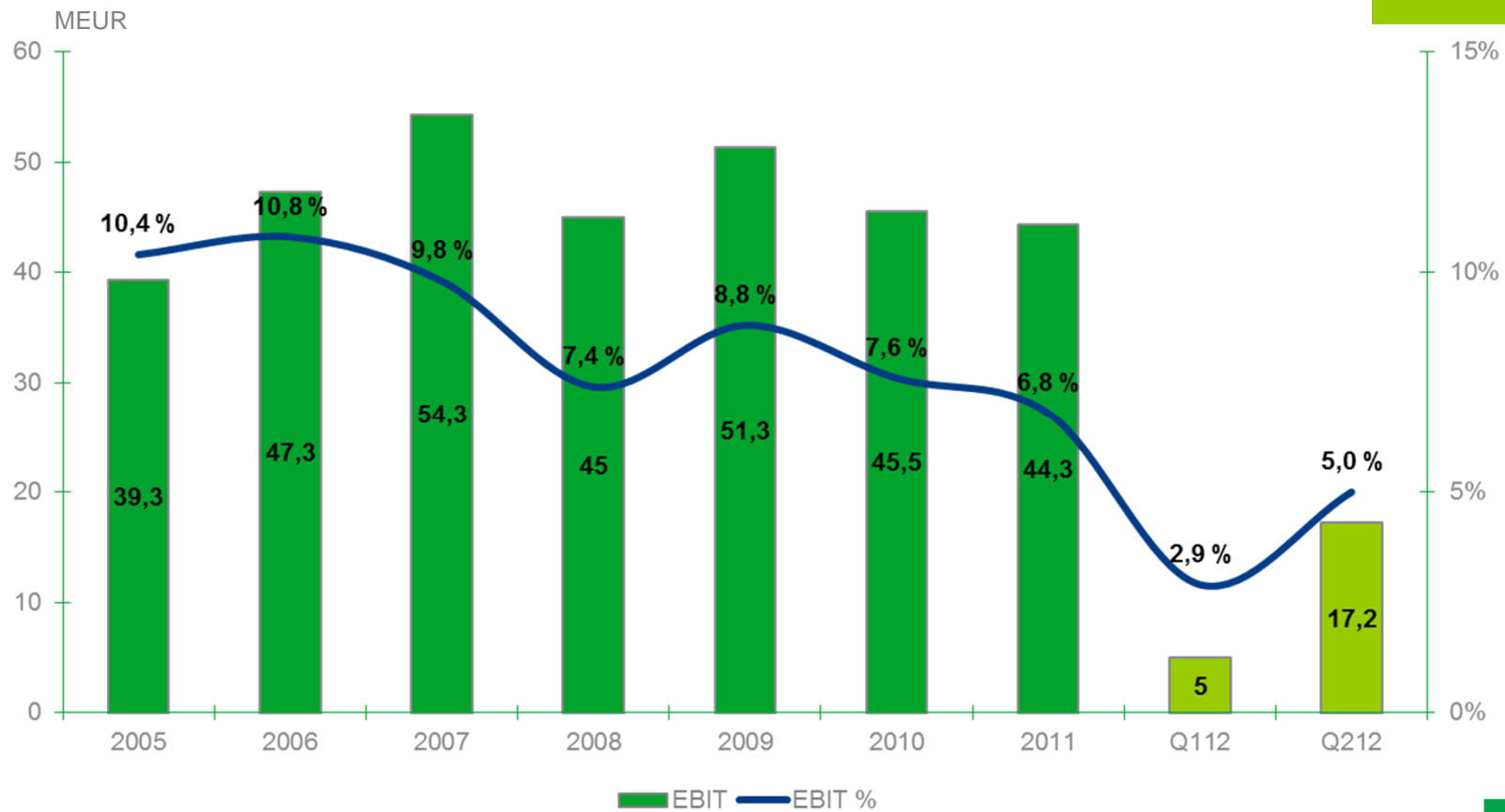
Organic growth





EBIT 2005-2012 (excl.EO items)

Strategic target:
EBIT 9%

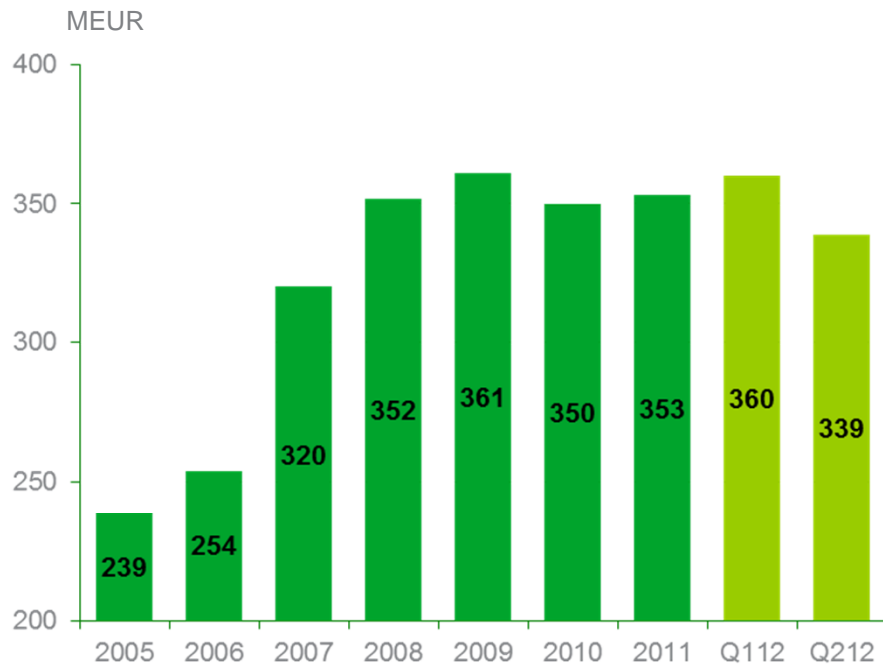




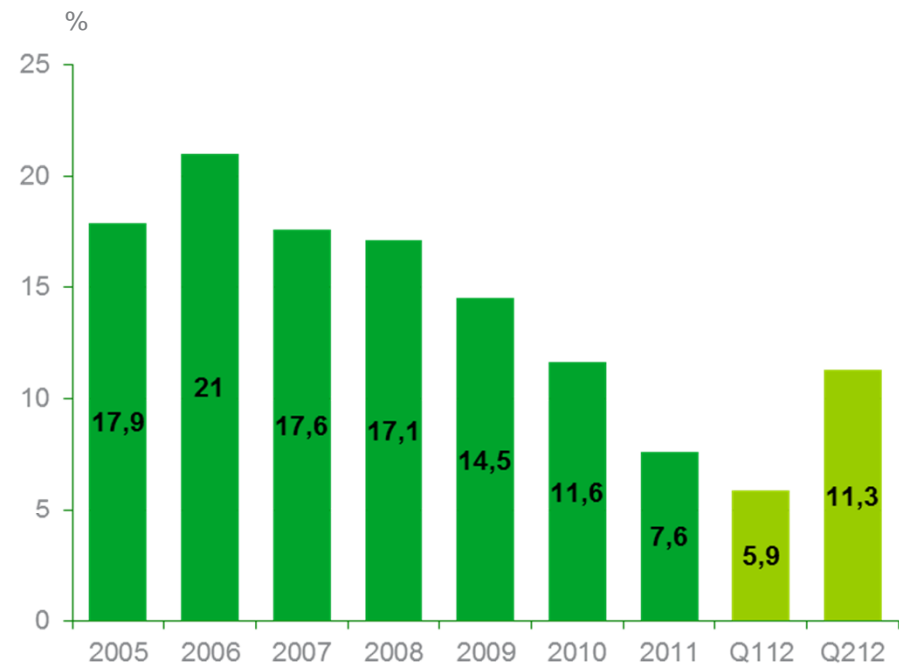
Return on Investment (ROI)

Strategic target:
20%

Invested capital



ROI

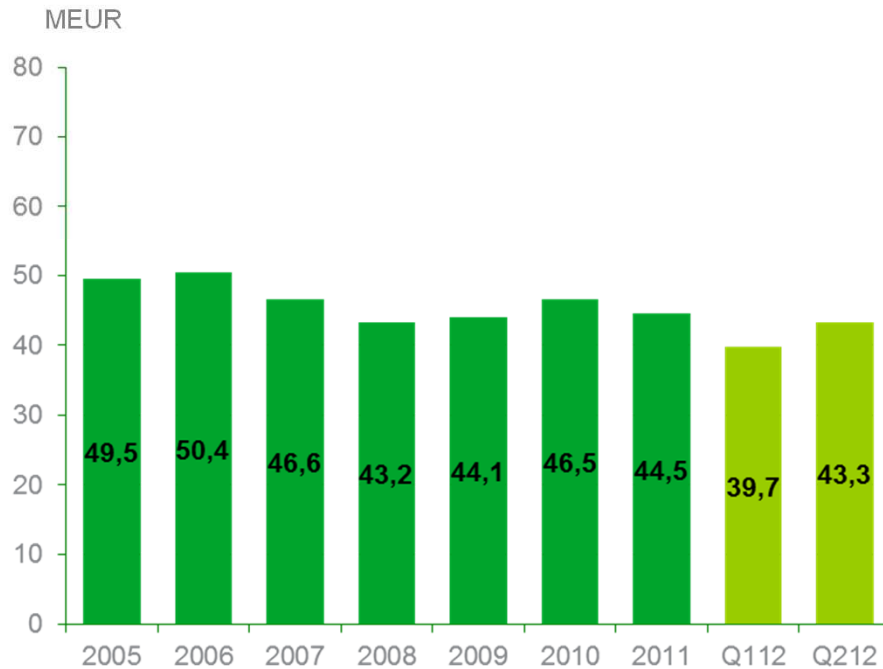




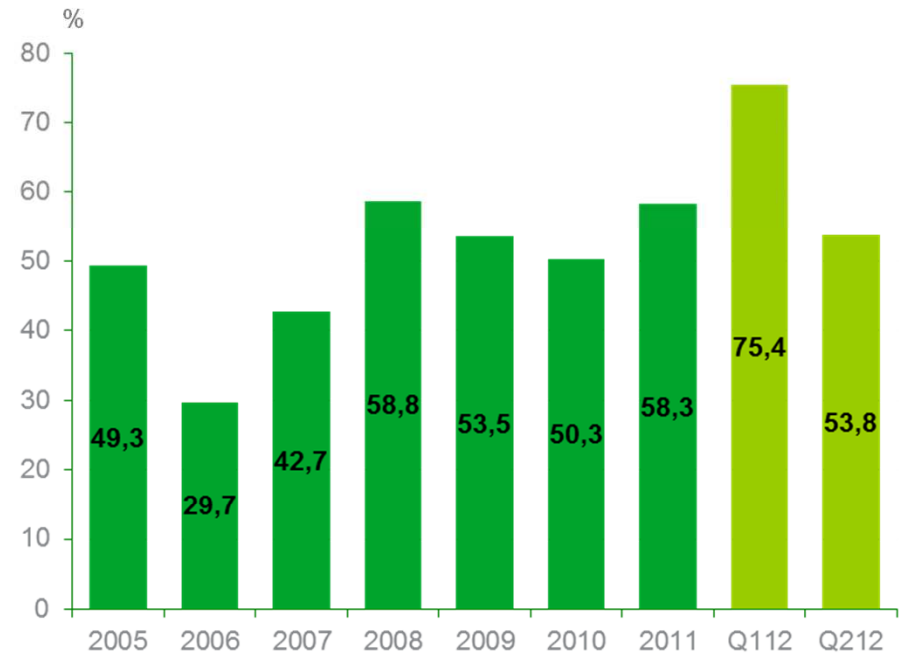
Equity ratio and gearing

Strategic target:
30-80%

Equity ratio

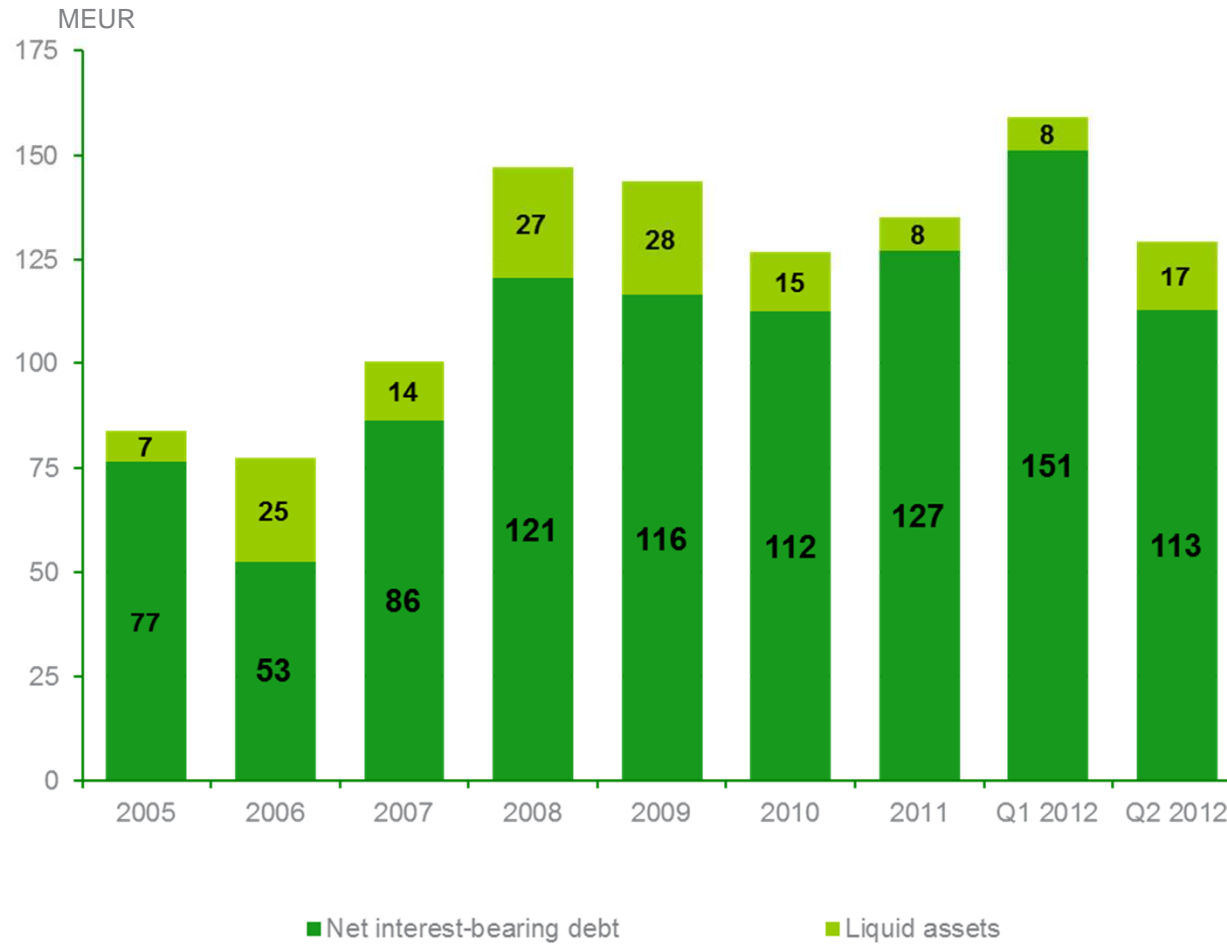


Gearing ratio





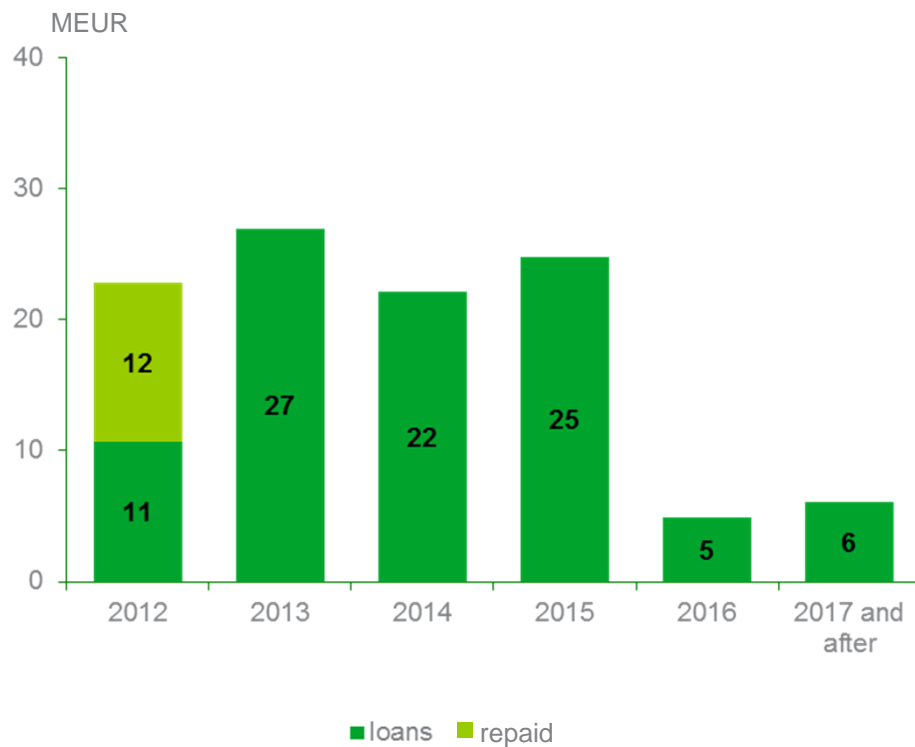
Interest bearing-debt



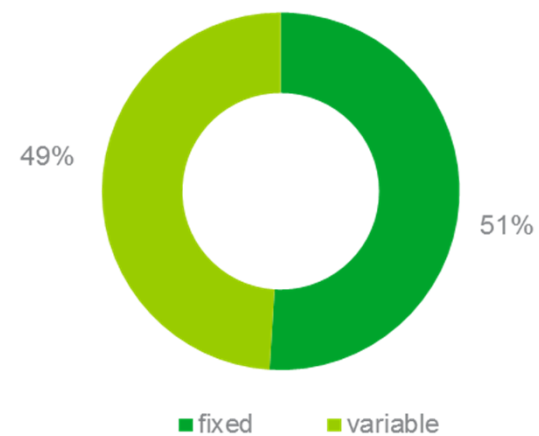


Maturity structure of long-term loans

Maturity structure of long-term loans



Long-term loan portfolio

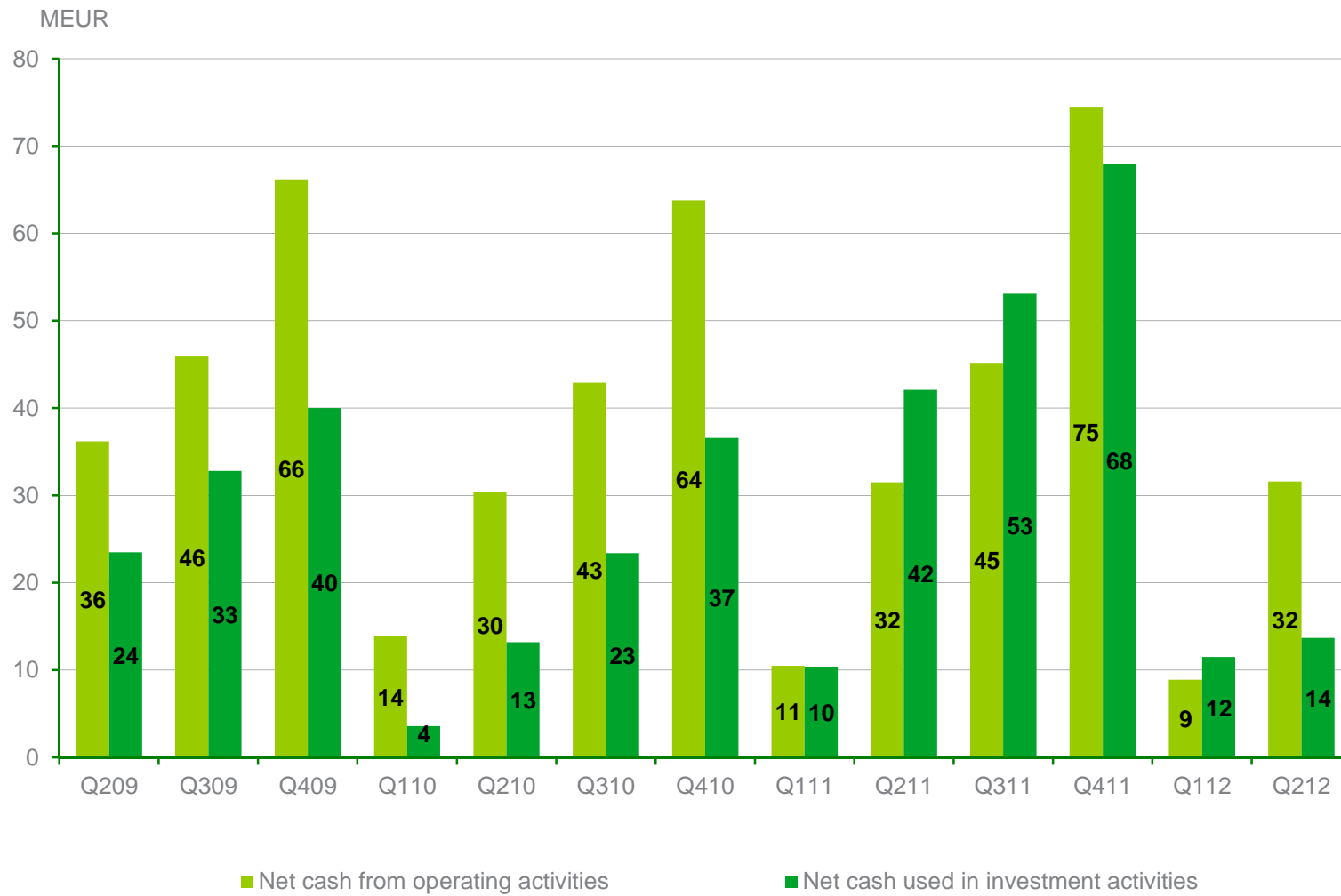


Weighted average of effective interest rate 2.5%



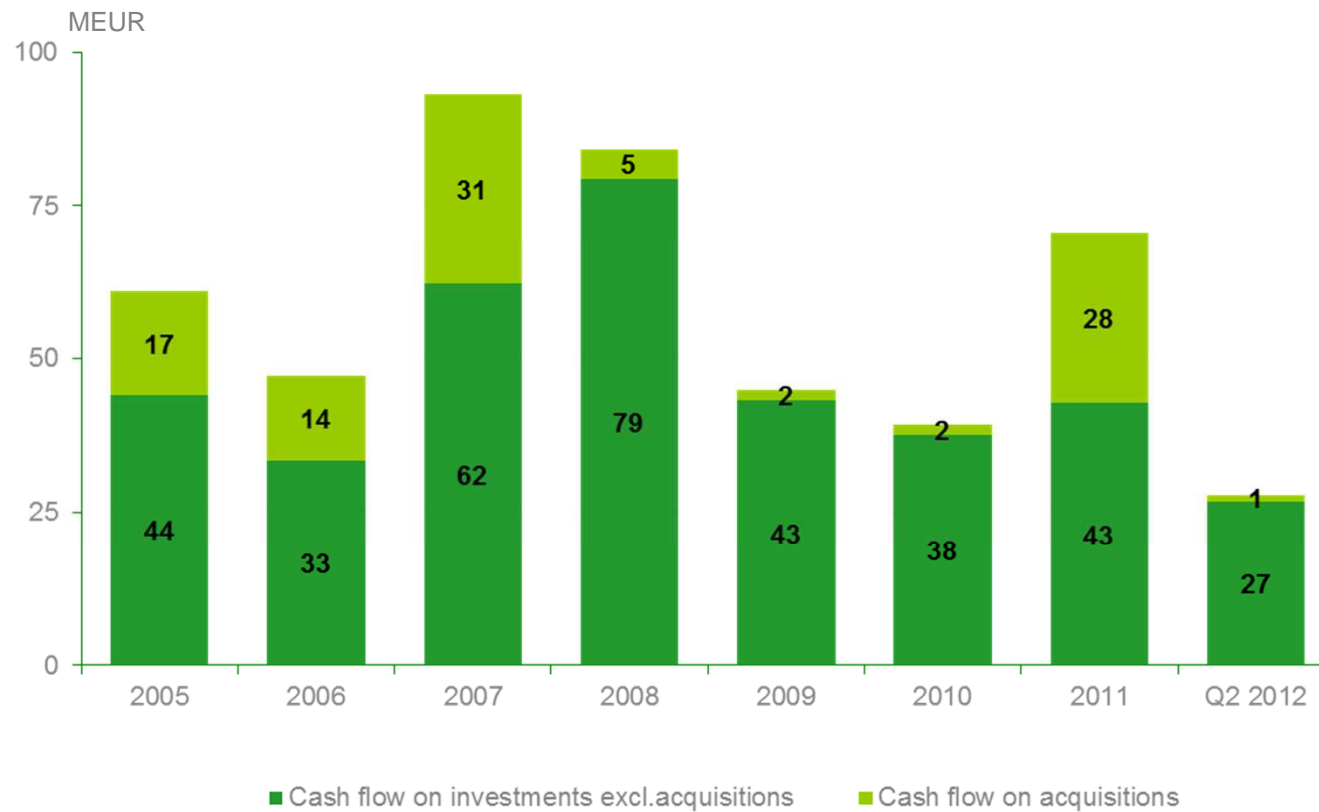


Cash flow and investments



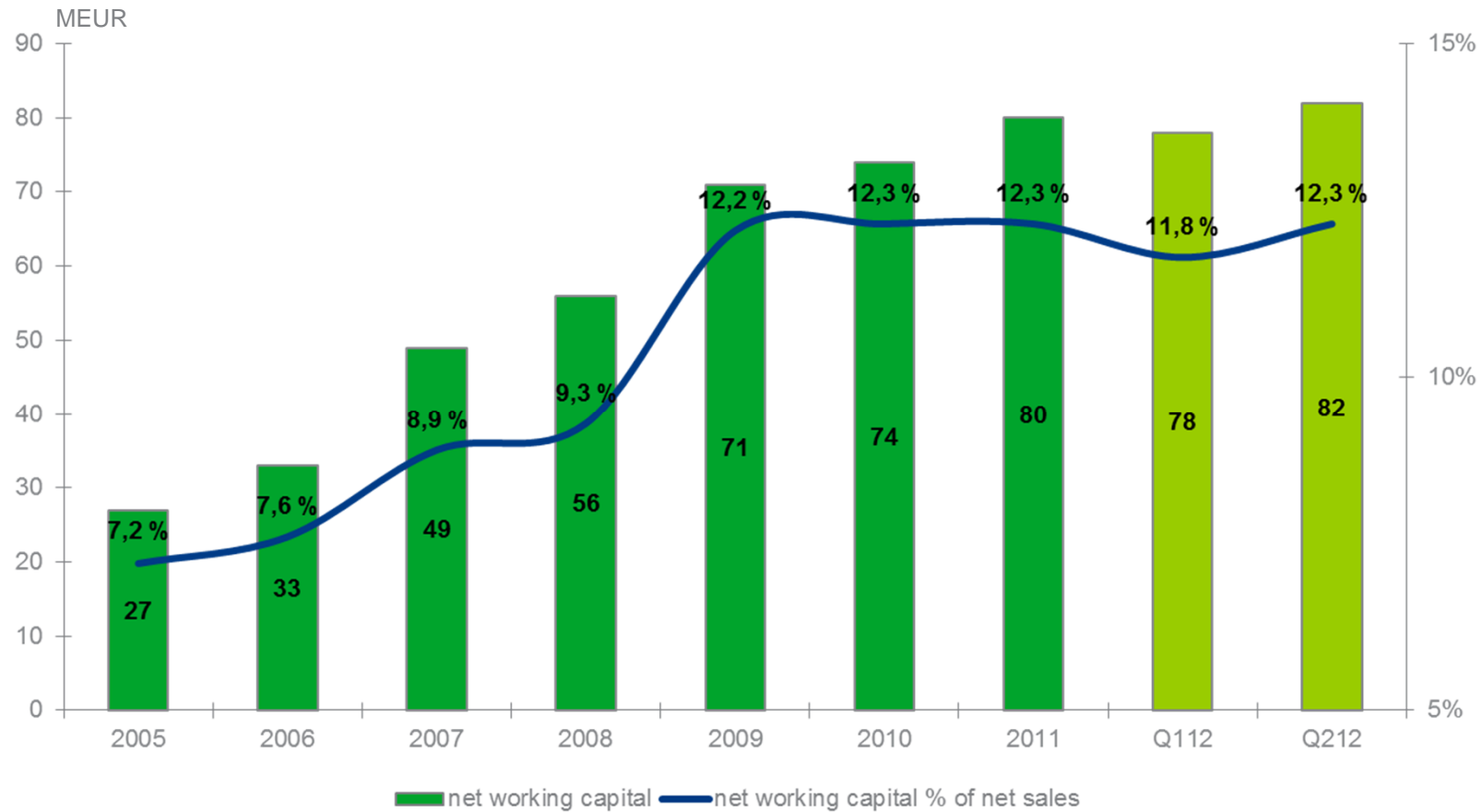


Cash flow on acquisitions





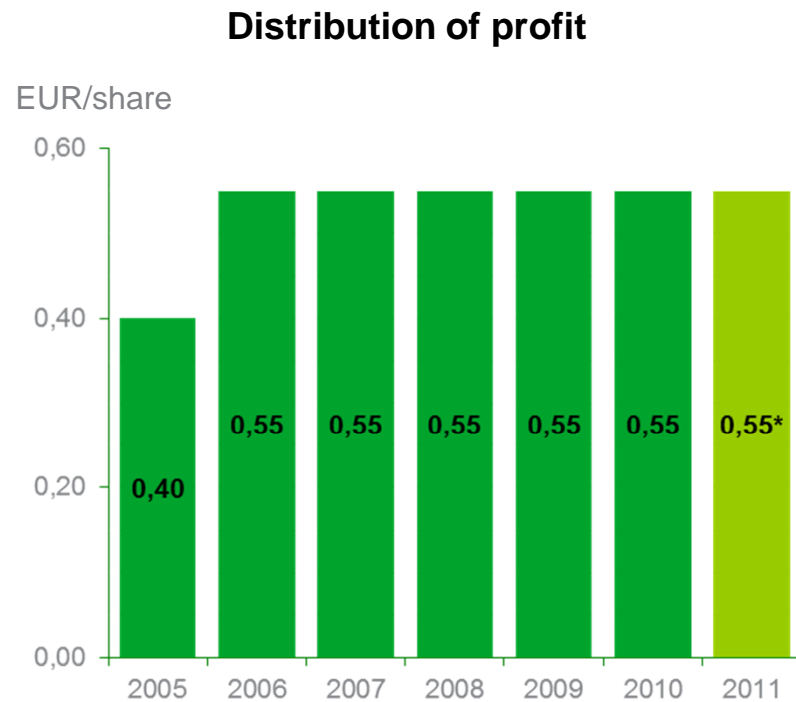
Networking capital



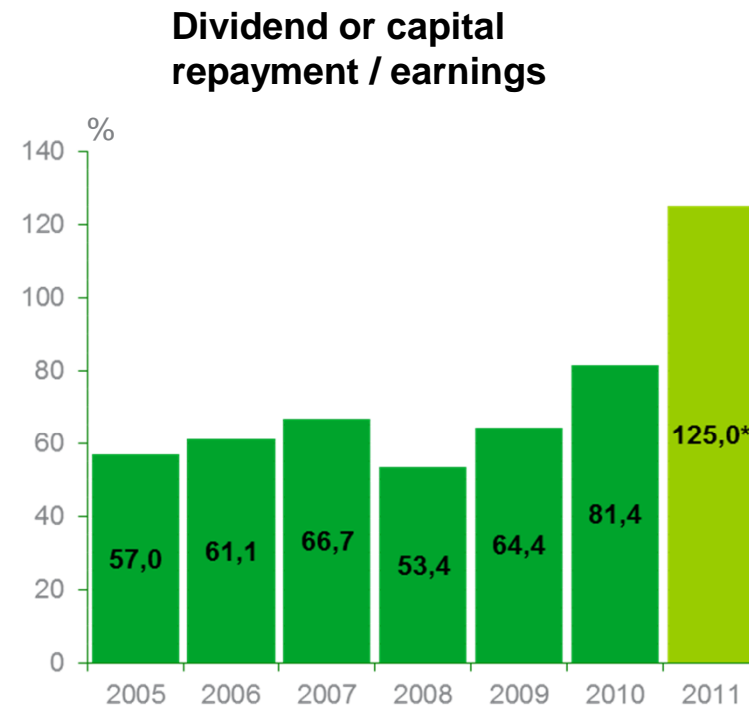


Distribution of profit

- Profits not considered necessary for ensuring the healthy development of the company are distributed to shareholders.



* capital repayment





Commodity risk management

- L&T' s fleet consumes over 1,2 million litres of diesel in a month.
- Hedging period is 2 years, at least 25% of the following 12-month purchases is hedged.
- Commodity swap contracts are based on ULSD 10ppm CIF NWE.



Funding programmes

- Commercial paper programme 100 mEUR
 - Used actively for short-term funding needs
 - 34 mEUR in use at the end of Q2/2012
- Committed revolving facility 30 mEUR (exp. 12/2014)
 - not in use, mainly back-up for CP programme



Summary

- New financial targets: focus on organic growth, improving profitability and return on invested capital.
- L&T is well prepared also for weaker times.
- Stable financial position of L&T enables strategy execution.