

A photograph of a worker in a yellow high-visibility jacket and helmet operating a piece of heavy machinery. The worker is holding a control panel. The background is a blurred industrial setting.

PROFITABLE GROWTH IN INDUSTRIAL SERVICES

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INDUSTRIAL SERVICES IN BRIEF

Financials

	H1/13	H1/12	2012
Net sales, mEUR	33.7	33.1	70.0
EBIT*, mEUR	1.4	1.3	4.4
EBIT%*	4.2	3.8	6.3

*excl. EO items

- **7 500 customers**
 - Customer base (% of net sales)
 - Pulp & Paper 11%
 - Energy 11%
 - Metal 22%
 - Municipalities 5%
 - 20 largest customers account for 50% of net sales

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

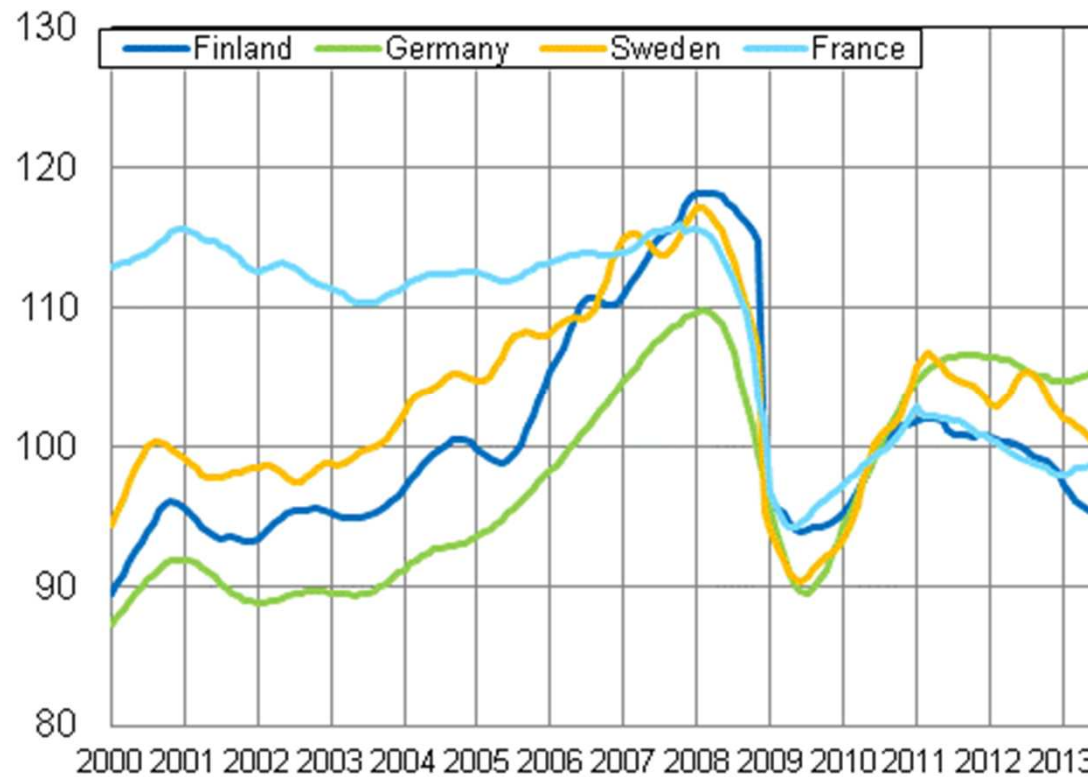
Market positions and sizes based on management estimate

RECENT DEVELOPMENTS IN INDUSTRIAL SERVICES



BUSINESS ENVIRONMENT

TREND OF INDUSTRIAL OUTPUT 2000–2013



Source: Statistics Finland

HOW WILL L&T UTILISE THE MARKET DEVELOPMENT?

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

TOTAL WASTE MANAGEMENT AS GROWTH OPPORTUNITY

TOTAL WASTE MANAGEMENT

- Management and steering of all the waste streams of our customers
- End-to-end management of customers' production waste and by-products
- Includes the following subareas:
 - Assessing waste streams and by-products
 - Steering the customer's waste streams into reuse or safe and cost-effective final disposal
 - Daily management of final disposal sites and closure of final disposal sites
- Securing permits for customers' waste sites or assisting them in the permit process
- Building final disposal sites for waste/by-products in areas owned by the customer
- Environmental reporting
- Our services cover a range of models from simple project management to end-to-end management of by-products, including construction work

SUMMARY

CONCLUSIONS



L&T is ready to utilise the market opportunities for profitable growth.

Current situation

- Strong market position
- As it's own focused business segment and management, we are able to develop a competitive offering in Industrial Services

**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

