



INDUSTRIAL SERVICES FOCUSES ON OPERATIONAL EFFICIENCY AND STRENGTHENING ITS MARKET POSITION

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INDUSTRIAL SERVICES INTRODUCTION AND FINANCIAL PERFORMANCE

INDUSTRIAL SERVICES PROVIDES SOLUTIONS FOR INDUSTRIAL AND PRIVATE SECTOR CUSTOMERS

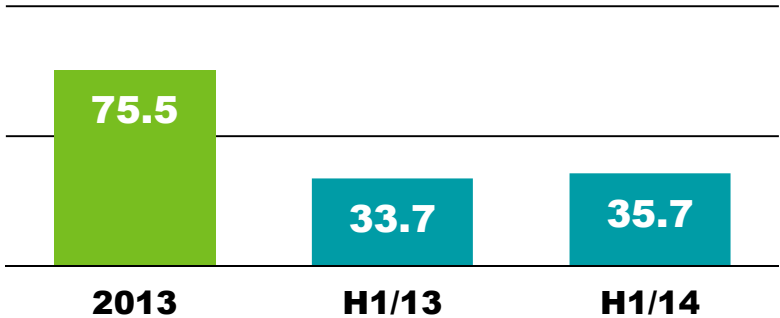


- 1. Sewer maintenance**
- 2. Secondary raw materials**
- 3. Property maintenance**
- 4. Cleaning**
- 5. Support services**
- 6. Maintenance of technical systems**
- 7. Environmental construction**
- 8. Process cleaning**
- 9. Damage repair services**
- 10. Waste treatment and recycling**
- 11. Waste collection**
- 12. Hazardous waste services**

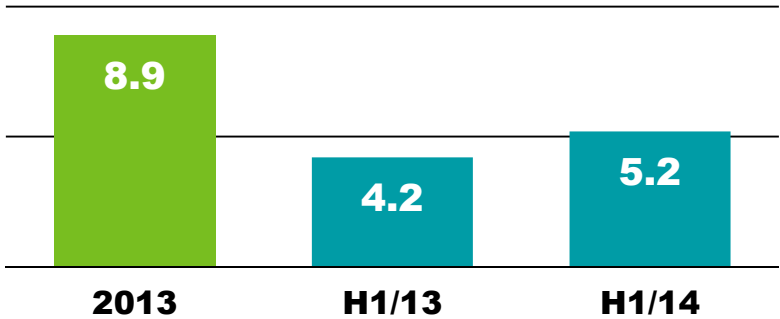
WE HAVE SIMULTANEOUSLY IMPROVED PROFITABILITY BY OPERATIONAL EFFICIENCY AND ACHIEVED GROWTH

Financials

Net sales, mEUR



Ebit%, excl. EO items



Recent developments

- Net sales increased in all of the division's service lines, thanks to good demand in the first quarter
- Due to positive sales development the division was able to strengthen its market share
- The division was able to improve the profitability of its operations as a result of efficiency improvement measures and increasing volume
- Solid development in work safety



OPERATING ENVIRONMENT

L&T HAS A STRONG MARKET POSITION RANKING IN THE TOP 3 IN ALL SERVICE LINES

Market size and L&T's positions by business lines

	Relevant market size	Annual market growth	L&T market position
Industrial Services	0.4 Billion €	3%	2
Industrial process cleaning		> inflation	2
Sewer maintenance services		> inflation	3
Hazardous waste services		< inflation	2
Environmental construction		~ inflation	3

Market positions and sizes based on management estimates, with current business portfolio.

OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

Changes in the operating environment

Description

Impact on L&T

Importance of environmental responsibility increases

Demand for environmental services grows, customers' purchasing criteria focus more on environmental responsibility

European Union sets long-term targets to create a Circular Economy

Conditions to develop new technology and waste management solutions improve

Businesses linked to landfilling are changing

Ban on the landfill disposal of organic waste creates opportunities in recycling. As incineration increases, the need for ash processing and recycling solutions increase as well

Industrial manufacturing is not growing

Industrial companies seek cost efficiency by support service outsourcing, which creates opportunities for Industrial services

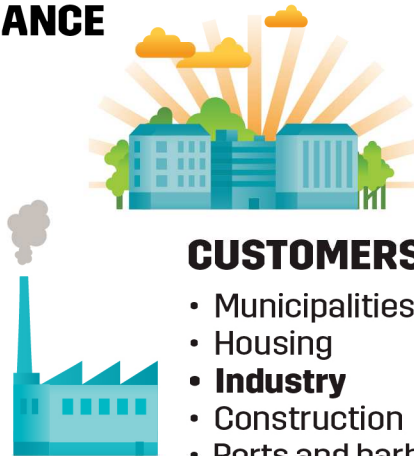
STRATEGY OVERVIEW

INDUSTRIAL SERVICES

• Maintenance

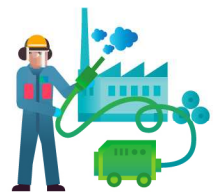
• Collection, treatment and final disposal

SEWER MAINTENANCE



CUSTOMERS

- Municipalities
- Housing
- **Industry**
- Construction
- Ports and harbours



PROCESS CLEANING



HAZARDOUS WASTE SERVICES



Collection
and transport
services

Treatment
Intermediate
storage

Final disposal
Utilisation



ENVIRONMENTAL CONSTRUCTION

No increase in
industrial production

Landfill disposal of
organic waste banned

Increased importance of
environmental responsibility

INDUSTRIAL SERVICES FOCUSES ON OPERATIONAL EFFICIENCY AND STRENGTHENING ITS MARKET POSITION

Main elements of the strategy

Effective and centralised operating model

Effective and centralised operating model, including nation-wide resource planning and management supported by ICT solutions

Effective sales and account management

Active and well planned sales efforts and account management combined with segment-oriented responsibilities and growth plans

Deep integration to selected accounts

Deep integration into selected clients' processes and operating models with a customer-oriented development view

Growth in industrial customer segment

Industrial customer segment growth in both current and new key accounts by expanding the range of services provided and securing new clients with customer segment specific planning

Capacity utilisation

Profitability improvement by more efficient capacity utilisation and systematic growth also in small / middle-sized clients by utilising possibilities provided by existing resources

OUR COMPETITIVE ADVANTAGES ARE CUSTOMER INSIGHT AND THE ABILITY TO CAPITALISE ON IT

Competitive advantages

Key initiatives:

- Service offering development
- Development of capability to produce services nation-wide



Competitive advantage



Key initiatives:

- Operating model development
- Cross business line incentives
- Staff competence development

- Sales force coaching programme
- Development of sales and customer management operating model



- Pricing model development
- Sales force coaching programme



SUMMARY

INDUSTRIAL SERVICES FOCUSES ON OPERATIONAL EFFICIENCY AND STRENGTHENING ITS MARKET POSITION

We have simultaneously improved profitability by operational efficiency and achieved growth

Effective and centralised operating model improves our operational efficiency

We grow in industrial segment accounts by integrating into clients' processes and expanding the range of services provided



**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

