

A photograph of two men in industrial workwear. The man on the left is wearing a white hard hat with a headlamp, safety glasses, and a high-visibility yellow and blue jacket with an 'L&T' logo. The man on the right is wearing a white hard hat with a headlamp, safety glasses, and an orange and green jacket with a 'metso minerals' logo. They are standing in front of a large industrial building with many windows. A decorative blue and green arc is in the top left corner.

Strategy 2013-2016:  
Focus on profitable growth in service business

Pekka Ojanpää, Capital Markets Day, 14 September 2012





## L&T's track record: good growth during past 10 years

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**2001**

Revenue 246 mEUR

Operating profit 22 mEUR

Personnel 3 700

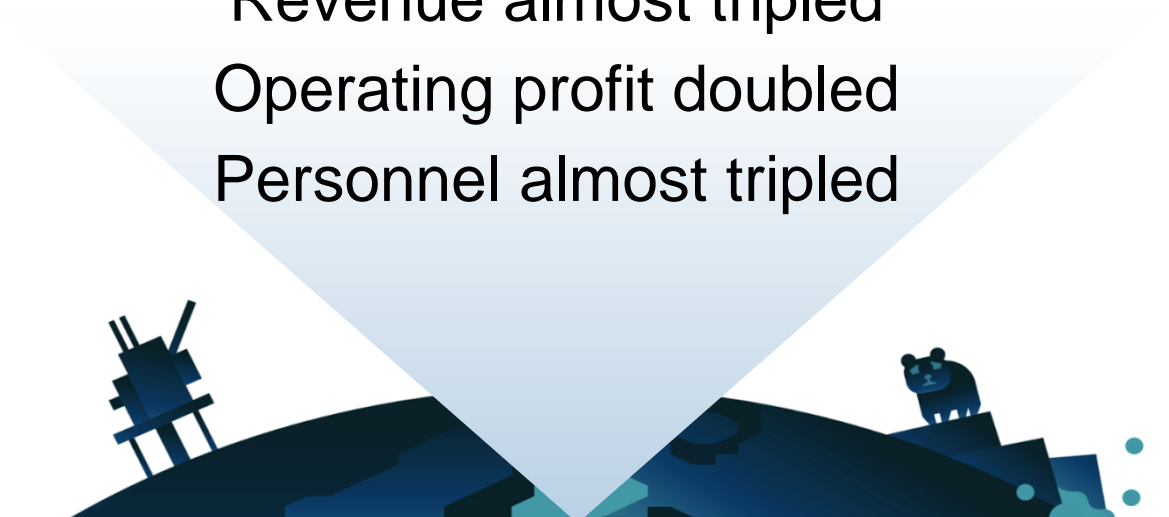
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**2011**

Revenue 652 mEUR

Operating profit 44 mEUR

Personnel 9 500



Revenue almost tripled  
Operating profit doubled  
Personnel almost tripled



# Megatrends and L&T's solutions

Material efficiency



Energy efficiency

Cost efficiency





# L&T's vision and mission

## OUR VISION:

We are the customer's preferred partner in environmental, industrial and facility services.

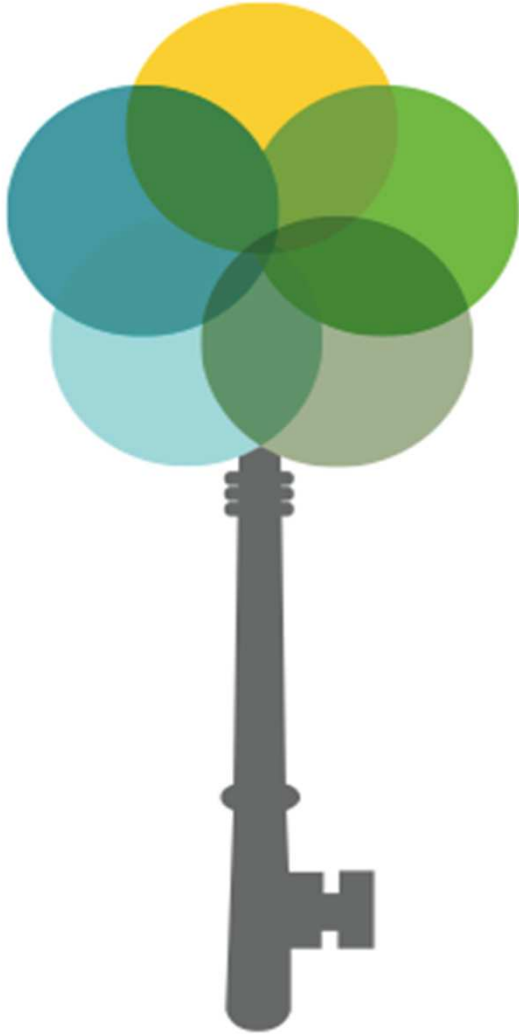
## OUR MISSION:

We will make your environment a better place to live and work.





# Key success factors



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Focus on service business

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Customer-oriented operating model

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Skilled and sufficient human resources

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Profitability through cost-efficiency

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Strong, uniform corporate culture

# New organisation effective from 1 January 2013

President and CEO

	Environ-mental Services	Industrial Services	Facility Services	Renewable Energy Sources
Finance, ICT, communications				
HR				
Procurement				
Development and strategy				
Legal affairs				
Corporate relations, EHSQ				



# New organisation effective from 1 January 2013

President and CEO

## Environmental Services

- Waste management
- Recycling
- Secondary raw materials

Finance, ICT, commun

HR

Procurement

Development and strat

Legal affairs

Corporate relations, E



# New organisation effective from 1 January 2013

President and CEO

## Industrial Services

- Material utilisation solutions
- Process cleaning
- Sewer maintenance services
- Hazardous waste services

Finance, ICT, commun

HR

Procurement

Development and strat

Legal affairs

Corporate relations, E





# New organisation effective from 1 January 2013

President and CEO

## Facility Services

- Cleaning
- Facility support services
- Property maintenance
- Maintenance of technical systems
- Damage repair services

Finance, ICT, commun

HR

Procurement

Development and strat

Legal affairs

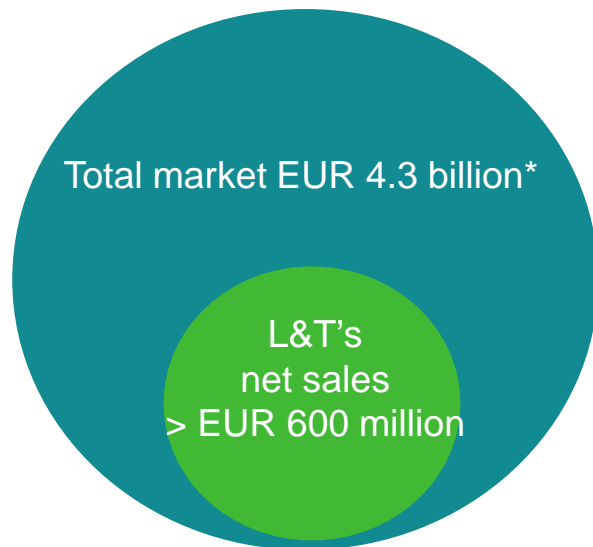
Corporate relations, E



# Excellent growth potential in domestic core business

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2011



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**The total market is growing at an annual rate of 4%**

**L&T's Environmental Services is a market leader**

**L&T's Industrial and Facility Services are among the three biggest players**

\*Based on L&T's estimate and research data on the size of potential markets in Finland





# Changes in the operating environment and customer behaviour

Municipalisation of  
household  
waste management

Increased mass  
incineration of waste

Tighter competition  
especially in facility  
services

Decline in  
available workforce

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Operating environment

More professional  
procurement functions

Expectations for wider  
service offerings

More technical  
property maintenance

Increasing outsourcing

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Customer behaviour



# Environmental Services: Strong market drivers boosting the business

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## Market Drivers

- Tightening environmental legislation
- Stronger demand on material efficiency

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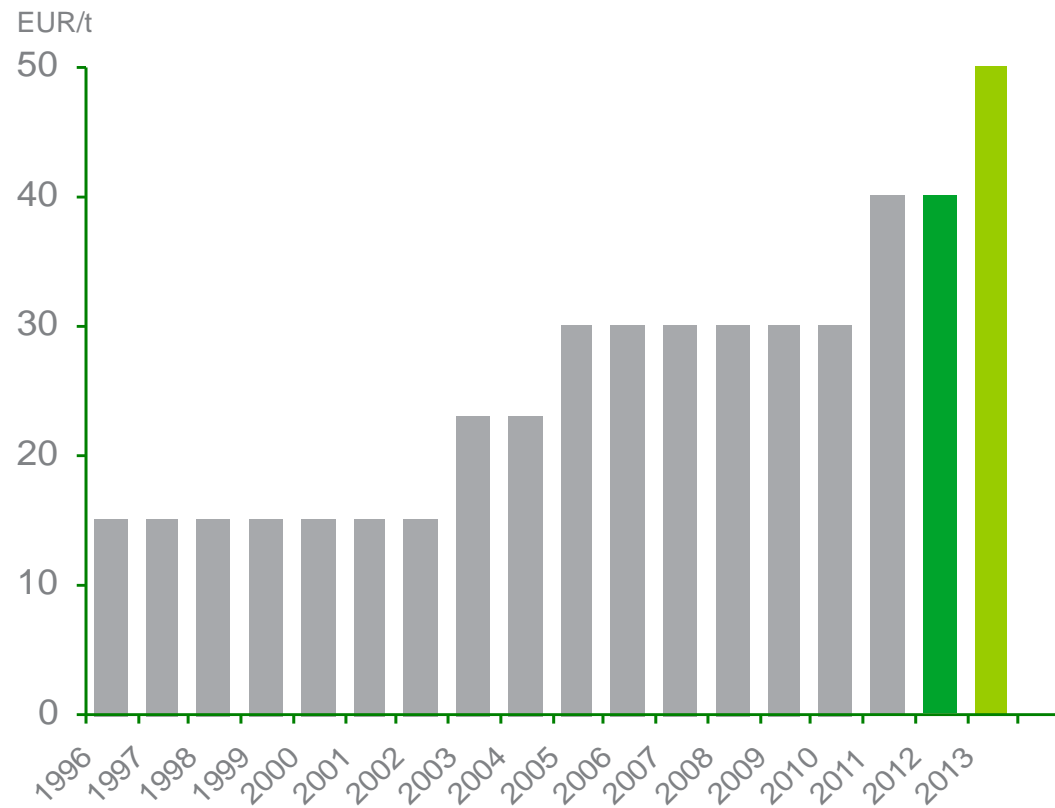
## Focus areas in 2013-2016

- Strengthening of market leader position in waste management and recycling services
- Focus particularly on commercial waste streams
- Value chain optimisation



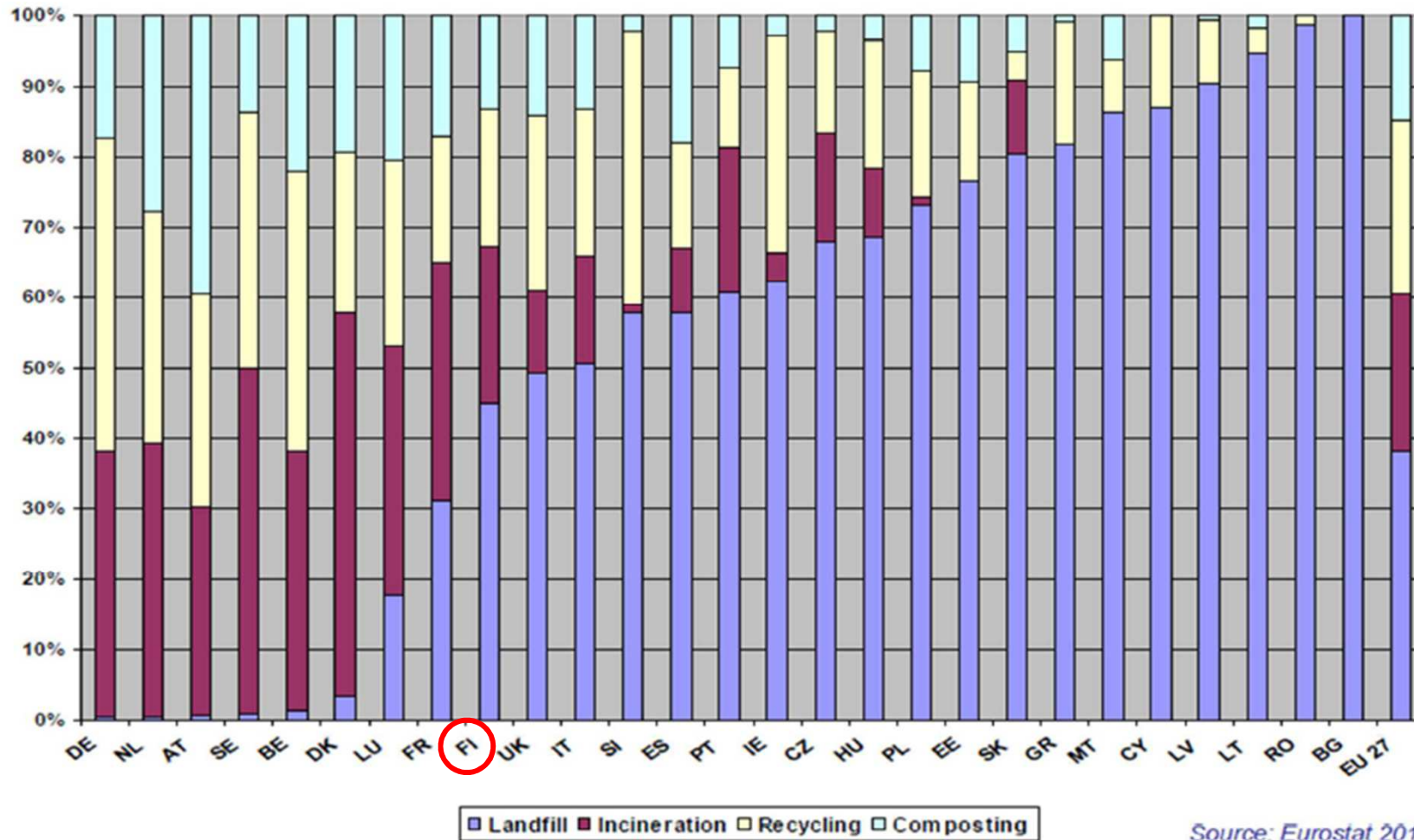
# Changes in Waste Tax Act promotes recycling

## Development of waste tax in Finland in 1996-2013





# Utilisation rate of waste way below the targets in Finland



Source: Eurostat 2012





# Industrial Services: New reporting segment starting Jan 2013

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## Market Drivers

- Tightening environmental legislation: opening new business in industrial waste streams
- Centralizing procurement: outsourcing non-core operations to central service providers

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## Focus areas in 2013-2016

- Services and material utilisation solutions for the industry and the municipal sector
- Expansion of services into new industrial customer segments



# Facility Services: Growth from expanding service network

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## Market Drivers

- Outsourcing rate of public sector increasing
- Concentration of services: outsourcing non-core operations to central service providers
- Higher energy efficiency requirements of facilities

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## Focus areas in 2013-2016

- Ensuring current market position in cleaning and property maintenance services
- Widening of facility support services portfolio
- Expanding service network in Damage repair services and in Maintenance of technical systems







# Outsourcing rate of facility services in Finnish public sector

2012



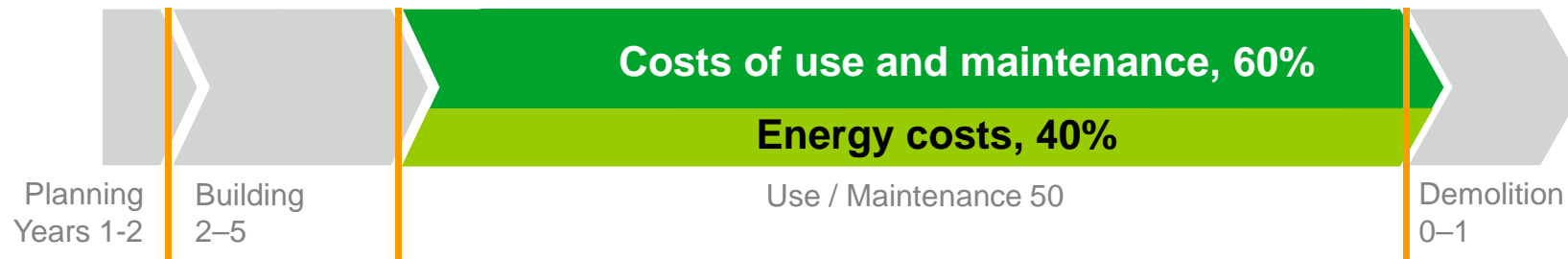
2016



# Growing need for better energy efficiency in facilities

## Energy costs amount to 40% of the life-cycle costs of properties...

Source: ROTI 2011 report (*State of the built environment*)



## ...and facilities consume 40% of all the energy production





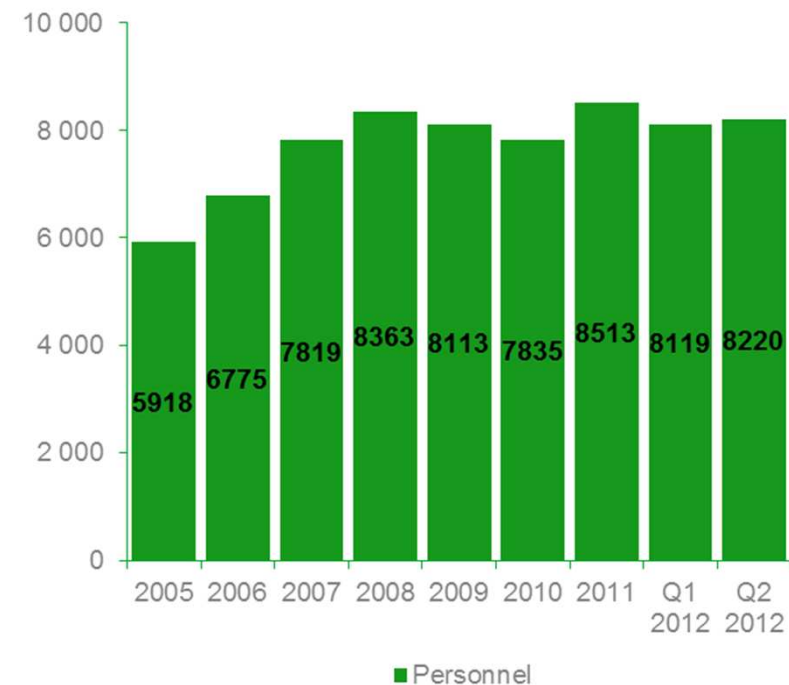
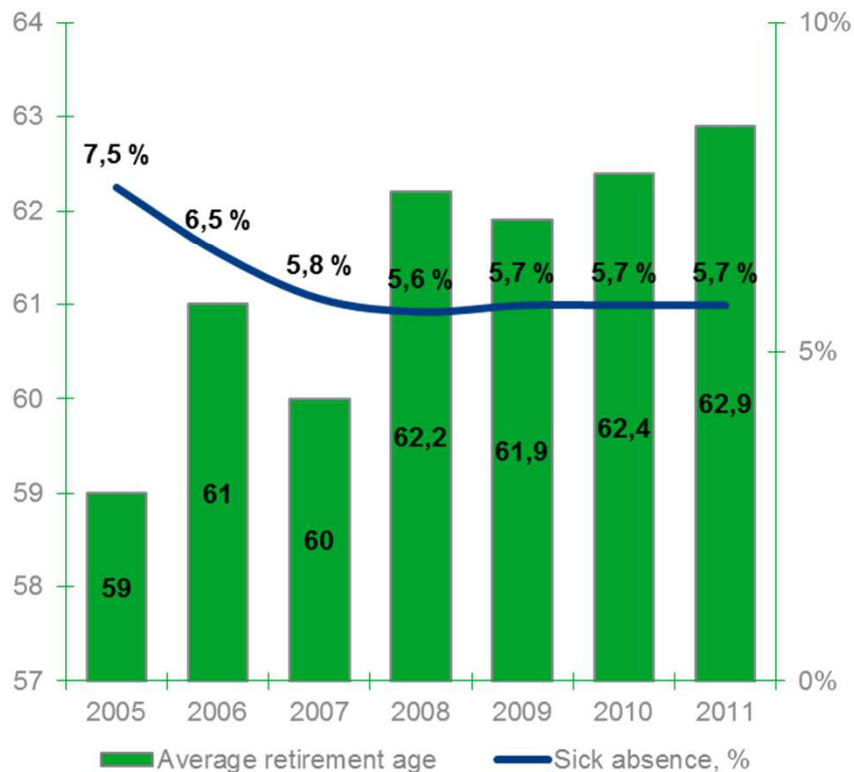
## Strategic projects 2012-2013

- 1) Development of procurement and logistics
- 2) Enhancement of working capital management
- 3) Development of sales operations and more extensive service packages
- 4) Resource and labour cost management



# Personnel is our key resource

- Development of leadership skills
- Recruitment from abroad
- Effective utilisation of internal resources
- Occupational safety





## New financial targets

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**Key figure**

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**Target 2016**

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**Organic growth**

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**>5%**

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**Return on Investment (ROI) %**

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**20%**

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**Operating profit**

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**9%**

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**Gearing**

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**30-80%**

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# Megatrends and L&T's solutions

Material efficiency



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Cost efficiency

