

A close-up photograph of a person's hand holding a brown paper coffee cup. The cup has a white lid and a small green logo. The hand is positioned over a coffee machine's spout, which is partially visible. The background is blurred, showing a modern kitchen or cafe setting.

L&T STRENGTHENS ITS MARKET POSITION WITH FOCUS ON PROFITABILITY AND CASH FLOW

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LASSILA & TIKANOJA INTRODUCTION AND FINANCIAL PERFORMANCE

Net sales by division (2013)



- **Facility Services**..... 43%
Cleaning and support services, property maintenance, maintenance & technical systems and damage repair services
- **Environmental Services**..... 38%
Waste management and recycling
- **Industrial Services** 11%
Environmental construction, process cleaning, sewer maintenance, hazardous waste
- **Renewable Energy Sources**..... 8%
Forest services

There are about

8,000 of us

Number of employees in March 2014

80%



of employees would recommend L&T as an employer

Our main market area is Finland. In addition, we operate in Sweden and Russia.



We serve over

200,000
customers

Our benefits to customers:



Energy efficiency



Cost efficiency



Material efficiency

Our operations reduce emissions by

1.5

Total emissions in Finland: 70 million tonnes

million tonnes per year

We have halved our accident frequency

The number of accidents per million working hours

2013: 18

2012: 31

2011: 35

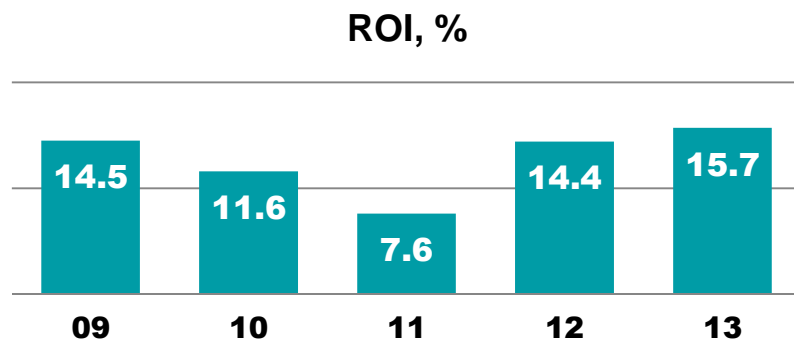
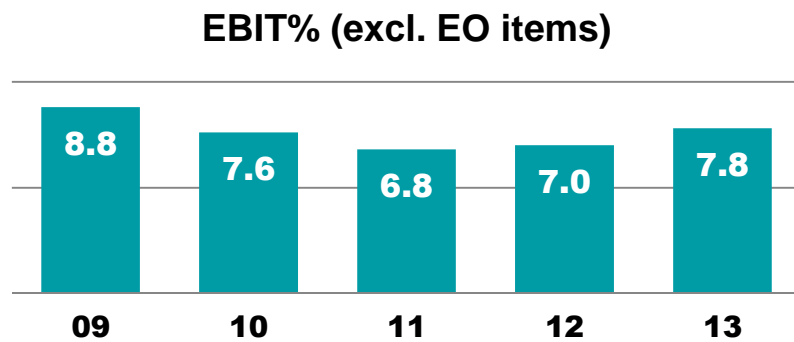
MANY SOLUTIONS – ONE PARTNER



- 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

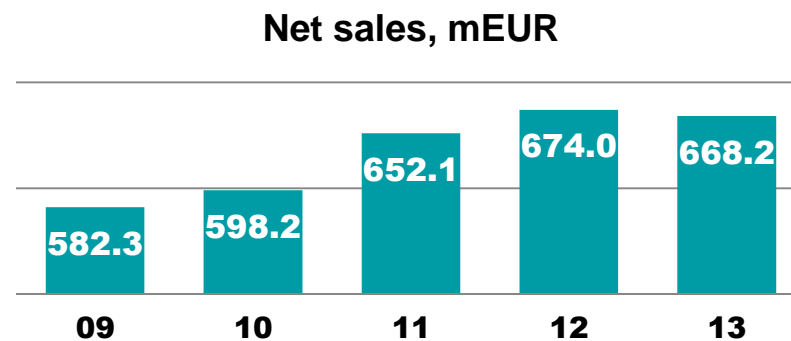
L&T HAS A PROVEN TRACK RECORD IN PROFITABILITY IMPROVEMENT

Financial performance



Recent developments

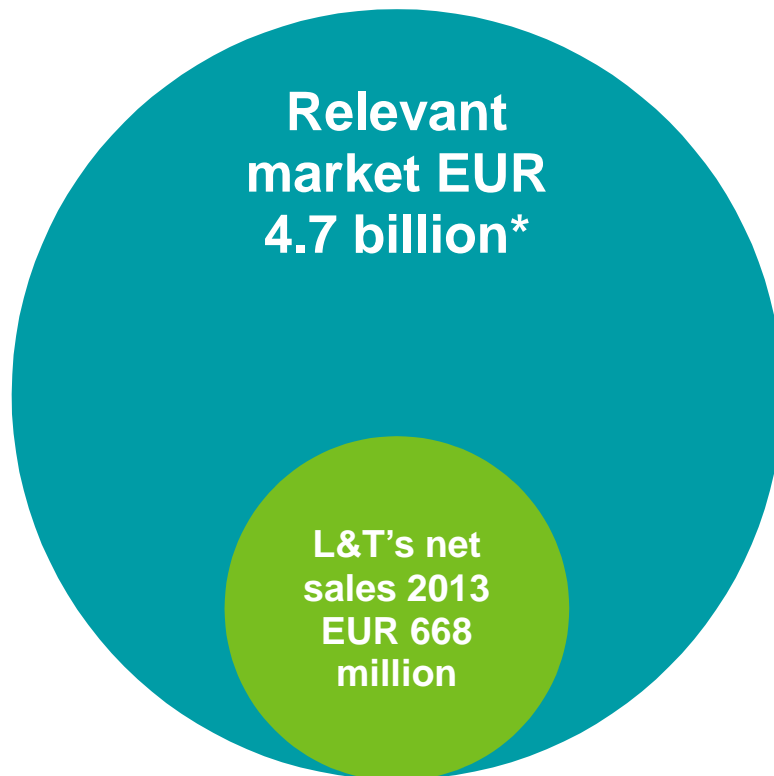
- Operating margin has been improved by cost efficiency measures in both short and long term
- Increase in return on investment has been achieved by investment discipline, equipment capacity utilisation and improved operating margin
- Challenging economic situation and divestments of non core business have impacted net sales



OPERATING ENVIRONMENT

L&T'S RELEVANT MARKET OFFERS ROOM FOR GROWTH AND STRENGTHENING OF MARKET POSITION

Market size and development






- The market is large and offers room for growth as the economy stabilises
- The relevant market is growing at a compound annual rate of ~2% during the strategy period
- Focus on strengthening market positions in core businesses
- A healthy balance sheet enables investments and business acquisitions

**Based on L&T's estimate and research data on the size of relevant markets in Finland. Outsourcing potential in municipal sector not included*

L&T HAS A STRONG MARKET POSITION RANKING IN THE TOP 3 IN ALL CORE BUSINESSES

Market sizes and L&T's positions

	Relevant market size*	Annual market growth	L&T market position
Environmental Services 	1.2 Billion €	1%	1–2
Industrial Services 	0.4 Billion €	3%	1–3
Facility Services 	3.1 Billion €	2%	2

* Market positions and sizes based on management estimates, with current business portfolio. Outsourcing potential in municipal sector not included

OPERATING ENVIRONMENT CHANGES AND REQUIRED ACTIONS ARE INCORPORATED INTO THE STRATEGY

Changes in the operating environment

Description

National regulation tightens

Importance of services related to energy efficiency increases

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

Retail and media industries' business models are changing

New building construction decreases and switches to renovation in the short term

Industrial manufacturing is not growing, but outsourcing is increasing

Impact on L&T

Increase in producer responsibility for waste and the ban on the disposal of organic waste in landfills create opportunities in recycling

Demand for energy efficiency services grows, customers' purchasing criteria focus more on optimisation of total property maintenance costs

Conditions to develop new technology and waste management solutions improve

Amount of recyclable fibres diminishes, but e-commerce-related opportunities emerge

In the short term, the amount of construction waste decreases and competition intensifies in renovation

Decreases waste volumes, but brings opportunities in value-added solutions. Outsourcing potential is increasing especially in municipal sector

STRATEGY OVERVIEW

OUR VISION IS TO BE OUR CUSTOMERS' PREFERRED PARTNER IN ENVIRONMENTAL, FACILITY AND INDUSTRIAL SERVICES

CIRCULAR ECONOMY

PROFITABLE GROWTH

CUSTOMER BENEFITS

MATERIAL EFFICIENCY



FROM A CONSUMER SOCIETY TO A RECYCLING SOCIETY

ENERGY EFFICIENCY



COST EFFICIENCY

STRATEGIC EMPHASES

Key accounts and sales

Workforce management

Efficient operating model

Customer orientation

KEY SUCCESS FACTORS

Cost efficiency

Skilled and sufficient personnel

Uniform and safe corporate culture

RECYCLING OBJECTIVES BECOME TIGHTER

OUT-SOURCING INCREASES

SIGNIFICANCE OF CORPORATE RESPONSIBILITY IS EMPHASISED



ENERGY EFFICIENCY REQUIREMENTS GROW

CENTRAL RAW MATERIALS BECOME MORE EXPENSIVE

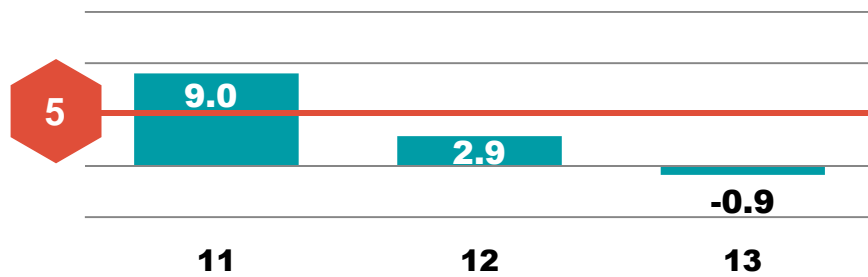
COMPETITIVENESS OF EUROPE AND FINLAND DECREASES

CLIMATE GETS WARMER

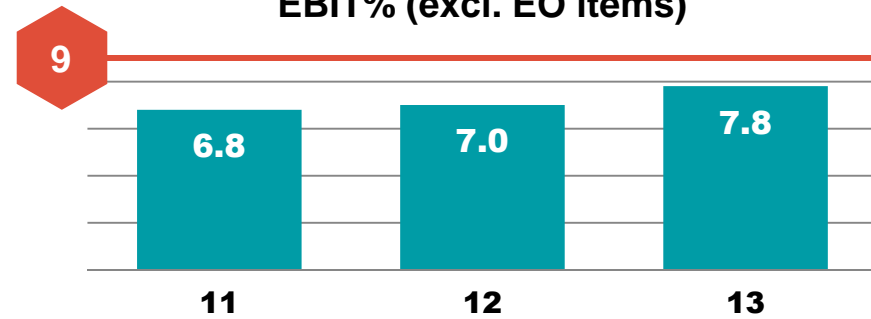
FINANCIAL TARGETS REMAIN UNCHANGED

Financial targets

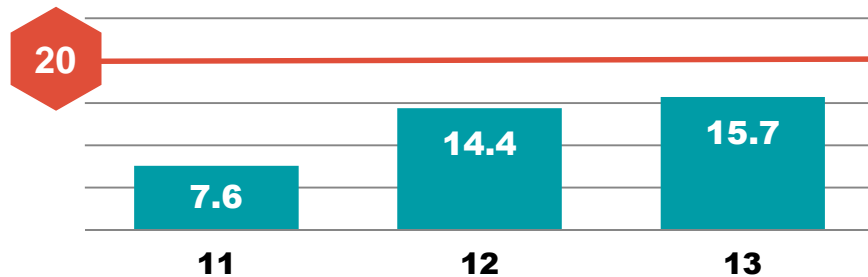
Growth, %



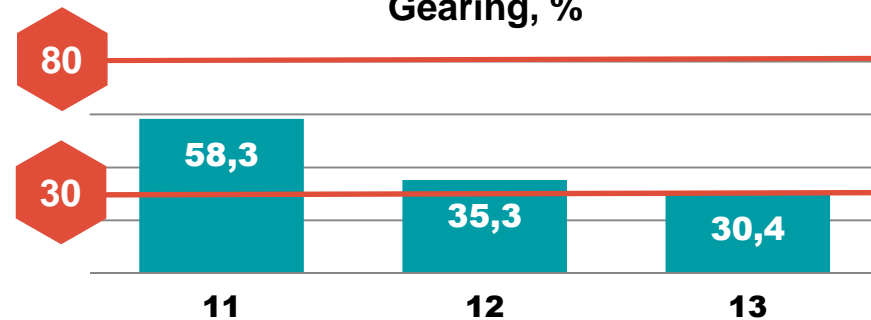
EBIT% (excl. EO items)



ROI, %



Gearing, %



L&T STRENGTHENS ITS MARKET POSITION WITH FOCUS PROFITABILITY AND CASH FLOW

Main phases of the strategy

2014-2015

Profitability and strengthening of market position

Main actions:

- Business portfolio rationalisation
- Development of sales and customer management
- Workforce and equipment efficiency improvement
- Bolt on acquisitions in core businesses

2016-2017

Organic growth and acquisitions

Main actions:

- Bolt on acquisitions in core businesses
- Investments in business development
- Building competitive advantage and growth by service digitalisation and professional services

2018

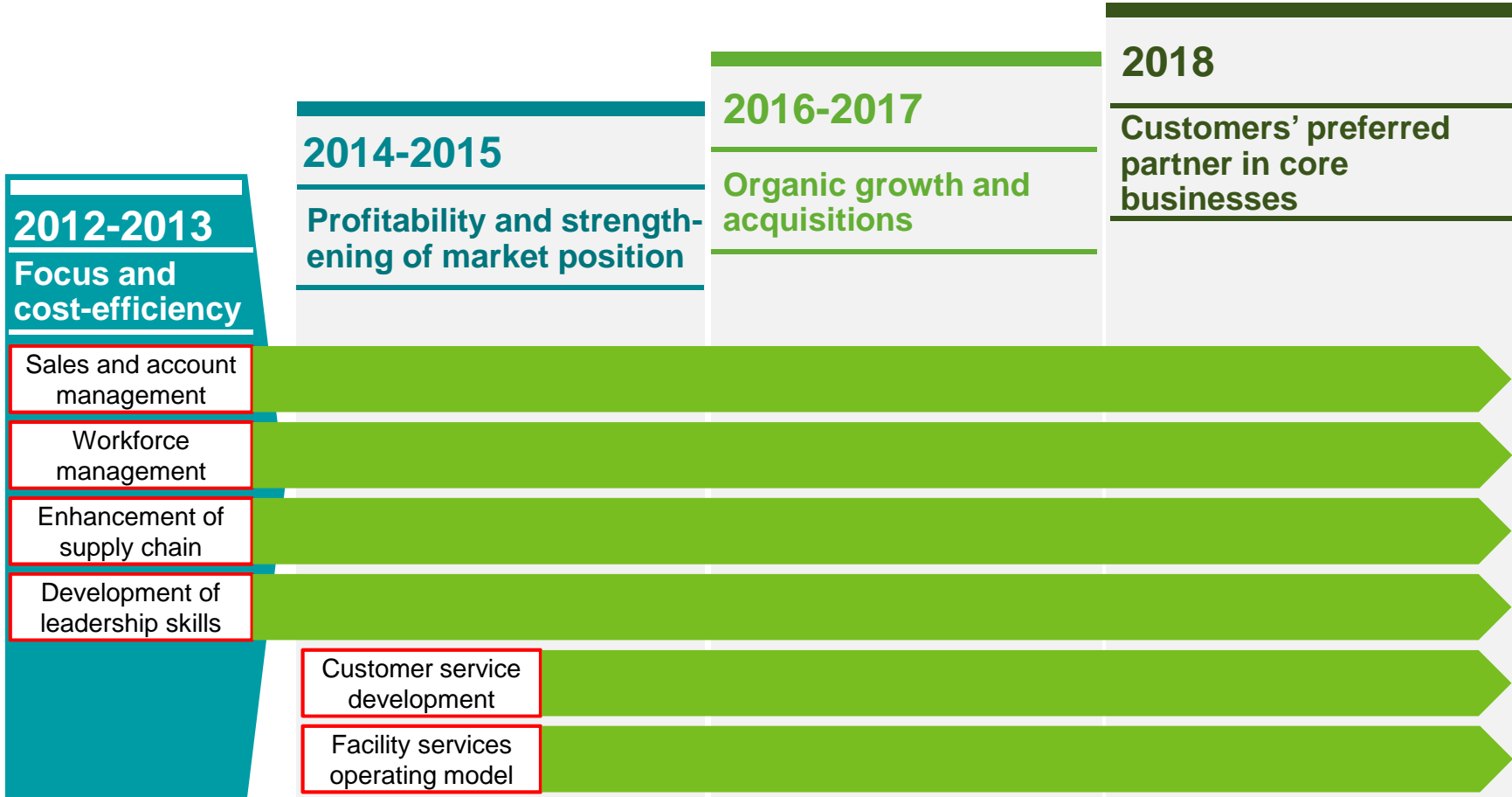
Customers' preferred partner in core businesses

Strategic target:

- Recognized in improving customers' energy, material and cost efficiency
- The pioneer in work safety and the best employer in the industry
- Systematic management of reputation and responsible business
- Financial and operational resources enable continuous business expansion

WE CONTINUE THE IMPLEMENTATION OF THE STRATEGY THROUGH THE STRATEGIC PROGRAMMES

Main phases of the strategy and impact of strategic programmes



WE BUILD COMPETITIVE ADVANTAGE FROM SERVICE PORTFOLIO, OPERATING MODEL AND PERSONNEL

Competitive advantages

Key initiatives:

- Business portfolio rationalisation
- Bolt on acquisitions in core businesses

Synergistic service portfolio

Key initiatives:

- Leadership development
- Workforce management development
- Work ability management

Skilled and sufficient personnel

Competitive advantage

- Sales and account management development
- Digital services creation
- Development of the support functions

Customer-oriented and cost-efficient operating model

- Occupational safety management
- Reputation and responsibility management
- L&T Code of Conduct implementation

Strong, uniform and safe enterprise culture



SUMMARY

L&T STRENGTHENS ITS MARKET POSITION WITH FOCUS ON PROFITABILITY AND CASH FLOW

Strong market positions
in core segments

Strong cash flow and healthy
balance sheet enable investments
in growing the core businesses
further

We build competitive advantage
from service portfolio, operating
model and personnel



**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

