



Lassila & Tikanoja plc
3 February 2011
Jari Sarjo, President and CEO

Highlights of the year 2010

Growth

- Net sales increased by 2.7% and totalled EUR 598.2m
 - Large number of commissioned assignments in Q1 and Q4 resulted by heavy snowfalls
 - Raising operating rates in the industry perked up demand for Environmental Services
 - Prices of secondary raw materials rose steadily
 - Competitiveness of wood-based biofuels was under pressure

Financial performance

- The operating profit excluding EO items EUR 45.5m (EUR 51.3m)
 - Renewable Energy Sources (L&T Biowatti) and JV L&T Recoil continued to make loss which weakened the financial performance of the group remarkably
 - Operating profit of Property Maintenance improved
 - Successful management of fixed costs
- Capital expenditure (EUR 39.3m) decreased compared to the previous year (EUR 44.9m). No major acquisitions in 2010 and 2009.
- Strong operating cash flow throughout the year.

Highlights of the year 2010

Environmental Services

- Recovery in operating rates in the industry increased demand
- Market prices of secondary raw materials and their demand showed a clear improvement
- Heavy snowfalls eroded production efficiency in Q1 and Q4
- Investment programme of Kerava recycling plant was completed
- L&T Recoil's production reliability improved, but figures were still negative
- The intended ownership rearrangement of L&T Recoil was cancelled

Cleaning and Office Support Services

- Net sales and profitability from Finnish operations were taxed by fierce price competition
- Commissioned assignments remained at the same level as in 2009
- New sales in Sweden remained good all year, operations abroad still in red
- Business operations in Russia were divested during H2

Highlights of the year 2010

Property Maintenance

- Commissioned assignments caused by the exceptionally cold and snowy weather boosted the division's net sales
- Work load for damage repair services remained healthy throughout the year
- Demand for maintenance of technical systems grew thanks to growth in the construction industry
- Operating profit improved thanks to growth in net sales and fixed cost management

Renewable Energy Sources

- Low prices of emission rights and fossil fuels kept the competitiveness of L&T Biowatti's biofuels under pressure
- Profitability improved toward year-end due to cold weather and measures to enhance production
- The wood pellet business was discontinued

Highlights of Q410

Net sales

Net sales EUR 151.5m (EUR 148.0m) +2.3% (yoy)

Net sales increased thanks to large number of commissioned assignments resulted by heavy snowfalls. Demand of Environmental Services improving.

Operating profit

Operating profit EUR 8.6m (EUR 8.5m); operating profit excluding non-recurring items EUR 9.1m (EUR 8.7m)

Profitability improved slightly from the comparison period despite of the costs arising from cleaning of the land area at Kerava recycling plant, and high subcontracting and overtime work costs related to heavy snowfalls.

Environmental Services: Waste volumes increasing, demand picking up

Q4: Net sales EUR 74.0m (EUR 71.2m)
Operating profit excl. EO items
EUR 8.2m (EUR 6.9m)

2010: Net sales EUR 290.0m (EUR 284.2m)
Operating profit excl. EO items
EUR 34.0m (EUR 36.7m)



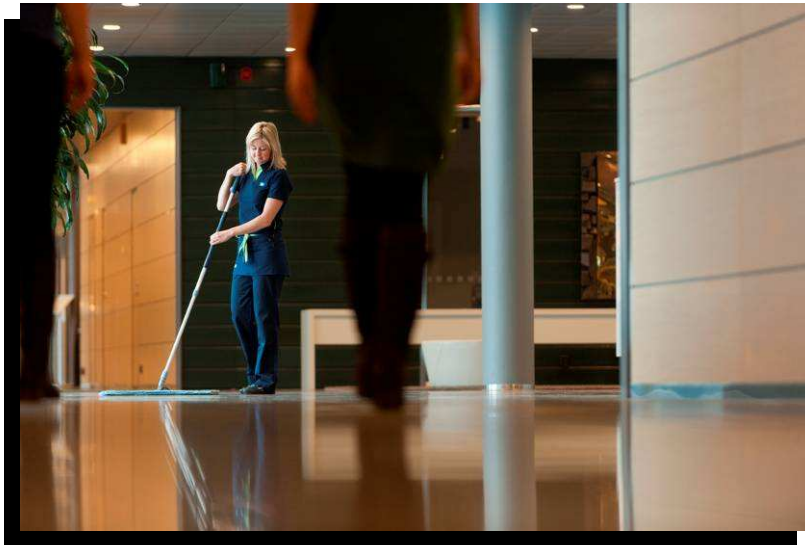
- Net sales increased thanks to improving recycling volumes and operating rates in the industry.
- Prices of secondary raw materials reached early 2008 levels. However, growth of volumes has been moderate.
- Profitability was eroded by the higher-than-expected costs arising from cleaning of the land area at Kerava recycling plant.
- L&T Recoil's production reliability improved but the result of the quarter was still in red.

Cleaning and Office Support Services: Weak performance due to project start-up costs

Q4: Net sales EUR 34.6m (EUR 35.7m)
Operating profit excl. EO items
EUR 0.3m (EUR 1.8m)

2010: Net sales EUR 140.6m (EUR 143.3m)
Operating profit excl. EO items
EUR 8.0m (EUR 10.6m)

- Net sales decreased in domestic operations.
- Costs arising from new project start-ups eroded the profitability.
- Net sales of operations abroad was in par with the previous year but the result was still negative.



Property Maintenance: Heavy snowfalls resulted in extra costs

Q4:	Net sales EUR 31.6m (EUR 25.8m) Operating profit excl. EO items EUR 0.6m (EUR 1.1m)
2010:	Net sales EUR 123.5m (EUR 100.2m) Operating profit excl. EO items EUR 7.9m (EUR 7.5m)



- Large number of commissioned assignments due to heavy snowfalls.
- Good work load in technical maintenance and damage repair services.
- Profitability was burdened by the high costs of subcontracting and overtime work.

Renewable Energy Sources: Cold weather was for a little help

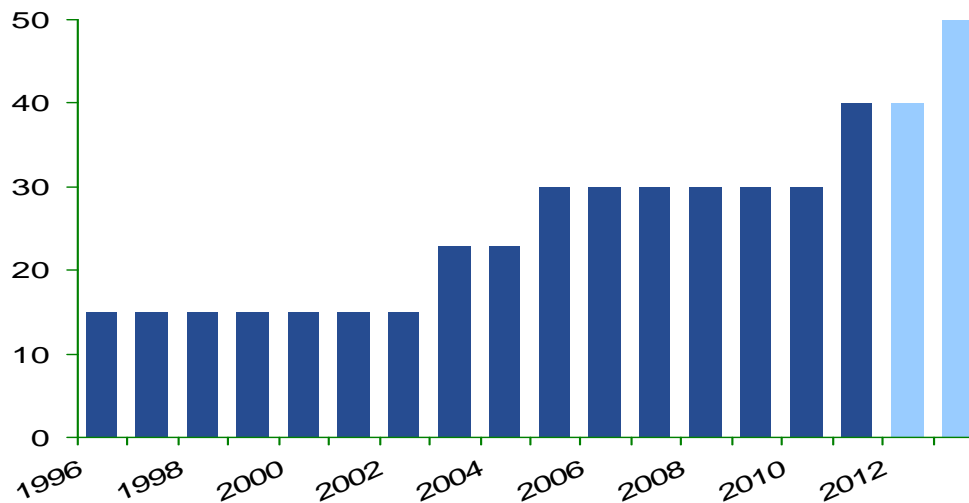
Q4:	Net sales EUR 15.3m (EUR 17.7m) Operating profit excl. EO items EUR 0.0m (a loss of: EUR 0.3m)
2010:	Net sales EUR 55.1m (EUR 64.1m) Operating loss excl. EO items EUR 3.1m (a loss of EUR 0.6m)

- Low prices of fossil fuels and emission rights kept the competitiveness of biofuels under pressure as expected, although cold weather gave some boost to demand.



Changes in Waste Tax Act

- Increase in waste tax effective on Jan 1st 2011 (30 EUR/t → 40 EUR/t)
- Tax base was broadened also to industrial landfills



- Development of waste tax in Finland in 1996-2011 and in 2012-2013 (EUR/t)

Financial summary

	Q410	Q409	Change %	2010	2009	Change %
Net sales, EUR million	151.5	148.0	2.3	598.2	582.3	2.7
Operating profit excl. EO items, EUR million	9.1	8.7	4.7	45.5	51.3	-11.3
Operating profit, EUR million	8.6	8.5	0.6	40.2	50.3	-20.0
Operating margin, %	5.6	5.7		6.7	8.6	
Profit before taxes, EUR million	7.6	7.4	1.9	36.0	45.0	-20.1
Earnings per share, EUR	0.14	0.14		0.68	0.85	-20.0
EVA, EUR million	1.2	-0.1		10.1	16.5	-38.8

Net sales by division

EUR million	2010	2009	Change %
Environmental Services	290.0	284.2	2.0
Cleaning and Office Support Services	140.6	143.3	-1.9
Property Maintenance	123.5	100.2	23.3
Renewable Energy Sources	55.1	64.1	-14.1
Inter-division net sales	-11.0	-9.5	
L&T total	598.2	582.3	2.7

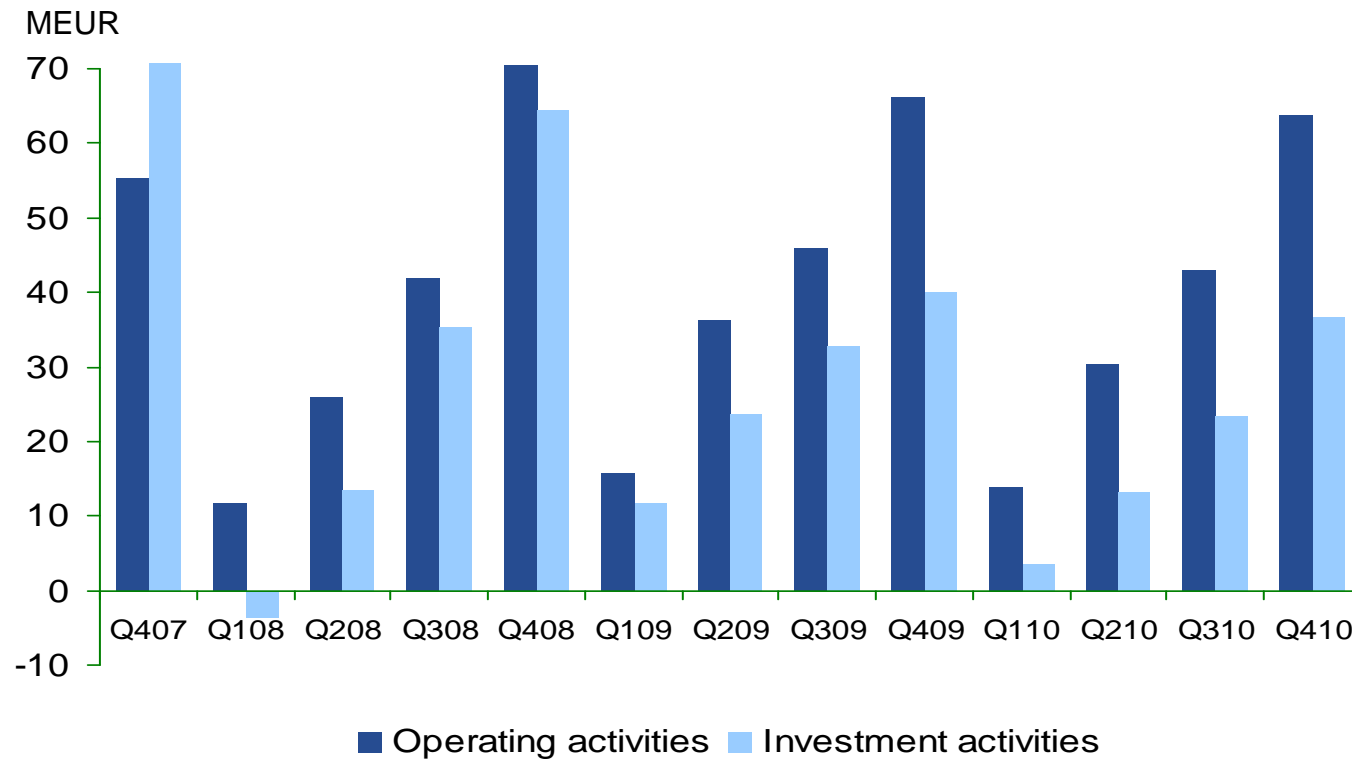
Operating profit by division

EUR million	2010	2009	Change %
Environmental Services	33.7	36.0	-6.4
Cleaning and Office Support Services	7.5	10.3	-27.0
Property Maintenance	7.8	7.4	5.2
Renewable Energy Sources	-6.6	-1.0	
Group administration and other	-2.2	-2.4	
Total operating profit	40.2	50.3	-20.0
Operating margin, %	6.7	8.6	

Key figures

	Q410	Q409	2010	2009
Earnings per share, EUR	0.14	0.14	0.68	0.85
EVA, EUR million	1.2	-0.1	10.1	16.5
Capital expenditure, EUR million	12.5	10.8	39.3	44.9
Depreciation, amortisation and impairment, EUR million	10.3	10.4	43.9	40.3
Return on equity, % (ROE)			11.9	15.7
Return on invested capital, % (ROI)			11.6	14.5
Equity ratio, %			46.5	44.1
Gearing, %			50.3	53.5
Total number of full-time and part-time employees at end of period			8,732	8,743

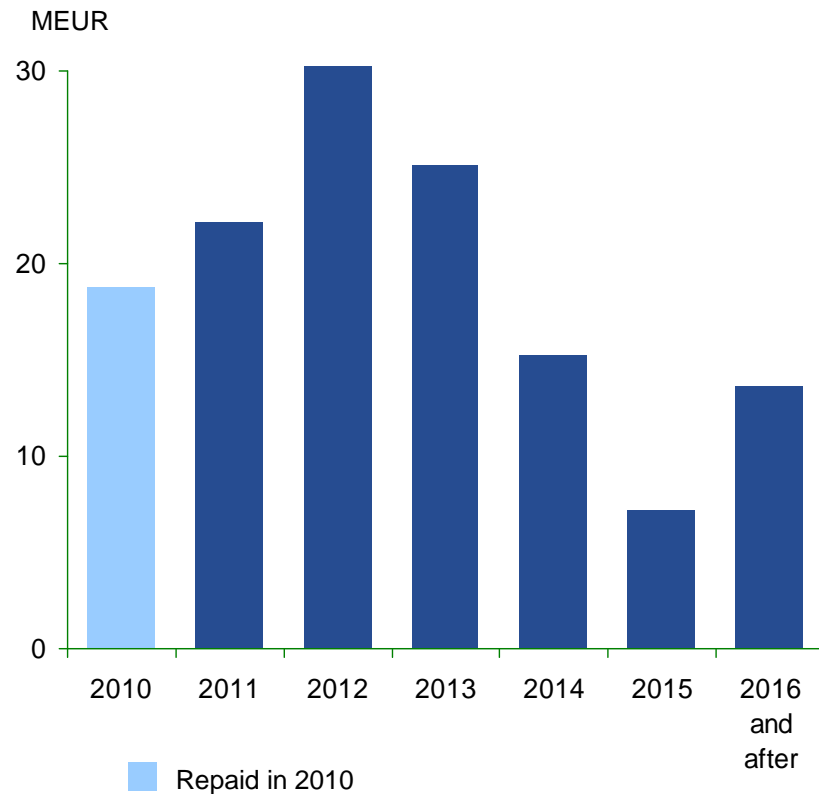
Operating cash flow, cumulative



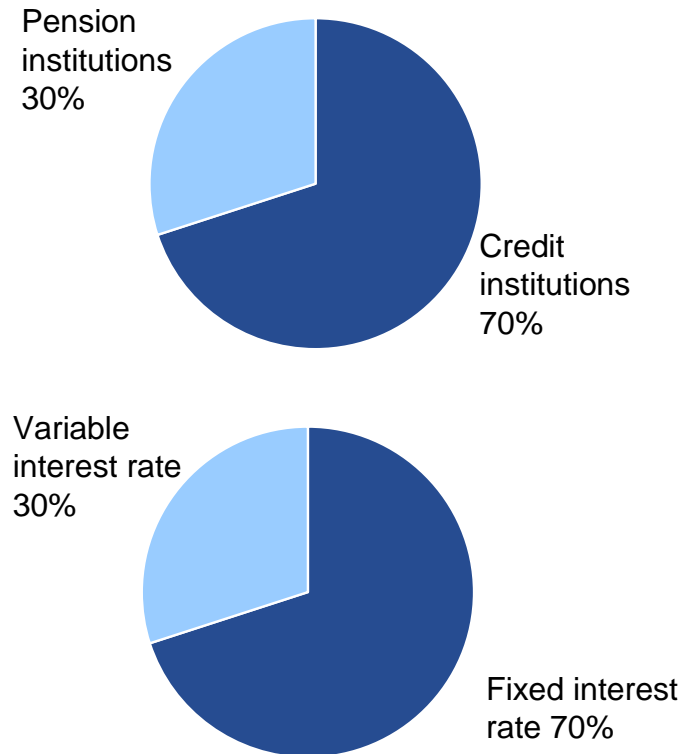
- Operating cash flow was EUR 63.8m (EUR 66.2m)
- EUR 2.2m was tied up in the working capital (EUR 12.0m)
- Capex in 2010 was lower than depreciations

Long-term loans

Maturity structure of long-term loans 31 December 2010



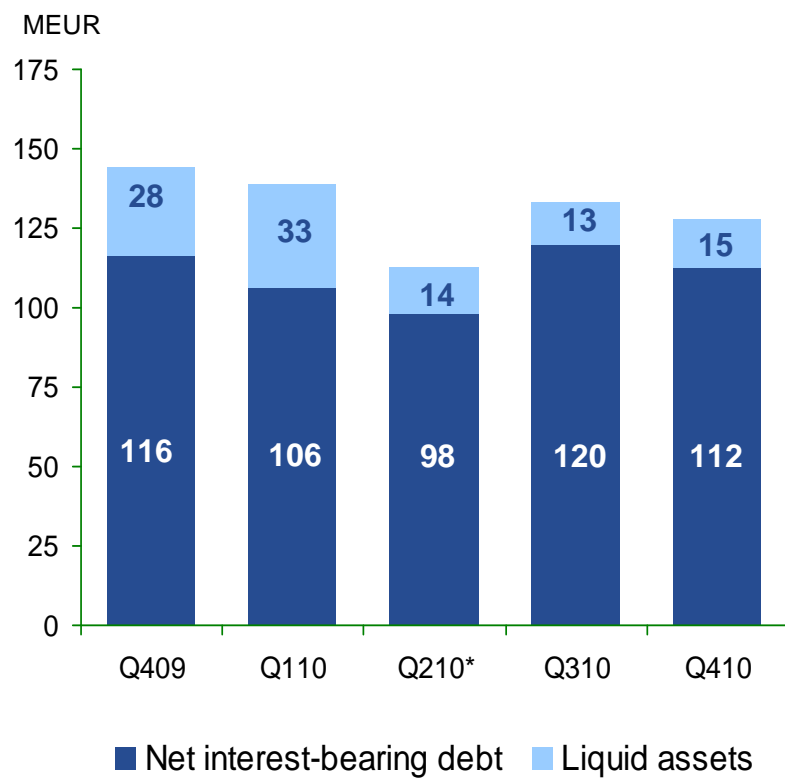
Long-term loan portfolio 31 December 2010



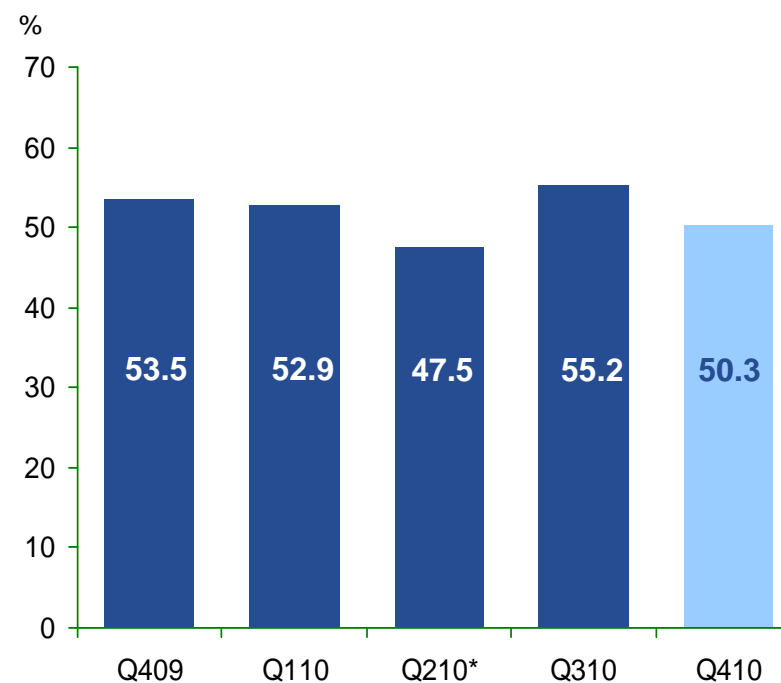
Total EUR 115.1 million,
average interest rate 3.3%

Financial position

Interest-bearing debt



Gearing ratio



* Q210: excluding L&T Recoil

Prospects for the year 2011

The outlook for the Environmental Services division's waste management services and recycling business for 2011 has improved. Rising operating rates in the industry are expected to increase waste volumes and the demand for process cleaning and material recovery solutions. Higher prices of secondary raw materials and a rise in waste tax improve the outlook for the recycling business.

The markets for Cleaning and Office Support Services and for Property Maintenance are expected to remain challenging.

Demand for L&T Biowatti's wood-based fuels is expected to remain moderate. The positive effect of the planned government support measures related to renewable fuels is forecast to materialise in the second half.

Net sales and operating profit excluding non-recurring items in 2011 are expected to remain at the 2010 level.

This estimate was included in the Financial Statement Release released on 3 February 2011.

Capital Markets Day

- CMD for analysts and institutional investors will be held at Kerava recycling park on 9 March
- In addition to the presentations held by President and CEO Jari Sarjo and other management, there will be a tour at the new plants of the recycling park.
- To attend the Capital Markets Day, please register your participation no later than 25 February 2011 to Taru Määttä, e-mail taru.maatta@lassila-tikanoja.fi or tel. +358 10 636 2882.

We look forward to seeing you at L&T's Capital Markets Day.