Lassila & Tikanoja
Financial Statements 2011

Pekka Ojanpää, President and CEO

February 2nd, 2012

Highlights of 2011

Net sales EUR 652.1m (EUR 598.2m) +9.0% (yoy)

- Increase in demand in Environmental Services and Property Maintenance supported growth in net sales.
- Half of the growth was organic. Also 16 business acquisitions in 2011.
- Weak competiveness of wood-based biofuels continued.

Operating profit EUR 25.6m (EUR 40.2m); Operating profit excluding EO items EUR 44.3m (EUR 45.5m)

- L&T Biowatti and JV L&T Recoil still loss-making.
- Higher wage, outsourcing and fuel costs kept the profitability under pressure.
- Price increases equaling rising costs were made in all divisions.
- EO items: A EUR 17.1 million write-down in Renewable Energy Sources lowered the FY operating profit.
- Good operating cash flow throughout the year.

Highlights of Q4/2011

Net sales EUR 167.0m (EUR 151.5m) +10.2% (yoy)

- Increase in net sales in all divisions except Renewable Energy Sources; half of the growth was organic
- Growing waste and recycling volumes and healthy workload in Property Maintenance increased demand.

Operating profit EUR -7.9m (EUR 8.6m);
Operating profit excluding EO items EUR 9.6m (EUR 9.1m)

- Profitability improved due to increased demand in Environmental Services and Property Maintenance.
- The losses of Renewable Energy Sources and JV L&T Recoil increased.
- EO item: a EUR 17.1 million write-down in Renewable Energy Sources.

Financial summary and key figures

	Q411	Q410	Change %	2011	2010	Change %
Net sales, EUR million	**167.0**	151.5	10.2	**652.1**	598.2	9.0
Operating profit excl. EO items, EUR million	**9.6**	9.1	5.4	**44.3**	45.5	-2.7
Operating margin excl. EO items	**5.7%**	6.0%		**6.8%**	7.6%	
Operating profit, EUR million	**-7.9**	8.6		**25.6**	40.2	
Profit before tax, EUR million	**-9.0**	7.6		**21.0**	36.0	
Earnings per share, EUR	**-0.18**	0.14		**0.44**	0.68	
EVA, EUR million	**-14.9**	1.2		**-2.2**	10.1	
Capital expenditure, EUR million	**14.9**	12.5		**70.6**	39.3	
Depreciation, amortisation and impairment, EUR million	**28.4**	10.3		**61.5**	43.9	
Return on equity, % (ROE)				**7.7**	11.9	
Return on invested capital, %				**7.6**	11.6	
Equity ratio, %				**44.5**	46.5	
Gearing, %				**58.3**	50.3	
Total number of employees at end of period				**9,357**	8,732	

Environmental Services: Support from volume growth

- Increase in net sales originated from growing waste volumes.
- Demand for secondary raw materials remained at good level but prices declined somewhat as indicated in Q311.
- Operating profit remained at the same level with Q410 due to volume growth.
- Production reliability of L&T Recoil's plant improved
- An expanded long-term service contract signed of coverage of the recycling on beverage containers with a refund value.

EUR million	**Q411**	Q410	Change %	**2011**	2010	Change %
Net sales	**84.0**	74.0	13.5	**325.9**	290.0	12.4
Operating profit excl. EO items	**8.3**	8.2	-1.1	**34.0**	34.0	-0.2
Operating margin excl. EO items	**9.9%**	11.1%		**10.4%**	11.7%	

Cleaning and Office Support Services: Net sales growing thanks to acquisitions

- Net sales grew thanks to acquisitions made during first half of the year.
- Commissioned assignments in Finland increased from Q410.
- Finland supported profitability increase – Swedish operations still loss-making.
- New cost efficiency programme was started in Sweden.

EUR million	Q411	Q410	Change %	2011	2010	Change %
Net sales	**40.1**	34.6	16.0	**157.3**	140.6	11.8
Operating profit excl. EO items	**1.1**	0.3		**7.5**	8.0	-7.0
Operating margin excl. EO items	**2.6%**	1.0%		**4.7%**	5.7%	

Property Maintenance: Net sales of all services growing

- Net sales and profitability improved due to strong demand in technical maintenance and in damage repair services.
- Unfavourable weather conditions limited the commissioned assignments.

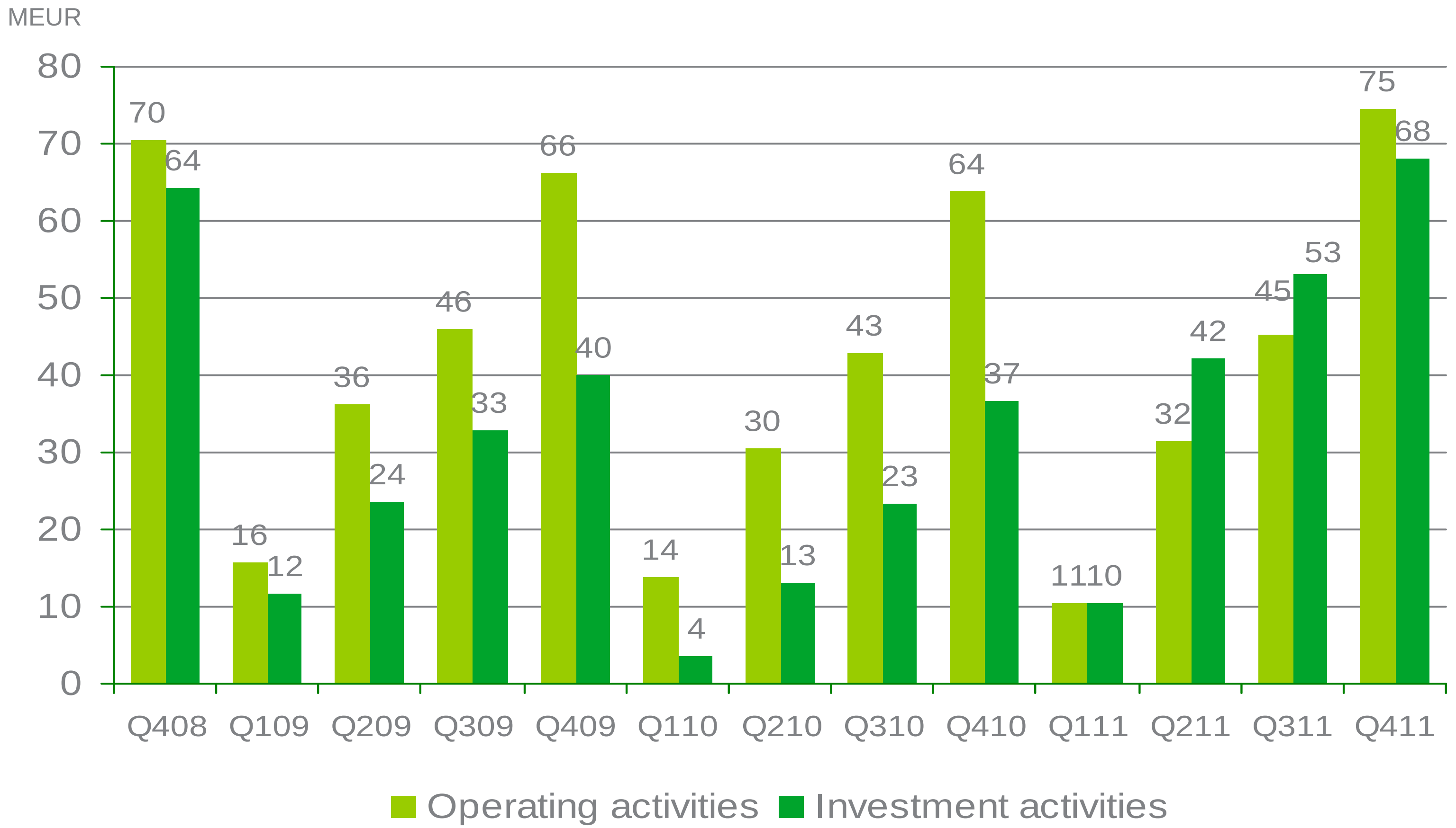
EUR million	Q411	Q410	Change %	2011	2010	Change %
Net sales	**33.5**	31.6	5.9	**134.6**	123.5	9.0
Operating profit excl. EO items	**1.9**	0.6		**8.2**	7.9	4.0
Operating margin excl. EO items	**5.8%**	2.0%		**6.1%**	6.4%	

Renewable Energy Sources: Tough competition continues

- Intense competition decreased net sales and unfavourable weather conditions restricted demand.
- Profitability was eroded by low demand and higher subcontracting costs.
- A EUR 17.1 million write-down of goodwill and other assets was made during Q4.

EUR million	**Q411**	Q410	**Change %**	**2011**	**2010**	**Change %**
Net sales	**12.6**	15.3	**-17.6**	**45.4**	55.1	-17.6
Operating profit excl. EO items	**-1.1**	0.0		**-3.8**	-3.1	
Operating margin excl. EO items	**-8.6%**	0.3%		**-8.4%**	-5.7%	

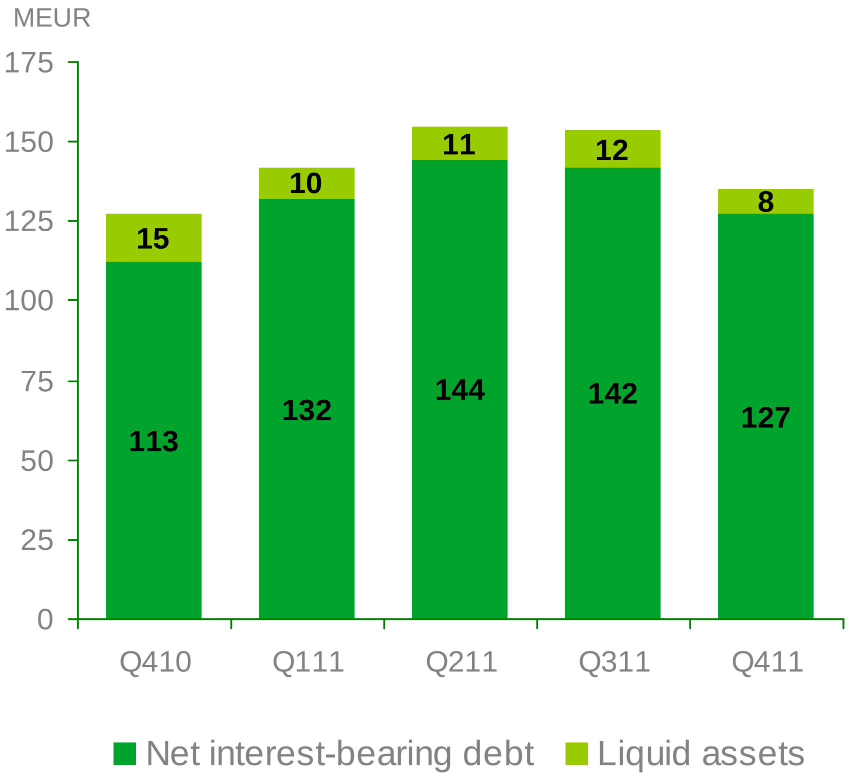
Operating cash flow, cumulative



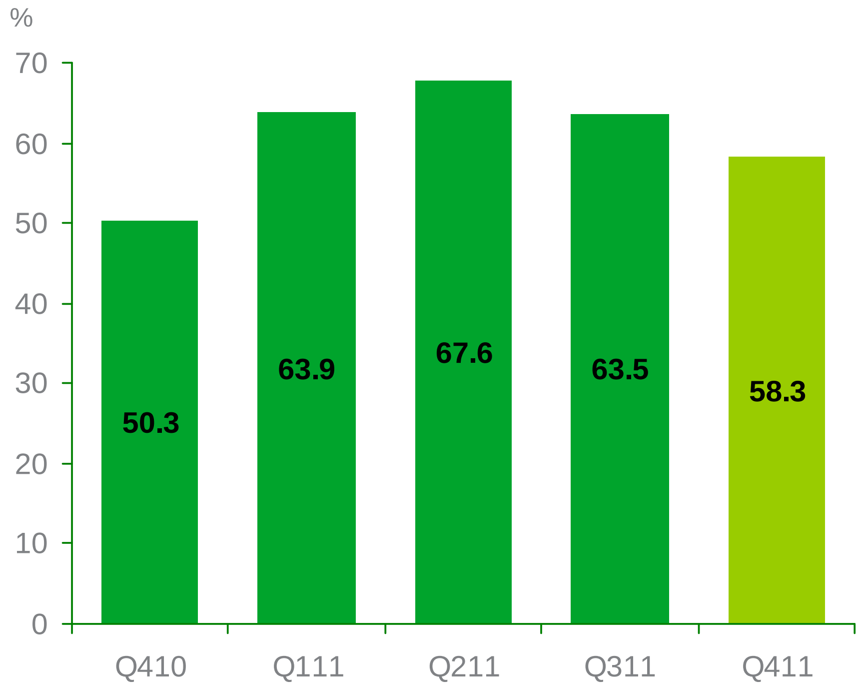
- Operating cash flow was EUR 74.5m (EUR 63.8m)
- EUR 3.2m was released from the working capital (EUR 2.2m was tied up)

Good financial position enables strategy execution

Interest-bearing debt

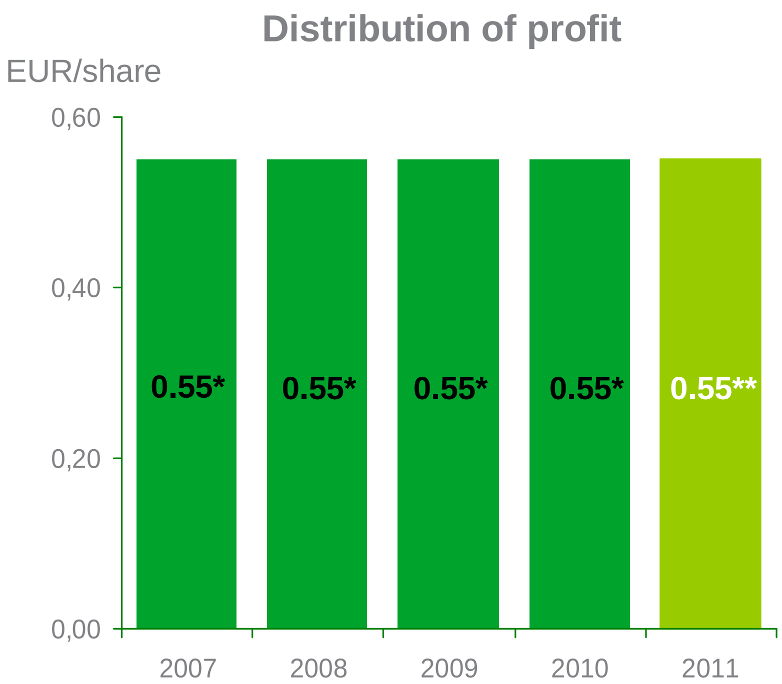


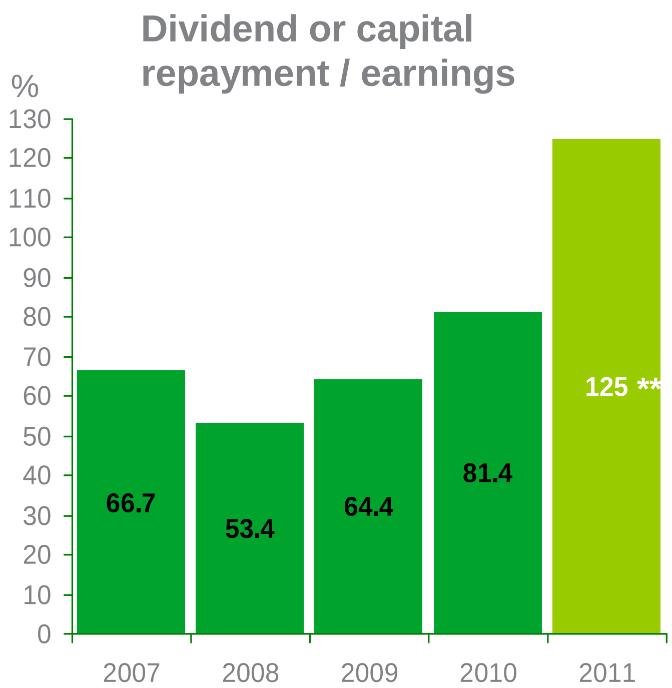
Gearing ratio



Proposal for the distribution of profit: EUR 0.55 per share

- The Board of Directors proposes to the General Meeting as profit distribution a capital repayment of EUR 0.55 per share.
- Profits not considered necessary for ensuring the healthy development of the company are distributed to shareholders.





* dividend
** capital repayment proposal by the Board of Directors

L&T's strategy & short-term agenda

Improving profitability in all divisions

Focus on operational efficiency

key projects:
logistics and fixed asset optimisation, sourcing

Enhancing cash flow/ working capital

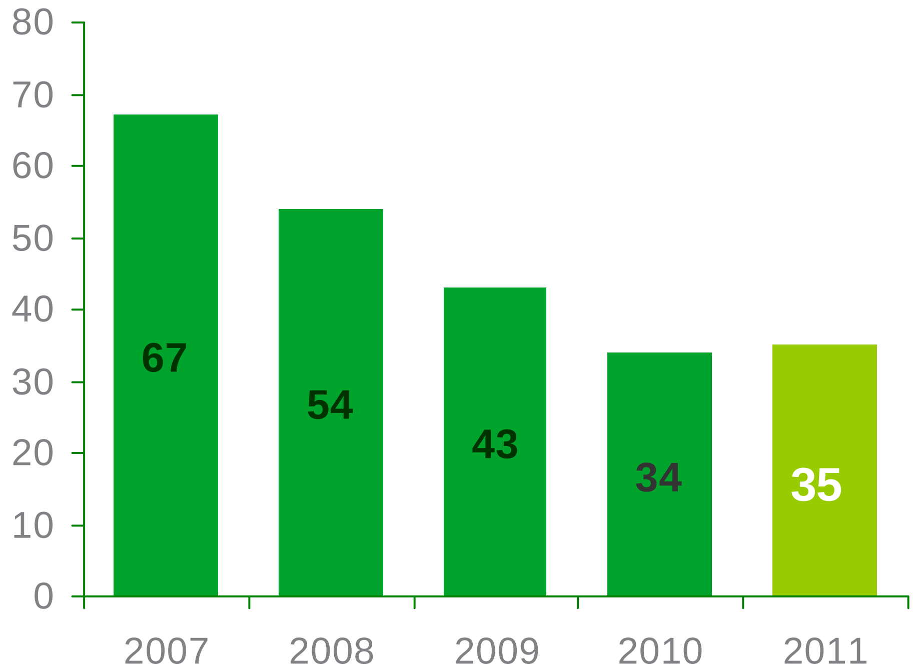
increased attention to AR/AP turnover and inventory optimation

L&T's strategy, operations and structures will be re-examined in 2012

Occupational safety is L&T's key priority

- Accident frequency is the most important indicator for monitoring occupational safety development.
- Our target is to decrease the amount of injuries by over 20% in 2012.

Accident frequency
Injuries leading to at least one day's leave



Outlook for the year 2012

The markets in which L&T primarily operates are not highly cyclical, and the majority of the company's net sales comes from long-term service agreements. However, general economic developments reflect on L&T's operations, particularly commissioned environmental and support service assignments.

Despite the economic uncertainty, the outlook for environmental services is, by and large, stable. The secondary raw material price development and the operational reliability of L&T Recoil’s plant in particular will affect the division’s profitability.

Prospects for Cleaning and Office Support Services and for Property Maintenance are stable, but economic uncertainty is keeping competition tough in both divisions.

Demand for L&T Biowatti's wood-based fuels is expected to grow slightly and the division's profitability is likely to improve. Any changes in the government subsidies for renewable fuels could, however, impact L&T Biowatti's raw material procurement costs and demand for the end-product.

Full-year net sales is expected to remain at the 2011 level and operating profit excluding non-recurring items is expected to remain at the 2011 level or to improve slightly in 2012.

This estimate was included in the Financial Statements Release 2011 released on 2 February 2012.

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