



LASSILA & TIKANOJA PLC

# Lassila & Tikanoja plc Interim Report Q104



Jari Sarjo, President and CEO  
27 April 2004

## Key Points of Q104 Results

- Growth in net sales 6.5% (year on year)
  - Growth by acquisitions
- Operating profit declined by 13% (year on year)
  - In Property Services results were weakened by heavy snowfalls
  - In Industrial Services timing of demand inside the year changed from the previous year
- Environmental Services
  - Targets were exceeded
  - Volume of recycling materials in own plants grew
  - Business operations in Latvia made good progress
- Property Services
  - In cleaning services customers cost-conscious
  - Good progress in sales
- Industrial Services
  - Reduction in net sales due to termination of unprofitable units last year
  - Demand was weak in January-February but perked up in March, variations in demand caused difficulties in adjusting production
- Investment projects proceed as planned

## Q104 Key Figures

|                               | Q104 | Q103 |
|-------------------------------|------|------|
| Net sales, EUR million        | 76.4 | 71.7 |
| Gross profit, EUR million     | 10.9 | 10.8 |
| Gross profit margin, %        | 14.3 | 15.1 |
| Operating profit, EUR million | 4.2  | 4.8  |
| Operating margin, %           | 5.5  | 6.7  |

## Net Sales by Division

| EUR million            | Q104 | Q103 | Change % |
|------------------------|------|------|----------|
| Environmental Services | 35.3 | 31.2 | 13.2     |
| Property Services      | 30.1 | 27.9 | 7.9      |
| Industrial Services    | 10.9 | 12.6 | -13.0    |
| Total                  | 76.4 | 71.7 | 6.5      |

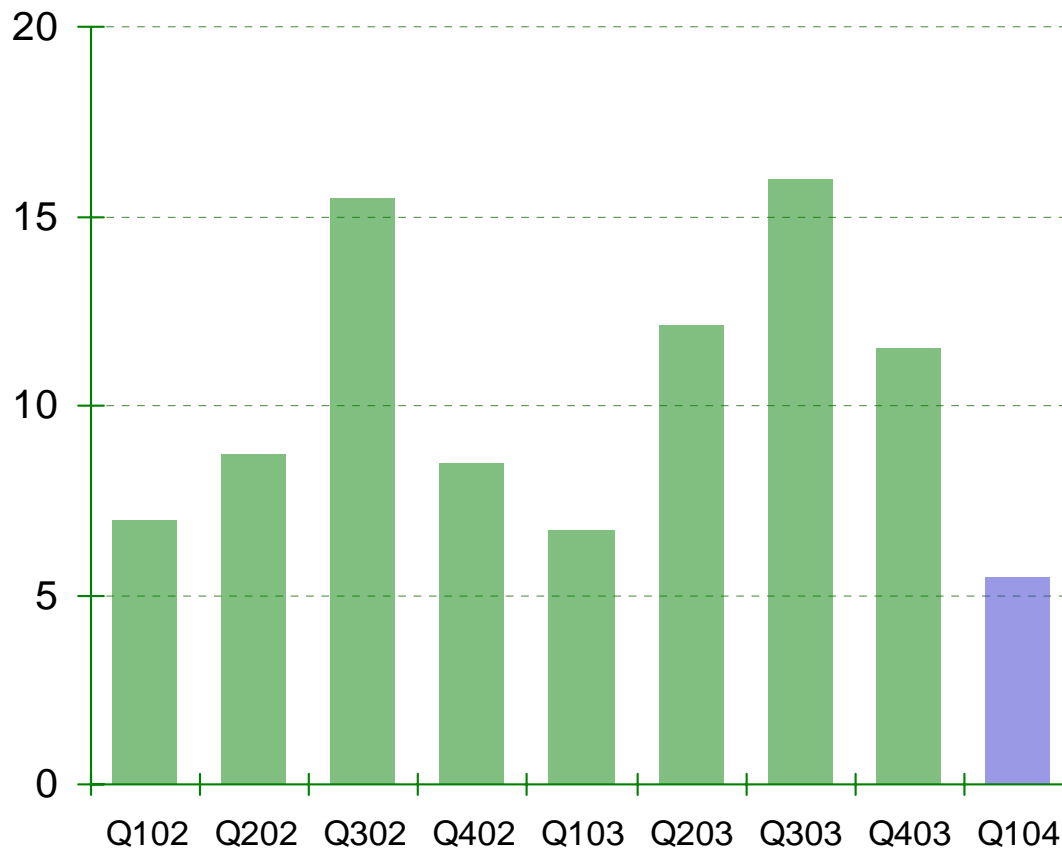
## Earnings by Division

| EUR million            | Q104 | Q103 | Change % |
|------------------------|------|------|----------|
| Environmental Services | 4.1  | 3.4  | 19.1     |
| Property Services      | 0.6  | 1.2  | -51.0    |
| Industrial Services    | -0.5 | 0.2  | -398.8   |
| Operatig profit        | 4.2  | 4.8  | -13.0    |
| %                      | 5.5  | 6.7  |          |

## Key Figures

|  | Q104  | Q103  | 2003  |
|--|-------|-------|-------|
| Earnings/share, EUR                      | 0.14  | 0.16  | 1.38  |
| Return on equity, % (ROE)                | 9.9   | 11.5  | 24.0  |
| EVA, EUR million                         | 0.1   | 1.1   | 19.6  |
| Return on invested capital, % (ROI)      | 9.1   | 11.6  | 20.5  |
| Equity ratio, %                          | 32.8  | 40.8  | 40.6  |
| Gearing, %                               | 127.0 | 83.8  | 80.1  |
| Gross investments, EUR million           | 11.4  | 9.2   | 43.8  |
| Depreciation, EUR million                | 7.1   | 6.1   | 25.6  |
| Average personnel converted to full-time | 4,875 | 4,414 | 4,595 |

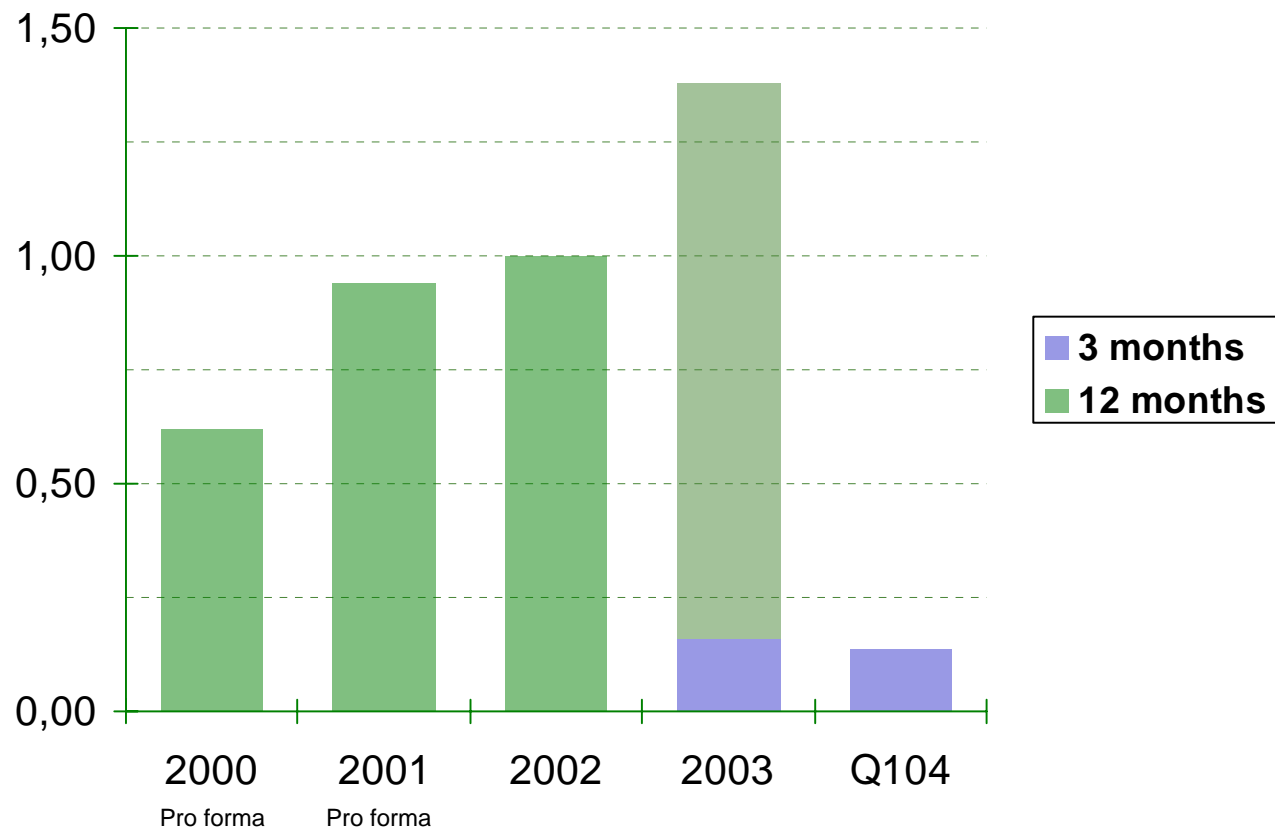
## Operating Margin by Quarter



## Operating Margin by Division Quarterly Figures

| %                      | Q104 | <b>Q1-<br/>Q403</b> | Q403 | Q303 | Q203 | Q103 | <b>Q1-<br/>Q402</b> | Q402 | Q302 | Q202 |
|------------------------|------|---------------------|------|------|------|------|---------------------|------|------|------|
| Environmental Services | 11.6 | <b>15.1</b>         | 14.6 | 18.0 | 16.5 | 11.0 | <b>13.0</b>         | 11.7 | 17.0 | 12.2 |
| Property Services      | 2.0  | <b>7.5</b>          | 7.9  | 11.0 | 6.7  | 4.3  | <b>7.1</b>          | 7.4  | 12.4 | 2.7  |
| Industrial Services    | -4.6 | <b>11.6</b>         | 10.8 | 20.8 | 12.1 | 1.3  | <b>8.4</b>          | 2.9  | 16.8 | 10.2 |
| Lassila & Tikanoja     | 5.5  | <b>11.7</b>         | 11.5 | 16.0 | 12.1 | 6.7  | <b>10.0</b>         | 8.5  | 15.5 | 8.7  |

## Earnings per Share



## Prospects for the rest of the year

General market prospects in the company's divisions are still good. Investment projects are proceeding as planned. Net sales are expected to grow. Results for the entire year are expected to be about on the same level as those for 2003. The target is challenging, particularly in Property Services and Industrial Services.

The slight fall in terms of euros in the results for the first quarter will not be decisive for the whole year, because the results accumulate mostly during the three final quarters of the year. However, even weak signals about the need to improve operations should be noted and consideration is given to cost-effectiveness constantly.