



LASSILA & TIKANOJA PLC



Lassila & Tikanoja plc

8 February 2006

Jari Sarjo, President and CEO

Highlights of 2005

Growth

- Growth in net sales was 11.9%. Organic growth, particularly, strengthened and was 5.3 percentage points.
- Operations in Latvia were expanded and started in Russia both in Moscow (cleaning) and Dubna (environmental services)
- New service products were launched.
- Significant comprehensive service contracts were entered into.
- Net sales of especially Industrial Services were adversely affected by labour dispute in forest industries.
- At the beginning of 2006 a Swedish cleaning company was acquired.

Highlights of the year 2005

Performance

- Pre-tax profit, EUR 27.3 million, was on the same level as in 2004 (EUR 27.7 million). Profitability weakened slightly.
- Performance of Property Services improved in every respect.
 - net sales grew strongly
 - efficient cost control in day-to-day management
 - low disability pension costs
- Environmental Services and Industrial Services did not reach their targets.
 - exceptionally sharp rise in fuel prices (+25%)
 - labour dispute in forest industry
 - delays in raising sales prices
- Performance was burdened by the investment made in growth (recycling plants and new businesses of joint ventures) and expansion of operations abroad.
- Sales prices were raised in January 2006, which should cover the corresponding rises in costs.
- Since the end of the year, special attention has been paid to cost management and improving productivity.

Highlights of Q405

- Growth in net sales 8.5% (yoy)
 - Organic growth strengthened and was 3.4 percentage points.
 - Two minor business acquisitions
 - new service product for offices was launched
- Operating profit grew by 1.1% (yoy)
- Some impacts of measures to improve cost efficiency already started to become apparent.
- Price raising process proceeded as planned in each division.

Highlights of Q405

Environmental Services

- Strong organic growth
- Rise in fuel prices stopped in autumn.
- Prices were raised as of 1 January 2006.
- Some impacts of measures to improve cost-efficiency and productivity could already be felt.

Property Services

- Strong organic growth continued.
- Losses of contracts in Q3 were covered, when major new contracts on comprehensive services started as from the beginning of 2006
- Performance of both product lines improved, in property maintenance the main reasons being strict cost control and light snowfall in November-December.
- Performance was burdened by organisation and integration of operations abroad.

Industrial Services

- Net sales on the same level as Q404
- Only a few shutdowns in forest industries during Christmas season. Performance was burdened by volatile demand.
- Effects of cost control programme will be felt in Q106.
- Outlook for 2006 positive

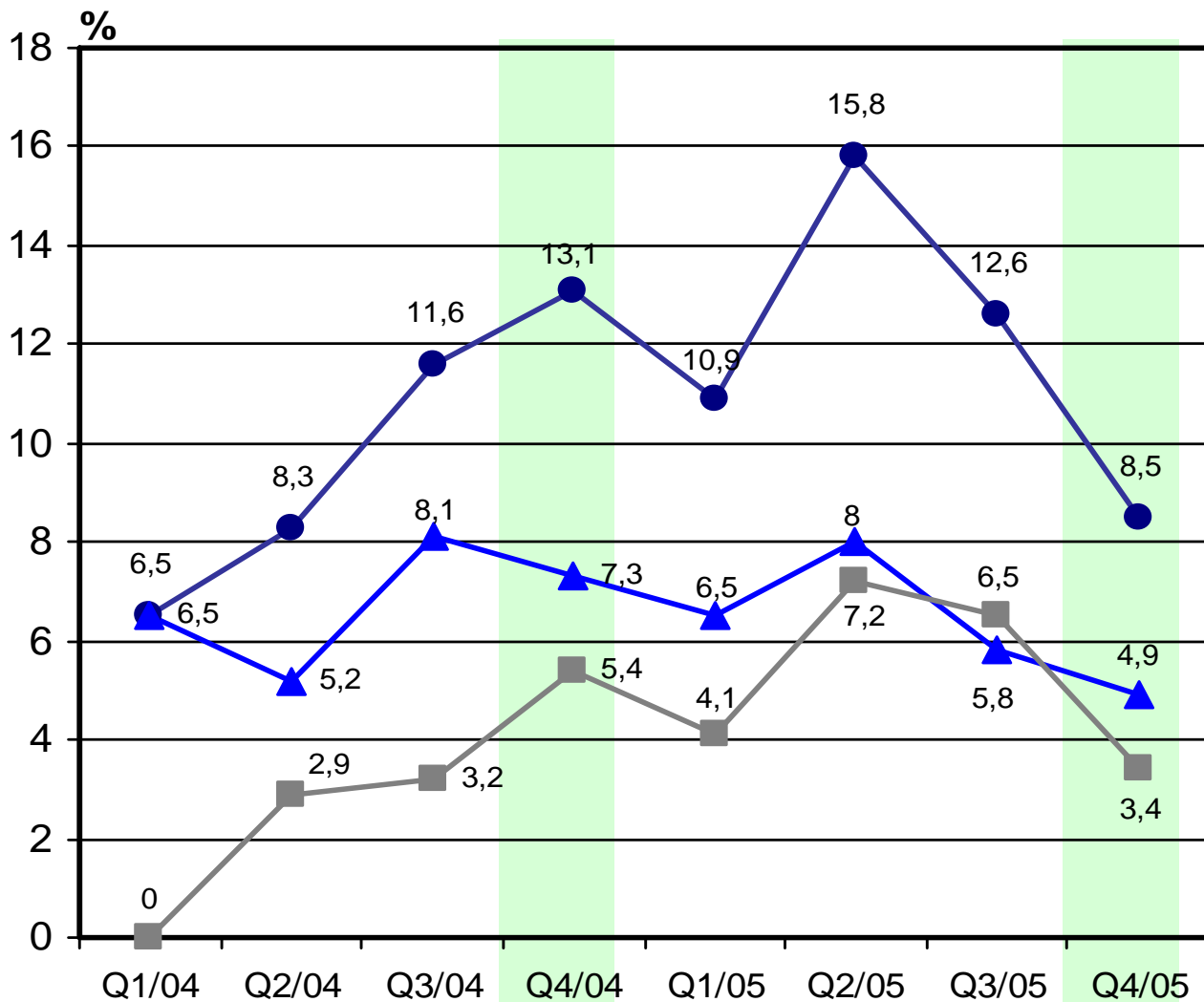
Q405 key figures

	Q405	Q1-Q405
Net sales, EUR million	97.1	377.4
Gross profit, EUR million	13.5	56.9
Gross profit margin, %	13.9	15.1
Operating profit, EUR million	9.1	39.3
Operating margin, %	9.3	10.4

Net sales by division

EUR million	2005	2004	Change %
Environmental Services	180.7	159.2	13.5
Property Services	142.9	124.8	14.5
Industrial Services	57.6	56.2	2.5
Group administration and other	0.4	0.4	
Inter-division net sales	-4.1	-3.3	
Total	377.4	337.2	11.9

Growth of net sales



	2005	2004
● Total	11,9 %	9,9 %
▲ Acquisitions	6,3 %	6,9 %
■ Organic	5,3 %	2,8 %

Earnings by division

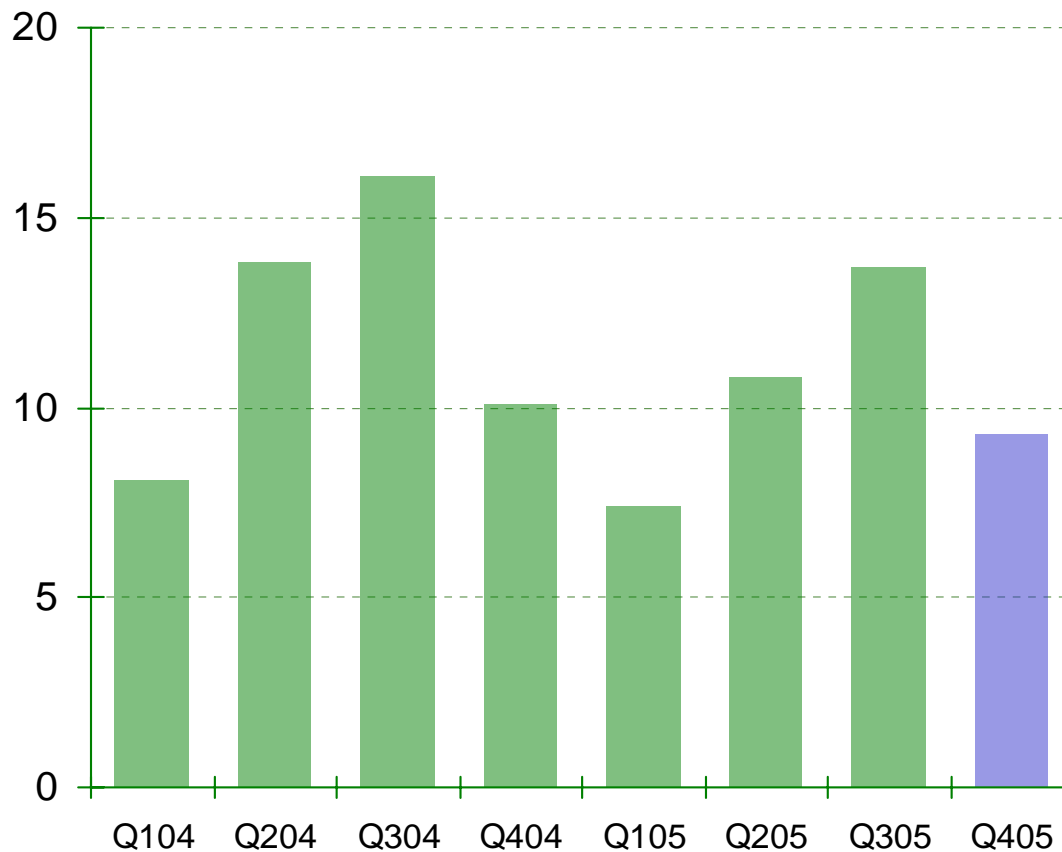
EUR million	2005	2004	Change %
Environmental Services	24.0	26.1	-8.1
Property Services	11.9	9.3	28.0
Industrial Services	4.7	6.9	-31.3
Group administration and other	-1.4	-1.6	
Total operating profit	39.3	40.8	-3.8
%	10.4	12.1	

Key figures

	2005	2004
Earnings/share, EUR	0.70	0.79
Dividend/share, EUR	0.40*	0.25
Return on equity, % (ROE)	18.8	25.2
Return on invested capital, % (ROI)	17.9	22.5
Equity ratio, %	49.5	48.1
Gearing, %	49.3	45.6
EVA, EUR million	18.3	22.7
Gross investments, EUR million	60.9	48.1
Depreciation, EUR million	24.8	21.4
Average personnel converted to full-time	5,918	5,409

* proposal by the Board of Directors

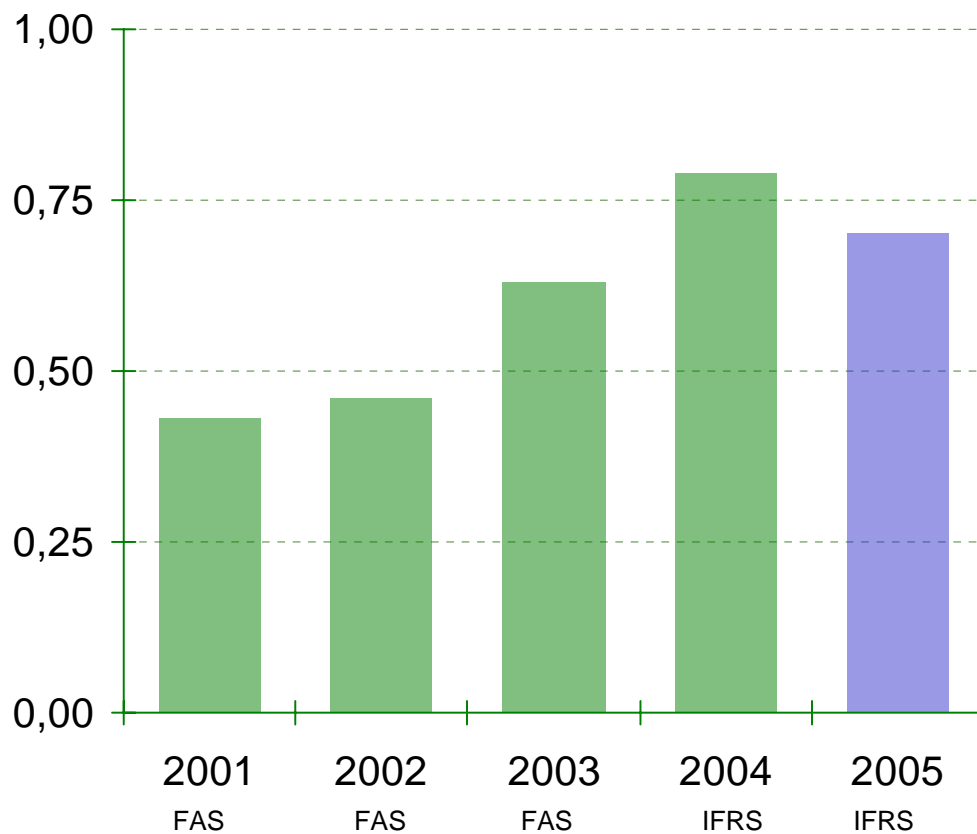
Operating margin by quarter



Operating margin by division Quarterly figures

%	Q1- Q405	Q405	Q305	Q205	Q105	Q1- Q404	Q404	Q304	Q204	Q104
Environmental Services	13.3	12.4	15.1	13.5	11.9	16.4	14.1	17.9	18.4	15.2
Property Services	8.4	6.5	12.5	8.0	6.4	7.5	6.3	12.8	6.8	4.0
Industrial Services	8.2	6.3	14.3	11.6	-2.1	12.3	9.1	19.3	17.4	-0.6
Lassila & Tikanoja	10.4	9.3	13.7	10.8	7.4	12.1	10.1	16.1	13.8	8.1

Earnings per share





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Prospects for the year 2006

The prospects for Lassila & Tikanoja's markets are good. The demand for environmental services continues to grow in Finland, although the process for acquiring environmental permits is slowing down both Lassila & Tikanoja's and customers' investments in waste recycling and recovery plants. Outsourcing is keeping demand strong in the support services market in Finland. The cleaning services market is also clearly growing in other countries in which L&T operates. The prospects for industrial services are more positive than last year, although demand is not expected to rise to the level of 2004. Tough price competition is expected to continue on all markets.

Strong organic growth is expected to continue. Two to three new recycling plants and terminals will be constructed, and operations in Sweden and Russia will be expanded. Investments may be lower than last year, because growth is being focused to a greater extent than before on less capital-intensive business areas.

The key goals for 2006 are to increase productivity and to manage costs more effectively than before. Net sales are expected to increase by over 10 per cent, i.e. in line with the long-term goal. The financial performance is expected to improve.

This estimate was made in February after the release of results for 2005.