



LASSILA & TIKANOJA PLC



Lassila & Tikanoja plc

26 July 2006

Jari Sarjo, President and CEO

Highlights of Q206

- Growth in net sales 10.6% (yoy)
 - Organic growth 5.6 % (yoy)
 - Industrial demand revived.
 - Recycling services were strengthened by a company acquisition.
- Operating profit grew by 4.7% (yoy)
 - Performance was burdened by the costs of expanding international operations.

Highlights of Q206

Environmental Services

- Strong organic growth continued.
- New recycling plant in Turku came on stream well.
- Decisions were made to build two more minor recycling plants in Finland during the current year.

Property Services

- Performance was adversely affected by severe price competition in cleaning services in Finland and by the costs of expanding international operations.
- First outsourcing agreements in forest industry were signed.

Industrial Services

- The improved performance was due to robust demand for industrial cleaning and damage repair services and measures to improve efficiency.
- Demand for hazardous waste services was relatively weak and price competition increased.

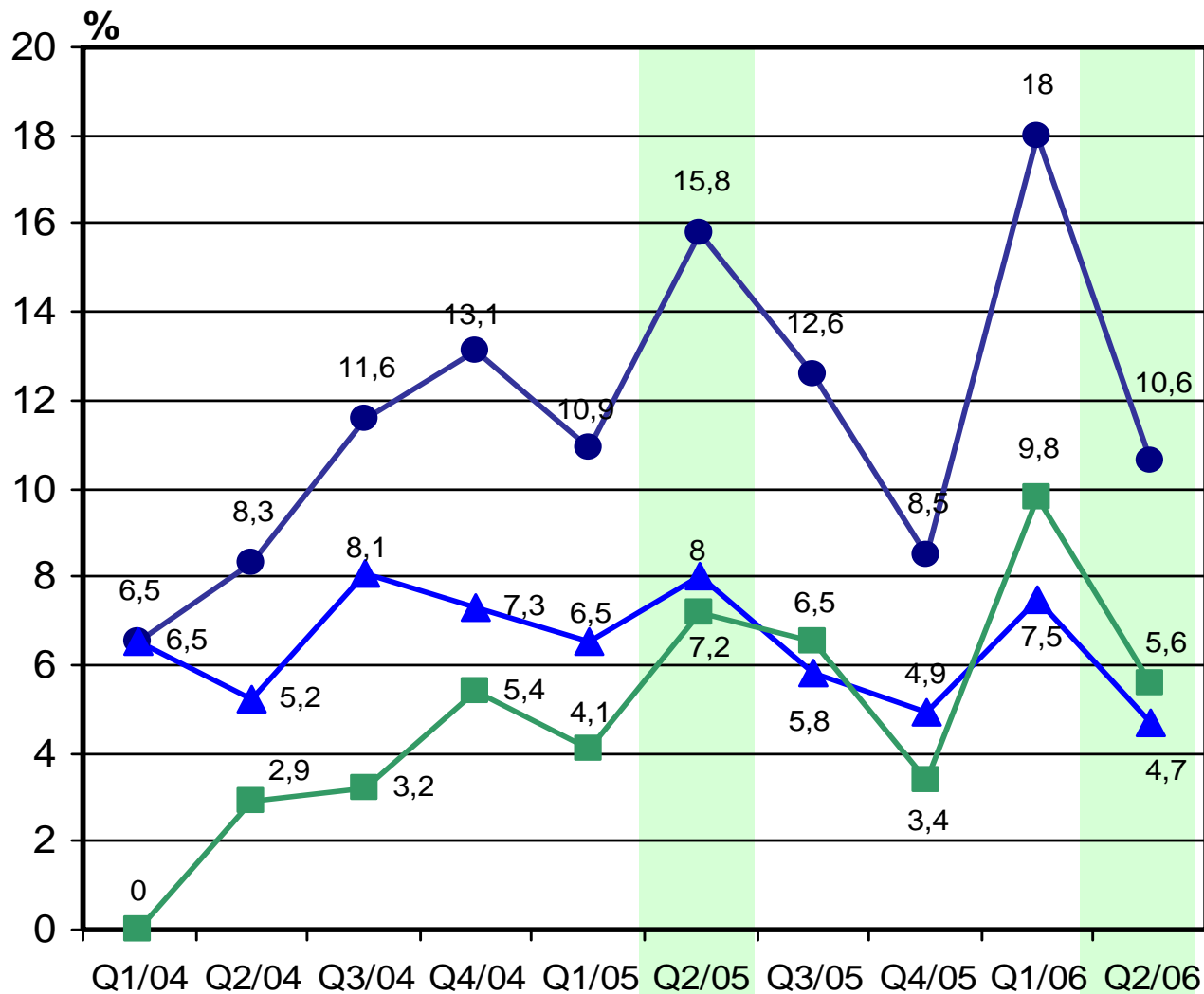
Q206 key figures

	Q206	H106
Net sales, EUR million	108.4	209.0
Gross profit, EUR million	16.2	29.9
Gross profit margin, %	14.9	14.3
Operating profit, EUR million	11.1	20.0
Operating margin, %	10.2	9.6

Net sales by division

EUR million	H106	H105	Change %
Environmental Services	98.8	86.8	13.9
Property Services	82.4	70.7	16.5
Industrial Services	29.6	27.4	8.2
Group administration and other	0.1	0.2	
Inter-division net sales	-1.9	-1.8	
Total	209.0	183.3	14.0

Growth of net sales



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

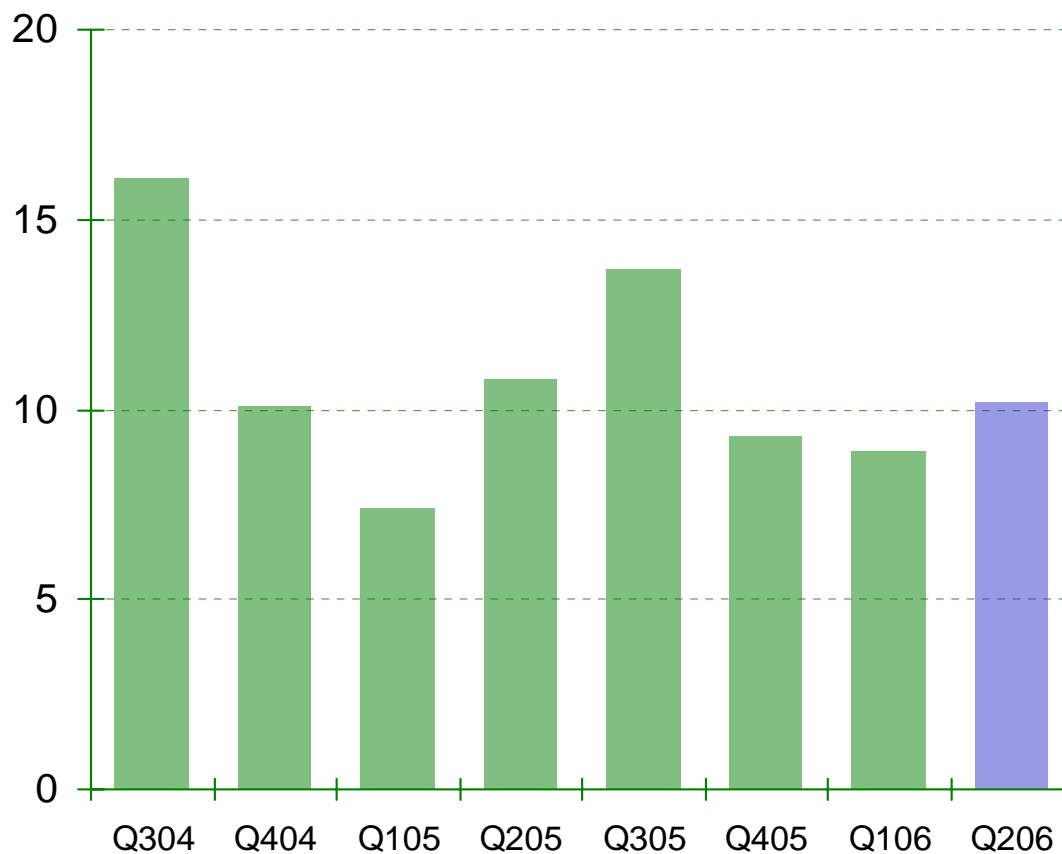
Earnings by division

EUR million	H106	H105	Change %
Environmental Services	15.1	11.1	36.0
Property Services	2.8	5.1	-45.1
Industrial Services	3.1	1.6	93.8
Group administration and other	-0.9	-0.9	
Total operating profit	20.0	16.9	18.3
%	9.6	9.2	

Key figures

	Q206	Q205	H106	H105	2005
Earnings/share, EUR	0.20	0.18	0.36	0.29	0.70
Return on equity, % (ROE)			18.1	16.2	18.8
Return on invested capital, % (ROI)			17.3	15.6	17.9
Equity ratio, %			46.3	45.0	49.5
Gearing, %			55.4	61.8	49.3
EVA, EUR million	5.7	5.5	9.5	7.1	18.3
Gross investments, EUR million	8.7	26.4	23.8	34.6	60.9
Depreciation, EUR million	6.8	6.2	13.8	11.9	24.8
Average personnel converted to full-time			6,698	5,797	5,918

Operating margin by quarter



Operating margin by division Quarterly figures

%	Q206	Q106	Q1- Q405	Q405	Q305	Q205	Q105	Q1- Q404	Q404	Q304
Environmental Services	15.1	15.5	13.3	12.4	15.1	13.5	11.9	16.4	14.1	17.9
Property Services	3.6	3.1	8.4	6.5	12.5	8.0	6.4	7.5	6.3	12.8
Industrial Services	13.8	6.0	8.2	6.3	14.3	11.6	-2.1	12.3	9.1	19.3
Lassila & Tikanoja	10.2	8.9	10.4	9.3	13.7	10.8	7.4	12.1	10.1	16.1

Earnings per share





Prospects for the year 2006

Prospects in L&T's divisions are still good. The demand for environmental services and recycled fuels is growing steadily in Finland. The environmental permits that have been granted enable investments in new recycling plants.

Outsourcing of support services in the forest industry will continue. Together with continued local government outsourcing, this will increase the market for property and support services. Competition in property services in Finland will remain fierce. The cleaning operations in Sweden will be strengthened. Investments in the expansion of cleaning services abroad will continue to have an adverse effect on profitability in the latter half of the year.

The market outlook for Industrial Services is favourable, particularly for industrial cleaning, where the order book is strong and demand is more even and more predictable than in earlier years. The market for hazardous waste management in Finland is not really growing. L&T is responding to increasingly severe competition by raising the degree of processing and through good cost control.

According to the Lassila & Tikanoja strategy that was updated in the early summer, the company's fundamental strategy remains unchanged, but productivity improvement and the speeding up of product development will be given more emphasis than before. This will be enacted by giving the entire personnel greater involvement in the improvement of operations and by regarding business as a set of processes whose speed and cost-efficiency can be improved. The aim is to launch new service products almost on a monthly basis.

Organic growth is expected to remain at a good level, but not as strong as in the first half of the year. Net sales for the whole year are expected to increase in line with the long-term target, i.e. more than 10 per cent, and an improvement in the financial performance for the entire year is expected.

This estimate was made in July after the release of Q206 results.