



LASSILA & TIKANOJA PLC



**Lassila & Tikanoja plc**

**25 October 2006**

**Jari Sarjo, President and CEO**

## Highlights of Q306

- Growth in net sales 15.0% (yoy)
  - Organic growth all time high 11.0% (yoy)
    - Success in sales operations
    - Big industrial shutdown assignments
- Operating profit grew by 49.3% (yoy)
  - Improved productivity and effective cost control
  - Gains on sale of a property (EUR 1.9 million)

## Highlights of Q306

### Environmental Services

- Very strong organic growth
- Productivity improved in several operations
- Recycling plant in Latvia came on stream
- New recycling plant projects under way

### Property Services

- Success in sales of additional services to contract customers
- Franchise chain Huomenta Toimitilapalvelut providing services for SME customers was established
- Price competition situation in Finland began to normalise
- Further investments were made in Sweden (company acquisition in October)

### Industrial Services

- Many annual shutdown and damage repair assignments
- Tight cost control and efficient production control
- Joint venture (50/50) Recoil Oy was established. It will build a waste oil regeneration plant that will come on stream H108.

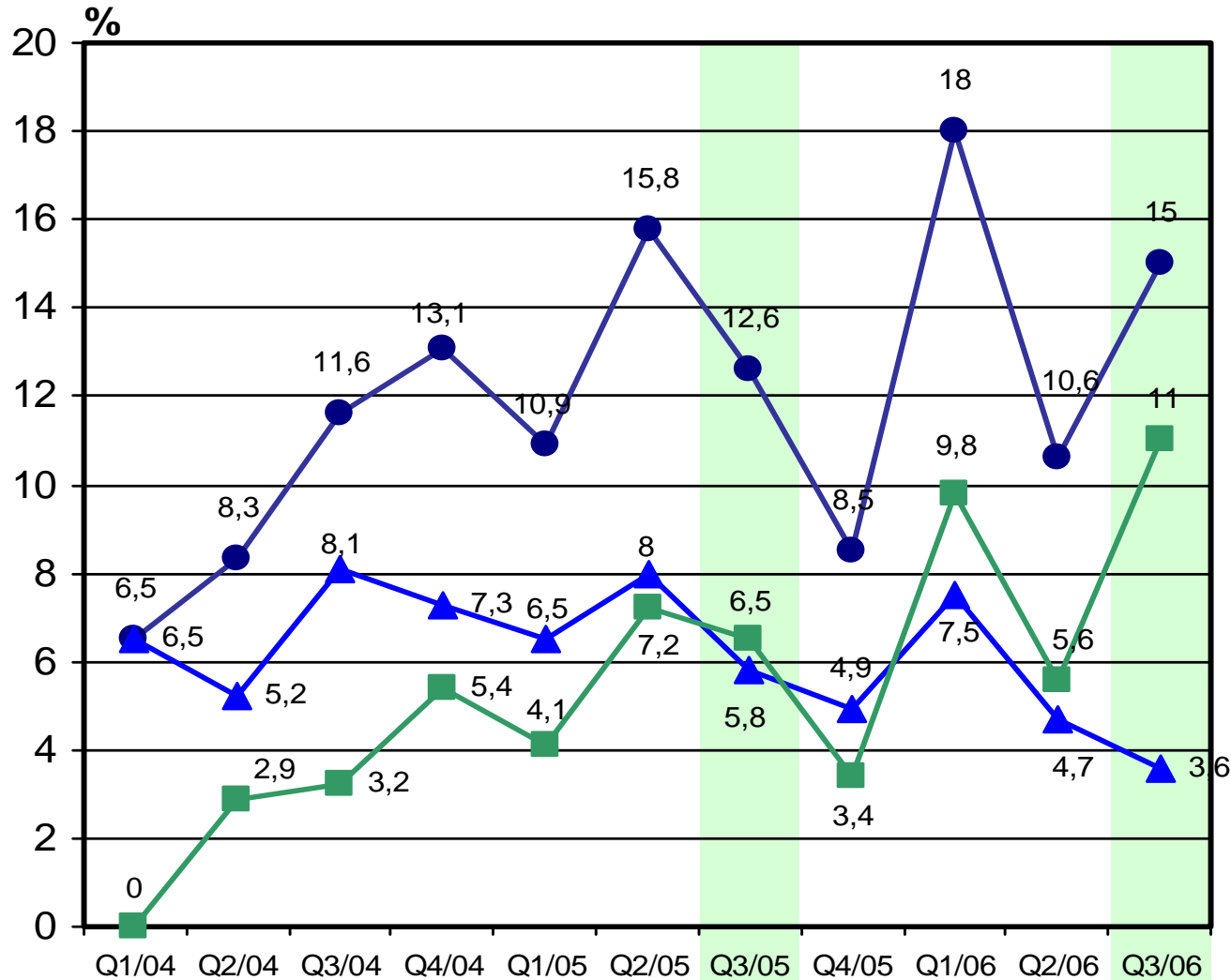
## Q306 key figures

	Q306	Q1-Q3/06
Net sales, EUR million	111.6	320.6
Gross profit, EUR million	23.0	52.9
Gross profit margin, %	20.6	16.5
Operating profit, EUR million	19.9	39.9
Operating margin, %	17.8	12.4

## Net sales by division

EUR million	Q1-Q306	Q1-Q305	Change %
Environmental Services	<b>151.8</b>	133.3	13.8
Property Services	<b>123.8</b>	106.3	16.4
Industrial Services	<b>47.9</b>	43.2	10.7
Group administration and other	<b>0.1</b>	0.3	
Inter-division net sales	<b>-2.9</b>	-2.8	
Total	<b>320.6</b>	280.4	14.4

# Growth of net sales



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

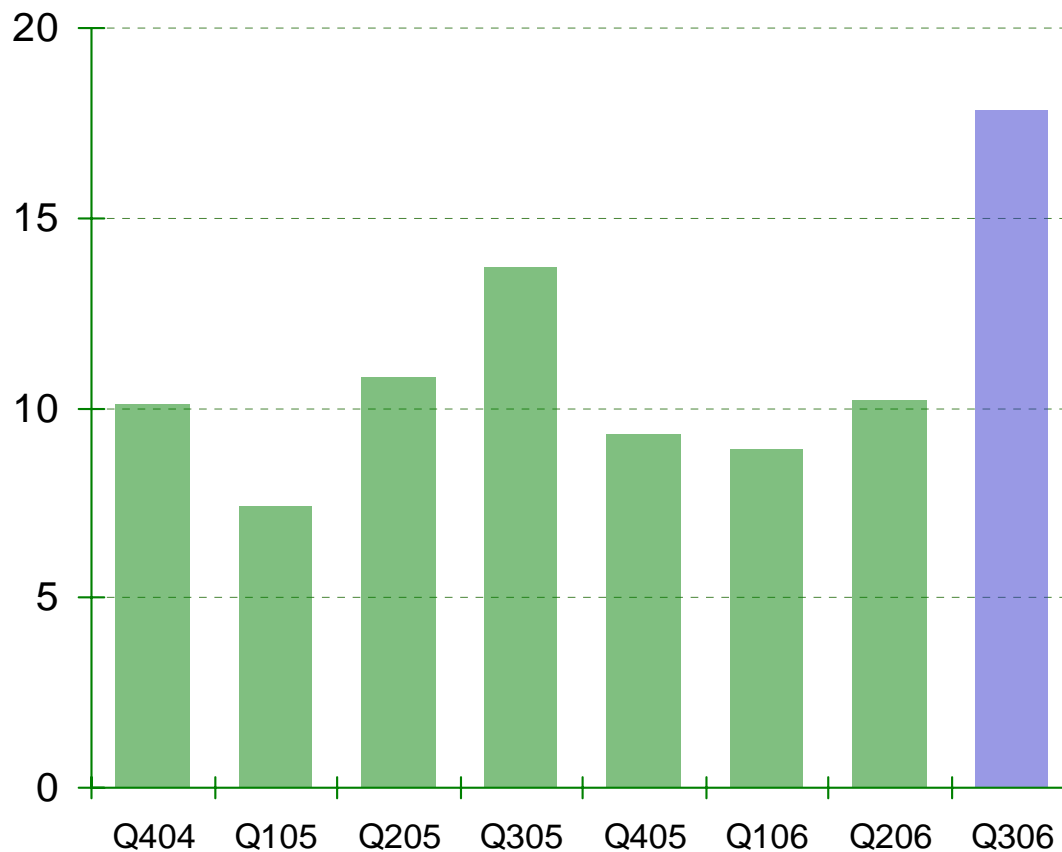
## Earnings by division

EUR million	Q1-Q306	Q1-Q305	Change %
Environmental Services	<b>25.1</b>	18.1	38.5
Property Services	<b>7.6</b>	9.6	-20.4
Industrial Services	<b>6.9</b>	3.8	78.8
Group administration and other	<b>0.3</b>	-1.3	
Total operating profit	<b>39.9</b>	30.2	32.0
%	<b>12.4</b>	10.8	

## Key figures

	Q306	Q305	Q1- Q306	Q1- Q305	2005
Earnings/share, EUR	<b>0.36</b>	0.25	<b>0.72</b>	0.54	0.70
Return on equity, % (ROE)			<b>23.2</b>	19.7	18.8
Return on invested capital, % (ROI)			<b>22.4</b>	18.1	17.9
Equity ratio, %			<b>50.1</b>	46.8	49.5
Gearing, %			<b>41.8</b>	57.8	49.3
EVA, EUR million	<b>14.5</b>	7.8	<b>24.0</b>	14.9	18.3
Capital expenditure, EUR million	<b>8.3</b>	15.0	<b>32.1</b>	49.6	60.9
Depreciation, EUR million	<b>6.8</b>	6.3	<b>20.6</b>	18.2	24.8
Average personnel converted to full-time			<b>6,863</b>	6,183	5,918

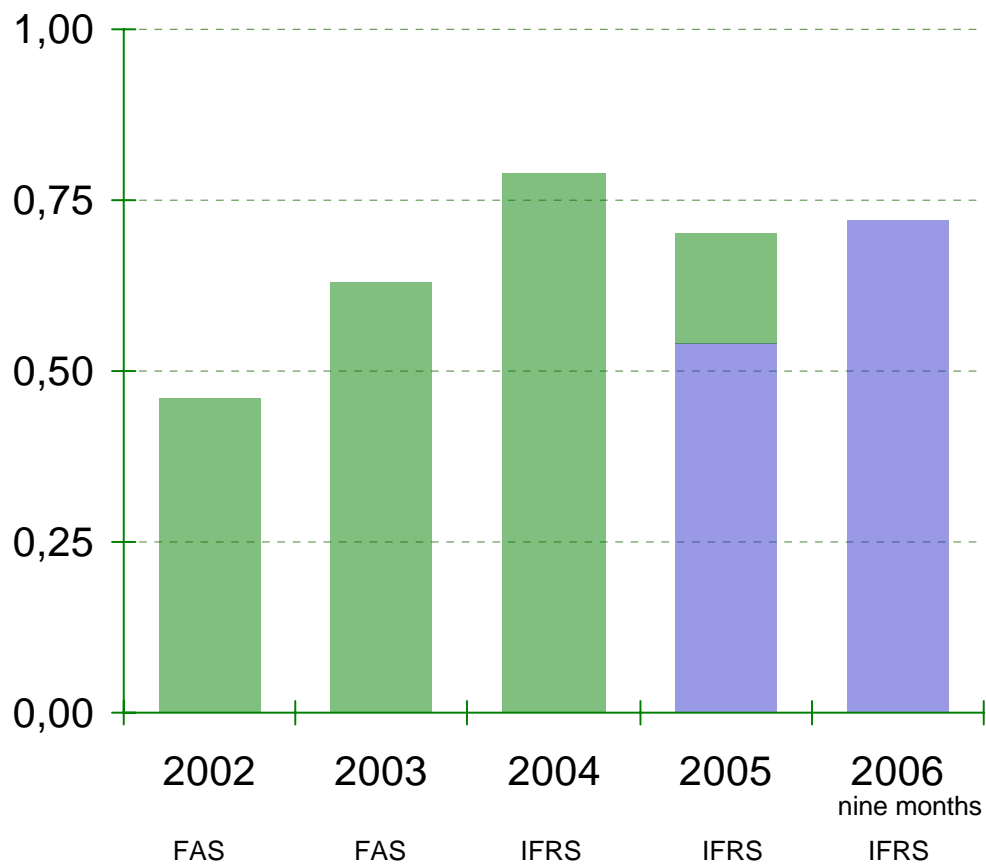
## Operating margin by quarter



## Operating margin by division Quarterly figures

%	<b>Q306</b>	Q206	Q106	<b>Q1- Q405</b>	Q405	Q305	Q205	Q105	<b>Q1- Q404</b>	Q404
Environmental Services	<b>18.9</b>	15.1	15.5	<b>13.3</b>	12.4	15.1	13.5	11.9	<b>16.4</b>	14.1
Property Services	<b>11.7</b>	3.6	3.1	<b>8.4</b>	6.5	12.5	8.0	6.4	<b>7.5</b>	6.3
Industrial Services	<b>20.9</b>	13.8	6.0	<b>8.2</b>	6.3	14.3	11.6	-2.1	<b>12.3</b>	9.1
Lassila & Tikanoja	<b>17.8</b>	10.2	8.9	<b>10.4</b>	9.3	13.7	10.8	7.4	<b>12.1</b>	10.1

## Earnings per share



## Prospects for the remainder of the year 2006

Prospects in L&T's divisions are good. In the final quarter, organic growth is expected to continue strong and the growth rate of the net sales is expected to remain at about the same level as for the first nine months. There will be a marked improvement in the financial performance for the entire year. The financial performance for the final quarter is expected to remain at the same level as for the comparative quarter last year. During the final part of the year several new service products will be launched onto the market.

Environmental Services will continue to be in demand. The environmental permits that have been obtained will make investment in new recycling plants possible. As a result of robust sales and the coming on stream of new recycling plants during the year, the division's financial performance is expected to show a clear improvement in the last quarter over the comparative period.

In Property Services the outsourcing of support services in the forest industry has gathered momentum, and competition in property services in Finland has begun to normalise. The cleaning operations in Sweden will be strengthened. Property Services' financial performance in the final quarter is expected to be considerably weaker than last year as a result of the investment in expanding the cleaning operations abroad, especially in Sweden.

The market outlook for Industrial Services is cautiously favourable. Demand is expected to be back to normal for the year-end. It will, however, to some extent be more even than previously and easier to predict. The work situation in damage repair services in the final part of the year is good. The division's financial performance is expected to show a clear improvement over the comparative quarter.

This estimate was made in October in the Q306 results release.