

Lassila & Tikanoja plc Corporate Presentation July 2010





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L&T's divisions

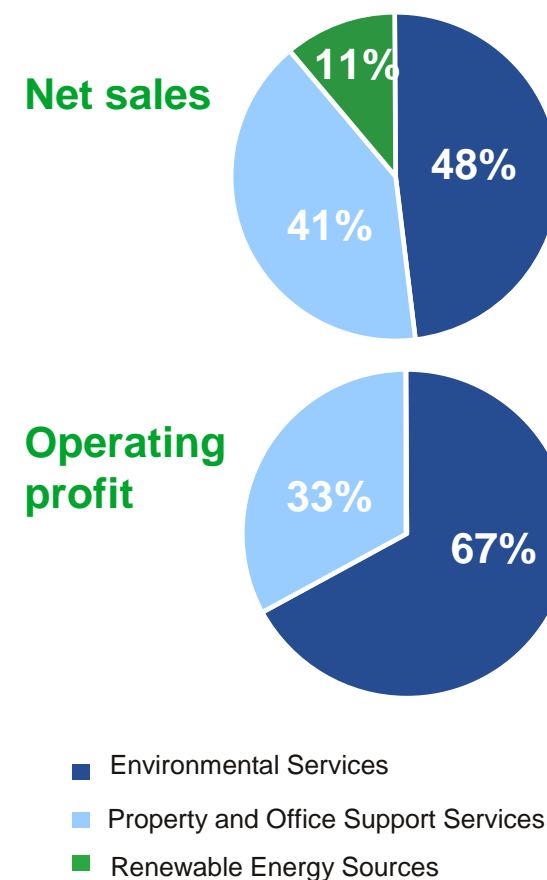
Environmental Services	Property and Office Support Services *	Renewable Energy Sources (L&T Biowatti)
waste management recycling services wastewater services heavy-duty industrial cleaning environmental products L&T Recoil	cleaning services property maintenance office support services damage repair services technical maintenance services	wood-based biofuels (L&T Biowatti)
Finland, Latvia, Russia	Finland, Latvia, Russia, Sweden	Finland
2009: Net sales EUR 284.2m Operating profit EUR 36.0m	2009: Net sales EUR 243.1m Operating profit EUR 17.7m	2009: Net sales EUR 64.1m Operating profit EUR -1.0m

* As of 1 July 2010, Property and Office Support Services was divided into two divisions: Property Maintenance, and Cleaning and Office Support Services.

Breakdown of net sales and operating profit 2009

EUR million	Net sales	Operating profit
Environmental Services	284.2	36.0
Property and Office Support Services	243.1	17.7
Renewable Energy Sources	64.1	-1.0
Inter-division	-9.2	-2.4
Total	582.3	50.3

Operating profit excluding non-recurring items EUR 51.3 million

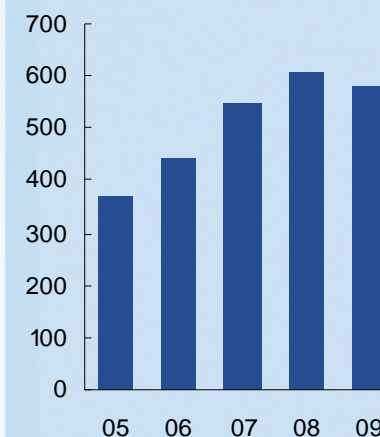


L&T in 2009

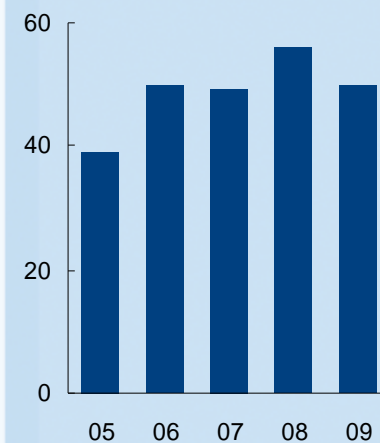
	2009	2008	Change
Net sales, EUR million	582.3	606.0	-3.9
Operating profit excl. EO items, EUR million	51.3	45.0	14.0
Operating profit, EUR million	50.3	55.5	-9.4
Earnings per share, EUR	0.85	1.03	-17.5
Gearing, %	53.5	58.8	
EVA, EUR million	16.5	25.0	-34.0
ROE, %	15.7	19.6	
ROI, %	14.5	17.1	
Capital expenditure, EUR million	44.9	84.2	-46.7
Total number of full-time and part-time employees at year end	8,743	9,490	-7.9

L&T in brief

Net sales, EUR million

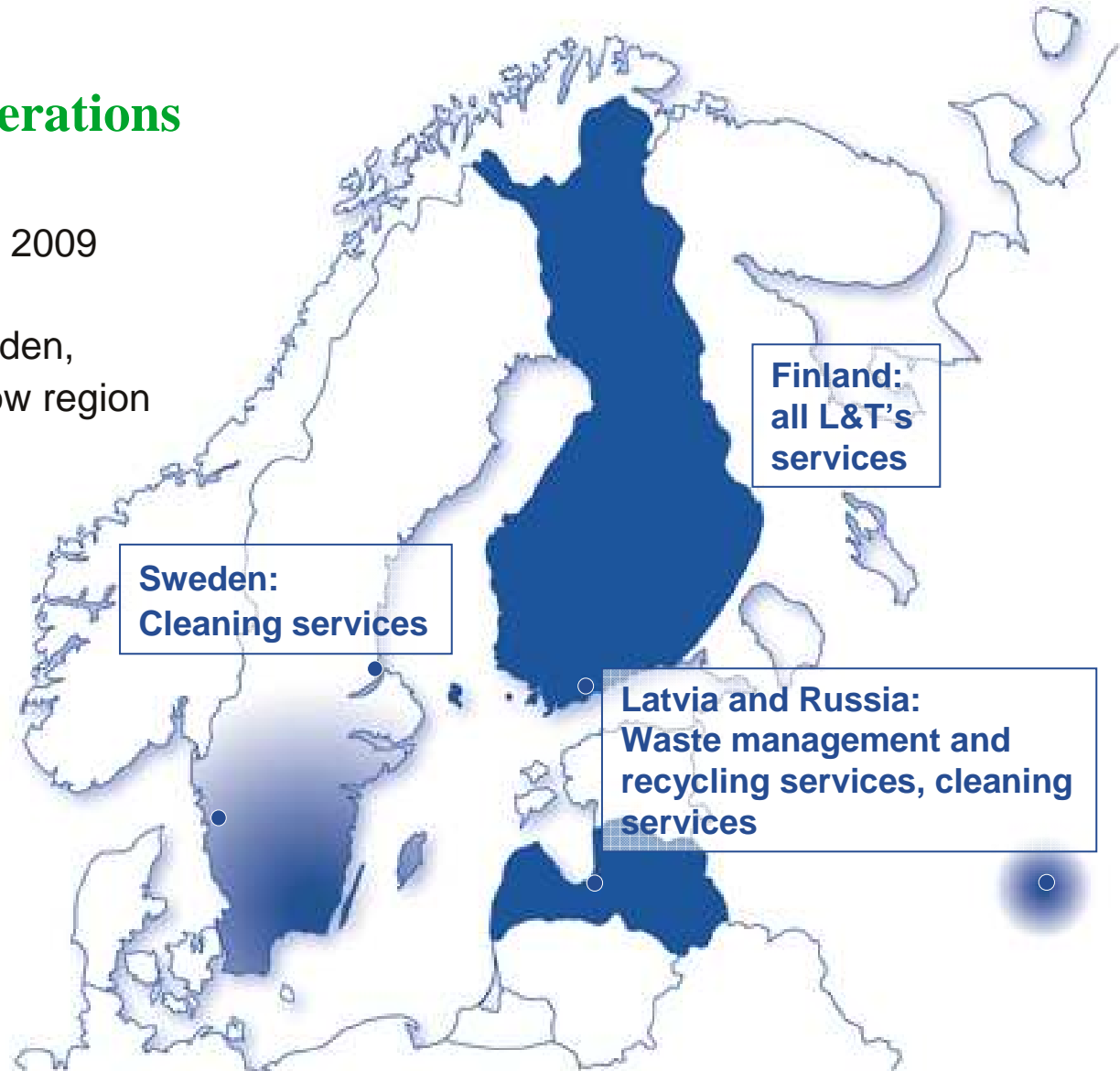


Operating profit, EUR million

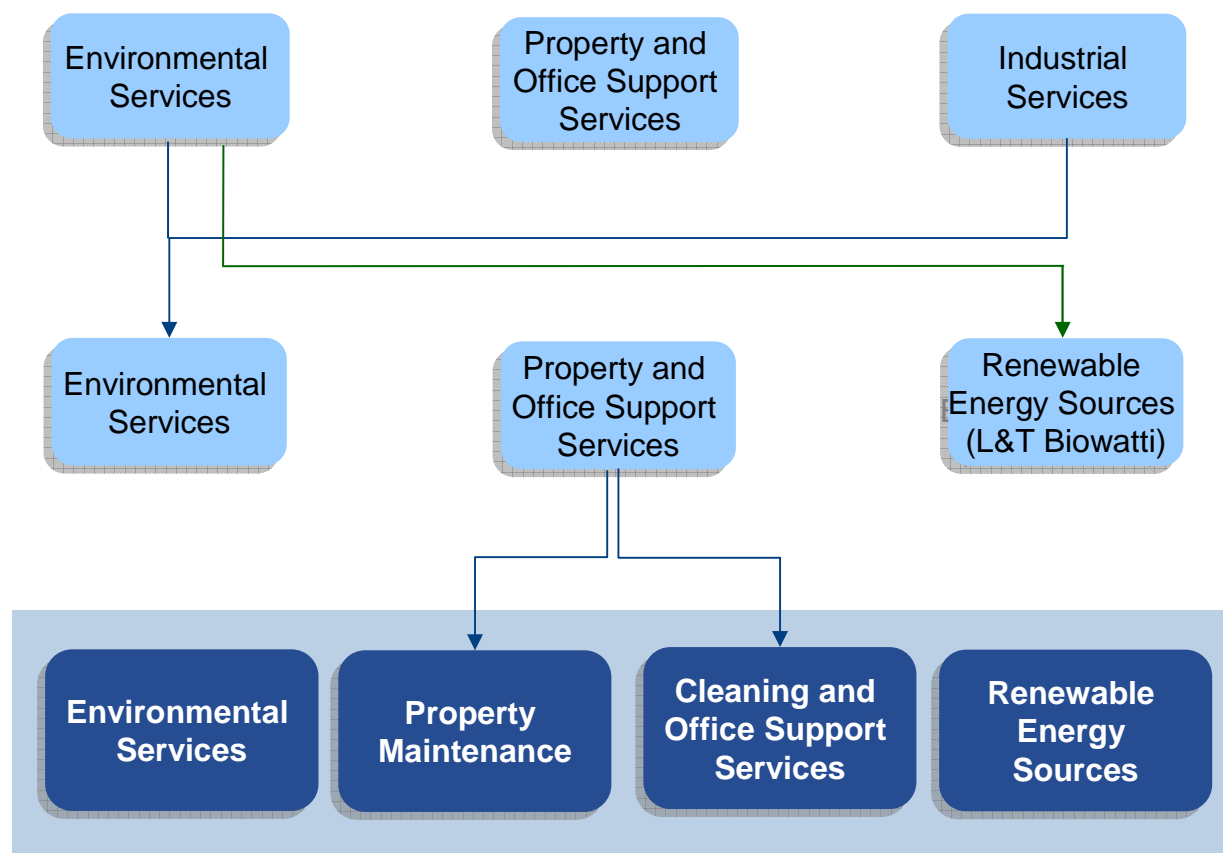


L&T's international operations

- Around 10% of net sales in 2009
- L&T has operations in Sweden, Latvia, Moscow and Moscow region
- Expansion through acquisitions and organic growth



Regrouping of business operations



As of 1 June 2009:

Environmental Services and Industrial Services were combined

Renewable Energy Sources (L&T Biowatti) became a separate division

Reportable segments were changed in the beginning of 2010

As of 1 July 2010:

Property and Office Support Services was divided into two divisions: Property Maintenance and Cleaning and Office Support Services

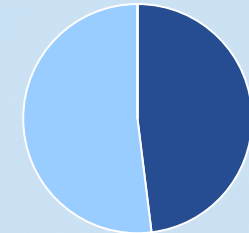
Environmental Services

– From waste to useful materials

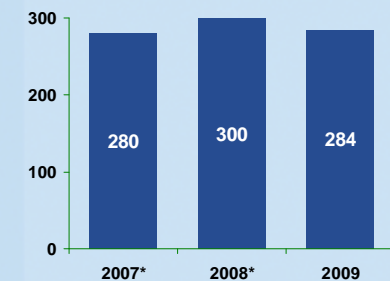
- Collection and transport of waste and its processing into secondary raw materials and recovered fuel for sale
- Through its services and expertise L&T helps customers meet their environmental obligations, reach their environmental targets and improve material efficiency
- Over 200,000 customers ensuring a steady cash flow, net sales come mostly from long-term (2-5 years) service contracts
- Low-cyclical but seasonal variations, growing faster than the GDP
- Environmental permits, special expertise and capital intensity are barriers to enter the business
- Market leader in Finland and Latvia and certain geographical areas in Russia

Divisions, Environmental Services

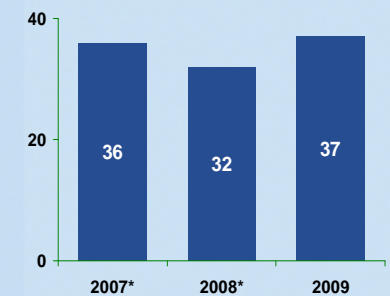
Percentage of net sales
2009 48%



Net sales



Operating profit excl. non-recurring items



* including L&T Biowatti,
excluding Industrial Services

Environmental Services

– Regulation and attitudes as growth drivers

Stricter environmental regulations

- EU directives: implemented through national legislation
- National Waste Plan: In Finland the recovery rate target for municipal waste is 80% by the end of 2016; half of all municipal waste generated to be recycled
- Producer liability: Producers organise the collection, transport and recycling of certain products, e.g. electric and electronic scrap and tyres

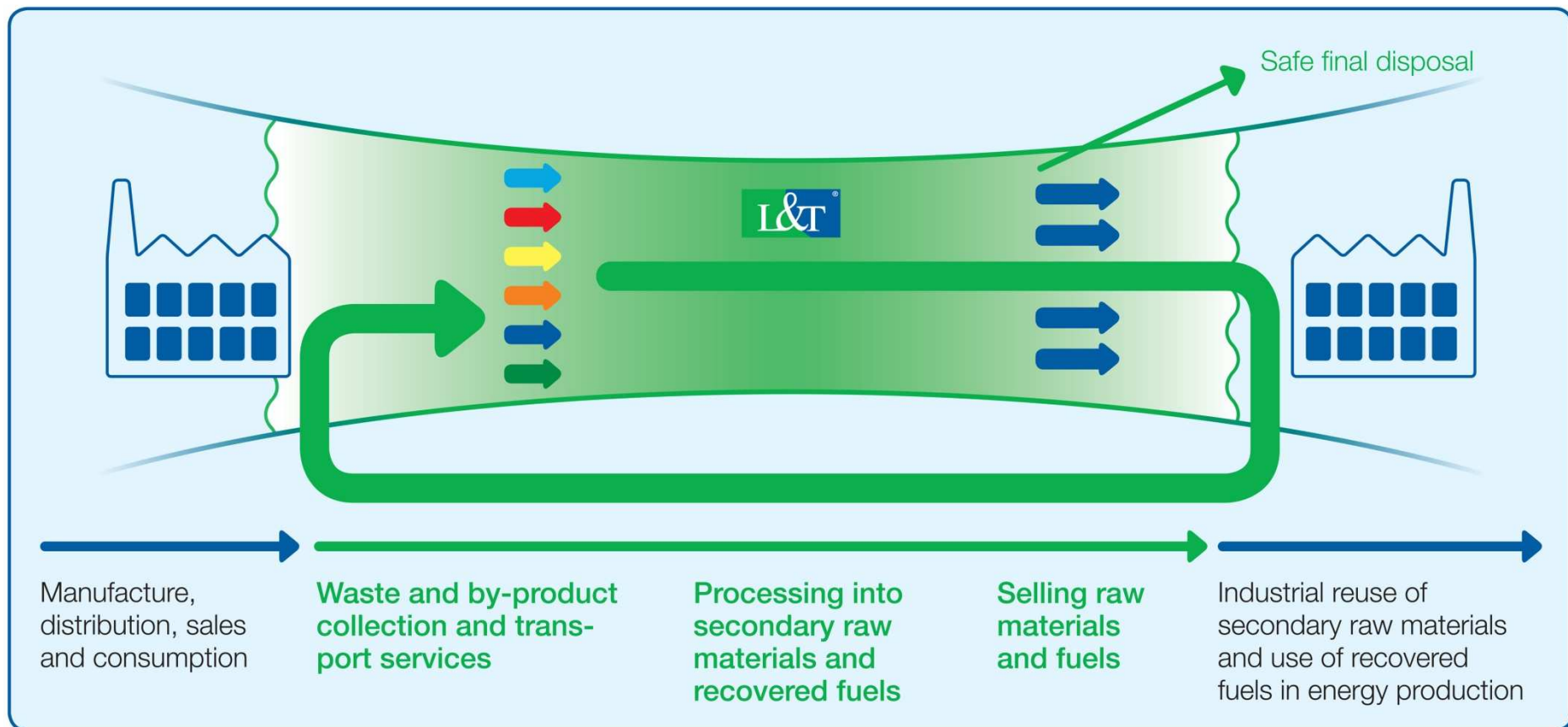
Environmental awareness

- Growing environmental awareness, higher environmental goals and demands on material efficiency
- Voluntary efforts to eliminate landfill waste

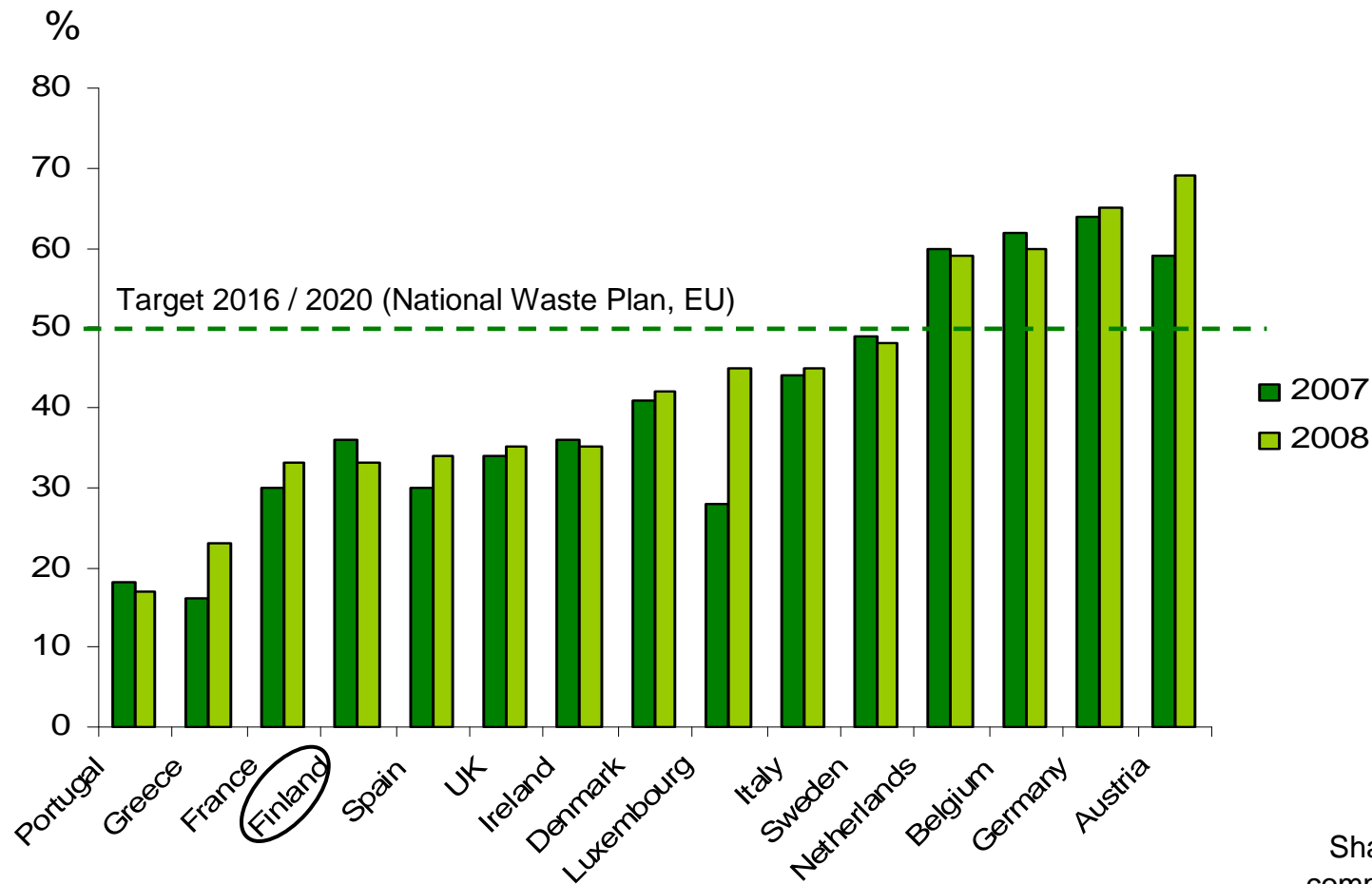
Divisions, Environmental Services



L&T is building a recycling society



Recycling of municipal waste in EU countries



Share of recycling and
composting of municipal
waste (Source: Eurostat)

L&T Recoil

– Refining used lubricant oil into high quality base oil

- Joint venture (50%)
- Services include waste oil refining as well as sale of end products
- Production plant in Hamina, Finland; feedstock collected from countries around the Baltic Sea
- Capacity: 60,000 tons of used lubricants
- Production has not yet stabilised

Divisions,
Environmental
Services



Property and Office Support Services

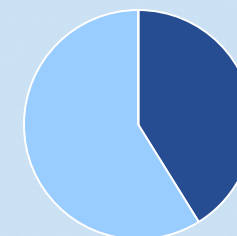
– Multiple services from one service provider

- Cleaning services, property maintenance, maintenance of technical systems, office support services and damage repair
- Over 7,000 customer contracts, net sales come mostly from long-term (2-3 years) service contracts
- Customers include properties, industry, customers operating in leaseholds and insurance companies
- Efficient production management systems, constant presence every day, focus on cost and energy efficiency
- Number two in Finland

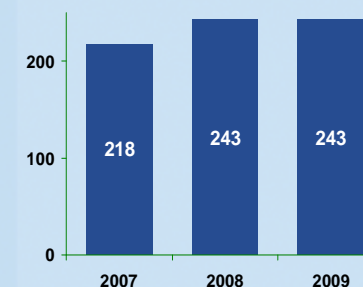
As of 1 July 2010, Property and Office Support Services was divided into two divisions: Property Maintenance and Cleaning and Office Support Services

Divisions, Property and Office Support Services

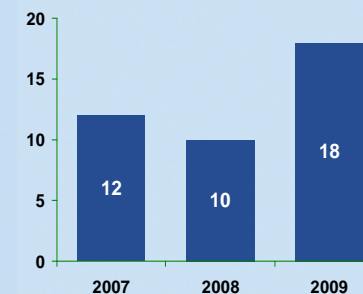
Percentage of net sales
2009 41%



Net sales



Operating profit excl. non-recurring items



Property and Office Support Services – Outsourcing as growth driver

- Trend: from in-house to outsourcing
 - In the Finnish public sector outsourcing rate of property services remarkably below EU average
- Centralization of services to one service supplier offering a wide range of services
- Growing need to improve the energy efficiency of the properties
- Fragmented market: top three operators account for around 50% of the market in Finland

Divisions, Property and Office Support Services



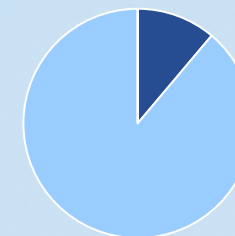
Renewable Energy Sources (L&T Biowatti)

– Clean energy from wood

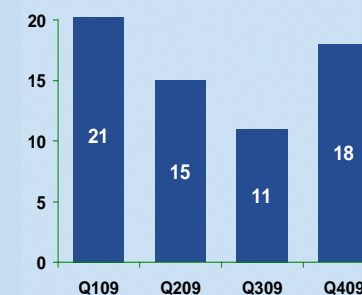
- L&T Biowatti provides comprehensive wood-based biofuel supply solutions to heating and power plants
- Majority of net sales from biofuel supplies; wide customer base; long-term biofuel supply contracts
- Leading operator in its business in Finland

Divisions, Renewable Energy Sources

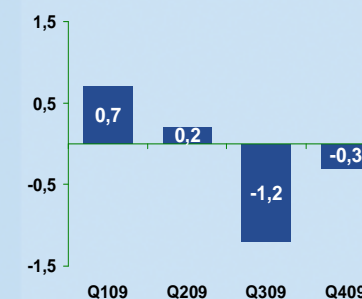
Percentage of net sales
2009 11%



Net sales 2009



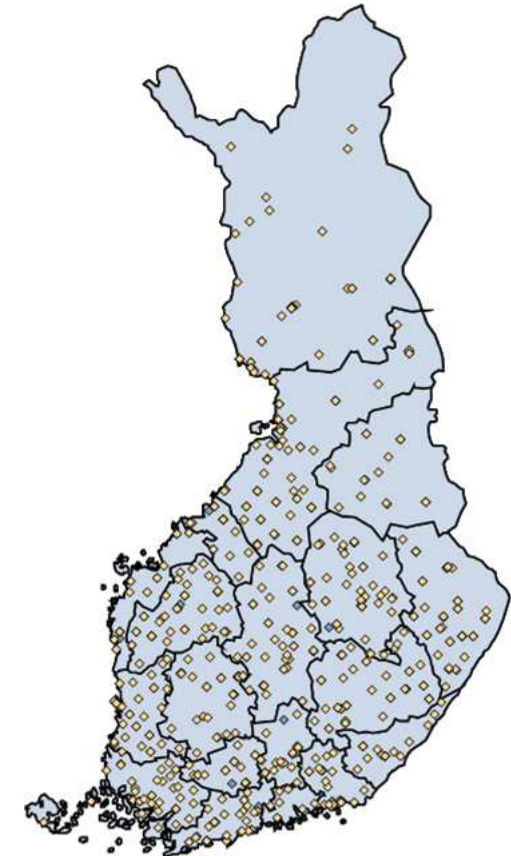
Operating profit excl. non-recurring items 2009



Renewable Energy Sources

– Growth drivers

- Trend: increasing the use of bioenergy and reducing carbon dioxide emissions
 - In Finland, target is to raise the proportion of energy consumption provided by renewable energy sources to 38% by 2020 (currently 28%)
 - Finland's climate and energy strategy: the use of bioenergy to be considerably increased, particularly in heat and power co-generation and property heating; the use of forest processed chips to be tripled in the future
- Utilisation of wood-based raw materials as energy is increasing

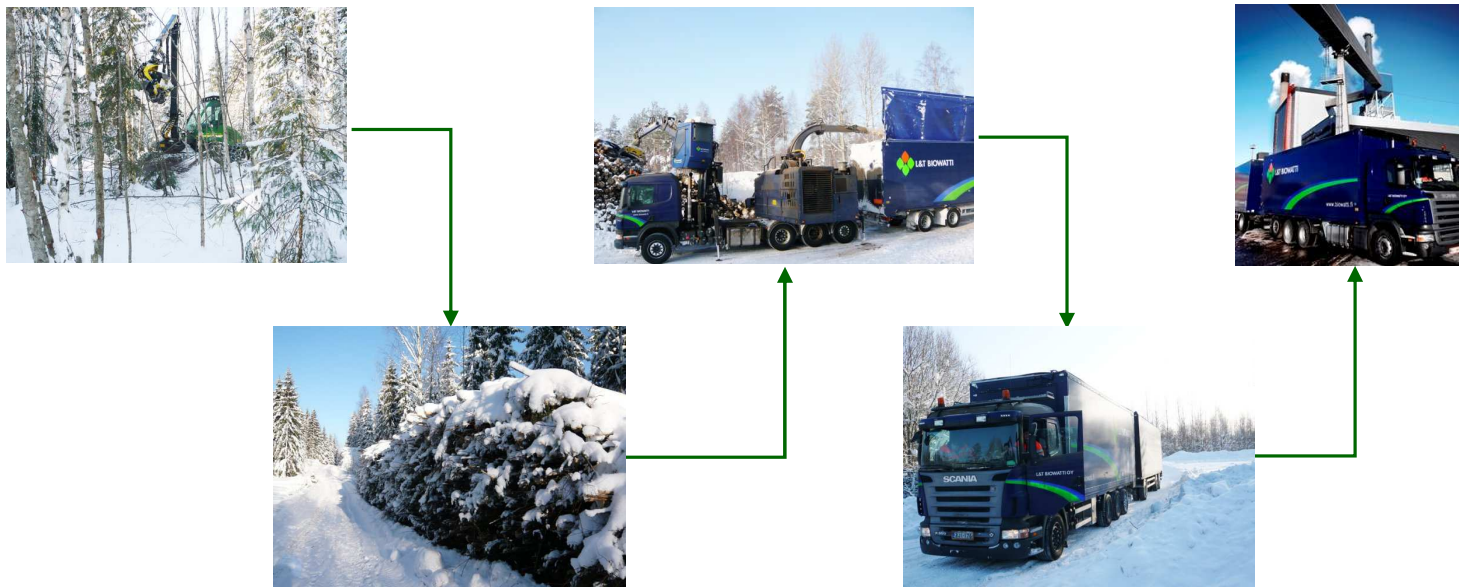


Power and heating plants utilising
wood-based biofuels in 2012
(Source: Pöyry)

Renewable Energy Sources

– From raw material procurement to fuel supply

- The whole chain from raw material procurement to fuel supply
- Nationwide terminal and service network
- Raw material from private and public forest owners through forestry services and from by-product flows of industry

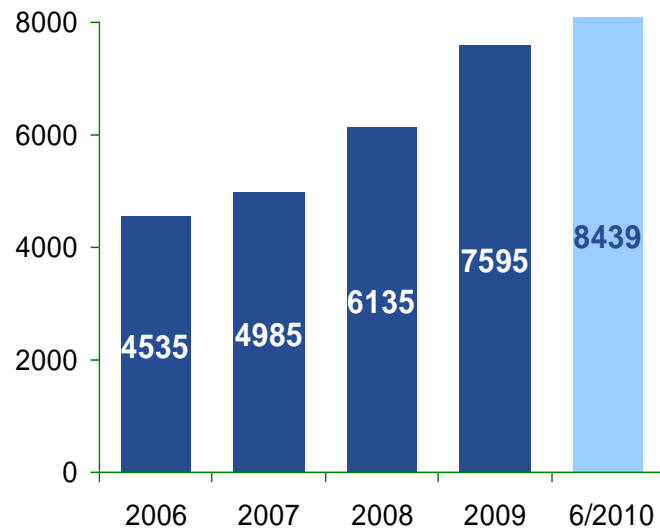


Major shareholders at 30 June 2010

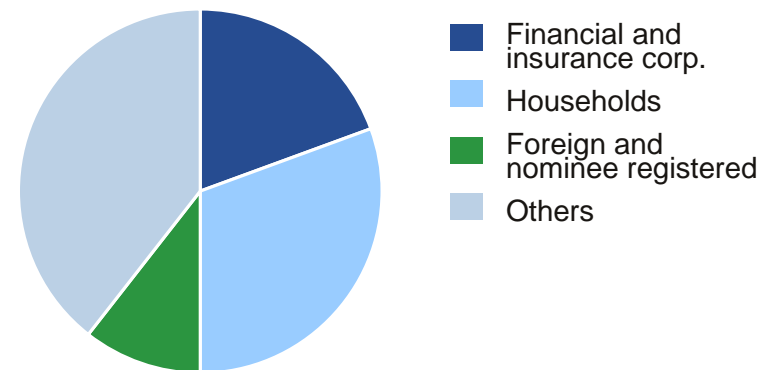
Shareholder	Number of shares	% of shares and of voting power
1 Ilmarinen Mutual Pension Insurance Company	2,854,858	7.4
2 Evald and Hilda Nissi Foundation	2,413,584	6.2
3 Mandatum Life Insurance Company Limited	2,256,397	5.8
4 Tapiola Mutual Pension Insurance Company	1,974,240	5.1
5 Juhani Maijala	1,529,994	3.9
6 OP-Pohjola Group	1,353,547	3.5
7 Varma Mutual Pension Insurance Company	1,265,690	3.3
8 Tapiola Group	1,258,801	3.2
9 Nordea investment funds	966,296	2.5
10 The State Pension Fund	927,000	2.4
Foreign and nominee registered	4,185,576	10.7
Lassila & Tikanoja plc	60,758	
Total number of shares	38,798,874	
Total number of shareholders	8,439	

Number and structure of shareholders

Number of shareholders

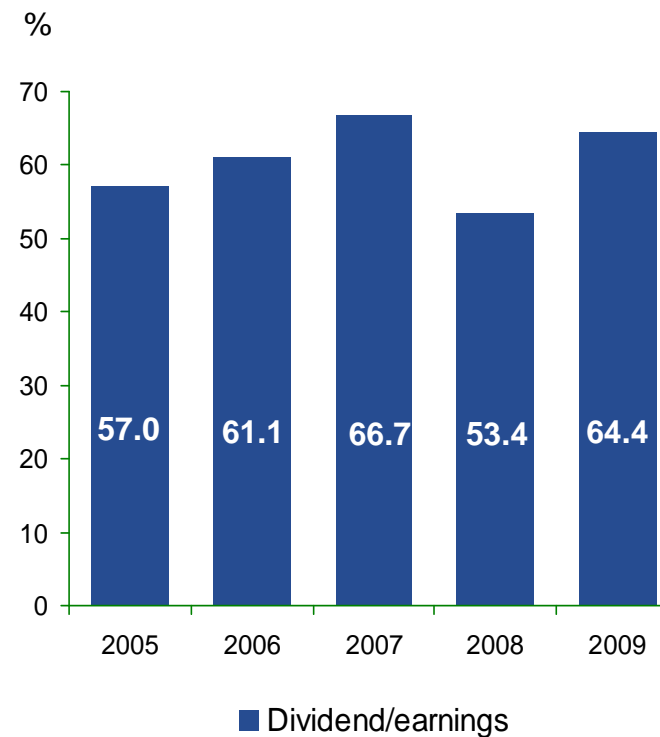
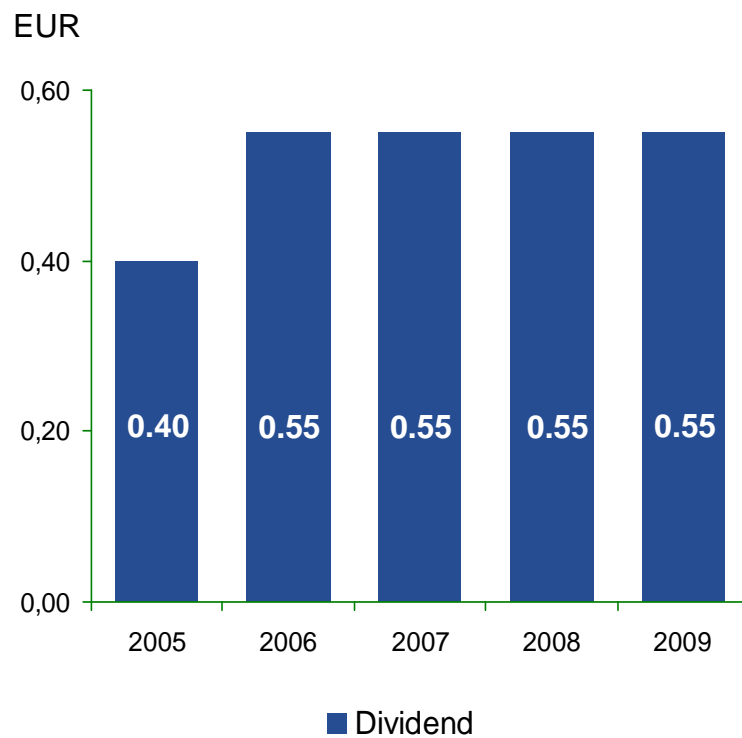


Shareholder structure



Stable dividend: EUR 0.55 per share

The amount of dividend is tied to the results for the financial year. Profits not considered necessary for ensuring the healthy development of the company are distributed to shareholders.



L&T stands for sustainable development

– L&T's CO₂ balance

- Biofuels, recovered fuels and waste material recycling services provided by L&T reduced carbon dioxide emissions by some two million ton in 2008.
- According to the survey, in 2008 L&T's operations caused slightly less than 70,000 ton (2007: 75,000) of carbon dioxide emissions.
- The greatest emissions originate in transports and machinery. Emissions are reduced by way of focusing on low-emission transport equipment and by improving the efficiency of transports.

Calculated using a model by VTT Technical Research Centre of Finland.

Measures to promote occupational health and safety

Occupational health – Sirius programme

- Programme aiming at minimising sickness-related absence and disability pensions, started in Finland in 2006
- Uniform operating procedures for eg. rehabilitation, age management
- Training of supervisors to identify problems at an early stage
- Operates a sickness insurance fund
- Sickness-related absences 5.7% (2007: 5.8%)
- Average retirement age 62 years (2007: 60 years)
- Disability pension costs (affecting the future Employees Pensions Act payment) halved in the period from 2007 to 2009

Occupational safety

- Objective was to halve the accident frequency rate within three years → result: decrease from 87 in 2006 to 43 in 2009 (injuries leading to at least one day's leave)
- Procedure for reporting of near-miss situations



**Financial information:
Highlights of Q2 and
prospects for the rest of the year**

Highlights of Q210

Net sales

Net sales EUR 149.0m (EUR 147.1m) +1.3% (yoy)

Net sales increased thanks to a great amount of commissioned assignments in property maintenance.

Operating profit

Operating profit EUR 8.8m (EUR 14.9m); operating profit excluding non-recurring items EUR 11.8m (EUR 14.8m)

Profitability was burdened by a weak demand of wood-based biofuels of L&T Biowatti.

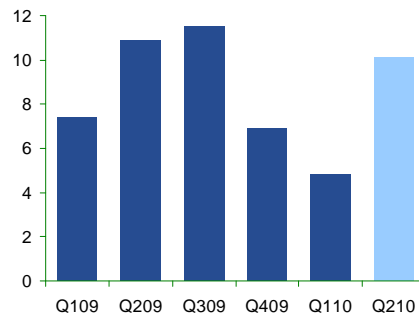
EO items: a restructuring cost of EUR 3.0m due to the discontinuance of wood pellet business of L&T Biowatti

Environmental Services: Waste volumes and demand of secondary raw material picking up

Net sales
EUR 75.6m (EUR 74.1m)

Operating profit
EUR 10.1m (EUR 10.9m)

Operating profit excl.
non-recurring items



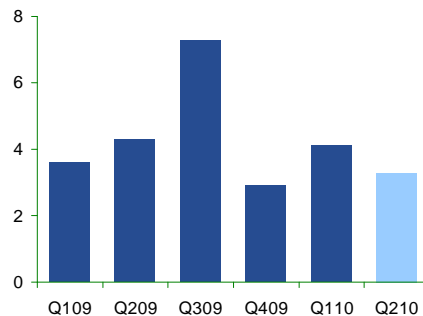
- Waste volumes and demand and prices of secondary raw materials continued recovering.
- New agreements were signed with industrial clients.
- L&T Recoil's operational reliability improved but the result was negative.
- Profitability of operations outside Finland remained on the previous year's level.

Property and Office Support Services: Great work load in property maintenance continued

Net sales
EUR 63.7m (EUR 60.5m)

Operating profit
EUR 3.3m (EUR 4.3m)

Operating profit excl.
non-recurring items



- Increase in net sales originated from success in additional sales and great work load in property maintenance.
- Profitability still on a good level, even though the increase in subcontracting costs eroded the result from the previous year.
- Net sales of operations abroad remained on a par with previous year. Success in new sales in Sweden.
- Result of operations abroad was still slightly negative.

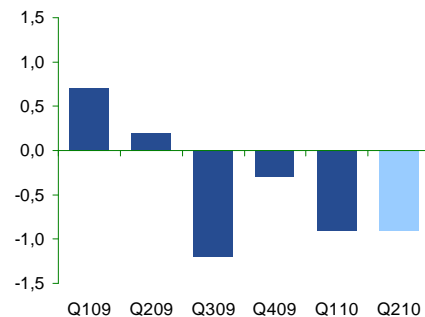
Renewable Energy Sources: Markets of wood-based biofuels remain challenging

Net sales
EUR 12.1m (EUR 14.7m)

Operating profit
EUR -3.9m (EUR -0.3m)

- Net sales decreased due to weak demand of wood-based biofuels.
- Competitiveness of biofuels weakened due to low prices of fossil fuels and emission rights.
- EO items: The wood pellet business was discontinued resulting in non-recurring costs of EUR 3.0m.

Operating profit excl.
non-recurring items



Current issues

L&T Recoil

- The time given to the transaction, on which L&T sells its 50% holding in L&T Recoil to JV partner EcoStream, has been extended.
- The transaction is intended to be completed by the end of September 2010, on condition that, among others, the financing and the share issue needed by EcoStream for the transaction will be completed.
- The assets and liabilities of L&T Recoil have been presented as available-for-sale assets and related liabilities.

Kerava recycling plant's investment programme

- A new combined recycling plant for construction waste and trade and industrial waste will be completed in Kerava during H2/2010, resulting in a marked increase in the recovery rate of the waste processed at the Kerava plant.

Financial summary

	Q210	Q209	Change %	Q1-Q4/2009
Net sales, EUR million	149.0	147.1	1.3	582.3
Operating profit excl. EO items, EUR million	11.8	14.8	-20.2	51.3
Operating profit, EUR million	8.8	14.9	-41.1	50.3
Operating margin, %	5.9	10.1		8.6
Profit before taxes, EUR million	7.8	13.6	-42.5	45.0
Earnings per share, EUR	0.14	0.26	-46.2	0.85
EVA, EUR million	1.2	6.4		16.5

Net sales by division

EUR million	Q210	Q209	Change %
Environmental Services	75.6	74.1	2.0
Property and Office Support Services	63.7	60.5	5.3
Renewable Energy Sources	12.1	14.7	-17.7
Inter-division net sales	-2.4	-2.2	
L&T total	149.0	147.1	1.3

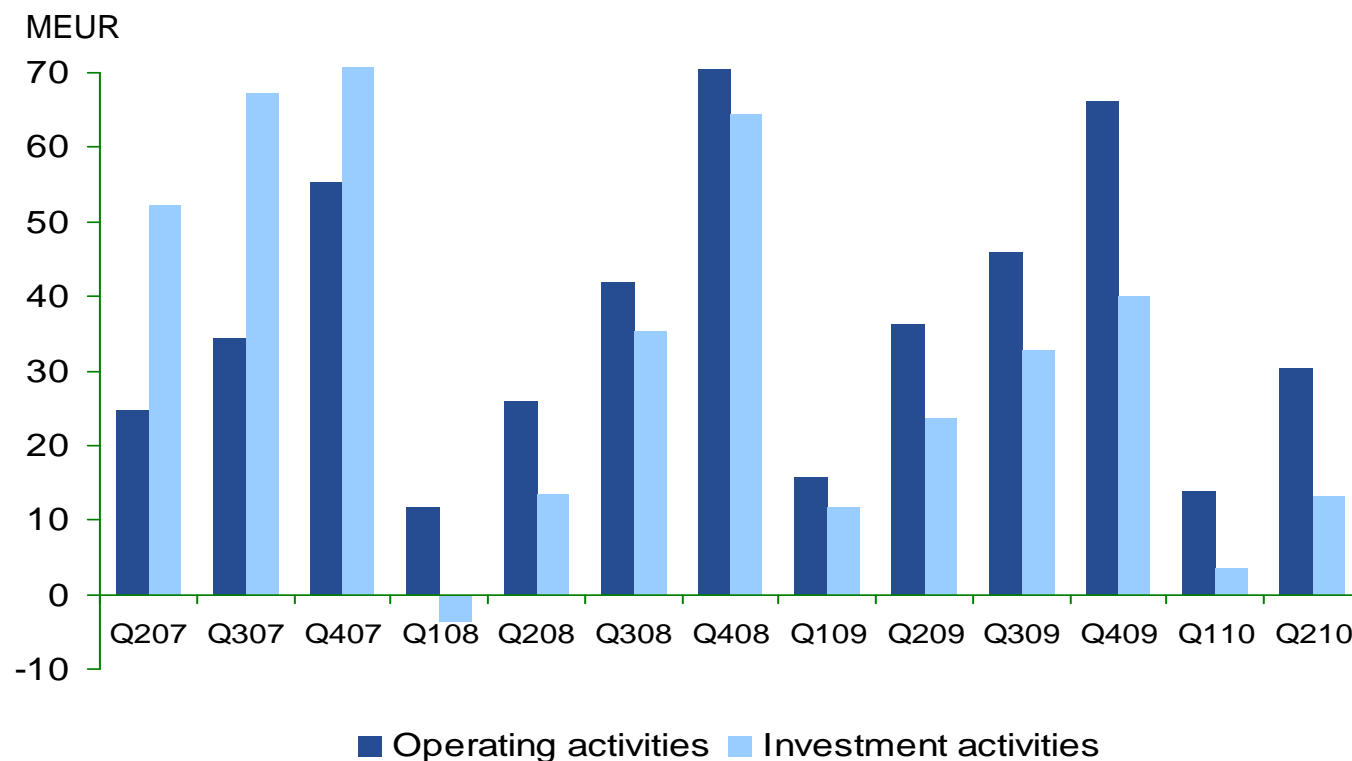
Operating profit by division

EUR million	Q210	Q209	Change %
Environmental Services	10.1	10.9	-7.4
Property and Office Support Services	3.3	4.3	-23.3
Renewable Energy Sources	-3.9	-0.3	
Group administration and other	-0.8	-0.1	
Total operating profit	8.8	14.9	-41.1
Operating margin, %	5.9	10.1	

Key figures

	Q210	Q209	H110	H109	2009
Earnings per share, EUR	0.14	0.26	0.25	0.42	0.85
EVA, EUR million	1.2	6.4	0.1	8.4	16.5
Capital expenditure, EUR million	10.6	12.2	16.1	24.5	44.9
Depreciation, amortisation and impairment, EUR million	12.7	9.9	23.0	19.8	40.3
Return on equity, % (ROE)			9.3	15.9	15.7
Return on invested capital, % (ROI)			9.1	14.6	14.5
Equity ratio, %			43.8	41.6	44.1
Gearing, %			47.5	64.9	53.5
Total number of full-time and part-time employees at end of period			9,420	9,524	8,743

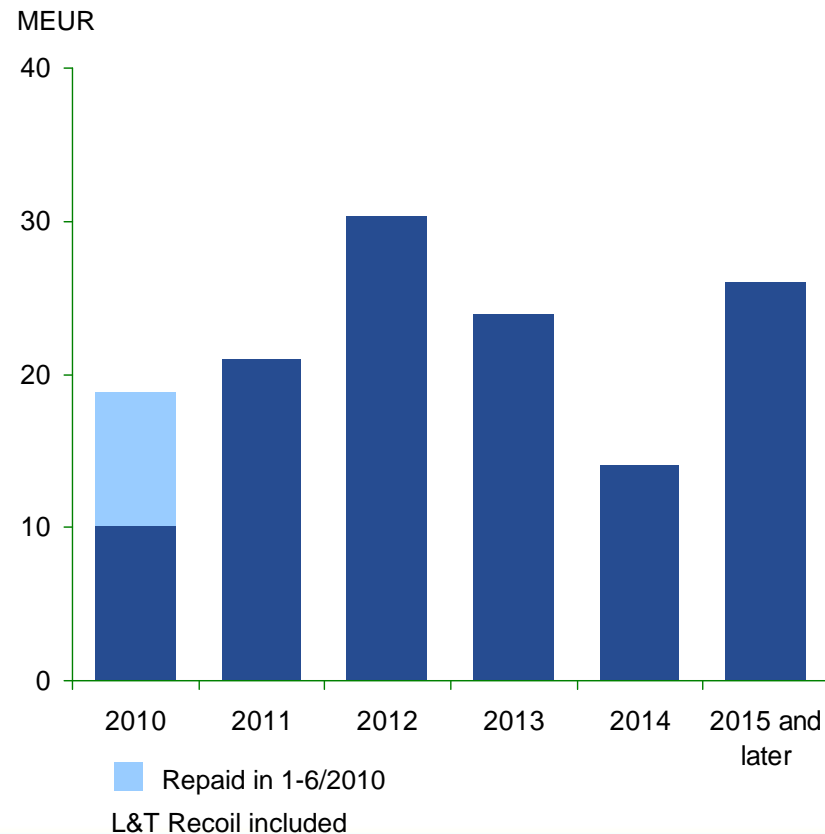
Operating cash flow, cumulative



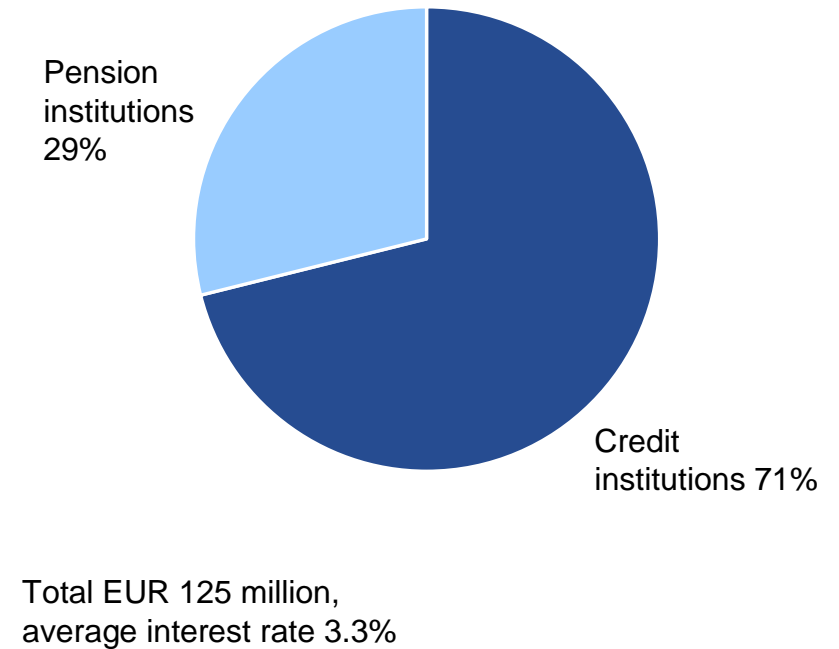
- Operating cash flow was EUR 30.4m (EUR 36.2m)
- EUR 2.1 million was released from the working capital (EUR 2.6 million tied up)

Long-term loans

Maturity structure of long-term loans 30 June 2010

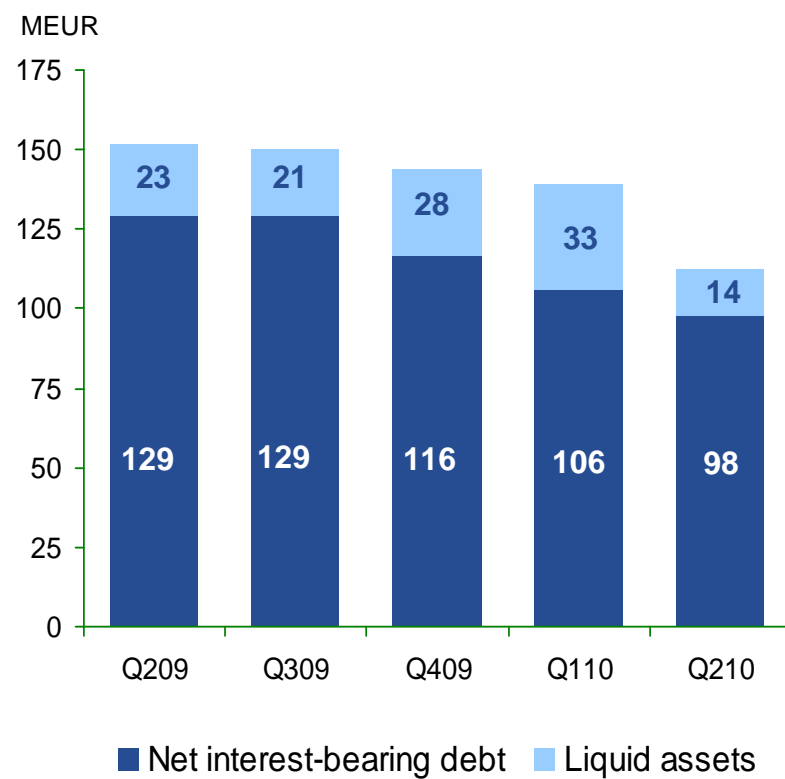


Long-term loan portfolio 30 June 2010

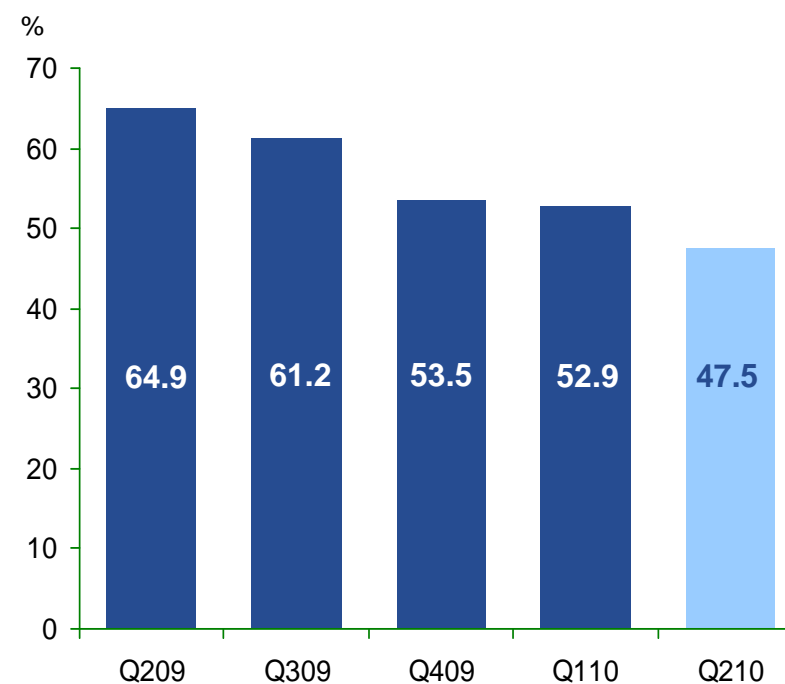


Financial position

Interest-bearing debt



Gearing ratio



Prospects for the rest of the year

In the Environmental Services division, the market outlook for waste management and recycling services for the rest of the year has improved. Waste volumes are expected to grow. The demand for secondary raw materials and the market prices are expected to recover moderately. In light of the rising operating rates in the industry, it is fair to assume that the demand for hazardous waste and process cleaning services will grow.

An approximately one-month maintenance shut-down at the joint venture L&T Recoil's plant scheduled to start in August will improve the plant's reliability and raise the degree of processing. The plant was not yet in operation in the second half last year, and the joint venture recorded significant losses.

The markets for Property and Office Support Services are expected to remain unchanged towards the year-end. However, in the current economic conditions the competitive situation will remain fierce.

The demand for L&T Biowatti's wood-based fuels is estimated to remain weak. Furthermore, low prices of emission rights and fossil fuels will undermine the competitiveness of renewable fuels. While the planned government support measures to increase the use of renewable fuels are expected to have a positive impact in the long term, they will not affect this year's performance.

Full-year net sales and operating profit excluding non-recurring items are expected to remain at the same level as in 2009.

This estimate was included in the Interim Report Q2 released on 27 July 2010.