



**Lassila & Tikanoja plc**

**4 May 2007**

**Jari Sarjo, President and CEO**

## Highlights of Q107

- Growth in net sales 28.4% (yoy)
  - Strong organic growth 8.9% (yoy)
    - Volume of recycled materials increased
    - Strong demand in Industrial Services
    - Acquisition of the majority of Biowatti Oy became effective on 1 February
- Operating profit grew by 2.2% (yoy)
- Excluding recognition of changes in fair values of oil derivatives and interest rate swaps (EUR -1.6 million)
  - Operating profit grew by 14.5%
  - Profit before taxes grew by 13.1%

## Highlights of Q107

### Environmental Services

- Strong organic growth continued
  - Increased recycling capacity utilised efficiently in sales
- Volumes of recycled materials increased, efficient control of production costs
- L&T Biowatti included in figures for two months; net sales and profit development almost as planned

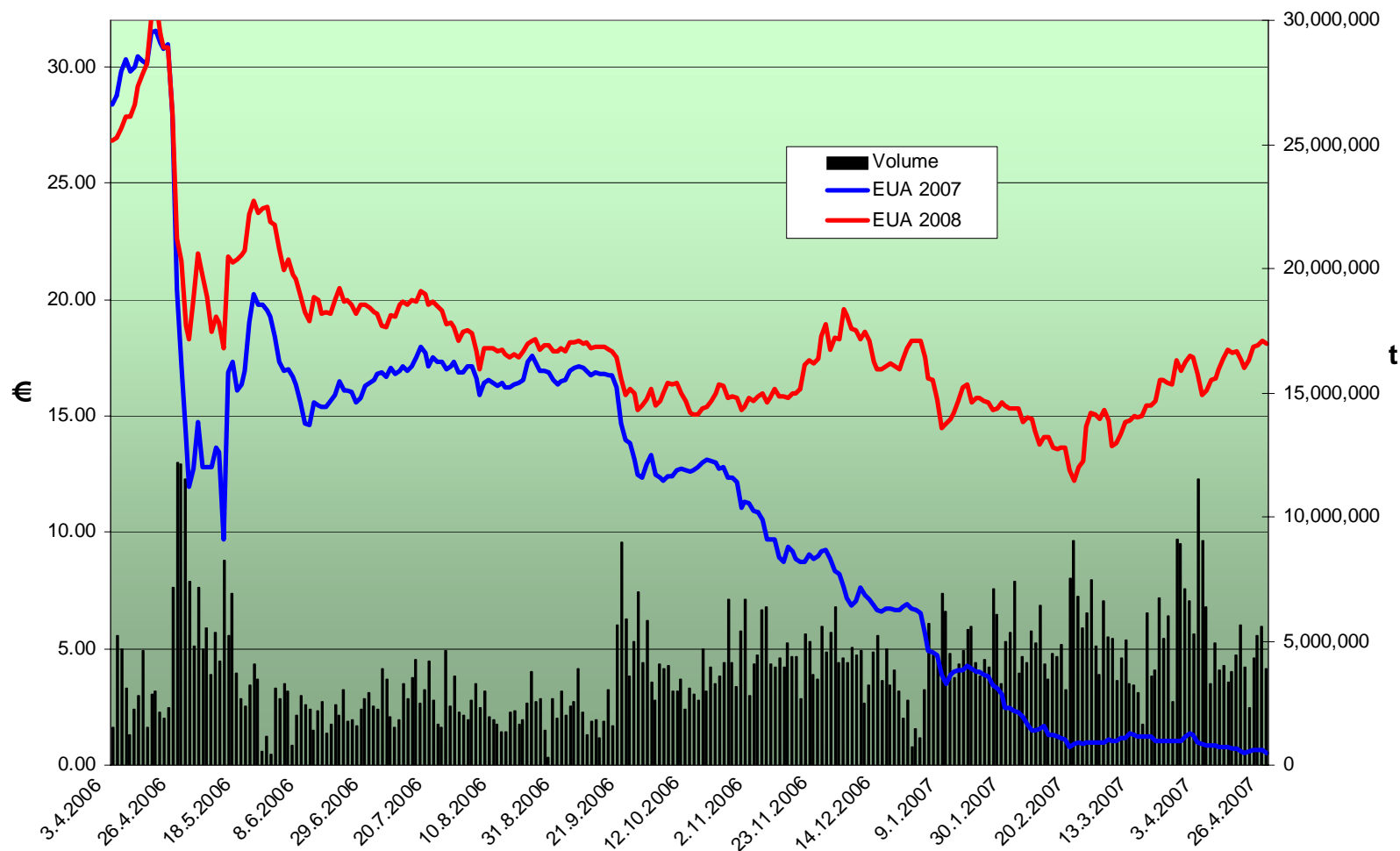
### Property and Office Support Services

- Organic growth continued in Finland
- Foreign operations continued to run at a loss
- Units in Russia and Latvia were reorganised putting stress on sales operations
- In Sweden focus on integrating acquired companies and building a sales organisation
- In cleaning services, a large number of new contracts started, and the costs of initiation hampered profitability

### Industrial Services

- Net sales grew in every product line
- Performance improved due to strong demand and strict cost control, in hazardous waste services in particular.
- Cost of EUR 1.1 million arising from changes in fair values of oil derivatives

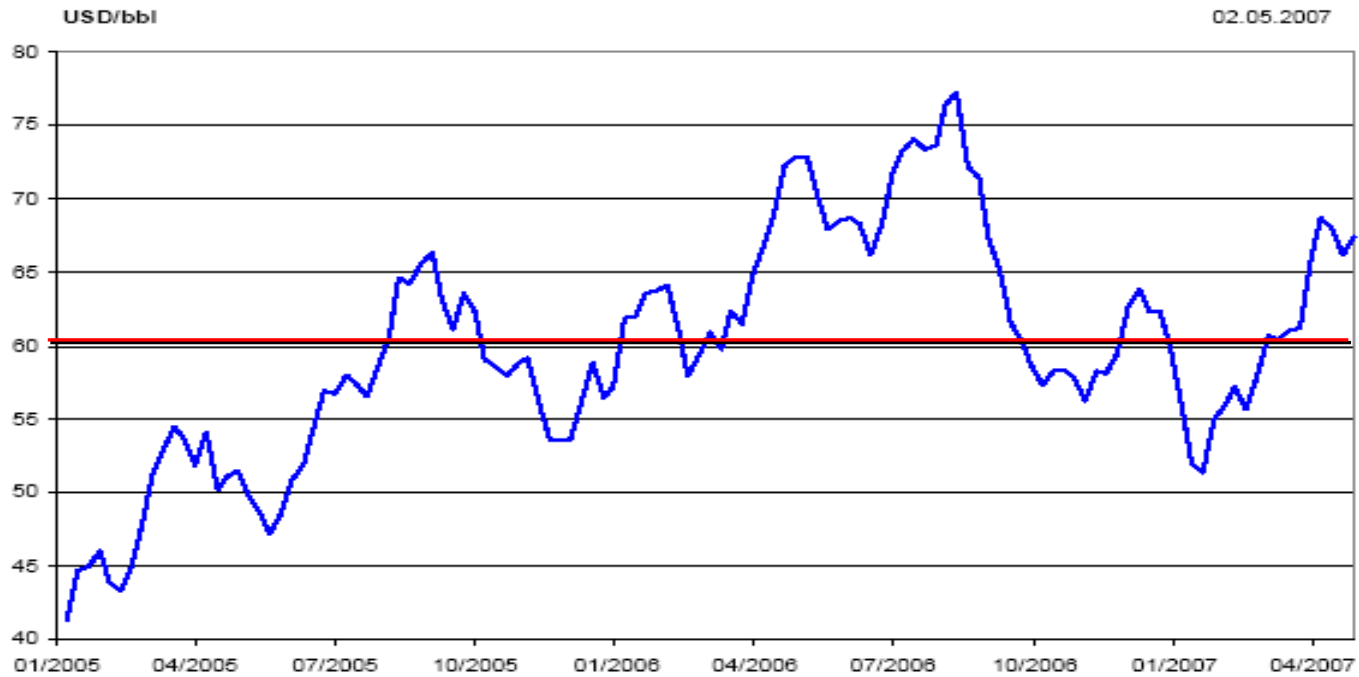
# CO<sub>2</sub> emission allowance prices



Price development last 100 sessions. Forward prices for 2007 and 2008.  
Source: GreenStream Network Ltd. market intelligence.

## Crude oil price

### Crude oil price / Raakaöljyn hinta



Brent dated

Source/lähde: Platts Crude Oil Marketwire

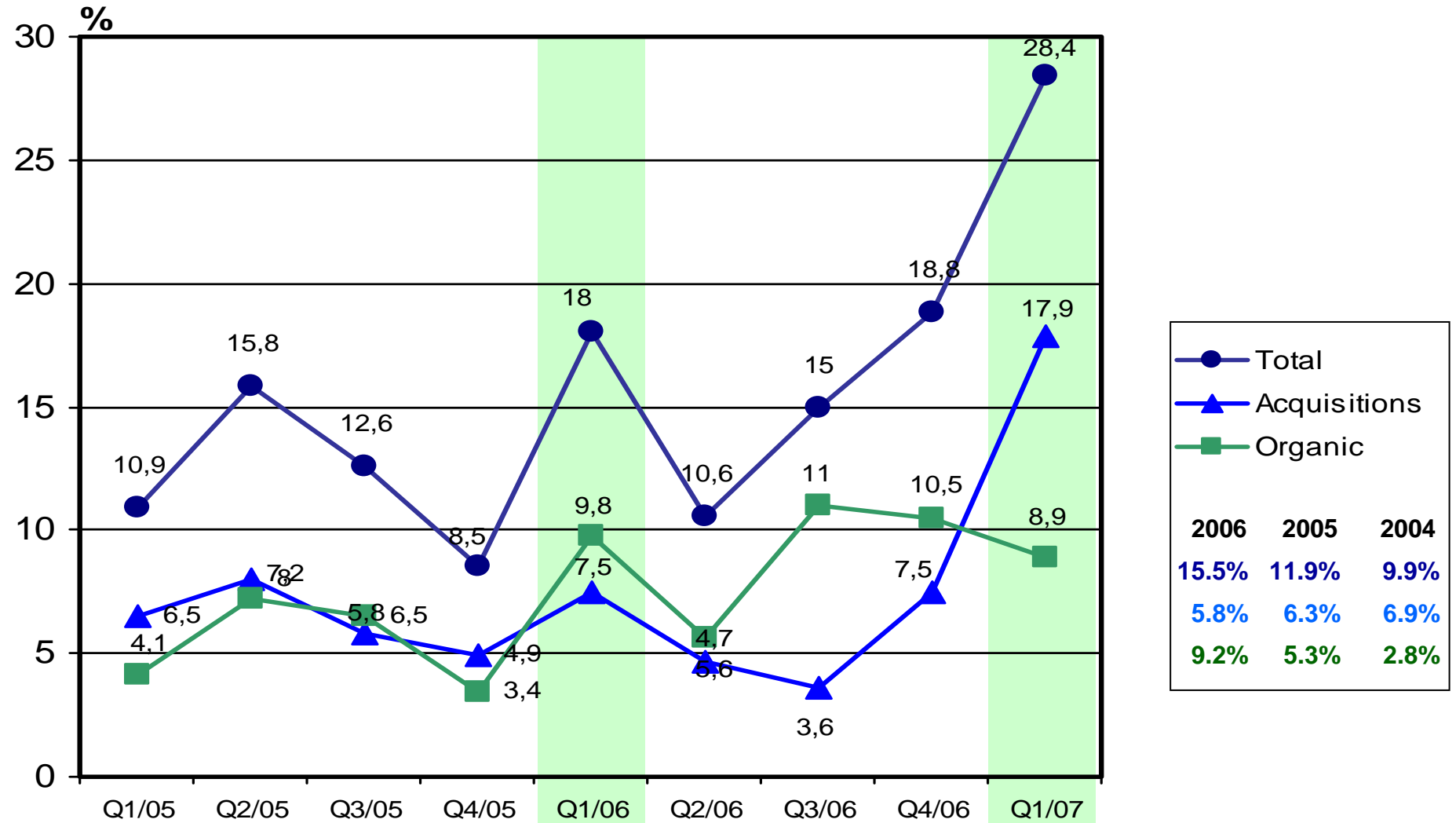
## Financial summary

	Q107	Q106	Change %	Q1-Q4 /2006
Net sales, EUR million	<b>129.1</b>	100.6	28.4	436.0
Operating profit, EUR million	<b>9.2</b>	9.0	2.2	50.2
Operating margin, %	<b>7.1</b>	8.9		11.5
Profit before taxes, EUR million	<b>8.3</b>	8.8	-5.2	48.5
Earnings per share, EUR	<b>0.15</b>	0.16	-6.3	0.90
EVA, EUR million	<b>3.6</b>	3.8	-5.3	28.6

## Net sales by division

EUR million	<b>Q107</b>	Q106	Change %
Environmental Services	<b>65.8</b>	47.1	39.6
Property and Office Support Services	<b>48.7</b>	41.1	18.5
Industrial Services	<b>15.8</b>	13.1	20.1
Group administration and other Inter-division net sales	<b>-1.2</b>	-0.9	
<b>Total</b>	<b>129.1</b>	100.6	28.4

## Growth of net sales 2005 - 2007



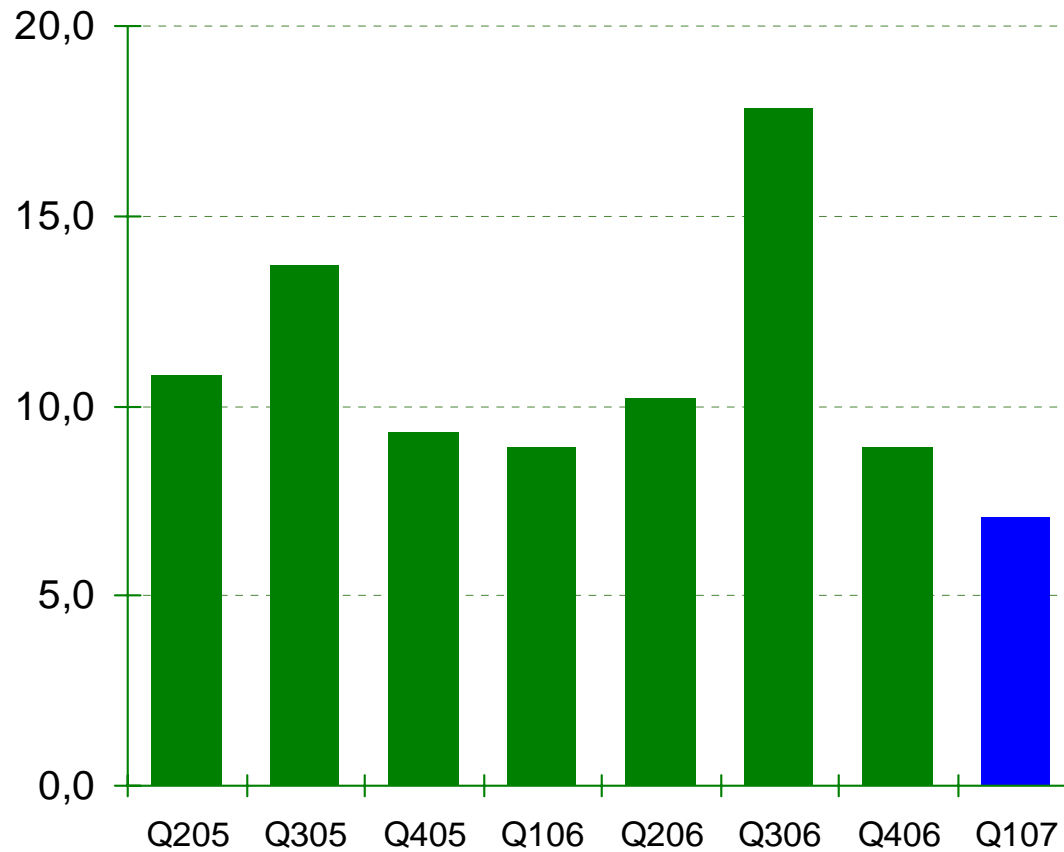
## Earnings by division

EUR million	Q107	Q106	Change %
Environmental Services	8.6	7.3	18.1
Property and Office Support Services	1.1	1.3	-14.5
Industrial Services	0.02	0.8	-97.6
Group administration and other	-0.6	-0.4	
Total operating profit	9.2	9.0	2.2
Operating margin	7.1	8.9	

## Key figures

	Q107	Q106	2006
Earnings/share, EUR	<b>0.15</b>	0.16	0.90
Return on equity, % (ROE)	<b>14.4</b>	16.7	21.2
Return on invested capital, % (ROI)	<b>14.6</b>	16.0	21.0
Equity ratio, %	<b>40.5</b>	43.9	50.4
Gearing, %	<b>54.6</b>	54.0	29.7
EVA, EUR million	<b>3.6</b>	3.8	28.6
Capital expenditure, EUR million	<b>47.2</b>	15.2	47.2
Depreciation and amortisation, EUR million	<b>7.7</b>	7.0	28.2
Total number of full-time and part-time employees at end of period	<b>8,805</b>	8,134	8,328

## Operating margin by quarter

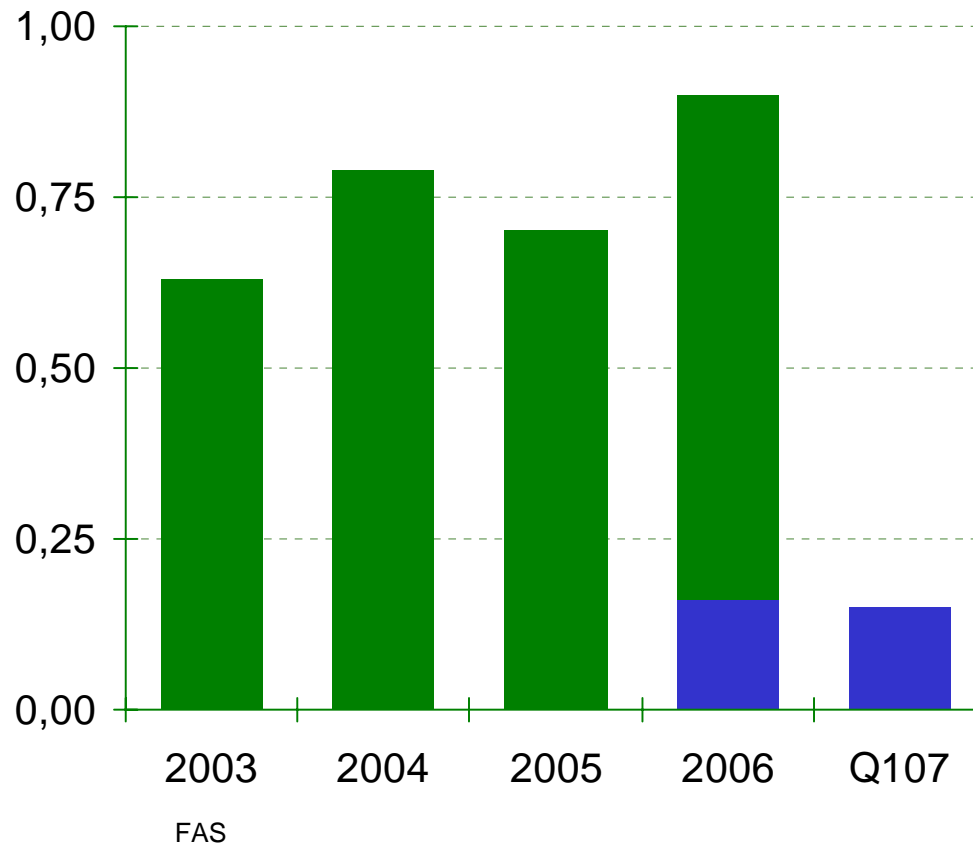


## Operating margin by division

### Quarterly figures

%	<b>Q107</b>	<b>Q1- Q406</b>	Q406	Q306	Q206	Q106	<b>Q1- Q405</b>	Q405	Q305	Q205
Environmental Services	<b>13.1</b>	<b>15.7</b>	13.3	18.9	15.1	15.5	<b>13.3</b>	12.4	15.1	13.5
Property and Office Support Services	<b>2.2</b>	<b>5.2</b>	2.6	11.7	3.6	3.1	<b>8.4</b>	6.5	12.5	8.0
Industrial Services	<b>0.1</b>	<b>14.9</b>	16.5	20.9	13.8	6.0	<b>8.2</b>	6.3	14.3	11.6
Lassila & Tikanoja	<b>7.1</b>	<b>11.5</b>	8.9	17.8	10.2	8.9	<b>10.4</b>	9.3	13.7	10.8

## Earnings per share



## Prospects for the rest of the year 2007 (1)

The prospects for Lassila & Tikanoja's markets remain good. Among other things, the demand for Environmental Services in Finland will be increased by the fact that many landfills will have to be closed down towards the end of the year due to new EU regulations. The Finnish Waste Act will change on 1 June 2007 to the effect that the waste management of trade and industry will mostly be released from municipal controls, and business customers will also be able to freely choose their service provider. This will reinforce the strategic possibilities of the private environmental management sector to invest in the recovery of waste materials.

The market outlook for Property and Office Support Services in Finland is better than last year even though the competitive situation is challenging. The full-year result for cleaning operations abroad will be in the red, the loss being, however, smaller than a year earlier.

The market outlook for Industrial Services is quite positive. Strong demand seems to continue, and L&T's position in the market has strengthened. Clear growth will also be seen in markets outside Finland.

This estimate was made in May 2007 and was included in the Q107 interim report.

## Prospects for the rest of the year 2007 (2)

The price of carbon dioxide emission allowances (EUR per tonne of carbon dioxide) will substantially affect the pricing of renewable energy sources and thus the demand for them. The price has fallen substantially during the current year because there are more emission allowances available in the European emissions trading market than expected. At the moment, the price is substantially below one euro. This will probably result in that L&T Biowatti's customers will consume less wood-based fuels than expected and favour fossil fuels in 2007. The price level for the new emissions trading period starting as of the beginning of 2008 is currently approximately EUR 18. This is expected to improve the competitive ability of renewable energy sources and lead to a normalisation of purchasing volumes in the beginning of 2008. The Finnish government programme has brought the increased utilisation of forest processed chips into focus as the aim is to increase the proportion of renewable energy sources.

During the current year, L&T Biowatti will strengthen the procurement of raw materials, increase stocks, improve its delivery capacity and thus prepare for increased demand in 2008. L&T Biowatti's net sales in 2007 will increase by less than 10%, with earnings falling short of expectations.

Two or three more recycling plants and terminals will be built during the year, one of them in Russia. Due to completed corporate acquisitions and investment decisions made, the full-year capital expenditure will exceed the one for the previous year.

Organic growth is expected to continue at a healthy level. Full-year net sales are estimated to increase by clearly more than 20% and financial performance is estimated to improve.

This estimate was made in May 2007 and was included in the Q107 interim report.