LASSILA & TIKANOJA PLC

Lassila & Tikanoja plc

6 February 2007

Jari Sarjo, President and CEO

LASSILA & TIKANOJA PLC

Highlights of the year 2006
Growth

- Growth in net sales was 15.5%. Organic growth strengthened to all time high and was 9.2 percentage points
- Significant success in sales, customer satisfaction improved
- Ten new service products were launched
- Market position strengthened in all divisions
- In Sweden an intermediate target was met: L&T is now the third biggest commercial operator in the cleaning market
- First recycling plant in Latvia came on stream
- First outsourcing agreements for support services with forest industry customers
- Majority holding of Biowatti Oy was acquired. Biowatti is the leading Finnish bioenergy company utilising renewable energy sources. The acquisition was effective on 1 February 2007.

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Highlights of the year 2006
Financial performance

- Pre-tax profit, totalling EUR 48.5 million (EUR 37.5 million), went up by 29.4%

- Environmental Services exceeded targets
  - Significant growth in net sales
  - Recycling volumes increased and efficiency improved

- Performance of Property and Office Support Services was burdened by expansion of operations abroad
  - Operations in Finland exceeded targets
  - Employment pension costs regained their typical level after having been exceptionally low in 2005
  - Cleaning operations outside Finland were running a loss. The earnings were burdened by costs of initiating the operations and other non-recurring costs.

- Industrial Services exceeded targets
  - Strong growth in net sales and strict cost control
  - Systematic improvement of operations
  - Improved adaptation to seasonal fluctuations in demand

- Financial result was improved by the effect of the sale of a property amounting to nearly EUR two million

Highlights of Q406

- Growth in net sales 18.8% (yoy)
  - Strong organic growth 10.5% (yoy)
    - Success in sales operations continued
    - Demand was boosted by mild weather
    - Several new service products were launched

- Operating profit grew by 13.9% (yoy)
  - Performance of foreign units was burdened by non-recurring costs in Property and Office Support Services
  - Changes in fair values of oil derivatives improved result by EUR 0.7 million

Highlights of Q406

Environmental Services

- Strong organic growth continued
- Production circumstances were favourable
- Volumes of recycled materials increased, efficient control of production costs
- Performance of joint venture Salvor improved clearly

Property and Office Support Services

- New and additional sales continued strong in Finland
- Performance of foreign units was burdened by non-recurring costs
- Mild weather did not improve performance much, because snow ploughing is mainly covered by advance agreements with subcontractors, and there were no snow transports that would have provided for additional invoicing

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. An income of EUR 0.7 million arising from changes in fair values of oil derivatives was recognised.
- Industrial cleaning was able to adapt its costs to seasonal variations in demand.

Financial summary

	10-12 /2006	10-12 /2005	Change %	**1-12 /2006**	1-12 /2005	Change %
Net sales, EUR million	**115.4**	97.1	18.8	**436.0**	377.4	15.5
Operating profit, EUR million	**10.3**	9.1	13.9	**50.2**	39.3	27.8
Operating margin, %	**8.9**	9.3		**11.5**	10.4	
Profit before taxes, EUR million	**10.0**	9.0	11.1	**48.5**	37.5	29.4
Earnings per share, EUR	**0.18**	0.16	12.5	**0.90**	0.70	28.6
EVA, EUR million	**4.6**	3.4	35.3	**28.6**	18.3	56.3

Net sales by division

EUR million	**2006**	2005	Change %
Environmental Services	**207.3**	180.7	14.7
Property and Office Support Services	**168.4**	142.9	17.9
Industrial Services	**64.4**	57.6	11.9
Group administration and other	**0.1**	0.4	
Inter-division net sales	**-4.2**	-4.1	
Total	**436.0**	377.4	15.5

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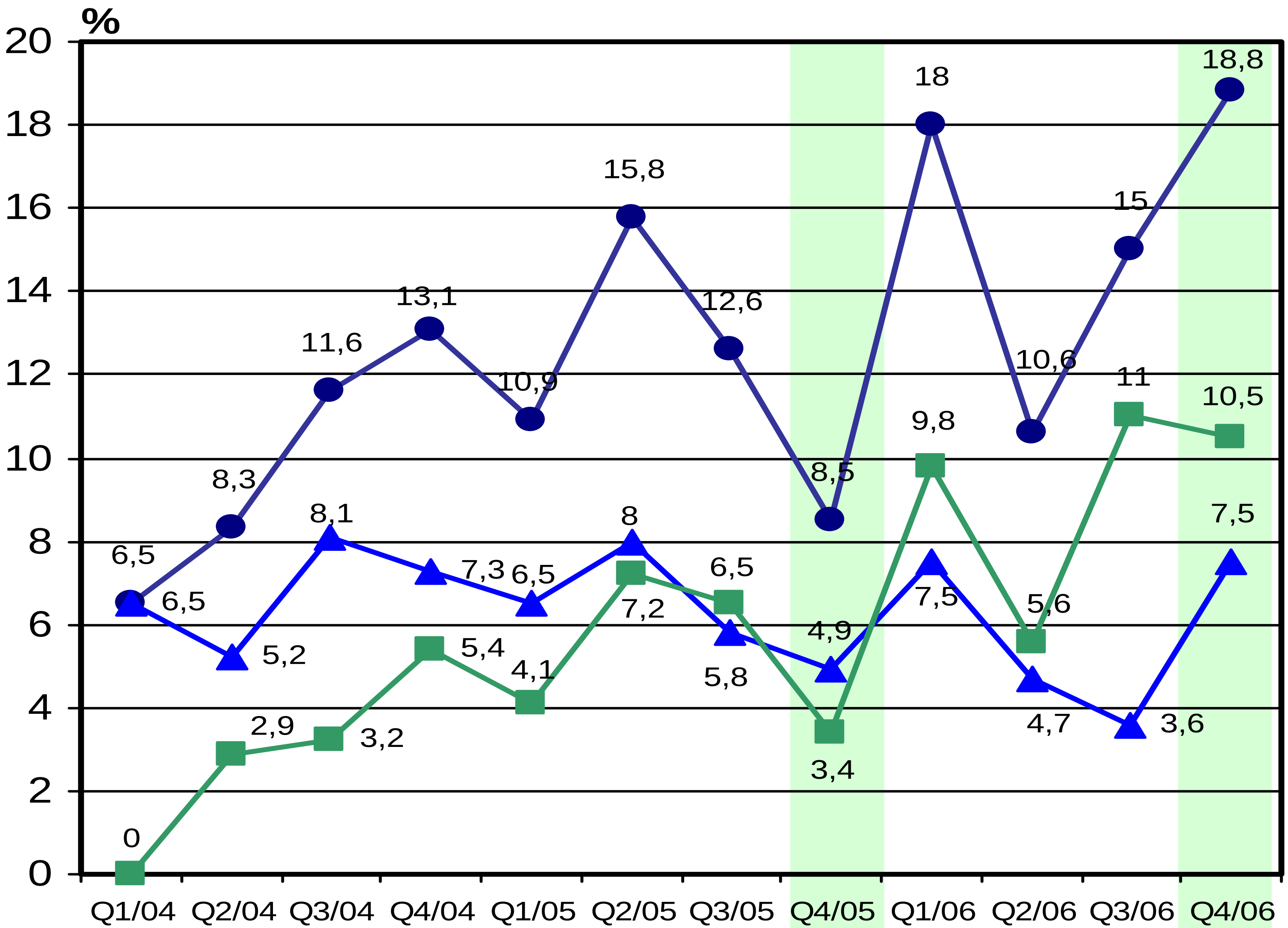
Growth of net sales



2006	2005	2004
15.5%	11.9%	9.9%
5.8%	6.3%	6.9%
9.2%	5.3%	2.8%

Earnings by division

EUR million	**2006**	2005	Change %
Environmental Services	**32.5**	24.0	35.5
Property and Office Support Services	**8.8**	11.9	-26.7
Industrial Services	**9.6**	4.7	102.3
Group administration and other	**-0.7**	-1.4	
Total operating profit	**50.2**	39.3	27.8
%	**11.5**	10.4	

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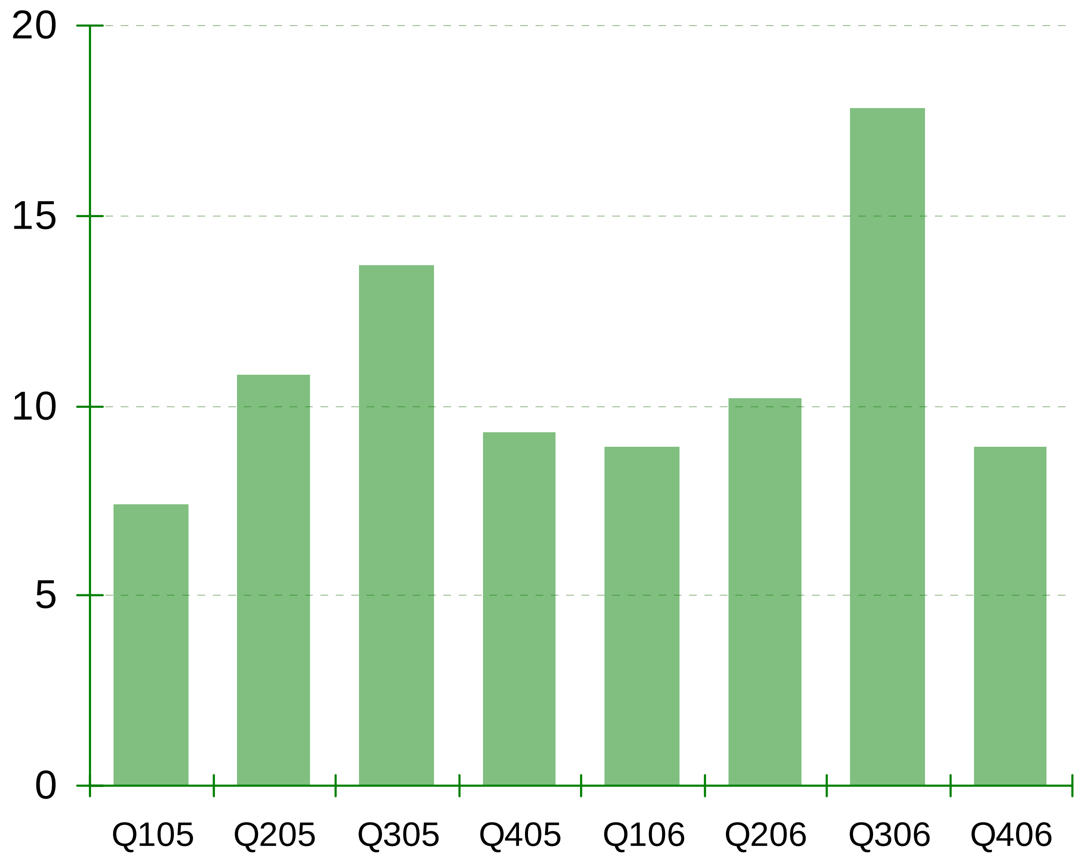
Key figures

	Q406	Q405	**2006**	2005
Earnings/share, EUR	**0.18**	0.16	**0.90**	0.70
Return on equity, % (ROE)			**21.2**	18.8
Return on invested capital, % (ROI)			**21.0**	17.9
Equity ratio, %			**50.4**	49.5
Gearing, %			**29.7**	49.3
EVA, EUR million	**4.6**	3.4	**28.6**	18.3
Capital expenditure, EUR million	**15.1**	11.3	**47.2**	60.9
Depreciation and amortisation, EUR million	**7.5**	6.6	**28.2**	24.8
Average number of employees in full-time equivalents			**6,775**	5,918

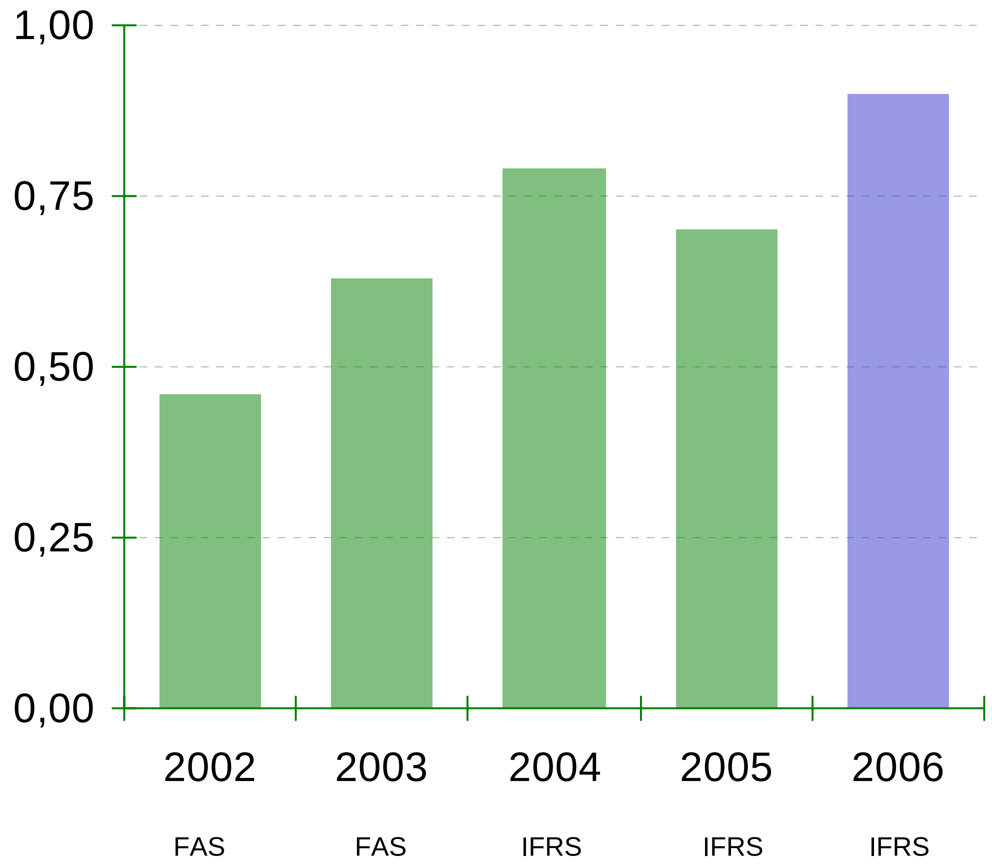
Operating margin by quarter



Operating margin by division
Quarterly figures

%	**Q1-Q406**	**Q406**	**Q306**	Q206	Q106	**Q1-Q405**	Q405	Q305	Q205	Q105
Environmental Services	**15.7**	**13.3**	**18.9**	15.1	15.5	**13.3**	12.4	15.1	13.5	11.9
Property and Office Support Services	**5.2**	**2.6**	**11.7**	3.6	3.1	**8.4**	6.5	12.5	8.0	6.4
Industrial Services	**14.9**	**16.5**	**20.9**	13.8	6.0	**8.2**	6.3	14.3	11.6	-2.1
Lassila & Tikanoja	**11.5**	**8.9**	**17.8**	10.2	8.9	**10.4**	9.3	13.7	10.8	7.4

Earnings per share



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Prospects for the year 2007

The prospects in Lassila & Tikanoja's markets are good, and the company's market position has strengthened. 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 forest energy market should develop favourably, due to a continuing trend towards increasing the use of renewable energy sources. The market outlook for Property and Office Support Services in Finland is better than last year, and the competitive situation has normalised. The market outlook for Industrial Services is quite positive. Strong demand seems to be continuing, and the company's position in the market has clearly improved. Clear growth will also be seen in markets outside Finland.

Successful new sales in the latter half of 2006 provided the preconditions for continuing strong organic growth. Corporate acquisitions, Biowatti in particular, will strongly increase net sales. Biowatti's operations require very little capital and do not call for an operating profit level as high as that of other operations within Environmental Services. This will decrease the operating profit of Environmental Services in comparison with net sales.

During the year, two or three new recycling plants and terminals will be built, including one in Russia. Investments will increase due to completed corporate acquisitions and other investment decisions.

The management emphasis in 2006 was on improving productivity and cost-based management. This concept will be further elaborated, particularly in Property and Office Support Services. We estimate that the growth in net sales will clearly exceed 20% and financial performance will improve.

This estimate was made in February and was included in the financial statements release.

