



LASSILA & TIKANOJA PLC



**Lassila & Tikanoja plc**

**27 April 2005**

**Jari Sarjo, President and CEO**

## Key Points of Q105

- Growth in net sales 10.9% (yoy)
  - Organic growth strengthened and was 4.1 percentage points
  - Sales targets were exceeded in Property Services
  - Three minor company acquisitions
- Operating profit increased by 2.4% (yoy)
  - Strong seasonal variation and weak demand pushed industrial cleaning to red

## Key Points of Q105

- **Environmental Services**
  - Rise in fuel prices continued. Sale prices will be raised in the spring and in the summer.
  - A significant new environmental permit was obtained.
  - Construction of a recycling plant was started in Turku, it should be ready at the end of the year.
  - On 1 April Jäteässä Oy was acquired (net sales EUR 10 million in 2004).
- **Property Services**
  - Strong organic growth continued, market position strengthened.
  - Profitability improved as a result of growth in net sales, improved customer permanence and measures to improve efficiency.
  - Less snowfall than in the previous year.
  - Operations in Moscow will start in early summer.
  - Pension costs were lower than in the previous year.
- **Industrial Services**
  - Weak demand for industrial cleaning services did not improve until at the end of the period. Order book currently strong.
  - Result of hazardous waste services was boosted by a rise in the recovery rate.
  - Damage repair services improved its market position.

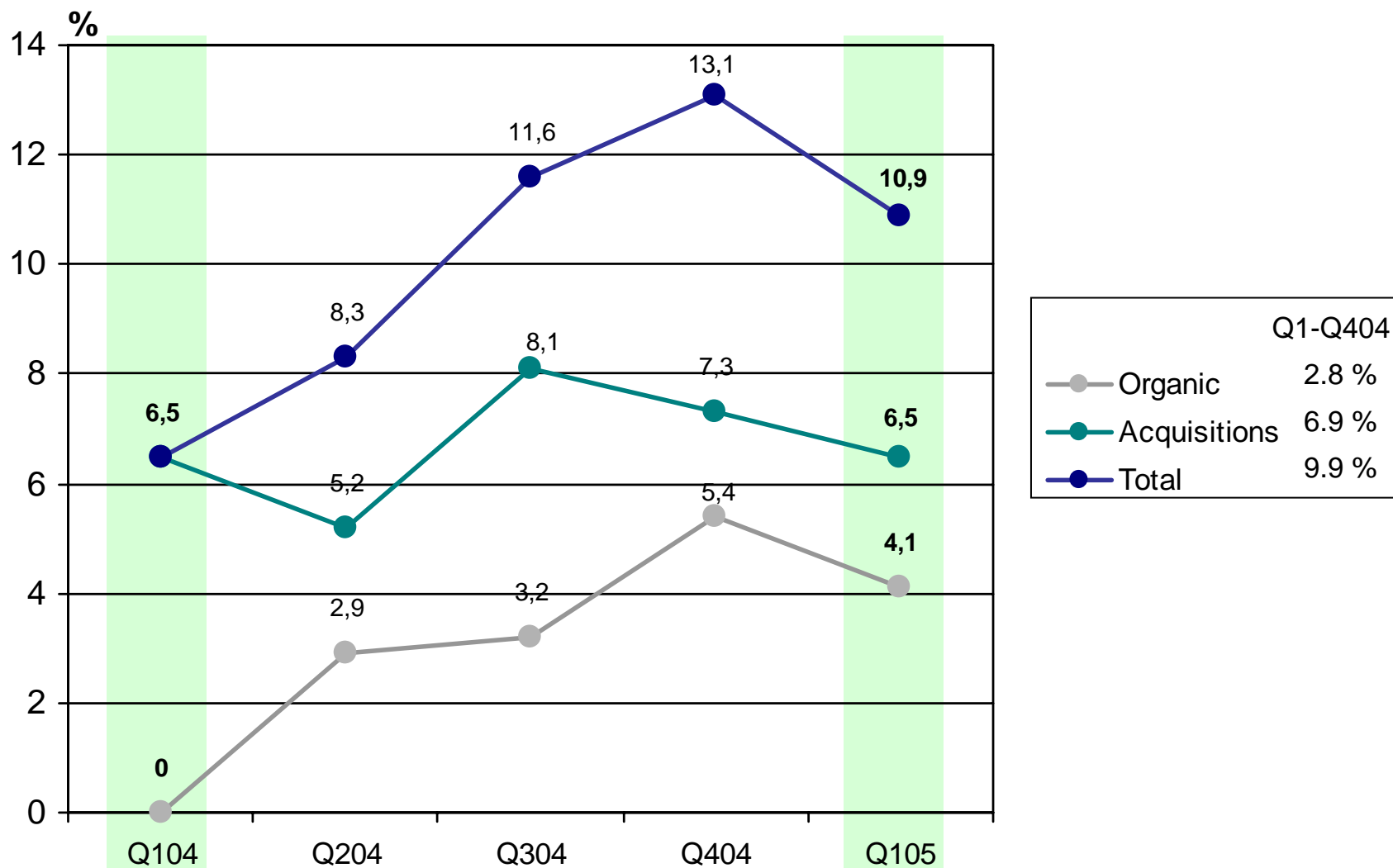
## Q105 Key Figures

	Q105	Q104
Net sales, EUR million	<b>85.2</b>	76.8
Gross profit, EUR million	<b>10.6</b>	10.0
Gross profit margin, %	<b>12.5</b>	13.0
Operating profit, EUR million	<b>6.3</b>	6.2
Operating margin, %	<b>7.4</b>	8.1

## Net Sales by Division

EUR million	Q105	Q104	Change %
Environmental Services	39.5	36.1	9.4
Property Services	34.7	30.4	14.3
Industrial Services	11.6	11.1	5.2
Non-allocated sales	0.9	0.1	
Inter-division sales	-0.8	-0.9	
<b>Total</b>	<b>85.2</b>	<b>76.8</b>	<b>10.9</b>

## Growth of Net Sales



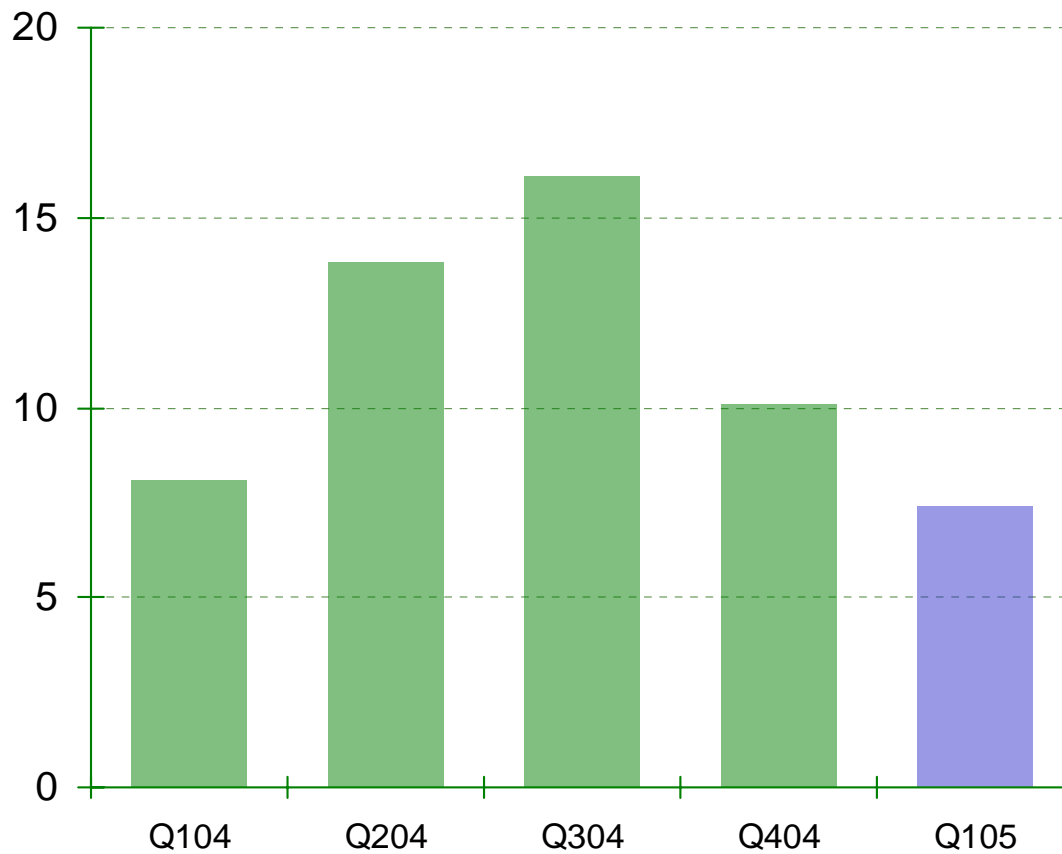
## Earnings by Division

EUR million	Q105	Q104	Change %
Environmental Services	4.7	5.5	-14.0
Property Services	2.2	1.2	84.7
Industrial Services	-0.2	-0.1	-247.1
Non-allocated	-0.4	-0.4	
Total operating profit	6.3	6.2	2.4
%	7.4	8.1	

## Key Figures

	Q105	Q104	2004
Earnings/share, EUR	<b>0.11</b>	0.10	0.79
Return on equity, % (ROE)	<b>12.3</b>	18.2	24.8
Return on invested capital, % (ROI)	<b>12.7</b>	14.4	22.5
Equity ratio, %	<b>48.2</b>	28.6	48.1
Gearing, %	<b>45.7</b>	145.3	45.6
Gross investments, EUR million	<b>8.2</b>	11.4	48.1
Depreciation, EUR million	<b>5.7</b>	5.1	21.4
Average personnel converted to full-time	<b>5,174</b>	4,875	5,409

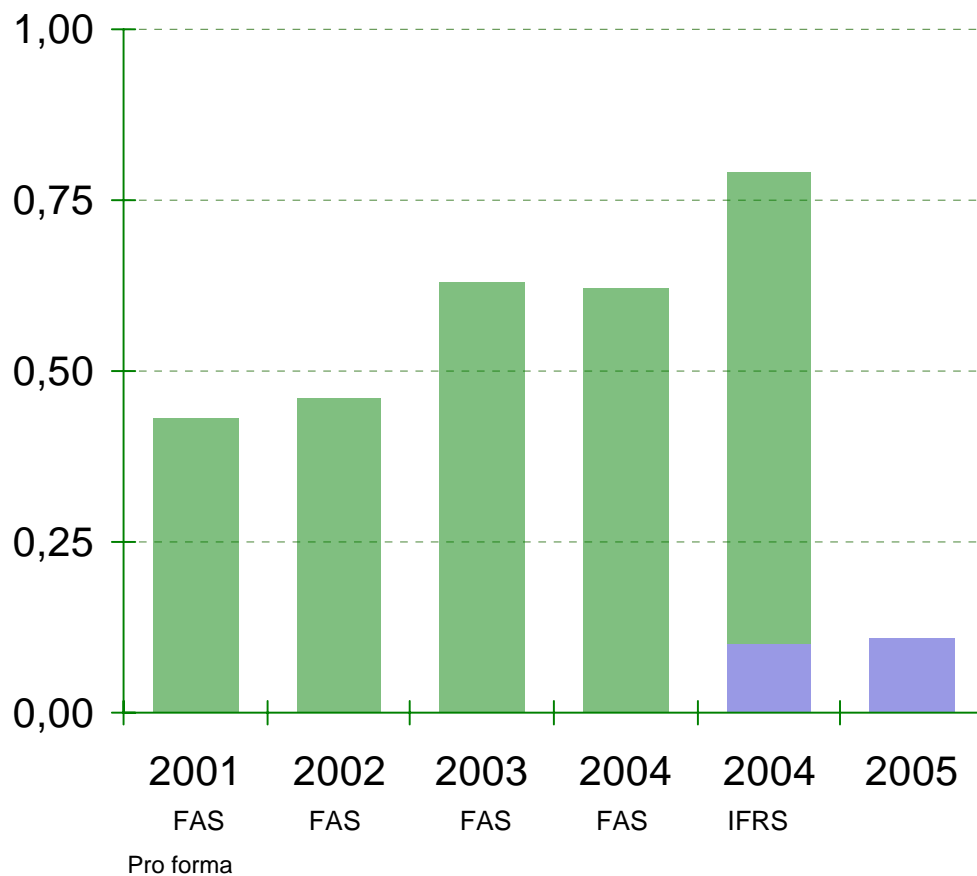
## Operating Margin by Quarter



## Operating Margin by Division Quarterly Figures

%	Q105	Q1- Q404	Q404	Q304	Q204	Q104
Environmental Services	<b>11.9</b>	16.4	14.1	17.9	18.4	15.2
Property Services	<b>6.4</b>	7.5	6.3	12.8	6.8	4.0
Industrial Services	<b>-2.1</b>	12.3	9.1	19.3	17.4	-0,6
Lassila & Tikanoja	<b>7.4</b>	12.1	10.1	16.1	13.8	8.1

## Earnings per Share



## Prospects for the year 2005

In general, prospects in the company's divisions are good. The amount of waste material coming to the recycling plants is expected to increase as a result of the acquisition of Jäteässä Oy and sales activity. Property Services' sales are expected to remain strong. The threat of strike action in the forest industry is making it difficult to predict demand in Industrial Services. A strike would create problems for the industrial cleaning season, which is about to start.

Expansion abroad is making progress and several smallish corporate acquisitions are planned. The organisation of international operations in Finland and the local organisation in Russia have been strengthened, so that Lassila & Tikanoja will be able to manage the growth in its business operations in a controlled manner.

Net sales are expected to grow at a faster rate than last year and an improved financial performance is also expected (compared with the 2004 result excluding the revenue recognition of the pension liability). The result will, however, increase at a slower pace than net sales because of the considerable inputs into the business operations.

This estimate was made in April after the Q1 2005 results.