

## NOTICE CONCERNING ANNUAL ACCOUNTS FOR 1998

JAAKKO PÖYRY GROUP'S PROFIT AFTER FINANCIAL ITEMS AMOUNTED TO FIM 122 MILLION, DIVIDEND FIM 2.00 PER SHARE

The Jaakko Pöyry Group's net sales for 1998 increased by 18.4 per cent to FIM 1 544,1 (1,303.9 in the previous year) million and profit after financial items by 21,5 per cent to FIM 122.4 (100.7) million. The Group's profit for the period was FIM 71.7 (67.9) million and earnings per share FIM 5.32 (4.72). The return on investment improved by 2.1 percentage units to 17.6 (15.5) per cent.

All business groups recorded increased net sales compared with the previous year. Operating profit increased in the Forest Industry, Energy and Process Industries business groups.

The Group's liquidity remained good. At the end of the year net interest-bearing debts totalled FIM 121.7 (180.2) million. The equity ratio was 39.5 (33.8) per cent. The net debt/equity ratio (gearing) was 28.8 (44.0) per cent.

#### Prospects

World economic prospects are variable. Economic activity is expected to remain good in Europe. On the other hand, problems in the developing areas of Asia, South America and Russia will affect economic activity in these regions, which is bound to be reflected in increased uncertainty elsewhere.

The Jaakko Pöyry Group's order stock is bigger than at the beginning of 1998. The Group's competitive position has improved as a result of the acquisition of Electrowatt Engineering Ltd. The Group's objective is to improve its earnings compared with last year.

The prospects for the business groups are described in the enclosed Board of Directors' report.

The Auditors' Report is dated February 17, 1999.

#### Dividend

The Board of Directors of Jaakko Pöyry Group Oyj proposes to the Annual General Meeting that a dividend of FIM 2.00 be paid per share for the fiscal year that ended December 31, 1998.

## Annual General Meeting

Jaakko Pöyry Group Oyj's Annual General Meeting of shareholders will be held on March 18, 1999 at the Pöyry House, Vantaa, Finland. The matters to be dealt with in the meeting are as stipulated in clause 12 of the Articles of Association. In addition, the Board of Directors proposes that the Board of Directors be authorised for the company to issue shares and to acquire or sell the company's own shares.

A complete invitation to the Annual General Meeting will be published as a separate notice on March 19, 1999.

## Annual reports 1998

The annual reports for 1998 will be published during week 9 in March 1999

## Interim Reports 1998

Interim Report January-March will be published May 6, 1999  
Interim Report January-June will be published August 4, 1999  
Interim Report January-September will be published November 4, 1999

## Enclosures

The Board of Directors' report for the year ended December 31, 1998  
Consolidated statement of income and balance sheet and contingent liabilities  
Key figures for the Group  
Jaakko Pöyry Group and Electrowatt Engineering Group, proforma consolidated statement of income and balance sheet

JAAKKO PÖYRY GROUP OYJ

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## BOARD OF DIRECTORS' REPORT

January 1 - December 31, 1998

## Consolidated Earnings and Balance Sheet

The operations and earnings of the Jaakko Pöyry Group developed favourably and according to plans and budgeted targets during the year under review. Consolidated net sales increased by 18.4 per cent and were FIM 1 544.1 (the previous year's figure 1 303.9) million. Operating profit amounted to FIM 131.1 (116.9) million, which equals 8.5 (9.0) per cent of net sales. Profit after financial items was FIM 122.4 (100.7) million. The Group's profit for the year was FIM 71.7 (67.9) million and earnings per share FIM 5.32 (4.72).

The consolidated balance sheet total was FIM 1 231.7 (1 332.9) million. Shareholders' equity was FIM 424.6 (375.7) million. The equity ratio was 39.5 (33.8) per cent. The Group's liquidity remained good. At the end of the year, the Group's cash in hand and at banks amounted to FIM 174.5 (292,5) million, with net interest-bearing debts totalling FIM 121.7 (180.2) million. The net debt/equity ratio (gearing) was 28.8 (44.0) per cent.

Jaakko Pöyry Group's and Electrowatt Engineering Group's proforma consolidated statement of income and balance sheet for 1998, including the share ownership of 70 per cent in Electrowatt Engineering Group, are presented separately. The proforma net sales of Jaakko Pöyry Group and Electrowatt Engineering Group amounted to FIM 2 251.8 million and the operating profit to FIM 138.3 million. Net debt/equity ratio was 18.6 per cent.

## Group Structure

The Jaakko Pöyry Group's parent company is Jaakko Pöyry Group Oyj.

Following a reorganisation effective January 1, 1999, the Group's operations are conducted through five business groups: Forest Industry, Forest Industry Consulting, Energy, Infrastructure and Environment, and Process Industries. Nearly all of the Group's subsidiaries are wholly owned with the exception of Jaakko Pöyry Consulting Oy which is 57.0 per cent owned by the Group. In addition, the Group has a number of associated companies, the most important ones in 1998 being the international company Electrowatt Engineering Ltd (49.0 per

cent), which operationally is part of the Energy and the Infrastructure and Environment business groups, and Jaakko Pöyry Engenharia Ltda (40.0 per cent) in Brazil, which is a part of the Forest Industry business group.

On October 2, 1998, Jaakko Pöyry Group Oyj's Board of Directors decided to exercise its option to increase its 49.0 per cent shareholding in the Electrowatt Engineering Group's parent company Electrowatt Engineering Ltd to 70.0 per cent. The deal was finalised at the beginning of 1999, after which Electrowatt Engineering Group will be consolidated into the Jaakko Pöyry Group. The price for the additional 21.0 per cent shareholding was CHF 6.3 million, FIM 23.0 million. Discussions are in progress with the other shareholders of Electrowatt Engineering Ltd concerning the possibility of swapping their shareholdings for shares in Jaakko Pöyry Group Oyj.

Changes in the Group structure during the year are explained in the section dealing with accounting principles.

#### Business Groups

##### Forest Industry

Net sales for the financial year were FIM 707.2 (622.0) million, and operating profit FIM 97.4 (93.7) million, which equals 13.8 (15.1) per cent of net sales. The profitability was good. The order stock at the end of the year was FIM 245.3 (270.8) million.

##### Forest Industry Consulting

Net sales for the financial year were FIM 217.5 (216.3) million, and the operating profit FIM 5.6 (16.2) million, which equals 2.6 (7.5) per cent of net sales. The profitability was unsatisfactory because of loss-making operations in Sweden and the USA. The order stock at the end of the year was FIM 153.6 (125.9) million.

##### Energy

Net sales for the financial year were FIM 120.3 (101.9) million, and operating profit FIM 9.7 (7.8) million, which equals 8.1 (7.7) per cent of net sales. The profitability was good, although below budgeted targets. The order stock at the end of the year was FIM 47.1 (65.5) million.

##### Infrastructure and Environment

Net sales for the financial year were FIM 260.9 (224.0) million, and the operating profit FIM 22.5 (25.9) million, which equals 8.6 (11.6) per cent of net sales. The profitability was good, though the result was burdened by non-recurrent removal costs of FIM 3.0 million. The order stock at the end of the year was FIM 156.5 (110.2) million.

#### Process Industries

Net sales for the financial year were FIM 246.4 (143.2) million, and the operating profit FIM 6.7 (-4.8) million, which equals 2.7 (-3.4) per cent of net sales. The profitability was unsatisfactory, though the result changed from loss to profit. The order stock at the end of the year was FIM 391.1 (264.5) million. The results of the business groups include general and administrative parent company expenses in proportion to personnel expenses in the business groups.

#### Electrowatt Engineering, EWE

Electrowatt Engineering Group has been consolidated into the Jaakko Pöyry Group in 1998 as an associated company in accordance with the equity method. EWE's net sales were FIM 707.7 (781.8) million and earnings FIM 19.9 (-1.2) million. The profit includes non-recurrent items of about FIM +8 million. Interest income of FIM one million and taxes of FIM 3 million are included in the profit. EWE's effect on Group earnings after depreciation on consolidation goodwill, amounted to FIM 7.0 (1.5) million. EWE's order stock at the end of the year was FIM 703.7 (769.4) million with the energy division accounting for FIM 453.1 million and the infrastructure and environment division for FIM 250.6 million.

EWE's strategy has been refined. The aim is to focus EWE's operations on the energy and infrastructure and environmental businesses. EWE's energy, infrastructure and environmental divisions complement the Jaakko Pöyry Group's corresponding functions and they have been integrated into the business groups in question.

Because of changes in EWE's organisational structure and in accounting practices, EWE's result for 1998 between the various business groups are partly on appraisal basis. EWE's energy division's net sales were FIM 391 million and the loss was about FIM 3 million in 1998, in particular because of rationalisation of the business in Germany and a number of loss-making projects. The losses due to projects have been covered from reserves and by income due to changes in the procedure for booking of project income. The rationalisation of the business in Germany has been largely completed during 1998,

and the expenses related to these measures have been booked in the accounts for 1998. EWE's infrastructure and environmental business' net sales amounted to FIM 317 million and the profit to about FIM 17 million in 1998.

Measures to improve EWE's profitability were continued during the year. The building engineering business in the Philippines, which was not a part of the company's core business, was sold in January 1998. This business employed a total of about 250 people with annual net sales amounting to FIM 26 million. The building engineering business which used to be a part of EWE's Swiss operations has also been sold. The deal was concluded in January 1999. As a result of this deal, the number of employees in the Group decreased by about 45.

#### Jaakko Pöyry Engenharia

The associated company Jaakko Pöyry Engenharia Ltda has not been consolidated into the Jaakko Pöyry Group. Jaakko Pöyry Engenharia Ltda's earnings for 1998 amounted to FIM 2.3 million. A FIM 10.0 million write-off was made on the company's shares after which the value of the shares and other balance sheet items in the Jaakko Pöyry Group amounting to FIM 15.1 million at the year end. Jaakko Pöyry Group Oyj has negotiated with the other shareholders in Jaakko Pöyry Engenharia Ltda regarding the possibility of transforming the forest industry business into a separate company, in which Jaakko Pöyry Group Oyj would hold a majority of the shares. So far, agreement has not been reached. Brazil's economic problems have affected the operations of Jaakko Pöyry Engenharia Ltda. The strong depreciation of the Brazilian currency at the beginning of 1999 will further depress investment activity in the country.

#### Order Stock

The order stock has increased during the financial year, amounting to FIM 993.6 (836.9) million at the end of the financial year. Of this total, engineering projects and consulting services accounted for FIM 644.8 (567.8) million and process contracting deliveries for FIM 348.8 (269.1) million. The above-mentioned order stock does not include associated companies' order stocks.

#### Research and Development

The Group's research and development is intended to improve the quality of projects and to promote more efficient implementation. The expenses related to research and development have been booked as an annual expense.

## Capital Expenditure

The Group's capital expenditure totalled FIM 41.9 (95.4) million. The capital expenditure consisted mostly of computer software, systems and hardware. Of the total capital expenditure FIM 13.0 million were related to acquisitions. In 1997, investments in associated companies' shares accounted for FIM 51.7 million of the capital expenditure.

## Financing

The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks totalled FIM 174.5 (292.5) million and interest-bearing liabilities FIM 296.2 (472.7) million, so interest-bearing net debts amounted to FIM 121.7 (180.2) million. The net debt/equity ratio (gearing) at the end of the year was 28.8 (44.0) per cent.

Jaakko Pöyry Group Oyj has repaid the DEM 100.0 million loan arranged by Chase Manhattan International Limited by DEM 55.0 million during the financial year. At the year-end, the loan stood at DEM 45.0 million (FIM 136.8 million). In addition to this loan, the Group has pension loans of FIM 134.1 million from pension insurance companies and the Jaakko Pöyry Group's pension foundation, and other loans totalling FIM 25.3 million. During the financial year Jaakko Pöyry Group Oyj and Unibank A/S signed an agreement for a credit facility of EUR 5.0 million (FIM 29.7 million). The credit facility remained unutilised at the year-end. After the year-end, Jaakko Pöyry Group Oyj signed an agreement with Leonia Corporate Bank plc for a credit facility of EUR 16.8 million (FIM 100.0 million).

## Euro

The Board of Directors of Jaakko Pöyry Group Oyj decided in its meeting on August 13, 1998 that the Group's parent company Jaakko Pöyry Group Oyj will change over to the euro as of the beginning of 1999. Other Group companies will change over to the euro by the year 2000, at the latest.

## Year 2000

### General

The problems related to the year 2000 within the Jaakko Pöyry Group are primarily concerned with computer functions. Other parts of the business will not be affected by year 2000 problems to any significant degree.

The key software related to the Jaakko Pöyry Group's business operations does not involve processing of dates. Administrative software is virtually without exception commercial, and its year 2000 conformity will be mostly fulfilled in the summer of 1999.

The year 2000 conformity of the Group's computer infrastructure will be secured. The infrastructure includes servers, networks, work stations and basic software. There are no central computers, and the software and hardware are quite new. The fact that the group's operations depend on the functionality of the computer network is a risk, however. Computer networks are the most critical component with a view to the year 2000.

#### Actions

A year 2000 inventory has been made. Upgrading and improvement projects covering administrative software are in progress. Network and workstation upgrades are in progress as well. Disregarding some minor faults which do not constitute a risk to the company's business, basic programs are in good year 2000 conformity. They will be fully renewed or updated into year 2000-compatible versions.

There is no need to check subsuppliers' year 2000 -conformity to any major extent, because their importance for the business is minimal. Subsupplier contracts include a clause concerning the year 2000 -conformity of their engineering tools.

Each Group company is individually responsible for its year 2000 conformity. The year 2000 work is being coordinated at Group level, including progress follow-up and issuing of instructions for systems updates. The year 2000 -conformity in the Jaakko Pöyry Group has been defined on the basis of the British Standards Institutions DISC PD2000-1 A Definition of Year 2000 Conformity Requirements.

#### Share Capital and Shares

Jaakko Pöyry Group Oyj's share capital has not changed during 1998. The share capital is FIM 68 500 000.00, the number of shares is 13 700 000 and the nominal value of the shares is FIM 5.00. The company has one series of shares.

The shares of Jaakko Pöyry Group Oyj have been quoted on the Helsinki and Stockholm stock exchanges since December 1997.

#### The Company's Own Shares



The Annual General Meeting of Jaakko Pöyry Group Oyj on March 30, 1998 authorised the Board of Directors to acquire or sell the company's own shares. The authorisation covers a maximum of 685 000 shares equalling 5.0 per cent of the total number of shares. The shares can be acquired with capital available for profit distribution. The shares are acquired in order to strengthen the Company's capital structure and also to be used as compensation in business acquisitions or the acquisition of assets related to the company's business.

During the period from July 3 to October 8, 1998 the Company has acquired 597 200 shares, with a total nominal value of 2 986 000 FIM, through the Helsinki Stock Exchange. The average acquisition price was 55.20 FIM per share totalling FIM 33.0 million. The highest acquisition price was FIM 63.00 and the lowest FIM 40.00. The number of acquired shares equals 4.4 per cent of the total number of shares and voting rights, with no major effect on the structure of the share ownership nor on voting rights. In force until March 30, 1999, the authorisation still allows acquisition of 87 800 shares.

#### Authorisation to Issue Shares

The Board of Directors of Jaakko Pöyry Group Oyj has no authorisation in force to increase the company's share capital through share issues.

#### Bond Loan with Warrants

The Annual General Meeting of Jaakko Pöyry Group Oyj on March 30, 1998 decided to issue a bond loan with warrants to be subscribed by the Jaakko Pöyry Group's personnel excluding, with a few exceptions, personnel resident in the USA, and by the members of the parent company's board of directors, and by the Group company JP-Sijoitus Oy. The bond loan with warrants is intended to be a part of the group's employee incentive scheme. The amount of the loan is 13 000 000 FIM, the loan is dated May 15, 1998 and repaid on May 15, 2001 and the interest rate is 3.0 per cent p.a. The bond loan is fully subscribed. The personnel has subscribed 9 764 500 FIM and JP-Sijoitus Oy 235 500 FIM. The 1 300 000 warrants connected to the loan allow subscription of 1 300 000 new shares in the company, with the nominal value of 5.00 FIM. After the subscriptions, the new shares equal 8.7 per cent of the total number of shares. The share capital can increase by a maximum of 6 500 000 FIM. The subscription period for 390 000 warrants starts on April 1, 2000 and for 390 000 warrants on April 1, 2001 and for 520 000

warrants on April 1, 2002. The subscription period for all warrants ends on April 30, 2005. The subscription price per one new share is FIM 69.00. The subscription price shall be reduced by the amount of dividends to be paid after March 30, 1998 and before the share subscription on the relevant record date of each dividend distribution.

#### Dividend Policy

The company's aim is to pay dividends regularly every year. The dividends to be paid, their size and the time of payment are dependent on the Group's earnings, financial position, capital needs and other factors. The company intends to pursue a stable dividend policy reflecting the development of Group earnings. In the offering circular describing the stock exchange listing, dated November 12, 1997, it is stated that the dividend should be at least 30.0 per cent of the earnings per share for the financial year in question. The target is that the dividend should be at least 40.0 per cent of the earnings per share.

#### Board of Directors' Proposal

The Board of Directors of Jaakko Pöyry Group Oyj proposes to the Annual General Meeting to be held on March 18, 1999 that a dividend of FIM 2,00 per share be paid, totalling FIM 26.2 million. The proposed dividend corresponds to 37.6 per cent of the earnings per share for the financial year.

#### Board of Directors, Auditors and President

Members of the Board of Directors of Jaakko Pöyry Group Oyj elected in the annual general meeting on March 30, 1998 are Mr Heikki Lehtonen (Chairman), Mr Henrik Ehrnrooth, (Vice Chairman), Mr Olle Alsholm, Mr Matti Lehti, Mr Niilo Pellonmaa, and Mr Jaakko Pöyry.

Mr Niilo Pellonmaa, M.Sc. (Econ.), held the post of President and CEO of Jaakko Pöyry Group Oyj during the period under review. Since January 1, 1999 the post of President and CEO of Jaakko Pöyry Group Oyj is held by Mr Erkki Pehu-Lehtonen, M.Sc. (Eng). Mr Teuvo Salminen, M.Sc. (Econ.), is Executive Vice President and Deputy of the President and CEO.

Auditors were SVH Pricewaterhouse Coopers Oy (formerly SVH Coopers & Lybrand Oy) Oy, Authorised Public Accountants, with Ms Ulla Holmström, Authorised Public Accountant, as responsible auditor.

#### Financial Targets

The Board of Directors of Jaakko Pöyry Group Oyj has redefined the Group's financial targets as follows:

- average operating profit 8.0 per cent of net sales
- average annual growth of earnings per share 15.0 per cent
- return on investment, 20,0 per cent or more
- net debt/equity ratio (gearing) below 30 per cent
- dividend/earnings ratio 40.0 per cent or more

#### Prospects

World economic prospects are variable. Economic activity is expected to remain good in Europe. On the other hand, problems in the developing areas of Asia, South America and Russia will affect economic activity in these regions, which is bound to be reflected in increased uncertainty elsewhere.

The order stock of the Forest Industry business group is still good. Declining prices for pulp and weakening growth of demand for paper products will depress new investments, which may affect the business group's earnings.

International mergers and acquisitions in the pulp and paper industry will continue and new alliances will be created worldwide. This will result in increased demand for consulting services. In the Forest Industry Consulting business group, rationalisation measures which have affected the group's earnings have been completed. The business group's earnings are expected to improve compared with the previous year.

Investment activity is expected to pick up in the power sector in 1999 in Finland and elsewhere in Europe. The emphasis will increasingly shift to combined heat and power generation, biofuels and hydropower, which are among the Energy group's strongest areas of know-how. Against this background, prospects are better than in the previous year.

The order stock and market position of the Infrastructure and Environment business group will remain stable. Long-term projects and established customer relationships in tunnel construction, water construction projects and in the construction sector in general create the basis for favourable earnings development in 1999.

The Process Industries business group's net sales and earnings are expected to grow in 1999. The growth will mainly originate from fuel alcohol, tall oil, technology transfer and gas pipeline projects, and from long-term contracts with clients in the chemical industry.

The Jaakko Pöyry Group's order stock is bigger than at the beginning of 1998. The Group's competitive position has improved as a result of the acquisition of Electrowatt Engineering Ltd. The Group's objective is to improve its earnings compared with last year.

JAKKO PÖYRY GROUP

STATEMENT OF INCOME

	1998	1997
FIM Million		
NET SALES	1 544.1	1 303.9
Other operating income	12.1	13.8
Share of associated companies' results	8.9	1.8
Depreciation and value decrease	- 57.3	- 62.7
Operating expenses	- 1 376.7	- 1 139.9
OPERATING PROFIT	131.1	116.9
Proportion of net sales, %	8.5	9.0
Financial income and expenses	- 8.7	- 16.2
PROFIT AFTER FINANCIAL ITEMS	122.4	100.7
Extraordinary items	0.0	- 0.6
PROFIT BEFORE APPROPRIATIONS, TAXES AND MINORITY INTEREST	122.4	100.1
Appropriations	0.0	14.6
Income taxes	- 47.6	- 38.9
Minority interest	- 3.1	- 7.9
NET PROFIT FOR THE PERIOD	71.7	67.9

## BALANCE SHEET

FIM Million	1998	1997
<b>FIXED ASSETS</b>		
Intangible assets	16.1	16.3
Consolidation goodwill	193.7	206.8
Tangible assets	147.7	158.8
Non-current investments	173.1	170.3
Total	530.6	552.2
<b>CURRENT ASSETS</b>		
Non-current receivables	10.9	16.4
Current receivables	482.7	471.8
Own shares	33.0	0.0
Investments, cash in hand and at banks	174.5	292.5
Total	701.1	780.7
	1 231.7	1 332.9
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	68.5	68.5
Share premium reserve	89.5	89.5
Own shares' reserve	33.0	0.0
Legal reserve	121.9	120.0
Retained earnings	40.0	29.8
Net profit for the period	71.7	67.9
	424.6	375.7
MINORITY INTEREST	31.6	34.3
<b>LIABILITIES</b>		
Non-current liabilities	284.8	495.0
Current liabilities	490.7	427.9
Total	775.5	922.9
	1 231.7	1 332.9
* ) Interest bearing liabilities	296.2	472.7
Non-interest bearing liabilities	479.3	450.2

## STATEMENT OF INCOME

	1998	1997
EUR Million		
NET SALES	259.7	219.3
Other operating income	2.0	2.3
Share of associated companies' results	1.5	0.3
Depreciation and value decrease	- 9.6	- 10.5
Operating expenses	- 231.5	- 191.7
OPERATING PROFIT	22.0	19.7
Proportion of net sales, %	8.5	9.0
Financial income and expenses	- 1.5	- 2.7
PROFIT AFTER FINANCIAL ITEMS	20.6	16.9
Extraordinary items	0.0	- 0.1
PROFIT BEFORE APPROPRIATIONS, TAXES AND MINORITY INTEREST	20.6	16.8
Appropriations	0.0	2.5
Income taxes	- 8.0	- 6.5
Minority interest	- 0.5	- 1.3
NET PROFIT FOR THE PERIOD	12.1	11.4

BALANCE SHEET 14  
 EUR Million

ASSETS	1998	1997
FIXED ASSETS		
Intangible assets	2.7	2.7
Consolidation goodwill	32.6	34.8
Tangible assets	24.8	26.7
Non-current investments	29.1	28.6
Total	89.2	92.9
CURRENT ASSETS		
Non-current receivables	1.8	2.8
Current receivables	81.2	79.4
Own shares	5.6	0.0
Investments, cash in hand and at banks	29.3	49.2
Total	117.9	131.3
	207.2	224.2
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11.5	11.5
Share premium reserve	15.1	15.1
Own shares' reserve	5.6	0.0
Legal reserve	20.5	20.2
Retained earnings	6.7	5.0
Net profit for the period	12.1	11.4
	71.4	63.2
MINORITY INTEREST	5.3	5.8
LIABILITIES		
Non-current liabilities	47.9	83.3
Current liabilities	82.5	72.0
Total	130.4	155.2
	207.2	224.2
* ) Interest bearing liabilities	49.8	79.5
Non-interest bearing		



liabilities	80.6	75.7 15
PROFITABILITY AND OTHER KEY FIGURES	1998	1997
Return on investment, %	17.6	15.5
Return on equity, %	18.0	18.8
Equity ratio, %	39.5	33.8
Equity/Assets ratio, %	35.3	30.8
Net debt/Equity ratio (gearing), %	28.8	44.0
Current ratio	1.4	1.8
Order stock, FIM Million	993.6	836.9
, EUR Million	167.1	140.8
Capital expenditure, FIM Million	41.9	95.4
, EUR Million	7.0	16.0
Proportion of net sales, %	2.7	7.3
Personnel in Group companies in average	2 919	2 690
Personnel in Group companies at year-end	2 977	2 775
Personnel in associated companies at year-end	2 577	3 024

KEY FIGURES FOR THE SHARES	1998	1997
Earnings/share, FIM	5.32	4.72
, EUR	0.89	0.79
Shareholders' equity/share, FIM	29.88	27.43
, EUR	5.03	4.61
Dividend, FIM Million	26.2 1)	17.8
, EUR Million	4.4	3.0
Dividend/share, FIM	2.00 1)	1.30
, EUR	0.34	0.22
Dividend/earnings, %	37.6	32.4
Effective return on dividend, %	4.1	2.2
Price/earnings multiple	9.2	12.3
Issue-adjusted trading prices, FIM		
Average trading price	57.73	59.29
Highest trading price	69.00	65.00
Lowest trading price	39.00	54.00
Closing price at year-end	48.90	58.00
Issue-adjusted trading prices, EUR		
Average trading price	9.71	9.97
Highest trading price	11.60	10.93
Lowest trading price	6.56	9.08
Closing price at year-end	8.22	9.75
Total market value of shares, outstanding shares, FIM Million	640.7	794.6
own shares, FIM Million	29.2	
Total market value of shares, outstanding shares, EUR Million	107.8	133.6
own shares, EUR Million	4.9	
Trading volume of shares		
Shares, 1 000 pcs	6 996	1 610
Proportion of the total volume, %	51.1	13.8

17

	1998	1997
Issue-adjusted number of outstanding shares, 1 000 pcs		
In average	13 480	11 658
At year-end	13 103	13 700

1) Board of Directors' proposal

CONTINGENT LIABILITIES	1998	1997
FIM Million		
For own debt		
Pledged assets and corresponding loans		
Loans from credit institutions	0.1	0.2
Pledged assets	0.1	0.2
Pension loans	25.0	25.0
Pledged assets	13.9	13.9
Mortgages and corresponding loans		
Loans from credit institutions	6.3	6.9
Mortgages, real estate	6.3	6.9
Pension loans	64.9	66.2
Mortgages real estate	0.0	1.2
Mortgages on company assets	36.0	36.0
Pledged assets and corresponding loans total	96.3	98.3
Pledged assets and mortgages for own debts		
Pledged assets	14.0	14.1
Mortgages, real estate	6.3	8.1
Mortgages on company assets	36.0	36.0
Total	56.3	58.2
Other obligations		
Pledged assets	22.5	22.4
Mortgages, real estate	11.9	14.8
Rent and leasing obligations	234.5	220.6
Pension obligations	2.4	2.3
Other obligations	84.9	63.7
Total	356.2	323.8
For others		
Pledged assets	20.0	15.0
Mortgages, real estate	22.1	22.2
Total	42.1	37.2

	1998	1997
Total		
Pledged assets	56.5	51.5
Mortgages, real estate	40.3	45.1
Mortgages on company assets	36.0	36.0
Rent and leasing obligations	234.5	220.6
Pension obligations	2.4	2.3
Other obligations	84.9	63.7

KEY FIGURES FOR THE BUSINESS  
GROUPS

FIM Million 1998 1997

NET SALES

Forest Industry	707.2	622.0
Forest Industry Consulting	217.5	216.3
Energy	120.3	101.9
Infrastructure and Environment	260.9	224.0
Process Industries	246.4	143.2
Other	-8.2	-3.5
Total	1 544.1	1 303.9

OPERATING PROFIT

FIM Million, proportion of  
net sales %

Mmk % Mmk %

Forest Industry	97.4	13.8	93.7	15.1
Forest Industry Consulting	5.6	2.6	16.2	7.5
Energy	9.7	8.1	7.8	7.7
Infrastructure and Environment	22.5	8.6	25.9	11.6
Process Industries	6.7	2.7	-4.8	-3.4
Associated companies	7.0		1.8	
Other	-17.8		-23.7	
Total	131.1	8.5	116.9	9.0

ORDER STOCK

FIM Million , EWE not included

Forest Industry	245.3	270.8
Forest Industry Consulting	153.6	125.9
Energy	47.1	65.5
Infrastructure and Environment	156.5	110.2
Process Industries	391.1	264.5
Total	993.6	836.9

NET SALES BY AREA	1998	1997
The Nordic countries	542.3	531.8
Other Europe	568.1	333.7
Asia	176.3	206.1
North America	163.0	114.6
Other	94.4	117.7
Total	1 544.1	1 303.9

## PERSONNEL

Forest Industry	1 440	1 383
Forest Industry Consulting	291	268
Energy	181	191
Infrastructure and Environment	716	633
Process Industries	331	283
Other	18	17
Total December 31	2 977	2 775

## ELECTROWATT ENGINEERING

Net Sales	707.7	781.8
Operating profit	22.3	-1.2
Order stock	703.7	769.4
Personnel	1 191	1 417

KEY FIGURES FOR BUSINESS GROUPS      1-3/98    4-6/98    7-9/98    10-12/98  
FIM Million

## NET SALES

Forest Industry				
Forest Industry Consulting	184.8	175.1	150.4	196.9
Energy	56.1	55.0	46.8	59.6
Infrastructure and Environment	22.9	34.7	30.1	32.6
Process Industries	59.6	67.6	59.2	74.5
Associated companies	43.7	50.6	50.5	101.6
Other	0.0	-4.3	0.1	-4.0
Total	367.1	378.7	337.1	461.2

## OPERATING PROFIT

Forest Industry	20.4	23.4	26.5	27.1
Forest Industry Consulting	0.4	2.0	1.4	1.8
Energy	0.1	3.2	1.7	4.7
Infrastructure and Environment	4.2	7.7	5.0	5.6
Process Industries	0.5	-0.4	1.4	5.2
Associated companies	3.7	2.2	-1.0	2.1
Other	-4.8	-9.4	-2.3	-1.3
Total	24.5	28.7	32.7	45.2

## ORDER STOCK

Forest Industry	371.9	371.8	309.4	245.3
Forest Industry Consulting	128.5	130.6	161.9	153.6
Energy	62.0	57.3	39.6	47.1
Infrastructure and Environment	122.1	147.2	153.2	156.5
Process Industries	261.8	229.7	423.4	391.1
Total	946.3	936.6	1087.5	993.6

## ELECTROWATT ENGINEERING

Net Sales	163.9	159.8	203.1	180.9
Operating profit	9.1	3.7	0.2	9.3
Order stock	764.7	810.5	824.3	703.7



KEY FIGURES FOR BUSINESS GROUPS FIM Million	1-3/97	4-6/97	7-9/97	10-12/97
<b>NET SALES</b>				
Forest Industry	149.6	141.7	150.9	179.8
Forest Industry Consulting	49.9	54.1	51.6	60.7
Energy	21.2	24.7	24.2	31.8
Infrastructure and Environment	53.4	54.2	51.2	65.2
Process Industries	28.7	32.2	37.5	44.8
Other	2.0	1.1	3.4	-10.0
Total	304.8	308.0	318.8	372.3
<b>OPERATING PROFIT</b>				
Forest Industry	22.3	10.8	34.3	26.3
Forest Industry Consulting	2.3	4.8	3.8	5.3
Energy	0.4	0.5	1.8	5.1
Infrastructure and Environment	4.2	2.6	9.1	10.0
Process Industries	-5.7	-3.3	0.0	4.2
Associated companies	-0.3	0.6	0.5	1.0
Other	-2.9	-7.1	-4.2	-9.5
Total	20.3	8.9	45.3	42.4
<b>ORDER STOCK</b>				
Forest Industry	264.5	341.9	282.2	270.8
Forest Industry Consulting	126.9	122.0	121.3	125.9
Energy	32.7	30.0	27.8	65.5
Infrastructure and Environment	73.0	77.1	135.7	110.2
Process Industries	158.7	169.4	155.0	264.5
Total	655.8	740.4	722.0	836.9
<b>ELECTROWATT ENGINEERING</b>				
Net Sales	171.0	190.7	228.5	191.6
Operating profit	0.5	-11.8	5.8	4.3
Order stock	752.2	635.6	727.3	769.4

JAAKKO PÖYRY GROUP JA ELECTROWATT  
ENGINEERING GROUP  
PROFORMA 1998

24

	FIM Million	EUR Million
STATEMENT OF INCOME		
Net sales	2 251.8	378.7
Operating profit	146.6	24.7
Proportion of net sales, %	6.5	6.5
Financial income and expenses	- 8.3	- 1.4
Profit after financial items	138.3	23.3
Extraordinary items	0.0	0.0
Profit before appropriations, taxes and minority interest	138.3	23.3
Income taxes	- 50.6	- 8.5
Minority interest	- 9.1	- 1.5
NET PROFIT FOR THE PERIOD	78.6	13.2

BALANCE SHEET	FIM Million	EUR Million
Intangible assets	18.7	3.1
Consolidation goodwill	226.7	38.1
Tangible assets	173.6	29.2
Non-current investments	134.6	22.6
Receivables	879.0	147.8
Own shares	33.0	5.6
Current investments, cash in hand and at banks	214.6	36.1
<b>ASSETS TOTAL</b>	<b>1 680.2</b>	<b>282.6</b>
Shareholders' equity	424.6	71.4
Minority interest	53.3	9.0
Interest bearing liabilities	297.3	50.0
Non-interest bearing liabilities	905.0	152.2
<b>LIABILITIES TOTAL</b>	<b>1 680.2</b>	<b>282.6</b>
<b>KEY DATA</b>		
Earnings/share, FIM	5.83	
Equity ratio, %	33.4	
Net debt/equity ratio, %	18.6	
Return on investment, %	18.9	