PONSSE PLC, STOCK EXCHANGE RELEASE, 17 FEBRUARY 2015, 9:00 a.m.

PONSSE'S FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2014

– Net sales amounted to EUR 390.8 (Q1–Q4/2013 312.8) million.

– Q4 net sales were EUR 120.8 (Q4/2013 101.5) million.

– Operating result totalled EUR 41.7 (Q1-Q4/2013 22.5) million, equalling 10.7 (7.2) per cent of net sales.

– Q4 operating result was EUR 14.2 (Q4/2013 9.8) million, equalling 11.8 (9.6) per cent of net sales.

– Result before taxes was EUR 38.0 (Q1-Q4/2013 14.2) million.

– Cash flow from operating activities was EUR 37.5 (Q1-Q4/2013 38.5) million.

– Earnings per share were EUR 1.07 (0.31).

– Equity ratio was 42.0 (36.5) per cent.

– Order books stood at EUR 158.4 (99.8) million.

– The Board of Directors´proposal for the distribution of profit is EUR 0.45 (0.30) per share.

– After the very strong performance in 2014, the Group´s euro-denominated operating profit is expected to be slightly higher in 2015 than in 2014.

PRESIDENT AND CEO JUHO NUMMELA:

2014 was a very strong year for Ponsse. We succeeded excellently in our goal of finding balance in business operations between growth, profitability and cash flows. We achieved growth of approximately 25 per cent in net sales, operating profit of over 10 per cent and a reasonable cash flow from business operations, EUR 37.5 million. At the same time, our balance sheet indicators improved as expected.

The order books were strong already at the beginning of the year, and the demand for PONSSE forest machines continued to be very strong throughout the year, resulting in strong growth in order books. Our order books rose to record figures on several occasions amounting to EUR 158.4 million at year-end. The growth in the order books was 59 per cent year-on-year. At the same time, our factory was able to manufacture forest machines at full capacity with the volumes growing controlled continuously.

PONSSE

Of our market areas, Russia and North America were particularly strong. In spite of the very uncertain situation in Russia, machine deliveries scheduled for the last months of the year were successfully made. The situation in North America continued to be excellent, and economic recovery in the United States is clearly reflected in activity of the customers. The European situation improved in several markets, with the markets in Finland, Germany, France and the Great Britain developing favourably, among others.

The growth in 2014 was strong. Of our business areas, new machine sales, used machine sales and maintenance services grew well. The share of exports amounted to 75 per cent (69) of net sales for the first time in the company´s history. The growth in maintenance services is related to the expanded machine fleet and to new business concepts in maintenance services. The company's cumulative net sales amounted to EUR 390.8 (312.8) million and operating profit was EUR 41.7 (22.5) million. Net sales increased by 25 per cent, while operating profit increased by 85 per cent compared with the comparable period. The operating profit equalled 10.7 (7.2) per cent of net sales for the period under review.

We are developing our company in a long-term manner. It is important to continuously reform our operations and products. We have increasingly invested in both fixed assets and R&D. Since 2010, we have invested approximately EUR 43 million in R&D, while our capital expenditure amounted to approximately EUR 63 million.

Ponsse´s product ranges are changing strongly. The PONSSE 2015 range was launched at the FinnMETKO fair in the fall 2014. The first harvester models in the new product range, PONSSE Scorpion and PONSSE Bear, entered serial production in 2014. The rest of the products in the new product range will enter serial production in phases during 2015. The ergonomics, serviceability and productivity of the machines have been developed and the design has been updated. At the same time, forest machines delivered in Europe will have new engines compliant with the EU Stage IV emission level meeting the new environment requirements

During the last three years, capital expenditure has focused on serving our customers better by developing the service network and factory functions. New service centres have been built in Finland to Jyväskylä, Rovaniemi and Seinäjoki. The investments in the factory have been related to the development of productivity. The expansion of the factory, which will be finished in early 2015, is related to expanding the facilities for frame and component manufacture and modernisation of production methods in boom manufacture. At the same time, we invested strongly in renewing the machinery at the factory. The aim of the investments is to support our ability to manufacture PONSSE forest machines in Finland.

Cash flow from business operations amounted to EUR 37.5 (38.5) million in the period under review. The capital temporarily tied up in inventories resulted from the strong growth impaired the cash flows. For example, new machines were still on their way to customers at the turn of the year. The inventory of used machines was at a normal level.

Our solvency continued its positive development. The company's equity ratio was 42.0 (36.5) per cent.

NET SALES

Consolidated net sales for the period under review amounted to EUR 390.8 (312.8) million, which was 24.9 per cent more than in the comparison period. International business operations accounted for 74.5 (69.3) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 41.2 (43.4) per cent, Central and Southern Europe 20.2 (16.2) per cent, Russia and Asia 16.4 (18.1) per cent, North and South America 22.1 (22.2) per cent and other countries 0.1 (0.0) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 41.7 (22.5) million. The operating result equalled 10.7 (7.2) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 30.1 (12.2) per cent.

Staff costs for the period totalled EUR 58.6 (49.0) million. Other operating expenses stood at EUR 35.9 (31.5) million. The net total of financial income and expenses amounted to EUR -3.7 (-8.2) million. Exchange rate gains and losses with a net effect of EUR -1.9 (-6.6) million were recognised under financial items for the period. Result for the period under review totalled EUR 29.8 (9.1) million. Diluted and undiluted earnings per share (EPS) came to EUR 1.07 (0.31). In the comparison period the interest on the subordinated loan for the period, less tax, has been taken into account in the calculation of EPS.

STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the period under review, the total consolidated statements of financial position amounted to EUR 205.8 (186.0) million. Inventories stood at EUR 92.7 (85.8) million. Trade receivables totalled EUR 25.2 (23.2) million, while liquid assets stood at EUR 12.7 (12.0) million. Group shareholders’ equity stood at EUR 86.0 (67.6) million and parent company shareholders’ equity (FAS) at EUR 104.2 (85.8) million. The amount of interest-bearing liabilities was EUR 51.7 (60.3) million. The company has used 9 per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 73.2 (71.9) million. The parent company’s receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 39.0 (48.3) million, and the debt-equity ratio (net gearing) was 45.3 (71.6) per cent. The equity ratio stood at 42.0 (36.5) percent at the end of the period under review.

Cash flow from operating activities amounted to EUR 37.5 (38.5) million. Cash flow from investment activities came to EUR -19.0 (-11.2) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 451.7 (371.0) million, while period-end order books were valued at EUR 158.4 (99.8) million.

DISTRIBUTION NETWORK

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponssé S.A.S., France; Ponsse UK Ltd, the United Kingdom; Ponsse North America, Inc., the United States; Ponsse Latin America Ltda, Brazil; Ponsse Uruguay S.A., Uruguay; OOO Ponsse, Russia; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China and Epec Oy, Finland. In addition, as of the 2014 financial period, the Group includes the property companies OOO Ocean Safety Center, Russia and Kiinteistö Oy Kouvolan Kaupinkuja 3, Finland. Sunit Oy, Finland, is an associate in which Ponsse Plc has a holding of 34 per cent.

CAPITAL EXPENDITURE AND R&D

During the period under review, the Group’s R&D expenses totalled EUR 10.3 (8.9) million, of which EUR 3.1 (3.6) million was capitalised.

Capital expenditure totalled EUR 19.2 (11.2) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

ANNUAL GENERAL MEETING

Annual General Meeting was held in Vieremä, Finland 15 April 2014. The AGM approved the parent company financial statements and the consolidated financial statements, and members of the Board of Directors and the President and CEO were discharged from liability for the 2013 financial period.

The AGM decided to pay a dividend of EUR 0.30 per share for 2013 (dividends totaling EUR 8,336,130). No dividend will be paid to shares owned by the company itself (212,900 shares). The dividend payment record date was 22 April 2014, and the dividends were paid on 29 April 2014.

The AGM authorised the Board of Directors to decide on the assignment of treasury shares held by the company against payment or free of charge so that a maximum of 212,900 shares will be issued on the basis of the authorisation. The maximum amount corresponds to approximately 0.76 per cent of the company’s total shares and votes.

The authorisation includes the right of the Board to decide upon all other terms and conditions of the share issue. Thus, the authorisation includes a right to organise a directed issue in deviation of the shareholders' subscription rights under the provisions prescribed by law.

The authorisation is proposed for use in supporting the Company's growth strategy in the Company's potential corporate acquisitions or other arrangements. In addition, the shares can be issued to the Company's current shareholders, sold through public trading or used in personnel incentive systems.

The authorisation is valid until the next AGM; however, no later than 30 June 2015. Previous authorisations are canceled.

BOARD OF DIRECTORS AND THE COMPANY'S AUDITORS

The Board of Directors comprised seven members during the period under review. Heikki Hortling, Mammu Kaario, Ilkka Kylävainio, Ossi Saksman, Janne Vidgrén, Juha Vidgrén and Jukka Vidgrén were re-elected to the Board. Juha Vidgrén acted as the Chairman of the Board and Heikki Hortling as the Vice Chairman.

The Board of Directors did not establish any committees or commissions from among its members.

The Board of Directors convened eight times during the period under review. The attendance rate was 92.9 percent.

During the period under review, auditing firm PricewaterhouseCoopers Oy acted as the company auditor with Sami Posti, Authorised Public Accountant, as the principal auditor.

MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Juha Haverinen, Factory Director; Petri Härkönen, CFO; Juha Inberg, Technology and R&D Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director; Tommi Väänänen, Purchasing Director and Jarmo Vidgrén, Deputy CEO, Sales and Marketing Director. The company management has regular management liability insurance.

The area director organisation of sales is led by Jarmo Vidgrén, Group's Sales and Marketing Director and Tapio Mertanen, Service Director. The geographical distribution and the responsible persons are presented below:
Northern Europe: Jarmo Vidgrén (Finland), Eero Lukkarinen (Sweden, Denmark) and Sigurd Skotte (Norway),

Central and Southern Europe: Janne Vidgrén (Austria, Poland, Romania, Germany, the Czech Republic and Hungary), Clément Puybaret (France), Jussi Hentunen (Spain, Italy, Portugal and Norrbotten/Sweden) and Gary Glendinning (the United Kingdom)
Russia and Asia: Jaakko Laurila (Russia, Belarus), Norbert Schalkx (Japan, Australia and South Africe) and Risto Kääriäinen (China),
North and South America: Pekka Ruuskanen (the United States), Marko Mattila (North American dealers, Chile and the Baltic countries), Teemu Raitis (Brazil) and Martin Toledo (Uruguay).

PERSONNEL

The Group had an average staff of 1,200 (1,027) during the period and employed 1,246 (1,099) people at period-end.

SHARE PERFORMANCE

The company's registered share capital consists of 28,000,000 shares. At the end of the period under review the company had 8,314 shareholders. The trading volume of Ponsse Plc shares for 1 January – 31 December 2014 totalled 4,144,642, accounting for 14.8 per cent of the total number of shares. Share turnover amounted to EUR 47.0 million, with the period's lowest and highest share prices amounting to EUR 9.02 and EUR 13.35, respectively.

At the end of the period, shares closed at EUR 12.02, and market capitalisation totalled EUR 336.6 million.

At the end of the period under review, the company held 212,900 treasury shares.

QUALITY AND ENVIRONMENT

Ponsse is committed to observing the ISO 9001:2000 quality standard, the ISO 14001 environmental system standard and the OHSAS 18001 occupational safety and health standard, the first two of which are certified. Lloyd's Register Quality Assurance conducted an audit of the ISO 9001:2008 quality system and the ISO 14001 environmental system during the period under review.

The company has included the procedures required by these quality, environmental and occupational safety and health standards in Ponsse's sustainable development principles. At Ponsse, sustainable development means taking the economic, social and ecological points of view into account in all the company's operations. Procedures according to sustainable development related to profitability, cash flow from operating activities and growth ensure the company's economic performance in the long term. Procedures related to the social point of view ensure the availability of competent human resources for the company and its customers and maintain the professional skills and well-being of the company's employees. The environmental point of view ensures the environmental friendliness of our products and production, improving our customers' profitable operations by means of, for example, lower fuel consumption and emissions.

Procedures and production processes are developed through both internal and external audits. The company's audit system was a key tool in promoting development during 2014, and its use has been expanded further. During the period under review, internal audits assessing the procedures and working environment of services were expanded in the company's service network. The aim of the quality audits of services is to ensure efficient and safe procedures in the PONSSE service network. Moreover, the subsidiaries have adopted a model for assessing good management policies. The company develops the management policies of its subsidiaries with the subsidiaries' assessment model.

Production processes are continuously developed in accordance with the operating model of continuous improvement. The company's quality assurance system emphasises the importance of prevention. During the period under review, a procedure development model internal to the company, which is based on Lean Six Sigma quality management principles, was used successfully.

GOVERNANCE

In its decision-making and administration, the company observes the Finnish Limited Liability Companies Act, other regulations governing publicly listed companies and the company's Articles of Association. The company's Board of Directors has adopted the Code of Governance that complies with the Finnish Corporate Governance Code approved by the Board of the Securities Market Association in 2010. The purpose of the code is to ensure that the company is professionally managed and that its business principles and practices are of a high ethical and professional standard.

The Code of Governance is available on Ponsse's website in the Investors section.

RISK MANAGEMENT

Risk management is based on the company's values, as well as strategic and financial objectives. Risk management aims to support the achievement of the objectives specified in the company's strategy, as well as to ensure the financial development of the company and the continuity of its business.

Furthermore, risk management aims to identify, assess and monitor business-related risks which may influence the achievement of the company's strategic and financial goals or the continuity of its business. Decisions on the necessary measures to anticipate risks and react to observed risks are made on the basis of this information.

Risk management is a part of regular daily business, and it is also included in the management system. Risk management is controlled by the risk management policy approved by the Board.

A risk is any event that may prevent the company from reaching its objectives or that threatens the continuity of business. On the other hand, a risk may also be a positive event, in which case the risk is treated as an opportunity. Each risk is assessed on the basis of its impact and probability. Methods of risk management include avoiding, mitigating and transferring risks. Risks can also be managed by controlling and minimising their impact.

SHORT-TERM RISK MANAGEMENT

The prolonged insecurity in the world economy and weak economic situation may result in a decline in the demand for forest machines. The uncertainty may be increased by the volatility of developing countries' foreign exchange markets. The geopolitical situation, in particular, will increase the uncertainty through financial market operations and sanctions.

The parent company monitors the changes in the Group's internal and external trade receivables and the associated risk of impairment.

The key objective of the company's financial risk management policy is to manage liquidity, interest and currency risks. The company ensures its liquidity through credit limit facilities agreed with a number of financial institutions. The effect of adverse changes in interest rates is minimised by utilising credit linked to different reference rates and by concluding interest rate swaps. The effects of currency rate fluctuations are mitigated through derivative contracts.

Changes taking place in the fiscal and customs legislation in countries to which Ponsse exports may hamper the company's export trade or its profitability.

EVENTS AFTER THE PERIOD

APPOINTMENT OF MANAGING DIRECTOR OF PONSSE´S SWEDISH SUBSIDIARY

Forest engineer Carl-Henrik Hammar has been appointed Managing Director of Ponsse Plc´s Swedish subsidiary, Ponsse AB, as of 1 July 2015. He will transfer to Ponsse on 16 March 2015. Carl-Henrik Hammar reports to Jarmo Vidgrén, Sales and Marketing Director ofPonsse Plc, and will be based in Surahammar, Sweden. Eero Lukkarinen, current Managing Director of Ponsse AB, will transfer to exports and sales within Ponsse Group in Finland. A separate release was issued on 14 January 2015.

KEY EMPLOYEE INCENTIVE PLAN AND RELATED SHARE ISSUES

The Board of Directors of Ponsse Plc has decided to launch a new share-based incentive plan for the Group key employees on 16 February 2015. The aim of the long-term plan, which commits the key employees to shareholding in the Company, is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, and to offer them a competitive reward plan based on acquisition and ownership of the Company´s shares.

The Matching Share Plan 2015 is directed to approximately 80 people. The rewards to be paid on the basis of the plan amount to an approximate maximum total of 212,900 Ponsse Plc shares and a cash proportion corresponding to taxes and tax-related costs arising from the shares to the key employees.

The prerequisite for participating in the plan is that a key employee owns the Company´s shares up to the number determined by the Board of Directors, or acquires them from the market or in the Company's directed share issue. Furthermore, receiving of reward is tied to the validity of the key employee's employment or service upon reward payment.

The reward from the plan will be paid partly in the Company's shares and partly in cash in spring 2015. The cash proportion will cover taxes and tax-related costs arising from the reward to the key employee. Shares given as reward may not be transferred during the restriction period ending on 31 March 2018. If a key employee´s employment or service ends during the restriction period, the key employee will be obliged to return the shares given as reward, fully or partly, to the Company, without compensation.

In order to implement the Matching Share Plan 2015, the Board of Directors decided on two share issues directed to the key employees belonging to the target group of the plan.

A maximum total of 106,450 shares held by the Company will, in deviation from the shareholders' pre-emptive right, be offered in the directed share issue against payment, for subscription to the key employees belonging to the target group of the Matching Share Plan 2015. The share subscription period of the shares will be 2 March—18 March 2015. The share subscription price for the shares will be EUR 12.12 per share, which is the same as the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 1 January—31 January 2015. The shares must be paid upon subscription. The Board of Directors may approve the subscription as such or to a reduced amount, or it may reject the subscription in full. The share subscription price will be credited to the Company's reserve for invested unrestricted equity.

A maximum total of 106,450 shares held by the Company will, in deviation from the shareholders' pre-emptive right, be offered in the directed share issue without payment, for subscription to the key employees who have subscribed for shares in the directed share issue against payment on 2 March—18 March 2015. The final number of shares to be given will be determined on the basis of the number of shares subscribed by the key employees in the directed share issue against payment and the number of approved subscriptions. Shares will be transferred to the key employees without payment by 31 March 2015, at the latest.

The dividend rights and other shareholder rights to the shares will be assigned to the key employees on the book-entry registration date of the share transfer.

The Company has a weighty financial reason, in respect of the Company's interests and those of all its shareholders, for the deviation from the shareholders' pre-emptive right, since the purpose of the share issues are to encourage the key employees to acquire and own the Company´s shares as a part of the Matching Share Plan 2015 directed to them. The decisions on the share issues are based on the authorization by the Annual General Meeting of Shareholders held on 15 April 2014.

OUTLOOK FOR THE FUTURE

After the very strong performance in 2014, the Group's euro-denominated operating profit is expected to be slightly higher in 2015 than in 2014.

Ponsse's strongly reformed and competitive product range and new service solutions have significantly increased the company's net sales. The PONSSE 2015 product range will enter serial production in phases during 2015.

Due to the strong order books, the capacity of the factory will be increased.

Our investments will concern new service centers in France, the United States and Uruguay, and the development of production technology and R&D.

ANNUAL GENERAL MEETING

Ponsse Plc's Annual General Meeting will be held on 14 April 2015, starting at 11:00 a.m. at the company's registered office at Ponssentie 22, FI-74200 Vieremä, Finland.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISPOSAL OF PROFIT

The parent company Ponsse Plc had 96,400,731.80 euros of distributable funds on 31 December 2014.

The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.45 per share shall be paid for the year 2014. The Board proposes to the Annual General Meeting that a profit bonus will be paid to the staff for the year 2014.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-12/14	IFRS 1-12/13
NET SALES	390,831	312,825
Increase (+)/decrease (-) in inventories of finished goods and work in progress	3,173	5,832
Other operating income	1,185	1,053
Raw materials and services	-251,067	-210,146
Expenditure on employment-related benefits	-58,583	-49,022
Depreciation and amortisation	-7,962	-6,568
Other operating expenses	-35,875	-31,472
OPERATING RESULT	41,704	22,5051
Share of results of associated companies	1	-45
Financial income and expenses	-3,745	-8,208
RESULT BEFORE TAXES	37,959	14,248
Income taxes	-8,164	-5,150
NET RESULT FOR THE PERIOD	29,795	9,098
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-3,093	2,955
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	26,702	12,053
Diluted and undiluted earnings per share	1.07	0.31*

	IFRS 10-12/14	IFRS 10-12/13
NET SALES	120,829	101,533
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-2,676	-2,266
Other operating income	213	378
Raw materials and services	-74,866	-65,155
Expenditure on employment-related benefits	-17,420	-13,878
Depreciation and amortisation	-2,077	-1,648
Other operating expenses	-9,785	-9,208
OPERATING RESULT	14,217	9,756
Share of results of associated companies	58	93
Financial income and expenses	-3,742	-3,148
RESULT BEFORE TAXES	10,533	6,701
Income taxes	-2,991	-2,150
NET RESULT FOR THE PERIOD	7,542	4,551

OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-1,040	1,540
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	6,502	6,091
Diluted and undiluted earnings per share	0.27	0.16*

* The interest on the subordinated loan for the period, less tax, was taken into account in this figure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS	IFRS
ASSETS	31 Dec 14	31 Dec 13
NON-CURRENT ASSETS		
Intangible assets	15,954	14,278
Goodwill	3,440	3,440
Property, plant and equipment	47,282	37,766
Financial assets	104	104
Investments in associated companies	946	1,031
Non-current receivables	832	914
Deferred tax assets	1,267	1,374
TOTAL NON-CURRENT ASSETS	69,825	58,908
CURRENT ASSETS		
Inventories	92,734	85,767
Trade receivables	25,226	23,108
Income tax receivables	591	207
Other current receivables	4,701	6,100
Cash and cash equivalents	12,719	11,958
TOTAL CURRENT ASSETS	135,971	127,140
TOTAL ASSETS	205,796	186,048
SHAREHOLDERS’ EQUITY AND LIABILITIES		
SHAREHOLDERS’ EQUITY		
Share capital	7,000	7,000
Other reserves	130	30
Translation differences	-1,676	1,417
Treasury shares	-2,228	-2,228
Retained earnings	82,790	61,331
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	86,016	67,550

PONSSE

NON-CURRENT LIABILITIES		
Interest-bearing liabilities	33,712	38,810
Deferred tax liabilities	867	657
Other non-current liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	34,580	39,466
CURRENT LIABILITIES		
Interest-bearing liabilities	17,997	21,492
Provisions	4,747	4,618
Tax liabilities for the period	812	920
Trade creditors and other current liabilities	61,644	52,002
TOTAL CURRENT LIABILITIES	85,200	79,032
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	205,796	186,048

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-12/14	IFRS 1-12/13
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net result for the period	29,795	9,098
Adjustments:		
Financial income and expenses	3,745	8,208
Share of the result of associated companies	-1	45
Depreciation and amortisation	7,962	6,568
Income taxes	8,164	5,150
Other adjustments	-2,049	2,637
Cash flow before changes in working capital	47,616	31,706
Change in working capital:		
Change in trade receivables and other receivables	-920	-81
Change in inventories	-6,967	-4,131
Change in trade creditors and other liabilities	9,251	15,557
Change in provisions for liabilities and charges	129	-359
Interest received	187	227
Interest paid	-1,071	-1,143
Other financial items	-2,080	-1,063
Income taxes paid	-8,675	-2,260
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	37,472	38,453
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-19,154	-11,188
Proceeds from sale of tangible and intangible assets	147	0
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-19,007	-11,118

CASH FLOWS FROM FINANCING ACTIVITIES		
Hybrid loan	0	-19,000
Interest paid, hybrid loan	0	-1,136
Withdrawal/Repayment of current loans	-3,540	-14,500
Change in current interest-bearing liabilities	0	-136
Withdrawal of non-current loans	5,000	29,322
Repayment of non-current loans	-9,773	-10,668
Payment of finance lease liabilities	-280	-239
Change in non-current receivables	-4	172
Dividends paid	-8,336	-6,947
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-16,933	-23,132
Change in cash and cash equivalents (A+B+C)	1,532	4,133
Cash and cash equivalents on 1 January	11,958	14,083
Impact of exchange rate changes	-770	-6,259
Cash and cash equivalents on 31 December	12,719	11,958

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)

A = Share capital
B = Share premium and other reserves
C = Translation differences
D = Treasury shares
E = Retained earnings
F = Total shareholders' equity

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
SHAREHOLDERS' EQUITY 1 JAN 2014	7,000	30	1,417	-2,228	61,331	67,550
Translation differences			-3,093			-3,093
Result for the period					29,795	29,795
Total comprehensive income for the period			-3,093		29,795	26,702
Dividend distribution					-8,336	-8,336
Other changes		100				100
SHAREHOLDERS' EQUITY 31 DEC 2014	7,000	130	-1,676	-2,228	82,790	86,016
SHAREHOLDERS' EQUITY 1 JAN 2013	7,000	19,030	-1,538	-2,228	59,180	81,444
Translation differences			2,955			2,955
Result for the period					9,098	9,098
Total comprehensive income for the period			2,955		9,098	12,053

Dividend distribution					-6,947	-6,947
Other changes		-19,000				-19,000
SHAREHOLDERS' EQUITY 31 DEC 2013	7,000	30	1,417	-2,228	61,331	67,550

1. LEASING COMMITMENTS (EUR 1,000)	31 Dec 14	31 Dec 13
	1,326	1,691

2. CONTINGENT LIABILITIES (EUR 1,000)	31 Dec 14	31 Dec 13
Guarantees given on behalf of others	476	487
Repurchase commitments	1,966	1,138
Other commitments	137	1,511
TOTAL	2,579	3,137

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 January 2014	4,618
Provisions added	1,492
Provisions cancelled	-1,363
31 December 2014	4,474

KEY FIGURES AND RATIOS	31 Dec 14	31 Dec 13
R&D expenditure (EUR million)	10.3	8.9
Capital expenditure (EUR million)	19.2	11.2
as % of net sales	4.9	3.6
Average number of employees	1,200	1,027
Order books (EUR million)	158.4	99.8
Equity ratio, %	42.0	36.5
Diluted and undiluted earnings per share (EUR)	1.07	0.31
Equity per share (EUR)	3.07	2.41

FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, %:
Result before tax + financial expenses

Shareholder´s equity + interest-bearing financial liabilities (average during the year) * 100

Average number of employees:
Average of the number of personnel at the end of each month. The calculation has been adjusted for part-time employees.

Net gearing, %:
Interest-bearing financial liabilities – cash and cash equivalents
----
Shareholders’ equity * 100

Equity ratio, %:
Shareholders’ equity + Non-controlling interests

Balance sheet total - advance payments received * 100

Earnings per share:
Net result for the period - Non-controlling interests - Interest on hybrid loan for the period less tax
----
Average number of shares during the accounting period, adjusted for share issues

Equity per share:
Shareholders’ equity

Number of shares on the balance sheet date, adjusted for share issues

ORDER INTAKE (EUR million)	1-12/14	1-12/13
Ponsse Group	451.7	371.0

The stock exchange release for annual financial statements has been prepared observing the recognition and valuation principles of IFRS standards, but not all of the requirements of IAS 34 have been complied with. The same accounting principles were observed for the closing of the books as for the annual financial statements dated 31 December 2013.

The above figures have been audited.

The above figures have been rounded and may therefore differ from those given in the official financial statements.

This communication includes future-oriented statements that are based on the assumptions currently made by the company’s management and its current decisions and plans. Although the management believes that the future expectations are well founded, there is no certainty that these expectations will prove to be correct. This is why the results may significantly deviate from the assumptions included in the future-oriented statements as a result of, among other things, changes in the economy, markets, competitive conditions, legislation or currency exchange rates.

Vieremä, 17 February 2015

PONSSE PLC

Juho Nummela
President and CEO

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Ponsse Plc is a company specialising in the sales, manufacture, servicing and technology of cut-to-length method forest machines and is driven by genuine interest in its customers and their business. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers' needs.

The company was established by forest machine entrepreneur Einari Vidgrén in 1970, and it has been a leader in timber harvesting solutions based on the cut-to-length method ever since. Ponsse is headquartered in Vieremä, Finland. The company's shares are quoted on the NASDAQ OMX Nordic List.