

PONSSE PLC, STOCK EXCHANGE RELEASE, 19 APRIL 2016, 9:00 a.m.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2016

- Net sales amounted to EUR 115.1 (91.2) million.
- Operating result totalled EUR 12.1 (7.3) million, equalling 10.5 (8.0) per cent of net sales.
- Result before taxes was EUR 12.0 (7.4) million.
- Cash flow from operating activities was EUR -2.3 (-8.8) million.
- Earnings per share were EUR 0.34 (0.20).
- Equity ratio was 48.9 (42.5) per cent.
- Order books stood at EUR 156.2 (175.1) million.

PRESIDENT AND CEO JUHO NUMMELA:

Demand for PONSSE forest machines continued to be good during the first quarter of the year. Order intake was good, and the order books remained on a par with the turn of the year. The order books were strong, totalling EUR 156.2 (175.1) million at the end of the period under review. International business operations accounted for 72.7 (72.1) percent of net sales.

The company's net sales for the first quarter were EUR 115.1 (91.2) million and the growth in net sales was 26 percent. The operating profit amounted to EUR 12.1 (7.3) million and accounted a growth of 66 percent compared to the comparison period. Underlying the strong performance is the fact that machine deliveries took place normally in the first quarter, whereas during the comparison period machine delivery volumes fell clearly short of the normal level due to the commencement of production of the new model range. The operating result equalled 10.5 (8.0) percent of net sales for the period under review. Cumulative cash flow improved compared to the comparison period and amounted to EUR -2.3 (-8.8) million.

North and South America accounted for a significant share of the net sales, and the demand for forest machines is active in North America. The demand for forest machines has showed signs of picking up in Russia, and Russia has slightly increased its share of net sales. The share of Northern Europe decreased slightly, while Central Europe's share of net sales was at the normal level. The market situation is good. Service operations continued their growth and the trade-in machine business grew strongly during the past quarter. The accelerated growth in services is related both to the growing machine base and new business concepts in services.

NET SALES

Consolidated net sales for the period under review amounted to EUR 115.1 (91.2) million, which is 26.2 per cent more than in the comparison period. International business operations accounted for 72.7 (72.1) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 39.5 (42.3) per cent, Central and Southern Europe 19.3 (18.7) per cent, Russia and Asia 10.6 (9.9) per cent, North and South America 29.2 (28.9) per cent and other countries 1.4 (0.1) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 12.1 (7.3) million. The operating result equalled 10.5 (8.0) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 27.1 (21.2) per cent.

Staff costs for the period totalled EUR 17.3 (15.7) million. Other operating expenses stood at EUR 10.9 (9.4) million. The net total of financial income and expenses amounted to EUR -0.1 (0.2) million. Exchange rate gains and losses with a net effect of EUR 0.1 (0.4) million were recognised under financial items for the period. Result for the period under review totalled EUR 9.5 (5.5) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.34 (0.20).

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 264.5 (227.6) million. Inventories stood at EUR 112.2 (104.7) million. Trade receivables totalled EUR 39.2 (31.1) million, while liquid assets stood at EUR 14.4 (8.4) million. Group shareholders' equity stood at EUR 127.8 (95.8) million and parent company shareholders' equity (FAS) at EUR 122.8 (114.0) million. The amount of interest-bearing liabilities was EUR 57.0 (58.8) million. The company has used 10 per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 71.4 (88.6) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 42.6 (50.4) million, and the debt-equity ratio (net gearing) was 33.3 (52.6) per cent. The equity ratio stood at 48.9 (42.5) percent at the end of the period under review.

Cash flow from operating activities amounted to EUR -2.3 (-8.8) million. Cash flow from investment activities came to EUR -4.5 (-4.8) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 116.2 (112.4) million, while period-end order books were valued at EUR 156.2 (175.1) million.

DISTRIBUTION NETWORK

No changes took place in the Group structure during the period under review.

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse 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. The Group includes also the property company OOO Ocean Safety Center, Russia. Sunit Oy, Finland, is an associate in which Ponsse Plc has a holding of 34 per cent.

R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 3.1 (2.9) million, of which EUR 0.5 (0.5) million was capitalised.

Capital expenditure totalled EUR 4.5 (4.8) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Petri Härkönen, CFO; Juha Inberg, Technology and R&D Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director; Tommi Väänänen, Director of Delivery Chain Process 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), Carl-Henrik Hammar (Sweden, Denmark), Marko Mattila (the Baltic countries) and Sigurd Skotte (Norway),

Central and Southern Europe: Janne Vidgrén (Austria, Poland, Romania, Germany, Slovakia, the Czech Republic and Hungary), Clément Puybaret (France), Jussi Hentunen (Spain, Italy and Portugal) and Gary Glendinning (the United Kingdom)

Russia and Asia: Jaakko Laurila (Russia, Belarus), Norbert Schalkx (Japan, Australia and South Africa) and Risto Kääriäinen (China),

North and South America: Pekka Ruuskanen (the United States), Marko Mattila (North American dealers and Chile), Teemu Raitis (Brazil) and Martin Toledo (Uruguay).

PERSONNEL

The Group had an average staff of 1,389 (1,277) during the period and employed 1,401 (1,293) people at period-end.

SHARE PERFORMANCE

The company's registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January – 31 March 2016 totalled 695,203, accounting for 2.5 per cent of the total number of shares. Share turnover amounted to EUR 12.9 million, with the period's lowest and highest share prices amounting to EUR 15.57 and EUR 22.50, respectively.

At the end of the period, shares closed at EUR 22.01, and market capitalisation totalled EUR 616.3 million.

At the end of the period under review, the company held 33,092 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 12 April 2016 regarding the authorizations given to the Board of Directors and other resolutions at the AGM.

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.

OUTLOOK FOR THE FUTURE

After the very strong performance in 2015, the Group's euro-denominated operating profit is expected to be on a par with 2015 in 2016.

Ponsse's strongly reformed and competitive product range and new service solutions have significantly grown the company. Our investments are focused on developing the level of

service and capacity of the supply chain and spare part logistics and developing the service network in Finland and abroad.

KATSAUSKAUDEN JÄLKEISET TAPAHTUMAT

The Board of Directors of Ponsse Plc decided to launch a new incentive scheme for the company's key employees. The new incentive scheme is a group pension insurance plan aimed at the members of the Management Team responsible for the company's strategy and finances. This group comprises the CEO, Deputy CEO and CFO of Ponsse Plc. The company pays an annual premium to each member of this group, amounting to 20 percent of the annual earnings of the policyholder on which their statutory pension is based. The lowest possible retirement age under the group pension insurance plan is 60 years. In the plan, the company can determine the payment schedule and validity of the insurance itself.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-3/16	IFRS 1-3/15	IFRS 1-12/15
NET SALES	115,114	91,206	461,928
Increase (+)/decrease (-) in inventories of finished goods and work in progress	7,734	9,009	-1,021
Other operating income	598	392	2,152
Raw materials and services	-80,256	-66,145	-289,294
Expenditure on employment-related benefits	-17,290	-15,693	-67,554
Depreciation and amortisation	-2,896	-2,128	-9,890
Other operating expenses	-10,901	-9,350	-40,335
OPERATING RESULT	12,103	7,291	55,987
Share of results of associated companies	49	-59	-50
Financial income and expenses	-145	162	-5,552
RESULT BEFORE TAXES	12,007	7,395	50,385
Income taxes	-2,518	-1,879	-9,105
NET RESULT FOR THE PERIOD	9,489	5,516	41,280
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:			
Translation differences related to foreign units	434	1,806	880
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	9,923	7,322	42,160
Diluted and undiluted earnings per share [*]	0.34	0.20	1.48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS 31 Mar 16	IFRS 31 Mar 15	IFRS 31 Dec 15
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	18,023	16,009	18,009
Goodwill	3,841	3,440	3,842
Property, plant and equipment	60,906	49,912	59,294
Financial assets	105	105	105
Investments in associated companies	866	887	817
Non-current receivables	2,033	3,261	2,134
Deferred tax assets	3,104	1,745	2,786
TOTAL NON-CURRENT ASSETS	88,878	75,358	86,988

CURRENT ASSETS			
Inventories	112,175	104,705	104,584
Trade receivables	39,245	31,141	40,199
Income tax receivables	179	175	104
Other current receivables	9,570	7,727	9,288
Cash and cash equivalents	14,438	8,444	26,495
TOTAL CURRENT ASSETS	175,607	159,192	180,670
TOTAL ASSETS	264,844	227,550	267,658
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	2,452	2,552	2,452
Translation differences	-362	130	-796
Treasury shares	-346	-346	-346
Retained earnings	119,091	86,424	109,602
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	127,835	95,760	117,912
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	39,395	33,526	39,346
Deferred tax liabilities	750	721	905
Other non-current liabilities	0	0	7
TOTAL NON-CURRENT LIABILITIES	40,144	34,247	40,259
CURRENT LIABILITIES			
Interest-bearing liabilities	17,606	25,291	23,056
Provisions	6,360	5,201	6,120
Tax liabilities for the period	1,038	1,833	1,906
Trade creditors and other current liabilities	71,501	65,218	78,405
TOTAL CURRENT LIABILITIES	96,505	97,543	109,487
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	264,484	227,550	267,658

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-3/16	IFRS 1-3/15	IFRS 1-12/15
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	9,489	5,516	41,280
Adjustments:			
Financial income and expenses	145	-162	5,552
Share of the result of associated companies	-49	59	50
Depreciation and amortisation	2,896	2,128	9,890
Income taxes	2,518	1,879	9,105
Other adjustments	-366	-595	-26
Cash flow before changes in working capital	14,633	8,824	65,850
Change in working capital:			
Change in trade receivables and other receivables	1,251	-8,032	-19,666
Change in inventories	-7,591	-11,971	-11,850
Change in trade creditors and other liabilities	-8,123	2,322	17,238
Change in provisions for liabilities and charges	240	453	1,373
Interest received	53	36	224
Interest paid	-194	-137	-1,069
Other financial items	-235	258	723
Income taxes paid	-2,372	-582	-8,840
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	-2,337	-8,829	43,982
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-4,520	-4,813	-24,360
Proceeds from sale of tangible and intangible assets	0	0	193
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-4,520	-4,813	-24,167
CASH FLOWS FROM FINANCING ACTIVITIES			
Sales of treasury shares	0	1,882	1,118
Withdrawal/Repayment of current loans	-5,240	7,362	3,000
Withdrawal of non-current loans	0	0	17,520
Repayment of non-current loans	-342	0	-9,659
Payment of finance lease liabilities	181	25	-167
Change in non-current receivables	-27	66	216
Dividends paid	0	0	-12,586
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-5,428	9,335	-558
Change in cash and cash equivalents (A+B+C)	-12,285	-4,306	19,257
Cash and cash equivalents on 1 Jan	26,495	12,719	12,719
Impact of exchange rate changes	228	31	-5,481
Cash and cash equivalents on 31 Mar/31 Dec	14,438	8,444	26,495

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 2016	7,000	2,452	-796	-346	109,602	117,912
Translation differences			434			434
Result for the period					9,489	9,489
Total comprehensive income for the period			434		9,489	9,923
Matching Share Plan						0
Other changes						0
SHAREHOLDERS' EQUITY 31 MAR 2016	7,000	2,452	-362	-346	119,091	127,835
SHAREHOLDERS' EQUITY 1						
JAN 2015	7,000	130	-1,676	-2,228	82,790	86,016
Translation differences			1,806			1,806
Result for the period					5,516	5,516
Total comprehensive income for the period			1,806		5,516	7,322
Matching Share Plan		2,422		1,882	-1,882	2,422
Other changes						0
SHAREHOLDERS' EQUITY 31 MAR 2015	7,000	2,552	130	-346	86,424	95,761

	31 Mar 16	31 Mar 15	31 Dec 15
1. LEASING COMMITMENTS (EUR 1,000)	1,017	1,144	914
2. CONTINGENT LIABILITIES (EUR 1,000)			
Guarantees given on behalf of others	462	536	462
Repurchase commitments	4,398	2,815	4,290
Other commitments	224	41	276
TOTAL	5,084	3,392	5,028

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 January 2016	6,120
Provisions added	271
Provisions cancelled	-31
31 March 2016	6,360

KEY FIGURES AND RATIOS	31 Mar 16	31 Mar 15	31 Dec 15
R&D expenditure (EUR million)	3.1	2.9	12.2
Capital expenditure (EUR million)	4.5	4.8	24.4
as % of net sales	3.9	5.3	5.3
Average number of employees	1,389	1,277	1,329
Order books (EUR million)	156.2	175.1	158.1
Equity ratio, %	48.9	42.5	44.8
Diluted and undiluted earnings per share (EUR)	0.34	0.20	1.48
Equity per share (EUR)	4.57	3.42	4.21

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

 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)	1-3/16	1-3/15	1-12/15
Ponsse Group	116.2	112.4	469.4

The stock exchange release for the interim report 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 interim report as for the annual financial statements dated 31 December 2015.

The above figures have not 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, 19 April 2016

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

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DISTRIBUTION

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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.