PONSSE PLC, STOCK EXCHANGE RELEASE, 19 FEBRUARY 2019, 9:00 a.m.

PONSSE'S FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2018

– Net sales amounted to EUR 612.4 (Q1-Q4/2017 576.6) million.

– Q4 net sales amounted to EUR 196.6 (Q4/2017 178.3) million.

– Operating result totalled EUR 61.7 (Q1-Q4/2017 67.4) million, equalling 10.1 (11.7) per cent of net sales.

– Q4 operating result totalled EUR 22.4 (Q4/2017 20.6) million, equalling 11.4 (11.5) per cent of net sales.

– Profit before taxes was EUR 56.3 (Q1-Q4/2017 57.8) million.

– Cash flow from business operations was EUR 61.3 (56.5) million.

– Earnings per share were EUR 1.56 (1.60).

– Equity ratio was 54.0 (51.9) per cent.

– Order books stood at EUR 294.9 (124.6) million.

– The Board of Directors´ proposal for the distribution of profit is EUR 0.80 (0.75) per share.

– Group´s euro-denominated operating profit is expected to be slightly higher in 2019 than in 2018.

PRESIDENT AND CEO JUHO NUMMELA:

The year 2018 was a busy one as a result of high demand, the significant factory investment and challenges in the availability of components. For Ponsse, the year was an excellent success and, despite the highly challenging situation, our profitability was more than 10 per cent and our cash flow was high at EUR 61 million. We were able to continue our growth, even though the ramp-up of the Vieremä factory limited the use of our capacity. We manufactured nearly the same number of PONSSE forest machines as in the record year of 2017.

Our order flow reached a new record in 2018. High demand during the second half of the year had a significant impact on our delivery times, as the order book reached a new record level. At the end of the year, our order book totalled EUR 294.9 (124.6) million, being 136.7 per cent higher than in the year before.

Russia, Finland and Sweden were our fastest growing market areas. Russia held its place as the world's largest market for cut-to-length forest machines, followed by Sweden, with Finland being the third largest market. The market situation was excellent in most parts of our market areas throughout the year.

All our business areas grew steadily throughout the year. Sales of new machines developed well, while our service and trade-in machine businesses grew faster than our other operations. Cumulative net sales rose to a historical level of EUR 612.4 (576.6) million and the operating profit amounted to EUR 61.7 (67.4). From the beginning of the year, the company's net sales increased by 6.2 per cent and operating profit decreased by 8.5 per cent year-on-year. Operating profit accounted for 10.1 (11.7) per cent of net sales during the period under review. Our operating profit during the second half of the year was affected by the significant factory ramp-up, which increased operating costs.

Our sales teams did an excellent job throughout the year, and the rotation of our trade-in machine stock reached a good level. Cash flow from business operations amounted to EUR 61.3 (56.5) million during the period under review. Stocks of both new machines and trade-in machines were at a good level at the end of the year.

We are developing Ponsse with a long-term focus in order to support our customers' businesses. The continuous renewal of our operations and our products is important. Since 2010, we have increasingly invested around EUR 100 million in product development and around EUR 186 million in fixed assets.

During 2018, we launched a breath-taking number of new products. At the FinnMETKO exhibition, we demonstrated ten new products and significant product features. Our R&D, sales and marketing teams succeeded well, and our new products have received an enthusiastic welcome in the markets. We are investing in harvesting solutions and technologies related to them in accordance with sustainable development.

The investment in the Vieremä factory exceeded all our expectations. The deployment of the storage system during week 10 was a success, and the storage automation system stabilised quickly both in terms of technology and our employees. The ramp-up of the new assembly factory took place after the summer holidays, and it succeeded well, considering the size of the project. Despite any problems in the availability of components and in the new production system, the factory was running on schedule by the end of the year. In this situation, the success of the factory was vital to us and showed that our employees are very skilled, capable and persistent. Our factory is going strong, for which I would like to thank all people at Ponsse's factory in Vieremä.

The year 2018 was an excellent success for all Ponsse employees and our distribution network.

NET SALES

Consolidated net sales for the period under review amounted to EUR 612.4 (576.6) million, which is 6.2 per cent more than in the comparison period. International business operations accounted for 77.6 (77.3) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 37.6 (38.0) per cent, Central and Southern Europe 20.0 (18.6) per cent, Russia and Asia 22.5 (20.1) per cent, North and South America 19.2 (22.9) per cent and other countries 0.7 (0.5) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 61.7 (67.4) million. The operating result equalled 10.1 (11.7) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 22.6 (26.4) per cent.

Staff costs for the period totalled EUR 85.3 (80.3) million. Other operating expenses stood at EUR 55.2 (49.7) million. The net total of financial income and expenses amounted to EUR -5.3 (-9.7) million. Exchange rate gains and losses with a net effect of EUR -4.0 (-7.8) million were recognised under financial items for the period. Result for the period under review totalled EUR 43.7 (44.8) million. Diluted and undiluted earnings per share (EPS) came to EUR 1.56 (1.60).

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 379.1 (345.2) million. Inventories stood at EUR 126.6 (122.3) million. Trade receivables totalled EUR 43.4 (41.5) million, while liquid assets stood at EUR 51.1 (42.6) million. Group shareholders' equity stood at EUR 200.2 (176.8) million and parent company shareholders' equity (FAS) at EUR 180.1 (162.9) million. The amount of interest-bearing liabilities was EUR 69.6 (68.2) million. The company has used five per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 76.7 (85.3) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 18.4 (25.5) million, and the debt-equity ratio (net gearing) was 9.2 (14.4) per cent. The equity ratio stood at 54.0 (51.9) percent at the end of the period under review.

Cash flow from operating activities amounted to EUR 61.3 (56.5) million. Cash flow from investment activities came to EUR -31.8 (-37.7) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 785.7 (582.1) million, while period-end order books were valued at EUR 294.9 (124.6) 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 Machines Ireland Ltd, Ireland, 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 Ponsse Centre, 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 17.5 (14.8) million, of which EUR 6.1 (4.7) million was capitalised.

Capital expenditure totalled EUR 32.5 (37.8) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

ANNUAL GENERAL MEETING

Annual General Meeting was held in Vieremä, Finland 9 April 2018. 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 2017 financial period.

The AGM decided to pay a dividend of EUR 0.75 per share for 2017 (dividends totaling EUR 20,975,181). No dividend were paid to shares owned by the company itself (33,092 shares). The dividend payment record date was 11 April 2018, and the dividends were paid on 18 April 2018.

Annual General Meeting authorised the Board of Directors to decide on the acquisition of treasury shares so that shares can be acquired in one or several instalments to a maximum of 250,000 shares.

The maximum amount corresponds to approximately 0.89 per cent of the company's total shares and votes.

The shares will be acquired in public trading organised by NASDAQ OMX Helsinki Ltd ("the Stock Exchange"). Furthermore, they will be acquired and paid according to the rules of the Stock Exchange and Euroclear Finland Ltd.

The Board may, pursuant to the authorisation, only decide upon the acquisition of the treasury shares using the company's unrestricted shareholders' equity.

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, used for increasing shareholders' ownership value by invalidating shares after their acquisition or used in personnel incentive systems. The authorisation includes the right of the Board to decide upon all other terms and conditions of the share issue.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2019. The previous authorisations are cancelled.

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 250,000 shares will be issued on the basis of the authorisation. The maximum amount corresponds to approximately 0.89 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. A directed share issue may be free of charge only if there is a particularly weighty financial reason for it, one that is beneficial for all the company's shareholders.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2019. The previous authorisations are cancelled.

BOARD OF DIRECTORS AND THE COMPANY'S AUDITORS

Juha Vidgrén acted as Chairman of the Board and Mammu Kaario as Vice Chairman of the Board. Members of the Board were Matti Kylävainio, Juha Vanhainen (starting from 9 April 2018), Janne Vidgrén and Jukka Vidgrén. In addition to, Ossi Saksman was member of the Board until the Annual General Meeting held on 9 April 2018.

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

The Board of Directors convened nine times during the period under review. The attendance rate was 90.7 percent.

During the period under review, auditing firm PricewaterhouseCoopers Oy acted as the company auditor with Juha Toppinen, 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; 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, the Group's sales and marketing director, and Tapio Mertanen, service director. Area directors report to Marko Mattila, Ponsse retail network manager. Managing directors of subsidiaries and Marko Mattila report to Jarmo Vidgrén, Ponsse Plc's sales and marketing director.

The geographical distribution and the responsible persons are presented below:
Northern Europe:
Jani Liukkonen (Finland),
Carl-Henrik Hammar (Sweden and Denmark),
Jussi Hentunen (the Baltic countries) and
Sigurd Skotte (Norway),

Central and Southern Europe:
Tuomo Moilanen (Germany and Austria),
Clément Puybaret (France),
Janne Tarvainen (Spain and Portugal),
Dean Robson (the United Kingdom),
Gary Glendinning (Ireland, Hungary, Romania, Slovenia, Croatia and Serbia) and
Jussi Hentunen (Poland, Czech Republic and Slovakia).

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

North and South America:
Pekka Ruuskanen (the United States),
Eero Lukkarinen (Canada),
Fernando Campos (Brazil) starting from 1 August 2018 and
Martin Toledo (Uruguay, Chile and Argentina).

PERSONNEL

The Group had an average staff of 1,635 (1,508) during the period and employed 1,692 (1,546) 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 December 2018 totalled 2,327,277, accounting for 8.3 per cent of the total number of shares. Share turnover amounted to EUR 67.0 million, with the period’s lowest and highest share prices amounting to EUR 23.85 and EUR 32.35, respectively.

At the end of the period, shares closed at EUR 24.75, and market capitalisation totalled EUR 693.0 million.

At the end of the period under review, the company held no treasury shares.

QUALITY AND ENVIRONMENT

Ponsse is committed to observing the ISO 9001 quality standard, the ISO 14001 environmental system standard and the OHSAS 18001 occupational safety and health standard, the first two of which are certified. The aim of the management systems based on international standards is to standardise operations at the Group level and to ensure a continuous development. Lloyd's Register Quality Assurance conducted an audit of the ISO 9001:2015 quality system and the ISO 14001:2015 environmental system during the period under review.

Implementation of the principles of sustainable development and responsible leadership are guided by the management systems based on the company's quality, environmental and occupational safety and health standards. At Ponsse, sustainable development means taking the economic, social and ecological points of view and the principles related to them equally into account in the company's operations. According to the point of view of ecological sustainability we want to avoid and minimise the negative impacts of our products, services, operations and decisions on biodiversity, the ecosystem and sufficiency of natural resources. Our investments in minimising the fuel consumption and emissions of our products and surface damage of trees and in our maintenance services processes also influence the sustainability of the operations of our customers. According to the point of view of social sustainability we ensure occupational well-being and safety and equal treatment and support employment and the development of professional human resources. The point of view of economical sustainability is related to profitability, cash flow from business operations and growth and ensures the company's economic performance in the long term. This brings stability and continuity to the local community and the society in the whole of our global field of operations.

At Ponsse, operating methods and production processes are developed with both internal and external audits. The company's audit system has been a key tool in promoting the development during 2018. During the period under review, internal audits assessing the procedures and working environment of services were deepened in the company's service business network. The aim of the quality audits of services is to ensure efficient and safe procedures in the entire PONSSE service network. During the period under review, there has been invested in the management of the subsidiaries' strategy and leading principles, taking advantage of the earlier developed 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, great focus was put on a procedure development model internal to the company, which is based on principles of Ponsse Production System.

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 2015. 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 insecurity in the world economy 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. 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. The risks in the supplier network may cause problems in material availability.

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.

EVENTS AFTER THE PERIOD

The company has no important events after the conclusion of the period under review.

OUTLOOK FOR THE FUTURE

The Group's euro-denominated operating profit is expected to be slightly higher in 2019 than in 2018.

Ponsse’s updated and competitive product range and service solutions have had a significant impact on the company’s growth. The market situation has remained favourable. Availability of components will remain challenging during the first half of year 2019.

The trend of our investments will increasingly be in R&D and product technology and also developing the service network both in Finland and abroad. In Vieremä factory there will be focused in ramp-up of new products and increasing the capacity taking product quality and reliability into account.

ANNUAL GENERAL MEETING

Ponsse Plc’s Annual General Meeting will be held on 3 April 2019, 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 149,873,188.81 euros of distributable funds on 31 December 2018.

The company’s Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.80 per share shall be paid for the year 2018. The Board proposes to the Annual General Meeting that a profit bonus will be paid to the staff for the year 2018.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-12/18	IFRS 1-12/17
NET SALES	612,435	576,553
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-1,508	7,900
Other operating income	2,768	1,618
Raw materials and services	-395,660	-375,529
Expenditure on employment-related benefits	-85,289	-80,263
Depreciation and amortisation	-15,836	-13,112
Other operating expenses	-55,193	-49,734
OPERATING RESULT	61,717	67,432
Share of results of associated companies	-77	19
Financial income and expenses	-5,317	-9,660
RESULT BEFORE TAXES	56,324	57,792
Income taxes	-12,625	-13,021
NET RESULT FOR THE PERIOD	43,699	44,771
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-318	-941
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	43,381	43,830
Diluted and undiluted earnings per share*	1.56	1.60

	IFRS 10-12/18	IFRS 10-12/17
NET SALES	196,552	178,264
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-10,031	-9,950
Other operating income	825	412
Raw materials and services	-120,416	-106,747
Expenditure on employment-related benefits	-24,602	-23,175
Depreciation and amortisation	-4,385	-3,446
Other operating expenses	-15,567	-14,774
OPERATING RESULT	22,377	20,584
Share of results of associated companies	-12	-28
Financial income and expenses	-326	-3,137
RESULT BEFORE TAXES	22,039	17,419
Income taxes	-3,475	-2,717
NET RESULT FOR THE PERIOD	18,563	14,702
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-969	155
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	17,595	14,857

Diluted and undiluted earnings per share*	0.63	0.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS	IFRS
ASSETS	31 Dec 18	31 Dec 17
NON-CURRENT ASSETS		
Intangible assets	26,298	22,975
Goodwill	3,800	3,816
Property, plant and equipment	108,818	95,454
Financial assets	103	103
Investments in associated companies	545	714
Non-current receivables	2,447	916
Deferred tax assets	3,242	3,538
TOTAL NON-CURRENT ASSETS	145,252	127,516
CURRENT ASSETS		
Inventories	126,628	122,302
Trade receivables	43,379	41,481
Income tax receivables	1,423	413
Other current receivables	11,275	10,864
Cash and cash equivalents	51,105	42,596
TOTAL CURRENT ASSETS	233,811	217,656
TOTAL ASSETS	379,063	345,172
SHAREHOLDERS’ EQUITY AND LIABILITIES		
SHAREHOLDERS’ EQUITY		
Share capital	7,000	7,000
Other reserves	3,462	2,452
Translation differences	3,027	-183
Treasury shares	0	-346
Retained earnings	186,667	167,923
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	200,155	176,846
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	45,651	46,126
Deferred tax liabilities	1,295	823
Other non-current liabilities	43	57
TOTAL NON-CURRENT LIABILITIES	46,990	47,006
CURRENT LIABILITIES		
Interest-bearing liabilities	23,920	22,115
Provisions	5,418	5,769
Tax liabilities for the period	808	738
Trade creditors and other current liabilities	101,773	92,698
TOTAL CURRENT LIABILITIES	131,919	121,320
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	379,063	345,172

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-12/18	IFRS 1-12/17
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net result for the period	43,699	44,771
Adjustments:		
Financial income and expenses	5,317	9,660
Share of the result of associated companies	77	-19
Depreciation and amortisation	15,836	13,112
Income taxes	12,625	13,021
Other adjustments	-3,368	-1,202
Cash flow before changes in working capital	74,186	79,342
Change in working capital:		
Change in trade receivables and other receivables	-111	-9,885
Change in inventories	-4,326	-4,018
Change in trade creditors and other liabilities	7,794	10,572
Change in provisions for liabilities and charges	-351	-201
Interest received	244	240
Interest paid	-770	-954
Other financial items	-2,458	-3,518
Income taxes paid	-12,866	-15,030
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	61,341	56,549
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-32,508	-37,836
Proceeds from sale of tangible and intangible assets	675	127
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-31,833	-37,709
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	-93	0
Withdrawal/Repayment of current loans	1,851	7,944
Repayment of non-current loans	-450	-900
Withdrawal/Repayment of finance lease liabilities	22	1,082
Change in non-current receivables	970	520
Dividends paid	-20,975	-16,780
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-18,675	-8,135
Change in cash and cash equivalents (A+B+C)	10,834	10,705
Cash and cash equivalents on 1 Jan	42,596	37,342
Impact of exchange rate changes	-2,324	-5,451
Cash and cash equivalents on 31 Dec	51,105	42,596

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 2018	7,000	2,452	-183	-346	167,923	176,846
Adjustment for previous periods *)		-29	3,528		-3,525	-26
SHAREHOLDERS' EQUITY 1 JAN 2018	7,000	2,423	3,345	-346	164,398	176,819
Translation differences			-318			-318
Result for the period					43,699	43,699
Total comprehensive income for the period			-318		43,699	43,381
Direct entries to retained earnings					-16	-16
Matching Share Plan		1,039		439	-439	1,039
Dividend distribution					-20,975	-20,975
Acquisition of treasury shares				-93		-93
SHAREHOLDERS' EQUITY 31 DEC 2018	7,000	3,462	3,027	0	186,667	200,155
SHAREHOLDERS' EQUITY 1 JAN 2017	7,000	2,452	758	-346	139,932	149,796
Translation differences			-941			-941
Result for the period					44,771	44,771
Total comprehensive income for the period			-941		44,771	43,830
Dividend distribution					-16,780	-16,780
SHAREHOLDERS' EQUITY 31 DEC 2017	7,000	2,452	-183	-346	167,923	176,846

*) As a result of the new consolidation system, the company is now able to present, from the beginning of the financial year 2018, all exchange rate differences on equity in the translation difference. Exchange differences for previously accrued retained earnings are presented within the profits. The change has no effect on previously reported key figures.

	31 Dec 18	31 Dec 17
1. LEASING COMMITMENTS (EUR 1,000)	1,342	1,490

2. CONTINGENT LIABILITIES (EUR 1,000)	31 Dec 18	31 Dec 17
Guarantees given on behalf of others	1,459	1,541
Repurchase commitments	552	3,464
Responsibility of checking the VAT deductions made on real property investments	7,839	8,752
Other commitments	87	58
TOTAL	9,937	13,815

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 Jan 2018	5,769
Provisions added	533
Provisions cancelled	-884
31 Dec 2018	5,418

KEY FIGURES AND RATIOS	31 Dec 18	31 Dec 17
R&D expenditure, MEUR	17.5	14.8
Capital expenditure, MEUR	32.5	37.8
as % of net sales	5.3	6.6
Average number of employees	1,635	1,508
Order books, MEUR	294.9	124.6
Equity ratio, %	54.0	51.9
Diluted and undiluted earnings per share (EUR)	1.56	1.60
Equity per share (EUR)	7.15	6.32

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
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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)	1-12/18	1-12/17
Ponsse Group	785.7	582.1

The stock exchange release for annual financial statements has been prepared observing the recognition and valuation principles of IFRS standards and 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 2017, with the exception of the new standards introduced on 1 January 2018. These standards are IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments as Amended.

The IFRS 15 standard had not any significant effect on the time when net sales are recognised, or the amount of net sales recognized, and therefore on the consolidated income statement or balance sheet. However, IFRS 15 had a minor impact on the time when net sales are recognised and liabilities based on agreements, for example regarding the service-based component of warranties provided for new machines and any options provided for customers to acquire additional services with a discount. In addition, the new standard had an impact on financial statements as a result of new requirements regarding notes. A standard transition method was applied in implementing the standard. The effects on the comparability of financial periods and the profit and loss account and balance sheet of the reporting period are minor.

The group is adopting the standard IFRS 9, Financial Instruments as Amended. With regard to possible decline in value of financial assets, an expected credit loss model is applied. The standard amendment is not expected to have any significant impact on the consolidated financial statements. Expected credit losses are recorded customer-specifically, based on predetermined criteria.

IFRS 16 Leases will be applicable to financial periods beginning on or after 1 January 2019. As a result of this, nearly all leases will be recognised on the balance sheet, since operational leases and financing leases are no longer separated. In accordance with the new standard, an asset item (the right to use a leased asset) and a financial liability regarding payment of leases is recognised. The only exceptions are short-term leases and leases regarding asset items of low value. The Group has assessed the effects of the implementation of the standard. The standard mainly has effect on accounting methods of the Group’s operational leases. At the end of the accounting period the Group has worth of EUR 3.554 thousand of non-cancellable leases based on operational leases.

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 February 2019

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.