

PONSSE PLC, STOCK EXCHANGE RELEASE, 20 OCTOBER 2015, 9:00 a.m.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 30 SEPTEMBER 2015

- Net sales amounted to EUR 310.2 (Q1-Q3/2014 270.0) million.
- Q3 net sales amounted to EUR 103.6 (Q3/2014 86.4) million.
- Operating result totalled EUR 34.2 (Q1-Q3/2014 27.5) million, equalling 11.0 (10.2) per cent of net sales.
- Q3 operating result totalled EUR 12.2 (Q3/2014 9.5) million, equalling 11.7 (11.0) per cent of net sales.
- Profit before taxes was EUR 28.5 (Q1-Q3/2014 27.4) million.
- Cash flow from business operations was EUR 13.3 (13.8) million.
- Earnings per share were EUR 0.85 (0.80).
- Equity ratio was 41.4 (38.9) per cent.
- Order books stood at EUR 173.7 (155.5) million.
- Group's euro-denominated operating profit is expected to be significantly higher than in 2014. The previous guidance stated that Group's euro-denominated operating profit for 2015 is slightly higher than in 2014.

PRESIDENT AND CEO JUHO NUMMELA:

Demand for PONSSE forest machines continued to be good. The market situation remained stable, and no major changes took place in demand. During the past quarter, strong order intake increased the order books further from the level of the previous quarter. The order books totalled EUR 173.7 (155.5) million at the end of the period under review. The order books grew by 12 per cent compared with the comparable period. International business operations accounted for 75.0 (73.5) per cent of net sales.

The company's growth and profitability were at a good level, and net sales for the first three quarters totalled EUR 310.2 (270.0) million and operating profit EUR 34.2 (27.5) million. The growth in net sales was 15.0 per cent. The operating result equalled 11.0 (10.2) per cent of net sales for the period under review. During the third quarter, the company's net sales amounted to EUR 103.6 (86.4) million and operating profit to EUR 12.2 (9.5) million. The operating profit equalled 11.7 (11.0) per cent of net sales for the quarter. Due to the favourable development of the Company, we are revising the guidance for 2015 so that we expect our operating profit to be significantly higher than in 2014.

North and South America's share of net sales increased significantly, while the share of Russia and Northern Europe decreased. The situation in Russia is expected to improve during the fourth quarter. Central Europe's share of net sales was at the normal level. 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.

Ponsse has successfully commenced the serial production of the 2015 product range. The Vieremä factory was steadily on schedule during the quarter as the production of new products stabilised. At the same time, the reorganisation of the factory and Ponsse's supply chain yielded results, and the development of the factory's operations progressed strongly.

Cash flow from business operations also increased strongly during the past quarter. Cumulative cash flow amounted to EUR 13.3 (13.8) million.

NET SALES

Consolidated net sales for the period under review amounted to EUR 310.2 (270.0) million, which is 14.9 per cent more than in the comparison period. International business operations accounted for 75.0 (73.5) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 38.8 (40.9) per cent, Central and Southern Europe 18.9 (20.6) per cent, Russia and Asia 10.6 (14.6) per cent, North and South America 31.5 (23.8) per cent and other countries 0.3 (0.1) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 34.2 (27.5) million. The operating result equalled 11.0 (10.2) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 25.5 (28.4) per cent.

Staff costs for the period totalled EUR 47.3 (41.2) million. Other operating expenses stood at EUR 29.3 (26.1) million. The net total of financial income and expenses amounted to EUR -5.7 million (-3 thousand). Exchange rate gains and losses with a net effect of EUR -4.6 (1.4) million were recognised under financial items for the period. Profit for the period under review totalled EUR 23.7 (22.3) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.85 (0.80).

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 247.1 (207.7) million. Inventories stood at EUR 110.0 (98.1) million. Trade receivables totalled EUR 31.2 (26.6) million, while liquid assets stood at EUR 10.6 (13.8) million. Group shareholders' equity stood at EUR 101.1 (79.4) million and parent company shareholders' equity (FAS) at EUR 115.9 (97.2) million. The amount of interest-bearing liabilities was EUR 72.3 (64.6) million. The company has used 27 per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 79.4 (78.4) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 61.7 (50.8) million, and the debt-equity

ratio (net gearing) was 61.0 (64.0) per cent. The equity ratio stood at 41.4 (38.9) percent at the end of the period under review.

Cash flow from business operations amounted to EUR 13.3 (13.8) million. Cash flow from investment activities came to EUR -20.8 (-9.9) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 333.4 (327.6) million, while period-end order books were valued at EUR 173.7 (155.5) 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.

The business operations of Ponsse's retailer AN Maskinteknik Ab in the Norrbotten region in Northern Sweden were transferred to Ponsse's subsidiary Ponsse AB on 31 August 2015. A separate release was issued on the matter on 10 June 2015.

CAPITAL EXPENDITURE AND R&D

During the period under review, the Group's R&D expenses totalled EUR 8.8 (7.6) million, of which EUR 2.4 (1.9) million was capitalised.

Capital expenditure totalled EUR 20.8 (9.9) 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; Juha Haverinen, Factory Director (until 17 August 2015); 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.

Ponsse Plc will carry out changes in its organisational structure, which causes also a change in the Ponsse's management team. The objective of the change is to improve the efficiency of the factory's delivery chain from the order to the customer.

Ponsse's new organisational structure is based on three main processes: sales and maintenance, the delivery chain, and R&D. In the future, the delivery chain organisation will be responsible for an area which covers functions from the receipt of customer orders all the way to production and the delivery of machines.

Jarmo Vidgrén, sales and marketing director, will continue in the management of sales and maintenance, and Juha Inberg, technology and R&D director, will be responsible for R&D. Ponsse is looking for a new employee in the management of the delivery chain process who will also replace Juha Haverinen, the current factory director, in the Group's Management Team.

The area director organisation of sales is lead 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) 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 Africa) 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).

Carl-Henrik Hammar has been appointed Managing Director of Ponsse Plc's Swedish subsidiary, Ponsse AB, as of 1 July 2015. A separate release was issued on the matter on 14 January 2015.

PERSONNEL

The Group had an average staff of 1,318 (1,186) during the period and employed 1,351 (1,226) 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 – 30 September 2015 totalled 3,323,512, accounting for 11.9

per cent of the total number of shares. Share turnover amounted to EUR 48.6 million, with the period's lowest and highest share prices amounting to EUR 11.66 and EUR 15.95, respectively.

At the end of the period, shares closed at EUR 14.77, and market capitalisation totalled EUR 413.6 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 14 April 2015 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 2014, the Group's euro-denominated operating profit is expected to be significantly 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 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.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-9/15	IFRS 1-9/14	IFRS 1-12/14
NET SALES	310,199	270,003	390,831
Increase (+)/decrease (-) in inventories of finished goods and work in progress	9,471	5,849	3,173
Other operating income	1,310	972	1,185
Raw materials and services	-202,998	-176,201	-251,067
Expenditure on employment-related benefits	-47,265	-41,163	-58,583
Depreciation and amortisation	-7,186	-5,885	-7,962
Other operating expenses	-29,332	-26,090	-35,875
OPERATING RESULT	34,199	27,486	41,704
Share of results of associated companies	-10	-58	1
Financial income and expenses	-5,733	-3	-3,745
RESULT BEFORE TAXES	28,456	27,426	37,959
Income taxes	-4,714	-5,173	-8,164
NET RESULT FOR THE PERIOD	23,742	22,253	29,795

OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:

Translation differences related to foreign units	1,584	-2,053	-3,093
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TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	25,326	20,200	26,702
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Diluted and undiluted earnings per share	0.85	0.80	1.07
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	IFRS 7-9/15	IFRS 7-9/14
NET SALES	103,561	86,384
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-3,249	396
Other operating income	539	330
Raw materials and services	-62,835	-54,691
Expenditure on employment-related benefits	-13,839	-12,206
Depreciation and amortisation	-2,582	-2,035
Other operating expenses	-9,445	-8,690
OPERATING RESULT	12,150	9,487
Share of results of associated companies	36	10
Financial income and expenses	-4,920	-84
RESULT BEFORE TAXES	7,266	9,413
Income taxes	-510	-1,832
NET RESULT FOR THE PERIOD	6,757	7,581

OTHER ITEMS INCLUDED IN TOTAL
COMPREHENSIVE RESULT:

Translation differences related to foreign units	-210	-1,031
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	6,547	6,550
 Diluted and undiluted earnings per share	 0.24	 0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS 30 Sep 15	IFRS 30 Sep 14	IFRS 31 Dec 14
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	16,787	15,047	15,954
Goodwill	3,822	3,440	3,440
Property, plant and equipment	59,666	41,052	47,282
Financial assets	105	104	104
Investments in associated companies	857	888	946
Non-current receivables	3,101	868	832
Deferred tax assets	3,205	1,802	1,267
TOTAL NON-CURRENT ASSETS	87,542	63,201	69,285
CURRENT ASSETS			
Inventories	110,003	98,050	92,734
Trade receivables	31,229	26,601	25,226
Income tax receivables	595	706	591
Other current receivables	7,167	5,327	4,701
Cash and cash equivalents	10,602	13,780	12,719
TOTAL CURRENT ASSETS	159,596	144,465	135,971
TOTAL ASSETS	247,138	207,667	205,796
 SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	2,452	30	130
Translation differences	-92	-636	-1,676
Treasury shares	-346	-2,228	-2,228
Retained earnings	92,064	75,248	82,790
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	101,078	79,414	86,016

NON-CURRENT LIABILITIES			
Interest-bearing liabilities	48,854	43,510	33,712
Deferred tax liabilities	710	859	867
Other non-current liabilities	2,436	0	0
TOTAL NON-CURRENT LIABILITIES	51,999	44,369	34,580
CURRENT LIABILITIES			
Interest-bearing liabilities	23,421	21,104	17,997
Provisions	6,255	3,802	4,747
Tax liabilities for the period	2,315	2,453	812
Trade creditors and other current liabilities	62,069	56,525	61,644
TOTAL CURRENT LIABILITIES	94,060	83,884	85,200
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	247,138	207,667	205,796

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-9/15	IFRS 1-9/14	IFRS 1-12/14
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	23,742	22,253	29,795
Adjustments:			
Financial income and expenses	5,733	3	3,745
Share of the result of associated companies	10	58	1
Depreciation and amortisation	7,186	5,885	7,962
Income taxes	4,714	5,173	8,164
Other adjustments	-425	-379	-2,049
Cash flow before changes in working capital	40,960	32,992	47,616
Change in working capital:			
Change in trade receivables and other receivables	-8,318	-3,059	-920
Change in inventories	-17,269	-12,283	-6,967
Change in trade creditors and other liabilities	1,139	3,419	9,251
Change in provisions for liabilities and charges	1,508	-816	129
Interest received	129	111	187
Interest paid	-712	-712	-1,071
Other financial items	1,068	-1,317	-2,080
Income taxes paid	-5,230	-4,544	-8,675
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	13,275	13,791	37,472
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-20,785	-9,941	-19,154
Proceeds from sale of tangible and intangible assets	0	0	147
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-20,785	-9,941	-19,007

CASH FLOWS FROM FINANCING ACTIVITIES

Sales of treasury shares	1,882	0	0
Withdrawal/Repayment of current loans	7,936	3,000	-3,540
Withdrawal of non-current loans	12,436	5,000	5,000
Repayment of non-current loans	-3,265	-3,591	-9,773
Withdrawal/Repayment of finance lease liabilities	4,966	-97	-280
Change in non-current receivables	237	-41	-4
Dividends paid	-12,586	-8,336	-8,336
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	11,606	-4,065	-16,933
Change in cash and cash equivalents (A+B+C)	4,096	-214	1,532
Cash and cash equivalents on 1 Jan	12,719	11,958	11,958
Impact of exchange rate changes	-6,213	2,037	-770
Cash and cash equivalents on 30 Sep/31 Dec	10,602	13,780	12,719

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 2015	7,000	130	-1,676	-2,228	82,790	86,016
Translation differences			1,584			1,584
Result for the period					23,742	23,742
Total comprehensive income for the period			1,584		23,742	25,326
Dividend distribution					-12,586	-12,586
Matching Share Plan		2,422		1,882	-1,882	2,422
Other changes		-100				-100
SHAREHOLDERS' EQUITY 30						
SEP 2015	7,000	2,452	-92	-346	92,064	101,078

SHAREHOLDERS' EQUITY 1

JAN 2014	7,000	30	1,417	-2,228	61,331	67,550
Translation differences			-2,053			-2,053
Result for the period					22,253	22,253

Total comprehensive income for the period			-2,053		22,253	20,200
Dividend distribution					-8,336	-8,336
SHAREHOLDERS' EQUITY 30 SEP 2014	7,000	30	-636	-2,228	75,248	79,414

	30 Sep 15	30 Sep 14	31 Dec 14
1. LEASING COMMITMENTS (EUR 1,000)	857	1,293	1,326

	30 Sep 15	30 Sep 14	31 Dec 14
2. CONTINGENT LIABILITIES (EUR 1,000)			
Guarantees given on behalf of others	486	503	479
Repurchase commitments	3,518	3,056	1,966
Other commitments	26	136	137
TOTAL	4,030	3,695	2,579

	Guarantee provision
3. PROVISIONS (EUR 1,000)	
1 January 2015	4,747
Provisions added	1,790
Provisions cancelled	-282
30 September 2015	6,255

	30 Sep 15	30 Sep 14	31 Dec 14
KEY FIGURES AND RATIOS			
R&D expenditure, MEUR	8.8	7.6	10.3
Capital expenditure, MEUR	20.8	9.9	19.2
as % of net sales	6.7	3.7	4.9
Average number of employees	1,318	1,186	1,200
Order books, MEUR	173.7	155.5	158.4
Equity ratio, %	41.4	38.9	42.0
Diluted and undiluted earnings per share (EUR)	0.85	0.80	1.07
Equity per share (EUR)	3.61	2.84	3.07

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 income 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, MEUR	1-9/15	1-9/14	1-12/14
Ponsse Group	333.4	327.6	451.7

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 2014.

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, 20 October 2015

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.