PONSSE PLC, STOCK EXCHANGE RELEASE, 6 AUGUST 2013, 9:00 a.m.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2013

– Net sales amounted to EUR 145.3 (H1/2012 151.1) million.

– Q2 net sales amounted to EUR 83.6 (Q2/2012 74.3) million.

– Operating result totalled EUR 8.5 (H1/2012 10.7) million, equalling 5.9 (7.1) per cent of net sales.

– Q2 operating result totalled EUR 8.4 (Q2/2012 6.2) million, equalling 10.1 (8.3) per cent of net sales.

– Profit before taxes was EUR 5.2 (H1/2012 9.3) million.

– Cash flow from business operations was EUR 7.2 (0.1) million.

– Earnings per share were EUR 0.10 (0.20).

– Equity ratio was 32.6 (41.5) per cent.

– Order books stood at EUR 57.7 (56.0) million.

PRESIDENT AND CEO JUHO NUMMELA:

During the second quarter, our order intake improved and order books developed favourably. The invoicing of the new machines that was delayed during the first quarter was invoiced by the end of the second quarter. Since the beginning of June, the Vieremä factory has been operating in two shifts, and the current order books will enable operations to continue in two shifts for the time being. The company's order books amounted to EUR 57.7 (56.0) million at the end of the period, which is 3 per cent less than in the comparison period and 17.5 per cent more than in the first quarter.

Picking up of the construction in North America further increased the demand for forest machines. The active demand in the Russian and Finnish markets had a significant effect on performance in the second quarter. Of our other main markets, Central Europe and Sweden in particular continued to be quiet during the period under review. The total Swedish forest machine market will decrease significantly compared to the previous year. Ponsse has been able to significantly extend its foothold in Latin America.

Net sales of maintenance services continued to grow during the period under review, while the growth in net sales of used machines stabilised. These, together with good level of new machine invoicing, resulted in strong net sales of EUR 83.6 (74.3) million for the second quarter. This represents growth of 36 per cent compared to the first quarter. Net sales for the period under review amounted to EUR 145.3 (151.1) million, representing a decrease 3.8 per cent compared with the corresponding period.

The operating result for the past quarter was EUR 8.4 (6.2) million, and EUR 8.5 (10.7) million for the period under review. The operating result for the second quarter was 10.1 (8.3) per cent of net sales, i.e. close to the normal level.

Cash flow from business operations amounted to EUR 7.2 (0.1) million in the period under review. Capital tied up in new products returned to its normal level as a result of good invoicing.

Our investments in R&D continued normally. Maintenance services, sales and the subsidiary network also operated normally throughout the period under review.

During the past quarter, Ponsse introduced a new harvester model. PONSSE Scorpion is a next-generation harvester with several innovative technological solutions. The new machine was extremely well received and, all in all, PONSSE Scorpion has received a lot of positive attention and feedback. The machine will complement the existing product portfolio. Serial production of the new harvester will start at the beginning of 2014, and sales are actively ongoing. The machine has been in great demand globally.

NET SALES

Consolidated net sales for the period under review amounted to EUR 145.3 (151.1) million, which is 3.8 per cent less than in the comparison period. International business operations accounted for 68.6 (64.7) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 45.8 (56.5) per cent, Central and Southern Europe 14.4 (18.7) per cent, Russia and Asia 15.9 (10.9) per cent, North and South America 23.9 (13.9) per cent and other countries 0.0 (0.0) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 8.5 (10.7) million. The operating result equalled 5.9 (7.1) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 9.1 (17.1) per cent.

Staff costs for the period totalled EUR 24.9 (26.7) million. Other operating expenses stood at EUR 15.3 (15.3) million. The net total of financial income and expenses amounted to EUR -3.2 (-1.4) million. Exchange rate gains and losses with a net effect of EUR -2.4 (-0.6) million were recognised under financial items for the period. Profit for the period under review totalled EUR 3.2 (6.4) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.01 (0.20). 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 183.3 (177.8) million. Inventories stood at EUR 81.8 (92.7) million. Trade receivables totalled EUR 30.0 (24.4) million, while liquid assets stood at EUR 6.7 (7.7) million. Group shareholders' equity stood at EUR 59.4 (73.2) million and parent company shareholders' equity at EUR 77.9 (73.6) million. In the comparison period Group shareholders' equity includes a hybrid loan of EUR 19 million issued on 31 March 2009 and settled on 28 March 2013. A separate release was issued on 19 February 2013 regarding the settlement of the hybrid loan. The interest paid on the hybrid loan totalling EUR 9.1 million, less tax, is recognised as a deduction from Group equity. The amount of interest-bearing liabilities was EUR 77.6 (48.0) million. The company has used 36 per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 78.9 (78.2) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 70.9 (40.3) million, and the debt-equity ratio (gearing) was 119.4 (55.1) per cent. The equity ratio stood at 32.6 (41.5) percent at the end of the period under review.

Cash flow from business operations amounted to EUR 7.2 (0.1) million. Cash flow from investment activities came to EUR -6.3 (-6.0) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 161.3 (136.4) million, while period-end order books were valued at EUR 57.7 (56.0) million.

DISTRIBUTION NETWORK

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

The subsidiaries included in the Ponsse Group are: Epec Oy, Finland; OOO Ponsse, Russia; Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China; Ponsse Latin America Ltda, Brazil; Ponsse North America, Inc., the United States; Ponssé S.A.S., France; Ponsse UK Ltd, the United Kingdom; and Ponsse Uruguay S.A., Uruguay. Sunit Oy, based in Kajaani, Finland, is an affiliated company 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 5.0 (4.7) million, of which EUR 1.6 (1.3) million was capitalised.

Capital expenditure totalled EUR 6.3 (6.0) 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; Petri Härkönen, CFO; Juha Inberg, Technology and R&D Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director and Jarmo Vidgrén, Deputy CEO, Sales and Marketing Director. The company management has regular management liability insurance.

A member of the Management Team and the Purchasing and Logistics Director Pasi Arajärvi was leaving the company on 13 May 2013. The release was issued on 7 May 2013.

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

PERSONNEL

The Group had an average staff of 999 (995) during the period and employed 1,043 (1,024) 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 June 2013 totalled 1,083,997, accounting for 3.9 per cent of the total number of shares. Share turnover amounted to EUR 6.8 million, with the period's lowest and highest share prices amounting to EUR 5.50 and EUR 6.89, respectively.

At the end of the period, shares closed at EUR 5.74, and market capitalisation totalled EUR 160.7 million.

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

ANNUAL GENERAL MEETING

A separate release was issued on 16 April 2013 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 rapid escalation of the problems in the economies of Europe and the United States in the financial market may have an impact on the availability of customer financing.

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

The Group’s euro-denominated operating profit is expected to remain lower than in 2012.

In general, the positive work situation of the customers and Ponsse’s strongly renewed product portfolio and maintenance service solutions are having a positive effect on the company’s business operations.

In Europe the markets are still uneasy due to the economic situation.

Due to the improved order books, the factory in Vieremä is operating in two shifts for the time being. Sales and maintenance functions are operating normally. We estimate that the work situation of our customers will also continue to be good in the future.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-6/13	IFRS 1-6/12
NET SALES	145,285	151,090
Increase (+)/decrease (-) in inventories of finished goods and work in progress	1,716	8,527
Other operating income	529	319
Raw materials and services	-95,479	-104,443
Expenditure on employment-related benefits	-24,938	-26,688
Depreciation and amortisation	-3,285	-15,337
Other operating expenses	-15,324	10,708
OPERATING RESULT	8,505	10,708
Share of results of associated companies	-105	-53
Financial income and expenses	-3,207	-1,386
RESULT BEFORE TAXES	5,193	9,269
Income taxes	-1,958	-2,898
NET RESULT FOR THE PERIOD	3,235	6,371
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	658	-314
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	3,893	6,057
Diluted and undiluted earnings per share*	0.10	0.20

	IFRS 4-6/13	IFRS 4-6/12
NET SALES	83,640	74,334
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-10,299	5,100
Other operating income	389	178
Raw materials and services	-43,327	-51,314
Expenditure on employment-related benefits	-12,344	-13,596
Depreciation and amortisation	-1,637	-1,391
Other operating expenses	-8,008	-7,134
OPERATING RESULT	8,412	6,177
Share of results of associated companies	-21	-9
Financial income and expenses	-3,911	-931
RESULT BEFORE TAXES	4,480	5,236

Income taxes	-1,757	-1,685
NET RESULT FOR THE PERIOD	2,723	3,551
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	1,501	-617
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	4,224	2,934
Diluted and undiluted earnings per share*	0.10	0.11

* 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	30 Jun 13	31 Dec 12
NON-CURRENT ASSETS		
Intangible assets	12,808	11,898
Goodwill	3,440	3,440
Property, plant and equipment	37,583	35,525
Financial assets	111	111
Investments in associated companies	971	1,186
Non-current receivables	933	999
Deferred tax assets	1,546	1,628
TOTAL NON-CURRENT ASSETS	57,393	54,787
CURRENT ASSETS		
Inventories	81,831	81,636
Trade receivables	30,018	25,954
Income tax receivables	394	1,959
Other current receivables	6,948	3,313
Cash and cash equivalents	6,717	14,083
TOTAL CURRENT ASSETS	125,908	126,944
TOTAL ASSETS	183,301	181,732
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	7,000	7,000

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Other reserves	30	19,030
Translation differences	-880	-1,538
Treasury shares	-2,228	-2,228
Retained earnings	55,468	59,180
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	59,390	81,444
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	49,469	21,474
Deferred tax liabilities	1,136	968
Other non-current liabilities	0	13
TOTAL NON-CURRENT LIABILITIES	50,605	22,455
CURRENT LIABILITIES		
Interest-bearing liabilities	28,138	34,912
Provisions	4,697	4,977
Tax liabilities for the period	118	385
Trade creditors and other current liabilities	40,353	37,558
TOTAL CURRENT LIABILITIES	73,306	77,833
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	183,301	181,732

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-6/13	IFRS 1-6/12
CASH FLOW FROM BUSINESS OPERATIONS:		
Net result for the period	3,235	6,371
Adjustments:		
Financial income and expenses	3,207	1,386
Share of the result of associated companies	105	53
Depreciation and amortisation	3,285	2,760
Income taxes	1,958	3,175
Other adjustments	1,456	-538
Cash flow before changes in working capital	13,246	13,207
Change in working capital:		
Change in trade receivables and other receivables	-8,064	3,674
Change in inventories	-195	-12,195
Change in trade creditors and other liabilities	3,861	3,120
Change in provisions for liabilities and charges	-280	174
Interest received	124	67
Interest paid	-521	-565

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Other financial items	-605	-359
Income taxes paid	-397	-7,012
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	7,170	111
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-6,253	-6,027
Proceeds from sale of tangible and intangible assets	0	0
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-6,253	-6,027
FINANCING		
Hybrid loan	-19,000	0
Interest paid, hybrid loan	-1,136	-1,136
Withdrawal/Repayment of current loans	-4,469	8,502
Change in current interest-bearing liabilities	213	54
Withdrawal of non-current loans	29,201	4,799
Repayment of non-current loans	-2,305	-4,806
Payment of finance lease liabilities	-1,724	111
Change in non-current receivables	66	69
Dividends paid	-6,947	-9,725
NET CASH OUTFLOW FROM FINANCING (C)	-6,101	-2,133
Change in cash and cash equivalents (A+B+C)	-5,184	-8,050
Cash and cash equivalents on 1 January	14,083	16,267
Impact of exchange rate changes	-2,183	-524
Cash and cash equivalents on 30 June	6,717	7,694

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 2013	7,000	19,030	-1,538	-2,228	59,180	81,444
Translation differences			658			658
Result for the period					3,235	3,235
Total comprehensive income for the period			658		3,235	3,893

Direct entries to retained earnings*						
Dividend distribution					-6,947	-6,947
Other changes		-19,000				-19,000
SHAREHOLDERS' EQUITY 30 JUN 2013	7,000	30	-880	-2,228	55,468	59,390
SHAREHOLDERS’ EQUITY 1 JAN 2012	7,000	19,030	-1,975	-2,228	56,736	78,563
Translation differences			-314			-314
Result for the period					6,371	6,371
Total comprehensive income for the period			-314		6,371	6,057
Direct entries to retained earnings*					-1,721	-1,721
Dividend distribution					-9,725	-9,725
Other changes						0
SHAREHOLDERS' EQUITY 30 JUN 2012	7,000	19,030	-2,289	-2,228	51,661	73,174

* Consists of the interest paid, less tax, for the hybrid loan classified as equity.

SEGMENT INFORMATION (EUR 1,000)

OPERATING SEGMENTS

1-6/2013	Northern Europe	Central and Southern Europe	Russia and Asia	North and South America	Elimination	Total
Net sales of the segment	109,340	21,223	23,418	35,185		189,166
Sales between segments	-42,814	-371	-268	-452		-43,905
Unallocated sales						24
NET SALES FROM EXTERNAL CUSTOMERS	66,527	20,852	23,149	34,733		145,285
Operating result of the segment	1,496	2,498	3,991	3,511		11,496
Unallocated items						-2,991
OPERATING RESULT	1,496	2,498	3,991	3,511		8,505

OPERATING SEGMENTS

1-6/2012	Northern Europe	Central and Southern Europe	Russia and Asia	North and South America	Elimination	Total
Net sales of the segment	117,569	28,334	16,645	21,158		183,707
Sales between segments	-32,262	-93	-136	-151		-32,643
Unallocated sales						26

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NET SALES FROM EXTERNAL CUSTOMERS	85,307	28,241	16,508	21,007		151,090
Operating result of the segment	5,124	4,660	2,335	232		12,350
Unallocated items						-1,642
OPERATING RESULT	5,124	4,660	2,335	232		10,708

	30 Jun 13	30 Jun 12	31 Dec 12
1. LEASING COMMITMENTS (EUR 1,000)	1,965	3,149	2,898

2. CONTINGENT LIABILITIES (EUR 1,000)	30 Jun 13	30 Jun 12	31 Dec 12
Guarantees given on behalf of others	510	701	1,601
Repurchase commitments	1,122	1,540	1,541
Other commitments	5,509	4,129	3,616
TOTAL	7,142	6,369	6,758

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 January 2013	4,977
Provisions added	380
Provisions cancelled	-660
30 June 2013	4,697

4. DIVIDENDS PAID (EUR 1,000)	30 Jun 13	30 Jun 12
Dividends per share EUR 0.25 (EUR 0.35)	6,947	9,725

5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)	1-6/13	1-6/12
Increase	4,654	4,228
Decrease	-509	-105
TOTAL	4,145	4,124

6. RELATED PARTY TRANSACTIONS	1-6/13	1-6/12
Management’s employment-related benefits (EUR 1,000)		
Salaries and other short-term employment-related benefits	1,404	1,552
Board of Directors’ emoluments	182	123

KEY FIGURES AND RATIOS	30 Jun 13	30 Jun 12	31 Dec 12
R&D expenditure, MEUR	5.0	4.7	9.5
Capital expenditure, MEUR	6.3	6.0	18.1
as % of net sales	4.3	4.0	5.7
Average number of employees	999	995	994
Order books, MEUR	57.7	56.0	41.8
Equity ratio, %	32.6	41.5	45.1
Diluted and undiluted earnings per share (EUR)	0.10	0.20	0.44
Equity per share (EUR)	2.12	2.61	2.91

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 income for the period - Non-controlling interests - Interest on hybrid loan for the period less tax
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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	1-6/13	1-6/12	1-12/12
Ponsse Group	161.3	136.4	285.9

The interim report has been prepared observing the recognition and valuation principles of IFRS standards and it complies with all of the requirements of IAS 34. The same accounting principles were observed for the interim report as for the annual financial statements dated 31 December 2012.

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, 6 August 2013

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION
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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.