



Interim Report 1 January – 30 April 2000

Group turnover for the first four months of 2000 was EUR 40.3 million, up by 10.1% on the corresponding period a year earlier (1-4/1999, EUR 36.6 million). Exports and foreign business operations accounted for 61.8% (44.2%) of turnover. The operating profit was EUR 5.4 million (EUR 1.5 million) and the result after extraordinary items was EUR 5.2 million (EUR -0.9 million). The group received new orders worth EUR 50.8 million (EUR 38.8 million) and order stock totalled EUR 25.9 million (EUR 19.8 million at 30 April 1999).

The market

The current year saw the forest machine market get off to a brisk start. Demand for machines was strong, especially in the areas in Germany and France hit by the storms that caused widespread devastation of forests in Central Europe late last year.

Ponsse concluded agreements covering the sale and service of forest machines with A.L.P.A. Equipment Co. Ltd. and Equipment Lacroix Inc. to represent Ponsse in Canada in the provinces of Quebec, New Brunswick, Nova Scotia and Prince Edward Islands, and with Balti Metsamasina AS to represent Ponsse in Estonia and Latvia. The agreements covering the new market areas in Canada and the new representation in the Baltics have considerably consolidated the market position of Ponsse forest machines in the areas mentioned.

Turnover and result

Group turnover for the first four months of the years rose to EUR 40.3 million (EUR 36.6 million), up by 10.1% compared to the corresponding figure a year earlier. Exports and foreign business rose strongly, accounting for 61.8 per cent of turnover (44.2%).

The operating profit was EUR 5.4 million (EUR 1.5 million). Higher profits were owing to successful marketing, a favourable market, effective production and other steps introduced last autumn in a move to enhance business operations. The result after extraordinary items was EUR 5.2 million (EUR -0.9 million). Extraordinary charges booked during the year of comparison include retroactive customs duty and penalty customs duties for 1995 to 1998 on harvesters exported to the United States of America.

New orders and order stock

During the four months under review Ponsse received new orders worth EUR 50.8 million (EUR 38.8 million). At 30 April 2000, order stock stood at EUR 25.9 million (EUR 19.8 million). Order stock has developed encouragingly as a result of higher demand in Central Europe and new agencies in North America and the Baltics.

Prospects for the rest of the year

The home market is expected to develop favourably towards the end of the year. Demand for forest machines is expected to decline somewhat in the areas in Central Europe that were devastated by storms late last year. However, the Swedish and UK markets are expected to pick up. In North America, cut-to-length method harvesting continues to become rapidly widespread in different areas. Ponsse's business is expected to develop positively in this area.

It is thought that Ponsse's turnover will exceed that of the previous year. Both the group's operating profit and profit after extraordinary items are expected to show a marked improvement on the year owing to the strong trademark, good markets and steps to improve marketing.

Balance sheet

The consolidated balance sheet total at the end of April was EUR 62.3 million (EUR 57.2 million). Interest-bearing debts were EUR 19.1 million (EUR 20.2 million). The equity ratio in April was 47.6% (41.7%) and cash assets totalled EUR 8.5 million (EUR 3.0 million).

Capital expenditure

Gross fixed asset investments totalled EUR 0.3 million (EUR 1.9 million). Investments were mainly in after sales marketing and data systems.

Research and development

Research and development expenditure totalled EUR 1.5 million (EUR 0.7 million). Cooperation with universities continued and intensified in the development of hydraulics, power transmission, quality and manufacturability.

Employees

During the first four months of the year, the group employed an average of 466 (463) persons. At 30 April 2000, the group had 478 (470) employees.

Management

Shipbuilding engineer Tommi Lindbom (30) was appointed Ponsse's new president and CEO effective 1 May 2000. He was previously president of Ponsse AB in Sweden. Ponsse's previous president and CEO Harri Suutari remains a member of the Board of Directors.

MSC. (For.) Eero Lukkarinen (34) was appointed the new president of the Swedish subsidiary Ponsse AB with effect from 1 May 2000. He was previously Ponsse Oyj's product manager.

Annual General Meeting

On 16 March 2000, the Annual General Meeting decided to pay a dividend of EUR 0.90 per share, a total of EUR 3.2 million. The dividend was paid on 28 March 2000.

Einari Vidgrén, Ilkka Kylävainio, Tommi Lindbom, Samuli Perttala, Harri Suutari, Juha Vidgrén and Mika Vidgrén were elected to the Board of Directors. New members are Tommi Lindbom (30), who is Ponsse Oyj's president and CEO, Samuli Perttala (54), who is a tax expert at Attorneys-at-Law Krogerus & Piriä Ltd. He has previously served as Metra's Corporate Controller and as a member of Metra's management group. Juha Vidgrén (29) is Ponsse Oyj's Communication Manager and a member of the Board of Directors of Sunit Mobile Oy.

The Board of Director's proposal to reduce the par value of the company's shares, to express the par value of the shares, the share capital and the minimum and maximum limits thereof in euros, to raise the limits of the share capital, to increase the share capital through a bonus issue and to amend the Articles of Association accordingly was approved as it stands. The decisions were registered in the trade register on 28 March 2000.

Shares

In accordance with the decision of the Annual General Meeting, the shares were split into two and the share capital increased by a bonus issue by transferring EUR 556,711.29 from the share premium account to share capital. The company's new share capital is now EUR 3,500,000 divided into 7,000,000 shares, each having a par value of EUR 0.50. Trading of the split shares began on the Helsinki Exchanges on 29 March 2000. The shares are registered in the book-entry securities system.

Of the company's shares, 352,258, corresponding to 5% of the total, were traded at a value of EUR 4.5 million between 1 January and 30 April 2000. The lowest and highest trading prices per share during the period under review were EUR 11.25 and EUR 14.50 respectively. The closing price at the end of the period under review was EUR 13.90. The market capitalisation price at 30 April 2000 was EUR 97.3 million.

Ponsse Oyj has complied with the Helsinki Exchanges' new regulations on insider holdings since 1 March 2000.

Vieremä, 30 May 2000

BOARD OF DIRECTORS

PONSSE GROUP KEY INDICATORS

Profit and loss account	1-4/2000	1-4/1999	1-12/1999
	TEUR	TEUR	TEUR
Turnover	40,281	36,581	118,414
Increase (+) or decrease (-) in stocks of finished goods and work in progress	1,073	2,068	-532
Other operating income	161	126	406
Raw materials and services	-24,329	-26,608	-78,774
Staff expenses	-6,753	-6,368	-18,950
Depreciation	-908	-749	-2,462
Other operating charges	-4,104	-3,591	-10,545
Operating profit	5,421	1,459	7,557
Share of results of associated undertakings	-1	0	-47
Financial income and expenses	-217	-65	-255
Result before extraordinary items	5,203	1,394	7,255
Extraordinary items			
Extraordinary expenses	0	-3,146	-3,254
Income taxes	0	881	433
Result after extraordinary items	5,203	-871	4,434
Income taxes	-2,089	-1,310	-1,547
Change in deferred tax liability	310	15	195
Minority interests	-2	0	0
Result for the period under review	3,422	-2,166	3,082
Balance sheet	30 April 2000	30 April 1999	31 December 1999
	TEUR	TEUR	TEUR
Assets			
Non-current assets			
Intangible assets	2,025	1,858	2,136
Tangible assets	15,588	16,001	16,024
Investments	275	22	309
Current assets			
Stocks	22,135	27,423	21,209
Receivables	13,802	8,875	10,810
Cash in hand and at banks	8,469	2,990	15,685
Total	62,294	57,169	66,173
Liabilities			
Capital and reserves			
Share capital	3,500	2,943	2,943
Other equity	25,908	20,913	26,151
Minority interest	6	0	0
Creditors			
Non-current creditors	16,597	19,861	21,015
Current creditors	16,283	13,452	16,064
Total	62,294	57,169	66,173

Receivables at 30 April 2000 include deferred tax assets of EUR 532 thousand (30 April 1999, EUR 0 thousand; 31 December 1999, EUR 303 thousand). Non-current creditors at 30 April 2000 include deferred tax liabilities of EUR 1,309 thousand (30 April 1999, EUR 1,236 thousand; 31 December 1999, EUR 1,359 thousand).

Given pledges, contingent liabilities and other liabilities

	30 April 2000	30 April 1999	31 December 1999
	TEUR	TEUR	TEUR
1. For own debt			
Debt for which mortgages have been pledged as collateral			
Loans from credit institutions	10,531	11,236	12,667
Given mortgages on land and buildings	3,241	3,073	3,409
Given chattel mortgages	2,220	2,052	2,388
Mortgages given as pledges, total	5,461	5,125	5,797
2. Leasing commitments	813	465	584
3. Other contingent liabilities			
Guarantees given on behalf of others	976	530	645
Repurchase commitments	2,252	1,466	638
Total	3,228	1,996	1,283

4. Other liabilities

There is no liability caused by derivative contracts.

Key indicators	30 April 2000	30 April 1999	31 December 1999
Gross capital expenditure on fixed assets, EUR million	0.3	1.9	4.4
% of turnover	0.8	5.2	3.7
Average number of staff	466	463	482
Order stock, EUR million	25.9	19.8	16.0
Equity ratio, %	47.6	41.7	44.0
Earnings per share, EUR	0.49	0.01	0.84
Shareholders' equity per share, EUR	4.20	3.41	4.16

Taxes corresponding to profit for the period under review have been included as income taxes in the profit and loss account and in earnings per share.

Orders Received	1-4/2000	1-4/1999	1-12/1999
	TEUR	TEUR	TEUR
Ponsse Group	50,833	38,802	117,384

Information by Four-Month Period	1-4/1999	5-8/1999	9-12/1999	1-4/2000
	TEUR	TEUR	TEUR	TEUR
Turnover	36,581	36,293	45,540	40,281
Operating profit	1,459	2,879	3,219	5,421
Result before extraordinary items	1,394	2,692	3,169	5,203
Result after extraordinary items	-871	2,644	2,661	5,203

The figures in the interim report are unaudited.

PONSSE GROUP

The Ponsse Group consists of Ponsse Oyj, the parent company, as well as the foreign subsidiaries Ponsse AB in Sweden, Ponsse AS in Norway, Ponsse S.A. in France, Ponsse UK Ltd. in the United Kingdom and Ponsse USA, Inc. in the United States of America. The Group designs, manufactures and markets forest machines based on the environmentally friendly and effective cut-to-length harvesting method, as well as computer technology related to wood harvesting.



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