

PONSSE OYJ STOCK EXCHANGE RELEASE 21 APRIL 2008, 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 31 MARCH 2008

- Turnover was EUR 75.8 (78.4) million.
- Operating profit was EUR 9.1 (9.4) million. Relative profitability continued at the level of the previous year and accounted for 12.0 (12.0) per cent of turnover.
- Profit before tax was EUR 8.1 (9.3) million.
- Earnings per share were EUR 0.21 (0.23).
- Order books were valued at EUR 100.5 (58.1) million.

ARTO TIITINEN, PRESIDENT AND CEO:

-During the first quarter of the year our machine deliveries were at the same level as last year. Our profitability is at a good level.

- Change in turnover was caused by the used machine sales settling down to its usual level from the previous year. Our maintenance services and technology company Epec increased their sales according to plan.

- Increasing the automation level at the Vieremä factory continued. We installed robots for heavy-duty welding and commenced installation of the machining unit used for machining the frames. The machining unit is the single largest investment in equipment made in the Vieremä factory.

TURNOVER

Consolidated profit for the period totalled EUR 75.8 (78.4) million. International business operations accounted for 64.3 (62.1) per cent of turnover.

PROFIT PERFORMANCE

Operating profit was EUR 9.1 (9.4) million. Operating profit accounted for 12.0 (12.0) per cent of turnover in the period under review. Return on capital employed (ROCE) stood at 30.5 (40.6) per cent.

Staff costs for the period under review totalled EUR 11.5 (10.1) million, and other operating expenses were EUR 7.5 (6.9) million. Net financial expenses were EUR -1.1 (-0.4) million. Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 5.8 (6.5) million. Earnings per share (EPS) were EUR 0.21 (0.23).

BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review the consolidated balance sheet total amounted to EUR 162.9 (138.8) million. The balance sheet total was particularly increased by the higher amount of stocks and trade receivables compared to the previous year. The amount of stocks was EUR 78.4 (57.1) million. Trade receivables totalled EUR 31.3 (26.3) million and liquid assets stood at EUR 5.3 (14.9) million. The amount of Group capital and reserves was EUR 82.2 (67.6) million. The amount of interest-bearing liabilities increased to EUR 31.7 million from the EUR 31.1 million in the previous year. The parent company's net receivables from other Group companies stood at EUR 45.0 (30.7) million. Consolidated net liabilities totalled EUR 24.8 (15.6) million.



The equity ratio stood at 50.9 per cent (48.9 per cent) at the end of the period under review.

Cash flow from business operations amounted to EUR -3.8 (8.1) million. Cash flow from investing activities amounted to EUR -1.3 (-1.9) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 66.2 (77.6) million, while period-end order books were valued at EUR 100.5 (58.1) million. The order books included dealers' minimum purchase commitments, based on previous practice.

CAPITAL EXPENDITURE AND R&D

The Group's R&D expenses totalled EUR 1.6 million (EUR 1.2 million). The amount of activated R&D expenses during the period was EUR 214,000 (EUR 221,000).

Increasing the automation level at the Vieremä factory was continued by installing robots for welding in the reporting period. Installation work of the largest machining unit in the history of the factory used for machining frames was commenced. Other major primary capital expenditure came from software and equipment.

Capital expenditure totalled EUR 1.3 million (EUR 1.9 million).

PERSONNEL

The Group had an average staff of 992 (826) during the period and employed 1,020 (829) people at period-end. The number of personnel increased most clearly in the subsidiaries established in the rapidly growing markets and Epec Oy. In the parent company, increases in the number of personnel took place in production and maintenance services.

MANAGEMENT AND AUDITORS

Juho Nummela, Factory Director, was appointed as Ponsse Oyj's President and CEO as of 1 June 2008 and Jarmo Vidgrén, Director responsible for the North Europe Business area, was appointed as the Sales and Marketing Director and Deputy CEO as of 1 June 2008.

SHARE PERFORMANCE

The trading volume of Ponsse Oyj shares for 1 January - 31 March 2008 totalled 551,801, accounting for 2.0 per cent of the total number of shares. Share turnover came to EUR 7.7 million, with the period's lowest and highest share price amounting to EUR 11.71 and EUR 15.20 respectively.

At the end of the period, shares closed at EUR 15.00 and market capitalisation totalled EUR 420.0 million.

The company's Board of Directors is authorised to decide on the acquisition and assignment of at most 250,000 treasury shares. The authorisations are valid until 30 June 2008.

The company commenced acquisition of its own shares in the reporting period. At the end of the reporting period the company had 47,900 shares in its possession.

GOVERNANCE

The company adheres to the insider regulations approved by the Helsinki Stock Exchange Board of Directors and the guidelines on listed companies' governance and control systems (Corporate Governance). The governance principles are available on Ponsse's website, in the Investors section.

BUSINESS RISKS AND THEIR MANAGEMENT

The effect of general economic fluctuations is cushioned by the fact that the company's business operations are spread globally over several geographical areas.

Risks related to raw materials, components and the subcontractor and supplier network are essential to Ponsse's operations. To control these risks and minimise the adverse effects of changes, the company is strongly investing in developing supplier network cooperation. The operation of the network is developed and secured through in-depth partner cooperation and by supporting the positioning of strategic suppliers in the business park for partner companies in the immediate vicinity of Ponsse's Vieremä factory. Component-related risks are also controlled by manufacturing a large number of key components in the company's own production facilities. Raw material and component suppliers' possible delivery problems may increase the prices of raw materials used in PONSSE products and lengthen their delivery times. Ponsse has made risk management more efficient by specifying the terms and conditions of its supplier agreements and by extending their periods of validity.

Ponsse Group's financing risk management controls liquidity, interest and currency risks, and secures the availability of debt-based financing on competitive conditions. The use of the euro as the invoicing currency has increased in several market areas, which reduces the company's currency risk.

OUTLOOK FOR THE FUTURE

The signals from the market are of two kinds: On one hand, the figures describing the general global economy seem daunting, on the other hand, the market demand and order books of EUR 100 million communicate the strong rise of forest machine markets and increase in demand from last year.

Mechanized harvesting is estimated to continue its growth and the share of environmentally-friendly cut-to-length method-based forest machines will increase.

The price of pulp is on the increase, which will consequently increase the demand for wood. The US market is already experiencing a shortage of pulp raw material due to the decrease in the saw mill production and availability of harvested wood chips, which will create pressure to increase harvesting of pulp timber.

Good demand for pulp maintains the increase in harvesting and the demand for machines also in the quickly growing industrial planted forests.

The increase in bio-energy continues strongly in all main markets.

The company's turnover and operating profit are estimated to continuously grow during the year.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 1-3/08	IFRS 1-3/07	IFRS 1-12/07
TURNOVER	75,779	78,415	310,053
Increase (+)/decrease (-) in stocks of finished goods and work in progress	6,447	1,671	2,159
Other operating income	428	277	1,326
Raw materials and services	-53,323	-52,877	-199,253
Expenditure on employment-related benefits	-11,514	-10,123	-42,538
Depreciation and amortisation	-1,185	-1,035	-4,270
Other operating expenses	-7,541	-6,885	-30,398
OPERATING PROFIT	9,091	9,442	37,080
Share of results of associated companies	76	291	1,002
Financial income and expenses	-1,058	-438	-1,698
PROFIT BEFORE TAXES	8,109	9,295	36,384
Income taxes	-2,303	-2,777	-9,907
Minority interest	0	0	0
PROFIT FOR THE PERIOD	5,807	6,518	26,477
Earnings per share	0.21	0.23	0.95

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS 31 MAR 08	IFRS 31 MAR 07	IFRS 31 DEC 07
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4,517	3,763	4,262
Goodwill	3,723	3,777	3,737
Property, plant and equipment	25,819	25,018	25,946
Financial assets	103	39	128
Holdings in associated companies	1,874	1,445	2,156
Non-current receivables	378	163	403
Deferred tax assets	1,933	821	1,686
TOTAL NON-CURRENT ASSETS	38,347	35,025	38,318
CURRENT ASSETS			
Inventories	78,418	57,108	65,635
Trade receivables	31,348	26,288	29,276
Income tax receivable	525	495	861
Other current receivables	8,991	4,958	7,191
Liquid assets	5,311	14,890	12,633
TOTAL CURRENT ASSETS	124,593	103,740	115,595
TOTAL ASSETS	162,941	138,766	153,914
CAPITAL AND RESERVES, AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	7,000	7,000	7,000
Other reserves	-645	20	19
Translation differences	-1,215	-781	-943
Retained earnings	77,074	61,376	70,456
CAPITAL AND RESERVES OWNED			
BY PARENT COMPANY SHAREHOLDERS	82,214	67,615	76,532
Minority interest	0	0	0
TOTAL CAPITAL AND RESERVES	82,214	67,615	76,532
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	19,528	22,229	16,717
Deferred tax liabilities	737	848	768
Other non-current liabilities	30	60	30
TOTAL NON-CURRENT LIABILITIES	20,295	23,136	17,515
CURRENT LIABILITIES			
Interest-bearing liabilities	12,147	8,825	17,225
Provisions	4,407	3,851	4,341
Tax liabilities for the period	813	765	1,752
Trade creditors and other current liabilities	43,065	34,574	36,548
TOTAL CURRENT LIABILITIES	60,431	48,014	59,867
TOTAL CAPITAL AND RESERVES, AND LIABILITIES	162,941	138,766	153,914

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-3/08	IFRS 1-3/07	IFRS 1-12/07
BUSINESS OPERATIONS:			
Profit for the period	5,807	6,518	26 477
Adjustments:			
Financial income and expenses	1,058	438	1 698
Share of the result of associated companies	-76	-291	-1,002
Depreciation and amortisation	1,185	1,035	4 270
Income taxes	2,617	2,630	9 897
Other adjustments	410	387	-717
Cash flow before change in working capital	11,000	10,717	40,623
Change in working capital:			
Change in current non-interest-bearing receivables			
	-3,903	-7,967	-13,091
Change in inventories			
	-12,783	1,507	-7,020
Change in current non-interest-bearing creditors			
	5,279	6,219	8,220
Change in provisions for liabilities and charges			
	66	334	824
Interest received	57	18	298
Interest paid	-479	-410	-1,463
Other financial items	-702	-108	-505
Income taxes paid	-2,360	-2,241	-8,886
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-3,825	8,069	19,001
INVESTMENTS			
Investments in tangible and intangible assets			
	-1,313	-1,894	-6,565
Investments in other assets	27	0	-14
Repayment of loan receivables	0	0	0
Dividends received	0	0	178
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-1,286	-1,894	-6,401
FINANCING			
Withdrawal/Repayment of non-current loans			
	-4,931	409	8,855
Change in current interest-bearing liabilities			
	31	4	-93
Withdrawal/Repayment of non-current loans			
	2,811	-193	-5,735
Payment of finance lease liabilities	-147	-71	-116
Change in non-current receivables	25	2	-239
Dividends paid	0	0	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	-2,211	151	-8,529
Change in liquid assets (A+B+C)			
	-7,321	6,326	4,071
Liquid assets on 1 January	12,633	8,562	8,562
Liquid assets 31 March/31 Dec	5,311	14,888	12,633

RECONCILIATION OF CAPITAL AND RESERVES (EUR 1,000)

A = Share capital
 B = Share premium and other reserves
 C = Translation differences
 D = Own shares
 E = Retained earnings
 F = Total capital and reserves

	CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
CAPITAL AND RESERVES 1 JAN -08	7,000	20	-943	0	70,455	76,532
Translation differences	0	0	-272	-665	812	-125
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	0	-272	-665	812	-125
Net profit for the period	0	0			5,807	5,807
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-272	-665	6,619	5,682
Dividend distribution	0	0			0	0
CAPITAL AND RESERVES 31 MARCH -08	7,000	20	-1,215	-665	77,074	82,214
CAPITAL AND RESERVES 1 JAN -07	7,000	20	-750	0	54,887	61,157
Translation differences	0	0	-31	0	-29	-60
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	0	-31	0	-29	-60
Net profit for the period	0	0			6,518	6,518
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-31	0	6,489	6,458
Dividend distribution	0	0			0	0
CAPITAL AND RESERVES 31 MARCH -07	7,000	20	-781	0	61,376	67,615

	31 MAR 08	31 MAR 07	31 DEC 07
1. LEASING COMMITMENTS (EUR 1,000)	2,407	2,253	2,519

	31 MAR 08	31 MAR 07	31 DEC 07
2. CONTINGENT LIABILITIES (EUR 1,000)			
Guarantees given on behalf of others	1,562	1,432	1,285
Repurchase commitments	3,278	2,764	1,802
Other commitments	1,416	0	1,059
TOTAL	6,256	4,196	4,146

	Guarantee provision
3. PROVISIONS (EUR 1,000)	
1.1.2008	4,341
Increase	324
Used provisions	-258
31.3.2008	4,407

	31 MAR 08	31 MAR 07	31 DEC 07
KEY FIGURES AND RATIOS			
R&D expenditure, MEUR	1.6	1.2	5.7
Capital expenditure, MEUR	1.3	1.9	6.6
as % of turnover	1.7	2.4	2.1
Average number of employees	992	826	876
Order books, MEUR	100.5	58.1	110.1
Equity ratio, %	50.9	48.9	50.3
Earnings per share, EUR	0.21	0.23	0.95
Equity per share, EUR	2.94	2.41	2.73

FORMULAE FOR FINANCIAL INDICATORS

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.

Equity ratio, %:

Capital and reserves + minority interest

Balance sheet total - advance payments received * 100

Earnings per share:

Profit before taxes - taxes (incl. change in deferred taxes) -/+ minority interest

Average number of shares during the accounting period, adjusted for share issues

Equity per share:

Capital and reserves

Number of shares on the balance sheet date, adjusted for share issues

ORDER INTAKE, MEUR	1-3/08	1-3/07	1-12/07
Ponsse Group	66.2	77.6	361.2

The interim report has been prepared observing the recognition and valuation principles of IFRS standards, but not all of the requirements of IAS 34, Interim Financial Reporting, have been complied with.

The accounting policies for the interim report are compatible with those for the financial statements prepared on 31 December 2007.

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.

Vieremä, 21 April 2008

Arto Tiitinen
President and CEO

FURTHER INFORMATION

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