

PONSSE'S FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2017

- Net sales amounted to EUR 576.6 (Q1-Q4/2016 517.4) million.
- Q3 net sales amounted to EUR 178.3 (Q4/2016 167.5) million.
- Operating result totalled EUR 67.4 (Q1-Q4/2016 55.2) million, equalling 11.7 (10.7) per cent of net sales.
- Q4 operating result totalled EUR 20.6 (Q4/2016 18.2) million, equalling 11.5 (10.8) per cent of net sales.
- Profit before taxes was EUR 57.8 (Q1-Q4/2016 58.3) million.
- Cash flow from business operations was EUR 56.5 (53.7) million.
- Earnings per share were EUR 1.60 (1.63).
- Equity ratio was 51.9 (50.3) per cent.
- Order books stood at EUR 124.6 (123.9) million.
- The Board of Directors' proposal for the distribution of profit is EUR 0.75 (0.60) per share.
- Group's euro-denominated operating profit is expected to be on a par with 2017 in 2018.

PRESIDENT AND CEO JUHO NUMMELA:

2017 was an excellent year for Ponsse with respect to balanced growth, profitability and cash flow from operations. We succeeded during each quarter throughout the year. Our profitability was good at 11.7 per cent, while we also achieved an 11.4 per cent growth figure and a positive cash flow of EUR 56.5 million. Exports made up 77.3 per cent of turnover.

Our order flow remained excellent throughout the year, and at the end of the year, our order books stood at EUR 124.6 million. During the period under review, the Vieremä factory produced a record number of forest machines while the work for constructing the new factory was in progress.

The outlook is good both for the chemical and mechanical wood processing industry, which means that Ponsse has a favourable operating environment. The total market developed well in 2017, and there were no poorly performing market areas. The forest machine market in Russia developed strongly, surpassing Sweden and Finland to become the world's largest market for cut-to-length forest machines. Ponsse has a strong market share in Russia. In addition to Russia, forest machine market grew in Finland, Sweden, Germany and Latin America. In North

America, the market situation was normal with a healthy demand for forest machines.

All our business areas grew steadily throughout the year. The sales of new machines grew well, and also our maintenance service business continued to grow at a steady rate. Our sales of used machines increased considerably late in the year. The cumulative net sales rose to a historical level of EUR 576.6 (517.4) million and operating profit amounted to EUR 67.4 (55.2) million. From the beginning of the year, the growth of the company's net sales was 11.4 per cent and that of the operating profit was 22.3 per cent year-on-year. Operating profit accounted for 11.7 (10.7) per cent of net sales during the period under review.

Cash flow from business operations amounted to EUR 56.5 (53.7) million in the period under review. The new machine stock remained slightly higher than normal, but the decrease of the used machine stock has a positive impact on cash flows from operations.

The company's balance sheet continued to grow stronger and the positive development of our solidity continued. The company's equity ratio was 51.9 (50.3) per cent.

We are developing Ponsse with a long-term focus in order to support our customers' businesses. Continuous renewal of our operations and our products is important. Since 2010, we have increasingly invested around EUR 82.1 million in R&D and around EUR 153.2 million in fixed assets.

We have continued to invest as planned in both our service business network and the operations of the Vieremä factory. During the period under review, new service centres were completed in France, Uruguay and the United Kingdom. Factory development is heavily focused on the development of productivity and the quality production ability throughout the manufacturing network. The expansion of the Vieremä factory is progressing as planned, and the construction work was completed in late 2017. The start-up of the new factory in Vieremä will take place during the first six months of 2018. The investments improve our ability to manufacture PONSSE forest machines in Finland and to meet the needs of the market better.

NET SALES

Consolidated net sales for the period under review amounted to EUR 576.6 (517.4) million, which is 11.4 per cent more than in the comparison period. International business operations accounted for 77.3 (76.6) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 38.0 (39.3) per cent, Central and Southern Europe 18.6 (20.3) per cent, Russia and Asia 20.1 (14.7) per cent, North and South America 22.9 (24.6) per cent and other countries 0.5 (1.1) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 67.4 (55.2) million. The operating result equalled 11.7

(10.7) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 26.4 (30.7) per cent.

Staff costs for the period totalled EUR 80.3 (73.9) million. Other operating expenses stood at EUR 49.7 (44.7) million. The net total of financial income and expenses amounted to EUR -9.7 (3.1) million. Exchange rate gains and losses with a net effect of EUR -6.3 (3.9) million were recognised under financial items for the period. Result for the period under review totalled EUR 44.8 (45.7) million. Diluted and undiluted earnings per share (EPS) came to EUR 1.60 (1.63).

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 345.2 (301.6) million. Inventories stood at EUR 122.3 (118.3) million. Trade receivables totalled EUR 41.5 (35.9) million, while liquid assets stood at EUR 42.6 (37.3) million. Group shareholders' equity stood at EUR 176.8 (149.8) million and parent company shareholders' equity (FAS) at EUR 162.9 (138.4) million. The amount of interest-bearing liabilities was EUR 68.2 (60.1) million. The company has used zero per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 85.3 (80.4) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 25.5 (22.6) million, and the debt-equity ratio (net gearing) was 14.4 (15.1) per cent. The equity ratio stood at 51.9 (50.3) percent at the end of the period under review.

Cash flow from operating activities amounted to EUR 56.5 (53.7) million. Cash flow from investment activities came to EUR -37.7 (-28.1) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 582.1 (493.8) million, while period-end order books were valued at EUR 124.6 (123.9) million.

DISTRIBUTION NETWORK

The parent company Ponsse Plc established a new subsidiary Ponsse Machines Ireland Ltd in Ireland on 13 January 2017.

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 OOO Ocean Safety Center, 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 14.8 (12.4) million, of which EUR 4.7 (4.0) million was capitalised.

Capital expenditure totalled EUR 37.8 (28.3) 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 11 April 2017. 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 2016 financial period.

The AGM decided to pay a dividend of EUR 0.60 per share for 2016 (dividends totaling EUR 16,780,145). No dividend will be paid to shares owned by the company itself (33,092 shares). The dividend payment record date was 13 April 2017, and the dividends were paid on 24 April 2017.

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 2018. 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.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2018. 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, Ossi Saksman, Janne Vidgrén and Jukka Vidgrén.

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 Häkkinen, 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 and managing directors of subsidiaries 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),
Gary Glendinning (the United Kingdom, 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),
Marko Mattila (Brazil) and
Martin Toledo (Uruguay, Chile and Argentina).

PERSONNEL

The Group had an average staff of 1,508 (1,435) during the period and employed 1,546 (1,453) 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 2017 totalled 2,513,292, accounting for 9.0 per cent of the total number of shares. Share turnover amounted to EUR 60,8 million, with the period's lowest and highest share prices amounting to EUR 20.85 and EUR 27.80, respectively.

At the end of the period, shares closed at EUR 26.38, and market capitalisation totalled EUR 738.6 million.

At the end of the period under review, the company held 33,092 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 2017. During the period under review, internal audits assessing the procedures and working environment of services were extended 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, the assessment model of the leading principles of the subsidiaries, that guides the leading policies of the subsidiaries' strategy, was developed.

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 Lean Six Sigma quality management principles.

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 at the same level in 2018 as it was in 2017.

Ponsse's updated and competitive product range and service solutions have had a significant impact on the company's growth. The market situation has continued to be favourable.

Our investments are focused on developing the level of service and capacity of the supply chain and spare part logistics and developing the service network in Finland and abroad. Expansion of the Vieremä factory is progressing in schedule. The start-up of the new factory will take place during the first six months of 2018. The added benefits of the expansion will begin to be realised as planned in the second half of 2018. The investment in the factory is related to the development of safety, productivity, product quality and flexibility of the Vieremä factory.

ANNUAL GENERAL MEETING

Ponsse Plc's Annual General Meeting will be held on 9 April 2018, 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 136,312,873.86 euros of distributable funds on 31 December 2017.

The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.75 per share shall be paid for the year 2017. The Board proposes to the Annual General Meeting that a profit bonus will be paid to the staff for the year 2017.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-12/17	IFRS 1-12/16
NET SALES	576,553	517,400
Increase (+)/decrease (-) in inventories of finished goods and work in progress	7,900	2,346
Other operating income	1,618	1,915
Raw materials and services	-375,529	-336,008
Expenditure on employment-related benefits	-80,263	-73,879
Depreciation and amortisation	-13,112	-11,905
Other operating expenses	-49,734	-44,711
OPERATING RESULT	67,432	55,158
Share of results of associated companies	19	23
Financial income and expenses	-9,660	3,074
RESULT BEFORE TAXES	57,792	58,255
Income taxes	-13,021	-12,543
NET RESULT FOR THE PERIOD	44,771	45,712
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-941	1,554
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	43,830	47,266
Diluted and undiluted earnings per share*	1.60	1.63
	IFRS 10-12/17	IFRS 10-12/16
NET SALES	178,264	167,545
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-9,950	-11,734
Other operating income	412	567
Raw materials and services	-106,747	-101,462
Expenditure on employment-related benefits	-23,175	-21,189
Depreciation and amortisation	-3,446	-3,081
Other operating expenses	-14,774	-12,488
OPERATING RESULT	20,584	18,157
Share of results of associated companies	-28	-63
Financial income and expenses	-3,137	1,680
RESULT BEFORE TAXES	17,419	19,774
Income taxes	-2,717	-4,386

NET RESULT FOR THE PERIOD	14,702	15,388
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	155	993
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	14,857	16,381
Diluted and undiluted earnings per share*	0.53	0.55
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)		
ASSETS	IFRS 31 Dec 17	IFRS 31 Dec 16
NON-CURRENT ASSETS		
Intangible assets	22,975	19,928
Goodwill	3,816	3,827
Property, plant and equipment	95,454	73,765
Financial assets	103	103
Investments in associated companies	714	781
Non-current receivables	916	2,340
Deferred tax assets	3,538	2,525
TOTAL NON-CURRENT ASSETS	127,516	103,269
CURRENT ASSETS		
Inventories	122,302	118,283
Trade receivables	41,481	35,933
Income tax receivables	413	859
Other current receivables	10,864	5,915
Cash and cash equivalents	42,596	37,342
TOTAL CURRENT ASSETS	217,656	198,332
TOTAL ASSETS	345,172	301,600
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	7,000	7,000
Other reserves	2,452	2,452
Translation differences	-183	758
Treasury shares	-346	-346
Retained earnings	167,923	139,932
EQUITY OWNED BY PARENT COMPANY		
SHAREHOLDERS	176,846	149,796

NON-CURRENT LIABILITIES		
Interest-bearing liabilities	46,126	46,653
Deferred tax liabilities	823	799
Other non-current liabilities	57	0
TOTAL NON-CURRENT LIABILITIES	47,006	47,452
CURRENT LIABILITIES		
Interest-bearing liabilities	22,115	13,462
Provisions *)	5,769	5,970
Tax liabilities for the period	738	2,043
Trade creditors and other current liabilities *)	92,698	82,877
TOTAL CURRENT LIABILITIES	121,320	104,353
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	345,172	301,600

*) Change in accounting principle, more information in the note 3.

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-12/17	IFRS 1-12/16
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net result for the period	44,771	45,712
Adjustments:		
Financial income and expenses	9,660	-3,074
Share of the result of associated companies	-19	-23
Depreciation and amortisation	13,112	11,905
Income taxes	13,021	12,543
Other adjustments	-923	3,051
Cash flow before changes in working capital	79,621	70,114
Change in working capital:		
Change in trade receivables and other receivables	-10,165	7,437
Change in inventories	-4,018	-13,699
Change in trade creditors and other liabilities	10,572	2,777
Change in provisions for liabilities and charges	-201	1,216
Interest received	240	222
Interest paid	-954	-953
Other financial items	-3,518	-468
Income taxes paid	-15,030	-12,905
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	56,549	53,740

CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-37,836	-28,280
Proceeds from sale of tangible and intangible assets	127	198
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-37,709	-28,082

CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal/Repayment of current loans	7,944	2,220
Withdrawal of non-current loans	0	1,004
Repayment of non-current loans	-900	-5,702
Payment of finance lease liabilities	1,082	191
Change in non-current receivables	520	-1,396
Dividends paid	-16,780	-15,382
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-8,135	-19,065

Change in cash and cash equivalents (A+B+C)	10,705	6,593
Cash and cash equivalents on 1 Jan	37,342	26,495
Impact of exchange rate changes	-5,451	4,254
Cash and cash equivalents on 31 Dec	42,596	37,342

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 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
SHAREHOLDERS' EQUITY 1						
JAN 2016	7,000	2,452	-796	-346	109,602	117,912
Translation differences			1,554			1,554
Result for the period					45,712	45,712

Total comprehensive income for the period	1,554	45,712	47,266
Dividend distribution		-15,382	-15,382
SHAREHOLDERS' EQUITY			
31 DEC 2016	7,000	2,452	758

	31 Dec 17	31 Dec 16
1. LEASING COMMITMENTS (EUR 1,000)	1,490	1,020
2. CONTINGENT LIABILITIES (EUR 1,000)	31 Dec 17	31 Dec 16
Guarantees given on behalf of others	1,541	549
Repurchase commitments	3,464	3,021
Other commitments	963	1,177
TOTAL	5,968	4,747
3. PROVISIONS (EUR 1,000)	Guarantee provision	
Reported on 31 Dec 2016	7,336	
Change in accounting principle	-1,366	
1 January 2017	5,970	
Provisions added	833	
Provisions cancelled	-1,034	
30 Sep 2017	5,769	

The accounting principle concerning the provision has been changed as of 1 January 2017 so that the amount shown as guarantee provision equals the amount to which the Company is bound by the terms and conditions of the sales contract. The change has not had effect on the result.

KEY FIGURES AND RATIOS	31 Dec 17	31 Dec 16
R&D expenditure, MEUR	14.8	12.4
Capital expenditure, MEUR	37.8	28.3
as % of net sales	6.6	5.5
Average number of employees	1,508	1,435
Order books, MEUR	124.6	123.9
Equity ratio, %	51.9	50.3
Diluted and undiluted earnings per share (EUR)	1.60	1.63
Equity per share (EUR)	6.32	5.35

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 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)
Ponsse Group

	1-12/17	1-12/16
	582.1	493.8

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 2016.

The new standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" have been published, but they were not in force during the financial period of 2017, and they have not been implemented prematurely. The new standards will be applicable from 1 January 2018. According to the investigations made, the new standards are not expected to have a material effect on the consolidated financial statements as a whole.

IFRS 16 "Leases" will be applicable from 1 January 2019. The Group is currently assessing the effects of the implementation of the standard. The new standard is not expected to have a material effect on the consolidated financial statements as a whole.

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, 13 February 2018

PONSSE PLC

Juho Nummela
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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.