

PONSSE OYJ
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2001

The Group's turnover for the first nine months was EUR 85.4 million (1-9/2000, EUR 82.9 million). Export and foreign business operations accounted for 60.3% of turnover (58.1%). The operating profit was EUR 7.4 million (EUR 9.3 million) and the order stock was EUR 23.1 million (30 September 2000, EUR 18.3 million).

Turnover and Profit

The Group's turnover during the first nine months totaled EUR 85.4 million (EUR 82.9 million). As a result of the completely new product family being taken into production, delivery volumes during the first quarter were significantly lower compared to the equivalent period for the previous year. Delivery volumes remained at a good level for the second and third quarters. Export and foreign business operations accounted for 60.3% (58.1%) of turnover.

Operating profit was EUR 7.4 million (EUR 9.3 million). The profit before appropriations and taxes was EUR 7.0 million (EUR 8.5 million). Owing to the low number of delivery orders resulting from production-related startup difficulties, the Group's weak result in January-February clearly turned profitable in March as production volumes approached normal levels. The Group's result developed favorably during the second and third quarters.

Market Situation

The drastic fall in pulp prices during the year and the weak business situation for mechanized wood processing has reduced the demand for forest machines worldwide. Demand for the new product family has however exceeded expectations and Ponsse has increased its market share in many regions. Particularly in Scandinavia, the market share has developed favorably. In Central Europe the demand for forest machines has increased somewhat after the quieter period following the storms in that region. The demand for Ponsse's products has remained at a good level in North America's challenging market situation.

Orders Received and Order Stock

New orders were received in the amount of EUR 84.0 million (EUR 85.8 million) and the order stock was EUR 23.1 million (EUR 18.3

million) on 30 September 2001. The order stock was significantly larger compared to the equivalent period for the previous year but remained under the current year's higher levels.

Marketing

The new forest machine models were presented for the first time to the international public at the Elmia Wood forestry fair at Jönköping in Sweden during early June. Subsequently Ponsse has participated in several other forest machine industry trade fairs in Europe as well as North America. The products have been well received in all market areas.

Ponsse Oyj concluded an agreement with Veho ZAO covering the sales and service of forest machines in the St. Petersburg and Karelia areas. The contract is an important step in Ponsse's long-term and systematic strengthening of export in the Russian area. Veho ZAO is a subsidiary of Veho Group Oy Ab that has operated in Russia since 1995.

Balance Sheet

The consolidated balance sheet total on 30 September 2001 was EUR 69.3 million (EUR 61.5 million). Interest-bearing debts totaled EUR 21.1 million (EUR 17.1 million). The equity ratio was 49.4% (51.5%) in September and cash assets totaled EUR 8.4 million (EUR 4.9 million).

Capital Expenditure

Gross investment in fixed assets totaled EUR 0.9 million (EUR 1.0 million). Investments focused primarily on information technology and production.

Changes in Operative Management

After review period President, CEO Tommi Lindbom, CFO Marko Karppinen and Export Director Mikko Tahkola have agreed to terminate their employment agreements 22 October 2001 because of different views concerning future development of company. Tommi Lindbom leaves the Board of Directors also.

Tommi Ruha (31), MSc. (For.) has been named President, CEO of Ponsse Oyj effective 23 October 2001. Ruha assumes his new position

after having served as Ponsse USA, Inc.'s President. PR Manager Juha Vidgrén (31), MSc. (Educ.) has been named Stand-in President, CEO being responsible for personnel and internal and external communications.

Board member, MSc. (Econ.) Samuli Perttala takes over a CFO job in intervening time. Earlier Perttala have functioned as a CFO e.g. Oy Lohja Ab and its successor Oy Metra Ab for eleven years until 1995.

Personnel

During the first nine months of the financial year, the average number of staff employed by the Group was 519 (480 persons).

Annual General Meeting

The Annual General Meeting decided on 15 March 2001 that a dividend of EUR 0.65 would be paid to shareholders. Dividends totaling EUR 4.6 million were paid on 27 March 2001.

Einari Vidgrén, Ilkka Kylävainio, Tommi Lindbom, Heikki Ojala, Samuli Perttala, Orvo Siimestö, Juha Vidgrén and Mika Vidgrén were elected as members of the Board of Directors.

The authorized public accountants Tilintarkastajien Oy - Ernst & Young were chosen as auditors.

Shares

Share turnover from 1 January 2001 to 30 September 2001 totaled 137,084 shares, accounting for 1.96% of the total number of shares. The value of share turnover amounted to EUR 1.4 million. The lowest trading price during the period under review was EUR 8.61 and the highest was EUR 12.07 per share. The closing price at the end of the period under review was EUR 9.98. Market capitalization was EUR 69.9 million on 30 September 2001.

Outlook for the Remainder of the Year

Although the weakening global economy also reduced the demand for forest machines, continued growth in Ponsse's market share is however expected due to strong brand identity and new features bringing added value to customers.

Group turnover during the current year is expected to match the previous year's level. A good operating profit is predicted for the entire fiscal year.

Vieremä, 22 October 2001

BOARD OF DIRECTORS

PONSSE GROUP KEY INDICATORS

Profit and Loss Account	1-9/2001	1-9/2000	1-12/2000
	TEUR	TEUR	TEUR
Turnover	85,389	82,851	119,286
Increase (+) or decrease (-) in stocks of finished goods and work in progress	1,073	2,037	873
Other operating income	544	419	416
Raw materials and services	-52,024	-50,423	-72,245
Staff expenses	-16,113	-14,243	-20,239
Depreciation	-2,086	-2,035	-2,741
Other operating expenses	-9,341	-9,356	-12,814
Operating profit	7,442	9,250	12,536
Share of results of associated undertakings	40	46	55
Financial income and expenses	-531	-765	-543
Profit before extraordinary items and taxes	6,951	8,531	12,048
Income taxes	-2,905	-3,401	-3,832
Change in deferred tax liability	252	548	296
Minority interest	0	0	-1
Profit for the period under review	4,298	5,678	8,511
Balance Sheet	30Sep2001	30Sep2000	31Dec2000
	TEUR	TEUR	TEUR
Assets			
Non-current assets			
Intangible assets	1,633	1,925	2,010
Tangible assets	14,132	15,187	14,913
Investments	343	322	331
Current assets			
Stocks	33,959	28,272	26,790
Receivables	10,824	10,949	12,432
Cash in hand and at banks	8,431	4,862	6,632
Total	69,322	61,517	63,108
Liabilities			
Capital and reserves			
Share capital	3,500	3,500	3,500
Other equity	30,709	28,157	30,952
Minority interest	0	4	1
Creditors			
Non-current	18,509	16,291	12,226
Current	16,604	13,565	16,429
Total	69,322	61,517	63,108

Receivables on 30 September 2001 contain deferred tax assets of EUR 665 thousand (EUR 729 thousand on 30 September 2000; EUR 520 thousand on 31 December 2000). Non-current creditors on 30 September 2001 contains a deferred tax liability of EUR 1,171 thousand (EUR 1,267 thousand on 30 September 2000; EUR 1,280 thousand on 31 December 2000).

Quartal Information	7-9/2000	10-12/2000	1-3/2001	4-6/2001	7-9/2001
	TEUR	TEUR	TEUR	TEUR	TEUR
Turnover	23,028	36,435	23,988	31,401	30,000
Operating result	1,314	3,286	-778	3,824	4,396
% of turnover	5.7	9.0	-3.2	12.2	14.7
Result before appropriations and taxes	941	3 517	-1 082	3 541	4 492
% of turnover	4.1	9.7	-4.5	11.3	15.0

Orders Received	1-9/2001	1-9/2000	1-12/2000
	TEUR	TEUR	TEUR
Ponsse Group	83,970	85,761	128,560

Key Indicators	30Sep2001	30Sep2000	31Dec2000
Research and development expenditure, MEUR	2.3	2.5	2.7
Gross capital expenditure on fixed assets, MEUR	0.9	1.0	1.5
% of turnover	1.1	1.2	1.3
Average number of staff	519	480	481
Order stock, MEUR	23.1	18.3	24.6
Equity ratio, %	49.4	51.5	54.7
Earnings per share, EUR	0.61	0.81	1.22
Shareholders' equity per share, EUR	4.89	4.52	4.92

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.

Given Pledges, Contingent Liabilities and Other Liabilities

	30Sep2001	30Sep2000	31Dec2000
	TEUR	TEUR	TEUR
1. For own debt			
Debts for which mortgages have been pledged as collateral			
Loans from credit institutions	14,799	9,627	10,143
Given mortgages on land and buildings	3,826	3,157	3,322
Given chattel mortgages	2,893	2,220	2,220
Mortgages given as pledges total	6,719	5,377	5,542
2. Leasing commitments	1,006	784	658
3. Contingent liabilities on behalf of Group companies			
Guarantees given on behalf of Group companies	509	95	499
4. Liabilities arising from derivative contracts			
4.1 Nominal values			
Currency derivatives			
Foreign exchange forward contracts	7,459	0	2,259
Foreign exchange options			
Currency options bought	2,107	0	0
Currency options sold	4,207	0	0
4.2 Fair values			
Currency derivatives			
Foreign exchange forward contracts	257	0	115
Foreign exchange options			
Currency options bought	28	0	0
Currency options sold	-26	0	0

Currency derivative contracts are used only as a hedge against exchange rate fluctuations.

5. Other contingent liabilities			
Guarantees given on behalf of others	522	840	775
Repurchase commitments	4,440	2,469	2,519
Other liabilities	447	0	133
Total	5,409	3,309	3,427

The figures in the Interim Report are unaudited.