

PONSSE OYJ

INTERIM REPORT FOR 1 JANUARY-30 SEPTEMBER 2002

The Group's turnover for the first nine months of the year was EUR 86.1 million (1-9/2001, EUR 85.3 million). Export and foreign business accounted for 56.5% (60.3%). The operating profit was EUR 5.4 million (EUR 7.4 million) and the order stock was EUR 22.6 million (30 September 2001, EUR 23.1 million).

TURNOVER AND PROFIT

The Group's turnover grew by 0.8% over the previous year and totaled EUR 86.1 million.

The operating profit during the period under review was EUR 5.4 million (EUR 7.4 million), equivalent to 6.3% (8.7%) of turnover. This trend was largely owing to small delivery volumes in July and August.

Gains from hedging currency positions have been booked as financial income. Profit after extraordinary items was EUR 5.7 million (EUR 6.9 million).

MARKET SITUATION

Demand for forest machinery remained slack throughout Q3, especially in July and August. Driven by a marked upswing in the sale of timber, the situation improved during September in all market areas, particularly in Finland.

Business expectations are optimistic as regards forest tractors for the last quarter of this year and Q1 of 2003.

Demand for Ponsse's products is strongly linked to the outlook for sales of raw timber and more general business expectations in the forest industry both at home and abroad. Consumer

expectations as to their own finances play an important role when trying to forecast the demand for end-products made by the paper and mechanical forest industry.

MARKETING

The Buffalo Dual harwarder launched in May has generated interest among our customers and sales have got off to a good start. The Buffalo Dual can be converted from a harvester to a forwarder or vice-versa.

Production of the Wisent forwarder, shown at the Metko 2002 exhibition for heavy machine contracting in forestry and construction held in Jämsänkoski in September, is geared for full speed in early 2003. The first Wisent forwarders have already been sold and have been warmly welcomed by customers.

Changes took place in the Canadian distribution network towards the end of the period under review. In October, Ponsse signed a distribution agreement with ReadyQuip Sales & Services Ltd of the Province of Ontario. Ponsse gave notice on the distribution agreement with Equipement Lacroix Inc. of the Province of Quebec in September. Alpa Equipment Company Ltd of the Province of New Brunswick continues to be a distributor for Ponsse's products.

NEW ORDERS AND ORDER STOCK

New orders were received worth EUR 85.6 million (EUR 84.0 million) and the order stock at 30 September 2002 was EUR 22.6 million (EUR 23.1 million).

MARKETING SUBSIDIARIES

No significant changes took place in the operations of Ponsse's marketing and after sales subsidiaries abroad during the period under review.

Tapio Ingervo MSc (Econ. & Bus. Adm.) was appointed President of Ponsse S.A in France effective 1 September 2002.

Benny Sondell was appointed President of Ponsse AB in Sweden, effective 1 January 2003. Eero Lukkarinen, the company's current president, is to transfer to the parent company.

BALANCE SHEET

The consolidated balance sheet total at 30 September 2002 was EUR 69.8 million (EUR 69.3 million). Group interest-bearing debts totaled EUR 21.7 million (EUR 21.1 million). The equity ratio was 50.5% (49.4%). Cash assets totaled EUR 5.5 million (EUR 8.4 million).

CAPITAL EXPENDITURE AND PRODUCT DEVELOPMENT

Capital expenditure was EUR 1.4 million (EUR 0.9 million). Investments were made in improving production, product development premises and information technology. Product research and development expenses resulted mainly from the new machine models.

PERSONNEL

The Group employed an average of 517 (519) persons during the first nine months of the year.

Mikko Paananen LL.M assumed his post as the Group's new CFO on 1 August 2002.

ANNUAL GENERAL MEETING

The Annual General Meeting of 22 March 2002 decided to pay a dividend of EUR 0.65 per share. Dividends totaling EUR 4.6 million were paid on 5 April 2002.

The Annual General Meeting also approved the proposal by the Board of Directors that a bonus be paid to Ponsse Oyj's personnel. The amount of bonuses paid totaled EUR 237,650.

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

At its meeting of association held on 22 March 2002, the Board of Directors appointed Einari Vidgrén as its chairman.

Authorized public accountants Tilintarkastajien Oy-Ernst&Young were appointed as auditors, with Heikki Laitinen APA as the principal auditor.

SHARES

A total of 353,254 Ponsse Oyj shares, 5% of the total number, were traded between 1 January and 30 September 2002 for a total of EUR 3.6 million. The lowest and highest trading prices paid per share during the period under review were EUR 9.45 and EUR 11.40 respectively. The closing price at the end of the period under review was EUR 10.00 and the market capitalization was EUR 70 million.

OUTLOOK FOR THE REMAINDER OF THE
YEAR

Improved demand for roudwood
witnessed towards the autumn and
the upswing in demand for forest
tractors in both Finland and
principal export countries give
us reason to believe that Ponsse
Group's turnover for the whole

year will exceed that of the
previous year. The operating
profit is expected to remain the
same or be slightly higher than
last year's.

Vieremä, 22 October 2002

BOARD OF DIRECTORS

PONSSE GROUP KEY INDICATORS

Profit and loss account	1-9/02	1-9/01	1-12/01
	EUR 1000	EUR 1000	EUR 1000
Turnover	86 103	85 389	123 828
Increase (+) or decrease (-) in stocks of finished goods and work in progress (-)	2 842	1 073	-1 013
Other operating income	856	544	776
Raw materials and services	-56 006	-52 024	-75 831
Staff expenses	-16 338	-16 113	-22 060
Depreciation	-2 064	-2 086	-2 768
Other operating expenses	-9 959	-9 341	-13 209
Operating profit	5 434	7 442	9 723
Share of results of associated undertakings	74	40	68
Financial income and expenses	169	-531	-623
Result before appropriations and taxes	5 677	6 951	9 168
Income taxes	-2 673	-2 905	-2 862
Change in deferred tax liability	540	252	61
Minority interest	1	0	-1
Result for the period under review	3 545	4 298	6 366
Balance sheet	30.9.02	30.9.01	31.12.01
	EUR 1000	EUR 1000	EUR 1000
Assets			
Fixed assets and other non-current assets			
Intangible assets	1 225	1 633	1 549
Tangible assets	13 613	14 132	13 960
Financial assets	412	343	371
Stocks and current assets			
Stocks	35 051	33 959	30 157
Receivables	14 004	10 824	13 267
Cash in hand and at banks	5 515	8 431	8 865
Total	69 820	69 322	68 169
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	3 500	3 500	3 500
Other equity	31 748	30 709	32 770
Minority interest	1	0	2
Creditors			
Non-current	13 615	18 509	13 410
Current	20 956	16 604	18 487
Total	69 820	69 322	68 169

Receivables as at 30 September 2002 include deferred tax assets of EUR 849 thousand (30 September 2001, EUR 665 thousand; 31 December 2001, EUR 420 thousand). Non-current creditors at 30 September 2002 includes a deferred tax liability of EUR 984 thousand (30 September 2001, EUR 1,171 thousand; 31 December 2001, EUR 1,115 thousand).

Pledges Given, Contingent and Other Liabilities	30.9.02	30.9.01	31.12.01
	EUR 1000	EUR 1000	EUR 1000
1. For own debt			
Debts for which mortgages have been pledged as collateral			
Loans from credit institutions	12 360	14 799	14 420
Mortgages given on land and buildings	3 826	3 826	3 826
Chattel mortgages given	2 893	2 893	2 893
Mortgages given as pledges, total	6 719	6 719	6 719
2. Leasing commitments	2 078	1 017	2 225
3. Contingent liabilities on behalf of Group companies			
Guarantees given on behalf of Group companies	230	509	575
4. Liabilities arising from derivative contracts			
4.1 Nominal values			
Currency derivatives			
Options	2 107	2 123	1 812
Forward contracts	12 513	7 459	9 958
4.2 Market values			
Currency derivatives			
Options	4	2	-11
Forward contracts	-2	257	-91
5. Other contingent liabilities			
Guarantees given on behalf of others	935	522	431
Repurchase commitments	4 947	4 440	5 895
Other liabilities	314	447	462
Total	6 196	5 409	6 788

Key indicators	30.9.02	30.9.01	31.12.01
R&D expenditure, EUR million	2.4	2.3	2.6
Fixed asset investments, EUR million	1.4	0.9	1.4
as % of turnover	1.7	1.1	1.2
Average number of staff	517	519	518
Order stock, EUR million	22.6	23.1	23.2
Equity ratio, %	50.5	49.4	53.3
Earnings per share, EUR	0.51	0.61	0.91
Shareholders' equity per share, EUR	5.04	4.89	5.18

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.

New orders	1-9/02	1-9/01	1-12/01
	EUR mill.	EUR mill.	EUR mill.
Ponsse Group	85,6	84,0	122,5

Quarterly information	Q3/01	Q4/01	Q1/02	Q 2/02	Q3/02
	EUR 1000	EUR 1000	EUR 1000	EUR1000	EUR 1000
Turnover	30 000	38 439	27 763	30 831	27 509
Operating profit	4 396	2 281	1 624	2 399	1 411
Result before appropriations and taxes	4 492	2 217	1 351	2 780	1 546

The figures in the Interim report are unaudited.

Vieremä, 22 October 2002

PONSSE OYJ

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DISTRIBUTION

Helsinki Exchanges
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