

April 27, 2005

# Interim Report I

January – March 2005

The Jaakko Pöyry Group's net sales for the period under review were EUR 123.3 (115.5 in the same period 2004) million. Profit before taxes was EUR 7.5 (6.6) million.

The Group's consolidated balance sheet is healthy. The equity ratio was 48.9 (48.7) per cent and the net debt/equity ratio (gearing) -28.3 (-30.1) per cent.

Earnings per share were EUR 0.33 (0.30) and the return on investment 21.3 (19.2) per cent.

The order stock was EUR 376.9 million. It increased by EUR 3.7 million during the period under review.

Consolidated net sales will increase during 2005. Profit before taxes is estimated to improve in 2005.

### **Adoption of IFRS standards**

The Jaakko Pöyry Group reports its accounts according to the International Financial Reporting Standards (IFRS) from the beginning of 2005. All comparable figures for 2004 in this Interim Report are also in accordance with IFRS. The main adjustments to the statement of income and balance sheet relate to calculation and recording of pension arrangements, deferred tax receivables and goodwill. As the Group's accounting and reporting principles already have been largely in line with the IFRS standards, the adoption of IFRS standards does not have any other significant effects on the Group's profit, balance sheet and equity.

Jaakko Pöyry Group published a separate stock exchange notice on February 3, 2005 regarding the impact of the IFRS changes. The same information is included in the Financial Statements part of the Annual Report 2004.

### **Business groups**

#### **Forest Industry**

Net sales for the period under review were EUR 50.0 (47.1) million. Operating profit amounted to EUR 4.1 (3.5) million.

Investment activity in the forest industry has remained low. Demand has focused on rebuilding and maintenance investments. Demand for consulting services increased slightly during the review period.

Taking into account the market situation, the business group's order stock has remained good. New orders received have mainly been concerned with rebuilding and maintenance investments, and consulting services. The order stock, EUR 82.5 million, has remained at the same level as at the end of last year (EUR 82.5 million, end of 2004).

#### **Energy**

Net sales for the period under review were EUR 37.8 (33.0) million. Operating profit was EUR 2.0 (1.8) million.

Demand for energy-related services has remained good and the business group has strengthened its market position. The integration of Verbundplan GmbH, which was ac-

quired in 2004, has proceeded according to plan and the integration process has now been completed.

The order stock has remained good, amounting to EUR 167.1 (171.8) million. New projects entered into the order stock consisted of numerous small and medium-size projects in Europe and Asia.

### **Infrastructure & Environment**

Net sales for the period under review were EUR 35.7 (35.5) million. Operating profit was EUR 1.3 (1.3) million.

Demand for the business group's services has remained basically stable. In Western Europe, especially in Germany, investments in traffic systems have remained low. In Eastern Europe, including Russia, demand and investments are growing.

The order stock amounted to EUR 127.0 (118.8) million. The order stock remained good and the increase consisted mostly of numerous small and medium-size projects in all of the business group's areas of operation in Europe and Asia.

## **GROUP STRUCTURE**

There were no changes in the group structure during the period under review.

## **ORDER STOCK**

The Group's order stock is good. It increased by EUR 3.7 million during the period under review, totalling EUR 376.9 million at the end of March. At the end of 2004 the order stock was EUR 373.2 million.

## **CAPITAL EXPENDITURE**

The Group's capital expenditure for the period under review totalled EUR 3.1 (2.2) million, of which EUR 1.9 (2.2) million consisted of computer software, hardware and systems and EUR 1.2 (0.0) million were capital expenditure due to share investments.

## **SHARE CAPITAL AND SHARES**

The total number of shares at the end of 2004 was 14 109 851. During the period under review 183 650 new shares were subscribed based on warrants pursuant to the Bond Loan with Warrants issued in 1998. After the period under review 176 850 new shares have been subscribed. Following the registration of the subscribed shares, the number of shares totals 14 470 351.

The warrants related to the Bond Loan with Warrants issued by Jaakko Pöyry Group Oyj in 1998 carry subscription rights for a total of 1.3 million of the company's shares. The subscription period ends on April 30, 2005. A total of 1 272 065 shares have been subscribed based on the warrants.

Jaakko Pöyry Group Oyj issued in 2004 stock options to the management of the Group as well as to a wholly-owned subsidiary of Jaakko Pöyry Group Oyj. The stock options entitle to subscription of a maximum of 550 000 shares in Jaakko Pöyry Group Oyj. Each stock

option entitles the holder to subscribe one share in the company. The share subscription periods are the following: for 165 000 shares between March 1, 2007 and March 31, 2010, for 165 000 shares between March 1, 2008 and March 31, 2011, and for 220 000 shares between March 1, 2009 and March 31, 2012. All stock options have been issued and their receipt confirmed.

The Annual General Meeting on March 3, 2005 authorised the Board of Directors to decide on an increase in the share capital by a new issue and/or by taking a convertible loan and/or by issuing option rights so that based on the new issue, the convertible bonds and the option rights the share capital can be increased by a maximum of EUR 1.0 million by issuing for subscription a maximum of 1.0 million new shares. The authorisation is in force until March 3, 2006.

The Annual General Meeting authorised the Board of Directors to acquire and convey the company's own shares to a maximum of 700 000 shares, which equals less than 5 per cent of the company's share capital. The authorisations are in force until March 3, 2006.

The Annual General Meeting decided that a dividend of EUR 1.20 be distributed per outstanding share for 2004 (for 2003 1.00 and additional dividend 0.50), totalling EUR 16.9 million. The dividend was paid on March 15, 2005.

The company's shares are quoted on the Helsinki Exchanges. The average trading price during the period under review was EUR 25.18, with a high of EUR 26.99 and a low of EUR 22.20. A total of 1.1 million of the company's shares were traded, equalling 7.8 per cent of the total number of shares and corresponding to a turnover of EUR 27.8 million.

## **PROSPECTS**

Recently, prospects in the forest industry have improved slightly. The number of new investments in Europe and North America is, however, expected to remain low during 2005, focusing primarily on modernisations. Large new investments are expected to go ahead during this and next year mainly in South America. Demand for consulting and investment banking services is growing in industrialised countries as well as in emerging markets. The Forest Industry business group's operating profit will improve somewhat in 2005.

Good opportunities for growth in demand for energy-related services are emerging in East Asia, China and as the EU expands, to some degree also in Europe. This applies in particular to renewable energy, plant modernisations and management consulting services. The market position of the Energy business group has improved and the order stock is good. The business group's operating profit will improve in 2005.

Demand for the Infrastructure & Environment business group's traffic systems expertise has remained good in emerging markets. In Western Europe, demand for traffic systems expertise remains slack. In the water and environment sector, demand is expected to remain unchanged. Demand for building services has picked up in all of the business group's main markets, i.e. in Finland, the Baltic countries and Russia. The business group's order stock is good, having increased by EUR 8.2 million during the period under review. Its operating profit will remain stable in 2005.

The Group has a solid market position in all of its business groups. The order stock increased during the period under review. The Group's balance sheet structure and liquidity

are good. Consolidated net sales will increase in 2005. Profit before taxes is estimated to improve in 2005.

Vantaa, April 26, 2005

Jaakko Pöyry Group Oyj  
Board of Directors

Consolidated Statement of Income	1-3/2005	1-3/2004	1-12/2004
EUR million			
<b>NET SALES</b>	<b>123,3</b>	115,5	473,9
Other operating income	0,1	0,3	2,1
Share of associated companies' results	0,1	0,1	0,5
Materials and supplies	-13,9	-10,0	-64,9
Personnel expenses	-71,2	-68,7	-266,4
Depreciation	-2,0	-2,2	-9,1
Other operating expenses	-29,2	-28,5	-106,2
<b>OPERATING PROFIT</b>	<b>7,2</b>	6,5	29,9
Proportion of net sales, %	5,8	5,6	6,3
Financial income	0,4	0,2	1,6
Financial expenses	-0,1	-0,1	-0,8
Exchange rate differences	0,0	0,0	0,2
<b>PROFIT BEFORE TAXES</b>	<b>7,5</b>	6,6	30,9
Proportion of net sales, %	6,1	5,7	6,5
Income taxes	-2,5	-2,2	-10,0
<b>NET PROFIT FOR THE PERIOD</b>	<b>5,0</b>	4,4	20,9
Attributable to:			
Equity holders of the parent company	4,7	4,3	19,7
Minority interest	0,3	0,1	1,2
Earnings / share, for profit attributable to the equity holders of the parent company, EUR	0,33	0,30	1,42
Corrected with dilution effect	0,33	0,29	1,38
Net profit attributable to the equity holders of the parent company, FAS		3,6	18,0
Pension expenses from benefit plans		-0,5	-2,0
Expenses from option programmes		0,0	-0,7
Depreciation of consolidation goodwill		1,3	4,9
Change in deferred tax receivables		-0,1	-0,5
Total changes		0,7	1,7
Net profit attributable to the equity holders of the parent company, IFRS		4,3	19,7

Consolidated Balance Sheet	March 31, 2005	March 31, 2004	December 31, 2004
EUR million			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	33,7	33,1	33,6
Intangible assets	4,6	4,8	4,4
Tangible assets	15,7	17,6	15,8
Non-current investments	12,0	9,7	10,4
Deferred tax receivable	5,9	5,8	6,2
Other	5,2	6,4	5,5
	<b>77,1</b>	<b>77,4</b>	<b>75,9</b>
<b>CURRENT ASSETS</b>			
Work in progress	65,2	46,1	46,6
Accounts receivable	96,1	81,4	105,4
Other receivables	24,1	21,3	22,5
Investments, cash in hand and at banks	46,8	49,7	62,2
	<b>232,2</b>	<b>198,5</b>	<b>236,7</b>
<b>TOTAL</b>	<b>309,3</b>	<b>275,9</b>	<b>312,6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	14,3	13,9	14,1
Share premium reserve	29,4	26,8	28,4
Legal reserve	18,2	18,2	18,2
Retained earnings	49,2	48,4	46,2
Net profit for the period	4,7	4,3	19,7
	<b>115,8</b>	<b>111,6</b>	<b>126,6</b>
Minority interest	7,4	4,2	7,1
<b>TOTAL EQUITY</b>	<b>123,2</b>	<b>115,8</b>	<b>133,7</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current loans from credit institutions	8,6	11,2	8,6
Other interest bearing non-current liabilities	0,7	1,0	0,7
Other non-current liabilities	14,1	12,3	14,0
	<b>23,4</b>	<b>24,5</b>	<b>23,3</b>
<b>CURRENT LIABILITIES</b>			
Current loans from credit institutions	2,3	2,1	2,6
Other interest bearing current liabilities	0,3	0,5	0,3
Project advances	57,4	38,3	51,6
Accounts payable	16,5	11,3	13,9
Other current liabilities	86,2	83,4	87,2
	<b>162,7</b>	<b>135,6</b>	<b>155,6</b>
<b>TOTAL</b>	<b>309,3</b>	<b>275,9</b>	<b>312,6</b>

	<b>March 31, 2005</b>	March 31, 2005	December 31, 2005
Equity attributable to the equity holders of the parent company, FAS		100,6	117,5
Benefit plans, net assets		6,0	4,6
Deferred tax receivables		5,3	4,9
Financial assets, value decrease		-0,1	-0,2
Other		-0,2	-0,2
Total changes		11,0	9,1
Equity attributable to the equity holders of the parent company, IFRS		111,6	126,6



Statement of changes in financial situation	1-3/2005	1-3/2004	1-12/2004
EUR million			
<b>FROM OPERATIONS</b>			
Operating profit	7,2	6,5	29,9
Depreciation and value decrease	2,0	2,2	9,1
Gain on sale of fixed assets	0,0	0,0	-0,4
Share of associated companies' results	-0,1	-0,1	-0,5
Change in net working capital	-3,4	-7,1	13,3
Financial income and expenses	0,2	0,3	1,0
Taxes	-2,6	-1,0	-15,0
<b>Total from operations</b>	<b>3,3</b>	<b>0,8</b>	<b>37,4</b>
<b>CAPITAL EXPENDITURE</b>			
Investments in shares in subsidiaries	0,0	0,0	-11,3
Investments in other shares	-1,2	0,0	-0,1
Investments in fixed assets	-1,9	-2,2	-7,3
Sales of shares in associated companies	0,0	0,0	0,0
Sales of other	0,0	0,0	0,1
Sales of fixed assets	0,0	0,4	1,5
<b>Capital expenditure total</b>	<b>-3,1</b>	<b>-1,8</b>	<b>-17,1</b>
<b>Cash flow before financing</b>	<b>0,2</b>	<b>-1,0</b>	<b>20,3</b>
<b>FINANCING</b>			
New loans	0,0	0,0	0,0
Repayments of loans	-0,5	0,0	-2,1
Change in current financing	0,2	-0,1	-0,1
Change in non-current investments	0,0	0,0	-0,3
Dividends	-16,5	-12,7	-20,7
Share subscription	1,2	0,0	2,3
Translation difference	0,0	0,4	-0,3
<b>Financing total</b>	<b>-15,6</b>	<b>-12,4</b>	<b>-21,2</b>
<b>Change in liquid assets</b>	<b>-15,4</b>	<b>-13,4</b>	<b>-0,9</b>
Liquid assets January 1	62,2	63,1	63,1
<b>Liquid assets at the end of period</b>	<b>46,8</b>	<b>49,7</b>	<b>62,2</b>

Changes in equity	1-3/2005	1-3/2004	1-12/2004
EUR million			
Share capital Jan. 1	14,1	14,0	14,0
Cancellation of own shares	0,0	-0,1	-0,1
Shares subscribed with warrants	0,2	0,0	0,2
Share capital end of period	14,3	13,9	14,1
Share premium reserve Jan. 1	28,4	26,3	26,3
Cancellation of own shares	0,0	0,1	0,1
Shares subscribed with warrants	1,0	0,4	2,0
Share premium reserve end of period	29,4	26,8	28,4
Legal reserve Jan. 1 / end of period	18,2	18,2	18,2
Own shares Jan.1 / end of period	-12,8	-12,8	-12,8
Translation differences Jan. 1	-10,7	-10,8	-10,8
Change during the period	0,0	0,0	0,1
Translation differences end of period	-10,7	-10,8	-10,7
Retained earnings Jan. 1,	89,4	94,5	94,5
Payment of dividend	-16,9	-20,7	-20,7
Other changes	0,2	-1,7	-4,0
Translation differences	0,0	-0,1	-0,1
Net profit for the period	4,7	4,3	19,7
Retained earnings end of period	77,4	76,3	89,4
Minority interest Jan. 1	7,1	4,2	4,2
Increase	0,0	-0,1	1,7
Net profit for the period	0,3	0,1	1,2
Minority interest end of period	7,4	4,2	7,1
Total equity Jan. 1	133,7	133,6	133,6
Payment of dividend	-16,9	-20,7	-20,7
Shares subscribed with warrants	1,2	0,4	2,2
Other changes	0,2	-1,7	-4,0
Minority increase	0,0	-0,1	1,7
Translation differences	0,0	-0,1	0,0
Net profit for the period	5,0	4,4	20,9
Total equity end of period	123,2	115,8	133,7

Contingent Liabilities	March 31, 2005	March 31, 2004	December 31, 2004
EUR million			
Pledged assets and mortgages for own debt			
Mortgages on company assets	0,0	0,0	0,0
Other obligations			
Pledged assets	0,3	0,2	0,3
Rent and leasing obligations	107,2	107,5	108,2
Pension obligations	0,0	0,0	0,0
Other obligations	40,2	36,6	40,3
For others			
Pledged assets	0,1	0,0	0,1
Mortgages, real estate	0,0	0,0	0,0
Other obligations	0,0	0,0	0,0

### Derivative Instruments

Foreign exchange forward contracts,			
Notional values	14,5	20,1	16,6
Fair values	-0,2	-0,4	0,3
Interest rate swaps, fair values	-0,1		-0,1

Jaakko Pöyry Group Oyj has made interest rate swaps for EUR 10.8 million external loans.

Key Figures	1-3/2005	1-3/2004	1-12/2004
Earnings / share, EUR	<b>0,33</b>	0,30	1,42
Corrected with dilution effect	<b>0,33</b>	0,29	1,38
Shareholders' equity / share, EUR	<b>8,10</b>	8,08	9,09
Return on investment, % p.a.	<b>21,3</b>	19,2	21,4
Return on investment, % p.a. for the Business Groups			
Forest Industry	<b>25,2</b>		
Energy	<b>14,9</b>		
Infrastructure & Environment	<b>10,4</b>		
Return on equity, % p.a.	<b>15,6</b>	14,1	15,6
Equity ratio, %	<b>48,9</b>	48,7	51,2
Equity / Assets ratio, %	<b>39,8</b>	42,0	42,8
Net debt / Equity ratio (gearing), %	<b>-28,3</b>	-30,1	-37,4
Net debt, EUR million	<b>-34,9</b>	-34,9	-50,0
Consulting and engineering, EUR million	<b>366,7</b>	368,0	359,3
EPC, EUR million	<b>10,2</b>	14,8	13,9
Order stock total, EUR million	<b>376,9</b>	382,8	373,2
Capital expenditure, operating, EUR million	<b>1,9</b>	2,2	7,3
Capital expenditure in shares, EUR million	<b>1,2</b>	0,0	11,4
Personnel in group companies on average	<b>5331</b>	5191	5219
Personnel in group companies at the end of the period	<b>5314</b>	5193	5309
Personnel in associated companies at the end of the period	<b>244</b>	194	240

Key Figures for the Business Groups	1-3/05	1-3/04	1-12/04	1-3/04	4-6/04	7-9/04	10-12/04
EUR million							
<b>NET SALES</b>							
Forest Industry	50,0	47,1	186,3	47,1	48,4	40,7	50,1
Energy	37,8	33,0	146,5	33,0	35,7	35,5	42,3
Infrastructure & Environment	35,7	35,5	142,1	35,5	34,7	34,6	37,3
Other	-0,2	-0,1	-1,0	-0,1	0,0	-0,4	-0,5
<b>Total</b>	<b>123,3</b>	<b>115,5</b>	<b>473,9</b>	<b>115,5</b>	<b>118,8</b>	<b>110,4</b>	<b>129,2</b>
<b>OPERATING PROFIT AND NET PROFIT FOR THE PERIOD</b>							
Forest Industry	4,1	3,5	17,2	3,5	4,3	4,1	5,3
Energy	2,0	1,8	7,0	1,8	1,3	1,4	2,5
Infrastructure & Environment	1,3	1,3	7,0	1,3	1,5	2,1	2,1
Other	-0,2	-0,1	-1,3	-0,1	-0,3	-0,2	-0,7
<b>Operating profit total</b>	<b>7,2</b>	<b>6,5</b>	<b>29,9</b>	<b>6,5</b>	<b>6,8</b>	<b>7,4</b>	<b>9,2</b>
Financial items	0,3	0,1	1,0	0,1	0,2	0,2	0,5
<b>Profit before taxes</b>	<b>7,5</b>	<b>6,6</b>	<b>30,9</b>	<b>6,6</b>	<b>7,0</b>	<b>7,6</b>	<b>9,7</b>
Income taxes	-2,5	-2,2	-10,0	-2,2	-2,5	-1,4	-3,9
<b>Net profit for the period</b>	<b>5,0</b>	<b>4,4</b>	<b>20,9</b>	<b>4,4</b>	<b>4,5</b>	<b>6,2</b>	<b>5,8</b>
Profit attributable to:							
Equity holders of the parent company	4,7	4,3	19,7	4,3	4,1	6,1	5,2
Minority interest	0,3	0,1	1,2	0,1	0,4	0,1	0,6
<b>OPERATING PROFIT %</b>							
Forest Industry	8,2	7,4	9,2	7,4	8,9	10,1	10,6
Energy	5,3	5,5	4,8	5,5	3,6	3,9	5,9
Infrastructure & Environment	3,6	3,7	4,9	3,7	4,3	6,1	5,6
<b>Total</b>	<b>5,8</b>	<b>5,6</b>	<b>6,3</b>	<b>5,6</b>	<b>5,7</b>	<b>6,7</b>	<b>7,1</b>
<b>ORDER STOCK</b>							
Forest Industry	82,5	94,6	82,5	94,6	90,4	83,0	82,5
Energy	167,1	166,7	171,8	166,7	181,8	184,6	171,8
Infrastructure & Environment	127,0	121,5	118,8	121,5	118,8	117,1	118,8
Other	0,3	0,0	0,1	0,0	0,0	0,1	0,1
<b>Total</b>	<b>376,9</b>	<b>382,8</b>	<b>373,2</b>	<b>382,8</b>	<b>391,0</b>	<b>384,8</b>	<b>373,2</b>
Consulting and engineering	366,7	368,0	359,3	368,0	371,3	367,1	359,3
EPC	10,2	14,8	13,9	14,8	19,7	17,7	13,9
<b>Total</b>	<b>376,9</b>	<b>382,8</b>	<b>373,2</b>	<b>382,8</b>	<b>391,0</b>	<b>384,8</b>	<b>373,2</b>
<b>The Nordic countries</b>							
Europe	55,4	54,2	211,4				
Asia	16,3	15,4	70,6				
North America	4,3	5,4	18,2				
South America	7,6	5,1	23,2				
Other	6,1	7,1	25,3				
<b>Total</b>	<b>123,3</b>	<b>115,5</b>	<b>473,9</b>				

The figures in the interim report are unaudited.

