PÖYRY PLC - 4 AUGUST 2017

Half year financial report 2017

Pöyry PLC Half year financial report 1 January–30 June 2017

Operational improvement continued

Key figures for January–June 2017

(Figures in brackets, unless otherwise stated, refer to the same period of the previous year.)

- The adjusted operating result increased to EUR 10.0 (-1.7) million. It improved in all business lines except in the Management Consulting Business Group. Operating result was EUR 3.7 (-4.2) million.
- Net sales were EUR 267.3 (271.9) million. They remained stable in the Regional Operations Business Group and slightly decreased in the other business lines.
- Order intake increased compared to the corresponding period in the previous year and resulted in the Group's order stock of EUR 474.5 (457.8) million.

Pöyry Group	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Order stock at the end of period, EUR million	**474.5**	457.8	3.7	442.5
Net sales total, EUR million	**267.3**	271.9	-1.7	529.6
Operating result, EUR million	**3.7**	-4.2	n.a.	-8.1
Operating margin, %	**1.4**	-1.6		-1.5
Adjusted operating result, EUR million	**10.0**	-1.7	n.a.	5.8
Adjusted operating margin, %	**3.7**	-0.6		1.1
Result before taxes, EUR million	**2.2**	-4.8	n.a.	-10.6
Earnings per share, basic, EUR	**-0.01**	-0.11	88.7	-0.24
Earnings per share, diluted, EUR	**-0.01**	-0.11	88.7	-0.24
Earnings per share, adjusted, EUR	**0.09**	-0.07	n.a.	-0.01
Gearing, %	**30.5**	32.7		27.0
Return on investment, %	**5.0**	-2.9		-3.2
Average number of personnel, full time equivalents (FTE)	**4,545**	4,900	-7.3	4,839

All figures and sums have been rounded off from the exact figures, which may lead to minor discrepancies upon addition or subtraction.

Financial outlook for 2017

On 15 June 2017 Pöyry expanded its guidance for adjusted operating profit in 2017. The previous guidance stated that "the Group's adjusted operating result is expected to improve." The new, expanded guidance is that "the Group's adjusted operating result for full year 2017 is expected to improve clearly."

Martin à Porta, President and CEO:

In the first half of 2017 we have shown continued improvement in our operational business compared to the first half of 2016. Our adjusted operating margin increased in every business line except in the Management Consulting Business Group. Streamlining measures have enabled loss reduction in unallocated expenses on an adjusted basis.

Our cash flow improved significantly compared to the first half of 2016 but still shows further potential for improvement. The increase in order stock continued and was in all business lines above the comparative levels from the first half of 2016.

The transformation project started in 2016 has been received well and is showing clear progress. Employee engagement continues to increase and our improved client focus enables us to better position our new offerings. We see increasing demand for our smart solutions in areas of bioenergy, health and safety and operational excellence, underpinned by the recent launch of #PoyryDigital[1]. During the first half of 2017 demand in pulp and packaging has continued to be strong, and in the Hydro and Thermal businesses we were awarded several key projects, particularly in Asia. We are happy to report both an increase in order stock and a more balanced portfolio. We continue and will intensify our efforts to build connected teams and attract key talent in order to speed up our transformation towards reaching our benchmark profitability.

[1] see press release published on 4 July 2017

Market outlook 2017

In general uneven economic development is expected to continue in the second half of 2017. Growth expectation in the Eurozone has improved but is still fragile. Asia's development is uneven while markets relevant to us continue to be strong and offer opportunities especially to our energy services. The Middle East is showing a growing amount of opportunities but due to recent political developments the outlook continues to be uncertain. Latin America is mixed, Brazil shows modest signs of recovery while the rest of the region continues with steady development. The North American market continues to be good.

Our industry business sector shows increased demand across Europe and North America, demand in Latin America is weak and Asia is mixed within the region. Demand for our energy services continues to be strong in Asia and Latin America. The energy market in Europe is going through a market transformation resulting in reduced demand for engineering services but increased demand for consulting and market modelling.

Group financial performance

EUR million	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Net sales				
Energy	**64.3**	65.9	-2.4	129.6
Industry	**76.4**	78.0	-2.1	147.5
Regional Operations	**96.5**	96.3	0.1	188.8
Management Consulting	**30.6**	31.9	-3.9	64.1
Unallocated	**-0.5**	-0.2		-0.5
Total	**267.3**	271.9	-1.7	529.6
Operating result				
Energy	**3.5**	0.6	n.a.	4.4
Industry	**4.6**	3.9	18.8	3.7
Regional Operations	**0.7**	-4.2	n.a.	-8.7
Management Consulting	**1.6**	1.8	-11.9	3.9
Unallocated	**-6.7**	-6.4		-11.4
Total	**3.7**	-4.2	n.a.	-8.1
Operating margin, %				
Energy	**5.5**	1.0		3.4
Industry	**6.0**	5.0		2.5
Regional Operations	**0.8**	-4.3		-4.6
Management Consulting	**5.1**	5.5		6.1
Total	**1.4**	-1.6		-1.5
Adjusted operating result				
Energy	**3.5**	0.8	n.a.	5.0
Industry	**6.0**	4.4	34.2	6.6
Regional Operations	**3.3**	-2.9	n.a.	-0.6
Management Consulting	**1.6**	2.3	-31.9	4.7
Unallocated	**-4.4**	-6.4		-9.9
Total	**10.0**	-1.7	n.a.	5.8
Adjusted operating margin, %				
Energy	**5.5**	1.3		3.9
Industry	**7.8**	5.7		4.4
Regional Operations	**3.4**	-3.0		-0.3
Management Consulting	**5.1**	7.2		7.4
Total	**3.7**	-0.6		1.1

In order to increase transparency in comparing performance from one period to another Pöyry has been disclosing since 2016 an adjusted operating result. The adjusted items are not related to the business operations of the reporting period and include mainly restructuring and labour claim expenses, gains / losses related to divestments and profits / losses related to projects from the former Urban Business Group or projects which were finalised over two years ago.

Financial performance in January–June 2017

Order intake increased compared to the corresponding period in the previous year. It remained stable in Regional Operations and increased in the other business lines.

The Group's order stock increased compared to the previous year and was EUR 474.5 (457.8) million. It remained stable in the Industry Business Group and increased in the other business lines.

Order stock was EUR 174.0 million in the Energy Business Group (37% of the total order stock), EUR 78.9 million in the Industry Business Group (17%), EUR 200.6 million in Regional Operations (42%) and EUR 21.0 million in the Management Consulting Business Group (4%).

Net sales were EUR 267.3 (271.9) million. The figure remained stable in Regional Operations and decreased in other business lines.

The adjusted operating result increased to EUR 10.0 (-1.7) million. It improved in every business line except in the Management Consulting Business Group where it decreased. The adjusted items of EUR 6.3 (2.6) million consist of restructuring expenses, labour claims customary in one of the Group's country operations, as well as losses recognised on projects which originate from the former Urban Business Group or were finalised over two years ago. Despite further balancing of the old project portfolio we continue to fight to recover our position in these projects. In 2016 the adjusted items mainly included restructuring expenses, labour claims customary in one of the Group's country operations and losses recognised on projects originating from the former Urban Business Group. The operating result for the period was EUR 3.7 (-4.2) million.

Key project and contract wins published during the reporting period

Customer	Assignment	Business line
ÖBB Infrastruktur AG, Austria	Site supervision services for the connection of Innsbruck Railway Station into the Brenner Base Tunnel	Regional Operations
Strabag SpA, Chile	Engineering services assignment for the Alto Maipo hydropower project located in the Maipo river basin	Energy
MVM OVIT, Hungary	Complex engineering services assignment for the Szabolcsbáka substation	Energy
Phonesack Group, Laos	Owner's engineering services assignment for the Nam Theun 1 hydropower project	Energy
Cambodian Energy II Co. Ltd., Cambodia	Owner's engineer services assignment for CEL II, a 150 MW coal-fired power plant project in Sihanoukville	Energy
Synthomer Deutschland GmbH, Germany	Detail engineering services assignment for the revamp of dispersion plant in Worms	Industry
Sappi, USA	Detailed design for the rebuild of No. 1 Paper Machine at its Somerset paper manufacturing facility in Skowhegan, Maine	Regional Operations
Ashuganj, Bangladesh	Owner's engineer services assignment for Ashuganj 400 MW Combined Cycle Power Plant (East) in Bangladesh	Energy
Roermond, Netherlands	Detail engineering services assignment for the modification of Paper Machine 1 at Roermond, Netherlands	Industry
Qatar	Technical bid advisor assignment for integrated water and power plant project in Qatar	Energy
La Union, Luzon, Philippines	Engineering services assignment for EPC Selection of GLEDC's supercritical power plant in the Philippines	Energy
Gardabani, Georgia	Owner's Engineer services assignment for the Gardabani II 230MW Combined Cycle Power Plant Project in Georgia	Energy

Group financial result, financing and investments

The net financial items amounted to EUR -1.7 (-0.8) million.

The result before taxes totalled EUR 2.2 (-4.8) million.

Income taxes were EUR -2.0 (-0.8) million.

The net result for the period amounted to EUR 0.2 (-5.6) million, of which EUR 0.2 million was attributable to equity holders of the parent company and EUR 0.1 million to non-controlling interests.

Diluted earnings per share were EUR -0.01 (-0.11).

The consolidated balance sheet amounted to EUR 402.5 (427.5) million. Total equity at the end of the reporting period amounted to EUR 124.2 (120.2) million. Total equity attributable to equity holders of the parent company was EUR 122.8 (118.6) million, or EUR 2.06 (1.98) per share. In November 2015, Pöyry issued EUR 30 million hybrid capital securities, which are treated as equity in the consolidated financial statements. The capital securities have no maturity date, but the company has the right to redeem them after four years from the issue date upon certain conditions.

Return on equity (ROE) amounted to 0.4 (-10.0) per cent. Return on investment (ROI) was 5.0 (-2.9) per cent.

Group cash and cash equivalents and other liquid assets amounted to EUR 34.9 (36.9) million at the end of the reporting period. In addition to these, the Group had available credit facilities amounting to EUR 61.0 million. The amount of issued Commercial Papers was EUR 41.7 million.

In H2 2016 Pöyry signed with its core banks and Finnish financial institutions an extension of its term loan and revolving credit facility arrangements until June 2019. The facilities are subject to covenants relating to Pöyry's financial performance and solidity.

Net cash flow from operating activities in the reporting period amounted to EUR -1.9 (-32.0) million, representing EUR -0.03 per share. In 2017 net cash flow from operating activities resulted mainly from EUR 7.8 (28.2) million cash outflow related to a change in working capital. Net cash flow before financing activities amounted to EUR -3.1 (-33.8) million. Net debt at the end of the reporting period was EUR 37.8 (39.3) million. Gearing was 30.5 (32.7) per cent. The equity ratio was 35.7 (32.4) per cent.

During the reporting period, the Group's capital expenditures totalled EUR 1.8 (2.2) million.

Calculation principles and key figures are presented on the Key figures page of this financial statement release.

Personnel

Employee figures are reported in full time equivalents (FTEs).

Personnel (FTE) by Business Line, at the end of the period	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Energy	**1,057**	1,079	-2	1,068
Industry	**1,488**	1,668	-11	1,436
Regional Operations	**1,504**	1,609	-6	1,565
Management Consulting	**355**	349	2	353
Unallocated	**136**	174	-22	153
Personnel total	**4,541**	4,879	-7	4,574

Personnel (FTE) by geographic area, at the end of the period	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Nordic countries	**1,843**	1,866	-1	1,817
Other Europe	**1,545**	1,607	-4	1,561
Asia	**606**	629	-4	614
North America	**158**	185	-15	164
South America	**388**	591	-34	416
Other areas	**1**	1	0	2
Personnel total	**4,541**	4,879	-7	4,574

Personnel structure

The Group had an average of 4,545 (4,900) employees (FTEs), which was 7.3 per cent less than in the previous year. The number of personnel (FTEs) at the end of the period was 4,541 (4,879). At the end of the reporting period, total number of employees was 5,305 (5,685).

Performance share plan 2017–2022

A separate Company Announcement was issued on 5 May 2017 regarding a share-based incentive plan for the Pöyry Group’s key personnel. In order to implement the initial investment relating to the incentive plan, the Board of Directors of Pöyry PLC has on 3 August 2017 resolved on a share issue directed to the persons entitled to participate in the plan. More information on the performance share plans is available on the company’s website at www.poyry.com and more details on the shares to be issued can be found in the “Shares” section of this report.

Significant short-term risks and uncertainties

Economic and political uncertainty continues and the risk of recession persists, particularly in the European market. These circumstances may adversely influence Pöyry’s clients’ ability to arrange project financing and make investment decisions. More generally, this can slow down the overall business activity and hence impact Pöyry’s net sales and profitability.The economic and political crisis in Brazil has a significant impact on the market, including the sectors where Pöyry operates. This has caused Pöyry to downsize its operations to correspond to the market situation. If the Brazilian economic and political crisis continues, Pöyry may be required to take further measures to adapt to this situation.

Part of Pöyry's business comes from municipal and other public sector clients. The high level of indebtedness of various economies has led the EU and an increasing number of governments to decide on austerity and cost-reduction measures. This may have a negative effect on infrastructure investments and consequently could affect services provided by Pöyry.

As part of the project business, there are occasionally projects facing particular challenges and risks in the context of their execution. In some of these projects, the respective subsidiary companies are involved in disputes and litigations where the outcome and timing of the resolutions are uncertain and could differ from the management’s current assessment. There is a distinct management focus on resolving these issues and their evolution is regularly reviewed and assessed in line with the company’s risk assessment processes. In relation to the project contract, which expired in the fourth quarter of 2015, the respective Pöyry subsidiary company has started arbitration proceedings against the client. It is too early to assess the outcome of the proceedings. The projects in question are from the former Urban Business Group.

In its Annual review Pöyry has disclosed the ongoing “Rigesa arbitration”. Pöyry is convinced on the justification for its claims against Rigesa and does not see merit in Rigesa’s counterclaims but it is premature to assess the outcome of the Rigesa arbitration. Pöyry expects resolution of this case in H2 2017 or H1 2018.

Part of Pöyry's net sales originates from emerging and developing countries, some of which face political and economic challenges. There is a risk that corresponding payment of invoices may be delayed excessively or that the Pöyry Group may experience credit losses. To manage this risk, the company maintains systematic processes for the follow-up and active collection of receivables.

The most relevant risks that relate to Pöyry’s business are presented in more detail on the company’s website at www.poyry.com.

Events after the reporting period

There were no significant events after the reporting period.

Business Lines

At the beginning of 2016 as well as in August 2016, minor organisational alignments were executed between the business lines. These changes do not have any material impact to the reporting segments.

At the beginning of 2017 Pöyry announced that it is reinforcing its project implementation approach and global delivery model in project management, health and safety, engineering and construction management by bringing together its industry-related operations in Brazil, Finland and Germany from Regional Operations to the Industry Business Group. Pöyry’s financial reporting continues to be based on the following four reporting segments: Management Consulting Business Group; Industry Business Group; Energy Business Group; and Regional Operations. The comparative figures have been adjusted accordingly.

Energy Business Group

The Energy Business Group provides technical consulting, engineering, supervision and project management services within the areas of hydro power, thermal power, nuclear power, renewables and transmission & distribution. We help clients *to effectively manage their assets throughout the entire business life-cycle underpinned by in-depth sector knowledge. We deliver both new build and rehabilitation projects, as well as services relating to existing assets.*

	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Order stock, EUR million, at the end of the period	**174.0**	170.3	2.2	152.5
Sales, EUR million	**64.3**	65.9	-2.4	129.6
Operating result, EUR million	**3.5**	0.6	n.a.	4.4
Operating margin, %	**5.5**	1.0		3.4
Adjusted operating result, EUR million	**3.5**	0.8	n.a.	5.0
Adjusted operating result, % of net sales	**5.5**	1.3		3.9
Personnel at the end of period	**1,057**	1,079	-2.0	1,068

January–June 2017
Order intake increased from the previous year mainly due to larger orders in Asia.

Order stock was EUR 174.0 (170.3) million.

Net sales slightly declined by 2.4 per cent to EUR 64.3 (65.9) million. They particularly decreased in the Middle East and in the Philippines where a larger project was in the execution phase in 2016.

The adjusted operating result increased to EUR 3.5 (0.8) million. There are no adjusted items in 2017. In 2016 restructuring expenses related to the streamlining of operations in Northern Europe were excluded from the adjusted operating result. The operating result was EUR 3.5 (0.6) million.

Industry Business Group

The Industry Business Group provides technical consulting, engineering, project management and implementation services to clients in the areas of process industries and across the entire investment life-cycle. Focus sectors extend from pulp & paper to chemicals & biorefining. We deliver solutions for complex new investment projects and rebuilds of existing plants.

	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Order stock, EUR million, at the end of the period	**78.9**	77.9	1.4	78.3
Sales, EUR million	**76.4**	78.0	-2.1	147.5
Operating result, EUR million	**4.6**	3.9	18.8	3.7
Operating margin, %	**6.0**	5.0		2.5
Adjusted operating result, EUR million	**6.0**	4.4	34.2	6.6
Adjusted operating result, % of net sales	**7.8**	5.7		4.4
Personnel at the end of period	**1,488**	1,668	-10.8	1,436

January–June 2017
Order intake has increased compared to the same period last year.

Order stock remained stable year-on-year and was EUR 78.9 (77.9) million.

Net sales declined by 2.1 per cent to EUR 76.4 (78.0) million mainly due to difficult market conditions in Brazil.

The adjusted operating result improved to EUR 6.0 (4.4) million. The adjusted items in 2016 and 2017 included mainly labour claim expenses related to employment claims customary in one of the Group's operating countries as well as restructuring expenses in Latin America. The operating result increased to EUR 4.6 (3.9) million.

Regional Operations

Regional Operations serve clients with a broad range of services covering engineering and technical advisory, delivered across the energy, industry, transportation, real estate and water sectors and supported by environmental services. Pöyry's experts have profound local market knowledge, underpinned by global competence. Our extensive local office network is located within easy reach of client's operations.

	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Order stock, EUR million, at the end of the period	**200.6**	193.2	3.8	197.5
Sales, EUR million	**96.5**	96.3	0.1	188.8
Operating result, EUR million	**0.7**	-4.2	n.a.	-8.7
Operating margin, %	**0.8**	-4.3		-4.6
Adjusted operating result, EUR million	**3.3**	-2.9	n.a.	-0.6
Adjusted operating result, % of net sales	**3.4**	-3.0		-0.3
Personnel at the end of period	**1,504**	1,609	-6.5	1,565

January–June 2017

Order intake remained stable compared to the previous year. It increased in North America and remained stable in Northern Europe. It decreased in the other regions.

Order stock increased to EUR 200.6 (193.2) million. It increased in Central Europe and North America, but decreased in the other regions.

Net sales were stable at EUR 96.5 (96.3) million. They declined in Central Europe and North America, but increased accross the other regions.

The adjusted operating result improved to EUR 3.3 (-2.9) million. The figure improved in all regions except North America. The adjusted items in 2017 include mainly losses recognised on projects originating from the former Urban Business Group as well as losses related to projects finalised over two years ago. Over the same period in 2016, adjusted items included mostly losses recognised on projects originating from the fromer Urban Business Group and restructuring expenses.

The operating result was EUR 0.7 (-4.2) million.

Management Consulting Business Group

The Management Consulting Business Group provides strategic advisory services to the world's capital and resource intensive industries. Our expertise is based on market-led insights and quantitative models, as well as a profound understanding of sector specific strategies and technologies.

	1-6/ 2017	1-6/ 2016	Change, %	1-12/ 2016
Order stock, EUR million, at the end of the period	**21.0**	16.3	28.3	14.3
Sales, EUR million	**30.6**	31.9	-3.9	64.1
Operating result, EUR million	**1.6**	1.8	-11.9	3.9
Operating margin, %	**5.1**	5.5		6.1
Adjusted operating result, EUR million	**1.6**	2.3	-31.9	4.7
Adjusted operating result, % of net sales	**5.1**	7.2		7.4
Personnel at the end of period	**355**	349	1.7	353

January–June 2017

Order intake increased from the previous year.

Order stock increased to EUR 21.0 (16.3) million.

Net sales declined by 3.9 per cent to EUR 30.6 (31.9) million.

The adjusted operating result was EUR 1.6 (2.3) million. The decrease is mainly related to the devaluation of the British Pound and lower amount of success fees received in H1 2017 compared to H1 2016. There are no adjusted items in 2017. Over the same period last year, restructuring expenses in Asia and expenses related to projects finalised over two years ago were excluded from the adjusted operating result. The operating result was EUR 1.6 (1.8) million.

Unallocated items

The unallocated items consist of Group level activities as well as parent company expenses which are not charged to the business lines. The Group's parent company is responsible, among other things, for developing the Group's strategy and for supervising its implementation, financing, realising synergistic benefits and general co-ordination of the Group's operations. The parent company charges intra-group royalties and service fees.

During the period, unallocated items decreased the adjusted operating result by EUR -4.4 (-6.4) million and the operating result by EUR -6.7 (-6.4) million. In 2017 expenses related to projects finalised over two years ago were excluded from the adjusted operating result.

Governance

Annual General Meeting 2017

The Annual General Meeting ("AGM") of Pöyry PLC was held on 9 March 2017. The AGM adopted Pöyry PLC's annual accounts and granted the members of the Board of Directors and the President and CEO of the company discharge from liability for the financial period 1 January to 31 December 2016.

The AGM decided that no dividend be distributed for the financial year 2016.

The AGM decided that the Board of Directors consists of four (4) ordinary members. The AGM elected the following members to the Board of Directors: Helene Biström, Henrik Ehrnrooth, Michael Rosenlew and Teuvo Salminen.

The AGM decided that the annual fees of the members of the Board of Directors be EUR 45,000 for a member, EUR 55,000 for the Vice Chairman and EUR 65,000 for the Chairman of the Board, and the annual fee of the members of the committees of the Board of Directors be EUR 15,000. In addition, the AGM authorised the Board of Directors to decide an additional fee of not more than EUR 15,000 per annum for each of the foreign residents of the Board of Directors and an additional fee of not more than EUR 5,000 per annum for each of the foreign residents of the committees of the Board of Directors. The authorisation shall be in force until the next AGM.

At its assembly meeting immediately following the AGM, the Board of Directors elected Henrik Ehrnrooth as Chairman and Teuvo Salminen as Vice Chairman. Teuvo Salminen (Chairman) and Helene Biström were elected as members of the Audit Committee. Michael Rosenlew (Chairman) and Henrik Ehrnrooth were elected as members of the Nomination and Compensation Committee. In accordance with the authorisation by the AGM the Board decided to pay an additional fee of EUR 15,000 per annum to the foreign residents of the Board of Directors and an additional fee of EUR 5,000 per annum to the foreign residents of the committees of the Board of Directors.

PricewaterhouseCoopers Oy continues as Pöyry PLC's auditors based on the resolution made in the AGM on 8 March 2012. PricewaterhouseCoopers Oy has appointed Merja Lindh, Authorised Public Accountant, as the auditor in charge.

The decisions made by the AGM of Pöyry PLC on 9 March 2017 are available in full on the company's website at www.poyry.com.

Authorisations of the Board of Directors

In the AGM on 9 March 2017, the Board of Directors was authorised to decide on the issuance of new shares and special rights entitling to shares, as well as to convey the company's own shares held by the company in one or more tranches. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against payment at a price to be determined by the Board of Directors. A maximum of 11 800 000 new shares can be issued. A maximum of 5 900 000 own shares held by the company can be conveyed. The authorisation comprises a right to deviate from the shareholders' pre-emptive subscription right. Furthermore, the authorisation includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one tenth (1/10) of all shares in the company. The Board of Directors is authorised to resolve on all other terms and conditions regarding the issuance of shares and special rights entitling to shares. The authorisation shall be in force for 18 months from the decision of the AGM. The authorisation granted by the previous AGM regarding issuing of shares expired simultaneously.

The Board of Directors was also authorised to decide on the acquisition of up to 5 900 000 own shares of the company in one or more tranches by using distributable funds. The shares may be acquired either through public trading, in which case the shares would be acquired in another proportion than that of the current shareholders, or by public offer at market prices at the time of purchase. The Board of Directors is authorised to resolve on all other terms and conditions regarding the acquisition of own shares. The authorisation shall be in force for 18 months from the decision of the AGM.

The decisions made by the AGM of Pöyry PLC on 9 March 2017 relating to the authorisations of the Board of Directors are available in full on the company's website at www.poyry.com.

Group Executive Committee

Since 9 December 2016 the Group Executive Committee has been consisting of five (5) members. However, as per the company announcement of 4 August 2017, Executive Vice President, Transformation and Strategy, Anja McAlister has asked to step down from Pöyry's Group Executive Team for family reasons. She will move to the USA. Anja has made a major contribution to our ongoing transformation and will continue to support the President and CEO on this and other important strategic issues. She will continue to report directly to the CEO, Martin à Porta.

Following this change, Pöyry's Group Executive Committee is reduced to four members. As of 4 August 2017 the members of Pöyry PLC's Group Executive Committee are :

- **Martin à Porta**, President and CEO, Chairman Regional Operations (acting), President Management Consulting Business Group (acting)
- **Richard Pinnock**, Executive Vice President, President Energy Business Group and Global Sales and Project Management
- **Nicholas Oksanen**, Executive Vice President, President Industry Business Group
- **Juuso Pajunen**, Executive Vice President and Chief Financial Officer

All the Group Executive Committee members report to the President and CEO, Martin à Porta.

Shares

The share capital of Pöyry PLC at 30 June 2017 totalled EUR 14,588,478 and the total number of shares including treasury shares was 59,759,610.

On 30 June 2017, Pöyry PLC held a total of 419,055 own shares, which corresponds to 0.7 per cent of the total number of shares.

The closing price of Pöyry's shares on 30 June 2017 was EUR 4.78 (3.01). The volume weighted average share price during the reporting period was EUR 3.67 (3.31), the highest quotation being EUR 5.15 (3.80) and the lowest EUR 3.04 (2.80). The share price increased by 44.0 per cent since the end of 2016. During the reporting period, approximately 2.9 million Pöyry shares were traded at Nasdaq Helsinki, corresponding to a turnover of approximately EUR 10.4 million. The average daily trading volume was 23,267 shares, or approximately EUR 0.1 million.

On 30 June 2017, the total market value of Pöyry's shares was EUR 283.6 (178.6) million excluding the treasury shares held by the company and EUR 285.7 (179.9) million including the treasury shares.

As stated in the Company Announcement issued on 5 May 2017, the Board of Directors of Pöyry PLC has resolved on a new long-term share-based incentive plan targeted to the top management and key personnel of the company. In order to implement the initial investment relating to the incentive plan, the Board of Directors of Pöyry PLC has on 3 August 2017 resolved on a share issue directed to the persons entitled to participate in the plan. At this stage, the share-based incentive plan covers 9 participants. In total a maximum of 551 000 new shares in the Company will be offered in the share issue for subscription to persons entitled to participate in the plan at this stage. The share subscription price for the new shares to be paid by each of the participants will be 90% of the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd on 8 August 2017. The share subscription period ends on 14 August 2017. Should the shares offered for subscription be subscribed in full, the maximum total number of the Company's shares will be 60 310 610. New participants may join the incentive plan if decided by the Board of Directors. The maximum amount of participants in the incentive plan is 15.

In addition, the Board of Directors of Pöyry PLC has on 3 August 2017 resolved on the issuance of 1 771 000 new shares to the Company itself without payment. In future, the Company may use these shares, inter alia, in order to strengthen the Company's capital structure, to broaden the Company's ownership, to be used as payment in corporate acquisitions or when the Company acquires assets relating to its business and as part of the Company's incentive programs. After the share issuance, the total number of the Company's shares is 61 530 610 and the number of own shares held by the Company is 2 190 055.

The total number of the Company's shares after the directed share issue and share issue to the Company itself without payment is 62 081 610 provided that the shares offered for subscription in the directed share issue are subscribed in full.

Ownership structure

The number of registered shareholders was 5,077 at the end of June 2017 compared to 5,362 shareholders at the end of 2016.

Corbis S.A. remained the largest shareholder with 34.20 per cent ownership of the total shares. The Chairman of the Board of Directors of Pöyry, Henrik Ehrnrooth, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly hold a controlling interest in Corbis S.A.

At the end of the reporting period, a total of 12.91 per cent of the shares were owned by nominee-registered shareholders. Total ownership outside Finland, including Corbis, together with nominee-registered shareholders represented 47.76 per cent of the total shares.

Financial outlook for 2017

The Group's adjusted operating result is estimated to improve clearly.

Financial calendar

Pöyry PLC will publish its financial information in 2018 as follows:

- Financial statement release 2017: Friday 9 February 2018
- Annual Review 2017: Thursday 15 February 2018 at the latest

- Half year financial report January - June 2018: Thursday 9 August 2018

The Annual General Meeting is planned to be held on Thursday 8 March 2018. Pöyry's Board of Directors will summon the meeting at a later date.

Vantaa, 3 August 2017

Pöyry PLC
Board of Directors

Basis of preparation and accounting policies

This half year financial report has been prepared in accordance with IAS 34 following the same accounting principles as in the annual financial statements for 2016.

All figures in the accounts have been rounded and consequently, the totals of individual figures can deviate from the presented total figure.

This half year financial report is unaudited.

Statement of comprehensive income

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Net sales	**267.3**	271.9	529.6
Other operating income	**0.2**	0.5	1.3
Materials and supplies	**-0.1**	-1.9	-1.1
External charges, subconsulting	**-22.8**	-20.7	-45.5
Personnel expenses	**-174.4**	-184.7	-351.1
Depreciation and impairment	**-2.2**	-2.3	-4.6
Other operating expenses	**-64.3**	-67.1	-136.6
Operating expenses total	**-263.8**	-276.6	-538.9
Operating result	**3.7**	-4.2	-8.1
Proportion of net sales, %	**1.4**	-1.6	-1.5
Financial income	**1.0**	1.1	1.3
Financial expenses	**-2.8**	-2.1	-4.5
Exchange rate differences	**0.1**	0.1	0.2
Net financial items	**-1.7**	-0.8	-3.1
Share of associated companies' results	**0.3**	0.3	0.5
Result before taxes	**2.2**	-4.8	-10.6
Proportion of net sales, %	**0.8**	-1.8	-2.0
Income taxes	**-2.0**	-0.8	-2.2
Net result for the period	**0.2**	-5.6	-12.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit pension obligation	**13.6**	-6.0	0.5
Income tax relating to these items	**-2.8**	1.3	-0.1
Items that may be reclassified to profit or loss			
Translation differences	**-5.1**	1.3	3.2
Total comprehensive income for the period	**6.0**	-9.0	-9.1
Net result attributable to:			
Owners of the parent company	**0.2**	-5.6	-12.5
Non-controlling interest	**0.1**	-0.1	-0.3
Total comprehensive income attributable to:			
Owners of the parent company	**5.9**	-8.9	-8.8
Non-controlling interest	**0.1**	-0.1	-0.3
Earnings/share, EUR	**-0.01**	-0.11	-0.24
Corrected with dilution effect	**-0.01**	-0.11	-0.24

Statement of financial position

Assets, EUR million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Non-current assets			
Goodwill	**120.4**	121.4	122.4
Intangible assets	**7.5**	6.0	7.2
Tangible assets	**6.6**	8.1	7.5
Shares in associated companies and joint ventures	**2.0**	2.0	2.1
Other non-current investments	**0.8**	0.9	1.0
Deferred tax assets	**30.3**	34.0	34.1
Pension receivables	**0.1**	0.1	0.1
Other	**3.7**	4.9	4.5
	171.2	177.5	178.7
Current assets			
Work in progress	**59.0**	74.6	58.9
Accounts receivable	**106.9**	108.2	105.8
Other receivables	**12.6**	13.0	11.7
Prepaid expenses and accrued income	**13.9**	12.1	12.8
Current tax receivables	**4.1**	5.2	4.5
Cash and cash equivalents	**34.9**	36.9	49.3
	231.3	250.0	243.0
Total assets	**402.5**	427.5	421.8

Equity and liabilities, EUR million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Equity			
Equity attributable to the owners of the parent company			
Share capital	**14.6**	14.6	14.6
Invested free equity reserve	**60.1**	60.1	60.1
Hybrid bond	**30.0**	30.0	30.0
Translation differences	**-15.6**	-12.4	-10.5
Retained earnings	**33.8**	26.4	22.7
	122.8	118.6	116.9
Non-controlling interest	**1.4**	1.6	1.4
Total equity	**124.2**	120.2	118.3
Non-current liabilities			
Interest bearing non-current liabilities	**-**	10.0	-
Pension obligations	**31.1**	53.4	45.0
Deferred tax liabilities	**0.2**	0.2	0.2
Other non-current liabilities	**0.0**	0.0	0.1
	31.3	63.6	45.2
Current liabilities			
Amortisations of interest bearing non-current liabilities	**1.0**	23.0	2.0
Commercial papers	**41.7**	43.2	48.7
Interest bearing current liabilities	**30.0**	0.0	30.5
Provisions	**12.3**	10.3	12.7
Project advances	**55.0**	56.8	58.2
Accounts payable	**14.5**	18.0	20.5
Other current liabilities	**20.7**	23.3	22.7
Current tax payables	**5.6**	3.9	6.5
Accrued expenses and deferred income	**66.2**	65.1	56.4
	247.0	243.6	258.3
Total equity and liabilities	**402.5**	427.5	421.8

Statement of cash flows

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Operating activities			
Net result for the period	**0.2**	-5.6	-12.8
Adjustments:			
Share-based expenses	-	0.1	-
Depreciation and impairment	**2.2**	2.3	4.6
Impairment losses from accounts receivable and work in progress	**1.9**	0.4	6.0
Gains (-) / losses (+) on sales of shares and fixed assets	**0.0**	0.0	0.0
Financial income and expenses	**1.7**	0.8	3.1
Income taxes	**2.0**	0.8	2.2
Changes in working capital:			
Change in work in progress	**-3.4**	2.2	17.3
Change in accounts receivable	**-3.2**	-4.0	-4.7
Change in project advances received	**-2.0**	-14.3	-13.5
Change in accounts payable	**-5.7**	-5.5	-0.7
Change in other receivables and payables	**6.5**	-6.6	-15.5
Paid income taxes	**-2.2**	-2.6	-3.6
Net cash flow from operating activities	**-1.9**	-32.0	-17.7
Investing activities			
Investments in fixed assets	**-1.8**	-2.2	-5.1
Sale of other fixed assets	**0.1**	0.1	0.2
Received dividends	**0.5**	0.3	0.6
Net cash flow from investing activities	**-1.2**	-1.8	-4.3
Net cash before financing	**-3.1**	-33.8	-22.0
Financing activities			
New loans	**-**	-	30.0
Repayments of loans	**-1.0**	-4.0	-35.0
Change in current financing	**-7.4**	4.9	10.8
Hybrid bond interest and expenses	**-**	-	-2.3
Received financial income	**0.8**	0.4	0.9
Paid financial expenses	**-2.5**	-2.0	-5.2
Paid dividends	**0.0**	-0.1	-0.1
Net cash flow from financing activities	**-10.1**	-0.7	-0.8
Change in cash and cash equivalents and in other liquid assets	**-13.2**	-34.6	-22.8
Cash and cash equivalents and other liquid assets at the beginning of the period	**49.3**	70.6	70.6
Effect of changes in exchange rates	**-1.1**	0.8	1.4
Cash and cash equivalents and other liquid assets at the end of the period	**34.9**	36.9	49.3
Cash and cash equivalents	**34.9**	36.9	49.3
Cash and cash equivalents and other liquid assets	**34.9**	36.9	49.3

Statement of changes in equity

EUR million	Share capital	Invested free equity reserve	Hybrid bond	Trans-lation diffe-rences	Retained earnings	Equity attributable to the own-ers of the paren company	Non-controlling interest	Total equity
1-6/2017								
Equity 1 January 2017	14.6	60.1	30.0	-10.5	22.7	116.9	1.4	118.3
Net result for the period					0.2	0.2	0.1	0.2
Other comprehensive income for the period				-5.1	10.9	5.7	0.0	5.7
Total comprehensive income for the period				-5.1	11.0	5.9	0.1	6.0
Equity 30 June 2017	**14.6**	**60.1**	**30.0**	**-15.6**	**33.8**	**122.8**	**1.4**	**124.2**
1-6/2016								
Equity 1 January 2016	14.6	60.1	30.0	-13.7	36.7	127.6	1.7	129.3
Net result for the period					-5.6	-5.6	-0.1	-5.6
Other comprehensive income for the period				1.3	-4.7	-3.4	0.0	-3.4
Total comprehensive income for the period				1.3	-10.2	-8.9	-0.1	-9.0
Dividend distribution					-0.1	-0.1	0.0	-0.1
Share-based payments					0.0	0.0		0.0
Total contributions by and distributions to owners of the parent, recognised directly into equity					0.0	0.0	0.0	0.0
Equity 30 June 2016	14.6	60.1	30.0	-12.4	26.4	118.6	1.6	120.2
1-12/2016								
Equity 1 January 2016	14.6	60.1	30.0	-13.7	36.7	127.6	1.7	129.3
Net result for the period					-12.5	-12.5	-0.3	-12.8
Other comprehensive income for the period				3.2	0.4	3.7	-0.1	3.6
Total comprehensive income for the period				3.2	-12.1	-8.8	-0.3	-9.1
Hybrid bond interest					-1.8	-1.8		-1.8
Dividend distribution					0.0	0.0	0.0	-0.1
Share-based payments					0.0	0.0		0.0
Total contributions by and distributions to owners of the parent, recognised directly into equity					-1.9	-1.9	0.0	-1.9
Equity 31 December 2016	14.6	60.1	30.0	-10.5	22.7	116.9	1.4	118.3

Key figures

	1-6/ 2017	1-6/ 2016	1-12/ 2016
Earnings/share, EUR	**-0.01**	-0.11	-0.24
Corrected with dilution effect	**-0.01**	-0.11	-0.24
Earnings/share, adjusted, EUR	**0.09**	-0.07	-0.01
Shareholders' equity/share, EUR	**2.06**	1.98	1.96
Return on investment, %	**5.0**	-2.9	-3.2
Return on equity, %	**0.4**	-10.0	-10.5
Equity ratio, %	**35.7**	32.4	32.5
Net debt/equity ratio (gearing), %	**30.5**	32.7	27.0
Net debt, EUR million	**37.8**	39.3	32.0
Consulting and engineering, EUR million	**473.9**	452.5	439.0
EPC, EUR million	**0.6**	5.2	3.6
Order stock total, EUR million	**474.5**	457.8	442.5
Capital expenditure, operating, EUR million	**1.8**	2.2	5.1
Personnel in group companies on average	**4,545**	4,900	4,839
Personnel in group companies at end of period	**4,541**	4,879	4,574

Calculation of key figures

Return on investment, ROI %

$$\frac{\text{result before taxes + interest and other financial expenses}}{\text{balance sheet total - non-interest bearing liabilities (quarterly average)}} \times 100$$

Return on equity, ROE %

$$\frac{\text{net result}}{\text{equity (quarterly average)}} \times 100$$

Equity ratio %

$$\frac{\text{equity}}{\text{balance sheet total - advance payments received}} \times 100$$

Net debt/equity ratio, gearing %

$$\frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{equity}} \times 100$$

Earnings/share, EPS

$$\frac{\text{net result attributable to the owners of the parent company - accrual basis interest of hybrid bonds adjusted with tax effect}}{\text{issue-adjusted average number of shares for the fiscal year}}$$

Earnings/share, adjusted

$$\frac{\text{net result attributable to the owners of the parent company - accrual basis interest of hybrid bonds adjusted with tax effect + adjustment items used in calculating the adjusted operating result}}{\text{issue-adjusted average number of shares for the fiscal year, corrected with dilution effect}}$$

Equity attributable to the equity holders of the parent company / share

$$\frac{\text{equity attributable to the equity holders of the parent company}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$$

Contingent liabilities

EUR million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Other own obligations			
Other obligations	**0.3**	0.5	0.3
Accrued interest on hybrid bond	**1.3**	1.4	0.2
Project and other guarantees	**43.0**	41.9	39.4
Total	**44.7**	43.8	39.9
For others			
Pledged assets	**0.1**	0.0	0.0
Other obligations	**0.0**	0.0	0.0
Total	**0.1**	0.0	0.1
Rent and lease obligations	**116.9**	122.6	121.3

Project and other guarantees

Project guarantees are normal undertakings related to project business, for example bid bonds or performance guarantees.

Rent and lease obligations

In 2013 Pöyry PLC sold its Vantaa office real estate in Finland. In the transaction Pöyry PLC signed a long-term lease agreement of 15 years for the property. The rent of the lease-agreement is market-based. Pöyry PLC is entitled to extend the term of the lease by a maximum of 15 years. The lease agreement of Vantaa office real estate is the largest lease agreement of the group and comprises most of the group's rental and lease obligations.

Claims and litigation

Given the nature of Pöyry's operations, claims are made against Group companies from time to time based on various grounds, which sometimes result in litigation or arbitration. Occasionally also Pöyry needs to initiate legal proceedings in order to collect receivables.

Litigations and arbitrations of material value

Sino-Forest Corporation related litigations

In 2011 three competing class proceedings of material value were commenced in Ontario, Canada against Pöyry's subsidiary companies along with other defendants concerning matters relating to Sino-Forest Corporation ("SFC"). Only one of these competing class proceedings was allowed to proceed by the Ontario court (the "Ontario Proceeding"), the others were stayed. The Ontario Proceeding only named one Pöyry subsidiary company as a defendant. A parallel proceeding was commenced in Quebec, Canada involving the same Pöyry subsidiary company (together with the Ontario Proceeding, the "Canadian SFC Litigation").

During the first reporting period of 2012, the Pöyry subsidiary company named as a defendant in the Ontario Proceeding concluded a settlement agreement with the plaintiffs concerning the Canadian SFC Litigation (the "Settlement Agreement"), which was subsequently approved by the Ontario and Quebec courts in the third and fourth reporting periods of 2012, respectively.

In the fourth reporting period of 2012, the Pöyry subsidiary company named as a defendant in the Ontario Proceeding was also added as a defendant to an existing class action previously commenced against SFC and others in the State of New York of the USA (the "US SFC Litigation"). The allegations pleaded are similar to those in the Canadian SFC Litigation. There have been no material developments in the US SFC Litigation since the above-referenced addition of the Pöyry subsidiary company as a defendant.

A 'Litigation Trust' was created by way of the SFC insolvency proceedings in December 2012 to pursue certain claims that SFC and/or its noteholders had at that time. Commencing in the last reporting period of 2013, proceedings in various jurisdictions were issued by the Litigation Trust against, inter alia, certain of Pöyry's subsidiary companies that had provided consulting services to SFC. While Pöyry's legal advisors in those jurisdictions are of the view that these proceedings are without merit, it is premature to assess the outcome of these proceedings.

Rigesa arbitration

In 2013 Pöyry Tecnologia Ltda. and Pöyry Soluções em Projectos Ltda., subsidiary companies of Pöyry, commenced arbitration proceedings against Rigesa Celulose, Papel e Embalagens Ltda. ("Rigesa") in Brazil regarding the payment of certain change orders and other claims in relation to project deliveries of the said subsidiary companies to Rigesa. Rigesa has since commenced counter proceedings against the said Pöyry subsidiary companies in relation to the same project. The two arbitration proceedings have been combined into one proceeding (together the "Rigesa arbitration"). Pöyry is convinced on the justification for its claims against Rigesa and does not see merit in Rigesa's counterclaims but it is premature to assess the outcome of the Rigesa arbitration. Pöyry expects resolution of this case in H2 2017 or H1 2018.

Metro Lima Line No 1 – Contraloria litigations

The Office of the Comptroller General of the Republic of Peru ("Contraloria") has commenced several proceedings, together with a material value, against the Consortium CESEL-PÖYRY ("Consortium") and some of the employees of the participating companies concerning certain aspects of the site supervision services provided by the Consortium to its public sector client, Autonomous Authority of the Electric Mass Transportation System of Lima – Callao ("AATE"). Pöyry Switzerland Ltd. is a party to the Consortium. The services of the Consortium ended in 2013 and have been approved by the client AATE. While Pöyry's legal advisors in Peru are of the view that these proceedings are without merit, it is premature to assess the outcome of these proceedings.

Apart from the above referred legal proceedings, the risk related to the individual claims and litigations where Group companies are involved is, on balance, not considered material on the Group level, taking into consideration the value and basis of these claims and litigations, the contractual terms and conditions and expert opinions applicable to these claims and litigations, the extent of Pöyry's business operations and insurance cover of the Group companies. There are, however, always uncertainties related to the outcome of litigation and arbitration proceedings.

Labour legislation in one of the Pöyry's country operations

There are some uncertainties relating to the interpretation of labour legislation in one of the countries where Pöyry operates. Unexpected negative interpretations by authorities and court decisions could have a harmful impact on the local subsidiary companies' business, financial position and results. While Pöyry's labour law advisors in the country in question support Pöyry's views on the interpretation matter, it is not possible to assess at this time further risk associated with this.

Derivative instruments

EUR million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Foreign exchange forward contracts			
Nominal value	**84.2**	50.4	48.0
Fair value, gains	**1.4**	0.3	0.5
Fair value, losses	**-1.5**	-1.1	-0.4
Fair value, net	**-0.1**	-0.7	0.1
Fair value hedge accounting			
Nominal value	**44.1**	26.2	0.2
Fair value, gains	**1.7**	0.2	0.0
Fair value, losses	**-0.8**	-0.7	0.0
Fair value, net	**1.0**	-0.4	0.0
Foreign exchange option contracts			
Purchased, nominal value	**7.7**	13.1	9.7
Purchased, gains	**0.0**	0.0	0.0
Purchased, losses	**-0.1**	-0.2	-0.1
Purchased, net	**-0.1**	-0.1	-0.1
Sold, nominal value	**15.5**	16.3	10.2
Sold, gains	**0.1**	0.1	0.1
Sold, losses	**0.0**	0.0	0.0
Sold, net	**0.1**	0.1	0.0
Foreign exchange options, net	**0.0**	0.0	0.0
Interest rate swaps			
Nominal value	**0.0**	15.0	15.0
Fair value, losses	**0.0**	-0.1	0.0
Fair value, net	**0.0**	-0.1	0.0

The Group hedges the project cash flows denominated in foreign currency by using foreign exchange derivative contracts. Exchange rate gains or losses arisen from these derivative contracts are recorded in sales and project expenses.

The fair value of the foreign exchange derivative contracts is specified by closing date fair values for the corresponding maturities of the agreements. Derivatives in hedge accounting are effective. The fair values of the interest rate swaps have been specified by the present values of the future cash flows which are based on the closing date's interest rates and other information, excluding the accrued interest and exchange rate difference. The fair values represent the prices which the Group should pay or receive if it terminated the derivative agreement, and the fair values are based on banks' confirmations as well as reports produced by the treasury management system. Derivative instruments have not been set off in the financial statements but all belong to master netting agreements agreed with external counterparties.

Fair value hierarchy for financial assets and liabilities recognised at fair value

EUR million	30 Jun 2017	Level 1	Level 2	Level 3
Financial assets at fair value				
Derivatives under fair value hedge accounting	**1.7**		1.7	
Derivatives outside of hedge accounting	**1.5**		1.5	
Total financial assets at fair value	**3.2**	-	3.2	-
Financial liabilities at fair value				
Derivatives under fair value hedge accounting	**0.8**		0.8	
Derivatives outside of hedge accounting	**1.6**		1.6	
Total financial liabilities at fair value	**2.4**	-	2.4	-

EUR million	30 Jun 2016	Level 1	Level 2	Level 3
Financial assets at fair value				
Derivatives under fair value hedge accounting	0.2		0.2	
Derivatives outside of hedge accounting	0.5		0.5	
Total financial assets at fair value	0.7	-	0.7	-
Financial liabilities at fair value				
Derivatives under fair value hedge accounting	0.7		0.7	
Derivatives outside of hedge accounting	1.3		1.3	
Total financial liabilities at fair value	2.0	-	2.0	-

EUR million	31 Dec 2016	Level 1	Level 2	Level 3
Financial assets at fair value				
Derivatives under fair value hedge accounting	0.0		0.0	
Derivatives outside of hedge accounting	0.6		0.6	
Total financial assets at fair value	0.6	-	0.6	-
Financial liabilities at fair value				
Derivatives under fair value hedge accounting	0.0		0.0	
Derivatives outside of hedge accounting	0.5		0.5	
Total financial liabilities at fair value	0.5	-	0.5	-

Level 1 fair values are measured using quoted prices in active markets at the balance sheet date for identical assets or liabilities. A market is regarded as active if quoted prices are easily and regularly available from e.g. an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. Instruments in Level 1 consist mainly of DAX, FTSE and Dow Jones equity investments classified as trading securities or available for sale.
Level 2 fair values of financial instruments that are not traded in an active market (for example OTC-derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The following techniques can be used to value financial instruments:
- Quoted market prices or dealer quotes for similar instruments
- Interest rate swaps: the present value of the estimated future cash flows based on observable yield curves
- Foreign exchange forward contracts: discounting back to present value based on forward rates at the balance sheet date
- Other financial instruments: for example discounted cash flow analysis

Level 3 fair values are measured using valuation techniques based on unquoted parameter inputs.
During the reporting period there were no transfers between levels 1, 2 and 3.

Financial assets and liabilities

EUR million	30 Jun 2017	30 Jun 2016	31 Dec 2016
Available-for-sale assets, shares	**0.4**	0.6	0.6
Loans and other receivables			
Non-current accounts receivable	**1.3**	2.4	1.8
Other non-current receivables	**2.2**	2.1	2.3
Current accounts receivable	**106.9**	108.2	105.8
Non-current loans receivable	**0.3**	0.4	0.4
Current loans receivable	**0.0**	0.0	0.0
Cash and cash equivalents [1)]	**34.9**	36.9	49.3
Derivatives under fair value hedge accounting	**1.7**	0.2	0.0
Derivatives outside of hedge accounting	**1.5**	0.5	0.6
Total financial assets	**149.3**	151.3	160.8
Liabilities at amortised cost			
Interest bearing liabilities	**72.7**	76.2	81.2
Accounts payable	**14.5**	18.0	20.5
Derivatives under fair value hedge accounting	**0.8**	0.7	0.0
Derivatives outside of hedge accounting	**1.6**	1.3	0.5
Total financial liabilities	**89.6**	96.3	102.3

The fair value of the financial assets and liabilities measured at amortised cost equals their carrying amount, as the impact of discounting is not significant. The fair values are within level 2 of the fair value hierarchy. Fair value calculation rules of the derivatives are presented in note Derivative Instruments.

[1)] Cash and cash equivalents include current account balances which belong to a multi-currency notional cash pool operated by Pöyry PLC. For reporting purposes the account balances of this cash pool can be offset if the conditions of "IAS 32 Financial Instruments: Presentation" are met. The Group met these conditions and at 30 June 2017 EUR 31.2 (19.0) million of the cash balances and equivalent amount of the overdraft balances were offset.

Related party transactions

To the related parties of Pöyry Group belong subsidiaries, associated companies, joint ventures, the Board of Directors, the President and CEO and the members of the Group Executive Committee and their family members. Furthermore Corbis S.A. belongs to the related parties.

Performance share plan 2017-2022

A separate Company Announcement was issued on 5 May 2017 regarding share-based incentive plan for the Pöyry Group's key personnel. In order to implement the initial investment relating to the incentive plan, the Board of Directors of Pöyry PLC has on 3 August 2017 resolved on a share issue directed to the persons entitled to participate in the plan. More information on the performance share plans is available on the company's website at www.poyry.com and more details on the shares to be issued can be found in the “Shares” section of this report.

Own shares

Pöyry PLC holds on 30 June 2017 a total of 419,055 own shares (31 December 2016 419,055) corresponding to 0.7 per cent of the total number of shares.

Transactions with associated companies

The transactions are determined on an arm's length basis. They are not material to the Group.

Changes in intangible and tangible assets

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Intangible assets			
Book value at the beginning of the period	**7.2**	5.3	5.3
Capital expenditure	**1.4**	1.4	3.5
Decrease	**0.0**	0.0	0.0
Depreciation	**-1.0**	-0.8	-1.7
Exchange differences	**0.0**	0.0	0.0
Book value at the end of the period	**7.5**	6.0	7.2
Tangible assets			
Book value at the beginning of the period	**7.5**	8.7	8.7
Capital expenditure	**0.5**	0.7	1.7
Decrease	**-0.1**	0.0	-0.3
Depreciation	**-1.2**	-1.5	-2.8
Exchange differences	**-0.1**	0.2	0.2
Book value at the end of the period	**6.6**	8.1	7.5

Changes in goodwill

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Book value at the beginning of the period	**122.4**	121.4	121.4
Exchange differences	**-2.0**	0.0	1.0
Book value at the end of the period	**120.4**	121.4	122.4

Operating segments

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Net sales			
Energy	**64.3**	65.9	129.6
Industry	**76.4**	78.0	147.5
Regional Operations	**96.5**	96.3	188.8
Management Consulting	**30.6**	31.9	64.1
Unallocated	**-0.5**	-0.2	-0.5
Total	**267.3**	271.9	529.6
Operating result			
Energy	**3.5**	0.6	4.4
Industry	**4.6**	3.9	3.7
Regional Operations	**0.7**	-4.2	-8.7
Management Consulting	**1.6**	1.8	3.9
Unallocated	**-6.7**	-6.4	-11.4
Total	**3.7**	-4.2	-8.1
Net financial items	**-1.7**	-0.8	-3.1
Share of associated companies' results	**0.3**	0.3	0.5
Result before taxes	**2.2**	-4.8	-10.6
Income taxes	**-2.0**	-0.8	-2.2
Net result for the period	**0.2**	-5.6	-12.8
Attributable to:			
Equity holders of the parent company	**0.2**	-5.6	-12.5
Non-controlling interest	**0.1**	-0.1	-0.3

EUR million	1-6/ 2017	1-6/ 2016	1-12/ 2016
Operating margin, %			
Energy	**5.5**	1.0	3.4
Industry	**6.0**	5.0	2.5
Regional Operations	**0.8**	-4.3	-4.6
Management Consulting	**5.1**	5.5	6.1
Group	**1.4**	-1.6	-1.5
Adjusted operating result			
Energy	**3.5**	0.8	5.0
Industry	**6.0**	4.4	6.6
Regional Operations	**3.3**	-2.9	-0.6
Management Consulting	**1.6**	2.3	4.7
Unallocated	**-4.4**	-6.4	-9.9
Total	**10.0**	-1.7	5.8
Adjusted operating margin, %			
Energy	**5.5**	1.3	3.9
Industry	**7.8**	5.7	4.4
Regional Operations	**3.4**	-3.0	-0.3
Management Consulting	**5.1**	7.2	7.4
Group	**3.7**	-0.6	1.1
Order stock			
Energy	**174.0**	170.3	152.5
Industry	**78.9**	77.9	78.3
Regional Operations	**200.6**	193.2	197.5
Management Consulting	**21.0**	16.3	14.3
Unallocated	**0.0**	0.0	0.0
Total	**474.5**	457.8	442.5
Consulting and engineering	**473.9**	452.5	439.0
EPC	**0.6**	5.2	3.6
Total	**474.5**	457.8	442.5
Net sales by area			
The Nordic countries	**101.7**	99.4	188.8
Other Europe	**90.6**	96.9	191.3
Asia	**40.6**	39.5	79.1
North America	**10.4**	11.6	22.7
South America	**20.4**	22.5	43.9
Other	**3.4**	1.9	3.9
Total	**267.3**	271.9	529.6
Personnel at the end of the period			
Energy	**1,057**	1,079	1,068
Industry	**1,488**	1,668	1,436
Regional Operations	**1,504**	1,609	1,565
Management Consulting	**355**	349	353
Unallocated	**136**	174	153
Total	**4,541**	4,879	4,574

Operating segments by semester

EUR million	1-6/ 2016	7-12/ 2016	1-6/ 2017
Net sales			
Energy	65.9	63.7	**64.3**
Industry	78.0	69.5	**76.4**
Regional Operations	96.3	92.4	**96.5**
Management Consulting	31.9	32.3	**30.6**
Unallocated	-0.2	-0.2	**-0.5**
Total	271.9	257.7	**267.3**
Operating result			
Energy	0.6	3.8	**3.5**
Industry	3.9	-0.2	**4.6**
Regional Operations	-4.2	-4.6	**0.7**
Management Consulting	1.8	2.2	**1.6**
Unallocated	-6.4	-5.0	**-6.7**
Total	-4.2	-3.8	**3.7**
Net financial items	-0.8	-2.2	**-1.7**
Share of associated companies' results	0.3	0.3	**0.3**
Result before taxes	-4.8	-5.8	**2.2**
Income taxes	-0.8	-1.3	**-2.0**
Net result for the period	-5.6	-7.2	**0.2**
Attributable to:			
Equity holders of the parent company	-5.6	-6.9	**0.2**
Non-controlling interest	-0.1	-0.2	**0.1**
Operating margin, %			
Energy	1.0	5.9	**5.5**
Industry	5.0	-0.3	**6.0**
Regional Operations	-4.3	-4.9	**0.8**
Management Consulting	5.5	6.7	**5.1**
Group	-1.6	-1.5	**1.4**
Adjusted operating result			
Energy	0.8	4.2	**3.5**
Industry	4.4	2.1	**6.0**
Regional Operations	-2.9	2.2	**3.3**
Management Consulting	2.3	2.5	**1.6**
Unallocated	-6.4	-3.5	**-4.4**
Total	-1.7	7.5	**10.0**
Adjusted operating margin, %			
Energy	1.3	6.6	**5.5**
Industry	5.7	3.0	**7.8**
Regional Operations	-3.0	2.4	**3.4**
Management Consulting	7.2	7.6	**5.1**
Group	-0.6	2.9	**3.7**
Order stock			
Energy	170.3	152.5	**174.0**
Industry	77.9	78.3	**78.9**
Regional Operations	193.2	197.5	**200.6**
Management Consulting	16.3	14.3	**21.0**
Unallocated	0.0	0.0	**0.0**
Total	457.8	442.5	**474.5**

Adjusted operating result

In order to increase transparency in comparing performance from one period to another Pöyry discloses from 2016 onwards an adjusted operating result. The adjusted items are not related to the business operations of the reporting period and include restructuring and labour claim expenses, gains / losses related to divestments and profits / losses related to projects from the former Urban Business Group or projects which were finalised over two years ago.

Adjusted operating result 1-6/2017

EUR million	Energy	Industry	Regional Operations	Management Consulting	Unallocated	Total
Operating result 1-6/2017	3.5	4.6	0.7	1.6	-6.7	**3.7**
Restructuring and labour claim[1] expenses		1.2				**1.2**
Profits / losses related to projects from former Urban Business Group			2.3			**2.3**
Profits / losses related to projects finalised over two years ago		0.2	0.2		2.4	**2.8**
Adjusted operating result 1-6/2017	**3.5**	**6.0**	**3.3**	**1.6**	**-4.4**	**10.0**

Adjusted operating result 1-6/2016

EUR million	Energy	Industry	Regional Operations	Management Consulting	Unallocated	Total
Operating result 1-6/2016	0.6	3.9	-4.2	1.8	-6.4	**-4.2**
Restructuring and labour claim[1] expenses	0.2	0.8	0.2	0.3		**1.5**
Profits / losses related to projects from former Urban Business Group			1.3			**1.3**
Profits / losses related to projects finalised over two years ago		0.1		0.2		**0.3**
Other[2]		-0.3	-0.2			**-0.5**
Adjusted operating result 1-6/2016	0.8	4.4	-2.9	2.3	-6.4	**-1.7**

Adjusted operating result 1-12/2016

EUR million	Energy	Industry	Regional Operations	Management Consulting	Unallocated	Total
Operating result 1-12/2016	4.4	3.7	-8.7	3.9	-11.4	**-8.1**
Restructuring and labour claim[1] expenses	0.6	2.9	0.7	0.5	1.3	**6.0**
Gains / losses related to divestments					0.2	**0.2**
Profits / losses related to projects from former Urban Business Group			7.1			**7.1**
Profits / losses related to projects finalised over two years ago		0.2	0.6	0.3		**1.1**
Other[2]		-0.3	-0.2			**-0.5**
Adjusted operating result 1-12/2016	5.0	6.6	-0.6	4.7	-9.9	**5.8**

[1] Labour claim expenses are expenses related to employment claims customary in one of the Group's country operations and are based on local professional opinions.

[2] Profits related to projects on which losses were recorded in 2014 and reported as adjusted items.