

**JANUARY- JUNE 2014
INTERIM REPORT**



PÖYRY

JULY 31, 2014

Alexis Fries, President and CEO
Jukka Pahta, CFO

CONTENTS

- Overview
- January-June 2014 financial performance
- Appendices



Alexis Fries
President and CEO

MARKET REVIEW

Overview	<ul style="list-style-type: none">• Slower than expected economic growth• Political uncertainties in Europe, Middle East and Asia• Active monetary policies to address weak demand
Demand	<ul style="list-style-type: none">• Subdued demand for energy-related services• Slower customer decision making• Demand for infrastructure services impacted by high levels of sovereign debt
New investments	<ul style="list-style-type: none">• Announcements by several European pulp and paper producers• Attractive pipeline into new pulp production capacity in Brazil• Infrastructure and power generation in Saudi Arabia and the United Arab Emirates

RESULT OVERVIEW

MEUR	1-6/2014	1-6/2013	Change-%
Order stock	482.4	555.7	-13%
Comparable order stock*	482.4	512.5	-6%
Net sales	303.5**	336.5	-10%
Operating profit	-4.7***	5.0	n.a.
Net profit	-7.0***	0.2	n.a.

*Excluding the divestment in Finland

**Including the divested units in Finland during 1-5/2014

***Including EUR 19 million from the divestment in Finland and the write-off of EUR 14 million

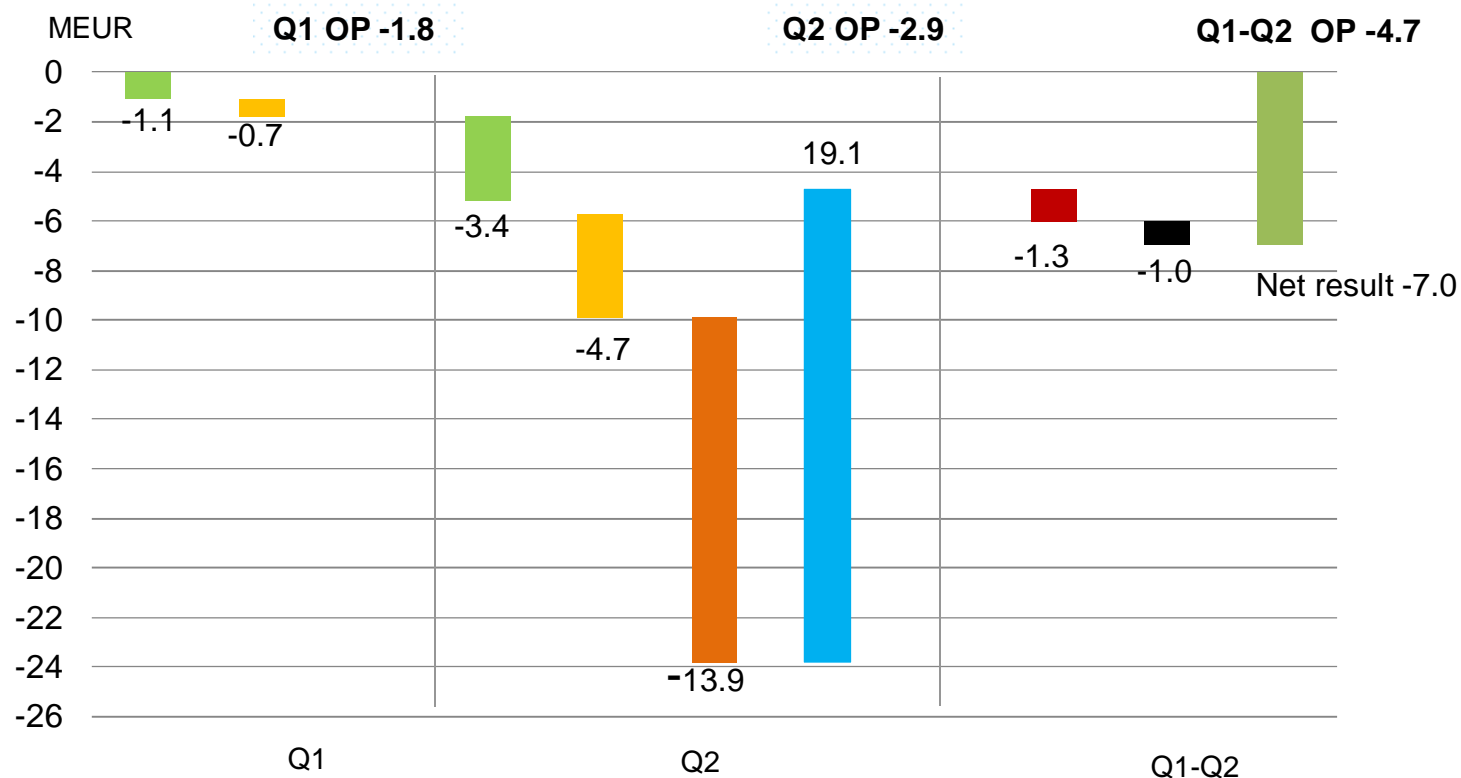
DIVESTMENT IN FINLAND

- Closed on 2 June
- 435 people were transferred to the buyer
- Order stock on 31 May: EUR 39 million
- Annual net sales of the divested business: EUR 44 million
- One time net impact on operating profit: EUR 19 million
- Pöyry's focus in Finland is now on the industry and infrastructure markets

WRITE-OFF

- The overdue undisputed receivables in Venezuela that are related to the projects from the former Urban Business Group have been re-assessed
- The intense measures to collect these receivables have not proceeded as expected. Based on this and the political situation in Venezuela, it has been concluded that the timing of the collection is uncertain, hence requiring their write-off.
- The corresponding negative net impact on operating profit amounts to EUR 14 million
- Pöyry continues the active collection process of these receivables

DEVELOPMENT OF OPERATING PROFIT AND NET RESULT



- Operating profit
- Project losses and other one time items
- Venezuela write-off
- Divestment in Finland
- Net financial expenses 1-6/14
- Tax 1-6/14
- Net result 1-6/14

CONTINUED MEASURES TO IMPROVE OPERATIVE RESULT



Streamlining of global support functions continues according to plan.

OVERVIEW – Q2 2014

ENGINEERING AND SITE SERVICES FOR PULP MILL REBUILD AND PAPER MACHINE CONVERSION PROJECT, FINLAND

- **Client** – Stora Enso
- **Project** – engineering and site services for pulp mill rebuild and paper machine conversion project at Varkaus Mill, Finland
- **Annual capacity** – 390 000 tonnes of kraftliner and white top liner and 310 000 tonnes of unbleached kraft pulp
- **Start-up** – Q4, 2015

OVERVIEW – Q2 2014

EPCM SERVICES FOR COMBINED HEAT AND POWER UNIT, FINLAND

- **Client** – Turun Seudun Energiantuotanto Oy
- **Project** – EPCM services for a new combined heat and power (CHP) unit in Naantali, Finland
- **Annual capacity** – 200 MW district heat and 50 MW steam for industrial consumers. Gross electric power output of 160 MW.

OVERVIEW – Q2 2014 FRAME AGREEMENT FOR ENGINEERING AND ENVIRONMENTAL SERVICES, FINLAND

- **Client** – Nordkalk
- **Description** – leading producer of high quality limestone-based products
- **Project** – frame agreement for engineering and environmental services. Includes engineering, project management, environmental engineering and consulting, mine design and energy assessments for Nordkalk's operations in Finland

STRATEGY IMPLEMENTATION: GLOBAL COMPETENCE



Example: Transmission & Distribution Global Competence Line (GCL)

- New business unit within the Energy Business Group
- Unit management based in Dubai
- Key markets: Europe, Middle East and Asia-Pacific
- Expertise for substations, transmission lines and cables, power distribution systems
- Advanced Technologies: HVDC systems; smart grid technologies

STRATEGY IMPLEMENTATION: LOCAL PRESENCE



Photo: Frederic Alm

Example: Sweden

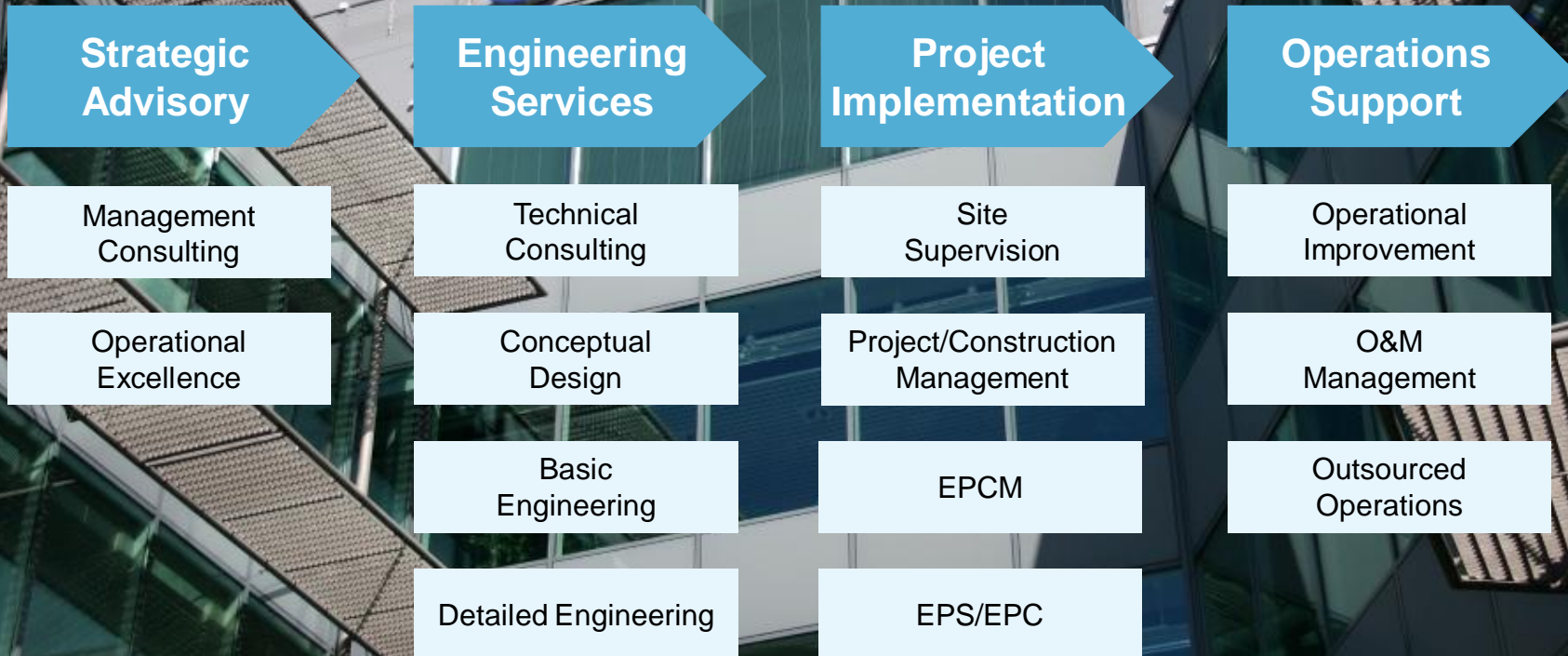
- New Country Manager
- Local office network
- Client proximity
- Access to global expertise
- Kiruna: local presence and resources for mining

STRATEGY IMPLEMENTATION: GLOBAL – LOCAL INTERACTION

Example: Transmission & Distribution Global Competence Line (GCL)

- Diverse expertise in Hungary, Austria, UAE, Sweden, Germany
- Close to customers
- Local services complemented by access to global expertise
- GCL benefits from local co-ordination of efforts to better serve our clients
- Recently awarded assignment by Austrian Power Grid AG

STRATEGY IMPLEMENTATION: FULL CLIENT SERVICES



STRATEGY IMPLEMENTATION: PERFORMANCE DRIVEN

- Client focus
- Quality inside
- Project management
- Project profitability
- Activity management
- Creativity and innovation



OUTLOOK FOR 2014

- Due to the write-off, Pöyry lowers its guidance for the Group's operating profit in 2014, announced on 5 February 2014
- According to the guidance in February, the Group's operating profit in 2014 was expected to increase
- **According to the new guidance, the Group's operating profit in 2014 is expected to decline compared to the operating profit for 2013**
- In 2013, operating profit amounted to EUR 13.9 million

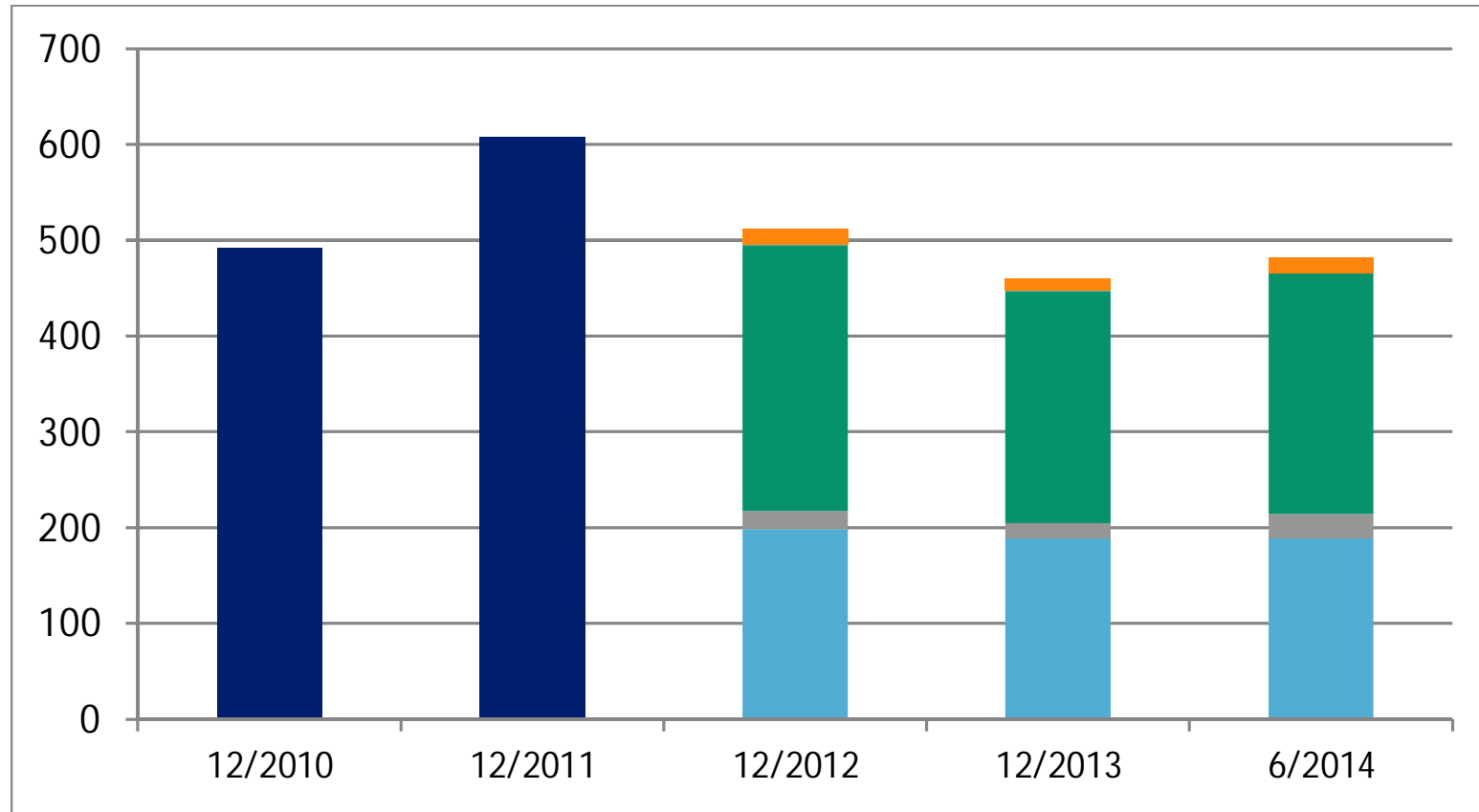
JANUARY-JUNE 2014 FINANCIAL PERFORMANCE



Jukka Pahta
CFO

JANUARY – JUNE 2014 ORDER STOCK

MEUR

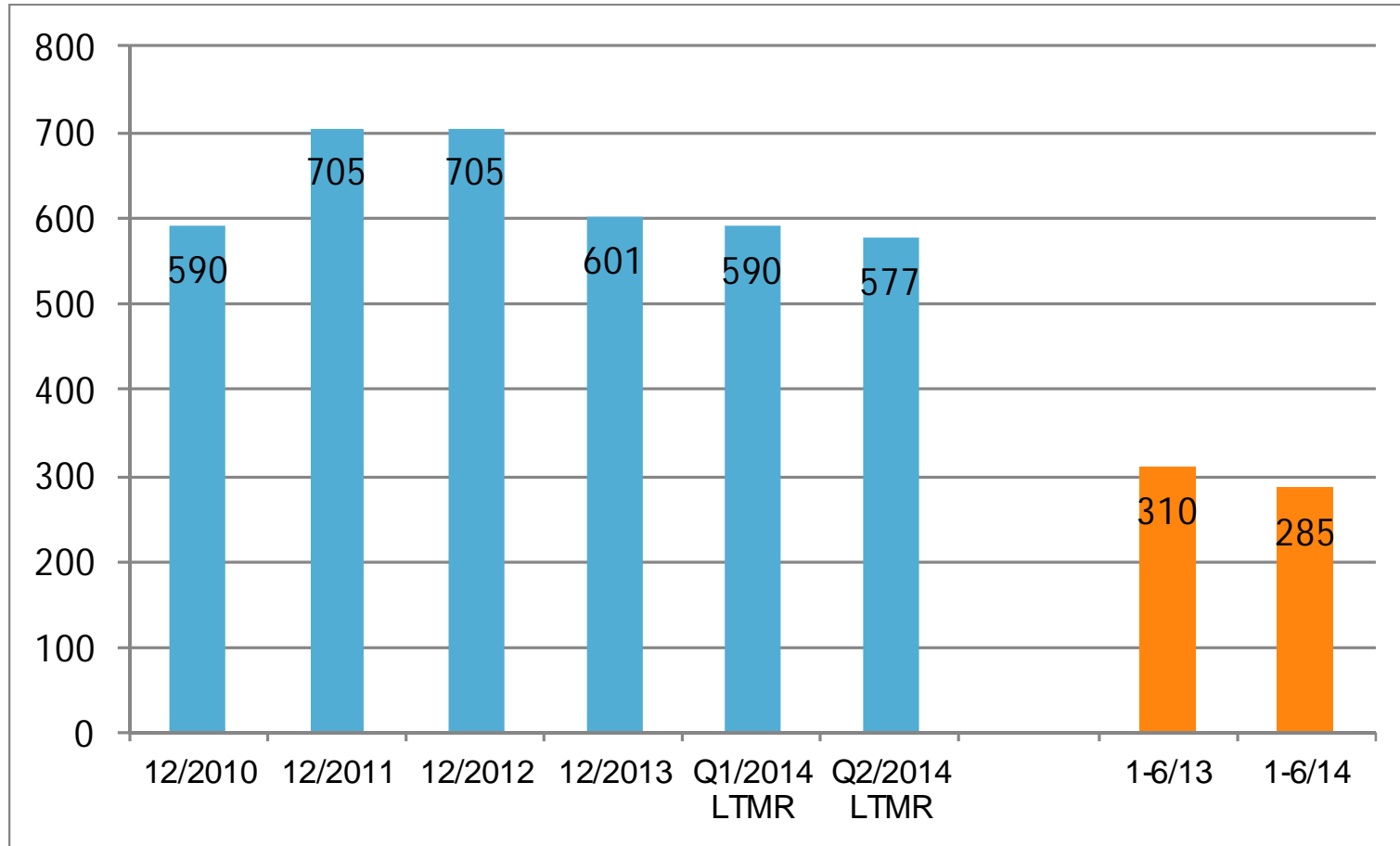


Comparable numbers after divestments



JANUARY – JUNE 2014 NET SALES

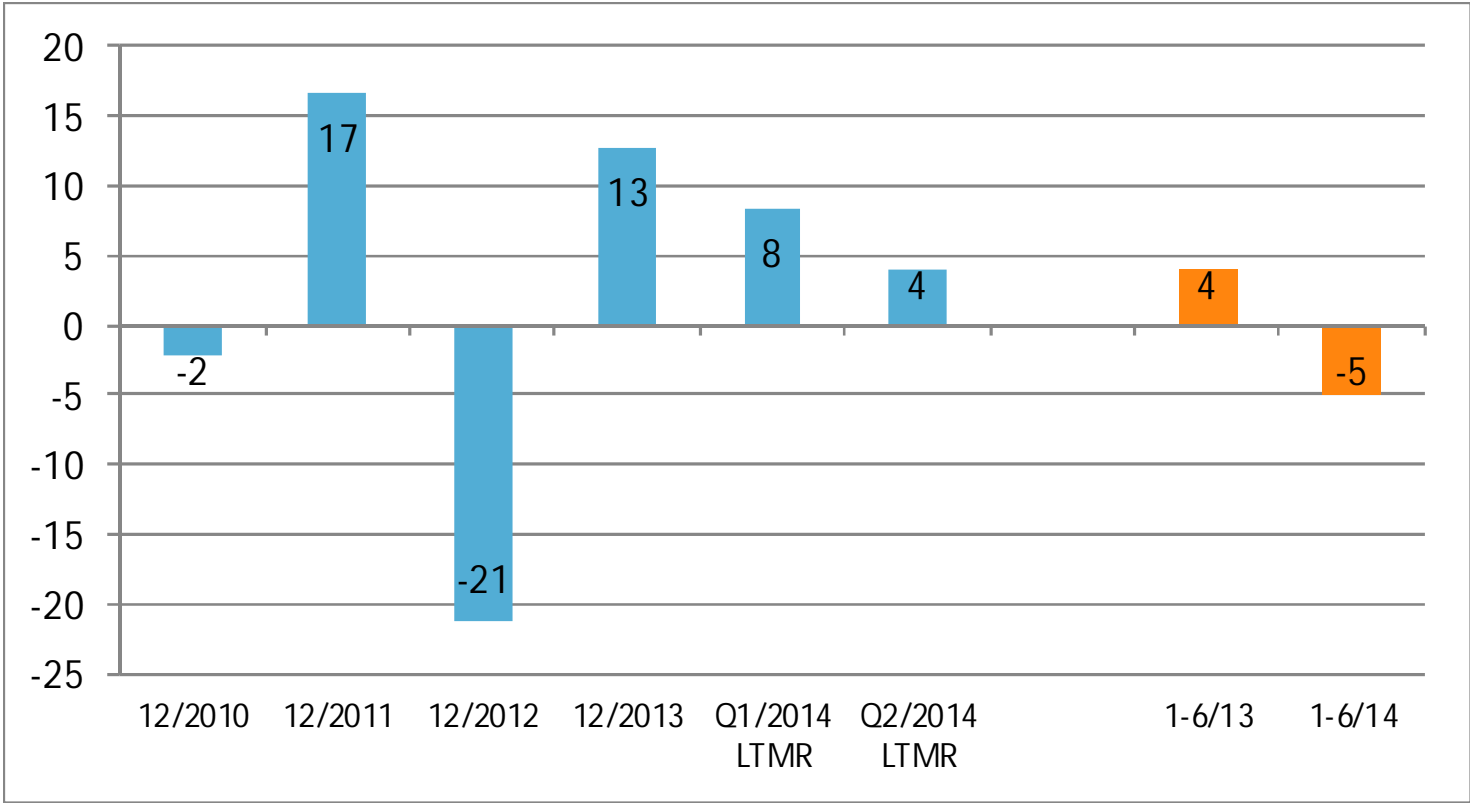
MEUR



Comparable numbers after divestments

JANUARY – JUNE 2014 OPERATING PROFIT

MEUR

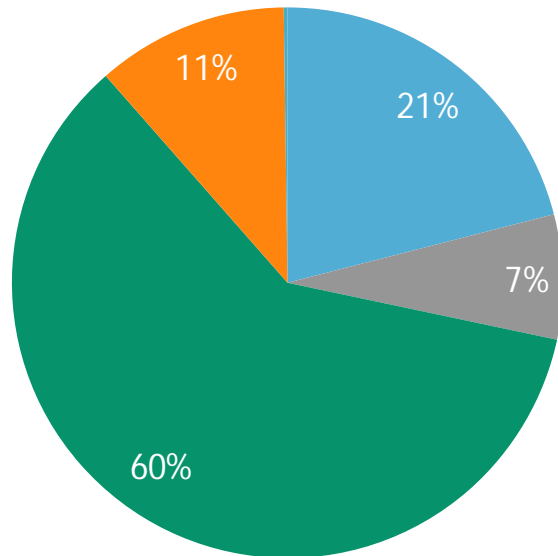


Comparable numbers after divestments

JANUARY – JUNE 2014

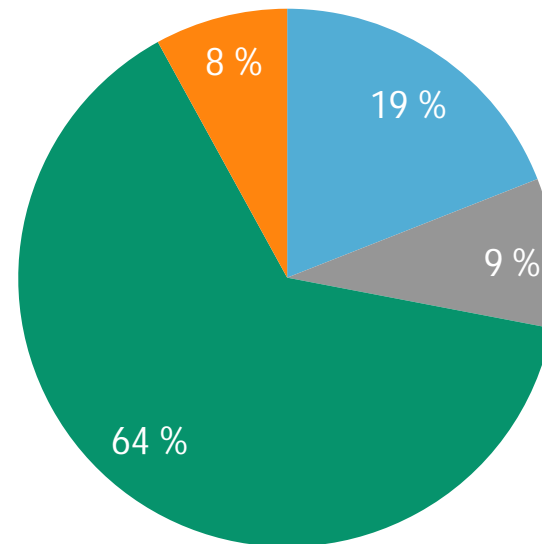
NET SALES AND HEAD COUNT BY BUSINESS LINE

Net sales



Net sales EUR 303.5 million

Headcount

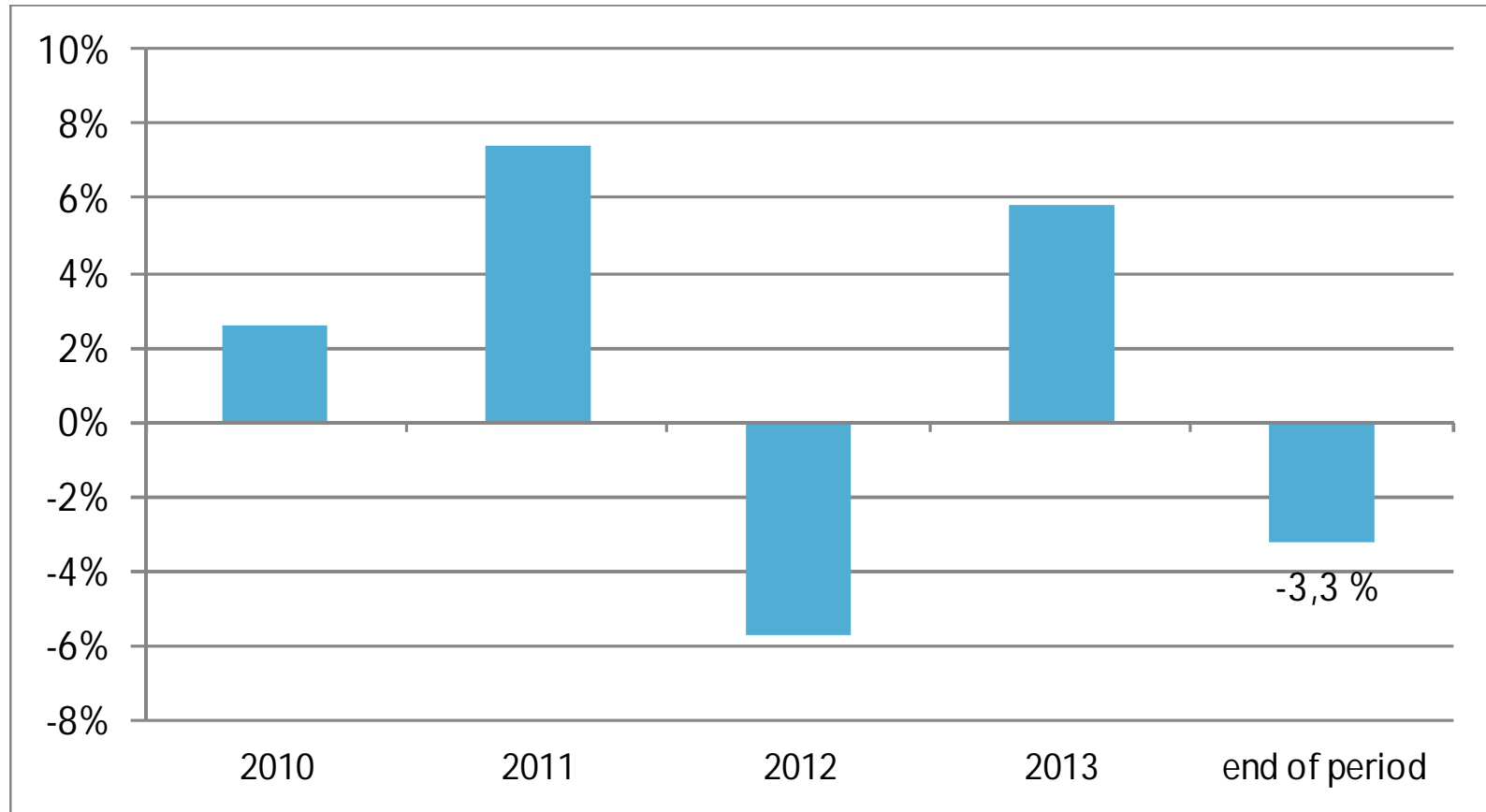


Head count: 5,896 at the end of period

- Energy
- Industry
- Regional operations
- Management Consulting

Including some 200 independent self-employed specialists in Latin America

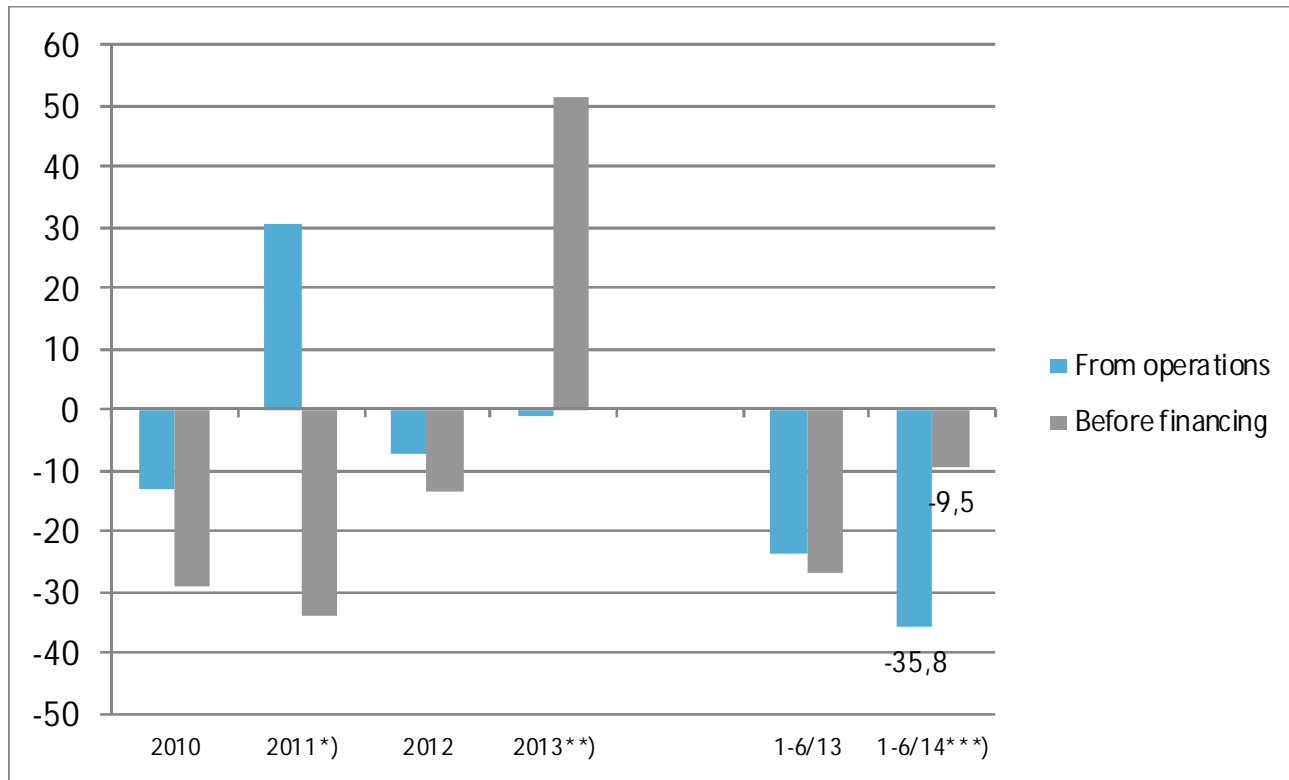
JANUARY – JUNE 2014 RETURN ON INVESTMENT, %



JANUARY – JUNE 2014

CASH FLOW FROM OPERATIONS AND AFTER CAPEX

MEUR



*) 2011 includes the acquisition of the office real estate in Vantaa, Finland

***) 2013 includes the divestment of the office real estate in Vantaa, Finland

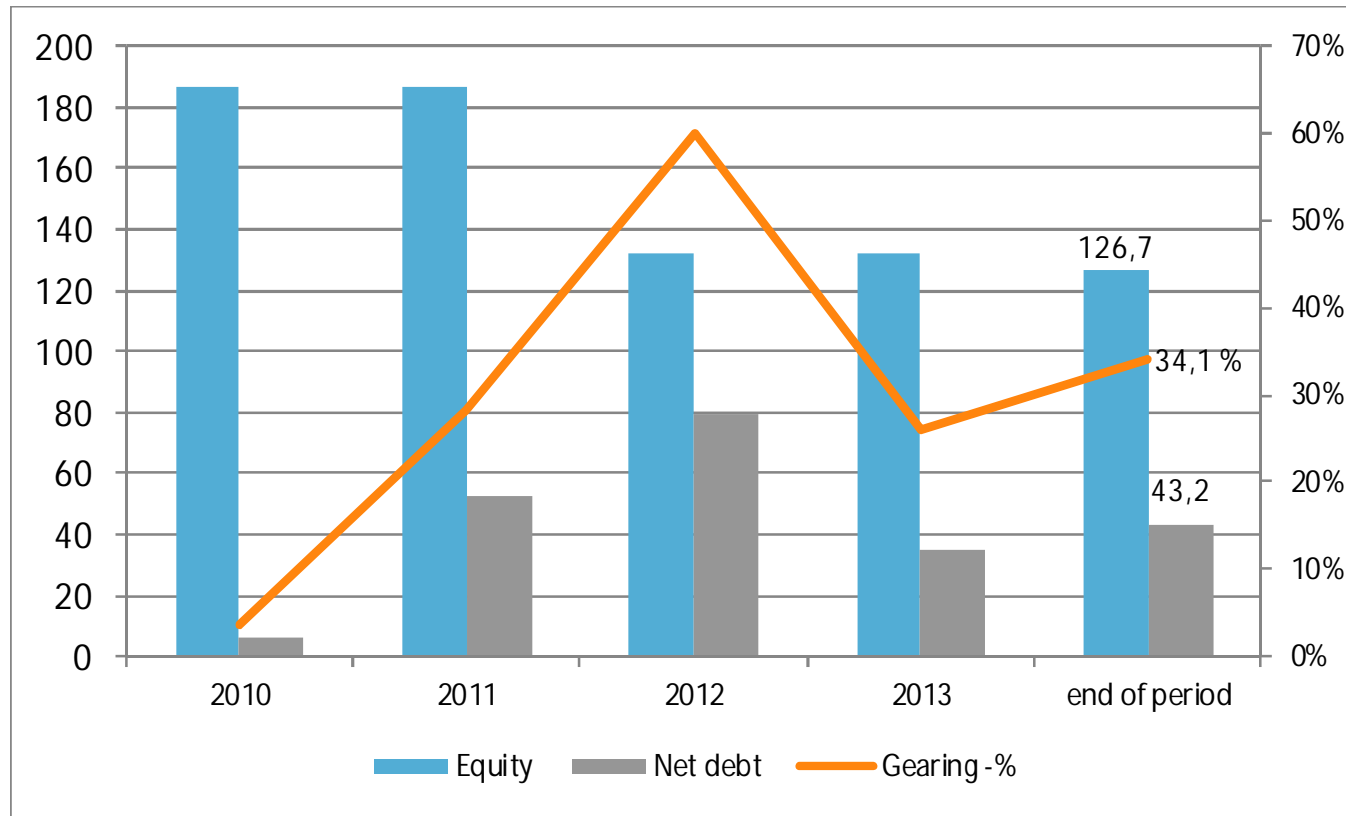
***) 2014 includes the divestment of real estate business in Finland

JANUARY – JUNE 2014

NET DEBT, EQUITY & GEARING

MEUR

Gearing-%



The office real estate in Vantaa, Finland was included in the balance sheets in 2011 and 2012 and sold (Q4) 2013

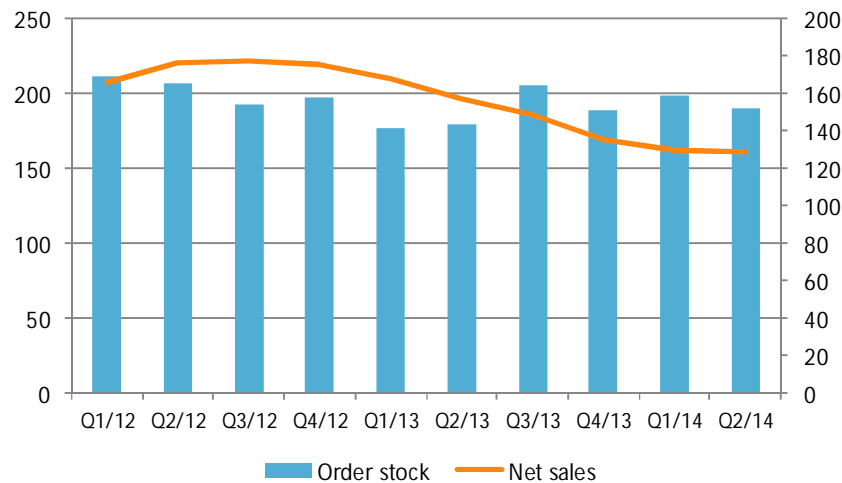


APPENDICES

JANUARY – JUNE 2014

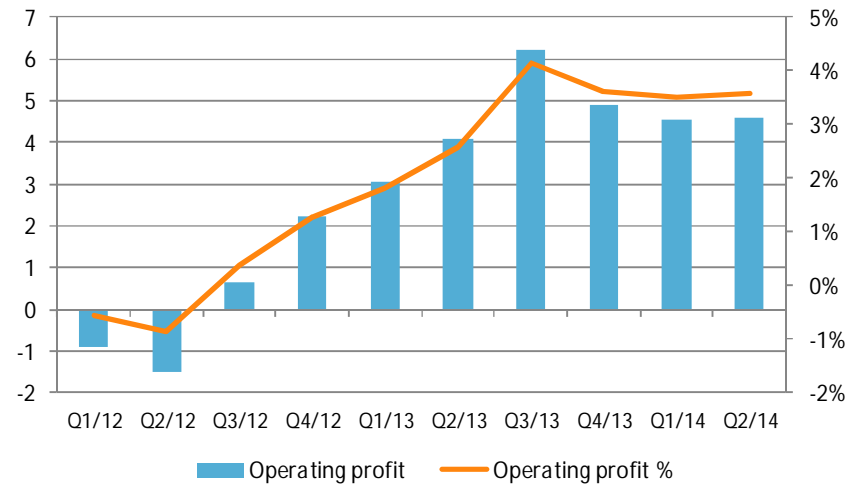
ENERGY BUSINESS GROUP

Order stock (left scale), MEUR
Net sales (right scale), MEUR, LTMR



- + Order stock at good level
- Declining net sales mainly due to lower investment activity by utilities in Europe

Operating profit (left scale), MEUR, LTMR
Operating margin % (right scale)

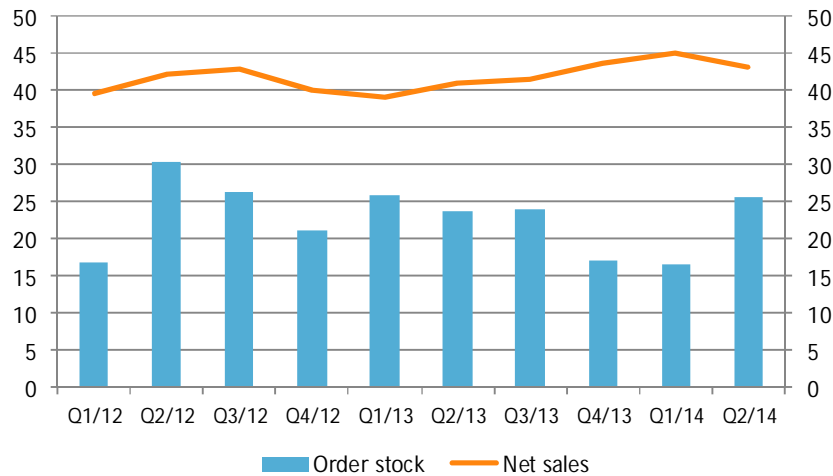


- + Stable operating profit

JANUARY – JUNE 2014

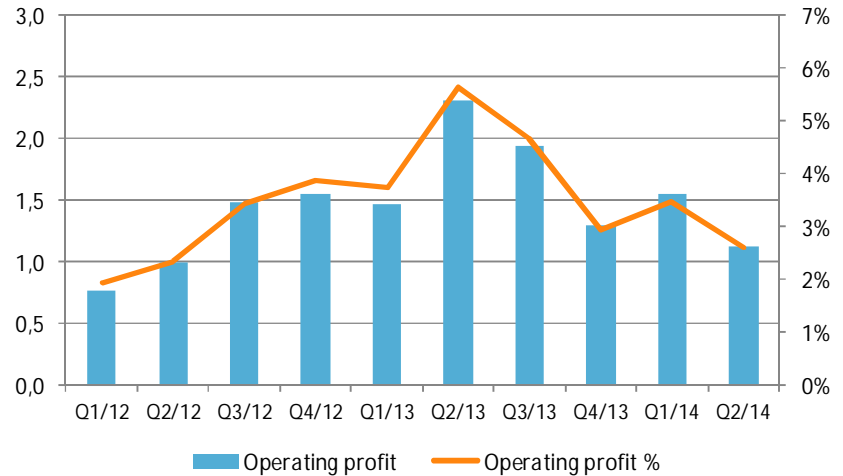
INDUSTRY BUSINESS GROUP

Order stock (left scale), MEUR
Net sales (right scale), MEUR, LTMR



- + Order stock increasing as several pulp and paper projects were recorded in Europe and Asia

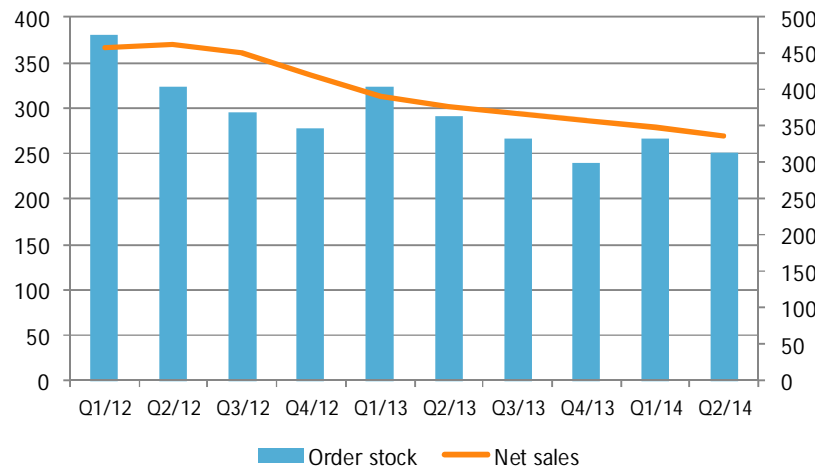
Operating profit (left scale), MEUR, LTMR
Operating margin % (right scale)



- Operating profit slightly decreasing

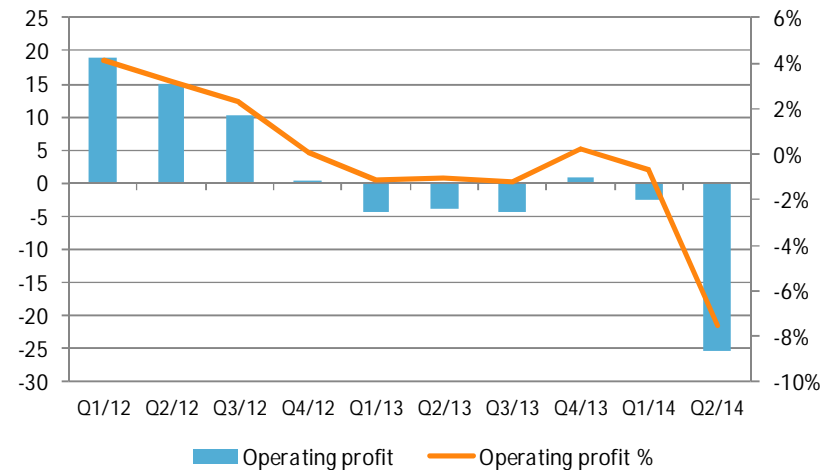
JANUARY – JUNE 2014 REGIONAL OPERATIONS

Order stock (left scale), MEUR
Net sales (right scale), MEUR, LTMR



- + Large order received in Latin America
- Declining net sales

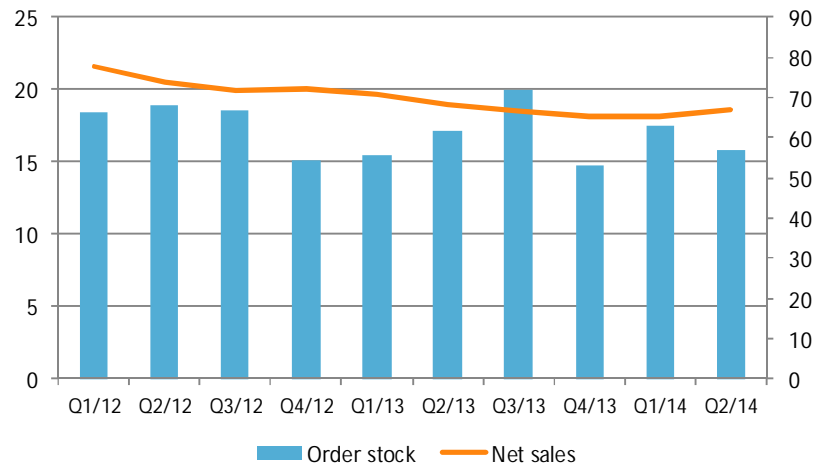
Operating profit (left scale), MEUR, LTMR
Operating margin % (right scale)



- + In Northern Europe deployment of business model progressing well and performance in line with expectations
- Various low performing projects originating from the former Urban Business Group are currently under implementation and hence continue to burden the result.
- Negative impact related to write-off of Venezuelan receivables.

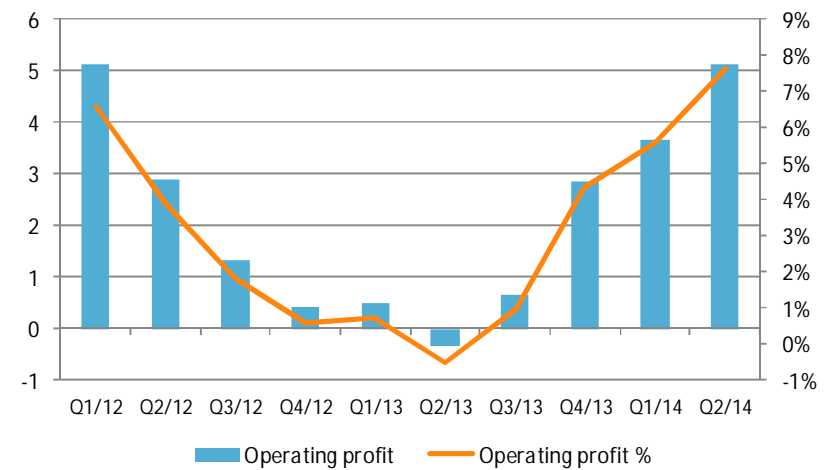
JANUARY – JUNE 2014 MANAGEMENT CONSULTING

Order stock (left scale), MEUR
Net sales (right scale), MEUR, LTMR



- + Stable net sales
- Decrease in order stock

Operating profit (left scale), MEUR, LTMR
Operating margin % (right scale)



- + Operating profit improving as a result of structural improvements

STATEMENT OF INCOME

MEUR	1-6/2014	1-6/2013	CHANGE, %
Net sales	303.5	336.5	-9.8
Other operating income *)	21.7	0.9	n.a.
External charges, sub-consulting	-26.2	-34.6	-24.3
Personnel expenses	-204.8	-217.2	-5.7
Other operating expenses **)	-98.9	-80.6	22.7
Operating profit	-4.7	5.0	n.a.
Net financial items	-1.3	-2.5	-48.0
Share of associated companies' and joint ventures results	0.0	0.2	n.a.
Profit/loss before taxes	-6.0	2.7	n.a.
Income taxes	-1.0	-2.5	-60.0
Net profit for the period	-7.0	0.2	n.a.

*) Including EUR 21 million from the divestment in Finland

**) Including EUR 14 million write-off

BALANCE SHEET

ASSETS	30 June	30 June	EQUITY AND	30 June	30 June
MEUR	2014	2013	LIABILITIES	2014	2013
Goodwill	120.0	129.0	Equity	126.7	125.3
Other non-current assets	45.5	104.7	Interest bearing liabilities	91.5	160.7
Work in progress	94.1	107.5	Pension obligations and other non-current liabilities	25.0	46.4
Other current assets	134.2	166.3	Project advances	64.7	81.8
Cash and cash equivalents	48.3	48.9	Other current liabilities	134.2	142.2
TOTAL ASSETS	442.1	556.4	TOTAL EQUITY AND LIABILITIES	442.1	556.4

CASH FLOW

MEUR	1-6/2014	1-6/2013
Net profit	-7.0	+0.2
Depreciation and impairment	+4.0	+4.3
Impairment losses from accounts receivable	+17.7	+0.8
Gain on sales of shares and fixed assets	-20.8	0.0
Change in net working capital	-29.3	-27.4
Financial items and taxes	-3.1	-6.8
Other items	+2.7	+5.3
Total from operating activities	-35.8	-23.6
Capital expenditure, operating	-1.1	-3.0
Sales of business operations and shares in subsidiaries deducted with cash included in the sales	+27.4	-0.1
Net cash before financing	-9.5	-26.7
Net cash from financing	-14.6	0.2
Change in cash and cash equivalents and in other liquid assets	-24.1	-26.5
Cash and cash equivalents and other liquid assets at the beginning of the period	72.4	83.0
Reclassification of subsidiary company to joint venture	0.0	-3.7
Impact of translation differences in exchange rates	0.0	-3.9
Cash and cash equivalents and other liquid assets at the end of the period	48.3	48.9

KEY FIGURES

	1-6/2014	1-6/2013
Earnings per share, EUR (diluted)	-0.12	0.00
Equity per share, EUR	2.08	2.03
ROI-%, p.a.	-3.3	4.1
ROE-%	-11.0	0.2
Equity ratio-%, p.a.	33.6	26.4
Gearing-%	34.1	89.3
Net debt, EUR million	43.2	111.8
Capital expenditure, operating, EUR million	1.1	3.0
Personnel on average	5,659	6,235
Personnel at the end of the period	5,333	6,111

THANK YOU!

