

**JANUARY- SEPTEMBER 2014  
INTERIM REPORT**



**PÖYRY**

**OCTOBER 29, 2014**

Alexis Fries, President and CEO

Jukka Pahta, CFO

---

# CONTENTS

- Overview
- January-September 2014 financial performance
- Appendices



Alexis Fries  
President and CEO

---

## MARKET REVIEW

<b>Overview</b>	<ul style="list-style-type: none"><li>• Uneven economic recovery</li><li>• Political uncertainties in Europe, Middle East and Asia</li><li>• Active monetary policies</li></ul>
<b>Demand</b>	<ul style="list-style-type: none"><li>• Subdued demand for energy and management consulting related services</li><li>• Prolonged customer decision making</li><li>• Low demand for industry related services in Europe, particularly in Finland</li></ul>
<b>New investments</b>	<ul style="list-style-type: none"><li>• Announcements by several European pulp and paper producers</li><li>• Attractive pipeline into new pulp production capacity in Brazil</li><li>• Infrastructure and power generation in the Middle-East, Saudi Arabia and the United Arab Emirates</li></ul>

## RESULT OVERVIEW

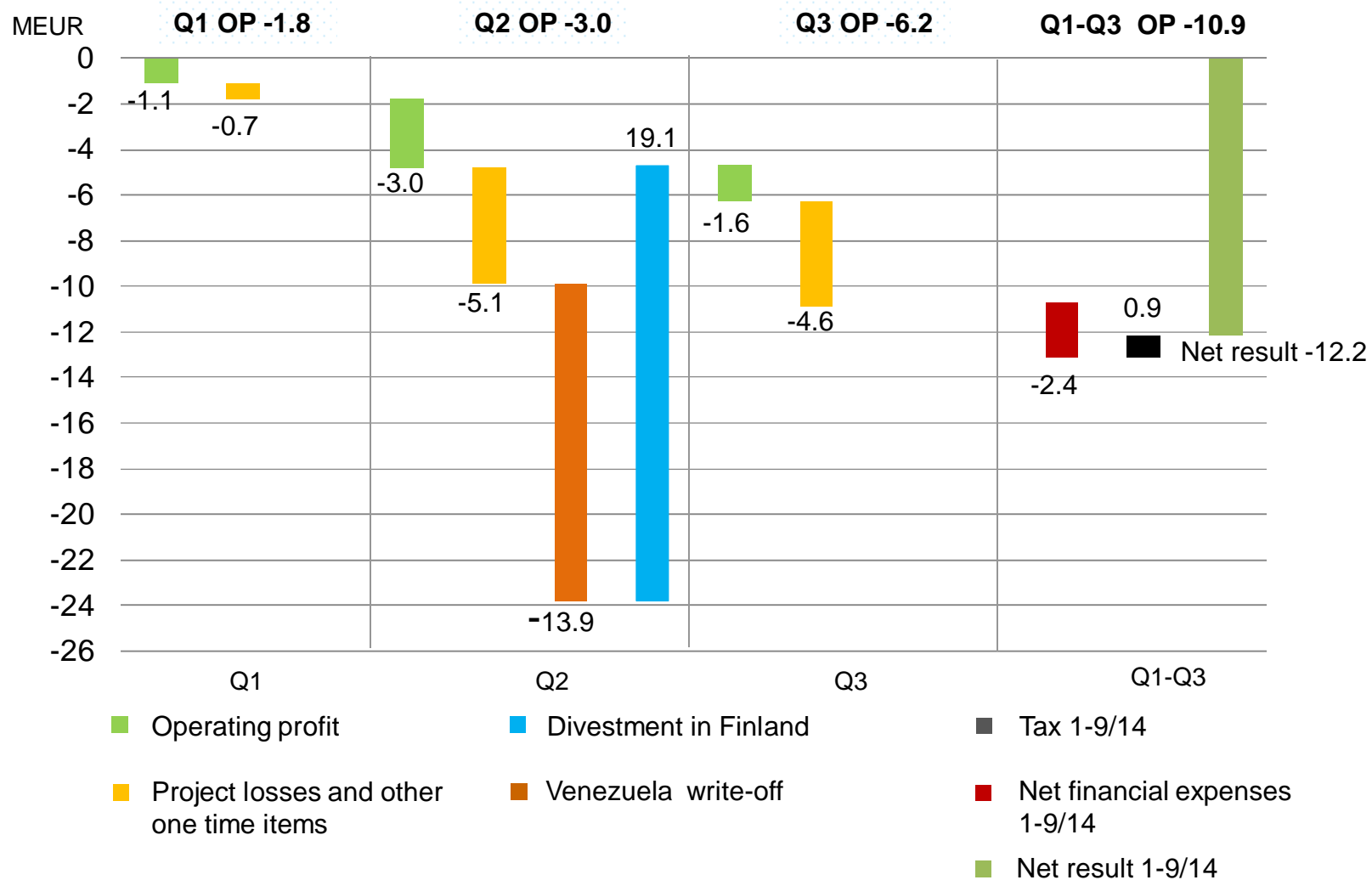
MEUR	1-9/2014	1-9/2013	Change-%
Order stock	475.3	557.4	-15%
Comparable order stock*	475.3	515.6	-8%
Net sales	434.8**	490.2	-11%
Operating profit	-10.9***	5.6	n.a.
Net profit	-12.2***	0.1	n.a.

\*Excluding the divestment in Finland

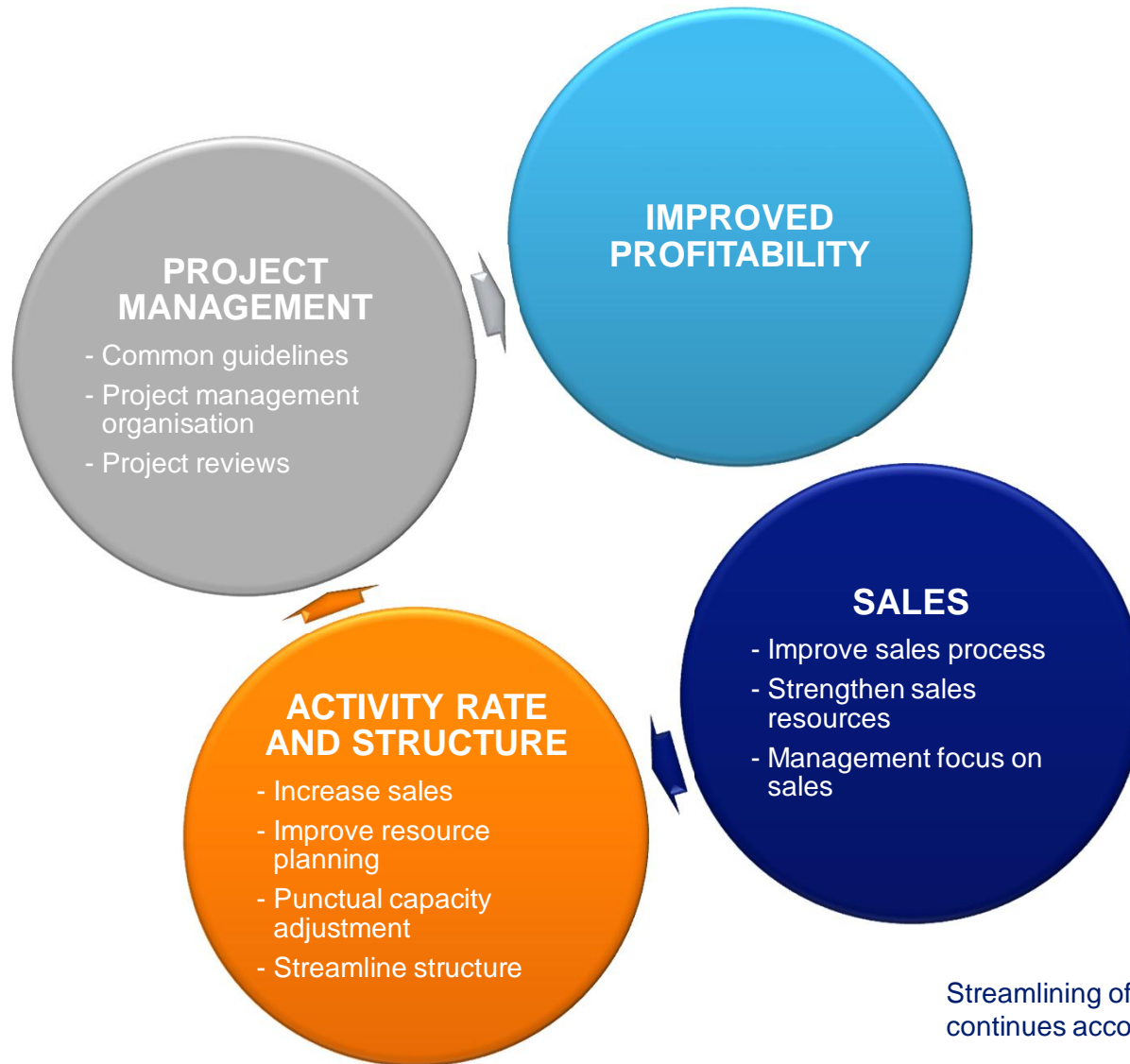
\*\*Including the divested units in Finland during 1-5/2014

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

# DEVELOPMENT OF OPERATING PROFIT AND NET RESULT

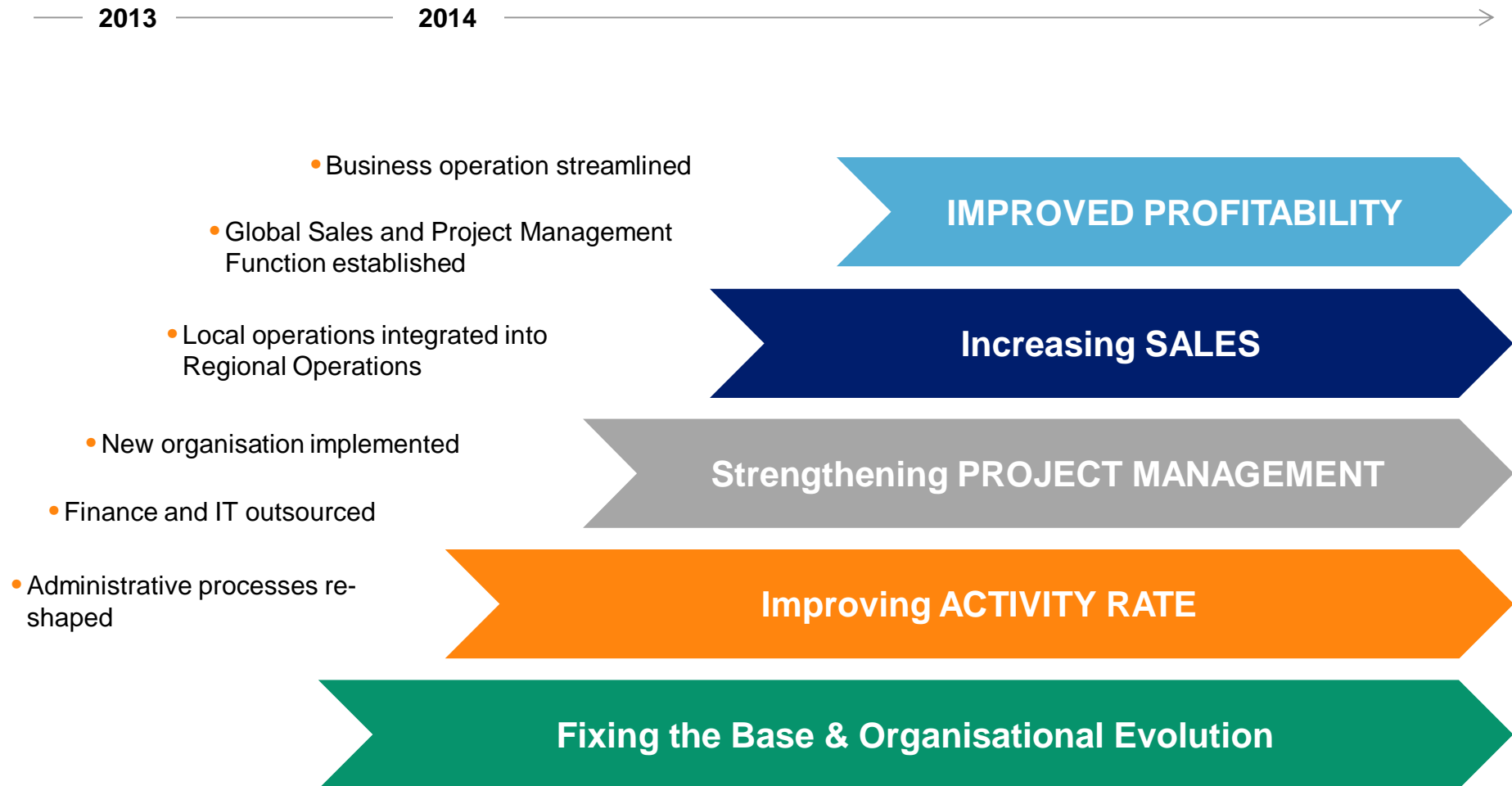


# CONTINUED MEASURES TO IMPROVE OPERATIVE RESULT

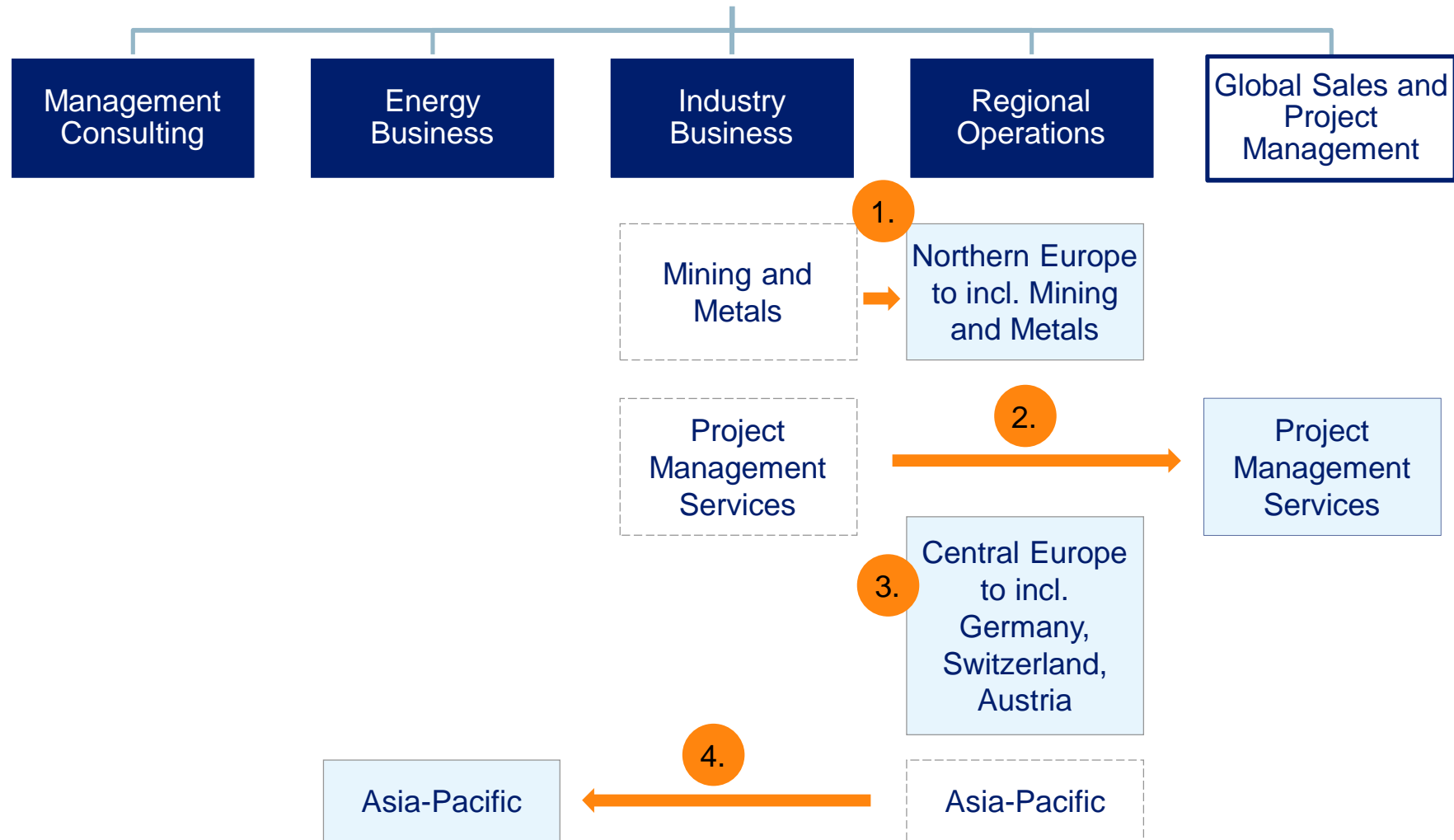


Streamlining of global support functions continues according to plan.

# PÖYRY'S EVOLUTION: FROM FIXING THE BASE TO PROFITABILITY

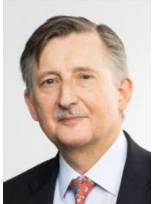


# PÖYRY'S EVOLUTION IN Q3 2014: STREAMLINING BUSINESS OPERATIONS





# PÖYRY'S EVOLUTION IN Q3 2014: STREAMLINING GEC STRUCTURE



**Alexis Fries**

President and CEO,  
*Chairman of Regional  
Operations*



**Pasi Tolppanen**

Regional Operations Northern  
Europe, *Vice Chairman  
Regional Operations*



**Marcelo Cordaro**

*Regional Operations Latin  
America, Vice Chairman  
Regional Operations*



**Richard Pinnock**

*Global Sales and  
Project Management*



**Jarkko Sairanen**

Management Consulting  
Business Group



**Sergio Guimaraes**

Energy Business  
Group



**Nicholas Oksanen**

*Industry Business  
Group*



**Jaana Rinne**

Human Resources



**Anne Viitala**

Legal and  
Communications



**Jukka Pahta**

Finance

## OVERVIEW – Q3 2014

# EPCM SERVICES FOR A PULP MILL BIOENERGY PROJECT, CANADA

- **Client** – Millar Western Forest Products Ltd., Whitecourt pulp mill in Alberta
- **Project** – Engineering, Procurement and Construction Management services for integration of anaerobic hybrid digesters into the pulp mill's existing aerobic effluent treatment system. Recovered organic material will be converted to biogas.
- **Capacity** – Up to 6 megawatts of renewable green power for use by the mill.
- **Start-up** – August 2015





## OVERVIEW – Q3 2014 RECONSTRUCTION OF A TRANSMISSION SYSTEM SUBSTATION, AUSTRIA

- **Client** – Austrian Power Grid AG, Kaprun substation in the province of Salzburg
- **Project** – Detailed design engineering, project management and installation services as well as the supply of equipment
- **Capacity** – Direct integration into the 380kV transmission grid by means of a 380kV gas-insulated switchgear (GIS), two 380/110kV power transformers (300 MVA each) and a 380kV interconnection towards Tauern substation.
- **Completion** – by the end of 2016

# OVERVIEW – Q3 2014

## FEASIBILITY AND FINAL DESIGN ASSIGNMENTS FOR HYDROPOWER PROJECTS, TURKEY

- **Client** – DC Hidro Enerji Üretim A.S, dams and hydroelectric power plants in Eastern Turkey
- **Project** – Feasibility studies, final design studies, tender specifications for civil structures and related hydro-mechanical and electro-mechanical equipment, executed jointly with the local consortium partner.
- **Combined installed capacity** – Around 735 MW with an annual generation of 2.246 GWh
- **Completion** – end of 2015



A photograph of a large industrial sodium chlorate plant at night. The scene is illuminated by bright lights, highlighting various pieces of equipment including tall cylindrical tanks, complex piping systems, and a large spherical vessel. The sky is a deep blue, suggesting dusk or dawn. The overall atmosphere is one of a busy, active industrial facility.

# OVERVIEW – Q3 2014 EPCM SERVICES ASSIGNMENTS FOR SODIUM CHLORATE PLANT, BRAZIL

- **Client** – Kemira, a new sodium chlorate plant in Brazil to serve Klabin SA
- **Project** – Engineering, Procurement and Construction Management services. Sodium chlorate is used as a component in the bleaching process in the manufacturing of bleached pulp. The assignments follow on from the pre-studies performed by Pöyry during 2012-2014.
- **Start-up** – H1, 2016



A photograph of an industrial construction site for a pulp mill. In the foreground, a large white building is under construction, featuring the Eldorado logo (a green stylized 'e') and the word 'Eldorado' in green. To the right, a tall yellow and green chimney stack rises into the sky. The background shows more industrial structures and cranes under a clear blue sky.

# OVERVIEW – Q3 2014 ENGINEERING ASSIGNMENT FOR PRODUCTION LINE EXPANSION – SOUTH AMERICA'S LARGEST SINGLE-LINE PRODUCTION OF BLEACHED KRAFT PULP, BRAZIL

- **Client** – Eldorado Brasil Celulose S/A, Eldorado mill in Tres Lagoas, Mato Grosso do Sul
- **Project** – Basic engineering services assignment for the Eldorado Line 2 expansion project, including engineering services, enquiry specifications of main process equipment, auxiliary systems, water and effluent treatment and investment cost estimate. The project follows on previous Line 1 and Line 2 assignments.
- **Annual capacity** – 4.0 million Air Dry tons (ADt) of baled bleached kraft pulp

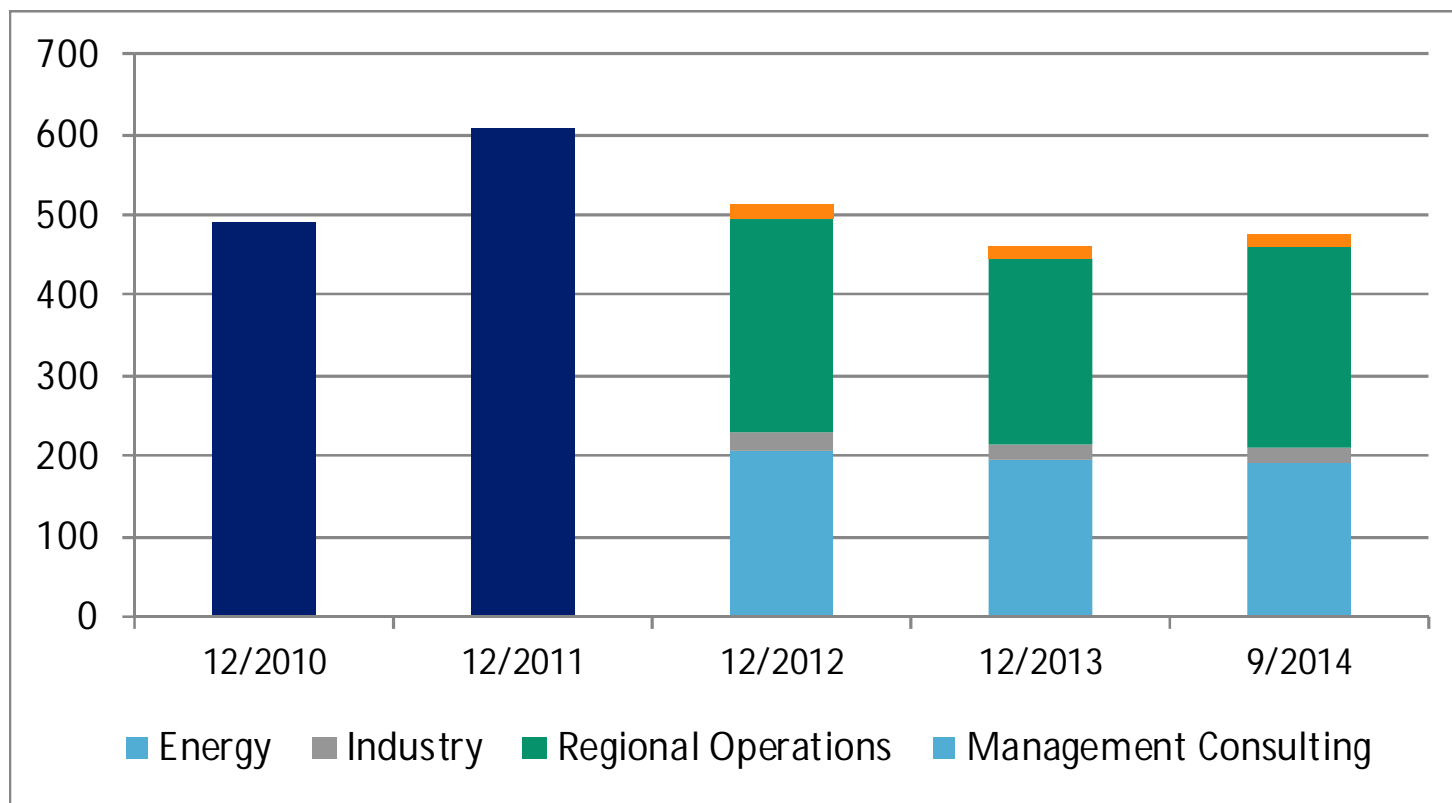
# JANUARY-SEPTEMBER 2014 FINANCIAL PERFORMANCE



Jukka Pahta  
CFO

# JANUARY – SEPTEMBER 2014 ORDER STOCK

MEUR



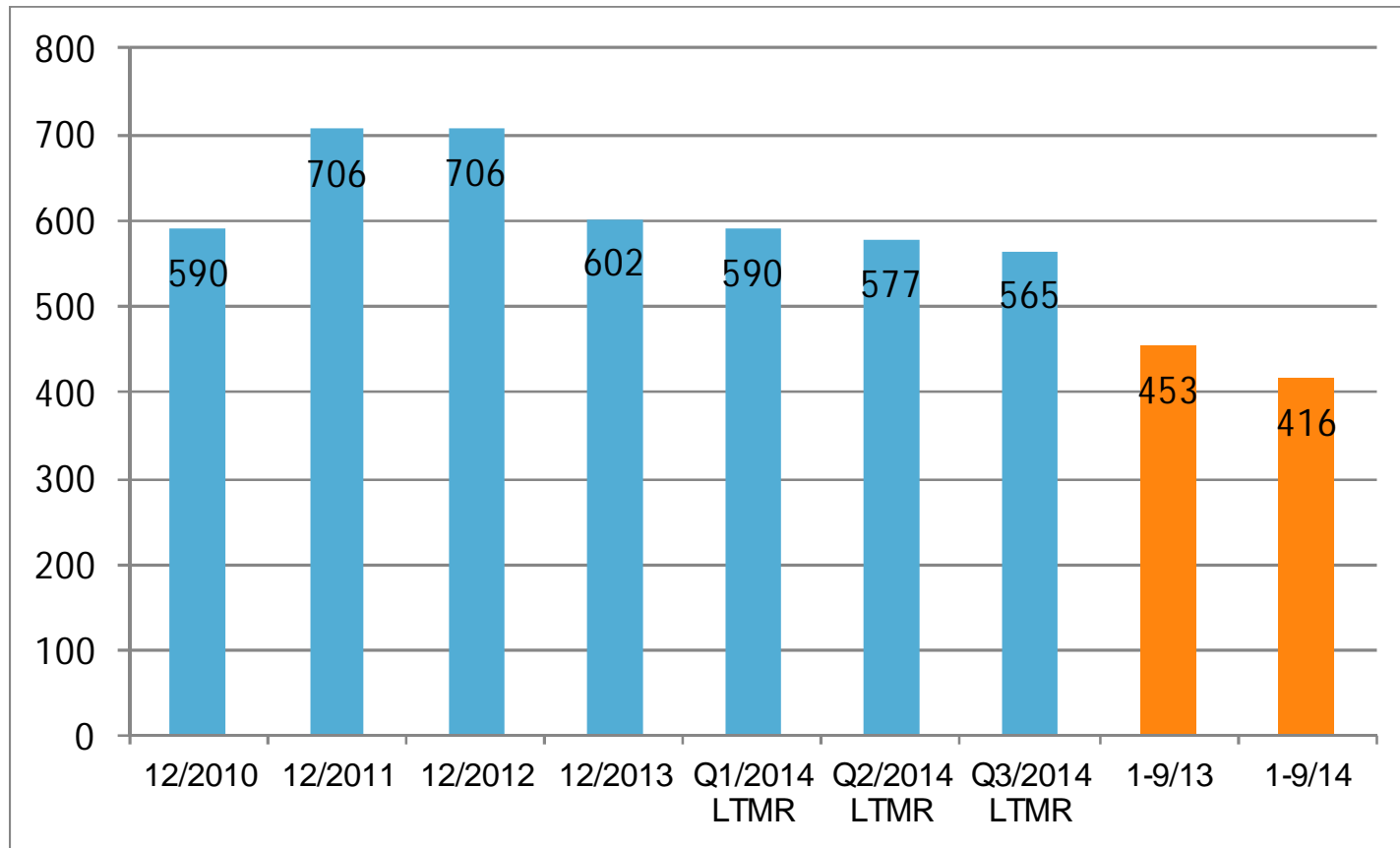
Comparable numbers after divestments





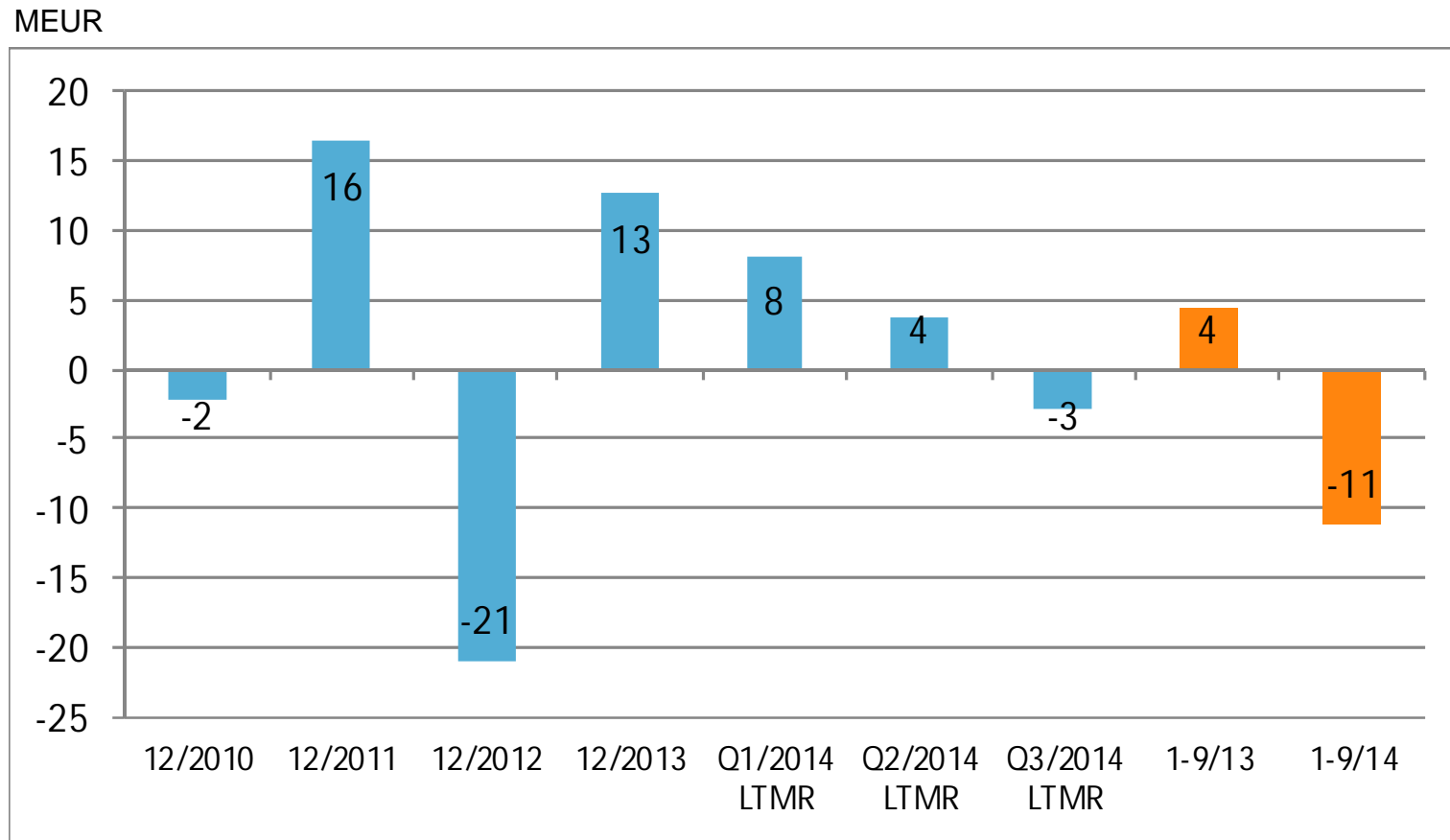
# JANUARY – SEPTEMBER 2014 NET SALES

MEUR



Comparable numbers after divestments

# JANUARY – SEPTEMBER 2014 OPERATING PROFIT

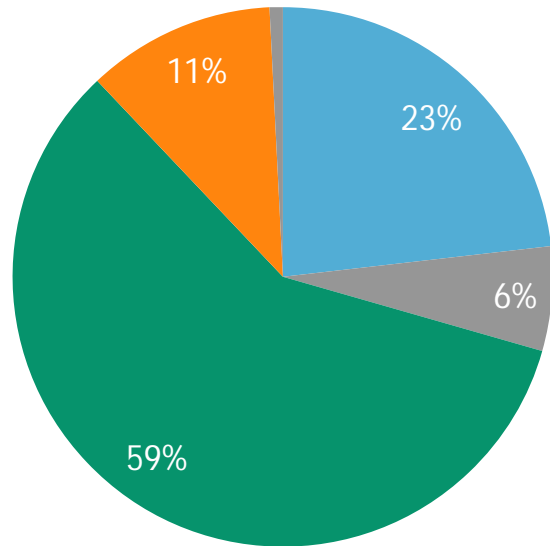


Comparable numbers after divestments

# JANUARY – SEPTEMBER 2014

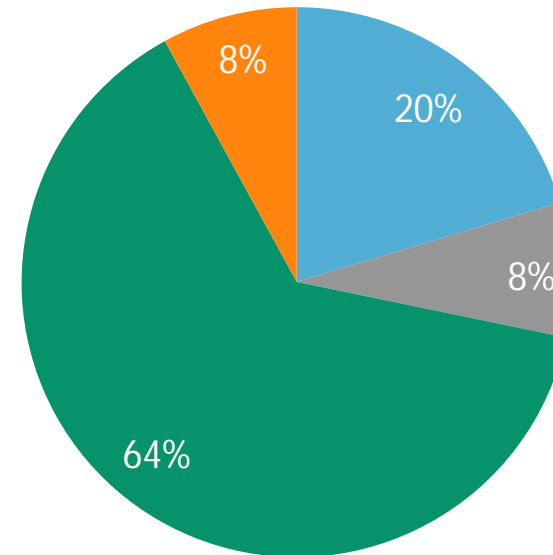
## NET SALES AND HEAD COUNT BY BUSINESS LINE

Net sales

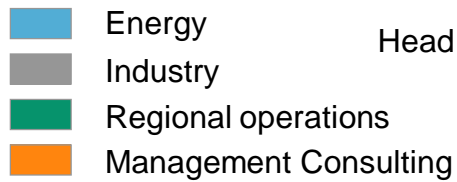


Net sales EUR 434.8 million

Headcount

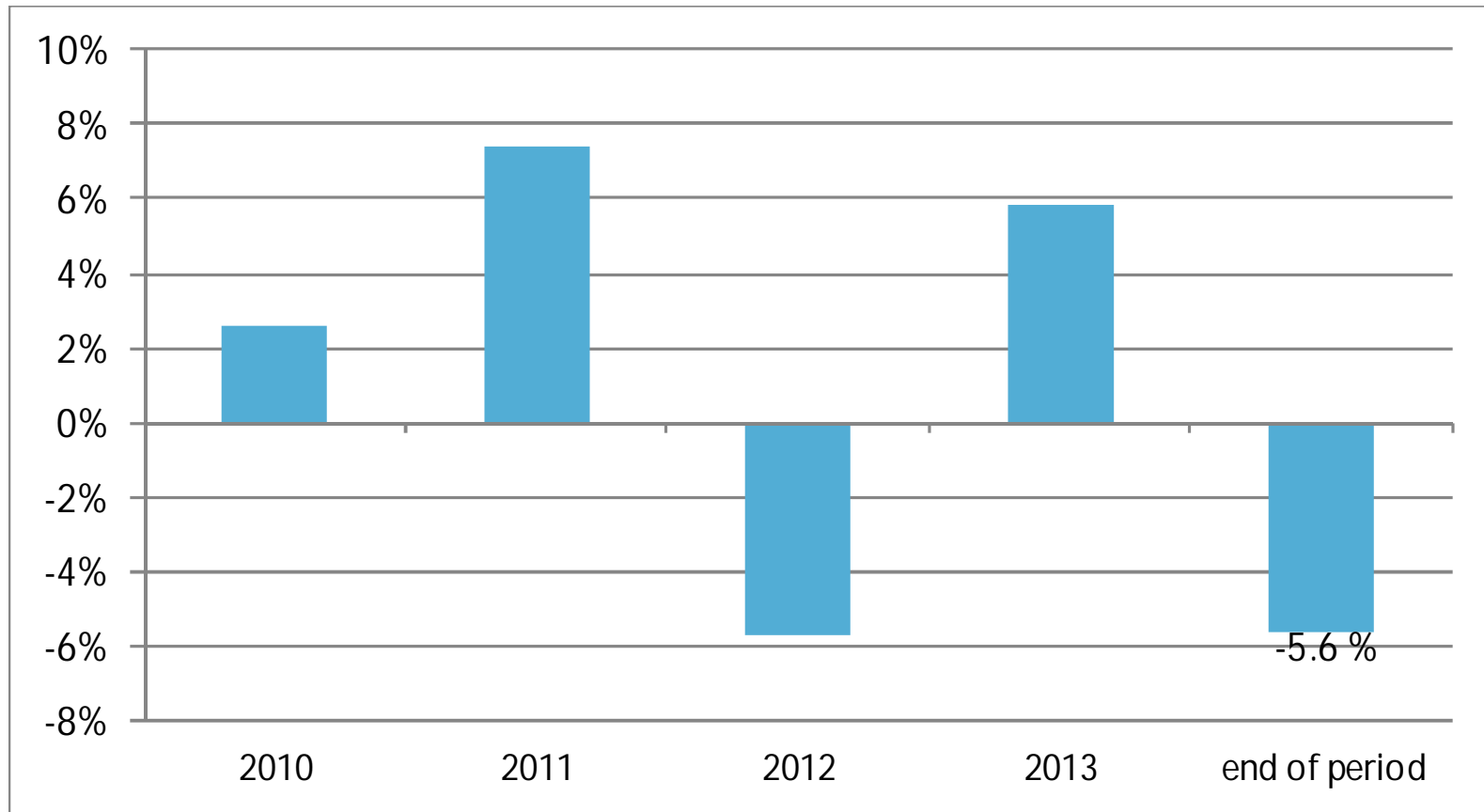


Head count: 5,875 at the end of period

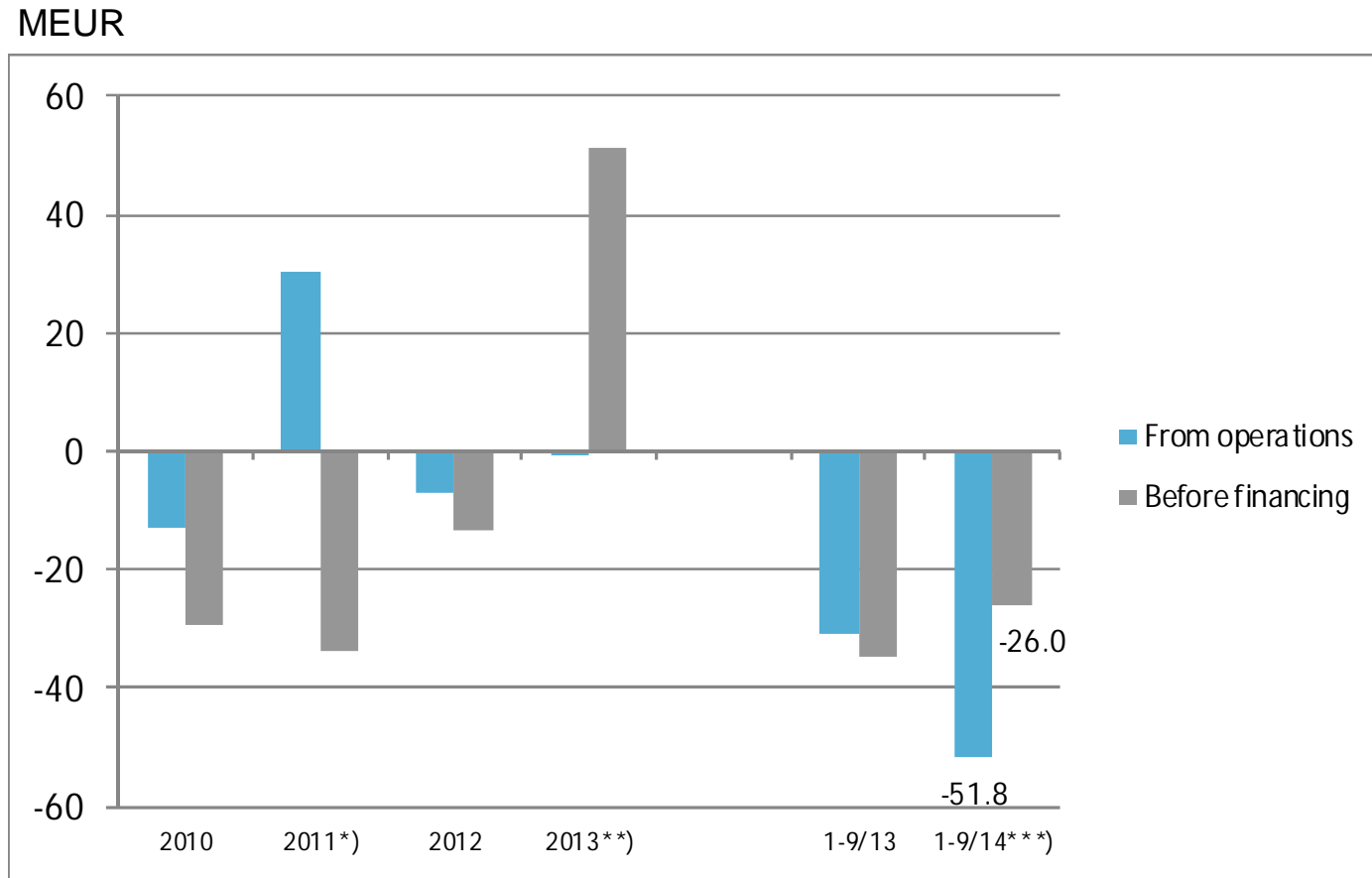


Including some 200 independent self-employed specialists in Latin America

## JANUARY – SEPTEMBER 2014 RETURN ON INVESTMENT, %



# JANUARY – SEPTEMBER 2014 CASH FLOW FROM OPERATIONS AND AFTER CAPEX

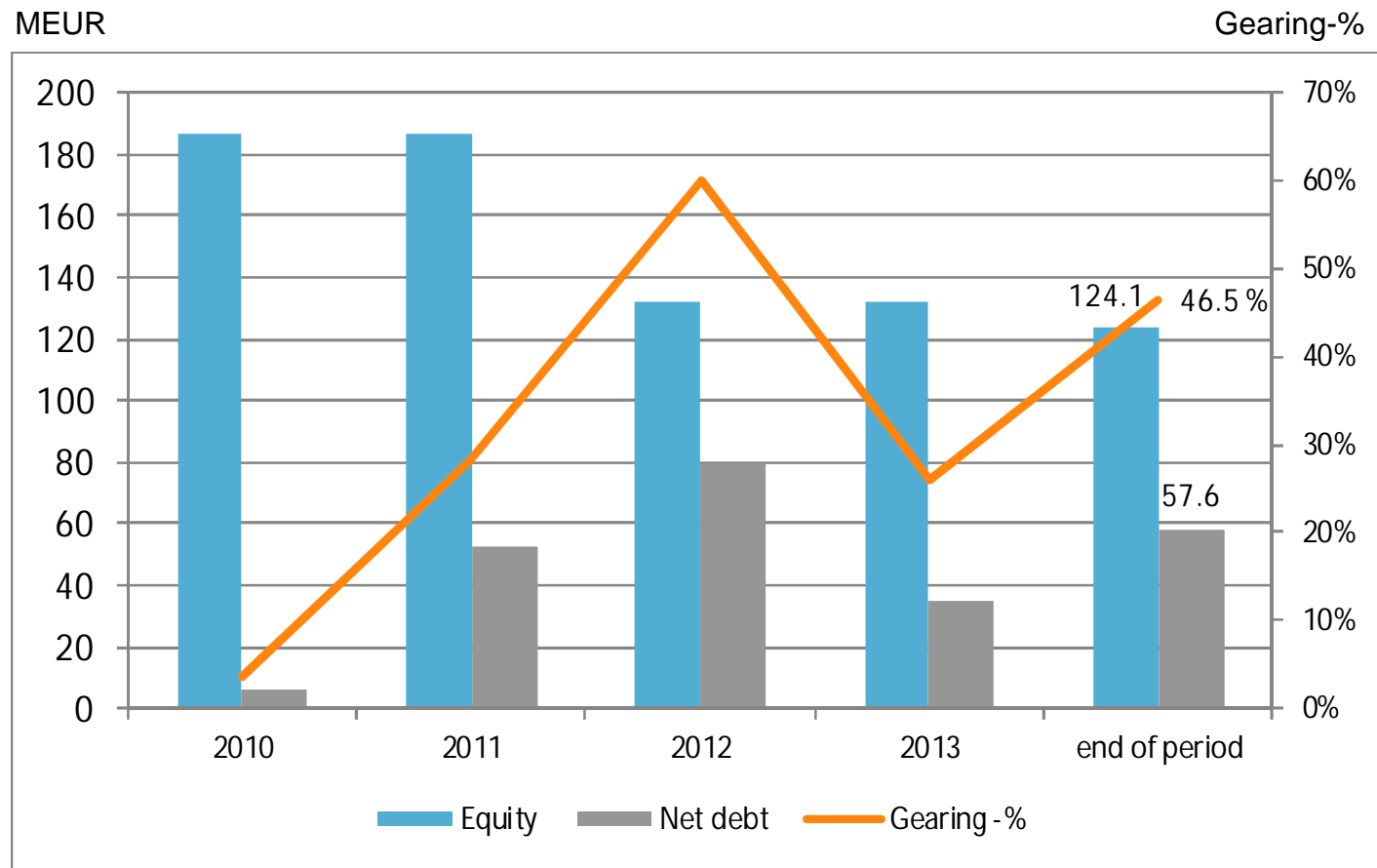


\*) 2011 includes the acquisition of the office real estate in Vantaa, Finland

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

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

# JANUARY – SEPTEMBER 2014 NET DEBT, EQUITY & GEARING



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



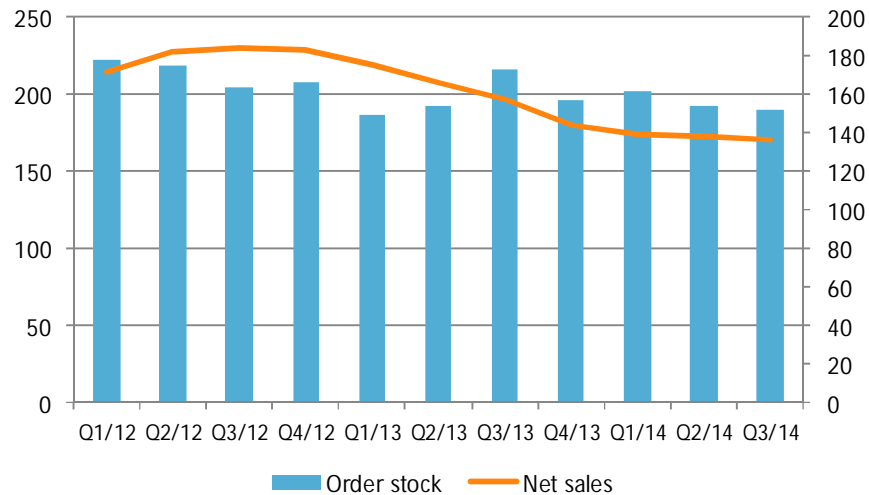
# APPENDICES



# JANUARY – SEPTEMBER 2014

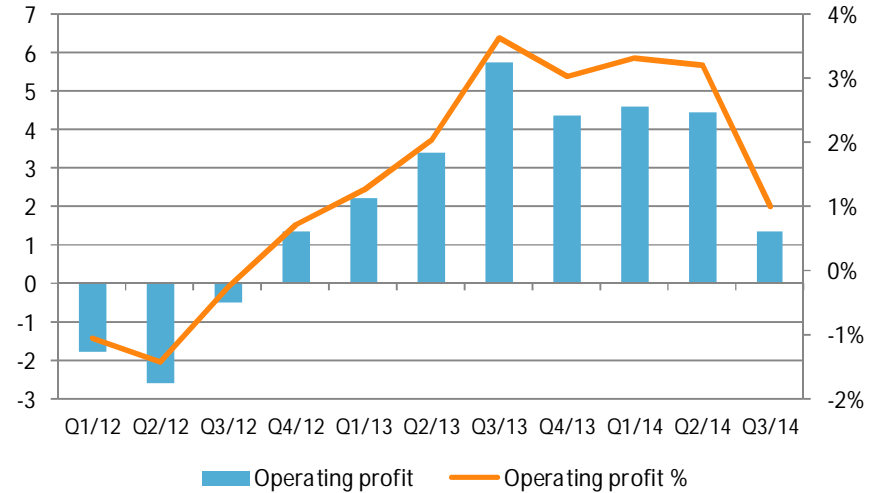
## ENERGY BUSINESS GROUP

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 in Europe, Middle East and Asia

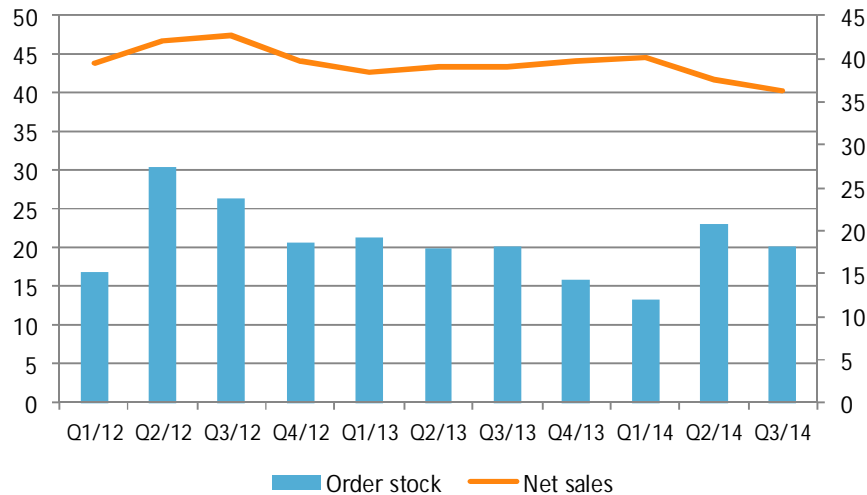
Operating profit (left scale), MEUR, LTMR  
Operating margin % (right scale)



- Declining operating profit due to lower net sales

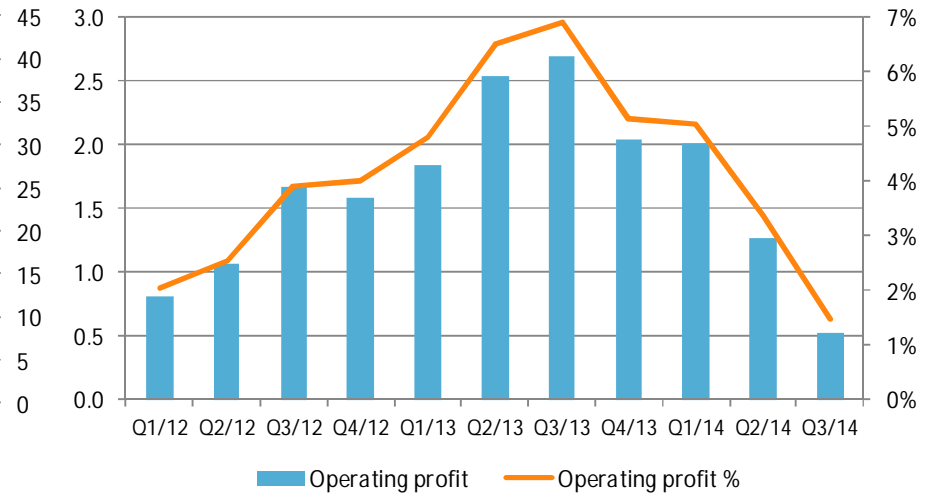
# JANUARY – SEPTEMBER 2014 INDUSTRY BUSINESS GROUP

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



+ Order stock remained stable

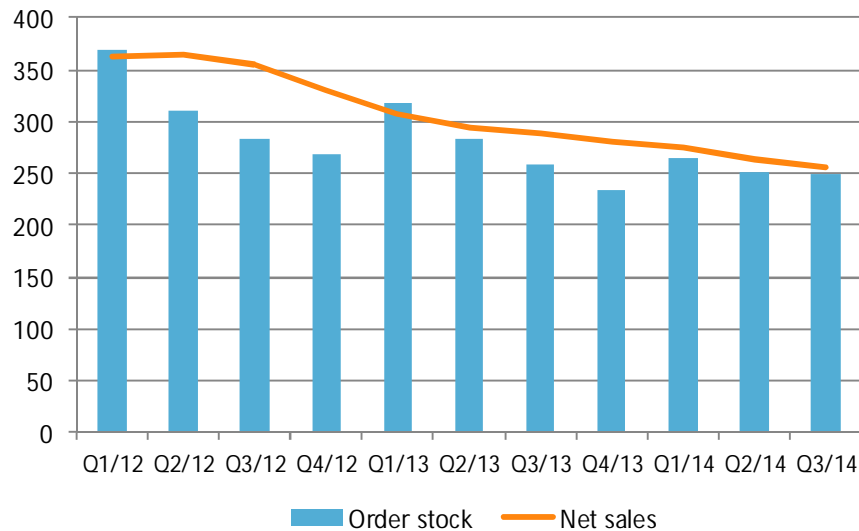
Operating profit (left scale), MEUR, LTMR  
Operating margin % (right scale)



- Operating profit reflects the completion of a large pulp mill project earlier this year as well as higher business development costs.

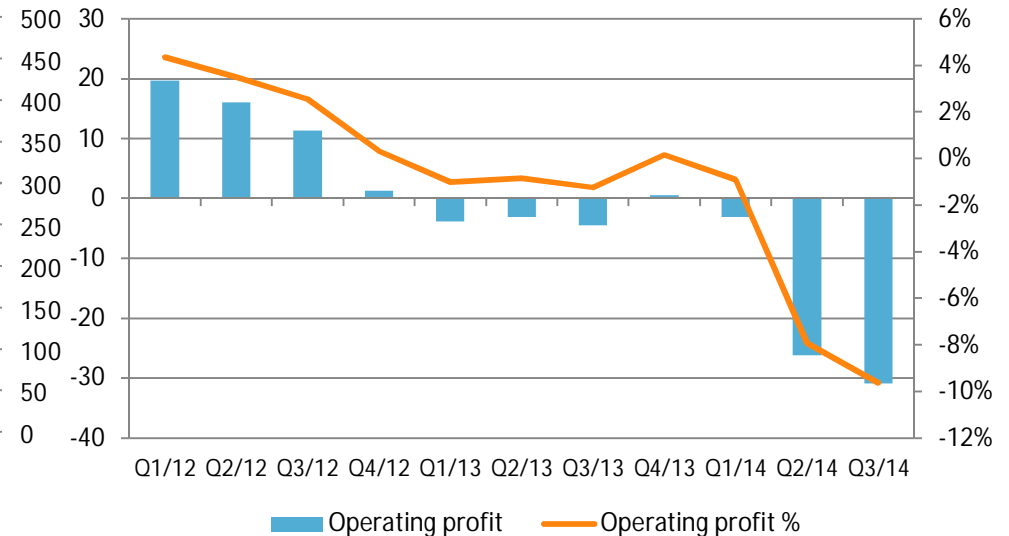
# JANUARY – SEPTEMBER 2014 REGIONAL OPERATIONS

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



- + Stable order stock
- Declining net sales particularly in Finland due to the divestment and in Latin America

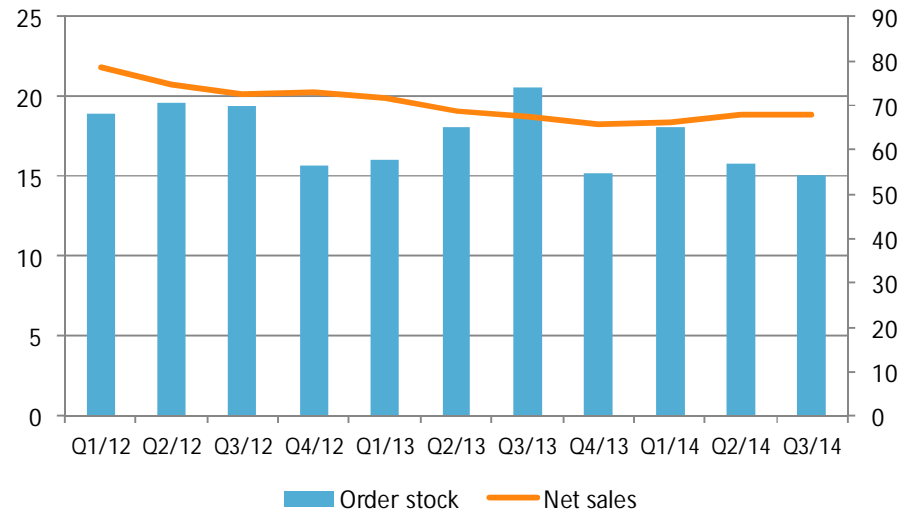
Operating profit (left scale), MEUR, LTMR  
Operating margin % (right scale)



- 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.

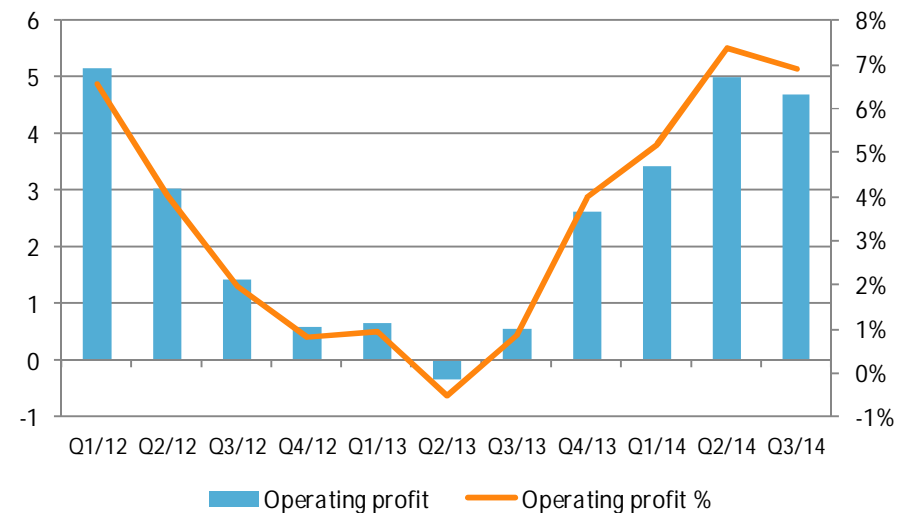
# JANUARY – SEPTEMBER 2014 MANAGEMENT CONSULTING

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 improved compared to previous year due to structural improvements implemented in 2013

## STATEMENT OF INCOME

MEUR	1-9/2014	1-9/2013	CHANGE, %
Net sales	434.8	490.2	-11.3
Other operating income *)	22.3	0.9	n.a.
External charges, sub-consulting	-40.8	-51.6	-20.9
Personnel expenses	-289.1	-308.2	-6.2
Other operating expenses **)	-138.0	-125.7	9.8
Operating profit	-10.9	5.6	n.a.
Net financial items	-2.4	-3.9	-39.4
Share of associated companies' and joint ventures results	0.1	0.1	18.9
Profit/loss before taxes	-13.1	1.8	n.a.
Income taxes	0.9	-1.7	n.a.
<b>Net profit for the period</b>	<b>-12.2</b>	<b>0.1</b>	<b>n.a.</b>

\*) Including EUR 21 million from the divestment in Finland

\*\*) Including EUR 14 million write-off

## BALANCE SHEET

<b>ASSETS MEUR</b>	<b>30 Sept. 2014</b>	<b>30 Sept. 2013</b>	<b>EQUITY AND LIABILITIES</b>	<b>30 Sept. 2014</b>	<b>30 Sept. 2013</b>
Goodwill	121.2	128.7	Equity	124.1	125.1
Other non-current assets	48.1	103.5	Interest bearing liabilities	93.0	162.9
Work in progress	95.2	110.7	Pension obligations and other non-current liabilities	25.2	46.8
Other current assets	128.0	154.4	Project advances	63.0	74.0
Cash and cash equivalents	35.4	43.0	Other current liabilities	122.5	131.5
<b>TOTAL ASSETS</b>	<b>427.8</b>	<b>540.3</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>427.8</b>	<b>540.3</b>

## CASH FLOW

MEUR	1-9/2014	1-9/2013
Net profit	-12.2	0.1
Depreciation and impairment from non-current assets	4.1	6.3
Impairment losses from accounts receivable and WIP	18.7	1.0
Gain on sales of shares and fixed assets	-20.8	0.0
Change in net working capital	-38.6	-36.3
Financial items and taxes	-5.0	-8.6
Other items	1.9	6.4
<b>Total from operating activities</b>	<b>-51.8</b>	<b>-31.1</b>
Capital expenditure, operating	-2.0	-4.1
Sales of business operations and shares in subsidiaries deducted with cash included in the sales	27.4	-0.1
Sales of other fixed assets	0.3	0.5
<b>Net cash before financing</b>	<b>-26.0</b>	<b>-34.8</b>
<b>Net cash from financing</b>	<b>-12.8</b>	<b>2.9</b>
<b>Change in cash and cash equivalents and in other liquid assets</b>	<b>-38.8</b>	<b>-31.9</b>
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		-3.7
Impact of translation differences in exchange rates	1.9	-4.4
<b>Cash and cash equivalents and other liquid assets at the end of the period</b>	<b>35.4</b>	<b>43.0</b>

## KEY FIGURES

	1-9/2014	1-9/2013
Earnings per share, EUR (diluted)	-0.20	0.02
Equity per share, EUR	2.04	2.04
ROI-%, p.a.	-5.6	3.3
ROE-%	-12.8	0.1
Equity ratio-%, p.a.	34.0	26.8
Gearing-%	46.5	95.9
Net debt, EUR million	57.6	119.9
Capital expenditure, operating, EUR million	2.0	4.1
Personnel on average	5,517	6,183
Personnel at the end of the period	5,234	6,032



---

**THANK YOU!**

