

# JANUARY-DECEMBER 2010 RESULT



# PÖYRY

**FEBRUARY 8, 2011**

Heikki Malinen, President and CEO

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# PRESENTATION CONTENTS

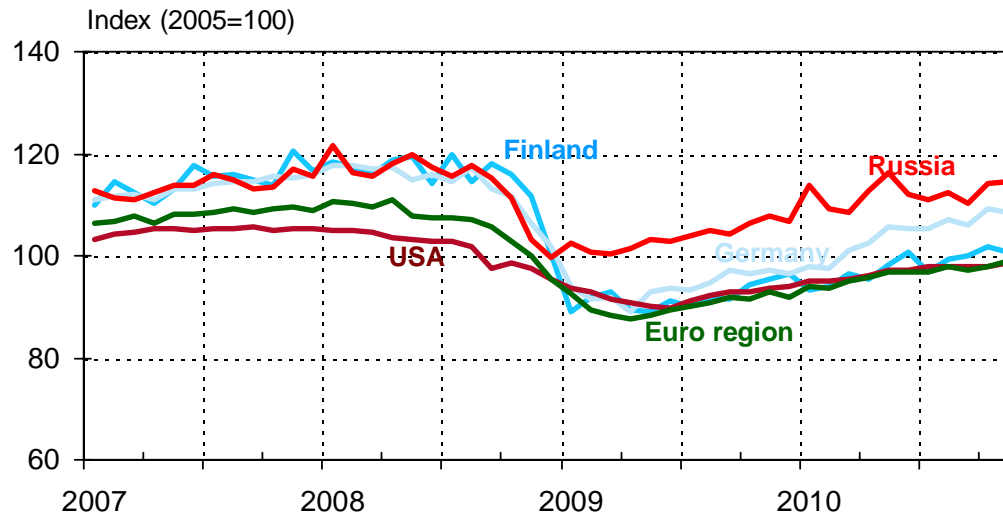
- January-December 2010 overview
- Strategy implementation
  - A major EPC contract signed on 7 February 2011
- Dividend proposal
- Outlook

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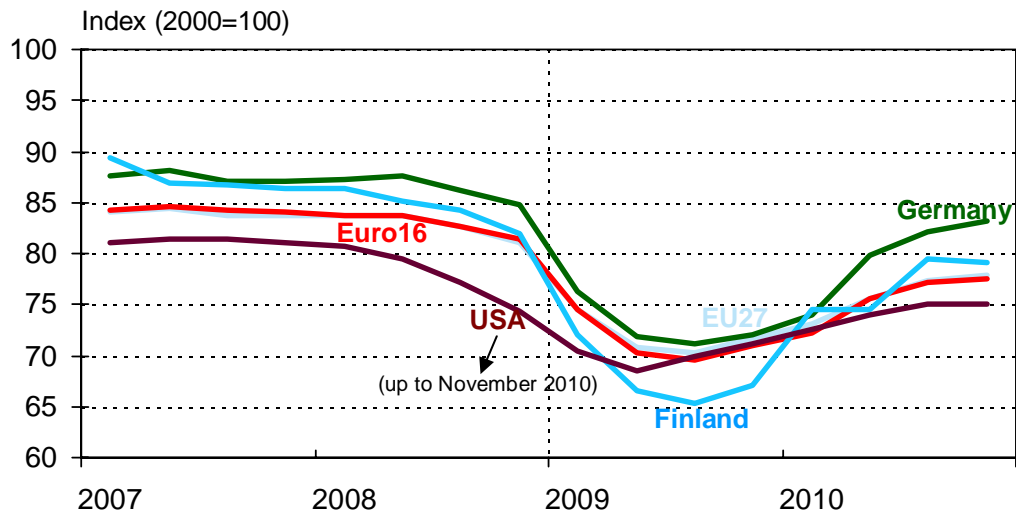
## JANUARY-DECEMBER 2010 OVERVIEW

- Order stock 8.3 % higher than at the year-end 2009
  - Increased especially in the Industry business group
- Order intake higher than in 2009
- Net sales fairly stable compared with 2009
- The Group's underlying profitability unsatisfactory
- Outlook for 2011 improving

## Industrial Production, Monthly Review from Jan2007 to November 2010

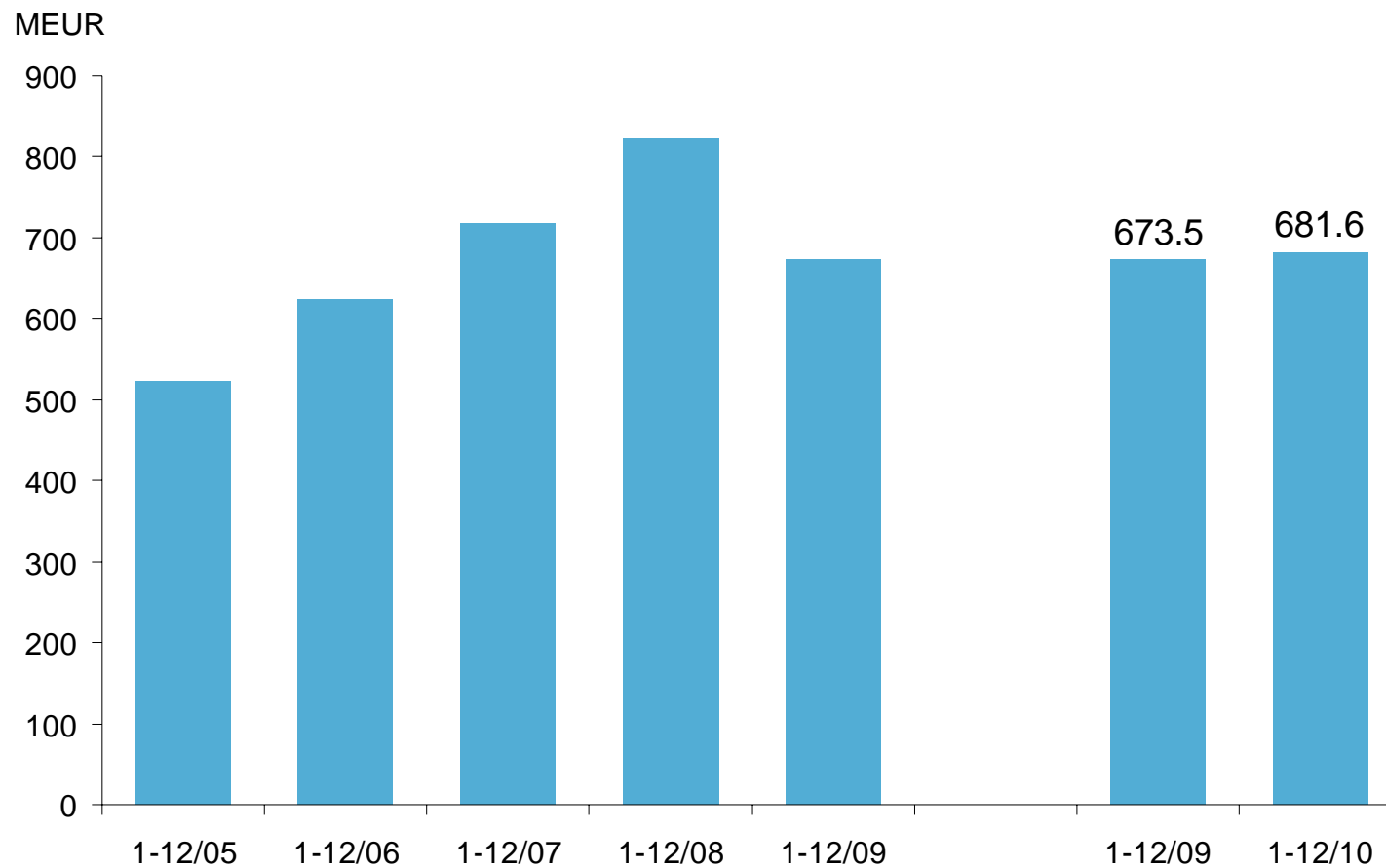


## Capacity Utilisation (manufacturing), Quarterly from Q1/2007 to Q4/2010



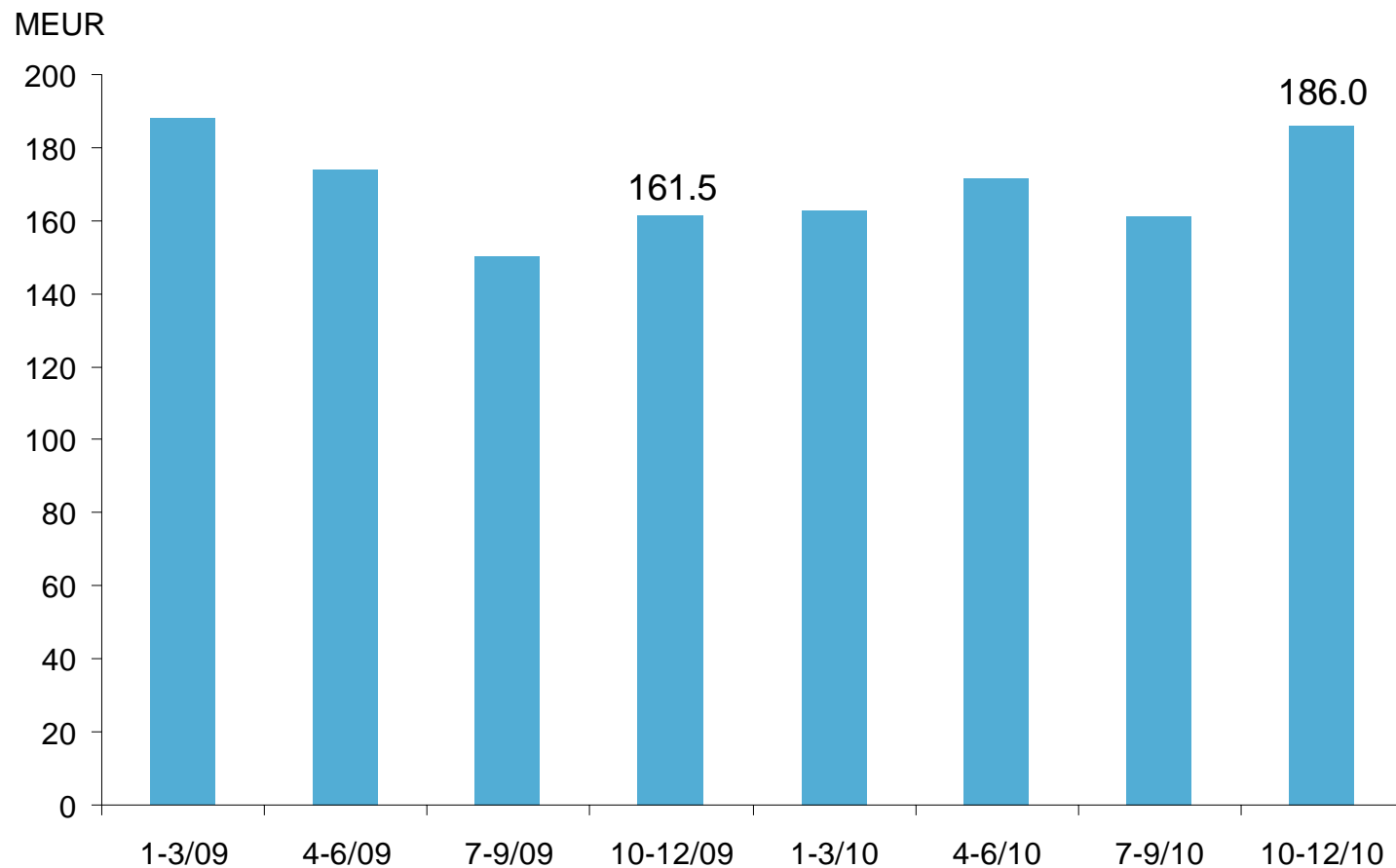
Source: Eurostat, Federal Reserve Bank of St. Louis

## GROUP'S NET SALES 1-12/2010 (1-12/2009)



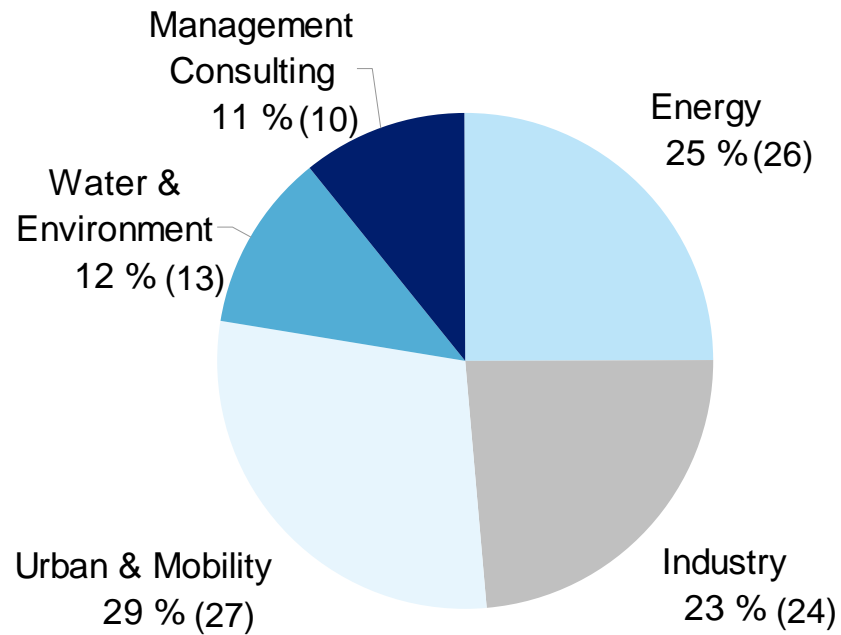
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## GROUP'S NET SALES BY QUARTER

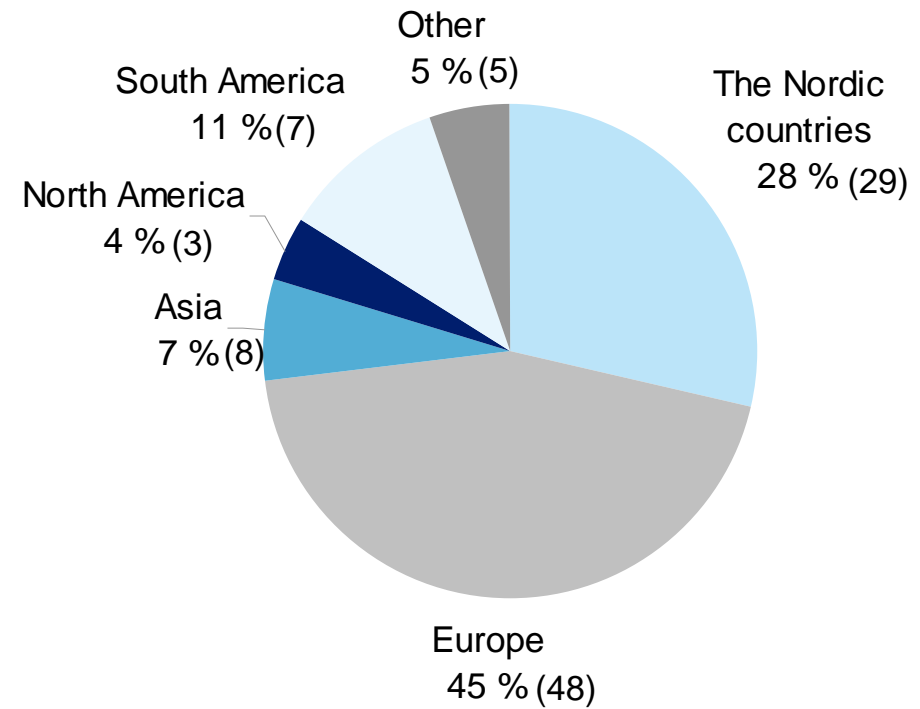


# GROUP'S NET SALES BY BUSINESS GROUP AND BY REGION 1-12/2010 (1-12/2009)

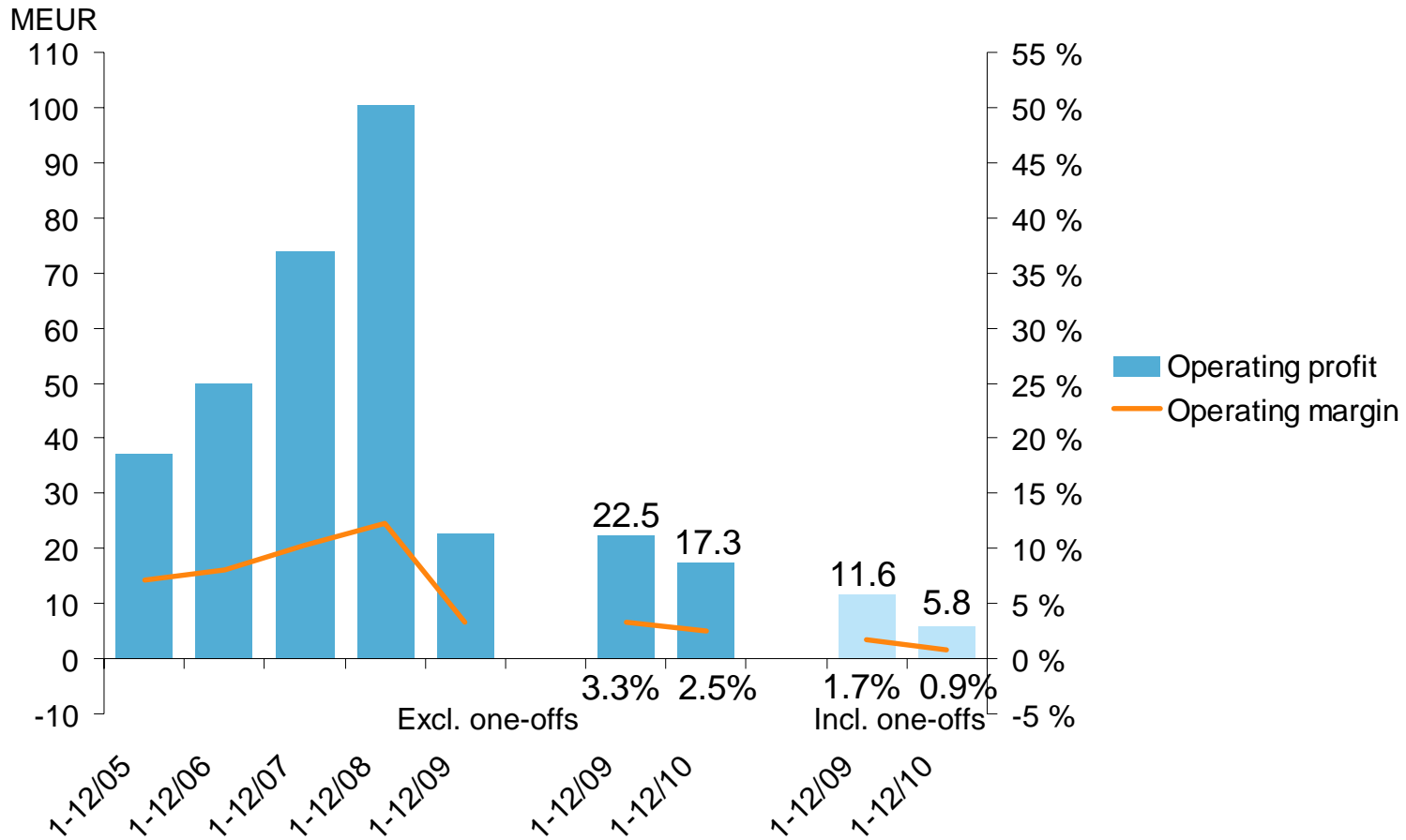
Net sales by business group



Net sales by region

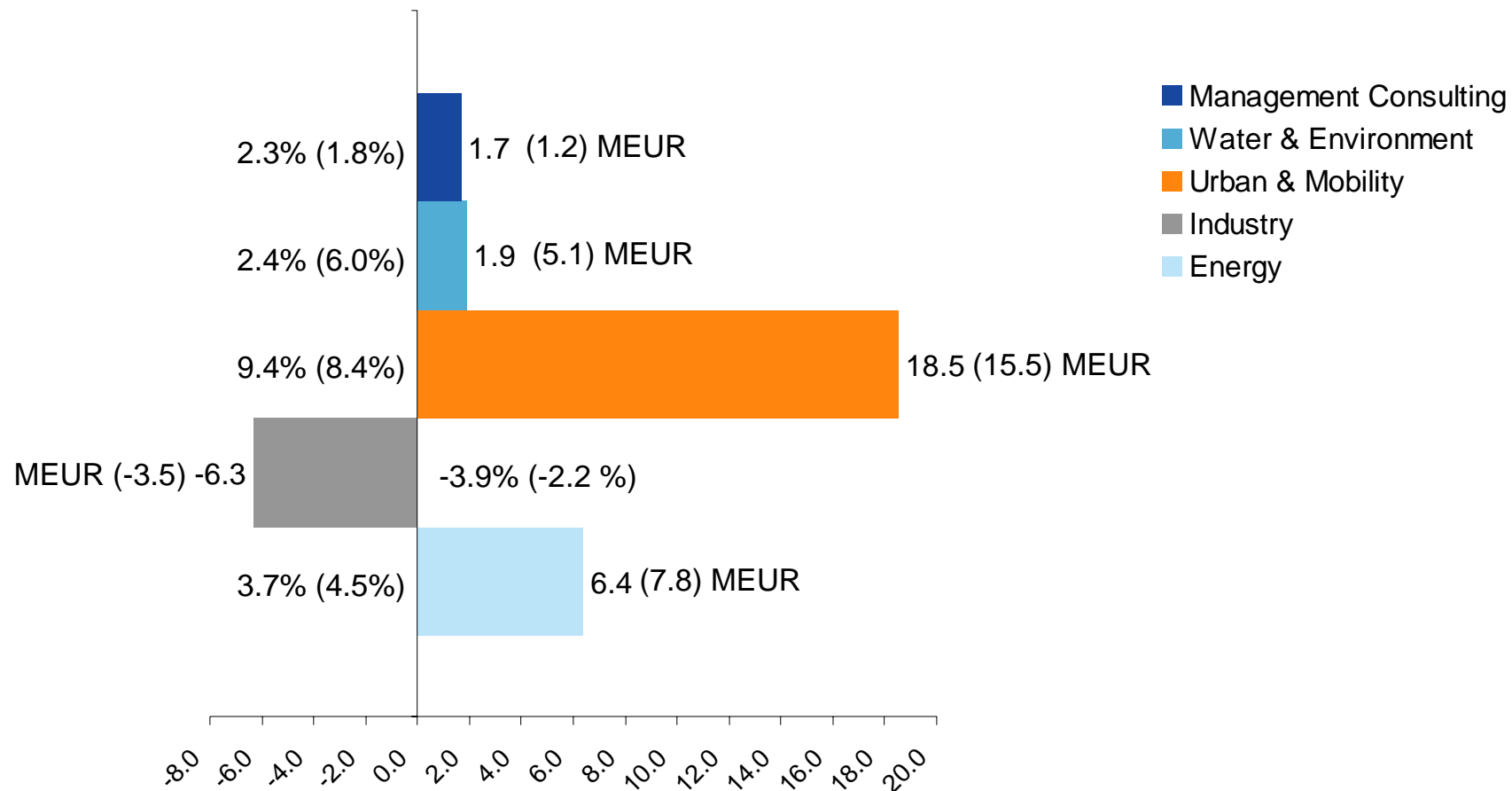


# GROUP'S OPERATING PROFIT AND MARGIN, 1-12/2010 (1-12/2009)

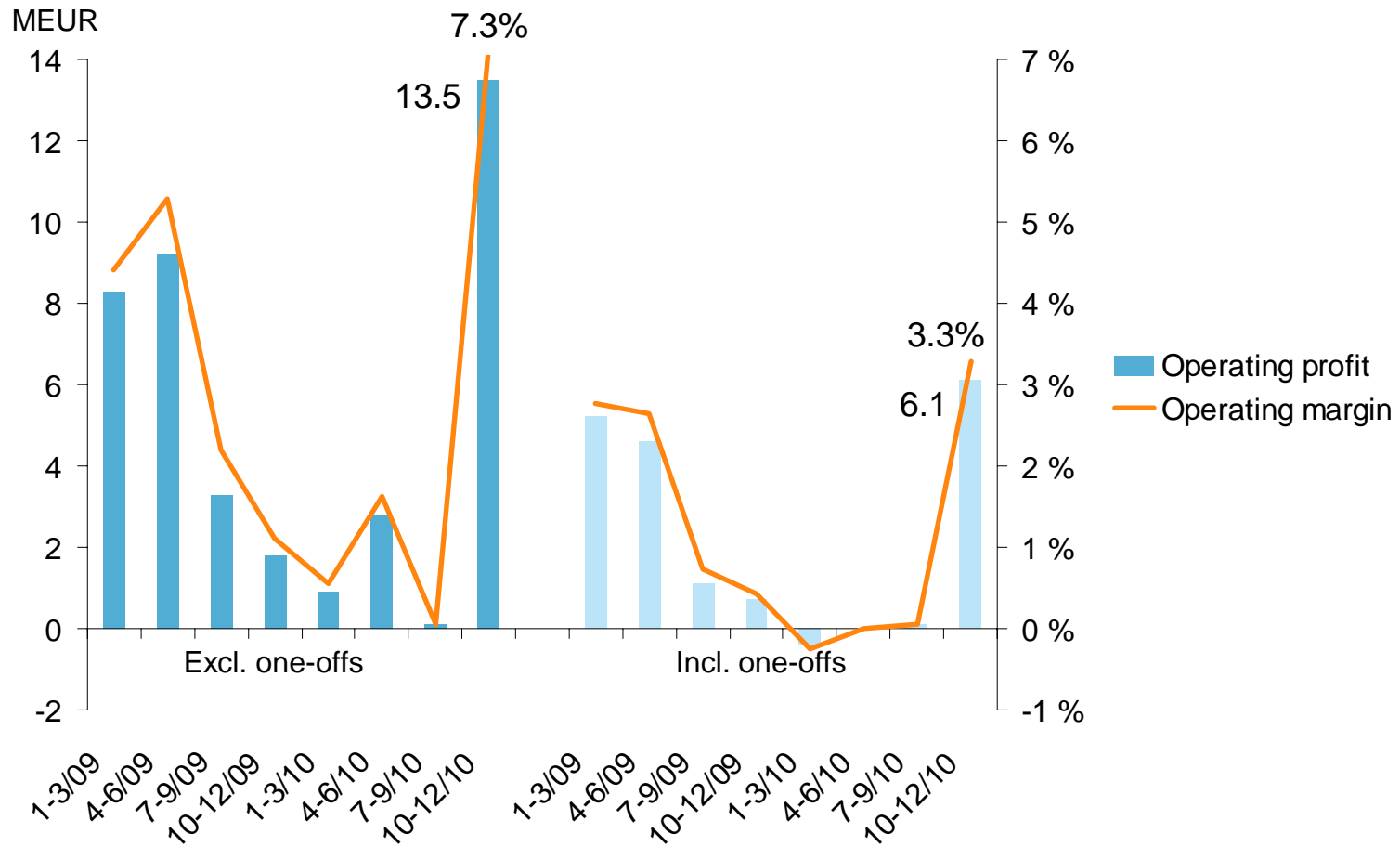




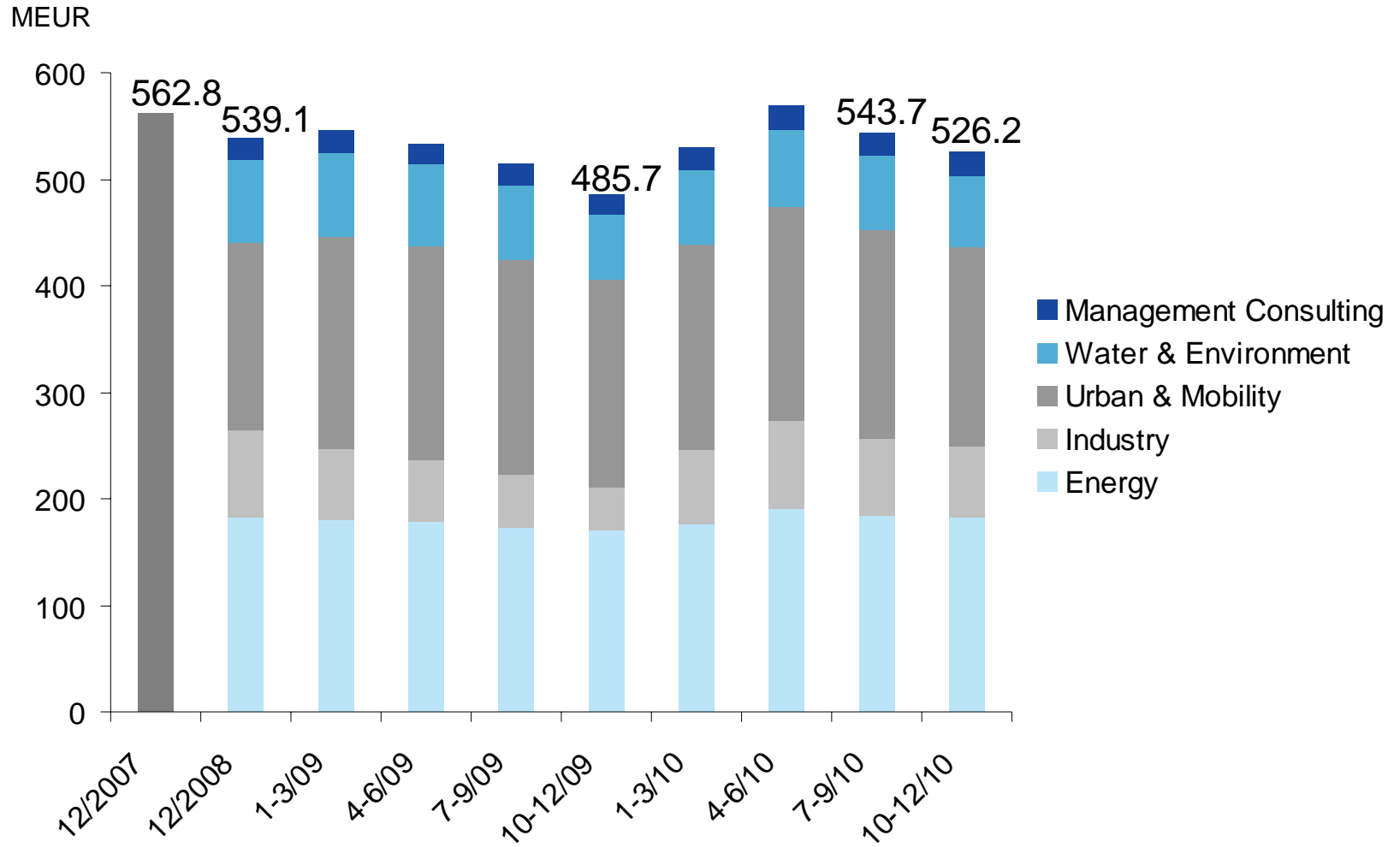
## OPERATING PROFIT AND MARGIN BY BUSINESS GROUP 1-12/2010 (1-12/2009), excluding one-time items



# GROUP'S OPERATING PROFIT AND MARGIN BY QUARTER

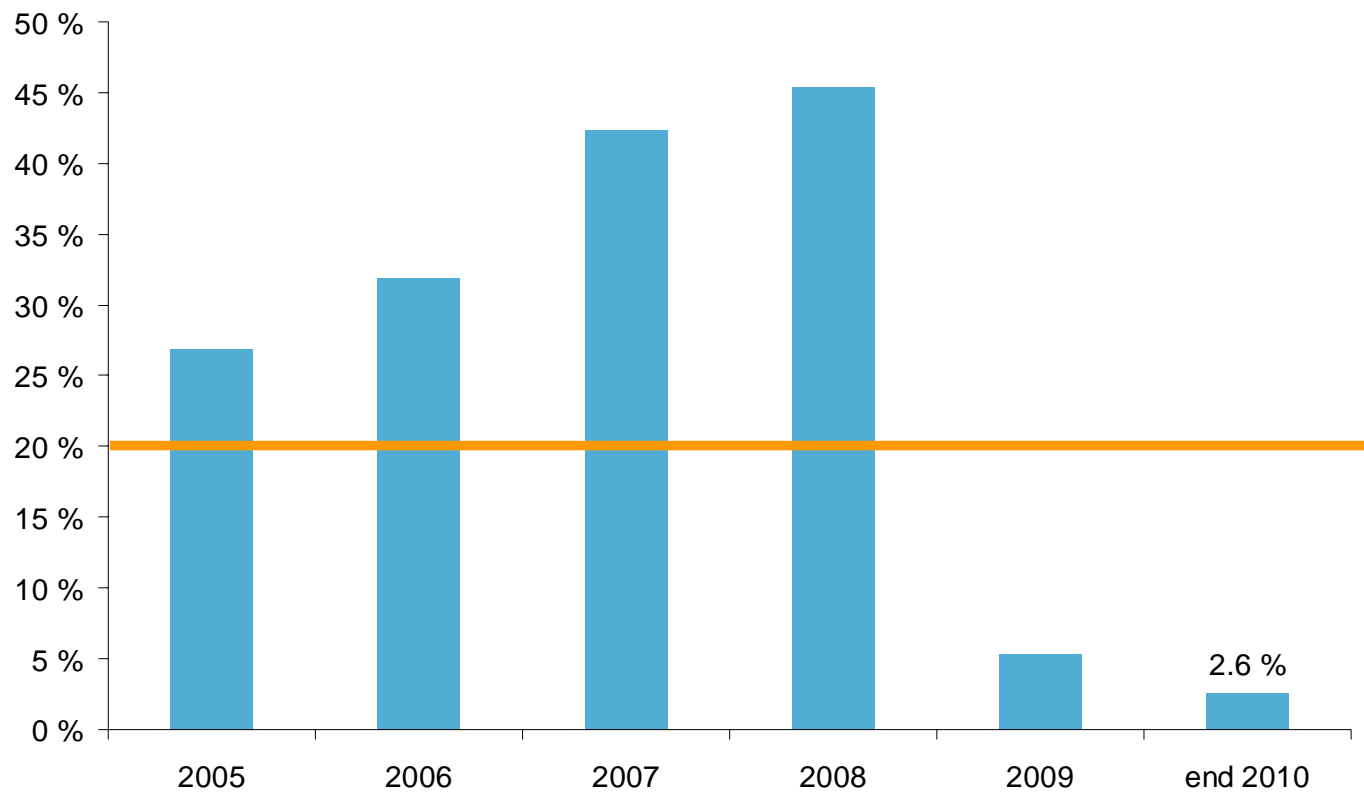


# GROUP'S ORDER STOCK BY BUSINESS GROUP

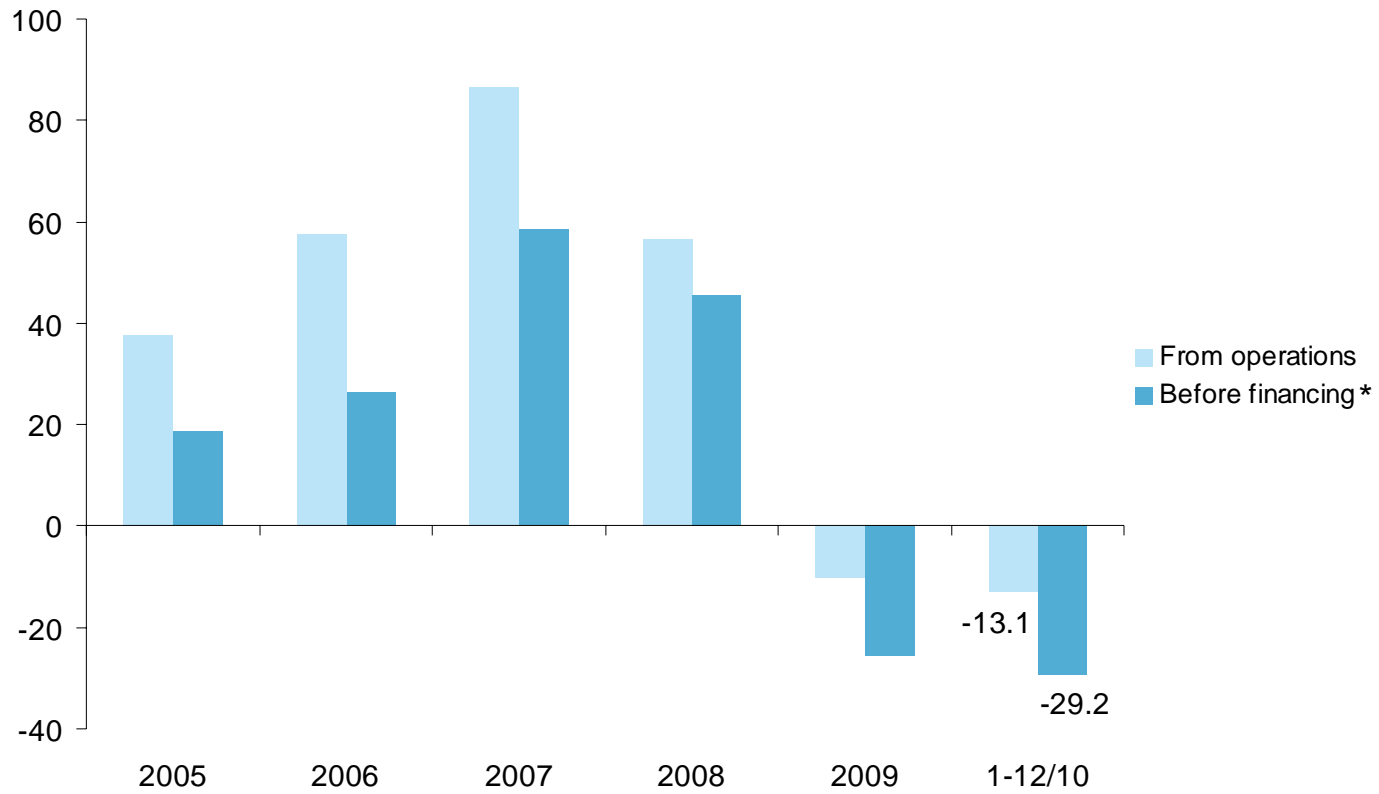


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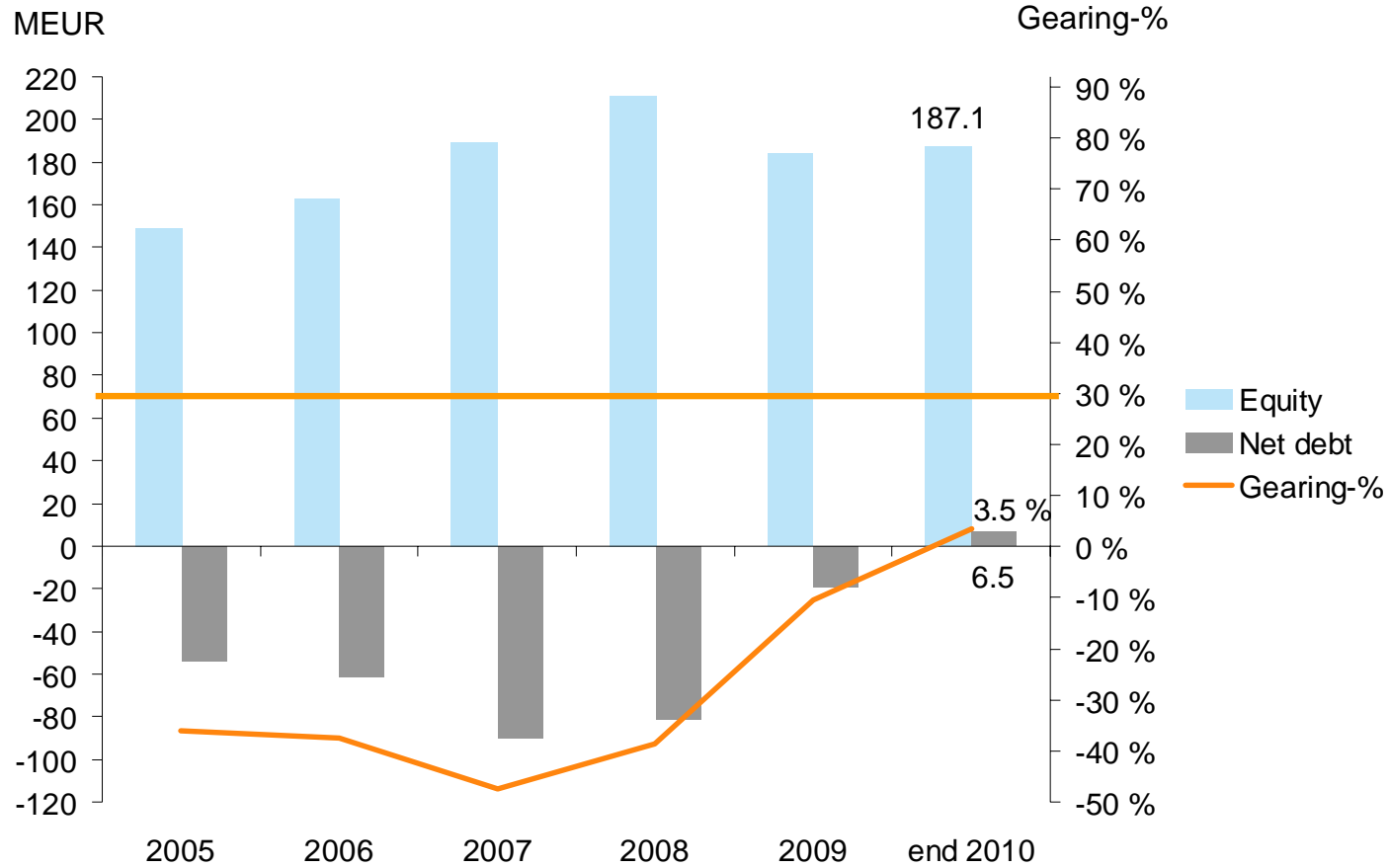
## RETURN ON INVESTMENT, %



# CASH FLOW



# NET DEBT, EQUITY & GEARING



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# STRATEGY IMPLEMENTATION

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## TOWARDS THE VISION

- First steps taken to accelerate growth in Management Consulting
  - integration and transformation of the newly formed business group
  - new regional operating model
- Group-wide Large Project Function established
  - harmonising and overseeing of Pöyry's large project global procurement processes & capabilities
  - launch of the Project Office
    - Project Management Training
    - Career Path programmes
- The Pöyry Way
  - key concepts and principles communicated to staff in the autumn of 2010
  - revised Code of Conduct
- Launch of the group-wide operational excellence programme 2010-2012
  - initiated in Finland
  - targeted annual operating profit improvement about EUR 15 million
  - at the year-end 2010 about two thirds of the measures at the were completed
  - targeted operating profit improvement expected to be fully captured by the end of 2011



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## A MAJOR EPC CONTRACT SIGNED ON 7 FEBRUARY 2011

### **Project**

- expansion of a paperboard mill in Três Barras, Santa Catarina State, Brazil

### **Client**

- MWV Rigesa Ltda., Brazil
  - Subsidiary to MeadWestvaco, USA

### **Assignment**

- EPC Open Book of the Balance of Plant (BOP)
- associated EPCM services
- Project Management services for the overall project management support

### **Value**

- about BRL 325 million (about EUR 144 million)
  - of which a majority consists of the EPC Open Book BOP contract

### **Project commencement**

- contracts signed on 7 February 2011/NTP for the EPC OB within the Q1 2011

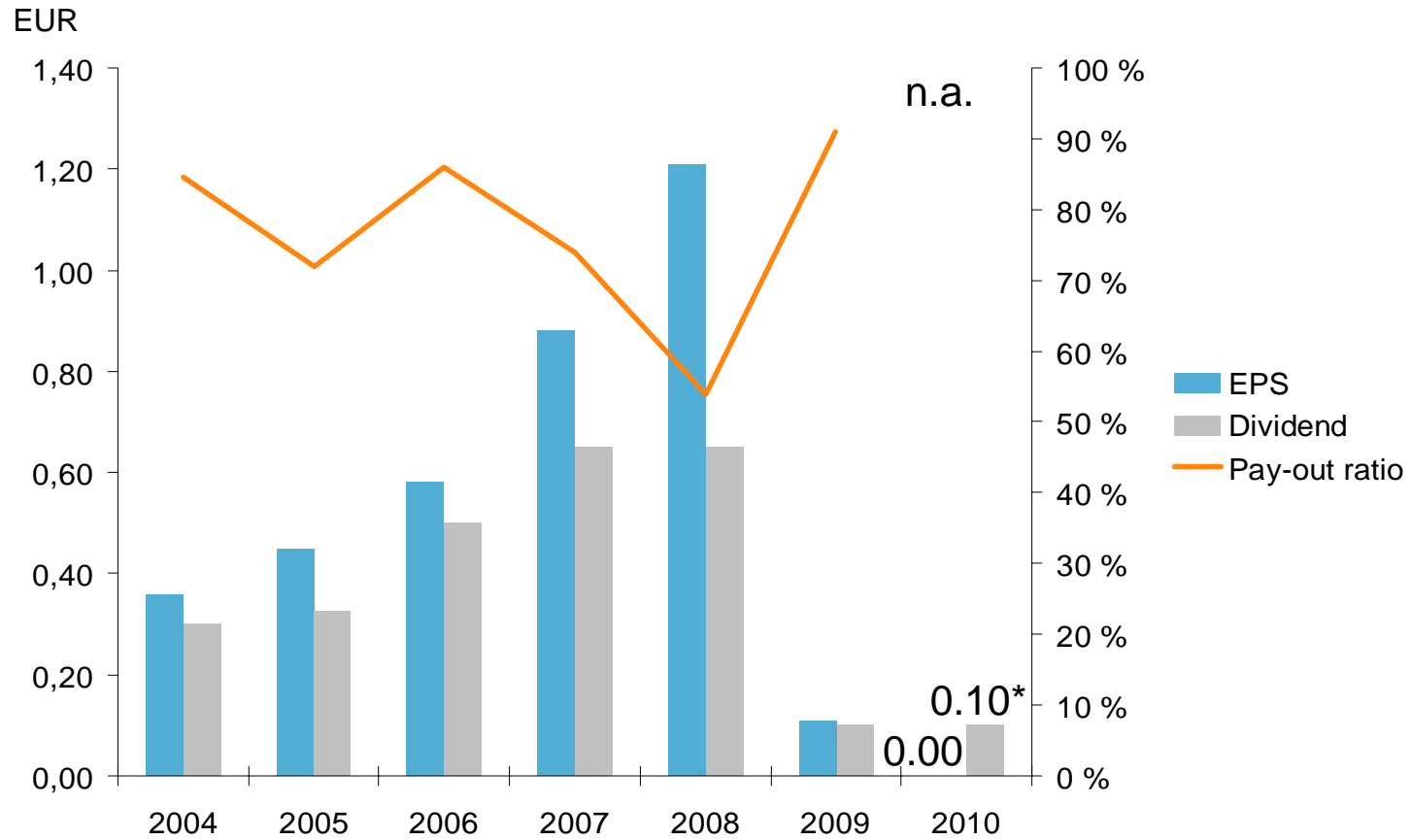
### **Profit recognition**

- occurring towards the end of the project

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# DIVIDEND PROPOSAL

# DIVIDEND



\*BoD's proposal

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# OUTLOOK

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## MARKET OUTLOOK FOR 2011

- Various leading indicators signal that the world economy is returning to a growth track after the lengthy downturn. However, for example, in Europe there are significant differences in economic prospects between countries.
- In the energy and the industrial sectors relevant to Pöyry's businesses the long-term fundamentals behind the future demand remain solid. In the industrial sectors demand is increasingly geared to emerging markets.
- Several global megatrends support transportation and real estate investments in markets where Pöyry has exposure and investment activity in general is expected to continue stable or growing.
- Within the water supply and sanitation segment public sector investment activity is expected to continue modest in Europe. However, the fundamental need for water sector and environmental expertise is expected to create demand for services within Pöyry's scope.
- In the transportation area public sector or public-private partnerships investments are expected to continue mid-term.
- The improving economic environment is expected to increase demand for management consulting services.

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# OUTLOOK FOR THE FIRST HALF OF 2011

## GROUP:

- Pöyry's businesses are predominantly driven by clients' new capital investments and most of the businesses are also inherently late in the cycle. It is difficult to predict the timing of clients' new investment decisions and project start-ups. Due to these uncertainties Pöyry makes a forecast only for the first half of 2011.
- The Group net sales for the first half of 2011 are expected to improve from the corresponding period in 2010. The Group's comparable operating profit in the first half of 2011 is expected to improve significantly from the operating profit, excluding restructuring costs, in the corresponding period in 2010, taking into consideration the small numbers in the reference period. Pöyry will update the forecast as soon as more accurate information is available.

## BUSINESS GROUPS:

- The preconditions for net sales growth are strongest in Energy and Management Consulting business groups. Net sales in the Industry business group are also expected to improve. The net sales in the Urban & Mobility and Water & Environment business groups are expected to remain stable. Operating profit in the Energy, Industry, and Management Consulting business groups is expected to improve significantly taking into consideration the small numbers in the reference period. The operating profit in the Water & Environment business group is expected to improve, and remain stable in the Urban & Mobility business group.

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THANK YOU!



# APPENDICES



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# DIVIDEND INFORMATION

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## DIVIDEND\* DETAILS

- Dividend: EUR 0.10 per share (2009: 0.10)
- Total dividend payment: EUR 5.9 million
- Dividend ex-date: 11 March 2011
- Record date: 15 March 2011
- Dividend payment issued: 22 March 2011

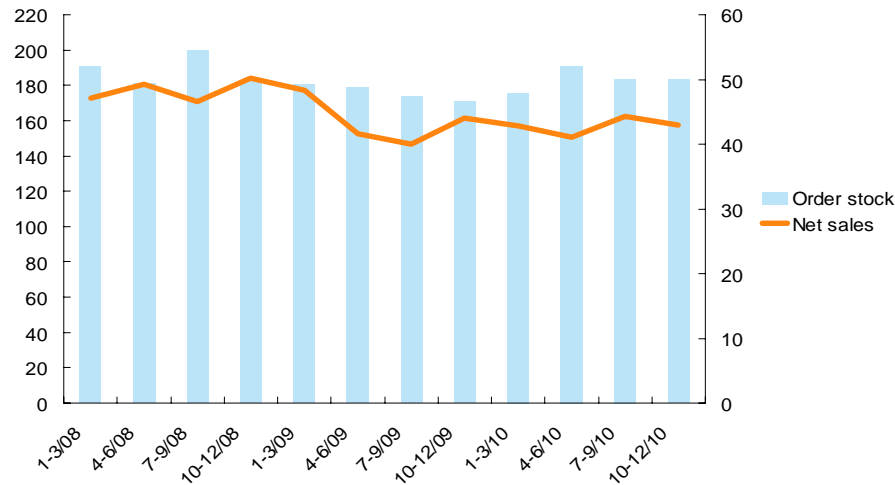
\*BoD's proposal

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# REVIEW BY BUSINESS GROUP

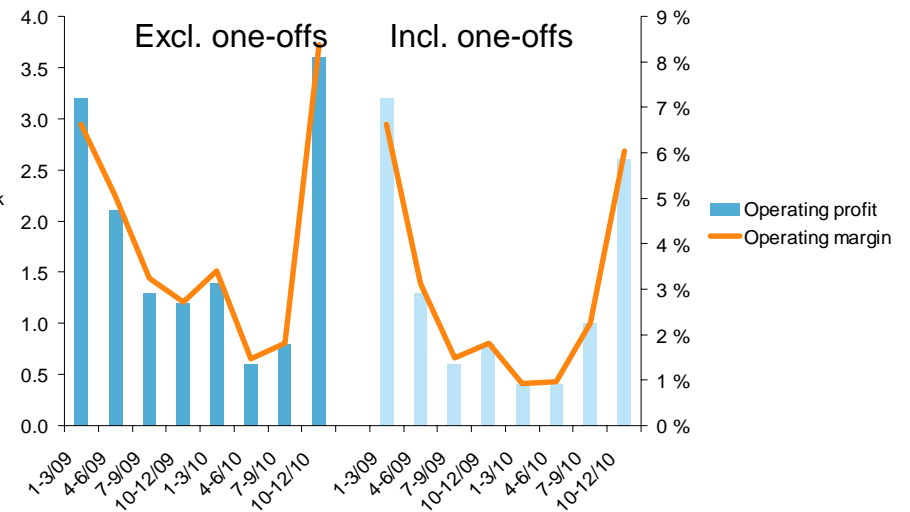
# ENERGY

Order stock (left scale) and net sales (right scale), MEUR



- + Order stock 7.1 % higher than at end 2009
- + Solid order stock supported the net sales
- EPC project in Philippines still pending
- Investment decisions taking time

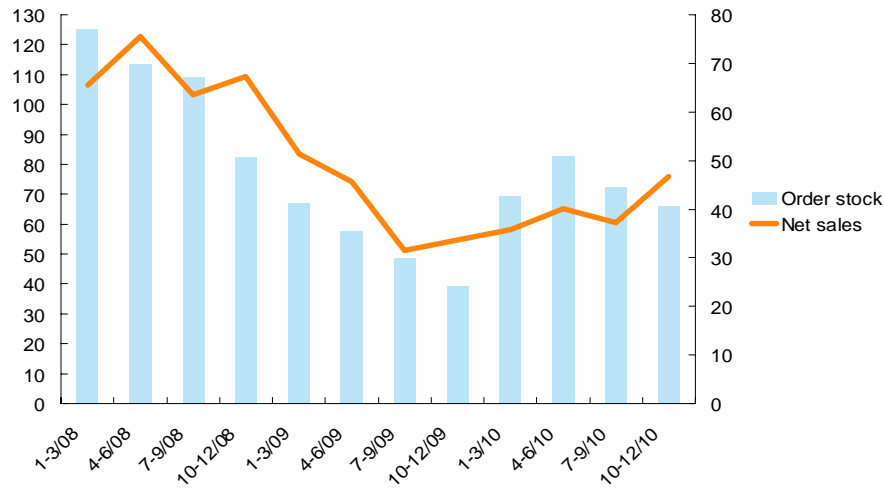
Operating profit, MEUR (left scale) and margin % (right scale)



- Q4 operating margin, excl. one-offs, 8.4% (2.7%)
- + Successful restructuring measures improved profitability
- + Actions continue to turn around underperforming units

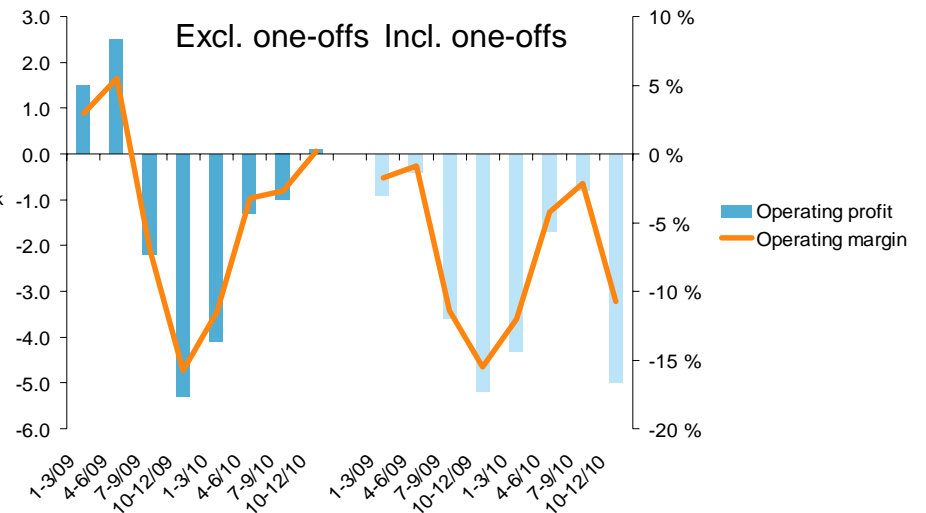
# INDUSTRY

Order stock (left scale) and net sales (right scale), MEUR



- + Order stock 67.9 % higher than at end 2009
- + Net sales increased clearly from the seasonally low Q3
- No larger projects in the order stock; order inflow consisted mainly from smaller assignments

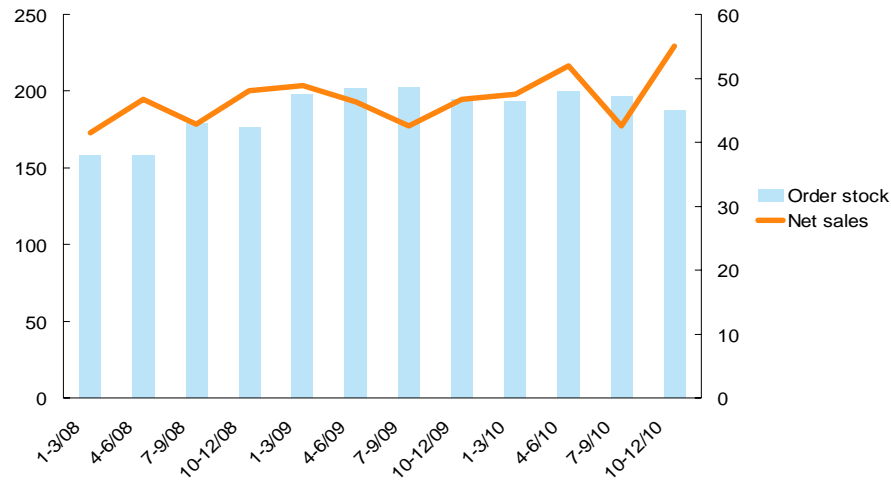
Operating profit, MEUR (left scale) and margin % (right scale)



- Q4 operating margin, excl. one-offs, at break-even, 0.2% (-15.8%)
- + The increased net sales and activity levels during the quarter improved profitability
- Profitability improvement has required substantial restructuring

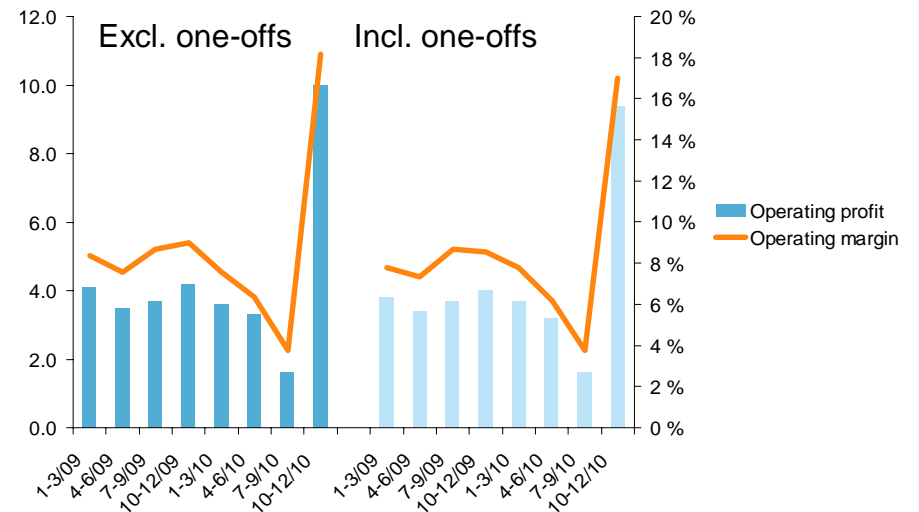
# URBAN & MOBILITY

Order stock (left scale) and net sales (right scale), MEUR



- + Order stock continues stable
- + Net sales in Q4 increased clearly from the seasonally low Q3

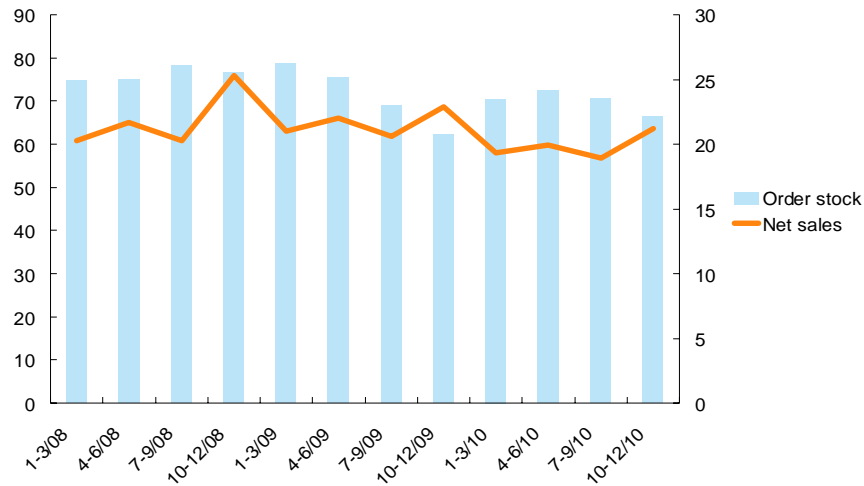
Operating profit, MEUR (left scale) and margin % (right scale)



- Q4 operating margin, excl. one-offs, 18.1% (9.0%)
- + Substantial increase in operating profit in Q4 relates to profit recognition from a long-running major project
  - client issued certificates confirming the acceptance of the services and the related receivable

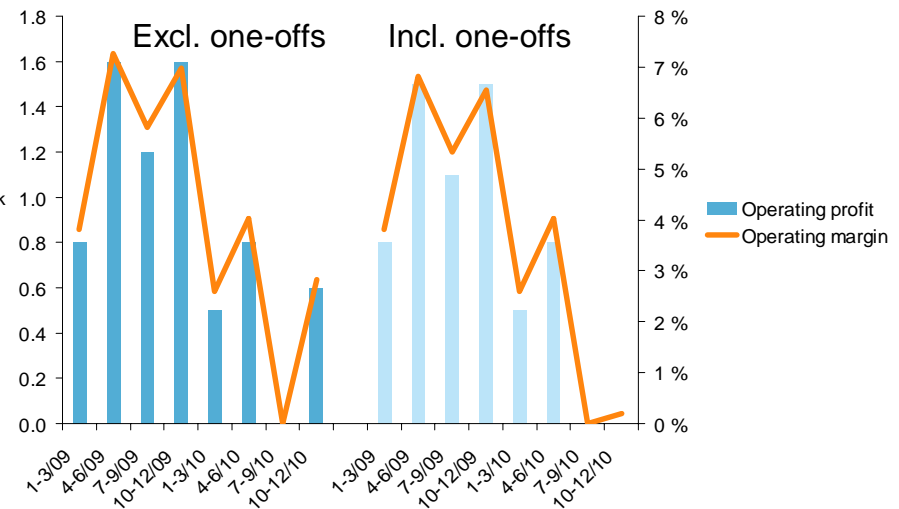
# WATER & ENVIRONMENT

Order stock (left scale) and net sales (right scale), MEUR



- + Order stock 6.7% higher than at end 2009
- + Net sales improved from Q3
- Difficult market environment in the main markets continued

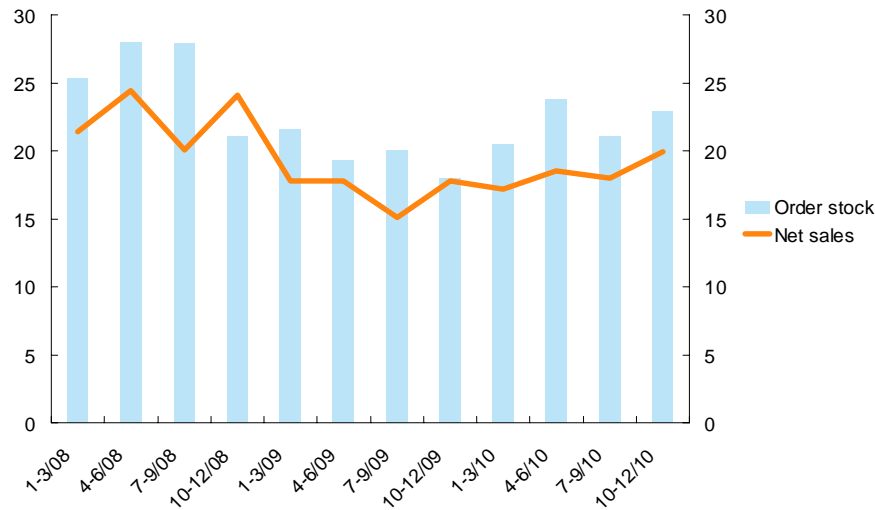
Operating profit, MEUR (left scale) and margin % (right scale)



- Q4 operating margin, excl. one-offs, 2.8% (7.0%)
- Operating profit improved from the trough in Q3 but profitability remains unsatisfactory due to difficult market situation especially in Finland

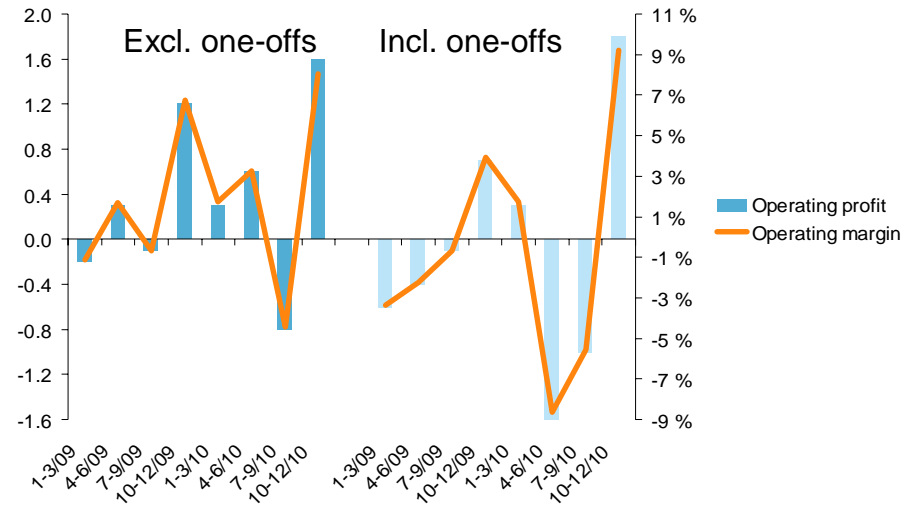
# MANAGEMENT CONSULTING

Order stock (left scale) and net sales (right scale), MEUR



- + Order stock 27.2% higher than at end 2009
- + Net sales have been gradually recovering from the trough in Q32009

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



- Q4 operating margin 9.2% (6.7% excl. and 3.6% incl. one-offs)
- + Reorganisation successfully completed in 2010
- Substantial restructuring costs



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# GROUP FINANCIALS

## STATEMENT OF INCOME

	1-12/2010	1-12/2009	CHANGE, %
Net sales	681.6	673.5	1.2
Other operating income	1.0	0.8	25.0
Share of associated companies' results	0.7	0.5	40.0
External charges, sub-consulting	-101.8	-90.6	12.4
Personnel expenses	-404.5	-401.5	0.7
Other operating expenses	-171.2	-171.1	0.1
Operating profit	5.8	11.6	-50.0
Net financial items	-1.5	0.8	n.a.
Profit/loss before taxes	4.3	12.4	-65.3
Income taxes	-3.9	-4.4	-11.4
<b>Net profit for the period</b>	0.4	8.0	-95.0

## BALANCE SHEET

<b>ASSETS</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>	<b>EQUITY AND LIABILITIES</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
Goodwill	116.7	101.3	Equity	187.1	184.0
Other non-current assets	51.8	48.2	Interest bearing non-current liabilities	85.3	101.3
Work in progress	81.6	78.8	Other non-current	14.2	11.4
Other current assets	183.4	145.1	Project advances	66.2	66.0
Cash and cash equivalents	99.0	142.0	Other current liabilities	179.7	152.8
<b>TOTAL ASSETS</b>	<b>532.5</b>	<b>515,4</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>532.5</b>	<b>515.4</b>

## CASH FLOW

	1-12/2010	1-12/2009
Operating income before change in net working capital	10.0	17.6
Change in net working capital	-13.6	-15.7
Financial items and taxes	-9.6	-12.3
Total from operating activities	-13.1	-10.4
Investments in shares in subsidiaries deducted with cash acquired	-9.7	-10.6
Other capital expenditure	-6.4	-4.6
Net cash before financing	-29.2	-25.6
Net cash from financing	-25.4	-40.3
Change in cash and cash equivalents and in other liquid assets	-54.6	-65.9
Cash and cash equivalents and other liquid assets at the beginning of the period	142.0	203.7
Impact of translation differences in exchange rates	11.6	4.2
<b>Cash and cash equivalents and other liquid assets at the end of the period</b>	<b>99.0</b>	<b>142.0</b>

## KEY FIGURES

	1-12/2010	1-12/2009
Earnings per share, EUR (diluted)	0.00	0.11
Equity per share, EUR	3.03	2.98
ROI-%, p.a.	2.6	5.3
ROE-%	0.2	4.1
Equity ratio-%, p.a.	40.1	40.9
Gearing-%	3.5	-10.5
Net debt, EUR million	6.5	-19.3
Capital expenditure in acquisitions, EUR million	11.8	5.0
Capital expenditure, operating, EUR million	6.8	4.8
Personnel on average	6,611	7,052
Personnel at the end of the period	6,801	6,530