PÖYRY

PÖYRY PLC

Annual Review 2018

Contents

* part of the official financial statements

Financial information in 2019

Pöyry PLC will publish its financial reports in 2019 as follows:
Business review January-March: Thursday, 25 April
Half year financial report January-June: Thursday, 8 August
Business review January-September: Thursday, 24 October

More investor information:
www.poyry.com

Pöyry in 2018

Pöyry is an international consulting and engineering company.

We serve clients across power generation, transmission & distribution, forest industry, biorefining & chemicals, mining & metals, infrastructure, water & environment. Together, we deliver smart solutions and work with the latest digital innovations.

Pöyry's net sales in 2018 were EUR 580 million. The company's shares are quoted on Nasdaq Helsinki (POY1V).

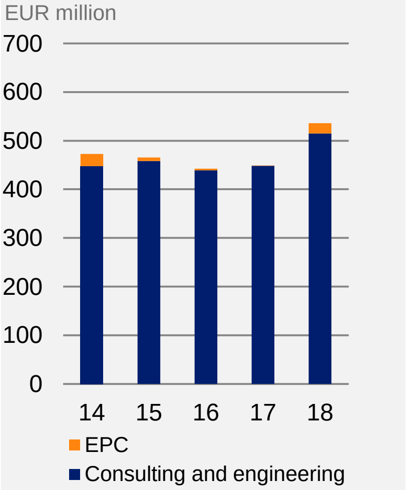
Approximately 5,500 experts. 40 countries. 120 offices.

KEY FIGURES

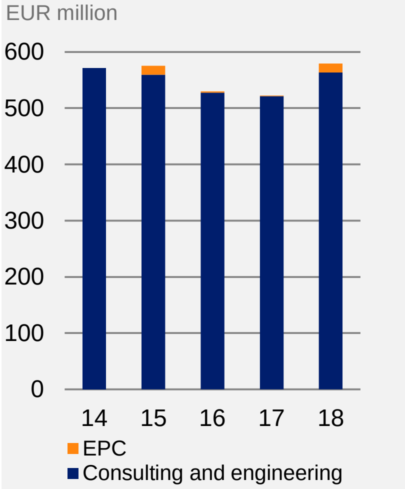
Pöyry Group	1-12/ 2018	1-12/ 2017	Change, %
Order stock at the end of period, EUR million	**536.3**	448.5	19.6
Net sales total, EUR million	**579.5**	522.3	10.9
Operating result, EUR million	**54.7**	15.1	262.1
Operating margin, %	**9.4**	2.9	
Adjusted operating result, EUR million	**43.2**	26.0	66.5
Adjusted operating margin, %	**7.5**	5.0	
Result before taxes, EUR million	**58.1**	11.8	392.7
Net cash flow from operating activities, EUR million	**114.1**	38.2	198.9
Earnings per share, basic, EUR	**0.75**	0.07	n.a.
Earnings per share, diluted, EUR	**0.75**	0.07	n.a.
Earnings per share, adjusted, EUR	**0.56**	0.25	127.3
Gearing, %	**-58.7**	4.7	
Return on investment, %	**34.9**	8.8	
Average number of personnel, full time equivalents (FTE)	**4,700**	4,551	3.3

THE GROUP'S REPORTED FIGURES

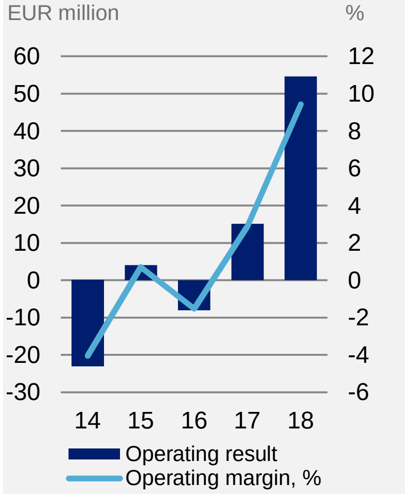
ORDER STOCK



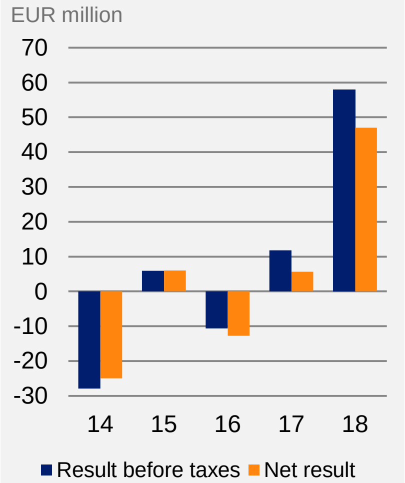
NET SALES



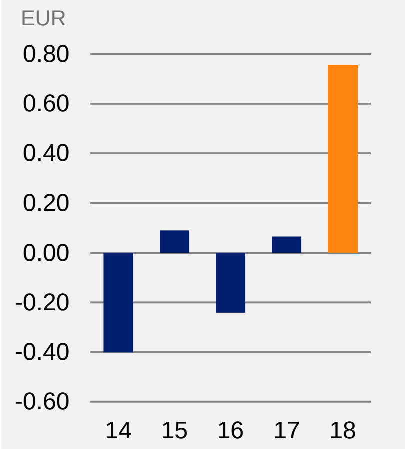
OPERATING RESULT



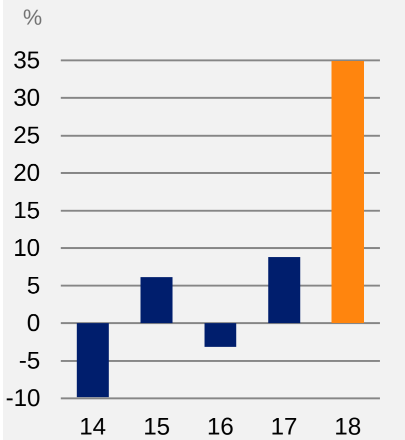
RESULT BEFORE TAXES AND NET RESULT



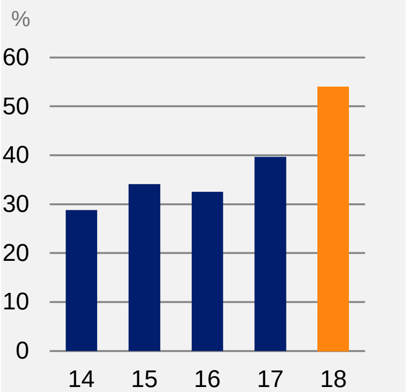
EARNINGS PER SHARE



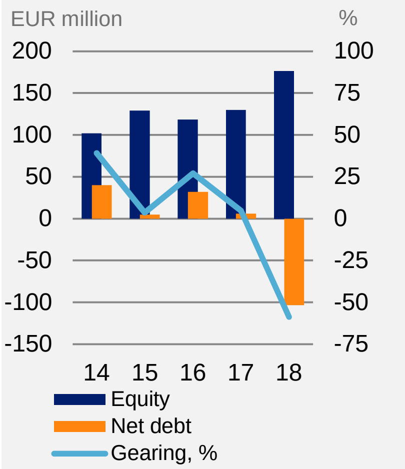
RETURN ON INVESTMENT



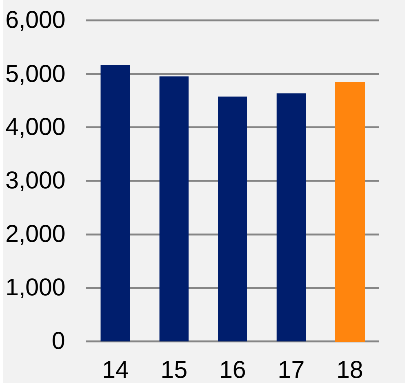
EQUITY RATIO



GEARING



PERSONNEL AT YEAR-END (FTE'S)



Growth, transformation and continuous improvement

In 2018, Pöyry continued its transformation program according to the plan set out in 2016. Its cornerstones remained: putting the client first, championing the Intrapreneurship culture for all employees and continuing to improve efficiency, leveraging our existing platform to further strengthen all units.

“The transformation program has enabled visible growth and clear improvement in operational results, with ten consecutive quarters of profit improvement to date. The end of the year saw announcement of the intention to join forces with ÅF, signalling the beginning of a new era for us all.

Putting the client first continued across our teams and this is visible in the order stock development. We have continued our intrapreneurship approach with empowering all employees to take ownership, further reducing internal administration and unnecessary complexity, as well as saving costs. The main focus has been on customers and projects, resulting in more opportunities in the market as we continue to provide exceptional value to our clients.Spending more time alongside our clients has enabled us to provide more differentiated and innovative offerings, particularly in the fields of bio economy, health & safety, #Poyrydigital and operational excellence services. 2018 saw the 60th anniversary of Pöyry with celebrations including a client forum focused on carbon reduction and innovations.

We are increasing our investments in innovation and the development of new offerings, differentiating us from the competition and enabling high levels of optimisation and value-add for our customers. Our actions to increase efficiency continued from previous year in a stringent and effective way, resulting in further improvement in the majority of the units.

Continued good progress was made in making our risk and opportunities more balanced in both our existing and legacy project portfolio, where we managed to close some of the old cases.

In general, market conditions are expected to continue with similar trends to the last 12 months. Growth in the Eurozone has continued, but current volatility in equity markets and political uncertainty may impact investment decisions. In Asia the markets relevant to our operations continue to be active and offer opportunities, especially to our energy offering. The Middle East shows continued high demand for desalination and new power capacity. Latin America is mixed, Brazil’s economy may show recovery more quickly as investment activity is anticipated to increase. The North American market demand continues to be good but trade barriers set by the USA and potential counter measures to them create uncertainties in North American and global markets.

Our industry business sector has continued to be strong especially in Europe where the activity is expected to remain strong. The outlook for other regions remains mixed. The energy market in Europe continues to provide a few selected opportunities and remains strong for our management consulting services for market design, modelling and due diligence work. Infra, water and environment markets are stable and we see steady flow of projects in our core markets.

Pöyry has reached its transformation goals in 2018 resulting in a recommended takeover bid. The elements that will continue guide us are: simplification, empowerment, Intrapreneurship throughout the organisation, efficiency, strengthening the core of our business and increasing new offerings. We need to continue on this path, driving our intrapreneurship and keeping close to our clients, in order to reach a continued sustainable growth in our units.

We are proud of our people, of many achievements yet there is still work to be done and we acknowledge that we can further improve to become a high performance organization: We will continue strengthening our Pöyry DNA with the Intrapreneurship concept whilst further increasing our employee motivation and engagement as the foundation for further development. We will continue to do what is required to improve our competitiveness and efficiency to ensure continuous improvement and strengthening of offering to our clients.”

Martin à Porta
President and CEO

Report of the Board of Directors 1 January - 31 December 2018

Market review

While economic development when measured with GDP growth was good in our key markets, uncertainties in markets created fragility when it comes to future estimates. USA and Europe were stable or improving while Brazil's development was momentarily partly distorted by presidential elections, however with a positive outlook. Asian countries showed steady growth, however the development of our services was mixed.

Continued increase in oil prices supported investment activity in the Middle-East. In the majority of Asian countries economic growth impacted energy investments positively. In Europe the energy transition continues to impact investment activities.

Demand for industry related services continued to be strong during the year especially in the pulp and paper sector. Investments in the bioproduct industry increased clearly. The Asian markets continued to be more unpredictable while demand in Russia showed signs of improvement.

Demand for infrastructure and environmental services continued to be at a good level both in Central and Northern Europe.

Group financial performance

All figures and sums in the Report of the Board of Directors and in the financial statements have been rounded off from the exact figures, which may lead to minor discrepancies upon addition or subtraction.

EUR million	1-12/ 2018	1-12/ 2017	Change, %
Net sales			
Energy	**143.9**	122.1	17.8
Industry	**217.0**	199.9	8.6
Infra, Water and Environment	**148.9**	136.1	9.4
Management Consulting	**70.2**	65.7	7.0
Unallocated	**-0.6**	-1.4	
Total	**579.5**	522.3	10.9
Operating result			
Energy	**11.6**	7.4	56.5
Industry	**23.4**	13.7	71.0
Infra, Water and Environment	**22.6**	-3.0	857.2
Management Consulting	**10.3**	7.1	45.8
Unallocated	**-13.3**	-10.1	
Total	**54.7**	15.1	262.1
Operating margin, %			
Energy	**8.1**	6.1	
Industry	**10.8**	6.9	
Infra, Water and Environment	**15.2**	-2.2	
Management Consulting	**14.7**	10.8	
Total	**9.4**	2.9	
Adjusted operating result			
Energy	**11.6**	7.4	56.5
Industry	**25.1**	17.9	40.0
Infra, Water and Environment	**5.9**	3.5	68.1
Management Consulting	**10.3**	7.3	42.2
Unallocated	**-9.7**	-10.1	
Total	**43.2**	26.0	66.5
Adjusted operating margin, %			
Energy	**8.1**	6.1	
Industry	**11.6**	9.0	
Infra, Water and Environment	**4.0**	2.6	
Management Consulting	**14.7**	11.1	
Total	**7.5**	5.0	

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.

The Group's order stock increased to EUR 536.3 (448.5) million while at comparable currencies it increased by 19%. It increased in all the business groups except Management Consulting where it decreased.

Order stock was EUR 219.7 million in the Energy Business Group (41% of the total order stock), EUR 137.5 million in the Industry Business Group (26%), EUR 162.6 million in Infra, Water and Environment Business Group (30%) and EUR 16.5 million in the Management Consulting Business Group (3%).

Net sales were EUR 579.5 (522.3) million. The figure increased in all Business Groups.

The adjusted operating result increased to EUR 43.2 (26.0) million. It improved in every business group. The adjusted items of EUR -11.4 (10.9) million consist of restructuring expenses, labour claims customary in one of the Group's country operations, as well as profits and losses recognised on projects which originate from the former Urban Business Group or were finalised over two years ago and advisory fees related to public tender offer announced by ÅF in December 2018. In 2017 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 or were finalised over two years ago.

The operating result for the period was EUR 54.7 (15.1) million.

Group financial result, financing and investments

The net financial items amounted to EUR 3.0 (-3.8) million.

The result before taxes totalled EUR 58.1 (11.8) million.

Income taxes were EUR -11.1 (-6.1) million.

The net result for the period amounted to EUR 47.0 (5.6) million, of which EUR 46.9 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 0.75 (0.07).

The consolidated balance sheet amounted to EUR 421.8 (390.1) million. Total equity at the end of the reporting period amounted to EUR 176.4 (129.9) million. Total equity attributable to equity holders of the parent company was EUR 176.3 (129.8) million, or EUR 2.85 (2.09) 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 30.9 (4.5) per cent. Return on investment (ROI) was 34.9 (8.8) per cent.

Group cash and cash equivalents and other liquid assets amounted to EUR 103.5 (50.7) million at the end of the reporting period. In addition to these, the Group had available credit facilities amounting to EUR 75.6 million.

In Q3 2018 Pöyry renewed its financing package with its core banks. As a consequence of the new package Pöyry repaid its existing balance sheet loans and initiated a new revolving credit facility that is available until August 2021. The revolving credit facility is subject to customary covenants.

Net cash flow from operating activities in the reporting period amounted to EUR 114.1 (38.2) million, representing EUR 1.91 per share. In 2018 net cash flow from operating activities resulted mainly from EUR 63.1 (17.6) million cash inflow related to a change in working capital. Net cash flow before financing activities amounted to EUR 111.4 (33.2) million. Net debt at the end of the reporting period was EUR -103.5 (6.1) million. Gearing was -58.7 (4.7) per cent. The equity ratio was 54.0 (39.7) per cent.

During the reporting period, the Group's operating capital expenditures totalled EUR 3.1 (3.3) million. In 2018 there were no investments in shares in group companies (EUR 2.4 million in 2017).

Calculation principles and key figures are presented on the Key figures section of the Annual Review 2018.

Personnel

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

Personnel (FTE) by Business Group, at the end of the period	1-12/ 2018	1-12/ 2017	Change, %
Energy	**1,120**	1,054	6.3
Industry	**2,058**	1,911	7.6
Infra, Water and Environment	**1,152**	1,157	-0.5
Management Consulting	**371**	373	-0.4
Unallocated	**145**	141	3.2
Personnel total	**4,846**	4,637	4.5

Personnel (FTE) by geographic area, at the end of the period	1-12/ 2018	1-12/ 2017	Change, %
Nordic countries	**2,032**	1,933	5.1
Other Europe	**1,566**	1,565	0.1
Asia	**698**	594	17.5
North America	**126**	162	-22.2
South America	**425**	382	11.2
Other areas	**0**	1	-100.0
Personnel total	**4,846**	4,637	4.5

Personnel structure

The Group had an average of 4,700 (4,551) employees (FTEs), which was 3.3 per cent more than in the previous year. The number of personnel (FTEs) at the end of the period was 4,846 (4,637). At the end of the reporting period, total number of employees was 5,653 (5,326).

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 resolved on 3 August 2017 on two share issues. The first one resulted in 1,771,000 new shares issued to the company itself without payment, as per Stock Exchange Release published on 16 August 2017. The second share issue was directed to the persons entitled to participate in the plan and resulted in a total of 422,191 new shares subscribed and paid for by each participant. The new shares were registered on 14 Sep 2017 as announced in a Stock Exchange Release.

In September 2018, as per the Stock Exchange Release published on 6 September 2018, Pöyry PLC announced a directed share issue without payment relating to reward payment in accordance with a long-term share-based incentive plan. 147,272 treasury shares were subscribed in the share issue.

Subject to closing of the recommended public cash tender offer made by ÅF AB (publ) in December 2018, there will be changes in terms and conditions of the program as specifically decided by the Board of Directors of Pöyry PLC.

More information on the performance share plan is available on the company's website at www.poyry.com and in note 7 of the consolidated financial statements.

Personnel expenses

EUR million	1-12/ 2018	1-12/ 2017	Change, %
Wages and salaries	**262.2**	261.5	0.3
Bonuses	**16.6**	10.7	55.0
Share-based expenses	**2.0**	0.9	113.2
Social expenses	**58.5**	55.4	5.5
Personnel expenses total	**339.3**	328.6	3.2

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 had a significant impact on the market, including the sectors where Pöyry operates. This had caused Pöyry to downsize its operations to correspond to the market situation in earlier years. If the Brazilian economic and political crisis re-emerges, 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 a project contract, which expired in the fourth quarter of 2015, the respective Pöyry subsidiary company is in arbitration proceedings against the client. It is too early to assess the outcome of the proceedings. The project in question is from the former Urban Business Group.

On 10 July 2018, Pöyry published a release related to old legal cases having been settled.

In its Annual review 2016 Pöyry has disclosed the ongoing "Rigesa arbitration". During the first half of 2018 Pöyry reached a settlement with the client. The settlement had a minor negative impact on the first half year operating result and has been reported as an adjustment item in the Industry Business Group. The settlement had a positive cash flow impact on the first half of 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 including risk management framework are presented in more detail on the company's website at www.poyry.com.

Recommended public cash tender offer launched by ÅF

On 10 December 2018 ÅF AB (publ) announced a recommended public cash tender offer for all Pöyry shares with intention to merge ÅF and Pöyry. The tender price is 10.20 EUR per share and is unanimously recommended by Board of Directors of Pöyry. The original tender period was intended to end on 31 January 2019 The completion of the Tender Offer is subject to certain conditions to be fulfilled or waived by ÅF on or by the date of ÅF's announcement of the final result of the Tender Offer, including, amongst others, all necessary regulatory approvals having been received by ÅF and ÅF having obtained more than 90 percent of the Shares and voting rights carried by the Shares. Further information on the recommended public cash tender offer can be found at www.drivinggrowthtogether.com

Events after the reporting period

On 31 January 2019 ÅF AB (publ) extended the tender period to last until 15 February 2019, as all the conditions to the completion had not yet been fulfilled. ÅF will announce the preliminary result of the Tender Offer on or about 18 February 2019 and the final result of the Tender Offer on or about 20 February 2019.

Business Groups

On 9 February 2018 Pöyry announced that it is strengthening its Industry Business Group by consolidating its process engineering know-how and technology competence in Norway and Sweden, renaming its reporting segment 'Regional Operations Business Group' as 'Infra, Water and Environment Business Group'. This change took effect as of 9 February 2018.

Pöyry's financial reporting is based on the following four reporting segments: Management Consulting Business Group; Industry Business Group; Energy Business Group; and Infra, Water and Environment Business Group. Restated comparative figures for 2017 were published on 12 June 2018.

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.

	1-12/ 2018	1-12/ 2017	Change, %
Order stock, EUR million, at the end of the period	**219.7**	164.9	33.2
Sales, EUR million	**143.9**	122.1	17.8
Operating result, EUR million	**11.6**	7.4	56.5
Operating margin, %	**8.1**	6.1	
Adjusted operating result, EUR million	**11.6**	7.4	56.5
Adjusted operating result, % of net sales	**8.1**	6.1	
Personnel at the end of period	**1,120**	1,054	6.3

Order stock was EUR 219.7 (164.9) million.

Net sales increased by 17.8 per cent to EUR 143.9 (122.1) million. They were particularly supported by EPC-project in Philippines and growth in Asia.

The adjusted operating result increased to EUR 11.6 (7.4) million. There are no adjusted items in 2018 or 2017. The operating result was EUR 11.6 (7.4) 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, metals & mining and food industries. We deliver solutions for complex new investment projects and rebuilds of existing plants.

	1-12/ 2018	1-12/ 2017	Change, %
Order stock, EUR million, at the end of the period	**137.5**	105.7	30.0
Sales, EUR million	**217.0**	199.9	8.6
Operating result, EUR million	**23.4**	13.7	71.0
Operating margin, %	**10.8**	6.9	
Adjusted operating result, EUR million	**25.1**	17.9	40.0
Adjusted operating result, % of net sales	**11.6**	9.0	
Personnel at the end of period	**2,058**	1,911	7.6

Order stock increased by 30.0 per cent and was EUR 137.5 (105.7) million.

Net sales increased by 8.6 per cent to EUR 217.0 (199.9) million due to several projects being in implementation phase especially in Northern Europe.

The adjusted operating result improved to EUR 25.1 (17.9) million. The adjusted items in 2018 and 2017 included labour claim expenses related to employment claims customary in one of the Group's operating countries as well as restructuring expenses in Latin America. In 2018 adjustment items included additionally losses related to projects finalised over two years ago. The operating result increased to EUR 23.4 (13.7) million.

Infra, Water and Environment

Infra, Water and Environment Business Group serves clients with a broad range of services covering engineering and technical advisory, delivered across the transportation, other public infrastructure 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.

	1-12/ 2018	1-12/ 2017	Change, %
Order stock, EUR million, at the end of the period	**162.6**	159.4	2.0
Sales, EUR million	**148.9**	136.1	9.4
Operating result, EUR million	**22.6**	-3.0	857.2
Operating margin, %	**15.2**	-2.2	
Adjusted operating result, EUR million	**5.9**	3.5	68.1
Adjusted operating result, % of net sales	**4.0**	2.6	
Personnel at the end of period	**1,152**	1,157	-0.5

Order stock remained stable at EUR 162.6 (159.4) million. It increased in Northern Europe and Central Europe and North America, but decreased in the other regions.

Net sales increased to EUR 148.9 (136.1) million. They declined in Central Europe and North America, but increased accross the other regions.

The adjusted operating result improved to EUR 5.9 (3.5) million. The figure improved in all regions. The adjusted items in 2018 include mainly profits and losses recognised on projects originating from the former Urban Business Group as well as losses related to projects finalised over two years ago and restructuring expenses. Over the same period in 2017, adjusted items included mostly losses recognised on projects originating from the fromer Urban Business Group as well as losses related to projects finalised over two years ago.

The operating result was EUR 22.6 (-3.0) 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.

	1-12/ 2018	1-12/ 2017	Change, %
Order stock, EUR million, at the end of the period	**16.5**	18.4	-10.4
Sales, EUR million	**70.2**	65.7	7.0
Operating result, EUR million	**10.3**	7.1	45.8
Operating margin, %	**14.7**	10.8	
Adjusted operating result, EUR million	**10.3**	7.3	42.2
Adjusted operating result, % of net sales	**14.7**	11.1	
Personnel at the end of period	**371**	373	-0.4

Order stock declined and was EUR 16.5 (18.4) million.

Net sales increased by 7.0 per cent to EUR 70.2 (65.7) million.

The adjusted operating result was EUR 10.3 (7.3) million. There were no adjusted items in 2018. In 2017, the adjusted items included restructuring. The operating result was EUR 10.3 (7.1) million.

Unallocated items

The unallocated items consist of Group level activities as well as parent company expenses which are not charged to the business groups. 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 -9.7 (-10.1) million and the operating result by EUR -13.3 (-10.1) million. The adjusted items include advisory fees related to the recommended public cash tender offer made by ÅF in December 2018.

Governance

Annual General Meeting 2018

The Annual General Meeting ("AGM") of Pöyry PLC was held on 8 March 2018. 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 2017.

The AGM decided that a dividend of EUR 0.05 per share be distributed for the financial year 2017. The dividend was paid on 19 March 2018.

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 resolved on an additional fee of 15,000 euros per annum for each of the foreign residents of the Board of Directors as well as on an additional fee of 5,000 euros per annum for the foreign residents of the committees of the Board of Directors. Travel expenses will be compensated according to the Company's Travel Policy.

It was further resolved that the fees payable to the members of the Board of Directors, based on membership in the Board of Directors and in the committees of the Board of Directors, will be paid, as chosen by each member of the Board of Directors, either 1) partially in Pöyry PLC shares and partially in cash, or 2) fully in cash. In case of a share payment, the shares will be acquired from the stock exchange on the Board member's behalf within two weeks of the publication of the Business review January - March 2018. If the shares cannot be purchased during the above mentioned period due to the applicable insider regulations, the shares shall be purchased as soon as it is possible in accordance with the insider regulations. The fees payable in cash shall be paid no later than 31 May 2018. The company will pay any costs and transfer tax related to the acquisition of the company shares.

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.

PricewaterhouseCoopers Oy continues as Pöyry PLC's auditor 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 8 March 2018 are available in full on the company's website at www.poyry.com.

Authorisations of the Board of Directors

In the AGM on 8 March 2018, 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 6,100,000 new shares can be issued. A maximum of 6,100,000 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 6,100,000 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 8 March 2018 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

The Group Executive Committee of Pöyry PLC consists of five (5) members. Dorien Terpstra joined the Group Executive Committee as Executive Vice President, Head of Strategy and Transformation as of 8 January 2018.

The members of Pöyry PLC's Group Executive Committee are:

- **Martin à Porta**, President and CEO, President Management Consulting Business Group (acting)
- **Richard Pinnock**, Executive Vice President, President Energy Business Group
- **Nicholas Oksanen**, Executive Vice President, President Industry Business Group
- **Juuso Pajunen**, Executive Vice President, Chief Financial Officer
- **Dorien Terpstra**, Executive Vice President, Head of Strategy and Transformation (Digitalisation)

All the Group Executive Committee members and the Presidents of Infra, Water and Environment Business Group (Northern Europe, Germany, Switzerland, Austria and North America) report to the President and CEO, Martin à Porta.

Shares

The share capital of Pöyry PLC at 31 December 2018 totalled EUR 14,588,478 and the total number of shares including treasury shares was 61,952,801.

On 31 December 2018, Pöyry PLC held a total of 2,042,783 own shares, which corresponds to 3.3 per cent of the total number of shares.

The closing price of Pöyry's shares on 31 December 2018 was EUR 10.40 (4.84). The volume weighted average share price during the reporting period was EUR 8.91 (4.24), the highest quotation being EUR 10.40 (5.68) and the lowest EUR 4.79 (3.04). The share price increased by 114.70 per cent since the end of 2017. During the reporting period, approximately 15.2 million Pöyry shares were traded at Nasdaq Helsinki, corresponding to a turnover of approximately EUR 135.0 million. The average daily trading volume was 60.668 shares, or approximately EUR 0.5 million.

On 31 December 2018, the total market value of Pöyry's shares was EUR 623.1 (289.5) million excluding the treasury shares held by the company and EUR 644.3 (300.1) million including the treasury shares.

In May 2017, Pöyry's Board of Directors resolved on a new long-term share-based incentive plan targeted to the top management and key personnel of the company, as per Stock Exchange Release published on 5 May 2017. At this stage, the share-based incentive plan covers 9 participants. 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 order to implement the initial investment relating to the incentive plan, Pöyry's Board of Directors resolved on 3 August 2017 on a share issue directed to the persons entitled to participate in the plan. The share subscription price for the new shares to be paid by each of the participants was 90% of the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd on 8 August 2017, i.e. EUR 4.491 per share. The share subscription period ended on 14 August 2017. The total number of 422,191 new shares were subscribed and paid for in the share issue.

In addition, Pöyry's Board of Directors resolved on 3 August 2017 on the issuance of 1,771,000 new shares to the company itself without payment. In the 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.

In September 2018, as per the Stock Exchange Release published on 6 September 2018, Pöyry PLC announced a directed share issue without payment relating to reward payment in accordance with a long-term share-based incentive plan. 147,272 treasury shares were subscribed in the share issue.

The total number of the company's shares after the directed share issue without payment in September 2018 is 61,952,801 and the total number of treasury shares is 2,042,783.

Ownership structure

The number of registered shareholders was 4,135 at the end of December 2018 compared to 4,908 shareholders at the end of 2017.

Corbis S.A. remained the largest shareholder with 33.0 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 26.83 per cent of the shares were owned by nominee-registered shareholders. Total ownership outside Finland, including Corbis, together with nominee-registered shareholders represented 60.27 per cent of the total shares.

ÅF AB (publ) (the "Offeror") and Pöyry have on 10 December 2018 entered into a combination agreement pursuant to which the Offeror will make a voluntary recommended public cash tender offer to purchase all issued and outstanding shares in Pöyry (the "Tender Offer"). The Tender Offer was announced on 10 December 2018. Pursuant to such announcement, the Offeror reserved the right to buy shares in Pöyry before, during and/or after the offer period in public trading on Nasdaq Helsinki Ltd or otherwise. Pursuant to such share purchases, the Offeror's direct holding in Pöyry has increased to 10.07 percent. The disclosures under Chapter 9, Section 5 of the Securities Market Act were received by Pöyry on 11 December 2018 (threshold of 5 percent) and on 14 December 2018 (threshold of 10 percent). In its stock exchange release on 19 December 2018, ÅF AB (publ) has announced having received irrevocable undertakings from shareholders and members of the senior management of Pöyry representing 61.5 percent of the outstanding shares. The total ÅF's ownership in Pöyry 6,271,527 shares (including unsettled shares) and the irrecovable undertakings to accept the Tender Offer represent a total of 72.0 percent of Pöyry's outstanding shares.

On 12 December 2018 Pöyry received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holdings of Sand Grove Capital Management LLP in Pöyry's shares had exceeded the threshold of 5 percent as a results of share purchases concluded on 11 December 2018. After the share purchases, Sand Grove Capital Management LLP (through Sand Grove Opportunities Master Fund Ltd and Sand Grove Tactical Fund LP) owns indirectly 4,253,728 Pöyry shares.

Market outlook 2019

In general, market conditions are expected to continue with similar trends to the last 12 months. Growth in the Eurozone has continued, but current volatility in equity markets and political uncertainty may impact investment decisions. In Asia the markets relevant to our operations continue to be active and offer opportunities, especially to our energy offering. The Middle East shows continued high demand for desalination and new power capacity. Latin America is mixed, Brazil's economy may show recovery more quickly as investment activity is anticipated to increase. The North American market demand continues to be good but trade barriers set by the USA and potential counter measures to them create uncertainties in North American and global markets.

Our industry business sector has continued to be strong especially in Europe where the activity is expected to remain strong. The outlook for other regions remains mixed. The energy market in Europe continues to provide a few selected opportunities and remains strong for our management consulting services for market design, modelling and due diligence work. Infra, water and environment markets are stable and we see steady flow of projects in our core markets.

Financial outlook for 2019

In connection to the recommended public cash tender offer announced on 10 December 2018, Pöyry published information on its guidance for 2019. Pöyry reiterates the guidance given.

"The Group's adjusted operating result is expected to improve (2018: 43.2 MEUR)."

The guidance is based on current order stock level and market outlook in general.

The guidance has been prepared on a standalone basis, and it therefore does not take into account the effect that the completion of the planned combination of ÅF and Pöyry through the tender offer would have on Pöyry's financial outlook.

Non-financial reporting in accordance with the Finnish Accounting Act

Pöyry has prepared a non-financial report in accordance with the Finnish Accounting Act 1336/1997 Section 3a on non-financial reporting, enacted in accordance to the EU Directive 2014/95/EU. The report is issued on 14 February, 2019, separately from the Report of the Board of Directors, for the financial period 1 January – 31 December 2018. The report is available at www.poyry.com.

Pöyry helps to solve economic, environmental and social challenges faced by clients in the forest, energy and infrastructure sectors. Pöyry's business model is built around employing the best experts within selected fields of business. By combining a range of specific expertise for each individual client project in consulting, engineering, project execution and operational services, Pöyry is able to offer unique value adding services across the full project lifecycle. The company's focus is on designing and managing the projects, supporting operations and consulting clients to the strongest professional and ethical standards.

Pöyry's mission is to build a company where talented people shape the world through projects that bring sustainable value to clients and society. Pöyry's vision is to be the trusted partner, delivering smart solutions through connected teams. The company's strategic direction is based on six elements:

- Performance driven – process and project optimisation
- Full client services – partnering with clients across the whole project life cycle
- Regional Presence + Multidomestic

- Global competence – bringing world-class expertise and the very latest thinking to the clients regardless their location
- Global-local Interaction – working collaboratively across geographic boundaries

Corporate governance statement

Pöyry will publish its Corporate Governance Statement 2018 and its Annual Review 2018, including the financial statements and the Report of the Board of Directors, on 14 February 2019 at the latest. The Corporate Governance Statement will be published separately from the Report of the Board of Directors, and will be published on the company's website at www.poyry.com. The Remuneration Statement 2018 will be published at the same time.

Board of Directors' proposal for disposal of distributable funds

The Group's parent company Pöyry PLC's net result for 2018 amounted to EUR 13,260,757.70 and retained earnings were EUR 43,344,933.21. The total distributable earnings were EUR 56,605,690.91. The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide at its discretion on the distribution of dividends so that the total amount of the dividend distribution based on this authorization shall not exceed EUR 0.35 per share. The authorization would be valid until the opening of the next Annual General Meeting.

In case the Board of Directors will resolve to use the authorisation, the company shall publish a separate announcement on the amount as well as record date and payment date for the distribution. The Board of Directors have resolved not to use the authorisation should the pending tender offer for the shares of Pöyry PLC be carried out by ÅF AB (publ).

Vantaa, 6 February 2019
Pöyry PLC
Board of Directors

Statement of comprehensive income

EUR million	Note	2018	2017
Net sales	4	**579.5**	522.3
Other operating income	5	**1.2**	0.6
Materials and supplies		**-15.4**	-0.1
External charges, subconsulting		**-55.1**	-48.1
Personnel expenses	6	**-339.3**	-328.6
Depreciation and impairment	12,13	**-4.3**	-4.4
Other operating expenses	8	**-111.8**	-126.7
Operating expenses total		**-526.0**	-507.9
Operating result		**54.7**	15.1
Financial income	9	**8.2**	1.7
Financial expenses	9	**-4.9**	-5.6
Exchange rate differences	9	**-0.4**	0.1
Net financial items		**3.0**	-3.8
Share of associated companies' results	14	**0.4**	0.5
Result before taxes		**58.1**	11.8
Income taxes	10	**-11.1**	-6.1
Net result for the period		**47.0**	5.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit pension obligation		**3.1**	21.1
Income tax relating to these items		**-0.7**	-4.3
Items that may be reclassified to profit or loss			
Translation differences		**-0.3**	-10.2
Total comprehensive income for the period		**49.1**	12.2
Net result attributable to:			
Owners of the parent company		**46.9**	5.7
Non-controlling interest		**0.1**	0.0
Total comprehensive income attributable to:			
Owners of the parent company		**49.0**	12.3
Non-controlling interest		**0.1**	0.0
Earnings/share, EUR	11	**0.75**	0.07
Corrected with dilution effect	11	**0.75**	0.07

Statement of financial position

Assets, EUR million	Note	2018	2017
Non-current assets			
Goodwill	12	**118.7**	118.9
Intangible assets	12	**5.6**	7.0
Tangible assets	13	**6.1**	6.0
Shares in associated companies and joint ventures	14	**2.2**	2.1
Other non-current investments	14	**0.8**	0.6
Deferred tax assets	10	**22.8**	27.1
Pension receivables	24	**0.0**	0.1
Other	15	**2.8**	3.4
		158.9	165.1
Current assets			
Work in progress	16	**33.7**	43.7
Accounts receivable	16,18	**103.0**	106.3
Other receivables	16	**10.7**	9.5
Prepaid expenses and accrued income	16,17	**9.0**	11.0
Current tax receivables	16	**3.0**	3.7
Cash and cash equivalents	16	**103.5**	50.7
		262.9	225.0
Total assets		**421.8**	390.1

Equity and liabilities, EUR million	Note	2018	2017
Equity			
Equity attributable to the owners of the parent company			
Share capital	19	**14.6**	14.6
Invested free equity reserve	19	**62.0**	62.0
Hybrid bond	19	**30.0**	30.0
Translation differences		**-21.0**	-20.7
Retained earnings		**90.7**	43.9
		176.3	129.8
Non-controlling interest		**0.1**	0.1
Total equity		**176.4**	129.9
Non-current liabilities			
Interest bearing non-current liabilities	20		30.0
Pension obligations	24	**15.9**	18.8
Deferred tax liabilities	10	**0.4**	0.2
Other non-current liabilities		**0.0**	0.0
		16.3	49.0
Current liabilities			
Amortisations of interest bearing non-current liabilities	26		0.0
Commercial papers	26		26.8
Interest bearing current liabilities	26	**0.0**	
Provisions	25	**10.8**	14.8
Project advances	26	**95.2**	62.9
Accounts payable	26	**15.1**	18.5
Other current liabilities	26	**25.9**	24.9
Current tax payables	26	**6.2**	5.3
Accrued expenses and deferred income	26,27	**75.8**	58.0
		229.1	211.3
Total liabilities		**245.4**	260.2
Total equity and liabilities		**421.8**	390.1

Statement of cash flows

EUR million	Note	2018	2017
Operating activities			
Net result for the period		**47.0**	5.6
Adjustments:			
Share-based expenses	6,7	**2.0**	0.9
Depreciation and impairment		**4.3**	4.4
Impairment losses from accounts receivable and work in progress	8,18	**-4.6**	4.5
Gains (-) / losses (+) on sales of shares and fixed assets		**-0.2**	0.2
Financial income and expenses	9	**-3.0**	3.8
Income taxes	10	**11.1**	6.1
Changes in working capital:			
Change in work in progress		**11.5**	9.8
Change in accounts receivable		**5.7**	-6.6
Change in project advances received		**32.0**	7.6
Change in accounts payable		**-3.3**	-1.3
Change in other receivables and payables		**17.2**	8.1
Paid income taxes		**-5.6**	-5.0
Net cash flow from operating activities		**114.1**	38.2
Investing activities			
Investments in group companies	3		-2.4
Investments in fixed assets		**-3.4**	-3.3
Sale of other fixed assets		**0.3**	0.3
Received dividends		**0.4**	0.5
Net cash flow from investing activities		**-2.6**	-5.0
Net cash before financing		**111.4**	33.2
Financing activities			
New loans			30.0
Repayments of loans		**-30.0**	-32.0
Change in current financing		**-27.2**	-22.2
Hybrid bond interest and expenses		**-2.3**	-2.3
Received financial income [1)]		**8.2**	1.5
Paid financial expenses		**-4.8**	-4.9
Paid dividends		**-3.0**	0.0
Directed share issue related to share-based incentive plan			1.9
Net cash flow from financing activities		**-59.0**	-28.0
Change in cash and cash equivalents and in other liquid assets		**52.5**	5.2
Cash and cash equivalents and other liquid assets 1 January		**50.7**	49.3
Effect of changes in exchange rates		**0.3**	-3.7
Cash and cash equivalents and other liquid assets 31 December		**103.5**	50.7
Cash and cash equivalents	16	**103.5**	50.7
Cash and cash equivalents and other liquid assets 31 December		**103.5**	50.7

[1)] Received financial income 2018 includes EUR 6.4 million related to settlements of disputes that relate to projects originating from the former Urban Business Group.

Statement of changes in equity

EUR million	Share capital	Invested free equity reserve	Hybrid bond	Translation differences	Retained earnings	Non-controlling interest	Total equity
	Equity attributable to the owners of the parent company						
Equity 1 January 2018	14.6	62.0	30.0	-20.7	43.9	0.1	129.9
Net result for the period					46.9	0.1	47.0
Other comprehensive income for the period				-0.3	2.4	0.0	2.1
Total comprehensive income for the period				-0.3	49.4	0.1	49.1
Hybrid bond interest					-1.8		-1.8
Dividend distribution					-3.0	0.0	-3.0
Share-based payments					2.2		2.2
Total contributions by and distributions to owners of the parent, recognised directly into equity					-2.6	0.0	-2.6
Equity 31 December 2018	**14.6**	**62.0**	**30.0**	**-21.0**	**90.7**	**0.1**	**176.4**
Equity 1 January 2017	14.6	60.1	30.0	-10.5	22.7	1.4	118.3
Net result for the period					5.7	0.0	5.6
Other comprehensive income for the period				-10.2	16.8	0.0	6.6
Total comprehensive income for the period				-10.2	22.4	0.0	12.2
Hybrid bond interest					-1.8		-1.8
Dividend distribution						0.0	0.0
Purchase of minority shares						-1.2	-1.2
Directed share issue		1.9					1.9
Share-based payments					0.5		0.5
Total contributions by and distributions to owners of the parent, recognised directly into equity		1.9			-1.3	-1.2	-0.6
Equity 31 December 2017	14.6	62.0	30.0	-20.7	43.9	0.1	129.9

Notes to the consolidated financial statements

1. Accounting principles for the consolidated financial statements

Group profile
Pöyry PLC is a Finnish public limited liability company organised under the laws of Finland and domiciled in Vantaa. Pöyry PLC is the parent company of the Pöyry Group. Pöyry is a global consulting and engineering firm, which operations are conducted through four operating segments (business groups): Energy, Industry, Infra, Water and Environment and Management Consulting.

A copy of the consolidated financial statements can be obtained either from the web site (www.poyry.com) or from the parent company's head office, the address of which is Jaakonkatu 3, 01620 Vantaa, Finland.

In its meeting on February 6, 2019 the Board of Directors of Pöyry PLC approved the publishing of these consolidated financial statements. According to the Finnish Limited Liability Companies Act shareholders have the right to approve or reject the annual accounts in the shareholders' meeting held after their release. The shareholders' meeting also has the right to make amendments to the annual accounts.

Basis of preparation
The consolidated financial statements of the Pöyry Group are prepared in accordance with International Financial Reporting Standards (IFRSs) including the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2018. International financial reporting standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also conform to the Finnish accounting and company legislation. The financial statements of the parent company, Pöyry PLC, are prepared in compliance with FAS (Finnish accounting standards).

The consolidated financial statements are presented in euro. They have been prepared under the historical cost convention, unless otherwise stated in the accounting principles below.

Uses of estimates
The preparation of financial statements in conformity with IFRSs requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities existing at the balance sheet date as well as the reported amounts of income and expenses during the reporting period. The estimates and assumptions rely on historical experience and other reasonable assumptions of the future events. The estimates are based on the management's current best knowledge at the end of the reporting period, but the actual results may differ from the estimates used in the consolidated financial statements.

In the following notes more information is presented on the managements' estimates and judgements, which are most critical to reported results and financial position:

Note	Critical accounting estimates
4. Net sales	Estimates and assumptions relating to the revenue recognition of the percentage-of-completion projects
10. Income taxes	Assumptions and estimates regarding future tax consequences
12. Goodwill and intangible assets	Estimates and assumptions relating to impairment testing
18. Accounts receivable	Estimates and assumptions relating to the recognition and measurement of trade receivables
24. Pension obligations	Estimates and assumptions used to determine future pension obligations
25. Provisions	Estimates and assumptions made when estimating provisions

By the time of the publication of the consolidated financial statements the Group is not aware of such major sources of estimation uncertainty at the end of the reporting period nor of such key assumptions concerning the future that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Subsidiaries

The consolidated financial statements incorporate the parent company and all those subsidiaries in which it holds, directly or indirectly, over 50 per cent of the voting rights or in which it otherwise has control at the end of the reporting period. Control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The acquisition of companies is accounted for by using the acquisition method to which all identifiable assets and liabilities of the acquired company together with the consideration transferred are measured at fair value at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in profit or loss. Any contingent consideration payable is recognised at fair value at the acquisition date, and taken into account as part of the consideration transferred. The obligation to pay contingent consideration is classified as a liability or as equity based on the definitions of financial instruments in IAS 32 standard. Contingent consideration classified as liability is measured at fair value at each balance sheet date.

The companies acquired or founded during the reporting period are consolidated from the date that control of the companies commences, which is generally the acquisition or foundation date. The companies closed or disposed of are incorporated in the consolidated financial statements until control ceases. All intercompany balances and transactions are eliminated as part of the consolidation process.

Non-controlling interests are measured either at fair value or at their proportionate interest in the recognised amount of identifiable net assets of the acquired company. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if it results in a deficit balance for the non-controlling interests. In the balance sheet, non-controlling interests are presented within equity of the owners of the parent. Changes in ownership interests in subsidiaries that do not result in a loss of control are recognised only in equity of the parent company.

In a business combination achieved in stages, the acquirer's previous equity interest in the acquired company is measured at fair value, and the related profit or loss is recognised in the statement of comprehensive income.

Acquisitions prior to 1 January 2010 have been recognised according to the previous effective standards.

Associates and joint ventures

Associates included in the consolidated financial statements are those entities in which the Group's shareholding and voting rights are usually between 20 and 50 per cent or in which it otherwise has significant influence, but not control, over the financial and operating policies. Holdings in associates are accounted for using the equity method.

Investments in joint ventures in which the Group exercises a shared controlling interest with other parties are accounted for using the equity method.

The Group's investments in associates and joint ventures are initially recognised at cost after which the Group's share of their post-acquisition retained profits and losses is included as part of investments in associates and joint ventures in the consolidated balance sheets.

Under the equity method the share of profits and losses of associates and joint ventures is presented separately in the consolidated statement of income.

Joint operations

A joint operation is a joint arrangement whereby the parties having joint control of the arrangement have rights to the assets and obligations for liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions concerning the relevant activities require unanimous approval of all the parties sharing control.

Due to the nature of Pöyry's business, the group is engaged in several consortium arrangements which are joint operations based on definitions in IFRS 11. Consortiums are contractually established for the purpose of tendering and executing project work for a specific project and they are terminated once the project is completed. Individual consortiums are not material to the Group.

The group accounts in relation to its interest for the assets, liabilities, revenues and expenses related to a joint operation in accordance with IFRS applicable for the particular item.

Foreign currency items

Foreign subsidiaries

In preparing the consolidated financial statements the income and expense items in the statements of comprehensive income and cash flows of those foreign subsidiaries whose functional currency is not the euro, are translated into euros at the average exchange rate during the period. Their balance sheets are translated at the ECB closing rate at the end of the reporting period.

Foreign exchange differences for the period arising from the application of the acquisition method, translation of the accumulated post-acquisition equity items and translation of the comprehensive income for the period at the average rate in the statement of comprehensive income and at the closing rate in the balance sheet are recorded as separate item in other comprehensive income. The accumulated translation difference amounts are reported as separate item under equity.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates prevailing on the dates of the transactions. Foreign currency monetary balances and non-monetary items stated at fair value in a foreign currency are translated at the closing rate at the end of the reporting period. Other non-monetary items are translated using the exchange rate at the date of the transaction.

Gains and losses resulting from transactions in foreign currencies and translation of monetary items are recognised in profit or loss. Foreign exchange gains and losses arising on business operations are adjusted to revenues or operating expenses, respectively. Exchange rate differences arising on foreign currency loans are included in financial income and expenses except for the loans designated as hedges of foreign net investments that are highly effective. The effective portions of the exchange rate differences from such loans are recognised in other comprehensive income in the consolidated financial statements and presented as translation differences under equity. The translation differences accumulated in equity are transferred to profit or loss as a reclassification adjustment as part of the gain or loss on disposal, when the Group disposes of all, or part of, that entity.

Net sales and revenue recognition principles

Net sales equal fair value of services less indirect taxes associated to sales and other adjustment items.

The Group’s operations estimates are made at least quarterly, when all project managers are required to prepare updated estimates for all ongoing projects. Also the provisions as well as overdue trade receivables are reviewed by the management at least on a quarterly basis.

The Group typically satisfies its performance obligations over time as the customer contracts are being completed, either because the customer simultaneously receives the benefits as Pöyry perfoms or in most cases because the final outcome of the work is such that there is no alternative use and Pöyry has right for payment throughout the contract covering cost plus margin. The services provided by the Pöyry Group are generally classified into three categories for revenue recognition purposes:

1. Consulting and engineering projects with a fixed price contract or any type of cap or ceiling price contracts: The revenue is recognised on the percentage-of-completion method, measured by reference to the stage of completion at the end of the reporting period. The stage of completion is defined as the proportion that all project costs to date bear to the estimated project costs.
2. Consulting and engineering projects with a cost plus contract which can be classified as pure reimbursable projects: The revenue is recognised in the period during which the corresponding services have been rendered and equals the amount that the Group is entitled to invoice to the client. Costs are generally invoiced at the end of each month. If a reimbursable project has any kind of maximum, cap or estimate type of characteristics, revenue is recognised by reference to the stage of completion.
3. Contracting/Turnkey/EPC projects: The revenue is recognised using the percentage-of-completion method, measured by reference to the percentage of total cost incurred to date to estimated total cost at the end of the reporting period. Due to the different risk profile separately defined procedures are followed when assessing the risks and the progress made as well as in monitoring and controlling throughout the project.

The percentage-of-completion method is applied estimating the most probable outcome of a project. Project managers are responsible for the total estimate of a project made at least quarterly. In rare cases where it cannot be deemed probable that the customer will have the ability to pay, the Group applies the cost recovery method in which the project costs incurred are expensed in the period in which they are incurred and revenue is recognised only as customer payments are received.

In the case of contracts including variable consideration, such as credits or incentives, the Group always uses the most likely amounts. For percentage-of-completion projects, variable considerations are included in the calculation only at the point that it is probable that they will realize. In the case of incentives or success fees, this then leads to a positive catch-up adjustment in revenue at the point they are added into the revenue recognition calculation. Likewise negative variable amounts used for example in reimbursable projects with any kind of ceiling price will lead to a negative catch-up adjustment impacting revenue as soon as it becomes probable that the ceiling will be met. All variable consideration items are estimated regularly, at least on a quarterly basis.

When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately. Pöyry Group is sometimes involved in joint risk projects such as alliance and consortium projects. It accounts only for its own share of the project revenue from these arrangements and fulfils the IFRS 15 requirements.

In case of fixed-price contracts, the customer pays fixed amounts based on a payment schedule defined by milestones. The project revenue recognised according to the percentage-of-completion method, but not yet invoiced, including unfinished work is presented in the balance sheet under ‘work-in-progress’ (contract asset as per IFRS 15). The unrecognised part of the invoicing is included in ‘received project advances’ (contract liability as per IFRS 15). Pöyry is receiving advances from customers mainly to reduce risk and cashflow impact but does not provide or receive any significant financing components in its customer contracts as per IFRS 15 definition.

Foreign currency cash flows in projects are mainly hedged for changes in exchange rates.

Employee benefits

Pension plans

The Group companies have various pension plans throughout the world. The statutory pension plans of Finnish companies are funded through payments to pension insurance companies. Voluntary pension plans are funded through pension insurances. Foreign subsidiaries operate their pension plans in accordance with the local regulations and practices.

Pension plans are classified as either defined contribution plans or defined benefit plans. The plans the Group has currently are mainly classified as defined contribution plans under which fixed contributions are paid into a separate entity and they are recognised as an expense in profit or loss in the year to which they relate. If the payee is not capable to pay the pension benefits in question, Pöyry Group will have no legal or constructive obligation to pay further contributions. All other plans not meeting the above criteria are classified as defined benefit plans. The Group has defined benefit plans in Switzerland, Germany, Indonesia, Austria and Norway. In Finland some voluntary pension plans have been classified as defined benefit plans. The expenditure from these plans is calculated separately for each plan in accordance with its terms and recognised as an expense over the expected working lives of the employees participating in the plan based on the actuarial calculations. The discount rate used in calculation of the present value is determined by reference to market yields on high quality corporate bonds and to the maturity of the pension obligation. The present value of pension obligations is netted against the fair value of plan assets at the end of the reporting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

The unfunded part of the defined benefit obligations increases the pension obligations and decreases equity. If a defined benefit plan is overfunded, the overfunded part increases the Group’s assets and equity, respectively.

Share-based payments

Pöyry has share-based incentive plans for its key personnel. The fair value of the reward is expensed until the target group is entitled to the reward and the shares are freely transferable. The fair value of the share is the share price on the date at which the target group has agreed to the conditions of the plan reduced by the estimated dividends. The expenses are recognised as personnel expenses and credited to the retained earnings. The share-based incentive plans are described in the note 7.

Operating result

Operating result is the net amount that consists when other operating income is added to the net sales and materials and supplies, external charges (subconsulting), personnel expenses, depreciation, possible value decreases and other operating expenses are deducted. All the other items are presented below the operating result. Exchange rate differences and changes in the fair value of derivatives are included in the operating result if arisen from the items related to business, otherwise recorded in financial items.

Income taxes
The income taxes in the consolidated statement of comprehensive income comprise current tax of the Group companies calculated on the taxable profit for the period determined in accordance with local tax rules, the tax adjustments related to previous years as well as the change in the deferred tax assets and liabilities. For transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised either in other comprehensive income or directly in equity, respectively.

The withholding taxes which are deducted from income taxes are recognised in income taxes. The withholding taxes which are not deductible from income taxes are recognised in expenses.

Deferred tax assets and liabilities are provided in the consolidated financial statements generally for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The main temporary differences arise from tax losses carried forward and defined benefit plans. Deferred taxes are not provided for impairment of goodwill, which is not deductible for tax purposes, or for undistributed profits of subsidiaries to the extent that is it probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are recognised at their full amounts in the balance sheet, and deferred tax assets are recognised at estimated realisable amounts, i.e. to the extent that it is probable that taxable profit will be available in the future, against which temporary differences can be utilized. The tax rate enacted or substantively enacted at the end of the reporting period is used as the tax rate.

Intangible assets
Goodwill
For acquisitions after 1 January 2010, the Group recognises goodwill at the acquisition date as the excess of the sum of the fair value of the consideration transferred, the recognised amount of any non-controlling interest in the acquired company and the acquirer's previous equity interest in the acquired company over the net fair value of the identifiable assets acquired and liabilities assumed.

Acquisitions between 1 January 2004 and 31 December 2009 have been booked according to the previous IFRS standards (IFRS 3 (2004)), in which goodwill represents the difference between the cost of the acquisition and the fair value measured at the acquisition date of the net identifiable assets and liabilities and contingent liabilities acquired. Goodwill arisen from the business acquisitions occurred prior to 1 January 2004 is reported as it was recognised under FAS and taken as deemed cost under IFRS. Based on this exemption granted in IFRS 1 the classification and accounting treatment of the business combinations was not been reconsidered in preparing the Group's opening IFRS balance sheet.

Goodwill is stated in the balance sheet at cost less any impairment losses. Goodwill together with other intangible assets with indefinite useful lives is not amortised but is tested for impairment annually or when there is an indication that an asset may be impaired. For this purpose, goodwill is allocated to cash generating units, or in case of associated companies, goodwill is included in the acquisition cost of the associated company. The business groups of the Pöyry Group represent the independent cash generating unit levels where the Board of Directors and the management monitors the profit, cash flow and capital employed, and are therefore chosen as the goodwill allocation level.

Other intangible assets
An intangible asset is initially capitalised in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Other intangible assets are stated at historical cost less cumulative amortisation and impairment losses, if any. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Intangibles with finite useful lives are amortised on a straight-line basis over their known or expected useful lives. An intangible asset once classified as held for sale is not amortised.

Software
Amortised on a straight-line basis over 3 to 5 years.

Order stock
The order stock recognised separately in the connection of a business combination is expensed during the related projects.

Research and development
The income and expenses attributable to research and development are part of the Group's client work and cannot therefore be reasonably defined in exact monetary terms in practice. These revenues and expenses are recognised in profit or loss and they are included in the operating profit/loss.

Tangible assets
Items of property, plant and equipment are stated at historical cost less cumulative depreciation and any impairment losses. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Gains and losses on sales and disposals are included in other operating income and in other operating expenses, respectively.

A predetermined schedule has been used to calculate depreciation on tangible assets. Depreciation is calculated based on historical cost and expected useful life. Depreciation is charged to the profit or loss on a straight-line basis. Expected useful lives and residual values are reassessed at least at each financial year-end and where they differ significantly from previous estimates, depreciation periods are changed accordingly. The estimated useful lives are as follows:

Buildings	20-40 years
Machinery and equipment	3-8 years

Land is not depreciated. A tangible asset once classified as held for sale is not depreciated.

Leases
The Group may have both finance and operating leases. The group had only operating leases at the balance sheet date.

An operating lease is a lease of property, plant and equipment where the lessor retains significant risks and rewards incidental to ownership. In the Pöyry Group leases classified as operating leases mainly relate to office premises, also some car and office equipment leases have been classified as operating leases. Payments made there under are charged to profit or loss as rental expense on a straight-line basis over the lease term.

Impairment of tangible and intangible assets
The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication for impairment. If an indication exists, the asset's recoverable amount is estimated. The recoverable amounts of following assets are also estimated annually irrespective whether there is any indication for impairment or not: goodwill and intangible assets with indefinite useful lives. The impairment test is performed at the level of a cash-generating unit. This is the smallest identifiable group that is independent of other units and whose cash flows are separable.

The recoverable amount is the higher of an asset's fair value less costs to sell, or its value in use. The value in use represents the present value of discounted future net cash flows expected to be derived from an asset or a cash-generating unit. The discounted cash flow analysis used to calculate value in use is based on the approved strategy where growth from acquisitions has been eliminated. The recoverable amount is based on reasonable estimates and assumptions and the latest plans or forecasts approved by the management. Goodwill impairment testing is carried out annually during the last quarter primarily by using discounted cash flow analysis. Pre-tax weighted average cost of capital (WACC) is used as a discount rate for the recoverable amount. WACC represents the market opinion of time value of money and special risks relating to an asset.

The Group's scale for classifying the goodwill impairment testing results is the following (compared to the total carrying amount of tested assets): a) is below, b) corresponds to, c) exceeds slightly, d) exceeds clearly, e) exceeds significantly (> 50 per cent).

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Financial assets are classified as follows: Financial assets at fair value through profit or loss (FVPL), and financial assets measured at amortised cost. A financial asset is classified when originally acquired based on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All purchases or sales of financial assets are recognised or derecognised using settlement date accounting. The Group derecognises financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets measured at amortised cost
Financial assets that belong to this category are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market. The Group does not hold them for trading purposes either. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Impairment of financial assets
Impairment of financial assets is based on the expected credit loss method. The Group applies a simplified provision matrix approach for trade receivables, where the impairment loss is recorded using an accrual matrix for the whole maturity of the receivable, unless the receivable is regarded impaired due to the credit risk. In order to assess the credit risk, the trade receivables have been grouped based on customer type and aging of receivables. The historical realized credit loss rate of trade receivables due less than 180 days is adjusted with the estimated riskiness of the business and client. The lifetime expected credit loss is the minimum amount of recognized impairment loss allowance. The amount of doubtful receivables and assessment of need for impairment is based on risk of individual receivables. An impairment allowance of 50 per cent is made for those trade receivables which are more than 180 days overdue. If a receivable is due more than 360 days a credit loss provision is made unless there are especially weighty reasons.

Financial liabilities
Financial liabilities are classified as follows: Financial liabilities measured at fair value through profit or loss (FVPL) and financial liabilities measured at amortised cost. A liability is classified as current when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The Group removes a financial liability (or a part of it) from its balance sheet only when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities at fair value through profit or loss
This category comprises those derivative instruments not designated as effective hedging instruments. Gains and losses arising from the change in the fair value, realised or unrealised, are recognised in profit or loss as incurred.

Financial liabilities measured at amortised cost
This category includes the borrowings taken by the Group. On initial recognition a loan is measured at its fair value, using the effective interest method. Interest expenses are recognised in profit or loss over the period of the borrowings using the effective interest method. Subsequent to initial recognition, these liabilities are stated at amortised cost.

Committed Credit facilities
The issuer of committed credit facility is paid commitment fee that is recognized as an expense during validity of credit facility. Commitment fee is based on the amount of unused credit facility and time.

Derivative instruments and hedge accounting
Derivatives are classified as financial assets and financial liabilities at fair value through profit or loss. They are recognised on the balance sheet at fair value on the trade date and are subsequently remeasured at fair value. Derivatives are not used for speculative purposes. Gains and losses are accounted for either in sales or in expenses based on the purpose of use of the derivative.

The Group applies hedge accounting to certain derivatives. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The Group also documents and assesses, both at hedge inception and at least at the end of each reporting period whether the derivatives that are used in hedging transactions are effective in offsetting the changes in the fair values or cash flows of the hedged items.

Fair value hedges
The Group applies fair value hedge accounting to certain forward contracts hedging sales and purchases denominated in foreign currencies as the hedge relates to a binding sales or purchases agreement that is an unrecognised firm commitment. In that case the fair value change resulting from the hedging instrument as well as from the hedged portion of

the binding agreement is recognised in profit or loss, together with the change in the fair value of the interest element of a forward contract separated from the hedge relationship.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Treasury shares

Pöyry PLC's own shares acquired by the Group, including directly attributable costs, are presented as a deduction from the total equity in the consolidated financial statements. Purchases and subsequent sales of treasury shares, including directly attributable transaction costs, are presented as changes in equity.

Hybrid bond

Hybrid bonds are classified as a part of shareholders' equity in the consolidated financial statements, as the company has no contractual obligation to repay the loan capital or the interest on the loan. The bond holders do not have any rights equivalent to ordinary shareholders, and the bond does not dilute shareholders' ownership in the company. Hybrid bonds are recognised at fair value less transaction costs. If interest is paid to hybrid bonds, it is recognised directly into retained earnings.

Provisions

A provision is an obligation of uncertain timing or amount. A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event that is probable and a reliable estimate can be made of the amount of the obligation. A provision is measured to the present value of the costs required to offset the obligation. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognised as a separate asset, but only when receipt of the compensation is virtually certain.

To minimise business risks the Pöyry Group has a group-wide risk management policy that includes procedures for identification, assessment, treatment and monitoring of risks. The policy is described in the risk management section.

Project provisions

When a project is unfinished, a project provision is recognised only in an exceptional case. If a disagreement arises between the Group and a customer or a subcontractor, or cost overrun is expected, their effect on the project is assessed. If the effect on the result of a project is probable, it is taken into account either by reducing the expected total invoice amount or by increasing the costs and consequently the expected total result falls. The expected loss is recognised immediately as a project provision only in an exceptional case when it is probable that the total project costs will exceed the total project revenues.

Existing professional, contractual or legal third party liability risks may also result in a provision to be recorded regarding a project already completed. A provision is recognised if the Pöyry Group is to compensate the client or a third party a damage caused by negligent action or inaction or normative breach.

Restructuring provisions

Group's restructuring provisions relate mainly to restructurings, i.e. termination expenses if employees are laid off and lease payments for vacant office space.

Other provisions

Other provisions include provisions usually related to employment claims customary in one of the Group's operating countries and are based on local professional opinions.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also be a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed in the notes to the financial instruments.

Dividends

The dividend relating to the financial year ended is not recognised until approved by a general meeting of shareholders.

Changes in accounting principles
The Group has applied the following new IFRS standards as of 1 January 2018.

Changes to IFRS 2 "Share-based Payments". The amendments made to IFRS 2 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. Pöyry has evaluated its long-term incentive plan for 2017-2022 and concluded that the plan is equity-settled by nature. The potential reward is possible to receive netsettled as partly in the company's shares and partly in cash or in shares only. The cash portion is intended to cover taxes and tax-related costs arising from the reward to the participant. As of 1 January 2018 no accrued liability is recognized but the total value of the plan is booked to personnel expenses and retained earnings. The bookings of 2017 share incentive plan have been adjusted to comply with the changes in IFRS 2.

IFRS 9 "Financial Instruments": IFRS 9 "Financial Instruments" replaced the multiple classification and measurement models in IAS 39 and brought changes to classification and measurement of financial assets, their impairment assessment and hedge accounting. A debt instrument is measured at amortized cost only if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments are measured at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). In addition debt instruments can be classified at fair value through other comprehensive income according to entity's business model. The new guidance does not have a significant impact on the classification and measurement of Group's financial assets as major part of group financial assets have been classified as assets measured at fair value through profit and loss also previously. According to the new standard, impairment of financial assets is based on new expected credit loss method. The group applies a simplified provision matrix approach for trade receivables, where the impairment loss is recorded using an accrual matrix for the whole maturity of the receivable, unless the receivable is regarded impaired due to the credit risk. The application of the provision matrix does not have a significant impact on impairment of trade receivables. Comparative figures for 2017 have not been restated.

Hedge accounting according to IFRS 9

Before 1 January 2018, the documentation included identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2018, the financial instruments of the group were as follows, with any reclassifications noted:

	Measurement category		Carrying amount MEUR		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Difference
Non-current financial assets					
Financial assets, shares	Available-for-sale assets	FVPL	361	361	
Loan receivable	Loans or receivables	Amortized cost	275	275	
Trade receivable	Loans or receivables	Amortized cost	1,105	1,105	
Other receivable	Loans or receivables	Amortized cost	2,212	2,212	
Derivatives in hedge accounting	Financial assets at fair value through profit or loss	FVPL	589	589	
Derivatives no hedge accounting	Financial assets at fair value through profit or loss	FVPL	0	0	
Current financial assets					
Loan receivable	Loans or receivables	Amortized cost	0	0	
Trade receivable	Loans or receivables	Amortized cost	106,326	106,326	
Other receivable	Loans or receivables	Amortized cost	0	0	
Derivatives in hedge accounting	Financial assets at fair value through profit or loss	FVPL	696	696	
Derivatives no hedge accounting	Financial assets at fair value through profit or loss	FVPL	415	415	
Cash and cash equivalents	Cash and cash equivalents	Amortized cost	50,723	50,723	
Non-current financial liabilities					
Interest bearing liabilities	Loans or receivables	Amortized cost	30,000	30,000	
Derivatives in hedge accounting	Financial assets at fair value through profit or loss	FVPL	383	383	
Derivatives no hedge accounting	Financial assets at fair value through profit or loss	FVPL	0	0	
Current financial liabilities					
Current loans	Loans or receivables	Amortized cost	26,827	26,827	
Accounts payable	Loans or receivables	Amortized cost			
Derivatives in hedge accounting	Financial liabilities at fair value through profit or loss	FVPL	241	241	
Derivatives no hedge accounting	Financial liabilities at fair value through profit or loss	FVPL	577	577	

IFRS 15 "Revenue from contracts with customers": The new standard for recognition of revenue replaced IAS 18, which covered contracts for goods and services and IAS 11 which covered construction contracts. This new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The IFRS 15 principles of identifying the contract with the customer, identifying separate performance obligations, determining and allocating the transaction price and recognising the revenue as each performance obligation is satisfied, did not bring major changes to how the Group accounts for revenue. The new rules did not have significant influence on the most important aspects of revenue recognition: timing and amount. Regarding timing, the engineering and consulting services provided by the Group do not create an asset with an alternative use to the Group and based on contract terms the Group has an enforceable right to payment for performance completed to date. Hence the Group continues to use over time revenue recognition as before. Regarding amount, due to the type of business that Pöyry is operating in, there has not been significant change in how to allocate the transaction price to the different performance obligations in the contract. The transaction price allocation reflected the relative stand-alone selling price of each obligation already before the IFRS 15 implementation. The Group is not acting as an agent, nor does it have any incremental costs for obtaining or fulfilling a contract that should be capitalized. It also does not have assets or liabilities arising from rights of return, nor significant financing components. The Group applies full retrospective application for the adoption of the standard. As the standard has not impacted how revenue has been recognized in previous periods, there has been no need for restating figures.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2018 are not material to the Group.

New and amended standards and interpretations
IASB has issued the following new and amended standards and interpretations that the Group has not yet adopted. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

IFRS 16 *"Leases"*: IFRS 16 was issued in January 2016. The standard will affect the accounting for the Group's operating leases. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability are recognised. The only exceptions are short-term and low-value leases. The new standard will have a significant impact on Group's balance sheet and key figures, as at the moment all the leases of the Group are operating leases, which have not been recognised in the balance sheet. The standard must be applied for financial years commencing on or after 1 January 2019. For the lease commitments the Group expects to recognise right-of-use assets and lease liability of approximately EUR 90 million on 1 January 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Segment information

Pöyry's operations are conducted through four operating segments (business groups):

Energy
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.

Industry
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, metals & mining and food industries. We deliver solutions for complex new investment projects and rebuilds of existing plants.

Infra, Water and Environment
Infra, Water and Environment Business Group serves clients with a broad range of services covering engineering and technical advisory, delivered across the transportation, other public infrastructure 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.

Management Consulting
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.

Other, unallocated items
The unallocated items consist of Group level activities 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.

Reporting
The operating segments correspond to the internal reporting structure of the Group according to which the management monitors the operating result. The statement of income of the segment is presented down to the operating result.

Reporting is based on the organisational structure announced on 9 February 2018. In the new structure the process engineering know-how and technology competence in Norway and Sweden were consolidated in the Industry Business Group. The reporting segment 'Regional Operations Business Group' was renamed as 'Infra, Water and Environment Business Group'. The figures for the comparison periods have been adjusted accordingly.

Inter-segment pricing is determined on an arm's length basis. There are no significant sales between the segments.

All personnel numbers are calculated as full-time equivalents (FTE).

Net sales and operating result

EUR million	Net sales 2018	Net sales 2017	Operating result 2018	Operating result 2017	Operating result % 2018	Operating result % 2017
Energy	**143.9**	122.1	**11.6**	7.4	**8.1**	6.1
Industry	**217.0**	199.9	**23.4**	13.7	**10.8**	6.9
Infra, Water and Environment	**148.9**	136.1	**22.6**	-3.0	**15.2**	-2.2
Management Consulting	**70.2**	65.7	**10.3**	7.1	**14.7**	10.8
Unallocated	**-0.6**	-1.4	**-13.3**	-10.1		
Total	**579.5**	522.3	**54.7**	15.1	**9.4**	2.9

Order stock, capital expenditure, depreciation and impairment

EUR million	Order stock 2018	Order stock 2017	Capital expenditure 2018	Capital expenditure 2017	Depreciation and impairment 2018	Depreciation and impairment 2017
Energy	**219.7**	164.9	**0.7**	0.3	**0.4**	0.3
Industry	**137.5**	105.7	**0.8**	0.9	**0.5**	0.5
Infra, Water and Environment	**162.6**	159.4	**0.8**	0.3	**0.6**	0.6
Management Consulting	**16.5**	18.4	**0.1**	0.1	**0.2**	0.2
Unallocated	**0.0**	0.0	**0.6**	1.7	**2.7**	2.6
Total	**536.3**	448.5	**3.1**	3.3	**4.3**	4.4

Order stock	Invoicing value of orders received that have not been recognized as net sales.
Capital expenditure	Investments in fixed assets excluding investments in shares

Personnel

	Personnel on average 2018	Personnel on average 2017	Personnel at year-end 2018	Personnel at year-end 2017
Energy	**1,065**	1,059	**1,120**	1,054
Industry	**1,969**	1,830	**2,058**	1,911
Infra, Water and Environment	**1,157**	1,158	**1,152**	1,157
Management Consulting	**365**	364	**371**	373
Unallocated	**143**	141	**145**	141
Total	**4,700**	4,551	**4,846**	4,637

Net sales and personnel by area

Net sales by area is calculated based on project country

	Net sales EUR million 2018	Net sales EUR million 2017	Personnel at year-end 2018	Personnel at year-end 2017
The Nordic countries *)	**218.5**	193.1	**2,032**	1,933
Other Europe	**210.3**	183.7	**1,566**	1,565
Asia	**85.9**	78.0	**698**	594
North America	**19.1**	22.5	**126**	162
South America	**36.2**	38.4	**425**	382
Other	**9.4**	6.6	**0**	1
Total	**579.5**	522.3	**4,846**	4,637
*) of which Finland	**138.6**	108.7		

Adjusted operating result

In order to increase transparency in comparing performance from one period to another Pöyry has disclosed 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.

2018

EUR million	Energy	Industry	Infra, Water and Environment	Management Consulting	Unallocated	Total
Operating result 2018	11.6	23.4	22.6	10.3	-13.3	54.7
Restructuring and labour claim[1] expenses		0.6	0.2			0.8
Profits / losses related to projects from former Urban Business Group			-16.9			-16.9
Profits / losses related to projects finalised over two years ago		1.1				1.1
Other		-0.1			3.6	3.6
Adjusted operating result 2018	**11.6**	**25.1**	**5.9**	**10.3**	**-9.7**	**43.2**

2017

EUR million	Energy	Industry	Infra, Water and Environment	Management Consulting	Unallocated	Total
Operating result 2017	7.4	13.7	-3.0	7.1	-10.1	15.1
Restructuring and labour claim[1] expenses		2.9	0.1	0.2		3.2
Profits / losses related to projects from former Urban Business Group			6.2			6.2
Profits / losses related to projects finalised over two years ago		0.2	0.2			0.5
Other		1.1				1.1
Adjusted operating result 2017	7.4	17.9	3.5	7.3	-10.1	26.0

[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.

3. Acquisitions

Pöyry did not have any acquisitions in 2018.
In July 2017 Pöyry bought the remaining 25.1% of its affiliate Pöyry Energy GmbH, which also resulted in the group's ownership in Pöyry Infra GmbH to rise to 100%.

4. Net sales

Significant accounting judgements

As explained in note 1 in the 'Net sales and revenue recognition principles' section of the accounting principles, the Group recognizes revenue over time and uses two revenue recognition methods depending on the type of project. For projects with any type of fixed price or ceiling price, the Group uses the percentage-of-completion method and for reimbursable projects,the amount that the Group is entitled to invoice to the client.

The estimates of the total project costs made by management have a significant impact on the revenue recognition of the percentage-of-completion projects. They are updated at least quarterly. Even though the estimate is based on the most probable outcome, the estimated costs may differ from the actual costs. This may have an impact on the revenue recognition in the future reporting periods.

EUR million	2018	2017
Net sales	**579.5**	522.3
Net sales from project contracts recognised on the percentage-of-completion method	**456.6**	396.7
Energy	121.7	101.4
Industry	140.8	119.8
Infra, Water and Environment	134.9	117.4
Management Consulting	59.8	59.5
Unallocated	-0.6	-1.4
Net sales from reimbursable projects	**122.9**	125.6
Energy	22.2	20.7
Industry	76.2	80.1
Infra, Water and Environment	14.0	18.7
Management Consulting	10.5	6.2

This table complements the net sales by operating segments presented in note 2 Segment information.

Percentage-of-completion projects		
The aggregate amount of project contract cost incurred and recognised profits less losses to date	**964.4**	847.1
Work in progress included in current assets	**33.7**	43.7
Project advances included in current liabilities	**95.2**	62.9
Accrued expenses and deferred income from percentage-of-completion projects	**10.1**	3.4
Expenses from percentage-of-completion projects included in provisions	**6.9**	8.0

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule defined by milestones. During the life of the project, revenue is recognized monthly using the percentage-of-completion method and the difference between the revenue recognized and the invoiced amount can result in a contract liability (more services invoiced to the customer than actually rendered yet, if the customer has made advance payments) or a contract asset (more services rendered than invoiced yet).

However in the case of reimbursable projects, as the Group invoices the customer based on hourly fee and incurred expenses, revenue is recognised in the amount to which Pöyry has a right to invoice and customers are invoiced on a regular basis, usually monthly. Therefore there is no or negligible levels of contract assets/liabilities recognized as invoicing and revenue recognition follow the same rhythm.

The revenue recognised during the year 2018 for projects included in the project advances balance as of 1.1.2018 amounts for EUR 171.2 million.

The revenue recognised during the year 2018 for performance obligations that were satisfied in the previous periods amounted to EUR 8.8 million.

EUR million	2018	2017
Order stock maturity	**536.3**	**448.5**
Next year	338.0	285.2
After next year	198.3	163.4

Order stock by operating segments is presented in note 2 Segment information.

5. Other operating income

EUR million	2018	2017
Rental income	**0.6**	0.3
Gain on sales of fixed assets	**0.1**	0.3
Other	**0.4**	0.0
Total other operating income	**1.2**	0.6

6. Personnel expenses

EUR million	2018	2017
Wages and salaries	**262.2**	261.5
Bonuses	**16.6**	10.7
Share-based payments	**2.0**	0.9
Pension expenses, contribution plans	**26.6**	25.4
Pension expenses, defined benefit plans	**2.9**	0.0
Other social expenses	**29.0**	30.1
Total personnel expenses	**339.3**	328.6

Fees paid to the members of the Board of Directors (EUR 1,000)

	2018	2017
Henrik Ehrnrooth, Chairman	**80**	80
Teuvo Salminen, Vice Chairman	**70**	70
Alexis Fries		20
Pekka Ala-Pietilä		15
Helene Biström	**80**	80
Michael Rosenlew	**80**	80
Total fees paid to the members of the Board of Directors	**310**	345

Salaries and other employee benefits to the President and CEO (EUR 1,000)

	2018	2017
Martin à Porta		
Salary and benefits		
Salary	**455**	472
Short-term incentives	**597**	434
Share program (benefit in kind)	**678**	69
Benefits	**58**	60
Total salary and benefits	**1,788**	1,035
Pension expenses		
Statutory employee pension scheme	**19**	19
Voluntary employee pension scheme	**35**	37
Total pension expenses	**54**	56

Salaries and other employee benefits to the other members of the Group Executive Committee (EUR 1,000)

	2018	2017
Salaries and benefits		
Salaries	**1,081**	1,160
Short-term incentives	**755**	565
Share program (benefit in kind)	**386**	83
Fringe benefits and other benefits	**62**	76
Total salaries and benefits	**2,284**	1,884
Pension expenses		
Statutory employee pension scheme	**131**	142
Voluntary employee pension scheme	**52**	62
Total pension expenses	**183**	204

Salaries, bonuses and benefits are reported on accrual basis.

7. Performance share plans

Performance share plan 2017

The Board of Directors of Pöyry PLC approved on 5 May 2017 a share-based incentive plan for Pöyry Group key personnel and the plan commenced on August 8th 2017. The new long-term share-based incentive plan is targeted to the top management and key personnel of the Company where they purchase the Company's shares as an initial investment. The aim of the incentive plan is to align the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to engage the key personnel to the company and to offer them a competitive incentive plan based on share ownership in the company. The share-based incentive plan covers 10 participants. New participants may join the incentive plan if decided by the Board of Directors and the maximum amount of participants in the incentive plan is 15.

New shares in the Company will be offered in the share issue for subscription to persons entitled to participate in the plan. 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 prerequisite for participating in the incentive plan is that a person participating in the plan at the commencement of the plan owns or acquires the company's shares up to the number determined by the Board of Directors (Initial Investment). The maximum amount of shares to be awarded as reward is calculated based on the Initial Investment amount of the participant in question and on the predetermined matching share multiple, which varies depending on the size of investment as per the plan terms. The incentive plan contains one earning period consisting of five consecutive years, years 2017-2022. During the earning period, the persons participating in the plan have an opportunity to attain a long-term incentive reward in the form of matching shares. The plan offers a right for a participant to receive matching shares, the number of which is dependent on the amount of the Initial Investment made by the participant. The prerequisite for receiving any reward on the basis of the plan is that a participant holds the shares initially contributed to the plan (Initial Investment) throughout the earning period. In addition, the participant must hold the shares received as reward for two years from the payment date of the reward in question. The reward will be paid in instalments over the duration of the plan.

The program involves net settlement as the participant is entitled to choose whether to receive the potential reward partly in shares and partly in cash or in shares only. The cash portion is intended to cover the withholding of tax obligations on the part of the participant concerned. The plan is classified in its entirety as an equity-settled share-based payment transaction. The rewards will be paid yearly after each consecutive year within the earning period. No reward will be paid if participant's employment or service relationship within the Company ends before the payment of the reward.

Subject to closing of the recommended public cash tender offer made by ÅF AB (publ) in December 2018, there will be changes in terms and conditions of the program as specifically decided by the Board of Directors of Pöyry PLC.

Basic data concerning the performance share plans

	Discretionary period				
	2018	2019	2020	2021	2022
Grant date	8 August 2017				
Form of the reward	Shares / shares and cash				
Target group	Key personnel				
Maximum number of shares *	1,115,111				
Beginning of the discretionary period	2017	2017	2017	2017	2017
End of the discretionary period	2018	2019	2020	2021	2022
Vesting conditions	Initial investment (share holding 2017-2022), working commitment (2017-2022), share holding (3 years for matching shares)				
Maximum contractual life, years	1	2	3	4	5
Remaining contractual life, years	0	0.6	1.6	3	4
Number of persons 31 Dec.	10				
Share price at the grant date EUR	4.99				
Expected volatility	~35 %				
Total value of the plan EUR million	5.5				

* The maximum amount of the share reward includes employee withholding tax, if applicable.

Reconciliation of outstanding share awards

	2018	2017
Gross amounts		
Share rewards, outstanding at the beginning of the period	1,115,111	0
Changes during the financial year		
Granted	16,720	1,115,111
Exercised	-169,774	0
Forfeited	0	0
Gross amounts 31 Dec		
Share rewards, outstanding at the end of the period	962,057	1,115,111
Remaining contractual life, weighted average, years	2.3	3.3

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8. Other operating expenses

EUR million	2018	2017
Other project expenses [1)]	**31.1**	32.6
Impairment losses on accounts receivable and work in progress [2)]	**-4.6**	4.5
Other operative expenses [3)]	**30.7**	32.4
Office facilities	**25.2**	27.4
Other fixed expenses [4)]	**29.4**	29.9
Total other operating expenses	**111.8**	126.7

[1)] Other project expenses include expenses directly attributable to projects, such as travel expenses, IT expenses and other expenses.
[2)] Impairment losses on accounts receivable and work in progress include reversals of previous years' impairment losses related to settlements reached during 2018.
[2)] Other operative expenses include expenses attributable to business operations, such as travel expenses and other personnel related expenses, IT expenses and fees from external services.
[3)] Other fixed expenses include group and support functions' expenses, such as audit fees, insurance fees, IT-expenses and fees from external services

Auditing fees, included in other fixed expenses

Statutory auditing		
Group auditor	**0.5**	0.6
Other	**0.1**	0.2
Tax advisory		
Group auditor	**0.1**	0.0
Other	**0.4**	0.3
Other services		
Group auditor	**0.0**	0.0

In 2018 non-audit services provided by PricewaterhouseCoopers Oy totalled EUR 139,000.

9. Financial income and expenses

EUR million	2018	2017
Dividend income	**0.0**	0.2
Interest income from other financial assets [1]	**0.6**	0.5
Interest income from loans and other receivables [2]	**6.4**	0.1
Financial income from derivatives	**1.1**	0.7
Other financial income	**0.1**	0.2
	8.2	1.5
Interest expenses from loans	**-0.8**	-1.0
Other interest expenses	**-0.9**	-1.0
Financial expenses from derivatives	**-1.1**	-1.2
Defined benefit liability, interest expenses, net	**-0.2**	-0.3
Other financial expenses [3]	**-1.8**	-2.1
	-4.9	-5.6
Exchange rate gains	**6.3**	5.8
Exchange rate losses	**-6.7**	-5.7
	-0.4	0.1
Total financial income and expenses	**3.0**	-3.8

[1] Interest income from other financial assets consists mainly of interest earned on short term bank deposits.

[2] Interest income from loans and other receivables 2018 includes EUR 6.4 million related to settlements of disputes that relate to projects originating from the former Urban Business Group. The settlements are based on unpaid work performed to client, subsequent change orders to work performed and delay interests.

[3] Other financial expenses include mainly fees concerning restructuring of the Group's loan portfolio.

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, and not in financial income and expenses except for the forward points.

The parent company conducts the Group’s financing and grants loans to subsidiaries if considered necessary. These loans are mainly granted in the currency of the subsidiary, and the subsidiaries lend their excess cash to the parent company in their home currency. The subsidiaries hedge their commercial foreign currency exposures by doing internal forward deals with the parent company, which hedges the net exposure externally.

10. Income taxes

Critical accounting estimates

The Group reviews at each balance sheet date the carrying amount of deferred tax assets. For this assessment it is considered, whether it is probable that the subsidiaries will have sufficient taxable profits against which the unused tax losses or unused tax credits can be utilised. The assumptions used in estimates may differ from the actual outcome which could lead to significant write-downs of the deferred tax assets in the future reporting periods.

The Group recognises liabilities for tax dispute issues from the ongoing tax audits based on estimates of whether additional taxes will be due. The final outcome from these matters may differ significantly from the estimates initially made, which will impact the income tax for the period and deferred tax provisions in the reporting period in which such determination is made.

EUR million	2018	2017
Taxes for the fiscal year	**7.0**	3.8
Taxes for previous years	**0.0**	1.0
Deferred taxes	**4.1**	1.4
Total income taxes	**11.1**	6.1
Reconciliation of current income taxes		
Profit / loss before taxes	**58.1**	11.8
Income tax at Finnish tax rate 20.0 %	**11.6**	2.4
Effect of different tax rates outside Finland	**1.5**	0.2
Non-deductible expenses and tax exempt income	**0.4**	0.4
Losses for which no deferred tax assets are recognised, tax effect	**0.3**	1.7
Utilisation of previously unrecognised tax losses	**-0.2**	-0.1
Recognition of tax assets on previous years tax losses	**-3.4**	
Taxes for previous years	**0.0**	1.0
Changes in tax rates	**0.0**	0.3
Non-deductible foreign withholding taxes	**0.9**	0.5
Other	**-0.1**	-0.1
Total current income taxes	**11.1**	6.1
Deferred tax assets		
Tax losses carry forward	**12.8**	16.7
Deferred tax assets from pension obligations	**3.5**	4.1
Other temporary differences	**6.5**	6.3
Total deferred tax assets	**22.8**	27.1
Deferred tax liabilities		
Other temporary differences	**0.4**	0.2
Total deferred tax liabilities	**0.4**	0.2

Deferred tax assets from losses of EUR 52.8 (84.0) million have not been recognised in the consolidated financial statements, because the realisation of the tax benefit included in these assets is uncertain. EUR 13.2 million of the losses expire within the next ten years and EUR 39.7 million later.

11. Earnings per share

	2018	2017
Net profit/loss for the period attributable to the owners of the parent company, EUR million	**46.9**	5.7
Interest on hybrid bond less tax, EUR million	**-1.8**	-1.8
Net profit/loss for the period for the purpose of calculating earnings per share, EUR million	**45.1**	3.9
Weighted average number of outstanding shares, thousands	**59,822**	59,509
Diluted amount, thousands	**59,822**	59,509
Earnings per share, EUR [1)]	**0.75**	0.07
Diluted	**0.75**	0.07

[1)] Calculation rule is presented in Key figures section.

12. Goodwill and intangible assets

Critical accounting estimates

The Group's goodwill is tested at least annually for impairment. The recoverable amounts of cash-generating units are based on value in use calculations. These calculations are based on estimated future cash flows, which require management to make assumptions relating to future expectations. Actual cash flows could differ from the estimated cash flows, which may lead to recognition of significant impairment losses in the future reporting periods.

EUR million	Goodwill	Intangible assets
Acquisition cost 1 Jan 2018	118.9	23.1
Exchange differences	-0.3	0.0
Increase		0.9
Decrease		-0.4
Acquisition cost 31 Dec 2018	118.7	23.6
Accumulated depreciation and impairment 1 Jan 2018		16.1
Exchange differences		0.0
Accumulated depreciation on decrease		-0.3
Depreciation for the period		2.2
Accumulated depreciation and impairment 31 Dec 2018		18.0
Book value 31 Dec 2018	**118.7**	**5.6**
Acquisition cost 1 Jan 2017	122.4	23.9
Exchange differences	-4.7	-0.5
Increase	1.2	2.0
Decrease		-2.2
Acquisition cost 31 Dec 2017	118.9	23.1
Accumulated depreciation and impairment 1 Jan 2017		16.7
Exchange differences		-0.5
Accumulated depreciation on decrease		-2.2
Depreciation for the period		2.1
Accumulated depreciation and impairment 31 Dec 2017		16.1
Book value 31 Dec 2017	118.9	7.0

Goodwill impairment testing

The forecasted scenarios are based on the Pöyry Group's three strategy periods where only organic growth and inflation have been considered, and on the long-term growth outlook where the growth rates stated below have been used. Impairment testing has been made according to the business structure at the time of impairment testing.

2018

Main assumptions	Energy	Industry	Infra, Water and Environment	Management Consulting
Beta	1.28	1.24	1.41	1.29
WACC, %, Pre-tax	10.78	12.63	11.51	10.88
WACC, %, Post-tax	8.16	9.42	8.64	8.19
Perpetuity growth rates, %	2.00	2.00	2.00	2.00
Average change in operating profit percentage	Improvement	Improvement	Improvement	Improvement
Goodwill 31 Dec 2018	39.2	21.3	26.6	31.6
Book value 31 Dec 2018	30.2	18.3	59.6	45.7
Value in use 31 Dec 2018	229.7	263.8	150.5	109.8

Break even analysis, the book value and the value in use are the same	Energy	Industry	Infra, Water and Environment	Management Consulting
Beta	9.70	27.04	4.23	3.51
WACC, %, Post-tax	39.92	106.69	19.27	16.56
Decrease in operating profit from 2019 >, %	-85.4	-93.2	-63.1	-58.6

The WACC % for Industry operating segment is weighted average of geographic area specific WACC's which strongly differ from each other in Industry operating segment.

2017

Main assumptions	Energy	Industry	Infra, Water and Environment	Management Consulting
Beta	1.28	1.24	1.41	1.29
WACC, %, Pre-tax	10.87	10.65	12.90	10.90
WACC, %, Post-tax	8.19	9.52	8.67	8.22
Perpetuity growth rates, %	2.00	2.00	2.00	2.00
Average change in operating profit percentage	Improvement	Improvement	Improvement	Improvement
Goodwill 31 Dec 2017	40.2	21.5	26.3	30.9
Book value 31 Dec 2017	63.4	27.0	50.8	43.6
Value in use 31 Dec 2017	126.9	138.9	136.5	77.9

Break even analysis, the book value and the value in use are the same	Energy	Industry	Infra, Water and Environment	Management Consulting
Beta	2.92	8.79	4.70	2.58
WACC, %, Post-tax	14.37	38.00	21.10	13.08
Decrease in operating profit from 2018 >, %	-49.7	-78.0	-64.6	-43.5

The WACC % for Industry operating segment is weighted average of geographic area specific WACC's which strongly differ from each other in Industry operating segment.

Result of goodwill impairment testing

Pöyry's scale for classifying the goodwill impairment is as follows: a) is below, b) corresponds to, c) exceeds d) exceeds significantly (>50%).

Impairment testing result shows that the "value in use" in all operating segments exceeds significantly the book value. In 2018 the "value in use" in all operating segments exceeded significantly the book value.

Sensitivity analysis

1. Sensitivity analysis in a scenario in which the growth per cent and operating profit per cent after year 2018 have been reduced with 20 per cent in comparison with the ordinary testing levels.

In the sensitivity analysis the impairment testing result shows that the "value in use" for all operating segments exceeds significantly the book value.

2. In this analysis the discount rate is 20 per cent higher compared to the original testing.

In the sensitivity analysis the impairment testing result shows that the "value in use" for all operating segments exceeds significantly the book value.

13. Tangible assets

EUR million	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan 2018	0.0	0.1	37.1	8.9	46.1
Exchange rate differences		0.0	0.1	0.0	0.1
Increase		0.2	1.6	0.7	2.5
Reclassification		-0.1	0.2	-0.1	0.0
Decrease			-1.6	-0.3	-1.9
Acquisition cost 31 Dec 2018	0.0	0.3	37.4	9.1	46.8
Accumulated depreciation 1 Jan 2018		0.1	33.5	6.5	40.1
Exchange rate differences		0.0	0.1	0.1	0.1
Accumulated depreciation on decrease			-1.5	-0.1	-1.7
Reclassification		0.0	0.0	0.0	0.0
Depreciation for the period		0.0	1.5	0.6	2.1
Accumulated depreciation 31 Dec 2018		0.0	33.6	7.1	40.7
Book value 31 Dec 2018	**0.0**	**0.2**	**3.8**	**2.1**	**6.1**
Acquisition cost 1 Jan 2017	0.0	0.2	42.8	9.3	52.3
Exchange rate differences		0.0	-1.6	-0.3	-1.8
Increase		0.0	1.1	0.2	1.2
Decrease		0.0	-5.2	-0.4	-5.6
Acquisition cost 31 Dec 2017	0.0	0.1	37.1	8.9	46.1
Accumulated depreciation 1 Jan 2017		0.1	38.5	6.2	44.8
Exchange rate differences		0.0	-1.4	-0.1	-1.5
Accumulated depreciation on decrease		0.0	-5.1	-0.3	-5.4
Depreciation for the period		0.0	1.5	0.8	2.3
Accumulated depreciation 31 Dec 2017		0.1	33.5	6.5	40.1
Book value 31 Dec 2017	0.0	0.1	3.5	2.4	6.0

14. Non-current investments

EUR million	Shares, associated companies and joint ventures	Shares, other companies [1]	Loans receivable, associated companies	Loans receivable, other	Total
Acquisition cost 1 Jan 2018	2.1	0.4		0.3	2.7
Exchange differences	0.1			0.0	0.1
Increase		0.2			0.2
Decrease		-0.1		0.0	-0.1
Share of result for the period	0.4				0.4
Received dividends	-0.4				-0.4
Book value 31 Dec 2018	**2.2**	**0.5**	**0.0**	**0.3**	**2.9**
Acquisition cost 1 Jan 2017	2.1	0.6	0.1	0.3	3.0
Exchange differences	-0.2			0.0	-0.2
Increase				0.0	0.0
Decrease		-0.2	-0.1	0.0	-0.3
Share of result for the period	0.4				0.4
Received dividends	-0.2				-0.2
Book value 31 Dec 2017	2.1	0.4		0.3	2.7

[1] The other shares, EUR 0.5 (0.4) million consist of shares in unlisted companies. The shares are valued at aquisition cost because their fair value cannot be reliably determined.

Associated companies

Name		Holding %	Assets	Liabilities	Net sales	Profit/loss
Amata Power (Bien Hoa)	**2018**	30.0	12.1	1.0	28.7	1.5
Limited, Vietnam	2017	30.0	11.7	0.9	31.4	1.6

Other associated companies are not material for the Group.

15. Other non-current receivables

EUR million	2018	2017
Accounts receivable	**1.2**	1.1
Security deposits	**0.5**	0.4
Other receivables	**1.1**	1.8
Prepaid expenses and accrued income		0.1
Total other non-current receivables	**2.8**	3.4

The book value of the non-current receivables corresponds to their fair value as the discount effect is not material due to the maturity.

16. Current assets

EUR million	2018	2017
Work in progress	**33.7**	43.7
Accounts receivable	**103.0**	106.3
Other receivables	**10.7**	9.5
Prepaid expenses and accrued income	**9.0**	11.0
Current tax receivables	**3.0**	3.7
Total receivables	**125.7**	130.5
Cash in hand and at banks	**103.5**	50.7
Total current assets	**262.9**	225.0

The book value of the current receivables corresponds to their fair value as the discount effect is not material due to the maturity.

17. Prepaid expenses and accrued income

EUR million	2018	2017
Non-current		0.1
Current	**9.0**	11.0
Total prepaid expenses and accrued income	**9.0**	11.1
Social expenses	**1.2**	1.3
Rents	**1.1**	1.3
Insurance expenses	**1.3**	1.1
Fair value of derivative instruments	**1.9**	1.8
Other	**3.4**	5.6
Total prepaid expenses and accrued income	**9.0**	11.1

18. Accounts receivable

Critical accounting estimates

Trade receivables are presented net of credit losses. The recognition and measurement of the allowance for impairment requires management estimates and assumptions on the factors, that may influence the risk of individual projects or items. Such factors are, amongst others, outcomes of litigations and arbitration proceedings. Due to inherent uncertain nature of these factors the actual credit losses may significantly differ from the initial estimate.

Credit risk

The Group's client profile and the spread of its sales between numerous clients reduce the exposure to credit risks. Credit rating procedures, internal follow-up of overdue receivables and a contract policy of balance between work performed and payments received further reduce the Group's credit risk exposure.

Overdue accounts receivable are reported and monitored by the management on a monthly basis. Overdue accounts receivable over 60 days are reported by client including reasons for delay and actions taken or planned.

EUR million	2018	2017
Non-current	**1.2**	1.1
Current	**103.0**	106.3
Total accounts receivable	**104.2**	107.4
Accounts receivable, gross	**112.3**	118.3
Allowance for impairment 1 Jan	**-10.8**	-11.0
Exchange rate differences	**0.0**	0.5
Change in allowance for impairment	**2.7**	-0.3
Allowance for impairment 31 Dec	**-8.1**	-10.8
Accounts receivable, net	**104.2**	107.4

Impairment losses + / reversals -

EUR million	2018	2017
Change in allowance for impairment	**-2.1**	2.3
Impairment loss recognised, directly recorded		0.1
Total impairment losses for the period	**-2.1**	2.4

2018, EUR million	Expected credit loss, % (min)	Accounts receivable gross	Allowance for impairment	Accounts receivable net
Not past due	0.12%	72.4	0.3	72.0
Past due under 61 days	0.39%	24.1	0.2	23.9
Past due 61-180 days	0.81%	4.1	0.2	4.0
Past due 181-360 days	50%	3.3	0.7	2.6
Past due over 360 days	100%	8.4	6.8	1.7
Total		**112.3**	**8.1**	**104.2**

2017, EUR million	Accounts receivable gross	Allowance for impairment	Accounts receivable net
Not past due	68.0	0.4	67.6
Past due under 61 days	22.3	0.2	22.1
Past due 61-180 days	7.9	0.1	7.8
Past due 181-360 days	5.2	2.0	3.2
Past due over 360 days	14.9	8.1	6.7
Total	118.3	10.8	107.4

Allowance for impairment made for receivables not past due are related to IFRS 9 and to such contractual retentions from payments, for which settlement is considered unsure.

Trade receivables past due over 360 are related to litigation and arbitration proceedings concerning payments of change orders and other claims relating to certain projects.

19. Share capital and reserves

	Shares million	Share capital EUR million	Invested free equity reserve EUR million	Hybrid bond EUR million	Total EUR million
1 Jan 2018	62.0	14.6	62.0	30.0	106.6
31 Dec 2018	**62.0**	**14.6**	**62.0**	**30.0**	**106.6**
1 Jan 2017	59.8	14.6	60.1	30.0	104.7
Directed share issue	2.2		1.9		1.9
31 Dec 2017	62.0	14.6	62.0	30.0	106.6

Pöyry PLC's accounting par value of each share is EUR 0.25. The company has one series of shares.

Pöyry PLC held on 31 Dec 2018 2,042,783 (2,190,055) own shares.

The invested free equity reserve inlcudes the premium paid for shares in share issues before 2006, the 2007 share issue, the premium for the shares subscribed with stock options before 2008 and the premium paid for the shares with stock options in 2008-2011.

Equity includes a hybrid bond of EUR 30 million issued November 25, 2015. The hybrid bond bears a fixed interest rate of 7.50 per cent until 25 November 2019, after which the interest rate will be floating. The hybrid bond has no maturity date, but the company has the right to redeem it after four years from the issue date upon certain conditions. The hybrid bond is a debt instrument, which is subordinated to the company's unsubordinated debt obligations. It does not confer on its holders the right to vote at shareholder meetings and does not dilute the holdings of the current shareholders.

Pöyry PLC decided on two directed share issues on August 3, 2017. The company directed itself in total of 1,771,000 new shares without payment. The second directed share issue, totaling a maximum of 551,000 new shares was directed to the top management and key personnel. A total number of 422 191 new shares were subscribed and paid for in the share issue.

20. Financial risk management

The Group has centralized the management of financial risks to Group Treasury, which is operating within the parent company Pöyry PLC. The objective of concentrating the financial risk management into Group Treasury is to be able to evaluate and control the risks in an efficient manner. The objective of Group Treasury function is to provide financial risk related services for the group companies to protect from unfavourable changes in the financial markets, and therefore to help secure the Group's profitability and ensure that adequate funding is available at all circumstances. Financial risk related responsibilities and procedures are described in the Treasury Policy.

The Group has exposure to the following financial risks:
- credit risk
- liquidity and refinancing risk
- market risk

Credit risk
Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligation, and arises principally from the Group's project assignments. The maximum amount of the credit risk equals the total book value of the financial assets reported in note 22. Financial assets and liabilities.

The Group establishes an allowance for impairment that represents its estimate of incurred losses. An allowance for impairment of 50 per cent is made for amounts which are overdue more than 180 days, except for amounts related to international institutions, government or municipality controlled entities. Notwithstanding the client category, an allowance for impairment of 100 per cent is made for amounts which are overdue more than 360 days. Any deviation from above rules is allowed only in special circumstances.

Investments are allowed only in liquid securities within the limits set out in the Treasury policy, subject to a defined approval procedure.

Liquidity and refinancing risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, and refinancing risk is defined as the risk of being unable to borrow on the market to fund actual or forecasted commitments.

In order to ensure that funding is obtainable and to minimise the cost of funding, the Group shall have a minimum liquidity corresponding to an average of one month's expenses. The Group minimizes the total cash needed for operations by efficient cash management including cash pool arrangements.

At 31 December, the Group had committed and uncommitted credit facilities at several banks totaling EUR 75.6 million, of which EUR 0.0 million were utilized.

EUR million	2018	2017
Credit facilities, committed	**70.0**	55.0
Utilized	**0.0**	0.0
Not utilized	**70.0**	55.0
Credit facilities, uncommitted	**5.6**	5.7
Utilized	**0.0**	0.0
Not utilized	**5.6**	5.7

The Group's liquidity at the end of December 2018 was EUR 179.2 million consisting of cash and cash equivalents of EUR 103.5 million and unused credit facilities of EUR 75.6 million. According to the Group's Treasury Policy the Group's required minimum liquidity should correspond to the Group's one month's average expenses.

The Group monitors that the outstanding total amount of issued commercial paper does not exceed the total amount of unused committed Revolving Credit Facilities. The Group's Treasury Policy also sets a guideline according to which the average maturity of long-term debt should be at least three years. At the end of 2018, the Group had no current or non-current interest-bearing liabilities.

In August 2018, Pöyry made an early repayment of a EUR 30 million loan and replaced the EUR 55 million revolving credit facility with a new EUR 70 million revolving credit facility valid until August 2021.

Pöyry issued EUR 30 million hybrid bond in November 2015. The hybrid bond bears a fixed interest rate of 7.50 % per annum until November 2019, after which the interest rate will be floating. The hybrid bond has no maturity date, but the company has the right to redeem it after four years from the issue date upon certain conditions. The hybrid bond is a debt instrument, which is subordinated to the company's unsubordinated debt obligations and treated as equity in the consolidated financial statements under IFRS. The hybrid bond does not confer on its holders the right to vote at shareholder meetings and does not dilute the holdings of the current shareholders.

EUR million	2018	2017
Non-current loans	**0.0**	30.0
Current loans	**0.0**	26.8
Total loans	**0.0**	56.8

Contractual maturity of liabilities and derivatives has been presented in Table of Maturity Analysis in Note 21.

Market risk
Market risk arises from changes in market prices, such as exchange rates and interest rates, which affect the Group's result. The objective is to manage and control market risk exposures within acceptable limits.

Currency risk
Transaction risk, commercial: The Group companies hedge their commercial exposure, i.e. the project cash flows denominated in a foreign currency, by using internal foreign exchange derivative contracts with Group Treasury. Hedging principles follow the Group's Treasury Policy which states that all committed cash flows in foreign currencies must be hedged. The deviation from policy can be made only for justified reasons and deviation must be approved by the CFO. Speculative derivative contracts without connection to business operations are not allowed.

Transaction risk, financial: According to the Group's Treasury Policy the parent company conducts financing and subsidiaries are not allowed to take up loans from external parties without permission and coordination from Group Treasury. The parent company grants loans to Group companies if considered necessary, justified or otherwise to be in the best interest of the parties. Group companies lend their excess cash to the parent company and as a rule, in order to centralize the foreign currency risks to the parent company; all internal funding is done in the domestic currency of the group companies. At the end of December 2018 the parent company did not have any external loans denominated in foreign currency. Thus the Group's financial exposure consists mainly of the Group's internal loans between the parent company and subsidiaries. The Group did not have major open transaction risk exposures at the end of 2018.

The parent company hedges the net transaction exposure centrally by external derivative contracts. The main objective is to minimize external hedging needs by netting as much cash flows in foreign currencies as possible against each other. The derivative contracts are stated at fair value and recognised in the income statement. Fair value hedge accounting can be applied to the derivative contracts when they are used for hedging order stock. External derivative instruments have not been netted in the financial statements but they all belong to master netting agreements signed with external counterparties. Financial assets and liabilities belonging under these agreements are described in the following table:

EUR million	2018	2017
Financial assets gross amount	**1.7**	1.7
Gross amount of recognised financial liabilities set off in the balance sheet	**0.0**	0.0
Net amount of financial assets presented in the balance sheet	**1.7**	1.7
Enforceable master netting agreement	**-0.9**	-0.4
Derivative assets net amount	**0.8**	1.3
Derivative liabilities gross amount	**1.7**	1.2
Gross amount of recognised financial assets set off in the balance sheet	**0.0**	0.0
Net amount of financial liabilities presented in the balance sheet	**1.7**	1.2
Enforceable master netting agreement	**-0.9**	-0.4
Derivative liabilites net amount	**0.8**	0.8
Cash and cash equivalents	**50.1**	41.9
Gross amount of recognised financial liabilities set off in the balance sheet	**-35.9**	-35.2
Net amount of financial assets presented in the balance sheet	**14.3**	6.7
Current loans	**35.9**	35.2
Gross amount of recognised cash and cash equivalents set off in the balance sheet	**-35.9**	-35.2
Net amount of current loans presented in the balance sheet	**0.0**	0.0

Translation risks: Currency exposure and hedging need related to share capital and other restricted equity in foreign subsidiaries is reviewed on an annual basis but the main principle is that the translation exposure of investments in foreign subsidiaries is not hedged. If the Group needs external funding, the funding currency can be chosen in a way that the foreign equity becomes partly or fully hedged. To these loans the Group can apply net investments hedge accounting, and the exchange differences arisen from these loans are recognised in other comprehensive income until the investment of the particular entity is disposed. The Group did not have net investments hedged by loans at the end of 2018.

Due to translation risk, changes in the currency rates have influence on the amount of equity as well as on the result. Weakening of euro would increase the total amount of the Group's equity and increase the amount of profit/loss. Strengthening of euro would have an opposite impact on equity and profit/loss. In the table below is simulated the impact of ten (10) percent strengthening/weakening of euro on the Group's equity and net profit regarding currencies in which the Group has the most significant amount of equity. All other variables held constant and compared with the closing rates of 31 Dec 2018 the impact on the Group's equity and net profit would be as follows:

2018 EUR million	Equity	Net profit for the period	Impact on equity		Impact on net profit	
			EUR +10%	EUR -10%	EUR +10%	EUR -10%
EUR	258.7	+23.0				
CHF	31.0	+4.6	-2.8	+3.4	-0.4	+0.5
USD	18.5	+0.2	-1.7	+2.1	-0.0	+0.0
GBP	8.8	+3.6	-0.8	+1.0	-0.3	+0.4
2017 EUR million	Equity	Net profit for the period	Impact on equity		Impact on net profit	
			EUR +10%	EUR -10%	EUR +10%	EUR -10%
EUR	246.4	+15.1				
CHF	23.0	+0.8	-2.1	+2.6	-0.1	+0.1
USD	17.4	+0.1	-1.6	+1.9	-0.0	+0.0
BRL	15.1	-0.1	-1.4	+1.7	+0.0	-0.0

Interest rate risk
The Group's policy is to achieve a balance between the maturity of long-term loans and the corresponding interest rate level. In case of essential interest rate level differences, the Group may use interest rate derivatives to achieve this target. Changes in the interest rate markets affect the Group's funding costs and the fair values of interest rate derivatives. At the end of 2018, the Group had no interest-bearing liabilities or interest rate derivatives.

Capital structure management
The Group's policy is to preserve a strong capital base in order to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Directors monitors the ownership structure, as well as the return on capital and the level of dividends to shareholders. The Group defines capital as the total balance sheet deducted with non-interest bearing liabilities.

The Group seeks to achieve a balance between growth targets, higher level of borrowings and return on capital and the Board sets the long-term targets on return on investment and gearing ratio. Aiming for and maintaining these targets ensure the Group's access to external funding sources when needed and with competitive pricing.

The Group has EUR 30 million hybrid bond outstanding which is treated as equity in the consolidated financial statements.

The Group's target for the return on investment (ROI per cent) is 20 % or higher.

EUR million	2018	2017
Result before taxes	**58.1**	11.8
Interest and other financial expenses	**5.3**	5.5
Total	**63.3**	17.3
Balance sheet total	**421.8**	390.1
Non-interest bearing liabilities	**245.4**	203.4
Net assets, average	**181.5**	196.7
Return on investment, %	**34.9 %**	8.8 %

The net debt/equity ratio (gearing per cent) target is < 50 per cent.

EUR million	2018	2017
Interest bearing liabilities	**0.0**	56.8
Cash and cash equivalents	**103.5**	50.7
Net interest bearing liabilities	**-103.5**	6.1
Equity	**176.4**	129.9
Net debt/equity ratio, %	**-58.7 %**	4.7 %

Neither Pöyry PLC nor any of its subsidiaries are subject to externally imposed capital requirements.

21. Maturity profile

EUR million 31 Dec 2018	Total	2019	2020	2021	2022
Accounts payable	15.1	15.1			
Forward contracts, cash out	117.5	107.1	10.4		
Forward contracts, cash in	-117.4	-107.2	-10.2		
Currency options, net	0.0	0.0			
Derivatives total	0.1	-0.1	0.1		
Total	**15.2**	**15.1**	**0.1**		

EUR million 31 Dec 2017	Total	2018	2019	2020	2021
Loans from credit institutions including interest	32.2	1.2	31.0		
Commercial papers	27.0	27.0			
Total [1)]	59.2	28.2	31.0		
Accounts payable	18.5	18.5			
Forward contracts, cash out	76.4	65.5	7.5	3.5	
Forward contracts, cash in	-76.9	-65.8	-7.7	-3.5	
Currency options, net	0.0	0.0			
Derivatives total	-0.5	-0.3	-0.2	0.0	
Total	77.2	46.4	30.8	0.0	

[1)] Figures are non-discounted and include both repayments of the loan capital and interest payments.

At the end of 2018 the Group had an outstanding client project and other guarantee liability amounting to EUR 43.8 (39.1) million, which is due on demand provided that the Group company and/or the Group has neglected its contractual obligations.

In August 2018 Pöyry signed a revolving credit facility agreement with its core banks that is valid until August 2021. The agreement is subject to covenants relating to Pöyry's financial performance and solidity.

22. Financial assets and liabilities

2018 EUR Million	Note	Amortized cost	FVPL	Fair value hedge accounting	Carrying amount of balance sheet items	Fair value
Non-current financial assets						
Financial assets, shares	14		0.5		0.5	0.5
Loan receivable	14	0.3			0.3	0.3
Trade receivable	15,18	1.2			1.2	1.2
Other receivable	15	1.6			1.6	1.6
Derivatives	31			0.2	0.2	0.2
Current financial assets						
Loan receivable	16	0.3			0.3	0.3
Trade receivable	16,18	103.0			103.0	103.0
Other receivable		3.0			3.0	3.0
Derivatives	31		0.9	0.5	1.4	1.4
Cash and cash equivalents [1)]	16	103.5			103.5	103.5
Carrying amount by measurement category		212.9	1.4	0.8	215.1	215.1
Non-current financial liabilities						
Derivatives	31			0.4	0.4	0.4
Current financial liabilities						
Accounts payable	26	15.1			15.1	15.1
Derivatives	31		0.8	0.6	1.4	1.4
Carrying amount by measurement category		15.1	0.8	1.0	16.9	16.9

2017 EUR Million	Note	Amortized cost	FVPL	Fair value hedge accounting	Carrying amount of balance sheet items	Fair value
Non-current financial assets						
Financial assets, shares	14		0.4		0.4	0.4
Loan receivable	14	0.3			0.3	0.3
Trade receivable	15,18	1.1			1.1	1.1
Other receivable	15	2.2			2.2	2.2
Derivatives	31			0.6	0.6	0.6
Current financial assets						
Loan receivable	16					
Trade receivable	16,18	106.3			106.3	106.3
Other receivable		2.6			2.6	2.6
Derivatives	31		0.4	0.7	1.1	1.1
Cash and cash equivalents [1)]	16	50.7			50.7	50.7
Carrying amount by measurement category		163.2	0.8	1.3	165.3	165.3
Non-current financial liabilities						
Interest bearing liabilities	21	30.0			30.0	30.0
Derivatives	31			0.4	0.4	0.4
Current financial liabilities						
Interest bearing liabilities	21	26.8			26.8	26.8
Accounts payable	26	18.5			18.5	18.5
Derivatives	31		0.6	0.2	0.8	0.8
Carrying amount by measurement category		75.3	0.6	0.6	76.5	76.5

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 can be found in note 31 Derivative Instruments.

The shares include unquoted shares at fair value. Due to the lack of verifiable market prices, valuation based on amortized cost is the closest to fair value.

[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 31 December 2018 EUR 35.9 (35.2) million of the cash balances and equivalent amount of the overdraft balances were offset. In addition, cash and cash equivalents include investments of EUR 1.0 (0.0) million in commercial papers.

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

EUR million		2018			2017	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Financial assets, shares			**0.5**			0.4
Derivatives in hedge accounting		**0.8**			1.3	
Derivatives no hedge accounting		**0.9**			0.4	
Total financial assets at fair value		**1.7**	**0.5**		1.7	0.4
Financial liabilities at fair value						
Derivatives in hedge accounting		**1.0**			0.6	
Derivatives no hedge accounting		**0.8**			0.6	
Total financial liabilities at fair value		**1.7**			1.2	

	2018	2017
Carrying amount of unlisted shares 1 January	**0.4**	0.6
Sales of shares	**-0.1**	-0.2
Purchase of shares	**0.3**	0.0
Carrying amount of unlisted shares 31 December	**0.5**	0.4

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.

24. Pension obligations

Critical accounting estimates

The present value of the pension obligations is calculated using several factors, which are based on various statistical and other actuarial assumptions. These factors include, among others, assumptions about the discount rate and changes in future compensation. Statistical factors used may differ materially from actual results due to, among others, changing market and economic conditions. Significant differences in actual experiences or significant changes in assumptions may have a material impact on the carrying amount of pension obligations in the future reporting periods.

Defined benefit pension plans at Pöyry

16.8 (29.5) per cent of the Group's net defined benefit liability is related to Swiss defined benefit pension plans. In Switzerland the level of benefits provided is based on accumulated account balance, which depends on salary during the service time. The plan also provides benefits on death, disability, and termination. Retirement benefit is paid either as a lump sum or as a monthly pension payment, which is defined as a proportion of the accrued retirement savings amount. Benefits are paid from the funds managed by a trust. The foundation board of the trust must be composed of representatives of company and plan participants.

The defined benefit pension plans in Finland are mainly funded voluntary pension plans. The amount of the benefit is based on salaries of the final years leading up to retirement and guarantees a total pension defined in the plan. The voluntary plan pensions are increased based on the earnings-related pension index.

The defined benefit pension plans in Germany are individual, partly funded and partly unfunded pension plans. In unfunded pension plans the company meets the benefit payment obligation as it falls due.

The Group has additionallly minor defined benefit pension plans e.g. in Austria and Norway.

Assets related to defined benefit pension plans are governed by local regulations and practice in each country.

EUR million	2018	2017
Amounts recognised in the statement of income		
Current service expenses	**2.6**	3.5
Past service expenses [1)]		-3.5
Other charges (+) or credits (-) [2)]	**0.1**	0.0
Actuarial gains (-) / losses (+) from other long-term employee benefits	**0.0**	0.0
Administration expenses	**0.2**	0.1
Pension expenses	**2.8**	0.0
Net interest expenses	**0.2**	0.3
Total expenses	**3.1**	0.3
[1)] Past service expenses in 2017 include curtailment gains relating to Swiss pension plans.		
2) Other charges in 2018 include an expense related to initial recognition of Indonisian plans.		
Amounts recognised in other comprehensive income		
Gain (-) / losses (+) due to changes in demographic assumptions	**-2.4**	-5.2
Gain (-) / losses (+) due to changes in financial assumptions	**-2.0**	-7.1
Experience gains (-) / losses (+)	**-0.1**	-3.7
Return on plan assets, excluding amounts included in interest expense (+/-)	**1.6**	-6.2
Change in unrecognised asset due to asset ceiling	**0.0**	
Remeasurements recognised in other comprehensive income, gains (-) / losses (+)	**-2.9**	-22.2
Cumulative amounts recognised in other comprehensive income	**-12.2**	-9.8
Defined benefit obligation in the balance sheet, net		
Assets	**0.0**	0.1
Liabilities	**15.9**	18.8
Net pension liability	**15.9**	18.7
The amount the Group expects to contribute to its defined benefit pension plans during year 2018/2017	**2.6**	2.5

Reconciliation of the defined benefit obligation 2018

EUR million	Switzer-land	Other Europe	Total
Present value of funded obligations	154.0	5.6	159.6
Fair value of plan assets	-151.3	-5.0	-156.3
Deficit (-) / surplus (+) of funded plans	-2.7	-0.7	-3.3
Present value of unfunded obligations		12.5	12.5
Unrecognized due to asset ceiling	0.0		0.0
Total deficit (-) / surplus (+) of defined benefit pension plans	-2.7	-13.2	-15.9
Net pension liability 31 Dec 2018	**2.7**	**13.2**	**15.9**

Reconciliation of the defined benefit obligation 2017

EUR million	Switzer-land	Other Europe	Total
Present value of funded obligations	155.3	5.9	161.2
Fair value of plan assets	-149.8	-5.4	-155.2
Deficit (-) / surplus (+) of funded plans	-5.5	-0.5	-6.0
Present value of unfunded obligations		12.7	12.7
Total deficit (-) / surplus (+) of defined benefit pension plans	-5.5	-13.2	-18.7
Net pension liability 31 Dec 2017	5.5	13.2	18.7

Movement in the defined benefit obligation 2018

EUR million	Liability	Assets	Total
Net pension liability 1 Jan 2018	174.0	-155.2	18.8
Current service expenses	2.6		2.6
Interest expenses	1.2	-1.0	0.2
	3.8	-1.0	2.8
Return on plan assets, excluding amounts included in interests (+/-)		1.6	1.6
Gain (-) / loss (+) from change in demographic assumptions	-2.3		-2.3
Gain (-) / loss (+) from change in financial assumptions	-2.0		-2.0
Experience gains (-) / losses (+)	-0.1		-0.1
Change in unrecognised asset due to asset ceiling	0.0		0.0
	-4.5	1.6	-2.9
Exchange rate differences	5.8	-5.7	0.1
Contributions from employers		-2.9	-2.9
Contributions from plan participants	1.7	-1.7	
Payments from plans	-8.6	8.3	-0.2
Administration expenses	0.0	0.2	0.2
	-6.9	3.9	-3.0
Net pension liability 31 Dec 2018	**172.1**	**-156.3**	**15.9**

Movement in the defined benefit obligation 2017

EUR million	Liability	Assets	Total
Net pension liability 1 Jan 2017	214.2	-169.3	44.9
Current service expenses	3.5		3.5
Past service expenses	-3.5		-3.5
Interest expenses	1.2	-0.8	0.3
	1.1	-0.8	0.2
Return on plan assets, excluding amounts included in interests (+/-)		-6.2	-6.2
Gain (-) / loss (+) from change in demographic assumptions	-5.2		-5.2
Gain (-) / loss (+) from change in financial assumptions	-7.1		-7.1
Experience gains (-) / losses (+)	-3.7		-3.7
	-16.0	-6.2	-22.2
Exchange rate differences	-14.8	13.4	-1.4
Contributions from employers		-2.9	-2.9
Contributions from plan participants	1.7	-1.7	
Payments from plans	-12.1	12.1	0.0
Settlements	0.0	0.0	
Special termination benefits	0.0		0.0
Administration expenses	0.0	0.1	0.1
	-10.5	7.6	-2.9
Net pension liability 31 Dec 2017	173.9	-155.2	18.7

Allocation of plan assets by asset category 2018

EUR million	Switzer-land	Other Europe	Total
Equity instruments, quoted	46.3		46.3
Government bonds, quoted	82.2		82.2
Property	19.2		19.2
Insurance contracts, unquoted		5.0	5.0
Cash and cash equivalents	3.5		3.5
Other	0.2		0.2
Total plan assets	**151.3**	**5.0**	**156.3**

Allocation of plan assets by asset category 2017

EUR million	Switzer-land	Other Europe	Total
Equity instruments, quoted	48.0		48.0
Government bonds, quoted	82.0		82.0
Property	19.2		19.2
Insurance contracts, unquoted		5.4	5.4
Cash and cash equivalents	0.6		0.6
Total plan assets	149.8	5.4	155.2

The significant actuarial assumptions

	2018		2017	
	Switzer-land	Other Europe average	Switzer-land	Other Europe average
Discount rate, %	0.70	1.68	0.60	1.44
Average future salary increase, %	1.00	0.55	1.00	0.50
Cost of living adjustment for pensions in payment, %	0.00	1.44	0.00	1.35
Inflation, %	1.00	1.66	1.00	1.57

Sensitivity analysis

Change (per cent) in defined benefit obligation, when the assumptions used in calculations are changed.

2018	Switzer-land	Other Europe	Total
	%	%	%
Discount rate, 0.5% change	-5.8	-5.7	-5.7
Future salary increase, 0.5% change	0.4	1.3	1.1
Future pension increase, 0.25% change	2.4	2.3	2.3
Mortality, 5% change	-1.5	-1.0	-1.1
	%	%	%
Discount rate, -0.5% change	6.5	6.3	6.3
Future salary increase, -0.5% change	-0.4	-1.2	-1.1
Future pension increase, -0.25% change	-2.3	-2.2	-2.2
Mortality, -5% change	1.6	1.0	1.1
Duration of the defined benefit obligations	12.4	12.0	12.1

2017	Switzer-land	Other Europe	Total
	%	%	%
Discount rate, 0.5% change	-6.3	-5.9	-6.0
Future salary increase, 0.5% change	0.7	1.2	1.0
Future pension increase, 0.25% change	2.6	2.4	2.5
Mortality, 5% change	-1.5	0.5	-0.1
	%	%	%
Discount rate, -0.5% change	7.1	6.5	6.7
Future salary increase, -0.5% change	-0.6	-1.1	-0.9
Future pension increase, -0.25% change	-2.5	-2.3	-2.4
Mortality, -5% change	1.6	-0.8	-0.1
Duration of the defined benefit obligations	13.5	12.5	12.8

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assuptions may be correlated. When calculating the sensitivity of the defined benefit obligation to signifcant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

Through its defined benefit pension plans, the Group is exposed to a number of risks. The most significant risks are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate or government bond yields depending on the plan; if plan assets underperform this yield, this will create a deficit. Asset volatility is particularly significant in the Swiss plan, as company has to pay additional contributions if the pension fund becomes underfunded.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Some of the Group's pension obligations are linked to inflation and higher inflation will lead to higher liabilities. In the Swiss plans, the pension payments are not linked to inflation, so this is a less material risk.

Life expectancy

When plans' obligations are to provide benefits for the life of the member, increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the Swiss and German pension plans.

In the Swiss pension plan the pension fund holds an "Asset fluctuation reserve" in order to absorb the volatility of the yields on plan assets. The full target value of this reserve is a security level of 97.5%. According to the rules of the pension fund another utilisation of the return on assets is not permitted before the Asset Fluctuation Reserve has reached its full target value.

In the Swiss pension plan the company must contribute 14% of contributory salary for the pension plan according to the rules of the pension plan. In Finnish pension plans company's contributions are mainly related to index increases in pension benefits.

25. Provisions

Critical accounting estimates
The recognition and measurement of provisions require management to assess the best estimate of expenditure needed to settle the present obligation at the end of the reporting period. The actual amount and timing of the expenditure may differ from these estimates.

EUR million	Project provisions	Restructuring provisions	Other	Total
Book value 1 Jan 2018	8.0	3.0	3.8	14.8
Exchange rate differences	0.1	0.0	-0.4	-0.3
Increase	1.8	0.4	0.4	2.6
Used	-2.6	-1.4	-0.9	-4.9
Reversed	-0.5	-0.8	0.0	-1.3
Book value 31 Dec 2018	**6.9**	**1.1**	**2.9**	**10.8**

EUR million	Project provisions	Restructuring provisions	Other	Total
Book value 1 Jan 2017	5.3	2.8	4.5	12.7
Exchange rate differences	-0.3	-0.1	-0.5	-0.9
Increase	4.0	2.2	0.4	6.5
Used	-0.9	-1.8	-0.5	-3.3
Reversed	-0.1	-0.1	0.0	-0.2
Book value 31 Dec 2017	8.0	3.0	3.8	14.8

The project provisions relate to projects in dispute and projects with expected losses. The provisions recognised are based on the management's best estimate.
The restructuring provisions 31 Dec 2018 include provisions for personnel expenses of EUR 1.0 million as a result of capacity adaption measures as well as EUR 0.1 million provision for other restructuring expenses. In 2017 and 2018 the increase in restructuring provisions relates mainly to capacity adjustment measures in Latin America as well as changes in the management structure in various other countries.
Other provisions include provisions related to employment claims customary in one of the Group's operation countries and are based on local professional opinions.

26. Current liabilities

EUR million	2018	2017
Loans from credit institutions, amortisations		0.0
Commercial papers		26.8
Used credit facilities	**0.0**	0.0
Interest bearing liabilities	**0.0**	26.8
Provisions	**10.8**	14.8
Project advances	**95.2**	62.9
Accounts payable	**15.1**	18.5
Current tax payable	**6.2**	5.3
Other current liabilities	**25.9**	24.9
Accrued expenses and deferred income	**75.8**	58.0
Total current liabilities	**229.1**	211.3

The book value of the current liabilities corresponds to their fair value as the discount effect is not material due to the maturity.

27. Accrued expenses and deferred income

EUR million	2018	2017
Project expenses	**10.1**	3.4
Salaries and vacation accruals	**44.4**	37.7
Social expenses	**10.6**	9.7
Rents	**0.2**	0.2
Interest expenses	**0.4**	0.5
Fair value of derivative instruments	**2.4**	2.2
Other	**7.7**	4.3
Total accrued expenses and deferred income	**75.8**	58.0

28. 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.

Board of Directors, President and CEO and the members of the Group Executive Committee
There have not been any material transactions between Pöyry and its members of the Board of Directors, the President and CEO and the members of the Group Executive Committee, close members of their families or organisations in which the members of the Board of Directors, the President and CEO or the members of the Group Executive Committee have control or significant influence. There were no loans granted to the members of the Board of Directors, President and CEO or the members of the Group Executive Committee at 31 December 2018 and 2017. Remuneration to the members of the Board of Directors, President and CEO and the members of the Group Executive Committee is disclosed in Note 6. The members of the Board of Directors, The President an CEO and the members of the Group Executive Committee owned on 31 December 2018 a total of 783,612 shares (at the end of 2017 a total of 635,787 shares).

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 resolved on 3 August 2017 on two share issues. The first one resulted in 1,771,000 new shares issued to the company itself without payment, as per Stock Exchange Release published on 16 August 2017. The second share issue was directed to the persons entitled to participate in the plan and resulted in a total of 422,191 new shares subscribed and paid for by each participant. The new shares were registered on 14 Sep 2017 as announced in a Stock Exchange Release.

In September 2018, as per the Stock Exchange Release published on 6 September 2018, Pöyry PLC announced a directed share issue without payment relating to reward payment in accordance with a long-term share-based incentive plan. 147,272 treasury shares were subscribed in the share issue.

Subject to closing of the recommended public cash tender offer made by ÅF AB (publ) in December 2018, there will be changes in terms and conditions of the program as specifically decided by the Board of Directors of Pöyry PLC.

The performance share plans are described in Note 7.

Own shares
Pöyry PLC held at the end of 2018 2,042,783 (2,190,055) own shares corresponding to 3.3 (3.5) per cent of the total number of shares.

Related party transactions with associated companies and joint ventures
The transactions with associated companies and joint ventures are determined on an arm's length basis. They are not material for the group.

29. Contingent liabilities

EUR million	2018	2017
Other own obligations		
Other obligations	**0.4**	0.3
Accrued interest on hybrid bond	**0.2**	0.2
Project and other guarantees	**43.8**	39.1
Total	**44.4**	39.6
For other parties		
Pledged assets	**0.1**	0.1
Other obligations	**0.0**	
Total	**0.1**	0.1

Project and other guarantees

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

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"). During the first half year of 2018 Pöyry reached a settlement with the client. The settlement had a negative impact on the first half year operating result and has been reported as an adjustment item in the Industry Business Group. The settlement had a positive cash flow impact on the first half year of 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.

30. Other lease agreements

EUR million	2018	2017
Lease payments for non-cancellable other lease agreements, mostly office rents:		
0-1 years	**23.4**	23.2
1-2 years	**17.5**	17.7
2-3 years	**14.6**	13.6
Later	**49.0**	57.6
Total	**104.5**	112.1
Rent expenses during the period	**26.4**	27.6

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.

31. Derivative instruments

EUR million	2018	2017
Foreign exchange forward contracts, no hedge accounting		
Nominal values total	**76.4**	43.7
Fair value, gains	**0.8**	0.4
Fair value, losses	**-0.7**	-0.5
Fair value, net	**0.1**	-0.2
Foreign exchange forward contracts, fair value hedge accounting		
Nominal values total	**42.4**	33.8
Fair value, gains	**0.8**	1.3
Fair value, losses	**-1.0**	-0.6
Fair value, net	**-0.2**	0.7
Foreign exchange option contracts, no hedge accounting		
Bought, nominal values	**8.0**	8.6
Bought, gains	**0.0**	0.0
Bought, losses	**0.0**	0.0
Bought, net	**0.0**	0.0
Sold, nominal values	**9.5**	14.1
Sold, gains	**0.0**	0.0
Sold, losses	**0.0**	0.0
Sold, net	**0.0**	0.0
Foreign exchange option contracts, net	**0.0**	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. The fair values represent the prices which the Group should pay or receive if it terminated the derivative agreement. 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.

The impact of the hedging instruments (derivatives) and hedged items on the statement of financial position as at 31 December 2018 is as follows:

EUR million	2018	2017
Notional amount	**42.4**	33.8
Hedging instruments carrying amount asset	**0.8**	1.3
Hedging instruments carrying amount liability	**-1.0**	-0.6
Maturity date	**2019-2020**	2018-2020
Hedge ratio	**0.0**	0.0
Change in spot value of outstanding hedging instruments since 1 January	**-0.5**	0.8
Change in value of hedged item used to determine hedge effectiveness	**0.5**	-0.8

32. Share ownership

		Ownership of voting rights	
		Group, %	Parent company, %
Group companies			
Cordoba Management Consulting S.L.	Spain, Madrid	100.0	
East Engineering Ltd Oy	Finland, Vantaa	100.0	100.0
Electrowatt Consultants Ltd	United Kingdom, Horsham	100.0	
EPP - Empresa de Pagamentos Planejados Ltda	Brazil, Sao Paolo	100.0	
JP-Sijoitus Oy	Finland, Vantaa	100.0	100.0
Mifecor S.A.	Finland, Vantaa	100.0	
Pilowin S.A.	Uruguay, Montevideo	100.0	
PT. Poyry Indonesia	Indonesia, Jakarta	100.0	100.0
Pöyry (Appleton) LLC	USA, Appleton	100.0	
Poyry (B) Sdn Bhd	Brunei, Kuala Belait	90.0	
Pöyry (Beijing) Engineering and Consulting Company Limited	China, Beijing	100.0	100.0
Pöyry (Chile) Limitada	Chile, Santiago	100.0	
Pöyry Contracting Inc. [1)]	Philippines, Makati	40.0	
PÖYRY ERÖTERV ZRt.	Hungary, Budapest	98.9	98.9
Poyry (México) S.A., de C.V.	Mexico	100.0	
Pöyry (Montréal) Inc.	Canada, Montreal	100.0	
Pöyry Panama S.A.	Panama, Panama City	100.0	
Pöyry (Peru) S.A.C.	Peru, Lima	100.0	
Pöyry PNG Limited	Peru, Lima	100.0	
Poyry RUS LLC	Russia, St. Petersburg	100.0	100.0
Pöyry (Thailand) Ltd.	Thailand, Bangkok	100.0	
Pöyry (USA) Inc.	USA, Appleton	100.0	100.0
Pöyry Capital Limited	United Kingdom, London	95.4	95.4
Poyry Consulting and Engineering (India) Private Limited	India, Maharashtra Mumbai	100.0	100.0
Pöyry Consultoria e Projetos Ltda.	Brazil, Sao Paolo	100.0	
Pöyry Consultoria em Gestão e Negócios Ltda.	Brazil, Curitiba	100.0	
Pöyry Deutschland GmbH	Germany, Mannheim	100.0	100.0
Pöyry Austria GmbH	Austria, Vienna	100.0	100.0
Pöyry Energy Inc.	Philippines, Manila	100.0	
Pöyry Energy Limited	United Kingdom, Horsham	100.0	100.0
Pöyry Energy Ltd	Thailand, Bangkok	100.0	
Poyry Energy Nigeria Limited	Thailand, Bangkok	100.0	
Poyry Energy Sdn Bhd	Malaysia, Kuala Lumpur	100.0	100.0
Pöyry Finland Oy	Finland, Vantaa	100.0	100.0
Pöyry Infra de Venezuela, S.A.	Venezuela, Caracas	100.0	
Pöyry Infra Ltd.	Thailand, Bangkok	100.0	
Poyry Infra Sp. z o.o.	Poland, Cracow	100.0	
Pöyry Infra Traffic GmbH	Germany, Hamburg	100.0	
Pöyry Italy S.r.l.	Italy, Genoa	100.0	100.0
Pöyry Latin America S.L.	Spain, Madrid	100.0	
Poyry Management Consulting (Australia) Pty Ltd	Australia, Melbourne	100.0	100.0
Poyry Management Consulting Austria GmbH	Austria, Vienna	100.0	
Pöyry Management Consulting (Deutschland) GmbH	Germany, Dusseldorf	100.0	
Pöyry Management Consulting (France) S.A.S.	France, Paris	100.0	
Pöyry Management Consulting (Italia) S.r.l.	Italy, Milan	100.0	
Poyry Management Consulting (NZ) Limited	New Zealand, Auckland	100.0	100.0
Pöyry Management Consulting (Schweiz) AG	Switzerland, Zurich	100.0	
Poyry Management Consulting (Singapore) Pte. Ltd.	Singapore	100.0	100.0
Pöyry Management Consulting (UK) Limited	United Kingdom, Oxford	100.0	100.0
Pöyry Management Consulting (USA) Inc.	USA, Atlanta	100.0	

[1)] Even though Pöyry Group does not hold majority of the shares of Pöyry Contracting Inc., Pöyry effectively has control in the company based on loan agreements, pledges and Powers of Attorneys in place.

		Ownership of voting rights	
		Group, %	Parent company, %
Pöyry Management Consulting Oy	Finland, Vantaa	100.0	100.0
Pöyry Norway AS	Norway, Sarpsborg	100.0	100.0
Poyry Poland Sp. z o.o.	Poland, Lódz	100.0	100.0
Pöyry Schweiz AG	Switzerland, Zurich	100.0	100.0
Pöyry Shandong Engineering and Consulting Co., Ltd.	China, Jinan	90.0	
Pöyry Solucoes em Projetos Ltda	Brazil, Sao Paolo	100.0	
Poyry South Africa (Proprietary) Ltd	South Africa, Westville	100.0	100.0
Pöyry Sweden AB	Sweden, Stockholm	100.0	100.0
Pöyry Tecnologia Ltda.	Brazil, Sao Paolo	100.0	
Salamanca Proyectos Llave en Mano S.L.	Spain, Madrid	100.0	
Valencia Engineering S.L.	Spain, Madrid	100.0	100.0
Associated companies			
Amata Bien Hoa	Vietnam, Long Binh, Bien Hoa City	30.0	
Kiinteistö Oy Manuntori	Finland, Joutseno	33.8	

Joint operations

Due to the nature of Pöyry's business, the group is engaged in several consortium arrangements which are joint operations based on definitions in IFRS 11. Consortiums are contractually established for the purpose of tendering and executing project work for a specific project and they are terminated once the project is completed. Individual consortiums are not material to the Group.

Other share ownership of the Group is not material.

Key figures

Statement of income

EUR million	2014	2015	2016	2017	2018
Consulting and engineering	571.2	559.6	527.8	521.2	**563.5**
EPC	0.0	15.7	1.8	1.2	**15.9**
Net sales total	**571.2**	**575.3**	**529.6**	**522.3**	**579.5**
Change in net sales, %	-16.0	0.7	-7.9	-1.4	**10.9**
Other operating income	22.6	1.4	1.3	0.6	**1.2**
Materials, supplies and subconsulting	-62.9	-62.9	-46.7	-48.2	**-70.5**
Personnel expenses [1)]	-381.2	-366.6	-351.1	-328.6	**-339.3**
Depreciation and impairment	-5.3	-4.2	-4.6	-4.4	**-4.3**
Other operating expenses	-167.5	-139.0	-136.6	-126.7	**-111.8**
Operating result	**-23.1**	**4.0**	**-8.1**	**15.1**	**54.7**
Proportion of net sales, %	-4.0	0.7	-1.5	2.9	**9.4**
Financial income and expenses	-5.0	1.4	-3.1	-3.8	**3.0**
Proportion of net sales, %	-0.9	0.3	-0.6	-0.7	**0.5**
Share of associated companies' and joint ventures' results	0.1	0.5	0.5	0.5	**0.4**
Result before taxes	**-28.0**	**6.0**	**-10.6**	**11.8**	**58.1**
Proportion of net sales, %	-4.9	1.0	-2.0	2.3	**10.0**
Income taxes	3.0	0.1	-2.2	-6.1	**-11.1**
Net result for the period	**-24.9**	**6.0**	**-12.8**	**5.6**	**47.0**
Attributable to:					
Owners of the parent company	-23.7	5.5	-12.5	5.7	**46.9**
Non-controlling interest	-1.2	0.5	-0.3	0.0	**0.1**

Statement of financial position

EUR million	2014	2015	2016	2017	2018
Goodwill	119.2	121.4	122.4	118.9	**118.7**
Intangible and tangible assets	12.6	14.1	14.7	13.0	**11.7**
Non-current investments	2.4	2.7	3.0	2.7	**2.2**
Non-current receivables	30.0	36.6	38.7	30.5	**26.4**
Work in progress	80.8	74.6	58.9	43.7	**33.7**
Accounts receivable	113.6	104.1	105.8	106.3	**103.0**
Other current receivables	21.9	25.9	29.0	24.2	**22.7**
Cash and cash equivalents and other liquid assets	50.3	70.6	49.3	50.7	**103.5**
Assets classified as held for sale	5.2				
Assets total	**436.0**	**449.9**	**421.8**	**390.1**	**421.8**
Equity attributable to the owners of the parent company	100.2	127.6	116.9	129.8	**176.3**
Non-controlling interest	1.6	1.7	1.4	0.1	**0.1**
Pension obligations	34.3	46.8	45.0	18.8	**15.9**
Provisions	16.5	12.2	12.7	14.8	**10.8**
Interest bearing liabilities	90.2	75.3	81.2	56.8	
Project advances	82.4	70.9	58.2	62.9	**95.2**
Accounts payable	21.2	21.0	20.5	18.5	**15.1**
Other non-interest bearing liabilities	89.7	94.4	85.9	88.4	**108.3**
Liabilities total	**436.0**	**449.9**	**421.8**	**390.1**	**421.8**

Statement of cash flows

EUR million	2014	2015	2016	2017	2018
Net cash flow from operating activities	-27.6	0.3	-17.7	38.2	**114.1**
Net cash flow from investing activities	25.8	7.4	-4.3	-5.0	**-2.6**
Net cash flow from financing activities	-22.4	11.3	-0.8	-28.0	**-59.0**
Effect of changes in exchange rates	2.0	1.3	1.4	-3.7	**0.3**
Change in cash and cash equivalents and other liquid assets	-22.0	20.3	-21.4	1.4	**52.8**
Cash and cash equivalents and other liquid assets 31 December	**50.3**	**70.6**	**49.3**	**50.7**	**103.5**

Profitability and other key figures

	2014	2015	2016	2017	2018
Return on investment, %	-9.9	6.1	-3.2	8.8	**34.9**
Return on equity, %	-20.3	5.9	-10.5	4.5	**30.9**
Equity ratio, %	28.8	34.1	32.5	39.7	**54.0**
Net debt/equity ratio (gearing), %	39.1	3.6	27.0	4.7	**-58.7**
Net debt, EUR million	39.8	4.7	32.0	6.1	**-103.5**
Current ratio	1.0	1.1	0.9	1.1	**1.1**
Consulting and engineering, EUR million	447.4	458.2	439.0	448.3	**515.0**
EPC, EUR million	25.0	7.3	3.6	0.3	**21.3**
Order stock total, EUR million	472.5	465.5	442.5	448.5	**536.3**
Capital expenditure, operating, EUR million	2.6	6.9	5.1	3.3	**3.1**
Proportion of net sales, %	0.5	1.2	1.0	0.6	**0.5**
Capital expenditure in shares, EUR million				2.4	**0.3**
Proportion of net sales, %				0.5	**0.0**
Personnel in group companies on average	5,433	5,029	4,839	4,551	**4,700**
Personnel in group companies at year-end	5,170	4,952	4,574	4,637	**4,846**

Key figures for the shares

	2014	2015	2016	2017	2018
Earnings/share, EUR	-0.40	0.09	-0.24	0.07	**0.75**
Corrected with dilution effect	-0.40	0.09	-0.24	0.07	**0.75**
Equity attributable to the owners of the parent company/share, EUR	1.68	2.14	1.96	2.09	**2.85**
Dividend, EUR million	0.0	0.0	0.0	3.0	**n/a** [1)]
Dividend/share, EUR	0.00	0.00	0.00	0.05	**n/a** [1)]
Dividend/earnings, %	n/a	n/a	n/a	52.7	**n/a** [1)]
Effective dividend yield, %	n/a	n/a	n/a	1.0	**n/a** [1)]
Price/earnings multiple	-6.6	41.8	-13.7	74.4	**13.8**
Issue-adjusted trading prices, EUR					
Average trading price	3.81	3.29	3.23	4.24	**8.91**
Highest trading price	4.80	4.16	3.80	5.68	**10.40**
Lowest trading price	2.60	2.70	2.80	3.04	**4.79**
Closing price at year-end	2.66	3.78	3.32	4.84	**10.40**
Total market value, EUR million					
Outstanding shares	157.6	223.9	196.8	289.5	**623.1**
Own shares	1.4	2.0	1.4	10.6	**21.2**
Trading volume of shares					
Shares, 1,000	11,339	10,903	4,416	4,632	**15,167**
Proportion of total number of shares, %	19.0	18.2	7.4	7.7	**24.5**
Issue-adjusted number of shares, 1,000					
On average	59,760	59,760	59,760	60,491	**61,953**
At year-end	59,760	59,760	59,760	61,953	**61,953**

[1)] Board of Directors' proposal

Calculation of key figures

Return on investment, ROI %	Result before taxes + interest and other financial expenses / Balance sheet total - non-interest bearing liabilities (quarterly average)	x 100
Return on equity, ROE %	Net result for the period / Equity (quarterly average)	x 100
Equity ratio %	Equity / Balance sheet total - advance payments received	x 100
Net debt/equity ratio, gearing %	Interest bearing liabilities - cash and cash equivalents / Equity	x 100
Current ratio	Current assets / Current liabilities	
Earnings/share, EPS	Net result attributable to the owners of the parent company - accrual basis interest of hybrid bonds adjusted with tax effect / Issue-adjusted average number of outstanding shares for the fiscal year	
Equity attributable to the owners of the parent company/share	Equity attributable to the owners of the parent company / Issue-adjusted number of shares at the end of the fiscal year	
Dividend/share	Dividend / Issue-adjusted number of outstanding shares at the end of the fiscal year	
Dividend/earnings %	Dividend for the fiscal year / Net result attributable to the owners of the parent company	x 100
Effective dividend yield %	Dividend/share / Issue-adjusted trading price at the end of the fiscal year	x 100
Price/earnings multiple, P/E	Quoted share price at the end of the fiscal year / Earnings per share	
Market value of share capital	Number of shares at the end of the fiscal year x closing price at the end of the fiscal year	
Trading volume %	Number of shares traded during the fiscal year / Average number of shares for the fiscal year	x 100

Operating segments, semester figures

Net sales

EUR million	1-6/18	7-12/18	1-6/17	7-12/17	1-12/18	1-12/17
Energy	62.4	81.5	64.3	57.8	143.9	122.1
Industry	108.6	108.4	102.1	97.8	217.0	199.9
Infra, Water and Environment	77.6	71.3	70.7	65.4	148.9	136.1
Management Consulting	34.7	35.5	30.6	35.1	70.2	65.7
Unallocated	-0.8	0.2	-0.5	-0.9	-0.6	-1.4
	282.5	**296.9**	**267.3**	**255.1**	**579.5**	**522.3**

Operating result

EUR million	1-6/18	7-12/18	1-6/17	7-12/17	1-12/18	1-12/17
Energy	4.1	7.5	3.5	3.9	11.6	7.4
Industry	10.7	12.7	6.6	7.1	23.4	13.7
Infra, Water and Environment	19.0	3.6	-1.3	-1.7	22.6	-3.0
Management Consulting	4.1	6.2	1.6	5.5	10.3	7.1
Unallocated	-5.0	-8.3	-6.7	-3.4	-13.3	-10.1
Operating result	**32.9**	**21.7**	**3.7**	**11.4**	**54.7**	**15.1**
Financial items	4.7	-1.8	-1.7	-2.0	3.0	-3.8
Share of associated companies' and joint ventures' results	0.2	0.2	0.3	0.2	0.4	0.5
Result before taxes	**37.9**	**20.2**	**2.2**	**9.6**	**58.1**	**11.8**
Income taxes	-9.2	-1.9	-2.0	-4.2	-11.1	-6.1
Net result for the period	**28.7**	**18.3**	**0.2**	**5.4**	**47.0**	**5.6**
Attributable to:						
Owners of the parent company	28.7	18.3	0.2	5.5	46.9	5.7
Non-controlling interest	0.0	0.0	0.1	-0.1	0.1	0.0

Operation result, % of net sales

	1-6/18	7-12/18	1-6/17	7-12/17	1-12/18	1-12/17
Energy	6.5	9.2	5.5	6.7	8.1	6.1
Industry	9.9	11.7	6.5	7.2	10.8	6.9
Infra, Water and Environment	24.5	5.1	-1.8	-2.6	15.2	-2.2
Management Consulting	11.9	17.5	5.1	15.8	14.7	10.8
	11.7	**7.3**	**1.4**	**4.5**	**9.4**	**2.9**

Order stock

EUR million	1-6/18	7-12/18	1-6/17	7-12/17
Energy	233.3	219.7	174.0	164.9
Industry	153.7	137.5	101.0	105.7
Infra, Water and Environment	174.3	162.6	178.5	159.4
Management Consulting	17.0	16.5	21.0	18.4
Unallocated	0.0	0.0	0.0	0.0
	578.4	**536.3**	**474.5**	**448.5**

Adjusted operating result

EUR million	1-6/18	7-12/18	1-6/17	7-12/17	1-12/18	1-12/17
Energy	4.1	7.5	3.5	3.9	11.6	7.4
Industry	12.1	13.0	8.0	9.9	25.1	17.9
Infra, Water and Environment	3.8	2.1	1.3	2.2	5.9	3.5
Management Consulting	4.1	6.2	1.6	5.7	10.3	7.3
Unallocated	-5.0	-4.7	-4.4	-5.8	-9.7	-10.1
Operating profit/loss	**19.2**	**24.1**	**10.0**	**16.0**	**43.2**	**26.0**

Shares and shareholders

Share capital and shares

The shares of Pöyry PLC are quoted on the Nasdaq Helsinki Mid Cap list under the trading code POY1V. The first day of trading was 2 December 1997. The company has one series of shares. Each share entitles to one vote and the same dividend rate. Pöyry PLC's share register is maintained by Euroclear Finland Ltd.

The share capital is EUR 14,588,478 and the total number of shares is 61,952,801.

Changes in share capital	Changes in shares 1,000 pcs	Total shares 1,000 pcs	Change in share capital EUR 1,000	Total share capital EUR 1,000
2017				
3 August 2017, directed share issue to the company	1,771	61,531	0	14,588
3 August 2017, directed share issue in connection with share-based incentive plan	422	61,953	0	14,588
Total		**61,953**		
2018				
8 August 2018, directed share issue from treasury shares in connection with share-based incentive plan	147	61,953	0	14,588
Total		**61,953**		

Authorisation to issue shares

The Annual General Meeting (AGM) on 8 March 2018 authorised the Board of Directors 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 6,100,000 new shares can be issued. A maximum of 6,100,000 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 proposes that the AGM on 7 March 2019 authorise the Board of Directors 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 6,100,000 new shares can be issued. A maximum of 6,100,000 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. It is proposed that the authorisation be effective for 18 months from the decision of the AGM. The authorisation granted by the previous AGM regarding issuing of shares expires simultaneously.

Authorisation to acquire the company's own shares

The Annual General Meeting (AGM) on 8 March 2018 authorised the Board of Directors to decide on the acquisition of up to 6,100,000 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 Board of Directors proposes that the AGM on 7 March 2019 authorise the Board of Directors to decide on the acquisition of a maximum of 6,100,000 of the Company's own shares in one or more tranches by using distributable funds. It is proposed that the authorisation be effective for a period of 18 months from the decision of the Annual General Meeting.

Shareholders

According to Pöyry PLC's shareholder register, there were a total of 4,135 registered shareholders at the end of 2018. The number of the shareholders decreased by 773 during the year.

Updated on a monthly basis, information on the biggest shareholders and the distribution of ownership is available on Pöyry's website at www.poyry.com.

Major registered shareholders

		Number of shares	Per cent of shares	Per cent of voting rights
1.	Corbis S.A.	20,440,000	33.0	34.1
2.	Procurator-Holding Oy	3,900,018	6.3	6.5
3.	Varma Mutual Pension Insurance Company	2,785,850	4.5	4.7
4.	Ilmarinen Mutual Pension Insurance Company	2,349,404	3.8	3.9
5.	Elo Pension Company	2,000,000	3.2	3.3
6.	Mariatorp Oy	1,500,000	2.4	2.5
7.	Wipunen varainhallinta Oy	1,450,000	2.3	2.4
8.	Veritas Pension Insurance Company Ltd.	1,410,000	2.3	2.4
9.	The State Pension Fund of Finland	1,040,000	1.7	1.7
10.	Ehrnrooth, Helene	350,000	0.6	0.6
	Shares nominee registered	16,623,239	26.8	27.7
	Other shareholders	6,061,507	9.8	10.1
	Total	**59,910,018**		**100.0**
	Own shares	2,042,783	3.3	
	Total	**61,952,801**	**100.00**	

Nominee-registered shares and flagging notifications
The total number of nominee-registered shares on 31 December 2018 amounted to 16,623,239 shares, equalling 26.83 per cent of the share capital.

11 December 2018, ÅF AB (publ)
On 11 December 2018 Pöyry received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holdings of ÅF AB (publ) in Pöyry's shares had exceeded the threshold of 5 percent as a results of share purchases concluded on 10 December 2018. After the share purchases, ÅF AB (publ) owns 3,407,086 Pöyry shares.

ÅF AB (publ) (the "Offeror") and Pöyry have on 10 December 2018 entered into a combination agreement pursuant to which the Offeror will make a voluntary recommended public cash tender offer to purchase all issued and outstanding shares in Pöyry (the "Tender Offer"). The Tender Offer was announced on 10 December 2018. Pursuant to such announcement, the Offeror reserved the right to buy shares in Pöyry before, during and/or after the offer period in public trading on Nasdaq Helsinki Ltd or otherwise. Pursuant to such share purchases, the Offeror's direct holding in Pöyry had increased to 5.50 percent.

12 December 2018, Sand Grove Capital Management LLP
On 12 December 2018 Pöyry received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holdings of Sand Grove Capital Management LLP in Pöyry's shares had exceeded the threshold of 5 percent as a results of share purchases concluded on 11 December 2018. After the share purchases, Sand Grove Capital Management LLP (through Sand Grove Opportunities Master Fund Ltd and Sand Grove Tactical Fund LP) owns indirectly 4,253,728 Pöyry shares.

13 December 2018, RWC Asset Management LLP
On 13 December 2018 Pöyry received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holdings of RWC Asset Management LLP in Pöyry's shares decreased below the threshold of 5 percent as a result of a share disposal concluded on 11 December 2018. After the share disposal, RWC Asset Management LLP owns indirectly 1,500,000 Pöyry shares.

14 December 2018, ÅF AB (publ)
On 14 December 2018 Pöyry received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holdings of ÅF AB (publ) in Pöyry's shares had exceeded the threshold of 10 percent as a result of share purchases concluded on 14 December 2018. After the share purchases, ÅF AB (publ) owns 6,236,513 Pöyry shares.

ÅF AB (publ) (the "Offeror") and Pöyry have on 10 December 2018 entered into a combination agreement pursuant to which the Offeror will make a voluntary recommended public cash tender offer to purchase all issued and outstanding shares in Pöyry (the "Tender Offer"). The Tender Offer was announced on 10 December 2018. Pursuant to such announcement, the Offeror reserved the right to buy shares in Pöyry before, during and/or after the offer period in public trading on Nasdaq Helsinki Ltd or otherwise. Pursuant to such share purchases, the Offeror's direct holding in Pöyry has increased to 10.07 percent.

Ownership structure by type of shareholder

	Number of shares	Per cent of shares	Per cent of voting rights
Non-financial corporations	7,532,914	12.2	12.6
Financial and insurance corporations	900,623	1.5	1.5
General Government	9,597,397	15.5	16.0
Households	3,859,116	6.2	6.4
Non-profit institutions serving households	679,039	1.1	1.1
Registered Foreign Owners	20,717,690	33.4	34.6
Nominee Registered	16,623,239	26.8	27.7
Total	**59,910,018**		**100.0**
Own shares	2,042,783	3.3	
Total	**61,952,801**	**100.0**	

Ownership structure by number of shares owned

	Number of share-holders	Per cent of share-holders	Number of shares	Per cent of shares	Per cent of voting rights
1-100	1,377	33.3	76,047	0.1	0.1
101-500	1,575	38.1	453,622	0.7	0.8
501-1 000	548	13.3	432,236	0.7	0.7
1 001-5 000	491	11.9	1,061,472	1.7	1.8
5 001-	144	3.5	57,886,641	93.4	96.6
Total	**4,135**	**100.0**	**59,910,018**		**100.0**
Own shares			2,042,783	3.3	
Total			**61,952,801**	**100.0**	

Source: Euroclear Finland Ltd., 31 December 2018

Management's shareholdings

The members of the Board of Directors and the Executive Committee owned on 31 December 2018 a total of 783,612 shares, which equals 1.26 per cent of the company's share capital and the number of votes. Information concerning the shareholdings of the members of Pöyry PLC's Board of Directors and Executive Committee is given on the company's website at www.poyry.com.

	Shares
Members of the Board of Directors	61,740
President and CEO	404,524
Group Executive Committee (excl. President and CEO)	317,348
Total	**783,612**

Henrik Ehrnrooth, Chairman of the Board of Directors, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A, which is a major shareholder of the company.

Share price development and trading volume

Pöyry PLC's market capitalisation at the end of the financial year was EUR 644.3 million. The share price increased during the year by 114.7 per cent from EUR 4.84 to EUR 10.40. The highest share price was EUR 10.40 and the lowest EUR 4.79. A total of 15,166,891 shares were traded at a total of EUR 134.99 million. The number of shares traded during the year equals 24.5 per cent of the total number of issued shares.

Dividend

Pöyry PLC's target is that the dividend/earnings ratio should be at least 50 per cent. Should the Group's net debt/equity ratio exceed 50 per cent, the dividend/earnings ratio may be adjusted.

The Group's parent company Pöyry PLC's net result for 2018 amounted to EUR 13,260,757.70 and retained earnings were EUR 43,344,933.21. The total distributable earnings were EUR 56,605,690.91. The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide at its discretion on the distribution of dividends so that the total amount of the dividend distribution based on this authorization shall not exceed EUR 0.35 per share. The authorization would be valid until the opening of the next Annual General Meeting.

In case the Board of Directors will resolve to use the authorisation, the company shall publish a separate announcement on the amount as well as record date and payment date for the distribution. The Board of Directors have resolved not to use the authorisation should the pending tender offer for the shares of Pöyry PLC be carried out by ÅF AB (publ).

Parent company financial statements

STATEMENT OF INCOME

EUR million	Note	2018	2017
Net sales	2	**29.3**	26.7
Other operating income	3	**6.1**	5.4
Personnel expenses			
Wages and salaries		**-6.4**	-4.8
Social security expenses			
Pension expenses		**-0.5**	-0.5
Other social security expenses		**-0.1**	-0.1
Personnel expenses total		**-7.1**	-5.4
Depreciation and amortisation according to plan	7, 8	**-2.4**	-2.3
Other operating expenses	5	**-31.5**	-32.2
Operating result		**-5.5**	-7.8
Financial income and expenses			
Income from group undertakings		**3.7**	10.8
Interest income from non-current investments			
From group companies		**0.7**	0.9
From others		**0.0**	0.0
Other interest income and other financial income			
From group companies		**1.4**	1.3
From others		**1.1**	0.7
Reduction in value of investments held as non-current assets		**2.8**	2.5
Interest and other financial expenses			
To group companies		**-2.7**	-1.4
To others		**-6.1**	-6.3
Exchange rate differences			
Exchange rate gains		**9.5**	7.2
Exchange rate losses		**-9.6**	-6.7
Financial income and expenses total		**0.9**	9.0
Result before appropriations and taxes		**-4.6**	1.2
Appropriations			
Group contribution		**19.8**	14.6
Income taxes	6	**-2.0**	-0.8
Net result for the period		**13.3**	15.0

BALANCE SHEET

EUR million	Note	2018	2017
Assets			
Non-current assets			
Intangible assets			
Intangible assets		**4.7**	6.0
Intangible assets total	7	**4.7**	6.0
Tangible assets			
Machinery and equipment		**0.2**	0.3
Other tangible assets		**1.0**	1.3
Advance payments and constructions in progress			0.1
Tangible assets total	8	**1.2**	1.7
Investments			
Shares in group companies		**252.2**	260.5
Receivables from group companies			11.3
Shares in associated companies		**0.1**	0.1
Other shares		**0.3**	0.2
Loans receivable		**0.0**	0.0
Investments total	9	**252.6**	272.1
Non-current assets total		**258.5**	279.8
Current assets			
Non-current receivables			
Deferred tax assets	10	**1.8**	3.6
Current receivables			
Accounts receivable from group companies		**3.6**	18.7
Loans receivable from group companies		**4.2**	2.2
Other receivable from group companies		**19.8**	14.6
Other receivable		**0.6**	0.2
Prepayments and accrued income from group companies	11	**2.6**	1.6
Prepayments and accrued income	11	**2.7**	4.0
Current receivables total		**33.5**	41.4
Cash at bank and in hand		**44.6**	16.5
Current assets total		**79.8**	61.6
Assets total		**338.3**	341.3

BALANCE SHEET

EUR million	Note	2018	2017
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		**14.6**	14.6
Invested free equity reserve		**67.4**	67.4
Retained earnings		**43.3**	30.2
Net result for the period		**13.3**	15.0
Shareholders' equity total	12	**138.6**	127.2
Liabilities			
Non-current liabilities			
Bonds		**30.0**	30.0
Loans from credit institutions			30.0
Loans from group companies	13		6.6
Non-current liabilities total		**30.0**	66.6
Current liabilities			
Commercial papers	19		26.8
Loans from credit institutions	19	**33.8**	33.3
Loans from group companies	14, 19	**119.8**	72.6
Accounts payable		**1.8**	3.4
Accounts payable to group companies		**0.7**	0.7
Other current liabilities		**3.3**	3.3
Accruals and deferred income	15	**7.5**	5.3
Accruals and deferred income to group companies	15	**3.0**	2.1
Current liabilities total		**169.7**	147.5
Liabilities total		**199.7**	214.1
Shareholders' equity and liabilities total		**338.3**	341.3

STATEMENT OF CASH FLOWS

EUR million	2018	2017
Cash flows from operating activities		
Result before appropriations and taxes	**-4.6**	1.2
Adjustments:		
Depreciation and amortisation according to plan	**2.4**	2.3
Unrealised foreign exchange gains and losses	**0.2**	0.0
Financial income and expenses	**2.8**	-2.1
Other adjustments	**1.0**	-6.9
Net cash flow from operating activities before change in working capital	**1.8**	-5.6
Change in working capital:		
Increase (-) or decrease (+) in trade and other receivables	**16.0**	-10.6
Increase (+) or decrease (-) in trade and other payables	**0.5**	0.5
Change in working capital	**16.5**	-10.1
Net cash flow from operating activities before financial items and taxes	**18.3**	-15.6
Paid interest and other financial expenses	**-16.7**	-11.9
Received dividends	**3.7**	10.8
Received interest and other financial income	**11.0**	7.3
Paid income taxes	**0.0**	
Net cash flow from operating activities	**16.2**	-9.4
Cash flows from investing activities		
Investments in fixed assets	**-0.6**	-1.1
Proceeds from sale of other investments	**0.2**	0.0
Loans granted	**-0.5**	-10.1
Purchase of investments	**-0.3**	
Received repayments of loans	**8.7**	0.8
Investments in shares in subsidiaries	**8.3**	-14.2
Net cash flow from investing activities	**15.8**	-24.6
Cash flows from financing activities		
Directed share issue		1.9
Proceeds from short-term borrowings	**43.9**	45.5
Repayments of short-term borrowings	**-29.5**	-22.4
Proceeds from long-term borrowings		0.6
Repayments of long-term borrowings	**-30.0**	-2.0
Dividend paid	**-3.0**	
Group contribution	**14.6**	10.1
Net cash flow from financing activities	**-4.1**	33.8
Effect of changes in exchange rates	**0.0**	0.5
Change in cash and cash equivalents	**28.0**	0.2
Cash and cash equivalents 1.1.	**16.5**	16.3
Cash and cash equivalents 31.12.	**44.6**	16.5
Change in cash and cash equivalents	**28.0**	0.2

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting principles for the financial statements

Pöyry PLC prepares its financial statements in accordance with the Finnish Accounting Standards (FAS). Pöyry PLC is the parent company in the Pöyry Group. The financial statements are presented in euros and are prepared under the historical cost convention except for derivative financial instruments that are measured at fair value.

When appropriate, the financial statements of Pöyry PLC comply with the Group's accounting principles based on IFRS. Below are described those accounting principles in which the financial statements of Pöyry PLC differ from the accounting principles of the consolidated financial statements. The accounting principles for the consolidated financial statements are presented in the notes to the consolidated financial statements.

Net sales
Pöyry PLC's net sales consist of intra-group royalties and service fees whose total invoice value is deducted by indirect taxes relating to sales, discounts and exchange rate differences of trade receivables denominated in foreign currencies.

Share-based incentive plans
Pöyry PLC's share-based incentive plan is classified in its entirety as an equity-settled share-based payment transaction. The participant is entitled to choose whether to receive the potential reward partly in shares and partly in cash or in shares only. The cash portion is intended to cover the withholding of tax obligations on the part of the participant concerned. The granted amount of the incentive plan is measured at fair value at the balance sheet date. The expenses arising from the incentive plan are recognised in the income statement over the vesting period. In the financial statements of the parent company the plan is recognised as accrued liability until paid out. When paid out the netsettled part is credited to the retained earnings.

Pension arrangements
The statutory pension arrangements are generally satisfied through contracts with external insurance companies. Voluntary pension plans are organised through pension insurances. Pension-related payments are recognised as pension expenses on accrual basis. No other pension liabilities or pension assets arising from pension arrangements are recognised in the balance sheet except for pension-related accruals

Leases
The leases are mainly office facility agreements. The company also has some car and office equipment leases. Lease payments are expensed over the rental period and they are included in other operating expenses. Assets leased under finance leases and related liabilities are not recognised in the parent company's balance sheet.

Hybrid bond
Hybrid bonds are presented as bonds in the balance sheet in the financial statements of the parent company. They are initially measured at fair value, using the effective interest method. Interest expenses are recognised in profit or loss over the life of the bonds using the effective interest method. Subsequent to initial recognition, the bonds are stated at amortised cost.

Derivative financial instruments
Derivatives are classified as financial assets and financial liabilities at fair value through profit or loss. They are recognised on the balance sheet at fair value on the trade date. Subsequently they are fair valued. Gains and losses are accounted for financial income and expenses.

Pöyry PLC hedges the currency risk of the Group centrally by foreign exchange derivatives. Group companies hedge their cash flows denominated in foreign currency by using internal foreign exchange derivative contracts with Pöyry PLC which does all the external derivative contracts. Hedging principles follow the Group's Treasury Policy which states that all committed cash flows in foreign currencies must be hedged. The deviation from policy can be made only for justified reasons and deviation must be approved by the CFO. Speculative derivative contracts without connection to business operations are not allowed.

Pöyry PLC hedges interest rate risk by using interest rate derivatives, most commonly interest rate swaps. Interest rate derivatives are used to adjust the average interest reprising period of external loan portfolio depending on market conditions and within the limits set in treasury policy.

2. Net Sales

EUR million	2018	2017
Net sales by area		
The Nordic countries *)	**13.3**	12.4
Other Europe	**12.6**	10.3
Asia	**2.3**	2.5
North America	**0.6**	0.9
South America	**0.6**	0.7
	29.3	26.7
*) of which Finland	**9.7**	9.1

The parent company's net sales consist of intra-group royalties and service fees.

3. Other operating income

EUR million	2018	2017
Rental income	**5.6**	5.4
Gains on sales of fixed assets	**0.1**	
Other operating income	**0.4**	0.0
	6.1	5.4

4. Personnel

	2018	2017
Personnel (permanent and temporary) on average	**32**	31

5. Audit fees

Audit fees are included in other operating expenses.

EUR 1,000	2018	2017
Statutory auditing, group auditor	**140.6**	143.6
Other services, group auditor	**18.9**	9.4
	159.5	153.0

6. Income taxes

EUR million	2018	2017
Taxes for the period	**0.2**	0.3
Deferred taxes	**1.8**	0.5
	2.0	0.8

7. Intangible assets

EUR million	2018	2017
Intangible assets		
Acquisition cost 1 Jan	**11.4**	9.9
Increase	**0.6**	1.4
Acquisition cost 31 Dec	**11.9**	11.4
Accumulated depreciation 1 Jan	**5.4**	3.7
Depreciation for the period	**1.8**	1.7
Accumulated depreciation 31 Dec	**7.2**	5.4
Book value 31 Dec	**4.7**	6.0
Intangible assets total		
Acquisition cost 1 Jan	**11.4**	9.9
Increase	**0.6**	1.4
Acquisition cost 31 Dec	**11.9**	11.4
Accumulated depreciation 1 Jan	**5.4**	3.7
Depreciation for the period	**1.8**	1.7
Accumulated depreciation 31 Dec	**7.2**	5.4
Book value 31 Dec	**4.7**	6.0

8. Tangible assets

EUR million	2018	2017
Machinery and equipment		
Acquisition cost 1 Jan	**1.8**	1.8
Increase	**0.0**	0.1
Acquisition cost 31 Dec	**1.9**	1.8
Accumulated depreciation 1 Jan	**1.5**	1.3
Depreciation for the period	**0.2**	0.1
Accumulated depreciation 31 Dec	**1.6**	1.5
Book value 31 Dec	**0.2**	0.3
Other tangible assets		
Acquisition cost 1 Jan	**4.5**	4.3
Increase	**0.1**	0.2
Acquisition cost 31 Dec	**4.6**	4.5
Accumulated depreciation 1 Jan	**3.2**	2.8
Depreciation for the period	**0.4**	0.4
Accumulated depreciation 31 Dec	**3.6**	3.2
Book value 31 Dec	**1.0**	1.3
Advance payments and construction in progress		
Acquisition cost 1 Jan	**0.1**	0.1
Increase		0.1
Decrease	**-0.1**	-0.2
Acquisition cost 31 Dec		-0.1
Total tangible assets		
Acquisition cost 1 Jan	**6.4**	6.3
Increase	**0.1**	0.4
Decrease	**-0.1**	-0.2
Acquisition cost 31 Dec	**6.5**	6.4
Accumulated depreciation 1 Jan	**4.7**	4.1
Depreciation for the period	**0.6**	0.6
Accumulated depreciation 31 Dec	**5.3**	4.7
Book value 31 Dec	**1.2**	1.7

9. Non-current investments

EUR million	2018	2017
Shares in group companies 1 Jan	**260.5**	248.0
Increase		14.3
Impairment	**-8.3**	-1.9
Shares in group companies 31 Dec	**252.2**	260.5
Receivables from group companies 1 Jan	**11.3**	4.2
Increase	**0.6**	10.1
Decrease	**-8.5**	-1.2
Impairment	**-1.0**	-1.8
Receivables from group companies 31 Dec	**2.3**	11.3
Shares in associated companies 1 Jan	**0.1**	0.1
Shares in associated companies 31 Dec	**0.1**	0.1
Other shares 1 Jan	**0.2**	0.2
Increase	**0.3**	
Decrease	**-0.1**	0.0
Other shares 31 Dec	**0.3**	0.2
Loans receivable 1 Jan	**0.0**	0.0
Increase	**0.0**	
Decrease		0.0
Loans receivable 31 Dec	**0.0**	0.0
Total non-current investments 1 Jan	**272.1**	252.6
Increase	**0.9**	24.5
Decrease	**-8.6**	-1.3
Impairment	**-9.3**	-3.7
Total non-current investments 31 Dec	**254.9**	272.1

10. Non-current receivables

EUR million	2018	2017
Deferred tax assets 1.1.	**3.6**	4.1
Decreases	**-1.8**	-0.5
Deferred tax assets 31.12.	**1.8**	3.6
Total non-current receivables	**1.8**	3.6

11. Prepayments and accrued income

EUR million	2018	2017
Interest income	**0.1**	0.1
Foreign exchange derivatives	**4.2**	3.2
Other	**1.1**	2.3
	5.3	5.6

12. Shareholders' equity

EUR million	2018	2017
Restricted equity		
Share capital 1 Jan/31 Dec	**14.6**	14.6
Restricted equity 1 Jan/31 Dec	**14.6**	14.6
Unrestricted equity		
Invested free equity reserve 1 Jan	**67.4**	65.5
Directed issue		1.9
Invested free equity reserve 31 Dec	**67.4**	67.4
Retained earnings 1 Jan	**45.2**	30.2
Dividends paid	**-3.0**	
Share-based payments	**1.1**	
Net profit / loss for the period	**13.3**	15.0
Retained earnings 31 Dec	**56.6**	45.2
Unrestricted equity 31 Dec	**124.0**	112.7
Total shareholders' equity 31 Dec	**138.6**	127.2

13. Loans with due date after five years or later

EUR million	2018	2017
Loans from group companies		6.6
		6.6

14. Current liabilities

EUR million	2018	2017
Loans from group companies	**119.8**	72.6
	119.8	72.6

15. Accruals and deferred income

EUR million	2018	2017
Salaries and vacation accruals	**3.7**	2.4
Social expenses	**0.4**	0.2
Interest expenses	**0.5**	0.7
Foreign exchange derivatives	**4.4**	3.3
Other	**1.4**	0.7
	10.4	7.5

16. Contingent liabilities

EUR million	2018	2017
For own obligations		
Rent and lease obligations	**53.4**	58.9
For group companies		
Other obligations	**69.5**	32.4
Pledged assets, mortgages and obligations total		
Rent and lease obligations	**53.4**	58.9
Other obligations	**69.5**	32.4
	122.9	91.3

17. Other lease agreements

Lease payments for non-cancellable other lease agreements, mainly office rents:

EUR million	2018	2017
Next reporting period	**6.1**	6.1
Later	**47.3**	52.7
	53.4	58.9

18. Derivative instruments

EUR million	2018	2017
Foreign exchange forward contracts, no hedge accounting		
Nominal values total	**179.0**	88.2
Fair value, gains	**2.3**	1.2
Fair value, losses	**-2.6**	-1.4
Fair value, net	**-0.3**	-0.2
Foreign exchange forward contracts, fair value hedge accounting		
Nominal values total	**84.8**	67.6
Fair value, gains	**1.7**	1.9
Fair value, losses	**-1.7**	-1.9
Fair value, net		0.0
Foreign exchange option contracts, no hedge accounting		
Bought, nominal values	**8.0**	8.6
Bought, gains	**0.0**	0.0
Bought, losses	**0.0**	0.0
Bought, net	**0.0**	0.0
Sold, nominal values	**9.5**	14.1
Sold, gains	**0.0**	0.0
Sold, losses	**0.0**	0.0
Sold, net	**0.0**	0.0
Foreign exchange option contracts, net	**0.0**	0.0

The fair values of the foreign exchange derivative contracts are specified by closing date fair values for the corresponding maturities of the agreements. The fair values of the interest rate swaps and gross currency 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. The fair values represent the prices which the company should pay or receive if it terminated the derivative agreement, and the fair values are based on bank's confirmation as well as reports produced by the treasury management system.

19. Maturity profile

EUR million 31 Dec 2018	Total	2019	2020	2021	2022
Loans from group companies including interest	15.7	15.7			
Total [1)]	15.7	15.7	0.0		
Accounts payable	2.5	2.5			
Forward contracts, cash out	260.2	232.8	27.4	0.0	
Forward contracts, cash in	-259.9	-232.5	-27.4	0.0	
Currency options, net	0.0	0.0	0.0	0.0	
Derivatives total	0.3	0.3	0.0	0.0	
Total	**18.5**	**18.5**	**0.0**	**0.0**	

EUR million 31 Dec 2017	Total	2018	2019	2020	2021
Loans from credit institutions including interest	32.2	1.2	31.0		
Loans from group companies including interest	6.6	6.6			
Commercial papers	27.0	27.0			
Total [1)]	65.8	34.8	31.0		
Accounts payable	4.1	4.1			
Forward contracts, cash out	154.0	122.4	21.2	10.4	0.0
Forward contracts, cash in	-153.8	-122.3	-21.2	-10.4	0.0
Currency options, net	0.0	0.0			
Derivatives total	0.1	0.1	0.0	0.0	0.0
Total	**70.0**	**39.0**	**31.0**	**0.0**	**0.0**

[1)] Figures are non-discounted and include both repayments of the loan capital and interest payments.

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

EUR million	31 Dec 2018	Level 1	Level 2	Level 3
Financial assets at fair value				
Shares	**0.3**			0.3
Derivatives under fair value hedge accounting	**1.7**		1.7	
Derivatives outside of hedge accounting	**2.4**		2.4	
Total financial assets at fair value	**4.1**		4.1	0.3
Financial liabilities at fair value				
Derivatives under fair value hedge accounting	**1.7**		1.7	
Derivatives outside of hedge accounting	**2.7**		2.7	
Total financial liabilities at fair value	**4.4**		4.4	

EUR million	31 Dec 2017	Level 1	Level 2	Level 3
Financial assets at fair value				
Shares	0.2			0.2
Derivatives under fair value hedge accounting	1.9		1.9	
Derivatives outside of hedge accounting	1.3		1.3	
Total financial assets at fair value	3.4		3.2	0.2
Financial liabilities at fair value				
Derivatives under fair value hedge accounting	1.9		1.9	
Derivatives outside of hedge accounting	1.4		1.4	
Total financial liabilities at fair value	3.3		3.3	

	2018	2017
Carrying amount 1 January	**0.2**	0.2
Sales of shares	**-0.1**	0.0
Purchase of shares	**0.3**	
Carrying amount 31 December	**0.3**	0.2

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.

21. Financial risk management

Pöyry PLC is responsible for the whole Pöyry Group's financial risk management which risk related responsibilities and procedures are described in the Treasury Policy. Group Treasury within the parent company provides services related to financial risk management to Group companies. Main tasks include protection from unfavourable changes in the financial markets while securing the Group's profitability and ensure that adequate funding is available at all circumstances.

The Group has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk

Credit risk
Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligation, and arises principally from the Group's project assignments. The maximum amount of the credit risk equals the total book value of the financial assets.

The Group establishes an allowance for impairment that represents its estimate of incurred losses. An allowance for impairment of 50 per cent is made for amounts which are overdue more than 180 days, except for amounts related to international institutions, government or municipality controlled entities. Notwithstanding the client category, an allowance for impairment of 100 per cent is made for amounts which are overdue more than 360 days. Any deviation from above rules is allowed only in special circumstances.

Investments are allowed only in liquid securities with good credit rating, and are subject to both specified limits and approval procedures.

Liquidity and refinancing risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, and refinancing risk is defined as the risk of being unable to borrow on the market to fund actual or forecasted commitments.

To ensure that funding is obtainable and to minimise the cost of funding, the Group shall have a minimum liquidity corresponding to an average of one month's expenses. The Group minimises the total cash needed for operations by efficient cash management including cash pool arrangements.

Pöyry PLC had committed credit facilities as at 31 December 2018 in several banks amounting to EUR 70.0 million of which EUR 0.0 million were used.

EUR million	2018	2017
Credit facilities, committed	**70.0**	55.0
Utilized	**0.0**	0.0
Not utilized	**70.0**	55.0

Pöyry PLC's liquidity at the end of December 2018 was EUR 114.6 (71.5) million consisting of cash and cash equivalents of EUR 44.6 (16.5) million and unused credit facilities of EUR 70.0 (55.0) million.

The Group monitors that the outstanding total amount of issued commercial paper does not exceed the total amount of unused committed Revolving Credit Facilities. The Group's Treasury Policy also sets a guideline according to which the average maturity of long-term debt should be at least three years.

In August 2018, Pöyry made an early repayment of a EUR 30 million loan and replaced the EUR 55 million revolving credit facility with a new EUR 70 million revolving credit facility valid until August 2021.

Pöyry PLC issued EUR 30 million hybrid bond in November 2015. The hybrid bond bears a fixed interest rate of 7.50 % per annum until November 2019, after which the interest rate will be floating. The hybrid bond has no maturity date, but the company has the right to redeem it after four years from the issue date upon certain conditions. The hybrid bond is a debt instrument, which is subordinated to the company's unsubordinated debt obligations and treated as equity in the consolidated financial statements under IFRS. The hybrid bond does not confer on its holders the right to vote at shareholder meetings and does not dilute the holdings of the current shareholders.

EUR million	2018	2017
Non-current loans	**30.0**	66.6
From financial institutions	**0.0**	30.0
From group companies	**0.0**	6.6
Hybrid bond	**30.0**	30.0
Current loans	**153.5**	132.7
From financial institutions	**33.8**	33.3
From group companies	**119.8**	72.6
Commercial paper	**0.0**	26.8
Total loans	**183.5**	199.2

Contractual maturity of liabilities and derivatives has been presented in Table of Maturity Analysis in Note 19.

Market risk
Market risk arises from changes in market prices, such as exchange rates and interest rates, which affect company's result. In accordance with Treasury Policy the objective is to manage and control market risk exposures within acceptable limits.

Currency risk
Transaction risk, commercial: Majority of the Group's international business operations are denominated in the local functional currencies, and only about five per cent of the Group's net sales are exposed to foreign currency risk. The Group companies hedge their commercial exposure, i.e. the project cash flows denominated in a foreign currency, by using internal foreign exchange derivative contracts with Group Treasury. Hedging principles follow the Group's Treasury Policy which states that all committed cash flows in foreign currencies must be hedged. The deviation from policy can be made only for justified reasons and deviation must be approved by the CFO. Speculative derivative contracts without connection to business operations are not allowed.

Transaction risk, financial: According to the Group's Treasury policy the parent company conducts financing and subsidiaries are not allowed to take up loans from external parties without permission and coordination from Group Treasury. The parent company grants loans to Group companies if considered necessary, justified or otherwise to be in the best interest of the parties. Group companies lend their excess cash to the parent company and in order to centralize the foreign currency risks to the parent company, all internal funding is done in the domestic currency of the subsidiary. At the end of December 2018 the parent company did not have any external loans denominated in foreign currency. Thus the Group's financial exposure consists mainly of the Group's internal loans between the parent company and subsidiaries. Pöyry PLC did not have major open transaction risk exposures at the end of 2018.

Pöyry PLC hedges the net transaction exposure centrally by external derivative contracts. The main objective is to minimize hedging needs by netting as much cash flows in foreign currencies as possible against each other. The derivative contracts are stated at fair value and recognised in the income statement. Fair value hedge accounting can be applied to the derivative contracts when they are used for hedging order stock. Derivative instruments have not been netted in the financial statements but they are all against Group companies or belong to master netting agreements signed with external counterparties. Financial assets and liabilities towards Group companies or belonging to netting agreements are described in the following table:

EUR million	2018	2017
Financial assets gross amount	**4.1**	3.2
Gross amount of recognised financial liabilities set off in the balance sheet	**0.0**	0.0
Net amount of financial assets presented in the balance sheet	**4.1**	3.2
Enforceable master netting agreement	**-2.0**	-0.8
Derivative assets net amount	**2.2**	2.4
Derivative liabilities gross amount	**4.4**	3.3
Gross amount of recognised financial assets set off in the balance sheet	**0.0**	0.0
Net amount of financial liabilities presented in the balance sheet	**4.4**	3.3
Enforceable master netting agreement	**-2.0**	-0.8
Derivative liabilites net amount	**2.4**	2.5

Translation risks: Currency exposure and hedging need related to share capital and other restricted equity in foreign subsidiaries is reviewed on an annual basis but the main principle is that the translation exposure of investments in foreign subsidiaries is not hedged. Translation differences of investments in foreign subsidiaries are not recognized in Pöyry PLC's income statement but only in Pöyry Group's consolidated income statement.

Interest rate risk
The Group's policy is to achieve a balance between the maturity of long-term loans and the corresponding interest rate level. In case of essential interest rate level differences, the Group may use interest rate derivatives to achieve this target. Changes in the interest rate markets affect the Group's funding costs and the fair values of interest rate derivatives. At the end of 2018 Pöyry PLC did not have any outstanding floating rate long term loans or interest rate derivatives.

Capital structure management
The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Directors monitors the ownership structure, as well as the return on capital and the level of dividends to shareholders. The Group defines capital as the total balance sheet deducted with non-interest bearing liabilities.

The Group seeks to achieve a balance between growth targets, higher level of borrowings and return on capital and the Board sets the long-term targets on return on investment and gearing ratio. Aiming for and maintaining these targets ensure the Group's access to external funding sources when needed and with competitive pricing.

Proposal of the Board of Directors

The parent company's earnings distributable as dividend are		
Retained earnings	EUR	43,344,933.21
Result for the period	EUR	13,260,757.70
		56,605,690.91

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide at its discretion on the distribution of dividends so that the total amount of the dividend distribution based on this authorization shall not exceed EUR 0.35 per share. The authorization would be valid until the opening of the next Annual General Meeting.

In case the Board of Directors will resolve to use the authorisation, the company shall publish a separate announcement on the amount as well as record date and payment date for the distribution. The Board of Directors have resolved not to use the authorisation should the pending tender offer for the shares of Pöyry PLC be carried out by ÅF AB (publ).

Vantaa, Finland, 6 February 2019
Pöyry PLC
Board of Directors

Henrik Ehrnrooth

Teuvo Salminen

Helene Biström

Michael Rosenlew

Martin à Porta
President and CEO

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Pöyry Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Pöyry Oyj (business identity code 1009321-2) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

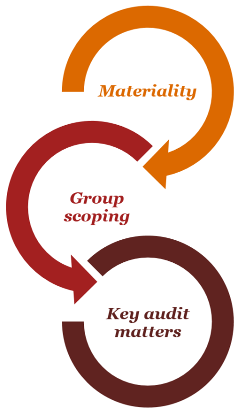
Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

Our Audit Approach

Overview



- Overall group materiality: € 3 million, which represents 0.5 % of net sales.

- The focus of our work was on the reporting units in Finland, Switzerland, Germany, Austria, Sweden and Brazil.

Group:

- Project revenue recognition and valuation of accounts receivable and work in progress
- Legal proceedings and claims
- Goodwill valuation
- Realizability of deferred tax assets relating to losses carried forward

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 3 million (previous year € 3 million)
How we determined it	0.5% of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it represents the most stable and relevant benchmark to measure the performance of the group. In the absence of steady profits it is also a generally accepted benchmark. We chose 0.5%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group audit scope was focused on components in Finland, Switzerland, Germany, Austria, Sweden and Brazil, where an audit of the complete financial information was performed due to their size and their risk characteristics. We performed further specific audit procedures over group functions and areas of significant judgement, including taxation, goodwill, and material litigation at the group’s head office.

We determined the type of work for each component that needed to be performed by us in relation to activity within Finland, or by other PwC network firms operating under our instruction in relation to activity outside Finland. Where the work was performed by those other firms, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Project revenue recognition and valuation of accounts receivable and work in progress *Refer to note 1 and 4 to the consolidated financial statements for the related disclosures.* Project revenue recognition and the valuation of accounts receivable and work in progress are significant to the financial statements based on the quantitative materiality and the degree of management judgment required to account for revenue recognition and valuation of accounts receivable and work in progress. The complexity and judgments are mainly related to the estimation of the costs to complete the projects, expected revenues and the related percentage of completion which the group applies for recognizing revenues and assessing provisions for projects. The total amount of revenue and profit to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as: • variations to the original contract terms • cost overruns • scope changes that require further negotiation and settlement. Variations can arise from changing client specifications, changes to the job based on unforeseen circumstances (e.g. macroeconomic factors), as well as from inefficiencies on the part of either party. There can be some uncertainties, therefore, in determining the amounts to be recovered from any additional work performed. Management has also considered this area to be a key accounting estimate as disclosed in note 1 to the consolidated financial statements. We therefore determined this to be a key audit matter.	We have met regularly with business line management to identify high risk projects e.g. loss making projects, projects with large work in progress balances or ongoing litigations. We tested certain key internal controls relating to revenue recognition and IT systems which support the project management and accounting. We performed detailed procedures on individually significant projects and high risk projects. This includes challenging management's estimates and assumptions and substantiating transactions with underlying documents and performing recalculations of management's models to determine project revenue recognition. We used among others contracts, client and sub-contractor correspondence and internal revenue and cost forecasts. In addition, we discussed the progress of projects with controllers and project leaders. With the outcome of those discussions and the results of our audit procedures, we assessed management's assumptions in the determination of the percentage of completion of a project, estimates to complete for both revenue and costs and provisions for loss making projects or provisions for accounts receivables. We requested and assessed legal opinions from Pöyry's external or internal lawyer in situations where the outcome of project results or the recoverability of accounts receivable and work in progress was dependent on the outcome of legal proceedings or arbitration.
Legal proceedings and claims *Refer to note* 25 and 29 *to the consolidated financial statements for the related disclosures.* As outlined in note 29 to the consolidated financial statements, the group is exposed to potential claims, which sometimes result in litigation or arbitration. The group has legal proceedings, both against it and in its advantage. The project provisions recognised are disclosed in note 25 to the consolidated financial statements and the contingent liabilities relating to projects and other guarantees are disclosed in note 29. We focused on this area as management judgement is required in assessing the completeness and valuation of provisions to cover the risk, the assessment process is complex and is based on future developments.	We evaluated management's assessment of the nature and status of litigation, claims and assessments and discussed them with group business management, including the legal counsel as well as the Audit Committee for certain of the more significant cases. We examined management's conclusions with respect to the provisions and disclosures made for significant cases, by considering the correspondence between the group and its external legal counsel and legal letters obtained.

Goodwill valuation

Refer to note 12 to the consolidated financial statements for the related disclosures.

At 31 December 2018 the group's goodwill balance is valued at 119 million euro. Under IFRS, the company is required to annually test for impairment of goodwill. Goodwill valuation was important to our audit due to the size of the goodwill balance and because the assessment of the value in use of the group's CGUs is complex, involving judgement about the future results of the business by estimating future sales growth rates, profit margins and inflation rates and determining the discount rate for the calculations. We focused on the risk that goodwill may be overstated.

Based on the annual goodwill impairment test management concluded that no goodwill impairment was needed.

We evaluated management's future cash flow forecasts and the process by which they were drawn up, including comparing them to the latest Board-approved budgets, and testing the underlying calculations. We evaluated and challenged the company's future cash flow forecasts in a discussion with management of the business involved, and the process by which they were drawn up, and tested the underlying value in use calculations. We compared the current year actual results to the figures for the financial year ended 31 December 2018 included in the prior year impairment models to consider whether any forecasts included assumptions that, with hindsight, had been optimistic.

We evaluated and challenged the discount rate used.

We assessed the sensitivity analysis that had been performed by management around the key drivers of the cash flow forecasts, which were:

- the discount rate
- the projected operating profit margins and growth rates

to identify how much each of these key drivers needed to change, either individually or collectively, before the goodwill was impaired.

Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired, we considered the likelihood of such a movement in those key assumptions arising.

We assessed the adequacy of the disclosures in note 12, by checking that they were compliant with IFRS and that their presentation was consistent with our understanding of the key issues and sensitivities in the valuation.

Realizability of deferred tax assets relating to losses carried forward

Refer to note 10 to the consolidated financial statements for the related disclosures.

At 31 December 2018 the group has recognized in the consolidated financial statements deferred tax assets amounting to 23 million euro of which 13 million euro relate to losses carried forward. In addition there are deferred tax assets from losses of 53 million euro, which have not been recognised in the consolidated financial statements.

The group recognizes deferred tax assets to the extent that it is probable future taxable profits will allow the deferred tax assets to be recovered.

The ability of the company to utilize these assets in the countries which have been loss making is uncertain. Judgement is required in assessing the recognition and valuation of deferred tax assets.

There are uncertainties regarding the timing of these benefits, uncertainties regarding the realisation of such benefits, including the expiration date of losses and future taxable income.

We audited the available tax losses carried forward with special focus on the greatest and most judgmental balances in this regard. We considered the local expiry periods together with any applicable restrictions in recovery for each individual jurisdiction. In addition, our audit procedures included evaluating and challenging management's forecasts about the future taxable profits especially in loss-making units. We checked the consistency of underlying assumptions with those of the impairment analysis. We also assessed the past performance against business plans used by the group to determine the future taxable income per country.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 8 March 2012. Our appointment represents a total period of uninterrupted engagement of 7 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 6 February 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Merja Lindh
Authorised Public Accountant (KHT)

Investor information

Pöyry PLC's shares are quoted on the Nasdaq Helsinki Oy's stock exchange Mid Cap list under the trading code POY1V. All shares carry equal voting and dividend rights. Pöyry PLC has been listed on the Helsinki stock exchange since 2 December 1997.

In its disclosure Pöyry complies with the EU and Finnish legislation, the rules of Nasdaq Helsinki Ltd, the regulations and instructions of the European Securities and Markets Authority (ESMA) and the Finnish Financial Supervisory Authority, and the Finnish Corporate Governance Code. Pöyry's disclosure is based on facts, objectivity and fairness. Pöyry is committed to disclosing reliable, relevant, adequate, timely and comparable information to which the capital market participants have equal and simultaneous access. Under the periodic disclosure obligation, Pöyry publishes as stock exchange release information on its financial performance according to a time schedule that is published before the end of the previous financial year. Pöyry publishes financial information about the Pöyry Group as a whole and about its Business Lines (i.e. the operating segments).

Under the general disclosure obligation, Pöyry discloses as soon as possible as a stock exchange release any inside information, i.e. precise, unpublished information which would be likely to have a significant effect on the price of the company's share if it was published. The disclosure of inside information may however be delayed provided that the conditions defined in the Market Abuse Regulation are met. In addition to disclosing inside information, the company discloses as stock exchange release other information as may be required by the rules of Nasdaq Helsinki Ltd.

In addition, Pöyry publishes as press releases and as other news information that does not meet the requirements set for the stock exchange releases but which are assessed to have new values or to otherwise be of general interest to Pöyry's stakeholders. All Pöyry's releases are available on Pöyry's website at www.poyry.com for at least five years.

Pöyry responds to routine inquiries from the representatives of the capital markets and the financial media as quickly as possible. Pöyry regularly meets with investors and analysts. Pöyry's Investor Relations function centrally handles and coordinates contacts and meetings with shareholders, investors and analysts. The meetings are based on information that has already been published or is otherwise generally available to the market. New information that might affect the value of Pöyry's share is not introduced at these meetings.

Silent period
Prior to each publication of financial information under periodic disclosure obligation Pöyry observes a silent period during which Pöyry's representatives will not comment on any issues related to the Company's results, financial position or future outlook of the Pöyry Group or its Business Lines. The silent period begins 21 days prior to the publication of annual or half year financial results and lasts until the respective announcement of financial results.

Analysts
A list of analysts that according to currently available information regularly follow Pöyry is available in the Investors section on the company's website at www.poyry.com. Pöyry takes no responsibility for their opinions or estimates.
For more information, please contact: Pöyry Investor Relations, Tel. +358 10 33 22629

Financial information in 2019
Pöyry PLC will publish its financial information in 2019 as follows:

- Business review January - March 2019: Thursday 25 April 2019
- Half year financial report January - June 2019: Thursday 8 August 2019
- Business review January - September 2019: Thursday 24 October 2019

ANNUAL GENERAL MEETING
Pöyry PLC's Annual General Meeting will be held on Thursday, 7 March 2019 at 4.00 p.m. in Vantaa, Finland at Pöyry House (Pöyry Headquarters), Jaakonkatu 3, 01620 Vantaa, Finland. A complete notice to convene the Meeting has been published in a company announcement on 7 February 2019.

Each shareholder who on the record date of the Annual General Meeting 25 February 2019 is registered in the shareholder register of the Company held by Euroclear Finland Ltd., has the right to participate in the Annual General Meeting. Shareholders whose shares are registered on his/her personal book-entry account are registered in the shareholder register of the Company. Shareholders wanting to participate in the Annual General Meeting must register for the meeting no later than Monday 4 March 2019 at 10.00 a.m. Finnish time by giving a prior notice of participation. Such notice can be given:

a) by filling in the registration form on the Pöyry PLC website at www.poyry.com/agm2019;
b) by letter to Pöyry PLC, Legal Department/AGM, Jaakonkatu 3, FI-01620 Vantaa, Finland.

Dividend
The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide at its discretion on the distribution of dividends so that the total amount of the dividend distribution based on this authorization shall not exceed EUR 0.35 per share. The authorization would be valid until the opening of the next Annual General Meeting.

In case the Board of Directors will resolve to use the authorisation, the company shall publish a separate announcement on the amount as well as record date and payment date for the distribution. The Board of Directors have resolved not to use the authorisation should the pending tender offer for the shares of Pöyry PLC be carried out by ÅF AB (publ).

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