



JAAKKO PÖYRY GROUP  
ANNUAL REPORT

1999

**JAAKKO PÖYRY**

**We are a know-how company working globally.**

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# 1999

## HIGHLIGHTS 1999

### **Technological Expertise Gives a Competitive Edge**

The Jaakko Pöyry Group is striving to become market leader in all of its core business areas. Market leadership requires mastery of the latest and most advanced technology. To this end, the Group is expanding its technological expertise through continuous internal development and acquisitions. The acquisitions of Electrowatt Engineering AG in Switzerland and the Beture Companies in France in 1999 have increased the Group's technological expertise in hydropower, waste management, traffic systems, tunnelling and water and waste water treatment.

### **Continuous Growth of Local Office Network**

To be able to serve its clients at home and abroad equally well, the Jaakko Pöyry Group has expanded its global network of offices through several acquisitions. On a yearly basis the acquisitions increase consolidated net sales by EUR 160 million and the total number of employees by 1500.

### **Earnings per Share Improved 24.7 per Cent**

The main financial target of the Jaakko Pöyry Group is to achieve an average annual increase in earnings per share of 15 per cent. This target has been met for several years. In 1999 earnings per share increased by 24.7 per cent.

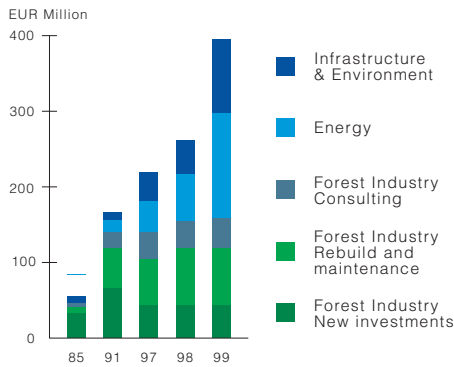
### **Dividend Increased by 32.4 per Cent**

The Jaakko Pöyry Group aims at paying 40 per cent of earnings as dividend. An equally important target is to increase the dividend per share. The Board of Directors of Jaakko Pöyry Group Oyj proposes that EUR 0.45 (0.34) per share be paid as dividend, corresponding to 40.5 per cent of earnings per share. This means that the dividend increases by EUR 0.11 (32.4 per cent) compared with the previous year.

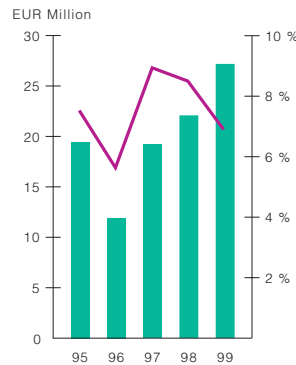


- **Net sales increased by 52.3 per cent, operating profit by 23.2 per cent and the order stock by 108.8 per cent.**
- **The Jaakko Pöyry Group Oyj increased its interest in Electrowatt Engineering AG to 100 per cent**
- **Finvest Oyj sold its shareholding in the Jaakko Pöyry Group Oyj, the liquidity of the shares increased**
- **The price of Jaakko Pöyry Group Oyj's share increased by 76.4 per cent**

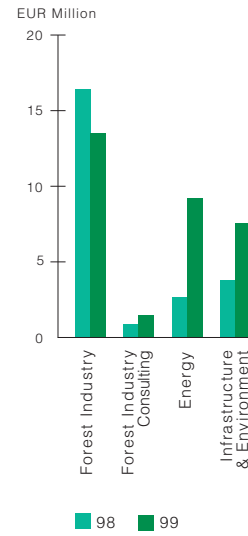
**Net Sales**



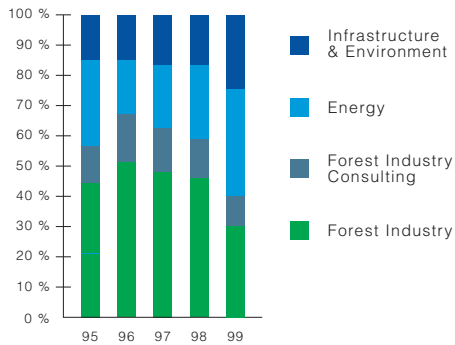
**Operating Profit**



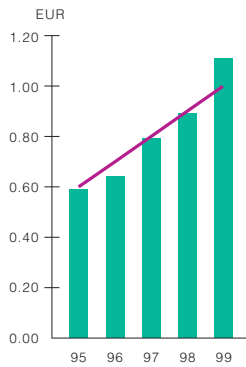
**Operating Profit**



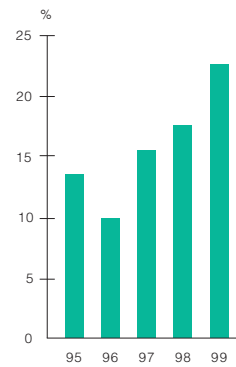
**Net Sales**



**Earnings per Share**



**Return on Investment**



— 15% annual growth

**Key data**

	1999	1998	Change, %
Net sales, EUR million	395.4	259.7	52.3
Operating profit, EUR million	27.2	22.1	23.2
Operating profit, %	6.9	8.5	
Profit after financial items, EUR million	25.3	20.6	22.7
Profit after financial items, %	6.4	7.9	
Earnings/share, EUR	1.11	0.89	24.7
Return on investment, %	22.6	17.6	
Gearing, %	13.5	28.8	
Dividend/earnings ratio, %	40.5	37.6	
Order stock, EUR million	348.9	167.1	108.8
Personnel in group companies	4 472	2 977	50.2
Personnel in associated companies	146	2 577	

# J A A K K O P Ö Y R Y G R O U P



The Jaakko Pöyry Group is a client- and technology-oriented globally operating consulting and engineering firm.

It has three core areas of expertise: forest industry, energy and infrastructure & environment.

The Jaakko Pöyry Group offers services related to consulting, project development and implementation, and operations improvement and maintenance planning in all of its business sectors.

The Group's business concept is based on early involvement in its clients' business development. The Group offers innovative and value-added solutions and a full range of consulting and engineering services representing the most modern technology and expertise.

## Leading

consulting and engineering firm relying on technological expertise

## Global

office network in more than 30 countries, one of the largest in the world in its own area of expertise

## Multicultural, international

organisation with 4 500 employees, representing a strong base of consulting and engineering know-how

## Growth-oriented

with annual net sales growth of about 15 per cent



The Jaakko Pöyry Group consists of four business groups, which are globally responsible for their operations.

## Forest Industry

The Forest Industry business group is a world leading supplier of EPCM (Engineering, Procurement, Construction Management) services for forest industry investment projects. Services are divided into three practice areas: new projects, rebuilds and maintenance services. The business group's services cover all phases of a forest industry project: from preliminary engineering to project implementation, including operations improvement and maintenance. The business group uses the name **Jaakko Pöyry**.

## Forest Industry Consulting

The Forest Industry Consulting business group is the world market leader for forest industry consulting services and a forerunner in developing new solutions. The business group offers leading-edge consulting services with the aim of improving client companies' profitability. It has special expertise related to strategic advice, mergers and acquisitions and the forest industry's raw material supply questions. The business group uses the name **Jaakko Pöyry Consulting**.

## Energy

The Energy business group is an international provider of energy services, combining technical, economic and environmental know-how. The business group's services cover the whole value chain, from strategic planning and project development to engineering services and project implementation. Its special expertise includes combined heat and power, hydropower, waste management and biofuels. The business group uses the name **Electrowatt-Ekono**.

## Infrastructure & Environment

The Infrastructure & Environment business group offers its clients solid technological expertise related to traffic systems, water and environmental projects and implementation of construction projects. Services consist of consulting and development services, engineering and project management, construction management and operating and maintenance expertise. The business group uses the name **Jaakko Pöyry Infra**.



## Strategy

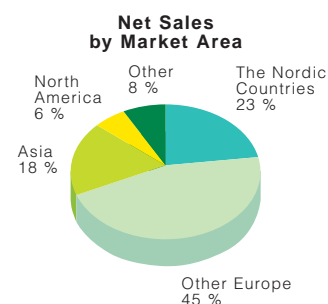
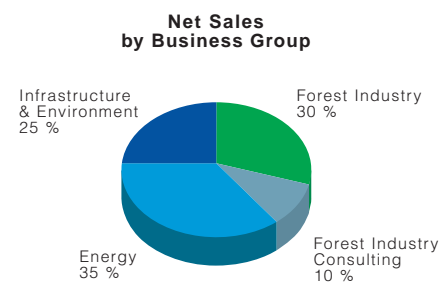
The Jaakko Pöyry Group's objective is to anticipate and fulfil clients' requirements to improve their competitiveness. This objective is pursued by providing clients with a full range of leading-edge solutions and services within consulting, project development and implementation, operations improvement and maintenance planning.

To achieve its objectives, the Group is continuously expanding its local office network and technological expertise. The Jaakko Pöyry Group is systematically developing the professional skills of its employees, striving to recruit people with drive and ability to work towards the company's objectives.

The Jaakko Pöyry Group aims at securing a competitive long-term return for its shareholders. The Group's most important financial target is to achieve an average annual increase in earnings per share of 15 per cent.

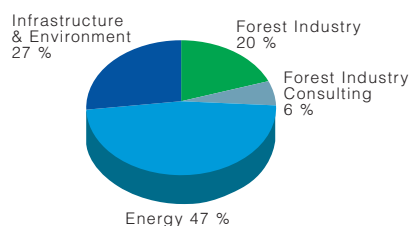
## Financial Targets

Average operating profit	≥	8 %
Average annual growth of earnings per share	≥	15 %
Return on Investment (ROI %)	>	20 %
Net debt/equity ratio (gearing)	<	30 %
Dividend/earnings ratio	≥	40 %



# GROWTH TRENDS

Order Stock  
by Business Group



A growth-oriented company, the Jaakko Pöyry Group has increased its consolidated net sales from about EUR 50 million in 1985 to about EUR 400 million in 1999, equalling an average annual growth of about 15 per cent.

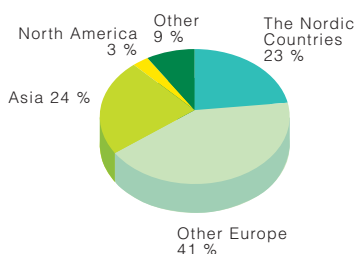
Continued growth of its core businesses is an integral part of the Jaakko Pöyry Group's strategy. The growth is derived from organic growth, expansion of the local office network and acquisitions. In 1999, the Jaakko Pöyry Group made eight acquisitions, which on a yearly basis increase consolidated net sales by EUR 160 million and the total number of employees by 1500.

The growth prospects of the Jaakko Pöyry Group are influenced by the following major trends in the business groups' operating environment:

## Forest Industry

- **Outsourcing.** Forest industry companies' outsourcing of services and the increased number of rebuilds are boosting demand for services provided by the Jaakko Pöyry Group's local offices, especially in Central Europe and North America.
- **Globalisation.** As a leading forest industry expert, the Jaakko Pöyry Group is involved in the globalisation process as an advisor to clients in all forest industry market areas.
- **Consolidation.** The consolidation of the forest industry continues. JP Capital International Ltd. in London, specialising in forest industry restructuring, is actively engaged in the consolidation process.

Order Stock  
by Market Area



## Energy

- **Liberalisation and privatisation of the energy market.** Relying on its comprehensive expertise in the energy sector, the Jaakko Pöyry Group is well equipped to serve as an advisor in national and international energy markets.
- **Environmental pressures.** Stricter environmental requirements and agreements, such as the Kyoto Protocol, provide a good basis for the Jaakko Pöyry Group's special know-how and expertise (e.g. in hydropower and waste management).
- **Maintenance and rehabilitation projects.** Existing power plants need to be modernised and their efficiency improved. The Group's local office network and innovative solutions offer good prospects for growth in this sector.

## Infrastructure & Environment

- **Fast population growth.** Worsening traffic jams and increased pollution, especially in fast-growing population centres, create demand for mass transit systems, such as underground railways, city railway systems and high-speed trains.
- **Growing environmental loads.** Making use of its know-how and technological expertise, the Jaakko Pöyry Group can contribute to solving growing water and waste water problems.
- **Enlargement of the EU.** The EU is providing extensive financing for infrastructure and environmental projects in countries aspiring to join the EU. To this end, the EU has created several financing programmes.



## P R E S I D E N T ' S   R E V I E W

**The Jaakko Pöyry Group's business operations continued to grow and develop strongly during 1999. In strategically important areas, aimed at strengthening the Group's technological expertise and expanding the local office network, we made progress as planned. We are determined to continue along the same path. Furthermore, our organisation was streamlined to better reflect our business group structure.**

Earnings developed favourably and in line with the Group's economic objectives. Consolidated net sales increased to EUR 395.4 million (EUR 259.7 million in 1998), with earnings after financial items amounting to EUR 25.3 (EUR 20.6 million).

The Jaakko Pöyry Group has always relied on its advanced technological expertise, its many years' trustful customer relationships and its skilled and loyal employees, and we firmly believe that these cornerstones will prevail. We are going to strengthen these aspects in all our business groups. Our aim is to become a technology and market leader in our core business areas and the preferred supplier of leading client companies in these sectors. Our clients must be able to rely on the Jaakko Pöyry Group and its companies to provide solutions and services that promote their business interests.

In recent years, our business operations have become more diversified, following the growth of the Energy and Infrastructure & Environment business groups alongside the traditional Forest Industry. The new business groups have played a key role in the Group's growth strategy. We have also been able to develop and expand our services within each business group to meet clients' and markets' needs. During the year under review, services related to the restructuring of the forest industry have been particularly important, and engineering and implementation of telecommunication projects have emerged as a key practice area in the Infrastructure & Environment business group. We expect to see significant growth in these areas.

Prospects for the year 2000 are good. The Group's order stock has grown in all business areas, amounting to EUR 348.9 (167.1) million at the end of 1999. Supported by continued economic growth in our most important market areas, the Jaakko Pöyry Group's earnings are expected to continue to develop favourably in the year 2000, in line with budgeted targets.

I would like to take this opportunity to thank all our clients, employees and shareholders for their trust and good co-operation, and wish you all a prosperous new millennium.



*Erkki Pehu-Lehtonen*

A handwritten signature in blue ink, consisting of a stylized first name and a surname, followed by a horizontal line.

Erkki Pehu-Lehtonen

## SHAREHOLDERS AND SHARES

### Major shareholders

	Per cent of shares and voting rights
Corbis S.A.	23.3
Odin Norden	6.3
Procurator Oy	4.1
Mutual Pension Insurance Company Varma-Sampo	3.2
Pohjola Life Assurance Company Ltd	2.6
Sampo Life Insurance Company Ltd	2.5
Odin Finland	2.2
Merita Life Assurance Ltd	1.2
Bicerva Investments S.A.	1.1
Unit Trust Fund Alfred Berg Small Cap	0.8
Tapiola General Mutual Insurance Company	0.8
ABB Pension Fund	0.6
Other	51.3
<b>Total</b>	<b>100.0</b>

Per cent of shares and voting rights is based on the total shares 14 267 486 excluding own shares 597 200.

### Ownership structure by type of shareholder

	Owners, pcs	Per cent of owners	Per cent of shares and voting rights
Companies	60	7.1	6.4
Financial and insurance institutions	21	2.5	12.0
Households	734	86.8	3.3
Outside Finland and nominee-registered	14	1.7	73.4
General government and non-profit associations	16	1.9	4.9
<b>Total</b>	<b>845</b>	<b>100.0</b>	<b>100.0</b>

### Ownership structure by number of shares owned

	Number of shares, pcs	Owners, pcs	Per cent of owners	Per cent of shares and voting rights
1 – 100		252	29.8	0.1
101 – 200		189	22.4	0.3
201 – 300		84	9.9	0.2
301 – 500		100	11.8	0.3
501 – 1 000		82	9.7	0.5
1 001 – 2 000		48	5.7	0.6
2 001 – 5 000		29	3.4	0.7
5 001 –		61	7.3	97.3
<b>Total</b>		<b>845</b>	<b>100.0</b>	<b>100.0</b>

## Share Ownership

According to the register of the Finnish Central Securities Depository Ltd, the company had a total of 845 shareholders at the end of 1999. In Sweden 79 registered shareholders owned a total of 298 800 shares, representing 2.2 per cent of the total number of shares.

At the end of the year 5 529 558 shares were nominee-registered, representing 40.5 per cent of the shares.

## Management's Shareholding

The members of the Board of Directors, the President and CEO and the Executive Vice President own 20 510 shares through direct ownership, and 739 750 through controlled ownership, corresponding to 5.6 per cent of the shares. In addition, they own warrants entitling them to subscribe 225 000 shares, representing 1.5 per cent of the shares after subscription. Henrik Ehrnrooth, member of the Board, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A.

## The Company's Own Shares

The Board of Directors is authorised until March 18, 2000 to acquire or sell a maximum of 685 000 of the company's own shares. In 1998 the company acquired 597 200 shares, representing 4.2 per cent of the total number of shares and voting rights.

The Board of Directors proposes to the Annual General Meeting on March 8, 2000 that the acquired own shares be annulled and that the Annual General Meeting would authorise the Board of Directors to decide on the acquisition and selling of a maximum of 5.0 per cent of total voting rights.

## Share Capital and Shares

Date of share issues	Share capital FIM 1000	Share premium reserve FIM 1000	Legal reserve FIM 1000	Shares 1000 pcs	Nominal value FIM/share
December 23, 1994	15		0	15	1.00
March 7, 1995	50 000		0	50 000	1.00
December 21, 1995	51 000		10 000	51 000	1.00
December 31, 1996	51 000		10 000	51 000	1.00
May 12, 1997	61 000		120 000	61 000	1.00
September 29, 1997	61 000		120 000	12 200	5.00
December 2, 1997	68 500	89 531	120 000	13 700	5.00
June 11, 1999	71 337	119 608	120 000	14 267	5.00
December 31, 1999	71 337	119 608	120 000	14 267	5.00

Status March 8, 2000 provided that the Board of Directors' proposals are approved

Annuling of own shares, FIM	68 351	122 594	120 000	13 670	5.00
Converting of the share capital to euros, EUR	11 496	20 619	20 183	13 670	0.84
Increase of the share capital by bonus issue, EUR	13 670	20 619	18 008	13 670	1.00
If subscription with all the warrants April 30, 2005, EUR	14 970			14 970	1.00

The company's share capital increased in 1999 by FIM 2 837 430 (EUR 0.5 million) from FIM 68 500 000 (EUR 11.5 million) to FIM 71 337 430 (EUR 12.0 million) by a targeted share issue. The capital gain, a total of FIM 30 076 758 (EUR 5.0 million) was booked into the share premium reserve. The total number of shares increased from 13 700 000 to 14 267 486.

According to the company's Articles of Association, the issued share capital must not be less than FIM 50 000 000 (EUR 8 409 396) nor more than FIM 200 000 000 (EUR 33 637 585).

The nominal value of the share is FIM 5.00 (EUR 0.84). The company has one series of shares. The shares carry one vote per share and all shares carry equal rights to dividends.

The Board of Directors proposes to the Annual General Meeting on March 8, 2000 that the share capital be converted to euros, the nominal value of the share no longer to be used and that the book value of the share be raised to one (1.00) EUR by bonus issue.

#### **Authorisation to Issue New Shares**

The Board of Directors has until March 18, 2000 been authorised to raise the share capital by a maximum of FIM 5 000 000 (EUR 0.8 million) by issuing for subscription a maximum of 1 000 000 new shares. After the above-mentioned targeted share issue in 1999, the authorisation still allows issue of 432 514 new shares (FIM 2 162 570, EUR 0.4 million).

The Board of Directors proposes to the Annual General Meeting on March 8, 2000 that the Board be authorised to raise the share capital by a total of EUR 1 000 000 by issuing a maximum of 1 000 000 new shares.

#### **Bond Loan with Warrants**

Jaakko Pöyry Group Oyj issued in 1998 a bond loan with warrants for subscription by the Jaakko Pöyry Group's personnel and by the members of the parent company's Board of Directors and by the group company JP-Sijoitus Oy. The bond loan with warrants is part of the group's employee incentive scheme.

The amount of the loan is FIM 13 000 000 (EUR 2.2 million), the loan is dated May 15, 1998 and repayable on May 15, 2001 and the interest rate is 3.0 per cent p.a. The bond loan has been fully subscribed.

The 1 300 000 warrants connected to the loan allow subscription of 1 300 000 new shares in the company, with the nominal value of five (5.00) FIM per share. After the subscriptions, the new shares equal 8.7 per cent of the total number of shares. The share capital can be increased by a maximum of FIM 6 500 000 (EUR 1.1 million). The subscription period for 390 000 warrants starts on April 1, 2000, for 390 000 warrants on April 1, 2001 and for 520 000 warrants on April 1, 2002. The subscription period for all warrants ends on April 30, 2005.

The subscription price of one new share is FIM 69.00 (EUR 11.60). The subscription price shall be reduced by the amount of dividends to be paid after March 30, 1998 and before the share subscription on the relevant record date of each dividend distribution.

If the share capital is converted to euros, the terms of the bond loan will be changed correspondingly.

#### **Dividend Policy**

The dividend distributed by Jaakko Pöyry Group Oyj is dependent on the company's earnings and investment requirements. The objective is to increase the dividend per share from year to year, and to ensure that at least 40.0 per cent, or more, of earnings are distributed each year. Should the company have a need to expand its technology base by investing in acquisitions, or to expand its office network, the dividend-to-earnings ratio may be changed.

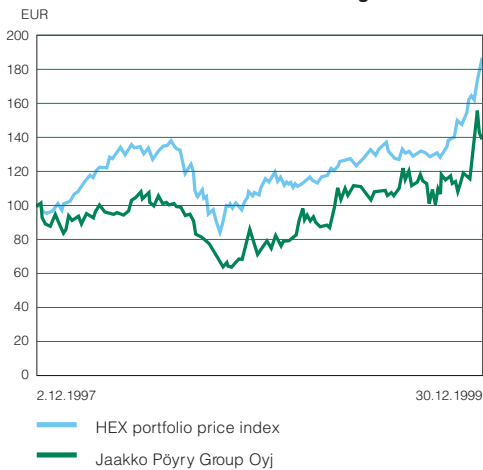
The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.45 per share, i.e. 40.5 per cent of earnings, be paid for 1999. This is EUR 0.11 (32.4 per cent) more per share than in 1998.

## Market Value

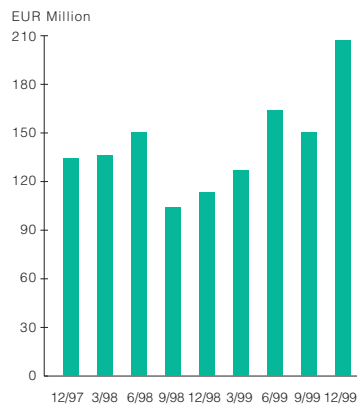
Jaakko Pöyry Group Oyj's market value at the end of the period under review was EUR 206.9 million. The share price developed favourably, the share price rose during the year from EUR 8.22 to EUR 14.50 equalling 76.4 per cent. The HEX portfolio index of the Helsinki Exchanges increased by 66.2 per cent during the same period. In 1999 the share's highest price was EUR 16.80 and lowest EUR 7.70.

In 1999 11 747 044 shares (83.4 per cent) of Jaakko Pöyry Group Oyj were traded in the Helsinki Exchanges and 77 523 (0.6 per cent) shares in the Stockholm Exchanges. The corresponding numbers in 1998 were 6 995 740 shares (51.1 per cent) and 626 870 shares (4.8 per cent). The monthly average number of shares traded in 1999 was 978 920.

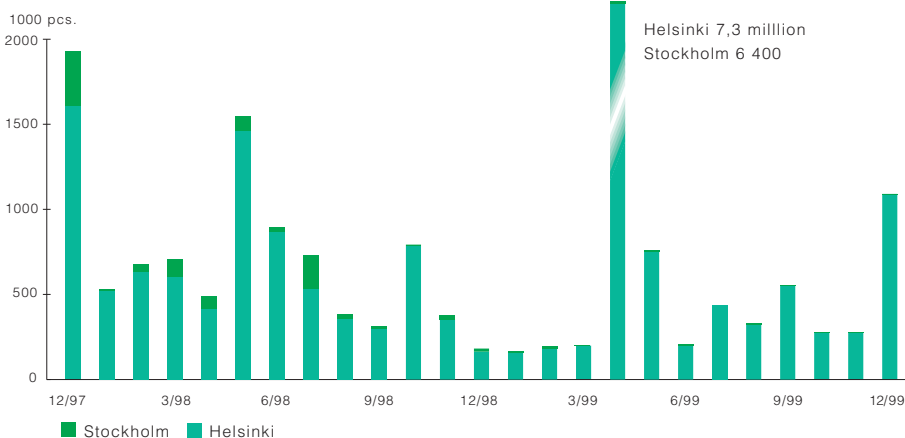
**Development of the Share Price on Helsinki Stock Exchange**



**Market Capitalisation**



**Amount of Shares Exchanged**



## Quotation and Trading Codes

The shares of Jaakko Pöyry Group Oyj have been quoted on the Helsinki and Stockholm stock exchanges since December 1997. In the Helsinki Exchanges the share trading is in euros, in the Stockholm Exchanges the trading is in Swedish crowns. Trading codes and trading lots are:

The Board of Directors has on February 10, 2000 decided to delist the company's share from the Stockholm Exchanges. The last trading date will be May 31, 2000.

HEX Helsinki Exchanges JPG1V  
Trading lot 100 shares

Stockholm Exchanges JAP  
Trading lot 100 shares

## KEY FIGURES

### The Group

EUR Million

<b>Statement of Income</b>	1995	1996	1997	1998	1999
Net sales	257.3	209.9	219.3	259.7	395.4
Change in net sales, %	15.1	- 18.4	4.5	18.4	52.3
Operating profit	19.8	12.2	19.6	22.1	27.2
Proportion of net sales, %	7.7	5.8	9.0	8.5	6.9
Financial income and expenses	- 8.5	- 3.7	- 2.7	- 1.5	- 1.9
Proportion of net sales, %	3.3	1.8	1.2	0.6	0.5
Profit after financial items	11.3	8.5	16.9	20.6	25.3
Proportion of net sales, %	4.4	4.0	7.7	7.9	6.4
Extraordinary items	- 3.1	- 6.3	- 0.1	0.0	0.0
Profit before appropriations, taxes and minority interest	8.2	2.2	16.8	20.6	25.3
Proportion of net sales, %	3.2	1.0	7.7	7.9	6.4
Appropriations	- 1.5	2.4	2.4		
Taxes	- 3.7	- 1.9	- 6.5	- 8.0	- 8.9
Minority interest	- 1.1	- 0.8	- 1.3	- 0.5	- 1.4
<b>Net profit for the period</b>	<b>1.9</b>	<b>1.9</b>	<b>11.4</b>	<b>12.1</b>	<b>15.0</b>

### Balance Sheet

Intangible assets	2.3	1.6	2.7	2.7	5.3
Consolidation goodwill	46.2	36.2	34.8	32.6	40.0
Tangible assets	57.4	25.6	26.7	24.8	33.3
Non-current investments	24.0	22.0	28.7	29.1	17.6
Inventories	0.3	0.0	0.0	0.0	0.0
Receivables	83.4	70.9	82.1	83.0	171.6
Own shares	0.0	0.0	0.0	5.5	5.5
Current investments, cash in hand and at banks	31.7	34.4	49.2	29.4	30.7
<b>Assets total</b>	<b>245.3</b>	<b>190.7</b>	<b>224.2</b>	<b>207.1</b>	<b>304.0</b>
Shareholders' equity	23.4	16.9	63.2	71.4	87.6
Preferred capital notes	20.2	20.2	0.0	0.0	0.0
Minority interest	4.1	4.7	5.8	5.3	4.9
Interest bearing liabilities	128.3	80.6	79.5	49.8	42.4
Non-interest bearing liabilities	69.3	68.3	75.7	80.6	169.1
<b>Liabilities total</b>	<b>245.3</b>	<b>190.7</b>	<b>224.2</b>	<b>207.1</b>	<b>304.0</b>

<b>Profitability and other Key Figures</b>	1995	1996	1997	1998	1999
Return on investment, %	13.5	9.9	15.5	17.6	22.6
Return on equity, %	17.4	14.9	18.8	18.0	20.7
Equity ratio, %	20.4	23.8	33.8	39.5	36.5
Equity/Assets ratio, %	19.4	21.9	30.8	35.3	29.1
Net debt/Equity ratio (gearing), %	202.8	110.6	44.0	28.8	13.5
Current ratio	1.6	1.4	1.8	1.4	1.1
Order stock, EUR Million	119.4	114.4	140.8	167.1	348.9
Capital expenditure, operating, EUR Million	5.3	5.0	7.3	4.9	11.1
Proportion of net sales, %	2.1	2.4	3.3	1.9	2.8
Capital expenditure in shares, EUR Million	0.0	0.0	8.7	2.2	16.3
Proportion of net sales, %	0.0	0.0	4.0	0.8	4.1
Personnel in group companies in average	2 705	2 772	2 690	2 919	4 222
Personnel in associated companies in average	1 965	2 056	2 250	2 710	239
Personnel in group companies at year-end	2 740	2 646	2 775	2 977	4 472
Personnel in associated companies at year-end	2 110	2 001	3 024	2 577	146

### Key Figures for the Shares

Earnings/share, EUR	0.59	0.64	0.79	0.89	1.11
Shareholders' equity/share, EUR	4.27	3.64	4.61	5.03	6.00
Dividend, EUR Million	0.0	0.0	3.0	4.4	6.2 <sup>1)</sup>
Dividend/share, EUR	0.0	0.0	0.22	0.34	0.45 <sup>1)</sup>
Dividend/earnings, %	0.0	0.0	32.4	37.6	40.5
Effective return on dividend, %	0.0	0.0	2.2	4.1	3.1
Price/earnings multiple			12.3	9.2	13.1
Issue-adjusted trading prices, EUR					
Average trading price			9.97	9.71	10.18
Highest trading price			10.93	11.60	16.80
Lowest trading price			9.08	6.56	7.70
Closing price at year-end			9.75	8.22	14.50
Total market value of shares, outstanding shares, EUR Million			133.6	107.8	198.2
Total market value of shares, own shares, EUR Million				4.9	8.7
Trading volume of shares					
Shares, 1 000 pcs			1 610	6 996	11 747
Proportion of the total volume, %			13.8	51.1	83.4
Issue-adjusted number of outstanding shares, 1 000 pcs <sup>2)</sup>					
In average	10 200	10 200	11 658	13 480	13 492
At year-end	10 200	10 200	13 700	13 103	13 670

1) Board of Directors' proposal

2) Total number of shares, see page 9.

## Business Groups

EUR Million	1-3/98	4-6/98	7-9/98	10-12/98	1-3/99	4-6/99	7-9/99	10-12/99	1-12/98	1-12/99
<b>Net Sales</b>										
Forest Industry	31.1	29.4	25.3	33.1	30.6	30.0	24.9	34.1	118.9	119.6
Forest Industry Consulting	9.4	9.3	7.9	10.0	9.6	10.0	9.3	10.3	36.6	39.2
Energy	11.2	14.3	13.5	22.6	30.9	33.7	29.7	45.4	61.6	139.7
Infrastructure & Environment	10.0	11.4	10.0	12.5	22.8	23.6	22.4	28.5	43.9	97.3
Other	0.0	- 0.7	0.0	- 0.6	0.4	- 0.1	- 0.1	- 0.6	- 1.3	- 0.4
<b>Total</b>	<b>61.7</b>	<b>63.7</b>	<b>56.7</b>	<b>77.6</b>	<b>94.3</b>	<b>97.2</b>	<b>86.2</b>	<b>117.7</b>	<b>259.7</b>	<b>395.4</b>

## Operating Profit

Forest Industry	3.4	3.9	4.5	4.6	3.6	3.1	2.9	3.9	16.4	13.5
Forest Industry Consulting	0.1	0.3	0.2	0.3	0.2	0.0	0.3	1.0	0.9	1.5
Energy	0.1	0.4	0.5	1.7	1.3	2.1	1.5	4.3	2.7	9.2
Infrastructure & Environment	0.7	1.3	0.8	1.0	1.6	2.1	2.1	1.8	3.8	7.6
Associated companies	0.6	0.4	- 0.2	0.3	0.0	0.0	0.0	0.0	1.1	0.0
Other	- 0.8	- 1.5	- 0.3	- 0.2	- 1.0	- 0.8	- 0.6	- 2.2	- 2.8	- 4.6
<b>Total</b>	<b>4.1</b>	<b>4.8</b>	<b>5.5</b>	<b>7.7</b>	<b>5.7</b>	<b>6.5</b>	<b>6.2</b>	<b>8.8</b>	<b>22.1</b>	<b>27.2</b>

## Order Stock

Forest Industry	62.6	62.5	52.0	41.3	55.3	54.2	76.4	70.5	41.3	70.5
Forest Industry Consulting	21.6	22.0	27.2	25.8	23.1	22.4	19.8	21.2	25.8	21.2
Energy	54.4	48.2	77.9	73.7	173.5	178.6	176.1	165.4	73.7	165.4
Infrastructure & Environment	20.5	24.8	25.8	26.3	94.2	95.1	91.9	91.8	26.3	91.8
<b>Total</b>	<b>159.1</b>	<b>157.5</b>	<b>182.9</b>	<b>167.1</b>	<b>346.1</b>	<b>350.3</b>	<b>364.2</b>	<b>348.9</b>	<b>167.1</b>	<b>348.9</b>

## Net Sales by Area

	1998	1999
The Nordic countries	91.2	92.8
Other Europe	95.5	178.9
Asia	29.7	69.7
North America	27.4	22.8
Other	15.9	31.2
<b>Total</b>	<b>259.7</b>	<b>395.4</b>

## Personnel by Area

	1998	1999
The Nordic countries	2 201	2 304
Other Europe	448	1 329
Asia	74	452
North America	148	135
Other	106	252
<b>Total</b>	<b>2 977</b>	<b>4 472</b>

## Net Sales by Division

Engineering	169.9	308.0
Consulting	53.4	55.4
Contracting	29.4	31.6
Other	7.0	0.4
<b>Total</b>	<b>259.7</b>	<b>395.4</b>

## Personnel by Business Group

Forest Industry	1 440	1 665
Forest Industry Consulting	291	299
Energy	512	1 277
Infrastructure & Environment	716	1 198
Other	18	33
<b>Total</b>	<b>2 977</b>	<b>4 472</b>



## Calculation

<b>Return on investment, ROI %</b>	$\frac{\text{profit after financial items} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest bearing liabilities (average)}} \times 100$
<b>Return on equity, ROE %</b>	$\frac{\text{profit after financial items} - \text{taxes}}{\text{shareholders' equity} + \text{minority interest} + \text{preferred capital notes (average)}} \times 100$
<b>Equity ratio %</b>	$\frac{\text{shareholders' equity} + \text{minority interest} + \text{preferred capital notes}}{\text{balance sheet total} - \text{advance payments received}} \times 100$
<b>Equity/assets ratio %</b>	$\frac{\text{shareholders' equity} + \text{minority interest} + \text{preferred capital notes}}{\text{balance sheet total}} \times 100$
<b>Net debt/equity ratio, gearing %</b>	$\frac{\text{interest-bearing liabilities} - \text{current investments} - \text{cash in hand and at banks}}{\text{shareholders' equity} + \text{minority interest} + \text{preferred capital notes}} \times 100$
<b>Current ratio</b>	$\frac{\text{current assets}}{\text{current liabilities}}$
<b>Earnings/share, EPS</b>	$\frac{\text{profit after financial items} - \text{taxes including taxes from appropriations} - \text{minority interest}}{\text{issue-adjusted average number of shares for the fiscal year}}$
<b>Shareholders' equity/share</b>	$\frac{\text{shareholders' equity} + \text{preferred capital notes}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$
<b>Dividend/share</b>	$\frac{\text{dividend}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$
<b>Dividend/earnings %</b>	$\frac{\text{dividend for the fiscal year}}{\text{profit after financial items} - \text{taxes including taxes from appropriations} - \text{minority interest}} \times 100$
<b>Effective return on dividend %</b>	$\frac{\text{dividend/share}}{\text{issue-adjusted trading price at the end of the fiscal year}} \times 100$
<b>Price/earnings multiple, P/E</b>	$\frac{\text{quoted share price at the end of the fiscal year}}{\text{earnings per share}}$
<b>Market value of share capital</b>	$\text{number of shares at the end of the fiscal year} \times \text{last trading price at the end of the fiscal year}$
<b>Exchange of shares %</b>	$\frac{\text{number of shares exchanged during the fiscal year}}{\text{average number of shares for the fiscal year}}$

For purposes of calculating key figures, own shares have been eliminated from shareholders' equity and the number of shares.

## GROUP MANAGEMENT



### Board of Directors

from left:

*David de Pury*

*Niilo Pellonmaa*

*Henrik Ehrnrooth*

*Jaakko Pöyry*

*Heikki Lehtonen*

*Matti Lehti*

*Olle Alsholm*

### Board of Directors

*Chairman*

**Heikki Lehtonen**, 40, M.Sc. (Eng.)

Componenta Corporation, President and CEO 1993-, Otava Publishing Company Ltd, Member of the Board of Directors 1991-, Raute Plc., Member of the Board of Directors 1997-, Sampo Insurance Company Plc., Member of the Supervisory Board 1998-

*Vice Chairman*

**Henrik Ehrnrooth**, 45, M.Sc.(Forest.Econ), B.B.A.

Finvest Plc, Chairman of the Board of Directors 1998-, Oy Polargas Ab, Member of the Board of Directors 1995-, Otava Publishing Company Ltd, Member of the Board of Directors 1988-

*Vice Chairman*

**Jaakko Pöyry**, 75, M.Sc., (Mech. Eng)

Jaakko Pöyry Consulting Oy, Honorary Chairman of the Board of Directors 1999-, Finvest Plc, Vice Chairman of the Board of Directors 1998-, The Engineering Society in Finland, Technical Association of the Pulp and Paper Industry (TAPPI)

**Olle Alsholm**, 62, M.Sc. (Chem. Eng.)

Swedish Pulp and Paper Research Institute, President 1990-, Swedish Standards Institution, Vice Chairman of the Board of Directors 1995-, Swedish Pulp and Paper Research Institute, Associate Board Member 1990-

**Matti Lehti**, 52, M.Sc. (Econ.), Ph.D. (Econ.)

TietoEnator Corporation, President and CEO 1995-, Patria Industries Oyj, Member of the Board of Directors 1997-, Helsinki School of Economics, Vice Chairman of the Board of Directors 1996-, Setec Oy, Member of the Board of Directors 1995-

**Niilo Pellonmaa**, 59, M.Sc. (Commercial)

Kemira Oyj, Vice-Chairman of the Board of Directors 2000-, PMJ-Automec Oyj, Chairman of the Board of Directors 1999-, Menire Oyj, Member of the Board of Directors 1999-, Rocla Oyj, Chairman of the Board of Directors 1998-, Finvest Plc, Member of the Board of Directors 1998-, AskO Oyj, Member of the Board of Directors 1983-

**David de Pury**, 56, LL.M. Attorney-at-Law

de Pury Pictet Turrettini & Co. Ltd, Chairman of the Board of Directors 1996-, Electrowatt Engineering Ltd, Chairman of the Board of Directors 1998-, World Economic Forum, Member of the Council 1999-, Le Temps (Swiss French Daily Newspaper), Chairman of the Board of Directors 1998-, Nestlé Group, Member of the Board of Directors 1993-, European Advisory Board of Bankers Trust, Member 1991-

More information on  
[www.poyry.com](http://www.poyry.com)

## Group Executive Committee

*President and CEO*

**Erkki Pehu-Lehtonen**, 49, M.Sc. (Mech. Eng.)

Jaakko Pöyry Group Oyj, President and CEO 1999-, Sampo Insurance Company, Member of the Supervisory Board 1999-, Finnish Foreign Trade Association (Finpro), Member of the Supervisory Board 1999-, Confederation of Finnish Industry and Employers, Member of the Board of Directors 1998-

*Executive Vice President, Director Infrastructure & Environment business group*

**Teuvo Salminen**, 46, M.Sc. (Econ.), MBA

Jaakko Pöyry Group Oyj, Executive Vice President 1999-, Tapiola Insurance Company, Member of the Supervisory Board 1999-

*Director Forest Industry business group*

**Stefan Antell**, 52, B.Sc. (Mech. Eng.)

Jaakko Pöyry Oy, President 1999-

*Director Forest Industry Consulting business group*

**Rainer Häggblom**, 44, M.Sc. (For.), M.Sc. (Econ)

Jaakko Pöyry Consulting Oy, Chairman and CEO 1999-

*Director Energy business group*

**Jukka Nyrölä**, 54, LL.Lic., LL.M., Columbia University

Electrowatt Engineering Ltd, President and CEO 1999-

**Harri Piehl**, 59, M.Sc. (Eng.), Harvard Business School

JP Operations Management Ltd., President 1996-, Thomesto Trading yhtiöt Oy, Member of the Board of Directors 1997-, The Finnish Academy of Technology (TTA), Member of the Board of Directors 1997-, Merita Bank Plc, Member of the Supervisory Board 1994-

**Lars Rautamo**, 50, M.Sc. (Econ.)

Jaakko Pöyry Group Oyj, Chief Financial Officer 1999-

## C O R P O R A T E G O V E R N A N C E

Jaakko Pöyry Group Oyj's governing bodies are ultimately responsible for all matters related to corporate governance. The company's governing bodies are the general meeting of share-holders, the Board of Directors, the President and CEO, and the Executive Vice President.

### Tasks of the General Meeting of Shareholders

Pursuant to the provisions of the Companies Act the general meeting of shareholders shall be ultimately responsible for decision-making. In accordance with the Companies Act, the general meeting of shareholders shall approve any amendments to the Articles of Association, decide on the distribution of profits and appoint members of the Board of Directors and the Auditors of the company.

### Tasks and Responsibilities of the Board of Directors

The Board of Directors shall have general decision-making authority in all matters of corporate governance, with the exception of specific matters to be decided or implemented by other governing bodies pursuant to the Companies Act or the Articles of Association. The Board of Directors shall be generally responsible for corporate governance and for making appropriate arrangements related thereto.

The Board of Directors shall appoint the President and CEO and the Executive Vice President.

The Board of Directors has set as its objective to govern the company in a way that maximises the return on capital invested.

### Appointment of Board Members

The general meeting of shareholders shall appoint the members of the Board of Directors for the period of office extending until the next annual general meeting. The Board of Directors shall

appoint among its members a Chairman and Vice Chairman. Any member of the Board can be removed from office following a majority decision by the meeting of shareholders.

Should the Board of Directors, prior to the meeting of shareholders, be notified of any proposals for Board members which are to be presented for consideration by the general meeting, the proposal shall be published if at least 20 per cent of all the votes in the company are in favour of the proposal and if the person in question has given his or her consent.

### **Current Composition of the Board of Directors**

Pursuant to the Articles of Association, the Board of Directors shall be composed of a minimum of four and a maximum of ten members. The Board of Directors has now seven members.

### **Tasks and Responsibilities of the President and CEO and the Executive Vice President**

The tasks of the President and CEO include managing and supervising the company's business in accordance with the Board of Directors' guidelines and instructions.

The task of arranging accounting and supervision in practice is the responsibility of the President and CEO.

The President and CEO is assisted by the Executive Vice President.

The Group's Executive Committee assists the President and CEO and the Executive Vice President. The members of the Group Executive Committee shall be appointed by the President and CEO and approved by the Board of Directors.

In each appointment, the superior shall approve the appointments made by his or her own subordinates and the appointed persons' employment conditions.

### **Current Composition of the Group Executive Committee**

The Group Executive Committee at present has seven members. The Group Executive Committee is generally convened once or twice a month.

### **Jaakko Pöyry Group Oyj's Organisation Structure**

The Group's business operations are conducted through four business groups: Forest Industry, Forest Industry Consulting, Energy, and Infrastructure & Environment.

Each business group has its own executive committee, chaired by the director of the business group in question.

The Group's parent company Jaakko Pöyry Group Oyj is responsible for the Group's administration, strategic planning, economic matters, financing and investor relations. It also provides the business groups with services related to common Group functions.

### **Insider Control**

The Board of Directors of Jaakko Pöyry Group Oyj has decided to follow the recommendation for Insider Guidelines of the Helsinki Exchanges. The Jaakko Pöyry Group's Insider Guidelines are even more strict than general recommendation.

### **Supervisory Procedures**

In order to ensure the achievement of the Group mission and financial targets and to minimise the risk exposure, the Board of Directors has approved general rules and principles governing:

- Management Organisation
- Management Principles
- Operational Authorities and Approval Matrix
- Group Policies for various disciplines such as Financial planning and reporting, Internal and external auditing, Profit-bonus principles etc.

# INVESTOR RELATIONS

The price of Jaakko Pöyry Group Oyj's share shall reflect the company's financial performance and future prospects. Investors are being regularly and actively informed about events, management actions and strategic decisions that may affect the Group's performance.

## Our Leading Principles of Investor Relations

- Consistent and adequate information at all times
- Equal and simultaneous information to all investors
- Commitment and availability of the top management
- Honesty, openness and a service-minded attitude

## Investor Relations are the Core of the Group's External Communications

Some of the main actions and events during the year under review are listed in the following:

- New Internet home pages ([www.poyry.com](http://www.poyry.com)), which were elected Finland's best in a study conducted by a Swedish consultancy
- Four major international road shows during the spring and autumn, including Stockholm, Dublin, Edinburgh, London, Paris, Frankfurt, New York, Boston
- Capital Market Day in Stockholm
- Participation in Investors' Fair in Helsinki
- Meetings with more than 70 investors and 50 analysts
- 44 stock exchange notices

## Regular Contact with Various Stakeholder Groups is a Top Priority

The annual report, interim reports and stock exchange notices constitute the basis of the Group's investor relations. These publications and notices cannot, however, replace regular personal contact with current and new shareholders.

If you have any questions regarding investment in Jaakko Pöyry Group's shares, please send them by e-mail to: [edvard.krogius@poyry.fi](mailto:edvard.krogius@poyry.fi) or call +358 9 8947 3002.

You can also send your inquiries by post to: Jaakko Pöyry Group Oyj, Edvard Krogius, P.O. Box 4, FIN-01621 Vantaa, Finland



*Edvard Krogius,  
investor relations*

## Analysts Who Regularly Follow the Jaakko Pöyry Group

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Albert Hæggström  
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**Aros Securities, Helsinki**  
Carl-Henrik Frejborg  
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**CAI Cheuvreux Nordic, London**  
Harri Taittonen  
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**Conventum Securities Ltd, Helsinki**  
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**D. Carnegie Ab Finland Branch, Helsinki**  
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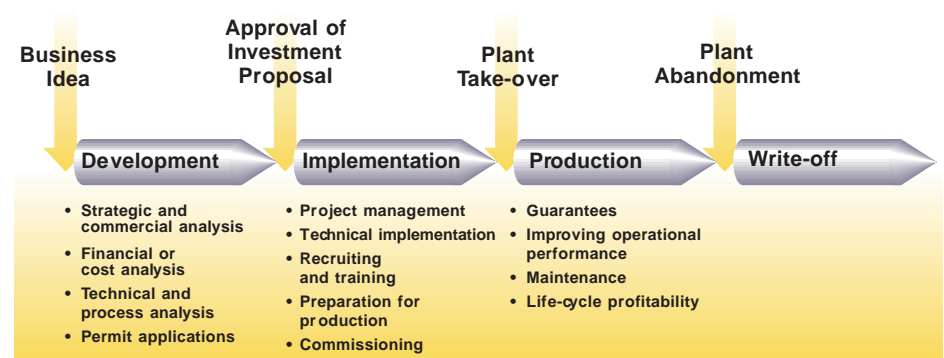


# BUSINESS ENVIRONMENT

The Jaakko Pöyry Group's business is based on a deep understanding of clients' business processes. Mastering the entire life-cycle of an investment project, we can adapt our services to meet each client's individual needs, including business development and financial and cost analyses, selection of appropriate technology, and implementation of investment projects. We make sure that information generated in the course of an investment project is efficiently transferred to the client's operations and maintenance systems, and we provide clients with maintenance planning and other after-sales services. Relying on our project-oriented approach, we can offer our clients a comprehensive range of services - locally and globally.

The ever-increasing globalisation of our business environment is imposing entirely new demands. For this reason, we have strengthened our technological expertise and participated in development projects with the aim to ensure more effective use of new technology. Our local office network opens up new possibilities for networking and adaptation of global working practices in multicultural business environments.

## LIFE-CYCLE ENGAGEMENT



## Market Prospects are Favourable

### Forest Industry

The forest industry's investment activity in 1999 was lower than in recent years, with a growing share of investments related to rebuilds. As a result of accelerating economic growth, especially in Europe, Southeast Asia and Latin America, market prospects for forest products will improve. Investment activity is likely to pick up in the next few years as prices of chemical pulp and paper products continue to rise.

The globalisation and consolidation of the industry are continuing. Mergers, acquisitions and alliances will be implemented globally. These trends will result in new refinancing and restructuring assignments for financing and strategy consultants.

World paper consumption is growing in line with GNP growth, equalling a volume growth of about 10 million tons a year. Part of the required increase in production capacity will be achieved by improving the operating efficiency of existing mills. However, most of the capacity expansion will still come from new investment projects.

### Energy

The liberalisation of energy markets has continued in different parts of the world. This has led to increased competition, lower electricity prices and in many countries also to a surplus of power generation capacity.

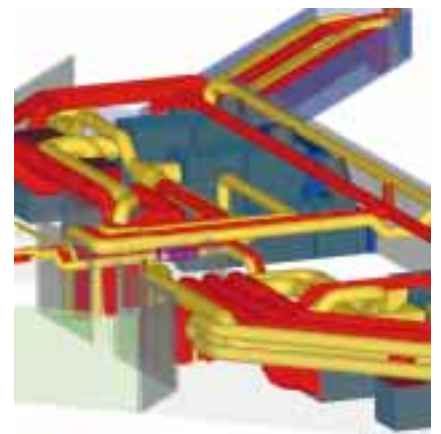
The current trend is towards decentralised energy production based on small or medium-size new investments and modernisations developed on commercial grounds.

Outsourcing of the industry's energy production and restrictions on emissions are favouring combined heat and power generation, hydropower and renewable energy.

Environmentally sustainable and economically feasible new solutions are being sought for waste handling and utilisation.

### **Infrastructure & Environment**

Problems related to the rapid population growth, the shortage of pure drinking water and the implementation of environmentally friendly industrial projects urgently require new solutions. Developing countries and economies in transition are unable to finance these projects on their own. For this reason, financing from various institutional sources will be required (World Bank, EU etc.). Part of the money is directed to improving and expanding the transport and telecommunications infrastructure, part to solving problems in fast-growing urban areas (transport, pollution, drinking water and waste water). To reduce environmental loads, natural resources must be more efficiently utilised and cleaner technologies taken into use.



### **Jaakko Pöyry Group has a Strong Client Base**

The Forest Industry business group's clients include all leading forest products companies in the Nordic countries and several major forest products companies in Western and Southern Europe, Asia and South and North America, and several international financial institutions. Machine suppliers are important clients for the local offices.

The Energy business group's clients include private power companies and publicly owned utilities, industrial companies, machine suppliers, financial institutions and international development banks. In turn-key projects, co-operation with technology suppliers offers new business opportunities for the Energy business group.

The Infrastructure & Environment business group's most important clients are governmental and municipal organisations, international development banks, mass transit companies, telecommunications operators, investors, and industrial and other companies.

## Competitors are Often Regional or Local

The Jaakko Pöyry Group is one of the world's largest technology-oriented consulting and engineering firms. Covering more than 30 countries, the Group's office network offers clients local services throughout the world. Combining knowledge of local conditions with global resources, the office network gives the Group a unique competitive edge.

There are several regionally or locally operating competitors in all of the Jaakko Pöyry Group's core business areas. In the forest industry, competitors are often small or medium-size locally operating engineering firms. In forest industry consulting, Jaakko Pöyry Consulting is competing with leading management consultancies.

In the energy, infrastructure and environment markets there are numerous locally operating competitors. Some European and North American competitors have established office networks also outside their home country.



## Research and Development are Part of Day-to-Day Project Work

Throughout its history, the Jaakko Pöyry Group has relied strongly on the skills, experience and innovative thinking of its employees for its continued success and growth. This is reflected in the research and development work designed to improve the Group's and its clients' competitiveness. Since the research and development work mostly is part of day-to-day project work, it is difficult to assess its share of operations in monetary terms.

### Forest Industry

Jaakko Pöyry and Jaakko Pöyry Consulting have a long tradition and solid experience of consulting and engineering services for the world's best pulp and paper mills. Since 1958, Jaakko Pöyry has designed about 350 major pulp and paper mills, and several tens of other industrial plants. Current research and development areas include the following:

- **Fibre technology**, developing non-wood fibre technologies aiming for commercially realisable production of high-quality paper and paperboard.
- **Bleaching technology**, developing closed-cycle bleaching technology to solve environmental problems related to kraft pulp mill bleach plant effluents.
- **CAD design**, 3D modelling of existing production plants in order to create an intelligent CAD model based on photogrammetry.



- **Document handling**, creating a browser-based document publishing system (WebPub) for example in the following areas: project management, site management, handling of as-built documents and maintenance support.

## Energy

Electrowatt-Ekono is a world leading expert in the energy sector. The business group's know-how is primarily related to combined heat and power generation, hydropower, waste management and biofuels. Electrowatt-Ekono has designed nearly two-thirds of Finland's electrical and thermal power plants, about 180 hydroelectric power plants throughout the world and over half of Germany's waste to energy plants. Current research and development areas include the following:

- **Hydropower**, Electrowatt-Ekono has developed a method to predict the setting of dam constructions based on a mathematical model combined with local measurements.
- **Biofuels**, Electrowatt-Ekono has designed a large part of all biofuel-fired power plants in Finland, developing combustion technology, emission control and fuel supply systems in co-operation with equipment suppliers and operators.
- **Cellulose-based alcohol production**, Electrowatt-Ekono has studied cellulose-based alcohol processes as a means to utilise low-cost materials such as wood waste, straw and waste paper as raw material for fuel alcohol instead of grain and sugar.

## Infrastructure & Environment

Jaakko Pöyry Infra's technological expertise and its research and development work are primarily concerned with traffic systems, raw water and waste water treatment projects and environmental technologies. Current research and development areas include:

- **Water and waste water technology**, Jaakko Pöyry Infra has developed an intelligent process control system (APC system) based on real-time process data, process know-how and new technology. APC-based process control is in use at the Suomenoja waste water treatment plant in Espoo, Finland. The system incorporates fuzzy logic and neural network technology.
- **GIS technology**, Jaakko Pöyry Infra is using geographical information systems and satellite imaging for example in land-use planning, land ownership determination, planning of traffic routes and traffic flows, regional and urban development, and for surveying and combating destruction caused by man (wars, environmental problems) and natural disasters (earthquakes, floods, volcanic eruptions, landslides etc.).
- **WAP technology**, Jaakko Pöyry Infra has developed and implemented a WAP-based information system, which provides real-time information on current time schedules to bus and train passengers.





## Commitment to the Environment

Environmental protection is a guiding principle in all activities undertaken by the Jaakko Pöyry Group and an important part of our services. We are continuously striving to integrate environmental aspects into all of our consulting assignments, whether they are concerned with forest management, energy production, development of industrial production plants or community planning projects. In practice this means that we take environmental requirements and impacts into account and that we strive to develop environmentally acceptable solutions and working methods.

We make every effort to use raw materials in a sustainable manner both ecologically and economically, to utilise the entire life-cycle of renewable raw materials, to use methods and technologies with minimal environmental impacts and to minimise generation of pollution and waste.

Environmental protection is becoming increasingly important in the **forest industry**. In global terms, the Jaakko Pöyry Group is a pioneer in developing forest plantations,



carbon sinks, re-use of wood wastes, and closed-loop technology for pulp and paper mills.

Environmental impacts, such as the climate change, are forcing power plants and industries to develop **energy**-saving technologies and new sources of energy. The Jaakko Pöyry Group has international experience in biofuels and other forms of renewable energy, efficient waste-based energy production and in combined heat and power.

Taking environmental impacts into account is important in urban development, in road construction and waste handling, especially in rapidly developing cities in developing countries. The Jaakko Pöyry Group's consultants and engineers master all aspects of urban **infrastructure**, from traffic planning and waste water and solid waste management to remediation of contaminated soil. We have a clear approach to urban development projects: we aim to offer solutions which are easy to adapt and implement and which promote sustainable development and the quality of life of people living in urban areas.



Relying on its extensive experience, the Jaakko Pöyry Group is committed to continuing its environmental effort and to responding to new challenges in this area.

## Major New Projects in 1999

**Soporcel**, complete engineering for new fine paper machine in Portugal with a production capacity of 400 000 t/a. Contract value EUR 8.5 million. Scheduled start-up in latter half of 2000.

**Metsä-Botnia, Joutseno**, new fibre line in Finland with a capacity of 600 000 t/a. Complete engineering for new woodroom-chip handling department, fibre line and drying machine modifications. Contract value about EUR 8 million. Scheduled start-up in early July, 2001.

**Cartiere Burgo**, new printing paper mill in Italy with a capacity of 400 000 t/a. Services include mechanical engineering, project co-ordination and site supervision. Contract value about EUR 15 million. Scheduled start-up in late-2001.

**Thai National Power**, gas-fired combined heat and power plant with a rated output of 110 MW. Services include project management, local supplies of auxiliary equipment, engineering services and construction. Contract value about EUR 17 million. Scheduled start-up in September, 2000.

**North Eastern Power Electric Corporation**, hydroelectric power plant in India with a rated output of 70 MW. Services include engineering, procurement and construction management. Contract value about EUR 9 million.

**Agroetanol**, fuel alcohol plant in Sweden. Turn-key supply of a plant designed to produce 50 million litres of alcohol and 45 000 tons of fodder a year. Contract value about EUR 37 million. Scheduled to come on stream in early spring 2001.

**C.A. Metro de Valencia**, supervision of underground railway project in Venezuela. Contract value about EUR 9 million. Scheduled to be taken into operation in 2002.

**Mass Rapid Transit Authority**, supervision of underground railway project in Thailand. Contract value about EUR 6.4 million. Scheduled to be taken into operation in 2003.

**Taiwan High Speed Rail Corporation**, supervision of high-speed railway project in Taiwan. Contract value about EUR 5.4 million. Scheduled to be taken into operation in 2005.

For more information about new projects received in 1999 and other major events, please visit our internet home pages at [www.poyry.com](http://www.poyry.com)





# FOREST INDUSTRY

## JAAKKO PÖYRY

Key data	1995	1996	1997	1998	1999	Share of group, %
EUR Million						
Net sales	113.2	111.2	104.6	118.9	119.6	30.2
Operating profit	18.2	11.8	15.8	16.4	13.5	49.6
Operating profit, %	16.1	10.6	15.1	13.8	11.3	
Order stock	64.3	47.2	45.5	41.3	70.5	20.2
Personnel	1 407	1 354	1 383	1 440	1 665	37.2

**“Pulp and paper mill rebuilds and maintenance projects account for a growing share of our activities, so we are strongly developing our tools and working methods, for example 3D-modelling based on photogrammetry and web-based document management procedures.”**

The Forest Industry business group represents the Jaakko Pöyry Group’s core know-how and experience and its office network covers all major pulp and paper-producing regions.

The business group has three main practice areas: new projects, rebuilds and maintenance services. New projects and large entities (EPCM, Engineering, Procurement and Construction Management) are primarily carried out by Jaakko Pöyry Oy, which is also responsible for special process expertise and for developing working methods and tools. Accounting for about 60 per cent of the business group’s net sales, rebuilds and maintenance engineering services are mainly handled by the local offices.

### A Strong Order Stock Ensures Good Prospects for the Current Year

The business group’s net sales for 1999 amounted to EUR 119.6 million, and the operating profit was EUR 13.5 million. The profitability was impaired by the reduced number of new investment projects and intensive price competition in this market.

The order stock remained healthy throughout the year, boosted by orders received at the end of the year. In addition, the business group was commissioned to carry out several rebuilds, strengthening its position as a local service provider. The share of rebuilds of total net sales increased by approximately 10 per cent. The business group’s local offices performed well, with the exception of the Swedish and Norwegian operations, whose chargeable hours fell short of budgeted targets.

### Local Office Network was Expanded

The business group continued expanding its local office network, acquiring a majority shareholding in the Polish engineering company Interpap Sp. z.o.o. and the Swedish firm Rigel Consult AB. JP Engineering A/S in Norway became a wholly owned subsidiary of Jaakko Pöyry Oy and the forest industry operations in Brazil and Chile were transferred to the business group. To further promote the integration of engineering services, JP-Kakko Oy, a specialist in structural engineering, became a part of the Forest Industry business group as of January 1, 1999.

### A Comprehensive Range of Services

The business group provides project development and implementation services, including all aspects of industrial projects:

- process engineering
- detail engineering
- construction and erection supervision
- procurement services
- project management
- operator training
- structural engineering
- construction management
- commissioning and start-up assistance

### Entering the New Millennium with Confidence

The performance of the global forest industry improved in 1999. The rising price of chemical pulp is also reflected in paper product prices. This is expected to lead to increased investment activity, although rebuilds and operations improvement projects will dominate. Through its local offices, the Forest Industry business group is well positioned to expand its order stock in this sector.

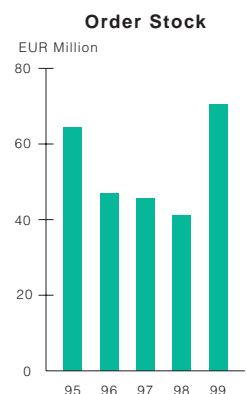
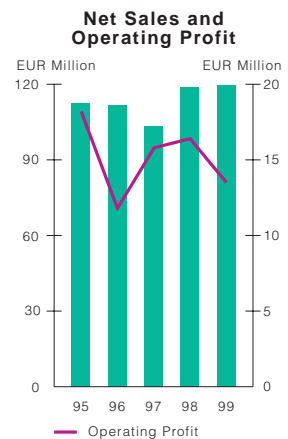
The Asian and South American forest industry is recovering from the recession, and investment activity is likely to pick up in the year 2000. In North America, the business group aims to expand its local office network, while concentrating on rebuilds and maintenance projects.



Stefan Antell  
director of the business group

#### Offices

- Argentina
- Brazil
- Chile
- Finland
- France
- Germany
- Indonesia
- Norway
- Poland
- Singapore
- South Africa
- Sweden
- Thailand
- United States





# FOREST INDUSTRY CONSULTING



## **JAAKKO PÖYRY**

Jaakko Pöyry Consulting

Key data	1995	1996	1997	1998	1999	Share of group, %
EUR Million						
Net sales	29.1	30.3	36.4	36.6	39.2	9.9
Operating profit	2.9	2.3	2.7	0.9	1.5	5.5
Operating profit, %	10.0	7.6	7.4	2.5	3.8	
Order stock	8.8	20.9	21.2	25.8	21.2	6.1
Personnel	259	266	268	291	299	6.7

**“Our competitive strengths include a complete understanding of the production chain from raw material to end product, a wide range of international studies and analyses, a comprehensive information system and powerful databanks.”**

The Forest Industry Consulting business group offers its clients new solutions for developing current operations and for increasing value added. Services are backed up by the Jaakko Pöyry Group’s strong technological expertise and a global network of expert advisors and offices.

The business group participates in forest industry mergers and acquisitions and serves as an advisor in matters related to business and marketing strategies and raw material supply questions. Jaakko Pöyry Consulting assists in developing the forest sector regionally and locally to ensure that natural resources are utilised in a sustainable manner and the biodiversity of forests preserved.

Jaakko Pöyry Consulting also offers operations improvement services, which can be used in realigning the client’s product mix, in preparing quality programmes, in solving logistics problems, in optimising the production chain and in preparing benchmarking analyses.

### Organic Growth Together with Clients

The business group has relied on organic growth together with its main clients. Its net sales for 1999 were EUR 39.2 million and its operating profit EUR 1.5 million. Earnings for 1999 were depressed by the input into launching JP Capital International Ltd.

Management consulting assignments are generally very brief and the order stock for this kind of work remained stable. The order stock for longer-term development projects declined during the year.

### A Client-Oriented Operating Model

Development of the business group’s organisation continued during the year. In addition to the previously established JP Operations Management Ltd. Oy and JP Capital International Ltd., development consulting services and management consulting services were organised under separate companies as of the beginning of the year 2000. Development consulting services are now provided by a company named JP-Development Oy.

JP Management Consulting is organised into three regional entities: Europe, Asia-Pacific and America. European operations were divided in a client-oriented manner into Graphic Paper and Pulp, Packaging and Hygiene, Wood Products, Forest and Industrial & Environmental Strategies.

Specialising in consulting services related to forest industry mergers and acquisitions, JP Capital International Ltd was launched according to plan.

### Growth Recovering in Europe and Southeast Asia

Economic growth continues in Europe, whereas the growth trend in North America is expected to subside. The Southeast Asian economies have resumed their growth path. Economic growth is expected to recover gradually also in Latin America. The restructuring of the forest industry is continuing in all major forest industry regions. Leading forest products companies are expanding their market shares and improving their competitive position through mergers and acquisitions and by focusing on their core businesses.

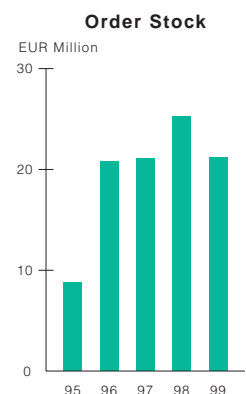
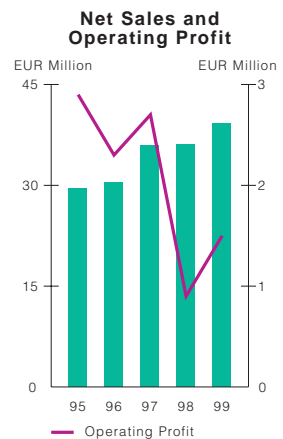
Investments in new production plants are comparatively limited and mostly concentrated in the growing markets of Southeast Asia and South America. In North America and Europe, investments are primarily concerned with operations improvement work, rebuilds and product development.



*Rainer Häggblom  
director of the business group*

#### Offices

- Argentina
- Australia
- Brazil
- Canada
- Finland
- Germany
- India
- Indonesia
- Mexico
- New Zealand
- Singapore
- Sweden
- United Kingdom
- United States





# E N E R G Y

## **ELECTROWATT-EKONO** Jaakko Pöyry Group

Key data	1995	1996	1997	1998	1999	Share of group, %
EUR Million						
Net sales	72.9	39.8	41.2	61.6	139.7	35.3
Operating profit	1.3	1.5	0.5	2.7	9.2	33.8
Operating profit, %	1.8	3.8	1.2	4.4	6.6	
Order stock	25.3	34.1	55.5	73.7	165.4	47.4
Personnel	438	429	474	512	1 277	28.6



**“Backed up by the Group’s extensive network of local offices, our global experience and know-how in the energy sector provide a solid basis for offering a comprehensive range of services in our key markets.”**

The Energy business group is an international specialist in developing, planning and implementing energy projects. Its know-how covers the following core areas of energy and power production:

- thermal power and CHP
- oil & gas and industrial
- hydropower
- waste management
- nuclear technology
- consulting and power economics

The local business units are situated in Europe, the Middle East, Asia and South America. Electrowatt-Ekono aims to create value added for its clients by offering technically, commercially and environmentally optimised solutions and services.

### Favourable Earnings Growth

Electrowatt-Ekono’s net sales for 1999 were EUR 139.7 million. The operating profit amounted to EUR 9.2 million. The order stock at the end of 1999 was EUR 165.4 million.

Nearly all business units within the business group recorded improved operating profits and higher order stocks. The restructuring of the offices in Germany and the United Kingdom was completed, although the market situation in these countries is still difficult. Earnings developed very favourably in Oman and elsewhere in the Middle East. The Asian market is recovering and the business group has received several new orders in this region.

### Tailor-Made Engineering Solutions

Electrowatt-Ekono is favourably positioned to serve its clients in the rapidly changing energy markets. Deregulation and tightening environmental limits require tailor-made engineering solutions. Electrowatt-Ekono’s resources and skills cover all key areas of an energy project: technology, environmental expertise, construction, financing and contractual matters.

### A Year of Expansion and Growth

The year under review was Electrowatt-Ekono’s first. The business operations of Electrowatt Engineering and Ekono Energy were merged under the business group’s common management. The French engineering firm Beture Environnement S.A., which specialises in district heating and waste to energy systems, was merged into the business group in December 1999.

To focus the Jaakko Pöyry Group’s business operations even more closely on its three core areas of expertise, the Process Industry business group was merged into Electrowatt-Ekono as of January 1, 2000.

As a part of the business group’s continued integration, common reporting and operating routines were taken into use during the year. The companies in the Energy business group were renamed Electrowatt-Ekono.

### Prospects for the Year 2000

In spite of the rapid changes in the energy market and the overcapacity, prospects for the year 2000 remain favourable. The healthy order book and streamlined organisation structure create good opportunities for capitalising on the new opportunities in the market.

Independent consulting services and specialised know-how are essential for mastering the current process of change in the energy market. Decentralised energy production, combined heat and power generation, integrated waste handling and the need for clean fuels will result in increased demand for Electrowatt-Ekono’s services, supporting the business group’s favourable earnings development in the year 2000.

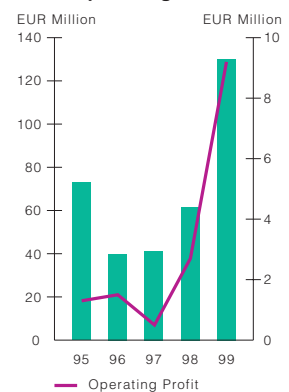


*Jukka Nyrölä  
director of the business group*

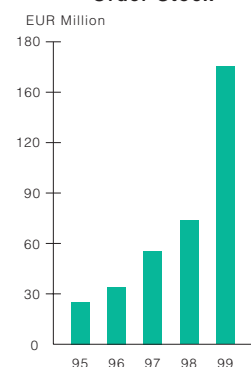
#### Offices

- Argentina
- Chile
- China
- Finland
- France
- Germany
- India
- Korea
- Oman
- Peru
- Philippines
- Qatar
- Saudi Arabia
- Spain
- Sweden
- Switzerland
- Thailand
- United Arab Emirates
- United Kingdom

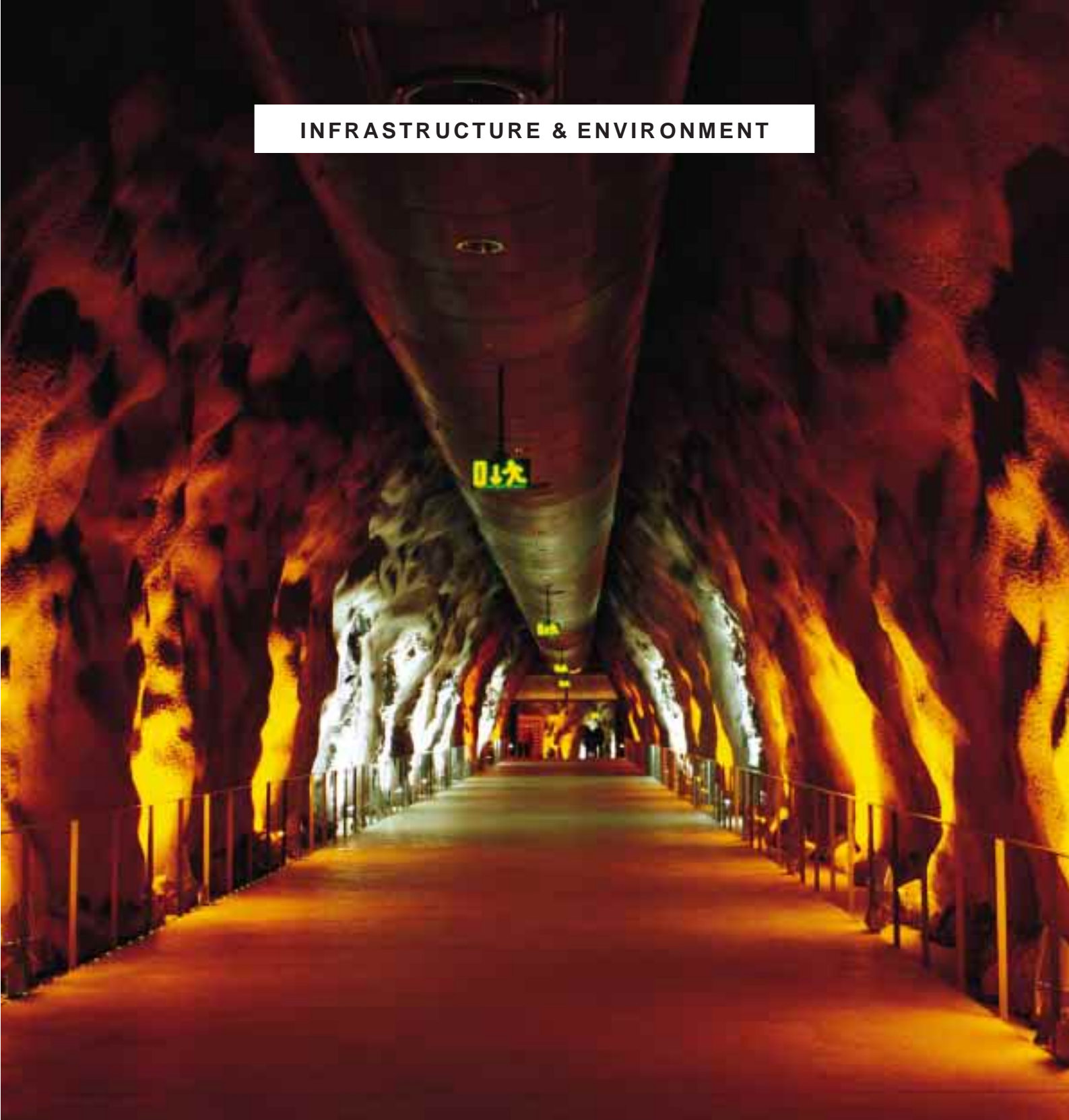
#### Net Sales and Operating Profit



#### Order Stock



## INFRASTRUCTURE & ENVIRONMENT



### **JAAKKO PÖYRY INFRA** Jaakko Pöyry Group

Key data	1995	1996	1997	1998	1999	Share of group, %
EUR Million						
Net sales	37.8	29.6	37.7	43.9	97.3	24.6
Operating profit	0.4	0.1	4.4	3.8	7.6	27.9
Operating profit, %	1.1	0.3	11.7	8.7	7.8	
Order stock	21.1	12.2	18.5	26.3	91.8	26.3
Personnel	616	573	633	716	1 198	26.8

**“Rapid population growth in metropolitan regions, pollution and depletion of natural resources impose new requirements for developing the world’s infrastructure.**

**Our task is to find solutions for more effective transport and communications, optimal utilisation of natural resources and improved protection of the environment.”**

Relying on its global network of offices and its superior expertise, the Infrastructure & Environment business group can contribute to new solutions in the development of traffic systems, water treatment facilities and environmental protection, and in global project implementation, especially in the telecommunications sector.

**Stable Growth of Business Operations**

The business group’s net sales for 1999 were EUR 97.3 million and operating profit EUR 7.6 million. The business group received several major orders during the year under review. The order stock amounted to EUR 91.8 million at the end of the year.

**Market Leader in Selected Areas**

The companies in the business group are market leaders in Finland and Switzerland and have a strong position in Western and Eastern Europe, and in the Baltic countries. In addition, Jaakko Pöyry Infra is active in the growing markets of Asia and Latin America.

**Know-How Base and Office Network Expanded**

The Jaakko Pöyry Group’s and Electrowatt Engineering Ltd.’s infrastructure and environment businesses were merged at the beginning of 1999. In April 1999, the Jaakko Pöyry Group increased its ownership in Electrowatt Engineering Ltd. to 100 per cent. In June, Soil and Water Ltd acquired the entire share capital of Suoraplan Oy, thereby expanding its know-how in traffic tunnels, rock caverns and other underground spaces. The French engineering firm Bature-Cerec S.A., which specialises in engineering, implementation and supervision of water and waste water treatment projects in the French market, was merged with the business group in December 1999.

**A Wide Range of Services**

The Infrastructure & Environment business group offers consulting and engineering services, construction and project management, operating and maintenance expertise and services related to technology transfer. Its most important areas of expertise are:

**Traffic systems:** mass transit systems, railways, urban development projects, tunnels, bridges and roads

**Water and environment:** water and waste water treatment, waste handling, environmental analyses, management consulting

**Global project implementation services:** telecommunications, industrial projects, commercial buildings

**New Markets Offer New Opportunities**

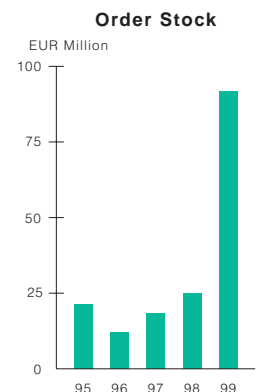
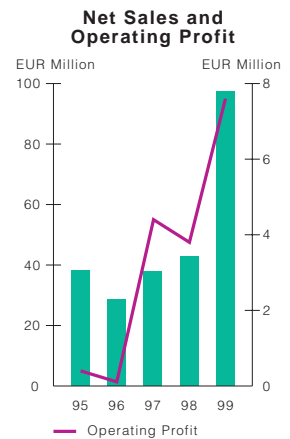
In view of the current order stock and market situation, Jaakko Pöyry Infra’s net sales are expected to continue growing. Urban mass transit systems in Asia and Latin America and water supply and waste water treatment projects in developing countries create new opportunities. New infrastructure projects in Eastern Europe are also adding to the demand. In the telecommunications sector, several new projects are expected to be launched during the year 2000.



*Teuvo Salminen  
director of the business group*

**Offices**

- Argentina
- Canada
- Estonia
- Finland
- France
- Germany
- Peru
- Philippines
- Poland
- Russia
- Switzerland
- Taiwan
- Thailand
- Venezuela
- Vietnam



# REVIEW OF PERSONNEL DEVELOPMENT

EUR 1000	1999	1998
Net Sales / Person	93.7	89.0
Operating Profit / Person	6.4	7.6
EV / Person*	51.8	45.6
Activity %	82.6	83.1

Based on average personnel figures

\* Market capitalization + net interest bearing liabilities / personnel

## The Leadership Programme is a Vital Part of Jaakko Pöyry Group's Personnel Training

The Leadership Programme implemented within the Jaakko Pöyry Group Business Academy was last year's most extensive personnel development project in the Group. The participants in this one-year programme represent different group companies and positions.

The feedback from the Leadership Programme has been very favourable. The mentoring system which is an integral part of the programme has added a most versatile dimension, improving its applicability in practice. For the duration of the programme, each participant has a personal mentor serving as a discussion partner in all matters related to the training. The mentor also keeps a close eye on concrete results, assessing the participant's ability to apply new skills in his or her everyday work.

The most important advantage of the mentoring system is that it allows participants to discuss their personal ambitions and the company's business objectives, at the same time promoting interaction between different organisation levels and units. In view of this experience, mentoring can be regarded as a useful method for personnel development also outside training programmes. Mentoring offers a versatile tool for disseminating special know-how and expertise within the organisation.

## Project Work Creates the Basis for Professional Skills

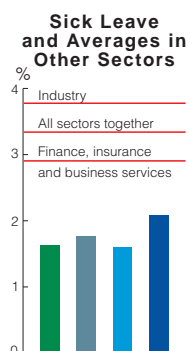
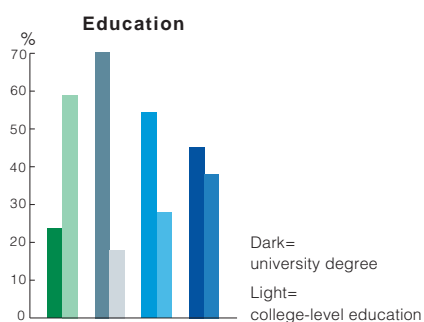
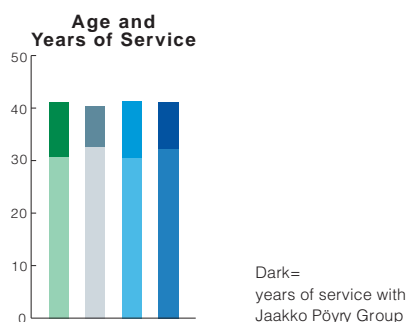
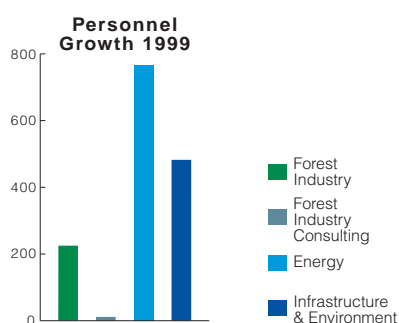
From the viewpoint of the organisation's functionality, employees' participation in project work is a vital channel for enhancing professional skills, because learning is then an integral part of everyday work.

To allow Group-wide development projects to be implemented in practice, they must be applicable to all business areas. This means that also company-specific development programmes are needed, with the main emphasis on skills that are characteristic of the business area in question.

## Employees' Physical Working Capacity is the Key to Continued Success

A challenging, motivating and rewarding job is the basis of each employee's working capacity and wellbeing. According to recent studies, factors promoting employees' working capacity include competent superiors, and the employee's own health and interest in physical exercise. Sponsoring a wide range of clubs and hobbies, the Jaakko Pöyry Group encourages its employees to keep physically and mentally in good condition.

The Jaakko Pöyry Group's own health care staff regularly review working conditions and the general atmosphere in the working environment, striving to make improvements based on their findings. Prompt and efficient diagnosis and treatment of illnesses minimises health problems. Regular health checks provide a basis for individual health and fitness programmes. We encourage employees to take a positive attitude to life in general and to their work in particular, and to show their appreciation of and respect for colleagues.





## Objectives for the New Millennium

### Focus on Professional Skills

On the threshold to the new millennium, this is a good moment to contemplate personnel development in a longer perspective. As the business and competitive environment is changing faster and faster, the company's personnel administration must reassess its role and objectives and redefine its tasks in supporting the company's business. In a knowledge organisation like the Jaakko Pöyry Group, employees' professional skills and the way they are utilised will become increasingly important for maintaining the organisation's competitiveness. To preserve and increase this knowledge capital, the personnel administration must define clear and concrete goals for its own activities. To this end, also the co-operation between Group companies needs to be improved.

### The Personnel Administration Will Play a More Active Role in Communicating Group Strategies

To allow the company's business activity to be steered in the right direction, the goals and tasks derived from the Group management's visions and strategies must be explained in concrete terms to Group companies, units and individual employees. The personnel administration will be playing a more active role in working out a uniform concept for communicating these goals to employees. When employees understand what the requirements are, it will be easier to allocate resources towards achieving common goals.

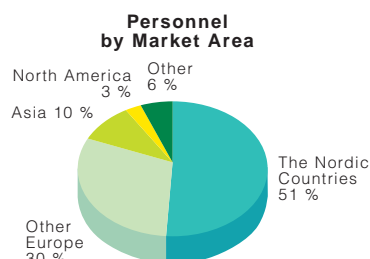
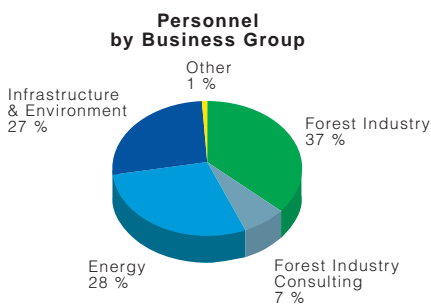


Ritva Minkkinen  
manager, personnel

A major challenge for personnel development is to define the Group's core competences and objectives with sufficient accuracy. A clear view of future competence requirements is vital for planning business-oriented development programmes. Developing core competences is a time-consuming process which requires a concerted, long-term effort based on clear objectives.

### Personnel Motivation is a Key Goal

An important personnel development task is to plan concrete actions and measures for motivating the Group's personnel and for promoting employees' commitment to the organisation. This requires close co-operation with the management of different units. The company's business goals must be defined in concrete terms and models worked out to allow preparation of individual career plans aiming for personal growth and development. When the organisation's competence needs have been determined with sufficient accuracy, also personal goals and growth opportunities can be defined in a realistic manner.

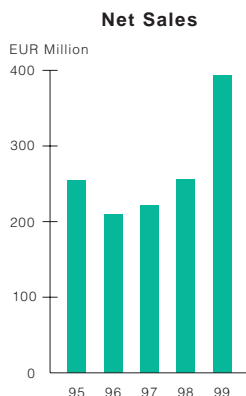


# BOARD OF DIRECTORS' REPORT

## JANUARY 1 - DECEMBER 31, 1999

### Consolidated Earnings and Balance Sheet

The operations and earnings of the Jaakko Pöyry Group developed favourably and in accordance with plans and set targets during the year under review. Consolidated net sales increased by 52.3 per cent to EUR 395.4 (the previous year's figure 259.7) million. Operating profit amounted to EUR 27.2 (22.1) million, which equals 6.9 (8.5) per cent of net sales. The operating profit includes EUR 3.7 (2.9) million depreciation on consolidation goodwill. Profit after financial items was EUR 25.3 (20.6) million. The Group's profit for the year was EUR 15.0 (12.1) million and earnings per share EUR 1.11 (0.89).



The consolidated balance sheet total was EUR 304.0 (207.1) million. Shareholders' equity was EUR 87.6 (71.4) million. The equity ratio was 36.5 (39.5) per cent. The consolidation of the Electrowatt Engineering Group in 1999 has affected the equity ratio. The Group's liquidity remained good. At the end of the year, the Group's cash in hand and at banks amounted to EUR 30.7 (29.4) million, with net interest-bearing debts totalling EUR 11.7 (20.4) million. The net debt/equity ratio (gearing) was 13.5 (28.8) per cent.

The Jaakko Pöyry Group achieved its financial targets for 1999. The earnings per share increased by 24.7 per cent, the target being 15.0 per cent growth. At the beginning of 1999, the Group's return on investment target was revised upwards from 15.0 per cent to 20.0 per cent and in 1999 the return on investment was 22.6 per cent.

### Group Structure

The Jaakko Pöyry Group's parent company is Jaakko Pöyry Group Oyj.

Nearly all of the Group's subsidiaries are wholly owned, with the exception of Jaakko Pöyry Consulting Oy, which is 57.0 per cent owned by the Group.

Jaakko Pöyry Group concentrates on three core business areas: forest industry, energy, and infrastructure and environment.

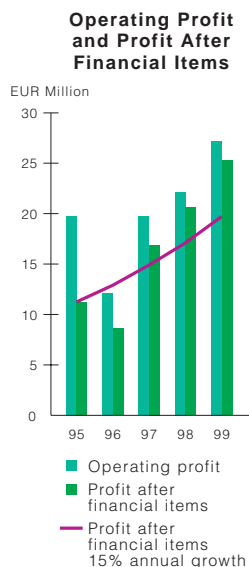
The Group's operations are conducted through four business groups: Forest Industry, Forest Industry Consulting, Energy, and Infrastructure & Environment.

Specialised know-how related to the forest industry is concentrated in the Nordic countries, where there is a cluster of major forest industry customers, machine suppliers, research and educational institutions and engineering firms.

Energy expertise in the areas of thermal power and waste to energy is primarily found in Continental Western Europe, and in the areas of combined heat and power generation and biofuels, in the Nordic countries, Continental Western Europe and Asia. The Group's know-how in the area of oil and gas is concentrated in the Middle East and Southern Europe.

The Infrastructure & Environment business group's transport know-how is concentrated in Continental Western Europe. Know-how related to water and waste water treatment and environmental protection is primarily found in the Nordic countries and Continental Western Europe.

The Jaakko Pöyry Group's clients are globalising and consolidating their operations in many areas of the world. The Group assists its clients in this consolidation process through its global network of offices by serving as an adviser and project implementation specialist. The Jaakko Pöyry Group's local network of offices offers clients a good alternative for outsourcing their internal engineering services. The Jaakko Pöyry Group is actively striving to expand its office network with the aim of serving its clients locally. The Group also intends to expand its technology and know-how base by acquiring technology leaders within its main business sectors. These companies' expertise can also be efficiently marketed via the Group's global network of offices. To fulfil these objectives, the Group's corporate structure has been developed and expanded in various ways during the period under review.



### Forest Industry

Jaakko Pöyry Group has disposed of its 40.0 per cent ownership in the Brazilian consulting engineering company Jaakko Pöyry Engenharia Ltda. Jaakko Pöyry Group and the other owners of Jaakko Pöyry Engenharia Ltda have agreed that the Jaakko Pöyry Group will concentrate on serving the forest industry, whereas the former associated company will continue its business activities in other fields. In connection with the restructuring, the assets, liabilities and personnel of Jaakko Pöyry Engenharia Ltda's forest industry business were taken over by the Jaakko Pöyry Group, including an office property valued at EUR 2.0 million. The Jaakko Pöyry Group's wholly owned subsidiary Jaakko Pöyry Tecnologia Ltda will continue the above-mentioned forest industry business in Brazil with about 50 employees.

As a part of the agreement to restructure Jaakko Pöyry Engenharia Ltda, the Jaakko Pöyry Group acquired the complete share capital of Jaakko Pöyry Chilena Ltda, which is active in the forest industry business group. It had some 30 employees in Santiago and Concepcion in Chile. The operations and the personnel were transferred to Jaakko Pöyry Electrowatt (Chile) S.A. In addition, the Jaakko Pöyry Group increased its shareholding in Jaakko Pöyry Argentina S.A. to 60.0 per cent. This company has some 30 employees and is active mainly in infrastructure-related projects. The agreements came into force at the beginning of September, 1999.

Jaakko Pöyry Oy, which belongs to the Forest Industry business group, acquired a 55.0 per cent shareholding in the Polish engineering company Interpap Sp. z.o.o. The company is Poland's leading forest industry engineering firm and will also expand its operations into the country's growing energy market. Interpap Sp z.o.o. has about 40 employees.

JP Projektteknik AB acquired a 51.0 per cent shareholding in Rigel Consult i Gävle AB, a forest industry engineering company in Sweden. The company also serves the mining, metal and nuclear industry. The company has about 50 employees.

Jaakko Pöyry Oy has increased its shareholding in Jaakko Pöyry Norge AS in Norway by acquiring the remaining 45.0 per cent interest from the minority shareholder in this company. After the acquisition, Jaakko Pöyry Oy owns 100 per cent of the company. Jaakko Pöyry Norge AS has about 50 employees.

### Forest Industry Consulting

Jaakko Pöyry Consulting Oy, a Jaakko Pöyry Group company, in January 1999 established a corporate finance advisory group, JP Capital International Ltd., to serve the global forest products and packaging industries. The company will be based in London. In December 1999 JP Capital International Ltd. closed its first transaction when the company was retained by Gelderse Papiergroup as advisor for selling the security paper subsidiary to Arjo Wiggins.

At the beginning of the current year, Jaakko Pöyry Consulting Oy incorporated its development consulting business unit into a separate company named JP Development Oy. At the same time, the management consulting business in Finland was separated into a company named Jaakko Pöyry Consulting Europe Oy.

### Energy

On January 11, 1999, the Jaakko Pöyry Group exercised its option to increase its 49.0 per cent shareholding in Electrowatt Engineering Ltd, the parent company of Electrowatt Engineering Group, to 70.0 per cent. The remaining 30.0 per cent of the share capital was acquired on April 23, 1999. The acquisition price for the 51.0 per cent interest totalled EUR 9.4 million.

The Electrowatt Engineering Group's net sales for the financial year amounted to EUR 129.5 million and the operating profit to EUR 9.9 million. The total net sales of Electrowatt Engineering Group consisted of the net sales of the Energy business group amounting to EUR 76.3 million, and that of the Infrastructure & Environment business group, amounting to EUR 53.2 million.

Jaakko Pöyry S.A. acquired in December 1999 a 70.0 per cent shareholding in two French engineering firms, Beture-Environnement S.A. and Beture-Cerec S.A.

The business of Beture-Environnement S.A. is primarily concerned with engineering, implementation and maintenance supervision services for district heating plants and systems in France. The company also specialises in engineering of waste to energy plants and municipal waste handling systems. The objective of the Jaakko Pöyry Group is to expand its market share in the growing French market for combined heat and power generation (CHP). Beture-Environnement S.A. has about 50 employees. The company is a part of the Energy business group.

To further strengthen the Group's focus on its three core areas of expertise, the Jaakko Pöyry Group decided to integrate its Process Industry business group into the Energy business group. The change became effective on January 1, 2000.

Following this change, the Energy business group will be able to offer its clients global know-how and local resources in all areas of energy technology, including combined heat and power generation, hydroelectric power, nuclear power, waste management and bio-fuels, oil and gas, energy management and environmental expertise.

#### **Infrastructure & Environment**

In 1999 the Electrowatt Engineering Group's infrastructure and environment business was integrated into the Infrastructure & Environment business group.

The business of Beture-Cerec S.A. is primarily related to engineering, implementation and maintenance supervision services for water and waste water treatment plants in France. In addition, the company has been involved in projects for example in Asia and Northern Africa. The objective of the Jaakko Pöyry Group is, via Beture-Cerec S.A., to expand its know-how in the area of water and waste water treatment technology. French technology and operators in this sector are among the most advanced in the world. The French technology supplements the Jaakko Pöyry Group's Nordic know-how represented by Soil and Water Ltd, which is primarily concerned with the control of low-temperature water treatment processes.

Beture-Cerec S.A. has about 100 employees. The company's head office is situated in Lyon. Beture-Cerec S.A. is a part of the Infrastructure & Environment business group.

Soil and Water Ltd, which belongs to the Infrastructure & Environment business group, acquired the entire share capital of Oy Suoraplan Ltd, a company specialising in the engineering of underground spaces, traffic tunnels, bridges and harbour structures. Oy Suoraplan Ltd has 7 employees.

There are plans to continue developing the group's business activities and corporate structure in 2000. This will primarily be done through acquisitions related to energy, infrastructure and environment businesses. The office network of the Forest Industry business group will be expanded in Continental Western Europe and North America.

### **Business Groups**

#### **Forest Industry**

Net sales for the financial year were EUR 119.6 (118.9) million, and operating profit EUR 13.5 (16.4) million, which equals 11.3 (13.8) per cent of net sales. The profitability was good. The order stock at the end of the year was EUR 70.5 (41.3) million.

#### **Forest Industry Consulting**

Net sales for the financial year were EUR 39.2 (36.6) million, and the operating profit EUR 1.5 (0.9) million, which equals 3.8 (2.5) per cent of net sales. The profitability was unsatisfactory. The investments in JP Capital International Ltd affected the business group's earnings in 1999. The order stock at the end of the year was EUR 21.2 (25.8) million.



## Energy

Net sales for the financial year were EUR 139.7 (61.6) million, and operating profit EUR 9.2 (2.7) million, which equals 6.6 (4.4) per cent of net sales. The profitability in 1999 was in line with targeted figures. The order stock at the end of the year was EUR 165.4 (73.7) million.

## Infrastructure & Environment

Net sales for the financial year were EUR 97.3 (43.9) million, and the operating profit EUR 7.6 (3.8) million, which equals 7.8 (8.7) per cent of net sales. The profitability was good. The order stock at the end of the year was EUR 91.8 (26.3) million.

The results of the business groups include general and administrative parent company expenses in proportion to personnel expenses in the business groups.

## Order Stock

The order stock has increased during the financial year, amounting to EUR 348.9 (285.5 pro forma including Electrowatt Engineering Group) million at the end of the financial year. The order stock of the Group is good and creates the basis for favourable earnings in 2000.

## Research and Development

The Group's research and development is intended to improve the quality of projects and the efficiency of project implementation. The expenses related to research and development have been booked as an annual expense.

## Capital Expenditure

The Group's capital expenditure totalled EUR 27.4 (7.0) million. Of the capital expenditure EUR 7.9 (4.8) consisted mostly of computer software, systems and hardware. Electrowatt Engineering Ltd's removal to new facilities in Zürich caused an additional non-recurrent investment of EUR 3.2 million. The remaining EUR 16.3 (2.2) million of the total capital expenditure was related to acquisitions and shares.

## Financing

The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks totalled EUR 30.7 (29.4) million and interest-bearing liabilities EUR 42.4 (49.8) million, so interest-bearing net debts amounted to EUR 11.7 (20.4) million. At the end of the year the Group had unutilised credit facilities of EUR 21.8 million. The net debt/equity ratio (gearing) at the end of the year was 13.5 (28.8) per cent.

## Year 2000 and Euro

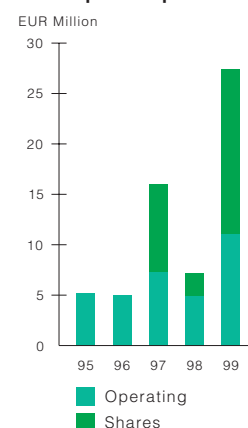
Year 2000 projects proceed as scheduled. The year 2000 conformity of the Group's computer infrastructure was secured as planned.

Jaakko Pöyry Group Oyj changed over to the euro as of the beginning of 1999. Other Group companies will change over to the euro during the year 2000.

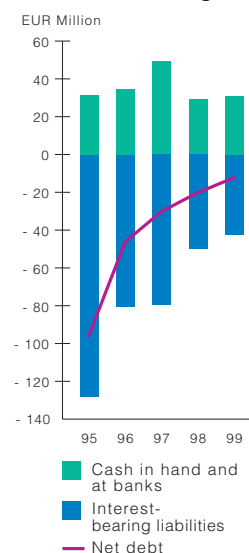
## Share Capital and Shares

Jaakko Pöyry Group Oyj's Board of Directors decided on April 23, 1999 to raise the company's share capital by FIM 2 837 430 (EUR 0.5 million) from FIM 68 500 000 (EUR 11.5 million) to FIM 71 337 430 (EUR 12.0 million) by a targeted share issue to the sellers of the shares in Electrowatt Engineering Ltd, Ernst Göhner Stiftung (378 324 shares) and Nordostschweizerische Kraftwerke AG (189 162 shares). The price paid was FIM 58 per share. The capital gain, a total of FIM 30 076 758 (EUR 5.0 million), was booked into the share premium reserve. The total number of shares increased from 13 700 000 to 14 267 486.

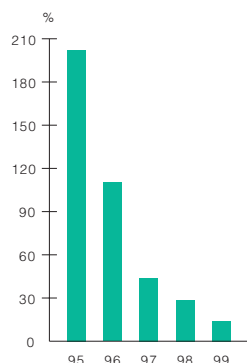
### Capital Expenditure



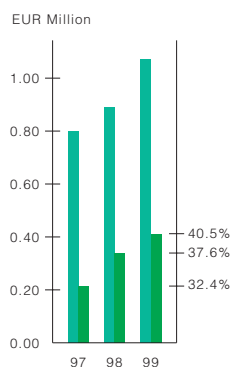
### Financing



### Gearing



### Earnings/Share and Dividend/Earnings



The Board of Directors proposes to the Annual General Meeting convened for March 8, 2000 that the share capital be converted into euros, that the nominal value of the share no longer be used and that the book value of the share be raised to one (1.00) EUR through a bonus issue.

The shares of Jaakko Pöyry Group Oyj are quoted on the Helsinki and Stockholm stock exchanges. The Board of Directors has on February 10, 2000 decided to delist the company's share from the Stockholm Exchanges. The last trading date will be May 31, 2000.

### Authorisation to Issue New Shares

Jaakko Pöyry Group Oyj's Annual General Meeting on March 18, 1999 authorised the Board of Directors to raise the share capital by issuing new shares and by issuing convertible bonds and/or bonds with warrants. The purpose of this arrangement is to allow the share capital to be raised by a maximum of FIM 5 000 000 (EUR 0.8 million) based on the new shares and the bonds and bonds with warrants by issuing for subscription a maximum of 1 000 000 new shares. After the above-mentioned targeted share issue in 1999, the authorisation still allows issue of 432 514 new shares (FIM 2 162 570, EUR 0.4 million). The authorisation is in force until March 18, 2000.

### The Company's Own Shares

The Board of Directors of Jaakko Pöyry Group Oyj is authorised to acquire or sell the company's own shares. The authorisation covers a maximum of 685 000 shares. In 1998 the company acquired 597 200 shares, with a total nominal value of FIM 2 986 000. The number of acquired shares equals 4.2 per cent of the total numbers of shares and voting rights. In force until March 18, 2000, the authorisation still allows acquisition of 87 800 shares.

The Board of Directors proposes to the Annual General Meeting convened for March 8, 2000 that the acquired 597 200 own shares be annulled.

### Bond Loan with Warrants

Jaakko Pöyry Group Oyj issued in 1998 a bond loan with warrants to employees in the Group, with a total value of FIM 13 000 000 (EUR 2.2 million). The bonds with warrants were wholly subscribed. The warrants carry subscription rights for a maximum of 1 300 000 million of the company's shares, with the subscription period beginning partly on April 1, 2000 and ending for all warrants on April 30, 2005.

### Dividend Policy

The dividend distributed by Jaakko Pöyry Group Oyj is dependent on the company's earnings and investment requirements. The objective is to increase the dividend per share from year to year, and to ensure that at least 40.0 per cent, or more, of earnings are distributed each year. Should the company have a need to expand its technology base by investing in acquisitions, or to expand its office network, the dividend-to-earnings ratio may be changed.

### Board of Directors' Proposal

The Board of Directors proposes to the Annual General Meeting on March 8, 2000 that a dividend of EUR 0.45 per share be paid, totalling EUR 6.2 million. The proposed dividend corresponds to 40.5 per cent of the earnings per share for the financial year. The dividend paid per share increases by EUR 0.11 (32.4 per cent).

### Board of Directors, President and Auditors

Members of the Board of Directors of Jaakko Pöyry Group Oyj elected in the annual general meeting on March 18, 1999 are Mr Heikki Lehtonen (Chairman), Mr Henrik Ehrnrooth, (Vice Chairman), Mr Jaakko Pöyry, (Vice Chairman), Mr Olle Alsholm, Mr Matti Lehti, Mr Niilo Pellonmaa and Mr David de Pury.

Mr Erkki Pehu-Lehtonen, M.Sc. is President and CEO of Jaakko Pöyry Group Oyj and Mr Teuvo Salminen, M.Sc. (Econ.), Executive Vice President and Deputy of the President and CEO.

Auditors were SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants, with Ms Ulla Holmström, Authorised Public Accountant, as responsible auditor.

### Future Prospects

The overall world economic situation has improved during 1999, and stronger economic growth is forecast for Europe, Asia and Latin America in the year 2000. However, the North American economy appears to have reached its peak and rising interest rates for dollar-denominated loans are believed to put a brake on economic growth. About 90 per cent of the Jaakko Pöyry Group's net sales are derived from Europe, Asia and Latin America, so in this respect prospects for the year 2000 are promising.

The forest industry's market situation and economic prospects have improved during the autumn of 1999 and in the beginning of 2000. Both chemical pulp and paper prices have risen, which is bound to have a favourable impact on the forest industry's investments.

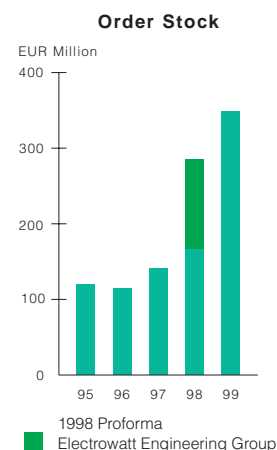
Investment activity is expected to pick up to some extent in all markets. Investments will continue to be primarily concerned with rebuilds, though the number of new projects is increasing. The general improvement in the forest industry is expected to improve the activity level and earnings of the Forest Industry business group, especially in the second half of the year 2000.

The overall optimism in the forest industry will also influence the business environment of the Forest Industry Consulting business group. The industry's consolidation is expected to continue, creating new business opportunities for the business group's investment banking arm, JP Capital International Ltd. The business group aims to improve its earnings compared with 1999.

The energy market is being rapidly liberalised and internationalised in many countries. Investments are shifting to effective power production in industrial and municipal power plant projects, rebuilds and development of renewable energy resources. This trend is foreseen to continue in the year 2000. Investment activity is projected to recover, especially in Asia, the Middle East and Eastern Europe, whereas in Western Europe investment activity in the energy sector will remain low. For the expanded Energy business group, the trend described in the foregoing will create new demand for consulting and engineering services. Earnings prospects for the year 2000 are, accordingly, favourable.

Continued economic growth, rapid population growth and increased urbanisation will put pressure on developing the world's infrastructure, with the main emphasis on traffic systems, communications systems, water supply and environmental protection. The Infrastructure & Environment business group has an established market position in these areas and a healthy order stock. The operations of the business group will remain stable in the year 2000.

Taking into account the market situation described above and the Jaakko Pöyry Group's order stock, prospects for the year 2000 are promising. The Group is in a good position to improve its earnings in accordance with the targets defined in the strategy.



## STATEMENT OF INCOME

EUR Million	Group		Parent Company	
	1999	1998	1999	1998
1 <b>Net sales</b>	395.4	259.7		0.9
4 Other operating income	5.1	2.0	5.3	4.1
Share of associated companies' results	+ 0.7	+ 1.5		
5 Materials and supplies	- 78.5	- 54.1		
6 Personnel expenses	- 194.0	- 125.0	- 2.6	- 1.1
7 Depreciation and value decrease	- 13.2	- 9.6	- 0.1	- 0.3
Other operating expenses	- 88.3	- 52.4	- 7.5	- 5.1
<b>Operating profit</b>	27.2	22.1	- 4.9	- 1.5
8 Financial income and expenses	- 1.9	- 1.5	- 0.7	+ 1.9
<b>Profit after financial items</b>	25.3	20.6	- 5.6	0.4
9 Extraordinary items	0.0	0.0	+ 20.5	+ 19.1
<b>Profit before appropriations, taxes and minority interest</b>	25.3	20.6	14.9	19.5
Appropriations			0.0	0.1
10 Income taxes	- 8.9	- 8.0	- 4.4	- 6.2
Minority interest	- 1.4	- 0.5		
<b>Net profit for the period</b>	<b>15.0</b>	<b>12.1</b>	<b>10.5</b>	<b>13.4</b>



# BALANCE SHEET

## Assets

EUR Million	Group		Parent Company	
	1999	1998	1999	1998
<b>Fixed assets</b>				
1 Intangible assets	5.3	2.7	0.6	0.5
2 Consolidation goodwill	40.0	32.6		
3-4 Tangible assets	33.3	24.8	4.1	4.0
5-6 Non-current investments	17.6	29.1	106.7	100.6
	96.2	89.2	111.4	105.1
<b>Current assets</b>				
7 Non-current receivables	10.6	1.8		
8-9 Current receivables	161.0	81.2	26.2	22.5
Own shares	5.5	5.5	5.5	5.5
Investments	9.8	17.6	3.8	14.7
Cash in hand and at banks	20.9	11.8	1.5	1.1
	207.8	117.9	37.0	43.8
	<b>304.0</b>	<b>207.1</b>	<b>148.4</b>	<b>148.9</b>

## Shareholders' equity and liabilities

EUR Million	Group		Parent Company	
	1999	1998	1999	1998
<b>10 Shareholders' equity</b>				
Share capital	12.0	11.5	12.0	11.5
Share premium reserve	20.1	15.1	20.1	15.1
Own shares' reserve	5.5	5.5	5.5	5.5
Legal reserve	20.6	20.5	20.2	20.2
Retained earnings	14.4	6.7	14.5	5.5
Net profit for the period	15.0	12.1	10.5	13.4
	87.6	71.4	82.8	71.2
<b>Minority interest</b>				
	4.9	5.3		
<b>Liabilities</b>				
11-14 Non-current liabilities	32.6	47.9	24.4	38.9
15-16 Current liabilities	178.9	82.5	41.2	38.8
	211.5	130.4	65.6	77.7
	<b>304.0</b>	<b>207.1</b>	<b>148.4</b>	<b>148.9</b>

## STATEMENT OF CHANGES IN FINANCIAL POSITION

EUR Million	Group		Parent Company	
	1999	1998	1999	1998
<b>From operations</b>				
Operating profit	27.2	22.1	- 4.9	- 1.5
Depreciation and value decrease	+ 13.2	+ 9.6	+ 0.1	+ 0.3
Gain on sale of fixed assets	- 1.7	- 0.7	- 0.4	- 0.4
Share of associated companies' results	- 0.7	- 1.5		
Change in net working capital	- 8.4	+ 7.9	+ 2.1	- 1.2
Financial income and expenses	- 1.9	- 3.1	+ 1.7	+ 0.3
Extraordinary items	- 0.0	- 0.0	+ 19.1	+ 21.7
Taxes	- 9.3	- 10.7	- 5.8	- 8.9
<b>Total from operations</b>	+ 18.4	+ 23.6	+ 11.9	+ 10.3
<b>Capital expenditure</b>				
Investments in shares in subsidiaries	12.6	0.3	12.2	19.8
Investments in shares in associated companies	0.2	0.6	0.0	0.7
Investments in other shares	3.5	0.3	0.1	0.0
Investments in fixed assets	11.1	6.1	0.4	0.3
Sales of shares in subsidiaries			0.0	0.6
Sales of shares in associated companies	0.7	0.0	0.0	0.0
Sales of other shares	2.3	0.1	1.1	0.1
Sales of fixed assets	1.7	3.0	0.2	0.4
<b>Capital expenditure total</b>	- 22.7	- 4.2	- 11.4	- 19.7
<b>Cash flow before financing</b>	- 4.3	+ 19.4	+ 0.5	- 9.4
<b>Financing</b>				
New loans	+ 0.3	+ 1.6	+ 1.3	+ 2.2
Repayments of loans	- 8.2	- 31.2	- 8.0	- 28.0
Change in current financing	- 1.5	- 0.2	- 8.8	+ 8.7
Change in non-current investments	+ 1.5	- 0.1	+ 3.5	+ 16.5
Dividends	- 4.9	- 3.0	- 4.4	- 3.0
Share issue	+ 5.5	+ 0.0	+ 5.5	+ 0.0
Change in own shares	- 0.0	- 5.5	0.0	- 5.5
Other	- 0.0	- 0.8		
<b>Financing total</b>	- 7.3	- 39.2	- 10.9	- 9.1
<b>Change in liquid assets</b>	- 11.6	- 19.8	- 10.4	- 18.5
From acquired subsidiaries	+ 12.9			
Liquid assets January 1	29.4	49.2	15.7	34.2
<b>Liquid assets December 31</b>	<b>30.7</b>	<b>29.4</b>	<b>5.3</b>	<b>15.7</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Accounting Principles

#### Group Financial Statements

The consolidated financial statements include the parent company and the subsidiaries in which the Group owns more than fifty per cent of the voting rights at the end of the fiscal year. The companies in which the Group owns between twenty and fifty per cent have been accounted for as associated companies. Companies acquired during the fiscal year are included in the consolidated financial statements from the date of acquisition. Closed or sold companies have been included until the closing or sales date.

#### Consolidation Principles

Group companies are consolidated and the inter-company share ownership is eliminated in accordance with the acquisition method.

The internal transactions between Group companies are eliminated.

Minorities' shares of earnings and equity are presented as separate items in the consolidated statement of income and in the consolidated balance sheet.

The difference between the acquisition cost and the shareholders' equity on the acquisition date, the consolidated goodwill, is depreciated over 10 or 20 years. The consolidation goodwill related to the acquisition of the Jaakko Pöyry Group companies in 1995 is depreciated over 20 years, because the acquisition is a long-term investment. As at December 31, 1999 the value of the goodwill was EUR 26.5 million. The remainder of the consolidated goodwill, EUR 13.5 million, is depreciated in 10 years. The total amount of depreciation of consolidated goodwill in 1999 was EUR 3.7 million.

Associated companies are consolidated into the consolidated statement of income and the consolidated balance sheet in accordance with the equity method.

#### Group Structure

The main changes in the Group structure which affect the comparison between the fiscal years 1999 and 1998 are the increase from 49.0 per cent to 100.0 per cent in the share-holding in the Electrowatt Engineering Group. In 1998 the Electrowatt Engineering Group was consolidated according to the equity method as an associated company into the Jaakko Pöyry Group. From the beginning of 1999 Electrowatt Engineering Group is consolidated as a group company into the Jaakko Pöyry Group. An other change which affects the comparison is that Jaakko Pöyry Group disposed of its 40.0 per cent's ownership in the Brazilian associated companies. From the former associated company Jaakko Pöyry Engenharia Ltda the forest industry business was taken over by the Jaakko Pöyry Group subsidiary Jaakko Pöyry Tecnologia Ltda.

Other changes in the Group structures, acquisitions of new companies, are described in the Board of Directors' report.

#### Euro

The parent company Jaakko Pöyry Group Oyj changed over to euro in the bookkeeping from the beginning of year 1999. Other Group companies will change over to euro by year 2000. The Financial Statements, both for the parent company and the Group, are presented in euro. The figures from year 1998 are translated into euro using the rate 1 EUR = 5.94573 FIM.

#### Foreign Group Companies

The statement of income figures of non-Finnish subsidiaries are translated into euros at the European Central Bank's average rates during the fiscal year. The balance sheet figures of non-Finnish subsidiaries are translated into euros at the European Central Bank's middle rates prevailing at the balance sheet date. The difference between the translation of statement of income and balance sheet figures at different exchange rates, as well as the translation adjustment on the non-Finnish subsidiaries' equity between the balance sheet date and the date of acquisition, are included as a separate item in the shareholders' equity.

#### Foreign Currency Translation

Receivables and liabilities in foreign currencies are valued at the exchange rates prevailing at the balance sheet date. Balance sheet items in foreign currency which have been protected by binding agreements are valued at agreed exchange rates. The result for the forward exchange transactions has been booked on the basis of realisation. Open forward contracts are translated at the exchange rates prevailing at the

balance sheet date, except for forward contracts related to order stock. The parent company values all open forward contracts.

Exchange gains and losses from realization and from valuation are taken into account in the statement of income. The interest rate differential of the forward contracts is included in the exchange gains or losses. Exchange gains and losses related to business operations are included in net sales or operating expenses. Exchange gains and losses related to financing operations are included in financial income and expenses.

#### **Income from Long-Term Projects**

The Jaakko Pöyry Group's long-term projects are recognized as income in proportion to the degree of completion of each project. The degree of completion is calculated based on the ratio between the project cost and the total estimated cost of the project. In the beginning of a project special prudence is followed. Foreign currency cash flows in long-term projects have been mainly hedged for changes in exchange rates.

#### **Depreciation Principles**

A predetermined schedule has been used in depreciation according to plan on depreciable fixed assets. Depreciation according to plan has been calculated on a straight-line basis.

Goodwill will be depreciated over five years. The difference between the acquisition cost and the shareholders' equity on the acquisition date, the consolidated goodwill, is depreciated over 10 or 20 years. Capitalized expenditure are depreciated over three to five years. For buildings the depreciation period is 20 to 40 years. Machinery and equipment are depreciated over four to eight years. Land areas are not depreciated.

#### **Property Values**

The properties, land areas, buildings and equipment, are valued at original acquisition cost less accumulated depreciation. Gains on sales of fixed assets are included in other operating income. Losses on sales of fixed assets are included in other operating expenses.

#### **Capitalized Expenditure**

Capitalized expenditure includes mainly purchases of computer software. Research and development expenses are booked as they arise.

#### **Deferred Tax Liabilities**

The accumulated depreciation in excess of plan are presented as appropriations in the financial statements of separate group companies. On group level the appropriations are divided into shareholders' equity, EUR 0.8 million and deferred tax liability, EUR 0.3 million. Additionally the deferred tax liability includes the net value, EUR 0.3 million, of tax receivable and liability due to booked items on group level. The deferred tax liability was thus in the end of the year EUR 0.0 (1.1) million.

#### **Pension Arrangements**

For Finnish companies, the statutory pension liabilities are generally satisfied through contracts with insurance companies. Voluntary pensions are organized through pension insurances and the companies' own pension funds. Employees who are members of the Jaakko Pöyry Group pension fund have the right to retire at the age of 62 or 63. Employees who are members of Soil and Water Ltd's pension fund have the right to retire at the age of 62.

The unfunded pension liabilities in the Jaakko Pöyry Group and Soil and Water Ltd at the end of the period were EUR 4.1 (3.8) million. On Group level, unfunded pension liabilities of EUR 2.0 million have been recognized as expenses. Unfunded liabilities, EUR 2.1 (1.8) million are presented in the assets in the non-current receivables and in the liabilities as a non-current liability. The pension funds have been closed.

At the end of 1999 an agreement was made for insuring the Jaakko Pöyry Group's pension fund's liabilities in an outside insurance company. The change will be implemented in February/March, 2000.

Subsidiaries outside Finland organize their pension arrangements in accordance with the practice of each country.

According to information from Swedish Staff Pension Society (SPP), an amount of EUR 6.1 million deriving from SPP's consolidation surplus has been allocated to companies within the Jaakko Pöyry Group. This is not taken into account in the Financial Statements. To date, SPP has not stated how or when these funds will be made available.



## Notes to the Statement of Income

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>1. Net sales</b>	<b>395.4</b>	<b>259.7</b>		<b>0.9</b>
Net sales by business group, by division and by area are on the page 14.				
<b>2. Percentage-of-completion projects</b>				
Amount recognized as income from percentage-of-completion projects	395.4	259.7		
Amount recognized as net sales during the fiscal year or earlier from uncompleted percentage-of-completion projects	345.7	251.1		
Net sales from percentage-of-completion projects included in accrued income	44.7	10.2		
Advance payments received from percentage-of-completion projects	55.6	21.3		
Expenses from percentage-of-completion projects included in accrued expenses	12.8	1.5		
<b>3. Order stock</b>				
Order stock of uncompleted percentage-of-completion projects	348.9	167.1		
Order stock of projects, which are recognized as income when delivered	0.0	0.0		
<b>Total</b>	<b>348.9</b>	<b>167.1</b>		
<b>4. Other operating income</b>				
Rent income	1.1	1.2	4.8	3.5
Gain on fixed assets	1.7	0.7	0.4	0.4
Other	2.3	0.1	0.1	0.2
<b>Total</b>	<b>5.1</b>	<b>2.0</b>	<b>5.3</b>	<b>4.1</b>
<b>5. Materials and supplies</b>				
Materials and supplies	25.7	28.2		
External charges, subconsulting	52.8	25.9		
<b>Total</b>	<b>78.5</b>	<b>54.1</b>		

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>6. Personnel expenses</b>				
Wages and salaries	157.9	98.7	1.7	0.9
Remunerations	3.5	2.0	0.3	0.0
Pension expenses	14.2	11.3	0.4	0.1
Other personnel expenses	18.4	13.0	0.2	0.1
<b>Total</b>	<b>194.0</b>	<b>125.0</b>	<b>2.6</b>	<b>1.1</b>
To members of Board of Directors and Presidents				
Wages and salaries	6.6	3.9	0.5	0.2
Remunerations	1.1	0.4	0.2	0.0
Pension expenses	0.8	0.5	0.2	0.1
Other personnel expenses	0.7	0.6	0.0	0.0
<b>Total</b>	<b>9.2</b>	<b>5.4</b>	<b>0.9</b>	<b>0.3</b>
Salaries paid to the President of the parent company were EUR 181 thousands in 1999. The President of the parent company has the right to retire at the age of 60.				
<b>7. Depreciation and value decrease</b>				
Depreciation according to plan				
Goodwill	0.2	0.1		0.1
Consolidation goodwill	3.7	2.9		
Other capitalized expenditure	1.1	0.6		0.1
Buildings and structures	0.4	0.3		
Machinery and equipment	6.2	4.0	0.1	0.1
	11.6	7.9	0.1	0.3
Value decrease	1.6	1.7		
<b>Total</b>	<b>13.2</b>	<b>9.6</b>	<b>0.1</b>	<b>0.3</b>

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>8. Financial income and expenses</b>				
Dividend income				
From group companies			0.4	2.8
From associated companies				
From other				
	0.0	0.0	0.4	2.8
Interest income from non-current investments				
From group companies			0.7	1.1
From associated companies		0.2	0.1	0.2
From other	0.2	0.2	0.0	0.1
	0.2	0.4	0.8	1.4
Other interest and financial income				
From group companies			0.2	
From associated companies				
From other	1.0	1.3	0.3	0.8
	1.0	1.3	0.5	0.8
Interest expenses and other financial expenses				
To group companies			- 0.5	- 0.9
To associated companies				
To other	- 2.7	- 3.5	- 1.8	- 2.6
	- 2.7	- 3.5	- 2.3	- 3.5
Differences in exchange rates				
Exchange rate gains	4.0	2.9	3.4	2.3
Exchange rate losses	- 4.4	- 2.6	- 3.5	- 1.9
	- 0.4	0.3	- 0.1	0.4
<b>Total</b>	<b>- 1.9</b>	<b>- 1.5</b>	<b>- 0.7</b>	<b>+ 1.9</b>
The parent company has hedged the Group's long-term order stock and future sales against possible depreciation of the US dollar.				
Exchange rate losses due to appreciation of the dollar has been booked under financial items.				
<b>9. Extraordinary items</b>				
Extraordinary income				
Group contribution			20.5	19.1
Other extraordinary income			0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>20.5</b>	<b>19.1</b>
<b>10. Taxes</b>				
Taxes for the fiscal year	8.6	7.1	4.3	5.6
Taxes for previous years	0.4	1.1	0.1	0.6
Change in deferred tax liabilities	- 0.1	- 0.2		
<b>Total</b>	<b>8.9</b>	<b>8.0</b>	<b>4.4</b>	<b>6.2</b>

## Notes to the Balance Sheet

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>1. Intangible assets</b>				
Intangible rights				
Acquisition value Jan. 1	0.0	0.0		
Increase				
Decrease				
Acquisition value Dec. 31				
Accumulated depreciation Jan. 1				
Accumulated depreciation of decrease				
Depreciation for the period				
Accumulated depreciation Dec. 31				
Book value Dec. 31	0.0	0.0		
Goodwill				
Acquisition value Jan. 1	0.8	0.6		0.6
Increase	+ 0.2	+ 0.2		+ 0.0
Decrease	- 0.0	- 0.0		- 0.0
Acquisition value Dec. 31	1.0	0.8		0.6
Accumulated depreciation Jan. 1	0.4	0.3		0.4
Accumulated depreciation of decrease	0.0	- 0.0		- 0.0
Depreciation for the period	0.2	0.1		0.2
Accumulated depreciation Dec. 31	0.6	0.4		0.6
Book value Dec. 31	0.4	0.4		0.0
Other capitalized expenditure				
Acquisition value Jan. 1	4.6	4.1	0.9	1.1
Increase	+ 3.9	+ 0.8	+ 0.2	+ 0.0
Decrease	- 0.2	- 0.3	- 0.1	- 0.2
Acquisition value Dec. 31	8.3	4.6	1.0	0.9
Accumulated depreciation Jan. 1	2.3	1.6	0.4	0.4
Accumulated depreciation of decrease	- 0.0	- 0.0	- 0.0	- 0.0
Depreciation for the period	1.1	0.7	0.0	0.0
Accumulated depreciation Dec. 31	3.4	2.3	0.4	0.4
Book value Dec. 31	4.9	2.3	0.6	0.5
Intangible assets, total				
Acquisition value Jan. 1	5.4	4.7	1.5	1.7
Increase	+ 4.1	+ 1.0	+ 0.2	+ 0.0
Decrease	- 0.2	- 0.3	- 0.1	- 0.2
Acquisition value Dec. 31	9.3	5.4	1.6	1.5
Accumulated depreciation Jan. 1	2.7	1.9	1.0	0.8
Accumulated depreciation of decrease	- 0.0	- 0.1	- 0.0	- 0.0
Depreciation for the period	1.3	0.8	0.0	0.2
Accumulated depreciation Dec. 31	4.0	2.6	1.0	1.0
Book value Dec. 31	<b>5.3</b>	<b>2.7</b>	<b>0.6</b>	<b>0.5</b>



EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>2. Consolidation goodwill</b>				
Acquisition value Jan. 1	43.8	43.1		
Increase	+ 11.1	+ 0.7		
Decrease	- 0.0	- 0.0		
Acquisition value Dec. 31	54.9	43.8		
Accumulated depreciation Jan. 1	11.2	8.3		
Depreciation for the period	3.7	2.9		
Accumulated depreciation Dec. 31	14.9	11.2		
Book value Dec. 31	<b>40.0</b>	<b>32.6</b>		
<b>3. Tangible assets</b>				
Land areas				
Acquisition value Jan. 1	4.7	4.8	3.7	3.7
Increase	+ 0.4	+ 0.0	+ 0.1	+ 0.0
Decrease	- 0.0	- 0.1	- 0.0	- 0.0
Acquisition value Dec. 31	5.1	4.7	3.8	3.7
Book value Dec. 31	5.1	4.7	3.8	3.7
Buildings and structures				
Acquisition value Jan. 1	11.5	13.0		
Increase	+ 3.1	+ 0.0		
Decrease	- 0.4	- 1.5		
Acquisition value Dec. 31	14.2	11.5		
Accumulated depreciation Jan. 1	1.1	0.9		
Accumulated depreciation of decrease	- 0.0	- 0.1		
Depreciation for the period	0.4	0.3		
Accumulated depreciation Dec. 31	1.5	1.1		
Value decrease	0.8			
Book value Dec. 31	11.9	10.4		
Machinery and equipment				
Acquisition value Jan. 1	25.9	23.2	0.4	0.2
Increase	+ 13.5	+ 4.3	+ 0.1	+ 0.2
Decrease	- 1.1	- 1.6	- 0.0	- 0.0
Acquisition value Dec. 31	38.3	25.9	0.5	0.4
Accumulated depreciation Jan. 1	16.4	13.6	0.2	0.1
Accumulated depreciation of decrease	- 0.2	- 1.2	- 0.0	- 0.0
Depreciation for the period	6.1	4.0	0.1	0.1
Accumulated depreciation Dec. 31	22.3	16.4	0.3	0.2
Book value Dec. 31	16.0	9.5	0.2	0.2

EUR Million	Group		Parent company	
	1999	1998	1999	1998
Other tangible assets				
Acquisition value Jan. 1	0.3	0.2	0.1	0.1
Increase	+ 0.2	+ 0.1	+ 0.0	+ 0.0
Decrease	- 0.1	- 0.0	- 0.0	- 0.0
Acquisition value Dec. 31	0.4	0.3	0.1	0.1
Accumulated depreciation Jan. 1	0.1	0.1	0.0	0.0
Accumulated depreciation of decrease	- 0.0	- 0.0	- 0.0	- 0.0
Depreciation for the period	0.0	0.0	0.0	0.0
Accumulated depreciation Dec. 31	0.1	0.1	0.0	0.0
Book value Dec. 31	0.3	0.2	0.1	0.1
Tangible assets, total				
Acquisition value Jan. 1	42.4	41.2	4.2	4.0
Increase	+ 17.2	+ 4.4	+ 0.2	+ 0.2
Decrease	- 1.6	- 3.2	- 0.0	- 0.0
Acquisition value Dec. 31	58.0	42.4	4.4	4.2
Accumulated depreciation Jan. 1	17.6	14.6	0.2	0.1
Accumulated depreciation of decrease	- 0.2	- 1.3	- 0.0	- 0.0
Depreciation for the period	6.5	4.3	0.1	0.1
Accumulated depreciation Dec. 31	23.9	17.6	0.3	0.2
Value decrease	0.8			
Book value Dec. 31	<b>33.3</b>	<b>24.8</b>	<b>4.1</b>	<b>4.0</b>

#### 4. Land and buildings

Company	Country	Book-value	Rent income	Tenant
Jaakko Pöyry Group Oyj (Land area)	Finland	3.8	0.2	Kiinteistö Oy Vantaan Jaakonkatu 3
JP Fastighets AB	Sweden	2.5	0.3	JP Projektteknik AB
Dølasletta Eiendom A.S.	Norway	1.4	0.1	External
SCI J.P.R.	France	0.9	0.2	Retma S.A.
JP Representacoes e Participacoes Ltda	Brazil	5.4	0.7	Jaakko Pöyry Engenharia Ltda
Mogi	Brazil	2.0		
Arvest Properties (N.Z.) Ltd	New Zealand	0.9	0.1	Jaakko Pöyry Consulting (Asia-Pacific) Ltd
Other		0.1		
Total		<b>17.0</b>		

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>5. Non-current investments</b>				
Shares in group companies Jan. 1			61.5	42.3
Increase			+ 12.2	+ 19.8
Decrease			- 0.0	- 0.6
From associated companies			+ 8.8	0.0
Shares in group companies Dec. 31			82.5	61.5
Receivables from group companies Jan. 1			19.9	36.4
Increase			+ 2.6	+ 5.4
Decrease			- 7.5	- 21.9
Receivables from group companies Dec. 31			15.0	19.9
Shares in associated companies				
Acquisition value Jan. 1	21.8	21.4	12.1	11.4
Increase	+ 0.1	+ 0.7	+ 0.0	+ 0.7
Decrease	- 0.7	- 0.3	- 0.0	- 0.0
To group companies	- 14.0	0.0	- 8.8	0.0
Acquisition value Dec. 31	7.2	21.8	3.3	12.1
Accumulated influence on the earnings Jan. 1	- 2.3	- 2.1		
To group companies	+ 1.9			
Share of the profit for the period	+ 0.7	+ 2.1		
Share of the loss for the period		- 0.2		
Decrease in consolidation goodwill		- 0.4		
Value decrease		- 1.7		
Accumulated influence on the earnings Dec. 31	+ 0.3	- 2.3		
Shares in associated companies Dec. 31	7.5	19.5	3.3	12.1
Receivables from associated companies Jan. 1	4.2	4.1	3.8	3.9
Increase	0.0	+ 0.2	0.0	+ 0.0
Decrease	- 1.0	- 0.1	- 0.5	- 0.1
Receivables from associated companies Dec. 31	3.2	4.2	3.3	3.8
Other shares Jan. 1	4.8	4.6	3.1	3.2
Increase	+ 3.5	+ 0.3	+ 0.1	+ 0.0
Decrease	- 0.7	- 0.1	- 0.7	- 0.1
Value decrease	- 0.8			
Other shares Dec. 31	6.8	4.8	2.5	3.1
Other receivables Jan. 1	0.6	0.6	0.2	0.2
Increase	+ 0.0	+ 0.0	+ 0.1	+ 0.0
Decrease	- 0.5		- 0.2	- 0.0
Other receivables Dec. 31	0.1	0.6	0.1	0.2
Non-current investments Jan. 1, total	29.1	28.6	100.6	97.4
Increase	+ 4.3	+ 3.3	+ 15.0	+ 25.9
Decrease	- 2.9	- 1.1	- 8.9	- 22.7
Value decrease	- 0.8	- 1.7		
To group companies	- 12.1			
Non-current investments Dec. 31, total	<b>17.6</b>	<b>29.1</b>	<b>106.7</b>	<b>100.6</b>

	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Book value		Net sales EUR Million	Personnel
			Parent company EUR Million	Other group company EUR Million		
<b>6. Share ownership</b>						
<b>Group companies</b>						
<b>Forest Industry</b>						
Jaakko Pöyry Oy, Vantaa, Finland	100.0	100.0	40.7		48.6	416
JP-Suunnittelu Oy, Vantaa, Finland	100.0			3.6	33.0	552
Papes Oy, Tampere, Finland	100.0			0.2	1.1	13
JP-Kakko Oy, Vantaa, Finland	100.0	100.0	1.2		5.5	94
Insinööritoimisto Conratek Oy, Espoo, Finland	100.0			0.1	0.0	5
Jaakko Pöyry AB, Sweden	100.0			7.2	0.0	
JP Projektteknik AB, Sweden	100.0			0.2	0.0	160
Rigel Consult i Gävle AB, Sweden	51.0			0.3	0.8	47
Jaakko Pöyry Norge AS, Norway	100.0			0.9	3.0	53
Jaakko Pöyry Deutschland GmbH, Germany	100.0			1.0	4.7	48
JP Engineering S.N.C., France	100.0			0.3	2.2	24
Interpap Sp. z.o.o., Poland	55.0			0.5	0.4	37
Jaakko Pöyry Southern Africa Pty Ltd, Southern Africa	100.0			0.5	3.3	35
Marathon Engineers/Architects/Planners LLC, USA	94.2			5.9	13.5	106
PT. Jaakko Pöyry Engineering, Indonesia	100.0	1.0		0.3	0.4	10
Jaakko Pöyry (Thailand) Co. Ltd, Thailand	100.0			0.2	0.1	
Jaakko Pöyry Tecnologia Ltda, Brazil	100.0			5.0	1.2	47
<b>Forest Industry Consulting</b>						
Jaakko Pöyry Consulting Oy, Vantaa, Finland	57.0	57.0	3.1		19.4	131
JP Management Consulting Oy, Vantaa, Finland	57.0					
Jaakko Pöyry Consulting Europe Oy, Vantaa, Finland	57.0					
Jaakko Pöyry Consulting AB, Sweden	57.0			0.4	3.3	19
Jaakko Pöyry Consulting (UK) Ltd, United Kingdom	57.0			0.1	4.8	33
Jaakko Pöyry Consulting GmbH, Germany	57.0			0.0	0.8	6
Jaakko Pöyry Consulting Inc., USA	57.0			0.0	5.4	28
Jaakko Pöyry Consulting (Asia-Pacific) Pte Ltd, Singapore	57.0			0.3	4.2	26
Jaakko Pöyry Consulting (Asia-Pacific) Pty Ltd, Australia	57.0			0.2	2.9	16
Jaakko Pöyry Consulting (Asia-Pacific) Ltd, New Zealand	57.0			0.5	2.0	27
JP Operations Management Ltd Oy, Vantaa, Finland	58.1			0.1	0.9	3
JP Capital International Ltd, United Kingdom	57.0			0.6	1.2	10
JP Development Oy, Vantaa, Finland	57.0			0.0		
Anzdec Ltd, New Zealand	57.0			0.1	0.0	
Agrico Ltd, New Zealand	57.0			0.0	0.0	

	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Book value		Net sales EUR Million	Personnel
			Parent company EUR Million	Other group company EUR Million		
<b>Energy</b>						
Electrowatt-Ekono Oy, Espoo, Finland	100.0	100.0	2.4		15.9	162
Procedo Oy, Espoo, Finland	100.0			0.0	1.3	5
Ekono Startekno AB, Sweden	100.0			0.0	1.3	14
Electrowatt Engineering Ltd, Switzerland	100.0	100.0	18.1		65.8	307
Goepfert, Reimer & Partner GmbH, Germany	100.0			2.2	9.5	69
Electrowatt Engineering Mannheim GmbH, Germany	100.0			0.7	2.0	19
Beture-Environnement S.A., France	70.0			0.8	0.0	53
Electrowatt-Ekono UK Ltd Horsham, United Kingdom	100.0			4.4	11.7	318
Interpap Enercell Sp. z.o.o., Poland	55.0			0.0	0.0	3
Electrowatt-Ekono Pte Ltd, Singapore	100.0			0.1	0.9	7
Electrowatt Engineering Ltd, Thailand	100.0			0.3	7.0	48
Electrowatt Technical Services Inc., Philippines	100.0			0.1	1.3	40
Jaakko Pöyry Electrowatt (Chile) S.A., Chile	100.0			0.2	1.0	47
Electrowatt Engineering (Peru) S.A., Peru	100.0			0.0	4.1	18
Electrowatt Engineering (Argentina) S.A., Argentina	100.0			0.0	1.8	3
JPI Process Contracting Oy, Helsinki, Finland	100.0	100.0	3.9		14.5	35
JPI Process Contracting S.N.C., France	100.0			0.5	6.8	16
Jaakko Pöyry BCEL Engineering Ltd, China	51.0			0.2	0.0	
Heymo Ingenieria S.A., Spain	60.8	60.8	1.3		19.4	204
Retma S.A., France	100.0			0.7	6.0	53
SEEI S.A., France	100.0			1.6	2.7	31
<b>Infrastructure &amp; Environment</b>						
Soil and Water Ltd, Helsinki, Finland	100.0	100.0	0.7		19.8	253
PSV-Soil and Water Ltd, Oulu, Finland	100.0			0.5	2.9	52
Geokeskus Oy, Helsinki, Finland	100.0			0.1	1.3	22
SK-Consulting Oy, Oulu, Finland	100.0			0.6	3.6	57
Oy Suoraplan Ltd, Helsinki, Finland	100.0			0.3	0.2	7
GTGeotieto Oy, Helsinki, Finland	80.0			0.0	0.0	1
Soil and Water International Oy, Helsinki, Finland	100.0			0.0	0.0	
Soil & Water Portugal-Consultores Lda, Portugal	100.0			0.0	0.0	
Electrowatt Engineering Ltd, Switzerland	100.0	100.0				
Rätia Ingenieure AG, Switzerland	100.0			0.1	1.7	18
Electrowatt Engineering (Altdorf) AG, Switzerland	100.0			0.1	0.0	
BPI - Büro für Planung und Ingenieurtechnik GmbH, Germany	100.0			1.2	21.0	238
Beture-Cerec S.A., France	70.0			0.3	0.0	98
JP Building Engineering Ltd, Espoo, Finland	100.0			1.1	9.8	178
JP-Projektivalvelu Oy, Espoo, Finland	100.0	100.0	0.0		0.3	5
JP-Terasto Oy, Vantaa, Finland	100.0	100.0	0.8		5.5	58
Jaakko Pöyry Group Projects Ltd Oy, Vantaa, Finland	100.0			0.0	0.3	
East Engineering Ltd Oy, Vantaa, Finland	100.0			0.0	0.4	
East Services Ltd Oy, Vantaa, Finland	100.0			0.0	0.3	



	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Book value		Net sales EUR Million	Personnel
			Parent company EUR Million	Other group company EUR Million		
JP-Terasto Eesti Oü, Estonia	80.0			0.0	0.2	4
SIA JP-Terasto, Latvia	100.0			0.0	0.0	
Zao JP-Terasto, Russia	100.0			0.0	0.4	9
Electrowatt Consulting Services Ltd, Thailand	100.0			0.3	0.9	5
Electrowatt, Engineering (Venezuela) S.A., Venezuela	100.0			0.0	0.1	3
Jaakko Pöyry Argentina S.A., Argentina	60.0			0.0	2.6	33

### Real Estates

Jaakko Pöyry Holding AB, Sweden	100.0	100.0	2.5			
JP Fastighets AB, Sweden	100.0			3.4		
Dølasletta Eiendom A.S., Norway	100.0	100.0	0.0			
SCI J.P.R., France	100.0			0.0		
JP-Finanz AG, Switzerland	100.0	100.0	1.9			
JP Representacoes e Participacoes Ltda, Brazil	100.0			4.9		
Alcora Trading S.A., Uruguay	100.0	100.0	0.0			
Arvest Properties (N.Z.) Ltd, New Zealand	100.0	100.0	0.1			

### Other

JP-Sijoitus Oy, Helsinki, Finland	100.0	100.0	0.5			
Jaakko Pöyry S.A., France	100.0	100.0	5.1		0.1	3
Electrowatt Engineering (Deutschland) GmbH, Germany	100.0			2.7		1
Intelligent Building Systems - Services AG, Switzerland	100.0			0.2		
Büro für Oekologie AG, Switzerland	100.0					
GEO Büro für Geotechnik GmbH, Germany	100.0					
Ekono Energy (UK) Ltd, United Kingdom	100.0			0.1	0.0	
Jaakko Pöyry Espanola S.A., Spain	100.0	100.0	0.0			
Jaakko Pöyry (USA) Inc., USA	100.0			7.7		
JP-Marathon Inc., USA	100.0			9.3		
Jaakko Pöyry Canada Ltd, Canada	100.0			0.0		
Jaakko Pöyry Chilena Ltda, Chile	100.0			0.0	0.2	
JP Engineering (South America) S.A., Uruguay	100.0	100.0	0.1			
JP Consulting (South America) S.A., Uruguay	100.0	100.0	0.0			
Jaakko Pöyry Pty Ltd, Australia	100.0			0.0		
J.P. New Zealand Ltd, New Zealand	100.0			0.0		
Proratio Engineering GmbH, Austria	100.0	100.0		0.0		
Jaakko Pöyry spol s.r.o., Czech Republic	100.0	100.0		0.0		
JP Projectos Industriais Lda, Portugal	100.0	100.0		0.0		
ZAO Konsofin, Russia	70.0			0.0		

	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Parent company EUR Million	Book value	Other Group company EUR Million
<b>Associated companies:</b>					
<b>Forest Industry Consulting</b>					
Oy FEG-Forest and Environment Group Ltd, Joensuu, Finland	17.1				0.0
<b>Energy</b>					
Polartest Oy, Vantaa, Finland	30.5				0.2
Korea District Heating Engineering Company Ltd, Korea	50.0				0.2
Advance Ekono Co. Ltd, Thailand	49.0				0.0
Emerging Power Partners Oy, Finland	50.0				
<b>Infrastructure &amp; Environment</b>					
Entec A/S, Estonia	42.0				0.0
Soil and Water Mesar Inc., Canada	50.0				0.0
<b>Associated companies, real estate</b>					
Martinparkki Oy, Vantaa, Finland	50.0	50.0	2.9		
Kiinteistö Oy Manuntori, Joutseno, Finland	34.2	34.2	0.3		
SCI Le Pecq, France	50.0				3.4
Pembroke S.A., Uruguay	50.0	50.0	0.0		
Accumulated influence on the earnings and the balance sheet					0.2
<b>Total</b>			<b>3.2</b>		<b>4.2</b>
<b>Other share ownership:</b>					
Amata Power					2.8
Peak Pacific Investment Company Ltd					0.9
Conox Oy	15.8				0.0
Devecon Oy	19.0				0.0
Shares in condominiums and in real estate companies			2.3		1.1
Other shares			0.2		0.1
Value decrease					- 0.8
<b>Total</b>			<b>2.6</b>		<b>4.2</b>

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>7. Non-current receivables</b>				
Accounts receivable		0.0		
Other receivables	10.6	1.8		
Prepaid expenses and accrued income		0.0		
<b>Total</b>	<b>10.6</b>	<b>1.8</b>		
<b>8. Current receivables</b>				
Accounts receivable	95.2	58.4		0.2
Accounts receivable			0.3	0.3
Loans receivable			3.6	0.3
Other receivables			20.4	19.1
Prepaid expenses and accrued income			0.8	0.2
<b>Total from group companies</b>			<b>25.1</b>	<b>19.9</b>
Accounts receivable	0.1	0.5		
Loans receivable				
Other receivables		0.4		0.4
Prepaid expenses and accrued income		0.1		0.1
<b>Total from associated companies</b>	<b>0.1</b>	<b>1.0</b>		<b>0.5</b>
Loans receivable	0.6	0.1		
Other receivables	13.6	4.7	0.5	0.3
Prepaid expenses and accrued income	51.5	17.0	0.6	1.6
<b>Total</b>	<b>161.0</b>	<b>81.2</b>	<b>26.2</b>	<b>22.5</b>
<b>9. Prepaid expenses and accrued income</b>				
Income from percentage-of-completion method	44.7	10.2		
Interest income	0.2	0.2	0.7	0.4
Social expenses	1.2	1.0		
Rents	0.8	0.2		
Taxes	0.4	0.8		
Other	4.2	4.8	0.7	1.5
<b>Total</b>	<b>51.5</b>	<b>17.1</b>	<b>1.4</b>	<b>1.9</b>

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>10. Shareholders' equity</b>				
Share capital Jan. 1	11.5	11.5	11.5	11.5
Share issue	0.5	0.0	0.5	0.0
Share capital Dec. 31	12.0	11.5	12.0	11.5
Share premium reserve Jan. 1	15.1	15.1	15.1	15.1
Share issue	5.0	0.0	5.0	0.0
Share premium reserve Dec. 31	20.1	15.1	20.1	15.1
Own shares' reserve Jan. 1	5.5	0.0	5.5	0.0
Transfer of retained earnings	0.0	5.5	0.0	5.5
Own shares' reserve Dec. 31	5.5	5.5	5.5	5.5
Legal reserve Jan. 1	20.5	20.2	20.2	20.2
Share issue	0.0	0.0	0.0	0.0
Transfer of retained earnings	0.1	0.3	0.0	0.0
Legal reserve Dec. 31	20.6	20.5	20.2	20.2
Retained earnings Jan. 1	18.8	16.4	18.9	14.0
Payment of dividend	- 4.4	- 3.0	- 4.4	- 3.0
Transfer to own shares' reserve		- 5.5		- 5.5
Transfer to legal reserve	- 0.1	- 0.3		
Translation adjustments		- 0.9		
Net profit for the period	+ 15.0	+ 12.1	+ 10.5	+ 13.4
Retained earnings Dec. 31	29.3	18.8	25.0	18.9
Shareholders' equity Dec. 31	<b>87.6</b>	<b>71.4</b>	<b>82.8</b>	<b>71.2</b>
Distributable earnings				
Retained earnings	29.3	18.8		
From accumulated depreciation in excess of plan	- 0.8	- 0.9		
Distributable earnings Dec. 31	<b>28.5</b>	<b>17.9</b>		

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>11. Non-current liabilities</b>				
Bonds with warrants	1.9	1.6	2.2	2.2
Loans from credit institutions	15.3	23.4	15.3	23.0
Pension loans	9.3	17.4	5.0	10.3
Liabilities to group companies			1.8	3.3
Liabilities to associated companies		0.2		
Other	6.1	5.3	0.1	0.1
<b>Total</b>	<b>32.6</b>	<b>47.9</b>	<b>24.4</b>	<b>38.9</b>
<b>12. Bond loan with warrants</b>				
Bond loan with warrants 1998	<b>1.9</b>	<b>1.6</b>	<b>2.2</b>	<b>2.2</b>
The loan is a FIM loan. In case the share capital will be converted to euros the loan will correspondingly be changed.				
The amount of the loan is FIM 13.0 million (EUR 2.2 million). The loan is dated May 15, 1998 and the loan is repaid on May 15, 2001. The interest rate is 3.0 per cent p.a.				
The loan includes 1 300 000 warrants with which a total of 1 300 000 new shares of Jaakko Pöyry Group Oyj, with nominal value of FIM 5.00, can be subscribed.				
The share capital can increase by a maximum of FIM 6.5 million (EUR 1.1 million).				
The subscription period of 390 000 warrants starts on April 1, 2000 and of 390 000 warrants on April 1, 2001 and of 520 000 warrants on April 1, 2002.				
The subscription period for all warrants ends on April 30, 2005.				
The subscription price per share is FIM 69.00 (EUR 11.60). The subscription price shall be reduced by the dividend distributed after March 30, 1998 but before the date of the subscription.				
The bond loan with warrants is issued to the personnel and a subsidiary of the Jaakko Pöyry Group.				
The personnel has subscribed EUR 1.9 million and the subsidiary EUR 0.3 million.				
<b>13. Loans with due date after five years or later</b>				
Pension loans	4.3	7.2		
Other non-current loans		0.2	1.8	3.3
<b>Total</b>	<b>4.3</b>	<b>7.4</b>	<b>1.8</b>	<b>3.3</b>
<b>14. Loans according to maturity</b>				
Year 1999		7.0		5.9
Year 2000	14.5	13.0	15.5	12.8
Year 2001	15.9	14.6	14.9	15.0
Year 2002	7.7	7.8	7.7	7.7
Year 2003	0.0	0.0		0.0
Later	4.3	7.4	1.8	3.3
<b>Total</b>	<b>42.4</b>	<b>49.8</b>	<b>39.9</b>	<b>44.7</b>



EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>15. Current liabilities</b>				
Loans from credit institutions	10.7	1.9	7.7	
Pension loans	5.0	5.1	5.0	5.1
Advances received	60.4	21.3		
Accounts payable	27.3	20.0	0.2	0.1
Loans			24.0	30.3
Accounts payable			0.1	0.0
Other current liabilities			0.0	0.0
Accrued expenses and deferred income			0.4	0.1
<b>Total to group companies</b>			<b>24.5</b>	<b>30.4</b>
Accounts payable				
Other current liabilities				
<b>Total to associated companies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Other current liabilities	18.9	7.8	0.2	0.1
Accrued expenses and deferred income	56.6	26.4	3.6	3.1
<b>Total</b>	<b>178.9</b>	<b>82.5</b>	<b>41.2</b>	<b>38.8</b>
<b>16. Accrued expenses and deferred income</b>				
Expenses from percentage-of-completion projects	12.8	1.5		
Salaries and vacation accruals	23.2	14.9	0.6	0.1
Social expenses	3.7	3.2	0.5	0.2
Interest expenses	0.7	0.5	1.8	0.6
Rents	0.2	0.8	0.0	0.4
Taxes	4.6	2.3	0.5	1.9
Other	11.4	3.2	0.6	0.0
<b>Total</b>	<b>56.6</b>	<b>26.4</b>	<b>4.0</b>	<b>3.2</b>

## Other Notes

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>1. Contingent liabilities</b>				
For own debt				
Pledged assets and corresponding loans				
Loans from credit institutions				
Pledged assets				
Pension loans	2.7	4.2	6.5	9.7
Pledged assets	2.3	2.3	1.5	1.5
Mortgages and corresponding loans				
Loans from credit institutions	1.2	1.1		
Mortgages, real estate	1.2	1.1		
Pension loans	7.4	10.9	3.6	5.4
Mortgages, real estate				
Mortgages on company assets	6.3	6.1	0.8	0.8
Pledged assets and corresponding loans total	<b>11.3</b>	<b>16.2</b>	<b>10.1</b>	<b>15.1</b>
Pledged assets and mortgages for own debts				
Pledged assets	2.3	2.3	1.5	1.5
Mortgages, real estate	1.2	1.1		
Mortgages on company assets	6.3	6.1	0.8	0.8
Total	<b>9.8</b>	<b>9.5</b>	<b>2.3</b>	<b>2.3</b>
Other obligations				
Pledged assets	2.6	3.8	2.5	3.7
Mortgages, real estate	2.2	2.0		
Rent and leasing obligations	61.7	39.4	26.7	30.4
Pension obligations	0.4	0.4	0.4	0.4
Other obligations	35.8	14.3		
Total	<b>102.7</b>	<b>59.9</b>	<b>29.6</b>	<b>34.5</b>
For group companies				
Mortgages, real estate				
Other obligations			25.8	24.9
Total			<b>25.8</b>	<b>24.9</b>
For associated companies	0.0	0.0	0.0	0.0
Total	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
For others				
Pledged assets	3.4	3.4	3.4	3.4
Mortgages, real estate	3.8	3.7	3.8	3.7
Total	<b>7.2</b>	<b>7.1</b>	<b>7.2</b>	<b>7.1</b>
Total				
Pledged assets	8.3	9.5	7.4	8.6
Mortgages, real estate	7.2	6.8	3.8	3.7
Mortgages on company assets	6.3	6.1	0.8	0.8
Rent and leasing obligations	61.7	39.4	26.7	30.4
Pension obligations	0.4	0.4	0.4	0.4
Other obligations	35.8	14.3	25.8	24.9

EUR Million	Group		Parent company	
	1999	1998	1999	1998
<b>2. Rent and leasing obligations</b>				
Leasing contracts with due date after one year or later will be due according to the following:				
Year 1999	12.2	7.5	2.8	3.0
Year 2000 - 2003	31.7	14.5	9.6	10.5
Later	17.8	17.4	14.3	16.9
<b>Total</b>	<b>61.7</b>	<b>39.4</b>	<b>26.7</b>	<b>30.4</b>
<b>3. Derivative instruments</b>				
Foreign exchange forward contracts, notional values	<b>18.2</b>	<b>223.6</b>	<b>16.2</b>	<b>223.5</b>
The notional amounts outstanding included positions, EUR 207.2 million, 1998 which were closed off. The notional amounts are not a measure of the foreign rate risk of the exposure outstanding.				

#### 4. Management of Financial Risks

The financial risks of the Group are customer, counterpart, country, interest, currency, liquidity and refinancing risks. The Group's objective is to protect itself against any major risk. The realisation of any risk shall not overburden the economic result or the cash flow of the Group. The Board of Directors of Jaakko Pöyry Group Oyj has issued its Operational Authorities and Financing Policies which are intended to limit and minimise the risk impact on the Group's net income, shareholders' equity and liquidity.

##### Foreign Exchange Risk

Group subsidiaries hedge their foreign currency positions fully. Group Financing is responsible for managing the maximum currency exposure within the limits defined in the Financing Policy. Hedging subsidiary equity is decided separately.

##### Interest Risk

The Group's interest rate risk arises through interest-bearing liabilities and money market investments. The net amount of these items on December 31, 1999 was EUR 32.6 million. Thus an interest rate change of one percentage points means a change of EUR 0.3 million per year.

##### Liquidity, Refinancing and Counterpart Risks

In order to minimise the liquidity and refinance risk, the Group has defined minimum liquidity levels, maximum short-term loan restrictions and minimum average maturity of long-term loans. According to the Group Financing Policy investments and derivative instruments are allowed only with financial institutions with good credit standing and within a defined limit of each counterpart.

## PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFIT

The consolidated Balance Sheet as at December 31, 1999  
shows the distributable earnings to stand at EUR 28 508 000.00

The parent company's distributable earnings are	
Retained earnings	EUR 14 536 918.51
Net profit for the period	EUR 10 484 520.10
	EUR 25 021 438.61

The Board of Directors proposes that a dividend of EUR 0.45  
per share be paid on the outstanding shares as at the record date.  
On the proposal date the amount of the outstanding shares was  
13 670 286. Accordingly EUR 0.45 per outstanding share would be EUR 6 151 628.70  
The remainder will be transferred to retained earnings, thus EUR 18 869 809.91

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EUR 25 021 438.61

Vantaa, February 10, 2000

**Jaakko Pöyry Group Oyj**  
Board of Directors



Heikki Lehtonen



Henrik Ehrnrooth



Jaakko Pöyry



Olle Alsholm



Matti Lehti

Niilo Pellonmaa



David de Pury



Erkki Pehu-Lehtonen  
President and CEO

# AUDITORS' REPORT

## To the Shareholders of Jaakko Pöyry Group Oyj

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We have audited the accounting, the financial statements and the corporate governance of Jaakko Pöyry Group Oyj for the period January 1 - December 31, 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors, the Managing Director and the Deputy Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements showing a profit of EUR 10 484 520.10 for the parent company and EUR 14 993 000 for the Group have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors, the Managing Director and the Deputy Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable earnings is in compliance with the Companies Act.

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Vantaa, February 10, 2000

**SVH Pricewaterhouse Coopers Oy**  
Authorised Public Accountants



Ulla Holmström  
Authorised Public Accountant



# GROUP ADMINISTRATION

## Group Administration

President and CEO

Erkki Pehu-Lehtonen

Executive Vice President

Teuvo Salminen

Chief Financial Officer

Lars Rautamo

Corporate Controller

Harriet Lindholm

Legal Matters

Kari Heliö

Manager, Real Estate

Juha Pöntinen

Manager, Personnel

Ritva Minkkinen

Manager, Information Technology

Jukka-Pekka Numminen

Investor Relations

Edvard Krogius

## Group Executive Committee

Jaakko Pöyry Group Oyj

Erkki Pehu-Lehtonen

Forest Industry

Stefan Antell

Forest Industry Consulting

Rainer Häggblom

Forest Industry Technology Development

Harri Piehl

Energy

Jukka Nyrölä

Infrastructure & Environment

Teuvo Salminen

Finance

Lars Rautamo



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President: Jukka Noponen

For a complete listing of all contacts and locations  
please visit our website [www.poyry.com](http://www.poyry.com)

# INFORMATION FOR SHAREHOLDERS



## **Annual General Meeting**

The shareholders of Jaakko Pöyry Group Oyj are invited to attend the Annual General Meeting, which will be held on Wednesday, March 8, 2000 at 4.00 p.m. at the Pöyry House, Jaakonkatu 3, 01620 Vantaa, Finland.

Shareholders wishing to attend the Annual General Meeting are requested to confirm their attendance by Tuesday, March 7, 2000, 10.00 a.m. This can be done by telephone +358 9 8947 2224, by telefax +358 9 878 1816 or by letter to Jaakko Pöyry Group Oyj, Legal matters, Jaakonkatu 3, FIN-01620 Vantaa, Finland.

Any proxies shall be delivered when confirming the attendance to the Annual General Meeting.

## **Dividend**

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.45 (FIM 2.67) per share, be paid for the fiscal year 1999.

To qualify for dividends, shareholders must be entered in the shareholder register on the record date March 13, 2000. The dividend will be payable starting on March 20, 2000.

## **Interim Reports**

In 2000 Jaakko Pöyry Group Oyj will publish its interim reports as follows:

January – March	May 4, 2000
January – June	August 1, 2000
January – September	November 2, 2000

Jaakko Pöyry Group Oyj will observe silent time prior to announcing its results. The silent time periods for 2000 are as follows: January 28 - February 11, April 20 - May 4, July 18 - August 1 and October 19 - November 2.

## **Annual Report**

Jaakko Pöyry Group Oyj will publish its annual report at the end of February.

The annual report and the interim reports are available at Jaakko Pöyry Group Oyj in Finnish, Swedish and English, telephone +358 9 8947 2828, telefax +358 9 878 5855 or by internet [www.poyry.com](http://www.poyry.com).

**Teamwork gives results.**



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**JAAKKO PÖYRY**

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