

## Press Release

23 April 2007

### INTERIM REPORT FOR JANUARY – MARCH 2007

- Net sales totalled EUR 121.8 million (EUR 90.4 million).
- Operating profit was EUR 5.7 million (EUR 1.1 million).
- The outlook for the full year is mainly positive.

#### Key figures

	1-3/2007	1-3/2006	1-12/2006
New orders, EUR million	133.6	76.4	554.4
Order stock, EUR million	888.0	758.7	873.7
Net sales, EUR million	121.8	90.4	447.8
Operating profit, EUR million	5.7	1.1	26.9
Income before taxes, EUR million	5.6	0.9	25.6
Equity ratio, %	58.7	60.2	55.2
Gearing, %	-6	-15	-19
Return on equity, % <sup>1)</sup>	10.7	5.6	8.8
Return on capital employed, % <sup>1)</sup>	13.7	6.7	12.2

<sup>1)</sup> Return on equity and Return on capital employed for the interim periods have been calculated for 12 month periods preceding the end of the respective interim periods.

#### President and CEO, Jorma Wiitakorpi, in conjunction with the review:

“The first quarter financial performance of the Group as a whole was as expected. The consolidated net sales and operating profit increased compared to the corresponding period last year despite of some delays in certain delivery projects.

The implementation of the contract signed in December 2006 to deliver Patria AMV vehicles and Patria Nemo mortars to the Slovenian army has progressed as planned.

We participated in the IDEX exhibition in United Arab Emirates, the largest defence exhibition in the region, in February and I was very pleased with and encouraged by the keen interest shown especially towards Patria AMV and Patria Nemo.

Nammo completed its acquisition of Talley Defence Systems Inc. in U.S.A. at the end of March. I am confident that this acquisition will further strengthen Nammo.

The outlook for the full year is mainly positive.”



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### REVIEW FOR JANUARY – MARCH 2007

#### **New orders and order stock**

The value of new orders received by the Group during the review period was EUR 133.6 million (EUR 76.4 million). Defence material and maintenance accounted for 83% (73%) and civilian products for 17% (27%) of the new orders. At the end of the review period, the volume of the Group's order stock was EUR 888.0 million (EUR 758.7 million).

#### **Net sales and profitability**

The Group's net sales for January – March totalled EUR 121.8 million (EUR 90.4 million). Defence material and maintenance accounted for 88% (82%) and civilian products for 12% (18%) of the net sales. Sales outside Finland accounted for 43% (46%) of the net sales.

The Group's operating profit for January – March was EUR 5.7 million (EUR 1.1 million), representing 4.6% (1.2%) of the net sales. The consolidated income before taxes amounted to EUR 5.6 million (EUR 0.9 million).

#### **Financing and ownership**

The Group's equity ratio was 58.7% (60.2%) and net gearing -6% (-15%).

Consolidated liquid funds at the end of the review period amounted to EUR 48.5 million (EUR 63.7 million). The Group's interest-bearing liabilities totalled EUR 35.7 million (EUR 33.2 million) at the end of the review period. The interest-bearing liabilities included finance lease liabilities of EUR 25.3 million (EUR 26.5 million).

The shareholders of Patria Oyj are the State of Finland with a 73.2% stake and the European Aeronautic Defence and Space Company EADS N.V. (EADS) with a 26.8% stake.

#### **Capital expenditures**

The Group's gross capital expenditures, excluding acquisitions, totalled EUR 2.9 million (EUR 2.6 million).

#### **Research and development**

The Group's expenditure on research and development during the review period amounted to EUR 9.7 million (EUR 12.5 million), representing 8% (14%) of the net sales. The most significant research and development areas included development of new generation mortar systems and armoured wheeled vehicles.



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### Personnel

During the review period the Group employed an average of 2 490 (2 399) persons. At the end of the review period the personnel totalled 2 499 (2 392).

### Business Segment Review

**Land Solutions Business Segment** develops and delivers armoured wheeled vehicles, mortar systems, ammunition products and their life cycle support services. Main products are Patria AMV vehicles, as well as Patria Nemo and AMOS mortar systems. The Business Segment's success is based on extensive expertise on technology and total solutions, full-scope life cycle support and partnerships.

The Business Segment's net sales for January – March amounted to EUR 92.8 million (EUR 57.2 million). The operating profit was EUR 5.7 million (EUR 1.5 million), representing 6% (3%) of the net sales.

The increase in the net sales and operating of the Business Segment compared to the corresponding period last year resulted from both the Vehicles Business Unit and Nammo.

Nammo completed its acquisition of Talley Defence Systems Inc. in U.S.A. at the end of March.

**Systems and Services Business Segment** offers competitive maintenance, repair and modification solutions for helicopters and military aircraft. The Business Segment also supplies pilot training and provides systems for command and control, and situational awareness as well as systems integration and support. Systems and Services builds its success on leading expertise, advanced solutions and long-term partnerships.

The Business Segment's net sales for January – March amounted to EUR 22.1 million (EUR 24.1 million). The operating profit was EUR 1.1 million (EUR 0.5 million), representing 5% (2%) of the net sales.

The Aviation and Helicopters Business Units were the main contributors to the increase in the operating profit of the Business Segment compared to the corresponding period last year.

**Other Operations Business Segment** is a supplier of advanced composite structures as well as airport snow removal and cargo ground handling equipment. The group level support functions are also included in the Business Segment.

The Business Segment's net sales for January – March amounted to EUR 11.8 million (EUR 12.3 million). The operating profit was EUR -1.2 million (EUR -0.9 million).



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### Events after the review period

The Annual General Meeting of Patria Oyj was held on 10 April 2007.

At the Annual General Meeting Risto Virrankoski, B.Sc. (Econ.), was elected Chairman of the Board of Directors, Eero Rantala, President, Entendu Oy, was elected Vice Chairman and as members of the Board of Directors were elected Hervé Garnier, Senior Vice President, Northern Europe and Canada, EADS, Hervé Guillou, Chief Executive Officer, EADS Defence and Communications Systems, Ritva Hainari, Industrial Counsellor, Ministry of Trade and Industry, Jussi Itävuori, Executive Vice President, Human Resources and Member of the EADS Executive Committee, EADS, Kari Rimpi, Permanent Secretary, Ministry of Defence, Anneli Tuominen, Chief Financial Officer, Paloheimo Oy and Anne Viitala, Group General Counsel, Pöyry Plc (new).

Furthermore, at the Annual General Meeting Antero Kekkonen, former M.P., was elected Chairman of the Consultative Committee, Antti Rantakangas, M.P., was elected Vice Chairman and as members were elected Ahti Airikka, Equipment Assembler, Timo Grön, Workshop Manager, Jari Grönlund, Development Manager, Minna Innala, Configuration Manager (new), Tuija Nurmi, M.P., Ari Puheloinen, Lieutenant General, Defence Staff (new), Leena Rauhala, M.P., Minna Sirnö, M.P. (new), Astrid Thors, M.P. and Eeva-Liisa Virkkunen, Industrial Counsellor, Ministry of Trade and Industry.

The Annual General Meeting adopted the Income Statement and Balance Sheet and the Consolidated Income Statement and Balance Sheet for the financial period 1 January to 31 December 2006. It was also decided to discharge the members of the Board of Directors and the President from liability for the financial period 1 January to 31 December 2006.

Furthermore, the Annual General Meeting decided according to the Board of Directors' proposal from the profit funds at the disposal of the Annual General Meeting, a dividend of EUR 0.40 per share be paid for a total of 38 024 848 shares, totalling EUR 15 209 939.20, and that the remaining distributable funds will be placed in the retained earnings.

Ernst & Young Oy, Authorised Public Accountants, will continue as Auditors with Mr Pekka Luoma, APA, as the partner in charge of the audit.



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**Outlook**

The outlook for the Group's products and services is mainly positive. The net sales and the operating profit of the Group are expected to increase in 2007 compared to 2006.

Helsinki, 20 April 2007

Patria Oyj  
Board of Directors

This review has not been audited.



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## CONSOLIDATED INCOME STATEMENT

EUR million	1-3/2007	%	1-3/2006	%	1-12/2006	%
<b>Net sales</b>	121.8		90.4		447.8	
Costs and expenses	-112.8		-85.3		-405.8	
Depreciation	-3.4		-3.9		-15.1	
<b>Operating profit</b>	5.7	4.6	1.1	1.2	26.9	6.0
Financing income and expenses	0.0		-0.3		-1.3	
<b>Income before taxes</b>	5.6	4.6	0.9	0.9	25.6	5.7
Taxes	-1.5		-0.8		-8.6	
<b>Net income</b>	4.1	3.4	0.1	0.1	17.0	3.8

## CONSOLIDATED BALANCE SHEET

Assets	31.3.2007	31.3.2006	31.12.2006
<b>EUR million</b>			
<b>Non-current assets</b>			
Intangible assets	55.7	57.0	55.8
Tangible assets	84.2	86.3	83.7
Investments and other non-current assets	7.3	9.0	7.9
<b>Total</b>	147.2	152.2	147.4
<b>Current assets</b>			
Inventories	115.5	118.8	105.2
Accounts receivable and other current assets	152.2	124.0	158.5
Cash and cash equivalents	48.5	63.8	72.4
<b>Total</b>	316.2	306.6	336.0
<b>Total assets</b>	463.3	458.8	483.5
<b>Shareholders' equity and liabilities</b>			
<b>EUR million</b>			
<b>Equity</b>	206.0	188.4	201.7
<b>Minority interest</b>	0.6	0.0	0.2
<b>Non-current liabilities</b>			
Interest-bearing liabilities	34.0	32.1	32.1
Provisions	16.8	17.5	17.3
Deferred tax liabilities	2.7	2.2	3.0
<b>Total</b>	53.5	51.7	52.5
<b>Current liabilities</b>			
Interest-bearing liabilities	1.6	1.1	1.7
Advance payments received	112.5	145.6	118.1
Accounts payable and other current liabilities	89.0	71.9	109.3
<b>Total</b>	203.2	218.6	229.1
<b>Total shareholders' equity and liabilities</b>	463.3	458.8	483.5



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## RECONCILIATION OF EQUITY

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
01.01.2007	38.0	114.4	6.8	-0.9	43.3	0.2	201.9
Dividends paid							0.0
Cash flow hedge			-0.3				-0.3
Change of translation difference				-0.6			-0.6
Other changes					1.0	0.4	1.4
Net income for the period					4.1		4.1
31.03.2007	38.0	114.4	6.6	-1.4	48.4	0.6	206.6

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
01.01.2006	38.0	114.4	4.5	-0.8	33.1	0.0	189.2
Dividends paid							0.0
Cash flow hedge			0.4				0.4
Change of translation difference				0.9			0.9
Other changes					-2.3		-2.3
Net income for the period					0.1		0.1
31.03.2006	38.0	114.4	4.9	0.1	30.9	0.0	188.4

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
01.01.2006	38.0	114.4	4.5	-0.8	33.1	0.0	189.2
Dividends paid					-5.1		-5.1
Cash flow hedge			2.4				2.4
Change of translation difference				-0.1			-0.1
Other changes					-1.7	0.2	-1.5
Net income for the period					17.0		17.0
31.12.2006	38.0	114.4	6.8	-0.9	43.3	0.2	201.9



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### CONSOLIDATED CASH FLOW

EUR million	1-3/2007	1-3/2006	1-12/2006
Operating profit	5.7	1.1	26.9
Adjustments to operating profit	0.3	0.5	11.3
Change in net working capital	-29.0	-7.2	-16.9
Financial items and taxes	-0.7	1.9	-6.4
<b>Cash flow from operations</b>	<b>-23.7</b>	<b>-3.7</b>	<b>14.9</b>
Acquisitions and shares in associated companies	0.0	-24.9	-24.9
Other capital expenditures	-2.9	-2.6	-10.1
Sale of businesses and Group companies	0.0	0.0	0.0
Sale of other fixed assets	1.0	0.8	1.9
<b>Investments total</b>	<b>-1.9</b>	<b>-26.7</b>	<b>-33.0</b>
Change in long-term interest-bearing liabilities	1.9	0.1	0.4
Change in long-term receivables	0.0	-0.1	0.0
Change in short-term interest-bearing liabilities	0.0	0.0	0.0
Dividends paid	0.0	0.0	-5.1
Other items	-0.2	3.7	4.8
Liquid funds in acquired companies	0.0	13.1	13.1
<b>Financial total</b>	<b>1.7</b>	<b>16.7</b>	<b>13.0</b>
<b>Change in liquid funds</b>	<b>-23.9</b>	<b>-13.6</b>	<b>-5.1</b>
Liquid funds at the beginning	72.4	77.4	77.4
Liquid funds at the end*	48.5	63.8	72.4
<b>Change in liquid funds</b>	<b>-23.9</b>	<b>-13.6</b>	<b>-5.0</b>

### KEY FIGURES

	31.03.2007	31.03.2006	31.12.2006
Interest-bearing liabilities, EUR million	35.7	33.2	33.8
Equity ratio, %	58.7	60.2	55.2
Gearing, %	-6	-15	-19

\* Liquid funds 31 March 2007 include EUR 26.4 million Nammo Group's liquid funds.



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## SEGMENT REPORTING

## 1. BUSINESS SEGMENTS

## Net sales

EUR million	1-3/2007	1-3/2006	1-12/2006
Land Solutions	92.8	57.2	309.7
Systems and Services	22.1	24.1	104.5
Other operations	11.8	12.3	47.8
Internal sales	-4.9	-3.2	-14.2
<b>Total</b>	<b>121.8</b>	<b>90.4</b>	<b>447.8</b>

## Operating profit

EUR million	1-3/2007	%	1-3/2006	%	1-12/2006	%
Land Solutions	5.7	6.2	1.5	2.7	23.8	7.7
Systems and Services	1.1	5.0	0.5	2.2	9.7	9.2
Other operations	-1.2		-0.9		-6.7	
<b>Total</b>	<b>5.7</b>	<b>4.6</b>	<b>1.1</b>	<b>1.2</b>	<b>26.9</b>	<b>6.0</b>

## Average number of employees

	1-3/2007	1-3/2006	1-12/2006
Patria Group	2 490	2 399	2 447

## Number of employees

	31.03.2007	31.03.2006	31.12.2006
Land Solutions	1 208	1 199	1 205
Systems and Services	949	866	930
Other operations	342	327	342
<b>Total</b>	<b>2 499</b>	<b>2 392</b>	<b>2 477</b>

## 2. GEOGRAPHICAL SEGMENTS

## NET SALES

## By destination

EUR million	1-3/2007	%	1-3/2006	%	1-12/2006	%
Finland	69.4	57.0	48.7	53.9	259.6	58.0
Other Nordic countries	14.9	12.2	12.2	13.5	56.6	12.6
Other countries	37.5	30.8	29.4	32.6	131.6	29.4
<b>Total</b>	<b>121.8</b>		<b>90.4</b>		<b>447.8</b>	

## By country of origin

EUR million	1-3/2007	%	1-3/2006	%	1-12/2006	%
Finland	83.2	68.3	59.7	66.0	305.9	68.3
Other Nordic countries	38.6	31.7	30.6	33.9	141.5	31.6
Other countries	0.1	0.0	0.1	0.1	0.4	0.1
<b>Total</b>	<b>121.8</b>		<b>90.4</b>		<b>447.8</b>	



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## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## Commitments and contingent liabilities

EUR million	31.3.2007	31.3.2006	31.12.2006
<b>Guarantees given on behalf of joint ventures</b>	13.8	14.1	13.6
<b>Guarantees given on behalf of associated companies</b>	11.2	24.1	18.8
<b>Other own liabilities</b>			
Guarantees given on behalf of third parties	28.3	3.6	28.3
Repurchase obligations	0.3	0.7	0.3
<b>Leasing commitments</b>			
Payments due next year	3.6	3.7	3.9
1-5 years	14.8	13.6	15.2
Payments due in thereafter	4.0	4.0	3.9
<b>Derivative instruments</b>			
Forward foreign exchange contracts	129.8	161.7	145.9
of which covered contracts	7.2	4.2	5.0
Current value	1.7	2.8	1.3
Currency option contracts	0.0	0.0	1.5
Current value	0.0	0.0	0.0
<b>Expiry of foreign currency derivatives</b>			
Foreign currency derivatives due next year	96.6	138.6	107.4
Foreign currency derivatives due in thereafter	33.2	23.1	40.0

The presented financial information is construed according to the recognition and measurement rules of International Financial Reporting Standards (IFRS).



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## Contact persons:

Mr Jorma Wiitakorpi  
President and CEO  
Tel. +358 20 469 2001

Mr Kai Nurmio  
Executive Vice President, CFO  
Tel. +358 20 469 2020  
Mobile: +358 40 869 2020

**Patria** is a defence and aerospace group with international operations delivering its customers competitive solutions based on own specialist know-how and partnerships. Patria is owned by the State of Finland and the European Aeronautic Defence and Space Company EADS N.V.

Further information: [www.patria.fi](http://www.patria.fi)

