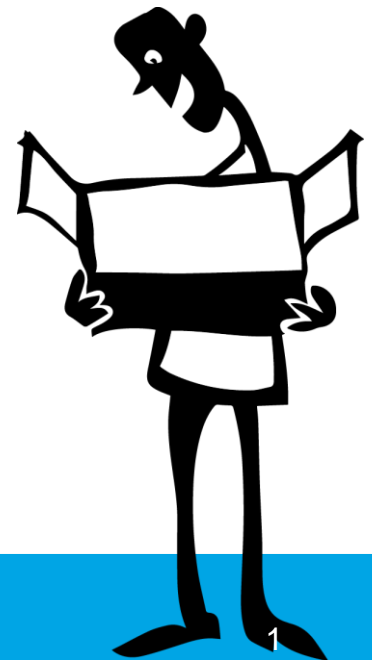


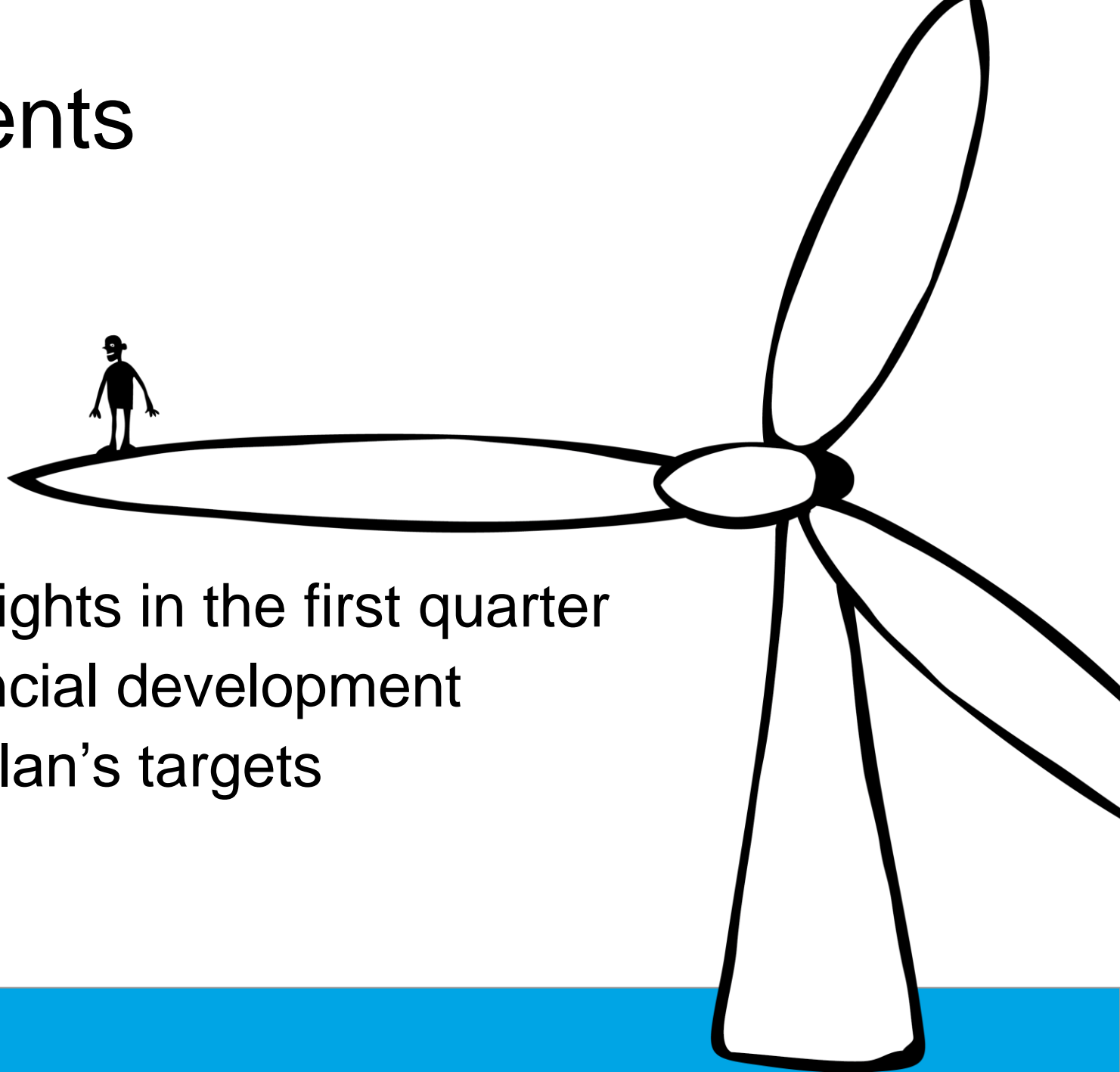
# Interim Report January-March 2017

## Good development continued in the first quarter

President and CEO Juha Näkki  
May 3, 2017

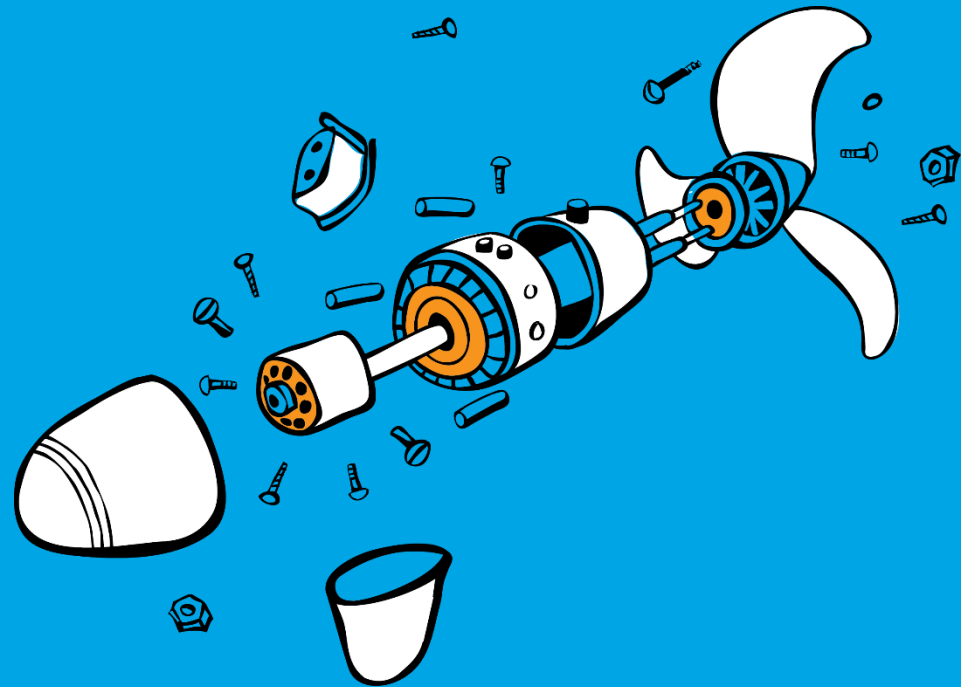


# Contents



1. Highlights in the first quarter
2. Financial development
3. Etteplan's targets

# Highlights in the first quarter



# Our operating environment is developing positively

- Our business environment is currently developing favorably.
- The political situation in different countries continues to maintain uncertainty and slow down the start of new investments.
- There were no significant changes in the demand for our services by customer industry, but customer-specific differences were substantial.
  - Activity in the mining industry has increased.
- Companies in all industries are directing their investments to digitalization-related services. Also the outsourcing and centralizing services purchasing trends continued.
- Competition for employees and the lower availability of specialized experts in certain areas is affecting the development of the sector as a whole in all market areas.

# Market development in Etteplan's main markets in January-March 2017

- The overall market development was positive
- In Finland the market situation improved, but was still at a weaker level than in the rest of Europe.
- In Sweden market demand continued to be at a very good level.
- In Germany, the Netherlands and Poland the demand for engineering services remained at good level.
- In spite of the uncertainty in the Chinese market, demand remained at a good level
  - The service market continued to open up presenting growth opportunities for operators in the engineering industry.

# Highlights 1-3/2017

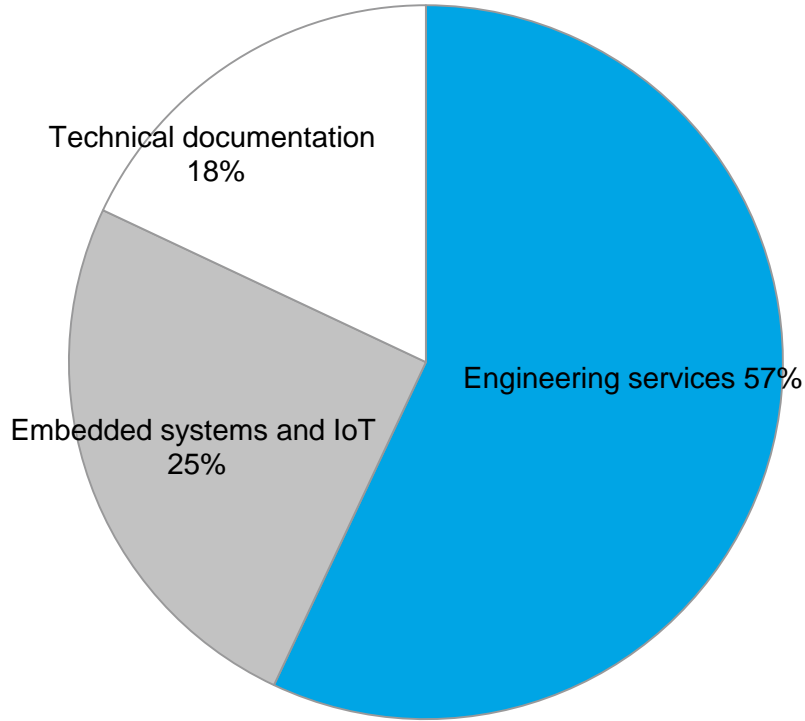
- + Revenue increased by 42,8 %, organic growth totaled 15,7% (with comparable exchange rates).
- + Operating profit doubled.
- + Cash flow improved significantly.
- + The implementation of our strategy progressed well and the share of Managed Services of revenue (MSI index) increased to 57 per cent.
- + Working hours sold in the Chinese market grew by more than 70 per cent.
- In Germany and the Netherlands, projects started slowly and the low level of the software business weakened our profitability slightly.

# Investments in organic growth

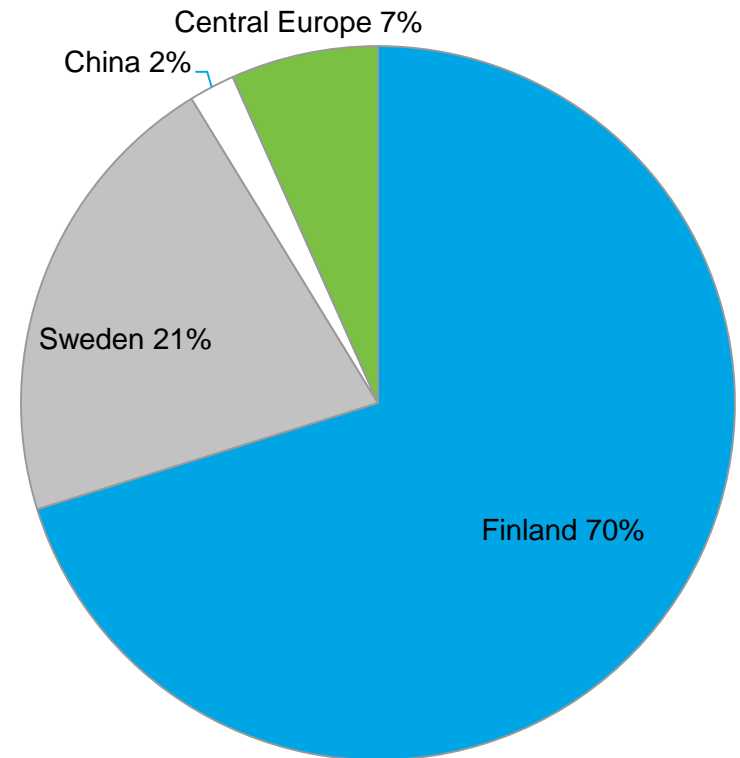
1. In China we opened new offices in Xi'an and Beijing.
2. In Poland we opened a new office in Poznan and expanded our service offering to technical documentation.
3. In Finland we opened a new office, which is concentrating on digital solutions, in Vallila, Helsinki.
4. We expanded our IoT-service offering into service design.

# Distribution of Revenue 1-3/2017

Revenue by service area



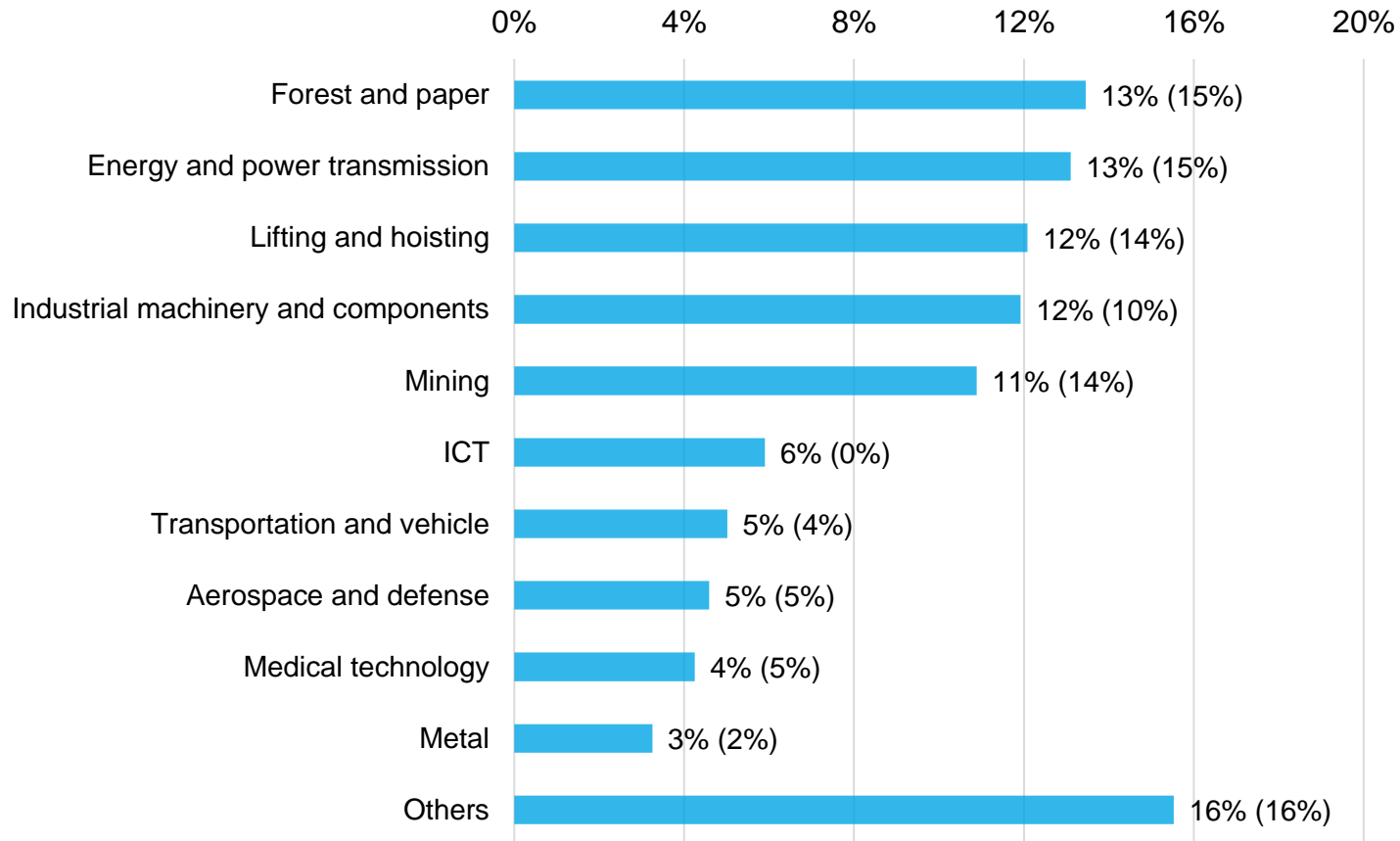
Revenue by country





# Revenue 1-3/2017

## Revenue by customer segment



# Key figures 1-3/2017

<b>(EUR 1,000)</b>	<b>1-3/2017</b>	<b>1-3/2016</b>	<b>Change %</b>
Revenue	54,802	38,603	42.0
EBIT from business operations	4,329	2,178	98.7
EBIT from business operations, %	7.9	5.6	
Operating profit (EBIT)	3,827	1,896	101.9
EBIT, %	7.0	4.9	
Basic earnings per share, EUR	0.12	0.07 *	71.4
Equity ratio, %	42.1	40.0	
Operating cash flow	1,904	-1,682	213.3
ROCE, %	18.1	15.0	
Personnel at end of the period	2,628	2,080	26.3

\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

# Outlook

## **Market outlook 2017**

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. The development of our business environment is currently positive. However, the political situation in different countries continues to maintain uncertainty and slow down the start of new investments. The development of the Central European markets is expected to remain unchanged. The favorable development of the Swedish market is expected to continue. The Finnish market has improved, but the general market situation is expected to remain weaker than in the rest of Europe. In Asia, the growth of the service market is expected to continue.

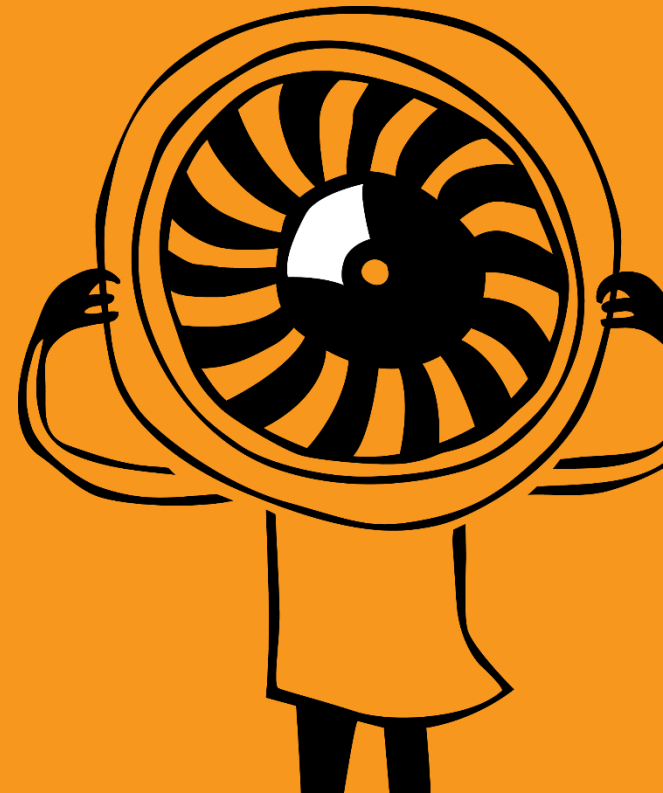
## **Financial guidance 2017, updated on May 3, 2017**

We expect the revenue and operating profit for the full year 2017 to grow significantly compared to 2016.

## **Previous financial guidance 2017, updated on February 9, 2017**

We expect the revenue and operating profit for the full year 2017 to grow clearly compared to 2016.

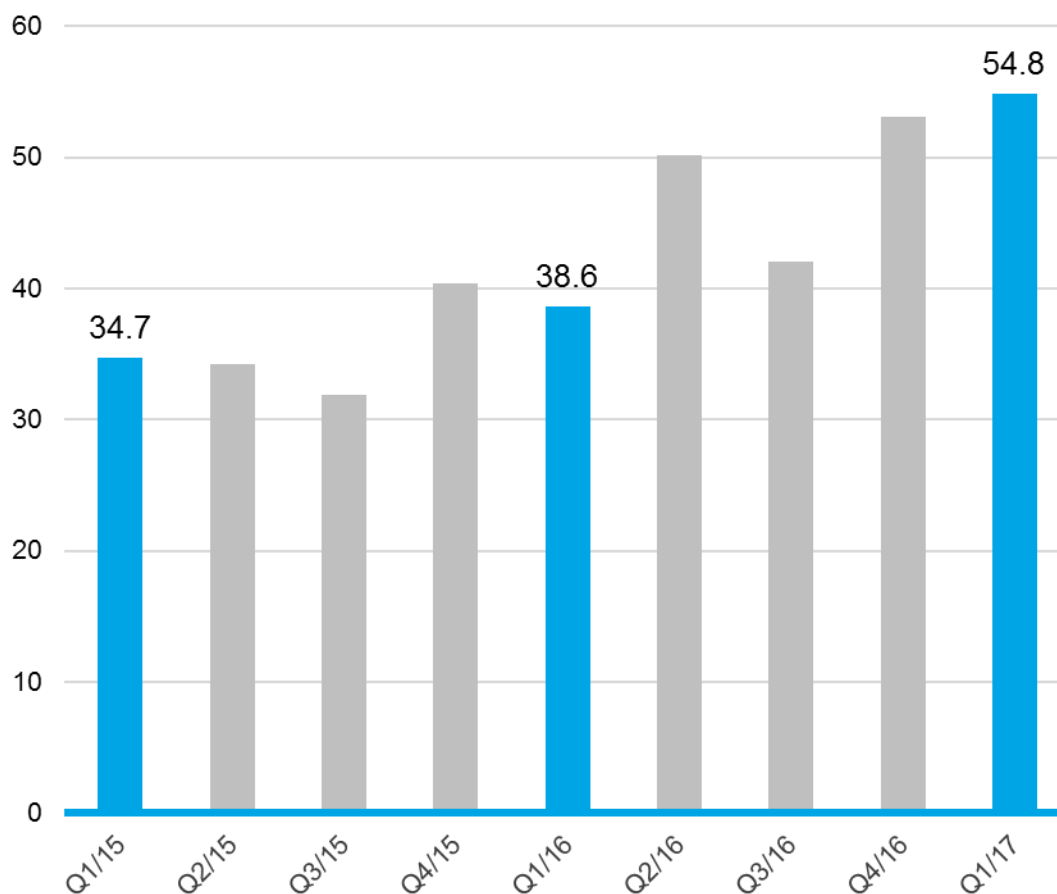
# Financial development



# Revenue

1-3/2017: EUR 54.8 million (1-3/2016: EUR 38.6 million)

- Revenue increased by 42.0%, and with comparable exchange rates by 42.8%.
- Organic growth was 14.9%, and with comparable exchange rates 15.7%.
- Key accounts grew by 37.9%.
- Net sales grew due to the recovery of the markets and acquisitions.
- There were more working days in the review period than in Q1/2016 due to the timing of Easter.



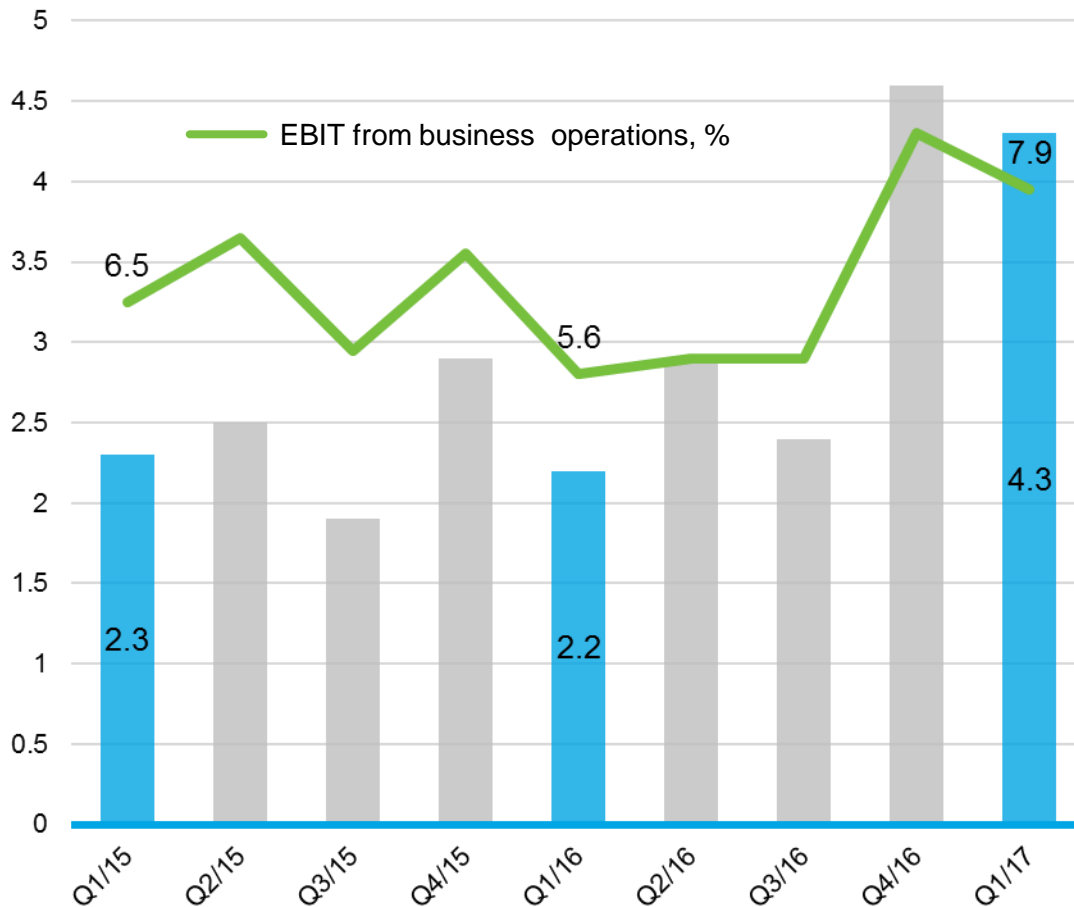
# The effect of acquisitions on revenue in 2017

Acquired company	Included in Etteplan's figures
Soikea Solutions Oy, Finland	April 1, 2016
Espotel Oy, Finland	April 1, 2016
Suomen Unit Oy, Finland	April 1, 2016
arvato AG, Germany and the Netherlands	January 1, 2016

# EBIT from business operations

1-3/2017: EUR 4.3 million, 7.9% (1-3/2016: EUR 2.2 million, 5.6%)

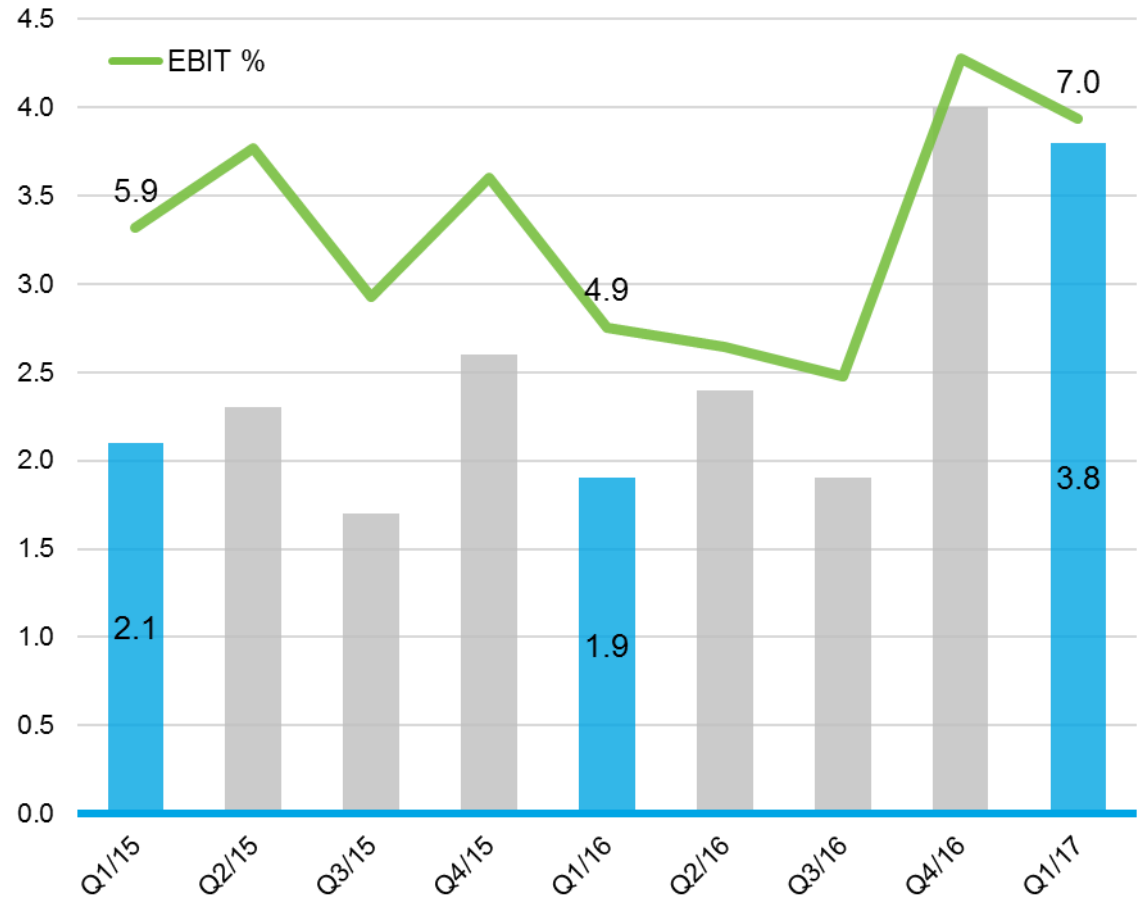
- EBIT from business operations improved by 98.7%.
- Exceptional items had a combined negative effect of EUR 0.4 (0.2) million on EBIT from business operations in January-March.
- Acquisitions, recovery of the markets and the increased share of Managed Services improved profitability.



# Operating profit (EBIT) and EBIT %

1-3/2017: EUR 3.8 million, 7.0% (1-3/2016: EUR 1.9 million, 4.9%)

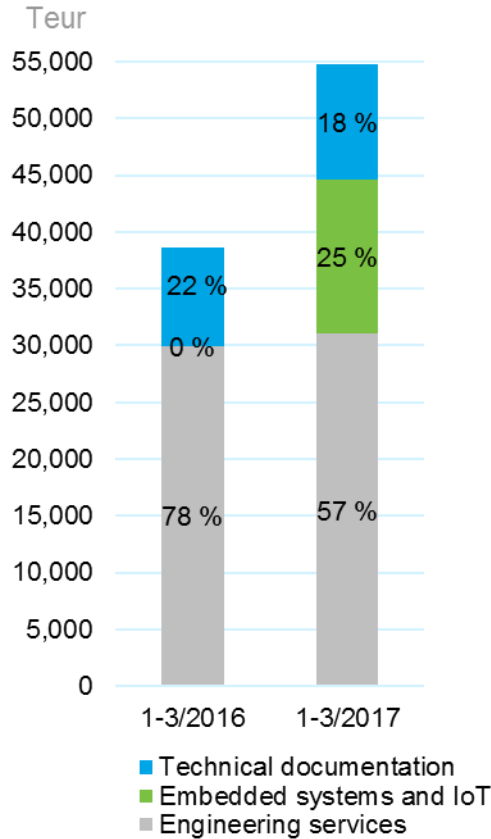
- Amortization related to acquisitions were EUR 0.5 million in 1-3/2017.



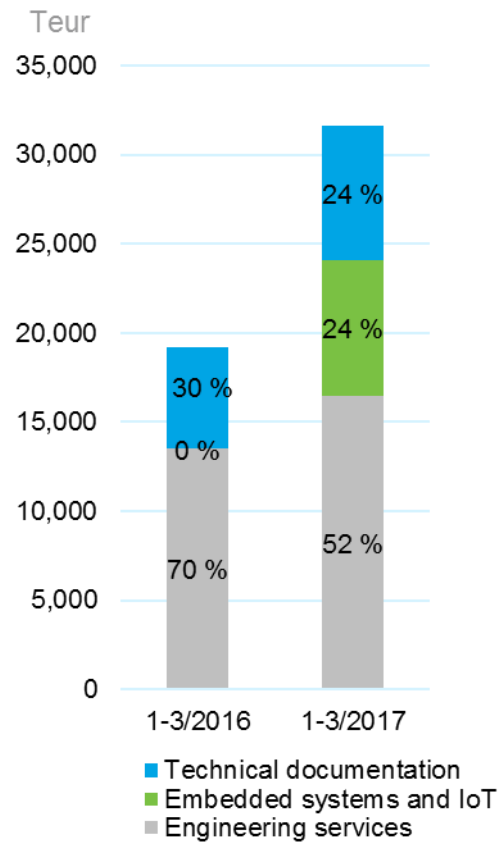


# Development by service area 1-3/2017

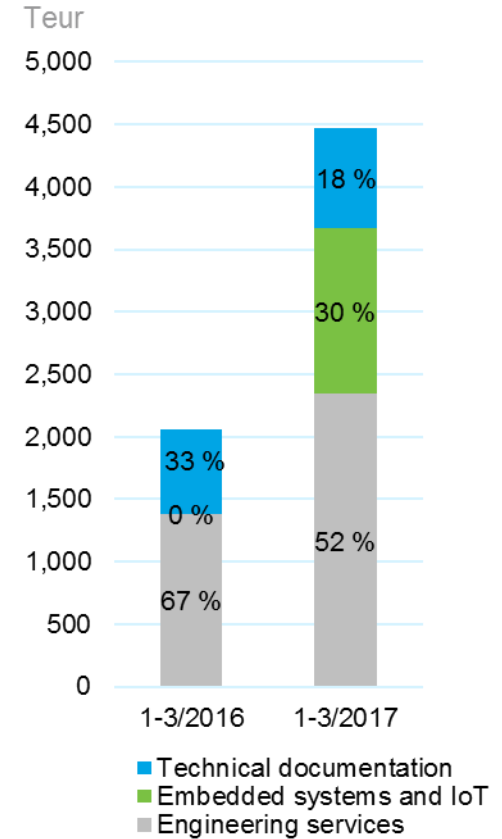
## Revenue



## Revenue from Managed Services



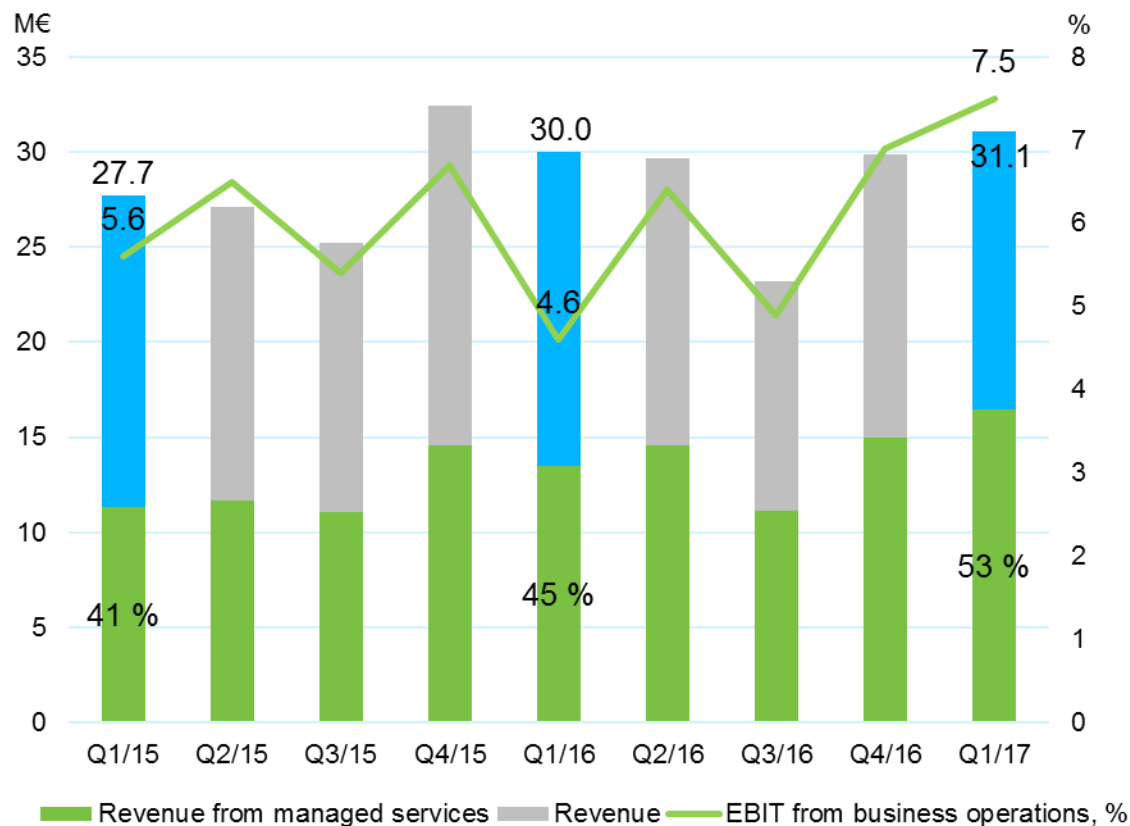
## EBIT from business operations



# Engineering services

Revenue 1-3/2017: EUR 31.1 million (1-3/2016: EUR 30.0 million )

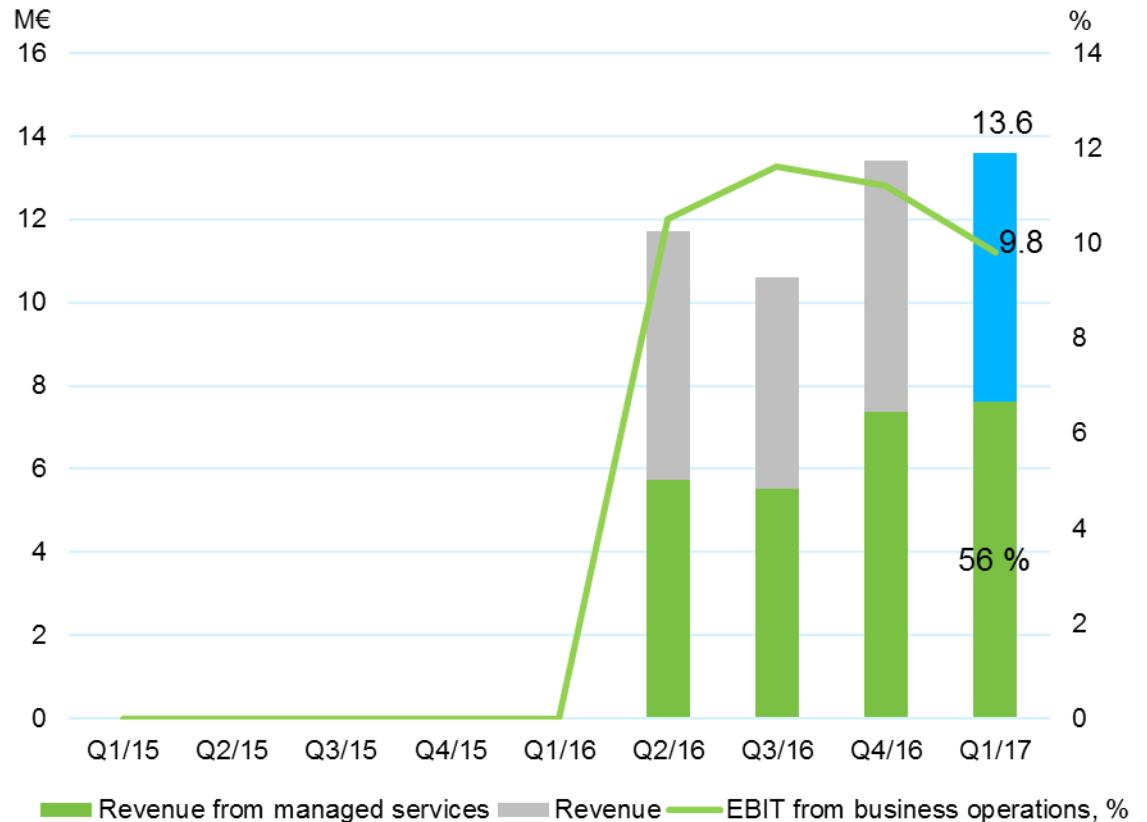
- Engineering services accounted for 57% of revenue (1-3/2016: 78%).
- Revenue increased by 3.6%.
- EBIT from business operations was EUR 2.3 million (1-3/2016: EUR 1.4 million) or 7.5% (4.6%) of revenue.
- The transfer of Embedded systems competence area into Embedded systems and IoT – service area affected revenue.
- Outsourcing agreements signed in 2016 improved revenue growth.
- Tendering activity in plant engineering services improved, and tender sizes increased.



# Embedded systems and IoT

Revenue 1-3/2017: EUR 13.6 million

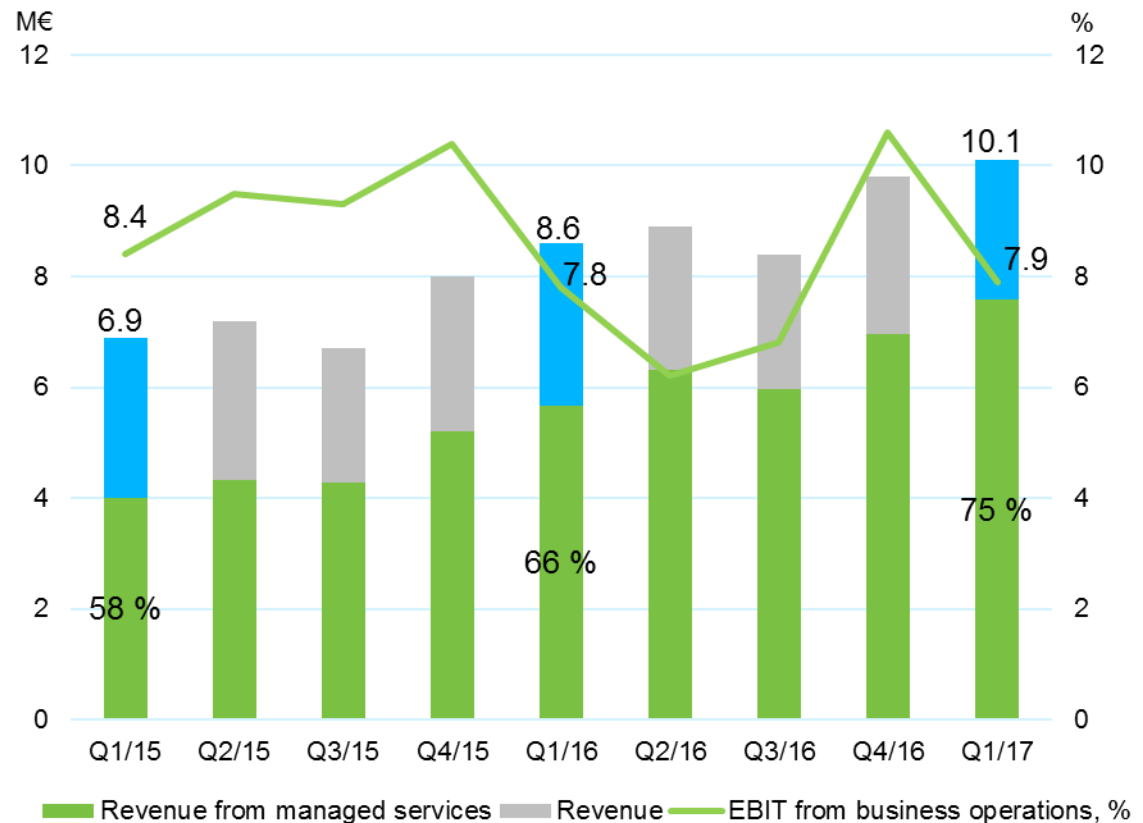
- Embedded systems and IoT accounted for 25% of revenue.
- EBIT from business operations was EUR 1.3 million or 9.8% of revenue.
- The service area's demand situation remained very good in all market areas.
- We made several investments in the growth and development of the service area in the first quarter.



# Technical documentation

Revenue 1-3/2017: EUR 10.1 million (1-3/2016: EUR 8.6 million )

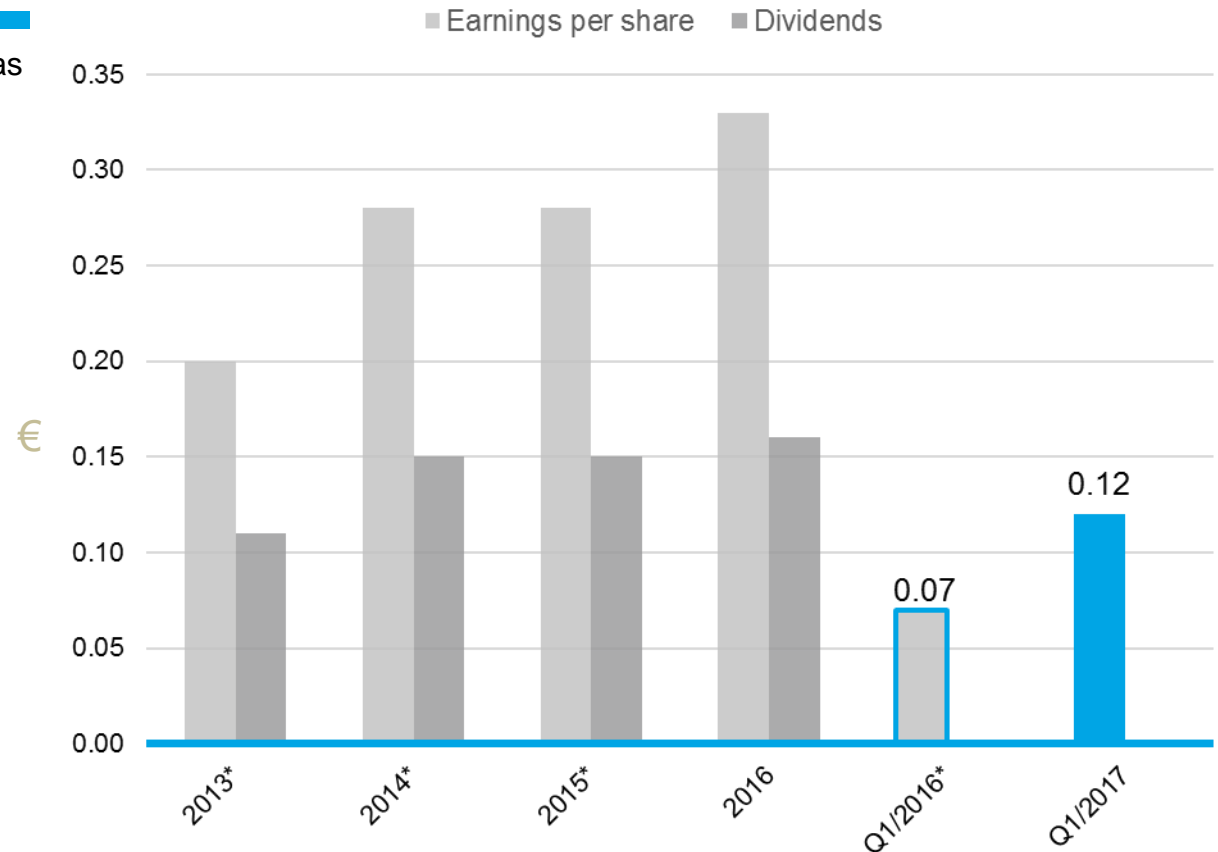
- Technical documentation accounted for 18% of revenue (1-3/2016: 22%).
- Revenue increased by 17.4%.
- EBIT from business operations was EUR 0.8 million (1-3/2016: EUR 0.7 million) or 7.9% (7.8%) of revenue.
- We invested in future growth by starting the technical documentation business in Poland.
- The service area's otherwise positive development was weighed down by the slow start to projects in Germany and the Netherlands.



# Earnings per share and dividends

Earnings per share 1-3/2017: EUR 0.12 (1-3/2016: EUR 0.07\*)

- The dividend for year 2016 was EUR 0.16 per share. The dividend was paid on April 13, 2017.

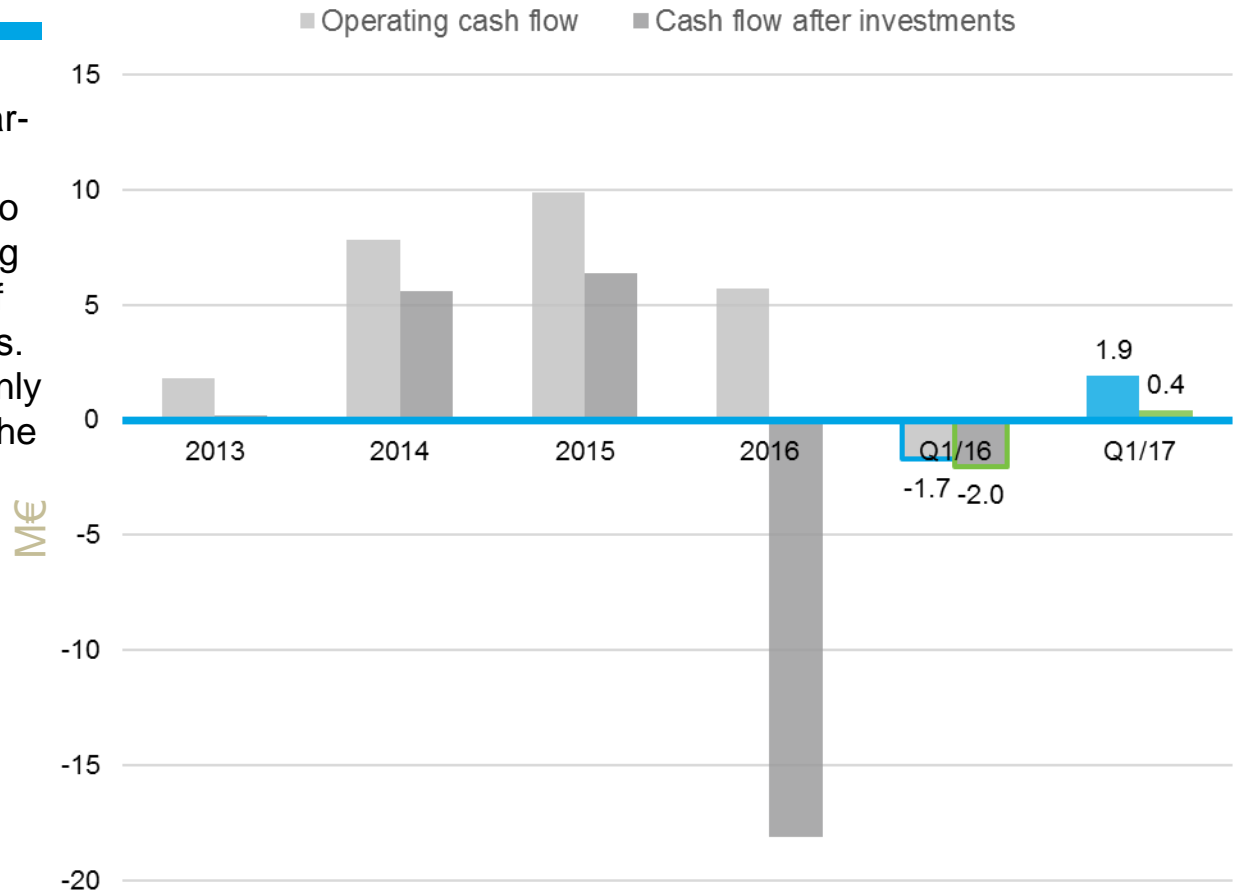


\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

# Cash flow

Operating cash flow 1-3/2017: EUR 1.9 million (1-3/2016: EUR -1.7 million)

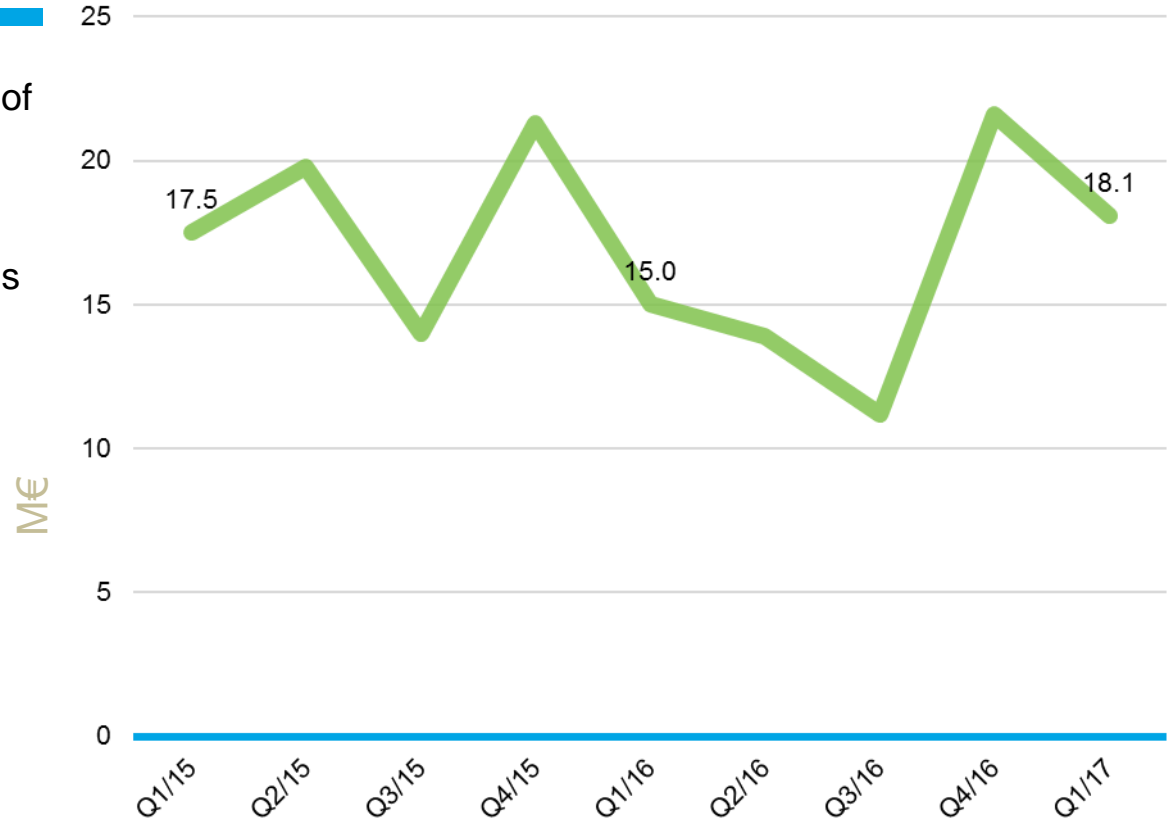
- Operating cash flow improved significantly year-on-year.
- Cash flow improved due to the optimization of working capital and a better mix of customers' payment terms.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.



# Return on capital employed (ROCE), %

1-3/2017: 18.1% (1-3/2016: 15.0%)

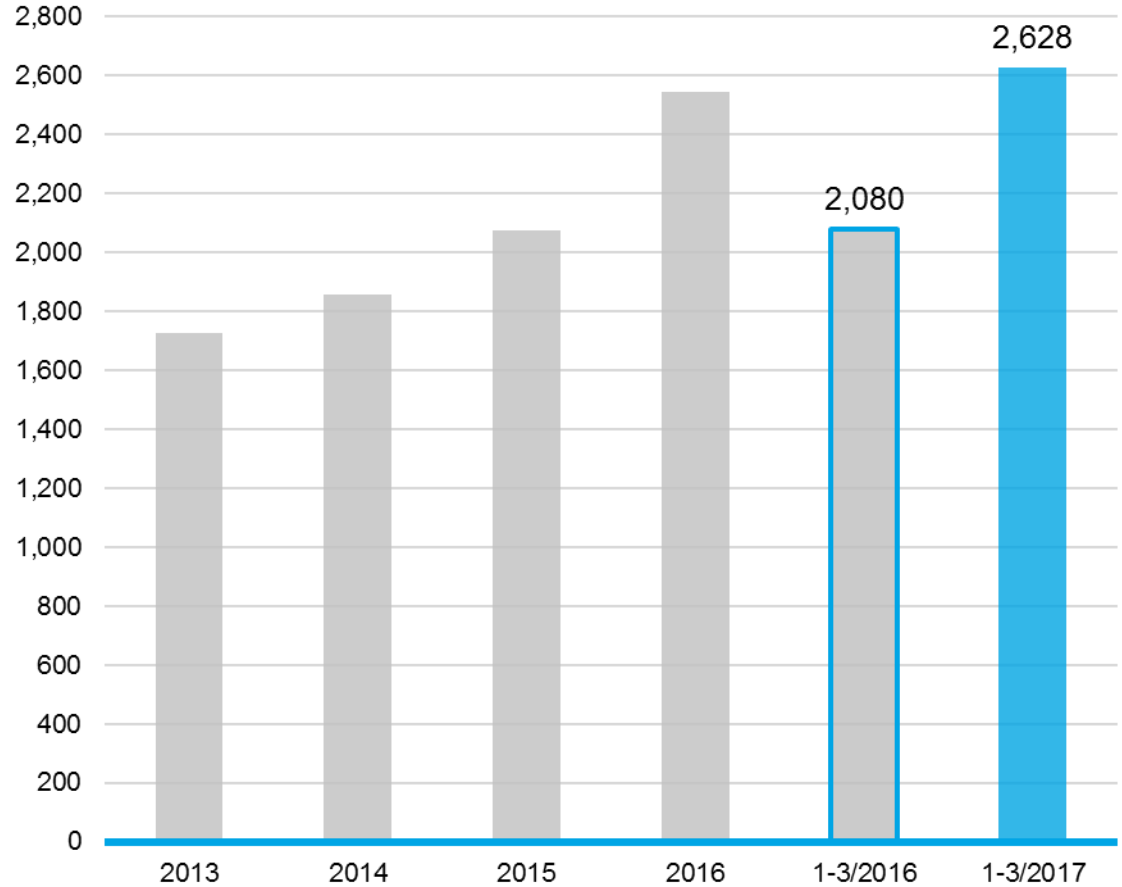
- The rights issue in Q2 2016 affects the amount of capital employed.
- Engineering services business does not tie significant capital. For this reason return on capital employed should be at least 20%.



# Personnel at end of the period

1-3/2017: 2,628 (1-3/2016: 2,080)

- The amount of personnel grew by 26,3% year-on-year.
- At the end of the review period, 875 (Mar 31, 2016: 745) people were employed by the Group outside of Finland.





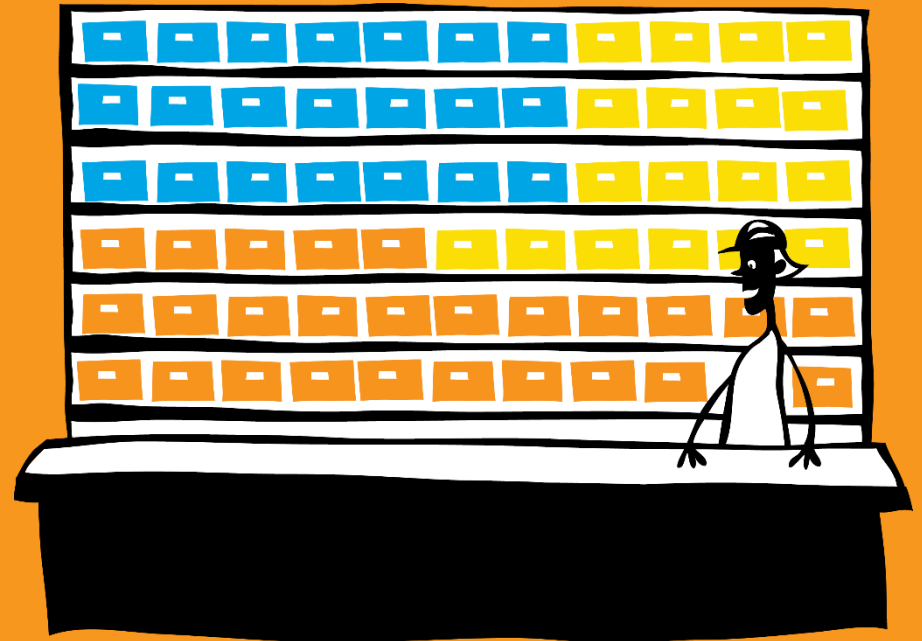
# Income statement

(MEUR)	1-3/2017	1-3/2016	Change %	1-12/2016
Revenue	54.8	38.6	42.0	183.9
Other operating income	0.1	0.3		0.5
Materials and services	-4.6	-1.9		-13.9
Staff costs	-38.2	-28.9		-129.2
Other operating expenses	-6.9	-5.3		-26.4
Depreciation and amortization	-1.3	-0.9		-4.8
<b>Operating profit (EBIT)</b>	<b>3.8</b>	<b>1.9</b>	101.9	<b>10.1</b>
Financial income	0.2	0.2		0.6
Financial expenses	-0.4	-0.3		-1.2
Profit before taxes	3.6	1.8	98.1	9.4
Income taxes	-0.7	-0.3		-1.8
<b>Profit for the financial year</b>	<b>2.9</b>	<b>1.5</b>		<b>7.6</b>

# Balance sheet

(MEUR)	Mar 31, 2017	Mar 31, 2016	Dec 31, 2016
Goodwill	58.2	42.9	58.1
Other non-current assets	22.3	13.0	22.0
<b>Non-current assets, total</b>	<b>80.5</b>	<b>55.9</b>	<b>80.2</b>
Inventory	0.4	0.0	0.3
Trade and other receivables	49.7	31.1	49.3
Cash and cash equivalents	3.7	3.4	4.7
<b>Current assets, total</b>	<b>53.8</b>	<b>34.5</b>	<b>54.3</b>
<b>TOTAL ASSETS</b>	<b>134.3</b>	<b>90.5</b>	<b>134.5</b>
Equity, total	55.8	35.9	52.8
Non-current liabilities, total	25.8	11.2	27.7
Current liabilities, total	52.6	43.4	54.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>134.3</b>	<b>90.5</b>	<b>134.5</b>

# Etteplan's targets



# We are progressing towards our targets

## FINANCIAL TARGETS

**15%**

On average annual  
revenue growth

1-3/2017: 42.0%

**10%**

EBIT from business  
operations

1-3/2017: 7.9%

**65%**

Managed Services  
share of revenue by  
2019

1-3/2017: 57%

**>30%**

Equity ratio

1-3/2017: 42.1%

## ACTIONS

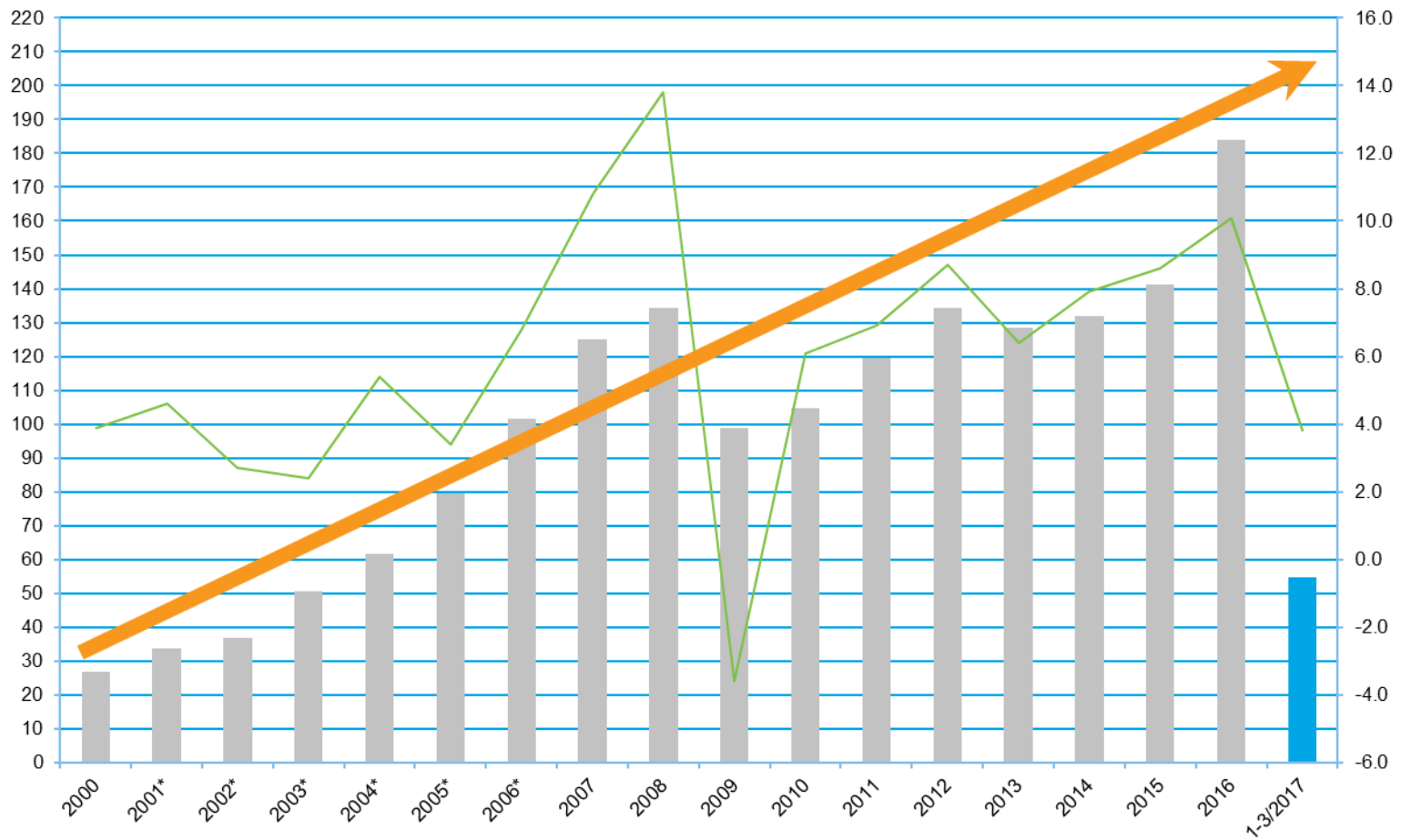
- Growth in key customers
- Organic growth through service solutions
- Acquisitions

- Change in business model towards Managed services
- Market leadership

- Service solutions
- Technology solutions
- Project business

- Corresponding financing arrangements
- Improving cash flow

# Revenue and EBIT 2000-2017



\*includes continued and discontinued operations

— Revenue — Operating profit (EBIT)

# IR contacts



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# Engineering with a difference



**Etteplan**